

TSE Code: 5938

## › Financial Results for the Fiscal Year Ended March 31, 2020 (IFRS)

(From April 1, 2019, to March 31, 2020)

**LIXIL Group Corporation**

May 29, 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, business operations of Permasteelisa S.p.A. and its subsidiaries are classified as "discontinued operations" from Q4 FYE2020. The same period of FYE2019 has been restated for comparison.

## KEY HIGHLIGHTS

### Full-year revenue and profit up due to strong H1 performance Decrease in Permasteelisa losses drives positive net profit

#### Revenue: JPY 1,694.4 billion, increased 0.1% year-on-year

Japan: Increased 0.6% year-on-year with favorable demand in H1 offsetting decline in demand in H2 following tax hike in Japan and global impact of COVID-19

Overseas: Decreased 2.5% year-on-year due to the market slowdown in the Asia Pacific region, excluding China, and impact of foreign currency translation  
(Note: overseas sales increased by 1.2% on a local currency basis)<sup>(1)</sup>

#### Core earnings: JPY 58.6 billion, increased 7.5% year-on-year

(Reference value\*: JPY 64.1 billion, increased 17.7% year-on-year)

Japan: CE and CE margin increased year-on-year due to price revision and improvement of production efficiency in LHT despite cost of the long-term beneficial Career Option Program

Overseas: Increased due to growth in North America and Europe regions despite weak growth in South East Asia

#### Net profit<sup>(2)</sup>: JPY 12.5 billion, increased 64.7 billion year-on-year

Became profitable due to increase in core earnings and decrease in loss of Permasteelisa despite recording expenses related to COVID-19



\* Reference value: Figure excluding impact of costs incurred from the Career Option Program

(1) Forex: FYE2019 Results 1EUR = 128.43JPY, FYE2020 Results 1EUR = 121.14JPY

(2) Net profit = Net profit attributable to owners of the parent

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## FYE2020 CONSOLIDATED BUSINESS RESULTS

	JPY: billion	FYE2019	FYE2020	YoY		Achievement rate of FYE2020 Forecast <sup>(4)</sup>
				Vs Results		
		After retroactive restatement	Results	Increase/ decrease	%	%
Continuing Operations	Revenue	1,692.4	1,694.4	2.0	0.1%	100.0%
	Gross Profit	553.6	565.4	11.9	2.1%	-
	(%)	32.7%	33.4%	+0.7pp	-	-
	Core Earnings <sup>(1)</sup>	54.5	58.6	4.1	7.5%	100.1%
	(%)	3.2%	3.5%	+0.2pp	-	-
	Reference*	54.5	64.1	9.6	17.7%	-
Including Discontinued Operations	Net Profit including Discontinued Operations <sup>(2)</sup>					
		-52.2	12.5	64.7	-	78.2%
	EPS (Yen)	-179.98	43.15	223.13	-	83.4%
Continuing Operations	EBITDA <sup>(3)</sup>	120.1	160.6	40.5	33.7%	-
	(%)	7.1%	9.5%	+2.4pp	-	-

- Core earnings ratio improved by 0.2pp. Gross profit margin improved by 0.7pp
- SG&A ratio increased by 0.4pp primarily due to increase in personnel costs by Career Option Program
- Impact of applying IFRS 16 included in EBITDA for FYE2020 is JPY 33.6 billion (increase in depreciation resulting in the increase in EBITDA)

\* Reference value: Figure excluding impact of costs incurred from the Career Option Program



(1) Equivalent to "Operating profit" of JGAAP

(2) Net profit attributable to owners of the parent

(3) EBITDA=Core earnings + Depreciation

(4) Achievement rate against the revised FYE2020 full-year forecast announced in May 1, 2020, "Regarding Revision of the Forecast Business Performance For FYE2020"

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## LIXIL'S RESPONSE TO COVID-19

Three key operating principles guiding LIXIL's response<sup>(1)</sup>



**Prioritize the health and safety of employees and their families**



**Ensure stable business operations**



**Maintain sufficient levels of liquidity**

- **Established a global taskforce in late January**
  - ✓ Ensure a swift and consistent response
- **Shift to remote working**
  - ✓ Rapid shift to remote working supported by HR and digital initiatives started last autumn (by March 2 over 50% of employees at LIXIL's HQ working remotely, rising to over 98% by April 8)
  - ✓ Safety policies in plants such shift moderation and hygiene measures
  - ✓ Leverage digital technologies to ensure smooth continuation of work among teams
  - ✓ To support all employees with unplanned expenses related COVID-19, LIXIL issued a special one-time allowance of JPY50,000 per person<sup>(2)</sup>
- **Stable and continuous supply of products and services to customers**
  - ✓ Global manufacturing and operations structure ensures products can be produced in multiple geographies in case local factories are impacted
- **Virtual consultations**
  - ✓ Rapid shift to virtual consultation in sales and showrooms by combining commercial and proprietary software, allowing continuity of operations
- **Secure investment funds necessary to achieve the Medium term plan**
  - ✓ Maintain a sufficient level of liquidity, and prepare short-term loan commitments with financial institutions despite unused commitment lines
  - ✓ Invest in high priority areas, control inventory stock, reduce SG&A

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(1) Please refer to "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, for details  
 (2) For the overseas employees, local currency equivalent. This allowance amounted to JPY3.5 billion (recorded under "Other expenses" in Q4)

## IMPACT AND LIXIL'S RESPONSE TO COVID-19

### ➤ Status of Production, Procurement, and Sales (updated on May 25, 2020<sup>(1)</sup>)

	Production	Procurement	Sales (shipment)	
	No major problems in overall production	No major problems in overall procurement	Carefully monitor the impact on our financial results	
			YoY	
			April	May
<b>Japan</b>	All factories are in operation	Resumed from end of March	-10%	-15%
<b>Overseas</b>	No major problems	No major problems	-30%	-28%
Americas	Temporarily suspended production in Mexico [2] <sup>(2)</sup>	No major problems	-30%	-23%
EMEA	Temporarily suspended production in South Africa [1]	No major problems	-34%	-27%
China	All factories are in operation	No major problems	+7%	-20%
South East Asia	All factories are in operation	No major problems	-35%	-42%

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(1) Update 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  
 (2) Production will resume from June 1, 2020

## ACTIONS TO LEVERAGE THE NEW NORMAL

Driving efficiency improvements and strengthening line-up of products to support increased focus on hygiene and healthy homes

### Efficiency improvements

#### Continue work style reform

Continuation and further promotion of flexible working styles (e.g. work-from-home)

#### Accelerate digitalization

- Drive faster innovation
- Strengthen approach to end-users
- Increase the number of digital showrooms
- Enrich digital content

#### Accelerate shift to performance driven culture

### Accelerating progress globally

#### Supply efficiencies

#### Sales growth with our customers

#### Innovation platforms

### Strengthen product lineup for New Normal

(Examples)

#### Hygiene

Touchless functions to enhance hygiene



Touchless faucet



Shower toilet<sup>(1)</sup>



Life assist

Healthy・Comfortable・Secure・Safe

"Make everyday life happy"



Door enabling ventilation while closed

Ventilation

Secure working space inside the house



Vietas panel



Garden room

Delivery pick-up without interaction



Delivery box

Support remote working



(1) For toilets, automatic open and close cover and automatic flush function are touchless functions

