

2019 3Q Financial Result <Supplement>

November 14, 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 and the acquisition of new subsidiaries in the consolidation, 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 and subsidy income in the previous year, and M&A related costs for the current year.

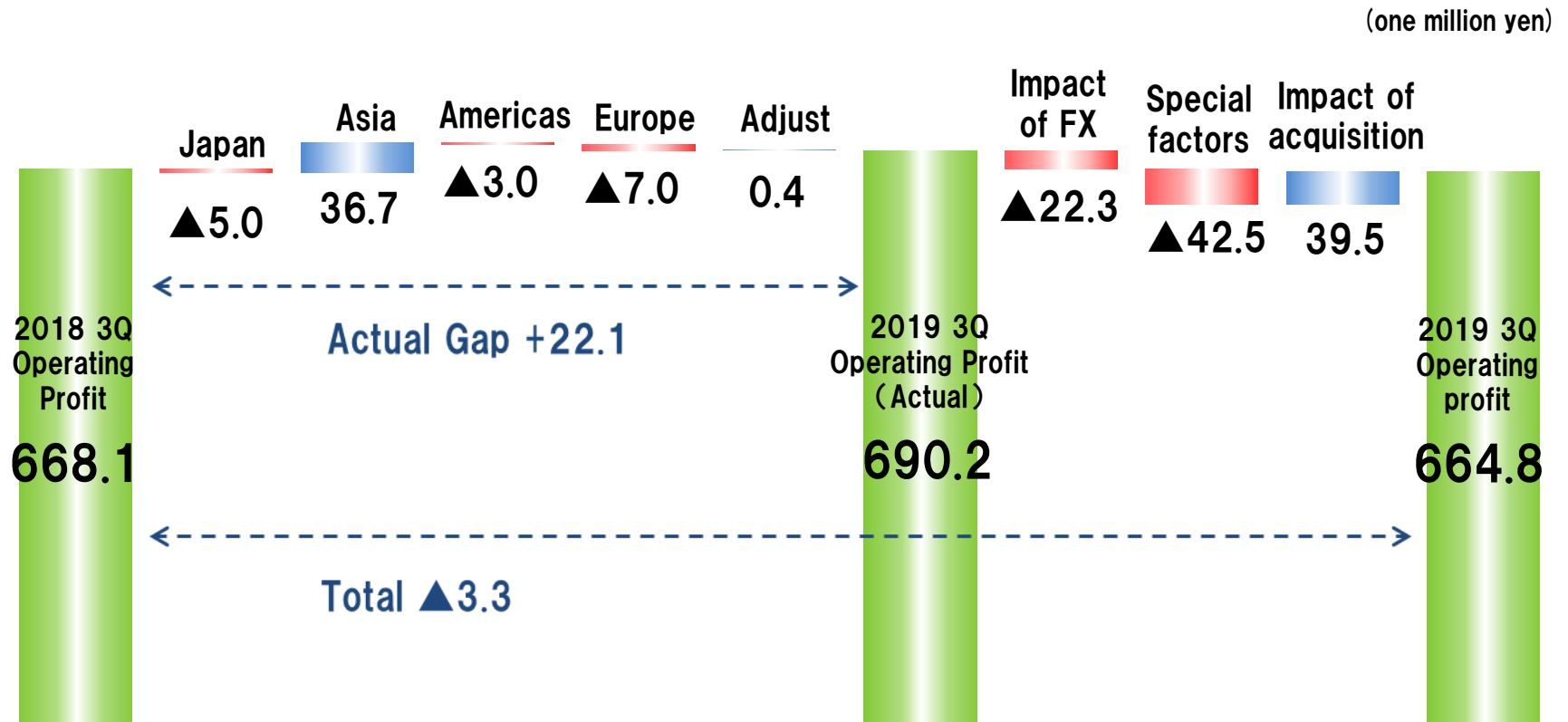
(100 million Yen)

