



AkzoNobel



People. Planet. Paint.



**Investor update**  
**Grow & Deliver**

February 17, 2022

**Investor update**  
**Q4 2021**

February 9, 2022

## Agenda



Setting the stage



Capital allocation



GROW



Concluding remarks



Sustainable innovation



Q&A



DELIVER



Investor update Q4 2021

# Disclaimer/forward-looking statements

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

When presenting operating results, AkzoNobel uses certain APM's not defined by IFRS, which exclude the so-called identified items that are generated outside the normal course of business. Measures included in this presentation such as (Adjusted) EBITDA (margin), Net Debt / EBITDA, EV/EBITDA, Adjusted EPS, Adjusted Operating Income, ROS and ROI are all APM's. Please refer to the appendix for definitions of these APM's as well as the definition for Identified items. Reconciliations of these APM's to the most directly comparable IFRS measures can be found in our Quarterly Reports.

## **Market data (Orr & Boss)**

Market data in this presentation is provided by Orr & Boss as of January 4, 2022. The data is provided in US Dollar; a €/\$ 1.18 exchange rate was used for conversion purposes.

**Adjusted market data** is based on Orr & Boss and reduced by AkzoNobel.

**Competitive positions** are by value and based on internal estimates and Orr & Boss information.

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 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 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)

# Speakers

**AkzoNobel**



**Thierry Vanlancker**  
Chief Executive Officer



**Maarten de Vries**  
Chief Financial Officer



**Michael Friede**  
Chief Commercial Officer



**Klaas Kruithof**  
Chief Technology Officer



**Karen-Marie Katholm**  
Chief Integrated Supply  
Chain Officer



# Setting the stage

Thierry Vanlancker



# A focused paints and coatings company

# AkzoNobel

People. Planet. Paint.



## 2021 key data

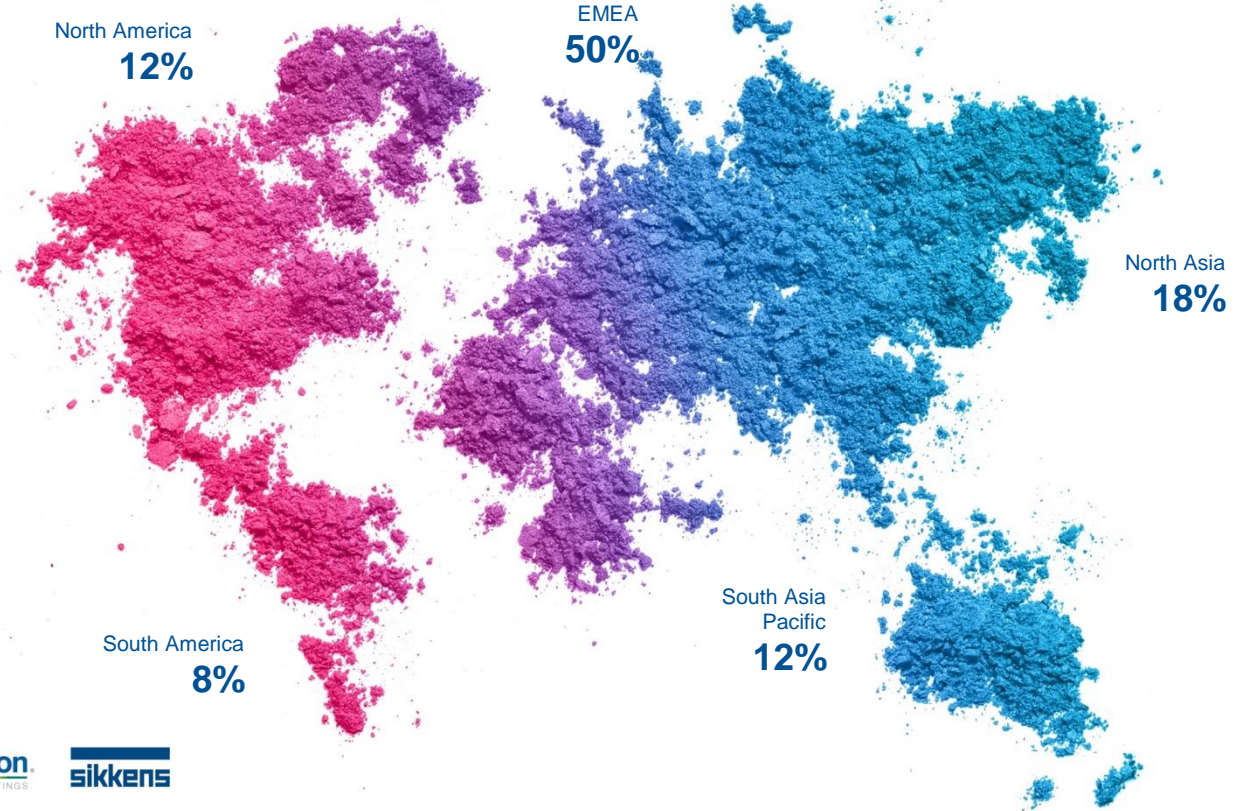
**€9.6bn** revenue

**€1.1bn** adjusted OPI

**€1.4bn** adjusted EBITDA

**16.0%** return on investment (ROI)

**32,800** employees



Note: Full-year 2021 revenue by destination for all regions.

# People. Planet. Paint.

Clear purpose as the engine of our organization

**AkzoNobel**



## People.

We care about people and communities, a passion that's reflected in our commitment to safety, integrity and sustainability.



## Planet.

We challenge ourselves and our partners every day to be better global citizens and protect the future of our planet.



## Paint.

We keep pushing boundaries to develop pioneering paint solutions that make a world of difference



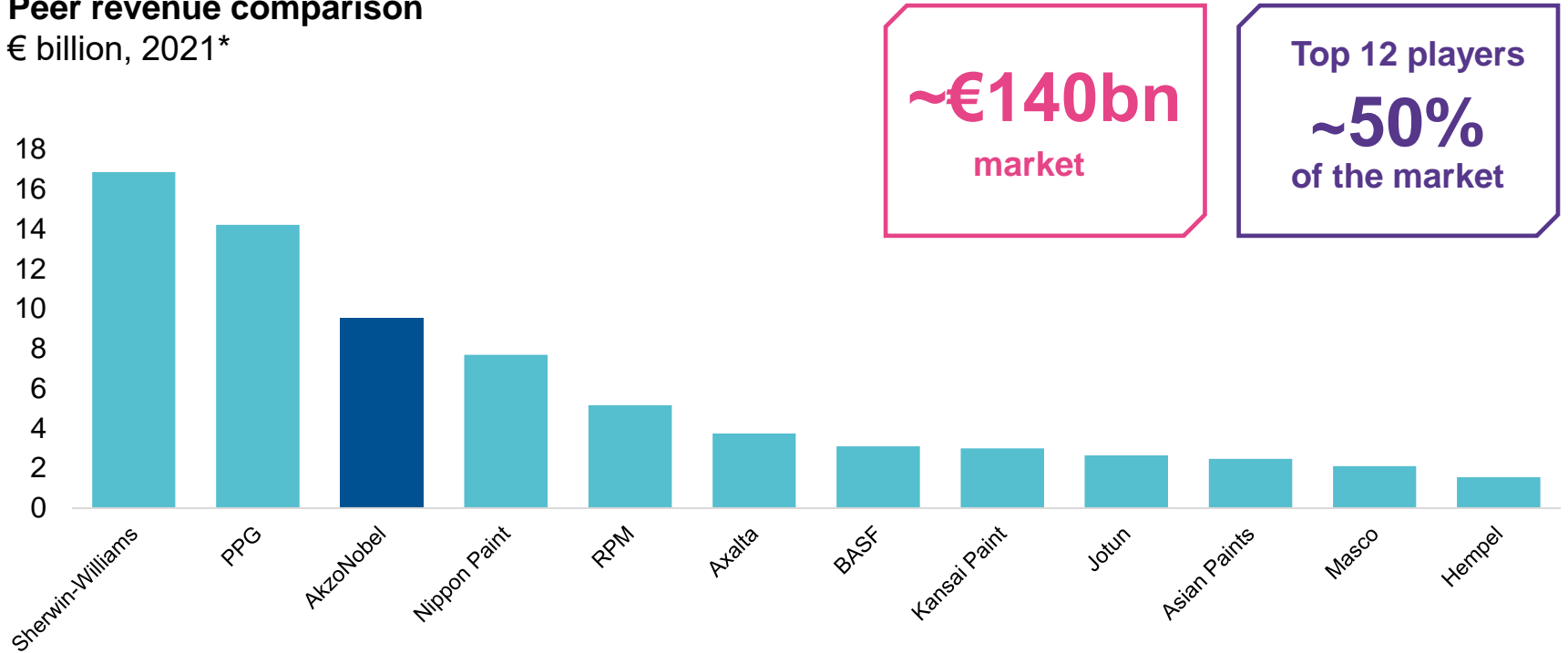
# Global paints and coatings industry

AkzoNobel

Leading global player in large and attractive market

## Peer revenue comparison

€ billion, 2021\*



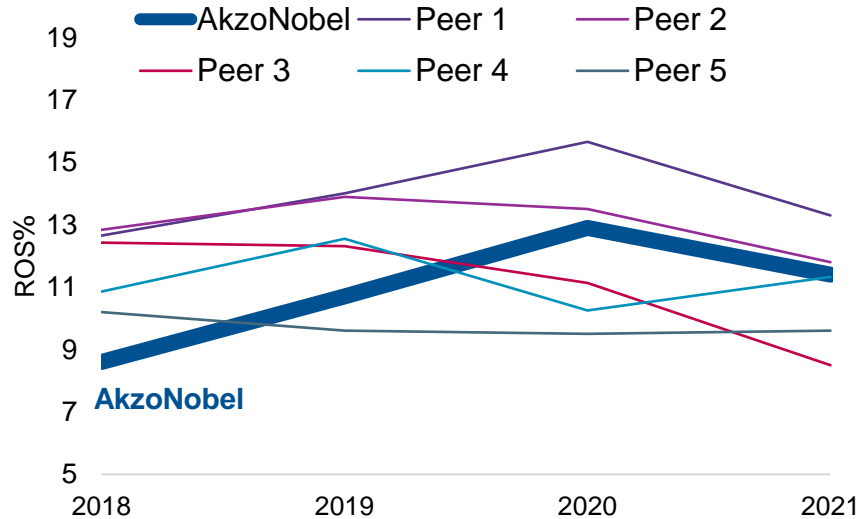
\* Revenue for BASF, Kansai Paint, Jotun, Asian Paints and Hempel is for 2020.  
Source: company reporting, internal analysis.



# From 15 by 20 to *Grow & Deliver*

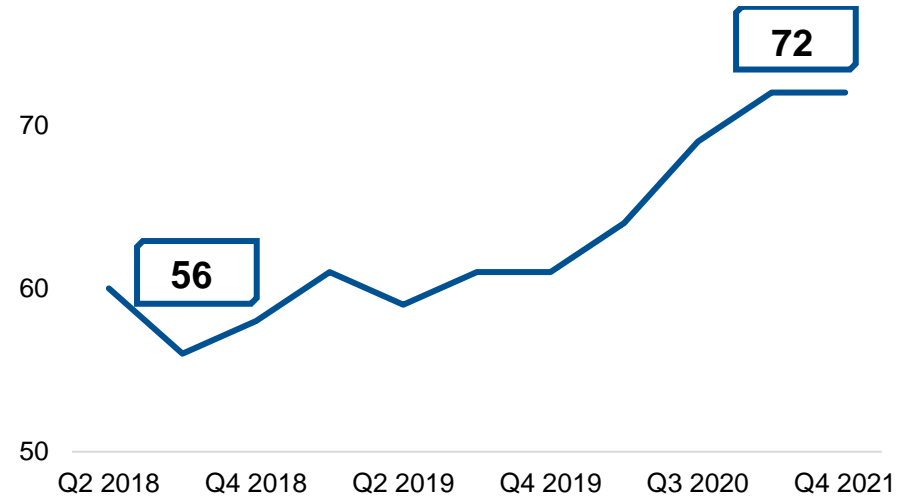
Significant culture change with margins in top tier

## Strong margin progress versus peers



## Organizational Health Index (OHI)\*\*

Participation rate at 86%



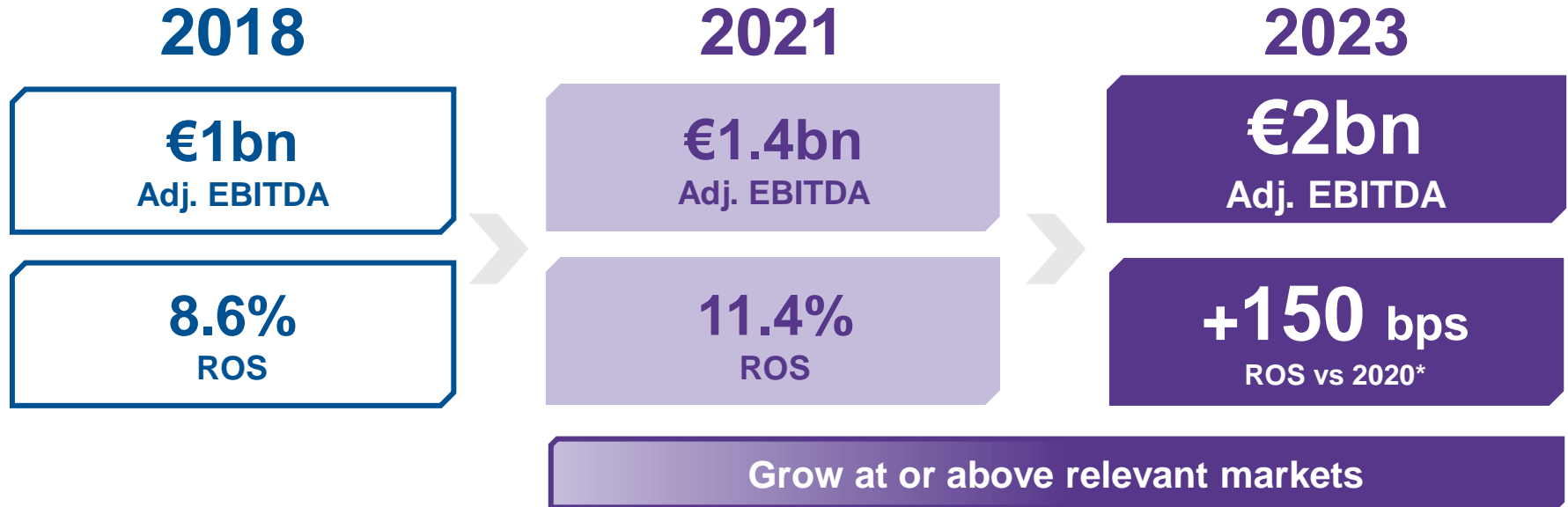
EV/EBITDA multiple remains below peers at ~11.5x\*

\* Source: Bloomberg, based on next twelve months EBITDA (2021 year-end).

\*\* Source: Organizational Health Index by McKinsey.

# Grow & Deliver targets

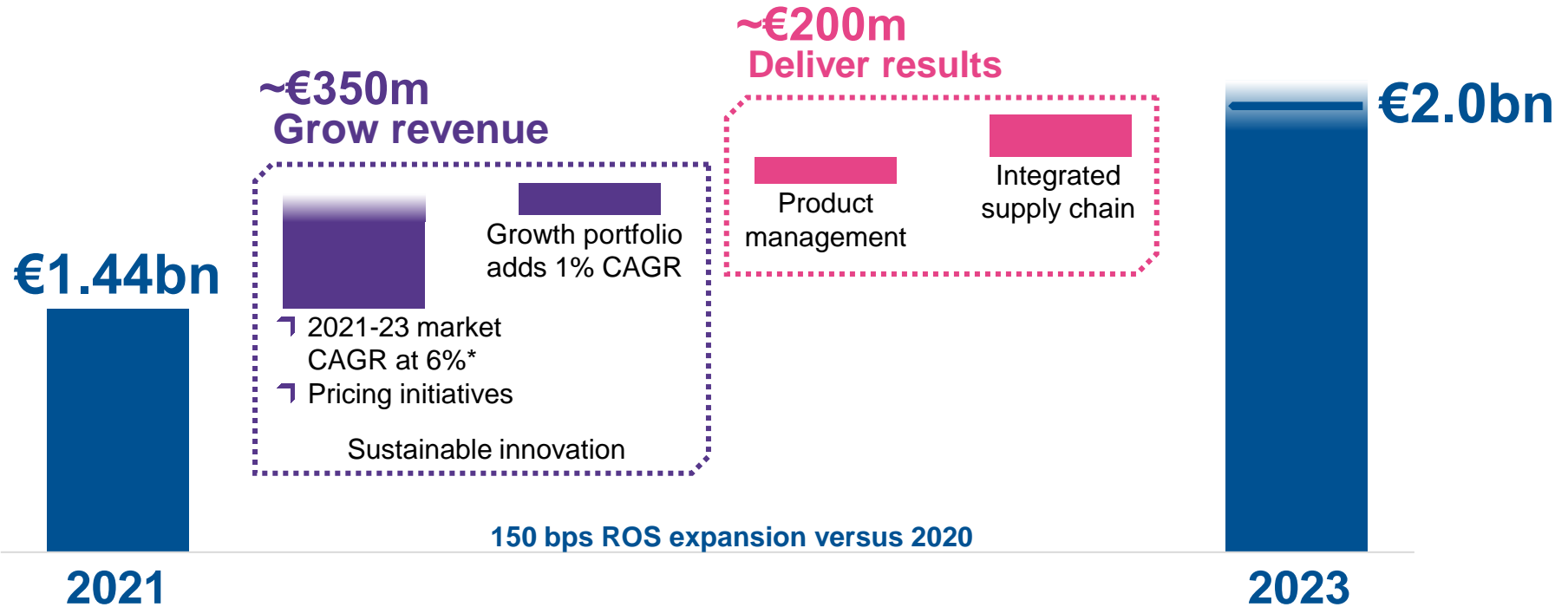
Building on new and strong foundation



\* 2020 ROS margin at 12.9%.

Assumes no significant market disruption.

