

Nippon Paint Holdings Co., Ltd.

FY2016 Business Briefing for Investors

“To be a Global Paint Major”

May 23, 2016

Representative Director and President
Tetsushi Tado

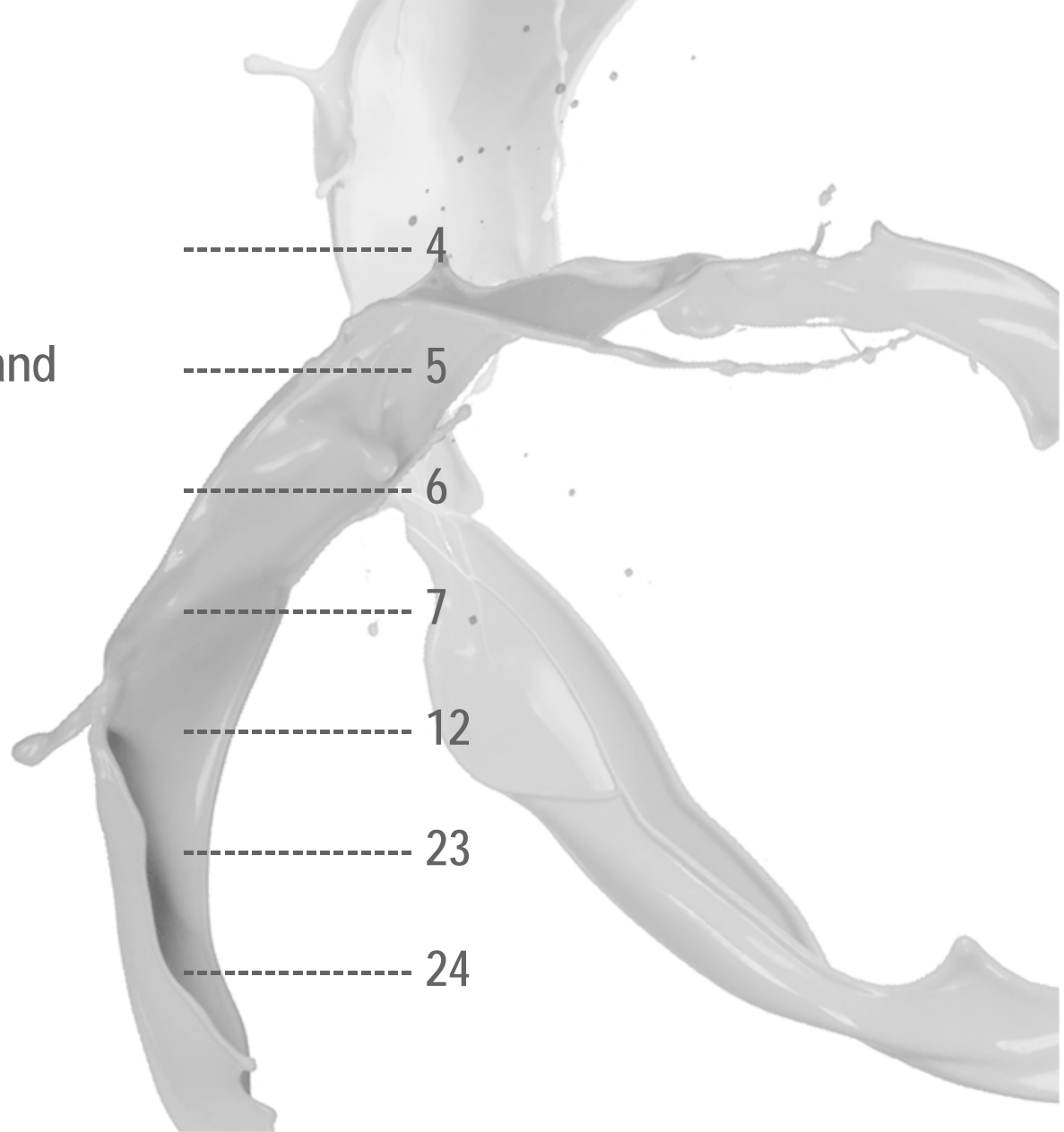


Three points for FY2016

1. Aiming at achieving “increased sales and profit” in Japan, China and the U.S. in FY2016 as well
2. Aiming at building and expanding the Company’s operating base in the global market
3. Aiming at attaining both “growth investment” and “shareholder return”
Achieving a payout ratio of 30% as a target (on an IFRS basis)
Achieving 20 yen per share interim dividend and 20 yen per share year-end dividend

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Positioning of FY2016

Year of “ground leveling” for achieving
the medium-term management plan

“Future Pull”

Future goal = **Global Paint Major**



2017 Goal *in three years which is set from the viewpoint of the future goal*
= the medium-term management plan



**2016 Ground leveling for achieving the future goal through
implementation and modification of the plan**
The important year when the goal for 2017 can be imagined!!



2015 Planning and sowing for 2017

Business expansion measures and the state of alliances

Continuance of the establishment and expansion of operation bases in growth markets and strategic regions

Operations	Japan	China	Asia	Central and South America	Europe	Theme	Status
Automobile		●			●	Acquisition of Germany's Bollig & Kemper	Acquired 51% in April 2015 Acquired 100% in January 2016
			●			Restructuring of business in India with Berger Paints	Conclusion of an agreement in April 2016
General-purpose		●				Alliance for expanding areas	Under study
Industrial purposes		●				Alliance for strategic business	Under study
Vessel use				○		Alliance with Brazil's Weg	Sales business alliance in December 2015
					●	Alliance with Germany's Wilckens	Establishment of a JV in May 2016

● = Capital alliance ○ = Business alliance

Unification of accounting terms

Book closing date for domestic business: March 31 → December 31

- The 191st consolidated accounting term (FY2016)
 - ✓ Domestic consolidated subsidiaries: 9 months (from April 1, 2016 to December 31, 2016)
 - ✓ Overseas consolidated subsidiaries: 12 months (from January 1, 2016 to December 31, 2016)

	2015				2016				2017			
	1 - 3	4 - 6	7 - 9	10 - 12	1 - 3	4 - 6	7 - 9	10 - 12	1 - 3	4 - 6	7 - 9	10 - 12
Domestic		12 months				9 months			12 months			
Overseas	12 months				12 months				12 months			

FY 2017 begins

Based on the assumption that this matter will be approved at the 191st Ordinary General Meeting of Shareholders held on June 28, 2016

2016 plan

Continuance of growth based on the two wheels of
increased sales and enhanced earning power

