

Financial Highlights for FY2016

(as of December 31, 2016)

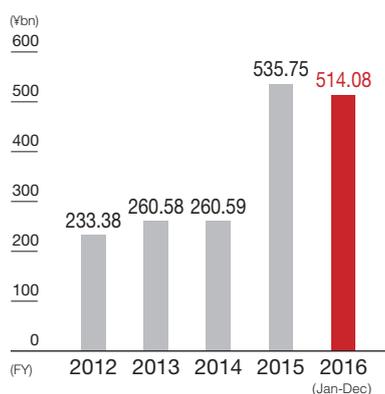
From FY2016, the end of the accounting period was changed from March 31 to December 31.

The period for disclosure of consolidated results in FY2016 is the nine-month period from April 1 to December 31, 2016, for the parent company and subsidiaries whose accounting period heretofore ended with March, but the twelve-month period from January 1 to December 31, 2016, for subsidiaries which already had an accounting period ending in December.

However, in regard to FY2016 earnings, in order to allow readers to better understand the earnings status and to facilitate comparison with earlier financial results, this report in most cases uses the actual results for the twelve-month period from January 1 to December 31, 2016. The displayed figures have been rounded off.

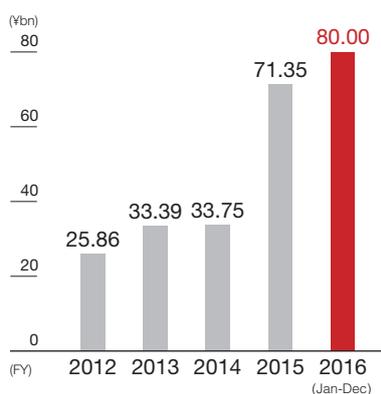
Net sales

¥514.1_{bn}



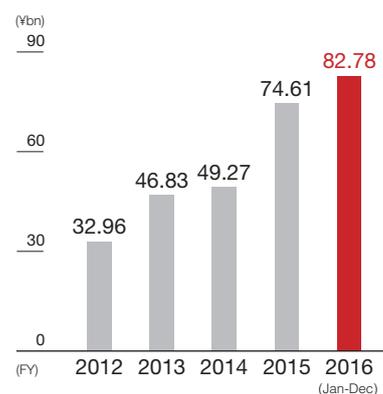
Operating profit

¥80.0_{bn}



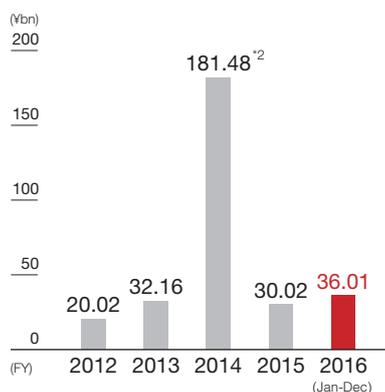
Ordinary income

¥82.8_{bn}



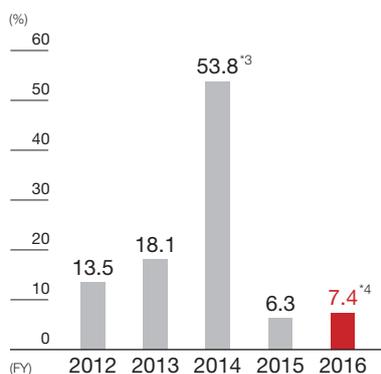
Net income^{*1}

¥36.0_{bn}



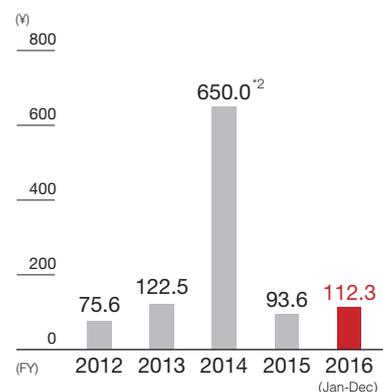
ROE

7.4%^{*4}



Net income per share

¥112.3



Consolidated financial results for the past five years

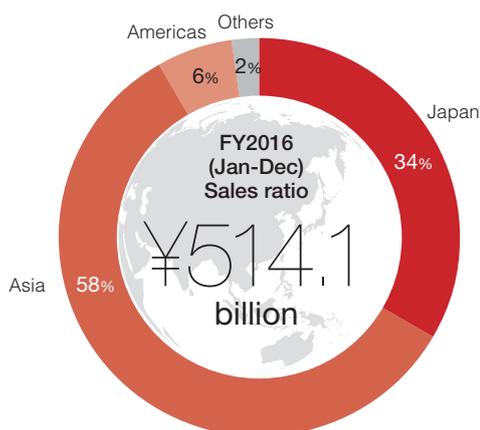
		2016 (Jan-Dec)	2015	2014	2013	2012
Net sales	(Billions of yen)	514.08	535.75	260.59	260.58	233.38
Operating profit	(Billions of yen)	80.00	71.35	33.75	33.39	25.86
Ordinary income	(Billions of yen)	82.78	74.61	49.27	46.83	32.96
