WE CREATE EVERYDAY ESSENTIALS TO MAKE PEOPLE’S LIVES MORE LIVEABLE AND INSPIRING
Agenda

1. Step change in growth and long-term value creation  
   Thierry Vanlancker

2. Unleashing an industry leader to achieve its full potential  
   Ton Büchner

3. World leading Paints and Coatings company  
   Thierry Vanlancker

4. Strong financial foundation for growth and value creation  
   Maëlys Castella

5. Our future: Sustainable and superior value creation  
   Ton Büchner

6. Questions and answers  
   All
Step change in growth and long-term value creation

Ton Büchner
Step change in growth and long-term value creation

Strategy: Create two focused businesses
- Separation within 12 months
- Dual-track process with project teams in place
- Focused Paints and Coatings strategy

Accelerating sustainable growth and profitability
- Clearer customer focus
- Fit for purpose organization and processes
- €150m savings per year from continuous improvement

Strong financial and operational foundation

Increased shareholder returns:
- 50% higher dividend for 2017\(^2\)
- €1bn special cash dividend
- Vast majority of net proceeds returned\(^3\)

2017 guidance
- EBIT +€100m
- 2020 guidance\(^1\)
- ROS 15%
- ROI >25%

1) Excluding unallocated corporate center costs and invested capital; assumes no significant market disruption;
2) Dividend per share €1.65 for Paints and Coatings in 2018; 3) Specialty Chemicals separation
Step change in growth and long-term value creation

- Accelerating growth momentum and enhanced profitability
- Creating two focused businesses as a logical next step
- Clear separation within 12 months
- Increasing returns to shareholders
- Committed to investing in sustainability, innovation and society
- Best placed to unlock value ourselves
Accelerating growth momentum

Q1 volume development in %

AkzoNobel

<table>
<thead>
<tr>
<th>Year</th>
<th>Specialty Chemicals</th>
<th>Decorative Paints</th>
<th>Performance Coatings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>-2</td>
<td>-3</td>
<td>-3</td>
</tr>
<tr>
<td>2016</td>
<td>2</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>2017</td>
<td>4</td>
<td>9</td>
<td>5 (Acquisition)</td>
</tr>
</tbody>
</table>
Delivering on our commitments

Return on sales\(^1\) %

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2014</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6.3</td>
<td>7.5</td>
<td>10.6</td>
</tr>
</tbody>
</table>

Return on investment\(^1\) %

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2014</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8.2</td>
<td>10.9</td>
<td>15</td>
</tr>
</tbody>
</table>

EBIT\(^2\) € million

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2014</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>972</td>
<td>1,072</td>
<td>1,502</td>
</tr>
</tbody>
</table>

Free cash flow\(^3\) € million

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2014</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>395</td>
<td>469</td>
<td>910</td>
</tr>
</tbody>
</table>

1 ROS% = EBIT/revenue and Moving average ROI (in %) = 12 months EBIT/12 months average invested capital
2 EBIT = Operating income excluding identified items and including exchange rate results
3 Before pension top-up payments
Accelerating growth momentum and enhanced profitability

Clear aim to grow faster than relevant markets

2020 guidance for AkzoNobel (current portfolio) ROS 14% and ROI >20%

* Excluding unallocated corporate center costs and invested capital; assumes no significant market disruption
Creation of two focused businesses is the logical next step

Pre-2012: Historical challenges

2013-2015: Building the foundation

2016: Continuous improvement and growth

2017 onwards: Unlocking further value and accelerating growth

- Two focused businesses
- High-performing
- Scale and capabilities to stand on their own
- Strong cash generation
Unlocking full potential of two focused companies

Accelerating growth and value creation:
- Above market growth rates
- Clear customer focus
- World class global brands
- Market leading innovation
- Teams with proven track record
- Market specific capabilities
- Differentiated capital and resource allocation
- Targeted acquisitions
- Clean valuation from the financial markets

Paints and Coatings

Specialty Chemicals
Fit for purpose organization

1. Customer focused organization
2. Continued cost discipline
3. Standardized and automated processes
4. Specific and simplified systems
5. Targeted talent development

