

AkzoNobel India – Annual General Meeting

Kolkata
August 11th, 2014



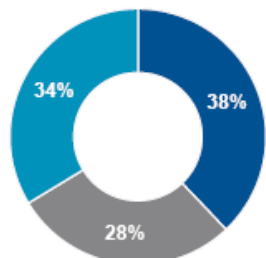


1. **About AkzoNobel**
2. **AkzoNobel in India and our Businesses**
3. **Changing Business Environment**
4. **ANIL Strategy and Values**
5. **ANIL Performance**
6. **Summary**

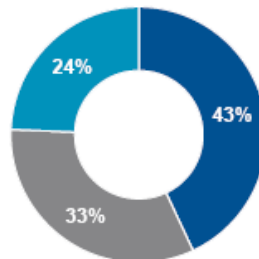
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- Leadership positions in many markets
 - 49,560 passionate employees
 - Strong brands, both in consumer and industrial markets
 - Major producer of paints, coatings and specialty chemicals
-
- Revenue €14.6 billion
 - 44% revenue from high growth markets

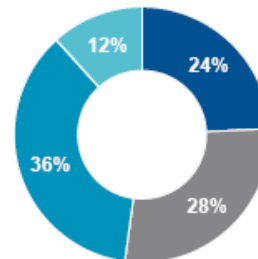
Revenue by Business Area



Operating income by Business Area



Invested capital by Business Area



- Performance Coatings
- Decorative Paints
- Specialty Chemicals
- Other





Strategic focus areas

- Care for the customer
- Reduction of product and process complexity
- Cash and return on investment
- Embedded safety and sustainability
- Diverse and inclusive talent development



Processes

- People, process and product safety
- Operational control cycle
- Continuous improvement
- Innovation
- Procurement
- Talent management



Actions

- Deliver dependably
- Grow organically
- Innovate
- Simplify
- Standardize
- Continuously improve



End-user segmentation

- Buildings and Infrastructure
- Transportation
- Consumer Goods
- Industrial

Measures of Success	Financial
	<ul style="list-style-type: none"> • Return on Sales • Return on Investment • Cash Flow
	Non-Financial
	<ul style="list-style-type: none"> • Reduction in Carbon emissions • Sustainable products • Safety • Engagement



Vision:
Leading market positions delivering leading performance

€ million	FY 2013	H1 2014
Revenue	14,590	7,093
Operating Income	958	569

Ratio, %	FY 2013	H1 2014
Return on sales	6.6	8.0
Return on sales excluding incidentals and PIP cost	8.5	9.3
Return on investment	9.6	10.1



Profitable growth (improvement in ROS)

- Volumes up in emerging markets
- Operating margins continue to be on an upward trend



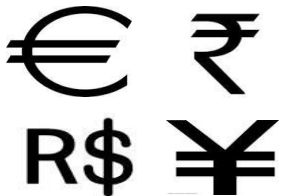
Innovations to fortify market position

- Human Cities initiative
- “Picture it before you paint it” app, the Dulux Visualizer



Investing for Future (committed investment in emerging markets)

- Gwalior, Packaging facility, Agro Sciences lab in India
- PC Tech Center and Coil capacity in China, Chemical Island in Brazil



