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**Keith Nichols, CFO**  
**Q2 results, July 29, 2008**

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**Resilient performance demonstrates  
strong fundamentals**



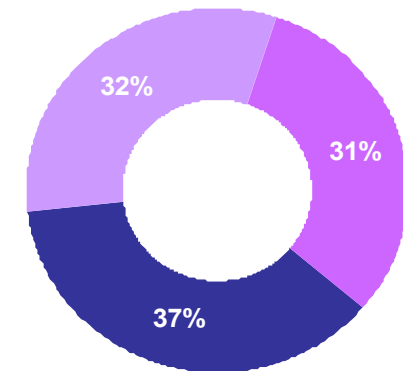
## The new AkzoNobel – key facts

### Pro forma 2007

- Revenue €14.4 billion
- Around 60,000 employees
- EBITDA: €1.9 billion
- EBIT: €1.4 billion
- Net income: €0.9 billion
- Pension under funding €1.5 billion

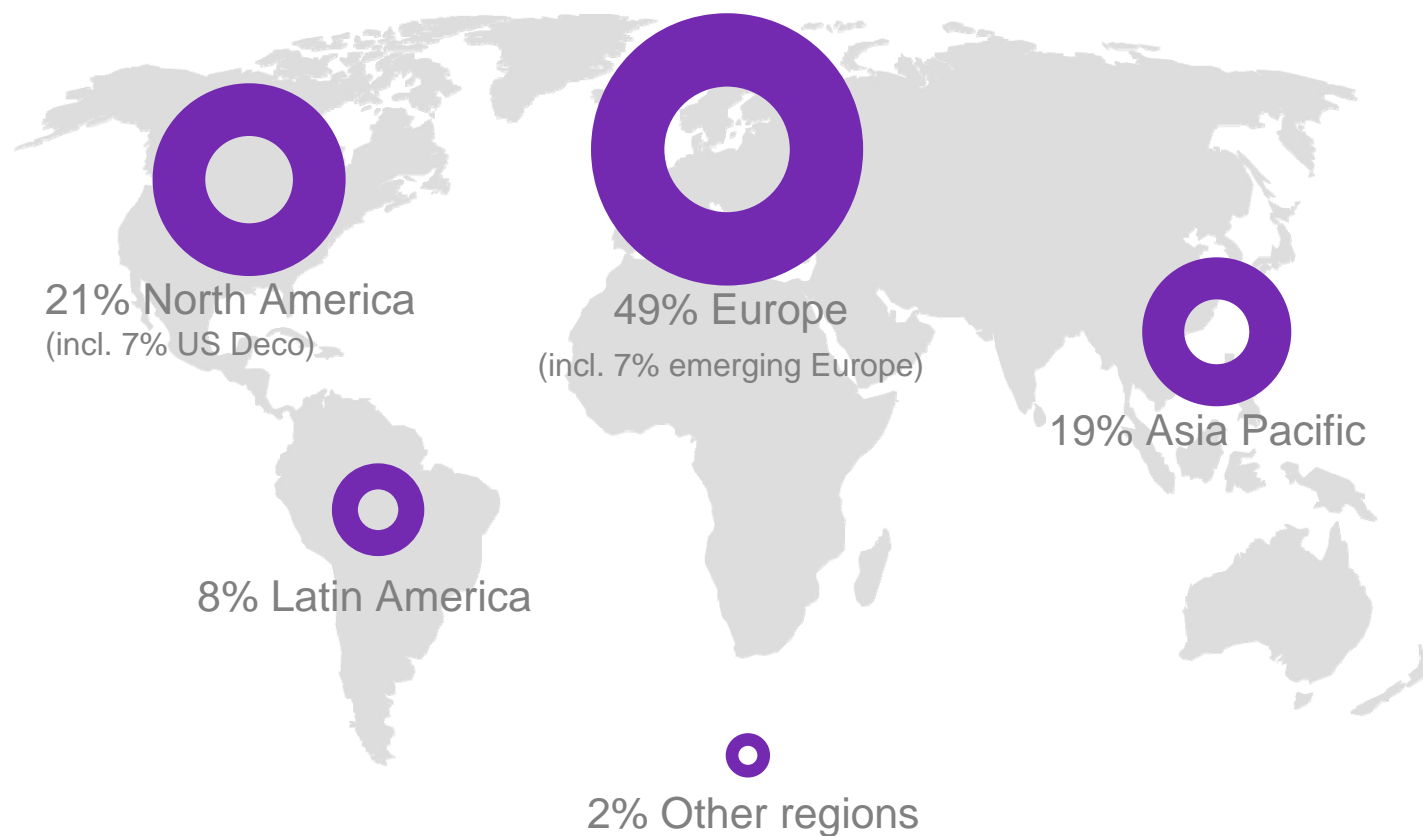
### Revenue by segment

- Decorative Paints
- Specialty Chemicals
- Performance Coatings



## AkzoNobel around the world

### Revenue by origin



Pro forma 2007



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## Q2 operational performance

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## Q2 2008 highlights

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Q2 revenue and EBITDA in constant currencies ahead 9 and 5 percent respectively

Strong EBITDA margin of 13.6%

Benefiting from geographical spread – 35 percent of business in emerging markets

Earnings per share from continuing operations before incidentals up 5 percent

€1 billion of €3 billion share buyback completed

ICI integration process ahead of schedule



## Q2: Resilient performance

€ mln	2008	Δ%
Revenue reported	3,870	2
Revenue constant currencies	4,136	9
EBITDA reported	526	(3)
EBITDA constant currencies	568	5
Net income before fair value adjustments	258	(6)
Ratio	2008	2007
EBITDA margin reported, %	13.6	14.3
EBITDA margin constant currencies, %	13.7	14.3
Earnings per share, in €	0.91	0.87

