



Agenda

1. Delivering Tomorrow's Answers Today - Hans Wijers
 2. Financial strategy - Keith Nichols
Q&A
 3. Personal introduction - Tex Gunning
 4. Decorative Paints - David Hamill
Q&A
- Coffee break
5. Performance Coatings - Leif Darner
Q&A
 6. Specialty Chemicals - Rob Frohn
Q&A
 7. Wrap up & closing - Hans Wijers

Lunch

AkzoNobel Delivering Tomorrow's Answers Today

- We operate in attractive industries
- We have global, leading positions
- We are focused on significantly improving performance
- We have ambitious targets
- We have the right management team in place



Today

Where we are today







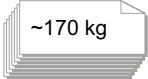
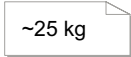
We operate in attractive industries

- Good growth potential, particularly in developing markets
- Low cyclicality of end markets and profits
- Diverse customer segments served, leading to additional stability of sales and profits
- Low fixed costs as a percentage of sales

AkzoNobel is very well positioned



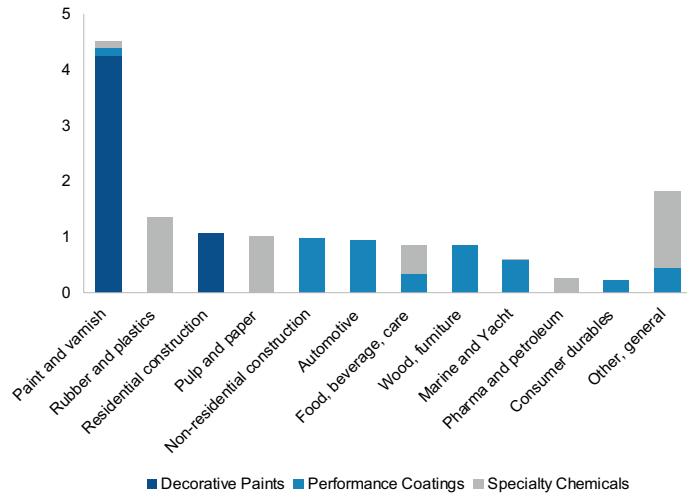
Strong emerging markets growth potential

	Mature Per Capita	Emerging Per Capita
Architectural Paint	 8 liters	 < 2 liters
Industrial and Special Purpose Coatings	 13 liters	 < 6 liters
Plastics	 ~100 kg	 ~20 kg
Paper	 ~170 kg	 ~25 kg



We serve many sectors, creating stability

€ billion, 2007 pro forma



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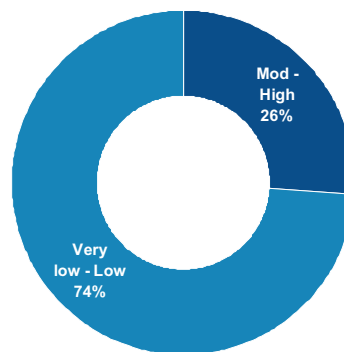
Low end market cyclicality

Very low – Low (74%)
cyclicality end markets, e.g.,

- Food and beverage
- Paper, printing, and publishing
- Automotive aftermarket
- Paints and varnishes
- Rubber and plastics
- Furniture
- Soaps and detergents

Mod – High (26%)
cyclicality end markets, e.g.,

- Non-residential construction
- Residential construction
- Automotive OEM
- Consumer durables
- Agro-chemicals
- Aerospace
- Shipbuilding

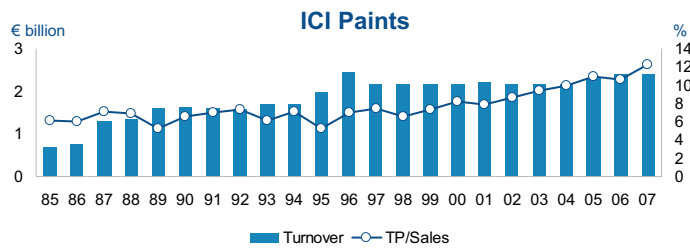
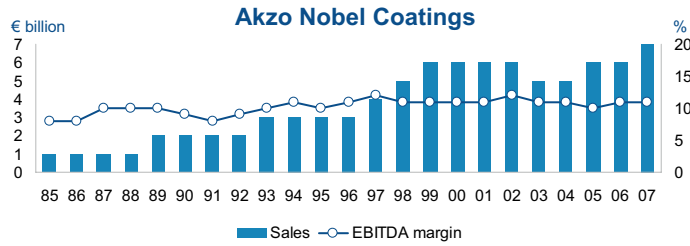


Source: Oxford Economics 1980-2007 cyclicality analysis

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Resilient Coatings margins



Low fixed costs as a percentage of revenue

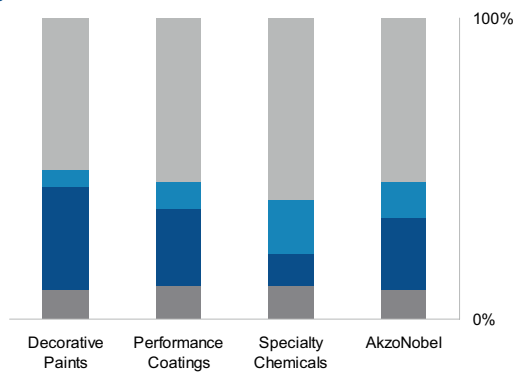
% of revenue, indicative

Raw materials, energy, and other variable production costs

Fixed production costs

Selling, advertising, administration, R&D costs

EBIT margin



Where we are today

We operate in attractive industries

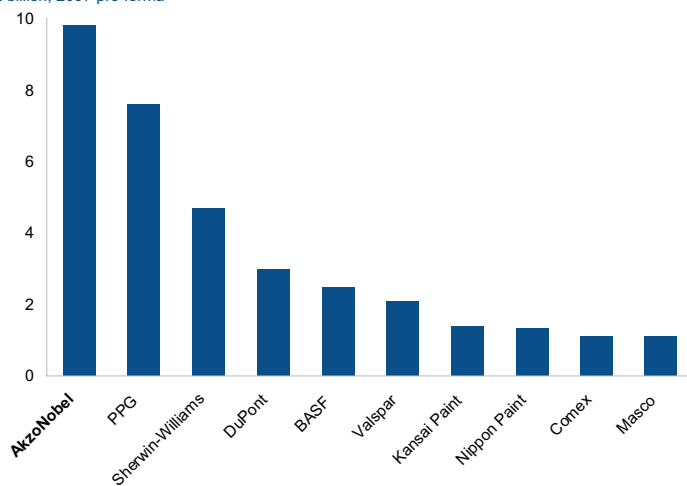
AkzoNobel is very well positioned

- Many market leadership positions
- Excellent geographic spread of sales and profitability
- Strong brands
- Ability to outspend the competition in technology and innovation without negatively affecting profitability
- Commitment to sustainability at all levels

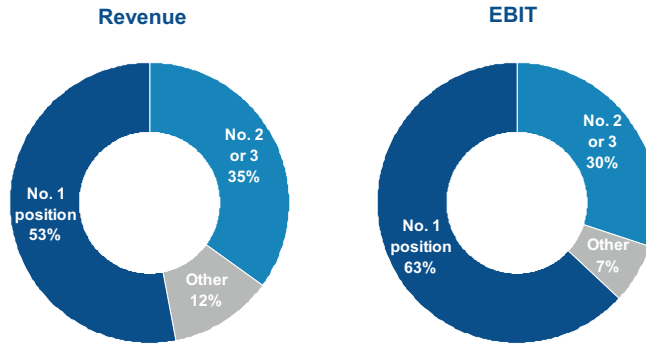


AkzoNobel is the world's largest Coatings supplier

€ billion, 2007 pro forma



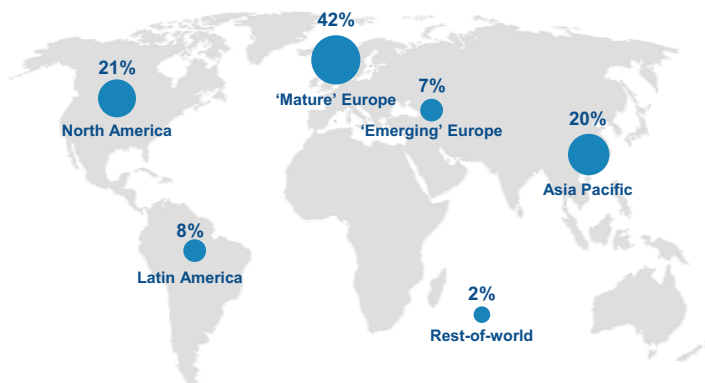
Leadership positions are more profitable positions



Excellent geographic spread of both revenue and profits

Emerging markets are important (35% of revenue) . . .

% of revenue, 2007 pro forma



Emerging markets profitability is strong (39% of EBIT)



We have strong brands across the full spectrum of our business

Biggest brands, per business area

% of revenue, 2007 pro forma

eka 18% of Specialty Chemicals

International 23% of Performance Coatings

Dulux 25% of Decorative Paints



The peer group leader in technology and innovation

On a **percentage** basis:
our R&D spend is consistent
with our industry norms –
2.3% of revenues

On an **absolute** basis:
our larger size means
we have more to work
with, without negatively
impacting profitability

% of revenue, 2007 pro forma

Decorative Paints 1.5%

Decorative Paints requires less
R&D spend – allows more for
Performance Coatings

Performance Coatings 3.7%

Performance Coatings
benefits from a higher level
of R&D activity

Specialty Chemicals 1.9%

Specialty Chemicals targets
spend to process R&D and/or
product R&D as appropriate



Technology and innovation deliver functionality to our customers

Beautify	Aesthetically pleasing visual experiences in our everyday lives
Protect	Integrity in performance in demanding environments
Stabilize	Physical stability in complex fluids
Transform	Effects and performance through chemical transformation



We will focus our technology and innovation spend on core functionalities

	Beautify	Protect	Stabilize	Transform
Decorative Paints				
Performance Coatings	 Powder Coatings	 Marine & Protective	 Car Refinish	 Packaging Coatings
Specialty Chemicals	 Pulp & Paper Chemicals	 Functional Chemicals	 Surface Chemistry	 Polymer Chemicals



We see sustainability as a business opportunity

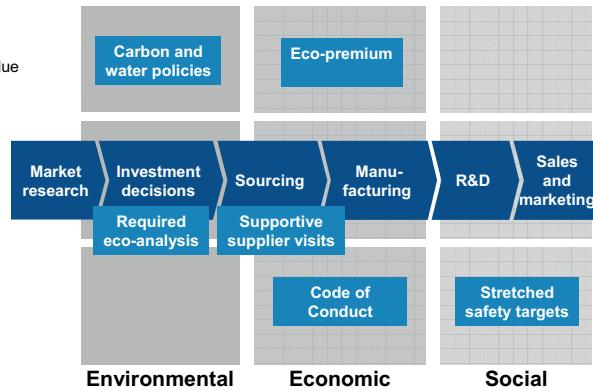
Level of development

Invent
Integrate sustainable value propositions

Manage
Include sustainability in all aspects of the value chain

Improve
Continue to comply and ensure a license to operate

Examples



Aspect of sustainability (linked to DJSI)

