

Media release

Gurugram, November 7, 2017

Akzo Nobel India to divest its Specialty Chemicals Business

The Board of Directors of Akzo Nobel India Limited has, at its meeting held today, recommended the sale of Company's Specialty Chemicals Business (the 'Business') as a going concern to an affiliate of the AkzoNobel Group, subject to approval of the shareholders. The total consideration to be received from this sale will be Rs 3,200 million, subject to adjustment for working capital and for an economic effective date of 1 January 2018.

The Business includes the Mahad manufacturing facility for Polymer Chemistry range of products (which was merged with the Company in 2012 at an implied Enterprise Value of Rs 960 million). The Business also handles a Trading portfolio in Polymer and Surface Chemistry products sourced from other units of AkzoNobel. About 80 employees, currently working with the Business, will also transfer with the Business.

In the year ended 31 March 2017, the Business recorded revenue of Rs 2,641 million and segment profit of Rs 215 million. During the six months ended 30 September 2017, the revenue from the segment was Rs 1,153 million and profit was Rs 41 million (This represents 7.7% of Revenue and 3.6% of PBT of Akzo Nobel India Limited).

Akzo Nobel NV ('AkzoNobel') announced in April 2017 its intention to separate its Specialty Chemicals Business from its Paints and Coatings Business to create two focused and separate businesses. The Specialty Chemicals Business of Akzo Nobel India Limited is closely integrated with the global Specialty Chemicals Business of AkzoNobel. Given this interdependency, the Board of Directors believes it will be in the best interest of the shareholders, concerned employees and customers that the India Specialty Chemicals Business is also divested to the said Specialty Chemicals global entity or its affiliate.

The transaction is likely to be completed by 31 March 2018, after obtaining the approval of Akzo Nobel India's shareholders through Postal Ballot and other statutory approvals as may be required.

About AkzoNobel India:

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 colour 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. Consistently ranked as a leader in sustainability, we are dedicated to energising cities and communities while creating a protected, colourful world where life is improved by what we do.

AkzoNobel India has been present in India for over 60 years and is a significant player in the paints industry. In 2008, the company became a member of the AkzoNobel Group. Our portfolio includes well-known brands such as Dulux, Sikkens, International and Interpon. With employee

Epitome, Tower A
20th Floor DLF Cyber City
Phase - III Gurgaon -122002
Haryana, India

T +91 124 2540400
F +91 124 2518041
www.akzonobel.co.in

strength of close to 1,900, AkzoNobel India has manufacturing sites, offices and a distribution network spread across the country. All manufacturing facilities have a state-of-the art environmental management system. Its commitment to Health, Safety, Environment & Security (HSE&S) has been among the best in class globally, with due care being taken to protect the people and the environment

Safe Harbour Statement:

This press release may contain 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 forecasted and actual results to differ materially 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.

Company Contacts

Investor Relations, AkzoNobel India:
R Guha, investor.india@akzonobel.com; +91-124-2540400

Perna Arun, Country Communications, AkzoNobel India
Contact: perna.arun@akzonobel.com; +91-124-4852400