

FY2014

Nippon Paint Holdings Group

Analysts' Meeting for Financial Results of FY2014 1st Half

sunshine red

ocean blue






November 25, 2014

Nippon Paint Holdings Co., Ltd.

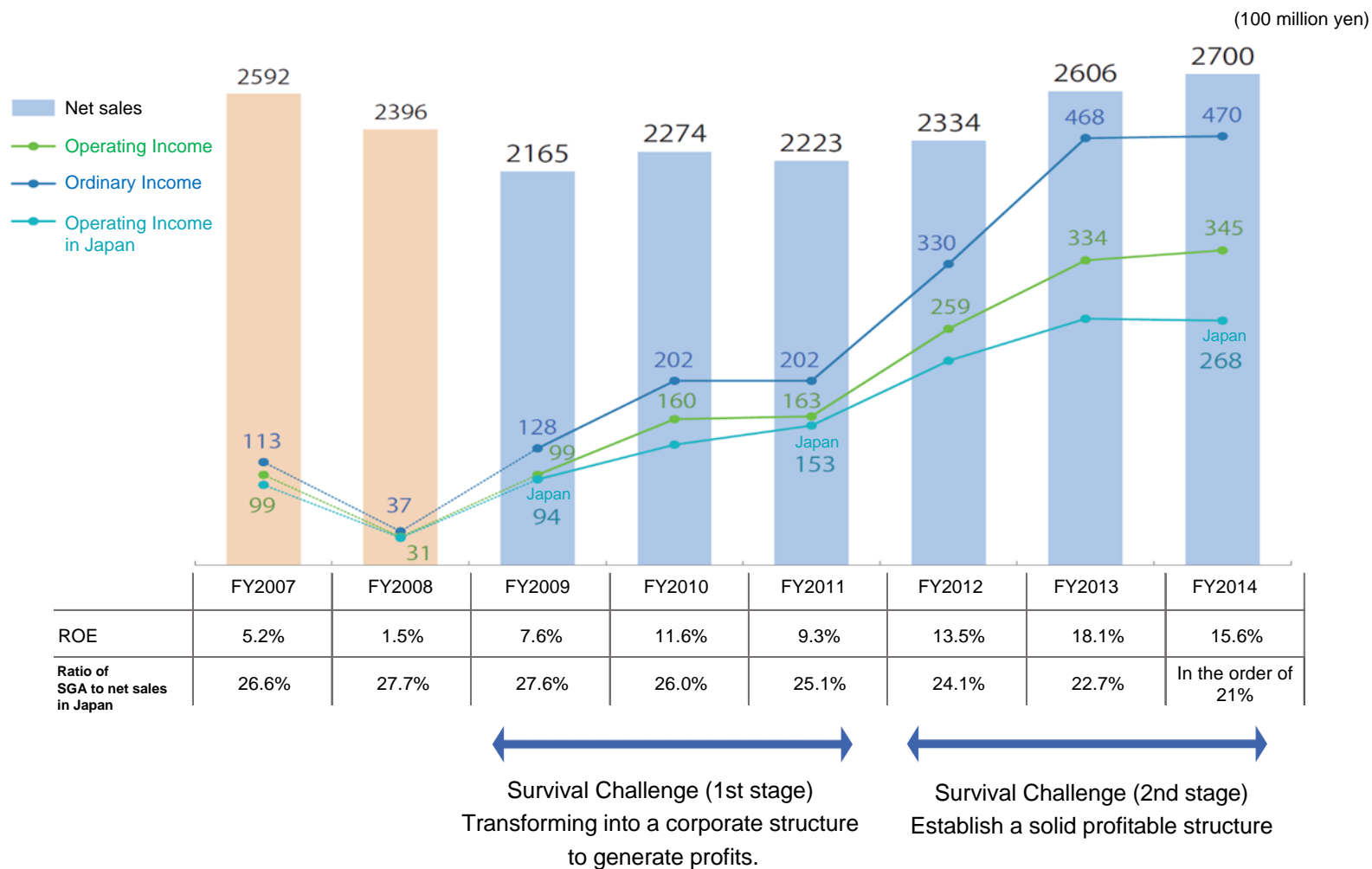


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Establish a business structure to move into the 3rd Stage transforming into a growth company



* The forecast of consolidated financial results for FY 2014 does not include the effect of the consolidation of equity-method affiliates in Asia.

Results of FY2014 1H

- (1) Japan: Sales of automotive coatings and industrial-use coatings remained flat from the previous year, and sales of trade-use paints decreased from the previous year due to bad weather and the shortage of workmen.
- (2) Overseas: Sales declined substantially due to the slowdown of the economy in Thailand.
- (3) Overseas equity-method affiliates: Business was steady and profitability improved in China due to the Chinese version of the Survival Challenge program (Lean for Growth).

Forecast for FY2014

- (1) Forecast that was announced on May 9, 2014 remains same.
- (2) The recent sales of automotive coatings in Japan and business of equity-method affiliates in China continued to be strong.
- (3) The consolidation of equity-method affiliates in Asia is expected to be financially effected from next fiscal year.

1. Financial Results of FY2014 1H

Results of FY2014 1H Consolidated PL

	FY2014 1H	Change	YoY Comparison Percent change	Actual change*	(100 million yen) Change vs. forecast announced on May 9, 2014
Net Sales	1272.5	+3.5	+0.3%	+0.4	-57.5
Operating income	156.9	-8.6	-5.2%	-10.0	-8.1
(Equity in earnings of affiliates)	62.7	+11.5	+22.5%	+7.5	+2.7
Ordinary income	228.3	+1.4	+0.6%	-4.1	+3.3
Net income	156.0	+3.0	+2.0%	-1.9	+6.0

* The figures exclude the effects of both foreign exchange fluctuations and sale of the powder coatings business in North America at the end of FY2013.

Market environment in FY2014 1H (figures for same period of FY2013)

- Number of automobiles produced in Japan: 4.782 million units (4.744 million units)
- Japan-produced naphtha price (semi-annual average price in the first half): 70,500 yen (64,700 yen)
- Foreign exchange rate (PL conversion): 102.2 yen to the US \$ (95.9 yen to the US \$)
- Number of housing starts: 441,000 units (499,000 units)

Net Sales by Business Segment

(100 million yen)

		FY2014 1H	Change	YoY Comparison Percent change	Actual change*
Paint business	Automotive coatings	450.9	-6.5	-1.4%	-5.1
	Trade-use paints	236.0	-7.5	-3.1%	-7.0
	Industrial-use coatings	232.2	-1.2	-0.5%	-1.1
	Other paints and coatings	277.6	+14.9	+5.7%	+12.2
	Sub-total	1196.7	-0.3	-0.0%	-1.0
Fine Chemicals business		75.8	+3.8	+5.3%	+1.4
Total		1272.5	+3.5	+0.3%	+0.4

* The figures exclude the effects of both foreign exchange fluctuations and sale of the powder coatings business in North America at the end of FY2013.

- (1) Sales of automotive coatings in Japan slightly increased from the previous year, while those in Thailand declined substantially.
- (2) Sales of trade-use paints in Japan decreased from the previous year due to bad weather and the shortage of workmen.
- (3) Sales of industrial-use coatings for construction materials in Japan decreased, but those for construction machinery increased steadily.

