September 15, 2015

LIXIL Group Corporation

Announcement Regarding Mid Term Strategy

LIXIL Group Corporation developed Mid Term Strategy as attached and disclosed the materials on its website today.

(URL http://www.lixil-group.co.jp/e/ir/library/plan.htm)

PRESS RELEASE
For Immediate Release

September 15, 2015
LIXIL Group Corporation

LIXIL Announces New Mid-Term Strategy: Redefining the Future

Targeting JPY2.0tr sales by FYE2018; Core earnings of over JPY100bn, representing CAGR of 23.5% over the 3 year period

Tokyo, Japan – LIXIL Group Corporation ("LIXIL Group"), a global leader in housing and building materials, products and services, today announced its new mid-term business strategy, setting the goals and direction to be taken over the next three years as the company seeks to drive synergies and build a truly global company.

LIXIL Group is now approaching half a year since it took the landmark step of commencing operations through its LIXIL Corporation operating subsidiary with four core technology businesses in water, housing, building, and kitchens. With the new operating model now firmly in place, LIXIL Group's vision is to be the world's most valued, innovative and trusted living technology company by 2020.

Under the new mid-term strategy, LIXIL Group aims to achieve total sales of JPY2.0 trillion by fiscal year ending March 2018, representing a compound annual growth rate (CAGR) of 5.4% over the period from 2015 to 2018. The Group is expected to achieve 23.5% core earnings CAGR for the period, targeting core earnings of over JPY100bn by FYE2018.[1]LIXIL remains committed to expanding its Cash Conversion Cycle "CCC" improvement efforts from Japan to global operations, and by the fiscal year ending March 2018 expects to generate JPY120bn in cash from working capital improvements.

LIXIL Group President & CEO, Yoshiaki Fujimori said, "As a result of the dramatic transformation we have undertaken over the past four years, LIXIL is today a completely different company – in terms of global presence, management and culture. With our new operating model, we are redefining our future as a uniquely positioned leader with the breadth of operations and global scale to benefit from global opportunities. In addition, we have built a highly experienced and diverse management team that is confident about delivering on our future commitments. We are also investing in the next generation of global talent. We are now set to drive growth, and view 2018 as only an interim target on an exciting new journey as a truly global company."

Summary of technology business strategies:

LIXIL Water Technology (LWT), which consists of leading global brands, LIXIL, INAX, GROHE, and American Standard, covers the full bathroom range of products across designs, technologies and price points, and is able to rely on the strongest multi-channel distribution network in the industry. LWT

[1] Note: From the fiscal year ending March 2016 LIXIL will switch to IFRS. Core earnings in IFRS = Revenues – Cost of Sales – SG&A; same as OP in JGAAP

is forecast to record sales of JPY703bn in FYE 2018, driven by innovative products, sales channel expansion, enhanced cross-selling, and reduced time-to-market for new products. Core earnings in FYE 2018 are forecast to be JPY70bn, representing a CAGR of 35.1% over the three year period.

LIXIL Housing Technology (LHT), which offers a comprehensive range of products and solutions, holds a dominant position in the Japanese housing market. The business is also actively developing new products, including for the growing Japanese renovation market and non-residential markets, as well as focusing on margin improvement. LHT forecasts sales of JPY591bn by FYE 2018, driven by optimization of the business portfolio, strengthened product competitiveness, globalization and other factors, while core earnings are forecast to grow to JPY48bn.

LIXIL Building Technology (LBT), which includes Permasteelisa, Tostem, and Shinnikkei and other brands, is the only true global player in its segment with a significant presence across all major global markets. The business is backed by a global supply chain with more than 20 production plants providing state-of-the-art technology and the flexibility to respond to any shift in the market environment. LBT aims to drive regional synergies to further strengthen its position as the leading global supplier of curtain walls, targeting sales of JPY374bn by FYE 2018. Core earnings are forecast to grow to JPY22bn, representing a 36.7% CAGR over the period.

LIXIL Kitchen Technology (LKT) aims to leverage the kitchen's increasingly central role in the home design, driving demand and value through a combination of technology and improved design. Already holding a leading position in the Japanese market, the business plans to accelerate overseas expansion, starting in Asia, to become a global leader. LKT targets sales of JPY123bn in FYE 2018, driven by factors including Chinese market expansion and product innovation. Core earnings are forecast to reach JPY8bn.

While the technology businesses have their own sales and marketing operations globally, in the Japanese market sales and marketing are managed on a shared basis under LIXIL Japan Company (LJC), offering Japanese customers and consumers a total solutions approach for their housing and building needs. Although new housing starts in Japan are flat, LJC is targeting opportunities in the remodeling market, which is currently a JPY8 trillion market, as well as the JPY8 trillion non-residential market, both of which are growing.

Further details of the mid-term plan can be found on LIXIL Group's website at www.lixil-group.co.jp/e .

-Ends-

About LIXIL

LIXIL is the global leader in housing and building materials products and services. The foundation of LIXIL's success is our constant investment in technological innovation to improve the way we live. Delivering core strengths in water, housing, building and kitchen technologies, our brand portfolio businesses LIXIL, GROHE, American Standard Brands and Permasteelisa are leaders in the industries and regions in which they operate. LIXIL produces some of the world's most fundamental and innovative products and services, and our solutions are an integral part of some of the world's most iconic and cutting-edge living and working spaces. Operating in more than 150 countries, and employing more than 80,000 people, we bring together function, quality and design to make people's lives better, and more delightful – wherever they are.

About LIXIL Group

LIXIL Group Corporation (TSE Code: 5938) is the listed holding company containing LIXIL Corporation, LIXIL VIVA CORPORATION and LIXIL Housing Research Institute, Ltd.. The Group is involved in a broad spectrum of housing-related businesses, ranging from the manufacture and sales of building materials and housing equipment to the operation of home centers and a network of homebuilding franchises, and comprehensive real estate service. Led by President and CEO Yoshiaki Fujimori, the Group posted 1.7 trillion JPY in consolidated sales in FY March 2015.

LIXIL
Link to Good Living

Redefining the Future

LIXIL Group Corporation
Mid Term Strategy

September 15th, 2015

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Introduction of New Mid Term Strategy and Mid Term Plan Based on the New Business Model

LIXIL

Our Commitment

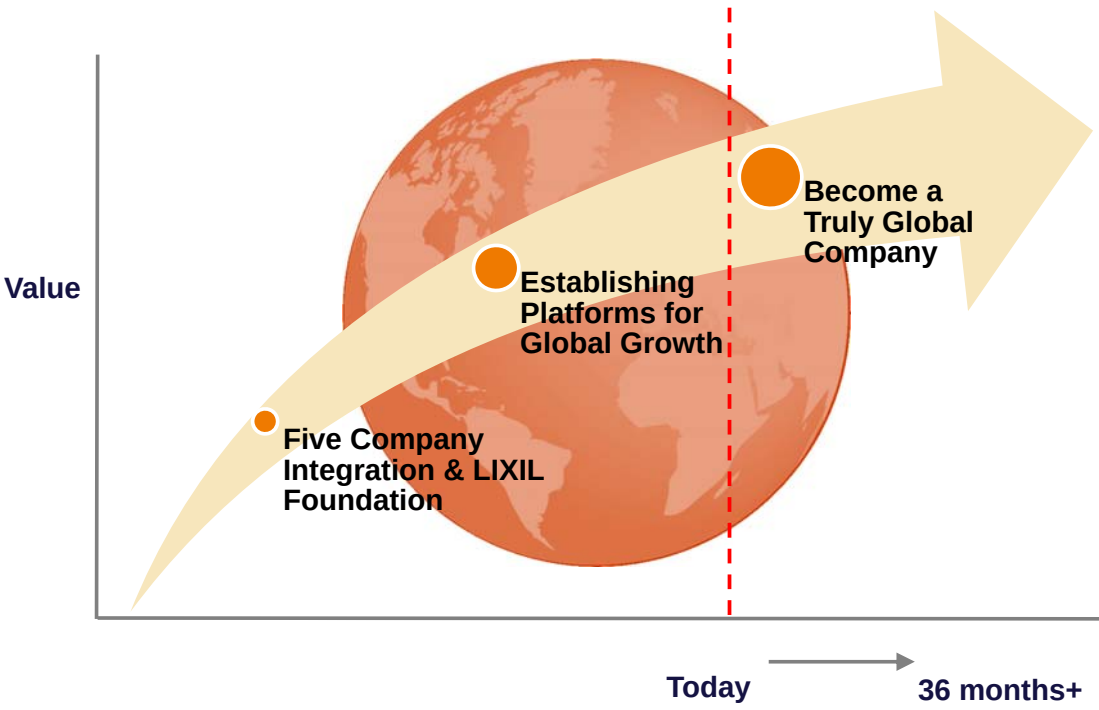
- Transparency
- Timely dialogue with shareholders and analysts
- Accountability performance with new leadership team for the first time

Our Agenda

- Overview and introduction - Yoshiaki Fujimori
- LIXIL Water Technology - David Haines
- LIXIL Housing Technology - Toshimasa Iue
- LIXIL Building Technology - Nicola Greco
- LIXIL Kitchen Technology - Francois-Xavier Lienhart
- Wrap up - Yoshiaki Fujimori



Transformation to One LIXIL - A Truly Global Company



Our Vision

To be the World's Most Valued, Innovative and Trusted Living Technology Company by 2020

Driving Innovation and Technology Leadership

LIXIL Water Technology

LIXIL INAX

#2 Japan Sanitary Ware
#1 Japan Unit Bathroom



GROHE

#1 Global Water Faucets



American Standard

#1 North America Sanitary Ware



LIXIL Housing Technology

LIXIL TOSTEM

#1 Japan Window Sashes
#1 Japan Exteriors
#1 Japan Entrance Doors





LIXIL Building Technology

PERMASTEELISA GROUP

#1 Global Curtain Wall





LIXIL Kitchen Technology

LIXIL sunwave

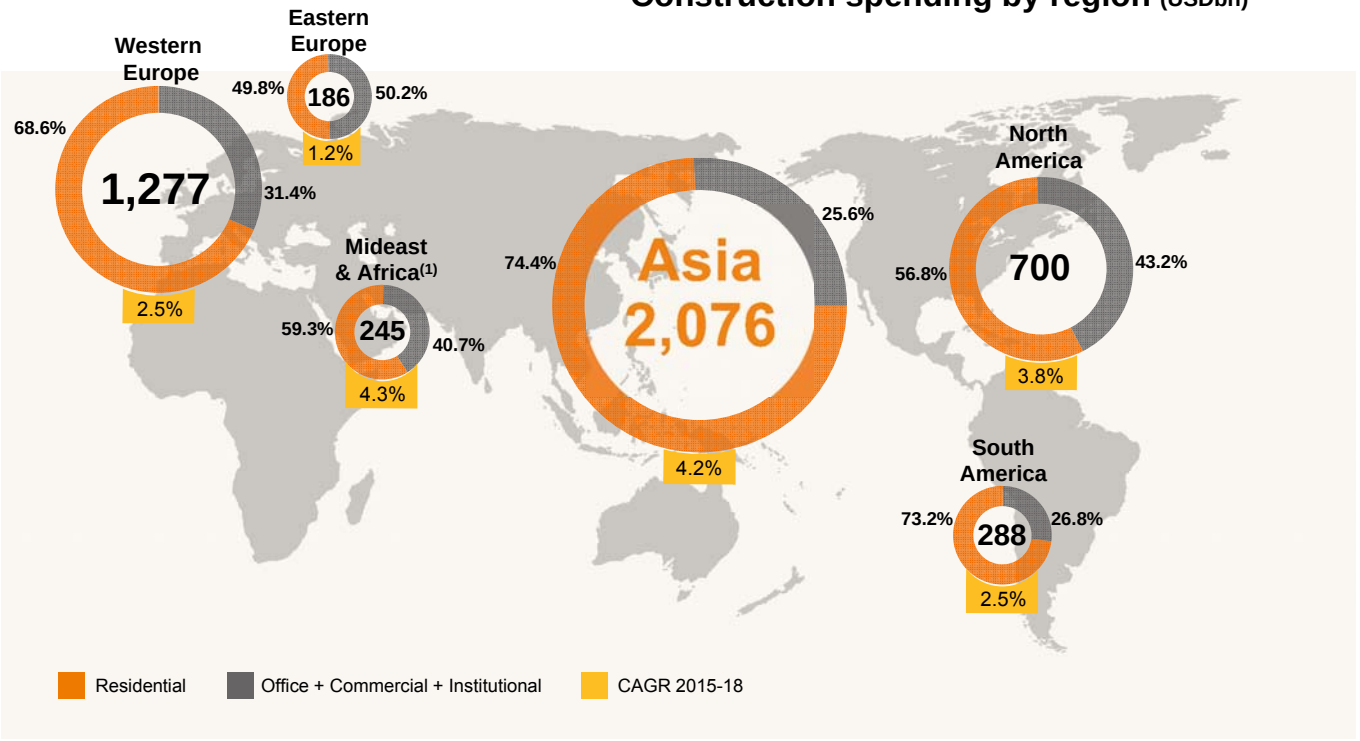
#1 Japan Kitchen





Offering Growth Opportunities for LIXIL Globally

Construction spending by region (USDbn)

