

Presentation for Institutional Investors

Tetsushi Tado, President & CEO
August 28, 2017



Basic & New

NIPPON PAINT HOLDINGS CO.,LTD.

1. Review of FY2017 First-Half	----- 1
2. FY2017 Full-Year Plan	----- 3
3. Progress of the Mid-Term Management Plan	----- 6
4. Topics: ESG	----- 11

Review of FY2017 First-Half

Although net sales grew steadily, operating profit decreased due to a rise in raw material costs.

(100 million yen)

	FY2017 Jan-June	FY2016 Jan-June	GAP	Gap Breakdown		
				Impact of FX	Impact of Acquisition	Actual GAP
Net sales	2,918	2,549	369	-44	156	257
Operating profit	355	375	-20	-7	-4	-10
Operating profit margin(%)	12.2	14.7	-			
Ordinary income	366	341	24			
Net Income*	155	129	25			

* Net income attributable to owners of parent (the same shall apply hereinafter)

	FY2017 Jan-June	FY2016 Jan-June
Yen-US dollar rate (term avg.)	112.1	111.8
Yen-RMB rate (term avg.)	16.4	17.0

Geographic Segment Information

NIPPON PAINT HOLDINGS CO.,LTD.

Although net sales grew steadily, operating profit decreased due to a rise in raw material costs and temporary expenses incurred.

(100 million yen)

		FY2017 Jan-June	FY2016 Jan-June	GAP	GAP Breakdown		
					Impact of FX	Impact of Acquisition	Actual GAP
Japan	Net sales	871	849	23	-	-	23
	Operating profit* ¹	155	152	3	-	-	3
Asia	Net sales	1,658	1,465	194	-35	-	228
	Operating profit	176	193	-17	-5	-	-12
Americas* ²	Net sales	316	169	148	0	156	-8
	Operating profit	19	30	-11	0	-4	-7
Others	Net sales	72	67	5	-9	-	14
	Operating profit	5	-1	6	-1	-	7

*1 Excludes dividends from overseas group companies

*2 Includes the impact of consolidation of Dunn-Edwards Corporation ("DE"), a manufacturer of decorative paints in the U.S.

FY2017 Full-Year Plan

We strive to achieve its initial plan even in the difficult business environment.
We challenge to expand sales and thoroughly reduce costs in each region.

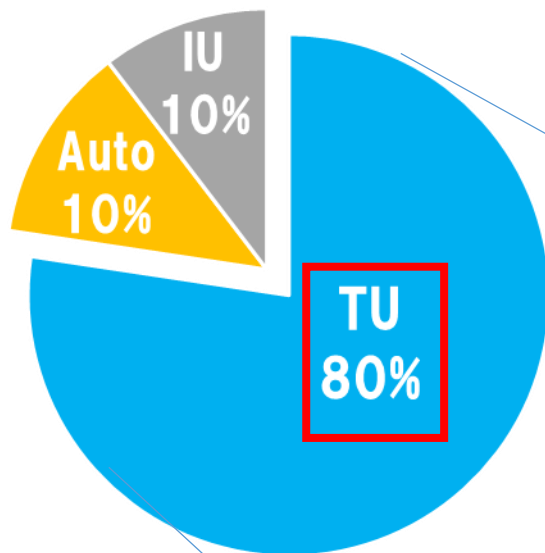
		(100 million yen)		
		FY2017 Full-Year Plan		
Net sales	5,770	Japan	Net sales	1,810
Operating profit	810		Operating profit ^{*1}	328
Operating profit margin(%)	14.0	Asia	Net sales	3,111
Ordinary income	840		Operating profit	456
Net income*	370	Americas ^{*2}	Net sales	714
			Operating profit	59
		Others	Net sales	135
			Operating profit	2

