



# STRATEGY BRIEFING

JANUARY 8, 2025

# AGENDA

- 1 Importance of Europe for KANSAI PAINT Group
- 2 KANSAI HELIOS overview
- 3 18<sup>th</sup> MTP & profitability improvement
- 4 Q&A

# AGENDA

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Importance of Europe for  
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KANSAI HELIOS overview

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18<sup>th</sup> MTP & profitability improvement

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Q&A

# IMPORTANCE OF EUROPE

The KANSAI PAINT Group's mission is to develop paint that contribute to sustainability and spread them all over the world. To achieve this mission, Europe, a leader in sustainability, is the most important region.

## Our vision 2030:



## The role of each region:

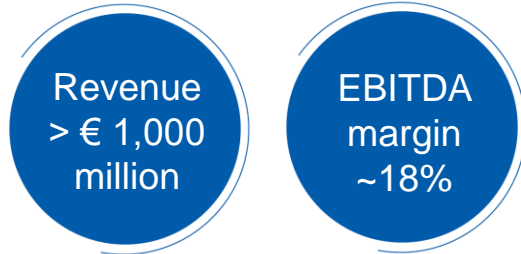
- » **Europe:** develop innovative technology for Industrial Coatings
- » **Japan:** develop innovative technology for Automotive Coatings
- » **India, Asia, Africa:** maximize group resources to expand business beyond market growth

# GOAL OF KANSAI HELIOS

## Long-term – by 2030

» top-class performance in KANSAI PAINT Group both financial and non-financial

### Financial KPI



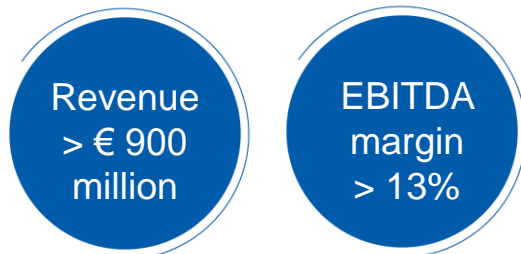
### Non-financial KPI



## Short-term – next 2-3 years

» important period towards a long-term goal

### Financial KPI

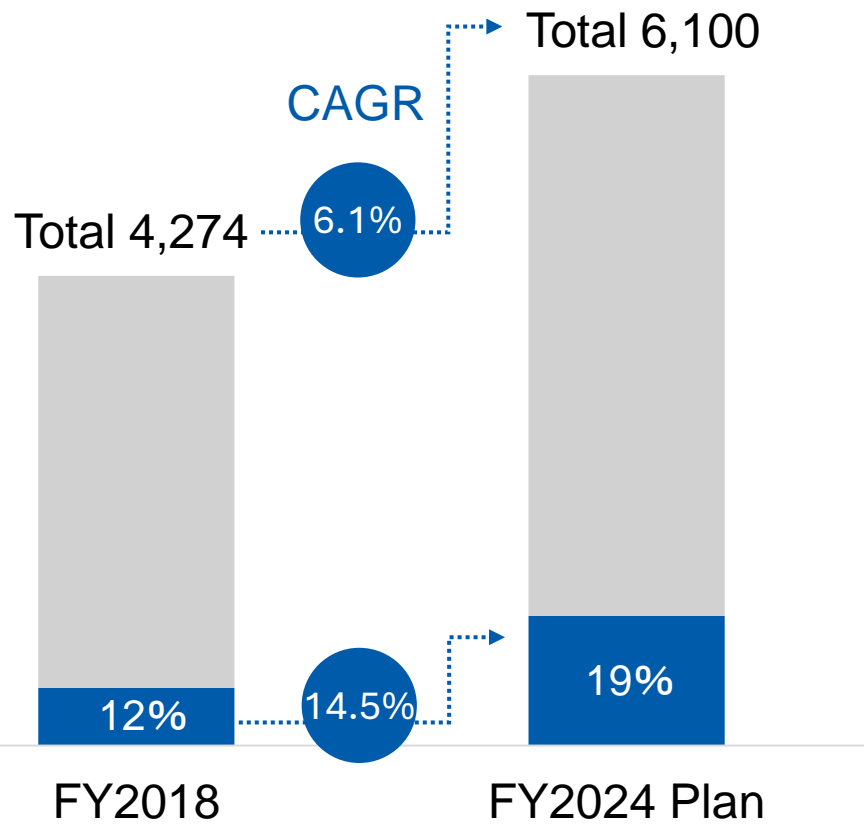


## Expectations for KANSAI HELIOS:

- » To be a global leader in Industrial Coatings
- » Successful PMI and recovering profitability
- » Strengthening sustainability and innovation
- » Embarking on structural reforms to achieve long-term goals

