

## Investor Briefing on Acquisition of Cromology Holding SAS Presentation Summary October 20, 2021



(Wakatsuki) Thank you very much. Good afternoon, ladies and gentlemen. I am Yuichiro Wakatsuki, Co-President of Nippon Paint Holdings. Thank you once again for gathering today despite such a short notice. We really appreciate your kind attendance. We would like to present our announced acquisition of Cromology in Europe. I will make a short speech at the beginning and then hand it over to Mr. Patrick Houlihan, Chairman and CEO of DuluxGroup which is the acquiring entity and who led the transaction.

Since joining our group in 2019, DGL, led by Mr. Houlihan, achieved a very solid growth despite the COVID-19 impact. He and his team have not only carried out growth in their own market, but also have led initiatives in the U.S. and European markets, as well as expand our businesses as evidenced in the success of the Selleys brand. The board has had numerous discussions about these areas with Mr. Houlihan and his team. The announced acquisition represents one example of such a mission which he had led very successfully. This is an excellent acquisition for us which is in line with our M&A strategy presented in our mid-term plan – low-risk decorative business, excellent brand, excellent management, and EPS accretive from year one. I really expect Cromology, in partnership with DGL, to grow further and contribute more to our MSV mission under the Nippon Paint platform.

Now, I would like to hand it over to Mr. Houlihan. Thank you.

(Houlihan) Thank you, Yuichiro, and welcome to everyone. I appreciate you joining us today so that we could take you through this important announcement about the acquisition of Cromology which is a key leading decorative paint company in Western Europe.

Before I start the presentation, I just thought I would introduce myself briefly. I have worked in DuluxGroup for 33 years. In fact, it is the only place I have ever worked, having joined as a chemist in 1989. Over that time, I have worked in many different roles and I have been the CEO for the last 14 years, nine of which we were a listed company on the Australian Stock Exchange prior to joining Nippon Paint through the acquisition. I and nearly all of our top 200 leaders have been delighted to stay on and see what we can do in our next chapter as part of Nippon Paint Group.

# Transaction Summary

## Transaction Description

- ▶ Acquisition of Cromology
  - Leading European decorative paint company with a strong portfolio of iconic brands and products
  - FY2021e sales: ~EUR 686m ; FY2021e EBITDA: EUR 80m (pre IFRS-16)

## Transaction Consideration and Timing

- ▶ EUR 1,152m cash purchase price
  - 14.4x 2021e EBITDA (pre IFRS-16)
- ▶ Transaction to be completed by H1 2022

## Transaction Rationale

- ▶ Acquisition strategy based on investing for growth led by Cromology's talented management team
- ▶ Cromology's scale in key markets in Western Europe, together with its leading brands and strong controlled trade distribution network, provide opportunity for growth through leveraging NPG's global scale and DGL's deco paint capabilities in trade and DIY channels

## Financial Impact for NPG

- ▶ EPS accretive from the first year<sup>1</sup>
- ▶ Fully financed through existing cash and new debt facilities. No issuance of new shares required
- ▶ Post acquisition Net Debt / EBITDA of c. 4.7x, Net D/E ratio c. 0.6x



<sup>1</sup> Intangible amortization (Pre-PPA) and acquisition related interest costs are considered but excludes one-time cost items

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We have outlined for you here some of the key transaction elements. If I just start with the transaction description, you can see the financial dimensions of Cromology with estimate revenue in 2021 of 686 million euros and an estimated EBITDA for this year of 80 million euros on a pre-IFRS-16 basis.

In terms of the consideration that we have paid for the acquisition of Cromology, the cash purchase price was 1,152 million euros, and on the EBITDA, I mentioned prior, that represents a multiple of 14.4 times. The acquisition only has one condition precedent, and that relates to the acquisition of the Moroccan business. We have no conflicts in that geography, so it is simply a procedural filing matter that needs to be worked through. As a result of that element, the transaction is expected to complete in the first half of next year.

When we come to the rationale for this acquisition, it is very consistent with Nippon Paint Group's stated focus on decorative paints. Obviously, the approach has been to find very strong regional decorative paints businesses led by talented management teams in the same way Nippon Paint acquired DuluxGroup, and they are bringing the access of Nippon Paint's scale and capabilities to bear to hold the talented management within those acquired partner companies to unleash the potential even further. Importantly, with Cromology, this also provides Nippon Paint Group, leading this through DuluxGroup, a platform for significant growth in Europe.

