

Consolidated Financial Results [Japanese GAAP] for the Third Quarter of the Fiscal Year Ending March 31, 2018 (April 1, 2017 — December 31, 2017)

February 9, 2018

Company name: Kansai Paint Co., Ltd.
 Stock listing: Tokyo Stock Exchange
 Code number: 4613
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 Date of filing of quarterly report to Ministry of Finance: February 13, 2018
 Scheduled payment date for dividend: —
 Supplemental information: No
 Financial results briefing: No

(Amounts are rounded down to the nearest million yen)

1. Consolidated financial results for the Third Quarter of the Fiscal Year Ending March 31, 2018 (April 1, 2017 — December 31, 2017)

(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, 2017	298,064	21.8	28,768	9.8	32,081	8.3	17,903	(3.7)
Nine months ended December 31, 2016	244,736	(1.9)	26,189	3.4	29,614	(0.4)	18,590	11.3

(Note) Comprehensive income:

Nine months ended December 31, 2017: 35,427 million yen 117.9%
 Nine months ended December 31, 2016: 16,259 million yen 339.1%

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2017	69.58	60.37
Nine months ended December 31, 2016	71.49	62.47

(Note) The provisional accounting treatment for business combinations was finalized on March 31, 2017. The quarterly consolidated financial statements for the nine months ended December 31, 2016 have been revised to reflect the finalization of said accounting.

(2) Consolidated financial positions

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2017	602,040	322,400	46.1
As of March 31, 2017	540,458	296,165	46.9

(Reference) Shareholders' equity:

As of December 31, 2017: 277,723 million yen
 As of March 31, 2017: 253,348 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, 2017	—	11.00	—	11.00	22.00
Fiscal Year ending March 31, 2018	—	13.50	—		
Fiscal Year ending March 31, 2018 (Forecast)				13.50	27.00

(Note) Revisions to the latest dividend forecast announced : No

3. Consolidated financial forecast for the Fiscal Year Ending March 31, 2018 (April 1, 2017 — March 31, 2018)

(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	400,000	21.1	39,000	10.4	43,500	8.7	26,000	7.6	101.05

(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:	None
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, 2017:	272,623,270 shares
As of March 31, 2017:	272,623,270 shares
2. Number of shares of treasury stock at period-end:	
As of December 31, 2017:	15,353,041 shares
As of March 31, 2017:	15,286,492 shares
3. Average number of shares during the period:	
Nine months ended December 31, 2017:	257,303,147 shares
Nine months ended December 31, 2016:	260,044,362 shares

***Status of the implementation of audit procedures**

This financial results report is not subject to quarterly review procedures.

***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.

Consolidated financial statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Assets		
Current assets		
Cash and deposits	53,027	52,934
Trade notes and accounts receivable	103,199	122,080
Securities	9,181	11,068
Finished goods	33,610	34,304
Work-in-process	4,252	5,464
Raw materials and supplies	21,274	23,655
Other	12,644	15,816
Allowance for doubtful receivables	(3,237)	(3,741)
Total current assets	233,953	261,582
Non-current assets		
Total property, plant and equipment	110,564	118,475
Intangible assets		
Goodwill	44,215	55,316
Other	24,010	22,356
Total intangible assets	68,226	77,673
Investments and other assets		
Investment securities	95,830	109,552
Other	33,012	36,061
Allowance for doubtful receivables	(1,129)	(1,304)
Total investments and other assets	127,713	144,309
Total non-current assets	306,505	340,458
Total assets	540,458	602,040

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Liabilities		
Current liabilities		
Trade notes and accounts payable	59,382	68,294
Short-term borrowings	8,520	26,970
Income and enterprise taxes payable	4,374	3,302
Provision for bonuses	4,770	3,624
Other	22,426	28,047
Total current liabilities	99,472	130,240
Non-current liabilities		
Convertible bonds with stock acquisition rights	101,587	101,099
Net defined benefit liability	9,632	8,460
Other	33,600	39,839
Total non-current liabilities	144,820	149,399
Total liabilities	244,293	279,640
Net assets		
Shareholders' equity		
Common stock	25,658	25,658
Capital surplus	14,421	13,262
Retained earnings	218,880	230,458
Treasury stock, at cost	(25,088)	(25,260)
Total shareholders' equity	233,872	244,119
Accumulated other comprehensive income		
Net unrealized holding gains on securities	31,229	41,651
Deferred loss on derivatives under hedge accounting	-	(612)
Foreign currency translation adjustments	(12,548)	(8,092)
Remeasurements of defined benefit plans	794	657
Total accumulated other comprehensive income	19,475	33,604
Non-controlling interests	42,817	44,677
Total net assets	296,165	322,400
Total liabilities and net assets	540,458	602,040

(2) Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Net sales	244,736	298,064
Cost of sales	161,837	199,039
Gross profit	82,899	99,025
Selling, general and administrative expenses	56,710	70,256
Operating income	26,189	28,768
Non-operating income		
Interest income	681	1,023
Dividend income	1,411	1,494
Equity in earnings of unconsolidated subsidiaries and affiliates	3,228	1,440
Foreign currency exchange gain	-	171
Miscellaneous income	962	1,039
Total non-operating income	6,283	5,169
Non-operating expenses		
Interest expense	689	988
Interest on bonds	63	-
Loss on disposal of inventories	128	145
Foreign currency exchange loss	1,447	-
Compensation expenses	88	419
Miscellaneous expenses	439	302
Total non-operating expenses	2,858	1,856
Ordinary income	29,614	32,081
Extraordinary income		
Gain on sale of property, plant and equipment	137	37
Gain on sale of shares of subsidiaries and affiliates	0	-
Gain on sale of investment securities	812	506
Gain on revision of retirement benefit plan	-	760
Total extraordinary income	951	1,304
Extraordinary losses		
Loss on sale or disposal of property, plant and equipment	124	226
Write-down of securities and investment securities	0	-
Impairment loss	-	301
Early extra retirement payments	-	468
Total extraordinary losses	124	996
Income before income taxes and non-controlling interests	30,441	32,388
Total income taxes	8,819	11,268
Net income	21,622	21,120
Net income attributable to non-controlling interests	3,031	3,217
Net income attributable to owners of the parent	18,590	17,903

(3) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Net income	21,622	21,120
Other comprehensive income		
Net unrealized holding gains on securities	7,157	9,387
Deferred loss on derivatives under hedge accounting	(58)	(612)
Foreign currency translation adjustments	(10,808)	4,836
Remeasurements of defined benefit plans	(194)	(137)
Shares in other comprehensive income of equity method affiliates	(1,458)	832
Total other comprehensive income	(5,362)	14,306
Comprehensive income	16,259	35,427
Comprehensive income attributable to:		
Owners of the parent	16,628	32,032
Non-controlling interests	(369)	3,394