



Nippon Paint Holdings Co., Ltd.

INVESTOR BOOK

NIPPON PAINT GROUP

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Glossary

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Company Overview

Photo: DuluxGroup The Ivanhoe Grammar School Senior Years and Science Centre, Australia, by McBride Charles Ryan Architects, a finalist in the 2017 Dulux Colour Awards. Photographer: John Gollings



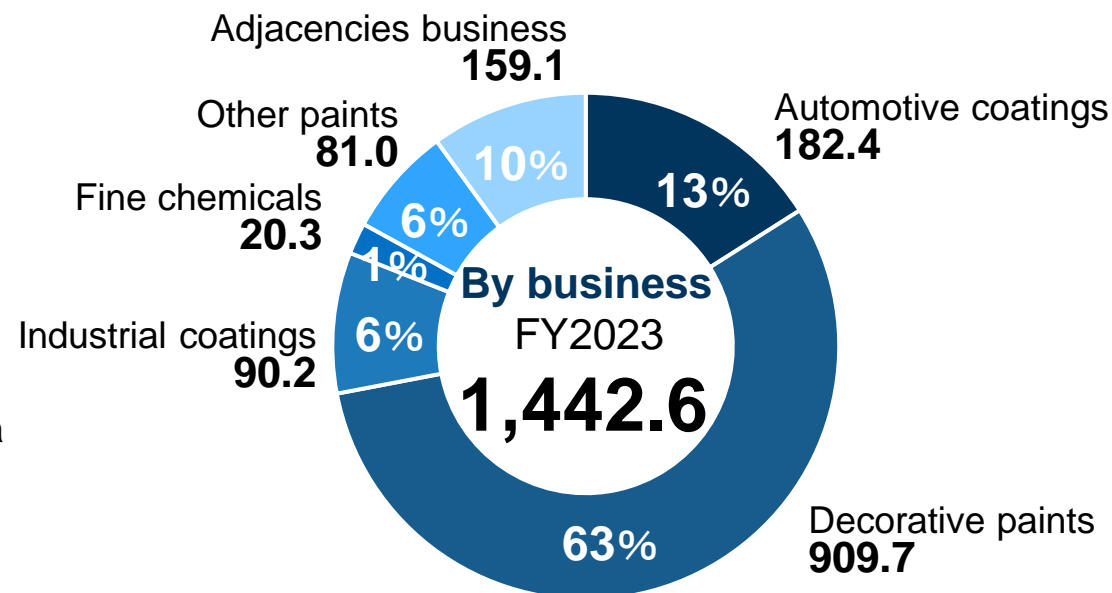
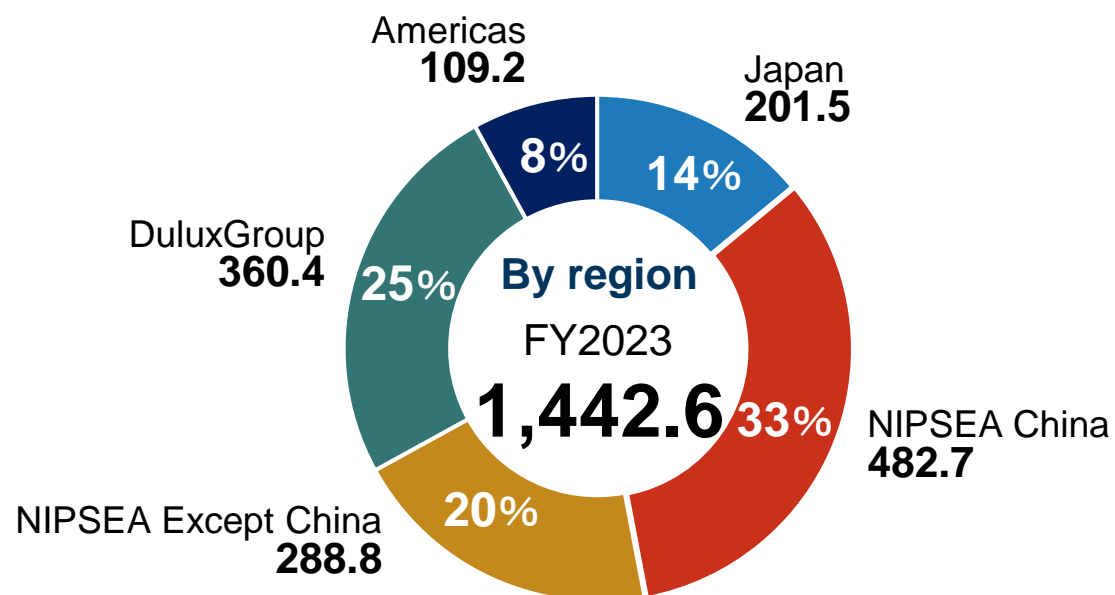
- Growing across boundaries of operating companies with focus on paint and coatings market
- Operating in 47 countries and regions around the world including China and other Asian countries

**Date founded**

March 14, 1881

Market presence**Revenue**

¥1,442.6 bn (FY2023)

**Number of employees**34,393
(consolidated)**47**countries/
regions**Sales ranking** 4th globally / 1st in Asia**Revenue breakdown (billion yen)**

- The Board of Directors is comprised of Directors with experience and skills in corporate management, global business operations, M&A, and other areas
- 67% of the board members are Independent Directors (6 out of 9)



Nominating Committee



Compensation Committee



Audit Committee

**Yuichiro Wakatsuki**

Director
Representative Executive
Officer & Co-President

**Wee Siew Kim**

Director
Representative Executive
Officer & Co-President

**Goh Hup Jin**

Chairman

**Hisashi Hara**

Independent Director

**Peter M Kirby**

Independent Director

**Lim Hwee Hua**

Independent Director

**Masataka Mitsuhashi**

Independent Director

**Toshio Morohoshi**

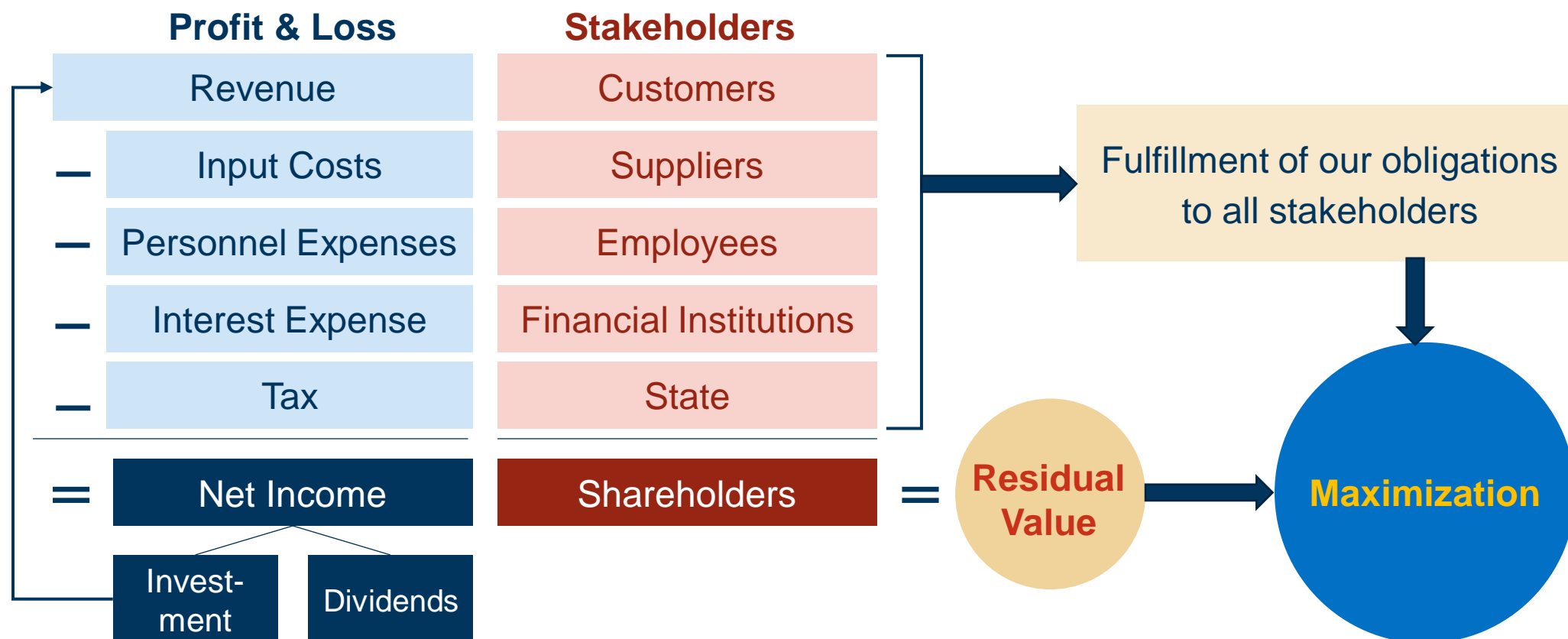
Independent Director

**Masayoshi Nakamura**

Lead Independent Director
Board Chair

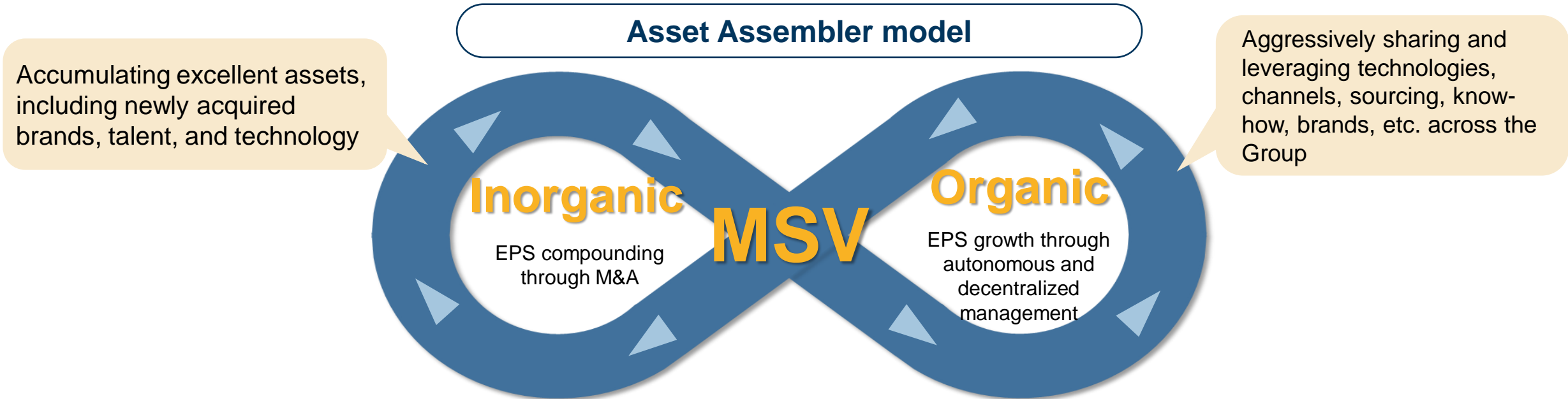


Maximization of Shareholder Value (MSV) as a sole mission, creating wealth



Maximizing the residual shareholder value that remains after fulfilling our obligations to customers, suppliers, employees, society, and other stakeholders

Asset Assembler is about EPS compounding through organic and inorganic initiatives



Assumptions (Medium/ long-term outlook)

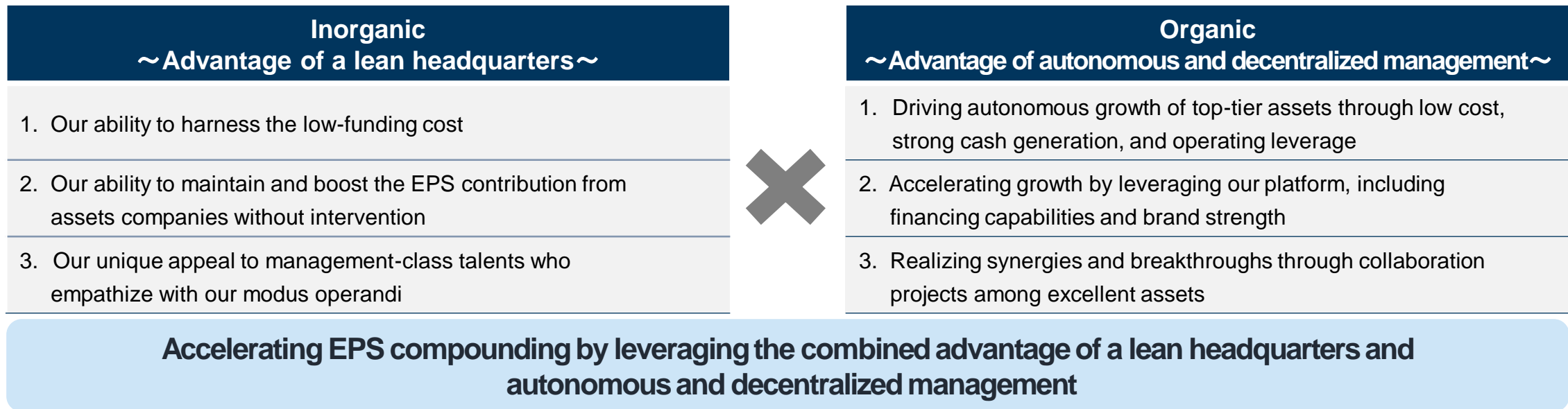
- Ever-present macroeconomic uncertainty
- Low-risk, good-return targets globally
- Japan-based advantage (Japan-US interest rate gap, consumer trust in Japanese brands, etc.) are likely to persist



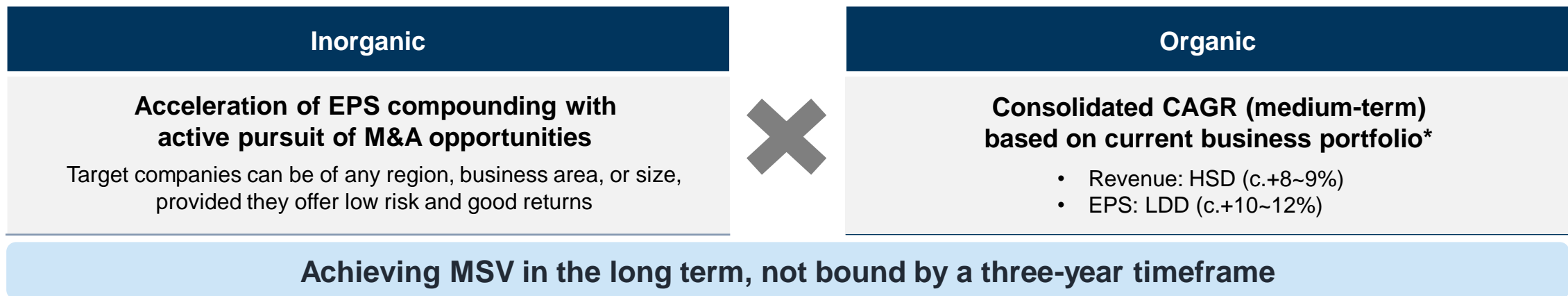
Features

- A model focused on low-risk and steady EPS compounding via organic and inorganic initiatives
- Capital markets' conviction in Asset Assembler model will boost PER, enabling MSV
- Unlocks unlimited growth potential for us

Competitive Advantage



Financial and Non-Financial Targets



*2023 portfolio including the two India businesses (NPI and BNPA) and Alina (Kazakhstan)

1 (5) Our Approach to Maximize PER

Elevate capital markets' expectations by effectively communicating our equity story as Asset Assembler

PER Maximization

Conviction from capital markets of our sustainable EPS compounding

Effectively communicating our equity story as Asset Assembler

Enhanced engagement
(700+ companies annually)

Enhanced disclosure
(integrated report, etc.)

