

AkzoNobel

PAINT THE FUTURE

Investor Update
January 29, 2025

**Q4
24**

Forward-looking statements

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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 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

Q4 and FY 2024 Highlights

EBITDA at consensus, leverage higher on lower payables and restructuring

Q4 2024 YoY

- ⬆ Organic sales +1%
- ▬ Volumes flat
- ⬆ Price/mix +1%
- ▬ OPEX flat in CC
- ⬆ Adj. EBITDA +3% at €321m (12.3% margin)

FY 2024 YoY

- ⬆ Organic sales +2%
- ⬆ Volumes +1%
- ⬆ Adj. gross margin +130 bps
- ⬆ Adj. EBITDA € 1,506m or 14.1%
€1,478m post hyperinflation accounting
- ⬇ Leverage ratio 3.0x

Volume development

Q4 volume growth +2% ex. Deco China; growth to continue in 2025

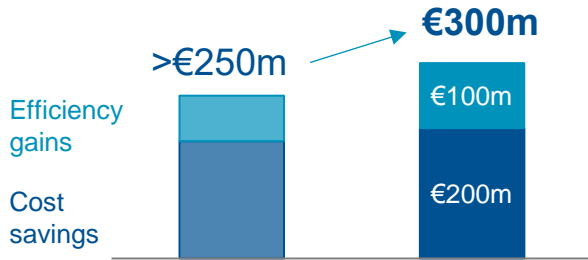
		Q4 2024	2025
Deco EMEA	West Europe slightly soft in small Q; flattish trends to continue	-LSD%	~Flat
Deco LATAM	Brazil continues to drive performance; Colombia & Argentina stabilizing	+MSD%	+MSD%
Deco SE Asia	Solid growth in Southeast Asia; Vietnam rebounding	+LSD%	
Deco China	Demand remains depressed; market has bottomed out	-DD%	+LSD%
Powder Coatings	Growth in subdued markets; differentiating on tech and service	+LSD%	+MSD%
Marine & Protective	Marine new build remains robust; solid pipeline for 2025	+DD%	
Automotive & Specialty	VR and Auto weak; underlying Aero demand remains strong	-LSD%	Flat/+
Industrial Coatings	Coil, Packaging and Wood flattish		Flat/-
AkzoNobel		Flat	Flat/+LSD%

Organic volumes YoY

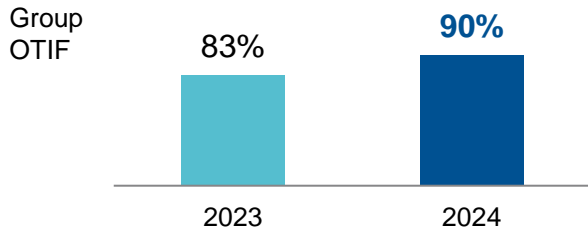
Industrial transformation

New measures drive higher benefit, more site closures in '25 and '26

Total benefit in 2027¹



Service levels²



Progress update³

Benefit

- New opportunities identified
- Total benefit re-confirmed at higher level: **€300m**
 - ~2/3 cost savings
 - ~1/3 efficiency gains
 - 2025 benefit at **€70m**

Footprint

- **6 site closures** completed in 2024
- **>5 closures** announcements expected in 2025
- Remaining closures scheduled in 2026

