



AkzoNobel



People. Planet. Paint.



# Investor update Grow & Deliver

February 17, 2022

# Investor update Q2 2022

July 20, 2022

## Agenda



Setting the stage



Capital allocation



GROW



Concluding remarks



Sustainable innovation



Q&A



DELIVER



Investor update Q2 2022

# Disclaimer/forward-looking statements

## **Alternative performance measures (APM)**

When presenting operating results, AkzoNobel uses certain APM's not defined by IFRS, which exclude the so-called identified items that are generated outside the normal course of business. Measures included in this presentation such as (Adjusted) EBITDA (margin), Net Debt / EBITDA, EV/EBITDA, Adjusted EPS, Adjusted Operating Income, ROS and ROI are all APM's. Please refer to the appendix for definitions of these APM's as well as the definition for Identified items. Reconciliations of these APM's to the most directly comparable IFRS measures can be found in our Quarterly Reports.

## **Market data (Orr & Boss)**

Market data in this presentation is provided by Orr & Boss as of January 4, 2022. The data is provided in US Dollar; a €/\$ 1.18 exchange rate was used for conversion purposes.

**Adjusted market data** is based on Orr & Boss and reduced by AkzoNobel.

**Competitive positions** are by value and based on internal estimates and Orr & Boss information.

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 presentation 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)

# Speakers

**AkzoNobel**



**Thierry Vanlancker**  
Chief Executive Officer



**Maarten de Vries**  
Chief Financial Officer



**Michael Friede**  
Chief Commercial Officer



**Klaas Kruithof**  
Chief Technology Officer



**Karen-Marie Katholm**  
Chief Integrated Supply  
Chain Officer

# Setting the stage

Thierry Vanlancker



# A focused paints and coatings company

# AkzoNobel

People. Planet. Paint.



## 2021 key data

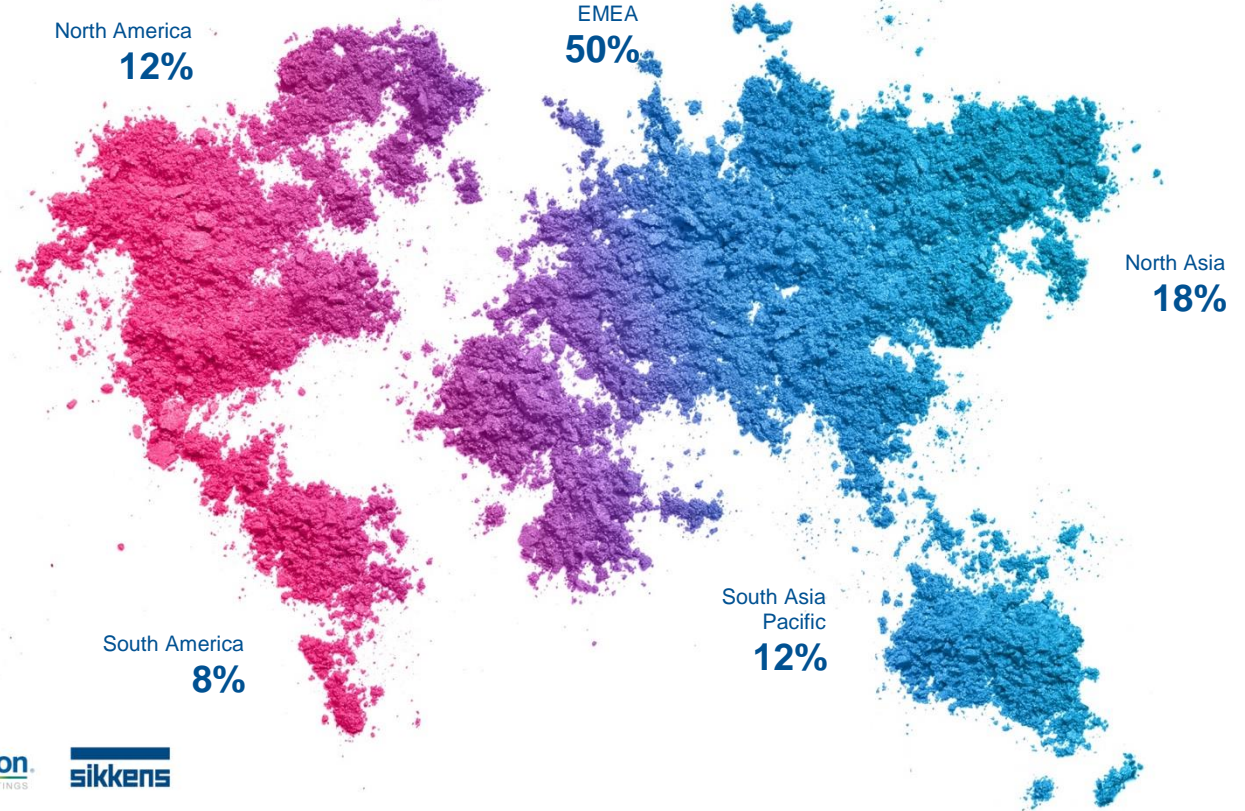
**€9.6bn** revenue

**€1.1bn** adjusted OPI

**€1.4bn** adjusted EBITDA

**16.0%** return on investment (ROI)

**32,800** employees



Note: Full-year 2021 revenue by destination for all regions.

# People. Planet. Paint.

Clear purpose as the engine of our organization

**AkzoNobel**



## People.

We care about people and communities, a passion that's reflected in our commitment to safety, integrity and sustainability.



## Planet.

We challenge ourselves and our partners every day to be better global citizens and protect the future of our planet.



## Paint.

We keep pushing boundaries to develop pioneering paint solutions that make a world of difference



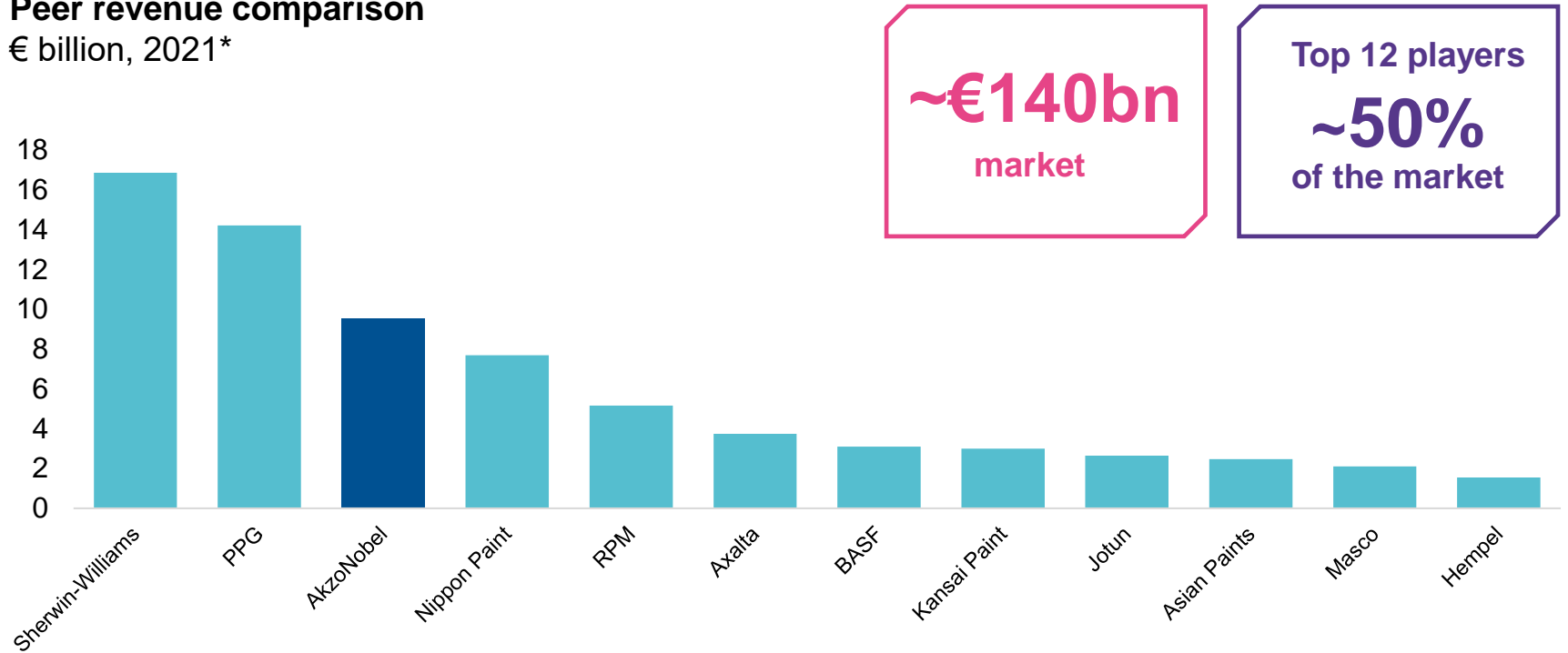
# Global paints and coatings industry

AkzoNobel

Leading global player in large and attractive market

## Peer revenue comparison

€ billion, 2021\*



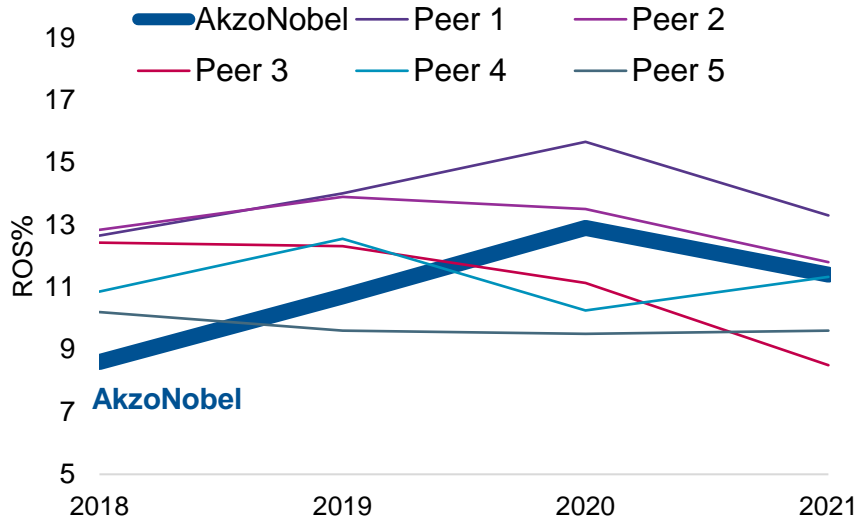
\* Revenue for BASF, Kansai Paint, Jotun, Asian Paints and Hempel is for 2020.  
Source: company reporting, internal analysis.



# From 15 by 20 to *Grow & Deliver*

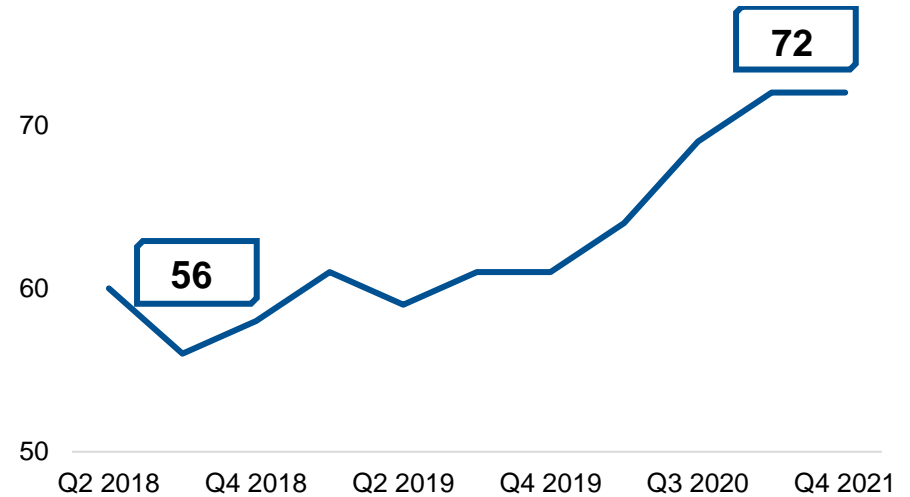
Significant culture change with margins in top tier

## Strong margin progress versus peers



## Organizational Health Index (OHI)\*\*

Participation rate at 86%



EV/EBITDA multiple remains below peers at ~11.5x\*

\* Source: Bloomberg, based on next twelve months EBITDA (2021 year-end).

\*\* Source: Organizational Health Index by McKinsey.

# Grow & Deliver targets

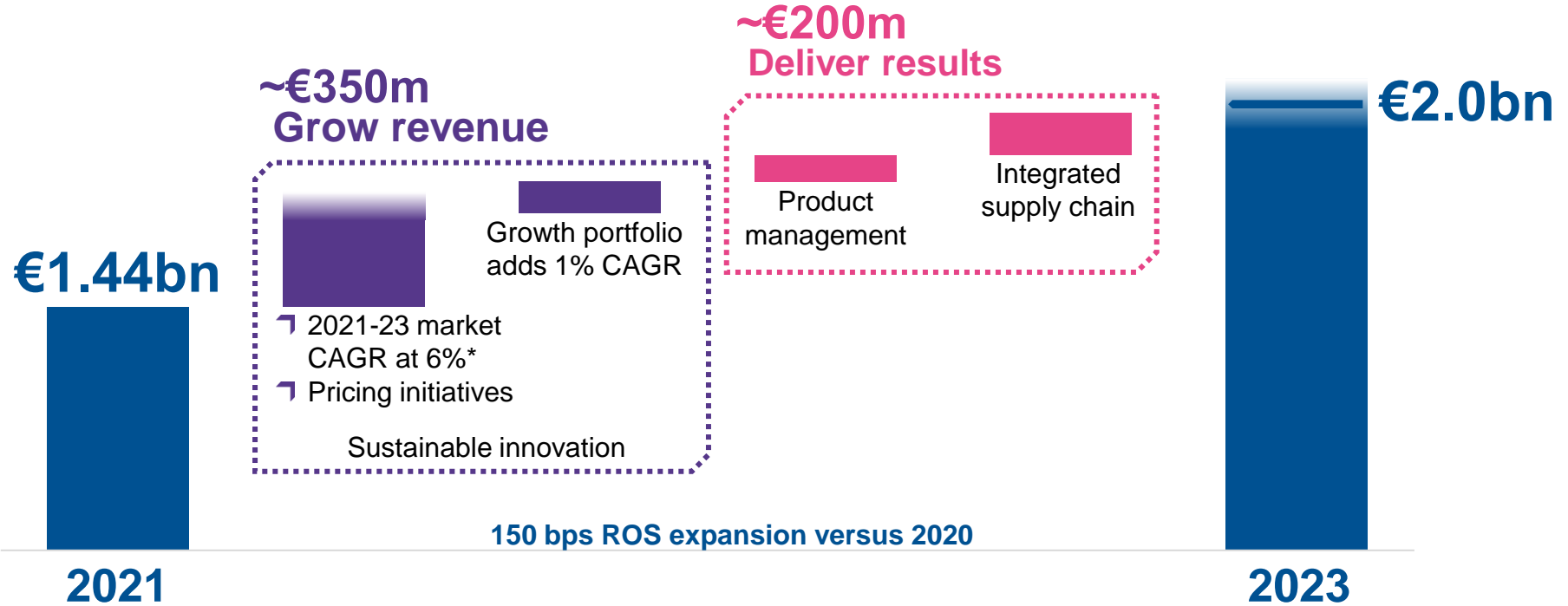
Building on new and strong foundation



\* 2020 ROS margin at 12.9%.

Assumes no significant market disruption.

# Grow & Deliver: €2bn adj. EBITDA by 2023



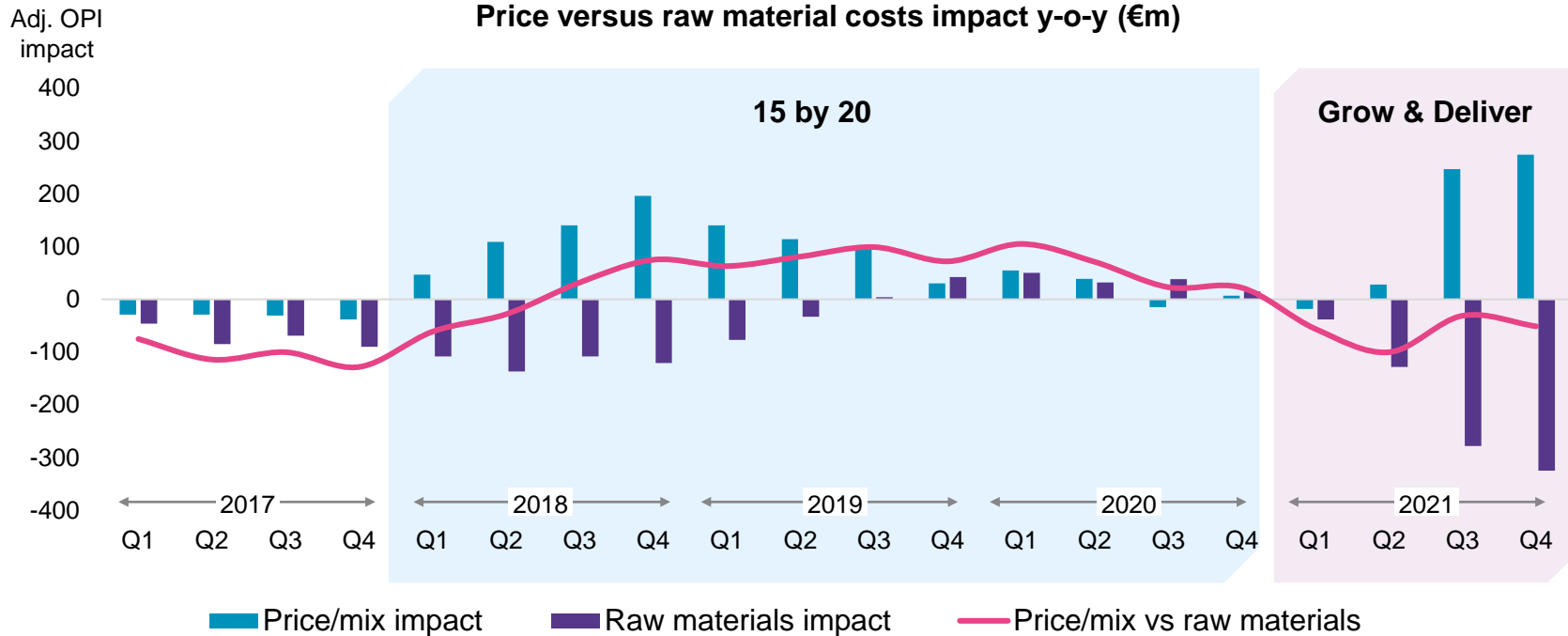
2021

2023

\* Source: Orr & Boss, internally reduced forecast. Assumes no significant market disruption.

# Stronger and faster pricing initiatives

Previous cycle as proof point for margin expansion





# GROW

Thierry Vanlancker  
Michael Friede



# Strong global coatings portfolio with leading positions in key markets

Business	Market size ~€bn, 2021*	Position by revenue	Market growth value '21-'23	Adj. market growth value '21-'23	Current market dynamics
Powder Coatings	10	1	10%	8%	<ul style="list-style-type: none"> <li>↗ Demand for sustainable solutions</li> <li>↗ Strong value proposition including technical quality</li> <li>↗ New markets and applications: e.g. NAM architecture, EV, wood</li> </ul>
Industrial Coatings	15	2	8%	6%	<ul style="list-style-type: none"> <li>↗ Sustainability-driven higher demand and industry capacity for metal beverage packaging</li> <li>↗ Coil highly correlated to GDP especially industrial and housing</li> <li>↗ Wood to benefit from strong housing and remodel market</li> </ul>
Marine and Protective Coatings	15	2	8%	6%	<ul style="list-style-type: none"> <li>↗ Marine growth from market trough, both new build and dry dock</li> <li>↗ Energy investments both in oil &amp; gas and green energy</li> <li>↗ Yacht demand remains strong</li> </ul>
Automotive and Specialty Coatings	14	3	7%	5%	<ul style="list-style-type: none"> <li>↗ Automotive production recovery</li> <li>↗ Vehicle refinish correlated to collision rates &amp; urban miles driven</li> <li>↗ Aerospace OEM to improve and MRO** recovering faster</li> <li>↗ Consumer electronics demand for quality waterborne coatings</li> </ul>

\* Excluding ~€50bn (total paints and coatings) in regions/businesses where AkzoNobel is not present.

\*\* Maintenance, repair, and overhaul.

# Strong global paints portfolio with leading positions in key regions

Region	Market size ~€bn, 2021*	Position by revenue	Market growth value '21-'23	Adj. market growth value '21-'23	Current market dynamics
Paints EMEA	24	1	7%	5%	<ul style="list-style-type: none"> <li>DIY demand stabilized at higher level</li> <li>Recovery of professional and project segments</li> <li>Visible tailwind from EU-subsidized Green Deal</li> <li>E-commerce, favorable for stronger brands</li> </ul>
Paints Asia	13	3	11%	9%	<ul style="list-style-type: none"> <li>Higher GDP and continued urbanization</li> <li>South Asia as highest growth market globally</li> <li>Health &amp; wellbeing products</li> <li>DIY painting pickup in South Asia</li> <li>China project business less relevant for AkzoNobel</li> </ul>
Paints LATAM**	4	1	7%	5%	<ul style="list-style-type: none"> <li>Home improvement and more sustainable products</li> <li>Demand for healthy and clean surfaces</li> <li>Emerging DIY trend</li> <li>Dollar-based costing and pricing</li> </ul>

\* Excluding ~€50bn (total paints and coatings) in regions/segments where AkzoNobel is not present.

\*\* Latin America excluding Mexico.