	2015 actual (12 months)	2016 plan (based on 2016 exchange rate)		2016 plan (based on 2015 exchange rate)		Reference
	Full-year	12 month basis	Year-on-year	12 month basis	Year-on-year	
Sales (in 100 million yen)	5,357	5,500	+143	5,847	+490	
Operating income (in 100 million yen)	714	770	+56	820	+106	
Operating margin	13.3%	14.0%	+0.7	14.0%	+0.7	
Net income (in 100 million yen) *	300	360	+60	378	+78	

* Net income attributed to shareholders of the parent company

Exchange rate (US\$)	121	117	121
Exchange rate (RMB)	19.2	17.5	19.2
Domestic naphtha price (VKL)	42,800	31,000	31,000

2016 plan (Region)

Continuance of growth led by Japan and Asia regions

(in 100 million yen)

		2015 actual (12 months)	2016 plan (based on 2016 exchange rate)		2016 plan (based on 2015 exchange rate)	Reference
		Full-year	12 month basis	Year-on-year	12 month basis	Year-on-year
Japan	Sales	1,743	1,845	+103	1,845	+103
	Operating income *1	292	308	+16	-	-
Asia	Sales	3,174	3,178	+4	3,503	+329
	Operating income *2	523	540	+17	-	-
Americas	Sales	332	342	+10	356	+24
	Operating income	52	58	+6	-	-
Others	Sales	109	134	+25	144	+35
	Operating income	-9	-3	+6	-	-
Consolidated adjustment	Operating income	-144	-133	-	-	-

*1 Excluding dividend received from overseas group subsidiaries

*2 Before depreciation of goodwill and intangible fixed assets resulting from new acquisition in Asia

2016 plan (Sales by region)

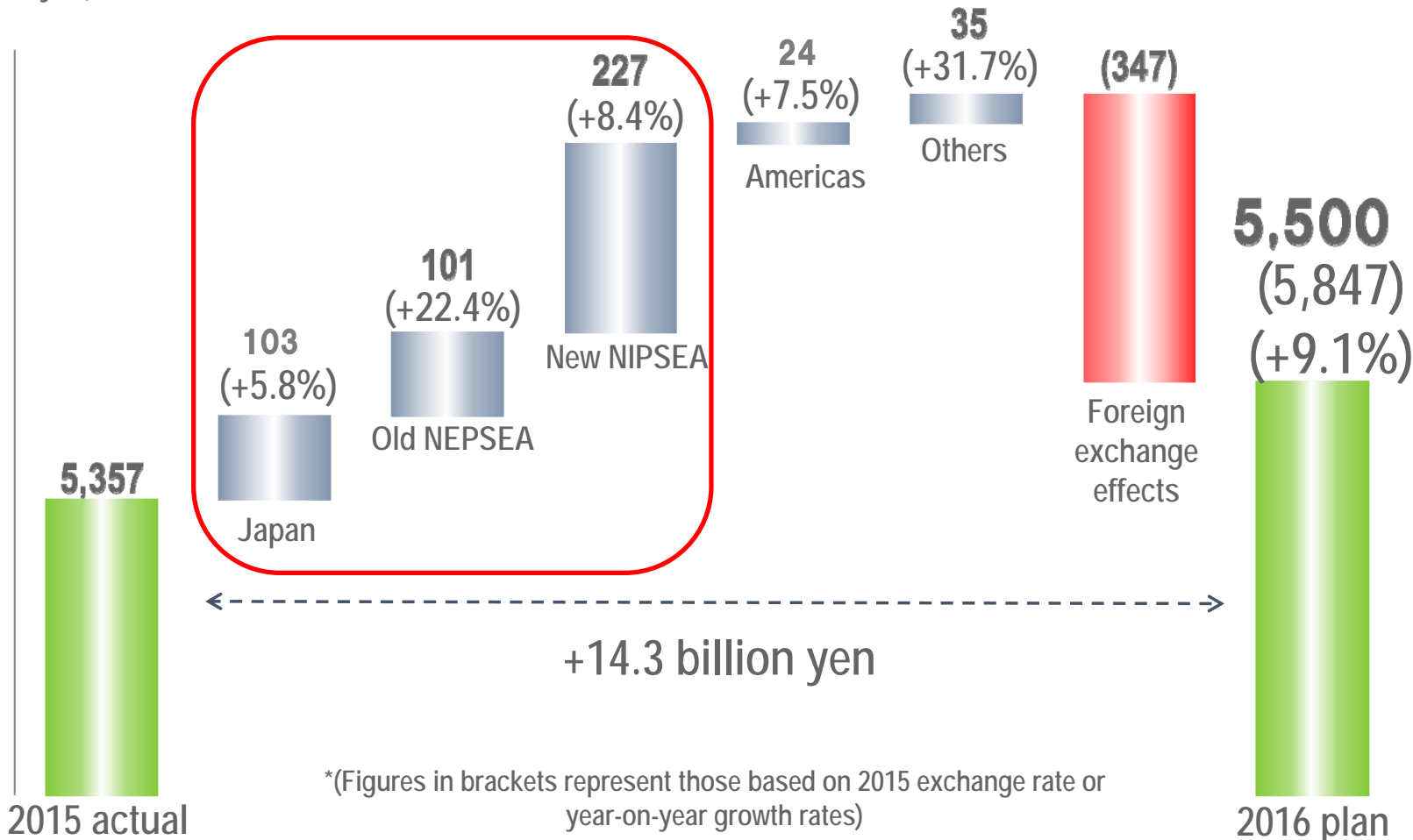
Continuance of growth led by Japan and Asia regions

(in 100 million yen)

6000

5500

5000



*(Figures in brackets represent those based on 2015 exchange rate or year-on-year growth rates)

2016 plan (Sales by Business Fields)

