

Investor update Q4 2021

February 9, 2022

AkzoNobel

Preserving sporting history

This is the impressive Centenario Stadium in Uruguay, which was built to host the first-ever FIFA World Cup in 1930. The stadium has just been renovated and our Inca brand provided a valuable assist by supplying 12,000 liters of paint. An important consideration was using colors that respected the essence of the original project by architect Juan Antonio Scasso. As well as coating exteriors and the stands, our products were also used in the changing rooms, the tunnel and the interior warm-up areas.



Agenda



Key highlights



Financial review



Concluding remarks



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 2021 Report. The Q4 2021 Report provides additional information, including the IAS34 condensed consolidated financial statements.

All figures in this presentation are unaudited. The interim condensed consolidated financial statements were discussed and approved by the Board of Management and the Supervisory Board. These condensed financial statements have been authorized for issue.

Key highlights

Revenue up 9% on strong pricing of 12.5% AkzoNobel on track to offset raw material inflation

Q4 2021:

Revenue

Up 9%

(up 12% vs 2019 in CC)

Pricing*

Up 12.5%

December pricing up 14%

Full Year 2021:

Revenue

Up 12%

(up 9% vs 2019 in CC)

€1 billion
share buyback
completed in
January 2022 ✓

Adjusted
operating income*

Down 29%

Adj. EBITDA down 21%

Adjusted EPS*
From continuing operations

€0.74

(Q4 2020: €1.08)

Adjusted
operating income*

Down 1%

Adj. EBITDA flat

Final dividend
proposal of €1.54
per share (2020:
€1.52) ✓



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

Topline growth and continued progress in line with Grow & Deliver strategy

- ↯ Growth for sixth consecutive quarter (revenue* up 12% vs 2019)
- ↯ Strong pricing of 12.5% and in December at 14%
- ↯ Strong growth in Industrial Coatings and paints South Asia
- ↯ Sequential recovery in Marine and Protective Coatings

GROW

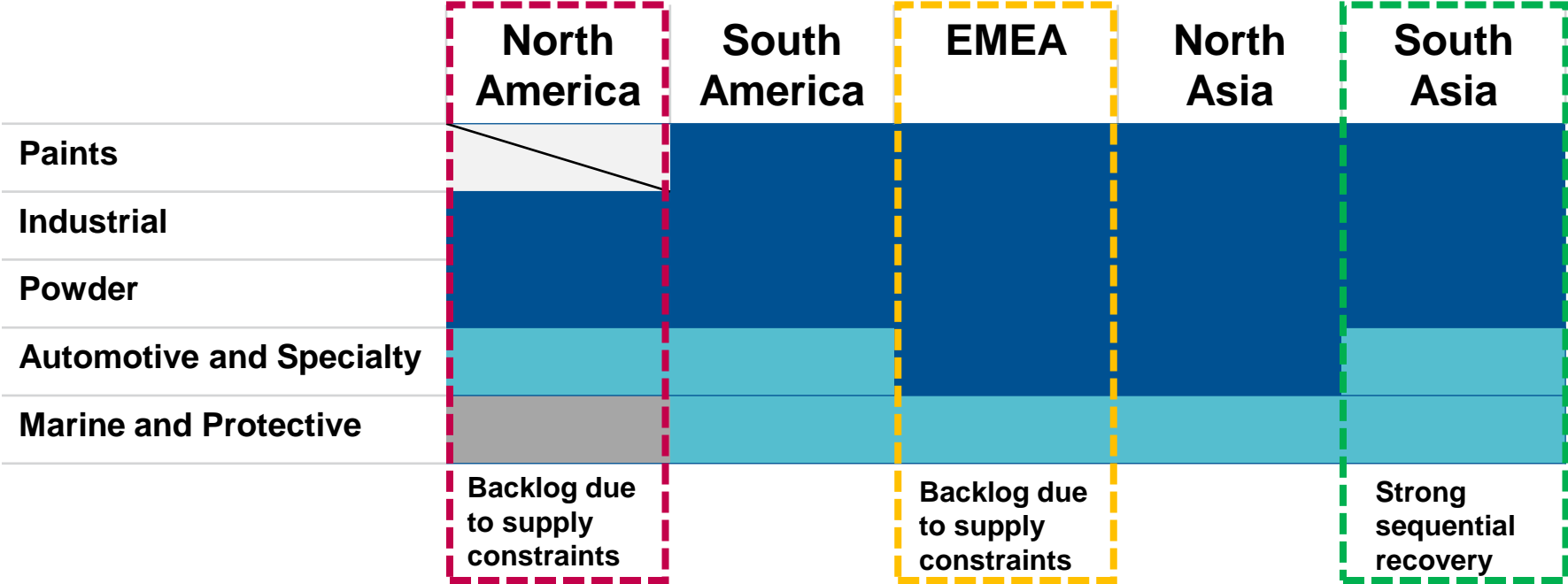
- ↯ Despite supply chain volatility, businesses delivered on internal quarterly forecasts
- ↯ ERP consolidation with 94% of revenue on four SAP systems
- ↯ All-time high Organizational Health score (72)
- ↯ ESG recognition: Terra Carta Seal at COP26

DELIVER



*In constant currencies

Underlying demand robust, continued impact in Q4 from supply constraints



End market demand (y-o-y)



