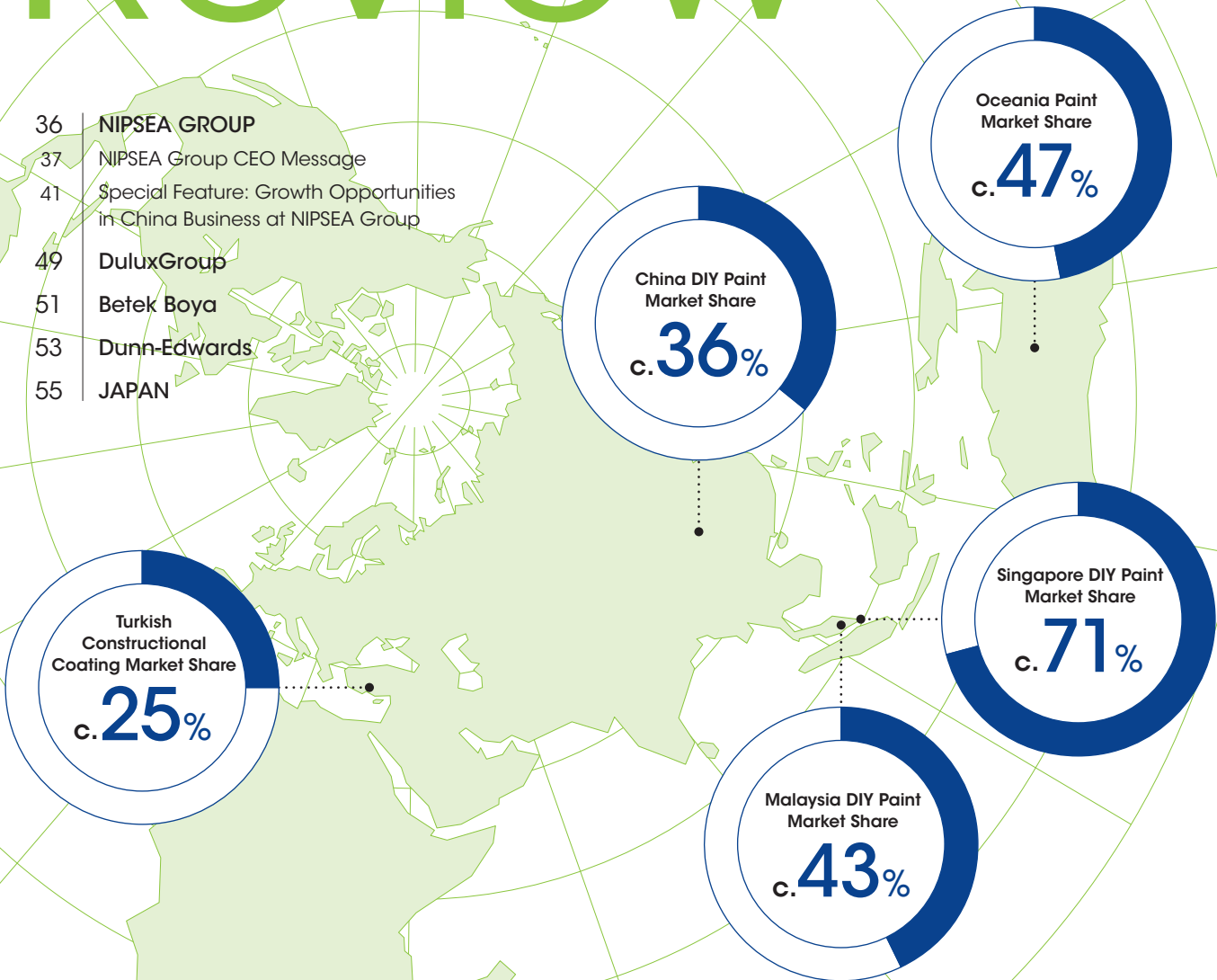


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## NIPSEA Group



### Introduction of the NIPSEA Group

NIPSEA Group is a joint venture between Wuthelam and NPHD since 1962. NIPSEA Group is Asia's leading paints and coatings company with 82 manufacturing facilities and operations across 18 countries and regions.

### Introduction of key persons who drove the NIPSEA business to success

#### Goh Cheng Liang

Mr Goh Cheng Liang the founder of Wuthelam started the paint business at the age of 21 and has spent over 70 years in the paint industry. In the early 1960s, Singapore was rapidly transforming, developing large public housing estates and investing heavily in infrastructure. Driven by demand for paints and coatings, Mr Goh focused his paint business on providing trusted, good quality and affordable paints. He soon carved for himself a reputation in the paints industry. In 1962, he established a joint-venture with NPHD and set up its first paint manufacturing plant - Pan Malaysia Paint Industries (now Nippon Paint (Singapore) Co. Pte. Ltd.). From this small start in Singapore, Mr Goh established footprints all over Asia. This has become the NIPSEA Group of today. Mr Goh has also founded and ventured into wide-ranging business interests in real estate, hotel, departmental stores, shopping complex, F&B, hospital, travel and industrial machinery. Mr Goh was chosen by Forbes Asia as one of its Heroes of Philanthropy in 2014. He is also very passionate in medical research.



#### Goh Hup Jin



Mr Goh Hup Jin is the Chairman of the NIPSEA Group. He has imbued his entrepreneurial spirit and business focus into the culture of the NIPSEA Group which is the foundation of the success we see today. In 2014, he was instrumental in making the NIPSEA Group a subsidiary of NPHD, thereby further strengthening the strategic alliance between NPHD and Wuthelam. With Mr Goh's presence on NPHD board, he has sharpened NPHD's focus on value creation and globalization under the mantra of Maximizing Shareholders Value ("MSV"). Mr Goh graduated with a Chemical Engineering Degree from the University of Tokyo and MBA from University of California, Los Angeles (UCLA).

# Beyond Coatings and Beyond Asia: NIPSEA Paints the Way Forward



## Wee Siew Kim

Deputy President and Executive Corporate Officer, Nippon Paint Holdings Co., Ltd.  
Group Chief Executive Officer, NIPSEA Group

Mr Wee Siew Kim is the Group Chief Executive Officer of NIPSEA Group, a paints and coatings company with 82 manufacturing facilities and operations spanning 18 countries and regions in Asia. He is concurrently Deputy President of Nippon Paint Holdings.

Prior to his current position, he was Deputy CEO and President (Defence Business) of Singapore Technologies Engineering Ltd. He started his career with Singapore Technologies in 1984 as an engineer at Singapore Aircraft Industries Pte Ltd, the predecessor company of Singapore Technologies Aerospace Ltd.

He was educated at Raffles Institution, followed by the Imperial College of Science and Technology in London Bachelor of Science (Aeronautical Engineering) (Hons), followed by an MBA at Stanford University.

He was a Member of Parliament in Singapore from 2001 to 2011.

“

By keeping close tabs of the changing needs and demands of our customers and consumers, we constantly find ways to innovate industry-first products and services. Innovation is what sets us apart. Always having our customers in mind, always striving to do better for them. This has been our mantra for success.