*1 Excludes dividends from overseas group companies

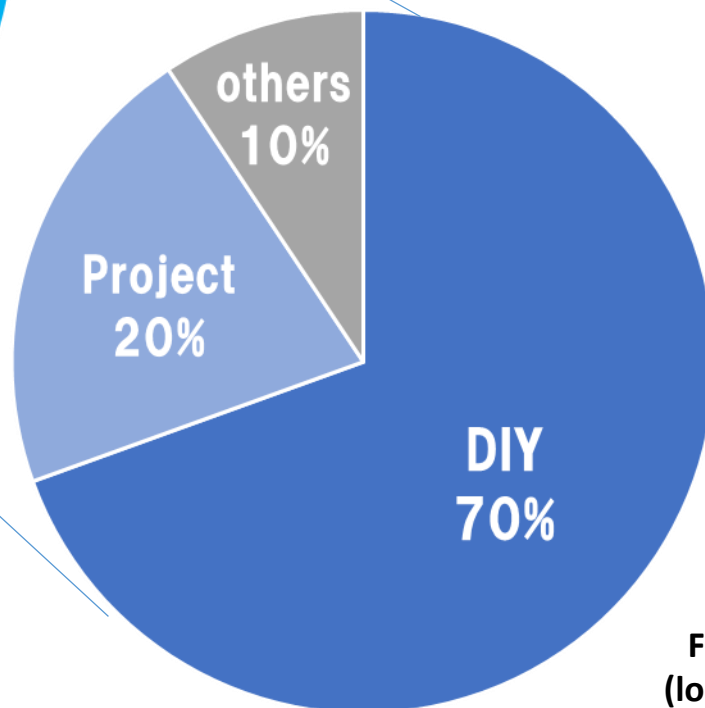
*2 Includes the impact of consolidation of DE

We have secured profits in DIY, a mainstay field.

Sales breakdown by application
(Entire business)



TU: Sales breakdown by business



Impact of a rise in raw material costs

DIY: B to C

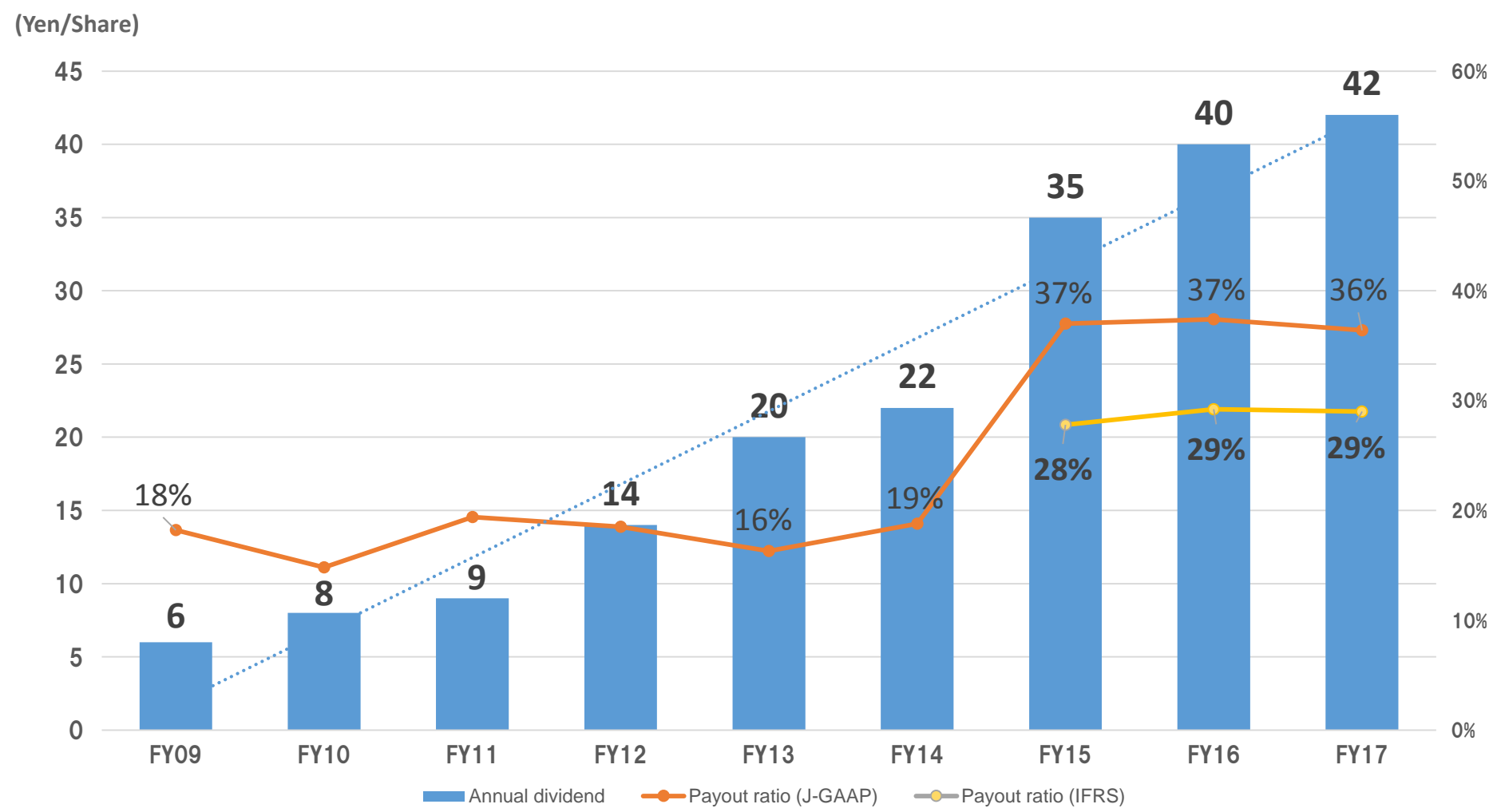
- Since we have high market share, it is relatively easy to pass on increases in raw materials hike.
- Their relative impact is limited.