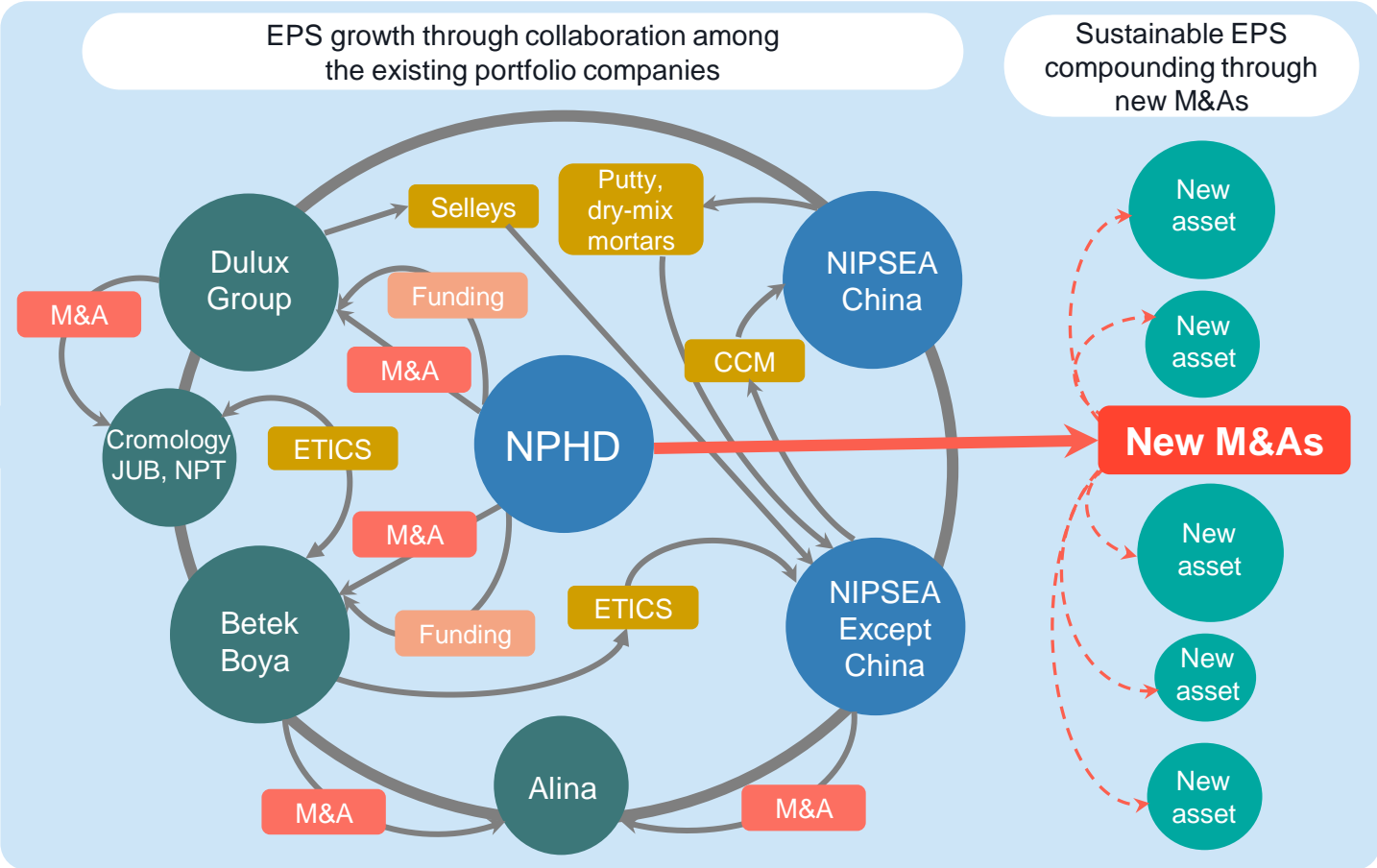
Showcase our safe M&A track record and potential for EPS compounding through M&A

Showcase the potential for future EPS growth within our current portfolio

Clearly present our business model and proven track record

Market concern for China

Underestimation of our growth prospects



Transitions of PER (2021-2023)*

NPHD: 48.3x→21.1x (-27.2pp), peer avg.: 37.8x→24.5x (-13.3pp), TOPIX chemical avg.: 32.8x→20.8x (-12.0pp)

* Source: FactSet, Bloomberg. PER (for the next 12 months) is calculated by the stock price divided by EPS (for the next 12 months)
Peers covered are Sherwin-Williams, BASF, Asian Paints, PPG Industries, AkzoNobel, Berger Paints India, Axalta, SKSHU Paint, Kansai Paint, TOA Paint, and Asia Cuanon

		2020-2023 Results		Medium Term Forecast (in LCY)	
		Revenue CAGR (in LCY)	2023 OP margin (Tanshin)	Revenue CAGR	2026 OP margin* ¹ (vs 2023)
Japan		+7.5%	9.5%	+0~5%	↗
NIPSEA China	Segment total	+12.4%	12.5%	c. +10%	→
	TUC	+23.5%* ²		+10~15%	
	TUB	+0.5%* ²		c. +5%	
NIPSEA Except China	Segment total	+32.5%	17.4%	+15~20%	→
	Malaysia Grp. Singapore Grp. Thailand Grp.	+17.8%		+5~10%	→
	PT Nipsea (Indonesia)	+12.6%	32.9%	c. +10%	→
	Betek Boya (Türkiye)	+87.3%	10.9%	c. +10%	(→)* ³
	NPI/BNPA (India)	(For reference) +26.6%* ⁴	(For reference) 4.7%* ⁴	c. +10%	→
	Alina (Kazakhstan)	(For reference) +20.6%* ⁴	(For reference) 20.2%* ⁴	c. +10%	→
DuluxGroup	DGL (Pacific)	+5.7%* ⁵	12.8%	c. +5%	→
	DGL (Europe)	+12.4%* ⁶	4.4%	+5~10%	↑
Dunn-Edwards (U.S.)		+2.5%		c. +5%	↗

*1 ↑: ≥+2%, ↗: +1~2%, →: -1~+1%, ↘: -1~-2%, ↓: ≤-2% *2 2020 figures are based on the former segmentation (DIY/Project) *3 Subject to change due to the impact of hyperinflationary accounting

*4 The 2020-2023 results are unaudited pro forma figures. The 2023 OP margin (Tanshin) was calculated using the exchange rates of 1 INR=1.74 JPY and 1 KZT=0.31 JPY

*5 2020 figures include Craig & Rose and Maison Deco *6 Calculated using 2022-2023 figures

		Market Growth Forecast*1 (2024-2026)		Revenue CAGR Forecast (2024-2026)	Key strategies to deliver market +α growth
		Volume basis	Value basis*2		
Japan	Decorative	-1%	+1%	Japan +0~5%	Enhance high-performance and sustainable products and pricing strategy to flexibly respond to price changes, combined digitization to strengthen supply chain
NIPSEA China	TUC	+3%	+1%	+10~15%	Defend and grow market share, extending share especially in the Tier 3 to 6 cities
	TUB	+1%	+2%	c.+5%	Diversification and moving beyond the traditional new built residential segment into repainting, other non-residential segments and infrastructure
NIPSEA Except China	Singapore Grp. Malaysia Grp. Thailand Grp.	Singapore +1% Malaysia +3% Thailand +2%	Singapore +1% Malaysia +5% Thailand +2%	+5~10%	<ul style="list-style-type: none"> • (Singapore) Invest in advertising and secure stronghold on dealer channel • (Malaysia) Dominate Decorative brand Top of Mind, pushing exterior category to achieve category leadership with focus on Ultra Premium and Premium range of products • (Thailand) Sales transformation toward technical & value selling (The Coatings Expert), investing in advertising and transforming from a Push (colors, products) to Pull (quality, brand, innovation) approach
	PT Nipsea (Indonesia)	+3%	+6%	c.+10%	Driving Nippon Paint brand in the Ultra Premium and Premium products and adding new waterproofing products to complete offering of professional water proofing solutions
	Betek Boya (Türkiye)	+1%	+7%	c. +10%	Implementing multibrand strategy management while expanding lineup of adjacencies products, such as SAF and CC
	NPI (India)	+6%	+4%	NPI+BNPA c. +10%	Focusing on brand building and advertising activities to expand channel networks
	Alina (Kazakhstan)	+3%	+4%	c. +10%	Creating and realizing immediate synergies from leveraging the Nippon Paint playbook benefiting from scale and efficiencies on procurement, SAP integration, upgrade of Decorative production capabilities
DuluxGroup	DGL (Pacific)	~+1%	+2~2.5%	c. +5%	Defend and grow our leading market share in paints & coatings and sealants & adhesives, with further growth in other adjacent categories.
	DGL (Europe)	±0~+1% (France)	+1~3% (France)	+5~10%	Targeting share growth in paints & coatings and leveraging our sealants & adhesives position.
Dunn-Edwards (U.S.)		+2% (overall U.S.)	+5% (overall U.S.)	c. +5%	Growth driven by both volume and price increases while continuing to focus on existing product sales and bringing new economy priced and premium products to market

►For further details, including the strategy for each asset, please refer to the Appendix section of the Medium-Term Strategy at the following link: https://www.nipponpaint-holdings.com/en/ir/library/materials/#unit_179

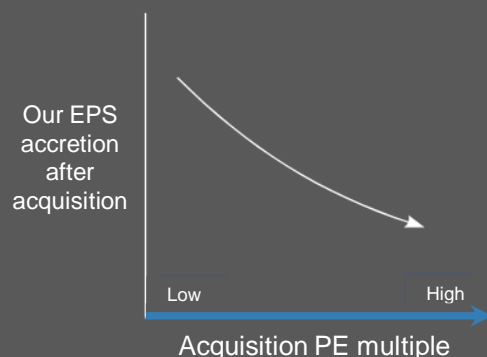
*1 Internal estimates

*2 Including the impact of volume changes

Our M&A model, premised on EPS accretion in Year 1 even with large scale acquisitions, allows for unlimited EPS accretion

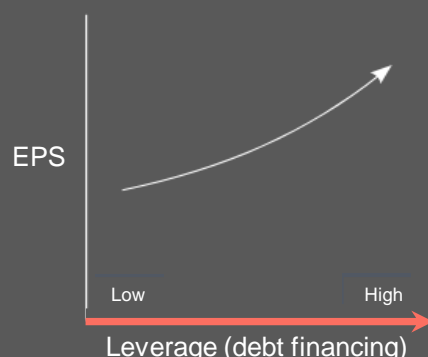
Demonstrating sustainable EPS growth through acquisitions of excellent low-PER assets

Valuation of acquisition targets

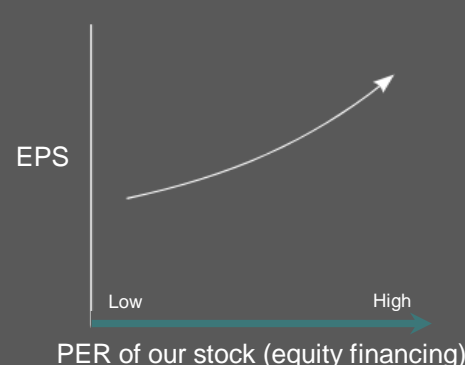


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Our funding mix



and/or



(Example)

Target companies

- Net profit : ¥50 bn
- Acquisition PE Multiple : 10-15x (times)



Projection of our EPS growth*

- EPS with full debt financing : +c. ¥20
- EPS with full equity financing : +c. ¥10
- EPS accretion with debt and equity mix : +c. ¥15-20

These figures are subject to change based on factors such as interest rates, debt level of the acquired company, amortization of intangible assets and valuation of our shares used

Acquisition target

- Low-risk and good returns
- Cash generative
- Can be of any region, business area, or size
- Balance between risk and valuation

Assumptions







- Sustainable EPS accretion from Year 1
- Profit generation capabilities not reliant on specific individuals (emphasis on the brand, talent, technology, etc.)

Our strength

- Our ability to assess and identify suited targets
- Maintain and boost motivation of talent who join our Group
- Our platform balancing autonomy with accountability, proactively avoiding standardization
- Low cost funding/debt financing a priority but with possibility of equity financing premised on EPS accretion in Year 1

Our M&A model allows for continuation of sustainable EPS compounding through our funding, asset identification and potential maximizing capabilities

Our track record of key acquisitions^{*1}

	NIPSEA Group	Dunn-Edwards	DGL (Pacific)	Betek Boya	PT Nipsea	Vital Technical
						
Year	2014: Consolidation 2021: Full integration	2017	2019	2019	2021	2021
Country/ Region	Asian countries	USA	Pacific	Türkiye	Indonesia	Malaysia
Business activities	Decorative paints/ automotive coatings/ industrial coatings, etc.	Decorative paints	Decorative paints/ adjacencies business	Decorative paints/ adjacencies business	Decorative paints/ automotive coatings	Adjacencies business
Market share in decorative paints (NPHD's estimates)	No. 1 China, Malaysia, Singapore, Sri Lanka	-	No. 1 Australia, Papua New Guinea	No. 1	No. 2	-
Growth since acquisition (revenue in JPY bn)	2014: 236.5 ▼ 2023: 771.5 +226.2%	2018: 44.6 ^{*2} ▼ 2023: 66.4 +48.9%^{*2}	2019: 134.9 ^{*3} ▼ 2023: 222.5^{*3} +65.0%	2019: 28.8 ▼ 2023: 75.2 +160.9%	2020: 30.3 ▼ 2023: 60.9 +100.9%	-








►Please refer to our website for press releases and presentation materials regarding M&As at the following link: <https://www.nipponpaint-holdings.com/en/ir/library/m-and-a/> (M&A Information)

^{*1} Performance comparisons with the time of acquisition are estimates, as the assumptions used to calculate market share at the time of acquisition differ from current assumptions due to changes in accounting standards.

^{*2} Dunn-Edwards' performance was compared using the 2018 figures because the 2017 figures, the first year post acquisition, only covered 10 months following its acquisition in March 2017

^{*3} The 2019 figures are pro forma and include one-off items, such as M&A cost. The 2023 figures do not include Craig&Rose and Maison Deco due to a change in reporting segments within DuluxGroup

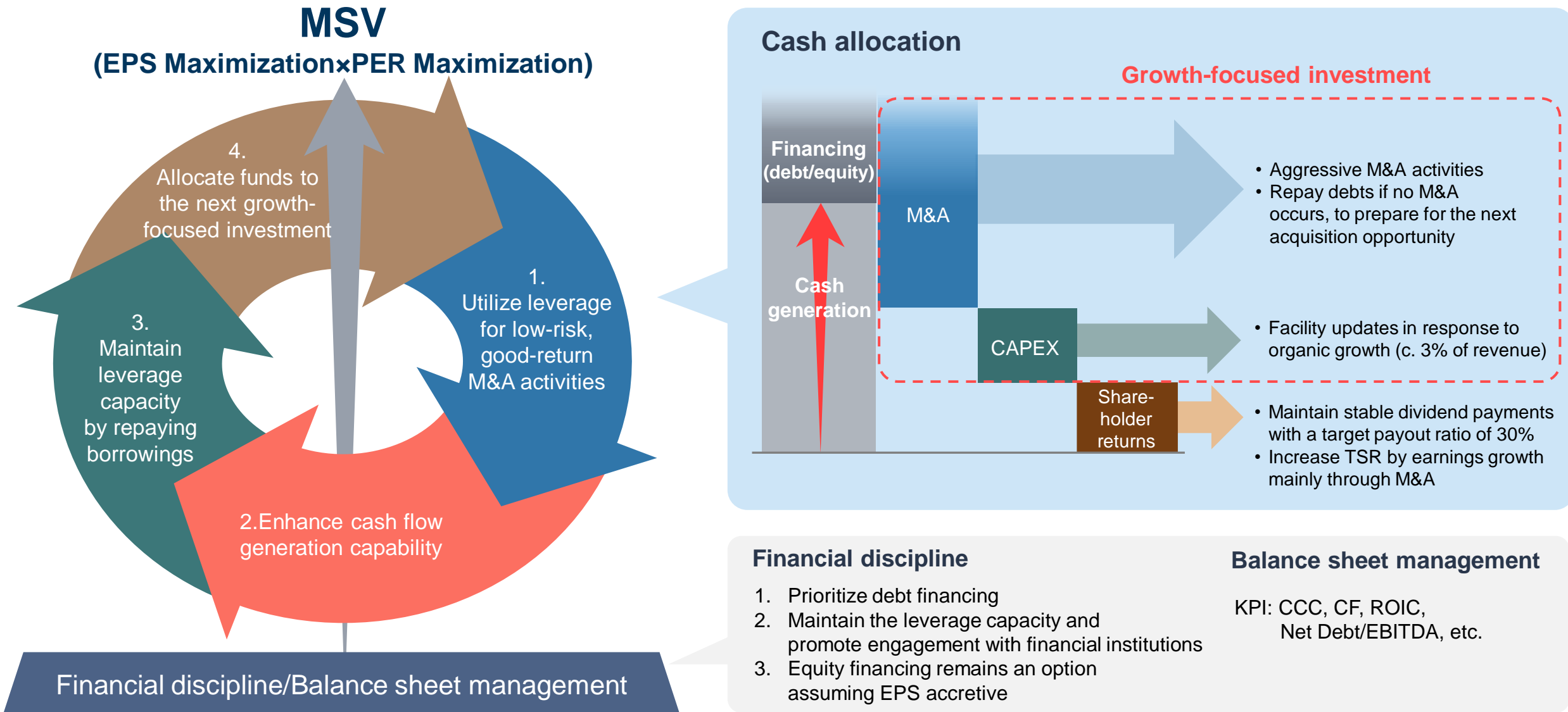
Our track record of key acquisitions*1

	Five Chinese automotive subsidiaries	DGL (Europe)			Alina	NPI	BNPA
		Cromology	JUB	NPT			
							-
Year	2022	2022	2022	2023	2024	2024	2024
Country/Region	China	Europe	Europe	Italy	Kazakhstan	India	India
Business activities	Automotive coatings	Decorative paints	Decorative paints/adjacencies business	Adjacencies business	Decorative paints/adjacencies business	Decorative, industrial, and auto refinish businesses	Automotive coatings
Market share in decorative paints (NPHD's estimates)	-	No. 1 Italy No. 2 France, Portugal	No. 1 in interior paint Slovenia, Croatia, Bosnia and Herzegovina, Kosovo	-	No. 1 Dry-mix mortar and Paint market	No. 2 in decorative paint Tamil Nadu, Karnataka	No. 4 in automotive coatings
Growth since acquisition (revenue in JPY bn)	-	2021: 109.1*2  2023: 137.9*2 +26.4%			-	-	-

► Please refer to our website for press releases and presentation materials regarding M&As at the following link: <https://www.nipponpaint-holdings.com/en/ir/library/m-and-a/> (M&A Information)

*1 Performance comparisons with the time of acquisition are estimates, as the assumptions used to calculate market share at the time of acquisition differ from current assumptions due to changes in accounting standards.

