

NOTICE: For the convenience of capital market participants, NIPPON PAINT HOLDINGS CO., LTD. Provides English translation of the information disclosed in Japanese, provided that the original Japanese version prevails over its English translation version in the case of any discrepancy found between the original and translation.

**Consolidated Financial Results
for the Nine Months Ended September 30, 2018
[Japanese GAAP]**



November 14, 2018

Company name: NIPPON PAINT HOLDINGS CO., LTD.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 4612
 URL: <http://www.nipponpaint-holdings.com/>
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 Scheduled date filing quarterly securities report: November 14, 2018
 Scheduled date of commencing dividend payments: -
 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 Nine Months Ended September 30, 2018 (January 1, 2018 to September 30, 2018)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|--------------------------------------|-------------|-----|------------------|--------|-----------------|-------|---|-----|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Nine months ended September 30, 2018 | 471,078 | 4.0 | 50,810 | (10.0) | 55,993 | (4.7) | 26,514 | 5.1 |
| September 30, 2017 | 452,772 | - | 56,467 | - | 58,731 | - | 25,236 | - |

Note: Comprehensive income: Nine months ended September 30, 2018: ¥28,445 million [(31.3) %]
 Nine months ended September 30, 2017: ¥41,376 million [- %]

| | Basic earnings per share | Diluted earnings per share |
|--------------------------------------|--------------------------|----------------------------|
| | Yen | Yen |
| Nine months ended September 30, 2018 | 82.68 | 82.66 |
| September 30, 2017 | 78.69 | 78.68 |

The Company has changed its fiscal year-end from March 31 to December 31 from the fiscal year ended December 31, 2016. Accordingly, the consolidated financial statements for the nine months ended December 31, 2016 was not prepared, and therefore changes from the previous corresponding period for the nine months ended September 30, 2017 have not been provided.

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio |
|--------------------------|--------------|-------------|--------------|
| | Million yen | Million yen | % |
| As of September 30, 2018 | 917,771 | 632,029 | 55.4 |
| As of December 31, 2017 | 920,591 | 629,408 | 54.8 |

Reference: Equity: As of September 30, 2018: ¥508,376 million
 As of December 31, 2017: ¥504,336 million

2. Dividends

| | Annual dividends | | | | |
|---|--------------------|--------------------|--------------------|----------|-------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended December 31, 2017 | - | 20.00 | - | 22.00 | 42.00 |
| Fiscal year ending December 31, 2018 | - | 22.00 | - | | |
| Fiscal year ending December 31, 2018 (Forecast) | | | | 23.00 | 45.00 |

Note: Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2018 (January 1, 2018 to December 31, 2018)

(% indicates changes from the previous corresponding period.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Basic earnings per share |
|-----------|-------------|-----|------------------|--------|-----------------|--------|---|--------|--------------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Full year | 615,000 | 1.6 | 63,000 | (16.0) | 69,000 | (10.2) | 31,000 | (16.5) | 96.66 |

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

*** Notes:**

- (1) Changes in significant subsidiaries during the period under review: No
- (2) Accounting treatments adopted specially for the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates and restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: No
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Restatement: No
- (4) Total number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the period (including treasury shares):
September 30, 2018: 325,402,443 shares
December 31, 2017: 325,402,443 shares
 - 2) Total number of treasury shares at the end of the period:
September 30, 2018: 4,700,978 shares
December 31, 2017: 4,700,301 shares
 - 3) Average number of shares during the period:
Nine months ended September 30, 2018: 320,701,656 shares
Nine months ended September 30, 2017: 320,703,181 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 certain assumptions that are judged to be reasonable, and the Company does not in any way guarantee the achievement of the projections. Actual results, etc. may differ greatly from the forecast figures depending on various factors. For the assumptions underlying the forecasts and precautions when using the forecasts, please refer to “1. Qualitative Information on Quarterly Financial Results for the Period under Review (3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information” on page 4 of the Attachment.

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

(1) Explanation of Operating Results

The period of consolidation for the nine months ended September 30, 2018 is the nine months from January to September 2018.

