KANSAI PAINT

Financial Results for the First Quarter of FY2024

Aug.8, 2024

Agenda

KANSAI PAINT

1. Summary of Financial Results for 1Q FY2024

KANSAI PAINT

Key Points for Financial Results of 1Q FY2023

Good start with both sales and profit growth compared to the initial plan

- ✓ Sales increased due to the penetration of price pass-through and the effect of foreign currency translation. Profitability improved due to efforts to reduce raw material costs, etc.
- ✓ India achieved sales and profit growth, driven by foreign currency translation effects and continued strong growth in automotive and industrial sector, offsetting the effect by increased competition in the decorative sector
- ✓ Work to optimize financial leverage with cost of capital in mind
  Share buyback amount: 17.5 billion yen (the end of 1Q), repurchase limit: 80.0 billion yen

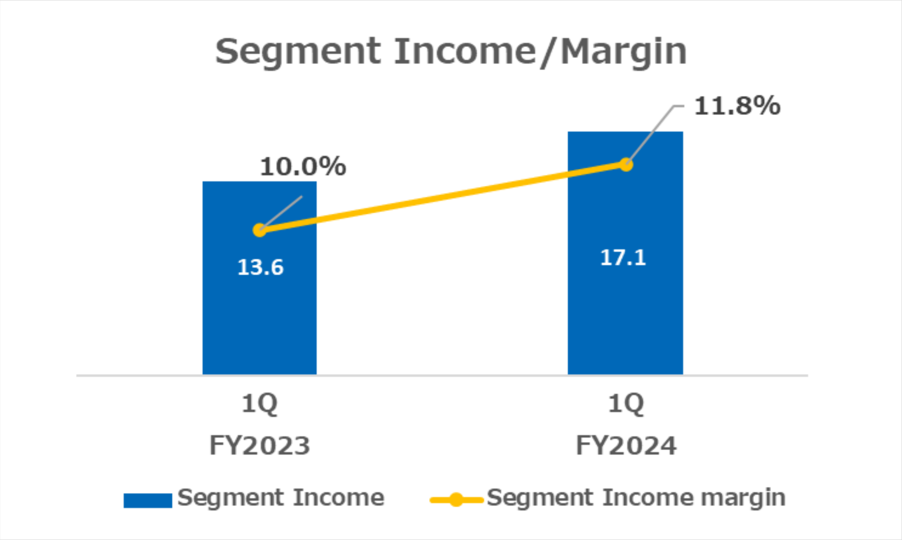
Consolidated results of 1Q FY2024

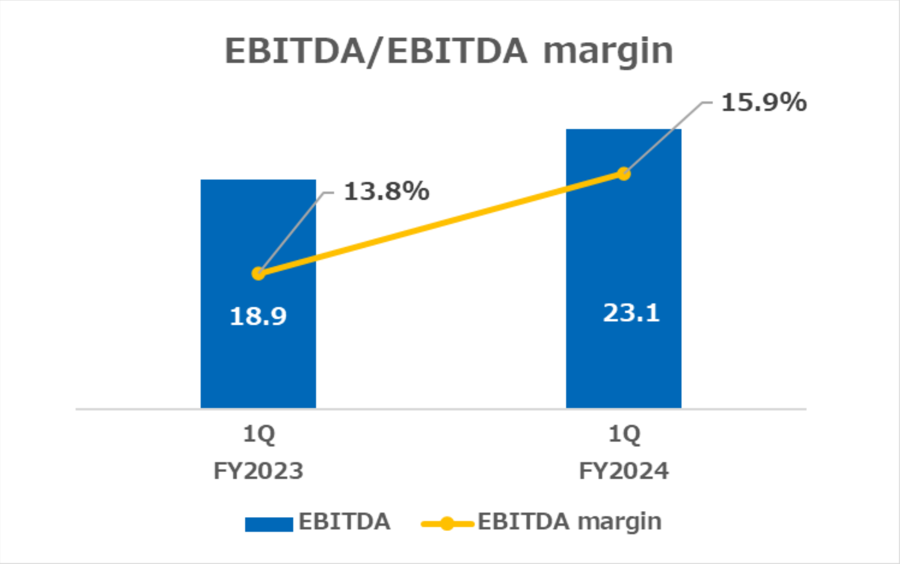
(Billion 、%)

	1Q FY2023	1Q FY2024	YOY	YOY(%)
Net sales	136.4	**145.4**	9.0	6.6%
Operating income	12.1	**15.1**	3.0	24.9%
Segment Income	13.6	**17.1**	3.6	25.8%
Ordinary income	17.0	**19.9**	3.0	17.4%
EBITDA	18.9	**23.1**	4.2	22.1%
EBITDA margin	13.8%	**15.9%**	1.7pt	-
Net income	37.6	**11.9**	31.2	-68.4%

- ✓ Increased revenues driven by marine and the Indian automotive sector
- ✓ Operating income and EBITDA continued to improve as lower raw material prices and improved productivity absorbed higher fixed costs (EBITDA margin: 15.9%)
- ✓ Excluding one-time gains in the previous year (gain on sales of fixed assets and sales of cross-share holdings), final profit also increased year-on-year.
- ✓ The foreign currency translation effects : Net sales +4.2 bn, Operating income +0.7 bn , Segment income +1.0 bn yen, Ordinary income +1.7 bn yen, and Net income for the year +1.6 bn

JPY billion, %





Consolidated Financial Results (Progress against announced figures)

(Billion 、%)

	FY2024 Guidance as of May	1Q_FY2024 Result	Progress against FY 2024 guidance
Net sales	610	145	24%
Operating income	56	15	27%
Segment Income	61	17	28%
Ordinary income	60	20	33%
EBITDA	89	23	26%
EBITDA margin (%)	14.6%	15.9%	+1.3pt
Net income	40	12	30%

✓Steady start against initial forecasts.
✓ Steady improvement in profitability

KANSAI PAINT

Main figures related to the consolidated balance sheets

(JPY billion, %)

