

Investor update Q1 2018

April 24, 2018



Progress on transformation into a focused Paints and Coatings company

- Successfully completed the dual-track process; announced sale of Specialty Chemicals
- On track implementing “Winning together: 15 by 20”
- Transformation process gaining momentum
- Robust pricing initiatives ramping up: price increase successful in Q1 2018; second wave of increases to come
- Opened new Powder Coatings plant in Mumbai, India

AkzoNobel



Transformation plans in place with most projects already being initiated

AkzoNobel



Sales force effectiveness

Margin management

Innovation excellence

Selling prices up 3% in Q1

Second wave of increases to come in 2018



Global Business Services

Integrated Business Planning

ERP and systems platform

3 businesses equipped for Integrated Business Planning



ALPS continuous improvement

Fit-for-purpose organization

Procurement excellence

€30m continuous improvement savings

Savings from fit-for-purpose organization €10m of €110m



High performance culture

Career and capability development

Core principles

Transformation gaining momentum combined with further cost discipline

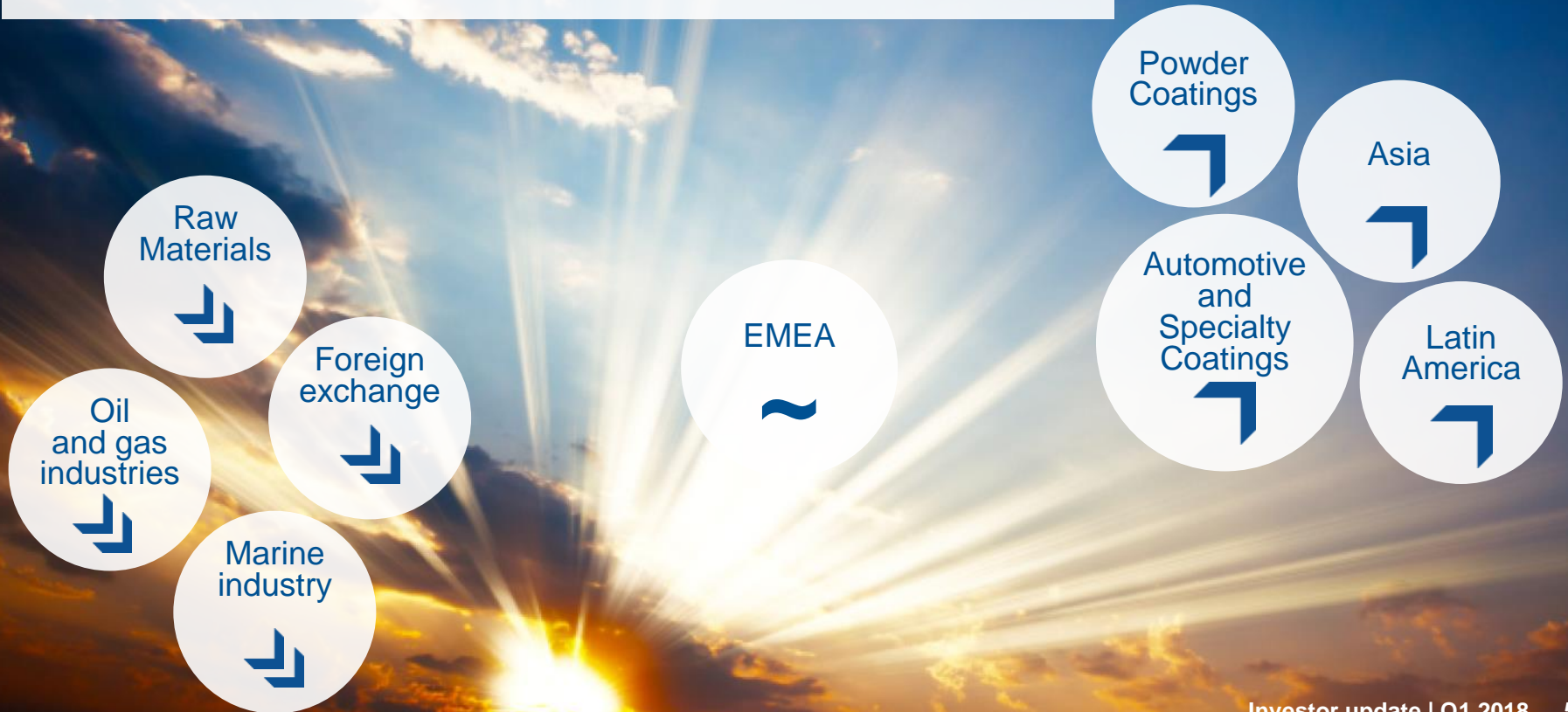
Announced sale of Specialty Chemicals to The Carlyle Group and GIC for €10.1bn

AkzoNobel
SPECIALTY CHEMICALS

- Key milestone in creating a focused, high performing Paints and Coatings company
- Thorough dual-track process, resulting in best outcome for all stakeholders, and ahead of schedule
- Vast majority of net proceeds to be returned to shareholders
- Transaction expected to be completed before the end of 2018

Revenue growth for most businesses; Dealing with temporary headwinds...

