

Nippon Paint Holdings

~Japan Origin, Japan-Singapore Partnership, a Global Company~

February 21, 2020

Nippon Paint Holdings Co., Ltd.

Chairman, President & CEO Masaaki Tanaka



Basic & New

NIPPON PAINT HOLDINGS CO., LTD.



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Introduction to Nippon Paint Holdings



NIPPON PAINT HOLDINGS GROUP

Image: Beijing National Stadium (China)

Overview of Nippon Paint Holdings

Established presence as the No. 1 paint company in Asia

1881

Establishment of Nippon Paint

- Japan's first and largest paint company with a 140-year history

JPY 692bn

Revenue (FY2019)

- Strong growth through high growth in Asia and expansion through M&A

Top 100

Market Capitalization

- 70th to 100th place in the domestic market capitalization ranking
- Market capitalization of ¥1.5 trillion to ¥2 trillion

Over 25,000

Consolidated Number of Employees (as of end 2019)

- A global company with more than 3,000 employees in Japan and more than 22,000 in overseas

29 Geographical Locations

Nippon Paint's Global Network

- Strong global presence centered around Asia
- Recent expansion of business to other regions driven by M&A activities

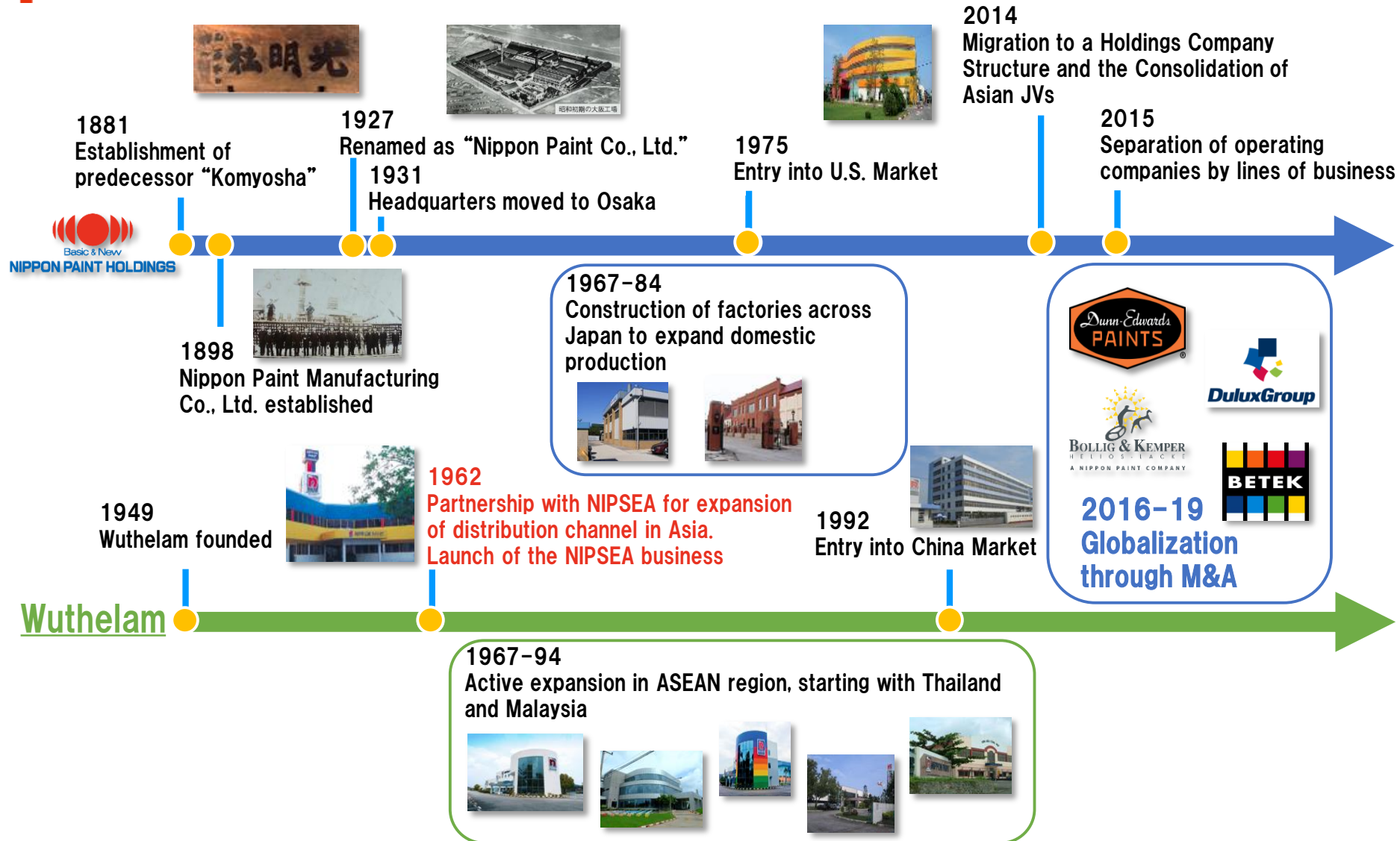
Over 70%

Revenue from Overseas

- Over 70% of revenue is generated from overseas, with global expansion being further accelerated through the acquisition of DuluxGroup (Oceania) and Betek Boya (Turkey) in FY2019

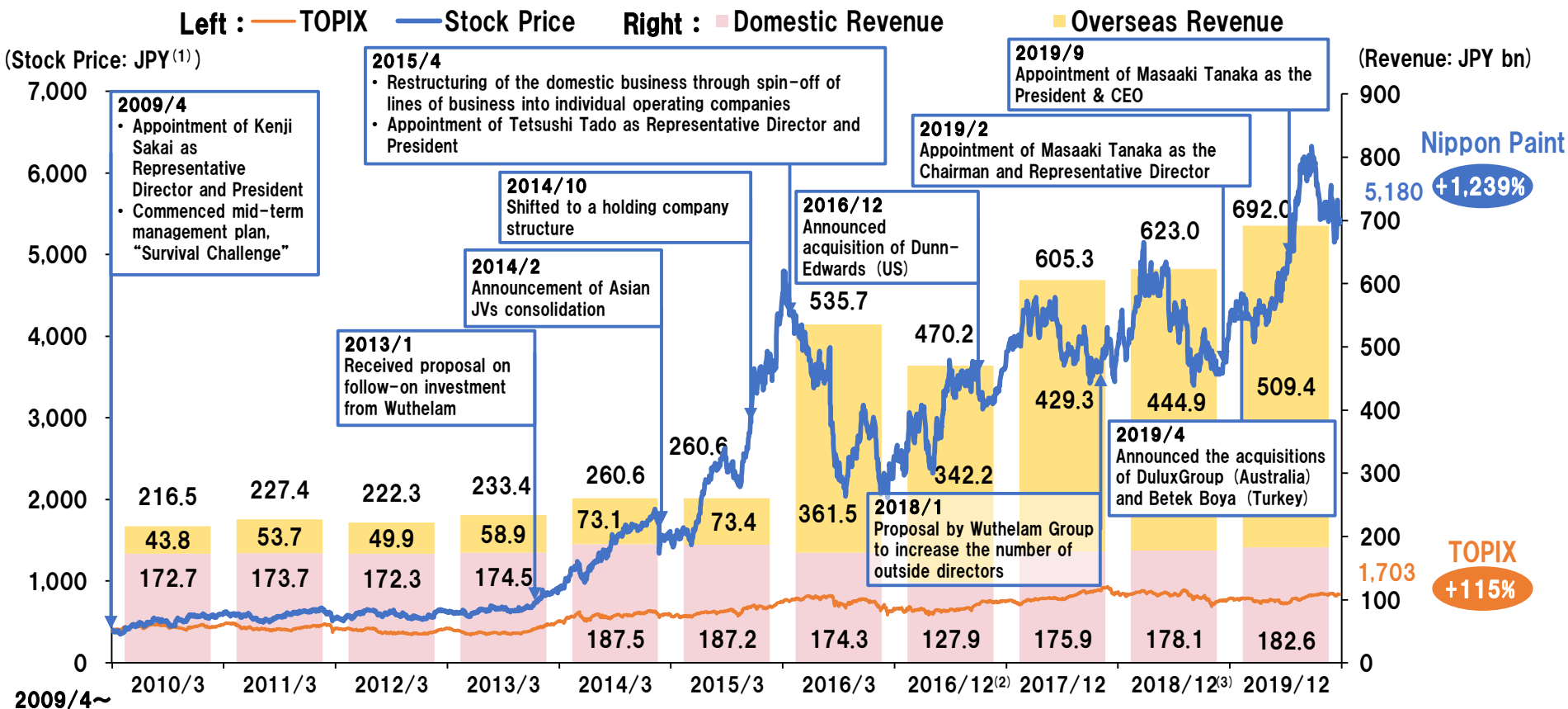
Our History

Fusion of Nippon Paint's 140-year history and Wuthelam's Asian business platform



Historical Market Capitalization and Revenues

Share price rose by nearly 15 times over the past 10 years



CEO

2009/4/1-2015/3/31
Kenji Sakai

2015/4/1-2019/12/31
Tetsushi Tado

2020/1/1-
Masaaki Tanaka

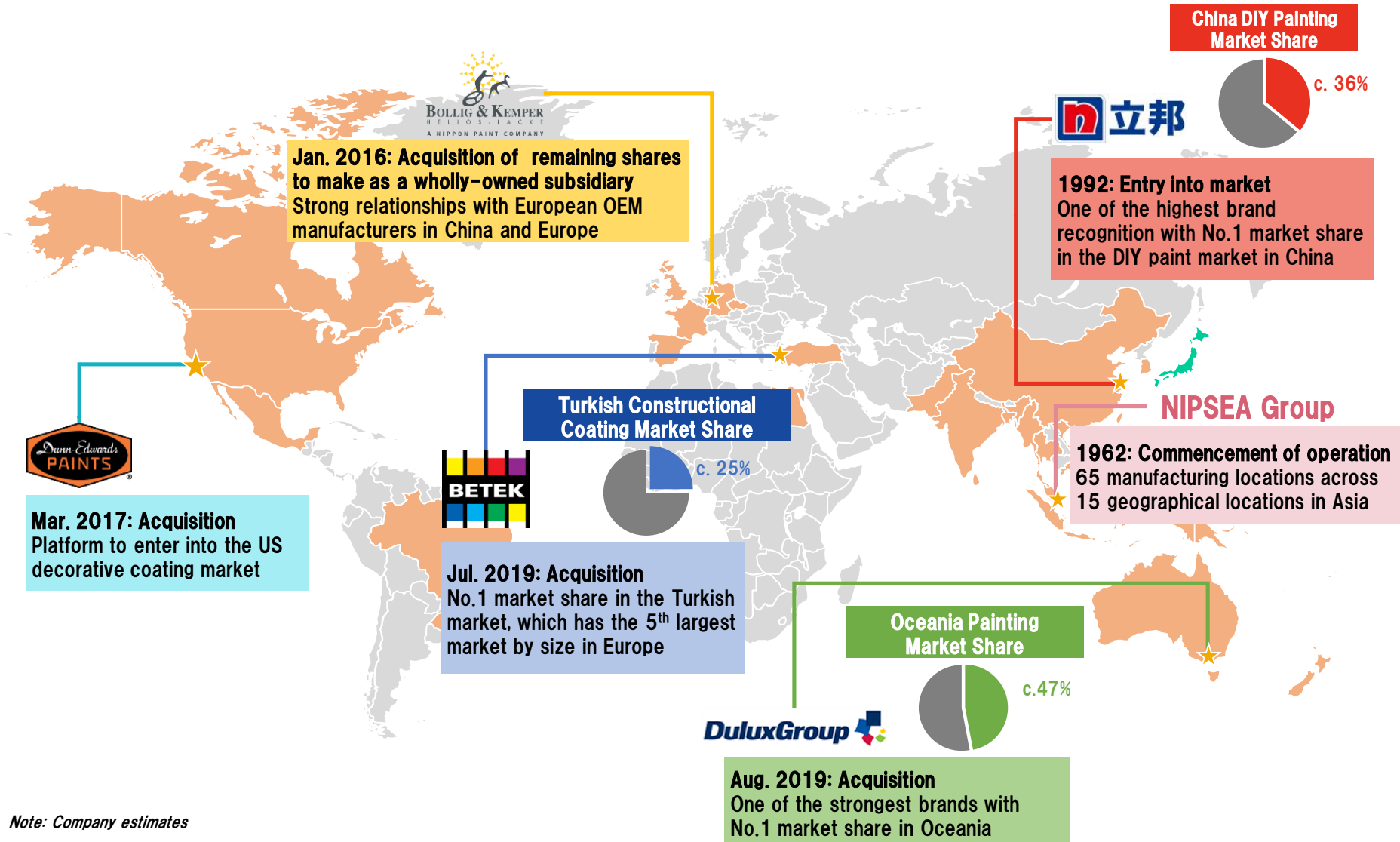
(1) Normalized TOPIX based on the share price of Nippon Paint as of April 1, 2009

(2) Account closing month was changed to December from FY2016/12. Revenue is based on 9 months from April. 2016 to December. 2016

(3) Figures after FY2019/12 are based on IFRS, and figures before FY2018/12 are based on JGAAP

