

TSE Code: 5938

# › H1 Results for the Fiscal Year Ending March 31, 2021 (IFRS)

(From April 1, 2020, to September 30, 2020)

**LIXIL Group Corporation**

October 30, 2020



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## LIXIL GROUP HAS TRANSITIONED TO IFRS FROM FYE2016 CHANGE IN PROFIT LEVEL STRUCTURE IS AS SHOWN BELOW

JGAAP	IFRS (LIXIL Group Financial Reporting)
	<b>Continuing Operations</b>
Net sales	<b>Revenue</b>
Cost of sales	Cost of sales
Gross profit	Gross Profit
SG&A	SG&A
<b>Operating profit</b>	<b>Core earnings (CE)</b>
Non-operating income/expenses	Other income/expenses
Ordinary income	Operating profit
Extraordinary income/losses	Finance income/costs
	Share of profit (loss) for using the equity method
Profit before income taxes	<b>Profit before tax</b>
	Net profit for Continuing Operations
	<b>Discontinued Operations</b>
	Net Profit for Discontinued Operations
Net profit attributable to	Net profit attributable to
Non-controlling interests	<b>Owners of the parent</b>
Owners of the parent	Non-controlling interests

**"Core earnings" in IFRS is equivalent to JGAAP's "Operating profit"**

As disclosed in "Notice of Transfer of Consolidated Subsidiary (Share Transfer)" on May 1 and June 9, 2020, business operations of Permasteelisa S.p.A. and its subsidiaries and LIXIL VIVA are classified as "discontinued operations". The same period in the previous year is restated for comparison purposes.

## KEY HIGHLIGHTS

➤ **All business segments rebound in Q2. However, H1 revenue and profit down year-on-year due to the absence of demand after the consumption tax hike last fiscal year and impact of COVID-19**

- **Revenue: JPY 660.5 billion, decreased 13% year-on-year**  
Vs H1 FYE2020: Decreased 14% in Japan and 9% in international markets (decreased 8% on local currency basis)  
Vs Q1 (3 month): Increased 5% in Japan and 36% in international markets
- **Core earnings: JPY 15.4 billion, decreased JPY 18.6 billion year-on-year**  
Returned to black from loss of JPY 2.6 billion in Q1 due to recovery of international demand led by Americas and Europe and improvement of SG&A expenses
- **Net profit for the first half <sup>(1)</sup>: JPY 10.9 billion, decreased JPY 12.3 billion year-on-year**  
Decreased primarily due to the decrease in core earnings
- **Forecast for FYE2021**  
Core earnings forecast revised upward from JPY 25 billion to JPY 40 billion based on H1 results and current business environment. No change in annual dividend forecast of 70 yen, interim dividend of 35 yen was resolved

## STATUS OF SHARE TRANSFER OF CONSOLIDATED SUBSIDIARIES

- **Permasteelisa: Share transfer completed on September 30<sup>(2)</sup>**
- **LIXIL VIVA : Scheduled to be completed in early November**

(1) Net profit for the first half = Profit attributable to owners of the parent for the quarter  
(2) See "Notice of Transfer of Consolidated Subsidiary (Share Transfer)" announced on September 30, 2020

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## IMPACT OF COVID-19

➤ **Status of Operations (as of Oct 23, 2020<sup>(1)</sup>)**

### Production

All factories operational

### Procurement

No significant issues

### Sales

#### International

Recovery led by Europe and Americas since June

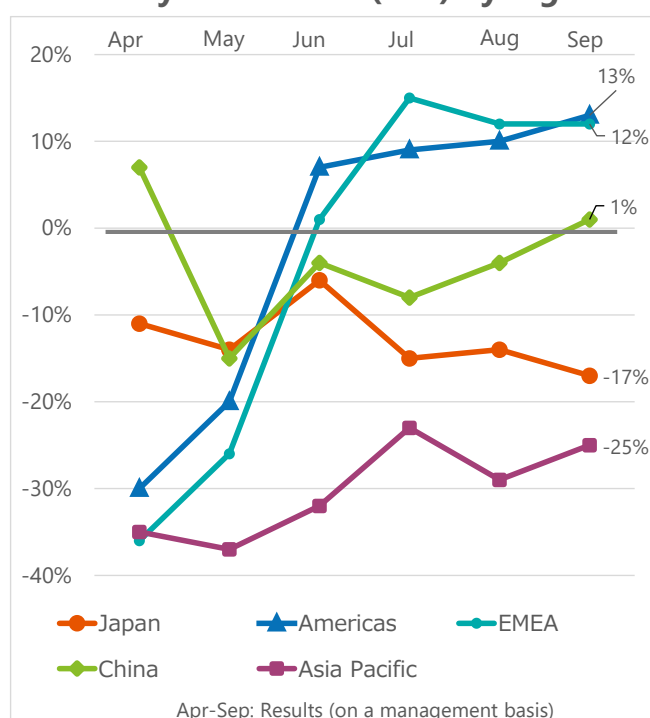
The status by region is described later in "RESULTS BY BUSINESS SEGMENT"

#### Japan

Bottomed out in September (YoY) and shows signs of recovery since October

Continue to carefully monitor the spread of COVID-19 infection in Europe and the United States since late October

### Monthly sales status (YoY) by region



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(1) Updated from "Notification Regarding the Schedule for Announcement of Consolidated Financial Results for the Fiscal Year Ended March 31, 2020, and LIXIL Group's Response to the Spread of COVID-19" announced on May 1, 2020, and "Q1 Results for the Fiscal Year Ending March 31, 2021(IFRS)" announced on August 6, 2020

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## H1 FYE2021 CONSOLIDATED BUSINESS RESULTS

	JPY billion	H1 FYE2020 6 months	H1 FYE2021 6 months	YoY	
				vs Results	
		After retroactive restatement <sup>(4)</sup>	Results	Increase/ decrease	%
Continuing Operations	Revenue	759.5	660.5	-99.0	-13.0%
	Gross Profit	254.9	217.7	-37.3	-14.6%
	(%)	33.6%	33.0%	-0.6pp	-
	SG&A	220.9	202.3	-18.6	-8.4%
	Core Earnings <sup>(1)</sup>	34.0	15.4	-18.6	-54.8%
	(%)	4.5%	2.3%	-2.2pp	-
Including Discontinued Operations	Net Profit for the first half including Discontinued Operations <sup>(2)</sup>	23.1	10.9	-12.3	-
	EPS (Yen)	79.75	37.47	-42.28	-
Continuing Operations	EBITDA <sup>(3)</sup>	75.0	55.9	-19.1	-
	(%)	9.9%	8.5%	-1.4pp	-

- Core earnings ratio improved 3.2pp compared to Q1 but deteriorated by 2.2pp compared to H1 FYE2020 (Gross profit margin deteriorated by 0.6pp and SG&A ratio increased by 1.5pp in H1)
- Deterioration of gross profit margin and core earnings ratio due to a decline in factory utilization rates in response to lowering demand
- However, overall SG&A expenses improved by JPY 18.6 billion for H1 (Q1: 9.1bn, Q2: 9.5bn)



(1) Equivalent to "Operating profit" of JGAAP  
(2) Profit attributable to owners of the parent for the quarter  
(3) EBITDA=Core earnings + Depreciation

(4) Business results from Permasteelisa S.p.A and its subsidiaries and LIXIL VIVA are presented in both current and previous reporting period under "Discontinued Operations" due to the decision of divestment

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## H1 FYE2021 BUSINESS RESULTS BY SEGMENT

➤ LIXIL Water Technology revenue and profit supported by strong recovery led by Americas and Europe in Q2

