

FY2020 1Q Financial Result Conference Call Presentation Summary
May 15, 2020



Good evening everyone. I am Yuichiro Wakatsuki, chief financial officer of Nippon Paint Holdings.

Thank you for taking the time late in the evening to participate in this conference regarding our earnings results for FY2020 first quarter.

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Disclosure Policy for This Document:

- Both reported base ("Tanshin") and adjusted base ("Non-GAAP") financials are disclosed
- Non-GAAP adjusts for additional M&A effects and one time gains/losses in order to clarify continuing operation trends year on year
- Qualitative comments in this presentation primarily refers to Non-GAAP unless stated otherwise
- Non-GAAP incorporates adjustments mainly for the following items. Please see section in appendix (Page 29) for more information
(F/X constant, subsidies, insurance payments received, etc. (subsidy income, insurance income, gains on sales of fixed assets), expenses for mergers and acquisitions, asset impairment losses, newly consolidated subsidiaries)

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Please look at the bottom of page 2.

We have changed our disclosure policy for financial information since February to provide figures prepared both on a reported basis, which is the data in our tanshin, and an adjusted, or non-GAAP, basis.

Major adjustments are the profit contribution from the acquisition of DuluxGroup and Betek Boya and the effects of foreign exchange.

Today's Summary

FY2020 1Q (YOY):

'Tanshin' /Revenue: +11%; operating profit: -24%

'Non-GAAP' results/Revenue: -14%; operating profit: -42%

NIPSEA China impacted significantly by the novel coronavirus outbreak ("coronavirus impact"), notably from February to March, resulting in both revenue and operating profit decreases YOY. Almost all its factory operations resumed in March and operations back on a gradual recovery path

Challenging environment in automobile sector: each region posting a decrease in both revenue and operating profit with sluggish market conditions globally from last year, and with further decrease in automobile production due to coronavirus impact

Steady contribution from DuluxGroup and Betek Boya, acquired last year ("Tanshin" base). Significant earnings growth YOY for Betek Boya (for reference) but withdrawal of 2020 forecast announced in February due to significant impact of coronavirus in Turkey from April. Maintain February guidance for DuluxGroup despite changes in operating environment

Remains difficult to collectively quantify the impact of coronavirus and provide FY2020 forecast in a reasonable manner. FY2020 forecast prepared based on certain assumptions at this time with JPY720 bn revenue and JPY 63bn operating profit. May revise forecast depending on the future development of the economic impact of coronavirus. Dividends are to be determined

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In the first quarter of FY2020, revenue increased with a profit decline on a reported basis, while both revenue and profit declined on a non-GAAP basis, year on year, respectively. Our consolidated earnings were affected significantly by the weak business performance at NIPSEA China and also by the automotive coatings business globally. On the other hand, both DuluxGroup and Betek Boya contributed steadily to our consolidated earnings results.

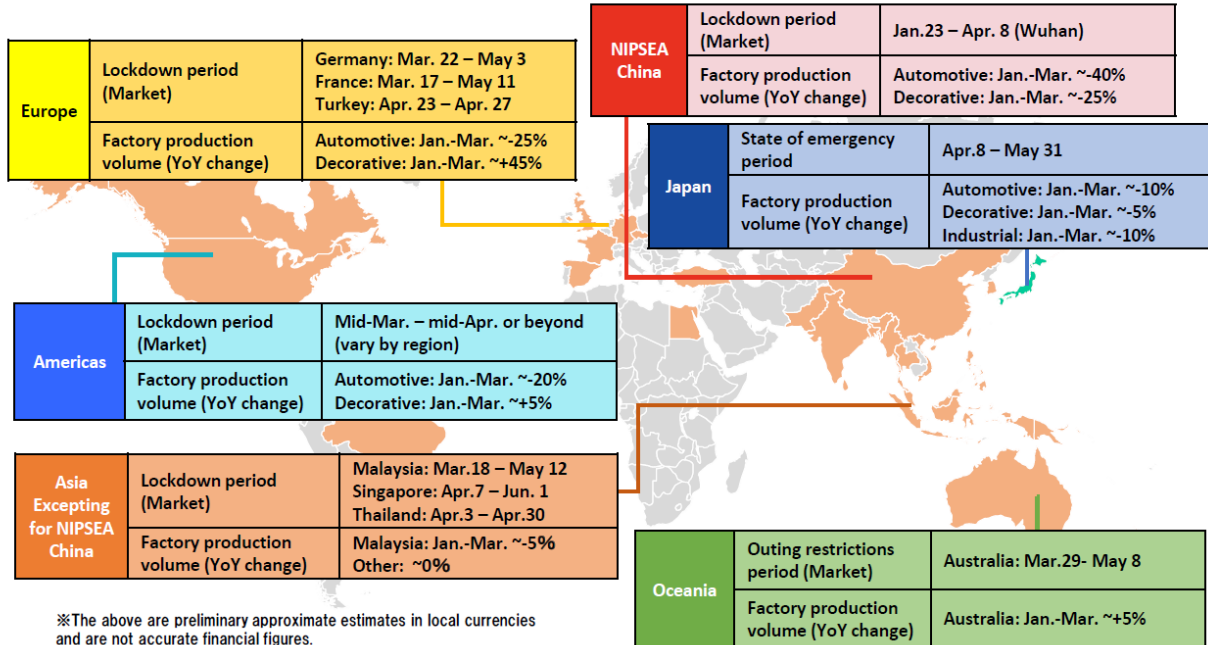
We did not disclose a FY2020 forecast at the announcement of the FY2019 4Q financial results on February 13. Meanwhile, we disclosed the forecast for DuluxGroup and Betek Boya (DuluxGroup: revenue of 143 bn yen and operating profit of 17 bn yen; Betek Boya: revenue of 34 bn yen and operating profit of 3.1 bn yen; both before PPA (Purchase Price Allocation: categorization of the purchase prices into the assets and liabilities acquired) deduction) given that the two companies had been little impacted by the novel coronavirus outbreak at that time and from the standpoint of releasing a full-year guidance for those companies after acquisition.