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## NEW NORMAL: ENABLED BY DIGITALIZATION

Digitalization, already underway, has accelerated key business initiatives as part of MTP<sup>(1)</sup> strategy

### Work Style Reform

- Employees supported by "Kawaranaito LIXIL" HR policies such as flextime and work-from-home
- Networked communications driving faster innovation through crowd-sourcing
- Increased engagement (10% up in Japan vs December based on internal survey) and improved productivity across various functions



在宅勤務Community / Work From Home (WFH) Community  
Open Group

### Digital Service in Sales Team

- Provide online service combining commercial and proprietary technologies. Distributors, builders, and owners can access blueprints and site information using plug-in software
- Unique ability to continue show-room services remotely via digital platform accessible from any device
  - Video consultation with showroom staff
  - Instant estimates and 3D renderings
  - 360-degree showroom images
  - Product videos and catalogues

ショールーム360度写真を見る

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360°



(1) Medium term plan

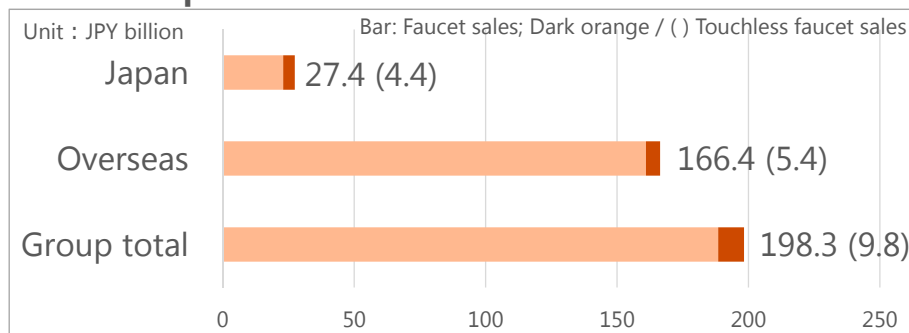
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# NEW NORMAL: RAPIDLY INCREASING DEMAND AROUND THE WORLD DUE TO GROWING ATTENTION ON HYGIENE

## "Touchless Faucet"<sup>(1)</sup>

➤ Accelerate initiatives for further growth by leveraging LIXIL's "strengths"

### LIXIL Group's faucet\* sales for FYE2020



\*Sales of toilet bowl cleaning equipment, drainage equipment, and accessories are excluded

**40**

of touchless faucet related patents (for residential kitchens) owned by LIXIL /Japan<sup>(2)</sup>

**No.1**

share<sup>(3)</sup> of kitchen business in Japan

**82%**

LIXIL market share of touchless faucet in Japan<sup>(4)</sup>

**150+**

countries LIXIL has footprint for faucet business

● Penetration ratio of touchless and automatic faucet in Japan was around 4% of the entire faucet shipment in FYE2020

● LIXIL Group's touchless and automatic faucet sales  
FYE2020: JPY9.8 billion  
FYE2021: JPY16.6 billion (f'cst)

Expect rapid increase in sales of residential touchless faucets going forward



Touchless faucet for kitchen "Navish"

(1) A faucet that can be operated by a handle equipped with a non-contact sensor, which has the function of spouting / stopping water without touching the handle. Mainly for residential use.

(2) LIXIL Group estimates

(3) Calculated by kitchen and bath industrial association data and LIXIL's shipping data (FYE2020)

(4) Calculated by Bulb industrial association data and LIXIL's shipping data (FYE2020)

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## NEW NORMAL

LIXIL International integrated model enabling accelerated progress against key strategies

### Supply efficiencies

Re-allocating capacities in Asian footprint to swiftly cater for a +60% spike in e-bidet demand in the US



Maintaining touchless faucet availability to serve recent +100% increase in global demand



### Sales growth with our customers

Continuing targeted investments to support resilient growth in e-commerce



Partnering to create and promote hand wash stations in Denmark



### Innovation platforms

Launching new direct-to-consumer exclusive kitchen faucet with countertop filter access in the US



## DIVIDEND FOR FYE2020 AND FORECAST-FYE2021

### › Year-end dividend for FYE2020

- No change from initial plan

	FYE2019	FYE2020
H1	35 yen	35 yen
H2	35 yen	35 yen (Plan)
Full-year	70 yen	70 yen (Plan)
Payout ratio	-	162%

Dividend policy : Maintain a payout ratio of over 30% (Consolidated basis)

### › Forecast for FYE2021 and dividend

- As the impact of COVID-19 and the change in circumstances varies significantly by region, it is difficult to calculate and provide guidance at this time. We will announce our financial forecast and dividend forecast for FYE2021 once the impact of COVID-19 can be better evaluated.

## › PROGRESS OF MANAGEMENT STRATEGY



# MANAGEMENT STRATEGY & DIRECTION

## Core pillars of the Medium term Strategy (Announced on Nov 2017)

1

### ESTABLISH A PURPOSE-DRIVEN ENTREPRENEURIAL COMPANY

- Realign business portfolio
- Simplify organization
- Embrace purpose-driven initiatives

2

### DEVELOP ATTRACTIVE AND DIFFERENTIATED PRODUCTS

- Develop differentiated products and services
  - Provide added value to customers

3

### ACHIEVE COMPETITIVE COSTING

- Strengthen Japan business
  - Revitalize Japan organization
  - Improve productivity

4

### STRATEGIC MARKETING TO DRIVE GROWTH

- Accelerate digital transformation

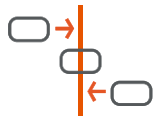
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## ONGOING PROGRESS AGAINST STRATEGIC PRIORITIES OF MTP<sup>(1)</sup> (2018/4-)

1

### Realign Business Portfolio

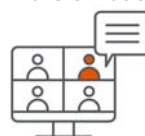


#### Focus on core businesses and strengthen balance sheet

- Divested Ken Depot (Jun 2019)
- Divested Senior Life Company (Sep 2019)
- Divested LIXIL SUZUKI SHUTTER (Sep 2019)
- Decided to sell Permasteelisa (May 2020)

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### Accelerate Digital Transformation

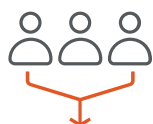


#### Get closer to consumers and increase employee engagement

- Utilized advanced digital technologies such as VR and AR at showrooms in Japan
- Expanded IoT product/service portfolio
- Leveraged digital tools to ensure more flexible working styles and effective internal communications

2

### Simplify Organization



#### Accelerate decision-making and enhance management efficiency

- Merger of LIXIL Group Corporation and LIXIL Corporation planned for Dec 2020
- Established LIXIL International to accelerate global integration
- Reorganized Japan sales structure to strengthen alignment with product development and manufacturing

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### Develop Differentiated Products and Services



#### Provide added value to customers

- Established LIXIL's design process and developed new innovative products integrating superior design and functionality
- Accelerated global expansion of INAX brand
- Tie-ups with overseas business partners and promoted technical collaboration to expand into the high-end market

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### Strengthen Japan Business



#### Revitalize Japan organization and improve productivity

- Promoted employee-focused initiatives ("Kawaranaito LIXIL"<sup>(2)</sup>) and meritocratic culture
- Introduced a new Career Option Program to provide career planning opportunities
- Utilized RPA to improve business operations
- Introduced new pricing system based on trading volume

