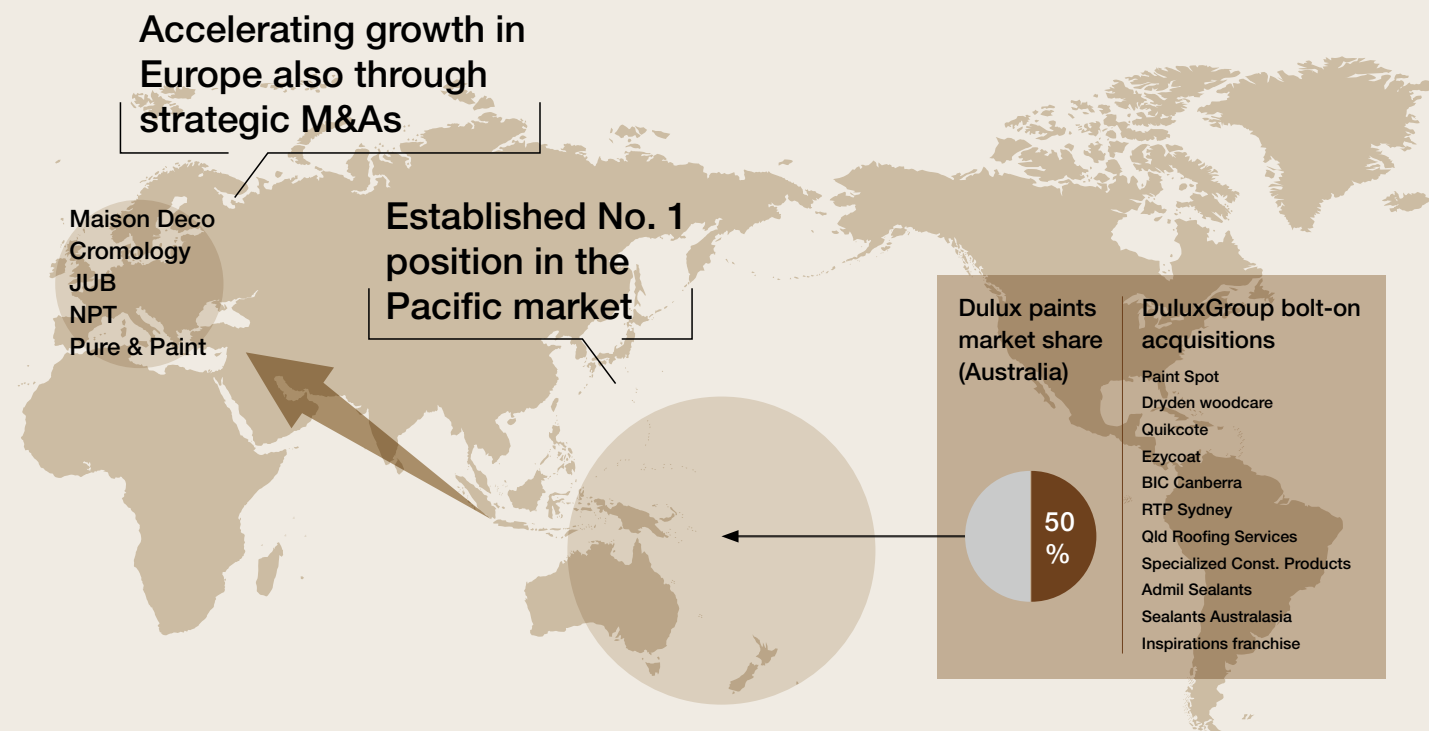


## Feature Article (1): M&A Success Case



## What are the factors that enabled DuluxGroup to accelerate growth after joining Nippon Paint Group?

DuluxGroup has continued to deliver steady growth in Australia, while improving its market share—its growth has even accelerated since joining Nippon Paint Group in 2019. DuluxGroup has aggressively pushed the frontiers of operations not only in the Pacific market but also in the European markets.

This section will guide the reader through how DuluxGroup is executing on its growth strategy by leveraging the Group's platform.

