

**Consolidated Financial Results [Japanese GAAP]**  
**for the Third Quarter of the Fiscal Year Ending March 31, 2020**  
**(April 1, 2019 – December 31, 2019)**



February 7, 2020

Company name: Kansai Paint Co., Ltd.  
 Stock listing: Tokyo Stock Exchange  
 Code number: 4613  
 URL: <https://www.kansai.co.jp/>  
 Representative: Kunishi Mori, President  
 Contact: Kazuhiro Yoshida, Director, Managing Executive Officer, General Manager, Administration Div.  
 Telephone: +81-6-6203-5531  
 Scheduled date of the filing of Securities Report: February 10, 2020  
 Scheduled date of dividend payment: -  
 Supplemental information: No  
 Financial results briefing: No

(Amounts are rounded down to the nearest million yen)

1. Consolidated financial results for the Third Quarter Fiscal Year Ending March 31, 2020 (April 1, 2019 – December 31, 2019)

(1) Consolidated operating results

(The percentages represent the rates of increase (decrease) compared to the corresponding prior period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2019	311,472	(4.3)	26,440	6.5	29,447	5.3	16,234	(3.2)
Nine months ended December 31, 2018	325,631	9.2	24,815	(14.2)	27,956	(13.3)	16,766	(7.3)

(Note) Comprehensive income:

Nine months ended December 31, 2019: 13,674 million yen —%  
 Nine months ended December 31, 2018: (3,810) million yen —%

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2019	63.14	57.50
Nine months ended December 31, 2018	65.19	56.47

(2) Consolidated financial positions

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2019	555,265	324,281	49.2
As of March 31, 2019	584,135	320,661	46.2

(Reference) Shareholders' equity: As of December 31, 2019: 273,456 million yen  
 As of March 31, 2019: 270,016 million yen

2. Dividends

	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year ended March 31, 2019	—	16.00	—	14.00	30.00
Fiscal Year ending March 31, 2020	—	15.00	—	—	—
Fiscal Year ending March 31, 2020 (Forecast)	—	—	—	15.00	30.00

(Notes)

\*1 Revisions to the latest dividend forecast announced : No

\*2 Detail of 2nd quarter dividend of Fiscal Year ended March 31, 2019: Ordinary 14.00 yen, Commemorative 2.00 yen

3. Consolidated financial forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 – March 31, 2020)

(The percentages represent the rates of increase (decrease) compared to the corresponding prior period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full Year	440,000	2.9	36,500	13.0	41,500	19.1	22,500	29.3	87.51

(Note) Revisions to the latest consolidated financial forecast announced: No

\*Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries due to changes in scope of consolidation):	None
(2) Application of accounting treatment specific to preparation of quarterly consolidated financial statements:	Yes
(3) Changes in accounting policies, changes in accounting estimates, and retrospective restatement	
1. Changes in accounting policies in accordance with revision of accounting standards:	Yes
2. Changes in accounting policies other than 1. above:	None
3. Changes in accounting estimates:	None
4. Retrospective restatement:	None
(4) Number of shares of common stock issued	
1. Number of shares of common stock issued at period-end (including treasury stock):	
As of December 31, 2019:	272,623,270 shares
As of March 31, 2019:	272,623,270 shares
2. Number of shares of treasury stock at period-end:	
As of December 31, 2019:	15,538,646 shares
As of March 31, 2019:	15,480,336 shares
3. Average number of shares during the period:	
Nine months ended December 31, 2019:	257,113,368 shares
Nine months ended December 31, 2018:	257,198,880 shares

\*Status of the implementation of audit procedures

These financial statements are not subject to quarterly review procedure of certified public accountant or audit firm.

\*Explanation for appropriate use of forecasts and other notes

The forward-looking statements such as operational forecasts contained in this document are based on information currently available to the Company and certain assumptions which are regarded as legitimate. However, it does not mean that we guarantee its achievement. Actual results may differ from such forward-looking statements for a variety of reasons.