# Grow & Deliver: €2bn adj. EBITDA by 2023



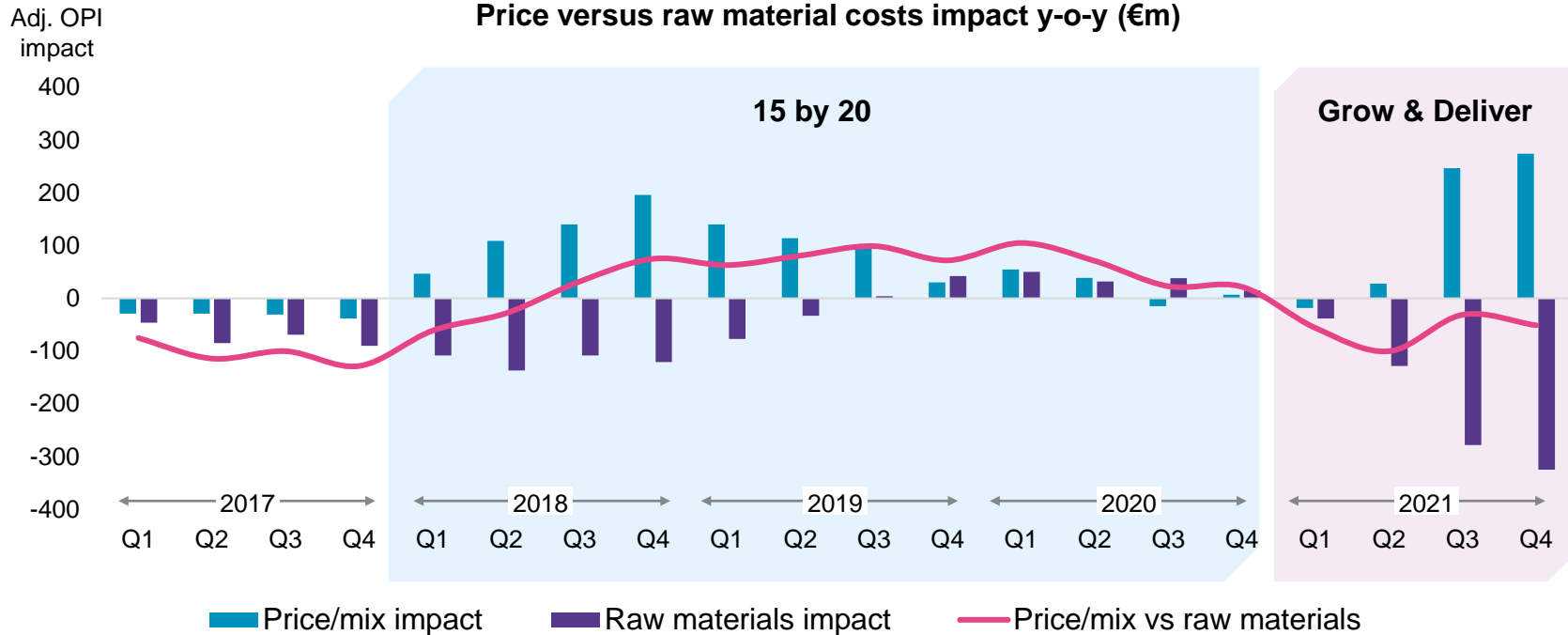
2021

2023

\* Source: Orr & Boss, internally reduced forecast. Assumes no significant market disruption.

# Stronger and faster pricing initiatives

Previous cycle as proof point for margin expansion







# GROW

Thierry Vanlancker  
Michael Friede



# Strong global coatings portfolio with leading positions in key markets

Business	Market size ~€bn, 2021*	Position by revenue	Market growth value '21-'23	Adj. market growth value '21-'23	Current market dynamics
Powder Coatings	10	1	10%	8%	<ul style="list-style-type: none"> <li>↗ Demand for sustainable solutions</li> <li>↗ Strong value proposition including technical quality</li> <li>↗ New markets and applications: e.g. NAM architecture, EV, wood</li> </ul>
Industrial Coatings	15	2	8%	6%	<ul style="list-style-type: none"> <li>↗ Sustainability-driven higher demand and industry capacity for metal beverage packaging</li> <li>↗ Coil highly correlated to GDP especially industrial and housing</li> <li>↗ Wood to benefit from strong housing and remodel market</li> </ul>
Marine and Protective Coatings	15	2	8%	6%	<ul style="list-style-type: none"> <li>↗ Marine growth from market trough, both new build and dry dock</li> <li>↗ Energy investments both in oil &amp; gas and green energy</li> <li>↗ Yacht demand remains strong</li> </ul>
Automotive and Specialty Coatings	14	3	7%	5%	<ul style="list-style-type: none"> <li>↗ Automotive production recovery</li> <li>↗ Vehicle refinish correlated to collision rates &amp; urban miles driven</li> <li>↗ Aerospace OEM to improve and MRO** recovering faster</li> <li>↗ Consumer electronics demand for quality waterborne coatings</li> </ul>

\* Excluding ~€50bn (total paints and coatings) in regions/businesses where AkzoNobel is not present.

\*\* Maintenance, repair, and overhaul.

# Strong global paints portfolio with leading positions in key regions

Region	Market size ~€bn, 2021*	Position by revenue	Market growth value '21-'23	Adj. market growth value '21-'23	Current market dynamics
Paints EMEA	24	1	7%	5%	<ul style="list-style-type: none"> <li>DIY demand stabilized at higher level</li> <li>Recovery of professional and project segments</li> <li>Visible tailwind from EU-subsidized Green Deal</li> <li>E-commerce, favorable for stronger brands</li> </ul>
Paints Asia	13	3	11%	9%	<ul style="list-style-type: none"> <li>Higher GDP and continued urbanization</li> <li>South Asia as highest growth market globally</li> <li>Health &amp; wellbeing products</li> <li>DIY painting pickup in South Asia</li> <li>China project business less relevant for AkzoNobel</li> </ul>
Paints LATAM**	4	1	7%	5%	<ul style="list-style-type: none"> <li>Home improvement and more sustainable products</li> <li>Demand for healthy and clean surfaces</li> <li>Emerging DIY trend</li> <li>Dollar-based costing and pricing</li> </ul>

\* Excluding ~€50bn (total paints and coatings) in regions/segments where AkzoNobel is not present.

\*\* Latin America excluding Mexico.

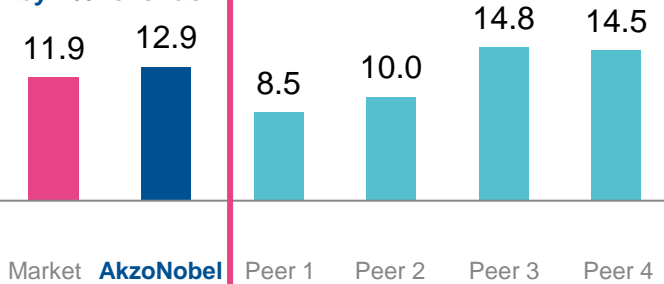
# Strong start to Grow & Deliver

Outgrew market by 1% in 2021, in line with strategy

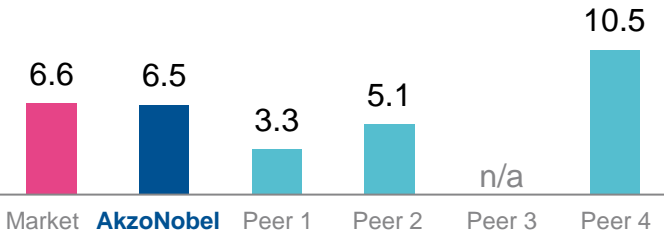
### 2021 versus 2020 comparison (organic)

Revenue growth %

Outgrew market in 2021 by 1% revenue

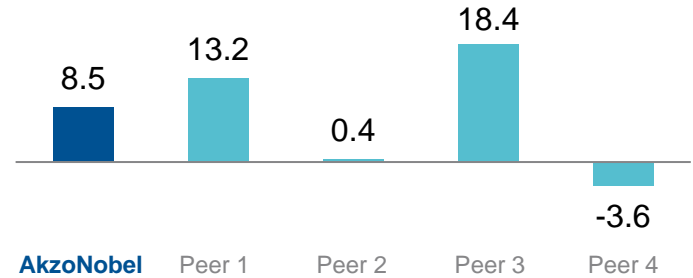


Volume growth %

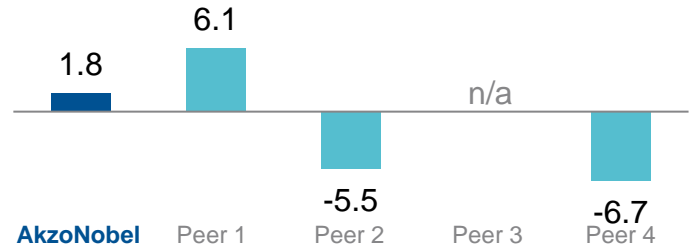


### 2021 versus 2019 comparison (organic)

Revenue growth %



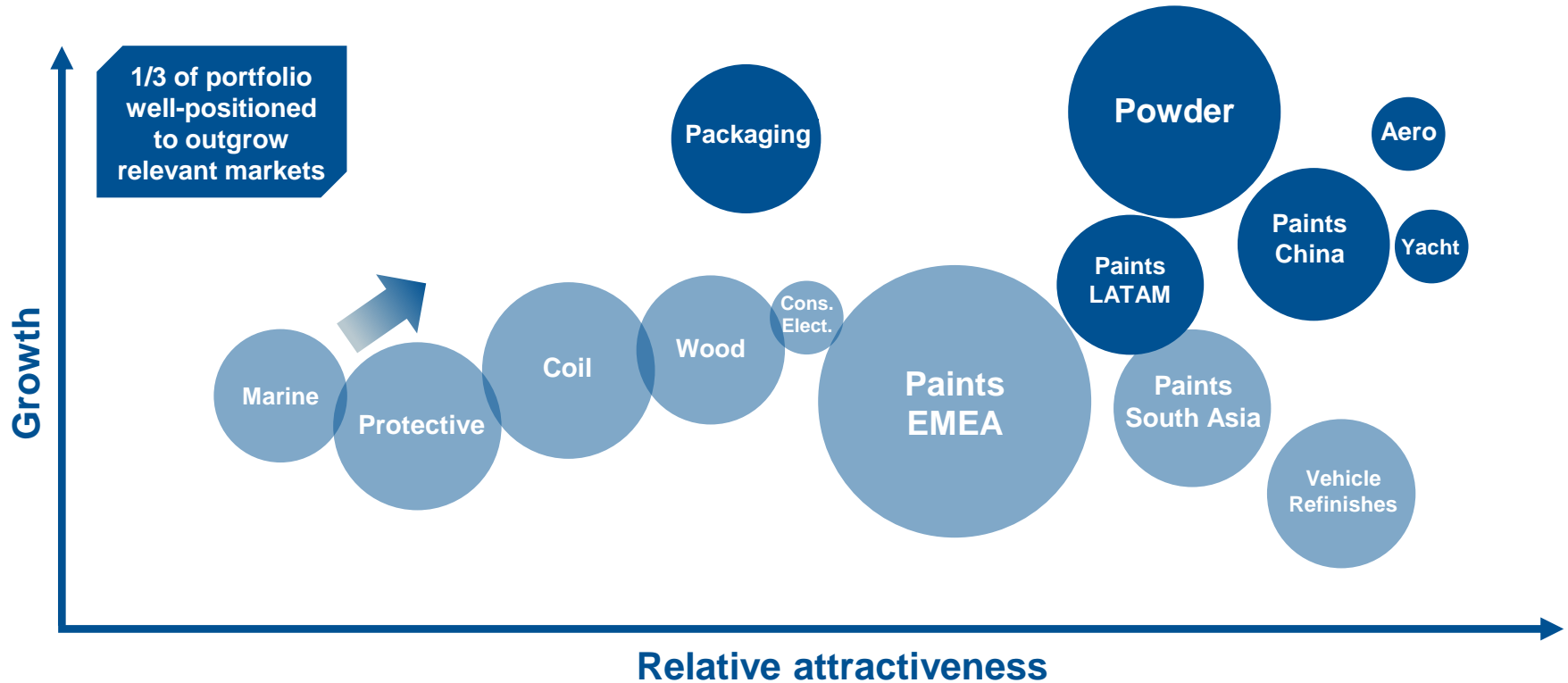
Volume growth %





# Well-positioned in key growth markets

Growth businesses to drive additional 1% revenue CAGR



Bubble size is illustrative for AkzoNobel revenue and not exactly proportionate. Growth and attractiveness is AkzoNobel-specific.



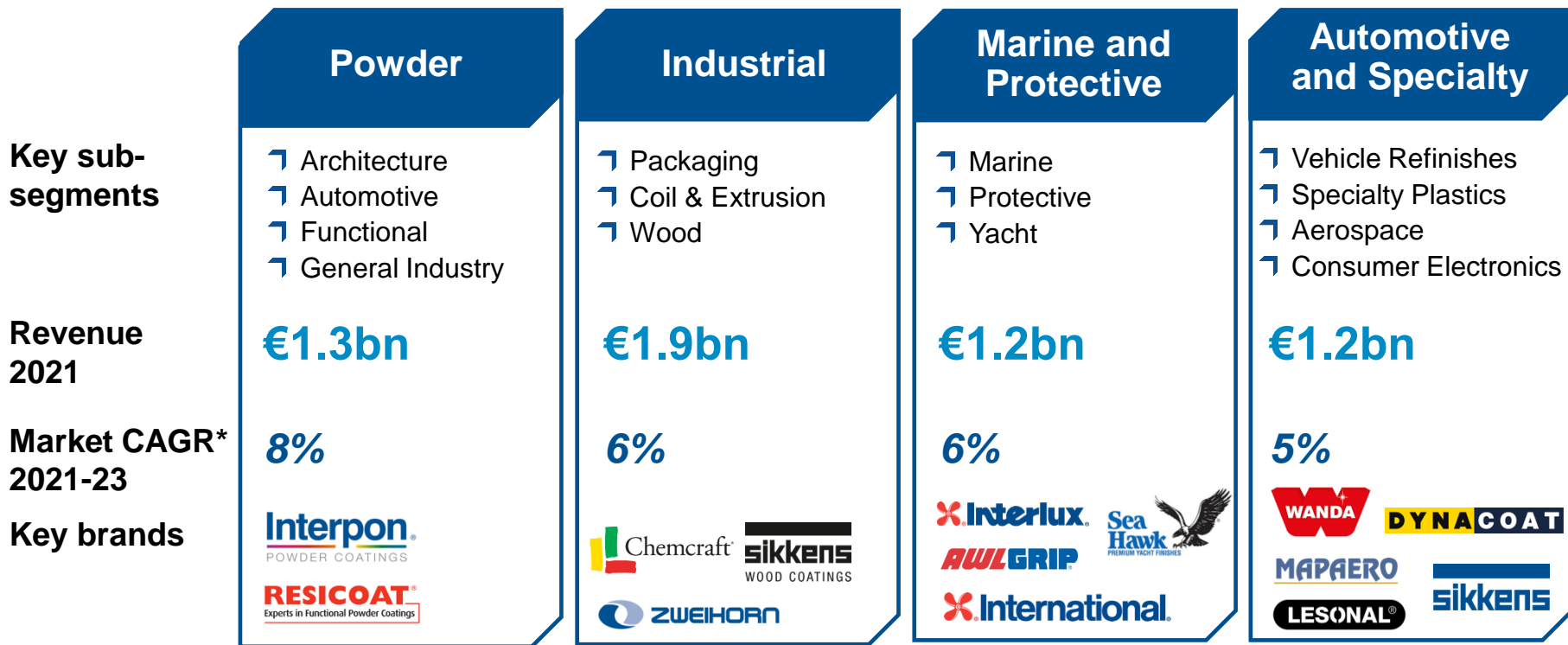
# GROW Coatings

Michael Friede



# Performance Coatings

Leading global businesses; strong technologies and brands



\*By value. Source: Orr & Boss, internally reduced forecast.



## Sustainability and energy transition

- ↴ Liquid-to-powder conversion (low VOC\* and waste)
- ↴ Electric vehicle growth with expected 30% market penetration\*\*
- ↴ Shift from plastic to metal beverage packaging
- ↴ Asset investments into global energy transition



## Hybrid working

- ↴ Consumer preference for personal transport versus. public transportation
- ↴ Demand for high value and sustainable surfaces in direct environment
- ↴ Structurally higher electronics demand (home offices, remote education)



## Recovery and Rebound

- ↴ Airline industry recovery for new build and MRO
- ↴ Marine new build and dry dock to bounce back
- ↴ High energy prices driving business in protective coatings

\* Volatile organic compounds.

\*\* By 2030. Source: Deloitte Insights.



# Powder Coatings

Clear leadership position and aggressively investing for growth

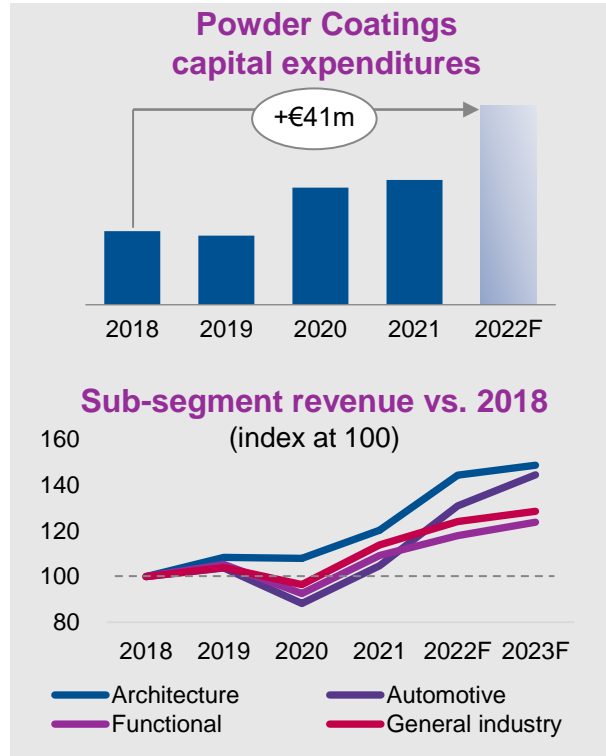
€10bn market

8%  
market CAGR 2021-23

#1 in the market



**Interpon®**  
POWDER COATINGS  
**RESICOAT®**  
Experts in Functional Powder Coatings



## Key growth drivers:

- ↴ Liquid-to-powder conversion, e.g. North America architectural
- ↴ New applications including e-mobility and wood
- ↴ Multi-year comprehensive investment program in people and assets to support growth
- ↴ Unrivalled global supply, digital and next-day service

## Success:

- ↴ Approved at seven major EV OEM and battery manufacturers (accounts for ~70% of EV market)
- ↴ First co-patent for e-motor
- ↴ Low cure powder Interpon W (unique technology to enable new market entry)

# Packaging Coatings

Gaining share and success in beverage 'can-ends'

€2.7bn market

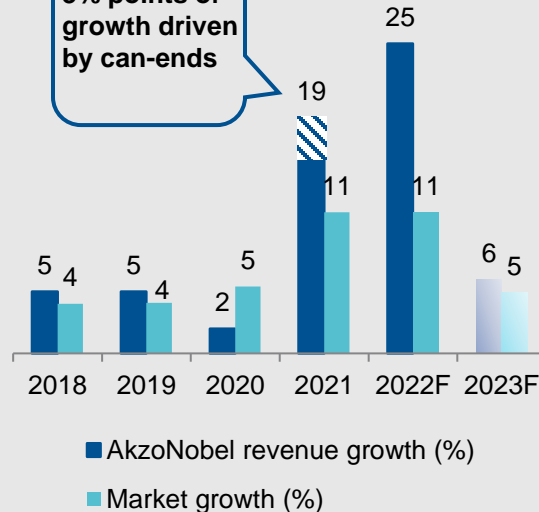
8%  
market CAGR 2021-23

#1 inside can



## Packaging revenue growth

3% points of growth driven by can-ends



## Key growth drivers:

- Accelerated shift from plastic to metal
- Sustainable technology (BPAni)
- ~85 new can production lines to launch within next 24 months
- Higher growth from emerging markets and entrance into beverage can-ends

## Success:

- Key supplier to all major can manufacturers
- Market share gains of ~1% in 2021
- Successful entrance into beverage can-ends; full portfolio

