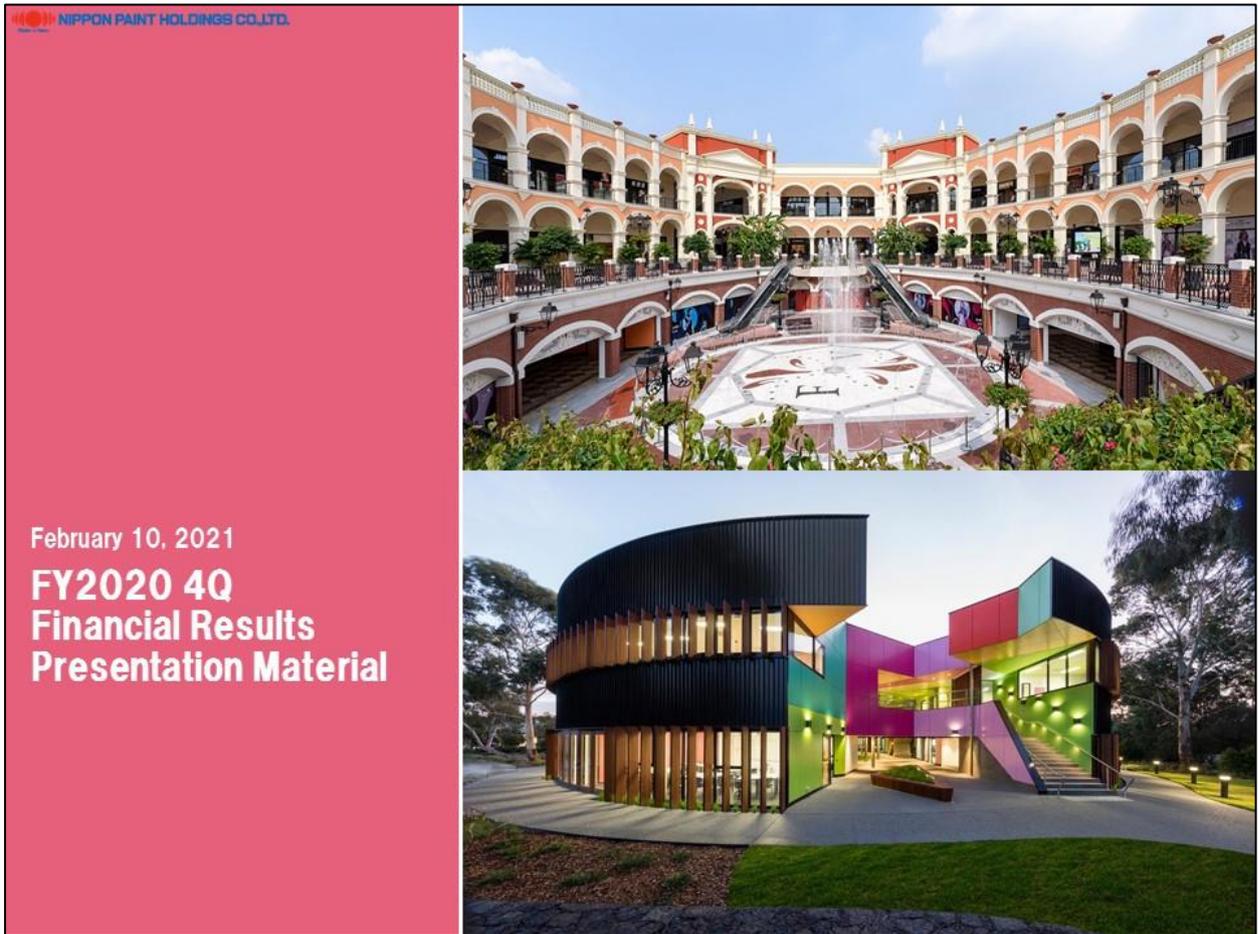


FY2020 4Q Financial Results Conference Call Presentation Summary

February 10, 2021



Good evening everyone. I am Yuichiro Wakatsuki, chief financial officer of Nippon Paint Holdings. Thank you for taking the time today to participate in our conference call regarding financial results for the 4Q and FY2020 and forecast for FY2021.

Today's teleconference is being streamed live (voice only) on the Internet. As with the third quarter conference call, this call is held in Japanese and English with simultaneous interpretation.

