
July 23, 2010

Press conference Q2 2010 results

Hans Wijers, CEO
Keith Nichols, CFO

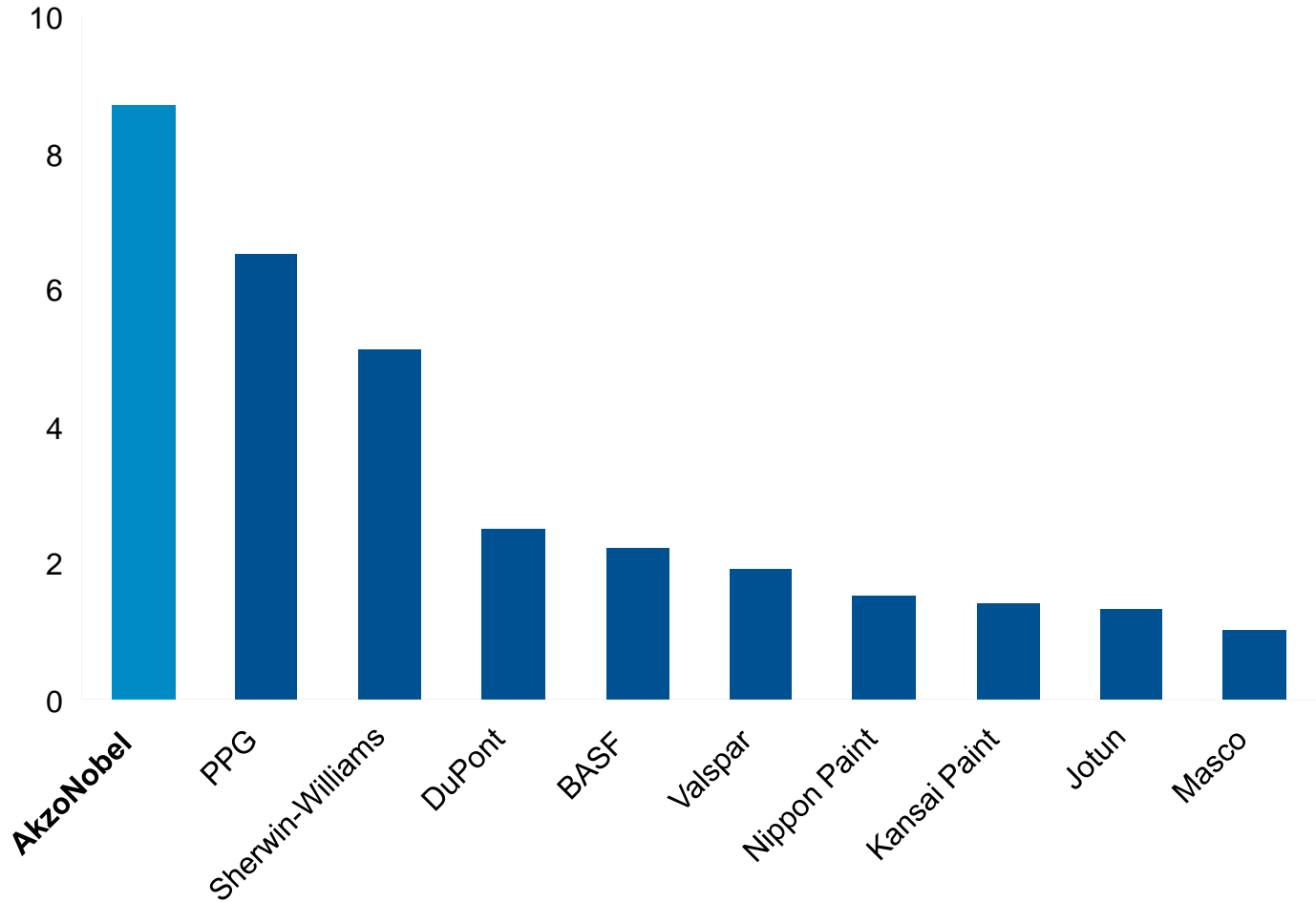


Agenda

- **AkzoNobel at a glance**
 - **Strategic ambitions and action plans**
 - **Q2 2010 highlights**
 - **Q2 2010 operational review**
 - **Financial review**
 - **Sustainability review**
 - **Outlook**
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AkzoNobel is the world's largest Coatings supplier