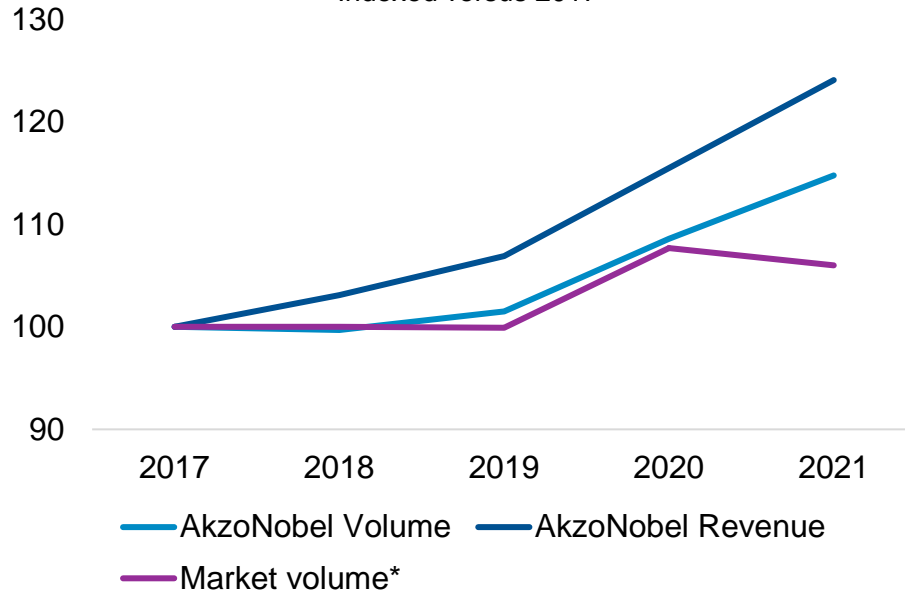
AkzoNobel outperforming Europe market

UK DIY and Trade market volumes above 2019 levels

AkzoNobel Paints Europe development

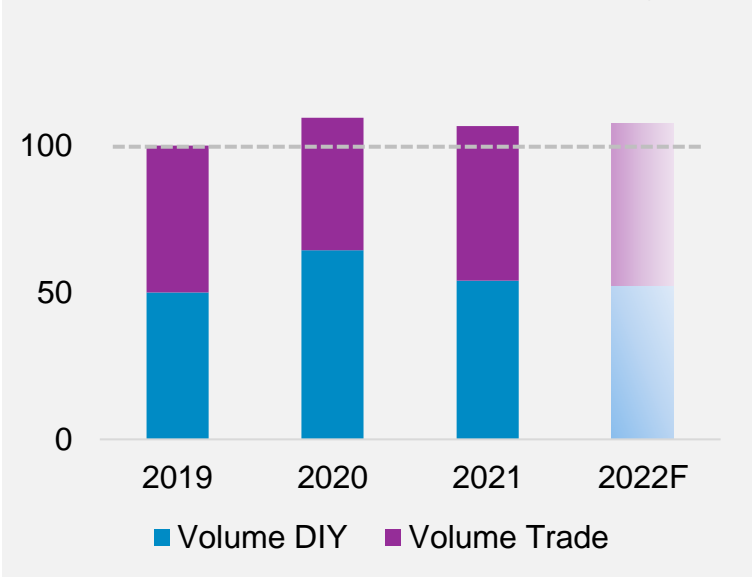
(Excludes Middle East and Africa)

Indexed versus 2017



AkzoNobel Paints UK volume trends

Versus 2019 with base index 50 for both segments



Decorative Paints South East South Asia

AkzoNobel

Leading positions and strong brands

~€7bn market (2021)

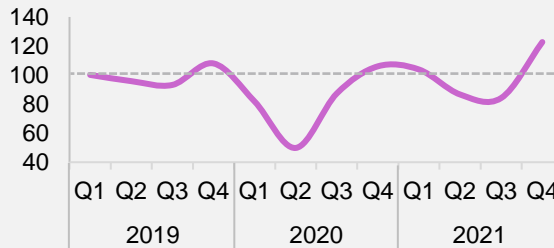
#3 in South Asia

Top market positions in Vietnam, Malaysia, Indonesia, Thailand

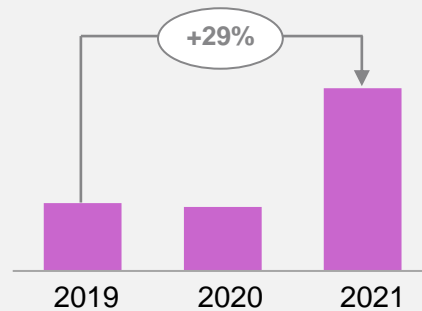
#4 in India (max opportunity)



Quarterly revenue rebased to Q1'19 (100)



Adj. operating income* growth



Market share increase in 7 out of 9 countries in 2021 through...

- ↗ 6,700 new stores onboarded across the region in 2021 (+4%)
- ↗ Strong Dulux brand and successful launches:
 - Dulux EasyClean Antiviral
 - Dulux Promise quality program
- ↗ Solid growth (>40%) in fast growing waterproofing and woodcare categories

COVID-19 lockdown impact easing

- ↗ Severe lockdown impact in Q2 and Q3 of both 2020 and 2021
- ↗ By Q4 2021, all stores in the region are back to operational

