

AkzoNobel India – Annual General Meeting

14th Aug 2015

Kolkata



Welcome to AkzoNobel



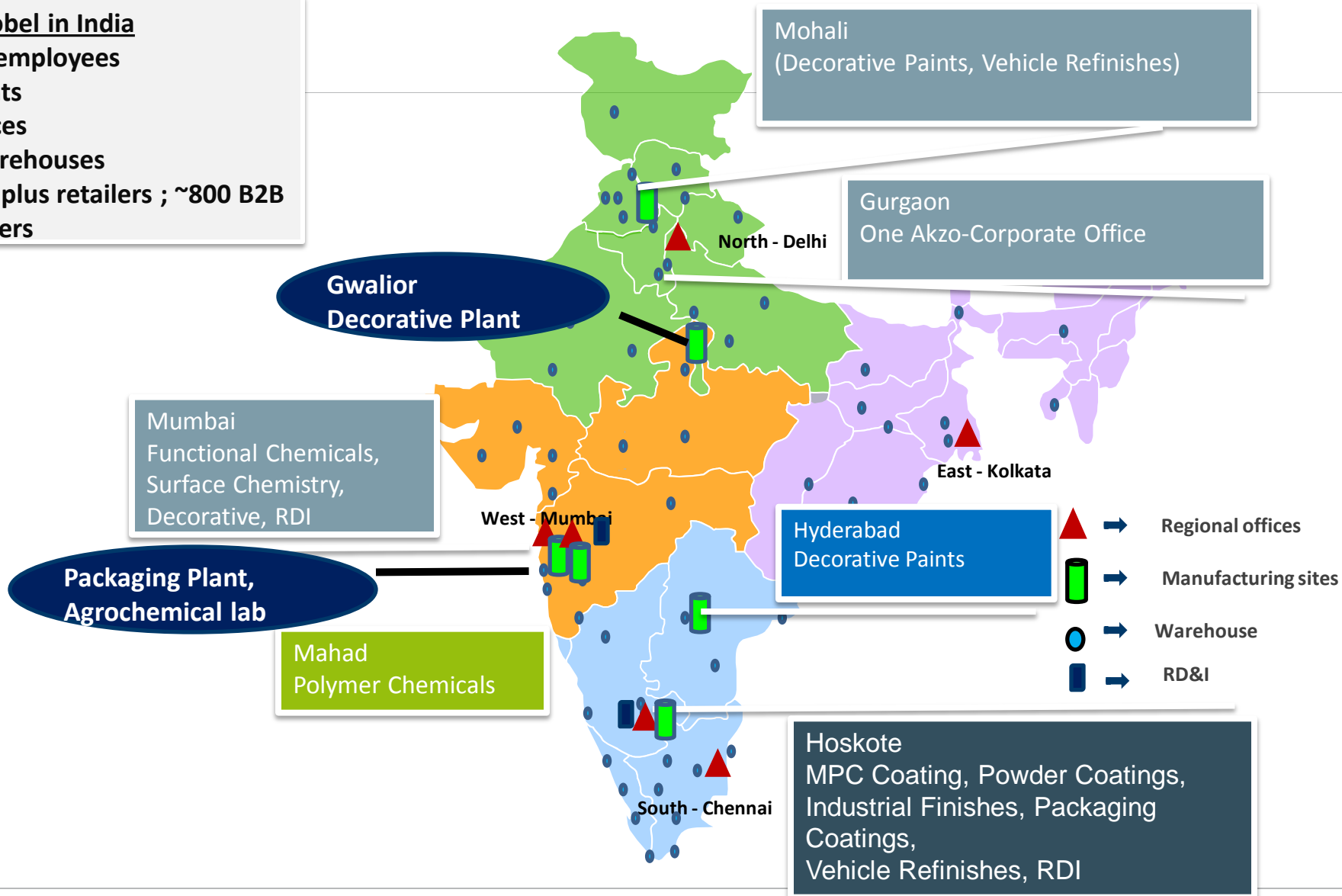
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AkzoNobel India – Some Facts