## DuluxGroup has a long history of strong performance and resilient profit growth

From its origins in 1918, DuluxGroup has thrived through a range of ownerships, including as part of global giant ICI World Paints up until 1997, and as an independently listed company on the Australian Securities Exchange (ASX) from 2010 to 2019.

During its time as an ASX listed company, DuluxGroup was valued for its reliable profit and dividend growth every year, placing it in the top five

percent of ASX200 companies for total shareholder returns over that period. More than doubling its profits over that time, DuluxGroup grew its market valuation from approximately AUD0.8 bn to approximately AUD4 bn upon being acquired by NPHD in 2019.

In its core mature Pacific markets, DuluxGroup has grown faster than the market through its continued focus on

the fundamental capabilities of consumer insights, strategic brand marketing, innovation and customer service. Importantly, DuluxGroup's strong culture, which drives its world-class employee engagement scores and underpins its success, continues to endure. DuluxGroup's latest engagement score is well above the global norm for high performing companies.

## DuluxGroup and Nippon Paint Group are a powerful combination

Prior to our acquisition, and as a regional market leader with a global heritage, we had admired Nippon Paint Group's achievements as the world's fourth largest paint company and as the market leader in Asia. Above all, the Group has a strong growth mindset, which is very consistent with DuluxGroup's growth ambitions.

Since joining the Group, we have accelerated our growth trajectory through a powerful combination of DuluxGroup's market leading capabilities, leadership and culture with the Group's global scale,

unique Asset Assembler model, financial firepower and extensive footprint in Asia. This has provided us with strategic autonomy to drive growth in the Pacific and western markets alongside accountability for pursuing MSV and the collaboration opportunities with other partner companies across the Group, particularly in Asia with NIPSEA Group.

Access to the Group's financing capacity and global platform allowed us to think more ambitiously about how and where to grow, while remaining focused on MSV.

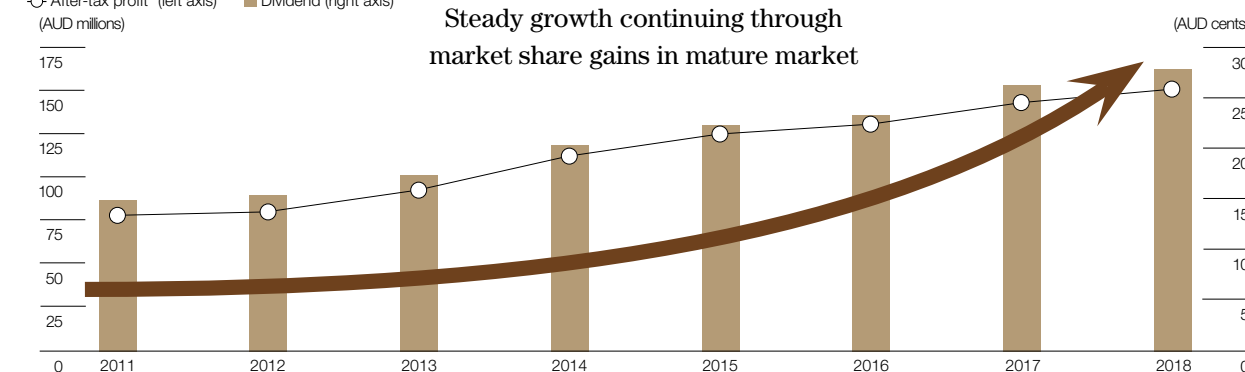
2010

Became independent from Orica Limited and went public on Australian Stock Exchange

○ After-tax profit\* (left axis)  
(AUD millions)

Steady growth continuing through market share gains in mature market

Market cap: c. AUD 0.8 bn



\* Before deduction of non-recurring items

2019

Joined Nippon Paint Group

Stock value: c. AUD 3.76 bn

Key points of acquisition

- Dependability of continuing to deliver stable growth through steady market share gains in the mature market
- Excellent management team that can achieve stable growth



Patrick Houlihan  
DuluxGroup  
Chairman and  
Chief Executive Officer

2022

Accelerated growth after joining Nippon Paint Group

Revenue: JPY 314.9 bn

Growth since the acquisition (FY2019) : +133.4%

Operating profit: JPY 29.7 bn

Growth since the acquisition (FY2019) : +87.0%

Market share (Australian paints): 50%

Growth since the acquisition (FY2019) : +2pp

## Feature Article (1): M&A Success Case

# DuluxGroup has step changed its growth as part of the Group, with M&A as a key enabler

During our time as an ASX listed company, DuluxGroup complemented organic growth with nine acquisitions over nine years. Since joining the Group, ongoing organic growth in our existing businesses has been complemented by 23 strategy enabling acquisitions.

