



**AkzoNobel**

**Investor update  
Q4 2022**

February 8, 2023

## Agenda



Key highlights



Financial review



Outlook



Q&A

### **Alternative performance measures (APM)**

AkzoNobel uses APM adjustments to the IFRS measures to provide supplementary information on the reporting of the underlying developments of the business.

A reconciliation of the alternative performance measures to the most directly comparable IFRS measures can be found in the appendix to this presentation.

This Investor Update covers the highlights for the quarter. We recommend to read the Investor Update in combination with the AkzoNobel Q4 2022 Report.

The Q4 2022 Report provides additional information, including the IAS34 condensed consolidated financial statements.

All figures in this presentation and in the AkzoNobel Q4 2022 Report are unaudited. The interim condensed consolidated financial statements were discussed and approved by the Board of Management and the Supervisory Board.

# Revenue up 8% on strong pricing of 11%

## Fourth consecutive quarter of positive pricing vs raws

### Q4 2022:

#### Revenue

Up 8.4%  
(up 8.8% in Q4'21)

#### Pricing

Up 11%  
(up 12.5% in Q4'21)

#### Adjusted operating income<sup>1</sup>

€126m  
(€209m in Q4'21)

#### ROS<sup>1</sup>

4.8%  
(8.7% in Q4'21)

### Full-year 2022:

#### Revenue

Up 13%  
(up 12% in FY21)

#### Adjusted operating income<sup>1</sup>

€789m  
(€1,092m in FY21)

€500m  
share buyback  
completed



Final dividend  
proposed  
€1.54  
per share



1. Alternative performance measure, for definitions and reconciliation of the alternative performance measures to the most directly comparable IFRS measures please see appendix.

# Governance evolution

## New CEO, Chairman and ExCo members representing Paints & Coatings



**Greg Poux-Guillaume**

CEO, Chair of Management Board

- ↳ CEO Sulzer (6 yrs)
- ↳ CEO GE/Alstom Grid Solutions (5 yrs)



**Ben Noteboom**

Chair of Supervisory Board (nominated<sup>1</sup>)

- ↳ CEO and BoM Chair Randstad (11 yrs)
- ↳ SB Chair Vopak
- ↳ SB member Aegon
- ↳ Dow Chemicals (9 yrs)



**Patrick Bourguignon**

Automotive and Specialty Coatings

- ↳ 7 yrs at AkzoNobel
- ↳ 18 yrs paints and coatings experience



**Simon Parker**

Marine and Protective Coatings

- ↳ 25 yrs at AkzoNobel
- ↳ Former head of Powder, Industrial, Vehicle Refinishes



**Jan-Piet van Kesteren**

Decorative Paints EMEA

- ↳ 13 yrs at AkzoNobel
- ↳ Unilever (13 yrs)



**Daniel Campos**

Decorative Paints Latin America

- ↳ 7 yrs at AkzoNobel
- ↳ Procter & Gamble (18 yrs)



# Q4 commercial highlights

- ✓ Completed acquisition of Lankwitzer's wheel liquid coatings business



- ✓ Global refinish partner of Chinese electric vehicle manufacturer BYD



- ✓ *Supplier Partner of the Year* by Tata Steel



- ✓ Launch of biocide-free fouling control for Yacht coatings

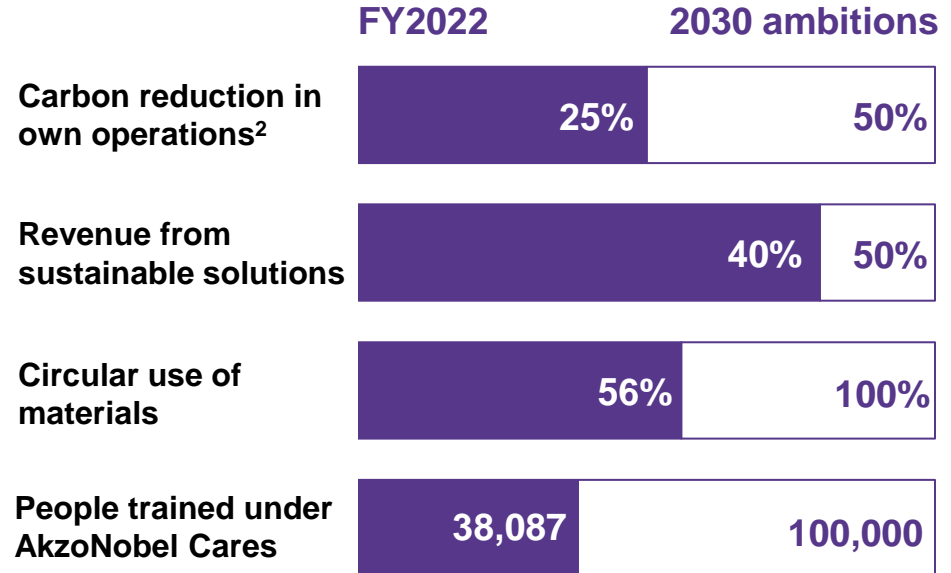


# Continued progress on ESG ambitions

## Q4 highlights

- ✓ Top ESG rated in the industry
  - ↗ **Sustainalytics**: “Low Risk” rating maintained for 3rd consecutive year
  - ↗ **MSCI**: AAA and “leader” status for 7th consecutive year
- ✓  Initiated five projects to reduce emissions in our value chain (Scope 3)
- ✓ North American operations now on 100% renewable electricity (Europe 100% since Q1'22)

## Progress on 2030 ambitions<sup>1</sup>



People. Planet. Paint.

1. Preliminary unaudited figures.  
2. Baseline 2018.

# Update on acquisitions

## Grupo Orbis and Kansai Paint Africa

### Grupo Orbis – performance ahead of plan

- ↗ Enterprise value of ~€0.5bn closed in April 2022
- ↗ FY2022 revenue materially ahead of business case at ~€460m and 9% EBITDA margin
- ↗ Strengthens our position as deco paints leader in LATAM
- ↗ Performance Coatings and Resins 45% of business
- ↗ AkzoNobel LATAM 2022 revenue at €1.3bn<sup>1</sup>
- ↗ Target to close profitability gap with AkzoNobel LATAM Paints & Coatings (~200-300 bps)



### Kansai Paint Africa – pending merger clearance

- ↗ Intended acquisition announced in June 2022 with enterprise value of ~€0.5bn
- ↗ 2021 revenue ~€280m
- ↗ Enhances our position in Africa
- ↗ All merger clearance filings submitted; entered Phase 2 of South Africa clearance process
- ↗ Closing and cash-out expected in H2 2023



# Current state of the market

		North America 13%	LATAM 12%	EMEA 46%	China North Asia 16%	South Asia Pacific 13%
Paints	40%				Re-opening: demand signals improving	
Industrial	21%					
Powder	13%					
Automotive and Specialty	13%					
Marine and Protective	13%					

X% of 2022 revenue<sup>1</sup>

End market demand (volumes y-o-y):

Strong
Medium
Weak

Source: Company estimates.