AkzoNobel in India

- 1800 employees
- 6 plants
- 6 offices
- 83 warehouses
- 8,500 plus retailers ; ~800 B2B customers



Our Businesses

AkzoNobel

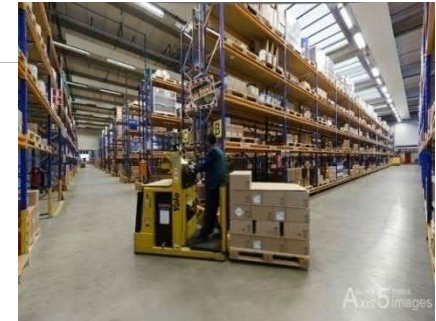
4 Manufacturing Sites + PFR



Our Products Range



63 Warehouses,
8,500+ Retailers



Coatings

Mfg Sites at Bangalore, Mohali



Our Businesses



Our Brands



Chemicals

Mfg Site at Mahad



Our Businesses



Our Brands



Changing Business Environment

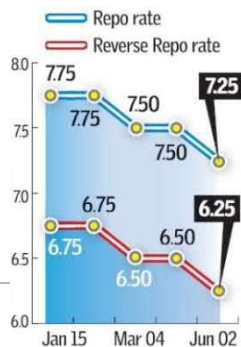
Positive Developments in the Indian Economy

Developmental Policies



Positive Implications

Rate cuts by RBI

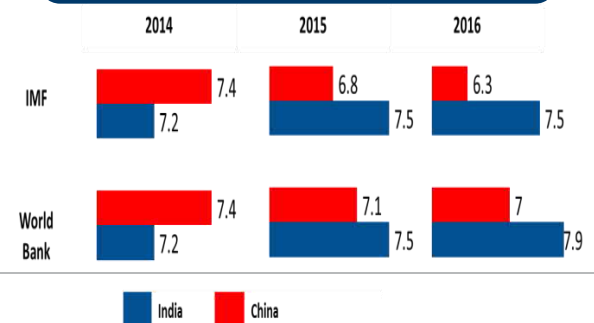


Improved sovereign credit profile

Moody's

- Raises credit rating outlook to positive from stable, while maintaining rating at Baa3
- May upgrade sovereign rating in 12-18 months

India's growth to outpace China's - IMF, World Bank



Policy Implications on Industrial Environment

Urban Development

- 100 smart cities
- House for every household
- Around industrial corridors (positive implication on Tier2 and Tier3 towns)
- Estimated spend – € 1.1 Billion
- Swachh Bharat – Toilets in all villages

✓ **Decorative** ✓ **Perf. Coatings** ✓ **Chemicals**

Infrastructure

- Revival of SEZs
- Low cost airports
- Extensive road network – 12000km per year
- Renovation of 6 major ports
- PPP in railways

✓ **Decorative** ✓ **Perf. Coatings**

Manufacturing

- Make in India
- \$ 25 Bn investment by China/Japan on Industrial Parks
- Labor reforms
- GST introduction