Project: B to B

- The industry has moved toward oligopoly by customers (large developers, etc.).
- Price competition has intensified in the market.
- Although the number of projects increased, the amount of each order decreased since each project became smaller.

FY2017 H1 results
(local currency basis)

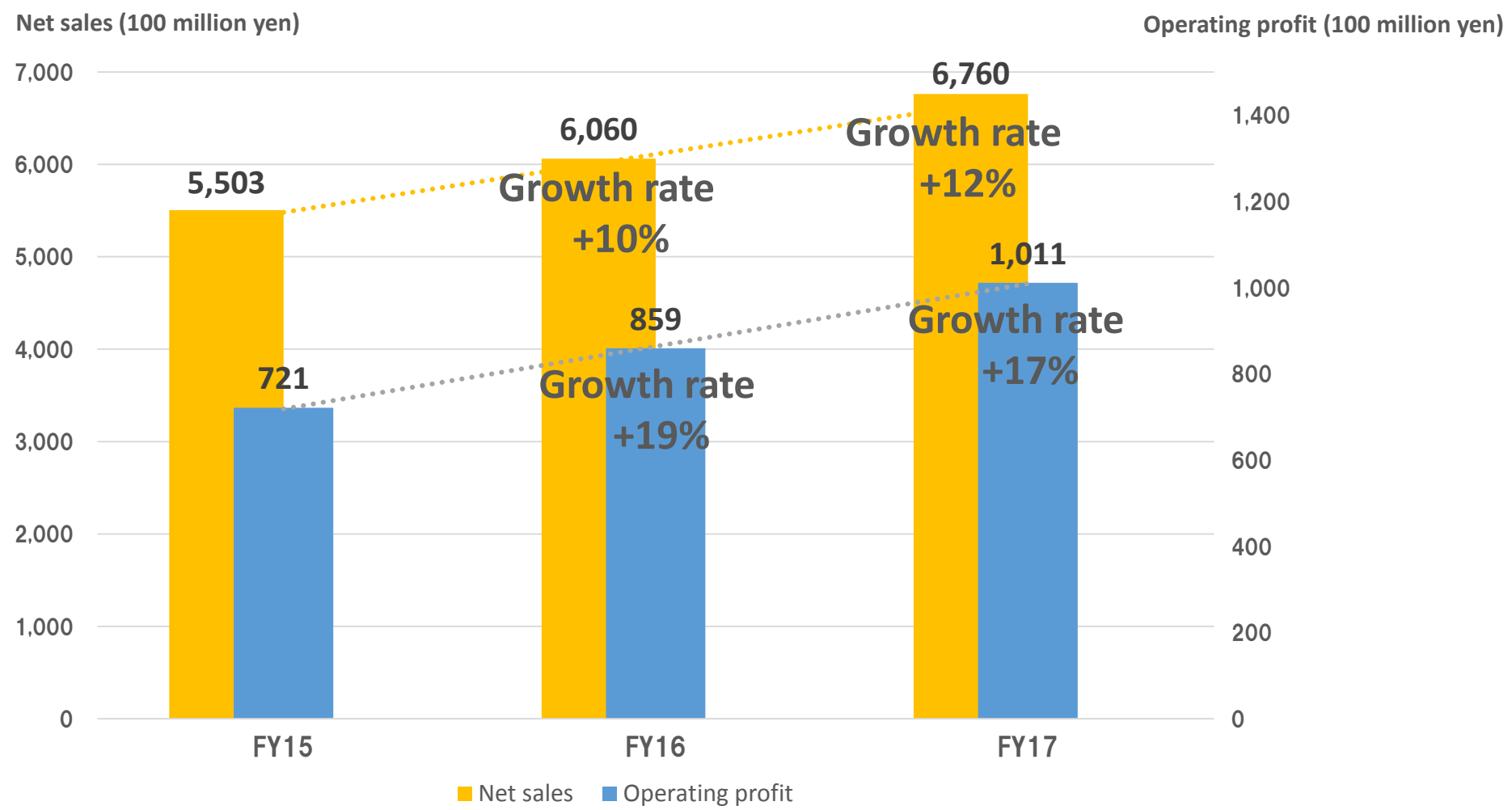
We have continued increasing the dividend.
Since FY2015 it has aimed to achieve a 30% payout ratio.*



