

# 1Q 2018 Financial Result <Supplement>

May 15, 2018

**NIPPON PAINT HOLDINGS GROUP**

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

# Summary

## Increased net sales and net income

- ✓ Sales: Steady expansion of existing business in Asia and the acquisition of DUNN-EDWARDS CORPORATION.
- ✓ Operating Profit: Acceleration of rising raw material prices.

( 100 million Yen )

	FY 2018 1Q	FY 2017 1Q	GAP		Gap Breakdown		
			Amount	%	Impact of FX	Impact of acquisition	Actual GAP
Net sales	1,481.7	1,357.8	123.9	9.1%	26.7	63.5	33.8
Operating profit	154.2	160.7	-6.5	-4.1%	2.8	9.8	-19.2
Operating profit margin	10.4%	11.8%	-	-			
Ordinary income	※ <sup>2</sup> 171.6	156.7	14.9	9.5%			
Net income <sup>※1</sup>	※ <sup>3</sup> 91.3	58.6	32.7	56.0%			

※1 Net income attributable to owners of the parent

※2 Including subsidy income of Asia segment

※3 Including gain on sales of non-current assets

# Net sales & operating profit by region

(100 million Yen)

		FY 2018 1Q	FY 2017 1Q	GAP		Gap Breakdown		
				Amount	%	Impact of FX	Impact of acquisition	Actual GAP
Japan	Net sales	419.6	412.9	6.7	1.6%	-	-	6.7
	Operating profit <sup>※1</sup>	68.6	72.7	-4.1	-5.6%	-	-	-4.1
Asia	Net sales	844.1	788.7	55.4	7.0%	30.4	-	25.0
	Operating profit	79.0	85.2	-6.2	-7.3%	3.2	-	-9.4
Americas	Net sales	179.3	120.5	58.8	48.8%	-5.6	63.5	0.9
	Operating profit	5.7	0.7	5.0	705.7%	-0.3	9.8	-4.6
Others (Mainly Europe)	Net sales	38.7	35.7	3.1	8.6%	1.9	-	1.2
	Operating profit	0.4	2.2	-1.8	-82.6%	-0.2	-	-1.6
TOTAL	Net sales	1,481.7	1,357.8	123.9	9.1%	26.7	63.5	33.8
	Operating profit	154.2	160.7	-6.5	-4.1%	2.8	9.8	-19.2

※1 Excluding dividends from overseas group companies (1Q 2018 : 3.4 billion yen, 1Q 2017 : 1.8 billion yen)

# Net sales by business segment

( 100 million Yen )

	FY 2018 1Q	FY 2017 1Q	GAP		Gap Breakdown		
			Amount	%	Impact of FX	Impact of acquisition	Actual GAP
Automotive coatings	※ <sup>1</sup> 407.3	※ <sup>2</sup> 368.9	38.4	10.4%	4.2	-	34.2
Decorative paints (Including heavy duty)	742.9	645.5	97.4	15.1%	18.8	63.5	15.1
Industrial coatings	※ <sup>1</sup> 160.8	※ <sup>2</sup> 172.9	-12.1	-7.0%	2.7	-	-14.8
Others ( Marine & Auto refinishes, etc)	123.3	※ <sup>2</sup> 124.8	-1.6	-1.3%	0.9	-	-2.4
<b>Coatings total</b>	<b>1,434.2</b>	<b>1,312.2</b>	<b>122.0</b>	<b>9.3%</b>	<b>26.6</b>	<b>63.5</b>	<b>32.0</b>
Fine chemicals	47.5	45.6	1.8	4.0%	0.1	-	1.7
<b>Total</b>	<b>1,481.7</b>	<b>1,357.8</b>	<b>123.9</b>	<b>9.1%</b>	<b>26.7</b>	<b>63.5</b>	<b>33.8</b>

※<sup>1</sup> From 1Q 2018, consolidating a part of Industrial coatings business into Automotive coatings business

※<sup>2</sup> Adjust for comparison

# Net sales by region & business segment

( 100 million Yen )

		FY 2018 1Q	FY 2017 1Q	GAP		Gap Breakdown		
				Amount	%	Impact of FX	Impact of acquisition	Actual GAP
Japan	Automotive coatings	115.3	※ <sup>2</sup> 107.3	8.1	7.5%	-	-	8.1
	Decorative paints (Including heavy duty)	96.6	94.5	2.1	2.2%	-	-	2.1
	Industrial coatings	95.5	※ <sup>2</sup> 97.4	-2.0	-2.1%	-	-	-2.0
	Others ( Marine & Auto refinishes, etc)	90.2	※ <sup>2</sup> 92.1	-1.9	-2.1%	-	-	-1.9
	Fine chemicals	22.0	21.6	0.4	1.9%	-	-	0.4
Asia	Automotive coatings	※ <sup>1</sup> 184.9	157.0	27.9	17.8%	5.9	-	22.0
	Decorative paints (Including heavy duty)	546.1	512.0	34.1	6.7%	20.6	-	13.6
	Industrial coatings	※ <sup>1</sup> 64.5	74.3	-9.8	-13.2%	2.6	-	-12.4
	Others ( Marine & Auto refinishes, etc)	32.7	31.9	0.8	2.5%	0.9	-	-0.1
	Fine chemicals	15.9	13.5	2.4	17.8%	0.3	-	2.0
Americas	Automotive coatings	71.5	72.5	-1.0	-1.4%	-3.3	-	2.3
	Decorative paints (Including heavy duty)	100.2	39.1	61.1	156.3%	-1.8	63.5	-0.5
	Fine chemicals	7.3	8.7	-1.4	-16.1%	-0.4	-	-1.0
Others (Mainly Europe)	Automotive coatings	35.6	32.2	3.4	10.6%	1.7	-	1.8
	Fine chemicals	2.3	1.8	0.5	27.8%	0.2	-	0.3
<b>Total</b>		<b>1,481.7</b>	<b>1,357.8</b>	<b>123.9</b>	<b>9.1%</b>	<b>26.7</b>	<b>63.5</b>	<b>33.8</b>