*2 The 2021 figures are the simple sum of Cromology and JUB. JUB's earnings for 2022 are pro forma figures for 12 months and converted to JPY at the following exchange rate: EUR/JPY=138.5 yen. Due to a change in reporting segments within DuluxGroup, figures for 2022 and 2023 include Cromology, JUB, NPT, Craig & Rose, and Maison Deco



Aim to achieve MSV by increasing the earnings and markets' expectations through sustainability activities

MSV (EPS Maximization × PER Maximization)



Contributing to MSV with a sustainability strategy that has stronger links to business activities

Materiality (Related SDGs)	ESG Agenda	ESG Action Examples
Climate change   	<ul style="list-style-type: none"> Reduction of greenhouse gas (GHG) emissions Identification of risks and Opportunities 	<ul style="list-style-type: none"> CO₂ reduction (Scope 1&2) Scope 3 emissions calculation TCFD-based disclosures Renewable energy utilization
Resources and environment     	<ul style="list-style-type: none"> Waste/water resource consumption/pollution management 	<ul style="list-style-type: none"> Formulate the global policy statements for waste materials and water Consider endorsement of the Task Force on Nature-related Financial Disclosures (TNFD)
Safe people and operations   	<ul style="list-style-type: none"> Disaster (fire accident) prevention and process safety Fatality and injury prevention 	<ul style="list-style-type: none"> Prepare for the development of safety and other standards Promote the introduction of a reporting system for potential major accidents
Diversity & Inclusion    	<ul style="list-style-type: none"> Increase the percentage of women in management posts Improvement of employee engagement 	<ul style="list-style-type: none"> Promote gender diversification for directors/managers Initiate a D&I working program at each partner company Human rights risk assessment
Growth with communities     	<ul style="list-style-type: none"> Strategic implementation of social contribution activities 	<ul style="list-style-type: none"> Promote "Happy Paint Project" in Japan Group Implement 3E (Education/Empowerment/Engagement) action policy
Innovation for a sustainable future    	<ul style="list-style-type: none"> Promotion of cross-industrial collaboration Development of products that benefit society Stricter management of chemical substances 	<ul style="list-style-type: none"> Calculate the lifecycle assessment of selected products at each partner company Implement a phased-out plan for Chemicals of Concern (CoC) Socially beneficial and eco-friendly products Open innovation

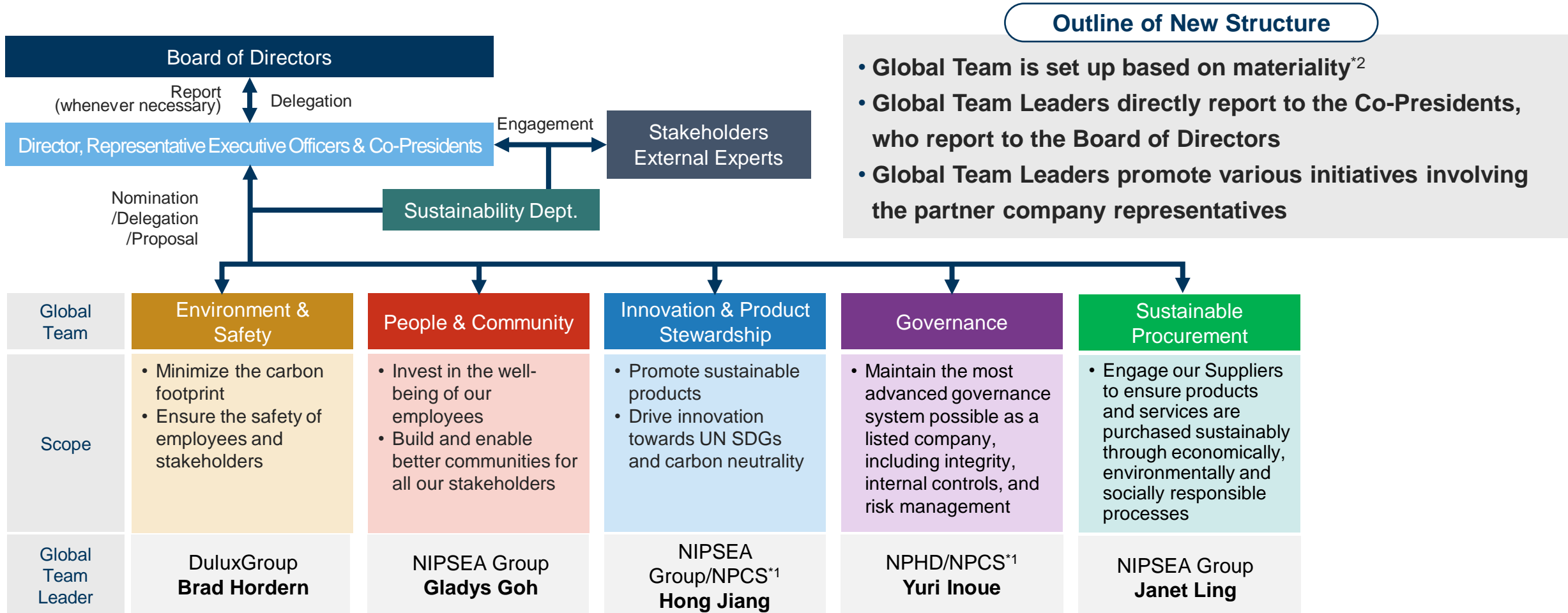
Contribution to MSV

- Revenue/earnings expansion from low-carbon-footprint products
- Sustained growth through human capital investment
- Reinforce branding through community investment
- Risk reduction through safety education and technology
- Revenue growth through innovation

(Example)

- Initiated a women's mentorship program
- Host the AYDA Awards international competition
- Sales expansion of insulating powder coating for EV battery packages
- Accelerate innovation by combining Electronic Laboratory Notebook (ELN) with AI
- Sales expansion of FASTAR next-generation antifouling paint

Autonomous sustainability structure



►For further details about the Basic Policy on Sustainability and sustainability frameworks, please refer to our website at the following link: [https://www.nipponpaint-holdings.com/en/sustainability/about/statement/#esg_statement\(Sustainability Management\)](https://www.nipponpaint-holdings.com/en/sustainability/about/statement/#esg_statement(Sustainability%20Management))

*1 Nippon Paint Corporate Solutions *2 Governance team advances discussions on the best direction for enhancing our good governance and autonomy in line with each materiality

1 (10) Overview of Asset Companies

Nippon Paint China



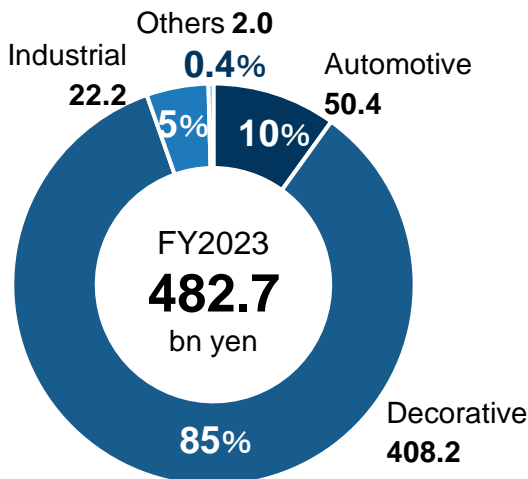
Corporate Data

Location : Shanghai, China

Ownership Ratio: 100.0%

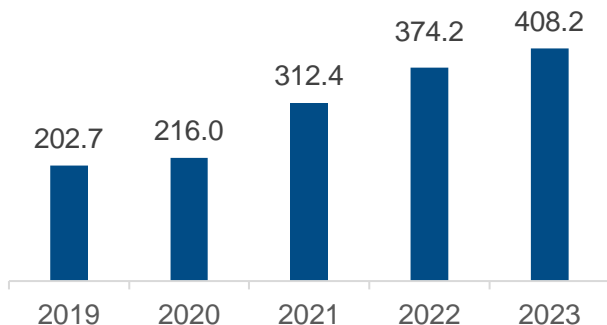
Company overview :
Since its founding in 1992, Nippon Paint China has risen to the fore as a respected leader in the paint and coatings industry. The company has steadily expanded its reach across China in tandem with the country's rapid economic and social growth

Revenue breakdown by business



Performance (Decorative)

■ Revenue (billion yen)



*NPHD's estimates

Market share*

2020	2021	2022	2023
19%	23%	24%	25%

TUC

2020	2021	2022	2023
8%	9%	8%	9%

TUB

SWOT Analysis

Strengths

- Established brand in China with significant market share, looking to further consolidate and enhance its brand power
- Continuously expand business scope and product range to meet ever-evolving customer needs
- Robust manufacturing, retail sales and stakeholder networks have facilitated efficient production and cemented Nippon Paint's reputation as a trusted industry leader

Weaknesses

- Organizational structure and business model need to adapt to match the existing market and customer needs
- Boost operational efficiency with greater investment in technology
- Build a people management strategy that enhances performance incentives and rewards valuable talent

Opportunities

- Market concentration for Paints & Coatings is still relatively low, with much room for improvement
- Obtain in-depth market insights to scope out new opportunities in infrastructure, especially as investment in the next few years is set to scale up
- Leverage changes in consumer consumption patterns, especially a rise in online consumption
- Adopt digitalization to revolutionize operational efficiency, organizational structure and business model development

Threats

- Other manufacturers are developing products that could encroach on Nippon Paint's market share, e.g. coating manufacturers are producing waterproofing products, waterproofing manufacturers are producing coating products
- The real estate cycle is in a less than ideal phase, with a slowdown in growth rates of new housing developments and a drop in property speculation
- The COVID-19 pandemic has impacted supply chains, affecting both downstream and upstream processes

Realigned the China decorative business into TUC and TUB segments based on distribution channels

TUC (Trade Use Consumer): B2C business

Business to consumers, DIY business, sales via dealers/distributors and e-commerce to end consumers, etc.



TUB (Trade Use Business): B2B business

Business transactions direct to Project customers and main contractors, etc.

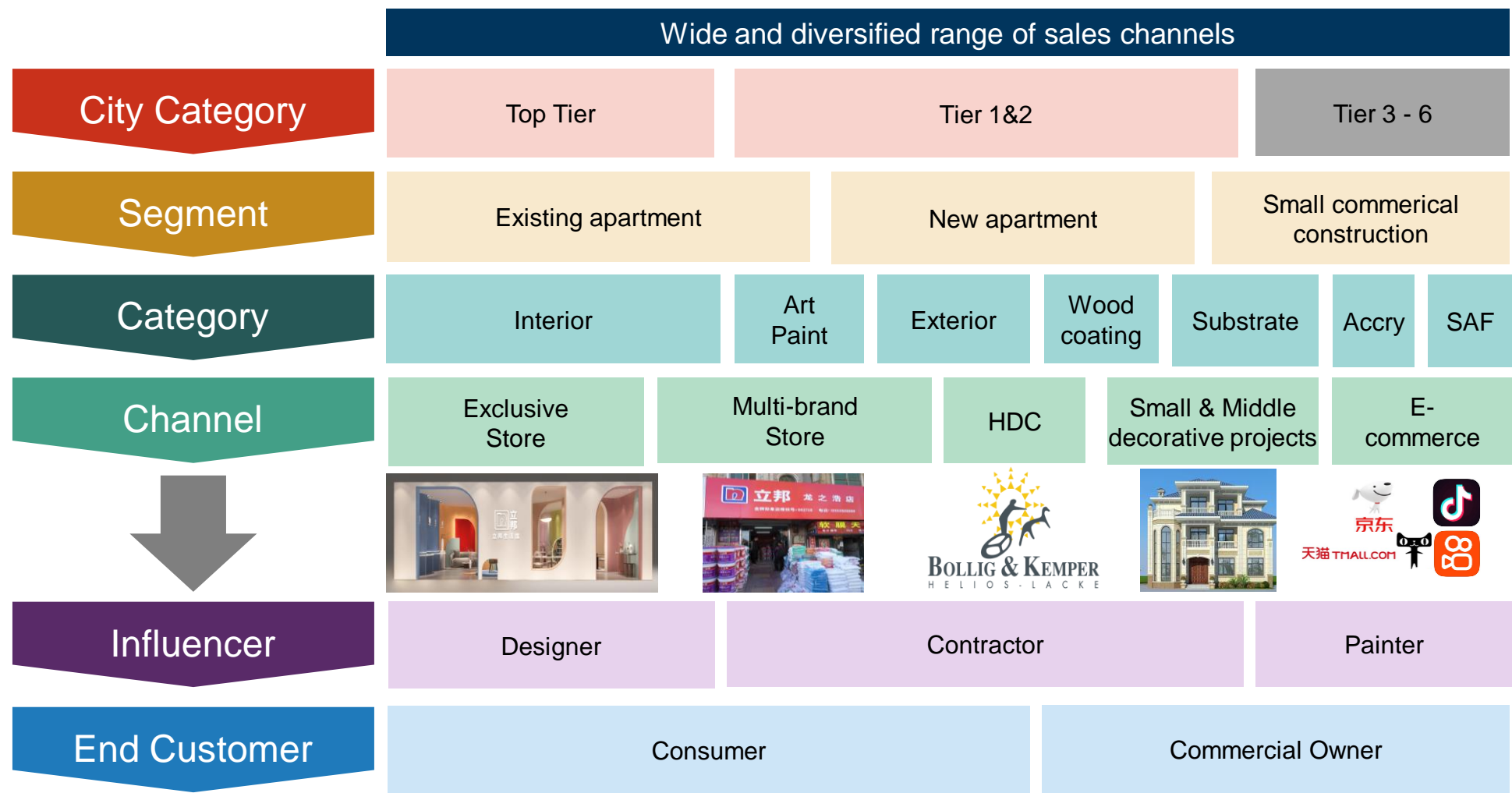


YoY change (In LCY)

