

# **FY 2018**

# **Voluntary Adoption of IFRS**

**March 8, 2019**

**NIPPON PAINT HOLDINGS GROUP**

The figures based on IFRS are not yet audited and are for reference.  
Round off to the first decimal place (the same shall apply hereafter).

## **| Purpose of adopting IFRS**

**Nippon Paint Holdings will adopt IFRS to its consolidated financial statements in lieu of the current J-GAAP from the “Annual Securities Report for the 193rd term (fiscal year ended December 31, 2018)” that will be submitted on March 28, 2019. The report discloses according to IFRS.**

### **【Purposes of adopting IFRS】**

- ✓ To provide more beneficial information to all stakeholders including our investors by improving the comparability of financial information.**
- ✓ To further promote efficient global management through sufficient evaluation and management of domestic & overseas group companies by unifying accounting policies with IFRS.**
- ✓ To realize smooth consolidation of newly acquired companies and to improve efficiency of growth strategies such as M&A by adopting IFRS, global standards.**

## Today's key points

### 【Impact of adopting IFRS】

- ✓ Cessation of amortization of goodwill  
(Impact on operating profit: About 12 billion yen/year)
- ✓ Expand scope of consolidation in Japan: consolidate 5 new companies  
(Impact on net sales: About 5 billion yen/year)
- ✓ Reclassification of operating profit  
Part of Non-operating profit/loss & Extraordinary profit/loss ※ in J-GAAP will be included in "Operating profit" in IFRS

※ Excluding Interest, Securities investments gain, Foreign exchange loss/gain, Equity in earnings of affiliates.

### 【2019 Full-year forecast】

- ✓ Taking in to account of temporary factors and FX impacts, our target is "increase in net sales & operating profit".

# P/L (Impact of adopting IFRS)

(100 million yen)

FY2018 J-GAAP		Impact of adopting IFRS	FY2018 IFRS
Net sales	6,230	47	6,277
Operating profit	662	203	865
Ordinary profit	723		
Profit before tax	772		891
Net income	342		454