”

## Establishing the role of game changer

Since its establishment in 1962, the NIPSEA Group has supported the development of both domestic and overseas industries in Asia with our comprehensive range of paint and coatings products. Headquartered in Singapore, we are Asia's leading paint and coatings company with 82 manufacturing facilities and operations spanning 18 geographical locations, producing 1.6 billion litres of coatings annually.

NIPSEA has always believed in localizing our operations – aiming for on-ground understanding of the local market and environmental needs. Besides being close to the front line, this

fosters local autonomy and accountability, thereby enabling NIPSEA to maintain leanness in our corporate structure. This NIPSEA culture anchored by our "Lean For Growth" (LFG) concept encourages collaboration and sharing of best practices, knowledge and experiences that instils a strong culture of participation, local ownership and pride.

Our LFG culture comprises of six values and behaviours – Vigilance, Insatiable Appetite, Teamwork, Agility, Leanness and Stamina (VITALS). These strongly interconnected values are critical in nurturing organizational vitality and employee passion, which in turn lead to customer devotion. This customer devotion and centrality ensure that we continue to innovate and improve our products and services to meet the needs of our partners, dealers, customers and consumers based on insights of current and future market needs. Driven by the six core values of LFG and the incessant drive to innovate, we continually invest to deliver outstanding service and performance for our customers in a rapidly changing world.

Our core competencies are in the formulation, development and marketing of paints, coatings and adjacency products. Over the years, we have generated business growth by expanding our offerings to include architectural, floor, wood, waterproofing, thermal insulation and tiling coating products, as well as repainting services to an

increasing number of markets. On the industrial front, we have also expanded our automotive Original Equipment Manufacturer (OEM) business from Japanese brands to encompass Chinese, Korean, European and US car makers.

While we strive for strong organic growth, we also view Mergers and Acquisitions (M&A) activities as one of our key growth strategy which can further augment the company's position in other geographical and business segments. Notable acquisitions in recent times include Silicon Coatings, the largest decorative paint company in Sri Lanka; Supe, the top floor coatings company in China; and a majority share in Chang Run Fa, a leading industrial wood coatings company in China. Last year, NPHD acquired the DuluxGroup (DGL) in Australia and New Zealand, as well as Betek Boya in Turkey. Besides learning from these two great management teams, NIPSEA sees growth by tapping into DGL's Selleys range of sealants, adhesives and fillers as well as its geographical expansion in the region peripheral to Turkey. We are continually on the lookout for growth opportunities as we strive to maximize shareholder value (MSV).

Today, the company is recognized as a leading coatings partner and provider across the architectural, automotive, industrial, marine and protective coatings segments.

## Asia's Number One Paint and Coatings Company

Over the course of NIPSEA's history, our innovations have created demands in new market segments within the coatings industry. Such industry-first products included Nippon Paint Odour-less, Nippon Paint VirusGuard, Nippon Paint MozzieGuard as well as high edge corrosion and low temperature e-coat products.

Our technologists, scientists and chemists work out of our Group R&D center in Shanghai; NIPSEA Technologies in Singapore and the technical development centers in each of the countries and regions. We adopt a collaborative approach with the other technology development centers within the NPHD Group, as well as tap the extensive expertise in our supplier base, advanced educational and research institutes.

On the technological front, we strive to improve our customers' and consumers' experience by adopting mobile-enabled approaches for our products and services.

As testaments to our success and leadership within the coatings industry, the Group has received various industry accolades over the years. Specifically in 2019, Nippon Paint was honored as one of the Top 10 companies in Shanghai for our repainting services, in addition to being recognized as the top brand in the annual China



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Coatings Gold Awards, among others. We are committed to solidifying our position as the foremost paint maker in Asia, continuing to push boundaries and set new standards within the coatings industry. We are truly Asia's number one paint and coatings company.

#### 2019 Key Highlights

- "National Leading Enterprises in Quality in Coatings Industry Award" by China Association for Quality Inspection
- "National Leading Enterprises in Quality Credit Award" by China Association for Quality Inspection
- "National Leading Brands in Quality in Coatings Industry Award" by China Association for Quality Inspection
- "National Leading Enterprises in Quality Inspection Award" by China Association for Quality Inspection
- Reader's Digest Trusted Brand Awards (Malaysia, 2006-2019)
- Putra Brand Awards (Malaysia, 2010-2019)
- Parents' Choice Awards by Parenthood Magazine (2018-2019)
- CSR Malaysia Awards 2019

#### Capitalizing on capabilities – Our People Matters

The company's success over the years is derived from our People. With over 22,000 employees spread across 18 geographical locations, we have established various staff engagement programs, effective feedback and communications systems, career development and personal upskilling opportunities that enable our people to have a sense of belonging, ownership and purpose. Maximization of Shareholder Value (MSV) is deeply rooted in our people's awareness. In order to achieve MSV, all interactions with customers, suppliers, employees and the wider community that we operate in are carried out in a responsible, proper, fair and ethical manner.

At NIPSEA, we strongly believe that our competitive edge is derived from striking a good balance between local autonomy and collective group synergies. One of our most effective platforms to attain this goal is the bi-annual General Management Meeting (GMM) that serves as a platform for knowledge sharing, communications and cultural bonding as well as relationship building for leaders within the Group.

We continue to play our part as a responsible corporate citizen through various Corporate Social Responsibility (CSR) initiatives. To achieve an impactful CSR program, we encourage our

people to embrace and be actively involved in the various CSR initiatives which focus on Education, Environment and Skills Training. Three of our flagship initiatives are "Colour, Way of Love", "Colourful Dreams" and Asia Young Designer Awards (AYDA).

The "Colour, Way of Love" initiative was initiated by Nippon Paint in 2009 to help school children in remote areas to create a conducive study environment through the redecorating and rebuilding of their premises. Working in collaboration with the China Youth Development Foundation, we have endeavored Shanghai United Foundation and other corporate partners to imbue this initiative with a very inclusive character. Separately, the "Colourful Dreams" initiative was conceptualized across the Asia Pacific Region including the countries of Malaysia, China, India and Indonesia among others to empower the community through activities such as repainting of dilapidated low-cost flats, as well as conducting programs for youth that nurture their skill-sets.

Recently, our team in China was also recognized as one of the "Outstanding Contributors" at the 30th anniversary celebration for Project Hope of the China Youth Development Foundation, for its supporting schools in rural areas.

Our Asia Young Designer Awards (AYDA) has become a highly reputable and a much sought-after program in most Asian countries and educational institutions. First launched in 2008

as part of Nippon Paint's vision to nurture the next generation of design talents in Malaysia, AYDA now spans across 15 geographical locations across Asia, serving as a platform to inspire architecture and interior design students to develop their skills through cross-learning opportunities and networking with key industry players and peers in the Asian region.

#### Guiding Philosophies – MSV and LFG

Throughout my tenure with NIPSEA, we have always stayed true to our

guiding philosophies encompassing both the MSV and LFG concepts. I personally resonate strongly with the Group's value and belief system where we leverage on the various elements of an entrepreneurial culture, which was already deeply entrenched in our organization. This has guided me in how I approach the Group's business on a day-to-day basis – a lean and pragmatic market approach which has laid the foundation to drive the NIPSEA Group towards market dominance, paving the way for us to achieve our long-term business goals.