Estimated €50m additional cost savings

1 Based on 2016 baseline of €243 million. Split between Paints and Coatings and Specialty Chemicals 60/40 (exact ratio depending on separation option)
Dual-track process for separation within 12 months

**Dual-track process**

- **Separate listed entity**
  - IPO
  - Spin-out

- **Sale**
  - In whole
  - In many parts

**Decision criteria**

- Strategy
- Value
- Speed/timeline
- Tax
- Pensions
- Stakeholders
- Legal
- Liabilities
- Risk

**Current estimated market value**

- €8bn-€12bn (8-12x EBITDA)

**Vast majority of net proceeds returned to shareholders**

**Project teams in place to deliver**

*Based on analyst reports*
Ongoing commitment to invest in sustainability, innovation and society

- **100% renewable energy and carbon neutral** by 2050
- **€1bn innovation investment** until 2020
- **300+ Human Cities projects**
- **50%** of products provide sustainability benefits
- **4,000 scientists**
- **130 labs**
- **10,000+ patents**

Key for long-term sustainable value creation
Step change in growth and long-term value creation

- Accelerating growth momentum and enhanced profitability
- Creating two focused businesses as a logical next step
- Clear separation within 12 months
- Increasing returns to shareholders
- Committed to investing in sustainability, innovation and society
- Best placed to unlock value ourselves
Specialty Chemicals: Unleashing an industry leader to achieve its full potential

Thierry Vanlancker
Unleashing an industry leader to achieve its full potential

1. Continued operational excellence
   - 2016-2018 guidance
     - ROS 11.5-13%
     - ROI >16%

2. Accelerating growth
   - 2020 guidance*
     - ROS 16%
     - ROI >20%

3. Step change in growth post-separation
   - Additional €200m EBITDA by 2022

*Excluding unallocated corporate center costs and invested capital; assumes no significant market disruption
World class Specialty Chemicals business

€4.8bn revenue
€953m EBITDA
€629m EBIT
13.2% ROS
17.9% ROI
9,000 people

Balanced portfolio of interlinked businesses
High profitability in all businesses
Proven resilience of portfolio through cycles
Leadership positions in high growth segments

Key regions by revenue

*All figures are based on year-end 2016, excluding unallocated corporate center costs and invested capital
**Highly profitable, interlinked and resilient portfolio**

**Business units**
- Surfactants
  - *Surface Chemistry*
- Ethylene Oxide Network
  - *Functional Chemicals*
- Polymer chemistry
  - *Functional Chemicals*
- Salt-chlorine chain
  - *Industrial Chemicals*
- Bleaching chemicals
  - *Pulp and Performance Chemicals*

**Platforms**
- Bio-based and ethoxylation
- Plastics industry
- Green electrochemistry

**Shared capabilities**
- Long-term customer partnerships
- Integrated value chains
- One ERP
- Innovation and sustainability

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All three platforms: 18%-22% EBITDA margin*

Resilient portfolio over cycle

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*Excluding unallocated corporate center costs
Substantially improved profitability

Main profitability drivers from 2012-16

- Portfolio management
- Expanded asset base in emerging markets
- Significant upgrade in long-term partnerships
- Continuous improvement and productivity programs
- Streamlined organization

*Excluding unallocated corporate center costs. **Excluding unallocated corporate center costs and invested capital
Leading positions driven by key customer relationships

Strong business portfolio
- Over 80% in leadership positions
- Top quartile peer ranking for ROI
- Strong operational leverage

Core competencies
- Key customers:
  - Most relationships >10 years
  - 98% retention of top 250 customers
- Global manufacturing: 30% in emerging markets
- Strong innovation and sustainability pipeline
  - NPI\(^1\) >12% and growing
  - >5,000 active patents
  - Eco-premium focus
- Top quartile safety and engagement

\(^1\) NPI = New product introductions, last five years
### Outperform GDP due to focus on markets with strong growth drivers

