

## **Investor update - 2020 and beyond**

February 13, 2020

## **Investor update Q3 2021**

October 20, 2021

## Agenda

### UPDATE 2020



Introduction



Executive summary



Market dynamics



Winning together: 15 by 20

### BEYOND 2020



Beyond 2020



Grow



Deliver



PEOPLE. PLANET. PAINT.

# Executive summary

## Thierry Vanlancker





# A focused paints and coatings company

# AkzoNobel



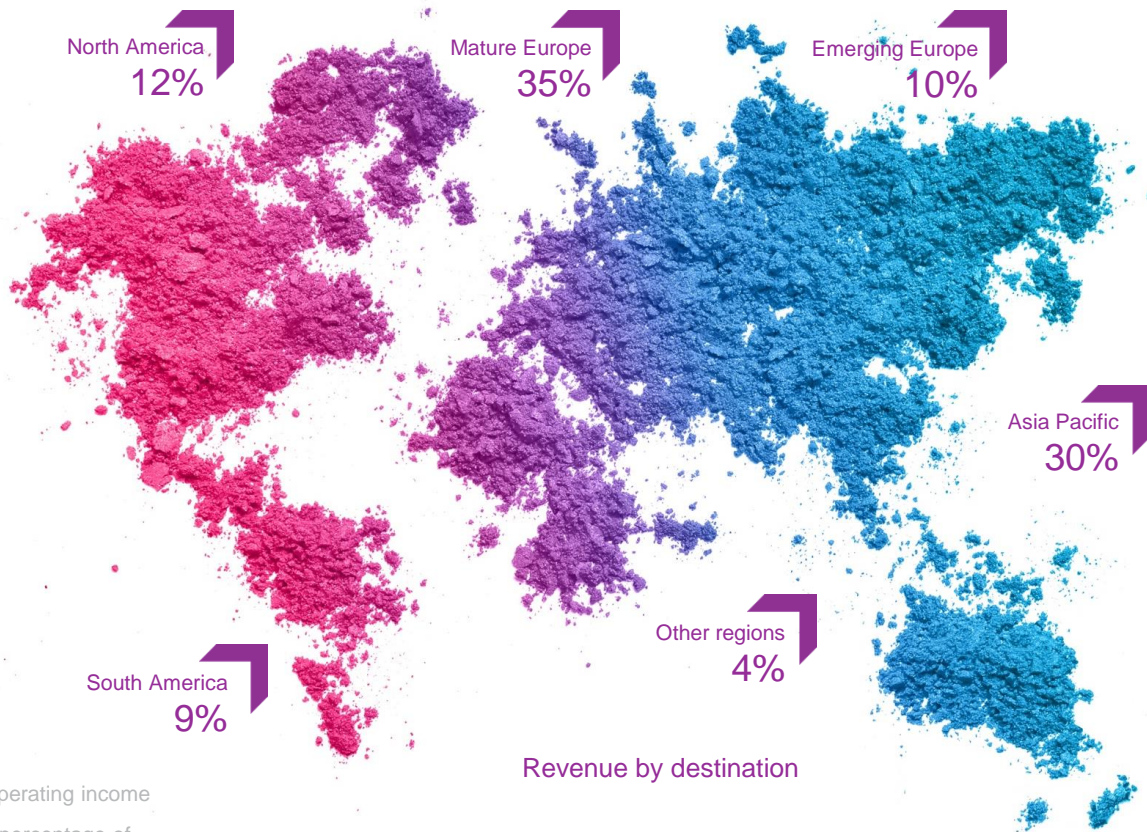
 International

  
POWDER COATINGS



**€9.3bn** revenue  
**€1.2bn** EBITDA  
**€1bn** EBIT  
**12.0%** ROS  
**17.2%** ROI  
**33,800** employees

All figures are based on year-end 2019. ROS = adjusted operating income as percentage of revenue (excluding unallocated cost)  
ROI = adjusted operating income of the last 12 months as percentage of average invested capital (excluding unallocated cost and invested capital)



Revenue by destination

# Delivering on promises made in 2017

**AkzoNobel**

Creating two focused businesses as a logical next step	Dual-track separation process completed	✓
Accelerating growth momentum and enhanced profitability	Revenue growth ambition reduced ROS increased from 10.6% to 12.0%	<div>X</div> <div>✓</div>
Clear separation of Specialty Chemicals within 12 months	€10.1bn private sale in <12 months	✓
Increasing returns to shareholders	€6.5bn proceeds returned before end 2019	✓
Committed to investing in sustainability, innovation and society	Paint the Future launched and expanding	✓
Best placed to unlock value ourselves	Share price increased 52% and TSR 82%	✓



ROS full-year 2018 and 2019. ROS = adjusted operating income as percentage of revenue (excluding unallocated cost);  
Share price and total shareholder return (TSR) January 2017- December 2019

# Winning together: 15 by 20

**AkzoNobel**



**Passion for paint**



**Precise processes**



**Powerful performance**



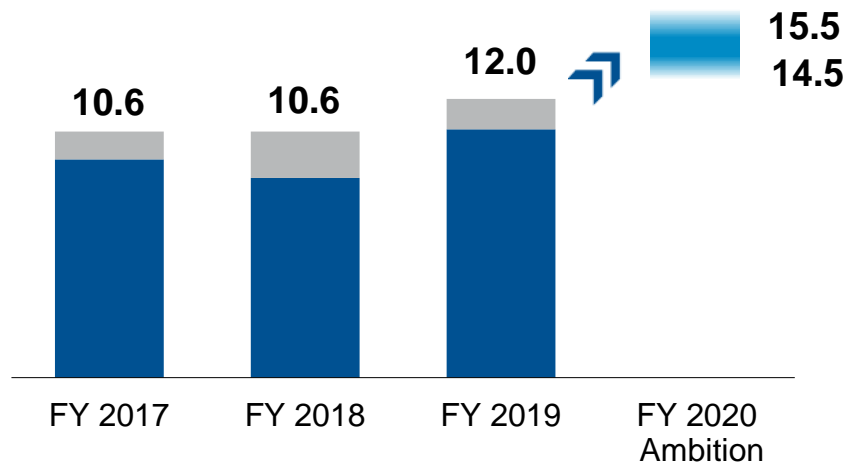
**Proud people**



# Performance improvement accelerated during H2 2019

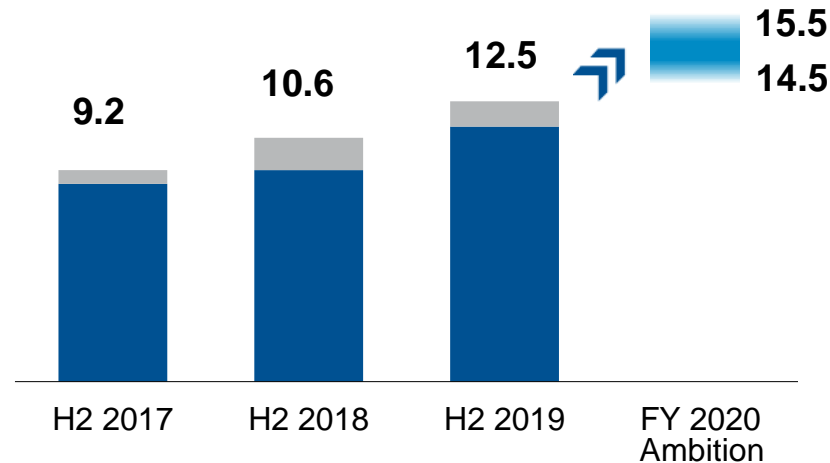
## Return on sales (ROS), full-year

% ■ Unallocated cost



## Return on sales (ROS), second half-year

% ■ Unallocated cost

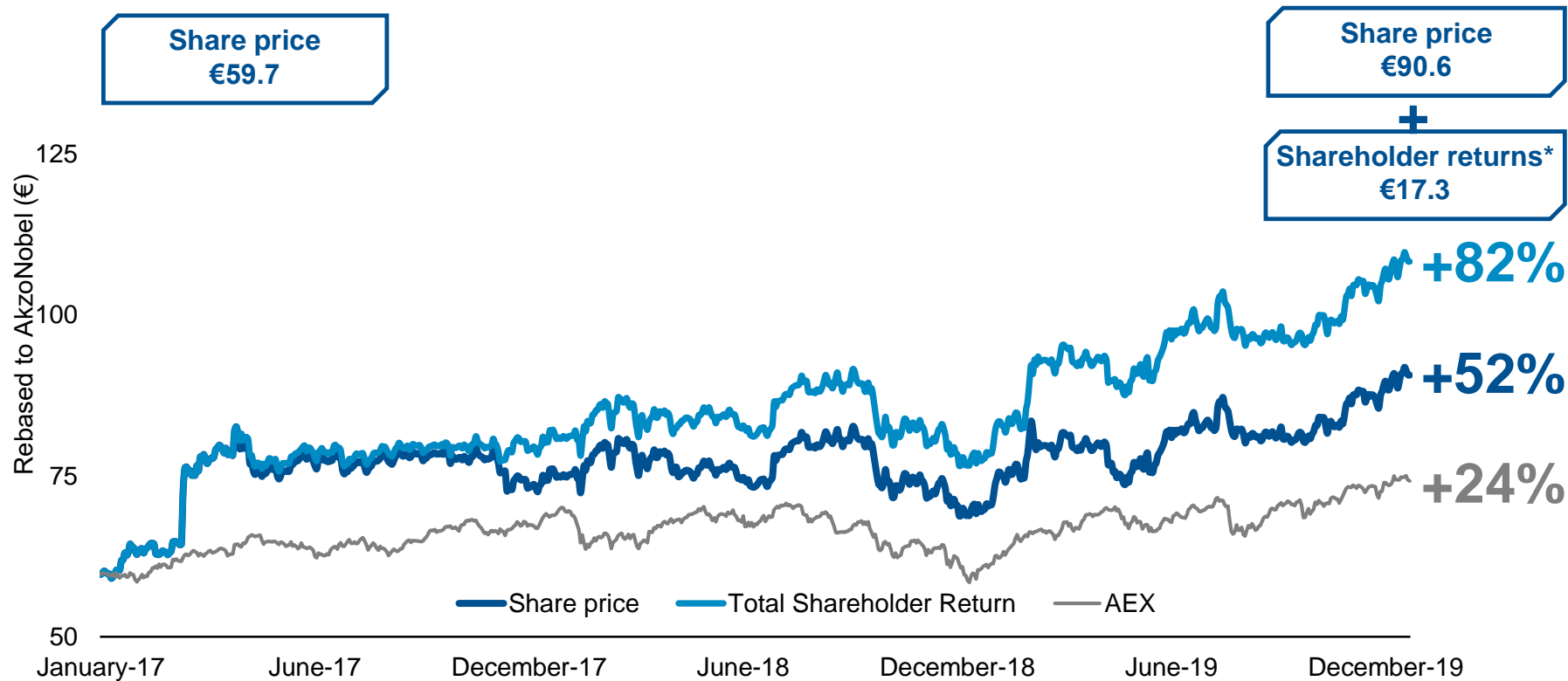


ROS = adjusted operating income as percentage of revenue (excluding unallocated cost)  
Assumes no significant market disruption



# Significant share price increase and total shareholder return delivered since 2017

**AkzoNobel**



Source: Bloomberg

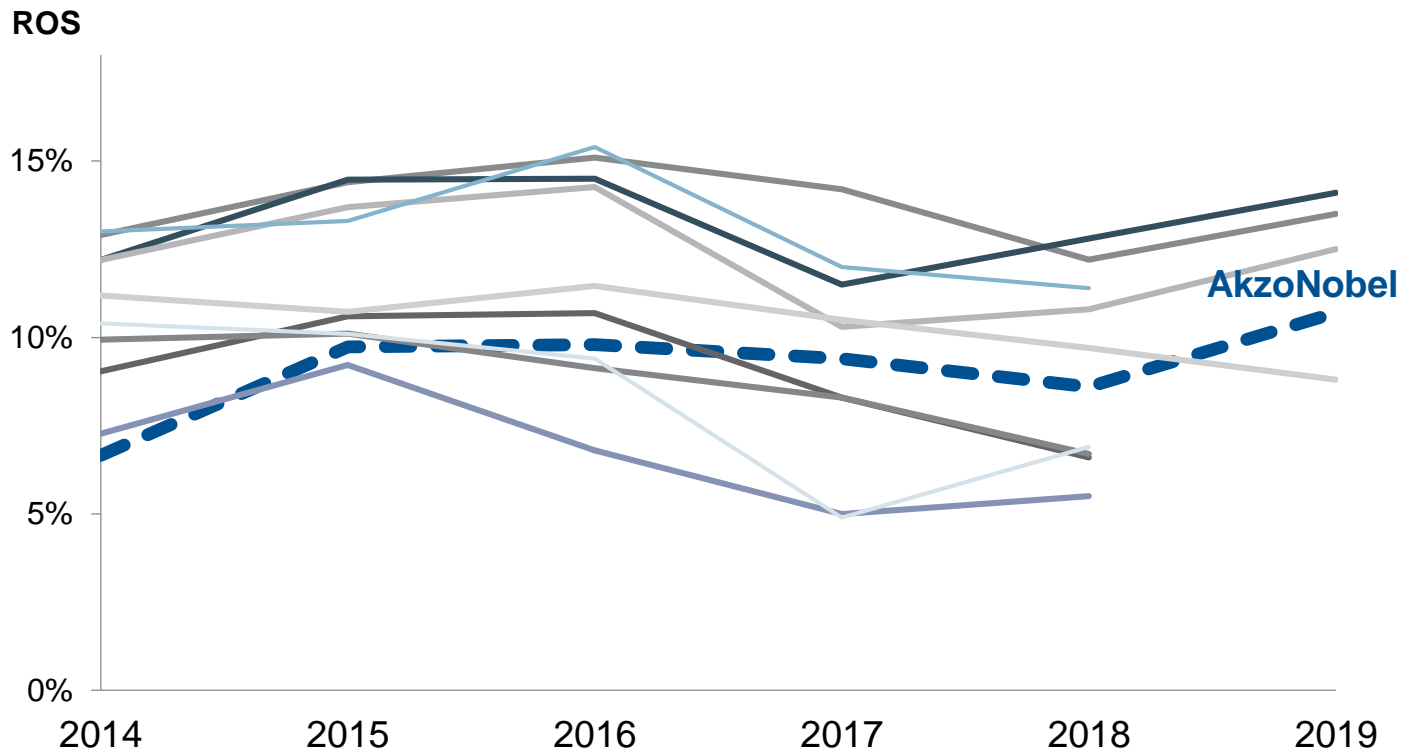
\*Special dividend (€4.00) + capital repayment (€8.78) + special dividend (€4.50)

Investor update | 2020 and beyond



# Performance gap versus top peers narrowed, with further room to improve

AkzoNobel



ROS = adjusted operating income as percentage of revenue (including unallocated cost)  
Source: Company data, internal estimates

# Strategy beyond 2020 balances growth and profitability improvement...

AkzoNobel

**GROW  
& DELIVER**



# Market dynamics

## Ruud Joosten





**Paints and coatings protect assets  
and inspire people's everyday lives**

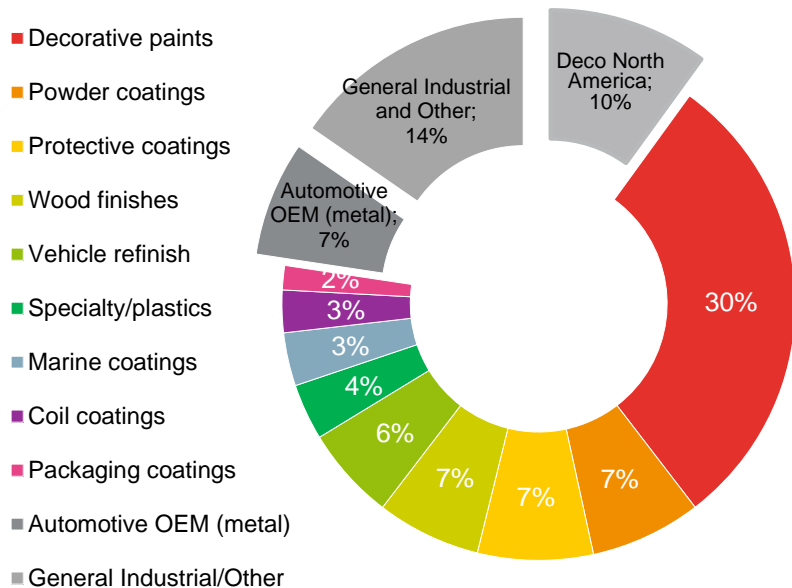
**AkzoNobel**



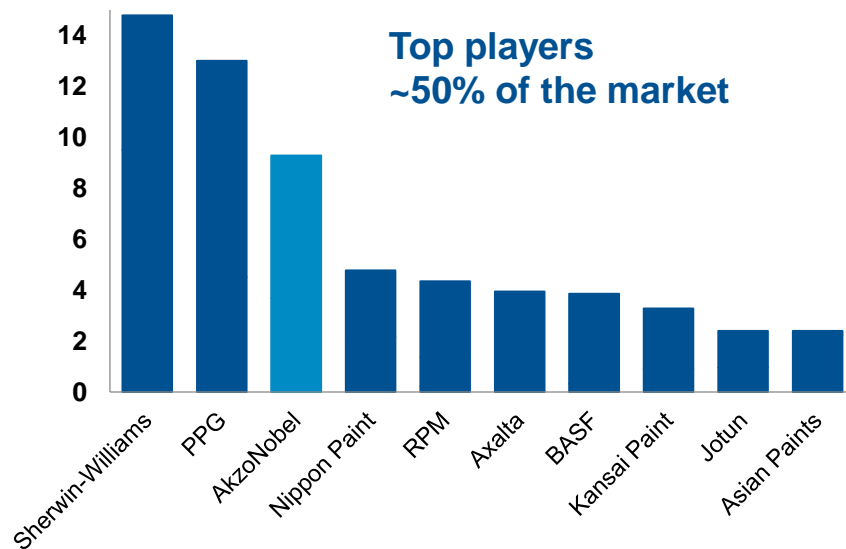
# Attractive €125bn industry with multiple opportunities for growth

