

Media release

February 17, 2021

AkzoNobel delivers 15 by 20 promise and continues strong momentum in Q4, with 6% revenue growth in comparable currencies

Akzo Nobel N.V. (AKZA; AKZOY) publishes results for fourth quarter and full-year 2020

Highlights full-year 2020

- 15.0% ROS excluding unallocated cost¹, delivering on our 15 by 20 promise
- ROI excluding unallocated cost² up at 20.6%, exceeding our 2020 ambition
- €243 million of cost savings, of which €115 million structural savings
- Net cash from operating activities significantly increased to €1,220 million
- €545 million share buyback in 2020
- €1 billion share buyback announced, to be completed in Q1 2022
- Final dividend proposed of €1.52 (2019: €1.49) per share

Highlights Q4 2020

- Strong growth in volumes of 6%; second consecutive quarter of volume growth
- ROS excluding unallocated cost increased to 15.3% (2019: 11.0%) due to strong margin management and cost savings
- Total cost savings €34 million, of which €25 million structural savings related to transformation initiatives
- Acquisitions of Titan Paints in Spain announced and New Nautical Coatings completed in Q4 2020

AkzoNobel CEO, Thierry Vanlancker, commented:

“Our 2020 results demonstrate structural performance improvement from the first phase of our transformation. Despite COVID-19 headwinds, we rose to the challenge and delivered our 15 by 20 promise, achieving 15% return on sales and more than 20% return on investment.

“We continued to look after our customers and everyone at AkzoNobel deserves enormous credit for their passion and commitment, especially in such a challenging year. We’ve now achieved organic growth for two quarters in a row and announced acquisitions including Titan Paints in Spain and New Nautical Coatings in the US. We transformed our systems and processes and expanded our industry-leading Paint the Future innovation ecosystem. We’ve also accelerated our People. Planet. Paint. approach to sustainability and been recognized by key benchmarks as the leader in the paints and coatings industry.

“What’s really exciting is that we’re literally only half-way through our transformation to reclaim our position as the reference in the industry. Our new Grow & Deliver strategy represents the second stage of our journey – which began in 2017 – to double the profit of AkzoNobel.”

AkzoNobel in € millions	Q4 2019	Q4 2020	Δ%	Δ% CC ³
Revenue	2,242	2,209	(1%)	6%
Adjusted operating income ⁴	223	294	32%	
ROS	9.9%	13.3%		
ROS excluding unallocated cost ¹	11.0%	15.3%		
Operating income	173	243	40%	

AkzoNobel in € millions	FY 2019	FY 2020	Δ%	Δ% CC ³
Revenue	9,276	8,530	(8%)	(4%)
Adjusted operating income ⁴	991	1,099	11%	
ROS	10.7%	12.9%		
ROS excluding unallocated cost ¹	12.0%	15.0%		
ROI excluding unallocated cost ²	17.2%	20.6%		
Operating income	841	963	15%	

Recent highlights

Customers given new window of opportunity

Window manufacturers can now make their production process more efficient and sustainable after we launched a new instant drying solution. The RUBBOL 100% UV cured exterior range of Sikkens wood coatings is the first of its kind and can cut up to 16 hours of drying time. This means significant savings in production time and energy costs, as well as leading performance.

Sustainability ambitions heat up

Thousands of solar panels have been installed at two of our sites on two continents as we continue to accelerate towards our ambition of cutting carbon emissions in half by 2030. The two recent projects took place in Garcia, Mexico – where 1,650 solar panels have been installed – and Barcelona, Spain, where work to install 1,600 roof panels is well underway. As part of our People. Planet. Paint. sustainability ambitions, we want to cut our energy use by 30% and increase our renewable electricity use to 100%.

New bio-based paint is a breath of fresh air

We've launched a new bio-based wall paint in Vietnam. Dulux Better Living Air Clean BioBased is enhanced with Pure Air technology. It contains natural sustainable ingredients, such as bamboo charcoal, to create a better living environment.

Creating South America's most colorful plane

Our Coral brand in Brazil partnered with Aerospace Coatings colleagues to help create South America's most colorful airplane. They worked with Azul Airlines and Embraer to pay tribute to the Spix's macaw, a national symbol in Brazil. The design features 58 colors, half of which were custom made.

China to stage 2021 Paint the Future startup challenge

Forging an even stronger connection with startups in a key market, AkzoNobel will launch its next regional startup challenge in China in March 2021. The challenge joins a series of programs for startups, academia, research institutes and suppliers to collaborate and test, launch and scale revolutionary solutions together with AkzoNobel. The company first kicked off Paint the Future in 2019 with an industry-first global startup challenge. In 2020, it staged the first regional startup challenge in Brazil. Now it's preparing to stir things up with startups in China, a country renowned for technological innovation.

Biomass breakthrough unlocks world of possibilities

A breakthrough innovation which involves a more sustainable method for making resins has been discovered thanks to a research collaboration between AkzoNobel and the Dutch Advanced Research Center Chemical Building Blocks Consortium (ARC CBBC). The new process involves using bio-based monomers to make resins, which could pave the way for the introduction of futuristic

functionality. It's part of our collaborative approach to innovation, which involves working with startups, academia, research institutes and suppliers to test, launch and scale-up revolutionary solutions

Outlook 2021:

AkzoNobel targets to grow at least in line with its relevant markets. Although trends differ per region and segment with raw material inflation expected, margin management and cost-saving programs are in place to deliver 50 basis points increase in return on sales. The company targets a leverage ratio of 1-2 times net debt/EBITDA and commits to retain a strong investment grade credit rating.

The report for the fourth quarter and full-year 2020 can be viewed and downloaded

<https://akzo.no/Q42020-Report>

1 ROS excluding unallocated cost is adjusted operating income as percentage of revenue for Decorative Paints and Performance Coatings; it excludes unallocated cost and invested capital

2 ROI excluding unallocated cost is adjusted operating income of the last 12 months as percentage of average invested capital, for Decorative Paints and Performance Coatings; it excludes unallocated corporate center costs and invested capital

3 Constant Currencies calculations exclude the impact of changes in foreign exchange rates

4 Adjusted operating income is operating income excluding identified items

This is a public announcement by Akzo Nobel N.V. pursuant to section 17 paragraph 1 of the European Market Abuse Regulation (596/2014).

About AkzoNobel

We've been pioneering a world of possibilities to bring surfaces to life for well over 200 years. As experts in making coatings, there's a good chance you're only ever a few meters away from one of our products. Our world class portfolio of brands – including Dulux, International, Sikkens and Interpon – is trusted by customers around the globe. We're active in more than 150 countries and have set our sights on becoming the global industry leader. It's what you'd expect from the most sustainable paints company, which has been inventing the future for more than two centuries.

Not for publication – for more information

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Safe Harbor Statement

This press release contains statements which address such key issues such 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 forecasted 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. 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 our website: www.akzonobel.com.