

Investor update Half-year and Q2 2017

July 25, 2017



Agenda



Shareholder engagement



Strategy update



Operational and financial review



Concluding remarks



Questions

Continued focus on actions to improve shareholder relations

Extensive dialog to date

285 meetings/calls with 212 investors in the past 6 months (vs 191 meetings/calls last year)

57 meetings/ calls with 104 investors in June (vs 26 meetings/calls last year)

Shareholder survey conducted June 2017 delivered feedback from investors holding more than 42% of the total shareholding:

- Strategy well understood
- Further information sought:
 - 1.Plans to achieve 2020 margin targets and growth
 - 2.Specialty Chemicals business and separation
 - 3.Consideration of PPG's proposals

Next steps

- Program of meetings to introduce new CEO
- EGM on September 8, 2017 with agenda items:
 - Appointment of Thierry Vanlancker
 - Discussion regarding proposals made by PPG
- Creation of Supervisory Board committee for shareholder relations
- Appointed advisor for shareholder relations
- Senior Executive remuneration to be aligned to the new financial plan
- Augmented schedule of roadshows and conferences
- Enlarged program of analyst and investor webcasts and events



Strategy update

AkzoNobel

Micronutrients capacity being expanded in Europe: We're investing more than €10 million in Sweden to expand capacity for our chelated micronutrients, which are used as essential ingredients for agriculture. The project, at Kvarntorp, will help meet growing demand for micronutrients, particularly in regions with poor soil conditions. Due to be completed in 2018, the expansion will primarily add capacity for high performance iron chelates, in which we are the market leader.

Step change in growth and long-term value creation

Strategy: Create two focused businesses

- ↗ Separation within 12 months
- ↗ Dual-track process with project teams in place
- ↗ Focused Paints and Coatings strategy

Accelerating sustainable growth and profitability

- ↗ Clearer customer focus
- ↗ Fit for purpose organization and processes
- ↗ €150m savings per year from continuous improvement

2017
guidance¹
EBIT
+€100m

2020
guidance¹
ROS 15%
ROI >25%

Increased shareholder returns:

- ↗ 50% higher dividend for 2017²
- ↗ €1bn special cash dividend
- ↗ Vast majority of net proceeds returned³

Strong financial and operational foundation

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

2) Dividend per share €1.65 for Paints and Coatings in 2018; 3) Specialty Chemicals separation

AkzoNobel

Paints and Coatings

Accelerating sustainable growth and value creation

- Capacity expansions in Brazil, Mexico, Sweden and Thailand
- Two acquisitions announced to strengthen Performance Coatings business
- Decorative Paint product launches including Levis in China and EasyCare in Brazil
- New set-up for Executive Committee
- Specialty Chemicals separation process on track for completion by April 2018

On track to create two focused high-performing businesses

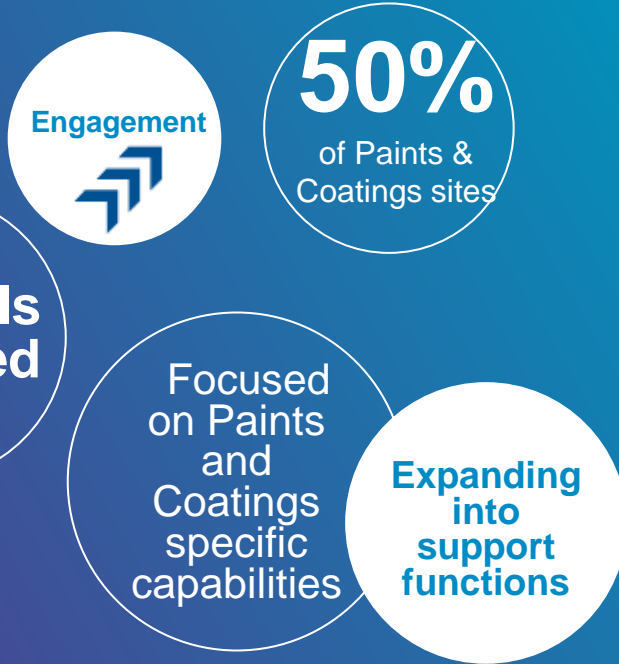
- ↗ Alignment of leadership and organization structure underway
- ↗ Works Council engagement process ongoing
- ↗ Detailed roadmaps being implemented for critical transitions (including Legal and IT)
- ↗ All advisors appointed and working seamlessly with the AkzoNobel internal teams
- ↗ Commercial, Financial, Legal and Environmental due diligence taking place

