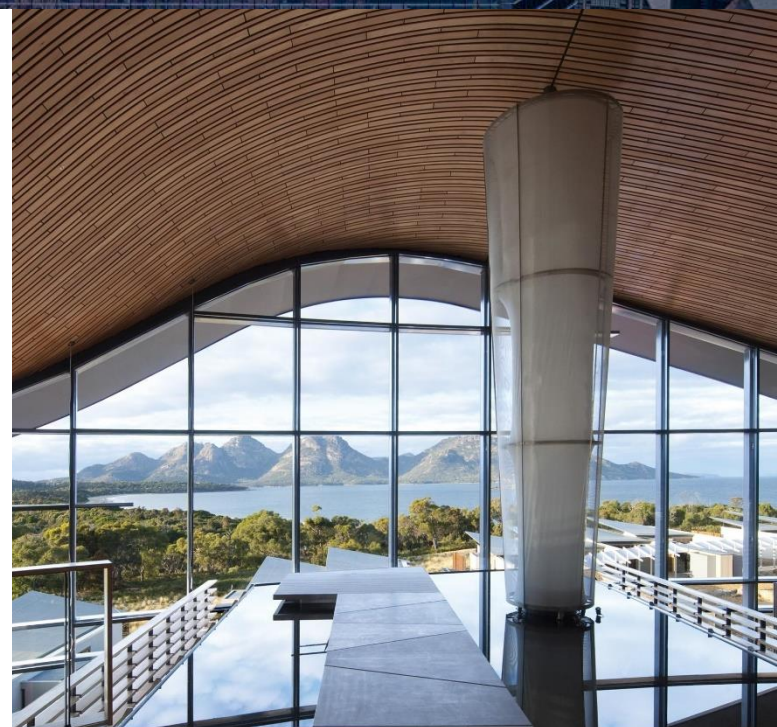


August 14, 2020

FY2020 2Q Financial Results Presentation Material



PAINT.W NDER
Color The World With Brilliant Innovation



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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 consolidation of new subsidiaries 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 appendix pages (Page 36 onwards) for more information (F/X constant, subsidies, insurance payments received, etc. (subsidy income, insurance income, gains on sales of fixed assets), M&A related costs, suspension of amortization of intangible fixed assets, asset impairment losses, newly consolidated subsidiaries)

Today's Summary (1)

FY2020 2Q YoY Growth



('Tanshin')

Revenue: +10.6%

Operating profit: -10.9%

('Non-GAAP')

Revenue: -11.6%

Operating profit: -39.8%

•FY2020 2Q Results (YOY) :

'Tanshin' /Revenue: +10.6%, operating profit: -10.9%

'Non-GAAP' /Revenue: -11.6%, operating profit: -39.8%

•NIPSEA China saw recovery and had higher revenue and profit YoY in 2Q mainly due to market re-opening after lockdown. Project had improved demand while DIY still weaker as consumer spending remained low and remain cautious

•Automotive coatings saw revenue and profit decline across regions due to COVID impact continuing from 1Q, with further fall in auto production

•DuluxGroup and Betek Boya, group companies acquired last year, steadily contributed to earnings ('Tanshin'), driven by demand growth following relaxation of lockdown for Betek and continued high demand from stay-at-home restrictions for DuluxGroup

•Lower raw material costs across regions, notably in Japan and Asia, contributed to profit

Today's Summary (2)

FY2020 Consolidated Earnings Forecast

Revenue: ¥730 bn
Operating profit: ¥66 bn



- COVID impact varies across regions and industries and remains difficult to reasonably estimate market conditions for final demand due to uncertain factors such as impact of COVID second wave and governments ending economic stimulus programs. Updated FY2020 guidance based on certain assumptions at this time
- FY2020 forecast revised upward from the previous forecast (Revenue: +1.4%; Operating profit: +4.8%)
- Major assumption differences between May 15 and this time as follows:
 - ↑ Improvement in decorative paints business (Project) at NIPSEA China
 - ↑ Improvement at Dunn-Edwards (Americas) and Betek Boya (Europe)
 - ↓ Prolonged COVID impact on market in Japan
 - ↓ Yen appreciation against major currencies compared to 1Q assumptions
 - ↓ Higher raw material cost assumptions due to rise in crude oil prices
- Full-year forecast: for Betek Boya: Revenue: ¥31 bn; Operating profit: ¥2.6 bn (before PPA depreciation)

FY2020 EPS Forecast

87 yen



- EPS at 87 yen (-27 yen YoY/+9 yen from previous forecast)
- 2Q-end half year dividend at 22 yen (same as FY2019 2Q)
- Annual dividend forecast at 45 yen (same as FY2019)

COVID Impact Around the Globe

COVID impact varies across regions but the overall impact remains to be seen

Europe

- In Turkey, curfew imposed mainly on weekends from April but restrictions were relaxed from June
- Concerns are growing about the second wave of COVID including in other regions in Europe

NIPSEA China

- COVID impact remains but market conditions are better with re-opening after lockdown. However, consumer spending low and remain cautious
- Risk of second waves in remote cities

Japan

- Resumption of production/construction work expected following the lifting of state of emergency, but a time lag is expected for full-scale demand recovery

Americas

- Restrictions were relaxed at one time but some states reinstated restrictions following recent outbreak

Asia Excepting for NIPSEA China

- In Malaysia, Singapore and Thailand, lockdown/regulations imposed from March-April were relaxed in stages but some still remain in place
- Risk of second waves. In Philippines, lockdowns are re-imposed due to resurgence and higher cases of COVID

Oceania

- Business activities restricted in some states in Australia due to the increase in COVID patients from July. While retail stores suspended operations, online sales remain active in states subject to restrictions
- Partial lockdown was imposed in New Zealand in mid-August after new COVID patients were found

Summary of Market and Business Conditions in Major Operating Regions (1)

Market and business conditions in major operating regions

Japan	<p>Decorative: 2Q market tone weaker than expected as COVID impact became apparent from March. Market climate slow to recover in 2H due to bad weather and heavy rainfall damage in western Japan, with business expected to be slower than 1Q assumptions</p> <p>Industrial: Market sluggish in 2Q across sectors as with 1Q assumptions due to COVID impact. Recovery to previous year's level unlikely in 2H</p>
NIPSEA China	<p>Decorative (DIY) : Achieved prior-year level 2Q sales due to recovery demand for painting and lifting of lockdown. 2H revenue is however expected to be lower due to cautious consumer spending. Full-year sales projected to fall YoY in view of risk of second wave of COVID and overall weakness in market sentiment</p> <p>Decorative (PRJ) : 2Q revenue grew YoY due to re-opening of market after lockdown is lifted and gradual resumption of work at construction sites. Despite concerns in 2H on heavy rainfall, flooding impact in July and risk of second wave of COVID, modest full-year revenue growth can still be expected, supported by growth in Tier 2 cities</p> <p>Industrial: 2Q saw lower sales as compared to prior-year level due to lockdown and COVID impact. Revenue slow to recover in 2H as with 1Q assumptions due to heavy rainfall, flooding impact and overall weakness in market</p>
Asia Excepting for NIPSEA China	<p>In 2Q, saw overall lower sales for Malaysia, Singapore and Thailand as market remained weak. Further earnings decrease expected in 2H as Thai market expected to worsen and deteriorate beyond 1Q assumptions while Malaysia and Singapore is expected to remain largely the same</p>

Summary of Market and Business Conditions in Major Operating Regions (2)

Market and business conditions in major operating regions

Oceania	YoY growth achieved, driven by strong demand in decorative paints and paint related business due to stay-at-home restrictions. Demand expected to normalize in 2H
Americas (Dunn-Edwards)	2Q revenue down 4% YoY due to downturn in April despite relaxation of COVID restrictions and price increase last December. Although COVID impact remains a concern, solid growth expected in 2H in view of coming season with stable climate
Europe (Betek Boya)	2Q revenue grew 17% YOY (for reference) exceeding expectations due to demand recovery for mainstay decorative paints and insulating materials following lockdown relaxation. YOY growth to continue in 2H, driven by strong decorative paints demand
Automotive coatings business	<p>Japan: 2Q auto production continued to fall (-48% YOY) due to economic downturn and COVID impact. Prolonged COVID impact likely to keep auto production down in 2H</p> <p>NIPSEA China: 2Q auto production up YOY due to recovery from COVID impact and government's various stimulus programs. 2H auto production varies across automakers but overall production expected to decrease YOY</p> <p>Americas: Production halt that began in March gradually lifted from May-end but market remained challenging with YOY production fall continuing as with 1Q. In 2H, production likely to fall YOY although acceleration of production expansion expected in 3Q to secure dealers' inventory</p> <p>Europe: Auto production to continue falling YoY through 2H despite recovery from production halt from May, due to production cuts reflecting weak demand</p>



1. FY2020 2Q Highlights

1-1. FY2020 2Q Highlights

(Billion yen)	Results (Tanshin)			Results (Non-GAAP)			
	FY2019 2Q	FY2020 2Q	YoY (%)	FY2019 2Q	FY2020 2Q	YoY (Amount)	YoY (%)
Revenue	165.1	182.5	10.6%	165.0	145.7	-19.2	-11.6%
Operating profit	21.8	19.4	-10.9%	22.0	13.2	-8.7	-39.8%
OP margin	13.2%	10.6%	-2.6pt	13.3%	9.1%	-	-4.2pt
Profit before tax	22.0	20.0	-9.2%	22.2	14.2	-8.0	-36.1%
Profit [※]	10.3	9.4	-8.4%	10.9	5.9	-4.9	-45.6%

※ Profit attributable to owners of parent

Revenue

- Higher revenue (+10.6% YOY) on 'Tanshin' base due to consolidation of new subsidiaries, etc.
- Decorative paints saw recovery in China (notably, Project) and strong demand in Australia, etc., while demand deteriorated in Japan and Asia excepting for NIPSEA China due to COVID impact
- Continuing from 1Q, global downturn in automobile market impacted automotive coatings business across regions

Operating profit

- Lower operating profit but OP margin ('Tanshin' base) recovered from 1Q (9.4%) to a double-digit percentage
- Higher profit at NIPSEA China due to revenue increase factors following lifting of the lockdown

1-2. FY2020 2Q Highlights (Revenue & Operating Profit by Region)