* Annual dividend calculated by adding goodwill amortization to the dividend source.

Progress of the Mid-term Management Plan

Both net sales and operating profit have grown steadily.



* Exchange rate for formulating the medium-term management plan
Yen-US dollar rate: 119.17
Yen-RMB rate: 18.99

While placing priority on Asia (China), we have aimed to foster its 2nd and 3rd pillars of business in other regions.



Dunn-Edwards Corporation ("DE")
In March 2017, we turned DE into a wholly-owned subsidiary and gained a foothold to expand sales of paints for the decorative industry in the southwestern U.S.



Bollig & Kemper GmbH & Co. KG ("B&K")
In January 2016, we turned B&K into a wholly-owned subsidiary and expanded access to OEM manufacturers in Europe.



CRF Shenzhen Co., Ltd. ("CRF")
In January 2017, we turned CRF into a subsidiary and expanded its business line in the Chinese industrial wood coatings market.

DE FY2017 net sales, operating profit, and depreciation and amortization

NIPPON PAINT HOLDINGS CO.,LTD.

DE **strives** to improve profitability further in the 2nd half of FY2017.

(100 million yen)

<u>Impacts of consolidation</u>	FY2017 H1* ¹	FY2017 full-year* ¹
Net sales	156	370
Operating profit	-4* ²	0

*¹ The basis period for the first half is March to June (actual results); for the full year March to December (planned values).

*² In the first half, acquisition expenses (1,400 million yen) are included.

(100 million yen)