Service levels

- Critical assets de-bottlenecked
- Group OTIF at target level: **90%**

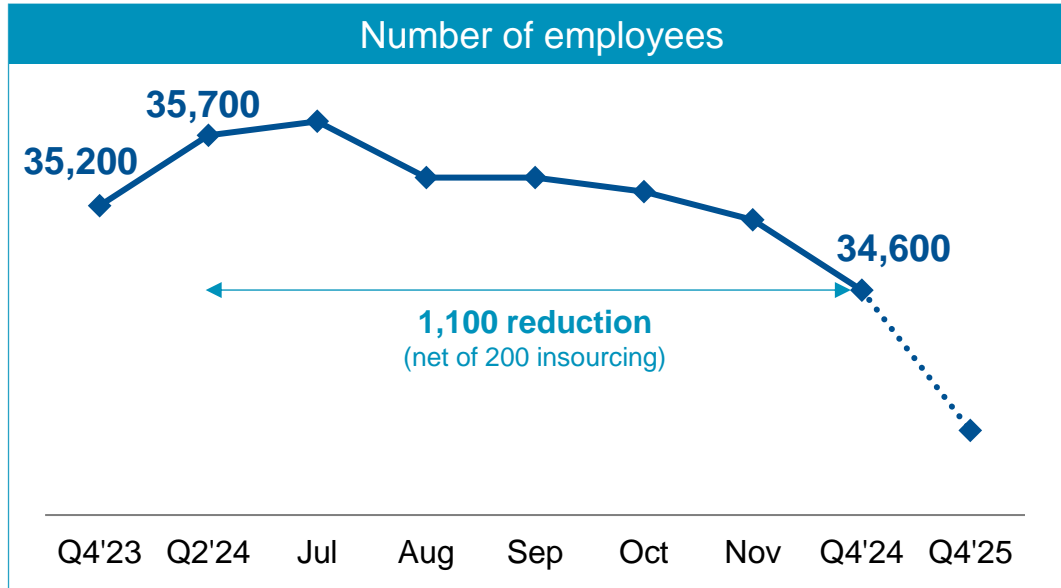
1. Annual savings vs 2023 baseline.

2. OTIF = On time and in full.

3. Intended site closures subject to applicable employee consultation.

SG&A actions

Program expanded and accelerated resulting in higher savings



Strategic commitment

- Net reduction increased to **2,200 FTE**
- Annualized gross savings of **>€150m**, run-rate realized by 2025YE
- Implementation cost **~€140m**

Progress update

- Consultations ahead of schedule
- All departures effective by mid year
- Focus on higher job grades, Europe

Efficiency programs summary

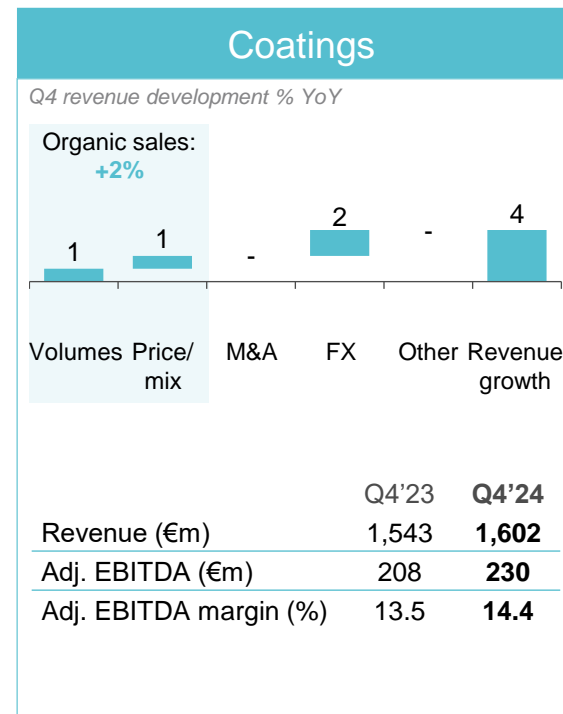
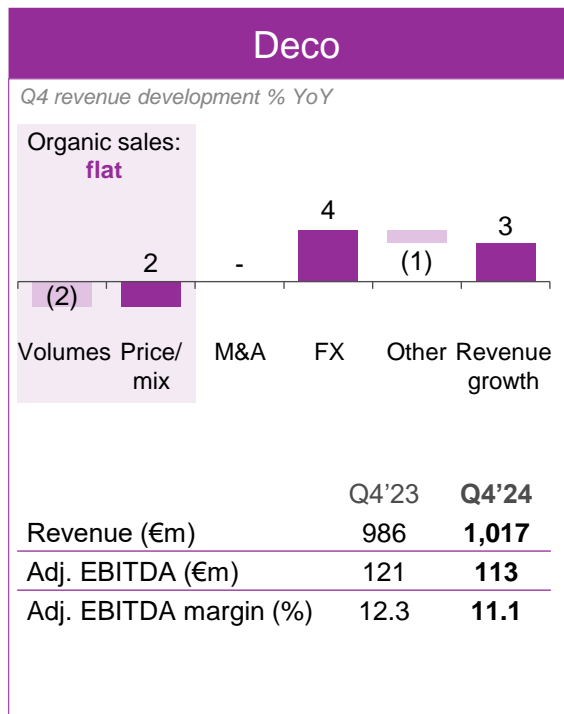
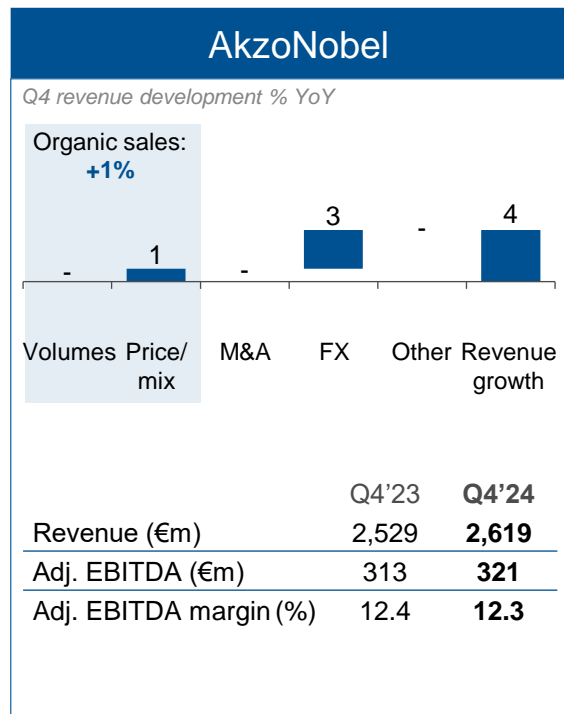
Gross savings €170m in '25 (provisions €160m, restructuring cash out €170m)