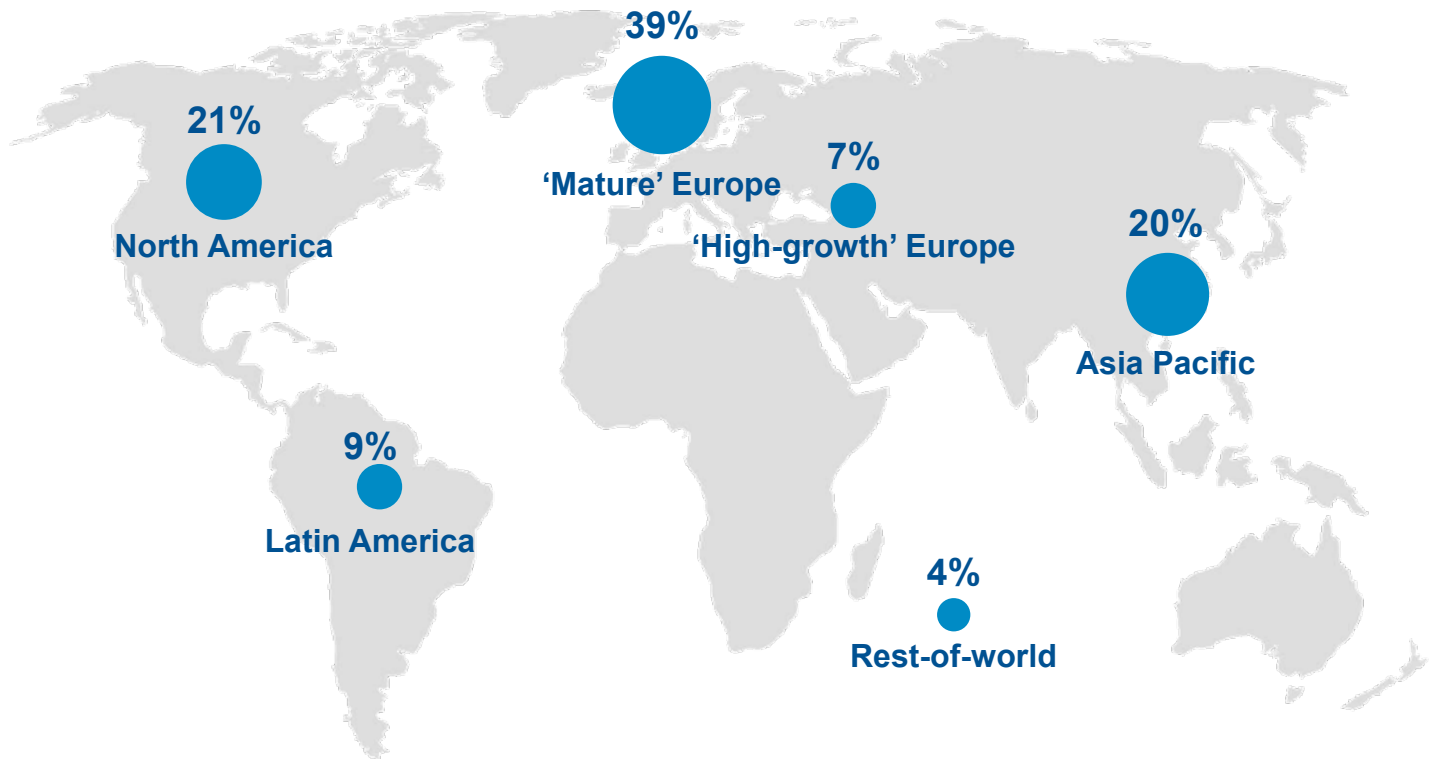
2009 revenue in € billion



Excellent geographic spread of both revenue and profits

High-growth markets are important (37% of revenue)

% of 2009 revenue



High-growth markets profitability is above average

Strategic ambitions and action plans

AkzoNobel strategic ambitions

Leading in value creation

- Outgrow our markets
- EBITDA margin > 14 percent by end 2011
- 0.5 percent improvement in operating working capital (OWC) as % of revenue, p.a.

