Investor update
2020 and beyond

February 13, 2020
Agenda

**UPDATE 2020**
- Introduction
- Executive summary
- Market dynamics
- Winning together: 15 by 20

**BEYOND 2020**
- Beyond 2020
- Grow
- Deliver
- PEOPLE. PLANET. PAINT.
Speakers

Thierry Vanlancker  
CEO

Maarten de Vries  
CFO

Ruud Joosten  
Chief Operating Officer

David Prinselaar  
Chief Supply Chain Officer
Imagine a world without color
Executive summary
Thierry Vanlancker
A focused paints and coatings company

€9.3bn revenue
€1.2bn EBITDA
€1bn EBIT
12.0% ROS
17.2% ROI
33,800 employees

North America, 12%
Mature Europe, 35%
Emerging Europe, 10%
Asia Pacific, 30%
South America, 9%
Other regions, 4%

Revenue by destination

All figures are based on year-end 2019. ROS = adjusted operating income as percentage of revenue (excluding unallocated cost)
ROI = adjusted operating income of the last 12 months as percentage of average invested capital (excluding unallocated cost and invested capital)
Delivering on promises made in 2017

- Creating two focused businesses as a logical next step: Dual-track separation process completed
- Accelerating growth momentum and enhanced profitability: Revenue growth ambition reduced, ROS increased from 10.6% to 12.0%
- Clear separation of Specialty Chemicals within 12 months: €10.1bn private sale in <12 months
- Increasing returns to shareholders: €6.5bn proceeds returned before end 2019
- Committed to investing in sustainability, innovation and society: Paint the Future launched and expanding
- Best placed to unlock value ourselves: Share price increased 52% and TSR 82%

ROS full-year 2018 and 2019. ROS = adjusted operating income as percentage of revenue (excluding unallocated cost); Share price and total shareholder return (TSR) January 2017 - December 2019

Investor update | 2020 and beyond
Winning together: 15 by 20

Passion for paint

Precise processes

Powerful performance

Proud people
Performance improvement accelerated during H2 2019

Return on sales (ROS), full-year

|        | FY 2017 | FY 2018 | FY 2019 | FY 2020
|--------|---------|---------|---------|---------
| ROS    | 10.6%   | 10.6%   | 12.0%   | 15.5%   |
| Unallocated cost | 0%   | 0%   | 0%   | 14.5%   |

Return on sales (ROS), second half-year

|        | H2 2017 | H2 2018 | H2 2019 | FY 2020
|--------|---------|---------|---------|---------
| ROS    | 9.2%    | 10.6%   | 12.5%   | 15.5%   |
| Unallocated cost | 0%   | 0%   | 0%   | 14.5%   |

ROS = adjusted operating income as percentage of revenue (excluding unallocated cost)
Assumes no significant market disruption
Significant share price increase and total shareholder return delivered since 2017

Share price €59.7

Source: Bloomberg

*Special dividend (€4.00) + capital repayment (€8.78) + special dividend (€4.50)
Performance gap versus top peers narrowed, with further room to improve

ROS = adjusted operating income as percentage of revenue (including unallocated cost)
Source: Company data, internal estimates
Strategy beyond 2020 balances growth and profitability improvement…

GROW & DELIVER
Market dynamics
Ruud Joosten
Paints and coatings protect assets and inspire people’s everyday lives
Attractive €125bn industry with multiple opportunities for growth

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

- Decorative paints
- Powder coatings
- Protective coatings
- Wood finishes
- Vehicle refinish
- Specialty/plastics
- Marine coatings
- Coil coatings
- Packaging coatings
- Automotive OEM (metal)
- General Industrial/Other

Peer revenue comparison
€ billion, 2018

Top players
~50% of the market

Source: Orr&Boss, Chem Research, internal estimates
### Strong global portfolio of businesses with leading positions in most segments

<table>
<thead>
<tr>
<th>Segment</th>
<th>Market size ~€bn, 2018*</th>
<th>Position by revenue</th>
<th>Market growth 2017-2020</th>
<th>Current market dynamics</th>
</tr>
</thead>
</table>
| Decorative Paints (ex. North America)  | 35                       | 1                   | 1-2%                     | ▲ Consolidation in fragmented market  
                                       |                          |                     |                                          |  ▲ Asia continues to outgrow more developed markets                                     |
| Marine and Protective Coatings         | 12                       | 1                   | 0-1%                     | ▲ Investments in oil and gas upstream  
                                       |                          |                     |                                          |  ▲ Demand growing in LNG                                                                |
| Powder Coatings                        | 8                        | 1                   | 2-3%                     | ▲ Marine demand stabilized at lower level  
                                       |                          |                     |                                          |  ▲ Demand for more sustainable solutions                                               |
| Industrial Coatings                    | 14                       | 2                   | 0-1%                     | ▲ Continued growth in architectural use  
                                       |                          |                     |                                          |  ▲ New applications                                                                     |
| Automotive and Specialty Coatings      | 11                       | 2/3                 | 1-2%                     | ▲ Strong demand for beverage packaging  
                                       |                          |                     |                                          |  ▲ Geographic shifts in demand for wood coatings                                          |
|                                        |                          |                     |                          | ▲ Downturn in automotive industry  
                                       |                          |                     |                                          |  ▲ Aircraft order backlog drives demand for aerospace coatings                            |

*Excluding ~€40 bn in regions/segments where AkzoNobel is not present

Source: Orr&Boss, Chem Research, internal estimates
Business portfolio managed according to clear strategic mandates

<table>
<thead>
<tr>
<th>Strategic mandates</th>
<th>Actions</th>
<th>Performance cells 2017 view</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grow</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invest to grow market share and/or profit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintain</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintain current investment level for ROS improvement and maintaining market share</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Harvest</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improve ROS, ROI and cash with reduced resources</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change the game</td>
<td></td>
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</tbody>
</table>

ROS = adjusted operating income as percentage of revenue

Average ROS

- Grow
- Maintain
- Harvest
- Change the game

ROS 10.6%
Decorative Paints EMEA
Combining leading positions with strong brands and distribution

Largest player in fragmented market

- 60% #1 positions
- 20% #2 positions

€2.2bn revenue
2x relative market share
#1 in Africa

Strong foundation to grow revenue and profit:
- Stable volume share
- Expanded store network in UK
- Progress in France
- Successful operating model

Leveraging strong brands:

Source: Orr&Boss, internal estimates
Decorative Paints
Successful bolt-on acquisitions

Focus on strategically aligned and value generating acquisitions:

- Strengthen market position
- Increase relative market share
- Expand distribution
- Leverage synergies
- Support footprint optimization
- New technologies

Further opportunities for consolidation…

Source: Internal estimates
Marine and Protective Coatings
Recovered to double-digit ROS in tough market