Source: Orr & Boss, internal estimates

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

Marine and Protective Coatings

Visible recovery in second half of 2021

€1.2bn revenue in 2021

#1 in Yacht

#2 in Marine and Protective

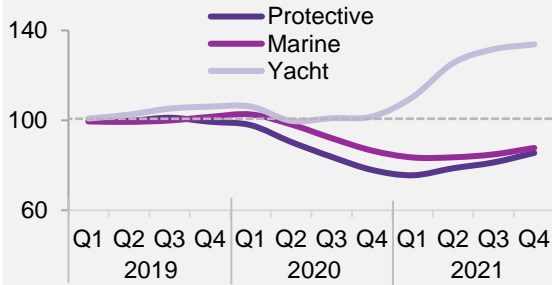
AWLGRIP



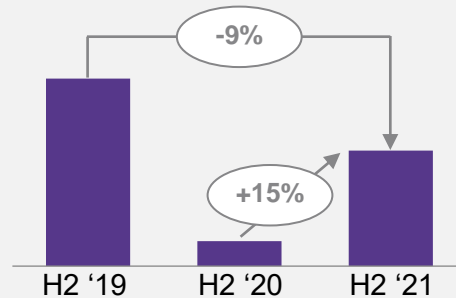
International Interlux



Moving average revenue vs. 2018 (index)



Revenue development



AkzoNobel

Marine

- ↗ Marine New Build demand recovering
- ↗ Launch of Intertrac Hullcare for hull performance and sustainability goals

Protective

- ↗ Demand recovering in energy sector for both fossil fuel and renewables
- ↗ Success in offshore wind in Europe and China

Yacht

- ↗ Increased retail demand from consumer lifestyle changes
- ↗ Robust demand in all segments, both new build & maintenance
- ↗ Acquired New Nautical Coatings (Sea Hawk yacht coatings brand)

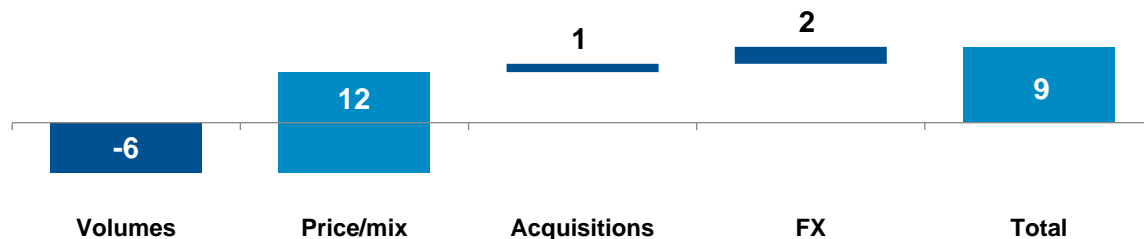
Financial review

Revenue up 9% (12% versus 2019), driven by strong pricing initiatives

€ million	Q4 2020	Q4 2021	Δ%	Δ%CC	Δ%CC Vs. Q4 '19
Revenue	2,209	2,403	9%	7%	12%
Adjusted EBITDA*	380	301	(21%)		
Adjusted operating income*	294	209	(29%)		
ROS*	13.3%	8.7%			
ROI*	16.1%	16.0%			

Revenue development Q4 2021 (%)

■ Increase ■ Decrease



Royal seal of approval for sustainability leadership

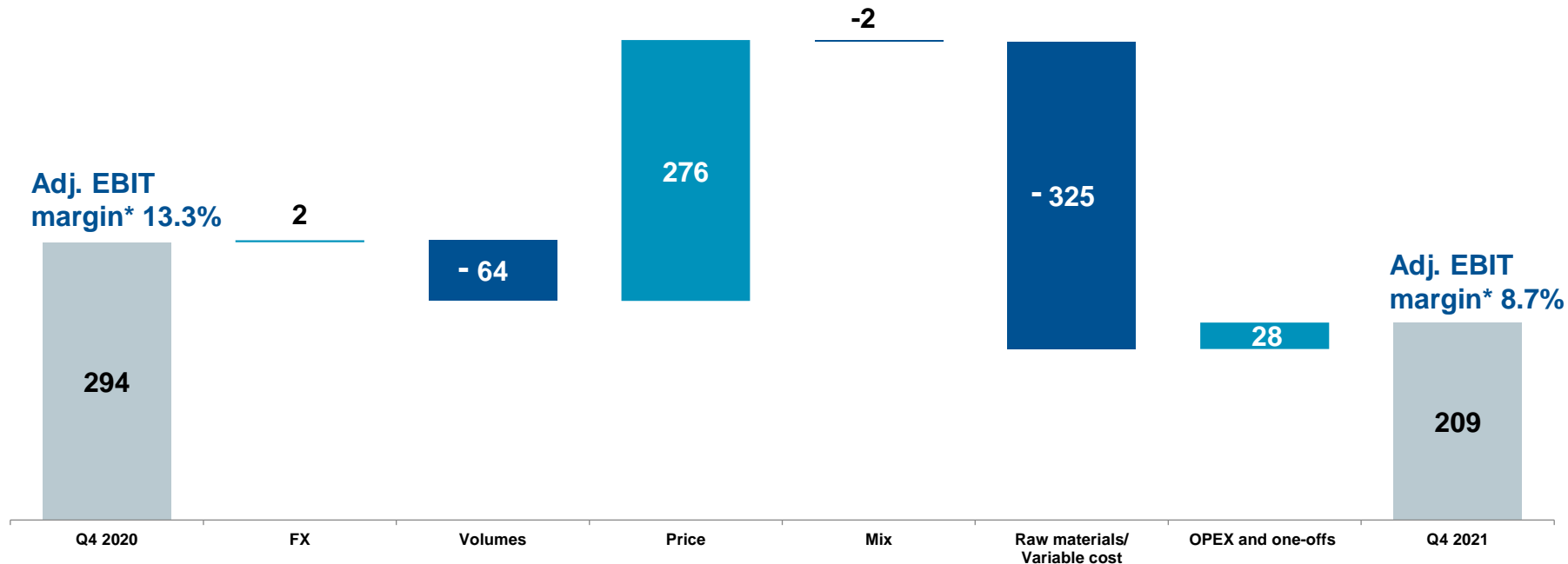
We were proud to be one of the first recipients of the Terra Carta Seal, which was launched at COP26 by His Royal Highness The Prince of Wales. The Terra Carta Seal is a major new award which recognizes global companies that are driving innovation and demonstrating their commitment to – and momentum towards – the creation of genuinely sustainable markets