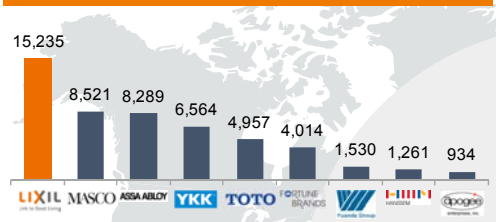


Source: Global Insight as of July 2015; Construction spending defined as investments into residential, office, commercial and institutional buildings in 2010 USD terms
(1) Includes Turkey

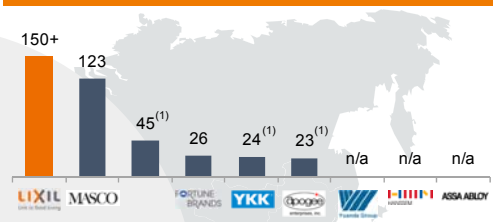
LIXIL as the Largest Player has Significant Upside Potential from Scale Benefits While also Driving Footprint Rationalization

Global Sales Power

Global Sales (USDm)

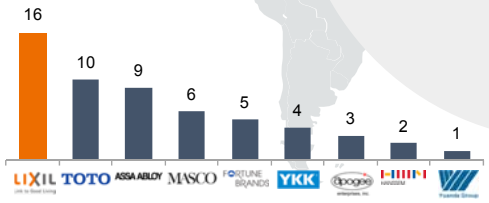


Global Number of Sales Offices

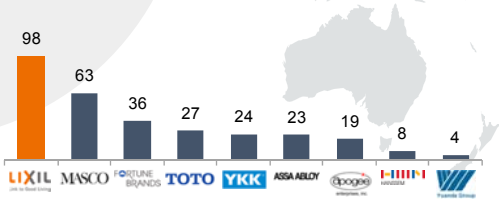


Global Manufacturing Power

Countries with Manufacturing Footprint



Global Number of Plants

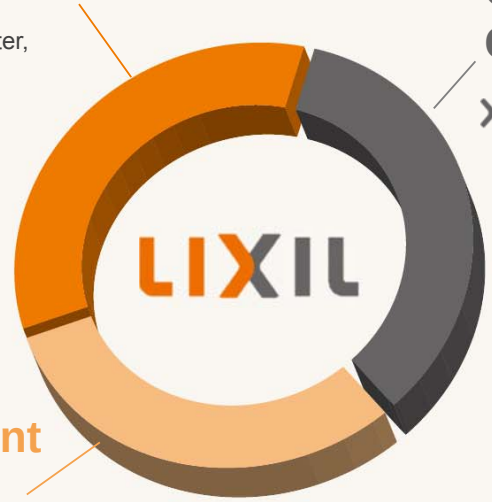


Source: Based on internal estimates and publicly available disclosed material from peers
Note: Exchange rates based on 1-year-average
(1) Sales offices with same address counted as one

Global Platform to Support New Group Structure

Domain Expertise

- Leading market positions in Water, Housing, Building and Kitchen Technologies
- Industry innovator connecting technology, design and quality
- Portfolio of leading brands



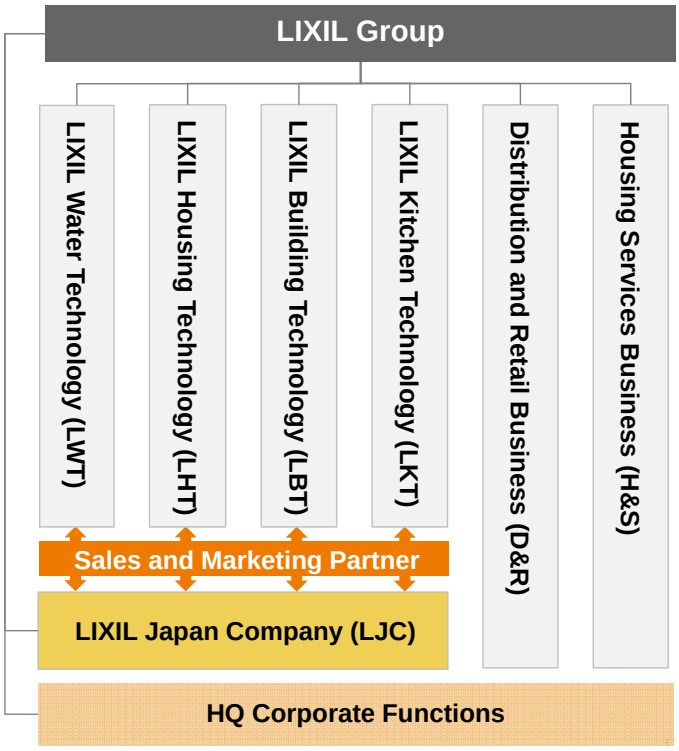
Globally Unified Corporate Excellence

- Driving best practice and corporate governance across all technology businesses by dedicated HR, CCC, Legal, Public Affairs, IT, Corporate Audit Staff, Corporate Initiative Work Out and Six Sigma functions

Global Management Team

- Globally experienced management team aligned with shareholders
- Strong management platform based on diversity and meritocracy

Maximizing Domain Expertise; Leveraging the Power of Global Scale



Key Benefits

- Strong domain expertise with global focus
- Maximizing growth and cost synergies
- Strong intellectual global capital
- Better governance / accountability / risk management
- Delegation of authority to each business

Growth Drivers

- Improvement in profitability
  - Scale merit and operational flexibility further lowering cost
- Innovation in new products for growth
- Higher capital efficiency
- Faster decision-making
  - Shorter time-to-market

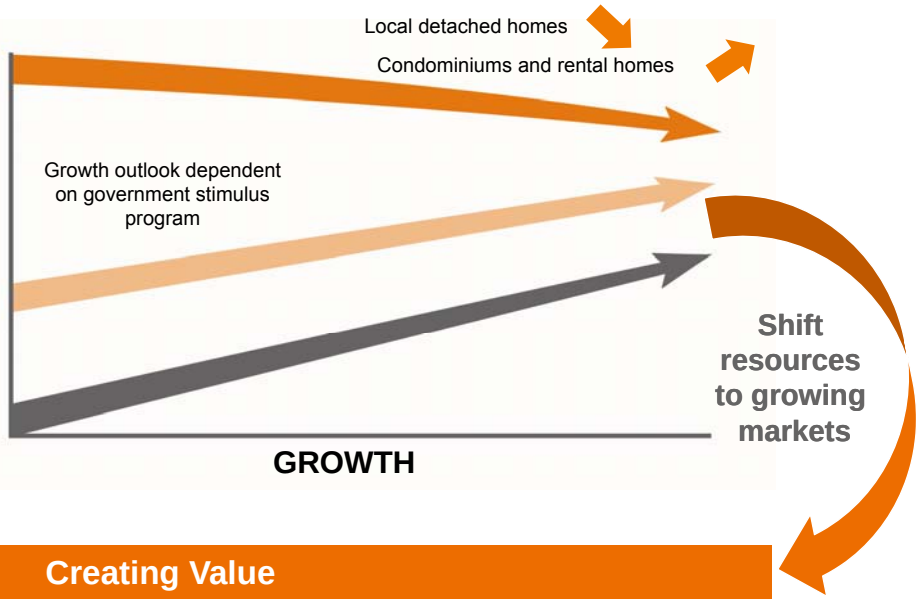
Japan Growth Strategy

Housing & Building Market

New Housing JPY15tr

Remodeling JPY8tr

Non-Residential Market JPY8tr



Creating Value

- Total Solutions
- Sales Efficiency
- L-One Model
- Six Sigma
- Creating New Markets
- Leverage Ageing Population

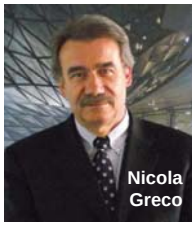
Global Industry Leaders Accountable to Deliver Growth


David J. Haines


LIXIL Water Technology


LIXIL Housing Technology


Toshimasa Iue


Nicola Greco


LIXIL Building Technology



Distribution and Retail Business


Katsuhiro Mamenari


Francois-Xavier Lienhart


LIXIL Kitchen Technology


Housing Services Business

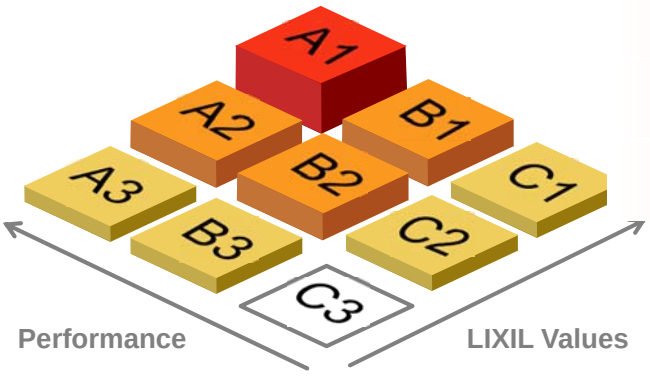

Harumi Matsumura

Global People Development

Pursuing Meritocracy

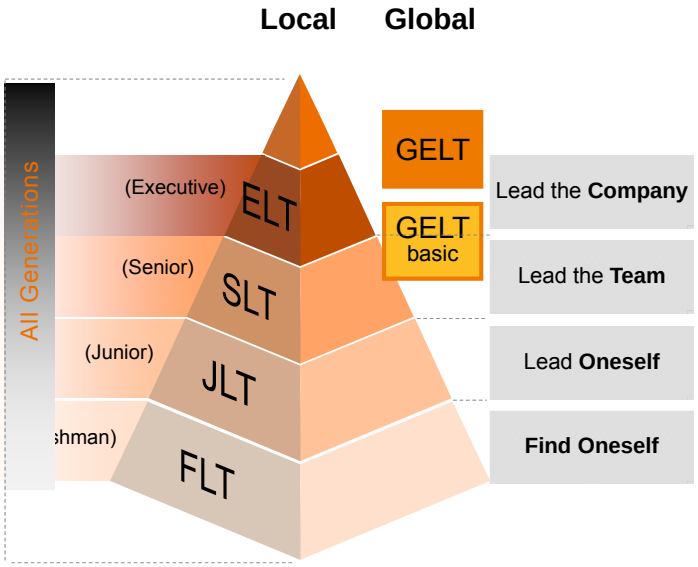
POD - People & Organization Development

- People and organization strategy
- Talent assessment (9-block)
- Talent development
- Promotion
- Succession, retention



Strong Leader Core Leader Development Needed

Global Leadership Training



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New LIXIL Mid Term Plan

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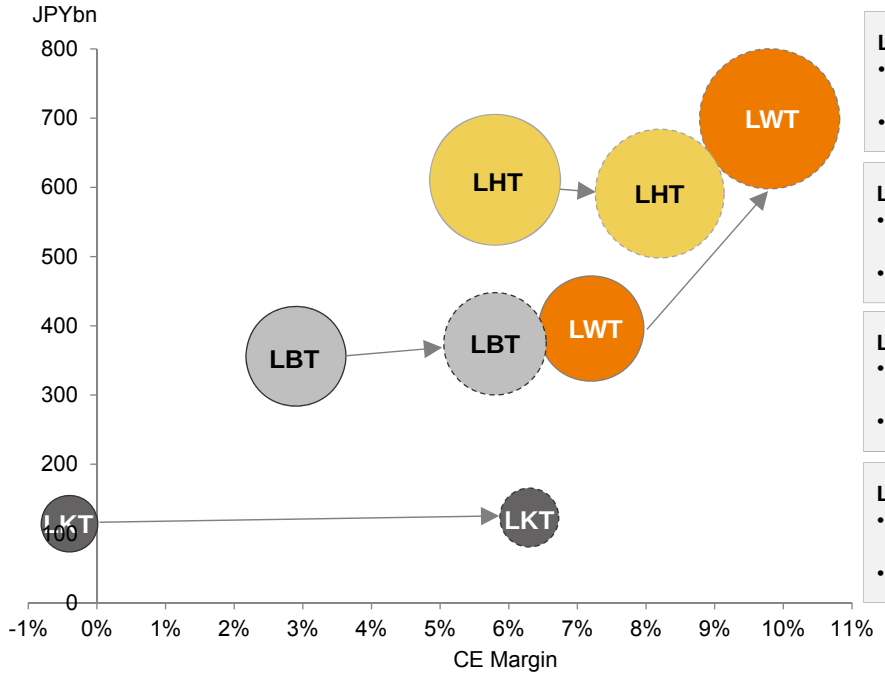
Business Portfolio Management Drives MTP

