



Strategy Briefings

May 15, 2024



Agenda

- 1 . Key points of today
- 2 . Summary of Financial Results
- 3 . Toward Maximizing Corporate Value
- 4 . Progress on the 17th Medium-Term Management Plan

Key points of today

Achieve record-high sales and profits in FY2023, Steady progress toward a leap forward from the 18th MTP onward

- Achieved over 100% of the announced figures for FY2023, achieving the highest sales and profits.
- Sales and profits increased in all segments. India, which had been a concern, also exceeded the plan overall.
- Targets for the final year of the 17th MTP were raised again, aiming to achieve the highest sales and profits for the second consecutive year.
- Establish an optimal capital structure and shareholder return policy to maximize corporate value.
- Shift to sustainability management, great progress on all E/S/G aspects
- FY2024 is the final year of the 17th MTP and a year of preparation to make a leap forward in the 18th MTP

2 . Summary of Financial Results

Consolidated results of FY2023

Record highs in sales and profits at all levels

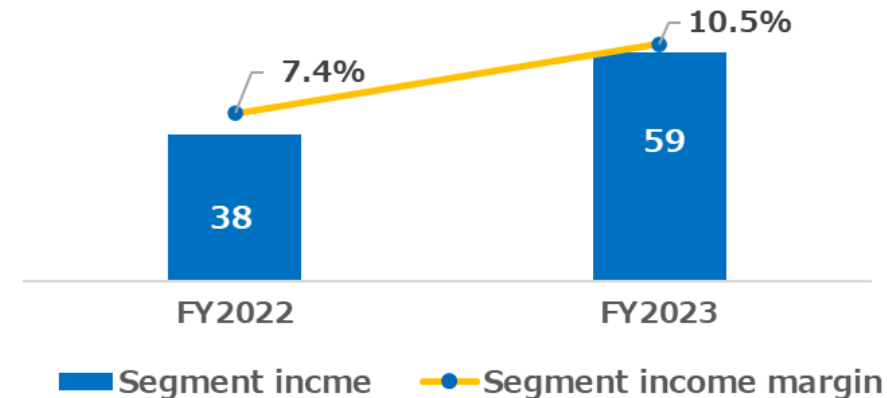
	FY2022 results	FY2023 results	YOY	YOY(%)
Sales	509	562	53	10.5%
Operating income	32	52	20	60.8%
Segment Income	38	59	21	56.6%
Ordinary income	40	58	17	43.4%
EBITDA	58	82	24	42.3%
EBITDA margin	11.3%	14.6%	+3.3pt	-
Net income	25	67	42	166.4%
Adjusted ROE※	8.8%	12.9%	+4.1pt	-

※ Excluding One-off

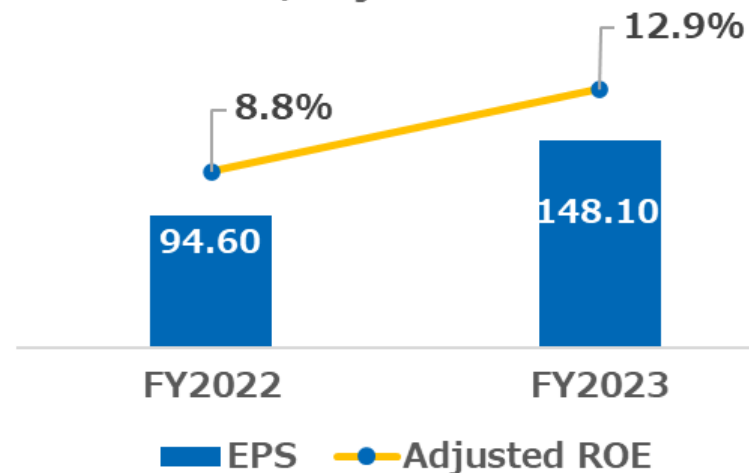
- ✓ Double-digit sales growth due to higher sales price and volume growth in India (mainly automobile)
- ✓ Lower raw material prices and improved productivity absorbed higher fixed costs, resulting in a significant increase in operating income and a 3.3 pt YoY improvement in EBITDA margin
- ✓ Continued reduction of low-profit assets and recorded large extraordinary gains
 - Continued to sell cross-share holdings
 - Sale of headquarters in Japan and idle land in India