During the nine months ended September 30, 2018, consolidated net sales of the Company and its group companies (collectively, the “Group”) increased by 4.0% from the corresponding period of the previous year (the “previous year”), to ¥471,078 million. Consolidated operating profit decreased by 10.0% from the previous year, to ¥50,810 million due to the effects of an increase in raw material prices, and consolidated ordinary profit decreased by 4.7% from the previous year, to ¥55,993 million due to a decrease in consolidated operating profit, despite the recording of the subsidy income related to the removal of factories resulting from an environmental regulation in China. Profit attributable to owners of parent increased by 5.1% from the previous year, to ¥26,514 million partly due to the gain on sales of non-current assets posted for the sale of land, etc. following the closure of Neyagawa office, despite the effect of a decrease in consolidated ordinary profit.

Results by business segment are as follows.

Japan

In this region, although the number of automobiles manufactured was slightly lower than the previous year, net sales of automotive coatings were higher than the previous year due to factors such as favorable shipments of premium design and high value-added coatings and efforts to expand our market share. As for industrial coatings, due to weak shipments of coatings for construction materials affected by unfavorable market, net sales were lower than the previous year. As for trade-use paints, despite of the sluggish market conditions, net sales were slightly higher than the previous year due to factors such as efforts to expand our market share in the retail sector by introducing new products. As for other coatings, net sales were lower than the previous year due to factors such as the sluggish market conditions of marine coatings and the recording of sales of a large-scale coating facility construction in the previous year.

As a result of these factors, consolidated net sales for the Japan segment decreased by 0.5% from the previous year, to ¥130,149 million. Consolidated operating profit decreased by 3.8% from the previous year, to ¥33,923 million due to the effects of an increase in raw material prices and an increase in selling, general and administrative expenses. ¥14,012 million of dividend income from overseas group companies (¥12,543 million in the previous year) is included in consolidated operating profit. All of this dividend income is eliminated as an internal transaction under “Inter-segment transaction eliminations and other adjustments.”

Asia

In this region, net sales for automotive coatings in China, a core region, were higher than the previous year, with a slight increase in the number of automobiles manufactured from the previous year, due to factors such as favorable production by Japanese and South Korean manufacturers, coupled with the expansion of business to Chinese manufacturers. As for trade-use paints, net sales were higher than the previous year, due to factors such as an increase of sales to major customers in sectors focusing on decorative paints for exterior, despite of the sluggish real estate market conditions due to the strengthening of housing investment regulations. In industrial coatings, net sales were lower than the previous year, owing primarily to weak shipments of coatings for construction materials affected by unfavorable market.

In the Asia region excluding China, net sales for automotive coatings were higher than the previous year due to an increase in number of automobiles manufactured in Thailand. Additionally, net sales of trade-use paints were strong in Singapore, Vietnam and Malaysia.

As a result of these factors, consolidated net sales for the Asia segment increased by 4.8% from the previous year, to ¥273,958 million. Consolidated operating profit decreased by 7.9% from the previous year, to

¥28,173 million mainly due to the effects of an increase in raw material prices.

Americas

In this region, although the number of automobiles manufactured was at the same level as the previous year, net sales for automotive coatings in the United States, a core region, decreased from the previous year, due to the effects of exchange rate in addition to a decline in the number of automobiles manufactured by Japanese manufacturers. In trade-use paints, consolidated net sales increased year on year with the results of DUNN-EDWARDS CORPORATION, a decorative paints manufacturer, which was consolidated in March 2017, contributing to the sales for the full nine months compared to seven months in the previous year.

As a result of these factors, consolidated net sales for the Americas segment increased by 12.9% from the previous year, to ¥56,683 million. Consolidated operating profit increased by 3.0% from the previous year to ¥2,848 million. Consolidated operating profit of the nine months ended September 30, 2017 included expenses related to the acquisition of stock of DUNN-EDWARDS CORPORATION.

Other

In this segment, regarding automotive coatings, with number of automobiles manufactured in the region decreased from the previous year, consolidated net sales decreased by 1.0% from the previous year to ¥10,286 million despite favorable shipments to Japanese and French manufacturers and consolidated operating loss was ¥227 million, compared to an operating profit of ¥322 million in the previous year mainly due to the effects of an increase in raw material prices and the aggravating effects of product mix.

