

Extraordinary General Meeting

September 8, 2017



Agenda

1. Appointment of Mr. T.F.J. Vanlancker as member of the Board of Management
(voting point)
2. Further explanation and discussion regarding AkzoNobel's response to the unsolicited and non-binding proposals made by PPG in March/April 2017
(discussion point)

Switch to voting slide

- ↗ **How we evaluated the PPG proposals**
- ↗ **Our approach to shareholder engagement**



Further explanation of our response to the unsolicited proposals from PPG

Objectives:

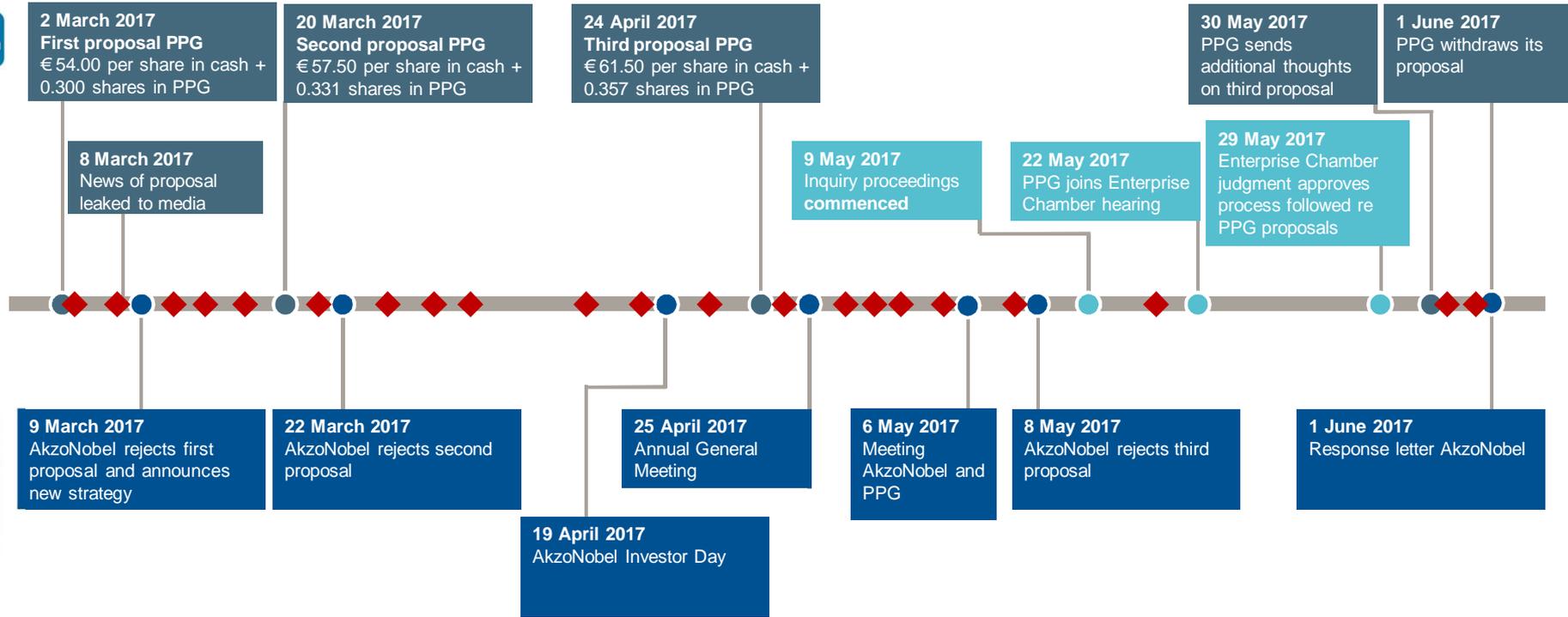
- ↗ Provide further insight into decision-making and response
 - Render account of these decisions in the period between 2 March and 1 June
- ↗ Show transparency regarding the process followed by the Boards
 - Explain how the Boards arrived at their conclusions
- ↗ Responding to shareholder feedback
 - Provide further opportunity for shareholders to raise questions
 - Focus areas: value, antitrust and process/engagement

