

2019 1H Financial Result

<Supplement>

August 8, 2019
Nippon Paint Holdings Co., Ltd.
NIPPON PAINT HOLDINGS GROUP

Notes :

1. This is an English translation from the original presentation in Japanese.
2. Round off to the first decimal place (the same shall apply hereafter).

Summary

- ✓ Revenue : Excluding the impact of FX, increased due to strong sales of decorative paints in China.
- ✓ Operating profit : Increased, excluding the impact of FX, one-time gain on the sales of non-current assets & subsidy income in the previous year, and M&A related costs for the current year.

(100 million Yen)

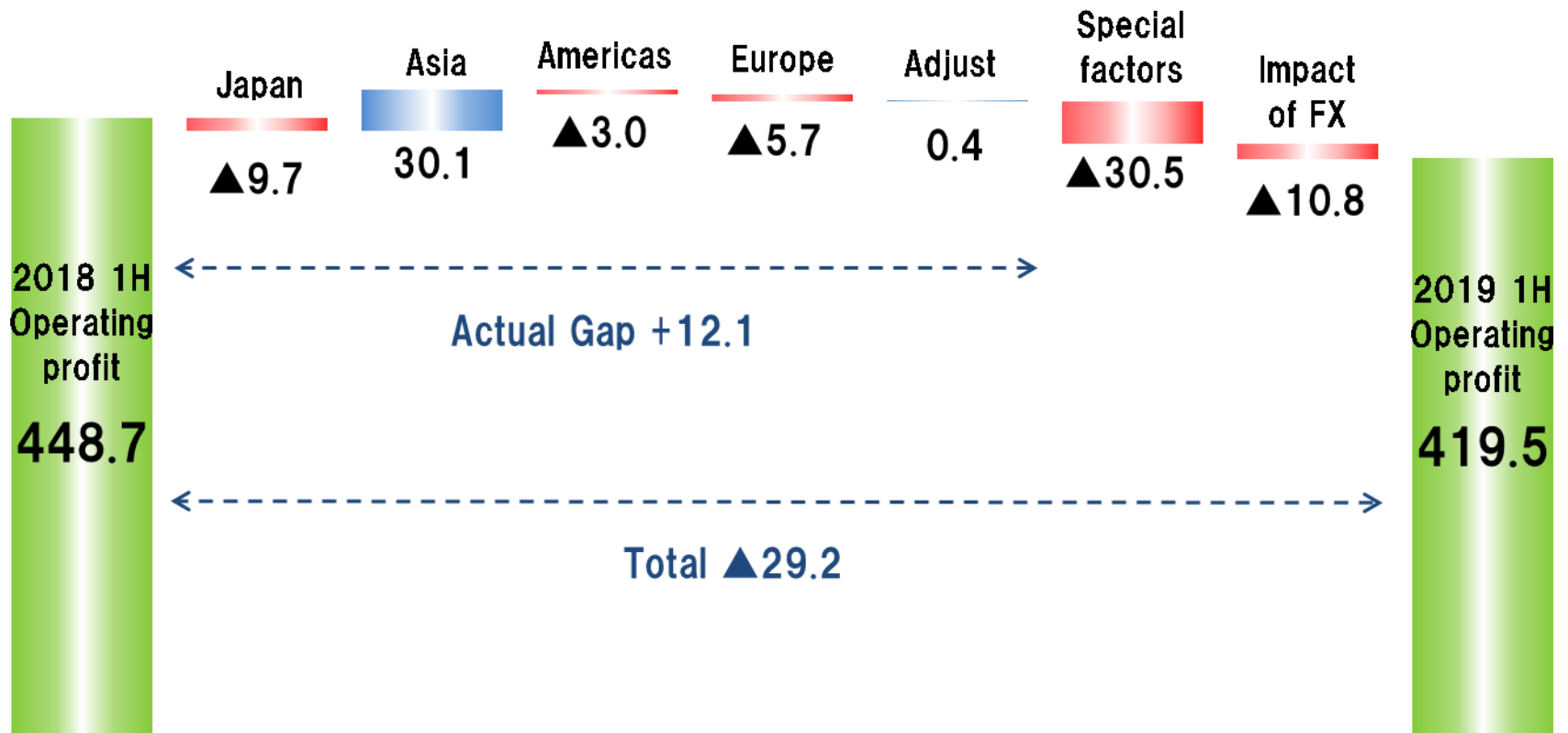
	2018 1H	2019 1H	Gap		Gap Breakdown		
			Amount	%	Impact of FX	Special Factors ^{※2}	Actual Gap
Revenue	3,132.2	3,124.2	-8.0	-0.3%	-67.8	-	59.9
Operating profit	448.7	419.5	-29.2	-6.5%	-10.8	-30.5	12.1
OP margin	14.3%	13.4%	-	-			
Profit before tax	456.9	424.1	-32.8	-7.2%			
Profit ^{※1}	238.1	209.4	-28.7	-12.1%			