<table>
<thead>
<tr>
<th>Key end-user segments</th>
<th>Growth rate 2016-2020 CAGR</th>
<th>Share of our portfolio %</th>
<th>Growth drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cleaning, personal care and pharma</td>
<td>5-7%</td>
<td>12%</td>
<td>Replacement of phosphates, expanding middle class, developing countries, haircare</td>
</tr>
<tr>
<td>Oil and gas (exploration, downstream, lubes and fuels)</td>
<td>5-6%</td>
<td>10%</td>
<td>Recovery exploration, clean fuels (new markets)</td>
</tr>
<tr>
<td>Cardboard packaging and tissues</td>
<td>4-5%</td>
<td>15%</td>
<td>Sustainable packaging, e-commerce</td>
</tr>
<tr>
<td>Plastics growth segments</td>
<td>3-4%</td>
<td>40%</td>
<td>Light weighting, insulation and emission reduction, construction and consumer packaging</td>
</tr>
<tr>
<td>Agriculture and food</td>
<td>3-4%</td>
<td>8%</td>
<td>Population, changing dietary patterns, need for higher output per acre</td>
</tr>
<tr>
<td>Construction</td>
<td>3-4%</td>
<td>8%</td>
<td>Developing countries, GDP recovery</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>4%</strong></td>
<td><strong>93%</strong></td>
<td></td>
</tr>
</tbody>
</table>
Full focus on accelerating growth and value creation

1. Continued operational excellence
   - By 2020: €150m fixed cost savings, offsetting inflation
   - €100m-€150m working capital release

2. Accelerating growth
   - +€250m EBITDA by 2020

3. Step change in growth post-separation
   - Additional €200m EBITDA by 2022

Investor update – Painting a bright future
Continued operational excellence to accommodate significant growth

By 2020:

- €150m fixed cost savings offsetting inflation
- €100m-150m in working capital released through integrated business planning

- Operations productivity
- Maintenance reliability
- Manufacturing network optimization
- Indirect procurement
- Fit for purpose support functions
Additional €250m EBITDA by 2020

Accelerating growth

- Debottlenecking to create volume leverage
- Asset-light strategy driven by technology leadership
- Supply/demand driven margin management
- Commercialize existing NPI pipeline

Asset light strategy with ICL salt

- Processing 1.5m tons potash to high purity salt
- Competitive new position in Mediterranean
- €60m capex avoidance

Performance advantage of CiD technology

- Unique, patented technology for PVC customers
- Improves customer productivity up to 30%
- Delivers better PVC quality
- 8 out of 30 large PVC players worldwide (+10 in pipeline)
Well positioned to significantly improve performance: increased guidance

Return on sales\(^*\) %
- 2012: 9.5
- 2014: 10.4
- 2016: 13.2
- 2020 guidance**

Return on investment\(^*\) %
- 2012: 14.2
- 2014: 14.8
- 2016: 17.9
- 2020 guidance**

*ROS\(^\%\) = EBIT/revenue and moving average ROI (in \%) = 12 months EBIT/12 months average invested capital
**Excluding unallocated corporate center costs and invested capital; assumes no significant market disruption
Opportunity for step change in growth post-separation

Incremental impact by 2022 (above stated guidance)

1. Incremental growth investments
   ~€100m annually 2018-2022

2. Attractive pipeline of projects:
   - Emerging markets and high growth segments
   - Growth with pipeline customers
   - Commercialization of innovations
   - Collaboration with start-ups and universities

+€500m revenue
+€200m EBITDA
<4 year payback
Unleashing an industry leader to achieve its full potential

1. Continued operational excellence
   - 2016-2018 guidance
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*Excluding unallocated corporate center costs and invested capital; assumes no significant market disruption
World leading Paints and Coatings company
Ton Büchner
The new world of Paints and Coatings

€9.5bn revenue
€1.4bn EBITDA
€1.1bn EBIT
11.7% ROS
20.8% ROI
34,400 people

Revenue by end-user segment:
- Buildings and Infrastructure: 55%
- Transportation: 23%
- Consumer Goods: 13%
- Industrial: 9%

Key regions by revenue:
- North America: 13%
- Mature Europe: 33%
- Emerging Europe: 8%
- Asia Pacific: 33%
- Latin America: 9%
- Other countries: 4%

All figures are based on year-end 2016, excluding unallocated corporate center costs and invested capital.
Well positioned to accelerate growth and enhance profitability