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### Embrace Purpose-driven Initiatives



#### Tackle global social issues

- Helped to improve access to sanitation for 18.6 million people<sup>(3)</sup> through SATO business
- Achieved carbon intensity target two years ahead of plan and accelerated sustainable use of renewable energy
- Included in the DJSI World Index for the first time

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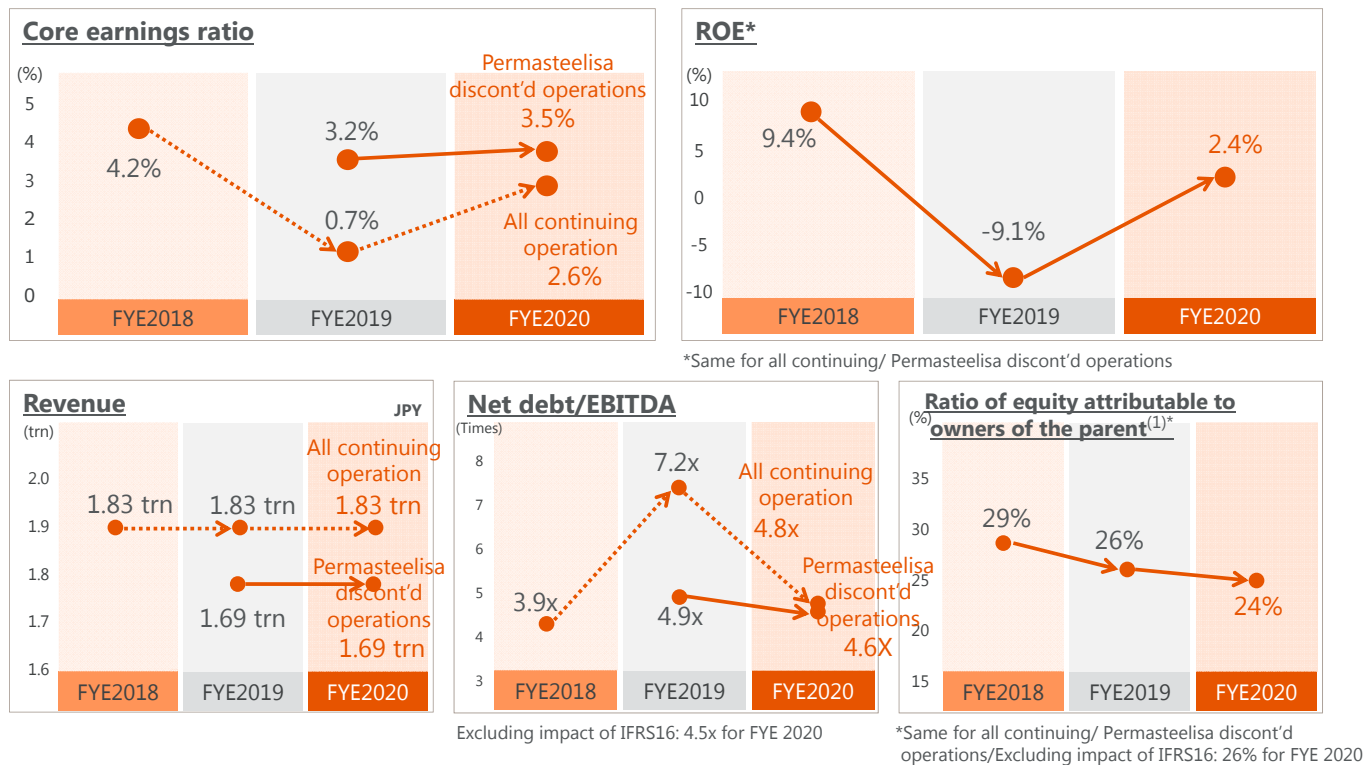
(1) Medium term plan

(2) Comprehensive HR initiatives for the revitalization of Japan organization

(3) This has been achieved through our activities since 2013

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## TRANSITION IN FINANCIAL INDICATORS



(1) Equity ratio under Japanese GAAP

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## RESULTS BY BUSINESS SEGMENT



Water Technology



Housing Technology



Building Technology



Distribution and Retail Business



Housing and Services Business

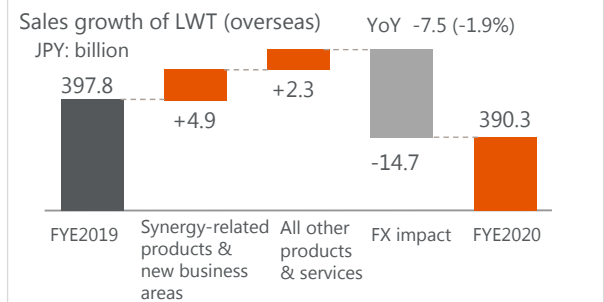


## WATER TECHNOLOGY

- Japan revenue increased. CE increased excluding Career Option Program costs.  
Overseas CE increased driven by Americas and Europe but revenue decreased due to forex

Apr-Mar In JPYbn		FYE2020 (result)	YoY	CE margins
Revenues by Region <sup>(1)</sup>				
Americas		143.8	+0%	
EMEA		174.2	+4%	
Asia Pacific		101.3	-3%	
Japan		438.2	+1%	
Adjustments		-29.1		
<b>Water Technology</b>		<b>828.5</b>	-1%	
Core earnings by Region <sup>(1)</sup>				
Americas		8.2	+25%	6%
EMEA		25.3	+17%	15%
Asia Pacific		6.8	-22%	7%
Japan	Reference* 30.8	29.4	+6% +1%	Reference* 7% 7%
Adjustments		-8.2		
<b>Water Technology</b>	Reference* 63.0	<b>61.5</b>	+4.5% +2.1%	
Margin	Reference* 7.6%	7.4%	+0.4pp +0.2pp	

- Americas**
  - Revenue remained flat, driven by sales from new focus areas as well as rush in demand in Q4 before the lockdown, covering for negative growth until Q3. CE increased due to pricing improvement and cost reduction in production
- EMEA**
  - All regions achieved revenue growth, with especially strong growth maintained in Central Europe and Eastern Europe. Revenue in Europe increased by 6% YoY
- Asia Pacific**
  - Despite the decrease in demand due to the impact of COVID-19 in Q4, China revenue increased by 9% year-on-year. Market trend in China started recovering from April. Slow-down in demand in South East Asian markets resulted in a decrease in revenue and CE
- Japan**
  - Revenue increased due to strong H1 performance. CE increased excluding Career Option Program costs



\* Reference value: Figure excluding impact of costs incurred from the Career Option Program

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(1) Region: Management basis, Water Technology Total: Statutory basis  
Statutory basis currency :  
FYE2020 Results 1USD=109.10JPY, 1EUR=121.14JPY

Management basis currency :  
Comparing by FYE2020 current & previous year 1USD=115JPY,  
1EUR=133 JPY