We will maintain the initial forecast for DuluxGroup but withhold that for Betek Boya this time taking into consideration the impact of coronavirus outbreak. Please also note that business environment surrounding DuluxGroup has changed from the time the initial forecast was formed.

Our view is that it is still difficult to rationally estimate the consolidated earnings forecasts for FY2020 at this time. That said, we have disclosed the FY2020 forecasts (revenue of 720 bn yen and operating profit of 63 bn yen) as a “base-case forecast” based on certain assumptions. This is a revenue increase with a profit decrease on a reported base from the prior-year level. We cannot disclose the breakdown of non-GAAP figures. Dividend forecast is to be determined.

Coronavirus Impact (1) Coronavirus Situation around the Globe

NPHD Group's factory production volume increase/decrease (YOY) depending on the region and business



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Now I would like to explain the current coronavirus impact.

This page shows the overview of coronavirus impact on NHPD's global operations.

Please note that production volumes are only approximate estimates and also that such volume itself is subject to change according to inventory buildup and future outlook, as you may well know, thus these figures in and of itself have limited implications.

This information is provided this time only to show the latest snapshot of coronavirus impact on our operations around the globe.

A quick implication from this map is that the paint business is very broad in scope and the coronavirus impact on this business varies across country, region, and industry.

Coronavirus Impact (2) NPHD's Response Policy and NIPSEA China's Situation

Three priority policies

- ① To protect employees and their families from coronavirus infection
- ② To secure funds to protect the Group's businesses around the world
- ③ To have business continuity plan (BCP) firmly in place

Situation in NIPSEA China

① Production system

- NIPSEA China's all 49 factories resumed operations on March 8.
- Factory production volume (overall; YoY change):
Jan.-Feb. ~-30%; Mar. ~20% (1Q ~-25%); Apr. ~+15%

② Supply chain

- No issue in raw material procurement and improvement in logistics
- Impact of crude oil price fall from March on raw material procurement cost to be realized with 2-4 month lag (3Q or thereafter)
- RMC※ ratio improved 1.3 pt. in 1Q from the previous year due to our cost reduction efforts

③ Sales trend

- Decorative business recovery to the prior-year level expected from 2Q (Project segment recovery expected before DIY segment)
- Loss of business in peak period of March to adversely impact the full-year results
- Industrial segment expected to take longer to recover due to overall weak demand
- Proactively support customers and promptly meet demand post-coronavirus by leveraging the high capital liquidity

※ Raw Material Cost

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NPHD announced internally and externally earlier on to respond to the novel coronavirus outbreak based on three priority policies. Regarding the first policy, NPHD Group has had 0 employees who tested positive for the coronavirus in Japan and only a few tested positive overseas, and no plant closure due to the infection.

This page also shows the situation at NIPSEA China. All its factories are operating. Production volumes are presented strictly for reference purpose. Sales volumes at NIPSEA China are lower in January and February compared to other months due to the effects of Chinese New Year holidays, so this page simply shows that production volumes are on a recovery trend.

There is no issue with supply chain management, and the impact of crude oil price fall on earnings will be realized with a lag of a couple of months.

