

The AkzoNobel logo is positioned in the top right corner of the slide. It consists of the word "AkzoNobel" in a white, sans-serif font. The background of the slide is a vibrant, abstract pattern of overlapping, chevron-like shapes in shades of blue, purple, and magenta, creating a sense of depth and movement.

**AkzoNobel**

# **Investor update 2020 and beyond**

February 13, 2020

## Agenda

### UPDATE 2020



Introduction



Executive summary



Market dynamics



Winning together: 15 by 20

### BEYOND 2020



Beyond 2020



Grow



Deliver



PEOPLE. PLANET. PAINT.

# Speakers

**AkzoNobel**



**Thierry Vanlancker**  
CEO



**Maarten de Vries**  
CFO



**Ruud Joosten**  
Chief Operating Officer



**David Prinselaar**  
Chief Supply Chain Officer

# Executive summary

## Thierry Vanlancker



# A focused paints and coatings company

# AkzoNobel



International

Interpon  
POWDER COATINGS



**€9.3bn** revenue

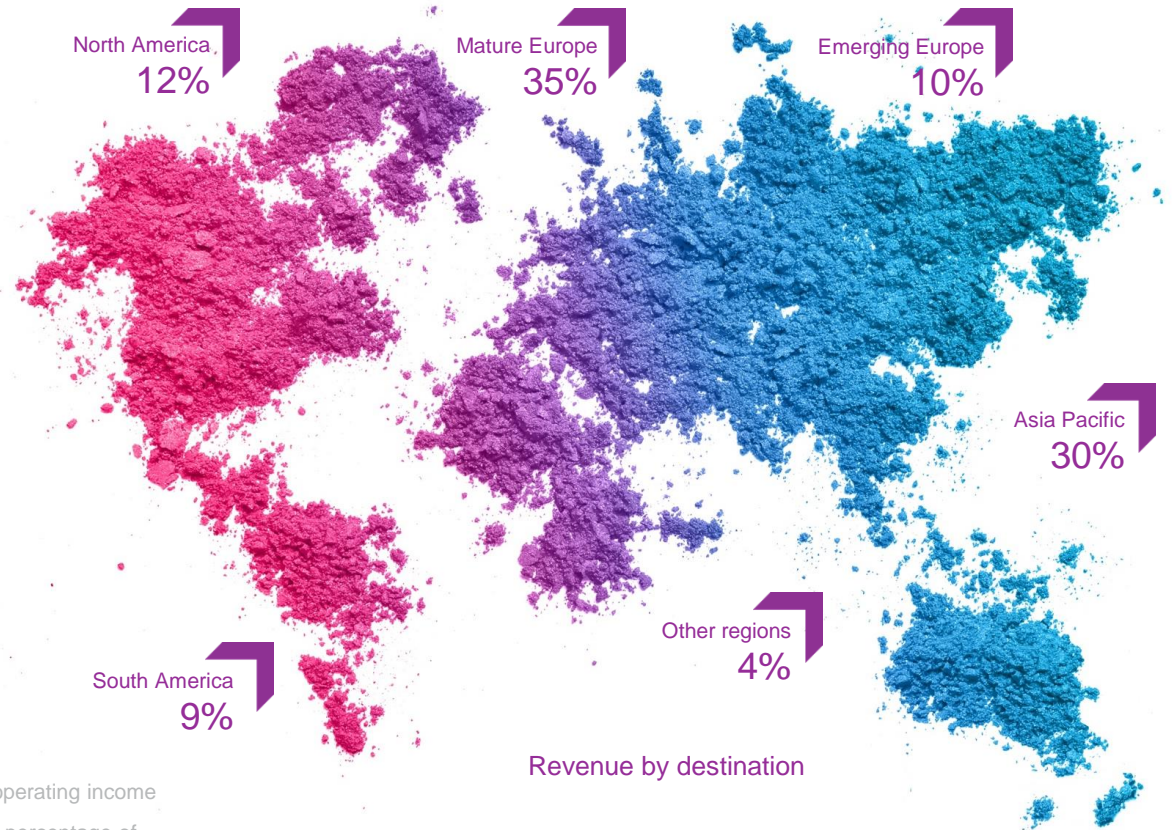
**€1.2bn** EBITDA

**€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)

# Delivering on promises made in 2017

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%	X ✓
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%	✓

# Winning together: 15 by 20



**Passion for paint**



**Precise processes**



**Powerful performance**



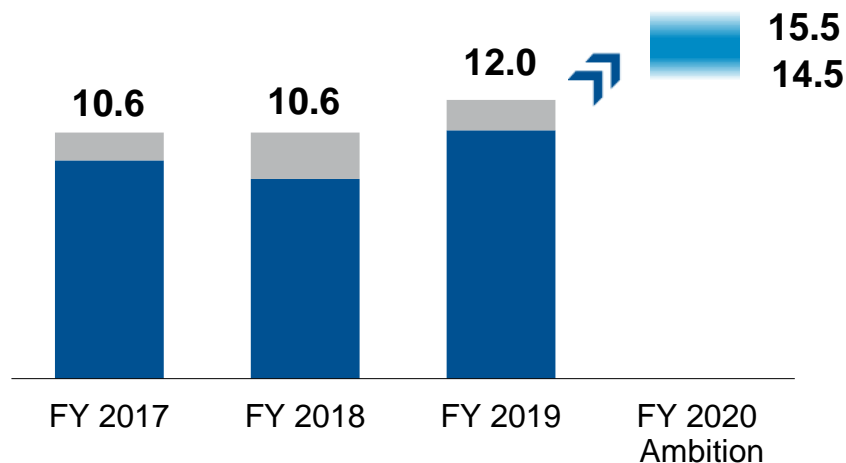
**Proud people**



# Performance improvement accelerated during H2 2019

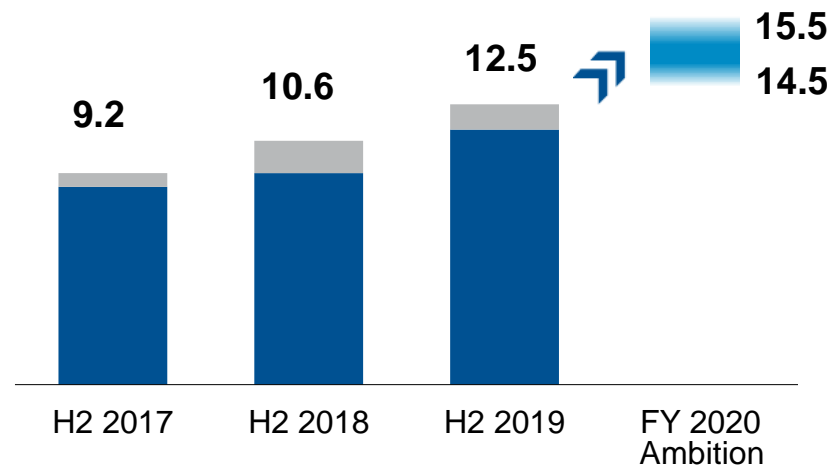
## Return on sales (ROS), full-year

% ■ Unallocated cost



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

% ■ Unallocated cost

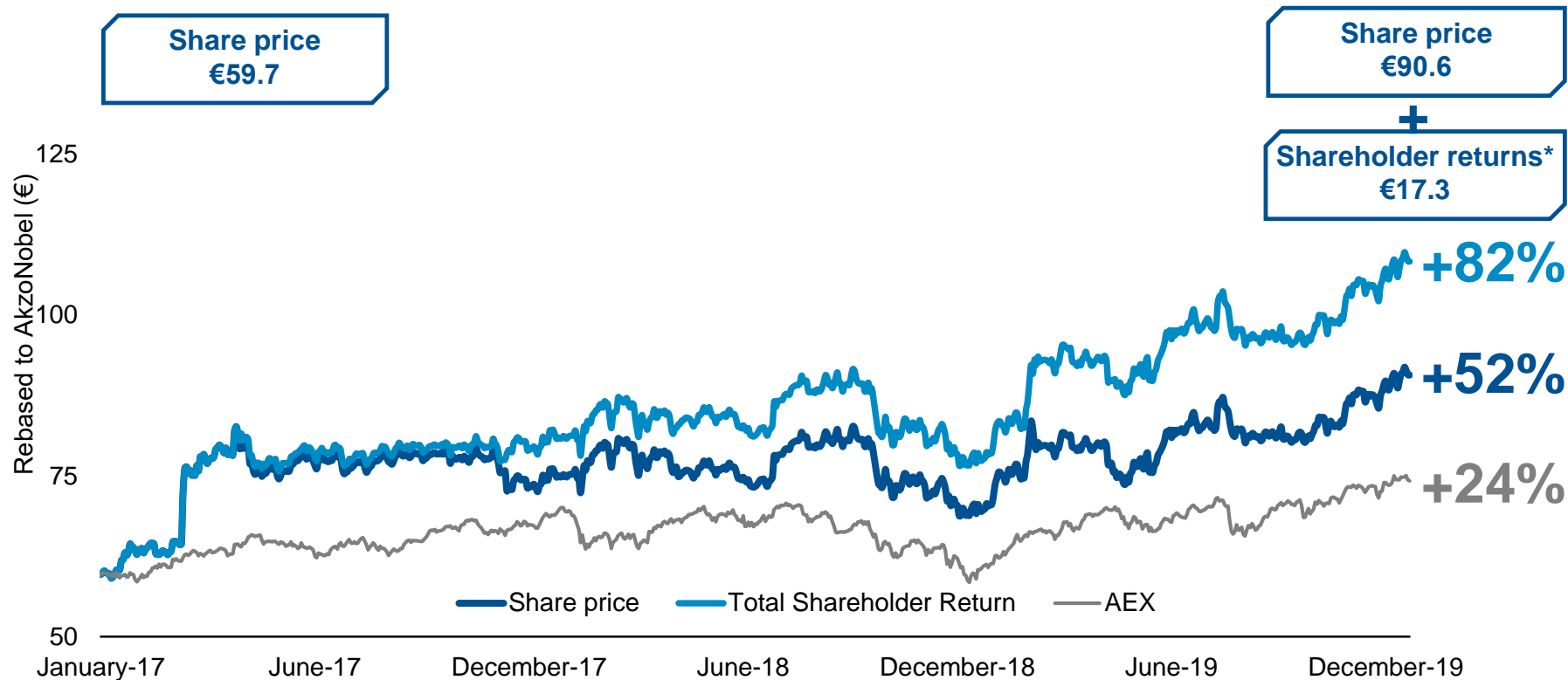


ROS = adjusted operating income as percentage of revenue (excluding unallocated cost)  
Assumes no significant market disruption