AkzoNobel

## Global paints and coatings by market sector ~€125 billion, 2018



## Peer revenue comparison € billion, 2018



# Strong global portfolio of businesses with leading positions in most segments

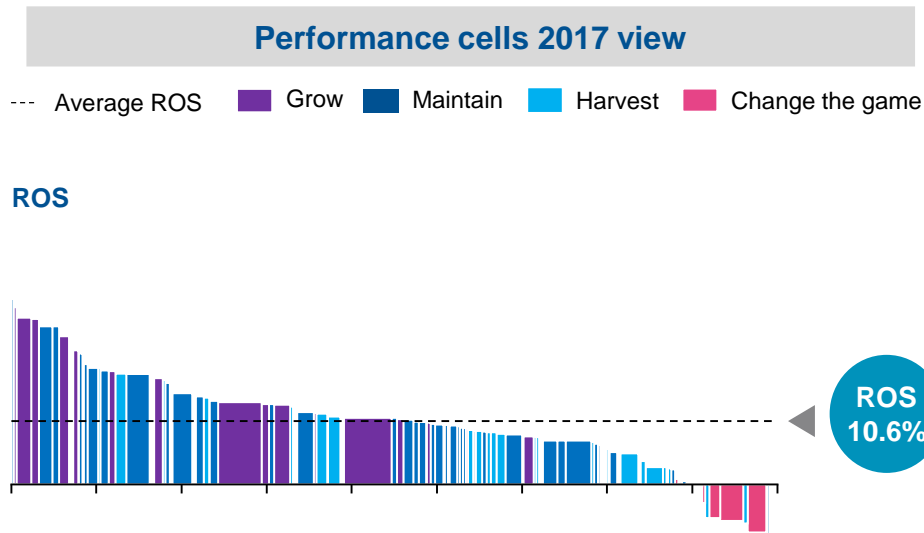
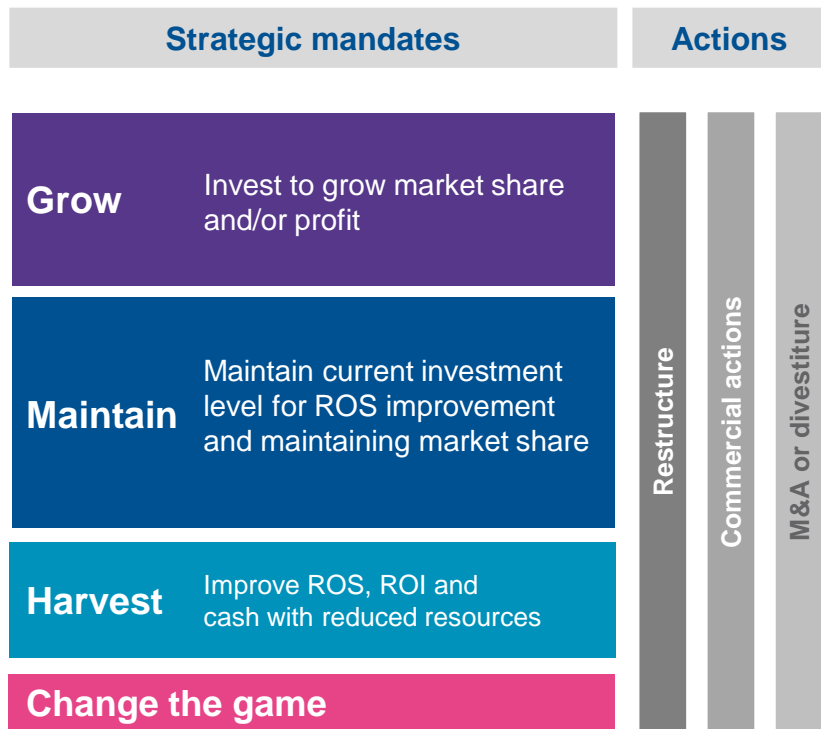
**AkzoNobel**

Segment	Market size ~€bn, 2018*	Position by revenue	Market growth 2017-2020	Current market dynamics
Decorative Paints (ex. North America)	35	1	1-2%	<ul style="list-style-type: none"> <li>Consolidation in fragmented market</li> <li>Asia continues to outgrow more developed markets</li> </ul>
Marine and Protective Coatings	12	1	0-1%	<ul style="list-style-type: none"> <li>Investments in oil and gas upstream</li> <li>Demand growing in LNG</li> <li>Marine demand stabilized at lower level</li> </ul>
Powder Coatings	8	1	2-3%	<ul style="list-style-type: none"> <li>Demand for more sustainable solutions</li> <li>Continued growth in architectural use</li> <li>New applications</li> </ul>
Industrial Coatings	14	2	0-1%	<ul style="list-style-type: none"> <li>Strong demand for beverage packaging</li> <li>Geographic shifts in demand for wood coatings</li> </ul>
Automotive and Specialty Coatings	11	2/3	1-2%	<ul style="list-style-type: none"> <li>Downturn in automotive industry</li> <li>Aircraft order backlog drives demand for aerospace coatings</li> </ul>



\*Excluding ~€40 bn in regions/segments where AkzoNobel is not present  
Source: Orr&Boss, Chem Research, internal estimates

# Business portfolio managed according to clear strategic mandates

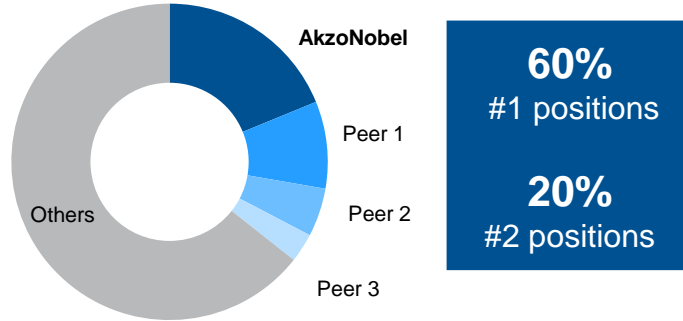


# Decorative Paints EMEA

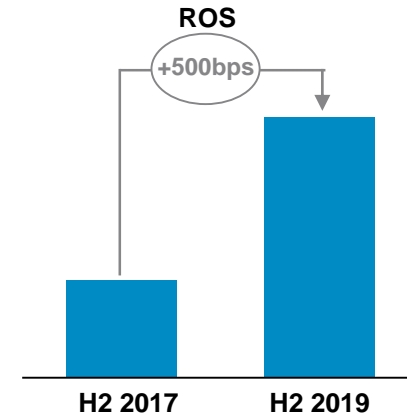
AkzoNobel

Combining leading positions with strong brands and distribution

Largest player in fragmented market



**€2.2bn revenue**  
**2x relative market share**  
**#1 in Africa**



Strong foundation to grow revenue and profit:

- Stable volume share
- Expanded store network in UK
- Progress in France
- Successful operating model

Leveraging strong brands:





# Decorative Paints

## Successful bolt-on acquisitions

Focus on strategically aligned and value generating acquisitions:

- Strengthen market position
- Increase relative market share
- Expand distribution
- Leverage synergies
- Support footprint optimization
- New technologies

Further opportunities  
for consolidation...



#1 in Romania  
Strong market presence  
Local production capacity



Shared #1 in Spain  
Strengthens metal  
and woodcare offering  
Cost savings



Expanded Malaysian  
distribution  
Cost savings

**+€85m  
revenue  
in 2019**

**Integration  
on track**

**Accretive to  
ROS post  
synergies**



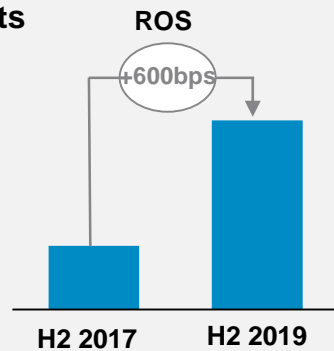
# Marine and Protective Coatings

## Recovered to double-digit ROS in tough market

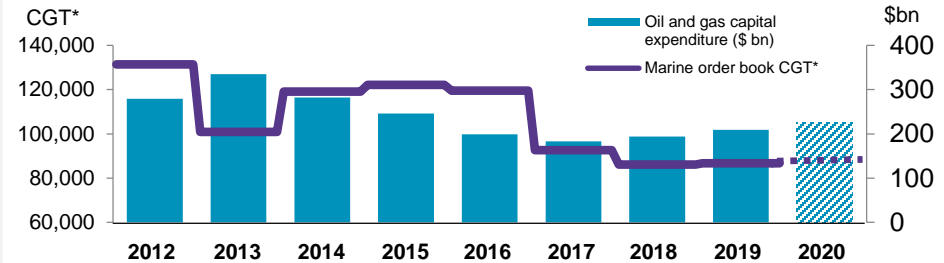
AkzoNobel

### Profitability back in double-digits

- Focus on value over volume
- Right-sized cost structure
- Effective portfolio management



### Industry headwinds persisted in marine and oil and gas industries



#### Marine

- Pockets of growth: LNG
- Solution based product technology and service innovation
- Big data analytics and digital automation

#### Protective

- Global market leader with strong position in oil and gas
- Robust pipeline of opportunities
- Technology as key success lever

€1.3bn revenue  
#1 position

 International



\*Compensated gross tonnage  
Source: Clarkson Research, company data, internal estimates

# Industrial Coatings

**AkzoNobel**

Turnaround with focus on value over volume and cost savings

**€1.7bn revenue**

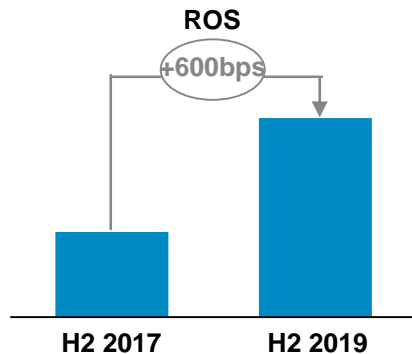
**#1 packaging**  
(inside the can)

**#2 coil**

**#2 wood**

**Deliberate focus on value over volume**

- ↗ Raw material pricing inflation recovery
- ↗ Margin management
- ↗ Tail slicing discipline
- ↗ Shift in positioning



## Case study: Coil in Europe

- ↗ Exited non-profitable business
- ↗ Strategic long-term contracts to secure future with top customers
- ↗ SKU rationalization to capture business integration synergies
- ↗ Footprint optimization: closed one factory and invested in two others

**Investing in our assets:  
€50m upgrade for  
wood coatings in the US**



- ↗ State-of-the-art production technology
- ↗ New raw materials warehouse
- ↗ Research lab and technical application center



**Winning together:  
15 by 20  
Maarten de Vries**





# Winning together: 15 by 20 strategy continues to deliver results

AkzoNobel



**Sales force effectiveness**  
**Margin management**  
**Innovation excellence**

**10% cumulative price increases (2017-2019)**  
Moving towards ongoing margin management  
Paint the Future creating an innovation ecosystem



**Global Business Services**  
**Integrated Business Planning**  
**ERP and systems platform**

All 5 GBS hubs operational; **38 transitions completed in 2019**  
**16 ERP integrations realized** out of 18 planned for 2019



**ALPS continuous improvement**  
**Fit-for-purpose organization**  
**Procurement excellence**

Continuous improvement continues to offset fixed cost inflation  
**Delivered €80m out of €200m savings for 2019 and 2020**



**High-performance culture**  
**Career and capability development**  
**Core principles**

Executive organizational health in 2<sup>nd</sup> quartile  
**Recognized as Top Employer in key countries**



# Transformation delivering towards previously announced cost savings



Sales force effectiveness  
Margin management  
Innovation excellence



Global Business Services  
Integrated Business Planning  
ERP and systems platform



ALPS continuous improvement  
**Fit-for-purpose organization**  
Procurement excellence