Regarding sales trend, we expect that the decorative paints business will recover before the industrial coatings business, and the recovery of Project will come before DIY within

the decorative paints business. We are not expecting a V-shaped recovery overall, and the FY2020 forecasts which I will explain later are prepared based on cautious assumptions for market recovery.

That said, one of the strengths of NIPSEA China is the resilience power toward the recovery, i.e., the production capacity and sufficient financial resources to promptly meet demand with group wide support when the situation gets back on a recovery path.

Coronavirus Impact (3) Market Conditions/Business in Major Operating Regions

Market conditions and business in the major operating regions

Asia Excepting for NIPSEA China	Both Malaysia Group and Singapore Group saw negative impact on 1Q and 2Q financials due to lockdown impact, etc. from late March. Earnings recovery to the prior-year level expected from 2H.
Japan	Decorative: 1Q impacted by demand decline following the last-minute demand surge before the consumption tax hike and coronavirus impact becoming apparent from March. The end of coronavirus outbreak and recovery expected in 2H Industrial: Production adjustment implemented in 1Q by manufacturing industries affected by economic slowdown and stagnation of parts import and products export Further production adjustment by manufacturing industry expected due to coronavirus impact in 2Q and beyond.
Oceania	Despite the impact of bushfires followed by extensive rain & floods and the lockdown in New Zealand (sales composition: approx. 10%) in 1Q, higher demand for decorative paints to drive 2Q growth with demand returning to normal in 2H.
Americas (DE)	Coronavirus impact became apparent from March. 143 stores operating as an essential business, but sales expected to slow down in 2Q and beyond due to containment regulations, etc.
Europe (Betek)	Achieved strong growth of +41% YoY (for reference) in 1Q. Growth in 2Q and beyond likely underachieve the assumptions due to lockdown impact from April, etc., but positive full-year YoY growth expected.
Automotive coatings business	Japan: Lower production volume in 1Q due to the impact of economic slowdown and coronavirus (-7% YoY). Production volume decline to continue through 2Q, but modest recovery expected from 2H. China: 1Q production volume declined sharply (-45% YoY) due to lockdown impact. Rapid recovery expected from 2Q. Americas: 1Q production volume declined (-12% YoY) due to coronavirus impact. No significant recovery expected in 2Q and 2H. Europe: Production volume decreased in 1Q with downturn continuing in 2Q, but recovery expected from 2H.

This page shows the coronavirus impact on the market and business conditions in our major operating regions.

Our Asia operations were faring well until February but have been affected by the coronavirus outbreak and lockdown since March.

Our domestic decorative paints business has started to see the coronavirus impact from March. Some leading general contractors suspended construction works in April, and though the situation doesn't allow for optimism, we project a market recovery to take place in 2H.

Our Oceania operations were initially affected by bushfires and unfavorable weather. However, a high demand for housing refurbishment occurred in March following the adoption of restrictions on outings, leading to a revenue increase year on year based on reference figures.

Regarding Dunn-Edwards, our decorative paints operations in the Americas region, revenue was very strong in January and February due to factors such as price increase and favorable weather, but the impact of coronavirus became apparent in March. In

addition, some stores were ordered to shut down in the early stage of coronavirus outbreak. While all the stores have resumed operations, demand is calm at this time. Regarding Betek Boya, earnings were very strong in 1Q owing to factors such as the rollout of a major sales promotion event in February, but following the rapid spread of coronavirus infections in April its operations including logistics have been adversely affected. As a result, it is very difficult to form a forecast on this company at this time. It still reported strong sales in April based on preliminary figures, but this is not due to strong real demand, but rather due to back order from March and consumers' stock up to prepare for lockdown. Finally, the automotive coatings business is facing a very severe market and business climate globally.

Coronavirus Impact (3) Business in the Major Operating Regions

Market conditions and business (monthly figures in April/for reference)

	Production volume (YoY change)	Revenue (YoY change)
NIPASE China	Decorative: ~+20%	Decorative: ~+10%
Asia Excepting for NIPSEA China	Malaysia: ~-95% Other: ~-35%	Malaysia: ~-85% Other: ~-50%
Japan	Decorative: ~0% Industrial: ~-25%	Decorative: ~-15% Industrial: ~-15%
Oceania	Australia: ~+15%	~+15%
Americas (DE)	~-50%	~-20%
Europe (Betek)	~-40%	~+10%
Automotive coatings business	n/a	Japan: ~-40% NIPSEA China: ~-25% Europe and America: ~-95%

※The above are preliminary approximate estimates in local currencies and are not accurate financial figures.