Industrial (€m)	2024	2025	2026	2027	TOTAL
Benefit	30	70	90	110	300
Restructuring cost	30	100	70		~200
Restructuring cash out	15	50	90	20	175
CAPEX	50	50	50		150

SG&A (€m)	2024	2025 (H1/H2)	2026	TOTAL
Benefit	15	100 (40/60)	>35	>150
Restructuring cost	80	60 (60/0)		~140
Restructuring cash out	20	120 (100/20)		~140

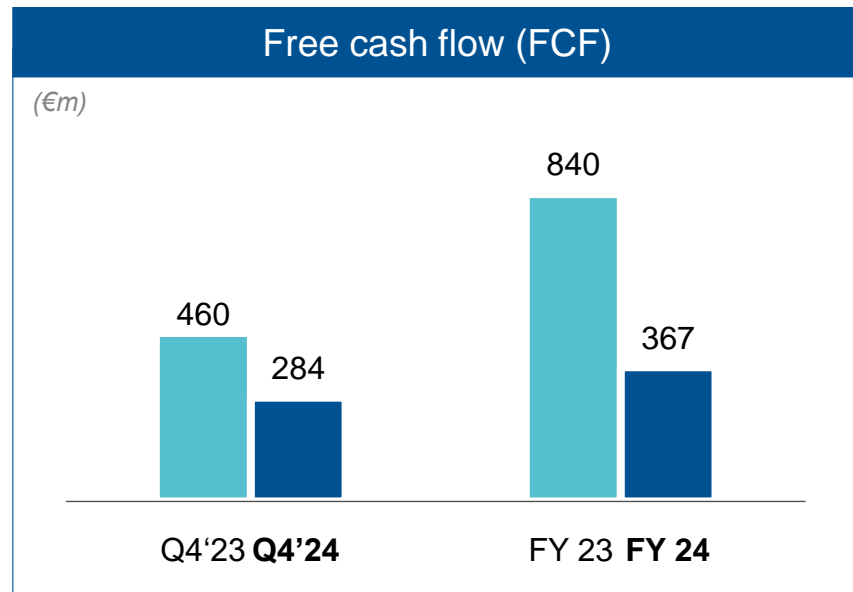
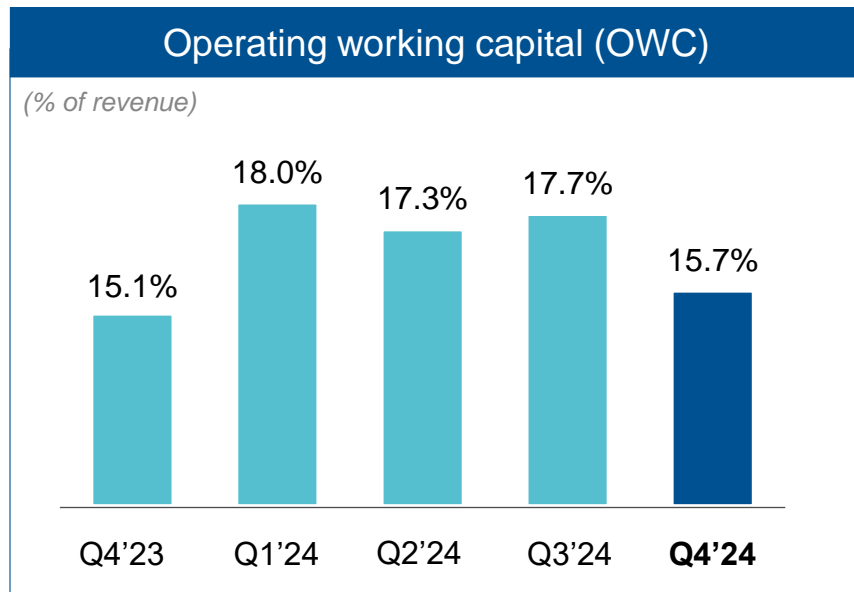
Q4 business performance