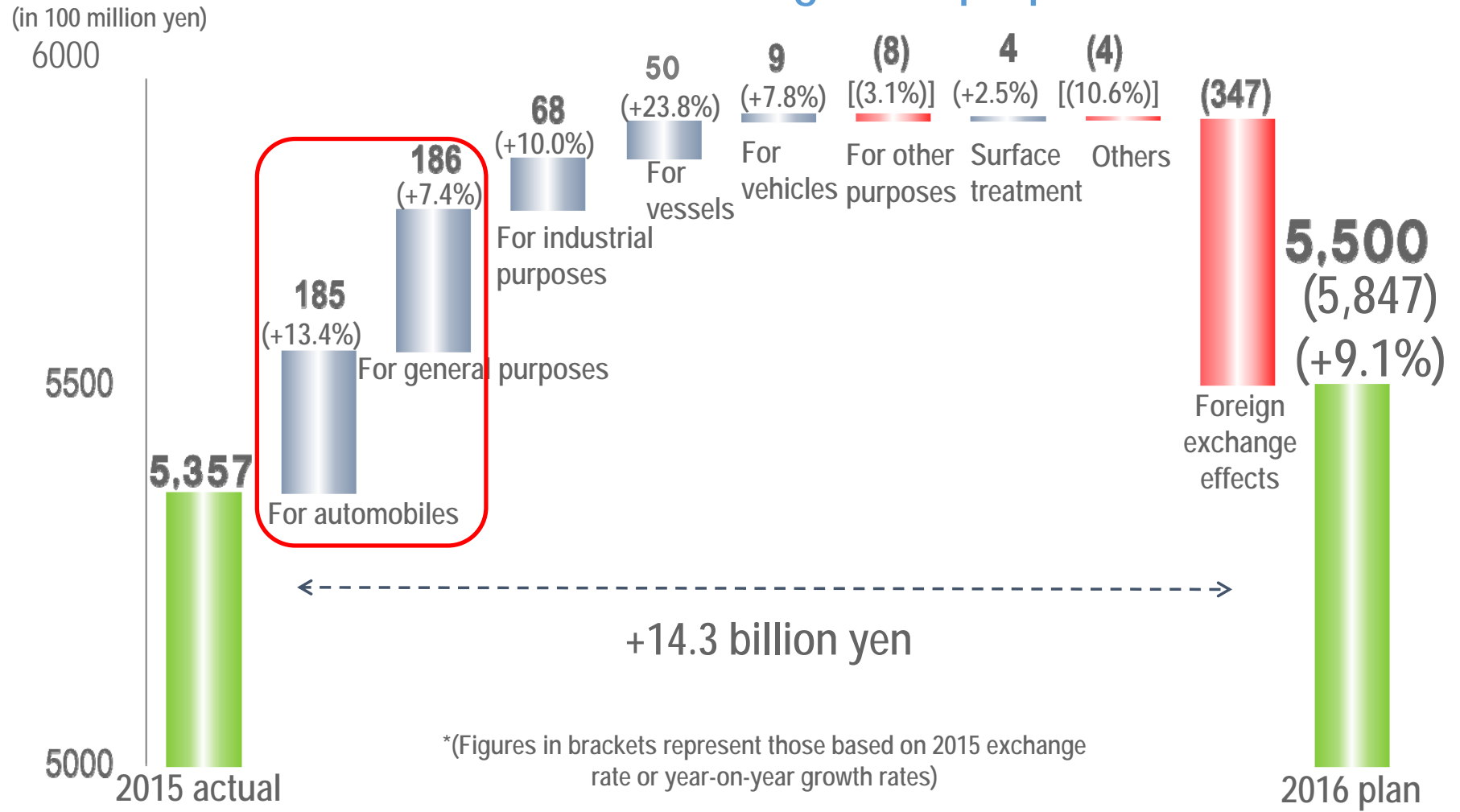
Continuance of growth led by expanded operations for automobiles and general purposes

(in 100 million yen)

		2015 actual (12 months)	2016 plan (based on 2016 exchange rate)		2016 plan (based on 2015 exchange rate)	Reference
		Full-year	12 month basis	Year-on-year	12 month basis	Year-on-year
Paint business	For automobiles	1,388	1,490	+102	1,573	+185
	For general purposes	2,534	2,509	-25	2,720	+186
	For industrial purposes	683	720	+37	751	+68
	For other purposes	580	614	+34	630	+50
Fine chemical business		174	167	-7	174	+0
Total		5,357	5,500	+143	5,847	+490

2016 plan (Sales by Business Fields)

Continuance of growth led by expanded operations
for automobiles and general purposes



Business expansion measures in Japan

Business expansion is planned although domestic demand is shrinking

■ Paint business for automobiles

- ✓ Share expansion by acquiring new colors
- ✓ Improvement of presence for parts manufacturers



We received the CE award from Toyota Motor Corporation.
“World first thermal barrier paint for automobiles”
Thermo-Tect Lime Green

■ Paint business for general purposes

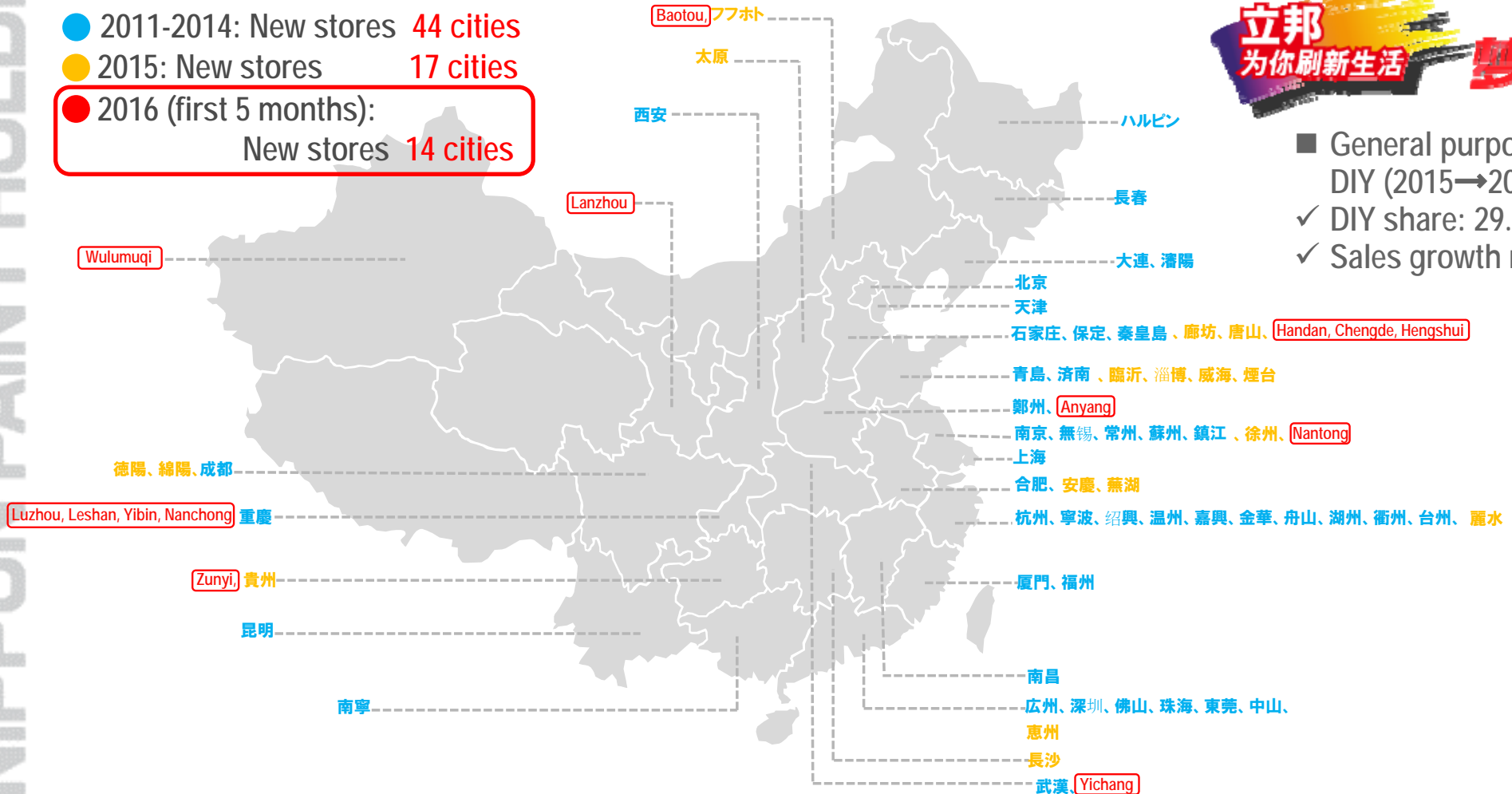
- ✓ Expansion of share among strategic distributors
- ✓ Expansion of retail sales by introducing new products