We will continuously strive to enhance collaborations among

our employees as we create a culture that empowers our people while at the same time, build a company that is capable of competing globally in today's ever-changing market landscape. This will ensure that we are competent and capable in meeting the changing needs and demands of our many stakeholders, as we grow our business and operations in such a way that simultaneously generates economic, societal and environmental value.

We look forward to the continuous support of our investors and shareholders as we work as a cohesive unit to create new value and areas of growth.



Themed "Towards Dominance – Adapt, Act, Dominate", the 2019 General Management Meeting (GMM) was held in Beijing, China and saw the attendance of NIPSEA Group leaders from over 18 countries and regions.



# Special Feature: Growth Opportunities in China Business at NIPSEA Group



## NIPSEA Group's China Business New opportunities abound for DIY segment

The development of the Do-it-Yourself (DIY) segment is closely correlated to the development of the real estate industry. Even as the notion that "housing is for living, not speculation" is quickly becoming the "new normal" in China's real estate market, the country's overall real estate industry growth has slowed down, thus dampening the growth of the DIY segment.

Adding to the uncertainty is that as the real estate industry embraces modernization, there has been a rising trend of property launches with "fully-renovated" or "ready-to-move-in" theme, as opposed to bare units that require renovation.

According to the "13th Five-Year Plan for the Construction Industry" ("十三五"规划) in 2017 by the Ministry of Housing and Urban-Rural Development, 30% of newly built residential properties

must be fully-renovated (turn-key and ready to move-in) by 2020.

Judging from the policies set in place in various regions in China, the overall growth rate of fully-renovated properties in Tier 0, 1 and 2 cities is relatively high. Beijing and Shanghai have exceeded 90% coverage (of fully-renovated properties) in new development with provincial capital cities catching up in the 20% to 60% range.

Moving forward, the following challenges are envisaged for the DIY segment:

- The size of customers who pursued DIY renovation has dwindled while the existing customer base has moved up from individual consumers to developers, contractors, home improvement companies or public renovation companies.
- Changes in product preferences with standardization and

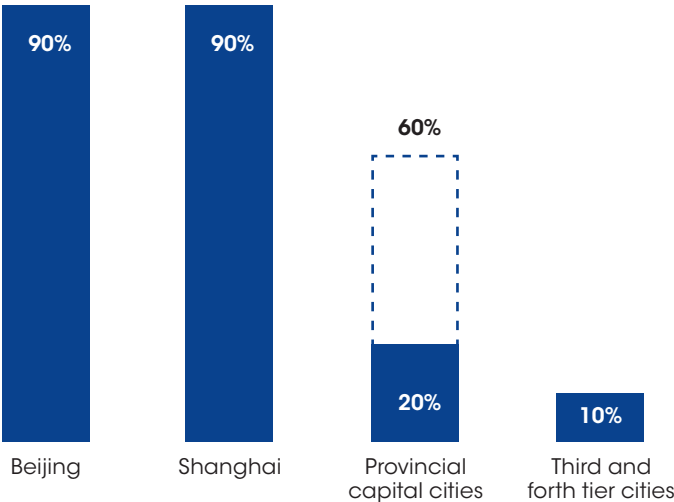


**Eric Chung**  
President of Nippon Paint China

Mr Eric Chung is the President of Nippon Paint China and is responsible for the business operation and management of architectural coating business and Nippon Paint China Headquarters.

Prior to his current position, he was a Sales Manager and Marketing Associate in Tianjin Tingyi International Food Co. Ltd subsequently General Manager in Tianjin Tingyi International Co. Ltd, both companies are subsidiaries of Master Kong Holdings Co. Ltd. He also held the position as President in Master Kong instant food business department before joining Nippon Paint China in 2007. He was educated at Taiwan Chiao Tung University and graduated from Department of Management Science in 1984.

Proportion of fully-renovated property in new development in China



diversified demand co-exists. Thus, customers' requirements for specialization will continue to push up property prices.

The rise in the proportion of fully-renovated real estate has an impact on the profitability of the DIY segment. In the long term, it will affect the pattern of the entire renovation market.

On the same equation, demand for wood coatings has seen a decline in tandem with a shift to ready-made furniture alongside the rise in fully-renovated property units.

In view of the increasing awareness on environmental protection as well as to mitigate



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rising labor cost, the proportion of furniture and wooden doors that are built or painted on-site has experienced a reduction, when compared to those that are mass produced at factories. This will negatively impact the retail wood coatings market.

New opportunities

On the other extreme, opportunities are abound from the large base of matured or aged housing estates with huge demand for repairs, renovation and repainting. Since housing reform began in 1998, China has sold an enormous scale of commercial housing, estimated to be about 20 billion sq. meters

While this presents a huge market for paint and related enterprises, the lingering challenge is in meeting the needs of the customers. At the Politburo meeting on April 17, 2020, a measure was proposed to actively expand investments to implement the renovation of old communities.

On this note, the Standing Committee of the State Council requires 39,000 old urban communities to be renovated in 2020, involving nearly 7 million residents, a figure which is double that of the previous year.

The renovation of old residential areas involves diverse industries ranging from machinery to building materials, home furnishing, home appliance and property management,



among others. For the paint industry, this is undoubtedly an important market opportunity.

For the DIY segment to remain sustainable, there is a need to move away from the old business of selling products to that of "selling solutions". Given that the customer base for the DIY segment has moved up from individual consumers to developers, contractors, home improvement companies or public renovation companies, the time is ripe to switch the focus to a new customer base.

One effective way is to continuously strive to build and enrich high-quality product lines by integrating product branding strategies with an in-depth understanding of its diverse customer needs. Instead of relying upon walk-in customers, the DIY segment can gradually expand its market share in the repainting and renovation market.

In fact, the offering of

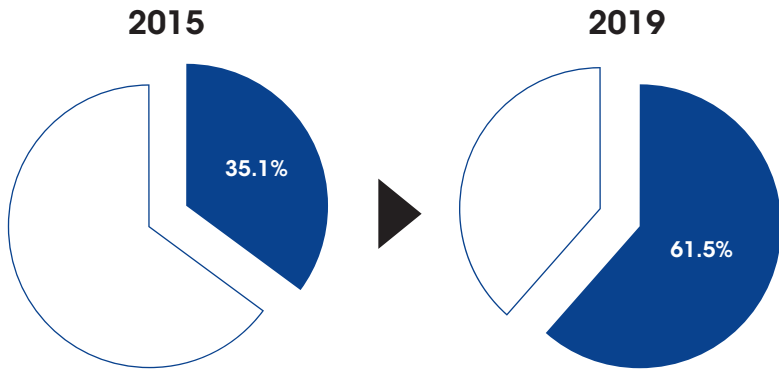
repainting-cum-renovation service for matured or aged dwellings can eventually create a viable revenue stream for the DIY segment, to offset dwindling sales from its traditional business (i.e., relying on sales from walk-in customers).

On this note, it is imperative to understand that the customers' requirements and quality expectations for the various coatings effect are constantly improving. This calls for the need to conduct more in-depth research and development (R&D) to produce the desirable coatings effect – or even to impose stringent quality control – to ensure maximum customer satisfaction.