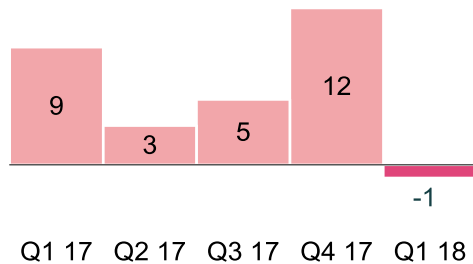
AkzoNobel



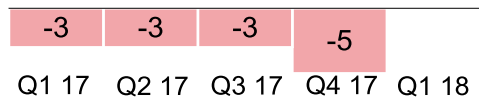
Higher selling prices; volumes lower, mainly due to marine, and oil and gas

Decorative Paints

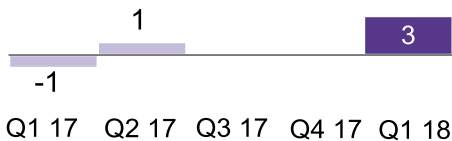
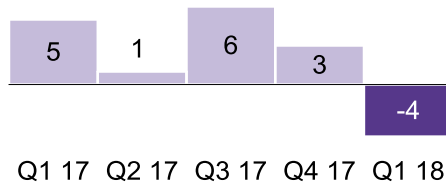
Quarterly volume development in % year-on-year



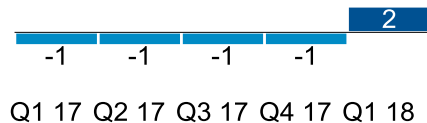
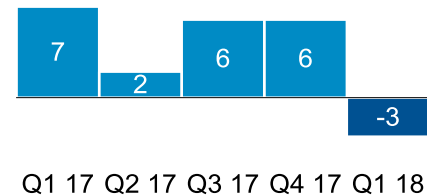
Quarterly price/mix development in % year-on-year



Performance Coatings*



Paints and Coatings*



* Includes impact from acquisitions

Price increases and cost savings not yet fully compensating for higher raw materials

€ million	Q1 2017 ¹	Q1 2018	Δ%
Revenue	2,377	2,176	(8)
Adjusted EBITDA	281	209	(26)
Adjusted operating income	208	149	(28)
Operating income	208	108	(48)
ROS%²	8.8	6.8	
ROI% ²	14.8	13.2	

- ↗ Selling prices up 3% overall and for all businesses
- ↗ Revenue down, mainly due to adverse foreign currencies (1% lower excluding currencies)
- ↗ Volumes lower, mainly due to marine, and oil and gas industries
- ↗ Adjusted operating income impacted by foreign currencies, raw material costs and lower volumes not fully offset by increased selling prices and cost discipline
- ↗ Operating income includes identified items, mainly related to the transformation

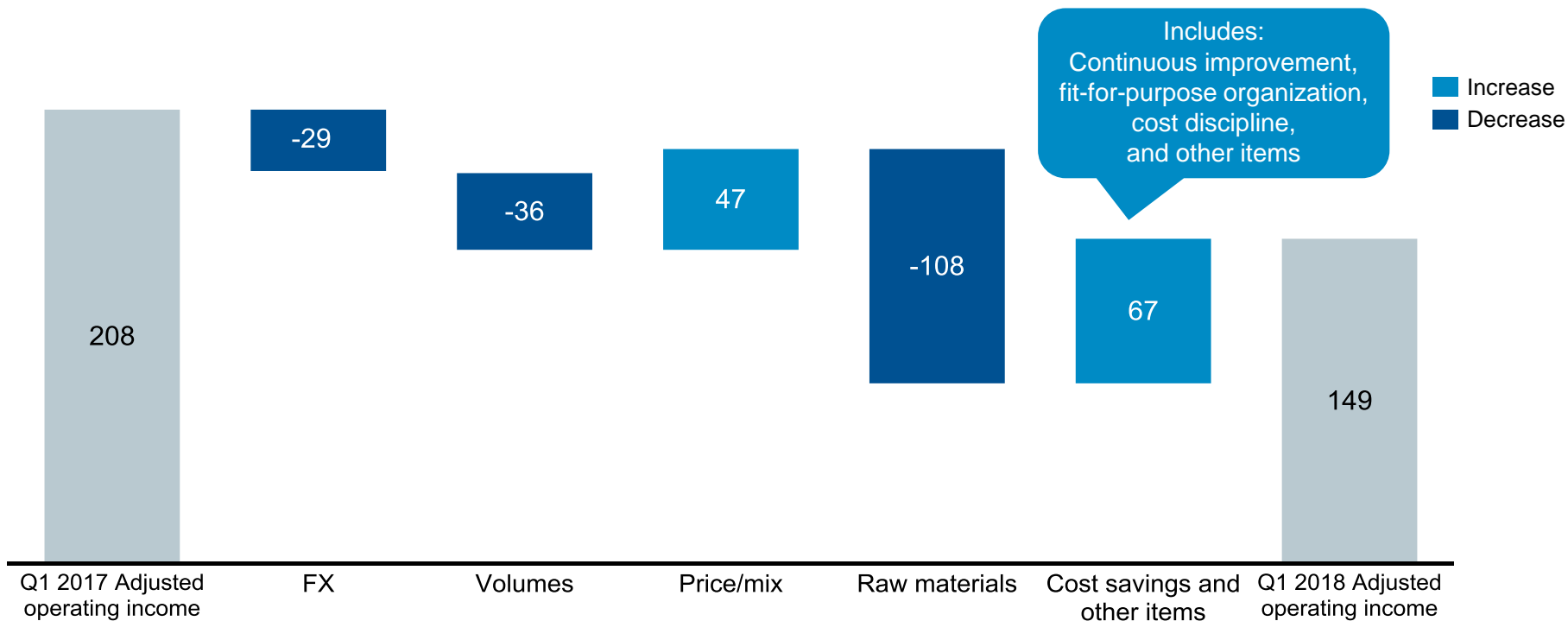
Revenue development Q1 2018 (%)



