

Strategy to accelerate growth and value creation

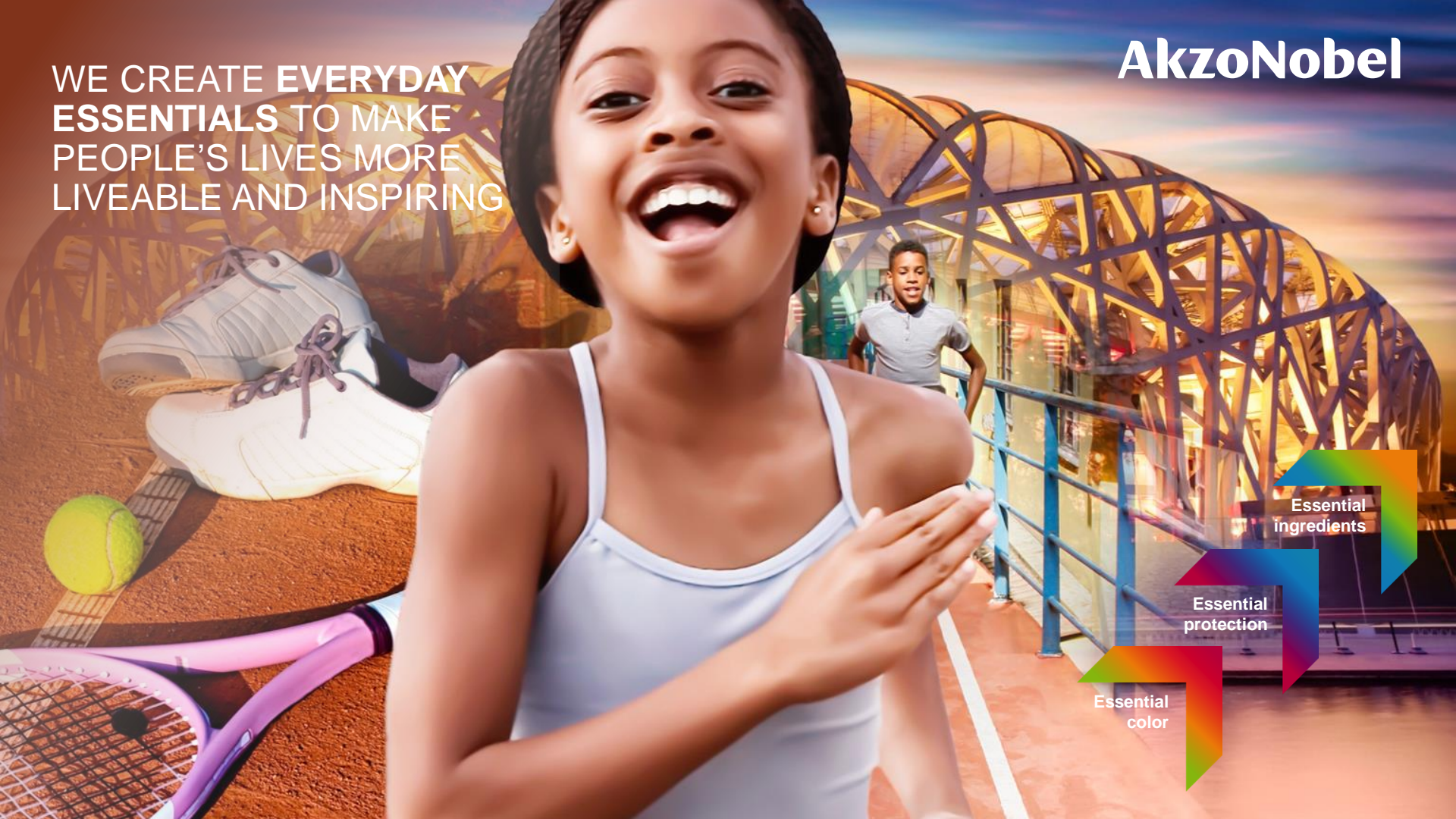
April 19, 2017





AkzoNobel

WE CREATE EVERYDAY
ESSENTIALS TO MAKE
PEOPLE'S LIVES MORE
LIVEABLE AND INSPIRING



Essential
Ingredients

Essential
protection

Essential
color

Agenda

1. Step change in growth and long-term value creation

Ton Büchner

2. Unleashing an industry leader to achieve its full potential

Thierry Vanlancker

3. World leading Paints and Coatings company

Ton Büchner

4. Strong financial foundation for growth and value creation

Maëlys Castella

5. Our future: Sustainable and superior value creation

Ton Büchner

6. Questions and answers

All

Step change in growth and long-term value creation

Ton Büchner

Step change in growth and long-term value creation

Strategy: Create two focused businesses

- ↳ Separation within 12 months
- ↳ Dual-track process with project teams in place
- ↳ Focused Paints and Coatings strategy

Accelerating sustainable growth and profitability

- ↳ Clearer customer focus
- ↳ Fit for purpose organization and processes
- ↳ €150m savings per year from continuous improvement

2017
guidance
EBIT
+€100m

2020
guidance¹
ROS 15%
ROI >25%

Increased shareholder returns:

- ↳ 50% higher dividend for 2017²
- ↳ €1bn special cash dividend
- ↳ Vast majority of net proceeds returned³

Strong financial and operational foundation

1) Excluding unallocated corporate center costs and invested capital; assumes no significant market disruption;

2) Dividend per share €1.65 for Paints and Coatings in 2018; 3) Specialty Chemicals separation