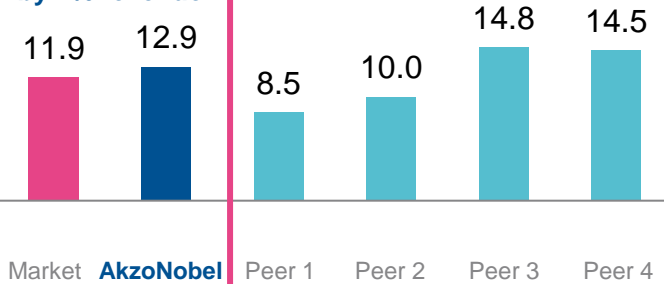
# Strong start to Grow & Deliver

Outgrew market by 1% in 2021, in line with strategy

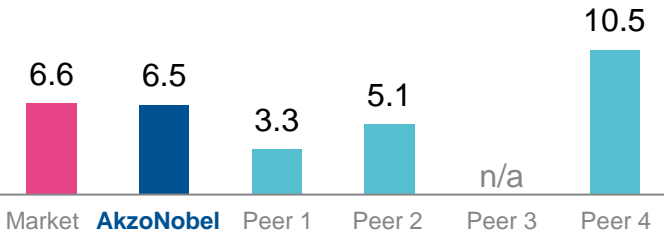
2021 versus 2020 comparison (organic)

Revenue growth %

Outgrew market in 2021 by 1% revenue

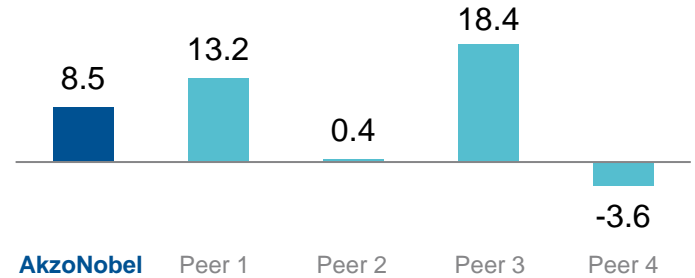


Volume growth %

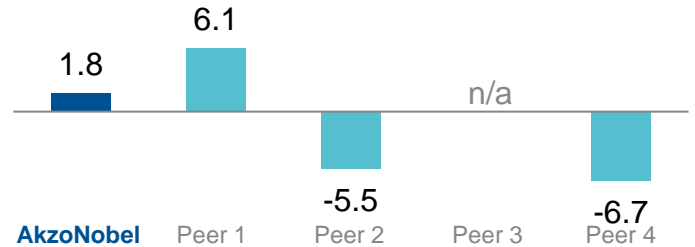


2021 versus 2019 comparison (organic)

Revenue growth %



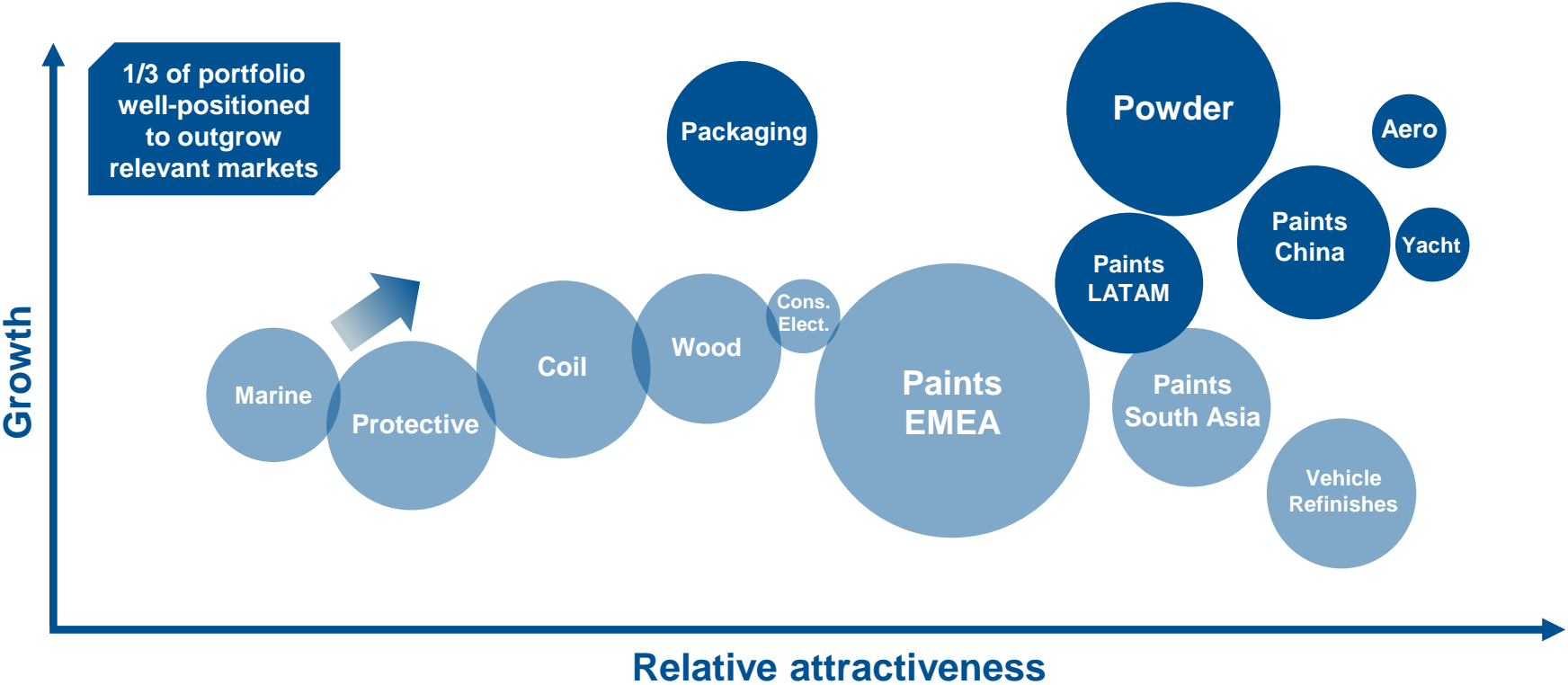
Volume growth %





# Well-positioned in key growth markets

Growth businesses to drive additional 1% revenue CAGR



Bubble size is illustrative for AkzoNobel revenue and not exactly proportionate. Growth and attractiveness is AkzoNobel-specific.



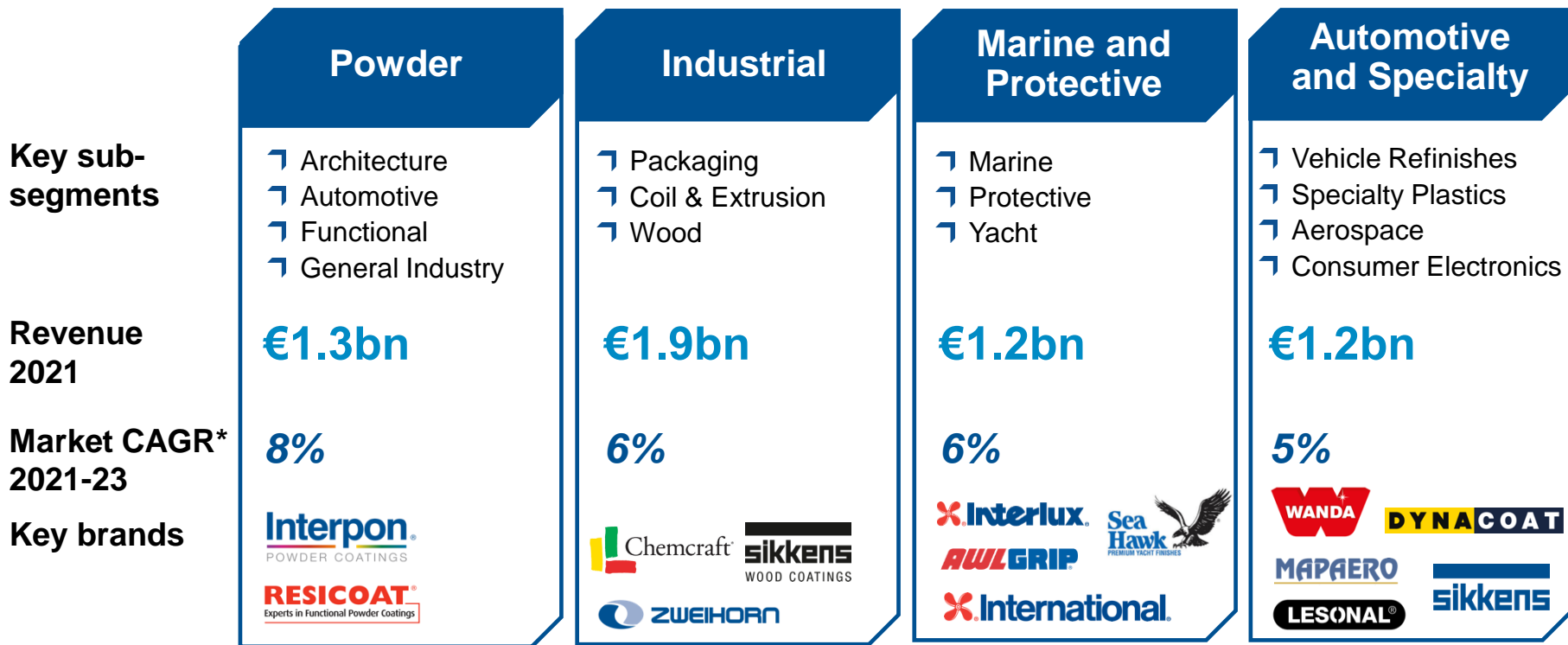
# GROW Coatings

Michael Friede



# Performance Coatings

Leading global businesses; strong technologies and brands



\*By value. Source: Orr & Boss, internally reduced forecast.



## Sustainability and energy transition

- ↴ Liquid-to-powder conversion (low VOC\* and waste)
- ↴ Electric vehicle growth with expected 30% market penetration\*\*
- ↴ Shift from plastic to metal beverage packaging
- ↴ Asset investments into global energy transition



## Hybrid working

- ↴ Consumer preference for personal transport versus. public transportation
- ↴ Demand for high value and sustainable surfaces in direct environment
- ↴ Structurally higher electronics demand (home offices, remote education)



## Recovery and Rebound

- ↴ Airline industry recovery for new build and MRO
- ↴ Marine new build and dry dock to bounce back
- ↴ High energy prices driving business in protective coatings

\* Volatile organic compounds.

\*\* By 2030. Source: Deloitte Insights.

# Powder Coatings

Clear leadership position and aggressively investing for growth

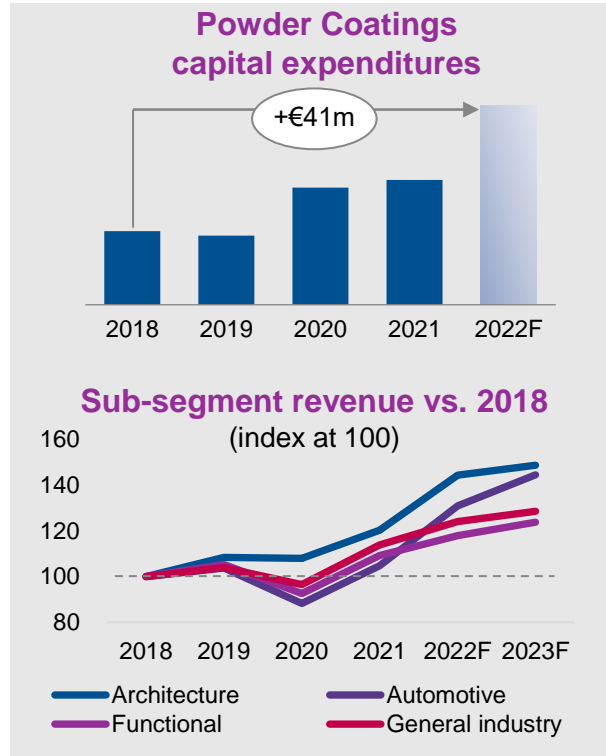
€10bn market

8%  
market CAGR 2021-23

#1 in the market



**Interpon®**  
POWDER COATINGS  
**RESICOAT®**  
Experts in Functional Powder Coatings



## Key growth drivers:

- ↴ Liquid-to-powder conversion, e.g. North America architectural
- ↴ New applications including e-mobility and wood
- ↴ Multi-year comprehensive investment program in people and assets to support growth
- ↴ Unrivaled global supply, digital and next-day service

## Success:

- ↴ Approved at seven major EV OEM and battery manufacturers (accounts for ~70% of EV market)
- ↴ First co-patent for e-motor
- ↴ Low cure powder Interpon W (unique technology to enable new market entry)

# Packaging Coatings

Gaining share and success in beverage 'can-ends'

# AkzoNobel

€2.7bn market

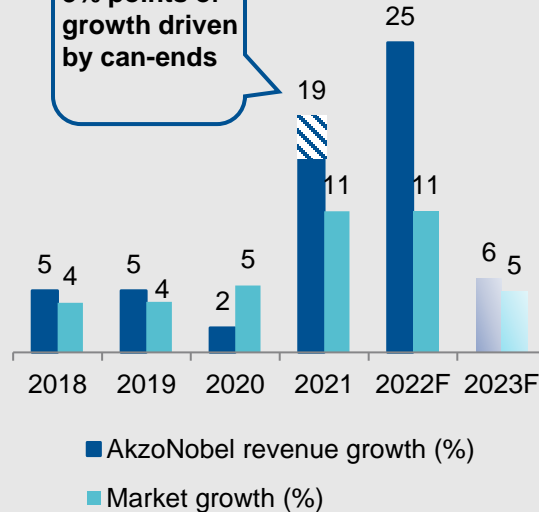
8%  
market CAGR 2021-23

#1 inside can



## Packaging revenue growth

3% points of growth driven by can-ends



## Key growth drivers:

- Accelerated shift from plastic to metal
- Sustainable technology (BPAni)
- ~85 new can production lines to launch within next 24 months
- Higher growth from emerging markets and entrance into beverage can-ends

## Success:

- Key supplier to all major can manufacturers
- Market share gains of ~1% in 2021
- Successful entrance into beverage can-ends; full portfolio

# Aerospace Coatings

Leading technology and strong customer relationship

€0.5bn market

6%  
market CAGR 2021-23

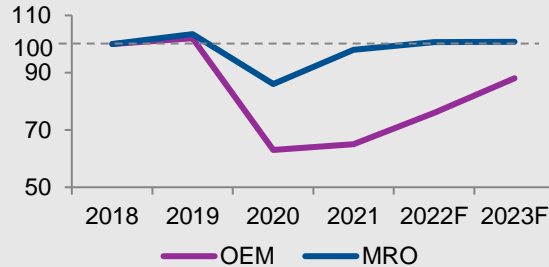
#1 in the market



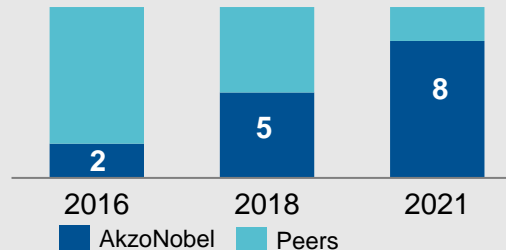
Key AkzoNobel repainting programs

# AkzoNobel

Solid recovery in MRO  
Sub-segment revenue vs. 2018  
(index at 100)



Supply to top ten airlines  
(by fleet size)



## Key growth drivers:

- ↗ Accelerated MRO recovery
- ↗ Rebound of OEM business
- ↗ Acceleration of film and markings
- ↗ Growth trajectory in Asia
- ↗ Entry into interior coatings leveraging Mapaero acquisition

## Success:

- ↗ Basecoat/clearcoat technology qualified at all major global OEMs
- ↗ Commercialization of sustainable solutions (chrome-free technology)
- ↗ Strong key account management and global technical service

# Yacht Coatings

Attractive growth business with leading brands and technology

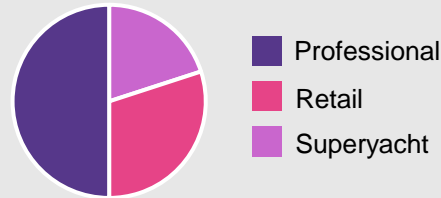
€0.5bn market

6%  
market CAGR 2021-23

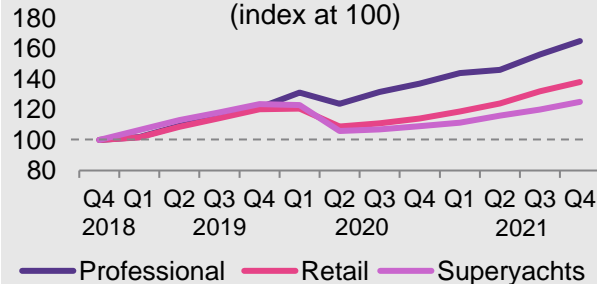
#1 in the market



Yacht business split by € value



Sub-segment revenue moving average sales growth vs. Q4 2018 (index at 100)



## Key growth drivers:

- ↗ Leading position in all segments, including maintenance with complete offering
- ↗ Increased retail demand from consumer lifestyle changes
- ↗ Strong key account management
- ↗ Emerging markets, especially Asia

## Success:

- ↗ Integration of Sea Hawk, acquired end of 2020
- ↗ Commercial launch of spray filler
- ↗ Strong brands and customer intimacy





# GROW Decorative Paints

Thierry Vanlancker



# Decorative Paints

# AkzoNobel

One global brand portfolio with strong local positions

Key sub-segments and regions

Revenue 2021

Market CAGR\* 2021-23

Key brands

## EMEA

- ↗ UK and Ireland
- ↗ Benelux
- ↗ Nordics, Eastern Europe
- ↗ Middle East, Africa

€2.4bn

5%



## LATAM

- ↗ Brazil
- ↗ Argentina
- ↗ Colombia (Grupo Orbis)

€0.5bn

5%



## North Asia

- ↗ China retail
- ↗ China project

€0.6bn

6%



## South Asia

- ↗ India
- ↗ Indonesia
- ↗ Vietnam

€0.5bn

12%



\* By value. Source: Orr & Boss, internally reduced forecast.  
Acquisition of Grupo Orbis is expected to close in Q1 2022.  
North Asia and South Asia are reported as Decorative Paints Asia.

# Megatrends driving growth in paints



## Sustainability, health and well-being

- ↗ Strong demand for sustainable products supporting well-being & health
- ↗ Driven by legislation, e.g. EU Green Deal
- ↗ Growing middle class in Asia leads to higher quality consumption in lower tier cities (especially China & India)



## DIY trend

- ↗ Structurally higher demand versus pre-pandemic level
- ↗ Increasing labor costs drive demand for DIY products
- ↗ Consumers in Europe increasingly preferring brands



## Digital acceleration

- ↗ Digital sales channels with paint stores fulfilling “last mile” delivery service
- ↗ O2O (offline to online) introduces traffic for consumer convenience
- ↗ Introduction of market platform to connect consumers with painters



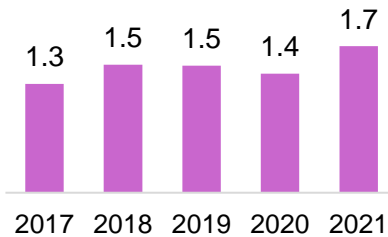
# Strong brand recognition

Leveraging our unique global scale for local impact

## #1 choice for consumers and professionals

Only paint brand listed in top 50 UK consumer brands

### Dulux brand value (€bn)



KANTAR BRANDZ 2021 MOST VALUABLE UK BRANDS

### Innovation

#### Easycare family



31 markets  
€130m Revenue

### Branding

#### Global leveraging



10 countries in 18 months

### Professional loyalty

#### Painter Academy



17 countries  
100k Professionals trained in 2020



### Color

#### Color of the Year



All countries  
196m Impressions

### Digital

#### Visualizer app



All countries  
+30m global downloads

### Sustainability

#### Dulux Valentine

Le Blanc Recyclé



Contains 35% recycled paint



# Decorative Paints EMEA

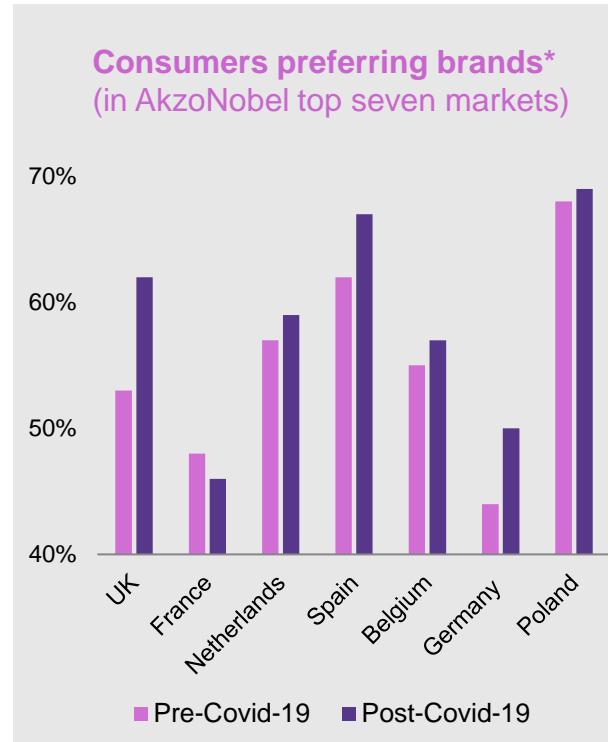
Distribution, brand leverage and strong innovation pipeline

€24bn market

5%  
market CAGR 2021-23

20 leading positions

Including in the UK, Ireland, Netherlands,  
Belgium, Spain, Russia and Italy



# AkzoNobel

Key growth drivers:

- ↗ Higher DIY demand
- ↗ EU Green Deal (+1% CAGR)
- ↗ Expand distribution network
- ↗ Effective brand investment

Success:

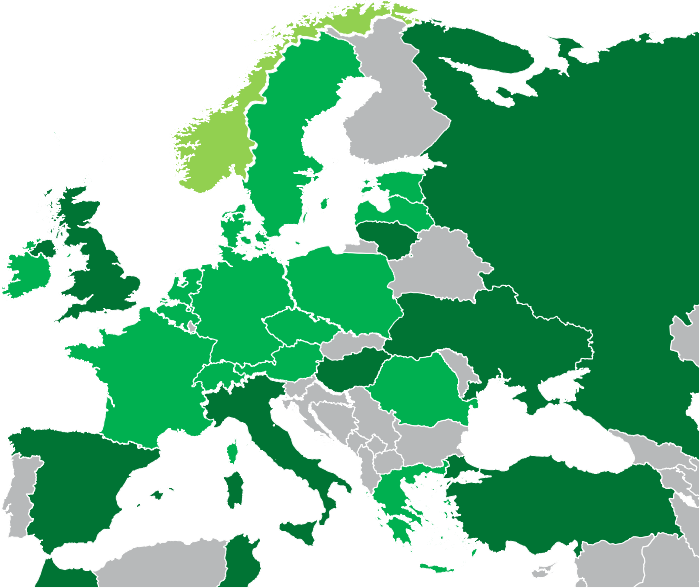
- ↗ Share gains in key markets
- ↗ Spain acquisitions
- ↗ UK Heritage launch
- ↗ AntiScuff wall paint launch
- ↗ Increased online sales

Source: Orr & Boss, internally reduced forecast for market CAGR.