# Aerospace Coatings

Leading technology and strong customer relationship

€0.5bn market

6%  
market CAGR 2021-23

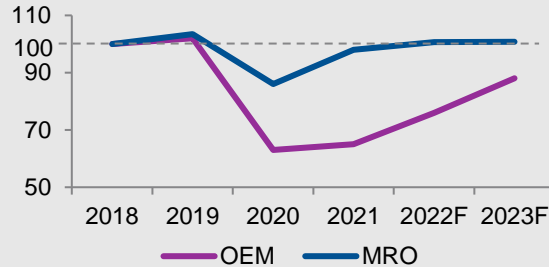
#1 in the market



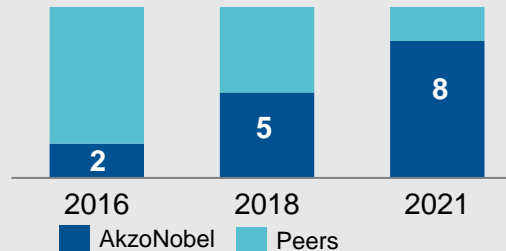
Key AkzoNobel repainting programs

# AkzoNobel

Solid recovery in MRO  
Sub-segment revenue vs. 2018  
(index at 100)



Supply to top ten airlines  
(by fleet size)



## Key growth drivers:

- Accelerated MRO recovery
- Rebound of OEM business
- Acceleration of film and markings
- Growth trajectory in Asia
- Entry into interior coatings leveraging Mapaero acquisition

## Success:

- Basecoat/clearcoat technology qualified at all major global OEMs
- Commercialization of sustainable solutions (chrome-free technology)
- Strong key account management and global technical service

# Yacht Coatings

Attractive growth business with leading brands and technology

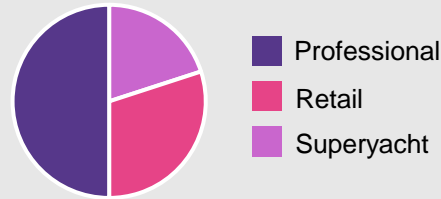
€0.5bn market

6%  
market CAGR 2021-23

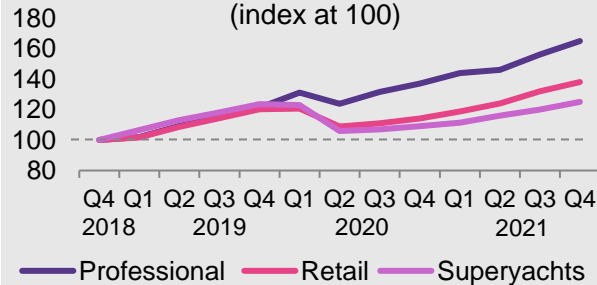
#1 in the market



## Yacht business split by € value



## Sub-segment revenue moving average sales growth vs. Q4 2018 (index at 100)



## Key growth drivers:

- ↗ Leading position in all segments, including maintenance with complete offering
- ↗ Increased retail demand from consumer lifestyle changes
- ↗ Strong key account management
- ↗ Emerging markets, especially Asia

## Success:

- ↗ Integration of Sea Hawk, acquired end of 2020
- ↗ Commercial launch of spray filler
- ↗ Strong brands and customer intimacy



# GROW Decorative Paints

Thierry Vanlancker



# Decorative Paints

# AkzoNobel

One global brand portfolio with strong local positions

Key sub-segments and regions

Revenue 2021

Market CAGR\* 2021-23

Key brands

## EMEA

- UK and Ireland
- Benelux
- Nordics, Eastern Europe
- Middle East, Africa

€2.4bn

5%



## LATAM

- Brazil
- Argentina
- Colombia (Grupo Orbis)

€0.5bn

5%



## North Asia

- China retail
- China project

€0.6bn

6%



## South Asia

- India
- Indonesia
- Vietnam

€0.5bn

12%



\* By value. Source: Orr & Boss, internally reduced forecast.  
Acquisition of Grupo Orbis is expected to close in Q1 2022.  
North Asia and South Asia are reported as Decorative Paints Asia.

# Megatrends driving growth in paints



## Sustainability, health and well-being

- ↗ Strong demand for sustainable products supporting well-being & health
- ↗ Driven by legislation, e.g. EU Green Deal
- ↗ Growing middle class in Asia leads to higher quality consumption in lower tier cities (especially China & India)



## DIY trend

- ↗ Structurally higher demand versus pre-pandemic level
- ↗ Increasing labor costs drive demand for DIY products
- ↗ Consumers in Europe increasingly preferring brands



## Digital acceleration

- ↗ Digital sales channels with paint stores fulfilling “last mile” delivery service
- ↗ O2O (offline to online) introduces traffic for consumer convenience
- ↗ Introduction of market platform to connect consumers with painters





# Strong brand recognition

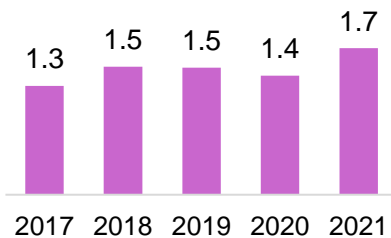
Leveraging our unique global scale for local impact

# AkzoNobel

## #1 choice for consumers and professionals

Only paint brand listed  
in top 50  
UK consumer brands

Dulux brand value (€bn)



KANTAR BRANDZ 2021 MOST VALUABLE UK BRANDS

### Innovation

Easycare family



31 markets  
€130m  
Revenue

### Branding

Global leveraging



10 countries  
in 18 months

### Professional loyalty

Painter Academy



17 countries

100k  
Professionals  
trained in 2020



### Color

Color of the Year



All countries  
196m  
Impressions

### Digital

Visualizer app



All countries  
+30m  
global  
downloads

### Sustainability

Dulux Valentine

Le Blanc Recyclé



Contains  
35%  
recycled paint



# Decorative Paints EMEA

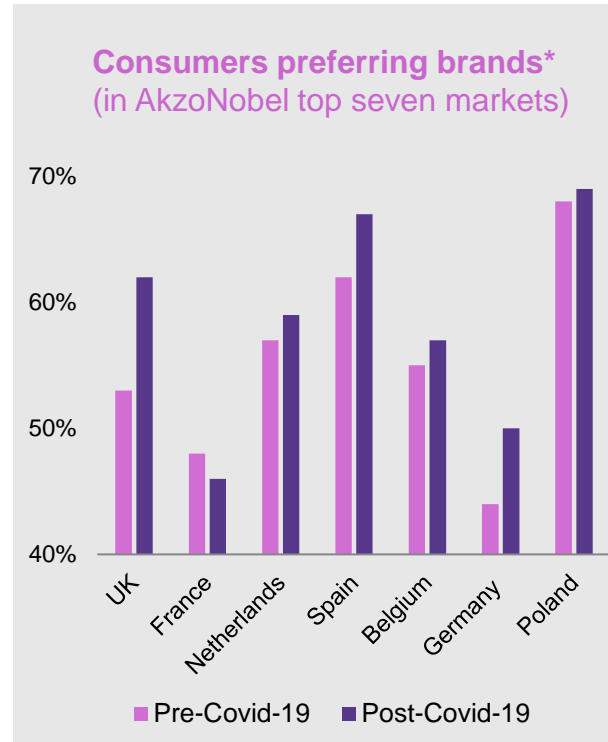
Distribution, brand leverage and strong innovation pipeline

€24bn market

5%  
market CAGR 2021-23

20 leading positions

Including in the UK, Ireland, Netherlands,  
Belgium, Spain, Russia and Italy



# AkzoNobel

Key growth drivers:

- ↗ Higher DIY demand
- ↗ EU Green Deal (+1% CAGR)
- ↗ Expand distribution network
- ↗ Effective brand investment

Success:

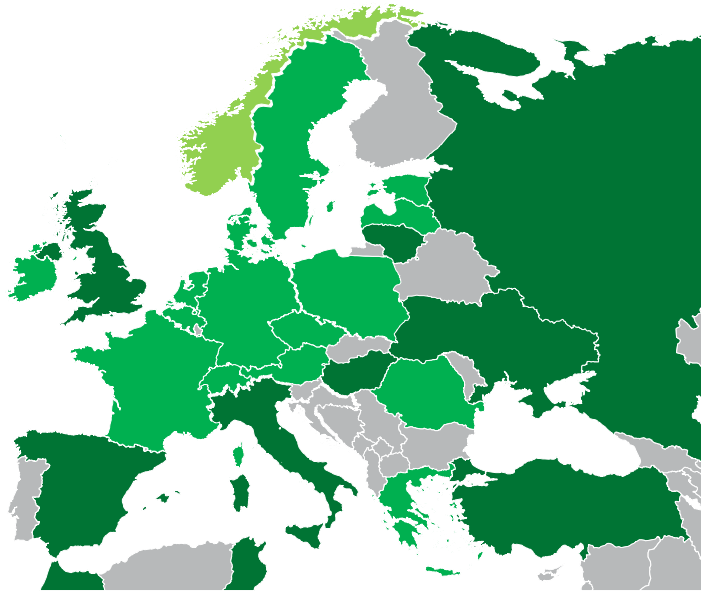
- ↗ Share gains in key markets
- ↗ Spain acquisitions
- ↗ UK Heritage launch
- ↗ AntiScuff wall paint launch
- ↗ Increased online sales

Source: Orr & Boss, internally reduced forecast for market CAGR.

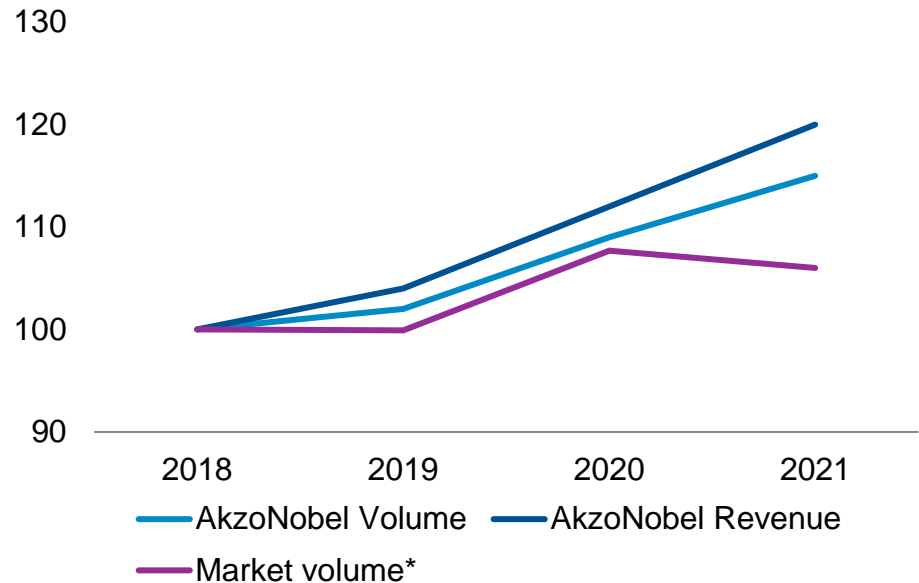
\* European Home Improvement Monitor 2020 (comparing 2020 to 2019).

# Paints EMEA outgrowing the market

Driven by strong brands and distribution



### AkzoNobel Decorative Paints Europe development (Excludes Middle East and Africa) (Index at 100)



\* Source: CEPE, for 2021 preliminary numbers.

# Decorative Paints China

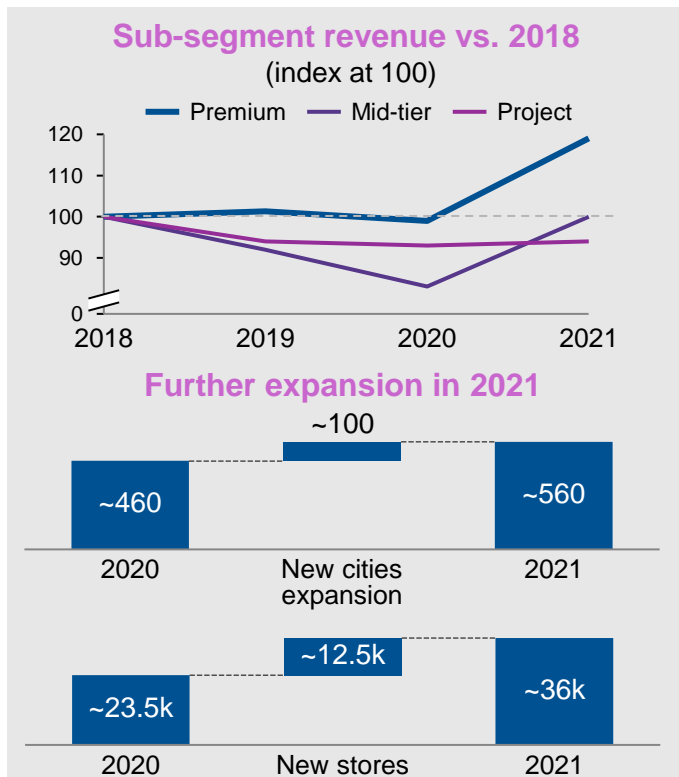
Geographic retail expansion with strong brand and sustainable products

~€6bn market

6%  
market CAGR 2021-23

Double digit growth in premium retail focused post 2018 “reset”

Recognized “*super brand*”



## Key growth drivers:

- ↗ Geographic expansion focused on tier 3-5 cities
- ↗ Digital ecosystem upgrade
- ↗ Leverage core premium Dulux brand
- ↗ Eco-friendly & well-being products
- ↗ Limited and selective exposure to project business – quality optimized

## Success:

- ↗ 2021 expansion into +100 new cities and +12.5k new stores
- ↗ Dulux online platform in 128 cities
- ↗ Launch of Dulux Forest Breath

# Decorative Paints Latin America

Expanding strong presence with Grupo Orbis acquisition

€4bn market\*

5%  
market CAGR 2021-23

Leading positions

in Brazil, Argentina, Uruguay, Bolivia and Colombia (Grupo Orbis)



Leader overall with  
Grupo Orbis



Key growth drivers:

- Proactive margin management to offset raw materials and FX impact
- Developing premium business through innovation and branding
- Expansion through Blue Store program
  - 1,000 stores, adding 500 in 2021
  - Distributor network (doubled over the past five years)
- Stronger customer and painter preference

Grupo Orbis as expansion platform

- Colombia-based, leading presence from Ecuador to Central America
- Leading local brands include Pintuco, Protecto and AVF Paints
- Annualized revenues at ~€260m

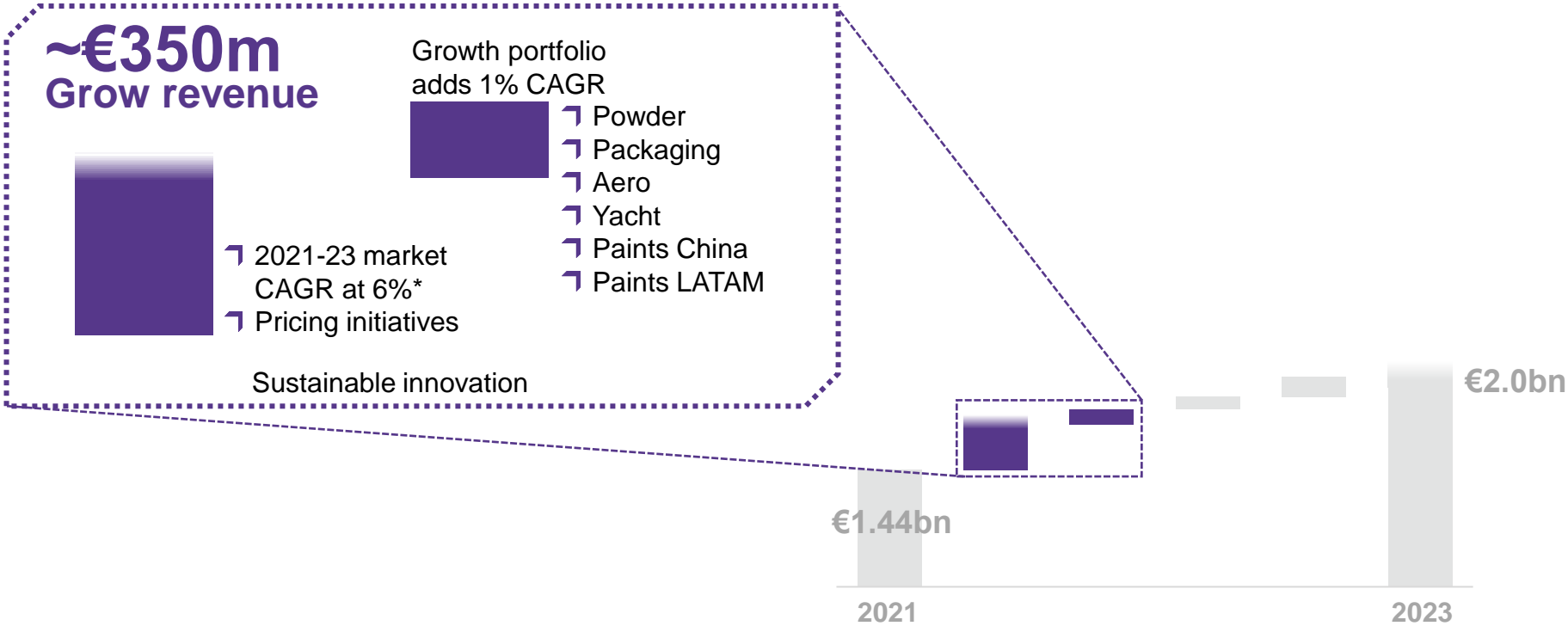
Source: Orr & Boss, internally reduced forecast for market CAGR.

Acquisition of Grupo Orbis is expected to close in Q1 2022.

\* Our definition of Latin America as a region excludes Mexico (part of North America).

# Grow & Deliver: €2bn adj. EBITDA by 2023 AkzoNobel

Grow revenue in line with the market and outgrow selected markets



\* Source: Orr & Boss, internally reduced forecast.