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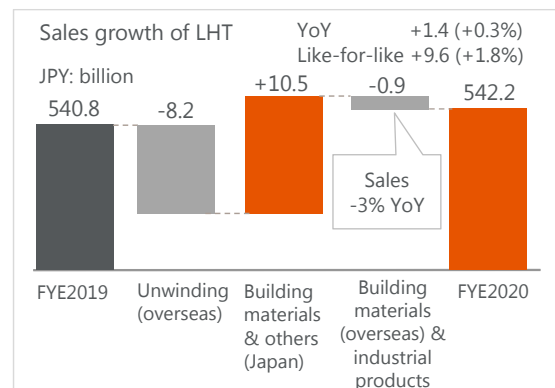
## HOUSING TECHNOLOGY

- Revenue and CE increased due to favorable demand prior to the consumption tax hike in Japan and lower manufacturing costs. CE margin improved due to sales growth and price revision of new products of sashes and wooden interior furnishing materials

Apr-Mar In JPYbn		FYE2020 (result)	YoY	
Revenues by Region				
Japan		533.9	+1% <sup>(1)</sup>	
Overseas		8.3	-23% <sup>(2)</sup>	
<b>Housing Technology</b>		<b>542.2</b>	+0%	
Core Earnings				
<b>Housing Technology</b>	Reference* 30.2	<b>28.3</b>	+46% +37%	
Margin	Reference* 5.6%	5.2%	+1.7pp +1.4pp	

\* Reference value: Figure excluding impact of costs incurred from the Career Option Program

- Japan**
  - Revenue and CE increased
  - CE margin improved by 1.4pp YoY supported by price revision, favorable sales of new products in sashes and wooden interior furnishing materials, improvement in production (cost reduction) along with the progression of the platform strategy and SG&A reduction efforts



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(1) +2%YoY growth excluding impact from divestment and other  
(2) 0%YoY growth excluding impact from divestment and other

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## BUILDING TECHNOLOGY

- Building technology consists of Japan business following the classification of Permasteelisa as discontinued operations. Revenue decreased due to the decline in demand for Tokyo 2020 Olympic

Apr-Mar In JPYbn		FYE2020 (result)	YoY
Building Technology	Revenues	112.8	-3%
	Core Earnings	Reference* 3.3 2.7	Reference* -11% -28%
	Margin	Reference* 2.9% 2.4%	Reference* -0.3pp -0.8pp

\* Reference value: Figure excluding impact of costs incurred from the Career Option Program

- ✓ Revenue decreased due to the decline in demand for Tokyo 2020 Olympic
- ✓ CE decreased due to the increase in personnel costs such as those for Career Option Program and distribution costs

Due to the decision to transfer 100% of shares of Permasteelisa S.p.A., items concerning its business are shown as discontinued operations after tax from Q4 FYE2020 (Please refer to "Flash report for the Fiscal Year Ended March 31, 2020" for details)

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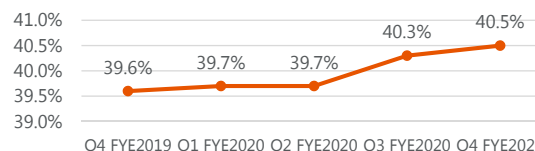
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## DISTRIBUTION & RETAIL AND HOUSING & SERVICES

- Revenue up due to increase in renovation-related product sales at existing stores.  
CE decreased due to increase of distribution costs

Apr-Mar In JPYbn		FYE2020 (result)	YoY
D&R	Revenue <sup>(1)</sup>	184.2	+4%
	Core Earnings <sup>(1)</sup>	6.3	-18%
	Margin <sup>(1)</sup>	3.4%	-0.9pp

- Opened 7 stores over 12-month period
- Started operation of new distribution center in Higashimatsuyama city, Saitama, in September 2019
- Higher composition of revenue recognized from sales of renovation-related products (YoY +0.9pp)

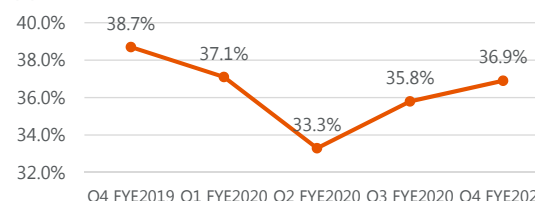


Aiming for renovation goods revenue ratio of 50% in the medium to long term

- Despite the growth in new areas of services and markets such as BtoC, revenue declined due to decrease in sale of real estate

Apr-Mar In JPYbn		FYE2020 (result)	YoY
H&S	Revenue	54.0	-7% <sup>(3)</sup>
	Core Earnings	Reference* 3.2 3.0	Reference* -6% -14%
	Margin	Reference* 6.0% 5.5%	Reference* +0pp -0.4pp

- Revenue composition for businesses other than for new houses<sup>(2)</sup> (YoY -1.8pp)



Aiming for revenue composition for businesses other than for new houses of 50% in the medium to long term

\* Reference value: Figure excluding impact of costs incurred from the Career Option Program

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(1) Distribution & Retail disclosed as of IFRS basis; Reference: JGAAP is applied for disclosure of LIXIL VIVA Corporation (Securities Code 3564)

(2) Existing business – business other than for new houses and new areas of services and markets

(3) -5%YoY growth excluding impact from divestment of Senior Life Company

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## CONSOLIDATED FINANCIAL POSITION

	[A]	[B]	Increase/ decrease			
			Impacts from application of IFRS 16 <sup>(3)</sup>	Reclassification due to the decision of the share transfer of Permasteelisa	Others (Increase/ decrease)	[B]-[A] Total of the increase / decrease
JPY: billion	Mar-2019	Mar-2020				
Cash and cash equivalents	141.4	95.9	-	-7.0	① -38.6	-45.6
Trade and other receivables	401.7	307.1	-	-19.9	① -74.7	-94.6
Inventories	234.6	227.6	-	-2.2	-4.9	-7.0
Assets held for sale	11.4	58.2	-	53.5	-6.6	46.8
Others	1,270.4	1,402.8	166.3	-24.4	-9.6	132.3
<b>Total Assets</b>	<b>2,059.5</b>	<b>2,091.5</b>	<b>166.3</b>	<b>0</b>	<b>-134.4</b>	<b>32.0</b>
Trade and other payables	392.4	336.5	-	-30.8	① -25.1	-55.9
Interest-bearing debt	726.0	832.6	166.3	-4.7	② -55.1	106.6
Liabilities directly associated with the assets held for sale	5.0	91.9	-	89.9	-3.0	86.9
Others	369.0	295.4	-	-54.4	-19.2	-73.6
<b>Total Liabilities</b>	<b>1,492.4</b>	<b>1,556.4</b>	<b>166.3</b>	<b>0</b>	<b>-102.3</b>	<b>64.0</b>
Treasury shares	-48.9	-48.9	-	-	0	0
Others	616.1	584.0	-	-	-32.1	-32.1
<b>Total Equity</b>	<b>567.2</b>	<b>535.1</b>	<b>-</b>	<b>-</b>	<b>-32.0</b>	<b>-32.0</b>
(1) Equity Ratio (%)	25.9%	③ 24.0%				-1.9pp
(2) Net Assets per Share (Yen)	1,839.59	1,730.99				-108.60
Number of Shares (in thousands)	290,095	290,103				8
Net interest-bearing debt	584.5	③ 736.7				152.2