The figures on this page are preliminary approximate estimates for April and intended to present an overall trend rather than examining each figures.

As I stated earlier in the explanation about Betek Boya's business conditions where revenue increase and sharp production decrease coexists, simply looking at production could be misleading. In addition, NIPSEA China reported strong figures both for production and revenue, but there is always a time lag between production and sales, thus these figures are not intended to draw some conclusion on the Group's business conditions.

Please also note that our FY2020 earnings forecasts were prepared assuming those market and business conditions and subject to a time lag.

Coronavirus Impact (4) Liquidity Status

Liquidity secured (¥142.8 billion* (cash and deposits, etc.) + ¥230 billion

① Secured sufficient liquidity preparing for a prolonged impact of coronavirus

• Commitment line agreements (contracted on April 10)

Lender	Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd.
Maximum borrowing	¥180 billion (contract period: 1 year)

• Borrowing① (Executed on April 15)

Lender	Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd.
Total borrowing amount	¥20.0 billion (borrowing period: 1 year)

• Borrowing② (Executed on April 28)

Lender	Development Bank of Japan Inc.
Total borrowing amount	¥30.0 billion (borrowing period: 2 years)

② Bridge loan refinance for acquisitions (executed from March 16 to 23)

Lender	Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, Development Bank of Japan Inc., Mizuho Bank, Ltd.
Total borrowing amount	¥320 billion (average borrowing period: 6.8 years)

* As of the end of March 2020

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This page explains the second of our three priority policies explained earlier.

The bridge loan refinance described in ② in this page has been under consideration before corona impact. During this period we were able to broaden bank relationships, extend duration in a good timing, and secure sufficient liquidity at a very low cost thanks to the cooperation of banks to prepare for the worst. I also note that we now have sufficient capital to quickly capture business opportunities upon recovery.

Coronavirus Impact (5) Stay Home Campaign

For customers who spend more time at home to prevent the spread of coronavirus infection, we have ideas available on our website to enjoy their time at home not as “home nesting, but rather “home decorating” with “STAY HOME & ENJOY PAINTING” as a theme.



* For more information, please visit the special page (<https://www.nipponhome-online.jp/stayhome/>) on our website (Japanese only).

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There are business opportunities lying ahead even under these tough circumstances. This “STAY HOME & ENJOY PAINTING” campaign introduces the ideas for staying home not as home nesting, but rather as “home decorating,” and is very well received among consumers. I hope everyone will give them a try.

Coronavirus Impact (6) Others

Strengthening R&D/product supply system for resolving social issues

- Proactively developing antibacterial/antivirus coatings
 - Broadly pursuing development through industry-academia collaboration
 - Bringing together technologies and know-how of domestic and overseas group companies
- Proactively providing “Perfect Interior Air Clean”, etc. to hospitals, schools, and special nursing facilities, etc.



Donation of medical masks, etc.

- Donated about 40,000 medical masks to over 50 medical institutions across Japan
- Donated about 4,300 masks for children to Kita-ku, Osaka City



Donation to the Red Cross Society

- Donated a total of 4 million RMB (approx. 64 million JPY) to three Red Cross Societies in China.



Lastly, I would like to explain about NPHD's various initiatives that are underway toward solving social issues caused by infections using our technologies.

In fact, NPHD already has a range of antivirus coatings available, although those products are not designed specifically to prevent the spread of coronavirus infection. “Perfect Interior Air Clean” is a product with antivirus feature using photocatalytic technology and is certified by the Photocatalysis Industry Association of Japan (PIAJ), a certification body. We are also considering more concrete industry-academia collaboration, and are mobilizing the Group's resources to contribute to solving social issues.

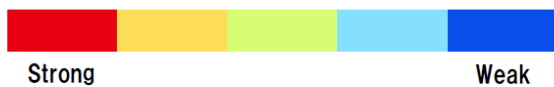
I will not go into the details on page 12 onward as those pages show results of operations achieved based on the market and business conditions I explained earlier. I will answer questions later on.