Net Sales and Profits by Geographic Segment

(100 million yen)

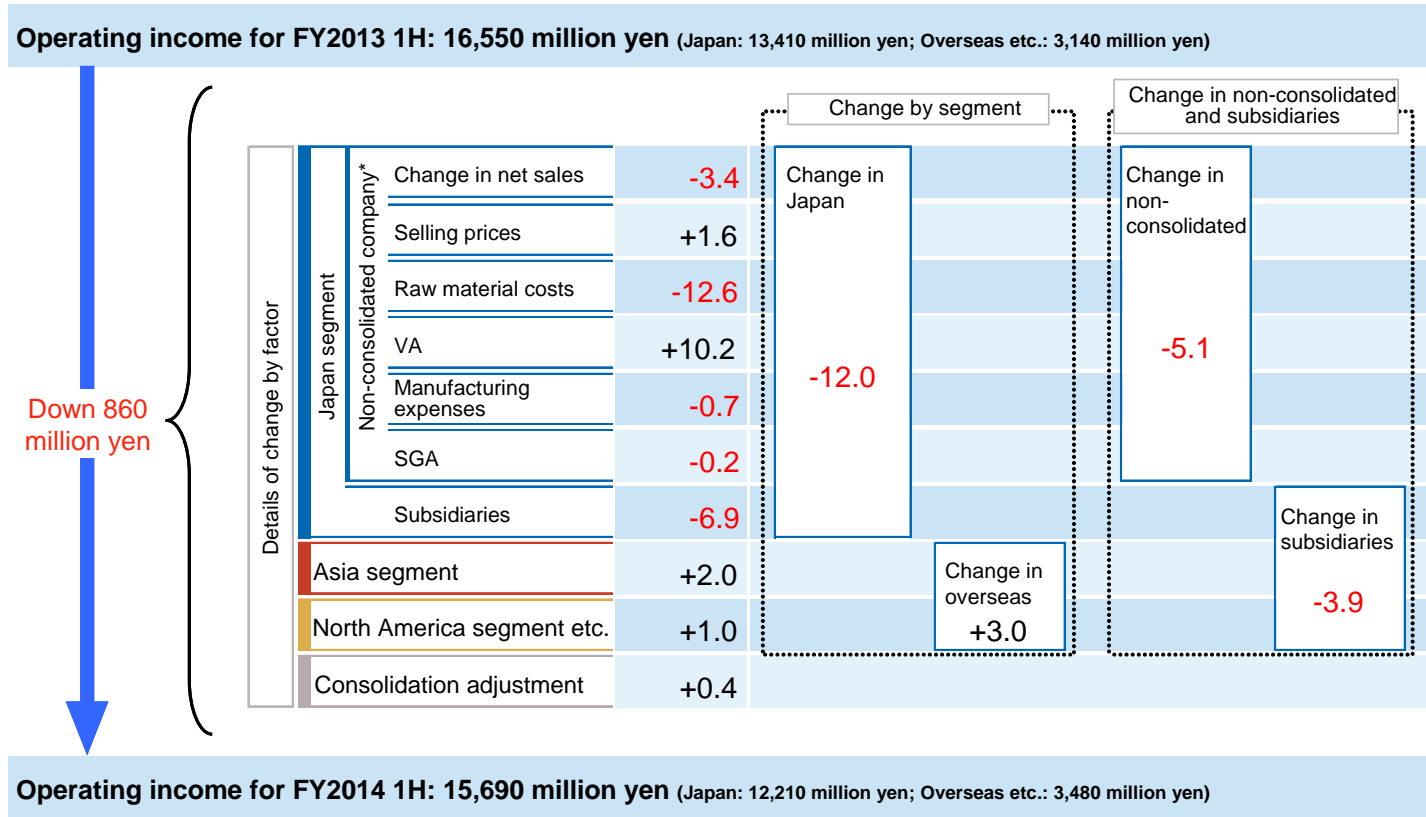
		FY2014 1H	Change	YoY Comparison Percent change	Actual change*
Japan	Net Sales	916.3	+7.3	+0.8%	+7.3
	Operating income	122.1	-12.0	-8.9%	-12.0
Asia	Net Sales	216.4	-9.1	-4.0%	-14.4
	Operating income	21.2	+2.0	+10.5%	+1.3
	Equity in earnings of affiliates	62.8	+11.7	+22.8%	+7.6
North America	Net Sales	120.2	+0.8	+0.6%	+4.4
	Operating income	11.8	+0.3	+2.6%	-0.2
Other	Net Sales	19.4	+4.5	+30.5%	+3.1
	Operating income	0.9	+0.7	+391.8%	+0.8

* The figures exclude the effects of both foreign exchange fluctuations and sale of the powder coatings business in North America at the end of FY2013.

- (1) Operating income in Japan decreased due to rising raw material prices.
- (2) The increase in profits in Asia was supported by steady sales of automotive coatings and paints for plastic components in China, making up for the poor performance in Thailand.
- (3) Sales in North America increased by 4% from the previous year (on a US \$ basis) after excluding the effect of the sale of the powder coatings business in FY2013.

Analysis of Change in Operating Income

Y-on-Y Comparison

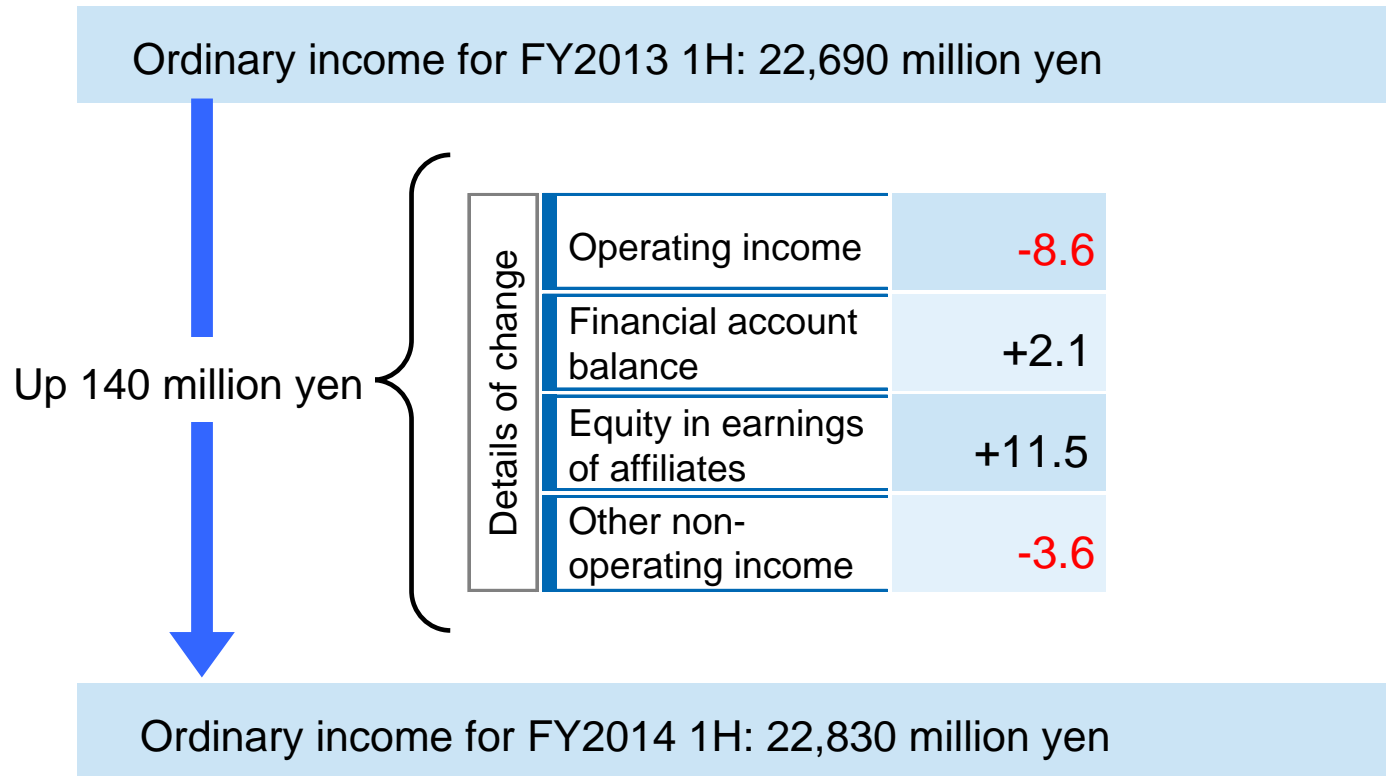


- (1) Soaring Japan-produced naphtha prices pushed up raw material costs.
- (2) Cost reduction efforts(VA) were not able to offset rising raw material prices.
- (3) Overseas subsidiaries importing raw materials in yen helped reduce costs due to foreign exchange fluctuations (weaker yen).