1-1. Summary of Today's Presentation (1) FY2020

| | |
|---|--|
| <p>FY2020 YoY Growth Rate ('Tanshin') Revenue: +12.9% Operating profit: +11.4%</p> <p>('Non-GAAP') Revenue: -0.1% Operating profit: -18.5%</p> | <p>◆ Our earnings were impacted by COVID; but we achieved record earnings (revenue of ¥781.1 bn and operating profit of ¥86.9 bn) on a Tanshin basis due to full-year contribution* of DuluxGroup and Betek Boya and recovery that started in 3Q, mainly in China</p> <p><Primary reasons></p> <ul style="list-style-type: none"> ◆ NIPSEA China returned to YoY revenue growth in 2Q due to better overall consumer sentiment ◆ Betek Boya reported higher revenue due to consistently strong market conditions since 1Q and sales promotion activities ◆ DuluxGroup reported higher revenue as home improvement demand remained high throughout the year ◆ In Japan, lower revenue and operating profit due to slow recovery from COVID, higher personnel expenses and other reasons |
| <p>FY2020 Results (vs. November forecast) ('Tanshin') Revenue: +2.8% Operating profit: +14.4%</p> | <p><Primary reasons></p> <ul style="list-style-type: none"> ↑ Recovery of automobile production in Japan and overseas ↑ Higher demand at NIPSEA China due to continuing expansion of new construction project market ↑ Higher than expected demand at Betek Boya fueled by increased sales promotion and incentives driving higher sales <p>◆ Revenue and operating profit surpassed our previous forecast, despite higher SG&A expenses including advertising expenses at group companies in line with our November 2020 assumptions</p> |
| <p>NIPPON PAINT HOLDINGS GROUP</p> | <p><small>*DuluxGroup: Revenue of ¥148.3 bn, Operating profit of ¥16.1 bn Betek Boya: Revenue of ¥36.2 bn, Operating profit of ¥4.9 bn</small></p> |

I would like to begin by summarizing our results of operations in FY2020.

In FY2020, both revenue and operating profit increased YoY on a Tanshin basis (figures based on legal disclosure) to record highs. The major reasons are a remarkable recovery of the NIPSEA China business on a full-year basis and the consolidation of the strong full-year results of DuluxGroup and Betek Boya, which were acquired in 2019.

The results significantly surpassed our full-year guidance released in November 2020 that forecast revenue at 760 billion yen and operating profit at 76 billion yen. This is from the result of a recovery in automotive coatings demand and better-than-expected results at NIPSEA China and Betek Boya. In addition, our operating profit growth more than offset substantial sales promotion expenses and investments for growth in FY2021 implemented in the 4Q of FY2020 as scheduled.

1-1. Summary of Today's Presentation (2) FY2020 4Q

FY2020 4Q YoY Growth Rate



('Tanshin')

Revenue: +11.2%

Operating profit: +102.0%

('Non-GAAP')

Revenue: +13.6%

Operating profit: -5.4%

◆NIPSEA China (YoY Growth):

Revenue: +22.7%, Operating profit: +13.1%

(1) Project revenue: +34% due to continued recovery of new construction projects and higher share in key and strategic customers

(2) DIY revenue: +21% due to demand recovery

◆Overall automotive business revenue returned to growth due to recovery of automobile production to prior-year levels in Japan and overseas

◆Steady contribution from Betek Boya due to higher demand and sales from increased sales promotion and incentives and from DuluxGroup with ongoing DIY demand, influenced by COVID enhanced home improvement activity

◆Betek Boya and DuluxGroup were acquired more than one year ago, and our 'Non-GAAP' results include their 12 months results beginning from 4Q

◆Lower profit in Japan due to lower revenue resulting from COVID resurgence and higher personnel and advertising expenses

◆Lower procurement cost of raw materials in all regions contributed to higher operating profit, although raw materials costs are gradually increasing

Page 4 covers our results for the 4Q of FY2020.

Our 4Q earnings include the results of DuluxGroup and Betek Boya, both on a Tanshin basis and Non-GAAP basis, which are figures principally without the effects of acquisitions. Operating profit on a Tanshin basis was much higher than in the 4Q of FY2019, when there was an impairment loss in the Europe segment and the India business. Operating profit on a Non-GAAP basis, which excludes this one-time factor, decreased YoY as expected, but the decrease was only 5.4%. The YoY revenue growth was higher on a Non-GAAP basis than on a Tanshin basis because the Non-GAAP basis is revenue at constant exchange rates. The major reason for the difference between the Tanshin revenue and Non-GAAP revenue is exchange rates.

