

## Media release

January 18, 2021

### **AkzoNobel proposes to acquire Tikkurila for €31.25 per share, to create superior and sustainable value for all stakeholders**

Akzo Nobel N.V. (AKZA; AKZOY) has today made a comprehensive non-binding proposal to acquire Tikkurila. The proposed combination of AkzoNobel and Tikkurila would create a strong platform for future growth, better able to serve customers with more innovative and sustainable solutions, building on a shared European heritage.

The proposal includes an all-cash public offer for all issued and outstanding shares of Tikkurila at an offer price of €31.25 per share (“potential offer”) and total equity value of around €1.4 billion. This represents a premium of 113% to Tikkurila’s volume weighted average share price for the undisturbed three-month period ending December 17, 2020 and is 13% higher than the current offer made on January 5, 2021.

Thierry Vanlancker, AkzoNobel CEO, commented: “The natural combination of AkzoNobel and Tikkurila would build on centuries of industry experience and a shared European heritage to create significant value for customers, employees, shareholders and other stakeholders. Bringing together our premium brands and leading portfolios would provide customers with a wider range of innovative products and services, including the most sustainable paints and coatings solutions.”

To obtain merger clearance and ensure deal certainty for Tikkurila and its shareholders, AkzoNobel has agreed with Hempel key terms for the sale of assets, including the decorative paints business of AkzoNobel in the Nordics and the Baltics, to be completed after closing of AkzoNobel’s proposed public offer for Tikkurila.

The Nordic culture and strong presence of Tikkurila in Finland would be reflected in the future organization. The main offices and production facilities of Tikkurila in Finland would become the vital hub for the combined business in the Baltic Sea region and substantial investment would be made in production facilities to supply future growth. Employees and management would benefit from new and exciting career and professional development opportunities, in Finland and the wider organization.

AkzoNobel and Tikkurila have a common approach to sustainability – it’s embedded in the way we operate – and AkzoNobel is widely recognized as the leader in the paints and coatings industry. Joining forces would build on the sustainable purpose of Tikkurila and continue to make a difference for all stakeholders, including local communities.

Thierry Vanlancker continued: “Our complementary geographic profiles would create superior value compared to any other combination, including growth opportunities for the company and its employees. Our collective procurement capabilities, expanded production, and combined sales and distribution channels would deliver substantial value creation. AkzoNobel and Tikkurila would have an exciting and sustainable future together, continuing the recent positive momentum and performance improvement, as a global frontrunner in the industry.”

The transaction is expected to be EPS accretive in 2022, is aligned with the capital allocation priorities of AkzoNobel, and will be financed using existing cash and credit lines. AkzoNobel will continue its current €300 million share buyback program and maintains a target leverage ratio of 1-2x net debt/EBITDA.

AkzoNobel invites the Board of Directors of Tikkurila to enter into negotiations with a view to reaching agreement on a recommended voluntary public cash tender offer.

**Implied premia of the potential offer:**

- 108% premium compared to the closing price of Tikkurila share on December 17, 2020, the last trading day prior to Tikkurila announcement regarding the tender offer
- 113% premium compared to the volume-weighted average trading price of Tikkurila share during the three-month period prior to December 17, 2020
- 122% premium compared to the volume-weighted average trading price of Tikkurila share during the 12-month period prior to December 17, 2020

**Conference calls**

On January 18, 2021, AkzoNobel will host a conference call for media at 09:00 CET and for investors and analysts at 10:00 CET.

Participant dial-in numbers:

Finland: +358 981710310

Sweden: +46 856642651

United Kingdom: +44 3333000804

United States: +1 6319131422

Netherlands: +31 207095189

Media (9:00 CET) PIN: 22805884#

Investors and analysts (10:00 CET) PIN: 12011347#

Please register or join the call 5-10 minutes prior to the start of the event. By registering for the event or joining the call participants agree to the collection of information, such as participant name and company name. The conference call will be recorded.

**Advisors**

AkzoNobel is being advised by HSBC and J.P. Morgan as financial advisers and De Brauw Blackstone Westbroek and Roschier, Attorneys Ltd. as legal advisers.

**Key terms for launch and completion of the potential offer**

The final decision to make the potential offer to Tikkurila shareholders is subject to certain conditions, including: 1) the Board of Directors of Tikkurila entering into negotiations with AkzoNobel, 2) customary due diligence on Tikkurila, 3) entering into a combination agreement between AkzoNobel and Tikkurila, 4) the Board of Directors of Tikkurila recommending to the shareholders of Tikkurila that they accept the tender offer of AkzoNobel, 5) obtaining an irrevocable undertaking from Oras Invest Oy to accept the potential offer and 6) final approval by the Supervisory Board of AkzoNobel.

The potential offer would be made pursuant to an offer document to be approved by the Finnish Financial Supervisory Authority (the "offer document"). The offer document would include all terms and conditions of the potential offer. The potential offer would only be accepted on the basis of the offer document.

The announcement of the potential offer, if any, depends on the time taken for the Board of Directors of Tikkurila to respond to this proposal and for negotiations to be concluded in relation to this transaction. If negotiations advance quickly, a potential offer could be announced in February and the transaction completed as soon as possible in 2021.

