



Acquisition of Cromology

A leading decorative coatings company in Western Europe

Transaction Summary

Transaction Description

- ▶ Acquisition of Cromology
 - Leading European decorative paint company with a strong portfolio of iconic brands and products
 - FY2021e sales: ~EUR 686m ; FY2021e EBITDA: EUR 80m (pre IFRS-16)

Transaction Consideration and Timing

- ▶ EUR 1,152m cash purchase price
 - 14.4x 2021e EBITDA (pre IFRS-16)
- ▶ Transaction to be completed by H1 2022

Transaction Rationale

- ▶ Acquisition strategy based on investing for growth led by Cromology's talented management team
- ▶ Cromology's scale in key markets in Western Europe, together with its leading brands and strong controlled trade distribution network, provide opportunity for growth through leveraging NPG's global scale and DGL's deco paint capabilities in trade and DIY channels

Financial Impact for NPG

- ▶ EPS accretive from the first year¹
- ▶ Fully financed through existing cash and new debt facilities. No issuance of new shares required
- ▶ Post acquisition Net Debt / EBITDA of c. 4.7x, Net D/E ratio c. 0.6x



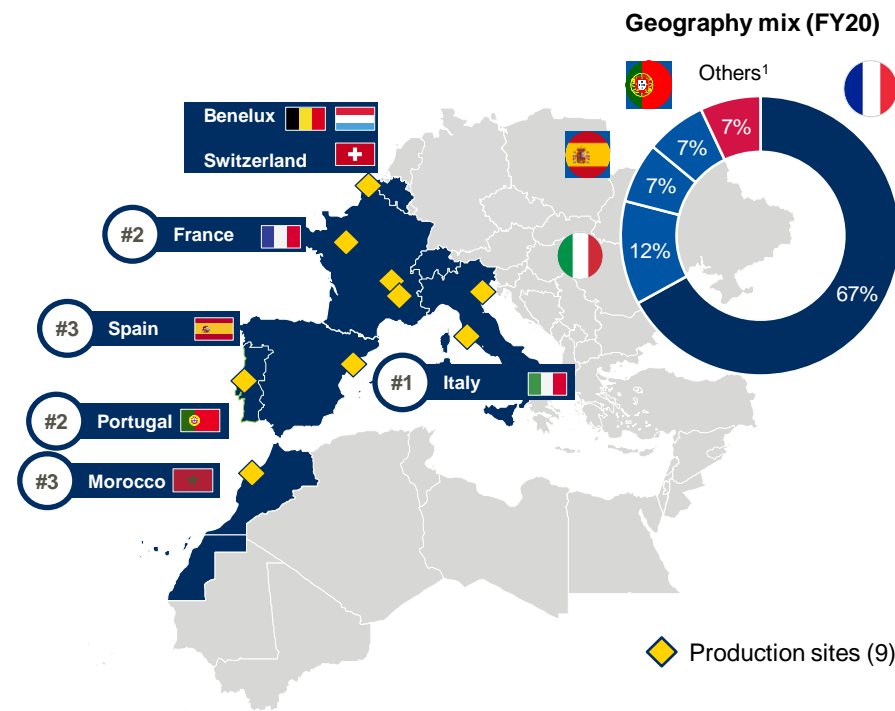
01

Cromology

Leading decorative coatings company in Western Europe

Cromology is a leading decorative paints company in Western Europe

- ▶ Strong pan-European decorative paint company with presence in 8 countries
- ▶ Portfolio of market leading premium brands
- ▶ Strong distribution including 386 owned stores across Europe
- ▶ Broad product portfolio including paints and coatings, accessories and ETICs
- ▶ Revenue ~EUR 686m (FY2021e), ~3,200 employees and 9 manufacturing sites