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Paints and Coatings

Step change in growth and long-term value creation

Accelerating growth momentum and enhanced profitability

Creating two focused businesses as a logical next step

Clear separation within 12 months

Increasing returns to shareholders

Committed to investing in sustainability, innovation and society

Best placed to unlock value ourselves

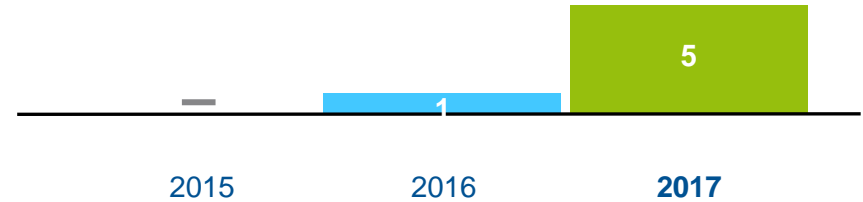
Accelerating growth momentum

Q1 volume development in %

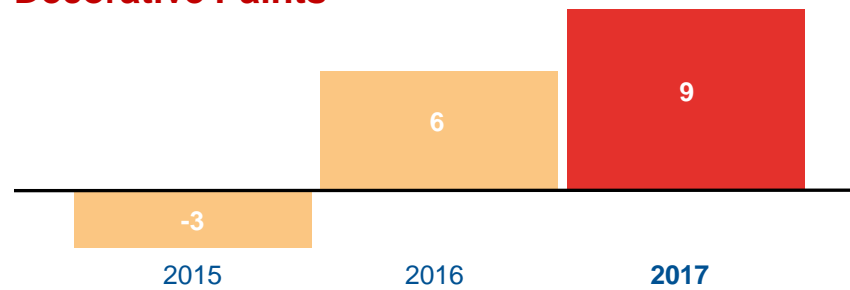
AkzoNobel



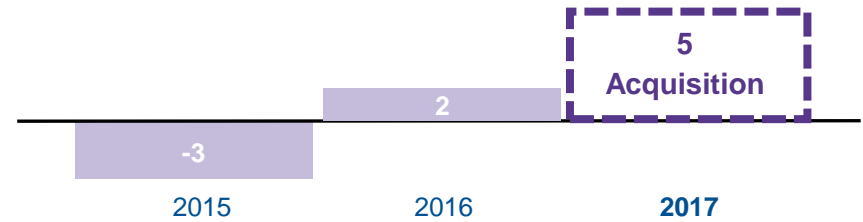
Specialty Chemicals



Decorative Paints



Performance Coatings



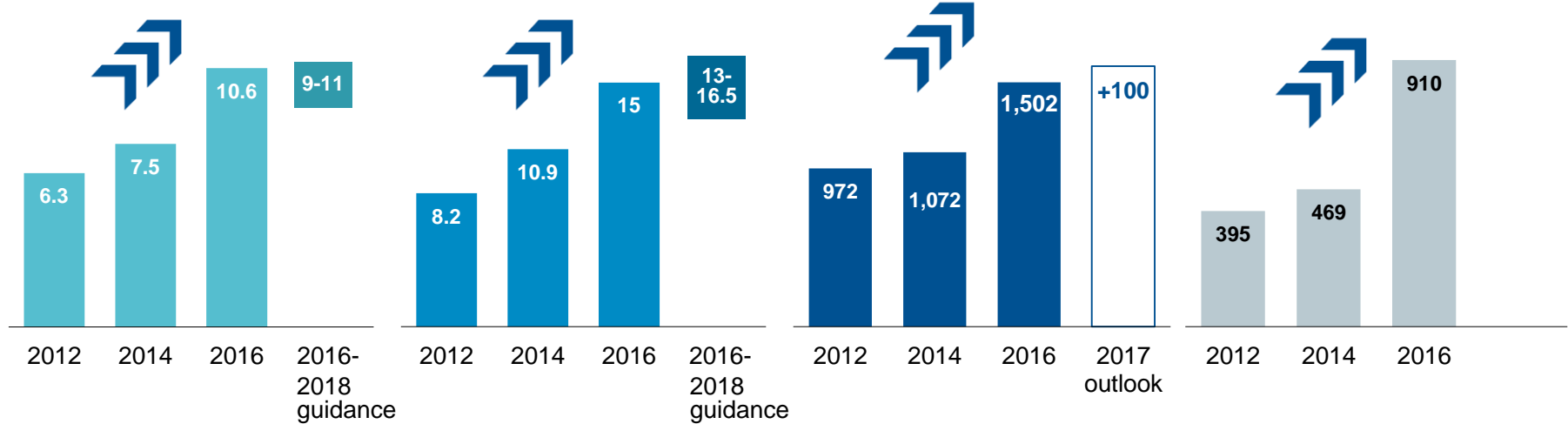
Delivering on our commitments

Return on sales¹
%

Return on investment¹
%

EBIT²
€ million

Free cash flow³
€ million



1 ROS% = EBIT/revenue and Moving average ROI (in %) = 12 months EBIT/12 months average invested capital

2 EBIT = Operating income excluding identified items and including exchange rate results

3 Before pension top-up payments

Accelerating growth momentum and enhanced profitability

Paints and Coatings

2016-2018
guidance*

ROS 10-12%

ROI >18%



Specialty Chemicals

2016-2018
guidance*

ROS 11.5-13%

ROI >16%

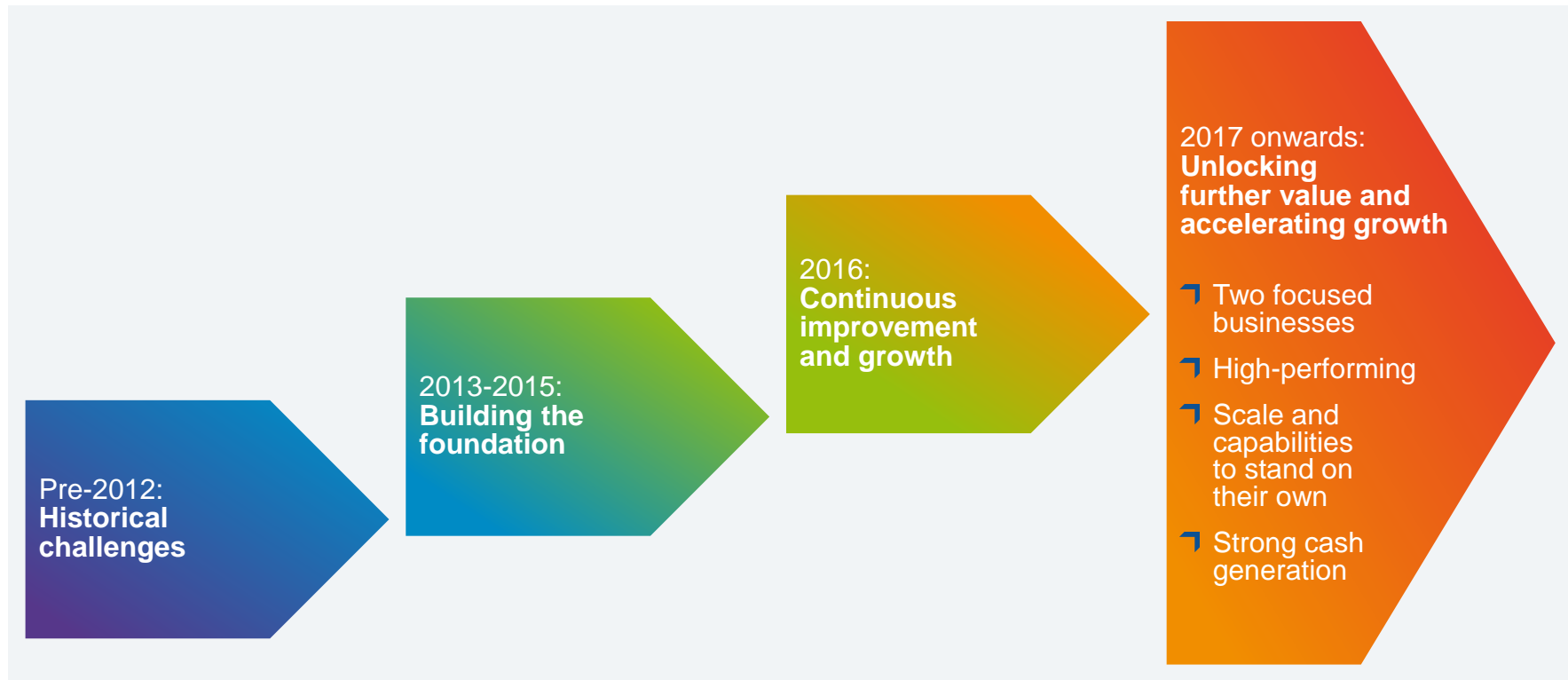


Clear aim to grow faster than relevant markets

2020 guidance for AkzoNobel (current portfolio) ROS 14% and ROI >20%

* Excluding unallocated corporate center costs and invested capital; assumes no significant market disruption

Creation of two focused businesses is the logical next step



Unlocking full potential of two focused companies



Accelerating growth and value creation:

- ↴ Above market growth rates
- ↴ Clear customer focus
- ↴ World class global brands
- ↴ Market leading innovation
- ↴ Teams with proven track record
- ↴ Market specific capabilities
- ↴ Differentiated capital and resource allocation
- ↴ Targeted acquisitions
- ↴ Clean valuation from the financial markets

AkzoNobel



Fit for purpose organization

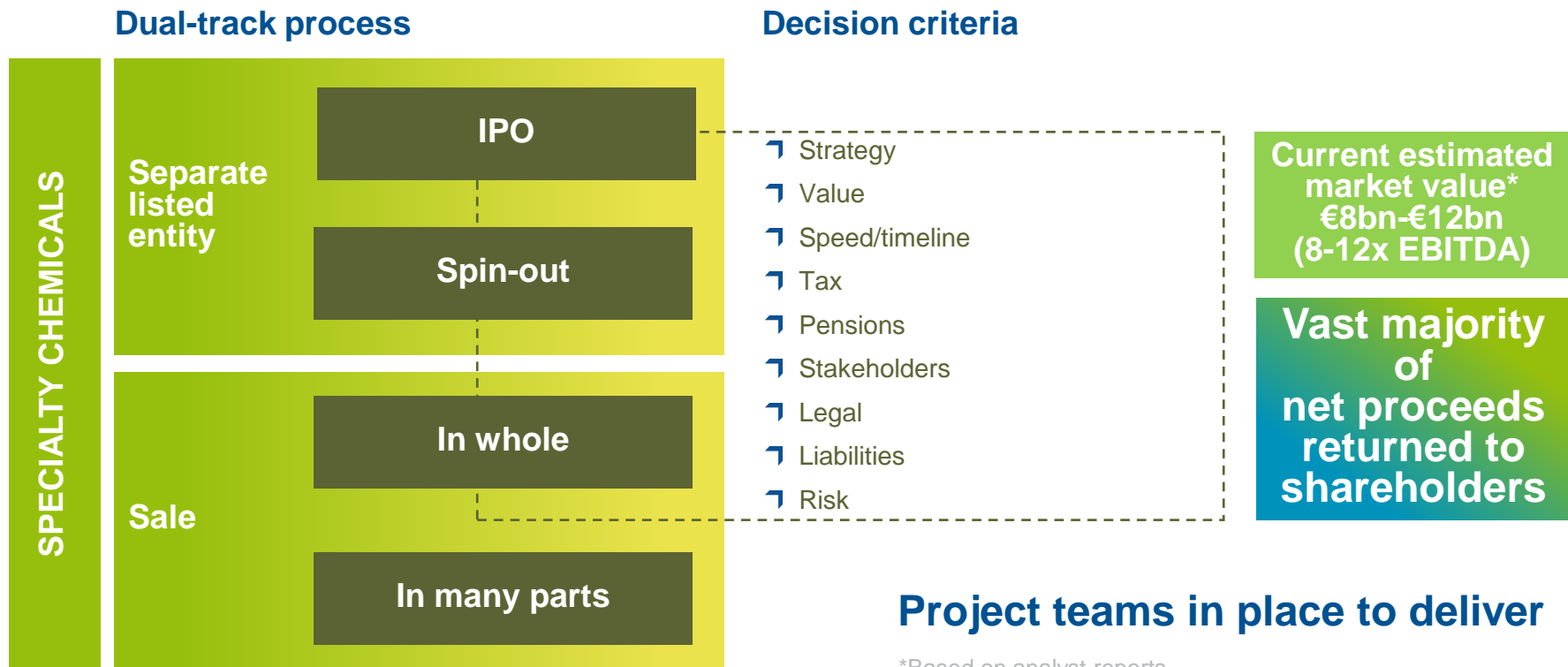
- 1 Customer focused organization
- 2 Continued cost discipline
- 3 Standardized and automated processes
- 4 Specific and simplified systems
- 5 Targeted talent development



Estimated
€50m
additional cost savings¹

¹ Based on 2016 baseline of €243 million. Split between Paints and Coatings and Specialty Chemicals 60/40 (exact ratio depending on separation option)

Dual-track process for separation within 12 months



*Based on analyst reports

Ongoing commitment to invest in sustainability, innovation and society

100% renewable energy and carbon neutral by 2050

50% of products provide sustainability benefits

€1bn innovation investment until 2020

4,000 scientists
130 labs
10,000+ patents

300+ Human Cities projects

Key for long-term sustainable value creation

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Best placed to unlock value ourselves

Specialty Chemicals: Unleashing an industry leader to achieve its full potential

Thierry Vanlancker

Unleashing an industry leader to achieve its full potential

3 Step change in growth post-separation

Additional **€200m EBITDA** by 2022

2 Accelerating growth

2016-2018 guidance

ROS 11.5-13%
ROI >16%

2020 guidance*

ROS 16%
ROI >20%

1 Continued operational excellence

*Excluding unallocated corporate center costs and invested capital; assumes no significant market disruption

