

**AkzoNobel**

**PAINT THE  
FUTURE**

Investor Update  
April 23, 2024

Q1  
24

# Forward-looking statements

This presentation<sup>1</sup> 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)

# Q1 2024 Overview

Volume growth across AkzoNobel and continued margin expansion

## Q1 2024 YoY

- ⬆ Organic sales +2%
- ⬆ Volumes +2%
- ⬆ Adj. EBITDA €363m (+19%)
- ⬆ Adj. EBITDA% 13.8% (+230bps)
- ▬ Leverage ratio stable at 2.7x

## Highlights

- ⬆ Investing for Powder growth:
  - Capacity expansion and modernization across all regions
  - Global innovation lab in the Netherlands
- ⬆ New multi-business site in Pakistan to serve growing market
- ⬆ LATAM on 100% renewable electricity

# Q1 business volume update

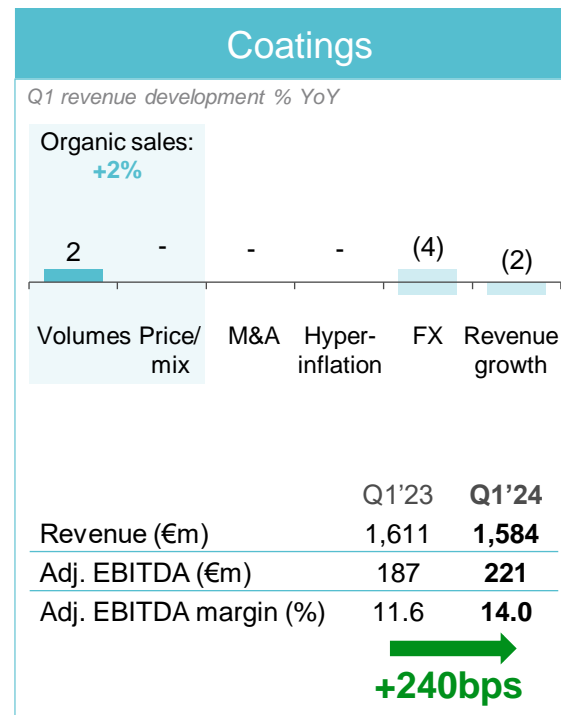
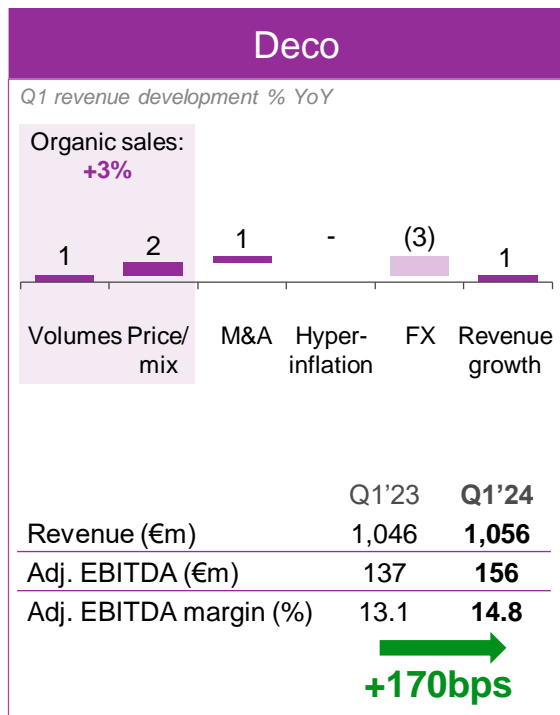
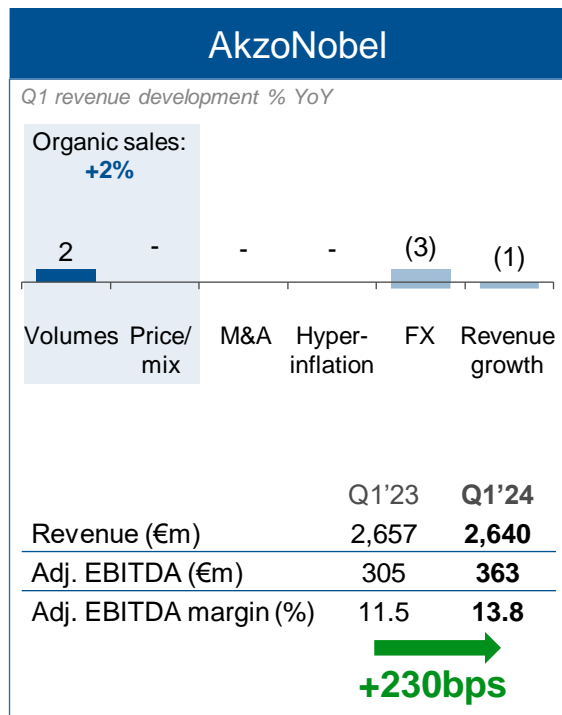
## Q1 volumes up 2% led by Powder and Deco South East Asia