PPA results

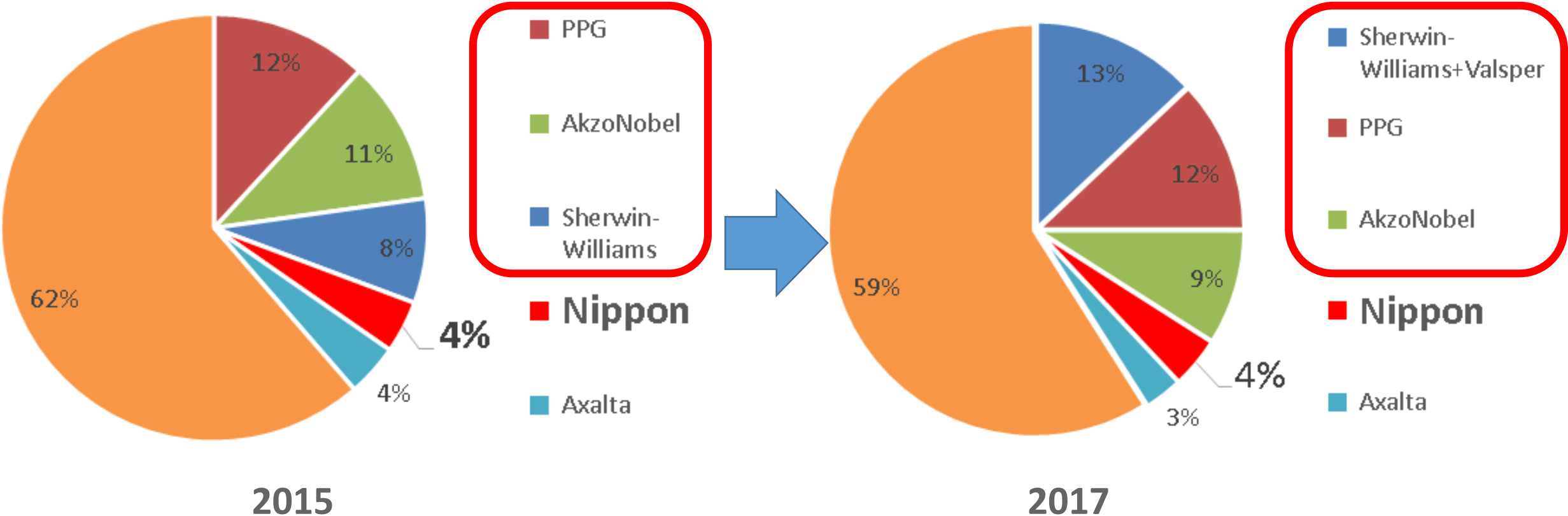
	Yen-US dollar rate US\$1 =113.18 yen	FY2017 full year Depreciation & amortization	Depreciation & amortization (converted to 12-month figure)
Tangible assets	114	0	0
Intangible assets	254	2.7	3.2
Goodwill	347	14	17
Total	714	17	21





Although the paint industry has seen reorganization occur globally, the industry has not become an oligopoly yet.