Leading in sustainability

- Top 3 Dow Jones Sustainability indexes
- Reduction in total recordable injury rate* to 2
- Step change in people development

**Tied to incentives,
both for value
creation and
sustainability**



** Total recordable injury rate refers to amount of incidents per million hours worked*



Delivering on our strategic ambitions



EBITDA margin target reached

- 14% EBITDA margin delivered, 1.5 year ahead of schedule
- Performance driven by margin management, ICI synergies and additional restructuring measures



ICI fully integrated, synergies achieved

- €340 million structural cost savings will be achieved in 2010
- Footprint rationalized and combined, key people retained
- Portfolio optimized after divestment of National Starch



Operating Working Capital structurally improves

- As % of revenue, OWC lowered to 15.0% (Q2 2009: 16.2%)



Sustainability profile confirmed

- Ranked #2 in 2009 Dow Jones Sustainability Index



Q2 2010 highlights

Q2 2010 highlights

- Revenue €3.9 billion (2009: €3.5 billion), up 13 percent (5 percent in constant currencies)
- EBITDA* €614 million (2009: €506 million), up 21 percent (13 percent in constant currencies)
- EBITDA* margin 15.7 percent (2009: 14.7 percent)
- One year rolling EBITDA* margin: 14 percent
- Net income €273 million (2009: €155 million), up 76 percent
- National Starch divestment agreed

** Before incidentals*

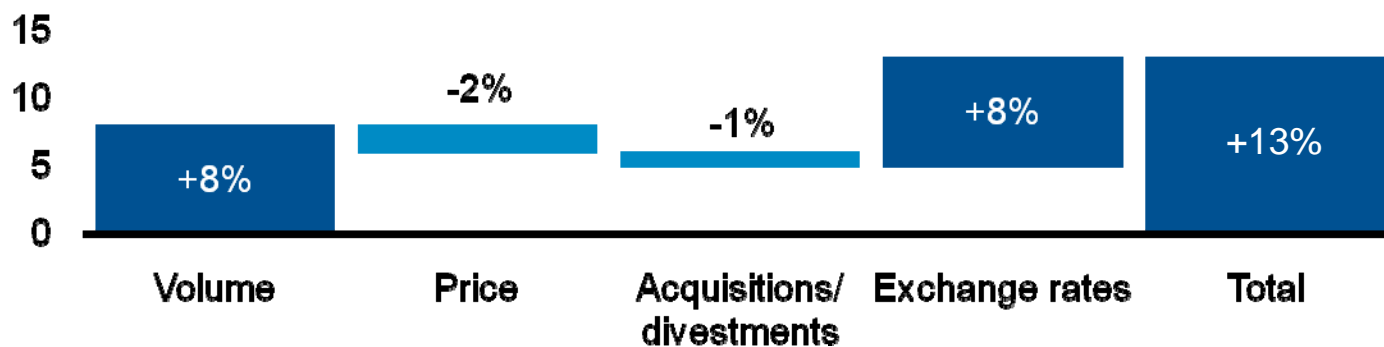


Q2 2010 highlights

€ million	Q2 2010	Δ%
Revenue	3,907	13
EBITDA*	614	21
Net income total operations	273	76

Ratio, %	Q2 2010	Q2 2009
EBITDA* margin	15.7	14.7

Revenue development Q2 2010 vs. Q2 2009



* Before incidentals

■ Increase ■ Decrease



Volume and price development per quarter to Q2 2010

<i>Volume development</i>	Q2 09	Q3 09	Q4 09	Q1 10	Q2 10
Decorative Paints	(10)	(9)	-	5	1
Performance Coatings	(19)	(11)	(2)	8	12
Specialty Chemicals	(18)	(6)	4	15	15
AkzoNobel	(16)	(8)	1	10	8

<i>Price development</i>	Q2 09	Q3 09	Q4 09	Q1 10	Q2 10
Decorative Paints	4	4	(1)	(1)	-
Performance Coatings	5	5	(3)	(3)	(3)
Specialty Chemicals	5	(5)	(9)	(6)	(2)
AkzoNobel	5	(1)	(5)	(4)	(2)