*Continuing operations before incidentals; 2007 pro forma*



## Q2: Strong autonomous revenue growth of 8 percent

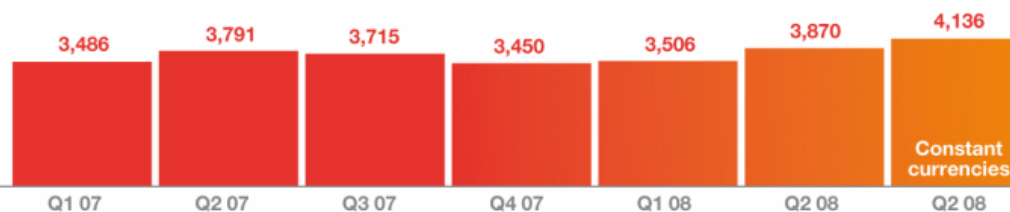
%	Total	Volume	Price	Currency	Acq./div.
Decorative Paints	(4)	1	–	(6)	1
Performance Coatings	1	3	4	(7)	1
Specialty Chemicals	6	5	8	(7)	–
<b>AkzoNobel</b>	<b>2</b>	<b>4</b>	<b>4</b>	<b>(7)</b>	<b>1</b>

*Versus Q2, 2007 proforma*

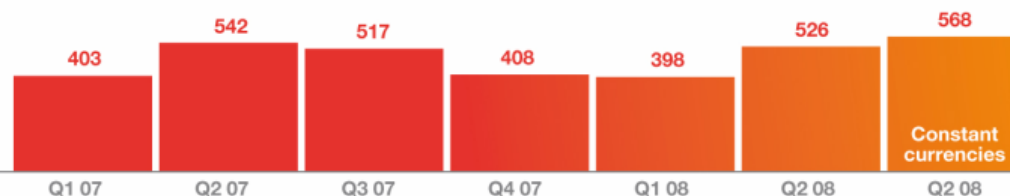


## Q2 revenue and EBITDA in constant currencies ahead 9 and 5%

**Revenue**  
IN € MILLIONS



**EBITDA before incidentals**  
IN € MILLIONS





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## Q2 incidentals

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Incidental charges of €86 million

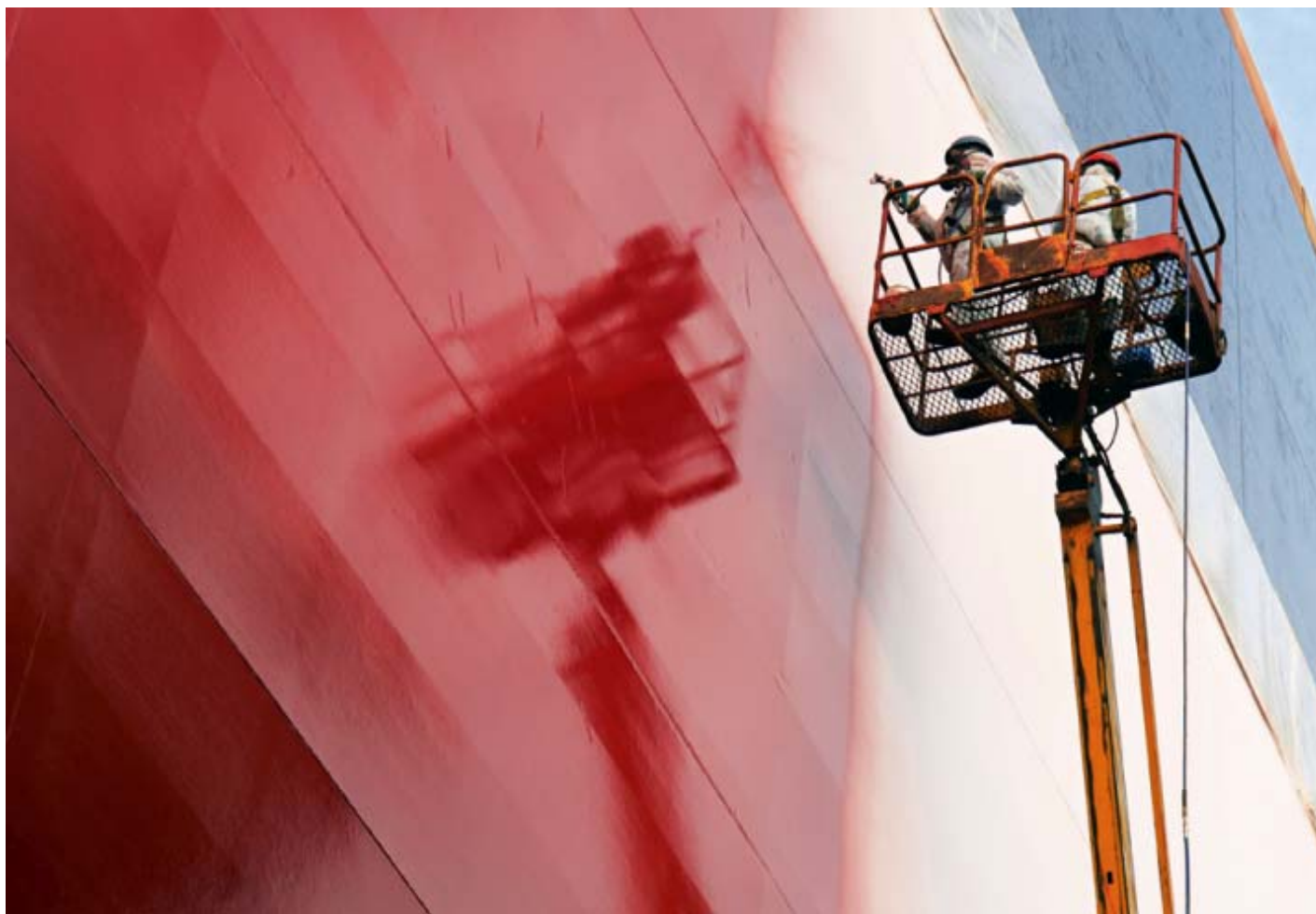
Transformation costs of €72 million included €55m related to impairments of the Decorative Paints businesses under divestiture package

