

Media release

July 21, 2021

AkzoNobel grows revenue 26% and delivers €335 million adjusted operating income

Akzo Nobel N.V. (AKZA; AKZOY) publishes results for second quarter 2021

Highlights Q2 2021

- Revenue 26% higher than Q2 2020 (up 8% from Q2 2019, in constant currencies¹) with 4.5% price increase
- Adjusted operating income² at €335 million (return on sales³ at 13.3%), 41% higher than Q2 2020 and up 10% from Q2 2019
- €1 billion share buyback started April 27, 2021; €223 million completed by end of Q2 2021
- Acquisition of Colombia-based Grupo Orbis announced, expected to be completed by end of 2021 or early 2022

Q2 2021 (compared with Q2 2020)

- Revenue up 26% and 29% higher in constant currencies, with volumes up 26%, mainly due to strong end market demand. Price/mix up 1%, while acquisitions added 2%
- Operating income up 86% at €384 million (2020: €207 million); OPI margin improved to 15.3% (2020: 10.4%)
- Adjusted operating income up 41% at €335 million (2020: €238 million) excludes €49 million net positive impact from identified items, mainly related to Brazil ICMS and UK pension gains (2020: €31 million negative identified items related to transformation initiatives)
- Net cash from operating activities at €168 million (2020: €308 million)
- Net income from total operations up 102% at €261 million (2020: €129 million)
- EPS from total operations up 106% at €1.40 (2020: €0.68); adjusted EPS from continuing operations up 50% at €1.20 (2020: €0.80)

*The 2019 comparatives are included in this release to allow for proper comparison in light of the COVID-19 impact in 2020.

AkzoNobel CEO, Thierry Vanlancker, commented:

“We’re very proud of our teams for delivering another strong quarter, including top line growth, despite the significant raw material headwinds impacting our industry.

“In view of the ongoing raw material inflation, we continue to take firm and necessary actions on pricing initiatives and maintaining our cost discipline, while remaining focused on serving our customers.

“Our People. Planet. Paint. approach to sustainability has again been recognized with the highest possible ESG rating (AAA) from MSCI for the sixth consecutive year, making us the frontrunner in paints and coatings.”

AkzoNobel in € millions	Q2 2020	Q2 2021	Δ%	Δ% CC ¹
Revenue	1,987	2,511	26%	29%
Operating income	207	384	86%	
Adjusted operating income ²	238	335	41%	
ROS ³	12.0%	13.3%		

Recent highlights

Deal agreed to acquire Colombia-based Grupo Orbis

We’re further expanding our position in South and Central America after reaching an agreement to acquire Colombia-based paints and coatings company Grupo Orbis. Present in ten countries in South America,

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Central America and the Antilles, the deal will establish us as a frontrunner in the Andean region and in Central America, where several countries are high on the global growth rankings for the next decade.

Creating a more sustainable yacht industry

Our Yacht Coatings business has partnered with the Water Revolution Foundation to help create a more sustainable yacht industry and protect the world's oceans. Having already made a long-term commitment to bring positive change to the industry, the business will share its expert knowledge and insight, which has been acquired over many decades of developing pioneering solutions for customers around the world. Established in 2018, the Water Revolution Foundation is a not-for-profit organization working to preserve the world's oceans by helping the yacht industry to drive down its environmental impact.

Solar projects powering ahead in China

Two major projects to install around 8,000 solar panels are being finalized in China, helping us to accelerate our ambition of cutting carbon emissions in half by 2030. Being installed at two Decorative Paints plants – more than 5,000 at our Shanghai site and almost 3,000 in Guangzhou – it represents further progress for our greener manufacturing plans. The new solar systems will become the primary source of power at each location.

Paint the Future a big hit with pioneering startups

Our innovative Paint the Future startup challenge is continuing to attract interest from around the world. We received more than 200 submissions for our second global edition – which was launched in May – with a follow-up bootcamp event scheduled for November. Meanwhile, this year's regional startup event in China attracted 210 submissions (the bootcamp is in August). The next regional edition will be launched in India in February next year, with a focus on digital customer solutions.

Setting the standard

We recently received the highest possible ESG rating (AAA) from MSCI for the sixth consecutive year. Designed to measure resilience to long-term industry risks, the rating identifies how well we manage those risks and how we're doing against our peers. In 2021, we were ranked in the leader position in six of our industry's seven key topics: clean technologies; chemical safety; governance; water stress; carbon emissions; and toxic emissions and waste.

Outlook:

AkzoNobel targets to grow at least in line with its relevant markets. Trends differ per region and segment with significant raw material inflation expected to continue in the second half of 2021. Margin management and cost discipline are in place to deliver an average annual 50 basis points increase in return on sales over the period 2021-2023. 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 second quarter 2021 can be viewed and downloaded at <https://akzo.no/Q2-2021-results>

1 Constant currencies calculations exclude the impact of changes in foreign exchange rates

2 Adjusted operating income = operating income excluding identified items

3 Return on sales (ROS) is adjusted operating income as percentage of revenue; ROS excluding unallocated cost was reported in relation to the Winning together: 15 by 20 strategy and is no longer reported

This media release covers the highlights for the quarter. We recommend reading the media release in combination with the full AkzoNobel Q2 2021 Report. The Q2 2021 Report provides additional information, including the IAS34 condensed consolidated financial statements.

ROS, adjusted OPI and adjusted EPS 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 Q2 2021 Report.

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 media release 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. www.akzonobel.com.

Link for the Q2 results report: <https://akzo.no/Q2-2021-results>