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TOTO

Fiscal Year 2019 First Quarter Results

July 31, 2019

Consolidated Financial Results for FY2019 First Quarter

Highlights

Increase in Sales.

Decrease in profit due to the deterioration of market conditions in China and other factors.

Global housing equipment business (Japan): Increased sales and profits

- ◆ Both the Remodeling and New Housing businesses increased their sales and profits.

Global housing equipment business (overseas): Decreased sales and profits

- ◆ In China, the real estate market continues to stagnate in major urban areas, reducing sales and profits.
- ◆ In Asia and Americas, sales increased but profits decreased.

New business domains: Lower sales resulted in loss

- ◆ Ceramic business saw a decrease in sales and posted a loss due to a slowdown in the semiconductor market and worsening productivity.

1Q, FY2019 Results

Financial results

Unit: Y billion

	1Q, FY18	1Q, FY19	YoY	YoY		FY19 Plan	vs. Plan
				Influence of exchange rate	Currency-neutral basis		
Net Sales	132.4	136.0	+3.6 (+3%)	-0.5	+4.1 (+3%)	137.5	-1.5 (-1%)
Operating Profit [Operating Margin]	6.3 [4.8%]	5.4 [4.0%]	-0.9 (-15%)	-0.1	-0.8 (-14%)	5.4 [3.9%]	+0.0 (+0%)
Recurring Profit	8.0	5.4	-2.6 (-32%)	-1.4	-1.2 (-13%)	6.1	-0.7 (-11%)
Profit attributable to owners of parent	4.8	3.1	-1.7 (-35%)	-1.4	-0.3 (-4%)	3.6	-0.5 (-13%)

■ Exchange rates

	1Q, FY18	1Q, FY19	FY19 Plan
1 \$	¥108.2	¥110.2	¥110.0
1 CNY	¥17.0	¥16.3	¥16.0
1 €	¥133.1	¥125.2	¥130.0

1Q, FY2019 Results

Sales and profit by business segment

Unit: Y billion

< Net Sales >	1Q, FY18	1Q, FY19	YoY			FY19 Plan	vs. Plan
				Influence of exchange rate	Currency-neutral basis		
Domestic H.E.	94.4	100.0	+5.6 (+6%)		+5.6 (+6%)	99.0	+1.0 (+1%)
Overseas H.E.	30.7	29.8	-0.9 (-3%)	-0.6	-0.3 (-1%)	31.9	-2.1 (-7%)
New Domain	7.2	6.1	-1.1 (-15%)	+0.0	-1.1 (-15%)	6.6	-0.5 (-8%)
Others	0.0	0.0	+0.0		+0.0	0.0	+0.0
Total	132.4	136.0	+3.6 (+3%)	-0.5	+4.1 (+3%)	137.5	-1.5 (-1%)