Global Presence

Expanding global network across 29 geographical locations through M&As

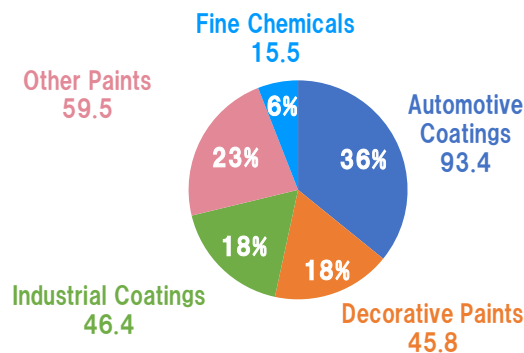


Key Features of Our Business

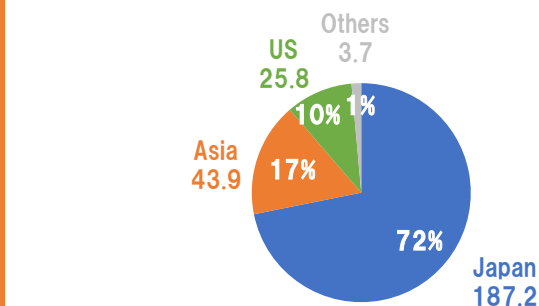
Globalization accelerated by consolidating Asian JV and cross-border M&A transactions

FY2014

(JPY bn)



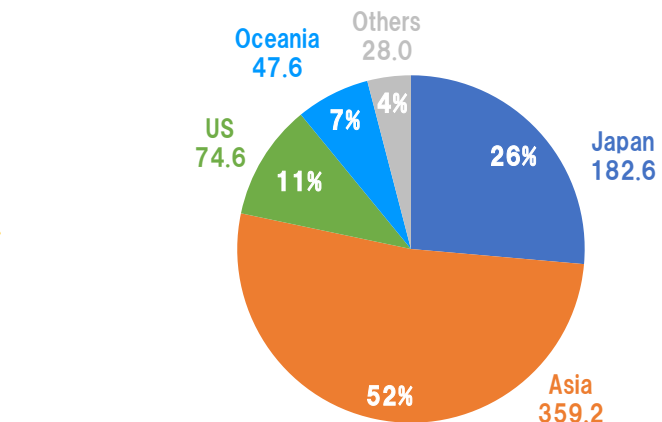
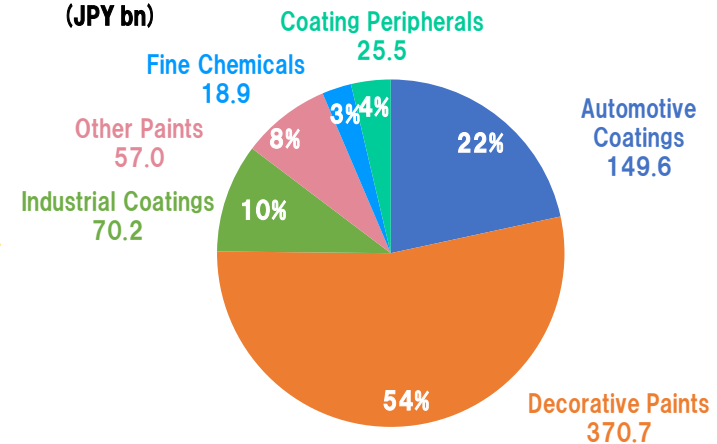
By
Business



By
Region

FY2019

(JPY bn)



Note: FY14/12 figures are based on JGAAP and FY19/12 figures are based on IFRS standard

Key Features of Our Business

Operating a wide range of paint businesses centered around Automotive coatings and Decorative paints business

Paints/Coatings Business

Paint
Peripheral
Business

Automotive
Coatings

Decorative
Paints

Industrial
Coatings

Other Paints

Fine Chemicals



Consolidated Revenue
(JPY bn)

22%

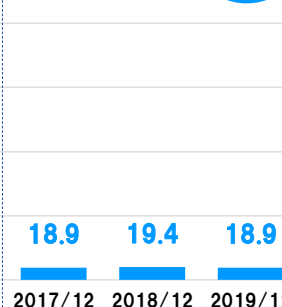
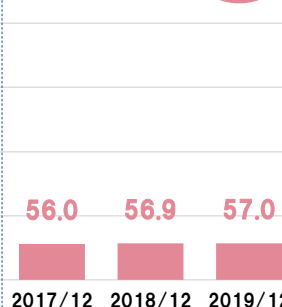
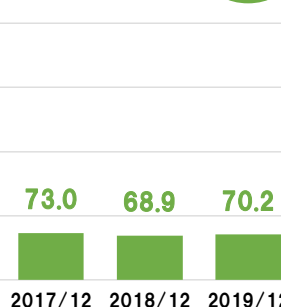
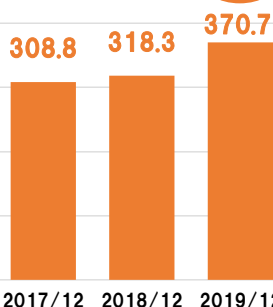
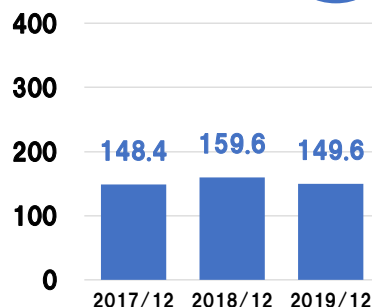
54%

10%

8%

3%

4%



Uses

Automotive

Decorative
Anti-Corrosive
DIY

Industrial
Building/Housing
Constructional
Coatings

Marine Coatings
Automotive Refinish

Surface
Treatments
Fine Products

Adhesives
Insulation, etc.

Strength of Our Business and Our Brand

Wide-range of products based on advanced technology

Decorative Paints Business

Exterior/Interior Wall Paints



Anti-Corrosive Paints



Other Paints Business

Automotive Refinish



Betek Boya



LiBang



Marine Coatings



DuluxGroup (Oceania)



Dunn-Edwards



Strength of Our Business and Our Brand

Technical capabilities highly regarded across society

Automotive Coatings



Industrial Coatings



Decorative Paints

Tokyo National Stadium*



Raffles Hotel (Singapore)



Wat Ratchanatdaram (Thailand)



Sohonzan Shitennoji Temple



Beijing National Stadium (China)



MICE Building (Singapore)



Other Paints

Cruise Ship



Fine Chemicals

Air-Conditioner



* Image provided by Taisei Construction Co., Ltd.

Our Strengths



Our Strengths



Our Mission: Maximization of shareholder value

- With SDGs and ESG at the core of management, NPHD places Maximization of Shareholder Value (“MSV”) as its paramount mission. MSV is predicated on fulfillment of our duties to customers, employees, suppliers and society, setting us apart from the concept of “Shareholder Primacy”

Our Strengths① Sound Growth Potential of Paint Market

Paint market is expected to witness strong global growth

World Population
(bn people)

6.9

7.8

0.7bn

8.5

(JPY tn)

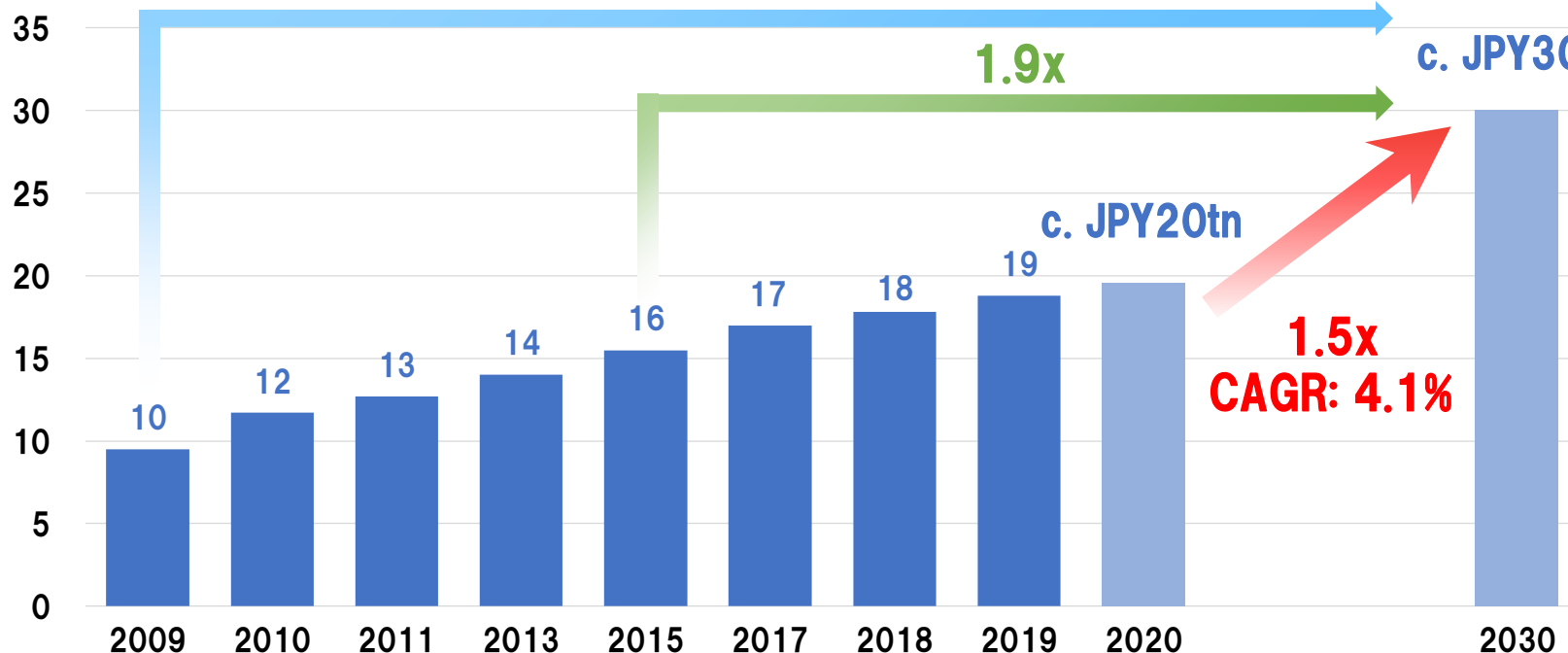
3.0x

1.9x

c. JPY30tn

c. JPY20tn

1.5x
CAGR: 4.1%



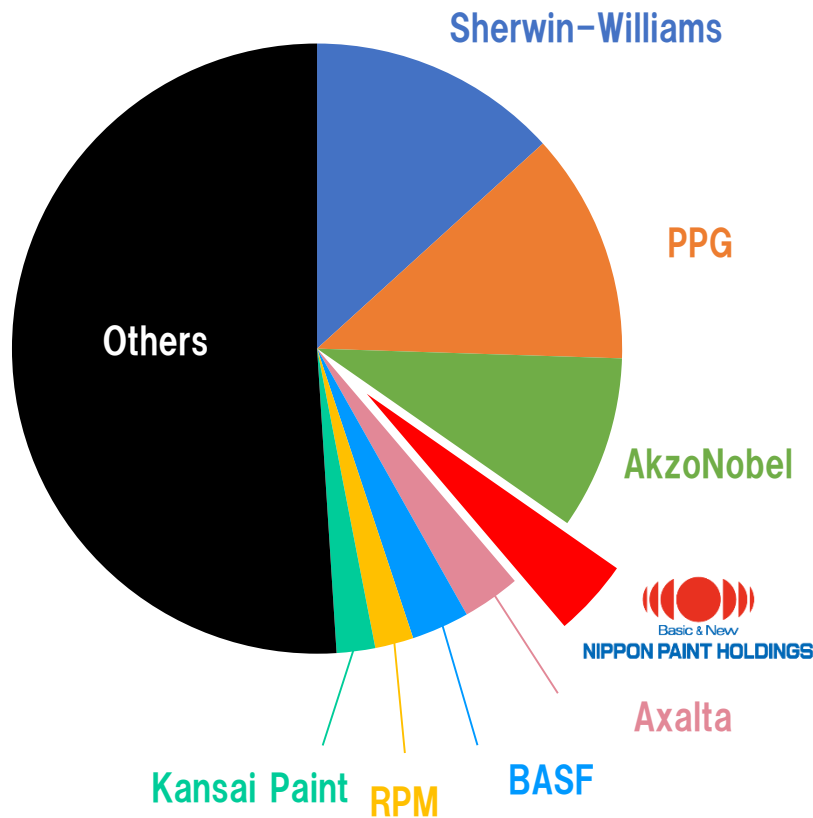
Source: Company estimates based on data from International Paint & Printing Ink Council Report and the United Nations
Note: Calculated at the exchange rate of JPY110.0/USD