JPY billion, %

Segment income / Segment income margin



EPS / Adjusted ROE



Consolidated Financial guidance (FY 2024)

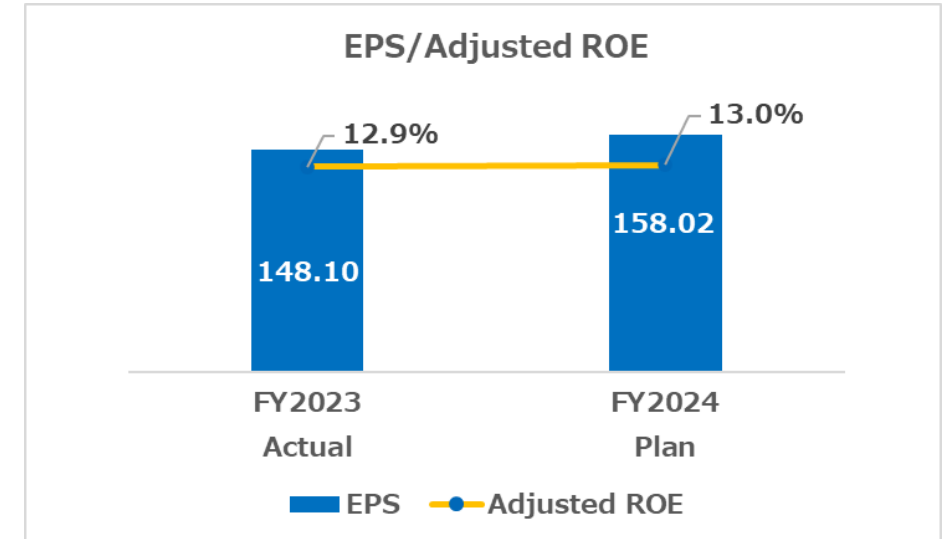
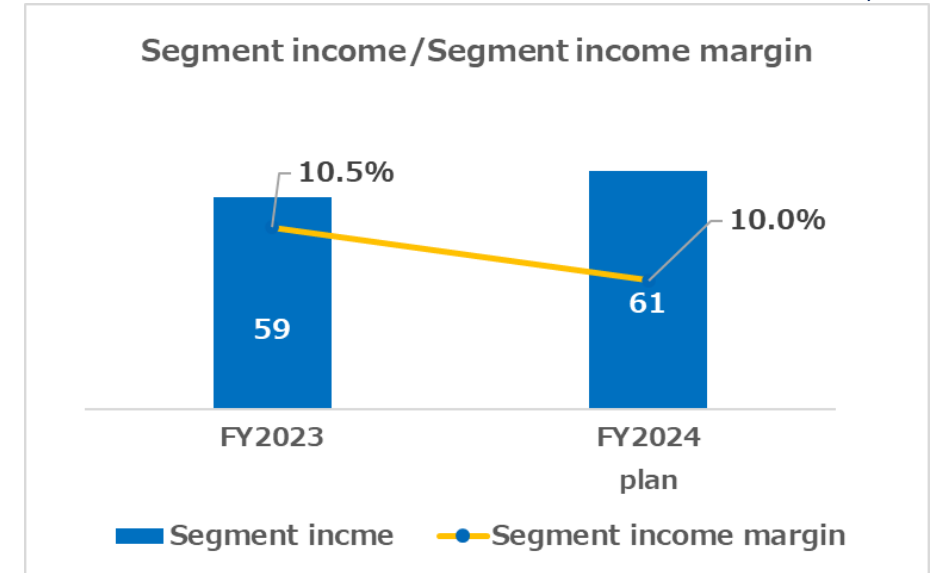
Continued increase in sales and income by absorbing cost-increasing factors through sales volume expansion(Record-high profit is expected to be achieved)