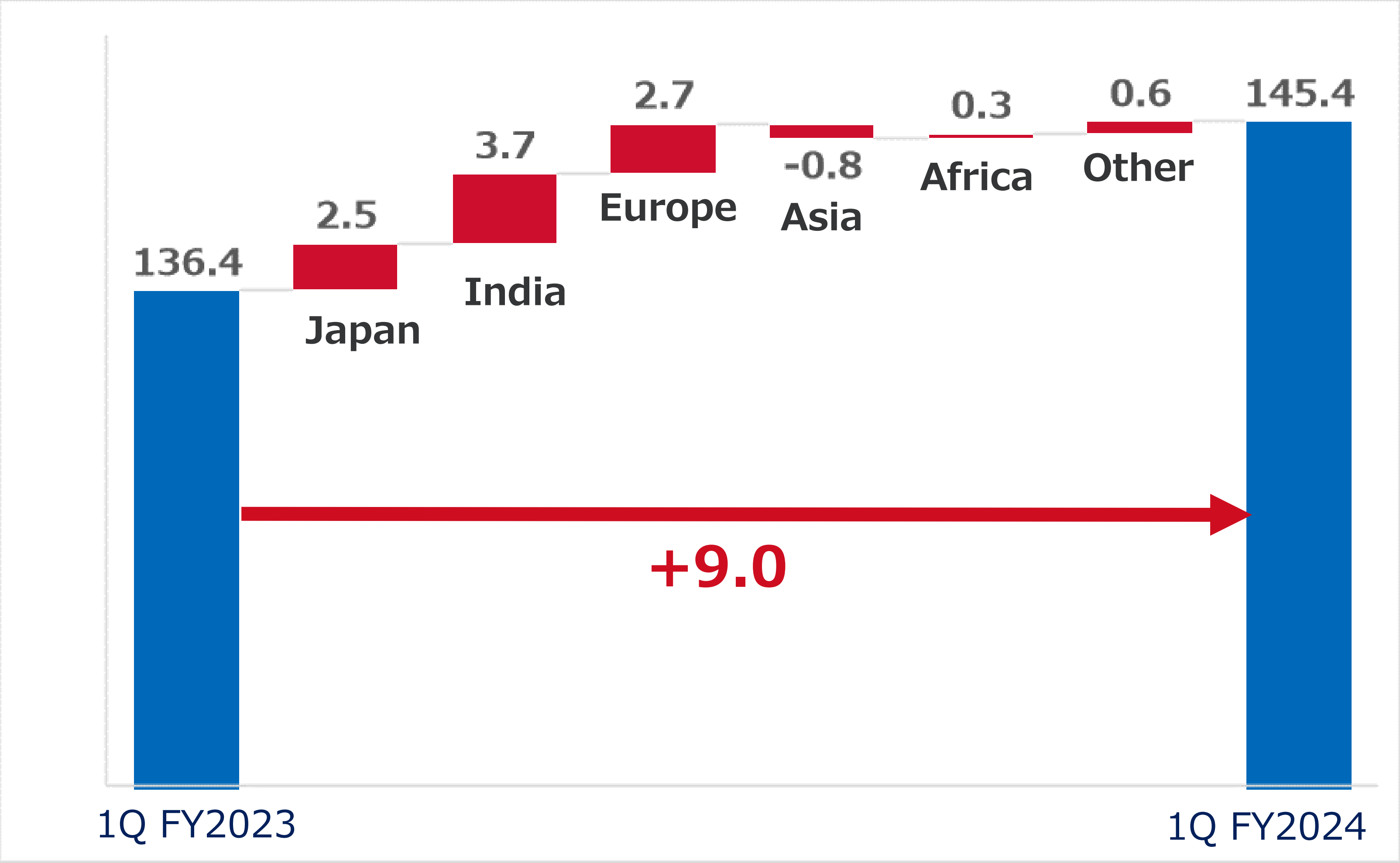
	FY 2023		FY 2024	Difference
	End of 1Q	End of 4Q	End of 1Q	YoY
Total assets	647.3	689.7	782.7	93
Cash &Deposit	61.1	76.6	90.6	14
Trade notes and A/C receivables	119.8	113.2	136.1	23
Inventory	106.9	104.3	112.0	8
Non-current assets	329.7	361.0	398.5	38
Goodwill	34.7	34.1	38.4	4
Interest-bearing debts	98.3	126.2	187.4	61
Shareholders' equity	300.7	310.0	312.3	2
Treasury stock	▲ 23	▲ 2.1	▲ 19.6	+18
Shareholders' equity ratio (%)	46.5	44.9	39.9	-5.0pt

- ✓ Total assets increased due to the acquisition of Weilburger group companies, which became consolidated subsidiaries in May 2024.
- ✓ The increase in interest-bearing debt was mainly due to the acquisition of Weilburger and share buybacks.
- ✓ As a result, capital-to-asset ratio decreased by 5pt.

KANSAI PAINT

Change in Net sales by region (YoY)

(JPY billion)