The completion of the potential offer, if announced, would be subject to customary conditions substantially similar to those included in the current tender offer document, dated January 14, 2021, such as reaching a 90% acceptance level and obtaining required regulatory approvals, and would not be conditional on financing. AkzoNobel would reserve the right, at its sole discretion, to waive any of the conditions for completion of the potential offer.

Shareholders are advised there can be no certainty that this proposal will eventually lead to any agreement between AkzoNobel and Tikkurila, the making of an offer to Tikkurila shareholders, or the timing and terms of any such agreement or offer. The terms of the potential offer, if announced, may differ from the terms set out in the proposal and this announcement.

AkzoNobel is aware, based on public information, that the combination agreement amended on January 5, 2021, includes procedures allowing the offeror to negotiate should the Board of Directors of Tikkurila contemplate effecting a change of its recommendation.

AkzoNobel reserves the right to acquire shares of Tikkurila prior to announcing a potential offer in public trading or otherwise. At the date of this announcement, AkzoNobel does not hold any shares of Tikkurila.

#### Important Information

**THIS IS A PUBLIC ANNOUNCEMENT BY AKZO NOBEL N.V. ("AKZONOBEL") PURSUANT TO SECTION 17 PARAGRAPH 1 OF THE EUROPEAN MARKET ABUSE REGULATION (596/2014). THIS PUBLIC ANNOUNCEMENT DOES NOT CONSTITUTE AN OFFER, OR ANY SOLICITATION OF ANY OFFER, TO BUY OR SUBSCRIBE FOR ANY SECURITIES.**

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**THIS RELEASE HAS BEEN PREPARED IN COMPLIANCE WITH THE LAWS OF THE NETHERLANDS AS WELL AS, TO THE EXTENT APPLICABLE IN ACCORDANCE WITH FINNISH LAW, THE RULES OF NASDAQ HELSINKI AND THE HELSINKI TAKEOVER CODE AND THE INFORMATION DISCLOSED MAY NOT BE THE SAME AS THAT WHICH WOULD HAVE BEEN DISCLOSED IF THIS ANNOUNCEMENT HAD BEEN PREPARED IN ACCORDANCE WITH THE LAWS OF JURISDICTIONS OUTSIDE OF FINLAND OR THE NETHERLANDS.**

#### Information for Tikkurila shareholders in the United States

The potential offer is expected to be made for the issued and outstanding shares of Tikkurila, which is domiciled in Finland, and is subject to Finnish disclosure and procedural requirements. It is anticipated that the potential offer would be made in the United States pursuant to Section 14(e) and Regulation 14E under the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), subject to exemptions provided by Rule 14d-1(d) under the Exchange Act for a "Tier II" tender offer, and otherwise in accordance with the disclosure and procedural requirements of Finnish law, including with respect to the timetable of the potential offer, settlement procedures, withdrawal, waiver of conditions and timing of payments, which are different from those of the United States. The potential offer, if any, is to be made to Tikkurila's shareholders resident in the United States on the same terms and conditions as those made to all other shareholders of Tikkurila to whom an offer may be made.

To the extent permissible under applicable law or regulations, AkzoNobel and its affiliates or its brokers and its brokers' affiliates (acting as agents for AkzoNobel or its affiliates, as applicable) may from time to time after the date of this public announcement and during the pendency of the potential offer, and other than pursuant to potential offer, directly or indirectly, purchase or arrange to purchase shares of Tikkurila or any securities that are convertible into, exchangeable for or exercisable for shares of Tikkurila. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. To the extent information about such purchases or arrangements to purchase is made public in Finland, such information will be disclosed by means of a stock exchange release or public announcement or by other means reasonably calculated to inform U.S. shareholders of such information. No purchases will be made outside the potential offer in the United States by, or on behalf of, AkzoNobel. In addition, the financial advisers to AkzoNobel may also engage in ordinary course trading activities in securities of Tikkurila, which may include purchases or arrangements to purchase such securities. To the extent required in Finland, any information about such purchases will be made public in Finland in the manner required by Finnish law.

Neither the U.S. Securities & Exchange Commission nor any U.S. state securities commission has approved or disapproved of the potential offer, passed upon the merits or fairness of the potential offer, or passed any comment upon the adequacy, accuracy or completeness of the disclosure in this public announcement. Any representation to the contrary is a criminal offence in the United States.

#### Safe Harbor Statement

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

## **About AkzoNobel**

AkzoNobel has a passion for paint. We're experts in the proud craft of making paints and coatings, setting the standard in color and protection since 1792. Our world class portfolio of brands – including Dulux, International, Sikkens and Interpon – is trusted by customers around the globe. Headquartered in the Netherlands, we are active in over 150 countries and employ around 32,000 talented people who are passionate about delivering the high-performance products and services our customers expect.

## **Not for publication – for more information**

Media Relations  
T +31 (0)88 – 969 7833  
Contact: Diana Abrahams  
[Media.relations@akzonobel.com](mailto:Media.relations@akzonobel.com)

Investor Relations  
T +31 (0)88 – 969 7856  
Contact: Lloyd Midwinter  
[Investor.relations@akzonobel.com](mailto:Investor.relations@akzonobel.com)