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

Significant price increases partly offset raw material inflation and volume decline

Adjusted operating income* (€m)

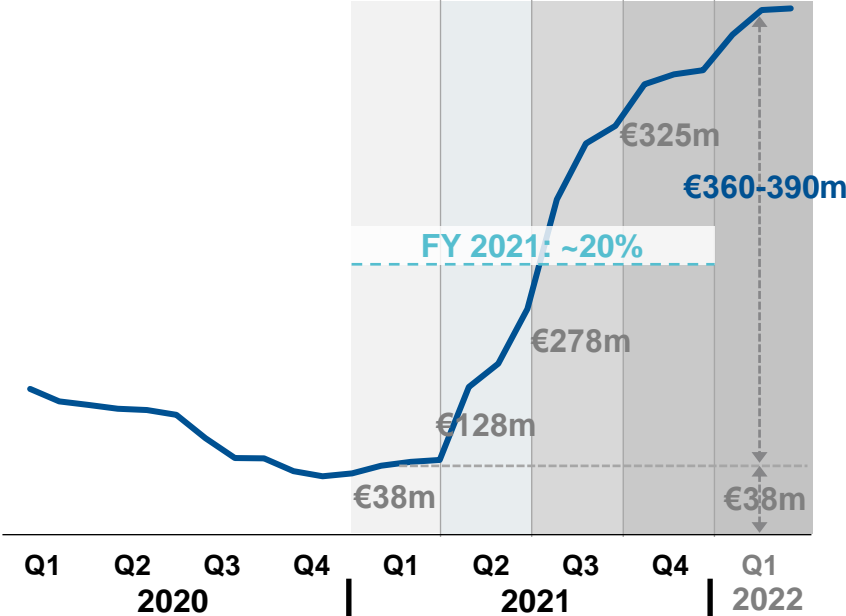
- Positive impact
- Negative impact



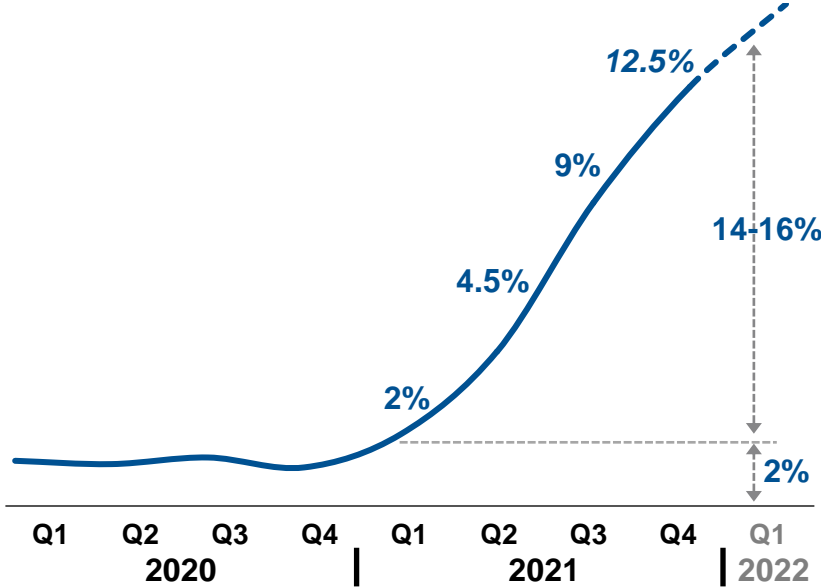
*Alternative performance measure, for definitions reconciliation of the alternative performance measures to the most directly comparable IFRS measures please see appendix

Q4 pricing up 12.5% December pricing run-rate at 14%

Raw material price index development y-o-y impact (€m)



AkzoNobel pricing (%)*



Percentage change to FY2020 annual average

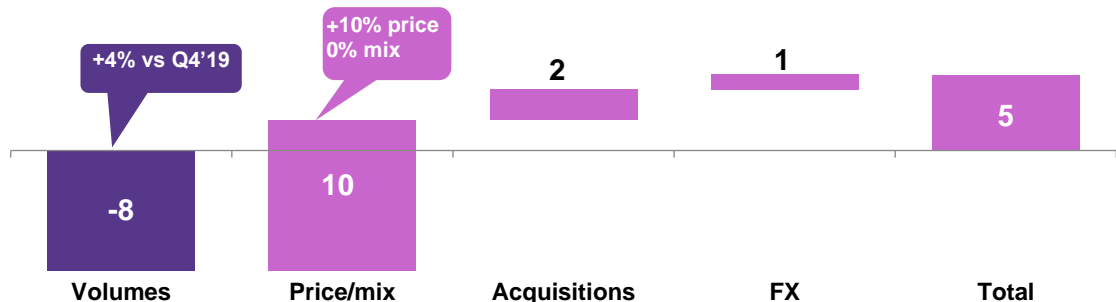
*Price only (excluding mix), percentage change vs. prior year

Paints revenue 17% higher than 2019, despite return of normalized seasonality

€ million	Q4 2020	Q4 2021	Δ%	Δ%CC	Δ%CC Vs. Q4 '19
Revenue	901	950	5%	4%	17%
Adjusted EBITDA*	160	148	(8%)		
Adjusted operating income*	126	108	(14%)		
ROS*	14.0%	11.4%			

Revenue development Q4 2021 (%)

■ Increase ■ Decrease



Bringing color to the community

As part of our global "Let's Colour" program, we teamed up with a community of mural artists in Bandung, Indonesia, to paint the walls of the Saparua Sports Center. The venue is a cultural heritage hub for sports, creativity, arts and music.