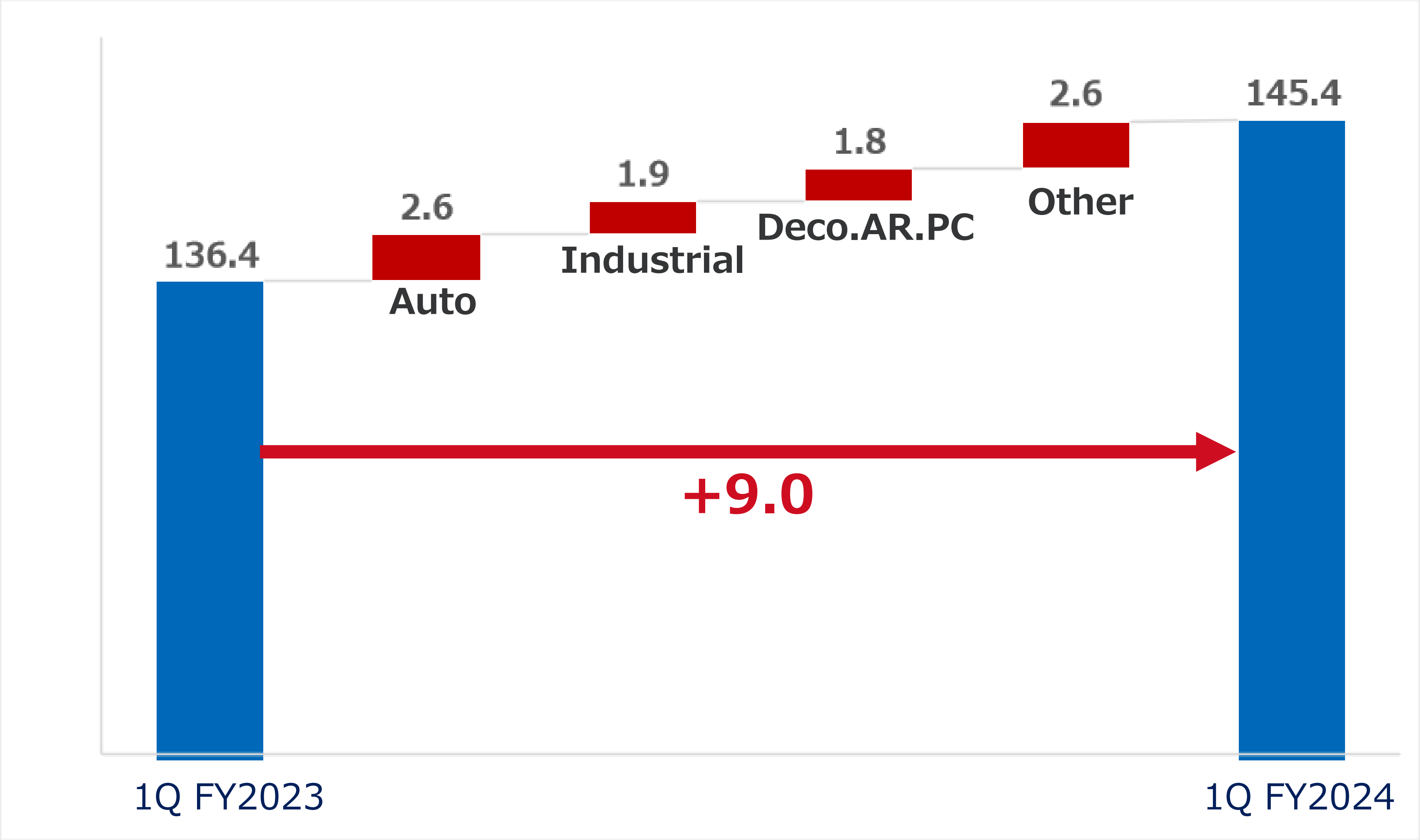


✓ In addition to 4.2 billion yen of foreign exchange impact, marine increased in Japan and automobiles increased in India

KANSAI PAINT

Change in Net Sales by sector (YoY)

(JPY billion)



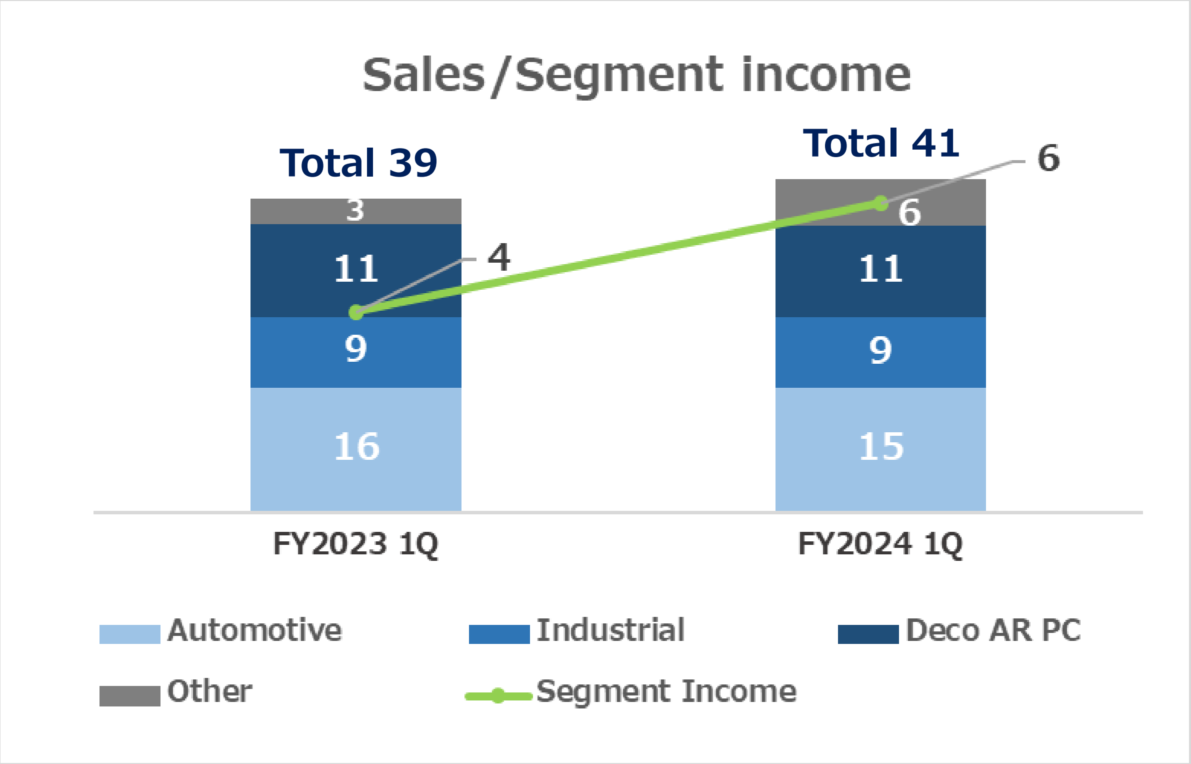
✓ Revenues increased in a balanced manner, with no bias in each area.