Business expansion measures in Asia (China)

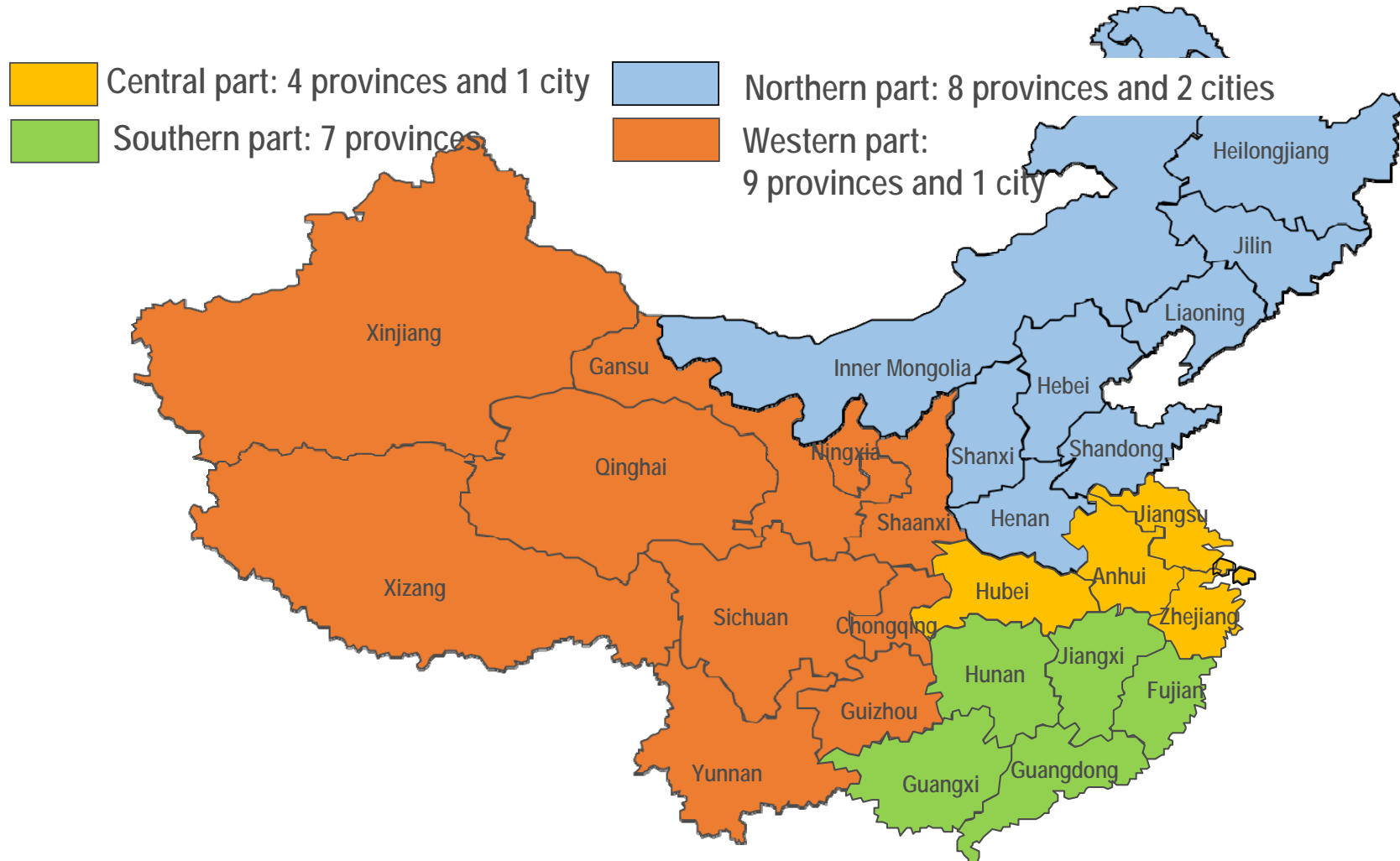
Continuance of growth through enhanced “new life” services with general purpose products (DIY)

- 2011-2014: New stores 44 cities
- 2015: New stores 17 cities
- 2016 (first 5 months): New stores 14 cities



Business expansion measures in Asia (China)