Q4 profit growth driven by Coatings, particularly Marine & Protective



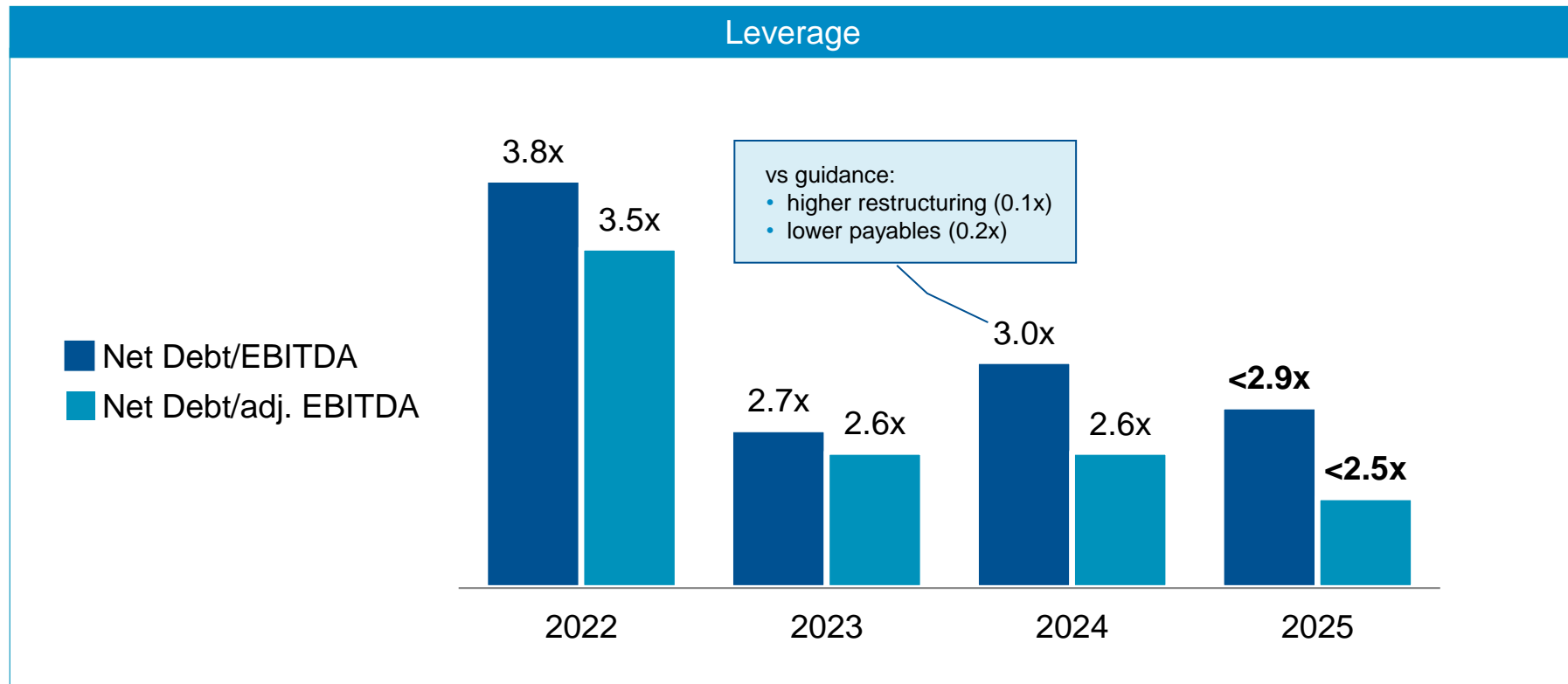
Operating results for Q4 and FY 2024