The most noteworthy aspect of the decorative paints business at NIPSEA China is the ability of this business to achieve stable growth, with Project revenue growing by 34% and DIY revenue growing by 21% YoY.

When we announced our 3Q financial results in November 2020, I mentioned that our forecast for FY2020 might be somewhat conservative. We now know that was a conservative forecast. However, market conditions are highly volatile and uncertain, and the outlook, including for the impact of COVID-19 pandemic, remains unclear.

1-1. Summary of Today's Presentation (3) FY2021 Forecast

| | |
|---|---|
| <p>FY2021 Consolidated Earnings Forecast ('Tanshin') Revenue: ¥890 bn Operating profit*1: ¥92 bn Operating Profit*2: ¥87 bn Profit: ¥67 bn</p>  | <ul style="list-style-type: none"> ◆ For FY2021, we forecast record results in terms of revenue and operating profit due to stable growth in all regions and businesses and effects of full capture of profits of Asian JVs and new consolidation (Sales) <ul style="list-style-type: none"> ◆ Around 7% YoY growth in consolidated revenue expected for existing businesses ◆ Assume continuing faster growth in Asia centered on China, recovery of automotive market globally and of decorative market in Japan, and growth of Betek Boya in Europe expected. DuluxGroup expecting modest YoY revenue growth (relative to abnormal COVID-19 enhanced demand that began in March 2020), with some operating margin expansion (Expenses) <ul style="list-style-type: none"> ◆ Raw materials cost ratio is expected to increase slightly from prior-year levels in view of current market conditions ◆ Make substantial investments centered on Japan aimed for sustainable growth in the medium to long term ◆ Assume one-time expenses of around ¥5.0 bn, centered on expenses associated with integration of Asian operations, such as stamp tax |
| <p>FY2021 EPS Forecast ¥29.17</p>  | <ul style="list-style-type: none"> ◆ EPS forecast is ¥29.17 (after stock split) ◆ Annual dividend forecast is ¥10 per share (after stock split; including commemorative dividend of ¥1 per share) ※ Annual dividend forecast of ¥45 and a commemorative dividend of ¥5 per share before adjusting for the stock split |

※1 Before one-time expenses accompanying acquisition of Asian JVs, etc.
 ※2 After one-time expenses accompanying acquisition of Asian JVs, etc.

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Please turn to page 5, which is our forecast for FY2021.

We expect a stable recovery and growth of around 7%, excluding the effects of new consolidations, although the picture will remain mixed from region to region as I just mentioned. After adding the earnings of the Indonesia and India businesses, which are newly consolidated companies, we expect to achieve record results for FY2021. We forecast revenue of 890 billion yen and operating profit of 87 billion yen. Operating profit includes one-time expenses of around 5 billion yen related to integration of Asian operations, including stamp tax, and the step-up in inventory costs resulting from Purchase Price Allocation (PPA). Operating profit excluding these one-time expenses is projected to be 92 billion yen.

We completed the acquisition of 100% ownership of the Asian JVs and the Indonesia business on January 25 this year. However, after consulting with our auditing firm, we will be using January 1, 2021 as the acquisition date for accounting purposes. This acquisition date applies to all our financial figures on this page and in the remainder of this presentation.

I will explain our regional performance later. We expect the cost of raw materials will slightly increase in view of the current market conditions. In addition, as we mentioned at the presentation for institutional investors on February 21, 2020, we will make decent capital investments in Japan to aim for sustainable growth. These higher expenses will put pressure on profits in the short run.

Our board of directors approved a resolution today to implement a five-for-one stock split with a record date of March 31, 2021. The purpose is to improve the liquidity of our stock and make the stock more accessible to a broader base of investors as well as our Group's employees and others by reducing the price per investment unit.

EPS after the stock split is forecast to be 29.17 yen.

We will celebrate the 140th anniversary of our founding in March 2021. As our Group's earnings are growing steadily, we will pay a commemorative dividend for this anniversary. As a result, the annual dividend for FY2021 after the stock split will be 10 yen per share. This is the sum of an ordinary dividend and commemorative dividend of 4 yen and 1 yen, respectively, for the first half and an ordinary dividend of 5 yen for the second half of FY2021.