General purpose products: Continuance of business expansion in 4 regions

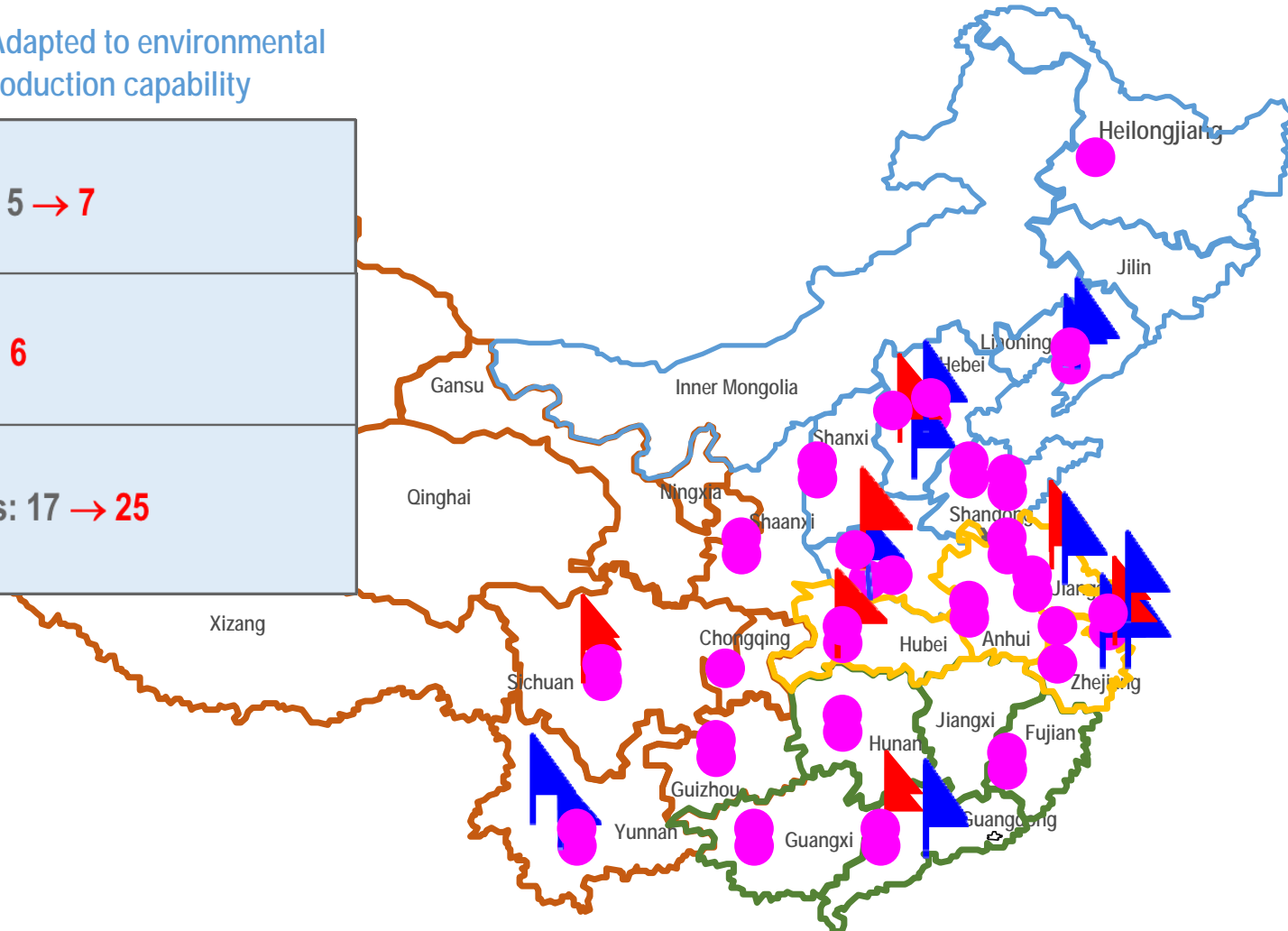


Business expansion measures in Asia (China)

Capital investment plan (2015 → end of 2018)

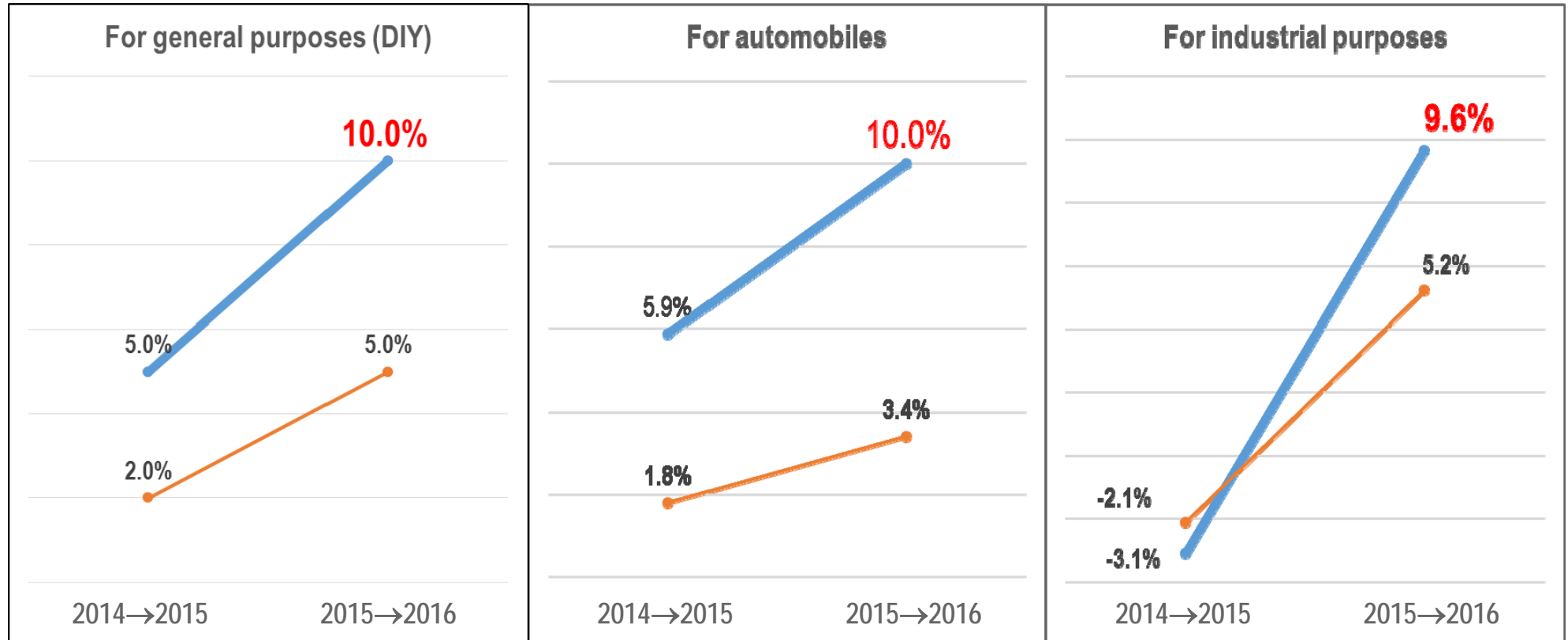
- ✓ New capital investment: Adapted to environmental regulations / enhanced production capability