Separation process on track for completion by April 2018



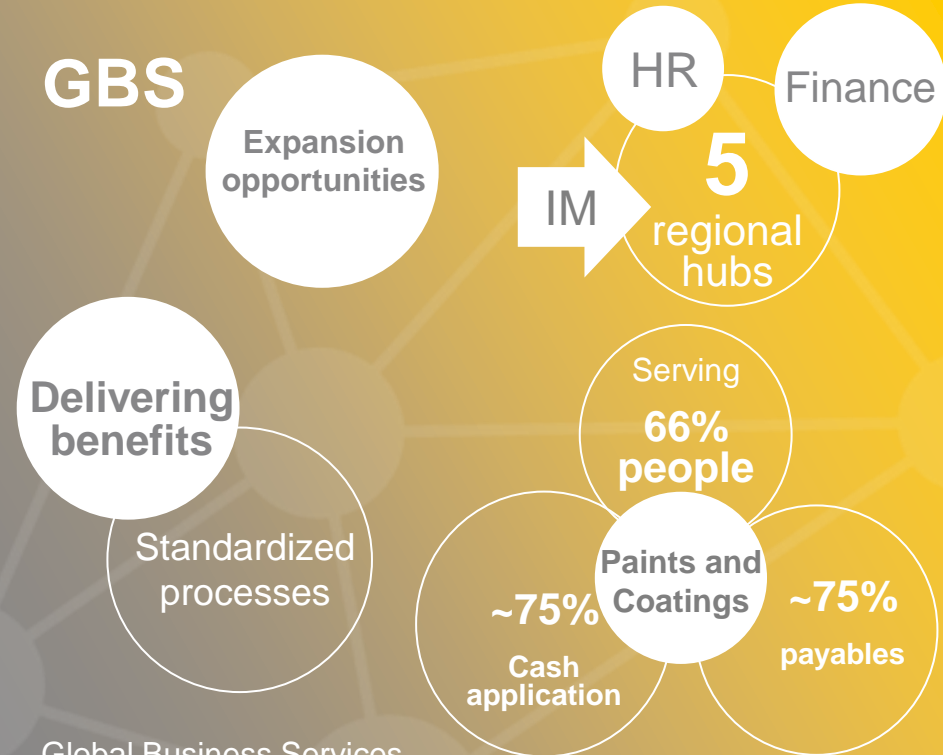
Expect continuous improvement savings of €150-200m in 2017

ALPS



AkzoNobel Leading Performance System

GBS



Global Business Services

Operational and financial review

AkzoNobel



Colorful mural celebrates community spirit: Artists from Argentina and Belgium have transformed one of the biggest slums in Buenos Aires. We donated more than 400 liters of our Alba decorative paints brand to help create a colorful open air gallery in Saldías. The main mural, which covers an area of around 800 square meters, celebrates the people and spirit of the local community.

Mixed market environment

AkzoNobel



Continued growth while dealing with short-term headwinds

Half-year 2017

Q2 2017

Volumes

2% higher

Revenue

up 4%
and for all Business Areas

Revenue

up 2%

Announced acquisition of Disatech and Flexcrete

EBIT

up 1%

Adjusted EPS

up 4%
at €2.40

Adjusted EPS

2% higher
at €1.35

Official sustainability partner of the 2017/2018 Volvo Ocean Race

Share repurchase program completed



Volumes up for Paints and Chemicals and price/mix effects improving

Decorative Paints

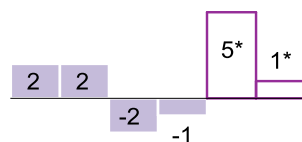
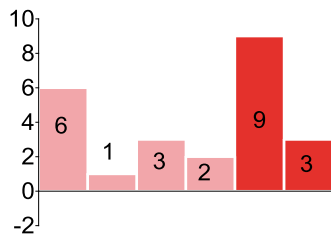
Performance Coatings