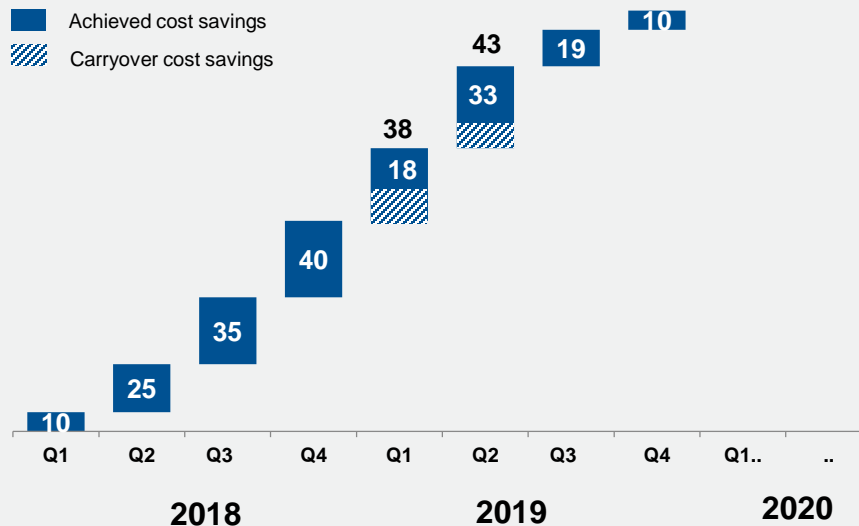


High-performance culture  
Career and capability development  
Core principles

## Cost savings (€m)

■ Achieved cost savings  
▨ Carryover cost savings

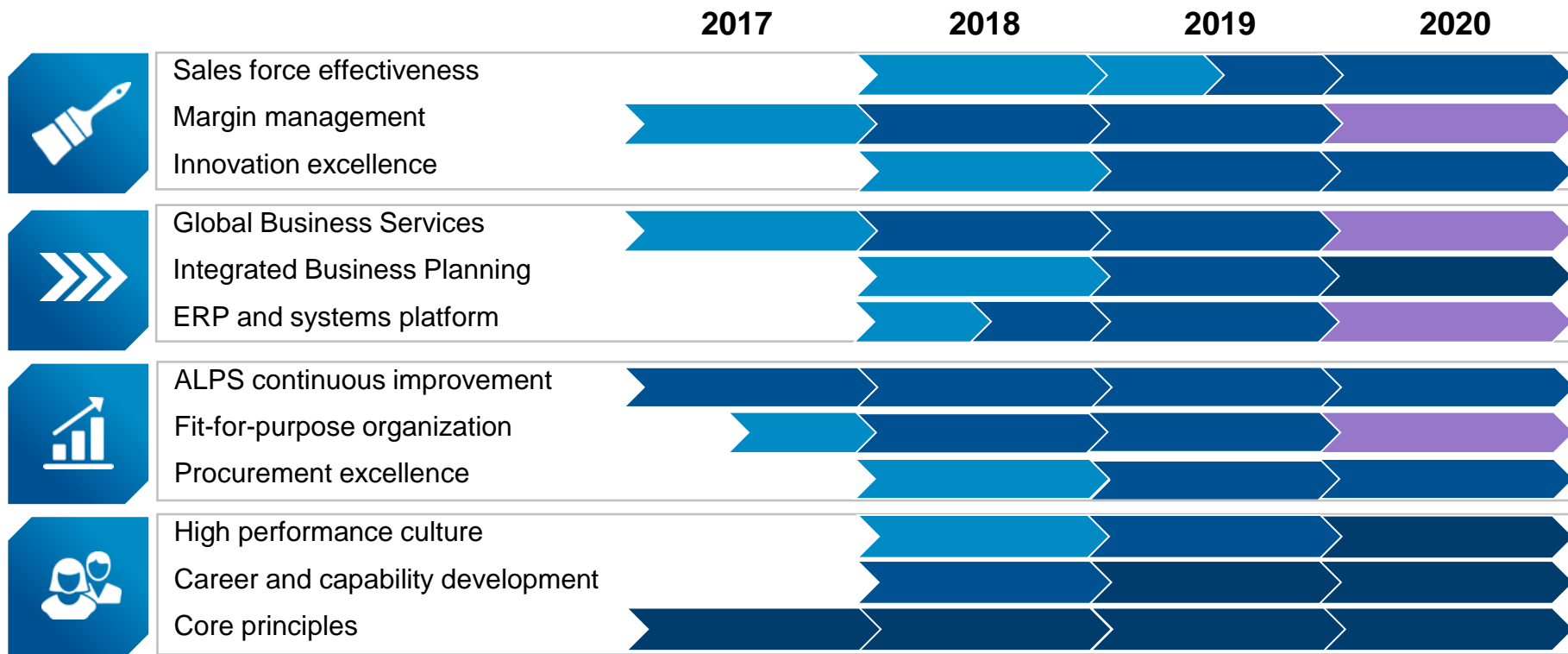
Total €220m



Phase 1: €110m





Next step: €200m

# Good progress and sustained focus on transformation plans



# Several key initiatives contribute to 2020

AkzoNobel

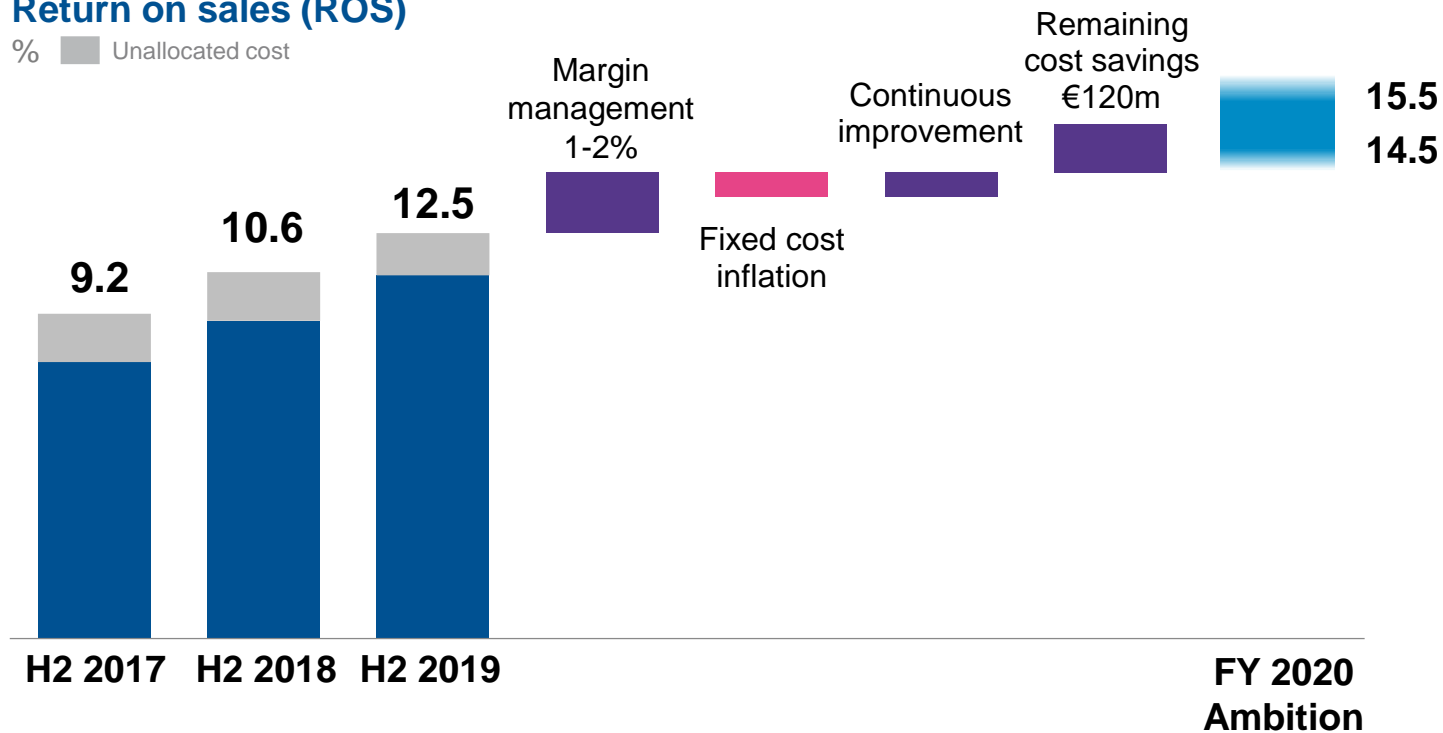
Significant € contribution to 2020		
	Sales force effectiveness	↗ Moving towards margin management
	Margin management	↗ 1-2% annual pricing discipline
	Innovation excellence	
	Global Business Services	↗ Additional 36 GBS transitions in progress
	Integrated Business Planning	↗ 4 ERP integrations planned for 2020 (65% of revenue in 1 ERP by end 2020)
	ERP and systems platform	
	ALPS continuous improvement	↗ Selective Supply Chain footprint optimization
	Fit-for-purpose organization	↗ Transformation of support functions continues
	Procurement excellence	
	High performance culture	
	Career and capability development	
	Core principles	

# Momentum to deliver higher ROS in 2020 AkzoNobel

## Margin management and cost savings drive profitability improvement

### Return on sales (ROS)

% ■ Unallocated cost



ROS = adjusted operating income as percentage of revenue (excluding unallocated cost)  
Assumes no significant market disruption

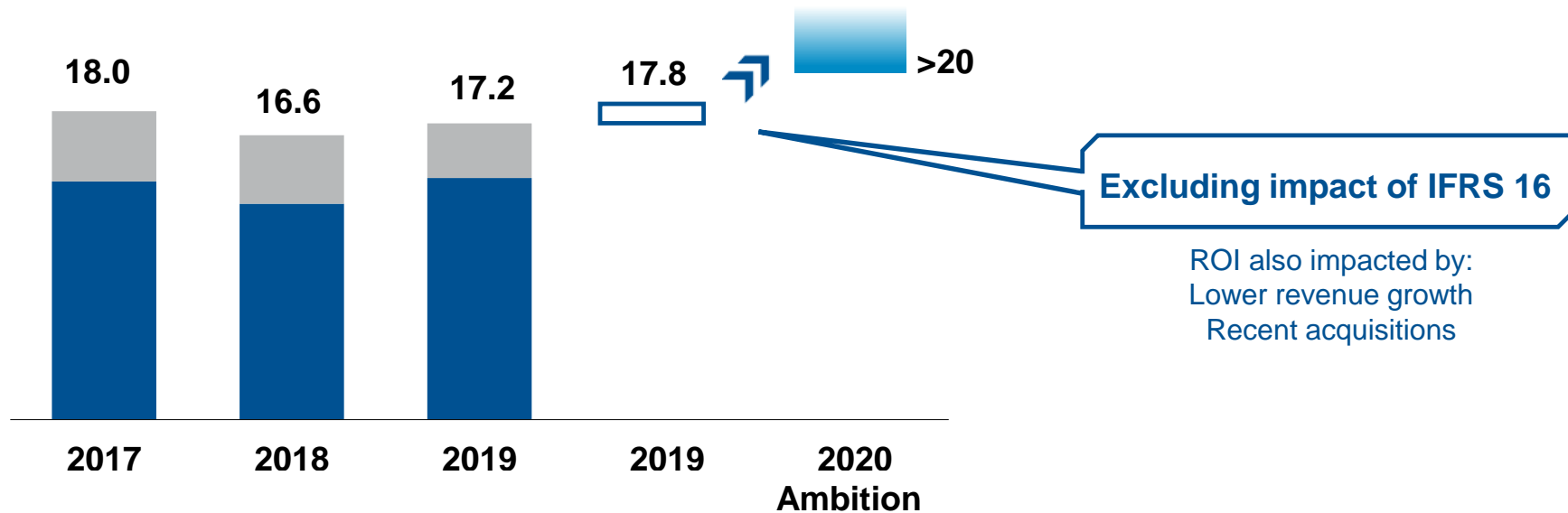


# Momentum to deliver improved ROI in 2020 AkzoNobel

## despite lower growth assumptions and impact of IFRS 16

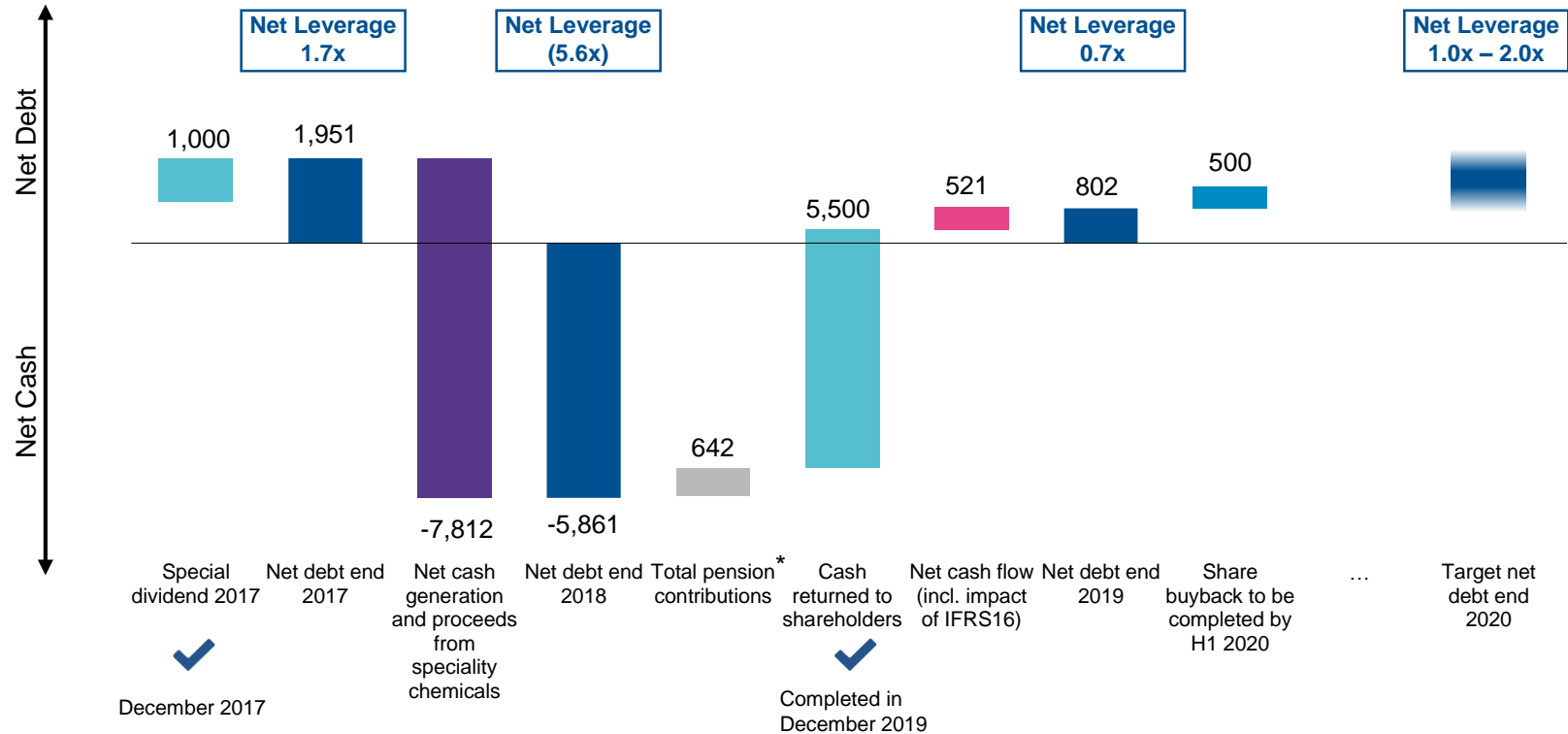
### Return on investment (ROI)

% ■ Unallocated cost and invested capital



# Delivered promised shareholder returns

Moving towards target leverage 1-2x net debt/EBITDA



# Winning together: 15 by 20

**AkzoNobel**



**Passion for paint**



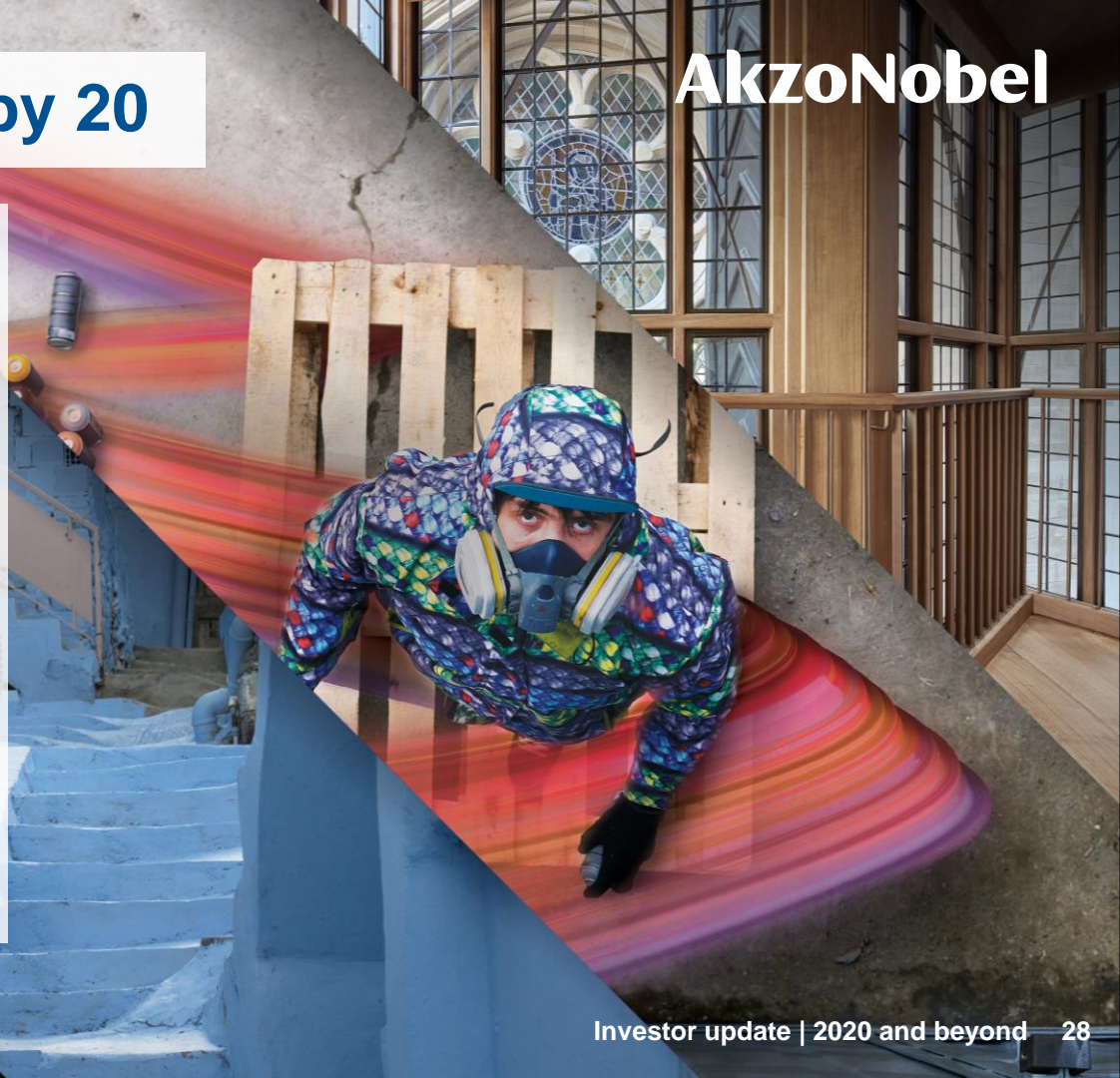
**Precise processes**



**Powerful performance**



**Proud people**



# Beyond 2020

## Thierry Vanlancker




# Strategy beyond 2020 balances growth and profitability improvement...

AkzoNobel


**GROW  
& DELIVER**



# Key levers to grow and deliver profitability improvement 2021-2023

- 
- └ Portfolio management
  - └ Market segment growth
  - └ Sustainable (open) innovation

GROWTH

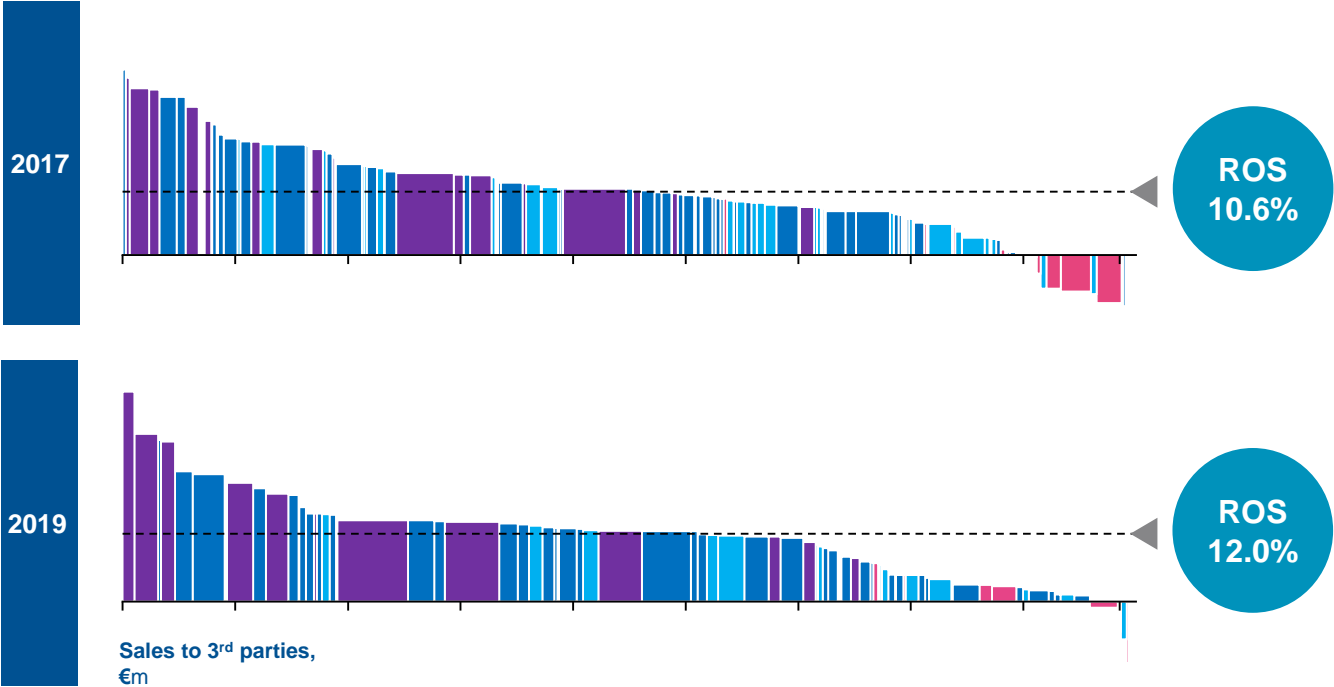
- 
- └ Integrated Supply Chain
  - └ Value engineering
  - └ ERP and application integration
  - └ End-to-end processes
  - └ Attractive capital allocation