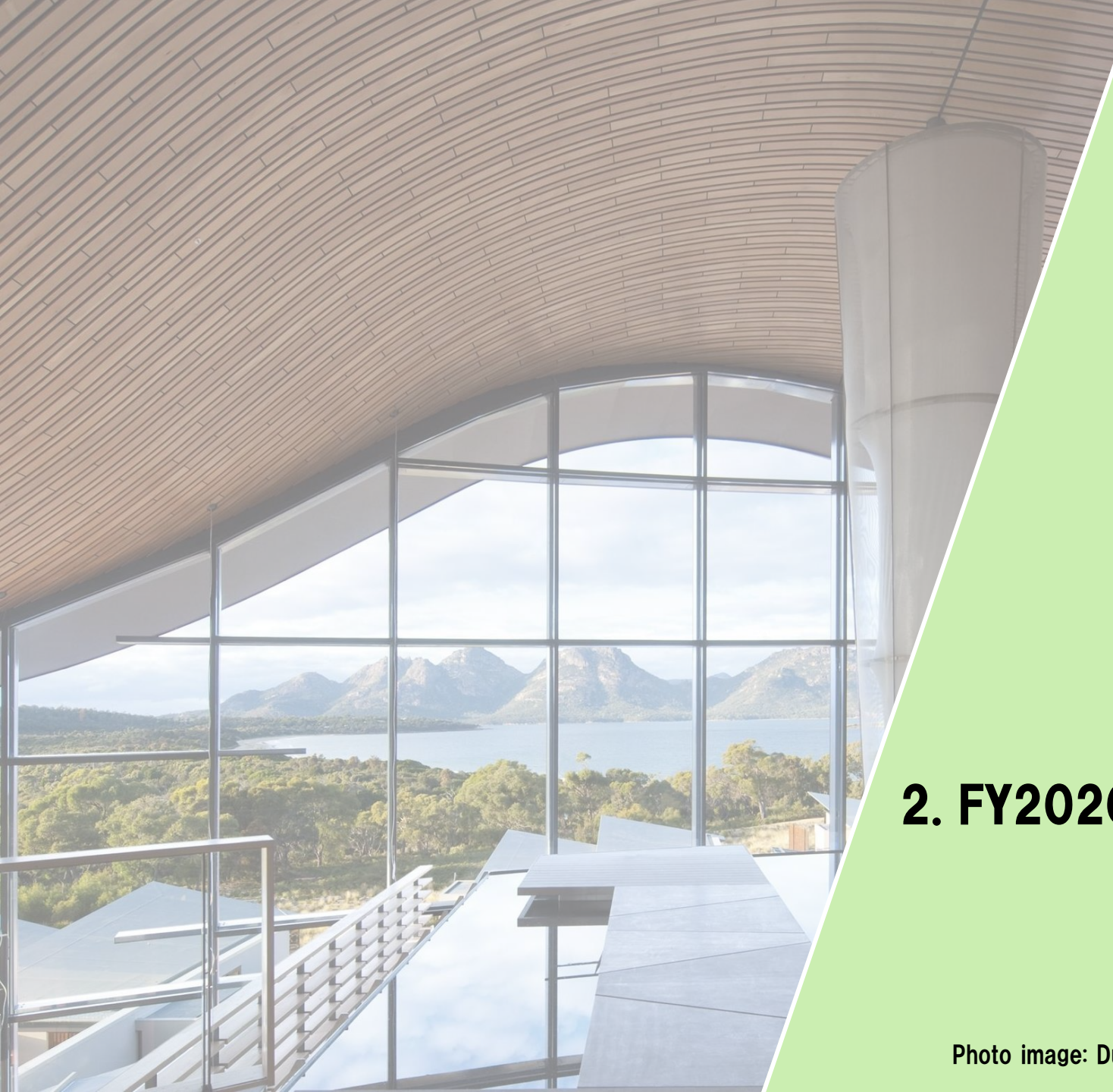
(Billion yen)		Results (Tanshin)			Results (Non-GAAP)			
		FY2019 2Q	FY2020 2Q	YoY (%)	FY2019 2Q	FY2020 2Q	YoY (Amount)	YoY (%)
Japan	Revenue	46.3	35.7	-22.9%	46.3	35.7	-10.6	-22.9%
	OP profit [※]	6.0	-0.2	-	6.8	-0.2	-7.0	-
Asia	Revenue	95.2	88.1	-7.5%	95.1	93.2	-1.9	-2.0%
	OP profit	14.2	14.3	0.8%	13.5	13.7	0.2	1.5%
Oceania	Revenue	-	35.0	-	-	-	-	-
	OP profit	-	4.8	-	-	-	-	-
Americas	Revenue	20.3	15.1	-25.6%	20.3	15.5	-4.8	-23.6%
	OP profit	2.1	0.4	-82.3%	2.1	0.4	-1.7	-82.5%
Others	Revenue	3.3	8.6	163.4%	3.3	1.4	-1.9	-58.5%
	OP profit	-0.3	0.1	-	-0.3	-0.6	-0.3	-
Total	Revenue	165.1	182.5	10.6%	165.0	145.7	-19.2	-11.6%
	OP profit	21.8	19.4	-10.9%	22.0	13.2	-8.7	-39.8%

※ Excluding dividends from overseas group companies (FY2020 2Q: ¥0.5 bn, FY2019 2Q: ¥11.9 bn)

Main reasons for changes

Japan With global market environment remaining weak, both Japan and Americas segments, which account for large percentages of automotive coatings sales, saw significant revenue and profit decrease


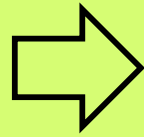
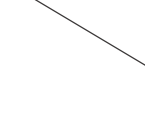


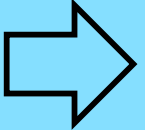



Asia: Automotive market was sluggish for the entire Asia, but decorative paints in China continued to growth to record profit at prior-year level



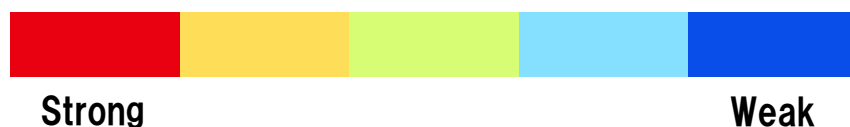
2. FY2020 2Q Results (by Region)

Photo image: DuluxGroup/ Freycinet Lodge

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

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

■ Market (YoY)



■ Business (vs. Market) ※

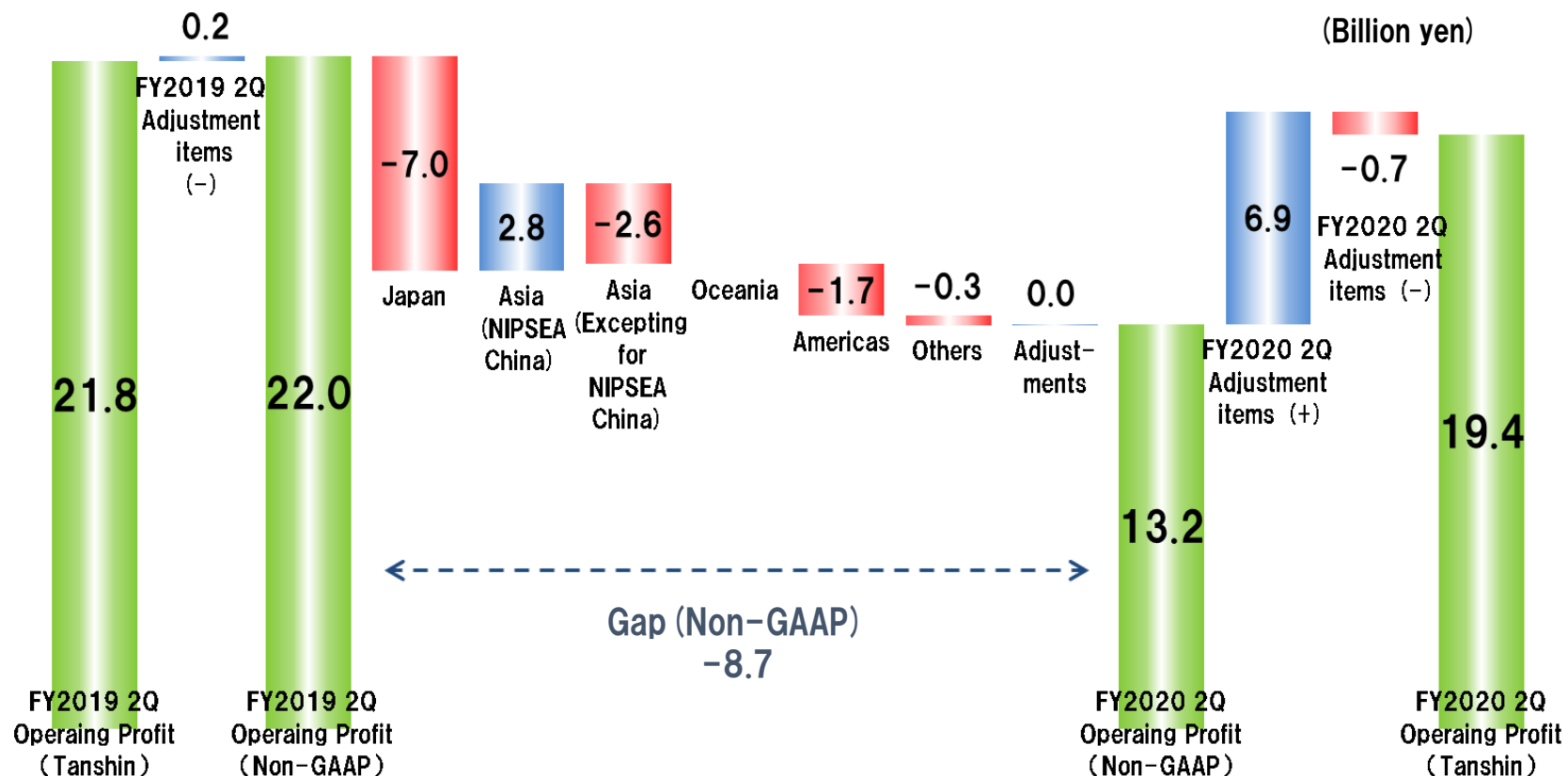
※Own estimation



Market analysis

- ✓ Automotive: Auto production in China recovered slightly but remained weak in other regions
- ✓ Decorative: Market went weak in 2Q in Japan as COVID impact became apparent from March
 China Project saw YOY growth following the resumption and catch up of construction work at major customers upon lifting of lock down in Q2; as for DIY, market sentiment is weak overall
 In Australia, strong decorative paints demand continued in 2Q, driven by stay-at-home restrictions
 The US market was flat, with housing market relatively solid under COVID restrictions