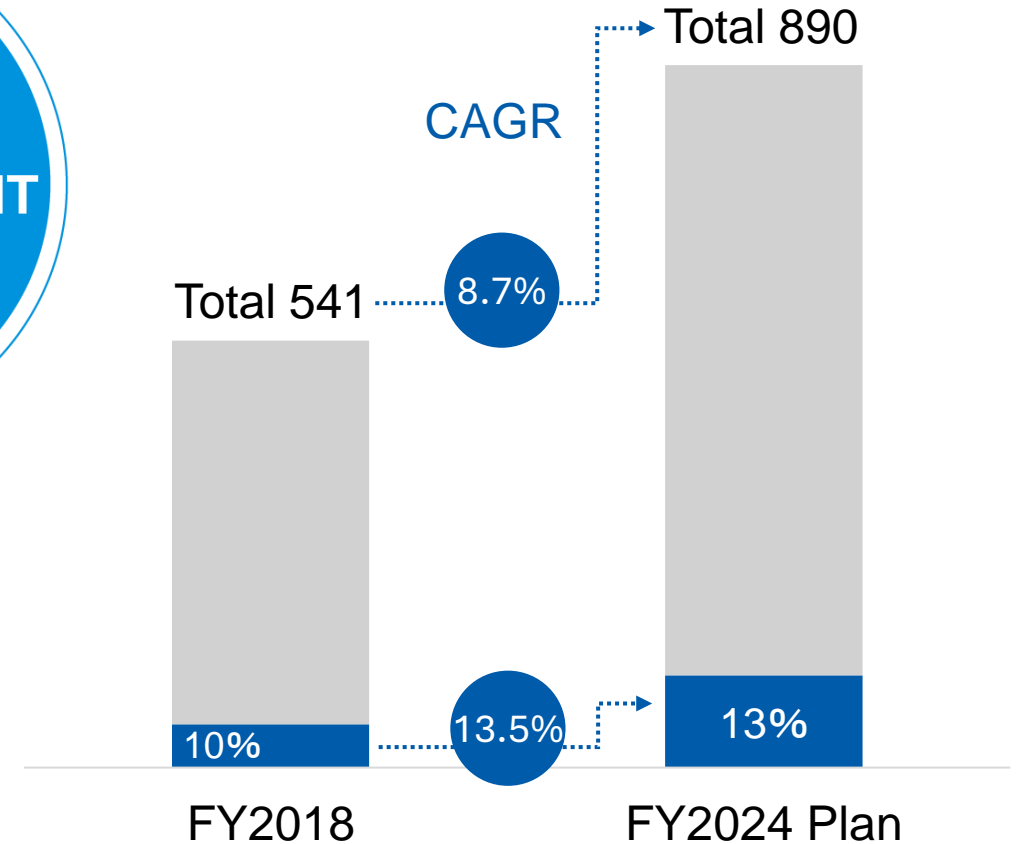
# POSITION OF KANSAI HELIOS

**KANSAI PAINT consolidated revenue (JPY 100 million)**



**No. 3**  
in KANSAI PAINT  
Group

**KANSAI PAINT consolidated EBITDA (JPY 100 million)**



■ KANSAI HELIOS ■ Others

\*CAGR: Compounds Annual Growth Rate

# MISSION OF KANSAI HELIOS

Significant improvement of profit: be 3<sup>rd</sup> pillar besides Japan & India

Leader of global Industrial Coatings business



Frontrunner of innovation and sustainability

Be a role model regarding PMI & synergy capturing

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# INTRODUCTION



**Dietmar Jost**  
President,  
Executive Director

Sales, Marketing



**Mitsuru Masunaga**  
Executive  
Vice President,  
Executive Director

Finance, Governance



**Bastian Krauss**  
Executive  
Vice President,  
Executive Director

Production, HSE, IT  
SCM, Sustainability



**Yoshihiro Tanaka**  
Executive Director

R&D

# AT A GLANCE



member of  
KANSAI PAINT  
since **2017**



**#3**  
business unit in  
KANSAI PAINT



**€ 737 mil**  
Revenue\*



**+180**  
years of history  
& tradition



**3,100**  
FTE



**Top 10**  
coating company in  
Europe



production  
sites in  
**13**  
countries



**40** group companies

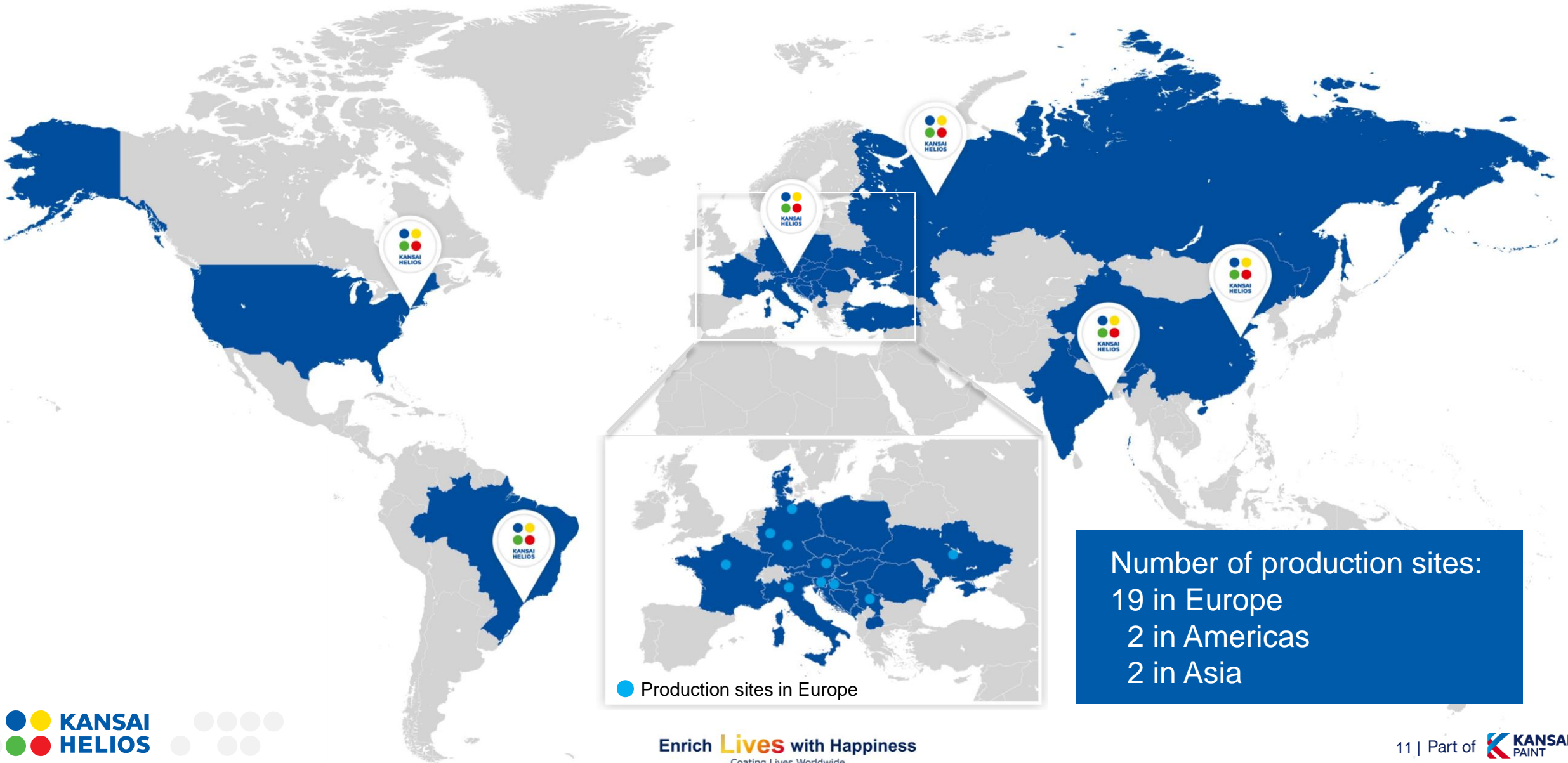


**4%** of revenue  
spent on R&D

\*KANSAI HELIOS financial figures shown in EUR in this presentation are based on IFRS.