PROFIT



# Rigorous portfolio management

## Creating a high-performance culture



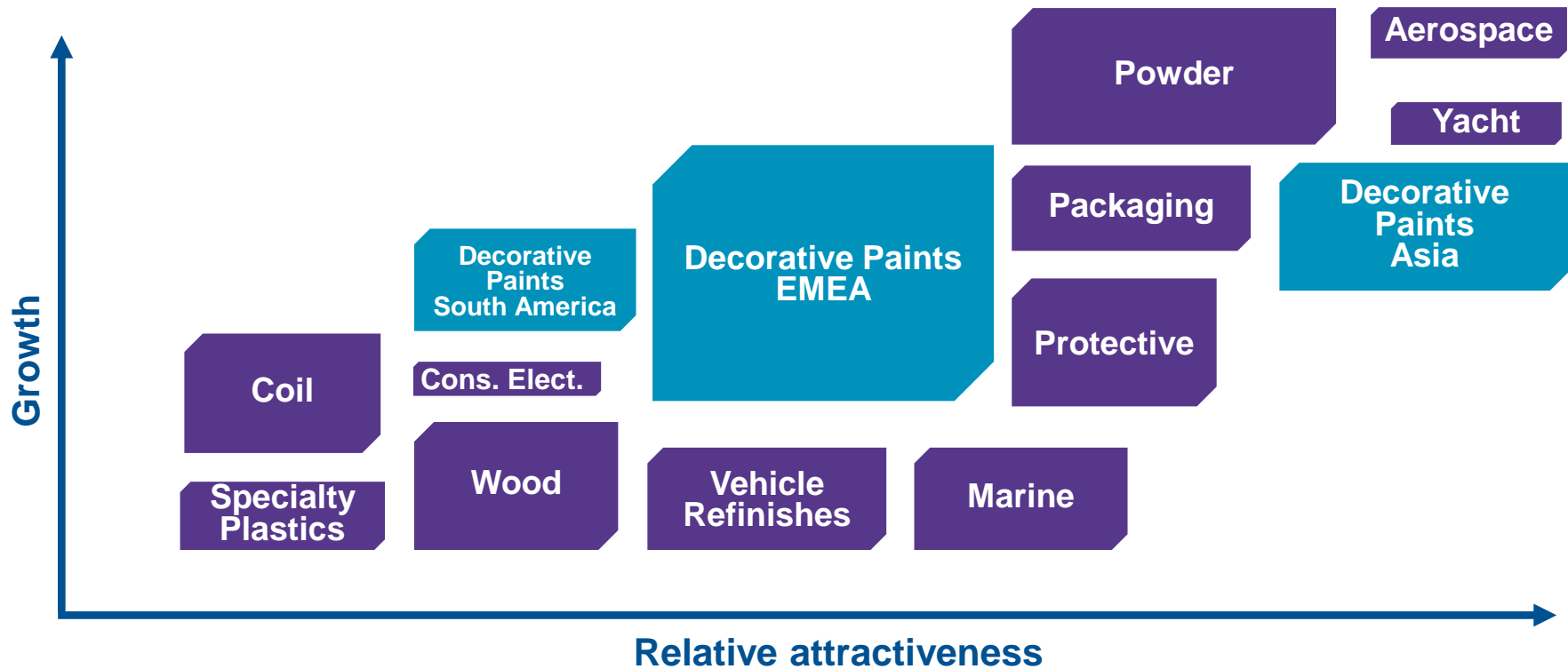
# Market segment growth and sustainable innovation

Ruud Joosten



# Attractive growth opportunities exist across geographies and industries

AkzoNobel



# Decorative Paints in China

Highly profitable with strong growth drivers

~€5bn market

#1 in premium segment

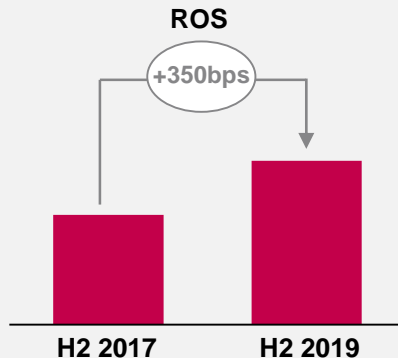
Leader in sustainability

Recognized “Superbrand”



## Strong platform in place

- Renewed management team
- Cleaned-up product portfolio
- Acquired minority shareholding
- Growing premium Dulux brand
- Highly profitable business



## Positioned for future growth

- Drive product penetration and partnerships for premium
- Disciplined pricing and promotion mechanisms
- Optimize channels and retail standards
- Upgrade distributor network



# Decorative Paints

Leverage global scale to drive growth and efficiency

AkzoNobel

## Marketing

### Color of the Year



All countries

### TV campaigns



25 countries

## Innovation

### Easycare



31 countries

### Rezisto



13 countries

### Color Sensor



18 countries

### Wet tester



22 countries

€3.7bn  
revenue

ROS

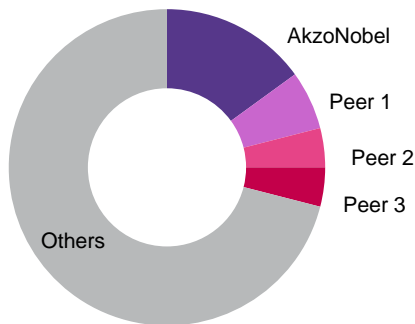
+300bps

H2 2017

H2 2019

# Powder Coatings

Clear global #1 - fastest growing and high performing

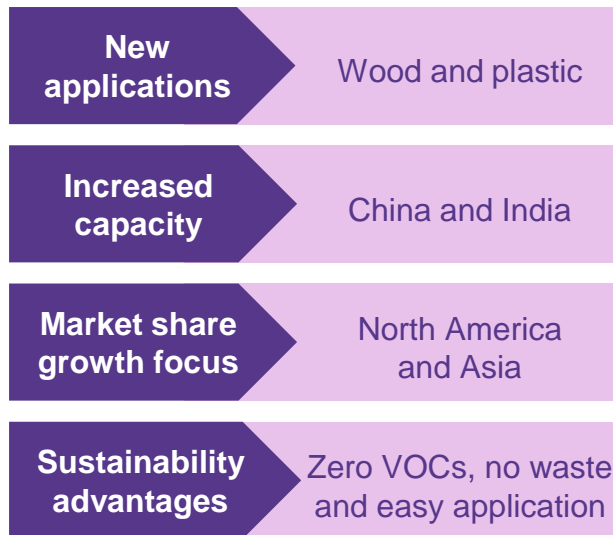


~€8bn market

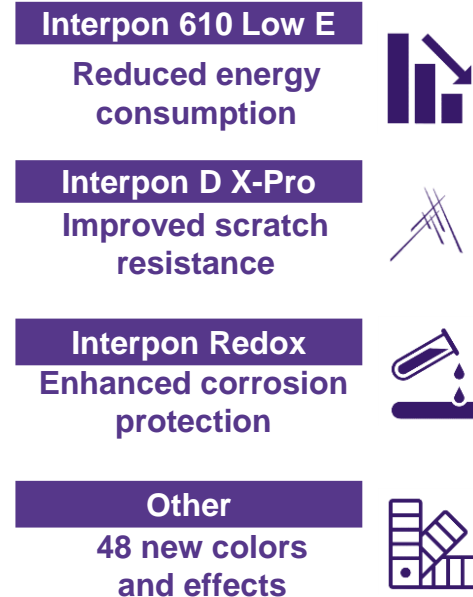
€1.2bn revenue

2x relative market share

## Multiple sources of growth..



## Product launches..





# Packaging Coatings

Well placed to capture share in a growing market segment

AkzoNobel

Shift from plastic



New categories



Brand differentiation



Leading technology

Market leading epoxy and BPANI inside spray technologies...

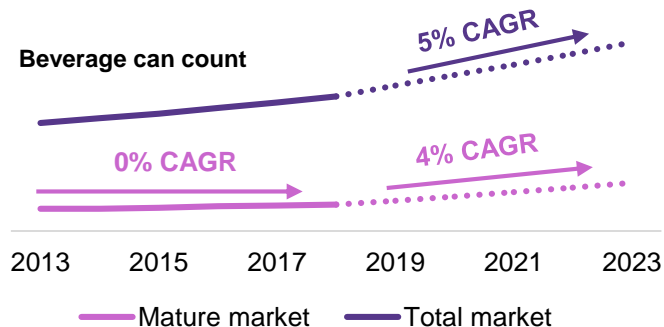
- Robust application
- High-speed coating and flexibility

~€2.5bn market

Growing faster than the market

Present on >50% cans

Market expected to continue to grow..



# Aerospace Coatings

Leading position with strong growth dynamics

**aeroDUR**

**#1 in exterior coatings**

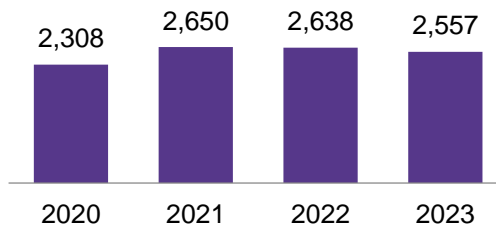
**50:50 new:maintenance**

**Serve 8/10 world's top airlines**



- Leading position with basecoat/clearcoat technology
- Sustainable solutions (e.g. chrome-free technology)
- Strong key account management
- Key customers: Boeing, Airbus, Bombardier, Embraer and Gulfstream

## Commercial aircraft deliveries (forecast)



**AkzoNobel**

**MAPAERO**

- Enables entry into cabin/interior coatings
- Strengthens position in structural coatings
- Sustainable product offering



# Yacht Coatings

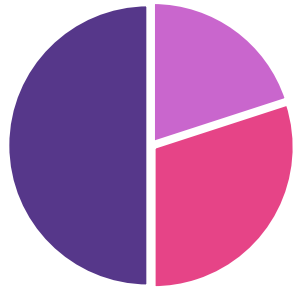
Attractive, growing niche segment; leading brands and technology

**AWLGrip**

#1 position

€400m market

3% growth CAGR



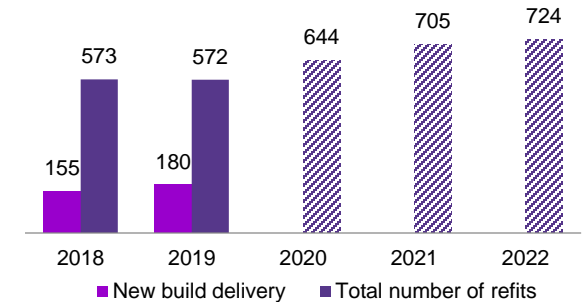
Professional Retail Yacht

## Only player with global presence:

- Present in all segments:
  - Recreational boating (distribution)
  - Superyacht (OEM and distribution)
- Complete offering:
  - Below water (primers, anti-fouling)
  - Above water (undercoats, non-skid deck coatings)
  - Interiors (finishes, tanks/wet areas)
- Strong key account management and technical support
- Broadest technology innovation (Awlgrip HDT, sprayable fillers, biocide-free)



**New-build expected to remain stable at 2019 numbers, with growth driven by refits**



# Innovation

Solutions beyond generations for our customers worldwide

AkzoNobel

~€1.25 billion

spent on R&D in the last five years

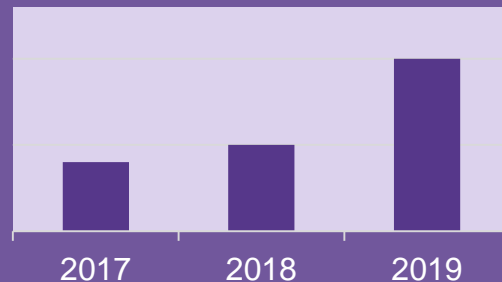
~3,000

scientists worldwide

2,900+

patents

Priority patent applications filed



Technology

Product development

Customer support



Innovation drivers



Productivity



Asset protection



Surface enhancement



Environmental protection



# Creating an innovation ecosystem

## Collaborative open innovation transforming the industry

**AkzoNobel**

**Paint the Future  
startup challenge**

Spring 2019

**Innovation  
acceleration  
with suppliers**  
November 2019

**Regional startup  
acceleration  
Brazil**  
Spring 2020

**Collaborative  
innovation  
ecosystem**



**PAINT  
THE  
FUTURE**

# Integrated Supply Chain and value engineering David Prinselaar





# Integrated Supply Chain

Reinventing our supply chain to become strategic and customer-driven

AkzoNobel

13,500 People  
125 Sites  
365 Warehouses  
~€250m CapEx/year  
€1.5bn Cost



## 2023 ambitions



**Safety**  
Remain top  
quartile



**Capital**  
Reduced  
inventory



**Service**  
Become top  
quartile



**People**  
Become top  
quartile (OHI)



**Cost**  
4% annual  
cost productivity



# Integrated Supply Chain

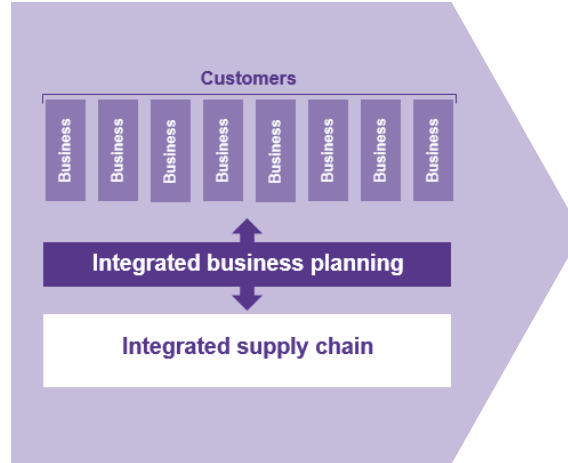
AkzoNobel

Reinventing our supply chain to become strategic and customer-driven

**2017-2019**

**Functional to integrated**

- ↗ Organizational transformation
- ↗ ALPS implementation
- ↗ Integrated Business Planning



**2020 and beyond**  
**Reinventing supply chain**

- ↗ End-to-end customer service
- ↗ Asset network based on supply chain archetypes
- ↗ Expand ALPS



People, team  
and capabilities



Operational  
excellence



End-to-end  
customer service



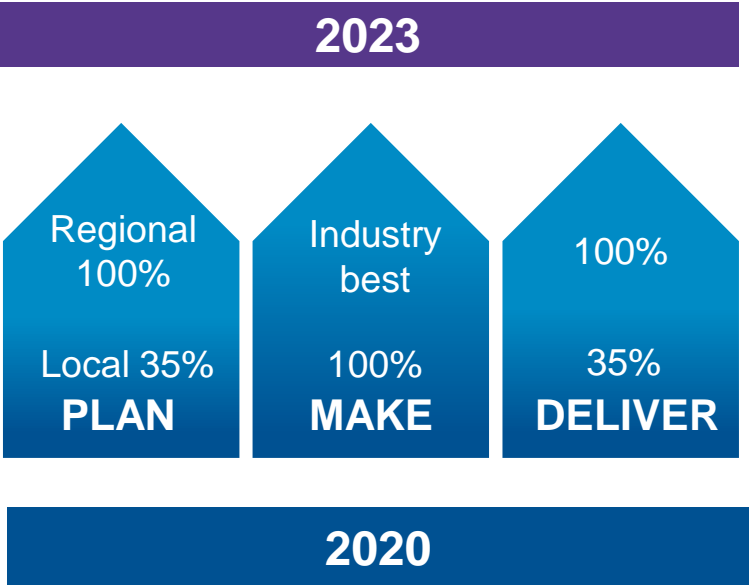
Asset  
network



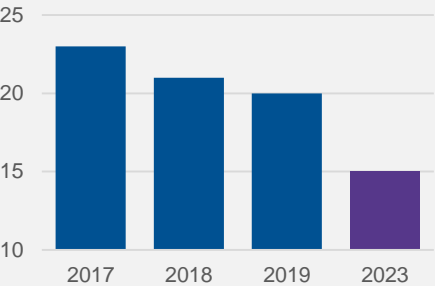
# Integrated Supply Chain

ALPS continuous improvement drives operational excellence

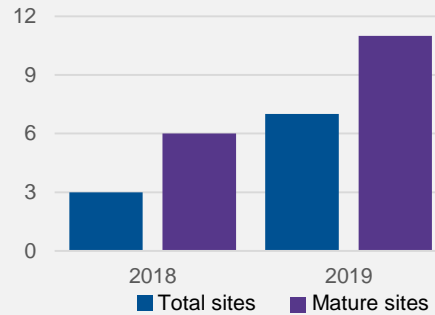
**ALPS continues to offset inflation**  
(Implementation level 2020 to 2023 in %)