※1 Profit attributable to owners of parent

※2 M&A related costs, subsidy income, etc.

Operating profit gap analysis

(100 million Yen)



※ Part of Non-operating profit/loss & Extraordinary profit/loss in J-GAAP are included in Operating profit in IFRS.

Revenue by business segment

(100 million Yen)

	2018 1H	2019 1H	Gap		Gap Breakdown	
			Amount	%	Impact of FX	Actual Gap
Automotive coatings	815.6	767.8	-47.8	-5.9%	-13.4	-34.4
Decorative paints (Including heavy duty)	1,614.7	1,663.6	48.9	3.0%	-47.6	96.5
Industrial coatings	336.7	336.3	-0.4	-0.1%	-4.4	3.9
Others (Marine & Auto refinishes, etc.)	268.0	261.5	-6.4	-2.4%	-1.5	-4.9
Coatings total	3,035.0	3,029.2	-5.8	-0.2%	-66.9	61.1
Fine chemicals	97.2	95.1	-2.1	-2.2%	-0.9	-1.2
Total	3,132.2	3,124.2	-8.0	-0.3%	-67.8	59.9

Revenue & operating profit by region

(100 million Yen)

		2018 1H	2019 1H	Gap		Gap Breakdown		
				Amount	%	Impact of FX	Special Factors	Actual Gap
Japan	Revenue	888.8	901.4	12.6	1.4%	-	-	12.6
	Operating profit	160.4	140.1	-20.2	-12.6%	-	-10.5	-9.7
Asia	Revenue	1,793.0	1,777.1	-15.9	-0.9%	-67.2	-	51.3
	Operating profit	256.4	256.8	0.4	0.1%	-9.7	-20.0	30.1
Americas	Revenue	377.3	377.9	0.5	0.1%	5.0	-	-4.5
	Operating profit	29.5	26.9	-2.6	-8.9%	0.4	-	-3.0
Europe	Revenue	73.1	67.9	-5.1	-7.0%	-5.6	-	0.5
	Operating profit	2.1	-4.3	-6.4	-	-0.7	-	-5.7
Total	Revenue	3,132.2	3,124.2	-8.0	-0.3%	-67.8	-	59.9
	Operating profit	448.7	419.5	-29.2	-6.5%	-10.8	-30.5	12.1

※ Excluding dividends from overseas group companies (2019 1H : 13.4 billion yen, 2018 1H : 13.5 billion yen)