Impairments affected gross profit on an incidental basis, and were not taken into account in the pro forma 2007 numbers



## Coatings – an attractive industry

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## Coatings – an attractive industry with strong growth potential

### Attractive industry

- Strong and stable cash flow
- Low cyclical
- Low capital intensity

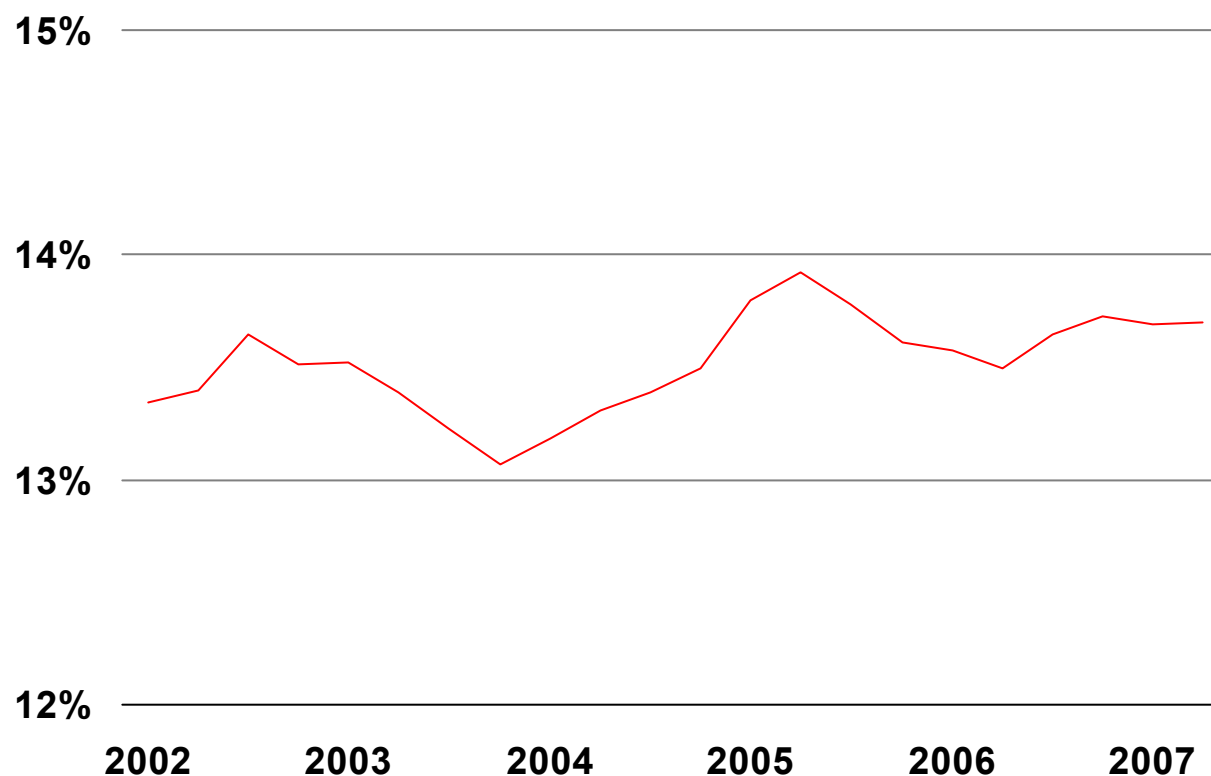
Fragmented industry – clear signs of consolidation