JPY billion

		H1 6 months			Q2 3 months	
		[A] H1FYE2020 Results after retroactive restatement <sup>(1)</sup>	[B] H1 FYE2021 Results	[B]-[A] Amount	Q2 FYE2021 Results	Increase/ decrease
LWT	Revenue	410.8	365.6	-45.2	200.2	-14.3
	CE	33.3	19.9	-13.5	16.9	-3.0
LHT	Revenue	279.1	235.6	-43.5	118.2	-25.1
	CE	18.2	13.6	-4.6	8.4	-2.4
LBT	Revenue	54.4	46.3	-8.1	25.0	-5.6
	CE	0.7	0.4	-0.3	1.3	-0.8
H&S	Revenue	26.8	22.9	-3.9	11.6	-2.1
	CE	1.8	1.0	-0.8	0.6	-0.3
Consolidation, Revenue		-11.6	-9.9	1.7	-5.0	1.2
adj. CE		-20.0	-19.5	0.5	-9.1	1.0
& other						
LIXIL Group	Revenue	759.5	660.5	-99.0	350.0	-45.8
	CE	34.0	15.4	-18.6	18.0	-5.5

LWT (by region) 3 months YoY<sup>(2)</sup> : **Americas** Q1: -15%, Q2: +10%, **EMEA** Q1: -20%, Q2: +13%, **Greater China** Q1: -7%, Q2: -4%, **Asia Pacific** Q1: -31%, Q2: -14%, **Japan** Q1: -11%, Q2: -15%

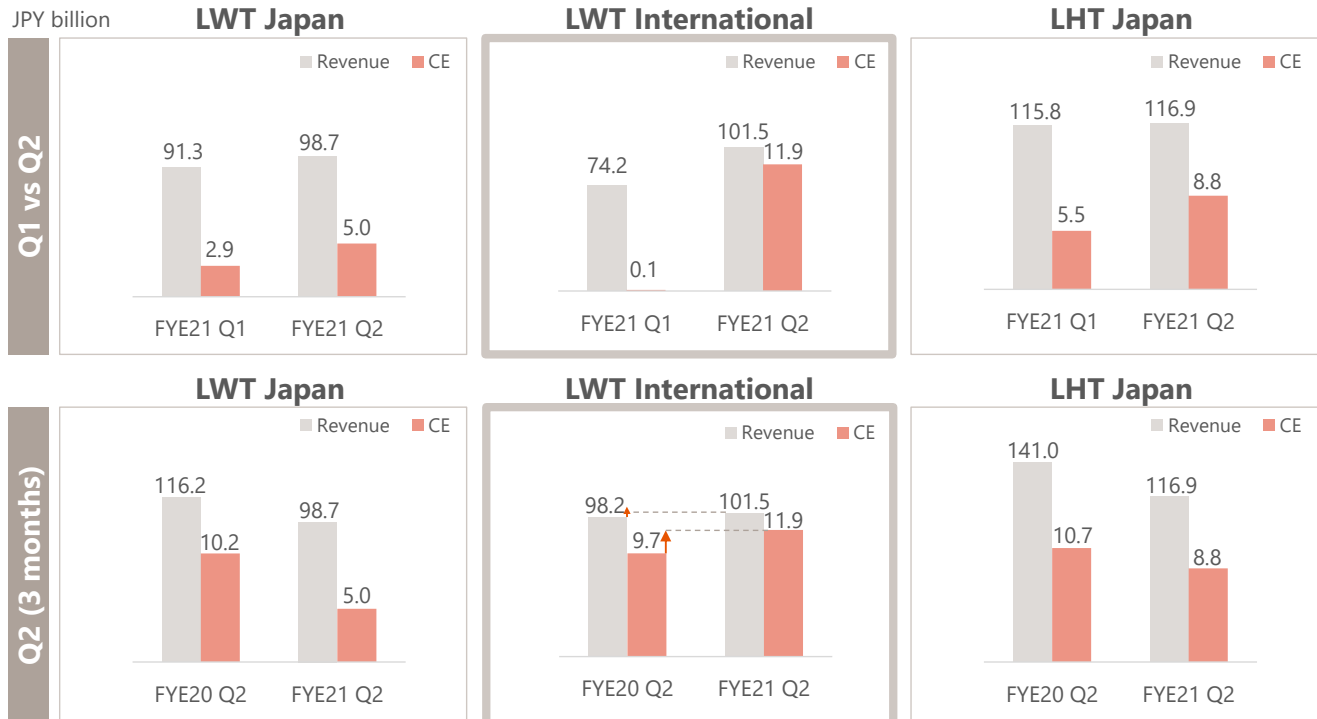


(1) Business results from Permasteelisa S.p.A and its subsidiaries and LIXIL VIVA are presented in both current and previous reporting period under "Discontinued Operations" due to the decision of divestment  
(2) Local currency basis

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## Q2 (3 MONTHS) FYE2021 BUSINESS RESULTS FOR CORE SEGMENTS

Core business segments significantly improve compared to Q1. Revenue and profit for LWT in international markets increased year-on-year in Q2 three-month period



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## FORECAST FOR FYE2021

## FORECAST – FYE2021 KPI (GROUP)

➤ Although we expect revenue and core earnings to decline due to the impact of COVID-19, we are steadily implementing organizational reforms for sustainable growth

JPY billion	Full-year			
	[A] FYE2020 Results	[B] FYE2021 Forecast	[C]=[B]-[A] vs FYE2020 Results	[C]/[A] vs FYE2020 Results (%)
Revenue	1,514.4	1,350.0	-164.4	-11%
Core Earnings	52.3	40.0	-12.3	-24%
Operating Profit	32.0	7.0 (1)	-25.0	-78%
Profit before Tax	40.9	3.0	-37.9	-93%
Tax expenses	-13.2	-1.0	12.2	-92%
Profit (loss) from discontinued operations	-14.1	21.0 (2)	35.1	-
Net profit attributable to non-controlling interests	1.2	4.0	2.8	-
Net profit attributable to owners of the parent	12.5	19.0	6.5	52%

(1) "Other expenses" between core earnings and operating profit include estimated amount of JPY 25.0 billion of transformation costs

(2) Includes estimated amount of profits from a consolidated subsidiary whose share transfer was previously announced

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## FORECAST – FYE2021 ASSUMPTIONS AND KPI (GROUP)

### ➤ Assumptions

		FYE2020 Results	FYE2021 Forecast
Housing starts (YoY%)	Total	884,000	766,000/-13%
	Renovation	-	-7%
FX rate (Average rate)	JPY/USD	109.10	115.0
	JPY/EUR	121.14	126.5
Raw material price (JPY/ton)	Aluminum	215,000	209,000
	Copper	586,000	648,000

### ➤ KPI and other

JPY billion	[A] FYE2020 Results	[B] FYE2021 Forecast	[B]-[A] Difference
ROE (%)	2.4	3.8	+1.4
ROA (%)	0.6	1.0	+0.4
EBITDA <sup>(1)</sup>	134.8	116.0	-18.8
CAPEX <sup>(2)</sup>	72.3	64.0	-8.3
Depreciation <sup>(2)</sup>	82.5	76.0	-6.5
R&D expenditure	27.5	27.5	0