\* European Home Improvement Monitor 2020 (comparing 2020 to 2019).

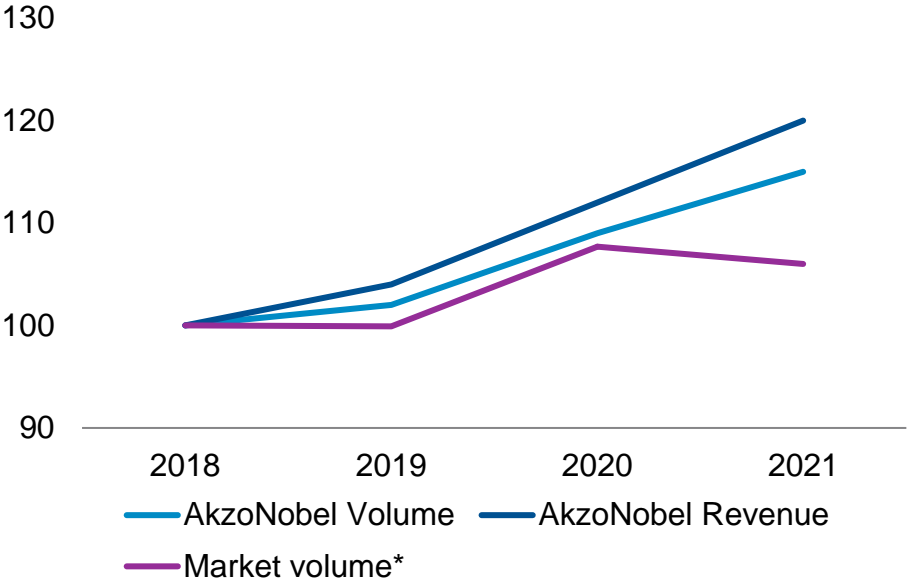
# Paints EMEA outgrowing the market

Driven by strong brands and distribution



At market    Above market    Strongly outgrowing market

### AkzoNobel Decorative Paints Europe development (Excludes Middle East and Africa) (Index at 100)



\* Source: CEPE, for 2021 preliminary numbers.

# Decorative Paints China

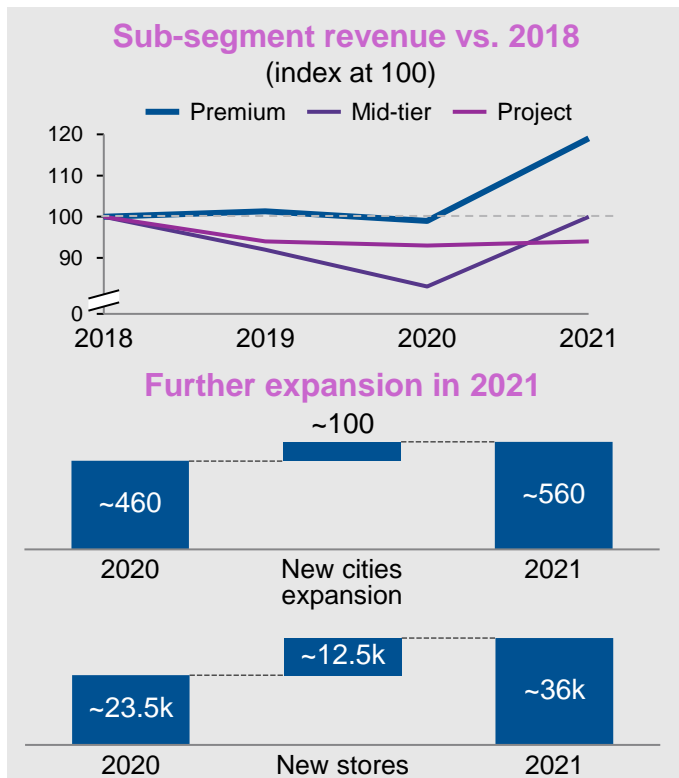
Geographic retail expansion with strong brand and sustainable products

~€6bn market

6%  
market CAGR 2021-23

Double digit growth in premium retail focused post 2018 “reset”

Recognized “*super brand*”



## Key growth drivers:

- ↗ Geographic expansion focused on tier 3-5 cities
- ↗ Digital ecosystem upgrade
- ↗ Leverage core premium Dulux brand
- ↗ Eco-friendly & well-being products
- ↗ Limited and selective exposure to project business – quality optimized

## Success:

- ↗ 2021 expansion into +100 new cities and +12.5k new stores
- ↗ Dulux online platform in 128 cities
- ↗ Launch of Dulux Forest Breath

# Decorative Paints Latin America

Expanding strong presence with Grupo Orbis acquisition

€4bn market\*

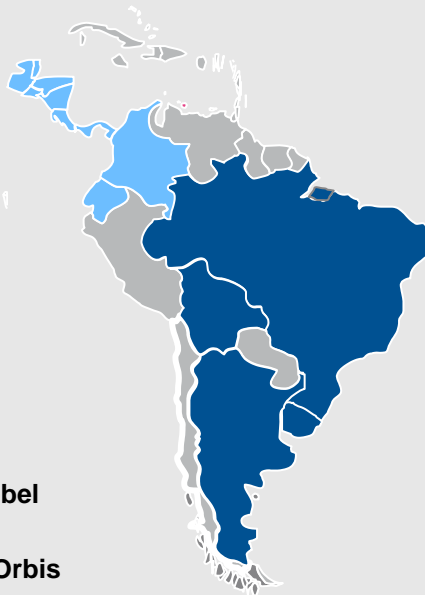
5%  
market CAGR 2021-23

## Leading positions

in Brazil, Argentina, Uruguay, Bolivia and Colombia (Grupo Orbis)



## Leader overall with Grupo Orbis



## Key growth drivers:

- Proactive margin management to offset raw materials and FX impact
- Developing premium business through innovation and branding
- Expansion through Blue Store program
  - 1,000 stores, adding 500 in 2021
  - Distributor network (doubled over the past five years)
- Stronger customer and painter preference

## Grupo Orbis as expansion platform

- Colombia-based, leading presence from Ecuador to Central America
- Leading local brands include Pintuco, Protecto and AVF Paints
- Annualized revenues at ~€360m

This slide has been updated post the closing of Grupo Orbis acquisition on April 22, 2022.

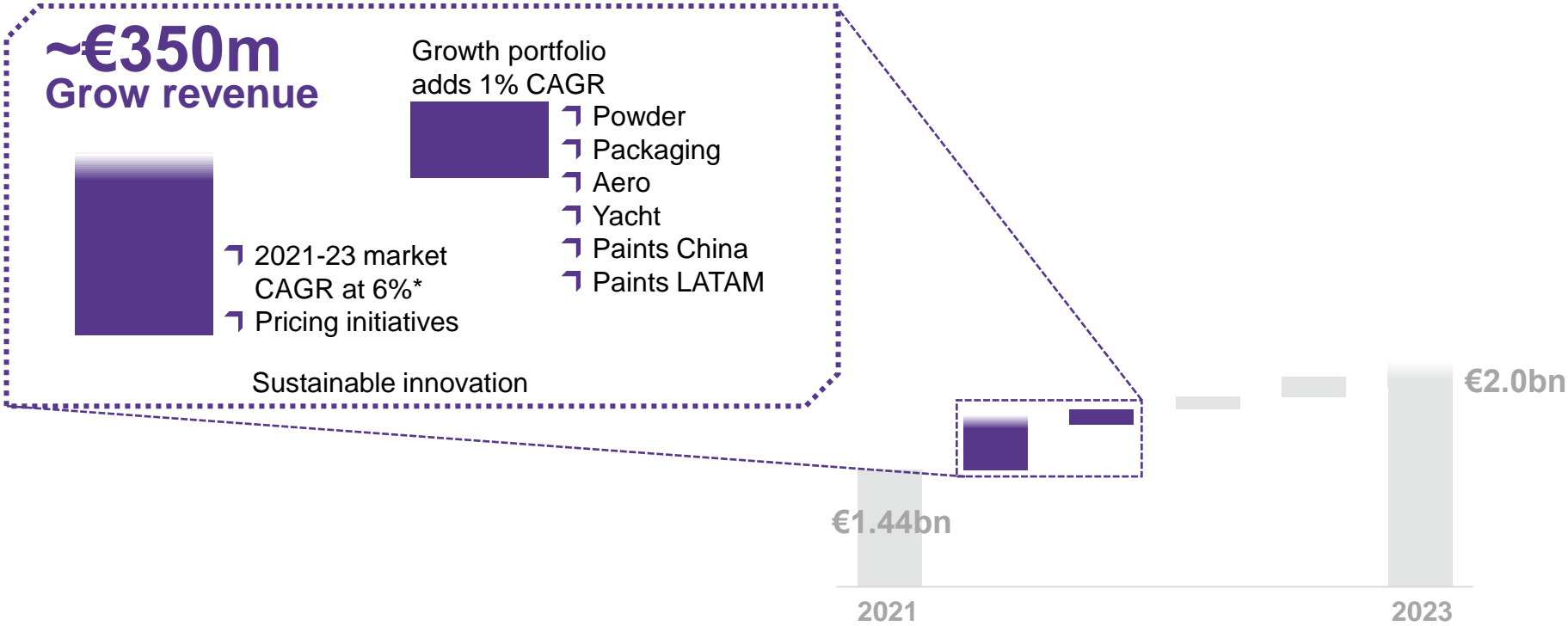
Source: Orr & Boss, internally reduced forecast for market CAGR.

\* Our definition of Latin America as a region excludes Mexico (part of North America).



# Grow & Deliver: €2bn adj. EBITDA by 2023 AkzoNobel

Grow revenue in line with the market and outgrow selected markets



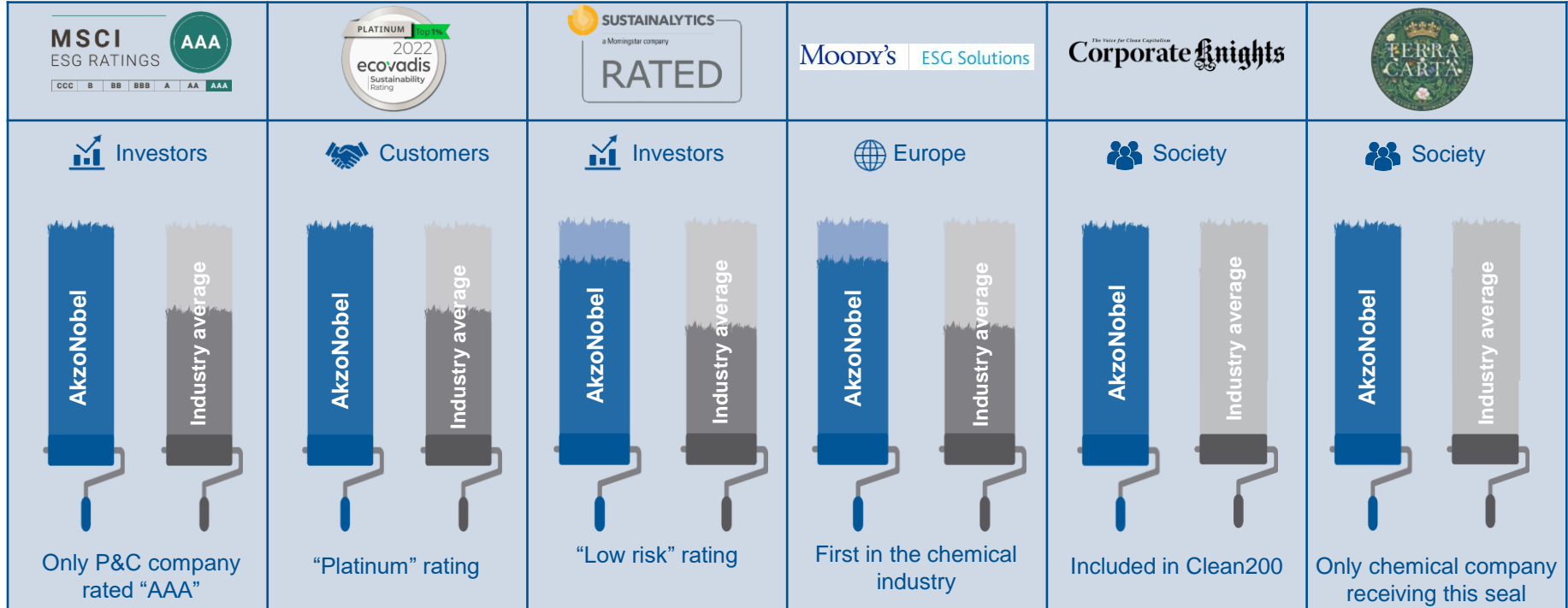
\* Source: Orr & Boss, internally reduced forecast.

# Sustainable Innovation

## Klaas Kruithof

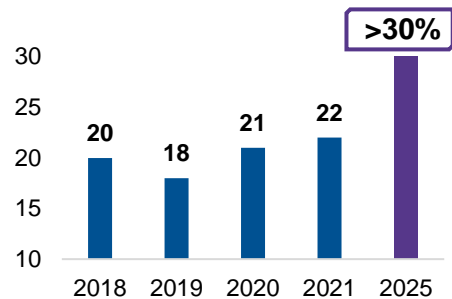


# Recognized sustainability leader in industry AkzoNobel



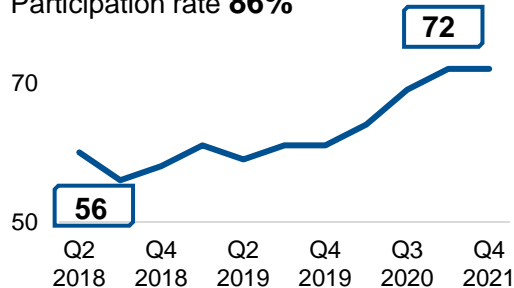
# People. Building a diverse, inclusive and caring organization

## Female executives (in %)



## Organizational Health Index (OHI)\*

Participation rate **86%**



## Demonstrating diversity and inclusion

- Leading safety record in the industry
- >1,000 projects to help revitalize communities between 2020 and 2025
- 35,000 community members trained between 2020 and 2025

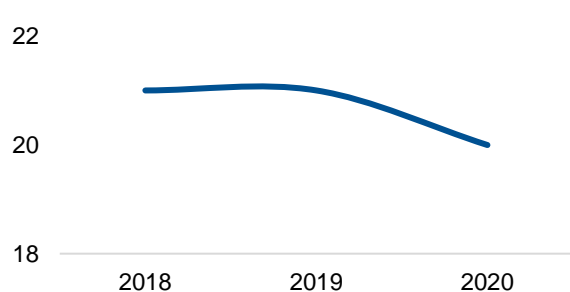
**Top employer** recognition in many key countries, including **China, the UK, the Netherlands, US, Brazil, France and Germany** and **top employer** in Europe



\* Source: Organizational Health Index by McKinsey.

# Planet. 50% less carbon emissions from our own operations by 2030

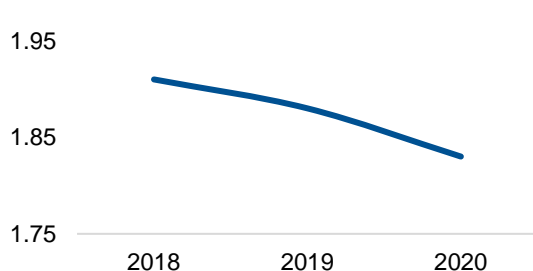
Waste per ton of production (in kg)



## Ambitious 2030 environmental targets

- ↴ 100% renewable electricity
- ↴ >30% energy reduction\*
- ↴ Towards zero waste:
  - ↴ 100% reusable waste
  - ↴ 100% of water intensive sites reusing water

Energy use per ton of production (in GJ)



## €9 million

Saved from projects directly related to **waste, energy reduction and water reuse** in 2020



**100%**  
Renewable electricity in Europe in 2022



Circular use of paint sludge (Vietnam)



\* Versus 2018 baseline.  
2021 numbers for energy and waste to be published on March 2, 2022.

# Paint. Delivering value by offering increasingly more sustainable solutions

From...

~40%

Revenue from **sustainable solutions** in 2021

### Ambitious sustainable portfolio targets

- >50% of revenue from sustainable solutions by 2030
- 50% recycled content to be used in plastic packaging by Deco Paints EU by 2025

...Towards

>50%

Revenue from **sustainable solutions** by 2030

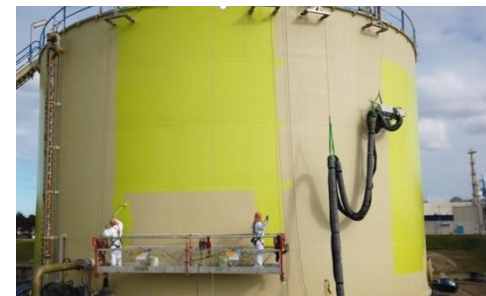


### Margin accretive sustainable solutions

Higher gross margin for sustainable solutions versus standard products\*



Dulux Trade contains 35% recycled paint



Robotized application

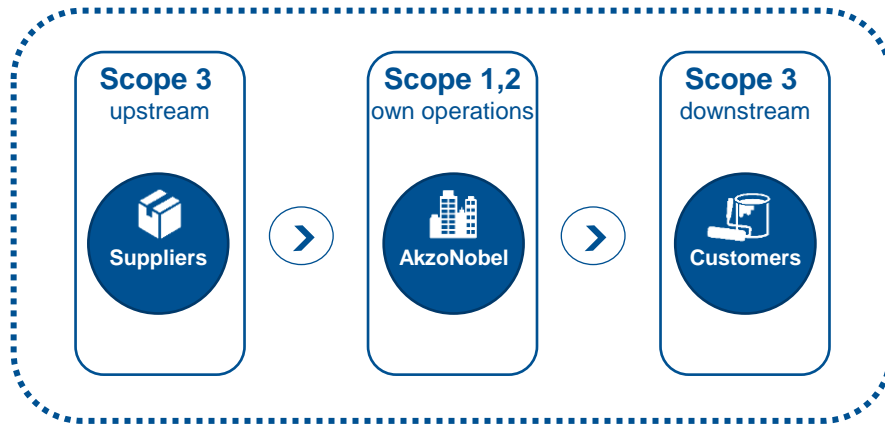
\* For Performance Coatings, analysis covers majority of coatings product portfolio.

# Pioneering carbon reduction target validated AkzoNobel by the Science Based Targets initiative

- First paints and coatings company with a **carbon reduction target** for the full value chain
- Our target is to reduce carbon emissions for the **whole value chain by 50% by 2030\***
- Our target is **aligned with the Paris agreement**, aiming to limit global warming to max 1.5°C\*\*

# 50%

Reduction in carbon emissions for the whole value chain



The screenshot shows a certificate from the Science Based Targets initiative. At the top, it features the Science Based Targets logo and the text "DRIVING AMBITIOUS CORPORATE CLIMATE ACTION". Below this, it states "Approved science-based target" and provides details about the validation process. The certificate is issued to AkzoNobel NV, recognizing its commitment to a 50% reduction in absolute scope 1 and 2 GHG emissions by 2030. The date of issue is August, 2021, and the certificate number is AKZO-NET-003-OFF. Logos for CDP, UN Global Compact, World Resources Institute, and WWF are visible at the bottom.



\* Baseline 2018.

\*\* Above pre-industrial levels.

