

Presentation Material for Institutional Investors (FY2020)
Presentation Summary February, 21, 2020



Good day everyone. Thank you for taking the time to attend today's presentation despite your busy schedules and the novel coronavirus outbreak. I am Masaaki Tanaka, president and CEO of Nippon Paint Holdings.

Today, I will discuss about our development from a Japanese origin company into a global organization through Japan- Singapore partnership. I will explain our growth, our history with our partner, the Wuthelam Group, and our strategies. I myself was in charge of investor relations in my previous career and I have also participated in advisory panels of the Financial Services Agency and other forums emphasizing the importance of engagement with investors thus am well aware of the importance of a good dialogue with the market. I regard today's event as a starting point for reaffirming our commitment to dialogues with investors.

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NIPPON PAINT HOLDINGS GROUP

I will cover five subjects today.

First, I will provide a brief overview of Nippon Paint Holdings.

Secondly, I will talk about our strengths.

Thirdly, I will discuss the development of our partnership with Wuthelam.

Fourth, I will discuss our future strategy and management direction.

Lastly, I will provide financial highlights.

Introduction to Nippon Paint Holdings

NIPPON PAINT HOLDINGS GROUP

Image: Beijing National Stadium (China)

The paint of Foshan Libang, a Nippon Paint Holdings Group subsidiary in China, was used at the Beijing National Stadium. This was used during the 2008 Beijing Summer Olympics and is the largest track and field stadium in China. In 2022, China plans to use this stadium for the opening ceremony of the Beijing Winter Olympics.

Overview of Nippon Paint Holdings

Established presence as the No. 1 paint company in Asia

1881

Establishment of Nippon Paint

- Japan's first and largest paint company with a 140-year history

JPY 692bn

Revenue (FY2019)

- Strong growth through high growth in Asia and expansion through M&A

Top 100

Market Capitalization

- 70th to 100th place in the domestic market capitalization ranking
- Market capitalization of ¥1.5 trillion to ¥2 trillion

Over 25,000

Consolidated Number of Employees (as of end 2019)

- A global company with more than 3,000 employees in Japan and more than 22,000 in overseas

29 Geographical Locations

Nippon Paint's Global Network

- Strong global presence centered around Asia
- Recent expansion of business to other regions driven by M&A activities

Over 70%

Revenue from Overseas

- Over 70% of revenue is generated from overseas, with global expansion being further accelerated through the acquisition of DuluxGroup (Oceania) and Betek Boya (Turkey) in FY2019

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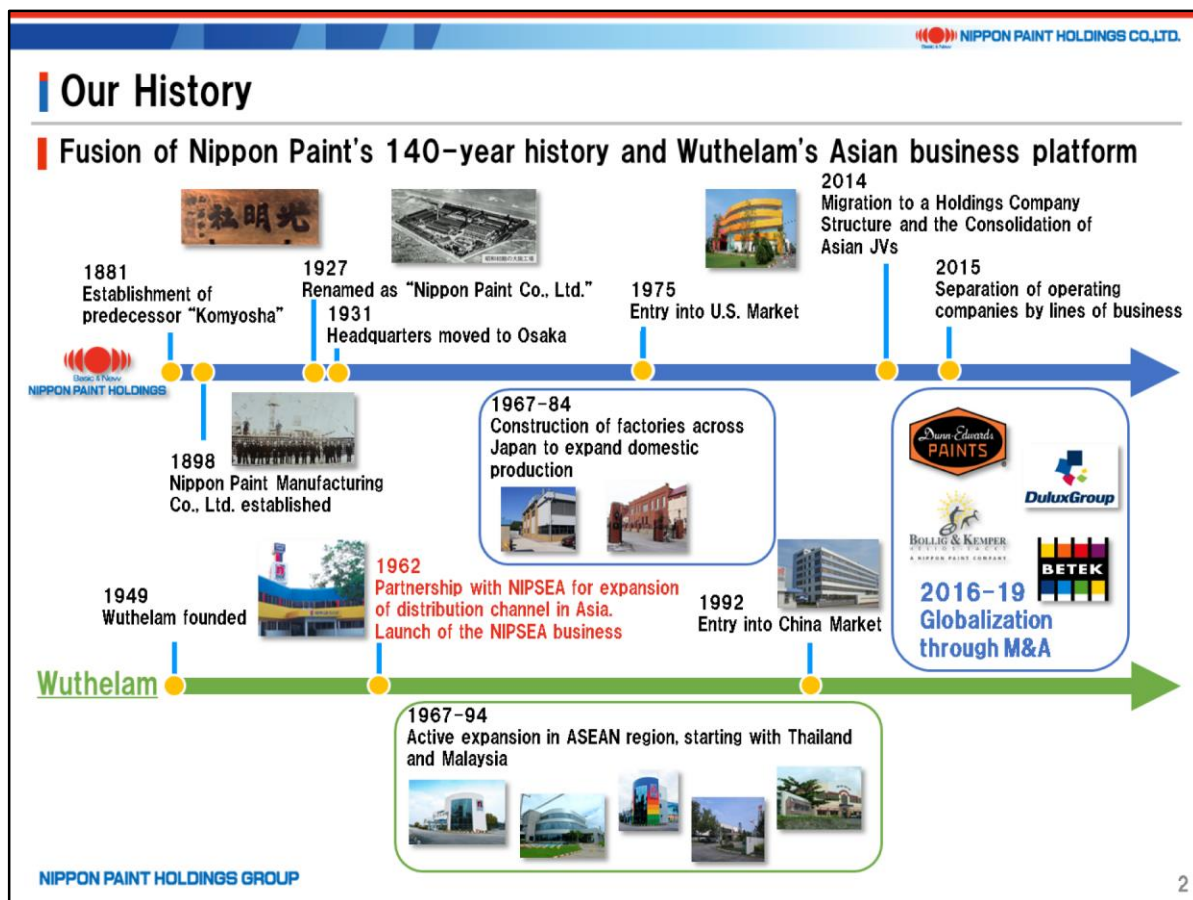
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Nippon Paint Holdings is the holding company of Japan's largest paint manufacturer.

About 140 years ago, our predecessor developed the first paint manufactured in Japan. Consolidated revenue was 692.0 billion yen in FY2019. We acquired DuluxGroup and Betek Boya midway through the year. If these two companies had been part of our group throughout FY2019, our revenue would have been about 800 billion yen.

We ranked among the top 100 companies in Japan based on market capitalization throughout 2019. At times, our market capitalization was more than 2 trillion yen. Our workforce has increased by about 20,000 since 2013 and is now about 25,000. Overseas employees are 87% of our workforce and we have operations in 29 geographical locations.

We have grown rapidly as a global organization, raising our overseas sales ratio from 28% in 2013 to 74% in 2019.



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Our founder Jujiro Moteki started this business with his determination to use technology to solve social issues.

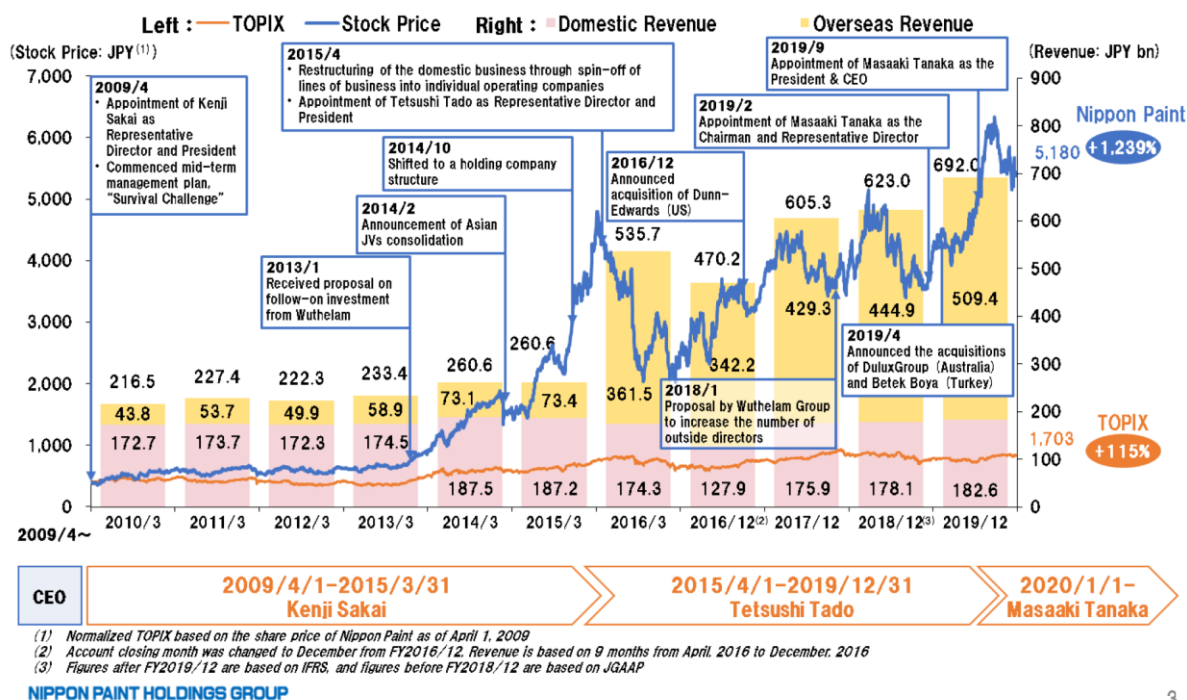
In 1878, he developed a lead-free face powder that helped protect the health of actors and other entertainers. In 1881, with the cooperation from the Navy, he developed a marine paint. This demonstrated the ability to use paint and coating technology to solve important social needs.

Operations started in Shiba, Minato-ku, Tokyo and in 1931 our head office moved to Osaka. Our present organization is the result of the 2015 conversion to a holding company structure.

Wuthelam dates back to 1949 with the start of paint sales and manufacturing following the purchase of paint from the British Army. The company subsequently developed a close relationship with Chiaki Obata, then president of Nippon Paint. This resulted in the 1962 establishment of our first joint venture. Nippon Paint and Wuthelam have been partners since then, a period of more than 60 years. With this partnership, we became one of the leading suppliers of paints and coatings in Asia.

Historical Market Capitalization and Revenues

Share price rose by nearly 15 times over the past 10 years



This page shows our growth since the Global Financial Crisis.

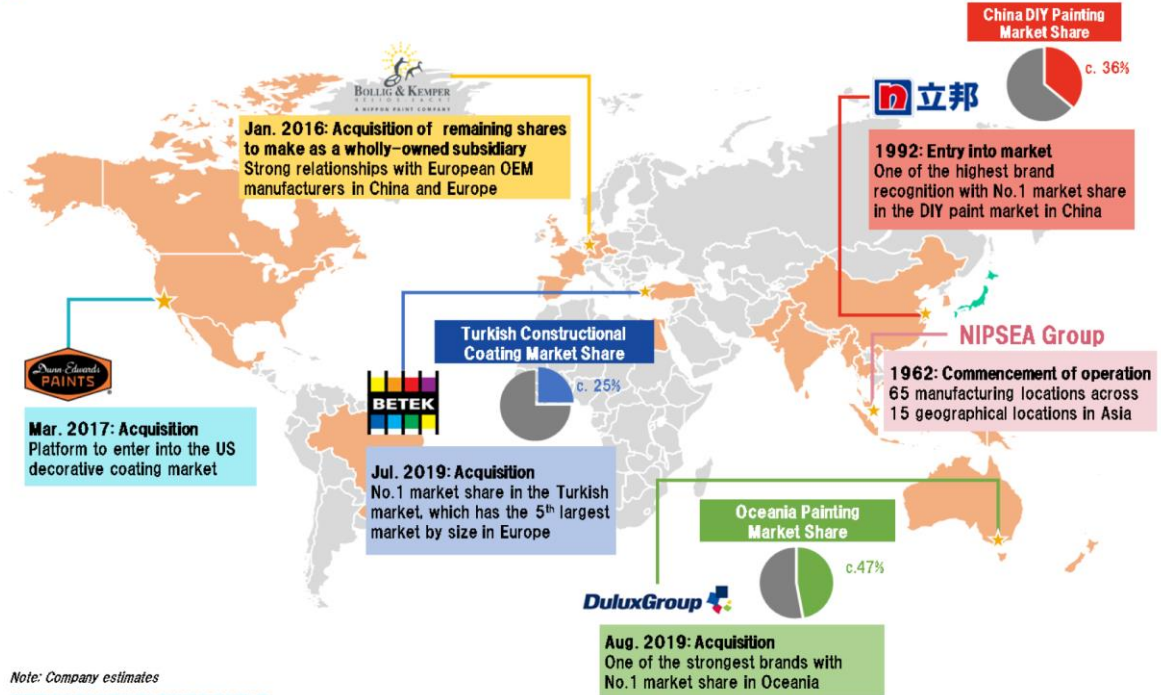
In 2009, under the leadership of Kenji Sakai, Nippon Paint launched a medium-term plan named Survival Challenge. There were drastic cost-cutting measures that greatly improved the profitability of our operations in Japan. One significant event was our decision to advance one more step regarding our integration with the NIPSEA Group, which is our joint venture in Asia with Wuthelam. This laid the groundwork for our subsequent globalization.