	FY2023 results	FY2024 Plan	Difference	(%)	(Billion , %)
Sales	562	610	48	8.5%	
Operating income	52	56	4	8.5%	
Segment Income	59	61	2	3.0%	
Ordinary income	58	60	2	4.0%	
EBITDA	82	89	7	8.3%	
EBITDA margin	14.6%	14.6%	-	-	
Net income	67	40	-27	-40.4%	
Adjusted ROE※	12.9%	13.0%	+0.1pt	-	

※ Excluding One-off

- ✓ Net sales exceeded the mid-term target due to continuous sales expansion in India (automotive and industrial) and new consolidation of a European subsidiary
- ✓ Maintain and improve profit margins by continuing cost reduction efforts and productivity improvements to offset cost increase factors due to inflation
- ✓ Net income includes a further gain on sale of land in India. However, we expect to see a decrease in profit compared to the previous year, when one-off factors were significant

JPY billion, %



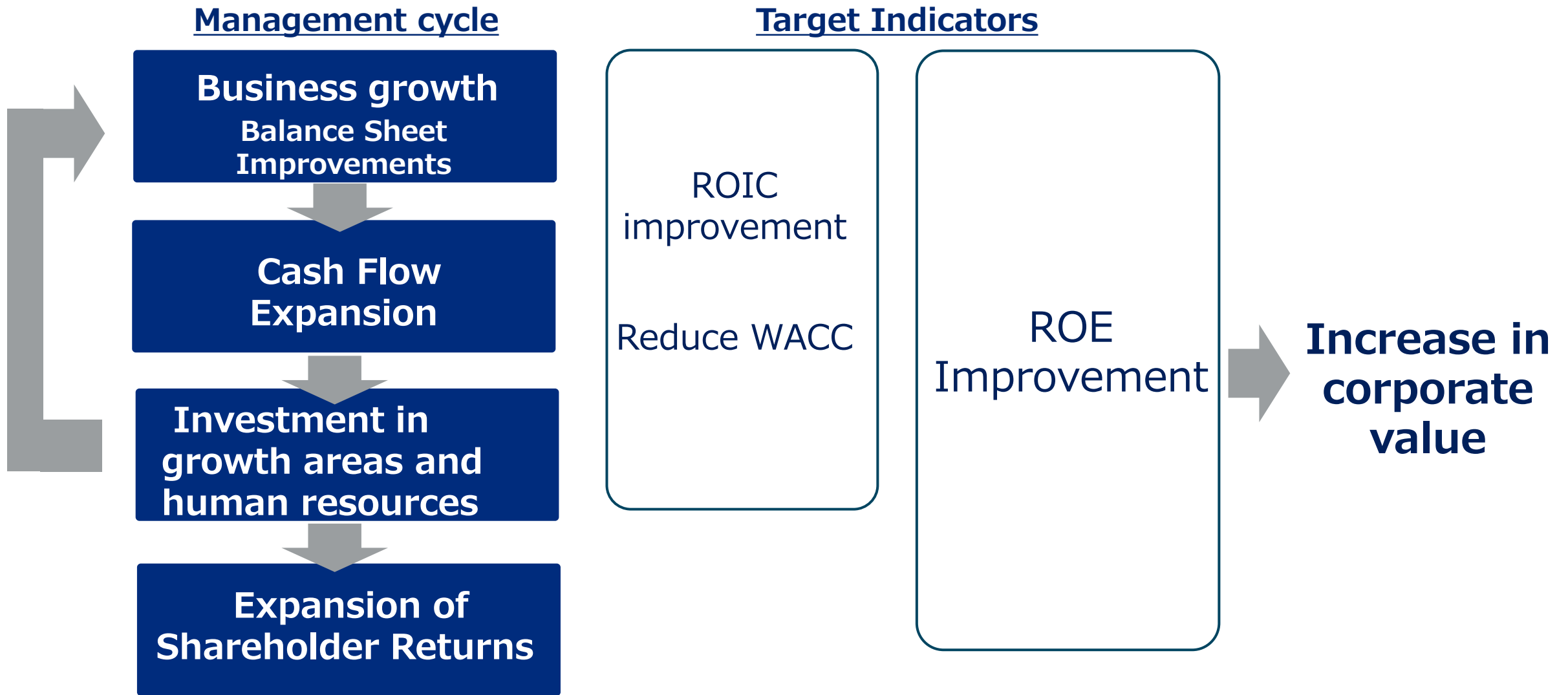
Consolidated Financial results(FY2023) & guidance(FY2024) by Region