Finally, in terms of the financial impact, this is EPS accretive from the first year, as noted. It will be fully financed through existing cash and new debt facilities, and there is no issuance of any new shares required. We have also outlined for you, on this page, the Nippon Paint Group debt metrics for your reference.



01

## Cromology

Leading decorative coatings company in Western Europe

 NIPPON PAINT GROUP

 DuluxGroup

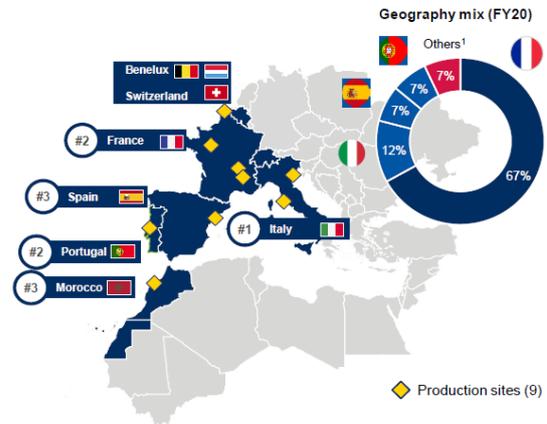
 cromology

 *imagine*  
A BETTER PLACE

I now would like to turn your attention to taking you through an overview of Cromology.

# Cromology is a leading decorative paints company in Western Europe

- ▶ Strong pan-European decorative paint company with presence in 8 countries
- ▶ Portfolio of market leading premium brands
- ▶ Strong distribution including 386 owned stores across Europe
- ▶ Broad product portfolio including paints and coatings, accessories and ETICs
- ▶ Revenue ~EUR 686m (FY2021e), ~3,200 employees and 9 manufacturing sites



**TOLLENS**  
Créateur de peinture depuis 1748

**ZOLPAN**

**Classidur**

**Revetón**

**MaxMeyer**

**BALDINI VERNICI**  
Protagonisti del colore

**Robbialac**  
Pinta a vida.

Source: Cromology. Notes: 1. Includes Morocco and Switzerland

**NIPPON PAINT GROUP**

**DuluxGroup**

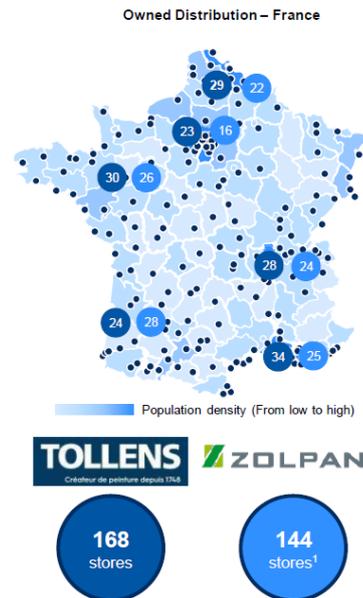
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Cromology, as I mentioned upfront, is a leading decorative paints company in Western Europe, with two-thirds of its revenue, which is shown on the pie chart on the top right, based from France where it is the number two decorative paints business – noting that the French paint market is of a size of 1.6 billion euros, and within that, Cromology has about a 14% market share, so plenty of scope for continued growth. I will talk more about that in today’s presentation. Also, beyond France, Cromology has got a top-three position in a number of other countries. As noted on the image on the top-right, it is number one in Italy, number three in Spain, number two in Portugal, and number three in Morocco, as well as being present in some other countries in Europe.

The business itself is a very strong premium-branded business, as shown through the representation of brands on the bottom of the slide. It is not only strong in paint, but also with adjacent products. Importantly, it goes to market largely through 386 of its own trade paint stores, and I will talk about that a little more in a moment. Beyond that, it is also present for trade with independent paint specialists and has some presence in retail DIY channels. It has got nine manufacturing sites and it has got just over 3,000 employees.

## Well positioned in trade in France with strong owned store network

- ▶ Cromology has a leading market position in the trade segment in France, particularly in the owned-store channel
- ▶ Majority of the trade sales for Cromology are derived from owned stores, underpinning:
  - Better brand control
  - Customer proximity
- ▶ Two distinct branded stores (Tollens and Zolpan)
  - Tollens focuses on interior and colour
  - Zolpan focuses on technical coatings and ETICS



