NIPSEA Group

Introduction of the NIPSEA Group
NIPSEA Group is a joint venture between Wuthelam and NPHD since 1962. NIPSEA Group is Asia’s leading paints and coatings company with 82 manufacturing facilities and operations across 18 countries and regions.

Introduction of key persons who drove the NIPSEA business to success

Goh Cheng Liang
Mr Goh Cheng Liang is the founder of Wuthelam started the paint business at the age of 21 and has spent over 70 years in the paint industry. In the early 1960s, Singapore was rapidly transforming, developing large public housing estates and investing heavily in infrastructure. Driven by demand for paints and coatings, Mr Goh focused his paint business on providing trusted, good quality and affordable paints. He soon carved for himself a reputation in the paints industry. In 1962, he established a joint-venture with NPHD and set up its first paint manufacturing plant – Pan Malaysia Paint Industries (now Nippon Paint (Singapore) Co., Pte. Ltd.). From this small start in Singapore, Mr Goh established footholds all over Asia. This has become the NIPSEA Group of today.

Mr Goh has also founded and ventured into wide-ranging business interests in real estate, hotel, departmental stores, shopping complex, F&B, hospital, travel and industrial machinery. Mr Goh was chosen by Forbes Asia as one of its Heroes of Philanthropy in 2014. He is also very passionate in medical research.

Goh Hup Jin
Mr Goh Hup Jin is the Chairman of the NIPSEA Group. He has imbued his entrepreneurial spirit and business focus into the culture of the NIPSEA Group which is the foundation of the success we see today. In 2014, he was instrumental in making the NIPSEA Group a subsidiary of NPHD, thereby further strengthening the strategic alliance between NPHD and Wuthelam. With Mr Goh’s presence on NPHD board, he has sharpened NPHD’s focus on value creation and globalization under the mantra of Maximizing Shareholders Value (“M3V”). Mr Goh graduated with a Chemical Engineering Degree from the University of Tokyo and MBA from University of California, Los Angeles (UCLA).
By keeping close tabs of the changing needs and demands of our customers and consumers, we constantly find ways to innovate industry-first products and services. Innovation is what sets us apart. Always having our customers in mind, always striving to do better for them. This has been our mantra for success.

Establishing the role of game changer

Since its establishment in 1962, the NIPSEA Group has supported the development of both domestic and overseas industries in Asia with our comprehensive range of paint and coatings products. Headquartered in Singapore, we are Asia’s leading paint and coatings company with 82 manufacturing facilities and operations spanning 18 countries and regions in Asia. We are concurrently Deputy President of NIPSEA Group’s Coatings segment.

Prior to his current position, he was Deputy CEO and President (Defence Business) of Singapore Technologies Engineering Ltd. He started his career with Singapore Technologies in 1991 as an engineer in Singapore Aircraft Industries Pte Ltd, the predecessor company of Singapore Technologies Aerospace Ltd. He was educated at Raffles Institution, followed by the Imperial College of Science and Technology in London Bachelor of Science (Aeronautical Engineering) (Hons), followed by an MBA at Stanford University. He was a Member of Parliament in Singapore from 2001 to 2011.

NIPSEA has always believed in localizing our operations – aiming for on-ground understanding of the local market and environmental needs. Besides being close to the front line, this fosters local autonomy and accountability, thereby enabling NIPSEA to maintain leanness in our corporate structure. This NIPSEA culture anchored by our “Lean For Growth” (LFG) concept encourages collaboration and sharing of best practices, knowledge and experiences that instils a strong culture of participation, local ownership and pride.

Our LFG culture comprises of six values and behaviours – Vigilance, Insatiable Appetite, Teamwork, Agility, Leanness and Stamina (VITALS). These strongly interconnected values are critical in nurturing organizational vitality and employee passion, which in turn lead to customer devotion. This customer devotion and centricity ensure that we continue with our relentless drive to improve our products and services to meet the needs of our partners, dealers, customers and consumers based on insights of current and future market needs. Driven by the six core values of LFG and the incessant drive to innovate, we continually invest to deliver outstanding service and performance for our customers in a rapidly changing world.

Our core competencies are in the formulation, development and marketing of paints, coatings and adhesives products. Over the years, we have generated business growth by expanding our offerings to include architectural, floor, wood, waterproofing, thermal insulation and tiling coating products, as well as repainting services to an increasing number of markets. On the industrial front, we have also expanded our automotive Original Equipment Manufacturer (OEM) business from Japanese brands to encompass Chinese, Korean, European and US car makers.

While we strive for strong organic growth, we also view Mergers and Acquisitions (M&A) activities as one of our key growth strategy which can further augment the company’s position in other geographical and business segments. Notable acquisitions in recent times include Silicon Coatings, the largest decorative paint company in Sri Lanka; Supe, the top floor coatings company in China; and a majority share in Chang Run Fa, a leading industrial wood coatings company in China. Last year, NPHD acquired the DuluxGroup (DGL) in Australia and New Zealand, and Nippon Paint Industries in Turkey. Besides learning from these two great management teams, NIPSEA sees growth by tapping into DGL’s Selleys range of sealants, adhesives and fillers as well as its geographical expansion in the region peripheral to Turkey. We are continuously on the lookout for growth opportunities as we strive to maximize shareholder value (MSV).