**Return on sales**

<table>
<thead>
<tr>
<th>Year</th>
<th>ROA (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>6.6</td>
</tr>
<tr>
<td>2014</td>
<td>8.4</td>
</tr>
<tr>
<td>2016</td>
<td>11.7</td>
</tr>
</tbody>
</table>

**2020 guidance**

<table>
<thead>
<tr>
<th>Year</th>
<th>ROA (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>9.0</td>
</tr>
<tr>
<td>2014</td>
<td>15.0</td>
</tr>
<tr>
<td>2016</td>
<td>20.8</td>
</tr>
</tbody>
</table>

**Return on investment**

<table>
<thead>
<tr>
<th>Year</th>
<th>ROI (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>&gt;25</td>
</tr>
<tr>
<td>2014</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
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**2020 guidance**

<table>
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<th>Year</th>
<th>ROI (%)</th>
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<td>2012</td>
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<tr>
<td>2014</td>
<td>15.0</td>
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<tr>
<td>2016</td>
<td>20.8</td>
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*ROS% = EBIT/revenue and moving average ROI (in %) = 12 months EBIT/12 months average invested capital

**Excluding unallocated corporate center costs and invested capital; assumes no significant market disruption**
Leading markets positions delivering leading performance

TO CREATE EVERYDAY ESSENTIALS TO MAKE PEOPLE’S LIVES MORE LIVEABLE AND INSPIRING

- Build world class brands and color expertise
- #1 choice for customers
- Lead the way in sustainability
- Drive digital and innovation
- Live our values, principles, and develop our people
- Continue to improve and excel

Investor update – Painting a bright future
Presence in a wide variety of markets provides a range of unique opportunities

- **URBANIZATION**
  - Environmental issues and priorities

- **GLOBALIZATION**
  - Internet and Internet of Things

- **DEMOGRAPHIC SHIFTS**
  - Consumer consciousness

- **CLIMATE CHANGE**
  - Transportation:
    - Lighter weight materials/design
    - Semi-autonomous cars

- **INTERNET PROLIFERATION**
  - Industrial:
    - End-to-end connectivity with internet
    - Smart maintenance and repair
    - 3D on-demand manufacturing

Buildings and Infrastructure:
- New construction methods and business models
- Smart buildings/homes and smart cities

Consumer Goods:
- Individual design and one-stop shop
- From product to experience/service
- Global/local

Investor update – Painting a bright future 35
#1 choice for customers driving above market growth rate

Global paints and coatings market

~€100 billion

~€60 billion

~€10 billion

AkzoNobel active markets

AkzoNobel market share

AkzoNobel revenue, 2016

Market leading positions

AkzoNobel revenue ~€10 billion, 2016

Expand leadership positions through organic growth and acquisitions

Expand leadership positions through organic growth and acquisitions

- #1
- #2
- #3

10%

62%

28%
## Paints: Strong market positions in all our geographic regions

<table>
<thead>
<tr>
<th>Region</th>
<th>Market size (€ billion, 2016)</th>
<th>Market position by value, 2016</th>
<th>Market growth %, 2016-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Latin America</td>
<td>1.4</td>
<td>1</td>
<td>2-3%*</td>
</tr>
<tr>
<td>UK &amp; Ireland</td>
<td>1.4</td>
<td>1</td>
<td>2-3%*</td>
</tr>
<tr>
<td>Eastern &amp; Southern Europe &amp; Africa</td>
<td>4.1</td>
<td>1</td>
<td>2-3%*</td>
</tr>
<tr>
<td>North &amp; West Europe</td>
<td>4.2</td>
<td>1</td>
<td>2-3%*</td>
</tr>
<tr>
<td>South East &amp; South Asia &amp; Middle East</td>
<td>4.6</td>
<td>2</td>
<td>2-3%*</td>
</tr>
<tr>
<td>China &amp; North Asia</td>
<td>5.0</td>
<td>2</td>
<td>2-3%*</td>
</tr>
</tbody>
</table>

*Total market growth (revenue weighted)

SOURCE: Global paints and coatings by market, Orr & Boss, excluding ~€21 billion regions where we are not present.
Paints: Seizing growth in China

- **Geographically**
  Increasing points of sale

- **Portfolio**
  Building on success of sustainable products

- **Segmentation**
  Increasing focus on premium, and high growth mid and mass segments