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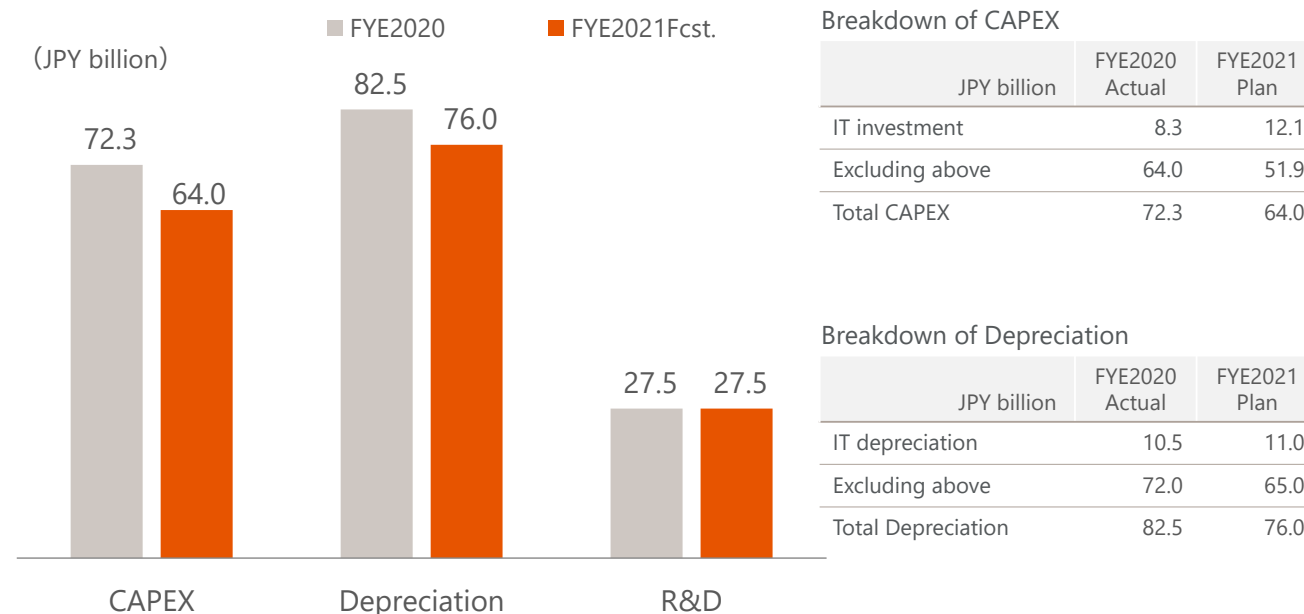
(1) EBITDA: Core earnings + Depreciation

(2) CAPEX and Depreciation includes intangible assets and IFRS 16 lease

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## CAPEX, DEPRECIATION, AND R&D EXPENDITURE<sup>(1)</sup>

- By setting investment efficiency and safety indicators such as Key Goal Indicator, we achieve both improvement of financial strength and profitability



(1) Excludes discontinued operations. CAPEX and Depreciation includes intangible assets and IFRS 16 lease

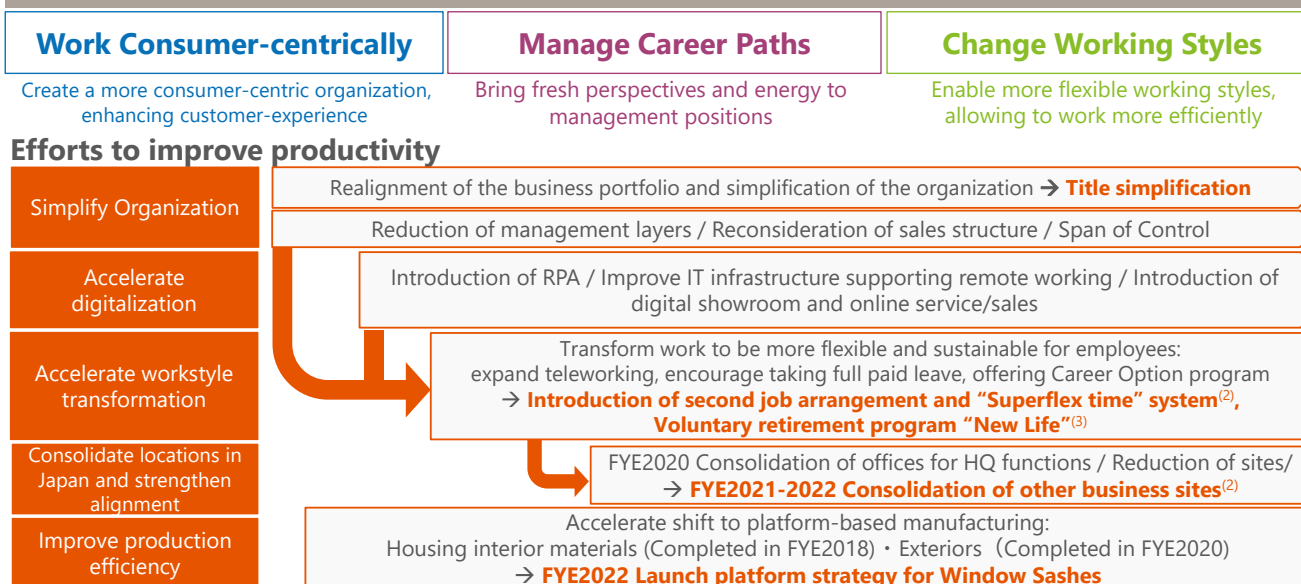
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## EFFORTS FOR SUSTAINABLE GROWTH (1)

### ➤ Further accelerating the transformation for sustainable growth

- The speed and scale of changes to our operating environment require LIXIL to become more resilient
- LIXIL's transformation will simplify the business structure, shift to a meritocracy-based system, and become a more agile organization with an empowered people-focused culture
- To transform LIXIL, Japan must lead the change

### "Kawaranaito LIXIL"<sup>(1)</sup>



(1) Comprehensive HR initiatives for the revitalization of Japan organization  
News release on Nov. 25, 2019  
[https://www.lixil.com/jp/news/pdf/20191125\\_Kawaranaito\\_E\\_Final.pdf](https://www.lixil.com/jp/news/pdf/20191125_Kawaranaito_E_Final.pdf)

(2) News release on Sep. 29, 2020 [https://www.lixil.com/en/news/pdf/New-ways-of-working-release\\_E.pdf](https://www.lixil.com/en/news/pdf/New-ways-of-working-release_E.pdf)

(3) Timely disclosure announced on Oct. 30, 2020 "Notification Regarding the Implementation of Voluntary Retirement Program "New Life" "

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## EFFORTS FOR SUSTAINABLE GROWTH (2)

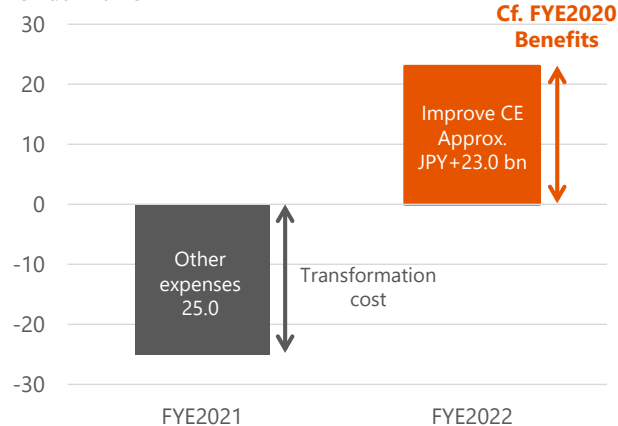
### FYE 2021 Strategic Measures

- **Create a simpler organization**  
Title simplification
- **Accelerate digitization**
- **Accelerate workstyle transformation**  
Introduction of second job arrangement (on trial basis) , Super Flextime system, Reduction of overtime hours by improving productivity, Consolidate locations in Japan (FYE2021- FYE2022), Implementation of voluntary retirement program "New Life"
- **Consolidate locations in Japan and strengthen knowledge hubs**
- **Improve production efficiency for housing business (production reform)**  
Launch platform based product of sashes in FYE2022

### Transformation cost and expected amount of benefits

#### Expected benefits from measures to improve for core earnings

Unit: JPY billion



**Productivity improvement including organizational reform and workstyle transformation will continue in FYE2022 and onwards**

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## RESULTS BY BUSINESS SEGMENT



Water Technology



Housing Technology



Building Technology



Housing & Services Business

## WATER TECHNOLOGY

➤ International revenue down due to COVID-19 but Americas and Europe lead recovery from July onwards. Japan revenue and CE down due to impact of COVID-19 on housing market and absence of demand generated last year by consumption tax hike

Apr-Sep In JPY bn		H1 FYE2021 (Results)	YoY	FYE2021 (Forecast)	
Revenues by Region <sup>(1)</sup>	Americas	68.7	-2%	3%	
	EMEA	76.5	-3%	1%	
	China	25.6	-5%	5%	
	Asia Pacific	19.6	-22%	-4%	
	Japan	190.0	-13%	-10%	
	Adjustments	-14.8			
	<b>Water Technology</b>	<b>365.6</b>	<b>-11%</b>	<b>770.0</b>	<b>-7%</b>
Core earnings by Region	International	12.0	-26%	6.8%	-36%
	Japan	7.9	-54%	4.1%	-5%
	<b>Water Technology</b>	<b>19.9</b>	<b>-40%</b>	<b>49.3</b>	<b>-20%</b>
	Margin	5.4%	-2.7pp	6.4%	-1.0pp

### Revenue

#### Americas

- ✓ Sales growth continues in retail and e-commerce channels since June, with other channels recovering more recently

#### EMEA

- ✓ Recovery trend continuing from June with strong growth in retail and e-commerce now expanding to other channels

#### China

- ✓ Favorable sales in projects, minimizing the YoY decline from September

#### Asia Pacific

- ✓ Markets is gradually recovering from the impact of COVID-19 (lockdown, economic stagnation, etc.)