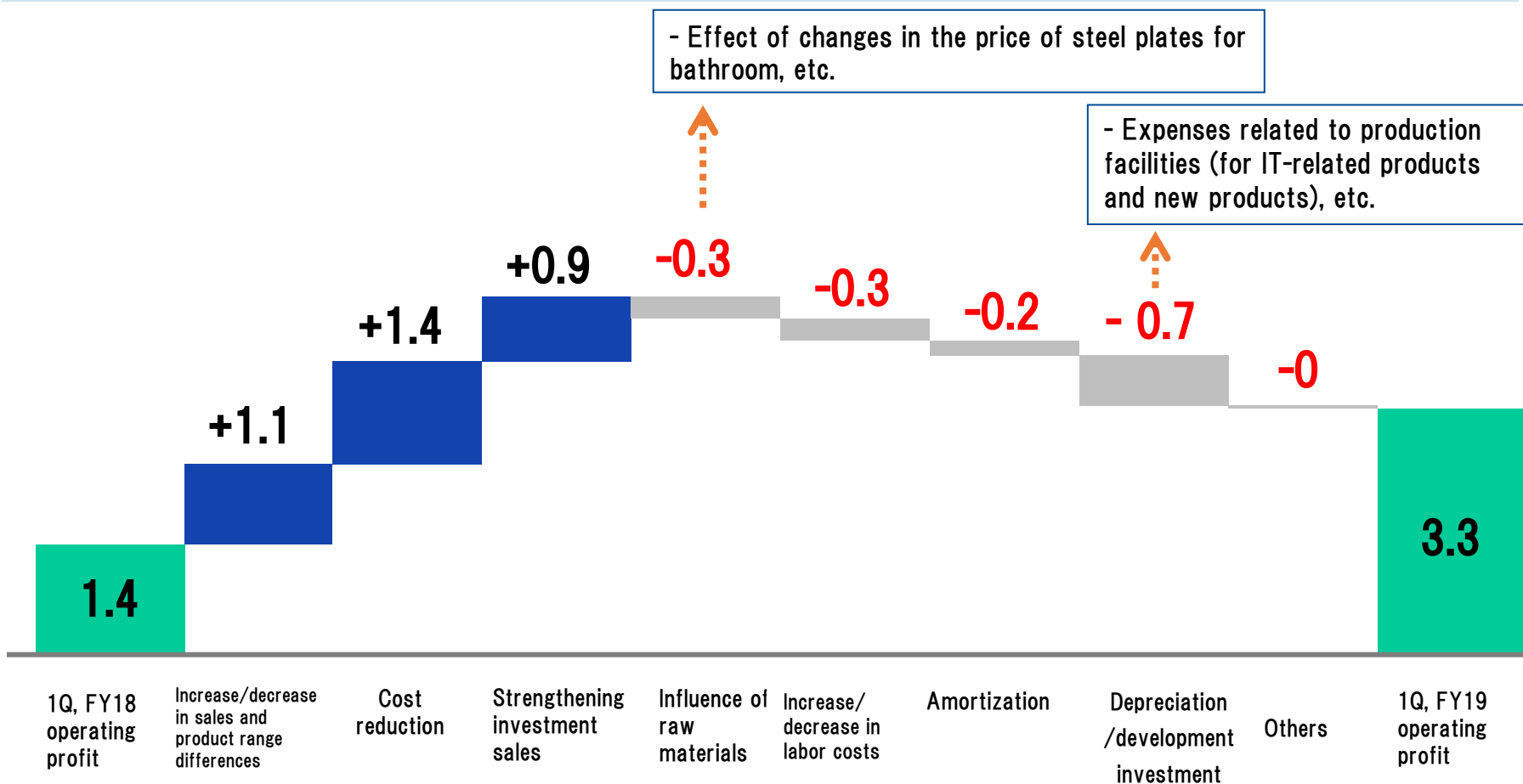
< Operating Profit >	1Q, FY18	1Q, FY19	YoY			FY19 Plan	vs. Plan
				Influence of exchange rate	Currency-neutral basis		
Domestic H.E.	1.4	3.3	+1.9 (About 2.2 times)		+1.9 (About 2.2 times)	2.8	+0.5 (+20%)
Overseas H.E.	5.6	3.3	-2.3 (-40%)	-0.1	-2.2 (-38%)	3.6	-0.3 (-6%)
New Domain	0.0	-0.5	-0.5	+0.0	-0.5	0.0	-0.5
Others	-0.8	-0.8	+0.0		+0.0	-0.9	+0.1
Total	6.3	5.4	-0.9 (-15%)	-0.1	-0.8 (-14%)	5.4	+0.0 (+0%)

1Q, FY2019 Results

Housing Equipment Business (Japan)

Unit: Y billion

Cause of increase/decrease of operating profit (Breakdown of 1.9 billion yen in previous year's difference)



vs.Plan	-0.1	+0	+0.1	-0	+0.2	+0.1	+0.2	+0	+0.5
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1Q, FY2019 Results