Our sustainability commitment has been recognized externally



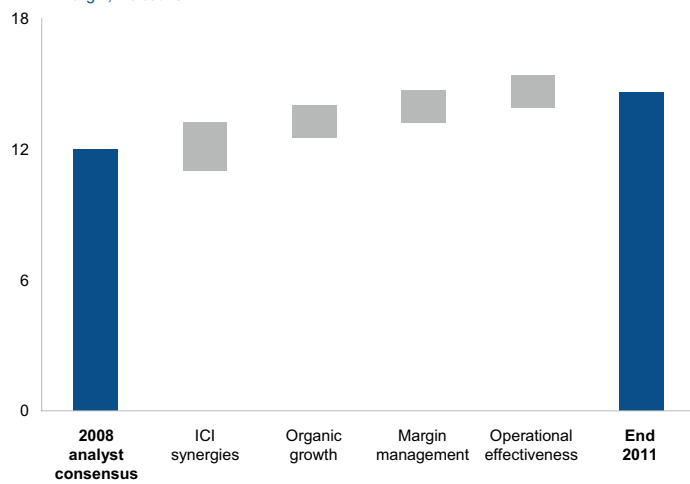
2004	No ranking
2005	Top 10%
2006	2nd Place
2007	Super sector leader
2008	Joint 2nd place

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Tomorrow's Answers Today

We will improve our EBITDA margin to at least 14% in the next 3 years

EBITDA margin, indicative



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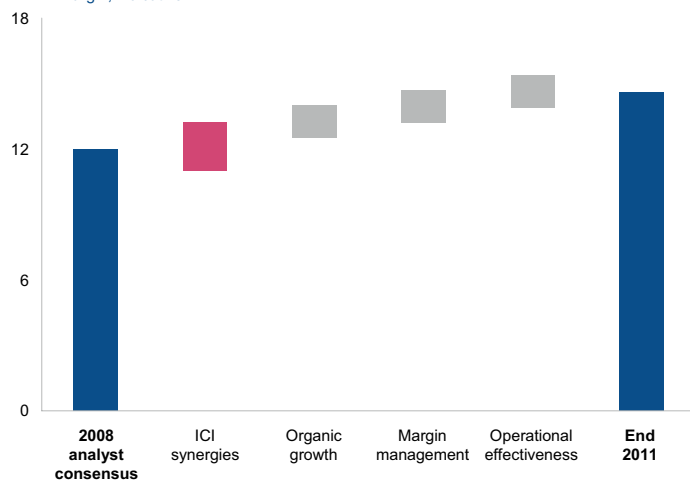
Aggressive actions to capitalize on the strength of our portfolio

- Ensuring that we deliver ICI synergies, faster
- Growing the business organically and through active participation in industry consolidation
- Managing our margins through improved pricing and procurement
- Reducing costs through increased operational effectiveness
- Disciplined approach to capital, deferred Share Buy Back program



ICI synergies

EBITDA margin, indicative



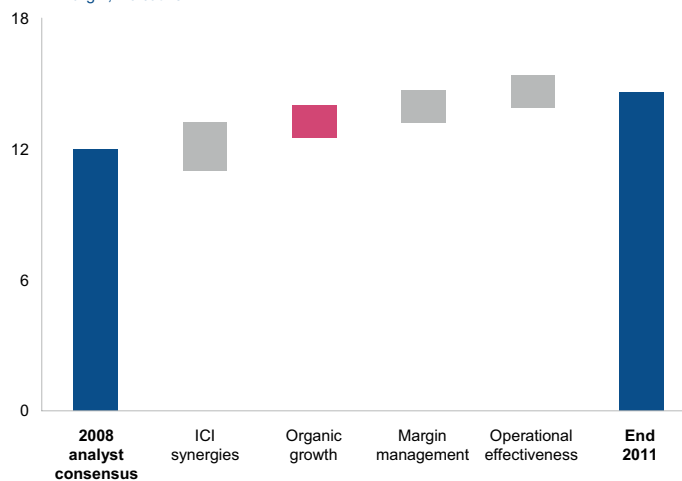
Delivering ICI synergies faster

	What we said a year ago	What we said In April	What we are saying today
Savings	280	340	340
- Deco		180	180
- Corporate		85	85
- Proc		75	75
Timeframe			
-2008		15%	>15%
-2009		55%	70%
-2010	85%	85%	100%
			30% of exits in 2008
Integration	Outside in	Detailed plans	- All corporate departments redesigned - All Deco regional and functional teams in place
Cultural fit	Avoid conflicts and dis-synergies	Combining and learning	Building new company 95% of targeted management retained

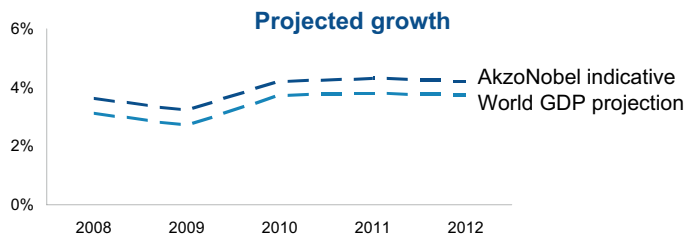
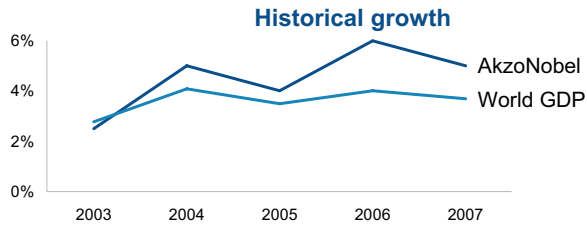


Organic growth

EBITDA margin, indicative



The “baseload” of growth will come from industry growth



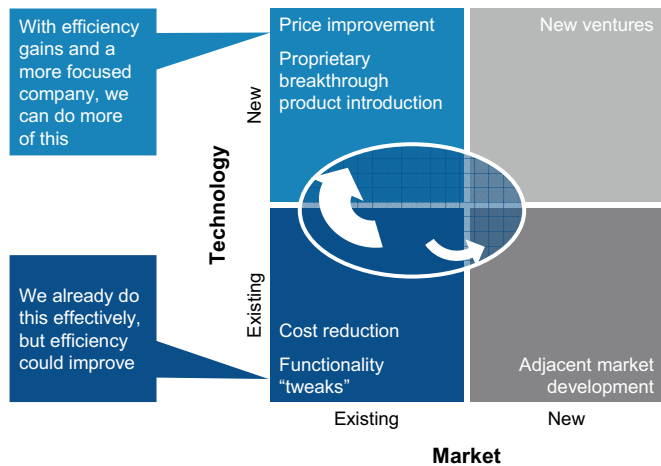
Source: Oxford Economics, August, 2008

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We will improve our organic growth rate through bolder innovation



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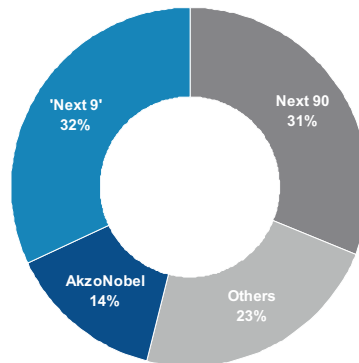
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Actively participating in industry consolidation provides additional growth

The Coatings market clearly offers consolidation opportunities . . .

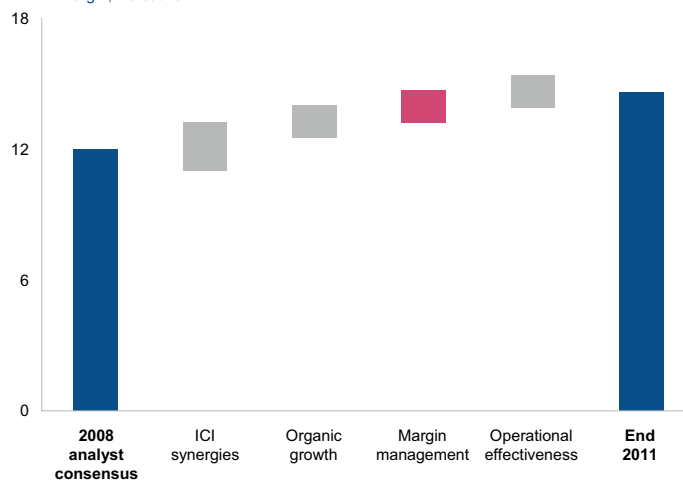
Global coatings industry
100% = €78 billion



Specialty Chemicals also offers opportunities

Margin management

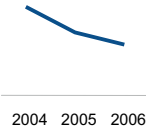
EBITDA margin, indicative



Improved pricing capability has already delivered results in Specialty Chemicals

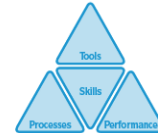
1. The situation

- Raw material cost increases outstripping price increases
- Consensus reached that pricing skill upgrade was required



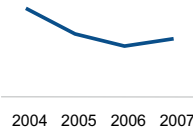
2. The action

- Improvement program implemented across Specialty Chemicals



3. The result

- All BUs have observed either an increase in contribution margin or a halt in decline



More is planned with regard to pricing across all of AkzoNobel

Specialty Chemicals

- Deliver more through better performance management
- Move to next level of levers

Decorative Paints

- Deliver on projects currently underway
- Expand coverage

Performance Coatings

- Design program and roll-out

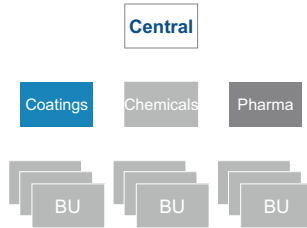
Will be discussed in more detail in the business area presentations



A different organizational approach to procurement provides more focus

Old structure,
less focused business did not allow us to leverage our size and strength

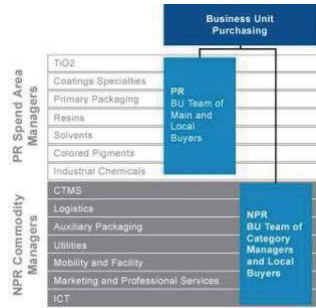
Centrally coordinated spend
< €0.5 billion



Typical BU spend ~ €0.3 billion
Typical spend groups covered > 20

New structure,
more focused spend has already led to substantially better results

Centrally coordinated spend
~ €6.5 billion

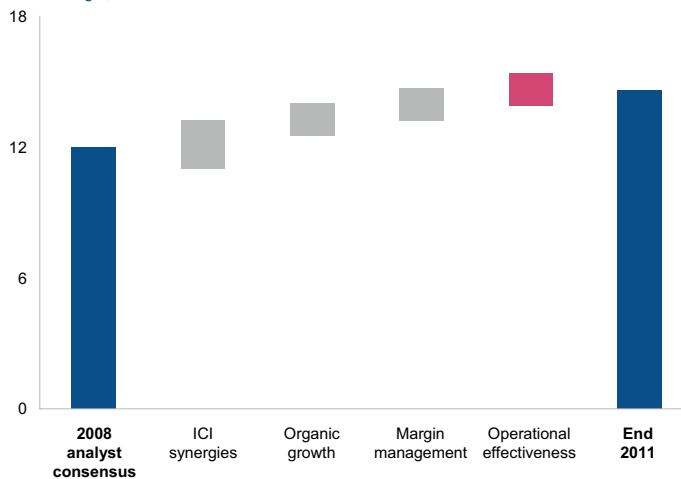


Typical spend per group ~ €0.5 billion



Operational effectiveness

EBITDA margin, indicative



Operational effectiveness: additional net cost savings of at least €100 million

- Low growth, high cost inflation environment in mature economies requires even stronger focus on operational effectiveness
- We are targeting at least an additional €100 million of annual net cost savings, beyond €340 million ICI synergies
- In total this translates into around 3,500 FTE reductions by 2011
- Savings have been identified across all business areas, shared service organizations and corporate



We will continue to take a disciplined approach to capital

Areas of focus

- Operating working capital
- Capital expenditure
- Share Buy Back
- Pensions



Colleagues will
provide detail



Tomorrow

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We have ambitious targets for the next 3 years

For the next 3 years, we will

- Continue to **outgrow** our markets
- Improve our **EBITDA margin** to at least 14%
- Continue to generate year-on-year **EVA growth**
- Remain a leader in **sustainability** (top 3 DJSI)



We have the right management team, incentivized to deliver

We have the right management team . . .