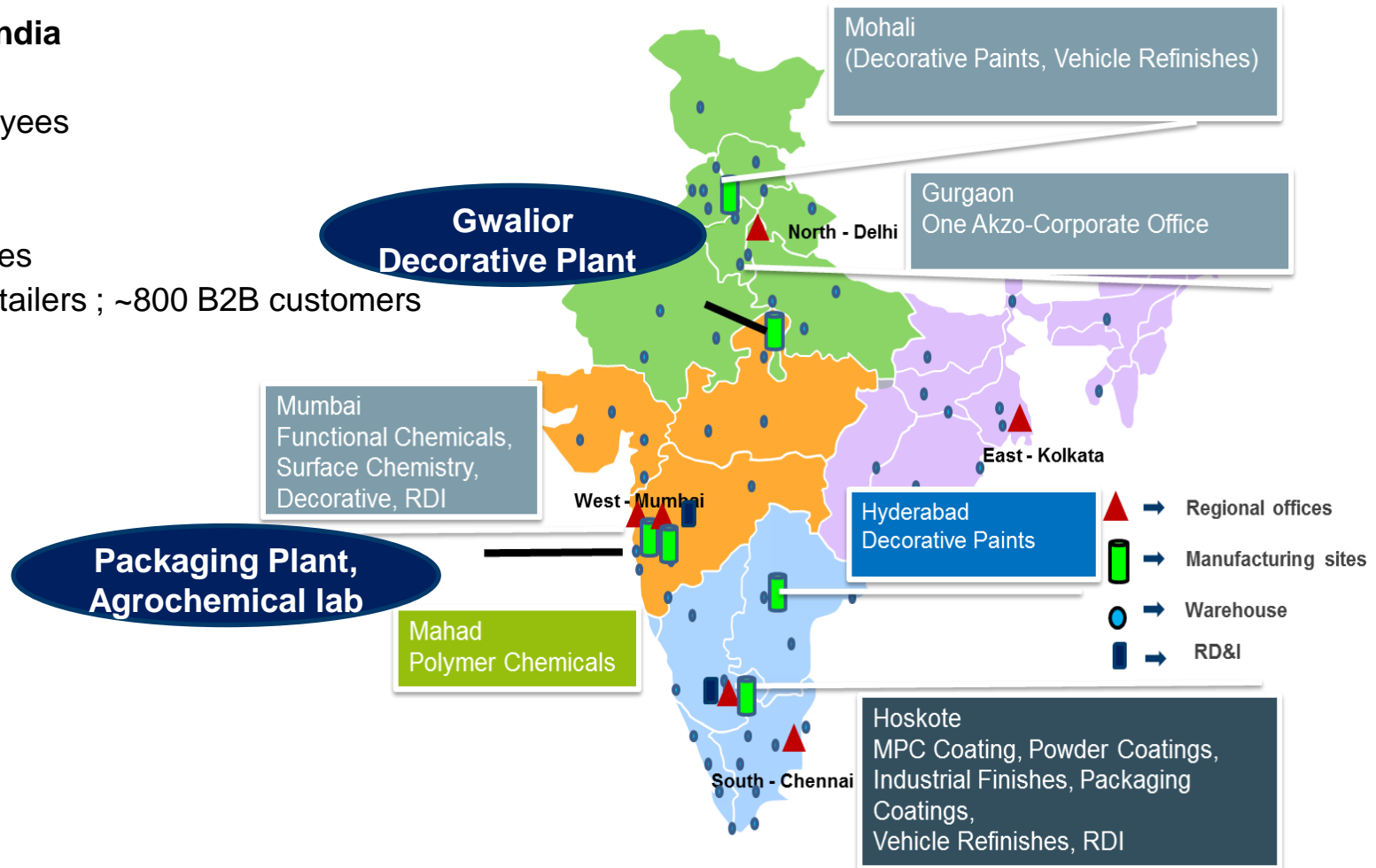
Challenges

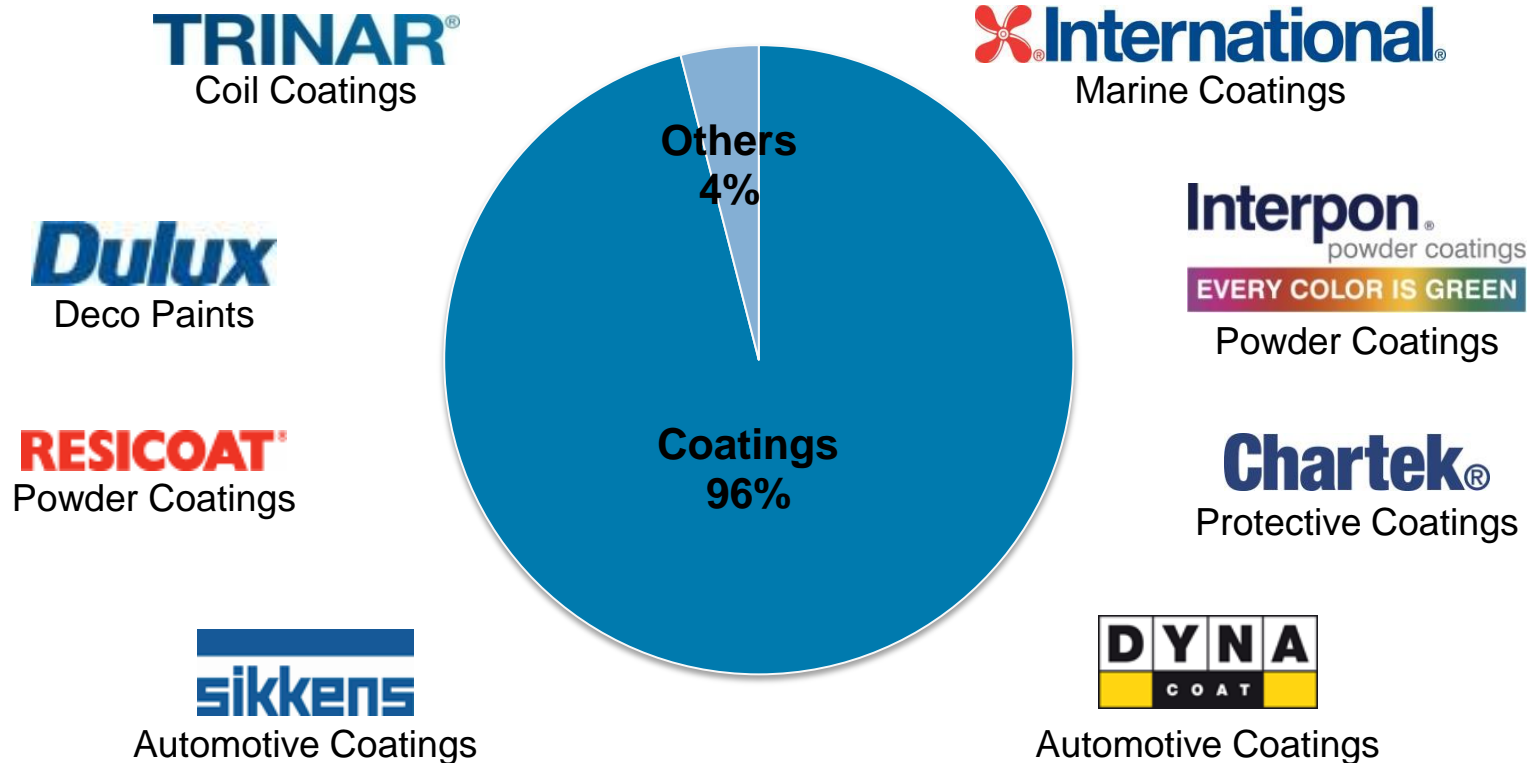
- FX volatilities
- Fragile economic environment in Europe