Revenue by region & business segment

		(100 million Yen)					
		2018 1H	2019 1H	Gap		Gap Breakdown	
				Amount	%	Impact of FX	Actual Gap
Japan	Automotive coatings	225.9	233.4	7.5	3.3%	-	7.5
	Decorative paints (Including heavy duty)	225.9	238.1	12.2	5.4%	-	12.2
	Industrial coatings	194.9	202.0	7.0	3.6%	-	7.0
	Others (Marine & Auto refinishes, etc.)	197.6	183.9	-13.7	-6.9%	-	-13.7
	Fine chemicals	44.4	44.0	-0.4	-1.0%	-	-0.4
Asia	Automotive coatings	380.9	337.4	-43.5	-11.4%	-9.6	-33.9
	Decorative paints (Including heavy duty)	1,168.6	1,199.1	30.5	2.6%	-50.8	81.3
	Industrial coatings	140.2	133.6	-6.6	-4.7%	-4.3	-2.3
	Others (Marine & Auto refinishes, etc.)	69.4	76.7	7.3	10.5%	-1.5	8.8
	Fine chemicals	33.9	30.3	-3.6	-10.6%	-0.9	-2.6
Americas	Automotive coatings	141.1	134.8	-6.3	-4.5%	1.6	-7.9
	Decorative paints	220.2	226.3	6.1	2.8%	3.1	3.0
	Fine chemicals	15.2	15.9	0.7	4.7%	0.2	0.5
Europe	Automotive coatings	67.7	62.3	-5.5	-8.1%	-5.4	-0.1
	Fine chemicals	3.7	4.9	1.2	31.0%	-0.2	1.4
Total		3,132.2	3,124.2	-8.0	-0.3%	-67.8	59.9

Consolidated statement of financial position

<u>Assets</u>	(100 million Yen)	
	As of Dec. 31, 2018	As of June 30, 2019
Current assets	4,442	4,631
Non-current assets	5,098	5,279
Total assets	9,540	9,910

<u>Liabilities and equity</u>	(100 million Yen)	
	As of Dec. 31, 2018	As of June 30, 2019
Total current liabilities	2,158	2,675
Total non-current liabilities	906	974
Total liabilities	3,064	3,649
Total equity	6,476	6,261
Total liabilities and equity	9,540	9,910

Capital expenditures, depreciation, R&D expenses etc.

(100 million Yen)

		2018 1H	2019 1H
Capital expenditures	Property, plant and equipment	95.0	158.2
	Intangible assets	18.9	10.6
	Total	113.9	168.8
Depreciation	Property, plant and equipment	58.0	78.3
	Intangible assets	35.8	35.2
	Total	93.8	113.5
R&D expenses		79.7	85.5

< Major indicator >

	As of Dec. 31, 2018	As of June 30, 2019
Equity attributable to owners of parent to total assets	54.5%	50.7%
Total debts (100 million Yen)	894	857
EPS (Yen) Covering period : Jan. - June	74.3	65.3

Foreign exchange rates and market conditions

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

	2018 1H	2019 1H
JPY/USD	108.5	110.0
JPY/RMB	17.0	16.2

< Sales volume of paint > (10,000 t)

	2018 1H	2019 1H
Japan ^{※1}	72	72
China ^{※2}	840	961

※1 Source : Japan paint manufacturers association

Period : Jan. – May

※2 Source : National bureau of statistics of China

< Automobile production^{※3} > (10,000 unit)

	2018 1H	2019 1H
Japan	461	473
China	1,404	1,252
North America total	890	873
USA	584	573
Canada	109	101
Mexico	197	199
Thailand	106	107

※3 Source Japan : Various public materials by automakers

China, North America : JAMA

Thailand : Federation of Thai industries

< Exchange rate for F/P >

	As of Dec. 31, 2018	As of June 30, 2019
JPY/USD	111.0	107.8
JPY/RMB	16.2	15.7

< Others (Japan market) > (10,000 unit)

	2018 1H	2019 1H
Housing starts ^{※4}	45.0	44.9
Construction machinery production ^{※5}	16.2	17.7
Machine tool production ^{※6}	4.1	2.9

※4 Source : Ministry of land, infrastructure, transport and tourism

※5 Source : Japan construction equipment manufacturers association

Period : Jan. – May

※6 Source : Japan machine tool builders' association

Period : Jan. – May

< Naphtha price (own estimation) >

	(JPY/KL)	
	2018 1H	2019 1H
Japan produced naphtha price	48,200	43,200

IR calendar

Date & time (JST)		Event
From Oct. 24, 2019		Silent period starts
Nov. 14, 2019	15:30	2019 3Q Financial result announcement
	18:00 (tentative)	2019 3Q Financial result telephone conference
From Jan. 23, 2020		Silent period starts
Feb. 13, 2020	15:30	2019 Financial result announcement
	18:00 (tentative)	2019 Financial result telephone conference



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