Net income ^{*1}	(Billions of yen)	36.01	30.02	181.48 ^{*2}	32.16	20.02
ROE	(%)	7.4 ^{*4}	6.3	53.8 ^{*3}	18.1	13.5

*1 Profit attributable to owners of parent

*2 Due to the booking of an extraordinary profit of ¥148.8 billion (gain on step acquisitions) in the third quarter of fiscal 2014 because of the consolidation of equity method affiliates in the Asian region.

*3 ROE is 9.7% when the extraordinary profit mentioned above is subtracted from net income. *4 Disclosed results (relevant period: Apr-Dec for Japan; Jan-Dec for overseas)

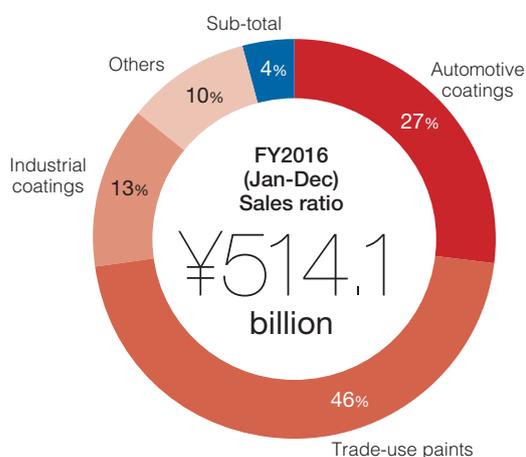
Consolidated net sales by region



		(Billions of yen)				
		2016 (Jan-Dec)	2015	2014	2013	2012
Japan	Net sales	171.61	174.28	187.20	187.48	174.52
	Operating profit	32.16	29.16	26.41	27.02	22.44
Asia	Net sales	297.75	317.40	43.87	45.71	37.07
	Operating profit	43.34	37.75	4.53	4.26	2.45
Americas	Net sales	32.17	33.16	25.79	23.55	19.14
	Operating profit	5.15	5.18	2.69	1.98	0.92
Others	Net sales	12.55	10.91	3.72	3.84	2.65
	Operating profit	-0.37	-0.90	0.07	0.08	-0.08

* Excluding dividends from overseas group companies

Consolidated sales by business segment



		(Billions of yen)				
		2016 (Jan-Dec)	2015	2014	2013	2012
Paint Business	Automotive coatings	139.38	138.76	93.35	92.51	81.29
	Trade-use paints	236.88	253.35	45.79	50.06	43.77
	Industrial coatings	68.29	68.28	46.45	47.56	43.64
	Others	51.49	57.97	59.50	55.81	51.69
	Sub-total	496.04	518.36	245.09	245.94	220.39
Fine Chemicals	18.04	17.38	15.50	14.64	12.99	
Total	514.08	535.75	260.59	260.58	233.38	