KANSAI PAINT

2. Summary of Financial Results by Segment

Results by Region【Japan】

JPY billion



Segment summary

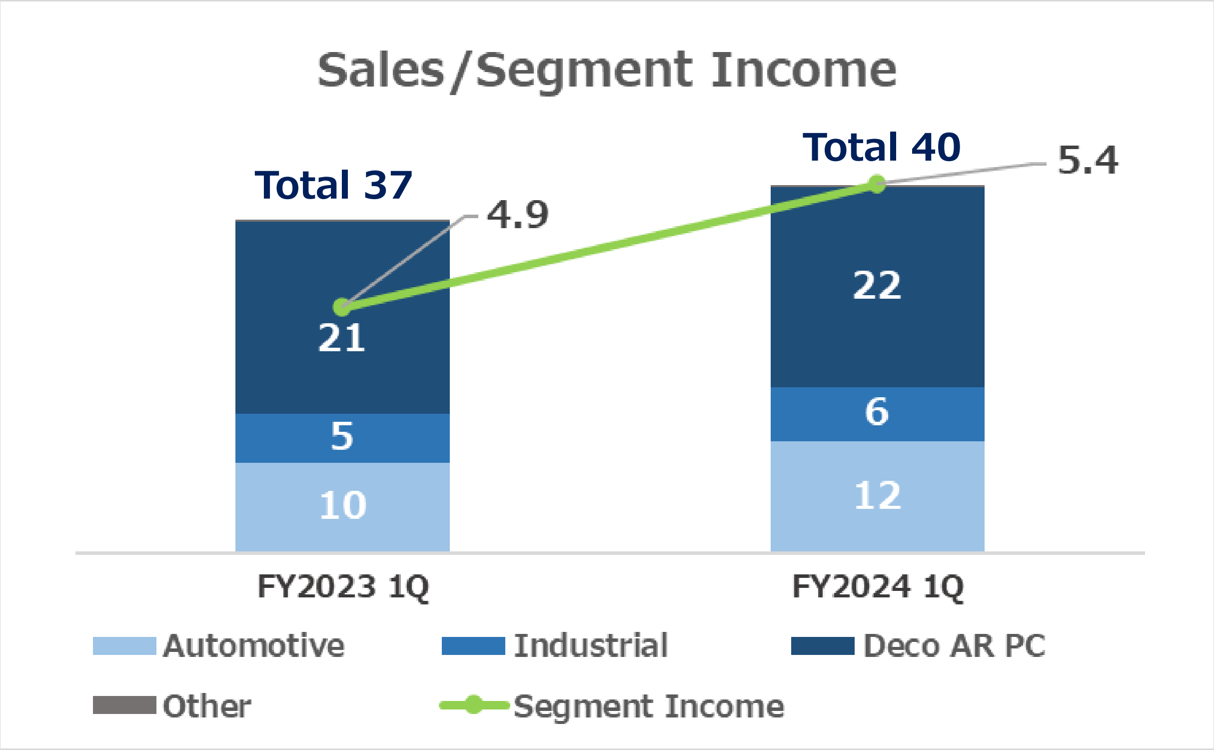
Significant increase in profit was achieved. Segment profit margin improved from 10.0% to 14.5%.

- Automotive sector remained flat YoY due to price improvement despite production cutbacks at some customers
- Industrial sales remained at the same level as the previous year due to continued efforts to revise prices in response to volume declines.
- Sales of Deco and PC were decreased, but grew in AR field, and overall sales were flat YoY.
- Marine saw a significant increase in revenue due to a significant increase in volume and progress in price hike
- Segment income increased significantly due to price improvement in all areas, lower raw material prices, and improved production efficiency

KANSAI PAINT

Results by Region【India】

JPY billion



Segment summary

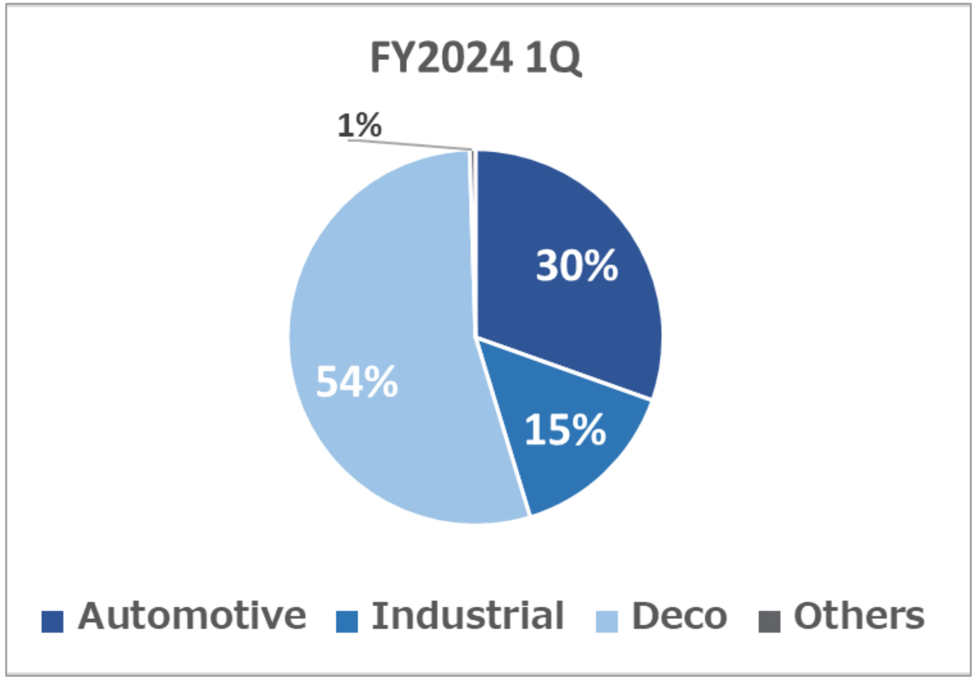
Automotive led the sales and profit growth. Although competition in the Deco sector is intensifying, India as a whole continues to grow.