Profitability back in double-digits
- Focus on value over volume
- Right-sized cost structure
- Effective portfolio management

ROS

Industry headwinds persisted in marine and oil and gas industries

Marine
- Pockets of growth: LNG
- Solution based product technology and service innovation
- Big data analytics and digital automation

Protective
- Global market leader with strong position in oil and gas
- Robust pipeline of opportunities
- Technology as key success lever

€1.3bn revenue
#1 position

*Compensated gross tonnage
Source: Clarkson Research, company data, internal estimates
Industrial Coatings
Turnaround with focus on value over volume and cost savings

€1.7bn revenue
#1 packaging (inside the can)
#2 coil
#2 wood

Deliberate focus on value over volume
- Raw material pricing inflation recovery
- Margin management
- Tail slicing discipline
- Shift in positioning

Case study: Coil in Europe
- Exited non-profitable business
- Strategic long-term contracts to secure future with top customers
- SKU rationalization to capture business integration synergies
- Footprint optimization: closed one factory and invested in two others

Investing in our assets: €50m upgrade for wood coatings in the US

State-of-the-art production technology
- New raw materials warehouse
- Research lab and technical application center

Source: Orr&Boss, internal estimates
Winning together: 15 by 20
Maarten de Vries
Winning together: 15 by 20 strategy continues to deliver results

- **Sales force effectiveness**
  - Margin management
  - Innovation excellence
  - 10% cumulative price increases (2017-2019)
  - Moving towards ongoing margin management
  - Paint the Future creating an innovation ecosystem

- **Global Business Services**
  - Integrated Business Planning
  - ERP and systems platform
  - All 5 GBS hubs operational; **38 transitions completed in 2019**
  - **16 ERP integrations realized** out of 18 planned for 2019

- **ALPS continuous improvement**
  - Fit-for-purpose organization
  - Procurement excellence
  - Continuous improvement continues to offset fixed cost inflation
  - Delivered €80m out of €200m savings for 2019 and 2020

- **High-performance culture**
  - Career and capability development
  - Core principles
  - Executive organizational health in 2\textsuperscript{nd} quartile
  - Recognized as Top Employer in key countries
Transformation delivering towards previously announced cost savings

Sales force effectiveness
Margin management
Innovation excellence

Global Business Services
Integrated Business Planning
ERP and systems platform

ALPS continuous improvement
Fit-for-purpose organization
Procurement excellence

High-performance culture
Career and capability development
Core principles

Cost savings (€m)

2018
2019
2020

Phase 1: €110m
Next step: €200m

Achieved cost savings
Carryover cost savings

Total €220m

Investor update | 2020 and beyond
Good progress and sustained focus on transformation plans

Sales force effectiveness
Margin management
Innovation excellence

Global Business Services
Integrated Business Planning
ERP and systems platform

ALPS continuous improvement
Fit-for-purpose organization
Procurement excellence

High performance culture
Career and capability development
Core principles

Initiate  Implement  Complete  Significant € contribution to 2020
Several key initiatives contribute to 2020

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Significant € contribution to 2020</th>
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<tbody>
<tr>
<td>Sales force effectiveness</td>
<td>Moving towards margin management</td>
</tr>
<tr>
<td>Margin management</td>
<td>1-2% annual pricing discipline</td>
</tr>
<tr>
<td>Innovation excellence</td>
<td></td>
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<tr>
<td>Global Business Services</td>
<td>Additional 36 GBS transitions in progress</td>
</tr>
<tr>
<td>Integrated Business Planning</td>
<td>4 ERP integrations planned for 2020 (65% of revenue in 1 ERP by end 2020)</td>
</tr>
<tr>
<td>ERP and systems platform</td>
<td></td>
</tr>
<tr>
<td>ALPS continuous improvement</td>
<td>Selective Supply Chain footprint optimization</td>
</tr>
<tr>
<td>Fit-for-purpose organization</td>
<td>Transformation of support functions continues</td>
</tr>
<tr>
<td>Procurement excellence</td>
<td></td>
</tr>
<tr>
<td>High performance culture</td>
<td></td>
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<tr>
<td>Career and capability development</td>
<td></td>
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<tr>
<td>Core principles</td>
<td></td>
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</tbody>
</table>
Momentum to deliver higher ROS in 2020
Margin management and cost savings drive profitability improvement

Return on sales (ROS)

%  Unallocated cost

- Margin management 1-2%
- Continuous improvement
- Remaining cost savings €120m

H2 2017: 9.2%
H2 2018: 10.6%
H2 2019: 12.5%
FY 2020 Ambition: 15.5%

ROS = adjusted operating income as percentage of revenue (excluding unallocated cost)
Assumes no significant market disruption
Momentum to deliver improved ROI in 2020 AkzoNobel despite lower growth assumptions and impact of IFRS 16

Return on investment (ROI)

% Unallocated cost and invested capital

2017: 18.0
2018: 16.6
2019: 17.2
2019 ambition: 17.8
2020 ambition: >20

Excluding impact of IFRS 16

ROI also impacted by:
Lower revenue growth
Recent acquisitions

ROI = adjusted operating income of the last 12 months as percentage of average invested capital (excluding unallocated cost and invested capital). Assumes no significant market disruption.
Delivered promised shareholder returns
Moving towards target leverage 1-2x net debt/EBITDA

Net Leverage 1.7x
1,000

Net Leverage (5.6x)
1,951

Net Leverage 0.7x
-7,812

Net Leverage 1.0x – 2.0x
-5,861

-5,500
521
802
500

Special dividend 2017
Net debt end 2017
Net cash generation and proceeds from speciality chemicals
Net debt end 2018
Total pension contributions
Cash returned to shareholders
Net cash flow (incl. impact of IFRS16)
Net debt end 2019
Share buyback to be completed by H1 2020
Target net debt end 2020

100%
50%
0%

Net Debt
Net Cash

Special dividend 2017
Completed in December 2017

Net debt end 2017
-7,812

Net cash generation and proceeds from speciality chemicals
-5,861

Total pension contributions
5,500

Cash returned to shareholders
521

Net cash flow (incl. impact of IFRS16)
802

Net debt end 2019
500

Share buyback to be completed by H1 2020

Net debt end 2020

Return of proceeds from Specialty Chemicals

*Mainly UK pension contributions (€481m top-up and €161m payment into escrow)
Winning together: 15 by 20

- Passion for paint
- Precise processes
- Powerful performance
- Proud people
Beyond 2020
Thierry Vanlancker
Strategy beyond 2020 balances growth and profitability improvement…

GROW & DELIVER
Key levers to grow and deliver profitability improvement 2021-2023

- Portfolio management
- Market segment growth
- Sustainable (open) innovation

GROWTH

- Integrated Supply Chain
- Value engineering
- ERP and application integration
- End-to-end processes
- Attractive capital allocation