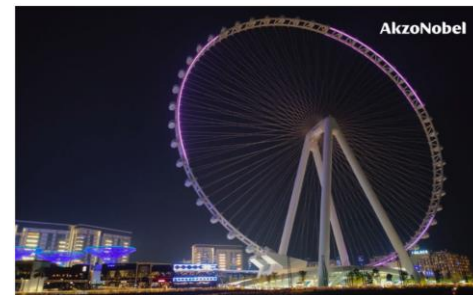
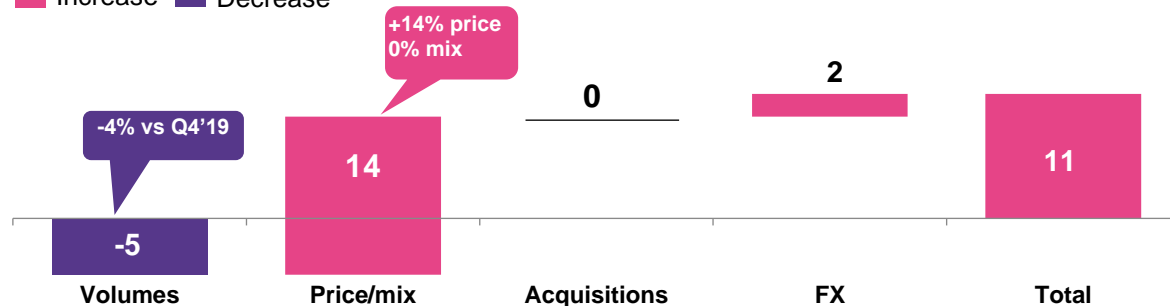
*Alternative performance measure, for definitions reconciliation of the alternative performance measures to the most directly comparable IFRS measures please see appendix

Coatings revenue up 11%, supported by y-o-y growth in all segments

€ million	Q4 2020	Q4 2021	Δ%	Δ%CC	Δ%CC Vs. Q4 '19
Revenue	1,306	1,452	11%	9%	10%
Adjusted EBITDA*	253	179	(29%)		
Adjusted operating income*	212	137	(35%)		
ROS*	16.2%	9.4%			

Revenue development Q4 2021 (%)

■ Increase ■ Decrease



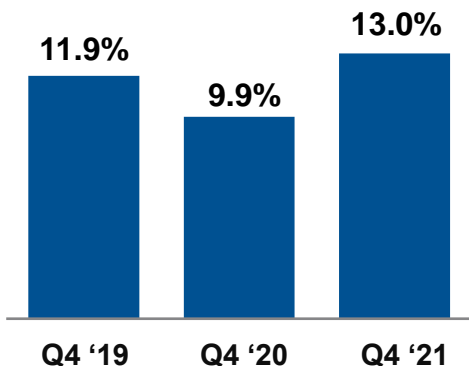
Protecting a record breaker

This is the hugely impressive Ain Dubai, the world's highest and largest Ferris wheel. It's now officially open to visitors, who get a stunning 360° view from its 48 passenger capsules. Measuring a dizzying 250 meters and featuring more than 9,000 tons of steel, we were sole supplier of protective coatings for the massive structure. The specification – from our International brand – is designed to deliver maximum protection, as well as offering outstanding color and gloss retention.

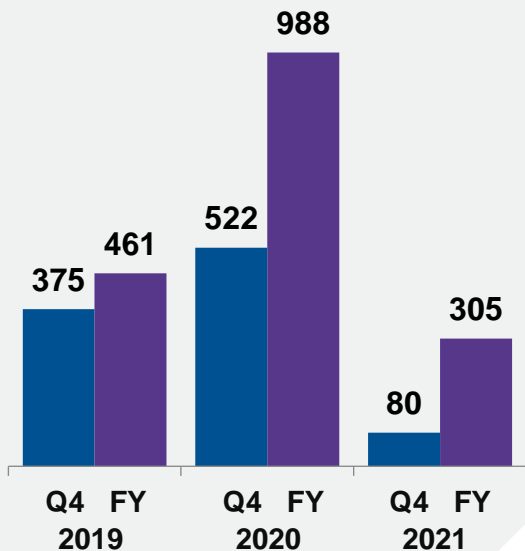
*Alternative performance measure, for definitions reconciliation of the alternative performance measures to the most directly comparable IFRS measures please see appendix

Working capital reflecting higher raw material cost and supply constraints

Operating working capital (Trade)* as a % of revenue



Free cash flow (FCF) €m excl. pension pre-funding and top-up payments**



Working capital

↗ Working capital impact from raw material inflation ~2% of revenue (2021 year-end)