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AkzoNobel in India

- ~1,860 employees
- 6 plants
- 6 offices
- 88 warehouses
- 8,500 plus retailers ; ~800 B2B customers





Board of Directors

Ensuring Strong Governance

AkzoNobel



Nihal Kaviratne CBE
Chairman



R Gopalakrishnan
Non Executive Director



Renu S Karnad
Non Executive Director



Dr Sanjiv Misra
Non Executive Director



Arvind Uppal
Non Executive Director



Jayakumar Krishnaswamy
Managing Director



Himanshu Agarwal
CFO



Amit Jain
Non Executive Director



Robert Molenaar
Non Executive Director



Raj S Kapur
Non-Executive Director

AkzoNobel India Leadership

Diverse and Experienced

AkzoNobel



Jayakumar Krishnaswamy
Managing Director



Himanshu Agarwal
Finance



Gaurav Gupta
HR



Rajiv Rajgopal
GM-Decorative Paints



Sudhakar Dantiki
RD&I



Shrikant Kulkarni
Chemicals



Manish Bhatia
Vehicle Refinishes



B. Ramakrishnan
Protective Coatings



Ravi Sahgal
Coil Coatings



Arun Samuel
Surface Chemistry



Ayaskanti Bhattacharyya
Powder Coatings

- Power of “One AkzoNobel” – mergers delivering synergies
- Investing in transformation
- Continued adherence to Customer-focused Services and Corporate Governance
- Leverage global technology, brands and strategy
- Strictest compliance with health, safety and environment

Proud Milestones: Golden Jubilee for Decorative Paints, Silver Jubilee for Chemicals and Two Decades for Coatings

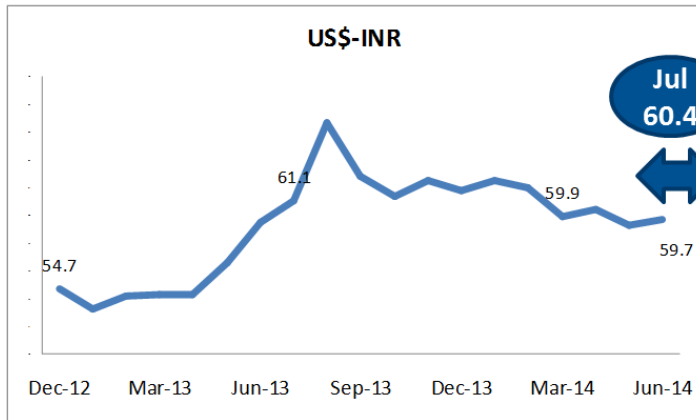


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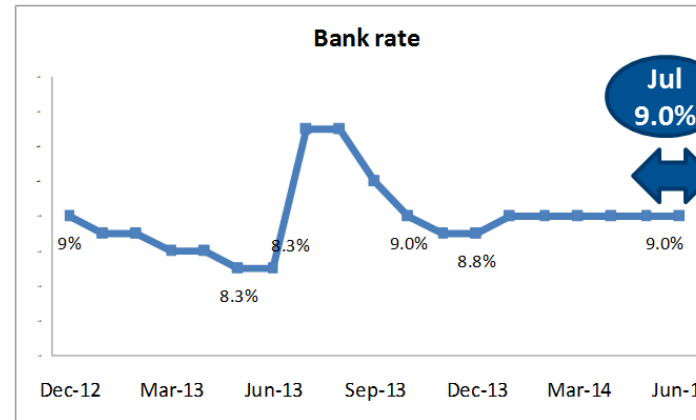
Macroeconomic Fundamentals

