

MEDIA RELEASE

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Agreement successfully concludes dual-track process

Akzo Nobel N.V. (AKZA; AKZOY)

Key milestone in creating a focused, high performing Paints and Coatings company

Unleashing the Specialty Chemicals business to achieve its full potential

Thorough process results in best outcome for all stakeholders

Vast majority of net proceeds to be returned to shareholders

AkzoNobel today announces the sale of 100% of its Specialty Chemicals business to The Carlyle Group and GIC for an enterprise value of €10.1 billion. This transaction creates two focused and high performing businesses – Paints and Coatings, and Specialty Chemicals – as part of its strategy announced in April 2017. The transaction is expected to be completed before the end of 2018.

The Board of Management and the Supervisory Board concluded that a private sale to The Carlyle Group and GIC is in the best interests of AkzoNobel, Specialty Chemicals and its respective stakeholders, including employees, shareholders and customers. This is the outcome of a thorough dual-track process during which the Boards of AkzoNobel carefully considered both a legal demerger and a private sale.

The Carlyle Group has a global presence and the financial capacity to enable the Specialty Chemicals business achieve its full potential. Carlyle has extensive experience investing in chemicals, unlocking long-term potential and creating value in its portfolio companies. As a responsible investor Carlyle is focused on driving growth, job creation and long-term financial success. The firm also has a strong

focus on Environmental, Social and Governance (ESG) aspects and building positive working relationships with wider stakeholders (employees, unions and local communities).

Thierry Vanlancker, CEO AkzoNobel, said: “Today is a key milestone in creating two focused, high performing businesses, to generate value for all stakeholders. We delivered on our commitment to separate the Specialty Chemicals business and did so ahead of schedule.

“We are very pleased to announce the sale of Specialty Chemicals to The Carlyle Group and GIC. We believe the business is well positioned to capture growth opportunities and further improve performance. Carlyle has significant experience in the chemicals industry and a proven track record when it comes to health, safety, innovation and sustainability.”

Martin Sumner and Zeina Bain, Managing Directors at The Carlyle Group, added: “We are pleased to invest in the Specialty Chemicals business and proud to support a business with such a strong heritage. We are committed to growing the business, and building upon its innovation capability, high quality work force and asset base, as well as its world-class sustainability and environmental

practices. We look forward to working with the management team to transition the business to a successful independent company.”

Werner Fuhrmann, CEO of AkzoNobel Specialty Chemicals, said:

“Specialty Chemicals is a strong and profitable business with highly skilled and motivated employees serving our customers every day with essential chemistry. As a focused chemicals company we will concentrate our efforts and resources to accelerate profitable growth.

“With this transaction, our business has an opportunity to achieve its full potential and we will continue to fulfil the current and future needs of our customers throughout the world.”



The transaction is subject to customary closing conditions including the relevant regulatory approvals and consultation with the relevant employee representative bodies. AkzoNobel obtained shareholder approval for the separation at an Extraordinary General Meeting held on November 30, 2017.

This transaction values Specialty Chemicals at €10.1 billion (Enterprise Value). On the basis of the year-end balance sheet, AkzoNobel expects to receive a cash payment of €8.9 billion. Following deduction of deal and separation related costs, as well as other previously announced liabilities, the net proceeds are expected to be around €7.5 billion. The vast majority of net proceeds will be distributed to shareholders. Further details will be announced in due course.

Equity for this investment will come from Carlyle Partners VII, Carlyle Europe Partners IV, Carlyle's longstanding investment partner GIC (which manages Singapore's foreign reserves) and co-investors.

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