		Q1 2024
Deco EMEA	Progressive rebound towards 2019 level	Flat
Deco LATAM	Continued growth in Brazil; share gains in Argentina	Flat
Deco China	Solid Q1 despite tough comps, benefiting from product launches	
Deco SE Asia	Strength in India and Indonesia; Vietnam slow	+DD%
Powder Coatings	Market recovery still to come but robust performance across all segments	+MSD%
Marine & Protective	Strong growth in technical new build to continue	+LSD%
Automotive & Specialty	Growth in Refinishes; Aerospace flat on supply constraints	
Industrial Coatings	Continued recovery in Packaging; Wood stabilizing	
<b>AkzoNobel</b>		<b>+2%</b>

Organic volumes YoY

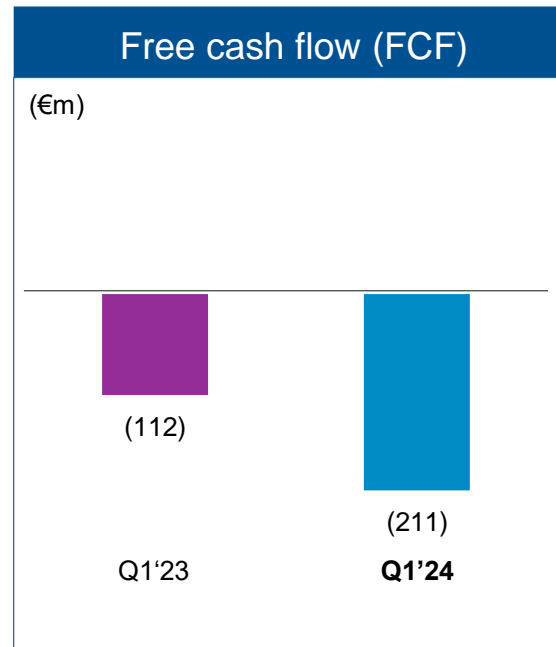
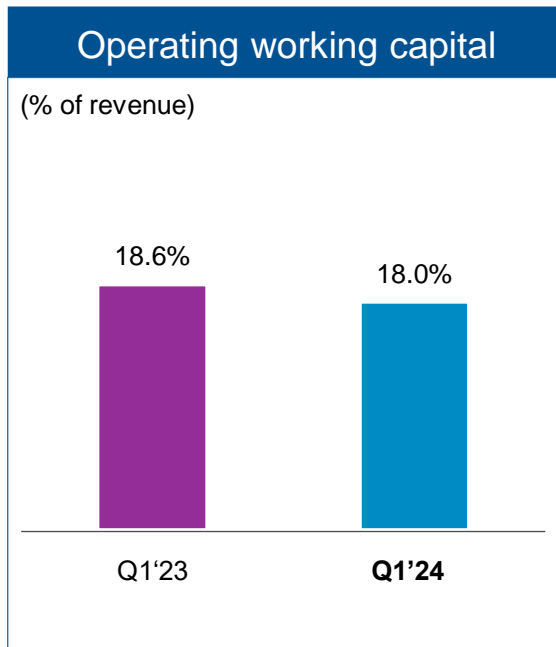
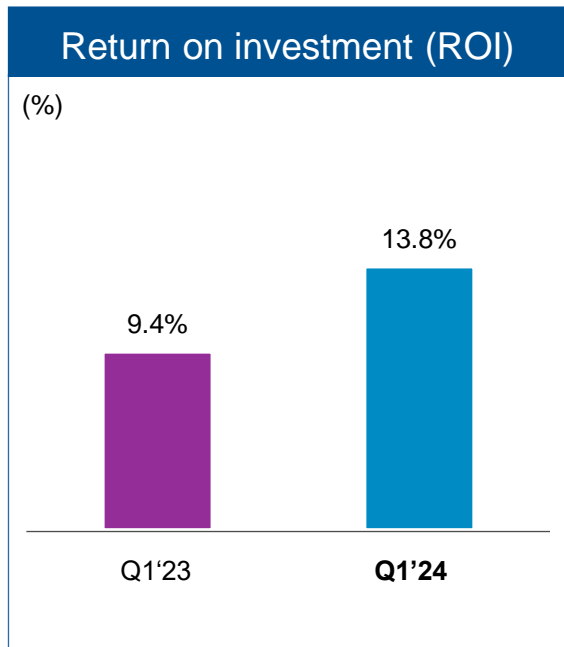
# Q1 business performance