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



Major reasons for changes

- ✓ Japan/Americas/Asia Excepting for NIPSEA China: Lower profit due to weak performance in automotive coatings business
- ✓ Adjustment items (+): Both DuluxGroup and Betek Boya continued growing steadily from 1Q and made profit contribution

2-3. Result Analysis by Region (Japan)

(Billion yen)		Results (Tanshin)			Results (Non-GAAP)			
		FY2019 2Q	FY2020 2Q	YoY (%)	FY2019 2Q	FY2020 2Q	YoY (Amount)	YoY (%)
Revenue	Automotive coatings	11.4	5.5	-51.7%	11.4	5.5	-5.9	-51.7%
	Decorative paints	12.8	11.1	-13.5%	12.8	11.1	-1.7	-13.5%
	Industrial coatings	10.2	8.4	-18.2%	10.2	8.4	-1.9	-18.2%
	Fine chemicals	2.2	1.7	-23.6%	2.2	1.7	-0.5	-23.6%
	Others ^{※1}	9.6	9.0	-6.2%	9.6	9.0	-0.6	-6.2%
	Total	46.3	35.7	-22.9%	46.3	35.7	-10.6	-22.9%
Operating profit		6.0	-0.2	-	6.8	-0.2	-7.0	-
OP margin		12.9%	-0.5%	-13.3pt	14.7%	-0.5%	-	-15.2pt

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

Major reasons for changes

- Automotive: Lower revenue due to lower auto production (-48% YoY^{※2}), combined with lower export and loyalty income
- Decorative: Lower revenue resulting from construction project suspension and ordering delays due to COVID impact, combined with bad weather from late May
- Industrial: Lower revenue reflecting production adjustment beginning fully at customers in coil coatings business, lower export in construction machinery market, and sluggish housing market
- OP profit: Lower profit due to higher SG&A expenses including headquarters expenses, in addition to the above reasons for revenue decrease

※2 Compiled by NPHD using figures released by domestic automakers

2-3. Result Analysis by Region (Japan) (Topic)

Concluded Industry-Academia Co-creation Agreement with the University of Tokyo

- Concluded an industry-academia co-creation agreement on May 18 aimed at high level comprehensive joint research and exchange of human resources
- The agreement is for 5 years from 2020 to 2025, with approx. 1 billion offered as research funds
- Establish a social cooperation course titled “Construction of Innovative Coating Technologies” at Graduate School of Engineering of the University of Tokyo

<Three directions of joint research activities>

- ① Research on coating technologies with antiviral functions and functions to prevent the spread of infection
- ② Research on coating technologies that can support the foundation of a smart/remote society as envisioned in the future and contribute to improving efficiency in society
- ③ Research on coating technologies that will contribute to reducing environmental loads and control social costs



Right) Masaaki Tanaka, Chairman, President & CEO, Nippon Paint Holdings Co., Ltd.
Left) Makoto Gonokami, President, The University of Tokyo

2-4. Result Analysis by Region (NIPSEA China)

(Billion yen)		Results (Tanshin)			Results (Non-GAAP)			
		FY2019 2Q	FY2020 2Q	YoY (%)	FY2019 2Q	FY2020 2Q	YoY (Amount)	YoY (%)
Revenue	Automotive coatings	9.0	7.5	-16.9%	9.0	8.0	-1.1	-11.9%
	Decorative paints	55.4	59.8	7.9%	55.5	63.3	7.8	14.0%
	Industrial coatings	5.0	4.7	-7.6%	4.9	4.9	0.1	1.3%
	Others ^{※1}	0.7	0.6	-15.9%	0.6	0.6	-0.0	-1.7%
	Total	70.2	72.5	3.4%	70.1	76.8	6.7	9.6%
Operating profit		11.4	13.9	22.5%	10.6	13.5	2.8	26.7%
OP margin		16.2%	19.2%	3.0pt	15.2%	17.6%	-	2.4pt

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

Major reasons for changes

- **Automotive:** Lower revenue as auto production remained below prior-year level due to fall in parts export, etc. even though it recovered in 1Q and was up 7%^{※2} YOY
- **Decorative:** DIY revenue was largely flat (-1% YOY). Growth attributed to Project where revenue grew by 32%, following resumption and catch up of construction work at major customers upon lifting of lock down
- **Industrial:** Revenue roughly flat due mainly to weaker performance in coil coatings
- **OP profit:** Higher profit due to Revenue growth from Decorative - Project, deferring of advertising and promotion to 2H and lower cost of major raw materials

※2 Japan Automobile Manufacturers Association

2-5. Result Analysis by Region (Asia Excepting for NIPSEA China)

(Billion yen)

Results (Tanshin)

Results (Non-GAAP)

	FY2019 2Q	FY2020 2Q	YoY (%)	FY2019 2Q	FY2020 2Q	YoY (Amount)	YoY (%)
Revenue	25.1	15.6	-37.9%	25.1	16.4	-8.6	-34.5%
Operating profit	2.8	0.4	-86.1%	2.8	0.2	-2.6	-93.2%
OP margin	11.3%	2.5%	-8.8pt	11.3%	1.2%	-	-10.1pt

Major reasons for changes

- Malaysia Group: Lower revenue as sales fell due to COVID impact after imposition of partial/full lockdown in Malaysia, Philippines, Bangladesh, Pakistan, etc. in mid-March and restrictions maintained although lockdown was relaxed and subsequently re-imposed back in some countries
- Singapore Group: Lower revenue as imposition of lockdown in Singapore, Vietnam and Sri Lanka from April which limited economic activities, resulted in decrease of overall paints demand
- Thailand Group: Lower revenue due to production cuts at major customers in automotive sector because of weak demand continuing from last year and big impact of factory operations halt due to COVID impact
- OP profit: Lower profit due to sluggish sales from COVID impact across regions

2-6. Result Analysis by Region (Oceania)

(Billion yen)

		Results (Tanshin)			Results (Non-GAAP)			
		FY2019 2Q	FY2020 2Q	YoY (%)	FY2019 2Q	FY2020 2Q	YoY (Amount)	YoY (%)
Revenue	Decorative paints	-	18.9	-	-	-	-	-
	Industrial coatings	-	1.2	-	-	-	-	-
	Paint related business	-	14.9	-	-	-	-	-
	Total	-	35.0	-	-	-	-	-
Operating profit		-	4.8	-	-	-	-	-
OP margin		-	13.7%	-	-	-	-	-
OP margin(Before PPA depreciation)		-	14.5%	-	-	-	-	-

Major reasons for changes (For reference: Revenue: Up18% YoY based on rough estimates in local currencies) ※

- Decorative paints: Higher sales, driven by strong DIY (Do It For Yourself) home improvement demand (due to stay-at-home restrictions) and the acquisition of “Paint Spot” Australian paint stores
- Paint related business: Other businesses were flat overall with high DIY home improvement demand offsetting COVID related softness in DIFM (Do It For Me) and commercial markets
- Revenue (overall): The above profit growth factors in decorative paints more than offset lower revenue in paint related business to drive overall revenue growth
- OP profit: Profit grew due to strong sales demand

※ The above qualitative information provides the comparative analysis of DuluxGroup's financials for Apr.-Jun. 2019 before acquisition by NPHD with those for Apr.-Jun. 2020 using figures in local currencies

2-7. Result Analysis by Region (Americas)

(Billion yen)

		Results (Tanshin)			Results (Non-GAAP)			
		FY2019 2Q	FY2020 2Q	YoY (%)	FY2019 2Q	FY2020 2Q	YoY (Amount)	YoY (%)
Revenue	Automotive coatings	6.7	2.5	-63.6%	6.7	2.6	-4.1	-61.4%
	Decorative paints	12.7	12.0	-5.7%	12.7	12.2	-0.5	-3.7%
	Fine chemicals	0.8	0.6	-26.8%	0.8	0.6	-0.2	-25.1%
	Others ^{※1}	0.1	0.1	35.1%	0.1	0.1	0.0	37.7%
	Total	20.3	15.1	-25.6%	20.3	15.5	-4.8	-23.6%
Operating profit		2.1	0.4	-82.3%	2.1	0.4	-1.7	-82.5%
OP margin		10.2%	2.4%	-7.8pt	10.2%	2.3%	-	-7.9pt

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

Major reasons for changes

- Automotive: Lower revenue due to sharp decrease in 2Q auto production (-68%^{※2} YOY) due to production halt at automakers from late March to May, with virtually zero production in April
- Decorative: Lower revenue due to downturn in April, despite market recovery due to consistent favorable weather and early relaxation of COVID regulations in Arizona and California, major operating areas
- OP profit: Lower profit, despite provisional cost reduction measures implemented, due to sharp decrease in auto production

※2 Japan Automobile Manufacturers Association

2-8. Result Analysis by Region (Others)

(Billion yen)	Results (Tanshin)			Results (Non-GAAP)			
	FY2019 2Q	FY2020 2Q	YoY (%)	FY2019 2Q	FY2020 2Q	YoY (Amount)	YoY (%)
Automotive coatings	3.0	0.9	-69.8%	3.0	1.0	-2.0	-67.3%
Decorative paints	-	4.1	-	-	-	-	-
Industrial coatings	0.0	0.7	-	0.0	0.0	0.0	-
Revenue							
Fine chemicals	0.3	0.4	7.5%	0.3	0.4	0.0	13.0%
Others ^{※1}	0.0	0.1	-	0.0	0.0	-0.0	-65.1%
Paint related business	-	2.5	-	-	-	-	-
Total	3.3	8.6	163.4%	3.3	1.4	-1.9	-58.5%
Operating profit	-0.3	0.1	-	-0.3	-0.6	-0.3	-
OP margin	-10.4%	1.3%	11.7pt	-10.4%	-47.4%	-	-37.0pt

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

Major reasons for changes

- Automotive: Lower revenue due to auto production reduction because of production halt at automakers due to COVID impact
- Betek Boya: (For Reference: Revenue: +17% YOY based on rough estimates in local currencies) ^{※2}
Higher revenue, despite downturn in April due to COVID impact, driven by brisk decorative paints demand as with 1Q
Higher operating profit due to moderation of raw materials cost after cost increase last year due to weak Turkish lira, combined with reduction of advertising expenses
- OP profit: Operating loss posted due to lower automotive coatings revenue

※2 The above qualitative information provides the comparative analysis of Betek Boya's financials for Apr.-Jun. 2019 before acquisition by NPHD with those for Apr.-Jun. 2020 using figures in local currencies