FCF impacted by lower payables from inventory reductions



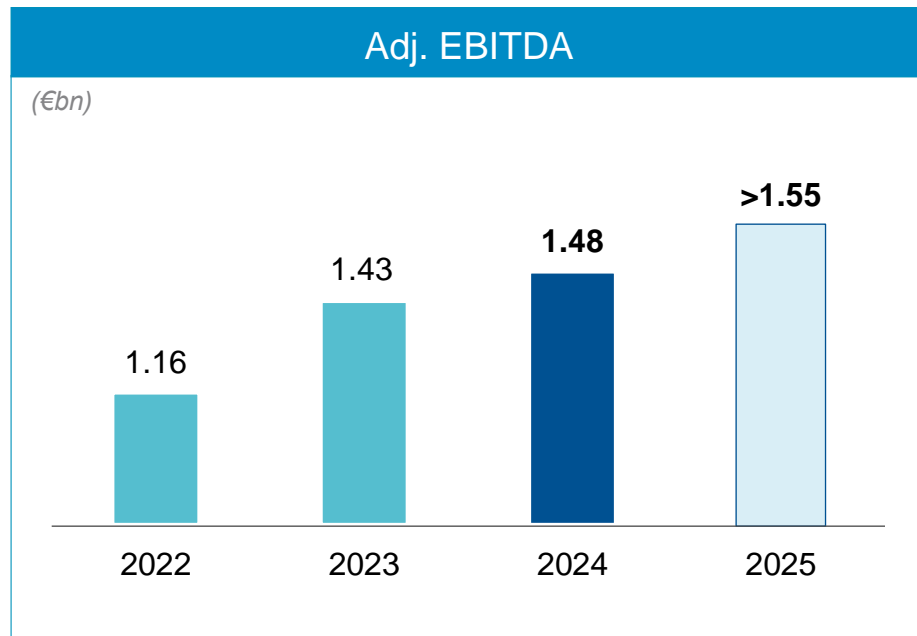
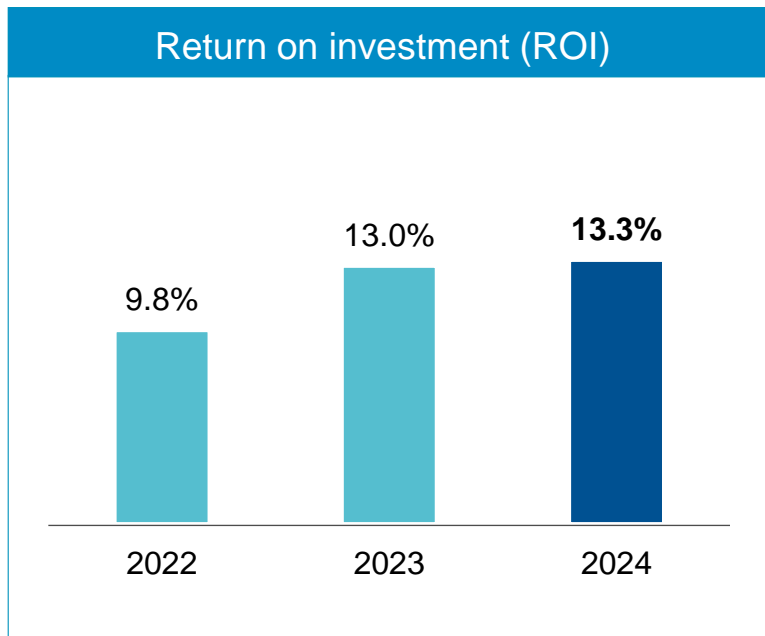
Leverage