■ Painting Industry Market Size

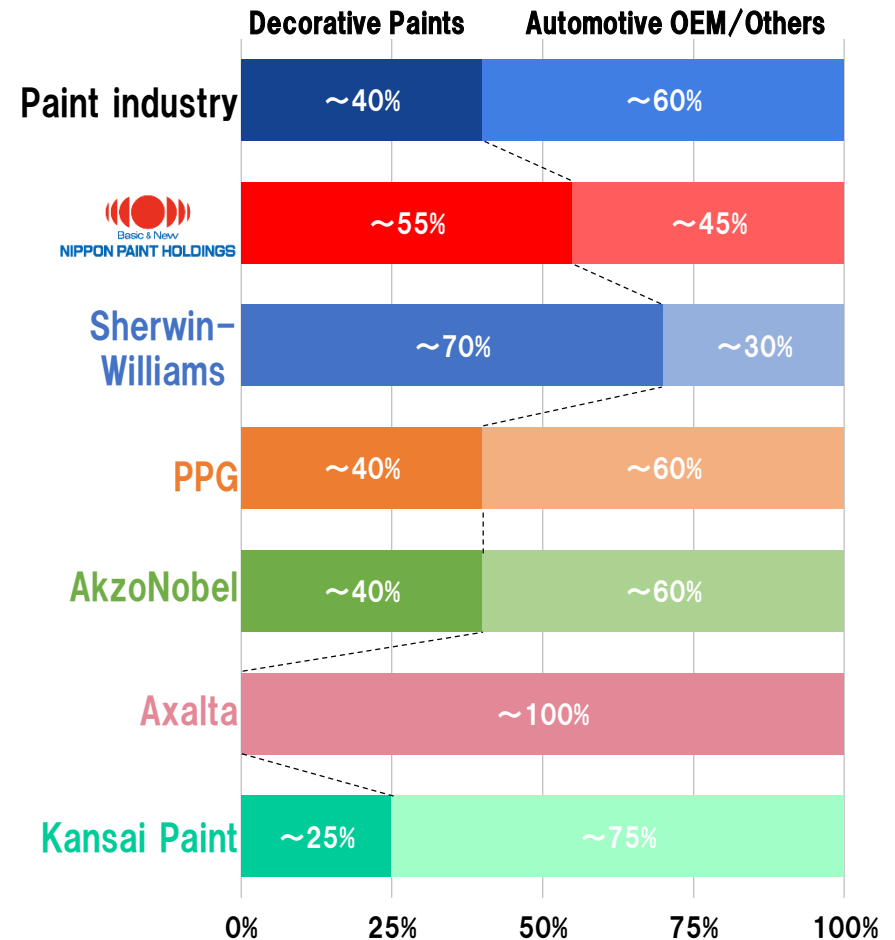
Our Strengths① Opportunity to Increase Market Share

Well-balanced business portfolio with potential to increase global share

Global Market Share



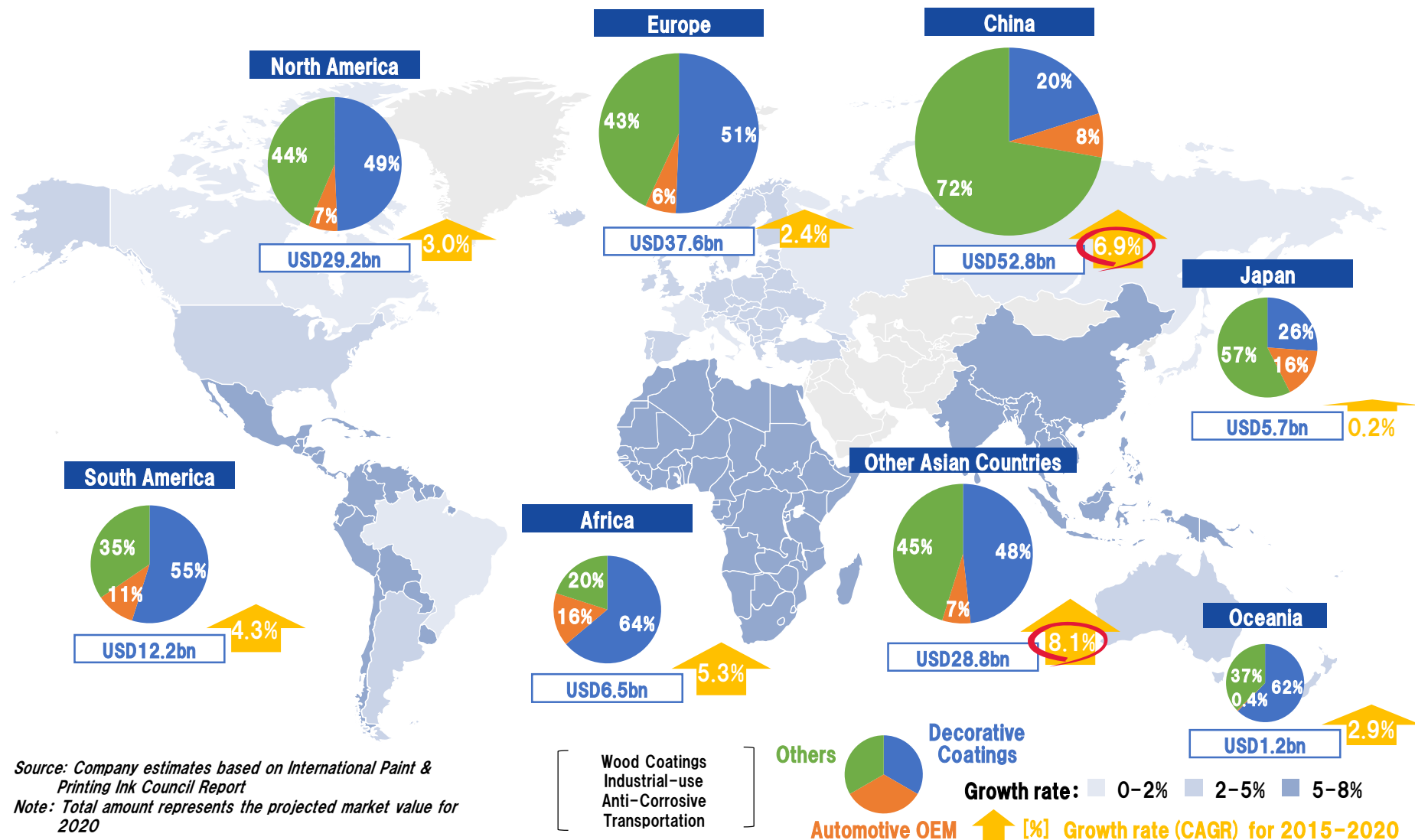
Business Portfolio



Note: Company estimates

Our Strengths① Paint Industry Growing Globally

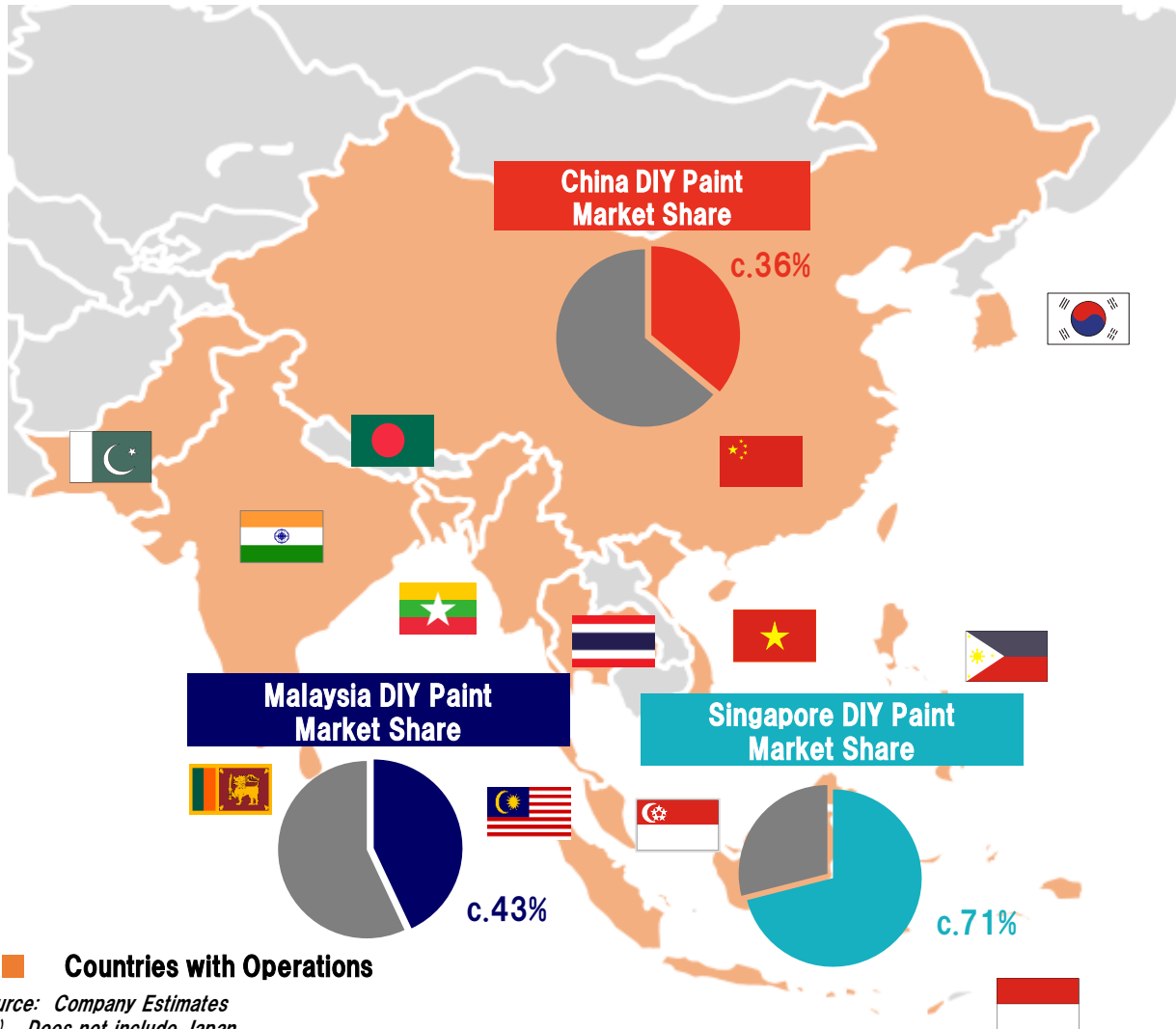
The largest growth engine in china and other parts of Asia



Source: Company estimates based on International Paint & Printing Ink Council Report
 Note: Total amount represents the projected market value for 2020

Our Strengths② Unparalleled Market Share Across Asia

Operating in 15 geographical locations including China, Malaysia, and Singapore



Asian Presence⁽¹⁾

*Employees:
Over 16,000*

*Revenue:
JPY 359.2bn*

*Operating
Profit:
JPY 50.8bn*

Our Strengths② Unparalleled Brand in China

Leading market share in the large Chinese market with strong growth potential



China Paint Market Size

- Approximately 30% of the global paint market, with the largest single-country market size

\$52.8bn

1992

Entry of NIPSEA into Chinese Market

- Brand built on advanced technology and marketing capabilities

China Paint Market Growth Rate

- Promising market with one of the world's highest growth potential

6.9%

47,000 stores

Number of dealers in China

- Unmatched sales network

Our revenue comes from China (FY2019)

- Largest single-country revenue, exceeding revenue from Japan

37%

100 stores

Number of Speciality stores in China

- Expansion of our one-stop services

Our Market Share in China DIY Paint market (company estimates)

- High brand awareness
- Targetting for over 40% of market share

36%

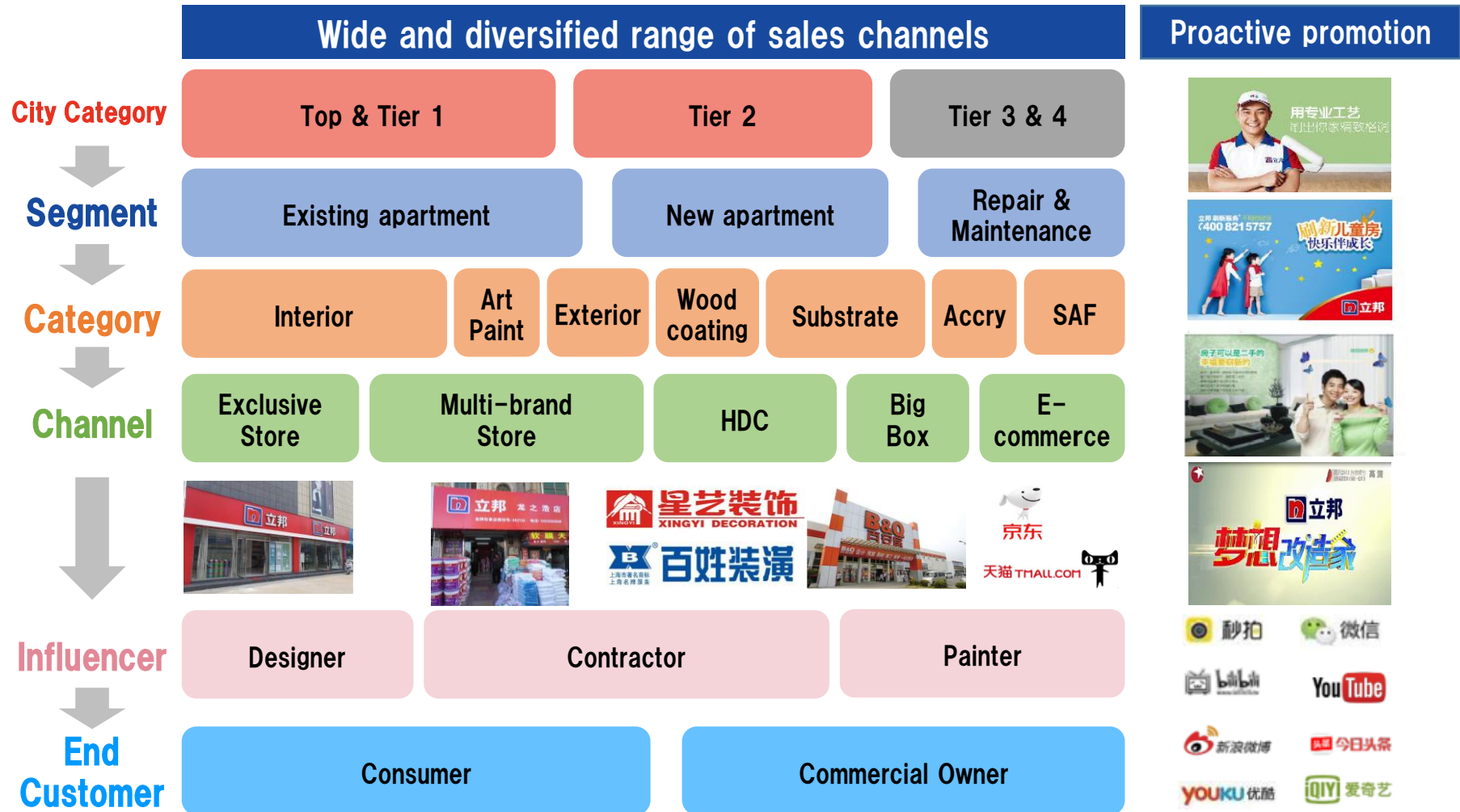
3 consecutive years

Awarded Outstanding Brand at the China Economic Summit for 3 consecutive years

- High customer satisfaction in Asia
- Further promotion of Libang brand

Our Strengths② China Decorative Paints (DIY) Business Model

Achieved No.1 market share (c.36%*) through unparalleled sales network and proactive promotion