World class Specialty Chemicals business

€4.8^{bn} revenue

€953^m EBITDA

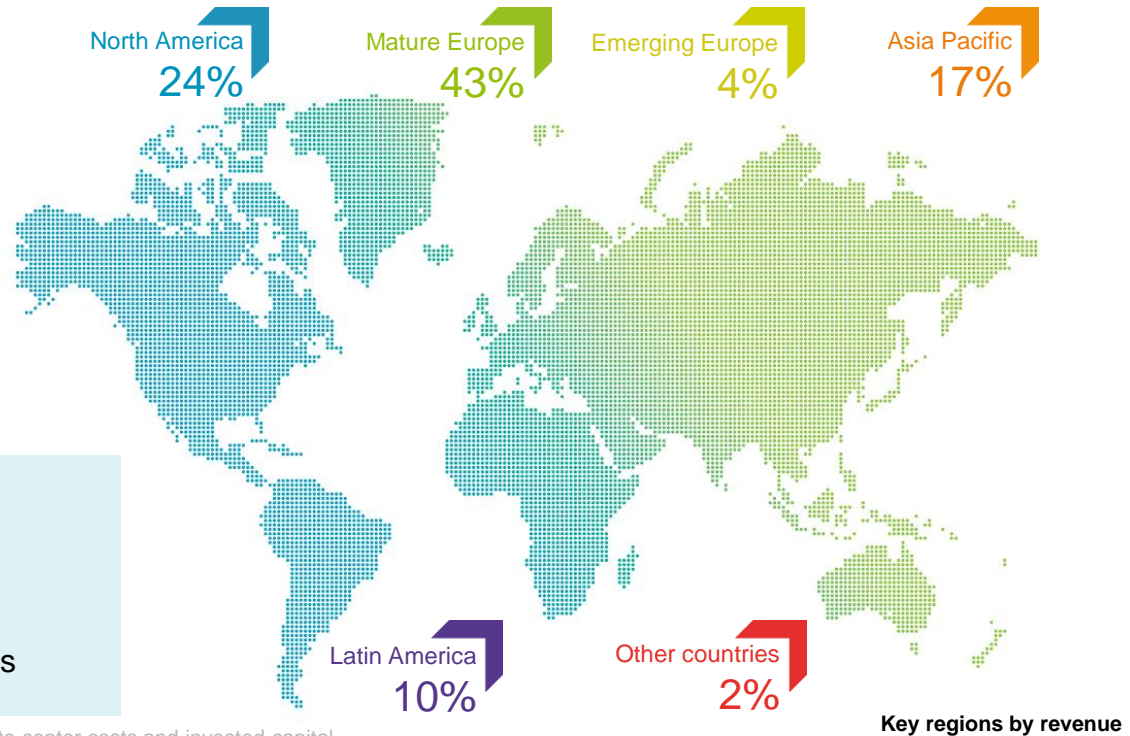
€629^m EBIT

13.2% ROS

17.9% ROI

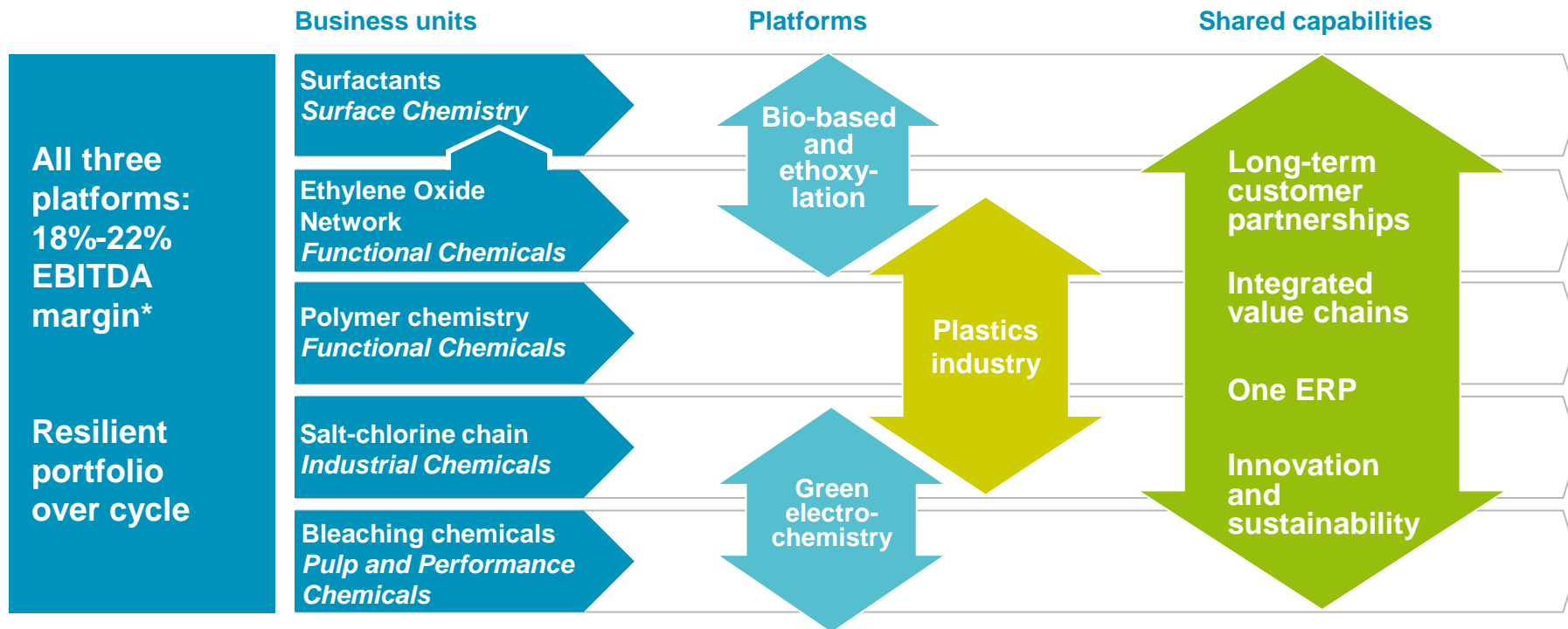
9,000 people

- ↗ Balanced portfolio of interlinked businesses
- ↗ High profitability in all businesses
- ↗ Proven resilience of portfolio through cycles
- ↗ Leadership positions in high growth segments



* All figures are based on year-end 2016, excluding unallocated corporate center costs and invested capital

Highly profitable, interlinked and resilient portfolio



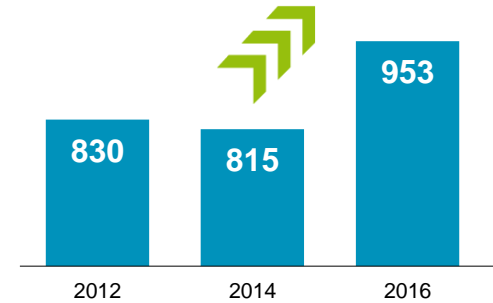
*Excluding unallocated corporate center costs

Substantially improved profitability

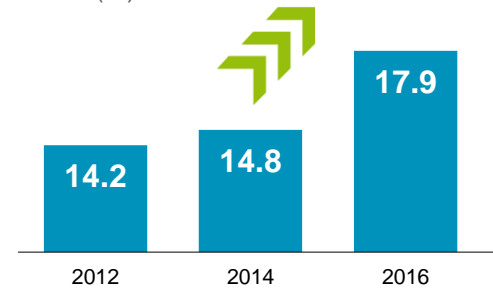
Main profitability drivers from 2012-16

- ↗ Portfolio management
- ↗ Expanded asset base in emerging markets
- ↗ Significant upgrade in long-term partnerships
- ↗ Continuous improvement and productivity programs
- ↗ Streamlined organization

EBITDA (€ million)*



ROI (%)**



*Excluding unallocated corporate center costs. ** Excluding unallocated corporate center costs and invested capital

Leading positions driven by key customer relationships

Strong business portfolio

- Over 80% in leadership positions
- Top quartile peer ranking for ROI
- Strong operational leverage

Core competencies

- Key customers:
 - Most relationships >10 years
 - 98% retention of top 250 customers
- Global manufacturing: 30% in emerging markets
- Strong innovation and sustainability pipeline
 - NPI¹ >12% and growing
 - >5,000 active patents
 - Eco-premium focus
- Top quartile safety and engagement

¹ NPI = New product introductions, last five years

Outperform GDP due to focus on markets with strong growth drivers

Key end-user segments	Growth rate 2016-2020 CAGR	Share of our portfolio %	Growth drivers
Cleaning, personal care and pharma	5-7%	12%	Replacement of phosphates, expanding middle class, developing countries, haircare
Oil and gas (exploration, downstream, lubes and fuels)	5-6%	10%	Recovery exploration, clean fuels (new markets)
Cardboard packaging and tissues	4-5%	15%	Sustainable packaging, e-commerce
Plastics growth segments	3-4%	40%	Light weighting, insulation and emission reduction, construction and consumer packaging
Agriculture and food	3-4%	8%	Population, changing dietary patterns, need for higher output per acre
Construction	3-4%	8%	Developing countries, GDP recovery
Average	4%	93%	

Full focus on accelerating growth and value creation

3 Step change in growth post-separation

Additional **€200m** EBITDA by 2022

2 Accelerating growth

+€250m EBITDA by 2020

1 Continued operational excellence

By 2020:
€150m fixed cost savings, offsetting inflation
€100m-€150m working capital release



Continued operational excellence to accommodate significant growth

1 Continued operational excellence

By 2020:

- ↪ €150m fixed cost savings offsetting inflation
- ↪ €100m-150m in working capital released through integrated business planning

- ↪ Operations productivity
- ↪ Maintenance reliability
- ↪ Manufacturing network optimization
- ↪ Indirect procurement
- ↪ Fit for purpose support functions

Additional €250m EBITDA by 2020

2 Accelerating growth

- ↗ Debottlenecking to create volume leverage
- ↗ Asset-light strategy driven by technology leadership
- ↗ Supply/demand driven margin management
- ↗ Commercialize existing NPI pipeline