Portfolio Development FYE2015 – 2018(1)



Goals	Focus
LWT • Aim to grow into a high margin global business • Sales JPY703bn; Margin10%	Growth + Return
LHT • Improve operational efficiency in a down market • Sales: JPY591bn; Margin 8%	Return
LBT • Prioritize higher profit markets • Sales JPY374bn; Margin: 6%	Growth + Return
LKT • Shift to upper mid products and reform • Sales JPY123bn; Margin: 6%	Return

Implementing ROIC management

(1) Based on IFRS

Aiming for Group Sales of JPY 2tr by 2018

JPYbn		FYE2015 Actual	FYE2016 Budget	FYE2018 MTP	FYE2015-18 CAGR	Driver
SALES DEVELOPMENT	LWT	396	640	703	+21.1%	M&A
	LHT	611	608	591	(1.1%)	Japan New Homes
	LBT	356	377	374	+1.7%	Selective
	LKT	114	118	123	+2.7%	Reform
	D&R(1)	168	172	200	+6.0%	Share Gain
	H&S	62	62	73	+5.7%	New Services
	Adjustment(2)	2	(47)	(64)		
	LIXIL Total	**1,710**	**1,930**	**2,000**	**+5.4%**	

FX Assumptions: Business Unit-Actual: USD105/EUR145; Plan: USD125/EUR140, LIXIL Total: Actual: USD110/EUR141; Plan: USD120/EUR130

(1) Exclude Ken Depot
(2) Adjusted for intercompany sales, corporate sales eliminations, FX risk adjustments as well as D&R Ken Depot adjustments

Core Earnings target of >JPY100bn by FYE2018

JPYbn		FYE2015 Actual	FYE2016 Budget	FYE2018 MTP	FYE2015-18 CAGR
CORE EARNINGS DEVELOPMENT	LWT	28	59	70	+35.1%
	LHT	36	41	48	+10.5%
	LBT	9	14	22	+36.7%
	LKT	(1)	3	8	n.m.
	D&R	10	10	13	+10.3%
	H&S	5	4	7	+15.1%
Adjustments	Corporate Cost	(31)	(37)	(34)	
	IT Investment	0	(1)	(7)	
	PPA & Consolidation	(4)	(14)	(10)	
	FX & VAT Contingency	0	(4)	(17)	
	LIXIL Total	**52**	**75**	**>100**	**+23.5%**

FX Assumptions: Business Unit-Actual: USD105/EUR145; Plan: USD125/EUR140, LIXIL Total: Actual: USD110/EUR141; Plan: USD120/EUR130

Reconciliation of New m t p Versus Previously Announced Plan(1)

JPYbn	SALES			CORE EARNINGS		
	FYE2016 Budget	FYE2017 MTP	FYE2018 MTP	FYE2016 Budget	FYE2017 MTP	FYE2018 MTP
Old Plan	1,770	2,110	n.a.	100	170	n.a.
New Plan	1,930	1,960	2,000	75	90	>100
Difference	**+160**	**(150)**	**n.a.**	**(25)**	**(80)**	**n.a.**

Comments

Reduced sales plan for FYE2017 driven by:

- Lower domestic sales forecast of JPY55bn
- JOYOU sales adjustment of JPY80bn
- Ken Depot carve out of JPY30bn
- ASB better performance of +JPY15bn

Reduced Core Earnings plan for FYE2017 driven by:

- Impact from lower sales forecast JPY17bn and JOYOU adjustment of JPY11bn
- Revised FX assumption of 105JPY/USD to 125JPY/USD resulting in JPY16bn impact
- Raw material price inflation of JPY20bn
- SG&A cost inflation of JPY16bn

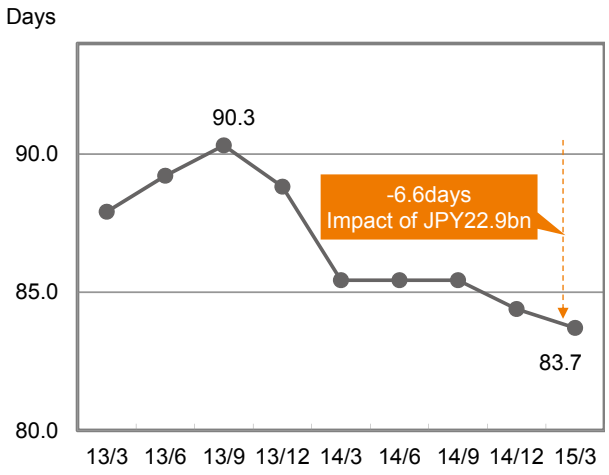
(1) Announced on May 2014

Continued Efforts on CCC Including Global Operations

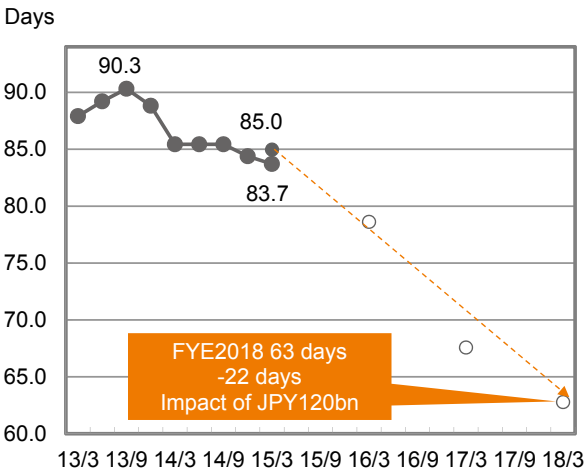
- Expand Cash Conversion Cycle "CCC" improvement activities from Japan focus to global operations for realizing further improvement

FYE2017 JPY100bn(1) → **FYE2018 JPY120bn(2)**

- From Mar-15 Q1 Presentation



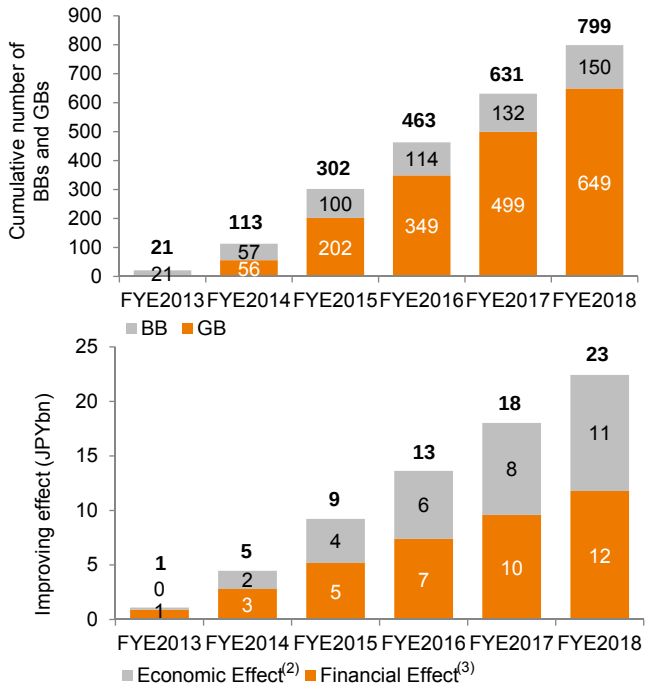
- New benchmark and outlook through FYE2018



(1) Cash generation from CCC improvement assuming reduction of working capital days from 90.3 to 55 days for domestic business on JGAAP basis
(2) Cash generation from CCC improvement assuming reduction of working capital days from 85 to 63 days including ASB and Grohe on IFRS basis

Japan Initiative: Drive Six Sigma to Drive Further Margin Improvement and Develop Talent

Achievements and Plan of GB and BB Training(1)



Comments

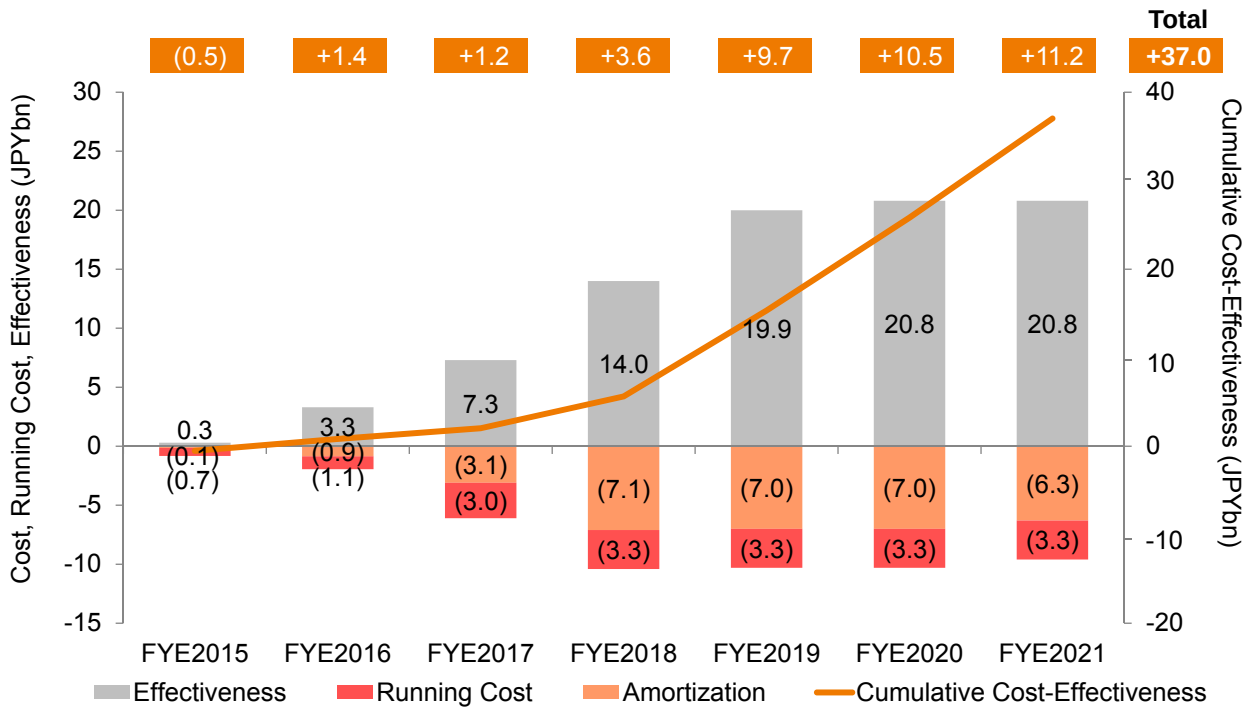
- Plan to continue training 150GBs and 18 BBs a year reaching ~800 people trained as GB or BB by FYE2018
- Company-wide 469 Six Sigma Projects were carried out
  - Design & Development Process: *80 themes*
  - Distribution & Inventory: *34 themes*
  - Admin. in HQ, HR, Accounting etc.: *44 themes*
  - Customers & Sales Process: *211 themes*
  - Manufacturing & Quality: *100 themes*
- Cumulative improving effect of JPY9bn was secured by FYE2015, and is expecting to reach JPY23bn by FYE2018
- Cumulative number of projects approx. 1,500 by FYE2018

* Six Sigma is a set of techniques and tools for process improvement
(1) BB: Black Belt; Team leader who is only responsible for Six Sigma
GB: Green Belt; Team leader who has both responsibility in Six Sigma and normal operations
(2) Amount ensured by KAIZEN activity, while not directly indicated in financial statements
(3) Achievement amount clearly indicated in accounting of financial statements, which is generated by KAIZEN activity

