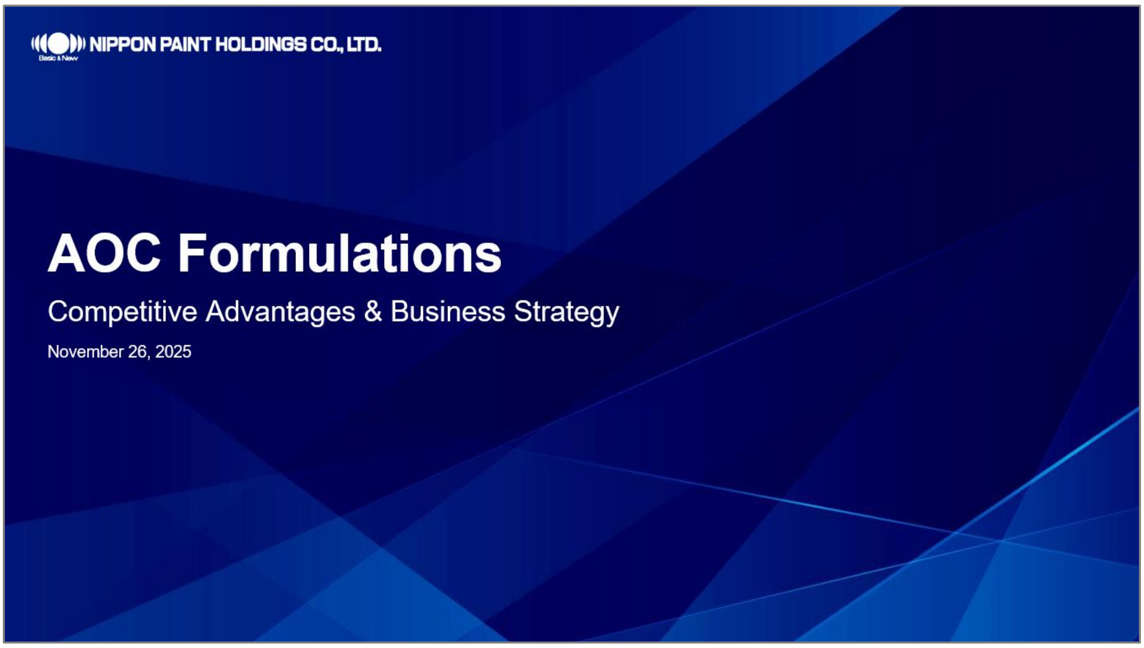
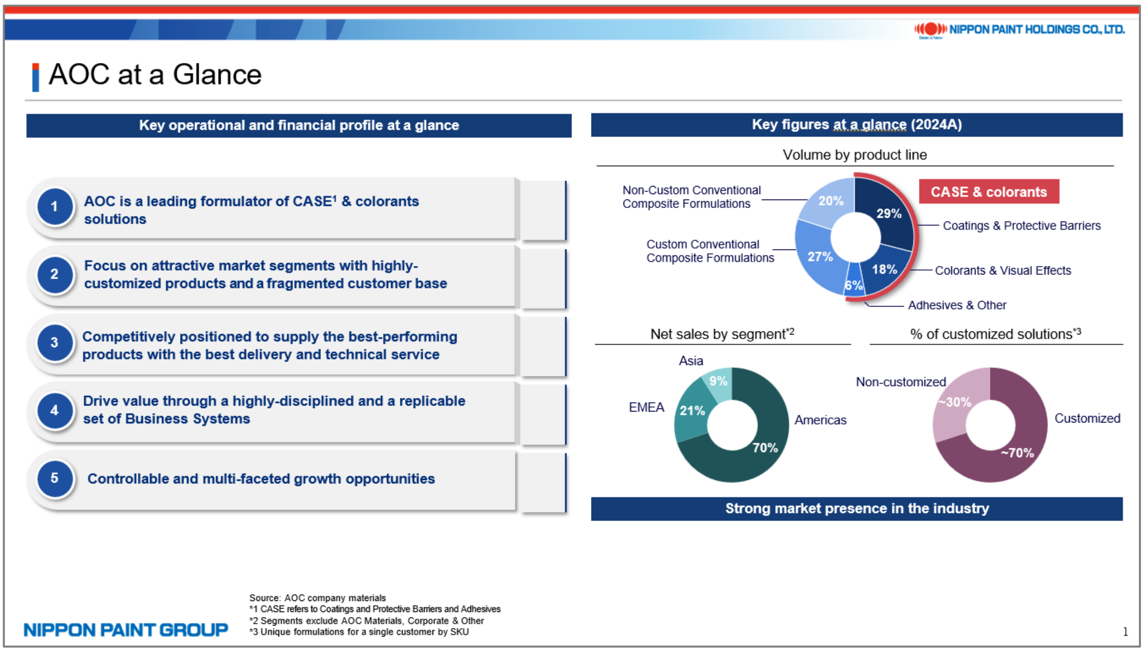
Nippon Paint Holdings IR DAY 2025
November 26, 2025
AOC Formulations: Competitive Advantages & Business Strategy