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

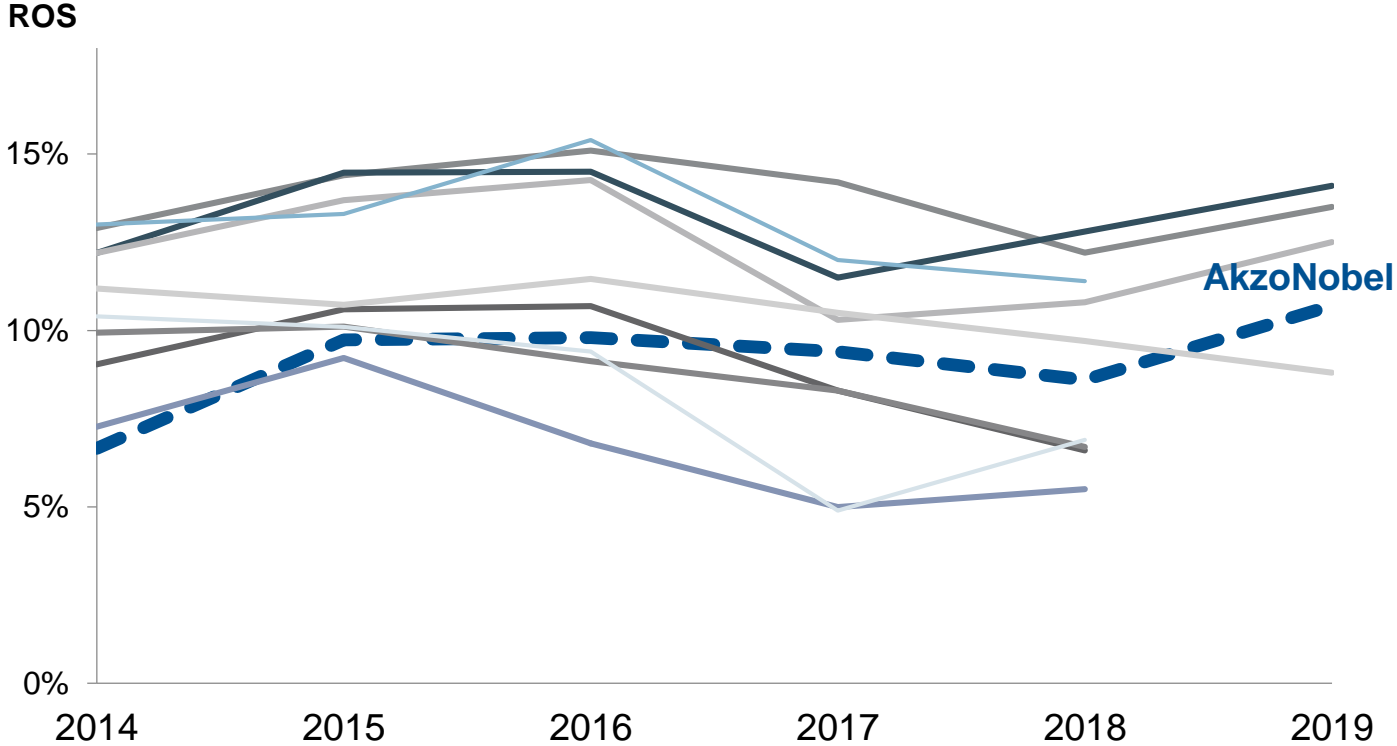
# AkzoNobel



Source: Bloomberg

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

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



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

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

**GROW  
& DELIVER**



# Market dynamics

## Ruud Joosten

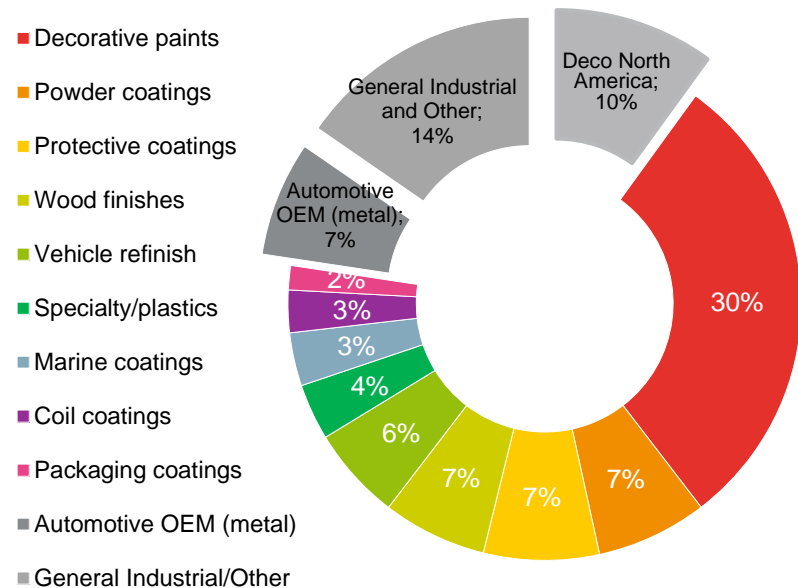


**Paints and coatings protect assets  
and inspire people's everyday lives**

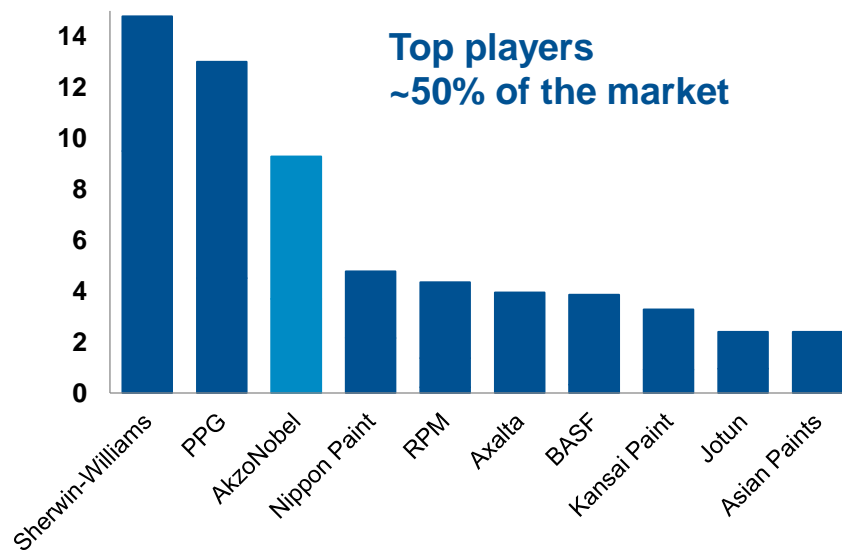
**AkzoNobel**

# Attractive €125bn industry with multiple opportunities for growth

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



## Peer revenue comparison € billion, 2018



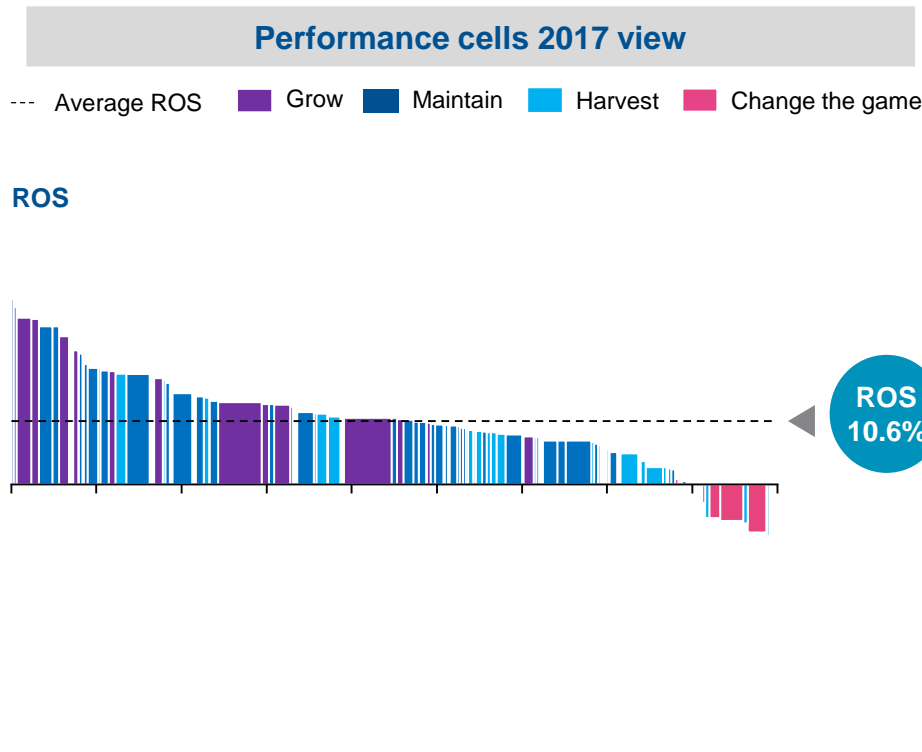
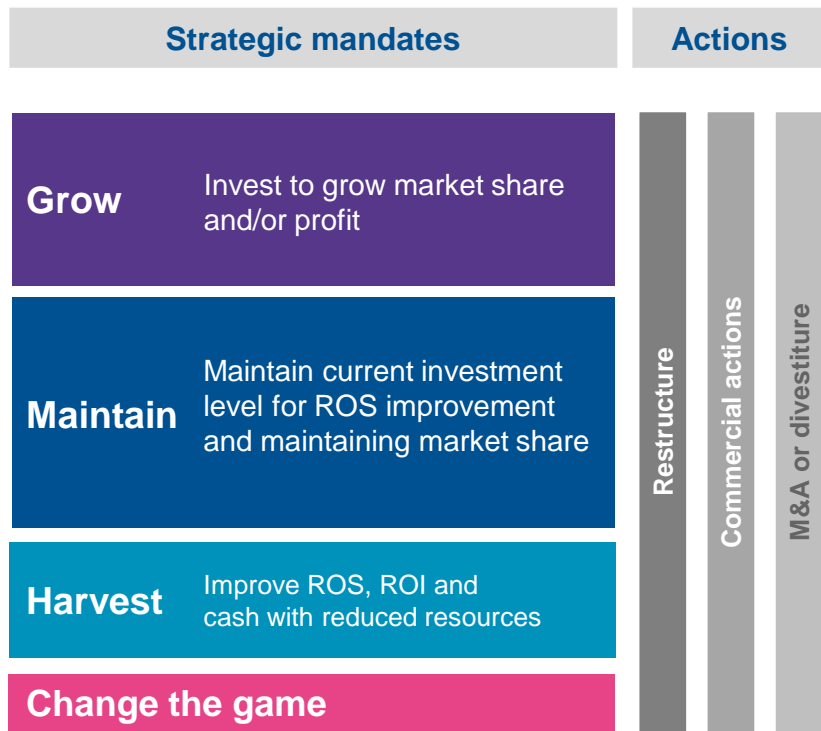
# Strong global portfolio of businesses with leading positions in most segments

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

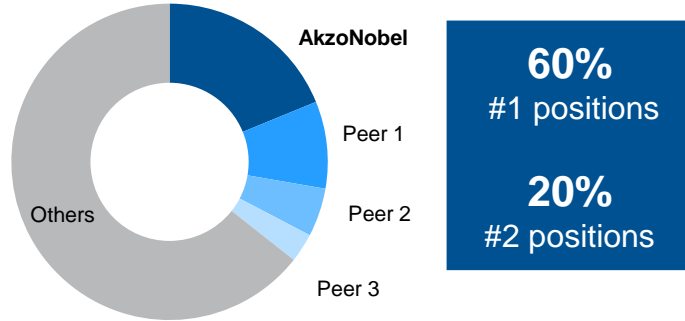




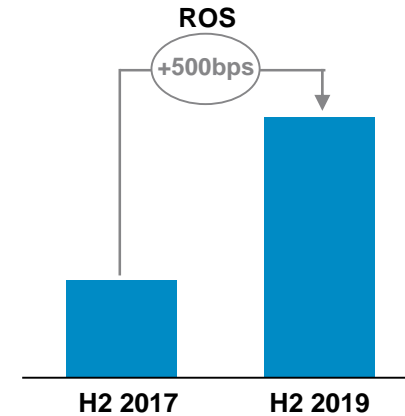
# Decorative Paints EMEA

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

The logo for Xylazel, featuring the word "xylazel" in white lowercase letters on a black rectangular background with a wavy bottom edge.

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

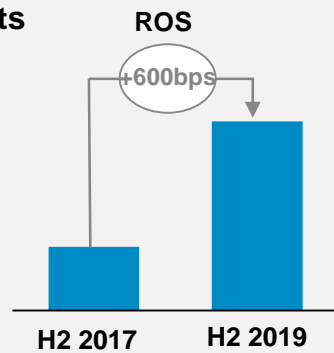


# Marine and Protective Coatings

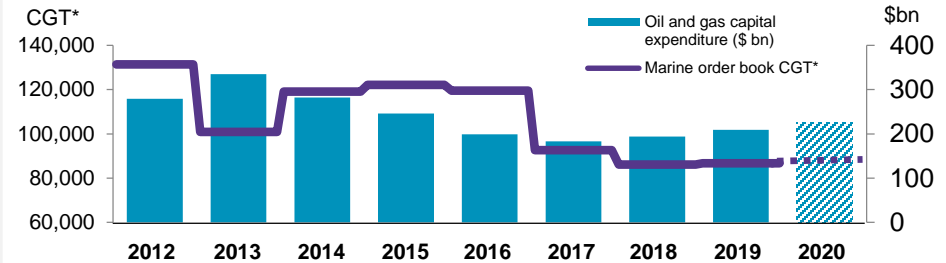
## Recovered to double-digit ROS in tough market

### 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



# Industrial Coatings

Turnaround with focus on value over volume and cost savings

€1.7bn revenue

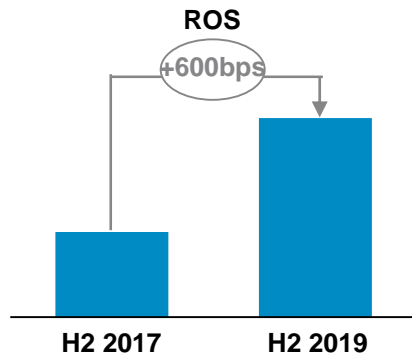
#1 packaging  
(inside the can)

#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



**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



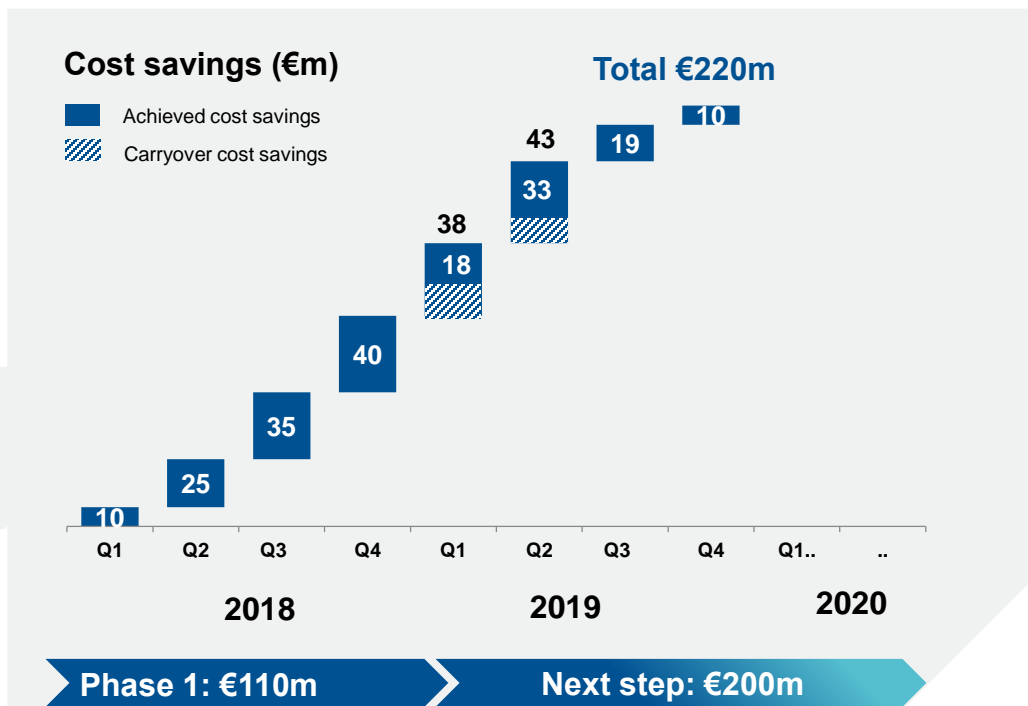
Global Business Services  
Integrated Business Planning  
ERP and systems platform