1. Based on revenue split by destination. Grupo Orbis is included in geographic split, but not included in segment revenue split. Reflective of geographic or segment level only; cross-sectional data is not indicative of geographic share per segment.





# Financial review

## Protecting the protectors

We completed a repainting project in Vietnam as part of our Lighthouse Protection Campaign. Cu Lao Xanh – built in 1890 – was coated with more than 11,000 liters of Dulux Weathershield to help protect it against the elements. A great example of how our People. Planet. Paint. approach helps to preserve local history and heritage.

### **Alternative performance measures (APM)**

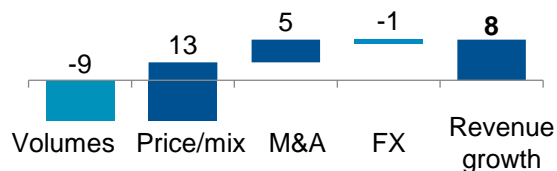
*AkzoNobel uses APM adjustments to the IFRS measures to provide supplementary information on the reporting of the underlying developments of the business.*

*A reconciliation of the alternative performance measures to the most directly comparable IFRS measures can be found in the appendix to this presentation.*

# Revenue growth driven by 11% pricing

## AkzoNobel

(Q4 revenue development % y-o-y)

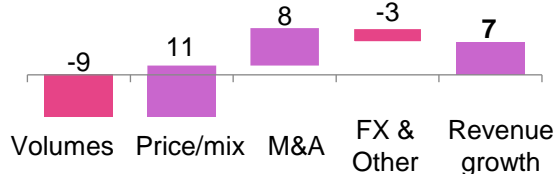


	Q4'21	Q4'22
Revenue (€m)	2,403	<b>2,606</b>
Adj. OPI <sup>1</sup> (€m)	209	<b>126</b>
ROS <sup>1</sup> (%)	8.7	<b>4.8</b>

- ↗ Pricing up 11% (23.5% on 2yr-stack) fully offsetting raw materials inflation
- ↗ Orbis performance ahead of plan

## Paints

(Q4 revenue development % y-o-y)

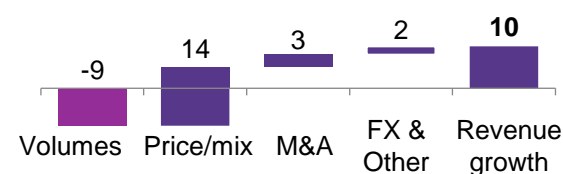


	Q4'21	Q4'22
Revenue (€m)	950	<b>1,013</b>
Adj. OPI <sup>1</sup> (€m)	102	<b>54</b>
ROS <sup>1</sup> (%)	10.7	<b>5.3</b>

- ↗ Pricing up 10%
- ↗ Weaker consumer confidence in Europe and COVID-19 impact in China

## Coatings

(Q4 revenue development % y-o-y)



	Q4'21	Q4'22
Revenue (€m)	1,452	<b>1,593</b>
Adj. OPI <sup>1</sup> (€m)	128	<b>96</b>
ROS <sup>1</sup> (%)	8.8	<b>6.0</b>

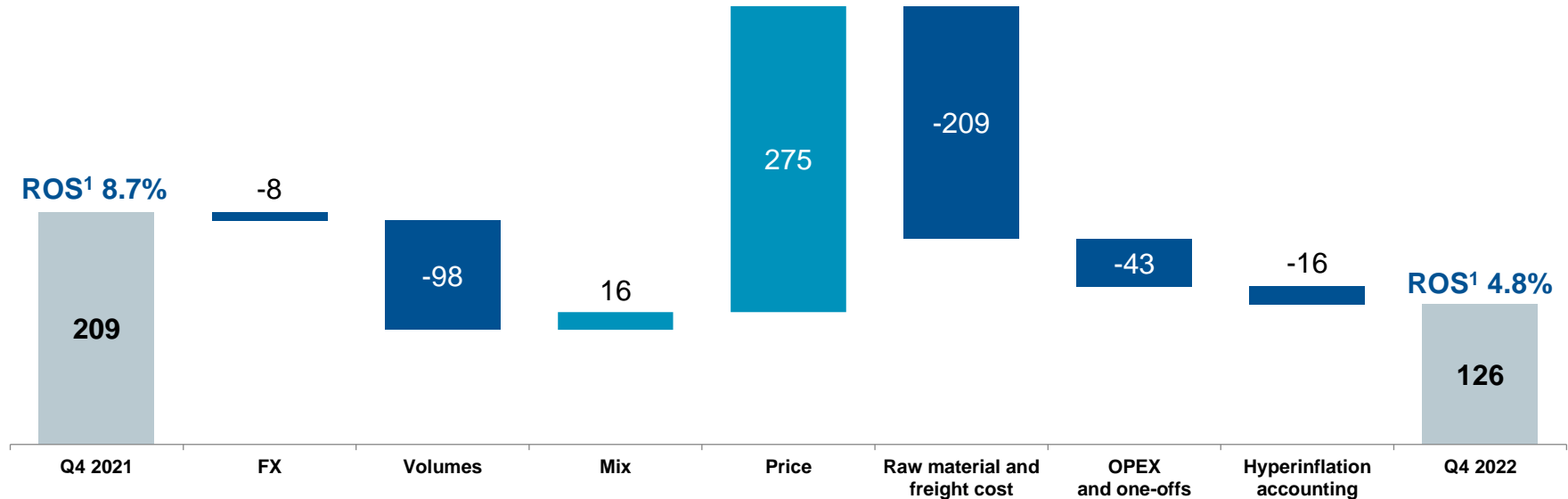
- ↗ Pricing up 12%
- ↗ Volumes down despite growth in Marine & Protective, Aerospace and Automotive
- ↗ Russia impact of -1ppt on volumes

1. Alternative performance measure, for definitions and reconciliation of the alternative performance measures to the most directly comparable IFRS measures please see appendix.