Recovering after a year of speed-bumps

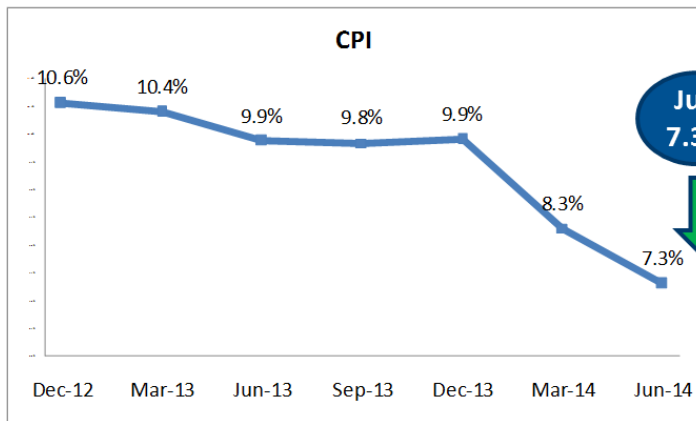
Strengthening INR



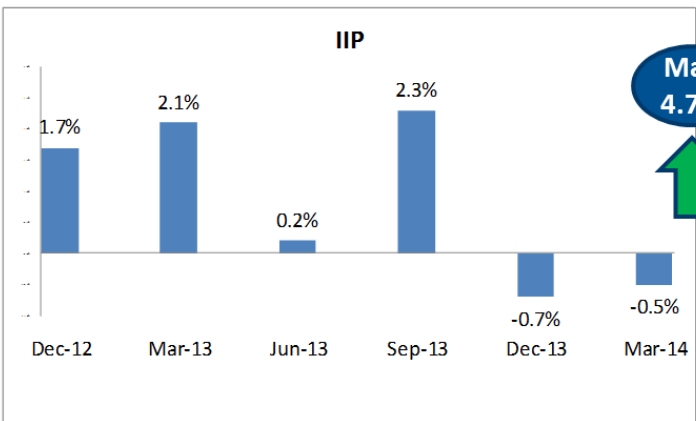
Stable Interest Rates



Easing Inflation

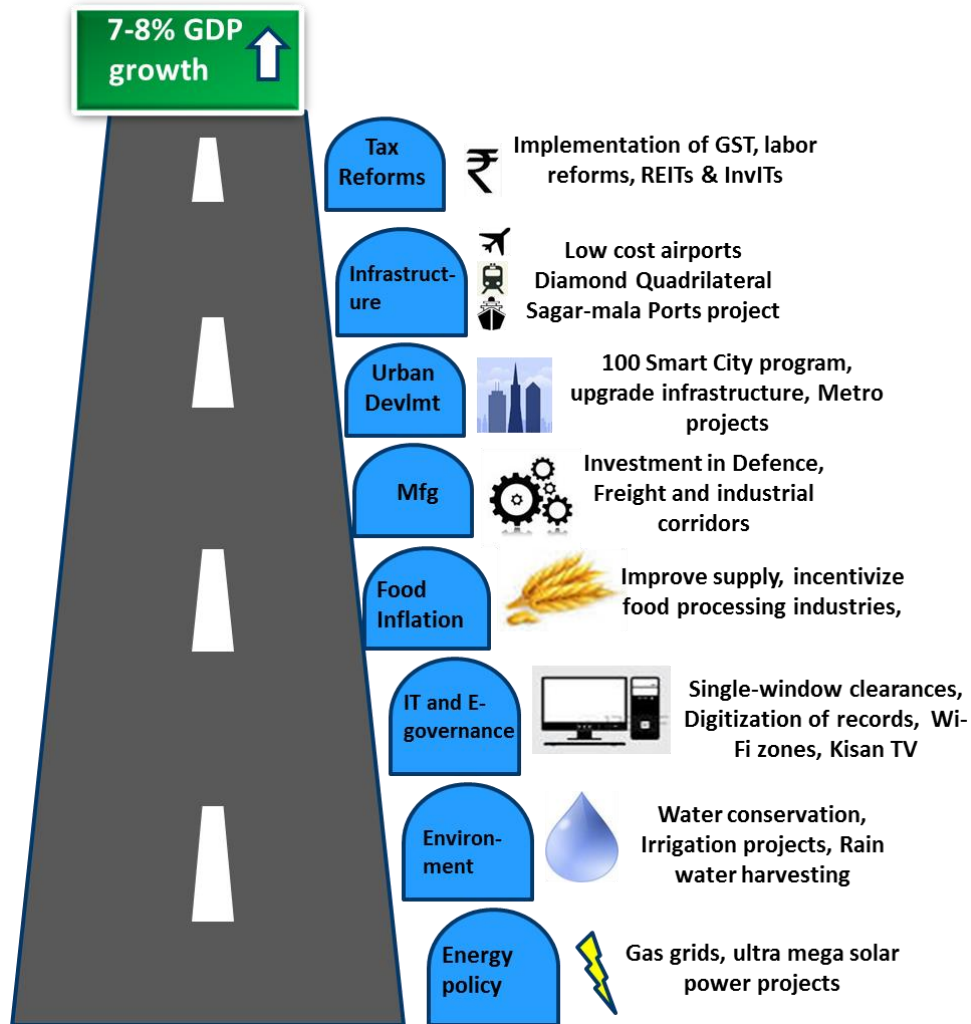


Pick-up in Industrial Activity

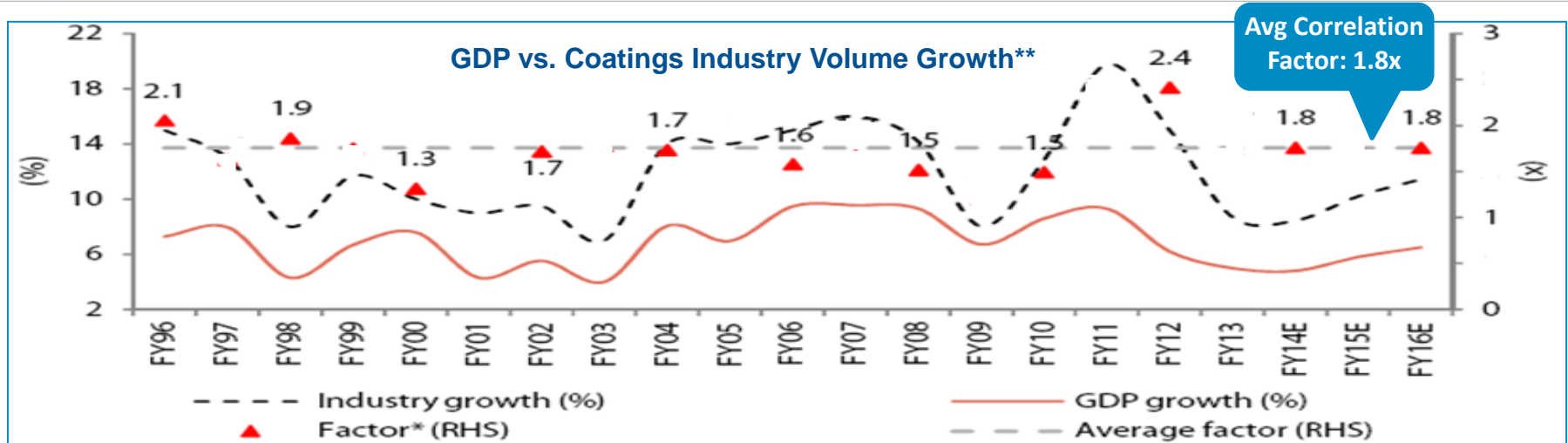


Economic Rejuvenation on Priority

Impact on Coatings Industry



Deco	Marine	Protective	Coil	Powder	Vehicle Ref.	Chems.
✓	✓	✓	✓	✓	✓	✓
✓	✓	✓	✓			✓
✓		✓	✓	✓	✓	✓
	✓	✓	✓		✓	
✓		✓	✓	✓	✓	✓
				✓		
		✓	✓			
		✓	✓			



India's GDP growth rate expected to accelerate from 4.7% (2013-14) to 6.6% (2016-17)#

Supply-side constraints (particularly in energy and infrastructure) to be eased

Strengthened business environment

a credible monetary policy stance

1.5x-2.0x correlation of Coatings Industry with GDP growth

Deco: urbanization, boost to real estate sector

Auto: Tax reforms and speeding up of stalled infrastructure projects

Protective and Coil Coatings: investment in Defence, Construction and Power sectors

Chemicals: demand growth for FMCG and asphalt

**Source: Centrum research estimates, Feb 2014

World Bank projections

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AkzoNobel India Vision: Leading Performance in Leading Markets