Good morning, afternoon, and evening. It is a privilege to speak with you. I'm Joe Salley, and today, I'm joined by my CFO, Bob Seidel.



I'd like to give a brief overview of AOC.

AOC is a leading formulator of unsaturated polyester and vinyl ester solutions with a focus on the most attractive parts of the market: coating and protective barriers, colorants and visual effects, adhesives and custom formulations. As you can see on the right, these product lines make up ~80% of our volume.

You can also see from the green chart on the right, that ~ 70% or our revenues are in North America, which we consider to be the most attractive geography, and about 70% of our SKUs are custom products. This means they are unique formulas tailored for and sold to only one customer.

We will give more detail in this presentation, but we believe we are competitively advantaged in the market by providing to our customers the best-performing products with the best service.

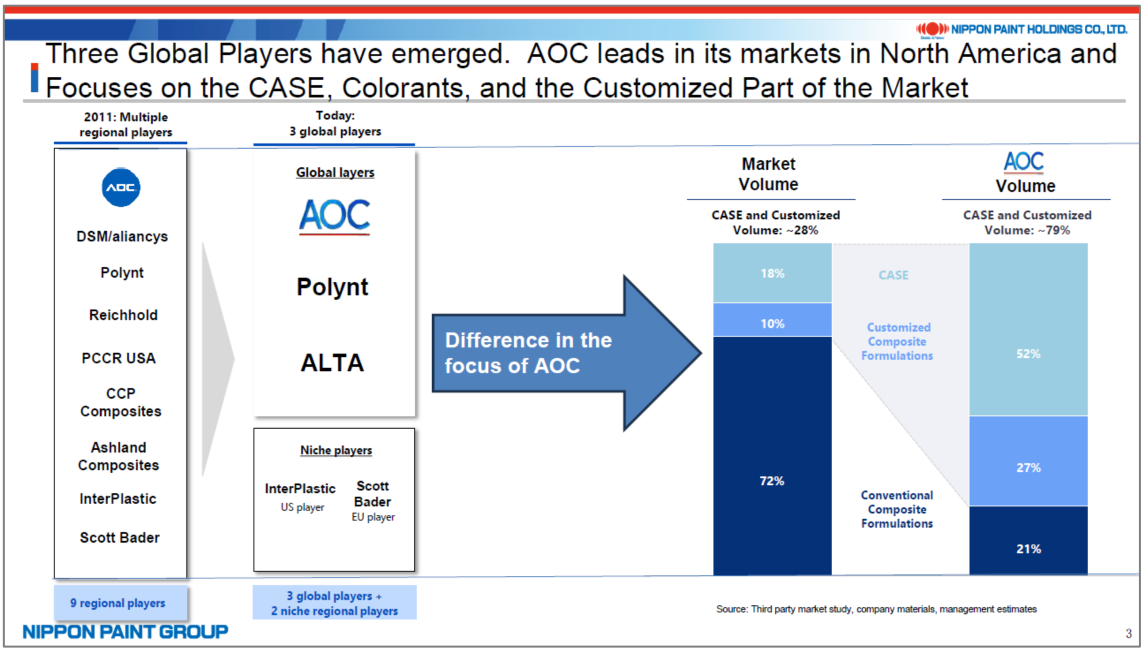
The way we drive performance and value is through a highly-disciplined set of Business Systems, which we will also describe further. We believe these Business Systems, along with a market rebound and acquisitions, will help drive above-market growth going forward.