High growth potential



## Stable margins through the cycle

### Coatings industry – average LTM EBITDA margins <sup>(1)</sup>

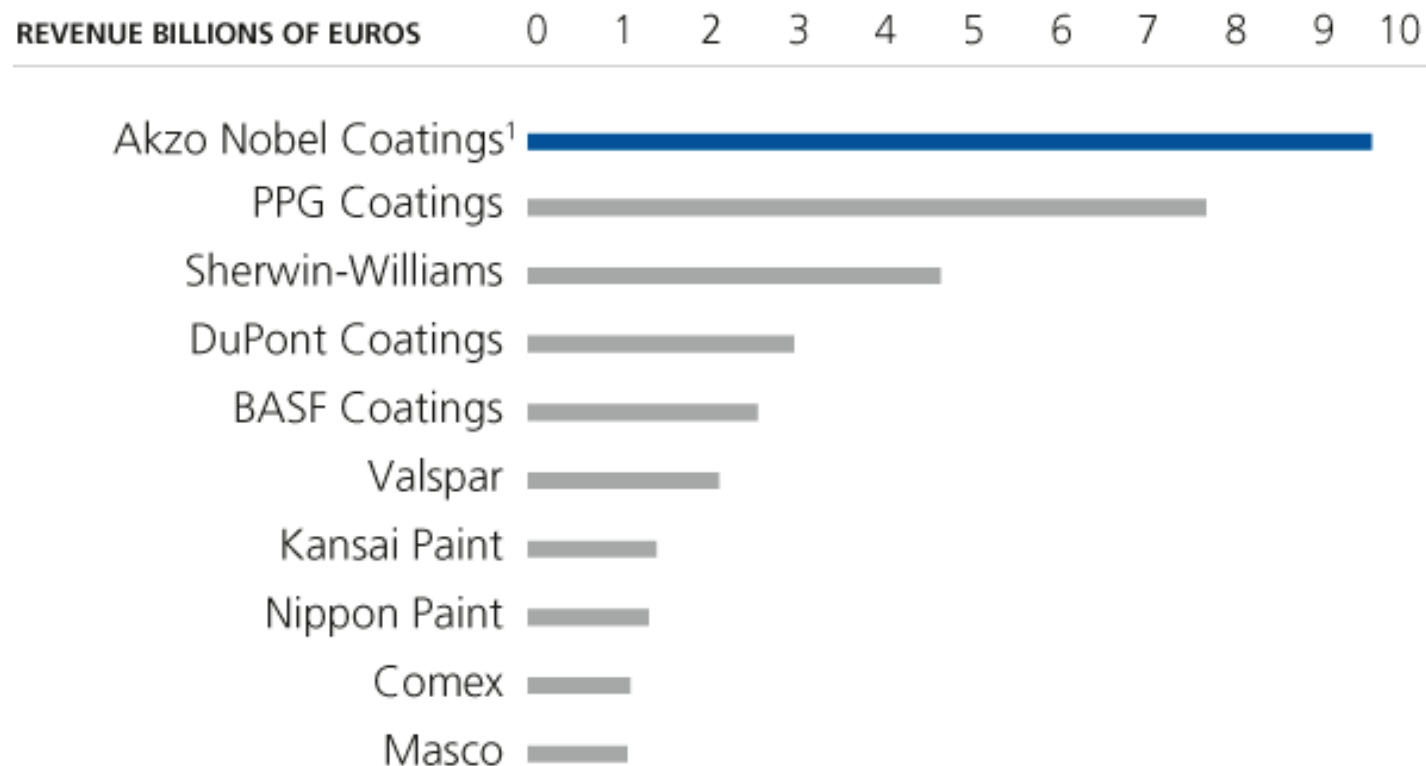


(1) Average LTM EBITDA Margins sourced from Capital IQ. Companies included: DuPont, Kansai Paint, PPG, RPM International, Sherwin Williams and Valspar



## World leader in Coatings

### TOP TEN COATINGS COMPANIES 2007



<sup>1</sup> Including ICI Paints.



## Strong growth potential

### PER HOUSEHOLD SPEND ON PAINTS AND COATINGS



Source: Euromonitor



(1) Per annum

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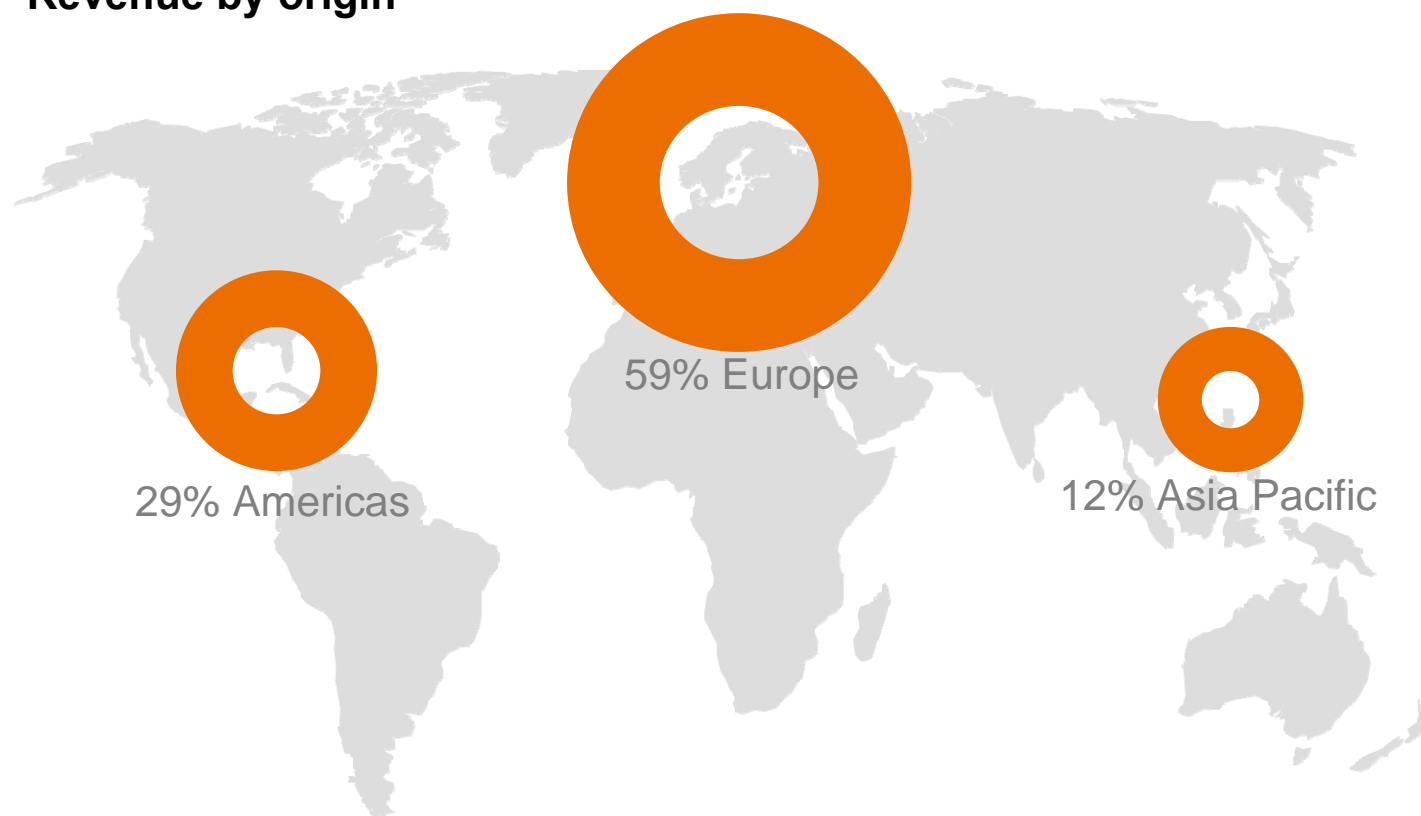
## Decorative Paints