Strategic focus areas

- Retain leadership in Premium segment, whilst gaining market share in Mid tier Segment
- Reduction of product and process complexity
- Cash and return on investment
- Embedded safety and sustainability
- Diverse and inclusive talent development



Processes

- Branding building capability in Deco
- Distributor network and Retail management to address visibility and reach
- Key account management
- Product/ RM Localization
- Robust innovation process



Actions

- Grow profitably in high growth markets
- Improve performance by driving
 - Operational excellence
 - Commercial excellence
 - Talent management
- Leverage investments
- Product innovations to cater to burgeoning industries (Manufacturing, Real Estate, Infrastructure)



End-user segments

- Buildings and Infrastructure
- Transportation
- Consumer goods
- Industrial

If the strategy is the “what”...

Vision:
Leading market positions delivering leading performance



...the values set out “how” we achieve it.

Core principles: Safety, Integrity, Sustainability	Customer Focused	We build successful partnerships with our customers
	Deliver on Commitments	We do what we say we will do
	Passion for Excellence	We strive to be the best in everything we do, every day
	Winning Together	We develop, share and use our personal strengths to win as a team

Coatings

Decorative Paints

- Profitable growth
- Distribution expansion & mass market share gain
- Contractor engagement & brand appeal
- Cost reduction through Operational efficiency and reducing process complexity

Performance Coatings

- Retain leadership in Premium segment, whilst gaining market share in Mid tier Segment
- RM/ Product localization
- Focus on new/ evolving businesses (Metallic Powders, Packaging Coatings)

Chemicals

Specialty Chemicals

- Improve profitability over market share gain
- Focus on localization to secure supply chain and access to Mid-markets



Improving Economy and Business Confidence

- Stabilizing INR
- Exports picking up cautiously
- Moderating inflation
- Gradual pick-up in industrial activity