Estimated market shares of major paint manufacturers*

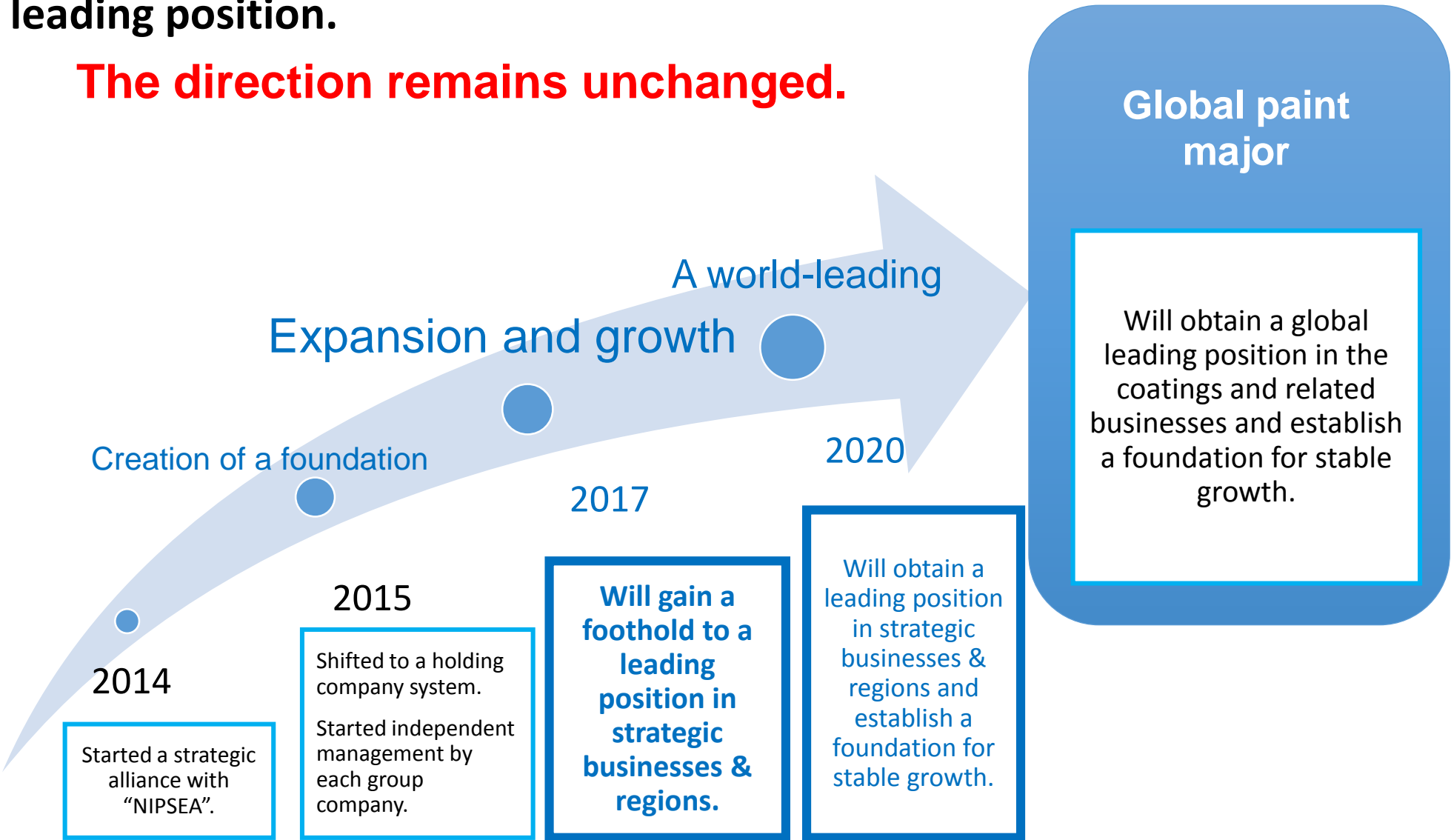


* Estimates are based on data of Coatings World and IPPIC



We will create a foundation to surely and promptly take a leading position.

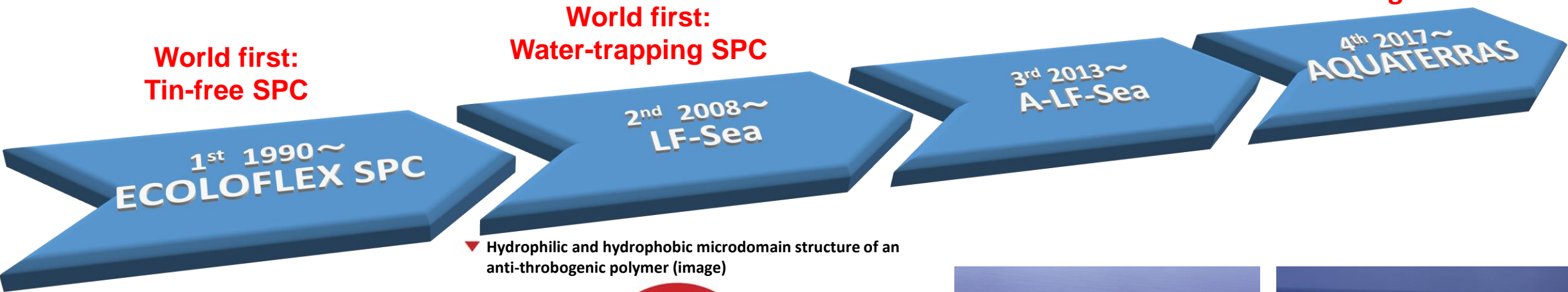
The direction remains unchanged.



