



Karl Altergott
CEO

PROFILE

Karl Altergott has been the President and CEO at Dunn-Edwards for the past 12 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 MBA from Pepperdine University's Graziadio School of Management.

SWOT analysis

<p>Strengths</p> <ul style="list-style-type: none"> Strategically positioned retail store network and highly trained salesforce focused on providing superior customer service Diverse portfolio of high quality and innovative products provide meaningful, measurable performance advantages versus the competition 	<p>Weaknesses</p> <ul style="list-style-type: none"> For over 95 years, Dunn-Edwards has successfully focused on serving the professional painting industry. However, continued actions by national brands and changing demographics are impacting brand preferences. The company is taking proactive steps to influence customer behavior and drive new sales growth through channels and to new market segments
<p>Opportunities</p> <ul style="list-style-type: none"> Develop omni-channel e-commerce solutions to drive sales growth to professionals and consumers alike Help to grow the Nippon Paint Group's position in the United States through channel and product growth initiatives 	<p>Threats</p> <ul style="list-style-type: none"> Large marketing and advertising investments by national brands continue to impact brand selection

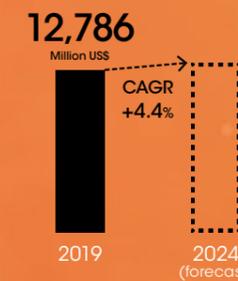
Market features and outlook

- Raw materials shortages driven primarily by a winter storm impacted the petrochemical industry and have created significant supply volatility compounded by strong overall demand growth
- Demand in the residential repaint segment is expected to continue even as "stay at home" ends. This is driven by substantial increases in home equity and low volumes of inventory for sale
- Commercial activity is increasing but demand for office space is notably weak
- Strong consumer spending in home improvement provides growth opportunities in this segment

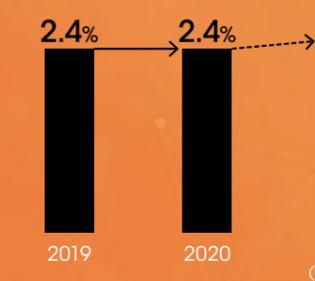
Growth strategy for FY2021-2023

- Future growth to be accelerated on a more non-store retailing structure by driving automation through digital transformation
- Tapping into new sales channels including general retailer, dealers, home centers, and e-commerce
- Increasing market share by taking actions such as opening new stores and developing new products that utilize existing sales networks

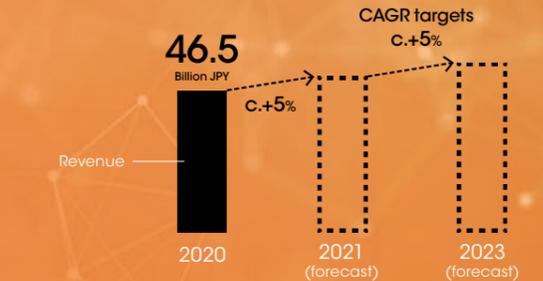
Market growth rate (decorative: USA)¹



Market share (decorative/value: USA)²



Performance³



¹ ACA-published Global Market Analysis for the Paint & Coatings Industry (2019-2024), <https://paint.org/market>
² NPHD's estimates ³ FY2020 figures are in JPY; FY2021 figures and CAGR figures for FY2021-2023 are in local currency

Dunn-Edwards



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. In the U.S., 90% of all architectural coatings are supplied by the six largest manufacturers. The remaining 10% come from regional and local manufacturers with significant levels of brand loyalty. Based on PaintCare Recycled Paint Program sales data, Dunn-Edwards has an estimated 12% share in California markets, and 10% to 20% in other regions.

Corporate data
 Employees: 1,888
 Headquarters: California, USA
 Ownership Ratio: 100.0%

Market features and outlook

Dunn-Edwards is an industry-leading, regional manufacturer that earned its reputation by combining high quality products with unmatched customer service.

2020 was a year full of the unexpected. A global pandemic shut down the economy for a period and the population responded by investing in their homes and taking on renovation projects, thereby increasing the demand for paint products.

Our core residential repaint markets are expected to show continued strong demand even as "stay at home" ends, driven by substantial accumulated home equity and low inventory of existing homes. This will benefit both our professional and consumer customer segments.

Commercial activity is increasing but the demand for office space is still weak as companies continue to assess and balance "work from home" versus return to work in corporate facilities. This trend is expected to continue as the economy begins to open.

Consumer spending in the home improvement sector remain strong. Expanding our offering to retail customers offers tremendous upside for growth in this important segment.

We are guided by a mission of developing products and services with measurable and meaningful performance advantages versus the competition. This philosophy, combined with our focus on meeting customer needs, positions us well across segments and for future growth.

Growth strategy for FY2021-2023

At Dunn-Edwards, we remain focused on our strategic growth plans. Our priorities will help build a foundation for the future by growing net operating profit as a percentage of sales while increasing revenue and market share, with the goal of maximizing shareholder value.

- Our three growth targets are:
1. Decrease dependence on and increase efficiencies with stores. The Dunn-Edwards retail store model requires capital investment which must be carefully weighed and considered. Identifying ways to expand service areas without traditional store expansion is essential to invest capital effectively to foster growth, while controlling expenses.
 2. Develop new channels. Channel growth through existing and new relationships represent new revenue streams to maximize return on assets through general retailer, dealer, home centers,

- and online opportunities. Multiple opportunities to define brand and build channels are underway.
3. Deepen segment penetration. Dunn-Edwards is positioned to further grow existing markets and pursue target segments within our core offering. Our focus on professional customers for over 95 years has given us unique insights to help maximize volume out of existing stores and investments.

Complementing Dunn-Edwards growth targets, product innovation is always a key focus for us to meet changing market demands. We continue to invest in our product development capabilities through state-of-the-art facilities and capable workforce. These efforts, combined with our new product pipelines and global collaborations with Nippon Paint Group companies, will bring new and superior-performing products to market.

Environmental stewardship is a central component to the Dunn-Edwards

brand. We continue to be on the forefront of environmental issues by examining national and international regulatory actions and aligning with Nippon Paint Group ESG principles and practices. As we move forward, our Environmental Affairs Team is working on proposed strategies to support 2050 zero carbon emission compliance.

Dunn-Edwards success is grounded in our experienced management team, diverse culture, and highly-trained employees. The continued integration of personnel across Nippon Paint Group companies, at all levels of the organization, is building and leveraging our collective knowledge base that will aid in developing capabilities and ultimately solutions to improve how we serve our markets and maximize shareholder value.