The timeline of events

◆ Meeting of the Boards (21)



AkzoNobel



The process followed by the Boards

Relevant expertise	<ul style="list-style-type: none">Financial advisors to assist in financial evaluation of the PPG proposalsLegal advisors to advise on Boards' legal duties and assist in legal evaluation of the PPG proposals (including antitrust)Independent legal advice for the Supervisory Board
Due and careful consideration	<ul style="list-style-type: none">Open-minded approach in assessing the PPG proposalsTotal of 21 meetings of the Boards to discuss the proposals by PPG and AkzoNobel's own strategic plansThe proposals by PPG were carefully considered and discussed at length at these meetings
Communication	<ul style="list-style-type: none">Clearly expressed our concerns regarding PPG's proposals in our letters to PPGTo enable PPG to further explain its views on its third proposal, we met with representatives of PPG on 6 May
Decision-making	<ul style="list-style-type: none">Unanimous conclusions in respect of all proposals by PPG

Legal framework for Boards' assessment

*"The management board is responsible for the continuity of the company and its affiliated enterprise. The management board focuses on long-term value creation for the company and its affiliated enterprise, and takes into account the stakeholder interests that are relevant in this context. The supervisory board monitors the management board in this."
(Dutch Corporate Governance Code 2016, Principle 1.1.)*

In this context, PPG's proposals were assessed on four key aspects:

- 1) Value
- 2) Timing
- 3) Certainty
- 4) Stakeholder interests

Value considerations

Hans De Vriese – Interim CFO

Valuation methodologies used to assess financial terms of the proposals

To assess the financial terms of PPG's proposals, the financial advisors provided the Boards with a value assessment based on a broad range of valuation methodologies and related analyses, including the following:

1) CONTROL VALUE BENCHMARKS

- ↗ DCF – AkzoNobel business plan underpinning the strategy announced on April 19
- ↗ DCF – Sensitivities to business plan
- ↗ DCF – Analyst forecasts
- ↗ Comparable transaction multiples
 - Group
 - Sum-of-the-parts
- ↗ Precedent bid premia

2) TRADING VALUE BENCHMARKS

- ↗ Comparable trading multiples
 - Group
 - Sum-of-the-parts

3) OTHER ANALYSES

- ↗ Analyst target prices
 - Undisturbed
 - Post separation announcement / PPG proposals
 - Post investor day (on April 19)
- ↗ Historic share prices
- ↗ Sector synergies precedents
- ↗ Pro forma PPG impact modelling

PPG's proposals undervalued AkzoNobel



- Value of equity component dependent on fluctuation in PPG share price and USD / EUR FX rate
- Offer price should be adjusted for already announced €1.28 final dividend for 2017 and any other future dividends

The Boards concluded that the proposals did not provide appropriate value to AkzoNobel shareholders, did not reflect the current and future value of AkzoNobel, and did not include an appropriate change of control premium

The financial advisors' analysis supported, from a financial perspective, the subsequent conclusions of the Boards that the offer price in each of the proposals undervalued AkzoNobel

(1) Based on PPG share price and USD / EUR foreign exchange rate as per 28 February 2017

(2) Based on PPG share price and USD / EUR foreign exchange rate as per 20 March 2017

(3) Based on PPG share price and USD / EUR foreign exchange rate as per 24 April 2017

Reference was made to the AkzoNobel standalone strategy, announced April 19

- ↗ The assessment of financial terms of PPG proposals took into account AkzoNobel's standalone strategy as announced on April 19, including the following highlights:

