

# FY2018 Financial Result <Supplement>

February 13, 2019

**NIPPON PAINT HOLDINGS GROUP**

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

# Summary

## Higher net sales but lower net income

- ✓ **Net sales:** Steady expansion of existing business in Asia  
and the acquisition of DUNN-EDWARDS CORPORATION.
- ✓ **Operating profit:** Impact of globally rising raw material prices.
- ✓ **Net income:** Temporary impact of changes in the U.S. tax system in last year  
although gain on non-operating income and extraordinary income.

( 100 million Yen )

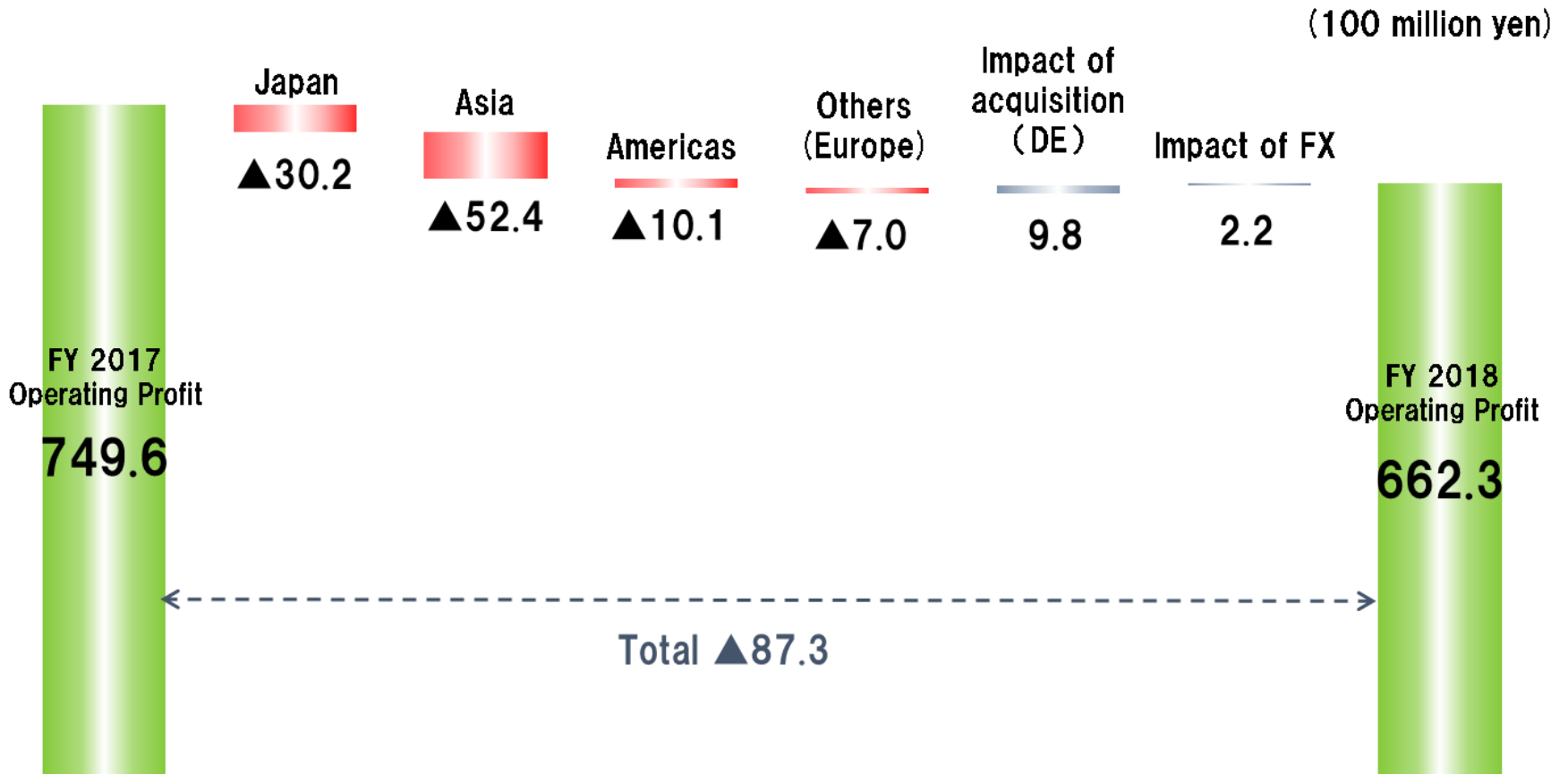
	Twelve Months Ended Dec. 31		GAP		Gap Breakdown		
	2018	2017	Amount	%	Impact of FX	Impact of acquisition	Actual GAP
Net sales	6,229.9	6,052.5	177.4	2.9%	3.3	65.2	108.8
Operating profit	662.3	749.6	-87.3	-11.6%	2.2	9.8	-99.2
Operating profit margin	10.6%	12.4%	-	-			
Ordinary income	※2 723.0	768.2	-45.2	-5.9%			
Net income ※1	※3 342.0	371.2	-29.2	-7.9%			