Specialty Chemicals

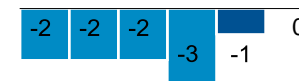
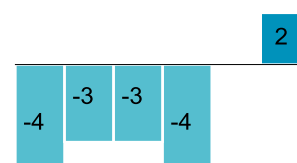
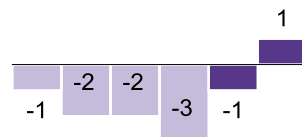
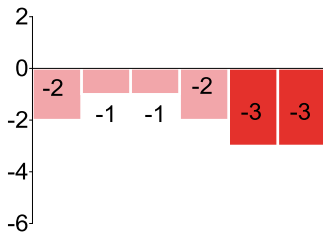
AkzoNobel

■ 2016
■ 2017

Quarterly volume development in % year-on-year



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



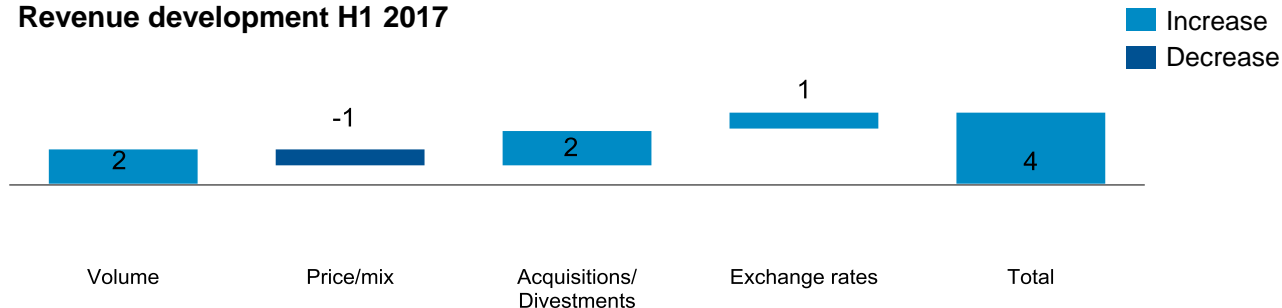
* Includes acquisitions



Half-year 2017: Revenue up for all Business Areas

€ million	H1 2016	H1 2017	Δ%
Revenue	7,141	7,446	4
EBIT (Operating income excluding identified items)	825	837	1
Operating income	848	817	(4)
Ratio, %	H1 2016	H1 2017	
ROS*	11.6	11.2	
Moving average ROI*	15.1	14.8	