Color The World With Brilliant Innovation

3. FY2020 Forecast

The logo “PAINT.WONDER” represents our commitment to provide solutions to social issues through technological innovation in paints

3-1. FY2020 Forecast

(Billion yen)

	Results (Tanshin)			Constant Exchange Rate Basis			
	FY2020 Forecast (previous)	FY2020 Forecast (current)	vs. Previous Forecast (%)	FY2020 Forecast (previous)	FY2020 Forecast (current)	vs. Previous Forecast (Amount)	vs. Previous Forecast (%)
Revenue	720.0	730.0	1.4%	720.0	740.0	20.0	2.8%
Operating profit	63.0	66.0	4.8%	63.0	67.0	4.0	6.3%
OP margin	8.8%	9.0%	0.2pt	8.8%	9.1%	–	0.3pt
Profit before tax	60.0	65.0	8.3%	60.0	66.0	6.0	10.0%
Profit [※]	25.0	28.0	12.0%	25.0	29.0	4.0	16.0%

※Profit attributable to owners of parent

Current forecast (vs. previous forecast)

- Earnings forecast revised upward due to higher-than-expected growth in decorative paints (notably Project) in China, earnings of Dunn-Edwards due to relaxation of COVID restrictions in Americas, and at Betek Boya due to successful sales promotion measures such as adoption of new brand strategy
- Employment subsidies by Chinese government also contributed to upward revision of operating profit forecast

Assumptions for exchange rates and raw material costs underlying current forecast


- Earnings in yen (‘Tanshin’ base) expected to be eroded by stronger yen against Chinese yuan, Australian dollar, and Turkish lira compared to the initial assumptions
- Previous assumption for naphtha price was ¥25,000 for 2Q–4Q; current assumption is ¥28,000 for 3Q and ¥34,000 for 4Q

	FY2020 (Previous forecast)	FY2020 (2Q results)	FY2020 (2H forecast)
JPY/USD	107.0	108.2	107.7
JPY/RMB	15.5	15.3	15.2
JPY/AUD	75.0	71.1	73.9
JPY/TRY	18.2	16.6	15.8

※Average rate

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

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


 Market (YOY) Strong Moderate Weak

Market analysis

- ✓ Automotive: In Japan, production slowdown due to COVID impact peaked in 2Q but remains weak in 3Q
In China, recovery in 2Q to continue through 3Q barring any shocks and second waves
In Americas, 3Q auto production to recover temporarily to prior-year level for inventory accumulation purpose
- ✓ Decorative: In Japan, market shows signs of recovery from August onwards despite heavy rainfall damage
In China, demand expected to remain weak for DIY and PRJ to have moderate growth despite concerns about heavy rainfall, flooding impact in July and second wave
In Australia, demand from stay-at-home restrictions that arose in 1H is likely to normalize
In Americas, demand to be robust assuming market becoming buoyant in 3Q backed by favorable weather

3-3. Market & Business Environment (4Q)

	Japan	Asia (NP/SEA/China)		Oceania	Americas
Automotive coatings					
Decorative paints		DIY	Project		



Market analysis

- ✓ **Automotive:** In Japan, weak auto production expected, with full production cut expected at automakers in 3Q
In China, lower production expected in 4Q following termination of government's stimulus programs in 3Q
In Americas, auto production expected to continue falling YOY after customers' inventory accumulation in 3Q
- ✓ **Decorative:** In Japan, demand expected to be at prior-year level, which was weak due to a backlash to the consumption tax hike, with COVID impact and heavy rainfall damage remaining
In China, demand expected to remain weak for DIY and PRJ to be lesser and slower due to winter seasonality
In Australia, demand from stay-at-home restrictions that arose in 1H is likely to normalize
In Americas, demand to remain robust from 4Q onwards but depend on future COVID impact

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

NIPSEA China

Revenue	YoY (Current forecast)	YoY (Previous forecast)	Qualitative Information
NIPSEA China	0%~-5%	-5%~-10%	
Decorative (DIY)	No change	-5%~-10%	With market expected weak in 2H, various promotional measures planned but not enough to offset 1Q decrease. Full-year revenue decline expected
Decorative (PRJ)	+5%~+10%	0%~-5%	Revenue increase expected for full year, driven by earlier restart of construction work by major real estate developers from 2Q onwards and supported by growth in Tier 2 cities
Automotive	-10%~-15%	-15%~-20%	Production recovery expected in 2Q in line with 1Q assumptions, but full-year production to remain below prior-year level

Asia Excepting for NIPSEA China

Asia	-10%~-15%	-5%~-10%	
Automotive	-25%~-30%	-10%~-15%	COVID impact on 1H auto production greater than 1Q assumptions and market expected to remain challenging in 2H. Full-year revenue projected to decline YOY
Decorative	No change	-5%~-10%	Advertising and sales promotion activities to be stepped up from 2H, but lower revenue expected for full year in line with 1Q assumptions

※Figures are in local currencies

3-4. Various Assumptions for FY2020 Forecast (2)

Japan

Revenue	YoY (Current forecast)	YoY (Previous forecast)	Qualitative Information
Japan	-10%~-20%	-5%~-10%	
Automotive	No change	-25%~-35%	Lower revenue expected in line with 1Q assumptions due to lower auto production reflecting economic slowdown and COVID impact
Decorative	-5%~-10%	0%~-10%	Lower revenue expected, despite promotion of share expansion measures, due to delay in construction work restart compared to 1Q assumptions due to COVID impact, combined with bad weather and heavy rainfall damage
Industrial	-10%~-20%	-5%~-15%	Further market deterioration expected compared to 1Q assumptions due to wider and prolonged COVID impact. Overall revenue expected to decrease further

Oceania

Oceania	No change	For reference c. +5%	1H performance in retail DIY facing businesses, including decorative paints, was stronger than 1Q assumptions. Although demand is likely to normalize in 2H, full-year revenue growth is projected
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※Figures are in local currencies

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

Americas

Revenue	YoY (Current forecast)	YoY (Previous forecast)	Qualitative Information
Americas	-5%~-10%	-15%~-25%	
Automotive	-25%~-30%	-30%~-40%	Market remained challenging as with 1Q assumptions and some automakers likely accelerate production resumption in 2H, but lower full-year revenue expected due to lower auto production YOY
Decorative	0%~+10%	0%~-10%	Compared to 1Q assumptions, COVID restrictions relaxation from 2Q to contribute to earnings. Full-year revenue growth expected, backed by firm market due to continuing favorable weather, combined with price increase last December

Others

Automotive	No change	-20%~-30%	Slight recovery expected in 2H as with 1Q assumptions, but full-year revenue to decrease due to weak market
Decorative (Betek Boya)	For reference +20%~+30%	For reference 0%~+10%	Full-year forecast: Revenue: ¥31 bn; Operating profit: ¥2.6 bn (before PPA depreciation). Higher revenue achieved in 1H due to relaxation of lockdown and promotion of sales promotion measures. Revenue growth expected to continue in 2H, as well as on full-year basis

Raw material costs

Raw material costs	Previous assumption for naphtha price was ¥25,000 for 2Q-4Q; current assumption is ¥28,000 for 3Q and ¥34,000 for 4Q
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4- (1)

Reference:

FY2020 1H Highlights

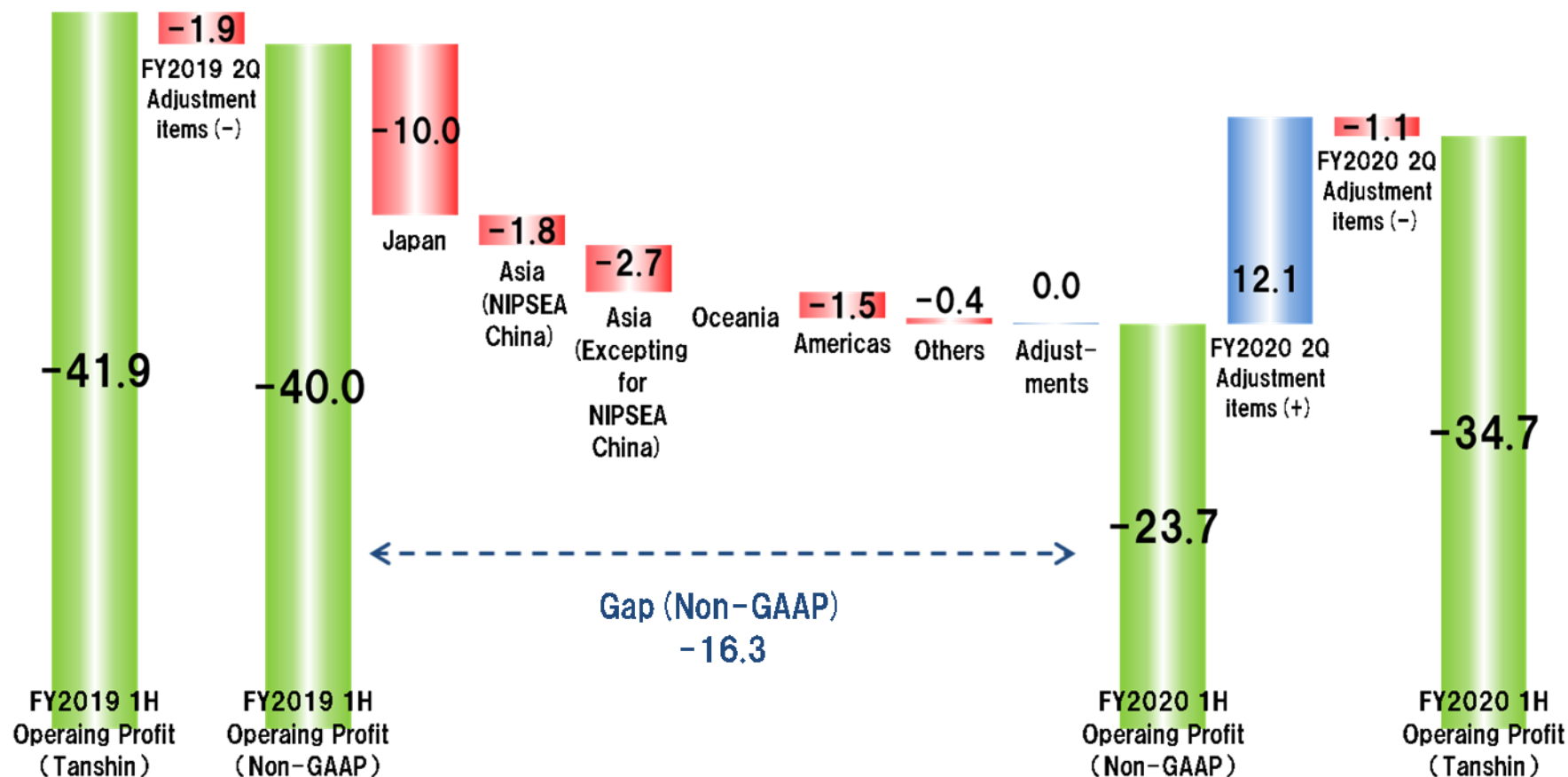
4- (1) -1. FY2020 1H Highlights

(Billion yen)	Results (Tanshin)			Results (Non-GAAP)			
	FY2019 1H	FY2020 1H	YoY (%)	FY2019 1H	FY2020 1H	YoY (Amount)	YoY (%)
Revenue	312.4	345.4	10.6%	312.5	272.5	-40.0	-12.8%
Operating profit	41.9	34.7	-17.3%	40.0	23.7	-16.3	-40.8%
OP margin	13.4%	10.0%	-3.4pt	12.8%	8.7%	-	-4.1pt
Profit before tax	42.4	34.0	-19.8%	40.5	23.4	-17.1	-42.3%
Profit [※]	20.9	16.9	-19.3%	20.1	10.2	-9.9	-49.4%