▲	Integrated plants: 5 → 7
▲	Local plants: 7 → 6
●	Specialized plants: 17 → 25



Business expansion measures in Asia (China)

Sales growth rates of the three main businesses:
Higher than market growth rates

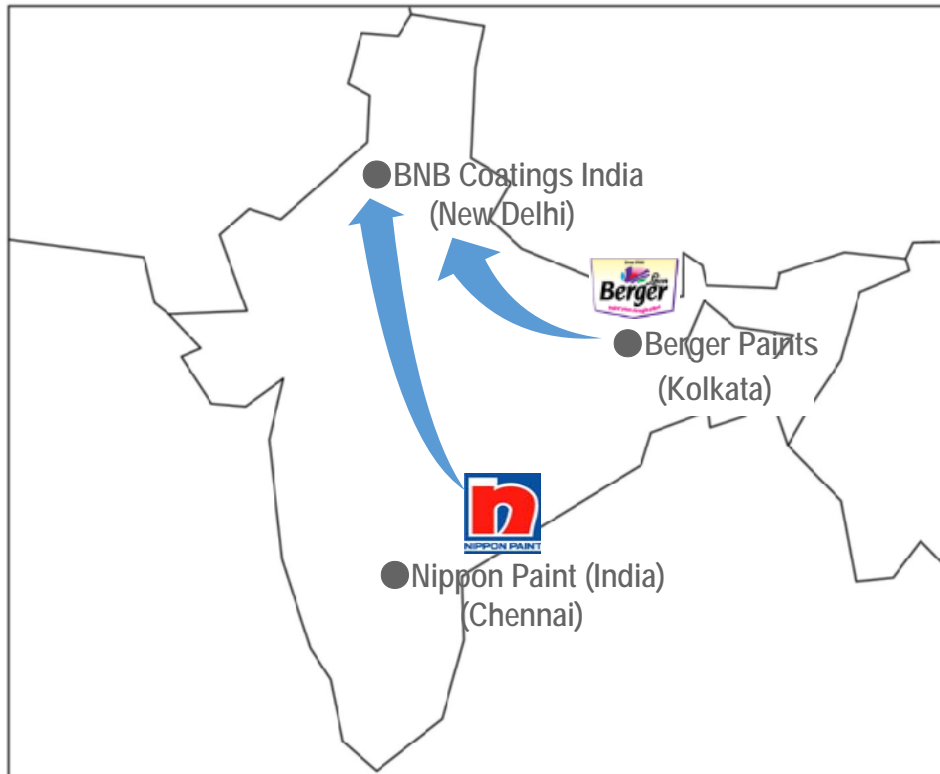


— Sales growth rates
— Market growth rates

Business expansion measures in Asia (India)

Expansion of areas of alliance with Berger Paints, the second largest manufacturer in India

- ✓ Integration of automobile paint business into BNB Coatings as JV
- ✓ Aiming at selling products to local plants of Japanese and Western car manufacturers



- ✓ Size of the Indian automotive market
 - Automotive production units in 2015: 4.12 million* (approx. 7% increase over previous year) *The Society of Indian Automobile Manufacturers
 - Japanese-affiliated firms: Multi Suzuki, Toyota, Honda, etc.
 - Local firms: Tata, Mahindra, etc.
 - Western firms: Ford, GM and VW



Business expansion measures in the Americas (Mexico)

Automotive paint plant: expansion of production capacity

- ✓ Expansion of existing plant, establishment of a new water-thinned paint plant
- ✓ Aiming at selling products to local plants of Japanese and Western car manufacturers



- ✓ Size of the Mexican automotive market
 - Automotive production units in 2015: 3.39 million* (approx. 6% increase over previous year) *The Mexican Automotive Association
 - Japanese-affiliated firms: Nissan, Honda, Mazda and Toyota
 - Western firms: GM, VW, Ford, etc.

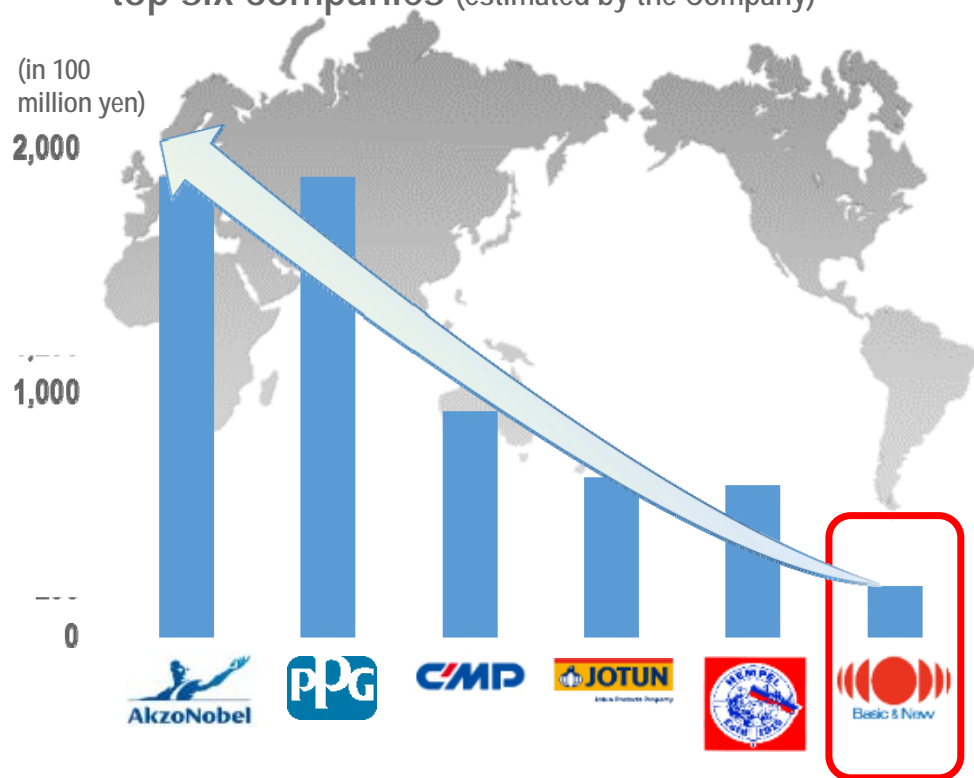


Business expansion measures / global (vessel paint business)

Nippon Paint Marine Coatings Co., Ltd.: Focusing on the improvement of presence in the global market

■ Size of the global market:

- ✓ Annual sales of 600 billion yen or more by the top six companies (estimated by the Company)



■ Business expansion based on strategic products

[1] Ultra fuel-efficient antifouling paint "A-LF-SEA"

- ✓ Ultra low friction antifouling paint based on simulation technology based on fish data
- ✓ "Water trapping function"/decrease in a vessel's flow resistance (patent)
- Approx. 10% reduction in fuel cost
- ✓ "A-LF-SEA" and conventional "LF-SEA" have been adopted by 1,705 vessels in total. (as of October 2015)



[2] World first anti-fouling free low friction "AF"

- ✓ At "Sea Japan 2016," the largest marine event in Asia, a study on high-end environmentally conscious AF was well received.
- ✓ Preparations concerning trademark registration, various marketing tools, results of the adoption of this product by main vessel type, etc. are under way.
- ✓ Official sales were scheduled to start in the second half of FY2016.