The next president, Tetsushi Tado, pursued a global strategy through M&A and built the current Nippon Paint Holdings.

Due to these activities, we achieved remarkable growth. Our revenue has more than tripled during the past decade and our stock price increased by a multiple of almost 15.

Global Presence

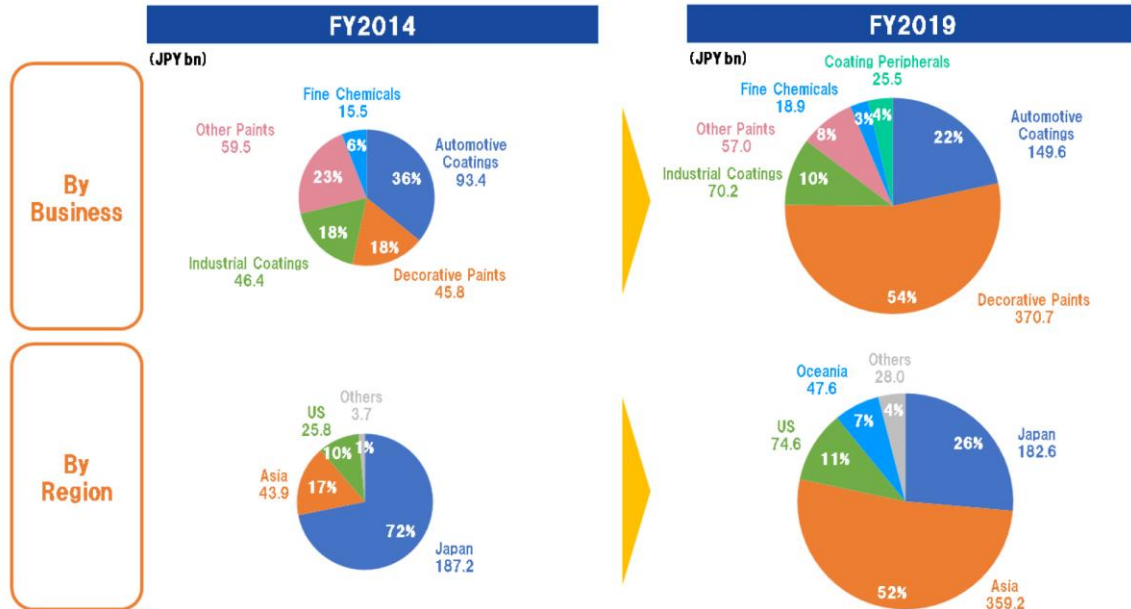
Expanding global network across 29 geographical locations through M&As



We have operations in 29 geographical locations and our presence is growing on a global scale. For example, we have the leading market shares in China, Malaysia and Singapore as well as in Australia and Turkey, where we acquired companies in 2019.

Key Features of Our Business

Globalization accelerated by consolidating Asian JV and cross-border M&A transactions



Note: FY14/12 figures are based on JGAAP and FY19/12 figures are based on IFRS standard

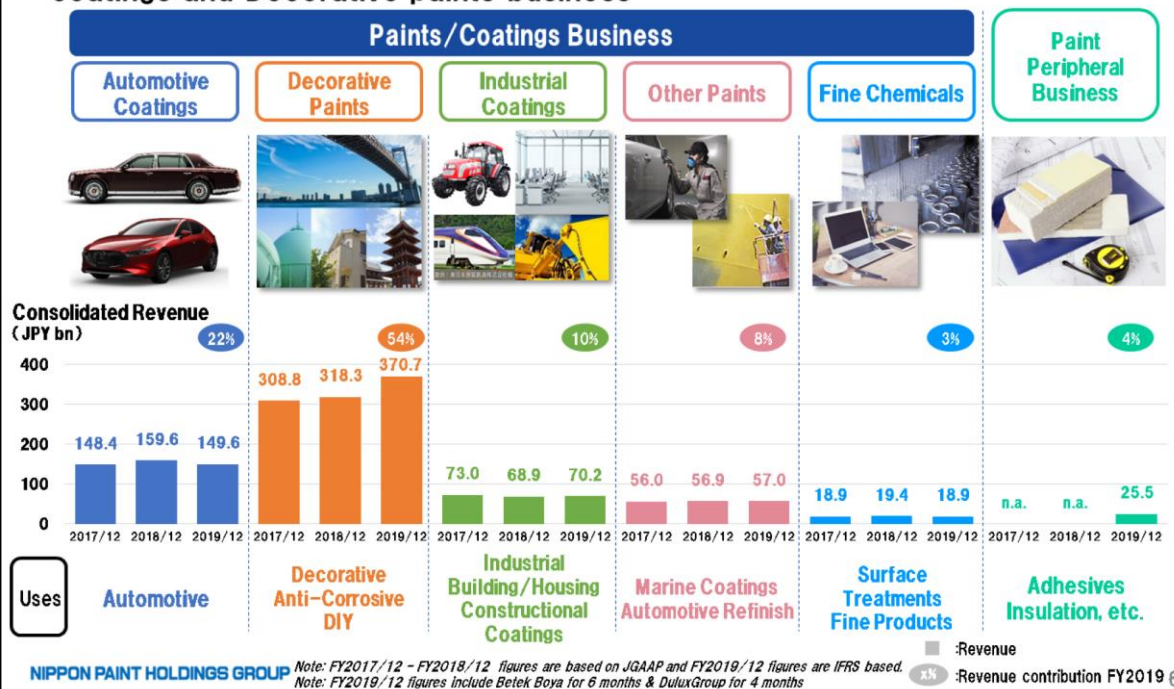
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We have changed significantly since 2014 in terms of our businesses and regional portfolio. Decorative paints business is the largest share of sales and the primary source of growth.

Key Features of Our Business

Operating a wide range of paint businesses centered around Automotive coatings and Decorative paints business



This page shows our segment revenue in recent three years.

Our automotive coatings business is backed by advanced technologies and strong brands and marketing skills are the key strengths of our decorative paints business. As you can see, there was a big increase in decorative paints revenue in FY2019 as we incorporated four months of DuluxGroup and six months of Betek Boya revenue.

The peripheral business on the far right is the building materials business of DuluxGroup. There are good prospects for growth, including the start of sales in China. At present, however, our core business is the paint business, and we have the collective strength to expand globally by leveraging a wide range of technologies and networks.

Strength of Our Business and Our Brand

Wide-range of products based on advanced technology

Decorative Paints Business

Exterior/Interior Wall Paints



Anti-Corrosive Paints



Other Paints Business

Automotive Refinish



Betek Boya



LiBang



Marine Coatings



DuluxGroup (Oceania)



Dunn-Edwards



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This page shows our major products, which include items that are environment friendly.

One is the can in the middle of the three LiBang products. This is a water-based paint with no additives and helps break down chemical compounds in the atmosphere. The label features an illustration of The Little Prince, with whom we collaborated.

Another is Unagi Ichiban, a marine paint in the lower right corner. This paint is designed to increase the smoothness of hulls as ships operate, which improves fuel efficiency. The absence of tin is another environmental feature of this revolutionary product, which has been very successful.

These accomplishments demonstrate that we are still guided by our founding DNA of solving social issues. We have used this spirit to create many products that reflect issues involving ESG.

Strength of Our Business and Our Brand

Technical capabilities highly regarded across society

Automotive Coatings



Industrial Coatings



Decorative Paints

Tokyo National Stadium*



Raffles Hotel (Singapore)



Wat Ratchanatdaram (Thailand)



Sohonzan Shitennoji Temple



Beijing National Stadium (China)



MICE Building (Singapore)



Other Paints

Cruise Ship



Fine Chemicals

Air-Conditioner



* Image provided by Taisei Construction Co., Ltd.
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These are just a few of the well-known buildings that use our paint.

At Tokyo National Stadium we supplied paint incorporating highly advanced technologies for the columns that support the stands.

The white color of Raffles Hotel in Singapore originates with paint supplied by Goh Cheng Liang of Wuthelam. Our paint was used last year when the hotel was completely renovated.

One unusual example is the Shitennoji Temple, Sohonzan, Washu in Osaka. This is Japan's oldest Buddhist temple, constructed late in the sixth century by Shotoku Taishi. Our paint was chosen to recreate the original color of this structure during the 1400th anniversary renovation.

All of these are proof that our customers appreciate our high-tech capabilities.

Our Strengths



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Image: Sohonzan Shitennoji Temple

Our Strengths



Our Mission: Maximization of shareholder value

- With SDGs and ESG at the core of management, NPHE places Maximization of Shareholder Value ("MSV") as its paramount mission. MSV is predicated on fulfillment of our duties to customers, employees, suppliers and society, setting us apart from the concept of "Shareholder Primacy"

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The next section is an explanation of our strengths, which are basically investment highlights. There are four key strengths.

First, from a global perspective, paint is a growing industry as demand will certainly increase along with population growth. We have much potential for increasing our market share. Furthermore, paint has stable growth unlike the volatility in the general chemical industry.

Second, we are the leading supplier in Asia, the most attractive region in the globally expanding paint market. We are a leader in terms of market share and brands. In addition, NIPSEA holds strong management capabilities which adapt and alter its business model to match changes in line with business environment.

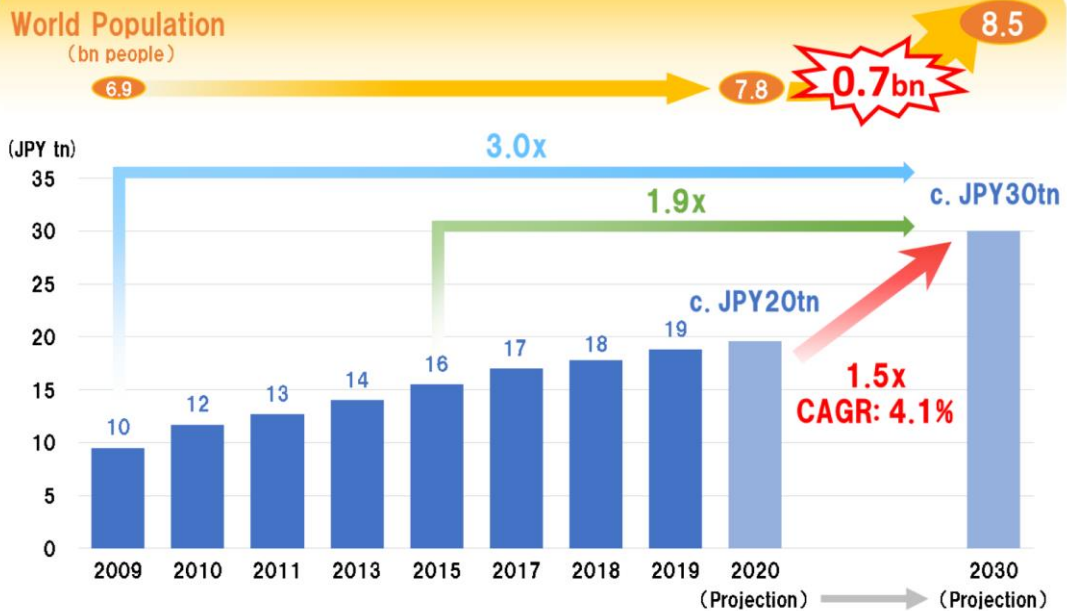
Third, we continue to aggressively seek for M&A opportunities. Post-merger integration is critical to the success in M&A and as I will explain later in the section about spider web management, we have an infrastructure that is capable of capturing synergies with newly acquired companies.