JPY billion ,%

	Net sales				Segment Income			
	FY_2023	FY_2024 Plan	Difference	FY_2024 plan VS. FY 2023	FY_2023	FY_2024 Plan	Difference	FY_2024 plan VS. FY 2023
Japan	165.3	165.0	-0	-0%	21.5	22.0	0.6	+3%
India	136.6	152.0	15	+11%	14.8	15.5	0.7	+5%
Europe	135.9	166.0	30	+22%	5.1	5.0	-0.1	-1%
Asia	71.9	72.5	1	+1%	10.5	10.5	-0.0	-1%
Africa	43.3	45.0	2	+4%	4.1	4.5	0.4	+10%
North America	9.2	9.5	0	+3%	3.3	3.5	0.2	+6%
Total	562.3	610.0	48	+8%	59.2	61.0	1.8	+3%

3 . Toward Maximizing Corporate Value

Toward Maximizing Corporate Value



Maximizing corporate value is the “greatest shareholder return”

Capital efficiency improvement

Transition to a capital structure that reflects business characteristics

- Characteristics of the paints business with high cash-generating capacity and
- Make full use of 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%

- Execute share buybacks at an early stage to eliminate concerns about dilution by CB
- Execute growth investments with an emphasis on profit contribution

**Continue to maximize EPS
through "profit growth" and "capital efficiency improvement"**

Shareholder return Policy

Policy: Return at least 100% of FCF to shareholders, except in the case of M&A

- Increase cash flow by increase ROIC actively
- Invest earned capital into business growth and human capital to increase profits
- Maximizing corporate value is the “greatest shareholder return”

1. Execute progressive dividend

- Continue to maintain or increase dividends from now on, setting the FY2023 dividend (40 yen per share) as a baseline

2. Continued share buybacks

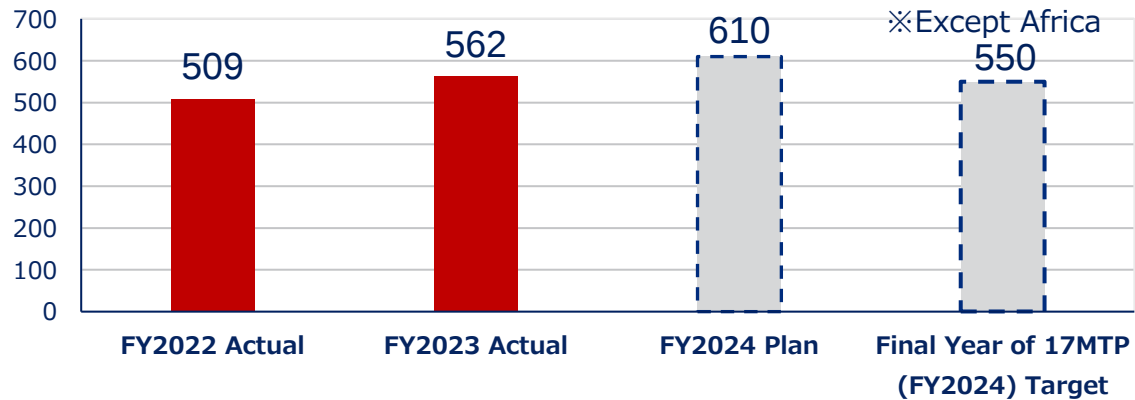
- Surplus funds will be returned to shareholders as appropriate through share buybacks
- Buybacks will be flexibly executed on the downside as current Valuation is not satisfactory
- Treasury stock will be cancelled to eliminate concerns about dilution after the buyback

Maximize strong cash generation capabilities and use up “live money” for growth and returns.