① Impacted from a holiday at the end of FYE 2019 ② Borrowings decreased by JPY93.4 billion, Lease liabilities increased by JPY33.6 billion during FYE2020 ③ Excluding the impact from the application of IFRS16: Equity ratio is 26.1% (+0.2pp from Mar. 2019) Net interest-bearing debt is JPY570.3 billion (JPY-14.2 billion from Mar. 2019)

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(1) Ratio of equity attributable to owners of the parent  
(2) Equity per share attributable to owners of the parent

(3) Due to the mandatory adoption of the new accounting standard (IFRS16 "Leases") from April 2019. Impact amount as of the beginning of this term (April 1, 2019)

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

JPY: billion	FYE2019	FYE2020	Increase/ decrease
Loss before tax	-18.0	-23.4	-5.4
Depreciation and amortization	68.5	105.6 ①	37.1
Income taxes paid	-29.3	-16.5	12.8
Working capital	-6.1	20.6	26.7
Others	54.3	71.5	17.2
<b>Net cash flows from operating activities</b>	<b>69.4</b>	<b>157.7 ②</b>	<b>88.4</b>
<b>Net cash flows from investing activities</b>	<b>-72.3</b>	<b>-41.3 ③</b>	<b>31.0</b>
(of which purchase of property, plant and equipment and intangible assets)	-67.6	-68.6	-1.0
<b>Free cash flows</b>	<b>-3.0</b>	<b>116.4 ④</b>	<b>119.4</b>
<b>Net cash flows from financing activities</b>	<b>1.6</b>	<b>-153.3 ⑤</b>	<b>-154.9</b>
<b>Cash and cash equivalents (Balance at the end of the period)</b>	<b>141.4</b>	<b>95.9</b>	<b>-45.6</b>

- ① The impact of applying the new accounting standard (IFRS 16):  
Net cash flows from operating activities (increase in Depreciation and amortization) JPY +33.6 billion  
Net cash flows from financing activities (increase in payment of lease liabilities) JPY -41.0 billion
- ② Net cash flows from operating activities increased by JPY 88.4 billion due to increase in depreciation and improvement in working capital
- ③ Cash outflows from investing activities decreased by JPY 31.0 billion primarily due to proceeds from transfer of shares of a consolidated subsidiary and sale of interest in former associate
- ④ Free cash flows increased year-on-year by JPY 119.4 billion (excl. IFRS16 impact: JPY85.8 billion)
- ⑤ Net cash outflows from financing activities increased due to increase in payment of lease liabilities of JPY 41.0 billion, increase in redemption of bonds of JPY 60.0 billion, and decrease in external procurement of working capital of JPY 42.0 billion resulting from increase in net cash flows from operating activities

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(1) Cash flows include discontinued operations

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## ➤ APPENDIX

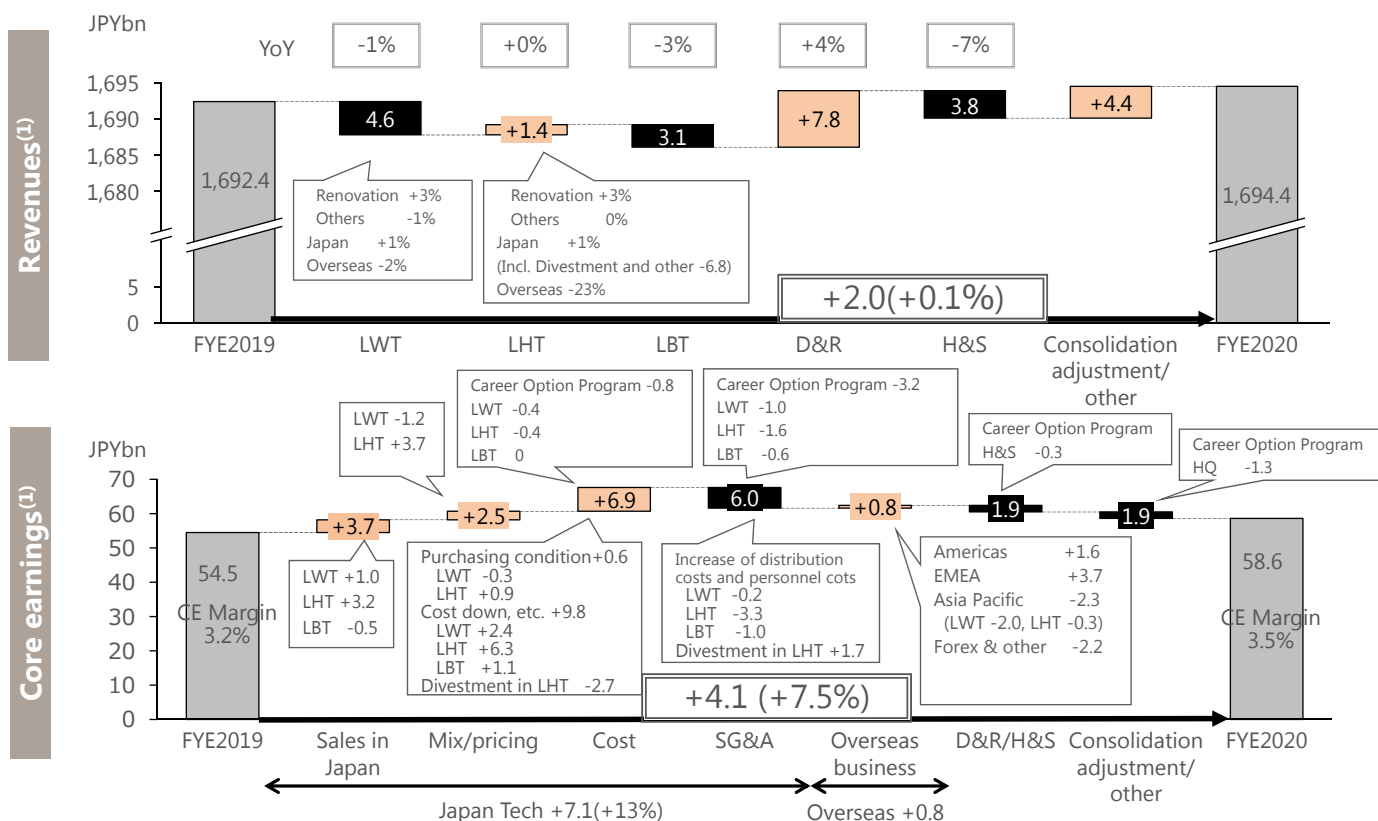
### Q4 BUSINESS RESULTS BY SEGMENT (3 AND 12 MONTH PERIODS)