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## Decorative paints around the world

### Revenue by origin



Pro forma 2007





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## Decorative Paints: geographical spread allows for stable margins

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Underlying growth and acquisitions contributed 2 percent to revenue

Continued double-digit autonomous growth in Asia and Latin America

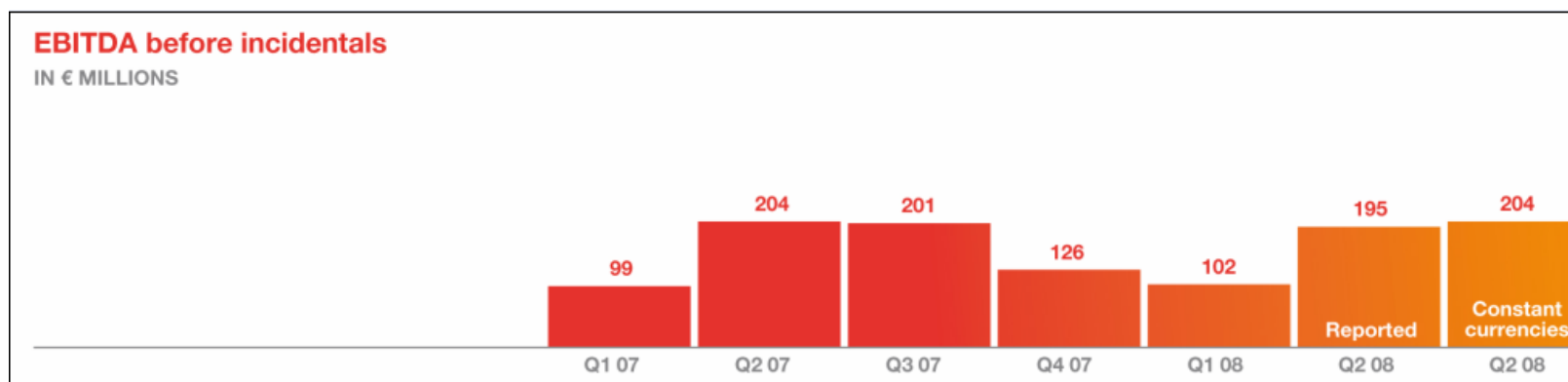
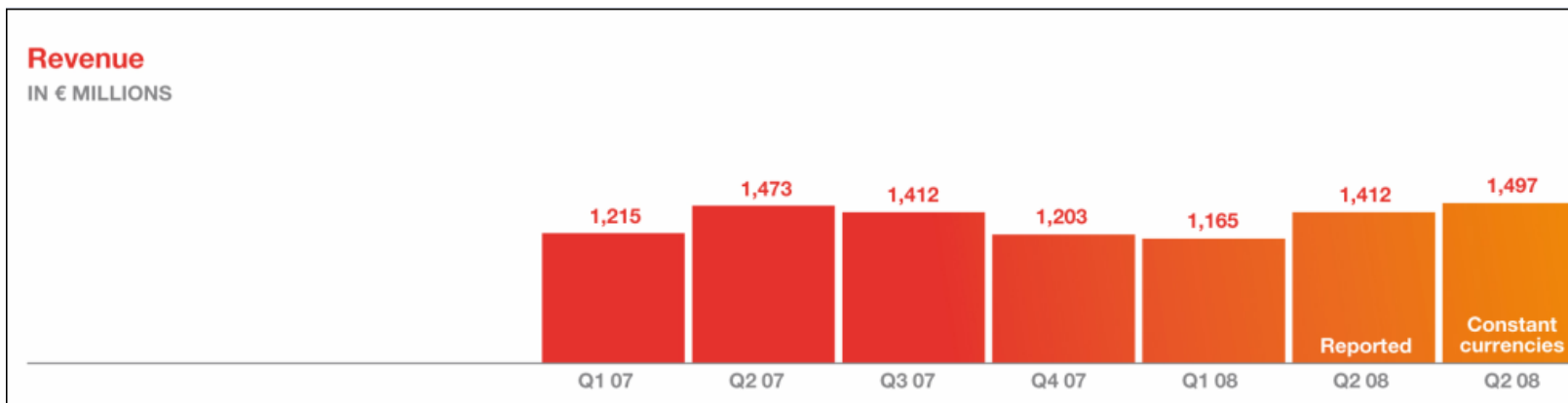
Revenue in Europe in constant currencies was ahead of 2007, US and UK revenue down in local currencies