Today, the company is recognized as a leading coatings partner and provider across the architectural, automotive, industrial, marine and protective coatings segments.

Asia’s Number One Paint and Coatings Company

Over the course of NIPSEA’s history, our innovations have created demands in new market segments within the coatings industry. Such industry-first products included Nippon Paint Odourless, Nippon Paint VirusGuard, Nippon Paint MazzieGuard as well as high edge corrosion and low temperature e-coat products.

Our technologists, scientists and chemists work out of our Group R&D center in Shanghai; NIPSEA Technologies in Singapore and the technical development centers in each of the countries and regions. We adopt a collaborative approach with other technology development centers within the NPHD Group, as well as tap the extensive expertise in our supplier base, advanced educational and research institutes.

On the technological front, we strive to improve our customers’ and consumers’ experience by adopting mobile-enabled approaches for our products and services. As testaments to our success and leadership within the coatings industry, the Group has received various industry accolades over the years. Specifically in 2019, Nippon Paint was honored as one of the Top 10 companies in Shanghai for our repainting services, in addition to being recognized as the top brand in the annual China
Global Business Review

Coatings Gold Awards, among others. We are committed to solidifying our position as the foremost paint maker in Asia, continuing to push boundaries and set new standards within the coatings industry. We are truly Asia’s number one paint and coatings company.

2019 Key Highlights
- National Leading Enterprises in Quality in Coatings Industry Award by China Association for Quality Inspection
- National Leading Enterprises in Quality Credit Award by China Association for Quality Inspection
- National Leading Brands in Quality in Coatings Industry Award by China Association for Quality Inspection
- National Leading Enterprises in Quality Inspection Award by China Association for Quality Inspection
- Reader’s Digest Trusted Brands Awards (Malaysia, 2006-2019)
- Putra Brand Awards (Malaysia, 2010-2019)
- CSR Malaysia Awards 2019

Capitalizing on capabilities – Our People Matters

The company’s success over the years is derived from our People. With over 22,000 employees spread across 18 geographical locations, we have established various staff engagement programs, effective feedback and communications systems, career development and personal upskilling opportunities that enable our people to have a sense of belonging, ownership and purpose. Maximization of Shareholder Value (MSV) is deeply rooted in our people’s awareness. In order to achieve MSV, all interactions with customers, suppliers, employees and the wider community that we operate in are carried out in a responsible, proper, fair and ethical manner.

At NIPSEA, we strongly believe that our competitive edge is derived from striking a good balance between local autonomy and collective group synergies. One of our most effective platforms to attain this goal is the bi-annual General Management Meeting (GMM) that serves as a platform for knowledge sharing, communications and cultural bonding as well as relationship building for leaders within the Group.

We continue to play our part as a responsible corporate citizen through various Corporate Social Responsibility (CSR) initiatives. To achieve an impactful CSR program, we encourage our people to embrace and be actively involved in the various CSR initiatives which focus on Education, Environment and Skills Training. Three of our flagship initiatives are “Colour, Way of Love,” “Colourful Dreams” and Asia Young Designer Awards (AYDA).

The “Colour, Way of Love” initiative was initiated by Nippon Paint in 2009 to help school children in remote areas to create a conducive study environment through home redecorating and rebuilding of their premises. Working in collaboration with the China Youth Development Foundation, we have endeavored to help 10,000 children in China and other corporate partners to imbue this initiative with a very inclusive character. Separately, the “Colourful Dreams” initiative was conceptualized across the Asia Pacific Region including the countries of Malaysia, China, India and Indonesia among others to empower the community through activities such as repainting of dilapidated low-cost flats, as well as conducting programs for youth that nurture their skilset.

Recently, our team in China was also recognized as one of the “Outstanding Contributors” at the 30th anniversary celebration for Project Hope of the China Youth Development Foundation, for its supporting schools in rural areas.

Our Asia Young Designer Awards (AYDA) has become a highly reputable and a much-sought-after program in most Asian countries and educational institutions. First launched in 2008 as part of Nippon Paint’s vision to nurture the next generation of design talents in Malaysia, AYDA now spans across 15 geographical locations across Asia, serving as a platform to inspire architecture and interior design students to develop their skills through cross-learning opportunities and networking with key industry players and peers in the Asian region.

Guiding Philosophies – MSV and LFG

Throughout my tenure with NIPSEA, we have always stayed true to our guiding philosophies encompassing both the MSV and LFG concepts. I personally resonate strongly with the Group’s value and belief system where we leverage on the various elements of an entrepreneurial culture, which was already deeply entrenched in our organization. This has guided me in how I approach the Group’s business on a day-to-day basis – a lean and pragmatic market approach which has laid the foundation to drive the NIPSEA Group towards market dominance, paving the way for us to achieve our long-term business goals.