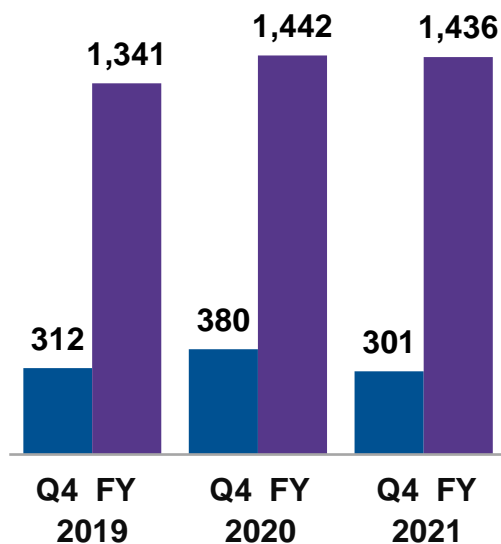
Net Debt/EBITDA 1.6 times (Q4 2020: 0.8 times)

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

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

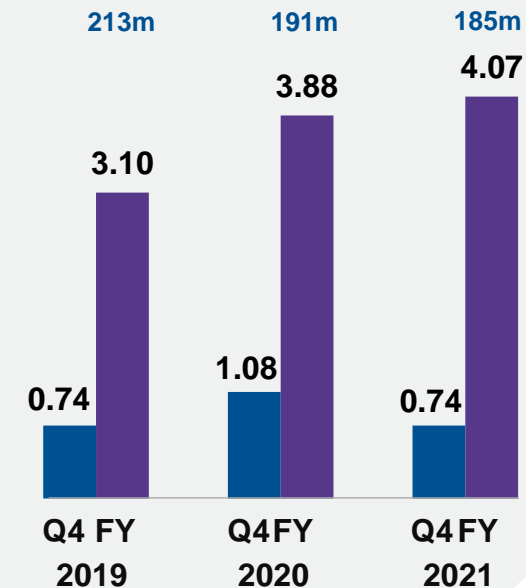
Adjusted EPS up 5% and dividends up 1.5% in 2021

Adjusted EBITDA*
(€m)

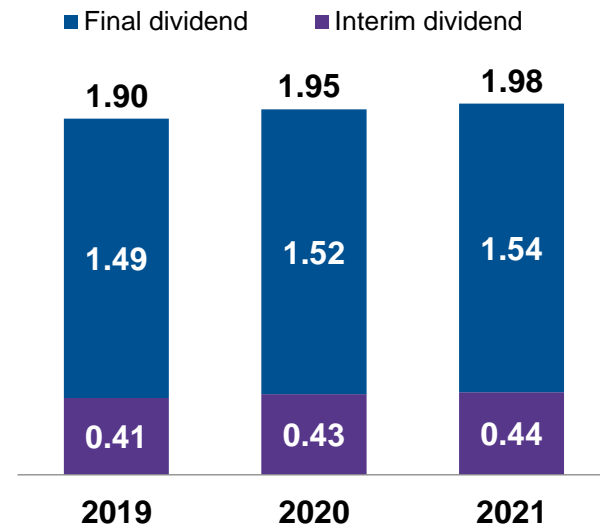


Adjusted earnings per share*
(EPS) from cont. operations (€)

Number of shares (weighted average)



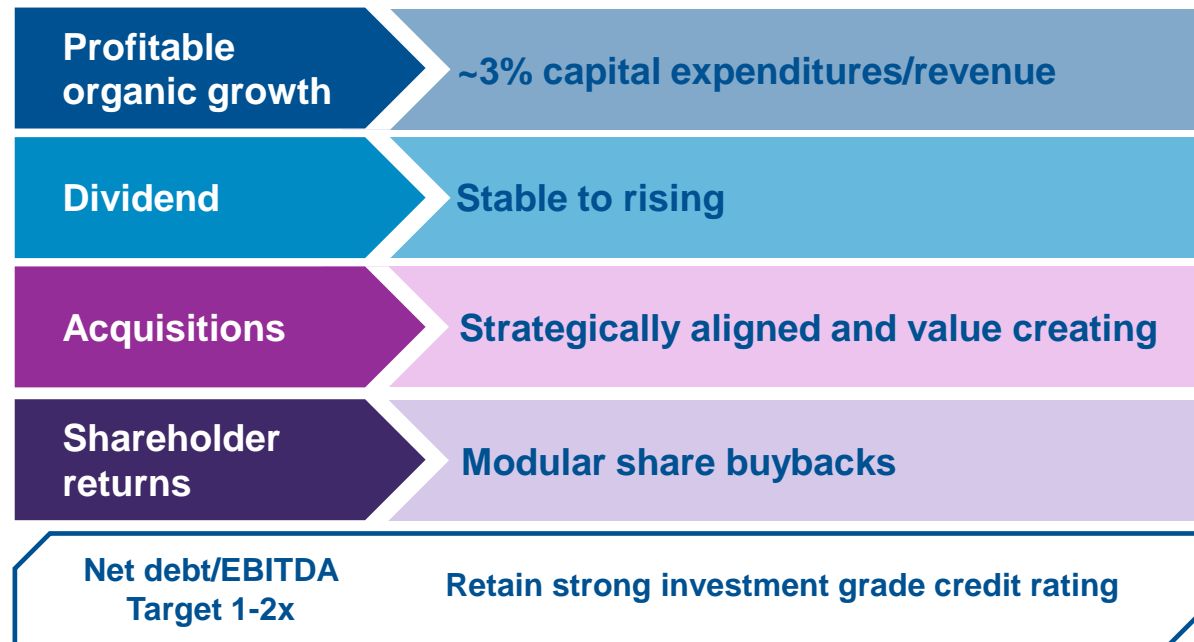
Dividend
(€)



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

Delivering on capital allocation priorities

AkzoNobel



New €500 million
share buyback announced

Concluding remarks

Q4 Highlights

- Pricing up 12.5% compared with Q4 2020. Revenue 9% higher (up 12% from Q4 2019, in constant currencies)
- Raw material and other variable costs increased €325 million compared with Q4 2020
- Adjusted operating income at €209 million (2020: €243 million)
- €1 billion share buyback completed in January 2022

Outlook

AkzoNobel targets to grow at or above its relevant markets, in line with its Grow & Deliver strategy. Trends differ per region and segment, while raw material cost inflation and supply constraints are expected to gradually ease by mid-2022.

