

AkzoNobel

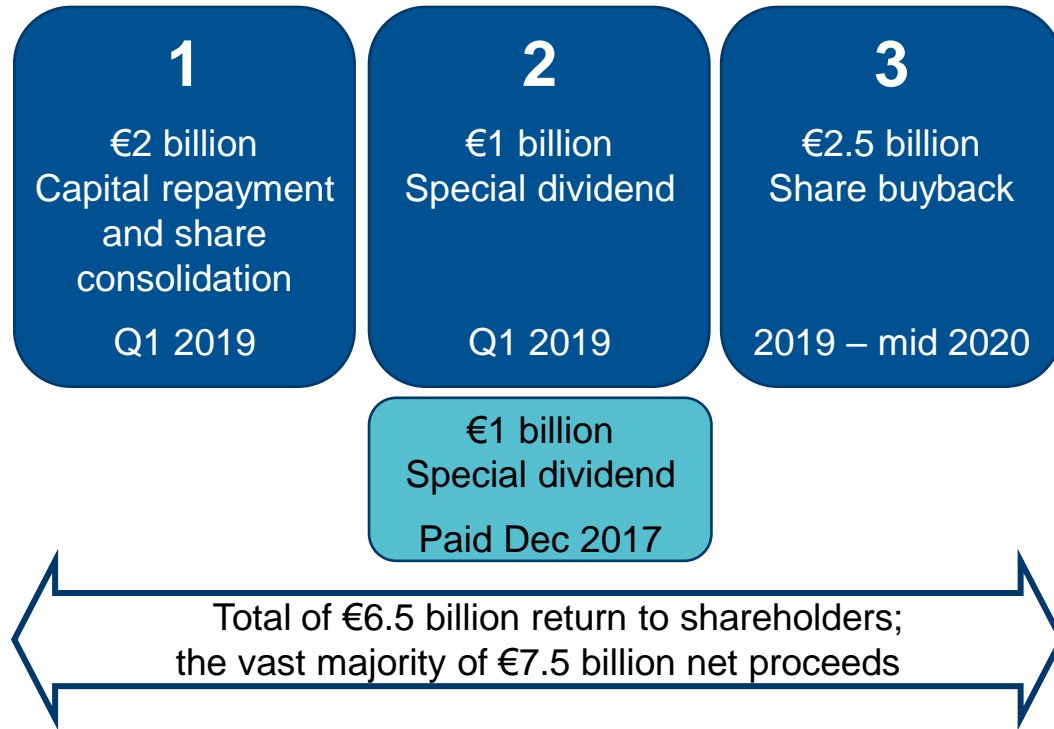
**Sale of Specialty Chemicals completed;
Additional €5.5 billion return to shareholders**

October 2, 2018

Sale of Specialty Chemicals completed; Additional €5.5 billion return to shareholders

AkzoNobel

- Shareholders will receive €5.5 billion, following completion of the sale
- In addition to €1 billion special cash dividend paid in December 2017
- A total of €6.5 billion will have been distributed to shareholders, delivering on a commitment to return the vast majority of €7.5 billion net proceeds
- The additional proceeds will be distributed using a capital repayment and share consolidation, special cash dividend, and share buyback
- Remaining proceeds will be used for the repayment of debt, costs associated with the transformation, and bolt-on acquisitions



Capital repayment and share consolidation to return €2 billion to shareholders

1 Proposal for capital repayment to return approximately €2 billion to shareholders

- Established Dutch process combines capital repayment to all shareholders with share consolidation
- Applied by many Dutch multinationals with broad, international shareholder bases
- Requires Extraordinary General Meeting (EGM) and amendments to Articles of Association

1 Advantages

- Fast return of cash to shareholders
- No Dutch dividend withholding tax applicable
- Enhanced future earnings per share (EPS)

