Akzo Nobel N.V.

Media release

July 20, 2022

AkzoNobel revenue up 14% despite impact of lockdowns in China and destocking in EMEA DIY channels

Akzo Nobel N.V. (AKZA; AKZOY) publishes results for second quarter 2022

Highlights Grow & Deliver (compared with Q2 2021)
• Revenue up 14% and 10% higher in constant currencies¹, pricing up 16%
• ROS² at 8.7% (2021: 13.3%), resulting from lower volumes and continued raw material and freight costs inflation
• Adjusted EBITDA at €337 million (2021: €419 million)
• Acquisition of Grupo Orbis completed in April 2022. Intended acquisition of Kansai Paint’s business in Africa announced in June 2022. Intended acquisition of the liquid wheel coatings business of Germany-based Lankwitzer Lackfabrik GmbH announced in July 2022

Highlights Q2 2022 (compared with Q2 2021)
• Pricing up 16%; offsetting the increase of raw material and other variable costs. Volumes 9% lower
• Operating income at €205 million (2021: €384 million), includes €44 million negative impact from identified items (2021: €49 million net positive impact). OPI margin 7.2% (2021: 15.3%)
• Adjusted operating income³ at €249 million (2021: €335 million)
• Net cash from operating activities decreased to negative €52 million (2021: positive €168 million)
• EPS from total operations at €0.60 (2021: €1.40); adjusted EPS from continuing operations at €0.84 (2021: €1.20)

AkzoNobel CEO, Thierry Vanlancker, commented:
“Our Q2 results were clearly impacted by two months of lockdowns in China and destocking in decorative paint do-it-yourself channels in Europe. Demand from our customers got back on track in June. Despite the significant Q2 headwinds we were able to match the volumes from pre-COVID Q2 2019.

“I’m extremely proud of how the organization stays focused and has the agility to push ahead with our Grow & Deliver ambitions of €2 billion EBITDA in 2023 – while mitigating increasing macro-economic and geo-political uncertainty with further cost reduction and margin management initiatives.”

<table>
<thead>
<tr>
<th>AkzoNobel in € millions</th>
<th>Q2 2021</th>
<th>Q2 2022</th>
<th>Δ%</th>
<th>Δ% CC¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>2,511</td>
<td>2,853</td>
<td>14%</td>
<td>10%</td>
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<tr>
<td>Operating income</td>
<td>384</td>
<td>205</td>
<td>(47%)</td>
<td></td>
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<tr>
<td>Adjusted operating income³</td>
<td>335</td>
<td>249</td>
<td>(26%)</td>
<td></td>
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<tr>
<td>ROS²</td>
<td>13.3%</td>
<td>8.7%</td>
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Recent highlights

Rising to the challenge
The world’s biggest offshore wind farm is protected from the ravages of the North Sea by our International coatings. Hornsea 2, off England’s coast, has 165 turbines that feature Interzone 954 – a high-performance coating which protects over 2,000 offshore wind assets worldwide.
New solar project boosts ESG performance

A major solar energy project was completed at our Izmir powder coatings facility in Türkiye, with more than 2,300 panels installed. It’s another step towards realizing our ambition of 100% renewable electricity by 2030. This drive to reduce carbon emissions was also recognized with AkzoNobel in the top 25 companies on Euronext Amsterdam’s new AEX® ESG Index.

Deal agreed to acquire Kansai Paint’s activities in Africa

We’ve reached an agreement to acquire the African paints and coatings activities of Kansai Paint. The intended deal will further strengthen our footprint in the region. Present in 12 countries in Africa, Kansai Paint has regional consolidated revenue of around €280 million.

Set to acquire Lankwitzer Lackfabrik wheel liquid coatings

An agreement is in place to acquire the German-based aluminum wheel liquid coatings business of Lankwitzer Lackfabrik GmbH. The deal will bolster our performance coatings portfolio with products approved for use by car manufacturers such as Daimler, Audi, VW, Opel, Fiat and Renault.

Mosquito-repellent coating launched to help combat disease

A powerful mosquito-repellent coating has been launched by our Coral brand in Brazil. The colorless matt varnish has been specifically designed to combat the Aedes aegypti mosquito – a notorious carrier of dengue fever, as well as the zika and chikungunya virus.

Outlook

AkzoNobel targets to grow at or above its relevant markets, in line with the company’s Grow & Deliver strategy. Trends differ per region and segment, with raw material and other variable cost inflation (including freight) expected to gradually ease towards the end of 2022. AkzoNobel aims to continue to offset raw material and other variable cost inflation (including freight) through pricing initiatives. Macroeconomic uncertainties have increased due to geopolitical tension, the resurgence of COVID-19 and inflation. Assuming there are no further significant market disruptions, AkzoNobel aims to deliver the €2 billion adjusted EBITDA target for 2023, and an average annual 50 basis points increase in return on sales over the period 2021-2023. AkzoNobel targets a leverage ratio of 1-2 times net debt/EBITDA and is committed to retaining a strong investment grade credit rating.

The report for the second quarter can be viewed and downloaded: akzo.no/Q2-2022-results

1 Constant currencies calculations exclude the impact of changes in foreign exchange rates
2 Return on sales (ROS) is adjusted operating income as percentage of revenue
3 Adjusted operating income = operating income excluding identified items

This media release covers the highlights for the quarter. We recommend reading the media release in combination with the full quarterly report. The quarterly report provides additional information, including the IAS34 condensed consolidated financial statements. ROS, adjusted OPI, adjusted EPS, EBITDA and Adjusted EBITDA are Alternative Performance Measures (APM’s). AkzoNobel uses APM adjustments to the IFRS measures to provide supplementary information on the reporting of the underlying developments of the business. A reconciliation of the alternative performance measures to the most directly comparable IFRS measures can be found in the AkzoNobel quarterly report.

All figures in the media release and in the AkzoNobel quarterly report are unaudited. The interim condensed consolidated financial statements were discussed and approved by the Board of Management and the Supervisory Board. These condensed financial statements have been authorized for issue.

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 supply the sustainable and innovative paints and coatings that our customers, communities – and the environment – are increasingly relying on. That’s why everything we do starts with People. Planet. Paint. 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 a pioneering paints company that’s committed to science-based targets and is taking genuine action to address globally relevant challenges and protect future generations.
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.

Link to the quarter report: akzo.no/Q2-2022-results