(%)	2019	2020					2021					2022				
	Full year	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year
DIY	+2	-27	-1	+9	+21	0	+57	+35	+32	+22	+35	+28	+15	+7	-4	+12
Project	+35	-22	+32	+33	+34	+26	+110	+24	+26	+16	+29	-5	-5	-6	-22	-10
	2022	2023					2024									
	Full year	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q							
TUC	+10	+19	+15	+10	+8	+13	+15	+5	+1							
TUB	-14	+5	-7	-17	-1	-7	-15	-12	-16							

1 (10) Overview of Asset Companies

TUC: Achieved No.1 market share (c.25%) through unparalleled sales network and proactive promotion



Proactive promotion



1 (10) Overview of Asset Companies

TUB: Secured top market share (c.9%) through strategic alliances with TOP100 real estate developers

	Items				
Channel	Real Estate	Architectural renewal	Social security housing	Industry	
Customer	TOP 100 Developers in Country	TOP Developers in City	General Contractor	Hospital	School
Coating Solution	Wall Coating System		Floor Coating System	Thermal Insulation System	
Region	National Center City		Sub-center City	Outer City	
Partner	Constructor	Designer	Distributor	Project Dealer	
Business Model	Material Sales		Design + Product + Application Service (Partnership)	Design + Product + Application Service (Direct)	

1 (10) Overview of Asset Companies

Nippon Paint Singapore

Corporate Data

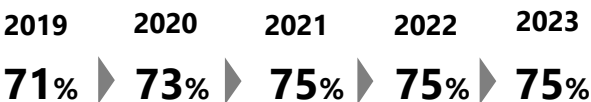
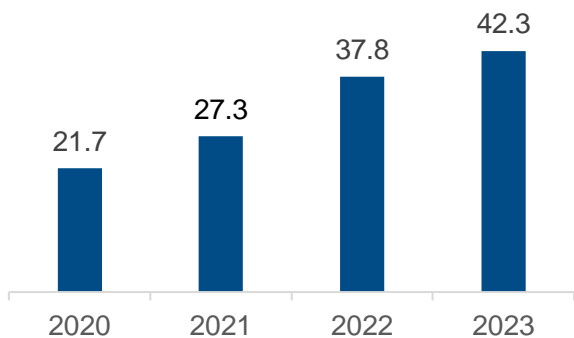
Location : Singapore
Ownership Ratio: 100.0%

Company overview :
Since its founding in 1962, Nippon Paint Singapore has developed a business portfolio that spans decorative paints, auto refinish paint, industrial coatings, and protective coatings in Singapore. The company expanded its business portfolio into the adjacencies area following its acquisition of the Selleys business in FY2020

Performance (Singapore Group)

Market share* (TU-Consumer)

■ Revenue(billion yen)



*NPHD's estimates

SWOT Analysis

Strengths

- Leading market name with strong brand equity and 71% 'Top of Mind' brand recall
- Established and largest network of dealerships, strong partnerships with designers and contractors, and painter engagement programs have contributed to the growth of a large customer base in Singapore
- Market leader in the decorative paints segment with full range of products available
- Locally based manufacturing and operations facilities

Weaknesses

- Relatively new player in the protective coatings segment with lack of certifications to establish market credibility
- Business operations are subject to external factors such as global economy and the pandemic, like other players

Opportunities

- Drive market opportunities to broaden product portfolio into building materials, construction chemical and floor coatings
- Leverage Nippon Paint's integration with Selleys to expand into the Sealants, Adhesives, and Fillers (SAF) segment
- Expand customer base for innovative consumer products like anti-viral and anti-mosquito products
- Providing waterproofing, floor coating and sealants as part of total coating solutions to customers

Threats

- Competitive pricing from other established players in the project market
- The shift to e-commerce in retail market lowers barriers for smaller entrants

1 (10) Overview of Asset Companies

Nippon Paint Malaysia

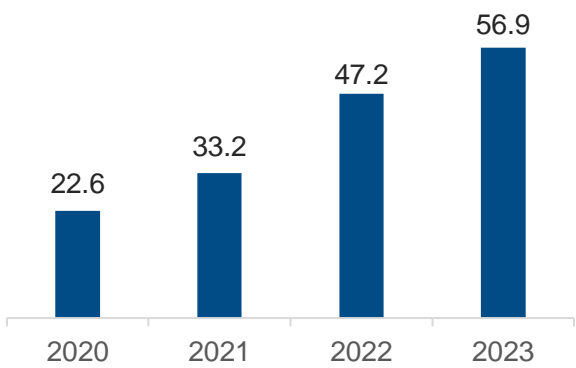
Corporate Data

Location : Selangor, Malaysia
Ownership Ratio: 100.0%

Company overview :
Established in 1967, Nippon Paint Malaysia has grown in leaps and bounds and today, has emerged as a significant market leader with presence in Pakistan, Bangladesh, the Philippines, Thailand, and Indonesia. The company prides itself as a total solution and service provider, serving several sectors including decorative paints, automotive coatings, industrial coatings, marine coatings, and housing repairs

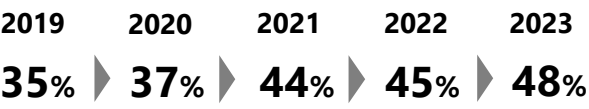
Performance (Malaysia Group)

■ Revenue(billion yen)



*NPHD's estimates

Market share* (Decorative)



SWOT Analysis

Strengths

- Leading brand name in the paint and coatings industry with a strong brand awareness and a wide distribution network
- Wide range of solutions from floor to roof and everything in between with solution for different solutions covering waterproofing, painting tools, dry mix, SAF and accessories
- Strong focus on customer service, building further brand loyalty for Nippon Paint

Weaknesses

- Factors such as long production lead time, changing dynamics with international markets, global economic conditions and the pandemic have an impact on business
- However, steps are already being taken to optimize processes and revisit strategies to drive business growth

Opportunities

- Positioned to cater to customers' increasing needs for holistic solution
- Enhance market opportunities by creating customer centric awareness programs to differentiate Nippon Paint from other industry players
- Drive brand messaging via CSR campaigns to build strong corporate branding
- Provide end-to-end solutions to homeowners leveraging e-commerce platforms
- Broaden product portfolio and service offerings to tap into wider customer networks

Threats

- Current global conditions have led to changes in consumer behavior and buying habits, with preference for value for money products
- With changing customer preferences, there might be a need to relook pricing structure to suit current economic conditions

1 (10) Overview of Asset Companies

PT Nipsea Paint and Chemicals

Corporate Data

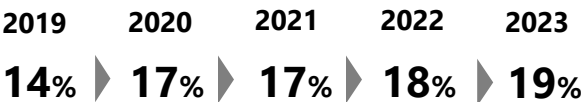
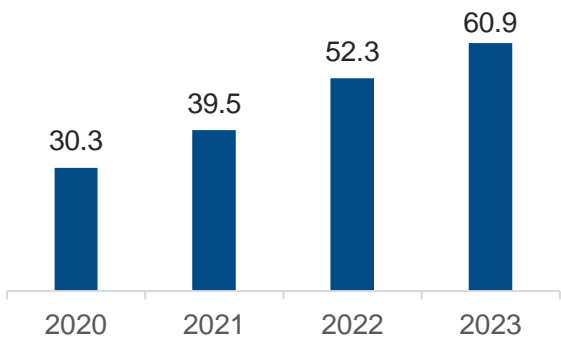
Location : Jakarta, Indonesia
Ownership Ratio: 100.0%

Company overview :
Acquired by NPHD in 2021, PT Nipsea Paint and Chemicals has a dominant position in the Automotive OEM coatings field. In addition, the company is a market leader in decorative paints as consumer's preferred brand in Indonesia for over 50 years. With over 6,600 employees, the company has more than 40 distributors across Indonesia

Performance

Market share*1 (Decorative)

■ Revenue (billion yen)



*1 NPHD's estimates *2 Computerized Colour Matching

SWOT Analysis

Strengths

- Dominant market position in Decorative Retail, Automotive & Motorcycle coatings - backed by 3 production sites and a large distribution network of 62 locations
- Trusted brand with Japanese heritage and long operating history in Indonesia since 1969
- Market leading decorative paint brands with strong brand awareness and heritage with the largest distribution coverage of CCM*2
- Strong support from established global customers in Automotive OEM segment

Weaknesses

- External shocks from increasing raw material price pressures though steps have been taken to mitigate this through relentless cost optimization and streamlining

Opportunities

- Growth potential of Indonesian market to drive demand for premium products
- Broaden the product and service spectrum to include painting accessories and tools, Sealants, Adhesives, and Fillers (SAF) as well as waterproofing segments
- Further entrench distribution reach into 2nd and 3rd tier cities by doubling the number of depots and sales offices

Threats

- Prevailing and prolonged pandemic conditions negatively impacting all economic sectors, dampening foreign investment and delaying infrastructure projects
- Downward price pressure due to intense competition by other established players and new entrants into the Indonesian market

1 (10) Overview of Asset Companies

Betek Boya



Corporate Data

Location : Istanbul, Türkiye

Ownership Ratio: 99.6%

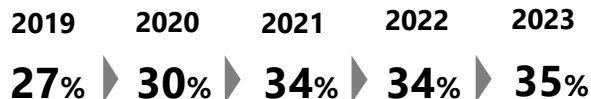
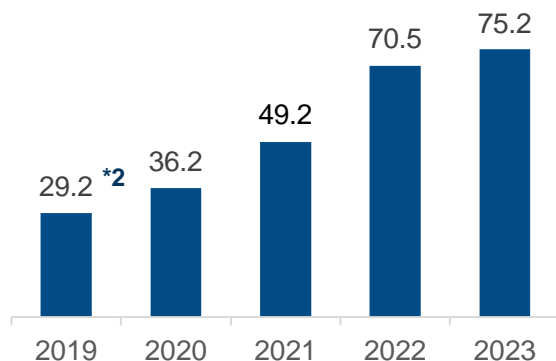
Company overview :

Acquired by NPHD in 2019, Betek Boya is a leading Turkish paint and ETICS company. Its multi-brand portfolio covers premium brands to budget options in the Turkish paint market. Betek Boya has been leading the Turkish decorative paint segment over years and listed as No.1 in the paint companies reputation index for more than 10 years. The company has expanded into industrial coatings segment in recent years

Performance

Market share*1 (Decorative)

■ Revenue(billion yen)



*1 NPHD's estimates *2 2019 revenue is pro forma

SWOT Analysis

Strengths

- Leading company that is customer-centric and has an operations strategy to respond to varying customer needs
- Wide range of product portfolio, multi-brand strategy and extensive market collaborations that accelerate growth, business resilience and innovation
- Consistent investments in strategic marketing and consumer engagements that have built market leadership and top of mind recall for consumers

Weaknesses

- Like other players, Betek Boya is subject to external factors such as economic conditions, fluctuating demand, volatility in raw material cost and the impact of the global pandemic
- However, with Betek Boya's operation strategies, the company has been able to mitigate these effects as much as possible and continues to drive resilient growth and innovation

Opportunities

- Drive market opportunities towards environmentally friendly products as focus on health and environment continues to build in the region, an area that Betek Boya is already ready to deliver on
- Help to strengthen the Nippon Paint Group's position in the western DIY market with Betek Boya's flagship paint brand – Filli Boya, as consumer demand for DIY products continues to increase

Threats

- Prevailing economic conditions have led to conscious consumer buying habits, driving more consumers into budget segments
- Compete with strong established multinational companies

1 (10) Overview of Asset Companies



Corporate Data

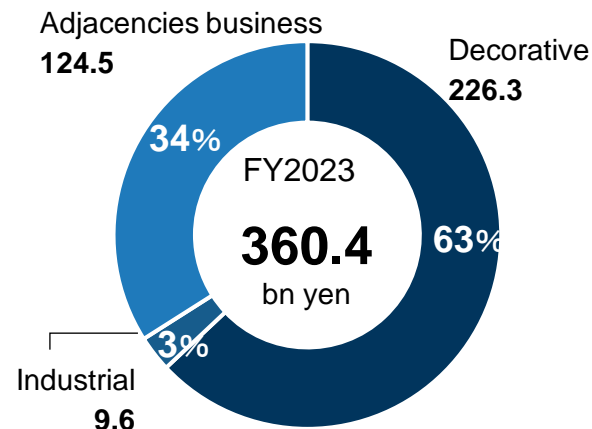
Location : Victoria, Australia

Ownership Ratio: 100.0%

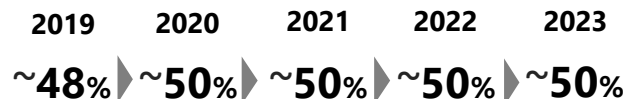
Company overview:

Acquired by NPHD in 2019, DuluxGroup is Australia and New Zealand's market leader in paint, coatings, sealants and adhesives, as well as other home improvement products. DuluxGroup also has a leading decorative paints position in Europe through its recent acquisitions of Cromology and JUB, and a growing presence in sealants and adhesives in Europe through its recent investment in NPT in Italy.

Revenue breakdown by business



Market share*1 (Australia Decorative)



SWOT Analysis

Strengths

- Leading positions in well structured, resilient markets
- Market leading brands, underpinned by continuous focus and investment in marketing and innovation – driven by consumer insights
- Unrelenting focus on customer service, underpinned by sales, marketing and supply chain capability

Weaknesses

- Like all businesses, DuluxGroup is subject to prevailing external economic and market conditions such as volatility in raw materials pricing. However, DuluxGroup has deliberately shaped its business, operations and end market focus to seek to mitigate such factors as much as possible, and it has a strong track record of resilient earnings growth

Opportunities

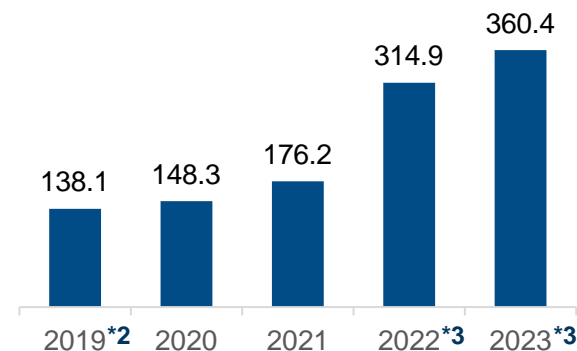
- Continue to drive growth in the Pacific through relentless focus on brands, innovation and customer service in decorative paints and coatings, sealants and adhesives, and adjacent categories
- Leverage these capabilities to drive growth over time in Europe through the recently acquired Cromology and JUB businesses, and through the recent NPT joint venture in sealants and adhesives
- Help to grow Nippon Paint Group's position in Asia with Selley's sealants and adhesives capabilities

Threats

- Core Pacific and Western European markets are relatively mature, traditionally low growth and, in the short term, may be constrained by low population growth, cost-of-living impacts on consumers, increased energy costs and skills shortages
- Compete against strong, established multi-national companies

Performance

■ Revenue (billion yen)



*1 NPHD's estimates of decorative paint market volume *2 2019 revenue is pro forma

*3 Including the earnings of Cromology and JUB

1 (10) Overview of Asset Companies



Corporate Data

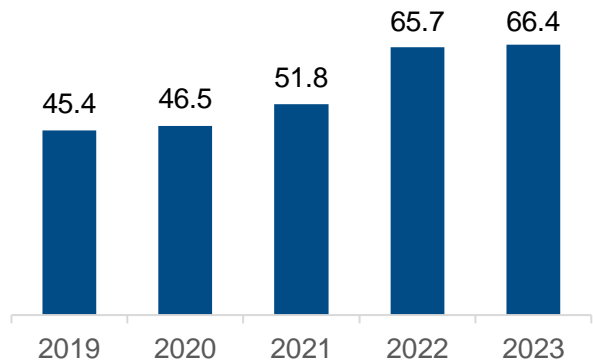
Location : California, USA

Ownership Ratio: 100.0%

Company overview:
Acquired by NPHD in 2017, Dunn-Edwards has been a leading paint supplier in the Southwestern U.S. since 1925, providing a complete line of paint, sundries and equipment. Dunn-Edwards has an estimated 12% share in California markets, and 10% to 20% in other adjacent regions

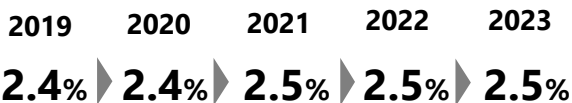
Performance

■ Revenue(billion yen)



*NPHD's estimates

Market share * (Decorative)