Business expansion measures / global (vessel paint business)

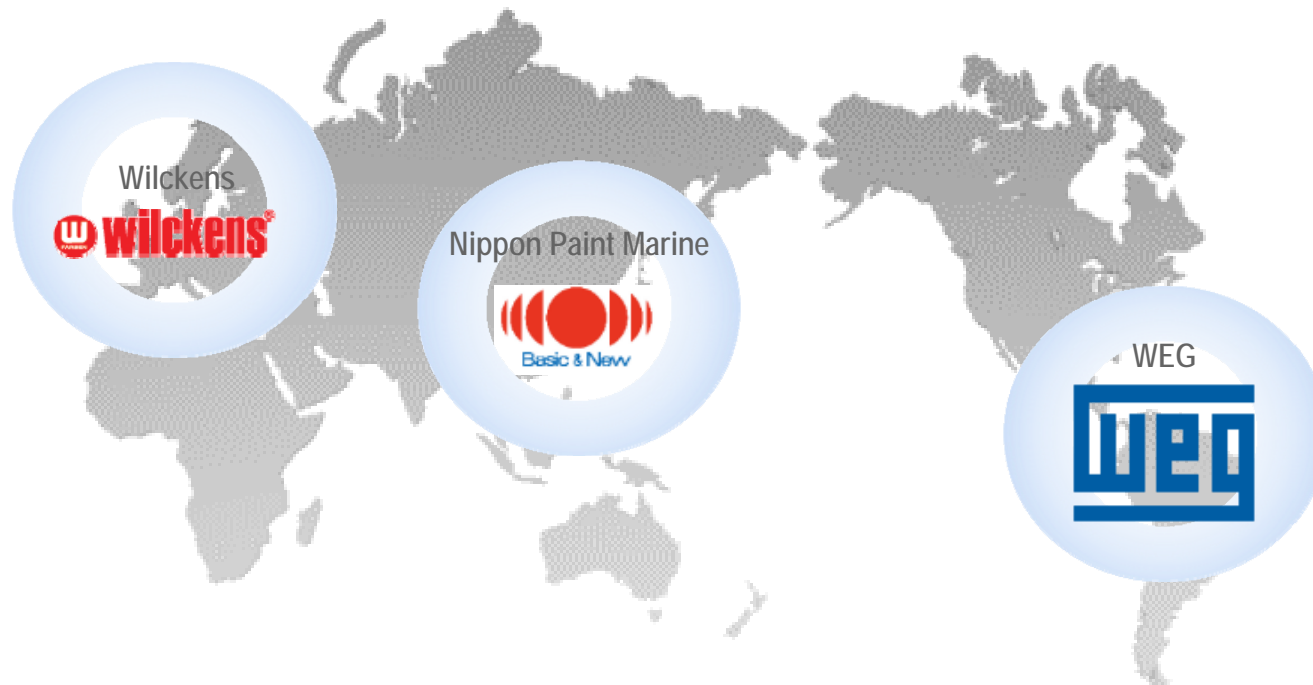
Acceleration of business deployment through alliances in Europe and Latin America

■ Status of strategic alliances

Germany: Conclusion of a JV agreement with Wilckens

→ Nippon Paint Marine (Europe), a joint venture distributor, will be established.