Higher ND/EBITDA reflects accelerated restructuring impact; underlying 2.6x



Profit expansion

Profitable growth continues; adj. EBITDA >€1.55bn in 2025



Outlook

FY EBITDA ramp-up based on self help and volume growth; Q1 slightly below Q1'24

FY2025 Outlook

Adj. EBITDA

above €1.55 billion

Volumes

Flat to +LSD%

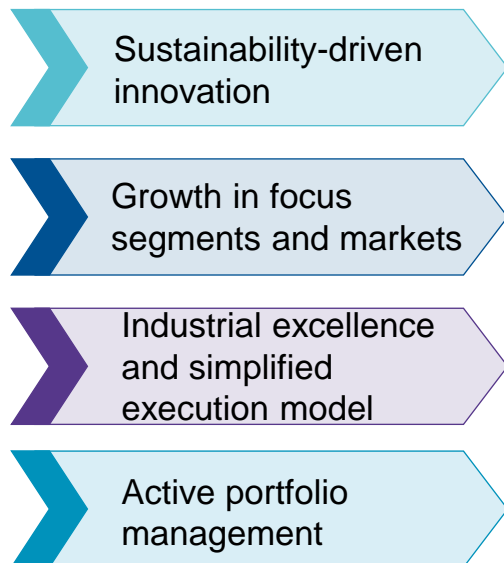
- Gross savings: **+€170m**
- Identified items / cash out: **~€220m**
- CAPEX: **€350m**
- Net Debt/adj. EBITDA: **below 2.5x**
- Net Debt/EBITDA: **below 2.9x**
- Stable dividend

Outlook is based on organic volumes and constant currencies, assumes no significant market disruptions.

Mid-term ambitions

Expanding profitability underpinned by growth and operational efficiencies

Strategic priorities



Targets

Adj. EBITDA margin	ROI
>16%	16-19%
➤ Adj. EBITDA growth CAGR: >6%	➤ Industrial transformation benefit €300m by 2027
➤ Volume growth CAGR: +LSD%	➤ Leverage ~2x, strong investment grade

Outlook is based on organic volumes and constant currencies, assumes no significant market disruptions. CAGR on 2023 baseline.

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Upcoming events

Publication annual report 2025	February 26
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Q1 results	April 23
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Annual General Meeting of shareholders	April 25
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Ex-dividend date of 2024 final dividend	April 29
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Record date of 2024 final dividend	April 30
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Payment date of 2024 final dividend	May 7
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Alternative performance measures (APM)

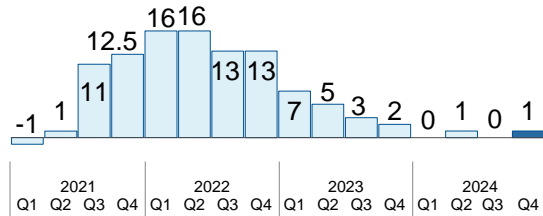
AkzoNobel uses APM adjustments to the IFRS measures to provide supplementary information on the reporting of the underlying developments of the business. A reconciliation of the alternative performance measures to the most directly comparable IFRS measures can be found in the appendix to this presentation. This Investor Update covers the highlights for the quarter. We recommend to read the Investor Update in combination with the AkzoNobel Q4 2024 Report. The Q3 2024 Report provides additional information, including the IAS34 condensed consolidated financial statements.

All figures in this presentation and in the AkzoNobel Q4 2024 Report are unaudited. The interim condensed consolidated financial statements were discussed and approved by the Board of Management and the Supervisory Board.

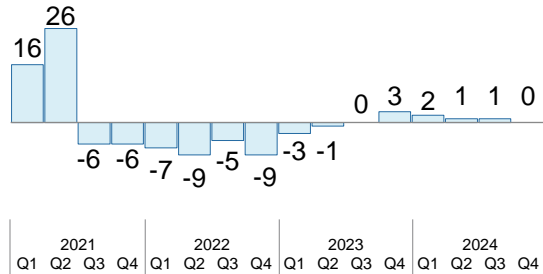
Price/mix and volumes

AkzoNobel

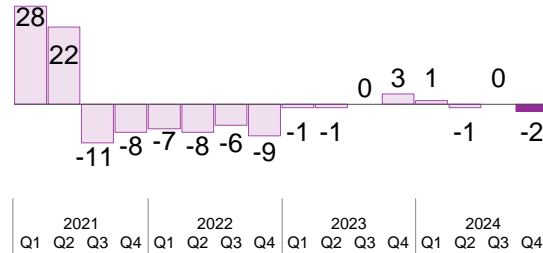
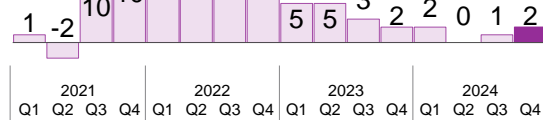
price/mix (% YoY)