Asset light strategy with ICL salt

- Processing 1.5m tons potash to high purity salt
- Competitive new position in Mediterranean
- €60m capex avoidance

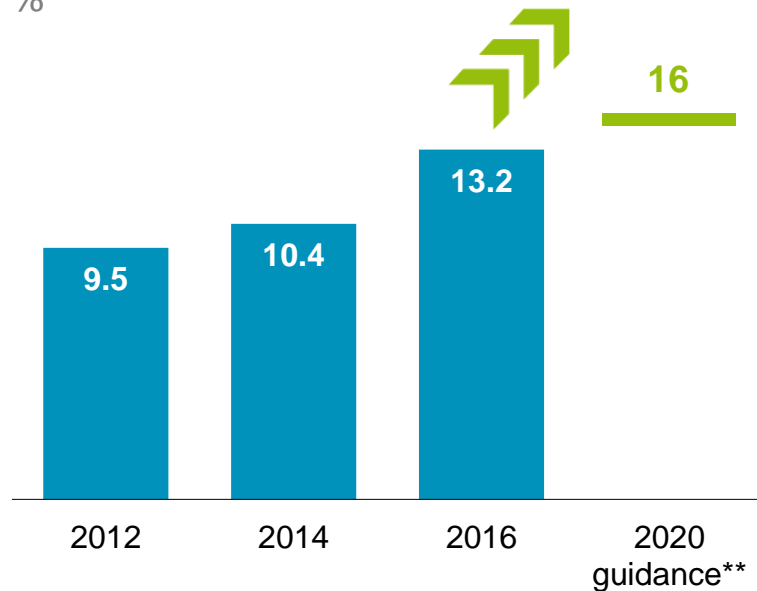
Performance advantage of CiD technology

- Unique, patented technology for PVC customers
- Improves customer productivity up to 30%
- Delivers better PVC quality
- 8 out of 30 large PVC players worldwide (+10 in pipeline)

Well positioned to significantly improve performance: increased guidance

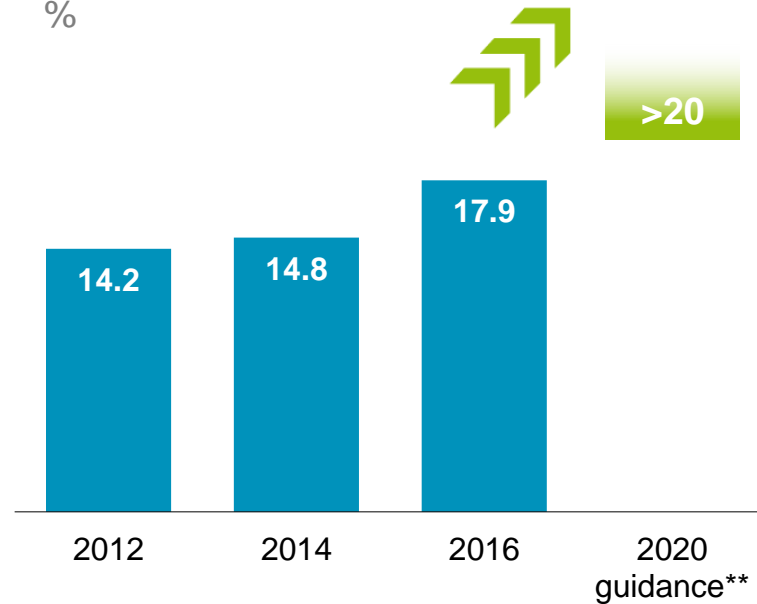
Return on sales*

%



Return on investment*

%



*ROS% = EBIT/revenue and moving average ROI (in %) = 12 months EBIT/12 months average invested capital

**Excluding unallocated corporate center costs and invested capital; assumes no significant market disruption

Opportunity for step change in growth post-separation

3 Step change in growth post-separation

➤ **Incremental growth investments**
~€100m annually 2018-2022

- **Attractive pipeline of projects:**
- Emerging markets and high growth segments
 - Growth with pipeline customers
 - Commercialization of innovations
 - Collaboration with start-ups and universities

Incremental impact by 2022
(above stated guidance)

+€500m
revenue

+€200m
EBITDA

<4 year
payback

Unleashing an industry leader to achieve its full potential

3 Step change in growth post-separation

Additional **€200m EBITDA** by 2022

2 Accelerating growth

2016-2018 guidance

ROS 11.5-13%
ROI >16%

2020 guidance*

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1 Continued operational excellence

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team

AkzoNobel



IN THE VOLVO OCEAN RACE

World leading Paints and Coatings company

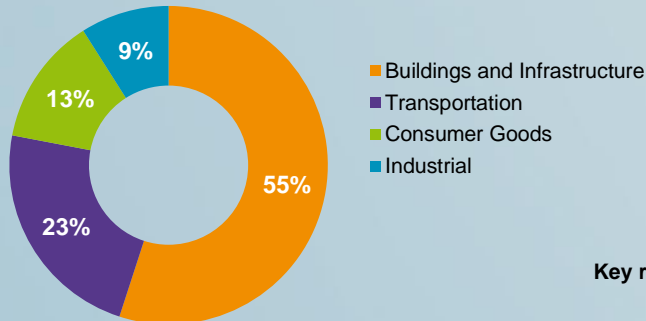
Ton Büchner

The new world of Paints and Coatings

AkzoNobel

€9.5bn revenue
€1.4bn EBITDA
€1.1bn EBIT
11.7% ROS
20.8% ROI
34,400 people

Revenue by end-user segment

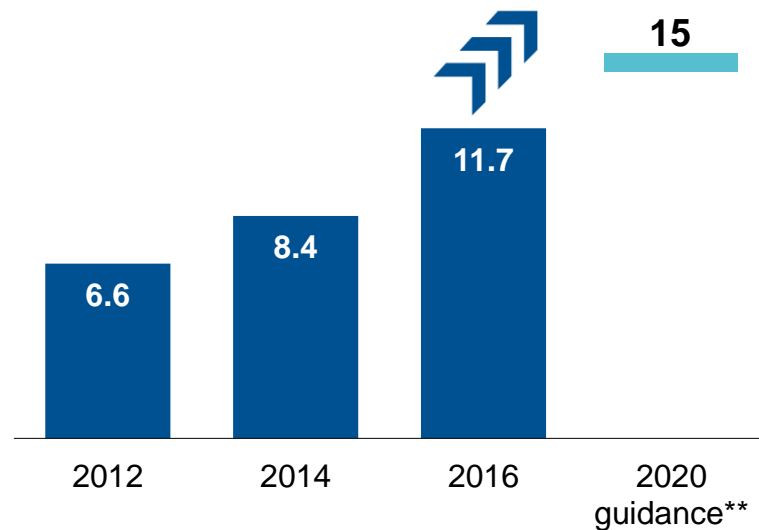


All figures are based on year-end 2016, excluding unallocated corporate center costs and invested capital

Well positioned to accelerate growth and enhance profitability

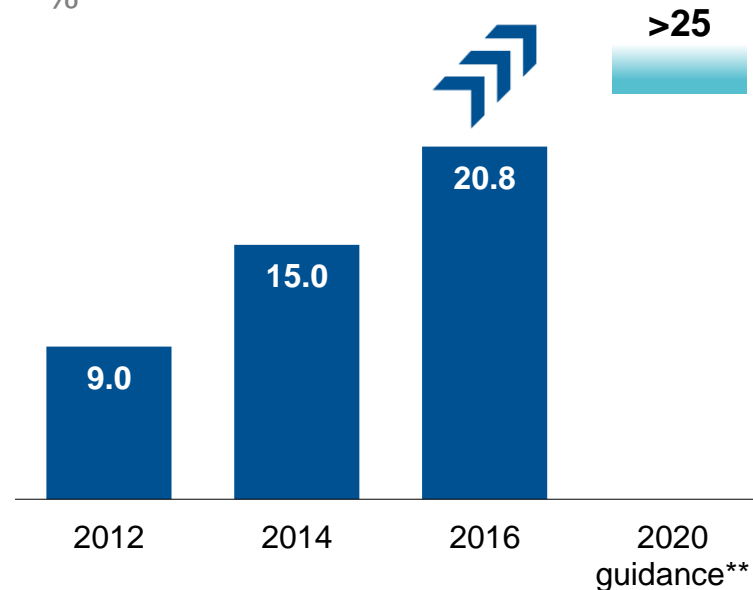
Return on sales*

%



Return on investment*

%



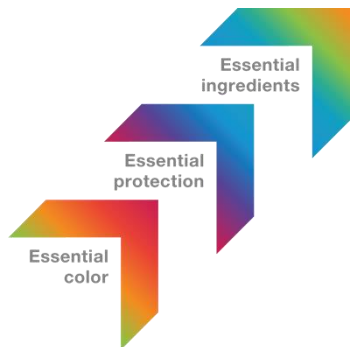
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Leading markets positions delivering leading performance