* The non-consolidated company refers to results of the former Nippon Paint Co., Ltd.

Analysis of Change in Ordinary Income

Y-on-Y Comparison



- (1) Most of the increase in equity in the earnings of affiliates is attributable to business in China. The highly-profitable house interior-use paint business in particular grew steadily.
- (2) Other non-operating income decreased by 360 million yen from FY2013 1H, although there were foreign exchange gains approx. 600 million yen.

2. Forecast for FY2014

* The forecast of consolidated financial results for FY 2014 does not include the effect of the consolidation of equity-method affiliates in Asia. In addition, the Company did not change its forecast announced on May 9, 2014.

Forecast for FY2014 Consolidated PL

(100 million yen)

	FY2014			YoY Comparison	
	Full-year	1H	2H	Change	Percent change
Net Sales	2700	1272.5	1427.5	+94.2	+3.6%
Operating income	345	156.9	188.1	+11.1	+3.3%
(Equity in earnings of affiliates)	125	62.7	62.3	+12.3	+10.9%
Ordinary income	470	228.3	241.7	+1.7	+0.4%
Net income	325	156.0	169.0	+3.4	+1.1%

- (1) The Company aims to increase sales in 2H(compared to the 1H) by turning around its business in Asia and expanding sales of trade-use paints in Japan.
- (2) Increase profits in 2H from by stepping up cost reduction efforts.
- (3) Assumed foreign exchange rate (PL conversion): 101.9 yen to the US \$, assumed Japan-produced naphtha price: 68,000 yen

Forecast for FY2014 net Sales by Business Segment

(100 million yen)

		FY2014			YoY Comparison	
		Full-year	1H	2H	Change	Percent change
Paint business	Automotive coatings	941	450.9	490.1	+15.9	+1.7%
	Trade-use paints	516	236.0	280.0	+15.4	+3.1%
	Industrial-use coatings	483	232.2	250.8	+7.4	+1.6%
	Other paints and coatings	603	277.6	325.4	+44.9	+8.0%
	Sub-total	2543	1196.7	1346.3	+83.6	+3.4%
Fine Chemicals business		157	75.8	81.2	+10.6	+7.3%
Total		2700	1272.5	1427.5	+94.2	+3.6%

- (1) Although sales of automotive coatings in Japan are expected to remain flat, those for Japanese manufacturers in China and North America are likely to increase steadily.
- (2) Sales of trade-use paints in Japan are forecast to grow.

Forecast for FY2014 Net Sales and Profits by Geographic Segment

(100 million yen)

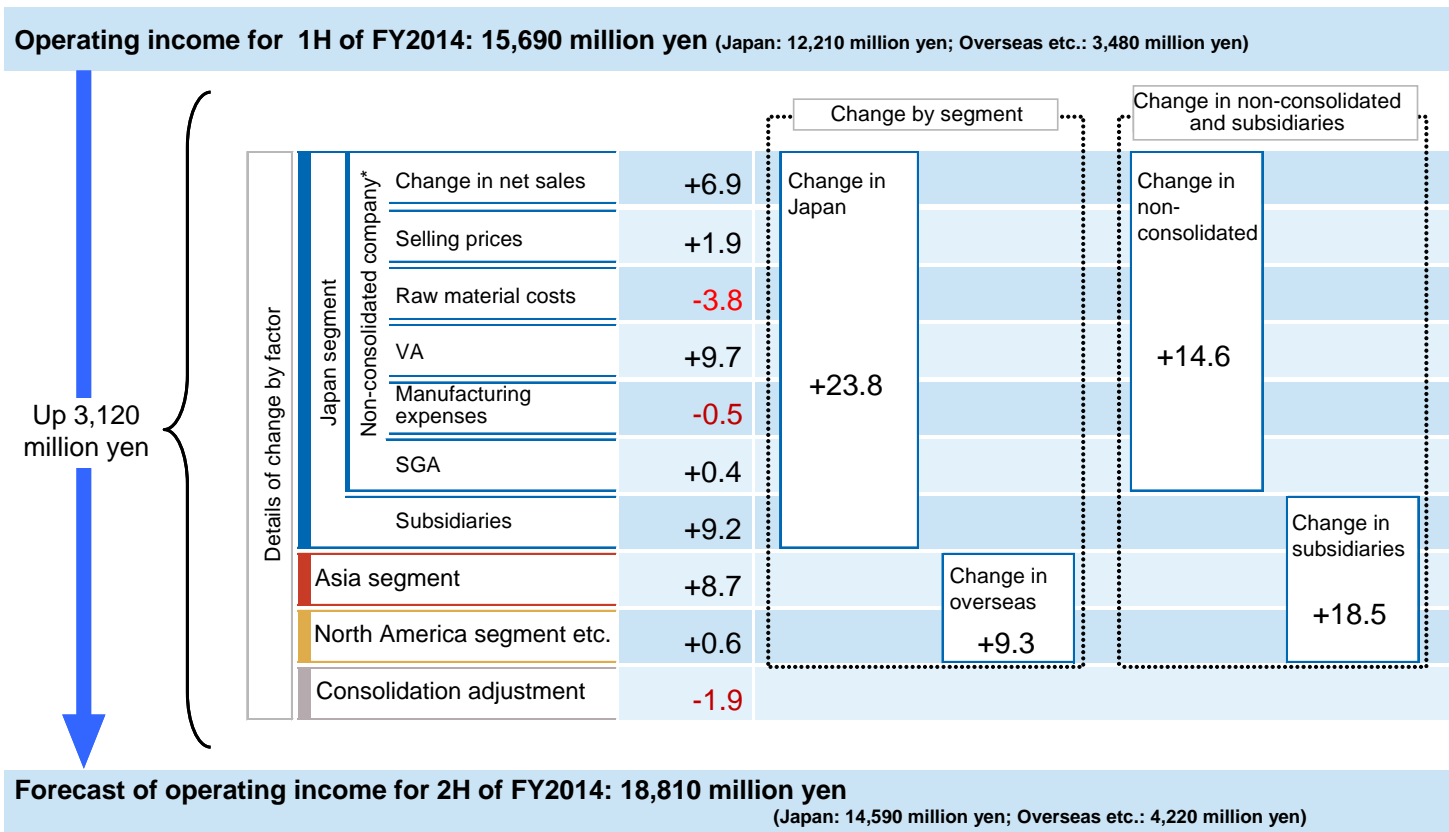
		FY2014			YoY Comparison	
		Full-year	1H	2H	Change	Percent change
Japan	Net Sales	1922	916.3	1005.7	+47.2	+2.5%
	Operating income	268	122.1	145.9	-2.2	-0.8%
Asia	Net Sales	500	216.4	283.6	+42.9	+9.4%
	Operating income	51	21.2	29.8	+8.4	+19.8%
	Equity in earnings of affiliates	125	62.8	62.2	+12.3	+10.9%
North America*	Net Sales	242	120.2	121.8	+6.5	+2.8%
	Operating income	24	11.8	12.2	+4.2	+21.5%
Other	Net Sales	36	19.4	16.6	-2.4	-6.3%
	Operating income	2	0.9	1.1	+1.2	+143.9%

* The Company sold the powder coatings business at the end of FY2013. Results of the powder coatings business in North America in FY2013: operating income of approx. 20 million yen on net sales of approx. 2,000 million yen.

- (1) The Company will thoroughly continue cost reduction activities (VA) without increasing expenses, while expanding sales in Japan.
- (2) the increase in profits in Asia will be mainly due to steady sales of automotive coatings and paints for plastic components in China.