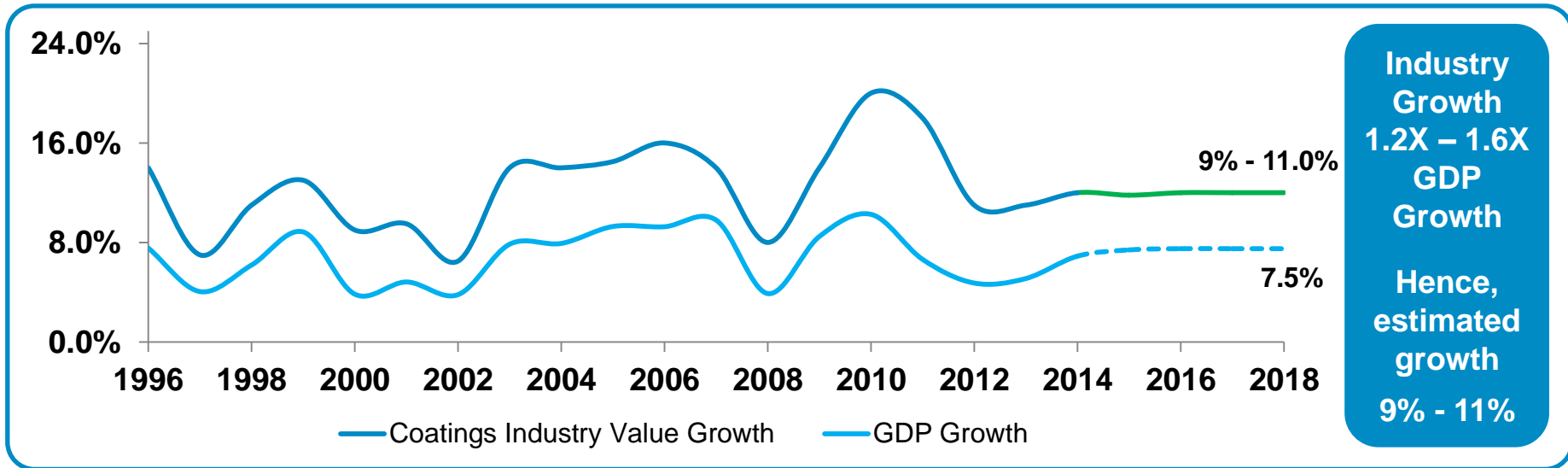
✓ **Decorative** ✓ **Perf. Coatings** ✓ **Chemicals**

Coal, Gas, Energy and Water

- Coal mines ordinance
- Nuclear fuel deals with US, Australia, France and Canada
- Clean energy plants (Wind)
- Clean water supply programs

✓ **Perf. Coatings**

Coatings Industry Growth



1.2x-1.6x correlation of Coatings Industry with GDP growth

<p>Building & Infrastructure: urbanization, boost to real estate sector</p>	<p>Tax reforms and Auto industry revival</p>	<p>Protective and Coil Coatings: investment in Defence, Construction and Power sectors</p>	<p>Chemicals: demand growth for FMCG and asphalt</p>
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Signs of Improvement, but Sluggish

- Confidence in the Indian economy has **tempered a bit** in recent months
- In the fiscal year 2014/15 (April-March) GDP grew by 7.4% (old scale – 6%)
- However, there is concern about short term acceleration in economic growth, as the pace of **reforms has been slow**
- For sustained economic growth, structural reforms will be necessary. **Anticipate a lag of 1-2 years** for impact of policies to be felt
- Despite bank rate reduction, pace of economic growth is sluggish
- The economy will grow faster from 2016 onwards

1. AkzoNobel India Initiatives in 2014-15

- Innovations
- Operational Excellence
- Sustainability and CSR

New propositions

WS All Weather



Velvet Touch



Complete range for Woodcare



Mass Market : Promise Exterior



Differentiation to charge premium

VT Diamond Glo



Weathershield Signature



Super Premium Weathershield Powerflex



ProCover - CoTW



Satin StayBright



Dulux Super clean



Strengthening our propositions

New face of Velvet touch diamond

Shraddha Kapoor



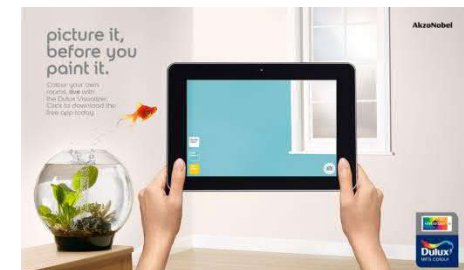
Refreshed campaign for Velvet touch – Taking Fashion Trends for Walls forward



VT diamond to be backed by High Decibel campaign



Dulux Visualizer app – helping you SEE YOUR OWN ROOM IN ANY COLOUR, LIVE!