SWOT Analysis

Strengths

- Strategically positioned retail store network and highly trained salesforce focused on providing superior customer service
- Diverse portfolio of high quality and innovative products provide meaningful, measurable performance advantages versus the competition

Weaknesses

- 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 new sales growth through channels and to new market segments

Opportunities

- Develop omni-channel e-commerce solutions to drive sales growth to professionals and consumers alike
- Help to grow the Nippon Paint Group's position in the United States through channel and product growth initiatives

Threats

- Large marketing and advertising investments by national brands continue to impact brand selection

1 (10) Overview of Asset Companies

Nippon Paint Automotive Coatings Co., Ltd. (NPAC)



Corporate Data

Location : Osaka, Japan

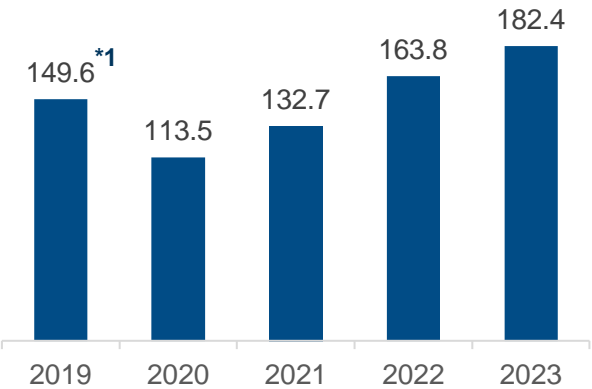
Ownership ratio: 100.0%

Company overview:

NPAC is the world's leading automotive coatings manufacturer capable of seamlessly providing the entire spectrum of automotive coatings from pretreatment, electrodeposition coating, primer, base coat, and clear coat coatings for auto bodies to coatings for plastic bumpers and interior components

Performance

■ Revenue (billion yen)



Market share ^{*2}



^{*1} Including discontinued operations ^{*2} NPHD's estimates

SWOT Analysis

Strengths

- Solid business foundation as a major global player in automotive coatings
- Comprehensive ability to provide the entire spectrum of automotive coatings from coatings for auto bodies to interior and exterior plastic components
- Customer support system with a global sales network expanding from Asia

Weaknesses

- Weak competitiveness in Europe and America (business restructuring in Europe and construction of a new production base in the U.S. are in process to become more competitive)

Opportunities

- The automotive industry continues to show significant growth potential, particularly in emerging markets
- Growing need for environmental products and alternative coating technologies due to tightening environmental regulations in many countries
- Numerous opportunities for business expansion from new technological innovations, such as CASE (Connected, Autonomous, Shared & Services, and Electric)

Threats

- Decreasing opportunities for existing business due to new alternative coating methods
- Impact on earnings from changes in raw material market conditions

1 (10) Overview of Asset Companies

Nippon Paint Co., Ltd. (NPTU)



Corporate Data

Location: Tokyo, Japan

Ownership ratio: 100.0%

Company overview:

NPTU develops, manufactures, and sells decorative paints for houses and office buildings, paints for large structures such as bridges and plants, and automotive refinish coatings. NPTU boasts the top share in the decorative paints market in Japan by supplying paints with excellent designability and coatings technologies using the largest sales network in Japan

SWOT Analysis

Strengths

- Top share in the domestic decorative paints market
- A strong sales network and history underpinning leading market position
- A wide variety of products offered as a comprehensive paint manufacturer (construction, heavy duty, auto refinishes, household use, etc.)

Opportunities

- Growing need for ultra-durable, process-saving paints due to population decline and labor shortage
- Growing need for DX (Digital Transformation) to address labor shortage
- Growing need for environmental products

Weaknesses

- Aging production and logistics facilities

Threats

- Slowing domestic market growth due to population decline, labor shortage
- Rising raw material and logistics costs

Nippon Paint Industrial Coatings Co., Ltd. (NPIU)



Corporate Data

Location: Tokyo, Japan

Ownership ratio: 100.0%

Company overview:

NPIU specializes in coatings for non-automotive, general industrial applications and manufacturers and sells paints and coatings for industrial products ranging from building and home exterior materials, home appliances, office furniture, to construction & agricultural machinery, railway and other equipment. The company also sells painting and coating equipment and manufactures and sells functional materials in the fine chemical field

SWOT Analysis

Strengths

- Top share in the domestic industrial coatings market
- Diverse business portfolio in various segments enabling quick response to market growth and opportunities

Opportunities

- Development of high value-added products meeting needs for environmental and labor-saving products
- Creation of new market accompanied by social changes such as next-generation mobility services (MaaS) and electrification (EV)

Weaknesses

- Slower growth of existing businesses in the domestic market

Threats

- Increases in raw material, freight, and labor costs
- Production localization of exported products
- Slowing growth of the domestic market

1 (10) Overview of Asset Companies

Nippon Paint Surf Chemicals Co., Ltd. (NPSU)



Corporate Data

Location: Tokyo, Japan
Ownership ratio: 100.0%

Company overview :
NPSU provides pretreatment agents for automobiles, general-use industrial products, steel, and aluminum cans, and functional agents which provides various functions in very thin film such as hydrophilic coatings. The company offers technologies created through its three-region R&D system in Japan, China, and South Korea and industry-academia collaborations to customers in Asia and worldwide

SWOT Analysis

Strengths

- High customer responsiveness enabled by developing paint products and technologies together
- Differentiated technologies created in a three-region R&D structure in Japan, China, and South Korea and industry-academia collaborations

Opportunities

- Growing need for eco-friendly products in automotive coatings and other business fields
- Growing demand for surface treatment driven by the expansion of overseas markets in Asia and other emerging markets

Weaknesses

- High purchase ratio of raw materials subject to local market conditions, making stabilizing raw material costs an issue

Threats

- Shrinking domestic market
- Rising raw material prices

Nippon Paint Marine Coatings Co., Ltd. (NPMC)



Corporate Data

Location : Osaka, Japan
Ownership ratio : 100.0%

Company overview :
NPMC is the Group's original business and marked its 140th anniversary in FY2021. NPMC manufactures and sells ship paints worldwide and operates a fully integrated supply system from building to repainting ships in Japan and overseas. NPMC is leveraging the Group's collective strength in R&D to develop and supply advanced environmental products. With value creation driven by SDG- and ESG-oriented management, NPMC aims to become a globally recognized provider of marine paints.

SWOT Analysis

Strengths

- Technical know how to develop safer and eco-friendly marine products
- Marine seafront research center that focus on conducting functionality and evaluation test to constantly improve antifouling and anticorrosion performance

Opportunities

- Ongoing long-term growth in global marine transportation volume
- Growing need for environmental paints with tightening environmental regulations and increasing ESG investment

Weaknesses

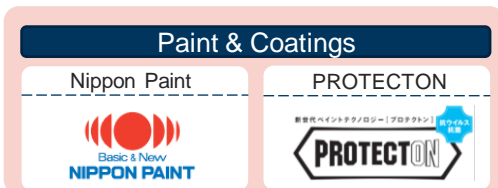
- Business structure with earnings exposure to market conditions due to high proportion of raw materials with high price volatility

Threats

- Changing market conditions and shipowner economic conditions
- Irregular operating schedules and docking delays

Numerous strong brands in the paint and adjacencies areas are offered

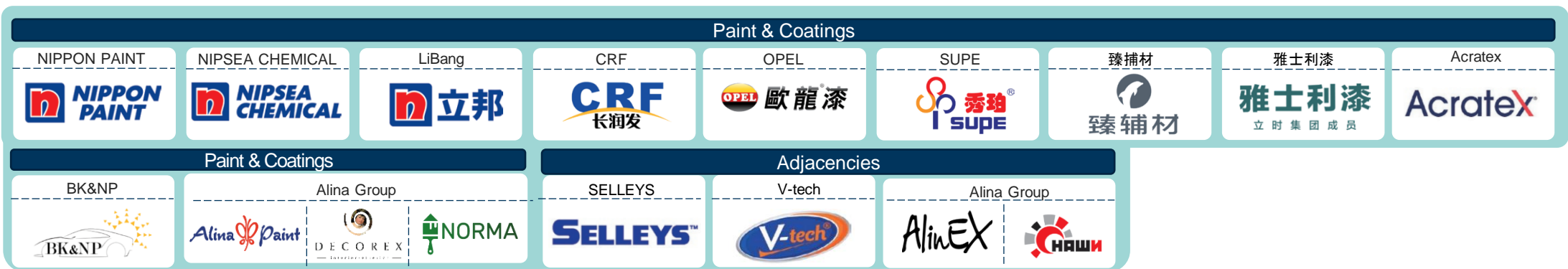
Nippon
Paint
(Japan)



Dunn-
Edwards



NIPSEA



Betek
Boya



Dulux
Group



2

Business Environment

Photo: Singapore / REFLECTIONS AT KEPPEL BAY



2 (1) Roles of Paint and Coatings in Society

NIPPON PAINT GROUP

Protecting the social infrastructure that underpins our daily lives

Beautifying

Protecting

Adding
functionality



Structures (buildings, stadiums)

Fire-proofing coatings prevent buildings from fire accidents and provide design flexibility



Housing (interior paint)

Interior paint protects people's health with its anti-viral, anti-bacterial, and anti-mildew properties and provides innumerable color options for home interior design



Automobiles

Automobile paint enables brilliant colors and high gloss finish with coated 0.1 mm film protecting against UV ray degradation, rust and scratches



Vending machines

Powder paints applied to surfaces contain no volatile organic compounds (VOCs), which are a source of air pollution



Ships

Marine coatings contribute to preventing global warming by reducing CO₂ emissions during ship operations

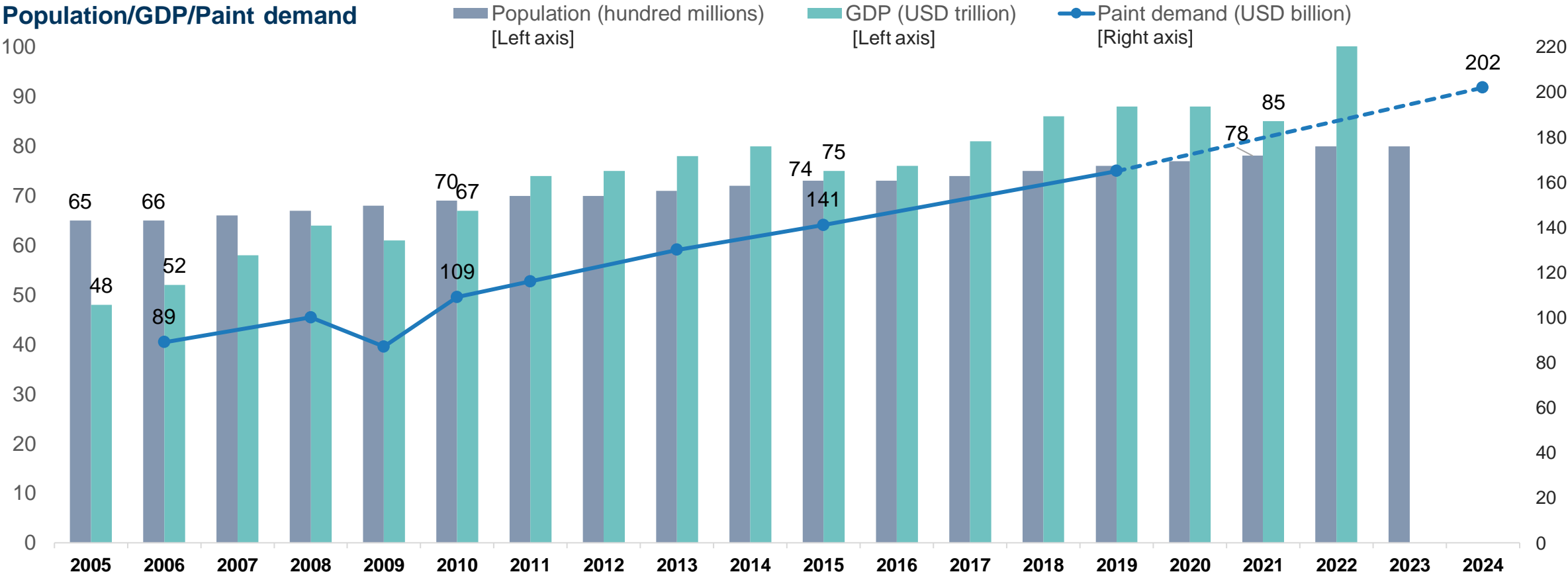


Road

Heat shielding coatings for asphalt road surfaces help create pleasant urban environments by preventing heat accumulation

2 (2) The Global Paint and Coatings Market 1

The global paint and coatings market is growing proportionally to population and GDP growth

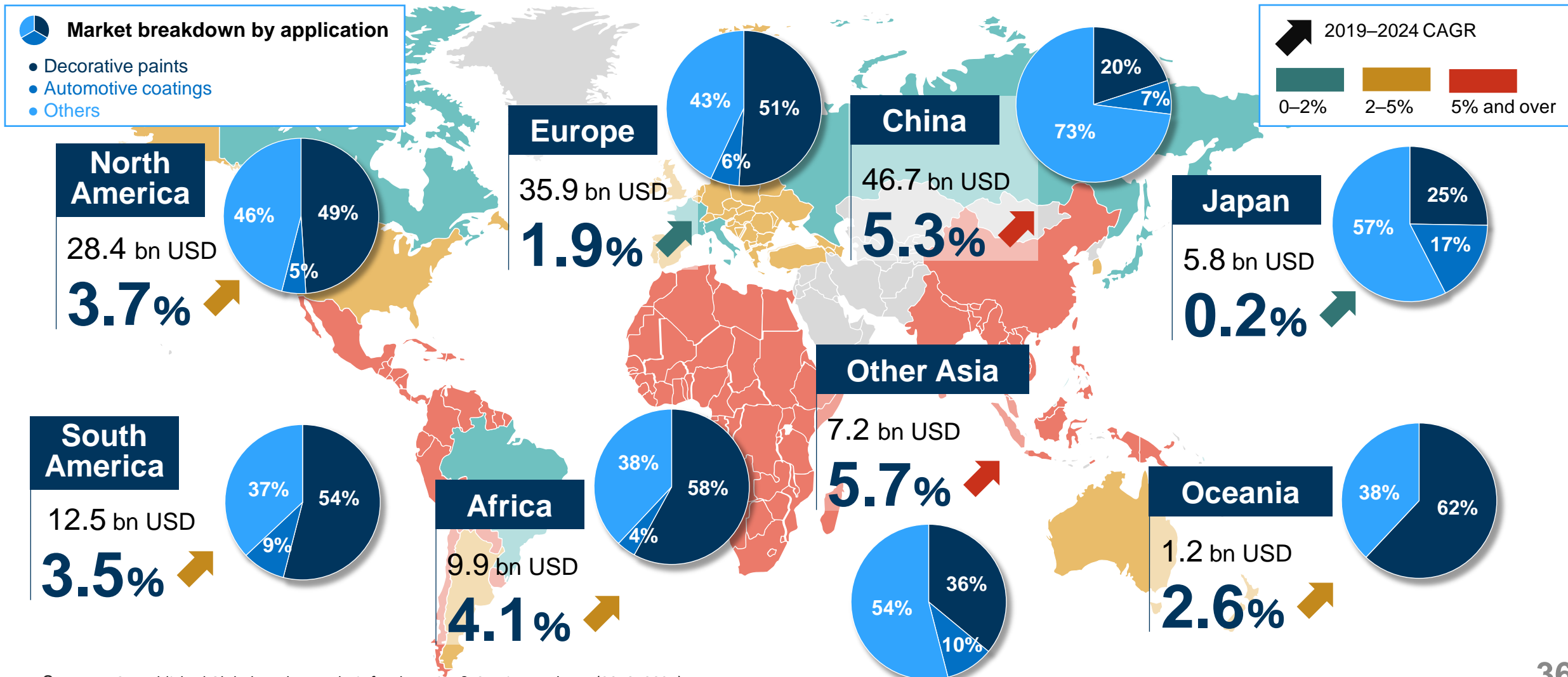


- The global paint and coatings market is a growth industry, with paint demand increasing proportionally to population and per-capita GDP growth
- The paint and coatings market has stable growth opportunities unlike the much more volatile general chemical industry

Source: Population: US Census Bureau / GDP: World Bank / Paint demand: ACA-published Global Market Analysis for the Paint & Coatings Industry (2019 –2024)