➤ **12-month period:** Revenue remained flat. CE increased driven by LHT

**3-month period:** Revenue and CE decreased due to the impact of COVID-19 in China and Career Option Program

		Q4 3 months				FYE2020 12 months				Achievement rate of FYE2020 forecast <sup>(1)</sup>
		FYE2019 (A)	FYE2020 (B)	Amount (B)-(A)		FYE2019 (A)	FYE2020 (B)	Amount (B)-(A)		
				Forex				Forex		
JPY billion										
LWT <sup>(1)</sup>	Revenue	212.7	204.9	-3.2	-7.7	833.1	828.5	-14.7	-4.6	96.3%
	CE	14.1	9.3	-0.3	-4.8	60.2	61.5	-1.4	1.3	95.0%
LHT <sup>(1)</sup>	Revenue	135.9	125.1	0	-10.8	540.8	542.2	-0.3	1.4	101.3%
	CE	4.7	1.7	0	-3.0	20.7	28.3	0	7.6	109.0%
LBT	Revenue	33.8	27.3	-	-6.5	115.9	112.8	-	-3.1	97.2%
	CE	2.6	1.1	-	-1.6	3.7	2.7	-	-1.0	116.7%
D&R	Revenue	40.4	41.9	-	1.5	176.4	184.2	-	7.8	98.0%
	CE	0.1	-0.6	-	-0.7	7.8	6.3	-	-1.4	101.9%
H&S	Revenue	16.8	13.4	-	-3.4	57.9	54.0	-	-3.8	94.7%
	CE	0.9	0.3	-	-0.5	3.5	3.0	-	-0.5	90.5%
Consolidation, adj. & other	Revenue	-8.1	-6.3	-	1.8	-31.6	-27.2	-	4.4	-
	CE	-14.1	-12.6	-	1.5	-41.4	-43.2	-	-1.9	-
LIXIL Group	Revenue	431.6	406.4	-3.3	-25.2	1,692.4	1,694.4	-15.0	2.0	99.5%
	CE	8.2	-0.8	-0.3	-9.0	54.5	58.6	-1.4	4.1	99.3%

## FYE2020 INCREASE / DECREASE OF SALES AND CORE EARNINGS



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(1) FYE2019 and FYE2020 results are after classifying Permasteelisa S.p.A. and its subsidiaries to discontinued operations

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## FYE2020 OTHER INCOME AND OTHER EXPENSES, FINANCE INCOME AND FINANCE COSTS, PROFIT FROM DISPOSAL OF SHARES OF ASSOCIATES

JPY: billion	FYE2019 after retroactive restatement	FYE2020	Increase/decrease
Rental income	6.3	5.8	-0.5
Gains on sale of property, plant and equipment	0.2	0.7	0.5
Gains on sale of subsidiaries	0	1.4	1.4
Gains on sale of investment property	0.8	0.6	-0.2
Loss recognized on the remeasurement of the disposal group held for sale (gain on reversal)	0	0	0
Other	5.2	5.9	0.7
<b>Other Income</b>	<b>12.5</b>	<b>14.4</b>	<b>1.9</b>
Costs of rent	4.2	4.5	0.3
Losses on sale or disposal of property, plant and equipment	2.4	2.5	0.1
Impairment losses	5.4	17.3	12.0
Other	6.0	9.5	3.5
<b>Other Expenses</b>	<b>18.0</b>	<b>33.8</b>	<b>15.8</b>
Interest income	1.2	1.4	0.3
Dividend income	1.5	1.5	0.1
Gains on valuation of derivatives	4.8	2.3	-2.5
Other	0	0	0
<b>Finance Income</b>	<b>7.4</b>	<b>5.3</b>	<b>-2.1</b>
Interest expense	4.7	6.0	1.3
Exchange difference losses	3.7	2.9	-0.8
Other	0.7	0	-0.7
<b>Finance Costs</b>	<b>9.1</b>	<b>9.0</b>	<b>-0.1</b>
<b>Profit from disposal of share of associates</b>	<b>-</b>	<b>11.0</b>	<b>11.0</b>

Other expenses include special one-time allowance of JPY 3.5 billion related to COVID-19

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

	FYE2020 result
Gains on valuation of derivatives	2.3
Exchange difference losses	-2.9
Net	-0.6 Loss

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## RESULTS BY SEGMENT

JPY: billion		FYE2019 Results			FYE2020 Results				
		Japan	Overseas	Total	Japan		Overseas	Total	Total YoY%
					Results	Reference*			
LWT	Revenue	435.3	397.8	833.1	438.2	438.2	390.3	828.5	-0.6%
	Core earnings	29.2	31.1	60.2	29.4	30.8	32.1	61.5	2.1%
	CE margin	6.7%	7.8%	7.2%	6.7%	7.0%	8.2%	7.4%	+0.2pp
LHT	Revenue	530.0	10.8	540.8	533.9	533.9	8.3	542.2	0.3%
	Core earnings	21.3	-0.6	20.7	29.2	31.1	-0.9	28.3	36.5%
	CE margin	4.0%	-	3.8%	5.5%	5.8%	-	5.2%	+1.4pp
LBT	Revenue	115.9	0	115.9	112.8	112.8	-	112.8	-2.7%
	Core earnings	3.7	0	3.7	2.7	3.3	-	2.7	-27.6%
	CE margin	3.2%	-	3.2%	2.4%	2.9%	-	2.4%	-0.8pp
D&R	Revenue	176.4		176.4	184.2	184.2		184.2	4.4%
	Core earnings	7.8		7.8	6.3	6.3		6.3	-18.1%
	CE margin	4.4%		4.4%	3.4%	3.4%		3.4%	-0.9pp
H&S	Revenue	57.9		57.9	54.0	54.0		54.0	-6.6%
	Core earnings	3.5		3.5	3.0	3.2		3.0	-13.5%
	CE margin	6.0%		6.0%	5.5%	6.0%		5.5%	-0.4pp
Consolidation, adj. & other <sup>(1)</sup>	Revenue			-31.6				-27.2	-
	Core earnings			-41.4		1.3		-43.2	-
LIXIL Group <sup>(1)</sup>	Revenue	1,315.5	408.6	1,692.4	1,323.1	1,323.1	398.6	1,694.4	0.1%
	Core earnings	65.3	30.5	54.5	70.5	76.1	31.3	58.6	7.5%
	CE margin	5.0%	7.5%	3.2%	5.3%	5.7%	7.8%	3.5%	+0.2pp

\* Reference value: Figure excluding impact of costs incurred from the Career Option Program

Note: Due to the decision to transfer shares of Permasteelisa in May 2020, business operations of Permasteelisa S.p.A. and its subsidiaries are classified as "discontinued operations" The same period of FYE2019 has also been restated for comparison.

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(1) Difference between sum total of Japan and Overseas in Revenue and Core earnings and "Total" is the amount of consolidation, adj. & other 27

## RENOVATION STRATEGY IN JAPAN

➤ Sales of renovation-related products increased by 2.1% year-on-year, supported by favorable demand in Japan in H1 and sales of new and differentiated products

Sales of Renovation-Related Products				Number of Member Homebuilders			
JPY: billion	FYE2019 Results <sup>(1)</sup>	FYE2020 Results	YoY	Stores	Mar -18	Mar -19	Mar -20
Sales of renovation-related products*	311.0	317.6	+2.1%	LIXIL Reform Shop (FC)	546	571	554
Renovation sales ratio	36%	36%	+0.2pp	LIXIL Reform Shop (Voluntary)	12,602	11,783	11,789
				LIXIL PATTO Reform Service Shop	3,705	3,800	3,602
YoY	Q 4 3 months						
Renovation products	LWT-4%, LHT-5%, Total -5%						
Products other than for renovation	LWT-4%, LHT-8%, Total -7%						

\*Total sales of LIXIL Japan Company and a building renovation subsidiary (after inter-segment transactions)

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

Business segment	FYE2019	FYE2020	Difference
LWT	43%	44%	+0.7pp
LHT	31%	32%	+0.3pp
LBT	25% <sup>(1)</sup>	22%	-2.4pp
Japan total	36% <sup>(1)</sup>	36%	+0.2pp

### New promotion

"Make everyday life happy"

Launched new promotion around the theme of "Make everyday life happy", focusing on making everyday moments irreplaceable and proposing healthy and comfortable living spaces.