Revenue development H1 2017

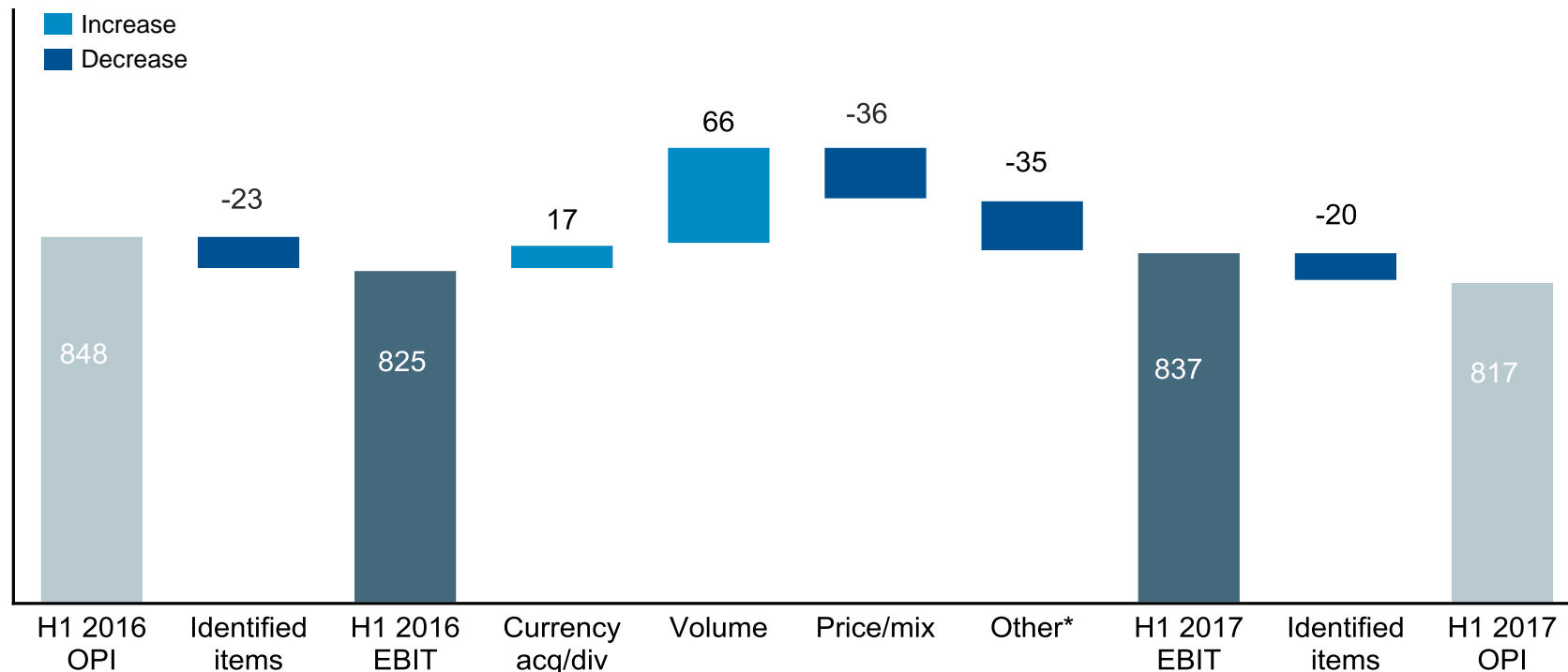


*ROS% = EBIT/revenue. Moving average ROI (in %) = 12 months EBIT/12 months average invested capital



Customers in the South East Asia region will benefit from a new €31million multi-site facility in Chonburi, Thailand.

Higher volumes while increased raw material costs not yet fully compensated



* Other includes raw materials, restructuring costs and productivity improvements, wage inflation, depreciation and amortization



Decorative Paints half-year 2017: Higher volumes and profitability

€ million	H1 2016	H1 2017	Δ%
Revenue	1,916	1,968	3
EBIT (Operating income excluding identified items)	183	198	8
Operating income	183	198	8

Ratio, %	H1 2016	H1 2017
ROS*	9.6	10.1
Moving average ROI*	12.3	13.5

Revenue development H1 2017



AkzoNobel has launched its Levis premium paint brand in the professional market segment in China.

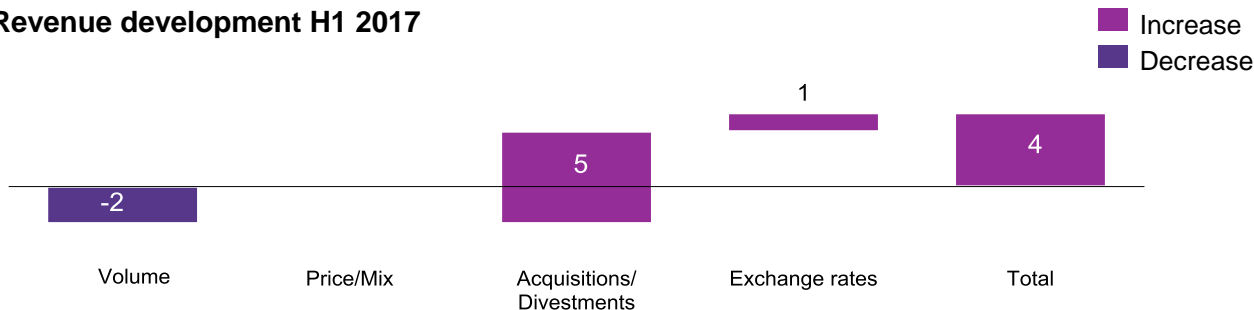


*ROS% = EBIT/revenue. Moving average ROI (in %) = 12 months EBIT/12 months average invested capital

Performance Coatings half-year 2017: Revenue up, driven by acquisition

€ million	H1 2016	H1 2017	Δ%
Revenue	2,861	2,975	4
EBIT (Operating income excluding identified items)	408	389	(5)
Operating income	408	389	(5)
Ratio, %	H1 2016	H1 2017	
ROS*	14.3	13.1	
Moving average ROI*	31.0	27.2	

Revenue development H1 2017



*ROS% = EBIT/revenue. Moving average ROI (in %) = 12 months EBIT/12 months average invested capital



AkzoNobel completed an expansion of its US research and development facilities in Houston, Texas.