Keith Nichols
Chief Financial Officer



David Hamill
Managing Director
Decorative Paints



Rob Frohn
Board Member responsible
for Specialty Chemicals



Tex Gunning
Managing Director
Decorative Paints,
nominated to join Board of
Management in April 2009



Leif Darner
Board Member responsible
for Performance Coatings

Incentives are meaningful and are tied to our targets



AkzoNobel Delivering Tomorrow's Answers Today

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Financial Strategy

Keith Nichols

AkzoNobel
Tomorrow's Answers Today

AkzoNobel's financial proposition

- Our financial performance is resilient
- We have a strong balance sheet
- We are maintaining a prudent financing strategy
- We are focused on further improving our capital efficiency
- Attractive capital returns to shareholders



Today

AkzoNobel is financially strong

- Resilient H1 2008 operational performance
- Strong balance sheet position
- Pro-active pension risk management
- Well diversified revenue by currency
- Leveraging raw material purchasing power
- Attractive capital returns to shareholders



Resilient H1 2008 operational performance

€ million	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)

	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

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Strong balance sheet position

€ million	June 30, 2008	Dec 31, 2007
Equity	10,895	12,155
Net debt	1,056	2,832
Net pension deficit	1,355	1,475

H1 2008 (€ million)	2008	2007
Net cash from operating activities	(362)	(320)

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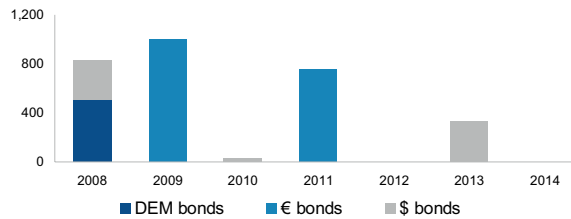
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Prudent financing policy in challenging capital markets

€1.8 billion debt maturing in the coming 18 months...

Debt maturity, € million



Objective is to refinance and lengthen the maturity profile

- Capital markets are currently closed
- €1.8 billion of debt maturing in the next 8 months
- Remainder of the €3 billion (€1.6 billion) Share Buy Back program deferred until refinancing is completed

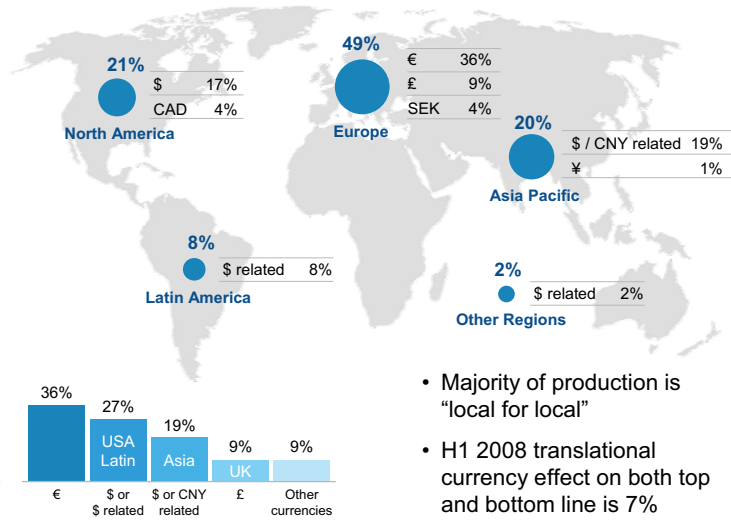


Pro-active pension risk management

- 2004 pro forma (including ICI) pension under funding was around €4 billion
- 2007 pro forma pension under funding €1,475 million
- Mid-2008 pension under funding estimated at €1,355 million
- Committed to fund deficits and further de-risk over time
- Defined Benefits closed to new entrants, major plans closed in 2001 (ICI) and 2004 (Akzo Nobel)
- Ring fenced other post-retirement obligations



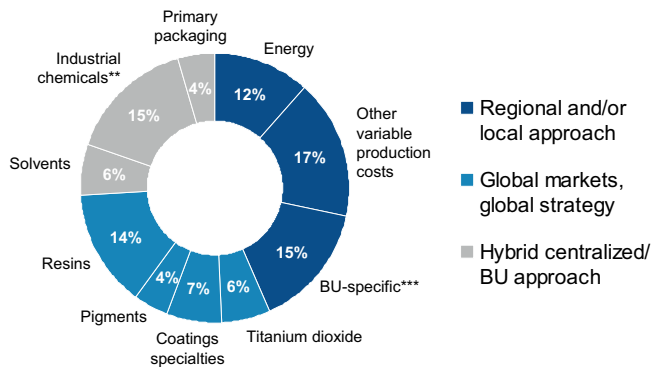
Well diversified revenue by currency



- Majority of production is "local for local"
- H1 2008 translational currency effect on both top and bottom line is 7%

Leveraging raw material purchasing power

Raw materials, energy, and other variable costs represent slightly more than half of revenue*

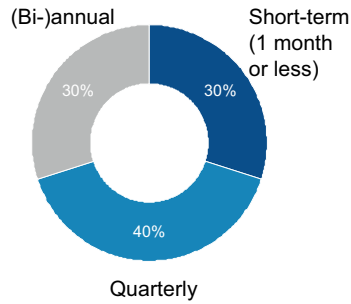


* H1 2008
 ** Industrial chemicals contains raw materials such as: paraxylene, ethylene derivatives, fatty acids & oils
 *** BU-specific contains raw materials such as cellulose, ammonia, phenols, etc.

Diversified contract length and supplier base

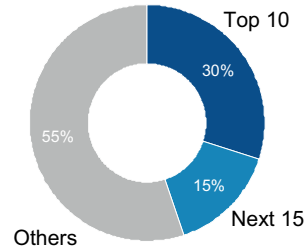
Contract length breakdown

% of raw material spend, indicative



Supplier consolidation

% of raw material spend, indicative



Attractive capital returns to shareholders

Dividend policy

- 2007 dividend up 50% to €1.80 per share - sets a new floor
- Pay-out ratio of minimum of 45% of net income before incidentals and fair value adjustments related to ICI deal

Share Buy Back - total program €4.6 billion

- 2007: €1.6 billion completed; 9.75% of outstanding capital cancelled
- 2008/2009: €3 billion program:
 - €1.4 billion completed end September 2008, 12.1% of outstanding capital repurchased
 - Outstanding number of common shares end September 2008: 232 million



Delivering Tomorrow's Answers Today

Delivering Tomorrow's Answers Today

Strong financial position to be maintained or further improved

- Maintain solid capital structure
- Managing tax, financial charges and net debt
- Prudent financing policy in challenging capital markets
- Delivering operating working capital improvement
- Maintain focus on disciplined capital allocation
- Managing corporate and "other" costs



Maintain solid capital structure

Maintain strong investment grade rating (single A- / A3 through the cycle)

Key ratio's are

- FFO/adjusted net debt >35%
- RCF/ adjusted net debt >30%
- EBITDA/interest >10 times
- Adjusted net debt / EBITDA <2.5 times

Drivers

- Flexibility for growth strategy
- Avoid over-exposure to volatility of financial markets
- Continue to deal proactively with pension deficits



Managing Corporate and financial costs

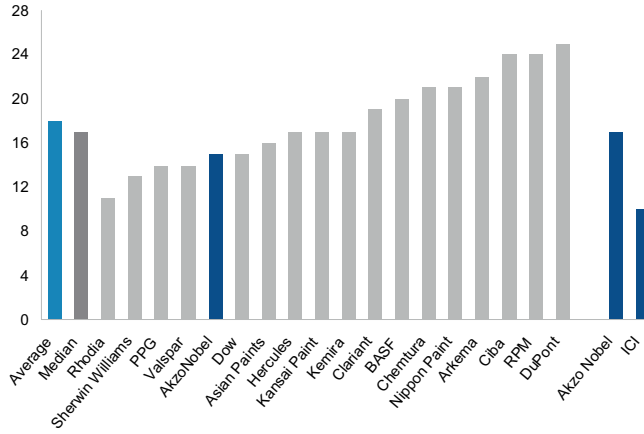
- **Tax rate** expected to be around 27 - 28% through 2011
- **Financial charges** of €130 - 150 million through 2011
- **Adjusted net debt** expected around €2 billion through 2011
- Allocation of **Corporate costs** is being reviewed
- Besides corporate costs, the "**other**" line includes pensions, IAS adjustments and captive insurance costs
 - We will improve transparency/guidance of the "other" line
 - Update at the Q4 2008 results conference call

Operational effectiveness also includes Corporate costs savings program concluded by the end of 2011



Operating working capital better than most peers, but considerable upside potential

Operating working capital % of revenue, year-end 2007



Target is to further improve

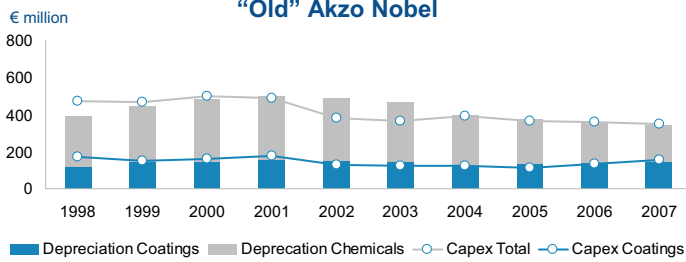
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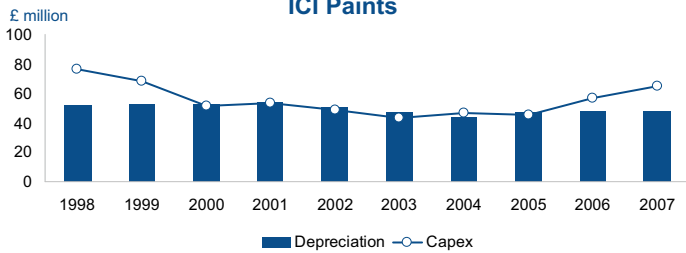


Disciplined capital expenditure

"Old" Akzo Nobel



ICI Paints



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Maintain focus on disciplined capital allocation

- 2008 expect €550 - 600 million (Ningbo €95 million)
- 2009 expect €700 million (Ningbo €150 million)
- 2010 expect €600 million (Ningbo €50 million)
- 2011 expect around depreciation level (€500 million)
- Focus: maintain in mature markets, expand in emerging markets
- Additionally, continue to look for bolt-on acquisitions that create value



AkzoNobel's financial proposition

- Our financial performance is resilient
- We have a strong balance sheet
- We are maintaining a prudent financing strategy
- We are focused on further improving our capital efficiency
- Attractive capital returns to shareholders



Questions?