Innovations to fortify market position



Operation Excellence

- Increased production capacity by 18%
- In Line Dispersion Technology introduced
- Make in India → From “Import and Sell” to “Make and Sell”

First Orders for S Cross, Hyundai Creta and Studds



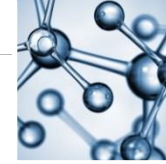
CoatIN launch



Eco Friendly

- Green Energy Initiative → Installed solar energy system to cater 1% of total power consumption
- Water based technology
- Chrome free high performance primers

Grow Green initiative with Bajaj



Technology Leadership

- Digital Color Matching Technology

X-rite app for Powder Coatings



Salt licks – first global brand in India



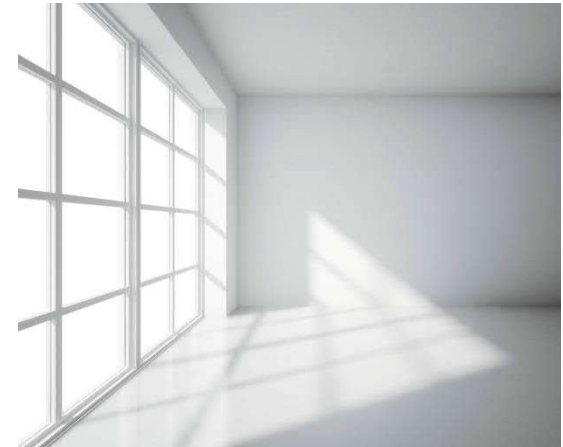
- Salt licks are a scientific answer to Salt supplementation → vital for optimum production and fertility of dairy animals
- Free Choice concept allows animals to decide themselves how much salt is needed by their body

Sustainable savings in Insulin Production



- Partnered with India's largest biotech company to improve their insulin production.
- 15 % lifetime increase of the Kromasil product used
- > 5x increase in process productivity
- 75% solvent reduction

ELOTEX™ CAST - technology for gypsum floorings



- Improves workability and levelling properties for flooring applications
- Savings on time and costs for raw material and logistics
- Sustainable contribution in an eco-premium product

Growing importance of AkzoNobel India as an Export Hub



Export of Dramatone and VT Finishes to South Asia and Middle East
Export of coil & extrusion coatings to Asia and Africa

