

# 2Q 2017 Financial Result <Supplement>

August 8, 2017



## Period covered

---

	2Q 2017	2Q 2016(Adjusted) <sup>※2</sup>
Domestic <sup>※1</sup>	Jan, 2017 - Jun, 2017	Jan, 2016 - Jun, 2016
Overseas	Jan, 2017 - Jun, 2017	Jan, 2016 - Jun, 2016

※1 The company changed its fiscal year-end from March 31 to December 31 since 2016.

※2 Financial result are provided as a reference for comparison and have not been audited by the audit corporation.

# Summary

- ✓ Increased net sales and net income
- ✓ Steady expansion of existing business
- ✓ Raw material prices increase in effected mainly in Asia

Round off to the first decimal place  
(the same shall apply hereafter)

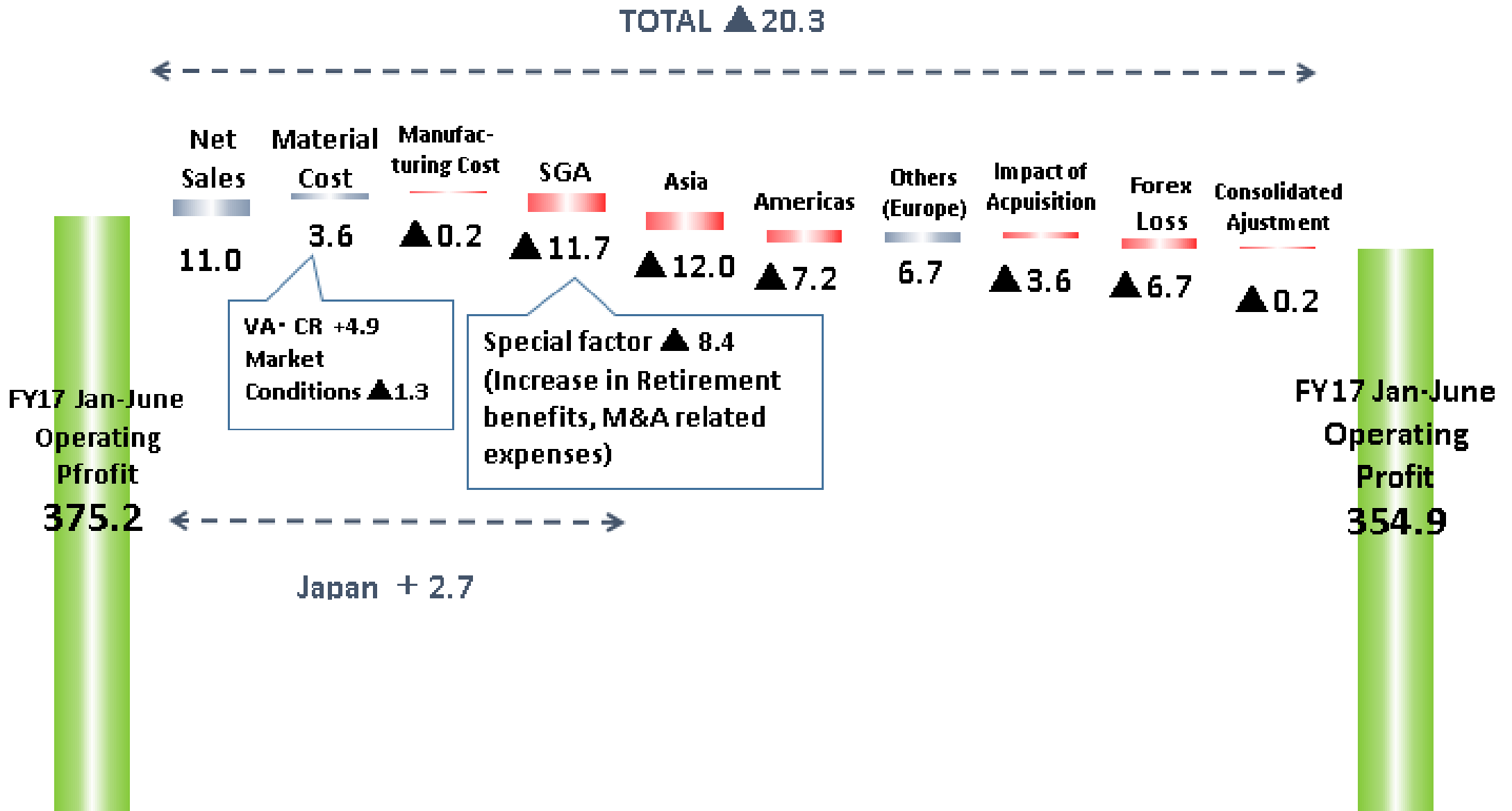
(100 million Yen)

	Revised forecast <sup>※2</sup>	2017 Jan-Jun	2016 Jan-Jun	GAP		Gap Breakdown		Actual GAP
				Amount	%	Impact of FX	Impact of acquisition	
Net Sales	2,800	2,917.5	2,548.9	368.6	14.5%	-44.0	155.8	<b>256.8</b>
Operating Profit	375	354.9	375.2	-20.3	-5.4%	-6.7	-3.6	<b>-10.0</b>
Operating Profit Margin	13.4%	12.2%	14.7%	-	-			
Ordinary Income	390	365.6	341.3	24.3	7.1%			
Net Income <sup>※1</sup>	155	154.5	129.4	25.1	19.4%			