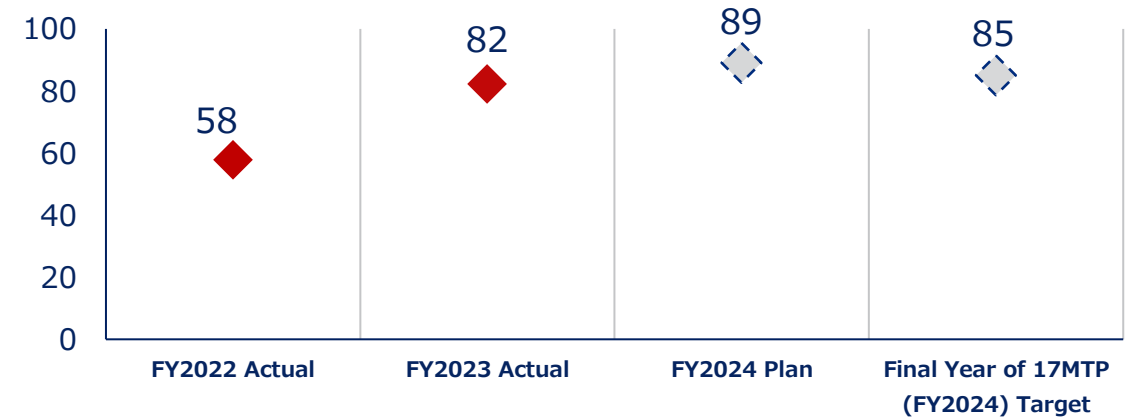
3 . Progress on the 17th Medium-Term Management Plan

Progress on 17th MTP

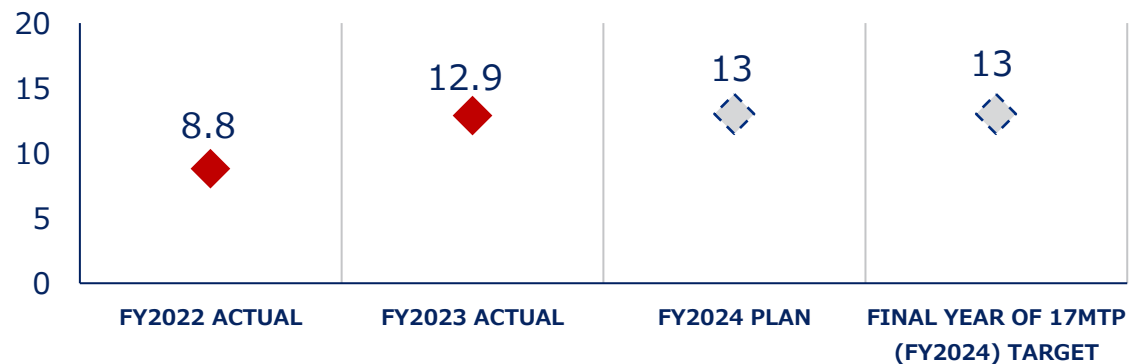
Sales (Billion JPY)



EBITDA (Billion JPY)



Adjusted ROE (%) ※Excluding One-off



- Results and plans for both sales and EBITDA exceed plans
- Solid improvement in ROE toward the target
- Upcoming challenges are improving profitability and turnover ratio

Must achieve plan for FY2024

The 17th Medium-term Management Plan Final Targets

The final year of the 17th MTP Targets



Up 46%

Up 66%

Up 4.2pt

The final year of
the 16th MTP
FY2021
Actual

Net Sales
419.2 Billion JPY

EBITDA
53.7 Billion JPY

Adjusted ROE
8.8%

※Excluding One-off

Significant growth in quality and quantity in 3 years

Actions for key principles

Key Principles

Improvement in profitability
& cash generation



- Great improvement in profitability led by Japan (P16)
- Cash generation by reduction of cross-share holdings, sale of real estate and CCC improvement (P17/18)

Aggressive investment in
growing markets



- Bolt-on M&A plans in Europe is on track. Focus on PMI(P19)
- Rapid growth of Burano, Capital tie-up with Spiber Inc. (P19)