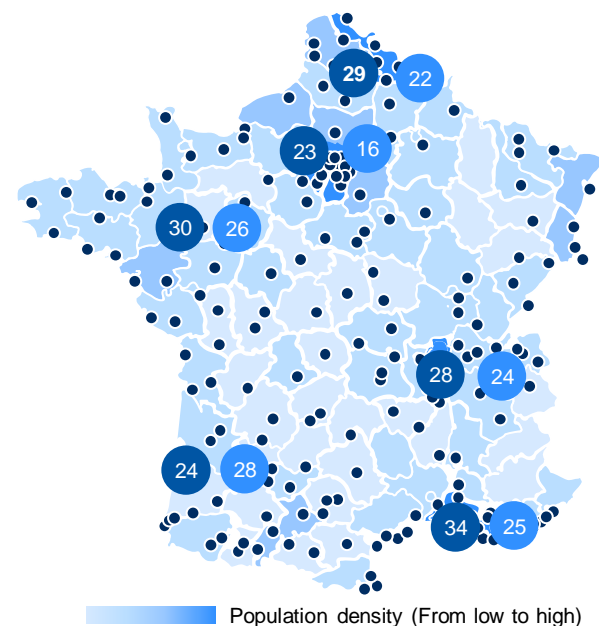
Source: Cromology. Notes: 1. Includes Morocco and Switzerland



Well positioned in trade in France with strong owned store network

- ▶ Cromology has a leading market position in the trade segment in France, particularly in the owned-store channel
- ▶ Majority of the trade sales for Cromology are derived from owned stores, underpinning:
 - Better brand control
 - Customer proximity
- ▶ Two distinct branded stores (Tollens and Zolpan)
 - Tollens focuses on interior and colour
 - Zolpan focuses on technical coatings and ETICS

Owned Distribution – France



TOLLENS
Créateur de peinture depuis 1748

ZOLPAN

168
stores

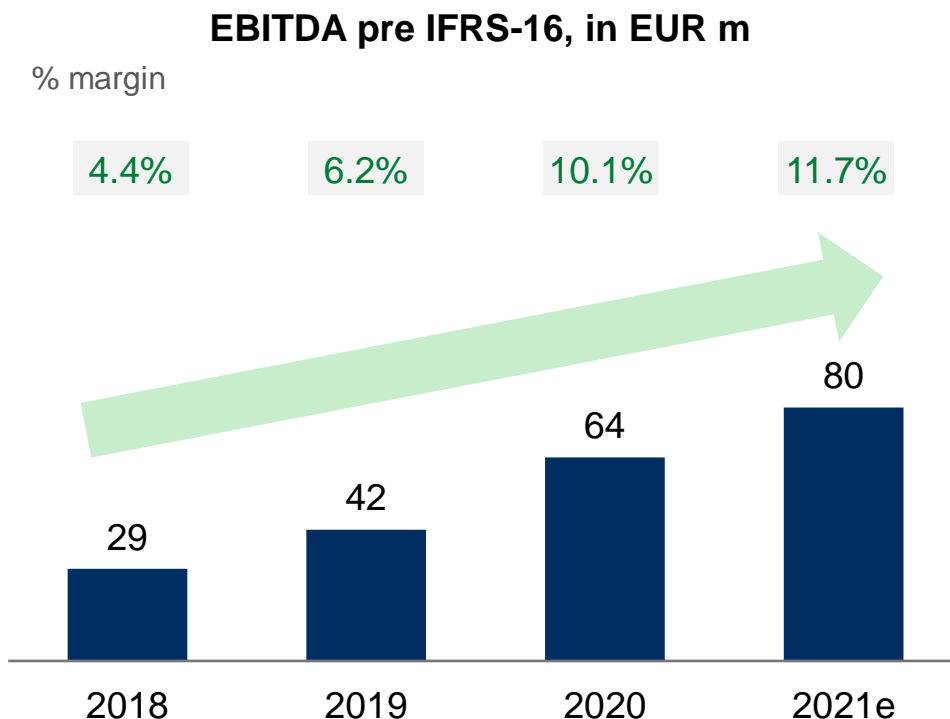
144
stores¹

Source: Cromology; Note: 1. Including 3 stores in La Réunion

New management team has delivered a strong turnaround since 2018

- ✓ New management joined in 2018
- ✓ Growth across all geographies and channels
- ✓ Strong home renovation market performance in France
- ✓ Improved sales performance
- ✓ Proactive management of gross margins
- ✓ Cost base optimisation
- ✓ Supply chain efficiencies

Successful commercial and operational initiatives implemented since 2018 by existing leadership – translating into strong financial performance



Sources: Cromology, Wendel reports

Talented and capable management team who are committed to continue post acquisition

- ✓ Strong leadership
- ✓ Engaged, committed, motivated team
- ✓ Focus on financial discipline, delivery and growth
- ✓ Strong culture