※ Profit attributable to owners of parent

4- (1) -2. Operating Profit Gap Analysis (Based on Non-GAAP Results)

(Billion yen)




4- (1) -2. FY2020 1H Highlights (Revenue & Operating Profit by Region)

(Billion yen)

		Results (Tanshin)			Results (Non-GAAP)			
		FY2019 1H	FY2020 1H	YoY (%)	FY2019 1H	FY2020 1H	YoY (Amount)	YoY (%)
Japan	Revenue	90.1	75.8	-15.9%	90.1	75.8	-14.4	-15.9%
	OP profit*	14.0	2.9	-79.0%	12.9	2.9	-10.0	-77.2%
Asia	Revenue	177.7	150.5	-15.3%	177.8	158.8	-19.0	-10.7%
	OP profit	25.7	21.3	-17.1%	24.9	20.4	-4.5	-18.1%
Oceania	Revenue	-	66.8	-	-	-	-	-
	OP profit	-	8.3	-	-	-	-	-
Americas	Revenue	37.8	32.7	-13.4%	37.8	33.4	-4.4	-11.7%
	OP profit	2.7	1.2	-55.9%	2.7	1.2	-1.5	-55.6%
Others	Revenue	6.8	19.6	189.0%	6.8	4.5	-2.3	-33.3%
	OP profit	-0.4	0.9	-	-0.4	-0.8	-0.4	-
Total	Revenue	312.4	345.4	10.6%	312.5	272.5	-40.0	-12.8%
	OP profit	41.9	34.7	-17.3%	40.0	23.7	-16.3	-40.8%

※ Excluding dividends from overseas group companies (FY2020 2Q: 2.4 bn yen, FY2019 1Q: 13.4 bn yen)

4- (2)



**Reference:
FY2020 1H Results
(by Region)**

4- (2) -1. Result Analysis by Region / Japan & NIPSEA China

(Billion yen)		Results (Tanshin)			Results (Non-GAAP)				
		FY2019 1H	FY2020 1H	YoY (%)	FY2019 1H	FY2020 1H	YoY (Amount)	YoY (%)	
Japan	Revenue	Automotive coatings	23.3	15.8	-32.5%	23.3	15.8	-7.6	-32.5%
		Decorative paints	23.8	21.4	-10.2%	23.8	21.4	-2.4	-10.2%
		Industrial coatings	20.2	17.4	-13.6%	20.2	17.4	-2.8	-13.6%
		Fine chemicals	4.4	3.7	-15.5%	4.4	3.7	-0.7	-15.5%
		Others※	18.4	17.5	-5.0%	18.4	17.5	-0.9	-5.0%
		Total	90.1	75.8	-15.9%	90.1	75.8	-14.4	-15.9%
	Operating profit	14.0	2.9	-79.0%	12.9	2.9	-10.0	-77.2%	
OP margin		15.5%	3.9%	-11.7pt	14.3%	3.9%	-	-10.4pt	

NIPSEA China

(Billion yen)		Results (Tanshin)			Results (Non-GAAP)			
		FY2019 1H	FY2020 1H	YoY (%)	FY2019 1H	FY2020 1H	YoY (Amount)	YoY (%)
Revenue	Automotive coatings	17.2	13.0	-24.6%	17.3	13.8	-3.5	-20.3%
	Decorative paints	99.7	91.3	-8.5%	100.2	96.5	-3.6	-3.6%
	Industrial coatings	9.6	8.0	-17.3%	9.3	8.4	-0.9	-9.5%
	Others [※]	1.5	1.0	-36.0%	1.4	1.0	-0.4	-27.7%
	Total	128.0	113.2	-11.6%	128.1	119.7	-8.4	-6.6%
	Operating profit	20.4	18.6	-9.1%	19.6	17.9	-1.8	-9.0%
OP margin		16.0%	16.4%	0.5pt	15.3%	14.9%	-	-0.4pt

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

4- (2) -2. Result Analysis by Region / Asia Excepting for NIPSEA China & Oceania

Asia Excepting for NIPSEA China

(Billion yen)	Results (Tanshin)			Results (Non-GAAP)			
	FY2019 1H	FY2020 1H	YoY (%)	FY2019 1H	FY2020 1H	YoY (Amount)	YoY (%)
Revenue	49.7	37.3	-24.9%	49.7	39.1	-10.6	-21.3%
Operating profit	5.2	2.7	-48.2%	5.2	2.5	-2.7	-52.2%
OP margin	10.5%	7.3%	-3.3pt	10.5%	6.4%	-	-4.1pt

Oceania

(Billion yen)	Results (Tanshin)			Results (Non-GAAP)			
	FY2019 1H	FY2020 1H	YoY (%)	FY2019 1H	FY2020 1H	YoY (Amount)	YoY (%)
Revenue	Decorative paints	-	35.9	-	-	-	-
	Industrial coatings	-	2.5	-	-	-	-
	Paint related business	-	28.4	-	-	-	-
	Total	-	66.8	-	-	-	-
Operating profit	-	8.3	-	-	-	-	-
OP margin	-	12.4%	-	-	-	-	-
OP margin(Before PPA depreciation)	-	13.2%	-	-	-	-	-

4- (2) -3. Result Analysis by Region / Americas & Others

Americas

(Billion yen)		Results (Tanshin)			Results (Non-GAAP)			
		FY2019 1H	FY2020 1H	YoY (%)	FY2019 1H	FY2020 1H	YoY (Amount)	YoY (%)
Revenue	Automotive coatings	13.5	8.5	-37.2%	13.5	8.7	-4.8	-35.3%
	Decorative paints	22.6	22.8	0.9%	22.6	23.2	0.6	2.6%
	Fine chemicals	1.6	1.3	-18.0%	1.6	1.3	-0.3	-16.7%
	Others [※]	0.1	0.1	17.1%	0.1	0.1	0.0	19.0%
	Total	37.8	32.7	-13.4%	37.8	33.4	-4.4	-11.7%
Operating profit		2.7	1.2	-55.9%	2.7	1.2	-1.5	-55.6%
OP margin		7.1%	3.6%	-3.5pt	7.1%	3.6%	-	-3.6pt

Others

(Billion yen)		Results (Tanshin)			Results (Non-GAAP)			
		FY2019 1H	FY2020 1H	YoY (%)	FY2019 1H	FY2020 1H	YoY (Amount)	YoY (%)
Revenue	Automotive coatings	6.2	3.5	-43.6%	6.2	3.8	-2.5	-39.7%
	Decorative paints	-	9.3	-	-	-	-	-
	Industrial coatings	0.1	1.6	-	0.1	0.0	-0.0	-42.6%
	Fine chemicals	0.5	0.7	42.3%	0.5	0.7	0.2	49.1%
	Others [※]	0.0	0.1	-	0.0	0.0	-0.0	-68.2%
	Paint related business	-	4.5	-	-	-	-	-
	Total	6.8	19.6	189.0%	6.8	4.5	-2.3	-33.3%
Operating profit		-0.4	0.9	-	-0.4	-0.8	-0.4	-
OP margin		-6.3%	4.7%	11.0pt	-6.3%	-18.2%	-	-11.8pt

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

4– (3)

**Reference:
Breakdown of
the Adjustment Item**

4- (3) -1. Breakdown of the Adjustment Items (FY2019 2Q vs. FY2020 2Q)

(Billion yen)

		FY2019 2Q						FY2020 2Q					
		FX	Subsidy, Insurance, etc.	M&A related cost	Suspension of amortiza- tion of IA ^{※2}	New acqui- sitions	Total	FX	Subsidy, Insurance, etc.	M&A related cost	Suspension of amortiza- tion of IA ^{※2}	New acqui- sitions	Total
Japan	Automotive	-	-	-	-	-	-	-	-	-	-	-	-
	Decorative	-	-	-	-	-	-	-	-	-	-	-	-
	Industrial	-	-	-	-	-	-	-	-	-	-	-	-
	Fine chemicals	-	-	-	-	-	-	-	-	-	-	-	-
	Others ^{※1}	-	-	-	-	-	-	-	-	-	-	-	-
	Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Oceania	Operating profit	-	-	-0.9	-	-	-0.9	-	-	-	-	-	-
	Decorative	-	-	-	-	-	-	-	-	-	-	18.9	18.9
	Industrial	-	-	-	-	-	-	-	-	-	-	1.2	1.2
	Paint related business	-	-	-	-	-	-	-	-	-	-	14.9	14.9
Americas	Revenue	-	-	-	-	-	-	-	-	-	-	35.0	35.0
	Operating profit	-	-	-	-	-	-	-	-	-	-	4.8	4.8
	Automotive	-	-	-	-	-	-	-0.1	-	-	-	-	-0.1
	Decorative	-	-	-	-	-	-	-0.3	-	-	-	-	-0.3
	Fine chemicals	-	-	-	-	-	-	-0.0	-	-	-	-	-0.0
	Others ^{※1}	-	-	-	-	-	-	-0.0	-	-	-	-	-0.0
Others	Revenue	-	-	-	-	-	-	-0.4	-	-	-	-	-0.4
	Operating profit	-	-	-	-	-	-	0.0	-	-	-	-	0.0
	Automotive	-	-	-	-	-	-	-0.1	-	-	-	-	-0.1
	Decorative	-	-	-	-	-	-	-	-	-	-	4.1	4.1
	Industrial	-	-	-	-	-	-	-0.0	-	-	-	0.7	0.7
	Fine chemicals	-	-	-	-	-	-	-0.0	-	-	-	-	-0.0
Others	Others ^{※1}	-	-	-	-	-	-	-0.0	-	-	-	0.1	0.1
	Paint related business	-	-	-	-	-	-	-	-	-	-	2.5	2.5
	Revenue	-	-	-	-	-	-	-0.1	-	-	-	7.4	7.3
	Operating profit	-	-	-	-	-	-	0.0	0.1	-	-	0.6	0.8