This is where constant data-driven business transformation and upgrading can contribute towards identifying the diverse needs of our customer base and addressing their concerns.

# Market repositioning beckons for Project Division

Top 100 real estate developer's market share



Amidst the slowdown encountered by the commercial housing market and the higher tendency for property developers to pursue fully-renovated or ready-to-move-in launches (as opposed to constructing bare units which requires renovation), several other focused areas were also identified to further connect with the target market and re-position Nippon Paint's product offerings.

To begin with, there is a need to increase the focus on top real estate industry players.

According to a research report of China's Top 100 real estate companies, the market share of the Top 100 as well as that of the Top 10 real estate developers have been increasing year-by-year.

The Top 100 real estate developers have a sales market share of 61.5% in 2019, a substantial increase of 26.4% from 35.1% in 2015, while the Top 10 real estate developers achieved 27.7% market share, an increase of 11.3% from 16.4% in 2015.

Therefore, it has become

imperative to foster deeper cooperation with real estate developers and their project stakeholders in the likes of turnkey contractors, architects, civil engineers and home improvement companies from a marketing and branding standpoint, by constantly making them aware of Nippon Paint's continuous breakthrough in product innovations and technologies.

On the same account, there is also a need towards creating a strong alliance with partners to build a project management team which boasts an efficient delivery system so as to meet the demand of the real estate fraternity or industrial customers.

Green products

Another opportunity that presents itself for the Project Division is to tap into the increased market acceptance of integrated renovation and insulation board

products following recent government ruling on energy-saving standards.

As the market acceptance for green building material rises, demand for integrated panels has increased given it is a vital component for thermal insulation, renovation and assembling during the construction process.

This follows the gradual move by the Government to embrace green technology in the construction and real estate sectors as evident from the recent issuance of the 13th Five-Year Plan for the Construction Industry ("十三五"规划) in 2017 by the Ministry of Housing and Urban-Rural Development where the authorities outlined a plan for all newly-built civil buildings in cities and towns to meet a specific energy-saving standards by 2020:

- All new building must meet energy conservation requirements
- Green-buildings must make up more than 50% of new construction
- 30% of new buildings must be fully-renovated
- Prefabricated construction area must account for at least 15% of the new construction area

On a bigger picture, there is a need for the Project Division to move from selling products to selling industry-viable solutions. This can be achieved by continuously striving to build and enrich high-quality product lines while putting in place an integrated product system that can identify and effectively fulfil the needs of diverse customers.

# Branding power spurs DIY success



Since its market entry into China in 1992, Nippon Paint has achieved tremendous growth alongside China's rapid economic development where it has been gaining market recognition due to its vigorous commitment towards products and services enhancements, channel management, marketing, and corporate social responsibility.

Interestingly, it was found that while the younger generation perceived Nippon Paint as a professional brand, there was a lack of brand intimacy. The company was then prompted to rethink its branding direction with the emphasis on future packaging design and the brand concept.

This culminated in the "Beyond Paint" strategy for Nippon Paint in 2014, where the following changes were implemented on the company's Corporate Identity System:

- The first "C" – "From Competitor to Consumer" – saw a shift from observing competitors to focusing on consumers;
- The second "I" – "From Individual to Integrate" – saw a shift from

the emphasis on single individuals to integration, which includes products, tools, services as well as the operation of the entire Nippon Paint establishment;

- The third "S" – "From Sale to Service" – saw the need to shift from selling products to offering services by addressing the various needs and issues on the consumer side.

In line with the "Refresh Your Life" – brand proposition, Nippon Paint has nevertheless completed its transformation journey from a pure paint manufacturer and seller to a total coatings solution provider.

### Repainting service

In its quest to continuously create and enrich high-quality product lines via product integration that centers around customer needs, Nippon Paint has successfully launched a complete, or bottom-to-surface coatings system.

In addition to its coatings products, Nippon Paint has also rolled out high quality, cost-effective and environmentally-friendly base and auxiliary materials that encompass tooling and home improvement products on top of rendering painting services.

In 2011, Nippon Paint launched a repainting service which entails repainting-cum-refurbishment of properties once every five years. Deemed a cumbersome chore by many working class families, the repainting service has thus far

benefitted some 500,000 families across China.

In fact, Nippon Paint sees the potential of expanding its market share in the area of repainting-cum-refurbishment services. Although sales data are currently pointing to a decline in the construction of new houses, it must not be forgotten that the scale and volume of existing houses (in the 10 to 40 years range) are huge.

With the government at state and federal levels having proposed the "old reform" project which requires the refurbishment of 39,000 old urban communities in 2020, the market demand looks bright for the DIY segment.

Moving forward, Nippon Paint envisages the leveraging of Big Data to enhance its business agility and efficiency, especially from the perspectives of better understanding its customers and their needs while driving productivity from an operations standpoint.

The data-driven transformation is poised to complement the existing e-commerce and live broadcast which are now very popular marketing tools in the realm of online-to-offline (O2O) business marketing.

Moreover, Nippon Paint also makes its presence felt on social media networks such as Douyin, Toutiao, Xiaohongshu, to name a few, where it conducts "scene marketing" by interacting with consumers (both existing and potential) through different product application scenarios.

# Branding power to spur future growth

Named as the preferred supply brand by China's Top 500 real estate developers, Nippon Paint has not been resting on its laurels in terms of innovation by constantly excelling as a cost-efficient solutions provider.

Since the establishment of the Project Division in 2006, Nippon Paint has been actively cooperating with real estate developers, acknowledging that they are an important stakeholder and channel to expand its market reach.

On this note, efforts have been taken to continuously improvise the product, supply and service areas through the formation of an overall business model that will by and large benefit real estate developers.

Towards this end, the Project Division has endeavored to conduct joint research with various real estate customers to develop products with improved coatings effect and higher coatings efficiency, as we grow with them.

### Success factors

There has been continuous efforts in place to build and enrich high-quality product lines while integrating product systems around customer needs.

From the initial flat exterior coatings products, to textured products, floor coatings, water-in-sand, water-in-water as well as reflective insulation products, the Project Division has continued to focus on the creation of high-quality product lines.

Nippon Paint believes in the

forging of a strong alliance with its business partners to build a strong project management and delivery system. In today's borderless trading environment, a synergistic business channel that integrates customer acquisition, delivery and technology is vital for a fruitful and long-term business relationship.

It has become a norm for Nippon Paint to provide its business partners with all-around support for their market expansion or through technology transfer, supply chain finance and sharing of resources to build delivery-side competitiveness.

Towards this end, the company is also leveraging Big Data to create an effective digital platform to collaborate with its business partners. In the longer term, Nippon Paint aspires to provide partners with a comprehensive product system, efficient supply chain system and advanced information management system for joint value creation.

### Growth strategies

As part of its future growth and market share expansion strategies, Nippon Paint has embarked on forging cooperation with a more diverse customer base.

While the real estate developers have been regarded as a key customer group, it is essential to note that there is a much broader market space to tap within the real estate industry itself. This includes businesses that support or are linked to the real estate industry, whether they are turnkey contractors,

architecture or engineering firms, or home improvement companies, to name a few.

