

# Consolidated Financial Results for the Six Months Ended June 30, 2020 [IFRS]



August 14, 2020

Company name: NIPPON PAINT HOLDINGS CO., LTD.

Stock exchange listing: Tokyo Stock Exchange

Code number: 4612

URL: <https://www.nipponpaint-holdings.com/>

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Scheduled date of filing the quarterly securities report: August 14, 2020

Scheduled date of commencing dividend payments: September 9, 2020

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

(Amounts of less than one million yen are rounded down)

## 1. Consolidated Financial Results for the Six Months Ended June 30, 2020 (January 1, 2020 to June 30, 2020)

### (1) Consolidated Operating Results

(% indicates changes from the previous corresponding period)

	Revenue		Operating profit		Profit before tax		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended								
June 30, 2020	345,440	10.6	34,669	(17.3)	33,991	(19.8)	26,310	(14.4)
June 30, 2019	312,424	(0.3)	41,945	(6.5)	42,409	(7.2)	30,744	(8.5)

	Profit attributable to owners of parent		Comprehensive income	
	Million yen	%	Million yen	%
Six months ended				
June 30, 2020	16,890	(19.3)	(9,847)	—
June 30, 2019	20,939	(12.1)	(3,628)	—

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended				
June 30, 2020		52.65		52.63
June 30, 2019		65.29		65.27

### (2) Consolidated Financial Position

	Total assets		Total equity		Equity attributable to owners of parent		Equity attributable to owners of parent to total assets	
	Million yen		Million yen		Million yen		%	
As of June 30, 2020		1,466,471		668,541		531,292		36.2
As of December 31, 2019		1,478,646		687,979		552,922		37.4

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended December 31, 2019	Yen —	Yen 22.00	Yen —	Yen 23.00	Yen 45.00
Fiscal year ending December 31, 2020	—	22.00			
Fiscal year ending December 31, 2020 (Forecast)			—	23.00	45.00

Note: Revision to the dividends forecast announced most recently: Yes

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2020 (January 1, 2020 to December 31, 2020)

(% indicates changes from the previous corresponding period)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	730,000	5.5	66,000	(15.5)	65,000	(18.3)	28,000	(23.7)	87.28

Note: Revision to the financial results forecast announced most recently: Yes

**\* Notes:**

- (1) Changes in significant subsidiaries during the period under review: No  
(Changes in specified subsidiaries resulting in changes in the scope of consolidation)

Newly consolidated	-	Excluded	-
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- (2) Changes in accounting policies and changes in accounting estimates

- 1) Changes in accounting policies required by IFRS: No  
2) Changes in accounting policies other than 1) above: No  
3) Changes in accounting estimates: Yes

- (3) Total number of issued shares (common shares)

- 1) Total number of issued shares at the end of the period (including treasury shares):

June 30, 2020: 325,402,443 shares

December 31, 2019: 325,402,443 shares

- 2) Total number of treasury shares at the end of the period:

June 30, 2020: 4,592,936 shares

December 31, 2019: 4,635,484 shares

- 3) Average number of shares during the period:

Six months ended June 30, 2020: 320,787,568 shares

Six months ended June 30, 2019: 320,717,506 shares

\*These consolidated financial results are outside the scope of audit by Certified Public Accountants or auditing corporations.

\*Explanation of the proper use of financial results forecast and other notes

(Caution concerning forward-looking statements)

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and contain risks and uncertainties. Actual results, etc. may differ greatly from the forecast figures depending on various factors.

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## 1. Qualitative Information on Quarterly Financial Results for the Period under Review

### (1) Explanation of Operating Results

During the six months ended June 30, 2020, consolidated revenue of the Company and its group companies (collectively, the “Group”) increased by 10.6% from the corresponding period of the previous year (the “previous year”) to ¥345,440 million, due to the conversion of Australian Paint Manufacturer DuluxGroup Limited and Turkish Paint Manufacturer Betek Boya ve Kimya Sanayi Anonim Sirketi into subsidiaries. Consolidated operating profit decreased by 17.3% from the previous year to ¥34,669 million due to the absence of insurance income recorded for the Japan segment in the previous year and the impact of COVID-19 pandemic (the “COVID impact”) on all Group businesses. Consolidated profit before tax decreased by 19.8% from the previous year to ¥33,991 million, and profit attributable to owners of the parent company decreased by 19.3% from the previous year to ¥16,890 million.