Waste (kg/t)



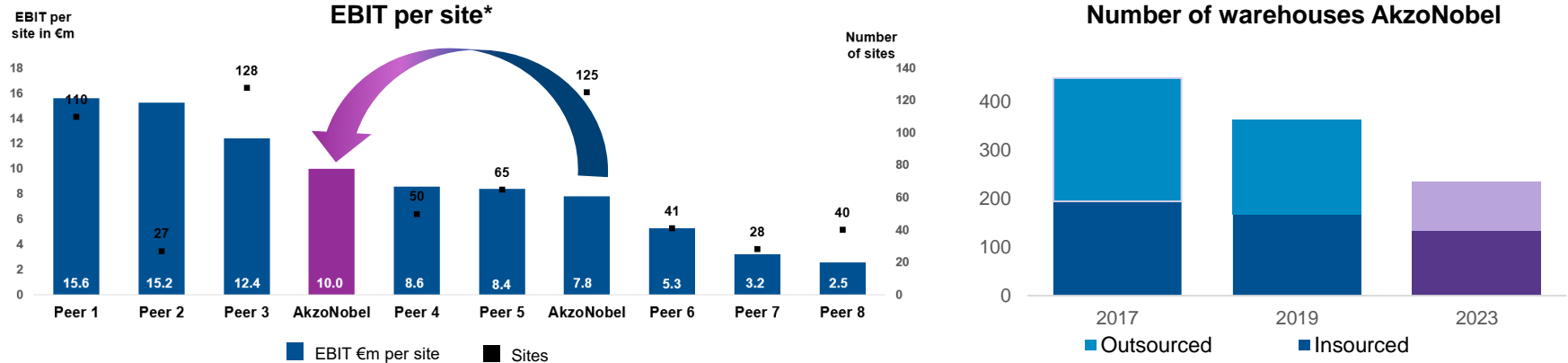
**ALPS delivering results**  
Manufacturing cost productivity (%)



# Integrated Supply Chain

Streamlined manufacturing footprint; consolidated warehouse network

**AkzoNobel**



## From...

- Broad manufacturing and warehouse footprint with strategy driven by business units only
- Sub-optimal product allocation and low efficiency
- Upstream product differentiation

## To...

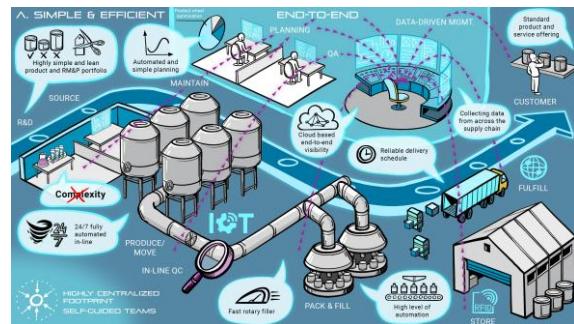
- Streamlined manufacturing footprint driven by supply chain archetypes
- Consolidated warehouse network
- Late differentiation at optimal step in value chain

# Integrated Supply Chain

AkzoNobel

## Three archetypes enable customer-driven supply chain optimization

### Simple and efficient

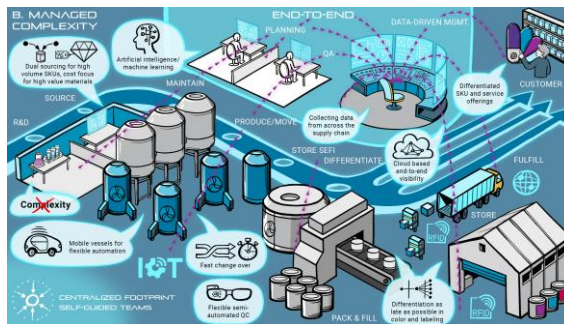


**50%**  
of total volumes

- Lowest total cost for high volumes at consistent quality

Example: White wall paint, packaging coatings

### Managed complexity

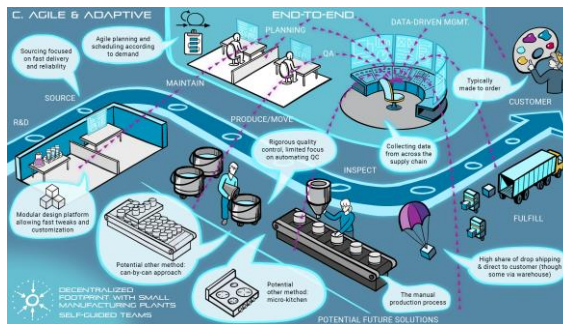


**40%**  
of total volumes

- Offer many SKUs with selective customizations at balanced cost with best-in class reliability

Example: Colored wall paint, basecoats for Vehicle Refinishes

### Agile and adaptive



**10%**  
of total volumes

- Fulfil new and/or unexpected customer requests at a fast pace

Example: Aerospace Coatings, Rapid Service Unit for Powder

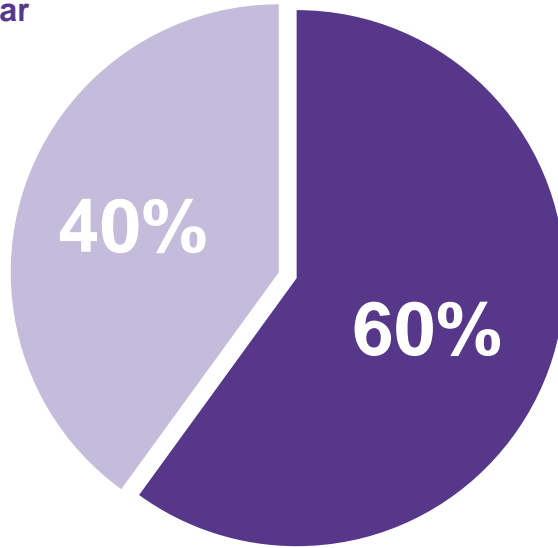


# Integrated Supply Chain

Capital expenditure based on strategic mandates and archetypes

~€250m

CapEx/year



■ Maintain  
■ Invest

## PLAN

- ↗ Advanced planning system
- ↗ Data analytics



## MAKE

- ↗ Performance portals
- ↗ In line technology
- ↗ Automation
- ↗ Capacity optimization



## DELIVER

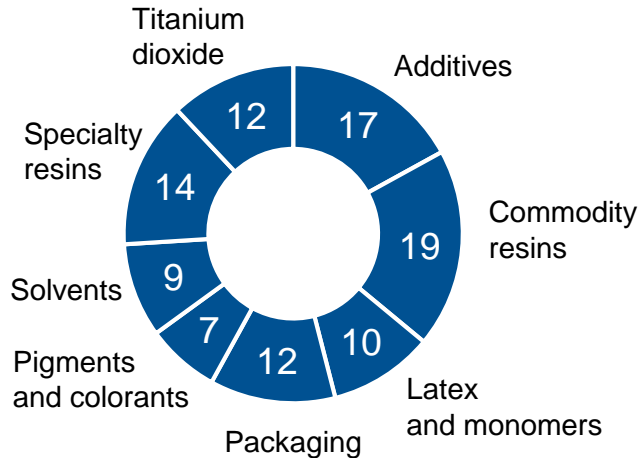
- ↗ 4PL
- ↗ Data analytics
- ↗ Capacity optimization



# Value engineering

## Procurement category management, enabling efficiency gains

### Category management in place



>12,000 Raw material SKU

>4,000 Suppliers

### Value engineering 2.0

Raw material slate  
rationalization across  
portfolio

Supplier management  
and simplification of  
supply chain

### Efficiency gains...

#### Achieved:

##### TiO<sub>2</sub> rationalization China

~20% average reduction of TiO<sub>2</sub> grades per site

#### Underway...

##### Latex rationalization Decorative Paints Europe

Planned reduction from 120 to 50 grades in four-year timeline





# ERP, end-to-end, and capital allocation

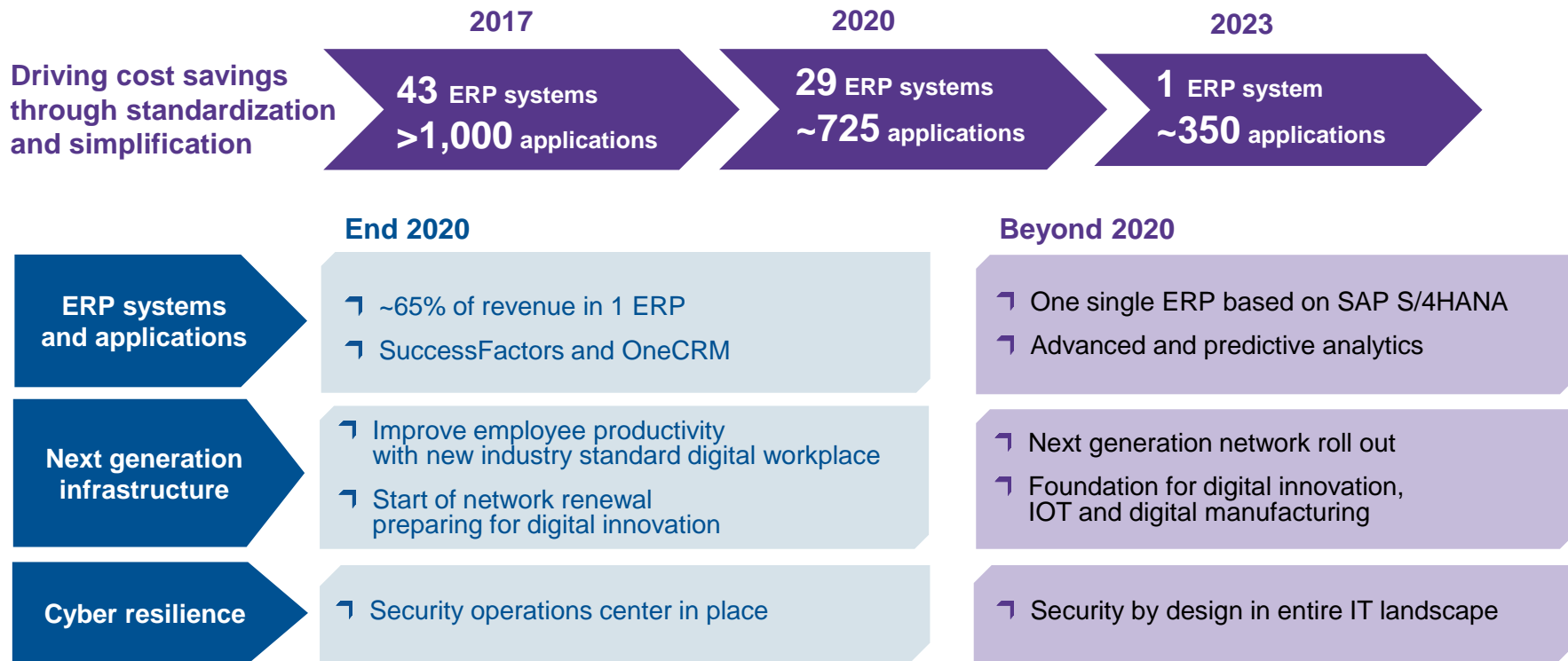
Maarten de Vries



# Information Technology

**AkzoNobel**

Removing complexity; creating a future-proof technology backbone



# Global Business Services (GBS)

AkzoNobel

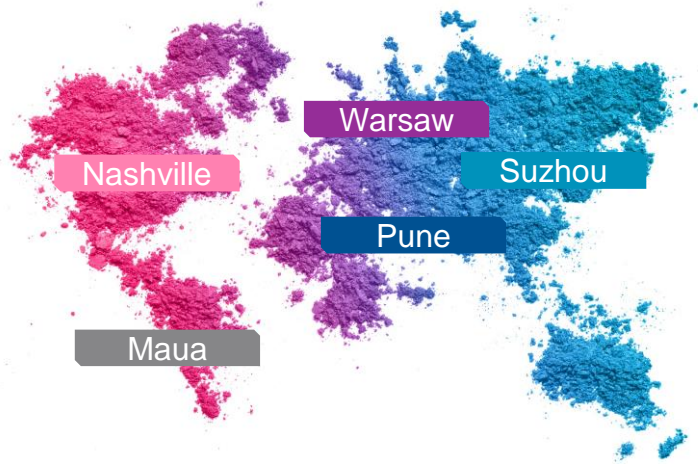
Embed operational excellence and deliver cost savings

## END 2020

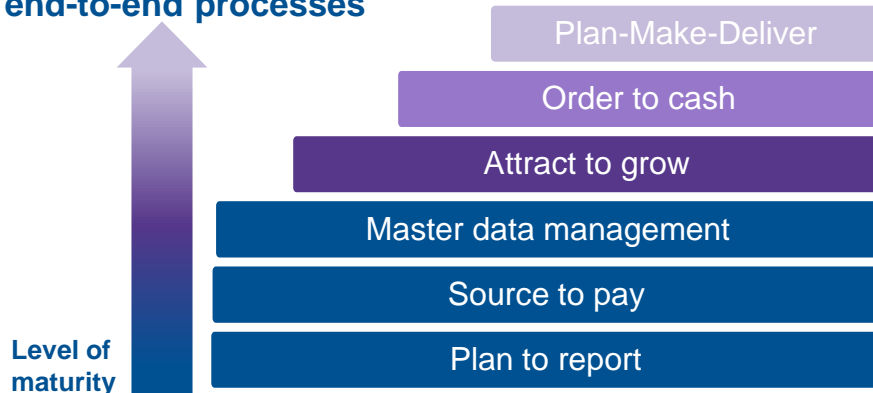
- ↗ 2,600 people (from 350 in 2017)
- ↗ Centralize before standardize
- ↗ Transparency of end-to-end metrics
- ↗ Reliable data management

## BEYOND 2020

- ↗ Rigorous standardization
- ↗ Automation of activities
- ↗ Annual cost productivity (7%-10%)
- ↗ Data-driven culture



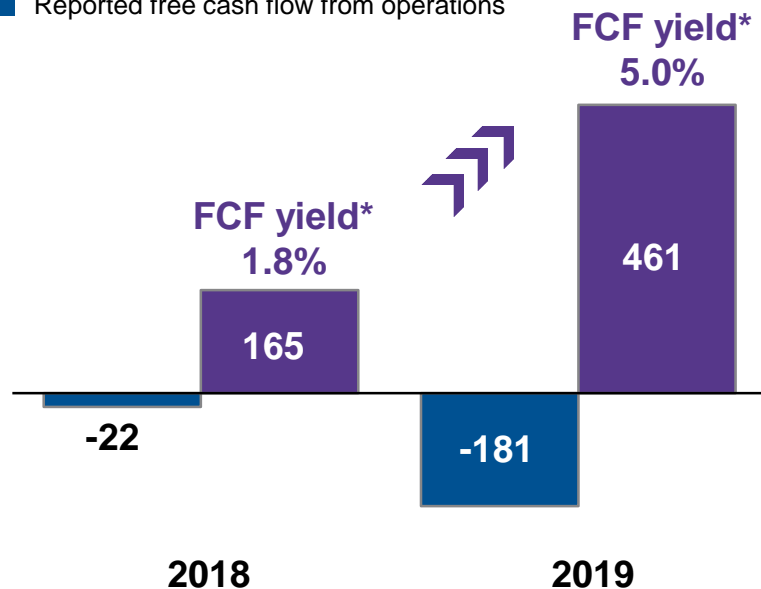
Expanding scope of GBS with more end-to-end processes



# Stepping up free cash flow

## Free cash flow (FCF) €m

- Free cash flow excluding pension top-up payments
- Reported free cash flow from operations



## Strong cash generation

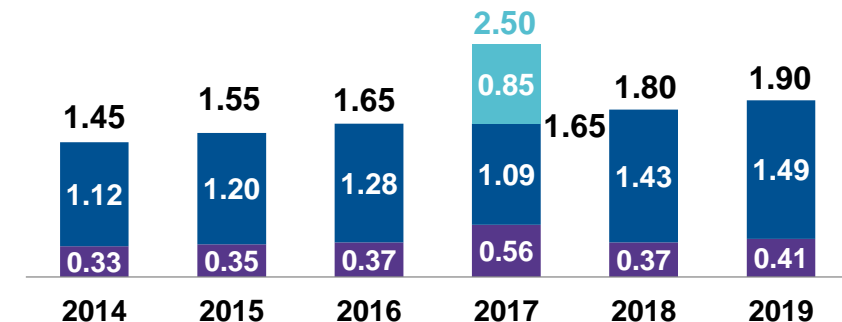
- Increased profitability
- Minimal pension top-up payments
- Industry top quartile working capital
- Further improvement opportunities in working capital
- Low capital intensity (~2.5% capital expenditures/revenue)

\*FCF excluding pension top-up payments as a percentage of revenue

Note: EBITDA (and FCF) was impacted by the adoption of IFRS 16 in 2019. 2018 has not been restated