Continued profitability ramp-up, FX still a headwind, price/mix flat



# Q1 operating results

Strong rebound in ROI, Working Capital improving, FCF seasonal



# Outlook 2024

## Solid start, on track to deliver 2024 ambitions

### Strategic priorities

Sustainability-driven innovation

Growth in focus segments and markets

Industrial excellence

### 2024 Outlook

- Adj. EBITDA: **€1.50-1.65bn**
- Volumes: **+LSD%**
- Industrial efficiency benefit: **>€25m**
- CAPEX: **€350m**
- Net Debt/EBITDA: **around 2.3x**
- Stable dividend

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

## AkzoNobel Media Relations

T +31 (0)88 - 969 7833

Contact: Joost Ruempol

[media.relations@akzonobel.com](mailto:media.relations@akzonobel.com)

## AkzoNobel Investor Relations

T +31 (0)88 - 969 0139

Contact: Kenny Chae

[investor.relations@akzonobel.com](mailto:investor.relations@akzonobel.com)

### Upcoming events 2024

Annual General Meeting of shareholders	April 25
Ex-dividend date of 2023 final dividend	April 29
Record date of 2023 final dividend	April 30
Payment date of 2023 final dividend	May 7
Q2 results	July 23

#### 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 2023 Report. The Q4 2023 Report provides additional information, including the IAS34 condensed consolidated financial statements.

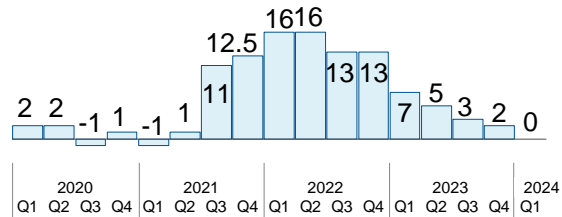
All figures in this presentation and in the AkzoNobel Q4 2023 Report are unaudited. The interim condensed consolidated financial statements were discussed and approved by the Board of Management and the Supervisory Board.