1-2. FY2021 Forecast (Indonesia and India Businesses)

| Indonesia (For reference) | (Billion yen) | FY2019 | FY2020 | FY2021 |
|------------------------------|---------------|---------|---------|----------|
| | | Results | Results | Forecast |
| Revenue | | 33.9 | 30.3 | +10~15% |
| Operating profit | | 10.3 | 10.2 | |
| OP margin | | 30.3% | 33.8% | 30~35% |

| India (For reference) | (Billion yen) | FY2019 | FY2020 | FY2021 |
|--------------------------|---------------|---------|---------|----------|
| | | Results | Results | Forecast |
| Revenue | | 19.6 | 17.1 | +15~20% |
| Operating profit | | 0.2 | 0.0 | |
| OP margin | | 1.1% | 0.3% | 0~5% |

※ FY2019 and FY2020 results are pro-forma management figures
 ※ Assumptions for exchange rates
 ・IND/JPY=¥1.58
 ・IDR/JPY=¥0.0074

FY2020 results (For reference)

- In Indonesia, lower revenue and profit due to decline in household consumption, a driver of economic growth, due to COVID, but market share increased in both decorative paints and industrial coatings
- In India, lower revenue and profit due to escalating COVID impact mainly in southern India

FY2021 forecast

- In Indonesia, higher revenue and profit expected due to recovery from COVID and increased penetration of CCM (Computerized Colour Matching) systems
- In India, higher revenue and profit expected due to recovery from COVID and stepped up sales promotion activities

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This page provides information about the performance and outlook for the Indonesia and India businesses, which are newly consolidated. All financial figures for the two businesses on this page are provided for reference only. Before the consolidation, the India business was an affiliate accounted for using the equity method based on our 50% ownership. As a result, revenue and operating profit are newly consolidated beginning in FY2021.

As I explained at the presentation on August 21, 2020 about the acquisition of the Asian JV Stake and Indonesia business, the performance of the Indonesia business was affected by the presidential election in Indonesia in 2019. In addition, COVID-19 had a greater-than-expected impact on this business in FY2020, causing both decorative paints and industrial coatings revenue to decline from FY2019. However, we believe that our market share in Indonesia is increasing steadily even amid the challenging environment created by COVID-19. Therefore, we forecast a double-digit revenue growth and a high operating profit margin in the Indonesia business in FY2021.

In the India business, revenue and operating profit decreased in FY2020 due to COVID-19. However, we forecast higher revenue and operating profit in FY2021 driven by a recovery of market conditions and enhanced sales promotion activities.

Let me reiterate that the results of the Indonesia and India businesses in FY2020 are provided for reference only.

I will skip the pages 7 and 8 and move on to recent topics.

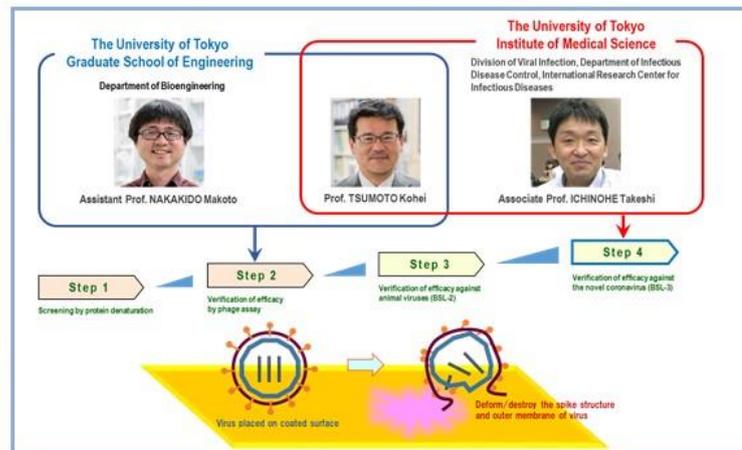
1-4. Major Topics After Announcement of 3Q Results ①

Started initiatives for reducing infection risk based on industry-academia co-creation agreement (announced on Nov. 24)

- Water-based paint with photocatalytic properties proven effective in suppressing SARS-CoV-2 virus (COVID-19) based on joint test with the Noguchi Memorial Institute for Medical Research at University of Ghana
- Began joint testing with the University of Tokyo to verify the efficacy of products under actual conditions of use in suppressing SARS-CoV-2 (including variant strains)
- Commenced development of new technology to visualize anti-viral properties



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This page explains our initiatives for reducing the risk of COVID-19 infections.

Nippon Paint Holdings launched a social cooperation program titled “Creation of Innovative Coating Technologies” at the University of Tokyo in October 2020. Since then, we have been conducting joint research projects with a focus on three themes: contributing to reducing the risk of infectious diseases, contributing to smart/remote society, and contributing to reducing environmental burdens and controlling social costs.