## Overview of financial results

During the nine-month period under review, the global economy continued to face heightened geopolitical risks and uncertainties concerning political, policy, and trade developments in different countries. Under such circumstances, while Europe, China, and other emerging countries in Asia faced weaker economies, the global economy as a whole continued to enjoy moderate recovery, albeit decelerating, with robust personal consumption and government expenditures in the United States. The Japanese economy, which had been weak mainly in exports, continued to experience a moderate recovery supported by improvements in employment and income environments.

The Group's net sales for the nine-month period under review were 311,472 million yen (down 4.3% year on year), in contrast to operating income which recorded 26,440 million yen (up 6.5% year on year) reflecting a decline in raw material prices and a decrease in selling, general and administrative expenses. Ordinary income ended at 29,447 million yen (up 5.3% year on year) due to an increase in foreign currency exchange loss and other factors. Net income attributable to owners of parent ended at 16,234 million yen (down 3.2% year on year) due to decreases in gains on sale of investment securities and gains on the sale of shares of affiliates.

Segment overviews are as follows.

### <Japan>

In the new car area of the automotive coatings sector, while a year on year decrease in car production was observed, sales in the domestic market increased slightly as we strived to increase market share. However, the decrease in exports brought slightly lower total sales in the automotive coatings sector than the same period last year. Sales in the industrial coatings sector decreased year on year as paints for automotive components and paints for industrial machinery that had recorded robust sales became sluggish in the second half. Sales in the decorative coatings and protective coatings sectors increased year on year reflecting a robust growth of the market. Sales in the marine sector decreased slightly year on year despite a recovery mainly in sales of paints for ship repair. In the automotive coatings sector (for refinishing), sales decreased year on year in a weak market despite our intensive efforts to expand sales of high-value-added products.

As a result of those factors, net sales and ordinary income in the segment were 117,462 million yen (down 1.7% year on year) and 14,420 million yen (up 0.5% year on year).

### <India>

In the automotive coatings sector, sales fell year on year as car production continued to decrease. In the decorative coatings sector, sales increased year on year on the back of our sales promotion driven by continued demand growth. However, net sales in the segment dropped year on year due to the impact of a significant decrease in sales in the automotive coatings sector. Profits grew owing to stable raw material prices. However, the translated result in Japanese yen was negatively affected by currency conversion.

As a result of those factors, net sales and ordinary income in the segment were 65,575 million yen (down 3.0% year on year) and 8,877 million yen (down 1.4% year on year).

### <Asia>

In China, reflecting a year on year decrease in car production, sales in the automotive coatings sector decreased year on year despite expanded demand from major customers. In the industrial coatings sector, sales decreased year on year in paints for construction machinery due to weaker demand from major customers. As a result, net sales decreased year on year in China as

a whole. In Indonesia, amid the strong sense of decelerated economy, sales in the automotive coatings sector decreased year on year, reflecting a decline in car production compared with the last year. Also in Thailand, sales decreased year on year following a decline in car production.

As a result of those factors, net sales of the segment were 44,751 million yen (down 6.9% year on year). Ordinary income ended at 4,105 million yen (down 16.0% year on year) reflecting a decrease in equity in earnings of affiliates in China and other factors despite a fall in the raw material prices and decreases in selling, general and administrative expenses.

#### <Africa>

Amid the sluggish economy in South Africa and neighboring countries, we continued to endeavor to promote sales. Despite a decline in raw material prices, we continued to face significant pressure from currency depreciation and the intensified price competition.

As a result of those factors, net sales of the segment were 26,681 million yen (down 10.3% year on year) while ordinary loss including the amortization of goodwill ended at 1,952 million yen.

#### <Europe>

In Turkey, while sales in the local currency increased, profitability was negatively affected by the rise of raw material prices due to the weaker local currency. Meanwhile, equity in earnings of affiliates increased despite sluggish demand in the decorative coatings sector on the back of a weaker domestic economy. In other European countries, sales in local currencies increased mainly in the industrial coatings sector which enjoyed strong growth. However, the translated result in Japanese yen was negatively affected by currency conversion.

As a result of those factors, net sales of the segment were 52,408 million yen (down 6.8% year on year) while ordinary income including the amortization of goodwill ended at 3,102 million yen (up 50.9% year on year).