- ↗ 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

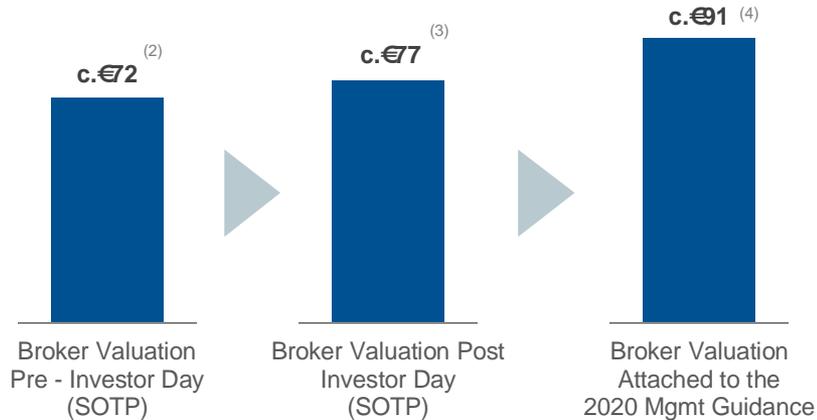
- ↗ Paints and Coatings 2020 guidance⁽¹⁾
 - ROS 15%
 - ROI >25%
- ↗ 2017 guidance EBIT +€100m
- ↗ Increased shareholder returns
 - 50% higher dividend for 2017⁽²⁾
 - €1bn special cash dividend
 - Vast majority of net proceeds returned⁽³⁾

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

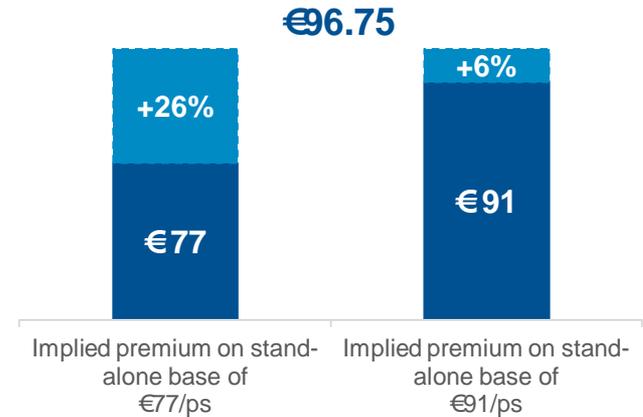
2) Dividend per share €1.65 for Paints and Coatings in 2018; 3) Specialty Chemicals separation

Proposals did not represent an adequate change of control premium

AKZONOBEL'S STAND-ALONE VALUE BASED ON BROKER VIEWS⁽¹⁾



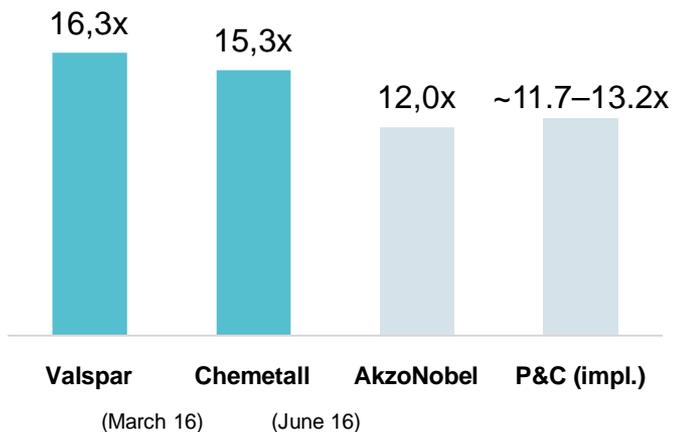
IMPLIED PREMIUM OF LAST PROPOSAL



- (1) Based on brokers' SOTP averages before investor day, after investor day and taking into account management 2020 guidance
- (2) Based on brokers' SOTP averages Pre-Investor Day (Bernstein; Citi; Evercore; Exane; JP Morgan; Morgan Stanley; Raymond James; Société Generale; UBS)
- (3) Based on brokers' SOTP averages Post-Investor Day (Bernstein; Citi; Evercore; Exane; JP Morgan; Morgan Stanley; Raymond James; Société Generale; UBS)
- (4) Based on selected brokers' SOTP valuation taking into account 2020 management guidance (Bernstein, Citi, JP Morgan, Morgan Stanley)