2 (2) The Global Paint and Coatings Market 2

The market offers sustainable growth opportunities in the medium and long term centered on the decorative paints segment in China and other Asia



Source: ACA-published Global Market Analysis for the Paint & Coatings Industry(2019–2024)

2 (3) The Global Adjacencies Market

A huge market with significant growth opportunities due to the expansion of construction demand, as with the paint and coatings market



Global market value
60.0 bn USD^{*1}

SAF(Sealants, Adhesives and Fillers)



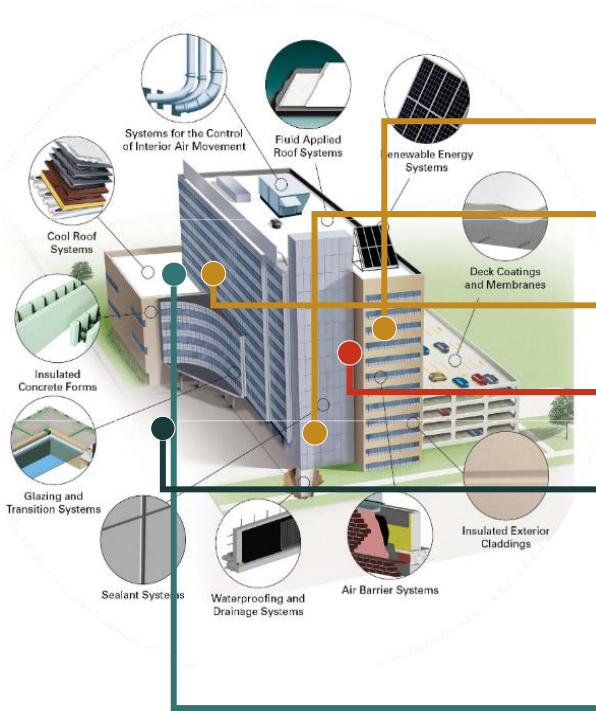
Global market value
71.5 bn USD^{*2}

CC (Construction Chemicals)



European market value
3,500 mmEUR^{*3}

ETICS (External Thermal Insulation Composite System)



Concrete repair + Performance enhancement	Grinding aids
	Admixtures
	Surface treatments
	Grouts & Repair
Adhesives	SAF
Sealants	
Fillers	
Waterproofing Membranes	
Industrial floor coatings	Coatings
Protective coatings for concrete	
Decorative coatings	

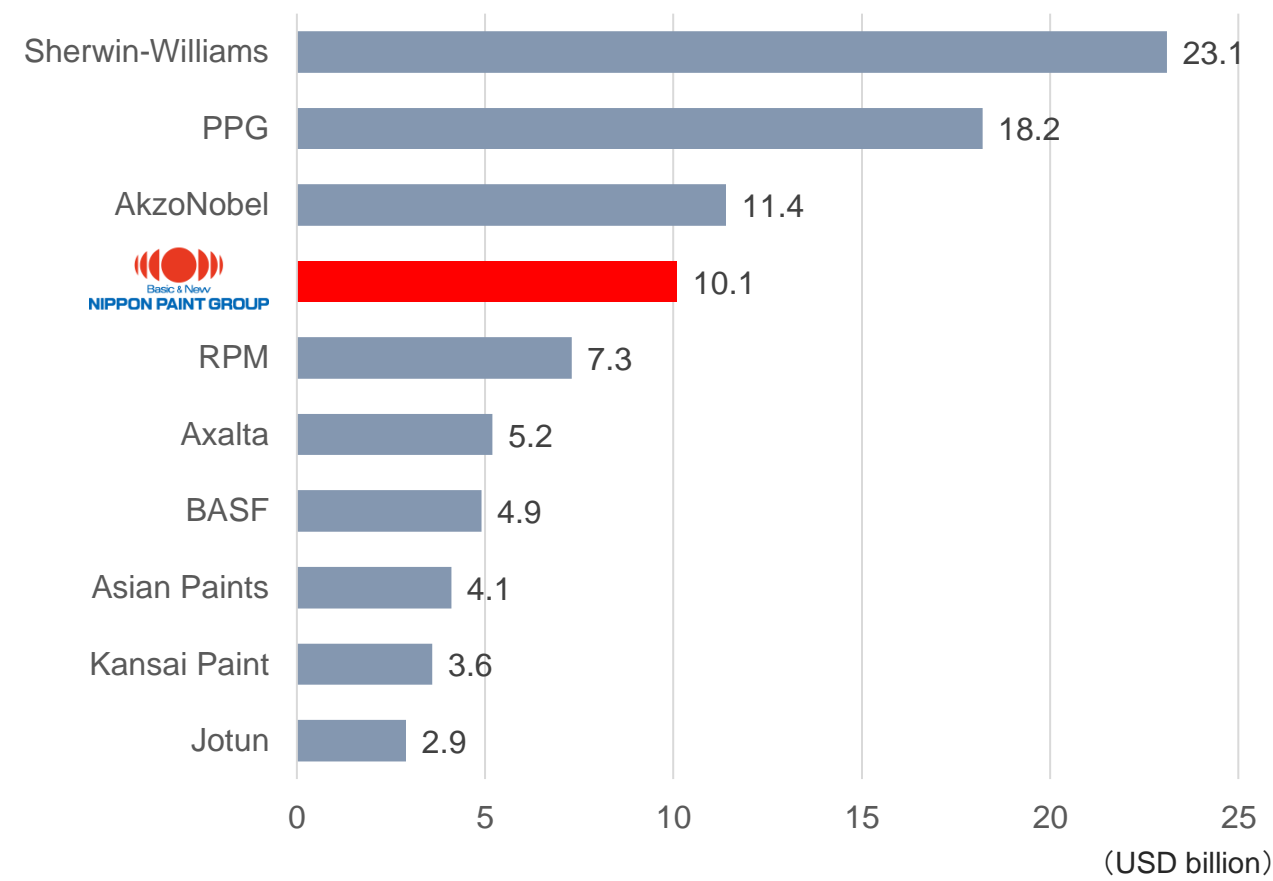


*1 Source: Fortune Business Insights *2 Source: ReportLinker *3 Source: European Commission Paper

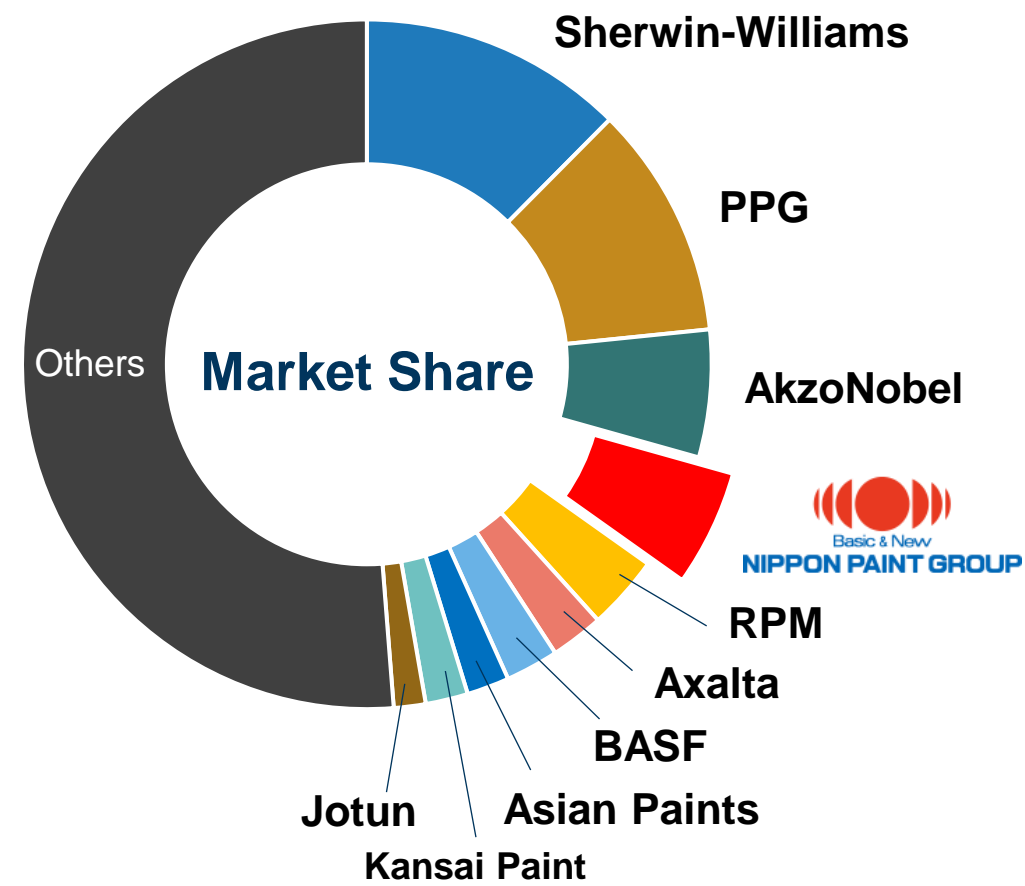
2 (4) The Global Competitive Landscape

The world's largest paint manufacturers have a combined market share of nearly 50%. The Nippon Paint Group is No.1 in Asia and No.4 in the world

Sales ranking of paint manufacturers



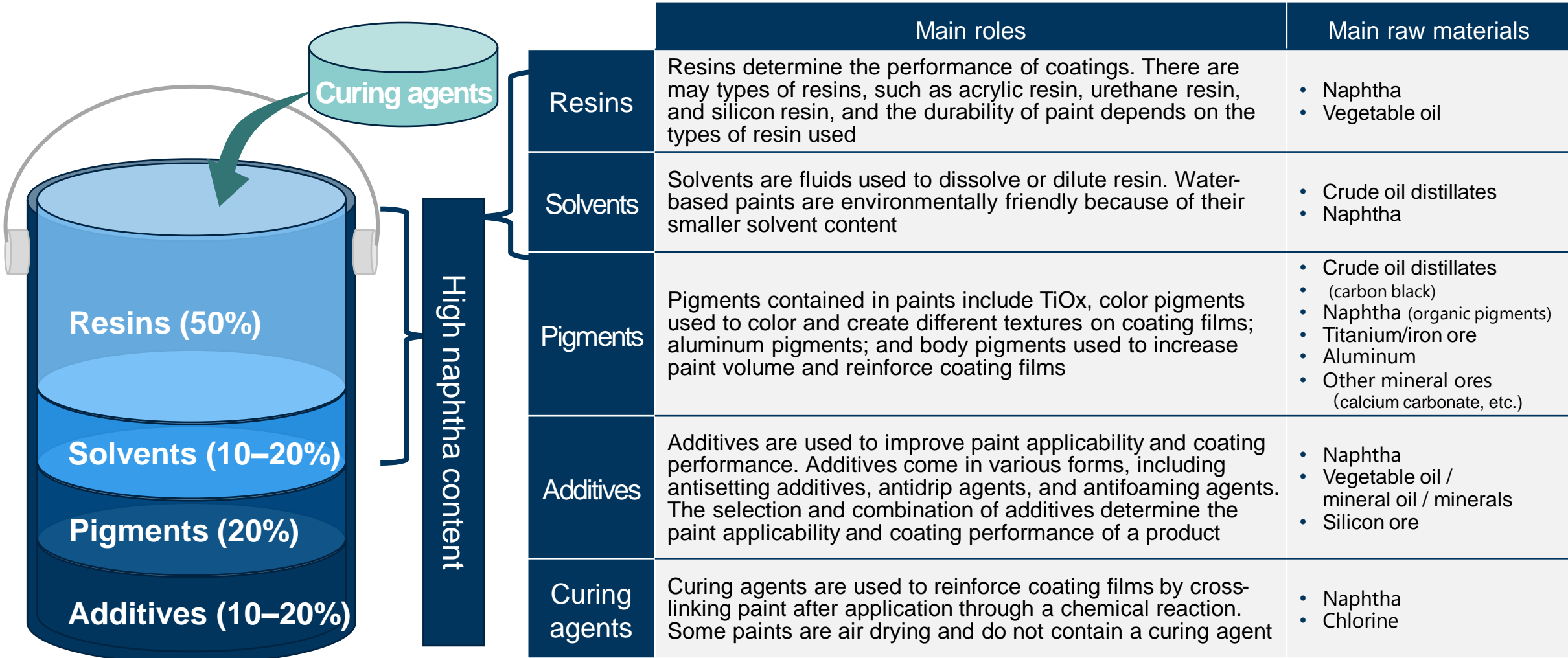
Source: NPHD's estimates. The data for BASF are derived solely from the Coatings Business within the Surface Technologies Segment
Exchange rate assumptions: JPY/USD is 142.2; EUR/USD is 0.94; INR/USD is 83.57; NOK/USD is 10.92



Source: NPHD's estimates

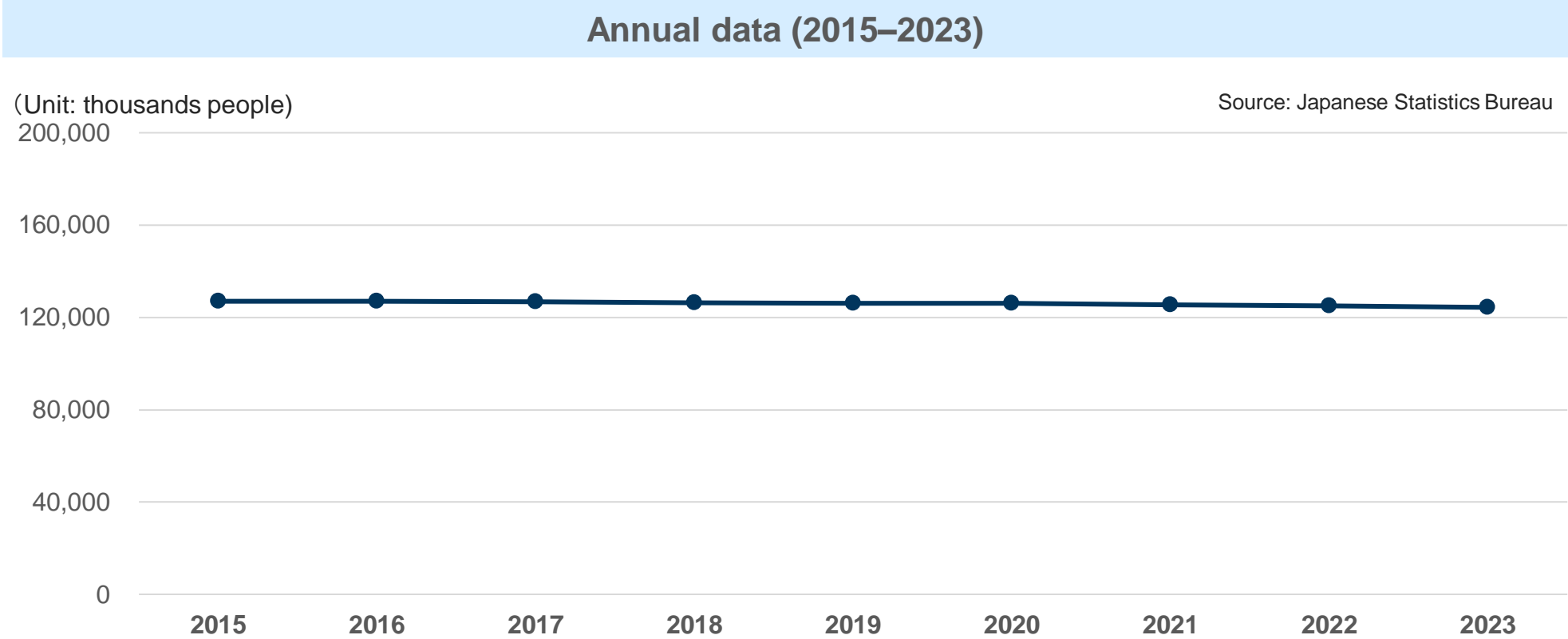
2 (5) Raw Materials for Paint and Coatings

- Paint and coatings raw materials are organic chemicals derived from crude oil/naphtha as well as inorganic chemicals derived from minerals
- Many raw materials are naphtha based; Resins and solvents particularly have a high naphtha content