In October 2020, we verified the efficacy of our water-based paint with photocatalytic properties in inactivating COVID-19 in a laboratory setting, based on a joint research project with the Noguchi Memorial Institute for Medical Research at University of Ghana.

In November, the University of Tokyo began testing to verify the efficacy of our paint in inactivating COVID-19 under actual conditions of use. Testing for the verification of efficacy against COVID-19, including variant strains, is progressing.

1-4. Major Topics After Announcement of 3Q Results ②

Started selling PROTECTON Interior Wall VK-200 for DIY (announced on Dec. 18)

- An affordable indoor-use anti-viral and anti-bacterial water-based paint using a visible light-responsive photocatalyst, featuring improved workability and ease of application. This product is available in small volumes for home use
- The second anti-viral paint for DIY following the PROTECTON Interior Paint Premium released on Sep. 4
- Launched PROTECTON Interior Wall VK-200 paint for commercial use on Oct. 28



PROTECTON Interior Wall VK-200 for DIY



【Online shop site】
NIPPE HOME ONLINE
<https://www.nippehome-online.jp/>
(only in Japanese)

In September 2020, we launched PROTECTON, a new brand for anti-viral and anti-bacterial products. We have started selling two DIY and home-use products and two commercial-use products. Both have been well received. In FY2021, we plan to release a number of new anti-viral and anti-bacterial products using the PROTECTON brand.

1-4. Major Topics After Announcement of 3Q Results ③

Completed reorganization of automotive operations in the Americas (announced on Jan. 18)

- Nippon Paint Automotive Coatings Co., Ltd. (NPAC) completed reorganization of its automotive coatings business in the Americas on Jan. 1, 2021
- The automotive coatings business in Europe to commence operations under the new organization from early July 2021
- The reorganization will significantly enhance our quality assurance system worldwide
- Aim to become the leading company in automotive coatings by providing products and one-stop integrated services that more accurately meet customer needs through the reorganization in Europe and the Americas



Presentation material released on October 1, 2020



NPAC's new organizational structure

We are making steady progress with the global reorganization of the automotive coatings business, which was announced in October 2020. This reorganization will further strengthen the automotive coatings business by taking actions that include substantial investments in Japan. The aim is to establish a structure that allows us to quickly provide products and one-stop integrated services to customers and significantly upgrade our global quality assurance system.

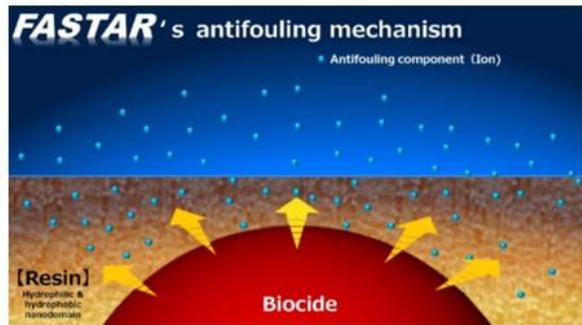
1-4. Major Topics After Announcement of 3Q Results ④

Started selling FASTAR next-generation industry-first nanotechnology-based hydrolysis antifouling paint in January (announced on Jan. 22)

- A marine-environment-friendly product that reduces elution of antifouling agents by up to 50% compared with conventional products
- Reduces vessel fuel consumption by around 8% by incorporating our unique water trap technology, contributing to reduction of CO₂ emissions and costs
- Reduces paint application man-hours by up to 37%, which reduces time needed for renovation projects
- FASTAR supports ESG-driven management at customers around the world



FASTAR Hydrolysis Antifouling Paint



FASTAR's antifouling mechanism

We are increasing the speed of the development of environmentally friendly products as part of our commitment to ESG. In January 2021, Nippon Paint Marine Coatings launched FASTAR, an environmentally friendly antifouling paint. This industry-first nanotechnology-based product is a marine-environment-friendly paint that significantly reduces elution of antifouling agents. The paint is designed with energy-efficiency specifications that can reduce CO₂ emissions, thereby contributing to ESG integrated business operations at customers.

1-4. Major Topics After Announcement of 3Q Results ⑤

Completed acquisition of Asian JV stake and Indonesia business (announced on Jan. 25)

- Transactions closed on January 25, 2021
- Realizing substantial earnings growth as well as minority protection and Maximization of Shareholder Value (MSV) by aiming to capture the growing demand in Asian markets



Presentation material dated Aug. 21, 2020



Capital ownership structure

Our acquisitions of 100% ownership of the Asian JVs and the Indonesia business closed on January 25, as I mentioned earlier.

