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JAPANESE HEAVYWEIGHTER EXPANDS IN EUROPE

Japan-based Kansai Paints expands presence in Europe by acquiring Helios Group, one of Europe's largest coatings producers. By Damir Gagro.

After the constructive negotiation process between shareholders of Helios Group - the Austrian-based Ring International Holding, Franklin Templeton and GSO - and Kansai Paint Co. Ltd., one of the world's top 10 paint manufacturers, the two peers agreed on the terms and conditions of a share purchase agreement last month.

The share purchase agreement was signed on 6 December in Vienna, Austria. Pursuant to the signed agreement Kansai Paint will acquire 100% of shares in Helios Coatings Group. The shares transactions will be completed in two to three months, after the approval of the Antitrust Authority. According to the Finance daily, Kansai Paint paid EUR 572 million, including the debt in the net amount of EUR 230 million, to buy Slovenia-based Helios.

The Austrian holding company Ring International bought Helios three years ago for 145 million euros, and later merged it with its Austrian

coatings company Rembrandtin. The Helios Holding with headquarters in Vienna/Austria will be renamed Kansai Helios Holding. However, the coatings business units will operate under their existing brand names, such as Helios or Rembrandtin, but they will carry the addition "Member of Kansai Paint".

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The Japanese company is seeking a stronger foothold in Europe, which should complement the coatings producer's presence in other areas of the world.

The president of Kansai Paint, Hiroshi Ishino was very satisfied with the signing, stating: "For Kansai Paint, Helios Group with almost EUR 400 million turnover, represents a pillar in the very important market of Europe. We already had a strong presence in Asia, Africa and Middle East but very limited in Europe, so the purchase was made with a

FACTS ABOUT

KANSAI PAINT

HELIOS GROUP

40



14

Production sites

EUR 2.6



EUR 0.39

Sales in billions

12,500



2,000

Employees

Source: Freepik - www.flaticon.com



“We believe we will utilise all existing plants.”

Hubert Culik

Three questions to Helios CEOs
Hubert Culik (right) and David Kubala

Kansai favours to expand its presence in Europe by acquiring a long-term player in the business. What are the benefits for this approach in contrast to entering a market conventionally?

The coatings industry is highly consolidated and mature, especially in the European market. So if the company in that industry wants to enter the market decisively it is easier and more efficient to do it through a long-term player in the coating business. Helios already has its position on the market, established sales network and trusted brand names in the industry. We have a strong position in coatings segments like coatings for industry, refinish coatings and decorative coatings. Our coatings portfolio is similar to Kansai Paint's. We know that Kansai Paint also has a strong commitment to R&D and innovations and amongst others, the strengths of Helios are also a highly efficient production and strong R&D department with well-skilled people, advanced technology and equipment. For all these reasons Kansai recognised Helios as the right company to expand and develop business in Europe with.

Where do you see the strongest synergies in this transaction?

We believe we have many opportunities where we can exchange and complement know-how and best practices in different coatings segments. Helios has a lot of know-how in industrial coatings for metal and wood or in powder coatings, and Kansai has a strong competence and know-how in E-coatings, heavy duty and refinish coatings. We also have synergies in decorative coating programmes and with resins which we produce in Helios. A lot of synergies can also be expected in areas like R&D, production systems and technologies, support systems, marketing and other areas. Furthermore we expect important synergies in procurement.

Helios is supposed to become Kansai Paint's European centre of innovation, R&D. So, no sites are expected to be closed? Kansai Paint already had a strong presence in Asia, Africa and Middle East but limited in Europe, so for Kansai, Helios Group represents a pillar in a very important market. We intend to develop and expand the coating business in that continent and to be a strong European centre of innovation. If we also consider that Helios will gain new access to the markets of Asia and Africa, we believe we will utilise all of our existing plants.

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purpose to develop and expand the coating business in that continent. We are glad that we have found a company like Helios, with a compliant business philosophy and a great potential to become even more important in the European coating business. We want to develop Helios to be a strong European centre of innovation, with the best knowledge and expertise in different segments of coatings," the president also stressed.

HELIOS TO BECOME KANSAI'S EUROPEAN CENTRE OF INNOVATION AND R&D

With the purchase of Helios Group, Kansai Paint intends to increase presence across Europe and to consolidate the position as the premier coating company, also with Helios brands under its umbrella. Being under the wing of strategic owner Kansai Paint, presents various new opportunities to Helios and the benefits that will emerge out of the partnership that brought together the world's prominent brands. Helios Group will become the Kansai Paint's European centre of innovation, R&D, production and distribution. Kansai will support Helios to build a strong position in global procurement.

Kansai is currently one of the ten biggest players in the global coatings industry and it intends to eventually take the first place. Helios group ranks among the ten biggest players in Europe. 