Proposals implied an inadequate multiple

SELECTED BENCHMARK TRANSACTIONS



MULTIPLES OF PPG'S FINAL PROPOSAL

Enterprise Value AkzoNobel as per Proposal	€26.9bn
x EBITDA '16A	12.8x
x EBITDA '17E	12.0x

Value of Spec. Chem.	€9.0bn	€10.0bn	€11.0bn
x EBITDA '17E ⁽²⁾	10.1x	11.3x	12.4x

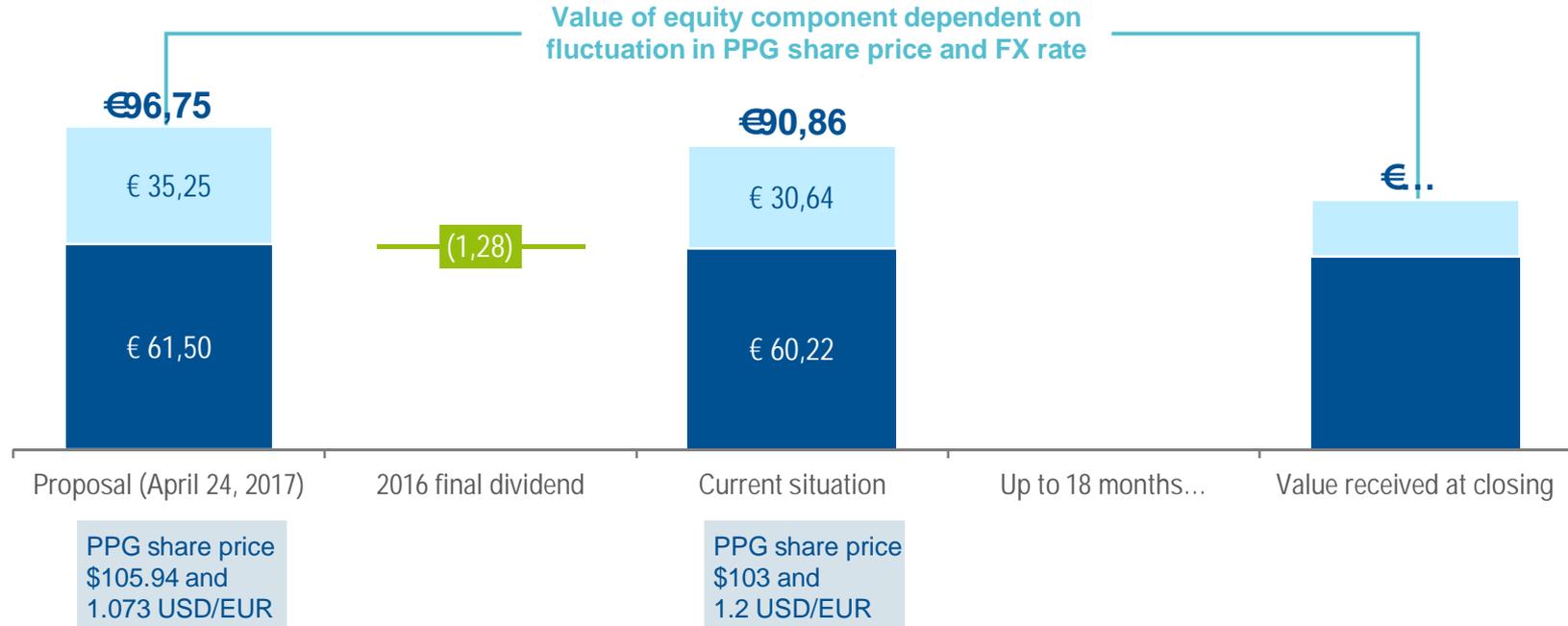
Implied Value P&C	€17.9bn	€16.9bn	€15.9bn
x EBITDA '17E ⁽³⁾	13.2x	12.5x	11.7x