\*2024 figures are our plan disclosed as part of KANSAI PAINT consolidated financials unless otherwise is stated in this presentation.

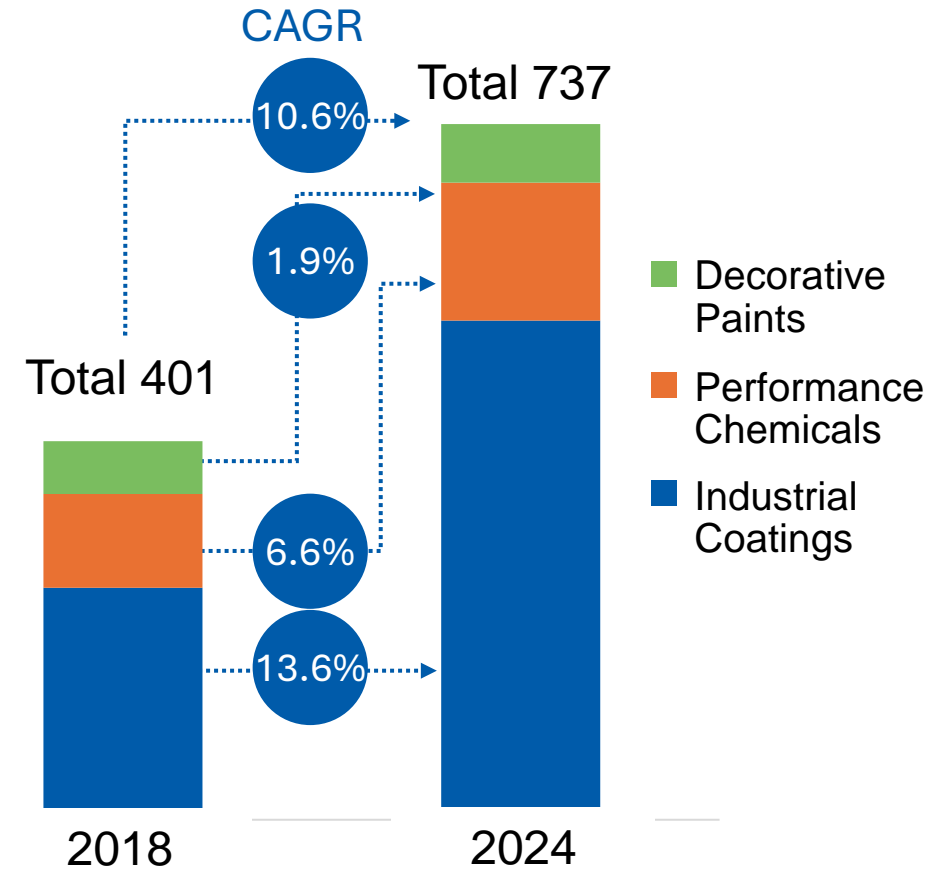
# KANSAI HELIOS GLOBAL FOOTPRINT



# BUSINESS FIELDS



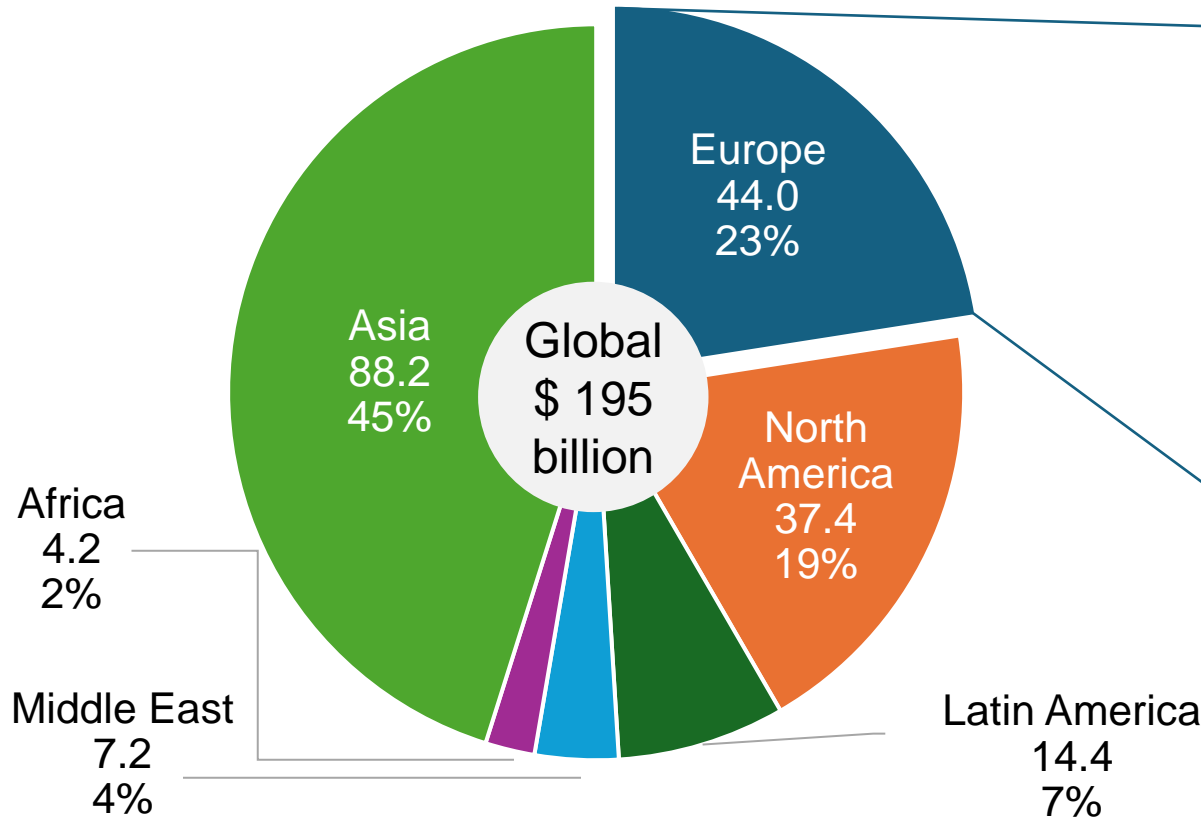
**KANSAI HELIOS consolidated revenue (EUR million)**