1-4. Major Topics After Announcement of 3Q Results ⑥

Issuer credit rating from R&I upgraded from “A-” to “A”

(announced on Feb. 4)

- The upgrade reflects the NPHD Group’s creditworthiness as the leading paint manufacturer in Asia
- The acquisition of Betek Boya and DuluxGroup has resulted in robust earnings growth despite the impact of COVID
- Our Group implemented large strategic investments including acquisitions of Betek Boya and DuluxGroup, as well as acquisitions of Asian JV stake and Indonesia business, while enhancing financial soundness at the same time. This led to the upgrade of our issuer rating to “A.”



Press release dated Feb. 4, 2021

On February 4, our issuer credit rating from Rating & Investment Information (R&I) was upgraded from “A-” to “A.” We believe the upgrade reflects our ability to acquire the Asian JV stake and Indonesia business while enhancing financial soundness at the same time. We believe that another reason is our Group’s ability to deliver robust earnings growth despite the impact of COVID-19.

1-4. Major Topics After Announcement of 3Q Results ⑦

Notice Regarding Stock Split and Associated Amendment to the Articles of Incorporation (announced on Feb. 10)

- Aimed to improve the liquidity of our stock and make the stock more accessible to a broader base of investors as well as our employees and others by reducing the price per investment unit
- Each share held by shareholders as of the record date of March 31, 2021 will be split into five shares
- There is no change to the year-end dividend forecast for the fiscal year ended December 31, 2020 of 23 yen per share

(2) Outline of the stock split

① Method of the stock split
Each share of common stock owned by shareholders listed or recorded in the final register of shareholders as of the record date of Wednesday, March 31, 2021 will be split into five shares.

② Number of shares to be increased by the stock split

| | |
|---|----------------------|
| Total number of shares prior to the stock split | 474,102,443 shares |
| Number of shares to be increased by the stock split | 1,896,409,772 shares |
| Total number of issued shares following the stock split | 2,370,512,215 shares |
| Total number of authorized shares following the stock split | 5,000,000,000 shares |

③ Schedule of the stock split

| | |
|------------------------------|---------------------------|
| Public notice of record date | Friday, March 12, 2021 |
| Record date | Wednesday, March 31, 2021 |
| Effective date | Thursday, April 1, 2021 |

Press release dated February 10, 2021

This page explains the stock split I mentioned earlier.

As I stated at the presentation for the 3Q of FY2020, there have been many significant events at our Group over a short period. We will continue to deepen communications with investors without easing up on the speed of management.

I will discuss the information in the next page and remainder of this presentation more thoroughly during the Q&A session. Next, I would like to explain page 21.

3-2. Growing Potential of Chinese Paint Market (Market Share Reexamination)



Changes in DIY/Project markets

- In the Chinese paint market, demand previously was mainly for new houses. However, demand for renovating existing houses has recently grown rapidly
- Home renovation demand is expected to make the Project market very large. In addition, DIY market is expected to grow significantly
- We will respond to changes in the market with flexibility and focus efforts on increasing our share in the redefined market
- Based on this outlook, we need to reexamine our market share based on the conventional definition of market categories. Accordingly, we withdrew our market share figures published last year (DIY share: 36%, Project share: 17%.) Instead, we will disclose qualitative information highlighting market developments for the time being

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To determine NIPSEA China's market share, we have mainly looked at the market for new housing construction to estimate the size of the Chinese paint market. However, demand for renovating existing housing has been growing rapidly. Combining these sectors will make the Chinese project market much larger.

We are responding to market changes with flexibility and aggressively take actions to increase our market share, including in the market for renovating existing houses. We believe that we can shift to a much broader view of the overall paint market, including the DIY category. As a result, our previously announced market shares do not correspond to the markets that we are targeting. Therefore, we are withdrawing our paint market share figures for China for now.

The expansion of the market has opened up an opportunity for us to further increase our market share. We will continue activities aimed at expanding our share of the redefined market by leveraging our Group's comprehensive capabilities.

