

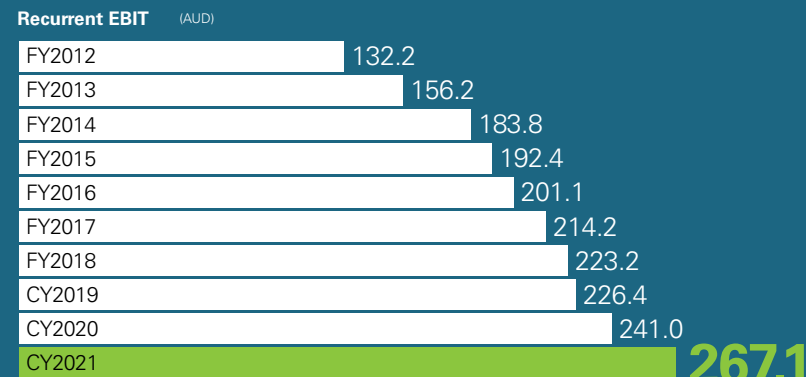
# Strategy for Mature Markets (Australia, New Zealand, PNG and Europe)



Dulux has been voted the most trusted paint brand in Australia for the last 10 years in a row.\*  
\* Reader's Digest 2022



## DuluxGroup - Track Record of Consistent Profit Growth



DuluxGroup Limited is an Australian company that owns the Dulux® trademark in Australia, New Zealand, Papua New Guinea, Samoa and Fiji only and the Cabot's® trademark in Australia, New Zealand, Papua New Guinea and Fiji only. DuluxGroup Limited is not associated with, and has no connection to, the owners of the Dulux® and Cabot's® trademarks in any other countries, nor does it sell Dulux® and Cabot's® products in any other countries.

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 segments

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

From its heritage dating back to 1918, DuluxGroup has evolved to become a leading marketer and manufacturer of premium branded products that enhance, protect and maintain the places and spaces in which people live and work. This is espoused in our core purpose - "Imagine a Better Place."

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.

In Australia and New Zealand, approximately 75% of DuluxGroup's business is comprised of Dulux paint & coatings and the Selseys sealants, adhesives & fillers businesses. They are complemented by other home improvement segment businesses Yates, B&D Group and Lincoln Sentry, which are each profitable market leaders.

DuluxGroup has also operated in Papua New Guinea since 1968, where it replicates its core Dulux and Selseys offers.

DuluxGroup's largest product market, decorative paints, historically grows volume at approximately 1% per year, and market leader Dulux has consistently grown value



### Patrick Houlihan

Chairman and Chief Executive Officer, DuluxGroup

### PROFILE

Patrick joined DuluxGroup in 1989 and has been CEO since 2007 and also Chairman since 2019. Prior to becoming CEO, Patrick progressed through a succession of senior leadership roles across areas including R&D, sales, marketing and general management. Patrick is also the Chairman of the Murdoch Children's Research Institute, on the Board of the Australian Government's Industry Innovation and Science Australia, on the Advisory Council of St Mary's College at The University of Melbourne and is a member of the Australian Institute of Company Directors. He also represents DuluxGroup on the Business Council of Australia and Manufacturing Australia. Patrick holds a Bachelor of Science (Hons.) and an MBA.

ahead of that, at an average of 5% a year over the past two decades. With strict margin and cost discipline, DuluxGroup has a strong track record of flow-through to profit, with year-on-year EBIT growth over many years.

### Success underpinned by investment in, and focus on, the fundamentals

DuluxGroup's track record of consistent delivery has been underpinned by putting consumers and customers at the heart of everything we do, and by an evolving strategic focus whereby we:

1. Leverage and continue to invest in our core capabilities across our market leading businesses, particularly:
  - our premium brands,
  - consumer-led insights, innovation and marketing, and
  - growth through our retail and trade customer channels by focusing on service and experience.
2. Focus on well-structured markets and market segments that deliver consistent growth and strong returns, with an emphasis on the relatively stable existing home renovation and maintenance markets, typically 65% of Group revenue.

3. Focus on product categories that are premium branded – where consumer trust, quality, continuous innovation and supply chain excellence drive competitive advantage.
4. Continue to foster our strong culture, which is reflected in world-leading employee engagement levels and is underpinned by our Values and Behaviors and also recruiting, developing and retaining a diverse and talented workforce.