Strengthening the
management
infrastructure



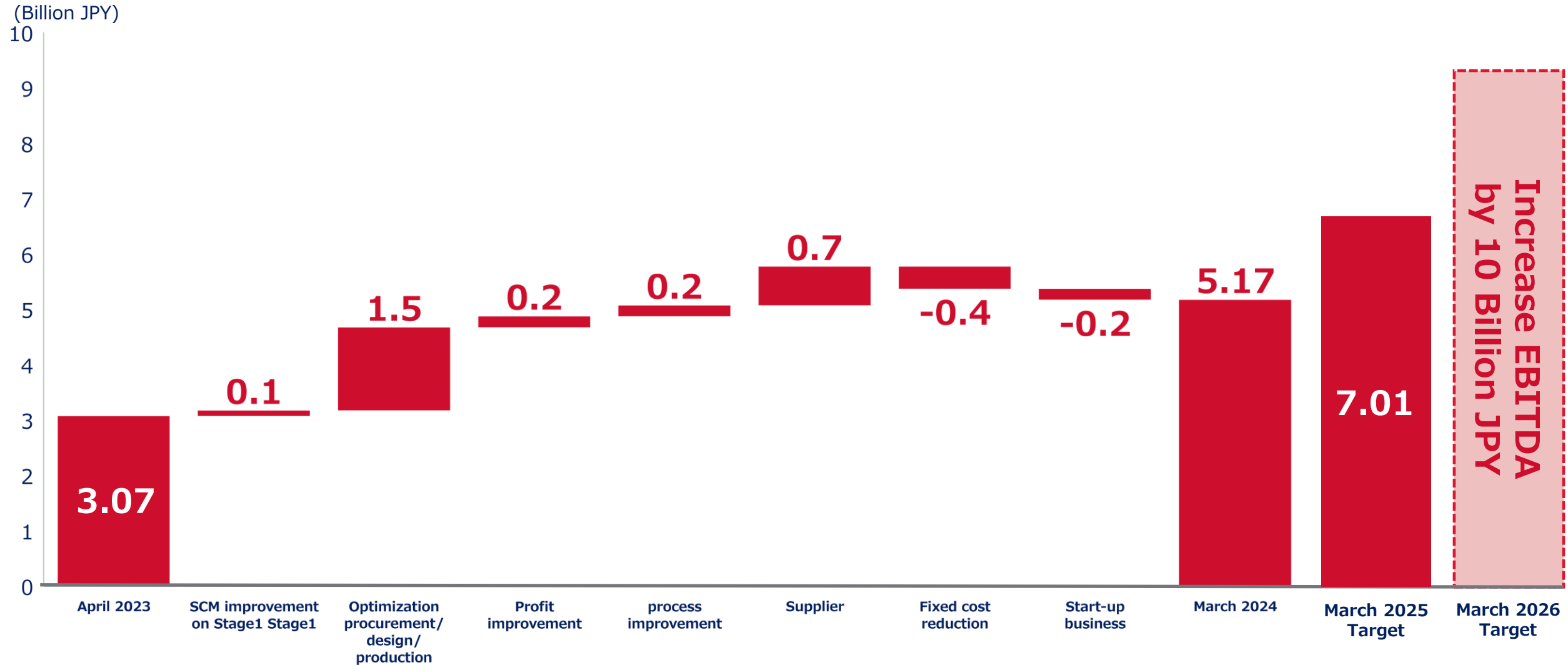
- IT reform progressed more than planned. Global collaboration also progressed.(P20)
- Progress on promotion of global management talent(P20)

Sustainability
management



- Great progress on all E/S/G aspects (P21/22)
- Chosen as a “Greatly Improved Integrated Report” by GPIF in Japan for the second year in a row.

Update on Cost down by Structural Change in Japan



Synergistic effects of pricing measures and product mix improvement drive group profit growth

Reduction of cross-share holdings & Effective use of assets

	<u>FY2021</u>	<u>FY2022</u>	<u>FY2023</u>	<u>Total</u>
Amount of cross-shareholdings sold(Billion JPY)	1.7	5.2	369	438
Amount of fixed assets sold (Billion JPY)	46	5	197	248
Total				<u>68.6 Billion JPY</u>

68.6 billion JPY generated over the past 3 years,
Funds for investment in growth and shareholder returns