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

※2 Suspension of amortization of intangible assets

4- (3) -2. Breakdown of the Adjustment Items (FY2019 2Q vs. FY2020 2Q)

(Billion yen)

		FY2019 2Q						FY2020 2Q					
		FX	Subsidy, Insurance, etc.	M&A related cost	Suspension of amortiza- tion of IA ^{※2}	New acqui- sitions	Total	FX	Subsidy, Insurance, etc.	M&A related cost	Suspension of amortiza- tion of IA ^{※2※3}	New acqui- sitions	Total
Asia	Automotive	0.0	-	-	-	-	0.0	-0.6	-	-	-	-	-0.6
	Decorative	-0.1	-	-	-	-	-0.1	-3.9	-	-	-	-	-3.9
	Industrial	0.2	-	-	-	-	0.2	-0.3	-	-	-	-	-0.3
	Fine Chemicals	-	-	-	-	-	-	-0.1	-	-	-	-	-0.1
	Others ^{※1}	0.1	-	-	-	-	0.1	-0.2	-	-	-	-	-0.2
	Revenue	0.1	-	-	-	-	0.1	-5.1	-	-	-	-	-5.1
	Operating profit	-	0.7	-	-	-	0.7	-0.8	0.8	-	0.6	-	0.6
■ Breakdown of Asia													
NEPSEA China	Automotive	0.0	-	-	-	-	0.0	-0.4	-	-	-	-	-0.4
	Decorative	-0.1	-	-	-	-	-0.1	-3.5	-	-	-	-	-3.5
	Industrial	0.2	-	-	-	-	0.2	-0.3	-	-	-	-	-0.3
	Others ^{※1}	0.1	-	-	-	-	0.1	-0.0	-	-	-	-	-0.0
	Revenue	0.1	-	-	-	-	0.1	-4.3	-	-	-	-	-4.3
	Operating profit	-	0.7	-	-	-	0.7	-0.8	0.7	-	0.5	-	0.4
Excepting for NEPSEA China													
Revenue		-	-	-	-	-	-	-0.8	-	-	-	-	-0.8
Operating profit		-	-	-	-	-	-	-0.0	0.1	-	0.1	-	0.2
Total													
Revenue		0.1	-	-	-	-	0.1	-5.6	-	-	-	42.4	36.8
Operating profit		-	0.7	-0.9	-	-	-0.2	-0.7	1.0	-	0.6	5.4	6.2

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

※2 Suspension of amortization of intangible assets

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

4- (3) -3. Breakdown of the Adjustment Items (FY2019 1H vs. FY2020 1H)

(Billion yen)		FY2019 1H						FY2020 1H					
		FX	Subsidy, Insurance, etc.	M&A related cost	Suspension of amortiza- tion of IA ^{※2}	New acqui- sitions	Total	FX	Subsidy, Insurance, etc.	M&A related cost	Suspension of amortiza- tion of IA ^{※2}	New acqui- sitions	Total
Japan	Automotive	-	-	-	-	-	-	-	-	-	-	-	-
	Decorative	-	-	-	-	-	-	-	-	-	-	-	-
	Industrial	-	-	-	-	-	-	-	-	-	-	-	-
	Fine chemicals	-	-	-	-	-	-	-	-	-	-	-	-
	Others ^{※1}	-	-	-	-	-	-	-	-	-	-	-	-
	Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Oceania	Operating profit	-	2.0	-0.9	-	-	1.1	-	-	-	-	-	-
	Decorative	-	-	-	-	-	-	-	-	-	-	35.9	35.9
	Industrial	-	-	-	-	-	-	-	-	-	-	2.5	2.5
	Paint related business	-	-	-	-	-	-	-	-	-	-	28.4	28.4
	Revenue	-	-	-	-	-	-	-	-	-	-	66.8	66.8
	Operating profit	-	-	-	-	-	-	-	-	-	-	8.3	8.3
Americas	Automotive	-	-	-	-	-	-	-0.3	-	-	-	-	-0.3
	Decorative	-	-	-	-	-	-	-0.4	-	-	-	-	-0.4
	Fine chemicals	-	-	-	-	-	-	-0.0	-	-	-	-	-0.0
	Others ^{※1}	-	-	-	-	-	-	-0.0	-	-	-	-	-0.0
	Revenue	-	-	-	-	-	-	-0.7	-	-	-	-	-0.7
	Operating profit	-	-	-	-	-	-	-0.0	-	-	-	-	-0.0
Others	Automotive	-	-	-	-	-	-	-0.2	-	-	-	-	-0.2
	Decorative	-	-	-	-	-	-	-	-	-	-	9.3	9.3
	Industrial	-	-	-	-	-	-	-0.0	-	-	-	1.5	1.5
	Fine chemicals	-	-	-	-	-	-	-0.0	-	-	-	-	-0.0
	Others ^{※1}	-	-	-	-	-	-	-0.0	-	-	-	0.1	0.1
	Paint related business	-	-	-	-	-	-	-	-	-	-	4.5	4.5
	Revenue	-	-	-	-	-	-	-0.3	-	-	-	15.4	15.1
	Operating profit	-	-	-	-	-	-	0.0	0.1	-	-	1.6	1.7

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

※2 Suspension of amortization of intangible assets

4- (3) -4. Breakdown of the Adjustment Items (FY2019 1H vs. FY2020 1H)

(Billion yen)		FY2019 1H						FY2020 1H					
		FX	Subsidy, Insurance, etc.	M&A related cost	Suspension of amortiza- tion of IA ^{※2}	New acqui- sitions	Total	FX	Subsidy, Insurance, etc.	M&A related cost	Suspension of amortiza- tion of IA ^{※2※3}	New acqui- sitions	Total
Asia	Automotive	-0.0	-	-	-	-	-0.0	-1.2	-	-	-	-	-1.2
	Decorative	-0.5	-	-	-	-	-0.5	-6.2	-	-	-	-	-6.2
	Industrial	0.3	-	-	-	-	0.3	-0.5	-	-	-	-	-0.5
	Fine chemicals	-	-	-	-	-	-	-0.1	-	-	-	-	-0.1
	Others ^{※1}	0.1	-	-	-	-	0.1	-0.3	-	-	-	-	-0.3
	Revenue	-0.1	-	-	-	-	-0.1	-8.4	-	-	-	-	-8.4
	Operating profit	-	0.8	-	-	-	0.8	-1.1	0.9	-	1.2	-	0.9
■ Breakdown of Asia													
NIPSEA China	Automotive	-0.0	-	-	-	-	-0.0	-0.8	-	-	-	-	-0.8
	Decorative	-0.5	-	-	-	-	-0.5	-5.3	-	-	-	-	-5.3
	Industrial	0.3	-	-	-	-	0.3	-0.5	-	-	-	-	-0.5
	Others ^{※1}	0.1	-	-	-	-	0.1	-0.1	-	-	-	-	-0.1
	Revenue	-0.1	-	-	-	-	-0.1	-6.6	-	-	-	-	-6.6
	Operating profit	-	0.8	-	-	-	0.8	-1.1	0.7	-	1.0	-	0.7
Excepting for NIPSEA China													
Excepting for NIPSEA China	Revenue	-	-	-	-	-	-	-1.8	-	-	-	-	-1.8
	Operating profit	-	-	-	-	-	-	-0.1	0.1	-	0.1	-	0.2
Total													
Total	Revenue	-0.1	-	-	-	-	-0.1	-9.3	-	-	-	82.2	72.9
	Operating profit	-	2.8	-0.9	-	-	1.9	-1.1	1.0	-	1.2	9.9	11.0

※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. 1.2 bn yen (NIPSEA China: approx. 1.0 bn yen, Asia Excepting for NIPSEA China: approx. 0.1 bn yen) due to revision of useful life of trademark rights.

4- (3) -5. Breakdown of the Adjustment Items (FY2018 2Q vs. FY2019 2Q)

(Billion yen)		FY2018 2Q						FY2019 2Q					
		FX	Subsidy, Insurance, etc.	M&A related cost	Impar- ment loss	New acqui- sitions	Total	FX	Subsidy, Insurance, etc.	M&A related cost	Impar- ment loss	New acqui- sitions	Total
Japan	Automotive	-	-	-	-	-	-	-	-	-	-	-	-
	Decorative	-	-	-	-	-	-	-	-	-	-	-	-
	Industrial	-	-	-	-	-	-	-	-	-	-	-	-
	Fine chemicals	-	-	-	-	-	-	-	-	-	-	-	-
	Others*	-	-	-	-	-	-	-	-	-	-	-	-
	Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Oceania	Decorative	-	-	-	-	-	-	-	-	-	-	-	-
	Industrial	-	-	-	-	-	-	-	-	-	-	-	-
	Paint related business	-	-	-	-	-	-	-	-	-	-	-	-
	Revenue	-	-	-	-	-	-	-	-	-	-	-	-
	Operating profit	-	-	-	-	-	-	-	-	-0.9	-	-	-0.9
		-	-	-	-	-	-	-	-	-	-	-	-
Americas	Automotive	-	-	-	-	-	-	0.0	-	-	-	-	0.0
	Decorative	-	-	-	-	-	-	0.1	-	-	-	-	0.1
	Fine chemicals	-	-	-	-	-	-	0.0	-	-	-	-	0.0
	Others*	-	-	-	-	-	-	0.0	-	-	-	-	0.0
	Revenue	-	-	-	-	-	-	0.1	-	-	-	-	0.1
	Operating profit	-	-	-	-	-	-	0.0	-	-	-	-	0.0
Others	Automotive	-	-	-	-	-	-	-0.3	-	-	-	-	-0.3
	Decorative	-	-	-	-	-	-	-	-	-	-	-	-
	Industrial	-	-	-	-	-	-	0.0	-	-	-	-	0.0
	Fine chemicals	-	-	-	-	-	-	-0.0	-	-	-	-	-0.0
	Others*	-	-	-	-	-	-	0.0	-	-	-	-	0.0
	Paint related business	-	-	-	-	-	-	-	-	-	-	-	-
	Revenue	-	-	-	-	-	-	-0.3	-	-	-	-	-0.3
	Operating profit	-	-	-	-	-	-	-0.0	-	-	-	-	-0.0

