

## Media release

March 22, 2017

### **AkzoNobel rejects second unsolicited proposal from PPG**

***Proposal fails to recognise value of AkzoNobel and neglects to address significant risks and uncertainties, including extensive anti-trust concerns***

#### **AkzoNobel N.V. (AKZA.AS; AKZOY)**

AkzoNobel today announces it has rejected a second unsolicited, non-binding and conditional proposal of 20 March from PPG Industries Inc. for all of the issued and outstanding ordinary shares in the capital of AkzoNobel.

The proposal not only fails to reflect the current and future value of AkzoNobel, it also neglects to address the significant uncertainties and risks for shareholders and other stakeholders.

The Management Board and Supervisory Board of AkzoNobel, together with their financial and legal advisors, have thoroughly reviewed the second proposal taking into consideration the interests of AkzoNobel's shareholders, customers, employees and other stakeholders.

The revised proposal represents a value of €88.72 (adjusted for final dividend) consisting of €56.22 (adjusted for final dividend) in cash and 0.331 PPG shares, as at 20 March 2017, per AkzoNobel share.

The proposal does not address the concerns expressed by the Boards in their initial rejection of 9 March 2017. The revised proposal:

1. Is not in the best interests of shareholders. It substantially undervalues AkzoNobel and fails to reflect the value creating opportunities of the new strategic direction and focus for both the Specialty Chemicals and the Paints and Coatings businesses, allowing them to build further on their respective leadership positions.
2. Contains significant risks related to the increased stock component and the high leverage of the proposed combined businesses.
3. Would result in a large number of substantial divestitures due to the major geographical and segment overlap of both companies across Decorative Paints and Performance Coatings, bringing into question value leakage. It does not address the significant risk and uncertainty, including timing, of deal completion due to extensive anti-trust concerns. These anti-trust issues would have a significant negative impact on employees and customers which will affect the integrity of AkzoNobel.
4. Will lead to significant job cuts. It includes synergies which can be expected to result in the restructuring of the combined employee base, leading to job losses. PPG provides no substantive commitments to employees, creating potential uncertainty for thousands of jobs worldwide.
5. Does not address fundamental stakeholder concerns and uncertainties, nor does it substantiate any tangible solutions in relation to, among others, R&D, pensions and employees.
6. Does not meaningfully address our concerns regarding community contribution and sustainability and the significant culture gap between both companies, including how any issues arising from this would be addressed.

The unsolicited proposal does not warrant AkzoNobel's engagement with PPG. The Boards unanimously reject PPG's revised proposal.

**Ton Büchner, CEO, AkzoNobel:**

"This proposal significantly fails to recognize the value of AkzoNobel. Our Boards do not believe it is in the best interest of AkzoNobel's stakeholders, including our shareholders, customers and employees. That is why we have rejected it unanimously.

"We are convinced that AkzoNobel is best placed to unlock the value within our company ourselves. We are executing our plan, including the creation of two focused businesses and new cost structure, and believe this gives us a strong platform for continued profitability and long term value creation for all our stakeholders with substantially less execution risks."

**AkzoNobel will provide updated financial guidance and hold an upcoming investor event soon. Details of the event will be announced in due course.**

*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](http://www.akzonobel.com).