Sustainability and CSR

Planet Possible: Doing more with less AkzoNobel's Approach to Sustainability

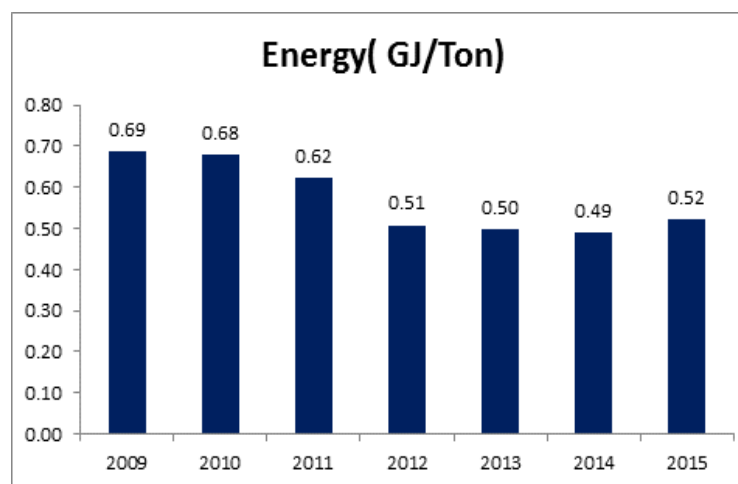
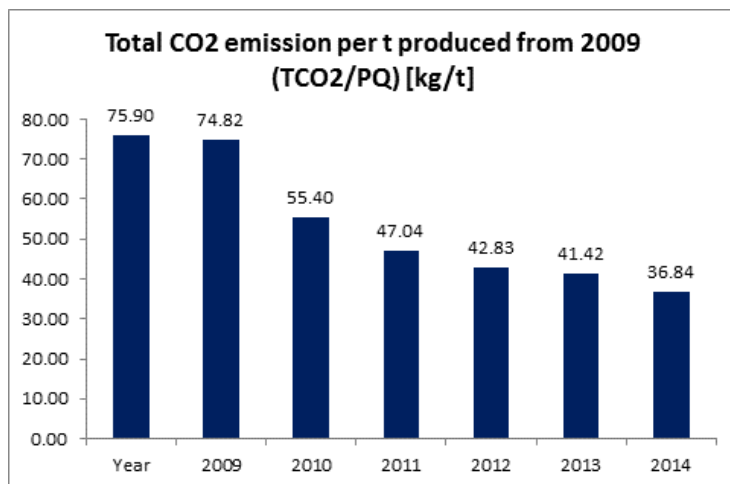
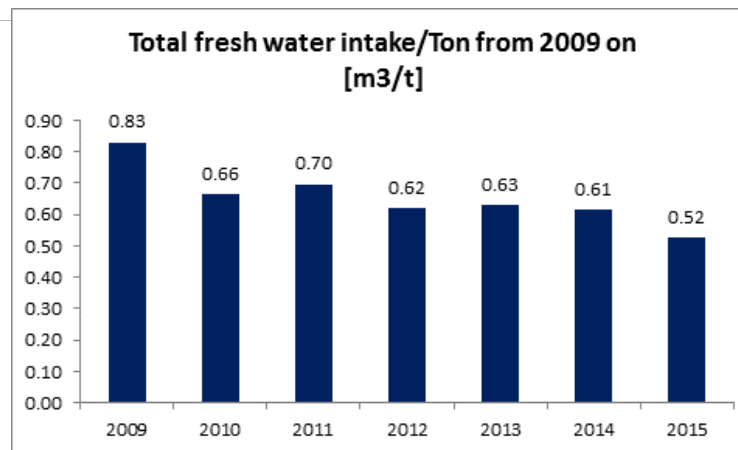
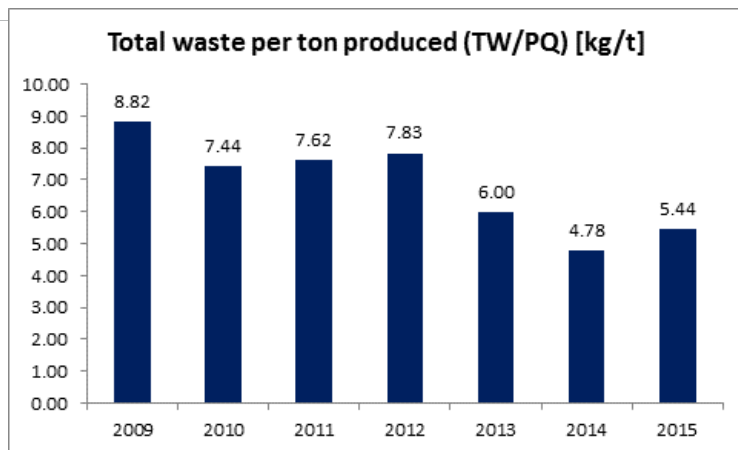
By working closely with customers and suppliers, we can **create more value from fewer resources** for our customers, ourselves and society as a whole.

Potential to complement Government's "Zero Defect, Zero Effect" initiative



AkzoNobel India Operational eco-efficiency

Reducing our environmental footprint



ANIL CSR Based on AkzoNobel Human Cities Platform

Color

Cities should be more colorful.

Creating character and emotion through a color plan for Bergamo, Italy.

Heritage

Urban heritage needs to be embraced.

Preserving the originality of historic colors in Malacca, Malaysia.

Transport

People must connect to make cities come alive

Keeping transport hubs safe and comfortable across the world.

Sport and leisure

Citizens need space to rest and play

Protecting the stunning Gardens by the Bay with high performance coatings in Singapore.