# Sustainable innovation

Solutions beyond generations for our customers worldwide

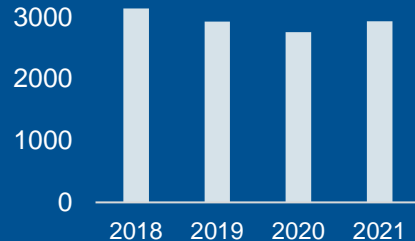
€1.25 billion  
spent on R&D in the last five years

3,000  
scientists employed worldwide

70  
laboratories globally

5  
global technology centers

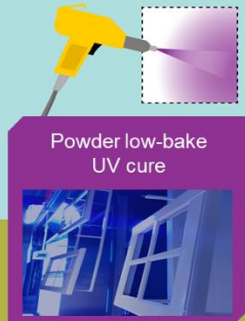
Patent positions



## SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

 Productivity



 Asset  
protection



 Surface  
enhancement



 Environmental  
protection



Customers | Suppliers | Startups | Academia





Advanced Research Center  
Chemical Building Blocks Consortium



Utrecht University

**TU/e** EINDHOVEN  
UNIVERSITY OF  
TECHNOLOGY



rijksuniversiteit  
 groningen

## Startup challenges Global – Brazil – China



MEMBERS  
**10.008**

SUBMISSIONS  
**750**

SoMe REACH  
**71m**

## Supplier challenges 2019-2021



INVITEES  
**127**

SUBMISSIONS  
**214**

SoMe REACH  
**157k**

## Academic program 2016-2026



- Employing ~150 PhDs
- Scientific leader: Prof. Ben Feringa, Nobel Prize Chemistry Laureate 2016



# Collaborative Sustainability Challenge 2022

Expanding our collaborative innovation ecosystem and collectively reducing our carbon footprint together with our value chain partners





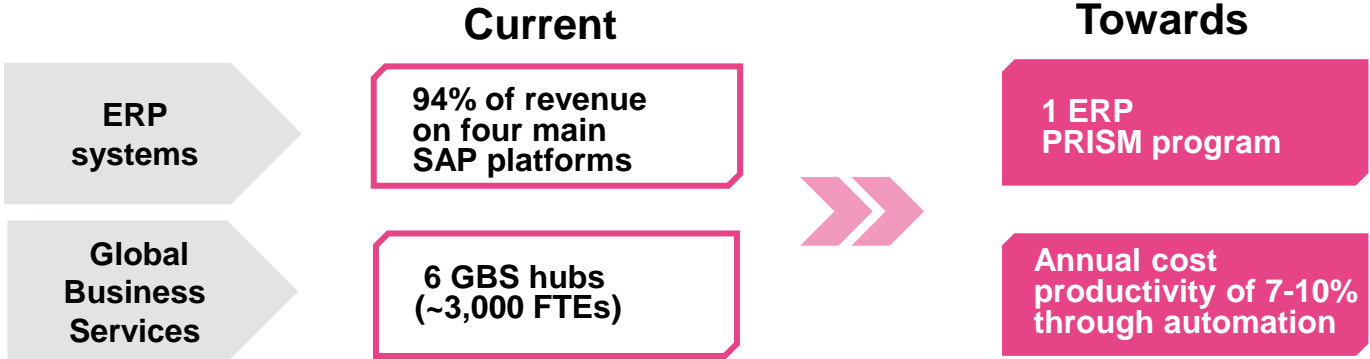
# DELIVER

Maarten de Vries

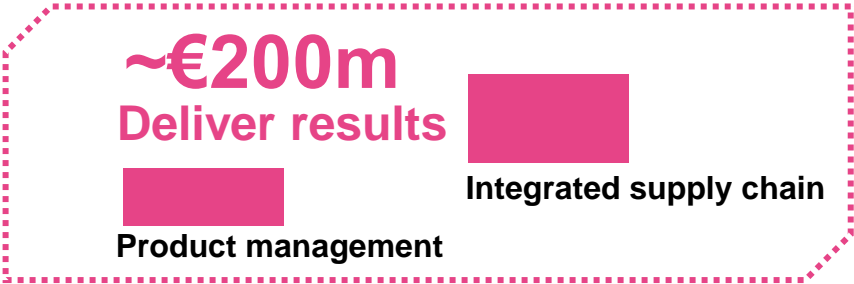


# Strong foundation enables Grow & Deliver

Precise processes allow for further complexity reduction



Foundation serves as key enabler for complexity reduction



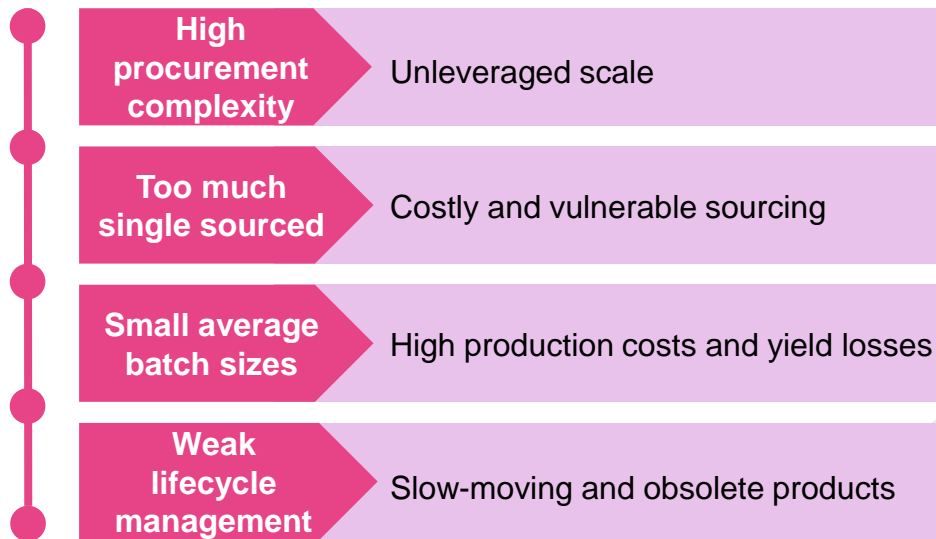


**DELIVER**  
**Product management**  
Thierry Vanlancker



# Product management unlocking end-to-end value through complexity reduction

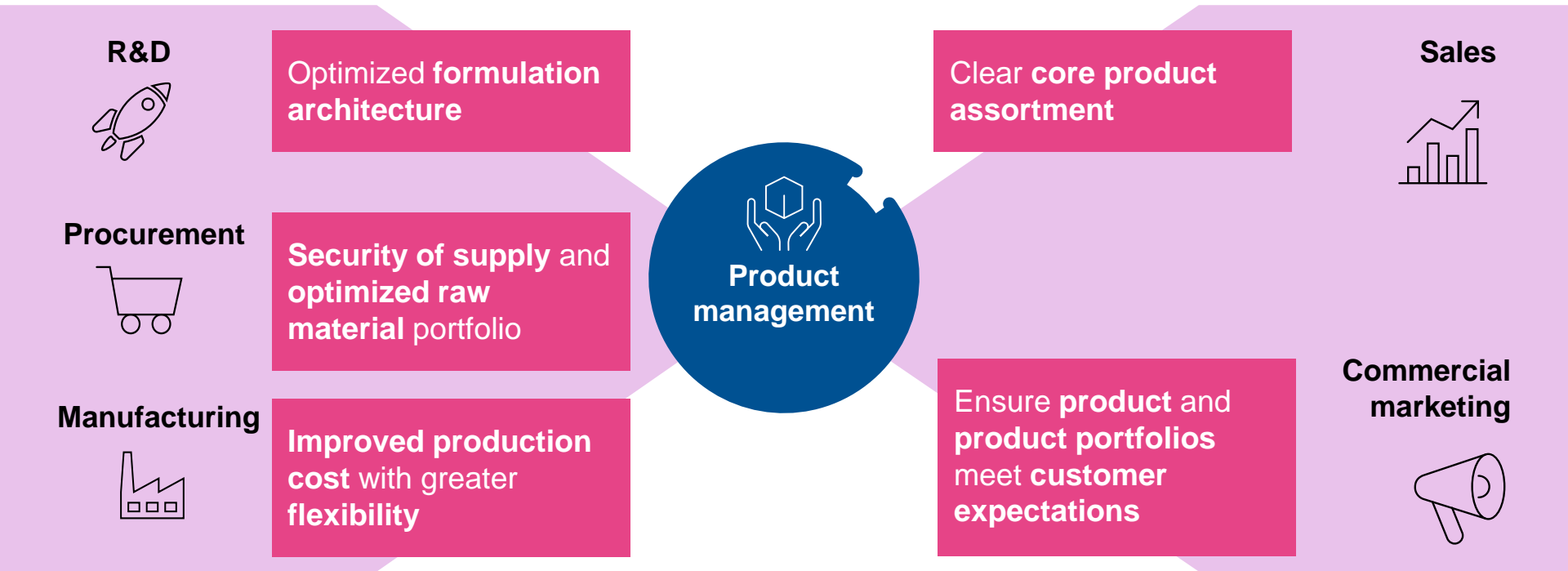
## Legacy...



# Cross-functional collaboration is key to make product management successful

Delivering cost competitive portfolio...

... Defining winning product range



# Product management in place

Driving standardization and simplification

**AkzoNobel**

Resulting in  
**reduced complexity**

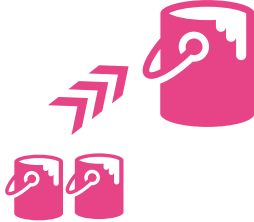
**Half**  
# of raw materials

**Double**  
dual sourcing

**Fewer raw materials**



**Increased batch size**



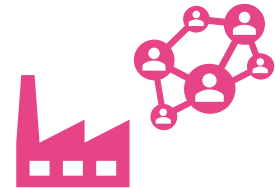
**Late differentiation**



**Standardized packaging**



**Network optimization**





# Case study 1: Product management Decorative Paints EMEA

### From

- └ High complexity in
  - └ Raw materials and packaging
  - └ Finished products
- └ Minimal product portfolio and manufacturing leverage
- └ 8,400 semi-finished products / formulations with slow-moving and obsoletes



### To

- └ EMEA catalog of **formulations** and **packaging**
- └ **Late differentiation** for color, labeling and packaging
- └ **Reduced complexity** in raw materials
- └ **Leverage** of manufacturing network through **archetypes**
- └ **Optimization opportunity** in working capital



**-40%**  
formulations

**-25%**  
packaging variants

**~€30m**  
EBITDA improvement  
by 2023\*

\* Compared to 2021 baseline.

# Case study 2: Resins manufacturing and supply AkzoNobel

Creating additional in-house value for sustainable growth

Resins to support innovation, growth and sustainability



Strategically positioned to leverage scale and generate value with 23 resin assets



Investments to drive asset efficiency, secure raw material supply and maximize utilization



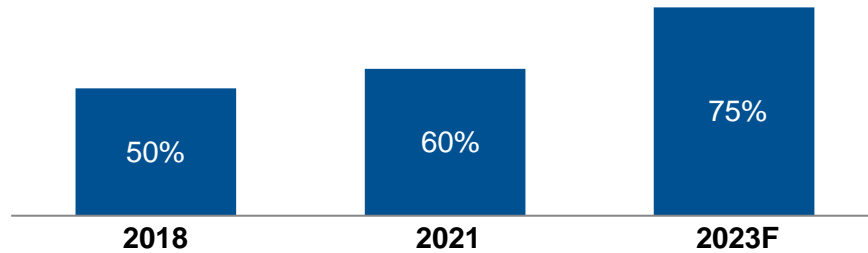
Significant value creation to drive EBITDA improvement by 2023



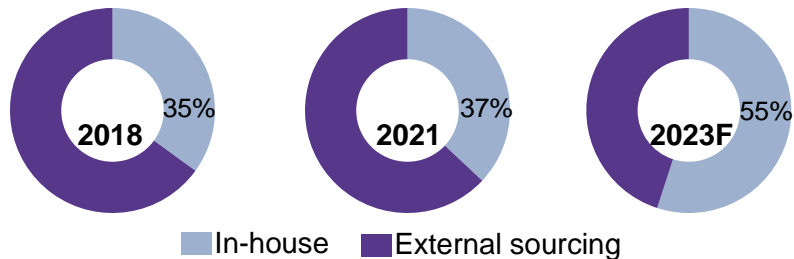
# Resins: Value creation opportunity

Delivering more balanced supply at lower cost

Our global Resin plants' utilization (%)



In-house production volumes vs. external sourcing



- ↗ **Resins** assets to be better utilized
- ↗ Improving overall **profitability**
- ↗ Driving **supply chain resilience** for one of our key raw material streams (2021: ~€1.6bn sourced externally\*)
- ↗ Driving **innovation** through key resins in **collaboration** between our supply partners and our in-house capabilities
- ↗ **EBITDA improvement of ~€15-20m** by 2023

\* Excluding raw material for in-house production.

**DELIVER: Integrated  
supply chain**  
Karen-Marie Katholm







# Fit-for-purpose integrated supply chain

Focusing on customer centricity with our 2023 ambitions in mind





- ~14,000 People
- 120 Manufacturing Sites
- 330 Warehouses
- ~€300m CapEx/Year
- ~€1.5bn OpEx
- 80m Customer order lines per year
- 134,000 End products
- >12,000 Raw materials



### 2023 ambitions

<b>Safety</b>  Remain best-in-class	<b>Service</b>  Top notch service levels
<b>Cost</b>  Efficiency offsetting fixed cost inflation	<b>People</b>  Top quartile in organizational health

### Enablers

 Network optimization	 Digitization	 Maturity improvement	 Customer segmentation
---	---	---	--

# Turning supply chain into a competitive advantage



### Plan

- ↗ Enhanced operating model
- ↗ Standardized and integrated processes
- ↗ Best-in-class, end-to-end planning system



### Source

- ↗ Digital transformation
- ↗ Enhanced forecasting capabilities
- ↗ Sourcing experts located close to all markets



### Make

- ↗ Network optimization with insourcing capabilities
- ↗ Continuous improvement
- ↗ Digital enablers and sustainable solutions



### Deliver

- ↗ End-to-end visibility in logistics
- ↗ Optimized warehouse and transport management
- ↗ Best-in-class order fulfilment



# State-of-the-art demand & supply planning AkzoNobel

Increased reliability, responsiveness and visibility for value-driven decisions



## Plan



### From

- Multiple versions of truth
- Manual, disconnected planning
- Limited effectiveness of decision-making

### Through

- Optimally centralized supply planning
- Standardized processes
- One source of truth
- Scenarios generated by state-of-the-art planning suite

### To

- Efficiently leveraged** and resilient supply chain network
- High responsiveness** to changing conditions while sensing external dynamics
- Agile, effective and speedy** decision-making

~20% lower days of inventory\* and improved service levels

EBITDA improvement of ~€30m by 2023\*

\* Compared to 2021 baseline.

# Digital procurement transformation

Unlocking further value through sourcing efficiency and supply security



## Source



## Challenges

- Supply disruptions
- Inflation
- Raw material shortages
- Logistics capacity shortages
- Labor shortages

## Our response

- Optimizing operating model
- Improving forecasting capabilities
- Preparation for digital transformation

## Towards 2023

- Increase dual-sourcing through **portfolio optimization**
- Improve **supplier risk and performance management**
- More **effective tendering** and **increased market insights**



**Enabling lower cost to serve, value engineering and product management**



# Customer-centric network optimization

Organized through manufacturing archetypes, while investing for growth



**Simple and efficient**

**60%**  
of volumes



- Lowest total cost for high volumes at consistent quality
- Example: White wall paint, packaging coatings



**Managed complexity**

**35%**  
of volumes



- Many end products with selective customizations at balanced cost
- Example: Coloured wall paint, basecoats for vehicle refinishes



**Make**

**Agile and adaptive**

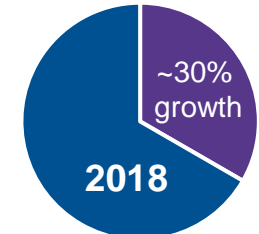
**5%**  
of volumes



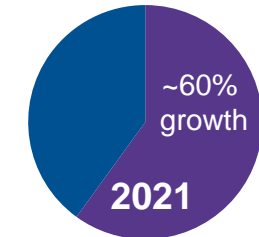
- Fulfil new and/or last-minute customer requests at a fast pace
- Example: Aerospace Coatings, rapid service unit for Powder



**CAPEX shifting towards growth**



**2018**



**2021**

■ Growth  
■ Maintenance

# Driving operational efficiency

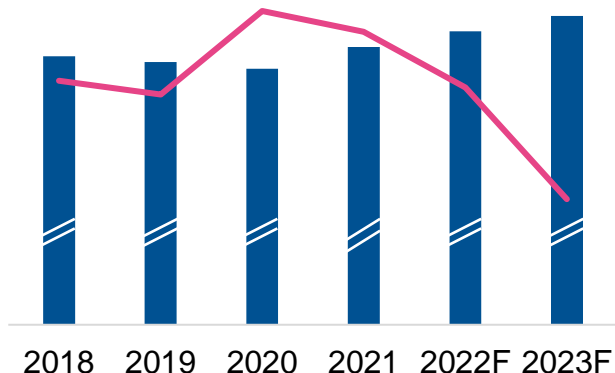
Continuous improvement via digitization & automation to offset fixed cost inflation



3+% efficiency gains on average  
(year-on-year)

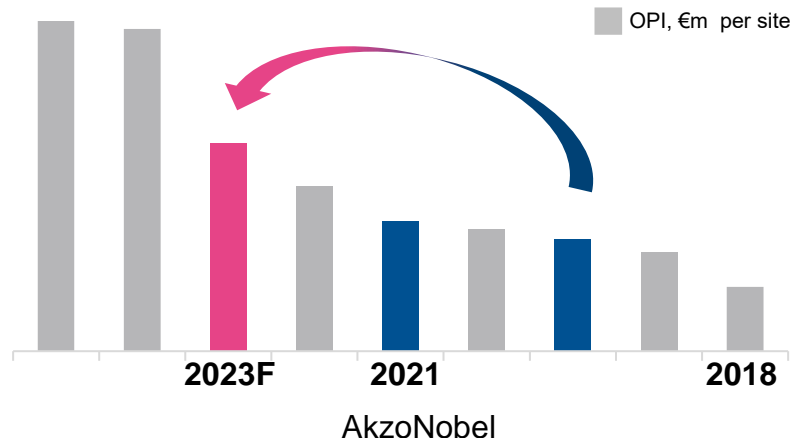


Make



■ Production volumes  
— Production cost per unit

Improvement in OPI per site vs peers by 2023\*



**EBITDA improvement of ~€60m by 2023\*\*  
(net of fixed cost inflation)**

Source: company reporting and internal analysis.

\*AkzoNobel assumes 2021 OPI (peers latest available annual figures and number of plants).

\*\* Compared to 2021 baseline and by end of 2023.

# Improved customer service

Enabled by transparency and agility at competitive cost levels



- ↗ Freight optimization
- ↗ Predictive analytics



- ↗ Warehouse management
- ↗ Network optimization



- ↗ Tailored service level agreements
- ↗ Track and trace

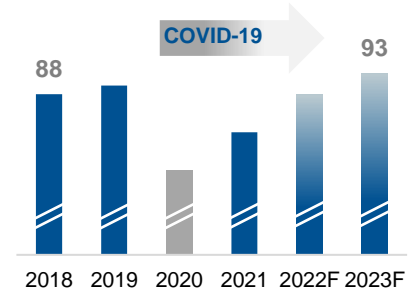


**Deliver**

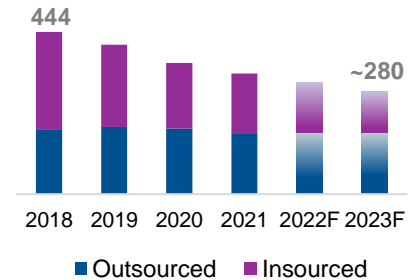


**EBITDA improvement of ~€60m by 2023\*\***

## Improved service levels\*



## Optimized warehouse network

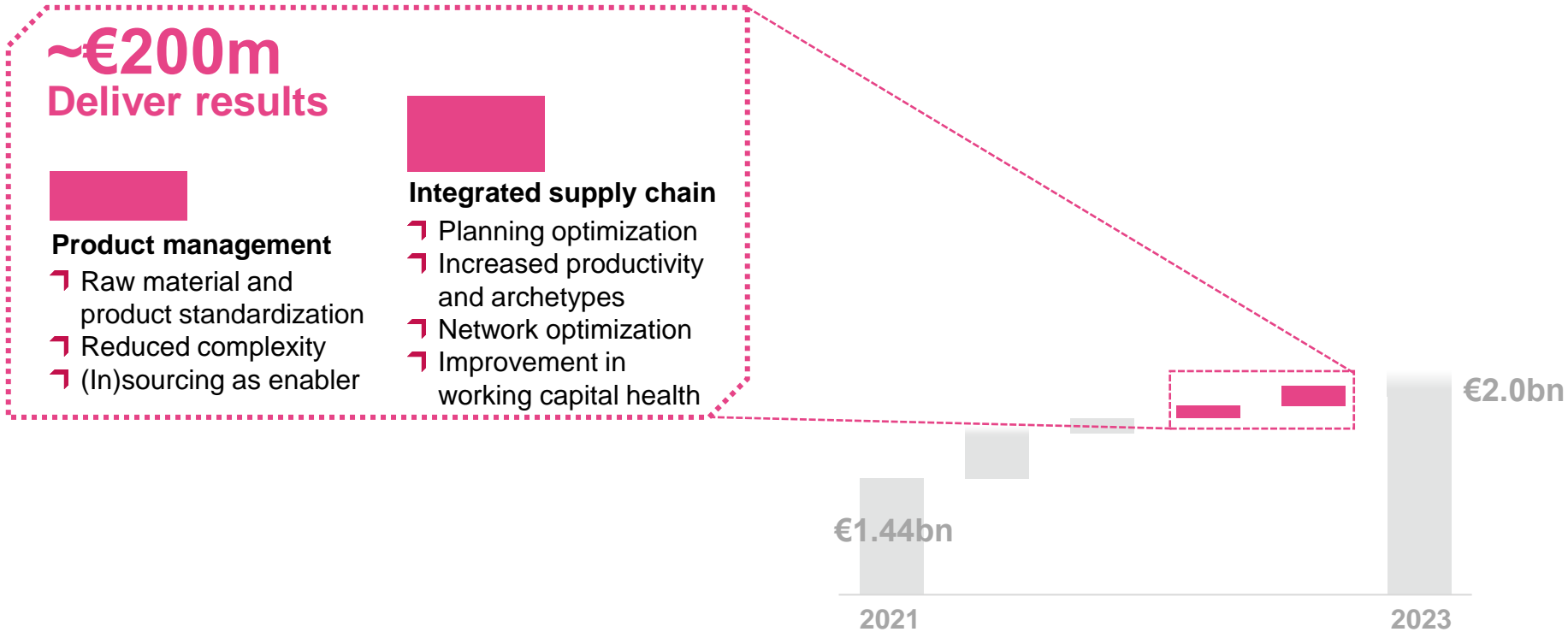


\* Measured by the metric "on time, in full %".

\*\* Compared to 2021 baseline.