Japan Initiative: Invest into IT Infrastructure to Yield Strong Returns

Cost and Effectiveness for L-One Project

› We estimate cumulative effectiveness will exceed cumulative cost from FYE2016

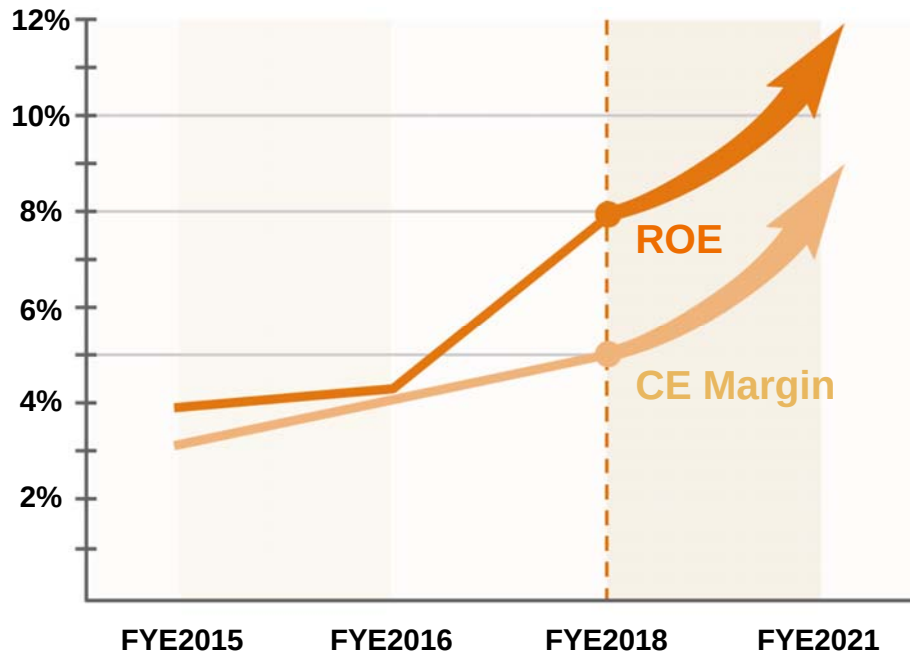


In Summary: LIXIL Group in FYE2018

OBJECTIVE	▪ To be the World's Most Valued, Innovative and Trusted Living Technology Company	
FYE 2018 Goals	**Key Strategies**	**Key Metrics (Measurement)**
Sales ▪ Total: JPY2tr ▪ Japan: JPY1,384bn ▪ Non-JPN: JPY750bn ▪ Cons. Adj.(1): (JPY134bn)	▪ Global No.1 or 2 ▪ New business model ▪ Global reach (channel) ▪ Targeted M&A	▪ Outgrowing market Housing & building market growth 3~4% →Sales growth 5.4% ▪ Overseas sales ratio 24%→38% ▪ Maintain Japan sales ▪ Renovation sales ratio +2ppt or higher
Core Earnings ▪ Total: >JPY100bn ▪ Japan: JPY113bn ▪ Non-JPN: JPY61bn ▪ Cons. Adj. (2): (JPY74bn)	▪ Continuous cost improvement ▪ Supply chain management on global basis ▪ SKU reduction ▪ Pricing initiatives	▪ Core earnings margin >5% ▪ Overall cost reduction >JPY40bn ▪ Pricing mix >JPY10bn
EPS ▪ Targeting 200Yen **ROE** ▪ More than 8%	▪ Improve Total Asset Turnover ▪ Optimize non-operating cash ▪ Business Portfolio Mgt.	▪ CCC improving from 84 days to 63 days (IFRS basis) ▪ Net Debt / EBITDA <4 times ▪ ROIC 4% or higher

(1) Adjusted for intercompany sales, corporate sales eliminations as well as FX risk adjustments
(2) Adjusted for intercompany transactions, corporate eliminations, IFRS adjustment, PPA adjustment and FX risk adjustment

LIXIL Long Term Potential: FYE2018 is Only an Interim Target



Drivers for Next Phase

- Full benefit from IT
- Full benefit of restructuring
- Further globalization

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Appendix

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I. MTP: Key Assumptions for New MTP

	2018 MTP	Old Plan
Global Building Materials Market	FYE2015-18 CAGR 3~4%	–
Japan New Homes Demand	• New housing starts 2.6 million (3 years accumulated) • Y/Y -11% for the final year, FYE2018	• New housing starts 2.6 million (3 years accumulated) • Y/Y -9% for FYE2017
Renovation Demand	FYE2015-18 CAGR +3%	FYE2014-17 CAGR +7%
FX	• Operating level USD125/EUR140 • Corporate translation USD120/EUR130	• USD105/EUR145
Raw Material	FYE2015-18 CAGR +1%	–
New Consumption Tax	April 2017	October 2015

II. MTP: JGAAP – IFRS Transformation

JGAAP	FYE 2011	2012	2013	2014	2015	Unaudited 2016	2017	2018
Sales	1,215	1,291	1,436	1,629	1,673	1,870	2,000	2,000
Core Earnings	**40**	**18**	**50**	**69**	**52**	**52**	**76**	**84**

FYE2015 CE Gap Break

Total		*+0*
1. Period Gap		*(2.1)*
-MEITE , FX	*(1.7)*	
-Other	*(0.4)*	
2. Goodwill		*+6.5*
3. Depreciation		*+1.7*
4. Labor cost related		*(5.7)*
-Retirement benefit	*(4.3)*	
-Provision for accrued vacation	*(1.3)*	
5. Other		*(0.4)*

+ : JGAAP CE < IFRS CE

CE Gap I - J	**0**	**21**	**14**	**16**
Period Gap	(2.1)	8	0	0
Goodwill	6.5	13	13	13
Depreciation	1.7	2	2	2
Employee Benefit	(5.7)	(1)	(1)	(1)
Other	(0.4)	(1)	(1)	2

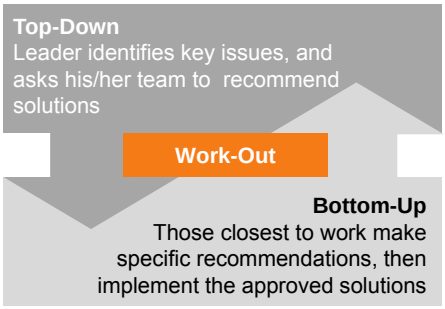
IFRS	FYE 2015	Budget 2016	MTP 2017	MTP 2018
Sales	1,710	1,930	1,960	2,000
Core Earnings	**52**	**75**	**90**	**>100**

III. CIG: LIXIL Work-Out Initiative has Launched to Further Improve Work Efficiency and Corporate Culture

What is Work-Out

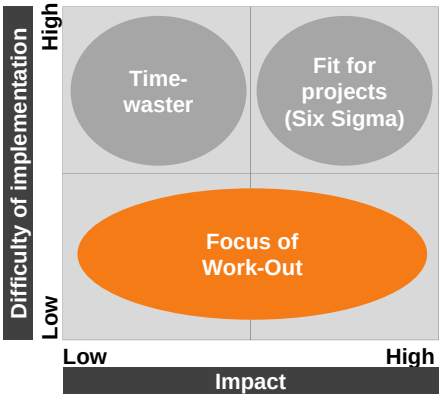
Basic concept

- An effective decision-making process developed by GE with an aim to **eliminate bureaucracy and waste at work**
- Applying both **bottom-up and top-down** approaches, its ultimate goal is to **improve corporate culture** on empowerment, collaboration and drive for efficiency
- With **specific, clear roles assigned** (Facilitator, Sponsor, etc.), each Work-Out systematically generates consensus, solutions & actions

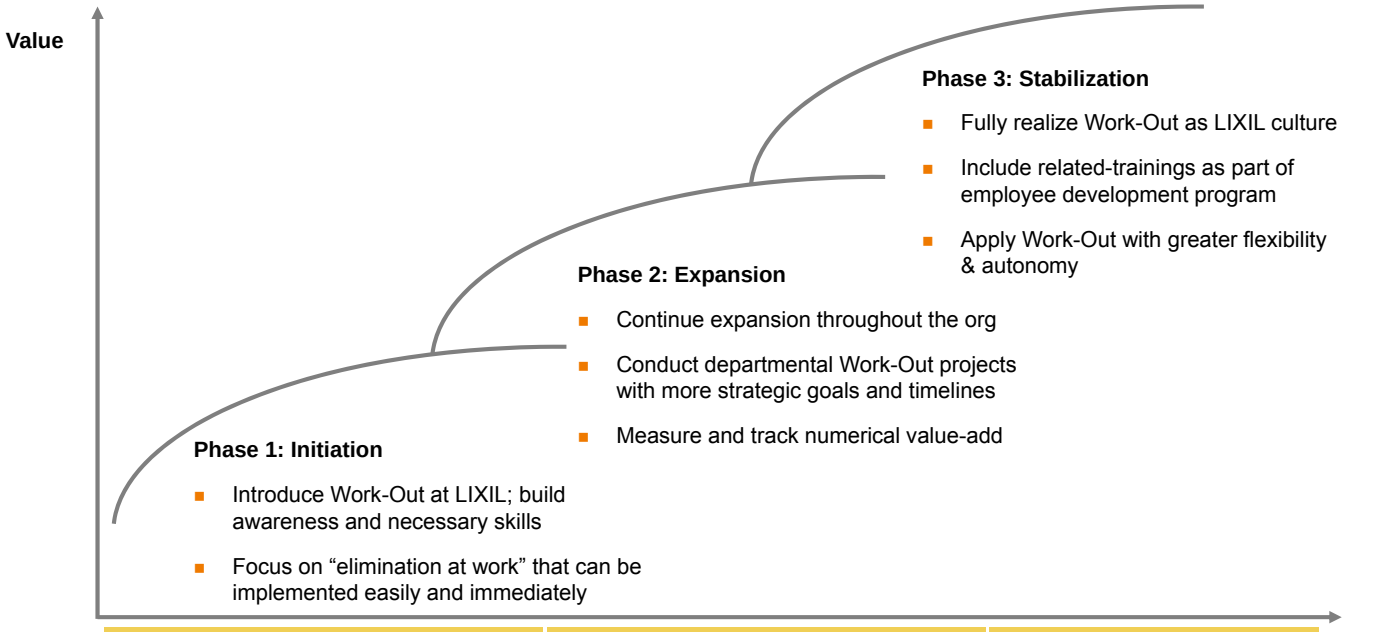


Key strengths

- **Practicality**: Work-Out enables participants to develop and agree on practical, actionable solutions through structured dialogue and process
- **Speed**: Work-Out covers full cycle from brainstorming ideas to deciding proposed solutions/actions **within 1 hour**; all recommended actions should be completed **within 3 months**
- **Flexibility**: its simple, straight forward logic and process can be applied for other purposes (e.g., ideation, action planning, team build)



III. CIG: LIXIL Plans to Fully Expand Work-Out and Capture its Value through Three Phases



Issues & examples	2H FYE2015	1H FYE2016 – 2H FYE2016
	Phase 1 aims to solve simpler issues ▪ Reduction of meetings, reports and approval layers; time spent for expense reimbursements, travels, etc.	**Phase 2 & 3** aim to expand scope to more complex, strategic issues ▪ Operational efficiency, market development strategy, cost reduction, policy development, etc. with specific goals, timelines and milestones

IV. COC: LIXIL Group Code of Conduct (Effective as of April 1)

- In April 2015, we announced the new One LIXIL group Code of Conduct as the supreme rules of compliance across LIXIL Group companies.
- It became effective immediately in Japan and globally by July.
- Scope of application: All members of LIXIL Group
  - All officers and employees of LIXIL Group (including full-time, part-time, contract, fixed-term, and all other employees)
  - Replaced former code of conducts of LIXIL Group, GROHE, American Standard Brands, Permasteelisa and all legal entities of all LIXIL Technology businesses
- By July, it has been translated into 13 languages to roll out and the training program has been launched starting from Japan.
- Upon completion of the training online or in-class, all employees acknowledge that they understand and comply with the new Code of Conduct.
- 5 areas of compliance policies - Integrity in our marketplace; Ethics in our business activities; Respect in our workplace; Proper use of LIXIL Group's assets; and Contribution to society
- All LIXIL members shall comply and acknowledge the Code of Conduct and are encouraged to raise their concerns proactively. It clearly states non-retaliation policy, confidentiality and anonymity is guaranteed.
- LIXIL will issue and consolidate various policies and guidelines to be applied globally and enhance compliance culture.