With regards to the "selling solutions" approach, the Project Division has rolled out four major systems, namely the wall system, ground system, thermal insulation energy-saving system and base material system.

The systems encompass product lines, effect lines, procurement standards, process development, system support, mechanized construction and delivery standards, among others, to achieve an overall technological leadership, high quality standard, improved efficiency, and cost effective solution.

While it is essential that the pursuit of strategic cooperation with real estate developers is emphasized as a future strategy, we have to bear in mind that dealing with strategic customers requires strategic adjustments at the management end. This is considering that their requirements from products, services and technological standpoint are very different from individual customers (as in a walk-in customer to a paint shop).

"Drive change, stabilize and move fast" has been chosen as the main theme for the Project Division in the medium-to-long term. Efforts will be focused on undertaking organizational reforms in the areas of product development, sales, service and supply chain, among others, to make Nippon Paint more dynamic and competitive in meeting the demands of its industrial customers, especially among real estate developers.



# The state-of-the-art Xianning plant

## Advantages of the Xianning plant

- Batch time reduction by 60%
- Productivity increases by four times
- 30% reduction in production costs
- Reduction in fuel/power consumption by 20%
- Lower investment cost on land and equipment
- Safer working environment and more environmentally-friendly production processes

Strategically located within close proximity from three capital cities – namely, Wuhan, Changsha and Nanchang – Nippon Paint’s Xianning plant embodies its business philosophy to remain as a market leader in the development of the coatings industry through technological and process innovation - with the ultimate aim of beautifying and protecting people’s lives, and by constantly creating products with superior quality and beautiful colors.

Managed by Nippon Paint (Hubei) Co., Ltd. amid the excellent development environment of the Xianning High-tech Zone, the 209-acre plant boasts a standard three-story administrative building with a total area of 3,600 sq. meters (which comes with a standard office area and a lecture hall); a latex paint production and storage area

measuring 10,600 sq. meters, and a 11,700 sq. meters of sand wall or putty powder workshop.

Commissioned in 2019, the capacity of the first phase of the latex paint workshop is slated for 150,000 tonnes with the second phase reserved for 300,000 tonnes.

The latex paint production system is operated by the world’s most advanced distributed control system (DCS) which is the result of a joint research and development by experienced production personnel as well as

famous European equipment suppliers.

When connected with the Systems Applications and Products (SAP) system, the DCS-control system is able to accurately manage production by effectively reducing the manual document operation links of various departments in the supply chain.

This will improve the overall operational efficiency while eliminating human errors to achieve zero defective products rate.



## Industry 4.0

Compared with the traditional process, the batch time is shortened by more than 60%, while the total labor productivity can be elevated by close to four times. A single-tonne production can achieve cost savings of about 30% and fuel cost reduction by approximately 20%.

Moreover, the efficiency of area output and equipment investment is poised to see greater improvement while promoting safer working environment and more environmentally-friendly production processes.

With 26 paint factories and 30 powder factories across China today, the Xianning plant is aligned with Nippon Paint’s aim to embrace Industry 4.0. Since introducing Industry 4.0 two years ago, all newly

built production plants have gradually moved closer to becoming “intelligent factories”.

On the same note, Nippon Paint is in the midst of transforming its older plants (both paint and powder factories) into “intelligent factories”. In line with the adoption of Industry 4.0, there is greater realization on the major contribution of Big Data in further enhancing the company’s operation (i.e., production process, supply chain and marketing or branding).

Undoubtedly, Big Data facilitates the detailed identification and analysis of customer needs – which ultimately drives sales. This is crucial especially in meeting the high expectations of the general consumers, as well as business-end customers (i.e., real estate developers).

The batch time is shortened by more than

60%

The total labor productivity can be elevated by close to

4times

A single-tonne production cost savings about

30%

Fuel cost reduction by approximately

20%



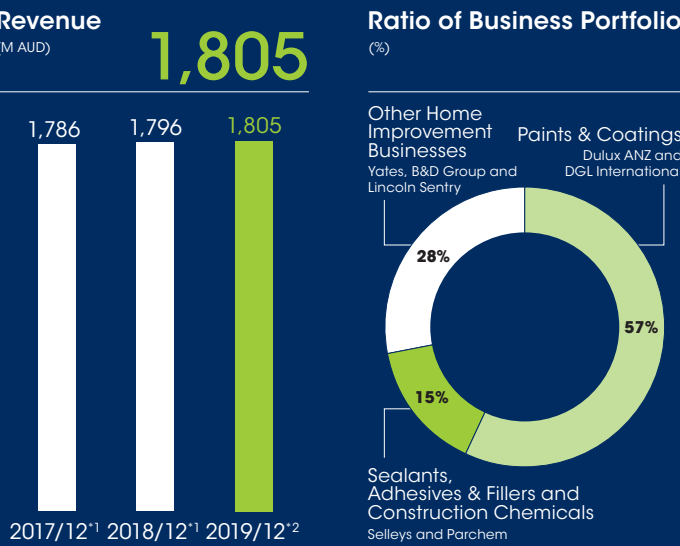
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SWOT analysis

<p><b>S</b>trengths</p> <ul style="list-style-type: none"> <li>• Leading positions in well structured, resilient markets</li> <li>• Market leading brands, underpinned by continuous investment in marketing and innovation – driven by consumer insights</li> <li>• Unrelenting customer focus, underpinned by sales and supply chain capability</li> </ul>	<p><b>W</b>eaknesses</p> <ul style="list-style-type: none"> <li>• Like all businesses, DuluxGroup is subject to prevailing external economic conditions and factors such as volatility in raw materials pricing. However, we have deliberately shaped our business, operations, and end market focus to mitigate as much as possible against such factors and we have strong track record of resilient earnings growth</li> </ul>
<p><b>O</b>pportunities</p> <ul style="list-style-type: none"> <li>• Increase consumer engagement through digital platforms and direct marketing including e-commerce</li> <li>• Help to grow Nippon Paint Group's position in Asia with Selleys adhesives and sealants</li> </ul>	<p><b>T</b>hreats</p> <ul style="list-style-type: none"> <li>• Core ANZ markets are relatively mature and low growth</li> <li>• Compete against strong, established multi-national companies</li> </ul>

Corporate data

Employees: 3,757  
 Headquarters: Victoria, Australia  
 Ownership Ratio: 100.0%



CEO message

DuluxGroup is Australia and New Zealand’s market leader in paint, coatings, sealants and adhesives, as well as other home improvement products. Dulux has over 98% prompted brand awareness and has for many years been voted Australia’s most trusted paint brand.

A proud history

DuluxGroup has a proud history going back more than a century to its origins in Sydney in 1918. This rich heritage includes 70 years as part of multinational ICI Paints. Following ICI Plc’s exit from Australia in 1997, DuluxGroup spent 13 years as part of Orica Limited before demerging as an independently listed company on the Australian Securities Exchange (ASX) in 2010. During the period before DuluxGroup joined NPHD in late 2019, its total shareholder returns placed it in the top 5% of companies on the ASX200.