Fourth, our advanced governance structure gives us a sound base for sustained growth. Following the March shareholders meeting, we expect to be the Company with Three Committees and two-thirds of our directors will be independent outside directors. This will ensure the independence and objectivity of the board.

Our mission is to leverage these strengths to maximize shareholder value. I will talk more about this subject later. I believe there are very few companies that clearly place maximizing shareholder value as their mission like us.

Our Strengths① Sound Growth Potential of Paint Market

Paint market is expected to witness strong global growth



Source: Company estimates based on data from International Paint & Printing Ink Council Report and the United Nations
Note: Calculated at the exchange rate of JPY110.0/USD

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■ Painting Industry Market Size

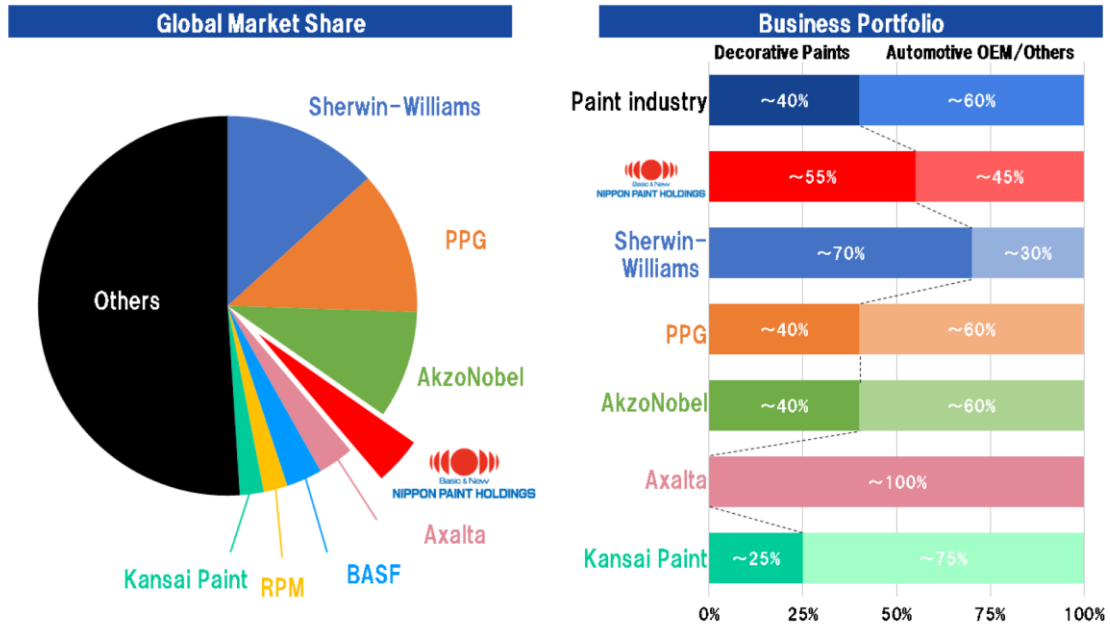
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Next, I will discuss each strength in more detail.

The world's population is expected to increase from 7.8 billion to 8.5 billion over the next decade. This increase of 0.7 billion will create new demand – the size implies about six times more of Japan or half of China. These numbers clearly demonstrate the magnitude of potential growth in the global paint market.

Our Strengths① Opportunity to Increase Market Share

Well-balanced business portfolio with potential to increase global share



Note: Company estimates

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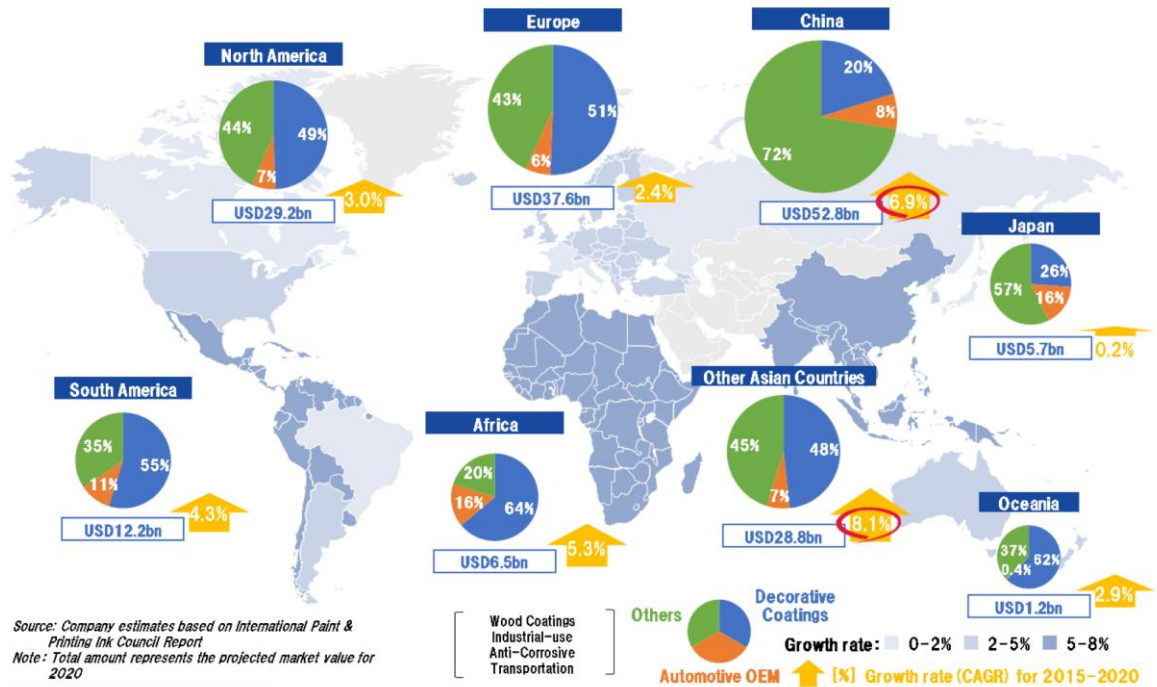
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The top 10 paint companies have a global market share of about 50%. That means the remainder of this market consists of a large number of small and midsize companies. As a result, there will be ample opportunities to capture market share and utilize M&A. We foresee more demand in categories that require the environmental expertise, financial strength or other resources that only a large company has. In conclusion, we expect to grow via both market growth and share gain.

As you can see in the graph on the right, our operations are well balanced with decorative coatings at 55% of our revenue.

Our Strengths① Paint Industry Growing Globally

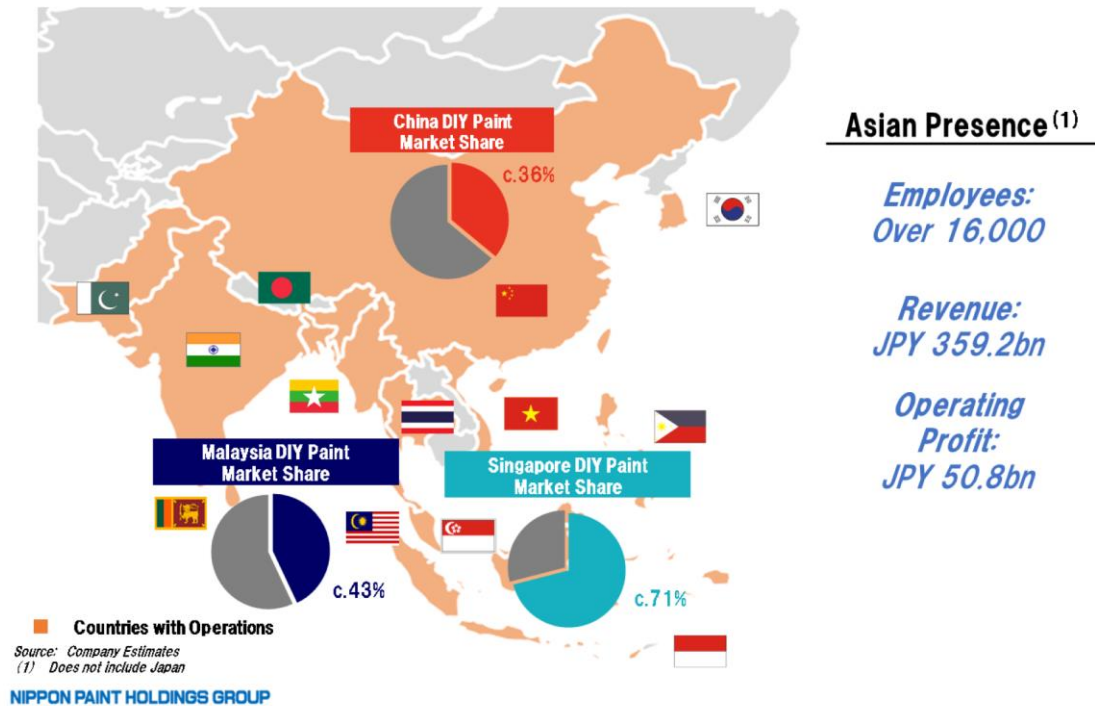
The largest growth engine in china and other parts of Asia



These regional pie charts show that, as I have just explained, the paint industry is growing worldwide. This is precisely why we must operate on a global scale.

Our Strengths② Unparalleled Market Share Across Asia

Operating in 15 geographical locations including China, Malaysia, and Singapore



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Nippon Paint Holdings has a leading position in decorative paints, as well as China and other Asian regions.

We operate in 15 geographical locations in Asia and this represents 52% of our consolidated revenue.

In the DIY sector, due to the powerful LiBang brand, we have market shares of 36% in China, 71% in Singapore and 43% in Malaysia.