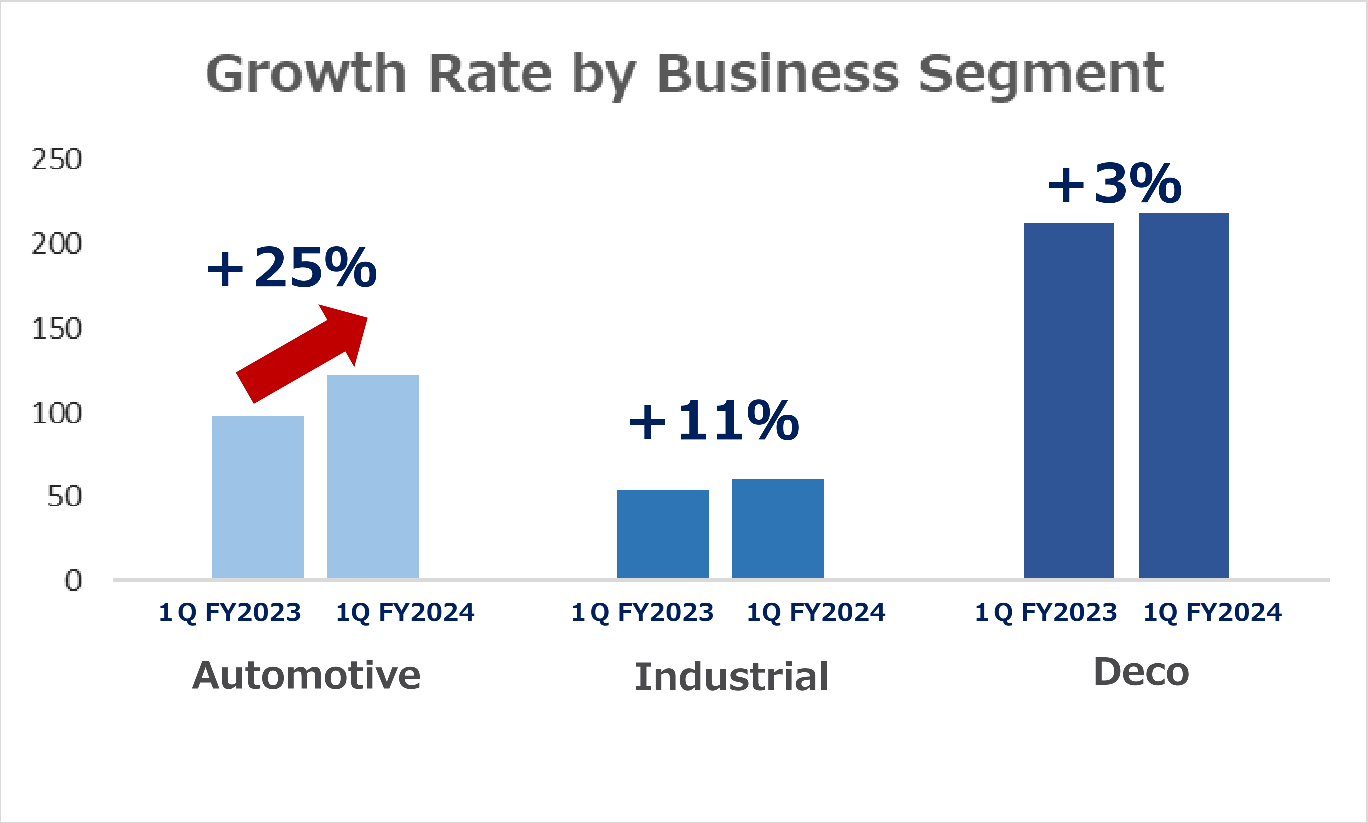
- Sales of automobiles increased significantly due to growth in a wide range of areas including motorcycles and 3-wheeled vehicles, volume growth, and price improvement.
- Industrial sector continued to see strong demand for construction machinery and railroads.
- Volume growth in Deco, but sales decline in local currency base due to shift to low-priced products
- Segment income increased due to the impact of FX, volume increase in the automotive sector, improved pricing and lower raw material prices, which offset a decline in unit prices in the Deco retail sector.

KANSAI PAINT

Sales by Business in India

In India, grow our business as total, including in the automotive sector where we are highly competitive and industrial sectors

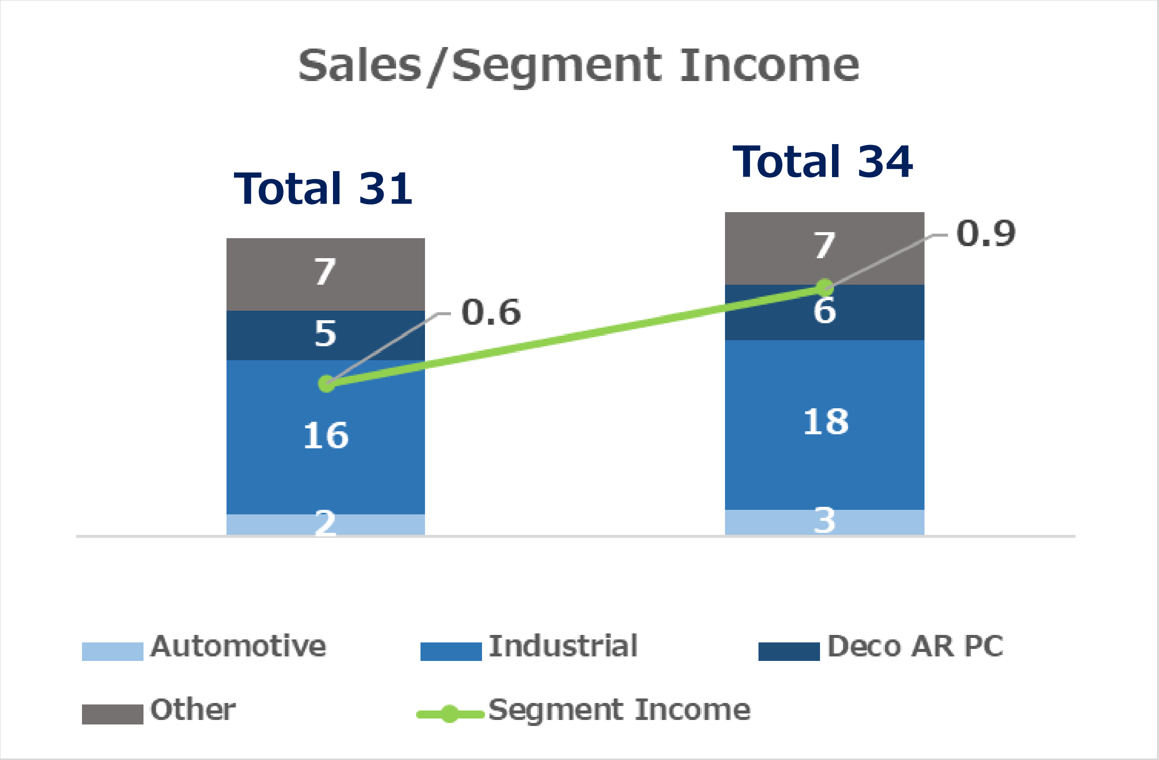




KANSAI PAINT

Results by Region【Europe】

JPY billion



Impact of Hyperinflation

	1Q_FY2023	1Q_FY2024
Segment Income	1	1
Impact of Hyperinflation	-0	-0
Segment income (real basis)	1	1