#### <Others>

Sales grew in North America, owing to efforts to expand sales of paints for automotive components in the industrial coatings sector. Equity in earnings of affiliates also increased.

As a result of those factors, net sales of the segment were 4,592 million yen (up 2.8% year on year) while ordinary income ended at 894 million yen (up 57.8% year on year).

Consolidated financial statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	74,614	49,490
Trade notes and accounts receivables	112,486	113,039
Securities	3,148	6,266
Finished goods	37,549	34,041
Work-in-process	5,569	5,969
Raw materials and supplies	26,121	24,350
Other	9,758	12,365
Allowance for doubtful receivables	(3,076)	(3,077)
<b>Total current assets</b>	<b>266,172</b>	<b>242,445</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	55,100	57,227
Other, net	72,344	70,852
<b>Total property, plant and equipment</b>	<b>127,444</b>	<b>128,079</b>
Intangible assets		
Goodwill	39,782	34,210
Other	27,544	24,928
<b>Total intangible assets</b>	<b>67,327</b>	<b>59,138</b>
Investments and other assets		
Investment securities	84,032	90,254
Other	46,763	43,340
Allowance for doubtful receivables	(7,604)	(7,993)
<b>Total investments and other assets</b>	<b>123,190</b>	<b>125,601</b>
<b>Total non-current assets</b>	<b>317,963</b>	<b>312,820</b>
<b>Total assets</b>	<b>584,135</b>	<b>555,265</b>

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
<b>Liabilities</b>		
Current liabilities		
Trade notes and accounts payables	71,140	63,198
Short-term borrowings	12,135	19,657
Current portion of convertible bonds with stock acquisition rights	40,126	-
Income and enterprise taxes payable	4,219	1,987
Provision for bonuses	4,864	3,428
Provision for loss on guarantees	2,219	2,191
Other	23,103	29,689
Total current liabilities	157,810	120,153
Non-current liabilities		
Convertible bonds with stock acquisition rights	60,160	60,123
Long-term debt	8,434	10,864
Net defined benefit liability	8,607	8,983
Other	28,461	30,859
Total non-current liabilities	105,664	110,830
Total liabilities	263,474	230,984
<b>Net assets</b>		
Shareholders' equity		
Common stock	25,658	25,658
Capital surplus	22,342	22,438
Retained earnings	237,721	246,468
Treasury stock, at cost	(25,537)	(25,649)
Total shareholders' equity	260,185	268,915
Accumulated other comprehensive income		
Net unrealized holding gains on securities	29,876	33,886
Deferred gains (losses) on derivatives under hedge accounting	622	(1,551)
Foreign currency translation adjustments	(21,439)	(28,694)
Remeasurements of defined benefit plans	770	898
Total accumulated other comprehensive income	9,831	4,540
Non-controlling interests	50,644	50,825
Total net assets	320,661	324,281
<b>Total liabilities and net assets</b>	<b>584,135</b>	<b>555,265</b>

## (2) Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Net sales	325,631	311,472
Cost of sales	224,684	211,996
Gross profit	100,946	99,476
Selling, general and administrative expenses	76,131	73,035
Operating income	24,815	26,440
Non-operating income		
Interest income	1,021	523
Dividend income	1,624	1,630
Equity in earnings of unconsolidated subsidiaries and affiliates	2,923	3,175
Miscellaneous income	798	1,606
Total non-operating income	6,367	6,937
Non-operating expenses		
Interest expense	1,401	1,344
Loss on disposal of inventories	240	169
Provision of allowance for doubtful receivables	797	27
Foreign currency exchange loss	302	1,575
Miscellaneous expenses	485	814
Total non-operating expenses	3,226	3,930
Ordinary income	27,956	29,447
Extraordinary income		
Gain on sale of property, plant and equipment	39	47
Gain on sale of investment securities	1,174	105
Gain on sale of shares of subsidiaries and affiliates	855	-
Gain on liquidation of subsidiaries	31	8
Total extraordinary income	2,100	160
Extraordinary losses		
Loss on sale or disposal of property, plant and equipment	356	718
Loss on sale of investments in capital of subsidiaries and associates	-	39
Write-down of securities and investment securities	16	0
Loss on disaster	140	31
Early extra retirement payments	410	-
Loss on withdrawal from business	-	28
Total extraordinary losses	923	817
Income before income taxes and non-controlling interests	29,133	28,790
Total income taxes	9,360	8,539
Net income	19,773	20,251
Net income attributable to non-controlling interests	3,006	4,016
Net income attributable to owners of the parent	16,766	16,234