We will continuously strive to enhance collaborations among our employees as we create a culture that empowers our people while at the same time, build a company that is capable of competing globally in today’s ever-changing market landscape. This will ensure that we are competent and capable in meeting the changing needs and demands of our many stakeholders, as we grow our business and operations in such a way that simultaneously generates economic, societal and environmental value.

We look forward to the continuous support of our investors and shareholders as we work as a cohesive unit to create new value and areas of growth.

Thematic “Towards Dominance – Adapt, Act, Dominate”: the 2019 General Management Meeting (GMM) was held in Beijing, China and saw the attendance of NIPSEA Group leaders from over 18 countries and regions.
The development of the Do-it-Yourself (DIY) segment is closely correlated to the development of the real estate industry. Even as the notion that “housing is for living, not speculation” is quickly becoming the “new normal” in China’s real estate market, the country’s overall real estate industry growth has slowed down, thus dampening the growth of the DIY segment.

Adding to the uncertainty is that as the real estate industry embraces modernization, there has been a rising trend of property launches with “fully-renovated” or “ready-to-move-in” theme, as opposed to bare units that require renovation.

According to the “13th Five-Year Plan for the Construction Industry” (“十三五”规划) in 2017 by the Ministry of Housing and Urban-Rural Development, 30% of newly built residential properties must be fully-renovated (turn-key and ready to move-in) by 2020. Judging from the policies set in place in various regions in China, the overall growth rate of fully-renovated properties in Tier 0, 1 and 2 cities is relatively high. Beijing and Shanghai have exceeded 90% coverage (of fully-renovated properties) in new development with provincial capital cities catching up in the 20% to 60% range.

Moving forward, the following challenges are envisaged for the DIY segment:

- The size of customers who pursued DIY renovation has dwindled while the existing customer base has moved up from individual consumers to developers, contractors, home improvement companies or public renovation companies.
- Changes in product preferences with standardization and diversified demand co-exists. Thus, customers’ requirements for specialization will continue to push up property prices.
- The rise in the proportion of fully-renovated real estate has an impact on the profitability of the DIY segment. In the long term, it will affect the pattern of the entire renovation market.

On the same equation, demand for wood coatings has seen a decline in tandem with a shift to ready-made furniture alongside the rise in fully-renovated property units.

In view of the increasing awareness on environmental protection as well as to mitigate rising labor cost, the proportion of furniture and wooden doors that are built or painted on-site has experienced a reduction, when compared to those that are mass produced at factories. This will negatively impact the retail wood coatings market.

IPSEA Group’s China Business
New opportunities abound for DIY segment

Proportion of fully-renovated property in new development in China

<table>
<thead>
<tr>
<th>City</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>Beijing</td>
<td>90%</td>
</tr>
<tr>
<td>Shanghai</td>
<td>90%</td>
</tr>
<tr>
<td>Provincial capital cities</td>
<td>60%</td>
</tr>
<tr>
<td>Third and forth tier cities</td>
<td>10%</td>
</tr>
</tbody>
</table>
On the other extreme, opportunities are abound from the large base of matured or aged housing estates with huge potential for renovation and repainting. Since housing reform began in 1998, China has sold an enormous scale of commercial housing, estimated to be about 20 billion sq. meters. While this presents a huge market for paint and related enterprises, the lingering challenge is in meeting the needs of the customers. At the Politburo meeting on April 17, 2020, a measure was proposed to actively expand investments to implement the renovation of old communities. On this note, the Standing Committee of the State Council requires 39,000 old urban communities to be renovated in 2020, involving nearly 7 million residents, a figure which is double that of the previous year. The renovation of old residential areas involves diverse industries ranging from machinery to building materials, home furnishing, home appliance and property management, among others. For the paint industry, this is undoubtedly an important market opportunity. For the DIY segment to remain sustainable, there is a need to move away from the old business of selling products to that of ‘selling solutions’. Given that the customer base for the DIY segment has moved up from individual consumers to developers, contractors, home improvement companies or public renovation companies, the time is ripe to switch the focus to a new customer base. One effective way is to continuously strive to build and enrich high-quality product lines by integrating product branding strategies with an in-depth understanding of its diverse customer needs. Instead of relying upon walk-in customers, the DIY segment can gradually expand its market share in the repainting and renovation market. In fact, the offering of repainting cum-renovation service for matured or aged dwellings can eventually create a viable revenue stream for the DIY segment. To offset dwindling sales from its traditional business (i.e., relying on sales from walk-in customers), one imperative is to understand the customers’ requirements and quality expectations for various coating effects that are constantly improving. This calls for the need to conduct more in-depth research and development (R&D) to produce the desirable coatings effect – or even to impose stringent quality control – to ensure maximum customer satisfaction. This is where constant data-driven business transformation and upgrading can contribute towards identifying the diverse needs of our customer base and addressing their concerns. Amidst the slowdown encountered by the commercial housing market and the higher tendency for property developers to pursue fully-renovated or ready-to-move-in launches (as opposed to constructing bare units which require renovation), several other focused areas were also identified to further connect with the target market and reposition Nippon Paint’s product offerings. To begin with, there is a need to increase the focus on top real estate industry players. According to a research report of China’s Top 100 real estate companies, the market share of the Top 100 as well as that of the Top 10 real estate developers have been increasing year-by-year. The Top 100 real estate developers have a sales market share of 61.5% in 2019: a substantial increase of 26.4% from 35.1% in 2015, while the Top 10 real estate developers achieved 27.7% market share, an increase of 11.3% from 16.4% in 2015. Therefore, it has become imperative to foster deeper cooperation with real estate developers and their project stakeholders in the likes of turnkey contractors, architects, civil engineers and home improvement companies from a marketing and branding standpoint, by constantly making them aware of Nippon Paint’s continuous breakthrough in product innovations and technologies. On the same account, there is also a need towards creating a strong alliance with partners to build a project management team which boasts an efficient delivery system so as to meet the demand of the real estate fraternity or industrial customers. Green products