Results by business segment are as follows.

#### **Japan**

In this region, revenue for automotive coatings was lower than the previous year due to a lower number of automobiles manufactured than the previous year. As for industrial coatings, revenue was lower than the previous year due to factors such as fewer new housing starts compared to the previous year and delays in recovery from production cuts following the natural disasters that occurred in the previous fiscal year, and continuously reduced production due to the COVID impact. As for decorative paints, revenue was lower than the previous year due to the COVID impact.

As a result, consolidated revenue for the Japan segment decreased by 15.9% from the previous year to ¥75,772 million. Consolidated operating profit decreased by 80.5% from the previous year to ¥5,337 million. Consolidated operating profit includes ¥2,394 million of dividend income from overseas group companies (¥13,409 million in the previous year). All of this dividend income is eliminated as an internal transaction under “intersegment eliminations and adjustments.”

#### **Asia**

In this region, revenue for automotive coatings was lower than the previous year reflecting sluggish market due to factors including a decrease in the number of automobiles manufactured in China and Thailand from the previous year. As for decorative paints, the mainstay business in Asia, revenue was lower than the previous year due to the deterioration of market conditions in Asian nations including China, Malaysia, and Singapore, as a result of the COVID impact.

As a result, consolidated revenue decreased by 15.3% from the previous year to ¥150,471 million. Consolidated operating profit decreased by 17.1% from the previous year to ¥21,298 million.

#### **Oceania**

In this region, the profit and/or loss of DuluxGroup Limited since September 2019 has been reflected in the Group’s consolidated financial results. As for decorative paints, performance was strong as demand for home renovation occurred following the imposition of outing restrictions, which was part of the COVID-19 containment measures. On the other hand, performance in industrial coatings was sluggish due to the weak new housing market and impact from bushfires in Australia.

As a result, consolidated revenue stood at ¥66,844 million, and consolidated operating profit was ¥8,307 million.

#### **Americas**

In this region, revenue for automotive coatings decreased from the previous year reflecting the sluggish production of automobiles in the United States, a core region, due to the COVID impact. Revenue for decorative paints increased from the previous year due to a brisk demand for housing accompanied by favorable weather.

As a result, consolidated revenue decreased by 13.4% from the previous year to ¥32,718 million. Consolidated operating profit decreased by 55.9% from the previous year to ¥1,185 million.

#### **Other**

In this segment, the profit and/or loss of Betek Boya ve Kimya Sanayi Anonim Sirketi since July 2019 has been reflected in the Group’s consolidated financial results. Revenue for automotive coatings decreased from the previous year due to a sharp decrease

in the number of automobiles manufactured in this region as a result of the COVID impact. Revenue for decorative paints increased from the previous year due to a brisk market demand.

As a result, consolidated revenue increased by 189.0% from the previous year to ¥19,633 million, and consolidated operating profit stood at ¥921 million (operating loss of ¥430 million for the previous year).

## (2) Explanation of Financial Position

Total assets at the end of the second quarter of the fiscal year under review decreased by ¥12,175 million from the end of the previous fiscal year to ¥1,466,471 million. Current assets increased by ¥16,049 million from the end of the previous fiscal year. This was mainly attributable to an increase in cash and cash equivalents as a result of an increase in liquidity on hand to prepare for the worst in view of the spread of COVID-19 infection. Non-current assets decreased by ¥28,225 million from the end of the previous fiscal year. The decrease was mainly attributable to a decrease in goodwill and other intangible assets due to changes in exchange rates.

Liabilities increased by ¥7,262 million from the end of the previous fiscal year to ¥797,929 million mainly due to factors such as an increase in bonds and borrowings.