# Q4 profit impacted by macro headwinds

## Adjusted OPI<sup>1</sup> (€m)

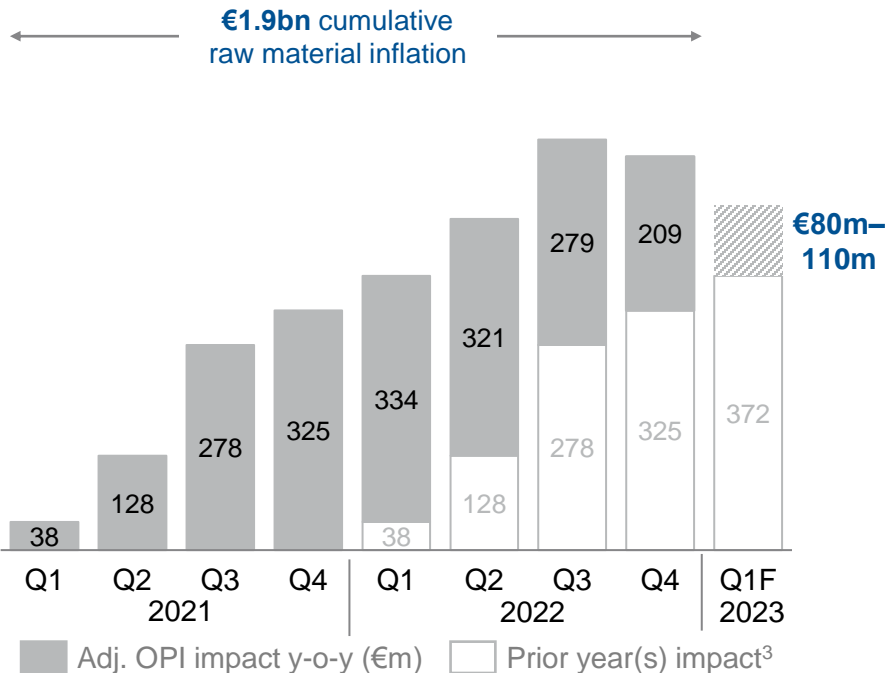
- Positive impact
- Negative impact



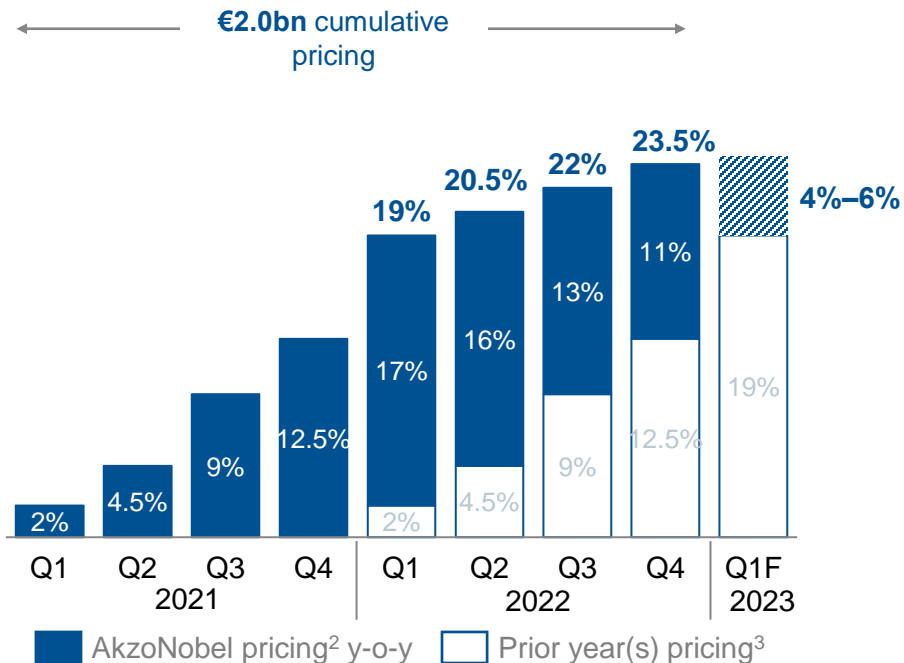
1. Alternative performance measure, for definitions and reconciliation of the alternative performance measures to the most directly comparable IFRS measures please see appendix.

# Positive €212m of pricing vs raws in 2022

## Raw material and freight inflation<sup>1</sup>



## Pricing



1. Raw material and other variable cost euro value includes freight value from Q1 2022 onwards.

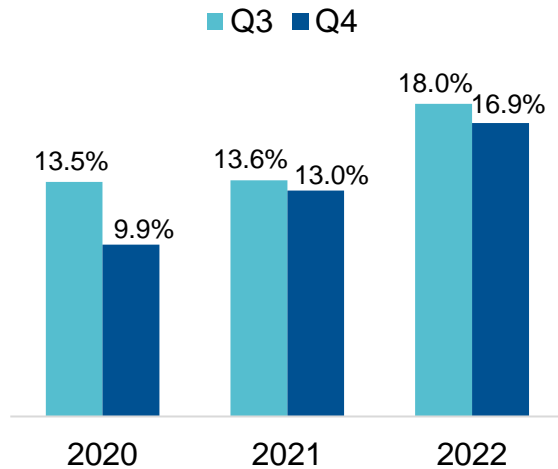
2. Price only and excluding mix.

3. Includes two prior years for 2023.

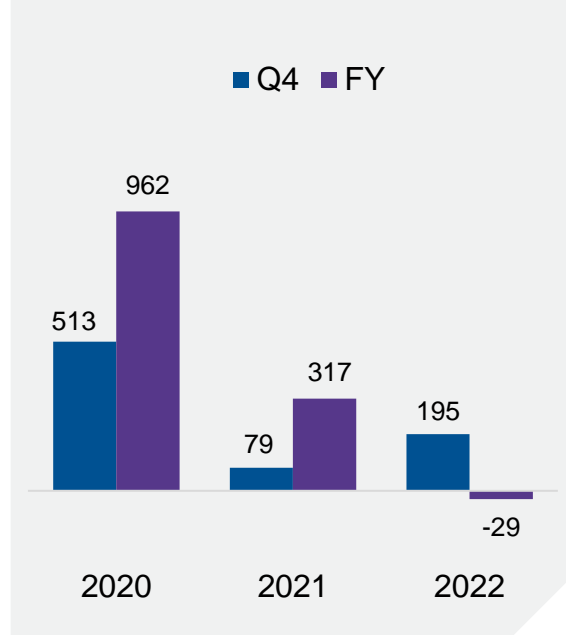
# Working capital and free cash flow

Impacted by raw material inflation and demand

### Operating working capital (Trade)<sup>1</sup> as a % of revenue



### Free cash flow (FCF)<sup>2</sup> €m



- ↗ Working capital increase due to raw material inflation
- ↗ Inventory reduction of €275m vs Q2'22 (€177m in CC)
- ↗ Q4 free cash flow of €195m
- ↗ Driving initiatives to normalize working capital

1. Defined as the sum of inventories, trade receivables and trade payables. Operating working capital is measured against four times last quarter revenue.