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



## REVENUE BY PRODUCTS AND SERVICES

JPY: billion

Unit: %

Segment	Major products	FYE2019 results <sup>(1)</sup>	FYE2020 results <sup>(1)</sup>	YoY	Quarterly YoY							
					FYE2019				FYE2020			
					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
LWT	Sanitary ware	103.4	106.0	2.6%	-2.8	-5.0	-0.6	-3.8	1.4	10.9	0.2	-1.9
	Bathroom units	99.3	100.5	1.2%	2.8	-3.2	-5.3	-4.9	-1.4	11.2	0.8	-5.8
	Washstand cabinet units	36.9	37.6	1.8%	2.0	-1.9	-0.5	0.3	0.6	12.6	-4.4	-0.7
	Kitchens	112.3	111.4	-0.9%	1.6	-3.2	-1.9	0.0	0.2	11.3	-5.4	-8.6
	Tiles	37.7	36.3	-3.8%	3.6	-4.2	0.7	-2.6	-5.0	5.1	-8.2	-6.3
LHT	Housing sashes and related products	186.2	190.0	2.0%	-7.4	-7.3	0.5	3.8	5.5	10.2	-4.1	-2.7
	Exterior	111.0	110.1	-0.9%	-3.9	-3.8	12.1	11.8	5.5	13.4	-10.3	-9.0
	Wooden interior furnishing materials	64.1	69.8	8.9%	0.2	0.9	10.0	13.1	16.1	20.8	1.4	0.2
	LHT Other	87.2	81.6	-6.4%	3.6	4.9	8.8	0.7	7.6	4.0	-19.3	-14.9
LBT	Building sashes	115.9	112.8	-2.7%	6.5	-0.2	7.1	10.0	0.4	0.3	2.2	-12.4
D&R	Home center revenue	176.4	184.2	4.4%	-1.0	1.7	3.4	2.4	4.9	11.8	-2.3	3.8
H&S	Housing and Services business	57.9	54.0	-6.6%	7.6	11.3	-5.1	31.9	6.0	-1.0	-6.9	-20.3
	Overseas	408.6	398.6	-2.4%								
	Others/ consolidation & adj.	95.5	101.6	-								
	Total	1,692.4	1,694.4	0.1%								

\* Definition for Tiles and LHT Other has been changed to match that of internal management. Therefore, past figures and year-on-year ratio for Tiles and LHT Other have been retroactively restated

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(1) In Q4 FYE2020, results for FYE2019 were restated due to reclassification of business operations of Permasteelisa S.p.A. and its subsidiaries to discontinued operations 29

## PERFORMANCE OF MAJOR OVERSEAS SUBSIDIARIES

Company	ASB (ASD Holdings)		
Unit	Unit: USD million		
Accounting period	FYE2019 Results	FYE2020 Results	YoY
Exchange rate (Average Rate)	110.69	109.10	-
Revenue	1,247	1,248	0%
Core earnings	55	65	20%
%	4%	5%	+0.9pp

Accounting period	FYE2019 Balance	FYE2020 (12 months)		
		Amortization	Others <sup>(1)</sup>	Balance
Exchange rate (Current Rate for balance, Average Rate for amortization)	110.99	109.10	-	108.83
Goodwill	231	-	-	231
Intangible assets	235	-7	-14	214

Company	Grohe Group (GROHE) <sup>(2)</sup>			
Unit	Unit: EUR million			
Accounting period	FYE2019 Results	FYE2020 Results	YoY	YoY excluding LIXIL Africa impact <sup>(2)</sup>
Exchange rate (Average Rate)	128.43	121.14	-	-
Revenue	1,513	1,552	3%	6%
Core earnings	150	192	28%	10%
%	10%	12%	+2.5pp	+0.4pp

Accounting period	FYE2019 Balance	FYE2020 (12 months)		
		Amortization	Others <sup>(1)</sup>	Balance
Exchange rate (Current Rate for balance, Average Rate for amortization)	124.56	121.14	-	119.55
Goodwill	1,210	-	-2	1,208
Intangible assets	1,474	-23	0	1,451



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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 OVERSEAS SUBSIDIARIES

Company	Permasteelisa <sup>(1)</sup>		
Unit	Unit: EUR million		
Accounting period	FYE2019 Results	FYE2020 Results	YoY
Exchange rate (Average Rate)	128.43	121.14	-
Revenue	1,117	1,183	6%
Core earnings	-323	-86	-
	%		-

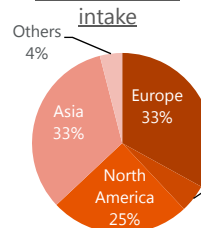


Accounting period	FYE2019 Balance	FYE2020 (12 months)			Balance
		Amortization	Impairment	Others <sup>(3)</sup>	
Exchange rate (Current Rate for balance, Average Rate for amortization)	124.56	121.14	-	-	119.55
Goodwill	-	-	-	-	-
Intangible assets	-	-	-	-	-
Accrual for expected future losses on construction projects <sup>(2)</sup>	45	-	-	-13	33

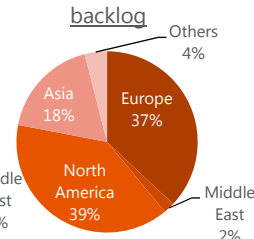
### ■ Orders received

Unit	Unit: EUR million	
Accounting Period	FYE2019 Results	FYE2020 Results
Order intake	959	903
Order backlog	1,951	1,633

FYE2020 Order intake



FYE2020 Order backlog



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

(2) Classified under discontinued operations in amount of loss after tax in the consolidated financial results

(3) Forex translation differences, net changes of the provision, and other

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## BOARD OF DIRECTORS (CANDIDATES)

(Announced on March 23, 2020)

(After the annual general meeting of shareholders to be held in June 2020)

### ▶ List of Directors

(◎: newly appointed in June 2020, □: independent director, Under line: female)

		Name	Chairperson of the Board	Nomination Committee	Audit Committee <sup>(1)</sup>	Compensation Committee	Governance Committee <sup>(2)</sup>
Internal Directors		Kinya Seto <sup>(3)</sup>					
	◎	Sachio Matsumoto <sup>(3)</sup>					
	◎	<u>Hwa Jin Song Montesano</u> <sup>(3)</sup>					
Outside Directors	□	Tamio Uchibori			○	○	○
	□	<u>Kaoru Onimaru</u>		○	○		Chairperson
	□	Teruo Suzuki			Chairperson		○
	□	Yuji Nishiura		Chairperson		○	○
	□	Daisuke Hamaguchi		○		Chairperson	○
	□	Masatoshi Matsuzaki	Chairperson	○			○

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(1) For an integrated operation of LIXIL Group Corp. and LIXIL Corp., Audit Committee members will concurrently serve as Auditors of LIXIL Corp. 32