Specialty Chemicals half-year 2017: Revenue and EBIT up due to higher volumes

€ million	H1 2016	H1 2017	Δ%
Revenue	2,412	2,548	6
EBIT (Operating income excluding identified items)	343	355	3
Operating income	343	355	3

Ratio, %	H1 2016	H1 2017
ROS*	14.2	13.9
Moving average ROI*	17.1	18.0

Revenue development H1 2017



*ROS% = EBIT/revenue. Moving average ROI (in %) = 12 months EBIT/12 months average invested capital

Ten start-ups will see their innovative ideas move a step closer after being named winners of AkzoNobel's global Imagine Chemistry challenge.



Free cash flow impacted by higher tax paid and changes to provisions

<i>€ million</i>	H1 2016	H1 2017
EBITDA	1,129	1,154
Interest paid	-20	-13
Tax paid	-111	-158
Changes in working capital, provision* and other	-630	-744
Capital expenditures (including intangible assets)	-278	-281
Free cash flow, excluding pension top-up payments	90	-42
Pension top-up payments	-251	-214
Free cash flow (from operations)	-161	-256

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

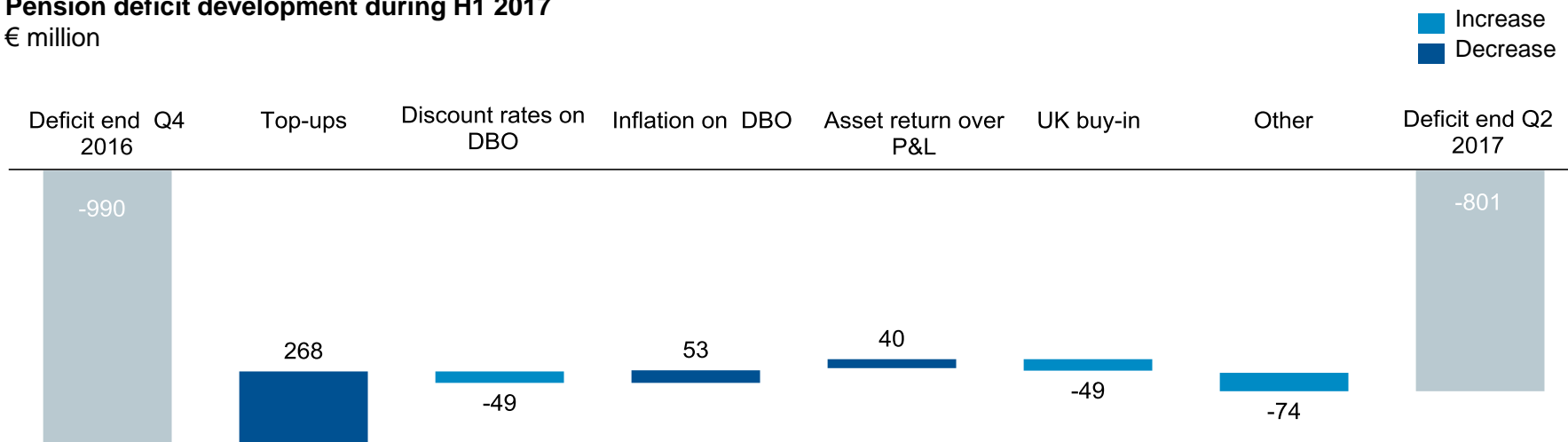


IAS19 pension deficit €0.8 billion

Key pension financial assumptions	Q4 2016	Q2 2017
Discount rate	2.4%	2.4%
Inflation rate	3.1%	3.0%

Pension deficit development during H1 2017

€ million



Concluding remarks

AkzoNobel

An aerial photograph showing a large industrial complex, likely an AkzoNobel site, situated in a tropical region. The complex features several large, rectangular industrial buildings with grey roofs, surrounded by paved areas and parking lots. A prominent highway or road runs horizontally across the middle of the site. The surrounding landscape is a mix of dense green rainforest and cleared areas. In the background, a densely populated urban area is visible, with numerous small buildings and structures. The overall scene illustrates the integration of industrial operations with natural and urban environments.

A large area of Brazilian rainforest located within one of AkzoNobel's sites is being planted with around 12,000 seedlings of species native to the region as part of an ongoing project to safeguard the fragile ecosystem.