Our Strengths② Unparalleled Brand in China

Leading market share in the large Chinese market with strong growth potential



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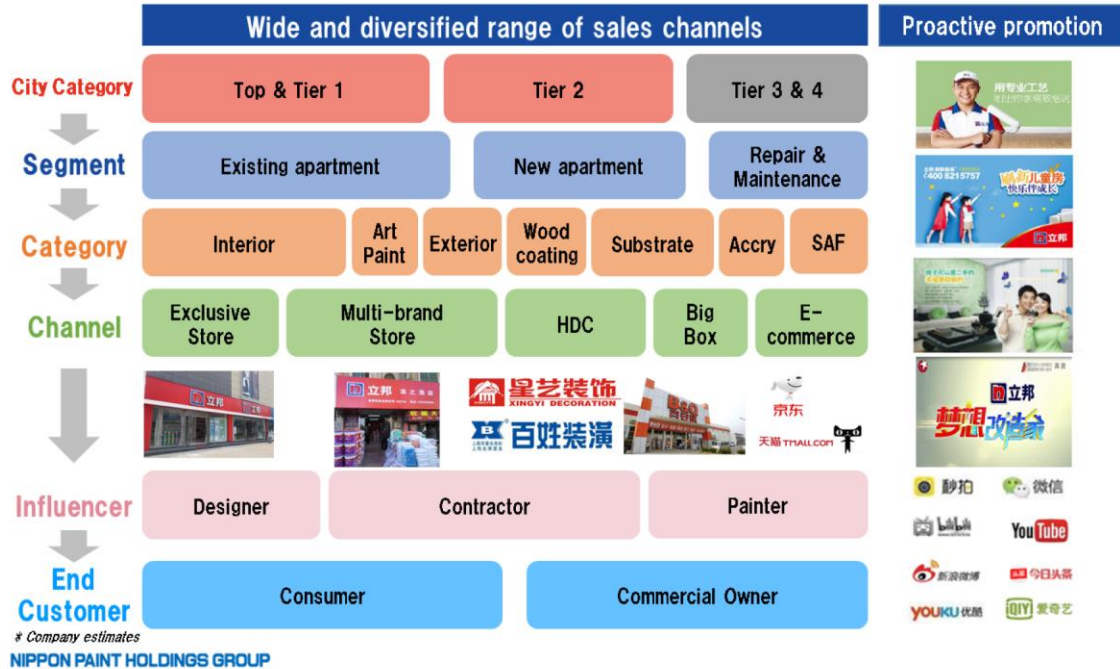
There are many key strengths in China. As you can see, the market itself is very attractive and we have very strong positions in this market.

One important point regarding China is that Goh Hup Jin, who is our director at Nippon Paint Holdings, overcame the opposition of others to make the decision to start operation in China in 1992. This was due to the outlook for democracy in China following the Tiananmen Square incident.

Now China is a major source of our growth. This foresight was on target, but it is also important to note that operations in China started from scratch. It is not difficult to image the extraordinary business management skills that were needed for this accomplishment.

Our Strengths② China Decorative Paints (DIY) Business Model

Achieved No.1 market share (c.36%*) through unparalleled sales network and proactive promotion



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This is the business model of DIY, which means retail category of the decorative paints business.

We have used strategies created for each market segment in order to establish a network of sales channels covering every part of China.

The focus of our operations is the top cities e.g. Beijing and Shanghai, Tier 1 cities e.g. Nanjing and Tianjin, and Tier 2 cities e.g. Jiangsu and Qingdao. We are also concentrating on the provincial Tier 3 cities e.g. Huizhou and Dongguan and Tier 4 cities e.g. Xianning and Qingyuan. We plan to raise our market share in all of these categories. Tier 1 and 2 cities account for the majority of DIY paint demand in China. These cities are a very large market for us.

To appeal to influencers and end users, we are aggressively advertising through terrestrial and internet channels. Backed by our powerful brand, we are the leader by a wide margin in China with a market share of 36%.

Our Strengths② China Decorative Paint (Project) Business Model

Secured top market share (c.17%*) through strategic alliances with TOP100 real estate developers



* Company estimates

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This is the business model of the Project segment.

In China, the project segment of the decorative paints business is growing very rapidly. Recent years have seen significant growth in Project market. In addition to urban development spreading to the periphery of major cities thanks to China's aggressive investments in infrastructures, new homes are shifting from the sales of skeletons to interior painted homes.

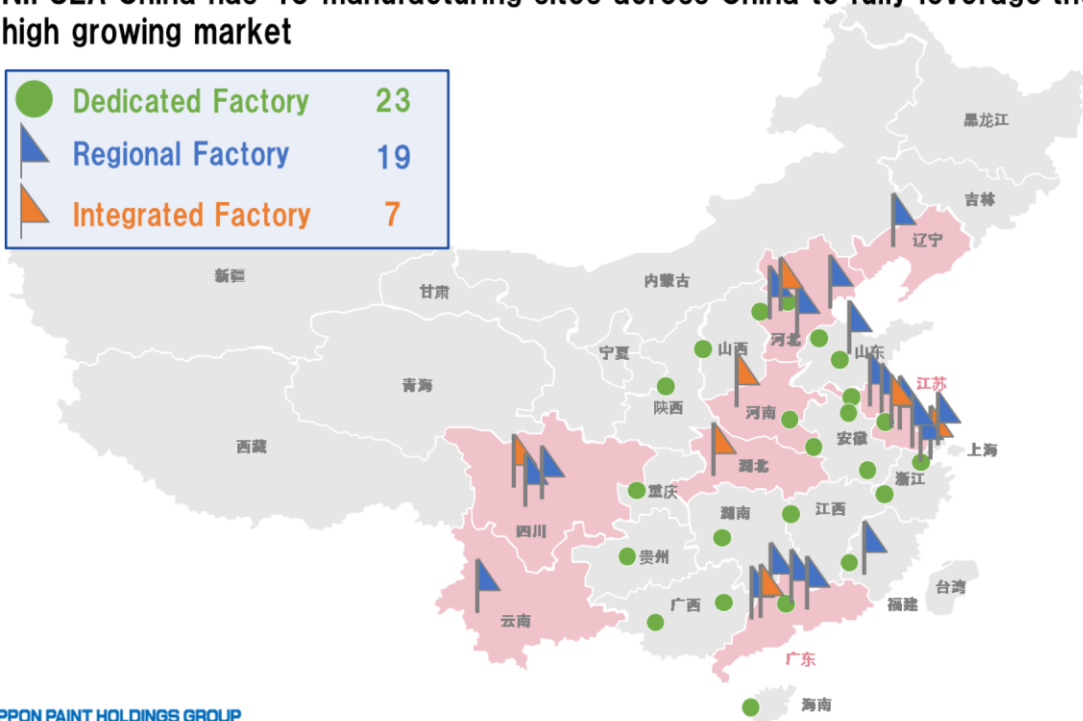
We work strategically with all of the top 100 real estate developers in China in order to raise sales by covering all market sectors.

Due to the success of this strategy, we now rank first in the project segment with market share of 17%. This is basically a B-to-B market and it is the fastest growing category in China's paint market.

Our Strengths② Production Management in China

NIPSEA China has 49 manufacturing sites across China to fully leverage the high growing market

● Dedicated Factory	23
▲ Regional Factory	19
▲ Integrated Factory	7



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In China's expansive and growing paint market, NIPSEA China's 49 factories facilitate the timely supply of paint to customers anywhere in the country. Of the three facilities currently suspended due to novel coronavirus, two (Tianjin, Hubei Province) are in NIPSEA China. Not on this map, one of the five plants directly operated by our Japanese subsidiaries in China is in Wuhan and is also not operating now.

Our Strengths② Advanced Supply Chain Management

Advanced production system through digital transformation and automation



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* Pictures are images of digital transformation strategy

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We have a very sophisticated supply chain management in China that supports this large network of factories.

For example, we have a so-called dashboard that allows viewing real-time information about production and deliveries of factories nationwide. We can instantly check the status of factories anywhere.

Our factories are highly automated. In fact, even our core factories can operate with less than 20 people. The outstanding productivity of these facilities is one of the main reasons for our leading market share. Originally, technologies used in China came from Japan. Now China is creating many technologies that can be useful for Japan. Our planned investments into Japan, which I will discuss later, are likely to utilize some of these technologies developed in China.

Our Strengths③ Active M&A

Our Key M&A Track Record

					
	NIPSEA (Consolidated in 2014)	Bollig & Kemper (2016)	Dunn-Edwards (2017)	DuluxGroup (2019)	Betek Boya (2019)
Geography	Locations across Asia				
Business	Decorative, Automotive and Industrial Coatings, etc.	Automotive Coatings	Decorative Coatings	Decorative Coatings	Decorative Coatings
Key drivers	Exploring relationship with partners to facilitate further growth in Asia	Enhancing OEM services for European manufacturers: entry into the China market	Gaining the platform to enter into the US decorative coatings market	Established an unparalleled position within the decorative coatings market in Asia Pacific. Dominating this stably-growing market with its strong brand	Largest market share in the decorative coatings market in Turkey, which has the 5 th largest market size in Europe with high growth potential

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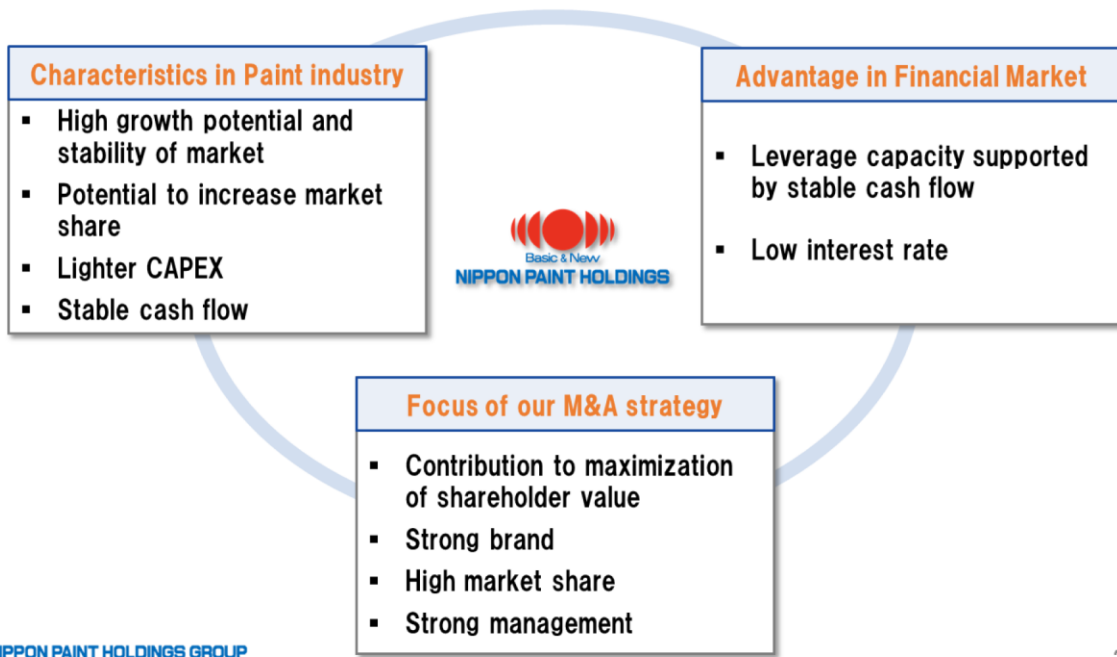
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There has been significant M&A activity in recent years.

I was personally deeply involved with the acquisitions of DuluxGroup and Betek Boya. Our directors have played a very active role in M&A deals by assessing risk factors and carefully determining the future impact on earnings per share. Our decisions also incorporate a thorough examination of post-merger integration and the risk of not going ahead with an M&A deal. We announced the 300 billion yen Australia acquisition and 50 billion yen Turkey acquisition in just two weeks. Working closely with the NIPSEA team, who know the decorative paints business very well, was instrumental to our ability to complete these acquisitions in a timely manner.

