



December 6, 2016

To Whom It May Concern:

Company name: Kansai Paint Co., Ltd.
Representative: Hiroshi Ishino, President
(Securities code: 4613, First Section, TSE)
Contact: Jun Senoo, General Manager,
International Division
Director, Managing Executive Officer
(Tel. +81-6-6203-5531)

Notice Concerning Acquisition of Shares of European Coatings Maker Helios Group (and turning the Group into a subsidiary)

Kansai Paint Co., Ltd. (the “Company”) announces that it has passed a resolution at a December 6, 2016, board of directors’ meeting to acquire all shares of Luxemburg-based Annagab S.A. (“Annagab”), a holding company of the European coatings manufacturer Helios Group. The Company agreed to acquire shares from Austrian firm Ring International Holding AG (“Ring”) and other shareholders, and turn Annagab into a subsidiary (“This Transaction”), and has signed stock transfer agreements with shareholders.

This Transaction is based on the condition that the stock transfer is implemented in accordance with various competition laws in every necessary country and meets other general, pre-determined conditions.

1. Reason for the stock acquisition

The Company has expanded its business activities and listed acceleration of globalization as a priority policy of the medium-term management plan it is currently promoting. Therefore, in addition to expanding and strengthening businesses in existing markets, the Company has decided to actively break into new markets and new fields.

In the backdrop of this plan, the Company expects the European market to grow, and considers Europe a highly significant region that contributes to creating synergy and improving the competitiveness of the Kansai Paint Co., Ltd. Group’s (“the Group”) businesses such as through procurement of materials and ingredients.

The Helios Group is a coatings maker whose strengths lie in industrial paints because it was founded by a 2014 merger between Slovenian paint maker Helios Domzale Group, which operated mainly in Central and Eastern Europe as well as Russia, and Ring’s coatings business, which operated mainly in Western Europe. Currently, The Helios Group operates business in various countries in Central, Eastern and Western Europe as well as Russia.

The acquisition of shares will be the Group’s first step of a full-scale entry into the European market. In addition, the Group will use the new subsidiary as a base to expand European businesses in the future, and consider it a contribution to further improvement in financial results by implementing the following measures.

- Integrate businesses being operated across numerous countries such as Russia or in Europe by using the superb existing management’s skills that created profitable business structures.
- Utilize the acquisition to further expand high-level R&D functions, production bases, and distribution bases in the Russian and European markets as well as to develop new regions and business fields.
- Globally utilize highly competitive technology and product categories such as authentication products for railcar wheel makers and coatings for motors, for which demand is expected to grow in the future.
- Create synergy by complementing and sharing the products, technology, and know-how of both groups.

For these aforementioned reasons, the Company believes that this Transaction will expand the Group’s businesses in the medium to long term as well as contribute to the improvement of shareholder value.

2. Outline of subsidiary being transferred
(Annagab)

(Annagab)

(1) Company name	Annagab S.A.		
(2) Location	73, Côte d'Eich, L-1450 Luxembourg, GRAND-DUCHY OF LUXEMBOURG		
(3) Names and Titles of representatives	António João Gil Pires, member of the management board Ralph Heijder, member of the management board Jean-Marc McLean, member of the management board		
(4) Description of business	Owning shares of the Helios Group, which engages in the manufacture and sales of paint. (A holding company founded in January 2014 in order for Ring to purchase the Helios Domzale Group)		
(5) Capital	34,100 Euros (as of the end of November 2016)		
(6) Founded	January 7, 2014		
(7) Major shareholders and voting right ratio	Ring International Holding AG 91.0% Templeton Strategic Emerging Markets Fund IV, LDC 9.0% (as the end of November 2016)		
(8) Relation between Kansai Paint and relevant company	Capital relations	Not Applicable (N/A)	
	Labor relations	Not Applicable (N/A)	
	Trade relations	Not Applicable (N/A)	
(9) The relevant company's consolidated business performance and consolidated financial results for the past three years. (Unit: 1,000 Euros)			
Accounting periods	FY ended December 2013	FY ended December 2014	FY ended December 2015
Consolidated net assets	—	88,019	88,081
Consolidated total assets	—	441,385	414,941
Consolidated sales	—	347,367	386,886
Consolidated operating profit	—	81,384	34,313
Consolidated net income attributable to owners of the parent	—	57,068	1,321

* Because Annagab was founded on January 7, 2014, the business performance and financial results of the fiscal year ended December 2013 are not noted here. The results for the fiscal year ended December 2014 include the temporary impact of the purchase of the Helios Domzale Group, which was completed during that term.

3. Outline of company from which the Group is acquiring shares
(Ring)

(1) Company name	Ring International Holding AG
(2) Location	ALSERBACHSTRASSE 14-16, 1090 VIENNA, AUSTRIA
(3) Names and Titles of representatives	CEO/Executive Board Ralph Leo Lanckohr
(4) Description of business	Owens shares of a subsidiary engaged in the stationery and coating businesses.
(5) Capital	120,400 Euros (as of the end of November 2016)
(6) Founded	August 2, 2002
(7) Net assets	Undisclosed (This information is not disclosed because the company is unlisted.)
(8) Total assets	Undisclosed (This information is not disclosed because the company is unlisted.)
(9) Major shareholder and ratio of shareholding	Undisclosed (This information is not disclosed because the company is unlisted.)

(10) The relation between the listed firm and the company in question	Capital relations	Nothing significant to note
	Labor relations	Nothing significant to note
	Trade relations	Nothing significant to note
	How it affects relevant parties	Not applicable

*The Company plans to obtain share options from GSO Capital Opportunities Fund II (Luxembourg) S.a.r.l. to purchase shares from the aforementioned Ring and others, Templeton Strategic Emerging Markets Fun IV, LDC. There are no notable capital relations, labor relations or trade relations between the Company, Templeton Strategic Emerging Markets Fun IV, LDC, or GSO Capital Opportunities Fund II (Luxembourg) S.a.r.l.

4. Number of acquired shares, acquisition price, and number of shares before and after This Transaction

(1) Number of shares owned before This Transaction	0 shares (number of voting rights: zero) (ratio of voting rights: 0.0%)
(2) Number of acquired shares	34,066 shares (number of voting rights: 34,066)
(3) Acquisition price	Acquisition amount: 572 million Euros* Advisory costs, etc. (estimated cost): 700 million yen Total (estimated cost): 70 billion yen Exchange rate used to calculate acquisition amount: 1 Euro=121.17 yen
(4) Number of shares owned after the change in ownership	34,066 shares (number of voting rights: 34,066) (ratio of voting rights: 100.0%)

* The acquisition amount includes the stock acquisition price, the share option price, and net interest-bearing liabilities. In addition, the acquisition amount is expected to be the value when price adjustments at the time of stock acquisition designated in the stock transfer agreement are implemented.

5. Schedule

(1) Date of board of directors' meeting	Dec. 6, 2016
(2) Stock transfer contract date	Dec. 6, 2016
(3) Stock transfer date	Around March 2017 (scheduled)

* The stock transfer date may be delayed from our scheduled date due to the paperwork relating to competition laws in relevant countries.

6. Future outlook

The Group will announce the impact This Transaction may have on The Group's consolidated financial results as soon as details are confirmed, and appropriately announce the details as necessary.