Another opportunity that presents itself for the Project Division is to tap into the increased market acceptance of integrated renovation and insulation board products following recent government ruling on energy-saving standards. As the market acceptance for green building material rises, demand for integrated panels has increased given it is a vital component for thermal insulation, renovation and assembling during the construction process. This follows the gradual move by the Government to embrace green technology in the construction and real estate sectors as evident from the recent issuance of the 13th Five-Year Plan for the Construction Industry (“十三五规划”) in 2017 by the Ministry of Housing and Urban-Rural Development where the authorities outlined a plan for all newly-built civil buildings in cities and towns to meet a specific energy conservation standards by 2020:

- All new building must meet energy conservation requirements.
- Green-buildings must make up more than 50% of new construction.
- All new buildings must be fully-renovated.
- Prefabricated construction area must account for at least 15% of the new construction area.

On a bigger picture, there is a need for the Project Division to move from selling products to selling industry-viable solutions. This can be achieved by continuously striving to build and enrich high-quality product lines while putting in place an integrated product system that can identify and effectively fulfil the needs of diverse customers.
Global Business Review

Branding power spurs DIY success

Since its market entry into China in 1992, Nippon Paint has achieved tremendous growth alongside China’s rapid economic development where it has been gaining market share due to its vigorous commitment towards products and services enhancements, channel management, marketing, and corporate social responsibility. Interestingly, it was found that while the younger generation perceived Nippon Paint as a professional brand, there was a lack of brand intimacy. The company was then prompted to rethink its branding direction with the emphasis on future packaging design and the brand concept.

This culminated in the “Beyond Paint” strategy for Nippon Paint in 2014, where the following changes were implemented on the company’s Corporate Identity System:
• The first “C” – “From Competitor to Consumer” – saw a shift from observing competitors to focusing on consumers;
• The second “I” – “From Individual to Integrate” – saw a shift from

the emphasis on single individuals to integration, which includes products, tools, services as well as the operation of the entire Nippon Paint establishment;
• The third “S” – “From Sale to Service” - saw the need to shift from selling products to offering services by addressing the various needs and issues on the consumer side.

In line with the “Refresh Your Life” – brand proposition, Nippon Paint has nevertheless completed its transformation journey from a pure paint manufacturer and seller to a total coatings solution provider.

Repainting service
In its quest to continuously create and enrich high-quality product lines via product integration that centers around customer needs, Nippon Paint has successfully launched a complete, or bottom-to-surface coatings system.

In addition to its coatings products, Nippon Paint has also rolled out high quality, cost-effective and environmentally-friendly base and auxiliary materials that encompass tiling and home improvement products on top of rendering painting services.

In 2011, Nippon Paint launched a repainting service which entails repainting-cum-refurbishment services. Although sales data are currently pointing to a decline in the construction of new houses, it must not be forgotten that the scale and volume of existing houses (in the 10 to 40 years range) are huge.

With the government at state and federal levels having proposed the “old reform” project which requires the refurbishment of 39,000 old urban communities in 2020, the market demand looks bright for the DIY segment.

Moving forward, Nippon Paint envisages the leveraging of Big Data to enhance its business agility and efficiency, especially from the perspectives of better understanding its customers and their needs while driving productivity from an operations standpoint. The data-driven transformation is poised to complement the existing e-commerce and live broadcast which are now very popular marketing tools in the realm of online-to-offline (O2O) business marketing.

Moreover, Nippon Paint also makes its presence felt on social media networks such as Douyin, Toutiao, Xiaohongshu, to name a few, where it conducts “scene marketing” by interacting with consumers (both existing and potential) through different product application scenarios.