Our Strengths③ Active Promotion of M&A Strategy

Capable of fully leveraging the advantage of industrial structure and market environment for M&A



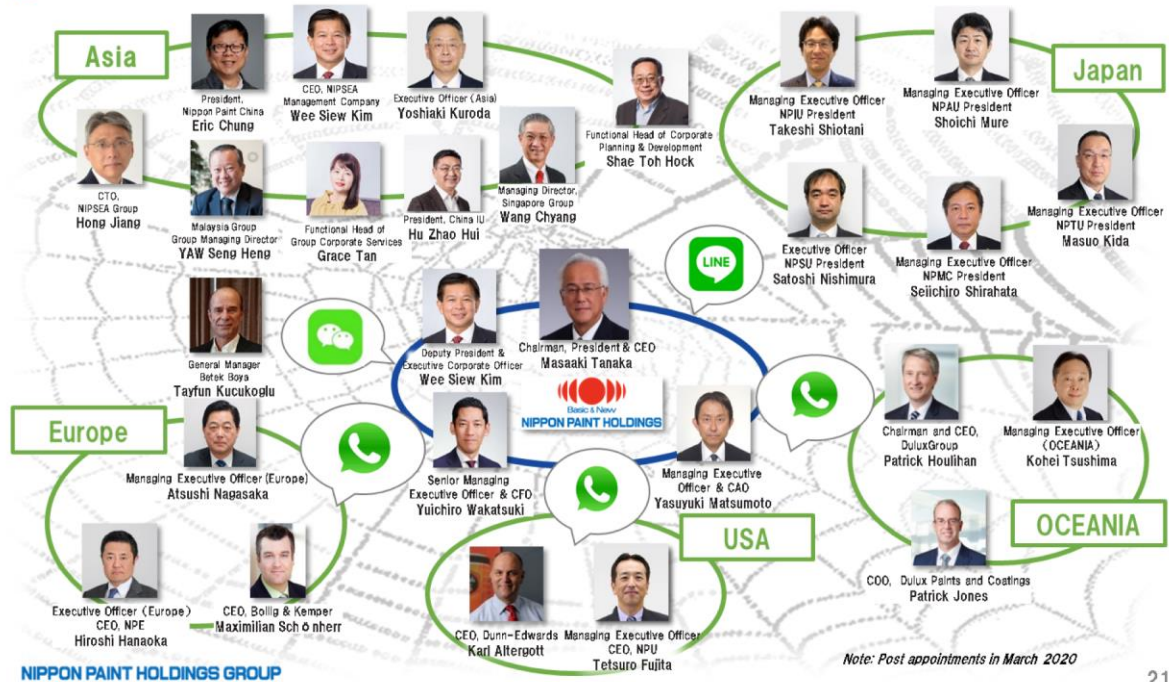
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In addition to steady growth, the paint industry is also characterized by extremely stable cash flows. Furthermore, this industry is an ideal place for M&A activity as funds can be procured now at very low interest rates.

Our priority is to seek M&A deals that will help maximize shareholder value. We will not do a merger or acquisition solely to become larger. We have and will reject deals that would reduce our financial soundness or not contribute to growth of earnings per share.

Our Strengths③ Spider Web Management

Building trust-based partnerships between the CEOs of regional and subsidiary companies
Intra-Linked structure to generate synergies through spider web management



In my opinion, there are two ways to manage a global organization. One is the style where management lines radiate outward from the center. The other is spider web management. With radiation type management, all bases are linked to the head office, which makes all important decisions.

For Nippon Paint Holdings Group, I believe that the spider web structure fits best. This management style allows group companies in Japan and other countries to use an open and unrestricted environment in order to identify opportunities for synergies. Japan does not necessarily have to be involved to develop synergies. For instance, we should be able to capture synergies between DuluxGroup and China or between NIPSEA and Dunn-Edwards.

Building relationships rooted in trust among the CEOs of group companies is vital for spider web management to function well. We must have close communications underpinned by mutual trust so that information can be shared quickly and transparently.

Our style of global management has gradually become known to outside and I actually am approached by various companies.

Our Strengths④ Establishing Global Governance

Enhancing transparency, objectivity and fairness of management

■ FY2018: Appointment of 5 independent external directors (50% of total)

■ FY2019: Establishment of Governance Advisory Committee

■ FY2020: Transition to a company structure with Three Committees

Enhancing transparency, objectivity and fairness of management

- BoD will ensure the independence and objectivity by appointing 6 out of 9 directors as independent external directors
- Highly experienced 6 independent external directors, including female directors
- CEO does not belong to any of the Nominating Committee, Remuneration Committee and Audit Committee



Protection of Minority Shareholder Rights (Role of BoD)

Separating/strengthening of supervisory function and execution

- While transferring authorities to management, the BoD enhances its supervisory function
- BoD will have more focus on business strategy discussion rather than each individual projects
- Allows agile management decisions to deal with global issues

Strengthening global audit

- Shift to the Audit Committee structure to promote functionality/appropriateness audit function
- Strengthening global business audit system through Audit Committee and Audit Department










We have taken many steps to establish a global governance structure. In 2018, as you know, we significantly increased the number of independent outside directors. With the approval of shareholders in March, we expect that six of our nine directors will be independent outside directors. The purpose is to protect the interests of minority shareholders and ensure the independence and objectivity of the board.

In addition, we plan to start using the Company with Three Committees following the March shareholders meeting. This structure will allow us to make agile management decisions in response to rapid changes in our markets worldwide. This structure will also encourage executives to accept a suitable amount of risk. We also believe there is a need to separate the role of directors from business management so that the board can concentrate on understanding strategies and overseeing the group's management.

Using this structure will greatly increase the authority of executives who operate business activities and speed up their decisions. The Board of Directors will mainly discuss strategies. The Audit Committee will significantly strengthen our global auditing framework thereby ensuring solid oversight of execution.

Our Strengths④ Governance Structure

New Board structure to be proposed at the annual general meeting in March 2020

									
Title	Inside Director Chairman, President and CEO	Inside Director Managing Director of Wuthelam Group	Inside Director	Outside Director	Outside Director	Outside Director	Outside Director Lead Independent Director	Outside Director	Outside Director
Profile	<ul style="list-style-type: none"> Former Representative Director & Deputy President of Mitsubishi UFJ Financial Group External Director of Money Forward (current) 	<ul style="list-style-type: none"> Managing Director of WUTHELAM HOLDINGS (current) 	<ul style="list-style-type: none"> Director of the Board of NPHD (current) Former Senior Executive Officer of NPHD in charge of financial strategy 	<ul style="list-style-type: none"> Attorney of Law Former Chairman of Nagashima Ohno & Tsunematsu Outside Audit & Supervisory Board Member of Chugai Pharmaceutical (current) 	<ul style="list-style-type: none"> Former Senior Executive Officer of Nomura Securities Former President & Representative Director of Jasdac 	<ul style="list-style-type: none"> Former President & CEO of EMC Japan Former President & CEO of Yaskawa Information Systems 	<ul style="list-style-type: none"> Former MD of Lehman Brothers/Morgan Stanley Former Director & Senior Executive Officer of Mitsubishi UFJ Securities 	<ul style="list-style-type: none"> CPA Former Representative Director & President of PwC Sustainability Audit & Supervisory Board Member (Outside) of FUJIFILM Holdings (current) 	<ul style="list-style-type: none"> Former Representative Senior Managing Director of Takashimaya Outside Director of Japan Post Holdings (current)
Committee									
Nomination		✓		✓		✓	✓		
Remuneration		✓			✓		✓		
Audit			✓			✓		✓	✓

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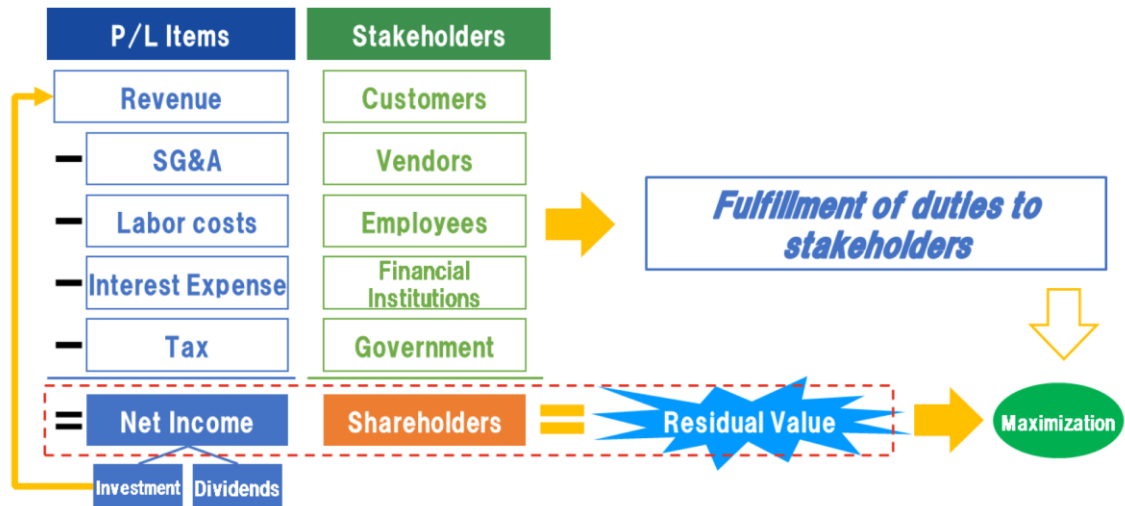
○ : Chairman

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These are the candidates for election as director at the March shareholders meeting. I am the only candidate who is a full-time executive of Nippon Paint Holdings.

Strength of Nippon Paint: Maximization of Shareholder Value

Maximization of shareholder value as a mission, creating wealth



With SDGs and ESG at the core of management, NPHD places Maximization of Shareholder Value ("MSV") as its paramount mission. MSV is predicated on fulfillment of our duties to customers, employees, suppliers and society, setting us apart from the concept of "Shareholder Primacy"

This slide provides more information about our mission of maximizing shareholder value.

The diagram shows the stakeholder relationship for income statement items: customers for revenue, vendors for operating expenses, employees for personnel expenses, financial institutions for interest expenses, and governments for taxes. Fulfilling our duties for each stakeholder group is the primary premise for the maximization of shareholder value.

There have been discussions at the Business Round Table and other forums about correction of "shareholders primacy." My understanding is that the intent is to revise the stance of pursuing earnings for shareholders at the expense of stakeholders. Maximizing shareholder value for us is based on the premise of retaining a strong commitment to our duties to stakeholders. This clearly distinguishes us from "shareholders primacy". Shareholders rank at the bottom with regards to the distribution of earnings and remaining net assets. There is no "promise" to shareholders about receiving distributions of earnings and shareholders may receive no returns at all, also implying there is no upper limit as well.

Consequently, the mission of management should be to maximize value that remains after fulfilling duties to all stakeholders. This remaining value is how we reward shareholders that make an investment with an awareness of the associated risks. Furthermore, I believe that this philosophy is linked to the creation of wealth, which is an important role of executives of private-sector companies within the investment chain.

Development of Our Partnership with Wuthelam



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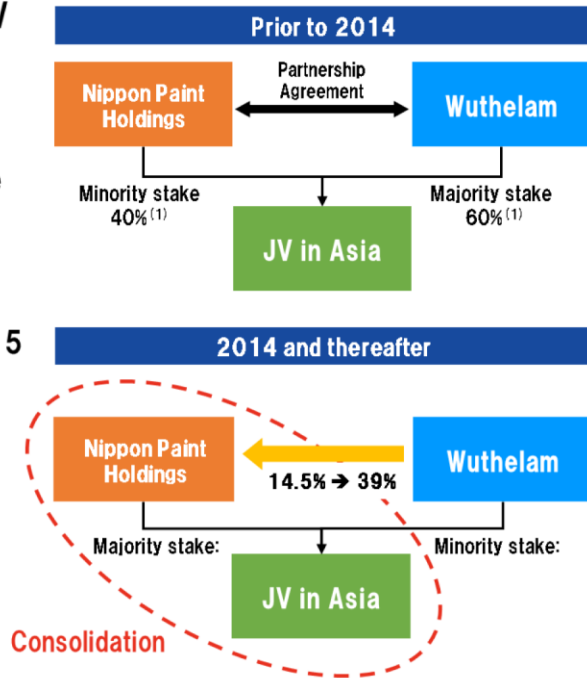
Image: Raffles Hotel (Singapore)

Introduction of Wuthelam Group

Organizational Structure of Asia JV

- Investment company in Singapore represented by Mr. Hup Jin Goh
- Long-term partnership in Asia since 1962
- NIPSEA (Nippon Paint South East Asia) is the #1 paint company in Asia, operating businesses across 15 geographical locations in Asia with over 16,000 employees

Consolidation of Asia JV has significantly contributed to our market capitalization growth of c.6.9 times⁽²⁾



⁽¹⁾ Ownership of key joint ventures

⁽²⁾ Calculated by comparing the market capitalization as of April 1, 2014 against the highest price since 2014 (November, 2019).