# Grow & Deliver: €2bn adj. EBITDA by 2023 AkzoNobel

Deliver efficiency gains and cost optimization



# Capital allocation

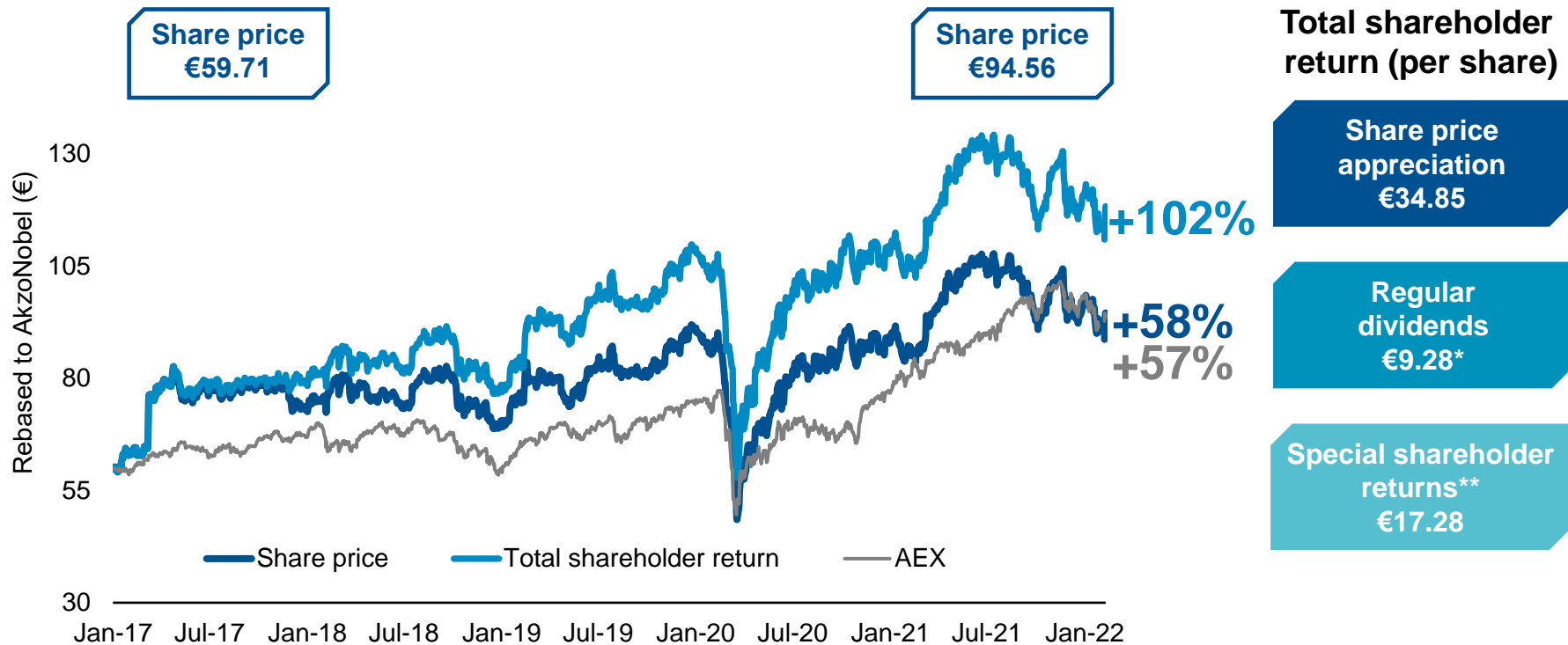
Maarten de Vries



# Total shareholder return

Significant value unlocked since 2017

# AkzoNobel



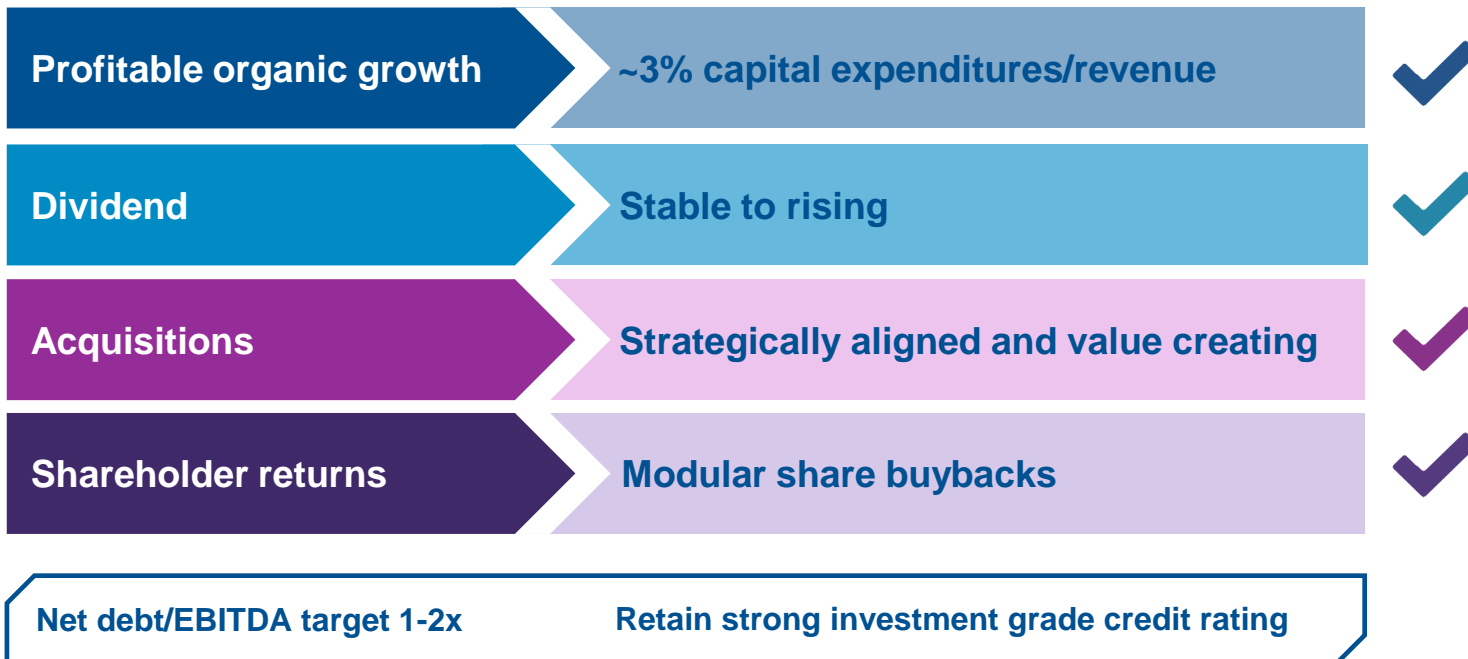
Source: Bloomberg; January 2, 2017 to February 10, 2022.

\* Regular dividends declared for 2017-2021.

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

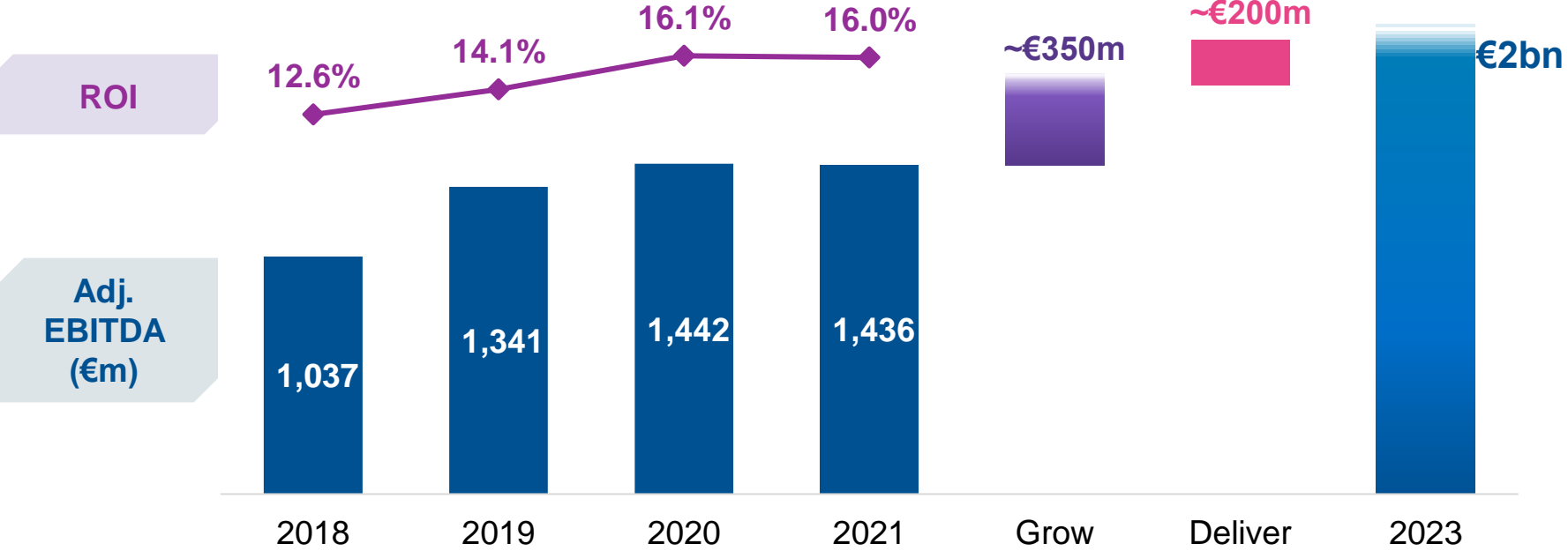
# Delivering on capital allocation priorities

**AkzoNobel**



# On the way to €2bn adj. EBITDA by 2023

Increasing return on invested capital

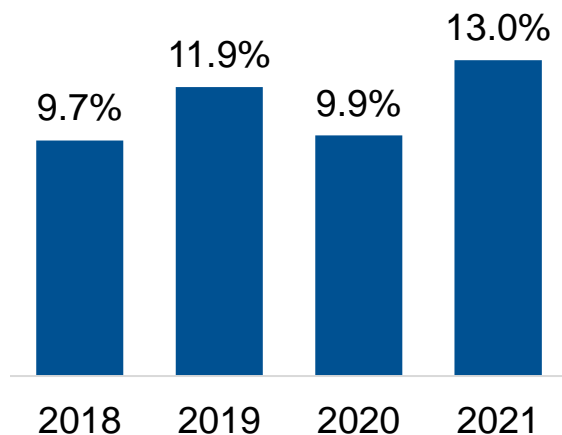




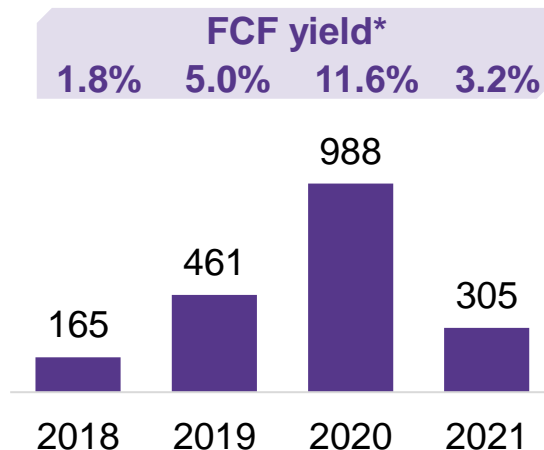
# Working capital and free cash flow

Impacted by raw material inflation and supply constraints

Operating working capital (Trade) as a % of revenue



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



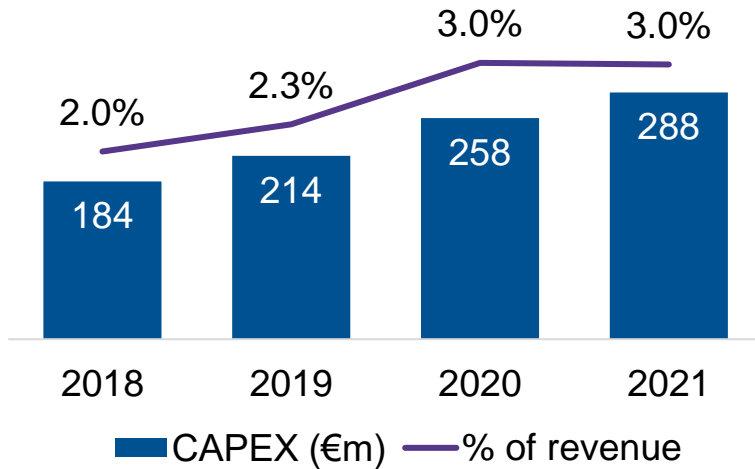
- Working capital lower versus comparable peers
- Working capital impact from raw material inflation at ~2% (2021)
- Supply chain initiatives to drive 20% improvement in days in inventory by 2023
- Annual pension top-up payments of ~€10m moving forward

\* Defined as free cash flow excl. pension pre-funding and top-payments as percentage of revenue.

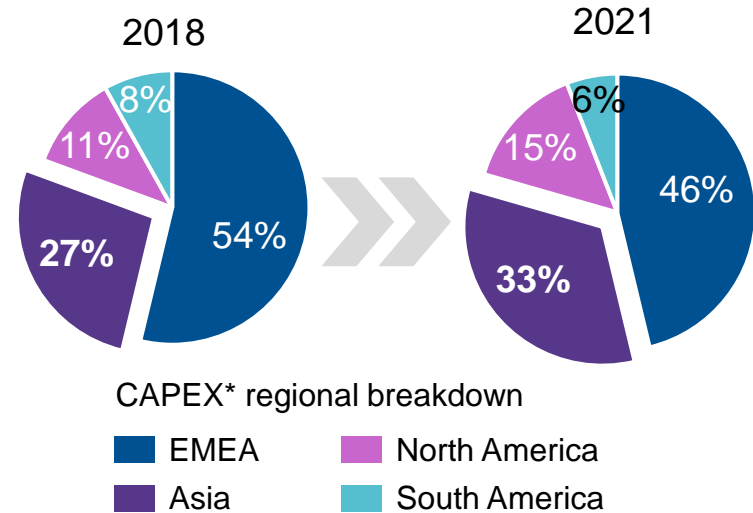
# Capital expenditures

Directing investments to support growth businesses

CAPEX expansion to support Grow & Deliver ...



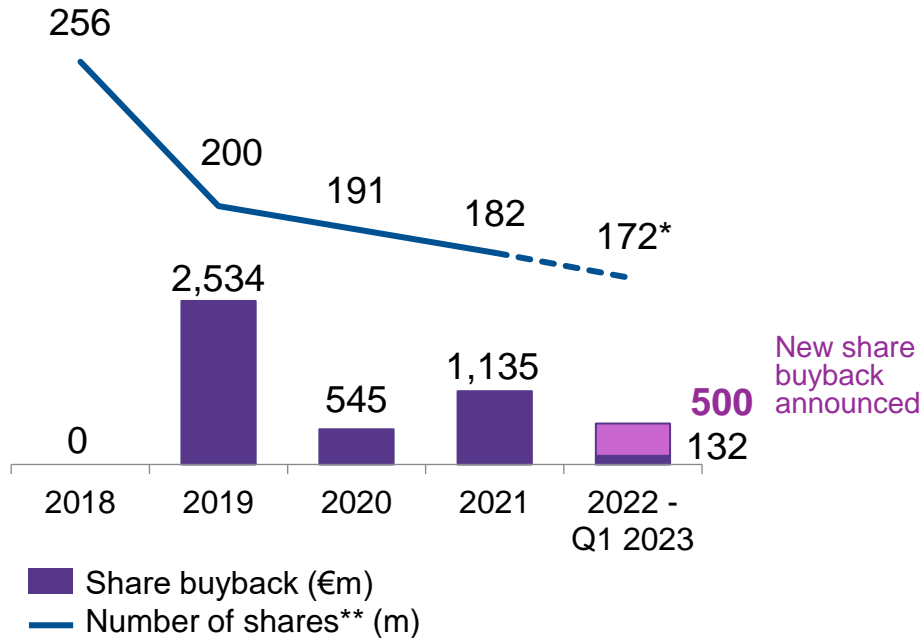
...with increased focus on Asia



\* Excludes CAPEX in intangible assets.

## Shareholder returns

Significant reduction in shares through share buybacks



- ↗ **29%** of shares canceled vs 2018
- ↗ **€2.5bn** cash returned from Specialty Chemicals divestment in 2019
- ↗ **€1.8bn\*\*\*** in Q4 2019-22 YTD
- ↗ **€500m** new share buyback to be completed by Q1 2023

\* Based on the share price as of February 10, 2022, and cancellation of treasury shares.

\*\* At year-end and including treasury shares.

\*\*\* Includes €132m share buyback completed in Q1 2022.

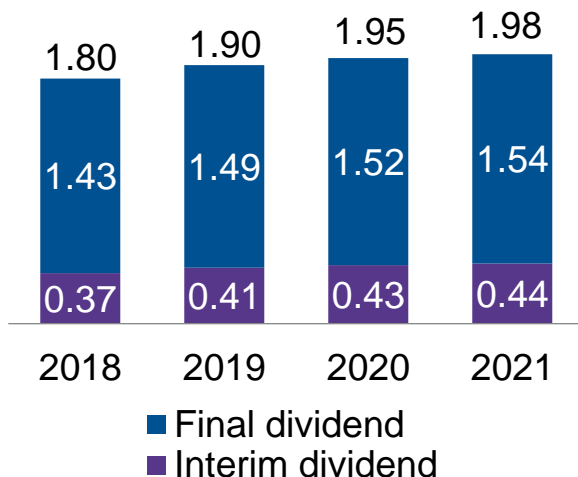
# Dividends and earnings per share

Stable to rising dividends and significant EPS growth

## 2.3%

avg. dividend  
yield 2018-21

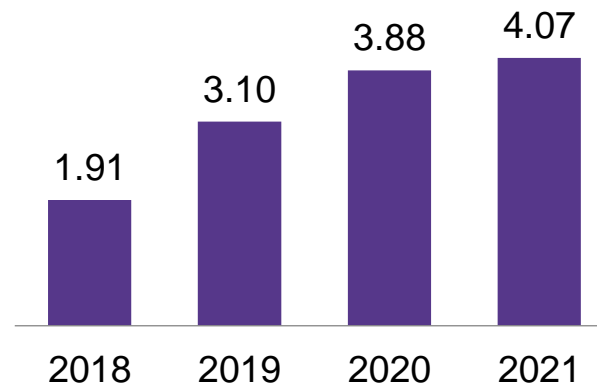
### Dividends per share (€)



## 113%

adj. EPS  
growth  
2018-21

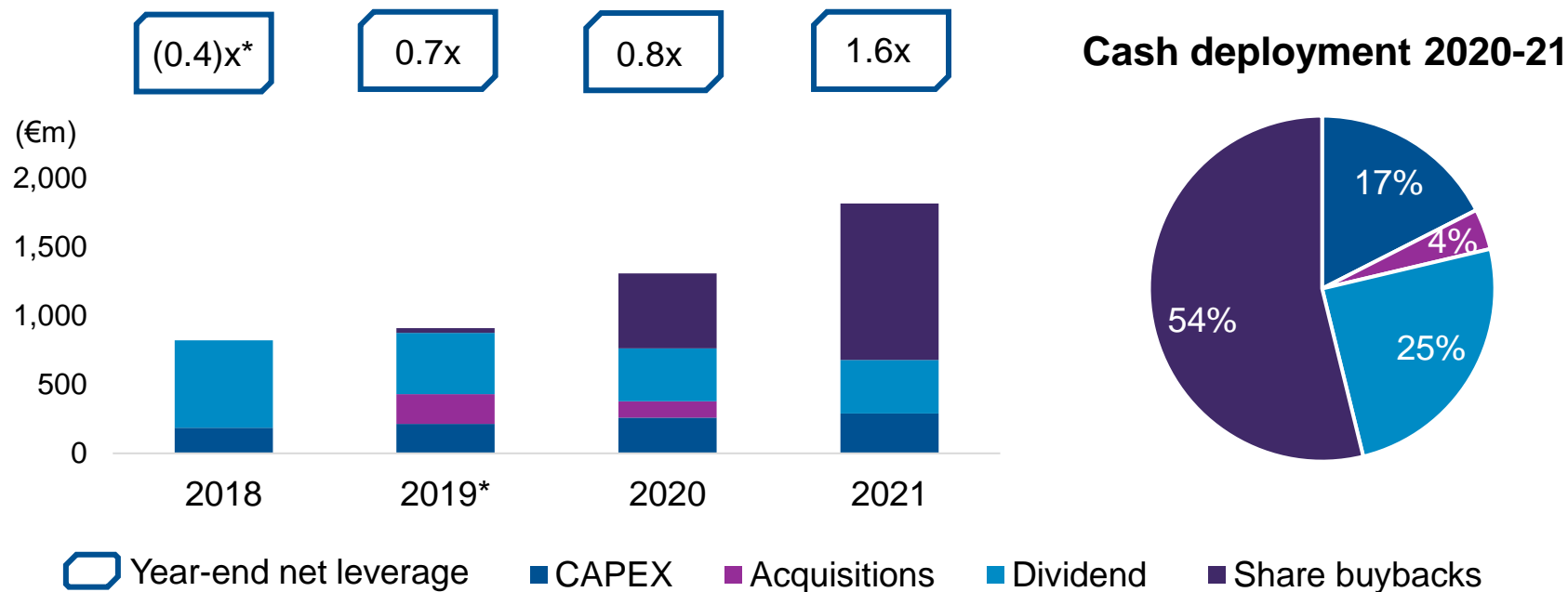
### Adj. earnings per share\* (EPS) (€)



\* Adjusted earnings per share from continuing operations.

# Executing on capital allocation priorities

Deployed >75% of cash to shareholder returns (2020-21)



\* Adjusted for the cash returned to shareholders from the Specialty Chemicals divestment.

# Track record of strategic M&A

2018

xylazel

**Spain**

Leading woodcare position



**Romania**

Leading paints position



**Malaysia**

Leading paints position

2019

MAPAERO

**Aerospace**

Cabin/interior coatings



**Mauritius**

Leading paints position

2020



**Yacht**

North America retail

2021



**Spain**

Leading paints position

2022



**Central and South America**

Leading paints position

- ↗ Track record of accretive acquisitions
- ↗ Clear mapping to business and regional gaps and opportunities
- ↗ Delivered **1% CAGR** of **inorganic topline growth (2018-21)**
- ↗ Discipline to buy the right assets at the right price, post synergy value-weighted multiple **<11.5x\***

Acquisition of Grupo Orbis is expected to close in Q1 2022.

\* EV-weighted average of EV/EBITDA transaction multiples.

