Achievements of Value Creation

Financial Highlights

Fiscal year-end for FY2015 was March 31, whereas fiscal year-end from FY2016 to FY2019 was December 31; Figures for FY2015 to FY2017 are based on JGAAP, whereas those for FY2018 and FY2019 are based on IFRS.



Due to the transitional period that followed the change in the accounting period, revenue in FY2016 reflected nine-month results and thus decreased from FY2015. From FY2017 onwards,

years as we acquired overseas paint

decorative paints business in Asia,

centering on China, and Japan.

Dividends per share / Dividend payout ratio (IFRS-basis)*



Based on our basic policy of paying out dividends stably and continuously, NPHD aims to maintain a dividend payout ratio of 30%. Dividends per share have increased since FY2015 in proportion to operating profit declined from the previous fiscal year due to the effects of dividends per share at 45 yen based on our policy of a stable dividend payout.

Dividend payout ratio from 2015 to 2017 is JGAAP-based figures calculated after adjusting for amortization of goodwill.

Operating profit / Operating profit margin



Operating profit in FY2016 reflected nine-month results due to the change in the geographic from FY2015 as sales of high value-added products expanded and cost reduction activities proved to be effective. Although operating profit effectively increased in FY2019, it decreased from the previous fiscal year due to transitional factors such as recording of impairment losses and M&A related costs, as well as a decrease in subsidy income.

accounting period but increased from FY2015. From FY2016 onwards, EPS grew roughly in proportion to changes in

Earnings per share (EPS)

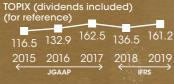
108.48 115.76

2015 2016 2017 2018 2019

114,48

Total shareholder return (TSR)

375.3 TOPIX (dividends included) (for reference)



TSR has been increasing each year since FY2015 in line with the trend of increasing dividends and share prices. In FY2019, although the amount of dividends was unchanged from the previous fiscal year, TSR was more than two times higher than TOPIX (dividends included), a comparative index, due to strong share price movements.

Return on equity (ROE) /
Return on invested capital (ROIC)



ROE mostly stayed around 7% from previous fiscal year due to a decrease between 14% and 15% but declined in FY2019 from the previous fiscal year due to a decrease in return on invested capital as a result of acquisitions, as well as a fall in operating profit margin.

Non-Financial Highlights

Free cash flow

-260.7



2015 2016 2017 2018 2019

Capital investment costs in the paint industry are relatively low, allowing for cash flow generation. Accordingly, our free cash flow tends to remain in positive territory. However, free cash flow showed negative figures due to an increase in expenditures that resulted from acquiring Dunn-Edwards in FY2017 and DuluxGroup and Betek Boya in FY2019.

Received Outstanding Brand Award at the **China Economic Summit**

For Consecutive years



position in the decorative paints (DIY) market through the penetration of our and earning high customer satisfaction. This has led us to winning the award for

Number of countries/regions where NPHD has the No.1 market share in decorative paints

Achieved No.1 geographical position in locations

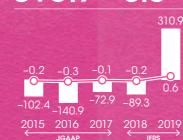


position in Japan for a long period of time. In addition, we have aggressively expanded the ASEAN business since 1967, which has led to a successive increase in the number of countries/ regions where NPHD has the top market share. In FY2019, NPHD captured the

No.1 market share in Australia and DuluxGroup and Betek Boya.

Net debt / Net D/E ratio

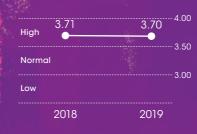
310.9



industry are relatively low, allowing for cash flow generation. Accordingly, net debt remained in negative territory until FY2018. In FY2019, net debt improved significantly to a positive figure due to the procurement of funds through borrowings from financial institutions, which we used for the acquisition of DuluxGroup and

Employee satisfaction level (in Japan)

3.70/5 points



NPHD believes that its employees are an important management asset for value creation, and is working on employment maintenance, skill development, and personal growth assistance of employees. Our efforts have steadily translated into an increase in the employees' confidence in the company.

Shipment ratio of water-based paints*



awareness and tightening of is rising. Shipment ratio of water-based paints is increasing each year, and NPHD is proactively developing business by leveraging its strengths in

* The survey coverage includes three companies: Nippon Paint (NPTU), NIPSEA, and Dunn-Edwards; calculated as water-based shipments (10,000 tonnes) divided by total shipments (10,000 tonnes).

13 Nippon Paint Holdings Integrated Report 2020