On page 2 you can see that we have over 3,000 SKUs and over 1,000 customers. Our products are used in many applications that enhance daily living.

Many of our products serve as coatings or protective barriers, such as relining or cured-in-place pipe to give longer life to existing pipes, corrosion and fire protection in industrial equipment, and glass intermediates.

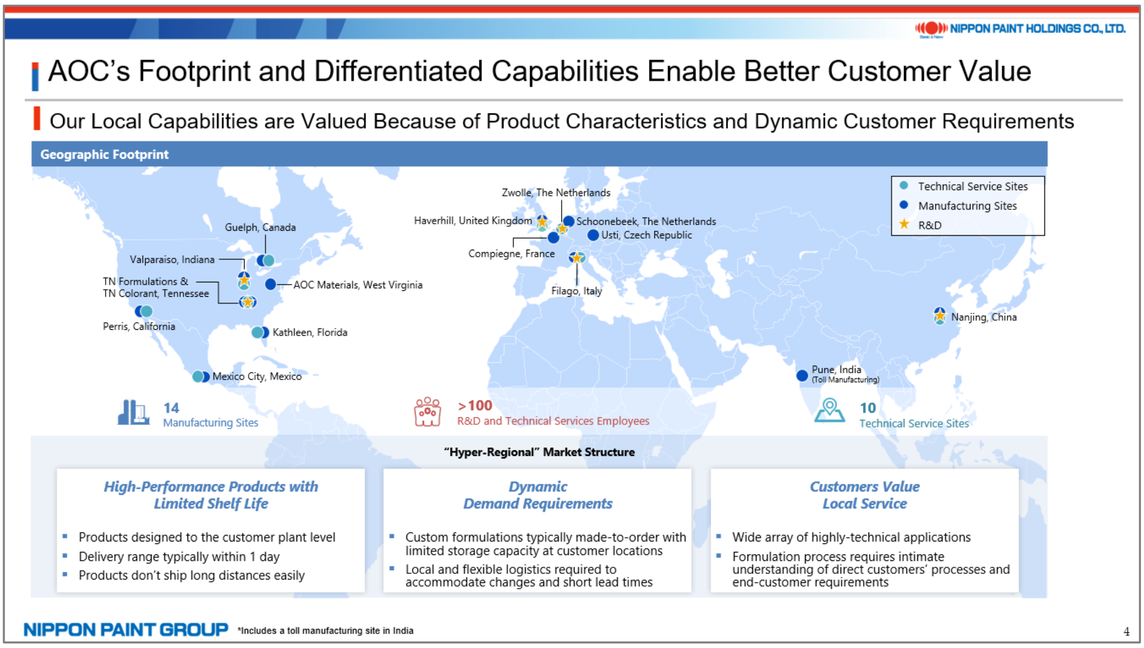
Colorants and visual effect solutions enable class A finishes in automotive parts and gel coats are used in applications such as marine and bathroom.

And our solutions in conventional composites enable lamination applications in kitchen and bath, panels for construction and transportation, and castings for infrastructure.



On page 3, we can see on the left-hand side of the chart that the market for unsaturated polyester formulations has evolved substantially over the last 15-20 years, with the emergence of three global players, including AOC.