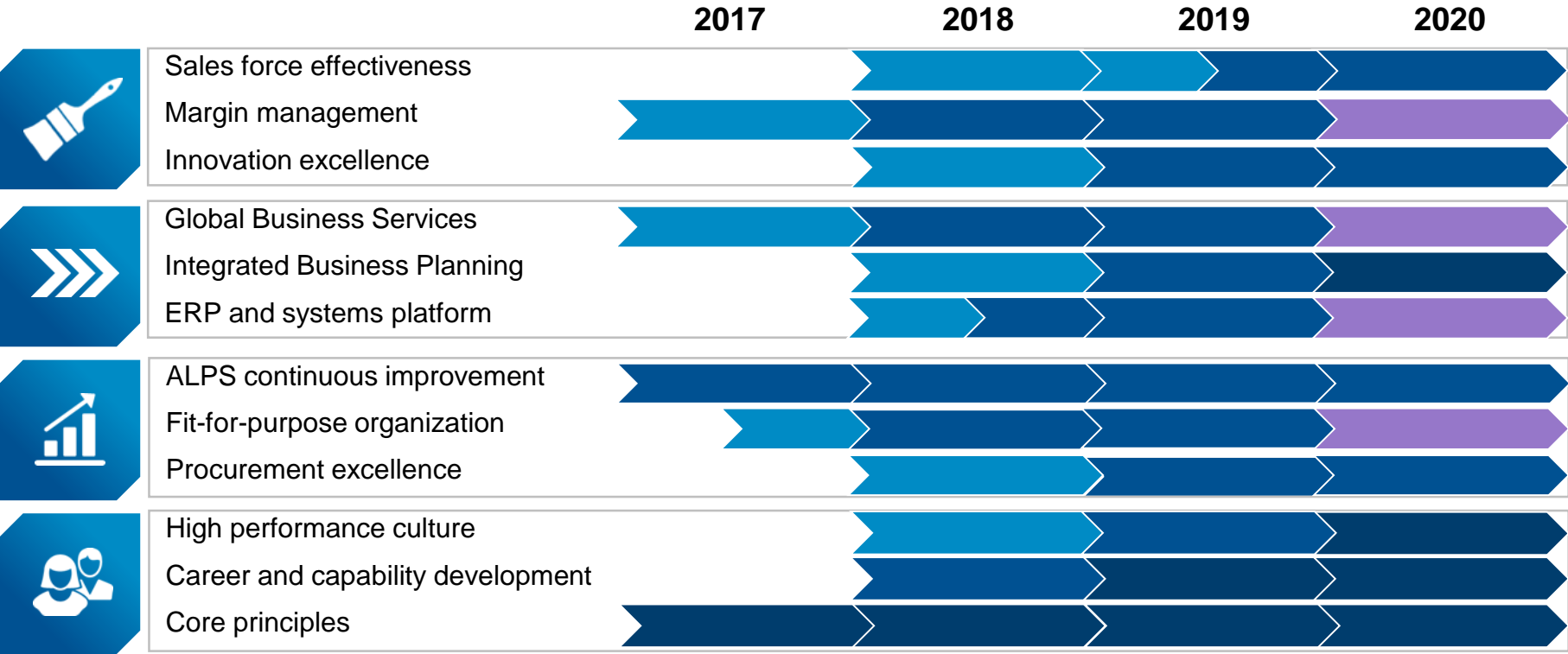
ALPS continuous improvement  
**Fit-for-purpose organization**  
Procurement excellence



High-performance culture  
Career and capability development  
Core principles




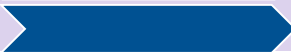














# Good progress and sustained focus on transformation plans





# Several key initiatives contribute to 2020

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

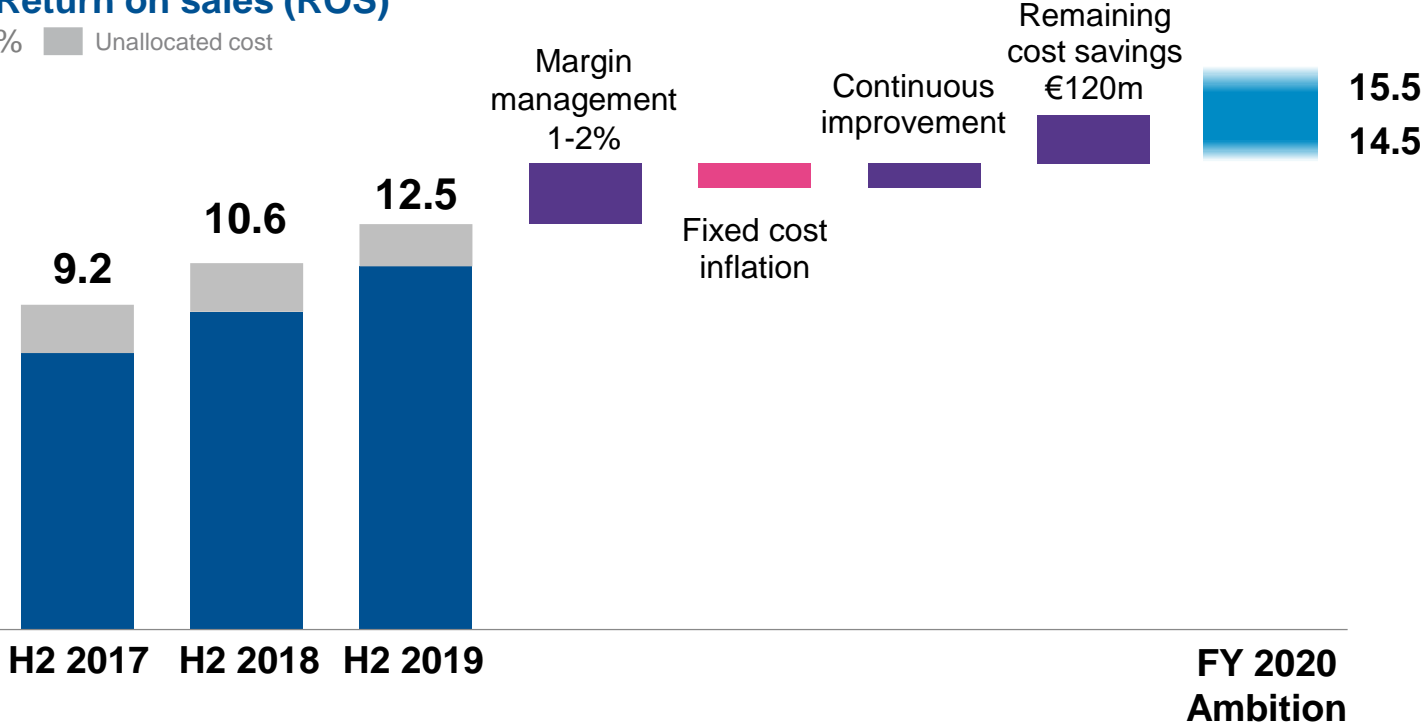


# Momentum to deliver higher ROS in 2020

## Margin management and cost savings drive profitability improvement

### Return on sales (ROS)

%  Unallocated cost



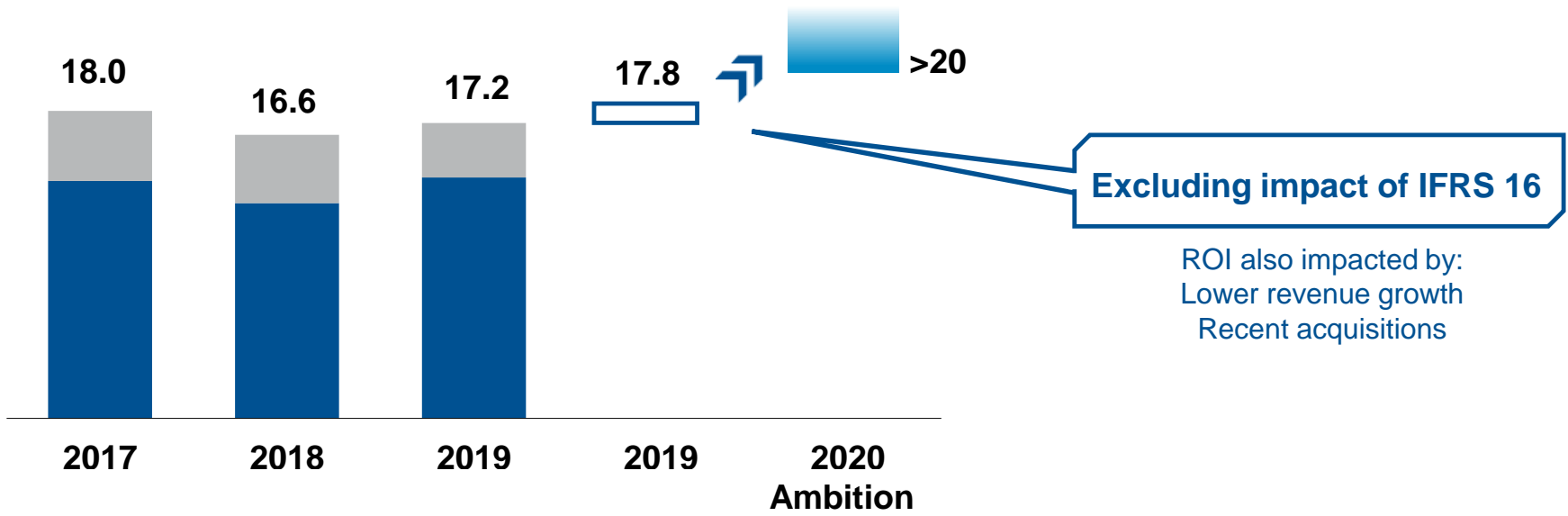
ROS = adjusted operating income as percentage of revenue (excluding unallocated cost)  
Assumes no significant market disruption

# Momentum to deliver improved ROI in 2020 AkzoNobel

despite lower growth assumptions and impact of IFRS 16

## Return on investment (ROI)

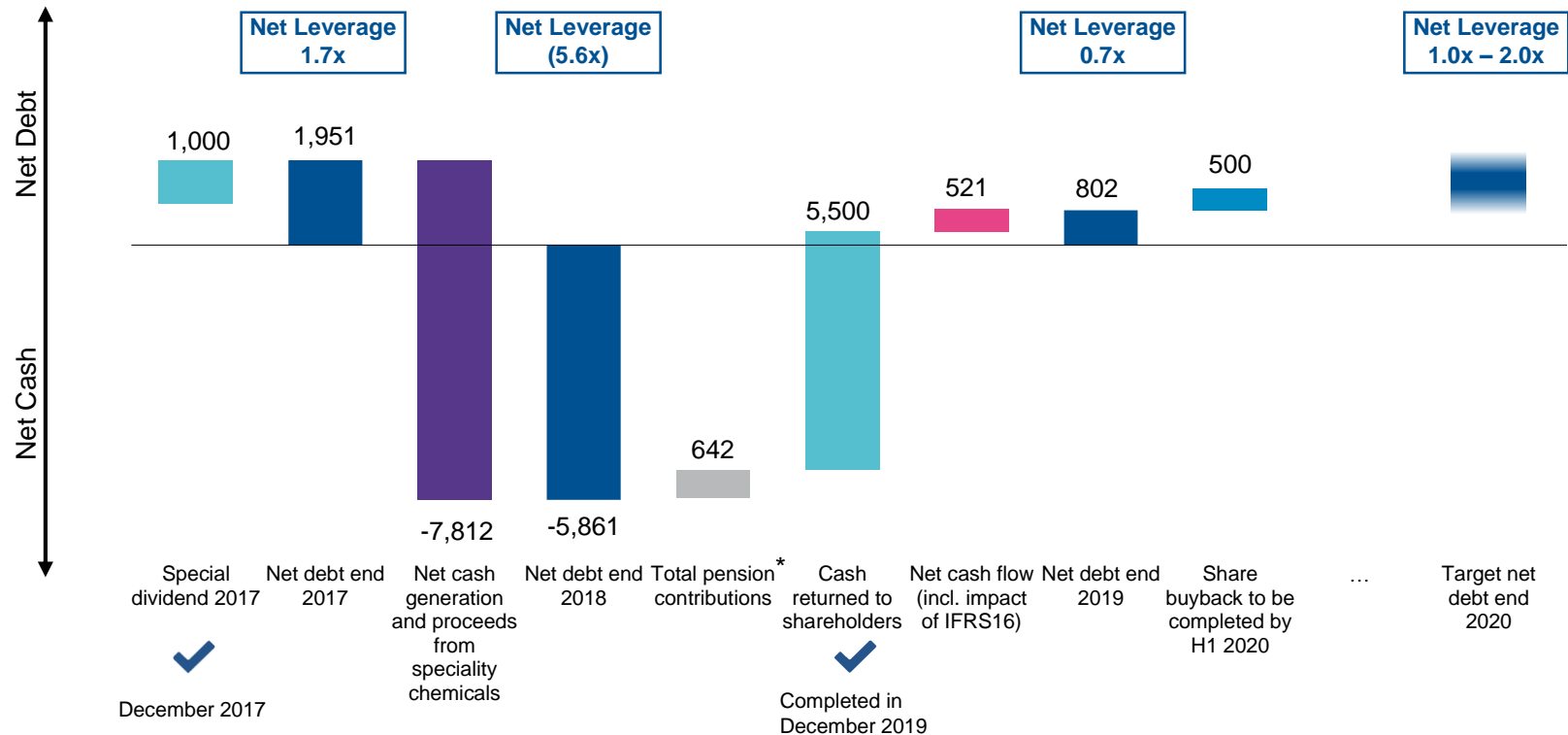
% ■ Unallocated cost and invested capital



ROI = adjusted operating income of the last 12 months as percentage of average invested capital (excluding unallocated cost and invested capital). Assumes no significant market disruption

# Delivered promised shareholder returns

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



December 2017

Completed in December 2019

Return of proceeds from Specialty Chemicals

\*Mainly UK pension contributions (€481m top-up and €161m payment into escrow)