Investment in sustainability, innovation and society key for long-term value creation

AkzoNobel



We continue to anticipate positive developments for EMEA (excluding the UK), North America and Asia, improving during the year, while Latin America is expected to stabilize. Market trends will remain challenging for the marine and oil and gas industries.

We have improved our ability to respond to developments in our markets and continue taking appropriate measures, including structure to drive operational excellence and additional cost control, to deal with higher raw material prices in an inflationary environment.

We continue to expect EBIT for 2017 to be around €100 million higher than 2016, as a result of growth momentum and continuous improvement, assuming no further material changes in market and economic dynamics, including foreign currencies.

Accelerating sustainable growth and value creation

- Capacity expansions in Brazil, Mexico, Sweden and Thailand
- Two acquisitions announced to strengthen Performance Coatings business
- Decorative Paint product launches including Levis in China and EasyCare in Brazil
- New set-up for Executive Committee
- Specialty Chemicals separation process on track for completion by April 2018

Upcoming events

- ↵ Extraordinary General Meeting of shareholders September 8, 2017
- ↵ Report for the third quarter 2017 October 18, 2017
- ↵ Report for the full-year and fourth quarter 2017 February 8, 2018
- ↵ Report for the first quarter 2018 April 24, 2018
- ↵ Annual General Meeting of shareholders April 26, 2018
- ↵ Report for the second quarter 2018 July 18, 2018
- ↵ Report for the third quarter 2018 October 17, 2018



Questions

AkzoNobel

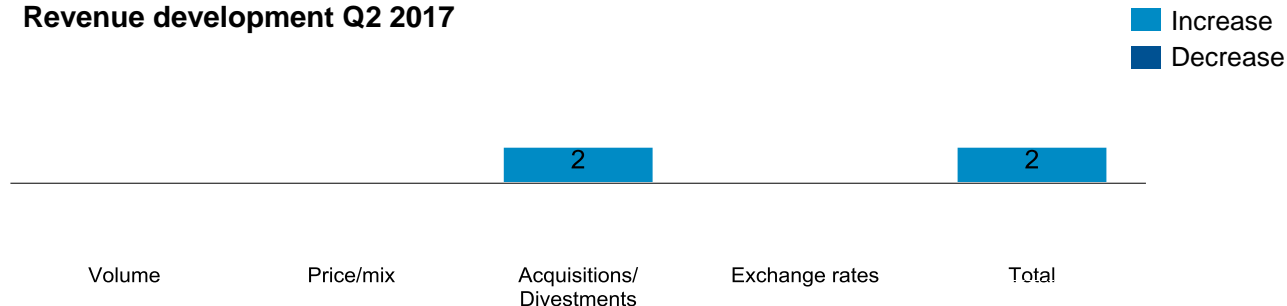
AkzoNobel launches Human Cities Coalition: More than 150 stakeholders and 20 partners – including Arcadis, Philips, ABN-AMRO, the Dutch Ministry of Foreign Affairs and Slumdweller International – have come together to form the Human Cities Coalition. Founded by AkzoNobel, its key focus is on realizing Goal 11 of the United Nations' 17 Sustainable Development Goals: sustainable cities and communities.

Appendix

Q2 2017: Revenue up, mainly due to acquisitions

€ million	Q2 2016	Q2 2017	Δ%
Revenue	3,711	3,785	2
EBIT (Operating income excluding identified items)	491	461	(6)
Operating income	491	441	(10)
Ratio, %	Q2 2016	Q2 2017	
ROS*	13.2	12.2	
Moving average ROI*	15.1	14.8	

Revenue development Q2 2017



*ROS% = EBIT/revenue. Moving average ROI (in %) = 12 months EBIT/12 months average invested capital