※ Net income attributable to owners of the parent company

## Net sales :

- Expand scope of consolidation in Japan : consolidate 5 new companies

## Operating Profit :

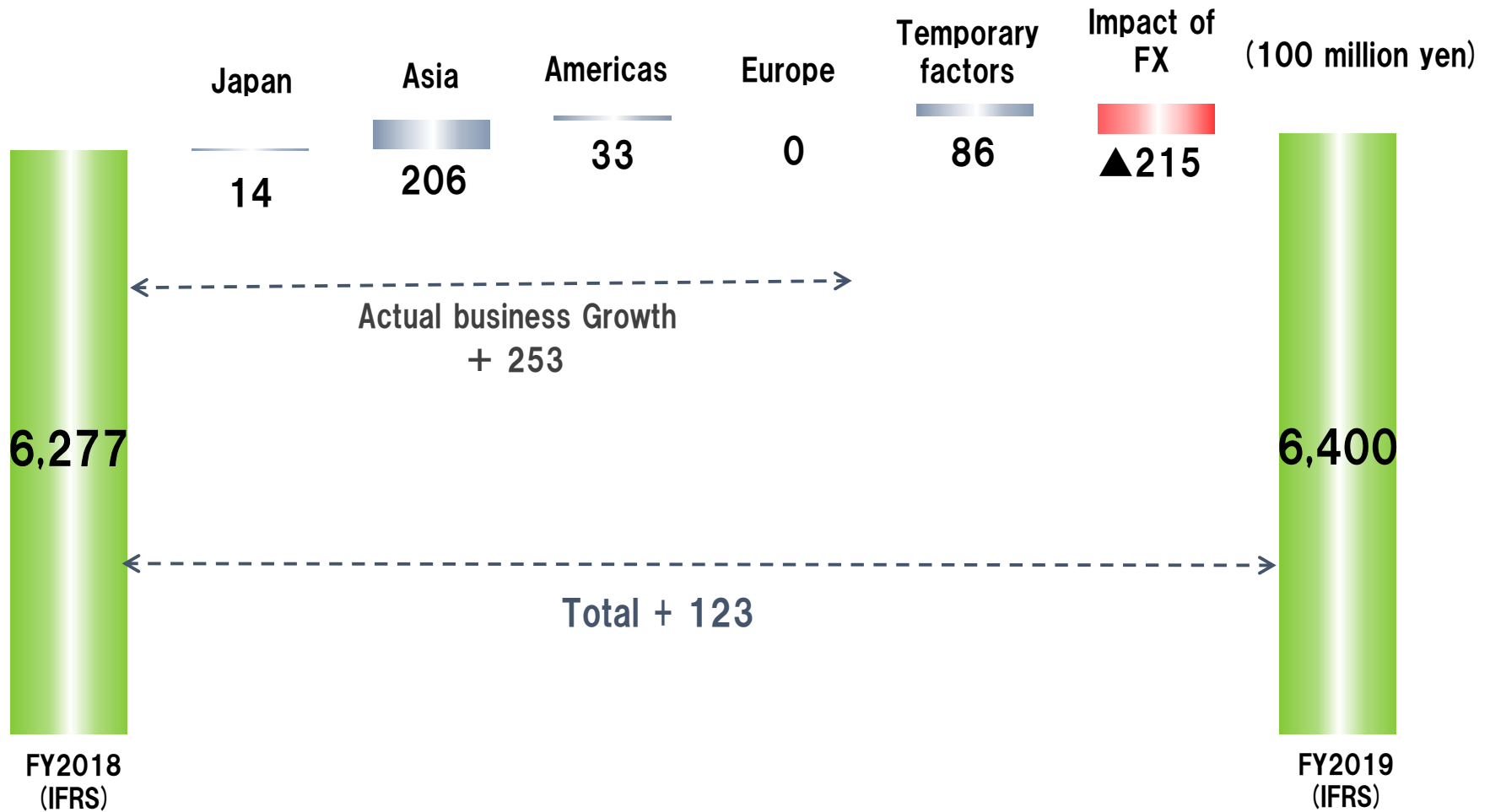
- Cessation of amortization of goodwill : 12 billion yen
- Part of Non-operating profit & Extraordinary profit : 8.5 billion yen
- Other differences in accounting standards : ▲ 0.3 billion yen

# P/L (2018 vs 2019 on IFRS)

(100 million yen)