Decorative Paints

Tex Gunning

AkzoNobel
Tomorrow's Answers Today



Tex Gunning

2008 AkzoNobel

Managing Director of Decorative Paints

- Nominated to join the AkzoNobel Board of Management in April 2009

2007-2008 Vedior NV (staffing services)

CEO and Chairman of the Board

- Merger with Randstad as result of strategic review

2000-2007 Unilever Asia (home & personal care; food & beverages)

Regional President

- Build Unilever Foods Asia
- Merger of Unilever with Bestfood
- Extensive restructuring & transformation program

1995-2000 Unilever Foods The Netherlands (food & beverages)

Chairman

- Transformation of loss making units driven by innovation program and restructuring



Decorative Paints

David Hamill

Where we are today

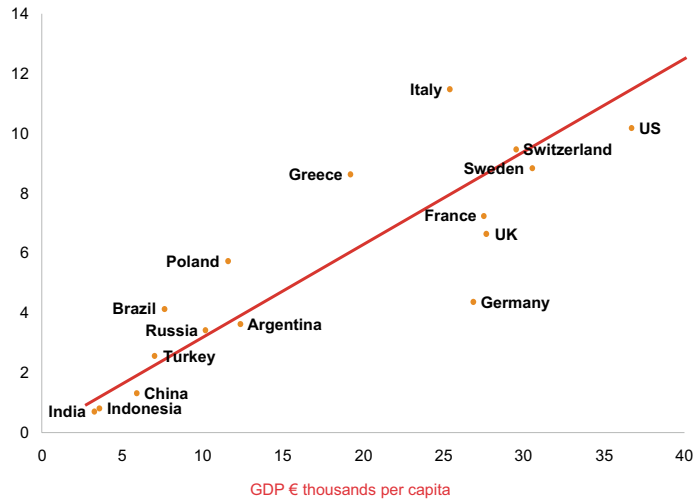
AkzoNobel is the leader and only truly global player in the attractive Decorative Paints market

- Significant growth potential, particularly in emerging markets
- Cyclical and customer concentration is reasonably low
- Excellent geographic spread with many leadership positions and strong brands
- High focus on innovation
- Low fixed costs and capital expenditure yield strong cash flow



GDP growth drives paint consumption

Liters paint per capita

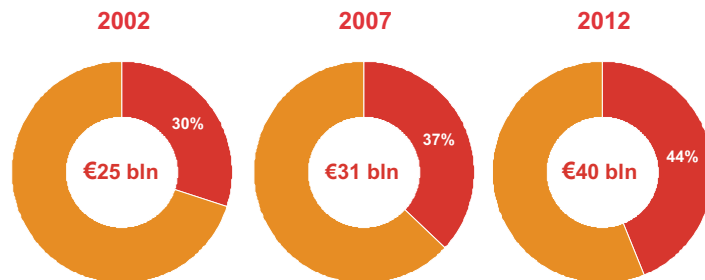


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Share of emerging markets is steadily growing

% of total Decorative market



■ Emerging markets
(Eastern Europe, Russia, Turkey, Latin America, Asia Pacific)

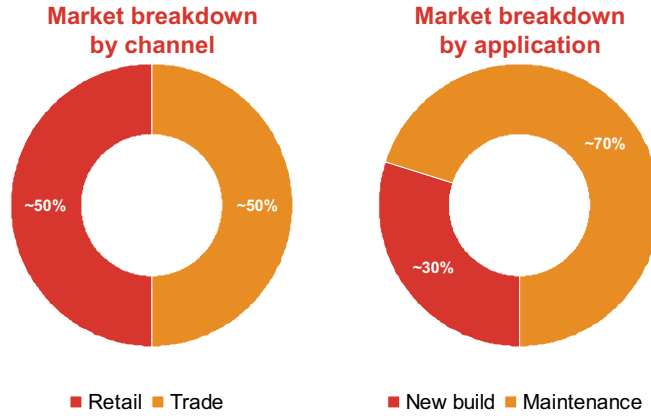
Source: Euromonitor basis; AkzoNobel analysis; *estimate

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Combination of channel and application mix creates a stable market

% of total Decorative market



Source: Euromonitor basis; AkzoNobel analysis

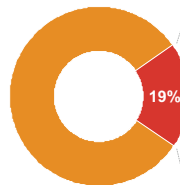
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Customer concentration is reasonably low

Decorative Paints Top 5 customers

% of revenue, 2007 pro forma
100% = €5.3 billion



The Home Depot



Kingfisher



Arena



Adeo



Homebase

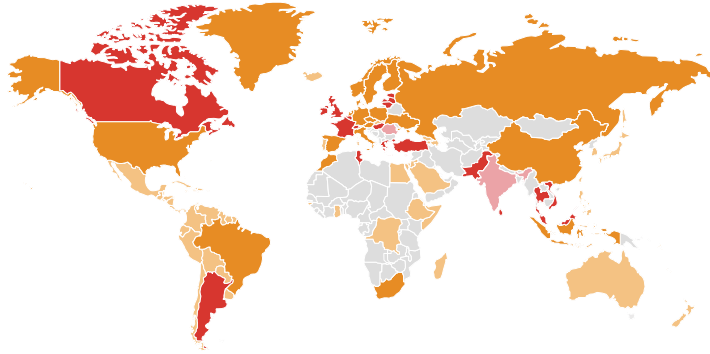


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Leading Deco positions in all regions with strong brands

AkzoNobel market positions



■ 1 ■ 2/3 ■ >3 ■ Export countries

Source: Euromonitor basis; AkzoNobel analysis

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Strong brands



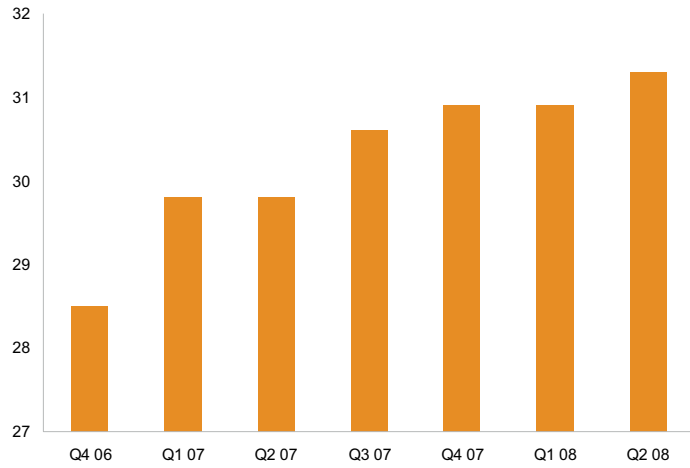
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Our rate of innovation is increasing

New products % of revenues



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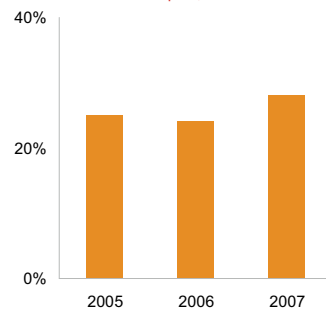
73



Low capital intensity leads to high return on capital

- Capital turnover close to 3
- Capital expenditure €120 million
- Expenditure 25% below depreciation in mature markets
- Attractive ROI

Return on invested capital, %*



*2007 pro forma, before incidentals

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Aggressive actions to capitalize on the strength of our portfolio

- Ensuring that we deliver on ICI synergies
- Growing the business organically
 - Emerging markets
 - Innovation
- Focusing and strengthening our brand portfolio
- Improving our contribution margins through improved procurement and pricing
- Reducing costs through increased operational effectiveness
- Managing capital in a disciplined manner

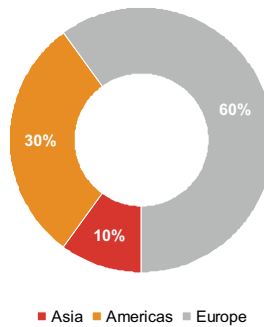


Decorative Paints synergies are coming from all regions and are ahead of schedule

	2008	2009	2010
Announced in April	10%	40%	50%
New schedule	20%	50%	30%

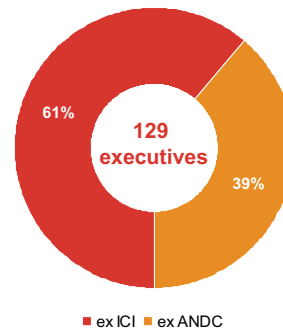
Origin of synergies

Savings by region, indicative



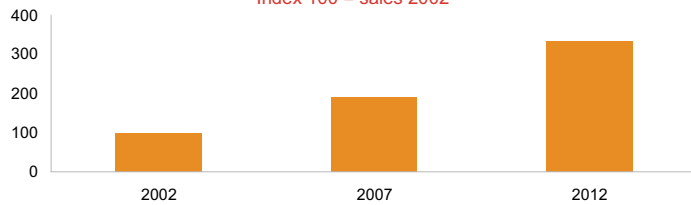
Integration in Decorative Paints has created a "best of both" team

- All Business Unit management positions and country management in place
- Retention of people in key leadership positions is >95%

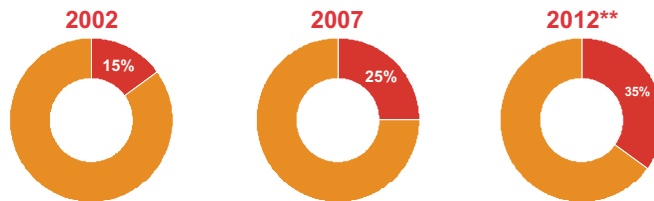


Dynamic growth in emerging economies

Sales to emerging countries* Index 100 = sales 2002



% of revenues



*Eastern Europe, Russia, Turkey, Latin America, Asia Pacific; **estimate

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Technology and innovation are driven globally against clear platforms

Global approach established to drive innovation

- Establish global innovation platforms
- Manage the global innovation portfolio
- Prioritize resource allocation
- Draw on corporate-wide expertise

Strong track record of delivery against key innovation platforms

- Great Looks
- Surfaces That Do More
- Making Decoration Easy
- Eco-Premium

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We already have a strong track record in our innovation platforms

Great Looks

- Dulux Light & Space**
- Makes rooms look more spacious
 - Launched in Europe and Asia



Surfaces That Do More

Dulux Anti Formaldehyde Paint

- Protecting against formaldehyde
- Launched in China in October 2007
- Already representing 3% of sales



Eco-Premium

- The Freshaire Choice**
- Zero VOC paint & colorant system
 - Launched in USA in 2008
 - Available in 2,000 The Home Depot stores
 - GREENGUARD certified



Making Decoration Easy

Dulux paintpod

- Revolutionary powered roller paint system
- 100,000 units sold in the UK in just 4 months



Cuprinol Sprayable

- New convenient fence and deck treatment
- Has grown the sector by 45% in two years in a static UK market



Brand strategy - the starting point...