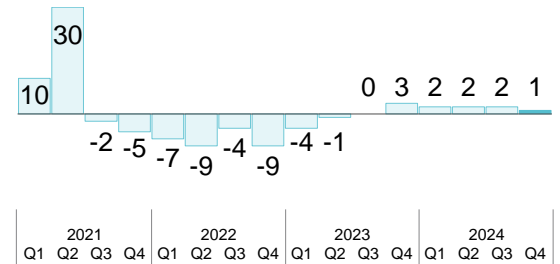
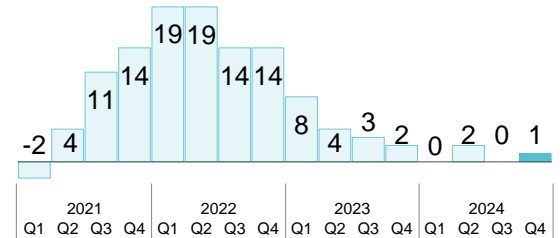
organic volumes (% YoY)



Deco



Coatings



Planning assumptions

	2025	Mid-term
Adj. EBITDA	>€1.55bn	CAGR '23-'27: >6%; Margin: >16%
Organic volumes	Flat to +LSD%	+LSD%
Gross savings	€170m Industrial transformation €70m SG&A actions €100m	>€450m (vs 2023) Industrial transformation €300m SG&A actions >€150m
Identified items	~€220m (cash out ~€220m)	Efficiency programs cost: Industrial transformation ~€200m SG&A actions ~€140m
CAPEX	€350m	€350m pa, incl. €50m pa from industrial transformation ('24-'26)
Working capital	~14.5% revenue	~13% revenue
Effective tax rate	~28%	~28%
Leverage	Net Debt/adj. EBITDA <2.5x Net Debt/EBITDA <2.9x	~2x

Assuming no significant market disruptions.

Performance measures

Definitions of alternative performance measures

- **Adjusted earnings per share** are the basic earnings per share from continuing operations, excluding Identified items and taxes thereon
- **Adjusted gross profit** is revenue less cost of sales, excluding identified items
- **Adjusted gross margin** is adjusted gross profit as a percentage of revenue
- **Adjusted EBITDA** is operating income excluding depreciation, amortization and identified items
- **Adjusted EBITDA margin** is adjusted EBITDA as percentage of revenue
- **Capital expenditures** is the total of investments in property, plant and equipment and investments in intangible assets
- **Free cash flow** is net cash generated from/(used for) operating activities minus capital expenditures
- **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
- **Invested capital** is total assets (excluding cash and cash equivalents, short-term investments, investments in associates, pension assets, assets held for sale) less current tax liabilities, deferred tax liabilities and trade and other payables. Average invested capital is the average of the quarter end invested capital balances for the last 4 quarters
- **Leverage ratio** is calculated as net debt divided by (adjusted) 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
- **Organic sales** excludes the impact of changes in consolidation, the impact of changes in foreign exchange rates and the impact of hyperinflation accounting. Refer to constant currencies for details on the calculation of the foreign exchange rate impact
- **Return on investment (ROI)** is adjusted operating income of the last 12 months as percentage of average invested capital

Additional financial information

Consolidated statement of free cash flows

Q4'23	Q4'24	€ million	2023	2024
307	221	EBITDA	1,386	1,288
2	—	Impairment losses	4	—
(19)	1	Pre-tax results on acquisitions and divestments	(66)	3
370	218	Changes in working capital	254	(206)
(1)	(1)	Pension top-up payments	(8)	(1)
(36)	32	Other changes in provisions	(45)	8
(36)	(29)	Interest paid	(167)	(174)
(48)	(56)	Income tax paid	(295)	(291)
35	12	Other	63	46
574	398	Net cash generated from/(used for) operating activities	1,126	673
(114)	(114)	Capital expenditures	(286)	(306)
460	284	Free cash flow	840	367

