Message from Co-President Wee Siew Kim

Director, Representative Executive Officer & Co-President

PROFILE
Wee Siew Kim was appointed as the Representative Executive Officer & Co-President on April 28, 2021, and as a Director of Nippon Paint Holdings in March 2022. He is concurrently the Group Chief Executive Officer of NIPSEA Group, a wholly owned subsidiary company of the Nippon Paint Group.

Prior to his current position, he was Deputy CEO and President (Defence Business) of Singapore Technologies Engineering Ltd. He started to work with Singapore Technologies in 1984 as an engineer at 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 where he received a Bachelor of Science (Aeronautical Engineering) degree. This was followed by an MBA at Stanford University.

He was a Member of Parliament in Singapore from 2001 to 2011.

A shining beacon through chaotic times

From pandemic to endemic: Transforming our business outlook

While the world has emerged from the pandemic, supply chain disruptions and the conflict between Ukraine and Russia have impacted businesses globally. Inflation is now at its worst in over four decades and a looming recession threatens business profitability.

Despite this, the Group has continued to steady sail through the year by maximizing earnings-per-share (EPS) through our firmly established Asset Assembler model. By remaining vigilant and steadfast, the company increased EPS by 7.4% in FY2021 to 29.41 yen and we are on track towards achieving our final year targets in the Medium-Term Plan (FY2021-2023). All in all, our EPS has increased by 239% over the past 10 years, which significantly outperforms the TOPIX chemical sector average and other competitors (See the bottom right chart).

In my first year as Co-President, the Group has achieved record revenue despite these challenges, and we have achieved the same level of operating profit as FY2021 by raising selling prices and reducing SG&A expenses to mitigate raw material price inflations.

One of our success factors is our ability to spot opportunities in adjacent industries and implement a hugely successful Asset Assembler strategy. Nippon Paint Group’s Asset Assembler model is unique in that it maintains the acquired company’s autonomy. We value the years of experience that the senior management in these existing teams have, as they were integral to growing the business in the markets that they operate in.

We also looked at acquisitions, focused on the marine coatings sector. This segment exhibited a strong performance in FY2023, with operating profit of 1,907 billion yen, primarily coming from the operations in Japan and Korea. In general, the shipping industry has seen many peaks and troughs, which can present a volatile situation for all related businesses. Having said this, we believe that we have a good strategy in place to facilitate a turnaround in the key markets where the marine coatings sector has the highest potential.

To start, we restructured the operations complimentary products is a sound strategy that leverages our existing manufacturing, marketing, and distribution channels, which means maximizing our market potential.

This gives us an additional construction chemicals market potential of USD90 billion in addition to the paint and coatings segment, which is valued at around USD174 billion.

Setting sails to revitalize our marine coatings segment

While we have many areas to be proud of this year, there are segments of the business that need to be revitalised for us to reach our goals in the coming years. One of the key areas we will focus on is the marine coatings business. In FY2023, this segment recorded an operating loss of around 1.9 billion yen, primarily coming from the Korean operations.

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which is valued at around USD174 billion.
Marketing, and distribution channels, which
complimentary products is a sound strategy
new global-perspective allowed us to further
away from a narrow, country-focused mindset
coatings business ecosystem, we broadened our
to further strengthen the global marine
already bearing fruit and we are expecting
This meant shifting our balance in Korea
to areas that are more profitable and provide
Industries Coatings (NPIU) and Nippon Paint
businesses placing them under the leadership
other partner companies’ markets. This is
starting to be evident in NIPSEA Group
markets such as Indonesia, Vietnam, the
Philippines, and India.
We believe that by continuing to implement the above strategies, the marine
coatings business will improve and change for the better.

Building customer trust with collaborations and consolidations

There have been many views regarding our exposure to the real estate sector in China,
especially with current economic and geopolitical conditions prompting many to be skeptical about its growth prospects.
Notwithstanding this, NIPSEA Group continues to be resilient and flexible while sticking to our mission to ensure growth and maximum shareholder value. In China, our strong performance is a testament to our ability to thrive in a highly competitive market.
We continue to have strong market
share in this region and see the potential for
growth driven by economic development and
broadening customer base.

Having said this, we are aware of the public sentiment on the Chinese real estate market and remain vigilant of any
developments. The key here is that we have a highly adaptable team, ready to shift
to consumer sentiments to ensure 
continuous business sustainability in this
segment. As the market requirement changes, we can
flexibly deliver differentiated offerings
to our business clients in China through
collaborations with strategic construction vendors and project service vendors. With
our scale and reach, we offer to the market
the convenience of having a one-stop solution
provider in which we endeavor to meet customers’
needs.

As we look towards the future, we will continue to
value the importance of customer trust and satisfaction,
and focus on developing long-term relationships with our clients.

New economic power houses

Being a global company means we can
embrace diversity and encourage everyone to do so
in all our business segments.
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value the importance of customer trust and satisfaction,
and focus on developing long-term relationships with our clients.

We also see encouraging prospects in
the Tier 3 and 4 cities, where our teams have
already commenced a detailed market analysis
of trends to determine the correct approach
and business strategies for implementation.
We are laying the foundation for sustainable growth
clear urban areas and the further
urbanization of rural areas.

As such, we see downturns to be
temporary and are confident of the medium

to long-term growth potential in the Chinese market

Business acceleration through adjacencies

While times are uncertain and there remains
to be an abundance of challenges that all
businesses will face, we are confident that our continued execution of the unique Asset
Assembler model will bring positive results in the
future.

Prudent price management in times of
inflationary pressures in Indonesia also
helped to maintain sound financial
prospects in different parts of China.
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Moving forward with an autonomous partnership agenda

Through debt execution of the Asset Assembler model, we aim to achieve our mission of
Maximization of Shareholder Value. However, we will maintain that this model can only work if we continue to inspire autonomous
business execution and growth among partner companies while providing a framework that leverages each partner company’s
strengths.
Having autonomous and decentralized management will take us to greater heights as each partner company fully benefits from
the capital and resources managed by the group.
As we come full circle, it gives me great pride to share that despite the unpredictable
happenings in the past year, we have
managed to achieve our medium-term
plan revenue a year in advance while maintaining
our 2023 operating profit target and will
continue to remain focused on achieving our
business objectives through revenue growth
and margin improvements.

These successes would not have been possible without the retention of expertise
from the DuluxGroup and Betek Boys
group that have been introduced to the NIPSEA
Group.
We also completed the acquisitions of
Cromology and JUB, which not only led to
further expansion of our decorative paints
segment but also expanded our distribution
network exponentially in the European region.
Looking to the future, we will continue to look for
more adjacent and complimentary
businesses. This is a key engine of growth and
can work to accelerate our group’s financial
successes in the future.

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We have a highly adaptable team, ready to adapt to consumer sentiments

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Message from Co-President Wee

Message from Management

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