#### Japan

- ✓ Decreased due to decrease in new housing starts between the period of January to June and the impact of COVID-19
- ✓ Captured new growing demand compatible with New Normal  
Touchless faucet: +50% YoY  
(YoY: compared H1 FYE2020 results and H1 FYE2021 results)

### Core Earnings

#### Japan · International

- ✓ Minimized YoY decline in profit by controlling SG&A expenses, offsetting impact of decline in revenue
- ✓ International performance largely recovered in Q2



(1) Region: Management basis, Water Technology Total: Statutory basis  
Statutory basis currency :  
H1 FYE2021 Results 1USD=106.68JPY, 1EUR=121.36JPY

Management basis currency :  
1USD=115.0JPY, 1EUR=126.5 JPY

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## HOUSING TECHNOLOGY

➤ Revenue and CE decreased due to the decline of demand in Japan, but CE margin remains stable without significant fluctuations due to improvement of production efficiency and SG&A cost reduction efforts

Apr-Sep In JPY bn		H1 FYE2021 (Results)	YoY	FYE2021 (Forecast)	
Revenues by Region	Japan	232.6	-15% <sup>(1)</sup>	-13%	
	International	3.0	-40% <sup>(2)</sup>	-16%	
	<b>Housing Technology</b>	<b>235.6</b>	<b>-16%</b>	<b>473.0</b>	<b>-13%</b>
Core Earnings	<b>Housing Technology</b>	<b>13.6</b>	<b>-25%</b>	<b>27.7</b>	<b>-2%</b>
	Margin	5.8%	-0.8pp	5.9%	-0.6pp

### Japan

- ✓ Revenue decreased due to the decline of new housing starts from January to June and the impact of COVID-19, but CE margin only decreased by 0.8pp YoY due to control of SG&A expenses and improvement of production efficiency due to progress of platform strategy

- ✓ Market situation is severe but medium-term measures are being implemented steadily. Continuing preparation for the first launch of the new platform-based windows in spring of 2021

- ✓ Growing demand for products catering to the new normal and natural disasters such as typhoons, which have become larger and more serious in Japan

- Screen door: increased by 50% YoY
- Delivery box: increased by 50% YoY
- Renovation-related shutter: increased by 70% YoY  
(YoY: compared H1 FYE2020 results and H1 FYE2021 results)



(1) -13%YoY growth excluding impact from divestment and other  
(2) -25%YoY growth excluding impact from divestment and other

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## BUILDING TECHNOLOGY AND HOUSING & SERVICES

Revenue decreased due to the decline in demand related to Tokyo 2020 Olympics but decline in core earnings minimized following operational improvements

Apr-Sep In JPY bn	H1 FYE2021 (Results)	YoY	H1 FYE2021 (Forecast)	
<b>Building Technology</b>				
Revenue	46.3	-15%	98.0	-13%
Core Earnings	0.4	-42%	3.0	+14%
Margin	0.9%	-0.4pp	3.1%	+0.7pp

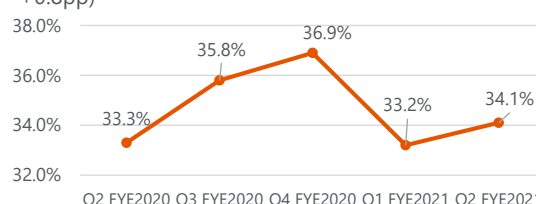
Revenue decreased due to the decline in demand for Tokyo 2020 Olympic

Initiatives to improve gross margin on order-intakes and reduce SG&A expenses minimizes year-on-year decline in core earnings

Revenue decreased primarily due to the lack of increased demand for new houses before consumption tax hike last year resulting in decrease in CE

Apr-Sep In JPY bn	H1 FYE2021 (Results)	YoY	H1 FYE2021 (Forecast)	
<b>H&amp;S</b>				
Revenue	22.9	-14% <sup>(2)</sup>	48.0	-11%
Core Earnings	1.0	-44%	2.2	-25%
Margin	4.3%	-2.3pp	4.6%	-0.9pp

Revenue from businesses other than for new houses<sup>(1)</sup> (YoY +0.8pp)



Aiming for 50% of revenue in the medium to long term to come from businesses not engaged in new houses

(1) Existing business – business other than for new houses and new areas of services and markets  
(2) -10% YoY growth excluding impact from divestment of Senior Life Company, etc.

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## CONSOLIDATED FINANCIAL POSITION

	[A]	[B]	Increase/ decrease			
	Mar-2020	Sep-2020	Reclassification due to the decision of the share transfer of LIXIL VIVA	Impact due to the completion of share transfer of Permasteelisa	Others (Increase/decrease)	[B]-[A] Total of the increase / decrease
JPY billion						
Cash and cash equivalents	95.9	150.0	③ -10.0	-	① 64.1	54.1
Trade and other receivables	307.1	279.7	-4.5	-	② -22.9	-27.3
Inventories	227.6	182.6	-42.8	-	-2.3	-45.0
Assets held for sale	58.2	377.7	333.0	-53.5	④ 40.0	319.4
Others	1,402.8	1,143.7	-275.7	-	16.6	-259.1
<b>Total Assets</b>	<b>2,091.5</b>	<b>2,133.6</b>	<b>0.0</b>	<b>-53.5</b>	<b>95.5</b>	<b>42.0</b>
Trade and other payables	336.5	258.3	-42.6	-	② -35.6	-78.2
Interest-bearing debt	832.6	739.3	③ -208.2	-	① 114.9	-93.3
Liabilities directly associated with the assets held for sale	91.9	305.9	268.8	-89.9	④ 35.0	214.0
Others	295.4	286.0	-18.1	-	8.7	-9.4
<b>Total Liabilities</b>	<b>1,556.4</b>	<b>1,589.5</b>	<b>0.0</b>	<b>-89.9</b>	<b>123.0</b>	<b>33.2</b>
Treasury shares	-48.9	-48.9	-	-	0.0	0.0
Others	584.0	592.9	-	-	8.9	8.9
<b>Total Equity</b>	<b>535.1</b>	<b>544.0</b>	<b>-</b>	<b>-</b>	<b>8.9</b>	<b>8.9</b>
(1) Equity Ratio (%)	24.0%	③ 23.8%	-	-	-	-0.2pp
(2) Net Assets per Share (Yen)	1,730.99	1,753.13	-	-	-	22.14
Number of Shares (in thousands)	290,103	290,101	-	-	-	-2
Net interest-bearing debt	736.7	589.3	-	-	③ -147.4	-147.4