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

4- (3) -6. Breakdown of the Adjustment Items (FY2018 2Q vs. FY2019 2Q)

(Billion yen)		FY2018 2Q						FY2019 2Q					
		FX	Subsidy, Insurance , etc.	M&A related cost	Impar- ment loss	New acqui- sitions	Total	FX	Subsidy, Insurance , etc.	M&A related cost	Impar- ment loss	New acqui- sitions	Total
Asia	Automotive	0.2	-	-	-	-	0.2	-0.6	-	-	-	-	-0.6
	Decorative	-0.4	-	-	-	-	-0.4	-3.4	-	-	-	-	-3.4
	Industrial	0.2	-	-	-	-	0.2	-0.3	-	-	-	-	-0.3
	Fine chemicals	-	-	-	-	-	-	-0.1	-	-	-	-	-0.1
	Others ^{*1}	0.1	-	-	-	-	0.1	-0.1	-	-	-	-	-0.1
	Revenue	0.0	-	-	-	-	0.0	-4.5	-	-	-	-	-4.5
	Operating profit	-	1.0	-	-	-	1.0	-0.5	0.7	-	-	-	0.2
■ Breakdown of Asia													
NIPSEA China	Automotive	0.2	-	-	-	-	0.2	-0.5	-	-	-	-	-0.5
	Decorative	-0.4	-	-	-	-	-0.4	-3.3	-	-	-	-	-3.3
	Industrial	0.2	-	-	-	-	0.2	-0.1	-	-	-	-	-0.1
	Others ^{*1}	0.1	-	-	-	-	0.1	0.0	-	-	-	-	0.0
	Revenue	0.0	-	-	-	-	0.0	-3.9	-	-	-	-	-3.9
	Operating profit	-	1.0	-	-	-	1.0	-0.6	0.7	-	-	-	0.1
Excepting for NIPSEA China													
Excepting for NIPSEA China	Revenue	-	-	-	-	-	-	-0.5	-	-	-	-	-0.5
	Operating profit	-	-	-	-	-	-	0.0	-	-	-	-	0.0
Total													
Total	Revenue	0.0	-	-	-	-	0.0	-4.7	-	-	-	-	-4.7
	Operating profit	-	1.0	-	-	-	1.0	-0.5	0.7	-0.9	-	-	-0.7

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

4- (3) -7. Breakdown of the Adjustment Items (FY2018 3Q vs. FY2019 3Q)

(Billion yen)		FY2018 3Q						FY2019 3Q					
		FX	Subsidy, Insurance , etc.	M&A related cost	Impar- ment loss	New acqui- sitions	Total	FX	Subsidy, Insurance , etc.	M&A related cost	Impar- ment loss	New acqui- sitions	Total
Japan	Automotive	-	-	-	-	-	-	-	-	-	-	-	-
	Decorative	-	-	-	-	-	-	-	-	-	-	-	-
	Industrial	-	-	-	-	-	-	-	-	-	-	-	-
	Fine chemicals	-	-	-	-	-	-	-	-	-	-	-	-
	Others ^{※1}	-	-	-	-	-	-	-	-	-	-	-	-
	Revenue	-	-	-	-	-	-	-	-	-	-	-	-
	Operating profit	-	-	-	-	-	-	-	0.0	-1.1	-	-	-1.1
Oceania	Decorative	-	-	-	-	-	-	-	-	-	-	6.6	6.6
	Industrial	-	-	-	-	-	-	-	-	-	-	0.5	0.5
	Paint related business	-	-	-	-	-	-	-	-	-	-	6.1	6.1
	Revenue	-	-	-	-	-	-	-	-	-	-	13.1	13.1
	Operating profit	-	-	-	-	-	-	-	-	-	-	2.8	2.8
Americas	Automotive	-	-	-	-	-	-	-0.3	-	-	-	-	-0.3
	Decorative	-	-	-	-	-	-	-0.4	-	-	-	-	-0.4
	Fine chemicals	-	-	-	-	-	-	-0.0	-	-	-	-	-0.0
	Others ^{※1}	-	-	-	-	-	-	-0.0	-	-	-	-	-0.0
	Revenue	-	-	-	-	-	-	-0.7	-	-	-	-	-0.7
	Operating profit	-	-	-	-	-	-	-0.1	-	-	-	-	-0.1
Others	Automotive	-	-	-	-	-	-	-0.3	-	-	-	-	-0.3
	Decorative	-	-	-	-	-	-	-	-	-	-	4.7	4.7
	Industrial	-	-	-	-	-	-	-0.0	-	-	-	0.8	0.8
	Fine chemicals	-	-	-	-	-	-	-0.0	-	-	-	-	-0.0
	Others ^{※1}	-	-	-	-	-	-	-0.0	-	-	-	0.0	0.0
	Paint related business	-	-	-	-	-	-	-	-	-	-	2.3	2.3
	Revenue	-	-	-	-	-	-	-0.3	-	-	-	7.8	7.5
	Operating profit	-	-	-	-	-	-	0.0	-	-	-	1.0	1.1

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

4- (3) -8. Breakdown of the Adjustment Items (FY2018 3Q vs. FY2019 3Q)

(Billion yen)		FY2018 3Q						FY2019 3Q					
		FX	Subsidy, Insurance , etc.	M&A related cost	Impar- ment loss	New acqui- sitions	Total	FX	Subsidy, Insurance , etc.	M&A related cost	Impar- ment loss	New acqui- sitions	Total
Asia	Automotive	0.2	-	-	-	-	0.2	-0.8	-	-	-	-	-0.8
	Decorative	-0.0	-	-	-	-	-0.0	-4.4	-	-	-	-	-4.4
	Industrial	0.2	-	-	-	-	0.2	-0.3	-	-	-	-	-0.3
	Fine chemicals	-	-	-	-	-	-	-0.1	-	-	-	-	-0.1
	Others ^{※1}	-0.1	-	-	-	-	-0.1	-0.0	-	-	-	-	-0.0
	Revenue	0.2	-	-	-	-	0.2	-5.7	-	-	-	-	-5.7
	Operating profit	-	2.5	-	-	-	2.5	-1.0	1.9	-	-	-	1.0
■ Breakdown of Asia													
NIPSEA China	Automotive	0.2	-	-	-	-	0.2	-0.3	-	-	-	-	-0.3
	Decorative	-0.0	-	-	-	-	-0.0	-3.9	-	-	-	-	-3.9
	Industrial	0.2	-	-	-	-	0.2	-0.2	-	-	-	-	-0.2
	Others ^{※1}	-0.1	-	-	-	-	-0.1	0.0	-	-	-	-	0.0
	Revenue	0.2	-	-	-	-	0.2	-4.4	-	-	-	-	-4.4
Excepting for NIPSEA China	Operating profit	-	2.5	-	-	-	2.5	-0.9	1.9	-	-	-	1.1
	Revenue	0.0	0.0	0.0	0.0	0.0	0.0	-1.3	0.0	0.0	0.0	0.0	-1.3
Total	Operating profit	-	-	-	-	-	-	-0.1	-	-	-	-	-0.1
	Revenue	0.2	0.0	0.0	0.0	0.0	0.2	-6.8	0.0	0.0	0.0	21.0	14.2
	Operating profit	-	2.5	-	-	-	2.5	-1.0	1.9	-1.1	-	3.8	3.7

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

4– (4)

**Reference:
Financial Index**

4- (4) -1. Revenue & Operating Profit Transition by Region①

(Billion yen)		FY2017 (J-GAAP)				FY2018 (IFRS)				FY2019 (IFRS)				FY2020 (IFRS)	
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Japan	Automotive	10.8	10.3	10.9	11.5	11.5	11.1	10.6	12.1	11.9	11.4	11.3	10.2	10.3	5.5
	Decorative	9.4	11.0	10.1	10.9	10.6	12.0	11.2	13.0	11.0	12.8	12.6	11.8	10.3	11.1
	Industrial	10.0	10.1	10.0	9.6	9.5	10.0	10.0	11.2	10.0	10.2	10.1	10.4	9.1	8.4
	Fine chemicals	2.2	2.3	2.3	2.3	2.2	2.2	2.1	2.4	2.2	2.2	2.2	2.1	2.0	1.7
	Others*	8.9	12.1	10.4	10.9	9.1	10.6	10.7	10.7	8.8	9.6	10.1	11.6	8.5	9.0
	Revenue	41.3	45.8	43.7	45.1	43.0	45.9	44.7	49.3	43.8	46.3	46.4	46.1	40.1	35.7
	Operating profit	7.3	8.2	7.3	7.9	8.7	7.3	5.9	7.6	8.1	6.0	5.2	4.2	3.1	-0.2
	OP margin	17.6%	17.9%	16.6%	17.5%	20.3%	15.9%	13.3%	15.5%	18.4%	12.9%	11.3%	9.1%	7.7%	-0.5%
Oceania	Decorative	-	-	-	-	-	-	-	-	-	-	6.6	18.0	17.0	18.9
	Industrial	-	-	-	-	-	-	-	-	-	-	0.5	1.5	1.3	1.2
	Paint related business	-	-	-	-	-	-	-	-	-	-	6.1	14.9	13.5	14.9
	Revenue	-	-	-	-	-	-	-	-	-	-	13.1	34.4	31.8	35.0
	Operating profit	-	-	-	-	-	-	-	-	-	-	2.9	3.0	3.5	4.8
	OP margin	-	-	-	-	-	-	-	-	-	-	22.1%	8.6%	11.0%	13.7%
Americas	Automotive	7.3	7.0	6.6	6.7	7.2	7.0	6.5	6.7	6.7	6.7	6.3	6.2	6.0	2.5
	Decorative	3.9	11.7	11.3	10.5	10.0	12.0	11.7	10.9	9.9	12.7	12.1	10.7	10.9	12.0
	Fine chemicals	0.9	0.8	0.7	0.8	0.7	0.8	0.8	0.8	0.8	0.8	0.7	0.8	0.7	0.6
	Others*	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.1
	Revenue	12.1	19.6	18.6	18.0	17.9	19.8	19.0	18.5	17.5	20.3	19.1	17.7	17.6	15.1
	Operating profit	0.1	1.9	0.9	0.4	0.9	2.0	1.3	0.7	0.6	2.1	1.3	1.0	0.8	0.4
	OP margin	0.6%	9.4%	4.6%	2.2%	5.2%	10.2%	7.1%	3.8%	3.6%	10.2%	6.7%	5.9%	4.7%	2.4%
Others	Automotive	3.2	3.3	2.9	3.4	3.6	3.2	2.8	3.3	3.2	3.0	2.6	3.0	2.6	0.9
	Decorative	-	-	-	-	-	-	-	-	-	-	4.7	4.2	5.2	4.1
	Industrial	0.1	0.1	0.1	0.2	0.1	0.1	0.0	0.1	0.1	0.0	0.8	0.9	0.8	0.7
	Fine chemicals	0.2	0.2	0.3	0.2	0.2	0.1	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.4
	Others*	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
	Paint related business	-	-	-	-	-	-	-	-	-	-	2.3	2.2	2.0	2.5
	Revenue	3.6	3.6	3.2	3.7	3.9	3.4	3.0	3.6	3.5	3.3	10.7	10.5	11.0	8.6
	Operating profit	0.2	0.2	-0.1	-0.1	0.1	0.1	-0.2	-0.6	-0.1	-0.3	0.8	-7.3	0.8	0.1
	OP margin	6.2%	6.6%	-4.4%	-1.9%	3.4%	2.3%	-6.0%	-15.5%	-2.6%	-10.4%	7.3%	-69.6%	7.3%	1.3%