PROFIT
Rigorous portfolio management
Creating a high-performance culture

Sales to 3rd parties, €m

ROS = adjusted operating income as percentage of revenue (excluding unallocated cost)
Market segment growth and sustainable innovation
Ruud Joosten
Attractive growth opportunities exist across geographies and industries

Source: internal estimates
Decorative Paints in China
Highly profitable with strong growth drivers

~€5bn market

#1 in premium segment
Leader in sustainability
Recognized “Superbrand”

Strong platform in place
- Renewed management team
- Cleaned-up product portfolio
- Acquired minority shareholding
- Growing premium Dulux brand
- Highly profitable business

Positioned for future growth
- Drive product penetration and partnerships for premium
- Disciplined pricing and promotion mechanisms
- Optimize channels and retail standards
- Upgrade distributor network

Source: Orr&Boss, internal estimates
Decorative Paints
Leverage global scale to drive growth and efficiency

<table>
<thead>
<tr>
<th>Marketing</th>
<th>Innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Color of the Year</td>
<td>EasyCare</td>
</tr>
<tr>
<td>All countries</td>
<td>31 countries</td>
</tr>
<tr>
<td>TV campaigns</td>
<td>Rezisto</td>
</tr>
<tr>
<td>25 countries</td>
<td>13 countries</td>
</tr>
</tbody>
</table>

€3.7bn revenue

ROS
+300bps

H2 2017

H2 2019
Powder Coatings
Clear global #1 - fastest growing and high performing

~€8bn market
€1.2bn revenue
2x relative market share

Multiple sources of growth..

- New applications: Wood and plastic
- Increased capacity: China and India
- Market share growth focus: North America and Asia
- Sustainability advantages: Zero VOCs, no waste and easy application

Product launches..

- Interpon 610 Low E: Reduced energy consumption
- Interpon D X-Pro: Improved scratch resistance
- Interpon Redox: Enhanced corrosion protection
- Other: 48 new colors and effects

Source: Orr&Boss, internal estimates
Packaging Coatings
Well placed to capture share in a growing market segment

Shift from plastic

New categories

Brand differentiation

Leading technology

Market leading epoxy and BPANI inside spray technologies...
- Robust application
- High-speed coating and flexibility

~€2.5bn market
Growing faster than the market
Present on >50% cans

Market expected to continue to grow..

Beverage can count

0% CAGR

4% CAGR

5% CAGR

2013 2015 2017 2019 2021 2023

Mature market
Total market

Source: Global Data, internal estimates
Aerospace Coatings
Leading position with strong growth dynamics

#1 in exterior coatings
50:50 new:maintenance

Serve 8/10 world’s top airlines

- Leading position with basecoat/clearcoat technology
- Sustainable solutions (e.g. chrome-free technology)
- Strong key account management
- Key customers: Boeing, Airbus, Bombardier, Embraer and Gulfstream

Commercial aircraft deliveries (forecast)

<table>
<thead>
<tr>
<th>Year</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,308</td>
<td>2,650</td>
<td>2,638</td>
<td>2,557</td>
</tr>
</tbody>
</table>

EPA 2002-582-01

Source: Aviation Week, internal estimates
Yacht Coatings
Attractive, growing niche segment; leading brands and technology

Only player with global presence:

- Present in all segments:
  - Recreational boating (distribution)
  - Superyacht (OEM and distribution)
- Complete offering:
  - Below water (primers, anti-fouling)
  - Above water (undercoats, non-skid deck coatings)
  - Interiors (finishes, tanks/wet areas)
- Strong key account management and technical support
- Broadest technology innovation (Awlgrip HDT, sprayable fillers, biocide-free)

New-build expected to remain stable at 2019 numbers, with growth driven by refits

Source: Superyacht Group, internal estimates
Innovation
Solutions beyond generations for our customers worldwide

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

~3,000 scientists worldwide

2,900+ patents

Priority patent applications filed

Innovation drivers

- Productivity
- Asset protection
- Surface enhancement
- Environmental protection

2017 2018 2019
Creating an innovation ecosystem
Collaborative open innovation transforming the industry

Paint the Future startup challenge
Spring 2019

Innovation acceleration with suppliers
November 2019

Regional startup acceleration
Brazil
Spring 2020

Collaborative innovation ecosystem
Integrated Supply Chain and value engineering
David Prinselaar
Integrated Supply Chain
Reinventing our supply chain to become strategic and customer-driven

13,500 People
125 Sites
365 Warehouses
~€250m CapEx/year
€1.5bn Cost

2023 ambitions

Safety Remained top quartile

Capital Reduced inventory

Service Became top quartile

People Became top quartile (OHI)

Cost 4% annual cost productivity
Integrated Supply Chain
Reinventing our supply chain to become strategic and customer-driven

2017-2019
Functional to integrated

- Organizational transformation
- ALPS implementation
- Integrated Business Planning

2020 and beyond
Reinventing supply chain

- End-to-end customer service
- Asset network based on supply chain archetypes
- Expand ALPS

People, team and capabilities
Operational excellence
End-to-end customer service
Asset network
Integrated Supply Chain
ALPS continues to offset inflation
(Implementation level 2020 to 2023 in %)

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

Waste (kg/t)

ALPS delivering results
Manufacturing cost productivity (%)

Integrated Supply Chain
ALPS continuous improvement drives operational excellence
Integrated Supply Chain
Streamlined manufacturing footprint; consolidated warehouse network

From…
- Broad manufacturing and warehouse footprint with strategy driven by business units only
- Sub-optimal product allocation and low efficiency
- Upstream product differentiation

To…
- Streamlined manufacturing footprint driven by supply chain archetypes
- Consolidated warehouse network
- Late differentiation at optimal step in value chain

AkzoNobel assumes 2019 EBIT (peers 2018)
Source: various
Integrated Supply Chain

Three archetypes enable customer-driven supply chain optimization

Simple and efficient
- 50% of total volumes
  - Lowest total cost for high volumes at consistent quality
  - Example: White wall paint, packaging coatings

Managed complexity
- 40% of total volumes
  - Offer many SKUs with selective customizations at balanced cost with best-in-class reliability
  - Example: Colored wall paint, basecoats for Vehicle Refinishes

Agile and adaptive
- 10% of total volumes
  - Fulfill new and/or unexpected customer requests at a fast pace
  - Example: Aerospace Coatings, Rapid Service Unit for Powder
Integrated Supply Chain
Capital expenditure based on strategic mandates and archetypes

~€250m
CapEx/year

PLAN
- Advanced planning system
- Data analytics

MAKE
- Performance portals
- In line technology
- Automation
- Capacity optimization

DELIVER
- 4PL
- Data analytics
- Capacity optimization

40%
60%

Maintain
Invest
Value engineering
Procurement category management, enabling efficiency gains