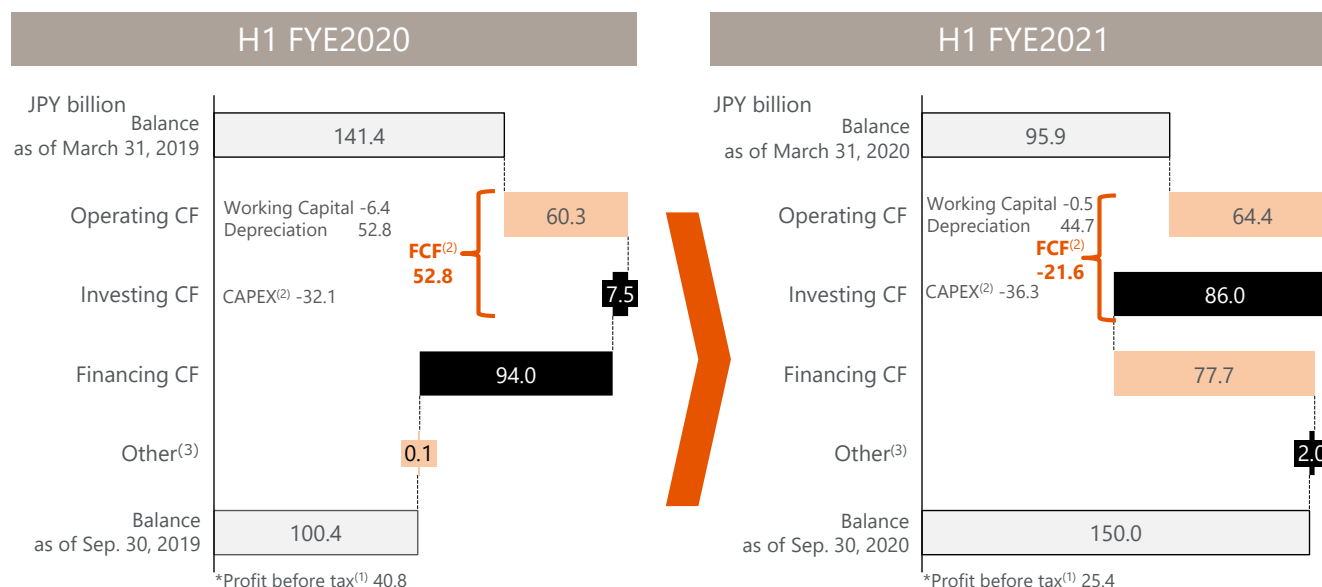
① Impacted from increase in short-term borrowings and Commercial Paper to secure cash on hand ② Decrease in receivables and payables due to sales decrease ③ Equity ratio decreased by 0.2pp from Mar. 2020. Approx. 5pp improvement is expected<sup>(3)</sup> after the completion of the share transfer of LIXIL VIVA in November. Net interest-bearing debt decreased JPY 147.4 billion from Mar. 2020 primarily due to the decision to divest LIXIL VIVA ④ Mainly increase/decrease in assets and liabilities of LIXIL VIVA

(1) Ratio of equity attributable to owners of the parent  
(2) Equity per share attributable to owners of the parent  
(3) Assumptions based on September 2020 results.

Denominator: Total assets - Assets held for sale + Expected cash-in from the share transfer; Numerator: Equity attributable to owners of the parent + Expected profit from a subsidiary to be divested

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## CASH FLOW STATUS AND CASH BALANCE<sup>(1)</sup>



Net cash inflows from operating activities: increased by JPY 4.1 billion due to the improvement of working capital including contract assets/liabilities

Cash outflows from investing activities: increased by JPY 78.6 billion due to expenditures such as loans related to the divestment of a subsidiary and absence of the impact from transfer of shares of consolidated subsidiaries and an affiliated company in previous year

Free cash flows: decreased year-on-year by JPY 74.4 billion

Net cash inflows from financing activities: increased by JPY 171.7 billion due to net increase of short-term borrowings and commercial paper of JPY 43.5 billion, procurement of long-term borrowings of JPY 40.0 billion, and issuance of bonds of 50.0 billion to secure liquidity



(1) Includes discontinued operations

(2) "FCF" = Free Cash Flow, "CAPEX" = Capital expenditure for acquisitions of property, plant and equipment and intangible assets

(3) "Other" = Effects of exchange rate changes + Net increase/decrease in cash and cash equivalents included in assets classified as held for sale

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## › APPENDIX : BUSINESS RELATED TOPICS, ESG RELATED TOPICS

## BUSINESS RELATED TOPICS

### Launched *INPLUS for Renovation*, interior window for renovation<sup>(1)</sup>

Realize an ideal space with a design fits into the interior



Image: INPLUS for Renovation

- As remote work becomes commonplace and the way of living and working changes, *INPLUS for Renovation* leverages realistic textures and various color variations as part of its design to deliver a high-quality space that blends in with the room's interior
- It caters to the growing need for comfortable living spaces, helping to improve sound proofing and maintain room temperature
- *INPLUS for Renovation* can be installed from about 1 hour per window\* to meet the growing demand of the renovation market.

\* The construction time may vary depending on the situation at the construction site.

### A new global R&D building for toilets and washbasins, TOKO Lab opens in November<sup>(2)</sup>

Consolidate R&D bases and promote innovation



Image: TOKO Lab in Tokoname City in Aichi Prefecture

- The four R&D bases for toilet located in Tokoname City, Aichi Prefecture have been consolidated, and a new global R&D base, TOKO Lab, will be opened in November this year.
- Consolidating R&D bases will lead to the creation of innovation, improve development efficiency, shorten the development period, and strengthen technology and product development capabilities.



(1) News Release [https://newsrelease.lixil.co.jp/news/pdf/20200925\\_INPLUS.pdf](https://newsrelease.lixil.co.jp/news/pdf/20200925_INPLUS.pdf) (Japanese only)  
 (2) News Release <https://newsrelease.lixil.co.jp/news/pdf/20200929-2.pdf> (Japanese only)

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## BUSINESS AND ESG RELATED TOPICS

### Night online showroom service

Respond to the evolving needs of consumers through digital services



- Considering the current situation of COVID-19, part of showroom services will be transferred to online service. It can also solve the problem of showroom location
- Started "Night Online Service" in August. It is highly evaluated by customers who cannot use the showroom during the day. Currently, about 20% of online service is night online service from 17:00 to 20:00
- Online service is not only responds to the potential needs of customers, but also allows the showroom coordinators to work from home, and realize a flexible working style

### Corporate Responsibility (CR) Report 2020

Published CR Report summarizing FYE2020 initiatives<sup>(1)</sup>



- **Combating COVID-19 and Respond to New Normal**  
Focus on workstyle transformation and digitalization, as well as product development for the new normal
- **Global Sanitation & Hygiene**  
Launched an affordable handwashing solution "**SATO Tap**"
- **Water Conservation & Environmental Sustainability**  
Formulated the "**LIXIL Plastic Action Statement**" to realize circular economy  
Formulated "**Environmental Vision 2050**" for zero carbon and circular living
- **Diversity & Inclusion**  
Issued "**Diversity & Inclusion Statement**" presenting the steps to build the society free of discrimination and inequality



(1) CR Report2020: [https://www.lixil.com/en/sustainability/cr\\_library/pdf/LIXIL\\_CR2020\\_en.pdf](https://www.lixil.com/en/sustainability/cr_library/pdf/LIXIL_CR2020_en.pdf)  
 Data book: [https://www.lixil.com/en/sustainability/cr\\_library/pdf/LIXIL\\_CR2020\\_databook\\_en.pdf](https://www.lixil.com/en/sustainability/cr_library/pdf/LIXIL_CR2020_databook_en.pdf)

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## ESG RELATED TOPICS

### LIXIL expands activities in hand-hygiene in addition to sanitation through collaboration<sup>(1)</sup>



LIXIL signs MOU with USAID, collaborates with Reckitt Benckiser and accelerates activities with UNICEF ahead of Global Handwashing Day<sup>(2)</sup>