※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 by business segment

(100 million Yen)

	Twelve Months Ended Dec. 31		GAP		Gap Breakdown		
	2018	2017	Amount	%	Impact of FX	Impact of acquisition	Actual GAP
Automotive coatings	※ 1,596.1	1,484.4	111.7	7.5%	-4.9	-	116.6
Decorative paints (Including heavy duty)	3,182.6	3,088.5	94.2	3.0%	3.8	65.2	25.2
Industrial coatings	※ 688.7	730.5	-41.8	-5.7%	2.8	-	-44.6
Others ( Marine & Auto refinishes, etc)	568.5	560.4	8.1	1.4%	1.4	-	6.7
Coatings total	6,036.0	5,863.7	172.2	2.9%	3.1	65.2	103.9
Fine chemicals	193.9	188.8	5.1	2.7%	0.2	-	4.9
<b>Total</b>	<b>6,229.9</b>	<b>6,052.5</b>	<b>177.4</b>	<b>2.9%</b>	<b>3.3</b>	<b>65.2</b>	<b>108.8</b>

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

# Net sales & Operating profit by region

( 100 million Yen )

		Twelve Months Ended Dec. 31		GAP		Gap Breakdown		
		2018	2017	Amount	%	Impact of FX	Impact of acquisition	Actual GAP
Japan	Net sales	1,781.3	1,759.1	22.3	1.3%	-	-	22.3
	Operating profit ※	276.1	306.3	-30.2	-9.9%	-	-	-30.2
Asia	Net sales	3,557.5	3,470.3	87.1	2.5%	18.8	-	68.4
	Operating profit	360.7	408.3	-47.6	-11.7%	4.8	-	-52.4
Americas	Net sales	752.1	682.3	69.8	10.2%	-11.2	65.2	15.8
	Operating profit	30.8	31.7	-0.9	-2.8%	-0.5	9.8	-10.1
Others (Mainly Europe)	Net sales	139.0	140.8	-1.8	-1.3%	-4.2	-	2.4
	Operating profit	-6.8	2.5	-9.3	-	-2.2	-	-7.0
Total	Net sales	6,229.9	6,052.5	177.4	2.9%	3.3	65.2	108.8
	Operating profit	662.3	749.6	-87.3	-11.6%	2.2	9.8	-99.2

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

# Net sales by region & business segment

( 100 million Yen )