Driving towards fewer, stronger brands

Before Integration

- More than 80 brands, diverse brand positioning, managed locally
- Complex product portfolio, country level innovation and communication plans

After Integration

- Focus on few, powerful brand clusters to drive growth
- Harmonized
 - Product portfolios to reduce complexity
 - Innovation plans to drive speed to market and cross market leverage
 - Communication ideas (tailored executions)



End point - focusing on fewer brand clusters with clear positioning

Brand positioning	% sales*
Performance & Color 	43% Dulux=25%
Keep up standards 	18% Glidden=12%
Professional exclusive 	9% Sikkens=6%
Woodcare Specialist 	4%
Predeco 	4%
Specialist paint 	1%

* Sales excluding sales accessories/sundries through stores

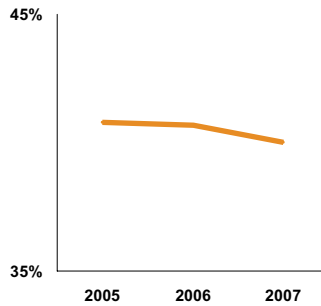


Strong brands



We continue our good track record in reducing our costs

Operating costs indicative



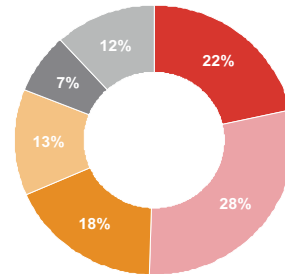
Cost break-down indicative

- Raw materials, energy, and other variable production costs
- Fixed production
- Selling, advertising, administration, R&D
- EBIT margin



We have a strong position in procurement

- Total raw material spend 2007 was €1.8 billion
- 50% of raw material spend with top 20 suppliers
- We are in the top 3 coatings customers for all of these suppliers



- Resins & Binders
- Packaging Materials
- Titanium Dioxide
- Additives
- Solvents & Diluents
- Other



We will continue to benefit from our scale in procurement

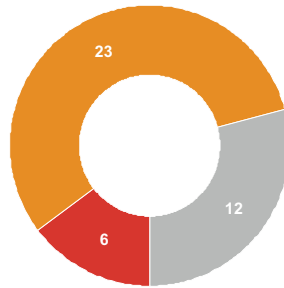
Further opportunities to leverage our buying power beyond synergy effects

- Effects of brand harmonization and complexity reduction
- Synergies with Performance Coatings
- Captive use of Specialty Chemicals products (resins)



We have been successfully raising prices in all markets

Successful price increases



■ 3 times ■ 2 times ■ 1 time

Ongoing actions

- Further price increases being implemented
- Continuous review of raw material impacts on margins
- Detailed pricing capability improvement programs built on successful programs in ICI Paints and AkzoNobel Specialty Chemicals
- Country-by-country roll out

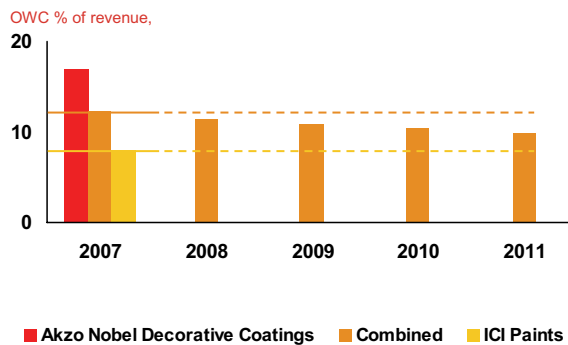
Price increases will recover all raw material inflation in 2008



Operating working capital improvement

Operating working capital improvement of €100 million until 2011

- Best practice in OWC used as internal benchmark



Capable management team in place - Regional Leadership Team

Americas



Erik Bouts*
United States

Europe



Antoine Fady*
Continental
Europe

Asia



Tony Britt**
Asia



Pierre Dufresne**
Canada



Ruud Joosten**
Northern &
Eastern
Europe



Marcos Saavedra*
Latin America



Richard Stuckes*
UK, Ireland &
South Africa,
Building
Adhesives



* ex ICI Paints
** ex Akzo Nobel Decorative Coatings

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Summary

AkzoNobel is the leader and only truly global player in the attractive Decorative Paints market

- Significant growth potential, particularly in emerging markets
- Cyclicity and customer concentration is reasonably low
- Excellent geographic spread with many leadership positions and strong brands
- High focus on innovation
- Low fixed costs and capital expenditure yield strong cash flow



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Questions?

Performance Coatings

Leif Darner

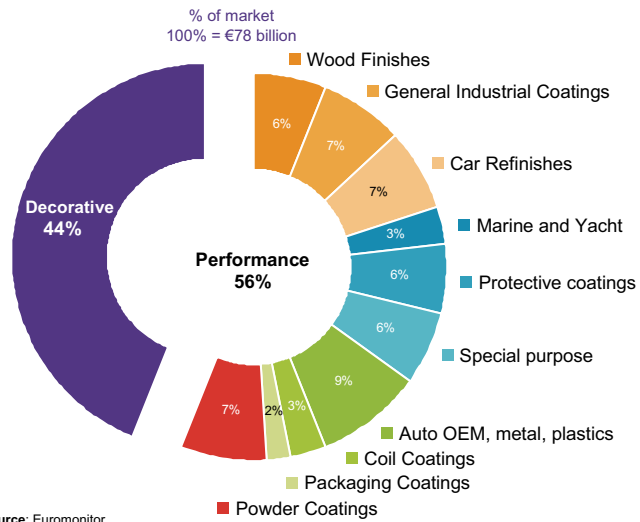


Performance Coatings

- Attractive industry with high growth potential
- AkzoNobel has strong positions in a broad range of customer segments
- Exciting growth opportunities in emerging markets and through acquisitions
- Sharp focus on operational effectiveness



Performance Coatings addresses more than 50% of the Coatings market



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Clear and specific market characteristics

- B2B business, with close contacts at owner, specifier, and applicator level
- Some truly global customers, with a heavy Asian influence
- Differentiated by technology and by service

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Today

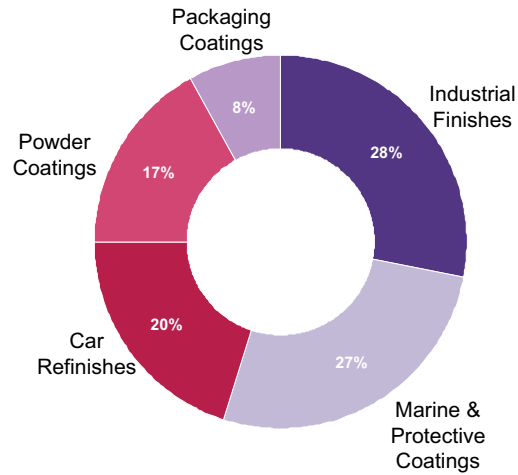
AkzoNobel is well positioned in Performance Coatings

- Most Business Units have leading positions
- Many industries served and low customer concentration provide stability in earnings
- Excellent geographic spread
- Low capital intensity leads to high return on investment



Performance Coatings Business Units

% of revenue, 2007 pro forma
100% = €4.5 billion



Industrial Finishes is a strong leader in its markets

	Global market position	Example customers
Wood coatings	1	Masco, Ikea, Velux
Coil Coatings	1	Tata/Corus, Bao Steel, BlueScope Steel
Wood Adhesives	1	Masonite, Stora Enso
Specialty Plastics	1	Nokia, Samsung, BMW



Our core brand



Marine & Protective Coatings has leading positions in strongly globalized markets

	Global market position	Example customers
Marine	1	Hyundai, Hapag Lloyd
Protective	1	Shell, BP, Siemens
Aerospace	2	Airbus, Boeing
Yacht	1	Lurssen, West Marine



Strong brands from our portfolio



Car Refinishes is differentiated by service and new technologies

	Global market position	Example customers
Vehicle Refinishes	3	Bodyshop groups, Insurance companies
Commercial Vehicles OEM	3	International Truck, Volvo, Oshkosh
Automotive Plastic Coatings	5	Plastic Omnium, Plascar



Strong brands from our portfolio



Powder Coatings has the market leading position

	Global market position	Example customers
Powder coatings	1	Whirlpool, Bosch, Caterpillar, Chrysler, Daewoo



Strong brands from our portfolio

Interpon.
RESICOAT[®]



Packaging Coatings is a leader in water-based technology

	Global market position	Example customers
Beer and Beverage	1	Ball, Crown, Rexam
Food cans	2	
Caps, Closures & General Line	2	

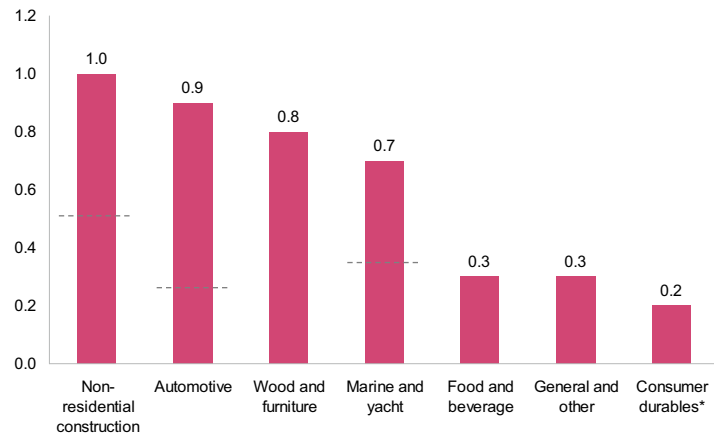


Our core brand



We serve all Performance Coatings sectors

Revenue € billion, 2007 pro forma



----- Split between new build (below) and maintenance (above), indicative

* Includes computers, telecom, and domestic appliances

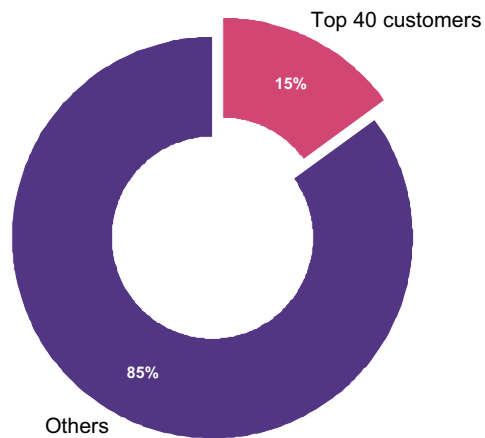
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Customer concentration is low

