

June 1, 2022
Kansai Paint Co., Ltd.

Notice of the Transfer of Kansai Paint's Africa Business

Kansai Paint Co., Ltd. (“Kansai Paint”) has entered into an agreement to sell its Africa business to Akzo Nobel N.V. (“AkzoNobel”), a global paints and coatings company. The sale is subject to the regulatory approvals of the relevant authorities and the transaction is expected to be completed in the course of 2023.

Kansai Paint has aimed for “Continuous improvement of our portfolio”, as stated in the 17th mid-term plan announced in November, 2021. This transaction corresponds with this strategy and will be a turning point for a shift to a sustainable growth cycle in earnest.

Kansai Paint's Africa business succeeded in management structural reforms that had been implemented since the announcement of the 16th mid-term plan and recorded ordinary profit in the fiscal year ending March 2022. Kansai Paint also expects continuous profit increase and improvement of profitability after this year. However, in consideration of future business development after taking into account the consistency with the 17th mid-term plan from various perspectives such as the “B to B business enhancement strategy”, we have determined that AkzoNobel is the best owner, who can capture potential growth opportunities across African regions and bring further success to the Africa business, not Kansai Paint.

“By combining the platforms of both of local organizations, Kansai Paint's Africa business will be able to create strategic synergies and expand operating regions including North Africa as well. We are convinced that AkzoNobel is the best owner as AkzoNobel considers the decorative paints business as a core business and will therefore be able to unlock the full potential of Kansai Paint's Africa business, thereby contributing to the development of the African economy. For Kansai Paint, we will use proceeds from this transaction on shareholder return through executing share buybacks and cancellations at first. And then, we will sustainably increase the enterprise value by actively reinvesting in our core businesses and regions such as the B to B business, India, Europe, etc., which Kansai Paint can maximize our strengths by utilizing our abundant finance procurement capacity.” said Kunishi Mori, the president of Kansai Paint.

AkzoNobel has a history going back to 1646 and is listed on the Euronext Amsterdam. The company is active in more than 150 countries with about 33,000 employees globally and generated sales of approximately € 9.6 billion (¥ 1.3 trillion) in 2021. Following its strategy, “Grow & Deliver”, AkzoNobel operates various paints and coatings businesses globally including African countries like South Africa and Kenya, etc. The company has also contributed significantly to social sustainability in African regions for a long time through various initiatives such as development and sales of sustainable products as well as social investment in communities, the SOS Children Village being one of many projects.



“Acquiring Kansai Paint’s activities in the region will help us to further expand our paints and coatings business in Africa and provide a strong platform for future growth. Kansai Paint shares our commitment to innovation and sustainability and we look forward to combining our expertise, which will result in a wider range of innovative products and more sustainable solutions for our customers.” said Thierry Vanlancker, Chief Executive Officer and Chairman of the Board of AkzoNobel.

For Prejay Lalla and Arvind Shekhawat, Chief Executive Officers of KPAL and KPEA (the respective Africa entities being sold by Kansai Paint in this transaction), this agreement is an opportunity to further enhance growth. “We have achieved steady growth under the management of Kansai Paint, and weathered market uncertainty plus volatility even during the Covid-19 pandemic. We are grateful for the unwavering support offered by Kansai Paint. Moving forward, we believe that AkzoNobel will be the owner who will elevate the business to the next level as AkzoNobel is willing to invest in ESG, is committed to innovation, workforce development and broader career opportunities as well as the long-term success of its paint businesses in Africa.”

Jan-Piet van Kesteren, Managing Director Decorative Paints Europe, Middle East & Africa at AkzoNobel adds: “Kansai Paint Africa is a beautiful addition to our existing strong business. The acquisition will complement our portfolio of leading positions in attractive markets and world class brands in Africa, while driving growth in relevant emerging markets. It also offers us the unique opportunity to welcome another strong brand with a heritage of more than 100 years and a wide distribution network and provide Kansai Africa’s employees with further working opportunities.”

Kansai Paint’s Africa business, with approximately 2,500 employees, generated sales of approximately ¥ 36.1 billion and ordinary profit of approximately ¥ 1.4 billion.

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