Analysis of Change in Operating Income

H-on-H Comparison

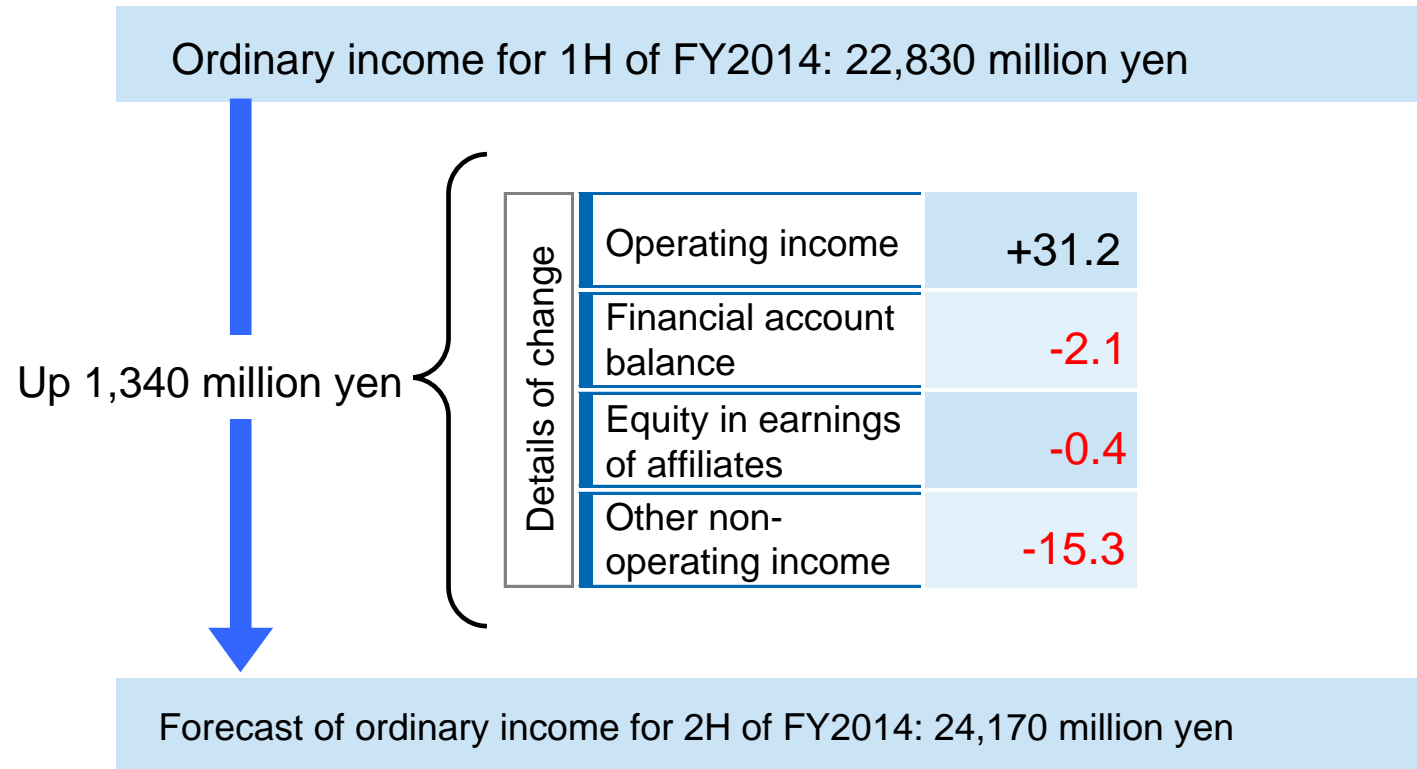


- (1) In Japan, the Company aims to increase operating income by raising its market share of trade-use paints and strengthening VA in formula & procurement.
- (2) Overseas, the Company secure operating income through the effect of foreign exchange fluctuation (weaker yen) and continuing cost reduction activities.

The non-consolidated company refers to the total for Nippon Paint Holdings Co., Ltd. and the new Nippon Paint Co., Ltd.

Analysis of Change in Ordinary Income

H-on-H Comparison



- (1) Equity in earnings of affiliates in 2H is forecast to remain flat from the 1st half.
 (2) Foreign exchange gains are expected to be zero in 2H(1H: approx. 600 million yen).

Net Sales and Earnings of Equity-Method Affiliated Companies

Net sales trend

(100 million yen)

		FY2012		FY2013		FY2014	
		Interim	Full-year	Interim	Full-year	Interim	Full-year (forecast)
NIPSEA	China G	517	1103	740	1671	944	2073
	Singapore G	40	100	68	145	78	165
	Malaysia G	63	120	82	159	86	177
	India	36	74	43	89	42	106
	Total	656	1397	933	2064	1150	2521
	Noroo (South Korea)	82	163	107	216	137	247
	Total	738	1560	1040	2280	1287	2768

Percentage change in net sales of equity-method affiliated companies (YoY comparison on a local currency basis)

	FY2012		FY2013		FY2014	
	Interim	Full-year	Interim	Full-year	Interim	Full-year (forecast)
China G	-2.8%	+5.8%	+16.6%	+20.7%	+19.6%	+18.6%
Singapore G	-0.5%	+11.9%	+38.8%	+19.2%	+8.9%	+11.1%
Malaysia G	+13.5%	+8.6%	+8.4%	+11.2%	+4.5%	+8.8%
India	+54.2%	+47.7%	+14.1%	+17.0%	-0.1%	+21.5%
Total	-	-	-	-	-	-
Noroo (South Korea)	+13.3%	+7.0%	+5.1%	+5.3%	+13.4%	+7.4%
Total	-	-	-	-	-	-

Trend in earnings of equity-method affiliated companies

Total	22	49	51	113	63	125
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NIPSEA: A collective term for businesses in the Asian region that are operated by a joint venture between Nippon Paint and Singapore-based Wuthelam.

Singapore G: Consists of the Singapore, Vietnam, and Sri Lanka businesses

Malaysia G: Consists of the Malaysia, Pakistan and Bangladesh businesses

Noroo (South Korea): Automotive coating business that is operated by a joint venture between Nippon Paint and a South Korean paint manufacturer

* From FY2014, Bollig & Kemper GmbH & Co. KG (B&K), a paint manufacturer in Germany, has become an equity method affiliated company of Nippon Paint. B&K posted net sales of approximately 5,200 million yen in the first half of FY2014 and is forecast to record net sales of approximately 10,500 million yen in FY2014.