# M&A case study: Decorative Paints Spain

# AkzoNobel

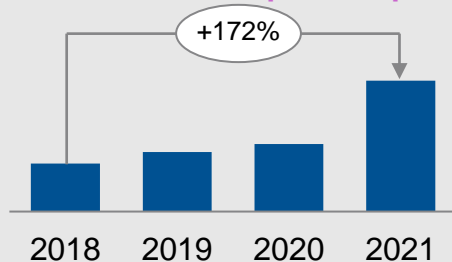
Building on strong foundations with series of acquisitions

€600m\* market

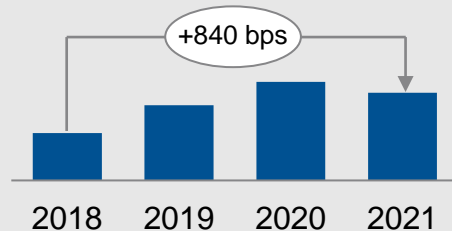
#1 position\*\*



Revenue AkzoNobel paints Spain (€m)



ROS AkzoNobel paints Spain (%)



## Logical fit

- ↯ Leading position\*\*
- ↯ Leading local brands:
  - #1 brand\*\* in color (Bruguer)
  - #1 brand\*\* in premium wall paint (Titan)
  - Leading woodcare position\*\* (Xylazel)
- ↯ Joint technical and commercial expertise
- ↯ Foundation for future growth opportunities including Green Deal

## Synergy case

- ↯ Network optimization
- ↯ Selling, general & administrative costs
- ↯ Cross-channel sales opportunities
- ↯ Titan: 50% of synergies will be realized in 2022

\* Source: internal analysis.

\*\* By value.

# **GROW & DELIVER recap**

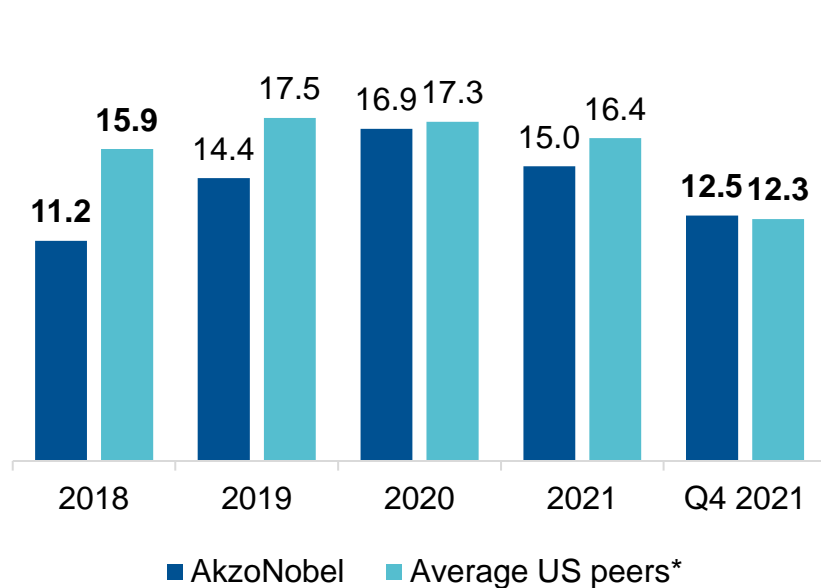
Thierry Vanlancker



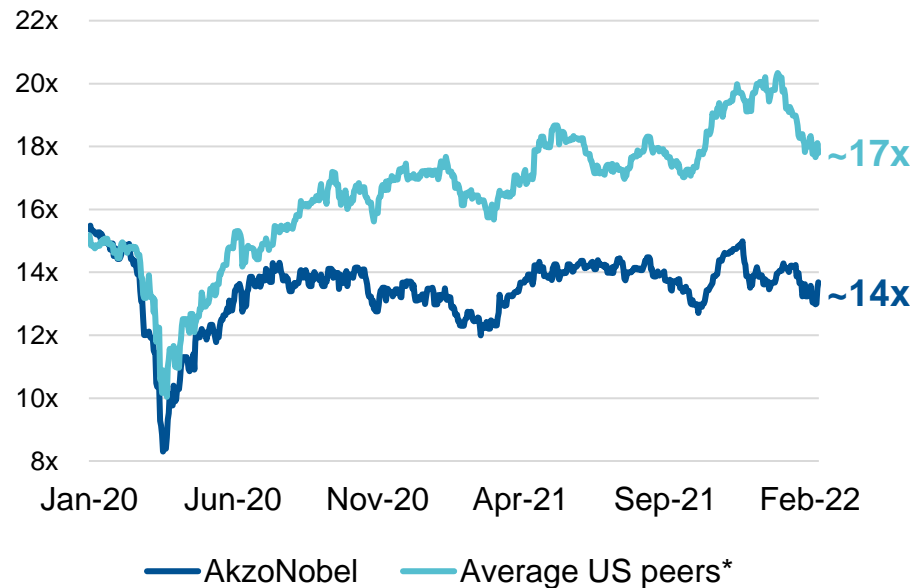


# EBITDA margin on par with US peers

### Adj. EBITDA margin (%)



### Evolution of EV to trailing 12 months adj. EBITDA\*\*

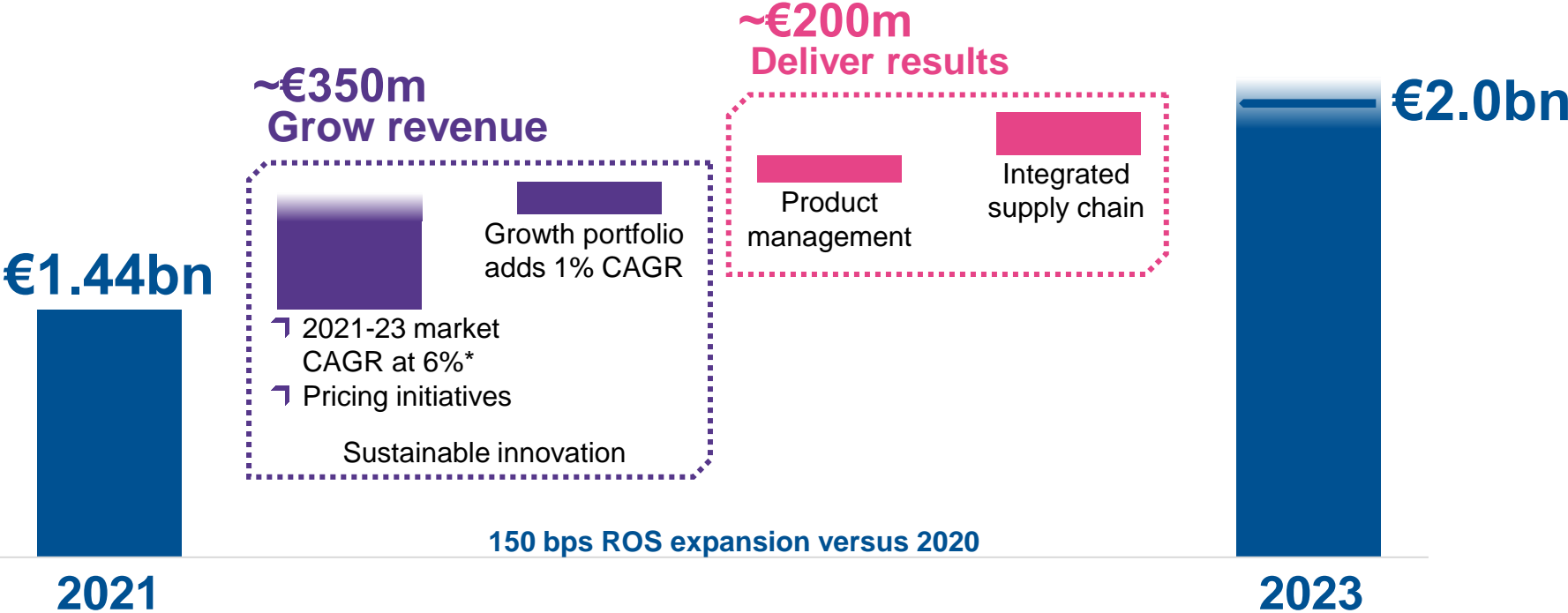


\* Sherwin-Williams, PPG, Axalta. Source: company reporting.

\*\* Source: Factset; January 1, 2020 to February 10, 2022.

## Grow & Deliver: €2bn adj. EBITDA by 2023

Step-up underpinned by growth and operational efficiencies



\* Source: Orr & Boss, internally reduced forecast. Assumes no significant market disruption.

# Investor update Q2 2022

July 20, 2022

# AkzoNobel

## Rising to the challenge

The world's biggest offshore wind farm is being protected from the ravages of the North Sea by our International coatings. Hornsea 2 is located off the east coast of England and is capable of powering more than 1.3 million homes. All 165 of its towering 8MW turbines feature Interzone 954, a high-performance coating which has now protected over 2,000 offshore wind assets worldwide.

## Agenda



Key highlights



Financial review



Concluding remarks



Q&A

### **Alternative performance measures (APM)**

AkzoNobel uses APM adjustments to the IFRS measures to provide supplementary information on the reporting of the underlying developments of the business.

A reconciliation of the alternative performance measures to the most directly comparable IFRS measures can be found in the appendix to this presentation.

This Investor Update covers the highlights for the quarter. We recommend to read the Investor Update in combination with the AkzoNobel Q2 2022 Report.

The Q2 2022 Report provides additional information, including the IAS34 condensed consolidated financial statements.

All figures in this presentation and in the AkzoNobel Q2 2022 Report are unaudited. The interim condensed consolidated financial statements were discussed and approved by the Board of Management and the Supervisory Board.

# Revenue up 14% on strong pricing of 16% 2<sup>nd</sup> consecutive quarter offsetting raw material inflation

**AkzoNobel**

Q2 2022:

Revenue

Up 14%  
(up 10% in CC)

Pricing

Up 16%  
(up 4.5% in Q2'21)

Adjusted  
operating income\*\*

€249m  
(€335m in Q2'21)

ROS\*\*

8.7%  
(13.3% in Q2'21)

H1 2022:

Revenue

Up 13%  
(up 10% in CC)

Adjusted  
operating income\*\*

€479m  
(€642m in H1'21)

Pricing vs raw  
material & freight  
inflation

+€109m\*  
(-€36m in H1'21)

€245m of  
new €500m  
share buyback  
completed

\* Raw materials impact includes freight in H1 2022.

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

# Topline growth, pricing and *Focus2* initiatives drive *Grow & Deliver* strategy

- ↗ Growth for 8<sup>th</sup> consecutive quarter
- ↗ Cumulative pricing above 20% offsetting raw material and freight inflation over 2-year period
- ↗ Strong organic volume growth in paints South Asia and Latin America
- ↗ Continued coatings recovery with volumes at 2019 levels excluding impact from China lockdowns
- ↗ M&A: closing of Grupo Orbis, announced Kansai Paint's Africa and Lankwitzer's wheel coatings acquisitions

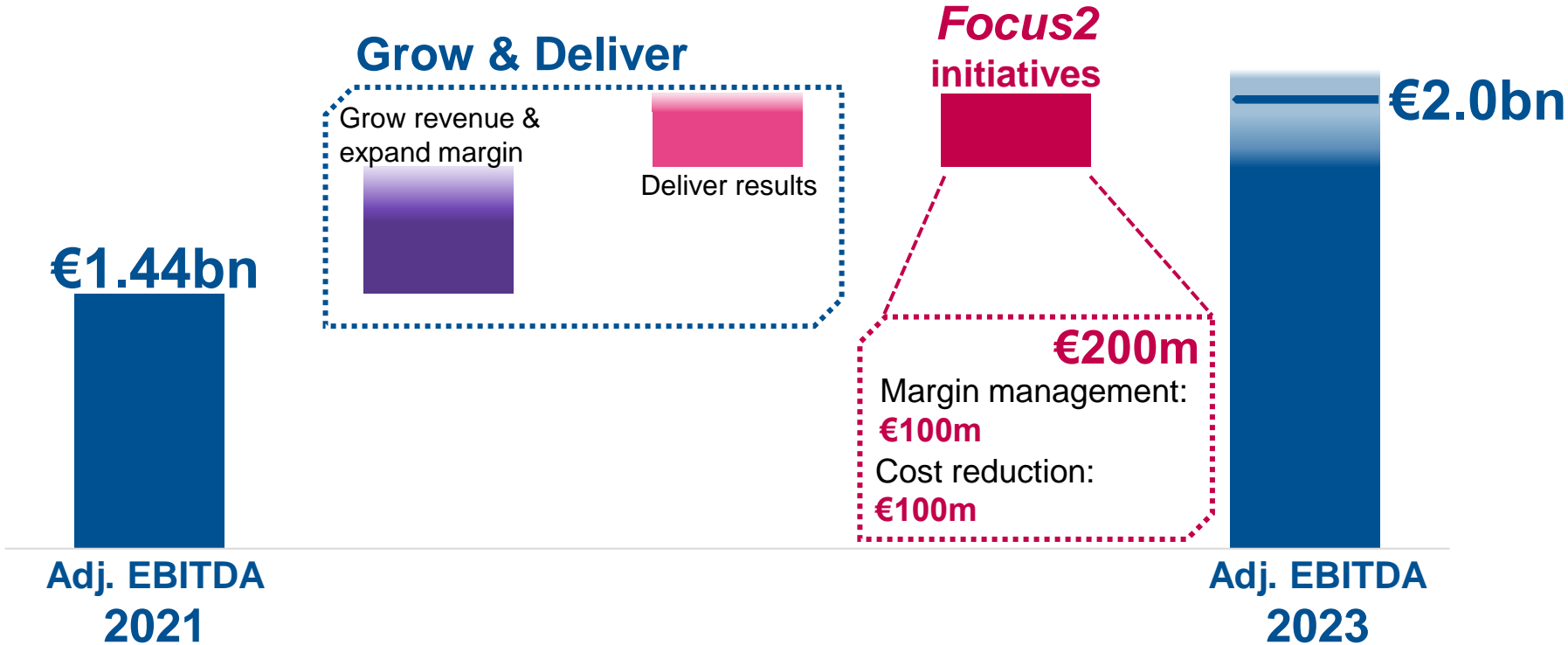
GROW

- ↗ Inclusion in Euronext Amsterdam's new AEX<sup>®</sup> ESG Index
- ↗ Maintained all-time high Organizational Health score and participation rate
- ↗ Launched *Focus2* initiatives to mitigate macroeconomic uncertainty:
  - ↗ €100m margin management
  - ↗ €100m cost reduction
  - ↗ €300m reduction in working capital

DELIVER



# Mitigating increasing macroeconomic uncertainty with launch of *Focus2* initiatives

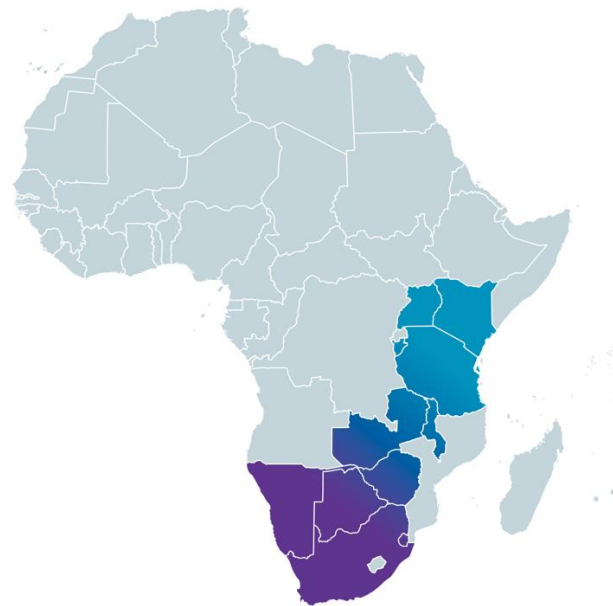


# Acquisition of Kansai Paint Africa strengthens position in Africa

**AkzoNobel**



- ↗ Plascon brand >100 years of heritage, longest-established paint brand in region together with Dulux
- ↗ Strong combination of portfolio, market expertise and platform for future growth (~6% growth rate\*)
- ↗ Completion expected during 2023



~€280m  
revenue

2,500  
employees

 12  
countries

 19  
manufacturing  
sites

 30  
warehouses

\* Source: internal estimate for revenue growth.



# Acquisition of Lankwitzer Lackfabrik's aluminum wheel liquid coatings business

# AkzoNobel



**AkzoNobel to acquire Lankwitzer Lackfabrik's aluminum wheel liquid coatings business**

AkzoNobel is to bolster its performance coatings portfolio after reaching an agreement to acquire the wheel liquid coatings business of Lankwitzer Lackfabrik GmbH. Completion, which is subject to regulatory approvals, is expected before the end of 2022. Lankwitzer's Rims and Wheel business operates out of a manufacturing site in Leipzig, Germany. Its products are approved for use by car manufacturers such as Daimler, Audi, VW, Opel, Fiat and Renault.



**57** employees



**1** production facility



**2** laboratories



# Q2 impacted by short-term headwinds with increasing uncertainties, especially in Europe

	North America	Latin America	EMEA	North Asia	South Asia
Paints	Light blue	Dark blue	Light blue	Light blue	Dark blue
Industrial	Dark blue	Dark blue	Light blue	Light blue	Dark blue
Powder	Dark blue	Dark blue	Light blue	Light blue	Dark blue
Automotive and Specialty	Dark blue	Light blue	Dark blue	Light blue	Dark blue
Marine and Protective	Light blue	Light blue	Light blue	Dark blue	Dark blue
	Signs of sequential improvement in availability		DIY EMEA: slow Q2 start and destocking; impact on Paints EMEA OPI: €50m*	Q2 China COVID lockdowns; €44m OPI impact*	Strong sequential recovery

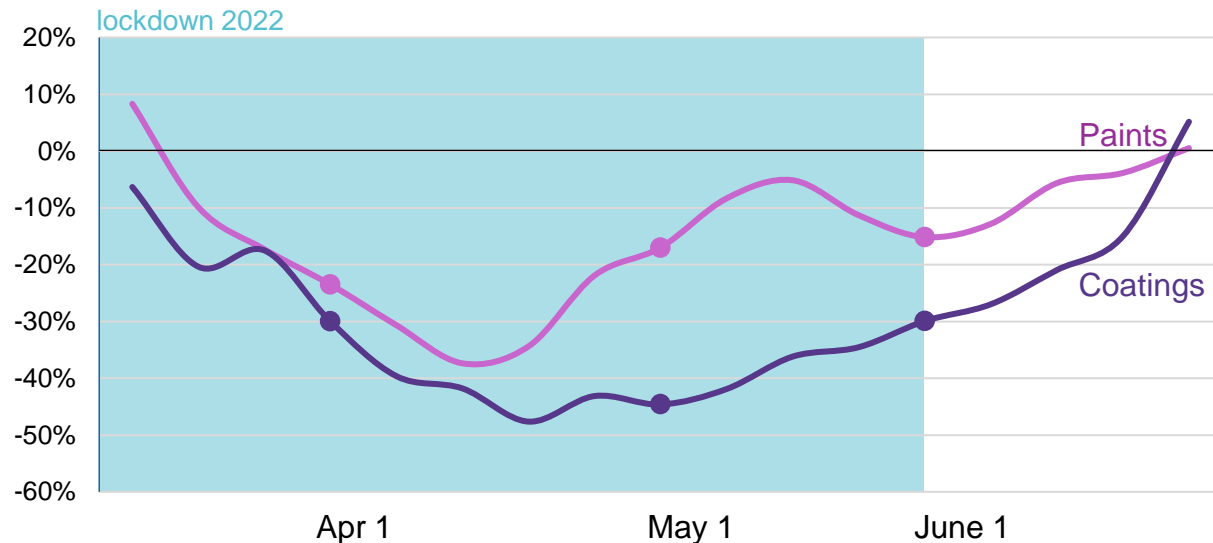
End market demand (y-o-y): Strong Medium Weak

Source: Company estimates.  
\* versus expectations entering Q2.