* Company estimates

Our Strengths② China Decorative Paint (Project) Business Model

Secured top market share (c.17%*) through strategic alliances with TOP100 real estate developers

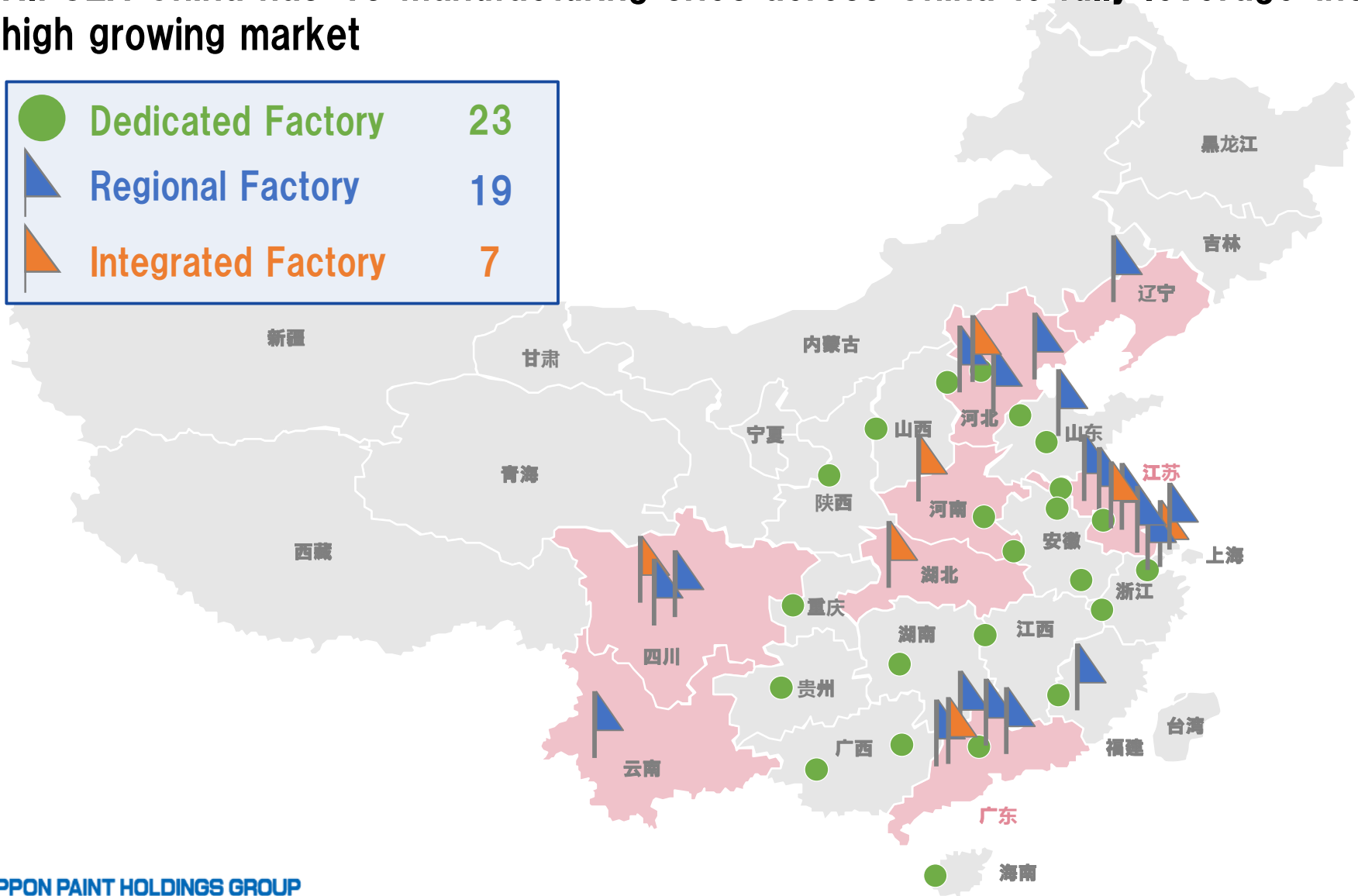
Channel	Real Estate	Industry		
Customer	TOP 100 Developers in Country	TOP Developers in City	General Contractor	Hospital School
Coating Solution	Wall Coating System	Floor Coating System	Thermal Insulation System	
Region	National Center City	Sub-center City	Outer City	
Partner	Constructor	Distributor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

* Company estimates

Our Strengths② Production Management in China

NIPSEA China has 49 manufacturing sites across China to fully leverage the high growing market

●	Dedicated Factory	23
▲	Regional Factory	19
▲	Integrated Factory	7



Our Strengths② Advanced Supply Chain Management

Advanced production system through digital transformation and automation

Digital Transformation* in NP China



Factory Automation in China



Dashboards in NP China



Our Strengths③ Active M&A

Our Key M&A Track Record



NIPSEA
(Consolidated in 2014)



Bollig & Kemper
(2016)



Dunn-Edwards
(2017)



DuluxGroup
(2019)



Betek Boya
(2019)

Geography

Locations
across Asia



Business

Decorative,
Automotive and
Industrial Coatings,
etc.

Automotive Coatings

Decorative
Coatings

Decorative
Coatings

Decorative
Coatings

Key drivers

Exploring
relationship with
partners to
facilitate further
growth in Asia

Enhancing OEM
services for
European
manufacturers; entry
into the China market

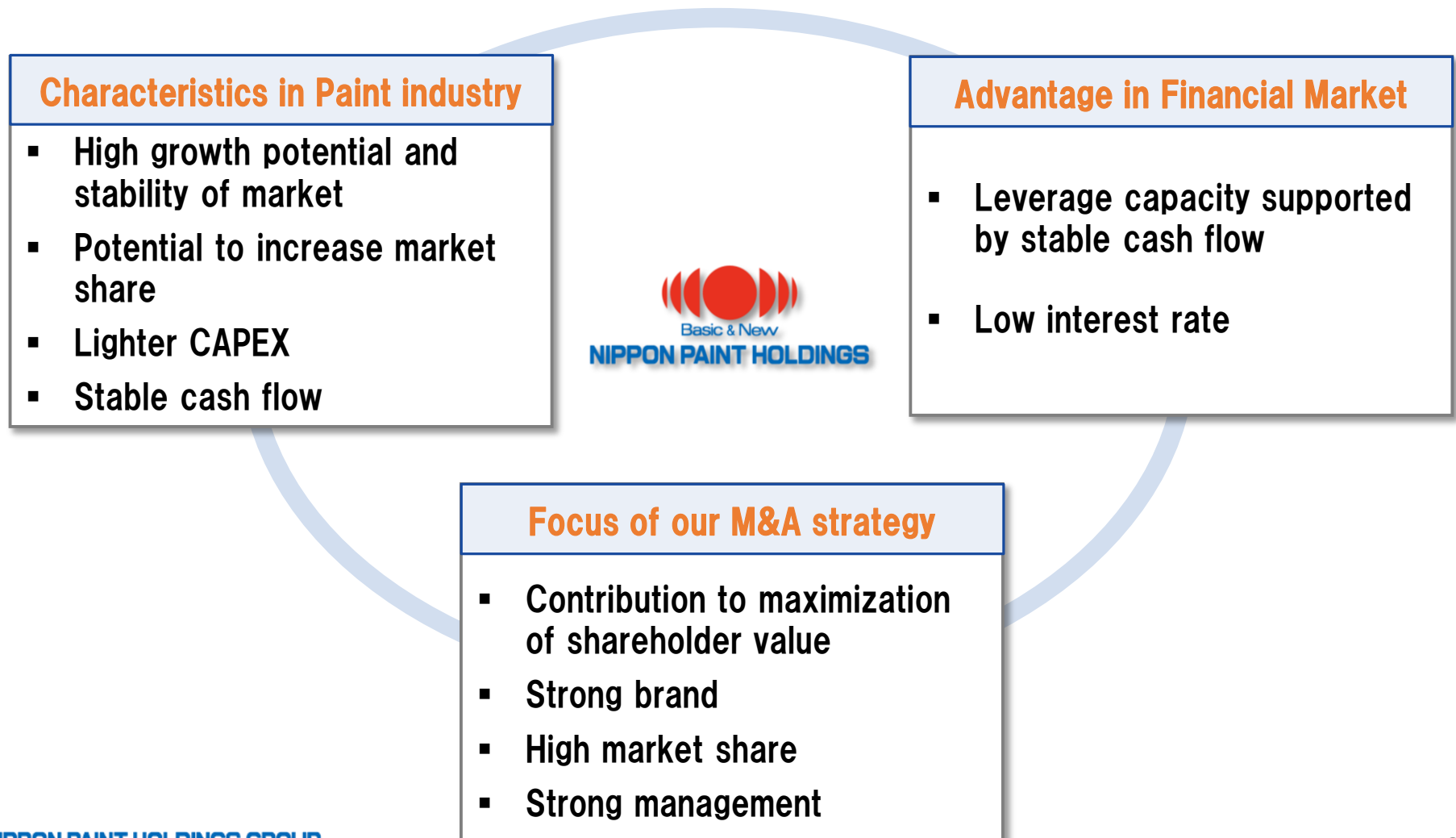
Gaining the platform to
enter into the US
decorative coatings
market

Established an
unparalleled
position within the
decorative coatings
market in Asia
Pacific. Dominating
this stably-growing
market with its
strong brand

Largest market share
in the decorative
coatings market in
Turkey, which has the
5th largest market size
in Europe with high
growth potential

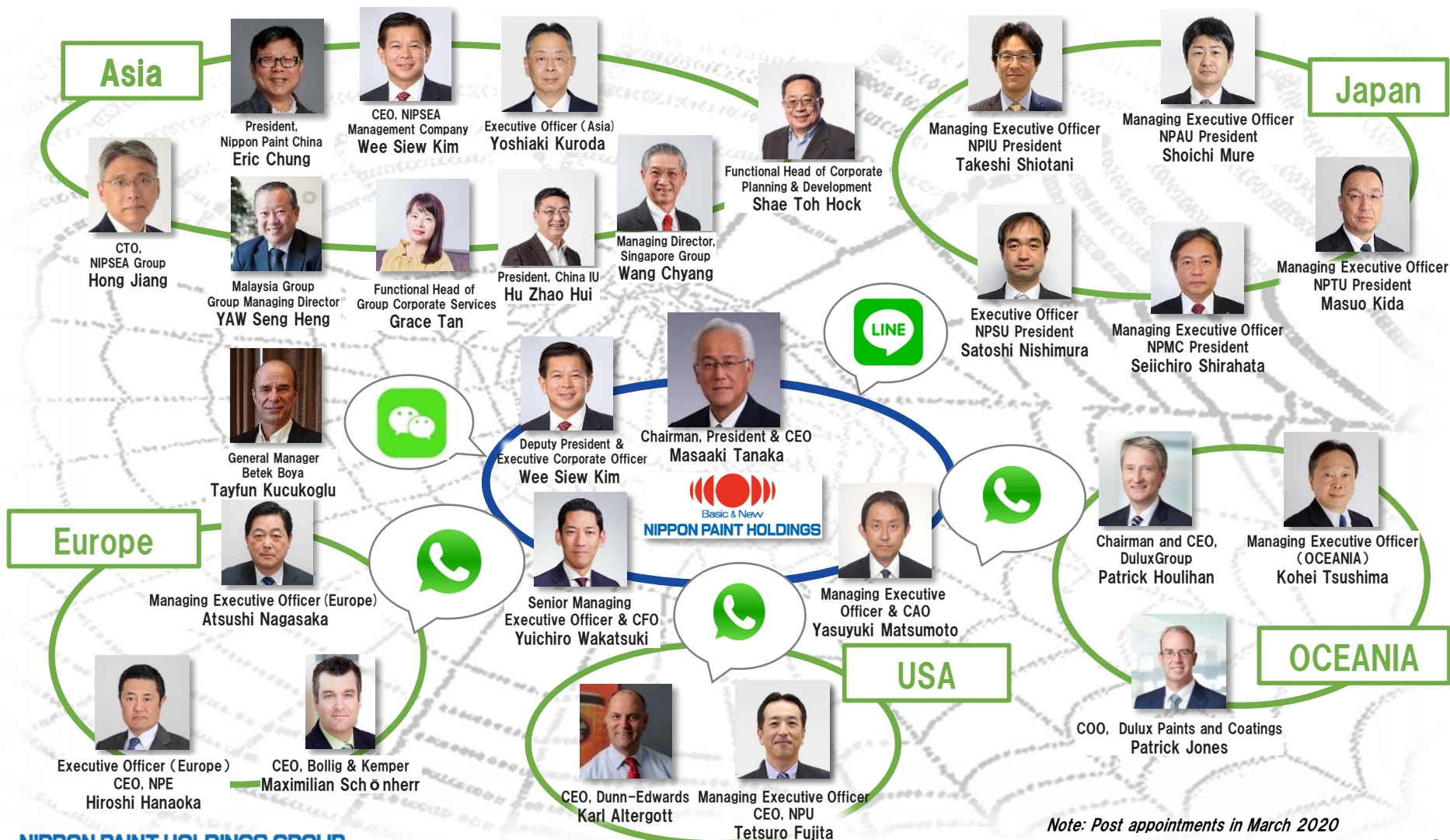
Our Strengths③ Active Promotion of M&A Strategy

