

1H FY2018 Financial Result <Supplement>

August 8, 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: Impact of rising raw material prices globally.
- ✓ Net income: Impact of subsidy income and gain on sales of non-current assets.

(100 million Yen)

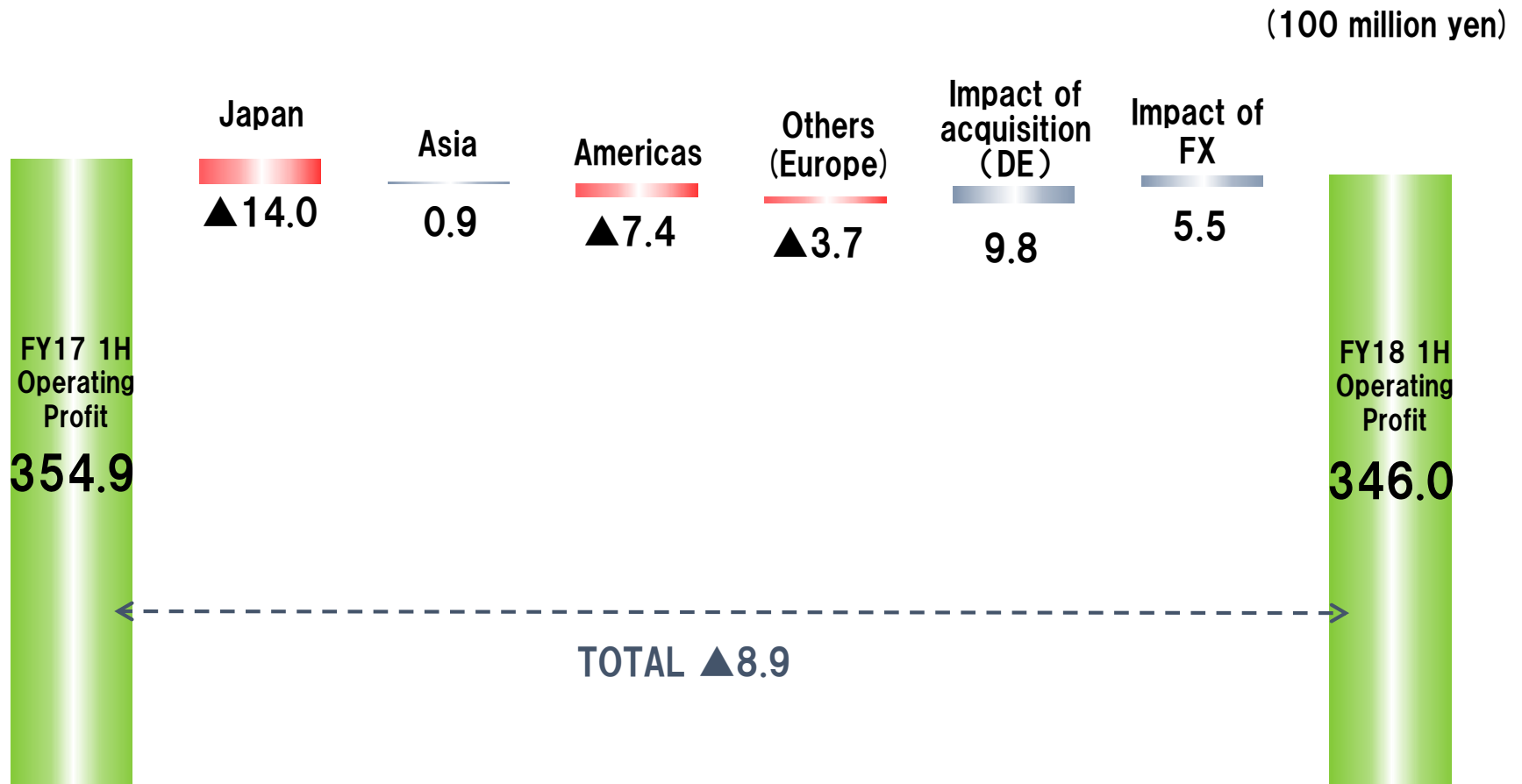
	FY 2018 1H	FY 2017 1H	GAP		Gap Breakdown		
			Amount	%	Impact of FX	Impact of acquisition	Actual GAP
Net sales	3,110.0	2,917.5	192.5	6.6%	54.5	64.1	73.9
Operating profit	346.0	354.9	-8.9	-2.5%	5.5	9.8	-24.2
Operating profit margin	11.1%	12.2%	-	-			
Ordinary income	※ ² 381.5	365.6	15.9	4.4%			
Net income ^{※1}	※ ³ 183.6	154.5	29.1	18.9%			