Category management in place

Value engineering 2.0

Efficiency gains…

Achieved:

TiO\textsubscript{2} rationalization China
~20% average reduction of TiO\textsubscript{2} grades per site

Underway…

Latex rationalization
Decorative Paints Europe
Planned reduction from 120 to 50 grades in four-year timeline

>12,000 Raw material SKU

>4,000 Suppliers
ERP, end-to-end, and capital allocation
Maarten de Vries
Information Technology
Removing complexity; creating a future-proof technology backbone

Driving cost savings through standardization and simplification

- 2017: 43 ERP systems, >1,000 applications
- 2020: 29 ERP systems, ~725 applications
- 2023: 1 ERP system, ~350 applications

End 2020

- ERP systems and applications
  - ~65% of revenue in 1 ERP
  - SuccessFactors and OneCRM

- Next generation infrastructure
  - Improve employee productivity with new industry standard digital workplace
  - Start of network renewal preparing for digital innovation

- Cyber resilience
  - Security operations center in place

Beyond 2020

- One single ERP based on SAP S/4HANA
- Advanced and predictive analytics

- Next generation network roll out
  - Foundation for digital innovation, IOT and digital manufacturing

- Security by design in entire IT landscape
Global Business Services (GBS)

Embed operational excellence and deliver cost savings

**END 2020**
- 2,600 people (from 350 in 2017)
- Centralize before standardize
- Transparency of end-to-end metrics
- Reliable data management

**BEYOND 2020**
- Rigorous standardization
- Automation of activities
- Annual cost productivity (7%-10%)
- Data-driven culture

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

- Plan-Make-Deliver
- Order to cash
- Attract to grow
- Master data management
- Source to pay
- Plan to report

Locations:
- Warsaw
- Suzhou
- Pune
- Nashville
- Maua
Stepping up free cash flow

Free cash flow (FCF) €m
- Free cash flow excluding pension top-up payments
- Reported free cash flow from operations

<table>
<thead>
<tr>
<th>Year</th>
<th>Reported free cash flow from operations</th>
<th>FCF excluding pension top-up payments</th>
<th>FCF yield*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>165</td>
<td>-22</td>
<td>1.8%</td>
</tr>
<tr>
<td>2019</td>
<td>461</td>
<td>-181</td>
<td>5.0%</td>
</tr>
</tbody>
</table>

**Strong cash generation**

- Increased profitability
- Minimal pension top-up payments
- Industry top quartile working capital
- Further improvement opportunities in working capital
- Low capital intensity (~2.5% capital expenditures/revenue)

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

Note: EBITDA (and FCF) was impacted by the adoption of IFRS 16 in 2019. 2018 has not been restated
Investor update | 2020 and beyond

Stable to rising dividend and modular share buybacks

**Dividend (€)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend (€)</th>
<th>Interim dividend</th>
<th>Final dividend</th>
<th>Related to the Specialty Chemicals business</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>1.45</td>
<td>0.33</td>
<td>1.12</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>1.55</td>
<td>0.35</td>
<td>1.20</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>1.65</td>
<td>0.37</td>
<td>1.28</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>2.50</td>
<td>0.56</td>
<td>1.09</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>1.80</td>
<td>0.37</td>
<td>1.65</td>
<td></td>
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<tr>
<td>2019</td>
<td>1.90</td>
<td></td>
<td>1.49</td>
<td></td>
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</tbody>
</table>

**Adjusted earnings per share* (EPS) (€)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Adjusted earnings per share (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>2.38</td>
</tr>
<tr>
<td>2017</td>
<td>2.56</td>
</tr>
<tr>
<td>2018</td>
<td>1.91</td>
</tr>
<tr>
<td>2019</td>
<td>3.10</td>
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**Number of shares**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>252m</td>
</tr>
<tr>
<td>2017</td>
<td>253m</td>
</tr>
<tr>
<td>2018</td>
<td>256m</td>
</tr>
<tr>
<td>2019</td>
<td>199m</td>
</tr>
</tbody>
</table>

Dividend yield ±2.5% 2014-2019

Dividend policy remains “stable to rising”

- €2.5bn share buyback completed in 2019
- €500m share buyback to be completed in H1 2020

*From continuing operations
Strategically aligned, value creating, M&A

Disciplined approach, in line with strategic mandates

**Strategic fit:**
- Paints and coatings segments
- Aligned with strategic mandates
- Add geography and/or technology
- Opportunity for synergies

**Ability to execute:**
- Target availability
- Culture fit
- Ease of integration
- Regulatory

**Strong financial discipline**
EBITDA multiple, IRR, ROS accretive
**Capital allocation priorities 2021-2023**

<table>
<thead>
<tr>
<th>Chemicals separation proceeds returned</th>
<th>Pension liabilities de-risked</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Profitable organic growth</th>
<th>Leverage ratio 1-2x net debt/EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>~2.5% capital expenditures/revenue ≥ market CAGR; +50 bps ROS CAGR</td>
<td>Retain strong investment grade credit rating</td>
</tr>
</tbody>
</table>

- **Dividend**
  - Stable to rising

- **Acquisitions**
  - Strategically aligned and value creating

- **Shareholder returns**
  - Modular share buybacks

**Notes:**
- ROS = adjusted operating income as percentage of revenue
- Assumes constant currencies and no significant market disruption
PEOPLE. PLANET. PAINT.
and concluding remarks

Thierry Vanlancker
PEOPLE. PLANET. PAINT.
Our approach to sustainability
Organizational health up 9% (2018-2019)
Response rate 65%

Overall engagement trend positive
Executives (~300 people) 2nd quartile Above leadership benchmark

Accreditation by Top Employers Institute in key countries: Brazil, China, the Netherlands, UK, US

2019 Employer awards in China, France, the Netherlands, Poland, and Sweden
2025 ambitions

>25%
Reduced carbon emissions
(Baseline 2018)

50%
Water re-usage

>50%
Renewable energy

75%
Reusuable waste
**Sustainable solutions**
make up >40% of total revenue

**Eco-premium solutions**
>20% target for 4 consecutive years

---

**Dulux Trade Evolve**

- First major manufacturer to launch a recycled paint
- Contains 35% recycled paint and meets high standards

**Interpon “Low-E”**

- Low-E is more energy efficient through faster curing, reducing production cost
- Lower curing temperature is more environmentally friendly
Strategy beyond 2020 balances growth and profitability improvement