Brazil: Sales alliance with WEG Tintas



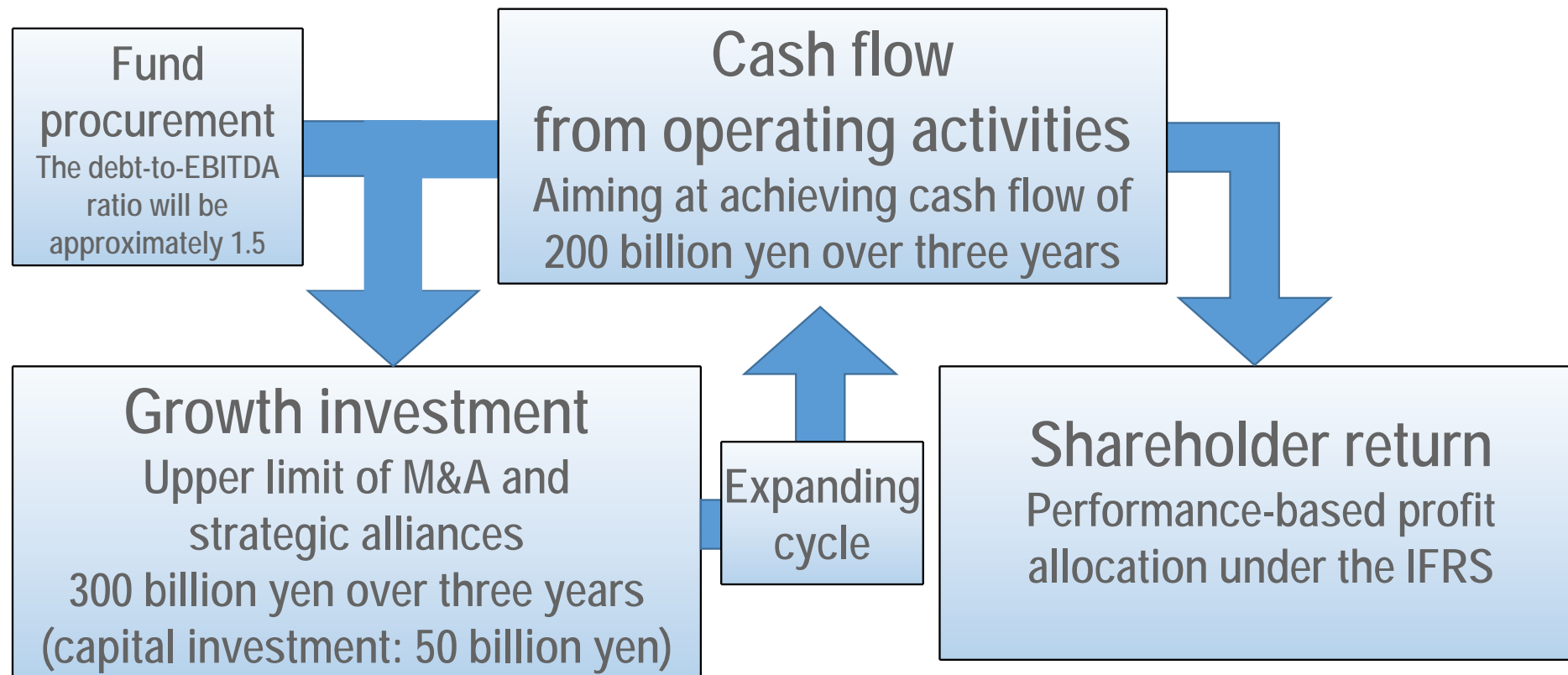
President
Reinaldo Richter
WEG Tintas

President
Yoshiaki Kuroda
Nippon Paint Marine
Coatings Co., Ltd.

Business expansion measures / financing activities

Cash flow from solid revenue base

→ Growth investment and shareholder return



Corporate governance

Supervision of expanding growth based on global business expansion measures

■ Improvement of effectiveness of the Board of Directors

- ✓ Members of the Board of Directors: 5 Directors and 2 Independent Outside Directors (proposal presented to the Ordinary General Meeting of Shareholders)

—Candidates for Independent Outside Directors

- Professor Kazuhiro Mishina, Graduate School of Business Administration, Kobe University
- Mr. Takeru Matsumoto, attorney, currently Independent Audit & Supervisory Board Member

- ✓ Establishment of the Nomination and Remuneration Advisory Committee

- This Committee, which includes outside knowledgeable persons, will examine the appointment of candidates for Directors and Auditors, and the officers' remuneration system.
- This Committee will contribute to the improvement of transparency and rationality of the Board of Directors.

■ Abolition of the takeover defense measures

- ✓ The Company will aim at improving corporate value over the medium and long term by further promoting constructive dialogue with investors and shareholders.



Mr. Kazuhiro
Mishina



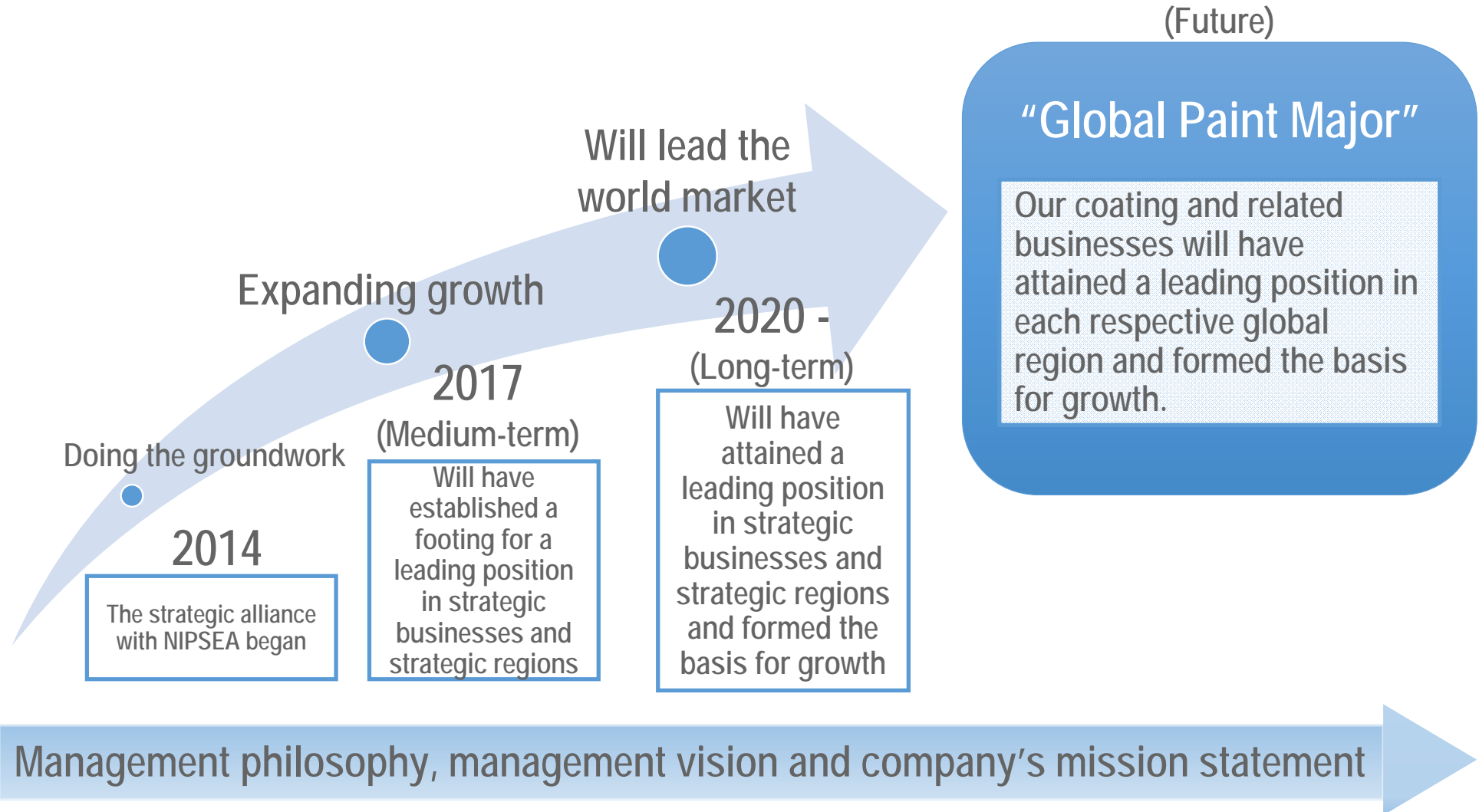
Mr. Takeru
Matsumoto

The Power of Colours

Continuance of activities to spread the use of rich paint colors and exciting experiences



To be a Global Paint Major





日本ペイントホールディングス株式会社

Nippon Paint Holdings Co., Ltd.

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