※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 & Operating profit by region

(100 million Yen)

		FY 2018 1H	FY 2017 1H	GAP		Gap Breakdown		
				Amount	%	Impact of FX	Impact of acquisition	Actual GAP
Japan	Net sales	866.6	871.3	-4.8	-0.5%	-	-	-4.8
	Operating profit [※]	140.8	154.8	-14.0	-9.0%	-	-	-14.0
Asia	Net sales	1,793.0	1,658.0	135.0	8.1%	63.6	-	71.3
	Operating profit	183.3	175.7	7.6	4.3%	6.7	-	0.9
Americas	Net sales	377.3	316.3	61.0	19.3%	-10.5	64.1	7.5
	Operating profit	20.9	19.2	1.7	8.8%	-0.7	9.8	-7.4
Others (Mainly Europe)	Net sales	73.1	71.8	1.3	1.8%	1.4	-	-0.1
	Operating profit	0.2	4.6	-4.4	-95.4%	-0.7	-	-3.7
Total	Net sales	3,110.0	2,917.5	192.5	6.6%	54.5	64.1	73.9
	Operating profit	346.0	354.9	-8.9	-2.5%	5.5	9.8	-24.2

※ Excluding dividends from overseas group companies (1H 2018 : 13.5 billion yen, 1H 2017 : 12.4 billion yen)

Net sales by business segment

(100 million Yen)

	FY 2018 1H	FY 2017 1H	GAP		Impact of FX	Gap Breakdown	
			Amount	%		Impact of acquisition	Actual GAP
Automotive coatings	※ 815.6	730.4	85.3	11.7%	8.0	-	77.2
Decorative paints (Including heavy duty)	1,594.6	1,455.1	139.5	9.6%	39.0	64.1	36.4
Industrial coatings	※ 337.2	361.3	-24.1	-6.7%	5.4	-	-29.5
Others (Marine & Auto refinishes, etc)	265.3	277.3	-11.9	-4.3%	1.7	-	-13.6
Coatings total	3,012.8	2,824.0	188.8	6.7%	54.1	64.1	70.6
Fine chemicals	97.2	93.5	3.7	4.0%	0.4	-	3.3
Total	3,110.0	2,917.5	192.5	6.6%	54.5	64.1	73.9

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

Net sales by region & business segment

(100 million Yen)

		FY 2018 1H	FY 2017 1H	GAP		Gap Breakdown		
				Amount	%	Impact of FX	Impact of acquisition	Actual GAP
Japan	Automotive coatings	225.9	210.5	15.4	7.3%	-	-	15.4
	Decorative paints (Including heavy duty)	205.8	204.9	0.9	0.4%	-	-	0.9
	Industrial coatings	195.4	197.9	-2.5	-1.2%	-	-	-2.5
	Others (Marine & Auto refinishes, etc)	195.0	213.1	-18.1	-8.5%	-	-	-18.1
	Fine chemicals	44.4	44.9	-0.5	-1.1%	-	-	-0.5
Asia	Automotive coatings	※ 380.9	311.8	69.0	22.1%	11.6	-	57.4
	Decorative paints (Including heavy duty)	1,168.6	1,094.3	74.2	6.8%	44.3	-	30.0
	Industrial coatings	※ 140.2	161.2	-20.9	-13.0%	5.3	-	-26.3
	Others (Marine & Auto refinishes, etc)	69.4	62.5	6.9	11.0%	1.7	-	5.2
	Fine chemicals	33.9	28.2	5.7	20.3%	0.7	-	5.0
Americas	Automotive coatings	141.1	143.0	-1.9	-1.3%	-4.8	-	2.9
	Decorative paints	220.2	155.8	64.4	41.3%	-5.2	64.1	5.6
	Fine chemicals	15.2	16.8	-1.6	-9.6%	-0.5	-	-1.1
Others (Mainly Europe)	Automotive coatings	67.7	65.0	2.7	4.2%	1.2	-	1.5
	Fine chemicals	3.7	3.6	0.1	2.9%	0.2	-	-0.1
Total		3,110.0	2,917.5	192.5	6.6%	54.5	64.1	73.9