Capable of fully leveraging the advantage of industrial structure and market environment for M&A



Our Strengths③ Spider Web Management

Building trust-based partnerships between the CEOs of regional and subsidiary companies
Intra-Linked structure to generate synergies through spider web management



Note: Post appointments in March 2020

Our Strengths④ Establishing Global Governance

Enhancing transparency, objectivity and fairness of management

■ FY2018: Appointment of 5 independent external directors (50% of total)

■ FY2019: Establishment of Governance Advisory Committee

■ FY2020: Transition to a company structure with Three Committees

Enhancing transparency, objectivity and fairness of management

- BoD will ensure the independence and objectivity by appointing 6 out of 9 directors as independent external directors
- Highly experienced 6 independent external directors, including female directors
- CEO does not belong to any of the Nominating Committee, Remuneration Committee and Audit Committee



Protection of Minority Shareholder Rights (Role of BoD)

Separating/strengthening of supervisory function and execution

- While transferring authorities to management, the BoD enhances its supervisory function
- BoD will have more focus on business strategy discussion rather than each individual projects
- Allows agile management decisions to deal with global issues

Strengthening global audit

- Shift to the Audit Committee structure to promote functionality/appropriateness audit function
- Strengthening global business audit system through Audit Committee and Audit Department

Our Strengths④ Governance Structure

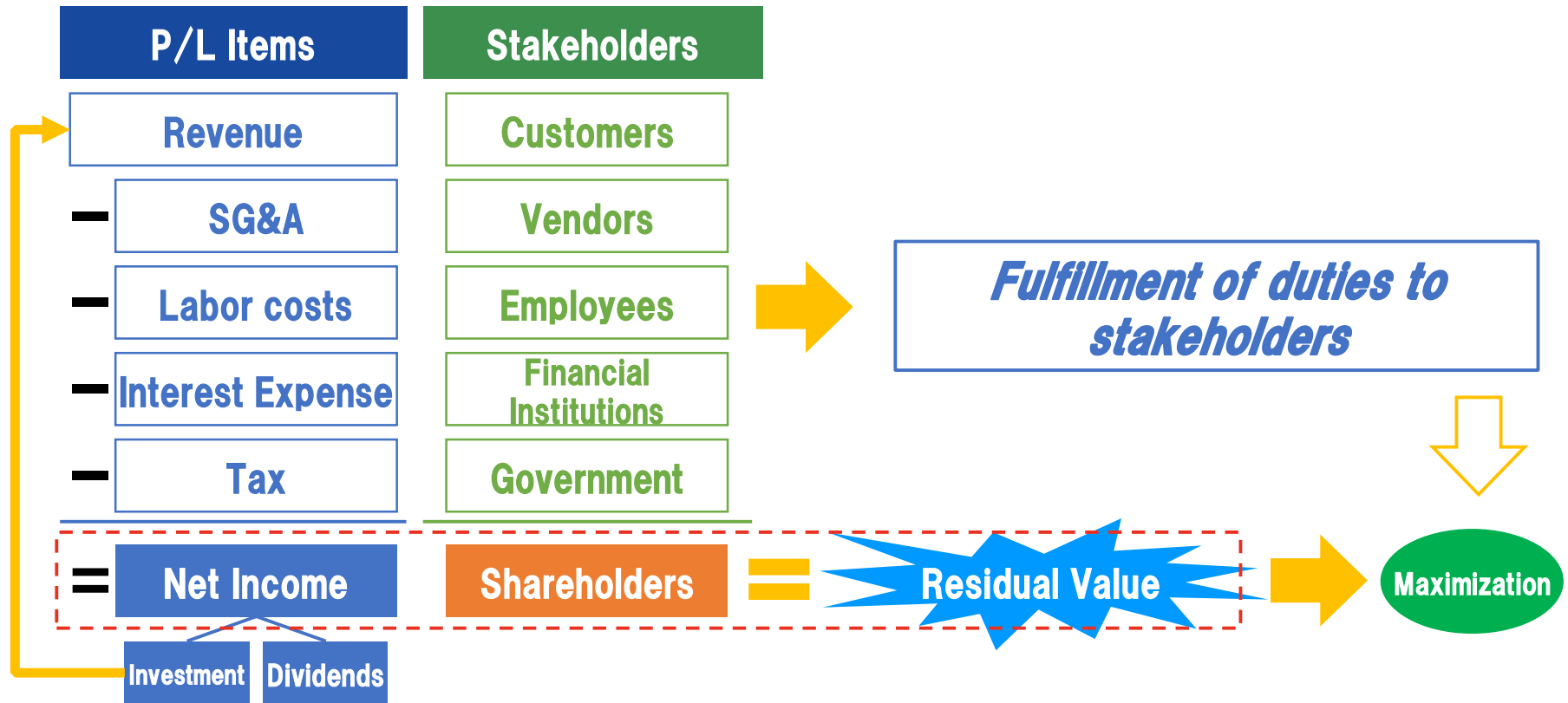
New Board structure to be proposed at the annual general meeting in March 2020

	Masaaki Tanaka	Hup Jin Goh	Manabu Minami	Hisashi Hara	Takashi Tsutsui	Toshio Morohoshi	Masayoshi Nakamura	Masataka Mitsuhashi	Miharu Koezuka
Title	Inside Director Chairman, President and CEO	Inside Director Managing Director of Wuthelam Group	Inside Director	Outside Director	Outside Director	Outside Director	Outside Director Lead Independent Director	Outside Director	Outside Director
Profile	<ul style="list-style-type: none"> Former Representative Director & Deputy President of Mitsubishi UFJ Financial Group External Director of Money Forward (current) 	<ul style="list-style-type: none"> Managing Director of WUTHELAM HOLDINGS (current) 	<ul style="list-style-type: none"> Director of the Board of NPHD (current) Former Senior Executive Officer of NPHD in charge of financial strategy 	<ul style="list-style-type: none"> Attorney of Law Former Chairman of Nagashima Ohno & Tsunematsu Outside Audit & Supervisory Board Member of Chugai Pharmaceutical (current) 	<ul style="list-style-type: none"> Former Senior Executive Officer of Nomura Securities Former President & Representative Director of Jasdaq 	<ul style="list-style-type: none"> Former President & CEO of EMC Japan Former President & CEO of Yaskawa Information Systems 	<ul style="list-style-type: none"> Former MD of Lehman Brothers/Morgan Stanley Former Director & Senior Executive Officer of Mitsubishi UFJ Securities 	<ul style="list-style-type: none"> CPA Former Representative Director & President of PwC Sustainability Audit & Supervisory Board Member (Outside) of FUJIFILM Holdings (current) 	<ul style="list-style-type: none"> Former Representative Senior Managing Director of Takashimaya Outside Director of Japan Post Holdings (current)
Committee									
Nomination		✓		✓		✓	✓		
Remuneration		✓			✓		✓		
Audit			✓			✓		✓	✓

: Chairman

Strength of Nippon Paint: Maximization of Shareholder Value

Maximization of shareholder value as a mission, creating wealth



With SDGs and ESG at the core of management, NPHD places Maximization of Shareholder Value (“MSV”) as its paramount mission. MSV is predicated on fulfillment of our duties to customers, employees, suppliers and society, setting us apart from the concept of “Shareholder Primacy”

Development of Our Partnership with Wuthelam



NIPPON PAINT HOLDINGS GROUP

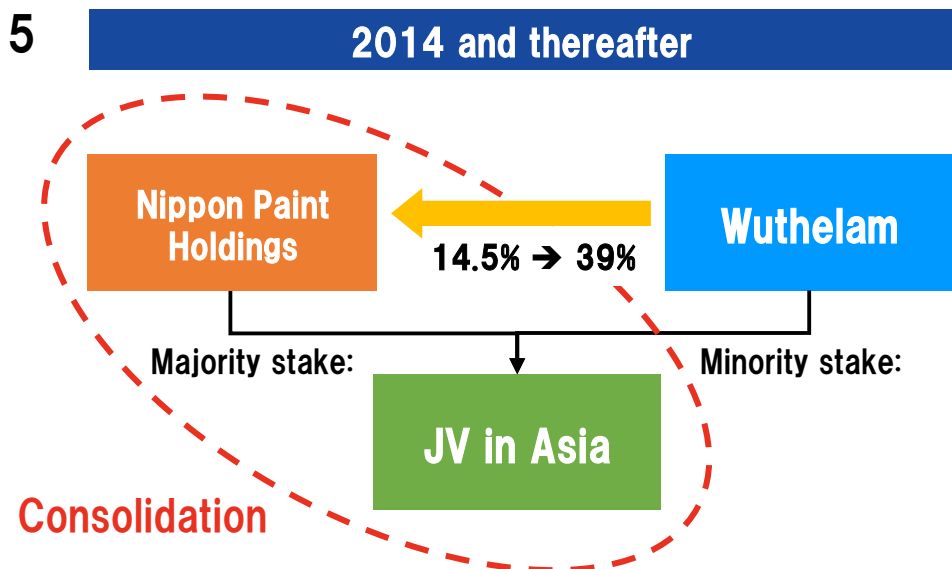
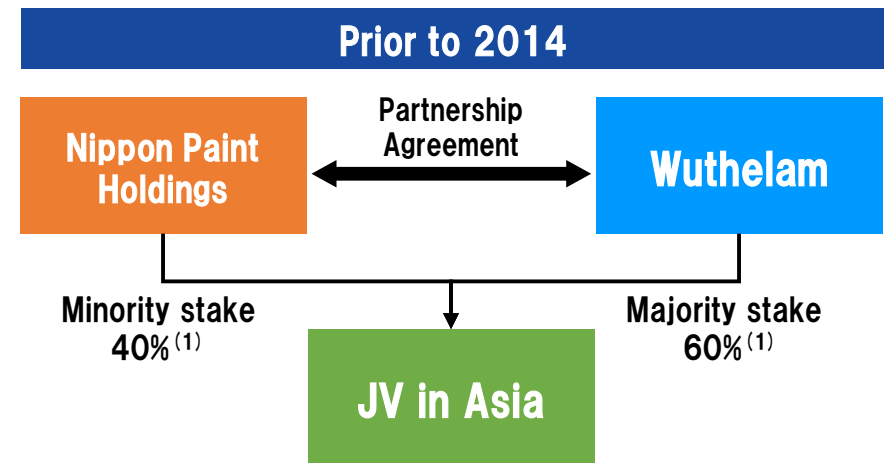
Image: Raffles Hotel (Singapore)

Introduction of Wuthelam Group

Organizational Structure of Asia JV

- Investment company in Singapore represented by Mr. Hup Jin Goh
- Long-term partnership in Asia since 1962
- NIPSEA (Nippon Paint South East Asia) is the #1 paint company in Asia, operating businesses across 15 geographical locations in Asia with over 16,000 employees

Consolidation of Asia JV has significantly contributed to our market capitalization growth of c.6.9 times ⁽²⁾



⁽¹⁾ Ownership of key joint ventures

⁽²⁾ Calculated by comparing the market capitalization as of April 1, 2014 against the highest price since 2014 (November, 2019).