Update on businesses in the main areas

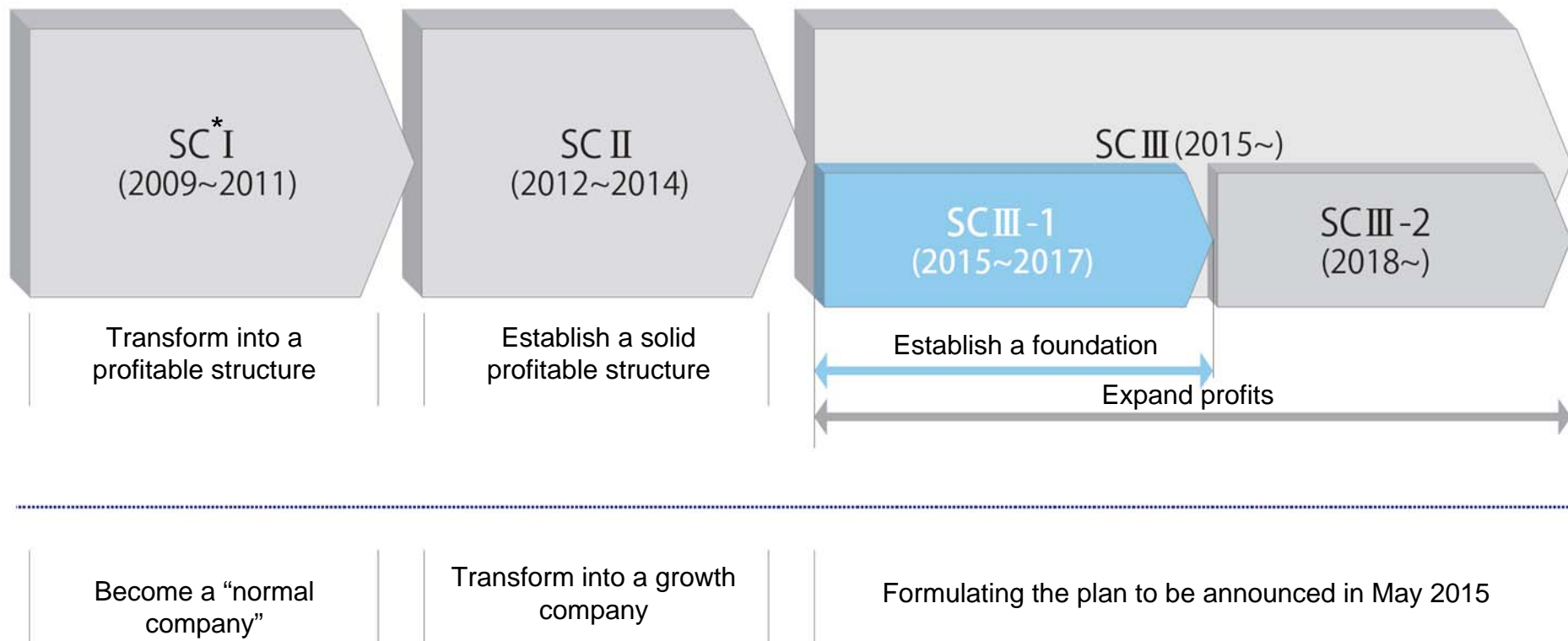
[China G] Sales centering on house interior-use paints increased continuously.

[NIPSEA] The company posted temporary profit(approx. 600 million yen) on sales of part of business in 1H of 2013.