Pierre Pouletty
Chairman

- ▶ Appointed in June 2018
- ▶ Previously acted as CEO of IPH (2002-2017) and CEO of Rubix (2017-2018)
- ▶ Engineering degree from Centrale Paris and MBA from HEC Paris/Stanford



Loïc Derrien
CEO

- ▶ Appointed in August 2018
- ▶ Held various positions at Hilti France, Sigmakalon and PPG, where he acted as General Manager of Decorative Paints EMEA-South and Chairman of the Board of PPG Architectural Coatings France
- ▶ Engineering degrees from ESIM and ISBA, MBA from HEC Paris

Philippe Lederman
Finance

Joined in 2017

Carole Corvisier
Legal & Compliance

Joined in 2019

Bruno Delavelle
Information systems

Joined in 2020

Emmanuel Baltyde
Strategy & Marketing

Joined in 2017

Philippe Ronphé
Human Resources

Since 2014,
joined in 2017

Yves Amsellem
Manuf. & Supply Chain

Joined in 2020

Philippe Hosotte
Innovation & Prod. development

Joined in July 2021

Rui Caldas
International

Since 2016,
joined in 2016

Gaëtan Bartra
Integrated Distrib. France

Joined in 2019

Jean-Damien Ponte
DIY & Ind. FR, BE

Joined in 2016

Rémi Tourmente
Zolpan France

Joined in 2016

★ New management team (since 2017)



02

DuluxGroup

Market leader in decorative coatings in Australasia

DuluxGroup has a long history of strong, consistent profit growth

- ▶ Market leading positions with world class financial metrics in core decorative paints & coatings business
- ▶ Consumer driven agenda enabled through strong marketing and innovation / R&D capability
- ▶ Number one position in both Retail DIY and Trade customer channels, supported by supply chain excellence
- ▶ Broad product portfolio – including decorative paint, wood, texture and protective coatings and construction chemicals / sealants, adhesives & fillers
- ▶ Proven management team – deep industry and global experience, with a track record as a former listed company

Strong market leader in ANZ through continued investment in the fundamentals

01

CONSUMER LED BRAND

- ▶ Leading brands
- ▶ Step changing the Consumer Experience
- ▶ Disrupting consumer journey to win share



02

TECHNOLOGY AND INNOVATION

- ▶ Long established local product innovation capability
- ▶ Formulation excellence



03

RETAIL DIY CATEGORY MANAGEMENT

- ▶ Strong sales and service capability
- ▶ Customer service culture
- ▶ No1 in Bunnings (Big Box)



04

TRADE DISTRIBUTION LEADERSHIP

- ▶ Strong trade distribution network – company owned plus independent stores
- ▶ Omni-channel trade fulfilment model



05

SUPPLY CHAIN EXCELLENCE

- ▶ Competitive advantage in service, quality and cost



A diversified portfolio of specialty paints and coatings brands in Europe

Decorative Mainstream



A life project is also
a decoration project

To shake the
creativity and create
the atmosphere in
which we feel at
ease, Maison Déco
is by your side, with
materials and
solutions



Decorative Super Premium



Craig & Rose
champions creative
ambition, helping
you make bolder,
more adventurous,
creative choices

Empowering
creativity since 1829



Decorative Sustainable



Ecology as a
starting point

"If we take nature as
our guide, we will
never go astray" -
Cicéron



DGL's capable leadership team has deep industry experience in paints and coatings



PATRICK HOULIHAN

Chairman and CEO

- 32 years at DuluxGroup
- 14 years as CEO



PATRICK JONES

Chief Operating Officer
Dulux Paints and Coatings

- 26 years at DuluxGroup
- More than 10 years in current role



RICHARD STUCKES

Chief Operating Officer
DGL International

- 6 years at DuluxGroup
- 10 years with ICI and Akzo Nobel responsible for EMEA and China



IAN ROWDEN

Executive General Manager
Strategic Marketing & Innovation

- 6 years in current role*
- 40 years in global marketing leadership roles (The Coca-Cola Company, Virgin Group, private equity, NED)



BERTRAND LESEUTE

Chief Executive Officer
Maison Deco

- 2 years at Maison Deco
- 24 years (14 as CEO) at V33, #1 DIY decorative coatings company in France