※1 Net Income attributable to owners of parent

# Operating Profit Gap analysis

(100 million yen)



# Net Sales & Operating Profit by Region

(100 million Yen)

		2017 Jan-Jun	2016 Jan-Jun	GAP		Gap Breakdown		Actual GAP
				Amount	%	Impact of FX	Impact of acquisition	
Japan	Net Sales	871.3	848.6	22.8	2.7%	-	-	<b>22.8</b>
	Operating Profit <sup>※1</sup>	154.8	152.1	2.7	1.8%	-	-	<b>2.7</b>
Asia	Net Sales	1,658.0	1,464.5	193.5	13.2%	-34.6	-	<b>228.1</b>
	Operating Profit	175.7	192.9	-17.1	-8.9%	-5.2	-	<b>-12.0</b>
Americas	Net Sales	316.3	168.6	147.7	87.6%	0.1	155.8	<b>-8.2</b>
	Operating Profit	19.2	30.2	-11.0	-36.4%	-0.2	-3.6	<b>-7.2</b>
Others (Mainly Europe)	Net Sales	71.8	67.2	4.6	6.8%	-9.4	-	<b>14.0</b>
	Operating Profit	4.6	-1.3	5.9	-	-0.9	-	<b>6.7</b>
TOTAL	Net Sales	2,917.5	2,548.9	368.6	14.5%	-44.0	155.8	<b>256.8</b>
	Operating Profit	354.9	375.2	-20.3	-5.4%	-6.6	-3.6	<b>-10.0</b>

※1 Exclude dividends from oversea's group companies(2Q 2016 : 11.9 billion yen, 2Q 2017 : 12.4 billion yen)

# Net Sales by Business Segment

(100 million Yen)

	2017 Jan-Jun	2016 Jan-Jun	GAP		Gap Breakdown		Actual GAP
			Amount	%	Impact of FX	Impact of acquisition	
Automotive coatings	730.4	691.7	38.6	5.6%	-11.6	-	<b>50.2</b>
Decorative paints (Including heavy duty)	1,455.1	1,169.3	285.8	24.4%	-30.0	155.8	<b>159.9</b>
Industrial coatings	364.6	339.3	25.3	7.5%	-2.6	-	<b>28.0</b>
Others(Marine & Auto refinishes,etc)	274.0	260.9	13.0	5.0%	-0.6	-	<b>13.6</b>
Sub-total	2,824.0	2,461.3	362.7	14.7%	-44.8	155.8	<b>251.7</b>
Fine Chemicals	93.5	87.6	5.8	6.6%	0.6	-	<b>5.2</b>
<b>Total</b>	<b>2,917.5</b>	<b>2,548.9</b>	<b>368.6</b>	<b>14.5%</b>	<b>-44.0</b>	<b>155.8</b>	<b>256.8</b>

# Net Sales by Region & Business Segment

(100 million Yen)

		2017 Jan-Jun	2016 Jan-Jun	GAP Amount	Actual GAP
Japan	Automotive coatings	210.5	191.5	19.0	<b>19.0</b>
	Decorative paints (Including heavy duty)	204.9	213.8	-8.8	<b>-8.8</b>
	Industrial coatings	201.2	195.0	6.2	<b>6.2</b>
	Others(Marine & Auto refinishes,etc)	209.8	205.2	4.6	<b>4.6</b>
	Fine Chemicals	44.9	43.1	1.8	<b>1.8</b>
Asia	Automotive coatings	311.8	289.7	22.1	<b>25.1</b>
	Decorative paints (Including heavy duty)	1,094.3	955.6	138.8	<b>168.6</b>
	Industrial coatings	161.2	141.8	19.4	<b>21.7</b>
	Others(Marine & Auto refinishes,etc)	62.5	51.8	10.7	<b>11.3</b>
	Fine Chemicals	28.2	25.7	2.5	<b>1.5</b>
Americas	Automotive coatings	143.0	151.7	-8.7	<b>-8.7</b>
	Decorative paints	155.8	-	155.8	-
	Fine Chemicals	16.8	15.9	0.9	<b>0.8</b>
Others (Mainly Europe)	Automotive coatings	65.0	58.8	6.1	<b>14.8</b>
	Fine Chemicals	3.6	2.9	0.7	<b>1.1</b>

## B/S &amp; C/F

&lt; B/S &gt;

&lt;Assets&gt;

	( 100 million Yen)	
	As of 30, Jun,2017	As of 31, Dec,2016
Current assets	3,808.1	4,129.2
Property,plant and equipement	1,370.9	1,076.7
Intangible assets	3,107.6	2,577.0
Investment and Other assets	550.7	497.1
<b>Total</b>	<b>8,837.2</b>	<b>8,280.0</b>

&lt;Liability and net assets&gt;