In the Pacific, we have complemented our leading positions with multiple bolt-on acquisitions that have extended our customer and product market reach, expanded our strategic brand portfolio, and further strengthened our technical and supply chain capability. Some examples include:

- Dulux strengthening its trade customer channel with the acquisition of the Inspirations Paint franchisor network, encompassing more than 100 franchise and company owned stores.
- Yates extending its reach in the consumer and commercial organic fertilizer market with the acquisition

of Seasol — acquiring market leading brands as well as access to new markets, consumer segments and technical expertise.

- Dulux Papua New Guinea leveraging its capability and customer channel networks to market the Nippon Paint brand.

In Europe, having already established a small foothold with niche brands Maison Deco and Craig & Rose, we saw an opportunity to build a material decorative paints business using the Group's scale and resources alongside DuluxGroup's expertise in premium brands, consumer-led marketing, innovation, and retail and trade channel management. The acquisition of European paint market leaders Cromology and JUB now provides a meaningful platform for growth in a market with a similar consumer, customer and competitive landscape to DuluxGroup's traditional Pacific markets. More recently, this has also

provided momentum to establish a European platform to grow in the adjacent sealants & adhesives categories through our joint venture with leading Italian-based SAF company NPT which has, among other things, global leading technology and European supply chain capabilities.

To complement our M&A agenda across DuluxGroup and our organic growth in the Pacific, we saw opportunities as part of the Group's global platform to grow by collaborating with other group partner companies. In particular, the Group's strength as the leader in Asia has allowed us to grow the reach of our ANZ market leading Selleys sealants, adhesives & fillers (SAF) business through NIPSEA's extensive customer distribution network and its superior local market knowledge and expertise. We will seek to strengthen this collaboration with the NPT SAF business in Europe now being part of DuluxGroup.



## DuluxGroup will continue to seek profitable growth moving forward with the aim to maximize shareholder value

DuluxGroup aims to continue delivering consistent, profitable growth by focusing on three strategic growth pillars:

1. Extending our market leading positions in the Pacific — Australia, New Zealand and Papua New Guinea (PNG);
2. Leveraging capability for growth into the mature European paint and coatings market; and
3. Leveraging capability for growth into global sealants, adhesives & fillers (SAF) segments

### Extending DuluxGroup's market leading positions in the Pacific

In relatively mature ANZ markets, DuluxGroup has invested in and leveraged its market leadership position and regional scale in well-structured market segments to deliver consistent and profitable growth.

Organic growth — underpinned by a relentless and enduring focus on brands, innovation and customer service — will be complemented with bolt-on, earnings-accretive, and strategy enabling acquisitions where possible.

We will continue to invest in skills, capability and leadership development to maintain an engaged, motivated and committed workforce enabled to deliver on our growth ambitions.

### Leveraging capability for growth into the mature European paint & coatings market

The acquisition of major market leaders French-based Cromology and Slovenian-based JUB has provided the market position and regional scale needed to drive DuluxGroup and the Group's growth ambitions in the world's second largest decorative paints market (after China). They each have premium brands, leading market positions across western and central Europe respectively, capable management teams, local market know-how, strong trade and retail distribution, well-established manufacturing assets and supply chain capability.