3. Topics

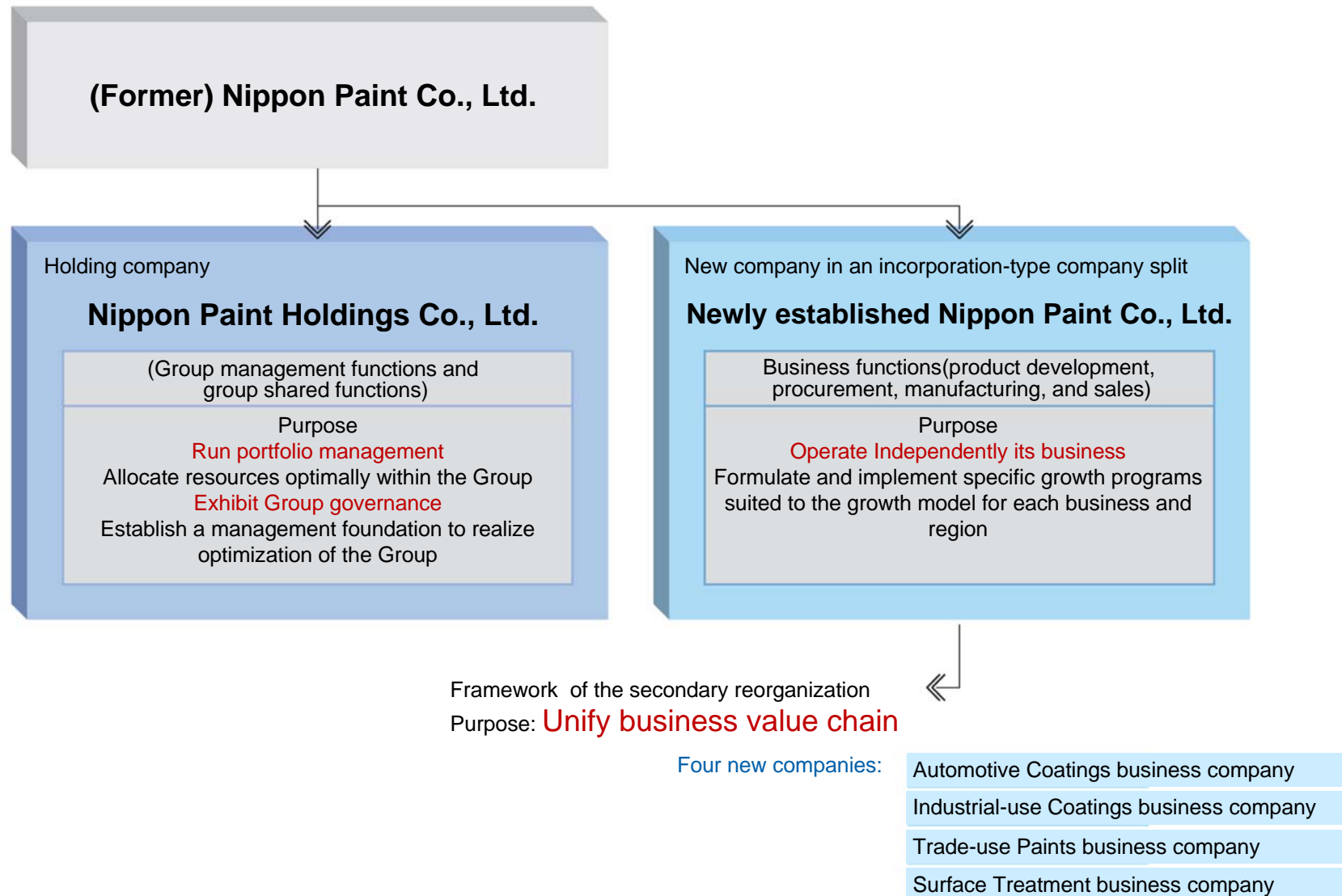
The Next Medium-Term Management Plan

Next plan will launch in April 2015

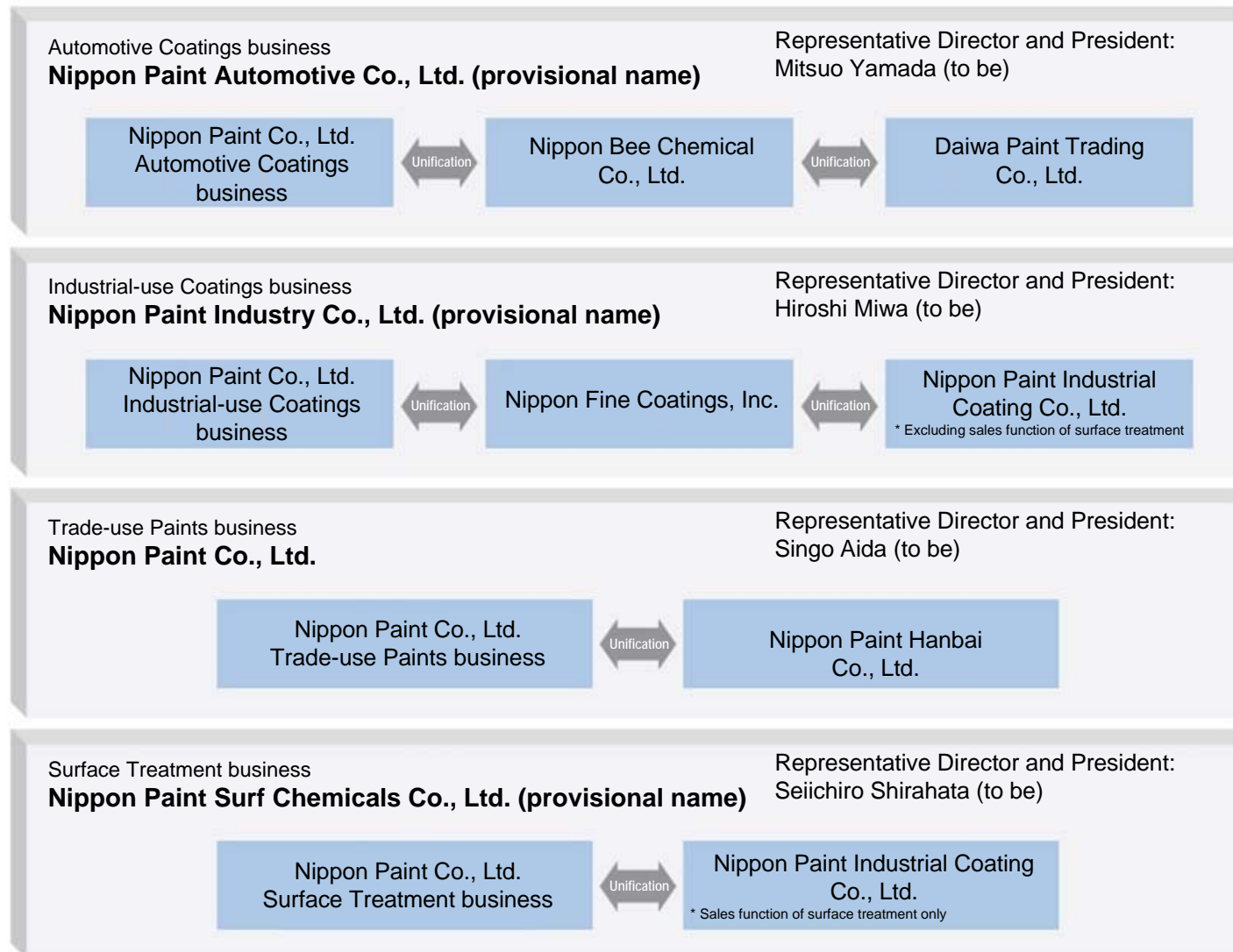


*Survival Challenge

Purposes of Reorganization

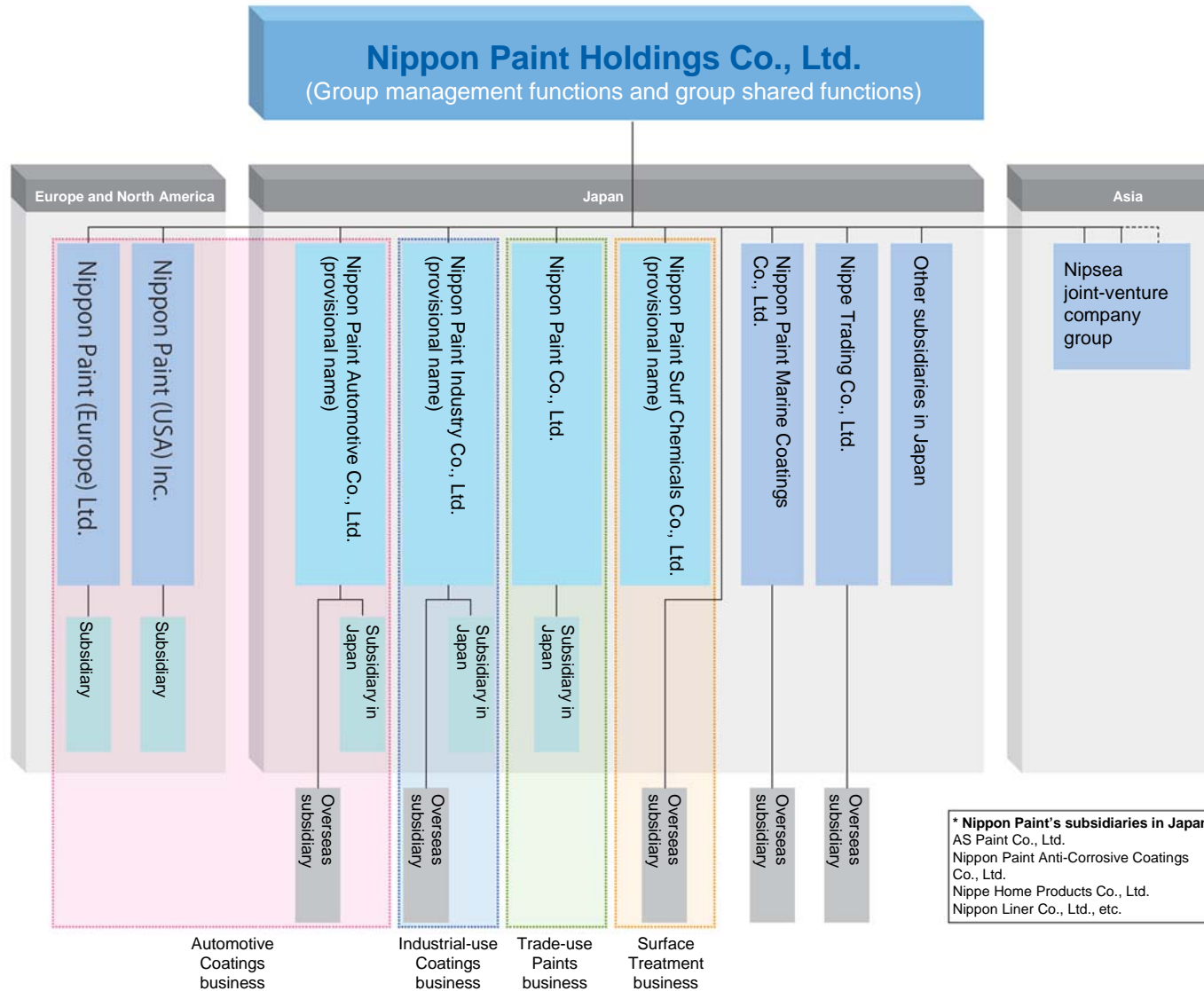


4 New Business Companies



Reorganization in Japan/ 4 New Companies

From April 2015



Present

Undertaking procedures for transferring equity in JV companies in China, Singapore and Malaysia

Future

Will allocate new shares to a third party (closing of the deal);
Mr. Goh will assume the Executive director's position.
Will fully consolidate from April 2015:
Will change internal structure to accommodate to consolidation



NIPPON PAINT HOLDINGS CO.,LTD.