Before turning to the FY2020 forecasts, I will explain P15 and P16

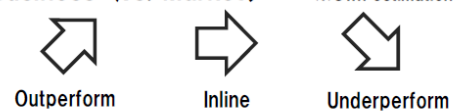
2-1. Market & Business Environment (1Q)

	Japan	Asia (NIPSEA China)		Oceania	Americas
Automotive coatings					
Decorative coatings		DIY 	Project 		

■ Market (YoY)



■ Business (vs. Market)*



※Own estimation

- ✓ Automotive: Automobile production volume declined due to coronavirus impact on global production activities
- ✓ Decorative: Slow sales in Japan due to the effects of consumption tax hike and coronavirus
Strong market conditions in the U.S. due to high housing demand continuing from last December and favorable weather from January to February
In China, sales declined due to demand decrease following store operations suspension and travel restrictions due to coronavirus impact
In Australia, DIY paints demand increased due to outing restrictions, while sales affected by weak housing starts and bushfires

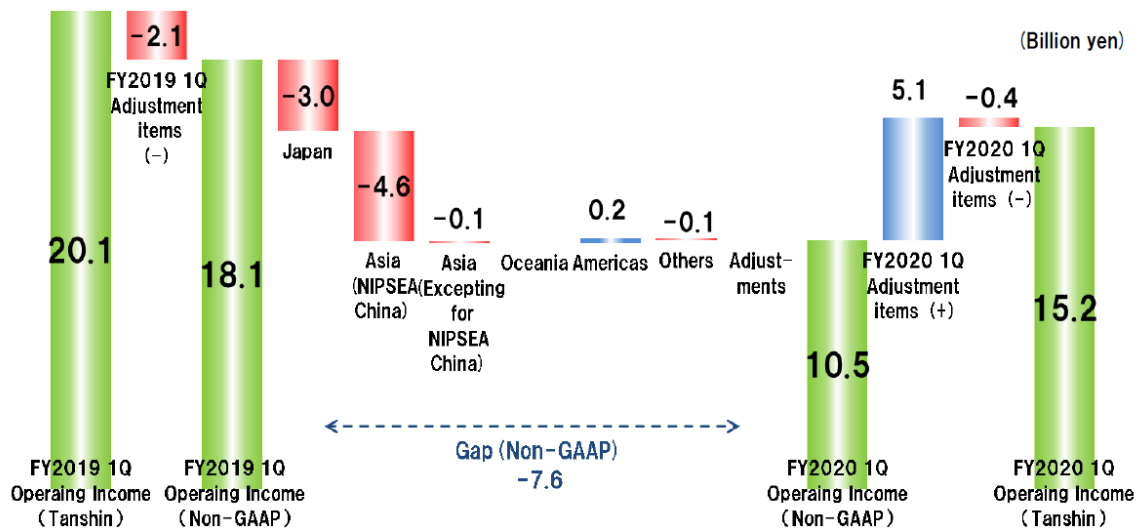
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This page shows a heat map we started using from FY2019 Q4 financial results presentation in February.

Reading this chart takes some getting used to: The colors indicate market climates and the arrows for market share showing whether we have outperformed (increased market share), were in-line (maintained market share), or underperformed (lost market share). Therefore, the heat map shows that our sales in the DIY and Project segments in China fell year on year due to the market's sharp decline but our market share is supposed to have increased.

2-2. Operating Profit Gap Analysis (Based on Non-GAAP Results)



- ✓ Japan: Lower earnings because of weakness in the automotive, decorative and industrial market sectors, higher SG&A expenses including headquarters expenses
- ✓ Adjustment items (+) : Operating profit increased by 5.1 bn yen due to profit contribution from DuluxGroup and Betek Boya and others

This page shows the bridge in our first quarter operating profit on a reported and non-GAAP basis.

The biggest positive adjustment for this year is for the profit contribution from the acquisition of DuluxGroup and Betek Boya.

These adjustments should be eliminated from 3Q to 4Q.

3-1. FY2020 Forecast

(Billion yen)	Results (Tanshin)				<Exchange rate>		
	FY2019 Actual	FY2020 Forecast	YoY (Amount)	YoY (%)		FY2019 Full Year	FY2020 Full Year
Revenue	692.0	720.0	28.0	4.0%	JPY/USD	109.2	107.0
Operating profit	78.1	63.0	-15.1	-19.3%	JPY/RMB	15.8	15.5
OP margin	11.3%	8.8%	-	-2.5pt	JPY/AUD	74.7	75.0
Profit before tax	79.5	60.0	-19.5	-24.5%			
Profit [※]	36.7	25.0	-11.7	-31.9%			

※Profit attributable to owners of parent

Assumptions for earnings forecast:

The above consolidated earnings forecasts were prepared using certain assumptions based on information currently available at this time although it is difficult to rationally estimate the ending time of the coronavirus outbreak and ensuing recovery of final demand, etc. as the impact of the novel coronavirus outbreak varies from region to region, industry to industry at this time. The forecast may be changed depending on the development of the global economic impact of the novel coronavirus outbreak. The dividends forecast for the fiscal year ending December 31, 2020 is to be determined. The Company will disclose the forecast as soon as it becomes available in consideration of the future earnings trends based on our dividend policy.