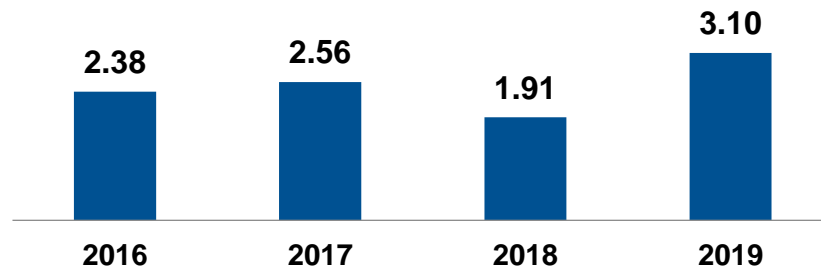
# Stable to rising dividend and modular share buybacks

Dividend (€)



- Related to the Specialty Chemicals business
- Final dividend
- Interim dividend

Adjusted earnings per share\* (EPS) (€)



Number of shares



Dividend yield  $\pm 2.5\%$  2014-2019

Dividend policy remains “stable to rising”

€2.5bn share buyback completed in 2019

€500m share buyback to be completed in H1 2020

# Strategically aligned, value creating, M&A

AkzoNobel

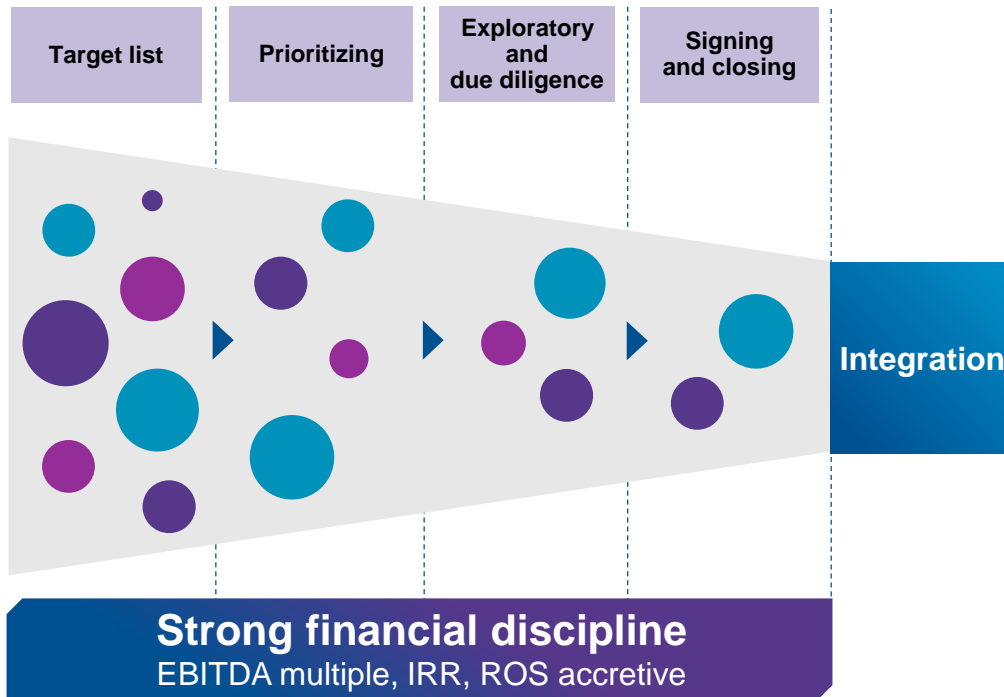
Disciplined approach, in line with strategic mandates

## Strategic fit:

- Paints and coatings segments
- Aligned with strategic mandates
- Add geography and/or technology
- Opportunity for synergies

## Ability to execute:

- Target availability
- Culture fit
- Ease of integration
- Regulatory



# Capital allocation priorities 2021-2023

Chemicals separation proceeds returned



Pension liabilities de-risked



**Profitable organic growth**

~2.5% capital expenditures/revenue  
≥ market CAGR; +50 bps ROS CAGR

**Dividend**

Stable to rising

**Acquisitions**

Strategically aligned and value creating

**Shareholder returns**

Modular share buybacks

Leverage ratio  
1-2x  
net debt/EBITDA

Retain strong  
investment  
grade  
credit rating



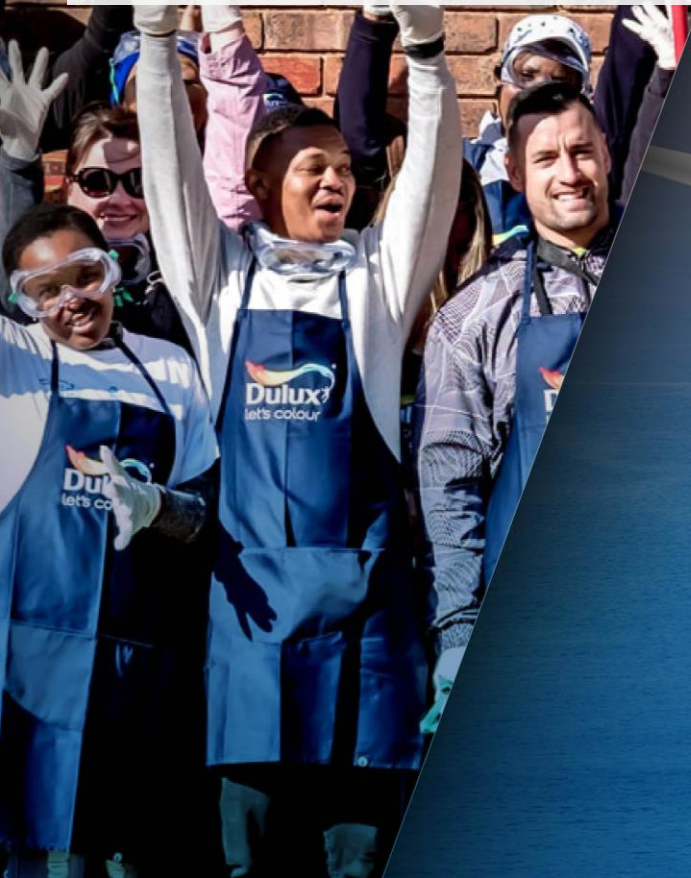
**PEOPLE. PLANET. PAINT.**  
**and concluding remarks**  
Thierry Vanlancker



# PEOPLE. PLANET. PAINT.

Our approach to sustainability

AkzoNobel



# PEOPLE. PLANET. PAINT.



Organizational  
health up 9%  
(2018-2019)

Response rate 65%

Overall engagement  
trend positive

Executives (~300 people)  
2<sup>nd</sup> quartile  
Above leadership  
benchmark



SOS CHILDREN'S  
VILLAGES  
INTERNATIONAL



AkzoNobel



- Accreditation by Top Employers Institute in key countries: Brazil, China, the Netherlands, UK, US
- 2019 Employer awards in China, France, the Netherlands, Poland, and Sweden



# PEOPLE. PLANET. PAINT.

AkzoNobel

## 2025 ambitions

**>25%**

Reduced carbon emissions  
(Baseline 2018)

**50%**

Water re-usage

**>50%**

Renewable energy

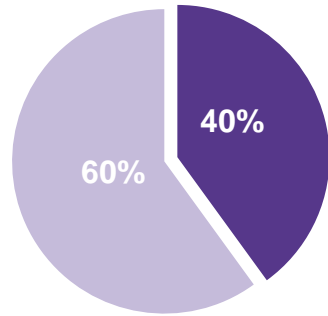
**75%**

Reusable waste

# PEOPLE. PLANET. PAINT.

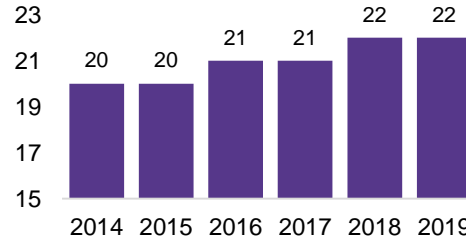
AkzoNobel

**Sustainable solutions**  
make up >40% of total revenue



Other Sustainable solutions

**Eco-premium solutions**  
>20% target for 4 consecutive years



Eco-premium solutions as % of sales

## Dulux Trade Evolve

- First major manufacturer to launch a recycled paint
- Contains 35% recycled paint and meets high standards



## Interpon "Low-E"

- Low-E is more energy efficient through faster curing, reducing production cost
- Lower curing temperature is more environmentally friendly

# Strategy beyond 2020 balances growth and profitability improvement

AkzoNobel

**GROW  
& DELIVER**



# Financial ambitions 2021-2023



### PLANNING ASSUMPTIONS

- ↗ Constant currencies
- ↗ ROS = Adjusted operating income as percentage of revenue (including other activities/eliminations)
- ↗ Effective tax rate 27%
- ↗ ~2.5% Capital expenditures as a percentage of revenue
- ↗ Leverage ratio 1-2x net debt/EBITDA
- ↗ Assumes no significant market disruption



# Investor update Q3 2021

October 20, 2021

# AkzoNobel



## **ColorSurfaces Edition 17 sparks design inspiration**

This stunning collection of colors, finishes and effects will inspire surfaces designed for the aerospace, automotive and consumer electronics markets. According to our trend research, what people need most is a breath of fresh air. That theme is reflected in our light and airy Color of the Year 2022, Bright Skies – an incredibly versatile shade showcased in ColorSurfaces E17

## 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 Q3 2021 Report. The Q3 2021 Report provides additional information, including the IAS34 condensed consolidated financial statements.

# Key highlights

# Revenue up driven by strong pricing, on track to offset raw material inflation

## Q3 2021:

### Revenue

In constant currencies\*

6% higher  
(up 5% vs 2019)

### Pricing\*

Up 9%

### Adjusted operating income\*

Decreased 32%  
Adj. EBITDA down 26%

### Adjusted EPS\*

From continuing operations

29% lower at €0.93  
(Q3 2019: €0.97)

## YTD 2021:

### Revenue

In constant currencies\*

16% higher  
(up 8% vs 2019)

### Adjusted operating income\*

Increased 10%  
Adj. EBITDA up 7%

€557m of €1bn  
share buyback  
completed

Increased interim  
dividend per  
share to €0.44

# Pricing and growth segment performance, AkzoNobel underpin confidence in Grow & Deliver strategy

- Growth for fifth consecutive quarter (revenue\* up 5% versus 2019)
- Strong growth in Deco EMEA and Deco South America (vs. 2019)
- Revenue growth of 9% in Coatings, with growth in all businesses

GROW

- Strong focus on margin management; pricing 9%
- Successful geographic expansion in Deco China while avoiding project market issues
- Paint the Future: 4 winners in regional China challenge
- First paints and coatings company committing to carbon reduction target for full value chain (SBTi)

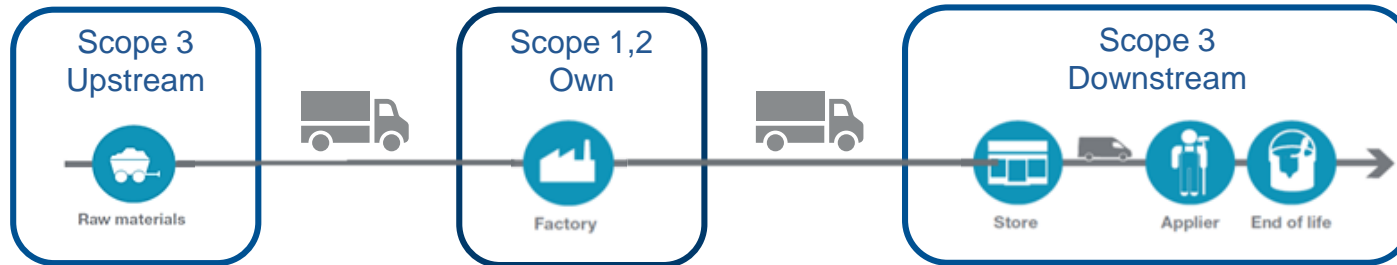
DELIVER



\*in constant currencies

# Leading the industry in sustainability, with value chain carbon reduction target

- First paints and coatings company announcing a **carbon reduction target** for the full value chain
- Our target is **aligned with the Paris agreement**, aiming to limit global warming to max 1.5°\*
- Reducing **scope 1 and 2** is already part of our **Planet.** ambitions
- Reducing our **scope 3 emissions** is all about collaboration with **key value chain partners** and **innovating** to deliver **sustainable solutions** to our customers (**Paint.** ambitions)



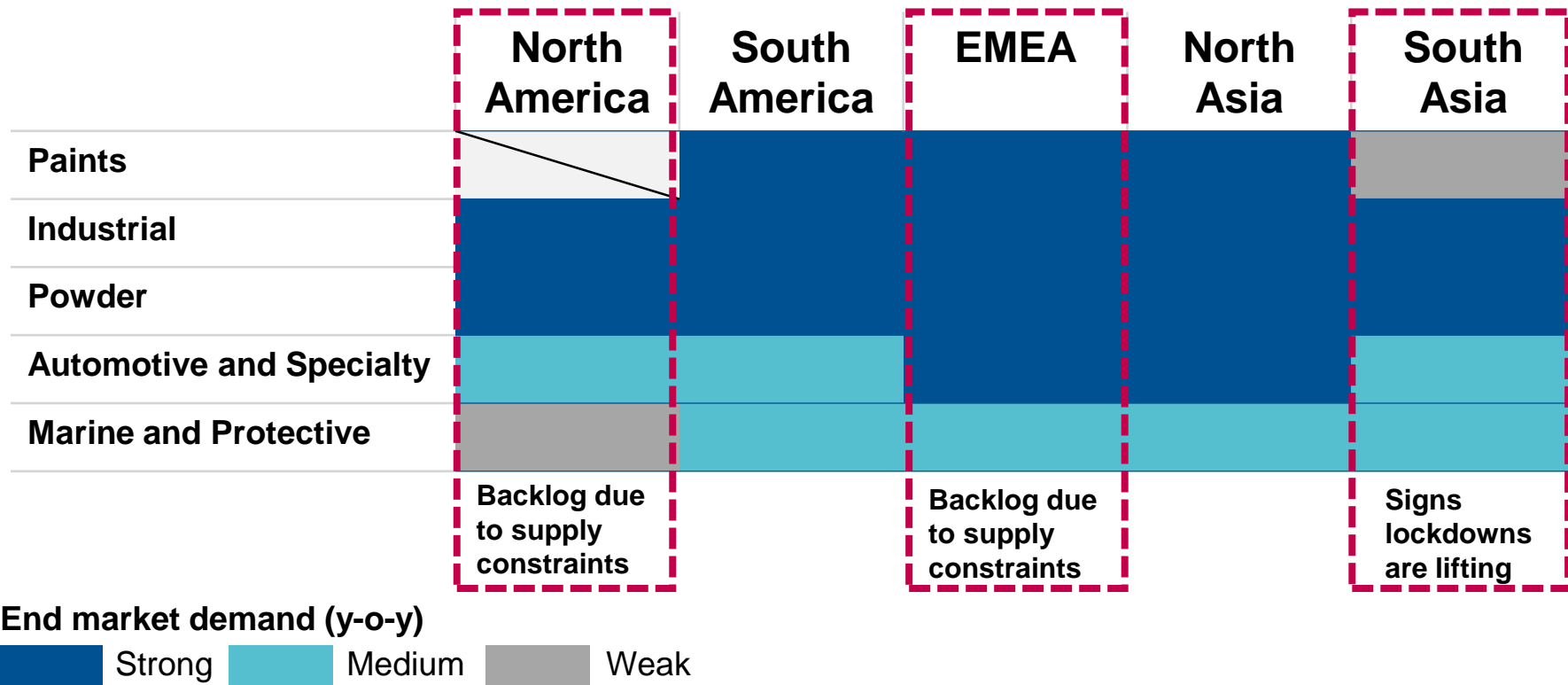
**50% carbon reduction throughout our value chain by 2030\*\***



\*Above pre-industrial levels

\*\*Baseline 2018

# Underlying demand robust, Q3 impacted by supply constraints and continued lockdowns **AkzoNobel**





# Decorative Paints China growth supported AkzoNobel by sustainable offering and wider distribution

~€5bn market

#1 in premium segment

Predominantly in Retail segment post-2018

Profitability above global Decorative Paints average

Leader in sustainability

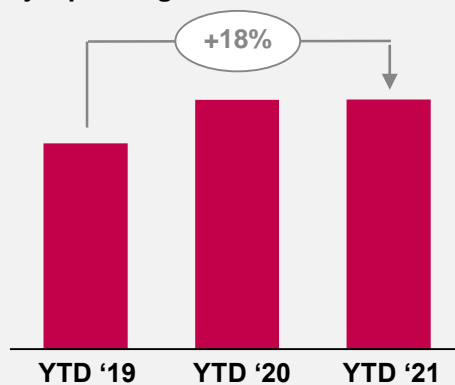
Recognized “Superbrand”



YTD 2021 revenue up 3% in constant currency vs. YTD 2019

Revenue development emulsion paints in line with GDP

Adj. Operating Income\*



Expanding to Tier 3 and 4 cities

- Expanded to 90 new cities YTD
- Increased reach to additional 11,000 stores selling Dulux paints YTD

Limited exposure to Project (<20%)

- Direct exposure to nationwide property developers immaterial
- Project segment historically higher risk on receivables for the industry
- Retail more profitable

Mitigating energy challenges

- Sufficient manufacturing capacity to meet current demand
- Energy use ~1% of sales