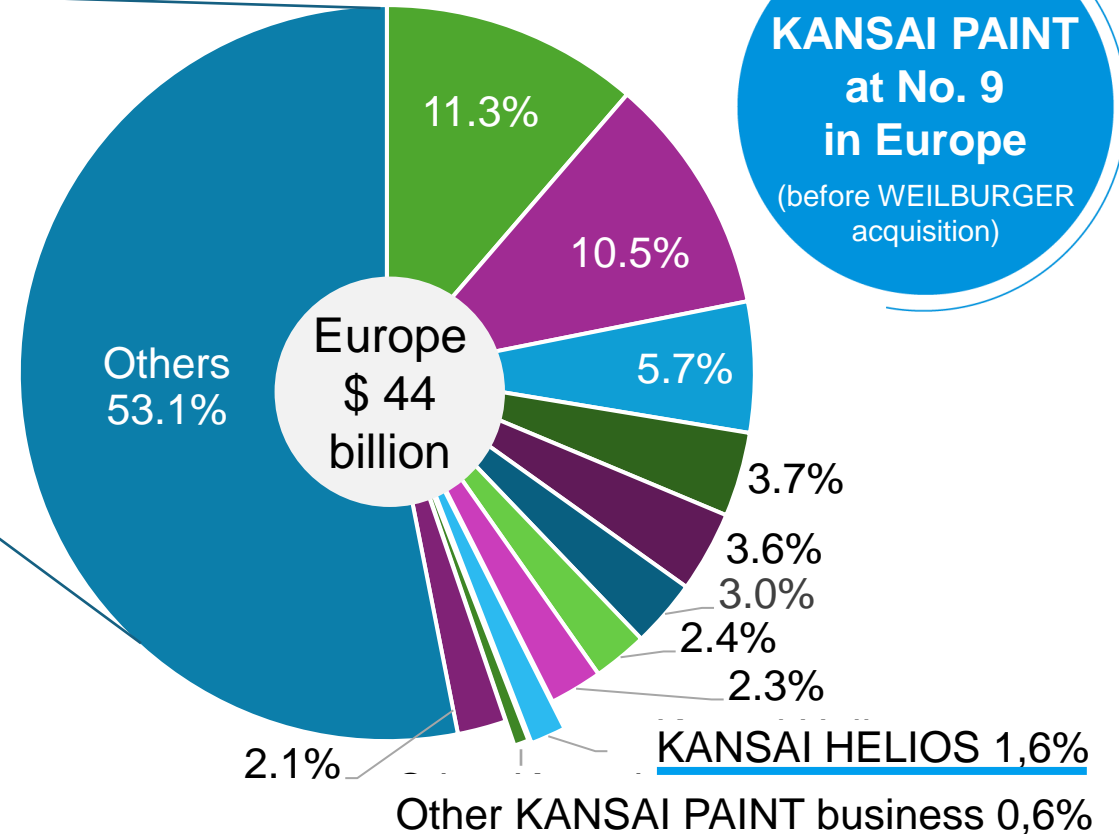
\*KANSAI HELIOS doesn't have business in Automotive OEM and Marine segments.

# EUROPEAN COATINGS MARKET

2023 **Global market**  
(region, size in USD billion, share %)



2023 **European market**  
(company, share %)



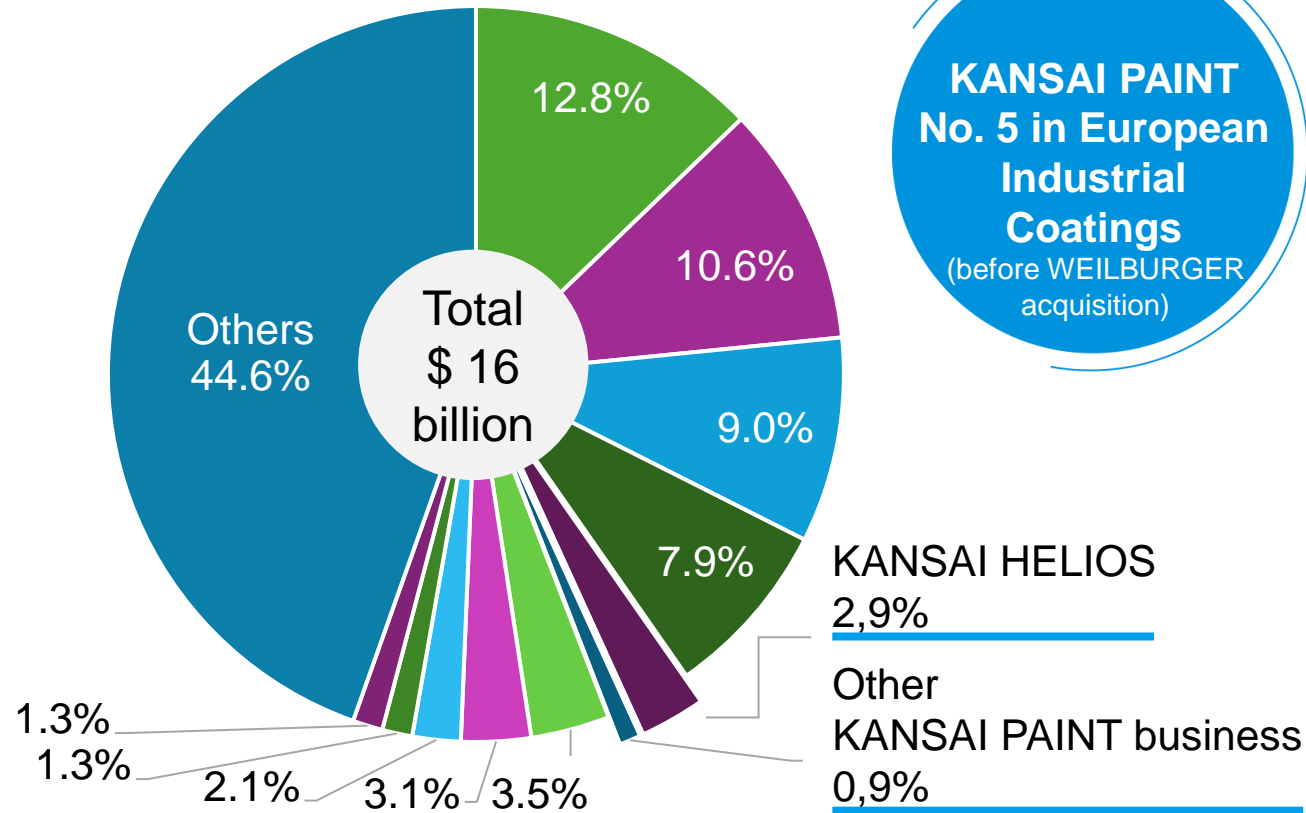
**KANSAI PAINT**  
at No. 9  
in Europe  
(before WEILBURGER acquisition)