AkzoNobel

TO CREATE **EVERYDAY ESSENTIALS** TO MAKE PEOPLE'S LIVES MORE LIVEABLE AND INSPIRING



Drive **digital** and **innovation**

Build world class brands and **color** expertise

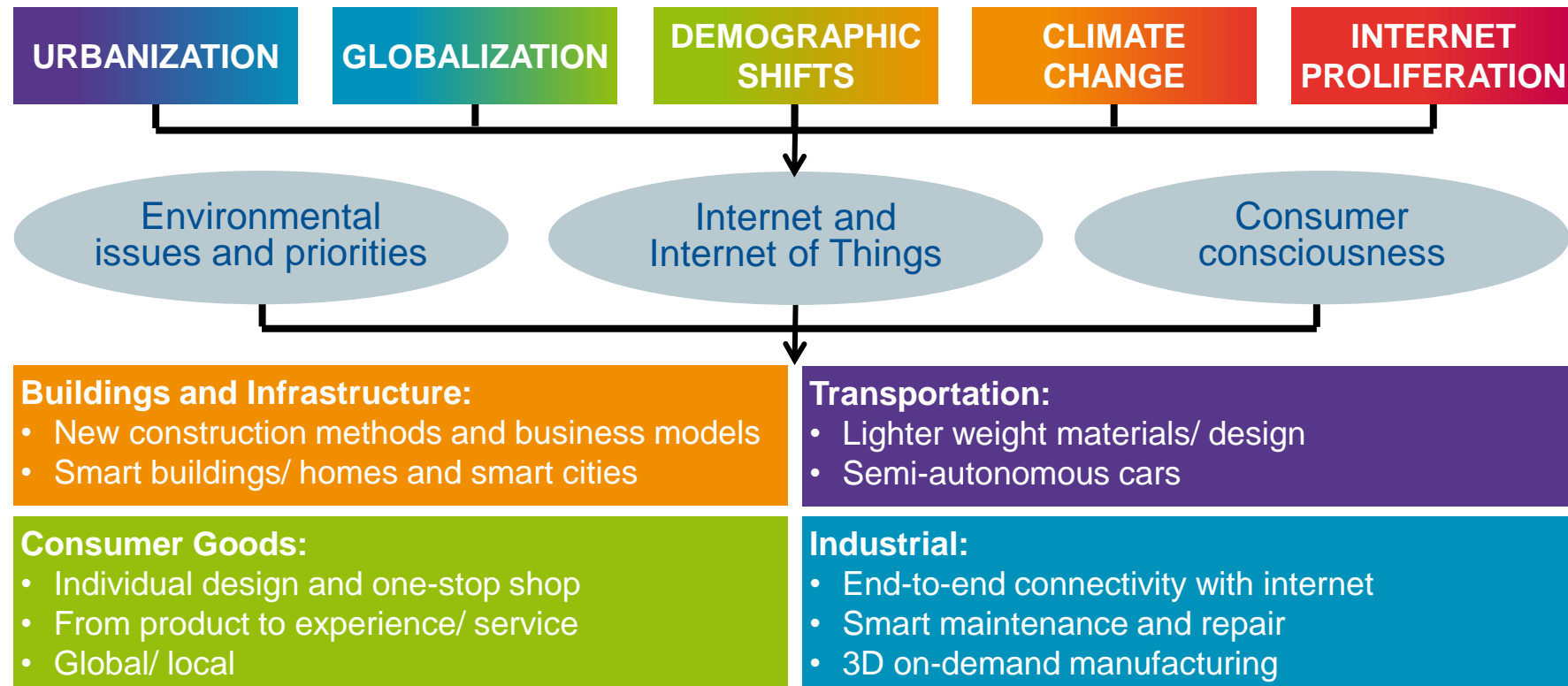
#1 choice for customers

Lead the way in **sustainability**

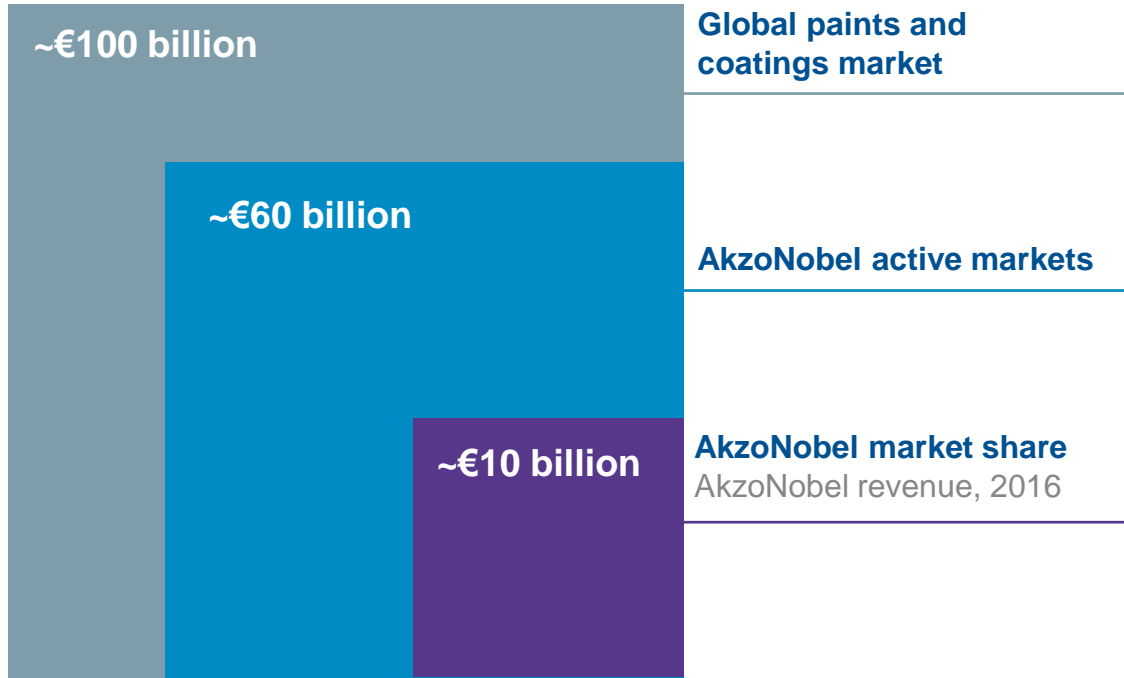
Live our **values, principles,** and **develop our people**

Continue to **improve** and **excel**

Presence in a wide variety of markets provides a range of unique opportunities

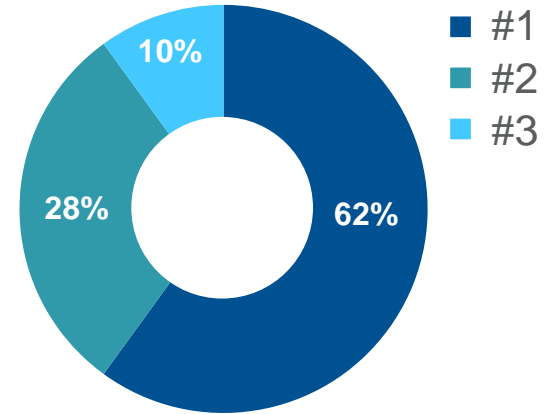


#1 choice for customers driving above market growth rate



Market leading positions

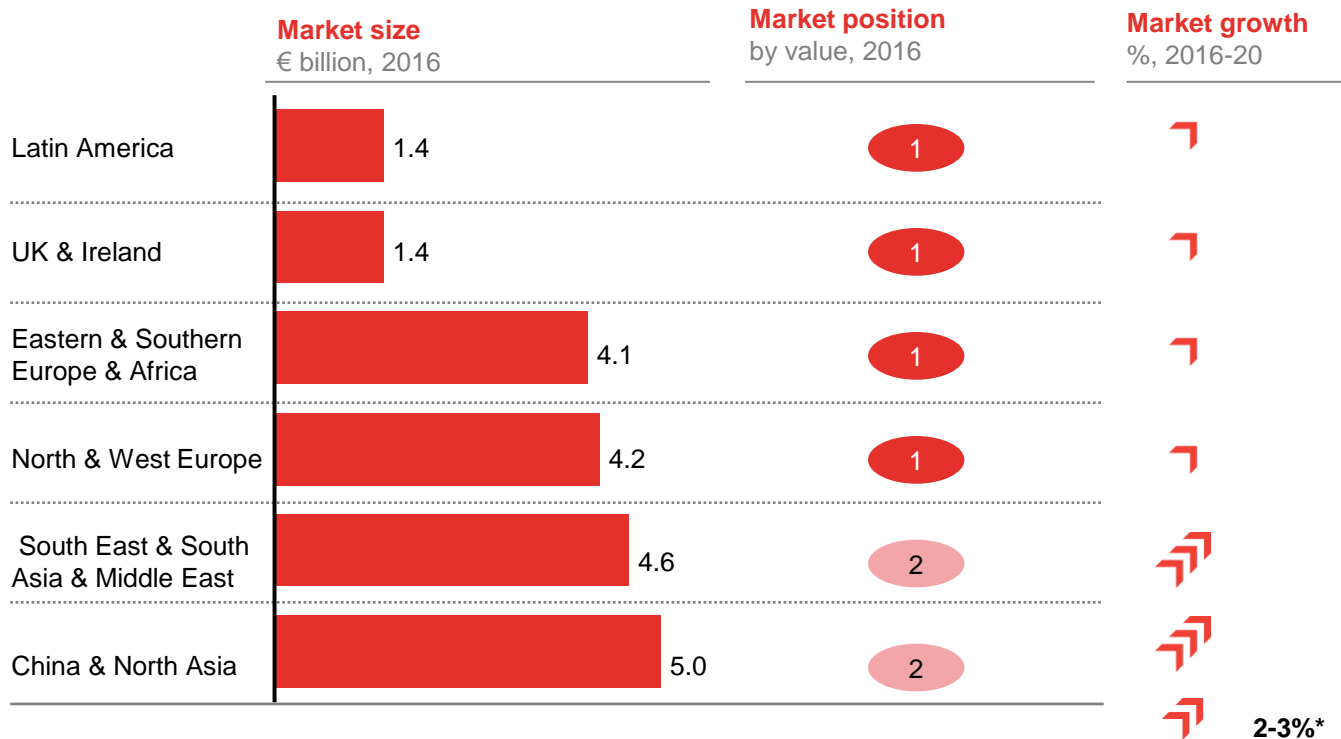
AkzoNobel revenue ~€10 billion, 2016



**Expand leadership positions
through organic growth
and acquisitions**

Paints: Strong market positions in all our geographic regions

AkzoNobel



Clear aim to grow faster than relevant markets: 4%

*Total market growth (revenue weighted)