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The next section of this presentation is an overview and progress of our relationship with Wuthelam and NIPSEA.

The Wuthelam Group is an investment company based in Singapore that is led by Goh Hup Jin, who is a director of Nippon Paint Holdings. Wuthelam has been a partner of ours since 1962 for the operation of a jointly owned company called NIPSEA.

We had a minority stake in NIPSEA until 2014 when we became the majority owner. At the same time, Wuthelam became the largest shareholder of Nippon Paint Holdings as we took actions to increase our equity. NIPSEA became a consolidated subsidiary and our market capitalization increased dramatically. This gave us a sound base for the further globalization of our group.

Founder of NIPSEA

Key person in NIPSEA – Growth driver of our global business①



Mr. Cheng Liang Goh

- 1927 Born in Singapore
- 1955 Set up his first paint shop in Singapore and became the main local distributor of Nippon Paint
- – 1962 Established Pan Malaysia Paint Industries Pte.Ltd. (now Nippon Paint Singapore Pte.Ltd.) as a JV and set up the first paint manufacturing plant in Singapore
- 1970 – present Nipsea Group together with Nippon Paint Co Ltd, is the largest paint and coatings manufacturer in Asia
- Founded and ventured into wide-ranging business interests in real estate, hotel, department store, shopping complex, F&B, hospital, travel, industrial machinery and commercial painting
- A philanthropist, actively engaging in charitable activities, especially in supporting clinical cancer research and facilities

The next two pages are profiles of the two key people at NIPSEA. These executives played a central role in NIPSEA's success and our partnership with NIPSEA.

Goh Cheng Liang started a paint manufacturing and sales company following the purchase of paint from the British army. He developed a close relationship with Chiaki Obata, who was then the president of Nippon Paint, and expanded his business to become the leader in Asia. I recently met Mr. Goh following my appointment as president and CEO.

Founder of NIPSEA

Key person in NIPSEA – Growth driver of our global business②



Mr. Hup Jin Goh

- Chairman of Wuthelam Holdings Ltd, Nipsea Holdings International Ltd and Nipsea Pte Ltd
- Graduated with a Chemical Engineering Degree from Tokyo University and MBA from University of California, Los Angeles
- Active in the paint and coatings industry for 39 years
- Since 2014, formed a strong strategic alliance between Wuthelam and Nippon Paint HD and is now the largest paint and coatings manufacturer in Asia
- Implemented new management strategy “Maximizing Shareholder Value” (MSV) with a strong ambition to drive Nippon Paint businesses to greater heights

Goh Hup Jin earned a chemical engineering degree at Tokyo University and speaks Japanese fluently. He was named chairman of NIPSEA in 1985. In this position, he transformed the company’s diversified business structure into an organization centered on the paints business. He built a stronger foundation for business operations in Southeast Asia and started operations in China and southern Asia. Mr. Goh has grown NIPSEA by several multiples and it is now the largest paints and coatings manufacturer in Asia.

History between Nippon Paint and Wuthelam

Fusion of Nippon Paint's 140-year history and Wuthelam's Asian business platform



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This diagram shows how the fusion of Nippon Paint, which has a history of 139 years of growth, and Wuthelam, which has grown steadily in Asia during the past 60 years, has created a platform for even faster growth since 2014.

Case study of Collaboration with NIPSEA Group

Collaboration with NIPSEA Group accelerated

Promoting productions of next-generation paint products for Japanese manufacturers in China

NPAU &
NIPSEA
(China IU)

- NPAU⁽¹⁾ contributed to development of new materials for automakers and establishing mass production system in China, by leveraging NPAU's advanced technological capability, whereas NPZ-IU⁽²⁾ contributed to build relationship with local customers
- Mutual contribution resulted in increased market share in China



Development of Selleys brand into China



- Planning sales promotion of Selleys brand (adhesives, sealants, etc.) by DuluxGroup via NIPSEA's sales channel in China



Increasing OEM share in China

- Provided European and local automakers in China with advanced technology based on Bollig&Kemper's European technology and know-how

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⁽¹⁾ NPAU: Nippon Paint Automotive Coatings Co., Ltd.
⁽²⁾ Nippon Paint (China) Co., Ltd.

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This page shows three examples of the cooperation between the Nippon Paint Holdings Group and NIPSEA.

The first is the combination of advanced technologies in Japan and NIPSEA's strengths in China in auto market.

The second is the use of NIPSEA's extensive sales channels for the sale of adhesives and other products using the Selleys brand of DuluxGroup.

The third is the use of Bollig & Kemper technologies to increase NIPSEA's share of the automotive coatings market in China.

There are many more examples of the benefits of our partnership with NIPSEA. I believe that our spider web management will produce many more of these success stories.

Regarding 100% acquisition of Asian JV

BoD to start discussion for 100% acquisition of Asia JV under the new governance structure securing minority shareholder protection, with independence and objectivity of the board

- Collaboration with NIPSEA has improved since 2014 consolidation. Continue to pursue further collaboration
- **Priority is to structurally secure minority shareholder protection before considering 100% acquisition**
- Securing independence and objectivity of BoD through transition to company structure with Three Committees
- Planning to start discussion under the supervision of new BoD structure
- There are no specific decisions at this time

We have received many questions about the possibility of converting NIPSEA into a wholly owned subsidiary. Let me explain the current status of this matter.

NIPSEA is already an extremely important member of the Nippon Paint Holdings Group. As I mentioned earlier, we plan to increase the speed of measures to strengthen our relationship with NIPSEA.

We have for some time been considering an increase in our NIPSEA ownership to 100%. These considerations must also take into account the need to protect the interests of our minority shareholders.

As I said earlier, if approved by shareholders in March, we will convert to the Company with Three Committees, and our Board of Directors will be even more independent and objective. We plan to begin studies about raising our NIPSEA ownership under this new governance framework. We have not made any decision about any item concerning NIPSEA ownership at this point in time.

Future Strategy and Management Direction

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Image: MICA (Singapore)

This building was formerly the Singapore Ministry of Communications and Information and is now an office building occupied by tenants.

The building's attractive illumination in the evening makes it a popular place to visit for tourists.

Nippon Paint Singapore supplied the paint for this project.

Future Strategy and Management Direction

Promoting each strategy under notion that paint is a growing industry globally

- ① *SDGs/ESG as the core of management for value creation*
- ② *Investment in domestic manufacturing sites to enhance productivity*
- ③ *Growth through M&A*
- ④ *Investing in R&D to address social issues*
- ⑤ *Further improvement of global governance*

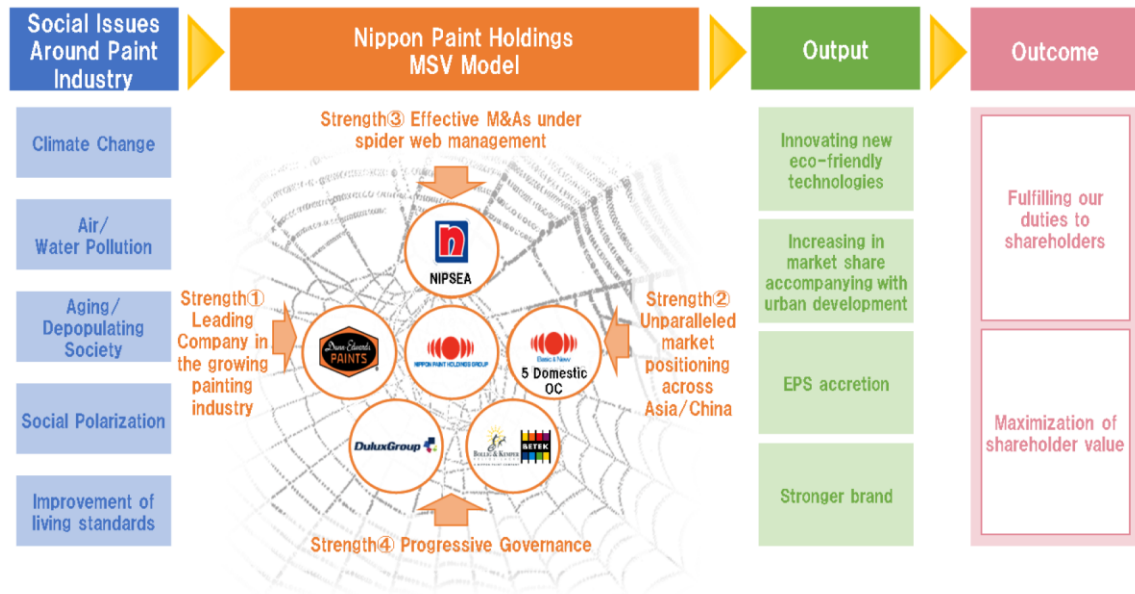
This section covers our strategies and goals.

This is the final year of our N20 medium-term management plan. Achievement of the revenue goal of this plan is already within sight. At this point, the establishment of a medium-term management plan that will begin in FY2021 is one of our highest priorities. We will hold thorough discussions about the new plan under the oversight of the new Board of Directors.

In FY2020, we are concentrating on these five strategies in order to maximize shareholder value. For all our activities, the Sustainable Development Goals (SDGs) and the environment, society and governance (ESG) are the core elements of how we manage business operations.

1 SDGs/ESG as the Core of Management for Value Creation

Maximizing shareholder value through addressing social issues through our 4 key strengths under spider web management



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This is a diagram of our value creation model based on measures to address social issues.

This model combines our strengths and our spider web management in order to help solve social issues, thereby achieving our mission of maximizing shareholder value.

Major issues associated with the paint industry include climate change, air and water pollution, Japan's aging and declining population, and other social issues.

To play a role in addressing these issues, all group companies are combining their strengths to create synergies. Our spider web management allows group companies to share their technologies, highly advanced supply chains, business operation expertise and other strengths.

Creating technologies for dealing with environmental issues and providing extensive support for urban development are expected to increase our earnings per share by raising our market share and creating more business opportunities. Ultimately, the outcome of this model is the maximization of shareholder value by fulfilling our duties to customers, vendors and employees.

1 SDGs/ESG as the Core of Management for Value Creation

Acceleration of SDGs/ESG related strategies by organizing ESG Promotion Department and ESG Committee

Formation of ESG Promotion Department and ESG Committee

- 1/1/2020: Formation of ESG Promotion Division
- Feb. 2020: Formation of ESG Committee (Scheduled)
Chaired by CEO including representatives across departments

Green factory in India

- Installed solar roof at Taloja factory in India (550KWP); eco-friendly factory where both inside/outside are surrounded by green space



Thermal insulation technology for Automotive/Industrial paints

- Offering comfortable living for people by providing thermal insulation/antibacterial function
 - The world's first thermal insulation coating for automotive body
 - Use of thermal insulation for the marathon roadway



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Two steps to establish this value creation model were (a) January 1 establishment of the ESG Promotion Department and (b) February establishment of the ESG Committee, which I chair. These two units oversee activities across all of our business operations. The ESG Committee will examine issues and actions involving the SDGs and ESG at the management level. Our aim is to increase the speed at all business units and group companies of initiatives targeting social issues. I want this committee to make significant contributions to progress concerning these issues.

This page includes two examples of recent ESG activities.

One is a green factory in India that uses solar panels and has greenery on the factory grounds and inside the building.

The second example is thermal insulation coatings for window glass of automobiles and streets used for marathons.