AkzoNobel India's performance mirroring changing trends

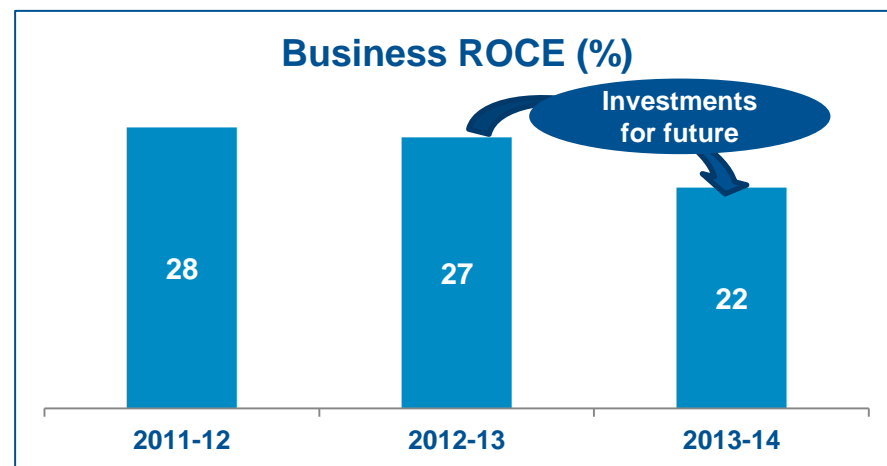
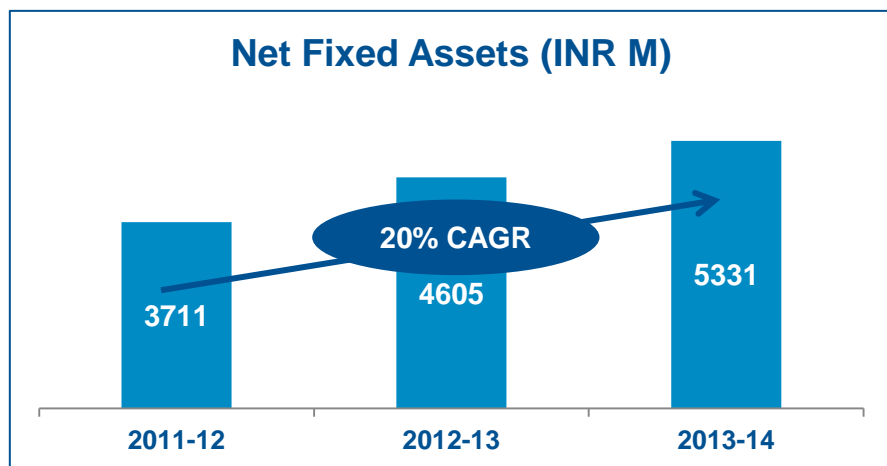
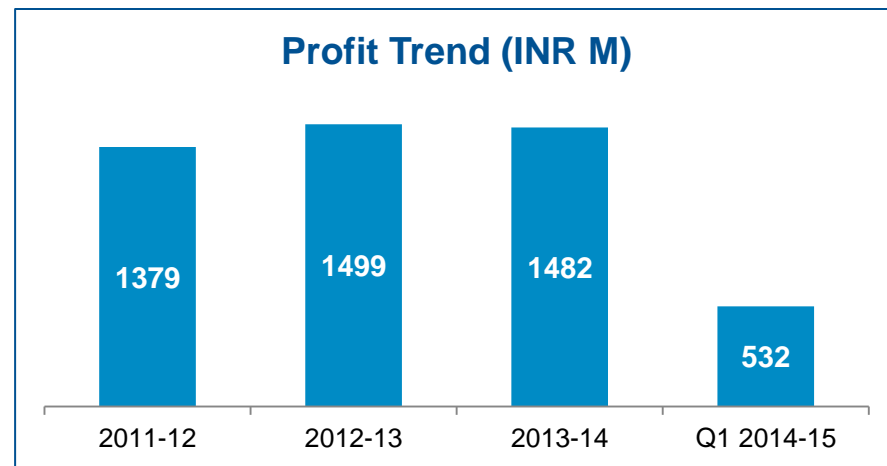
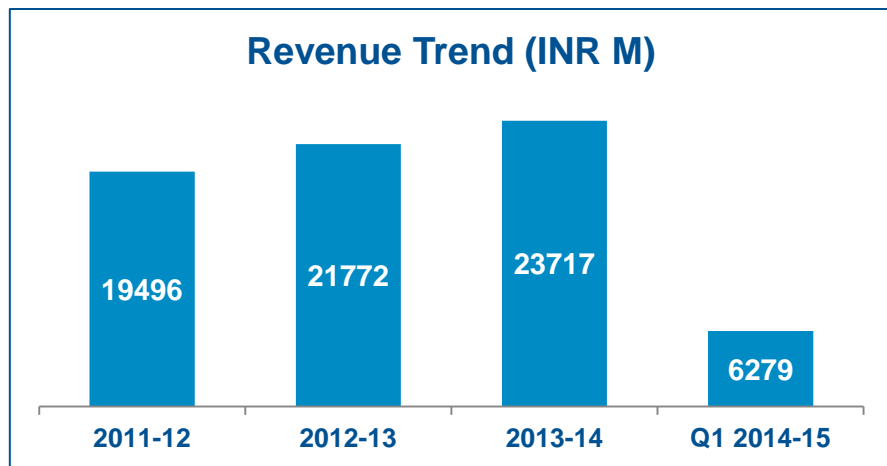
- Superior value proposition and **strong consumer connect** driving top-line growth
- Key accounts management fortifying market position
- Pricing actions, improving mix and Margin Management driving up profitability
- Started localization in some segments to secure supply chain

Our Operational Excellence Strategies

- Developing a culture of efficiencies – War on Waste and Value Creation initiatives
- Continued focus on innovation and technology – launch of new Agrochem lab
- Capability building – Packaging Coatings facility, Gwalior factory (150 Cr)
- Strictest compliances with regard to health, safety and environment



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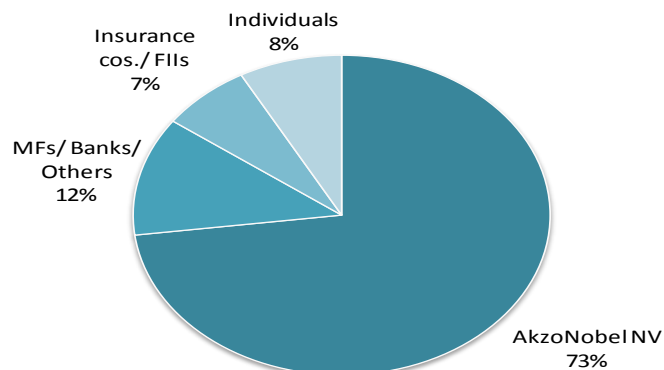