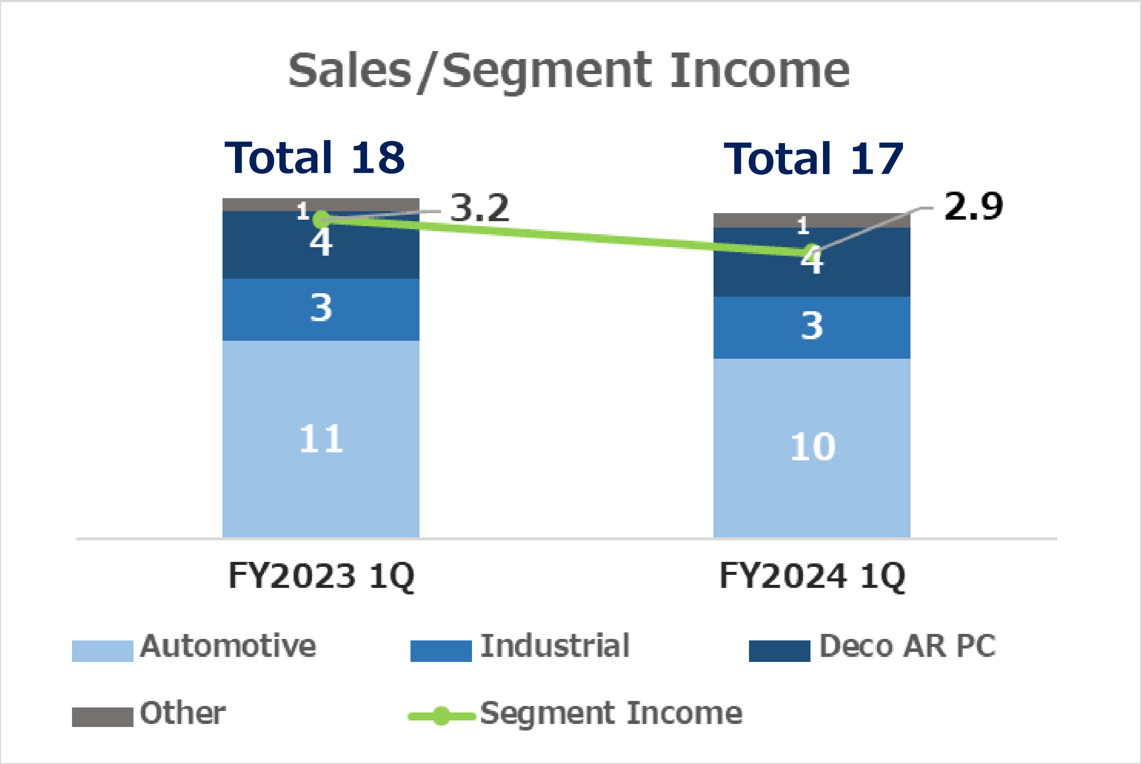
Segment summary

Execute PMI of companies acquired through bolt-on M&A.

- In Europe, sales in the industrial sector increased, supported by robust demand. We will continue to improve profitability of the business.
- Automotive sales increased mainly due to volume growth and price improvement in Turkey
- The impact of hyperinflation on segment income is within the range of our initial forecast.
- Weilburger plans to be consolidated in PL in Q2

Results by Region【Asia】

JPY billion



Segment summary

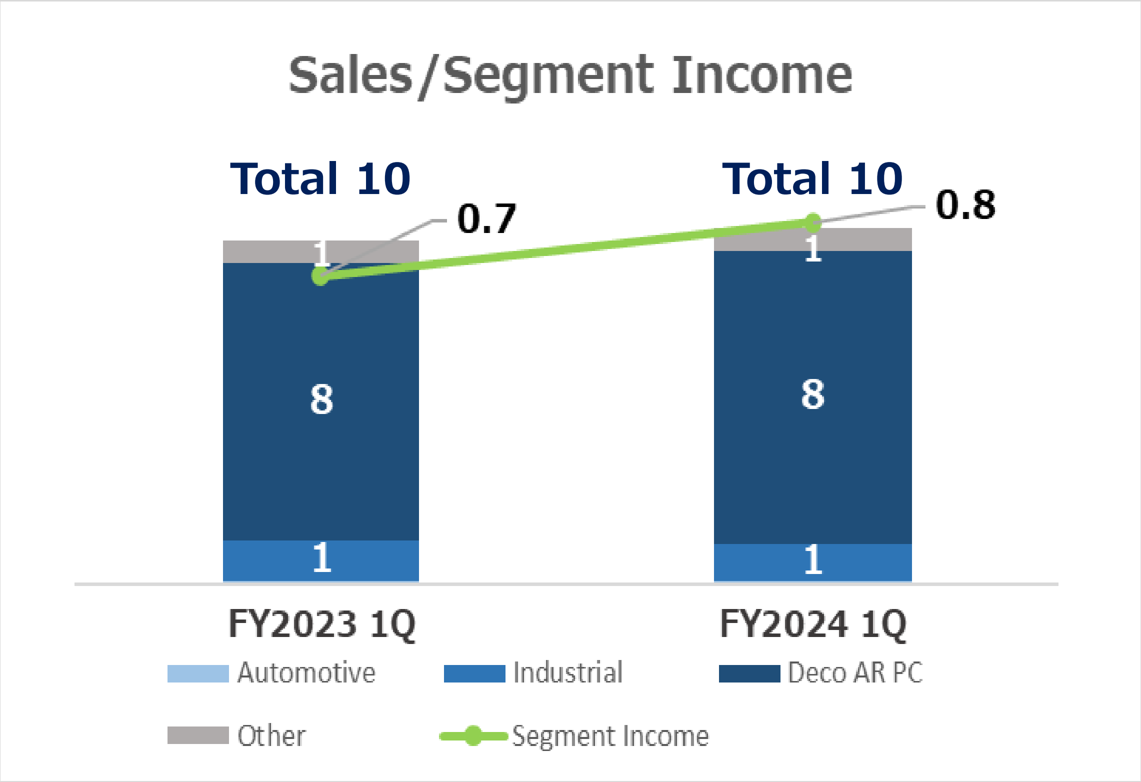
Decrease in sales due to lower automobile production in Thailand and Indonesia. On the other hand, sales of the automotive sector at an equity-method affiliate in China were strong.

