

For Immediate Release

October 31, 2022  
LIXIL Corporation

## LIXIL H1 Revenue Rises, Profits Fall

- *Revenue increases on measures to ensure product deliveries in a challenging business environment, while profits decrease due to the rapid fall of yen beyond the forecasted range, soaring component prices and increased logistics costs*
- *Guidance lowered to reflect the impact of the sharp fall of the yen, surging component prices, higher logistics costs, and weakening economic outlook in the Americas and China*

**Tokyo** – LIXIL Corporation (“LIXIL”, TSE Code: 5938), maker of pioneering water and housing products, today announced its second quarter results for the fiscal year ending March 31, 2023.

### CEO Statement:

“Our profits for the first half of the fiscal year declined from the previous year as a result of increased costs due to the rapid depreciation of the yen beyond our forecast and surging component and energy prices, as well as logistic challenges. In addition, softened demand in the Americas triggered by a sharp rise in interest rates and a slowdown in China’s real estate market impacted the bottom line. Although we expect to benefit from additional price optimization measures and improved indirect cost efficiencies, we have lowered our full-year projection as the impact of cost increases in the first half will continue to affect the second half. To achieve sustainable profit growth, we will continue to promote prompt price optimization and reduction in fixed costs. Meanwhile, our revenue increased year over year due to our efforts to deliver products without interruptions in a challenging operating environment.

In Japan, the business environment for high insulation products is favorable, as increased energy costs and concerns for the environment are driving demand, along with government policy responses. In international markets, we will continue to build an agile supply chain to ensure uninterrupted product deliveries and expand sales of strategic products to improve profit margins. We will achieve sustainable growth by building new businesses with future potential and solving social and environmental challenges through our products and services. Our recently announced revia, a new circular material made from plastic waste and wood waste whose wide application includes pavements, is one such example. We are committed to contributing to decarbonization and a circular economy and driving the change to make our homes and living environment more sustainable.

Kinya Seto, CEO, LIXIL

### Highlights for the first half of FYE2023

#### Revenue

Revenue for the first half increased 5.2% year over year to ¥732.7 billion due to the efforts to ensure product deliveries in a challenging business environment. Revenue in Japan rose 1.2% to ¥481.6 billion. Renovation related sales ratio increased 0.9pp year over year to 41%. International revenue increased 12.6% year over year to ¥257.7 billion, rising 0.4% excluding forex impact.

### Core Earnings

Core earnings for the first half decreased ¥31.1 billion year over year to ¥6.2 billion due to the rapid depreciation of the yen beyond anticipation and surging component and energy prices. It was also impacted by inventory adjustments made by the customers in the Americas as the region's consumer demand softened, following interest rates hikes. In addition, a slowdown in China's real estate market contributed to the lower core earnings. Core earnings margin decreased 4.5pp to 0.8%.

### Net profit for the first half attributable to owners of the parent

Net profit for the first half decreased ¥22 billion to ¥3.7 billion year over year primarily due to a decrease in core earnings.

### Year-End Dividend Forecast

LIXIL has maintained its forecast for the annual dividend at ¥90 per share. The interim dividend of ¥45 has been resolved.

### Full-year forecast for FYE2023

LIXIL has revised the guidance downward to ¥1,560 billion in revenue, ¥42 billion in core earnings and ¥25 billion in net profit to reflect the continuing impact of the cost increases in the first half and economic slowdowns in the Americas and China.

### Performance by Business Segment and Region

Revenue from LIXIL Water Technology's (LWT) Japan business increased 0.9% year over year to ¥201.6 billion in the first half of the year, driven by the effects of price optimization and strong renovation-related sales, despite the economic slowdowns in the Americas and China. The business's core earnings decreased 26.4% year on year to ¥10.8 billion, due to accelerated rise in component costs, despite the positive impact of price revisions and strong sales of mid- to high-end price range products, as well as robust renovation-related sales. The core earnings margin declined 2.0pp to 5.4%.

LWT's International markets revenue for the first half increased 10.8% year over year to ¥244.5 billion on the back of the depreciation of the yen. Excluding the impact of currency exchange, revenue declined 2% year over year. Core earnings decreased 62.3% to ¥9.8 billion due to the impact of supply chain challenges and increased costs, including higher energy prices. Core earnings margin declined 7.8pp to 4.0%.

The Americas region's revenue for the first half decreased 8% year over year on a local currency basis due to weakened demand as customers adjusted their inventories amid slowing housing markets due to a sharp rise in interest rates. However, the region's revenue rose in yen terms. In the EMEA region, revenue for the first half was flat year over year in local currency but increased on a yen basis. The region's second quarter revenue slightly increased from the previous quarter in local currency and yen. Two distribution centers established in the region in the first quarter started operating, making steady progress on resolving supply constraints that affected some products in the first half. LIXIL aims to resolve the issue in the second half. In China, revenue declined 13% in local currency due to ongoing challenges in the real estate market. However, the market's brand mix continued to improve due to strong GROHE products. In the Asia Pacific region, revenue increased 28% on in local currency terms on the back of the region's economic recovery, driven by Vietnam, India, and Thailand. Sales growth continued to exceed targets in

all sales channels.

LIXIL Housing Technology's (LHT) revenue increased 3.1% to ¥293.2 billion for the first half due to strong international business and robust renovation demand in Japan. Meanwhile, core earnings decreased 67.8% to ¥6.0 billion mainly due to the sharp depreciation of the yen, despite the effects of price revisions in the first half and strong sales of high-performance sashes for renovation. In the previous reporting segment, excluding the LIXIL Building Technology and the Housing & Services business, LHT generated revenue of ¥234.7 billion, core earnings of ¥5.3 billion and reported core earnings margin of 2.3%. LIXIL aims to improve the profit margin for the segment through price optimization and reduction in fixed costs in the second half.

\*Please see disclosures [here](#).

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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 55,000 colleagues operating in more than 150 countries are proud to make products that touch the lives of more than a billion people every day.