Leading brands and market positions protect margins

Stable EBITDA margin



## Decorative paints: stable performance in constant currencies



## Q2 Decorative paints

€ mln	2008	Δ%
Revenue reported	1,412	(4)
Revenue constant currencies	1,497	2
EBITDA reported	195	(4)
EBITDA constant currencies	204	–
Ratio, %	2008	2007
EBITDA margin reported, %	13.8	13.8
EBITDA margin constant currencies, %	13.6	13.8

*Before incidentals; 2007 pro forma*



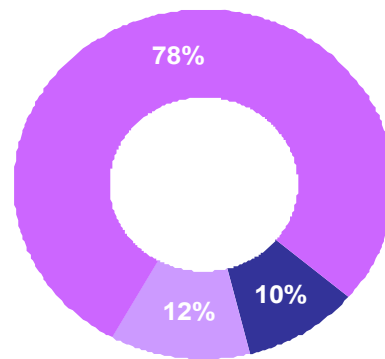
## US decorative market

Largest (25%) and most attractive coatings market worldwide

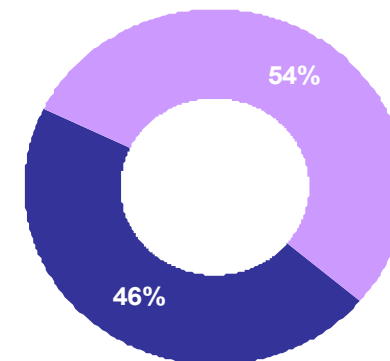
Under pressure since mid-2006

New build estimated 22% of decorative market

- new construction - non residential
- new construction - residential
- maintenance/ repair



- commercial and insitutional
- residential

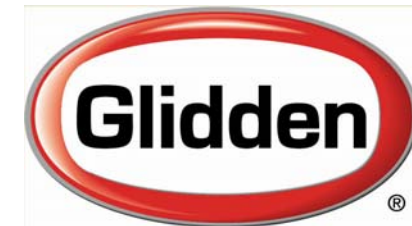


## US Decorative paints at AkzoNobel

US Deco paints sales FY 08 estimated 6% of total company revenues

Management action – new US Decorative Paints strategy  
*Further restructuring, focus on selected end-user segments  
Cost reduction and margin improvement while maintaining market share.*

**Dulux**®



## Performance Coatings

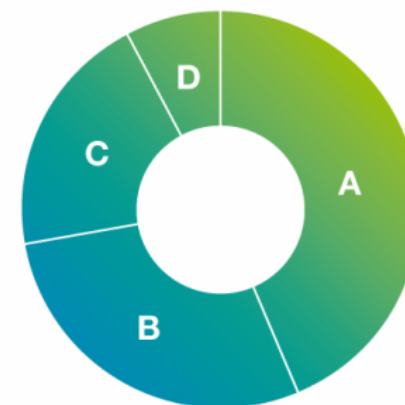
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## Performance Coatings revenue split

### Q2 2008 revenue split

	€ million	%
<b>A</b> Industrial Activities	516	44
<b>B</b> Marine & Protective Coatings	346	29
<b>C</b> Car Refinishes	233	20
<b>D</b> Packaging Coatings	89	7
Intragroup/Other	(9)	
	<b>1,175</b>	<b>100</b>



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## Leading positions in Performance Coatings

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Industrial Activities: wood, coil and plastic coatings

Marine & Protective Coatings: marine, protective, aerospace and yacht coatings. Leadership in innovation

Car Refinishes: technology driven

Packaging Coatings: attractive new business





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## Q2 Performance Coatings: EBITDA margin up at 13.7 percent

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A strong quarter overall

Autonomous growth of 7 percent

EBITDA margin increased to 13.7 percent

Excellent quarter for Marine & Protective Coatings

Solid results at Car Refinishes and Powder Coatings

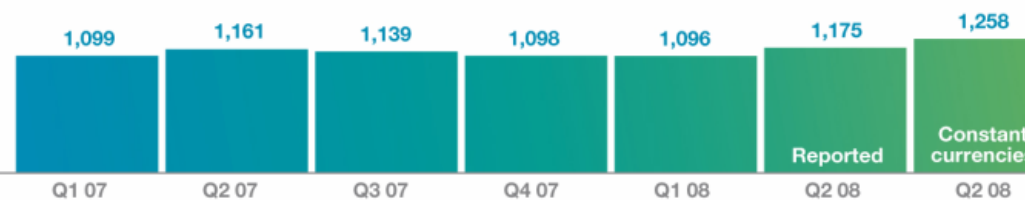
Industrial Finishes continues to be affected by weak US market conditions