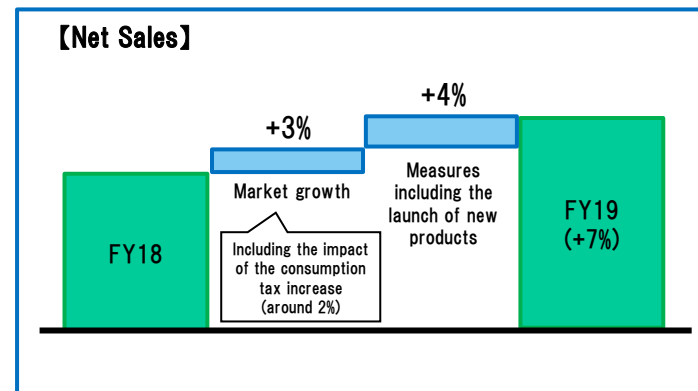
Housing Equipment Business (Japan)

Performance by demand

Unit: Y billion

< Remodeling >

	1Q, FY18	1Q, FY19	YoY
Net Sales	64.0	68.6	+4.6 (+7%)
Operating Profit	1.2	2.9	+1.7 (About 2.4 times)
Operating Margin	2%	4%	+2pt



< New Housing >

	1Q, FY18	1Q, FY19	YoY
Net Sales	30.4	31.3	+0.9 (+3%)
Operating Profit	0.2	0.3	+0.3 (+38%)
Operating Margin	1%	1%	+0pt

【Demand】	1Q, FY19	Housing starts
	Residential	-1%
【Net Sales】	1Q, FY19	Net Sales
	Residential	+2%
	Non residential	+9%

Sales and profits increased for both the remodeling and new housing segments.

1Q, FY2019 Results

Housing Equipment Business (Japan)

Sales per Products

Unit: Y billion

	Net Sales			Operating Profit		
	1Q, FY18	1Q, FY19	YoY	1Q, FY18	1Q, FY19	YoY
Sanitary Ware	18.6	20.0	+1.4 (+7%)	0.2	0.5	+0.3 (About 2.2 times)
Washlet	19.9	21.1	+1.2 (+6%)	1.6	1.6	+0.0 (+2%)
Faucet Fixtures	20.5	21.1	+0.6 (+3%)	0.6	0.9	+0.3 (+40%)
Bathrooms	23.6	25.4	+1.8 (+8%)	0.1	0.6	+0.5 (About 3.7 times)
Modular Kitchens/Basins	9.9	10.7	+0.8 (+8%)	-0.5	-0.0	+0.5
Others	1.7	1.5	-0.2 (-11%)	-0.6	-0.4	+0.2
Total	94.4	100.0	+5.6 (+6%)	1.4	3.3	+1.9 (About 2.2 times)

Sales and profits increased for all products.

1Q, FY2019 Results

Housing Equipment Business (Overseas)

Unit: Y billion

< Net Sales >	1Q, FY18	1Q, FY19	YoY	Currency-neutral basis
China	16.0	13.9	-2.1 (-13%)	-1.4 (-9%)
Asian & Oceanian Region	6.4	6.9	+0.5 (+9%)	+0.7 (+11%)
Americas	7.3	7.8	+0.5 (+6%)	+0.3 (+4%)
Europe	0.9	1.0	+0.1 (+6%)	+0.1 (+13%)
Total	30.7	29.8	-0.9 (-3%)	-0.3 (-1%)

< Operating Profit >	1Q, FY18	1Q, FY19	YoY	Currency-neutral basis
China	4.3	2.2	-2.1 (-49%)	-2.0 (-47%)
Asian & Oceanian Region	1.3	1.2	-0.1 (-9%)	-0.0 (-6%)
Americas	0.3	0.1	-0.2 (-41%)	-0.1 (-43%)
Europe	-0.3	-0.2	+0.1	+0.1
Total	5.6	3.3	-2.3 (-40%)	-2.2 (-38%)

Both sales and profits decreased in the global housing project (overseas).