(2) Explanation of Financial Position

Total assets at the end of the third quarter of the fiscal year under review decreased by ¥2,820 million from the end of the previous fiscal year to ¥917,771 million. Current assets increased by ¥11,782 million, mainly due to a decrease in securities, offset by increases in cash and deposits and accounts receivable - trade. Additionally, non-current assets decreased by ¥14,602 million from the end of the previous fiscal year, primarily caused by factors such as decreases in trademark rights and goodwill in line with their amortization and a decrease in investment securities resulting from the fall in share prices.

Liabilities decreased by ¥5,440 million from the end of the previous fiscal year to ¥285,741 million. The decrease was mainly attributable to a decrease in loans payable and deferred tax liabilities.

Net assets increased by ¥2,620 million from the end of the previous fiscal year to ¥632,029 million. This was mainly attributable to decreases in valuation difference on available-for-sale securities, foreign currency translation adjustment and non-controlling interests, offset by an increase in retained earnings due to the recording of profit attributable to owners of parent.

As a result, equity ratio increased from 54.8% at the end of the previous fiscal year to 55.4%.

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

Net sales in China are projected to fall below the forecasts as a result of the effects of slower growth than is expected in new housing market, due to the strengthening of regulations to limit housing purchases for investment purposes, although our mainstay residential interior paints business is projected to exceed the market growth rate. Net sales in other regions are also projected to be lower than the forecasts. Operating profit is projected to fall below the forecasts due to a shortfall in net sales and the effects of an increase in raw material prices on a global scale.

In view of these circumstances, the full-year consolidated financial results forecast is revised as follows.

Revisions to the Full-Year Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2018 (January 1, 2018 to December 31, 2018)

| | Net sales | Operating profit | Ordinary profit | Profit attributable to owners of parent | Basic earnings per share |
|-----------------------------------|-------------|------------------|-----------------|---|--------------------------|
| | Million yen | Million yen | Million yen | Million yen | Yen |
| Previously announced forecast (A) | 650,000 | 78,000 | 82,000 | 35,500 | 110.69 |
| Currently revised forecast (B) | 615,000 | 63,000 | 69,000 | 31,000 | 96.66 |
| Amount of change (B-A) | (35,000) | (15,000) | (13,000) | (4,500) | |
| Change (%) | (5.4) | (19.2) | (15.9) | (12.7) | |

2. Quarterly Consolidated Financial Statements and Primary Notes
(1) Quarterly Consolidated Balance Sheets

(Million yen)

| | As of December 31, 2017 | As of September 30, 2018 |
|---|-------------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 103,007 | 119,294 |
| Notes and accounts receivable - trade | 153,922 | 165,959 |
| Electronically recorded monetary claims - operating | 15,402 | 16,185 |
| Securities | 37,477 | 25,054 |
| Inventories | 68,406 | 68,565 |
| Deferred tax assets | 7,278 | 7,308 |
| Other | 20,800 | 17,203 |
| Allowance for doubtful accounts | (4,394) | (5,889) |
| Total current assets | 401,900 | 413,682 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 64,029 | 64,270 |
| Other, net | 78,850 | 81,538 |
| Total property, plant and equipment | 142,880 | 145,808 |
| Intangible assets | | |
| Goodwill | 197,051 | 187,625 |
| Trademark right | 61,870 | 59,368 |
| Other | 54,295 | 52,104 |
| Total intangible assets | 313,216 | 299,099 |
| Investments and other assets | | |
| Investment securities | 57,619 | 54,170 |
| Deferred tax assets | 1,143 | 890 |
| Other | 3,912 | 4,160 |
| Allowance for doubtful accounts | (82) | (41) |
| Total investments and other assets | 62,593 | 59,179 |
| Total non-current assets | 518,690 | 504,088 |
| Total assets | 920,591 | 917,771 |