1 SDGs/ESG as the Core of Management for Value Creation

Received Environment Minister's Award for Global Warming Prevention Activity

- Nippon Paint Marine Co., Ltd. was awarded for the Countermeasure Technology Advanced Introduction Category for its work on the theme of "Reduction of fuel consumption and CO₂ emissions by dissemination of low-friction bottom paint"



DuluxGroup's capability of reducing environmental impact

- Implemented eco-friendly projects to reduce environmental impact at every process of production, from raw material procurement to painting process
- Developed machinery capable of filtering a specific paint material



Asia Young Designer Awards (AYDA)

- We have been organizing International Architecture Competition for students since 2008 to develop human resources who understand diversity
- Over 8,400 applications across Asia (FY2018)



This page has three more examples of our SDGs and ESG activities.

Third is the receipt by Nippon Paint Marine of a Minister of an Environmental Minister's Award for the development of the first marine paint technology in the world that contributes to fighting global warming.

Fourth is the development by the DuluxGroup of a device for filtering a specific paint material in order to reduce the environmental impact of paint.

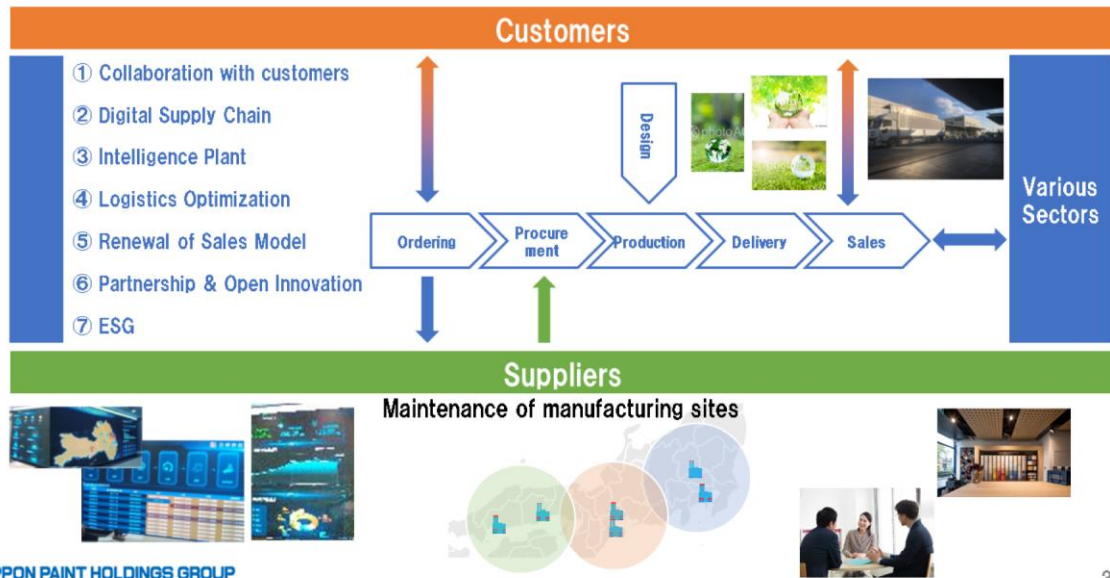
Fifth is our International Architecture Competition in order to contribute to the development of the next generation of designers.

In addition, as announced earlier, we have made donations and other forms of support for the wildfires in Australia and for responses to the novel coronavirus outbreak in China.

2 Investment in Domestic Manufacturing Sites to Enhance Productivity

Restructuring supply chain to address depopulation issue and improve our productivity

- Restructuring supply chain models including maintenance of current manufacturing sites
- Improving operational efficiency through digitalization (with IoT)
- Open innovation via internal/external partnership



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The second initiative is investments in our factories in Japan to boost productivity.

After I was named chairman in 2019, I visited many business sites in Japan as well as the factories and other locations of our overseas partner companies. These visits showed me that our manufacturing equipment in Japan is aging and deteriorating faster than at our factories in other countries. Therefore, I believe there is an urgent need for investments into manufacturing sites in Japan.

Our supply chain reforms are a means of dealing with this problem. We are implementing these reforms in response to the decline in Japan's working-age population and issues concerning logistics. Improving our supply chain is also needed to raise our productivity too. Therefore, I believe these investments are vital in order to remain competitive.

Our current reexamination of our manufacturing sites in Japan is not limited to investments for updating factories. We are using this process as an opportunity to use digitalization and open innovation. This manufacturing review also includes ESG. Our goal is to reexamine and inspect our entire supply chain from the receipt of orders to the sale of products.

3 Growth through M&A

Promoting domestic/cross-border M&A which maximizes shareholder value

- Periodical review of potential target lists and pipeline
- Pursuing **EPS accretion** as well as returns exceeding on cost of capital
- Disciplined capital allocation and prioritization
- Synergy creation under **Spider web management**
 - Pursuing synergies between subsidiaries and target company
 - Promoting synergy creation through acquisition of talent
 - Sharing of best practice

The third initiative is the continuation of M&A activity in Japan and other countries in order to maximize shareholder value.

We cannot create M&A plans because these deals involve other companies. However, there are several potential deals in our M&A pipeline and we are constantly reviewing the target list.

We select M&A deals with the goal of earning a return higher than the cost of capital in order to increase earnings per share. We will strictly adhere to our priorities along with financial discipline.

For synergies with newly acquired companies, we use cooperation with our group companies based on spider web management in order to cut costs by identifying new sales opportunities and using joint procurement activities. We also aim for synergies in many other ways, such as the recruitment of skilled people and the sharing of best practices.

4 Investing in R&D to Address Social Issues

Accelerating open innovation to offer more colorful, comfortable, and safer lives for all

Maximizing the allure of the paint through collaboration of collective capabilities of global technologists and external networks

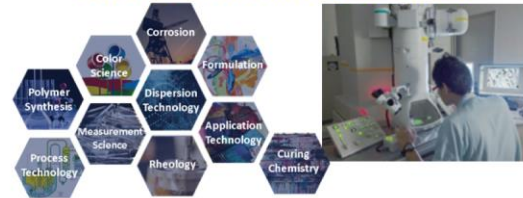


SUSTAINABLE DEVELOPMENT GOALS



Reducing environmental impact
Reducing Social Cost
Industrial Automation

Address social issues through the capabilities of paint to preserve mother nature for the next generation



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The SDGs and ESG are the nucleus of how we manage business operations. Also, our R&D programs incorporate open innovation. We will continue to seek a broad range of opportunities to increase interaction and collaboration with external research institutes, universities and other partners.

Our founder Jujiro Moteki looked for social issues and then devised ways to create solutions that use paint technology. This is how our company started. Consequently, we have a long history of placing emphasis on technology. One of our most important management goals is determining ways to enable the 1,000 engineers in Japan and our group's other engineers worldwide to produce the greatest possible progress and innovations. Furthermore, I want to aggressively publicize and market the outstanding features of paints that these engineers create.

5 Further Improvement of Global Governance (1)

Global headquarters in Kyobashi, Tokyo in April 2020

- In April 2020, global headquarters to be established for closer communication with countries around the world
- Cutting-edge digital technology enables agile decision-making



Global headquarters (Kyobashi)



Entrance of the office (plan)



Boardroom



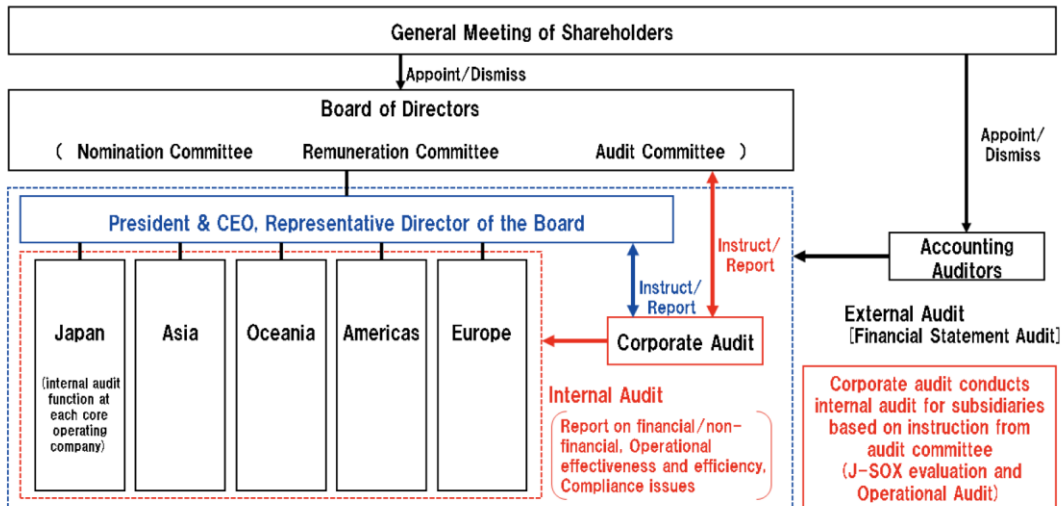
Executive reception room

Growth on a worldwide scale demands an organization and people with the mindset of constantly taking a global perspective. From this standpoint, Tokyo is the ideal location for our head office with respect to access to other countries, a large pool of global talent, the ability to collect information worldwide, and other capabilities. This is our rationale for the establishment of a Tokyo Head Office in Kyobashi on April 1. Our officially registered head office will remain in Osaka. This office building is based on an entirely new concept. I hope you will take the time to visit us at our new global headquarters.

5 Further Improvement of Global Governance (2)

Establishing a global audit system

- Enforcing supervisory function of management by forming audit committee with appointing majority of them as the external directors
- Clarifying operational initiative between audit committee and corporate audit results in improving corporate governance
- Satisfying independency and appropriateness of audit by setting up 2 separate reporting line, one is from Corporate Audit to operational executives and the other is Corporate Audit to Audit Committee



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As I discussed in the governance section, we are transitioning to an audit committee framework by using the Company with Three Committees. Making this change enhances the auditing functions of our previous corporate auditor system to include audits of not only issues of legality but also appropriateness. This change also shifts us from audits performed by single-person organ to functional audits. Furthermore, our new governance system makes our global auditing framework backed by the Audit Committee and Audit Department much stronger.

Financial Highlights



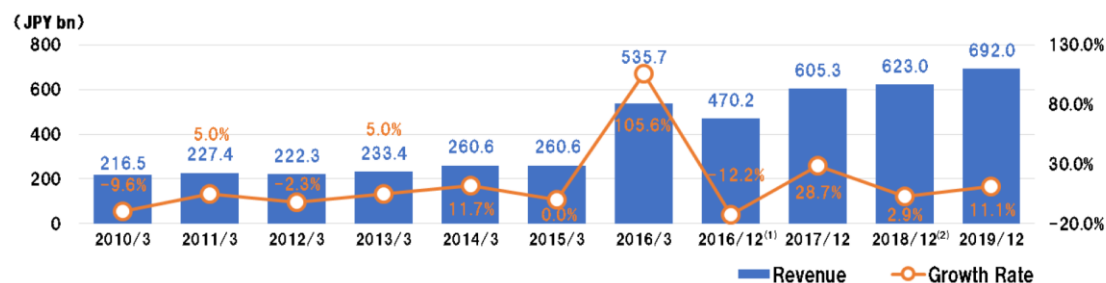
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Image: Wat Ratchanatdaram (Thailand)

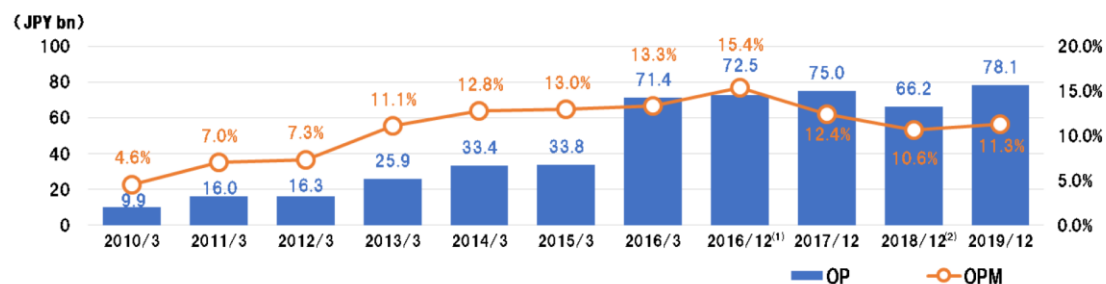
Paint supplied by Nippon Paint Thailand was used to protect this Bangkok temple, which has a very distinctive design.