GROW & DELIVER
Financial ambitions 2021-2023

Revenue growth ≥ market CAGR

ROS +50bps CAGR

PLANNING ASSUMPTIONS

- Constant currencies
- ROS = Adjusted operating income as percentage of revenue (including other activities/eliminations)
- Effective tax rate 27%
- ~2.5% Capital expenditures as a percentage of revenue
- Leverage ratio 1-2x net debt/EBITDA
- Assumes no significant market disruption
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 presentation also 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 factors. 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
AkzoNobel’s powder coatings take landmark building to another level. Europe will soon have a new tallest building – and it’s being protected from the ravages of the Warsaw weather by a high class powder coatings system supplied by AkzoNobel.
Agenda

- Key highlights
- Financial review
- Concluding remarks
- Q&A
Key highlights
Q4 2019 profitability on track despite softer end market demand

- Adjusted operating income up 23% at €223 million (2018: €181 million), despite softer end market demand
- ROS, excluding unallocated cost, increased to 11.0% (2018: 9.0%)
- Margin management and cost-saving programs successfully improved profitability
- Delivered on commitment by returning €6.5 billion to our shareholders following the sale of the Specialty Chemicals
- New €500 million share buyback program announced in October 2019, to be completed in the first half of 2020
- Final dividend proposed for €1.49 per share (2018: €1.43)
Continued progress towards delivering our Winning together: 15 by 20 strategy

<table>
<thead>
<tr>
<th>Q4 2019:</th>
<th>FY 2019:</th>
<th>Adjusted EPS (continuing operations)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ROS</strong></td>
<td><strong>ROS</strong></td>
<td><strong>Revenue</strong></td>
</tr>
<tr>
<td>Increased to 11.0% (2018: 9.0%)</td>
<td>Increased to 12.0% (2018: 10.6%)</td>
<td>Up 0.2% ~</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td><strong>Free cash flow</strong> (excluding pension top-ups)**</td>
<td><strong>Adjusted Operating Income</strong></td>
</tr>
<tr>
<td>Up 47%</td>
<td>Up 179%</td>
<td>Up 24%</td>
</tr>
</tbody>
</table>

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

** Excluding pension top up payments and pension pre-funding
Performance improvement accelerated during H2 2019

Return on sales (ROS), full-year

\[
\begin{array}{c|c|c|c|c}
\hline
\text{ROS} & 10.6 & 10.6 & 12.0 & 15.5 \\
\text{Unallocated cost} & & & & 14.5 \\
\end{array}
\]

Return on sales (ROS), second half-year

\[
\begin{array}{c|c|c|c|c}
\hline
\text{ROS} & 9.2 & 10.6 & 12.5 & 15.5 \\
\text{Unallocated cost} & & & & 14.5 \\
\end{array}
\]

ROS = adjusted operating income as percentage of revenue (excluding unallocated cost)
Assumes no significant market disruption
Uncertain macro-economic environment with softer end market demand

- Foreign exchange
- South America
- EMEA
- Raw materials
- Powder Coatings
- Automotive and Specialty Coatings
- China: Coronavirus is expected to impact Q1 results
- Industrial Coatings
- South East and South Asia
- Marine and Protective Coatings
Sales force effectiveness
Margin management
Innovation excellence

10% cumulative price increases (2017-2019)
Moving towards ongoing margin management

Global Business Services
Integrated Business Planning
ERP and systems platform

38 GBS transitions completed in 2019
16 ERP integrations realized out of the 18 planned

ALPS continuous improvement
Fit-for-purpose organization
Procurement excellence

€80m cost savings delivered towards €200m by 2020
Delivered €10m cost savings in Q4

High performance culture
Career and capability development
Core principles

Top Employer awards in five major countries
Financial review
Q4 adjusted operating income up 23% despite softer end market demand

<table>
<thead>
<tr>
<th>€ million</th>
<th>Q4 2018</th>
<th>Q4 2019</th>
<th>Δ%</th>
<th>Δ%CC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>2,308</td>
<td>2,242</td>
<td>(3%)</td>
<td>(4%)</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>240</td>
<td>312</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted operating income</strong></td>
<td>181</td>
<td>223</td>
<td>23%</td>
<td></td>
</tr>
<tr>
<td>Operating income</td>
<td>68</td>
<td>173</td>
<td>154%</td>
<td></td>
</tr>
<tr>
<td><strong>ROS¹ excluding unallocated cost</strong></td>
<td>9.0%</td>
<td>11.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ROS</strong></td>
<td>7.8%</td>
<td>9.9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ROI%² excluding unallocated cost</strong></td>
<td>16.6%</td>
<td>17.2%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Revenue was 3% lower, and 4% lower in constant currencies. Price/mix was up 1% overall

ROS, excluding unallocated cost, increased to 11.0% (2018: 9.0%)

Adjusted operating income up 23% at €223 million (2018: €181 million) driven by margin management and cost-saving programs

ROS increased to 9.9% (2018: 7.8%)

---

¹ROS = adjusted operating income as percentage of revenue (excluding unallocated cost)
²ROI = adjusted operating income of the last 12 months as percentage of average invested capital (excluding unallocated cost and invested capital). Assumes no significant market disruption
2019 adjusted operating income up 24% and total revenue flat

<table>
<thead>
<tr>
<th>€ million</th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>Δ%</th>
<th>Δ%CC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>9,256</td>
<td>9,276</td>
<td>-%</td>
<td>-%</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>1,037</td>
<td>1,341</td>
<td>29%</td>
<td>-</td>
</tr>
<tr>
<td><strong>Adjusted operating income</strong></td>
<td><strong>798</strong></td>
<td><strong>991</strong></td>
<td><strong>24%</strong></td>
<td></td>
</tr>
<tr>
<td>Operating income</td>
<td>605</td>
<td>841</td>
<td>39%</td>
<td>-</td>
</tr>
<tr>
<td>ROS¹ excluding unallocated cost</td>
<td><strong>10.6%</strong></td>
<td><strong>12.0%</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ROS</td>
<td><strong>8.6%</strong></td>
<td><strong>10.7%</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ROI%² excluding unallocated cost</td>
<td>16.6%</td>
<td>17.2%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Revenue development FY 2019 (%)

-5 4 1 0

Increase
Decrease

- Revenue was flat. Price/mix was up 4% overall, mainly driven by pricing initiatives.
- Acquisitions contributed 1%. Volumes were 5% lower due to our value over volume strategy.
- ROS, excluding unallocated cost, increased to 12.0%.

Volumes  Price/mix  Acquisitions  Other  FX  Total

Other activities/eliminations includes royalty and service revenue related to continued services to the former Specialty Chemicals business. This will not recur in 2020.