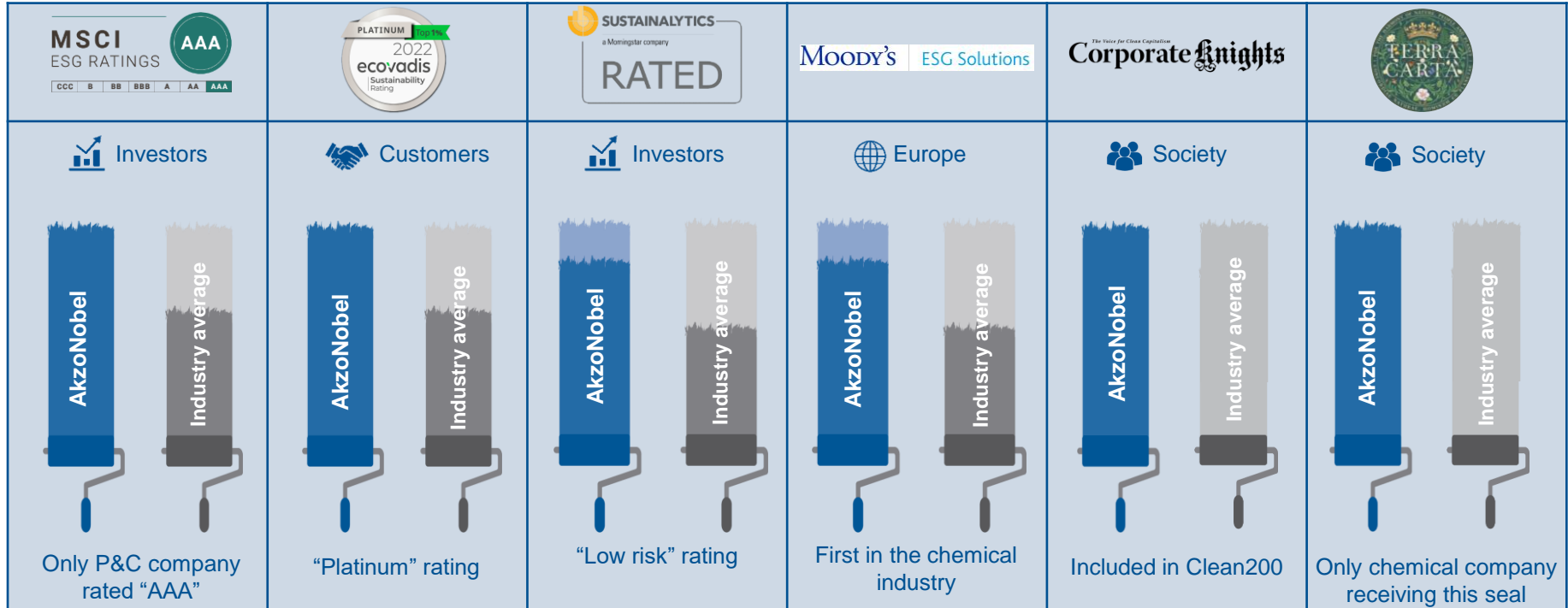
# Sustainable Innovation

## Klaas Kruithof



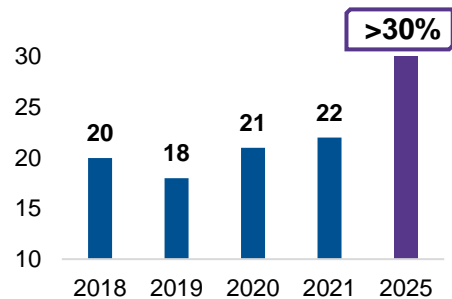


# Recognized sustainability leader in industry AkzoNobel



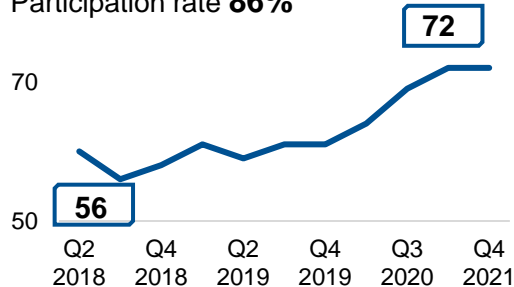
# People. Building a diverse, inclusive and caring organization

## Female executives (in %)



## Organizational Health Index (OHI)\*

Participation rate **86%**



## Demonstrating diversity and inclusion

- Leading safety record in the industry
- >1,000 projects to help revitalize communities between 2020 and 2025
- 35,000 community members trained between 2020 and 2025

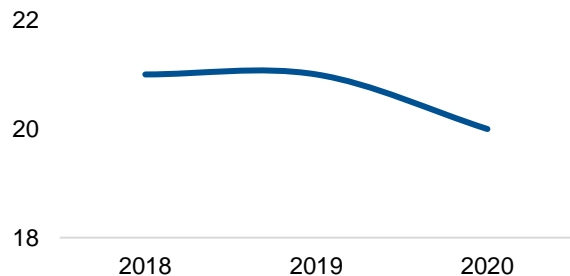
**Top employer** recognition in many key countries, including **China, the UK, the Netherlands, US, Brazil, France and Germany** and **top employer** in Europe



\* Source: Organizational Health Index by McKinsey.

# Planet. 50% less carbon emissions from our own operations by 2030

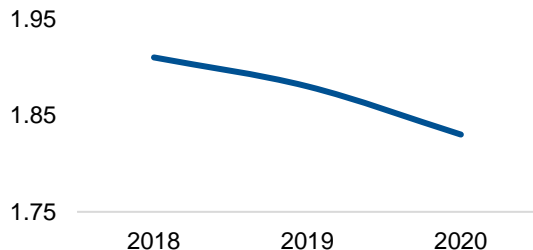
Waste per ton of production (in kg)



## Ambitious 2030 environmental targets

- ↴ 100% renewable electricity
- ↴ >30% energy reduction\*
- ↴ Towards zero waste:
  - ↴ 100% reusable waste
  - ↴ 100% of water intensive sites reusing water

Energy use per ton of production (in GJ)



## €9 million

Saved from projects directly related to **waste, energy reduction and water reuse** in 2020



**100%**  
Renewable electricity in Europe in 2022



Circular use of paint sludge (Vietnam)



\* Versus 2018 baseline.  
2021 numbers for energy and waste to be published on March 2, 2022.

# Paint. Delivering value by offering increasingly more sustainable solutions

From...

~40%

Revenue from **sustainable solutions** in 2021

...Towards

>50%

Revenue from **sustainable solutions** by 2030



### Ambitious sustainable portfolio targets

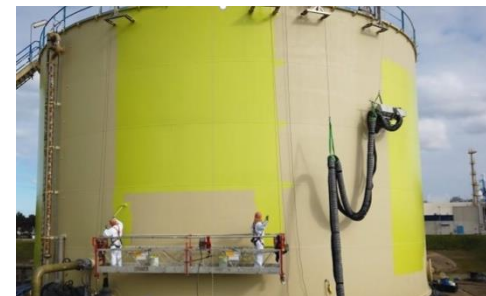
- >50% of revenue from sustainable solutions by 2030
- 50% recycled content to be used in plastic packaging by Deco Paints EU by 2025

### Margin accretive sustainable solutions

Higher gross margin for sustainable solutions versus standard products\*



Dulux Trade contains 35% recycled paint



Robotized application

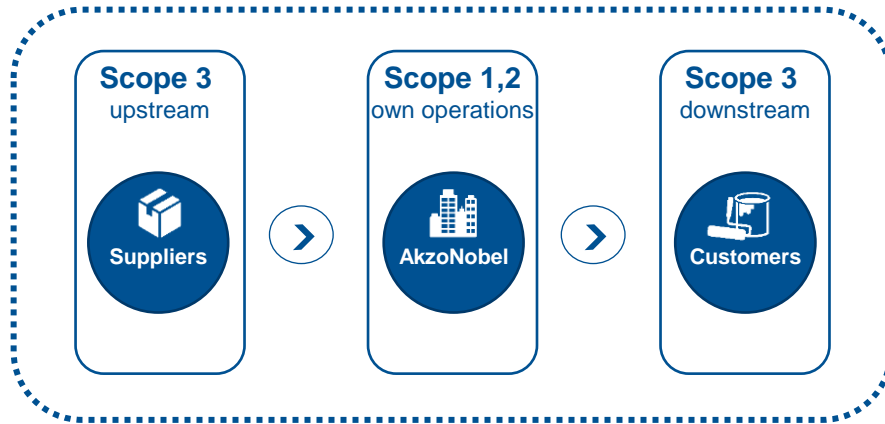
\* For Performance Coatings, analysis covers majority of coatings product portfolio.

# Pioneering carbon reduction target validated AkzoNobel by the Science Based Targets initiative

- First paints and coatings company with a **carbon reduction target** for the full value chain
- Our target is to reduce carbon emissions for the **whole value chain by 50% by 2030\***
- Our target is **aligned with the Paris agreement**, aiming to limit global warming to max 1.5°C\*\*

# 50%

Reduction in carbon emissions for the whole value chain



The screenshot shows a certificate from the Science Based Targets initiative. At the top, it features the Science Based Targets logo and the text "DRIVING AMBITIOUS CORPORATE CLIMATE ACTION". Below this, it states "Approved science-based target" and provides details about the validation process. The certificate is issued to AkzoNobel NV, recognizing its commitment to a 50% reduction in carbon emissions by 2030. The official target wording is provided in Dutch. The certificate number is AKZO-NET-003-OFF, and it was issued in August 2021. At the bottom, it lists the initiative's partners: CDP, the United Nations, the World Resources Institute, and WWF.



\* Baseline 2018.

\*\* Above pre-industrial levels.

# Sustainable innovation

Solutions beyond generations for our customers worldwide

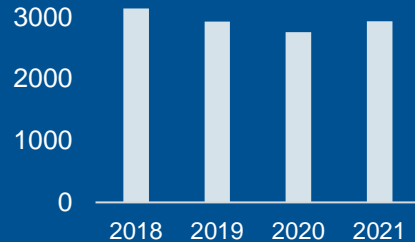
€1.25 billion  
spent on R&D in the last five years

3,000  
scientists employed worldwide

70  
laboratories globally

5  
global technology centers

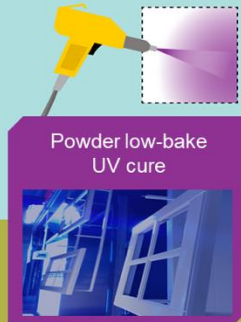
Patent positions



## SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

 **Productivity**



Powder low-bake  
UV cure

 **Asset protection**



Waterborne  
anti-corrosive paint

 **Surface enhancement**



Biobased air-purifying  
wall paint

 **Environmental protection**



Waterborne exterior  
high-gloss paint

Customers | Suppliers | Startups | Academia



Advanced Research Center  
Chemical Building Blocks Consortium



Utrecht University

**TU/e** EINDHOVEN  
UNIVERSITY OF  
TECHNOLOGY



rijksuniversiteit  
 groningen

## Startup challenges Global – Brazil – China



MEMBERS  
**10.008**

SUBMISSIONS  
**750**

SoMe REACH  
**71m**

## Supplier challenges 2019-2021



INVITEES  
**127**

SUBMISSIONS  
**214**

SoMe REACH  
**157k**

## Academic program 2016-2026



- Employing ~150 PhDs
- Scientific leader: Prof. Ben Feringa, Nobel Prize Chemistry Laureate 2016





# Collaborative Sustainability Challenge 2022

Expanding our collaborative innovation ecosystem and collectively reducing our carbon footprint together with our value chain partners





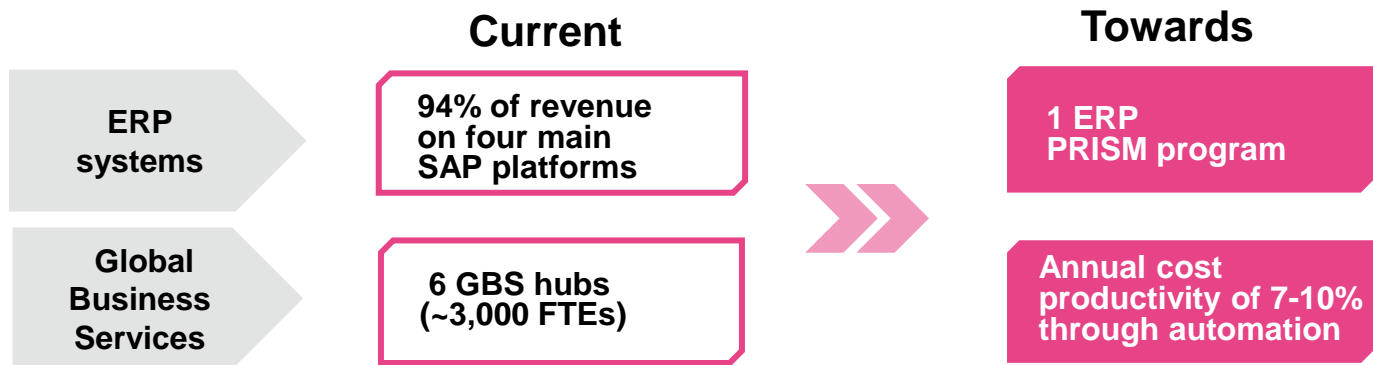
# DELIVER

Maarten de Vries

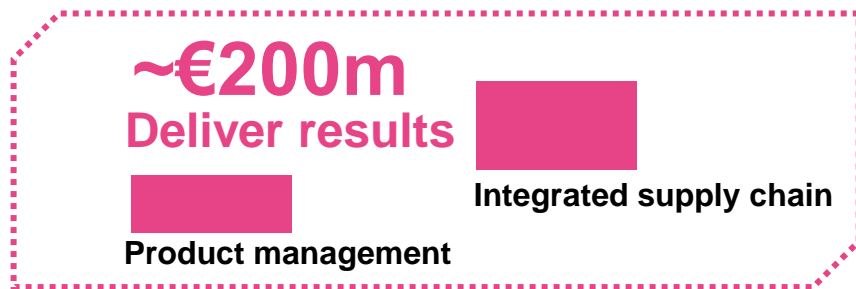


# Strong foundation enables Grow & Deliver AkzoNobel

Precise processes allow for further complexity reduction



Foundation serves as key enabler for complexity reduction



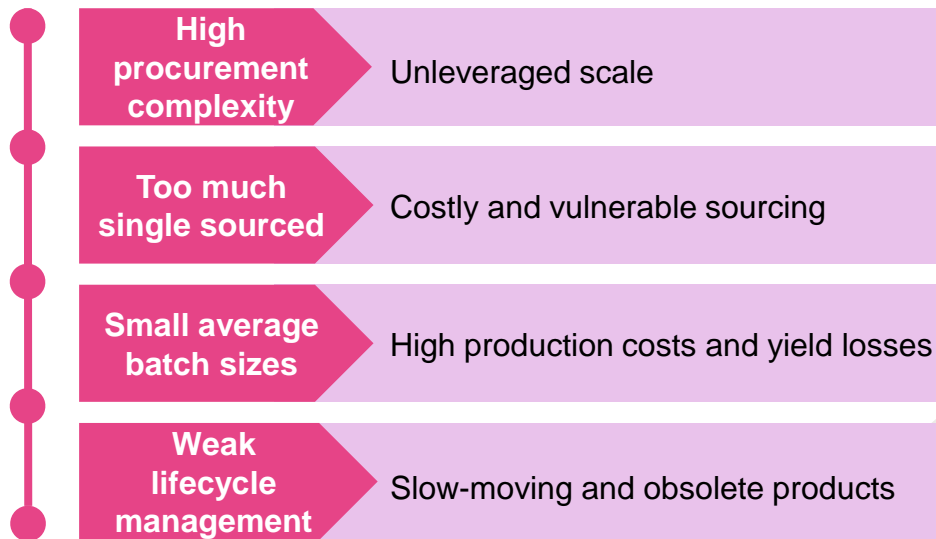


**DELIVER**  
**Product management**  
Thierry Vanlancker



# Product management unlocking end-to-end value through complexity reduction

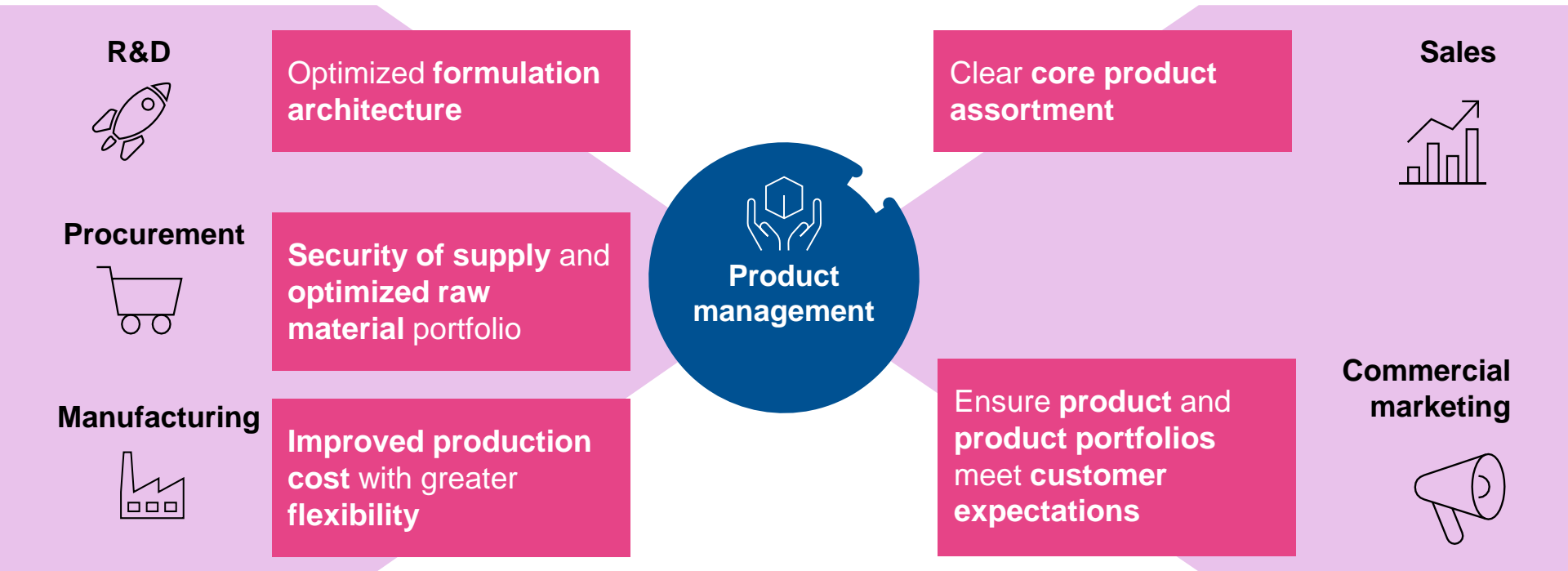
## Legacy...



# Cross-functional collaboration is key to make product management successful

Delivering cost competitive portfolio...

... Defining winning product range



# Product management in place

Driving standardization and simplification

**AkzoNobel**

Resulting in  
**reduced complexity**

**Half**  
# of raw materials

**Double**  
dual sourcing

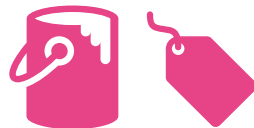
**Fewer raw materials**



**Increased batch size**



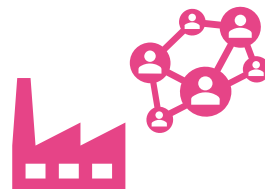
**Late differentiation**



**Standardized packaging**



**Network optimization**





# Case study 1: Product management Decorative Paints EMEA

### From

- ↯ High complexity in
  - ↯ Raw materials and packaging
  - ↯ Finished products
- ↯ Minimal product portfolio and manufacturing leverage
- ↯ 8,400 semi-finished products / formulations with slow-moving and obsoletes



### To

- ↯ EMEA catalog of **formulations** and **packaging**
- ↯ **Late differentiation** for color, labeling and packaging
- ↯ **Reduced complexity** in raw materials
- ↯ **Leverage** of manufacturing network through **archetypes**
- ↯ **Optimization opportunity** in working capital



**-40%**  
formulations

**-25%**  
packaging variants

**~€30m**  
EBITDA improvement  
by 2023\*

\* Compared to 2021 baseline.