Founder of NIPSEA

Key person in NIPSEA – Growth driver of our global business①



Mr. Cheng Liang Goh

- 1927 Born in Singapore
- 1955 Set up his first paint shop in Singapore and became the main local distributor of Nippon Paint
- – 1962 Established Pan Malaysia Paint Industries Pte.Ltd. (now Nippon Paint Singapore Pte.Ltd.) as a JV and set up the first paint manufacturing plant in Singapore
- 1970 – present Nipsea Group together with Nippon Paint Co Ltd, is the largest paint and coatings manufacturer in Asia
- Founded and ventured into wide-ranging business interests in real estate, hotel, department store, shopping complex, F&B, hospital, travel, industrial machinery and commercial painting
- A philanthropist, actively engaging in charitable activities, especially in supporting clinical cancer research and facilities

Founder of NIPSEA

Key person in NIPSEA – Growth driver of our global business②

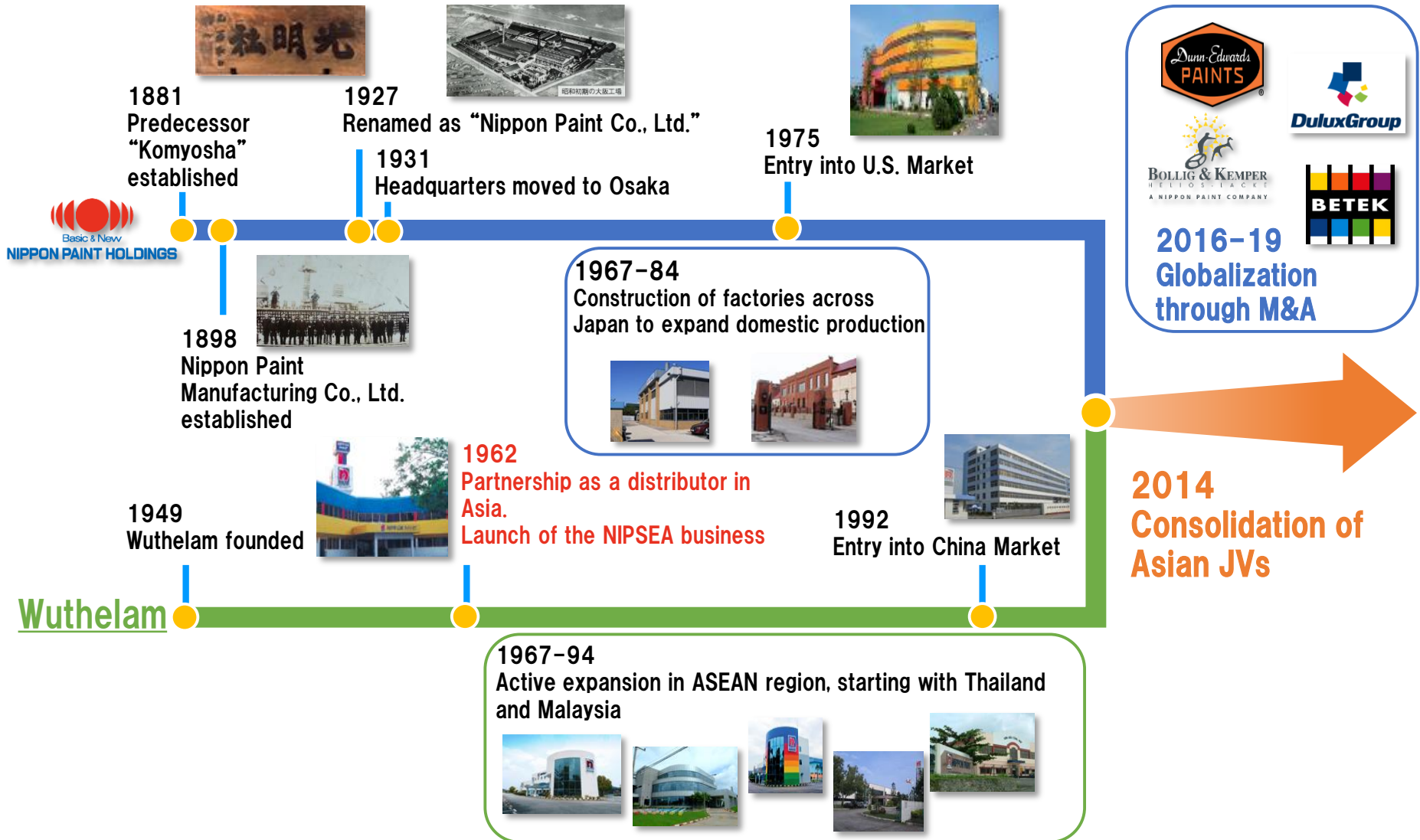


Mr. Hup Jin Goh

- Chairman of Wuthelam Holdings Ltd, Nipsea Holdings International Ltd and Nipsea Pte Ltd
- Graduated with a Chemical Engineering Degree from Tokyo University and MBA from University of California, Los Angeles
- Active in the paint and coatings industry for 39 years
- Since 2014, formed a strong strategic alliance between Wuthelam and Nippon Paint HD and is now the largest paint and coatings manufacturer in Asia
- Implemented new management strategy “Maximizing Shareholder Value” (MSV) with a strong ambition to drive Nippon Paint businesses to greater heights

History between Nippon Paint and Wuthelam

Fusion of Nippon Paint's 140-year history and Wuthelam's Asian business platform



Case study of Collaboration with NIPSEA Group

Collaboration with NIPSEA Group accelerated

**NPAU &
NIPSEA
(China IU)**

Promoting productions of next-generation paint products for Japanese manufacturers in China

- NPAU⁽¹⁾ contributed to development of new materials for automakers and establishing mass production system in China, by leveraging NPAU's advanced technological capability, whereas NPZ-IU⁽²⁾ contributed to build relationship with local customers
- Mutual contribution resulted in increased market share in China



Development of Selleys brand into China



- Planning sales promotion of Selleys brand (adhesives, sealants, etc.) by DuluxGroup via NIPSEA's sales channel in China



Increasing OEM share in China

- Provided European and local automakers in China with advanced technology based on Bollig&Kemper's European technology and know-how

Regarding 100% acquisition of Asian JV

BoD to start discussion for 100% acquisition of Asia JV under the new governance structure securing minority shareholder protection, with independence and objectivity of the board

- Collaboration with NIPSEA has improved since 2014 consolidation. Continue to pursue further collaboration
- **Priority is to structurally secure minority shareholder protection before considering 100% acquisition**
- Securing independence and objectivity of BoD through transition to company structure with Three Committees
- Planning to start discussion under the supervision of new BoD structure
- There are no specific decisions at this time

Future Strategy and Management Direction



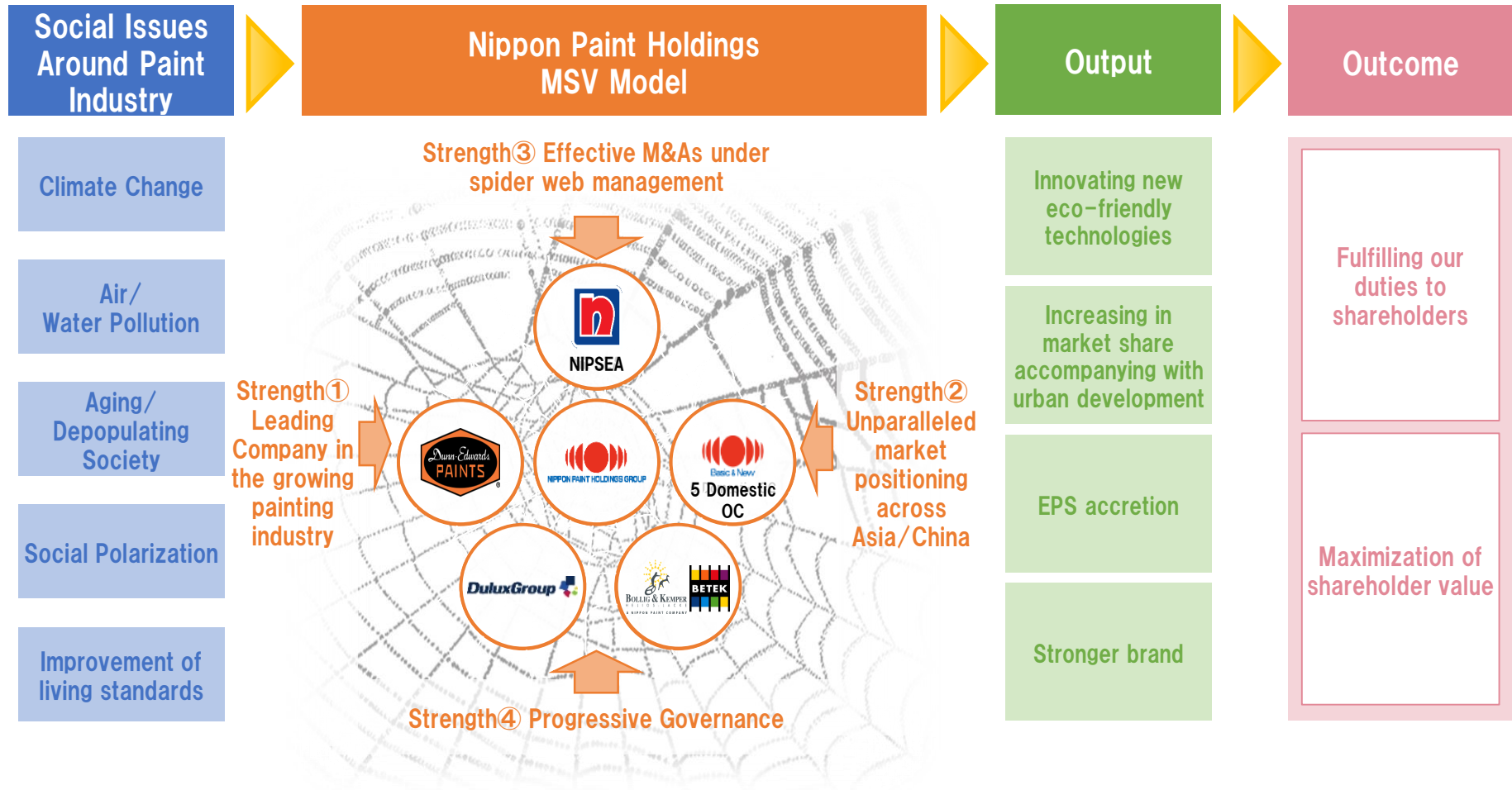
Future Strategy and Management Direction

 Promoting each strategy under notion that paint is a growing industry globally

- ① *SDGs/ESG as the core of management for value creation*
- ② *Investment in domestic manufacturing sites to enhance productivity*
- ③ *Growth through M&A*
- ④ *Investing in R&D to address social issues*
- ⑤ *Further improvement of global governance*

1 SDGs/ESG as the Core of Management for Value Creation

Maximizing shareholder value through addressing social issues through our 4 key strengths under spider web management



1 SDGs/ESG as the Core of Management for Value Creation

Acceleration of SDGs/ESG related strategies by organizing ESG Promotion Department and ESG Committee

Formation of ESG Promotion Department and ESG Committee

- 1/1/2020: Formation of ESG Promotion Division
- Feb. 2020: Formation of ESG Committee (Scheduled)
Chaired by CEO including representatives across departments

Green factory in India

- Installed solar roof at Taloja factory in India (550KwP) ; eco-friendly factory where both inside/outside are surrounded by green space



Thermal insulation technology for Automotive/Industrial paints

- Offering comfortable living for people by providing thermal insulation/antibacterial function
 - The world's first thermal insulation coating for automotive body
 - Use of thermal insulation for the marathon roadway



1 SDGs/ESG as the Core of Management for Value Creation

Received Environment Minister's Award for Global Warming Prevention Activity

- Nippon Paint Marine Co., Ltd. was awarded for the Countermeasure Technology Advanced Introduction Category for its work on the theme of "Reduction of fuel consumption and CO₂ emissions by dissemination of low-friction bottom paint"



DuluxGroup's capability of reducing environmental impact

- Implemented eco-friendly projects to reduce environmental impact at every process of production, from raw material procurement to painting process
- Developed machinery capable of filtering a specific paint material

Sustainability

Goal = Sustainability leaders in the paint industry

- Consumers and customers are demanding sustainable solutions beyond product to whole of life impact
- Green building standards and Eco-labels are shifting the focus from buildings and products to occupant health and air quality
- Dulux must use our leadership position to become subject matter experts, to educate, advocate and act



Asia Young Designer Awards (AYDA)

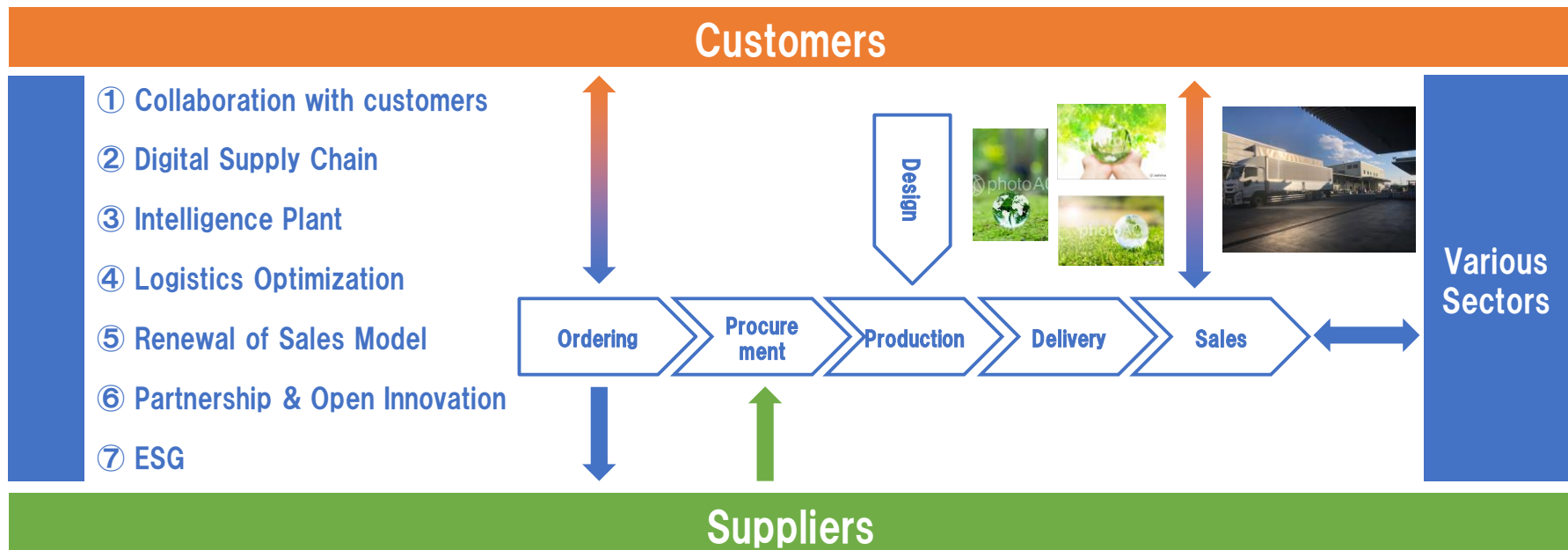
- We have been organizing International Architecture Competition for students since 2008 to develop human resources who understand diversity
- Over 8,400 applications across Asia (FY2018)