Q2 2010 operational review

Decorative Paints

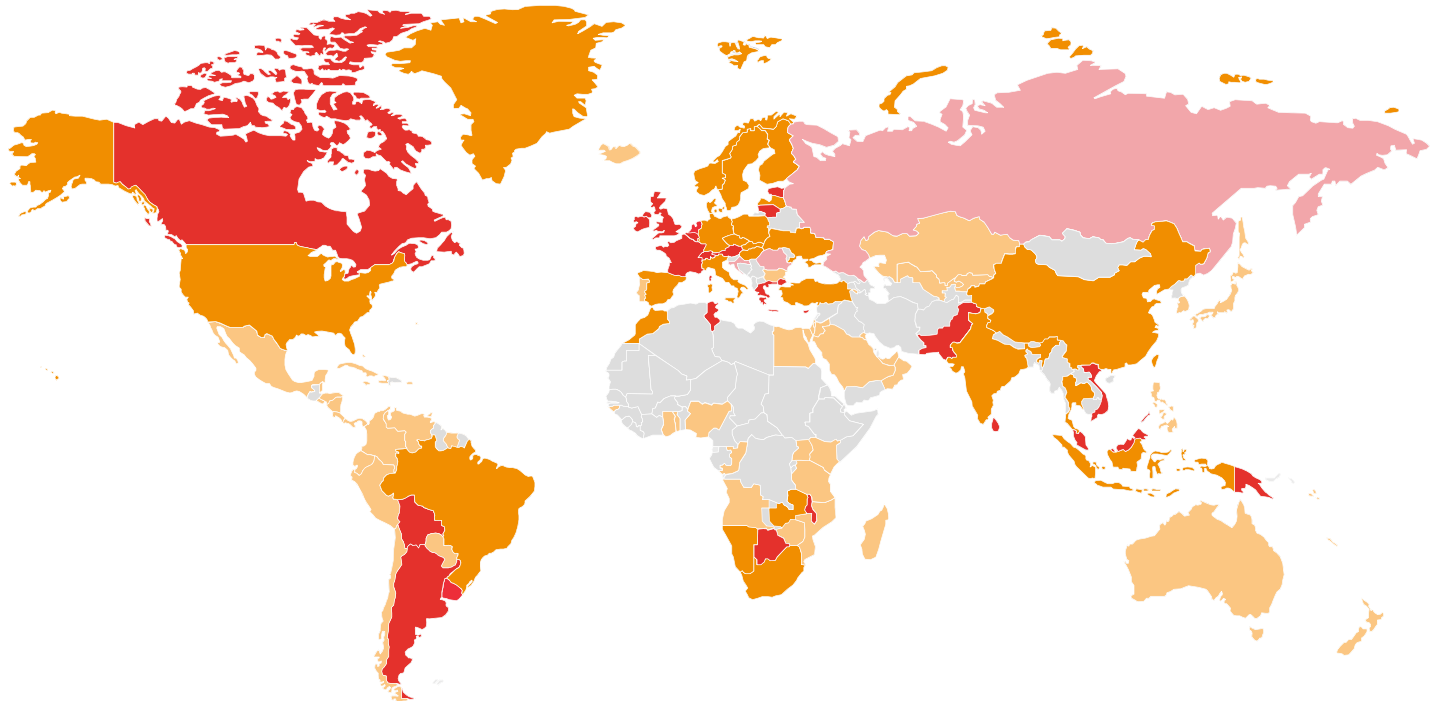


We've been working with The Home Depot in North America since 1979. We continued to invest in the Glidden brand resulting in a healthy sales increase and share expansion of the Glidden brand in the retail segment. The Glidden Gets You Going campaign won a top US marketing award in Q2 2010.



Leading Deco positions in all regions with strong brands

AkzoNobel market positions by value



■ 1 ■ 2/3 ■ >3 ■ Export countries

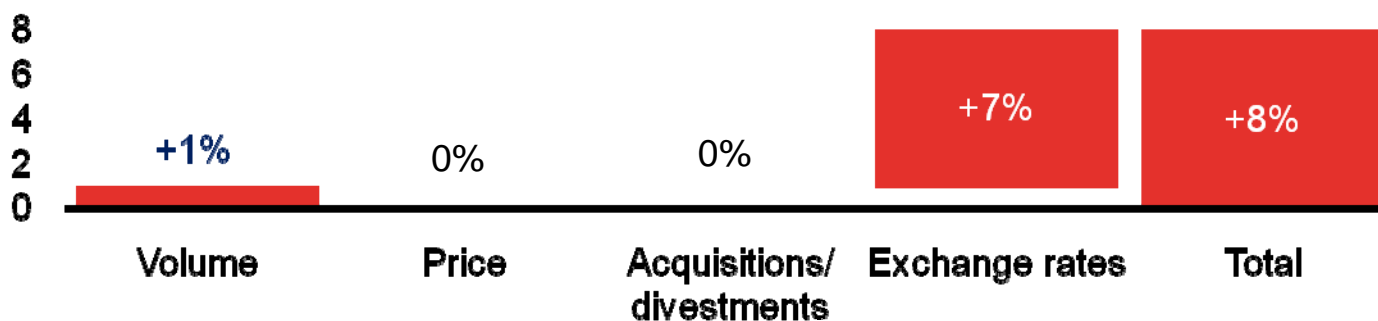
Source: Euromonitor basis; AkzoNobel analysis 2009