※<sup>1</sup> From 1Q 2018, consolidating a part of Industrial coatings business into Automotive coatings business

※<sup>2</sup> Adjust for comparison

# B/S

<Assets>	( 100 million Yen )	
	As of 31, Mar, 2018	As of 31, Dec, 2017
Current assets	3,921.2	4,019.0
Property, plant and equipment	1,392.2	1,428.8
Intangible assets	2,946.6	3,132.2
Investment and Other assets	590.1	625.9
<b>Total assets</b>	<b>8,850.1</b>	<b>9,205.9</b>

<Liability and net assets>	( 100 million Yen )	
	As of 31, Mar, 2018	As of 31, Dec, 2017
Current liabilities	1,980.4	1,992.1
Non-current liabilities	763.3	919.7
<b>Total liabilities</b>	<b>2,743.7</b>	<b>2,911.8</b>
Shareholder's equity	5,231.2	5,210.4
Accumulated other comprehensive income	-356.4	-167.0
Subscription rights to shares	1.5	1.4
Non-controlling interests	1,230.1	1,249.3
<b>Total net assets</b>	<b>6,106.4</b>	<b>6,294.1</b>
<b>Total liabilities and net assets</b>	<b>8,850.1</b>	<b>9,205.9</b>

# Capital expenditures, depreciation, r&d expenses, and debts

		( 100 million Yen )	
		FY 2018 1Q	FY 2017 1Q
Capital expenditures	Property, plant and equipment	40.0	72.2
	Intangible assets	8.7	11.0
	Total	48.7	83.2
Depreciation	Property, plant and equipment	28.7	23.9
	Intangible assets	18.6	16.3
	Total	47.3	40.3
R&D expenses		38.6	33.1

		( 100 million Yen )	
		As of 31, Mar, 2018	As of 31, Dec, 2017
Short-term loans payable		162.5	182.7
Current portion of long-term loans payable		100.5	70.8
Long-term loans payable		210.5	317.4
Total debts		473.5	570.9

# Key indicators

	As of 31, Mar, 2018	As of 31, Dec, 2017
Capital equity ratio (%)	55.1%	54.8%
Net assets (100 million yen)	6,106.4	6,294.1
Total assets (100 million yen)	8,850.1	9,205.9
Net assets per share (yen)	1,520.03	1,572.60
Earnings per share <sup>※1</sup> (yen)	37.71	27.04

※1 (Net income + Goodwill amortization) ÷ Average number  
 of shares during the period  
 Covering period : Jan. – Mar.



# Foreign exchange rates and market conditions

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

	1Q 2018	1Q 2017
¥/USD	107.4	112.8
¥/RMB	17.0	16.4

## <Paint shipment> (10,000t)

	1Q 2018	1Q 2017
Japan <sup>※1</sup>	27	27
China <sup>※2</sup>	387	426

※1 Source : Japan paint manufacturers association

Period : Jan. - Feb.

※2 Source : National bureau of statistics of China

Period : Jan. - Mar.

## <Automobile production<sup>※3</sup>> (10,000 unit)

	1Q 2018	1Q 2017
Japan	253	254
China	702	713
USA	294	302
Canada	96	96
Mexico	53	60
North America total	444	457
Thailand	54	49

※3 Source Japan, China, North America : JAMA

Source Thailand : Federation of Thai industries

## < Exchange rate for B/S >

	As of 31, Mar, 2018	As of 31, Dec, 2017
¥/USD	106.3	113.0
¥/RMB	16.9	17.3

## < Others ( Japan market) > (10,000 unit)

	1Q 2018	1Q 2017
Housing starts <sup>※4</sup>	20.5	22.3
Construction machinery productions <sup>※5</sup>	6.2	5.6
Machine tool production <sup>※6</sup>	1.7	1.0

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

Period : Jan. - Mar.

※5 Source : Japan construction equipment manufacturers association

Period : Jan. - Feb.

※6 Source : Japan machine tool builders' association

Period : Jan. - Feb.

## Naptha price (¥/KL)

	1Q 2018	1Q 2017
Japan produced naptha price	47,900	41,800

# IR schedule

Date & time		Contents	Place
May 23, 2018	15:30	Business briefing for institutional investors	Marunouchi, Tokyo
From July 18, 2018	-	Silent period starts	-
Aug. 8, 2018	-	FY18 2Q Financial result announcement	-
	18:00 (tentative)	FY18 2Q Financial result telephone conference	-
Aug. 27, 2018	15:30 (tentative)	Business briefing for institutional investors	Marunouchi, Tokyo
From Oct. 24, 2018 -	-	Silent period starts	-
Nov. 14, 2018	-	FY18 3Q Financial result announcement	-
	18:00 (tentative)	FY18 3Q Financial result telephone conference	-
From Jan. 23, 2019	-	Silent period starts	-
Feb. 13, 2019	-	FY18 Financial result announcement	-
	18:00 (tentative)	FY18 Financial result telephone conference	-
Feb. 25, 2019	15:30 (tentative)	Business briefing for institutional investors	Marunouchi, 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.