

## Media release

October 20, 2021

## AkzoNobel delivers 6% revenue growth in Q3; pricing initiatives in place to offset raw material headwinds by end of 2021

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

#### Highlights Q3 2021

- Pricing up 9% compared with Q3 2020. Revenue 6% higher (up 5% from Q3 2019\*, in constant currencies<sup>1</sup>)
- Raw material and other variable costs increased €278 million compared with Q3 2020
- Adjusted operating income<sup>2</sup> lower at €241 million (2020: €353 million), ROS<sup>3</sup> at 10.0% (2020: 15.5%)
- €1 billion share buyback started April 27, 2021; €557 million completed by end of Q3 2021
- First paints and coatings company to commit to a carbon reduction target of 50% by 2030 (2018 baseline) for the full value chain, verified by the Science Based Targets initiative

\*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:

“During the third quarter, as predicted, extraordinary levels of raw material costs and supply disruptions impacted our business. Despite supply constraints and the resulting backlog, we were able to demonstrate 6% revenue growth.

“I’m very proud of our team’s focus on our own pricing, as demonstrated by the 10% increase run rate by the end of the third quarter. We’re on track to have our own pricing actions offset the raw material inflation by year-end.

“As we’ve already indicated, the headwinds are likely to be with us going into 2022. However, we’ve established a strong pathway for our Grow & Deliver ambition and remain confident in the €2 billion EBITDA target for 2023.”

AkzoNobel in € millions	Q3 2020	Q3 2021	Δ%	Δ% CC <sup>1</sup>
Revenue	2,276	2,410	6%	5%
Operating income	326	226	(31%)	
Adjusted operating income <sup>2</sup>	353	241	(32%)	
ROS <sup>3</sup>	15.5%	10.0%		

#### Recent highlights

##### Bright Skies unveiled as Color of the Year

An airy light blue has been revealed as our 2022 Color of the Year. The stunning collection of colors will inspire interior design and surfaces for the aerospace, automotive and consumer electronics markets. According to our trend research, what people need most is a breath of fresh air. That theme

is reflected in Bright Skies – an incredibly versatile shade also showcased in our ColorSurfaces E17 coatings collection.

#### **“Let’s Colour” hits new heights**

The stunning Pão de Açúcar cable car in Rio de Janeiro, Brazil, was the spectacular location for one of our most recent “Let’s Colour” projects. Colorful paintings of plants and animals were added to the three cable car stations, which are used to take visitors to the top of Sugarloaf Mountain. Artist Bruno Big used 540 liters of our Coral paint to bring the surface of the stations to life. The designs help to portray the incredible biodiversity of the surrounding landscape and reflect the importance of raising environmental awareness.

#### **SBTi approves carbon reduction target**

Our commitment to setting science-based sustainability targets has been officially validated by the Science Based Targets initiative (SBTi) – confirming AkzoNobel as the first paints and coatings company to receive this endorsement. We’ve also restated our carbon reduction target across the whole value chain and increased it to 50% by 2030 (baseline 2018). This brings it in line with the company’s carbon reduction ambition in its own operations.

#### **Partnership with Mercedes-Benz extended in China and Indonesia**

We’ve agreed to extend our partnership agreement with Mercedes-Benz for another four years. It means the company will continue to be a recommended supplier of vehicle refinish products and services in China and a preferred partner in Indonesia. The deal was confirmed after extensive testing and analysis of the product assortments and services provided by AkzoNobel’s premium Sikkens brand.

#### **Four Chinese startups win Paint the Future collaboration opportunity**

Four startups have been invited to collaborate with AkzoNobel on their innovative solutions after being announced as the winners of our recent Paint the Future China startup challenge. The announcement was made at the end of a two-day accelerator event, which brought 17 finalists together with 30 AkzoNobel experts for face-to-face discussions about collaborative opportunities that could potentially push the boundaries of the paints and coatings industry.

#### **Consumer Electronics business recognized by Dell Technologies**

Our Consumer Electronics business recently received an award from Dell for helping them on their journey from solvent-based to water-based technology. We supply Dell with durable, water-based basecoat and clearcoat technologies for the various plastic and metal substrates used in their devices. The cutting-edge, low VOC formulation is an ideal eco-friendly alternative.

#### **Outlook:**

AkzoNobel targets to grow at least in line with its relevant markets. Trends differ per region and segment, with significant raw material cost inflation and supply constraints expected to continue through mid-2022. 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 is confident in the €2 billion EBITDA target for 2023, in line with its Grow & Deliver strategy. AkzoNobel 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 third quarter 2021 can be viewed and downloaded at <https://akzo.no/Q32021-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 Q3 2021 Report. The Q3 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](http://www.akzonobel.com).

Link for the Q3 results report: <https://akzo.no/Q32021-results>