Decorative Paints Q2 2010

€ million	Q2 2010	Δ%
Revenue	1,401	8
EBITDA*	205	20

Ratio, %	Q2 2010	Q2 2009
EBITDA* margin	14.6	13.2

Revenue development Q2 2010 vs. Q2 2009



* Before incidentals

■ Increase ■ Decrease



Decorative Paints Q2 2010 highlights

- Revenue up 8 percent, with volumes up 1 percent
- EBITDA* at €205 million, up 20 percent
- EBITDA* margin 14.6 percent (2009: 13.2 percent)
- Strong revenue growth and increased investment in brands and distribution in high growth markets
- Soft demand in the mature markets, particularly in trade
- Mature markets: improved results due to restructuring

** Before incidentals*



Performance Coatings



AkzoNobel Industrial Coatings signed an agreement to acquire Lindgens Metal Decorating Coatings & Inks- a proof point of our selective growth acquisition strategy. It will enhance our market position and complements our own packaging coatings business with products and expertise. This deal adds market positions in Russia, Turkey, Northern Africa and Australia.



Many market leadership positions

Marine and Protective

1 Marine, Protective, Yacht

Car Refinishes

2 Aerospace

3 Refinish, OEM commercial

5 Automotive plastic coatings

Industrial Coatings

1 Coil, Specialty Plastics, Beer & beverage

2 Food cans

Wood Finishes and Adhesives

1 Wood coatings, Wood adhesives

Powder Coatings

1 Powder

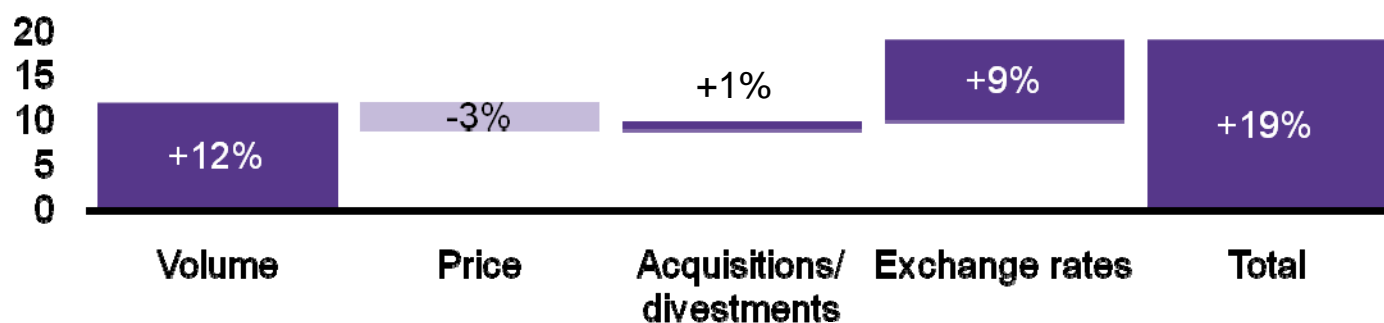


Performance Coatings Q2 2010

€ million	Q2 2010	Δ%
Revenue	1,260	19
EBITDA*	191	15

Ratio, %	Q2 2010	Q2 2009
EBITDA* margin	15.2	15.6

Revenue development Q2 2010 vs. Q2 2009



* Before incidentals

■ Increase ■ Decrease



Performance Coatings Q2 2010 highlights

- Revenue up 19 percent, with volumes up 12 percent
- EBITDA* at €191 million, up 15 percent
- EBITDA* margin at 15.2 percent (2009: 15.6 percent)
- Broad demand improvement in all industrial businesses
- Powder Coatings started integration of acquired activities

** Before incidentals*





More protection and convenient product application - an innovation within the Personal Care business of Surface Chemistry provides manufacturers of sunscreen products with polymer technology and customized formulation expertise, together with specialized sensory/consumer testing. Our products make continuous spray sunscreen product possible, delivering long lasting protection, higher SPF, all in an easy to apply package.