LIXIL Group Code of Conduct



GROHE Code of Business conduct





Permasteelisa CODE of Ethics



ASB OUR CODE of Conduct and Ethics



V. IT: Concept of L-One Project

- 1st Step to Global IT Platform

Global Business Standardization for LIXIL Group

- Easy Roll-out to subsidiaries by the Best-Practice way
- Right person to right job easily
- Significant cost saving by developing brand new system for all LIXIL group

Visualization of Global Management

- Centralization of management information / Enhanced internal control
- System consistency and wide support / Data centralization

New IT system providing Flexibility / Versatility / Scalability

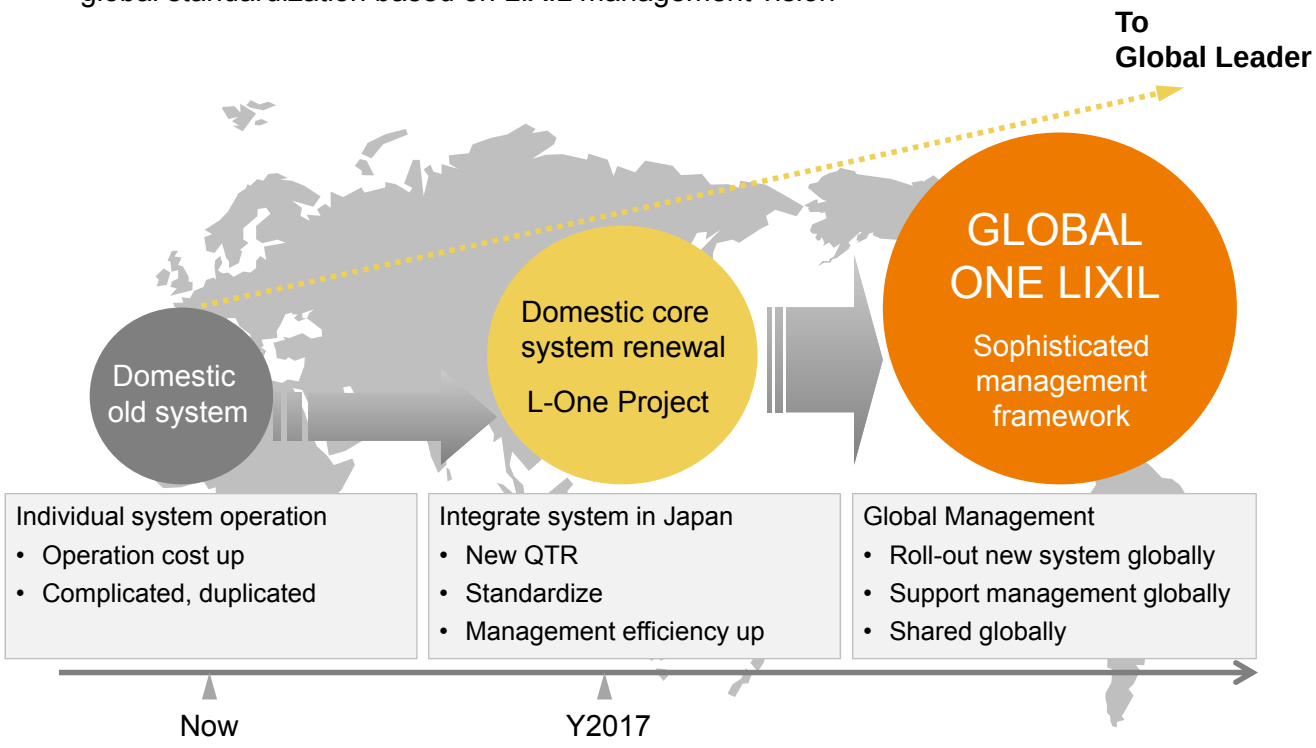
- Responding to the fast-moving business (e.g. M&A) swiftly and in low cost
- Easy implementation of good modules from third party

Policy： Adopt SOA approach (SAP)

SOA : Service Oriented Architecture

V. IT: Objective of L-One Project

- Our target is not only to integrate 5 old companies' IT system in Japan but also to realize global standardization based on LIXIL management vision



VI. HR: Driving Diversity

Strong Ownership by Top Management



CEO sets quota

a. 30%+ manager promotion

b. 30%+ freshman grad recruitment

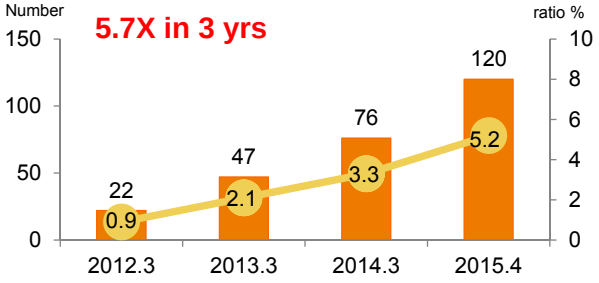
c. 20%+ leadership training nomination

Female Talent Development

- LT participants: 20%+
  7 women(11% of total)→40(22%)→47(21%)
- MBA sponsorship: 6 woman/total 22 (27%)
- LIXIL Women's Network, established in 2013

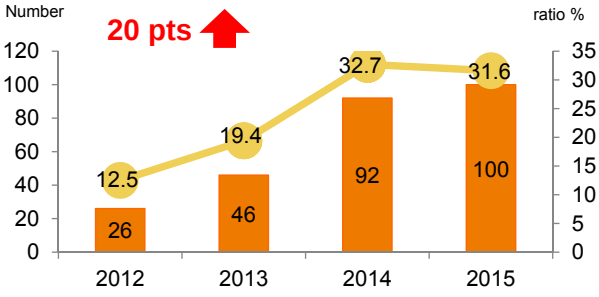
Selected for "Nadesiko Brand" by METI and TSE for second straight year

Number of Female Manager



- New manger promotion in 2014: **37.1%**
- Officer promotion in 2014-15:
  6 out of 20 promotions (**30%**)

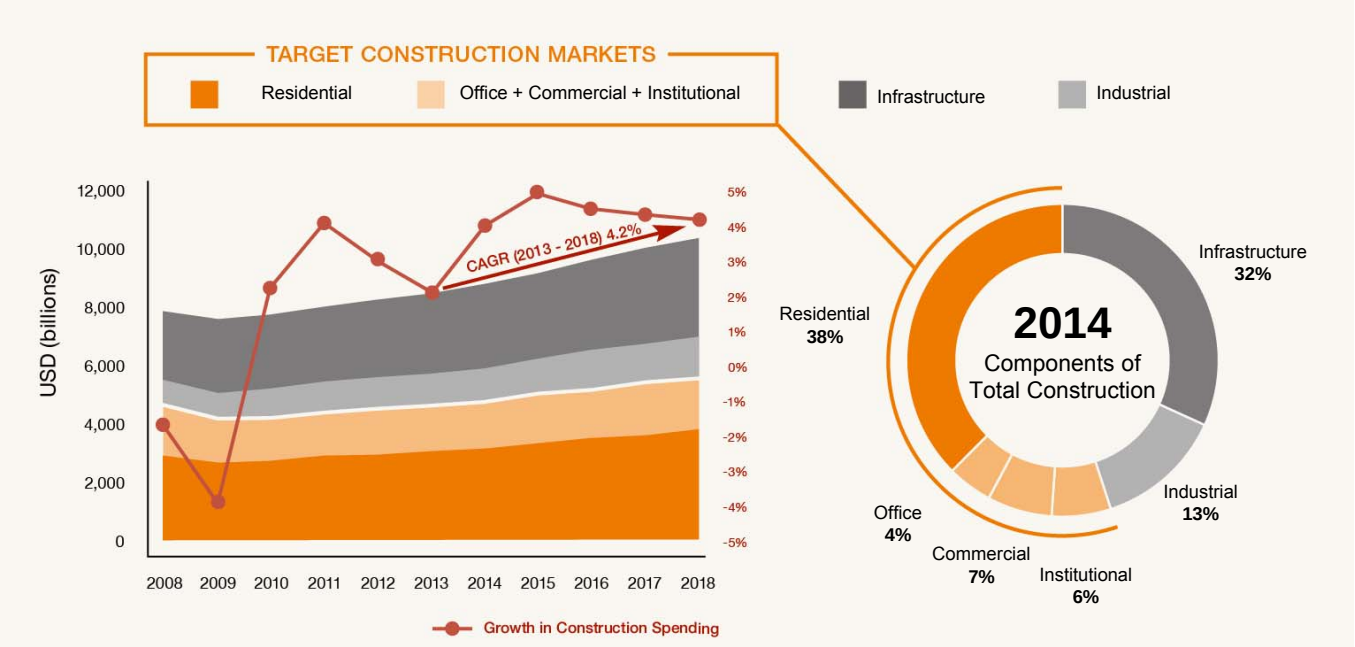
Ratio of Women Among Freshman Recruits



VII. Market Demand: Growing Global Housing and Building Market

Global construction outlook

- Global construction spending is expected to increase at 4.2% CAGR between 2013-18



Source: Global Insight

VIII. Corporate Functions



Yosuke Yagi
Chief HR Officer



Sachio Matsumoto
Chief Financial Officer



Laurence Bates
Chief Legal Officer



Jin Montesano
Chief Public Affairs Officer



Ryo Nihei
Managing Director R&D



Hiroyuki Kowase
Chief Information Officer

Solid Infrastructure to Support Growth

- Complements strong commercial leadership of the new technology-focused businesses
- Best-in-class management organization in LIXIL Group Corporation
- Draws on the expertise of established global practitioners with leaders in the fields of:
  - Human Resources
  - Finance
  - Legal and Compliance
  - Public Affairs
  - IT
  - R&D
  - Investor Relations

LIXIL
Link to Good Living

Redefining the Future

The New Global Market Leader

LIXIL Water Technology

September 15th, 2015

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Lixil Water Technology (LWT) at a Glance

LIXIL Water Technology

Key statistics

- **USD5bn** Sales
- **9%** Core earnings margin[1)]
- **46** Production sites
- **24** Distribution centers
- **27,000** Headcount
- **USD2.5bn** Procurement
- **USD0.2bn** Capex

LIXIL Water Technology

Brands & regions

Brands

LIXIL INAX	Sales: USD2.2bn
GROHE	Sales: USD1.5bn
American Standard	Sales: USD1.4bn
COBRA	Sales: USD0.15bn

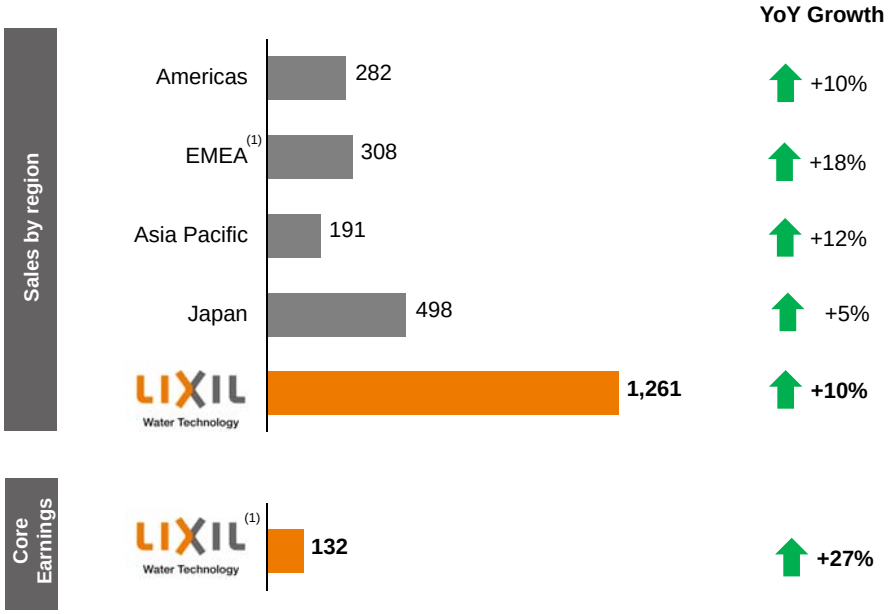
Regions

Americas	Sales: USD1.1bn
EMEA	Sales: USD1.2bn
Asia Pacific	Sales: USD0.7bn
Japan	Sales: USD2.1bn

1) Core earnings in IFRS = Revenues - Cost of Sales - SG&A; same as OP in JGAAP
All figures base on FYE2016, FX applied: 1 USD = 125 JPY, 1 EUR = 1.12 USD, Sales figures rounded, Cobra representing GROHE DAWN WaterTech