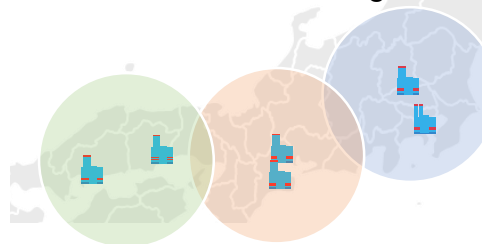
2 Investment in Domestic Manufacturing Sites to Enhance Productivity

Restructuring supply chain to address depopulation issue and improve our productivity

- Restructuring supply chain models including maintenance of current manufacturing sites
- Improving operational efficiency through digitalization (with IoT)
- Open innovation via internal/external partnership



Maintenance of manufacturing sites



3 Growth through M&A

Promoting domestic/cross-border M&A which maximizes shareholder value

- Periodical review of potential target lists and pipeline
- Pursuing **EPS accretion** as well as returns exceeding on cost of capital
- Disciplined capital allocation and prioritization
- Synergy creation under **Spider web management**
 - Pursuing synergies between subsidiaries and target company
 - Promoting synergy creation through acquisition of talent
 - Sharing of best practice

4 Investing in R&D to Address Social Issues

Accelerating open innovation to offer more colorful, comfortable, and safer lives for all

Maximizing the allure of the paint through collaboration of collective capabilities of global technologists and external networks



SUSTAINABLE DEVELOPMENT GOALS



Reducing environmental impact

Reducing Social Cost

Industrial Automation

Address social issues through the capabilities of paint to preserve mother nature for the next generation



5 Further Improvement of Global Governance (1)

Global headquarters in Kyobashi, Tokyo in April 2020

- In April 2020, global headquarters to be established for closer communication with countries around the world
- Cutting-edge digital technology enables agile decision-making



Global headquarters (Kyobashi)



Entrance of the office (plan)



Boardroom

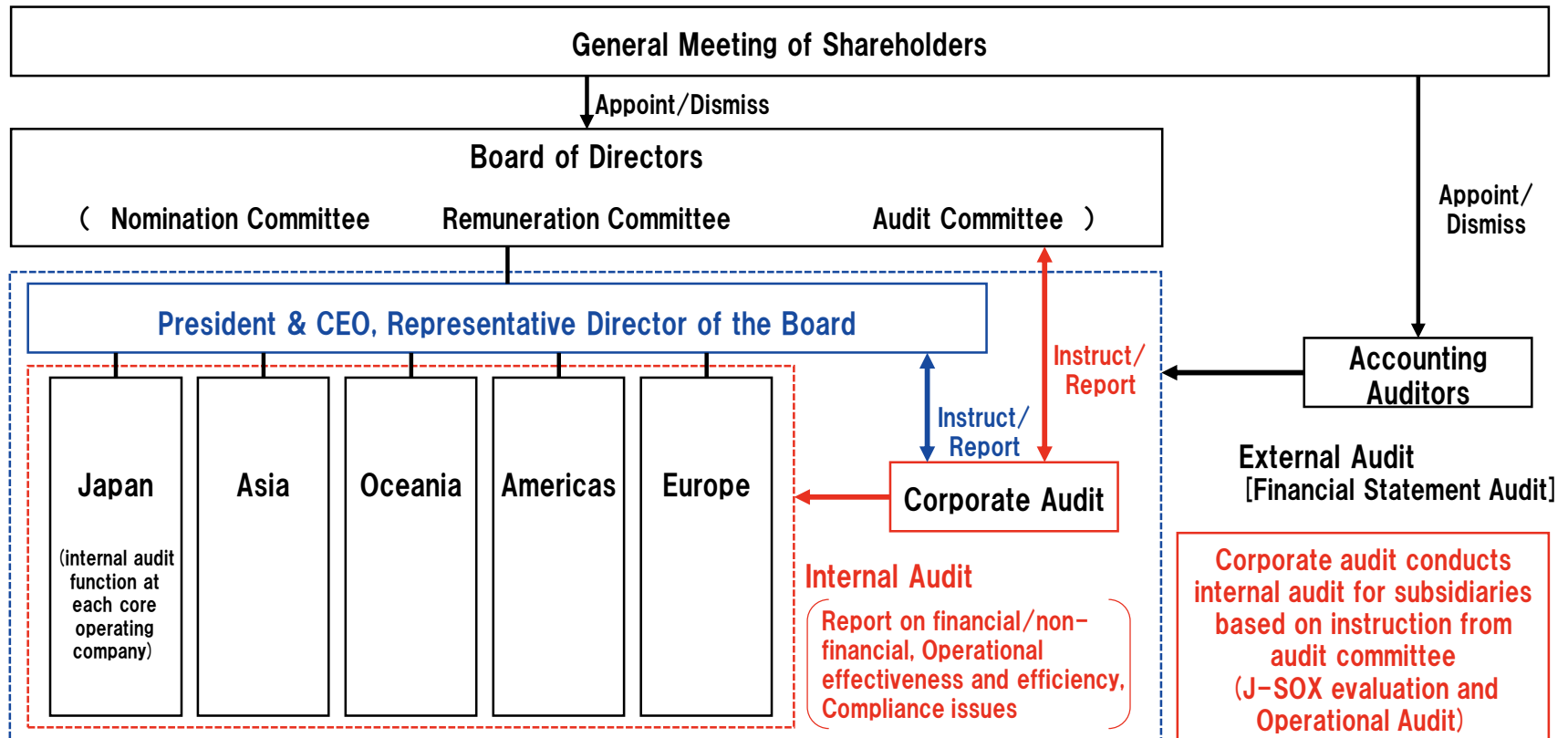


Executive reception room

5 Further Improvement of Global Governance (2)

Establishing a global audit system

- Enforcing supervisory function of management by forming audit committee with appointing majority of them as the external directors
- Clarifying operational initiative between audit committee and corporate audit results in improving corporate governance
- Satisfying independency and appropriateness of audit by setting up 2 separate reporting line, one is from Corporate Audit to operational executives and the other is Corporate Audit to Audit Committee

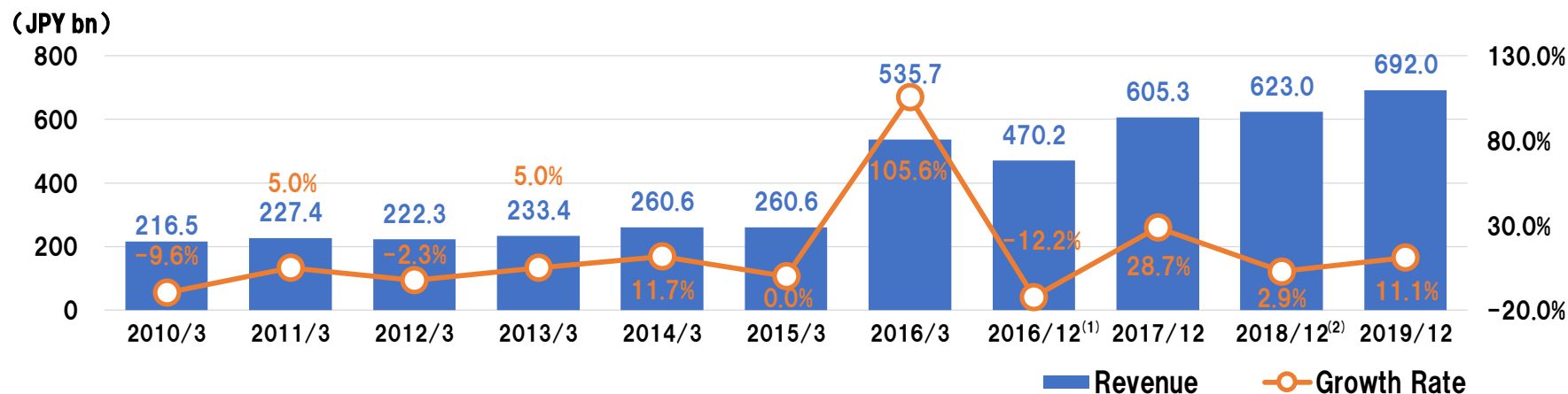


Financial Highlights

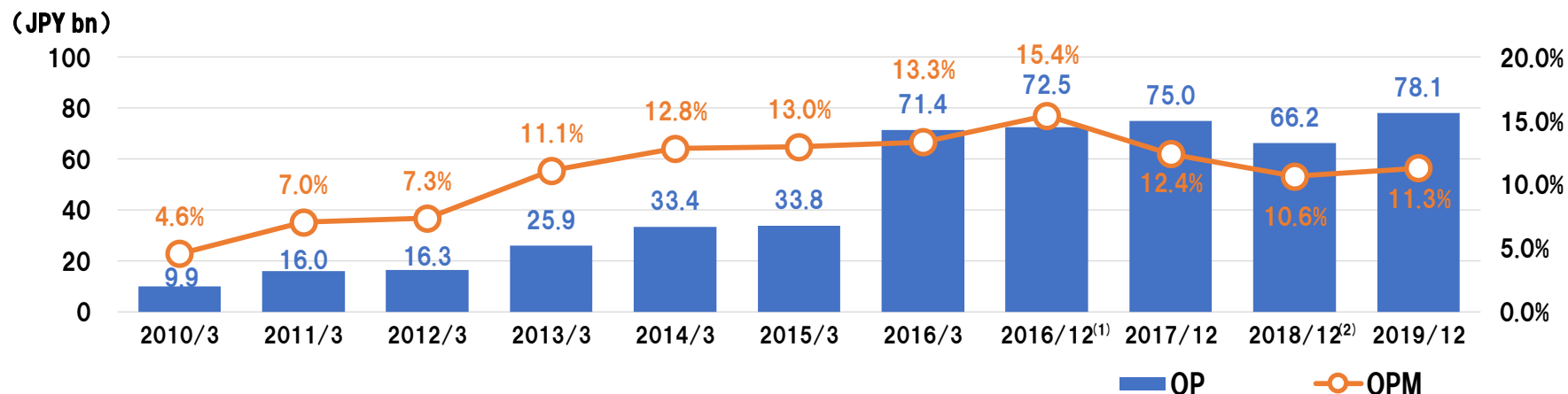


Historical Financials

Revenue



Operating Profit

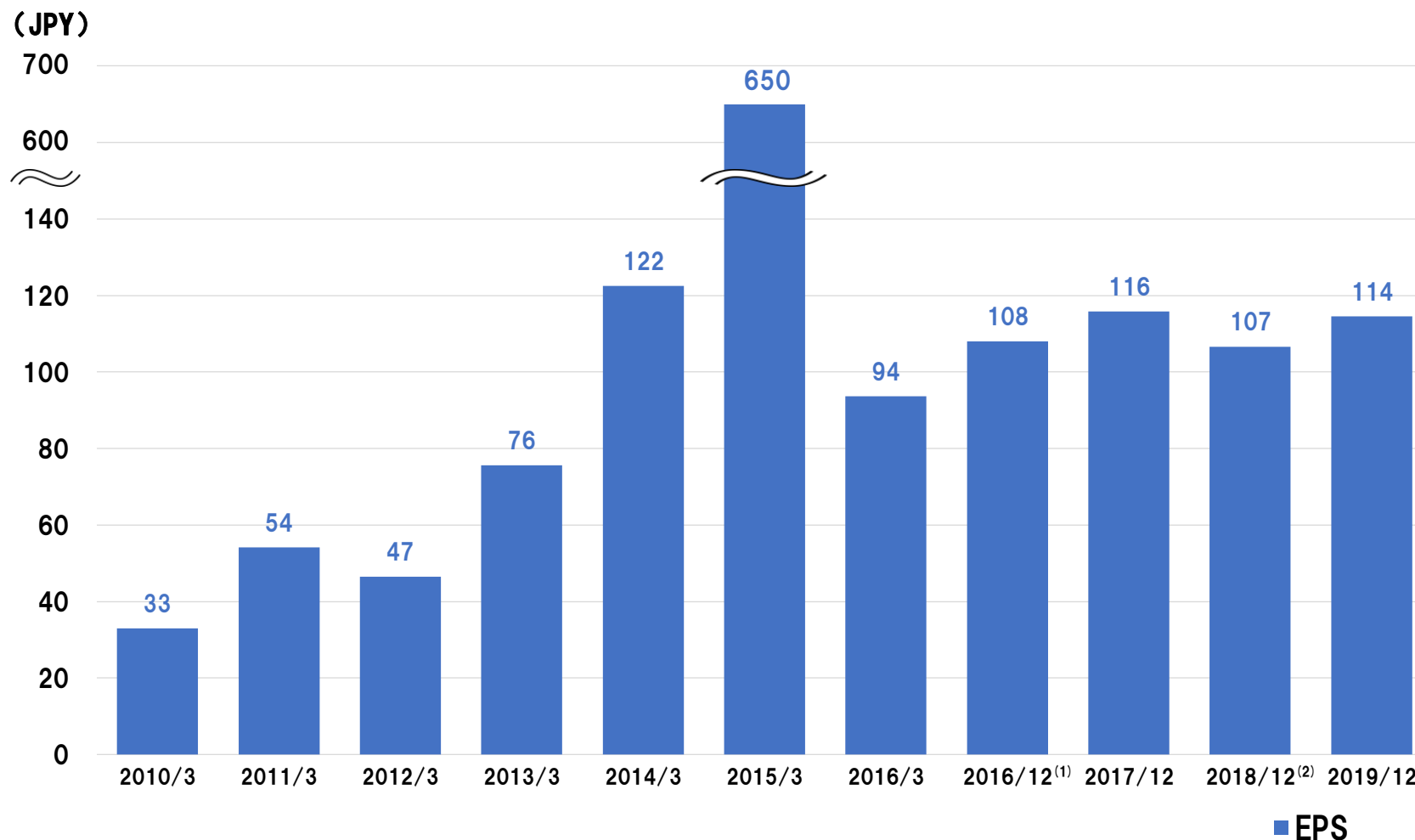


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(2) Figures after FY2019/12 are based on IFRS, and figures before FY2018/12 are based on JGAAP