1Q, FY2019 Results

Results for local subsidiaries (China)

* Base that does not include consolidated adjustment and common expense allocations

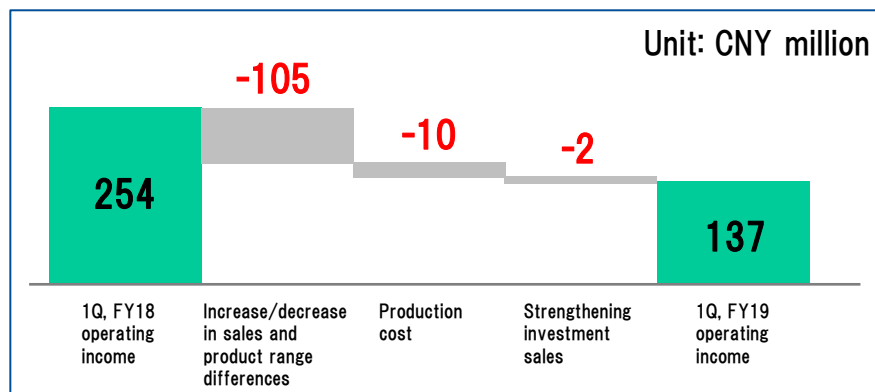
Financial Results

Unit: CNY million

	1Q, FY18 (Cumulative total)	1Q, FY19 (Cumulative total)	YoY
Net Sales	936	851	-85(-9%)
Operating Profit	254	137	-117(-46%)
Operating Margin	27%	16%	-11pt

The sales growth in the second quarter (April to June) grew by 11% on a year-on-year basis.

Cause of increase/decrease of operating profit



Exchange rates	1Q, FY18	1Q, FY19
1CNY	¥17.0	¥16.3

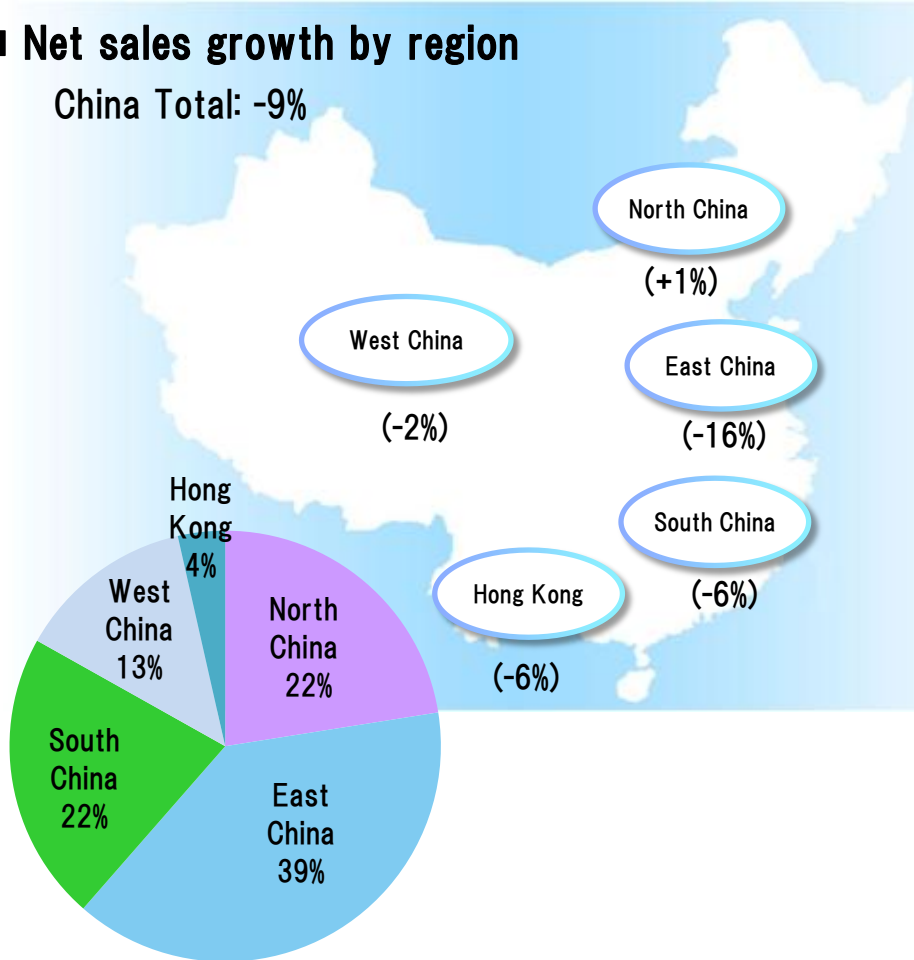
Sales and profits decreased due to the deterioration of the real estate market in major urban areas.