- The new **MOU with the United States Agency for International Development ("USAID")** establishes a direct working relationship to strengthen sanitation supply chains and markets in developing economies
- LIXIL's SATO Tap will bundle **RB's leading global antibacterial brand Dettol** for India, Kenya and Tanzania markets
- **"Make a Splash!" partnership with UNICEF** expands promoting hand-hygiene, initiated by trial tests for underserved communities



- (1) News Release [https://www.lixil.com/en/news/pdf/GHD\\_pressrelease\\_1014\\_final\\_E\\_web.pdf](https://www.lixil.com/en/news/pdf/GHD_pressrelease_1014_final_E_web.pdf)  
 (2) October 15, 2020

### LIXIL PLASTICS ACTION STATEMENT<sup>(3)</sup>



A group-wide commitment to contribute to the realization of a sustainable, circular economy



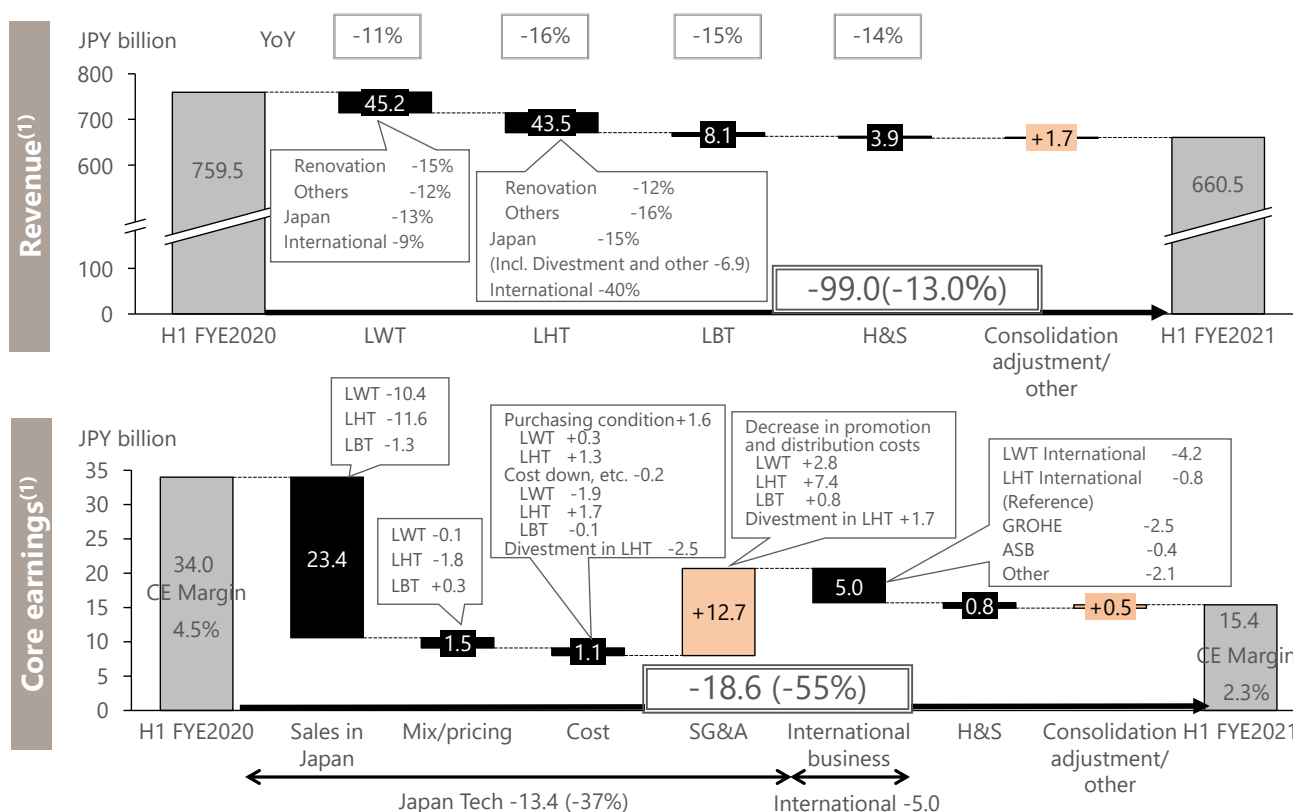
(Left) Paper package, (Right) Biomass plastic prototype derived from microorganisms<sup>(4)</sup>

- **Reduction of plastic packaging**  
 GROHE : Aim to remove plastic from all product packages by 2021  
 INAX : Adopted paper package for hand shower before global expansion
- **Accelerate innovation in alternative materials**  
 Succeeded in the basic development of microbial-derived bioplastics ahead of the industry. Accelerate research for product application
- **Build a resource-recycling supply chain**  
 Contribute to the construction of a resource-recycling society by striving to conserve resources in all processes from procurement to manufacturing and product use/disposal

- (3) News Release [https://www.lixil.com/en/news/pdf/plastic\\_pressrelease\\_E\\_final.pdf](https://www.lixil.com/en/news/pdf/plastic_pressrelease_E_final.pdf) 23  
 (4) News Release <https://newsrelease.lixil.co.jp/news/pdf/2019120501.pdf> (Japanese only)

## ➤ APPENDIX : FINANCIAL DATA

# H1 FYE2021 INCREASE / DECREASE OF REVENUE AND CORE EARNINGS



**LIXIL** (1) Business results from Permasteelisa S.p.A and its subsidiaries and LIXIL VIVA are presented in both current and previous reporting period under "Discontinued Operations" due to the decision of divestment

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# H1 FYE2021 OTHER INCOME AND OTHER EXPENSES, FINANCE INCOME AND FINANCE COSTS, PROFIT FROM DISPOSAL OF SHARES OF ASSOCIATES

JPY billion	H1 FYE2020 after retroactive restatement <sup>(1)</sup>	H1 FYE2021 Results	Increase/ decrease
Gains on sales of subsidiaries	1.5	-	-1.5
Gains on sale of investment property	0.6	0.0	-0.6
Other	2.1	2.5	0.4
<b>Other Income</b>	<b>4.2</b>	<b>2.5</b>	<b>-1.7</b>
Losses on sale or disposal of property, plant and equipment	0.6	0.6	0.1
Impairment losses	1.8	2.8	1.0
Other	2.3	2.5	0.1
<b>Other Expenses</b>	<b>4.7</b>	<b>5.9</b>	<b>1.2</b>
Interest income	0.4	0.5	0.0
Dividend income	0.9	0.8	0.0
Gains on valuation of derivatives	3.1	-	-3.1 (A)
Exchange difference gains	0.0	5.3	5.3 (B)
<b>Finance Income</b>	<b>4.4</b>	<b>6.6</b>	<b>2.1</b>
Interest expense	2.2	2.1	-0.1
Losses on valuation of derivatives	0.0	5.7	5.7 (B)
Exchange difference losses	3.1	-	-3.1 (A)
<b>Finance Costs</b>	<b>5.3</b>	<b>7.8</b>	<b>2.5</b>
<b>Profit from disposal of share of associates</b>	<b>11.0</b>	<b>-</b>	<b>-11.0</b>

(A) Gains on valuation of derivatives is matched with foreign exchange difference losses

	<b>H1 FYE2020 Results</b>
Gains on valuation of derivatives	3.1
Exchange difference losses	-3.1
Net	0.0

(B) Foreign exchange gains are matched with Losses on valuation of derivatives

	<b>H1 FYE2021 Results</b>
Exchange difference gains	5.3
Losses on valuation of derivatives	-5.7
Net	-0.4 Loss

**LIXIL** (1) Business results from Permasteelisa S.p.A and its subsidiaries and LIXIL VIVA are presented in both current and previous reporting period under "Discontinued Operations" due to the decision of divestment

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## RESULTS AND FORECASTS BY SEGMENT