# Winning together: 15 by 20



**Passion for paint**



**Precise processes**



**Powerful performance**



**Proud people**



# Beyond 2020

## Thierry Vanlancker



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

**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

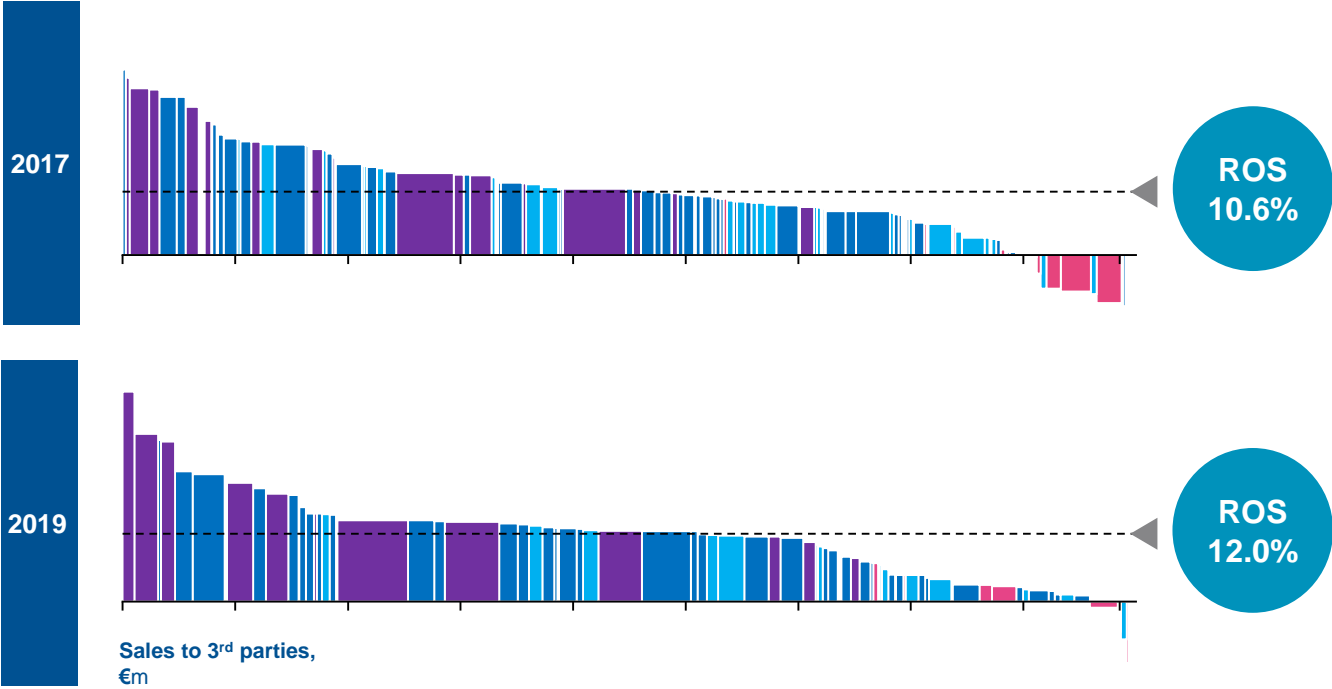
**PROFIT**





# Rigorous portfolio management

Creating a high-performance culture



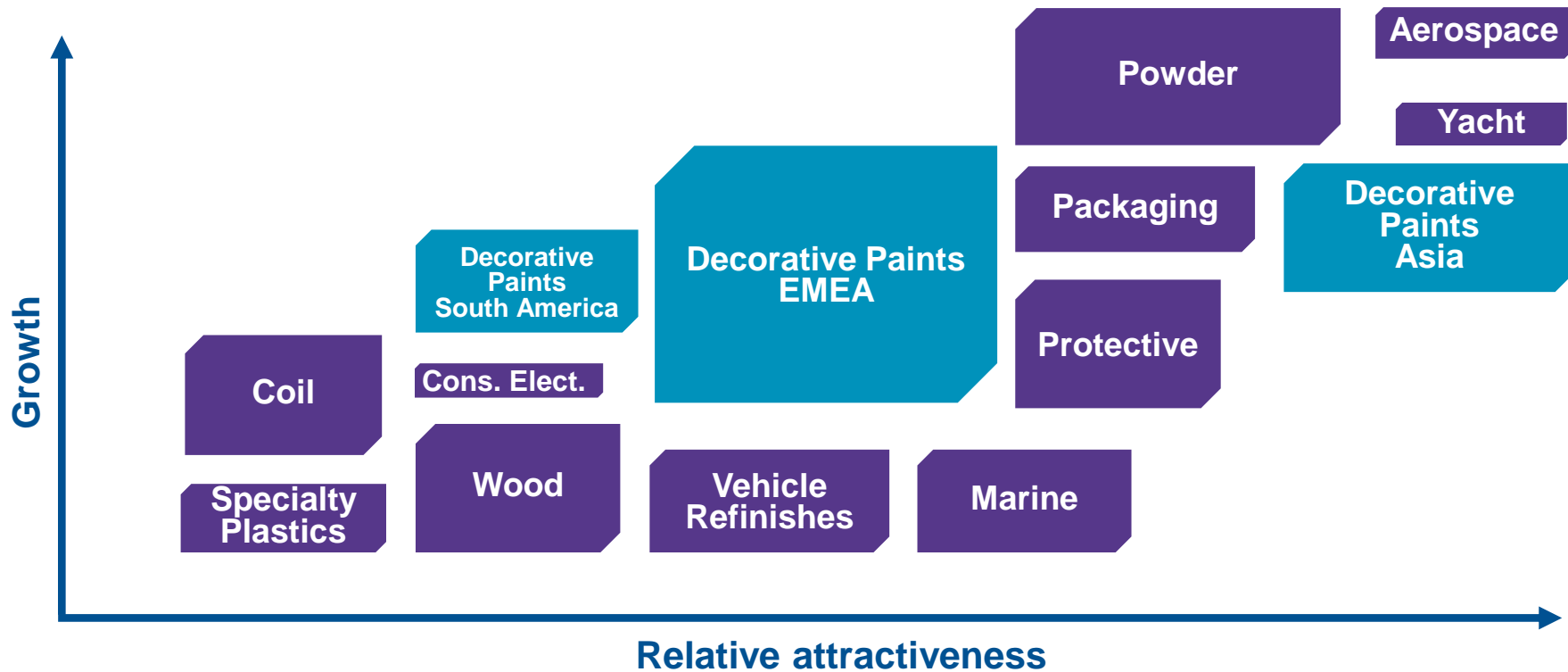
--- Average ROS    ■ Grow    ■ Maintain    ■ Harvest    ■ Change the game

ROS = adjusted operating income as percentage of revenue (excluding unallocated cost)

**Market segment growth  
and sustainable innovation**  
Ruud Joosten



# Attractive growth opportunities exist across geographies and industries



# Decorative Paints in China

Highly profitable with strong growth drivers

~€5bn market

#1 in premium segment

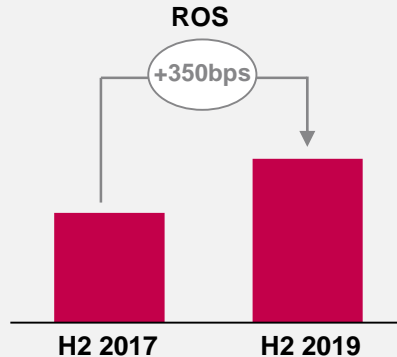
Leader in sustainability

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

## 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

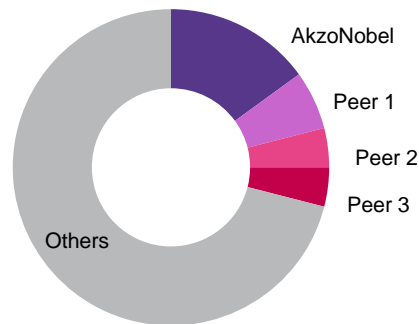
H2 2019

# Powder Coatings

Clear global #1 - fastest growing and high performing

# AkzoNobel

**Interpon**<sup>®</sup>  
POWDER COATINGS

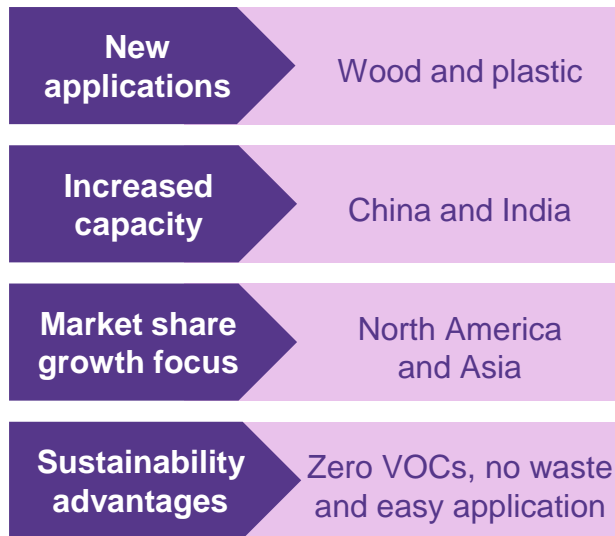


~€8bn market

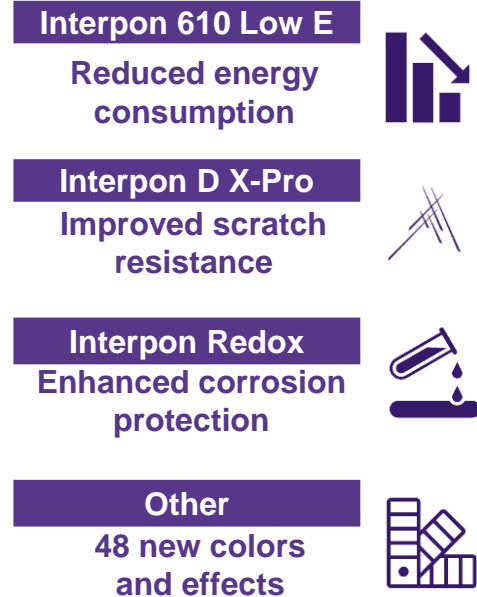
€1.2bn revenue

2x relative market share

## Multiple sources of growth..



## Product launches..



# Packaging Coatings

Well placed to capture share in a growing market segment

## Shift from plastic



## New categories



## Brand differentiation



## Leading technology

Market leading epoxy and BPANI inside spray technologies...

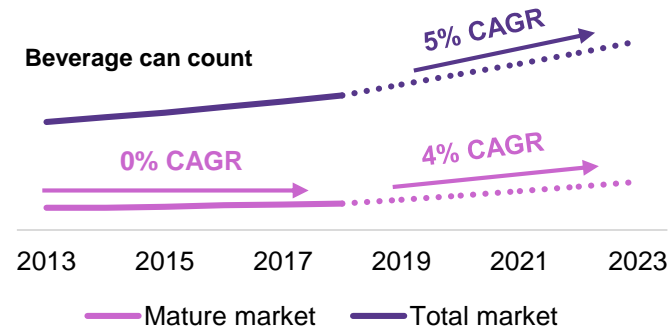
- Robust application
- High-speed coating and flexibility

~€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**

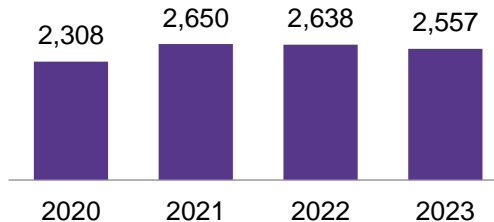
**50:50 new:maintenance**

**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

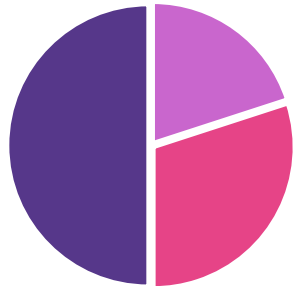
Attractive, growing niche segment; leading brands and technology

## AWLGRIP®

#1 position

€400m market

3% growth CAGR



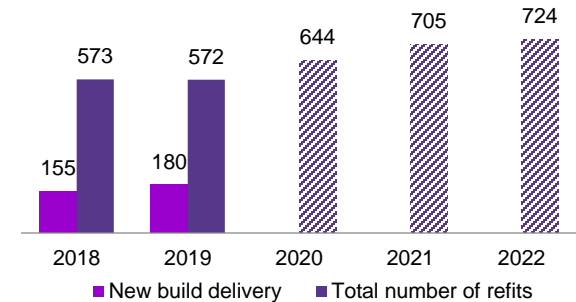
Professional Retail Yacht

### 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

~€1.25 billion

spent on R&D in the last five years

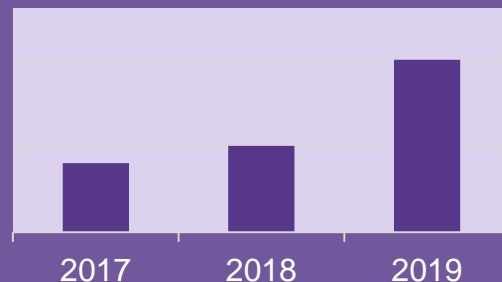
~3,000

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

**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



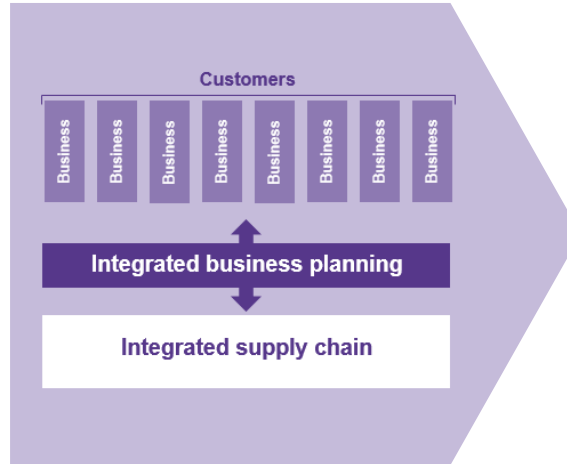
# Integrated Supply Chain

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



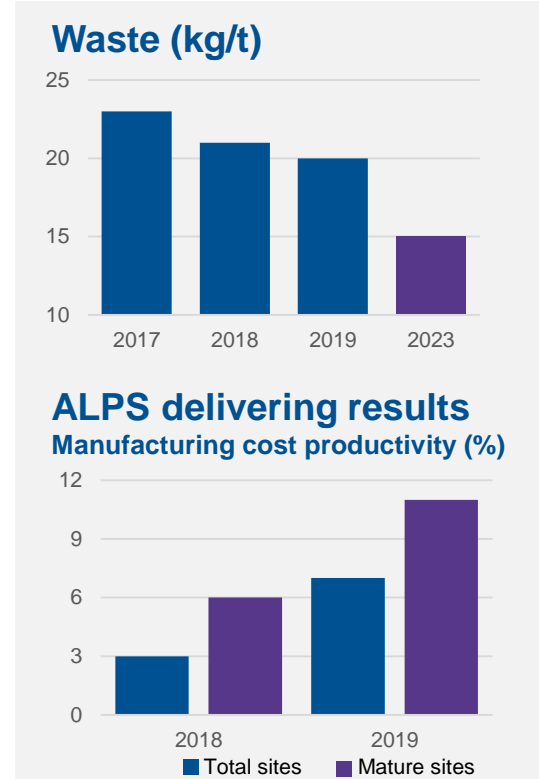
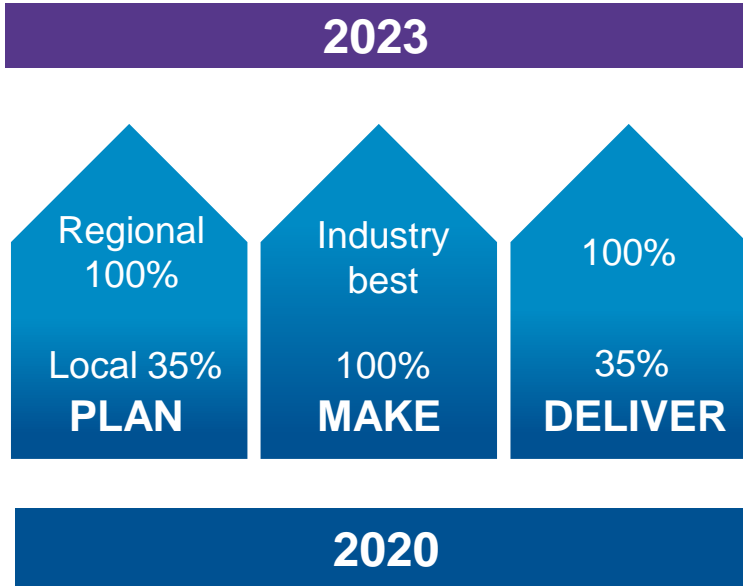
Asset  
network