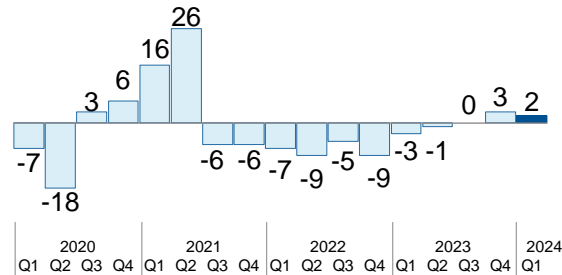
# Price/mix and volumes

## AkzoNobel

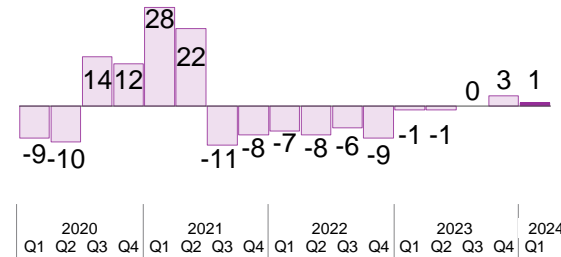
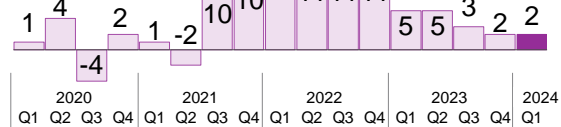
price/mix (% YoY)



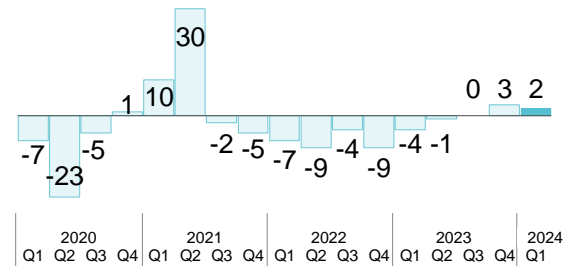
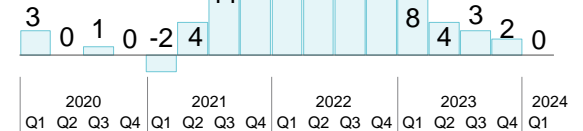
organic volumes (% YoY)



## Paints



## Coatings



# Mid-term ambitions

Expanding profitability underpinned by growth and industrial excellence

## Strategic priorities

Sustainability-driven innovation

Growth in focus segments and markets

Industrial excellence

## Targets

Adj. EBITDA margin

>16%

➤ Adj. EBITDA growth  
CAGR: >6%

➤ Volume growth  
CAGR: +LSD%

ROI

16-19%

➤ Industrial efficiency benefit  
€250m by 2027

➤ Leverage  
~2x, strong investment grade

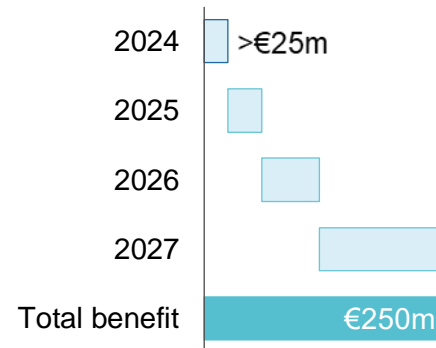
Outlook is based on organic volumes and constant currencies, assumes no significant market disruptions. CAGR on 2023 baseline.

# Planning assumptions

	2024	Mid-term
Adj. EBITDA	€1.50-1.65bn	CAGR '23-'27: >6% Margin: >16%
Organic volumes	+LSD%	+LSD%
Industrial efficiency benefit	>€25m	€250m
Identified items	€100-150m	
	Industrial efficiency: €130-150m ('24-'26)	
CAPEX	€350m pa, incl. €50m pa from industrial efficiency ('24-'26)	
Working capital	<14% revenue	~13% revenue
Effective tax rate	~28%	~28%
Leverage	~2.3x	~2x

Assuming no significant market disruptions.

## Industrial efficiency benefit



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

€ million	Q1'23	Q1'24
<b>EBITDA</b>	<b>269</b>	<b>350</b>
Pre-tax results on acquisitions and divestments	3	1
Changes in working capital	(261)	(418)
Pension top-up payments	(1)	–
Other changes in provisions	3	(16)
Interest paid	(41)	(48)
Income tax paid	(38)	(48)
Other	16	9
<b>Net cash generated from/(used for) operating activities</b>	<b>(50)</b>	<b>(170)</b>
Capital expenditures	(62)	(41)
<b>Free cash flow</b>	<b>(112)</b>	<b>(211)</b>