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

4- (4) -2. Revenue & Operating Profit Transition by Region②

(Billion yen)

FY2017 (J-GAAP)

FY2018 (IFRS)

FY2019 (IFRS)

FY2020 (IFRS)

		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Asia	Automotive	15.7	15.5	15.8	17.7	18.5	19.6	17.6	18.5	16.5	17.2	15.9	17.5	12.4	11.4
	Decorative	51.2	58.2	66.1	54.4	54.6	62.2	64.0	50.2	54.3	65.6	65.3	58.5	40.5	66.0
	Industrial	7.4	8.7	8.7	8.0	6.4	7.6	7.5	6.3	6.5	6.8	6.6	5.7	5.1	5.8
	Fine chemicals	1.4	1.5	1.5	1.6	1.6	1.8	1.7	1.5	1.5	1.6	1.5	1.6	1.2	1.1
	Others*	3.2	3.1	3.4	4.0	3.3	3.7	3.8	5.3	3.7	3.9	4.2	4.9	3.2	3.7
	Revenue	78.9	86.9	95.5	85.7	84.4	94.9	94.7	81.8	82.5	95.2	93.4	88.1	62.4	88.1
	Operating profit	8.5	9.1	13.0	10.3	12.1	13.6	14.8	11.9	11.5	14.2	14.4	10.7	7.0	14.3
	OP margin	10.8%	10.4%	13.6%	12.0%	14.3%	14.3%	15.7%	14.6%	13.9%	14.9%	15.4%	12.2%	11.2%	16.2%

Breakdown of Asia

NIPSEA China	Automotive	8.5	7.9	7.5	9.1	10.2	11.0	8.8	9.4	8.2	9.0	7.5	9.1	5.5	7.5
	Decorative	41.0	48.6	56.9	42.5	43.4	52.2	53.2	40.3	44.3	55.4	55.3	47.7	31.5	59.8
	Industrial	5.7	7.0	7.0	6.4	4.6	5.8	5.8	4.6	4.6	5.0	4.8	4.0	3.3	4.7
	Others*	0.4	0.3	0.4	0.4	0.4	0.4	0.5	1.0	0.8	0.7	0.7	0.5	0.4	0.6
	Revenue	55.5	63.8	71.8	58.4	58.6	69.4	68.3	55.4	57.9	70.2	68.3	61.2	40.6	72.5
	Operating profit	6.2	6.9	10.5	6.3	8.7	10.6	11.3	7.8	9.1	11.4	11.3	8.3	4.7	13.9
	OP margin	11.2%	10.8%	14.6%	10.8%	14.9%	15.2%	16.6%	14.1%	15.7%	16.2%	16.6%	13.6%	11.5%	19.2%

Excepting for NIPSEA China	Revenue	23.4	23.1	23.7	27.3	25.9	25.5	26.3	26.4	24.6	25.1	25.1	27.0	21.7	15.6
	Operating profit	2.3	2.2	2.5	3.9	3.3	3.0	3.5	4.1	2.4	2.8	3.0	2.4	2.3	0.4
	OP margin	10.0%	9.4%	10.5%	14.4%	13.0%	11.8%	13.4%	15.7%	9.8%	11.3%	12.2%	9.0%	10.7%	2.5%

Total	Revenue	135.8	156.0	161.0	152.5	149.2	164.0	161.3	153.2	147.4	165.1	182.7	196.9	162.9	182.5
	Operating profit	16.1	19.4	21.0	18.5	21.9	23.0	21.9	19.7	20.1	21.8	24.5	11.6	15.2	19.4
	OP margin	11.8%	12.4%	13.0%	12.1%	14.7%	14.0%	13.6%	12.9%	13.6%	13.2%	13.4%	5.9%	9.4%	10.6%

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

4- (4) -3. Statement of Financial Position

(Billion yen)							
Assets	As of Dec. 31, 2019	As of Jun. 30, 2020	Increase / Decrease	Liabilities and equity	As of Dec. 31, 2019	As of Jun. 30, 2020	Increase / Decrease
Total current assets	507.2	523.3	16.0	Total liabilities	790.7	797.9	7.3
Cash and cash equivalents	123.3	153.8	30.5	Total current liabilities	598.1	277.8	-320.4
Inventory	92.9	89.7	-3.1	Trade and other payables	153.3	133.4	-19.8
Trade and other receivables	212.8	220.3	7.5	Bonds and borrowings	384.0	76.9	-307.1
Others	78.2	59.5	-18.7	Others	60.8	67.4	6.5
				Total non-current liabilities	192.5	520.2	327.7
Total non-current assets	971.4	943.2	-28.2	Bonds and borrowings	58.1	388.7	330.5
Property, plant and equipment	240.3	237.8	-2.5	Retirement benefit liability	24.4	23.6	-0.8
Goodwill	427.1	416.5	-10.5	Others	110.0	107.9	-2.1
Other intangible assets	231.0	221.6	-9.4	Total equity	688.0	668.5	-19.4
Other financial assets	54.4	49.2	-5.2	Total equity attributable to owners of parent	552.9	531.3	-21.6
Others	18.7	18.0	-0.6	Retained earnings	411.9	421.4	9.5
				Others	141.0	109.9	-31.1
				Non-controlling interests	135.1	137.2	2.2
Total assets	1,478.6	1,466.5	-12.2	Total liabilities and equity	1,478.6	1,466.5	-12.2

✓ Liabilities: Current liabilities declined as the bank borrowing implemented in June 2019 was refinanced to a longer-term borrowing in March 2020. Non-current liabilities increased

4- (4) -4. Capital Expenditure, Depreciation, R&D Expenses, etc.

<Capital Expenditure, Depreciation, R&D Expenses, etc.> (Billion yen)

		FY2019	FY2020
		1H	1H
Capital expenditure	Property, plant and equipment	15.8	16.6
	Intangible assets	1.1	1.4
	Total	16.9	18.0
Depreciation	Property, plant and equipment	7.8	11.2
	Intangible assets	3.5	3.1
	Total	11.3	14.4
R&D expenses		8.6	8.2

<Major Indicator>

	As of Dec. 31, 2019	As of Jun. 30, 2020
Equity attributable to owners of parent to total assets (%)	37.4	36.2
Bonds and borrowings (billion yen)	442.2	465.6
Cash and cash equivalents (billion yen)	123.3	153.8
EPS (yen)	114.5	52.7

4- (4) -5. FX Rates & Market Conditions

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

	FY2019 2Q	FY2019	FY2020 2Q	FY2020 (Previous forecast)	FY2020 (2H forecast)
JPY/USD	110.0	109.2	108.2	107.0	107.7
JPY/RMB	16.2	15.8	15.3	15.5	15.2
JPY/AUD	-	74.7	71.1	75.0	73.9
JPY/TRY	-	18.9	16.6	18.2	15.8

<Exchange rate for F/P (closing rate) >

	As of Dec. 31, 2019	As of Jun. 30, 2020
JPY/USD	109.5	107.7
JPY/RMB	15.7	15.2
JPY/AUD	76.5	73.9

		FY2018					FY2019					FY2020		
		1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	1H
Japan ^{※1}		44	43	44	47	178	43	43	43	30	159	40	24	64

※1 Source: Japan Paint Manufacturers Association: FY2020 2Q covers April and May and FY2020 1H covers January to May

		FY2018					FY2019					FY2020		
		1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	1H
Japan		241	220	218	244	924	243	230	229	220	922	225	119	344
China		701	703	640	732	2,776	633	619	600	757	2,609	347	661	1,009
North America	USA	279	289	268	281	1,117	287	285	266	255	1,094	253	96	349
	Mexico	96	100	99	95	391	99	99	95	82	375	91	26	117
	Canada	53	55	45	49	202	48	51	46	47	192	38	17	55
	Total	429	443	411	426	1,709	435	436	407	384	1,661	382	140	522

※2 Source: Japan: MarkLines for 2018 and 2019; compiled by NPHD using data released by domestic automakers: China and North America: Japan Automotive Manufacturers Association

		FY2018					FY2019					FY2020		
		1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	1H
Housing starts ^{※3}		21	25	25	25	94	22	23	23	22	91	19	20	40
Construction machinery productions ^{※4}		9.7	9.9	10.0	11.1	40.7	10.5	10.5	10.1	8.1	39.2	9.6	5.3	15.0
Machine tool production ^{※5}		3	2	2	2	8	2	2	1	1	6	1	1	1

※3 Source: Ministry of land, infrastructure, transport and tourism.

※4 Source: Japan Construction Equipment Manufacturers Association: FY2020 2Q covers April and May and FY2020 1H covers January to May

※5 Source: Japan Machine Tool Builders' Association: FY2020 2Q covers April and May and FY2020 1H covers January to May

		FY2018					FY2019					FY2020	
		1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q	Full Year	1Q	2Q
Japan produced naphtha price		47,900	48,700	53,500	54,200	51,200	41,200	45,400	40,200	41,300	42,000	44,800	25,000

<Naphtha price >
(own estimation)



NIPPON PAINT HOLDINGS CO., LTD.

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