# Integrated Supply Chain

## ALPS continuous improvement drives operational excellence

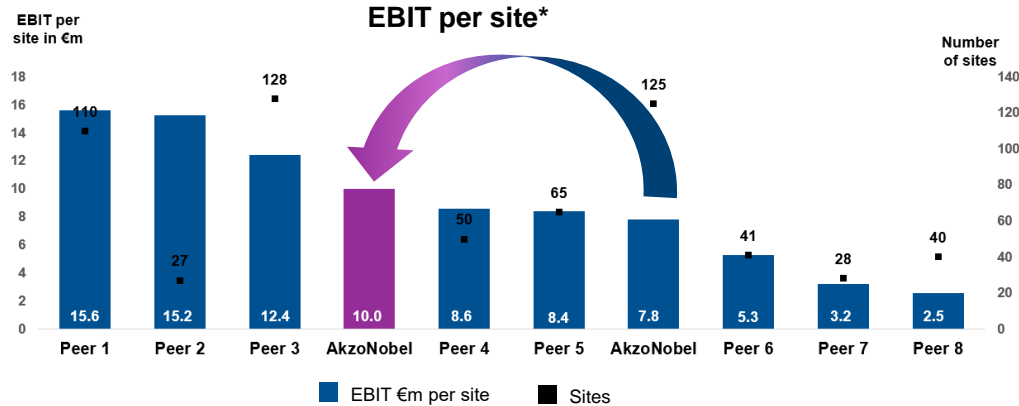
### ALPS continues to offset inflation (Implementation level 2020 to 2023 in %)



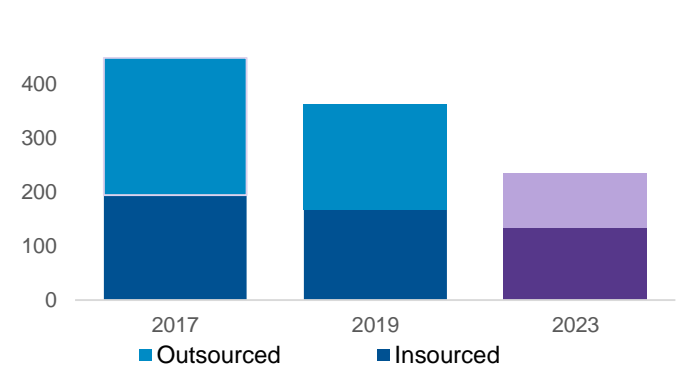
# Integrated Supply Chain

Streamlined manufacturing footprint; consolidated warehouse network

# AkzoNobel



**Number of warehouses 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

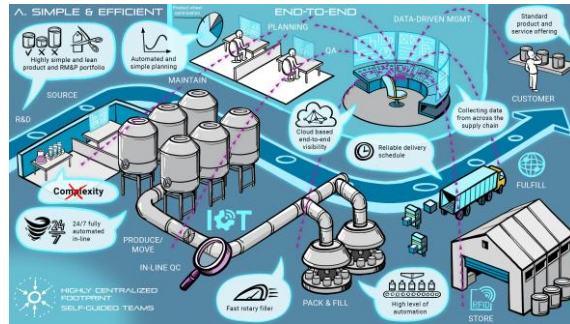
\*AkzoNobel assumes 2019 EBIT (peers 2018)  
Source: various



# Integrated Supply Chain

## Three archetypes enable customer-driven supply chain optimization

### Simple and efficient

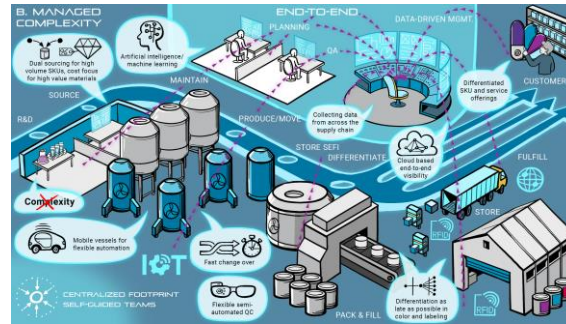


**50%**  
of total volumes

↑ Lowest total cost for high volumes at consistent quality

Example: White wall paint, packaging coatings

### Managed complexity

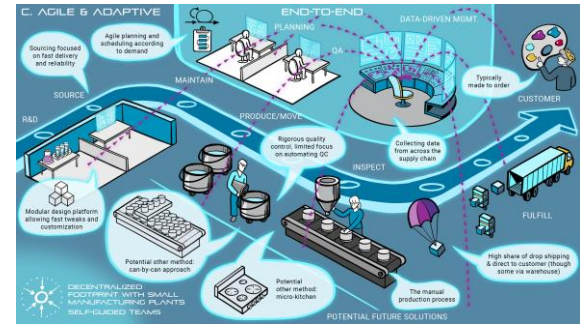


**40%**  
of total volumes

↑ 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

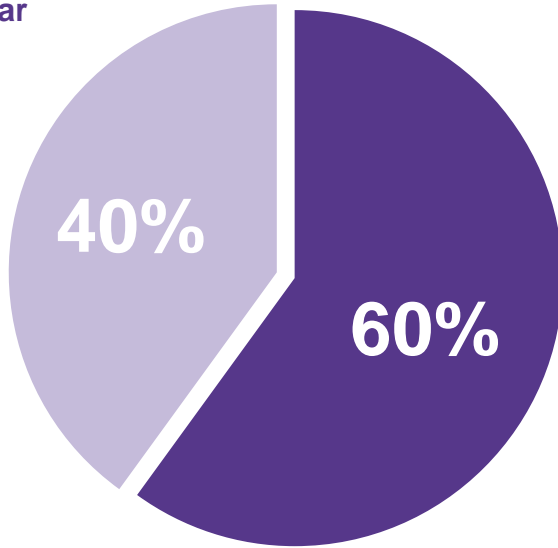
Example: Aerospace Coatings, Rapid Service Unit for Powder

# 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

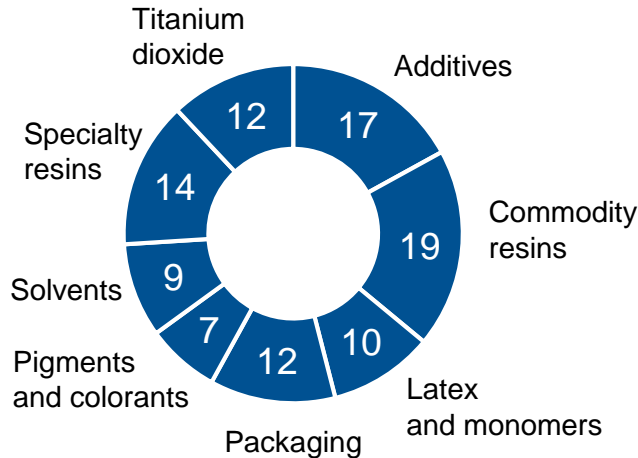
- ↳ 4PL
- ↳ Data analytics
- ↳ Capacity optimization



# 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

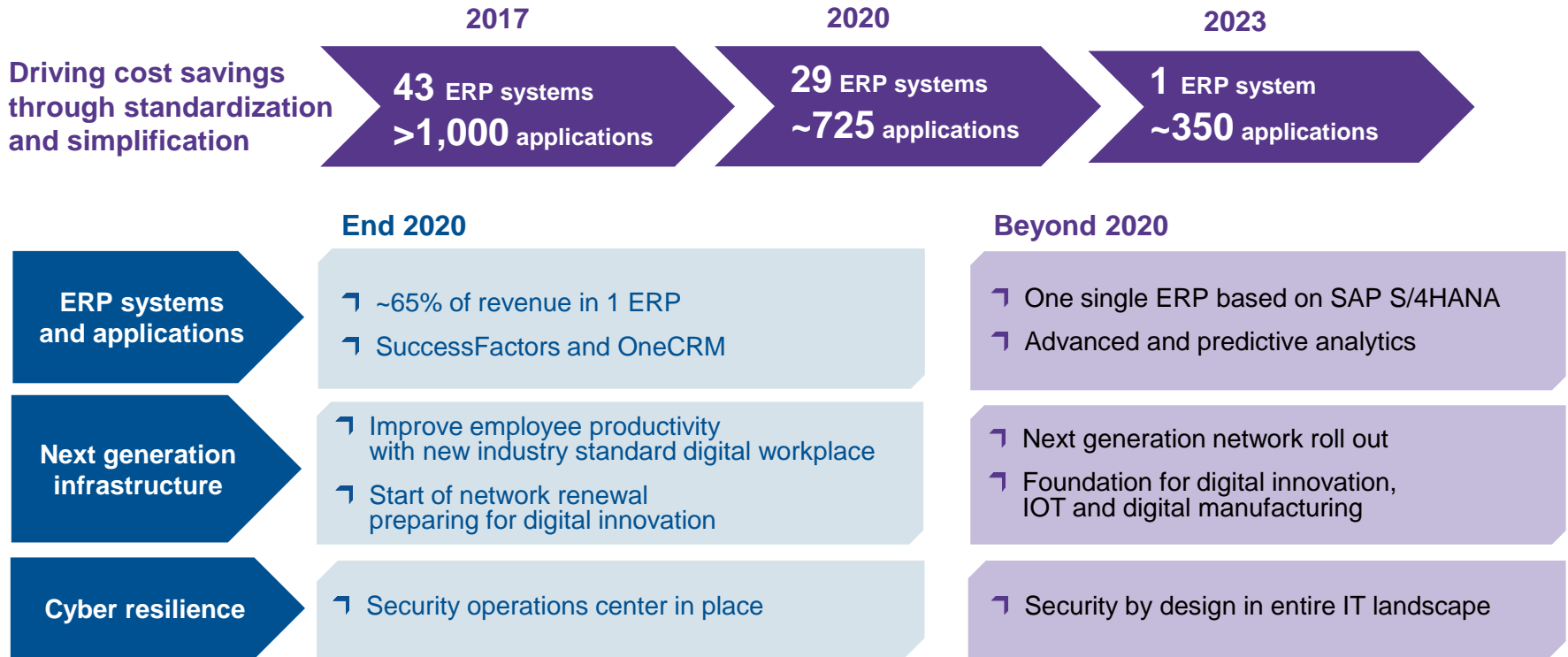


**ERP, end-to-end,  
and capital allocation  
Maarten de Vries**



# Information Technology

## Removing complexity; creating a future-proof technology backbone



# Global Business Services (GBS)

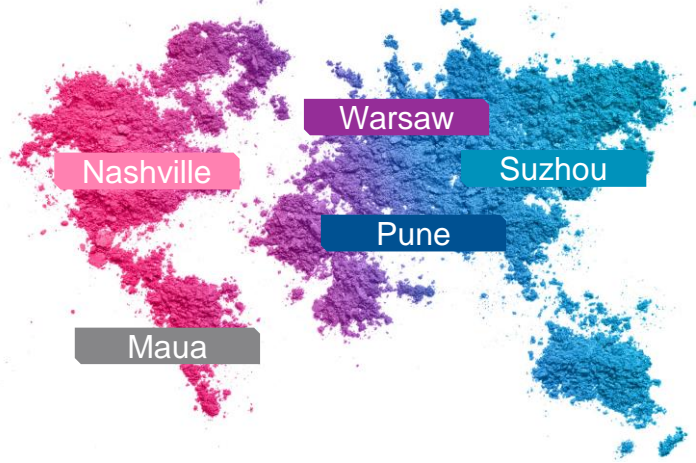
Embed operational excellence and deliver cost savings

## END 2020

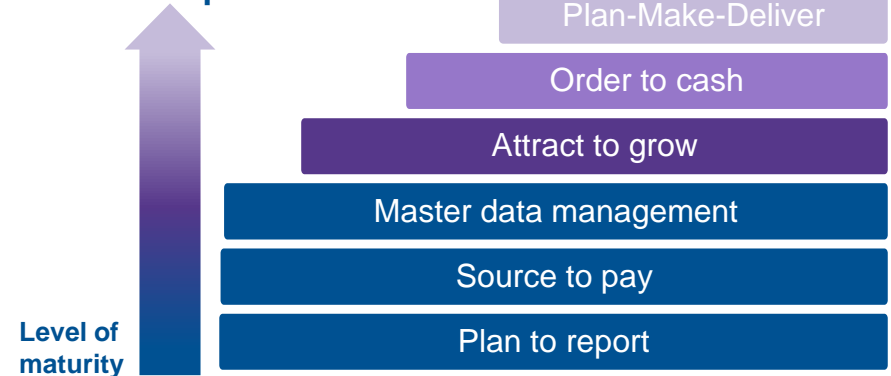
- ↗ 2,600 people (from 350 in 2017)
- ↗ Centralize before standardize
- ↗ Transparency of end-to-end metrics
- ↗ Reliable data management