Source: ORR & BOSS, company analysis



# EUROPEAN INDUSTRIAL COATINGS MARKET

## 2023 European Industrial Coatings market (company, share %)



## Market overview:

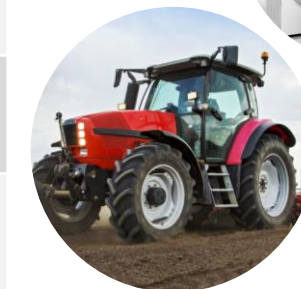
- » Limitedly concentrated by global players
- » Diverse participants including a variety of mid to small players, most of which are private businesses
- » Relatively active M&A, primarily driven by large global companies aiming for consolidation
- » Fragmented demand across diverse end-markets and customers, including some global industrial clients with their global headquarters in Europe
- » Stable and reliable supply with close customer proximity is crucial

Source: ORR & BOSS, company analysis



# GROWTH POTENTIAL

Industrial Segments	Total global addressable market in million EUR	Total European addressable market in million EUR	KANSAI HELIOS market share in Europe in %	KANSAI HELIOS market position in Europe
Railway Coatings	1,097	260	20	#1
Core Plate Varnish	150	45	40	#1
High Temp. Coatings	140	40	50	#1
Non-Stick Coatings	1,242	265	13	#3
Powder Coatings	13,537	2,413	5	#5
ACE Coatings	2,219	592	4	#5



Sources: ORR & BOSS report, QYR research, own data

# KANSAI HELIOS DNA

RESINS  
BACKWARDS  
INTEGRATION



Internal Resins  
Production

ALL COATINGS  
FROM ONE  
SOURCE



System Supplier for  
Industrial Coatings

INTERNATIONAL  
KNOW-HOW



Part of a Strong  
Global Group

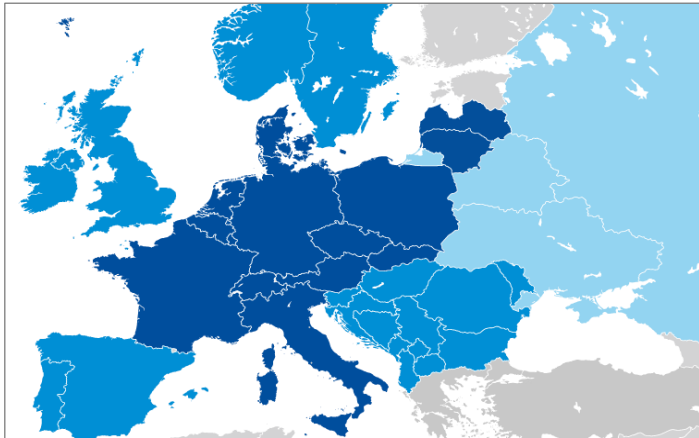
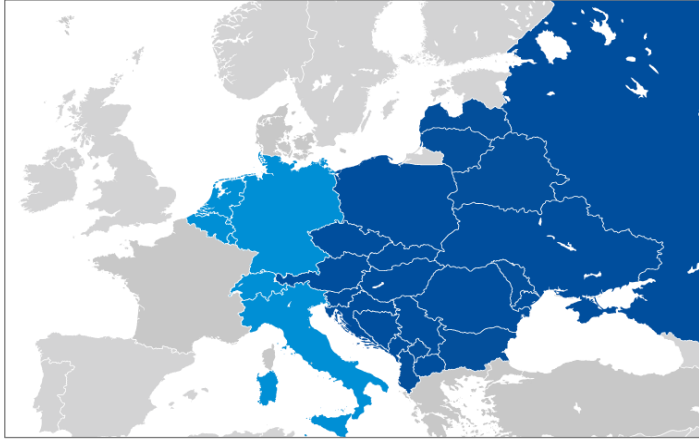
AGILE &  
CUSTOMER  
CENTERED



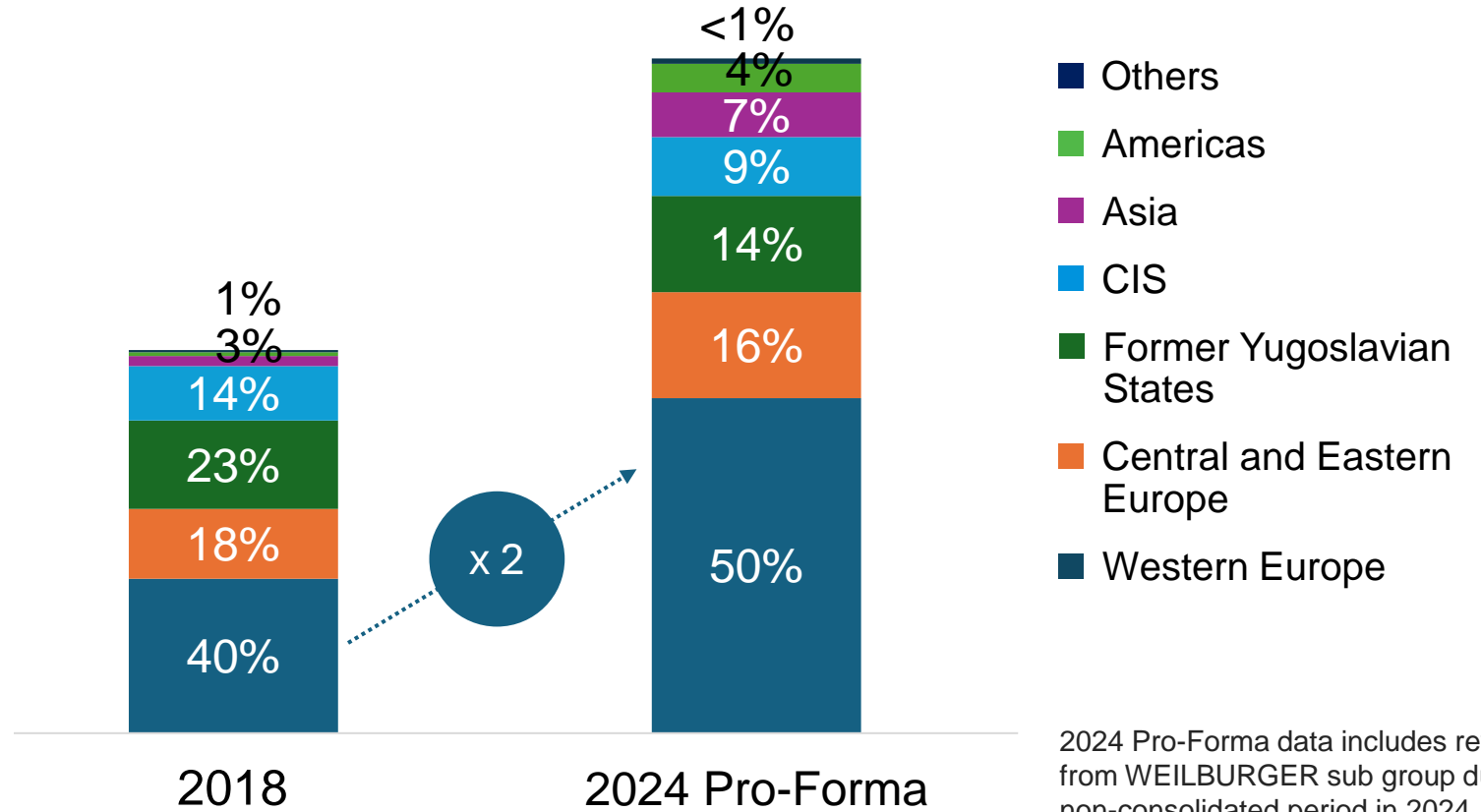
Lean Structures and  
close Cooperations