**Launched Forest Breath in China**
Features anti-bacterial properties that improve indoor air quality
## Coatings: Strong market positions in all our global segments

<table>
<thead>
<tr>
<th>Segment</th>
<th>Market size € billion, 2016</th>
<th>Market position by value, 2016</th>
<th>Market growth %, 2016-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Powder</td>
<td>6.2</td>
<td>1</td>
<td>▲</td>
</tr>
<tr>
<td>Marine</td>
<td>2.6</td>
<td>1</td>
<td>▼</td>
</tr>
<tr>
<td>Protective</td>
<td>6.2</td>
<td>1</td>
<td>▼</td>
</tr>
<tr>
<td>Coil</td>
<td>2.9</td>
<td>1</td>
<td>▼</td>
</tr>
<tr>
<td>Specialty Plastics</td>
<td>2.8</td>
<td>1</td>
<td>▼</td>
</tr>
<tr>
<td>Aerospace</td>
<td>0.6</td>
<td>2</td>
<td>▲</td>
</tr>
<tr>
<td>Packaging</td>
<td>2.2</td>
<td>2</td>
<td>▼</td>
</tr>
<tr>
<td>Wood Finishes</td>
<td>6.6</td>
<td>2</td>
<td>▲</td>
</tr>
<tr>
<td>Vehicle Refinish</td>
<td>6.5</td>
<td>3</td>
<td>▲</td>
</tr>
</tbody>
</table>

*Total market growth (revenue weighted)

SOURCE: Orr & Boss base data for segment sizes, excluding ~€19 billion segments where we are not present

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Clear aim to grow faster than relevant markets: 4%
Coatings: Capacity expansion close to customers in emerging markets

New production capacity
(2012-16, % of added capacity)

Emerging: 85%
Mature: 15%

€159m Capex 2016

New production capacity
(2017, % of added capacity)

Emerging: 100%
Mature: 0%
Virtual reality center opened in the UK

Drone-controlled imaging for inspection

13m downloads Visualizer app

Interplan mobile app to help customers with effective maintenance planning

Intertrac Vision tool to assess and predict the risk of hull fouling

Drive digital and innovation
€12.6m in new innovation hub in the UK

Velvet touch premium paints adding a visual and physical touch to walls

Ambiance premium interior and special effects paints to personalize your walls

Water-based can coating preserves taste and quality

Forest Breath in China improves indoor air quality

Chartek 7E low weight fire protection coating system
Color Futures
Color of the Year and trend report

Color palette for Rijksmuseum known as Sikkens RIJKS Colors

2m colors in new MIXIT app, launched this year

Colorvation Spectrophotometers to formulate paint for invisible car repair

Roller wet testers Award-winning innovation

Build world class brands and color expertise

Colorvation

ColorFuture

Roller wet testers

Rijksmuseum

Color of the Year

Sikkens RIJKS

Color palette

2m colors

MIXIT app

Launch this year
Commercial excellence focused on driving above market growth rate

Best practice tools and sales processes for relevant go-to-market models
Sales force training and capability building
Customer relationship management (CRM) processes and systems
Customer satisfaction measurement
Sales force incentive program
Continuous improvement will deliver €150m savings per year

ALPS

- Engagement
- 50% of sites
- 90% KPIs improved
- OTIF >96%

Focused on Paints and Coatings specific capabilities
Expanding into support functions

GBS

- Expansion opportunities
- Delivering benefits
- Standardized processes

Global Business Services

- ~75% Cash application
- ~75% payables
- IM
- 5 regional hubs
- HR
- Finance
- Serving 66% people
- Paints and Coatings

AkzoNobel Leading Performance System

- Engagement
- 50% of sites
- 90% KPIs improved
- OTIF >96%

Focused on Paints and Coatings specific capabilities
Expanding into support functions

AkzoNobel Global Business Services

- Continuous improvement will deliver €150m savings per year
- AkzoNobel Leading Performance System
- AkzoNobel Global Business Services
Our Code of Conduct:

"I know what we stand for"
"I am responsible"
"We all have a role to play"

Core principles:

- Customer focused: We build successful partnerships with our customers
- Deliver on commitments: We do what we say we will do
- Passion for excellence: We strive to be the best in everything we do, every day
- Winning together: We develop, share and use our personal strengths to win as a team

Top quartile safety performance
Engagement increasing for six years running
Lead the way in sustainability

**Industry leader** in sustainability

10% fuel saving and carbon credits for ship owners Intersleek

10% energy saving through heat reflection Weathershield

25-30% lower carbon emissions by 2020 (2012 base)

50% of products with sustainability benefits

100% renewable energy and carbon neutral by 2050

Key for long-term sustainable value creation

Consortium leader for purchase of wind power

AkzoNobel
Leading markets positions delivering leading performance

Build world class brands and color expertise

#1 choice for customers

Lead the way in sustainability

Strategically aligned and value generating acquisitions

Accelerating growth: 4% per year
- Seizing growth opportunities in emerging markets
- Invest in brands and innovation
- Leverage digital and color expertise
- Commercial excellence driving growth

Operational excellence: €150m savings per year
- AkzoNobel Leading Performance System (ALPS)
- Global Business Services (GBS)
- Leverage combined supply chain
- Top quartile working capital management

#1 choice

Drive digital and innovation

Live our values, principles, and develop our people

Continue to improve and excel

Investor update – Painting a bright future
Leading markets positions delivering leading performance

- Build world class brands and color expertise
- Drive digital and innovation
- #1 choice for customers
- Lead the way in sustainability
- Live our values, principles, and develop our people
- Continue to improve and excel

Paints and Coatings

- 2016-2018 guidance*:
  - ROS 10-12%
  - ROI >20%

- 2020 guidance*:
  - ROS 15%
  - ROI >25%

Clear aim to grow faster than relevant markets: 4%

* Excluding unallocated corporate center costs and invested capital; assumes no significant market disruption
Strong financial foundation for growth and value creation

Maëlys Castella
Strong financial foundation for growth and value creation

- Growth and profitability improvement continues in Q1 2017
- Strong financial foundation for growth
- Accelerating growth momentum and enhanced profitability
- Creation of two focused businesses is the logical next step
- Dual-track process for separation within 12 months
- €1.6bn return to shareholders for 2017
- We are best positioned to unlock value ourselves
Growth and profitability improvement continues in Q1 2017

Revenue €m
+7%

2016 3,430
2017 3,661

EBIT* €m
+13%

2016 334
2017 376

ROS %**

2016 9.7
2017 10.3

ROI %**

2016 14.5
2017 15.2

*EBIT = Operating income excluding identified items  **ROS% = EBIT/revenue and Moving average ROI (in %) = 12 months EBIT/12 months average invested capital
Strong financial foundation for growth

Free cash flow € million

- Free cash flow excluding pension top-up payments
- Free cash flow from operations

- Increased profitability
- Lower pension top-up payments
- Leading working capital performance
- Capital expenditure discipline

Free cash flow from operations

Free cash flow excluding pension top-up payments

Investor update – Painting a bright future
Accelerating growth momentum and enhanced profitability

**Paints and Coatings**

- 2016-2018 guidance:
  - ROS 10-12%
  - ROI >18%

- 2020 guidance:
  - ROS 15%
  - ROI >25%

**Specialty Chemicals**

- 2016-2018 guidance:
  - ROS 11.5-13%
  - ROI >16%

- 2020 guidance:
  - ROS 16%
  - ROI >20%

Clear aim to grow faster than relevant markets

2020 guidance for AkzoNobel (current portfolio) ROS 14% and ROI >20%

*Excluding unallocated corporate center costs and invested capital; assumes no significant market disruption*
Creation of two focused businesses is the logical next step

Results to date

- Increased profit and cash generation
- Repayment of high interest bonds
- Net debt reduced to 0.6x EBITDA
- De-risked pension liabilities
- Upgraded to A- by S&P in 2016

Future

- Optimize capital structure for two focused companies
- Aim for BBB+ for Paints and Coatings
- Specialty Chemicals BBB, depending on separation option
Dual-track process for separation within 12 months