		H1 FYE2020 Results <sup>(1)</sup>			H1 FYE2021 Results				FYE2021 Forecast			
JPY billion		Japan	International	Total	Japan	International	Total	Total YoY%	Japan	International	Total	Total YoY%
LWT <sup>(2)</sup>	Revenue	218.7	192.1	410.8	190.0	175.6	365.6	-11.0%	394.0	376.0	770.0	-7.1%
	CE	17.2	16.2	33.3	7.9	12.0	19.9	-40.4%	18.7	30.6	49.3	-19.9%
	CE margin	7.8%	8.4%	8.1%	4.1%	6.8%	5.4%	-2.7pp	4.7%	8.1%	6.4%	-1.0pp
LHT	Revenue	274.2	4.9	279.1	232.6	3.0	235.6	-15.6%	466.0	7.0	473.0	-12.8%
	CE	18.1	0.1	18.2	14.3	-0.7	13.6	-25.4%	28.7	-1.0	27.7	-2.0%
	CE margin	6.6%	1.6%	6.5%	6.2%	-24.3%	5.8%	-0.8pp	6.2%	-	5.9%	+0.6pp
LBT	Revenue	54.4		54.4	46.3		46.3	-14.9%	98.0		98.0	-13.1%
	CE	0.7		0.7	0.4		0.4	-42.2%	3.0		3.0	14.0%
	CE margin	1.4%		1.4%	0.9%		0.9%	-0.4pp	3.1%		3.1%	+0.7
H&S	Revenue	26.8		26.8	22.9		22.9	-14.5%	48.0		48.0	-11.1%
	CE	1.8		1.8	1.0		1.0	-44.4%	2.2		2.2	-25.3%
	CE margin	6.6%		6.6%	4.3%		4.3%	-2.3pp	4.6%		4.6%	-0.9pp
Consolidation, adj. & other <sup>(2)</sup>	Revenue			-11.6			-9.9	-			-39.0	-
	CE			-20.0			-19.5	-			-42.2	-
LIXIL Group	Revenue	574.1	197.0	759.5	491.8	178.6	660.5	-13.0%	1,006.0	383.0	1,350.0	-10.9%
	CE	37.8	16.3	34.0	23.6	11.3	15.4	-54.8%	52.7	29.6	40.0	-23.5%
	CE margin	6.6%	8.2%	4.5%	4.8%	6.3%	2.3%	-2.2pp	5.2%	7.7%	3.0%	-0.5pp

(1) Business results from Permasteelisa S.p.A and its subsidiaries and LIXIL VIVA are presented in both current and previous reporting period under "Discontinued Operations" due to the decision of divestment

(2) Difference between sum total of Japan and International in Revenue and Core earnings and "Total" is the amount of consolidation, adj. & other

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## RENOVATION STRATEGY IN JAPAN

➤ Renovation sales decreased due to declined customer home visits and restrictions on number of visitors to showrooms during April to May in order to prevent the spread of COVID-19

Sales of Renovation-Related Products				Number of Member Homebuilders			
JPY billion	H1 FYE2020 Results <sup>(1)</sup>	H1 FYE2021 Results	YoY	Stores	Mar 2019	Mar 2020	Sep 2020
Sales of renovation-related products	160.4	140.2	-13%	LIXIL Reform Shop (FC)	571	554	538
Renovation sales ratio	37%	36%	-0.4pp	LIXIL Reform Shop (Voluntary)	11,783	11,789	11,564
				LIXIL PATTO Reform Service Shop	3,800	3,602	3,814

➤ Renovation-related products sales ratio by business segment (YoY)

Business segment	H1 FYE2020	H1 FYE2021	Difference
LWT	45%	44%	-1.2pp
LHT	32% <sup>(1)</sup>	32%	+0.1pp
LBT	21% <sup>(1)</sup>	23%	+1.8pp
Japan total	37%	36%	-0.4pp

Renewal of TOSTEM's windows and door products for renovation<sup>(2)</sup>

Strengthen easy renovation products for the demand of renovation corresponding to New normal. Installation can be done in one day\*.

\*Construction time may vary depending on the situation



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(1) Sales of renovation product was restated for comparison on the same basis

(2) News Release <https://newsrelease.lixil.co.jp/news/pdf/20200929-1.pdf> (Japanese only)

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## REVENUE BY PRODUCTS AND SERVICES

Segment	Major products	JPY billion				Unit %					
		Full-year FYE2020 Results <sup>(1)</sup>	H1 FYE2020 Results <sup>(1)</sup>	H1 FYE2021 Results <sup>(1)</sup>	YoY	Quarterly YoY					
						FYE2020				FYE2021	
						Q1	Q2	Q3	Q4	Q1	Q2
LWT	Sanitary ware**	106.0	52.4	50.4	-4.0%	1.4	10.9	0.2	-1.9	1.5	-8.5
	Bathroom units	100.5	51.3	41.2	-19.8%	-1.4	11.2	0.8	-5.8	-20.8	-18.8
	Washstand cabinet units**	37.6	18.4	16.8	-8.8%	0.6	12.6	-4.4	-0.7	-8.5	-9.0
	Kitchens	111.4	56.5	46.6	-17.6%	0.2	11.3	-5.4	-8.6	-14.8	-20.0
	Tiles	36.3	17.8	15.8	-11.4%	-5.0	5.1	-8.2	-6.3	-5.3	-16.6
LHT	Housing sashes and related products	190.0	97.1	85.4	-12.1%	5.5	10.2	-4.1	-2.7	-10.7	-13.3
	Exterior	110.1	56.2	49.5	-12.0%	5.5	13.4	-10.3	-9.0	-9.4	-14.6
	Wooden interior furnishing materials	69.8	35.0	30.4	-13.2%	16.1	20.8	1.4	0.2	-8.1	-18.0
	LHT Other	81.6	43.3	29.5	-31.9%	7.6	4.0	-19.3	-14.9	-30.0	-33.7
LBT	Building sashes	112.8	54.4	46.3	-14.9%	0.4	0.3	2.2	-12.4	-10.8	-18.2
H&S	Housing and Services business	54.0	26.8	22.9	-14.5%	6.0	-1.0	-6.9	-20.3	-13.9	-15.1
	International	398.6	197.0	178.6	-9.4%					-21.5	2.3
	Others/ consolidation & adj.	105.7	53.2	47.4	-						
Total		1,514.4	759.5	660.5	-13.0%					-14.6	-11.6

(Reference)\*\*Sales of Faucets included in "Sanitary ware" and "Washstand cabinet units"

LWT	Faucets	18.9 <sup>(2)</sup>	9.0	9.8	9.0%	1.4	13.2	3.7	6.9	13.5	4.9
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(1) In Q4 FYE2020, results for FYE2020 were restated due to reclassification of business operations of Permasteelisa S.p.A. and its subsidiaries to discontinued operations. From Q1 FYE2021, results for D&R were restated to discontinued operations due to the decision to transfer shares of LIXIL VIVA announced on June 9, 2020. FYE2020 results has also been restated

(2) Revised FYE2020 full-year result

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## PERFORMANCE OF MAJOR INTERNATIONAL SUBSIDIARIES

Company		ASB (ASD Holdings)			
Unit		Unit: USD million			
Accounting period		H1 FYE2020 Results	H1 FYE2021 Results	YoY	
Exchange rate (Average Rate)		109.00	106.68	-	
Revenue		609	598	-2%	
Core earnings		36	33	-8%	
	%	6%	5%	-0.4pp	

Accounting period	FYE2020 Balance	H1 FYE2021 (6 months)		
		Amortization	Others <sup>(1)</sup>	Balance
Exchange rate (Current Rate for balance, Average Rate for amortization)	108.83	106.68	-	105.80
Goodwill	231	-	-3	228
Intangible assets	214	-3	0	211

Company		Grohe Group (GROHE) <sup>(2)</sup>			
Unit		Unit: EUR million			
Accounting period		H1 FYE2020 Results	H1 FYE2021 Results	YoY	YoY excluding LIXIL Africa impact <sup>(2)</sup>
Exchange rate (Average Rate)		121.43	121.36	-	-
Revenue		758	677	-11%	-9%
Core earnings		85	65	-24%	-26%
	%	11%	10%	-1.6pp	-2.2pp