Investments and other expenses

		(Billions of yen)				
		2016*	2015	2014	2013	2012
Capex	21.02	19.03	5.13	5.98	5.11	
Depreciation	13.55	16.18	5.90	6.11	6.42	
R&D expenses	12.04	15.18	5.99	5.92	6.02	

* Disclosed results (relevant period: Apr-Dec for Japan; Jan-Dec for overseas)

Consolidated cash flow

		(Billions of yen)				
		2016*	2015	2014	2013	2012
Cash flow from operating activities	77.92	63.10	34.42	26.92	31.85	
Cash flow from investing activities	-42.70	-5.31	-86.97	-7.17	-6.92	
Cash flow from financing activities	-8.58	-24.70	85.30	-21.03	-18.74	

* Disclosed results (relevant period: Apr-Dec for Japan; Jan-Dec for overseas)

FY2016 Highlights

Regarding FY2016 results and change of accounting period

Starting with FY2016, the end of the accounting period was changed from March 31 to December 31. The period for disclosure of consolidated results in FY2016 is the nine months from April 1 to December 31, 2016, for the parent company and subsidiaries whose accounting period previously ended with March, but the twelve months from January 1 to December 31, 2016, for subsidiaries which already had an accounting period ending in December. However, in regard to FY2016 earnings, in order to better explain the earnings status and to facilitate comparison with earlier financial results, this report uses the actual results for the twelve-month period from January 1 to December 31, 2016. The sales for each segment are compared against FY2015 (April 1, 2015, to March 31, 2016).

FY2016 consolidated net sales were ¥514.1 billion. In terms of income, the impact of foreign exchange fluctuations were absorbed thanks to ongoing sales promotions and activities to reduce costs, so consolidated operating income was ¥80.0 billion (margin of 15.6%), consolidated ordinary income was ¥82.8 billion (margin of 16.1%), and net income attributable to owners of parent was ¥36.0 billion (margin of 7.0%). Profitability has steadily increased.

Regarding business trends and performance by region

In Japan, we worked to expand our share in the area of automotive coatings as automobile production numbers recovered from the impact of the 2016 Kumamoto earthquakes. In industrial coatings, we focused on capturing customers with differentiated products as the number of new housing starts remained favorable. In trade-use paints, while market conditions were sluggish due to

factors such as construction delays owing to weather, we conducted sales promotion activities to expand sales of new products. On the other hand, other coatings were heavily impacted by a downturn in market conditions for marine coatings. Due to these factors, consolidated net sales in the Japan segment were ¥171.6 billion, slightly down from the previous year. Operating income was ¥32.2 billion, exceeding the previous year's level when dividend income from overseas group companies is excluded.

In Asia, we worked to expand our share of the automotive coatings market in China through a partnership with local companies, even as automobile production numbers increased. In trade-use paints, we worked to energize paint resellers and the remodeling market within the paints for housing interiors sector in China. In other Asian countries as well, as a result of efforts to expand market share, net sales were strong on a local currency basis. On a yen basis after currency translation, consolidated net sales in the Asia segment were ¥297.8 billion, down from the previous year, but consolidated operating income was ¥43.3 billion due to ongoing activities to reduce costs. Profitability significantly improved.

In the Americas, a favorable trend in the number of automobiles manufactured in North America was seen, in addition to a higher ratio of large vehicles produced and a ramping up of operations in Latin America. Meanwhile, foreign exchange rates had a negative impact. Additionally, ongoing activities to reduce costs led to a significant improvement in profitability. As a result, consolidated net sales for the Americas segment were ¥32.2 billion, down from the previous year. Consolidated operating income was ¥5.2 billion. On a local currency basis, both sales and income were up.

In other regions, consolidated net sales were ¥12.6 billion, up from the previous year due to the consolidation of a German automotive coating manufacturer. Consolidated operating loss was ¥400 million due in part to amortization of goodwill.