		Twelve Months Ended Dec. 31		GAP		Impact of FX	Gap Breakdown	
		2018	2017	Amount	%		Impact of acquisition	Actual GAP
Japan	Automotive coatings	452.6	434.3	18.4	4.2%	-	-	18.4
	Decorative paints (Including heavy duty)	425.8	415.2	10.6	2.5%	-	-	10.6
	Industrial coatings	407.2	397.0	10.2	2.6%	-	-	10.2
	Others ( Marine & Auto refinishes, etc)	406.6	422.3	-15.6	-3.7%	-	-	-15.6
	Fine chemicals	89.1	90.3	-1.2	-1.3%	-	-	-1.2
Asia	Automotive coatings	※ 741.9	646.8	95.1	14.7%	4.4	-	90.7
	Decorative paints (Including heavy duty)	2,310.6	2,299.2	11.4	0.5%	9.6	-	1.8
	Industrial coatings	※ 278.9	328.4	-49.5	-15.1%	2.8	-	-52.3
	Others ( Marine & Auto refinishes, etc)	159.9	136.2	23.7	17.4%	1.4	-	22.3
	Fine chemicals	66.3	59.8	6.5	10.9%	0.6	-	5.9
Americas	Automotive coatings	273.1	275.8	-2.7	-1.0%	-4.9	-	2.2
	Decorative paints	446.3	374.1	72.2	19.3%	-5.8	65.2	12.8
	Fine chemicals	31.0	31.1	-0.1	-0.3%	-0.5	-	0.4
Others (Mainly Europe)	Automotive coatings	128.5	127.5	1.0	0.8%	-4.3	-	5.3
	Fine chemicals	7.6	7.7	-0.1	-1.2%	0.1	-	-0.2
Total		6,229.9	6,052.5	177.4	2.9%	3.3	65.2	108.8

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

# B/S

## < B/S >

### <Assets>

(100 million Yen)

	As of 31, Dec, 2018	As of 31, Dec, 2017
Current assets	4,482.6	4,019.0
Property, plant and equipment	1,442.0	1,428.8
Intangible assets	2,881.9	3,132.2
Investment and Other assets	553.8	625.9
<b>Total assets</b>	<b>9,360.3</b>	<b>9,205.9</b>

### <Liability and net assets>

(100 million Yen)

	As of 31, Dec, 2018	As of 31, Dec, 2017
Current liabilities	2,137.2	1,992.1
Non-current liabilities	935.5	919.7
<b>Total liabilities</b>	<b>3,072.6</b>	<b>2,911.8</b>
Shareholders' equity	5,411.2	5,210.4
Accumulated other comprehensive income	-388.0	-167.0
Subscription rights to shares	1.6	1.4
Non-controlling interests	1,262.9	1,249.3
<b>Total net assets</b>	<b>6,287.7</b>	<b>6,294.1</b>
<b>Total liabilities and net assets</b>	<b>9,360.3</b>	<b>9,205.9</b>

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

( 100 million Yen )

		Twelve Months Ended Dec. 31	
		2018	2017
Capital expenditures	Property, plant and equipment	197.8	211.5
	Intangible assets	26.4	36.6
	Total	224.2	248.1
Depreciation	Property, plant and equipment	111.4	105.1
	Intangible assets	73.4	73.2
	Total	184.8	178.3
Amortization of goodwill		120.6	116.2
R&D expenses		170.0	148.1

( 100 million Yen )

	As of 31, Dec, 2018	As of 31, Dec, 2017
Short-term loans payable	412.9	182.7
Current portion of long-term loans payable	101.7	70.8
Long-term loans payable	378.3	317.4
Total debts	892.9	570.9



# Key indicators

	As of 31, Dec, 2018	As of 31, Dec, 2017
Capital equity ratio ( % )	53.7%	54.8%
Net assets (100 milion yen)	6,287.7	6,294.1
Total assets (100 million yen)	9,360.3	9,205.9
Net assets per share (yen)	1,566.3	1,572.6
Earnings per share <sup>※</sup> (yen)	144.2	152.0

※ (Net income + Amortization of goodwill) ÷ Average

# Foreign exchange rates and market conditions

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

	Twelve Months Ended Dec. 31	
	2018	2017
JPY/USD	110.3	112.0
JPY/RMB	16.6	16.6

## < Exchange rate for B/S >

	As of 31, Dec, 2018	As of 31, Dec, 2017
	JPY/USD	111.0
JPY/RMB	16.2	17.3

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

	Twelve Months Ended Dec. 31	
	2018	2017
Japan <sup>※1</sup>	164	164
China <sup>※2</sup>	1,747	1,929

※1 Source : Japan paint manufacturers association  
Period : Jan. - Nov.