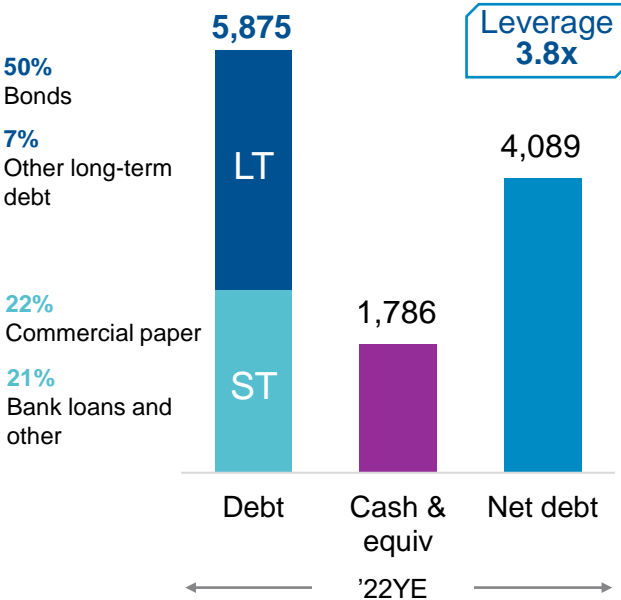
2. Alternative performance measure, for definitions and reconciliation of the alternative performance measures to the most directly comparable IFRS measures please see appendix.

# Leverage up temporarily

Long-term debt maturities staggered to 2032

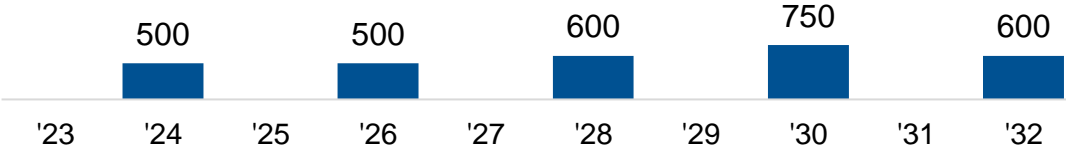
## Debt maturity profile

(€m)



- ↗ Bonds are fixed rate
- ↗ Average coupon on bonds 1.6%
- ↗ Debt is covenant-free

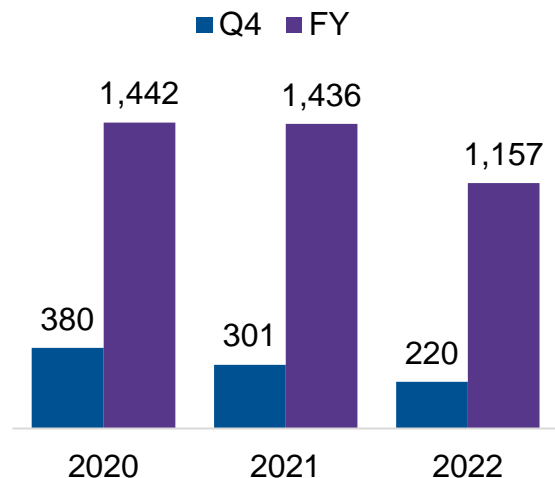
### Nominal value of outstanding bonds



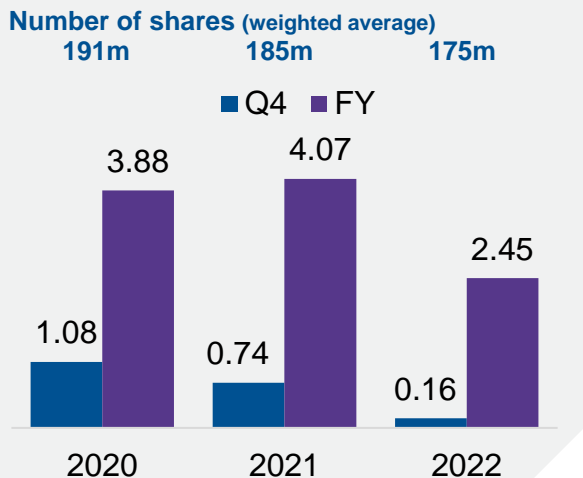
# Profitability impacted by weak demand

Stable dividend per share

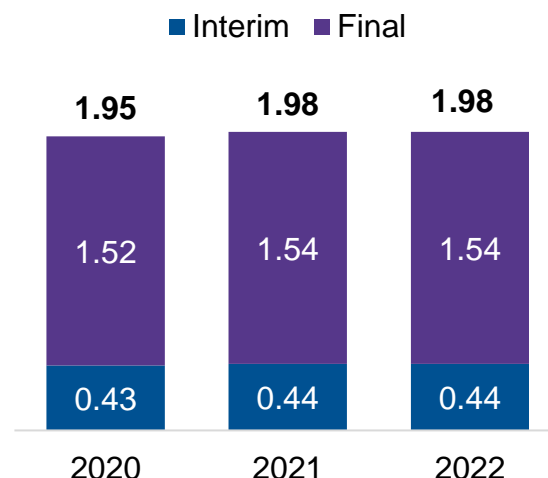
## Adjusted EBITDA<sup>1</sup> (€m)



## Adjusted earnings per share<sup>1</sup> (EPS) from continuing operations (€)



## Dividend per share (DPS) (€)



1. Alternative performance measure, for definitions and reconciliation of the alternative performance measures to the most directly comparable IFRS measures please see appendix.

# Outlook

## Partnership with electric vehicle maker BYD announced

We've become the global refinish partner for BYD Auto Sales Company Ltd. – currently the world's leading seller of electric vehicles. AkzoNobel has been a recommended supplier of vehicle refinish products and services to BYD in China since 2017. The new deal means that agreement will continue, while extending the partnership to serve BYD's bodyshops and approved repairer networks worldwide.





# Priorities for 2023

## Pricing discipline

- ↯ Continue inflationary pricing in Q1
- ↯ Protect pricing during deflationary cycle (50% of portfolio is defensive)

## Realize benefit from raw material deflation

- ↯ Improve inventory turns, decrease working capital
- ↯ Average raw mats down, but low visibility in H2

## Reduce costs

- ↯ Offset inflation in OPEX with cost reductions of €200m
- ↯ Step up integrated supply chain transformation

## Improve leverage

- ↯ Improve leverage ratio below 3.4x (including Kansai Paint Africa)
- ↯ CAPEX 3% revenue, stable dividends, no buybacks or material M&A



# Projections for 2023

Adj. EBITDA	€1.2bn	–	€1.5bn
Volumes y-o-y	(5%)	–	(1%)
Pricing vs raws	€250m	–	€450m

Projections are based on organic volumes and constant currencies, and assume no significant market disruptions.