(1) Based on May '17 consensus Group EBITDA of €2,242m

(2) Based on May '17 consensus SC EBITDA of €889m (including 50% of €230m overhead costs)

(3) Based on May '17 consensus P&C EBITDA of €1,353m (including 50% of €230m overhead costs)

Real value of proposals at risk due to significant equity component

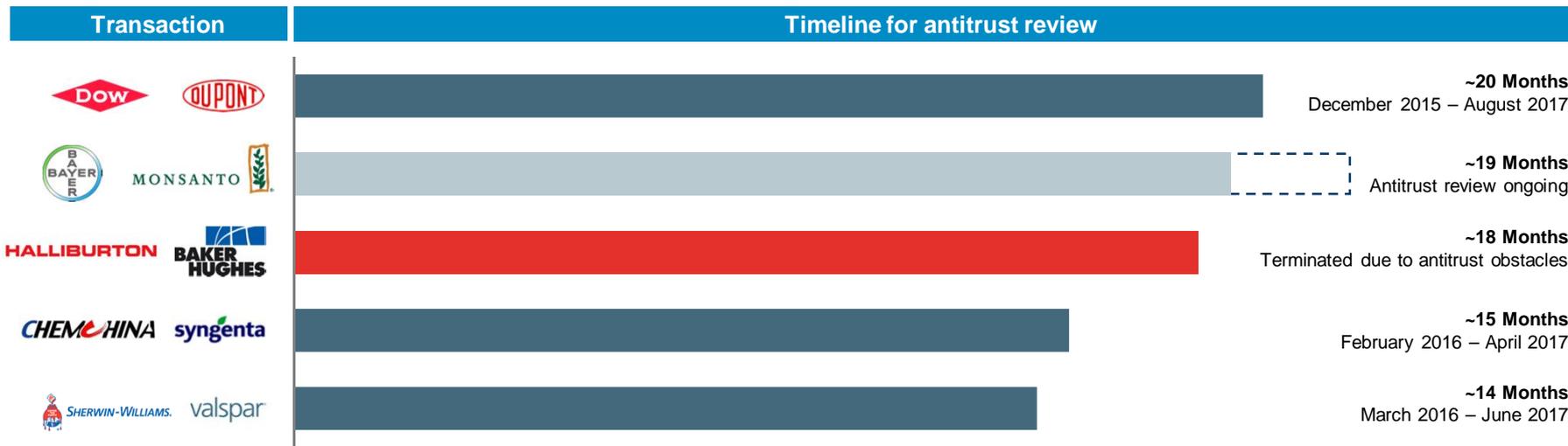


Timing and certainty

Sven Dumoulin – General Counsel

Antitrust review of proposed combination would likely take up to 18 months

- Following in-depth analysis of antitrust risks, a review of similar complex transactions showed that time between announcement and closing would likely take up to 18 months
- Serious risk that a transaction could not be completed due to challenges in obtaining antitrust clearance
- Expected 18 month-period would only start after announcement of a transaction (which was not to be expected before June / July 2017)
- Regulatory led delays also negatively affected the value aspects of PPG's proposals due to time value of money



Expected impact on the business

Areas of expected divestments

- ↗ Aerospace coatings, Decorative paints, Protective coatings, Coil & Extrusion coatings, Packaging coatings, Vehicle Refinishes and coatings for Commercial Vehicles and Consumer Electronics coatings
- ↗ Divestments of different sizes (plants/R&D/production technology/brands) and different scopes (global/regional/national)
- ↗ Including highly integrated manufacturing facilities and value chains (including R&D)
- ↗ Required divestments resulting in value leakage

Impact on the business

- ↗ Up to 18 months of regulatory efforts and extended period of distraction for management
- ↗ Continuous uncertainty causes risk of stagnation and loss of business momentum
- ↗ Long period of uncertainty would likely lead to loss of customers, partners, key employees and key shareholders
- ↗ Antitrust review would likely interfere with and affect the separation process of Specialty Chemicals