# FROM EAST TO WEST – FROM HELIOS TO KANSAI HELIOS



**KANSAI HELIOS revenue by region**



2024 Pro-Forma data includes revenue from WEILBURGER sub group during non-consolidated period in 2024.

# ESG – THE ENGINE OF GROWTH

## Diversity and inclusion

- >30% females in leadership positions
- >25% female employees
- High employee satisfaction



## Sustainable operations

- Reduction CO<sub>2</sub> >30%
- 30% less water usage
- 30% less waste creation



## Safety and Health

- Set highest standards
- <1.5 accident frequency



## Recognition

- Platinum rating Eco Vadis
- ICC + certified products



## Green technology

- more than 30% of sustainable products by 2030
- 100% renewable energy used
- >10% own green energy production



## Circular economy

- Systemized re-use of waste powder coatings
- Reprocessing of waste coatings



Baseline for targets is 2021

# INNOVATIVE COATINGS TECHNOLOGIES



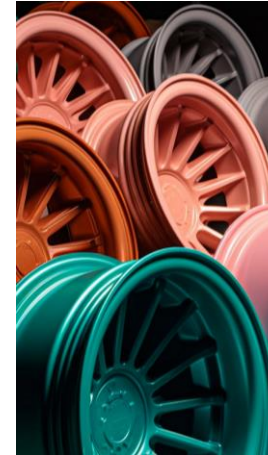
## Core Plate Varnishes and Energy Solutions

- Chromate free core plate varnishes
- Bonding core plate varnish for electric vehicles



## ACE, Truck and Trailer

- Ultra-highsolid direct to metal
- Polyaspartic top coat



## Powder Coatings

- Low temperature polyester
- Powder in powder solutions



## Railway

- Polyaspartic clear coat



## Wood Coatings

- Wood foil electron beam curing



## High Temperature Coatings

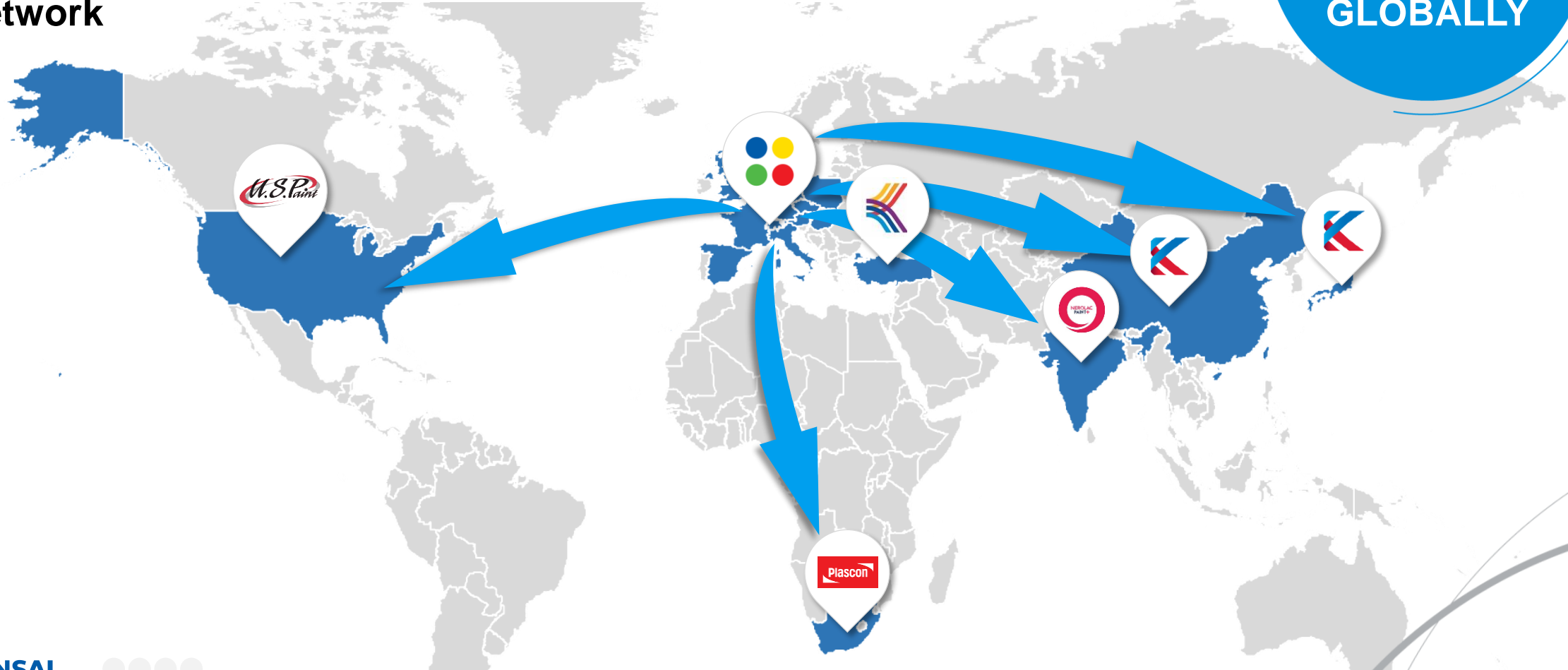
- Polysiloxane

**All our innovations minimize resource use, reduce energy consumption and streamline the application process for greater efficiency – all in line with our sustainability goals.**