## (3) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Net income	19,773	20,251
Other comprehensive income		
Net unrealized holding gains (losses) on securities	(6,641)	3,378
Deferred gains (losses) on derivatives under hedge accounting	547	(2,173)
Foreign currency translation adjustments	(11,065)	(6,517)
Remeasurements of defined benefit plans	(132)	128
Shares in other comprehensive income of equity method affiliates	(6,291)	(1,392)
Total other comprehensive income	(23,583)	(6,576)
Comprehensive income	(3,810)	13,674
Comprehensive income attributable to:		
Owners of the parent	(3,761)	10,943
Non-controlling interests	(49)	2,730

Segment information

(1) Nine months ended December 31, 2018 (April 1, 2018 - December 31, 2018)

Information about sales, profit and loss by reportable segment

(Millions of yen)

	Reportable segments						Other *1	Total	Adjustment *2	Consolidated *3
	Japan	India	Asia	Africa	Europe	Total				
Net sales										
(1) Sales to customers	119,527	67,584	48,080	29,733	56,237	321,163	4,468	325,631	-	325,631
(2) Intersegment sales and transfers	11,527	44	2,590	240	80	14,483	0	14,483	(14,483)	-
Total sales	131,054	67,628	50,671	29,974	56,317	335,647	4,468	340,115	(14,483)	325,631
Segment income (loss)	14,341	9,007	4,885	(2,900)	2,055	27,389	566	27,956	-	27,956

Notes:

- \*1 The "Other" category includes business activities of subsidiaries and affiliates in the U.S., Mexico and other locations.
- \*2 Adjustments for segment income (loss), segment assets and other items represent the elimination of intersegment transactions.
- \*3 Segment income (loss) is reconciled with the ordinary income in the Consolidated Statements of Income.
- \*4 Reportable segments other than Japan include the following countries:  
 India: India, Nepal and other locations.  
 Asia: Thailand, China, Indonesia and other locations.  
 Africa: South Africa, Zimbabwe, Uganda and other locations.  
 Europe: Slovenia, Turkey, Austria, Luxembourg and other locations.

(2) Nine months ended December 31, 2019 (April 1, 2019 - December 31, 2019)

Information about sales, profit and loss by reportable segment

(Millions of yen)

	Reportable segments						Other *1	Total	Adjustment *2	Consolidated *3
	Japan	India	Asia	Africa	Europe	Total				
Net sales										
(1) Sales to customers	117,462	65,575	44,751	26,681	52,408	306,880	4,592	311,472	-	311,472
(2) Intersegment sales and transfers	9,929	49	2,192	233	84	12,488	-	12,488	(12,488)	-
Total sales	127,391	65,625	46,943	26,915	52,493	319,369	4,592	323,961	(12,488)	311,472
Segment income (loss)	14,420	8,877	4,105	(1,952)	3,102	28,553	894	29,447	-	29,447

Notes:

- \*1 The "Other" category includes business activities of subsidiaries and affiliates in the U.S., Mexico and other locations.
- \*2 Adjustments for segment income (loss), segment assets and other items represent the elimination of intersegment transactions.
- \*3 Segment income (loss) is reconciled with the ordinary income in the Consolidated Statements of Income.
- \*4 Reportable segments other than Japan include the following countries:  
 India: India, Nepal, Bangladesh and other locations.  
 Asia: Thailand, China, Indonesia and other locations.  
 Africa: South Africa, Zimbabwe, Uganda and other locations.  
 Europe: Slovenia, Turkey, Austria, Luxembourg and other locations.