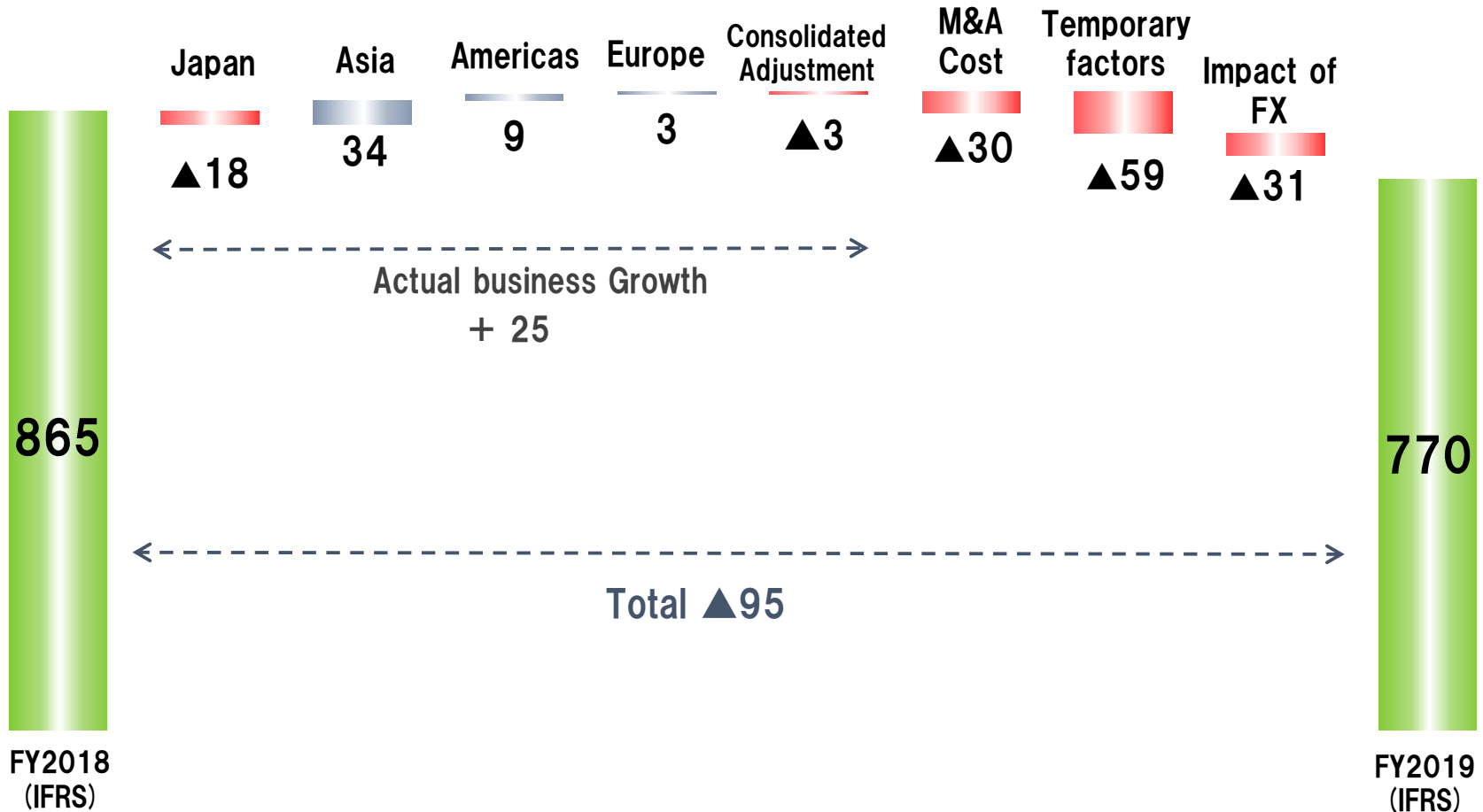
	FY2018 IFRS	Increase/Decrease			FY2019 Plan IFRS
		Impact of FX	Temporary factors	Actual difference	
Net sales	6,277	▲ 215	86	253	6,400
Operating profit	865	▲ 31	▲ 90	25	770
Profit before tax	891				780
Net income	454				390

# Net sales increase/decrease analysis



# Operating profit increase/decrease analysis

(100 million yen)



**<Assets> (100 million yen)**

As of Dec 31, 2018 J-GAAP		Impact of adopting IFRS	As of Dec 31, 2018 IFRS	
Current assets	4,483		-40	Current assets
Non-current assets	4,878	220	Non-current assets	5,098
Total assets	9,360	180	Total assets	9,540

**<Liability and net assets> (100 million yen)**

As of Dec 31, 2018 J-GAAP		Impact of adopting IFRS	As of Dec 31, 2018 IFRS	
Current liabilities	2,137		21	Current liabilities
Non-current liabilities	935	-30	Non-current liabilities	906
Total liabilities	3,073	-9	Total liabilities	3,064
Total net assets	6,288	189	Total net assets	6,476
Total liabilities and net assets	9,360	180	Total liabilities and net assets	9,540



# Net sales & Operating profit by region

(100 million yen)

		FY2018			FY2019 Plan			FY 2018 vs FY 2019 Plan		
		IFRS			IFRS			GAP		
		1H	2H	Total	1H	2H	Total	Impact of FX	Temporary factors	Difference
Japan	Net sales	889	939	1,828	895	947	1,842	—	—	14
	Operating profit	160	136	296	148	126	274	—	▲ 4	▲ 18
Asia	Net sales	1,793	1,764	3,557	1,752	1,903	3,655	▲ 194	86	206
	Operating profit	256	268	524	237	238	475	▲ 28	▲ 55	34
Americas	Net sales	377	375	752	383	386	769	▲ 16	—	33
	Operating profit	29	20	50	30	28	58	▲ 1	—	9
Europe	Net sales	73	66	139	70	64	134	▲ 5	—	0
	Operating profit	2	-7	-5	-2	-2	-4	▲ 1	—	3
Total	Net sales	3,132	3,145	6,277	3,100	3,300	6,400	▲ 215	86	253
	Operating profit	449	417	865	395	375	※ 770	▲ 31	▲ 90	25