However, on the right-hand side of the page, you can see that AOC positions itself very differently in the market than others. By our estimate, ~28% of the market is in the CASE, colorants and customized segments, which we favor for their attractiveness, yet almost 80% of our volume comes from these segments.

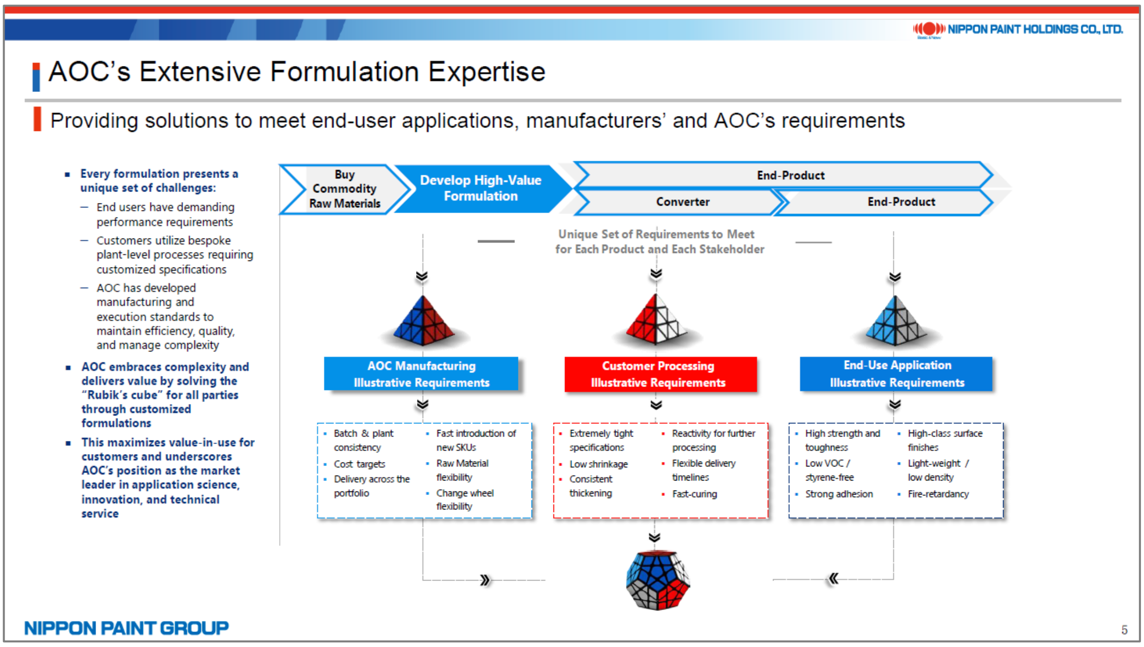


On page 4, we can see how we have our assets and capabilities deployed.

It's important to note that, with our customers, typically the most important factor in their buying decision is product performance. We invest in research and development as well as commercial resources locally, because it's critical to understand the individual customers' requirements intimately and to be able to formulate bespoke solutions to meet their requirements. We believe that our customers view AOC as No.1 in product quality and performance.

I will also note that many of these formulations have a limited shelf life and some of our customers have dynamic and demanding delivery requirements, so we have manufacturing facilities to produce these products locally and enable short lead times. Meeting their delivery requirements is usually the 2nd most important factor in our customers' buying decision, and they view AOC as No.1 in delivery as well.

Finally, we understand that the third most important criteria in our customers' buying decision is typically technical service. As many of our customers and the end customers' processes are very technical, our ability to have local technical resources who can service our customers is critical. And our customers typically view AOC as No.1 in technical service as well.



Now if we turn to page 5, we would like to explain in a bit more detail what we mean when we say AOC is a formulations company and why that's important in our focus segments.

