

3Q FY2018 Financial Result <Supplement>

November 14, 2018

NIPPON PAINT HOLDINGS GROUP

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

Summary

Increased net sales and net income

- ✓ Net sales: Steady expansion of existing business in Asia
and the acquisition of DUNN-EDWARDS CORPORATION.
- ✓ Operating profit: Impact of rising raw material prices globally.
- ✓ Net income: Impact of subsidy income and gain on sales of non-current assets.

(100 million Yen)

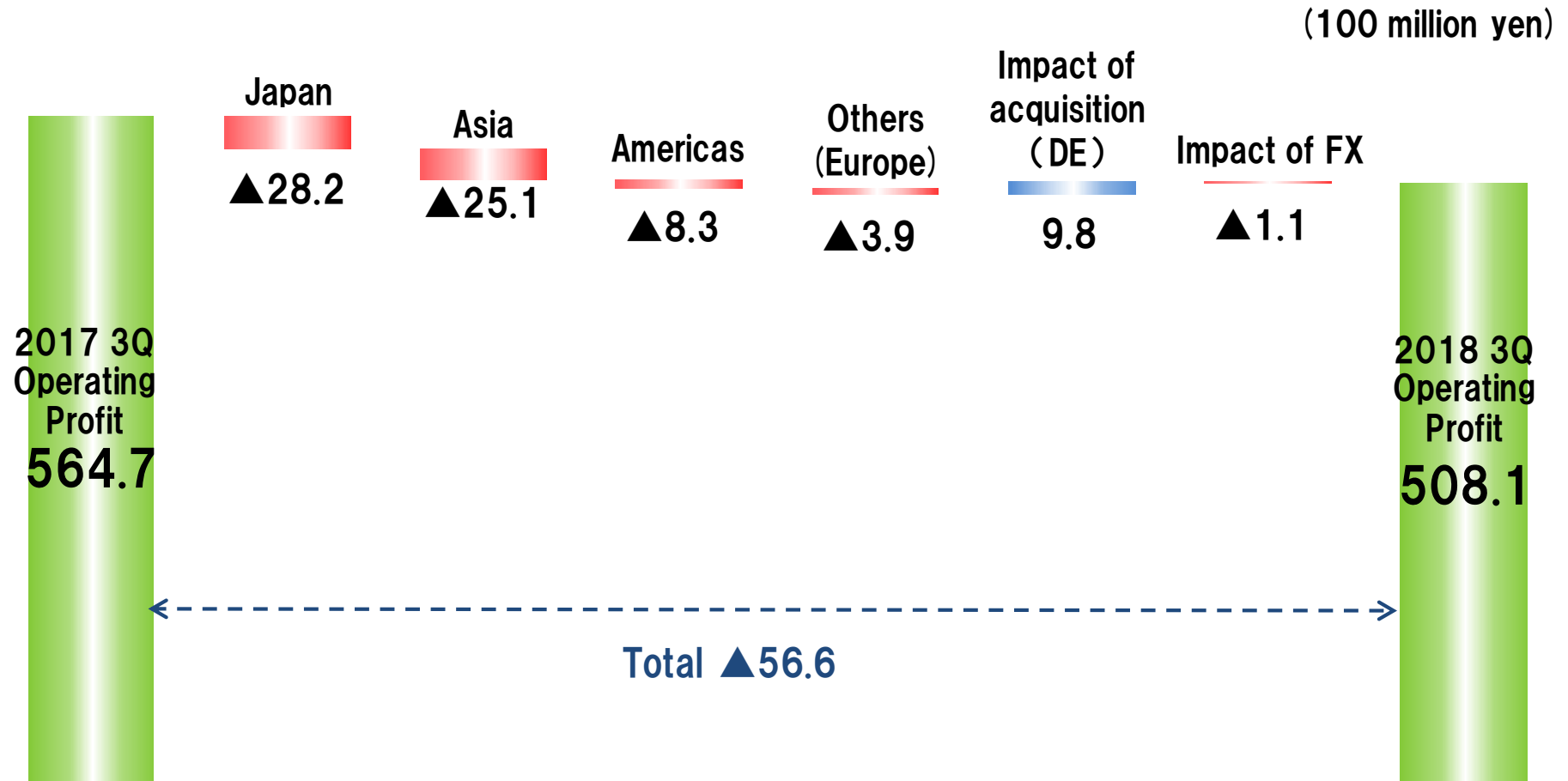
	Nine Months Ended Sep. 30		GAP		Gap Breakdown		
	2018	2017	Amount	%	Impact of FX	Impact of acquisition	Actual GAP
Net sales	4,710.8	4,527.7	183.1	4.0%	38.0	64.7	80.3
Operating profit	508.1	564.7	-56.6	-10.0%	-1.1	9.8	-65.2
Operating profit margin	10.8%	12.5%	-	-			
Ordinary income	※2 559.9	587.3	-27.4	-4.7%			
Net income ※1	※3 265.1	252.4	12.7	5.1%			