(Million yen)

| | As of December 31, 2017 | As of September 30, 2018 |
|---|-------------------------|--------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 79,940 | 79,966 |
| Electronically recorded obligations - operating | 22,380 | 21,759 |
| Short-term loans payable | 25,354 | 27,427 |
| Income taxes payable | 6,046 | 4,906 |
| Provision for product compensation | 2,340 | 312 |
| Other | 63,150 | 73,868 |
| Total current liabilities | 199,212 | 208,241 |
| Non-current liabilities | | |
| Long-term loans payable | 31,741 | 21,905 |
| Deferred tax liabilities | 33,337 | 31,706 |
| Provision for directors' retirement benefits | 191 | 187 |
| Provision for environmental measures | 264 | 301 |
| Net defined benefit liability | 17,398 | 16,539 |
| Other | 9,037 | 6,861 |
| Total non-current liabilities | 91,970 | 77,500 |
| Total liabilities | 291,182 | 285,741 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 78,862 | 78,862 |
| Capital surplus | 63,262 | 63,229 |
| Retained earnings | 385,369 | 397,773 |
| Treasury shares | (6,454) | (6,458) |
| Total shareholders' equity | 521,040 | 533,406 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 12,068 | 10,368 |
| Foreign currency translation adjustment | (25,387) | (32,660) |
| Remeasurements of defined benefit plans | (3,384) | (2,738) |
| Total accumulated other comprehensive income | (16,703) | (25,030) |
| Subscription rights to shares | 136 | 179 |
| Non-controlling interests | 124,934 | 123,474 |
| Total net assets | 629,408 | 632,029 |
| Total liabilities and net assets | 920,591 | 917,771 |

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Nine Months Ended September 30, 2018

(Million yen)

| | For the nine months ended September 30, 2017 | For the nine months ended September 30, 2018 |
|---|---|---|
| Net sales | 452,772 | 471,078 |
| Cost of sales | 268,090 | 287,247 |
| Gross profit | 184,682 | 183,831 |
| Selling, general and administrative expenses | 128,214 | 133,020 |
| Operating profit | 56,467 | 50,810 |
| Non-operating income | | |
| Interest income | 857 | 839 |
| Dividend income | 583 | 655 |
| Share of profit of entities accounted for using equity method | 847 | 837 |
| Subsidy income | 471 | 3,511 |
| Other | 2,119 | 2,411 |
| Total non-operating income | 4,879 | 8,256 |
| Non-operating expenses | | |
| Interest expenses | 838 | 939 |
| Foreign exchange losses | 1,052 | 1,193 |
| Other | 723 | 941 |
| Total non-operating expenses | 2,615 | 3,074 |
| Ordinary profit | 58,731 | 55,993 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 35 | 4,136 |
| Other | 4 | 109 |
| Total extraordinary income | 40 | 4,245 |
| Extraordinary losses | | |
| Loss on sales and retirement of non-current assets | 505 | 569 |
| Other | 28 | 15 |
| Total extraordinary losses | 533 | 585 |
| Profit before income taxes | 58,238 | 59,653 |
| Income taxes | 17,690 | 17,899 |
| Profit | 40,547 | 41,753 |
| Profit attributable to non-controlling interests | 15,310 | 15,238 |
| Profit attributable to owners of parent | 25,236 | 26,514 |

Consolidated Statements of Comprehensive Income

Nine Months Ended September 30, 2018

(Million yen)

| | For the nine months ended September 30, 2017 | For the nine months ended September 30, 2018 |
|--|---|---|
| Profit | 40,547 | 41,753 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 249 | (1,788) |
| Foreign currency translation adjustment | (1,246) | (11,389) |
| Remeasurements of defined benefit plans, net of tax | 1,694 | 630 |
| Share of other comprehensive income of entities accounted for using equity method | 131 | (760) |
| Total other comprehensive income | 828 | (13,308) |
| Comprehensive income | 41,376 | 28,445 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 25,579 | 18,186 |
| Comprehensive income attributable to non-controlling interests | 15,796 | 10,258 |

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Notes in the case of significant changes in shareholders' equity)

There is no relevant information.

(Accounting treatments adopted specially for the preparation of quarterly consolidated financial statements)

Calculation of tax expenses

Tax expenses have been calculated by multiplying profit before income taxes by an effective tax rate, which is reasonably estimated after the application of tax effect accounting to profit before income taxes for the consolidated fiscal year including the third quarter of the fiscal year under review.

(Segment information, etc.)