※2 Source : National bureau of statistics of China

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

	Twelve Months Ended Dec. 31	
	2018	2017
Japan	924	920
China	2,781	2,902
North America total	1,131	1,119
USA	391	393
Canada	202	220
Mexico	1,723	1,732
Thailand	217	199

※3 Source Japan : Various publicity materials by automakers  
Source China, North America : JAMA  
Source Thailand : Federation of Thai industries

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

	Twelve Months Ended Dec. 31	
	2018	2017
Housing starts <sup>※4</sup>	94	97
Construction machinery productions <sup>※5</sup>	37	35
Machine tool production <sup>※6</sup>	7.9	8.0

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

※5 Source : Japan construction equipment manufacturers association  
Period : Jan. - Nov.

※6 Source : Japan machine tool builders' association  
Period : Jan. - Nov.

## < Naphtha price > (JPY/KL)

	Twelve Months Ended Dec. 31	
	2018	2017
Japan produced naphtha price	51,100	40,400

# 2019 Full-year forecast: P/L

**Aiming for "Higher net sales and net income" .**

- ✓ 2019 Full-year forecast is based on IFRS.
- ✓ Keep focused on increasing net sales and net income in real terms through steady market expansion although a tough external environment is expected to continue across all regions.
- ✓ Significant differences is due to the cessation of amortization of goodwill. [2018: 12 billion yen]

<PL> (100 million yen)

	2019 ( IFRS Plan )		
	1H	2H	Total
Net sales	3,100	3,300	6,400
Operating profit	395	375	770
Ordinary income	400	380	780
Net income ※	200	190	390

※ Net income attributable to owners of the parent

# 2019 Full-year forecast: Net sales & operating profit by region

<By region>

(100 million yen)

		2019 ( IFRS Plan )		
		1H	2H	Total
Japan	Net sales	895	947	1,842
	Operating profit ※	148	126	274
Asia	Net sales	1,752	1,903	3,655
	Operating profit	237	238	475
Americas	Net sales	383	386	769
	Operating profit	30	28	58
Others (Mainly Europe)	Net sales	70	64	134
	Operating profit	-2	-2	-4
Total	Net sales	3,100	3,300	6,400
	Operating profit	395	375	770

※ Excluding dividends from overseas group companies

# 2019 Full-year forecast: Net sales by business segment

<By business segment> (100 million yen)

	2019 ( IFRS Plan )		
	1H	2H	Total
Automotive coatings	803	796	1,599
Decorative paints (Including heavy duty)	1,587	1,677	3,264
Industrial coatings	350	417	767
Others (Marine & Auto refinishes, etc)	259	306	565
Coatings total	2,999	3,196	6,195
Fine Chemicals	101	104	205
<b>Total</b>	<b>3,100</b>	<b>3,300</b>	<b>6,400</b>

# 2019 Full-year forecast: Other indicators

## <Capital expenditures, etc.>

(100 million yen)

	2019 (Plan)	2018
Capital expenditures	300	224.2
Depreciation	210	184.8
R&D Expenses	170	170.0

## <Exchange rate/Naphtha price>

		2019 (Plan)	2018
Exchange rate (Average rate)	USD	108.0	110.3
	RMB	15.5	16.6
Japan produced naphtha price (JPY)		53,000	51,100

## <Cash dividends/Dividend payout ratio>

	2019 (Plan)			2018		
	Interim	Year-end	Total	Interim	Year-end	Total
Annual cash dividends (JPY/share)	22	23	45	22	23	45
Dividend payout ratio (%)	37			42.2		

# Memo

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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.