- In the automotive sector, Japanese OEMs are struggling due to declining production volume and the rapid progress of Chinese EV makers. We will strengthen sales to non-Japanese customers.
- Steady growth in industrial and deco sectors
- Segment profit declined due to lower automobile production volume

KANSAI PAINT

Results by Region【Africa】

JPY billion



Segment summary

Despite the impact of sluggish consumption, sales in South Africa remained at the same level as the previous year. In East Africa, business continued to expand mainly in the Deco sector.

- East Africa achieved profit increase due to volume increase and product mix improvement, despite the impact of unfavorable weather conditions, etc.
- South Africa achieved an increase in profit due to the effect of lower material prices and fixed cost reductions, despite volume and unit price declines
- Africa's growth strategy will be developed and announced in the 18th Mid-Term Management Plan.

KANSAI PAINT

3. Capital Efficiency Improvement

Capital efficiency improvement

Transition to a capital structure that reflects business characteristics

・Make full use of characteristics of the paints business with high cash-generating capacity and the funds secured through the reduction of low-profit assets and improvement of the efficiency of current assets.

Establish an optimal capital structure for Kansai Paint (optimize leverage levels)

– Net Debt/EBITDA : About 1.0-1.5 times
– Net Debt/Equity : Approx. 30-50%

- To eliminate concerns about dilution associated with the CB issuance and to establish an optimal capital structure, the company resolved to issue SB 60 billion yen on May 30 for the purpose of share buybacks.
- Issued 30 billion yen of 3-year bonds and 30 billion yen of 5-year bonds on August 1

4. Shareholder Return

Shareholder return

■ Acquisition of treasury stock

➢ Resolved on May 30 to repurchase a total of 80 billion yen of treasury stock

Period	Acquisition amount	Number of shares
May 31, 2024 - May 30, 2025	80 billion yen (maximum)	40 million shares (maximum)

➢ Status of acquisitions by July 31

item	Contents
Total number of shares acquired	11,240,600 shares (Progress rate 28.1%)
Acquisition amount	Approx. 29 billion yen (Progress rate: 36.2%)
Percentage of treasury stock held	6.2%

➢ Acquired shares will be cancelled as soon as possible

Thank you

Forecasts of financial results stated in this document are forecasts based on currently available information that includes potential risks and uncertain elements. Therefore, actual financial results may differ from the forecast figures

FY2024 First Quarter
Reference Material for Financial Results

Consolidated results

JPY billion, %

	FY2023					FY20224				
	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year forecast
	YoY(%)	YoY(%)	YoY(%)	YoY(%)	YoY(%)	YoY(%)	YoY(%)	YoY(%)	YoY(%)	YoY(%)
Net sales	136.4	137.6	148.3	140.0	562.3	145.4				610.0
	+13.3%	+5.6%	+12.1%	+11.0%	+10.5%	+6.6%				+8.5%
Operating income	12.1	13.6	15.7	10.2	51.6	15.1				56.0
	+42.6%	+87.3%	+86.3%	+29.0%	+60.8%	+24.9%				+8.5%
Ordinary income	17.0	15.1	12.1	13.5	57.7	19.9				60.0
	+28.6%	+92.7%	+55.9%	+18.3%	+43.4%	+17.4%				+4.0%
EBITDA	18.9	20.6	24.0	18.7	82.2	23.1				89.0
	+29.3%	+61.8%	+61.2%	+20.3%	+42.3%	+22.1%				+8.3%
EBITDA margin	13.8%	14.9%	16.2%	13.4%	14.6%	15.9%				14.6%
	+1.7pt	+5.2pt	+4.9pt	+1.0pt	+3.3pt	+2.0pt				-0.0pt
Net income	37.6	8.8	7.5	13.2	67.1	11.9				40.0
	+483.1%	+49.4%	+69.6%	+56.6%	+166.4%	-68.4%				-40.4%
EPS(JPY)	164.67	39.10	33.12	60.40	299.15	57.45				196.60
	+554.0%	+59.8%	+74.3%	+66.6%	+186.0%	-65.1%				-34.3%

Net sales by regional segment

JPY billion, %

	Net sales									
	FY2023					FY2024				
	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year (outlook)
	YoY(%)	YoY(%)	YoY(%)	YoY(%)	YoY(%)	YoY(%)	YoY(%)	YoY(%)	YoY(%)	YoY(%)
Japan	38.8	41.3	42.9	42.3	165.3	41.3				165.0
	+9.8%	+8.3%	+8.1%	+7.6%	+8.4%	+6.3%				-0.2%
India	36.6	34.5	34.2	31.4	136.6	40.3				152.0
	+5.7%	+2.8%	+8.5%	+12.7%	+7.1%	+10.1%				+11.2%
Europe	30.9	33.8	38.1	33.1	135.9	33.6				166.0
	+31.2%	+9.3%	+28.6%	+18.4%	+21.3%	+8.8%				+22.1%
Asia	18.1	16.9	18.4	18.5	71.9	17.3				72.5
	+12.7%	+4.7%	+1.3%	+4.4%	+5.6%	-4.5%				+0.9%
Africa	9.9	8.9	12.2	12.3	43.3	10.2				45.0
	+7.4%	-9.2%	+7.0%	+8.3%	+3.6%	+3.0%				+3.8%
North America	2.1	2.2	2.5	2.4	9.2	2.7				9.5
	+31.7%	+31.0%	+31.7%	+28.7%	+30.7%	+29.4%				+3.1%
Total	136.4	137.6	148.3	140.0	562.3	145.4				610.0
	+13.3%	+5.6%	+12.1%	+11.0%	+10.5%	+6.6%				+8.5%