% of revenue, indicative



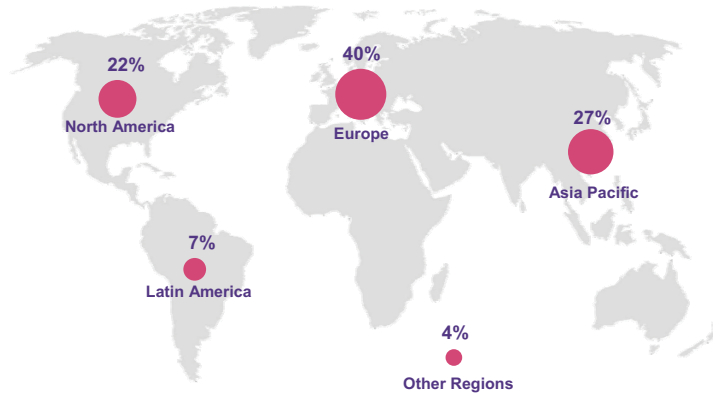
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Performance Coatings has an excellent global spread

% of revenue, 2007 pro forma

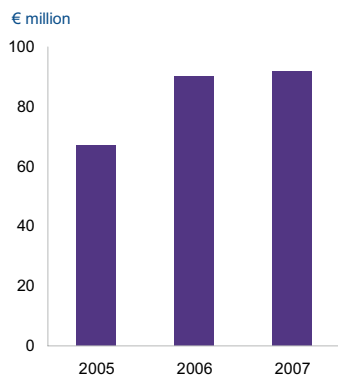


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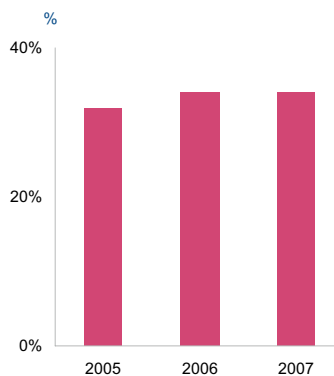
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Low capital intensity leads to high return on capital

Capital expenditure



Return on invested capital*



Capital expenditure/
depreciation and amortization

81% 107% 109%

*EBIT before incidentals and PPA adjustments



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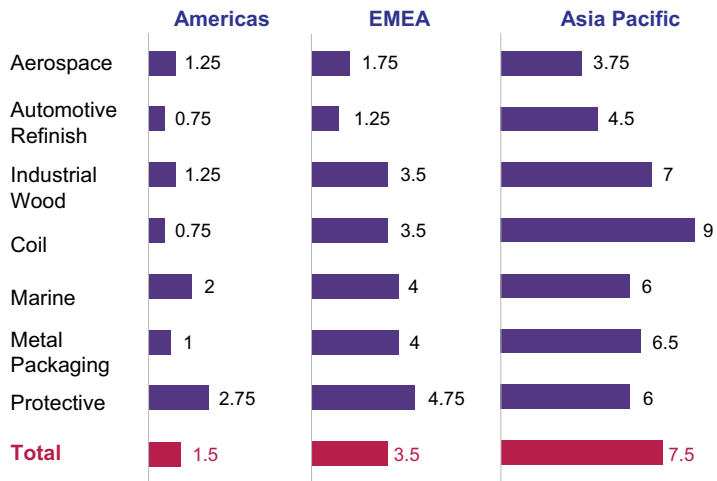


Rigorous actions to capitalize on improvement opportunities

- Organic growth in emerging markets and through innovative technology
- Active participation in industry consolidation
- Reducing costs through increased operational effectiveness
- More disciplined operating working capital management



Projected industry growth is strong, particularly in Asia Pacific



Source: Irfab Global Industrial Coatings Report, 2006-2020. Average of range.

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Organic growth through technology and innovation – two examples

Sikkens Autowave – Car Refinishes

- Waterborne basecoat
- Easy to use and high color accuracy
- Low solvent emissions and reduced toxicity



Intersleek 900 – Marine & Protective Coatings

- Non-biocidal foul release coating
- Low hull roughness reduces energy use
- Lowers carbon dioxide emissions

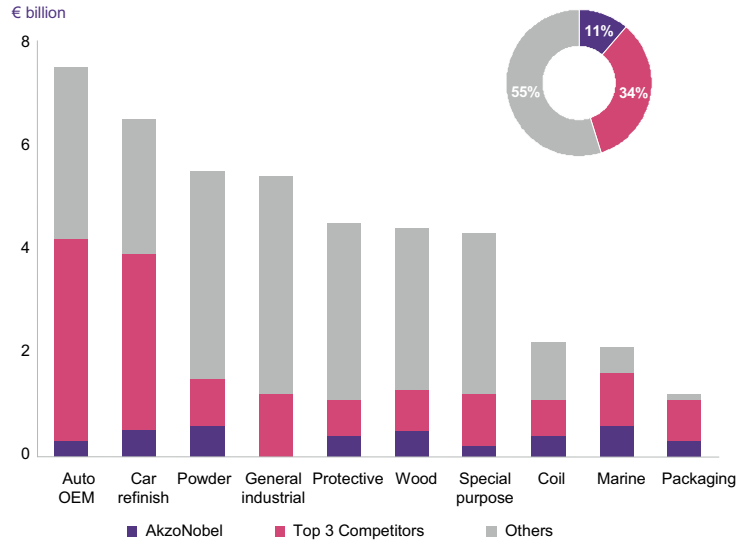


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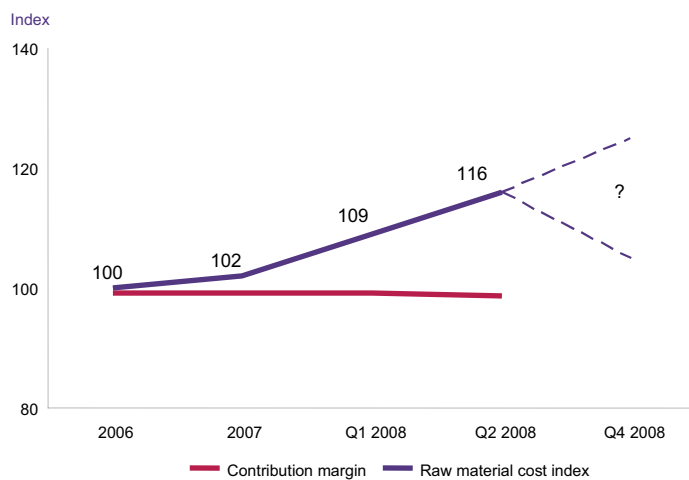
There are still substantial acquisition-based growth opportunities



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A strong record of margin management in a difficult environment



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Leveraging the power of scale in procurement

Spend area management

- Five global spend area managers
- Tighter BU Procurement network

Key supplier management

- Concentrating on key suppliers above €50 million p.a. spend
- In process of establishing global, long-term, mutually beneficial key supplier contracts

Area	Company spend
Resins	>€1 billion
Coatings specialties	€0.5 - 1 billion
Solvents	€0.25 - 0.5 billion
Titanium dioxide	€0.25 - 0.5 billion
Pigments	<€0.25 billion



A structured margin management approach to deliver better results

Diagnostic

- Database to establish detailed customer/product profitability
- Analysis to quantify improvement opportunity

Standardized tools

- Transactional pricing
- Customer/product portfolio mgt
- Key account management
- Customer segmentation

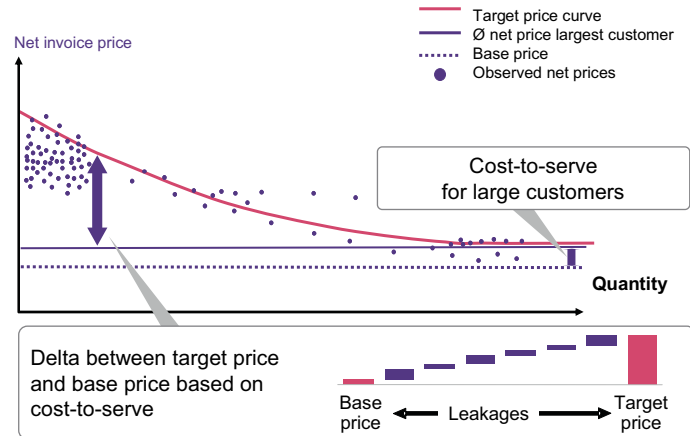
Roll out

- Build sales force capability through training and target setting



Tactical, yet focused pricing activity the first step in margin management

BY PRODUCT



Source: McKinsey

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Operational effectiveness track record is strong; more is planned

	Savings (€ million)	Headcount	Costs (€ million)
Completed, 2007-8			
Industrial Finishes	13.6	308	27.2
Marine & Protective	7.0	12	1.9
Car Refinish	19.1	180	14.4
Powder Coatings	4.7	72	9.1
Packaging Coatings	7.6	68	5.4
Total	52.0	640	58.0

Planned, 2008-9

We will continue to pursue efficiency improvements:

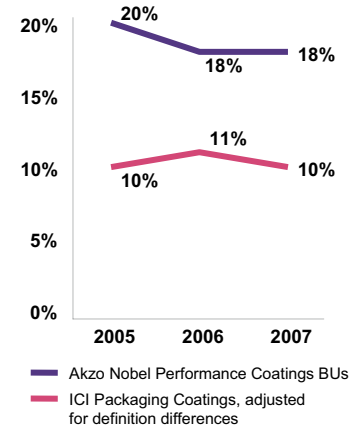
- In-plant productivity improvement
- Site rationalization
- Overhead cost reduction

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Additional focus on operating working capital

Operating working capital % of revenues



Actions

- Standard metrics and measurements
- Target to reduce level by 0.5% p.a.
- Incentives to support



Experienced Management team committed to deliver



Bob Taylor
Industrial Finishes



Bill McPherson
Marine & Protective Coatings



Jim Rees
Car Refinishes



Rob Molenaar
Powder Coatings



Conrad Keijzer
Packaging Coatings



Performance Coatings - Summary

- Attractive industry with high growth potential
- AkzoNobel has strong positions in a broad range of customer segments
- Exciting growth opportunities in emerging markets and through acquisitions
- Sharp focus on operational effectiveness



Questions?

Specialty Chemicals

Rob Frohn

AkzoNobel
Tomorrow's Answers Today

A solid contributor to AkzoNobel

Now...



...and in the future

- Market and technology leadership positions
- Geared for growth, well positioned in emerging markets
- Focused on operational effectiveness
- The right management team in place



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1/3 of AkzoNobel's revenues...

