

For Immediate Release

October 31, 2019
LIXIL Group Corporation

LIXIL Group's Japan Business Drives Growth in H1 FYE 2020

Revenue +4.2%; Core Earnings +150%; Net Profit +¥31.8 billion

Tokyo – LIXIL Group Corporation (“LIXIL Group”, TSE Code: 5938), maker of pioneering water and housing products, today announced first half results for the fiscal year ending March 31, 2020 (FYE 2020). The Company delivered year-on-year growth, with revenue up 4.2%, core earnings up 150%, and net profit growth of ¥31.8 billion.

CEO Comment:

“In Japan, we benefited from favorable demand and the absence of natural disasters, which affected first half results last fiscal year. Leading growth in the domestic market were our core housing and water businesses, which were supported by strong demand for home renovation, the impact of the consumption tax hike, and the increase in new housing starts between January and March this year. Overseas, revenue and profit increased on a local currency basis despite challenging market conditions. However, due to the impact of foreign exchange rates, we subsequently recorded lower revenue year on year. Our priority is to now continue making further operational improvements in Japan while reinforcing synergy-related product sales and new business developments overseas, ensuring we remain on track to achieve our full-year targets.

I am pleased to report that we also continued to make progress in fields related to ESG, including meeting our carbon intensity targets two years ahead of schedule. We believe such efforts are fundamental to making a positive contribution to the world around us, and key to becoming a truly purpose-driven, entrepreneurial company that makes better homes a reality for everyone, everywhere.”

- Kinya Seto, CEO, LIXIL Group

H1 Earnings Summary

Revenue

For the first six months of FYE 2020, LIXIL Group's consolidated revenue grew to ¥925.5 billion, up 4.2% year on year.

Revenue from Japan increased 6.6% year on year to ¥667.6 billion for the same period. Leading this growth was LIXIL Housing Technology (LHT), which recorded a 9% leap in revenue year on year due to favorable sales of all major product categories. LIXIL Water Technology (LWT) recorded 5% higher revenue year on year, while the Distribution & Retail (D&R) business also recorded an 8% increase in revenue.

Overseas, revenue decreased by 1.9% year on year to ¥271.9 billion. While revenue increased 2.7% on a local currency basis, this was offset by the impact of foreign exchange rates and market conditions in the Americas affecting LWT.

Core Earnings

Core earnings increased by 150% year on year to ¥34.5 billion in the first half.

In Japan, core earnings increased in all businesses except LIXIL Building Technology, supported by strong demand for home renovation products prior to the consumption tax hike and the surge in new housing starts between January and March. LHT in particular benefited from improved production efficiency resulting from higher sales.

Core earnings overseas were up, reflecting changes in the sales mix and postponing initiatives such as marketing activities.

Net Profit

LIXIL Group recorded net profit of ¥23.1 billion the first half, up ¥31.8 billion year on year, due to the increase in core earnings and gain on the sale of shares of subsidiaries and the disposal of interest in an affiliated company.

Recent Business Highlights

- LIXIL Group continues to review its business portfolio to strengthen its balance sheet and become a leaner and operationally more efficient company, completing the share transfer of two subsidiaries (Senior Life Company and LIXIL SUZUKI SHUTTER) and disposal of interest in an affiliated company (Ken Depot) by September 30, 2019.
- Supporting LIXIL Group's strategy to offset the long-term decline in new housing starts, sales of renovation-related products increased by 9.4% year on year, supported by favorable demand and sales of differentiated products. Sales of renovation-related products in the first half now account for 37% of revenue from Japan.
- LIXIL Group has achieved its carbon intensity target announced in FYE 2016 two years ahead of plan. As part of its sustainability efforts and in line with global calls to reduce environmental footprints, LIXIL Group will also announce a new 2050 Environmental Vision, which aims to strengthen the sustainable use of water and natural resources while achieving net-zero carbon emissions.
- LIXIL Group was named in the [Dow Jones Sustainability World Index](#) for the first time and the Dow Jones Sustainability Asia Pacific Index for the third consecutive year. The World Index is comprised only of companies that rank within the top 10% of their industries, and LIXIL Group's inclusion reflects its continuing progress in integrating sustainability across its organization.
- To strengthen leadership accountability and contribute to enterprise value, LIXIL Group has introduced a new stock price-linked compensation scheme for directors and executive officers,

enabling them to share the benefits and risks of share-price fluctuations with shareholders. Already applied to overseas executives since last fiscal year, this new scheme will serve as a common compensation system for all directors and executive officers of LIXIL Group.

- LIXIL Group appointed Nik Bafana as its [new Synergy Creation Officer and Chief Integration Officer](#) to accelerate the transfer of technology from Japan into LIXIL Group's global, multi-brand portfolio, in addition to developing key product platforms for important new growth categories such as shower toilets, prefabricated bathrooms, and filtration for the global market. In the first half of FYE 2020, sales of synergy-related products and new business areas accounted for the majority of overseas sales growth.
- As part of broader HR initiatives to develop a high-performance culture that will enable LIXIL Group to redefine its Japan business, as well as enhance collaboration with overseas businesses, LIXIL Group appointed a [new generation of Corporate Directors](#). The new appointments represent the company's approach toward promoting talented professionals who have demonstrated their ability to take on larger roles earlier in their career.

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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. Over 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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