# Post-lockdown reopening in China

## China weekly volumes '22 vs '21

(4-week moving average y-o-y)



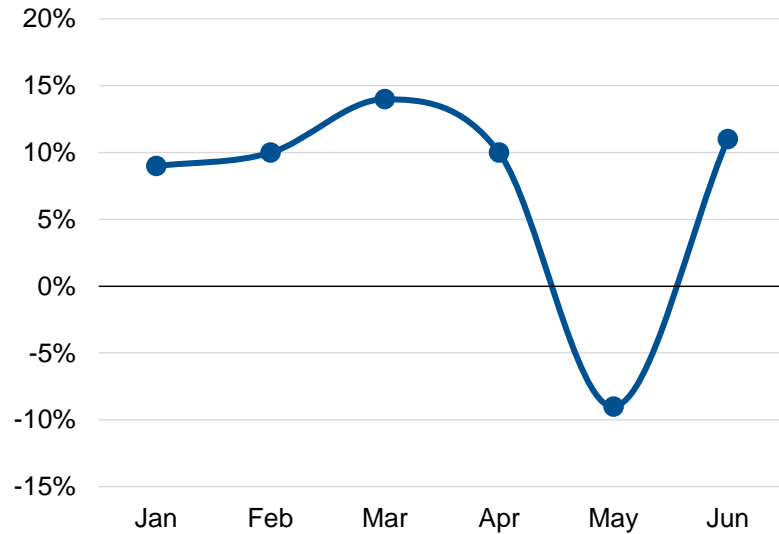
- ↗ 2022 lockdowns in China impacted both Paints and Coatings
- ↗ Paints revenue was supported by geographical expansion
  - 66 new cities in Q1 and 113 new in Q2
- ↗ Trends in June in line with sales volumes around 2021 levels



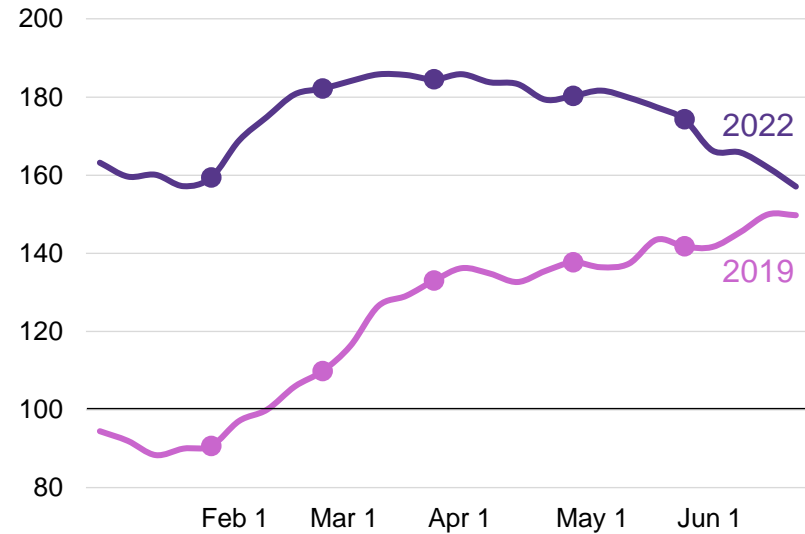
# Deco EMEA DIY Q2 volume impacted by destocking

## Case history – Deco UK DIY

### UK DIY sell-out volumes '22 vs '19



### UK DIY channels inventory build (indexed, 100 = inventory as of Jan 1, 2019)



# Industrial coatings driving growth through sustainable innovation

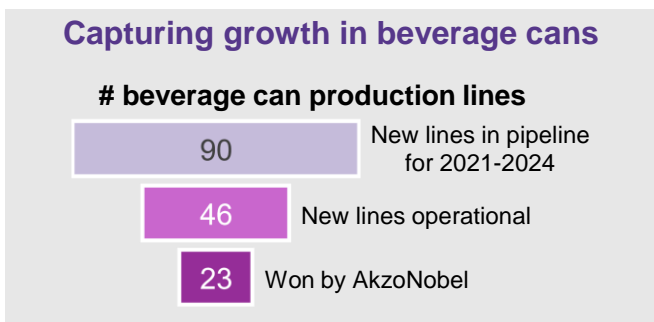
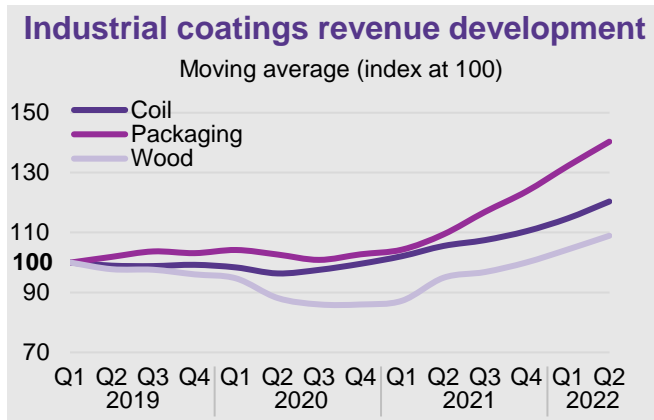
~€15bn\* market

€1.9bn revenue in 2021

#2 packaging (#1 inside can)

#1 coil

#2 wood



## Sustainable innovation

### Packaging

- Next-generation BPA<sup>ni</sup> technology for metal packaging

### Coil & Extrusion

- CERAM-A-STAR® 1050 Select: standard color palette reducing complexity
- Cr-free high-performing primer solution for Asian market

### Wood

- Acquaduro® waterborne 2K polyurethane coatings providing excellent water and chemical resistance
- Partnering with key furniture manufacturer on coatings with 5% bio-content

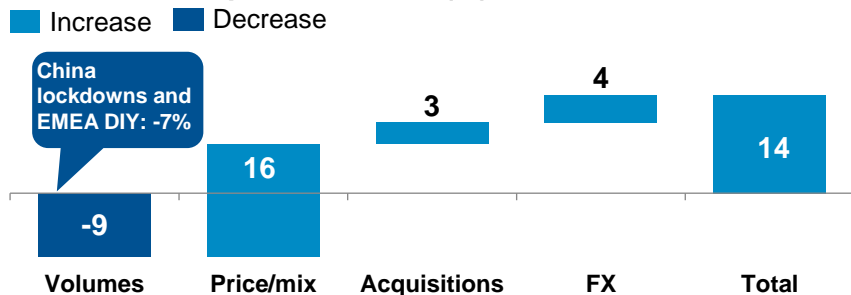
# Financial review

# Revenue 14% higher driven by strong pricing

€ million	Q2 2021	Q2 2022	Δ%	Δ%CC
<b>Revenue</b>	<b>2,511</b>	<b>2,853</b>	<b>14%</b>	<b>10%</b>
Adjusted EBITDA*	419	337	(20%)	
Adjusted operating income*	335	249	(26%)	
<b>ROS*</b>	<b>13.3%</b>	<b>8.7%</b>		
ROI*	19.3%	12.7%		

- ↗ **Volumes** lower mainly due to destocking in Europe DIY channels and China lockdowns, Q2 volumes at 2019 levels
- ↗ **Revenue** growth with pricing offsetting lower volumes
- ↗ **Adj. operating income** lower due to volumes and higher OPEX outweighing positive net pricing versus raw material and freight inflation

## Revenue development Q2 2022 (%)



## AkzoNobel included on new ESG Index

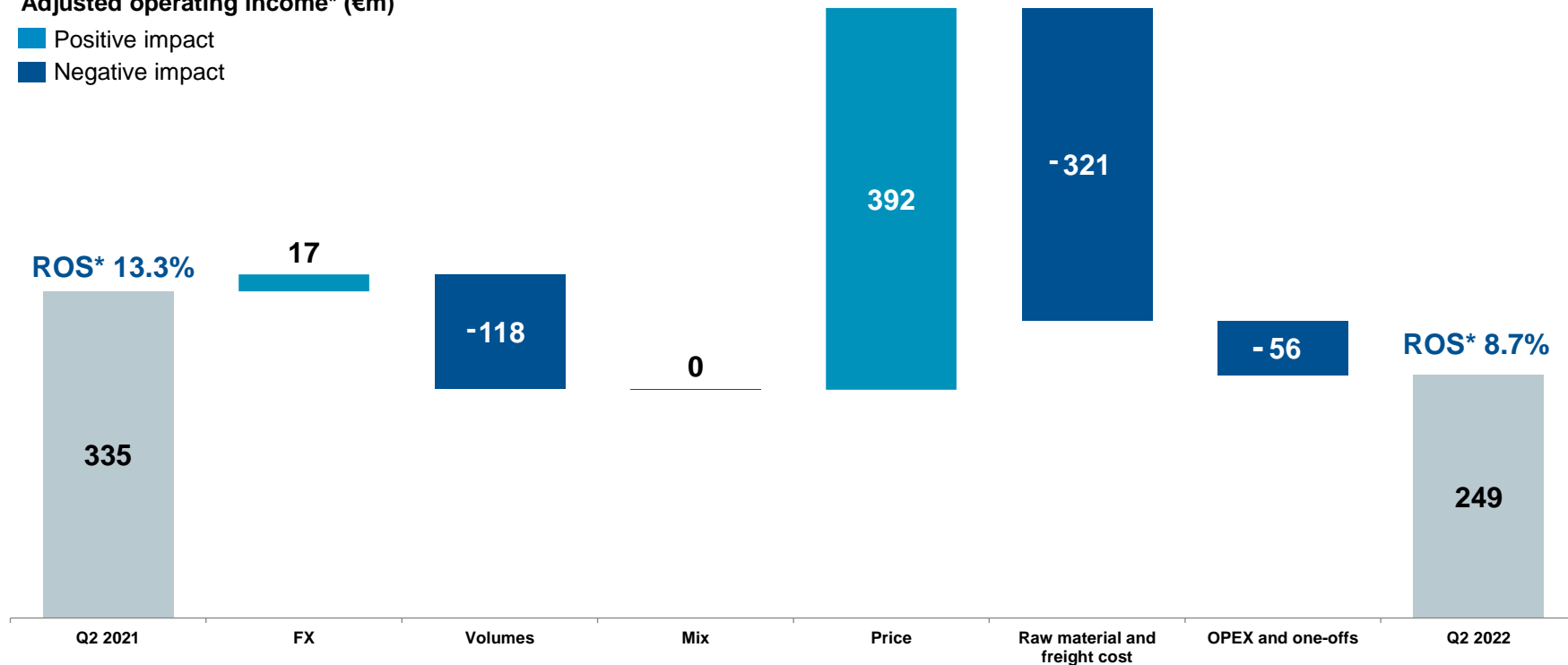
We're featured in the top 25 companies on Euronext Amsterdam's new AEX® ESG Index. It showcases companies that are leading the world in their drive towards zero waste and reduced carbon emissions. Our inclusion is based on the assessment performed by Sustainalytics, one of the key sustainability ranking agencies.

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

# Pricing offsets inflation headwind for the second consecutive quarter

Adjusted operating income\* (€m)

- Positive impact
- Negative impact



ROS\* 13.3%

ROS\* 8.7%

Q2 2021

FX

Volumes

Mix

Price

Raw material and freight cost

OPEX and one-offs

Q2 2022

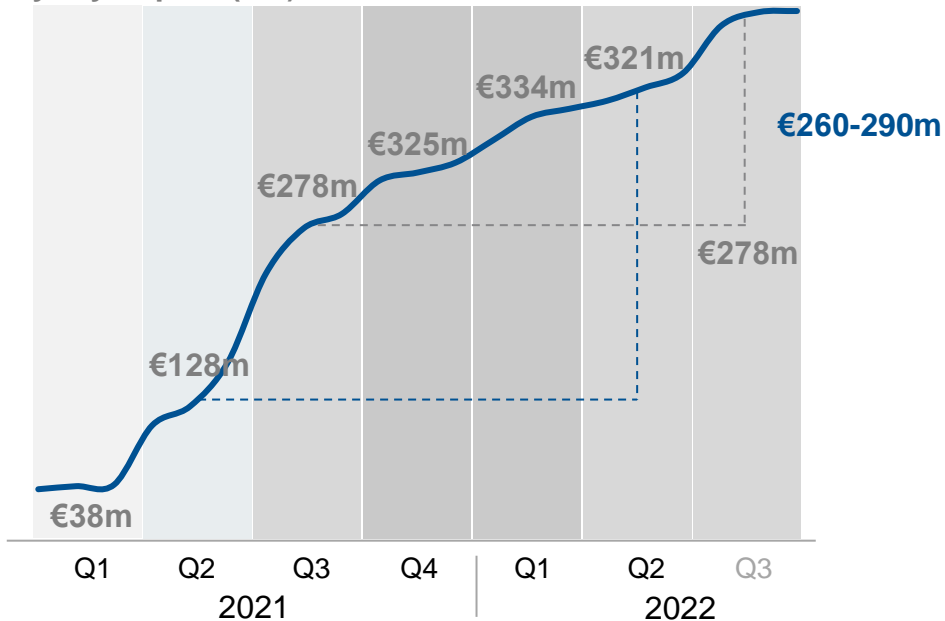
\* Alternative performance measure, for definitions and reconciliation of the alternative performance measures to the most directly comparable IFRS measures please see appendix.



# Q2 pricing up 16%, 20% on 2-year stack

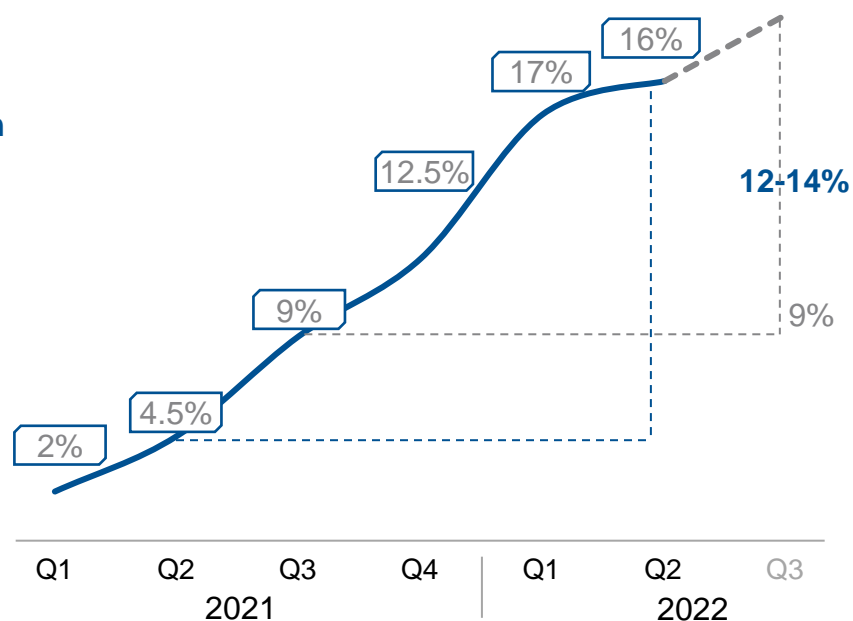
## Raw material\* price index development

y-o-y impact (€m)



Percentage change to FY2021 annual average

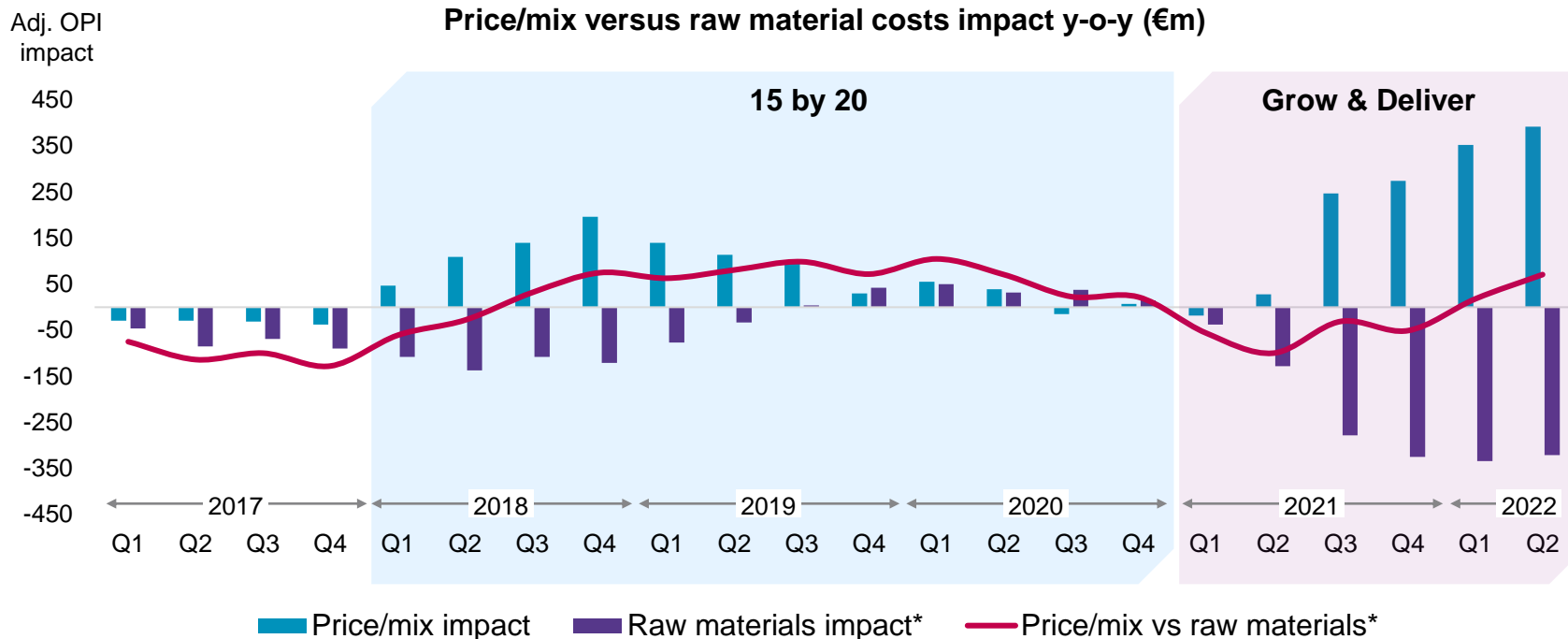
## AkzoNobel pricing (%)\*\*



\* Raw material and other variable cost Euro value includes freight value from Q1 2022 onwards.

\*\* Price only (excluding mix), percentage change versus prior year.

# Stronger and faster pricing initiatives deliver expanding price-vs-raws



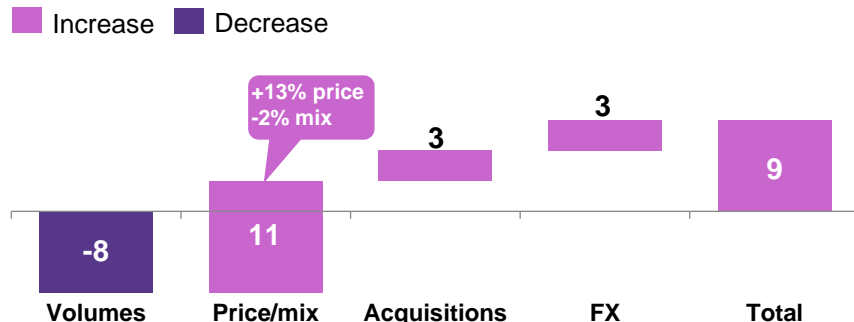
\* Raw materials impact includes freight from Q1 2022 onwards.

# Paints pricing up 13% with volumes impacted by Europe DIY and China lockdowns

€ million	Q2 2021**	Q2 2022	Δ%	Δ%CC
Revenue	1,086	1,182	9%	6%
Adjusted EBITDA*	222	169	(24%)	
Adjusted operating income*	187	133	(29%)	
ROS*	17.2%	11.3%		

- ↗ **EMEA:** revenue 7% lower, pricing and strength in professional trade offset by lower volumes from destocking in DIY channels
- ↗ **LATAM:** revenue 99% higher driven by pricing, store expansion and Grupo Orbis (revenue up 56% excluding Grupo Orbis)
- ↗ **Asia:** revenue 16% higher due to pricing and growth in India and Vietnam along with China geo-expansion despite impact from China lockdowns

## Revenue development Q2 2022 (%)



## Mosquito-repellent coating launched to help combat disease

A powerful mosquito-repellent coating has been launched by our Coral brand in Brazil. The colorless matt varnish has been specifically designed to combat the Aedes aegypti mosquito – a notorious carrier of dengue fever, as well as the Zika and chikungunya virus. The breakthrough product, known as Well-being Protection Anti-Mosquito, has been proven to give continuous protection 24 hours a day for up to two years.

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

\*\* Adjusted EBITDA, adjusted operating income and ROS per segment for 2021 have been updated to reflect changes in the financial reporting structure related to a narrower definition of corporate activities and corporate costs in 'Other activities'. More information is available on our website.

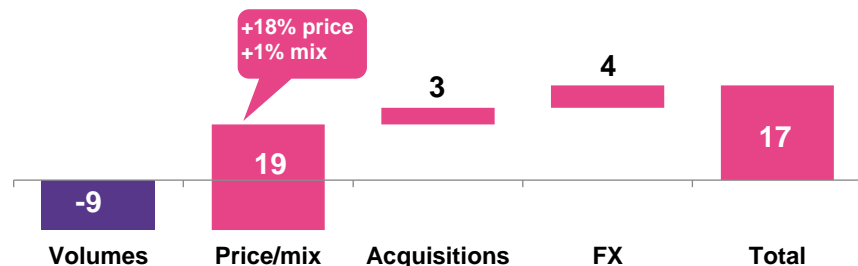
# Coatings revenue up 17% despite China lockdowns

€ million	Q2 2021**	Q2 2022	Δ%	Δ%CC
<b>Revenue</b>	<b>1,423</b>	<b>1,670</b>	<b>17%</b>	<b>13%</b>
Adjusted EBITDA*	210	187	(11%)	
Adjusted operating income*	171	143	(16%)	
<b>ROS*</b>	<b>12.0%</b>	<b>8.6%</b>		

- ↗ **Industrial:** revenue up 22%; growth across all segments, esp. in coil and packaging
- ↗ **Powder:** revenue up 3% with material impact from China lockdowns and supply constraints in North America
- ↗ **Marine and Protective:** revenue up 15% on strong pricing with negative impact from China lockdowns
- ↗ **Automotive and Specialty:** revenue up 15% on pricing and strong demand in aerospace and vehicle refinishes

## Revenue development Q2 2022 (%)

■ Increase ■ Decrease



## Teaming up to tackle climate change coatings business

Our first Collaborative Sustainability Challenge resulted in an all-out commitment to tackle climate change. Partners from across the value chain came together and have agreed to continue collaborating in a series of high impact exploration teams in a determined effort to collectively accelerate the reduction of carbon emissions in the paints and coatings industry.

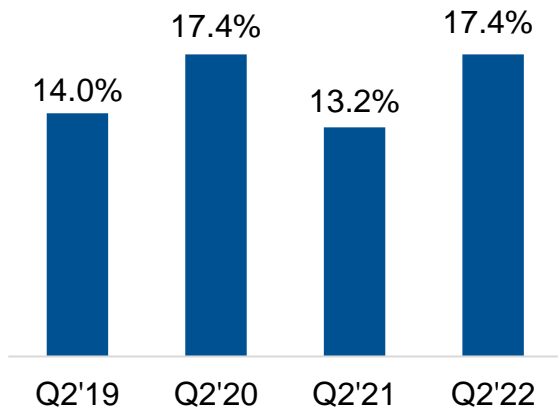
\* Alternative performance measure, for definitions and reconciliation of the alternative performance measures to the most directly comparable IFRS measures please see appendix.

\*\* Adjusted EBITDA, adjusted operating income and ROS per segment for 2021 have been updated to reflect changes in the financial reporting structure related to a narrower definition of corporate activities and corporate costs in 'Other activities'. More information is available on our website.