Source: Orr & Boss, internal estimates

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

# Automotive and Specialty Coatings continues profitable sequential recovery

**AkzoNobel**

€1.1bn revenue in 2020

**DYNACOAT**

**LESONAL®**

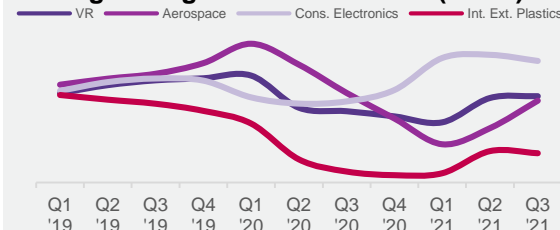
**WANDA**

**sikkens**

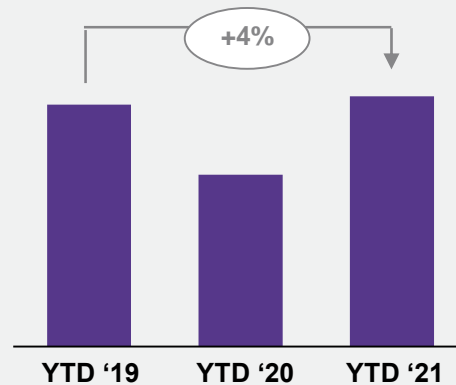


Continued customer collaborations delivering special liveries for aircraft

Moving average revenue vs. 2018 (index)



Adj. Operating Income\*



## Vehicle refinish: ~€6bn market (#3)

- Margin management discipline
- Renewal of business partnership with Premium OEMs (including Mercedes, McLaren)
- Expanding end-user digital and service offering; digital orders now >50% of revenues
- Customer collaboration on decarbonization and reduced energy use

## Aerospace: ~€600m market (#1)

- Faster global market recovery than originally anticipated
- Solid growth rates in MRO
- Realizing commercial synergies with Maparo customers and products
- Developing sustainable solutions with key customers

Source: Orr & Boss, internal estimates

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

# Financial review

# Revenue up 6% (5% versus 2019), with strong pricing initiatives to continue

€ million	Q3 2020	Q3 2021	Δ%	Δ%CC	Δ%CC Vs. Q3 '19
<b>Revenue</b>	<b>2,276</b>	<b>2,410</b>	<b>6%</b>	<b>6%</b>	<b>5%</b>
Adjusted EBITDA*	439	325	(26%)		
Adjusted operating income*	353	241	(32%)		
<b>ROS*</b>	<b>15.5%</b>	<b>10.0%</b>			
ROI*	14.7%	17.5%			

## Revenue development Q3 2021 (%)

■ Increase ■ Decrease



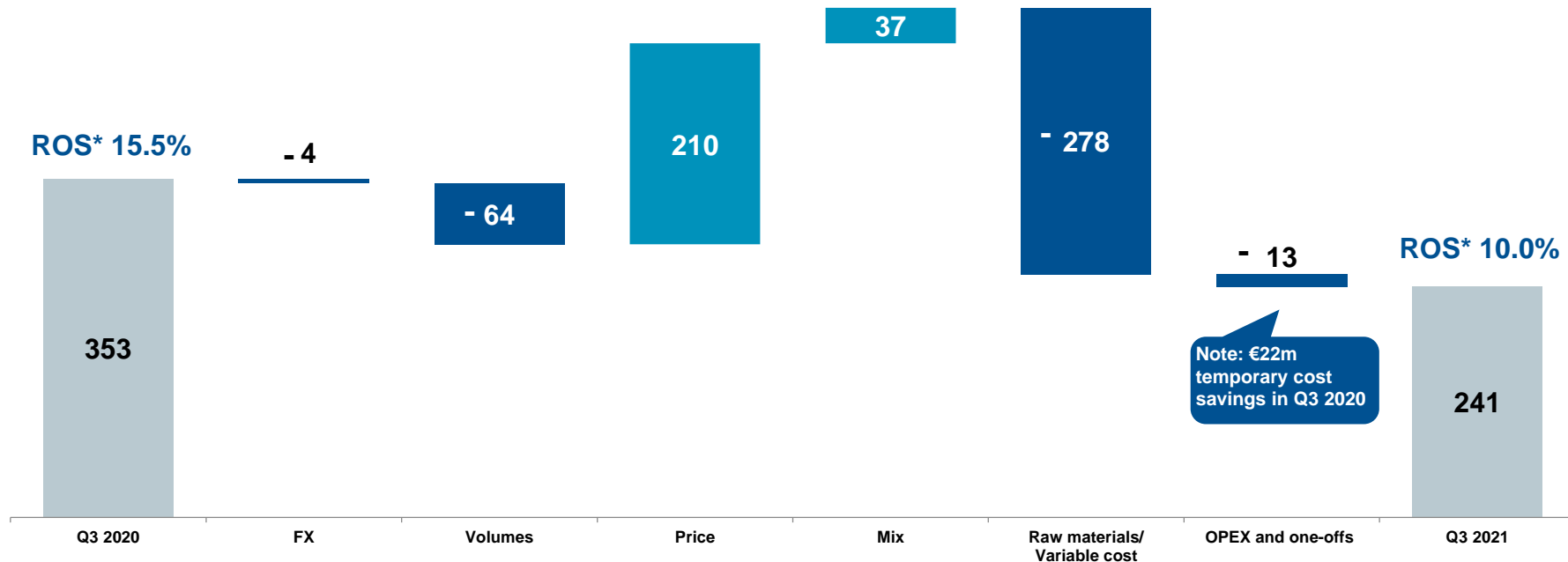
An airy light blue which feels like the breath of fresh air we all need has been revealed as our 2022 Color of the Year. After a spell of feeling shut in, Bright Skies will help us embrace new ideas and shape a new future.

# Significant price increases partly offset raw material inflation and volume decline

Adjusted operating income\* (€m)

Positive impact

Negative impact



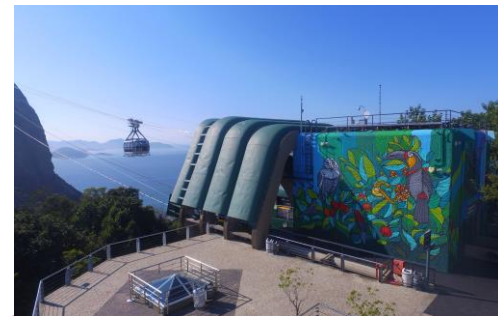
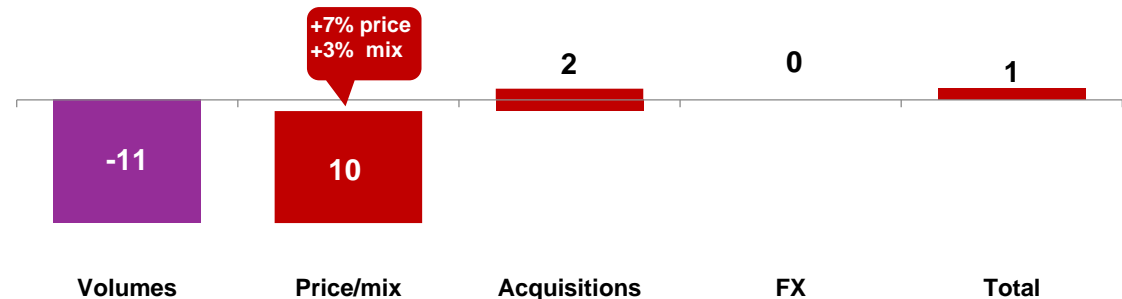
\*Alternative performance measure, for definitions reconciliation of the alternative performance measures to the most directly comparable IFRS measures please see appendix

# Paints revenues 11% higher than 2019, driven by EMEA and South America

€ million	Q3 2020	Q3 2021	Δ%	Δ%CC	Δ%CC Vs. Q3 '19
Revenue	1,004	1,013	1%	1%	11%
Adjusted EBITDA*	243	188	(23%)		
Adjusted operating income*	208	151	(27%)		
ROS*	20.7%	14.9%			

## Revenue development Q3 2021 (%)

■ Increase ■ Decrease



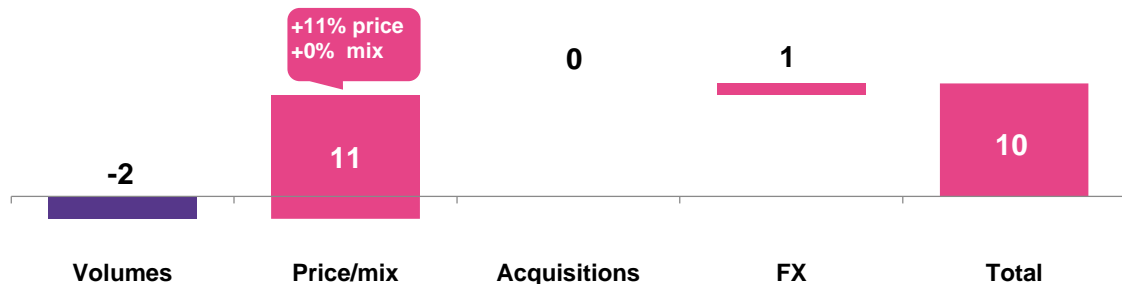
This is the stunning Pão de Açúcar cable car in Rio de Janeiro, Brazil, which takes visitors to the top of Sugarloaf Mountain. It was the spectacular location for one of our most recent "Let's Colour" projects. Colorful paintings of plants and animals were added to the three cable car stations, designed to help portray the incredible biodiversity of the surrounding landscape

# Coatings revenue up 9%, supported by y-o-y growth in all segments

€ million	Q3 2020	Q3 2021	Δ%	Δ%CC	Δ%CC Vs. Q3 '19
Revenue	1,270	1,396	10%	9%	3%
Adjusted EBITDA*	232	176	(24%)		
Adjusted operating income*	195	136	(30%)		
ROS*	15.4%	9.7%			

## Revenue development Q3 2021 (%)

■ Increase ■ Decrease

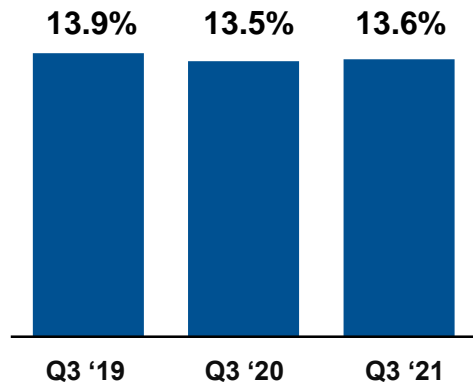


We've agreed to extend our partnership agreement with Mercedes-Benz for another four years. It means the company will continue to be a recommended supplier of vehicle refinish products and services in China and a preferred partner in Indonesia. The deal was confirmed after extensive testing and analysis of the product assortments and services provided by AkzoNobel's premium Sikkens brand

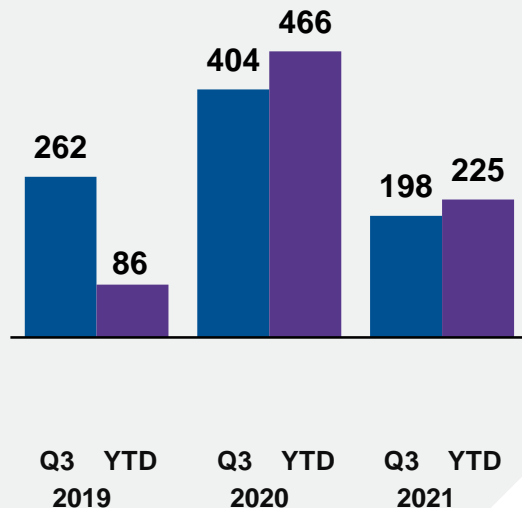


# Strong working capital management

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



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

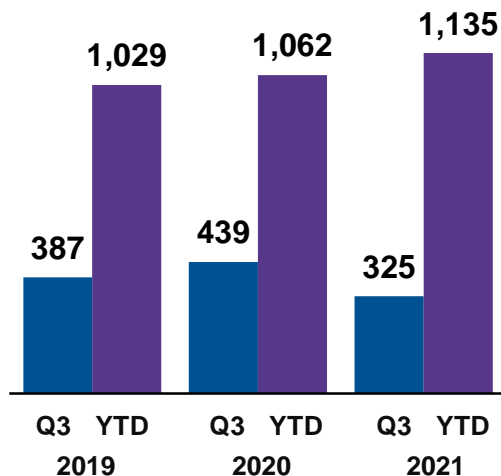


Net Debt/EBITDA 1.3 times  
(Q3 2020: 1.0)

\*Defined as the sum of inventories, trade receivables and trade payables. Operating working capital is measured against four times last quarter revenue.  
\*\*Alternative performance measure, for definitions reconciliation of the alternative performance measures to the most directly comparable IFRS measures please see appendix

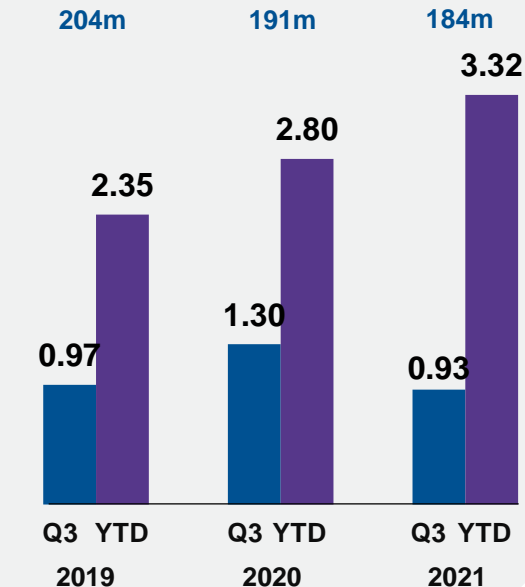
# YTD Adjusted EPS up 19%, interim dividend up at €0.44

Adjusted EBITDA\*  
(€m)

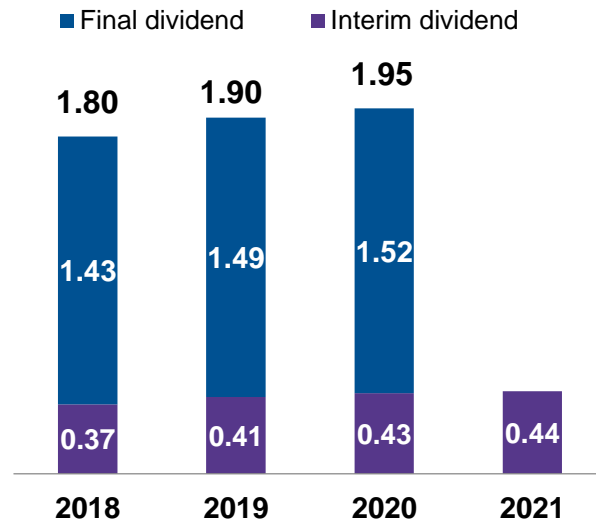


Adjusted earnings per share\*  
(EPS) from cont. operations (€)

Number of shares (weighted average)



Dividend  
(€)



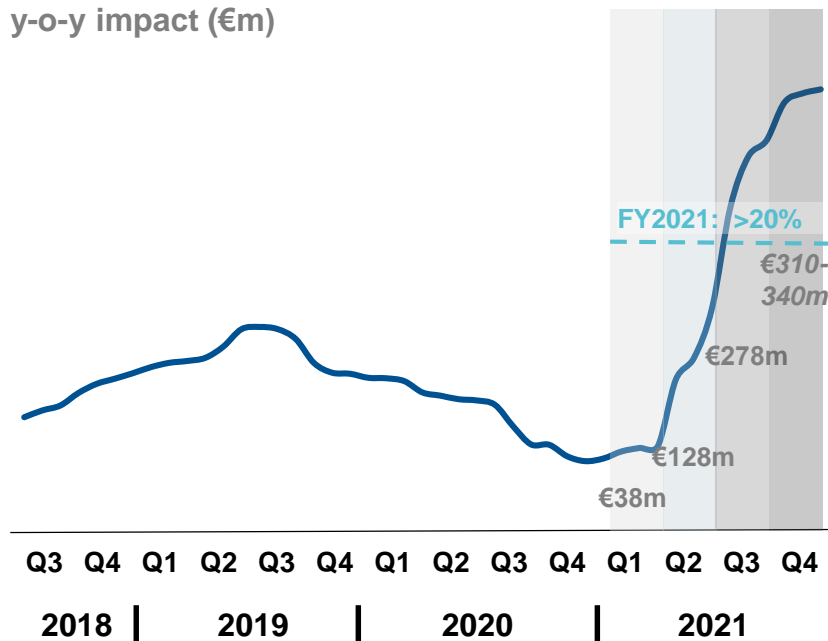
\*Alternative performance measure, for definitions reconciliation of the alternative performance measures to the most directly comparable IFRS measures please see appendix

# Q3 pricing September run rate at 10%, on track to offset inflation on run rate basis by end 2021

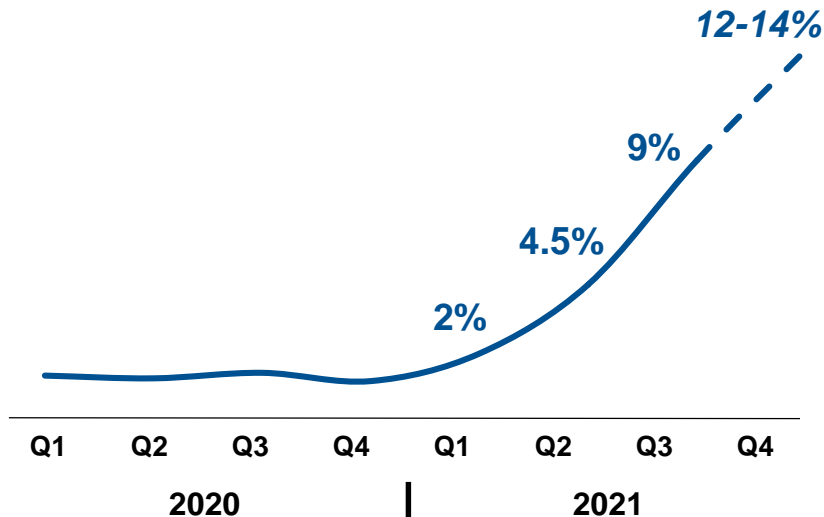
**AkzoNobel**

## 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

# Concluding remarks

## Q3 Highlights

- Pricing up 9% compared with Q3 2020. Revenue 6% higher (up 5% from Q3 2019, in constant currencies)
- Raw material and other variable costs increased €278 million compared with Q3 2020
- Adjusted operating income at €241 million (2020: €353 million), ROS at 10.0% (2020: 15.5%)
- €1 billion share buyback started April 27, 2021; €557 million completed by end of Q3 2021

## Outlook

AkzoNobel targets to grow at least in line with its relevant markets. Trends differ per region and segment, with significant raw material cost inflation and supply constraints expected to continue through mid-2022.