Capital repayment and share consolidation: AkzoNobel

Process overview

- 1 **Three steps required, that involve three amendments to the Articles of Association:**
 - Step 1: Fiscally recognized share premium and/or euro conversion reserve to be converted into nominal capital (i.e. increase par value per share)
 - Step 2: Share consolidation (i.e. decreasing the number of outstanding shares) to eliminate the effect of capital repayment on the share value
 - Step 3: Capital repayment reducing nominal capital (i.e. decrease par value per share)
- 1 **Timeline**
 - Shareholders to vote at EGM on November 13, 2018 on three amendments to the Articles of Association and capital reduction
 - Two-month creditor objection period after EGM approval
 - Capital repayment and share consolidation to take place in Q1 2019

Capital repayment and share consolidation: AkzoNobel

Illustrative example

ILLUSTRATIVE EXAMPLE

Current holding

AkzoNobel 

10 shares x €80



Total
value:
€800

Share consolidation (9 for 10)^{1,2}

AkzoNobel 

9 shares x €80



Share
value:
€720



Cash
value:
€78.39



Total
value:
€800³

Capital repayment

AkzoNobel 

9 x €8.71



¹ Share consolidation ratio will be determined by the Board of Management. ² Assuming an outstanding number of shares of 255,000,000.

³ In this example, €1.61 includes the rounding adjustment as well as add-in to the share premium reserve. Shares will be rounded up or down by banks and brokers if the number of shares held cannot be divided by the denominator of the consolidation ratio (10 in this example), depending on the particular contractual arrangement between the bank or broker and the shareholder. Shareholders can contact their bank or broker in case of questions about the rounding of shares.

Capital repayment and share consolidation: AkzoNobel

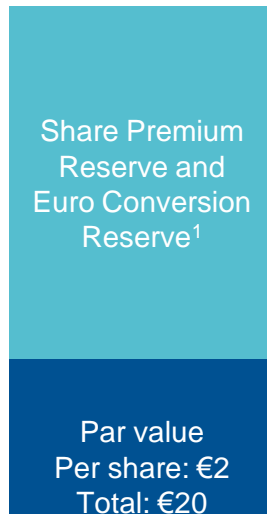
How it works

Example based on:

- ↗ 255 million outstanding shares
- ↗ Share price of €80
- ↗ Share consolidation ratio of 10 to 9

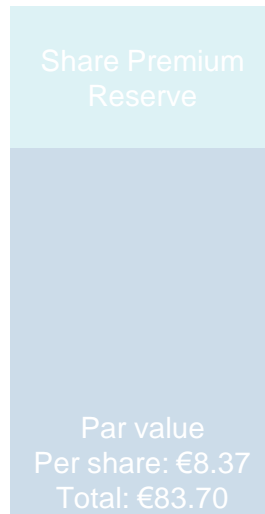
ILLUSTRATIVE EXAMPLE

Current situation,
assuming a
shareholder holds
10 shares



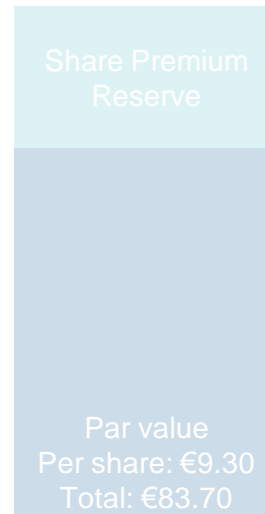
10 shares

Step 1:
Increase par value



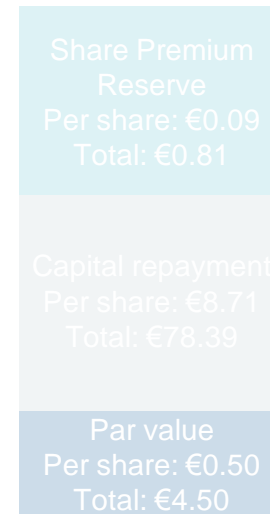
10 shares

Step 2:
Share consolidation



10 to 9 shares

Step 3:
Capital repayment



9 shares

¹The Board of Management may determine whether the increase of the par value under step 1 will be charged to the euro conversion reserve and/or to the share premium reserve. For illustrative purposes only, it is included that the euro conversion reserve and part of the share premium reserve will be used.