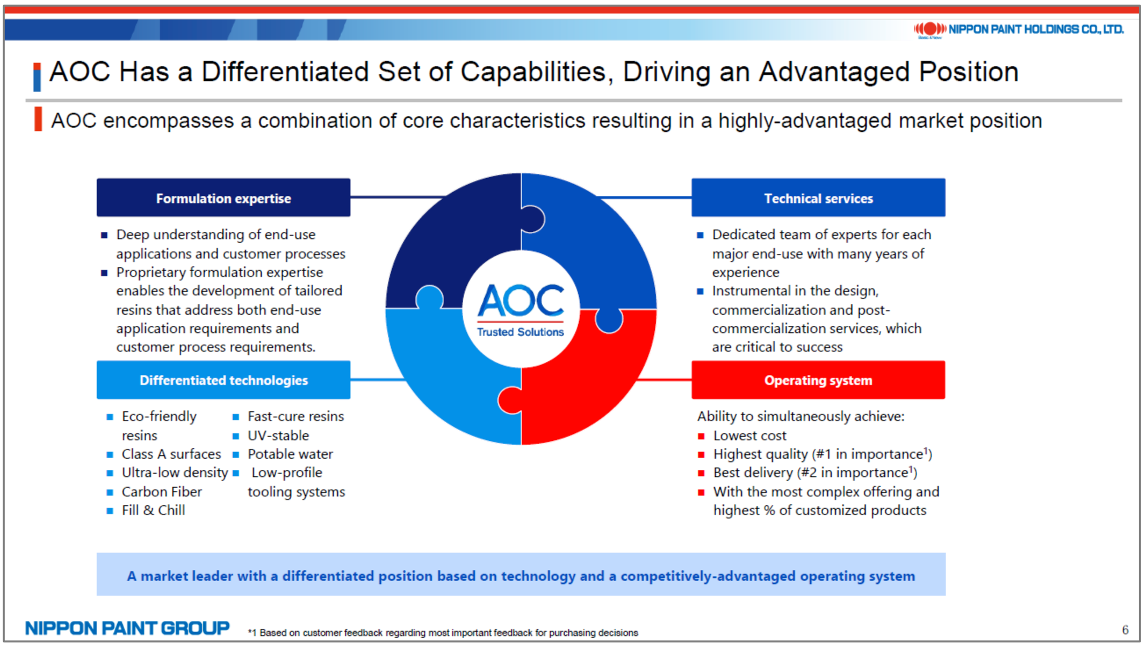
As we highlighted before, we have over 1,000 customers, over 3,000 SKUs, and ~70% of those products are custom products, meaning they are a unique formulation for one customer.

Often, our end user manufacturers have very demanding performance requirements that involve multiple parameters. They might simultaneously need, for example, high strength and light weight and a class A surface finish - amongst additional factors.

Sometimes we sell directly to the final manufacturer, but sometimes there is another manufacturer in the supply chain to whom we sell directly who in turn sells to the end manufacturer. In this case, in addition to helping the final manufacturer meet all of their requirements, we also have to satisfy our direct customers' requirements. These customers can have unique, plant-level processes with customized requirements. For example, they may simultaneously need a formulation that enables low-shrinkage, has consistent thickening, and fast curing.

Then in addition, to solving all of the downstream requirements, in the context of our own operations, in which we are managing a lot of complexity, serving over 1,000 customers with over 3,000 products, there are an additional set of requirements we must meet to practically service the market. For example, we may need certain raw material and change wheel flexibility, rapid introduction of new SKUs, batch and plant consistency, as well as other requirements.

Ultimately, to satisfy the requirements of all of these players, it’s like solving a complex, many-faceted Rubik’s Cube. We believe that being able to solve that well, all the while providing the highest performing products, with flexible delivery, provide the best technical service, and do so cost-competitively is what differentiates AOC from others in the market.