# BUSINESS BOOSTERS

1. Growth within KANSAI HELIOS reach
2. Further expansion to global key account through group network

APPROVAL IN  
EUROPE,  
SUPPLY  
GLOBALLY



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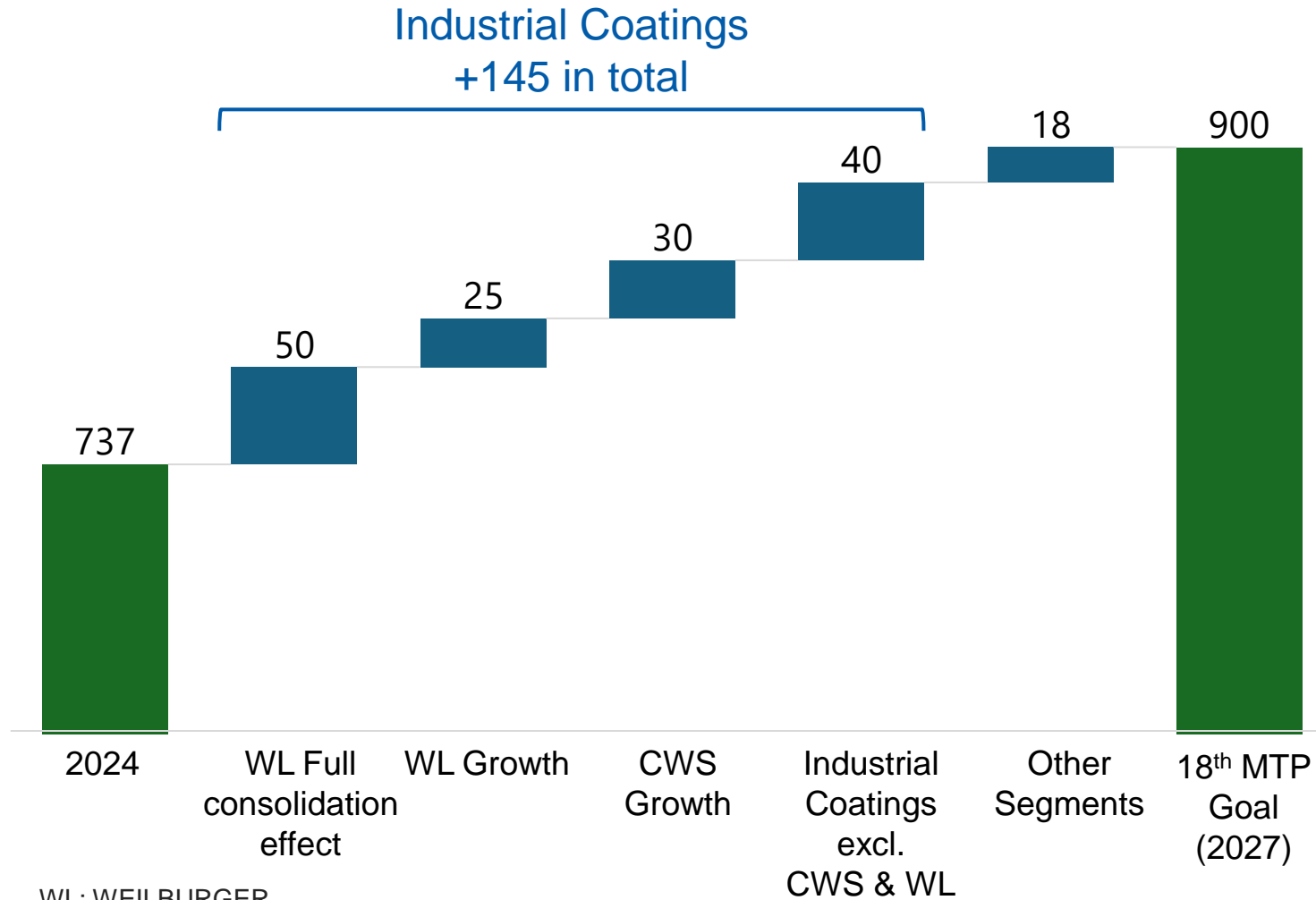
3

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# GROWTH ROADMAP REACHING € 900 MILLION REVENUE