Imagine a Better Place: DuluxGroup’s core purpose

DuluxGroup’s 4,000 employees are united by a core purpose: to help consumers Imagine a Better Place. DuluxGroup is a marketer and manufacturer of premium branded products that protect, enhance and maintain the places and spaces in which people live and work.



Values and Behaviors

DuluxGroup’s success is driven not only by what its people do but also how they do it. This is reflected in its four Values and Behaviors:

- Be consumer driven, customer focused
- Unleash your imagination
- Value people, work safely and respect the environment
- Run the business as your own

Focus on the fundamentals

DuluxGroup’s sustainable growth has been driven by investing in brands, innovation and customer service as well as a focus on the most resilient and profitable market segments. The company’s primary focus is on existing home owners (65% of DGL revenue). DuluxGroup also serves the adjacent new housing, commercial, infrastructure and industrial segments.

On DuluxGroup’s 100th anniversary in May 2018, the company opened the new, state-of-the art Dulux Paint factory in Melbourne. Here, automation gives DuluxGroup a significant advantage in precision, flexibility, digital supply chain and customer responsiveness. The Dulux R&D and Innovation Center in Clayton, Victoria, also employs more than 80 scientists driving R&D. In all, DuluxGroup has 140 scientists and

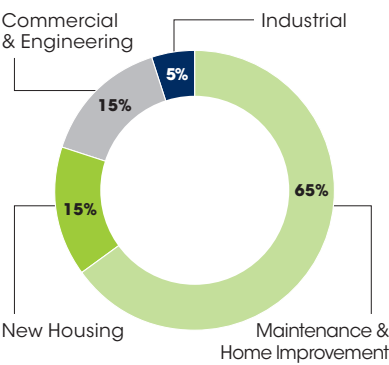
150 marketers working together to develop innovative premium products and services.

The next chapter for DuluxGroup

Becoming part of Nippon Paint Holdings is a new chapter in DuluxGroup’s rich history, but its focus remains on maximizing shareholder value by leveraging new opportunities as part of the Asia Pacific’s number one paint and coatings company. Specifically, this includes:

1. Building on the company’s market-leading positions in Australia, New Zealand and Papua New Guinea;
2. Contributing to Nippon Paint’s position in Asia through DuluxGroup’s own capabilities and portfolio—for example, Selleys adhesives & sealants; and
3. Continuing to explore pathways for material growth in the UK,

Sales by end market



Patrick Houlihan  
Chairman and Chief Executive Officer

Patrick has been with DuluxGroup for almost 32 years and has led the company since 2007, at which time it was still a division of Orica Limited (formerly ICI Australia). In July 2010, DuluxGroup was demerged from Orica and became a standalone business listed on the Australian Securities Exchange (ASX). Patrick then became CEO and Managing Director of DuluxGroup Limited, which at that time had a market capitalisation of approximately \$900 million. In August 2019, when DuluxGroup became part of NPHD the company had grown to approximately \$4 billion.

Europe, and beyond—for example, Craig & Rose in the UK and Maison Deco in France. DuluxGroup’s businesses are already benefiting from collaboration with other parts of Nippon Paint, and everyone at the company is excited by this new opportunity.

<sup>\*1</sup> 2017 and 2018 are pre-acquisition calendar year results.  
<sup>\*2</sup> 2019 sales are pro forma calendar year (including 8 months of pre-acquisition results).  
 DuluxGroup Limited is an Australian company that owns the Dulux® trade mark in Australia, New Zealand, Papua New Guinea, Samoa and Fiji only and the Cabot's® trade mark in Australia, New Zealand, Papua New Guinea and Fiji only. DuluxGroup Limited is not associated with, and has no connection to, the owners of the Dulux® and Cabot's® trade marks in any other countries, nor does it sell Dulux® and Cabot's® products in any other countries.



# Betek Boya

## SWOT analysis

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Wide range of product offerings including industrial, furniture, ETICS, insulation materials, and architecture coatings and polymer production</li> <li>• Extensive collaboration with suppliers, research institutions, academia, etc.</li> <li>• Multi-brand strategy covering all market segments</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• FOREX impacts, as a high proportion of ingredients are imported</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• More stringent EU regulations on health and environment drives technology towards environmentally friendly and healthy products</li> <li>• Easy access to reliable raw materials in Asia</li> <li>• Nippon Paint product and technology transfer to Betek</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Social and economic impact of COVID-19 on paint and coating market</li> <li>• International brand</li> </ul>

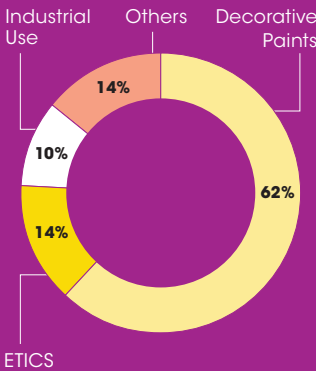
## Corporate data

Employees: 1,485  
Headquarters: Istanbul, Turkey  
Ownership Ratio: 99.6%

Revenue (M TL) **1,518**



Ratio of Business Portfolio (%)



## TOP message

### A leader in the Turkish paint market

Betek Boya is a leading Turkish paint and ETICS company. Its multi-brand portfolio covers the full spectrum of consumer segments, from premium brands to budget options. It has led the Turkish decorative paint sector for 19 years, with 25% market share in 2019, and has 7 production facilities and 25 local distributors and regional warehouses supplying more than 5,648 dealers across Turkey.

Decorative coatings account for 58% of the Turkish paint market, and general industrial finishes another 11%. The market grows by around 10% every year, and is dominated by painters: 77% of consumers purchase painting services, and 50% of consumers allow painters to make the final brand decision. Seasonality is an important factor, with silicone paints by far the most popular.

### Unrivalled brand recognition and competitive position

Betek Boya has long been a market pioneer in product, brand, and channel development. Its most recognized brand is Filli Boya, which accounted for 42% of sales in 2019 and has the highest TOM and unaided awareness in the market at 32%. However, Betek Boya has many other dominant brands across all segments in both decorative paints and ETICS. This competitive position was achieved



through:

- Presence in every customer segment via regularly updated product portfolio
- Outstanding products like Dalmaçyalı enhancing market position
- Extensive, consistent marketing and advertising efforts
- Distributor/dealer-friendly approach, maximizing sales performance
- Strong relationships with painters in traditional channels

### Strategies for growth and group synergies

Betek Boya has three major growth targets:

- Expand market share in paint and ETICS
- Become a regional power through international acquisitions and direct investment
- Grow in industrial paints through organizational setup and

knowledge transfer

As part of the Nippon Paint group, Betek Boya aims to create short- and medium-term synergies in the decorative paint sector through rebranding and dual branding, an accelerated next-gen dealership program, and stronger e-commerce channels.

In the export market, Betek Boya will invest in first-wave geographies with high potential and accelerate its Egypt operations in particular, building on its existing production facility there. Nippon Paint's certifications and know-how will help Betek Boya advance in industrial coatings, and the company will pursue supply chain synergies through combined procurement and use its ample production capacity for Nippon Paint products.