1. Represented to present the Specialty Chemicals business as discontinued operations.

2. ROS% = Adjusted operating income/Revenue. ROI (in %) = 12 months adjusted operating income/12 months average invested capital

Price increases and lower costs not yet fully compensating for higher raw materials



(continuing operations)

Decorative Paints price increases gaining momentum and up 4% overall

€ million	Q1 2017	Q1 2018	Δ%
Revenue	922	846	(8)
Adjusted EBITDA	109	79	(28)
Adjusted operating income	77	56	(27)
Operating income	77	48	(38)
ROS%*	8.4	6.6	
ROI%*	13.8	11.7	



Revenue development Q1 2018 (%)



Our customers in Pakistan now have access to Dulux Promise, a decorative paints product for the mass market segment, following the latest launch in the Asia region.

*ROS% = Adjusted operating income/revenue. ROI% = 12 months adjusted operating income/12 months average invested capital

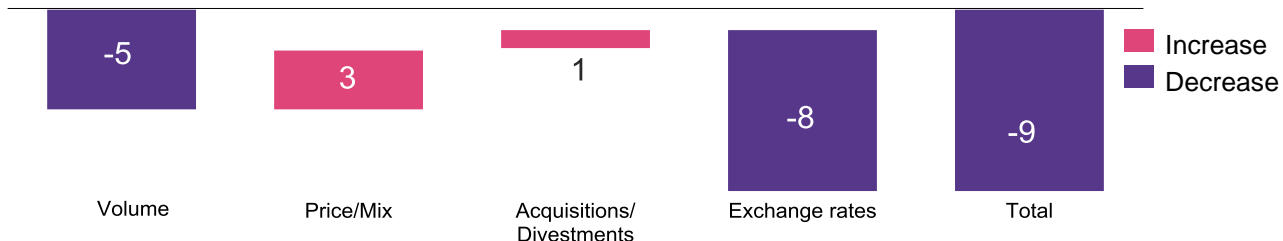
(continuing operations)

Performance Coatings growth offset by marine, and oil and gas industries

€ million	Q1 2017	Q1 2018	Δ%
Revenue	1,471	1,342	(9)
Adjusted EBITDA	225	169	(25)
Adjusted operating income	187	134	(28)
Operating income	187	121	(35)
ROS%*	12.7	10.0	
ROI%*	28.6	21.3	



Revenue development Q1 2018 (%)



Our commitment to customers in India has been strengthened with the opening of a new plant to produce Powder Coatings. Located in Thane, Mumbai, the plant is our sixth production site in India.