	Nine Months Ended Sep. 30		Gap		Gap Breakdown			
	2018	2019	Amount	%	Impact of FX	Special Factors ^{※2}	Impact of acquisition	Actual Gap
Revenue	4,744.8	4,951.2	206.4	4.3%	-135.4	-	209.7	132.0
Operating profit	668.1	664.8	-3.3	-0.5%	-22.3	-42.5	39.5	22.1
OP margin	14.1%	13.4%	-	-				
Profit before tax	685.3	659.3	-26.0	-3.7%				
Profit ^{※1}	350.1	327.0	-23.1	-6.5%				

※1 Profit attributable to owners of parent

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

Operating profit gap analysis



※ 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)

		Nine Months Ended Sep. 30		GAP		Gap Breakdown		
		2018	2019	Amount	%	Impact of FX	Impact of acquisition	Actual GAP
Paint and coating business	Automotive coatings	1,190.4	1,128.6	-61.8	-5.2%	-26.0	-	-35.9
	Decorative paints (Including heavy duty)	2,484.0	2,675.5	191.5	7.7%	-97.2	112.3	176.3
	Industrial coatings	512.3	516.2	3.9	0.8%	-7.9	13.3	-1.4
	Fine chemicals	144.8	141.4	-3.4	-2.4%	-2.8	-	-0.7
	Others (Marine & Auto refinishes, etc.)	413.3	410.6	-2.8	-0.7%	-1.6	5.2	-6.3
	Subtotal	4,744.8	4,872.2	127.4	2.7%	-135.4	130.8	132.0
Paint related business		-	79.0	79.0	-	-	79.0	-
Total		4,744.8	4,951.2	206.4	4.3%	-135.4	209.7	132.0

Revenue & operating profit by region

(100 million Yen)

		Nine Months Ended Sep. 30		Gap		Gap Breakdown			
		2018	2019	Amount	%	Impact of FX	Special Factors ^{※2}	Impact of acquisition	Actual Gap
Japan	Revenue	1,335.5	1,365.0	29.5	2.2%	-	-	-	29.5
	Operating profit [※]	219.8	192.3	-27.5	-12.5%	-	-22.5	-	-5.0
Asia	Revenue	2,739.6	2,710.6	-29.0	-1.1%	-124.5	-	-	95.5
	Operating profit	404.8	400.3	-4.5	-1.1%	-21.2	-20.0	-	36.7
Oceania	Revenue	-	131.5	131.5	-	-	-	131.5	-
	Operating profit	-	29.0	29.0	-	-	-	29.0	-
Americas	Revenue	566.8	569.1	2.3	0.4%	-2.4	-	-	4.7
	Operating profit	42.9	39.7	-3.2	-7.3%	-0.1	-	-	-3.0
Europe	Revenue	102.9	174.9	72.1	70.1%	-8.5	-	78.3	2.3
	Operating profit	0.3	3.5	3.2	936.4%	-0.3	-	10.5	-7.0
Total	Revenue	4,744.8	4,951.2	206.4	4.4%	-135.4	-	209.7	132.0
	Operating profit	668.1	664.8	-3.3	-0.5%	-22.3	-42.5	39.5	22.1

※ Excluding dividends from overseas group companies (2019 3Q : 13.6 billion yen, 2018 3Q : 14.0 billion yen)

Revenue by region & business segment

(100 million Yen)

		Nine Months Ended Sep. 30		GAP		Gap Breakdown		
		2018	2019	Amount	%	Impact of FX	Impact of acquisition	Actual GAP
Japan	Automotive coatings	332.1	346.9	14.8	4.5%	-	-	14.8
	Decorative paints (Including heavy duty)	338.2	364.3	26.1	7.7%	-	-	26.1
	Industrial coatings	294.7	302.7	8.1	2.7%	-	-	8.1
	Fine chemicals	65.6	65.8	0.2	0.4%	-	-	0.2
	Others (Marine & Auto refinishes, etc.)	305.0	285.2	-19.7	-6.5%	-	-	-19.7
Asia	Automotive coatings	556.9	496.0	-60.9	-10.9%	-16.9	-	-44.0
	Decorative paints (Including heavy duty)	1,808.9	1,851.8	42.8	2.4%	-96.0	-	138.9
	Industrial coatings	215.7	199.3	-16.4	-7.6%	-7.8	-	-8.6
	Fine chemicals	51.0	44.9	-6.1	-11.9%	-2.2	-	-3.9
	Others (Marine & Auto refinishes, etc.)	107.1	118.7	11.6	10.8%	-1.6	-	13.2
Oceania	Decorative paints	-	65.8	65.8	-	-	65.8	-
	Industrial coatings	-	4.9	4.9	-	-	4.9	-
	Paint related business	-	60.7	60.7	-	-	60.7	-
Americas	Automotive coatings	206.0	197.6	-8.4	-4.1%	-1.1	-	-7.2
	Decorative paints	336.8	347.0	10.2	3.0%	-1.1	-	11.3
	Fine chemicals	22.8	23.0	0.2	0.9%	-0.1	-	0.3
Europe	Automotive coatings	95.4	88.1	-7.3	-7.7%	-7.9	-	0.6
	Decorative paints	-	46.5	46.5	-	-	46.5	-
	Fine chemicals	5.5	7.7	2.2	40.4%	-0.5	-	2.7
	Paint related business	-	18.3	18.3	-	-	18.3	-
Total		4,744.8	4,951.2	206.4	4.3%	-135.4	209.7	132.0