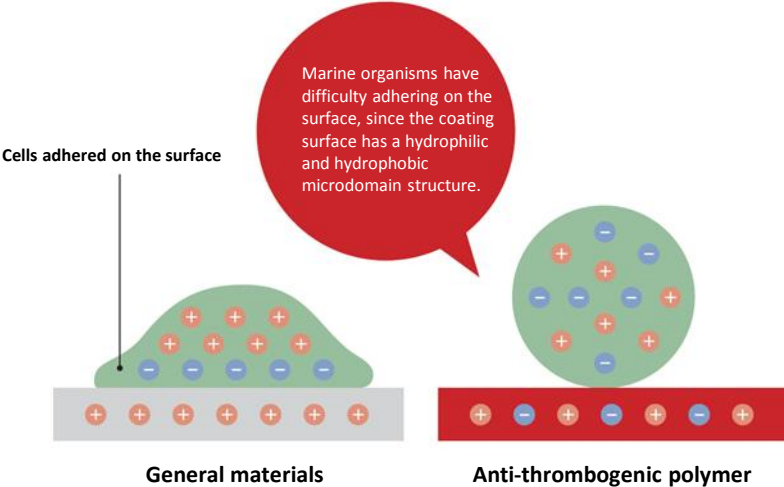
Topics: ESG

- ✓ Launched the world’s first antifouling-agent-free and hydrolytic ship bottom coating, *AQUATERRAS*
- ✓ **Achieved** reduced burden on marine organisms and improved fuel efficiency

The world’s first antifouling-agent (copper)-free self-smoothing coating



▼ Hydrophilic and hydrophobic microdomain structure of an anti-throbogenic polymer (image)



A MeimonTaiyoFerry vessel that has adopted AQUATERRAS

- ✓ Launched a paint for housing interior finishing that uses rushes from Kumamoto Prefecture
- ✓ A safe and trusted paint that uses naturally derived components
- ✓ The paint was also used in reconstruction following the 2016 Kumamoto earthquakes.



Enlarged
view



Paint can printed with the image of Kumamon,
a mascot of Kumamoto Prefecture.



Reporting the launch of *Igusa Paint* to Mr. Ono,
Vice-governor of Kumamoto Prefecture
Left: Ms. Nakazawa, Manager of the Business Development Office,
Development Manager, Right: Vice-governor Ono

Activity in Malaysia: Support for *Art by Children for Children*

- ✓ Long-term project, from 2014 to 2028
- ✓ Supports underprivileged children in cooperation with NGOs to make their dreams come true.
- ✓ Offer children who send pictures to the exhibition an opportunity to learn a variety of knowledge and skills and help them live independently.

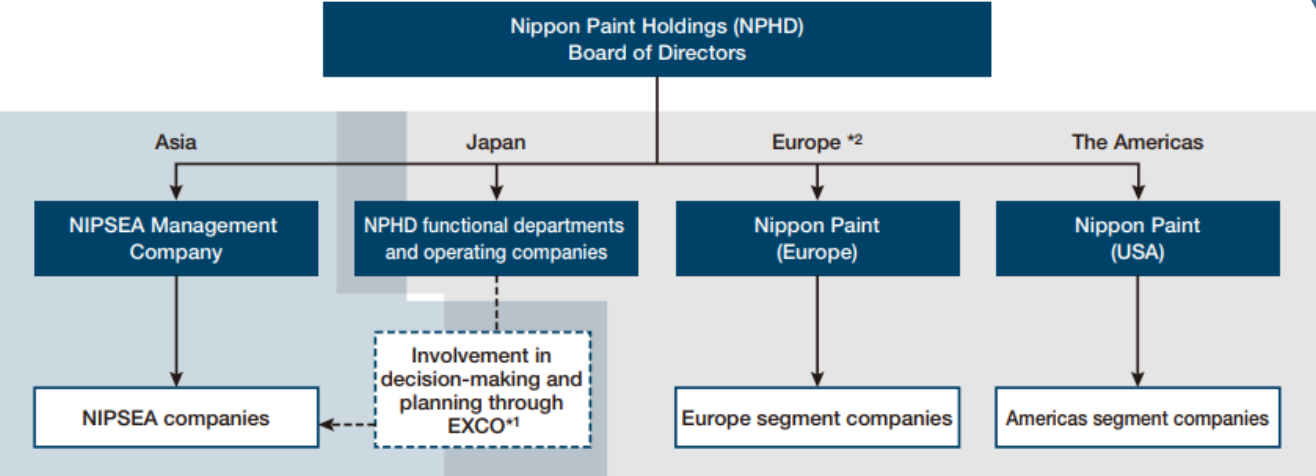


- ✓ Earnestly study the details to incorporate group governance in the next mid-term management plan.
- ✓ Plan to establish competitive advantage through super-high effective production from reorganizing domestic plants

