



Press release

AkzoNobel
Tomorrow's Answers Today

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AkzoNobel boosts growth momentum with China expansion

AkzoNobel is to invest more than €60 million in boosting production capacity for its Bermocoll cellulose derivatives (paint and building material thickeners), providing additional momentum for the company's accelerated growth strategy which includes doubling revenue in China to \$3 billion by 2015.

As well as constructing a new facility at its Ningbo multi-site in China, the company will also debottleneck the existing manufacturing site in Örnsköldsvik, Sweden. The two projects will increase capacity to close to 40,000 tons per annum and elevate AkzoNobel to a global leadership position.

"This investment is all about meeting rapidly increasing customer demand and seizing an ideal opportunity to become market leader by establishing production in Asia," explained Rob Frohn, AkzoNobel's Board member responsible for Specialty Chemicals. "High growth markets are central to our growth strategy and adding a second production unit for Bermocoll in Ningbo will add further impetus to our ambition to double revenue in China by 2015."

The debottlenecking project in Sweden is due to be completed by the end of this year. The majority of the investment, however, has been earmarked for the new plant in Ningbo, where the company's Functional Chemicals business already operates facilities for chelates, ethylene amines and ethylene oxide. An organic peroxides facility is also due to come on stream in 2011. The new Bermocoll unit should be on stream in early 2013 and the funding allocated for this facility will bring the total investment in Ningbo to more than €320 million.

"Ningbo is the ideal location for the new facility as the infrastructure is already in place and we have access to on-site production of ethylene oxide, as well as being close to other key suppliers," added Managing Director of AkzoNobel Functional Chemicals, Jan Svärd. "The fact that Asia is the world's fastest-growing market also means that building the plant in China makes perfect strategic sense."

Based on a natural polymer, the company's cellulose derivatives are sourced from wood pulp or cotton linters. The main application areas are water-based paints, building additives and pharma/healthcare.

AkzoNobel currently employs around 6,700 people in China, with revenue for 2010 totaling €1.3 billion. The majority of revenue is generated from local demand. The company now has 27 manufacturing locations in China.

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AkzoNobel is the largest global paints and coatings' company and a major producer of specialty chemicals. We supply industries and consumers worldwide with innovative products and are passionate about developing sustainable answers for our customers. Our portfolio includes well known brands such as Dulux, Sikkens, International and Eka. Headquartered in Amsterdam, the Netherlands, we are a Global Fortune 500 company and are consistently ranked as one of the leaders in the area of sustainability. With operations in more than 80 countries, our 55,000 people around the world are committed to excellence and delivering Tomorrow's Answers Today™.

Note to editors - not for publication

Corporate Media Relations
Tel. +31 20 502 78 33
Contact: Oskar Bosson

Corporate Investor Relations
Tel. +31 20 502 78 54
Contacts: Huib Wurfain and Ivar Smits

Safe Harbor Statement

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, 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.

What's Bermocoll?

Bermocoll is a paint and building material thickener made from:

wood pulp or cotton linter



Bermocoll

used for

water-based latex paint

building applications



AkzoNobel invests in growth



Örnsköldsvik

Northern Swedish city with 30,000 inhabitants, known for its production and export of wood-based products and heavy machinery goods. AkzoNobel's Örnsköldsvik plant has been operational for more than 60 years.

Ningbo

Ningbo (which means calm wave) is home to the world's fourth largest port. The city has around six million inhabitants. In 2010, AkzoNobel inaugurated its biggest Chinese site in Ningbo, investing a total of €320 million to date.



Bermocoll production

The two projects will increase capacity from just above 25,000 tons to close to 40,000 tons per annum.

Örnsköldsvik will add



5,000 tons per annum

Ningbo will add



10,000 tons per annum