# Projections for 2023

## Volume scenarios

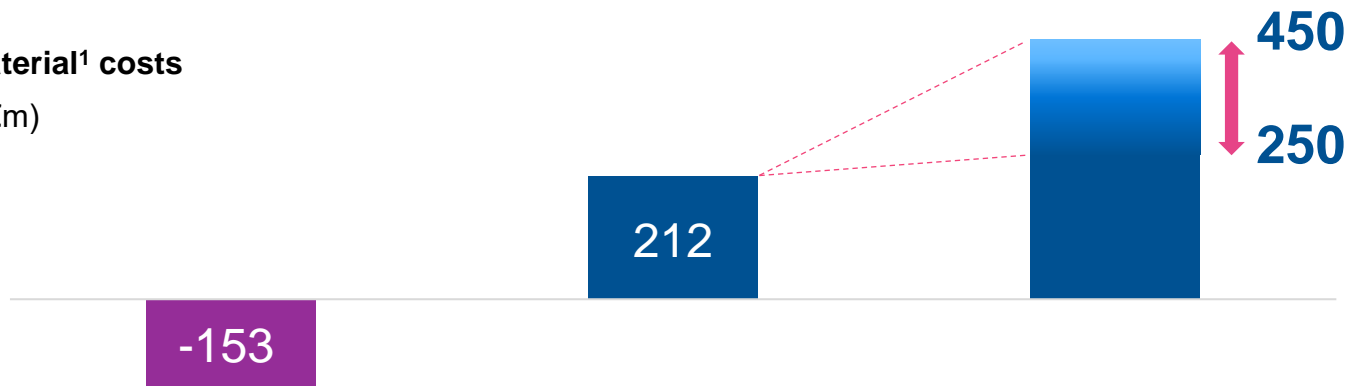
Paints EMEA	<ul style="list-style-type: none"> <li>↗ Soft demand trends to continue</li> <li>↗ Weak in Q1 (higher baseline), easier comps in H2</li> </ul>	-HSD% to -MSD%
Paints China	<ul style="list-style-type: none"> <li>↗ Weak in Q1</li> <li>↗ Accelerating in Q2 onwards</li> </ul>	+LSD% to +HSD%
Paints South Asia Paints LATAM	<ul style="list-style-type: none"> <li>↗ Growth in South Asia driven by India and Vietnam</li> <li>↗ Store expansion and product innovation in LATAM</li> </ul>	+LSD% to +MSD%
Industrial Coatings Powder Coatings	<ul style="list-style-type: none"> <li>↗ Lower demand due to macro-economic weakness</li> <li>↗ Coil, Wood and Architectural most impacted</li> </ul>	-HSD% to -MSD%
Marine & Protective Automotive & Specialty	<ul style="list-style-type: none"> <li>↗ Continued recovery in Marine &amp; Protective</li> <li>↗ Improving trends in Aerospace and Automotive</li> </ul>	+LSD%
<b>AkzoNobel</b>	<ul style="list-style-type: none"> <li>↗ Weak in Q1</li> <li>↗ Sequential improvement in H2, lower y-o-y baseline</li> </ul>	<b>-5% to -1%</b>

Organic volumes.

# Margin expansion potential in 2023

## Pricing versus raw material<sup>1</sup> costs

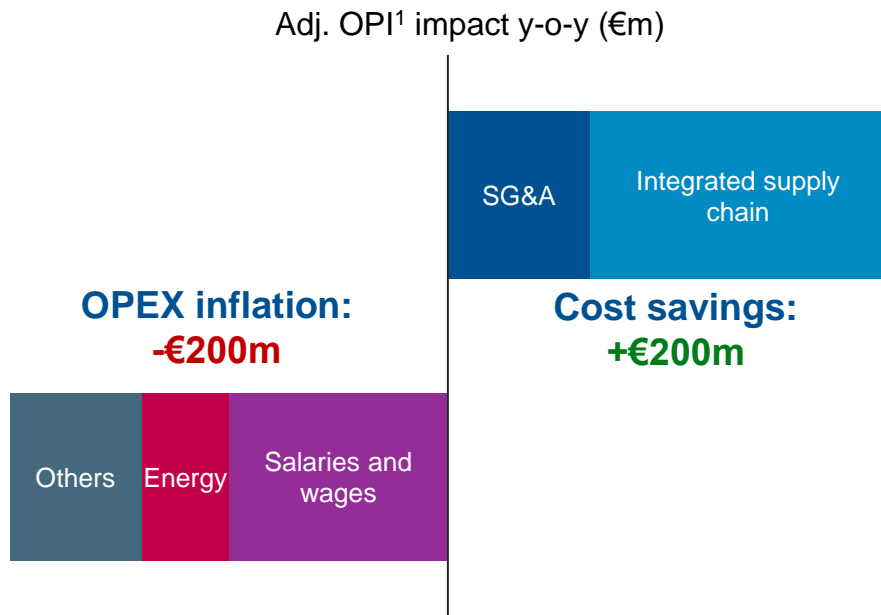
Adj. OPI impact y-o-y (€m)



y-o-y	FY2021	FY2022	FY2023
<b>Pricing</b>	+7%	+14%	Pricing retention on ~50% of portfolio during deflationary cycle
<b>Raw material costs<sup>1</sup></b>	+20%	+24%	-LSD% to -HSD%

1. Raw materials impact includes freight from Q1 2022 onwards. FY2023 impact is in constant currencies.

# OPEX savings to offset inflation



- ↪ €200m savings benefit in 2023 ramping up from Q2
- ↪ €240m run rate, €40m savings in 2024
- ↪ Mainly related to restructuring, focused on EMEA
- ↪ Identified items of €100-125m

1. Alternative performance measure, for definitions and reconciliation of the alternative performance measures to the most directly comparable IFRS measures please see appendix. Impact is in constant currencies.

# Mid-term focus: optimize ROI

## Focus on asset utilization and profitability

### Targeted growth

- ↪ Innovation-driven selective growth
- ↪ Focus on leading positions

### Pricing discipline and asset turnover

- ↪ Pricing discipline through the cycle
- ↪ Simplify for cost and efficiency
- ↪ Integrated supply chain transformation

### Strict capital allocation

- ↪ Continue to de-lever towards 2.0x
- ↪ Stable to rising dividend
- ↪ Assess M&A and buybacks as leverage normalizes



## Q4 Highlights

- Pricing up 11% compared with Q4 2021. Revenue up 8%
- Lower volumes driven by softer demand
- Raw material and freight costs increased €209 million vs. Q4 2021 and were fully offset by pricing of €275 million
- Adjusted operating income<sup>1</sup> at €126 million
- €500 million share buyback finalized
- Lankwitzer acquisition completed

## FY Highlights

- Pricing up 14% compared with FY 2021. Revenue up 13%
- Raw material and freight costs increased €1,143 million vs. FY 2021 and were fully offset by pricing of €1,355 million
- Adjusted operating income<sup>1</sup> at €789 million
- Final dividend proposed of €1.54 per share

## 2023 Outlook

AkzoNobel expects the ongoing macro-economic uncertainties to continue and weigh on organic volume growth. The company will focus on margin management, cost reduction, working capital normalization and de-leveraging.