Consolidated statement of financial position

<u>Assets</u>	(100 million Yen)	
	As of Dec. 31, 2018	As of Sep. 30, 2019
Current assets	4,442	5,061
Non-current assets	5,098	9,115
Total assets	9,540	14,175

<u>Liabilities and equity</u>	(100 million Yen)	
	As of Dec. 31, 2018	As of Sep. 30, 2019
Total current liabilities	2,158	6,242
Total non-current liabilities	906	1,411
Total liabilities	3,064	7,653
Total equity	6,476	6,523
Total liabilities and equity	9,540	14,175

Capital expenditures, depreciation, R&D expenses etc.

		(100 million Yen)	
		Nine Months Ended Sep. 30	
		2018	2019
Capital expenditures	Property, plant and equipment	153.3	220.9
	Intangible assets	20.2	16.3
	Total	173.5	237.2
Depreciation	Property, plant and equipment	85.6	124.3
	Intangible assets	53.9	53.2
	Total	139.5	177.5
R&D expenses		118.6	130.9

< Major indicator >

	As of Dec. 31, 2018	As of Sep. 30, 2019
Equity attributable to owners of parent to total assets	54.5%	37.1%
Total debts (100 million Yen)	894	4,455
EPS (Yen) Covering period : Jan. – Sep.	109.2	102.0

Foreign exchange rates and market conditions

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

	Nine Months Ended Sep. 30	
	2018	2019
JPY/USD	109.6	109.2
JPY/RMB	16.8	15.9

<Paint shipment>

(10,000t)

	Eight Months Ended Aug. 31	
	2018	2019
Japan ^{※1}	116	114

※1 Source : Japan paint manufacturers association
Period : Jan. - Aug.

<Automobile production^{※2}>

(10,000 unit)

	Nine Months Ended Sep. 30	
	2018	2019
Japan	680	702
China	2,049	1,815
USA	848	834
Mexico	296	293
Canada	153	145
North America total	1,297	1,273
Thailand	160	157

※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 Sep. 30, 2019
JPY/USD	111.0	107.9
JPY/RMB	16.2	15.1

< Others (Japan market) >

	Nine Months Ended Sep. 30	
	2018	2019
Housing starts ^{※3}	69.6	68.2
Construction machinery productions ^{※4}	26.2	27.7
Machine tool production ^{※5}	6.0	4.4

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

※4 Source : Japan construction equipment manufacturers association
Period : Jan. - Aug.

※6 Source : Japan machine tool builders' association
Period : Jan. - Aug.

< Naphtha price (own estimation) >

(JPY/KL)

	Nine Months Ended Sep. 30	
	2018	2019
Japan produced naphtha price	50,000	42,200

IR calendar

Date & time (JST)		Event
From Jan. 23, 2020		Silent period starts
Feb. 13, 2020	15:30	2019 Financial result announcement
	18:00 (tentative)	2019 Financial result telephone conference
Feb. 21, 2020	15:30 (tentative)	Business briefing for institutional investors



Investor Relations Office, Department of Corporate Communications

E-mail : ir_kouhou@nipponpaint.jp

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