LWT off to a Good Start with Strong Performance in Q1 FYE2016

FYE2016 Q1 (Apr-Jun)
In USDm

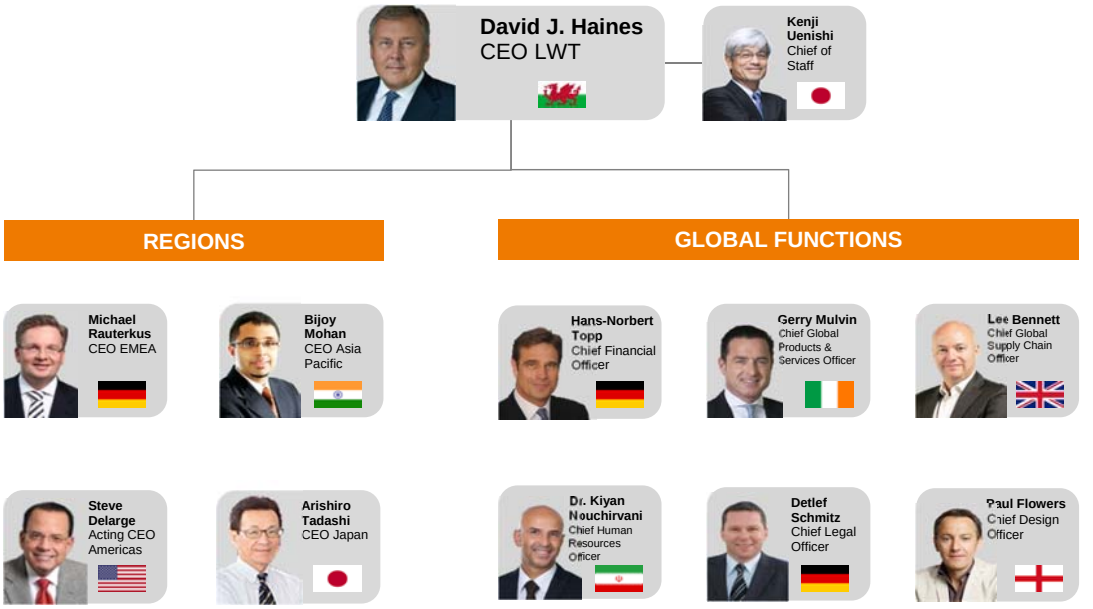


(1) Including GROHE DAWN WaterTech, consolidated as per Nov. 1, 2014
FX rates applied: 1 USD = 125 JPY, 1 EUR = 1.12 USD

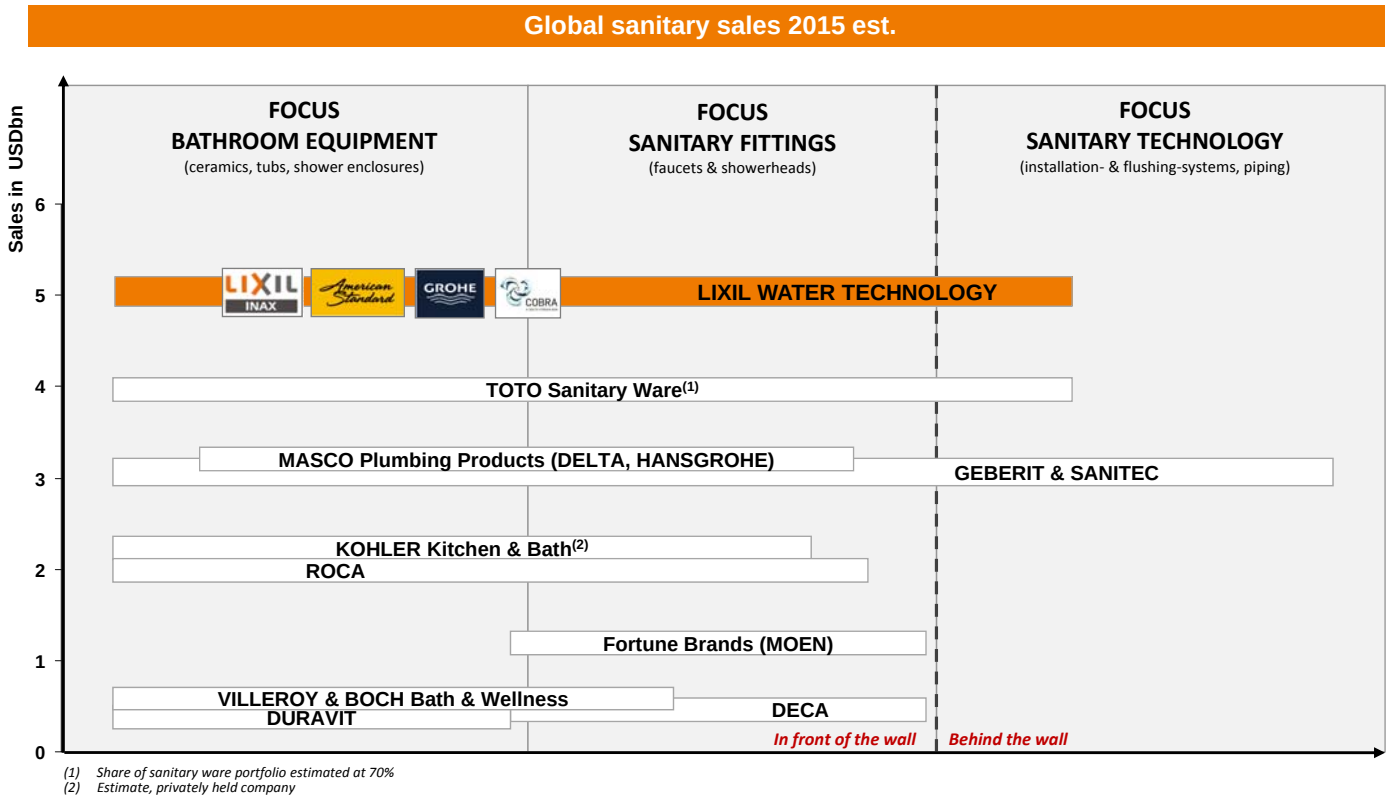
Our Path to Sustainable and Profitable Growth

MARKET	WATER TECHNOLOGY		Large and growing market for water technology solutions supported by enduring megatrends
COMPETITIVE STRENGTHS	TOP TEAM		Proven and aligned top team – industry veterans with diverse, blue chip backgrounds
	MARKET POSITIONS		Global market leader commanding leading positions across key regions
	BRAND ASSETS		GROHE, American Standard, INAX and COBRA – winning portfolio of brands with distinct positioning
	PRODUCT OFFER		Full bathroom range covering all designs, technologies and price points
	DISTRIBUTION NETWORK		Multi-brand, multi-category, multi-channel sales platform with unrivalled global reach
	INDUSTRIAL BASE		Own, truly global manufacturing network built on Japanese technology and German precision engineering
GROWTH STRATEGY	CORE GROWTH		Fully exploit core business opportunities through systematic disaggregation of sales growth drivers
	STRATEGIC INITIATIVES	CATEGORIES	Launch GROHE full bathroom solutions Roll out shower toilet technology platform globally Fully expand into behind-the-wall sanitary systems globally
		REGIONS	Execute break-out strategy in the Americas Expand in China retail at entry price point Leverage market leadership in South Africa as launch pad for sub-Saharan Africa
		M&A	Fill white spots in regions and categories
	INNOVATION ENGINE		Industry leading innovation engine connecting technology, design and quality
	LEAN GLOBAL SUPPLY CHAIN		Drive synergies through lean manufacturing footprint, joint procurement and product platforms across brands
OUTLOOK	FINANCIAL PERFORMANCE		Deliver sustainable and profitable growth

LWT Management – Aligned Team of Industry Veterans with Blue Chip Backgrounds



LWT is the Global Market Leader in the Sanitary Industry…



(1) *Share of sanitary ware portfolio estimated at 70%*
(2) *Estimate, privately held company*

…Managing a Winning Portfolio of Brand Assets with Unique Positions and Identities…

LIXIL Water Technology



Pure Freude an Wasser

- Premium brand
- A global leader in faucets and showers
- Winning through innovation, quality and design – made in Germany
- Global



For Precious Life

- Technology-oriented mass premium brand
- Full bathroom solutions with strong shower-toilet heritage
- Winning through creativity, design and Japanese technology
- Japan, Asia & North America



Raising The Standard

- Mass premium brand
- Full bathroom solutions – powerhouse in performance ceramics
- Winning through deep equity in performance, durability and value
- North America & Asia



A legacy of quality
founded by Friedrich Grohe 1951

- Value/entry price brand
- Full bathroom solutions at an affordable price
- Winning through good quality and functionality – built to last
- South Africa and roll-out to selected international markets

…Covering the Full Bathroom Range Across Designs, Technologies and Price Points…

LIXIL Water Technology

Fixtures & Vanities



34% of sales

- Ceramic toilets, bidets, urinals, basins and vanities

Bathing



4% of sales

- Bath tubs, shower enclosures, whirlpools and wellness solutions

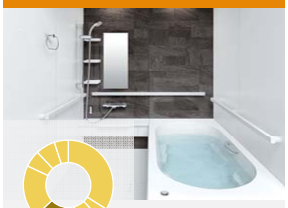
Shower Toilets



8% of sales

- Integrated shower toilet systems and seats

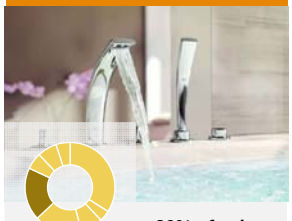
System Baths



17% of sales

- Pre-fabricated baths for houses, condos and other projects

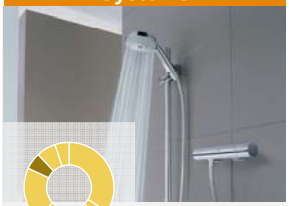
Bathroom Fittings



20% of sales

- Single and two-lever faucets and accessories

Showers & Shower Systems



6% of sales

- Hand and head showers, thermostats and shower systems

Pro & Commercial



7% of sales

- Behind-the-wall systems and commercial fittings

Kitchen Fittings & Sinks



5% of sales

- Kitchen faucets, sinks and drinking water systems

…Offered Through the Strongest Multi-Channel Distribution Network in the Industry

Showrooms	OTC/Pick-up	Project business	Kitchen studios	Retail/DIY	Branded own & franchise stores	E-commerce
						
Mainly Europe and the US	Global	Mainly Europe	Mainly Europe, US and Japan	Mainly Asia and Japan	Global	

8

Backed by a Global Manufacturing Network Built on Japanese Technology and German Precision Engineering

- Fully invested, truly global manufacturing footprint with state-of-the-art technology
- Flexible operations to shift demand across plants
- Rolling-out one quality standard across all plants



Americas	EMEA	Asia Pacific	Japan
10 sites	8 sites	14 sites	14 sites

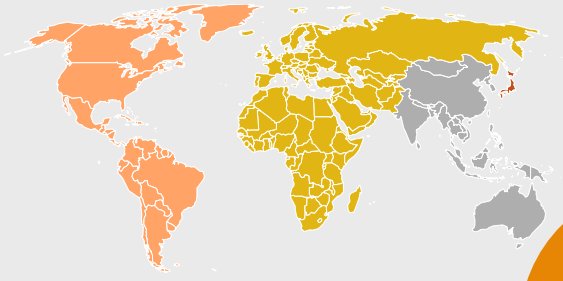
Faucets & showers
Ceramics & acrylics
Devices & systems

9

Driving Core Business Growth Through a Systematic Approach to Countries/Cities, Categories, Channels and Customers

LIXIL Water Technology

Countries / Cities



Channels



Strong Brands

LIXIL INAX · GROHE · American Standard · COBRA

Categories



Customers



Core Business Themes of the Mid Term Plan – Regions

LIXIL Water Technology

			FOCUS	CORE THEMES
REGIONS	Americas		Continue turnaround	▪ Joint go-to-market organization to accelerate growth through combined channel strategies across brands ▪ Full category expansion into shower & faucet business ▪ Grow DXV as showroom brand driving margin and sales ▪ Reconfigure plant footprint and consider invest into new greenfield ceramics plant
	EMEA	Europe & Middle East	Manage growth	▪ Launch GROHE ceramics and shower toilets ▪ Maintain pricing and expense discipline to enable A&P(1) increase ▪ Drive premium shower innovation & thermostats ▪ Fully expand GROHE Professional
		Africa	Build market leadership	▪ Strengthen market leadership in South Africa ▪ Roll-out GROHE DAWN brand portfolio across sub-Sahara and beyond
	Asia Pacific		Revitalize China	▪ Execute overall China strategy including entry level strategy based on COBRA brand and 1,000+ retail store network ▪ Grow GROHE business into leading premium player ▪ Expand American Standard into new sales channels ▪ Build market leadership in shower toilets
	Japan		Exploit full potential	▪ Gain leadership in toilets & system bath segment through product innovation and renovation focus ▪ Improve profitability in system bath business ▪ Increase demand through stronger communication and sales force activation