### Organic growth supported by value generating M&A

Organic growth will be driven by ongoing investment in the fundamentals that have underpinned success to date. More specifically:

- generating increased participation in the renovation and repair market through strong marketing and innovation, including increased do-it-for-me services to consumers;
- increasing consumer engagement through digital platforms;
- promoting omni-channel and optimization of logistics for the trade/professional market; and

- focusing on premium brands, innovation and customer service with key retail partners

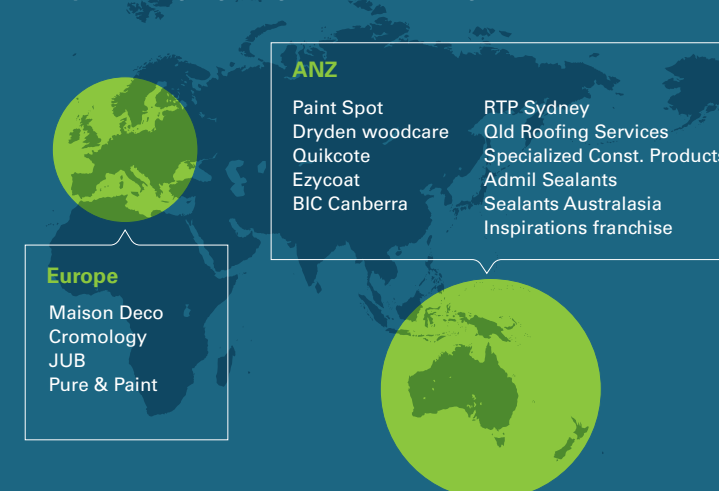
In the last three years, growth in DuluxGroup's existing businesses has been complemented by a number of bolt-on, earnings-accretive, acquisitions in ANZ.

Recent examples include: extending Dulux's reach into direct trade customer channels with the addition of "Paint Spot" outlets to Dulux's trade store network; growing technical capability for Selseys with the addition of Admil silicone sealants and adhesives; and Dulux's growing position in the roof restoration systems market with the acquisition of QRS Roofing Supplies.

Future bolt-on opportunities will continue to be focused on enabling the core strategies of DuluxGroup's strategic business units, while contributing to overall earnings growth.

To support growth, we will continue to invest in skills, capability and leadership development to ensure an engaged, motivated and committed workforce enabled to deliver on our growth ambitions.

### Complementing organic growth with strategic M&A 2019-2022



DuluxGroup continues to invest in its company Trade supply chain and distribution network.



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

DuluxGroup established foothold positions in European decorative paints markets with the acquisitions of Craig & Rose in the UK in 2016 and Maison Deco in France in 2019, followed by niche, eco-friendly, French brand Pure & Paint in 2020. With these relatively small-scale acquisitions, DuluxGroup has leveraged its expertise in premium brands and consumer-led marketing and innovation, along with its retail channel management capability, to progressively grow its presence in European Big Box consumer retail, complemented by other channels including online.

### Cromology and JUB – a strong platform with scale and capable management to enable growth

The acquisition of major market leaders French-based Cromology and Slovenian-based JUB provides the market position and regional scale needed to drive DuluxGroup and Nippon Paint Group's growth ambitions in European decorative paints markets. 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.

Cromology and JUB, along with Maison Deco and Craig & Rose, provide DuluxGroup a substantial European decorative paints platform from which to deliver ongoing growth in the world's second largest decorative paints market (after China).

### Symmetry with DuluxGroup – consumers, customers and market dynamics

Europe, like Australia, is a mature market where delivering consistent, year-on-year, organic growth is underpinned by ongoing investment in the core fundamentals of premium brands, consumer-led marketing and innovation, customer service and supply chain excellence.

DuluxGroup is the natural owner for

Cromology and JUB. They have much in common in terms of their respective consumers (do-it-for-me and DIY), customers (Trade/own stores, Big Box and independent) and competitive landscape. While there are large global decorative paint market players in Europe, DuluxGroup already competes with many of these players in ANZ and has done so for many years.

Over time, we see compelling growth opportunities leveraging the product portfolio, technology, marketing and innovation, procurement and customer channel management capability of DuluxGroup along with the global scale and resources of the wider Nippon Paint Group.

DuluxGroup's European "partner companies" – Cromology, JUB, Maison Deco and Craig & Rose – will drive European decorative paints growth over the medium to long term, including through leveraging DuluxGroup's core capabilities, which have delivered above-market, profitable growth in Australia, New Zealand and PNG for many decades.

### Enabling our European partner companies to drive organic and inorganic growth through:

- **Customer channels** – grow share in trade customer channels (e.g. omni-channel trade fulfillment) and continue to build a meaningful presence in DIY consumer retail (e.g. step-up Big Box presence) over time.
- **Product category extensions** – leveraging the wider DuluxGroup and Nippon Paint Group technology and product portfolio, including specialty coatings (e.g. wood, metal, concrete and texture coatings), ETICS and SAF.
- **Geographic extensions** – focusing on

adjacent markets with similar market and consumer dynamics.

## 3. Leveraging capability for growth into global sealants, adhesives & fillers segments

DuluxGroup has successfully grown into paint adjacent categories in ANZ, most notably with its market leading Selleys sealants, adhesives & fillers (SAF) business.

DuluxGroup is now collaborating 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. We will continue to focus on this collaboration, building on its success to date.