# Case study 2: Resins manufacturing and supply AkzoNobel

Creating additional in-house value for sustainable growth

Resins to support innovation, growth and sustainability



Strategically positioned to leverage scale and generate value with 23 resin assets



Investments to drive asset efficiency, secure raw material supply and maximize utilization



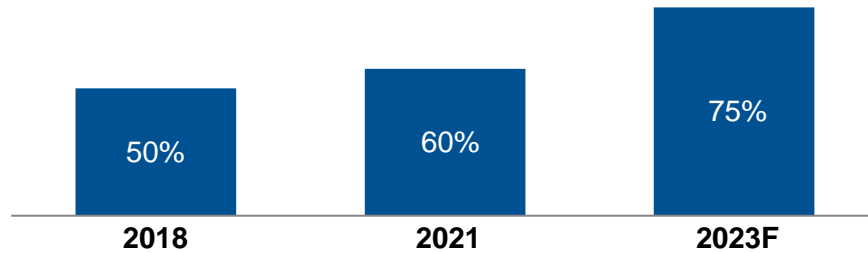
Significant value creation to drive EBITDA improvement by 2023



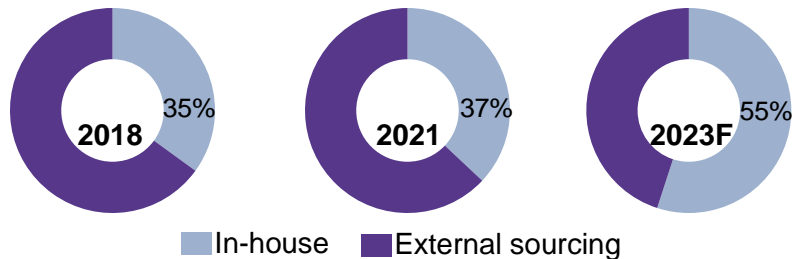
# Resins: Value creation opportunity

Delivering more balanced supply at lower cost

Our global Resin plants' utilization (%)



In-house production volumes vs. external sourcing



- ↗ **Resins** assets to be better utilized
- ↗ Improving overall **profitability**
- ↗ Driving **supply chain resilience** for one of our key raw material streams (2021: ~€1.6bn sourced externally\*)
- ↗ Driving **innovation** through key resins in **collaboration** between our supply partners and our in-house capabilities
- ↗ **EBITDA improvement of ~€15-20m** by 2023

\* Excluding raw material for in-house production.

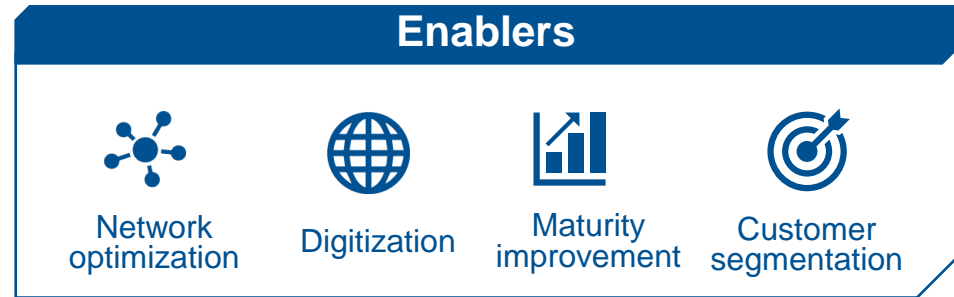
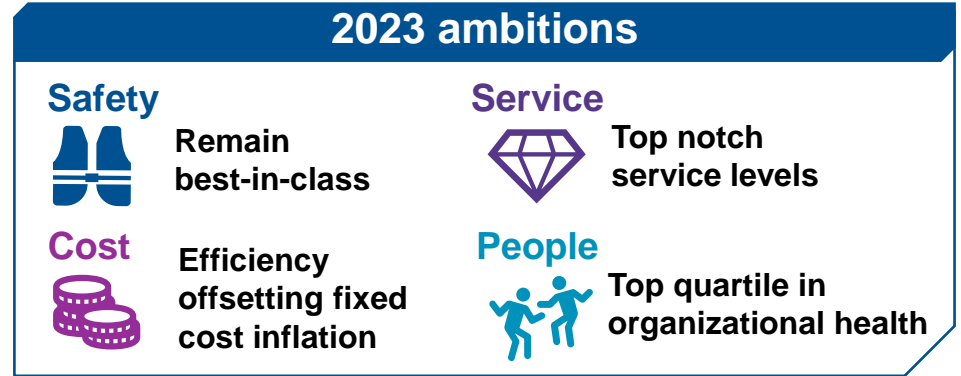
**DELIVER: Integrated  
supply chain**  
Karen-Marie Katholm



# Fit-for-purpose integrated supply chain

Focusing on customer centricity with our 2023 ambitions in mind

- ~14,000 People
- 120 Manufacturing Sites
- 330 Warehouses
- ~€300m CapEx/Year
- ~€1.5bn OpEx
- 80m Customer order lines per year
- 134,000 End products
- >12,000 Raw materials



# Turning supply chain into a competitive advantage



### Plan

- ↗ Enhanced operating model
- ↗ Standardized and integrated processes
- ↗ Best-in-class, end-to-end planning system



### Source

- ↗ Digital transformation
- ↗ Enhanced forecasting capabilities
- ↗ Sourcing experts located close to all markets



### Make

- ↗ Network optimization with insourcing capabilities
- ↗ Continuous improvement
- ↗ Digital enablers and sustainable solutions



### Deliver

- ↗ End-to-end visibility in logistics
- ↗ Optimized warehouse and transport management
- ↗ Best-in-class order fulfilment



# State-of-the-art demand & supply planning AkzoNobel

Increased reliability, responsiveness and visibility for value-driven decisions



## Plan



### From

- ↴ Multiple versions of truth
- ↴ Manual, disconnected planning
- ↴ Limited effectiveness of decision-making



### Through

- ↴ Optimally centralized supply planning
- ↴ Standardized processes
- ↴ One source of truth
- ↴ Scenarios generated by state-of-the-art planning suite



### To

- ↴ **Efficiently leveraged** and resilient supply chain network
- ↴ **High responsiveness** to changing conditions while sensing external dynamics
- ↴ **Agile, effective and speedy** decision-making



~20% lower days of inventory\* and improved service levels

EBITDA improvement of ~€30m by 2023\*

\* Compared to 2021 baseline.



# Digital procurement transformation

Unlocking further value through sourcing efficiency and supply security



## Source



## Challenges

- Supply disruptions
- Inflation
- Raw material shortages
- Logistics capacity shortages
- Labor shortages

## Our response

- Optimizing operating model
- Improving forecasting capabilities
- Preparation for digital transformation

## Towards 2023

- Increase dual-sourcing through **portfolio optimization**
- Improve **supplier risk and performance management**
- More **effective tendering** and increased **market insights**



Enabling lower cost to serve, value engineering and product management

# Customer-centric network optimization

Organized through manufacturing archetypes, while investing for growth



**Simple and efficient**

**60%**  
of volumes



- Lowest total cost for high volumes at consistent quality
- Example: White wall paint, packaging coatings



**Managed complexity**

**35%**  
of volumes



- Many end products with selective customizations at balanced cost
- Example: Coloured wall paint, basecoats for vehicle refinishes



**Make**

**Agile and adaptive**

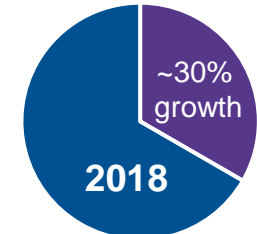
**5%**  
of volumes



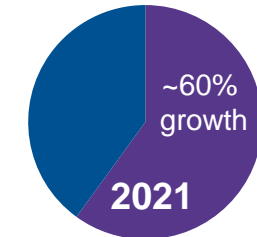
- Fulfil new and/or last-minute customer requests at a fast pace
- Example: Aerospace Coatings, rapid service unit for Powder



**CAPEX shifting towards growth**



**2018**



**2021**

■ Growth  
■ Maintenance

# Driving operational efficiency

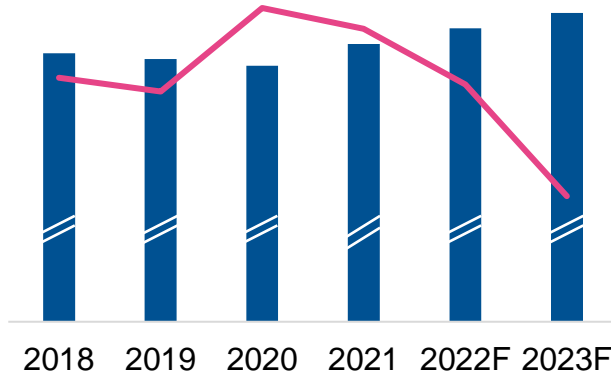
Continuous improvement via digitization & automation to offset fixed cost inflation



3+% efficiency gains on average  
(year-on-year)

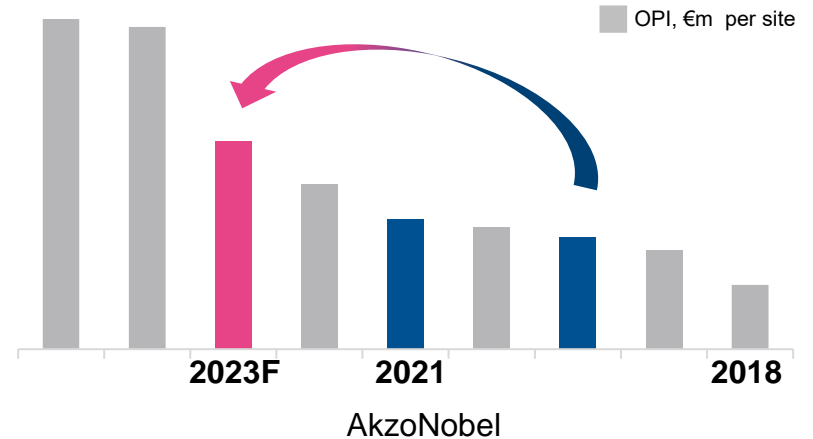


Make



■ Production volumes  
— Production cost per unit

Improvement in OPI per  
site vs peers by 2023\*



■ OPI, €m per site



EBITDA improvement of ~€60m by 2023\*\*  
(net of fixed cost inflation)

Source: company reporting and internal analysis.

\*AkzoNobel assumes 2021 OPI (peers latest available annual figures and number of plants).

\*\* Compared to 2021 baseline and by end of 2023.

# Improved customer service

Enabled by transparency and agility at competitive cost levels



- ↗ Freight optimization
- ↗ Predictive analytics



- ↗ Warehouse management
- ↗ Network optimization



- ↗ Tailored service level agreements
- ↗ Track and trace

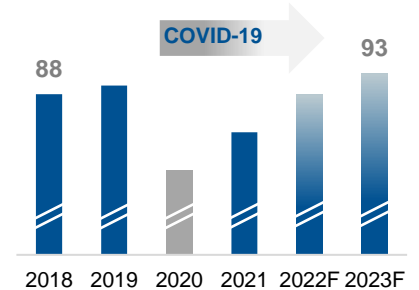


**Deliver**

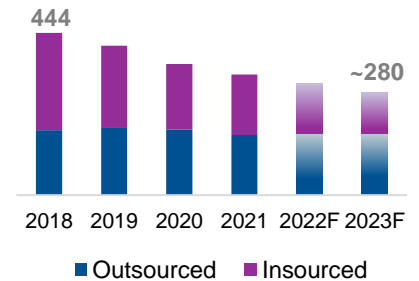


**EBITDA improvement of ~€60m by 2023\*\***

## Improved service levels\*



## Optimized warehouse network

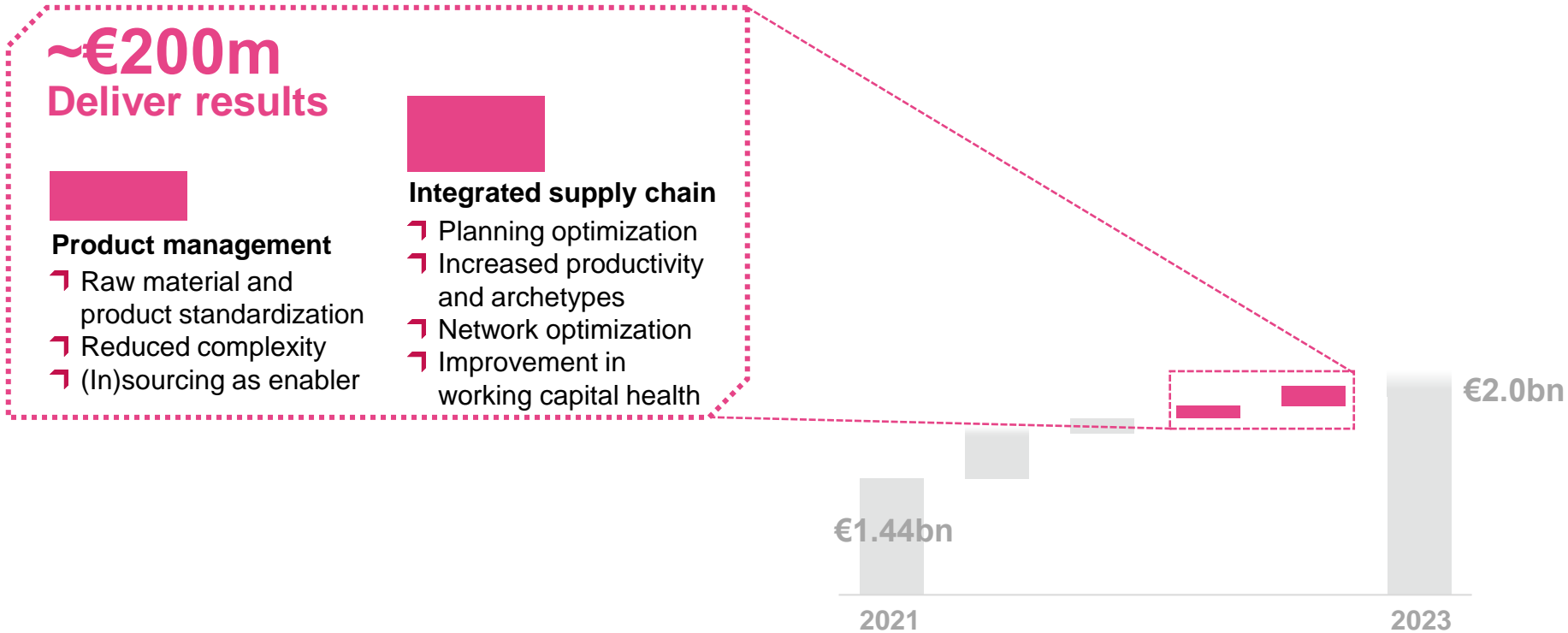


\* Measured by the metric "on time, in full %".

\*\* Compared to 2021 baseline.

# Grow & Deliver: €2bn adj. EBITDA by 2023 AkzoNobel

Deliver efficiency gains and cost optimization



# Capital allocation

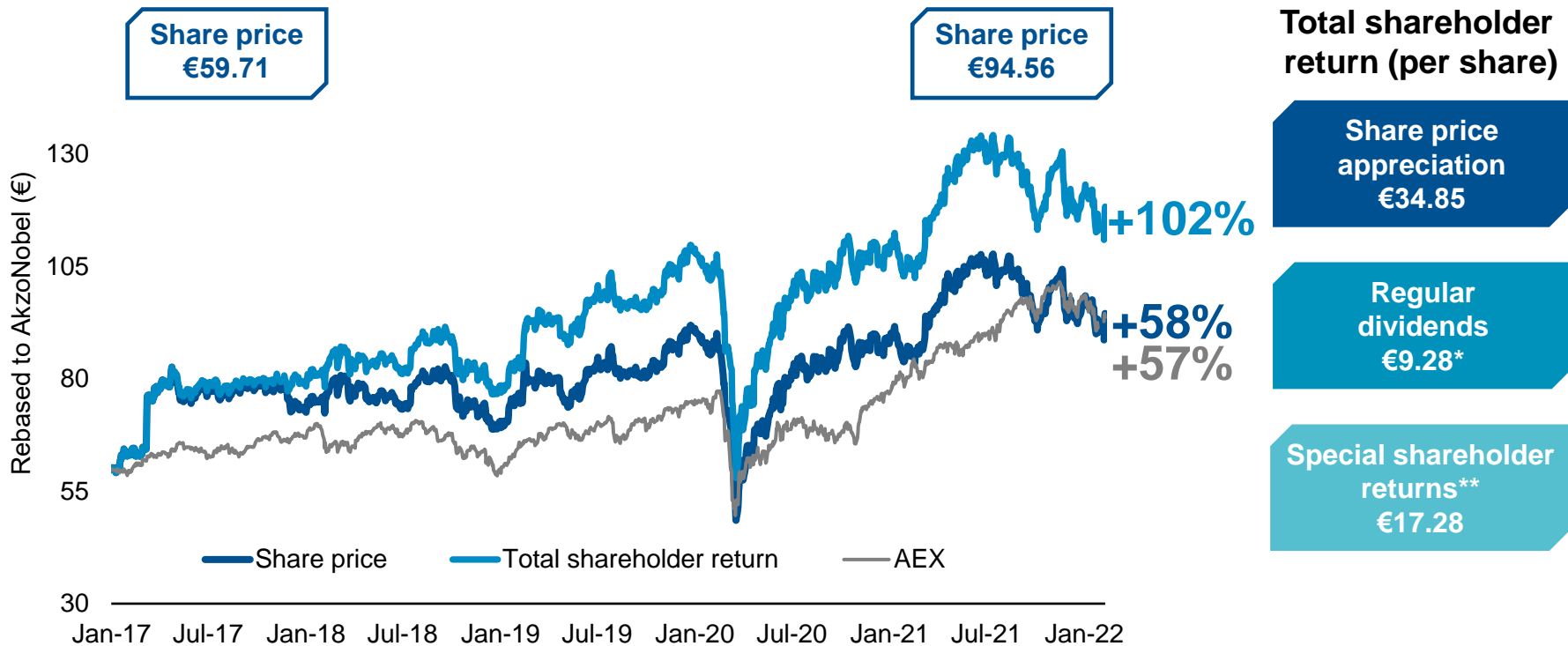
Maarten de Vries



# Total shareholder return

Significant value unlocked since 2017

# AkzoNobel



Source: Bloomberg; January 2, 2017 to February 10, 2022.