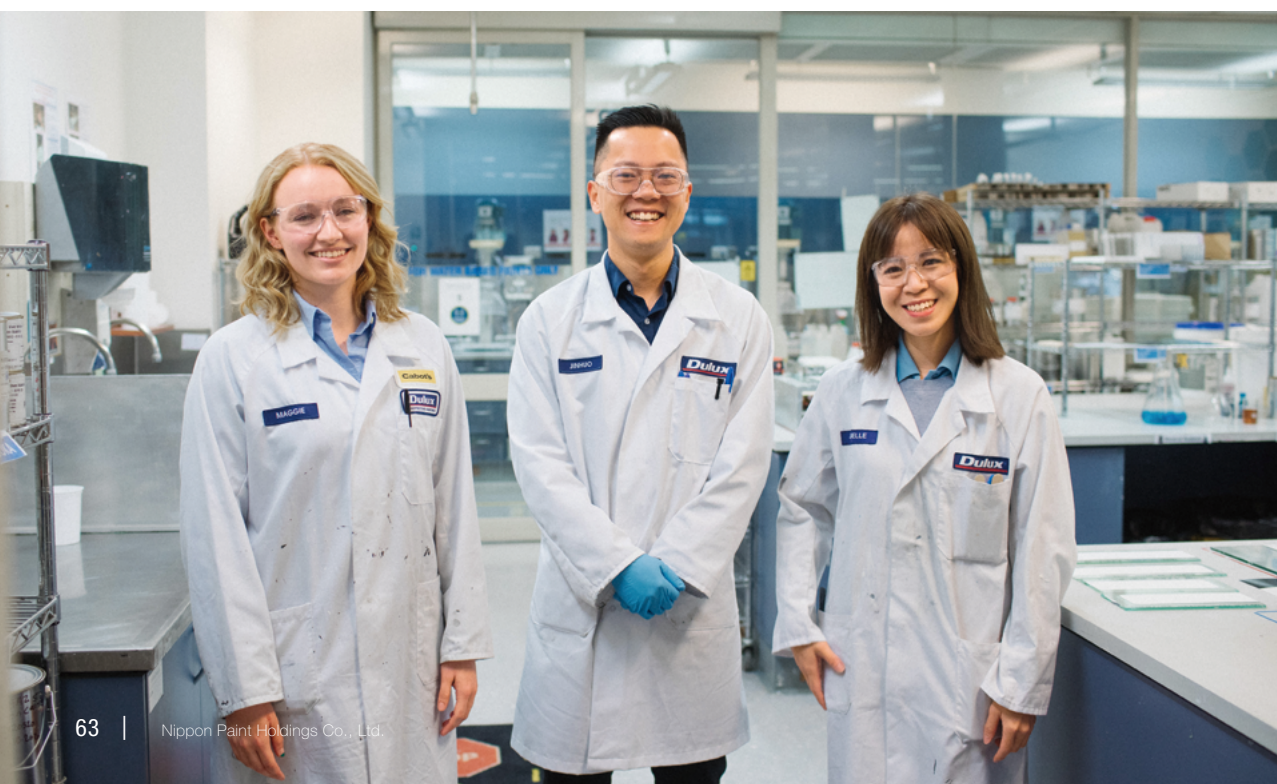
We are targeting growth opportunities leveraging the product portfolio, technology, marketing and innovation, procurement and customer channel management capability of DuluxGroup — enabled by the global scale and resources of the wider Group — to drive European decorative paints growth over the medium to long term. We will complement this organic growth with bolt-on, earnings-accretive, and strategy enabling acquisitions where possible.

### Leveraging capability for growth into global SAF segments

DuluxGroup will continue to build on its successful collaboration with NIPSEA Group, to help build a material, sustainable and market leading SAF business in Asia through transferring our Selleys capabilities including consumer insights, marketing, product, technical and supply chain expertise.

Further, DuluxGroup aims to grow into global SAF segments in markets where structures are similar to Selleys' ANZ experience and where we know we can successfully compete.

The recent acquisition of leading Italian-based SAF company NPT provides a highly regarded brand and technology portfolio with well-established local and export market positions, first-class manufacturing and experienced management team. The addition of NPT is consistent with our strategic criteria of opportunities that offer premium established brands, local product, locally compliant technology, strong supply chain capability, distribution reach, management talent and deep SAF experience. From this base, DuluxGroup will look to generate long-term sustainable growth.



Dulux R&D team members at Dulux's paints & coatings Innovation Centre in Melbourne, Australia