Sustainability

Urban design must consider climate change

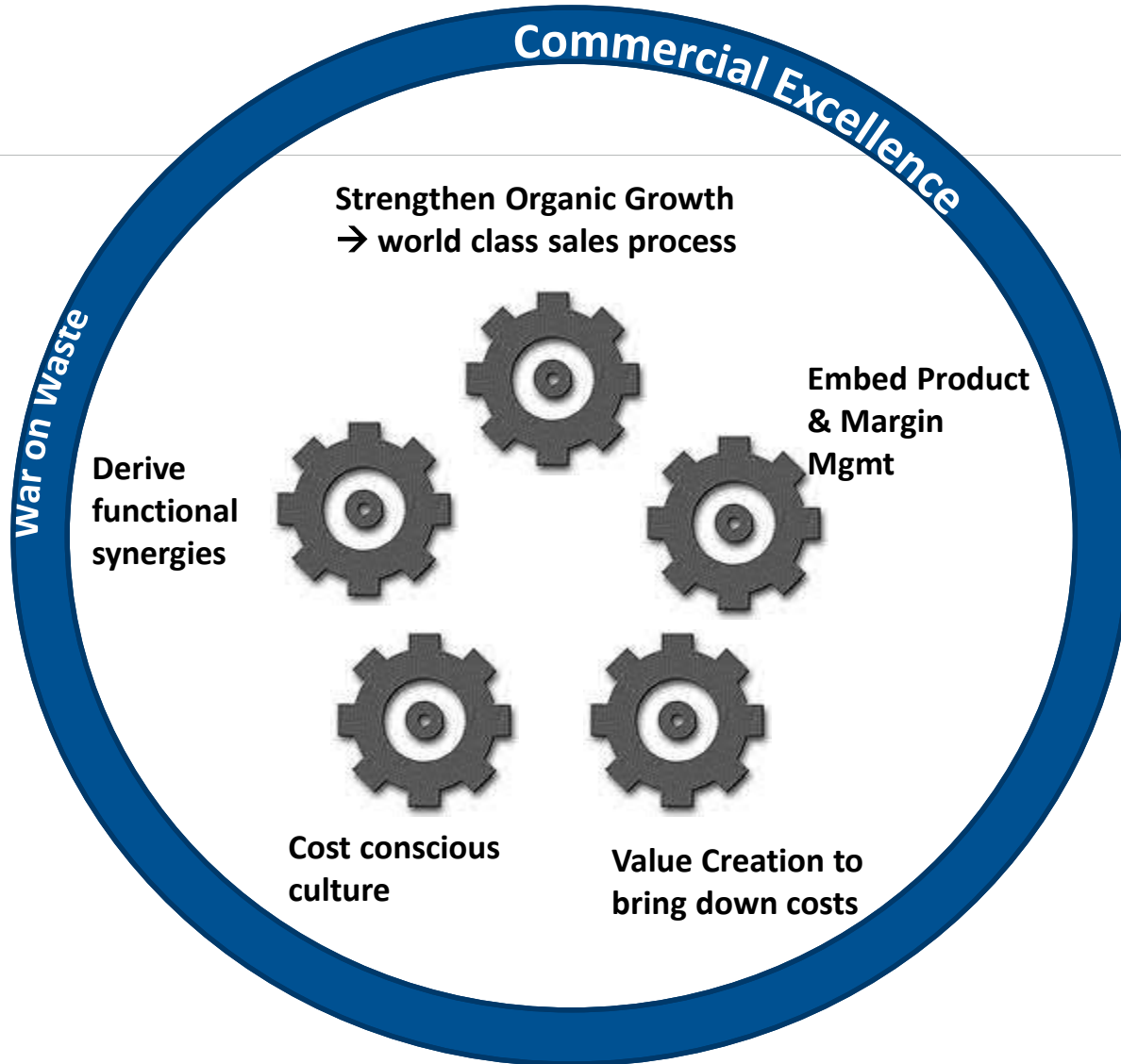
Bright ideas for more efficient living.

Education

Education should be a city's lifeblood

Unlocking potential to build a better future with partners across the value chain.