Changes in Major Indicators

	<u>Starting point of the 17th MTP</u>	<u>FY2022</u>	<u>FY2023</u>	<u>Difference</u>	<u>FY2024(Plan)</u>
Sales(Billion JPY)	419.2	509.1	562.3	+34%	610
EBITDA(Billion JPY)	53.7	57.8	81.4	+51%	89
EBITDA margin (%)	12.8%	11.3%	14.5%	+1.7pt	14.6%
Adjusted ROE(%)※	8.8%	8.8%	12.9%	+4.1pt	13.0%
CCC(day)	116	100	90	26 Days Reduction	
EPS(JPY)※	89.08	94.6	148.1	+66%	
PER(X)※	22.15	18.90	14.69	—	

※Excluding One-off

Aggressive investment in growing markets

Bolt-on M&A in Europe

Completed planned M&A in 17MTP and moved into the profit generation phase through PMI

August 2022

Wefa:
Railway coatings
business assets



November 2022

CWS:
Powder coatings



December 2022

Beckers Group:
Railway coatings
business assets



2024.02.08 Corporate

KANSAI HELIOS ACQUIRES WEILBURGER ~Active investment in B to B growth fields~

Feb. 08, 2024
Kansai Paint Co., Ltd.

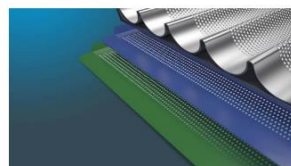
Kansai Paint Co., Ltd. (Headquarters: Kita-ku, Osaka, President & CEO: MORI Kunishi, hereinafter referred to as "Kansai Paint") is pleased to announce that through Kansai Helios Coatings GmbH (hereinafter referred to as "KANSAI HELIOS"), a consolidated subsidiary of Kansai Paint in Europe, Industrial Coatings business of WEILBURGER Coatings GmbH and WEILBURGER Asia Ltd. (Hong Kong) (hereinafter collectively referred to as "WEILBURGER") will be acquired. The acquisition will be made by 100% share transfer of WEILBURGER held by GREBE Holding GmbH, and all the Industrial Coating business including sales and manufacturing sites of WEILBURGER in Europe, America, Asia and others will be included.

KANSAI HELIOS plans to conclude a share purchase agreement on February 9th, 2024.



WEILBURGER is a long-established paint manufacturer that has been operating globally for more than 120 years since its founding in 1900, mainly in Europe. Consolidated sales in 2023 are expected to be around EUR 150 million. With the acquisition of WEILBURGER, Kansai Paint Group will greatly enhance its position in the Industrial coatings market, introducing and expanding WEILBURGER's unique technologies, such as non-stick coatings used in frying pans and irons, and heat-resistant paints used in stoves and fireplaces, and important business of railway coatings.

Among the acquisitions of WEILBURGER, the acquisition of WEILBURGER Asia Ltd. falls under the timely disclosure items (transfer



New businesses & Deep dive into India

■ Kansai Paint Burano

- ✓ Developing services to make everyday life more colorful and to make "painting" more familiar through e-commerce sites (Rakuten Shop and our own website)
- ✓ Selected as "Excellent Shop of the Month" at Rakuten Market for five consecutive months
- ✓ Sales grew rapidly to 180 million JPY in the second year

■ Capital tie-up with Spiber Inc.

- ✓ World's first initiative to replace coating raw materials with artificial proteins
- ✓ Aiming to develop and realize new materials and technologies to solve social issues

Biodegradable Material
Technology of Spiber Inc.