※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

Operating profit Gap analysis



Net sales & Operating profit by region

(100 million Yen)

		Nine Months Ended Sep.		GAP		Gap Breakdown		
		2018	2017	Amount	%	Impact of FX	Impact of acquisition	Actual GAP
Japan	Net sales	1,301.5	1,308.3	-6.8	-0.5%	-	-	-6.8
	Operating profit ※	199.1	227.3	-28.2	-12.4%	-	-	-28.2
Asia	Net sales	2,739.6	2,613.3	126.3	4.8%	49.6	-	76.7
	Operating profit	281.7	305.8	-24.0	-7.9%	1.0	-	-25.1
Americas	Net sales	566.8	502.2	64.6	12.9%	-10.6	64.7	10.5
	Operating profit	28.5	27.7	0.8	3.0%	-0.6	9.8	-8.3
Others (Mainly Europe)	Net sales	102.9	103.9	-1.1	-1.0%	-1.0	-	-0.1
	Operating profit	-2.3	3.2	-5.5	-	-1.6	-	-3.9
Total	Net sales	4,710.8	4,527.7	183.1	4.0%	38.0	64.7	80.3
	Operating profit	508.1	564.7	-56.6	-10.0%	-1.1	9.8	-65.2

※ Excluding dividends from overseas group companies (3Q 2018 : 14.0 billion yen, 3Q 2017 : 12.5 billion yen)

Net sales by business segment

(100 million Yen)

	Nine Months Ended Sep.		GAP		Impact of FX	Gap Breakdown	
	2018	2017	Amount	%		Impact of acquisition	Actual GAP
Automotive coatings	※ 1,190.4	1,092.2	98.2	9.0%	2.2	-	96.0
Decorative paints (Including heavy duty)	2,453.1	2,330.8	122.3	5.2%	28.6	64.7	29.0
Industrial coatings	※ 513.0	552.3	-39.2	-7.1%	4.4	-	-43.6
Others (Marine & Auto refinishes, etc)	409.4	411.6	-2.2	-0.5%	2.0	-	-4.2
Coatings total	4,566.0	4,386.9	179.1	4.1%	37.2	64.7	77.2
Fine chemicals	144.8	140.8	4.0	2.8%	0.8	-	3.1
Total	4,710.8	4,527.7	183.1	4.0%	38.0	64.7	80.3

※ From 1Q 2018, consolidating a part of Industrial coatings business into Automotive coatings business

Net sales by region & business segment

(100 million Yen)