Operational Excellence



60 Vibrant Years of 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

- VT Diamond Glo, Promise Primer & Stay Bright
- Dulux felicitated as a “Super-brand”; Dulux Superclean voted “Product of the year”
- Green initiatives and sustainable savings for us and our customers



Building Capacity and Capability

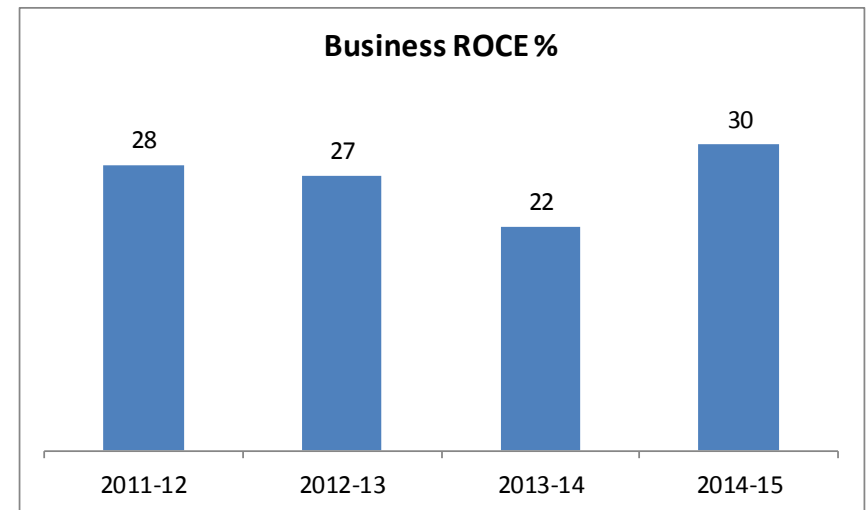
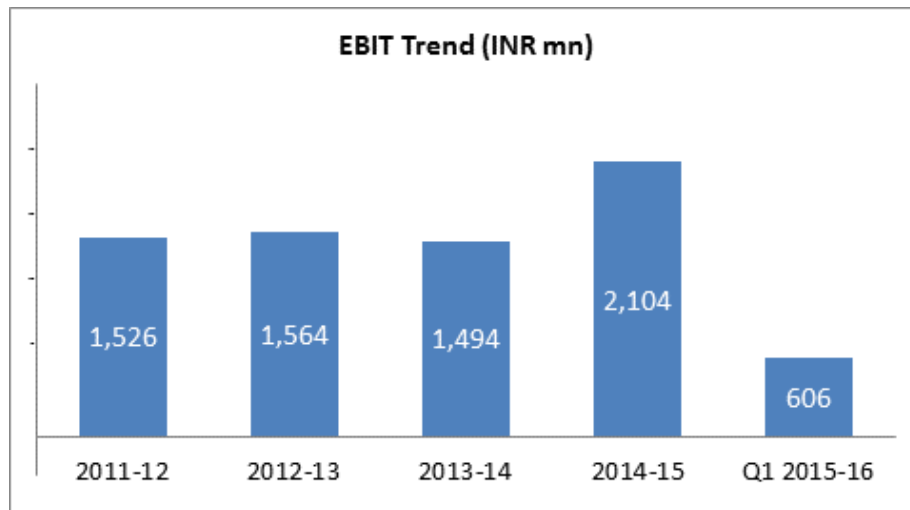
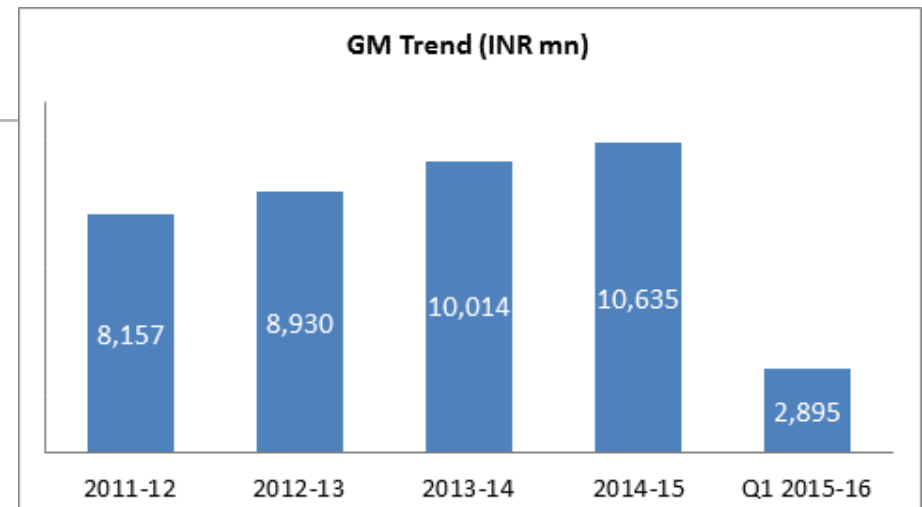
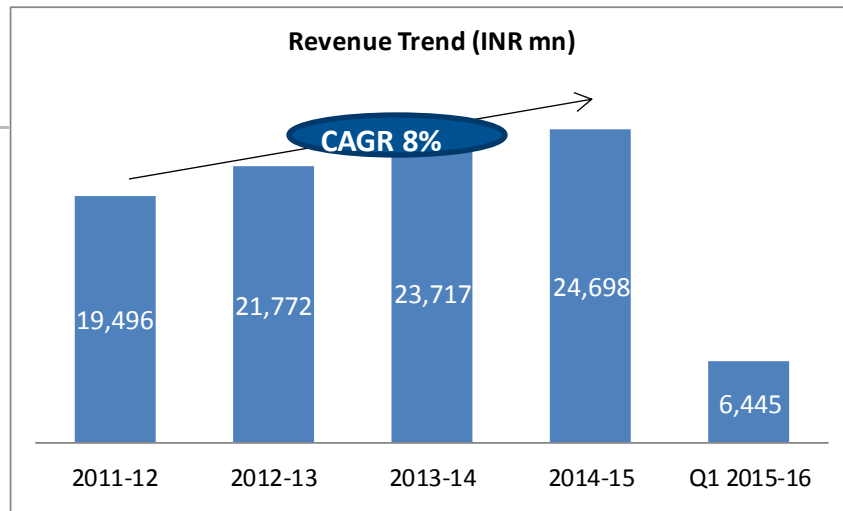
- eco-efficient Gwalior factory
- New production facility for Packaging Coatings
- Agrochemical lab in Thane