% of revenues, 2007 pro forma
100% = €14.4 billion



■ Specialty Chemicals
■ Decorative Paints
■ Performance Coatings

Specialty Chemicals

- Refocused and restructured portfolio
- Autonomous growth
 - 2007 7%
 - 2008 H1 13%



... and 40 percent of 2007 EBITDA

% of EBITDA, 2007 pro forma
100% = €1.87 billion



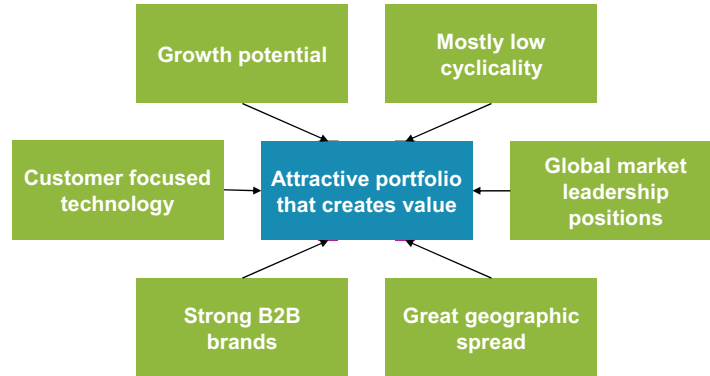
■ Specialty Chemicals
■ Decorative Paints
■ Performance Coatings

Specialty Chemicals

- Record year 2007
 - EBITDA margin ~17%
 - ROI >21%
- Solid H1 2008



... form an attractive portfolio that creates value









Today

6 growth platforms...

Functional Chemicals	Pulp & Paper Chemicals	Base Chemicals	Surface Chemistry	Polymer Chemicals	Chemicals Pakistan
					
Revenue €1.06 billion	Revenue €0.99 billion	Revenue €0.88 billion	Revenue €0.77 billion	Revenue €0.52 billion	Revenue €0.50 billion

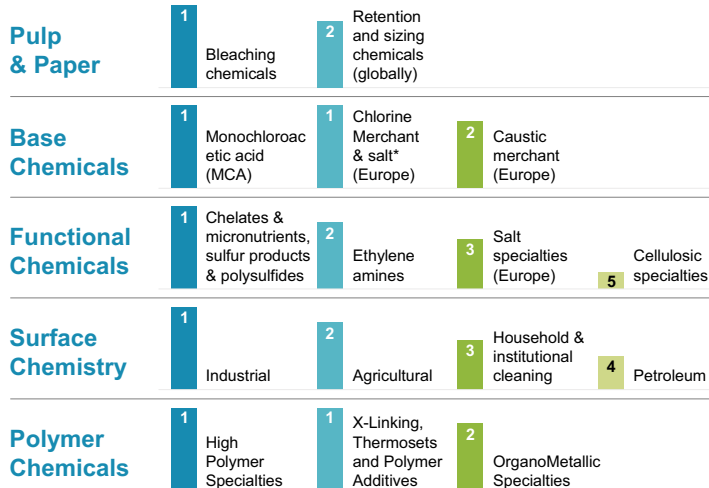


6 growth platforms...

Functional Chemicals	Pulp & Paper Chemicals	Base Chemicals	Surface Chemistry	Polymer Chemicals	Chemicals Pakistan
					
Revenue €1.06 billion	Revenue €0.99 billion	Revenue €0.88 billion	Revenue €0.77 billion	Revenue €0.52 billion	Revenue €0.50 billion
Cellulosic Specialities	Pulp and Paper Chemicals	Chlor-Alkali Ecosystems	Agricultural Chemicals	High Polymer Specialities	Chemicals and Life Sciences
Chelates	Specialty Products	Energy	Household & Institutional Cleaning	OrganoMetallic Specialities	Polyester Staple Fiber
Ethylene amines		Salt	Personal care	X-Linking, Thermosets and Polymer Additives	PTA
Micronutrients		MCA	Petroleum and Water Treatment		Soda Ash
Salt Specialities			Various Industrial Applications		
Sulfur Derivatives					



Many global market leadership positions



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Specialty Chemicals has strong B2B (and even consumer) brands

Our top 10 product brands account for approximately 35% of the Business Area sales



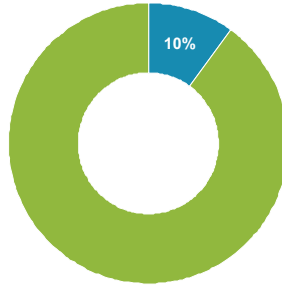
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Customer concentration is low

Our top ten customers...

% of revenues, 2007 pro forma
100% = €4.6 billion

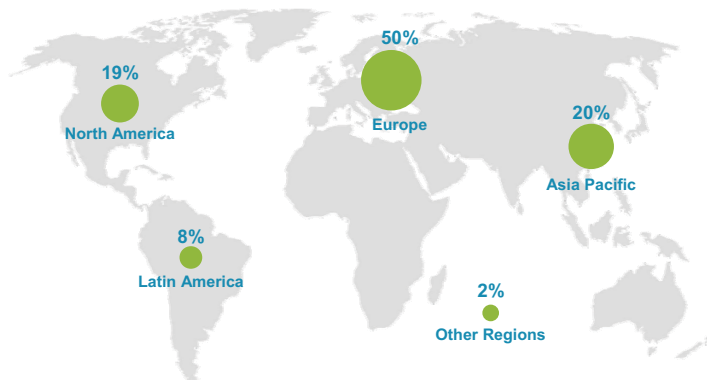


...only account for 10% of total sales



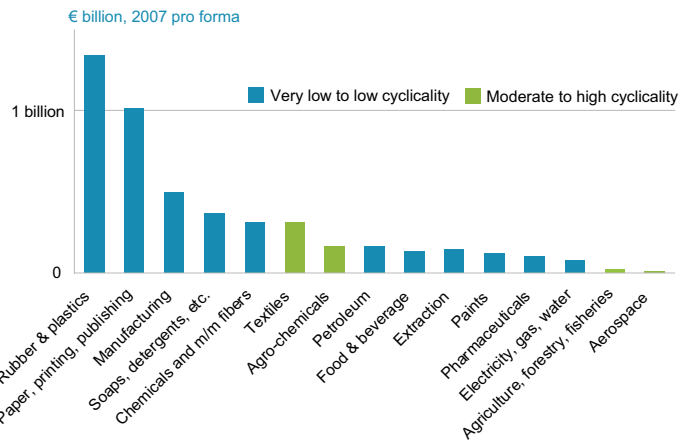
Excellent geographic position

% of revenue, 2007 pro forma



Majority of market demand has low cyclicality

Revenue by market

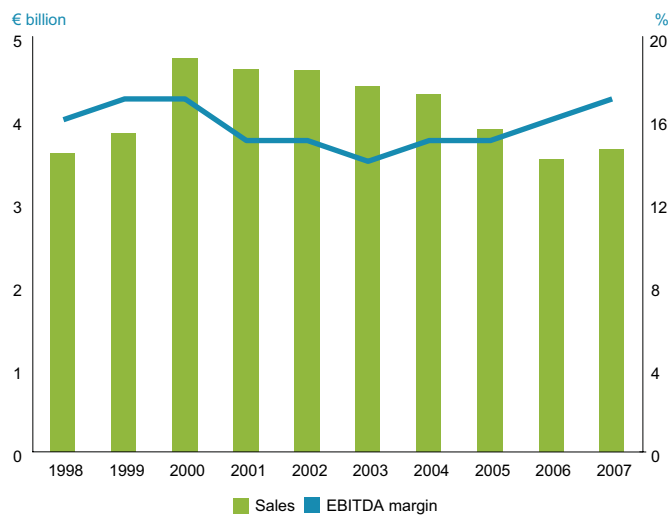


Source: Oxford Economics

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Attractive operating margins over the cycle

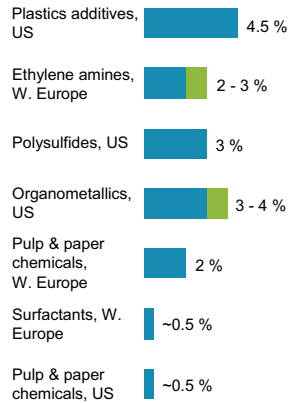


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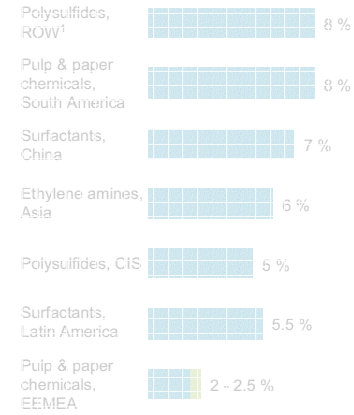
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Good growth projected in mature markets...

Mature market growth rates



Emerging market growth rates

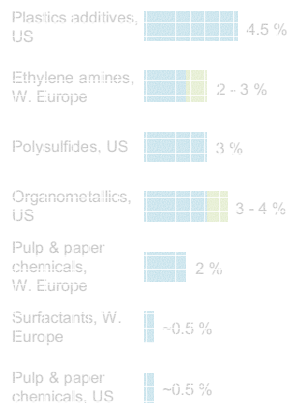


Source: SRI Consulting and CEH estimates
¹ Rest of World (mainly China and other Asian countries or regions excluding Japan)

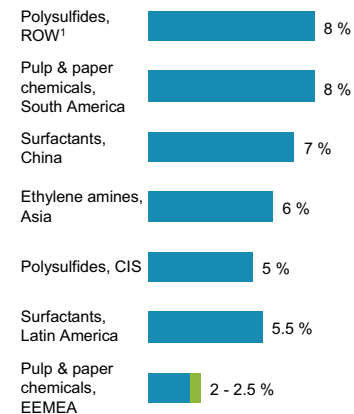


...and strong growth projected in emerging markets

Mature market growth rates



Emerging market growth rates

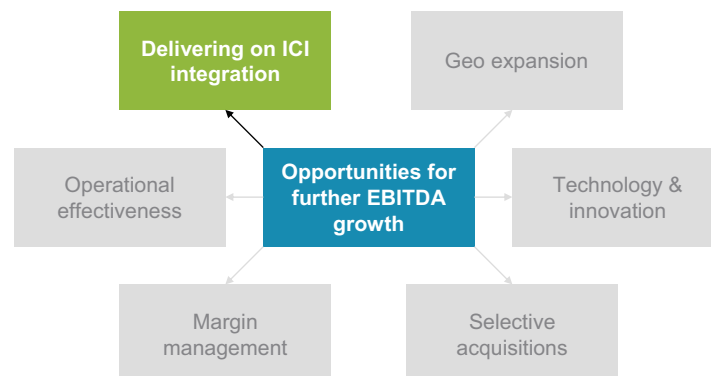


Source: SRI Consulting and CEH estimates
¹ Rest of World (mainly China and other Asian countries or regions excluding Japan)



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Delivering on ICI integration

Integration

- ICI Argentina sulfur products and Elotex (construction chemicals) integrated into Functional Chemicals
- Personal Care and Alco (water treatment chemicals) businesses integrated into Surface Chemistry
- ICI Pakistan as stand-alone, tapping into AkzoNobel network

Short-term synergies

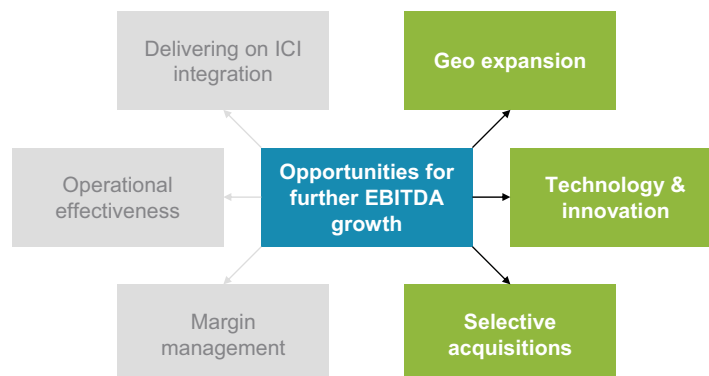
- General & administrative cost savings
- Lower insurance costs

Mid-term synergies

- Revenue from added technology
- Sales & distribution optimization



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We are continuing to strengthen our local presence in China...