※Crude oil distillates: Components (naphtha, gasoline, kerosene oil, light diesel oil, etc.) obtained by fractional distillation of crude oil

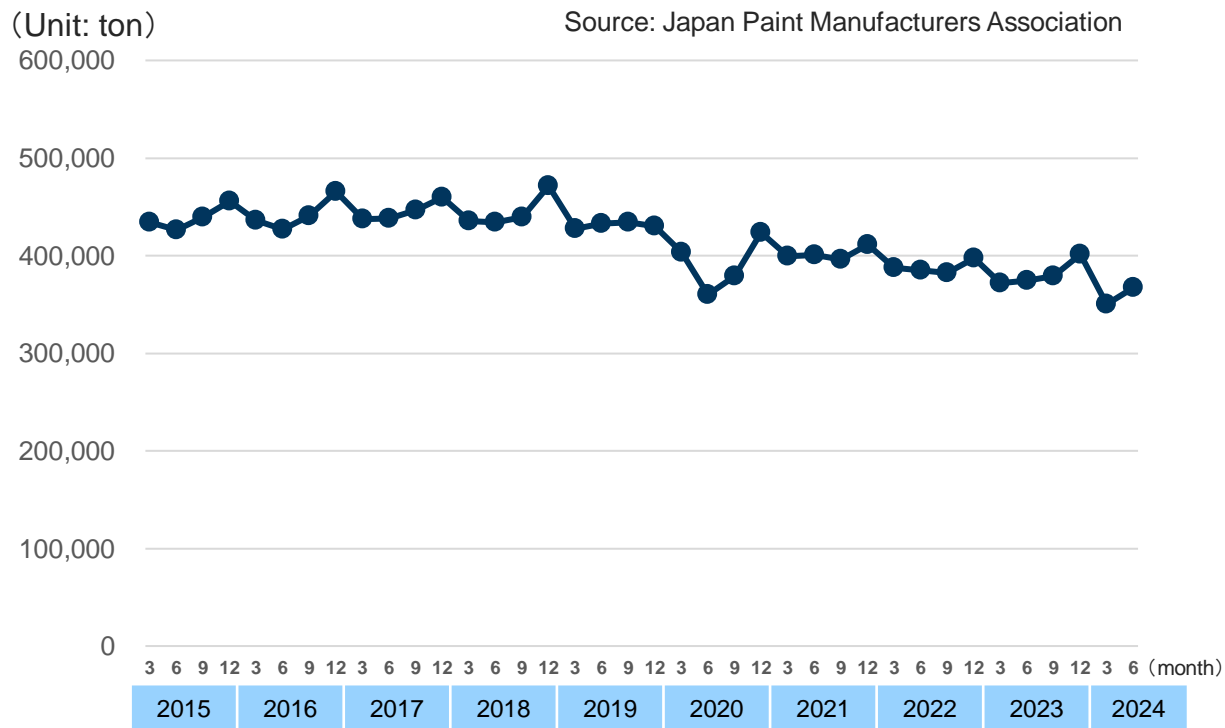
Japan Population Growth



- Japan’s population is declining slowly due to a low birthrate and aging population

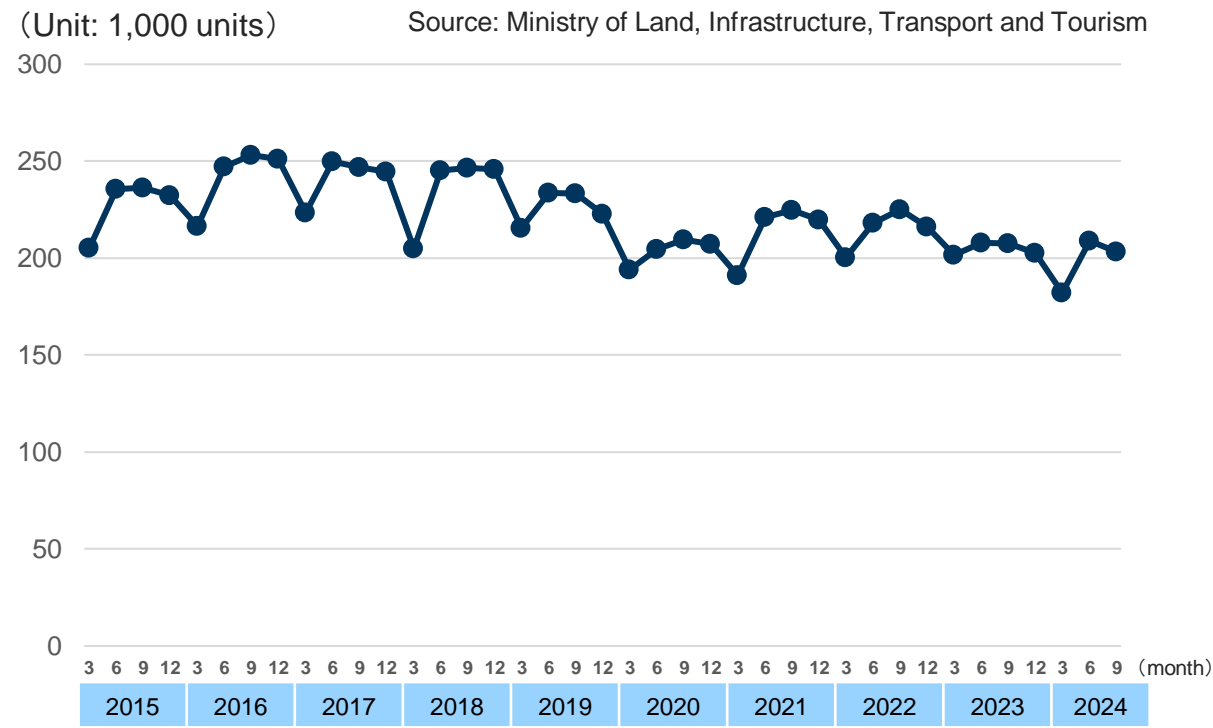
Japan Paint Sales Volumes

Quarterly data (2015–June 2024)



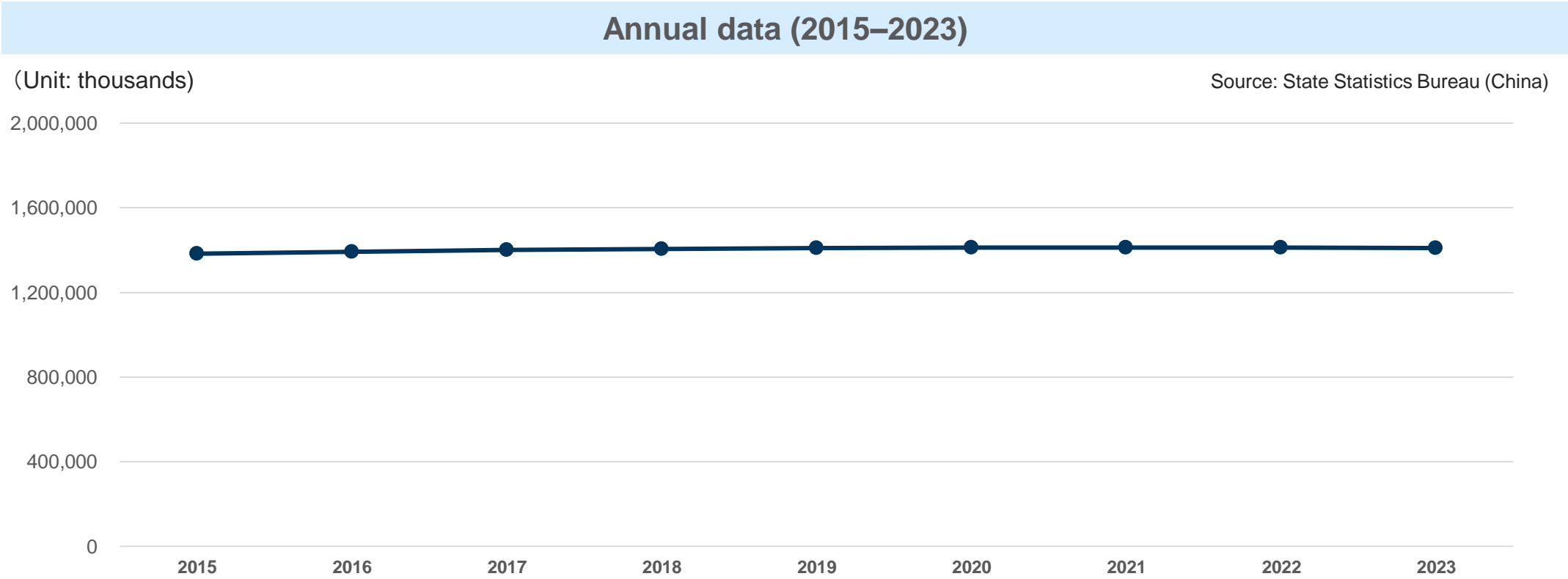
Japan New Housing Starts

Quarterly data (2015–September 2024)



- Paint sales volumes and new housing starts have been roughly stable

China Population Growth

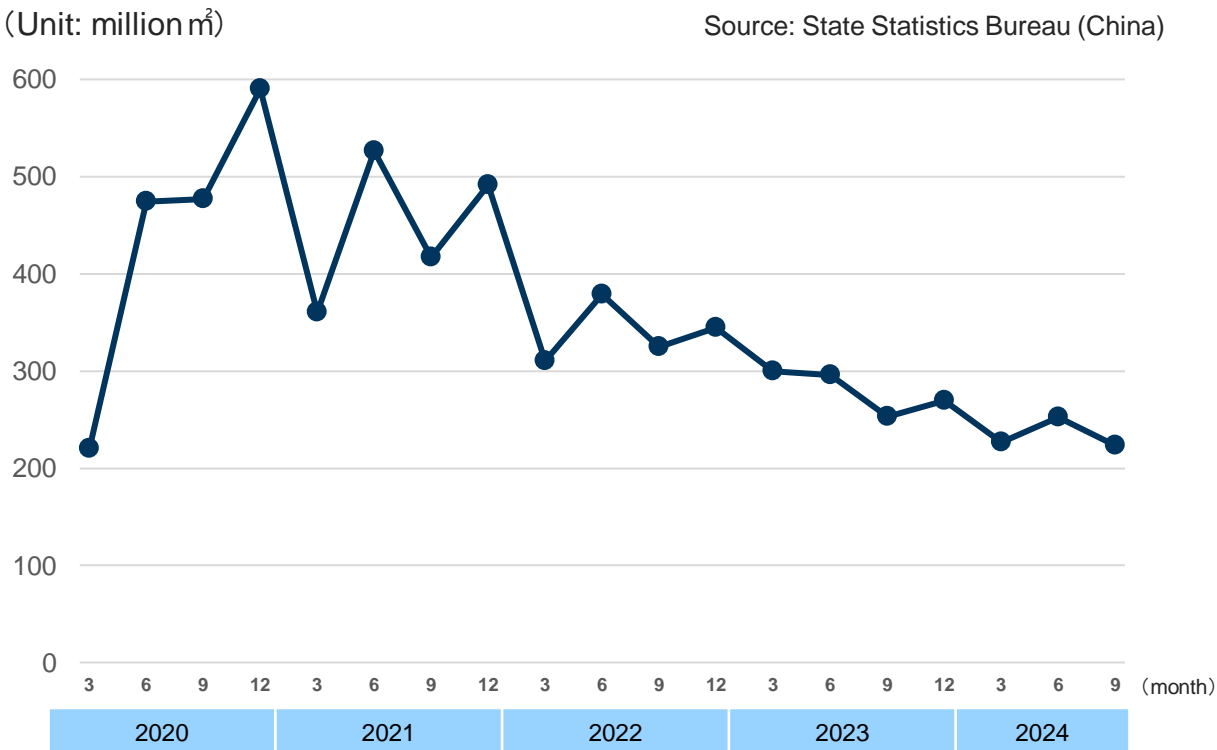


▪ Population growth in China has remained roughly stable

China

Commercial and Residential Property Sales Areas

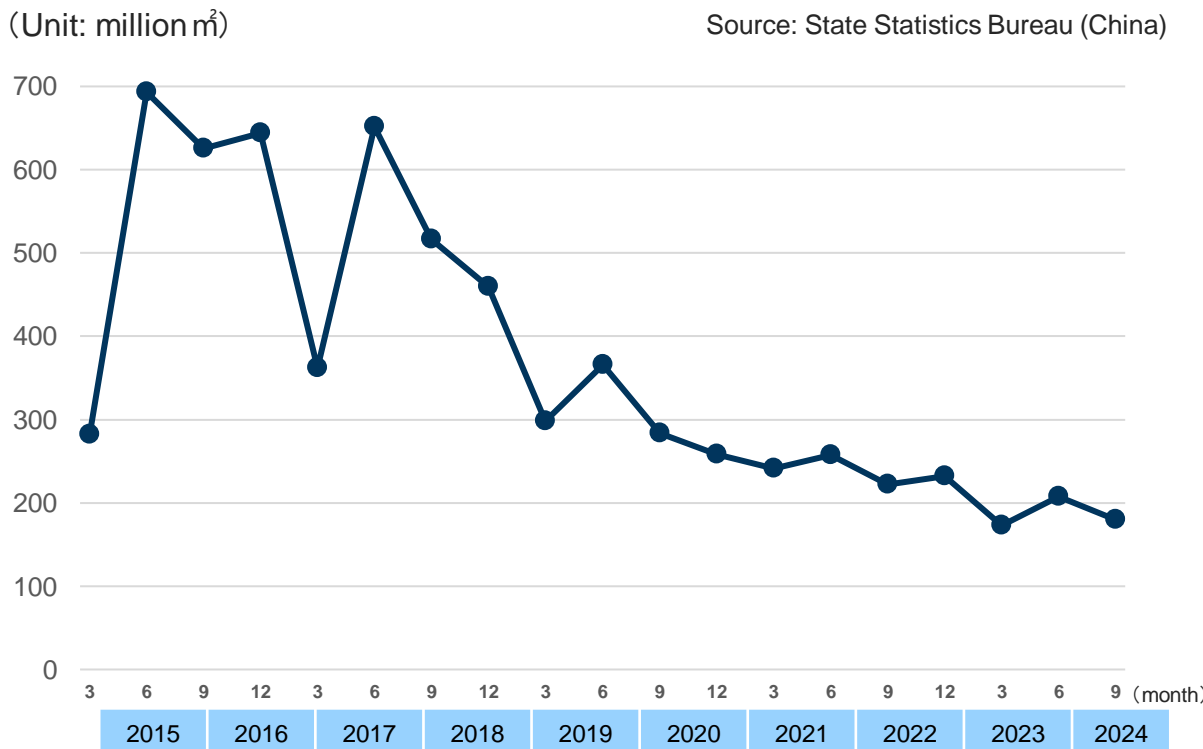
Quarterly data (2020–September 2024)