Success factors
There has been continuous efforts in place to build and enrich high-quality product lines while integrating product systems around customer needs. From the initial flat exterior coatings products, to textured products, floor coatings, water-in-sand, water-in-water as well as reflective insulation products, the Project Division has continued to focus on the creation of high-quality product lines. Nippon Paint believes in the forgoing of a strong alliance with its business partners to build a strong project management and delivery system. In today’s borderless trading environment, a Green business channel that integrates customer acquisition, delivery and technology is vital for a fruitful and long-term business relationship.

It has become a norm for Nippon Paint to provide its business partners with all-around support for their market expansion or through technology transfer, supply chain finance and sharing of resources to build delivery-side competitiveness. Towards this end, the company is also leveraging Big Data to create an effective digital platform to collaborate with its business partners. In the longer term, Nippon Paint aspires to provide partners with a comprehensive product system, efficient supply chain system and advanced information management system for joint value creation.

Growth strategies
As part of its future growth and market share expansion strategies, Nippon Paint has embarked on forging cooperation with a more diverse customer base. While the real estate developers have been regarded as a key customer group, it is essential to note that there is a much broader marketplace to tap within the real estate market. The Project Division has continued to focus on the creation of high-quality product lines. Nippon Paint believes in the

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increases 20% to 60% range.

growth rate of

real estate market, the country’s overall

growth has exceeded 90% coverage (of

Tier 0, 1, and Tier 2 cities).

The rise in the proportion of

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efficiency-saving system and base

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While it is essential that the pursuit of strategic cooperation with real estate developers is emphasized as a future strategy, we have to bear in mind that dealing with strategic customers requires strategic adjustments at the management end. This is considering that their requirements from products, services and technological standpoint are very different from individual customers (as in a walk-in customer to a paint shop).

“Drive change, stabilize and move fast” has been chosen as the main theme for the Project Division in the medium-to-long term. Efforts will be focused on

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Chapter 2 Value Creation Strategy

Global Business Review

The state-of-the-art Xianning plant

Strategically located within close proximity from three capital cities – namely, Wuhan, Changsha and Nanchang – Nippon Paint’s Xianning plant embraces its business philosophy to remain as a market leader in the development of the coatings industry through technological and process innovation - with the ultimate aim of beautifying and protecting people’s lives, and by constantly creating products with superior quality and beautiful colors.

Managed by Nippon Paint (Hubei) Co., Ltd amid the excellent development environment of the Xianning High-tech Zone, the 209-acre plant boasts a standard three-story administrative building with a total area of 3,600 sq. meters (which comes with a standard office area and a lecture hall); a latex paint production and storage area measuring 10,600 sq. meters, and a 11,700 sq. meters of sand wall or putty powder workshop.

Commissioned in 2019, the capacity of the first phase of the latex paint workshop is slated for 150,000 tonnes with the second phase reserved for 300,000 tonnes.

The latex paint production system is operated by the world’s most advanced distributed control system (DCS) which is the result of a joint research and development by experienced production personnel as well as famous European equipment suppliers.

When connected with the Systems Applications and Products (SAP) system, the DCS-control system is able to accurately manage production by effectively reducing the manual document operation links of various departments in the supply chain.

This will improve the overall operational efficiency while eliminating human errors to achieve zero defective products rate.

Industry 4.0

Compared with the traditional process, the batch time is shortened by more than 60%, while the total labor productivity can be elevated by close to four times. A single-tonne production can achieve cost savings of about 30% and fuel cost reduction by approximately 20%.

Moreover, the efficiency of area output and equipment investment is poised to see greater improvement while promoting safer working environment and more environmentally-friendly production processes.

With 26 paint factories and 30 powder factories across China today, the Xianning plant is aligned with Nippon Paint’s aim to embrace Industry 4.0. Since introducing Industry 4.0 two years ago, all newly built production plants have gradually moved closer to becoming “intelligent factories”.

On the same note, Nippon Paint is in the midst of transforming its older plants (both paint and powder factories) into “intelligent factories”. In line with the adoption of Industry 4.0, there is greater realization on the major contribution of Big Data in further enhancing the company’s operation (i.e., production process, supply chain and marketing or branding).

Undoubtedly, Big Data facilitates the detailed identification and analysis of customer needs – which ultimately drives sales. This is crucial especially in meeting the high expectations of the general consumers, as well as business-end customers (i.e., real estate developers).
**DuluxGroup** is Australia and New Zealand’s market leader in paint, coatings, sealants and adhesives, as well as other home improvement products. Dulux has over 98% prompted brand awareness and has for many years been voted Australia’s most trusted paint brand.

**A proud history**

DuluxGroup has a proud history going back more than a century to its origins in Sydney in 1918. This rich heritage includes 70 years as part of multinational ICI Paints. Following ICI Plc’s exit from Australia in 1997, DuluxGroup spent 13 years as part of Orica Limited before demerging as an independently listed company on the Australian Securities Exchange (ASX) in 2010. During the period before DuluxGroup joined NPHD in late 2019, its total shareholder returns placed it in the top 5% of companies on the ASX.