Ningbo, phase I (approved, €275 million investment)

- Infrastructure (2009)
- Chelates (2009)
- Ethylene oxide (2010)
- Ethylene amines (2010)
- Organic peroxides (2010)



Ningbo, phase II

- Cellulosic specialties
- Ethylene amines, phase II
- Metal alkyls
- Coatings



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... and in Brazil

Bahia

- Bleaching chemicals for Veracel – 900,000 tons pulp per year
- All chemicals managed on site
- €50 million investment – started up in 2005



Tres Lagoas

- Bleaching chemicals for VCP – 1.25 million tons pulp per year
- Chemicals managed on site
- Chlorate production in Jundiái
- €50 million investment – start-up in 2009



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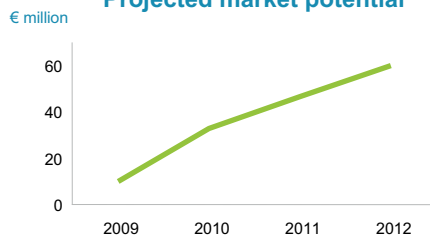
Technology that improves our customers' products

Dissolvine® GL – phosphate free detergents

- A biodegradable low-tox chelating agent
- Wide range of applications including domestic and industrial dishwashing.
- Dissolvine® GL has a small ecological footprint being 86% based on natural, replaceable and sustainable raw materials



Projected market potential



...and improves our customers' processes

Purate®

- Purate® technology for disinfection (water treatment) and biocide (paper mills)
- Small scale ClO₂ bleaching
- Used in more than 150 facilities worldwide today
- Expected to grow rapidly in the coming years – possible market potential of €100 million



Technology that improves performance...

Rediset™ WMX - performance and environment, hand in hand

- Rediset™ WMX allows for lower temperatures saving energy during asphalt paving
- The warm mix technology reduces emissions of volatile organic compounds during the road paving process
- Rediset™ WMX increases adhesion improving road durability and lifetime



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...and increases safety

New business opportunity within chlorine production

- Cutting-edge remotely-controlled chlorine production units
- Environmental benefits - no dependence on chlorine transport
- Production capacity of 15,000 tons per year



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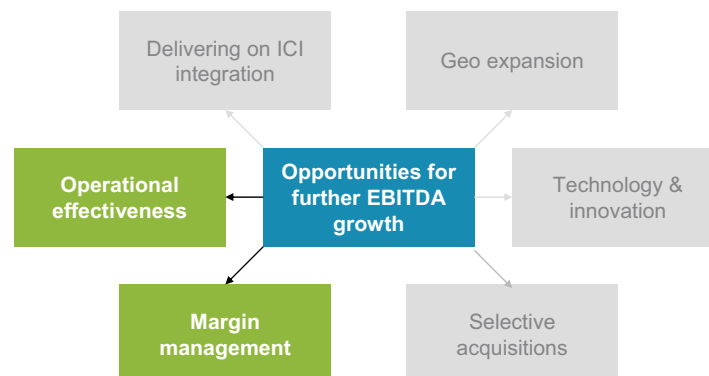
There is potential for acquisition-based growth

Recent Acquisitions

- SPG (ICI, including Elotex, Alco, Personal Care and ICI Pakistan) Functional Chemicals and Surface Chemistry, January, 2008
- Two product lines from Chinese Organic Peroxide producer Jiangsu Qiangsheng Polymer Chemicals, May 2008
- H.C. Stark (Silica sol) Pulp and Paper Chemicals, July, 2008
- Future opportunities explored



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Margin management paying off, efforts to continue

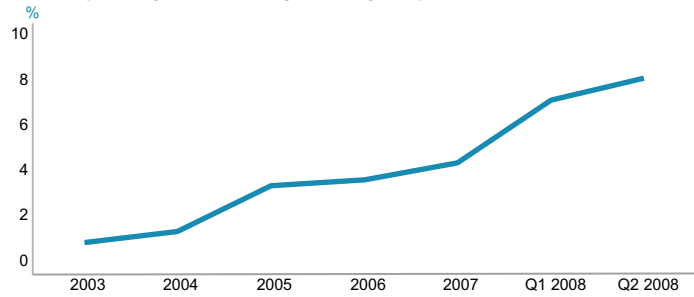
Past focus

- Tactical pricing improvement
- Short-term supporting system solutions
- Sales force training

Going forward

- Margin management in procurement
- Value pricing
- Energy efficiency

Specialty Chemicals year-on-year price increase



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Procurement essential to margin management

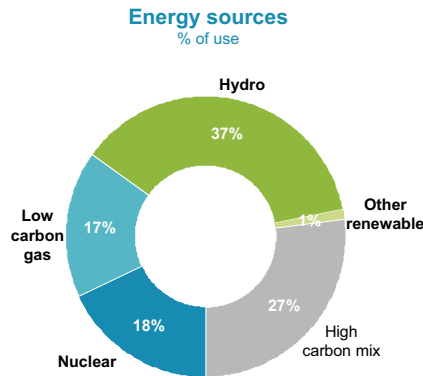
- Bundle purchasing power within organization
- Non product related (NPR) spend execution
- Develop key relationships with suppliers

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Proactively managing energy costs



Nearly ¾ low carbon energy use

Specialty Chemicals

- Approximately €600 million (around 2/3 of total AkzoNobel energy spend)
- Mainly electrolysis and salt production

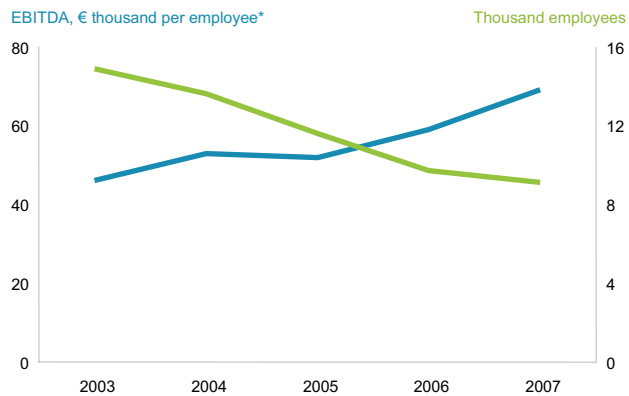
Actions

- Cogeneration optimization
- Energy from waste, biomass
- Energy efficiency programs
- Implement carbon policy



Operational effectiveness has increased

Our disciplined cost reduction program is paying off...

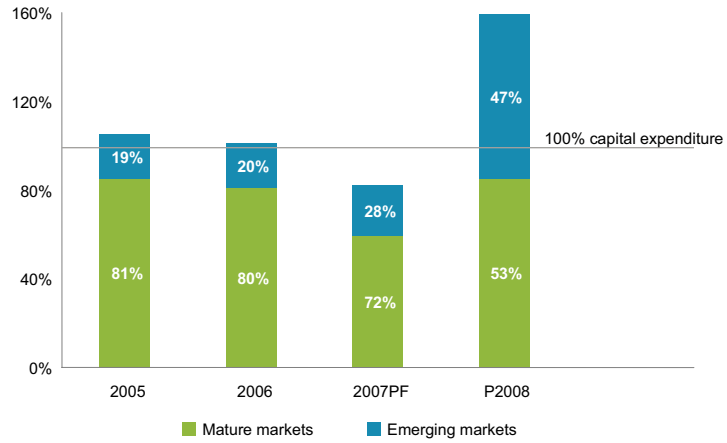


More to come, particularly in mature markets



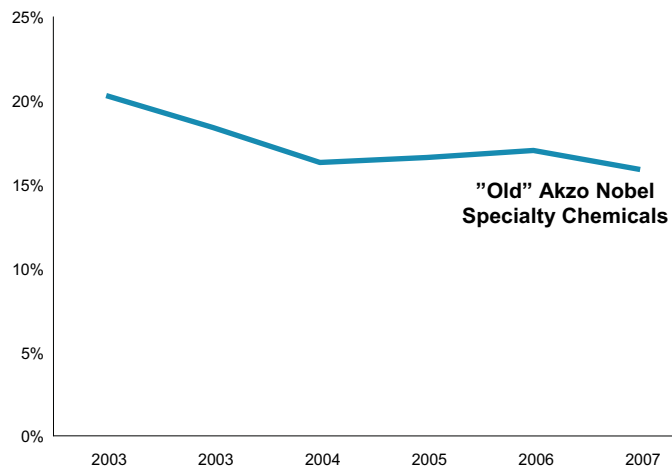
Disciplined capital expenditure, more focus on emerging markets

Capital expenditure % of depreciation



Further operating working capital improvement potential

Operating working capital % of revenue



The right management team in place

Committed to deliver, each 25+ years of business experience



Bob Margevich
Functional
Chemicals



Jan Svård
Pulp & Paper
Chemicals



Werner Fuhrmann
Base
Chemicals



Frank Sherman
Surface
Chemistry



Alan Kwek
Polymer
Chemicals



Waqar Malik
Chemicals
Pakistan



To sum things up...

Specialty Chemicals

- 40% of total EBITDA
- Geared for growth, well positioned in emerging markets
- Creating value and competitive advantage through technology leadership
- Focused on operational effectiveness, especially in mature markets
- The right management team in place



Questions?

Wrap up & closing

Hans Wijers

AkzoNobel
Tomorrow's Answers Today

AkzoNobel Delivering Tomorrow's Answers Today

- We operate in attractive industries
- We have global, leading positions
- We are focused on significantly improving performance
- We have ambitious targets
- We have the right management team in place



Thank you

Safe Harbor Statement

This presentation contains statements which address such key issues as Akzo Nobel'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.