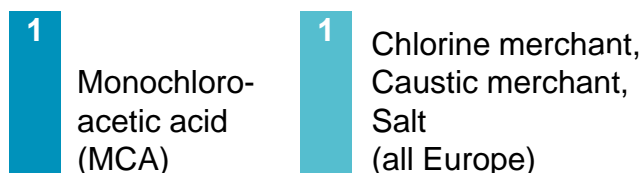


Many market leadership positions

Functional Chemicals



Industrial Chemicals



Pulp and Paper



Surface Chemistry



Chemicals Pakistan holds strong positions in various markets in Pakistan

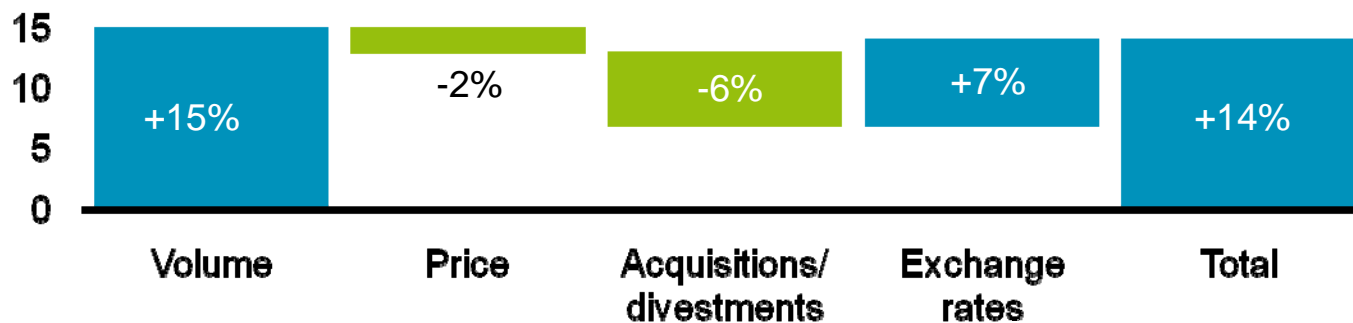


Specialty Chemicals Q2 2010

€ million	Q2 2010	Δ%
Revenue	1,258	14
EBITDA*	257	28

Ratio, %	Q2 2010	Q2 2009
EBITDA* margin	20.4	18.2

Revenue development Q2 2010 vs. Q2 2009



* Before incidentals

■ Increase ■ Decrease



Specialty Chemicals Q2 2010 highlights

- Revenue increased 14 percent, with volumes up 15 percent
- Broad demand improvement and favorable currency effects (7 percent) drive top line
- EBITDA* at €257 million, up 28 percent
- EBITDA* margin 20.4 percent (2009: 18.2 percent)
- All units contribute to strong results, particularly Functional Chemicals and Surface Chemistry
- Closing National Starch divestment expected this year

** Before incidentals*



Financial review

Cash management discipline

Focus on cash

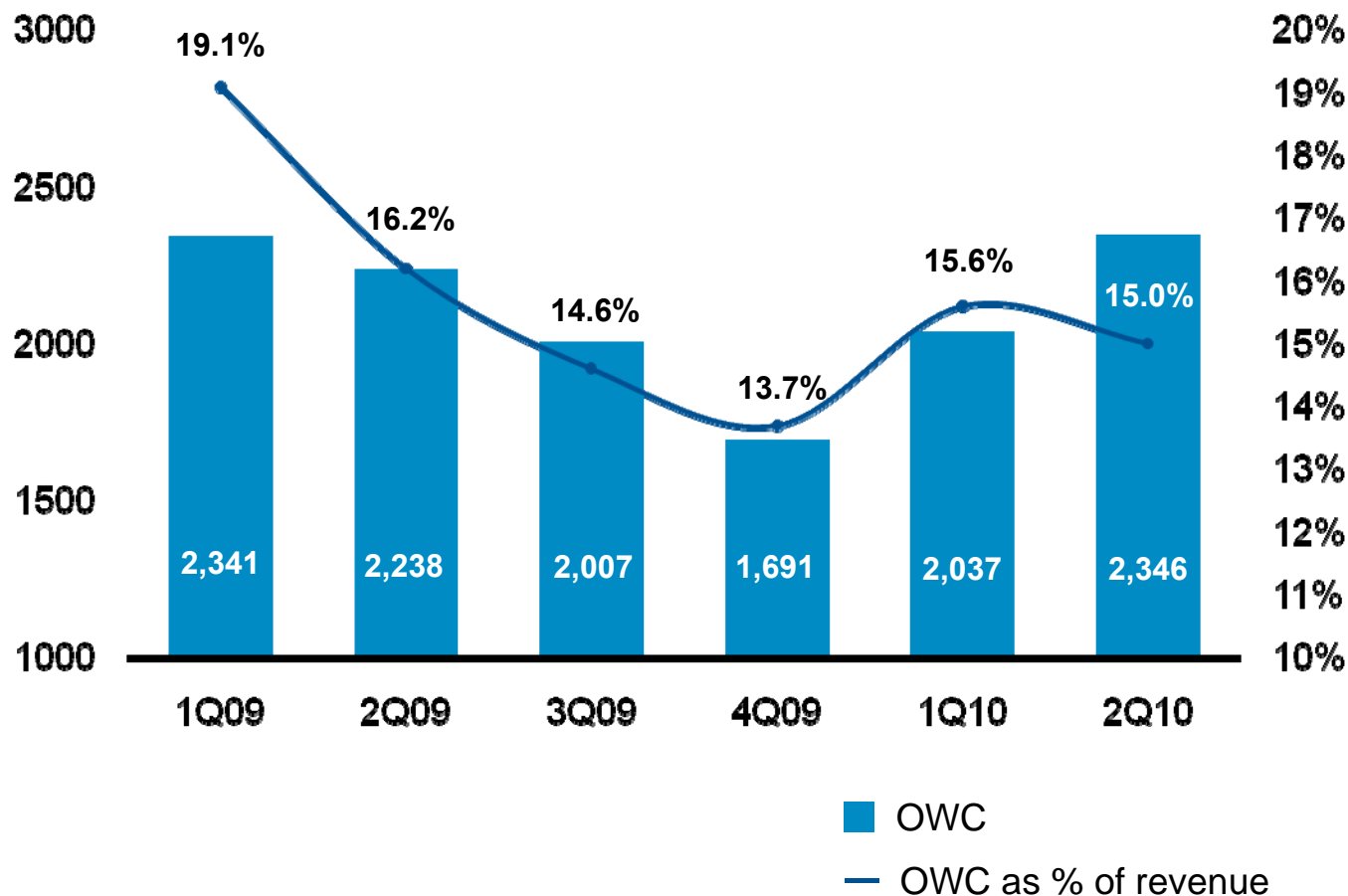
- OWC reduction
- Capex prioritization
- Selective acquisitions
- Dividend policy unchanged