## BEYOND 2020

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



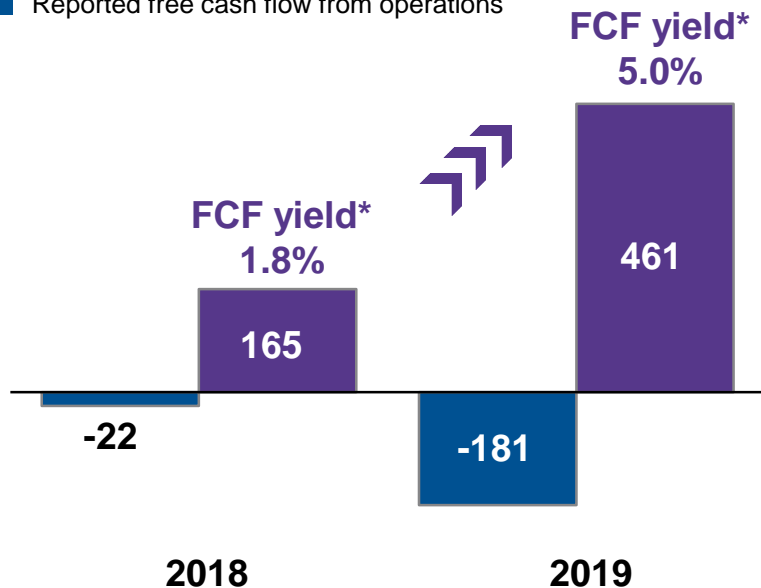
## Expanding scope of GBS with more end-to-end processes



# 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)

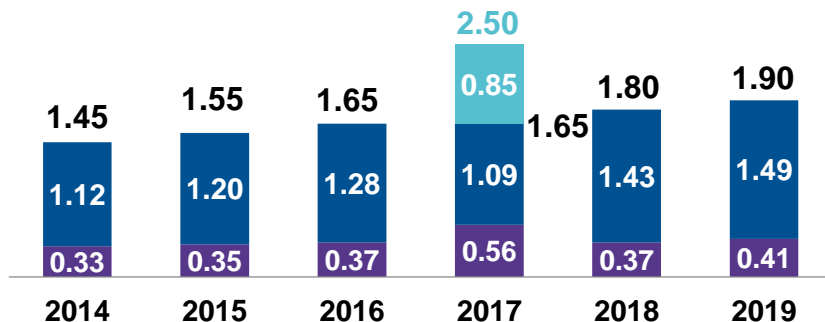


\*FCF excluding pension top-up payments as a percentage of revenue

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

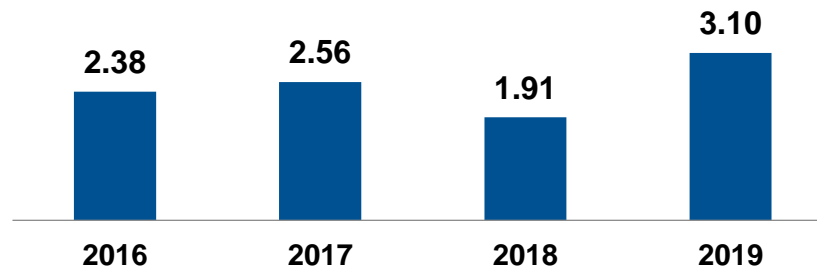
# Stable to rising dividend and modular share buybacks

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

\*From continuing operations



# Strategically aligned, value creating, M&A

## Disciplined approach, in line with strategic mandates

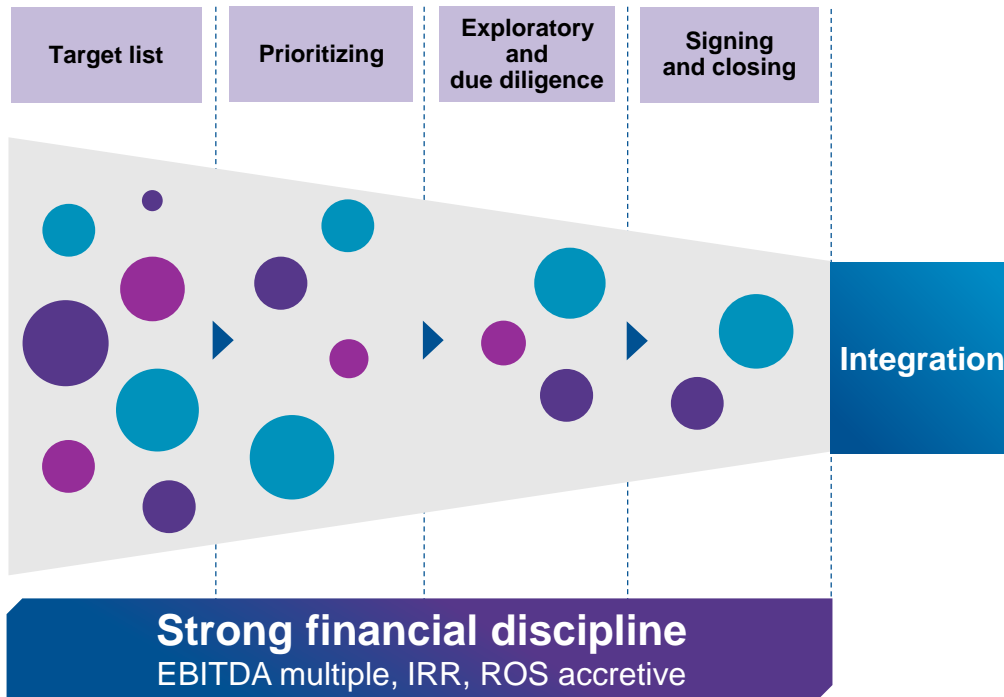
AkzoNobel

### 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



- 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

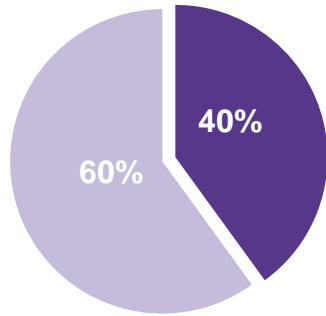
**75%**

Reusable waste



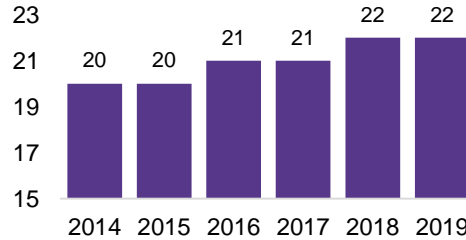
# PEOPLE. PLANET. PAINT.

**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 2020

October 21, 2020

# AkzoNobel

**Unearth your courage in 2021 with AkzoNobel's Color of the Year**  
Brave Ground has been unveiled as AkzoNobel's Color of the Year for 2021. It's a warm and grounding neutral shade that gives us the courage to embrace change. A range of palettes has been developed to help customers of the company's Decorative Paints, Automotive and Specialty Coatings, Powder Coatings and Wood Coatings businesses choose on-trend colors with confidence.

## Agenda



Key highlights



Financial review



Concluding remarks



Q&A

# Key highlights

# Strong profitability during Q3, driven by disciplined margin and cost focus

- ↗ ROS, excluding unallocated costs, increased to 17.7% (2019: 13.8%) due to strong margin management and cost savings
- ↗ Growth in volumes of 3%, with strong demand trends for most segments and regions
- ↗ Total cost savings delivered €49 million, of which €27 million structural savings related to transformation initiatives
- ↗ Net cash from operating activities improved by 46% to €457 million (2019: €312 million); maintained a strong balance sheet
- ↗ Interim dividend of €0.43 per share (2019: €0.41 per share)
- ↗ On October 19, the acquisition of Titan Paints in Spain was announced, with completion expected before the end of Q1 2021
- ↗ €300 million share buyback announced, to be completed in the first half of 2021

AkzoNobel



Our Guangzhou decorative paints site in China is undergoing a major upgrade to enable it to exclusively produce water-based products. It's the last of our four Chinese deco plants to make the switch, enabling us to meet growing demand for more eco-premium, water-based paints



# Q3 2020 ROS\* improved to 17.7%, and 51% increased cash generation

### Q3 2020:

#### ROS\*

Increased to 17.7%  
(2019: 13.8%)

#### Revenue

In constant currencies

Up 1%

### YTD 2020:

#### Adjusted EPS

From continuing operations

Up 19% at €2.80

#### ROI\*\*

18.8%  
(2019: 16.8%)

#### Free cash flow

51% higher

#### Leverage

(Net Debt/EBITDA)

1.0x  
(Target 1-2x by end 2020)

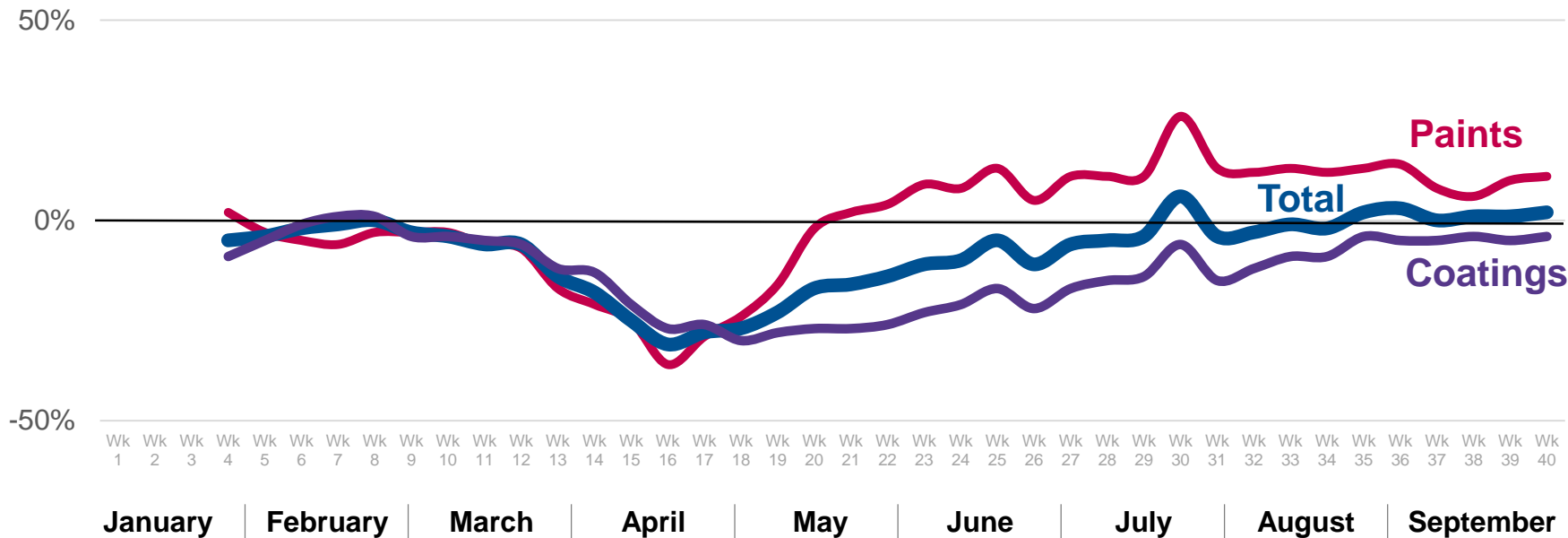


\*ROS = adjusted operating income as percentage of revenue (excluding unallocated cost)

\*\*ROI = adjusted operating income of the last 12 months as percentage of average invested capital (excluding unallocated cost and invested capital).

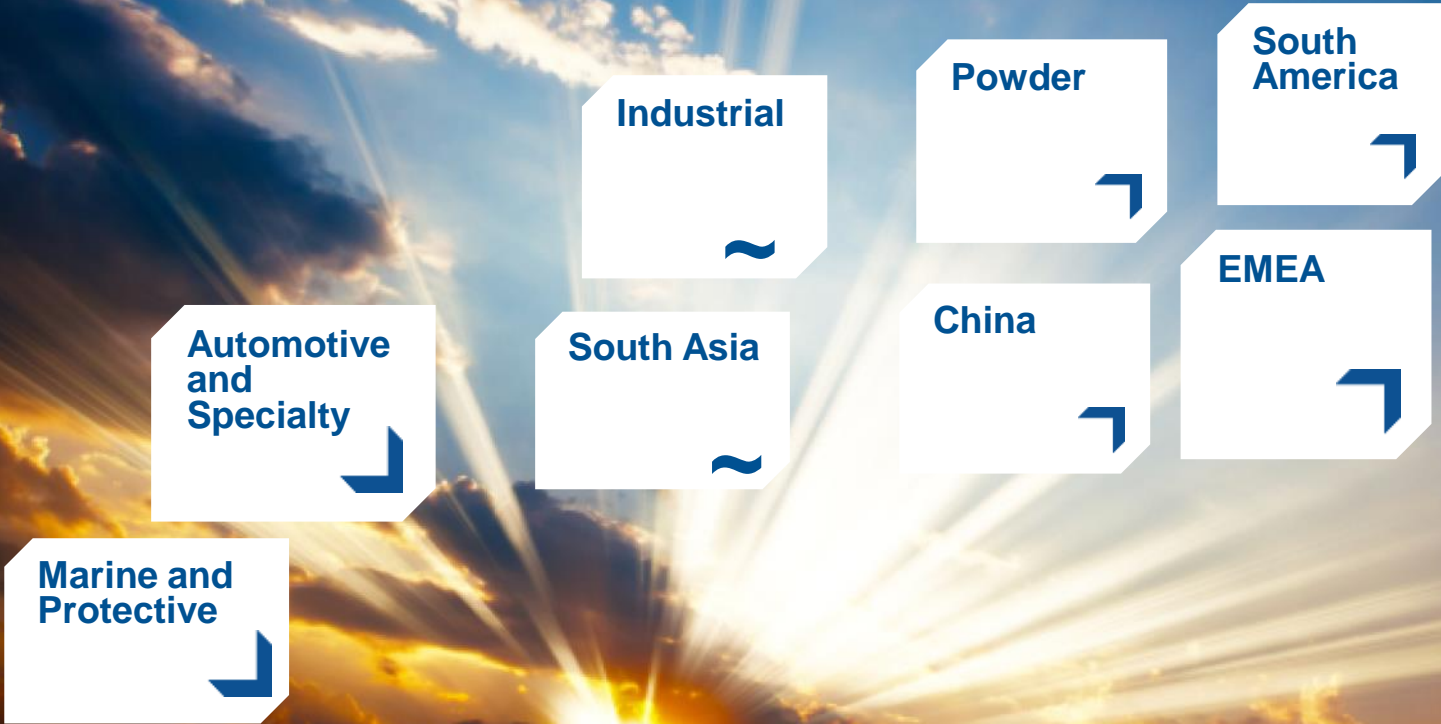
# COVID-19 headwinds eased in Q3; revenue up 1% in constant currencies