Source: Cromology; Note: 1. Including 3 stores in La Réunion



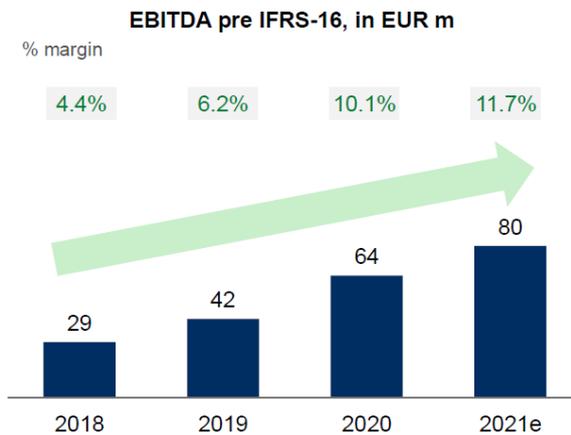
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We then bring to life the comment I made that the largest part of the Cromology business is trade paint, and the largest part of it in turn is through company-owned stores, so Cromology has a considerable number of stores present throughout all of France, as you can see from the image on the top-right. We have got 168 Tollens stores that are more about interior and exterior color, and 144 Zolpan stores that are more about technical coatings and exterior thermal insulation systems. So, a really key part of the business is the fact that through owned stores, you control your own distribution, you have great proximity to your customer base, and when I bring to life, in a second, Cromology's recent financial performance, the owned stores business has really underpinned the strength of what Cromology has been able to achieve in recent years.

## New management team has delivered a strong turnaround since 2018

- ✓ New management joined in 2018
- ✓ Growth across all geographies and channels
- ✓ Strong home renovation market performance in France
- ✓ Improved sales performance
- ✓ Proactive management of gross margins
- ✓ Cost base optimisation
- ✓ Supply chain efficiencies

Successful commercial and operational initiatives implemented since 2018 by existing leadership – translating into strong financial performance



Sources: Cromology, Wendel reports



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We can then see their recent performance from 2018 if we look at the financial metrics on the right-hand side showing EBITDA, again on a pre-IFRS basis in millions of euros. It has been a very consistent improvement of the business since a new management team was appointed in 2018. It has had a multilateral approach to driving this result. There has been revenue growth obviously driving top line leverage through to the bottom line. There has been really strong financial discipline which relates somewhat to the comment I just made about the owned stores network and what is being done to drive margin improvement through financial discipline or product mix. Then, there has been a lot of work around efficiency and productivity measures. So, the cascading of the financial discipline through all levels of the P&L has really taken Cromology to a much more solid footing, and one that the business itself can continue to build upon, and one that we at DuluxGroup and the broader Nippon Paint Group hope to unleash even further.

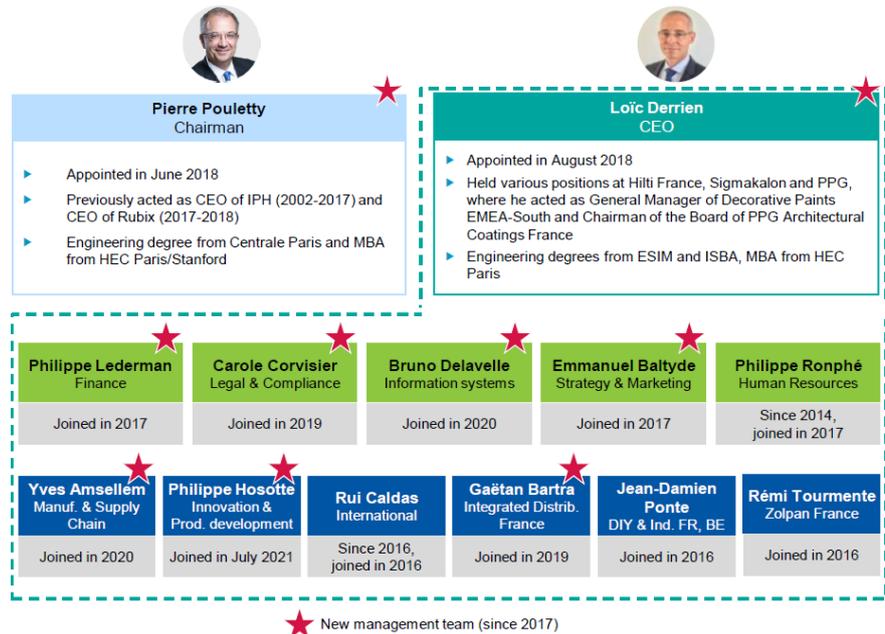
# Talented and capable management team who are committed to continue post acquisition

✓ Strong leadership

✓ Engaged, committed, motivated team

✓ Focus on financial discipline, delivery and growth

✓ Strong culture



Sources: Cromology



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We then present to you the management team of Cromology that has led this turnaround. The CEO, Loïc Derrien, has led this turnaround since he joined in 2018, working in conjunction with the executive chairman, Pierre Pouletty. Together, Pierre and Loïc and the management team which stood underneath, many of whom are relatively new, as indicated with the red stars, have delivered the results I just showed you. Importantly, from our perspective and a bit like my own career and many of us in Nippon Paint Group, Loïc is a strong, proven, experienced paints person. He has not only led Cromology, but prior to that, he worked with PPG in Europe and prior to that, for a number years with Sigmakalon which was acquired by PPG at a point in time. So, a really strong management team.