03

Cromology + DuluxGroup + Nippon Paint Group

A powerful partnership

Acquisition Strategic Rationale



- ▶ Scale and financial strength as the Asia Pacific # 1 and Global # 4 paint & coatings company
- ▶ Consistent with strategic focus on decorative paint expansion
- ▶ Executed via the acquisition of strong regional partner companies e.g. Dunn Edwards; DuluxGroup; Betek Boya; PT NIPSEA Indonesia














- ▶ Proven market leading capabilities in both decorative paint Trade and Retail channels
- ▶ Strength in other coatings & paint related businesses e.g. sealants, adhesives & fillers (Selleys)
- ▶ Capable management team as former listed company – consistent track record of growth



- ▶ Strong decorative coatings brands
- ▶ Market leading positions in France and other European countries with opportunities for growth
- ▶ Talented management team – significant European decorative paint experience

Continuing Nippon Paint's strong track record of M&A

	 NIPSEA (Wholly-owned subsidiary in 2021)	 Dunn-Edwards (2017)	 DuluxGroup (2019)	 Betek Boya (2019)	 PT NIPSEA Indonesia (2021)	 Cromology (2022) ¹
Revenue (FY2020A)		JPY 46.5bn	JPY 148.3bn	JPY 36.2bn	(Reference) JPY 30.3bn	JPY 89.9bn ²
Primary geography	Locations across Asia					
Business	Decorative, Automotive and Industrial Coatings, etc.	Decorative Coatings	Decorative Coatings	Decorative Coatings	Decorative Coatings	Decorative Coatings
Key drivers	Exploring relationship with partners to facilitate further growth in Asia	Gaining a platform to enter into the US decorative coatings market	Established an unparalleled position within the decorative coatings market in Asia Pacific. Dominating this stable-growth market with the Dulux brand	Largest market share in the decorative coatings market in Turkey, which has the 5th largest market size in Europe with high growth potential	Largest market share in the high growth, decorative coatings market in Indonesia, and dominant position in automotive coatings market, with avenues for ongoing growth	Strong market positions in decorative coatings in its core markets of France, Italy, Spain and Portugal. European platform with scale for future growth



04 Financial impact of the Transaction

Financial impact on NPG (Pro-Forma FY2021e)



NIPPON PAINT GROUP

chromology

FY2021e

FY2021e

**After Acquisition
(simple sum)**

Sales (JPYbn)	1,000.0	89.9	1,089.9
Operating profit (JPYbn)	80.0	8.2 ²	88.2
<i>Operating profit margin</i>	8.0%	9.1%	8.1%
EPS (JPY)	26.12	EPS accretive from Year 1 ³	
Net D/E ratio¹	0.5x	N/A	c. 0.6x
Net Debt to EBITDA¹	3.8x	N/A	c. 4.7x ⁴

Notes: EUR/JPY=131.05

1. NPHD standalone balance sheet items reflect NPHD net debt as of June 2021 with adjustments from share transfer of European automotive business and India businesses, announced on August 10, 2021

2. Pre-IFRS 16. Operating profit is not considering amortization of intangible assets.
3. Intangible amortization (Pre-PPA) and acquisition related interest cost are considered but excludes one-time cost items.
4. Net Debt = NPHD standalone net debt + debt from acquisition of Cromology
EBITDA = NPHD standalone EBITDA (FY2021e) + Cromology EBITDA (FY2021e)



NIPPON PAINT GROUP



Key Headlines

- ✓ Cromology to continue building upon its market leading positions in France, Italy, Spain and Portugal as well as exploring scope to grow in other adjacent markets
- ✓ Potential for substantial revenue synergies through leverage of NPG's scale and DGL's trade & retail channel capabilities and also adjacent product portfolio
- ✓ Consistent with stated M&A strategy to grow in decorative (architectural) paints
- ✓ Transaction value of EUR 1,152m implies 2021E EBITDA (pre IFRS-16) multiple of 14.4x, to be funded through existing cash and new debt facilities
- ✓ EPS accretive transaction from the first year¹ with significant value creation for shareholders

¹ Intangible amortization (Pre-PPA) and acquisition related interest cost are considered but excludes one-time cost items

Notes

DuluxGroup Limited is an Australian company that owns the Dulux® trade mark in Australia, New Zealand, Papua New Guinea, Samoa and Fiji only and the Cabot's® trade mark 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® trade marks in any other countries, nor does it sell Dulux® and Cabot's® products in any other countries

Forward looking statements

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.

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