(1) Advertisement & promotion

Core Business Themes of the Mid Term Plan – Functions

		FOCUS	CORE THEMES
FUNCTIONS	**People & Organization**	Develop & manage talent	▪ Create new leadership team and implement LIXIL Values building world class management, compliance, internal and external controls ▪ Implement High Performing Team Culture ▪ Build succession pipeline through internal talent management ▪ Drive integration and manage change
	Global Products & Services	Renovation & innovation	▪ Rationalize 60,000 of currently 150,000 SKUs ▪ Establish shower toilets and behind-the-wall systems as global divisions with dedicated leadership and resources ▪ Implement PowerBrands concept focusing on high-runners ▪ Deliver 25% of sales from products launched in the last 3 years ▪ Introduce platforms across the brands to lower cost
	Global Supply Chain	Cost down & re-set for growth	▪ Execute manufacturing savings program and footprint re-configuration through closure of sub-scale plants ▪ Continue 5% net productivity program in procurement ▪ Improve factory yield in ceramics and faucets through adoption of best practice ▪ Implement uniform integrated planning and forecasting across LWT
	Finance	Control & compliance	▪ Implement world-class compliance standards and processes ▪ Strengthen risk management and internal audit functions ▪ Standardize reporting and planning to improve efficiency

Launching GROHE Ceramics is Instrumental to LWT's Full Bathroom Strategy

OPPORTUNITY

- Strong rationale for launch of GROHE ceramics on the back of brand strength and fit with existing portfolio and customers
- Introduce LIXIL superior glazing and flushing technology to offer higher performing ceramics product
- Improved differentiation via design

PLAN

- GROHE to provide full bathroom solutions in EMEA and Asia
- Superior and differentiated offer based on
  - Coordinated design with established faucet lines and shower toilets
  - Unique features and technologies backed by Japanese know-how
- Advertising and communication campaigns to create pull among consumers and installers







The Most Innovative Shower Toilet Platform for Global Distribution – Powered by INAX

OPPORTUNITY

- Market worth USD3.2bn and growing 8% annually driven by increasing demand outside Japan, mainly Korea, China and Europe
- INAX is global No.2 with strong heritage and technology platform

PLAN

- Build on INAX' shower capabilities to form a portfolio of shower toilets out-innovating competition on technology and functionality
- Create a set of winning product propositions by brand with distinct designs and functionalities
- Set-up dedicated resources to build distribution, training and provide installation and service
- Leverage the group's distribution and brand strengths outside Japan to actively promote locally branded shower toilets – powered by INAX





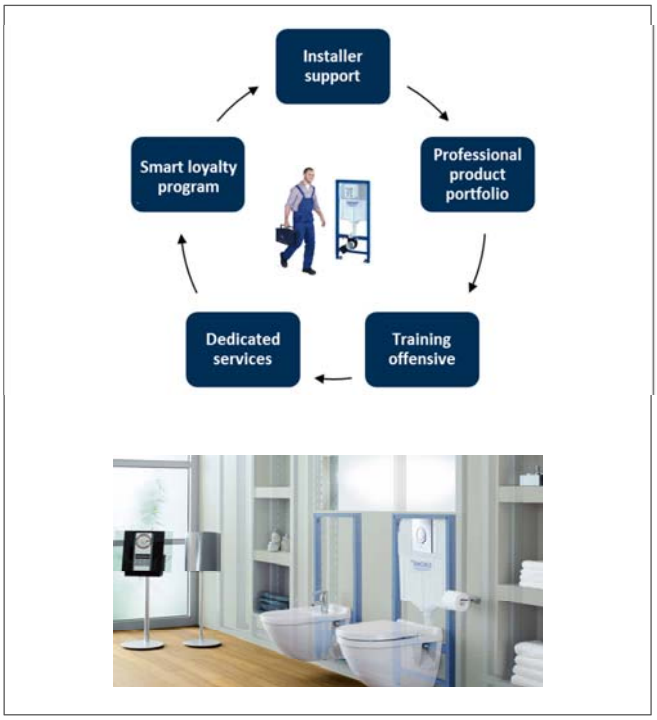
Fully Expand into the Profitable Market for Behind-The-Wall Installation Systems

OPPORTUNITY

- Capture share in profitable market for behind-the-wall installation systems
- High market attractiveness driven by trend to wall-hung toilets/behind-the-wall systems and installer loyalty

PLAN

- Form a dedicated behind-the-wall division including own, installer focused sales force
- Drive distribution
  - Exploit full potential of existing top customers
  - Utilize LWT distribution reach in emerging markets to become standard setter front running Europe-centric competition
- Launch marketing initiative focused around services for planners and installers



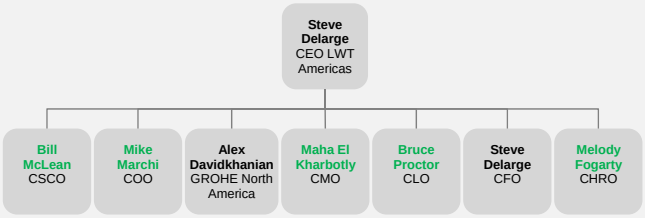
Exploit full Potential of the North American Market Through Synergies in Distribution and Products

Distribution synergies across brands

American Standard	GROHE	DXV
Mass premium brand – ceramics powerhouse	Premium brand with best in the market quality	Emerging luxury brand at accessible price points

- Joint go-to-market organization to accelerate growth through combined channel strategies across brands:
  - Complement sales agencies with own field sales force
  - Projects business / key accounts – drive growth through multi-brand offer
  - Retail / DIY – leverage retail strength of American Standard for GROHE
  - E-commerce – accelerate through joint platform

Upgraded Americas Management



New management team members are highlighted in green

Consider Greenfield Plant Investment in the US

- Consider most advanced ceramics plant investment to position LWT for the next decades of growth
- Automated demolding, sticking, finishing and glazing line
- Optimize supply chain

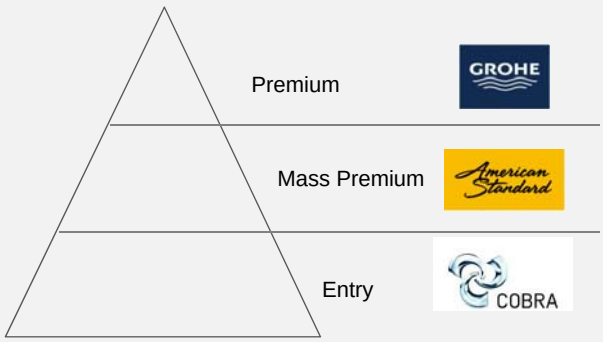


High-pressure bowl casting process at LIXIL Enokido factory, Japan

We will Revitalize China Business through Cobra, the Faucet and Shower Brand Founded by Friedrich Grohe in 1951, as Our Entry Level Proposition

We have strong brands at all price points

- COBRA launch in China to focus on retail distribution in tier 4-6 cities through a 1000+ stores retail network and assuring low cost manufacturing position
- American Standard to expand retail distribution into tier 3-4 cities
- GROHE to continue to target high-end projects business and retail distribution through select showrooms in tier 1-2 cities









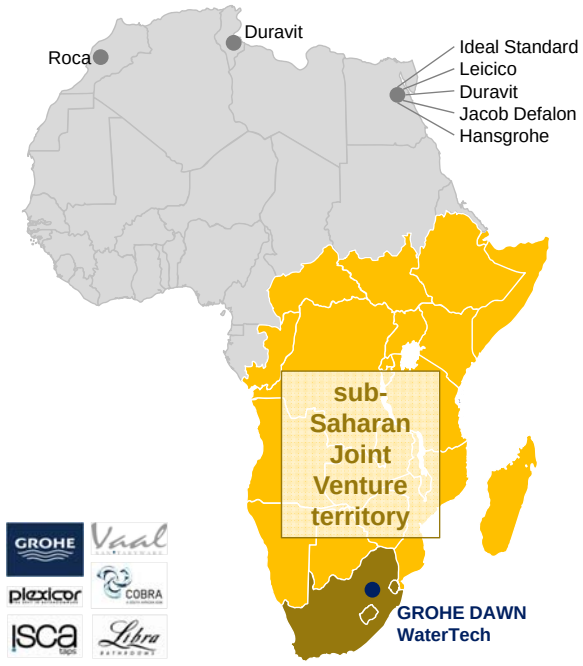


GROHE DAWN WaterTech is a Launchpad into sub-Saharan Growth Markets

South Africa is the ideal launchpad into sub-Sahara

- GROHE DAWN, the market leader in South Africa, is **the only major international player with a manufacturing base** in sub-Saharan Africa. Manufacturing bases of international competitors are located solely in northern Africa, selling primarily into the Middle East and north-western African markets
- Johannesburg serves as **main hub for companies going into Africa** – 37 of the top 50 African companies are South African
- The investment community that drives the infrastructure and real estate development in sub-Saharan Africa is mainly located in Johannesburg
- Real Estate and Hospitality Projects in Africa are to a very large extent **specified by South African architects** and interior designers

Sanitary ware production facilities in Africa



LWT's Position as Innovation Leader

Strategic innovation targets

✓	Balance innovation portfolio into **75% renovation and 25% innovation**
✓	**25% of sales** from products launched in the previous 3 years
✓	**300 new products** launched annually across LWT
✓	**3% of sales** invested in R&D

LWT with Ambitious Growth Targets

Unit: USDm		Plan FYE2016	Plan FYE2018	FYE2016-18 CAGR
Sales growth	Americas	1,100	1,225	+6%
	EMEA	1,225	1,355	+5%
	Asia Pacific	730	890	+11%
	Japan	2,065	2,155	+2%
	LIXIL Water Technology[1]	**5,120** (excl. Japan: **3,055**)	**5,625** (excl. Japan: **3,470**)	+5% excl. Japan +7%
Profit growth	**Core Earnings**	**473** (excl. Japan: **300**)	**560** (excl. Japan: **375**)	+9% excl. Japan +12%
	Core Earnings Margin	**9%**	**10%**	

(1) Net sales including sales to other LIXIL Technology businesses

LWT in FYE2018

OBJECTIVE

Global No.1 Water Technology Company
- No. 1 market share in EU/US/Japan and No.2 in China

FYE2018 Goals	Key Strategies	Key Metrics (Measurement)
Sales ▪ Total: JPY703bn ▪ Japan: JPY314bn ▪ Excl. Japan: JPY455bn ▪ Cons. Adj.[1]: JPY(66bn)	**Growth Drivers** ▪ Innovative products ▪ Sales channel expansion ▪ Cross-sell coordination ▪ Shorter Time-to-Market	▪ R&D around 3% of total sales ▪ Focus on growth capex ▪ Increase in cross-selling activities
Core Earnings (JPY) ▪ Total: JPY70bn ▪ Japan: JPY31bn ▪ Non-JPN: JPY45bn ▪ Cons. Adj.[1]: JPY(6bn)	**Margin Improvements** ▪ Cost Reduction Initiatives ▪ Modularization ▪ Global Mfg. Platform ▪ Supply Chain Mgt. ▪ CCC improvements	▪ Optimized manufacturing footprint ▪ 5% net productivity savings in Supply Chain ▪ SKU reduction

1) *Adjusted for inter-company sales and profits*

LIXIL
Link to Good Living

Redefining the Future

Drive Value from Selection and Concentration

LIXIL Housing Technology

September 15th, 2015

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LIXIL Housing Technology (LHT) at a Glance

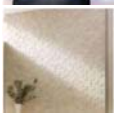
LIXIL Housing Technology

Key statistics (FYE2016)

- **JPY608bn** Sales
- **6.7%** Core earnings margin(1)
- **3.7%** Overseas sales ratio
- **37** Production sites
- **25,000** Headcount
- **JPY200bn** Procurement
- **JPY30bn** Capex

LIXIL
Housing Technology

Sales (FYE2016)