SOURCE: Global paints and coatings by market, Orr & Boss, excluding ~ €21 billion regions where we are not present

Paints: Seizing growth in China

AkzoNobel

↗ Geographically

Increasing points of sale

↗ Portfolio

Building on success of sustainable products

↗ Segmentation

Increasing focus on premium, and high growth mid and mass segments

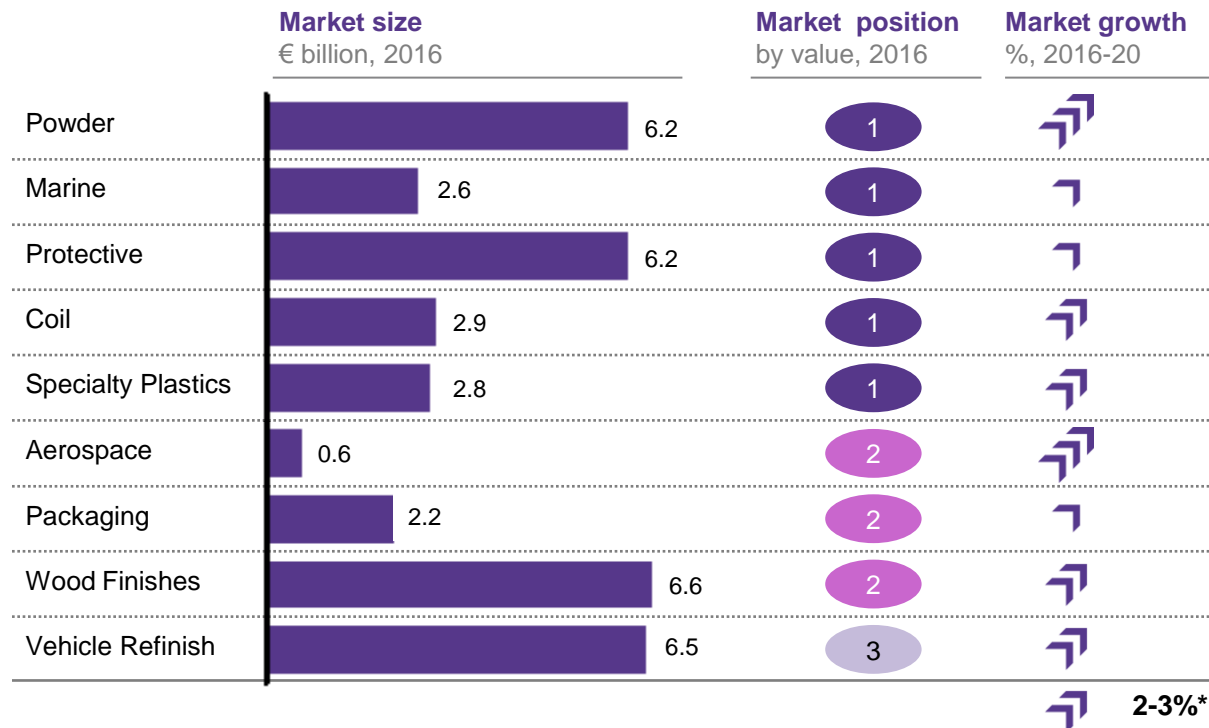
Launched Forest Breath in China

Features anti-bacterial properties that improve indoor air quality



Coatings: Strong market positions in all our global segments

AkzoNobel



 International.

 Interpon®
POWDER COATINGS

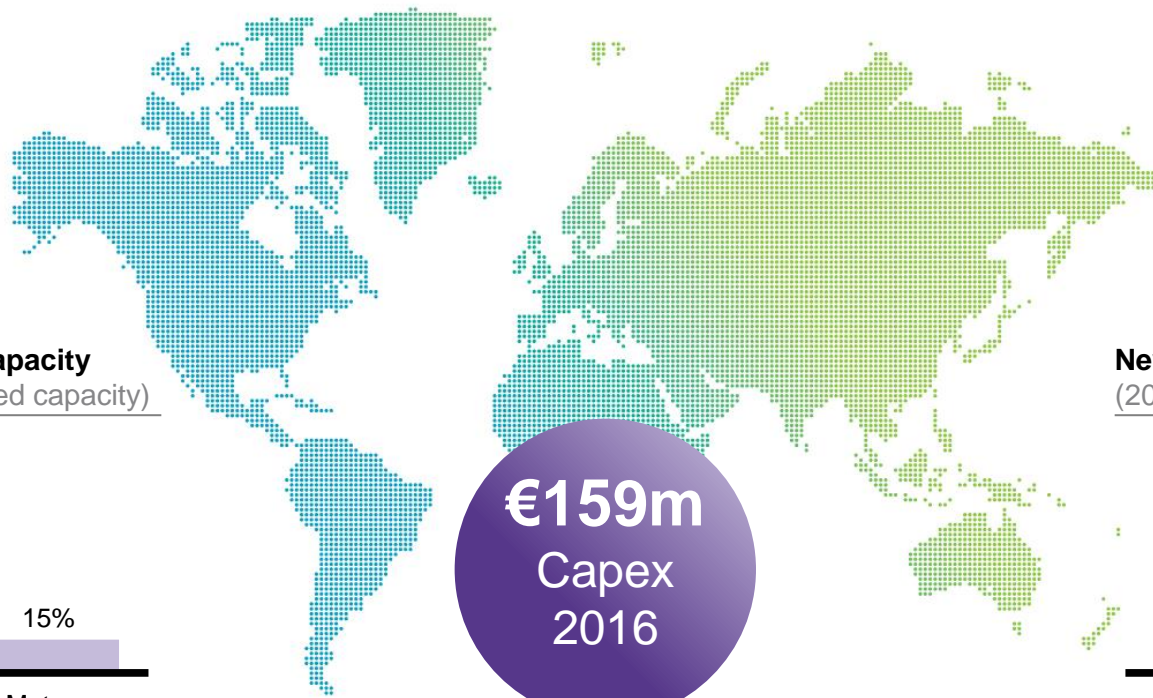
 WANDA

Clear aim to grow faster than relevant markets: 4%

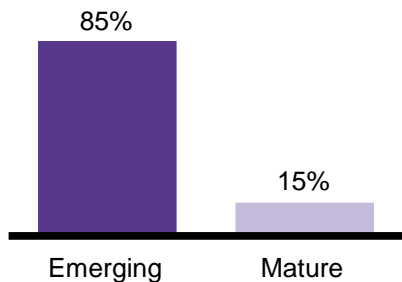
*Total market growth (revenue weighted)

SOURCE: Orr & Boss base data for segment sizes, excluding ~€19 billion segments where we are not present

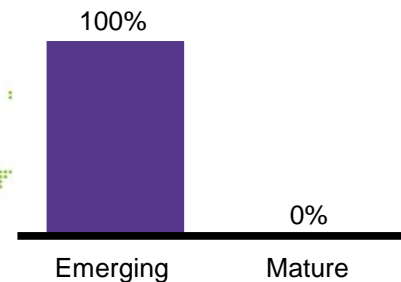
Coatings: Capacity expansion close to customers in emerging markets



New production capacity
(2012-16, % of added capacity)



New production capacity
(2017, % of added capacity)



Drive digital
and innovation

**Virtual
reality**
center opened
in the UK

13m
downloads
Visualizer
app

**Intertrac
Vision**
tool to assess
and predict
the risk of hull
fouling

**Drone-
controlled
imaging**
for inspection

**Interplan
mobile app**

to help customers
with effective
maintenance
planning

Drive digital
and innovation

€12.6m
in new
**innovation
hub**
in the UK

**Velvet touch
premium
paints** adding
a **visual** and
**physical
touch** to walls

Ambiance
premium
interior and
**special
effects
paints** to
personalize
your walls

Water-based
can coating
**preserves
taste** and
quality

**Forest
Breath in
China**
improves
indoor air
quality

Chartek 7E
low weight fire
protection
coating system

AkzoNobel

Build world
class brands
and color
expertise



AkzoNobel

International.

VOLVO
OCEAN
RACE

AkzoNobel

Build world
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AkzoNobel

Build world
class brands
and color
expertise



Build world class brands and color expertise

Color Futures

Color of the Year and trend report

Colorvation

Spectrophotometers to formulate paint for invisible car repair

Roller wet testers

Award-winning innovation

Color palette for Rijksmuseum
known as Sikkens RIJKS Colors

2m

colors in new MIXIT app, launched this year

Commercial excellence focused on driving above market growth rate

AkzoNobel

Continue to
improve and
excel

Commercial excellence

- ↗ Best practice tools and sales processes for relevant go-to-market models
- ↗ Sales force training and capability building
- ↗ Customer relationship management (CRM) processes and systems
- ↗ Customer satisfaction measurement
- ↗ Sales force incentive program