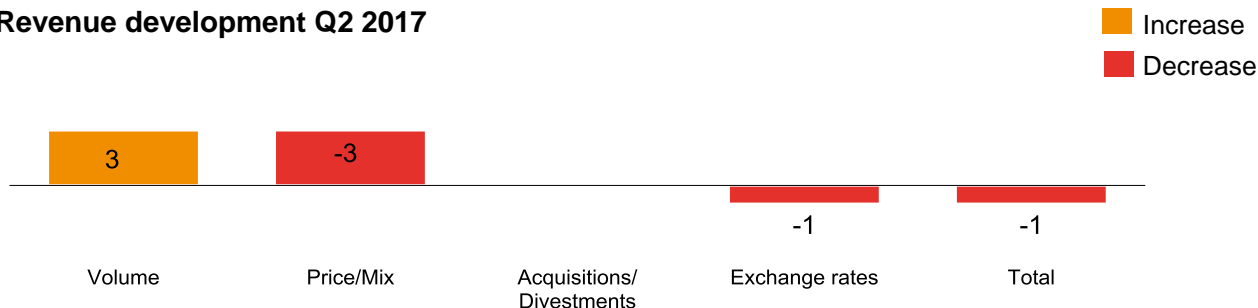
Launch of new project to renovate outdoor artworks by Tomie Ohtake in Brazil.

Decorative Paints Q2 2017: Volume growth driven by Asia and LATAM

€ million	Q2 2016	Q2 2017	Δ%
Revenue	1,055	1,046	(1)
EBIT (Operating income excluding identified items)	131	121	(8)
Operating income	131	121	(8)

Ratio, %	Q2 2016	Q2 2017
ROS*	12.4	11.6
Moving average ROI*	12.3	13.5

Revenue development Q2 2017



Artists in Malaysia created murals for Starbucks stores using colorful paints provided by AkzoNobel.



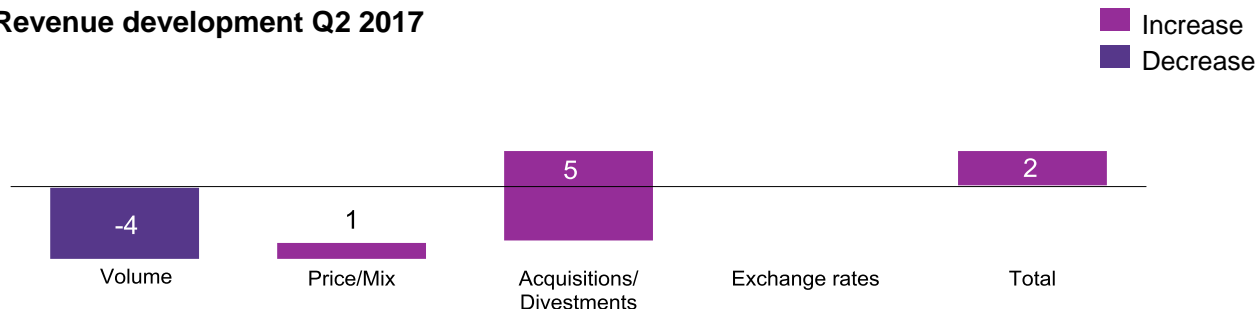
*ROS% = EBIT/revenue. Moving average ROI (in %) = 12 months EBIT/12 months average invested capital

Performance Coatings Q2 2017: Continued weak demand in marine

€ million	Q2 2016	Q2 2017	Δ%
Revenue	1,473	1,504	2
EBIT (Operating income excluding identified items)	222	202	(9)
Operating income	222	202	(9)

Ratio, %	Q2 2016	Q2 2017
ROS*	15.1	13.4
Moving average ROI*	31.0	27.2

Revenue development Q2 2017



An expansion in Santo Andre, Brazil, will enable the company to be more agile in responding to local customer needs.

*ROS% = EBIT/revenue. Moving average ROI (in %) = 12 months EBIT/12 months average invested capital

Specialty Chemicals Q2 2017: Revenue up, with growth in all regions

€ million	Q2 2016	Q2 2017	Δ%
Revenue	1,206	1,259	4
EBIT (Operating income excluding identified items)	179	179	-
Operating income	179	179	-

Ratio, %	Q2 2016	Q2 2017
ROS*	14.8	14.2
Moving average ROI*	17.1	18.0

■ Increase
■ Decrease

Revenue development Q2 2017



Increased organic peroxide capacity for North American specialty chemicals market.

*ROS% = EBIT/revenue. Moving average ROI (in %) = 12 months EBIT/12 months average invested capital

Disclaimer/ forward-looking statements

This presentation does not constitute or form a part of any offer, or any invitation or other solicitation of any offer, to buy or subscribe for any securities in AkzoNobel N.V. 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. 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.