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Now I would like to explain the full-year earnings forecasts for FY2020.

I have already explained our assumptions used in preparing the FY2020 forecasts, but let me reiterate that it is in fact difficult to create an overall forecast given that the coronavirus impact varies enormously from region to region, industry to industry.

That said, with our commitment to maintain dialogue with the market participants, we believe the best we can do at this point is to provide a “base-case” forecast first and add information on changes from the forecast when there is any. Please note such premise for this FY2020 forecast.

I would also like to explain about the dividend forecast.

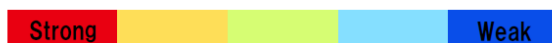
NPHD has Maximization of Shareholder Value (MSV) as its paramount mission, predicated on the fulfillment of our duties to stakeholders and ensuring of business continuity. This is our first priority.

What comes next is growth investments to increase Total Shareholder Return (TSR) and then comes consideration of dividends also taking into account the stability of dividend payment. We thus believe that it is rather early to provide a dividend forecast at this time.

3-2. Market & Business Environment (2Q)

	Japan	Asia (NIPSEA China)		Oceania	Americas
Automotive coatings					
Decorative paints		DIY	Project		

■ Market (YoY)



- ✓ Automotive: For automobile production, slow recovery expected in China due to economic uncertainty. Uncertain situations expected to continue in other regions globally
- ✓ Decorative: Weak market conditions expected in Japan due to coronavirus impact continuing from 1Q
 Reactionary demand rise expected in China after demand fall in 1Q
 In Australia, housing refurbishment demand is expected to continue from 1Q
 In Americas, weak market conditions expected to continue with coronavirus impact becoming evident in 2Q and beyond.

This page shows our forecast for the second quarter market conditions.

The market conditions in China, for instance, are not all bad in April as I mentioned earlier. However, I believe the situations in May and June do not allow for optimism.

3-3. Market & Business Environment (2H)

	Japan	Asia (NIPSEA China)		Oceania	Americas
Automotive coatings					
Decorative paints		DIY	Project		

Market (YoY) Strong Weak

- ✓ Automotive: Projected the demand in China stable in automobile segment, especially for Japanese car makers. Uncertain situations expected to continue in other regions globally
- ✓ Decorative: In Japan, construction work resumption expected following postponement of Olympic Games and end of coronavirus outbreak
In China, resumption of economic activities will continue from 2Q and recovery at prior year level expected to continue
In Australia, demand expected to normalize in 2H
In Americas, market conditions expected to continue deteriorating from 2Q due to coronavirus impact

This page shows our forecast for the second half market conditions.

The forecast assumes a peak out of the coronavirus outbreak to a certain extent, but we do not assume a V-shaped recovery of the overall business sentiment. However, we assume that conditions in many markets will recover to prior-year levels.

3-4. Various Assumptions for FY2020 Forecast (1)

NIPSEA China (-5%~-10% YoY)

- Decorative (DIY) : -5%~-10% YoY: Moderate market recovery expected due to resumption of economic activities. Promotion campaigns planned based on expectation for market recovery from 2Q, especially repaint demand, but revenue increase not sufficient to offset revenue decline in 1Q. - Full-year revenue projected to fall below the prior-year level
- Decorative (PRJ) : 0%~-5% YoY: Market conditions recovery expected from 2Q due to early resumption of construction works by real estate developers. However, revenue projected to fall below the prior-year level due to China's economic slowdown. Strengthen relationships with strategic customers to minimize revenue decline
- Automotive: -15%~-20% YoY: Automobile production volume recovery expected from 2Q, but outlook is severe at this time. Full-year revenue projected to fall from the prior-year level

Asia Excepting for NIPSEA China (-5%~-10% YoY)

- Automotive: -10%~-15% YoY: Full-year revenue projected to decrease YoY due to slow automobile production recovery continuing in 2H.
- Decorative: -5%~-10% YoY: Full-year revenue projected to fall below the prior-year level despite efforts to strengthen advertising and sales promotion activities in 2H and beyond.

Japan (-5%~10% YoY)

- Automotive: -25%~-35% YoY: Full-year revenue projected to decrease YoY due to lower automobile production volume because of economic slowdown and coronavirus impact
- Decorative: 0%~-10% YoY: Full-year revenue projected to decrease despite promotion of measures to boost market share subject to the end of coronavirus outbreak and resumption of construction works.
- Industrial: -5%~-15% YoY: Full-year revenue projected to decrease YoY because deterioration in market conditions expected to continue in 2Q and beyond

※Figures are in local currencies

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3-5. Various Assumptions for FY2020 Forecast (2)

Oceania (for reference: Around +5% YoY)

- Higher revenue projected, driven by the BtoC business including decorative paints, although coronavirus impact remains to be seen

Americas (-15%~-25% YoY)

- Automotive: -30%~-40% YoY: Lower revenue due to weak automobile production volume in 2Q and beyond
- Decorative: 0%~10% YoY: Prevent operating profit decrease by reducing cost through cost-cutting measures and reducing investment, etc.