*ROS% = Adjusted operating income/revenue. ROI% = 12 months adjusted operating income/12 months average invested capital

(continuing operations)

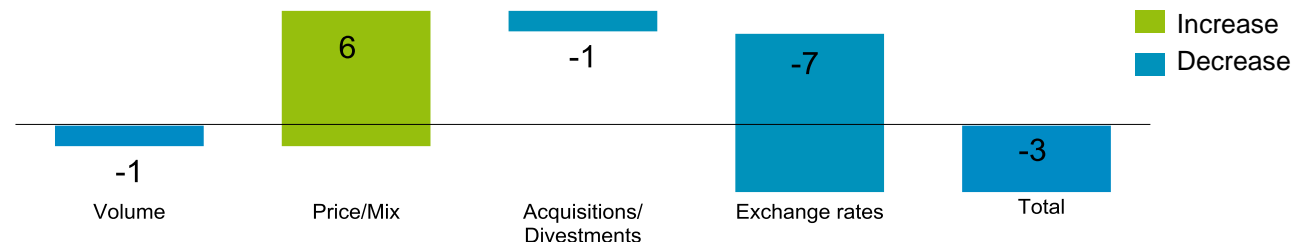
Specialty Chemicals price increases more than offset by currencies

€ million	Q1 2017	Q1 2018	Δ%
Revenue	1,289	1,252	(3)
Adjusted EBITDA	251	233	(7)
Adjusted operating income	166	150	(10)
Operating income	166	150	(10)
ROS%*	12.9	12.0	
ROI%*	15.6	16.5	

↗ Revenue up 4% excluding currencies, mainly due to positive pricing impact

↗ Adjusted operating income impacted by restructuring costs of €32m related to manufacturing network optimization projects and adverse currencies

Revenue development Q1 2018 (%)



*ROS% = Adjusted operating income/revenue. ROI% = 12 months adjusted operating income/12 months average invested capital

(reported as discontinued operations)

Free cash flow impacted by lower EBITDA, AkzoNobel while CAPEX and pension top-ups reduced

€ million	Q1 2017	Q1 2018
Adjusted EBITDA	534	417
Interest paid	-4	-8
Tax paid	-88	-70
Changes in working capital, provisions ¹ and other	-517	-540
Capital expenditures (including intangible assets)	-128	-101
Free cash flow, excluding pension top-up payments	-203	-302
Pension top-up payments	-212	-174
Free cash flow (from operations)²	-415	-476

Net Debt (total operations)	1,801	2,964
Net Debt (discontinued operations)	N/A	368

1. Provisions include recurring pension contributions 2. Free cash flow (from operations) = Net cash from operating activities minus Capital expenditures and Investment in intangibles

(continuing and discontinued operations)

Net income up 5% to €253 million, including discontinued operations

€ million	Q1 2017*	Q1 2018
Operating income	208	108
Net financing income/(expenses)	(17)	19
Results from associates and joint ventures	6	4
Profit before tax	197	131
Income tax	(52)	1
Profit from continuing operations	145	132
Profit from discontinued operations	116	142
Profit for the period	261	274
Non-controlling interests	(21)	(21)
Net income from total operations	240	253

Earnings per share (in €)	Q1 2017*	Q1 2018
Total operations	0.96	1.00
Continuing operations	0.50	0.47
Adjusted earnings per share (in €)	Q1 2017*	Q1 2018
Total operations	0.96	0.93
Continuing operations	0.50	0.35

* Represented to present the Specialty Chemicals business as discontinued operations

(continuing and discontinued operations)

Progress on transformation into a focused Paints and Coatings company

- Successfully completed the dual-track process; announced sale of Specialty Chemicals
- On track implementing “Winning together: 15 by 20”
- Transformation process gaining momentum
- Robust pricing initiatives ramping up: price increase successful in Q1 2018; second wave of increases to come
- Opened new Powder Coatings plant in Mumbai, India

AkzoNobel



Outlook

Higher raw material costs and adverse effects from foreign currencies are projected to continue in 2018, especially during the start of the year.

We anticipate ongoing positive developments for Decorative Paints in all regions, particularly Asia. Trends for Performance Coatings are expected to be positive for most segments and regions, while still challenging for Marine and Protective Coatings.

We continue to implement various measures to mitigate current market challenges, including increased selling prices and cost discipline. Our "Winning together: 15 by 20" strategy will create a focused Paints and Coatings company and deliver our 2020 guidance.

AkzoNobel

2020
guidance*

ROS 15%
ROI >25%

* Excluding unallocated corporate center costs and invested capital; assumes no significant market disruption

Upcoming events

AkzoNobel



Annual General Meeting

April 26, 2018

Ex-dividend date of 2017 final dividend

April 30, 2018

Payment of cash dividend/ delivery of new shares

May 25, 2018

Report for the second quarter 2018

July 18, 2018

A focused, high performing Paints and Coatings company

AkzoNobel

- ↗ Strong global brands
- ↗ Leading positions in large and attractive markets
- ↗ Balanced geographic exposure: 50% revenue from emerging markets
- ↗ Well positioned to accelerate growth and enhance profitability
- ↗ Transformation plans in place and clear path to deliver
- ↗ Significant returns to shareholders

**2020
guidance***

**ROS 15%
ROI >25%**



* Excluding unallocated corporate center costs and invested capital; assumes no significant market disruption

This presentation 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 presentation also 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, as well as the separation of Specialty Chemicals. 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