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Press release

AkzoNobel
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AkzoNobel makes strategic move into Chinese automotive market

AkzoNobel is to significantly boost its presence in the Chinese automotive market after agreeing to acquire Changzhou Prime Automotive Paint Co., Ltd. Financial details were not disclosed.

Prime is one of China's largest vehicle refinish suppliers and a leader in the fast-growing mid-market segment. This sector is estimated to double in size within the next five years. Based in Jiangsu Province, the company develops, manufactures, markets and distributes automotive coatings, primarily for the refinish market.

The agreement follows AkzoNobel CEO Hans Wijers' recent announcement at the World Expo 2010 in Shanghai that the company plans to double its revenue in China to $3 billion within five years.

"This is an excellent deal involving an extremely well run business which gives us strong representation in one of China's most promising growth segments," said AkzoNobel's Board member responsible for Performance Coatings, Leif Darner. "Our global capability, combined with Prime's marketplace knowledge, products and technical know-how, creates an enviable strategic proposition and will allow us to significantly grow ahead of the market."

Through its Car Refinishes business, AkzoNobel is mainly active in China's premium and commercial vehicle refinish sector, represented by its Sikkens, Lesonal and Miluz brands. The Prime agreement now opens up an opportunity to become the clear market leader in the attractive vehicle refinish mid-market segment.

"I am very happy to have concluded such an exciting deal, which promises great things for the future," commented Prime Chairman and CEO, Mr Bao Yifan, who will retain a key role within the business. "With AkzoNobel's scale and expertise, we are ideally positioned to continue growing strongly and aim to capture further market share."

Keith Power, AkzoNobel's Regional Director for the Car Refinishes business in Asia added: "This is an important transaction which gives us access to superior products and new technologies – supported by strong brands and a loyal distributor base – enabling us to gain a competitive advantage in a market with sizeable potential where we previously had limited presence."

AkzoNobel currently employs around 6,500 people in China, with the country hosting 11 percent of the company's Research, Development and Innovation resources. Revenue for 2009 totaled $1.5 billion.

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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 on the Dow Jones Sustainability Indexes. With operations in more than 80 countries, our 55,000 people around the world are committed to excellence and delivering Tomorrow's Answers Today™.

Not for publication – for more information

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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.