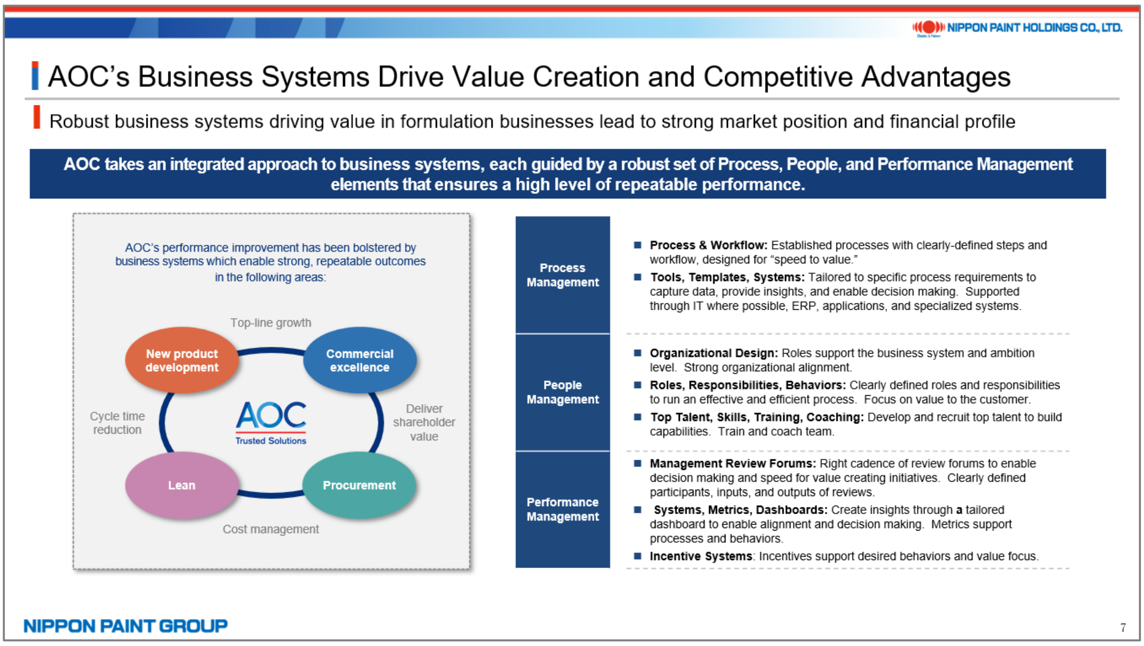


On page 6, we can see that AOC has a strong set of differentiated capabilities that enable its advantaged position.

We believe that we have unique formulations expertise that starts with a deep understanding of the downstream requirements and includes proprietary expertise to develop tailored solutions to meet those requirements.

AOC has a suite of highly relevant and differentiated technologies that enable its formulation capabilities. We have a dedicated team of technical service experts who are deployed locally to our customers. These technical service experts are instrumental in the design, commercialization, and post-commercialization support.

And finally, AOC has a robust operating system that we believe simultaneously enables the lowest cost position, the highest quality, the best delivery, with the most complex offering of highly customized products.



Page 7 explains AOC's approach, which is very unique in this industry.

We have a robust set of Business Systems which we believe ensure the highest level of performance in the industry in a way that is sustainable and repeatable.

On the left-hand side of the page, you can see that we focus our Business Systems in New Product Development, Commercial Excellence, Lean, and Procurement. In our view, these are critical business processes to master for a well-run formulations business.