¹ROS = adjusted operating income as percentage of revenue (excluding unallocated cost)
²ROI = adjusted operating income of the last 12 months as percentage of average invested capital (excluding unallocated cost and invested capital).
Assumes no significant market disruption.
Momentum to deliver improved ROI in 2020 AkzoNobel despite lower growth assumptions and impact of IFRS 16

Return on investment (ROI)

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

Investor update | Q4 2019

Excluding impact of IFRS 16

ROI also impacted by:
- Lower revenue growth
- Recent acquisitions
Cumulative price/mix increase of 10% now moving towards margin management

**Decorative Paints**
Quarterly price/mix development in % year-on-year

<table>
<thead>
<tr>
<th>Q1 17</th>
<th>Q2 17</th>
<th>Q3 17</th>
<th>Q4 17</th>
<th>Q1 18</th>
<th>Q2 18</th>
<th>Q3 18</th>
<th>Q4 18</th>
<th>Q1 19</th>
<th>Q2 19</th>
<th>Q3 19</th>
<th>Q4 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>-3</td>
<td>-3</td>
<td>-3</td>
<td>-5</td>
<td>0</td>
<td>4</td>
<td>5</td>
<td>8</td>
<td>6</td>
<td>4</td>
<td>5</td>
<td>2</td>
</tr>
</tbody>
</table>

**Performance Coatings**
Quarterly price/mix development in % year-on-year

<table>
<thead>
<tr>
<th>Q1 17</th>
<th>Q2 17</th>
<th>Q3 17</th>
<th>Q4 17</th>
<th>Q1 18</th>
<th>Q2 18</th>
<th>Q3 18</th>
<th>Q4 18</th>
<th>Q1 19</th>
<th>Q2 19</th>
<th>Q3 19</th>
<th>Q4 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>5</td>
<td>7</td>
<td>11</td>
<td>7</td>
<td>7</td>
<td>3</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Q1 17</th>
<th>Q2 17</th>
<th>Q3 17</th>
<th>Q4 17</th>
<th>Q1 18</th>
<th>Q2 18</th>
<th>Q3 18</th>
<th>Q4 18</th>
<th>Q1 19</th>
<th>Q2 19</th>
<th>Q3 19</th>
<th>Q4 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>-1</td>
<td>-1</td>
<td>-1</td>
<td>-1</td>
<td>2</td>
<td>5</td>
<td>6</td>
<td>9</td>
<td>6</td>
<td>5</td>
<td>4</td>
<td>1</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Q1 17</th>
<th>Q2 17</th>
<th>Q3 17</th>
<th>Q4 17</th>
<th>Q1 18</th>
<th>Q2 18</th>
<th>Q3 18</th>
<th>Q4 18</th>
<th>Q1 19</th>
<th>Q2 19</th>
<th>Q3 19</th>
<th>Q4 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>3</td>
<td>5</td>
<td>12</td>
<td></td>
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</tbody>
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<table>
<thead>
<tr>
<th>Q1 17</th>
<th>Q2 17</th>
<th>Q3 17</th>
<th>Q4 17</th>
<th>Q1 18</th>
<th>Q2 18</th>
<th>Q3 18</th>
<th>Q4 18</th>
<th>Q1 19</th>
<th>Q2 19</th>
<th>Q3 19</th>
<th>Q4 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>1</td>
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<table>
<thead>
<tr>
<th>Q1 17</th>
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<th>Q4 17</th>
<th>Q1 18</th>
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<th>Q3 18</th>
<th>Q4 18</th>
<th>Q1 19</th>
<th>Q2 19</th>
<th>Q3 19</th>
<th>Q4 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>-4</td>
<td>-2</td>
<td>-5</td>
<td>-3</td>
<td>-7</td>
<td>-7</td>
<td>-8</td>
<td>-7</td>
<td>-3</td>
<td>-4</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Q1 17</th>
<th>Q2 17</th>
<th>Q3 17</th>
<th>Q4 17</th>
<th>Q1 18</th>
<th>Q2 18</th>
<th>Q3 18</th>
<th>Q4 18</th>
<th>Q1 19</th>
<th>Q2 19</th>
<th>Q3 19</th>
<th>Q4 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>3</td>
<td>3</td>
<td></td>
<td>-3</td>
<td>-3</td>
<td>-6</td>
<td>-7</td>
<td>-6</td>
<td>-4</td>
<td>-4</td>
<td></td>
</tr>
</tbody>
</table>

*Organic volume development, does not include acquisition impact
Adjusted operating income up 23% due to positive price/mix and cost savings

Adjusted operating income
- Positive impact
- Negative impact

Q4 2018:
- ROS* 9.0%
- 181

Q4 2019:
- ROS* 11.0%
- 223

- 10

Adjustments:
- Volumes: -43
- Price/mix: 30
- Raw materials/Variable cost: 42
- OPEX: 10

ROS = adjusted operating income as percentage of revenue (excluding unallocated cost)
Decorative Paints ROS up significantly at 9.9% in seasonally low quarter

<table>
<thead>
<tr>
<th>€ million</th>
<th>Q4 2018</th>
<th>Q4 2019</th>
<th>Δ%</th>
<th>Δ%CC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>896</td>
<td>877</td>
<td>(2%)</td>
<td>(2%)</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>76</td>
<td>127</td>
<td>67%</td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted operating income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>52</td>
<td>87</td>
<td>67%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating income</td>
<td>37</td>
<td>75</td>
<td>103%</td>
<td></td>
</tr>
<tr>
<td><strong>ROS(^1)</strong></td>
<td>5.8%</td>
<td>9.9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ROI(^2)</strong></td>
<td>12.4%</td>
<td>13.4%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Revenue development Q4 2019 (%)

<table>
<thead>
<tr>
<th>Increase</th>
<th>Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>-4</td>
<td>2</td>
</tr>
<tr>
<td>-2</td>
<td></td>
</tr>
</tbody>
</table>

\(^1\)ROS = adjusted operating income as percentage of revenue (excluding unallocated cost)

\(^2\)ROI = adjusted operating income of the last 12 months as percentage of average invested capital (excluding unallocated cost and invested capital).

Dulux has introduced six special effects paints under the name Ambiance. Our Dulux brand has launched a series of paints under the Ambiance name which are by artisans and their materials. The new colors offer consumers a perfect balance of craftsmanship and personalization and have been successfully launched in the Netherlands, Belgium, Brazil, Tunisia, Indonesia, Vietnam and India.
Performance Coatings ROS up at 11.7% despite softer end market demand

<table>
<thead>
<tr>
<th>€ million</th>
<th>Q4 2018</th>
<th>Q4 2019</th>
<th>Δ%</th>
<th>Δ%CC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>1,403</td>
<td>1,361</td>
<td>(3%)</td>
<td>(4%)</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>187</td>
<td>200</td>
<td>7%</td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted operating income</strong></td>
<td>153</td>
<td>159</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>Operating income</td>
<td>130</td>
<td>138</td>
<td>4%</td>
<td></td>
</tr>
</tbody>
</table>

**ROS**

<table>
<thead>
<tr>
<th></th>
<th>Q4 2018</th>
<th>Q4 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROS</td>
<td>10.9%</td>
<td>11.7%</td>
</tr>
</tbody>
</table>

**ROI**

<table>
<thead>
<tr>
<th></th>
<th>Q4 2018</th>
<th>Q4 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROI</td>
<td>20.5%</td>
<td>20.7%</td>
</tr>
</tbody>
</table>

Yacht market primed for revolutionary spray filler Superyacht builders and applicators can now benefit from revolutionary spray filler technology which is all set to make waves in the industry.