- Operating Working Capital reduced to 15.0% of revenue (Q2 2009: 16.2%)
- Careful prioritization of capital expenditures
- We continue to look for attractive acquisitions
- Dividend policy: at least 45 percent of net income before incidentals and fair value adjustments related to the ICI acquisition



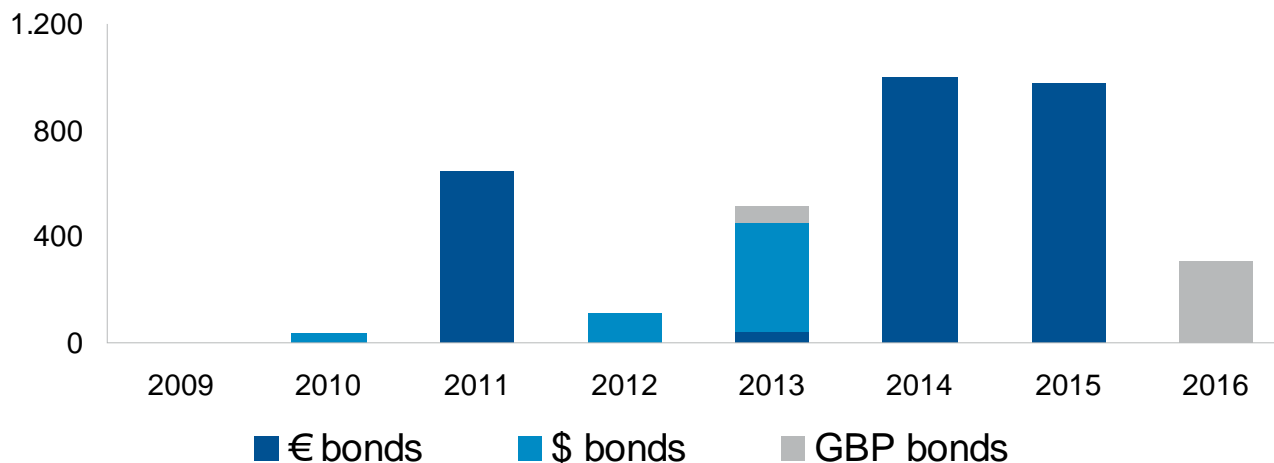
Continued focus on Operating Working Capital is delivering results

OWC
€ million



Strong balance sheet

Debt maturity, € million (nominal amounts)



No 2010 refinancing needs

- Undrawn revolving credit facility of €1.5 billion available (2013)*
- €1.5 & \$1 billion commercial paper programs in place
- Net debt at €2.3 billion* (year-end 2009: €1.7 billion)
- Pension deficit at €1.8 billion* (year-end 2009: €1.9 billion)