Plans are in place to deliver the €2 billion adjusted EBITDA target for 2023, and an average annual 50 basis points increase in return on sales over the period 2021-2023.

AkzoNobel targets a leverage ratio of 1-2 times net debt/EBITDA and commits to retain a strong investment grade credit rating.

Upcoming events

AkzoNobel

Investor Update on Grow & Deliver
Publication annual report 2021
Report for the first quarter 2022
Annual general meeting of shareholders
Ex-dividend date of 2021 final dividend
Record date of 2021 final dividend
Payment of 2021 final dividend

February 17, 2022
March 2, 2022
April 21, 2022
April 22, 2022
April 26, 2022
April 27, 2022
May 4, 2022

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
- Grow & Deliver strategy balances growth and margin improvement
- People. Planet. Paint. approach to sustainable business
- Science Based Targets carbon reduction target of 50% by 2030*



Disclaimer/forward-looking statements

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 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

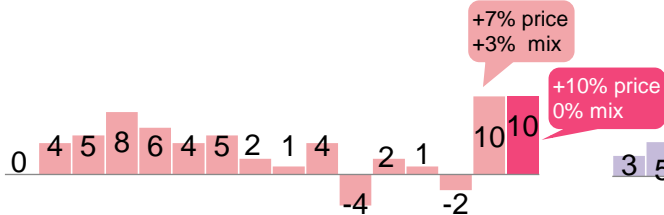
www.akzonobel.com

Appendix

Robust pricing initiatives continue, Q4 pricing up 12.5%

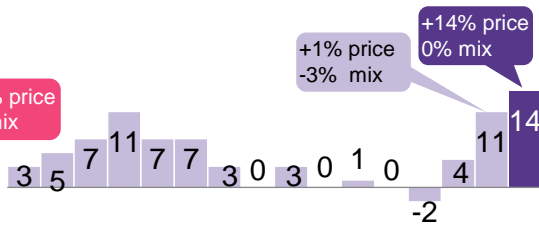
Paints

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



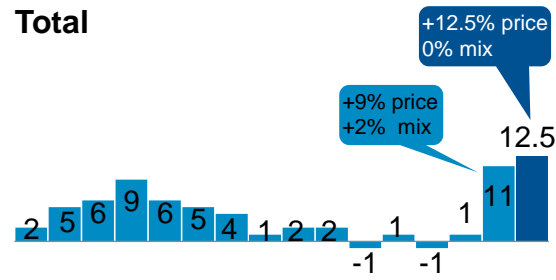
Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4
18 18 18 18 19 19 19 19 20 20 20 20 21 21 21 21

Coatings



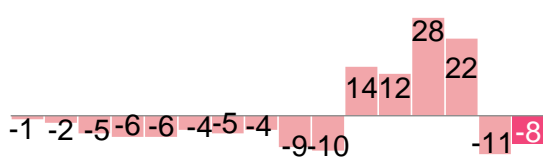
Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4
18 18 18 18 19 19 19 19 20 20 20 20 21 21 21 21

Total

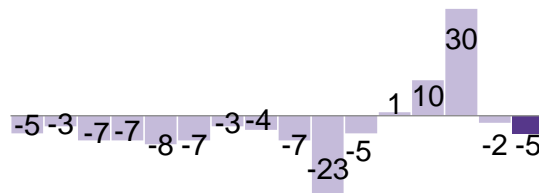


Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4
18 18 18 18 19 19 19 19 20 20 20 20 21 21 21 21

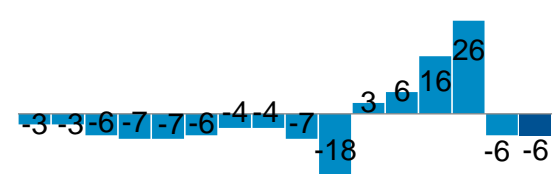
Quarterly volume* development in % year-on-year



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



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



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



*Organic volume development, does not include acquisition impact

Definitions of alternative performance measures

- ↗ **Adjusted earnings per share** are the basic earnings per share from operations, excluding identified items and taxes thereon
- ↗ **Adjusted operating income** is operating income excluding identified items
- ↗ **Adjusted EBITDA** is operating income excluding depreciation, amortization and identified items
- ↗ **Constant currencies** calculations exclude the impact of changes in foreign exchange rates
- ↗ **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; ROS excluding unallocated cost was reported in relation to the Winning together: 15 by 20 strategy and is no longer reported
- ↗ **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

Assumptions for 2021-2023

- ↗ Revenue growth \geq market CAGR**
- ↗ €2bn adjusted EBITDA for 2023
- ↗ 150 bps ROS* expansion versus 2020
- ↗ Other activities €140-180 million
- ↗ Effective tax rate ~26%
- ↗ Capital expenditures ~3% of revenue
- ↗ Dividend policy “stable to rising”
- ↗ Leverage 1-2x net debt/EBITDA