Pigment and Coating
Technology of Kansai Paint

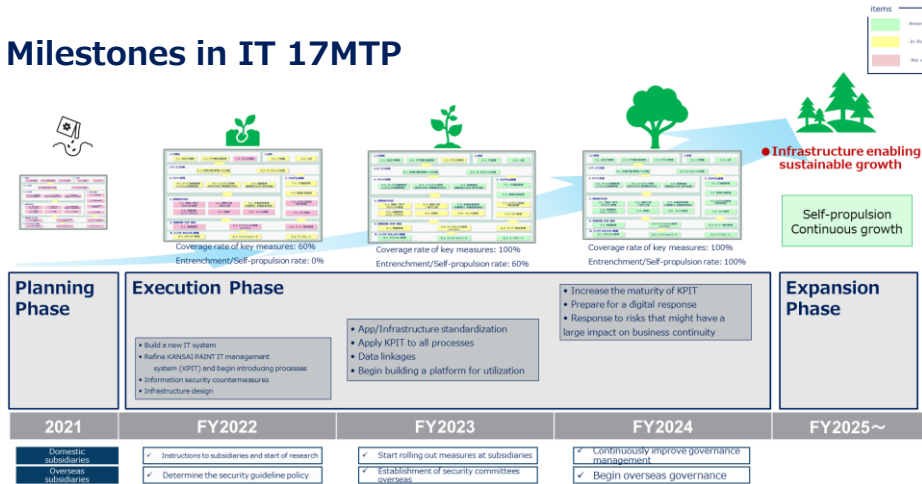
■ Initiative to expand industrial sector in India

- ✓ Explore bolt-on M&A opportunities following Europe
- ✓ In discussions with several potential partners

Strengthening the management infrastructure

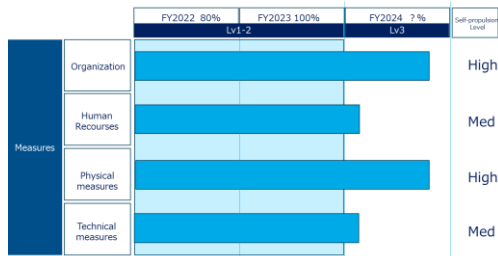
IT

Milestones in IT 17MTP



Security measures

Steadily achieving goals



- ✓ Steady Progress on IT MTP
- ✓ IBM support → self-driven
- ✓ Security level improved year by year
- ✓ Started global support

Promotion of Global Management Talent

■ Mr. Prejay R. Lalla, Executive Officer

✓ CEO, Kansai Plascon Africa Ltd. (South Africa)



Appointment of second global talent following Mr. Pravin D. Chaudhari in 2023

- ✓ Successfully turned around the South Africa business
- ✓ Experience in overcoming many difficulties when studying the sale of the company
- ✓ Deep understanding of B to C business

【Role】 Deputy Head of International Business Unit

Member of Exco meeting of Kansai Paint co., Ltd.

Expanding the appointment of the best talent, regardless of nationality, age, gender, background, or any other distinction

Sustainability Management E/S

E

■ Progress on the supply chain renewal plan to deal with Materiality

- ✓ Planning and promoting the realization of decarbonization and circular economy in a way that encompasses not only production plants, but also suppliers and customers.



■ Relocation of the global head office

- ✓ Completed relocation of global head office not only for culture cultivation that encourages talent to take on challenges with vigor, but also for contributing to the reduction of energy consumption and CO2



S

■ Global Initiatives of QOL・DE&I

- ✓ Development of KP Way
- ✓ Global development of social contribution activities
- ✓ Promotion of health management

■ Engagement survey

- ✓ Implement 3rd survey in FY2023 in Japan
- ✓ Began expanding survey implementation at affiliated companies in Japan
- ✓ Improvement initiatives based on survey results

■ HR system reform

- ✓ Job-based HR system for managers : Continuous operational improvement
- ✓ Reform the HR system for employees : Started from April 1st, 2024



Initiatives to Improve the Effectiveness of the Board of Directors

- The opportunity for mutual exchanges through business reports between business unit heads and outside officers
- Implement the skill lectures by outside directors
- Expand discussions on strategic themes

Initiatives to Strengthen Governance in Execution

- Strengthening organizational control with the Exco meeting at the top
- Strengthening response to issues through business unit heads' meetings (once a week)
- Development of policies through sustainability activities
- Strengthening of governance and security through IT improvement

Plan transition to Company with an Audit and Supervisory Committee in FY2024

Key Initiatives for FY2024



- Challenges with the new organization
- Strengthening Organizational Capability
- Operational Reform (Decluttering)
- Talent Management Transformation
- **Formulate the 18th MTP**

Nov. Announce the 18th MTP
Dec.-Mar. Prepare the 18th MTP
Apr. 2025 Start the 18th MTP

Finish the 17th MTP and formulate the 18th MTP



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