**Focus on the fundamentals**

DuluxGroup’s sustainable growth has been driven by investing in brands, innovation and customer service as well as a focus on the most resilient and profitable market segments. The company’s primary focus is on existing home owners including e-commerce and direct marketing engagement through digital innovation – driven by underpinned by continuous focus on existing home owners including e-commerce and direct marketing engagement through digital innovation – driven by underpinned by continuous focus on existing home owners including e-commerce and direct marketing engagement through digital innovation – driven by underpinned by continuous focus on existing home owners including e-commerce and direct marketing engagement through digital innovation – driven by underpinned by continuous focus on existing home owners including e-commerce and direct marketing engagement through digital innovation – driven by underpinned by continuous focus on existing home owners including e-commerce and direct marketing engagement through digital innovation – driven by underpinned by continuous focus on existing home owners including e-commerce and direct marketing engagement 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**Values and Behaviors**

DuluxGroup’s success is driven not only by what its people do but also how they do it. This is reflected in its four Values and Behaviors:

- Be consumer driven, customer focused
- Unleash your imagination
- Value people, work safely and respect the environment
- Run the business as your own

**Becoming part of Nippon Paint**

Becoming part of Nippon Paint Holdings is a new chapter in DuluxGroup’s rich history, but its focus remains on maximizing shareholder value by leveraging new opportunities as part of the Asia Pacific’s number one paint and coatings company.

Specifically, this includes:

1. Building on the company’s market-leading positions in Australia, New Zealand and Papua New Guinea.
2. Contributing to Nippon Paint’s position in Asia through DuluxGroup’s own capabilities and portfolio—for example, Selleys adhesives & sealants; and
3. Continuing to explore pathways for material growth in the UK.

**Overview of the Group**

**Corporate data**

- Employees: 3,757
- Headquarters: Victoria, Australia
- Ownership Ratio: 100.0%
- Revenue: $1,805 million

**Ratio of Business Portfolio (%)

| Other Home Improvement Businesses | Revenue from Other Home Improvement Businesses
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Easylife (Australia)</td>
<td>13%</td>
</tr>
<tr>
<td>Dulux Paints</td>
<td>57%</td>
</tr>
<tr>
<td>Easylife (New Zealand)</td>
<td>15%</td>
</tr>
<tr>
<td>Selleys</td>
<td>28%</td>
</tr>
<tr>
<td>Dulux Group</td>
<td>15%</td>
</tr>
<tr>
<td>Other</td>
<td>14%</td>
</tr>
</tbody>
</table>

**Limited on the Australian Securities Exchange (ASX)**: Patrick then became CEO and Managing Director of DuluxGroup Limited, which at that time had a market capitalisation of approximately $4 billion. In August 2019, when DuluxGroup became part of NPHD, the company had grown to approximately $5 billion.

**Sales by end market**

- New Housing
- Maintenance & Home Improvement
- Commercial & Industrial
- Other

**CEO message**

DuluxGroup’s 4,000 employees are united by a core purpose to help consumers Imagine a Better Place. DuluxGroup is a marketer and manufacturer of premium branded products that protect, enhance and maintain the places and spaces in which people live and work.
Global business review

Betek Boya

SWOT analysis

Strengths
- Wide range of product offerings, including industrial, furniture, ETCs, insulation materials, and architecture coatings and primers/substrate
- Extensive collaboration with suppliers, research institutions, academia, etc.
- Multi-brand strategy covering all market segments

Weaknesses
- GROW impacts, as a high proportion of ingredients are imported

Opportunities
- More stringent EU regulations on health and environment allows technology towards environmentally friendly and healthy products
- Easy access to reliable raw materials in Asia
- Nippon Paint product and technology transfer to Betek

Threats
- Social and economic impact of CO2/GWP on paint and coating market
- International brand

Corporate data

Employees: 1,485
Headquarters: Istanbul, Turkey
Ownership Ratio: 99.6%

Revenue

<table>
<thead>
<tr>
<th>(M TL)</th>
<th>2017/12</th>
<th>2018/12</th>
<th>2019/12</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,496</td>
<td>1,518</td>
<td>1,518</td>
</tr>
</tbody>
</table>

Ratio of Business Portfolio

<table>
<thead>
<tr>
<th></th>
<th>Industrial Use</th>
<th>Others</th>
<th>Decorative Paints</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017/12</td>
<td>14%</td>
<td>42%</td>
<td>44%</td>
</tr>
<tr>
<td>2018/12</td>
<td>14%</td>
<td>42%</td>
<td>44%</td>
</tr>
<tr>
<td>2019/12</td>
<td>14%</td>
<td>42%</td>
<td>44%</td>
</tr>
</tbody>
</table>

TOP message

A leader in the Turkish paint market

Betek Boya is a leading Turkish paint and ETCs company. Its multi-brand portfolio covers the full spectrum of consumer segments, from premium brands to budget options. It has led the Turkish decorative paint sector for 19 years, with 25% market share in 2019 and has 7 production facilities and 25 local distributors and regional warehouses supplying more than 5,648 dealers across Turkey.