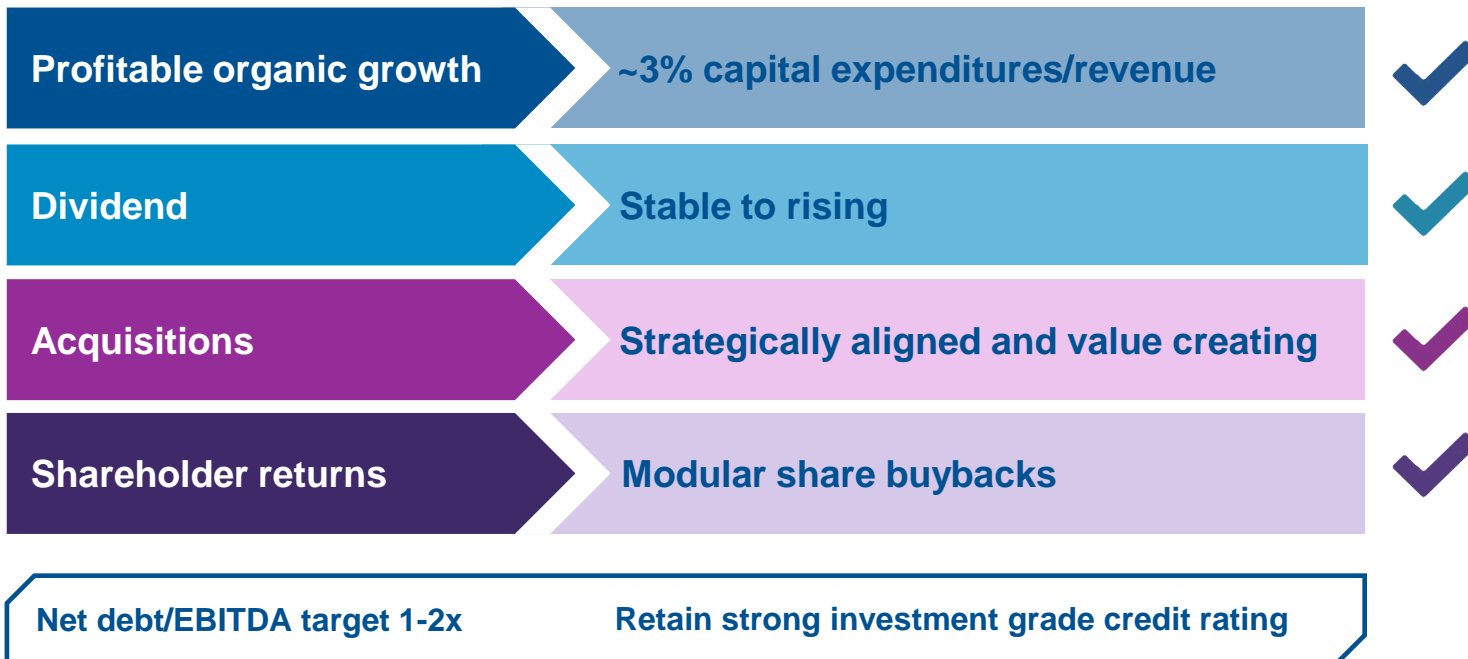
\* Regular dividends declared for 2017-2021.

\*\*Special dividend (€4.00) + capital repayment (€8.78) + special dividend (€4.50).



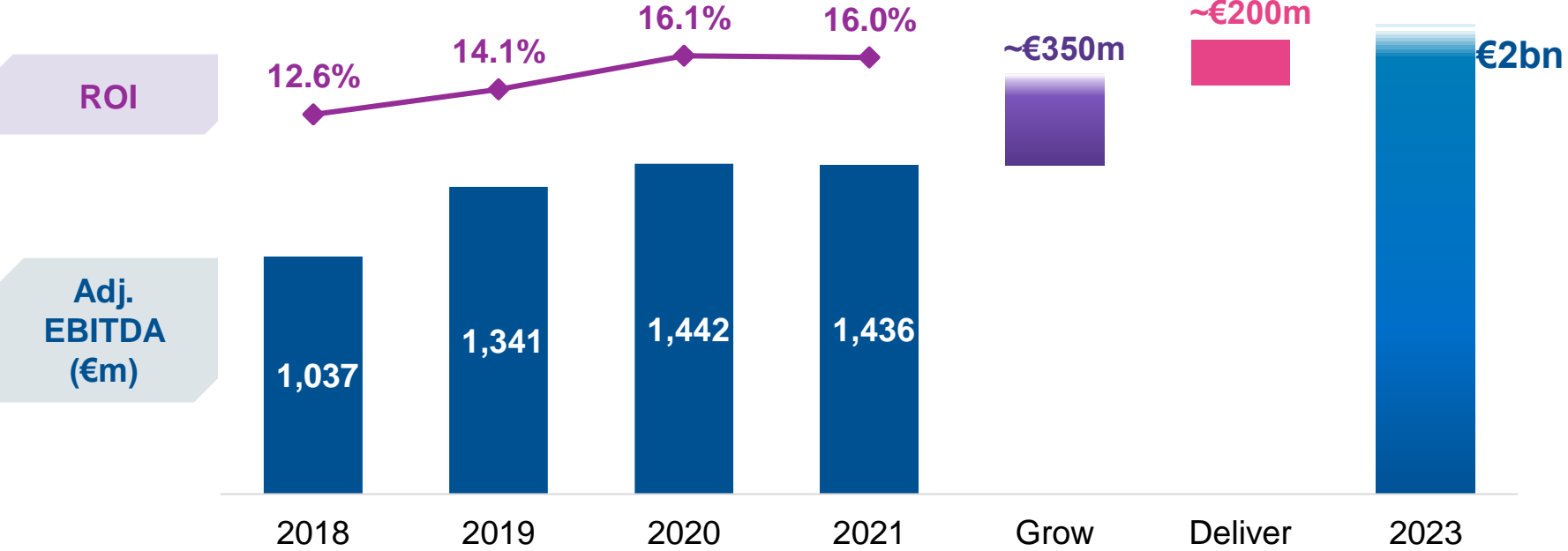
# Delivering on capital allocation priorities

**AkzoNobel**



# On the way to €2bn adj. EBITDA by 2023

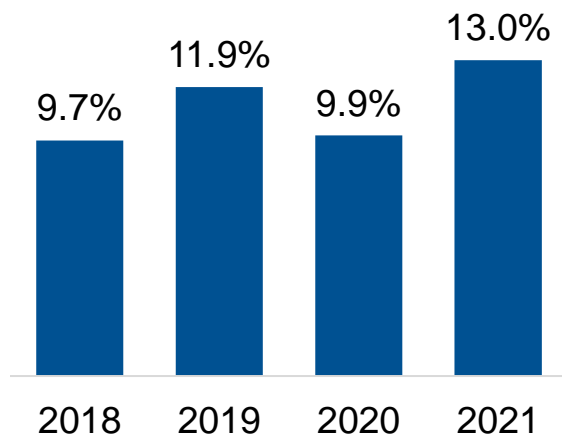
Increasing return on invested capital



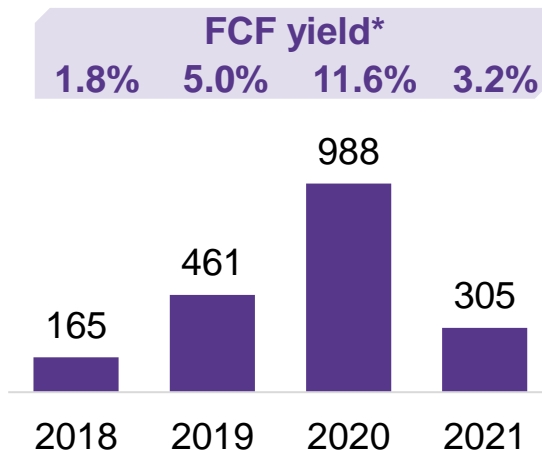
# Working capital and free cash flow

Impacted by raw material inflation and supply constraints

Operating working capital (Trade) as a % of revenue



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



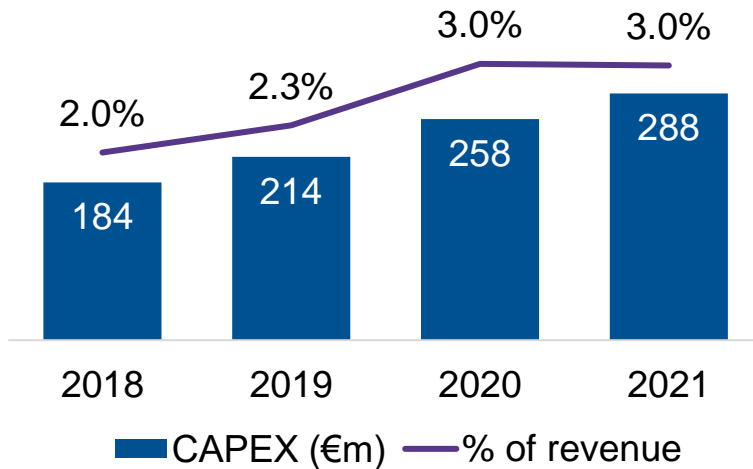
- Working capital lower versus comparable peers
- Working capital impact from raw material inflation at ~2% (2021)
- Supply chain initiatives to drive 20% improvement in days in inventory by 2023
- Annual pension top-up payments of ~€10m moving forward

\* Defined as free cash flow excl. pension pre-funding and top-payments as percentage of revenue.

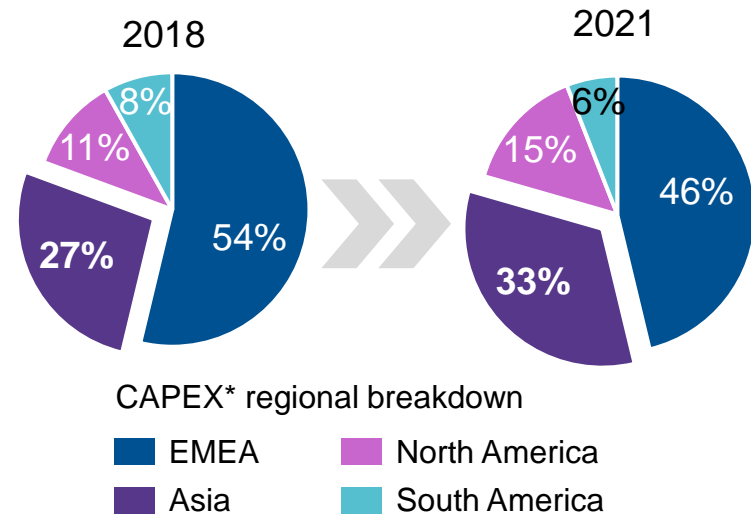
# Capital expenditures

Directing investments to support growth businesses

## CAPEX expansion to support Grow & Deliver ...



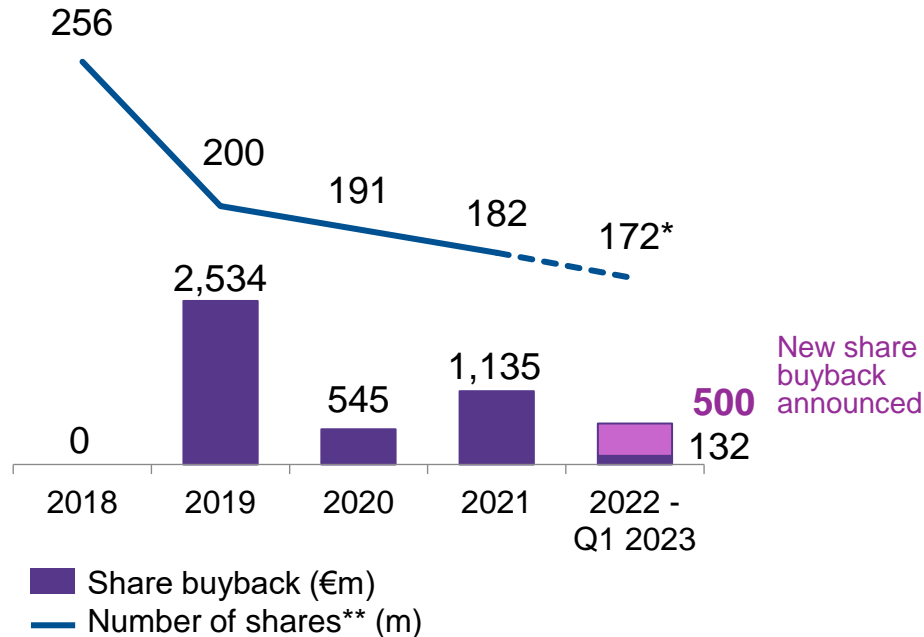
## ...with increased focus on Asia



\* Excludes CAPEX in intangible assets.

# Shareholder returns

Significant reduction in shares through share buybacks



- ↗ **29%** of shares canceled vs 2018
- ↗ **€2.5bn** cash returned from Specialty Chemicals divestment in 2019
- ↗ **€1.8bn\*\*\*** in Q4 2019-22 YTD
- ↗ **€500m** new share buyback to be completed by Q1 2023

\* Based on the share price as of February 10, 2022, and cancellation of treasury shares.

\*\* At year-end and including treasury shares.

\*\*\* Includes €132m share buyback completed in Q1 2022.

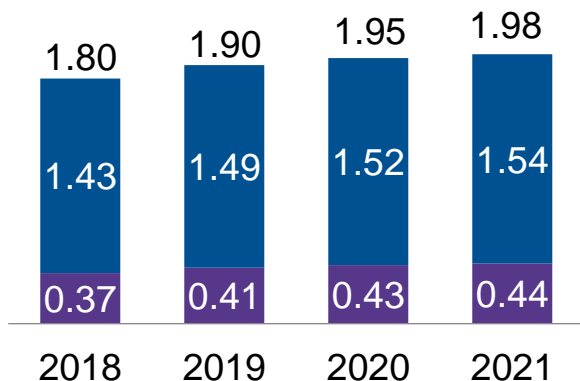
# Dividends and earnings per share

Stable to rising dividends and significant EPS growth

**2.3%**

avg. dividend  
yield 2018-21

Dividends per share (€)

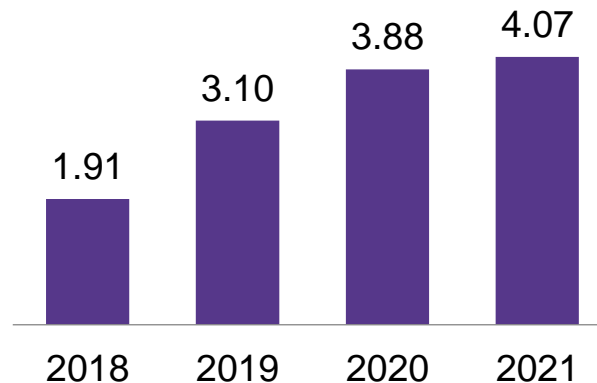


■ Final dividend  
■ Interim dividend

**113%**

adj. EPS  
growth  
2018-21

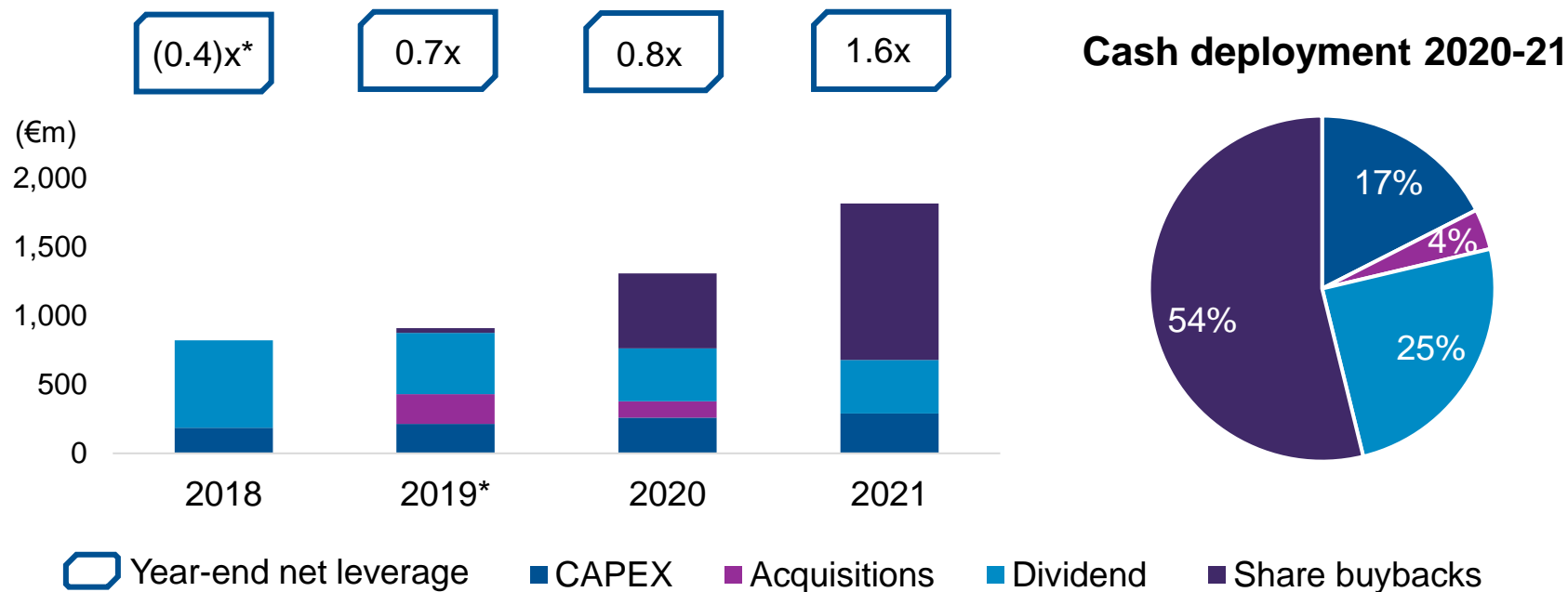
Adj. earnings per share\* (EPS) (€)



\* Adjusted earnings per share from continuing operations.

# Executing on capital allocation priorities

Deployed >75% of cash to shareholder returns (2020-21)



\* Adjusted for the cash returned to shareholders from the Specialty Chemicals divestment.



# Track record of strategic M&A

2018

xylazel

**Spain**

Leading woodcare position



**Romania**

Leading paints position



**Malaysia**

Leading paints position

2019

MAPAERO

**Aerospace**

Cabin/interior coatings



**Mauritius**

Leading paints position

2020



**Yacht**

North America retail

2021



**Spain**

Leading paints position

2022



**Central and South America**

Leading paints position

- ↗ Track record of accretive acquisitions
- ↗ Clear mapping to business and regional gaps and opportunities
- ↗ Delivered **1% CAGR** of **inorganic topline growth (2018-21)**
- ↗ Discipline to buy the right assets at the right price, post synergy value-weighted multiple **<11.5x\***

Acquisition of Grupo Orbis is expected to close in Q1 2022.

\* EV-weighted average of EV/EBITDA transaction multiples.

# M&A case study: Decorative Paints Spain

# AkzoNobel

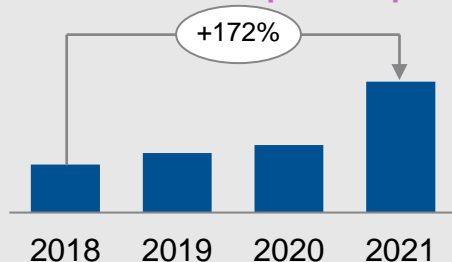
Building on strong foundations with series of acquisitions

€600m\* market

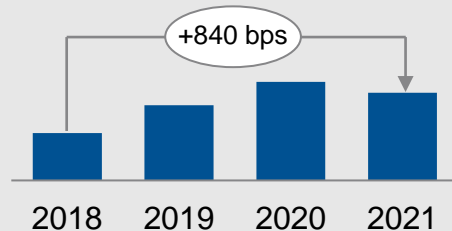
#1 position\*\*



Revenue AkzoNobel paints Spain (€m)



ROS AkzoNobel paints Spain (%)



## Logical fit

- ↗ Leading position\*\*
- ↗ Leading local brands:
  - #1 brand\*\* in color (Bruguer)
  - #1 brand\*\* in premium wall paint (Titan)
  - Leading woodcare position\*\* (Xylazel)
- ↗ Joint technical and commercial expertise
- ↗ Foundation for future growth opportunities including Green Deal

## Synergy case

- ↗ Network optimization
- ↗ Selling, general & administrative costs
- ↗ Cross-channel sales opportunities
- ↗ Titan: 50% of synergies will be realized in 2022

\* Source: internal analysis.

\*\* By value.