Equity decreased by ¥19,437 million from the end of the previous fiscal year to ¥668,541 million. This was mainly attributable to factors such as a decrease in foreign currency translation adjustment.

As a result, equity attributable to owners of the parent company to total assets fell from 37.4% at the end of the previous fiscal year to 36.2%.

## (3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information

In response to the outbreak of COVID-19, the Group is implementing appropriate measures based on the business continuity plan (BCP), with the highest priority placed on the safety of its employees, in accordance with the guidelines established by the governments of various countries and organizations concerned. The Group will fulfill its social responsibility of continuously supplying Nippon Paint products that serve a critical role in supporting the maintenance of social infrastructure and industries.

The COVID impact varies across regions and industries at this time and thus it is difficult to reasonably estimate the global final demand and market conditions due to uncertain factors such as the impact of the second wave of COVID infection and when governments are going to end economic stimulus programs. We have revised our consolidated earnings forecast for the fiscal year ending December 31, 2020 in view of our financial results for the six months ended June 30, 2020 and near-term performance trends. During the six months period ended June 30, 2020, each Group business achieved growth that exceeds our initial assumptions: as for the decorative paints business in the Asia segment, resumption of work at construction sites gained in pace following the lifting of the lockdown in China; as for the decorative paints business in the U.S., earnings grew steadily following the relaxation of COVID-19 related restrictions; and as for the decorative paints business in Other segment, sales promotion measures such as implementing new brand strategy proved effective, combined with the positive impact from a firm demand in Turkey. Accordingly, we have upwardly revised the full-year consolidated earnings forecast.

### Revision of the Consolidated Performance Forecast for the Fiscal Year Ending December 31, 2020

(January 1, 2020 – December 31, 2020)

	Revenue	Operating profit	Profit before tax	Profit attributable to owners of parent	Profit per share
	Million yen	Million yen	Million yen	Million yen	yen
Previously announced forecast (A)	720,000	63,000	60,000	25,000	77.93
Revised forecast (B)	730,000	66,000	65,000	28,000	87.28
Amount of change (B-A)	10,000	3,000	5,000	3,000	
Percentage change (%)	1.4%	4.8%	8.3%	12.0%	

## 2. Condensed Quarterly Consolidated Financial Statements and Primary Notes

### (1) Condensed Quarterly Consolidated Statements of Profit or Loss and Comprehensive Income

#### Condensed Quarterly Consolidated Statement of Profit or Loss

Six Months Ended June 30, 2020

(Million yen)

	For the six months ended June 30, 2019	For the six months ended June 30, 2020
Revenue	312,424	345,440
Cost of sales	(188,837)	(202,886)
<b>Gross profit</b>	123,587	142,554
Selling, general and administrative expenses	(84,479)	(108,610)
Other income	3,716	2,016
Other expenses	(879)	(1,291)
<b>Operating profit</b>	41,945	34,669
Finance income	2,349	2,091
Finance costs	(2,342)	(3,080)
Share of profit of investments accounted for using equity method	456	310
<b>Profit before tax</b>	42,409	33,991
Income taxes	(11,664)	(7,680)
<b>Profit</b>	30,744	26,310
<b>Profit attributable to</b>		
Owners of parent	20,939	16,890
Non-controlling interests	9,805	9,419
<b>Profit</b>	30,744	26,310
<b>Earnings per share</b>		
Basic earnings per share (yen)	65.29	52.65
Diluted earnings per share (yen)	65.27	52.63

Second Quarter Ended June 30, 2020

(Million yen)