Operating income to net income

Q4'23	Q4'24	€ million	2023	2024
214	127	Operating income	1,029	917
(121)	(36)	Financing income and expenses	(272)	(102)
7	4	Results from associates	27	23
100	95	Profit before tax	784	838
(49)	(59)	Income tax	(296)	(246)
51	36	Profit from continuing operations	488	592
(3)	—	Profit from discontinued operations	(5)	—
48	36	Profit for the period	483	592
(7)	(15)	Non-controlling interests	(41)	(50)
41	21	Net income	442	542
		Earnings per share (in €)		
0.24	0.12	Total operations	2.59	3.17
		Adjusted earnings per share (in €)		
0.42	0.56	Continuing operations	3.07	3.88

Alternative performance measures

Q4'23	Q4'24	Δ%	Operating income (€m)	2023	2024	Δ%
99	41	-59%	Decorative Paints	500	405	-19%
155	150	-3%	Performance Coatings	698	679	56%
(40)	(64)		Other activities	(169)	(167)	
214	127	-41%	Total	1,029	917	-11%

Q4'23	Q4'24	Identified items (€m)	2023	2024
17	(33)	Decorative Paints	—	(80)
(10)	(34)	Performance Coatings	13	(56)
(14)	(33)	Other activities	(58)	(60)
(7)	(100)	Total	(45)	(196)

Q4'23	Q4'24	Adjusted gross margin	2023	2024
1,024	1,026	Gross profit	4,234	4,337
(5)	(29)	Identified items	(23)	(73)
1,029	1,055	Adjusted gross profit	4,257	4,410
40.7%	40.3%	Adjusted gross margin	39.9%	41.2%

Q4'23	Q4'24	Δ%	Adjusted EBITDA (€m)	2023	2024	Δ%
221	227	3%	Adjusted operating income	1,074	1,113	4%
92	94		Depreciation and amortization (excl. Identified items)	355	365	
313	321	3%	Adjusted EBITDA	1,429	1,478	3%

Q4'23	Q4'24	Adjusted EBITDA margin (%)	2023	2024
12.3	11.1	Decorative Paints	15.0	14.8
13.5	14.4	Performance Coatings	13.4	14.2
12.4	12.3	Total	13.4	13.8

Q4'23	Q4'24	Adjusted earnings per share from continuing operations (€m)	2023	2024
51	36	Profit from continuing operations	488	592
7	100	Identified items reported in operating income	45	196
44	(3)	Identified items reported in interest	44	(21)
(23)	(23)	Identified items reported in income tax	(13)	(54)
(7)	(15)	Non-controlling interests	(41)	(50)

72	95	Adjusted net income from continuing operations	523	663
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170.6	170.8	Weighted average number of shares (in millions)	170.6	170.7
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0.42	0.56	Adjusted earnings per share from continuing operations	3.07	3.88
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Average invested capital (€m)	Q4'23	Q4'24	Δ%
Jan'23 – Dec'23/Jan'24 – Dec'24			
Decorative Paints	3,755	3,921	4%
Performance Coatings	3,725	3,773	1%
Other activities	753	656	
Total	8,233	8,350	1%

ROI (%)	Q4'23	Q4'24
Jan'23 – Dec'23/Jan'24 – Dec'24		
Decorative Paints	13.3	12.4
Performance Coatings	18.4	19.5
Other activities ¹		
Total	13.0	13.3

EBITDA (€m)	Q4'23	Q4'24
Jan'23 – Dec'23/Jan'24 – Dec'24		
Operating income	1,029	917
Depreciation and amortization	357	371
EBITDA	1,386	1,288

Net Debt (€m)	Q4'23	Q4'24
Short-term investments	(265)	(165)
Cash and cash equivalents	(1,513)	(1,302)
Long-term borrowings	3,165	3,671
Short-term borrowings	2,398	1,697
Total	3,785	3,901

Leverage ratios	Q4'23	Q4'24
Jan'23 – Dec'23/Jan'24 – Dec'24		
Net debt/EBITDA	2.7	3.0
Net debt/Adjusted EBITDA	2.6	2.6