Importantly, the management team has committed to stay on post-acquisition, again, in the same way we stayed on at DuluxGroup when Nippon Paint acquired us. Together, we look to take our plans and what is possible to the next level.



I thought I would just reflect for a moment on DuluxGroup, hopefully a topic that you know a reasonable amount about as investors in the company over the last couple of years, but I thought I would just recap it so we could then marry together the strengths of Cromology and the strengths of DuluxGroup and what we hope to do.

DuluxGroup joined as part of Nippon Paint Group in August 2019, so we have just passed two years. Our history is a really interesting history in that we have been around for 103 years. For many of those decades, we were part of the former ICI Paints World Group. In fact, we were a leading part of that group up until ICI selling out of Australia in 1998. For the last 23 years, we have really been a regional business, having that time ultimately as a listed company, and then two years ago, joining Nippon Paint Group. I have really characterized being a strong regional leader, but many of us in our careers were trained up through that ICI Paints World Group global lens.

## DuluxGroup has a long history of strong, consistent profit growth

- ▶ Market leading positions with world class financial metrics in core decorative paints & coatings business
- ▶ Consumer driven agenda enabled through strong marketing and innovation / R&D capability
- ▶ Number one position in both Retail DIY and Trade customer channels, supported by supply chain excellence
- ▶ Broad product portfolio – including decorative paint, wood, texture and protective coatings and construction chemicals / sealants, adhesives & fillers
- ▶ Proven management team – deep industry and global experience, with a track record as a former listed company

I am just bringing here for you some of those elements that have underpinned DuluxGroup's long history of strong, consistent profit growth. We are the number one player in the Australian market and we have market-leading positions across a number of our product segments with world-class financial metrics, particularly in our core Dulux paints and coatings business, but even in some of our adjacent product categories like Sella's sealants and adhesives. Despite operating in a mature market that has typically grown at about half the rate of GDP and even at times less than that – maybe 0-1% volume growth – for over 20 years, we have consistently grown revenue at 5% compound average growth rate per annum. So, we feel that we bring a real skillset to the broader Nippon Paint Group as to how to provide consistent growth year in, year out, over and above a relatively low-growth mature market.

The way we have ultimately delivered that is through multiple fronts, including having market-leading positions not only in trade in the same way I described what Cromology does, but here in Australia, we are also the market leader in retail DIY channels. We have got marketing and innovation-led capability embedded into our business, which I will talk more about in a moment, and then beyond decorative paint, we have also got numerous other product portfolios from wood coatings, texture coatings, protective coatings, construction chemicals, and sealants, adhesives, and fillers. That is really through the strong focus on marketing, channel management, supply chain, and our broad product portfolio married with financial discipline and a really strong management team that has led to being the secret “herbs and spices” that underpin what we continue to be able to do.

## Strong market leader in ANZ through continued investment in the fundamentals

### 01 CONSUMER LED BRAND

- ▶ Leading brands
- ▶ Step changing the Consumer Experience
- ▶ Disrupting consumer journey to win share



### 02 TECHNOLOGY AND INNOVATION

- ▶ Long established local product innovation capability
- ▶ Formulation excellence



### 03 RETAIL DIY CATEGORY MANAGEMENT

- ▶ Strong sales and service capability
- ▶ Customer service culture
- ▶ No 1 in Bunnings (Big Box)



### 04 TRADE DISTRIBUTION LEADERSHIP

- ▶ Strong trade distribution network – company owned plus independent stores
- ▶ Omni-channel trade fulfilment model



### 05 SUPPLY CHAIN EXCELLENCE

- ▶ Competitive advantage in service, quality and cost



If I specifically take the same lens on our Dulux paints and coatings business, we describe these five factors as the five key fundamentals that underpin that 20-year continued outperformance of the market at the 5% type of growth rate. Building on some of my prior comments, we always start firstly with consumer-led brand. Often, in that regard, we present ourselves not as a manufacturing company, which of course we do, but as a marketing-led company, and really bring together extremely strong capabilities that underpin our leading brands that do both traditional marketing and then in the new world of digital, omni-channel, and other marketing capabilities, set us on par with excellent consumer goods companies worldwide.