**Dual-track process**
- **Separate listed entity**
  - IPO
  - Spin-out

**Sale**
- In whole
- In many parts

**Decision criteria**
- Strategy
- Value
- Speed/timeline
- Tax
- Pensions
- Stakeholders
- Legal
- Liabilities
- Risk

**Current estimated market value***
- €8bn-€12bn (8-12x EBITDA)

**Vast majority of net proceeds returned to shareholders**

**Project teams in place to deliver**

*Based on analyst reports*
€1.6bn return to shareholders for 2017

<table>
<thead>
<tr>
<th>Intention</th>
<th>Amount</th>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased growth and profitability</td>
<td>50% higher dividend for 2017</td>
<td>€2.50 dividend per share for 2017</td>
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<tr>
<td>Separation of Specialty Chemicals</td>
<td>€0.6bn total</td>
<td>€1.65 dividend per share for Paints and Coatings in 2018</td>
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<tr>
<td>Advance proceeds</td>
<td>€1bn special cash dividend</td>
<td>Stable to rising policy</td>
</tr>
<tr>
<td>Unlocking value</td>
<td>Vast majority of net proceeds returned to shareholders</td>
<td>Depending on separation option</td>
</tr>
</tbody>
</table>

*Excluding unallocated corporate center costs and invested capital; assumes no significant market disruption
We are best positioned to unlock value ourselves

Increased financial guidance

Unlocking value by separating Specialty Chemicals

Increasing returns to shareholders
Our future: Sustainable and superior value creation
Ton Büchner
Step change in growth and long-term value creation

Strategy: Create two focused businesses
- Separation within 12 months
- Dual-track process with project teams in place
- Focused Paints and Coatings strategy

Accelerating sustainable growth and profitability
- Clearer customer focus
- Fit for purpose organization and processes
- €150m savings per year from continuous improvement

2017 guidance
EBIT +€100m

2020 guidance
ROS 15%
ROI >25%

Increased shareholder returns:
- 50% higher dividend for 2017
- €1bn special cash dividend
- Vast majority of net proceeds returned

Strong financial and operational foundation

1) Paints and Coatings, excluding unallocated corporate center costs and invested capital; assumes no significant market disruption;
2) Dividend per share €1.65 for Paints and Coatings in 2018; 3) Specialty Chemicals separation
We are best placed to unlock value ourselves
Questions?
Step change in growth and long-term value creation

- Accelerating growth momentum and enhanced profitability
- Creating two focused businesses as a logical next step
- Clear separation within 12 months
- Increasing returns to shareholders
- Committed to investing in sustainability, innovation and society
- Best placed to unlock value ourselves
### Capital allocation driving step change in growth and long-term value creation

| 1. Profitable organic growth | Innovation and capital expenditure |
| 2. Dividend | Stable to rising dividend |
| 3. Acquisitions | Strategically aligned and value generating |
| 4. Manage pension liabilities | Limit risk and reduce uncertainty |
| 5. Balance sheet | Retain strong investment grade credit rating |

1. **Profitable organic growth**: Innovation and capital expenditure
2. **Dividend**: Stable to rising dividend
3. **Acquisitions**: Strategically aligned and value generating
4. **Manage pension liabilities**: Limit risk and reduce uncertainty
5. **Balance sheet**: Retain strong investment grade credit rating
We are best placed to unlock value ourselves

**Value**
- Step change in growth and value creation
- Creation of two focused businesses
- Enhanced shareholder return
- Continuity for our customers and partners

**Timing**
- Separation complete within 12 months
- Accelerating growth momentum and enhanced profitability
- Substantial cash returns in 2017

**Certainty**
- Strong track record of delivery
- AkzoNobel in control of initiatives
- Building on existing momentum
- No regulatory dependencies

**Stakeholders**
- Fully aligned with key stakeholders
- Top quartile safety performance
- Engagement momentum
- Strong culture

**PPG proposal**
- Substantially undervalues AkzoNobel
- Risk inherent in stock component
- Value leakage from regulatory remedies
- Potential loss of customers/partners

- Significant time to implement and complete
- Limited visibility on closing or integration
- Regulatory-led delays

- Complex regulatory approvals
- Significant remedy disposals required
- Disruption of business momentum
- Other inherent deal certainty risks

- Likely significant stakeholder issues
- No substantive commitments or solutions
- Substantial integration and cultural challenges
- No political support
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