Accounting period	FYE2020 Balance	H1 FYE2021 (6 months)		
		Amortization	Others <sup>(1)</sup>	Balance
Exchange rate (Current Rate for balance, Average Rate for amortization)	119.55	121.36	-	124.17
Goodwill	1,208	-	-12	1,195
Intangible assets	1,451	-11	0	1,440

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(1) Forex translation differences, and other

(2) LIXIL Africa (formerly called as GDWT), which was formerly under Grohe Group, became a subsidiary of LIXIL Corporation from July 2019

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## PERFORMANCE OF MAJOR INTERNATIONAL SUBSIDIARIES

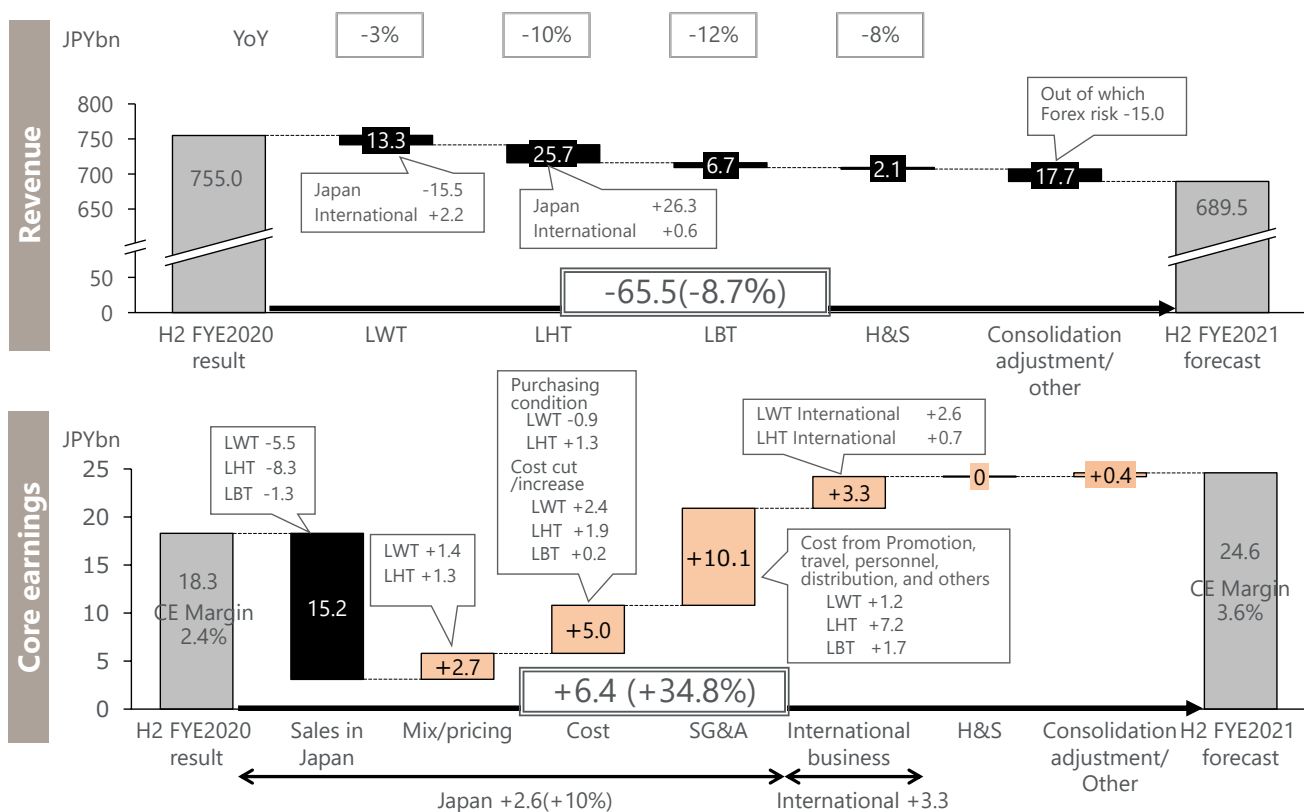
Company	Permasteelisa <sup>(1)</sup>		
Unit	Unit: EUR million		
Accounting period	H1 FYE2020 Results	H1 FYE2021 Results	YoY
Exchange rate (Average Rate)	121.43	121.36	-
Revenue	617	414	-33%
Core earnings	-39	-62	-
	%	-	-

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(1) Classified as discontinued operations from Q4 FYE 2020 due to the decision of share transfer of Permasteelisa

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## H2 FYE2021 FORECAST INCREASE/DECREASE OF REVENUE AND CORE EARNINGS



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## EXTERNAL RECOGNITION

### S&P Japan 500 ESG

Selected as a component of the S&P Japan 500 ESG, created by S&P Dow Jones Indices (June 2020)

### MSCI Japan Empowering Women Index

Selected as a constituent of the MSCI Japan Empowering Women Index (WIN) for four consecutive years, created by MSCI Inc. (June 2020)

MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN)

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### FTSE4Good Index Series

Became a constituent of the FTSE4Good Index Series and FTSE Blossom Japan Index (June 2020) for four consecutive years, created by FTSE Russell<sup>(1)</sup>

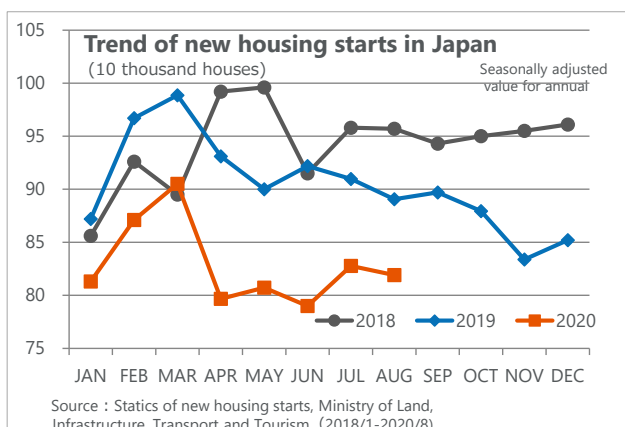


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(1) It is a registered trademark of FTSE International Limited and Frank Russell Company.

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## MARKET TRENDS



New housing construction level in Japan (year-on-year)

- Jul-Aug 2020: -10.3%
- Apr-Jun 2020: -12.7%

	Jan-Aug 2020 (8 months)		Apr-Aug 2020 (5 months)	
	Amount	YoY	Amount	YoY
<b>Total new housing starts</b>	<b>538,028</b>	-11.0%	<b>343,853</b>	-11.6%
Owner occupied(1)	168,909	-13.1%	108,988	-15.5%
Rental homes	204,783	-9.8%	131,453	-9.9%
Condos for sale	71,808	-8.9%	46,166	-1.8%
Detached houses for sale(2)	87,383	-10.6%	53,979	-14.3%
<b>Detached houses total(1)+(2)</b>	<b>256,292</b>	-12.2%	<b>162,967</b>	-15.1%



Foreign exchange rates (Average rate)	FYE2019 Results	FYE2020 Results	FYE2021 Assumptions
	US dollars	110.69 yen	109.10 yen
Euros	128.43 yen	121.14 yen	126.5 yen
(yen per ton)			
Results and assumptions	FYE2019 Results	FYE2020 Results	FYE2021 Assumptions
	Aluminum price (Purchasing price)	249,000	215,000
Copper price	632,000	586,000	648,000

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Cautionary Statements with Respect to Forward-Looking Statements

Statements made in these materials with respect to plans, strategies and future performance that are not historical facts are forward-looking statements. LIXIL Group Corporation cautions that a number of factors could cause actual results to differ materially from those discussed in the forward-looking statements.