Theme	Contents
Steering committee on reformulating the management philosophy	➤ Establish a management philosophy that can be shared among global group companies.
Steering committee on improving group governance	➤ Set a model and goal for future group governance under a matrix structure based on operational and geographical segments.
Project to establish governance rule	* Regard governance rule as the creation of components of the steering committee.
Project of Domestic Plants reorganization	➤ Formulating a plan to handle identified problems of domestic production and verify its effectiveness.

Details
on next
page

Current governance system: Establish a regional management company to get involved in governance



Organized according to the Business Management Control Policy

Reports and reporting routes have been reorganized

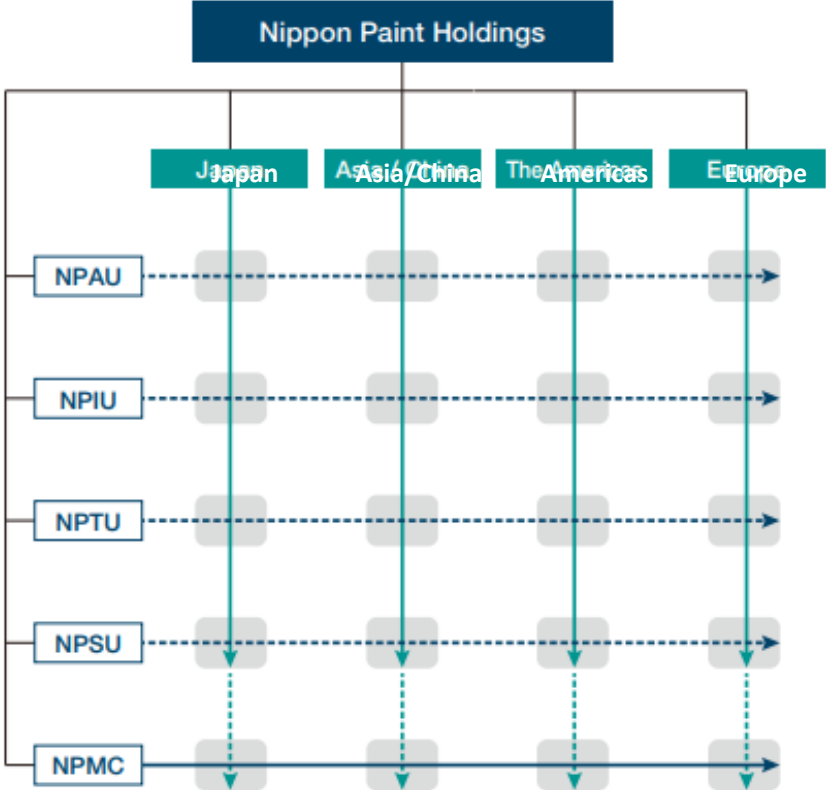
*1 EXCO: Executive Committee. NIPSEA's decision-making body

*2 Disclosed segments are included in "Others"

Global Audit System Overview



Future governance: Evolve into a matrix structure based on operational and geographical segments.



Regional supervision company

Operating companies

NPAU: Nippon Paint Automotive Coatings Co., Ltd.

NPIU: Nippon Paint Industrial Coatings Co., Ltd.

NPTU: Nippon Paint Co., Ltd.

NPSU: Nippon Paint Surf Chemicals Co., Ltd.

NPMC: Nippon Paint Marine Coatings Co., Ltd.



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 Nippon Paint Holdings Group may be significantly different 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 by relying on any information or statements contained herein.