Part of our Awlgrip range, Awlfair SF is a high-performance filler which can be applied by pressurized airless spray, rather than by hand.

1 ROS = adjusted operating income as percentage of revenue (excluding unallocated cost)
2 ROI = adjusted operating income of the last 12 months as percentage of average invested capital (excluding unallocated cost and invested capital).
Q4 adjusted EPS up 72% at €0.74 and 2019 adjusted EPS up 62% at €3.10

<table>
<thead>
<tr>
<th>Q4 2018</th>
<th>Q4 2019</th>
<th>€ million</th>
<th>FY 2018</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>68</td>
<td>173</td>
<td>Operating income</td>
<td>605</td>
<td>841</td>
</tr>
<tr>
<td>(23)</td>
<td>(18)</td>
<td>Net financing expenses</td>
<td>(52)</td>
<td>(76)</td>
</tr>
<tr>
<td>6</td>
<td>4</td>
<td>Results from associates and joint ventures</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>51</td>
<td>159</td>
<td>Profit before tax</td>
<td>573</td>
<td>785</td>
</tr>
<tr>
<td>(6)</td>
<td>(79)</td>
<td>Income tax</td>
<td>(118)</td>
<td>(230)</td>
</tr>
<tr>
<td>45</td>
<td>80</td>
<td>Profit from continuing operations</td>
<td>455</td>
<td>555</td>
</tr>
<tr>
<td>5,814</td>
<td>6</td>
<td>Profit from discontinued operations</td>
<td>6,274</td>
<td>22</td>
</tr>
<tr>
<td>5,859</td>
<td>86</td>
<td>Profit for the period</td>
<td>6,729</td>
<td>577</td>
</tr>
<tr>
<td>(10)</td>
<td>(5)</td>
<td>Non-controlling interests</td>
<td>(55)</td>
<td>(38)</td>
</tr>
<tr>
<td>5,849</td>
<td>81</td>
<td>Net income from total operations</td>
<td>6,674</td>
<td>539</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Q4 2018</th>
<th>Q4 2019</th>
<th>Earnings per share (in €)</th>
<th>FY 2018</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>22.83</td>
<td>0.41</td>
<td>Total operations</td>
<td>26.19</td>
<td>2.53</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Q4 2018</th>
<th>Q4 2019</th>
<th>Adjusted earnings per share (in €)</th>
<th>FY 2018</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.43</td>
<td>0.74</td>
<td>Continuing operations</td>
<td>1.91</td>
<td>3.10</td>
</tr>
</tbody>
</table>
Q4 free cash flow improved 47% mainly due to higher EBITDA

<table>
<thead>
<tr>
<th>Q4 2018</th>
<th>Q4 2019</th>
<th>€ million</th>
<th>FY 2018</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>127</td>
<td>272</td>
<td>EBITDA</td>
<td>844</td>
<td>1,201</td>
</tr>
<tr>
<td>1</td>
<td>5</td>
<td>Impairment losses</td>
<td>1</td>
<td>66</td>
</tr>
<tr>
<td>(2)</td>
<td>(12)</td>
<td>Pre-tax results on acquisitions and divestments</td>
<td>(42)</td>
<td>(83)</td>
</tr>
<tr>
<td>250</td>
<td>258</td>
<td>Changes in working capital</td>
<td>(177)</td>
<td>(244)</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>Pension pre-funding*</td>
<td>-</td>
<td>(161)</td>
</tr>
<tr>
<td>(1)</td>
<td>-</td>
<td>Pension top-up payments</td>
<td>(187)</td>
<td>(481)</td>
</tr>
<tr>
<td>46</td>
<td>(16)</td>
<td>Other changes in provisions</td>
<td>(16)</td>
<td>(43)</td>
</tr>
<tr>
<td>(48)</td>
<td>(16)</td>
<td>Interest paid</td>
<td>(89)</td>
<td>(66)</td>
</tr>
<tr>
<td>(53)</td>
<td>(52)</td>
<td>Income tax paid</td>
<td>(164)</td>
<td>(184)</td>
</tr>
<tr>
<td>(1)</td>
<td>15</td>
<td>Other changes</td>
<td>(8)</td>
<td>28</td>
</tr>
<tr>
<td>319</td>
<td>454</td>
<td>Net cash from operating activities</td>
<td>162</td>
<td>33</td>
</tr>
<tr>
<td>(64)</td>
<td>(79)</td>
<td>Capital expenditures</td>
<td>(184)</td>
<td>(214)</td>
</tr>
<tr>
<td>255</td>
<td>375</td>
<td>Free cash flow</td>
<td>(22)</td>
<td>(181)</td>
</tr>
</tbody>
</table>

Net Debt | (5,861) | 802 |

Pension pre-funding for the full-year 2019 has been included in net cash from operating activities, whereas in the first quarter of 2019, when the payment was made, this was included in the net cash from investing activities.
Final dividend of €1.49 per share

Dividend € per share
- Related to the Speciality Chemicals business
- Final dividend
- Interim dividend

Dividend policy remains “stable to rising”

Dividend paid in cash

<table>
<thead>
<tr>
<th>Year</th>
<th>Final dividend</th>
<th>Interim dividend</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>1.45</td>
<td>0.33</td>
</tr>
<tr>
<td>2015</td>
<td>1.55</td>
<td>0.35</td>
</tr>
<tr>
<td>2016</td>
<td>1.65</td>
<td>0.37</td>
</tr>
<tr>
<td>2017</td>
<td>2.50</td>
<td>0.56</td>
</tr>
<tr>
<td>2018</td>
<td>1.80</td>
<td>0.37</td>
</tr>
<tr>
<td>2019</td>
<td>1.90</td>
<td>0.41</td>
</tr>
</tbody>
</table>

Dividend Yield*
- 2014: 2.5%
- 2015: 2.5%
- 2016: 2.8%
- 2017: 2.6%**
- 2018: 2.6%
- 2019: 2.1%

*Based on year-end share price
**Based on rebased dividend
Concluding remarks
Q4 2019 profitability on track despite softer end market demand

- Adjusted operating income up 23% at €223 million (2018: €181 million), despite softer end market demand
- ROS, excluding unallocated cost, increased to 11.0% (2018: 9.0%)
- Margin management and cost-saving programs successfully improved profitability
- Delivered on commitment by returning €6.5 billion to our shareholders following the sale of the Specialty Chemicals
- New €500 million share buyback program announced in October 2019, to be completed in the first half of 2020
- Final dividend proposed for €1.49 per share (2018: €1.43)
Outlook

We are delivering towards our Winning together: 15 by 20 strategy and continue creating a fit-for-purpose organization for a focused paints and coatings company, contributing to the achievement of our 2020 ambition.