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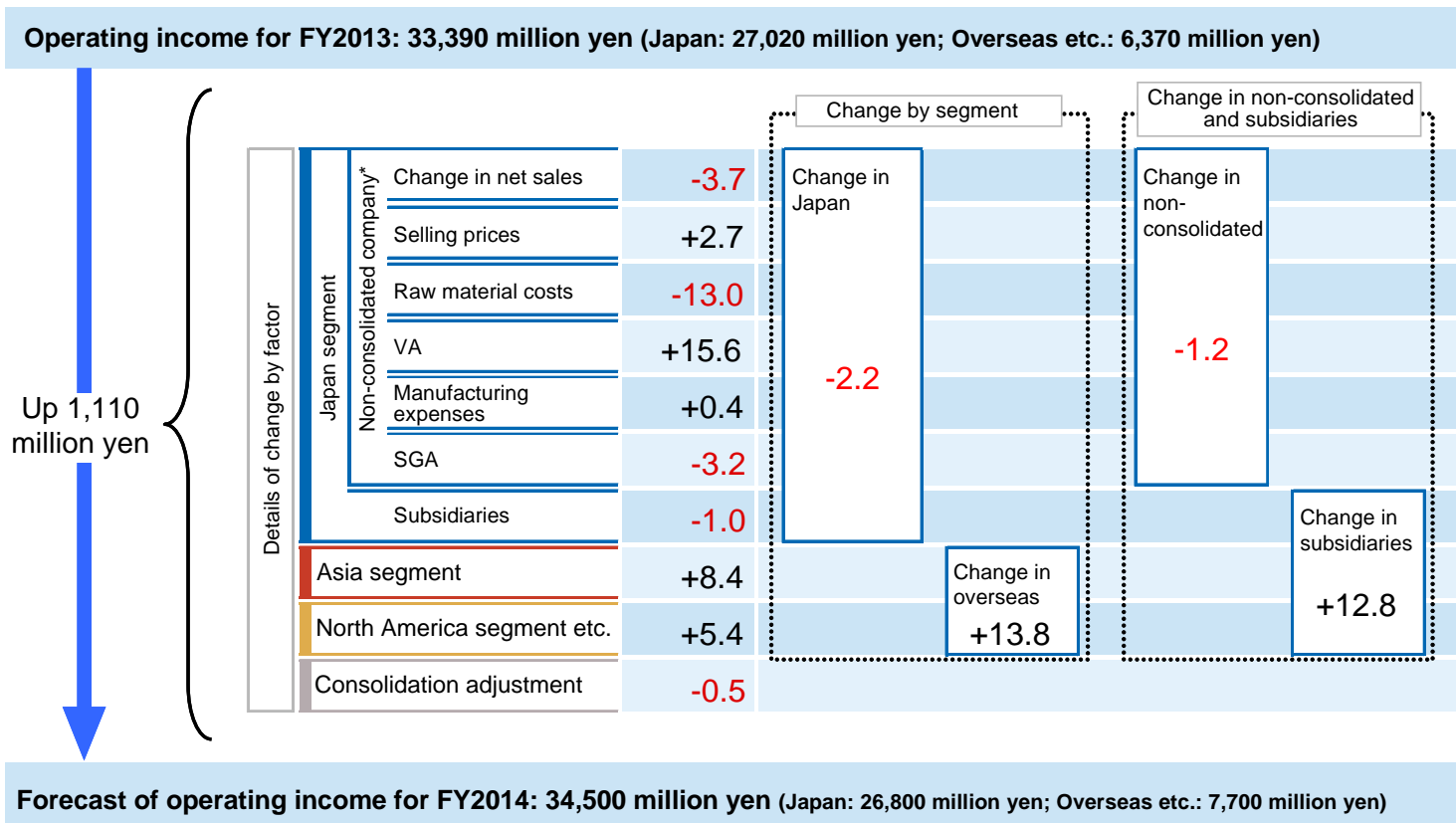
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<Supplement>

* The supplement does not include the effect of the consolidation of equity-method affiliates in Asia. The forecast for FY2014 is based on that of FY2013.

Analysis of Change in Operating Income

Y-on-Y Comparison

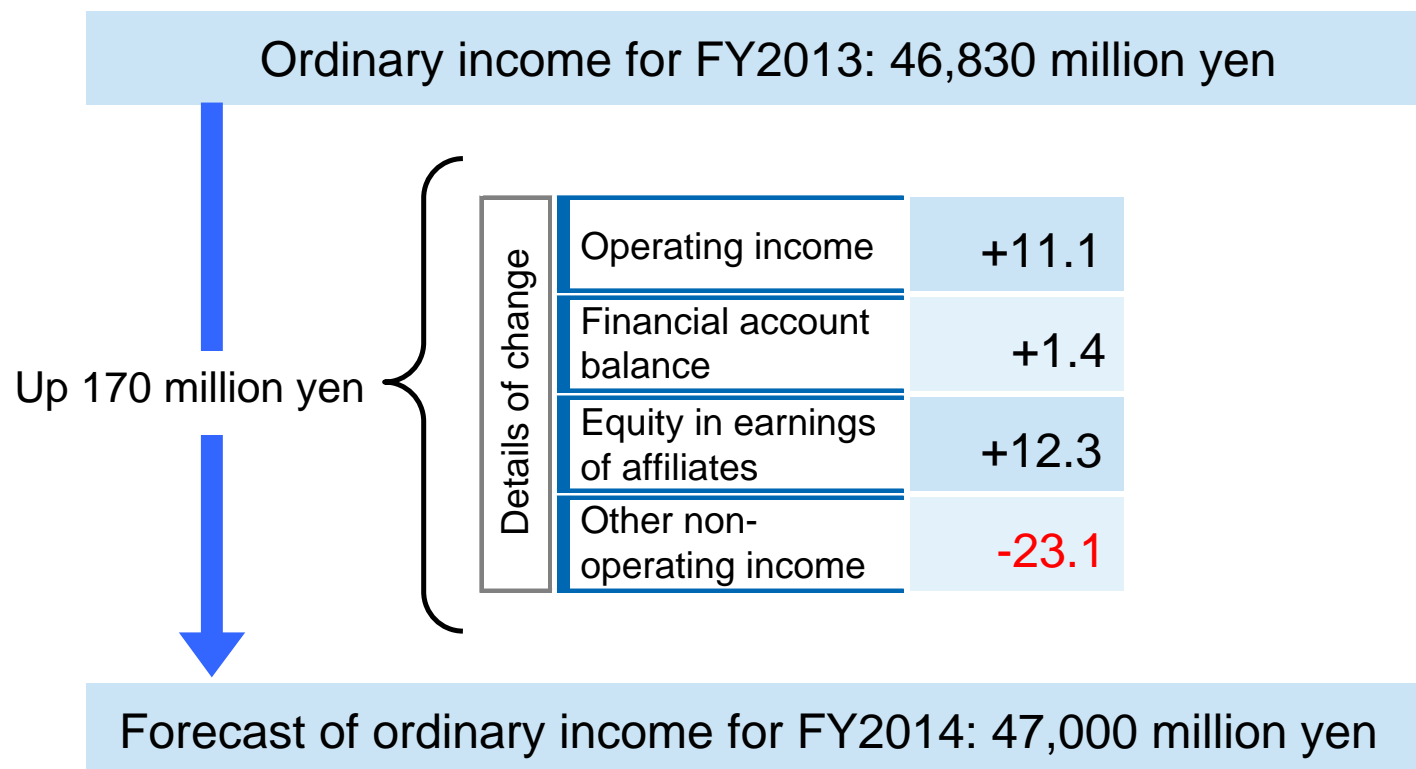


- (1) Japan: Operating income in Japan is expected to decrease due to a temporary increase in expenses on a non-consolidated basis*, although the increase in expenses is likely to be absorbed by cost reduction efforts (VA).
- (2) Overseas: The Company is forecast to post an increase in operating income due to the effect of foreign exchange fluctuation (a weaker yen).

* Total of Nippon Paint Holdings Co., Ltd. and the new Nippon Paint Co., Ltd.

Analysis of Change in Ordinary Income

Y-on-Y Comparison



- (1) Most of the increase in equity in the earnings of affiliates will be attributable to the business in China.
- (2) In the initial plan, no foreign exchange gains are expected (foreign exchange gains of approx. 2,000 million yen in FY 2013).

Consolidated Financial Results

(100 million yen)

	FY2010		FY2011		FY2012		FY2013		FY2014	
	1H	Full-year	1H	Full-year	1H	Full-year	1H	Full-year	1H results	Full-year forecast
Net Sales	1151.5	2273.8	1068.3	2222.6	1193.3	2333.8	1269.0	2605.8	1272.5	2700
Operating income	92.1	159.8	50.2	163.2	135.5	258.6	165.5	333.9	156.9	345
(Equity in earnings of affiliates)	32.6	63.4	24.4	43.3	22.1	48.9	51.1	112.7	62.7	125
Ordinary income	111.1	201.9	64.7	201.9	146.5	329.6	226.9	468.3	228.3	470
Net income	72.0	143.5	35.3	123.1	78.3	200.2	153.0	321.6	156.0	325
ROE (%)	-	11.6	-	9.3	-	13.5	-	18.1	-	15.6

Net Sales and Profits by Geographic Segment

(100 million yen)