China

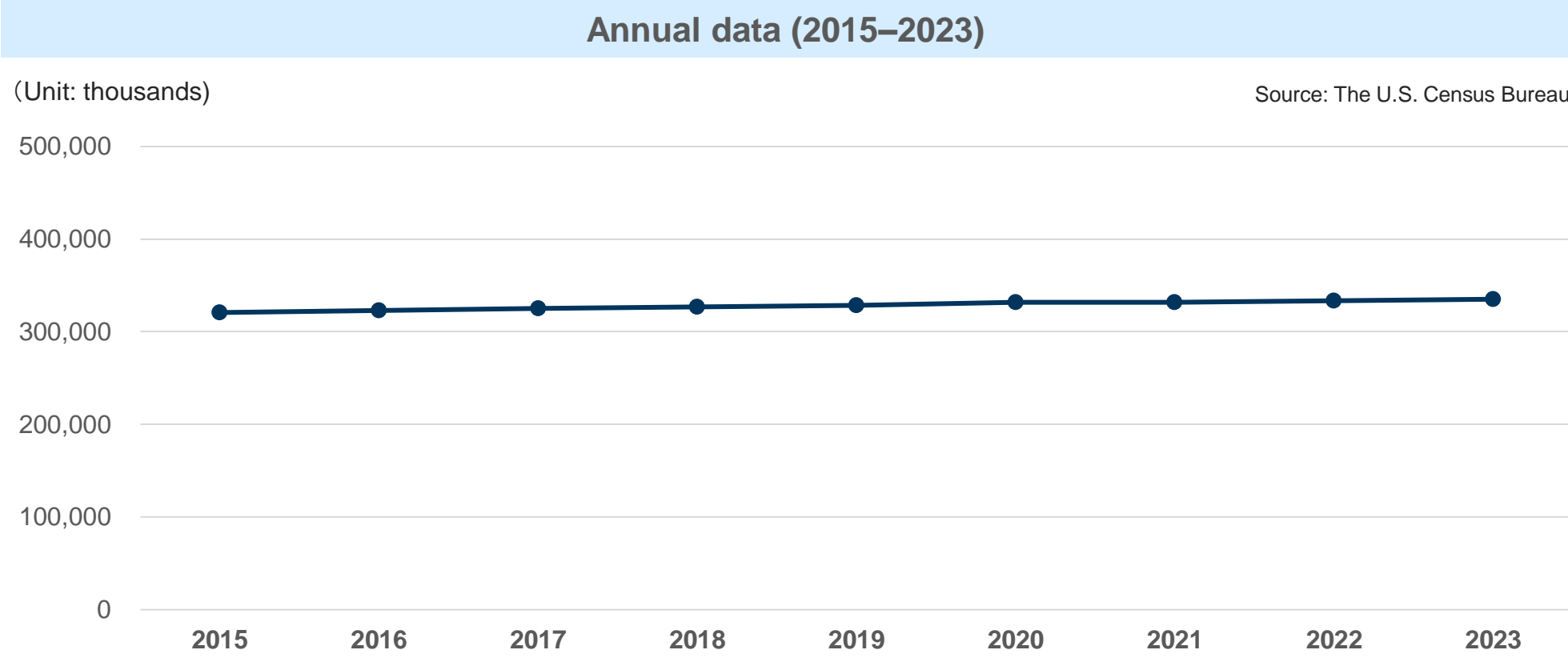
New Residential Construction Areas

Quarterly data (2020–September 2024)



- Since 2022, the Chinese property market has experienced a prolonged downturn
- The Chinese government has introduced a variety of policy measures to stabilize market growth and build confidence in both the real estate sector and the broader economy

U.S. Population Growth



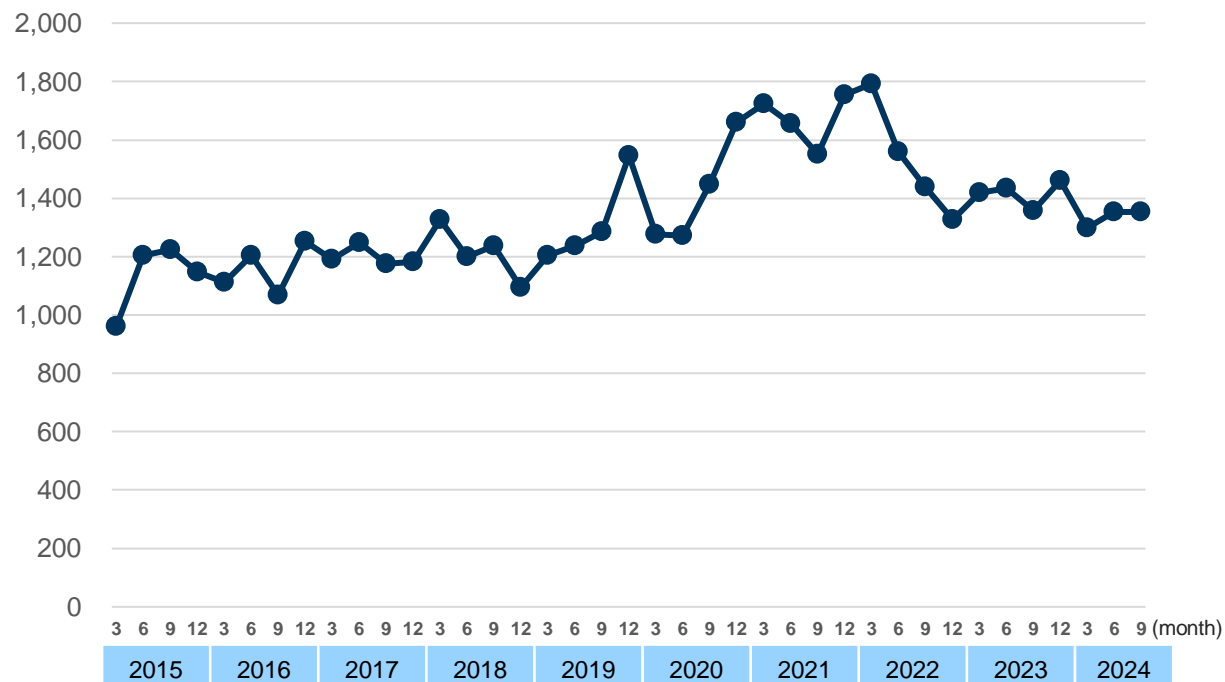
- The population has been growing steadily because of the government’s immigration policy

U.S. New Housing Starts

Monthly data (2015–September 2024)

(Unit: thousand units)

Source: The U.S. Census Bureau

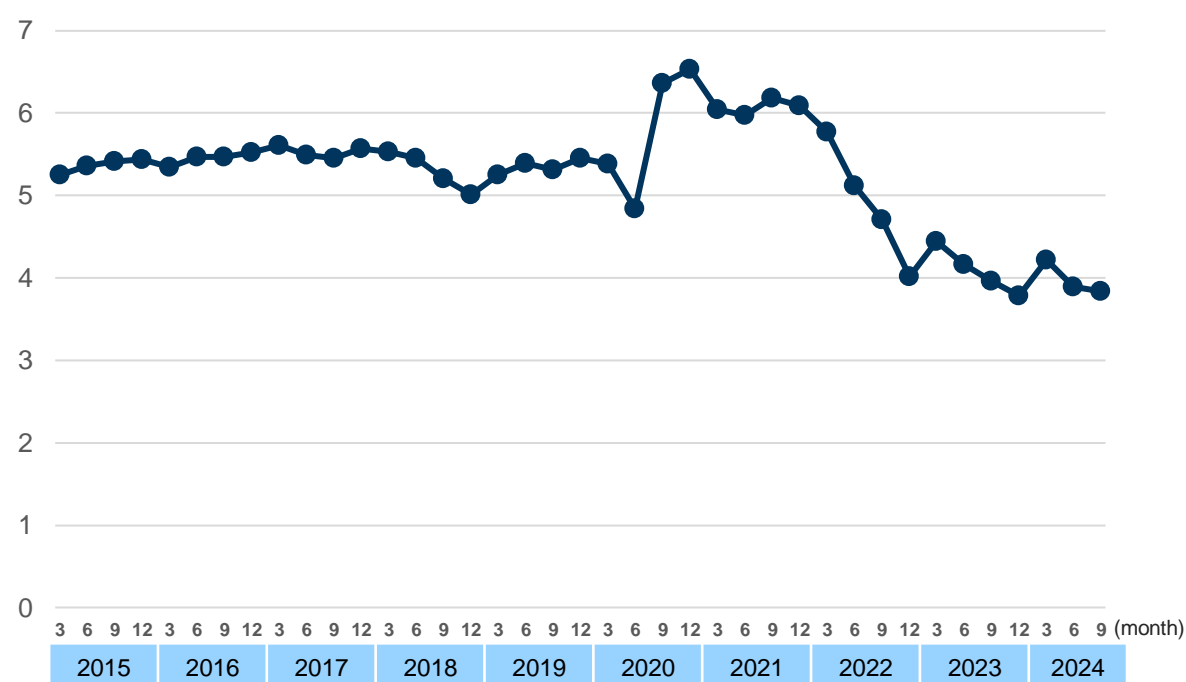


U.S. Existing Housing Market

Monthly data (2015–September 2024)

(Unit: million units)

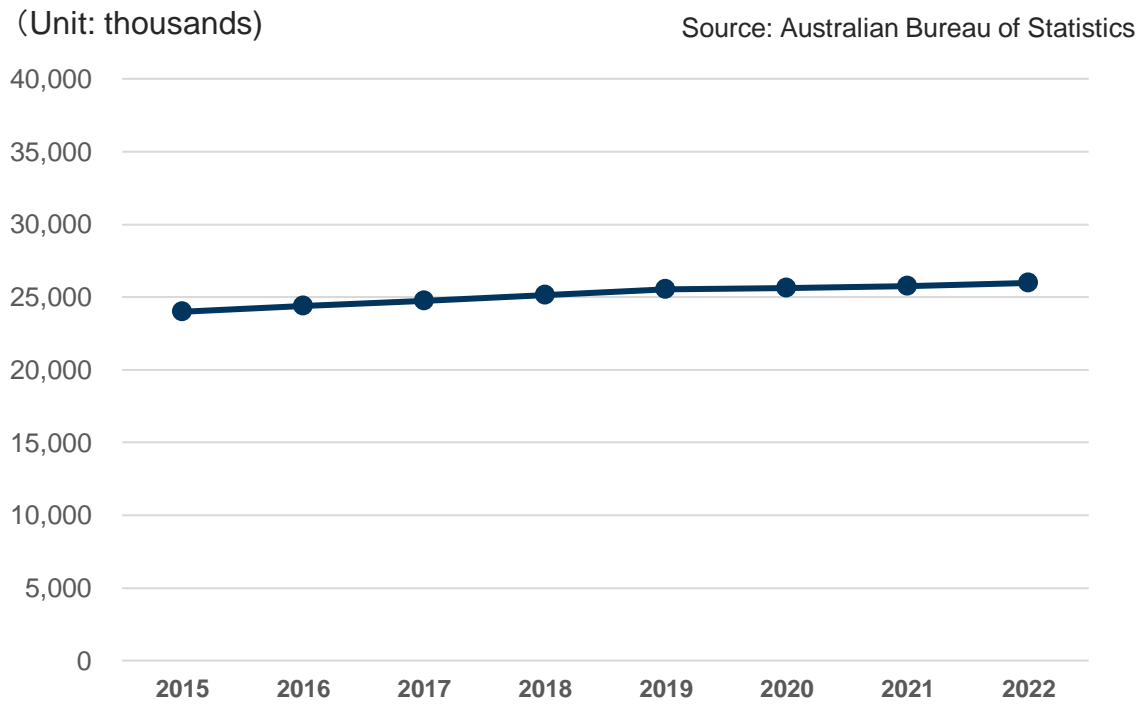
Source: The National Association of Realtors



- Due to high interest rates, growth in the US housing and related sectors has been softening

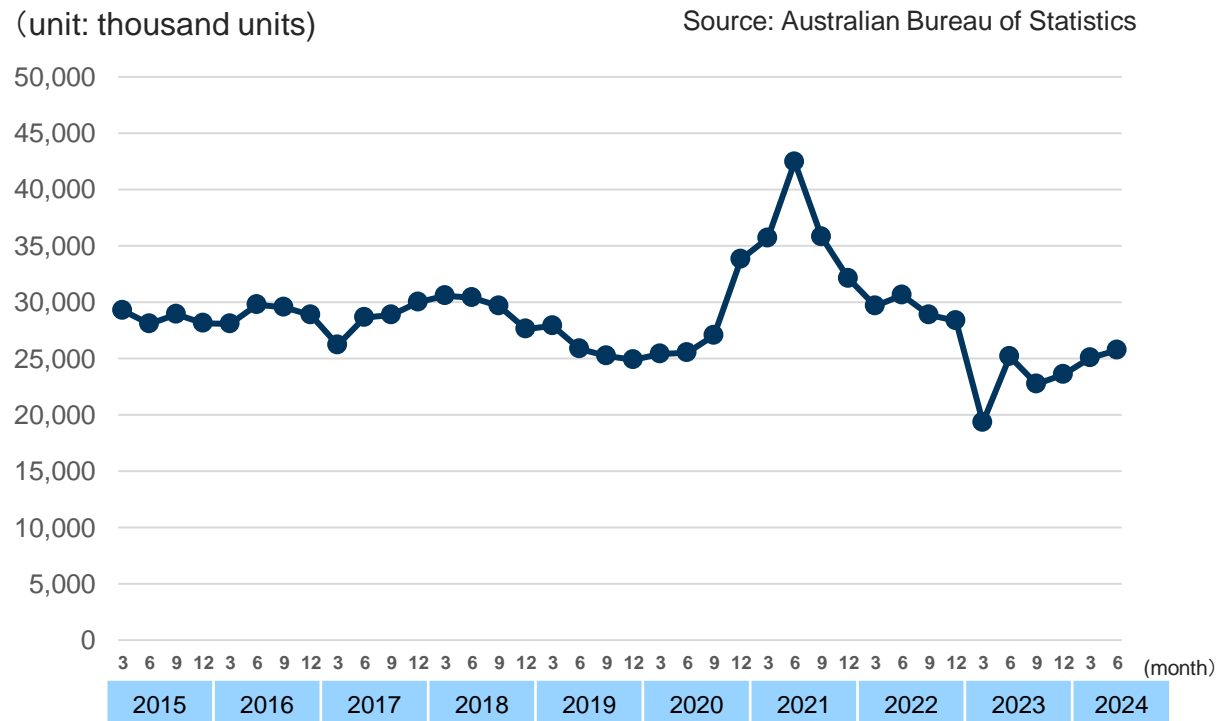
Australia Population Growth

Annual data (2015–2022)



Australia Private Dwellings Commenced (New Houses)

Quarterly data (2015–June 2024)



- Steady population growth expected to continue
- The new housing market has been softening lately primarily due to rising interest rates

Asset Assembler

Asset Assembler is a business model adopted by Nippon Paint Holdings to pursue MSV. Based on this model, we will aim for accelerated growth over the medium and long term with limited risk by assembling strong brands and excellent talent through the expansion of existing businesses and aggressive M&A.

Wuthelam Group

The Wuthelam Group, founded in 1949, operates investment business. Our partnership with Wuthelam dates back to 1962, when we jointly established Pan Malaysia Paint Industries (now Nippon Paint (Singapore) Company Private Limited) in Singapore.

Maximization of Shareholder Value (MSV)

Maximization of Shareholder Value (MSV) is the sole mission of the Nippon Paint Group. We seek to create wealth by maximizing the residual shareholder value that remains after fulfilling our obligations to customers, suppliers, employees, and society.

Autonomous and decentralized management

Autonomous and decentralized management is the management structure adopted by the Nippon Paint Group. Based on Trust of Group partner companies in Japan and around the world, the Nippon Paint Group will carry out management based on delegation of authority combined with accountability, allowing our partner companies in every region to collaborate with each other pursuing autonomous growth.

Paint and Coatings Business

Our business comprises five business domains: automotive coatings, decorative paints, industrial coatings, fine chemicals, and other paints.

Adjacencies Business

Adjacencies Business provides Adjacent products, such as sealants, adhesives & fillers (SAF) and construction chemicals (CC). Similar to the paint market, the paint related market is expected to growth with construction demand. In addition, this is a capex-light business and has distribution networks that share many common features with paint distribution networks.

NIPSEA Group

NIPSEA Group is a partner company of the Nippon Paint Group and a leading paint manufacturer in Asia operating in 22 countries and regions with 95 manufacturing facilities. Established in 1962 as a joint venture between Wuthelam and NPHD in 1962, NIPSEA Group became a consolidated subsidiary of NPHD in 2014 and was fully integrated by NPHD in 2021.

Partner company

The term that refers to consolidated subsidiaries of Nippon Paint Holdings

LiBang

LiBang is the Nippon Paint Group's brand deployed in the paint market in China. This brand has been awarded the Outstanding Brand Award at the China Economic Summit for three years in a row, and has built a powerful presence backed by the Group's excellent technological and marketing capabilities, earning high levels of customer satisfaction.

NIPPON PAINT GROUP

<https://www.nipponpaint-holdings.com/en>

Contact

Nippon Paint Holdings Co., Ltd. Investor Relations

Email: ir_kouhou@nipponpaint.jp

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Actual operating results, financial positions, and any other results of Nippon Paint Holdings and the Nippon Paint Group are subject to change due to risks and factors including economic conditions in Japan and other countries, business trends, competition with other companies, changes in laws and regulations, technological innovations and foreign exchange fluctuations. As a result, the actual results and performance, etc. of Nippon Paint Holdings and the Nippon Paint Group may differ significantly from the content presented herein the content inferred from the statements made herein.

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