1Q, FY2019 Results

Results for local subsidiaries (China)

Net sales growth by region

China Total: -9%

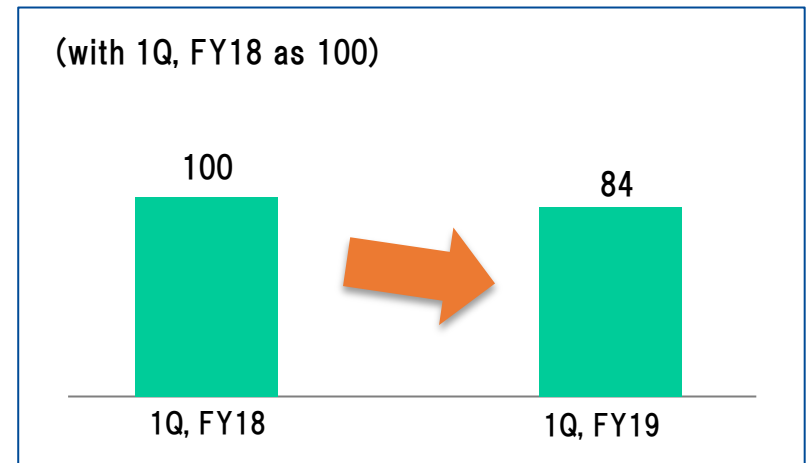


Net sales growth by products

	YoY
Sanitary Ware	-14%
Washlet	-19%
Faucet Fixtures	+15%

Washlets: Growth in sales volume

(with 1Q, FY18 as 100)



Sales distribution ratio

Sales decreased in areas other than North China. Among major products, sales of sanitary ware and Washlet products declined.

1Q, FY2019 Results

Results for local subsidiaries (Asian & Oceanian Region)

* Base that does not include consolidated adjustment and common expense allocations

Net sales breakdown by area

Taiwan 48%	Vietnam 21%	Others 31%
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Unit: Million Taiwan dollars

Taiwan	1Q, FY18	1Q, FY19	YoY
Net Sales	823	941	+118 (+14%)
Operating Profit	244	248	+4 (+2%)
Operating Margin	30%	26%	-4pt

The sales growth in the second quarter (April to June) grew by 4% on a year-on-year basis.

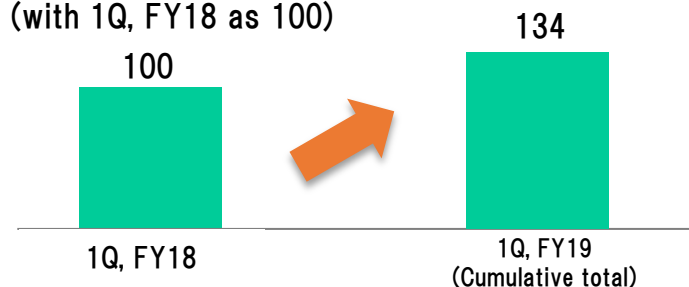
Unit: Billion Dong

Vietnam	1Q, FY18	1Q, FY19	YoY
Net Sales (For external customers)	680 [303]	707 [306]	(+4%) (+1%)
Operating Profit	82	87	+5 (+7%)
Operating Margin	12%	12%	+0pt

Sales for the second quarter (April through June) is down 23% year-on-year. Prospects for significant growth in the second half.