※ OP of FY2019 dose not consist with total OP, due to consolidated adjustment 3.3 billion yen, including M&A related cost of 3 billion yen.

# Net sales by region & business segment

(100 million yen)

		FY2018 IFRS			FY2019 Plan IFRS			FY 2018 vs FY 2019 Plan Increase/Decrease		
		1H	2H	Total	1H	2H	Total	Impact of FX	Temporary factors	Actual difference
Japan	Automotive coatings	226	227	453	225	214	439	—	—	▲ 14
	Decorative paints (Including heavy duty)	226	242	468	238	254	492	—	—	24
	Industrial coatings	195	211	406	202	214	416	—	—	10
	Others (Marine & Auto refinishes, etc)	198	214	412	183	218	401	—	—	▲ 11
	Fine chemicals	44	45	89	47	47	94	—	—	5
	<b>Total</b>	<b>889</b>	<b>939</b>	<b>1,828</b>	<b>895</b>	<b>947</b>	<b>1,842</b>	<b>—</b>	<b>—</b>	<b>14</b>
Asia	Automotive coatings	381	361	742	374	388	762	▲ 40	—	60
	Decorative paints (Including heavy duty)	1,169	1,142	2,311	1,122	1,188	2,310	▲ 128	—	128
	Industrial coatings	140	139	279	146	202	348	▲ 19	77	10
	Others (Marine & Auto refinishes, etc)	69	90	160	75	87	162	▲ 6	8	0
	Fine chemicals	34	32	66	35	38	73	▲ 1	—	7
	<b>Total</b>	<b>1,793</b>	<b>1,764</b>	<b>3,557</b>	<b>1,752</b>	<b>1,903</b>	<b>3,655</b>	<b>▲ 194</b>	<b>86</b>	<b>206</b>
Americas	Automotive coatings	141	132	273	139	135	274	▲ 6	—	6
	Decorative paints	220	226	446	227	235	462	▲ 10	—	26
	Industrial coatings			0			0		—	
	Others (Marine & Auto refinishes, etc)	1	1	2	1	1	2	▲ 0	—	0
	Fine chemicals	15	16	31	16	15	31	▲ 1	—	1
	<b>Total</b>	<b>377</b>	<b>375</b>	<b>752</b>	<b>383</b>	<b>386</b>	<b>769</b>	<b>▲ 16</b>	<b>—</b>	<b>33</b>
Europe	Automotive coatings	68	61	128	65	59	124	▲ 5	—	1
	Industrial coatings	2	1	3	2	1	3	—	—	0
	Fine chemicals	4	4	8	3	4	7	▲ 0	—	▲ 1
	<b>Total</b>	<b>73</b>	<b>66</b>	<b>139</b>	<b>70</b>	<b>64</b>	<b>134</b>	<b>▲ 5</b>	<b>—</b>	<b>0</b>
Total	Automotive coatings	816	780	1,596	803	796	1,599	▲ 51	—	54
	Decorative paints (Including heavy duty)	1,615	1,610	3,225	1,587	1,677	3,264	▲ 138	—	177
	Industrial coatings	337	351	688	350	417	767	▲ 19	77	21
	Others (Marine & Auto refinishes, etc)	268	306	574	259	306	565	▲ 6	8	▲ 11
	Fine chemicals	97	97	194	101	104	205	▲ 2	—	13
	<b>Total</b>	<b>3,132</b>	<b>3,145</b>	<b>6,277</b>	<b>3,100</b>	<b>3,300</b>	<b>6,400</b>	<b>▲ 215</b>	<b>86</b>	<b>253</b>