		Nine Months Ended Sep.		GAP		Gap Breakdown		
		2018	2017	Amount	%	Impact of FX	Impact of acquisition	Actual GAP
Japan	Automotive coatings	332.1	319.6	12.5	3.9%	-	-	12.5
	Decorative paints (Including heavy duty)	307.3	306.4	0.9	0.3%	-	-	0.9
	Industrial coatings	295.4	301.0	-5.5	-1.8%	-	-	-5.5
	Others (Marine & Auto refinishes, etc)	301.1	313.7	-12.6	-4.0%	-	-	-12.6
	Fine chemicals	65.6	67.7	-2.1	-3.1%	-	-	-2.1
Asia	Automotive coatings	※ 556.9	469.7	87.2	18.6%	8.0	-	79.2
	Decorative paints (Including heavy duty)	1,808.9	1,755.7	53.2	3.0%	34.1	-	19.1
	Industrial coatings	※ 215.7	248.1	-32.4	-13.1%	4.3	-	-36.7
	Others (Marine & Auto refinishes, etc)	107.1	96.2	10.8	11.2%	2.0	-	8.8
	Fine chemicals	51.0	43.6	7.4	17.0%	1.1	-	6.3
Americas	Automotive coatings	206.0	209.3	-3.3	-1.6%	-4.6	-	1.3
	Decorative paints	336.8	268.7	68.2	25.4%	-5.5	64.7	8.9
	Fine chemicals	22.8	23.4	-0.7	-2.9%	-0.5	-	-0.2
Others (Mainly Europe)	Automotive coatings	95.4	93.7	1.7	1.9%	-1.2	-	2.9
	Fine chemicals	5.5	6.2	-0.7	-11.2%	0.2	-	-0.8
Total		4,710.8	4,527.7	183.1	4.0%	38.0	64.7	80.3

※ From 1Q 2018, consolidating a part of Industrial coatings business into Automotive coatings business

B/S

<Assets>

	(100 million Yen)	
	As of 30, Sep, 2018	As of 31, Dec, 2017
Current assets	4,136.8	4,019.0
Property, plant and equipment	1,458.1	1,428.8
Intangible assets	2,991.0	3,132.2
Investment and Other assets	591.8	625.9
Total assets	9,177.7	9,205.9

<Liability and net assets>

	(100 million Yen)	
	As of 30, Sep, 2018	As of 31, Dec, 2017
Current liabilities	2,082.4	1,992.1
Non-current liabilities	775.0	919.7
Total liabilities	2,857.4	2,911.8
Shareholder's equity	5,334.1	5,210.4
Accumulated other comprehensive income	-250.3	-167.0
Subscription rights to shares	1.8	1.4
Non-controlling interests	1,234.7	1,249.3
Total net assets	6,320.3	6,294.1
Total liabilities and net assets	9,177.7	9,205.9

Capital expenditures, Depreciation, R&D expenses, and Debts

(100 million Yen)

		Nine Months Ended Sep. 30	
		2018	2017
Capital expenditures	Property, plant and equipment	153.1	160.6
	Intangible assets	20.2	18.3
	Total	173.3	178.9
Depreciation	Property, plant and equipment	83.6	77.8
	Intangible assets	56.5	53.3
	Total	140.1	131.1
Amortization of goodwill		89.9	85.9
R&D expenses		119.0	108.4

(100 million Yen)

	As of 30, June, 2018	As of 31, Dec, 2017
Short-term loans payable	171.7	182.7
Current portion of long-term loans payable	102.6	70.8
Long-term loans payable	219.0	317.4
Total debts	493.3	570.9

Key indicators

	As of 30, Sep, 2018	As of 31, Dec, 2017
Capital equity ratio (%)	55.4%	54.8%
Net assets (100 milion yen)	6,320.3	6,294.1
Total assets (100 million yen)	9,177.7	9,205.9
Net assets per share (yen)	1,585.2	1,572.6
Earnings per share [※] (yen)	110.7	105.5

※ (Net income + Amortization of goodwill) ÷ Average number of shares during the period
Covering period : Jan. – Sep.

Foreign exchange rates and market conditions

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

	Nine Months Ended Sep. 30	
	2018	2017
JPY/USD	109.6	111.8
JPY/RMB	16.8	16.5

<Paint shipment>

(10,000t)

	Nine Months Ended Sep. 30	
	2018	2017
Japan ^{※1}	113	117
China ^{※2}	1,288	1,494

※1 Source : Japan paint manufacturers association

Period : Jan. - Aug.