Washlets: Growth in sales volume

(with 1Q, FY18 as 100)



Exchange rates	1Q, FY18	1Q, FY19
1 Taiwan dollars	¥3.71	¥3.57

Exchange rates	1Q, FY18	1Q, FY19
1 dong	¥0.00475	¥0.00474

Sales and profits increased in Taiwan due to the new housing market bottoming out and strong sales of Washlets. In Vietnam, sales and profits increased due to increased the number of deliverables and improved productivity.

1Q, FY2019 Results

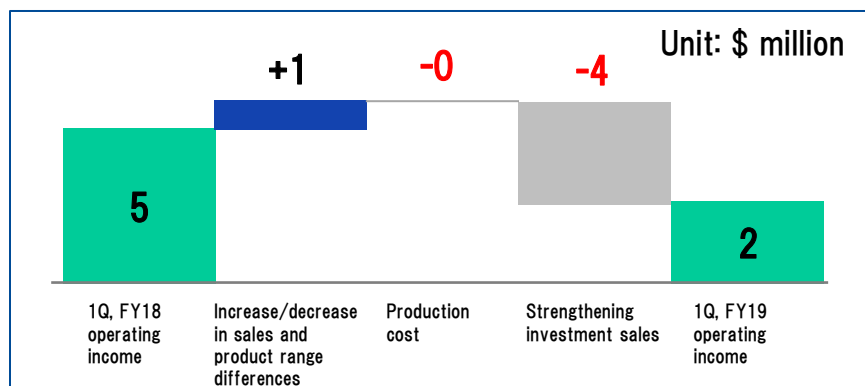
Results for local subsidiaries (Americas)

* Base that does not include consolidated adjustment and common expense allocations

Financial Results			Unit: \$ million
	1Q, FY18	1Q, FY19	YoY
Net Sales	68	70	+2(+4%)
Operating Profit	5	2	-3(-45%)
Operating Margin	8%	4%	-4pt

Sales for the second quarter (April to June) is down 2% year-on-year.

Cause of increase/decrease of operating profit



Exchange rates	1Q, FY18	1Q, FY19
1\$	¥108.2	¥110.2

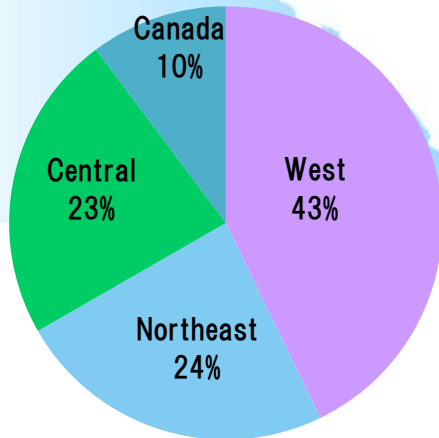
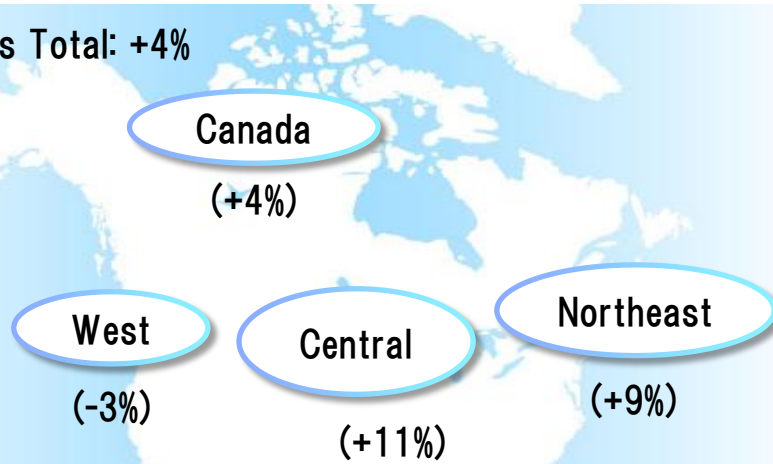
Although sales increased due to strong sales of Washlet products, profits decreased due to temporary costs for sales promotion.

