Akzo Nobel N.V.
Global Communications

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AkzoNobel reviewing strategic options to separate Specialty Chemicals

AkzoNobel rejects an unsolicited indicative proposal from PPG

Akzo Nobel N.V. (AKZA.AS; AKZOY)

AkzoNobel, one of the world's leading paints, coatings and chemicals companies announces today a review of strategic options for the separation of its Specialty Chemicals business.

The Specialty Chemicals business, which had revenues of €4.8 billion in 2016, is strongly positioned with a broad portfolio of leading technologies and chemicals which service a wide range of end-user segments including construction, industrial and consumer goods. The separation will allow the Specialty Chemicals business to continue to build and accelerate its market-leading positions across a range of market segments.

As part of the separation, AkzoNobel will consider various alternative ownership structures for the Specialty Chemicals business including, but not limited to, the establishment of an independent listed entity. The ultimate structure will be determined by reference to shareholder value maximization as well as broader stakeholder considerations.

Today's decision was brought forward following confirmation that AkzoNobel has rejected an unsolicited, non-binding and conditional proposal from PPG Industries Inc. for all of the issued and outstanding ordinary shares in the capital of AkzoNobel. PPG's proposal substantially undervalues AkzoNobel and is not in the interest of its stakeholders, including its shareholders, customers and employees.

Ton Büchner, CEO, AkzoNobel:

"Our Specialty Chemicals business is an industry leader in many of the markets in which it operates and we are extremely proud of its heritage, performance and people. We are reviewing strategic options to separate it from the company to create focus for both Specialty Chemicals and the Decorative Paints and Performance Coatings group, allowing them to build further on their respective leadership positions.

"As stated at our full-year results announcement in February, we are now a leaner, more agile company with a solid financial and operational foundation and a focus on growth. AkzoNobel has enjoyed a record performance in recent years in terms of profitability and has made significant strategic progress, allowing us to take this decision.

"Our decision today was brought forward due to recent events. The unsolicited proposal we received from PPG substantially undervalues our company and contains serious risks and uncertainties. The proposal is not in the interest of AkzoNobel's stakeholders, including its shareholders, customers and employees, and we have unanimously rejected it. Along with my colleagues on our Boards, our executive team and our thousands of employees, I firmly believe that AkzoNobel is best placed to unlock the value within our company ourselves.

"We understand our role in society and want to protect our ability to continue to invest in communities, research and development, innovation and sustainability in the countries in which we operate."

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AkzoNobel confirms it received an unsolicited, non-binding and conditional proposal from PPG for a public offer on all of the issued and outstanding ordinary shares in the capital of AkzoNobel at a price of €54.00 in cash and 0.3 PPG shares per AkzoNobel share, corresponding to a value of €83.00 per share as per 28 February, 2017 (cum final dividend 2016).

The Board of Management and Supervisory Board of AkzoNobel have carefully reviewed and considered the proposal by PPG, together with their financial and legal advisors. In doing so, the Boards have taken into account the long-term interests of all AkzoNobel stakeholders, including the shareholders.

The Boards have unanimously concluded that the PPG proposal substantially undervalues AkzoNobel by failing to reflect the long-term value creation potential of the company. The Boards have also concluded that the equity component of the proposal has significant issues, including the high leverage of the proposed combination. They also believe the proposal carries significant delivery and timing risk for shareholders, both in relation to substantial anti-trust issues, pension schemes and the achievability of proposed synergies.

The Board of Management and the Supervisory Board of AkzoNobel also believe the proposal is not in the interest of stakeholders including its customers and employees. The proposal would be detrimental to the societies and economies in which AkzoNobel operates, including potentially jeopardizing the company's major contribution to communities and research & development organizations globally and its deep commitment to sustainability. The proposal is not in the interests of AkzoNobel employees and would create potential uncertainty for thousands of jobs worldwide.

AkzoNobel did not initiate nor has it encouraged or entertained any conversations with PPG on this matter.

This is a public announcement by AkzoNobel N.V. 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 in AkzoNobel N.V.

About AkzoNobel

AkzoNobel creates everyday essentials to make people's lives more liveable and inspiring. As a leading global paints and coatings company and a major producer of specialty chemicals, we supply essential ingredients, essential protection and essential color to industries and consumers worldwide. Backed by a pioneering heritage, our innovative products and sustainable technologies are designed to meet the growing demands of our fast-changing planet, while making life easier. Headquartered in Amsterdam, the Netherlands, we have approximately 46,000 people in around 80 countries, while our portfolio includes well-known brands such as Dulux, Sikkens, International, Interpon and Eka. Consistently ranked as a leader in sustainability, we are dedicated to energizing cities and communities while creating a protected, colorful world where life is improved by what we do.

AkzoNobel had total revenues of €14.2 billion in 2016: Specialty Chemicals - €4.8 billion, Decorative Paints - €3.8 billion, Performance Coatings - €5.7 billion..

Not for publication – for more information

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Safe Harbor Statement

This press release contains statements which address 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.