Others

- Automotive: -20%~-30% YoY: Lower revenue projected due to production suspension expected to continue in 2Q and beyond because of lockdown
- Decorative (for reference: 0%~+10% YoY) Higher full-year revenue projected due to strong revenue in 1Q, despite weak sales in April and beyond due to lockdown

Capital expenditure and SG&A expenses

- Cost of raw materials: Partially factored in the crude price fall
- SG&A expenses: Lower advertising expenses, etc. following revenue decline from initial forecast
- Capital expenditure: Postponed some investment projects in view of market conditions

※Figures are in local currencies

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The pages 27 and 28 explain assumptions for FY2020 forecasts by region.

As I have mentioned earlier, these are the base case assumptions at this time, and the aggregate of figures created based on these assumptions comes to revenue of 720 billion yen we announced today.

For instance, the market conditions in China are projected to level off both in 2Q and 2H compared with one year earlier, which creates an opportunity to achieve an earnings growth YoY if we succeed in increasing market shares. On the other hand, there is a possibility that the earnings will fall below the prior-year level due to the decline in 1Q and we may decide to discount prices to gain market share. The forecast is a “base case forecast” prepared based on the assumptions taking various such factors into consideration.

4-(1)-3. Breakdown of the Adjustment Items (FY2018 1Q vs. FY2019 1Q)

(Billion yen)		FY2018 1Q						FY2019 1Q					
		FX	Subsidy, Insurance, etc.	M&A related cost	Impairment loss	New acquisitions	Total	FX	Subsidy, Insurance, etc.	M&A related cost	Impairment loss	New acquisitions	Total
Japan	Automotive	-	-	-	-	-	-	-	-	-	-	-	-
	Decorative	-	-	-	-	-	-	-	-	-	-	-	-
	Industrial	-	-	-	-	-	-	-	-	-	-	-	-
	Fine chemicals	-	-	-	-	-	-	-	-	-	-	-	-
	Others※	-	-	-	-	-	-	-	-	-	-	-	-
	Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Oceania	Decorative	-	-	-	-	-	-	-	-	-	-	-	-
	Industrial	-	-	-	-	-	-	-	-	-	-	-	-
	Paint related business	-	-	-	-	-	-	-	-	-	-	-	-
	Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Americas	Decorative	-	-	-	-	-	-	-	-	-	-	-	-
	Industrial	-	-	-	-	-	-	-	-	-	-	-	-
	Fine chemicals	-	-	-	-	-	-	-	-	-	-	-	-
	Others※	-	-	-	-	-	-	-	-	-	-	-	-
	Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Others	Automotive	-	-	-	-	-	-	-	-	-	-	-	-
	Decorative	-	-	-	-	-	-	-	-	-	-	-	-
	Industrial	-	-	-	-	-	-	-	-	-	-	-	-
	Fine chemicals	-	-	-	-	-	-	-	-	-	-	-	-
	Others※	-	-	-	-	-	-	-	-	-	-	-	-
Revenue		-	-	-	-	-	-	-	-	-	-	-	-
Operating profit		-	-	-	-	-	-	-	-	-	-	-	-

※ The "Others" business includes marine, auto refinish business and etc.

4-(1)-4. Breakdown of the Adjustment Items (FY2018 1Q vs. FY2019 1Q)