4-1. FY2021 Forecast

| (Billion yen) | Tanshin | | | |
|---|-------------------|--------------------|------------|-----------------|
| | FY2020 Results | FY2021 Forecast | YoY (%) | YoY (Amount) |
| Revenue | 781.1 | 890.0 | 13.9% | 108.9 |
| Operating profit (before Asian JV acquisition costs, etc.) | 86.9 | 92.0 | 5.8% | 5.1 |
| OP margin (before Asian JV acquisition costs, etc.) | 11.1% | 10.3% | - | -0.8pt |
| Asian JV costs, etc. | - | -5.0 | - | - |
| Operating profit | 86.9 | 87.0 | 0.1% | 0.1 |
| OP margin | 11.1% | 9.8% | - | -1.4pt |
| Profit [※] | 44.6 | 67.0 | 50.1% | 22.4 |

※Profit attributable to owners of parent

Overview

•FY2021 forecast projects record earnings in revenue and operating profit due to stable growth in all regions and businesses and effects of new consolidation

<Exchange rate for P/L (average rate) >

| | FY2020 | FY2021 |
|---------|--------|--------|
| JPY/USD | 106.4 | 105.0 |
| JPY/RMB | 15.4 | 15.7 |
| JPY/AUD | 73.7 | 75.0 |

Revenue

- Around 7% YoY growth in consolidated revenue expected in existing businesses
- Strong growth expected to continue in China and other regions of Asia and forecast a recovery of the global automotive market and the Japanese decorative market, and growth of Betek Boya in Europe

Expenses

- The raw materials cost ratio is expected to increase based on current market conditions
- Substantial investments and expenses will be allocated primarily to Japan for sustainable growth in the medium to long term. Main investments are: ① Promotion of DX, ② Strengthen human resources and audit functions, ③ Strengthen R&D, ④ Marketing expenses, aimed to boost anti-viral brand sales
- Assume one-time expenses of around ¥5.0 bn, centered on expenses associated with integration of Asian operations, such as stamp tax

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My final topic is our earnings forecast for FY2021, which starts on page 30.

Our earnings forecast for FY2021 on page 30 is as I stated at the beginning of this presentation.

Regarding expenses, the cost of raw materials is expected to increase slightly compared with FY2020. In addition, we plan to make substantial investments primarily in Japan for sustainable medium to long-term growth. As I have been stating since last year, the restructuring and automation of factories and streamlining of logistics are urgent issues that can't wait. We will move on to the stage of executing investments starting this year.

We intend to make these investments with a long-term horizon rather than a short-term perspective such as three years. Our investment time horizon will be around seven years for the time being, and we will plan capital investments over this time horizon. In addition, we intend to review our capital investment plan over a three-year span, for instance, to establish an optimal system, rather than using a fixed time span for reviewing the plan during the seven-year time horizon.

We plan to make capital investment of approximately 44 billion yen worldwide, which is not shown in this presentation. This is higher than the estimated amount of capital investments of 38.9 billion yen in FY2020, shown on page 53. Note that capital investments are depreciated over time and not expensed immediately. As we will take actions for sales growth in the meantime, the proportion of depreciation expenses to revenue will not increase significantly.

4-2. Market & Business Environment (FY2021)

| | Japan | Asia (NIPSEA China) | | Oceania | Americas |
|---------------------|-------|---------------------|---------|---------|----------|
| Automotive coatings | | | | | |
| Decorative paints | | DIY | Project | | |



Market analysis

- ✓Automotive: In Japan, recovery of automobile production to continue from 4Q of FY2020
In China, market projected to recover to the FY2019 level due to continuing recovery of automobile production
In the Americas, automobile production to rebound sharply after substantial production cuts in FY2020 due to COVID
- ✓Decorative: In Japan, the overall market is expected to recover from the COVID downturn
In China, both DIY and Project markets are expected to grow with favorable economic and market conditions continuing
In Oceania, we expect the abnormal positive COVID impact on DIY home improvement demand in FY2020 to progressively normalize from March FY2021
In the Americas, housing market is expected to remain strong due to continuing low interest rates

This page provides our outlook for market conditions in FY2021.

Market conditions will remain unpredictable. Compared with FY2020, when the market was hit by COVID-19, we forecast a flat to positive growth outlook for the markets for our businesses in FY2021. In this business environment, we will take actions for further increasing our market share.