Demand trends differ per region and segment in an uncertain macro-economic environment. Raw material costs are expected to have a moderately favorable impact for the first half of 2020. Continued margin management and cost-saving programs are in place to address the current challenges.

We continue executing our transformation, incurring one-off costs, to deliver the previously announced €200 million cost savings. We target a leverage ratio of 1.0-2.0 times net debt/EBITDA by the end of 2020 and commit to retain a strong investment grade credit rating.

Assumes no significant market disruption
<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investor update - 2020 and beyond</td>
<td>February 13, 2020</td>
</tr>
<tr>
<td>Publication annual report 2019</td>
<td>March 10, 2020</td>
</tr>
<tr>
<td>Report for the first quarter 2020</td>
<td>April 22, 2020</td>
</tr>
<tr>
<td>Annual general meeting of Shareholders</td>
<td>April 23, 2020</td>
</tr>
<tr>
<td>Ex-dividend date of 2019 final dividend</td>
<td>April 27, 2020</td>
</tr>
<tr>
<td>Record date of 2019 final dividend</td>
<td>April 28, 2020</td>
</tr>
<tr>
<td>Payment of 2019 final dividend</td>
<td>May 7, 2020</td>
</tr>
</tbody>
</table>
A focused, high performing, paints and coatings company

- Strong global brands
- Leading positions in large and attractive markets
- Balanced geographic exposure: 50% revenue from emerging markets
- Well positioned to accelerate growth and enhance profitability
- Transformation plans in place and clear path to deliver
- Significant returns to shareholders

* Excluding unallocated costs and invested capital; assumes no significant market disruption
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 also 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 factors. 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
Appendix
## FY 2019: Decorative Paints

<table>
<thead>
<tr>
<th>€ million</th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>Δ%</th>
<th>Δ%CC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>3,699</td>
<td>3,703</td>
<td>-%</td>
<td>1%</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>438</td>
<td>573</td>
<td>23%</td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted operating income</strong></td>
<td>346</td>
<td>418</td>
<td>21%</td>
<td></td>
</tr>
<tr>
<td>Operating income</td>
<td>308</td>
<td>425</td>
<td>38%</td>
<td></td>
</tr>
<tr>
<td><strong>ROS</strong>&lt;sup&gt;1&lt;/sup&gt;</td>
<td>9.4%</td>
<td>11.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ROI</strong>&lt;sup&gt;2&lt;/sup&gt;</td>
<td>12.4%</td>
<td>13.4%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Revenue development FY 2019 (%)

- Increase
- Decrease

-5 4 -1 0

<table>
<thead>
<tr>
<th>Volumes</th>
<th>Price/mix</th>
<th>Acquisitions</th>
<th>FX</th>
<th>Total</th>
</tr>
</thead>
</table>

<sup>1</sup>ROS = adjusted operating income as percentage of revenue (excluding unallocated cost)
<sup>2</sup>ROI = adjusted operating income of the last 12 months as percentage of average invested capital (excluding unallocated cost and invested capital).
# FY 2019: Performance Coatings

<table>
<thead>
<tr>
<th>€ million</th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>Δ%</th>
<th>Δ%CC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>5,587</td>
<td>5,563</td>
<td>-%</td>
<td>(1%)</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>767</td>
<td>861</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted operating income</strong></td>
<td><strong>629</strong></td>
<td><strong>688</strong></td>
<td><strong>9%</strong></td>
<td></td>
</tr>
<tr>
<td>Operating income</td>
<td>577</td>
<td>565</td>
<td>(2%)</td>
<td></td>
</tr>
</tbody>
</table>

- **ROS**\(^1\) = 11.3% to 12.4%
- **ROI**\(^2\) = 20.5% to 20.7%

## Revenue development FY 2019 (%)

- **Volumes**
- **Price/mix**
- **Acquisitions**
- **FX**
- **Total**

\(\text{ROS} = \text{adjusted operating income as percentage of revenue (excluding unallocated cost)}\)

\(\text{ROI} = \text{adjusted operating income of the last 12 months as percentage of average invested capital (excluding unallocated cost and invested capital).}\)
IFRS 16 has limited impact; adopting the modified retrospective approach

<table>
<thead>
<tr>
<th>Fourth Quarter</th>
<th>January - December</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before IFRS16</td>
<td>Impact</td>
</tr>
<tr>
<td>282</td>
<td>30</td>
</tr>
<tr>
<td>242</td>
<td>30</td>
</tr>
<tr>
<td>(72)</td>
<td>(27)</td>
</tr>
<tr>
<td>220</td>
<td>3</td>
</tr>
<tr>
<td>(50)</td>
<td>-</td>
</tr>
<tr>
<td>170</td>
<td>3</td>
</tr>
<tr>
<td>(15)</td>
<td>(3)</td>
</tr>
<tr>
<td>75</td>
<td>-</td>
</tr>
<tr>
<td>429</td>
<td>25</td>
</tr>
<tr>
<td>(911)</td>
<td>(25)</td>
</tr>
<tr>
<td>9.8%</td>
<td>0.1</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

€ million

<table>
<thead>
<tr>
<th>As reported at December 31, 2018</th>
<th>Restatement due to adoption IFRS 16</th>
<th>Restated opening balance at January 1, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intangible assets</td>
<td>3,458</td>
<td>(36)</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>1,748</td>
<td>(29)</td>
</tr>
<tr>
<td>Right-use-of asset</td>
<td>-</td>
<td>432</td>
</tr>
<tr>
<td>Other financial non-current assets</td>
<td>1,965</td>
<td>-</td>
</tr>
<tr>
<td>Current assets</td>
<td>11,613</td>
<td>(4)</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>18,784</strong></td>
<td><strong>363</strong></td>
</tr>
<tr>
<td>Group equity</td>
<td>12,038</td>
<td>-</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>3,066</td>
<td>270</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>3,680</td>
<td>93</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>18,784</strong></td>
<td><strong>363</strong></td>
</tr>
</tbody>
</table>
Assumptions 2020

- **ROS** = adjusted operating income as percentage of revenue (excluding unallocated cost)
- **ROI** = adjusted operating income of the last 12 months as percentage of average invested capital (excluding unallocated cost and invested capital)
- Assumes no significant market disruption
- Other activities/eliminations €140-180m
- Leverage 1-2x net debt/EBITDA by end 2020
- **CapEx** €200-250m
- Effective tax rate 27%
- Dividend policy “stable to rising”