Our Values and Strategy

- Alignment to the global strategy
- Nurturing Talent
- Winning together with our Suppliers, Shareholders and Society

Key Indices...



Stock Price reflecting improving Business prospects

AkzoNobel

ANI outperforms SENSEX by 4 times

AGM 2014

AGM 2015



Stock Performance

	As at Aug 13, 2015
Stock Price	INR 1,435
Market Cap	INR 69 bn
Δ Market Cap	+43%
EPS	INR 39.93
P/E ratio	36.52

Dividends

- Consistent track record of dividends – winning together with our shareholders
- Special dividend to commemorate 60 years
- INR 20 per share dividend recommended for FY 2014-15 (i.e. INR 1.1 bn wealth for shareholders)

Plans for the coming year

Key Thrust Areas

Coatings

- Retain leadership in Premium segment, whilst gaining market share in Mid tier Segment
- Distribution expansion
- RM/ Product localization
- Cost reduction through Operational efficiency and reducing process complexity
- Focus on new/ evolving businesses (Metallic Powders, Packaging Coatings)
- Key Account Management
- Continued innovations

Chemicals

- Improve profitability and market share gain
- Focus on localization to secure supply chain and access to Mid-markets
- Continue process improvements to drive sustainable savings for us and our customers

Concluding Remarks

- Optimism within India; Optimism about India
- Slew of economic reforms announced by the government
- Sustained growth expectations for the coatings industry (CAGR 9% - 11%)
- AkzoNobel India to scale up to get into the global radar; India strategic as a hub in South Asia
- Execute AkzoNobel global strategy – build country synergies
- Inculcate operational efficiencies with sustainability
- Aggressively Grow the Business in India

Hence, big play in India...



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.