		FY2010		FY2011		FY2012		FY2013		FY2014	
		1H	Full-year	1H	Full-year	1H	Full-year	1H	Full-year	1H results	Full-year forecast
Japan	Net Sales	881.1	1737.2	822.0	1723.3	895.8	1745.2	909.1	1874.8	916.3	1922
	Operating income	77.3	131.7	47.9	152.7	116.9	224.4	134.1	270.2	122.1	268
Asia	Net Sales	172.7	350.6	163.0	324.0	186.3	370.7	225.5	457.1	216.4	500
	Operating income	16.7	30.5	7.3	13.6	11.7	24.5	19.1	42.6	21.2	51
	Equity in earnings of affiliates	32.6	63.4	24.4	43.3	22.1	48.9	51.1	112.7	62.8	125
North America	Net Sales	84.0	159.8	71.1	150.8	98.2	191.4	119.5	235.5	120.2	242
	Operating income	-1.2	-1.7	-4.4	-2.8	5.8	9.2	11.5	19.8	11.8	24
Other	Net Sales	13.7	26.3	12.2	24.5	13.1	26.5	14.9	38.4	19.4	36
	Operating income	-0.5	-1.4	-0.3	-0.4	-0.2	-0.8	0.2	0.8	0.9	2

Net Sales by Business Segment

(100 million yen)

		FY2010		FY2011		FY2012		FY2013		FY2014	
		1H	Full-year	1H	Full-year	1H	Full-year	1H	Full-year	1H results	Full-year forecast
Paint business	Automotive coatings	386.6	747.5	328.7	724.1	414.7	812.9	457.4	925.1	450.9	941
	Trade-use paints	211.4	416.9	191.9	397.6	220.0	437.7	243.4	500.6	236.0	516
	Industrial-use coatings	205.1	409.3	211.2	421.3	220.1	436.4	233.5	475.6	232.2	483
	Other paints and coatings	279.8	567.4	268.3	545.0	272.8	516.9	262.7	558.1	277.6	603
	Sub-total	1083.0	2141.0	1000.1	2088.1	1127.5	2203.9	1197.0	2459.4	1196.7	2543
Fine Chemicals business		68.6	132.8	68.2	134.5	65.8	129.9	72.0	146.4	75.8	157
Total		1151.5	2273.8	1068.3	2222.6	1193.3	2333.8	1269.0	2605.8	1272.5	2700

Net Sales by Business Segment

Japan

(100 million yen)

		FY2010		FY2011		FY2012		FY2013		FY2014	
		1H	Full-year	1H	Full-year	1H	Full-year	1H	Full-year	1H results	Full-year forecast
Paint business	Automotive coatings	219.3	415.8	176.8	415.5	224.7	428.2	217.8	444.3	218.9	436
	Trade-use paints	192.8	380.9	173.1	363.2	198.2	395.0	215.8	446.9	211.8	460
	Industrial-use coatings	183.5	368.0	189.5	380.4	198.9	394.6	207.5	424.5	207.1	427
	Other paints and coatings	231.2	467.7	228.8	457.5	222.5	427.7	216.8	455.7	227.4	493
	Sub-total	826.8	1632.4	768.2	1616.6	844.3	1645.5	857.9	1771.4	865.2	1816
Fine Chemicals business		54.3	104.8	53.8	106.7	51.5	99.7	51.2	103.4	51.1	106
Total		881.1	1737.2	822.0	1723.3	895.8	1745.2	909.1	1874.8	916.3	1922

Net Sales by Business Segment

Asia

(100 million yen)

		FY2010		FY2011		FY2012		FY2013		FY2014	
		1H	Full-year	1H	Full-year	1H	Full-year	1H	Full-year	1H results	Full-year forecast
Paint business	Automotive coatings	75.4	156.3	73.9	143.8	84.5	179.1	111.7	222.6	102.6	242
	Trade-use paints	18.6	36.0	18.8	34.4	21.8	42.7	27.6	53.7	24.1	56
	Industrial-use coatings	21.6	41.3	21.7	40.9	21.2	41.8	26.0	51.1	25.1	56
	Other paints and coatings	42.8	89.0	34.2	77.1	44.5	76.9	39.4	86.7	39.9	95
	Sub-total	158.4	322.6	148.6	296.2	172.0	340.5	204.7	414.1	191.7	449
Fine Chemicals business		14.3	28.0	14.4	27.8	14.3	30.2	20.8	43.0	24.7	51
Total		172.7	350.6	163.0	324.0	186.3	370.7	225.5	457.1	216.4	500

Capital Expenditure, Depreciation, R&D Expenses

(100 million yen)

	FY2010		FY2011		FY2012		FY2013		FY2014	
	1H	Full-year	1H	Full-year	1H	Full-year	1H	Full-year	1H results	Full-year forecast
Capital Expenditure	29.8	55.5	18.9	35.5	27.2	51.1	27.8	59.8	23.3	70
Depreciation	42.3	82.9	37.5	75.3	31.7	64.2	30.0	61.1	29.3	60
R&D Expenses	35.1	70.3	33.0	65.7	30.6	60.2	29.1	59.2	28.5	60

Change in Cash Flows

(100 million yen)

	FY2010		FY2011		FY2012		FY2013		FY2014
	1H	Full-year	1H	Full-year	1H	Full-year	1H	Full-year	1H results
Cash flows from operating activities	70.4	203.5	21.6	224.8	101.8	318.5	75.5	269.2	145.8
Cash flows from investing activities	-42.0	-84.9	-14.0	-37.1	-26.2	-69.2	-29.2	-71.7	-20.7
Cash flows from financing activities	-84.9	-115.8	-85.4	-119.4	-153.8	-187.4	-171.4	-210.3	-112.4

Foreign Exchange Rates (Term Average) for statements of income

(100 million yen)

	FY2010		FY2011		FY2012		FY2013		FY2014	
	1H	Full-year	1H	Full-year	1H	Full-year	1H	Full-year	1H results	Full-year (forecast)
US dollar	91.0	87.3	81.8	79.7	79.8	80.1	95.9	98.0	102.2	101.9
Chinese yuan	13.9	13.4	13.0	12.9	12.6	12.7	15.5	16.0	16.6	16.7
Thai baht	2.87	2.83	2.77	2.68	2.56	2.58	3.20	3.17	3.13	3.12

Main Indicators

	FY2010		FY2011		FY2012		FY2013		FY2014
	1H	Full-year	1H	Full-year	1H	Full-year	1H	Full-year	1H results
Gross profit ratio (%)	33.7	33.0	31.6	33.0	34.7	35.2	36.4	35.9	35.8
Operating income ratio (%)	8.0	7.0	4.7	7.3	11.4	11.1	13.0	12.8	12.3
Ordinary income ratio (%)	9.6	8.9	6.1	9.1	12.3	14.1	17.9	18.0	17.9
Net income ratio (%)	6.2	6.3	3.3	5.5	6.6	8.6	12.1	12.3	12.3
Net assets per share (yen)	463.9	481.4	485.8	514.5	531.9	609.2	684.8	746.3	786.0
Net income per share (yen)	27.2	54.2	13.3	46.5	29.6	75.6	57.9	122.5	59.9
Capital adequacy ratio (%)	46.4	47.9	49.7	49.7	52.8	56.0	59.9	60.0	63.3
Ratio of ordinary income to total assets (%)	-	7.5	-	7.5	-	11.7	-	15.3	-
Consolidated payout ratio (%)	-	14.8	-	19.4	-	18.5	-	16.3	-

Market Conditions: Japan-Produced Naphtha Prices

(Yen/KL)

	1Q	2Q	3Q	4Q
FY2010	49,700	42,700	45,100	52,400
FY2011	59,000	54,900	51,700	54,100
FY2012	60,600	49,800	55,800	63,800
FY2013	65,500	63,900	67,800	72,000
FY2014	69,900	70,900	68,000	

* The figures for 3Q & 4Q of FY2014 are the Company's estimate.

Market Conditions: Number of Automobiles Produced in Japan

(10,000 units)

	1H	2H	Full-year
FY2010	478	421	899
FY2011	390	537	927
FY2012	490	465	955
FY2013	474	517	991
FY2014	478	477	955

* The figures for the 2nd half and full-year of FY2014 are the Company's estimate.



NIPPON PAINT HOLDINGS CO.,LTD.