Margin management and cost discipline are in place to deliver an average annual 50 basis points increase in return on sales over the period 2021-2023. The company is confident in the €2 billion EBITDA target for 2023, in line with its Grow & Deliver strategy.

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

# Upcoming events

AkzoNobel

Ex-dividend date of 2021 interim dividend  
Record date of 2021 interim dividend  
Payment date of 2021 interim dividend  
Report for fourth quarter

October 22, 2021  
October 25, 2021  
November 4, 2021  
February 9, 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)



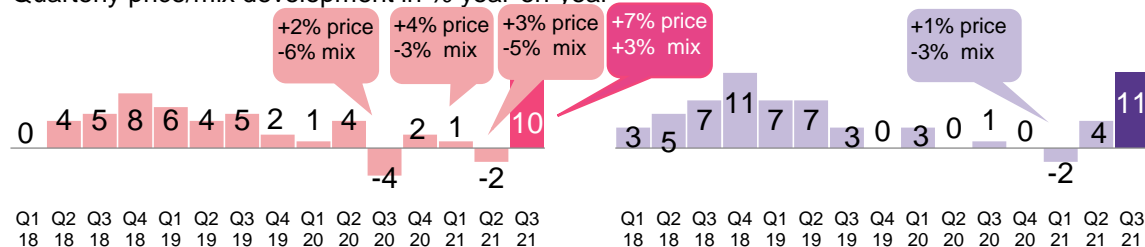


# Appendix

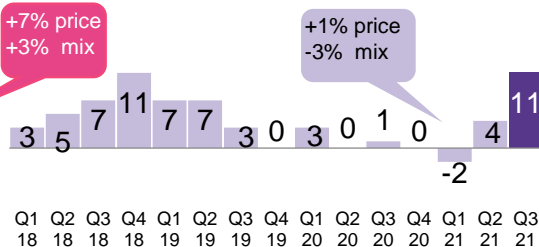
# Robust pricing initiatives continue, Q3 pricing up 9%

## Paints

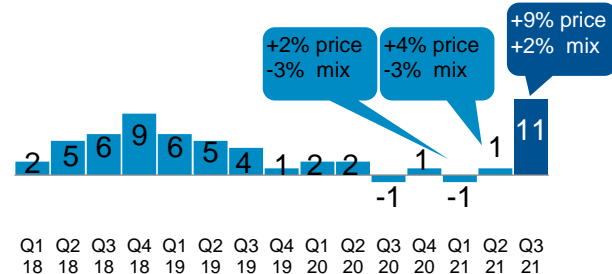
Quarterly price/mix development in % year-on-year



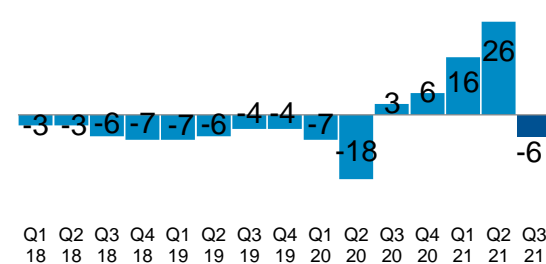
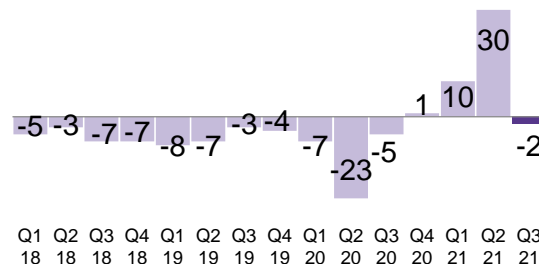
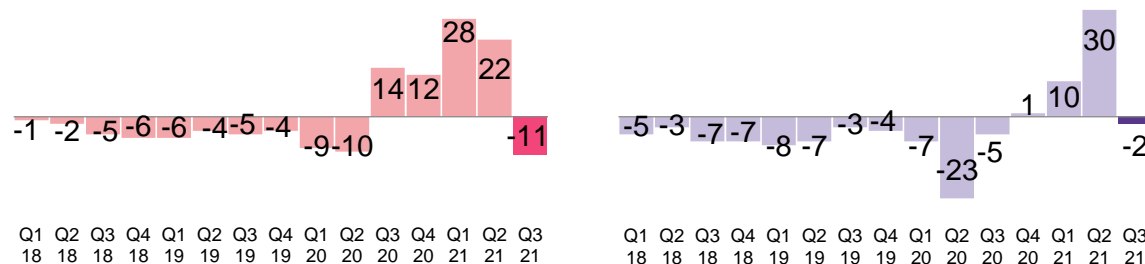
## Coatings



## Total

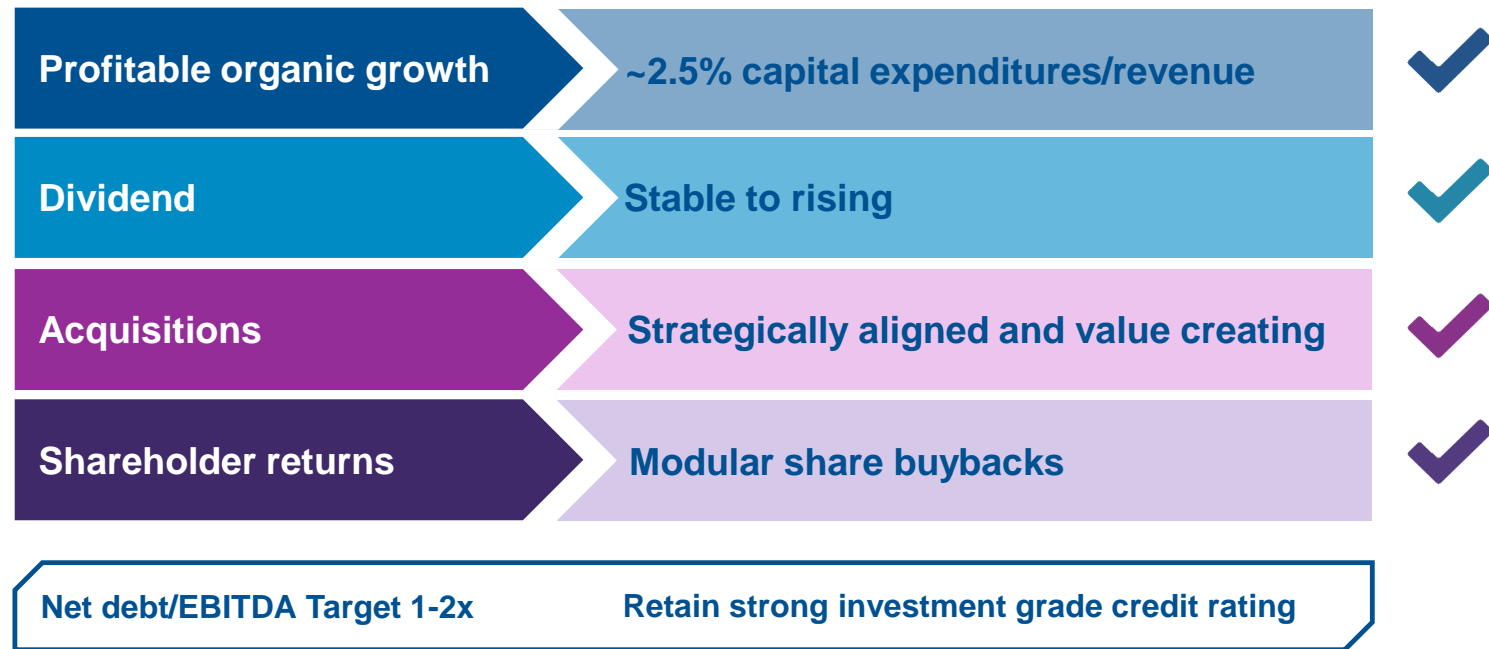


Quarterly volume\* development in % year-on-year



# Delivering on capital allocation priorities

**AkzoNobel**



## 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
- ↗ ROS\* +50bps CAGR
- ↗ Other activities €140-180 million
- ↗ Effective tax rate ~27% (cash tax rate ~20%)
- ↗ Capital expenditures ~€275 million
- ↗ Dividend policy “stable to rising”
- ↗ Leverage 1-2x net debt/EBITDA

## Consolidated statement of free cash flows\*

Q3 2020	Q3 2021	€ million	YTD 2020	YTD 2021
417	313	<b>EBITDA</b>	<b>991</b>	<b>1,170</b>
1	3	Impairment losses	1	3
(10)	(1)	Pre-tax result on acquisitions and divestments	(10)	(12)
101	66	Changes in working capital	(182)	(395)
-	23	Pension pre-funding	-	23
(11)	(1)	Pension top-up payments	(17)	(10)
6	(9)	Other changes in provisions	(46)	(105)
(22)	(37)	Interest paid	(37)	(62)
(32)	(67)	Income tax paid	(93)	(157)
7	-	Other changes	(2)	(28)
<b>457</b>	<b>290</b>	<b>Net cash from operating activities</b>	<b>605</b>	<b>427</b>
(64)	(70)	Capital expenditures	(156)	(189)
<b>393</b>	<b>220</b>	<b>Free cash flow</b>	<b>449</b>	<b>238</b>

<b>Net Debt</b>	<b>1,315</b>	<b>1,983</b>
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**Leverage (Net Debt/EBITDA)**                      **1.0**                      **1.3**

## Operating income to net income

Q3 2020	Q3 2021	€ million	YTD 2020	YTD 2021
<b>326</b>	<b>226</b>	<b>Operating income</b>	<b>720</b>	<b>913</b>
(15)	(19)	Net financing expenses	(53)	(31)
6	6	Results from associates and joint ventures	18	21
<b>317</b>	<b>213</b>	<b>Profit before tax</b>	<b>685</b>	<b>903</b>
(82)	(48)	Income tax	(189)	(244)
<b>235</b>	<b>165</b>	<b>Profit from continuing operations</b>	<b>496</b>	<b>659</b>
(5)	-	Profit from discontinued operations	(6)	5
<b>230</b>	<b>165</b>	<b>Profit for the period</b>	<b>490</b>	<b>664</b>
(10)	(1)	Non-controlling interests	(27)	(22)
<b>220</b>	<b>164</b>	<b>Net income</b>	<b>463</b>	<b>642</b>

Q3 2020	Q3 2021	Earnings per share (in €)	YTD 2020	YTD 2021
<b>1.15</b>	<b>0.89</b>	<b>Total operations</b>	<b>2.41</b>	<b>3.44</b>

Q3 2020	Q3 2021	Adjusted earnings per share* (in €)	YTD 2020	YTD 2021
<b>1.30</b>	<b>0.93</b>	<b>Continuing operations</b>	<b>2.80</b>	<b>3.32</b>

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

# Alternative performance measures

Q3 '20	Q3 '21	Δ%	Operating income (€m)	YTD '20	YTD '21	Δ%
202	147	(27%)	Decorative Paints	429	532	24%
179	133	(26%)	Performance Coatings	450	513	14%
(55)	(54)		Other activities	(159)	(132)	
<b>326</b>	<b>226</b>	<b>(31%)</b>	<b>Total</b>	<b>720</b>	<b>913</b>	<b>27%</b>

Q3 '20	Q3 '21	Identified items (€m)	YTD '20	YTD '21
(6)	(4)	Decorative Paints	(18)	42
(16)	(3)	Performance Coatings	(38)	2
(5)	(8)	Other activities	(29)	(14)
<b>(27)</b>	<b>(15)</b>	<b>Total</b>	<b>(85)</b>	<b>30</b>

Q3 '20	Q3 '21	Δ%	Adjusted operating income (€m)	YTD '20	YTD '21	Δ%
208	151	(27%)	Decorative Paints	447	490	10%
195	136	(30%)	Performance Coatings	488	511	5%
(50)	(46)		Other activities	(130)	(118)	
<b>353</b>	<b>241</b>	<b>(32%)</b>	<b>Total</b>	<b>805</b>	<b>883</b>	<b>10%</b>

Q3 '20	Q3 '21	Δ%	EBITDA (€m)	YTD '20	YTD '21	Δ%
326	226	(31%)	Operating income	720	913	27%
91	87	(4%)	Depreciation and Amortization	271	257	(5%)
<b>417</b>	<b>313</b>	<b>(25%)</b>	<b>EBITDA</b>	<b>991</b>	<b>1,170</b>	<b>18%</b>

Q3 '20	Q3 '21	Δ%	Adjusted EBITDA (€m)	YTD '20	YTD '21	Δ%
353	241	(32%)	Adjusted operating income	805	883	10%
86	84	(2%)	Depreciation and Amortization (excl. identified items)	257	252	(2%)
<b>439</b>	<b>325</b>	<b>(26%)</b>	<b>Adjusted EBITDA</b>	<b>1,062</b>	<b>1,135</b>	<b>7%</b>

Q3 '20	Q3 '21	OPI margin (%)	YTD '20	YTD '21
20.1	14.5	Decorative Paints	16.1	17.6
14.1	9.5	Performance Coatings	12.3	12.4
		Other activities*		
<b>14.3</b>	<b>9.4</b>	<b>Total</b>	<b>11.4</b>	<b>12.7</b>

Q3 '20	Q3 '21	ROS (%)	YTD '20	YTD '21
20.7	14.9	Decorative Paints	16.8	16.2
15.4	9.7	Performance Coatings	13.4	12.3
		Other activities*		
<b>15.5</b>	<b>10.0</b>	<b>Total</b>	<b>12.7</b>	<b>12.3</b>

Q3 '20	Q3 '21	Adjusted earnings per share from continuing operations	YTD '20	YTD '21
317	213	Profit before tax from continuing operations	685	903
27	15	Identified items reported in operating income	85	(30)
-	(1)	Identified items reported in interest	-	(21)
(87)	(54)	Adjusted income tax	(206)	(211)
(10)	(1)	Non-controlling interests	(27)	(22)
<b>247</b>	<b>172</b>	<b>Adjusted net income from continuing operations</b>	<b>537</b>	<b>619</b>

190.6	184.1	Weighted average number of shares (in millions)	191.7	186.6
<b>1.30</b>	<b>0.93</b>	<b>Adjusted earnings per share from continuing operations</b>	<b>2.80</b>	<b>3.32</b>

Average invested capital (€m)	2020	2021	Δ%
Decorative Paints	2,882	2,771	(4%)
Performance Coatings	3,406	3,434	1%
Other activities	686	501	(27%)
<b>Total</b>	<b>6,974</b>	<b>6,706</b>	<b>(4%)</b>

ROI (%)	2020	2021
Decorative Paints	18.5	22.2
Performance Coatings	19.0	21.0
<b>Total</b>	<b>14.7</b>	<b>17.5</b>

EBITDA (€m)	2020	2021
Operating income	893	1,156
Depreciation and amortization	370	347
<b>EBITDA</b>	<b>1,263</b>	<b>1,503</b>

Net Debt (€m)	2020	2021
Short term investments	(110)	(13)
Cash and cash equivalents	(1,502)	(1,087)
Long-term borrowings	2,761	2,000
Short-term borrowings	167	1,083
<b>Net Debt</b>	<b>1,316</b>	<b>1,983</b>

Leverage ratio	2020	2021
Net debt	1,316	1,983
EBITDA	1,263	1,503
<b>Leverage ratio</b>	<b>1.0</b>	<b>1.3</b>

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

# Leading industry in sustainability ratings

AkzoNobel



<p>MSCI ESG RATINGS</p> <p>AAA</p> <p>CCC B BB BBB A AA AAA</p>	<p>PLATINUM</p> <p>2020 ecovadis Sustainability Rating</p>	<p>SUSTAINALYTICS</p> <p>a Morningstar company</p> <p>RATED</p>	<p>vigeo eiris</p>	<p>Corporate Knights</p> <p>The Voice for Clean Capitalism</p>	<p>chemsec</p> <p>CHEMSCORE</p>
<p>Investors</p>	<p>Customers</p>	<p>Investors</p>	<p>Europe</p>	<p>Society</p>	<p>Chemical sector</p>
<p>Only P&amp;C company rated "AAA"</p>	<p>"Platinum" rating</p>	<p>"Low risk" rating</p>	<p>First in the chemical industry</p>	<p>Included in Clean200</p>	<p>Highest ranked P&amp;C company</p>