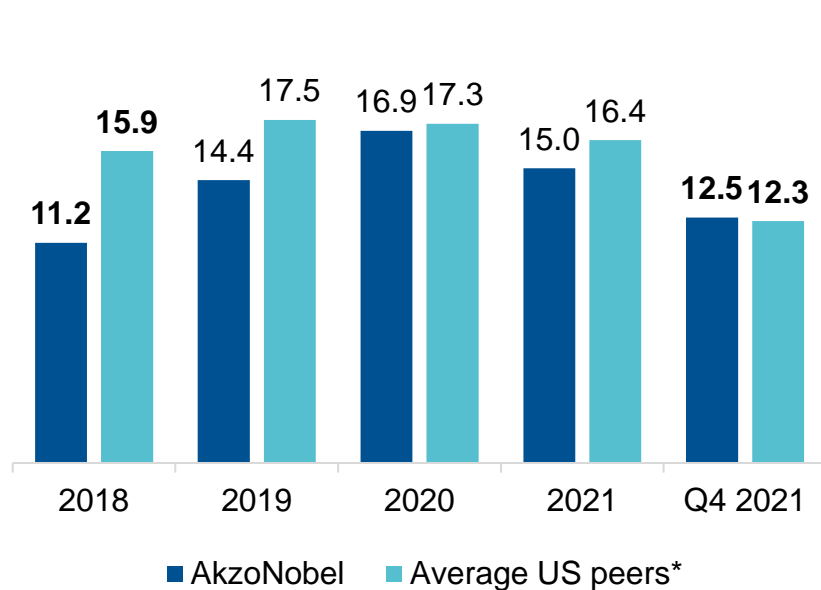
# **GROW & DELIVER recap**

Thierry Vanlancker

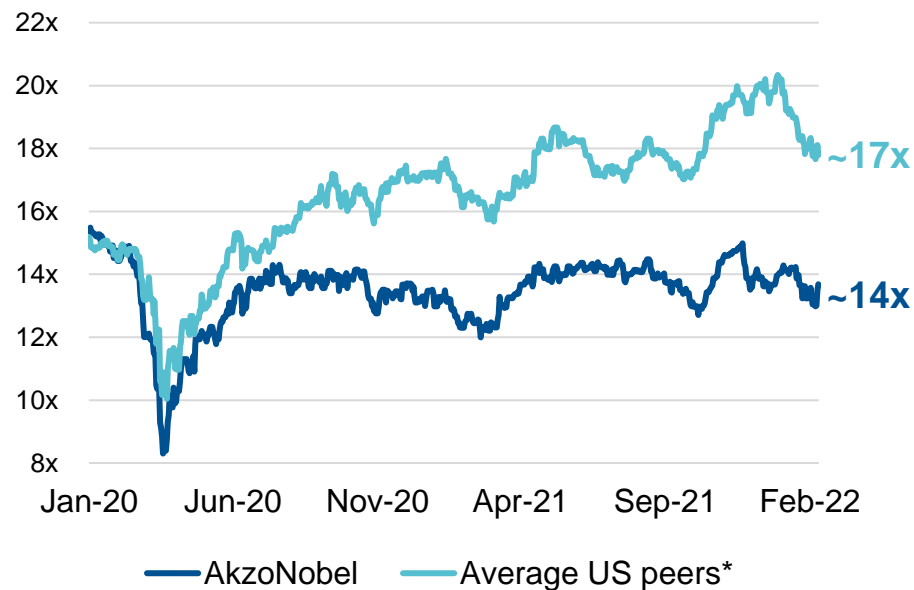


# EBITDA margin on par with US peers

### Adj. EBITDA margin (%)



### Evolution of EV to trailing 12 months adj. EBITDA\*\*

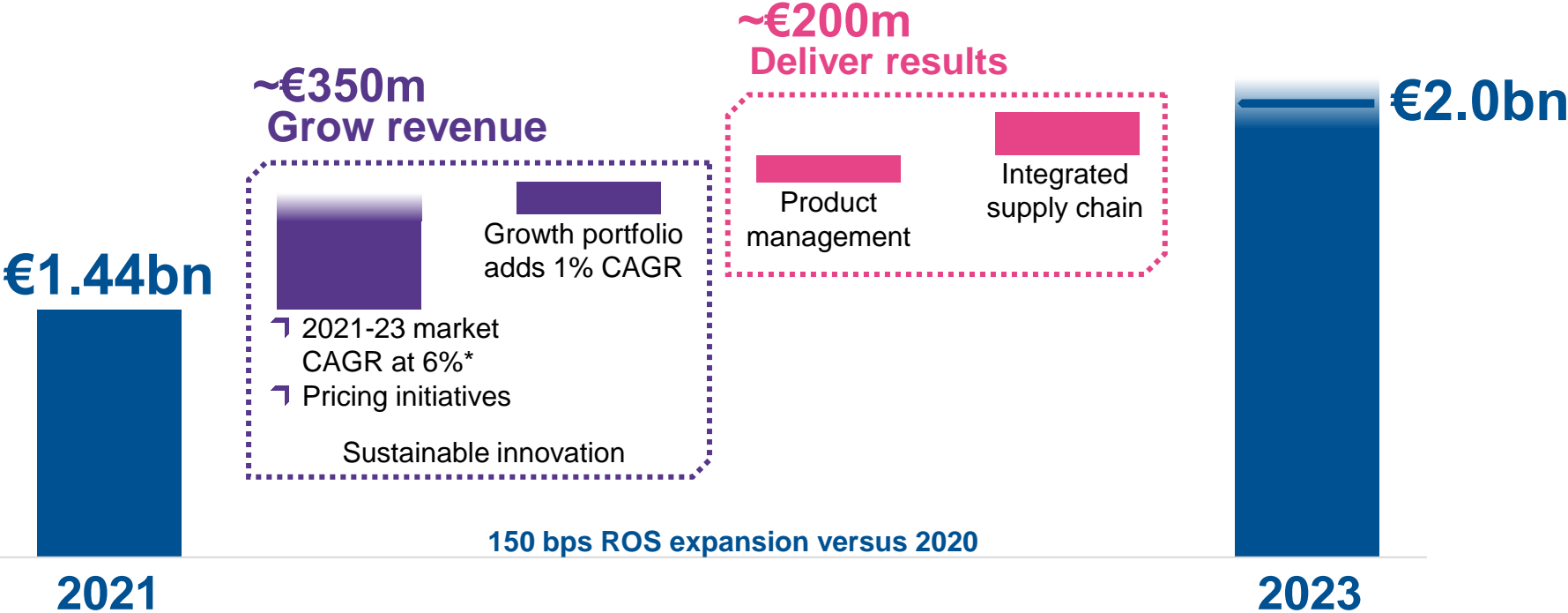


\* Sherwin-Williams, PPG, Axalta. Source: company reporting.

\*\* Source: Factset; January 1, 2020 to February 10, 2022.

## Grow & Deliver: €2bn adj. EBITDA by 2023

Step-up underpinned by growth and operational efficiencies



\* Source: Orr & Boss, internally reduced forecast. Assumes no significant market disruption.

# 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 operating income** is operating income excluding identified items
- ↴ **Adjusted EBITDA** is operating income excluding depreciation, amortization and identified items
- ↴ **Adjusted EBITDA margin** is adjusted EBITDA as percentage of revenue
- ↴ **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
- ↴ 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



# 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%

Adjusted  
operating income\*

Down 29%

Adj. EBITDA down 21%

Adjusted EPS\*  
From continuing operations

€0.74

(Q4 2020: €1.08)

Full Year 2021:

Revenue

Up 12%

(up 9% vs 2019 in CC)

Adjusted  
operating income\*

Down 1%

Adj. EBITDA flat

€1 billion  
share buyback  
completed in  
January 2022 ✓

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



\*Alternative performance measure, for definitions and 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

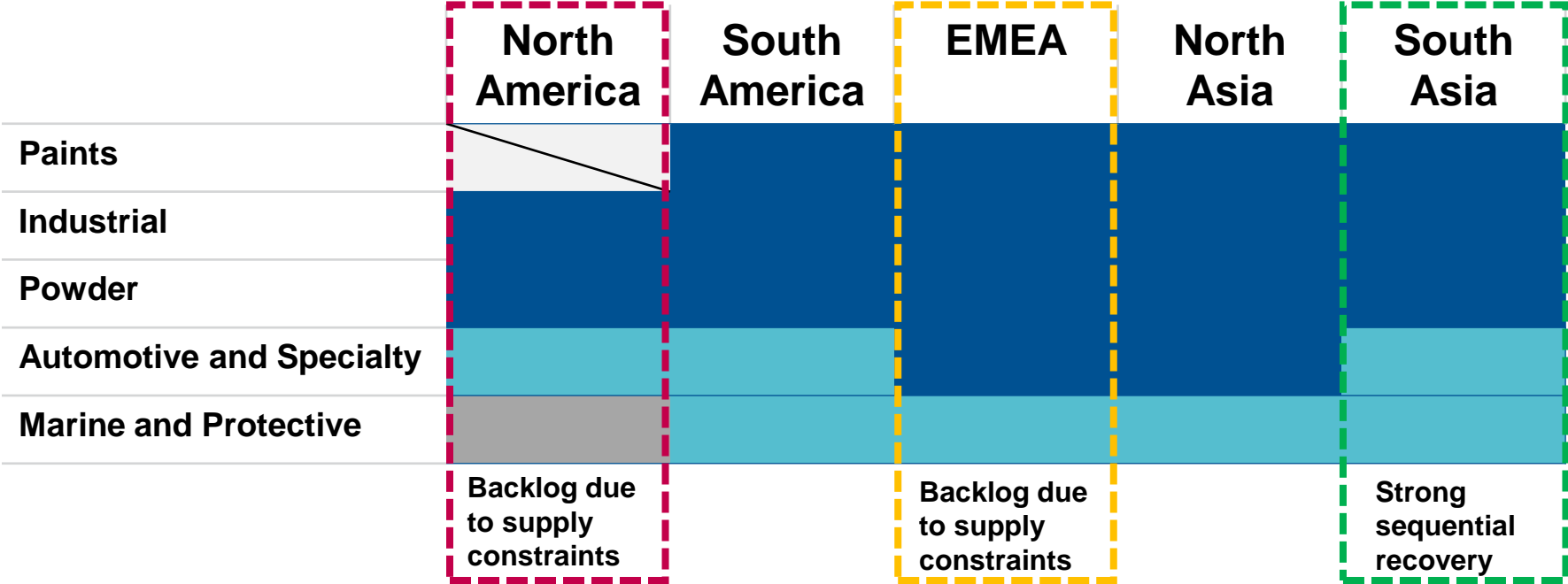
- ↗ Despite supply chain volatility, businesses delivered on internal quarterly forecasts
- ↗ ERP consolidation with 94% of revenue on four SAP systems
- ↗ All-time high Organizational Health score (72)
- ↗ ESG recognition: Terra Carta Seal at COP26

DELIVER



\*In constant currencies

# Underlying demand robust, continued impact in Q4 from supply constraints



End market demand (y-o-y)



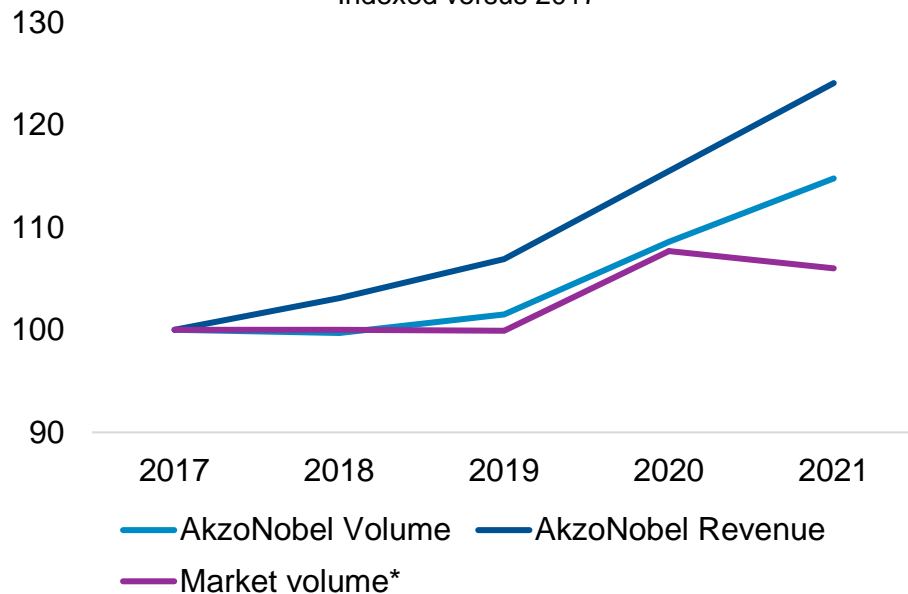
# AkzoNobel outperforming Europe market

## UK DIY and Trade market volumes above 2019 levels

### AkzoNobel Paints Europe development

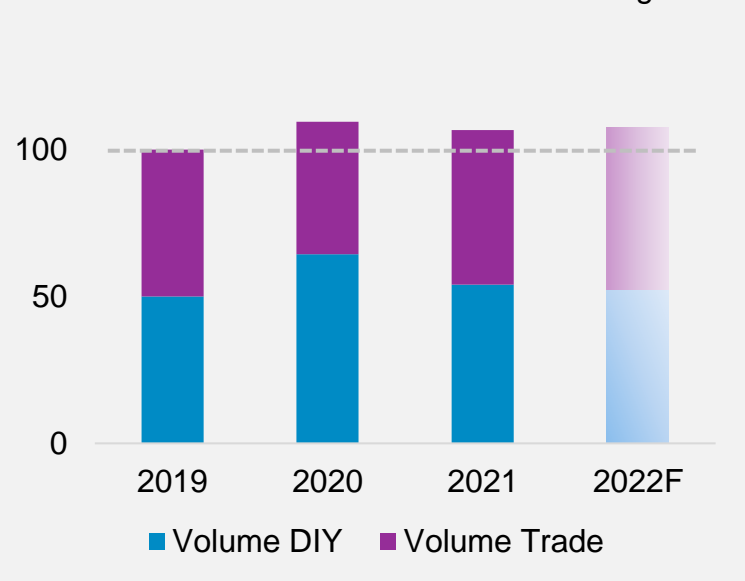
(Excludes Middle East and Africa)

Indexed versus 2017



### AkzoNobel Paints UK volume trends

Versus 2019 with base index 50 for both segments



\* Source: CEPE, for 2021 preliminary numbers

# Decorative Paints South East South Asia

# AkzoNobel

## Leading positions and strong brands

~€7bn market (2021)

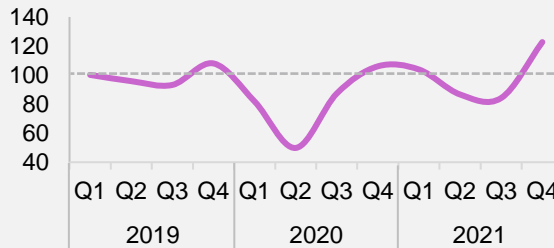
#3 in South Asia

Top market positions in Vietnam, Malaysia, Indonesia, Thailand

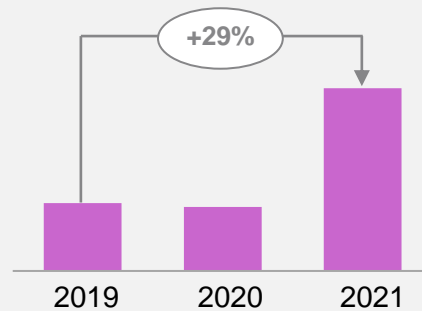
#4 in India (max opportunity)



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 and 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

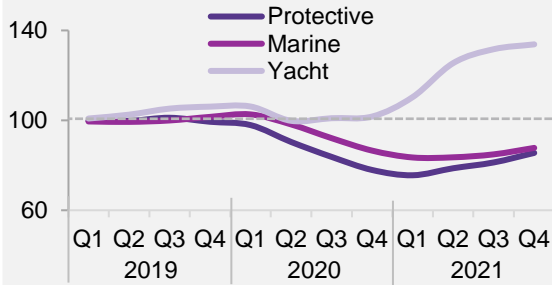
**AWLGRIP**



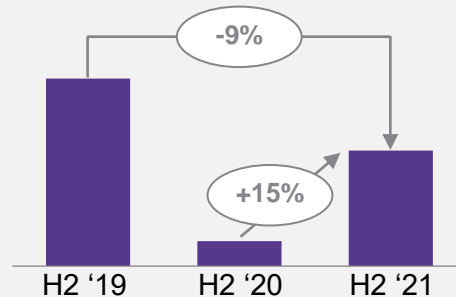
**International Interlux**



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)

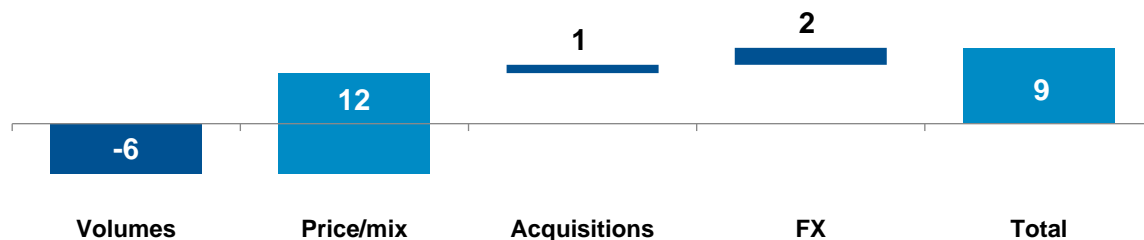
# Financial review

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

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

## Revenue development Q4 2021 (%)

■ Increase ■ Decrease



### Royal seal of approval for sustainability leadership

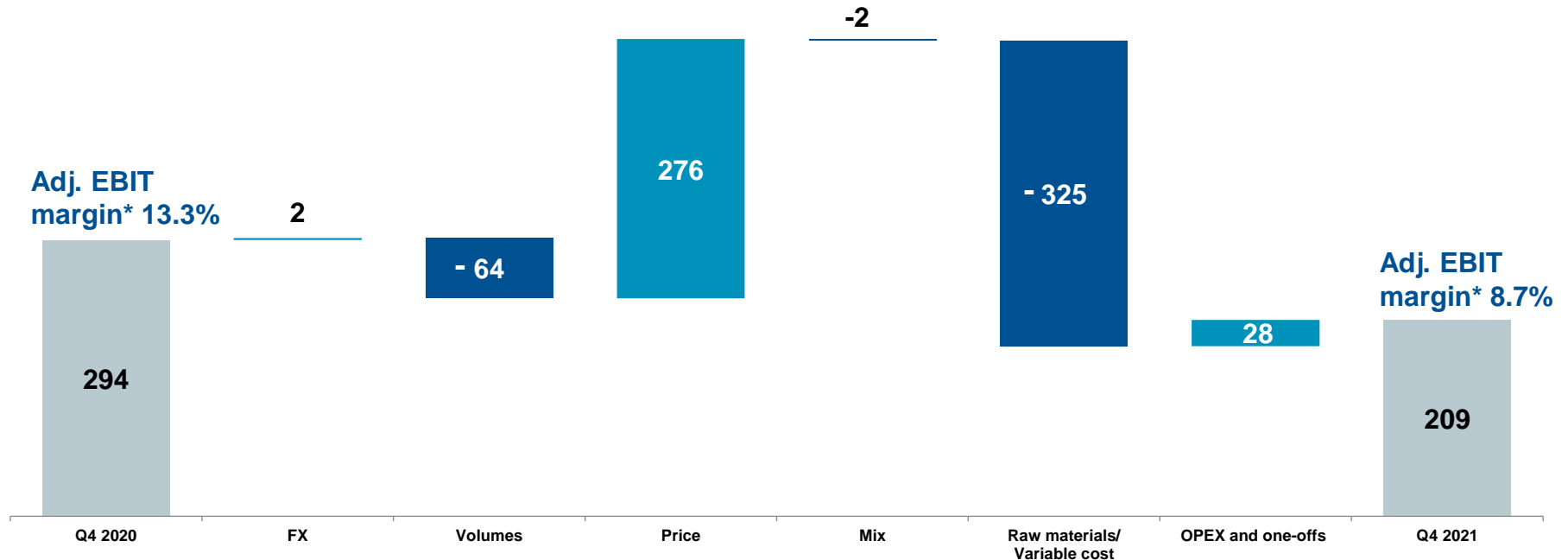
We were proud to be one of the first recipients of the Terra Carta Seal, which was launched at COP26 by His Royal Highness The Prince of Wales. The Terra Carta Seal is a major new award which recognizes global companies that are driving innovation and demonstrating their commitment to – and momentum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