	Second quarter ended June 30, 2019	Second quarter ended June 30, 2020
Revenue	165,065	182,524
Cost of sales	(99,376)	(108,016)
<b>Gross profit</b>	65,688	74,508
Selling, general and administrative expenses	(44,471)	(55,836)
Other income	1,127	1,427
Other expenses	(529)	(664)
<b>Operating profit</b>	21,815	19,434
Finance income	1,403	1,127
Finance costs	(1,365)	(485)
Share of profit of investments accounted for using equity method	178	(78)
<b>Profit before tax</b>	22,031	19,997
Income taxes	(6,366)	(3,913)
<b>Profit</b>	15,665	16,084
<b>Profit attributable to</b>		
Owners of parent	10,290	9,420
Non-controlling interests	5,375	6,663
<b>Profit</b>	15,665	16,084
<b>Earnings per share</b>		
Basic earnings per share (yen)	32.08	29.37
Diluted earnings per share (yen)	32.07	29.36



Condensed Quarterly Consolidated Statement of Comprehensive Income  
Six Months Ended June 30

(Million yen)

	For the six months ended June 30, 2019	For the six months ended June 30, 2020
<b>Profit</b>	30,744	26,310
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Financial assets measured at fair value through other comprehensive income	291	(4,347)
Remeasurements of defined benefit plans	(12)	(35)
Total of items that will not be reclassified subsequently to profit or loss	279	(4,382)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(13,966)	(31,180)
Cash flow hedges	(20,311)	16
Share of other comprehensive income of entities accounted for using equity method	(374)	(611)
Total of items that may be reclassified subsequently to profit or loss	(34,651)	(31,775)
<b>Total other comprehensive income</b>	(34,372)	(36,157)
<b>Comprehensive income</b>	(3,628)	(9,847)
<b>Comprehensive income attributable to</b>		
Owners of parent	(10,147)	(14,472)
Non-controlling interests	6,519	4,625
<b>Comprehensive income</b>	(3,628)	(9,847)

Second Quarter Ended June 30

(Million yen)

	Second quarter ended June 30, 2019	Second quarter ended June 30, 2020
<b>Profit</b>	15,665	16,084
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Financial assets measured at fair value through other comprehensive income	(200)	1,477
Remeasurements of defined benefit plans	(15)	(2)
Total of items that will not be reclassified subsequently to profit or loss	(216)	1,475
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(19,483)	23,197
Cash flow hedges	(20,311)	(71)
Share of other comprehensive income of entities accounted for using equity method	(384)	33
Total of items that may be reclassified subsequently to profit or loss	(40,178)	23,160
<b>Total other comprehensive income</b>	(40,394)	24,635
<b>Comprehensive income</b>	(24,729)	40,719
<b>Comprehensive income attributable to</b>		
Owners of parent	(24,654)	34,357
Non-controlling interests	(74)	6,362
<b>Comprehensive income</b>	(24,729)	40,719

## (2) Condensed Quarterly Consolidated Statement of Financial Position

(Million yen)

	As of December 31, 2019	As of June 30, 2020
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	123,300	153,752
Inventories	92,860	89,712
Trade and other receivables	212,844	220,303
Other financial assets	65,158	44,510
Other current assets	12,623	14,611
<b>Subtotal</b>	<b>506,787</b>	<b>522,890</b>
Assets held for sale	428	375
<b>Total current assets</b>	<b>507,216</b>	<b>523,265</b>
<b>Non-current assets</b>		
Property, plant and equipment	240,319	237,817
Goodwill	427,091	416,545
Other intangible assets	230,986	221,589
Investments accounted for using equity method	12,680	11,642
Other financial assets	54,381	49,216
Other non-current assets	2,818	2,485
Deferred tax assets	3,151	3,908
<b>Total non-current assets</b>	<b>971,430</b>	<b>943,205</b>
<b>Total assets</b>	<b>1,478,646</b>	<b>1,466,471</b>

(Million yen)