Cost reduction programs are expected to mitigate the ongoing pressure from inflation in operating expenses for 2023. AkzoNobel expects declining raw material costs to have a favorable impact on profitability.

Based on current market conditions, AkzoNobel targets to deliver €1.2 to €1.5 billion adjusted EBITDA.

The company aims to lower its leverage ratio to less than 3.4 times net debt/EBITDA, including the impact of the Kansai Paint Africa acquisition, by the end of 2023 and return to around 2 times post-2023.

\* Please see page 27 for 2023 assumptions

1. Alternative performance measure, for definitions and reconciliation of the alternative performance measures to the most directly comparable IFRS measures please see appendix.

# Upcoming events

Publication annual report 2022  
Annual General Meeting of shareholders  
Report for the first quarter 2023  
Ex-dividend date of 2022 final dividend  
Record date of 2022 final dividend  
Payment of 2022 final dividend

March 1, 2023  
April 21, 2023  
April 25, 2023  
April 25, 2023  
April 26, 2023  
May 5, 2023



# Disclaimer/forward-looking statements

This presentation<sup>1</sup> does not constitute or form a part of any offer to sell, or any invitation or other solicitation of any offer, to buy or subscribe for any securities in the United States or any other jurisdiction.

Some statements in this presentation are 'forward-looking statements'. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that may occur in the future. These forward-looking statements involve known and unknown risks, uncertainties and other factors that are outside of our control and impossible to predict and may cause actual results to differ materially from any future results expressed or implied. These forward-looking statements are based on current expectations, estimates, forecasts, analyses and projections about the industries in which we operate and management's beliefs and assumptions about possible future events. You are cautioned not to put undue reliance on these forward-looking statements, which only speak as of the date of this presentation and are neither predictions nor guarantees of possible future events or circumstances. We do not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this presentation or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

This report 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 under-stood that many factors could cause forecast 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, as well as significant market disruptions such as the impact of pandemics. 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](http://www.akzonobel.com)

1. Please note numbers in this presentation are unaudited.



# Appendix

## Partner power driving collective reduction of carbon emissions

Value chain partners have teamed up with AkzoNobel in the fields of circular solutions, process efficiency and solvent reduction in a determined effort to collectively reduce carbon emissions in the paints and coatings value chain, including Scope 3 emissions. Five teams have been established as part of our first ever Paint the Future Collaborative Sustainability Challenge. They will now work together in their respective groups to develop possible solutions for limiting climate change.



# 2023 planning assumptions

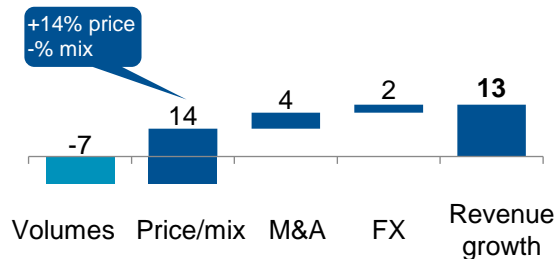
<b>EBITDA 2023</b>	<b>€1.2bn–€1.5bn</b>
Volumes y-o-y	(5%)–(1%)
Pricing vs raws y-o-y	€250m–€450m
Pricing	Pricing retention on ~50% of portfolio during deflationary cycle
Raw materials	(LSD%)–(HSD%)
OPEX y-o-y	€200m savings programs to offset OPEX inflation
Identified items	€100–125m
Effective tax rate	27%
<b>CAPEX</b>	<b>~3% revenue</b>
Leverage	Improve Net Debt/EBITDA to <3.4x (incl. Kansai Paint Africa) No buybacks or material M&A

Targets are based on organic volumes and constant currencies, and assume no significant market disruptions.

# Revenue 13% higher in 2022 despite weaker volumes

## AkzoNobel

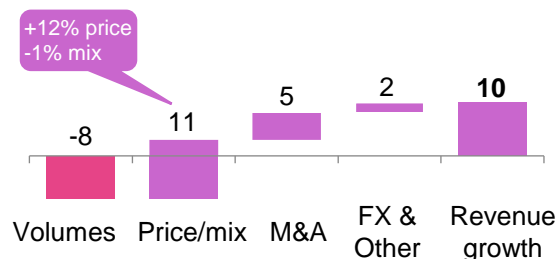
(2022 revenue development % y-o-y)



	FY2021	FY2022
Revenue (€m)	9,587	<b>10,846</b>
Adj. OPI <sup>1</sup> (€m)	1,092	<b>789</b>
ROS <sup>1</sup> (%)	11.4	<b>7.3</b>

## Paints

(2022 revenue development % y-o-y)



	FY2021	FY2022
Revenue (€m)	3,979	<b>4,371</b>
Adj. OPI <sup>1</sup> (€m)	580	<b>397</b>
ROS <sup>1</sup> (%)	14.6	<b>9.1</b>

## Coatings

(2022 revenue development % y-o-y)



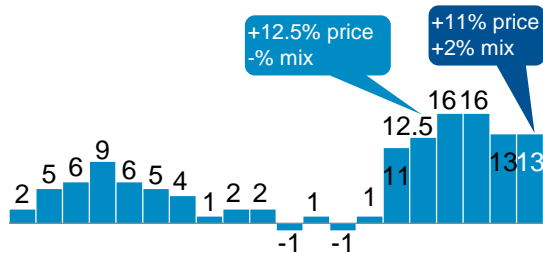
	FY2021	FY2022
Revenue (€m)	5,603	<b>6,472</b>
Adj. OPI <sup>1</sup> (€m)	614	<b>493</b>
ROS <sup>1</sup> (%)	11.0	<b>7.6</b>

1. Alternative performance measure, for definitions and reconciliation of the alternative performance measures to the most directly comparable IFRS measures please see appendix.

# Robust pricing initiatives continue; Q4 pricing up 11%

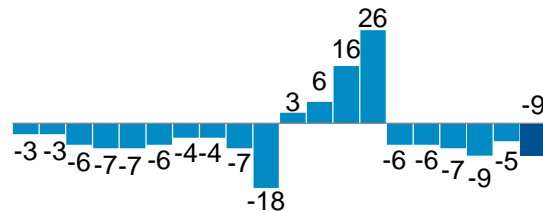
## AkzoNobel

Quarterly price/mix development (% y-o-y)



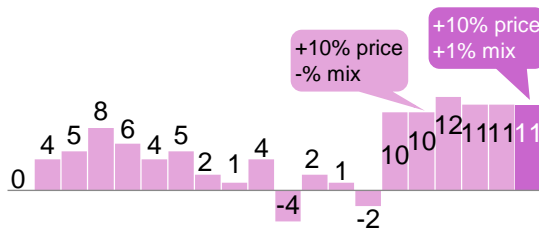
Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4  
18 18 18 18 19 19 19 19 20 20 20 20 21 21 21 21 22 22 22 22