On the technology and innovation front, we have had a very strong history in research and development. When we were part of ICI Paints World Group, there were only three R&D centers worldwide and we were one of them, and I worked for a time in my own career in another one in Cleveland in the United States, but we have continued, despite not having been part of ICI for nearly 25 years, to invest and focus in technology and product innovation, and ultimately that backs up the marketing promise of consumer-led brand.

Then, in terms of number three and number four, we are somewhat unique versus most paint companies in the world in that we are strong in both. In fact, we are roughly 50% retail DIY and 50% trade, and so in retail DIY, we are the number one player in every channel – in Big Box, which for us is Bunnings Warehouse as shown on the screen, and in independent hardware, which is Mitre 10 as shown on the screen. We have really got the fundamentals to operate in those very different store formats. Then, in terms of number four, trade, we are very similar to elements in what I described with Cromology in that we have got a very strong owned-store network, and like Cromology we complement that with going to market with independent paint specialists as well. Marrying that also with some of the earlier comments, we have just done significant investments and capability work around digital omni-channel where a painter can order anything, anytime, anywhere as part of our evolving go-to-market model.

We just end off that page with number five which is supply chain excellence. That really has been critical to our “customer first” culture of in full, on time, maintaining quality, maintaining cost competitiveness, and maintaining safe and sustainable operations. In relation to that, three years ago, we just built one of the world’s most advanced paint factories in Melbourne. That describes in some depth the DuluxGroup business for you.

## A diversified portfolio of specialty paints and coatings brands in Europe

Decorative Mainstream	Decorative Super Premium	Decorative Sustainable
 maison déco DÉCORER LA VIE	 CRAIG & ROSE	 Pure & Paint
A life project is also a decoration project To shake the creativity and create the atmosphere in which we feel at ease, Maison Déco is by your side, with materials and solutions	Craig & Rose champions creative ambition, helping you make bolder, more adventurous, creative choices Empowering creativity since 1829	Ecology as a starting point "If we take nature as our guide, we will never go astray" - Cicéron
		
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It is worth me also pointing out we already had a footprint in Europe prior to the acquisition of Cromology. In fact, this goes back to our time when we were a listed company on the Australian Stock Exchange. As a board and an executive team, we spent many trips visiting France and other parts of Europe and the United Kingdom looking for ways to explore growth opportunities. Through that, we have brought to life already three businesses – two in France and one in the UK. We have Maison Déco which is based from Marseille. That business is really in the mainstream decorative paints area, but playing with a lot of specialty products around decoration projects. In the UK, we own a business called Craig & Rose which is about super premium heritage and architectural type of paints that really have been playing a significant role – in fact, it is brand that goes back to 1829. More recently, on the sustainability front, we acquired a small business in France called Pure & Paint, looking at how we can use ecology and a sustainable approach to product technology. So, small in the scheme of things, but we acquired these businesses to give us insights into the French and broader European market, and the thinking there has helped us underpin the discussions we have had with Cromology and what we are now presenting to you today.

## DGL's capable leadership team has deep industry experience in paints and coatings

**PATRICK HOULIHAN**  
Chairman and CEO

- 32 years at DuluxGroup
- 14 years as CEO

**PATRICK JONES**  
Chief Operating Officer  
*Dulux Paints and Coatings*

- 26 years at DuluxGroup
- More than 10 years in current role

**RICHARD STUCKES**  
Chief Operating Officer  
*DGL International*

- 6 years at DuluxGroup
- 10 years with ICI and Akzo Nobel responsible for EMEA and China

**BERTRAND LESEUTE**  
Chief Executive Officer  
*Maison Deco*

- 2 years at Maison Deco
- 24 years (14 as CEO) at V33, #1 DIY decorative coatings company in France

**IAN ROWDEN**  
Executive General Manager  
*Strategic Marketing & Innovation*

- 6 years in current role\*
- 40 years in global marketing leadership roles (The Coca-Cola Company, Virgin Group, private equity, NED)

Note: \* Mr Rowden performs his role on a part time consultancy basis.