# Reference : P/L

(100 million yen)

FY2018 J-GAAP		Impact of adopting IFRS	FY2018 IFRS	Increase/Decrease			FY2019 Plan IFRS
				Impact of FX	Temporary factors	Actual difference	
Net sales	6,230	47	6,277	▲ 215	86	253	6,400
Operating profit	662	203	865	▲ 31	▲ 90	25	770
Ordinary profit	723						
Profit before tax	772		891				780
Net income	342		454				390

<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

# Reference : Net sales & Operating profit by region

(100 million yen)

		FY2018			FY2018			FY2019 Plan		
		J-GAAP			IFRS			IFRS		
		1H	2H	Total	1H	2H	Total	1H	2H	Total
Japan	Net sales	867	915	1,781	889	939	1,828	895	947	1,842
	Operating profit	141	135	276	160	136	296	148	126	274
Asia	Net sales	1,793	1,764	3,557	1,793	1,764	3,557	1,752	1,903	3,655
	Operating profit	183	177	361	256	268	524	237	238	475
Americas	Net sales	377	375	752	377	375	752	383	386	769
	Operating profit	21	10	31	29	20	50	30	28	58
Europe	Net sales	73	66	139	73	66	139	70	64	134
	Operating profit	0	-7	-7	2	-7	-5	-2	-2	-4
Total	Net sales	3,110	3,120	6,230	3,132	3,145	6,277	3,100	3,300	6,400
	Operating profit	346	316	662	449	417	865	395	375	770

# Reference : Net sales by region & business segment

(100 million yen)

		FY2018 J-GAAP			FY2018 IFRS			FY2019 Plan IFRS		
		1H	2H	Total	1H	2H	Total	1H	2H	Total
Japan	Automotive coatings	226	227	453	226	227	453	225	214	439
	Decorative paints (Including heavy duty)	206	220	426	226	242	468	238	254	492
	Industrial coatings	195	212	407	195	211	406	202	214	416
	Others (Marine & Auto refinishes, etc)	195	212	407	198	214	412	183	218	401
	Fine chemicals	44	45	89	44	45	89	47	47	94
	Total	867	915	1,781	889	939	1,828	895	947	1,842
Asia	Automotive coatings	381	361	742	381	361	742	374	388	762
	Decorative paints (Including heavy duty)	1,169	1,142	2,311	1,169	1,142	2,311	1,122	1,188	2,310
	Industrial coatings	140	139	279	140	139	279	146	202	348
	Others (Marine & Auto refinishes, etc)	69	90	160	69	90	160	75	87	162
	Fine chemicals	34	32	66	34	32	66	35	38	73
	Total	1,793	1,764	3,557	1,793	1,764	3,557	1,752	1,903	3,655
Americas	Automotive coatings	141	132	273	141	132	273	139	135	274
	Decorative paints	220	226	446	220	226	446	227	235	462
	Industrial coatings	0	0				0			0
	Others (Marine & Auto refinishes, etc)	1	1	2	1	1	2	1	1	2
	Fine chemicals	15	16	31	15	16	31	16	15	31
	Total	377	375	752	377	375	752	383	386	769
Europe	Automotive coatings	68	61	128	68	61	128	65	59	124
	Industrial coatings	2	1	3	2	1	3	2	1	3
	Fine chemicals	4	4	8	4	4	8	3	4	7
	Total	73	66	139	73	66	139	70	64	134
Total	Automotive coatings	816	780	1,596	816	780	1,596	803	796	1,599
	Decorative paints (Including heavy duty)	1,595	1,588	3,183	1,615	1,610	3,225	1,587	1,677	3,264
	Industrial coatings	337	351	689	337	351	688	350	417	767
	Others (Marine & Auto refinishes, etc)	265	303	569	268	306	574	259	306	565
	Fine chemicals	97	97	194	97	97	194	101	104	205
	Total	3,110	3,120	6,230	3,132	3,145	6,277	3,100	3,300	6,400



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