Decorative coatings account for 58% of the Turkish paint market, and general industrial finishes another 11%. The market grows by around 10% every year, and is dominated by painters. 77% of consumers purchase painting services, and 50% of consumers allow painters to make the final brand decision. Seasonality is an important factor, with silicone paints by far the most popular.

Unrivalled brand recognition and competitive position

Betek Boya has long been a market pioneer in product, brand, and channel development. Its most recognized brand is Filli Boya, which accounted for 42% of sales in 2019 and has the highest TOM and unaided awareness in the market at 32%. However, Betek Boya has many other dominant brands across all segments in both decorative paints and ETCs. This competitive position was achieved through:
- Presence in every customer segment via regularly updated product portfolio
- Outstanding products like Damacaydil enhancing market position
- Extensive, consistent marketing and advertising efforts
- Distributor/dealer-friendly approach, maximizing sales performance
- Strong relationships with painters in traditional channels

Strategies for growth and group synergies

Betek Boya has three major growth targets:
- Expand market share in paint and ETCs
- Become a regional power through international acquisitions and direct investment
- Grow in industrial paints through organizational setup and knowledge transfer

As part of the Nippon Paint group, Betek Boya aims to create short- and medium-term synergies in the decorative paint sector through rebranding and dual branding, an accelerated next-gen dealership program, and stronger e-commerce channels.

In the export market, Betek Boya will invest in first-wave geographies with high potential and accelerate its Egypt operations in particular, building on its existing production facility there. Nippon Paint’s certifications and know-how will help Betek Boya advance in industrial coatings, and the company will pursue supply chain synergies through combined procurement and use its ample production capacity for Nippon Paint products.

Over the long term, group synergies will allow Betek Boya to strengthen its industrial coatings position by expanding into B2B and entering new industrial segments and industries. Wood and metal coatings and easy-to-use floor coatings are two kinds of new products currently being considered. Investment in second-wave select geographies will expand the company’s geographical reach, allowing Betek Boya to become an operational service hub for Nippon Paint’s operations in nearby regions.

Positioning of Brands - 2019

<table>
<thead>
<tr>
<th>Premium</th>
<th>MID</th>
<th>ECO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nippon</td>
<td>JOTUN</td>
<td>Dr.SMART PAINT</td>
</tr>
<tr>
<td>Paint</td>
<td>dyo Polisan Marshall</td>
<td>KaleBoya</td>
</tr>
<tr>
<td>CASATI BOYA</td>
<td>AKCAU</td>
<td>CURO TEK BOYA</td>
</tr>
</tbody>
</table>
Dunn-Edwards has been a leading paint supplier in the Southwestern U.S. since 1925, providing a complete line of paint, sundries and equipment to professional painters and quality-conscious consumers. The company is taking proactive steps to influence customer behavior and drive sales growth through channels and to new market segments. Dunn-Edwards’ strategies for growth are multifaceted. In commercial and consumer segments, the company aims to increase its market share by leveraging growth accelerators. In other channels, Dunn-Edwards is using network and capacity advantages to build the brand outside its current footprint and capacity advantages to build the brand outside its current footprint and boost profitability. At the same time, the company is developing business models based on new technology that will make it the easiest paint brand to work with, positioning it for market disruption. Industrial coatings represent a logical expansion of the Dunn-Edwards product line, and the Endura series of light industrial paints was recently added to the product mix. Dunn-Edwards is also collaborating in many ways with Nippon Paint. Manufacturing and product development teams collaborate on raw material evaluations, formulation strategies, and supply chain optimizations. The results have inspired new products, slashed costs, and delivered procurement synergies. Product development is a key growth driver for Dunn-Edwards. Guided by a mission of developing products with measurable and meaningful performance advantages versus the competition, the company continues to bring new and innovative products to market.

**Global Business Review**

**Dunn-Edwards**

**SWOT analysis**

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structurally positioned retail store network and highly trained sales force for providing superior customer service</td>
<td>Dunn-Edwards has successfully focused on serving the professional painting industry. However, continued shifts in customer behavior and changing demographics are impacting brand perceptions.</td>
</tr>
<tr>
<td>Diverse portfolio of high-quality and innovative products provide meaningful, measurable performance advantages versus the competition</td>
<td>The company is taking proactive steps to influence customer behavior and drive sales growth through channels and to new market segments.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop omni-channels commerce solutions to drive sales growth to professionals and consumers of all ages</td>
<td>Large marketing and advertising investments by national brands continues to impact brand selection.</td>
</tr>
<tr>
<td>Help to grow Nippon Paint manufacturing and product development capabilities, modernize its retail outlets, and launched a Color Advisor program to assist customers with color selection.</td>
<td>Brand loyalty is impacted by competitive action by national brands and price wars.</td>
</tr>
</tbody>
</table>

**Corporate data**

- **Employees:** 1,912
- **Headquarters:** California, USA
- **Ownership Ratio:** 100.0%
- **Revenue (in,000):** 416

**CEO message**

A strong niche in a concentrated market

Dunn-Edwards has been a leading paint supplier in the Southwestern U.S. since 1925, providing a complete line of paint, sundries and equipment to professional painters and quality-conscious consumers. The company is taking proactive steps to influence customer behavior and drive sales growth through channels and to new market segments.