## Performance Coatings: excellent result in constant currencies

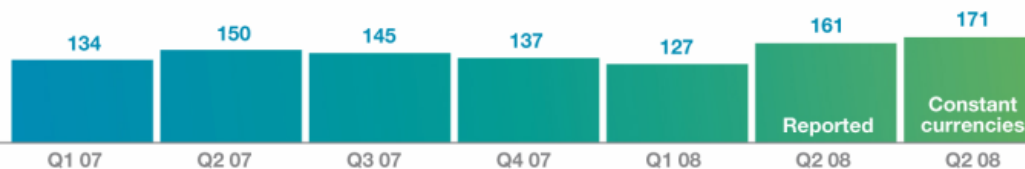
### Revenue

IN € MILLIONS



### EBITDA before incidentals

IN € MILLIONS



## Q2 Performance Coatings

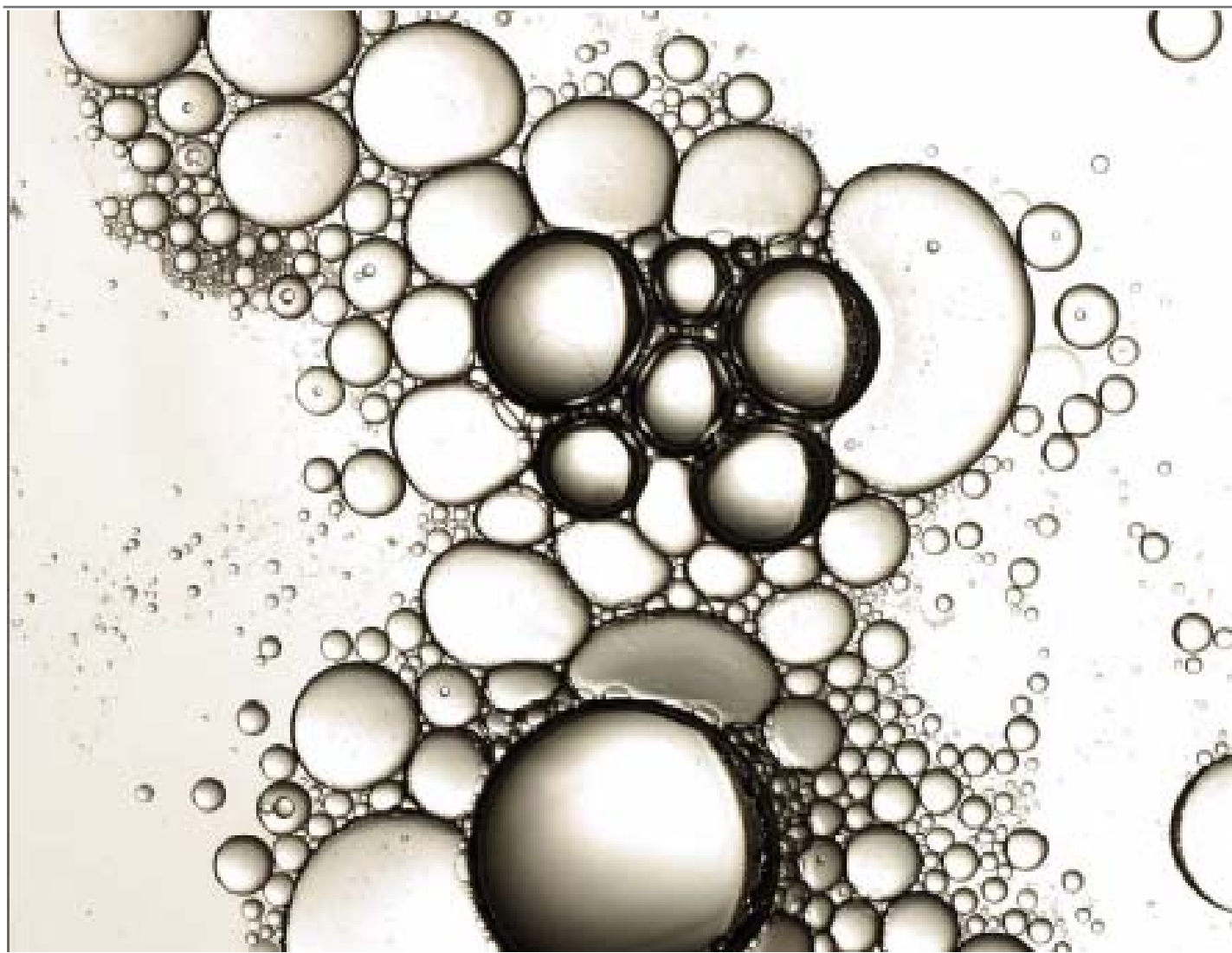
€ mln	2008	Δ%
Revenue reported	1,175	1
Revenue constant currencies	1,258	8
EBITDA reported	161	7
EBITDA constant currencies	171	14

Ratio, %	2008	2007
EBITDA margin reported, %	13.7	12.9
EBITDA margin constant currencies, %	13.6	12.9

*Before incidentals; 2007 pro forma*



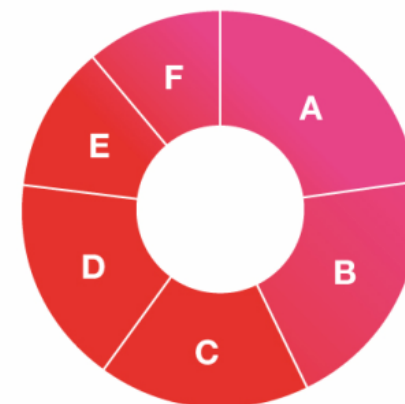
## Specialty Chemicals



## Specialty Chemicals revenue split

### Q2 2008 revenue split

	€ million	%
<b>A</b> Functional Chemicals	285	23
<b>B</b> Pulp & Paper Chemicals	247	20
<b>C</b> Base Chemicals	220	17
<b>D</b> Surface Chemistry	211	17
<b>F</b> Chemicals Pakistan	150	12
<b>E</b> Polymer Chemicals	137	11
Intragroup/Other	(31)	
	<b>1,219</b>	<b>100</b>



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## Leading positions in specialty chemicals markets

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Pulp & Paper - #1 worldwide in bleaching

Base Chemicals - #1 globally in MCA regional N/W Europe  
leadership in chlorine alkali business