Revenue development YTD 2020 ( $\Delta\%$ )\*



\*Four week moving average

**Demand trends continue to differ per region and segment**





# Taking steps to rapidly reduce costs and key parts of transformation resumed



Sales force effectiveness  
**Margin management**  
Innovation excellence

## Delivering strong margin management

Powder technology acquisition accelerated access to low curing technology



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

10 GBS transitions completed in Q3

Successfully transitioned 60% of revenue to final ERP solution (SAP HANA technology)



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

**€49m cost savings overall in Q3, including €27m transformation cost savings**



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

## EcoVadis platinum rating (top 1%)

Progress towards zero non-reusable waste, with 5% less waste YTD\*  
Highest ever participation rate of 81% for latest employee survey (OHI)



# Financial review

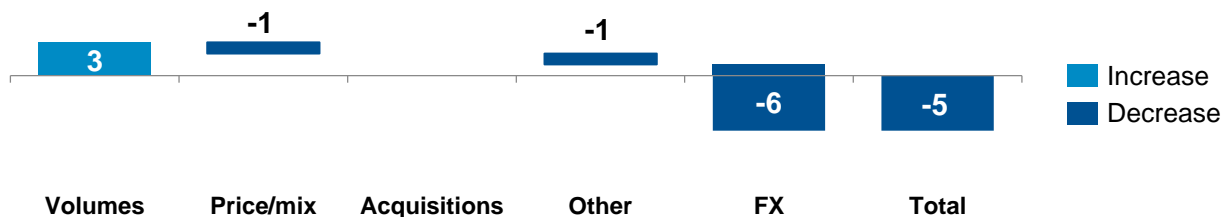
# ROS\* increased 390bps during Q3 2020, due to margin management and cost savings

€ million	Q3 2019	Q3 2020	Δ%	Δ%CC
Revenue	2,398	2,276	(5%)	1%
Adjusted EBITDA	387	439	13%	
<b>Adjusted operating income</b>	<b>300</b>	<b>353</b>	<b>18%</b>	
Operating income	247	326	32%	
<i>ROS* excluding unallocated cost</i>	<b>13.8%</b>	<b>17.7%</b>		
<b>ROS</b>	<b>12.5%</b>	<b>15.5%</b>		
<i>ROI** excluding unallocated cost</i>	16.8%	18.8%		

Revenue was 5% lower, while up 1% up in constant currencies. Volumes were up 3% overall, mainly driven by Decorative Paints. Price/mix was 1% lower

Adjusted operating income was up 18% at €353 million (2019: €300 million); driven by strong margin management and cost-saving programs. Continuous improvement initiatives successfully offset inflation

### Revenue development Q3 2020 (%)



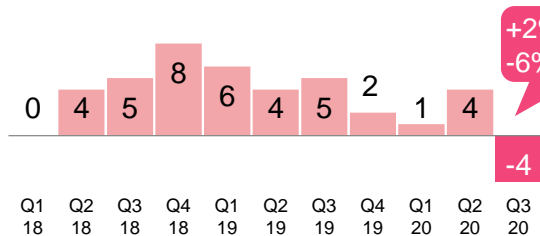
\*ROS = adjusted operating income as percentage of revenue (excluding unallocated cost)

\*\*ROI = adjusted operating income of the last 12 months as percentage of average invested capital (excluding unallocated cost and invested capital)

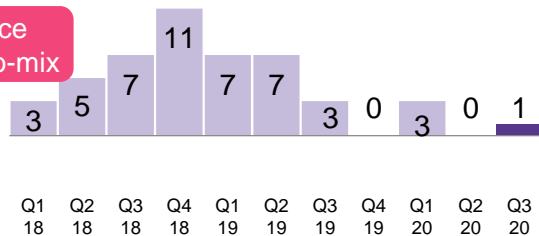
# Revenue up 1% in constant currencies, with differing trends per segment

## Decorative Paints

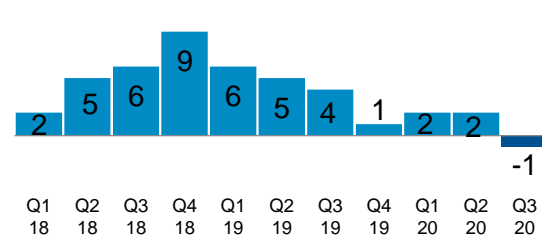
Quarterly price/mix development in % year-on-year



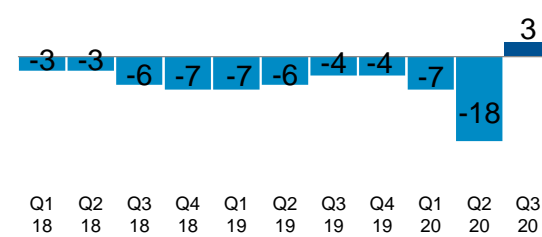
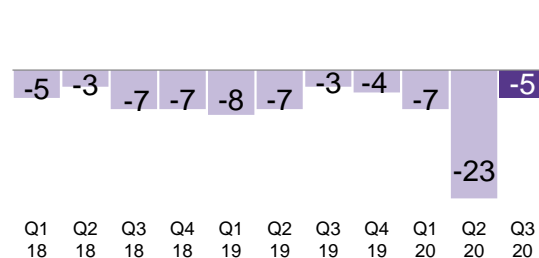
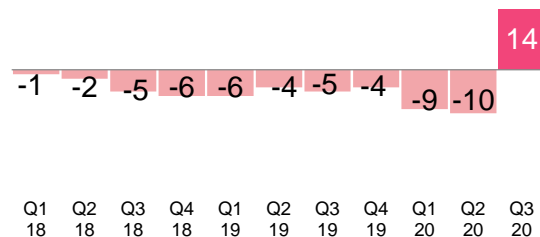
## Performance Coatings



## Total



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

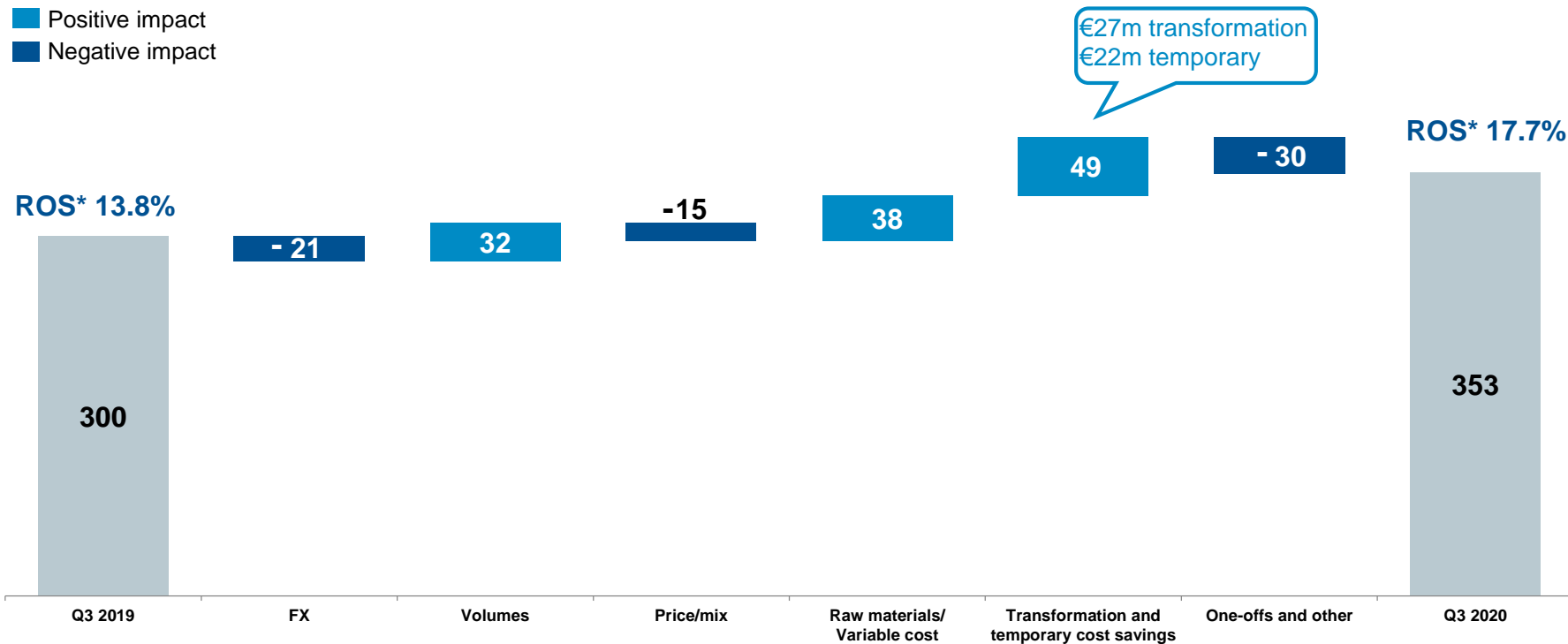


\*Organic volume development, does not include acquisition impact

# Margin management and cost savings delivered 18% higher profitability in Q3 2020

Adjusted operating income

- Positive impact
- Negative impact



\*ROS = adjusted operating income as percentage of revenue (excluding unallocated cost)

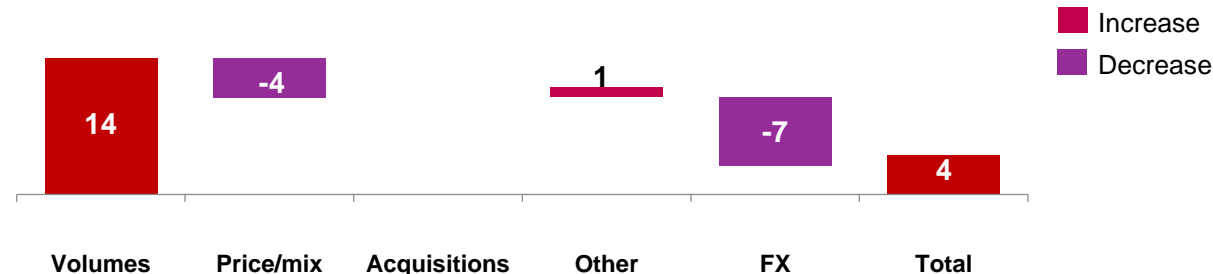
# Decorative Paints ROS at 20.7%, driven by strong demand globally

# AkzoNobel

€ million	Q3 2019	Q3 2020	Δ%	Δ%CC
Revenue	968	1004	4%	11%
Adjusted EBITDA	174	243	40%	
<b>Adjusted operating income</b>	<b>135</b>	<b>208</b>	<b>54%</b>	
Operating income	130	202	55%	
<b>ROS*</b>	<b>13.9%</b>	<b>20.7%</b>		
ROI**	12.5%	18.5%		



Revenue development Q3 2020 (%)



AkzoNobel is to further grow in Europe after agreeing to acquire the decorative paints business of Spain's Industrias Titan. Completion is subject to regulatory approvals and expected before the end of Q1, 2021. Titan – which also has a relevant presence in Portugal – is one of Spain's best-known brands.

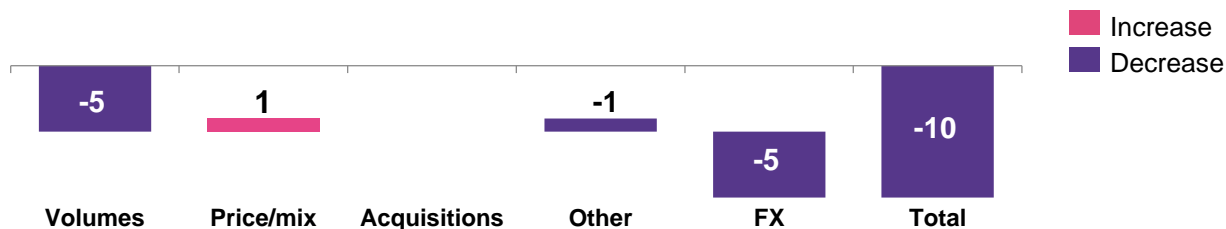
\*ROS = adjusted operating income as percentage of revenue (excluding unallocated cost)

\*\*ROI = adjusted operating income of the last 12 months as percentage of average invested capital (excluding unallocated cost and invested capital).

# Performance Coatings demand improving AkzoNobel with revenue in constant currency up in September

€ million	Q3 2019	Q3 2020	Δ%	Δ%CC
Revenue	1,413	1,270	(10%)	(5%)
Adjusted EBITDA	238	232	(3%)	
<b>Adjusted operating income</b>	<b>194</b>	<b>195</b>	<b>1%</b>	
Operating income	156	179	15%	
<b>ROS*</b>	<b>13.7%</b>	<b>15.4%</b>		
<b>ROI**</b>	<b>20.8%</b>	<b>19.0%</b>		

## Revenue development Q3 2020 (%)



During Q3, we completed the acquisition of Stahl Performance Powder Coatings and its range of products for heat sensitive substrates. The deal gives us accelerated access to unique low curing technology which is the only one of its kind in the powder coatings industry. It includes both UV and thermally curing powders and will enable the company to penetrate the ultra-low cure (80-100°C) domain

\*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).