**Strategies for growth, partnerships for innovation**

Dunn-Edwards’ strategies for growth are multifaceted. In commercial and consumer segments, the company aims to increase its market share by leveraging growth accelerators. In other channels, Dunn-Edwards is using network and capacity advantages to build the brand outside its current footprint and boost profitability. At the same time, the company is developing business models based on new technology that will make it the easiest paint brand to work with, positioning it for market disruption. Industrial coatings represent a logical expansion of the Dunn-Edwards product line, and the Endura series of light industrial paints was recently added to the product mix. Dunn-Edwards is also collaborating in many ways with Nippon Paint. Manufacturing and product development teams collaborate on raw material evaluations, formulation strategies, and supply chain optimizations. The results have inspired new products, slashed costs, and delivered procurement synergies. Product development is a key growth driver for Dunn-Edwards. Guided by a mission of developing products with measurable and meaningful performance advantages versus the competition, the company continues to bring new and innovative products to market.

**Environmental initiatives**

Dunn-Edwards is committed to eco-efficiency as an overarching principle, guiding everything from product formulations to employee health and safety. In 2009, the company launched a major brand initiative called Greener by Design as a vision of a “green” future. Just two years later, in 2011, Dunn-Edwards built a LEED® Gold-certified manufacturing plant, demonstrating genuine commitment to the environment as well as boosting sales growth.

**Value Creation Strategy**

**Value Creation through ESG Practices**

**Karl Altergott**

Karl Altergott has been the President and CEO at Dunn-Edwards for the past 11 years. After joining the company, he immediately focused on projects to achieve operational efficiency and provide superior customer service. Under his guidance and support, the company constructed a fully-automated manufacturing plant to expand production capabilities, modernized its retail outlets, and launched a Color Advisor program to assist customers with color selection. He holds a B.S. in Engineering from Loyola Marymount University and an M.B.A. from Pepperdine University’s Graziadio School of Management.
Overview of the Group

NPMC will continue to become a leading company in the automotive coating field so that we may become the best partner, trusted by customers as a specialized manufacturer contributing to the development of a mobility driven society.

Value Creation Strategy

Evolving into a company with a strong competitive edge and dominant share in the Asian market by reinforcing the core businesses and creating a second core business

NPMC is committed to contributing to the development of an industrialized society by providing new value that will pave the way for future generations as a company specialized in coatings for general industrial applications, excluding automotive coatings. NPMC is focusing efforts on reinforcing its core business of coil coatings, powder paints and so on, as well as creating a second core business by expanding the paint business for road surface markings and so on. In addition, NPMC is accelerating business expansion and investment strategy overseas, where high demand growth is expected to continue, through collaboration with NPHD group companies. The aim is to become a company with a strong competitive edge to overtake the Asian market by transforming into a small company to achieve high value addition, high efficiency management, and high profitability.

Striving to maximize business value through creation of new business to solve ESG solutions and enhancement of a globally highly profitable business structure

NPSU has grown by focusing on the development and deployment of advanced technologies and products as a manufacturer specialized in surface treatments designed to dramatically boost the added value for a wide range of industrial products such as building materials, home exterior materials, home electronics, office furniture and construction and agricultural machinery, and rail cars, as well as functional materials in the field of medical and surgical equipment for painting and coating applications. NPSU expanded operations in Asia through a partnership with the NIPSEA Group, and has established a leading position in its main business domains such as coil coatings and paints for construction machinery and agricultural machinery.

Establishing the Top Group Brand to Deliver Cutting-edge Eco-products Worldwide and Becoming a Company Recognized from the Perspective of SDGs and ESG

As a professional marine coatings company that plays an active role in the marine market, NPMC has been developing and supplying the world’s first tireless and fuel-efficient antifouling paint, which contributes to CO2 reductions, as well as other advanced environmental products that consistently contribute to solving social issues. The volume of seaborne transportation is expected to increase over the medium to long term. The company’s products, which have been established in Japan and other Asian countries, are increasingly being adopted in Europe. In addition, its existing products are highly regarded by European customers who are particularly interested in environment-friendly technologies. NPMC is expected to develop new products that are handy to both the ocean and the atmosphere in response to future environmental regulations. NPMC will continue to create value with SDGs and ESG at the core of our management, and aims to be a company that is recognized worldwide.