Continuous improvement will deliver €150m savings per year

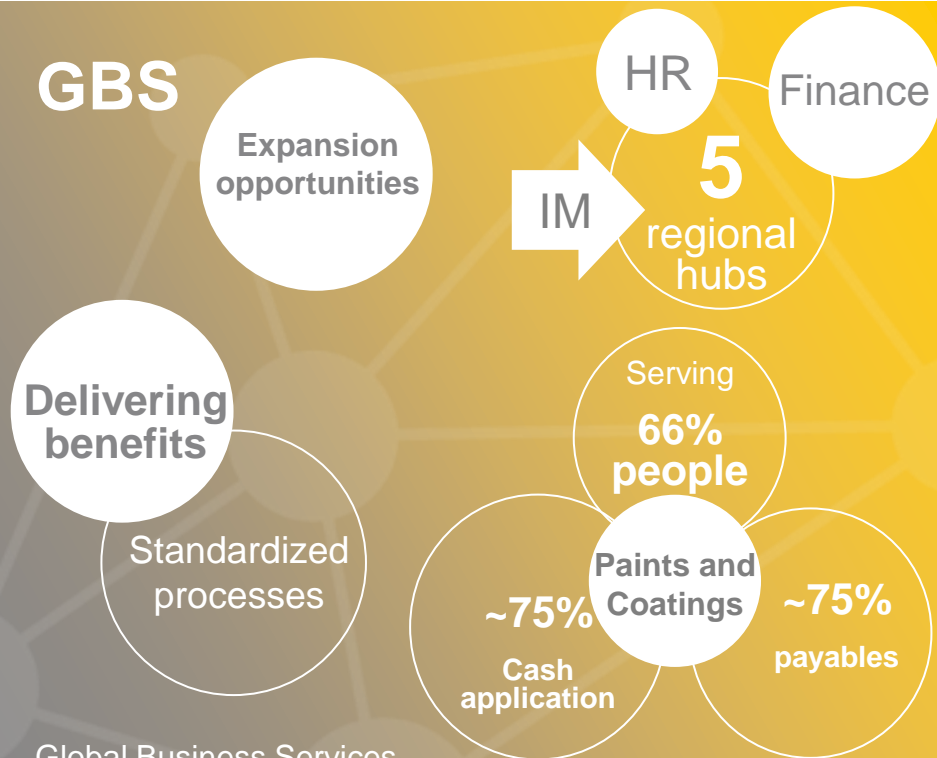
Continue to improve and excel

ALPS



AkzoNobel Leading Performance System

GBS



Global Business Services

Strong culture to support a step change in growth and value creation

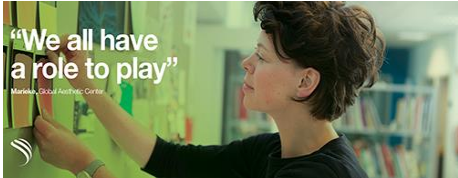
Live our values, principles, and develop our people

Core principles: Safety Integrity Sustainability	Customer focused	We build successful partnerships with our customers
	Deliver on commitments	We do what we say we will do
	Passion for excellence	We strive to be the best in everything we do, every day
	Winning together	We develop, share and use our personal strengths to win as a team

Top quartile safety performance

Engagement increasing for six years running

Our Code of Conduct:



Lead the way in
sustainability

**Industry
leader**

in sustainability

10%
fuel saving
and carbon
credits for
ship owners
Intersleek

**Consortium
leader**
for purchase
of wind power

**100%
renewable
energy
and
carbon
neutral**
by 2050

10%
energy saving
through heat
reflection
Weathershield

25-30%
lower carbon
emissions
by 2020
(2012 base)

50%
of products
with
sustainability
benefits

Key for long-term sustainable value creation



Leading markets positions delivering leading performance

AkzoNobel



Strategically aligned and value generating acquisitions

Accelerating growth: 4% per year

- ↗ Seizing growth opportunities in emerging markets
- ↗ Invest in brands and innovation
- ↗ Leverage digital and color expertise
- ↗ Commercial excellence driving growth

Operational excellence: €150m savings per year

- ↗ AkzoNobel Leading Performance System (ALPS)
- ↗ Global Business Services (GBS)
- ↗ Leverage combined supply chain
- ↗ Top quartile working capital management

Leading markets positions delivering leading performance

AkzoNobel



Paints and Coatings

2016-2018
guidance*

ROS 10-12%

ROI >20%

2020 guidance*

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Strong financial foundation for growth and value creation

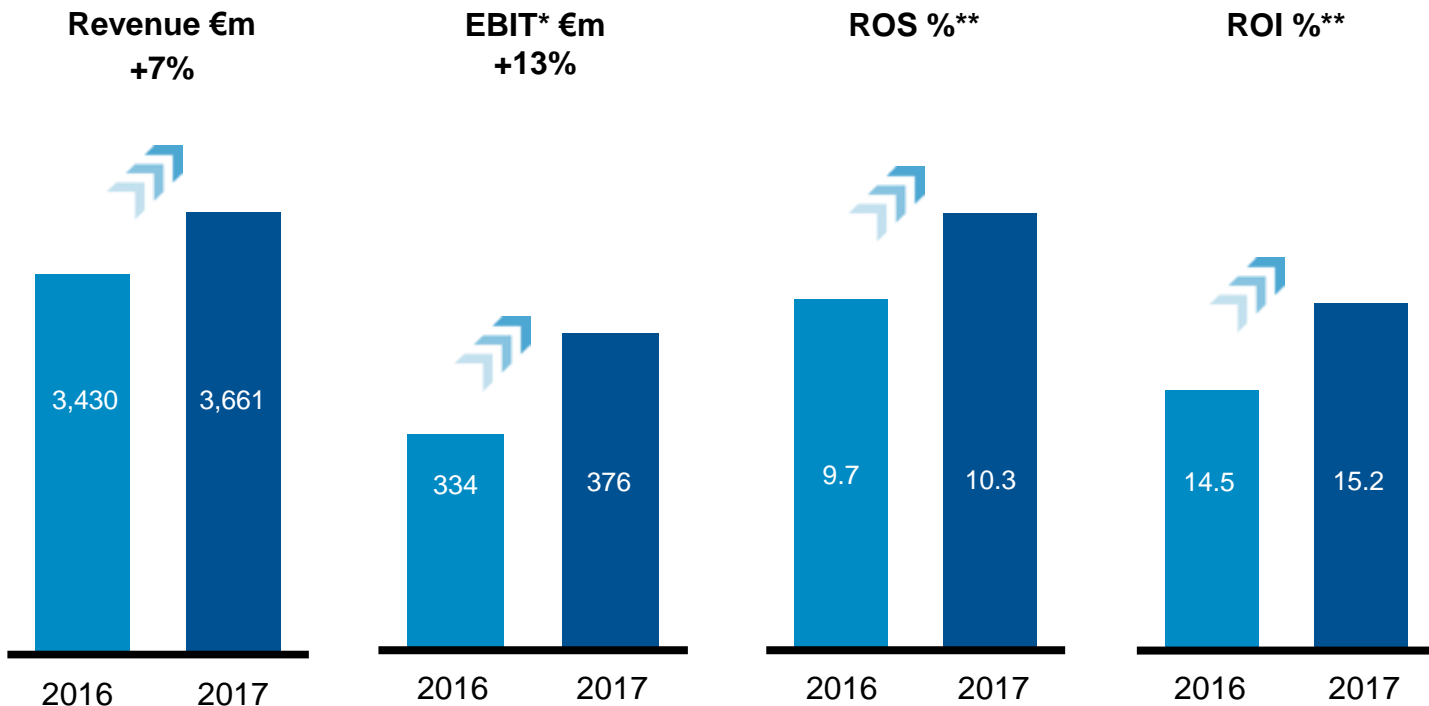
Maëlys Castella

Strong financial foundation for growth and value creation

- ↗ Growth and profitability improvement continues in Q1 2017
 - ↗ Strong financial foundation for growth
 - ↗ Accelerating growth momentum and enhanced profitability
 - ↗ Creation of two focused businesses is the logical next step
 - ↗ Dual-track process for separation within 12 months
 - ↗ €1.6bn return to shareholders for 2017
 - ↗ We are best positioned to unlock value ourselves
- 

Growth and profitability improvement continues in Q1 2017

AkzoNobel



Volume
up
4%

Adjusted
EPS up
8%

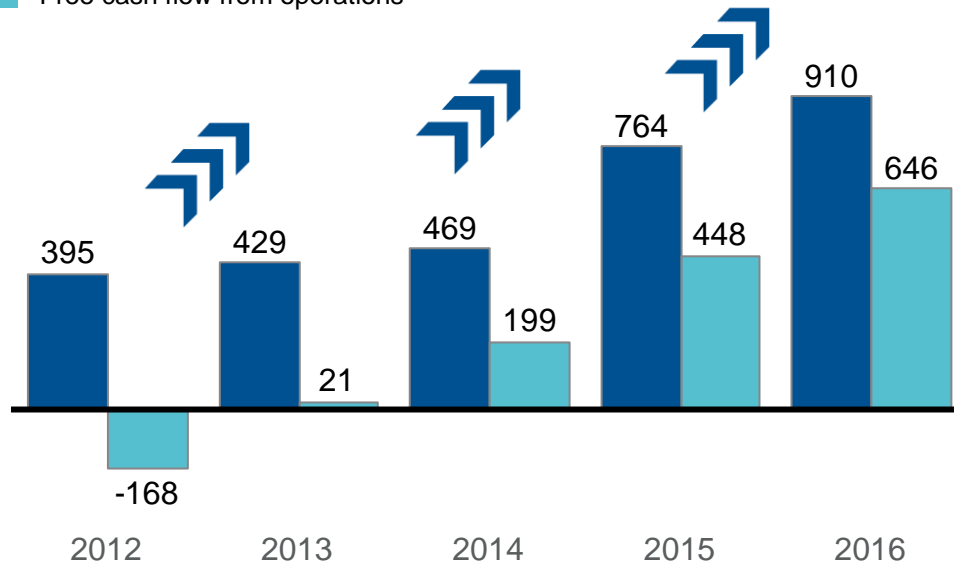
2017
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EBIT
+€100m

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Strong financial foundation for growth

Free cash flow € million

- Free cash flow excluding pension top-up payments
- Free cash flow from operations



- Increased profitability
- Lower pension top-up payments
- Leading working capital performance
- Capital expenditure discipline