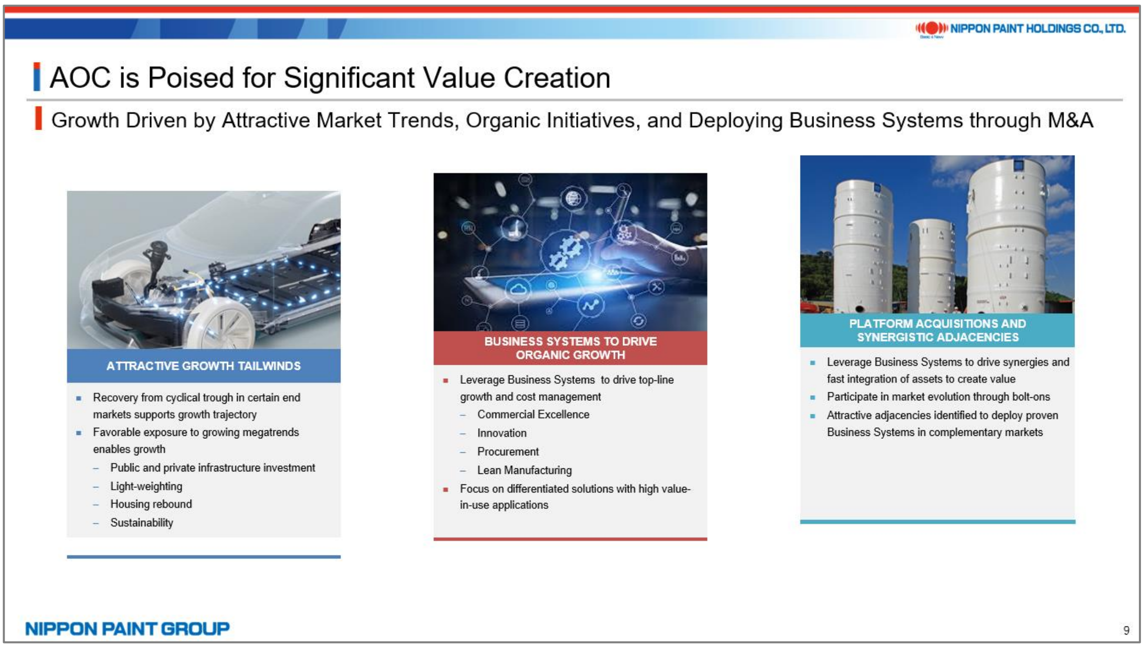
We could speak in depth for many hours about each of these systems, but to briefly summarize, each is guided by a robust set of Process Management, People Management, and Performance Management elements. For each of these Business Systems, there are established processes with clearly-defined steps. A rich set of tools, templates and systems that are tailored to each process.

Great care is taken to architect the right organizational design, in which each position has defined roles on how to support the business system. In addition, there is a robust Performance Management component to ensure that the business system achieves the desired ambition.

On page 8, we highlight a few examples of how our differentiated technologies serve demand driven by secular trends.

For example, AOC has best-in-class, ultra-low-density class A formulations aimed at displacing traditional materials like steel, unique formulations for carbon fiber spar caps aimed at displacing epoxy, novel formulations for use in relining for potable water which are also aimed at displacing epoxy, and a number of formulations with recycled content aimed at displacing materials with virgin input.

These are but a few examples of focusing our industry-leading innovation in markets that will likely benefit from strong demand tailwinds.



That leads us to page 9, where we share our optimism about the future.

We believe AOC is well positioned for significant value creation.

First, we will discuss the market tailwinds. Based on the data we are reviewing, we believe that the industry is at or near its cyclical low point for demand, and we expect that we will experience a full rebound. That implies that we can expect to experience demand tailwinds for the first time in over three years. With the market volumes being down 20-25% from the prior high point, favorable exposure to growing megatrends, and a robust set of business systems, we believe it is plausible to expect mid-single digit growth over the medium-term horizon.

In addition, we are looking to participate in the continued market evolution in Europe through bolt-on acquisitions, and we believe that our Business Systems can help ensure success in these activities.

In summary, on page 10, AOC is a leading formulator that is uniquely positioned in the attractive market segments, with a focus on highly-customized products and with a fragmented customer base.

The company is competitively positioned to differentiate itself in the most important dimensions for our customers: the best performing products, with the best delivery, and the best technical service.

We have developed a unique set of robust Business Systems that ensure value delivery and a rich set of controllable and multi-faceted growth opportunities.

With that, I will conclude my remarks, and I would be happy to answer any questions that you may have.