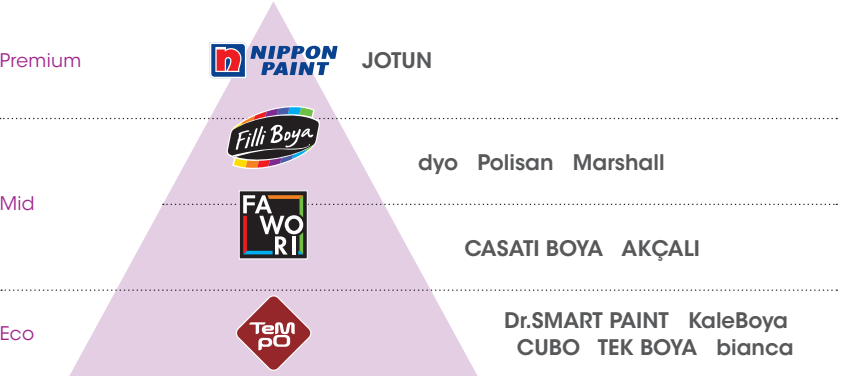
Over the long term, group synergies will allow Betek Boya to strengthen its industrial coatings position by expanding into B2B and entering new industrial segments and industries. Wood and metal



### Tayfun Küçüköğlü General Manager

Tayfun Küçüköğlü was born in Ankara in 1961. He graduated from ITU Faculty of Business Administration in 1984. Having held various duties within the BETEK, where he was a founding member in 1988, Küçüköğlü has been operating as a BETEK General Manager and a Member of the Board of Directors since 1995. Betek is the first and only workplace of Tayfun Küçüköğlü. He is a founding member of the Paint Manufacturers Association (BOSAD) founded in 2003 and still a member of the Board of Directors. Between 2015 and 2017, he served as the Chairman of the Board of Heat, Water, Sound and Fire Insulators Association (IZODER). He is currently the Chairman of the Board of the Construction Material Industrialists Association (İMSAD).

### Positioning of Brands - 2019



coatings and easy-to-use floor coatings are two kinds of new products currently being considered. Investment in second-wave select geographies will expand the company's geographical reach, allowing Betek Boya to become an operational service hub for Nippon Paint's operations in nearby regions.

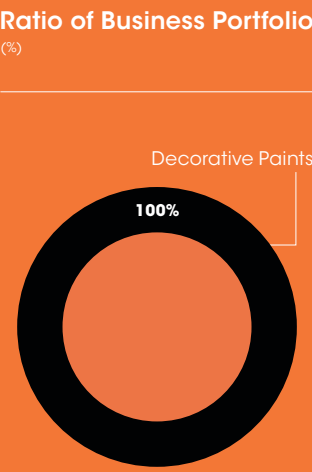
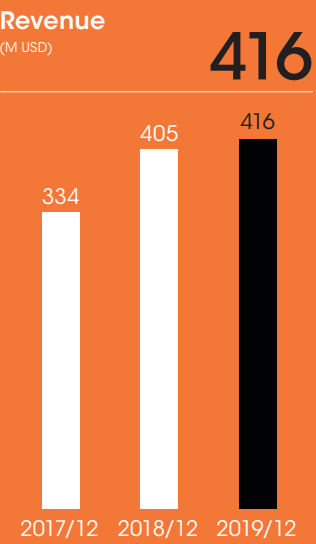
# Dunn-Edwards

SWOT analysis

<b>S</b> trengths <ul style="list-style-type: none"><li>• Strategically positioned retail store network and highly trained salesforce focus on providing superior customer service</li><li>• Diverse portfolio of high quality and innovative products provide meaningful, measurable performance advantages versus the competition</li></ul>	<b>W</b> eaknesses <ul style="list-style-type: none"><li>• For over 95 years, Dunn-Edwards has successfully focused on serving the professional painting industry. However, continued actions by national brands and changing demographics are impacting brand preferences. The company is taking proactive steps to influence customer behavior and drive sales growth through channels and to new market segments</li></ul>
<b>O</b> pportunities <ul style="list-style-type: none"><li>• Develop omni-channels ecommerce solutions to drive sales growth to professionals and consumers alike</li><li>• Help to grow Nippon Paint Holdings position in the United States through channel and product growth initiatives</li></ul>	<b>T</b> hreats <ul style="list-style-type: none"><li>• Large marketing and advertising investments by national brands continue to impact brand selection</li></ul>

Corporate data

Employees: 1,912  
Headquarters: California, USA  
Ownership Ratio: 100.0%



CEO message

A strong niche in a concentrated market

Dunn-Edwards has been a leading paint supplier in the Southwestern U.S. since 1925, providing a complete line of paint, sundries and equipment to professional painters and quality-conscious consumers. In the U.S., 90% of all architectural coatings are supplied by the six largest manufacturers. The remaining 10% come from regional and local manufacturers with significant levels of brand loyalty. Based on Paintcare Recycled Paint Program sales data, Dunn-Edwards has an estimated 12% share in California markets, and 10% to 20% in other regions.

The company operates primarily from a state-of-the-art manufacturing facility in Phoenix, Arizona. Its highly automated batch-making and filling equipment can process over 100,000 gallons a day.

Leading the industry through unique efforts

Dunn-Edwards earned its industry-leading reputation by combining high-quality products with unmatched customer service. Its executive management is talented, experienced and energized, with an average of a decade or more with the company, and its diverse portfolio of innovative products and colors is a powerful competitive advantage.

In 2010, Dunn-Edwards launched the Professional Color



Advisor service. This program provides unique and unmatched color selection services to professional and retail customers. Another recent innovation was Aristoshield, a water-based paint with "oil-based" performance. Since its 2016 launch, Aristoshield has taken share from regional and national paint brands.

Strategies for growth, partnerships for innovation

Dunn-Edwards' strategies for growth are multifaceted. In commercial and consumer segments, the company aims to increase its market share by leveraging growth accelerators. In other channels, Dunn-Edwards is using network and capacity advantages to build the brand outside its current footprint and boost profitability. At the same time, the company is developing business models based on new technology that will make it the easiest paint brand to work with, positioning it for market disruption.

Industrial coatings represent a logical expansion of the Dunn-Edwards product line, and the Endura series of light industrial paints was recently added to the product mix. Dunn-Edwards is also collaborating in many ways with Nippon Paint. Manufacturing and product development teams collaborate on raw material evaluations, formulation strategies, and supply chain optimizations. The results have inspired new products, slashed costs, and

delivered procurement synergies. Product development is a key growth driver for Dunn-Edwards. Guided by a mission of developing products with measurable and meaningful performance advantages versus the competition, the company continues to bring new and innovative products to market.

Environmental initiatives

Dunn-Edwards is committed to eco-efficiency as an overarching principle, guiding everything from product formulations to employee health and safety. In 2009, the company launched a major brand initiative called Greener by Design as a vision of a "green" future. Just two years later, in 2011, Dunn-Edwards built a LEED® Gold-certified manufacturing plant, demonstrating genuine commitment to the environment as well as boosting sales growth.



**LEED® Gold-Certified Paint Manufacturing Facility**  
Encompassing manufacturing, product development, quality control and more, the 336,000-sq. ft. facility is designed to be the greenest in the industry.