	As of December 31, 2019	As of June 30, 2020
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	153,277	133,443
Bonds and borrowings	384,049	76,940
Other financial liabilities	12,470	15,177
Income taxes payable	6,739	6,585
Provisions	2,197	2,908
Other current liabilities	39,413	42,695
<b>Total current liabilities</b>	598,147	277,750
<b>Non-current liabilities</b>		
Bonds and borrowings	58,147	388,676
Other financial liabilities	44,681	45,478
Retirement benefit liability	24,382	23,616
Provisions	900	870
Other non-current liabilities	1,847	2,862
Deferred tax liabilities	62,560	58,674
<b>Total non-current liabilities</b>	192,519	520,178
<b>Total liabilities</b>	790,667	797,929
<b>Equity</b>		
Share capital	78,862	78,862
Capital surplus	62,927	63,093
Treasury shares	(6,378)	(6,323)
Retained earnings	411,941	421,414
Other components of equity	5,568	(25,755)
<b>Total equity attributable to owners of parent</b>	552,922	531,292
<b>Non-controlling interests</b>	135,056	137,249
<b>Total equity</b>	687,979	668,541
<b>Total liabilities and equity</b>	1,478,646	1,466,471

(3) Condensed Quarterly Consolidated Statement of Changes in Equity  
For the Six Months Ended June 30, 2019 (From January 1, 2019 to June 30, 2019)

(Million yen)

	Equity attributable to owners of parent					Total	Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity			
Balance as of January 1, 2019	78,862	63,247	(6,444)	390,287	(5,905)	520,047	127,570	647,618
Profit	—	—	—	20,939	—	20,939	9,805	30,744
Other comprehensive income	—	—	—	—	(31,086)	(31,086)	(3,285)	(34,372)
Comprehensive income	—	—	—	20,939	(31,086)	(10,147)	6,519	(3,628)
Purchase of treasury shares	—	—	(3)	—	—	(3)	—	(3)
Disposal of treasury shares	—	52	24	—	—	76	—	76
Dividends	—	—	—	(7,376)	—	(7,376)	(12,047)	(19,424)
Share-based payment transactions	—	—	—	—	8	8	—	8
Changes in ownership interest in subsidiaries	—	(109)	—	—	—	(109)	51	(57)
Change in scope of consolidation	—	—	—	—	—	—	24	24
Transfer from other components of equity to retained earnings	—	—	—	(6)	6	—	—	—
Capital increase of subsidiaries	—	—	—	—	—	—	1,600	1,600
Other	—	—	—	—	—	—	(104)	(104)
Total transactions with owners	—	(57)	21	(7,382)	14	(7,404)	(10,475)	(17,880)
Balance as of June 30, 2019	78,862	63,189	(6,423)	403,844	(36,977)	502,495	123,614	626,110

For the Six Months Ended June 30, 2020 (From January 1, 2020 to June 30, 2020)

(Million yen)

	Equity attributable to owners of parent					Total	Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity			
Balance as of January 1, 2020	78,862	62,927	(6,378)	411,941	5,568	552,922	135,056	687,979
Profit	—	—	—	16,890	—	16,890	9,419	26,310
Other comprehensive income	—	—	—	—	(31,363)	(31,363)	(4,794)	(36,157)
Comprehensive income	—	—	—	16,890	(31,363)	(14,472)	4,625	(9,847)
Purchase of treasury shares	—	—	(5)	—	—	(5)	—	(5)
Disposal of treasury shares	—	166	59	—	—	225	—	225
Dividends	—	—	—	(7,378)	—	(7,378)	(2,397)	(9,775)
Share-based payment transactions	—	—	—	—	—	—	—	—
Changes in ownership interest in subsidiaries	—	—	—	—	—	—	—	—
Change in scope of consolidation	—	—	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	(39)	39	—	—	—
Capital increase of subsidiaries	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	(35)	(35)
Total transactions with owners	—	166	54	(7,417)	39	(7,157)	(2,432)	(9,590)
Balance as of June 30, 2020	78,862	63,093	(6,323)	421,414	(25,755)	531,292	137,249	668,541

## (4) Condensed Quarterly Consolidated Statement of Cash Flows

(Million yen)