Capital repayment and share consolidation: AkzoNobel

How it works

Agenda item 1a (Step 1):

- Par value per common share is increased from €2 to €8.37

ILLUSTRATIVE EXAMPLE



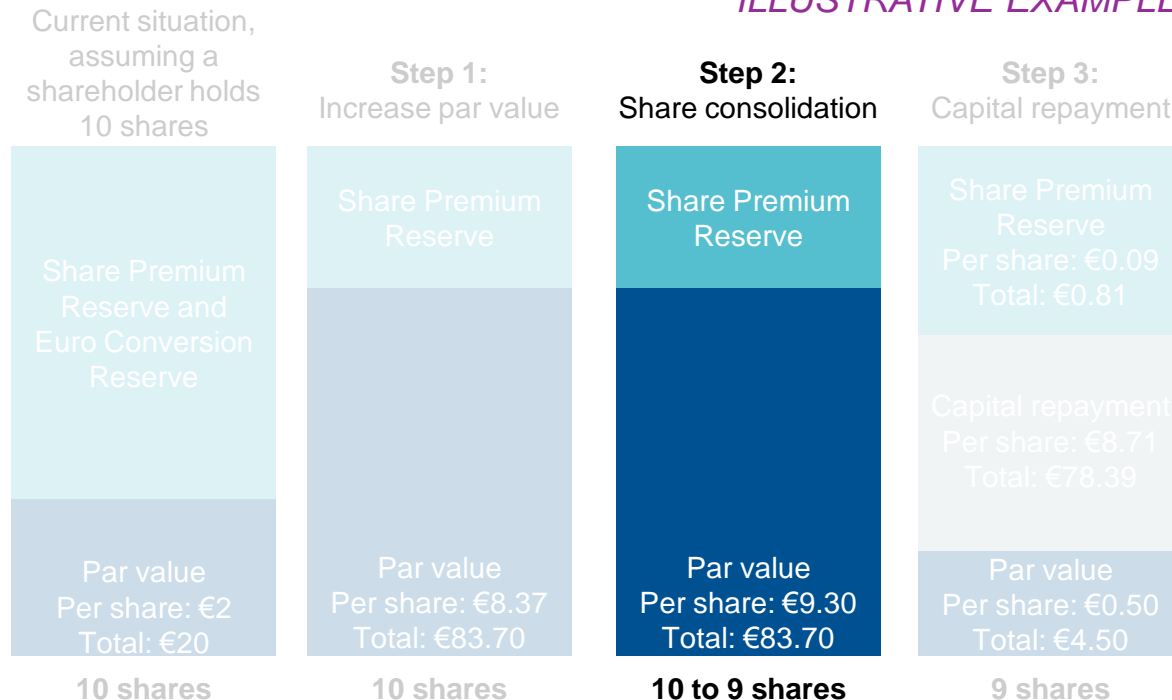
Capital repayment and share consolidation: AkzoNobel

How it works

Agenda item 1b (Step 2):

- ↗ Share consolidation based on consolidation ratio (in this example 10 to 9)
- ↗ 2 simultaneous steps:
 - Par value per common shares is increased from €8.37 / 9/10 to €9.30 to maintain the total par value of the common shares
 - Reduction of outstanding shares from 255 million * 9/10 to 229.5 million shares

ILLUSTRATIVE EXAMPLE



Capital repayment and share consolidation: AkzoNobel

How it works

ILLUSTRATIVE EXAMPLE

Agenda item 1c (Step 3):

- ↗ Capital repayment of €8.71 per common share (post consolidation) or $9 * €8.71 = €78.39$ in total
- ↗ AkzoNobel repays €8.71 * 229.5 million common shares = ~€2 billion in cash to holders of common shares
- ↗ Par value per share is decreased from €9.30 to €0.50:
 - €8.71 capital repayment
 - €0.09 added to the share premium reserve