Segment Income by regional segment

JPY billion, %

	Segment Income									
	FY 2023					FY 2024				
	1Q yoy	2Q yoy	3Q yoy	4Q yoy	FY 2022 yoy	1Q yoy	2Q yoy	3Q yoy	4Q yoy	FY_2024 plan yoy
Japan	4	6	6	5	22	6				22
	+68.4%	+150.9%	+83.7%	-0.2%	+61.5%	+54.4%				+2.6%
India	5	4	4	2	15	5				16
	+33.7%	+45.4%	+34.6%	+21.5%	+34.8%	+11.1%				+4.7%
Europe	1	1	3	1	5	1				5
	-54.5%	+82.3%	-	+399.1%	+154.5%	+62.5%				-1.3%
Asia	3	2	3	2	11	3				11
	+49.8%	+142.6%	+46.5%	-13.6%	+43.6%	-10.1%				-0.5%
Africa	1	1	1	1	4	1				5
	+41.0%	+34.6%	+27.0%	+116.0%	+49.7%	+14.9%				+10.4%
North America	0	1	1	1	3	1				4
	+138.1%	+154.1%	+125.5%	+143.9%	+139.9%	+202.9%				+6.1%
Total	14	15	18	13	59	17				61
	+36.4%	+96.7%	+80.4%	+23.0%	+56.6%	+25.8%				+3.0%

KANSAI PAINT

Analysis of YoY Sales Increase/Decrease by Factor 1Q_FY2024

	FX impact	Volume	Price fluctuations and others	total
Japan	0%	-3%	9%	6%
India	10%	3%	-3%	10%
Europe	-6%	4%	25%	9%
Asia	6%	-7%	-4%	-5%
Africa	7%	-2%	-2%	3%
North America	10%	12%	7%	29%
Total	3%	1%	3%	7%

Equity in earnings of unconsolidated subsidiaries and affiliates

JPY billion, %

	FY2023					FY2024
	1Q	2Q	3Q	4Q	Full year	1Q
Japan	0.5	0.3	0.4	0.3	1.4	0.4
India	-0	-0	-0	-0	-0	-0
Europe	-0.3	-0.2	0.1	1.3	0.8	-0.0
Asia	1.0	0.8	1.2	0.2	3.3	1.0
Africa	-0	0.0	0	-0	0	0
North America	0.3	1	0.6	0.7	2.1	0.6
Total	1.5	1.4	2.4	2.4	7.6	2.0

Key numbers related to Balance Sheet(B/S)

JPY billion, %

		FY2023				FY2024
		The end of 1Q	The end of 2Q	The end of 3Q	The end of 4Q	The end of 1Q
Total assets		647.3	673.5	683.3	689.7	782.7
	Cash & deposits	61.1	64.5	70.2	76.6	90.6
	Trade notes and A/C receivables	119.8	128.3	129.0	113.2	136.1
	Inventory	106.9	108.9	106.8	104.3	112.0
	Non-current assets	329.7	342.0	346.1	361.0	398.5
	Goodwill	34.7	36.6	35.7	34.1	38.4
Interest-bearing debts		98.3	99.1	102.7	126.2	187.4
Net assets per share (JPY)		-	-	-	1,485.52	-
Shareholders' equity ratio (%)		46.5	47.8	48.1	44.9	39.9

Japanese naphtha price (own estimation)

（JPY/KL）

	FY2023		FY2024
	1H	2H	1Q
Japanese naphtha price	65,500	72,000	79,000

Japanese car production

（million）

	FY2023			FY2024 (Forecast)
	1H	2H	Full year	Full year
Car production	4.36	4.32	8.68	8.68

Car production

(million)

	FY2023					FY2024
	1Q	2Q	3Q	4Q	Full year	1Q
Japan	2.10	2.26	2.42	1.91	8.68	1.99
India	1.39	1.55	1.39	1.63	5.97	1.63
China	6.21	7.03	7.83	9.10	30.16	6.60
Thailand	0.51	0.41	0.46	0.45	1.83	0.41
Indonesia	0.39	0.31	0.36	0.33	1.40	0.30
Malaysia	0.20	0.16	0.20	0.21	0.77	0.21
Turkey	0.30	0.32	0.26	0.27	1.14	0.28

Japan and India：1Q（April to June), 2Q（July to Sept.), 3Q (Oct. to Dec.), 4Q (Jan. to March） Others： 1Q (Jan. to March), 2Q（April to June), 3Q (July to Sept.), 4Q (Oct. to Dec.） Source: Japan car association, MarkLines, 1Q FY2024 car data for Japan is our estimation

Currency translation rates

(JPY／Local currency)

	2023				2024	
	Jan.-Mar.	April-Jun.	July-Sep.	Oct.-Dec.	Jan.-Mar.	April-Jun.
U.S.Dollar	132.71	138.54	145.57	147.74	148.00	156.91
Euro	142.32	150.18	157.49	159.19	160.27	168.68
Indian Rupee	1.62	1.70	1.77	1.79	1.79	1.89
Chinese Yuan	19.30	19.63	20.07	20.44	20.54	21.58
Thai Baht	3.89	3.99	4.13	4.15	4.16	4.26
Malaysian Ringgit	30.28	30.56	31.37	31.60	31.48	33.18
Indonesian Rupiah	0.0088	0.0093	0.0096	0.0095	0.0095	0.0097
Turkish Lira	6.97	5.58	5.47	4.82	4.68	4.90
South African Rand	7.53	7.43	7.81	7.88	7.85	8.39

Forecasts of financial results stated in this document are forecasts based on currently available information that includes potential risks and uncertain elements. Therefore, actual financial results may differ from the forecast figures.