Historical Financials

Earnings Per Share



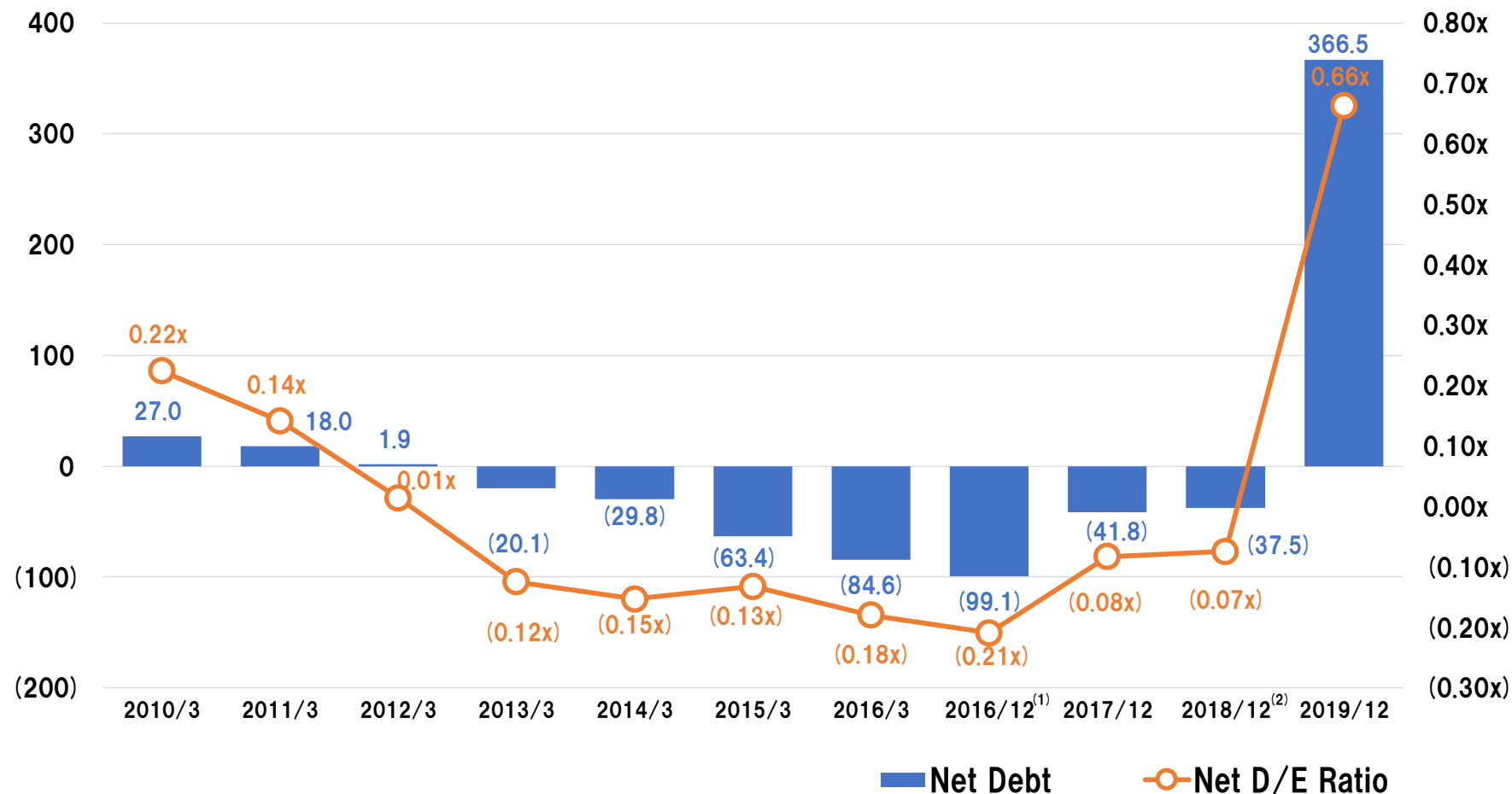
(1) Account closing month was changed to December from FY2016/12. Revenues is based on 9 months from April, 2016 to December, 2016

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Historical Financials

Leverages

(JPY bn)

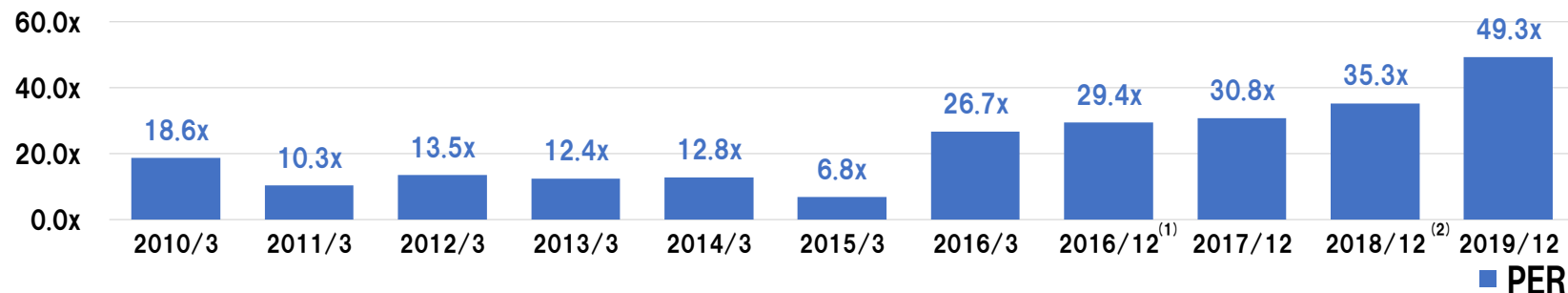


(1) Account closing month was changed to December from FY2016/12. Revenues is based on 9 months from April, 2016 to December, 2016

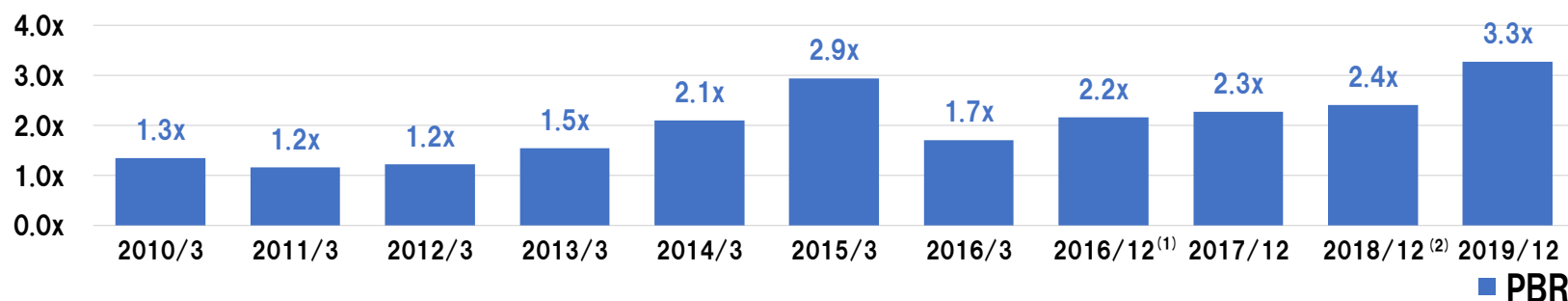
(2) Figures after FY2019/12 are based on IFRS, and figures before FY2018/12 are based on JGAAP

Historical Multiples

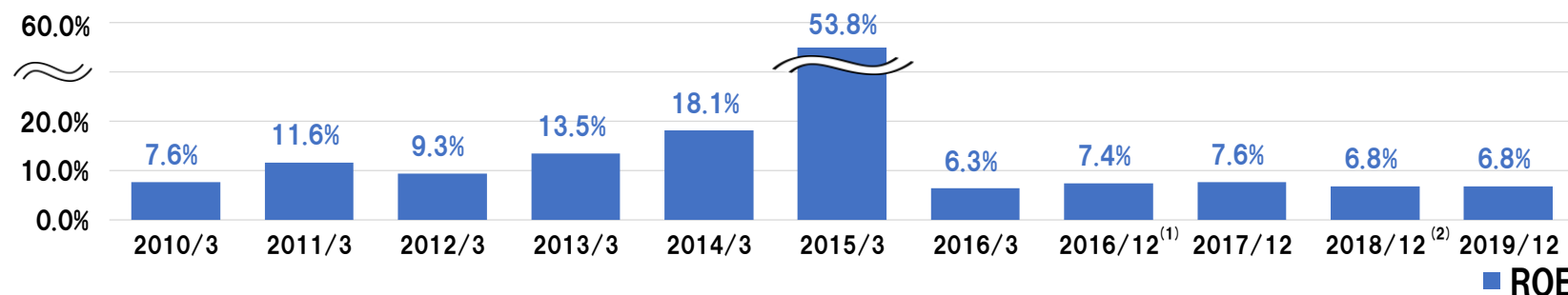
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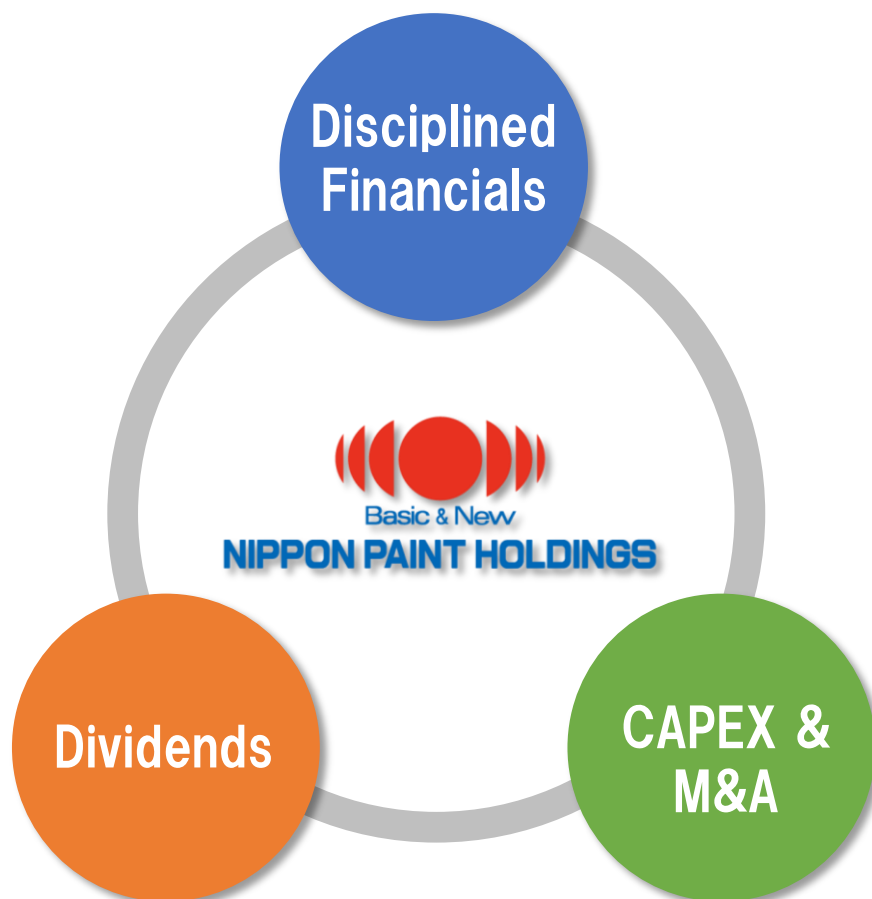


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Capital Policy

While maintaining financial discipline, NPHD places higher priority to investments for future growth thus focusing on providing higher Total Shareholder Return (TSR) through EPS accretion



Financial Discipline

- Pursuing optimal capital structure with balanced leverage
- Strategically important M&A may allow one-time higher leverage

CAPEX & M&A

- Active investment in CAPEX and M&A for sustainable growth in the future

Dividends

- Maintaining a Dividend Payout Ratio of 30%

The forward-looking 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 or statements contained herein.



Basic & New

NIPPON PAINT HOLDINGS