Karl Altergott

CEO

Karl Altergott has been the President and CEO at Dunn-Edwards for the past 11 years. After joining the company, he immediately focused on projects to achieve operational efficiency and provide superior customer service. Under his guidance and support, the company constructed a fully-automated manufacturing plant to expand production capabilities, modernized its retail outlets, and launched a Color Advisor program to assist customers with color selection. He holds a B.S. in Engineering from Loyola Marymount University and an M.B.A. from Pepperdine University's Graziadio School of Management.



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# JAPAN

## Corporate overview and strengths

## Business strategy

<p><b>Nippon Paint Automotive Coatings Co., Ltd. (NPAU)</b></p> <p>Shoichi Mure Representative Director and President</p>		<p>NPAU provides full-range coating products for automotive use, ranging from coatings for auto bodies and bumpers to plastic components such as interior parts. NPAU develops eco-friendly products that have a growing demand in recent years as well as high value-added products such as Premium Color that delivers maximum satisfaction to end users.</p>	<p><b>Promoting the establishment of a global operating framework to evolve into a leading company in the automotive coating field</b></p> <p>Global automobile production is forecast to fall sharply in FY2020 due to factors including operation halts at factories as a result of the COVID-19 pandemic. However, automobile production is expected to experience a moderate recovery, mainly in China and the Asia region, from FY2021 onwards. In step with the advance of technological innovation in automobiles in new domains focused around the connected, autonomous, shared &amp; service, and electric (CASE) concept, NPAU will work to establish a global operating framework that allows for the maximization of global synergy while deepening collaboration with individual group companies such as NIPSEA and B&amp;K. We will strive to become a leading company in the automotive coating field so that we may become the best partner, trusted by customers as a specialized manufacturer contributing to the development of a mobility driven society.</p>
<p><b>Nippon Paint Co., Ltd. (NPTU)</b></p> <p>Masuo Kida Representative Director and President</p>		<p>NPTU is engaged in the development, manufacturing, and sale of paints used for buildings such as houses and office buildings, large structures such as bridges and plants, as well as for automotive refinish coatings. NPTU has the largest sales network in Japan and boasts the top share in the domestic decorative paints market.</p>	<p><b>Promoting core business strategies encompassing technologies, production logistics, and sales to establish a presence as an essential figure in the market</b></p> <p>The decorative paints business is closely linked with the culture, climate, and laws and regulations of each country, and has different business models (sales channels) in each operating country. Each Group company operating in decorative paints pursues market share expansion in each operating country as their basic business strategy. NPTU promotes the acquisition of a share in the architectural paint market in Japan, including condominiums, commercial buildings, detached houses, and apartment buildings, by leveraging its strong sales channels. In addition, the company actively rolls out eco-friendly products such as heat shield paints that control rising building surface temperatures to reduce air conditioner power consumption, as well as water-based anticorrosion paints for steel structures. NPTU also promotes market development by expanding its range and sales of anti-bacterial and anti-viral products with an eye to increase market share and profitability toward establishing a market presence as an indispensable player.</p>
<p><b>Nippon Paint Industrial Coatings Co., Ltd. (NPIU)</b></p> <p>Takeshi Shiotani Representative Director and President</p>		<p>NPIU is engaged in the manufacturing and sales of paints and coatings used for a wide range of industrial products such as building materials, home exterior materials, home electronics, office furniture, construction and agricultural machines, and rail cars, as well as functional materials in the fine chemical field and sales of equipment for painting and coating applications. NPIU expanded operations into Asia through a partnership with the NIPSEA Group, and has established a leading position in its main business domains such as coil coatings and paints for construction machinery and agricultural machinery.</p>	<p><b>Evolving into a company with a strong competitive edge and dominant share in the Asian market by reinforcing the core businesses and creating a second core business</b></p> <p>NPIU is committed to contributing to the development of an industrialized society by providing new value that will pave the way for future generations as a company specialized in coatings for general industrial applications, excluding automotive coatings. NPIU is focusing efforts on reinforcing its core business of coil coatings, powder paints and so on, as well as creating a second core business by expanding the paint business for road surface markings and so on. In addition, NPIU is accelerating business expansion and investment strategy overseas, where high demand growth is expected to continue, through collaboration with NPHD group companies. The aim is to become a company with a strong competitive edge to overwhelm the Asian market by transforming into a smart company to achieve high value addition, high efficiency management, and high profitability.</p>
<p><b>Nippon Paint Surf Chemicals Co., Ltd. (NPSU)</b></p> <p>Satoshi Nishimura Representative Director and President</p>		<p>NPSU is an expert in surface treatment, providing undercoat films used for automobiles, general-use industrial products, steel, and aluminum cans, and functional coatings such as hydrophilic treatment agents that provide advanced functions in very thin film. The company deploys globally, centering on Asia, technologies created based on a three-region R&amp;D system encompassing Japan, China, and South Korea and through industry-academia collaborations.</p>	<p><b>Striving to maximize business value through creation of new business to solve ESG solutions and enhancement of a globally highly profitable business structure</b></p> <p>NPSU has grown by focusing on the development and deployment of advanced technologies and products as a manufacturer specialized in surface treatments designed to dramatically boost the added value of materials by applying its unique thin-film technologies. In recent years, NPSU has accelerated growth on a global scale and promoted the development of business domains that will become its future core businesses through the overseas deployment of the latest technologies in which the company has superiority, such as hydrophilic treatment and surface treatment of aluminum cans. Going forward, NPSU will work to achieve sustainable growth by addressing ESG issues and strengthen its highly profitable business structure through the development of products that contribute to reducing environmental impact by cutting industrial effluent and GHG emissions, as well as a new coating system designed to protect social infrastructure such as antifouling coatings, with an eye to maximizing its business value and profit contribution for the NPHD Group.</p>
<p><b>Nippon Paint Marine Coatings Co., Ltd. (NPMC)</b></p> <p>Seiichiro Shirahata Representative Director and President</p>		<p>NPMC is the founding business of the Group and marks its 140th anniversary next year. The company is engaged in the manufacture and sale of ship paints on a global scale, and has established an integrated supply system in Japan and overseas, from building to repairing ships. NPMC will develop and supply advanced environmental products through R&amp;D that leverages the collective strengths of the group.</p>	<p><b>Establishing the Top Group Brand to Deliver Cutting-edge Eco-products Worldwide and Becoming a Company Recognized from the Perspective of SDGs and ESG</b></p> <p>As a professional marine coatings company that plays an active role on the global market, NPMC has been developing and supplying the world's first TBT-free and fuel-efficient antifouling paint, which contributes to CO2 reductions, as well as other advanced environmental products that consistently contribute to solving social issues. The volume of seaborne transportation is expected to increase over the medium to long term. The company's products, which have been established in Japan and other Asian countries, are increasingly being adopted in Europe. In addition, its existing products are highly regarded by European customers, who are particularly interested in environment-friendly technologies. NPMC is expected to develop products that are friendly to both the ocean and the atmosphere in response to future environmental regulations. NPMC will continue to create value with SDGs and ESG at the core of our management, and aims to be a company that is recognized worldwide.</p>