Functional Chemicals - leading positions in 3 market segments

Surface chemicals - making good progress in turning around

Polymer Chemicals - #1 globally in organic peroxides and metal alkyls



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## Q2 Specialty Chemicals: securing top-line growth

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Stable performance

13 percent underlying growth driven by significant price increases (8 percent) and higher volumes (5 percent)

Higher raw materials and energy prices led to a lower EBITDA margin of 16 percent

EBITDA, in constant currencies, up 10 percent

Strong results at Surface Chemistry and Chemicals Pakistan

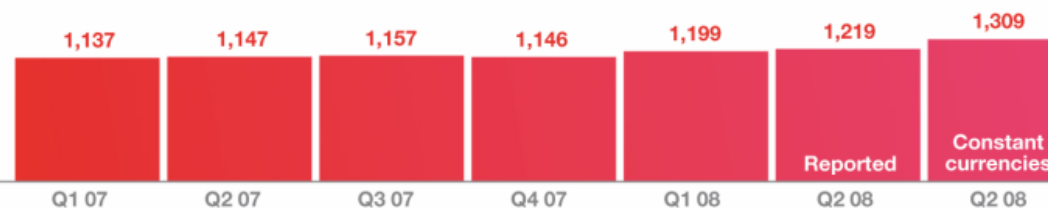
Weaker demand experienced in Pulp & Paper Chemicals



# Specialty Chemicals strong top-line growth in constant currencies

## Revenue

IN € MILLIONS



## EBITDA before incidentals

IN € MILLIONS





## Q2 Specialty Chemicals

€ mln	2008	Δ%
Revenue reported	1,219	6
Revenue constant currencies	1,309	14
EBITDA reported	195	(2)
EBITDA constant currencies	217	10
Ratio, %	2008	2007
EBITDA margin reported, %	16.0	17.3
EBITDA margin constant currencies, %	16.6	17.3

*Before incidentals; 2007 pro forma*



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## Q2 financial performance

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## Strong financial position

€ mln	June 30, 2008	Dec. 31, 2007
Equity	10,895	12,155
Net debt	1,056	2,832

Q2, € mln	2008	2007
Net cash from operating activities	(362)	(320)

2007 pro forma



## Share buyback

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€3 billion share buyback program

Open market program

Started mid March 2008, €1 billion completed end July

Further €1 billion expected to be repurchased by H2 2008

Program expected to be finalized by end Q1/ early Q2 2009



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# H1 operational performance

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# H1 operational performance

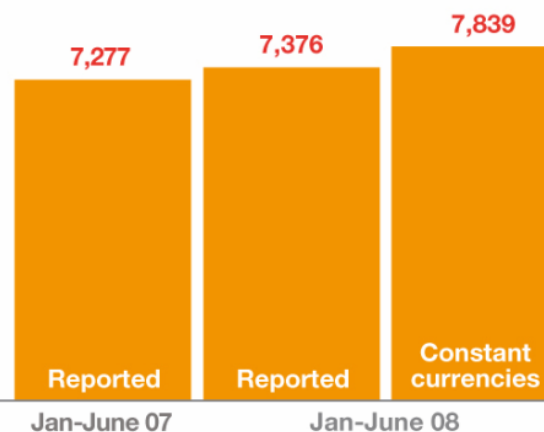
€ mln	2008	Δ%
Revenue reported	7,376	1
Revenue constant currencies	7,839	8
EBITDA reported	924	(2)
EBITDA constant currencies	993	5
Net income before fair value adjustments*	414	(7)
Ratio	2008	2007
EBITDA margin reported, %	12.5	13.0
EBITDA margin constant currencies, %	12.7	13.0
Earnings per share	1.42	1.36

\*Continuing operations before incidentals; 2007 pro forma

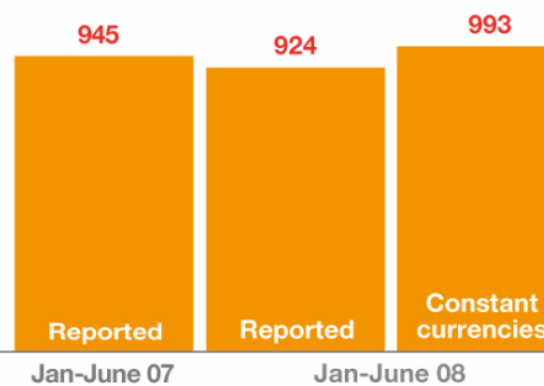


## Resilient performance in H1

### Revenue IN € MILLIONS



### EBITDA before incidentals IN € MILLIONS



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## ICI integration update

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## ICI integration process ahead of schedule

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Making good progress in capturing € 340 million synergies

Former ICI HQ closed

Integrated sales and export organizations

Re-negotiating purchasing and distribution contracts

Projects started on improving plant performance

Combined, standardized IT systems being implemented

Financial reporting and consolidation flows integrated



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# Management agenda 2008

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## Management agenda 2008

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Make significant progress with integration ICI

Accelerate synergy realization where possible

Focus on management of margins

Complete required divestures

Roll out corporate brand program



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## Outlook

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Medium term focus will continue to be on:

- making further significant progress with the integration of the retained former ICI businesses;
- outgrowing markets
- improving EBITDA margin to the upper half of our peer group

Latest forecast: reported 2008 EBITDA before incidentals not expected to match the 2007 pro-forma level of €1,870 million, however AkzoNobel will be close in constant currencies



## Q2 2008 Results

“Resilient performance”



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# Safe Harbor Statement

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This press release 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, changes in the final purchase price allocation for ICI, 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](http://www.akzonobel.com)