(Billion yen)		FY2018 1Q						FY2019 1Q					
		FX	Subsidy, Insurance, etc.	M&A related cost	Impairment loss	New acquisitions	Total	FX	Subsidy, Insurance, etc.	M&A related cost	Impairment loss	New acquisitions	Total
Asia	Automotive	-0.0	-	-	-	-	-0.0	-0.4	-	-	-	-	-0.4
	Decorative	-0.3	-	-	-	-	-0.3	-1.7	-	-	-	-	-1.7
	Industrial	0.1	-	-	-	-	0.1	-0.2	-	-	-	-	-0.2
	Fine chemicals	-	-	-	-	-	-	-0.0	-	-	-	-	-0.0
	Others※	0.0	-	-	-	-	0.0	-0.0	-	-	-	-	-0.0
	Revenue	-0.2	-	-	-	-	-0.2	-2.3	-	-	-	-	-2.3
Operating profit		-	1.9	-	-	-	1.9	-0.4	0.1	-	-	-	-0.3
■ Breakdown of Asia													
NIPSEA China	Automotive	-0.0	-	-	-	-	-0.0	-0.3	-	-	-	-	-0.3
	Decorative	-0.3	-	-	-	-	-0.3	-1.9	-	-	-	-	-1.9
	Industrial	0.1	-	-	-	-	0.1	-0.0	-	-	-	-	-0.0
	Others※	0.0	-	-	-	-	0.0	0.0	-	-	-	-	0.0
	Revenue	-0.2	-	-	-	-	-0.2	-2.3	-	-	-	-	-2.3
Operating profit		-	1.9	-	-	-	1.9	-0.4	0.1	-	-	-	-0.3
Excepting for NIPSEA China	Revenue	-	-	-	-	-	-	-0.0	-	-	-	-	-0.0
	Operating profit	-	-	-	-	-	-	0.0	-	-	-	-	0.0
Total		-0.2	-	-	-	-	-0.2	-2.1	-	-	-	-	-2.1
Operating profit		-	4.2	-	-	-	4.2	-0.4	2.1	-	-	-	1.7

※ The "Others" business includes marine, auto refinish business and etc.

Before concluding today's presentation, I would like to mention two items for your reference.

Firstly, we provided a comparison of breakdown of the adjustment items between FY2018 and FY2019 according to requests from investors.

The comparison of first quarter is provided on pages 32 and 33. We will work on the comparison of second quarter and third quarter as a homework for the next period.

4-(1)-2. Breakdown of the Adjustment Items (FY2019 1Q vs. FY2020 1Q)

(Billion yen)		FY2019 1Q						FY2020 1Q					
		FX	Subsidy, Insurance, etc.	M&A related cost	Suspension of amortization of IA ^{※2}	New acquisitions	Total	FX	Subsidy, Insurance, etc.	M&A related cost	Suspension of amortization of IA ^{※2,3}	New acquisitions	Total
Asia	Automotive	-0.0	-	-	-	-	-0.0	-0.6	-	-	-	-	-0.6
	Decorative	-0.3	-	-	-	-	-0.3	-2.3	-	-	-	-	-2.3
	Industrial	0.1	-	-	-	-	0.1	-0.2	-	-	-	-	-0.2
	Fine chemicals	-	-	-	-	-	-	-0.1	-	-	-	-	-0.1
	Others ^{※1}	0.0	-	-	-	-	0.0	-0.1	-	-	-	-	-0.1
	Revenue	-0.2	-	-	-	-	-0.2	-3.3	-	-	-	-	-3.3
	Operating profit	-	0.1	-	-	-	0.1	-0.4	0.1	-	0.6	-	0.3
■ Breakdown of Asia													
NIPSEA China	Automotive	-0.0	-	-	-	-	-0.0	-0.3	-	-	-	-	-0.3
	Decorative	-0.3	-	-	-	-	-0.3	-1.8	-	-	-	-	-1.8
	Industrial	0.1	-	-	-	-	0.1	-0.2	-	-	-	-	-0.2
	Others ^{※1}	0.0	-	-	-	-	0.0	-0.0	-	-	-	-	-0.0
	Revenue	-0.2	-	-	-	-	-0.2	-2.3	-	-	-	-	-2.3
	Operating profit	-	0.1	-	-	-	0.1	-0.3	0.1	-	0.5	-	0.3
Excepting for NIPSEA China													
	Revenue	-	-	-	-	-	-	-1.0	-	-	-	-	-1.0
	Operating profit	-	-	-	-	-	-	-0.1	-	-	0.1	-	0.0
Total													
	Revenue	-0.2	-	-	-	-	-0.2	-3.7	-	-	-	39.8	36.1
	Operating profit	-	2.1	-	-	-	2.1	-0.4	0.1	-	0.6	4.5	4.8

※1 The "Others" business includes marine, auto refinish business and etc.

※2 Suspension of amortization of intangible assets

※3 Depreciation and amortization ("Tanshin" base) declined approx. 0.6 bn yen (NIPSEA China: 0.5 bn yen, Asia Excepting for NIPSEA China: 0.1 bn yen) due to revision of useful life of trademark rights.

As footnoted on page 31, we reviewed the depreciable life of NIPSEA China's trademark rights in accordance with changes in accounting estimates. As a result, depreciation and amortization declined approx. 0.6 billion yen per quarter, and this change will make a positive contribution on a full-year basis.

This will be the end of my presentation. Thank you for listening.