Assumes no significant market disruption

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

** Market data by Orr & Boss.

Consolidated statement of free cash flows*

Q4 2020	Q4 2021	€ million	2020	2021
333	299	EBITDA	1,324	1,469
9	-	Impairment losses	10	3
(17)	(2)	Pre-tax result on acquisitions and divestments	(27)	(14)
366	(10)	Changes in working capital	184	(405)
-	-	Pension pre-funding	-	23
(9)	(1)	Pension top-up payments	(26)	(11)
4	(32)	Other changes in provisions	(42)	(138)
(10)	(15)	Interest paid	(47)	(77)
(72)	(65)	Income tax paid	(165)	(222)
11	4	Other	9	(23)
615	178	Net cash from operating activities	1,220	605
(102)	(99)	Capital expenditures	(258)	(288)
513	79	Free cash flow	962	317
Net Debt			1,034	2,340
Leverage (Net Debt/EBITDA)			0.8	1.6

Operating income to net income

Q4 2020	Q4 2021	€ million	2020	2021
243	205	Operating income	963	1,118
(16)	(8)	Net financing expenses	(69)	(39)
7	5	Results from associates and joint ventures	25	26
234	202	Profit before tax	919	1,105
(52)	(2)	Income tax	(241)	(246)
182	200	Profit from continuing operations	678	859
(1)	1	Profit from discontinued operations	(7)	6
181	201	Profit for the period	671	865
(14)	(14)	Non-controlling interests	(41)	(36)
167	187	Net income	630	829
Q4 2020	Q4 2021	Earnings per share (in €)	2020	2021
0.87	1.04	Total operations	3.29	4.48
Q4 2020	Q4 2021	Adjusted earnings per share*	2020	2021
1.08	0.74	Continuing operations	3.88	4.07

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Alternative performance measures

Q4 '20	Q4 '21	Δ%	Operating income (€m)	2020	2021	Δ%
122	108	(11%)	Decorative Paints	551	640	16%
215	137	(36%)	Performance Coatings	665	650	(2)%
(94)	(40)		Other activities	(253)	(172)	
243	205	(16%)	Total	963	1,118	16%

Q4 '20	Q4 '21	Identified items (€m)	2020	2021
(4)	-	Decorative Paints	(22)	42
3	-	Performance Coatings	(35)	2
(50)	(4)	Other activities	(79)	(18)
(51)	(4)	Total	(136)	26

Q4 '20	Q4 '21	Δ%	Adjusted operating income (€m)	2020	2021	Δ%
126	108	(14%)	Decorative Paints	573	598	4%
212	137	(35%)	Performance Coatings	700	648	(7)%
(44)	(36)		Other activities	(174)	(154)	
294	209	(29%)	Total	1,099	1,092	(1%)

Q4 '20	Q4 '21	Δ%	EBITDA (€m)	2020	2021	Δ%
243	205	(16%)	Operating income	963	1,118	16%
90	94		Depreciation and Amortization	361	351	(5)%
333	299	(10%)	EBITDA	1,324	1,469	11%

Q4 '20	Q4 '21	Δ%	Adjusted EBITDA (€m)	2020	2021	Δ%
294	209	(29%)	Adjusted operating income	1,099	1,092	(1)%
86	92		Depreciation and Amortization (excl. identified items)	343	344	
380	301	(21%)	Adjusted EBITDA	1,442	1,436	-%

Q4 '20	Q4 '21	OPI margin (%)	2020	2021
13.5	11.4	Decorative Paints	15.5	16.1
16.5	9.4	Performance Coatings	13.4	11.6
		Other activities*		
11.0	8.5	Total	11.3	11.7

Q4 '20	Q4 '21	ROS (%)	2020	2021
14.0	11.4	Decorative Paints	16.1	15.0
16.2	9.4	Performance Coatings	14.1	11.6
		Other activities*		
13.3	8.7	Total	12.9	11.4

Q4 '20	Q4 '21	Adjusted earnings per share from continuing operations	2020	2021
234	202	Profit before tax from continuing operations	919	1,105
51	4	Identified items reported in operating income	136	(26)
(3)	(8)	Identified items reported in interest	(3)	(29)
(63)	(50)	Adjusted income tax	(269)	(261)
(14)	(14)	Non-controlling interests	(41)	(36)
205	134	Adjusted net income from continuing operations	742	753

Q4 '20	Q4 '21	Weighted average number of shares (in millions)	2020	2021
190.5	180.6		191.4	185.0
1.08	0.74	Adjusted earnings per share from continuing operations	3.88	4.07

Average invested capital (€m)	2020	2021	Δ%
Decorative Paints	2,799	2,872	3%
Performance Coatings	3,388	3,520	4%
Other activities	647	437	
Total	6,834	6,829	-%

ROI (%)	2020	2021
Decorative Paints	20.5	20.8
Performance Coatings	20.7	18.4
Total	16.1	16.0

EBITDA (€m)	2020	2021
Operating income	963	1,118
Depreciation and amortization	361	351
EBITDA	1,324	1,469

Net Debt (€m)	2020	2021
Short term investments	(250)	(58)
Cash and cash equivalents	(1,606)	(1,152)
Long-term borrowings	2,771	1,994
Short-term borrowings	119	1,556
Net Debt	1,034	2,340

Leverage ratio	2020	2021
Net debt	1,034	2,340
EBITDA	1,324	1,469
Leverage ratio	0.8	1.6

*OPI/ROS for Other activities is not shown, as this is not meaningful

We are leading the way in our industry

AkzoNobel



MSCI ESG RATINGS	2020 ecovadis Sustainability Rating	SUSTAINALYTICS a Morningstar company	vigeo eiris	FERRA CARTA
Investors	Customers	Investors	Europe	Society
Only P&C company rated "AAA"	"Platinum" rating	"Low risk" rating	First in the chemical industry	Only chemical company receiving this seal