# Adjusted EPS for continuing operations up 34% for Q3 and 19% YTD

Q3 2019	Q3 2020	€ million	YTD 2019	YTD 2020
<b>247</b>	<b>326</b>	<b>Operating income</b>	<b>668</b>	<b>720</b>
(27)	(15)	Net financing expenses	(58)	(53)
6	6	Results from associates and joint ventures	16	18
<b>226</b>	<b>317</b>	<b>Profit before tax</b>	<b>626</b>	<b>685</b>
(51)	(82)	Income tax	(151)	(189)
<b>175</b>	<b>235</b>	<b>Profit from continuing operations</b>	<b>475</b>	<b>496</b>
-	(5)	Profit from discontinued operations	16	(6)
<b>175</b>	<b>230</b>	<b>Profit for the period</b>	<b>491</b>	<b>490</b>
(13)	(10)	Non-controlling interests	(33)	(27)
<b>162</b>	<b>220</b>	<b>Net income from total operations</b>	<b>458</b>	<b>463</b>

Q3 2019	Q3 2020	Earnings per share (in €)	YTD 2019	YTD 2020
<b>0.79</b>	<b>1.15</b>	<b>Total operations</b>	<b>2.10</b>	<b>2.41</b>

Q3 2019	Q3 2020	Adjusted earnings per share (in €)	YTD 2019	YTD 2020
0.97	1.30	Continuing operations	2.35	2.80

↑ The outstanding share capital was 190.6 million common shares at the end of September 2020



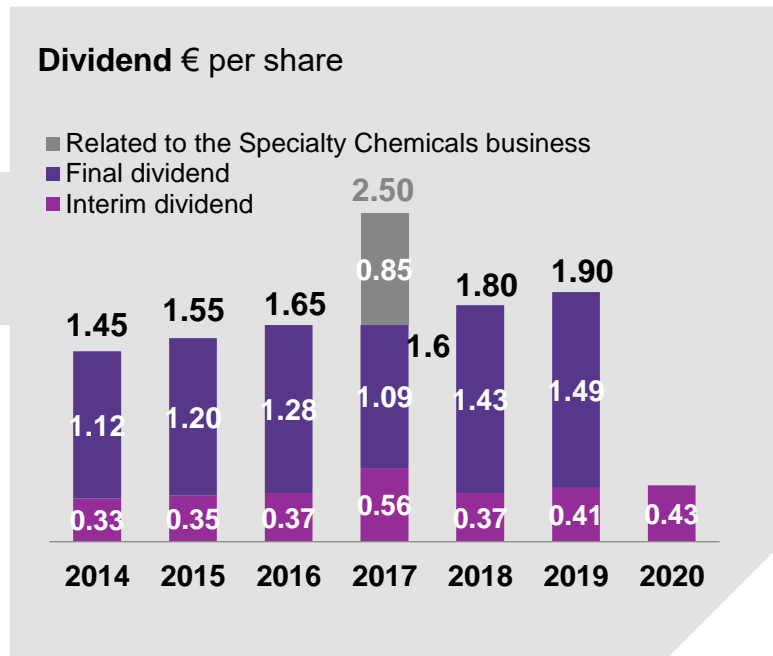
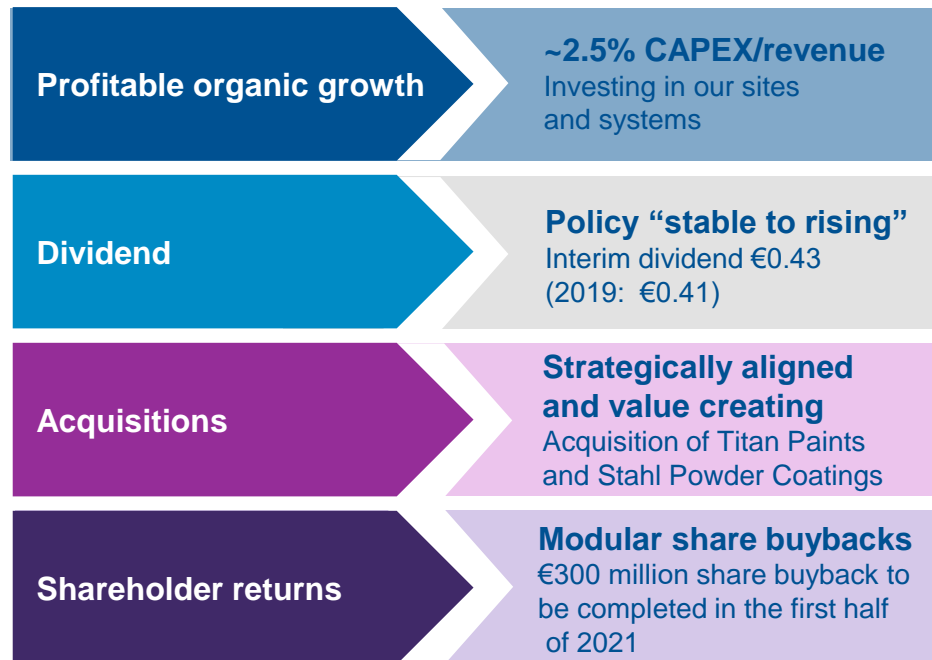


# Q3 free cash flow improved by 51%; maintained strong balance sheet

Q3 2019	Q3 2020	€ million	YTD 2019	YTD 2020
<b>334</b>	<b>417</b>	<b>EBITDA</b>	<b>929</b>	<b>991</b>
28	1	Impairment losses	61	1
(5)	(10)	Pre-tax result on acquisitions and divestments	(71)	(10)
35	101	Changes in working capital	(502)	(182)
-	-	Pension pre-funding	(161)	-
(2)	(11)	Pension top-up payments	(481)	(17)
(14)	6	Other changes in provisions	(27)	(46)
(29)	(22)	Interest paid	(50)	(37)
(45)	(32)	Income tax paid	(132)	(93)
10	7	Other changes	13	(2)
<b>312</b>	<b>457</b>	<b>Net cash from operating activities</b>	<b>(421)</b>	<b>605</b>
(52)	(64)	Capital expenditures	(135)	(156)
<b>260</b>	<b>393</b>	<b>Free cash flow</b>	<b>(556)</b>	<b>449</b>
<b>Net Debt</b>			<b>537</b>	<b>1,315</b>
<b>Leverage (Net Debt/EBITDA*)</b>			<b>0.5x</b>	<b>1.0x</b>

\*Last twelve months.

# Delivering on capital allocation priorities



**Net debt/EBITDA Target 1-2x**  
1.0x (Q3 2020)

**Retain strong investment grade credit rating**



# Concluding remarks

# Strong profitability during Q3, driven by disciplined margin and cost focus

- ↗ ROS, excluding unallocated costs, increased to 17.7% (2019: 13.8%) due to strong margin management and cost savings
- ↗ Growth in volumes of 3%, with strong demand trends for most segments and regions
- ↗ Total cost savings delivered €49 million, of which €27 million structural savings related to transformation initiatives
- ↗ Net cash from operating activities improved by 46% to €457 million (2019: €312 million); maintained a strong balance sheet
- ↗ Interim dividend of €0.43 per share (2019: €0.41 per share)
- ↗ On October 19, the acquisition of Titan Paints in Spain was announced, with completion expected before the end of Q1 2021
- ↗ €300 million share buyback announced, to be completed in the first half of 2021



Choosing the right powder coating has never been easier, thanks to the introduction of immersive 3D imaging technology by our Interpon brand. The new color tool – available via the AkzoNobel Design app – is designed to help architects and specifiers find exactly the right product for their needs. As well as enabling users to digitally rotate coatings samples, it's also possible to zoom in and out and view them in the context of different environments.



AkzoNobel has suspended its 2020 financial ambition in response to the significant market disruption resulting from the pandemic.

Headwinds related to COVID-19 continued to ease, although demand trends differ per region and segment in an uncertain macro-economic environment.

Raw material costs are expected to have a favorable impact for the fourth quarter of 2020.

Continued margin management and cost-saving programs are in place to address the current challenges.

The company 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 2020 interim dividend	October 23, 2020
Record date of 2020 interim dividend	October 26, 2020
Payment of 2020 interim dividend	November 5, 2020
Report for the full-year and the fourth quarter	February 17, 2021

# 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
- ↗ Well positioned to accelerate growth and enhance profitability
- ↗ Transformation plans in place and clear path to deliver
- ↗ Significant returns to shareholders



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 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)



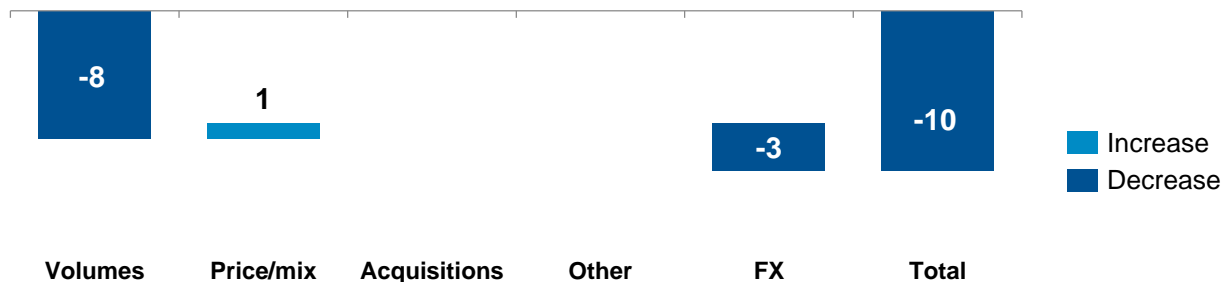


# Appendix

€ million	YTD 2019	YTD 2020	Δ%	Δ%CC
Revenue	7,034	6,321	(10%)	(7%)
Adjusted EBITDA	1,029	1,062	3%	
<b>Adjusted operating income</b>	<b>768</b>	<b>805</b>	<b>5%</b>	
Operating income	668	720	8%	
<i>ROS%* excluding unallocated costs</i>	<b>12.3%</b>	<b>14.8%</b>		
<b>ROS%</b>	<b>10.9%</b>	<b>12.7%</b>		
<i>ROI%** excluding unallocated costs</i>	16.8%	18.8%		

Adjusted operating income was €805 million (2019: €768 million); driven by margin management and cost-saving programs. Continuous improvement initiatives successfully offset inflation

## Revenue development YTD 2020 (%)



\*ROS = adjusted operating income as percentage of revenue (excluding unallocated cost)

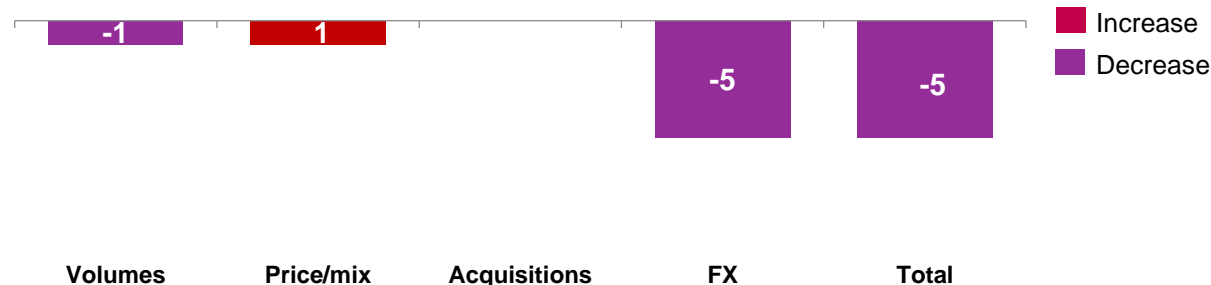
\*\*ROI = adjusted operating income of the last 12 months as percentage of average invested capital (excluding unallocated cost and invested capital)

# YTD 2020: Decorative Paints

€ million	YTD 2019	YTD 2020	Δ%	Δ%CC
Revenue	2,801	2,657	(5%)	-%
Adjusted EBITDA	446	554	24%	
<b>Adjusted operating income</b>	<b>331</b>	<b>447</b>	<b>35%</b>	
Operating income	350	429	23%	
<b>ROS%*</b>	<b>11.8%</b>	<b>16.8%</b>		
<b>ROI%**</b>	<b>12.5%</b>	<b>18.5%</b>		

Decorative Paints performance continued to improve. Margin management and cost savings more than compensated for lower volumes

## Revenue development YTD 2020 (%)



\*ROS% = Adjusted operating income/revenue

\*\*ROI% = 12 months adjusted operating income/12 months average invested capital.

# YTD 2020: Performance Coatings

€ million	YTD 2019	YTD 2020	Δ%	Δ%CC
Revenue	4,184	3,651	(13%)	(10%)
Adjusted EBITDA	661	601	(9%)	
<b>Adjusted operating income</b>	<b>529</b>	<b>488</b>	<b>(8%)</b>	
Operating income	427	450	5%	
<b>ROS%*</b>	<b>12.6%</b>	<b>13.4%</b>		
<b>ROI%**</b>	<b>20.8%</b>	<b>19.0%</b>		

Performance Coatings adjusted operating income was lower, with positive price/mix, margin management and cost savings more than offset by lower volumes

## Revenue development YTD 2020 (%)



\*ROS% = Adjusted operating income/revenue

\*\*ROI% = 12 months adjusted operating income/12 months average invested capital.

# Representation of revenue 2019

€ million	Q1 2019		Q2 2019		Q3 2019		Q4 2019	
	Reported	Represented	Reported	Represented	Reported	Represented	Reported	Represented
Decorative Paints EMEA	506	498	620	611	573	565	462	454
Decorative paints South America	99	98	103	102	121	120	139	137
Decorative Paints Asia	240	240	284	284	283	283	277	277
Other/eliminations	(1)	-	(2)	0	0	0	(1)	0
<b>Decorative Paints total</b>	<b>844</b>	<b>836</b>	<b>1,005</b>	<b>997</b>	<b>977</b>	<b>968</b>	<b>877</b>	<b>868</b>
Powder Coatings	298	298	317	316	314	313	305	302
Marine and Protective Coatings	300	295	341	338	335	331	330	326
Automotive and Specialty Coatings	336	319	364	345	344	326	344	328
Industrial Coatings	424	420	445	439	451	441	411	407
Other/eliminations	(19)	1	(22)	0	(26)	2	(29)	3
<b>Performance Coatings total</b>	<b>1,339</b>	<b>1,333</b>	<b>1,445</b>	<b>1,438</b>	<b>1,418</b>	<b>1,413</b>	<b>1,361</b>	<b>1,366</b>
Other/eliminations	2	16	1	16	3	17	4	8
<b>Total</b>	<b>2,185</b>	<b>2,185</b>	<b>2,451</b>	<b>2,451</b>	<b>2,398</b>	<b>2,398</b>	<b>2,242</b>	<b>2,242</b>

2019 revenue is represented to present revenue from third parties instead of total revenue. This table reflects the reported and the represented 2019 revenue

- ↯ 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)
- ↯ Other activities/eliminations €140-180m
- ↯ Leverage 1-2x net debt/EBITDA
- ↯ CapEx €200-250m
- ↯ Effective tax rate 27%
- ↯ Dividend policy “stable to rising”