Quarterly volume<sup>1</sup> development (% y-o-y)

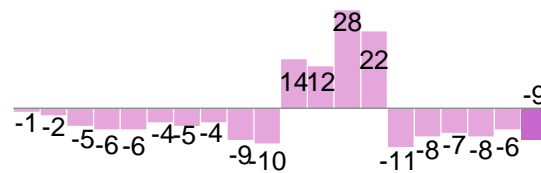


Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4  
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## Paints

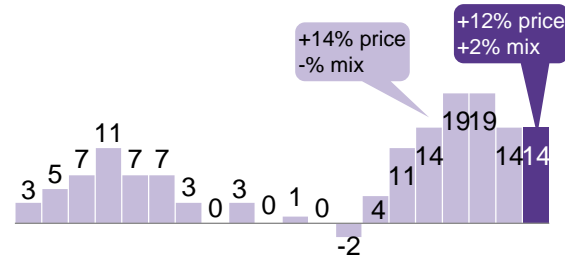


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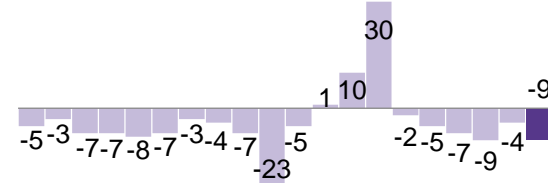


Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4  
18 18 18 18 19 19 19 19 20 20 20 20 21 21 21 21 22 22 22 22

## Coatings



Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4  
18 18 18 18 19 19 19 19 20 20 20 20 21 21 21 21 22 22 22 22



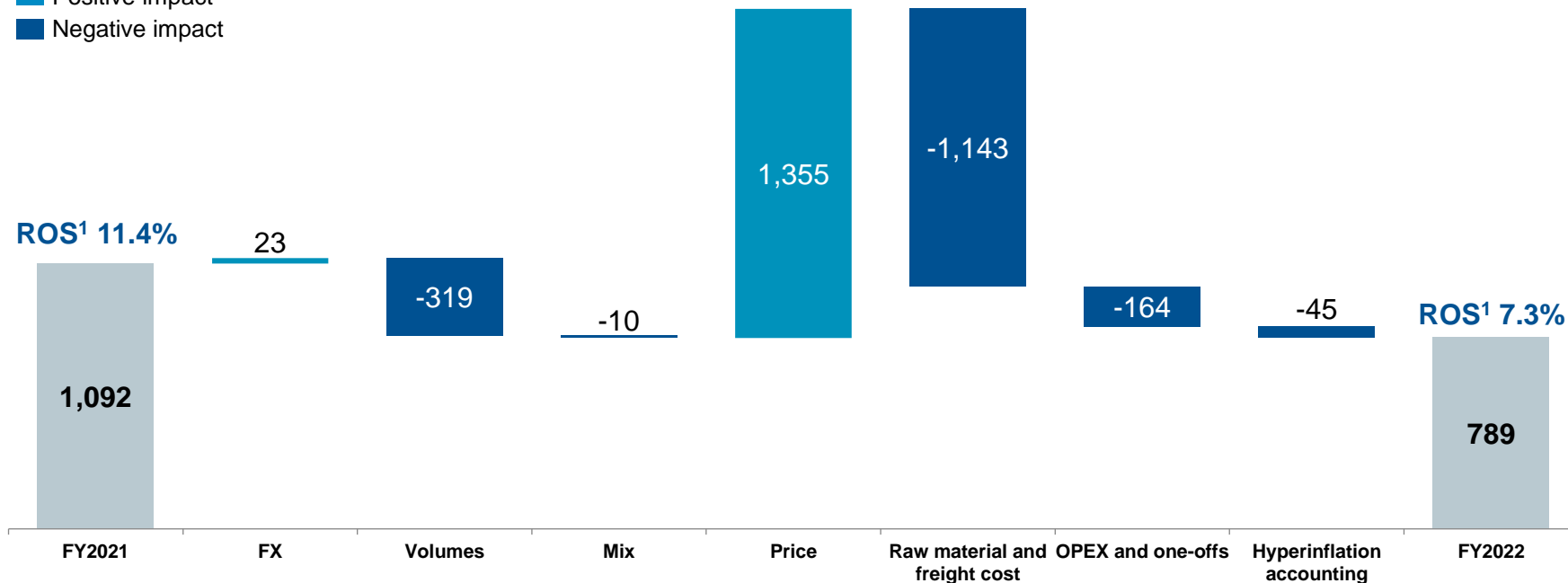
Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4  
18 18 18 18 19 19 19 19 20 20 20 20 21 21 21 21 22 22 22 22

1. Organic volume development, does not include acquisition impact.

# Raw material headwinds fully offset by pricing initiatives in 2022

Adjusted OPI<sup>1</sup> (€m)

■ Positive impact  
■ Negative impact



1. Alternative performance measure, for definitions and reconciliation of the alternative performance measures to the most directly comparable IFRS measures please see appendix.

## Definitions of alternative performance measures

- ↗ **Adjusted earnings per share** are the basic earnings per share from operations, excluding identified items and taxes thereon
- ↗ **Adjusted EBITDA** is operating income excluding depreciation, amortization and identified items
- ↗ **Adjusted operating income (OPI)** is operating income excluding identified items
- ↗ **Constant currencies** calculations exclude the impact of changes in foreign exchange rates
- ↗ **Free cash flow** is net cash generated from/(used for) operating activities minus capital expenditures
- ↗ **Identified items** are special charges and benefits, results on acquisitions and divestments, major restructuring and impairment charges, and charges and benefits related to major legal, environmental and tax cases
- ↗ **ROI** is adjusted operating income of the last 12 months as percentage of average invested capital
- ↗ **ROS** is adjusted operating income as percentage of revenue
- ↗ **Leverage ratio** is calculated as net debt divided by EBITDA, which is calculated as the total of the last 12 months
- ↗ **Operating working capital (Trade)** is defined as the sum of inventories, trade receivables and trade payables. When expressed as a ratio, operating working capital is measured against four times last quarter revenue

## Consolidated statement of free cash flows<sup>1</sup>

Q4 2021	Q4 2022	€ million	2021	2022
299	198	<b>EBITDA</b>	1,469	1,076
—	—	Impairment losses	3	6
(2)	(5)	Pre-tax results on acquisitions and divestments	(14)	(21)
(10)	204	Changes in working capital	(405)	(509)
—	(1)	Pension pre-funding	23	47
(1)	(1)	Pension top-up payments	(11)	(9)
(32)	(37)	Other changes in provisions	(138)	(55)
(15)	(20)	Interest paid	(77)	(78)
(65)	(53)	Income tax paid	(222)	(224)
4	6	Other	(23)	30
178	291	<b>Net cash generated from/(used for) operating activities</b>	605	263
(99)	(96)	<b>Capital expenditures</b>	(288)	(292)
79	195	<b>Free cash flow</b>	317	(29)
<b>Net Debt</b>			2,340	4,089
<b>Leverage (Net Debt/EBITDA)</b>			1.6	3.8