Accelerating growth momentum and enhanced profitability

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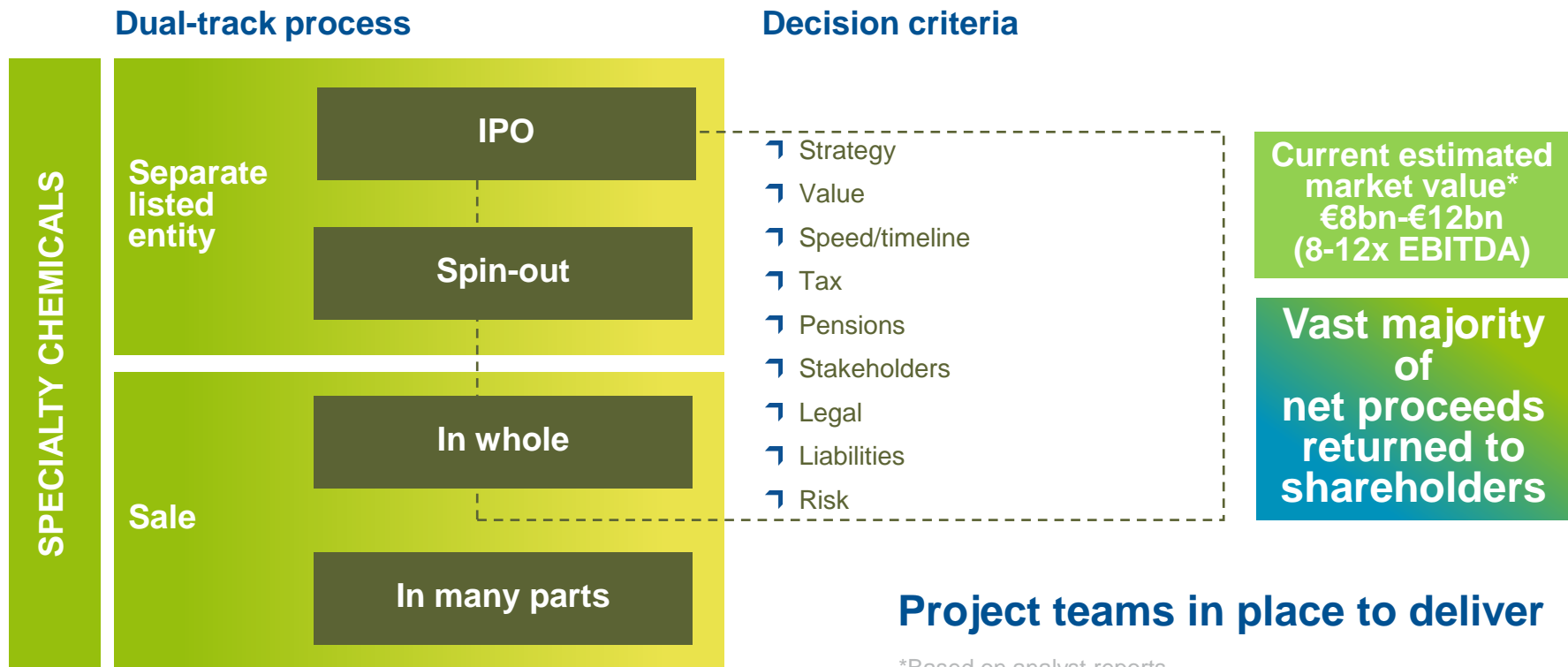
Results to date

- ↪ Increased profit and cash generation
- ↪ Repayment of high interest bonds
- ↪ Net debt reduced to 0.6x EBITDA
- ↪ De-risked pension liabilities
- ↪ Upgraded to A- by S&P in 2016

Future

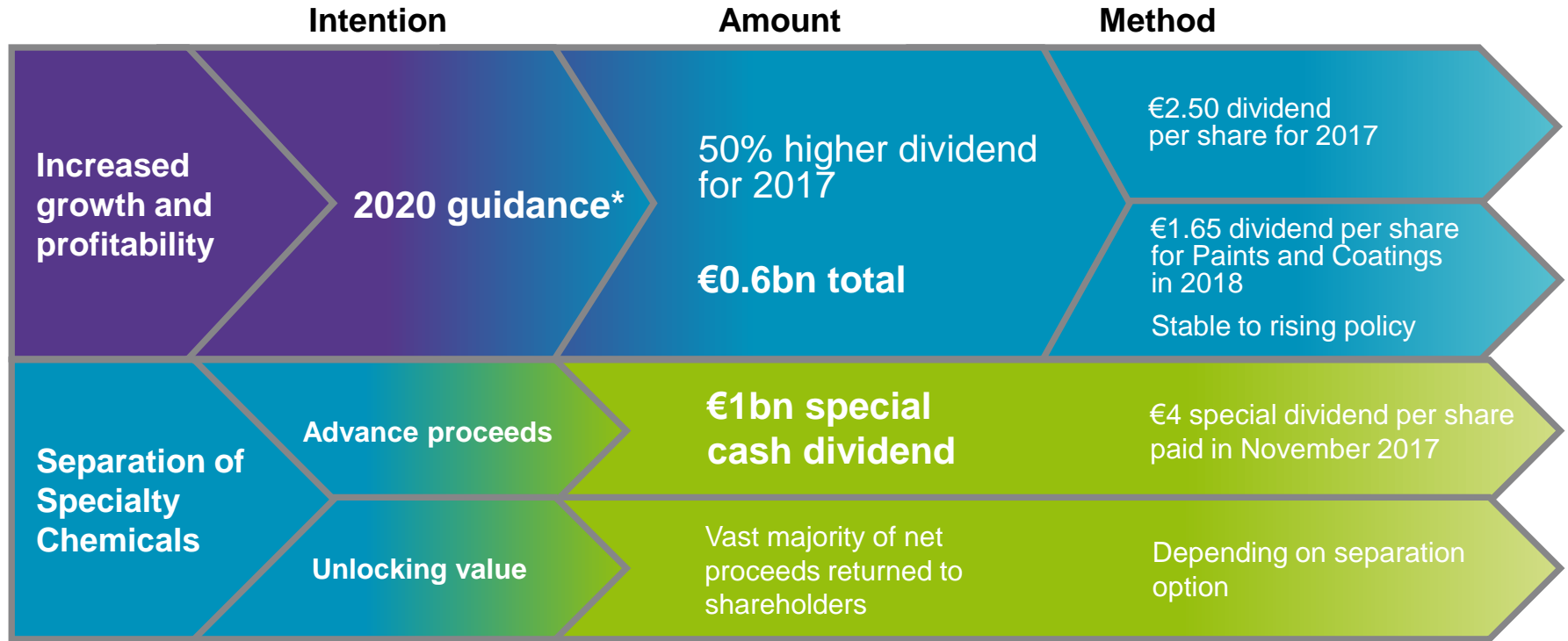
- ↪ Optimize capital structure for two focused companies
- ↪ Aim for BBB+ for Paints and Coatings
- ↪ Specialty Chemicals BBB, depending on separation option

Dual-track process for separation within 12 months



*Based on analyst reports

€1.6bn return to shareholders for 2017



*Excluding unallocated corporate center costs and invested capital; assumes no significant market disruption

**We are best positioned
to unlock value ourselves**

Increased financial guidance

Unlocking value by separating Specialty Chemicals

Increasing returns to shareholders

Our future:
**Sustainable and
superior value creation**

Ton Büchner

Step change in growth and long-term value creation

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AkzoNobel

Paints and Coatings

We are best placed to unlock value ourselves

AkzoNobel



Questions?

Step change in growth and long-term value creation

Accelerating growth momentum and enhanced profitability

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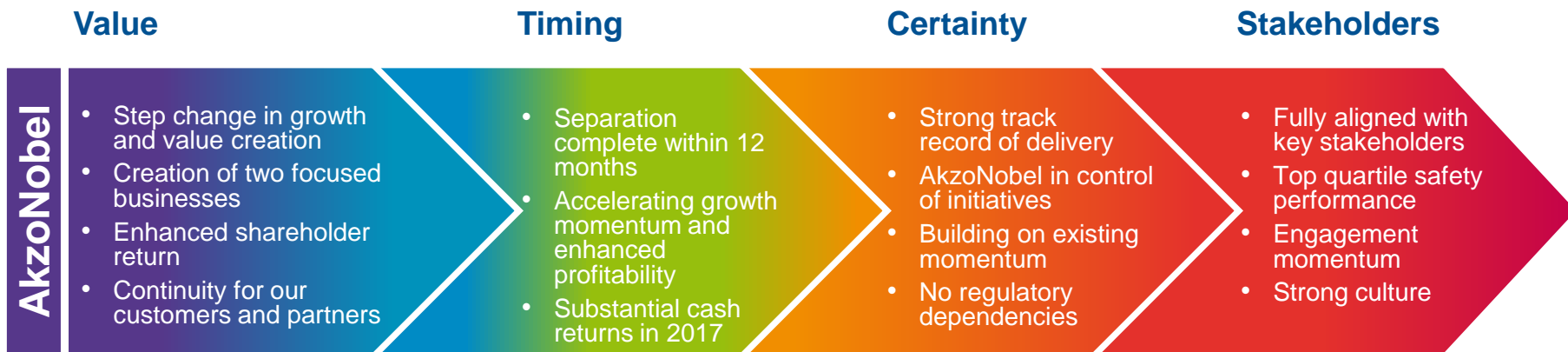
Best placed to unlock value ourselves

Appendix

Capital allocation driving step change in growth and long-term value creation



We are best placed to unlock value ourselves



PPG proposal	<ul style="list-style-type: none"> • Substantially undervalues AkzoNobel • Risk inherent in stock component • Value leakage from regulatory remedies • Potential loss of customers/ partners 	<ul style="list-style-type: none"> • Significant time to implement and complete • Limited visibility on closing or integration • Regulatory-led delays 	<ul style="list-style-type: none"> • Complex regulatory approvals • Significant remedy disposals required • Disruption of business momentum • Other inherent deal certainty risks 	<ul style="list-style-type: none"> • Likely significant stakeholder issues • No substantive commitments or solutions • Substantial integration and cultural challenges • No political support
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