	For the six months ended June 30, 2019	For the six months ended June 30, 2020
<b>Cash flows from operating activities</b>		
Profit before tax	42,409	33,991
Depreciation and amortization	11,347	14,368
Interest and dividend income	(1,837)	(1,665)
Interest expenses	1,615	2,988
Share of loss (profit) of investments accounted for using equity method	(456)	(310)
Loss (gain) on sale and retirement of property, plant and equipment, and intangible assets	153	189
Decrease (increase) in inventories	(892)	216
Decrease (increase) in trade and other receivables	(20,855)	(14,215)
Increase (decrease) in trade and other payables	9,207	(16,020)
Increase (decrease) in retirement benefit liability	(351)	(433)
Increase (decrease) in provisions	27	859
Other	1,289	6,214
<b>Subtotal</b>	<b>41,657</b>	<b>26,183</b>
Interest received	1,312	1,194
Dividends received	1,293	1,575
Interest paid	(1,356)	(3,022)
Income taxes paid	(7,431)	(10,215)
<b>Net cash provided by operating activities</b>	<b>35,474</b>	<b>15,716</b>
<b>Cash flows from investing activities</b>		
Net decrease (increase) in time deposits	(4,082)	(2,172)
Net decrease (increase) in short-term investment securities	(8,832)	20,608
Purchase of property, plant and equipment	(9,910)	(11,249)
Proceeds from sale of property, plant and equipment	320	917
Purchase of intangible assets	(1,059)	(1,429)
Purchase of shares of subsidiaries	(3,361)	(1,453)
Payments for sale of shares of subsidiaries	(57)	—
Payments for sale of investments in subsidiaries	(5,751)	(20)
Payments for loans receivable	—	149
Other	(1,519)	168
<b>Net cash used in investing activities</b>	<b>(34,254)</b>	<b>5,518</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	10,014	(330,648)
Proceeds from long-term borrowings	—	371,777
Repayments of long-term borrowings	(11,488)	(14,980)
Repayments of lease obligations	(2,063)	(4,568)
Proceeds from issuance of shares	1,600	—
Dividends paid	(7,376)	(7,379)
Dividends paid to non-controlling interests	(1,005)	(629)
Other	(3)	3
<b>Net cash used in financing activities</b>	<b>(10,323)</b>	<b>13,573</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(1,315)</b>	<b>(4,356)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(10,419)</b>	<b>30,452</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>129,633</b>	<b>123,300</b>
<b>Cash and cash equivalents at end of period</b>	<b>119,214</b>	<b>153,752</b>

## (5) Notes to Condensed Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Changes in accounting estimates)

Trademark rights (other intangible assets) of NIPPON PAINT (H.K.) COMPANY LIMITED, etc., recognized accompanying their conversion into consolidated subsidiaries of the Company in December 2014, were previously amortized over 20 years. However, we have reexamined the amortization period of the trademark rights taking into consideration that those trademark rights have maintained high brand recognition and other factors. Accordingly, the Company has changed the estimated useful life of the trademark rights to an indefinite useful life from the beginning of the three months ended March 31, 2020.

As a result of this change, amortization of trademark rights (selling, general and administrative expenses) decreased ¥1,136 million yen in the condensed quarterly consolidated statements of profit or loss for the six months ended June 30, 2020.

The change has affected the results for the Asia segment.

(Segment information)

(1) Summary of reportable segments

The reportable segments of the Group categorize the business composition of the Group for which separate financial information is available and are subject to periodical evaluation by the Board of Directors, which is the highest decision-making body, in order to make decisions regarding management resource allocation and performance assessment. The Group's primary businesses are the paint and coating business which manufactures and sells automotive coatings, decorative paints, industrial coatings, fine chemicals, and other paints, and the paint related business which manufactures and sells paint-related products such as adhesives. The Company and separate local companies are responsible for domestic activities, and overseas, separate local companies are responsible for the Asia, Oceania, Americas, and other regions. Each company is an individual management unit, and concerning which items to carry, comprehensive strategic proposals are made for each region to foster business growth.

As a result, the Group consists of segments divided by region with manufacture and sales structure as a base, and the four reportable segments are "Japan," "Asia," "Oceania," and "Americas."

"Other" contains business activities by overseas subsidiaries in Europe, etc. Those business activities are managed individually, but are not material enough to be disclosed separately as an independent segment of the Group.