## Operating income to net income

Q4 2021	Q4 2022	€ million	2021	2022
205	103	<b>Operating income</b>	1,118	708
(8)	(51)	Financing income and expenses	(39)	(124)
5	(1)	Results from associates and joint ventures	26	18
202	51	<b>Profit before tax</b>	1,105	602
(2)	(34)	Income tax	(246)	(214)
200	17	<b>Profit from continuing operations</b>	859	388
1	—	Profit from discontinued operations	6	(10)
201	17	<b>Profit for the period</b>	865	378
(14)	(9)	Non-controlling interests	(36)	(26)
187	8	<b>Net income</b>	829	352
<b>Earnings per share (in €)</b>				
1.04	0.05	<b>Total operations</b>	4.48	2.01
<b>Adjusted earnings per share<sup>1</sup> (in €)</b>				
0.74	0.16	<b>Continuing operations</b>	4.07	2.45

## Impact from hyperinflation accounting

€ million	Revenues	Adj. OPI <sup>1</sup>	Net income
Impact related to Q4 2022	(21)	(16)	(15)
<b>Impact FY2022</b>	<b>5</b>	<b>(46)</b>	<b>(63)</b>

1. Alternative performance measure, for definitions and reconciliation of the alternative performance measures to the most directly comparable IFRS measures please see appendix.



# Alternative performance measures

Q4 2021	Q4 2022	Δ%	Operating income (€m)	2021	2022	Δ%
102	49	(52%)	Decorative Paints	622	392	(37%)
128	84	(34%)	Performance Coatings	616	444	(28%)
(25)	(30)		Other activities	(120)	(128)	
<b>205</b>	<b>103</b>	<b>(50%)</b>	<b>Total</b>	<b>1,118</b>	<b>708</b>	<b>(37%)</b>

Q4 2021	Q4 2022	Identified items (€m)	2021	2022
—	(5)	Decorative Paints	42	(5)
—	(12)	Performance Coatings	2	(49)
(4)	(6)	Other activities	(18)	(27)
<b>(4)</b>	<b>(23)</b>	<b>Total</b>	<b>26</b>	<b>(81)</b>

Q4 2021	Q4 2022	Δ%	Adjusted operating income (€m)	2021	2022	Δ%
102	54	(47%)	Decorative Paints	580	397	(32%)
128	96	(25%)	Performance Coatings	614	493	(20%)
(21)	(24)		Other activities	(102)	(101)	
<b>209</b>	<b>126</b>	<b>(40%)</b>	<b>Total</b>	<b>1,092</b>	<b>789</b>	<b>(28%)</b>

Q4 2021	Q4 2022	Δ%	EBITDA (€m)	2021	2022	Δ%
205	103	(50%)	Operating income	1,118	708	(37%)
94	95		Depreciation and amortization	351	368	
<b>299</b>	<b>198</b>	<b>(34%)</b>	<b>EBITDA</b>	<b>1,469</b>	<b>1,076</b>	<b>(27%)</b>

Q4 2021	Q4 2022	Δ%	Adjusted EBITDA (€m)	2021	2022	Δ%
209	126	(40%)	Adjusted operating income	1,092	789	(28%)
92	94		Depreciation and amortization (excluding Identified items)	344	368	
<b>301</b>	<b>220</b>	<b>(27%)</b>	<b>Adjusted EBITDA</b>	<b>1,436</b>	<b>1,157</b>	<b>(19%)</b>

Q4 2021	Q4 2022	OPI margin (%)	2021	2022
10.7	4.8	Decorative Paints	15.6	9.0
8.8	5.3	Performance Coatings	11.0	6.9
		Other activities <sup>1</sup>		
<b>8.5</b>	<b>4.0</b>	<b>Total</b>	<b>11.7</b>	<b>6.5</b>

Q4 2021	Q4 2022	ROS (%)	2021	2022
10.7	5.3	Decorative Paints	14.6	9.1
8.8	6.0	Performance Coatings	11.0	7.6
		Other activities <sup>1</sup>		
<b>8.7</b>	<b>4.8</b>	<b>Total</b>	<b>11.4</b>	<b>7.3</b>

Q4 2021	Q4 2022	Adjusted earnings per share from continuing operations (€m)	2021	2022
202	51	Profit before tax from continuing operations	1,105	602
4	23	Identified items reported in operating income	(26)	81
(8)	—	Identified items reported in interest	(29)	(10)
(50)	(38)	Adjusted income tax	(261)	(219)
(14)	(9)	Non-controlling interests	(36)	(26)
<b>134</b>	<b>27</b>	<b>Adjusted net income from continuing operations</b>	<b>753</b>	<b>428</b>

<b>180.6</b>	<b>171.5</b>	<b>Weighted average number of shares (in millions)</b>	<b>185.0</b>	<b>174.7</b>
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<b>0.74</b>	<b>0.16</b>	<b>Adjusted earnings per share from continuing operations</b>	<b>4.07</b>	<b>2.45</b>
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Average invested capital (€m)	2021	2022	Δ%
Decorative Paints	2,872	3,678	28%
Performance Coatings	3,520	3,894	11%
Other activities	437	490	
<b>Total</b>	<b>6,829</b>	<b>8,062</b>	<b>18%</b>

ROI (%)	2021	2022
Decorative Paints	20.2	10.8
Performance Coatings	17.4	12.7
Other activities <sup>1</sup>		
<b>Total</b>	<b>16.0</b>	<b>9.8</b>

EBITDA (€m)	2021	2022
Operating income	1,118	708
Depreciation and amortization	351	368
<b>EBITDA</b>	<b>1,469</b>	<b>1,076</b>

Net Debt (€m)	2021	2022
Short-term investments	(58)	(336)
Cash and cash equivalents	(1,152)	(1,450)
Long-term borrowings	1,994	3,332
Short-term borrowings	1,556	2,543
<b>Total</b>	<b>2,340</b>	<b>4,089</b>

Leverage ratio	2021	2022
Net debt	2,340	4,089
EBITDA	1,469	1,076
<b>Leverage ratio</b>	<b>1.6</b>	<b>3.8</b>

## Updates in financial reporting structure

Operating income, adjusted operating income, EBITDA and adjusted EBITDA (and related measures) per segment for 2021 have been updated to reflect changes in the financial reporting structure related to a narrower definition of corporate activities and corporate costs in 'Other activities'. More information is available on our website.

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- ↗ Science Based Targets carbon reduction target of 50% by 2030<sup>1</sup>



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