1Q, FY2019 Results

Results for local subsidiaries (Americas)

Net sales growth by region

Americas Total: +4%



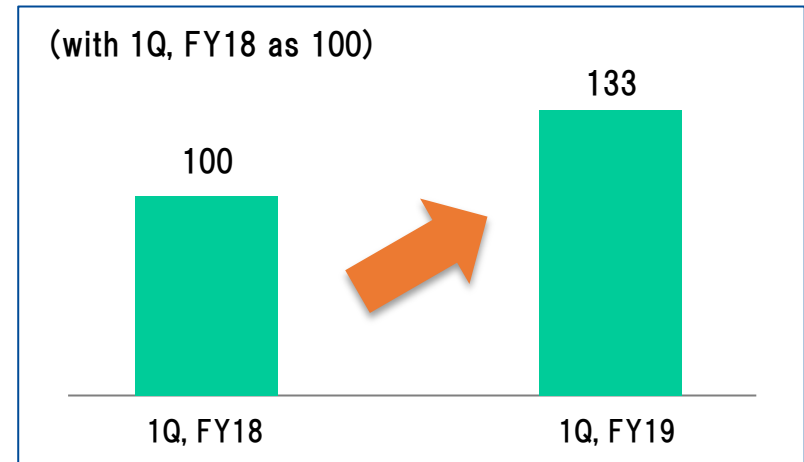
Sales distribution ratio

Net sales growth by products

	YoY
Sanitary Ware	+0%
Washlet	+16%
Faucet Fixtures	-0%

Washlets: Growth in sales volume

(with 1Q, FY18 as 100)



Sales increased in areas other than West. Washlet sales continued to grow.

1Q, FY2019 Results

Results for local subsidiaries (Europe)

*Base that does not include consolidated adjustment and common expense allocations

Financial Results

Unit: € million

	1Q, FY18	1Q, FY19	YoY
Net Sales	7	7	+0 (+10%)
Operating Profit	-2	-1	+1

The sales growth in the second quarter (April to June) grew by 11% on a year-on-year basis.

Exchange rates	1Q, FY18	1Q, FY19
1€	¥133.1	¥125.2

■ Example of product delivery site

London Marriott Hotel Grosvenor Square (United Kingdom)



WASHLET EK

A five-star hotel located in the center of the Mayfair District, which has adopted Washlet products.

While sales were flat, operating profit improved. We have promoted building broader distribution channels by launching new products for Europe.

1Q, FY2019 Results

New Domain Business

Advanced Ceramic Business

Unit: Y billion

	FY18	FY19	YoY	Influence of exchange rate	Currency-neutral basis
Net Sales	5.5	4.4	-1.1 (-2.0%)	+0.0	-1.1 (-2.1%)
Operating Profit	0.2	-0.3	-0.5	+0.0	-0.5

Green Building Materials Business

Unit: Y billion

	FY18	FY19	YoY	Influence of exchange rate	Currency-neutral basis
Net Sales	1.6	1.6	+0.0 (+0.4%)		+0.0 (+0.4%)
Operating Profit	-0.1	-0.1	-0.0		-0.0

Ceramic business saw a decrease in sales and posted a loss due to a slowdown in the semiconductor market and worsening productivity.

50 years since the birth of our trademark

July 1, 2019 marked the 50th anniversary of the birth of our trademark: **TOTO**

TOTO

This trademark expresses our commitment to high-quality products, responsibility, and pride with the aim to become a global market player as a comprehensive manufacturer of housing equipment. The design also takes into account “distinctiveness” and “visibility” when seen from a vehicle, as well as “universality” and “internationality.”