(Changes in reportable segments)

"Oceania" has been added to the reportable segments as a result of the acquisition of all shares in DuluxGroup Limited and the inclusion of the company and its 42 subsidiaries in the scope of consolidation in the third quarter of the previous fiscal year.

Segment information for the six months ended June 30, 2019 is presented based on the changed reportable segment categories.

## (2) Performance by reportable segment

For the Six Months Ended June 30, 2019 (From January 1, 2019 to June 30, 2019)

	Reportable segment					Other	Total	Adjustment (Note)	(Million yen)
	Japan	Asia	Oceania	Americas	Subtotal				Condensed quarterly consolidated financial statements
Revenue									
Revenue from external customers	90,136	177,707	—	37,786	305,630	6,794	312,424	—	312,424
Intersegment revenue	23,409	1,769	—	68	25,247	441	25,688	(25,688)	—
Total	113,546	179,476	—	37,855	330,878	7,235	338,113	(25,688)	312,424
Segment profit (loss)	27,423	25,678	—	2,685	55,787	(430)	55,357	(13,412)	41,945
Financial income									2,349
Financial costs									(2,342)
Share of profit of investments accounted for using equity method									456
Profit before tax									42,409

Note: Adjustments to “intersegment revenue” and “segment profit (loss)” are primarily due to intersegment eliminations.

For the Six Months Ended June 30, 2020 (From January 1, 2020 to June 30, 2020)

	Reportable segment					Other	Total	Adjustment (Note)	(Million yen)
	Japan	Asia	Oceania	Americas	Subtotal				Condensed quarterly consolidated financial statements
Revenue									
Revenue from external customers	75,772	150,471	66,844	32,718	325,807	19,633	345,440	—	345,440
Intersegment revenue	10,374	1,969	37	54	12,435	391	12,827	(12,827)	—
Total	86,146	152,440	66,882	32,773	338,242	20,025	358,268	(12,827)	345,440
Segment profit	5,337	21,298	8,307	1,185	36,128	921	37,050	(2,381)	34,669
Financial income									2,091
Financial costs									(3,080)
Share of profit of investments accounted for using equity method									310
Profit before tax									33,991

Note: Adjustments to “intersegment revenue” and “segment profit” are primarily due to intersegment eliminations.



(3) Information on products and services

Sales categories by business have been changed to the “paint and coating business” and the “paint related business” since the third quarter ended September 30, 2019.

Revenue for the six months ended June 30, 2019 is presented based on the changed sales categories by business.

For the Six Months Ended June 30, 2019 (From January 1, 2019 to June 30, 2019)

	(Million yen)					
	Japan	Asia	Oceania	Americas	Other	Total
Paint and coating business	90,136	177,707	—	37,786	6,794	312,424
Automotive coatings	23,340	33,736	—	13,476	6,225	76,779
Decorative paints	23,810	119,912	—	22,634	—	166,358
Industrial coatings	20,196	13,357	—	—	74	33,629
Fine chemicals	4,397	3,029	—	1,587	490	9,505
Other paints	18,391	7,670	—	87	3	26,152
Paint related business	—	—	—	—	—	—
Total	90,136	177,707	—	37,786	6,794	312,424

For the Six Months Ended June 30, 2020 (From January 1, 2020 to June 30, 2020)

	(Million yen)					
	Japan	Asia	Oceania	Americas	Other	Total
Paint and coating business	75,772	150,471	38,468	32,718	15,168	312,599
Automotive coatings	15,762	23,800	—	8,465	3,513	51,541
Decorative paints	21,375	106,475	35,947	22,849	9,300	195,949
Industrial coatings	17,443	10,884	2,520	—	1,562	32,410
Fine chemicals	3,713	2,360	—	1,301	698	8,074
Other paints	17,476	6,950	—	102	94	24,623
Paint related business	—	—	28,376	—	4,464	32,841
Total	75,772	150,471	66,844	32,718	19,633	345,440

(Significant subsequent events)

There is no relevant information.