Antitrust concerns not resolved in PPG proposals

No solutions for antitrust in PPG proposals

The day before PPG withdrew its offer, PPG first provided some detail on antitrust commitments:

- No "hell or high water", but divestment cap of 10% of combined paints and coatings revenue
- Reverse termination fee of EUR 600m (approx. 2.2% of deal value)

Risk of no completion

- Divestment cap does not provide deal certainty as above the cap, PPG would be allowed to 'walk away' upon payment of the RTF
- The range of the likely total divestment package significantly exceeded the proposed 10% divestment cap
- Value impact of required divestments and consequences for other stakeholders not addressed by PPG
- Divestment cap would not shorten the required 18-month period for antitrust review

Reverse termination fee insufficient

- Reverse termination fee is insufficient compensation for
 - Up to 18 months of regulatory efforts
 - Delay in separation of specialty chemicals
 - Incalculable damage to business
- PPG proposal was significantly below recent acquisitions in the sector (e.g. ChemChina / Syngenta at 6.5% and Bayer / Monsanto at 3.2%)

Illustrative examples of aborted transactions:



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Stakeholders and Culture

Antony Burgmans – Chairman of the Supervisory Board



The factors AkzoNobel took into account

- The Boards must make a balanced judgement of which strategy best serves the interests of AkzoNobel and all of its stakeholders
- This is required by Dutch law including the Dutch Corporate Governance Code
- In considering how PPG's proposals affected stakeholder interests, the Boards took into account a range of factors including:
 - PPG's track record
 - PPG's forward-looking statements
 - The deliverability and enforceability of such statements
 - The views expressed by stakeholders directly

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Stakeholders and Culture

Antony Burgmans – Chairman of the Supervisory Board



Shareholder engagement: Next steps

Ben Verwaayen - Chairman of the Supervisory Board Committee for Shareholder Relations

Increased shareholder engagement

- ↗ More than 350 meetings and calls with investors since March
- ↗ Program of meetings to introduce new CEO
- ↗ EGM to explain and discuss consideration of proposals by PPG
- ↗ Established Supervisory Board committee on shareholder relations
- ↗ Appointed David Mayhew and team at JP Morgan Cazenove as advisor for shareholder relations
- ↗ Augmented schedule of investor roadshows and conferences, analyst and investor webcasts and events

Actions aligned with shareholder interests

- ↗ Interim and special dividend to be paid in November
 - 50% higher dividend for 2017
 - €1bn special cash dividend

- ↗ Executive remuneration aligned to delivery of plan; linked to 2020 financial guidance

- ↗ Agreement reached with Elliott Advisors following recent constructive dialogue
 - Alignment on AkzoNobel strategy to fully separate Specialty Chemicals
 - Suspension of all ongoing litigation for at least three months

- ↗ New Supervisory Board members:
 - Sue Clark and Patrick Thomas already nominated and supported by Elliott Advisors
 - Intention to nominate a third new member in consultation with major shareholders

Questions on:

- ↪ **How we evaluated the PPG proposals**
- ↪ **Our approach to shareholder engagement**

Actions taken to ensure delivery of 2020 financial guidance

- ↵ New Executive Committee structure
- ↵ New integrated management organization
- ↵ Increased selling prices
- ↵ Efficiency programs
- ↵ 2020 Financial guidance remains unchanged:
 - Return on sales 15%
 - Return on Investment >25%
- ↵ Separation of Specialty Chemicals remains on track for April 2018

Questions on:

- **Recent events and business update**

Thank you

Disclaimer

Each financial adviser is (and was at all times) acting as financial adviser to AkzoNobel and for no one else in connection with the PPG approach and will not be responsible or liable to anyone other than AkzoNobel for advice in relation to the PPG approach or any other matters referred to in this presentation. Each financial adviser's work in connection with the PPG approach is (and was at all times) subject to the terms of their engagement and the various assumptions, qualifications and limitations stated to apply to their work (including, without limitation, the Executive Board's and Supervisory Board's commercial views and assessments and their confidence in the deliverability of AkzoNobel's Business Plan).