** At the end of Q2 2010*



Sustainability review

Sustainability is integrated in everything we do

We have set ambitious sustainability targets

We focus on long-term performance

We have linked remuneration to these targets and ambitions



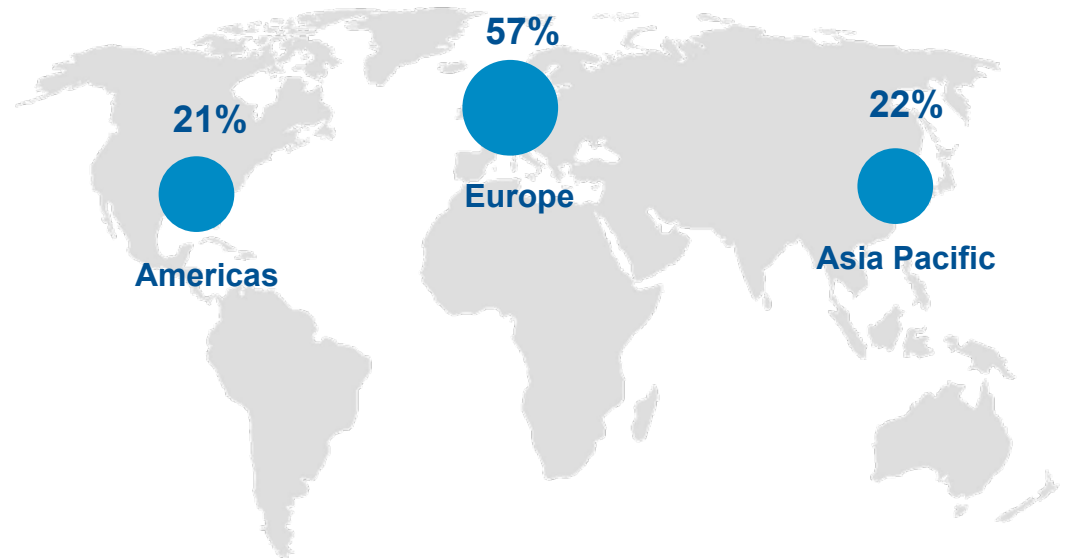
Our Research Development & Innovation has a significant sustainability focus

4,000 people employed globally

Over 60 percent of projects sustainability driven

2009: 2.4 percent of revenue spent (> €300 million) on RD&I

Geographic spread of RD&I



Sustainability focus paying off



Dulux® Weathershield SunReflect™

Lowers the temperature of external walls by up to 5° C and reduces the need for air conditioning by reflecting up to 90 percent more infrared radiation than comparable exterior paints .

Intergard® 10220 Waterborne Peelable Coatings

The right balance between elasticity and strength has resulted in a peelable coating that can be easily removed without the use of cleaning chemicals – a more sustainable solution for the temporary coating of vehicles.



mTA-Salt

An Industrial Salt with an eco-efficient anti-caking agent that could save up to 5% of a chlorine production plant's total energy consumption. Other features are less waste, increased production and enhanced product quality of our customers.



Outlook

Well positioned for growth

Sound fundamentals

- Strong market positions and brands
- Diverse geographic spread in highly attractive sectors
- Low cyclicality due to resilient portfolio
- Sustainability is integrated in everything we do

Strong track record

- Operational excellence
- Strong operating cash flow
- Strong balance sheet
- Ability to adapt quickly to changing markets



- We are emerging from the global economic crisis in better shape underlined by the early achievement of our 2011 EBITDA margin target of 14 percent
- The developed markets remain challenging, but we are cautiously optimistic despite the economic uncertainty
- We remain focused on accelerating our growth agenda and our presence in key markets
- Our emphasis on customers, cost reduction and cash generation continues
- We will provide an update on our medium-term ambitions during our capital markets day on September 28 in London



Q&A

Safe Harbor Statement

This presentation contains statements which address such key issues as AkzoNobel's growth strategy, future financial results, market positions, product development, products in the pipeline, and product approvals. Such statements should be carefully considered, and it should be understood that many factors could cause forecasted and actual results to differ from these statements. These factors include, but are not limited to, price fluctuations, currency fluctuations, developments in raw material and personnel costs, pensions, physical and environmental risks, legal issues, and legislative, fiscal, and other regulatory measures. Stated competitive positions are based on management estimates supported by information provided by specialized external agencies. For a more comprehensive discussion of the risk factors affecting our business please see our latest Annual Report, a copy of which can be found on the company's corporate website www.akzonobel.com.