Historical Financials

Revenue



Operating Profit



(1) Account closing month was changed to December from FY2016/12. Revenues is based on 9 months from April, 2016 to December, 2016

(2) Figures after FY2019/12 are based on IFRS, and figures before FY2018/12 are based on JGAAP

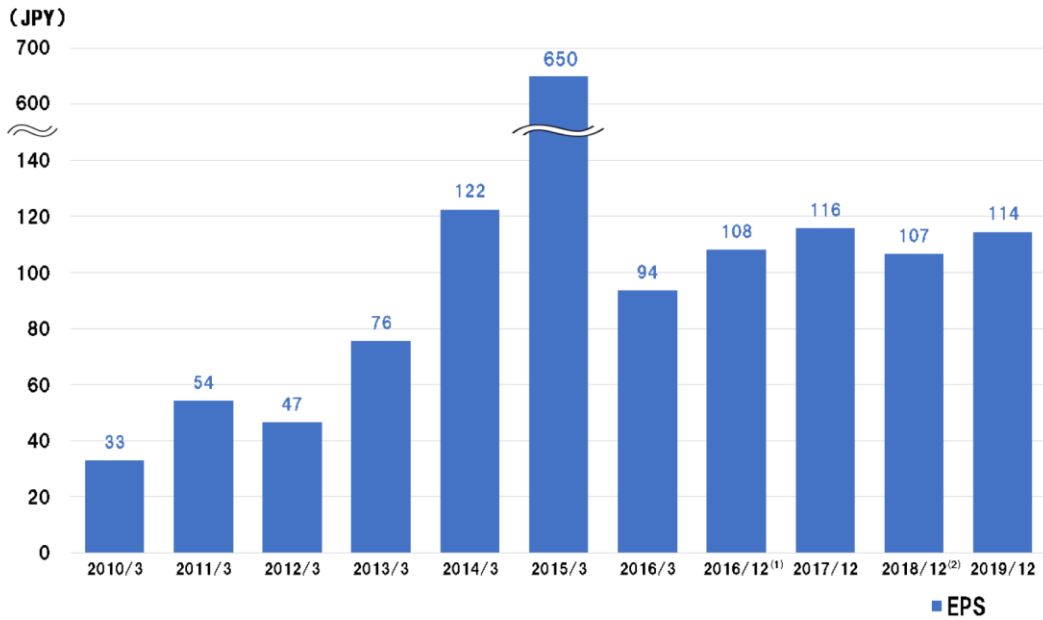
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This next four pages contain selected financial data for the past decade.

Figures were based on Japanese accounting standards until 2017 and IFRS from 2018. Revenue and operating profit increased significantly in FY2015 due to the consolidation of operations in Asia.

Historical Financials

Earnings Per Share



(1) Account closing month was changed to December from FY2016/12. Revenues is based on 9 months from April, 2016 to December, 2016
 (2) Figures after FY2019/12 are based on IFRS, and figures before FY2018/12 are based on JGAAP

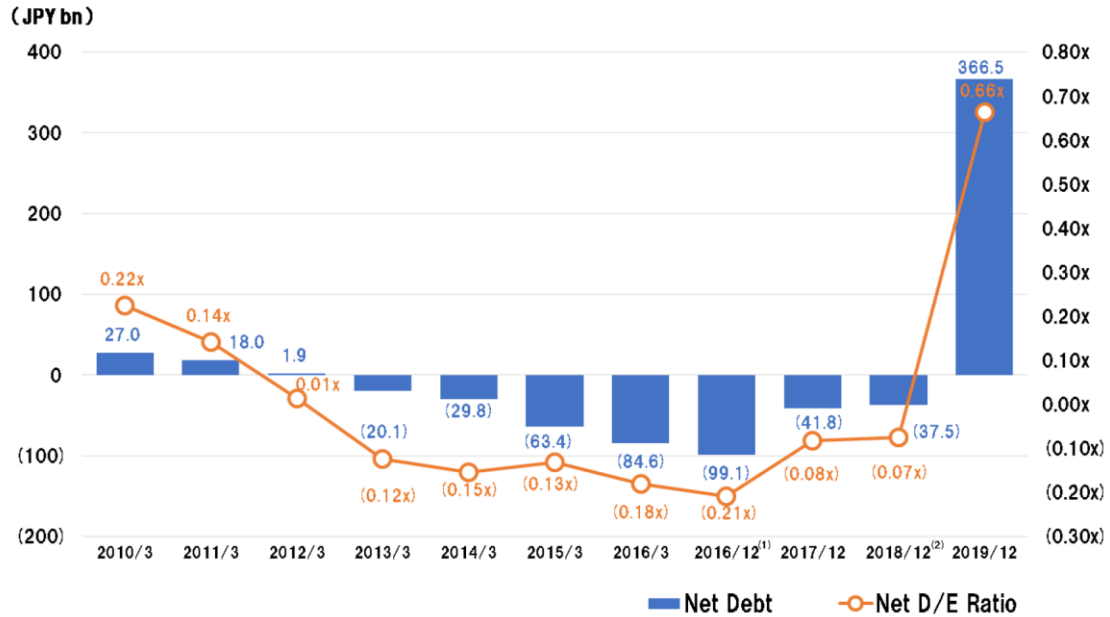
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This is our earnings per share during the past decade.

Historical Financials

Leverages



(1) Account closing month was changed to December from FY2016/12. Revenues is based on 9 months from April, 2016 to December, 2016

(2) Figures after FY2019/12 are based on IFRS, and figures before FY2018/12 are based on JGAAP

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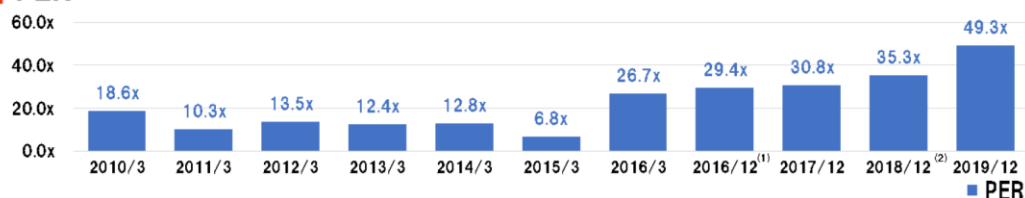
42

We had no debt between FY2009 and FY2018 and then we took on net debt in FY2019 because of large acquisitions.

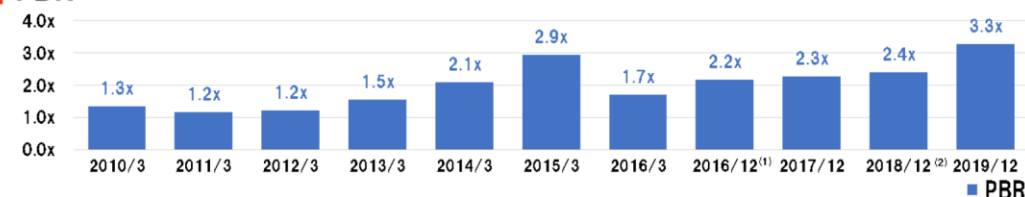
Our net debt-equity ratio was 0.66 at the end of FY2019 and we plan to keep our leverage at a suitable level.

Historical Multiples

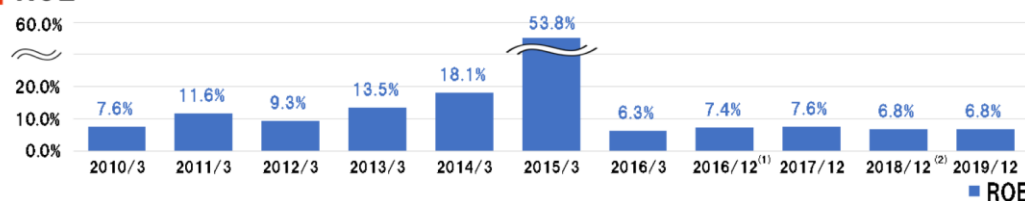
PER



PBR



ROE



⁽¹⁾ Account closing month was changed to December from FY2016/12. Revenues is based on 9 months from April, 2016 to December, 2016

⁽²⁾ Figures after FY2019/12 are based on IFRS, and figures before FY2018/12 are based on JGAAP

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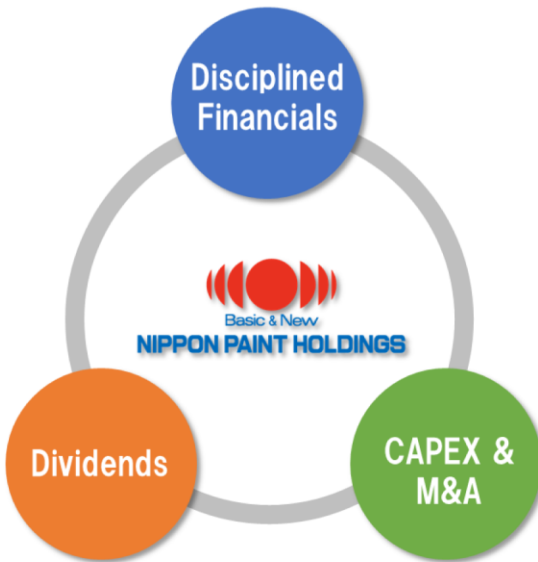
Our PER and PBR have increased along with the increase in our stock price.

The return on equity has been basically unchanged during the past five years. This return of 6.6% for 2019 is sufficiently above our cost of equity. Our effective return on equity is higher after eliminating asset impairment expenses.

We plan to use the return on invested capital as another financial indicator and plan to make ROIC management an integral part of the management of our front-line operations too.

Capital Policy

While maintaining financial discipline, NPHD places higher priority to investments for future growth thus focusing on providing higher Total Shareholder Return (TSR) through EPS accretion



NIPPON PAINT HOLDINGS GROUP

Financial Discipline

- Pursuing optimal capital structure with balanced leverage
- Strategically important M&A may allow one-time higher leverage

CAPEX & M&A

- Active investment in CAPEX and M&A for sustainable growth in the future

Dividends

- Maintaining a Dividend Payout Ratio of 30%

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Lastly this page provides a brief discussion of our capital policy.

Our basic stance is to place priority on investments for growth, including M&A, with the goal of increasing earnings per share in order to increase the total shareholder return. Financial soundness is the premise for our financial discipline. Our policy is to aim for the optimal composition of debt and equity and achieve maximization of shareholder value. At times, we may temporarily allow our leverage to increase as we use our stable cash flows to fund strategically important acquisitions as like in the case when Sherwin-Williams acquired Valspar.

Stability and consistency are the most important items regarding the dividend. Our policy is to maintain a dividend payout ratio of at least 30%.

Before I finish my presentation, I would like to discuss two subjects.



First, our current situation of the novel coronavirus outbreak.

There has been no change in the number of our factories that have suspended operations. More employees are returning to work every day. As of yesterday, our factories had returned to 60% of capacity.

Demand at our customers differs at each company and our distribution activities are only 30% of the normal volume. At this time, we have adequate capacity for orders placed by our customers.

In addition, our production volume is recovering.

Second is our forecast for FY2020. We will disclose this forecast promptly once the novel coronavirus crisis settles down and we are able to reasonably determine numbers.

As I said earlier as well, I am very confident about the ability of our group to step up production rapidly once this virus outbreak is brought under control. Based on a medium to long-term perspective, our markets will definitely bounce back. When this happens, I am convinced that our group, as the industry leader, is in an excellent position to capitalize on opportunities.

Thank you again for coming here today to hear my presentation.