**NIPPON PAINT GROUP** **DuluxGroup**

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I then wanted to talk to the DuluxGroup management team of which there is a number of us, and too many to show on one slide, but similar to my comments about Loïc and the Cromology team, we have a team that is very experienced in paint. In recent years, we have been complementing that increasingly with global skills and skills outside of the paint category that can help our core fundamentals. Beyond myself, where I have already mentioned my time in the company, if I just speak from left to right, I thought I would just share a few of my team with you.

We have Patrick Jones who is the Chief Operating Officer for our Dulux Paints and Coatings business here in Australia and New Zealand. Pat has been with our business for 26 years, and he has been in his current role for more than 10 years.

Then, if I turn to Richard Stuckes who is based in London, Richard has considerable experience in the paint industry. He joined us six years ago, helping us explore ways forward for international growth, and that led to that foothold presence we have in Europe now that I mentioned in the prior page, but importantly, for more than 10 years, Richard worked with ICI which was then acquired by AkzoNobel. Richard ran the entire ICI-Akzo-Dulux decorative business for Europe, the Middle East, Africa, and in the later years, also for China. So, essentially we have had the former, shall I say, regional leader of the AkzoNobel-Dulux decorative working as part of our team for a number of years.

Within Richard's team, we have Bertrand Leseute who also brings a fascinating career background, having joined us through the acquisition of Maison Déco, but we had actually met Bertrand before that where he had worked for 24 years for V33, 14 of which he was the CEO. Importantly, Bertrand, at V33, took that business to become the number one retail DIY business in France. So, while Bertrand has left that business, to have that skillset of Richard from ICI-Akzo, Bertrand from ex-V33, and Pat and I from DuluxGroup married up with Loïc and the team at Cromology gives us some really strong confidence on the capabilities around Western

markets and the commonalities of Big Box retailing and owned-store trade paint networks, and then how you market to both DIY consumers and “do it for me” trade customers.

I have also, just to finalize this page, on the right-hand side shown one of our functional group leaders, Ian Rowden. Ian is essentially our Chief Marketing Officer. He works with us two weeks a month and he has been doing that for six years, but Ian has had a fascinating career working up to the highest levels of Coca-Cola globally and ultimately running the marketing of Coca-Cola in Atlanta, and then Ian did various other things during his career, but for the seven years before he came and joined our team, he reported to Richard Branson, running the Virgin brand worldwide. So again, just a small flavor of what is in the DuluxGroup capability set when I try to bring this to life.



**03** Cromology + DuluxGroup + Nippon Paint Group  
A powerful partnership

 NIPPON PAINT GROUP  DuluxGroup  CROMOLOGY  *imagine*

Having spoken about Cromology and having reminded you and hopefully shared a bit more depth on DuluxGroup, I thought we might turn now to the next slide, which is just really thinking about value creation, and really thinking about it in the context of the mission of Nippon Paint Group which is to maximize shareholder value. How can we help Cromology continue its successful journey and unleash its potential even further in the way that Nippon Paint Group has helped us, DuluxGroup, do that, but also have DuluxGroup bring capabilities relevant to that growth of Cromology and what else we can do in Europe, and then use the scale and the resources of Nippon Paint Group.

