

For Immediate Release**May 29, 2020****LIXIL Group Corporation**

LIXIL Core Earnings Up 7.5% in FYE 2020 as Company Transitions to New Normal

- *Net profit up by ¥64.7 billion, primarily due to the decrease in Permasteelisa losses as well as strong H1 performance*
- *FYE 2021 forecast postponed due to unprecedented nature of COVID-19*

Tokyo – LIXIL Group Corporation (“LIXIL Group”, TSE Code: 5938), maker of pioneering water and housing products, today announced full-year results for the fiscal year ended March 31, 2020 (FYE 2020)¹, reporting stable revenue and an increase in profit.

CEO Statement:

“We have **achieved solid full-year results** following strong performance in the first half of the year in addition to transformation measures underway across LIXIL Group. However, the **impact of COVID-19 remains profound and unpredictable**. We moved quickly to prioritize the safety of our employees and stakeholders, and also mobilized our global supply chain, enabling us to temporarily close facilities to ensure safety while continuing to steadily supply our customers worldwide.

As a result of these measures, our revenue is in line with guidance, while core earnings and net profit increased due to production efficiencies at LIXIL Housing Technology and the decrease in losses from Permasteelisa. In addition, we took **significant steps to achieve our medium-term strategy**, from creating a more agile operating structure to driving workforce transformation, keeping us on the path to achieving sustainable growth and competitiveness.

Our industry, much like the rest of the world, is now shifting **toward a new normal**. Steps that we had already been taking to introduce new technologies and promote flexible working have been accelerated and are here to stay. We are also seeing increasing demand for health and hygiene-related products, such as touchless faucets and IoT delivery boxes, marking what could be a long-term change in consumer values. We will continue to deliver products that make a meaningful difference to how people live, helping to make better homes a reality for everyone, everywhere.”

- Kinya Seto, CEO, LIXIL Group

¹ As disclosed in the “Notice of Transfer of Consolidated Subsidiary (Share Transfer)” on May 1, 2020, business operations of Permasteelisa S.p.A. and its subsidiaries are classified as “discontinued operations” from Q4 FYE2020.

Full-Year Earnings Summary

Revenue

Revenue increased to ¥1,694.4 billion over the twelve-month period, up 0.1% year on year.

In Japan, revenue for the full year increased to ¥1,323.1 billion, up by 0.6% year on year. LIXIL Housing Technology (LHT), LIXIL Water Technology (LWT) and Distribution & Retail (D&R) contributed to year-on-year growth, with favorable demand in the first half of the year offsetting a decline in demand in the second half following the consumption tax hike and impact of COVID-19.

In overseas markets covered by LIXIL International, revenue decreased by 2.5% year on year to ¥398.6 billion, but increased by 1.2% on a local currency basis. Revenue over the full-year period grew in EMEA and China, remained flat in the Americas, but decreased in South East Asia.

Core Earnings

Core earnings increased to ¥58.6 billion over the twelve-month period, up 7.5% year on year. However, when excluding the impact of the long-term beneficial Career Option Program introduced for employees in Japan, core earnings increased to ¥64.1 billion, up 17.7% year on year.

In Japan, core earnings increased primarily due to strong first-half performance and continued improvements to LHT's pricing revisions, productivity, and ongoing platform strategy.

In overseas markets, core earnings increased in all regions except for South East Asia, reflecting increased sales in EMEA and China, as well as ongoing pricing and SG&A initiatives in the Americas.

Net Profit

LIXIL Group recorded net profit of ¥12.5 billion, an increase of ¥64.7 billion year on year. The increase reflects the decrease in losses incurred by Permasteelisa and improvement to core earnings, despite recording expenses related to COVID-19.

FYE 2021 Full-Year Forecast

LIXIL Group has postponed its full-year financial forecast due to the unforeseeable and evolving impact of COVID-19.

Notable Business Highlights in FYE 2020

LIXIL Group aims to become an entrepreneurial company that can achieve sustainable growth by contributing to society. In line with the direction management has set out in its Medium-Term Strategy, it has taken significant steps in FYE 2020 to:

- **Realign Business Portfolio:** LIXIL Group has divested subsidiaries Ken Depot (June 2019), Senior Life Company (September 2019), LIXIL SUZUKI SHUTTER (September 2019), and announced the sale of Permasteelisa (May 2020). These transactions are in line with LIXIL Group's ongoing efforts to simplify its business structure and focus on its core water and housing businesses, enabling further synergies

and efficiencies through enhanced integration. In addition, this will enable LIXIL Group to strengthen its balance sheet and financial position by generating cash, reducing debt, and improving working capital efficiency, allowing for greater investment in new and profitable growth areas within its core businesses.

- **Become a more efficient and agile company:** LIXIL Group announced it will merge with LIXIL Corporation in December 2020, transitioning from its current group structure to a simplified operating structure. It has also flattened its organization structure in Japan, while centralizing reporting for core functions across its regional platforms. These changes will enhance the company's agility, enabling faster decision-making and overall management efficiency, as well as improving group governance.
- **Revitalize Japan Operations:** LIXIL Group launched a series of employee-focused initiatives under its "*Kawaranaito LIXIL*" program to revitalize its operations in Japan and promote a meritocratic culture. These initiatives aim to create a more consumer-centric organization, accelerate and enhance multigenerational career planning, and boost employee engagement. The new "*Career Option Program*", a solution that benefits employees, is one such initiative aiming to address the aging management structure facing many larger Japanese corporations today.
- **Accelerate Digital Transformation:** LIXIL Group's portfolio of digital tools, introduced as part of its workforce transformation initiatives, have enabled its employees to rapidly transition to working remotely in the "new normal", while even enhancing workforce productivity and strengthening business continuity. The company also continues to advance IoT products and services to define the next-generation home, while leveraging available and proprietary technology to get closer to the consumer, including digitalizing its showrooms.
- **Develop Differentiated Products:** After reworking its entire in-house design process, LIXIL Group unveiled the global expansion of its new INAX collections at Milano Salone, for the first time showing the brand's new design values and signature elements that will be applied to its platform strategy. INAX picked up 15 iF Design Awards in 2020 alone, demonstrating the future potential of its designs. In addition, LIXIL Group continues to tie-up with leaders in the housing industry to collaborate and expand into the high-end market.
- **Become a Purpose-Led Organization:** LIXIL Group aims to contribute to society through its business. Operationally, it has achieved its carbon intensity targets two years in advance and has launched its Environmental Vision 2050, establishing targets aligned with the UN SDGs. LIXIL Group has also continued to leverage its know-how in the water industry to help improve access to sanitation for 18.6 million people worldwide through its SATO social business. For the first time, LIXIL Group is now included in the DJSI World Index.

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About LIXIL

LIXIL makes pioneering water and housing products that solve everyday, real-life challenges, making better homes a reality for everyone, everywhere. Drawing on our Japanese heritage, we create world-leading technology and innovate to make high quality products that transform homes. But the LIXIL difference is how we do this; through meaningful design, an entrepreneurial spirit, a dedication to improving accessibility for all, and responsible business growth. Our approach comes to life through industry leading brands, including INAX, GROHE, American Standard, and TOSTEM. Approximately 75,000 colleagues operating in more than 150 countries are proud to make products that touch the lives of more than a billion people every day.

LIXIL Group Corporation (TSE Code: 5938) is the listed holding company for LIXIL's portfolio of businesses.

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