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

B/S

<Assets>	(100 million Yen)	
	As of 30, June, 2018	As of 31, Dec, 2017
Current assets	4,071.6	4,019.0
Property, plant and equipment	1,405.5	1,428.8
Intangible assets	2,959.6	3,132.2
Investment and Other assets	588.9	625.9
Total assets	9,025.6	9,205.9

<Liability and net assets>	(100 million Yen)	
	As of 30, June, 2018	As of 31, Dec, 2017
Current liabilities	2,074.5	1,992.1
Non-current liabilities	766.6	919.7
Total liabilities	2,841.1	2,911.8
Shareholder's equity	5,323.0	5,210.4
Accumulated other comprehensive income	-311.9	-167.0
Subscription rights to shares	1.5	1.4
Non-controlling interests	1,171.8	1,249.3
Total net assets	6,184.4	6,294.1
Total liabilities and net assets	9,025.6	9,205.9

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

(100 million Yen)

		FY 2018 1H	FY 2017 1H
Capital expenditures	Property, plant and equipment	94.8	108.7
	Intangible assets	18.9	13.2
	Total	113.7	121.9
Depreciation	Property, plant and equipment	56.4	50.5
	Intangible assets	37.7	34.5
	Total	94.1	85.0
R&D expenses		79.6	69.8

(100 million Yen)

		As of 30, June, 2018	As of 31, Dec, 2017
Short-term loans payable		166.6	182.7
Current portion of long-term loans payable		101.7	70.8
Long-term loans payable		216.6	317.4
Total debts		484.9	570.9

Key indicators

	As of 30, June, 2018	As of 31, Dec, 2017
Capital equity ratio (%)	55.5%	54.8%
Net assets (100 million yen)	6,184.4	6,294.1
Total assets (100 million yen)	9,025.6	9,205.9
Net assets per share (yen)	1,562.6	1,572.6
Earnings per share [※] (yen)	75.8	65.7

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

Foreign exchange rates and market conditions

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

	FY2018 1H	FY2017 1H
JPY/USD	108.5	112.1
JPY/RMB	17.0	16.4

<Paint shipment> (10,000t)

	FY2018 1H	FY2017 1H
Japan ^{※1}	72	72
China ^{※2}	840	944

※1 Source : Japan paint manufacturers association

Period : Jan. - May

※2 Source : National bureau of statistics of China

<Automobile production^{※3}> (10,000 unit)

	FY2018 1H	FY2017 1H
Japan	461	460
China	1,405	1,352
USA	584	596
Canada	197	191
Mexico	109	123
North America total	890	910
Thailand	106	95

※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, June, 2018	As of 31, Dec, 2017
JPY/USD	110.5	113.0
JPY/RMB	16.7	17.3

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

	FY2018 1H	FY2017 1H
Housing starts ^{※4}	45	47
Construction machinery productions ^{※5}	16	15
Machine tool production ^{※6}	4.1	3.1

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

※5 Source : Japan construction equipment manufacturers association

Period : Jan. - May

※6 Source : Japan machine tool builders' association

Period : Jan. - May

Naphtha price

	(JPY/KL)	
	FY2018 1H	FY2017 1H
Japan produced naphtha price	48,200	40,500

IR schedule

Date & time		Contents	Place
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.