[Segment information]

I. For the nine months ended September 30, 2017

1. Information on net sales and income (loss) by reportable segment

(Million yen)

| | Reportable segment | | | | Other (Note) | Total |
|--------------------------------------|--------------------|---------|----------|----------|-----------------|---------|
| | Japan | Asia | Americas | Subtotal | | |
| Net sales | | | | | | |
| Net sales to outside customers | 130,828 | 261,327 | 50,221 | 442,378 | 10,394 | 452,772 |
| Inter-segment net sales or transfers | 28,333 | 3,870 | 119 | 32,322 | 655 | 32,978 |
| Total | 159,162 | 265,197 | 50,340 | 474,701 | 11,049 | 485,750 |
| Segment income | 35,273 | 30,577 | 2,766 | 68,618 | 322 | 68,941 |

Note: "Other" represents business segments that are not included in the reportable segments, and contains business activities by overseas subsidiaries in Europe, etc.

2. Difference between total reportable segment income (loss) and the amount recorded in the quarterly consolidated statements of income, and major details of such difference (matters related to adjustments of difference)

(Million yen)

| Income | Amount |
|--|----------|
| Total reportable segment income | 68,618 |
| Net income from "Other" | 322 |
| Inter-segment transaction eliminations and other adjustments | (12,473) |
| Operating profit recorded in the quarterly consolidated statements of income | 56,467 |

Note: "Inter-segment transaction eliminations and other adjustments" includes inter-segment dividend income.

3. Information on products and services

(Million yen)

| Net sales to outside customers | Amount | Change from the previous year (%) |
|--------------------------------|---------|--------------------------------------|
| Paint business | 438,687 | — |
| Automotive paint | 109,219 | — |
| Trade-use paint | 233,076 | — |
| Industrial paint | 55,228 | — |
| Other paint | 41,163 | — |
| Fine chemical business | 14,084 | — |
| Total | 452,772 | — |

Notes: 1. Consumption taxes are not included in these amounts.

2. During the previous fiscal year, the fiscal year-end was changed from March 31 to December 31. As a result, the period for comparison for the nine months ended September 30, 2018 differs, and change from the previous year is not provided.

II. For the nine months ended on September 30, 2018

1. Information on net sales and income (loss) by reportable segment

(Million yen)

| | Reportable segment | | | | Other (Note) | Total |
|--------------------------------------|--------------------|---------|----------|----------|-----------------|---------|
| | Japan | Asia | Americas | Subtotal | | |
| Net sales | | | | | | |
| Net sales to outside customers | 130,149 | 273,958 | 56,683 | 460,792 | 10,286 | 471,078 |
| Inter-segment net sales or transfers | 29,891 | 2,816 | 175 | 32,882 | 555 | 33,438 |
| Total | 160,040 | 276,775 | 56,859 | 493,674 | 10,841 | 504,516 |
| Segment income (loss) | 33,923 | 28,173 | 2,848 | 64,945 | (227) | 64,717 |

Note: "Other" represents business segments that are not included in the reportable segments, and contains business activities by overseas subsidiaries in Europe, etc.

2. Difference between total reportable segment income (loss) and the amount recorded in the quarterly consolidated statements of income, and major details of such difference (matters related to adjustments of difference)

(Million yen)

| Income | Amount |
|--|----------|
| Total reportable segment income | 64,945 |
| Net loss from "Other" | (227) |
| Inter-segment transaction eliminations and other adjustments | (13,907) |
| Operating profit recorded in the quarterly consolidated statements of income | 50,810 |

Note: "Inter-segment transaction eliminations and other adjustments" includes inter-segment dividend income.

3. Information on products and services

(Million yen)

| Net sales to outside customers | Amount | Change from the previous fiscal year (%) |
|--------------------------------|---------|--|
| Paint business | 456,597 | 4.1 |
| Automotive paint | 119,041 | 9.0 |
| Trade-use paint | 245,307 | 5.2 |
| Industrial paint | 51,304 | (7.1) |
| Other paint | 40,944 | (0.5) |
| Fine chemical business | 14,481 | 2.8 |
| Total | 471,078 | 4.0 |

Note: Consumption taxes are not included in these amounts.