(2) Governance committee is composed of all six Outside Director candidates

(3) Concurrently serves as an Executive officer

## EXECUTIVE OFFICERS

(Announced on March 23, 2020)

(as of April 1, 2020, whose term of office will last until the close of the first meeting of the Board of Directors that is convened after the 78th Annual General Meeting of Shareholders)<sup>(1)</sup>

### > List of Executive Officers

(◎: newly appointed on April 2020, ※concurrently serves as a director (April 2020 thru June 2020), Under line: female)

Name		Positions
Kinya Seto	※	Representative Executive Officer, Executive Officer and President, and Chief Executive Officer
Sachio Matsumoto		Representative Executive Officer, Executive Officer and Vice President, Finance, Treasury and M&A, and Chief Financial Officer
<u>Hwa Jin Song Montesano</u>		Executive Officer and Senior Managing Director, Human Resources and General Affairs, Public Affairs, Investor Relations, External Affairs, Corporate Responsibility, and Chief People Officer
Yugo Kanazawa		Executive Officer and Senior Managing Director, Marketing, Digital, and IT, and Chief Digital Officer
Bijoy Mohan		Executive Officer and Senior Managing Director, LIXIL International
Satoshi Yoshida	※	Executive Officer and Senior Managing Director, LIXIL Housing Technology (LHT) Japan
Hiroyuki Oonishi		Executive Officer and Senior Managing Director, LIXIL Water Technology (LWT) Japan
<u>Shoko Kimijima</u>	◎	Executive Officer and Senior Managing Director, Legal and Compliance, and Chief Legal & Compliance Officer



(1) See also "(Reference Material) Directors and Executive Officers of LIXIL Group Corporation and Directors of LIXIL Corporation" dated March 23, 2020

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## BUSINESS RELATED TOPICS

### LIXIL launched portable toilet solution: "with CUBE"

A solution for areas such as in the distribution centers



Image: "with CUBE"

Started receiving orders mainly from distribution centers in April 2020

In response to the recent increasing number of rental distribution centers in the logistics industry, LIXIL started offering comfortable toilets "with CUBE" that can be installed in a day and usable only when needed by paying a monthly fee.

### LIXIL collected a total of 44 awards at iF <sup>(1)</sup> and Red Dot Design Awards

LIXIL brands are pushing design thinking in the home



Image: INAX brand 's new designs released ahead of its global expansion

In line with LIXIL's MTP<sup>(2)</sup>, LIXIL has reworked its entire design process and set up global in-house design studios. Emerging from this process, GROHE's kitchen faucet was awarded the highest accolade this year, while INAX is winning more awards in a single year thanks to its new consumer-centric design concepts, first unveiled to the world at Milano Salone last year.



(1) News release [https://www.lixil.com/en/news/pdf/20200311\\_iFAwards\\_E\\_web.pdf](https://www.lixil.com/en/news/pdf/20200311_iFAwards_E_web.pdf)  
(2) Medium term plan

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## ESG RELATED TOPICS

### LIXIL Earns Place in CDP's Water Security A List for Second Consecutive Year<sup>(1)</sup>

Recognized for LIXIL's comprehensive initiatives in sustainable water management and its contribution to global sanitation and hygiene

**A-listed for its continued efforts in water conservation through its business processes, products and services**



LIXIL Group was also rate A- for CDP Climate Change this year, which is a higher recognition than 2018

### Strengthening its focus on Renewable Energy

In line with LIXIL's new Environmental Vision, the company joined RE100, a global leadership initiative bringing together influential businesses committed to 100% renewable electricity

**Committed to adopting 100% renewable energy sourced electricity in all its operations by 2050**



**Japan:** LIXIL has been sourcing its electricity with 100% renewable energy after consolidating its headquarters in November 2019.

**Overseas:** GROHE has launched projects for net-zero carbon emissions at all factories and distribution centers



(1) News release [https://www.lixil.com/en/news/pdf/20200206\\_CDP\\_2019\\_E\\_web.pdf](https://www.lixil.com/en/news/pdf/20200206_CDP_2019_E_web.pdf)

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## EXTERNAL RECOGNITION

### DJSI World

Selected for Dow Jones Sustainability World Index (DJSI World) for the first time, created by S&P Dow Jones Indices and RobecoSAM (September 2019)



### FTSE4Good Index Series

Became a constituent of the FTSE4Good Index Series and FTSE Blossom Japan Index (June 2019) for three consecutive years, created by FTSE Russell<sup>(1)</sup>



### DJSI Asia Pacific

Selected for DJSI Asia Pacific Index for three consecutive years, created by S&P Dow Jones Indices and RobecoSAM (September 2019)

### S&P Japan 500 ESG

Selected as a component of the S&P Japan 500 ESG, created by S&P Dow Jones Indices (June 2019)

### MSCI Japan Empowering Women Index

Selected as a constituent of the MSCI Japan Empowering Women Index (WIN) for three consecutive years, created by MSCI Inc. (June 2019)



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### Nadeshiko Brand

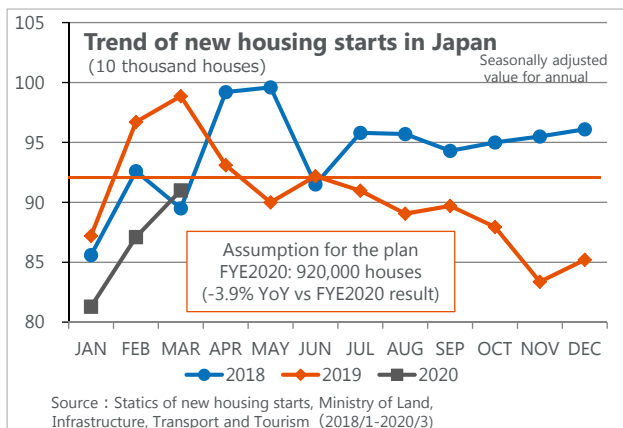
Granted to listed enterprises that are exceptional in encouraging women's success in the workplace. Jointly selected and publicized by the METI and TSE. Selected for the fifth time in three consecutive years (March 2020)



(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)

- Jan-Mar 2020: -9.6%
- Oct-Dec 2019: -9.4%

	Jan-Dec 2019 (12 months)		Apr-Mar 2020 (12 months)	
	Amount	YoY	Amount	YoY
<b>Total new housing starts</b>	<b>905,123</b>	-4.0%	<b>883,687</b>	-7.3%
Owner occupied(1)	288,738	1.9%	283,338	-1.5%
Rental homes	342,289	-13.7%	334,509	-14.2%
Condos for sale	117,803	6.6%	111,615	-6.7%
Detached houses for sale(2)	147,522	3.6%	146,154	0.9%
Detached houses total(1)+(2)	436,260	2.5%	429,492	-0.7%



Foreign exchange rates (Average rate)	FYE2018 Results	FYE2019 Results	FYE2020 Results
US dollars	110.81 yen	110.69 yen	109.10 yen
Euros	129.45 yen	128.43 yen	121.14 yen

(yen per ton)

Results and assumptions	FYE2018 Results	FYE2019 Results	FYE2020 Results
Aluminum price (Purchasing price)	234,000	249,000	215,000
Copper price	639,000	632,000	586,000

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Link to Good Living

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.