4-3. Assumptions for FY2021 Forecast (1)

Japan

| | FY2021 Forecast | Qualitative Information |
|-------------------|-----------------|---|
| Revenue | c. +5% | |
| Automotive | ±0% | Revenue expected to be on prior-year levels due to uncertainty of COVID impact, despite continuing recovery of automotive market |
| Decorative | c. +10% | Higher revenue expected due to overall recovery of the market, although DIY demand due to COVID-enhanced home improvement activity expected to normalize. Focus on marketing and sales promotion activities and development of new functional and high profitability products |
| Industrial | c. +15% | Market recovery expected in coil sector from 2Q and agricultural and construction machinery sectors from 1Q. Higher revenue expected due to market share gains resulting from sales promotion activities in the powder coatings business |

NIPSEA China

| | FY2021 Forecast | Qualitative Information |
|-------------------------|-----------------|---|
| Revenue | c. +10% | |
| Decorative (DIY) | c. +10% | Full-year revenue expected to increase, assuming that market growth continues, with measures such as supplying value-added products, expanding sales channels, and making brands more powerful |
| Decorative (PRJ) | c. +20% | Full-year revenue expected to grow steadily assuming that brisk construction demand continues amid favorable economic and market conditions, with measures such as continuing to focus on partnerships and increasing share in key and strategic customers and expanding product line |
| Automotive | +5~10% | Full-year revenue expected to increase due to recovery of automobile production |

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Pages 32 to 35 show our assumptions for FY2021 by region. We expect revenue growth of around 20% in the Project segment and around 10% in the DIY segment, YoY, in FY2021 in the decorative paints business in China.

4-3. Assumptions for FY2021 Forecast (2)

Asia Excepting NIPSEA China

| | FY2021 Forecast | Qualitative Information |
|-----------------------------|-----------------------|---|
| Asia Excepting NIPSEA China | +5~10% | In automotive coatings, strengthen partnerships with customers by supplying high quality paints and strengthening technical support. A slow market recovery expected. In decorative paints, higher revenue expected as the market recovers by expanding anti-viral and Selseys product lines and reinforcing the Project business |
| Asia (Indonesia) | For reference +10~15% | Higher revenue and profit due to recovery from COVID, higher penetration of CCM, and store network expansion FY2020 (for reference) : Revenue: ¥30.3 bn, Operating profit: ¥10.2 bn |
| Asia (India) | For reference +15~20% | Significant revenue and profit growth expected due to market recovery and strengthened sales promotion activities FY2020 (for reference) : Revenue: ¥17.1 bn, Operating profit: ¥0.0 bn |

Oceania

| | | |
|---------|-------|---|
| Revenue | +0~5% | Modest revenue growth expected following very strong FY2020 |
|---------|-------|---|

※Figures are in local currencies

In the Oceania segment, we expect that demand growth will normalize in FY2021 after the COVID-enhanced DIY demand for home improvement activity in FY2020 and return to the FY2019 levels. Therefore, we expect a modest revenue growth in FY2021 compared with FY2020. Meanwhile, we expect the operating profit margin to increase in FY2021 compared with FY2020 because we expect that investments for growth implemented in the second half of FY2020 will start producing benefits.

4-3. Assumptions for FY2021 Forecast (3)

Americas

| | FY2021 Forecast | Qualitative Information |
|------------|-----------------|--|
| Revenue | c. +5% | |
| Automotive | +5~10% | Higher revenue expected as production expected to rebound sharply after significant cuts due to COVID in FY2020 |
| Decorative | c. +5% | Higher revenue expected due to the outlook for strong housing demand fueled by low interest rates as in FY2020, as well as promotion of DX and store network expansion |

Other

| | | |
|------------|---------|---|
| Automotive | c. +30% | Sharp revenue growth expected due to rebound from COVID-influenced weak production as with the Americas |
| Betek Boya | c. +10% | Market growth expected to continue due to ongoing economic recovery, coupled with government's stimulus programs, and higher revenue expected due to expansion of brand and product lines |

Cost of raw materials

| | | |
|-----------------------|---|--|
| Cost of raw materials | Higher raw materials costs in all regions compared with prior-year levels. We will take actions to absorb the impact of recent rise in crude oil/naphtha prices, such as by increasing productivity and tightening and upgrading procurement policies | |
|-----------------------|---|--|

※Figures are in local currencies

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We expect demand at Betek Boya will be affected by rising import prices in FY2021 due to the depreciation of the Turkish lira. However, we forecast revenue growth of around 10% on a local currency basis at Betek Boya.

In the automotive coatings business, we expect a sharp rebound from the weakness in FY2020 when automobile production stopped temporarily due to COVID-19.

CEO Masaaki Tanaka will host a presentation about our new Medium-Term Management Plan, which started in FY2021, on Friday, March 5 at 15:30. We plan to hold the presentation online, and we would appreciate your participation.

This completes my presentation, and I will now take questions.