## Operating income to net income

€ million	Q1'23	Q1'24
<b>Operating income</b>	<b>182</b>	<b>261</b>
Financing income and expenses	(38)	(16)
Results from associates and joint ventures	7	7
<b>Profit before tax</b>	<b>151</b>	<b>252</b>
Income tax	(45)	(57)
<b>Profit from continuing operations</b>	<b>106</b>	<b>195</b>
Profit from discontinued operations	(1)	(1)
<b>Profit for the period</b>	<b>105</b>	<b>194</b>
Non-controlling interests	(11)	(13)
<b>Net income</b>	<b>94</b>	<b>181</b>
<b>Earnings per share (in €)</b>		
<b>Total operations</b>	<b>0.55</b>	<b>1.06</b>
<b>Adjusted earnings per share (in €)</b>		
<b>Continuing operations</b>	<b>0.73</b>	<b>1.12</b>

# Alternative performance measures

Operating income (€m)	Q1'23	Q1'24	Δ%
Decorative Paints	94	116	23%
Performance Coatings	130	176	35%
Other activities	(42)	(31)	
<b>Total</b>	<b>182</b>	<b>261</b>	<b>43%</b>

Identified items (€m)	Q1'23	Q1'24
Decorative Paints	(8)	(4)
Performance Coatings	(15)	(1)
Other activities	(13)	(8)
<b>Total</b>	<b>(36)</b>	<b>(13)</b>

Adjusted operating income (€m)	Q1'23	Q1'24	Δ%
Decorative Paints	102	120	18%
Performance Coatings	145	177	22%
Other activities	(29)	(23)	
<b>Total</b>	<b>218</b>	<b>274</b>	<b>26%</b>

EBITDA (€m)	Q1'23	Q1'24	Δ%
Operating income	182	261	43%
Depreciation and amortization	87	89	
<b>EBITDA</b>	<b>269</b>	<b>350</b>	<b>30%</b>

Adjusted EBITDA (€m)	Q1'23	Q1'24	Δ%
Adjusted operating income	218	274	26%
Depreciation and amortization (excluding identified items)	87	89	
<b>Adjusted EBITDA</b>	<b>305</b>	<b>363</b>	<b>19%</b>

Adjusted earnings per share from continuing operations (€m)	Q1'23	Q1'24
Profit from continuing operations	106	195
Identified items reported in operating income	36	13
Identified items reported in interest	—	(1)
Identified items reported in income tax	(7)	(3)
Non-controlling interests	(11)	(13)
<b>Adjusted net income from continuing operations</b>	<b>124</b>	<b>191</b>

Weighted average number of shares (in millions)	170.5	170.6
---	-------	-------

Adjusted earnings per share from continuing operations	0.73	1.12
--	------	------

Average invested capital (€m)	Q1'23	Q1'24	Δ%
Apr'22-Mar'23/Apr'23-Mar'24			
Decorative Paints	3,863	3,735	(3%)
Performance Coatings	3,918	3,805	(3%)
Other activities	522	642	
<b>Total</b>	<b>8,303</b>	<b>8,182</b>	<b>(1%)</b>

ROI (%)	Q1'23	Q1'24
Apr'22-Mar'23/Apr'23-Mar'24		
Decorative Paints	10.1	13.9
Performance Coatings	12.5	18.8
Other activities <sup>1</sup>		
<b>Total</b>	<b>9.4</b>	<b>13.8</b>

EBITDA (€m)	Q1'23	Q1'24
Apr'22-Mar'23/Apr'23-Mar'24		
Operating income	658	1,108
Depreciation and amortization	366	359
<b>EBITDA</b>	<b>1,024</b>	<b>1,467</b>

Net Debt (€m)	Q1'23	Q1'24
Mar 31		
Short-term investments	(321)	(29)
Cash and cash equivalents	(1,208)	(1,069)
Long-term borrowings	3,324	3,183
Short-term borrowings	2,470	1,946
<b>Total</b>	<b>4,265</b>	<b>4,031</b>

Leverage ratio	Q1'23	Q1'24
Apr'22-Mar'23/Apr'23-Mar'24		
Net debt (€m)	4,265	4,031
EBITDA (€m)	1,024	1,467
<b>Leverage ratio</b>	<b>4.2</b>	<b>2.7</b>