※2 Source : National bureau of statistics of China

<Automobile production^{※3}>

(10,000 unit)

	Nine Months Ended Sep. 30	
	2018	2017
Japan	680	685
China	2,045	2,035
North America total	1,305	1,311
USA	854	853
Canada	155	172
Mexico	296	287
Thailand	160	148

※3 Source Japan : Various publicity materials by automakers

Source China, North America : JAMA

Source Thailand : Federation of Thai industries

< Exchange rate for B/S >

	As of 30, Sep, 2018	As of 31, Dec, 2017
	JPY/USD	113.6
JPY/RMB	16.5	17.3

< Others (Japan market) >

(10,000 unit)

	Nine Months Ended Sep. 30	
	2018	2017
Housing starts ^{※4}	70	72
Construction machinery productions ^{※5}	26	25
Machine tool production ^{※6}	6.0	5.7

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

※5 Source : Japan construction equipment manufacturers association

Period : Jan. - Aug.

※6 Source : Japan machine tool builders' association

Period : Jan. - Aug.

< Naphtha price >

(JPY/KL)

	Nine Months Ended Sep. 30	
	2018	2017
Japan produced naphtha price	50,000	39,100

Revised full year forecast

Revised down the previous forecast of full-year net sales and operating profit

- ✓ **Net sales** : Impact of the slowdown in China's housing market compared to the previous plan despite the increase in sales on a year-on-year basis.
- ✓ **Operating profit** : Impact of lower net sales and higher raw material prices globally.
- ✓ **Net income** : Impact of decrease in operating profit.

< P/L > (100 million Yen)

	Full year forecast		2017	GAP vs2017		GAP vs Previous Plan	
	Revised	Previous		Amount	%	Amount	%
Net sales	6,150	6,500	6,053	97	1.6%	-350	-5.4%
Operating profit	630	780	750	-120	-16.0%	-150	-19.2%
Operating profit margin	10.2%	12.0%	12.4%	-	-	-	-
Ordinary income	690	820	768	-78	-10.2%	-130	-15.9%
Net income	310	355	371	-61	-16.5%	-45	-12.7%

Revised plan by region & business segment

< Net sales & Operating profit by region >

		(100 million Yen)			
		Full year forecast		GAP	
		Revised	Previous	Amount	%
Japan	Net sales	1,745	1,775	-30	-1.7%
	Operating profit**	265	294	-29	-9.9%
Asia	Net sales	3,533	3,800	-267	-7.0%
	Operating profit	343	458	-115	-25.1%
Americas	Net sales	742	780	-38	-4.9%
	Operating profit	33	62	-29	-46.8%
Others (Mainly Europe)	Net sales	130	145	-15	-10.3%
	Operating profit	-4	4	-8	-
Total	Net sales	6,150	6,500	-350	-5.4%
	Operating profit	630	780	-150	-19.2%

※ Excluding dividends from overseas group companies

< Net sales by business segment >

		(100 million Yen)			
		Full year forecast		GAP	
		Revised	Previous	Amount	%
Automotive coatings		1,589	1,553	36	2.3%
Decorative paints (Including heavy duty)		3,142	3,465	-323	-9.3%
Industrial coatings		682	716	-34	-4.7%
Others (Marine & Auto refinishes, etc)		543	566	-23	-4.1%
Coatings total		5,956	6,300	-344	-5.5%
Fine chemicals		194	200	-6	-3.0%
Total		6,150	6,500	-350	-5.4%

IR schedule

Date & time		Contents	Place
From Jan. 23, 2019	-	Silent period starts	-
Feb. 13, 2019	15:30 (tentative)	FY18 Financial result announcement	-
	18:00 (tentative)	FY18 Financial result telephone conference	-
Mar. 8, 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.