( 100 million Yen)

	( 100 million Yen)	
	As of 30, Jun,2017	As of 31, Dec,2016
Current liabilities	2,067.8	1,879.3
Non-current liabilities	941.1	543.1
<b>Total liabilities</b>	<b>3,008.9</b>	<b>2,422.4</b>
Shareholder's equity	5,059.5	4,969.4
Accumulated other comprehensive income	-317.8	-236.1
Subscription rights to shares	1.1	0.9
Non-controlling interests	1,085.5	1,123.3
<b>Total net assets</b>	<b>5,828.4</b>	<b>5,857.6</b>
<b>Total liabilities and net assets</b>	<b>8,837.2</b>	<b>8,280.0</b>

&lt; C/F &gt;

( 100 million Yen)

	( 100 million Yen)	
	2017 Jan-Jun	2016 Jan-Jun
Cash flows from operating activities	205.2	-
Cash flows from investing activities	-836.7	-
Free cash flow	-631.5	-
Cash flows from financing activities	176.6	-



## Capital expenditures, Depreciation, R&D expenses, and Interest-bearing debts

		( 100 million Yen)	
		2017 Jan-Jun	2016 Jan-Jun
Capital expenditures	Property, plant and equipment	108.7	76.2
	Intangible assets	13.2	16.3
	Total	121.9	92.5
Depreciation	Property, plant and equipment	50.5	42.5
	Intangible assets	34.5	31.5
	Total	85.0	74.0
R&D expenses		69.8	81.9

		( 100 million Yen)	
		As of 30, Jun,2017	As of 31, Dec,2016
Short-term loans payable		242.3	295.5
Long-term debt due within one year		76.8	9.5
Long-term loans payable		305.4	34.6
Bonds payable within one year		1.4	-
Bonds payable		23.5	-
Interest - bearing debt		649.4	339.5

# Key Indicators

	As of 30, Jun,2017	As of 31, Dec,2016
Capital equity ratio (%)	53.7%	57.2%
Net assets (100 milion yen)	5,828.3	5,857.6
Total assets (100 million yen)	8,837.2	8,280.0
Net aseets per share(yen)	1,478.55	1,475.93
Earnings per share(yen) <sup>*1</sup>	65.68	55.13

※1 (Net income + Goodwill amortization) ÷ Average number of shares during the period

Each Value is calculated by the results from January to June

# Foreign Exchange rates and market conditions

< Exchange rate for P/L (average rate) >

	2017	2016
USD	112.1	111.8
RMB	16.4	17.0

<Paint shipment and Production>

(10,000t)

	2017 Jan-May	2016 Jan-May
Shipment in Japan <sup>※1</sup>	73.6	71.4
Production in China <sup>※2</sup>	812	671

※1 Source : Japan paint manufacturers association

※2 Source : National bureau of statistics of China

<Automobile production>

(10,000 unit)

	2017 Jan-Jun	2016 Jan-Jun
Japan <sup>※3</sup>	484	449
China <sup>※3</sup>	1,353	1,293
North America (US, Canada, Mexico) <sup>※3</sup>	905	920
Thailand <sup>※3</sup>	95	99

※3 Source Japan, China, North America : Japan automobile manufactures association

Source Thailand : Federation of Thai industries

< Exchange rate for B/S >

	As of 30, Jun, 2017	As of 31, Dec, 2016
USD	112.0	116.5
RMB	16.5	16.8

<Ohters(Japan market)>

(10,000 unit)

	2017	2016
Housing starts <sup>※4</sup>	47.3	46.3
Construction machinery productions <sup>※5</sup>	15	14.7
Machine tool production <sup>※6</sup>	3.1	3.0

※4 Source : Ministry of land,infrastructure,transport and tourism

Period : January-June

※5 Source : Japan construction equipment manufactures association

Period : January-May

※6 Source : Japan machine tool builders' association

Period : January-May

< Naptha price(Our estimates)>

(¥/KL)

	2017 Jan-Jun	2016 Jan-Jun
Japan produced naptha price	40,450	32,950

# IR Schedule

---

Date&Time		Contents	Place
Aug 28, 2017	15:30	Business Briefing for institutional investors	Marunouchi, Tokyo
From Oct 24, 2017	-	Silent Period	-
Nov 14, 2017	15:30	Q3 2017 financial results Announcement	-
	18:00 (tentative)	Q3 2017 financial results Telephone Conference	
From Jan 24, 2018	-	Silent Period	-
Feb 14, 2018	15:30	2017 financial results Announcement	-
	18:00 (tentative)	2017 financial results Telephone Conference	-
Feb 26, 2018	15:30	Business Briefing for institutional investors	Otemachi, Tokyo



The forward-looking statements in this document are based on information available at the time of preparation and involve inherent risks and uncertainties.

Accordingly, the actual results and performance of Nippon Paint Holdings Co., Ltd. and the Nippon Paint Holdings Group may differ significantly from the forward-looking statements.

Please be advised that Nippon Paint Holdings Co., Ltd. and information providers shall not be responsible for any damage suffered by any person relying on any information or statements contained herein.