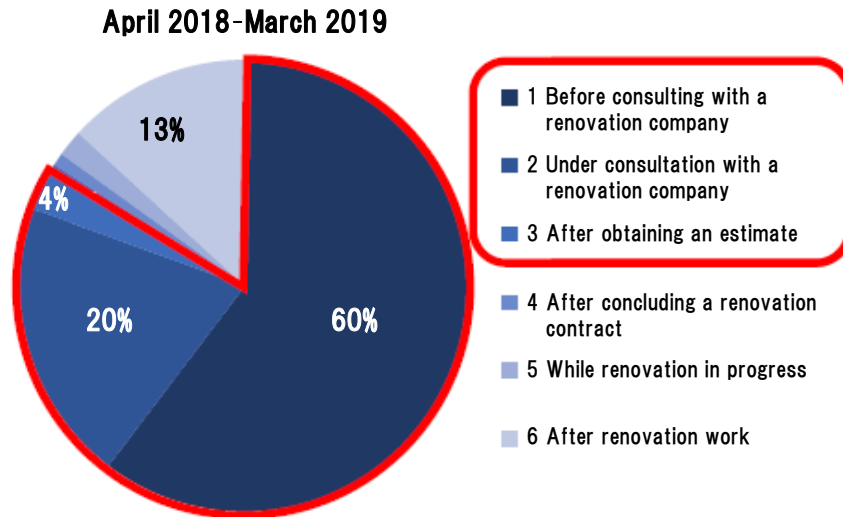
The TOTO Group is a company creating and providing new lifestyle value. Looking to “tomorrow” and leading to the future, we offer an “every day” that exceeds expectations like never before.

Global housing equipment business (Japan): One year since the launch of the “Anshin Remodeling Strategy”

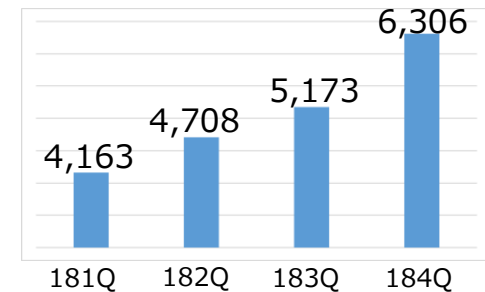
■ New initiative: Support Desk for Remodeling

To stimulate demand for remodeling, we accept consultations on everything related to remodeling, including the entire space or room to be remodeled, contractor selection, and construction costs on top of TOTO products.

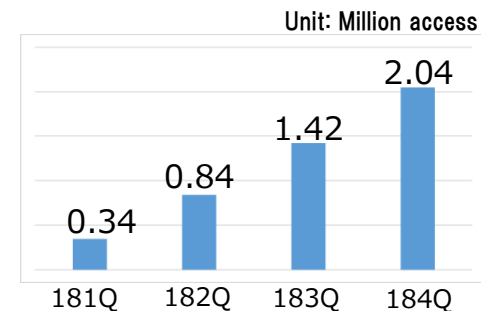
■ Breakdown of consultations with Support Desk for Remodeling



■ The number of reform instances posted



■ Reform site access number



80% of the inquiries to Support Desk for Remodeling were made “before the start of remodeling work.”
The number of instances posted and site access number have been steady.

We express our support for the recommendations of the “Task Force on Climate-related Financial Disclosures (TCFD)”

We express our support for the recommendations of the “Task Force on Climate-related Financial Disclosures (TCFD)” established by the Financial Stability Board (FSB)



The term “TCFD” is an acronym for the Task Force on Climate-related Financial Disclosures, which is a task force established in December 2015 by the Financial Stability Board, an international organization composed mainly of central banks and financial regulators in major countries.

We will contribute to creating a carbon-free society from a long-term perspective.

This presentation material contains forward-looking statements based on assumptions, estimates and plans as of July 31, 2019.

Actual performance may differ materially from these forward-looking statements due to risks and undermined factors arising from changes in the world economy, competition and foreign currency exchange rates.

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