## Acquisition Strategic Rationale



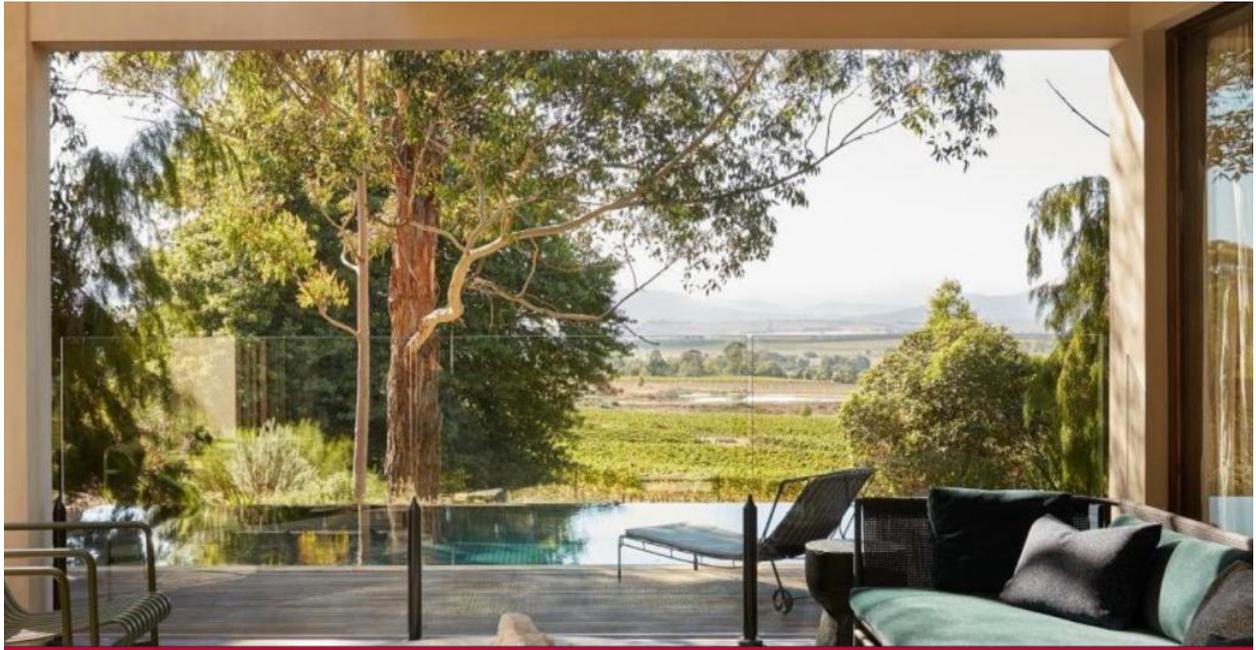
This really brings that point to life. I will not go through every point on this page – I will let you read the them at your own leisure – but it really is a threefold leverage here where Nippon Paint Group brings global scale and financial strength as the Asia-Pacific number one and global number four paints and coatings company. They have a really strong track record in recent years, acquiring really strong regional paint companies through our partner company model, allowing them to do what they do well by helping them take their business and opportunities to another level.

Then, through DuluxGroup leading this acquisition that really has come about because of what I have described in the earlier section - that we have really strong, developed Western market capabilities in decorative paint and adjacent products. It really is a marriage of what we can do between Cromology and ourselves where we both have strong trade paint businesses and we can share best practices, but Cromology only has a relatively small presence in retail and it is something that we would look to bring our retail channel and sales and marketing capabilities to bear to help Cromology, along with the fact that beyond decorative paint, we have significant product portfolio extensions that would be relevant to Cromology in terms of its presence in Europe.

## Continuing Nippon Paint's strong track record of M&A

	 NIPSEA (Wholly-owned subsidiary in 2021)	 Dunn-Edwards (2017)	 DuluxGroup (2019)	 Betek Boya (2019)	 PT NIPSEA Indonesia (2021)	 Cromology (2022) <sup>1</sup>
<b>Revenue</b> (FY2020A)		JPY 46.5bn	JPY 148.3bn	JPY 36.2bn	(Reference) JPY 30.3bn	JPY 89.9bn <sup>2</sup>
<b>Primary geography</b>	Locations across Asia					
<b>Business</b>	Decorative, Automotive and Industrial Coatings, etc.	Decorative Coatings	Decorative Coatings	Decorative Coatings	Decorative Coatings	Decorative Coatings
<b>Key drivers</b>	Exploring relationship with partners to facilitate further growth in Asia	Gaining a platform to enter into the US decorative coatings market	Established an unparalleled position within the decorative coatings market in Asia Pacific. Dominating this stable-growth market with the Dulux brand	Largest market share in the decorative coatings market in Turkey, which has the 5th largest market size in Europe with high growth potential	Largest market share in the high growth, decorative coatings market in Indonesia, and dominant position in automotive coatings market, with avenues for ongoing growth	Strong market positions in decorative coatings in its core markets of France, Italy, Spain and Portugal. European platform with scale for future growth

This is a reminder of the recent journey of Nippon Paint Group. To my earlier comments and Yuichiro's opening comments, it reiterates our strategic focus on decorative paint, but starting with ultimately NIPSEA, but since 2017 when Dunn-Edwards was acquired in the Southwest of the United States, DuluxGroup in 2019, Betek Boya in Turkey in 2019, PT NIPSEA Indonesia earlier this year, and now today the announcement of Cromology. So, this is really continuing that track record that I mentioned earlier.



## 04 Financial impact of the Transaction

 NIPPON PAINT GROUP

 DuluxGroup

 cromology

 imagine

If we go to the final section of the presentation which is on the next slide, we are going to now just quickly bring to life some of the financial impacts of the transaction.