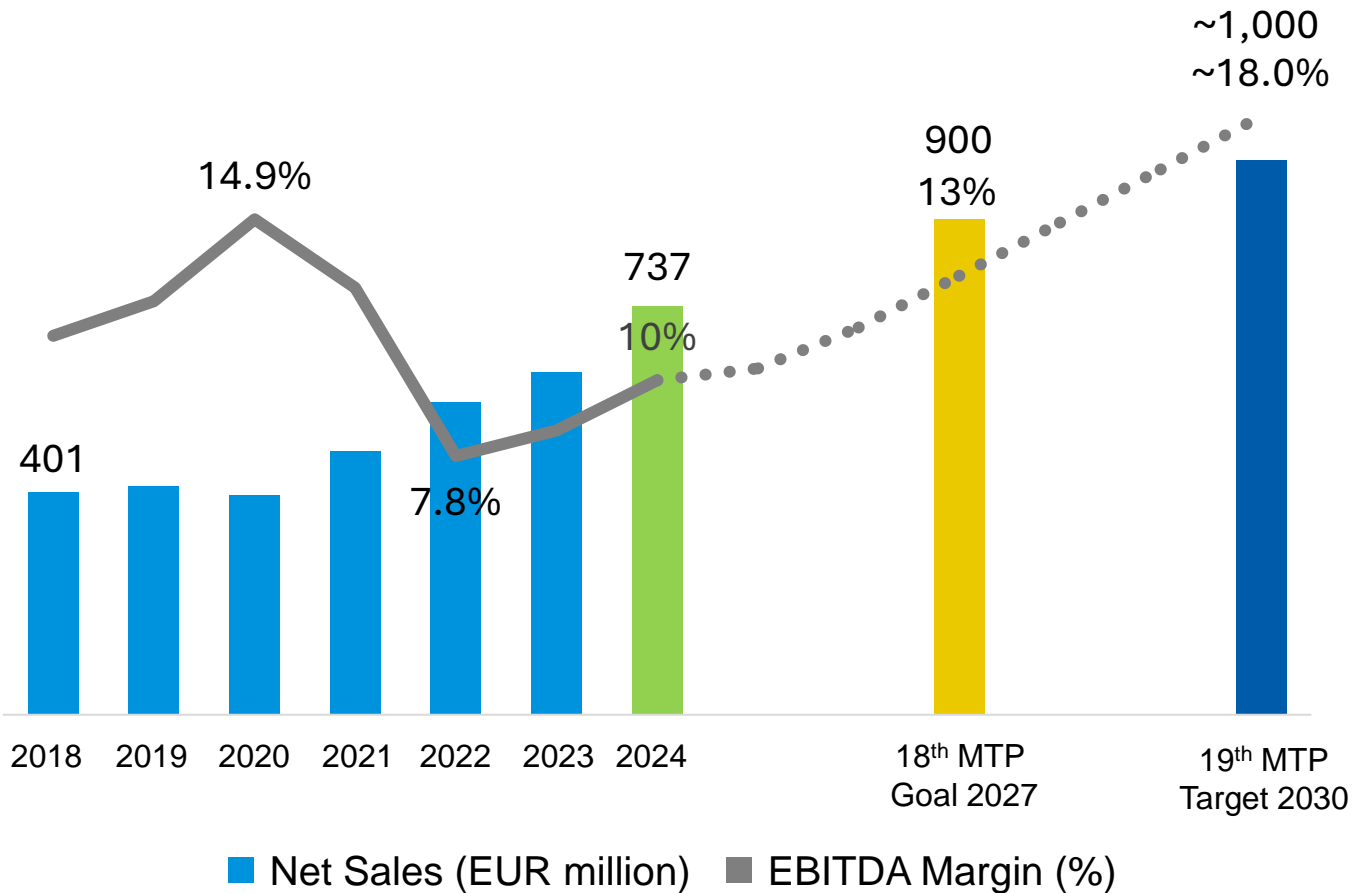
WL: WEILBURGER

## Planned Growth in 18<sup>th</sup> MTP:

- » Main growth drivers in Industrial Coatings
  - Railway Coatings
  - Core Plate Varnish
  - Powder Coatings
  - ACE
  - Non-Stick Coatings
- » Recently joined group companies, CWS and WEILBURGER Sub-Groups, strongly boosted KANSAI HELIOS Group growth, coupled with sales synergies materialized in various countries

Source: Orr & Boss

# KANSAI HELIOS 18<sup>TH</sup> MTP GOAL AND BEYOND



## Challenges:

- » **Raw material prices:** favorable in 2018–2020 and significant disadvantages in 2021–2022
- » **Ukraine crisis** and economic sanctions toward **Russia and Belarus:** since 2022
- » **Energy price surge:** 2022
- » **Persistent high inflation**

## Opportunities:

- » **COVID-19 Pandemic:** 2020 and 2021
- » Constant effort to **maintain and improve margins** through added value offerings to customers
- » **Technical innovation:** continuous advancements
- » **Series of acquisitions** including CWS (2023) and WEILBURGER (2024) and ongoing post-merger integration
- » **Further structural changes** in plan

# PMI TO IMPROVE EBITDA MARGIN BY 1.5%

## Areas of Integration activities and each progress level:



<b>Governance</b>	<ul style="list-style-type: none"> <li>• Adaptation of rule of procedures and control in the group</li> <li>• Integration and standardization of group policies and rules</li> <li>• Alignment of organizational structures</li> </ul>	✓ ✓ ✓	✓ ✓
<b>Purchasing Synergy</b>	<ul style="list-style-type: none"> <li>• Integration into group purchasing organization</li> <li>• Unification of purchasing price and payment term</li> <li>• Integration into KANSAI PAINT Global Purchasing Committee</li> </ul>	✓ ✓ ✓	✓
<b>Cost Synergy</b>	<ul style="list-style-type: none"> <li>• Admin functions integration in Europe</li> <li>• Leverage cost and technical capability of captive resin</li> <li>• Integration of R&amp;D facilities and organization</li> <li>• Cooperation from KANSAI PAINT global network</li> </ul>	✓ ✓	✓
<b>Supply Chain Consolidation</b>	<ul style="list-style-type: none"> <li>• Closure of existing production sites in Europe</li> <li>• Integration of warehouse and logistics in Europe</li> <li>• Working Capital and Cash Conversion Cycle management</li> </ul>	✓ ✓ ✓	✓ ✓
<b>Sales Synergy</b>	<ul style="list-style-type: none"> <li>• Unified sales strategies, targets and organization</li> <li>• Seeking cross-selling opportunities</li> <li>• Expansion of customer base and markets in and outside Europe</li> </ul>	✓ ✓	✓



# FURTHER STRUCTURAL CHANGES DURING 18<sup>TH</sup> MTP

Segment group	Structural Changes
Industrial Coatings	<ul style="list-style-type: none"> <li>• Constant portfolio review to continuous profitability and growth potential improvements</li> <li>• Strengthen our global reach with collaboration with KANSAI PAINT Group</li> <li>• Cultivate bolt-on acquisition strategies and potential mid to large targets.</li> </ul>
Performance Chemicals	<ul style="list-style-type: none"> <li>• Optimize cost position and margin structure continuously</li> </ul>
Decorative Paints	<ul style="list-style-type: none"> <li>• Analyze all strategic options to meet profitability targets</li> </ul>



- Target to improve EBITDA margin % by ~2%
- Optimize business portfolio focused on our competitive edges
- Capturing market growth in non-European regions in collaboration with KANSAI PAINT Group

# SUMMARY

**KANSAI HELIOS**  
is becoming  
the 3<sup>rd</sup> pillar for  
**KANSAI PAINT Group.**

- Targeting € 900 million revenue with 13% EBITDA margin by 2027.
- Targeting € 1 billion revenue with 18% EBITDA margin by 2030.

**KANSAI HELIOS**  
is the fastest growing  
industrial paint  
company in Europe  
and will leverage this  
growth  
on global level into the  
**KANSAI PAINT Group.**

- CAGR of 13.6% from 2018–2024 in industrial segment.

**KANSAI HELIOS**  
is globally leading  
sustainability and  
innovation for  
industrial coatings  
within the **KANSAI**  
**PAINT Group.**



DISCLAIMER: 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.