\*Alternative performance measure, for definitions and 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)

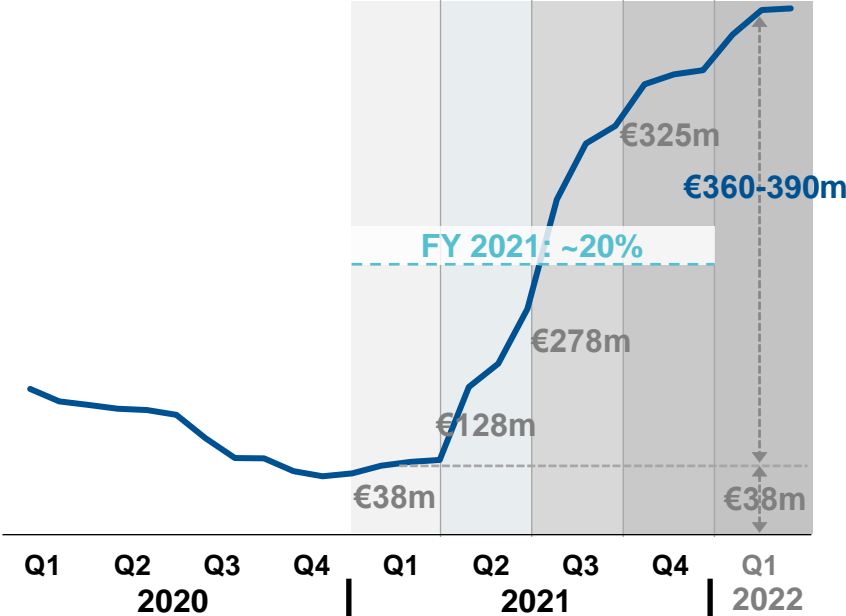
- Positive impact
- Negative impact



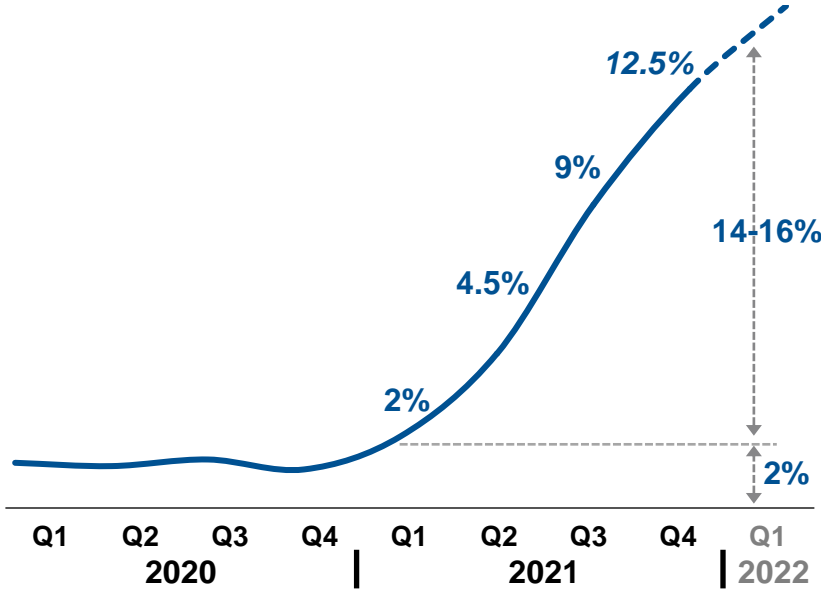
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## Q4 pricing up 12.5% December pricing run-rate at 14%

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



### AkzoNobel pricing (%)\*



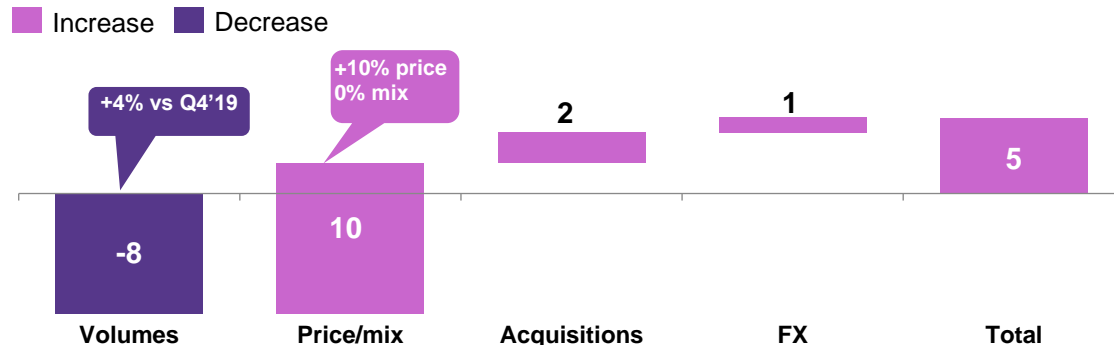
Percentage change to FY2020 annual average

\*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 (%)



### Bringing color to the community

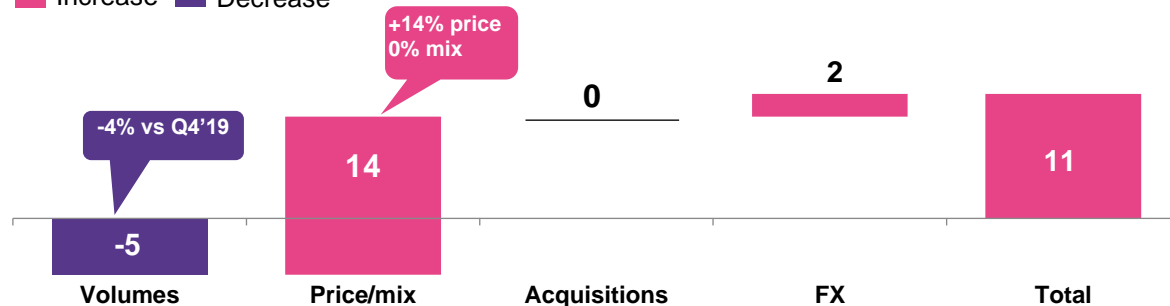
As part of our global "Let's Colour" program, we teamed up with a community of mural artists in Bandung, Indonesia, to paint the walls of the Saparua Sports Center. The venue is a cultural heritage hub for sports, creativity, arts and music.

# 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



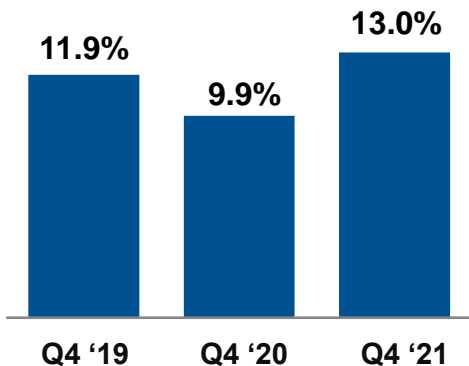
### Protecting a record breaker

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.

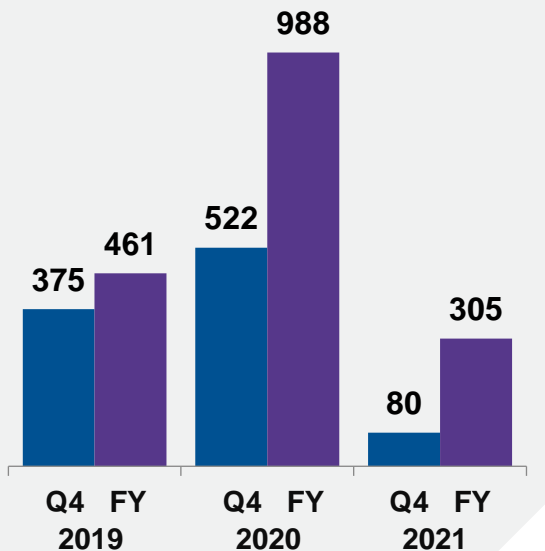
\*Alternative performance measure, for definitions and reconciliation of the alternative performance measures to the most directly comparable IFRS measures please see appendix

# 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)

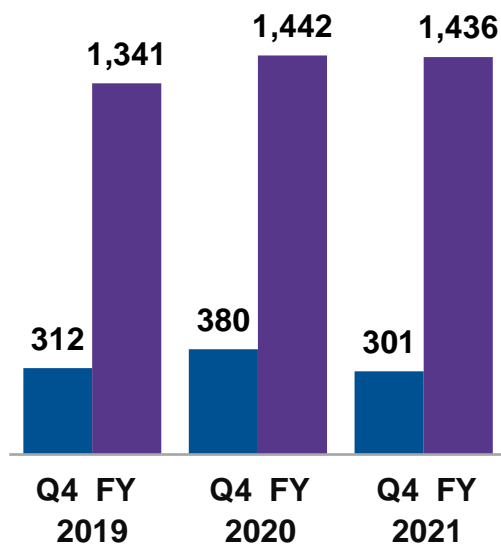
\*Defined as the sum of inventories, trade receivables and trade payables. Operating working capital is measured against four times last quarter revenue.

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



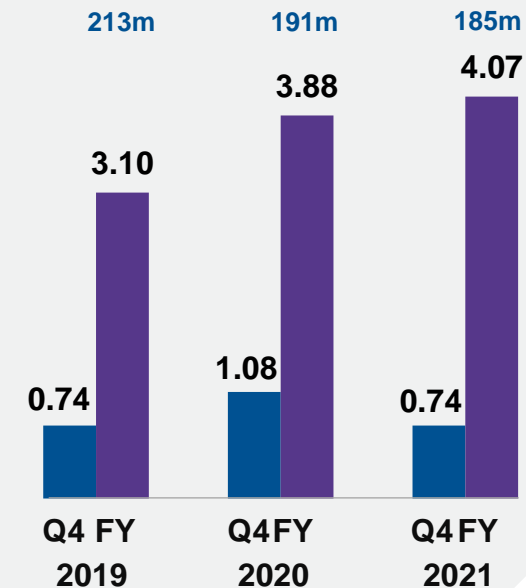
# Adjusted EPS up 5% and dividends up 1.5% in 2021

Adjusted EBITDA\*  
(€m)

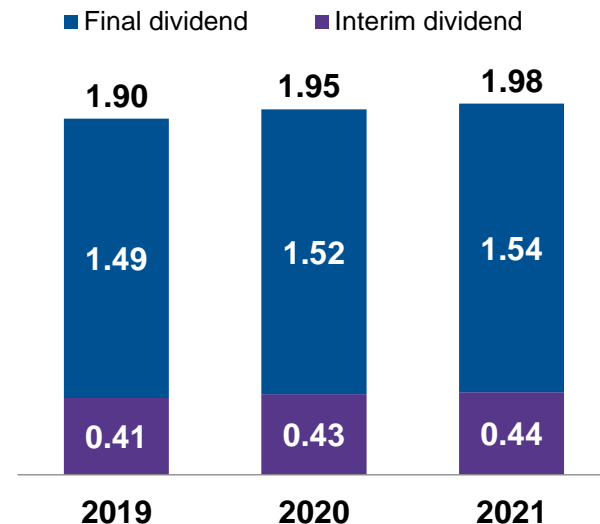


Adjusted earnings per share\*  
(EPS) from cont. operations (€)

Number of shares (weighted average)



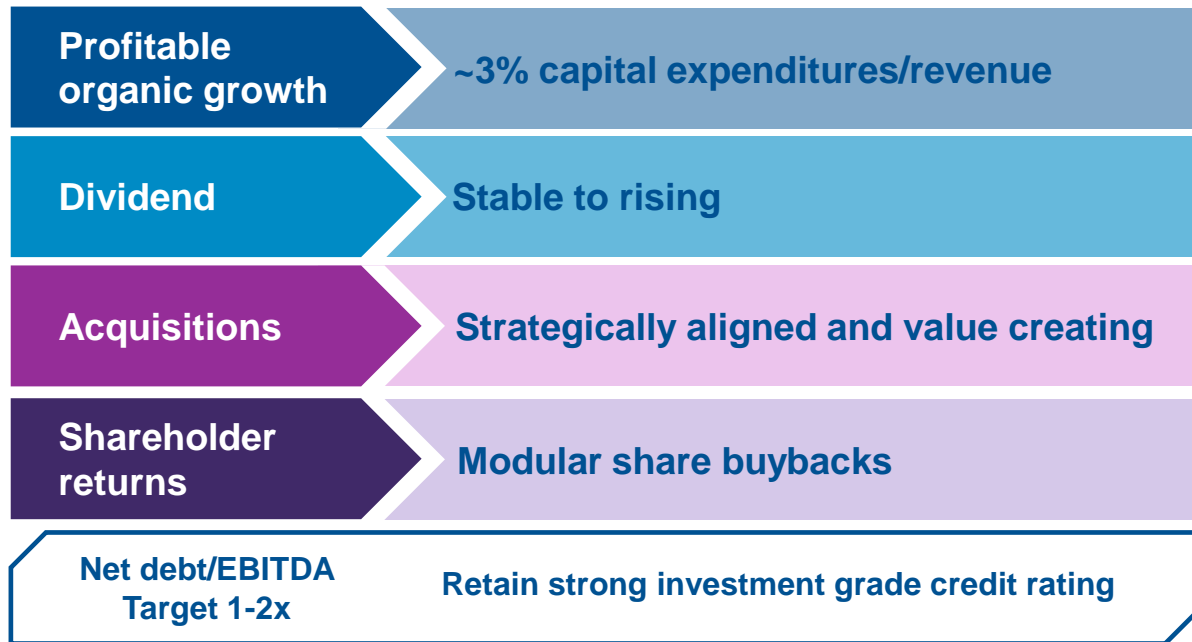
Dividend  
(€)



\*Alternative performance measure, for definitions and 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: €294 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

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](http://www.akzonobel.com)

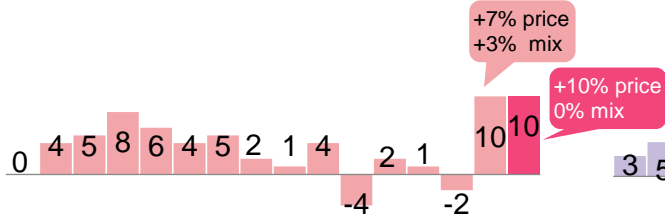
# Appendix



# Robust pricing initiatives continue, Q4 pricing up 12.5%

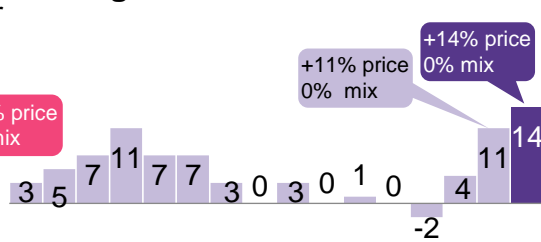
## Paints

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



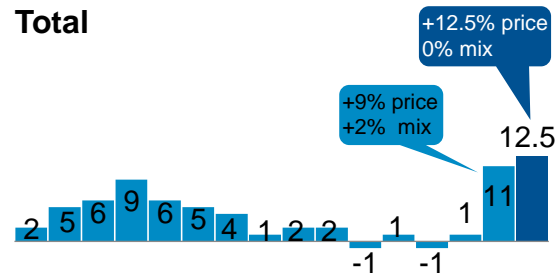
Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4  
18 18 18 18 19 19 19 19 20 20 20 20 21 21

## Coatings



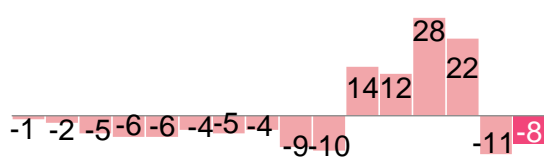
Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4  
18 18 18 18 19 19 19 19 20 20 20 20 21 21

## Total

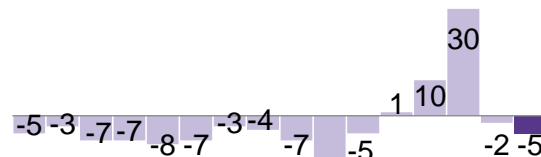


Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4  
18 18 18 18 19 19 19 19 20 20 20 20 21 21

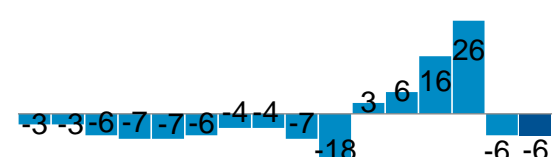
Quarterly volume\* development in % year-on-year



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



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



\*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 and 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	<b>EBITDA</b>	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	<b>Net cash from operating activities</b>	1,220	605
(102)	(99)	Capital expenditures	(258)	(288)
513	79	<b>Free cash flow</b>	962	317
<b>Net Debt</b>			1,034	2,340
<b>Leverage (Net Debt/EBITDA)</b>			0.8	1.6

## Operating income to net income

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

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)
<b>(51)</b>	<b>(4)</b>	<b>Total</b>	<b>(136)</b>	<b>26</b>

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)	
<b>294</b>	<b>209</b>	<b>(29%)</b>	<b>Total</b>	<b>1,099</b>	<b>1,092</b>	<b>(1%)</b>

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	
<b>333</b>	<b>299</b>	<b>(10%)</b>	<b>EBITDA</b>	<b>1,324</b>	<b>1,469</b>	<b>11%</b>

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	
<b>380</b>	<b>301</b>	<b>(21%)</b>	<b>Adjusted EBITDA</b>	<b>1,442</b>	<b>1,436</b>	<b>-%</b>

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*		
<b>11.0</b>	<b>8.5</b>	<b>Total</b>	<b>11.3</b>	<b>11.7</b>

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*		
<b>13.3</b>	<b>8.7</b>	<b>Total</b>	<b>12.9</b>	<b>11.4</b>

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)
<b>205</b>	<b>134</b>	<b>Adjusted net income from continuing operations</b>	<b>742</b>	<b>753</b>

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

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	
<b>Total</b>	<b>6,834</b>	<b>6,829</b>	<b>-%</b>

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

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

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
<b>Net Debt</b>	<b>1,034</b>	<b>2,340</b>

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

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