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. Given DuluxGroup's European expansion in paint related distribution networks, we will continue to explore options to add local SAF businesses to generate growth in paint adjacent categories.

In doing so, we will focus on opportunities offering premium established brands, local product, locally compliant technology, strong supply chain capability, distribution reach, management talent and deep SAF experience. DuluxGroup will look to leverage its capability, including in Big Box retail, to generate long term sustainable growth.



## Cromology

**Loïc Derrien**  
Chief Executive Officer

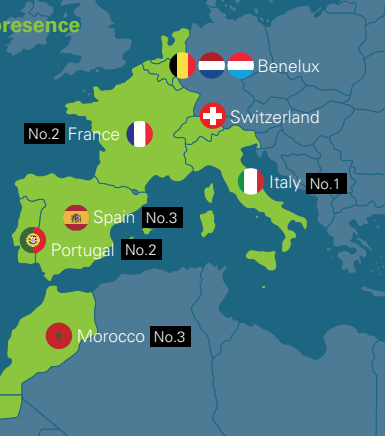


### Corporate data

Employees  
**3,184**  
Headquarters  
**La Defense, Paris, France**  
Ownership ratio  
**100%**

### Cromology geographic presence and market position

Cromology is Europe's fourth largest decorative paints company and a market leader in Western Europe, where it is in the top three in Italy, France, Spain and Portugal. With a portfolio of premium brands, broadly marketed through its extensive company store network, it is well positioned for growth opportunities into other customer channels, as well as adjacent product and geographic segments.



### SWOT analysis

#### Strengths

- Leading market positions – top #3 in France, Italy, Spain, Portugal and Morocco
- Premium brands across a broad product portfolio
- Capable management
- Strong manufacturing footprint
- Extensive trade market distribution reach including 390 company owned stores throughout Europe

#### Opportunities

- Build on strong trade position, leveraging DuluxGroup capability e.g., omni-channel fulfillment
- Step up retail channel position including Big Box presence
- Leverage Cromology's significant scale to expand the product portfolio using DuluxGroup and Nippon Paint Group capability
- Extend geographic reach
- Bolt-on M&A

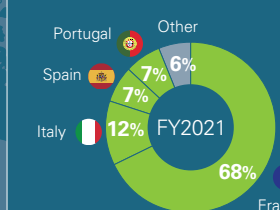
#### Weaknesses

- Like most companies, there are ongoing challenges from volatile raw material and other input costs. However, Cromology has demonstrated excellent cost and margin discipline in recent years
- Low consumer retail channel presence

#### Threats

- Markets are relatively mature, low growth
- Compete against larger global players
- Current disruption in global supply chains and volatility in energy markets, exacerbated by conflict in Ukraine

### Geographic revenue mix



### Performance<sup>\*1,2</sup> (Billion yen)

Revenue	FY2020	FY2021
Revenue	83.3	91.9
Operating Profit (ex IFRS16)	FY2020	FY2021
Operating Profit	5.8	8.2

## JUB

**Sašo Kokalj**  
President & CEO



### Corporate data

Employees  
**774**  
Headquarters  
**Ljubljana, Slovenia**  
Ownership ratio  
**99.83%**

### JUB geographic presence and market position

JUB has acquired a market leading position in interior paints and ETICS in central Europe, especially in the former Yugoslavia, and is strengthening its position in other central European countries, particularly in paints, leveling compounds and ETICS segments.



### SWOT analysis

#### Strengths

- Strong market positions
- Premium brands, backed by strong R&D capability
- Capable management with excellent market know-how
- Broad product portfolio, including in-depth ETICS capability
- Extensive distribution

#### Opportunities

- Step-up its position in Big Box retail, leveraging DuluxGroup capability
- Extend product portfolio and geographic reach over time
- Well positioned to benefit from ongoing economic maturity in Eastern European markets
- Platform to launch wider DuluxGroup product portfolio, including SAF and leveraging Betek Boya's portfolio, over time
- Broadening DuluxGroup's ETICS capability

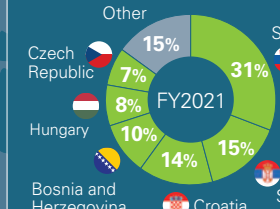
#### Weaknesses

- Smaller procurement scale, and will benefit from wider group buying power
- Like most companies, there are ongoing challenges from volatile raw material and other input costs, which will be managed through with margin discipline

#### Threats

- Current disruption in global supply chains and volatility in energy markets, exacerbated by conflict in Ukraine

### Geographic revenue mix



### Performance<sup>\*1,2</sup> (Billion yen)

Revenue	FY2020	FY2021
Revenue	15.6	17.2
Operating Profit (ex IFRS16)	FY2020	FY2021
Operating Profit	1.8	1.5

\*1 Exchange rate applied: EUR 1=JPY 132.79 \*2 FY2020 and FY2021 results are unaudited pro forma figures