Stock Price reflecting Improving Business Prospects

AkzoNobel



Shareholding Structure



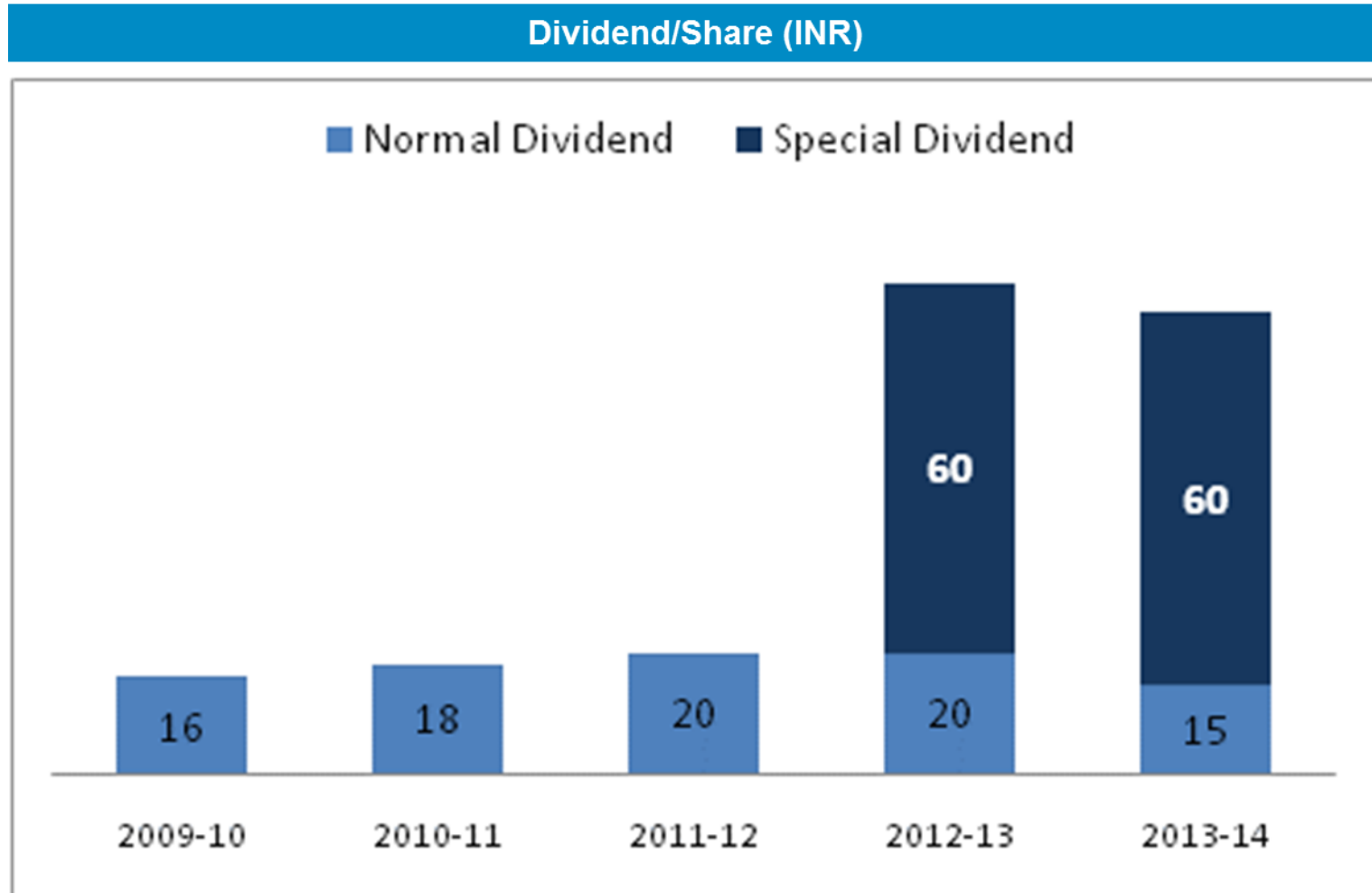
Stock Performance

Stock Price	INR 1,020
Market Cap	INR 4.2 bn
52 week High/ Low	INR 1,182/ 750
EPS	INR 32.2

As on 5th Aug'14

Winning Together - Special Dividend to mark 60th Anniversary

AkzoNobel



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We have everything we need to make it happen

AkzoNobel

The power of 1

Leveraging the Power of One Akzo

- Merger delivering synergies – Volumes, Margins up
- Providing sustainable solutions across industries
- Seamless access to superior technology, global brands and modern processes



Innovations to fortify market position

- Dulux Velvet Touch collection – ‘Fashion trends for walls’
- Weathershield Next Gen exterior emulsion
- Dulux elevated as a “Super-brand”



Building Capacity and Capability

- eco-efficient Gwalior factory
- New production facility for Packaging Coatings
- Agrochemical lab in Thane

Our Values and Strategy

- Leveraging global capability
- Nurturing Talent
- Winning together with our Suppliers, Shareholders and Society

Core principles: Safety, Integrity, Sustainability	Customer Focused
	Deliver on Commitments
	Passion for Excellence
	Winning Together

Thank you for your attention



Disclaimer:

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.