## Financial impact on NPG (Pro-Forma FY2021e)

	 <b>NIPPON PAINT GROUP</b>	<b>CROMOLOGY</b>	After Acquisition (simple sum)
	FY2021e	FY2021e	
<b>Sales (JPYbn)</b>	1,000.0	89.9	1,089.9
<b>Operating profit (JPYbn)</b>	80.0	8.2 <sup>2</sup>	88.2
<i>Operating profit margin</i>	8.0%	9.1%	8.1%
<b>EPS (JPY)</b>	26.12	EPS accretive from Year 1 <sup>3</sup>	
<b>Net D/E ratio<sup>1</sup></b>	0.5x	N/A	c. 0.6x
<b>Net Debt to EBITDA<sup>1</sup></b>	3.8x	N/A	c. 4.7x <sup>4</sup>

Notes: EUR/JPY=131.05

1. NPHD standalone balance sheet items reflect NPHD net debt as of June 2021 with adjustments from share transfer of European automotive business and India businesses, announced on August 10, 2021

2. Pre-IFRS 16. Operating profit is not considering amortization of intangible assets.

3. Intangible amortization (Pre-PPA) and acquisition related interest cost are considered but excludes one-time cost items.

4. Net Debt = NPHD standalone net debt + debt from acquisition of Cromology  
EBITDA = NPHD standalone EBITDA (FY2021e) + Cromology EBITDA (FY2021e)



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We have laid out for you here the pro forma 2021 financial year estimates for Nippon Paint Group and for Cromology. You can see from this that Cromology is just under 10% of Nippon Paint Group's current revenue, and we have given you information on operating profit and again the debt metrics that I mentioned earlier, but most importantly the transaction will be EPS accretive from year one.

## Key Headlines

- ✓ Cromology to continue building upon its market leading positions in France, Italy, Spain and Portugal as well as exploring scope to grow in other adjacent markets
- ✓ Potential for substantial revenue synergies through leverage of NPG's scale and DGL's trade & retail channel capabilities and also adjacent product portfolio
- ✓ Consistent with stated M&A strategy to grow in decorative (architectural) paints
- ✓ Transaction value of EUR 1,152m implies 2021E EBITDA (pre IFRS-16) multiple of 14.4x, to be funded through existing cash and new debt facilities
- ✓ EPS accretive transaction from the first year<sup>1</sup> with significant value creation for shareholders



<sup>1</sup> Intangible amortization (Pre-PPA) and acquisition related interest cost are considered but excludes one-time cost items

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In summary, I would like to really just conclude by these five key points. Point number one – Cromology will be Cromology, and it will continue to build on its own market-leading positions in France, Italy, Spain, and Portugal, and what else is possible in other adjacent markets. You have seen the great work that Loïc and the team have been doing in recent years in carrying on that momentum.

Secondly is the point I have made in the presentation that we believe there is potential for substantial revenue synergies through leverage of Nippon Paint Group's scale and also the DuluxGroup capabilities I mentioned before by sharing trade channel best practices, but also helping Cromology step forward growth in retail channels and thinking about what other product adjacent areas they could expand into.

Point number three – as outlined, this is another acquisition consistent with the stated Nippon Paint Group M&A strategy around decorative paints, following the same operating model, again looking for strong, proven management teams with a track record of performance.

The transaction metrics I mentioned at the start – a cash value of 1,152 million euros, giving that 14.4 times multiple on the estimated EBITDA pre-IFRS for this year, and again, being funded through existing cash and new debt facilities, and no share issuance.

Finally, my recent point about being EPS accretive transaction from the first year, with fundamentally-significant value creation for shareholders to come.

## Notes

DuluxGroup Limited is an Australian company that owns the Dulux® trade mark in Australia, New Zealand, Papua New Guinea, Samoa and Fiji only and the Cabot's® trade mark in Australia, New Zealand, Papua New Guinea and Fiji only. DuluxGroup Limited is not associated with, and has no connection to, the owners of the Dulux® and Cabot's® trade marks in any other countries, nor does it sell Dulux® and Cabot's® products in any other countries

### **Forward looking statements**

Statements in this document are based on information available at the time of preparation and involve inherent risks and uncertainties. Accordingly, the actual results and performance of Nippon Paint Holdings Co., Ltd. and the Nippon Paint Holdings Group may differ significantly from the forward-looking statements. Please be advised that Nippon Paint Holdings Co., Ltd. and information providers shall not be responsible for any damage suffered by any person relying on any information of statements contained herein.

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If I could go to the final slide which really is just a prompt to thank you for your time listening to me so far. Hopefully that shed some light on Cromology and some light on DuluxGroup, and then how together we believe we can take maximization of shareholder value to another level. I would now like to hand it back to Yuichiro and we will move to questions and answers. Thank you.

End