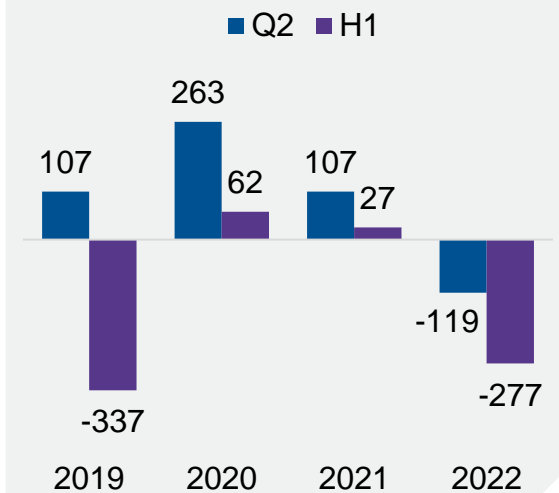
# Working capital and free cash flow

Impacted by raw material inflation and supply constraints

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



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



- ↗ Working capital impact from raw material inflation ~3% of revenue
- ↗ Grupo Orbis added 0.4% to working capital
- ↗ **Focus2: reduction in working capital**  
–€300m by 2023

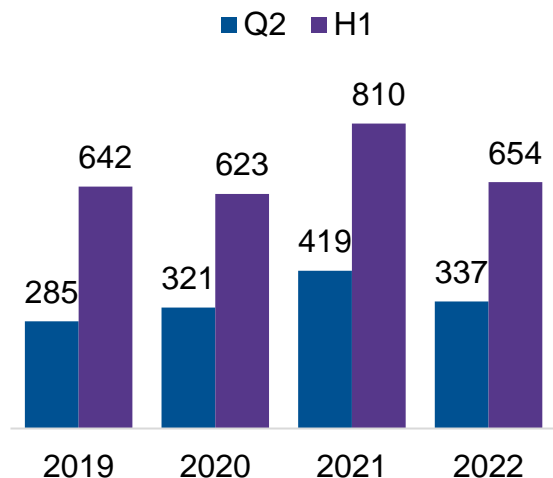
- ↗ Net Debt/EBITDA 3.2 times
- ↗ Higher leverage in Q2 partly due to Grupo Orbis acquisition

\* Defined as the sum of inventories, trade receivables and trade payables. Operating working capital is measured against four times last quarter revenue.

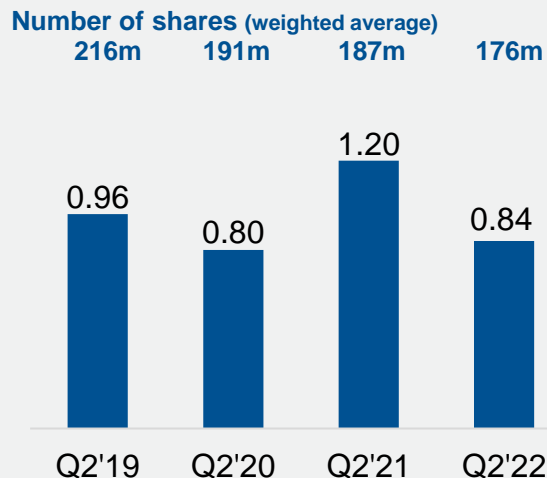
\*\* Alternative performance measure, for definitions and reconciliation of the alternative performance measures to the most directly comparable IFRS measures please see appendix.

# Adjusted EBITDA and adjusted EPS

## Adjusted EBITDA\* (€m)



## Adjusted earnings per share\* (EPS) from continuing operations (€)



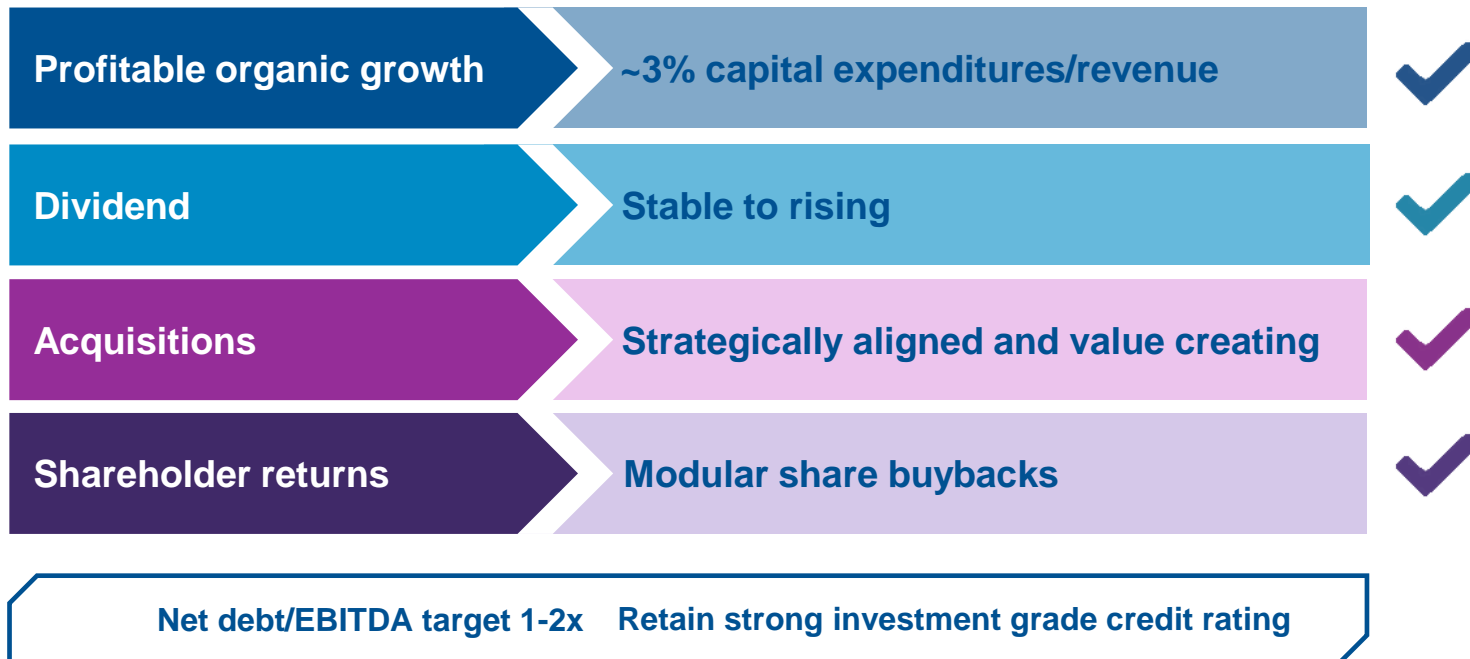
↗ €245m shares repurchased of new €500m buyback program

↗ €402m shares repurchased in H1

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

# Delivering on capital allocation priorities

**AkzoNobel**



# Concluding remarks



## Q2 Highlights

- Pricing up 16% compared with Q2 2021. Revenue 14% higher
- Raw material and freight costs increased €321 million compared with Q2 2021 and were fully offset by pricing of €392 million
- Adjusted operating income at €249 million (€335 million in Q2 2021 and €230 million in Q1 2022)
  - Paints EMEA negatively impacted by €50m\* from DIY slowdown and channel destocking
  - China negatively impacted by €44m\* from lockdowns
- €245m of new €500m share buyback completed by end of Q2

\* versus expectations entering Q2

## Outlook

AkzoNobel targets to grow at or above its relevant markets, in line with the company's Grow & Deliver strategy. Trends differ per region and segment, with raw material and other variable cost inflation (including freight) expected to gradually ease towards the end of 2022. AkzoNobel aims to continue to offset raw material and other variable cost inflation (including freight) through pricing initiatives.

Macroeconomic uncertainties have increased due to geopolitical tension, the resurgence of COVID-19 and inflation. Assuming there are no further significant market disruptions, AkzoNobel aims to deliver the €2 billion adjusted EBITDA target for 2023, and an average annual 50 basis points increase in return on sales over the period 2021-2023\*.

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

\* Please see appendix for 2023 assumptions

# Upcoming events

**AkzoNobel**

Extraordinary General Meeting  
Report for the third quarter 2022

September 2022  
October 20, 2022

# A focused, high performing, paints and coatings company

AkzoNobel

- Strong global brands
- Leading positions in large and attractive markets
- Balanced geographic exposure: ~50% revenue from emerging markets
- Grow & Deliver strategy balances growth and margin improvement
- People. Planet. Paint. approach to sustainable business
- Science Based Targets carbon reduction target of 50% by 2030\*



# Disclaimer/forward-looking statements

This presentation\* does not constitute or form a part of any offer to sell, or any invitation or other solicitation of any offer, to buy or subscribe for any securities in the United States or any other jurisdiction.

Some statements in this presentation are 'forward-looking statements'. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that may occur in the future. These forward-looking statements involve known and unknown risks, uncertainties and other factors that are outside of our control and impossible to predict and may cause actual results to differ materially from any future results expressed or implied. These forward-looking statements are based on current expectations, estimates, forecasts, analyses and projections about the industries in which we operate and management's beliefs and assumptions about possible future events. You are cautioned not to put undue reliance on these forward-looking statements, which only speak as of the date of this presentation and are neither predictions nor guarantees of possible future events or circumstances. We do not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this presentation or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

This report contains statements which address such key issues as AkzoNobel's growth strategy, future financial results, market positions, product development, products in the pipeline and product approvals. Such statements should be carefully considered, and it should be under-stood that many factors could cause forecast and actual results to differ from these statements. These factors include, but are not limited to, price fluctuations, currency fluctuations, developments in raw material and personnel costs, pensions, physical and environmental risks, legal issues, and legislative, fiscal, and other regulatory measures, as well as significant market disruptions such as the impact of pandemics. Stated competitive positions are based on management estimates supported by information provided by specialized external agencies. For a more comprehensive discussion of the risk factors affecting our business, please see our latest annual report, a copy of which can be found on the company's corporate website

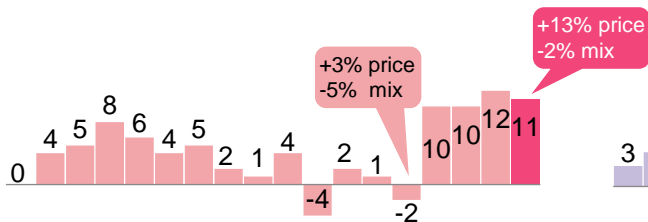
[www.akzonobel.com](http://www.akzonobel.com)

# Appendix

# Robust pricing initiatives continue; Q2 pricing up 16%

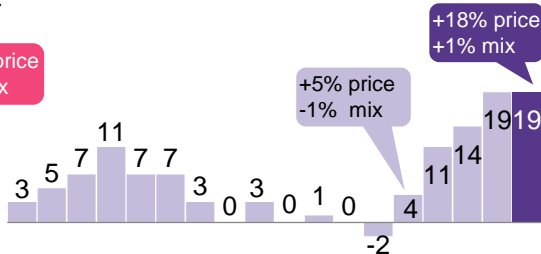
## Paints

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



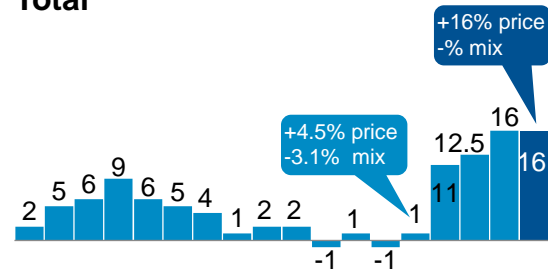
Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2  
18 18 18 18 19 19 19 19 20 20 20 20 21 21 22

## Coatings



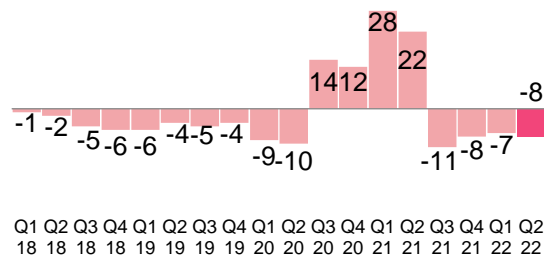
Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2  
18 18 18 18 19 19 19 19 20 20 20 20 21 21 22

## Total

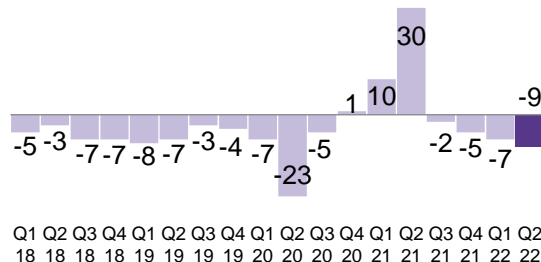


Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2  
18 18 18 18 19 19 19 19 20 20 20 20 21 21 22

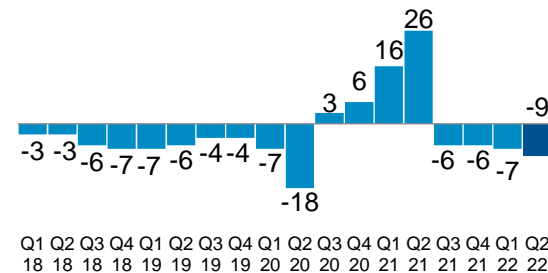
Quarterly volume\* development in % year-on-year



Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2  
18 18 18 18 19 19 19 19 20 20 20 20 21 21 22



Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2  
18 18 18 18 19 19 19 19 20 20 20 20 21 21 22



Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2  
18 18 18 18 19 19 19 19 20 20 20 20 21 21 22



\* Organic volume development, does not include acquisition impact.

## Definitions of alternative performance measures

- ↗ **Adjusted earnings per share** are the basic earnings per share from operations, excluding identified items and taxes thereon
- ↗ **Adjusted EBITDA** is operating income excluding depreciation, amortization and identified items
- ↗ **Adjusted operating income** is operating income excluding identified items
- ↗ **Constant currencies** calculations exclude the impact of changes in foreign exchange rates
- ↗ **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
- ↗ **ROI** is adjusted operating income of the last 12 months as percentage of average invested capital
- ↗ **ROS** is adjusted operating income as percentage of revenue
- ↗ **Leverage ratio** is calculated as net debt divided by EBITDA, which is calculated as the total of the last 12 months
- ↗ **Operating working capital (Trade)** is defined as the sum of inventories, trade receivables and trade payables. When expressed as a ratio, operating working capital is measured against four times last quarter revenue

## Assumptions for 2023

- ↗ Revenue growth  $\geq$  market CAGR\*\*
- ↗ €2bn adjusted EBITDA
- ↗ 150 bps ROS\* expansion versus 2020
- ↗ Other activities €100-130 million cost
- ↗ Effective tax rate ~26%
- ↗ Capital expenditures ~3% of revenue
- ↗ Dividend policy “stable to rising”
- ↗ Leverage 1-2x net debt/EBITDA
- ↗ No significant market disruption

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

\*\* Market data by Orr & Boss, internally reduced forecast.

## Consolidated statement of free cash flows\* Operating income to net income

Q2 2021	Q2 2022	€ million	H1 2021	H1 2022
469	292	<b>EBITDA</b>	857	613
(1)	1	Impairment losses	(1)	4
—	—	Pre-tax results on acquisitions and divestments	(11)	(13)
(170)	(284)	Changes in working capital	(461)	(688)
—	—	Pension pre-funding	—	48
(1)	—	Pension top-up payments	(9)	(1)
(38)	5	Other changes in provisions	(96)	(8)
(21)	(20)	Interest paid	(25)	(24)
(46)	(59)	Income tax paid	(90)	(98)
(24)	13	Other	(27)	13
168	(52)	<b>Net cash generated from/(used for) operating activities</b>	137	(154)
(62)	(67)	Capital expenditures	(119)	(124)
106	(119)	<b>Free cash flow</b>	18	(278)
<b>Net Debt</b>			1,857	3,865
<b>Leverage (Net Debt/EBITDA)</b>			1.2	3.2

Q2 2021	Q2 2022	€ million	H1 2021	H1 2022
384	205	<b>Operating income</b>	687	437
(4)	(28)	Financing income and expenses	(12)	(40)
8	5	Results from associates and joint ventures	15	13
388	182	<b>Profit before tax</b>	690	410
(123)	(67)	Income tax	(196)	(129)
265	115	<b>Profit from continuing operations</b>	494	281
7	(6)	Profit from discontinued operations	5	(6)
272	109	<b>Profit for the period</b>	499	275
(11)	(3)	Non-controlling interests	(21)	(15)
261	106	<b>Net income</b>	478	260
<b>Earnings per share (in €)</b>				
1.40	0.60	<b>Total operations</b>	2.54	1.47
<b>Adjusted earnings per share* (in €)</b>				
1.20	0.84	<b>Continuing operations</b>	2.38	1.70

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



# Alternative performance measures

Q2 2021	Q2 2022	Δ%	Operating income (€m)	H1 2021	H1 2022	Δ%
234	128	(45%)	Decorative Paints	377	241	(36%)
178	112	(37%)	Performance Coatings	363	262	(28%)
(28)	(35)		Other activities	(53)	(66)	
<b>384</b>	<b>205</b>	<b>(47%)</b>	<b>Total</b>	<b>687</b>	<b>437</b>	<b>(36%)</b>

Q2 2021	Q2 2022	Identified items (€m)	H1 2021	H1 2022
47	(5)	Decorative Paints	46	3
7	(31)	Performance Coatings	4	(30)
(5)	(8)	Other activities	(5)	(15)
<b>49</b>	<b>(44)</b>	<b>Total</b>	<b>45</b>	<b>(42)</b>

Q2 2021	Q2 2022	Δ%	Adjusted operating income (€m)	H1 2021	H1 2022	Δ%
187	133	(29%)	Decorative Paints	331	238	(28%)
171	143	(16%)	Performance Coatings	359	292	(19%)
(23)	(27)		Other activities	(48)	(51)	
<b>335</b>	<b>249</b>	<b>(26%)</b>	<b>Total</b>	<b>642</b>	<b>479</b>	<b>(25%)</b>

Q2 2021	Q2 2022	Δ%	EBITDA (€m)	H1 2021	H1 2022	Δ%
384	205	(47%)	Operating income	687	437	(36%)
85	87		Depreciation and Amortization	170	176	
<b>469</b>	<b>292</b>	<b>(38%)</b>	<b>EBITDA</b>	<b>857</b>	<b>613</b>	<b>(28%)</b>

Q2 2021	Q2 2022	Δ%	Adjusted EBITDA (€m)	H1 2021	H1 2022	Δ%
335	249	(26%)	Adjusted operating income	642	479	(25%)
84	88		Depreciation and amortization (excl. identified items)	168	175	
<b>419</b>	<b>337</b>	<b>(20%)</b>	<b>Adjusted EBITDA</b>	<b>810</b>	<b>654</b>	<b>(19%)</b>

Q2 2021	Q2 2022	OPI margin (%)	H1 2021	H1 2022
21.5	10.8	Decorative Paints	18.7	11.0
12.5	6.7	Performance Coatings	13.2	8.2
		Other activities*		
<b>15.3</b>	<b>7.2</b>	<b>Total</b>	<b>14.4</b>	<b>8.1</b>

Q2 2021	Q2 2022	ROS (%)	H1 2021	H1 2022
17.2	11.3	Decorative Paints	16.4	10.9
12.0	8.6	Performance Coatings	13.0	9.2
		Other activities*		
<b>13.3</b>	<b>8.7</b>	<b>Total</b>	<b>13.4</b>	<b>8.9</b>

Q2 2021	Q2 2022	Adjusted earnings per share from continuing operations (€m)	H1 2021	H1 2022
388	182	Profit before tax from continuing operations	690	410
(49)	44	Identified items reported in operating income	(45)	42
(20)	(10)	Identified items reported in interest	(20)	(10)
(83)	(65)	Adjusted income tax	(157)	(126)
(11)	(3)	Non-controlling interests	(21)	(15)
<b>225</b>	<b>148</b>	<b>Adjusted net income from continuing operations</b>	<b>447</b>	<b>301</b>

Q2 2021	Q2 2022	Weighted average number of shares (in millions)	H1 2021	H1 2022
<b>187.0</b>	<b>175.9</b>	<b>Weighted average number of shares (in millions)</b>	<b>187.9</b>	<b>176.8</b>

Q2 2021	Q2 2022	Adjusted earnings per share from continuing operations (in €)	H1 2021	H1 2022
<b>1.20</b>	<b>0.84</b>	<b>Adjusted earnings per share from continuing operations (in €)</b>	<b>2.38</b>	<b>1.70</b>

Q2 2021	Q2 2022	Δ%	Average invested capital (€m)
2,734	3,226	18%	July 2020 - June 2021/July 2021 - June 2022
3,409	3,721	9%	Decorative Paints
			Performance Coatings
530	385		Other activities
<b>6,673</b>	<b>7,332</b>	<b>10%</b>	<b>Total</b>

Q2 2021	Q2 2022	ROI (%)
24.3	15.1	July 2020 - June 2021/July 2021 - June 2022
22.5	14.7	Decorative Paints
		Performance Coatings
		Other activities*
<b>19.3</b>	<b>12.7</b>	<b>Total</b>

Q2 2021	Q2 2022	EBITDA (€m)
1,256	868	July 2020 - June 2021/July 2021 - June 2022
351	357	Operating income
		Depreciation and amortization
<b>1,607</b>	<b>1,225</b>	<b>EBITDA</b>

Q2 2021	Q2 2022	Net Debt (€m)
(295)	(782)	Short term investments
(1,216)	(1,076)	Cash and cash equivalents
2,761	3,404	Long-term borrowings
607	2,319	Short-term borrowings
<b>1,857</b>	<b>3,865</b>	<b>Net Debt</b>

Q2 2021	Q2 2022	Leverage ratio
1.857	3.865	July 2020 - June 2021/July 2021 - June 2022
1,607	1,225	Net debt
		EBITDA
<b>1.2</b>	<b>3.2</b>	<b>Leverage ratio</b>

## Updates in financial reporting structure

Operating income, adjusted operating income, EBITDA and adjusted EBITDA (and related measures) per segment for 2021 have been updated to reflect changes in the financial reporting structure related to a narrower definition of corporate activities and corporate costs in 'Other activities'. More information is available on our website.

\* OPI margin, ROS and ROI for Other activities are not shown, as this is not meaningful.

# Recognized sustainability leader in industry AkzoNobel