Window System Business		***Sash*** JPY157.7bn
		***Door*** JPY41.2bn
Exterior System Business		***Garden &Wall Exterior*** JPY120.8bn
		***Tile*** JPY43.6bn
Living System Business		***Wooden Products*** JPY57.7bn
		***Interior Fabric*** ***and others*** JPY97.1bn
Int'l Biz.		***Int'l Biz.*** JPY22.6bn

1) *Core earnings in IFRS = Revenues - Cost of Sales - SG&A; same as OP in JGAAP*

Introducing a Business Divisional Structure to Clarify Responsibilities and Enhance Points of Contact with the Market



Toshimasa Iue
CEO



Makoto Okamoto
CFO



Makiko Hamase
CHRO

Shinya Sanada
Operation Mgt. Div

Sidney Weeks
CLO

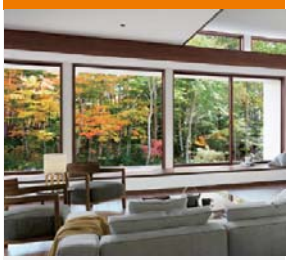


Window System Business		Exterior System Business		Living System Business		LHT International Business	
Shinichi Tanzawa COO of LHT, President		**Takashi Okuda** President		**Tokunori Nozawa** President		**Christopher Mack** President	
Sash Div.	Koichi Kimura	Housing Exterior Div.	Hideki Kobayashi	Wooden Products Div,	Teruo Furushima	Global Engineering Div.	Masayuki Yamamizu
Door Div.	Akira Tabaru	Tile Div.	Takeshi Iohara	Cladding System Div.	Hideto Jousyou	LHT East Asia Div.	Lee Sung Chul
Store& Building Sash Div	Mitsuru Akahira						

Global Procurement & Logistics Div.	Dhananjay Gupte
Japan Purchasing Div.	Hirofumi Tokoro
Logistics Div.	Hiroshi Kamauchi
Market Development Div.	Hideki Sekiduka

LHT Holds a Leading Position in the Japanese Market

Sash



50% Share
#1

Building Sash



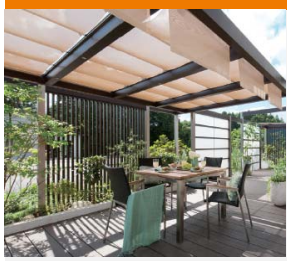
40% Share
#1

Entrance Door



55% Share
#1

Garden Exterior



50% Share
#1

Wooden Products



10% Share
#3

Tile



50% Share
#1

Cladding System



10% Share
#3

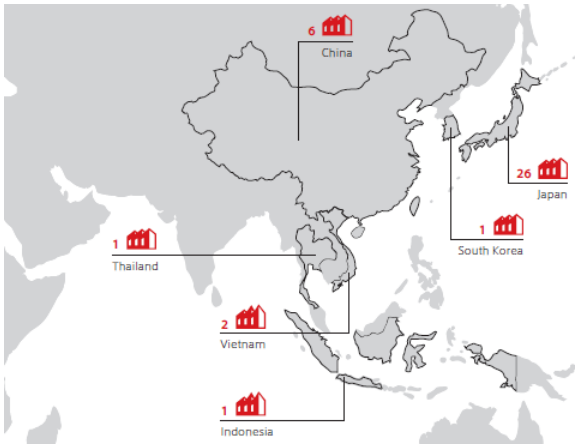
Interior Fabrics



10% Share
#1

LHT Competitive Strengths

Distribution Network	▪ Strong multi-category and multi-channel sales platform in Japan ▪ Close connection with sash channels in particular
Product Offer	▪ Comprehensive and diverse range of products and solutions which hold dominant share in the Japanese housing market ▪ Active product development for new markets incl. renovation and non-residential markets
Cost Competitiveness	▪ Full-process aluminum factories in Thailand and Vietnam with state-of-the-art Japanese technology



Total number of factories

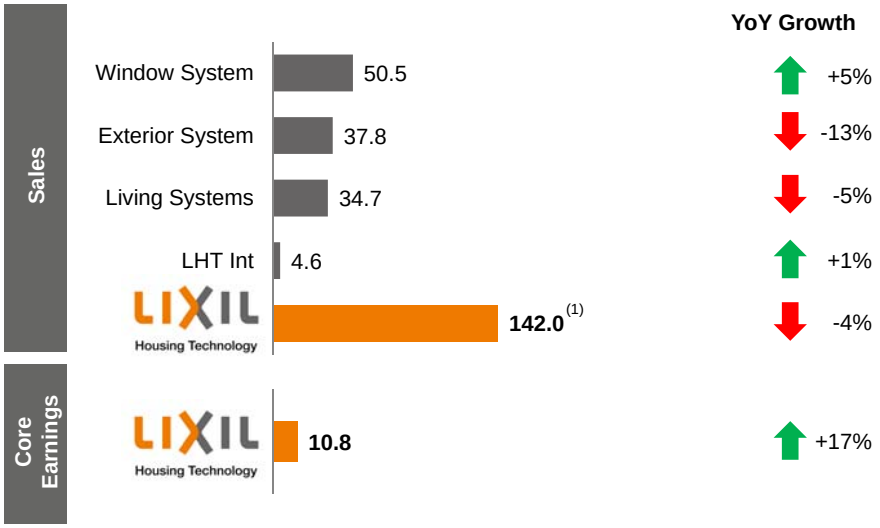
Full-process aluminum factory (incl. extrusion process)	7
Aluminum assembly factory	19
Other bldg. material factory	11


Shimotsuma Factory, Ibaraki


Thailand Factory

LHT Achieved Strong Earnings Growth in Q1 FYE2016 – Core Earnings Growth of +17%

FYE2016 Q1(Apr-Jun)
In JPYbn



Key Highlights

- With increased sales of products for renovation, reduced manufacturing costs and controlled purchasing costs, the core earnings margin increased by JPY1.6bn and by 17% on a year-over-year basis, improving from 6.2% to 7.6%
- Affected by slowdown in new housing starts during the period of January to March, sales decreased by 4% on a year on year basis
- Sales of products eligible for housing eco-points, including In-Plus, inner window, has grown rapidly

1) *Includes sales from others & subsidiaries*

Cornerstone of Strategy

Upgrade	Intelligent Functionality
Change	Aesthetic Housing Envelope
Evolve	Powerful Cost Advantage

Priority Measures (Competitiveness)

PRIORITY MEASURES		
	Intelligent Functionality	▪ Game-changing products and market creation ✓ Innovate material ✓ Increase added value through application innovation (e.g. hybrid sash, smart technology, good insulation, fireproofing) ✓ Build strong product line-up ✓ Reduce lead time ✓ Enhance the engineering function (IEC)
	Aesthetic Housing Envelop	▪ Provide wider and taller fenestration products. ▪ Provide User-oriented and User-exclusive products ▪ Focus on Aluminium ▪ Focus on unified and value-adding design of both finished products and parts (IDC) ▪ Offer exterior, interior and fenestration products as a total solution
	Powerful Cost Advantage	▪ Boost factory utilization and productivity for each process (Incl. factory restructuring and consolidation) ▪ Accelerate globalization (IPC) ▪ Reduce lead time ▪ Optimize SKU ▪ Carry out thorough PSI control

Intelligent Functionality- Game-Changing Products and Market Creation

Within 3 years • • •



Sash

- ✓ Promote penetration of hybrid sashes → 50% of total sash sales

Door

- ✓ Create and expand sales of door products for renovation →25% growth
- ✓ Create a new standard based on Smart Lock system →50% of new door sales to have smart lock system





Exterior

- ✓ Create a housing façade market → 50% growth of façade reform

Tile

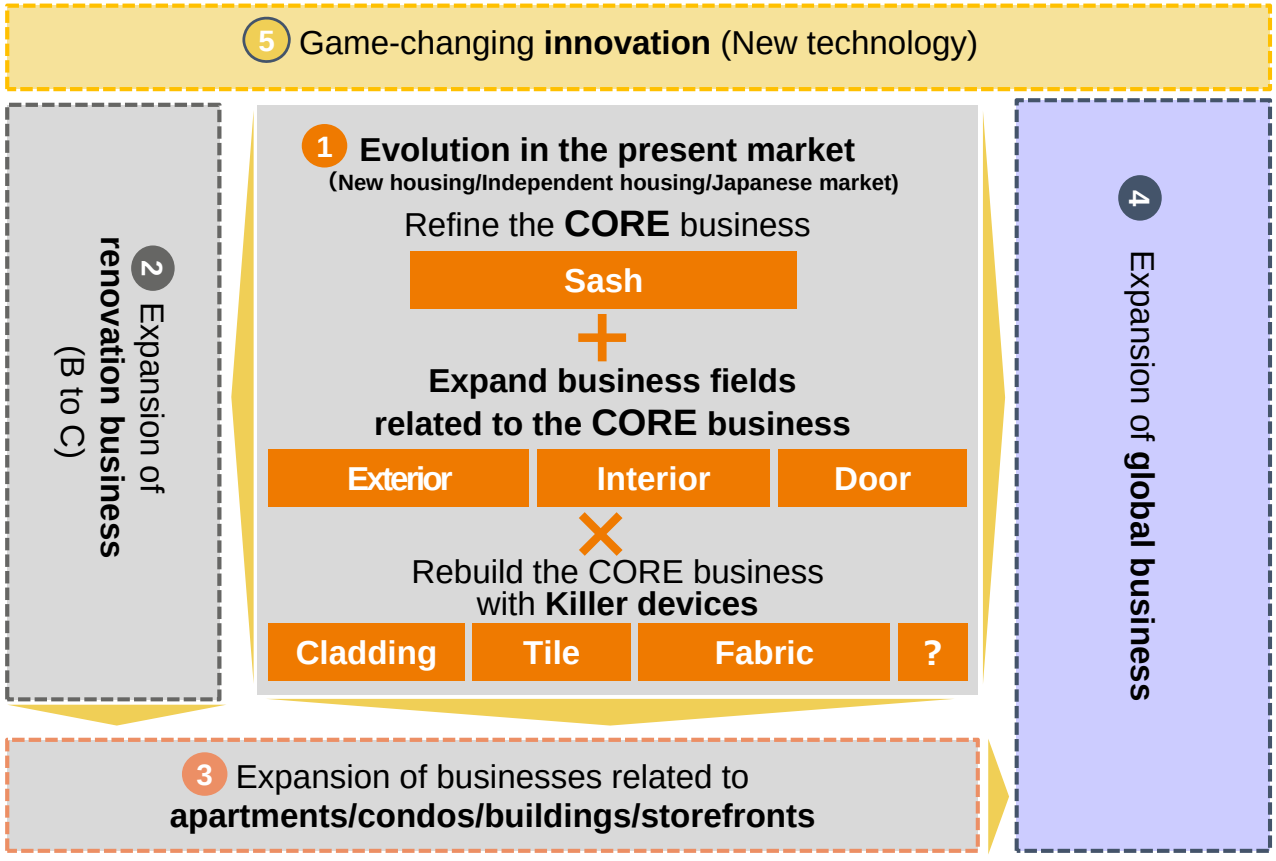
- ✓ Expand Ecocarat sales → 60% growth



Build Powerful Cost Advantage Through Boost Factory Capability and Accelerate Globalization

FOCUS	CORE THEMES
Factory Maximization - Extrusion Process	▪ Establish a lean manufacturing system to meet demands ▪ Create a business division for aluminum materials
Factory Automation - Assembly Process	▪ Increase productivity by promoting automation of assembly process.
Set up IPC *International Procurement Center*	▪ Promote material procurement from low cost countries ▪ Increase aluminum spot trading ▪ Promote aluminum premium hedge ▪ Develop OEM suppliers on a global scale
Set up IEC *International Engineering Center*	▪ Expansion of Design process outsourcing center in Asia ▪ Increase the competence of personnel engaged in the field of product development globally

Evolution of LHT Business Structure



LHT Growth Plan is Focused on Margin Improvement

- As new housing starts in Japan are forecast to decline, we aim to retain the year-earlier level for sales, while achieving industry-leading level of CE margin

Unit: JPYbn

		Plan		FYE2016-18 CAGR
		FYE2016	FYE2018	
Sales Growth	Window System Business	198.9	200.6	+0.5%
	Exterior System Business	164.4	166.5	+0.6%
	Living System Business	154.8	138.7	(5.3%)
	LHT International Business	22.6	25.1	+5.4%
	LIXIL Housing Technology(1)	**608.0**	591.0	(1.4%)
Profit Growth	**Core Earnings**	**40.8**	**48.0**	+8.5%
	Core Earnings margin	**6.7%**	**8%**	

(1) Includes sales from others & subsidiaries

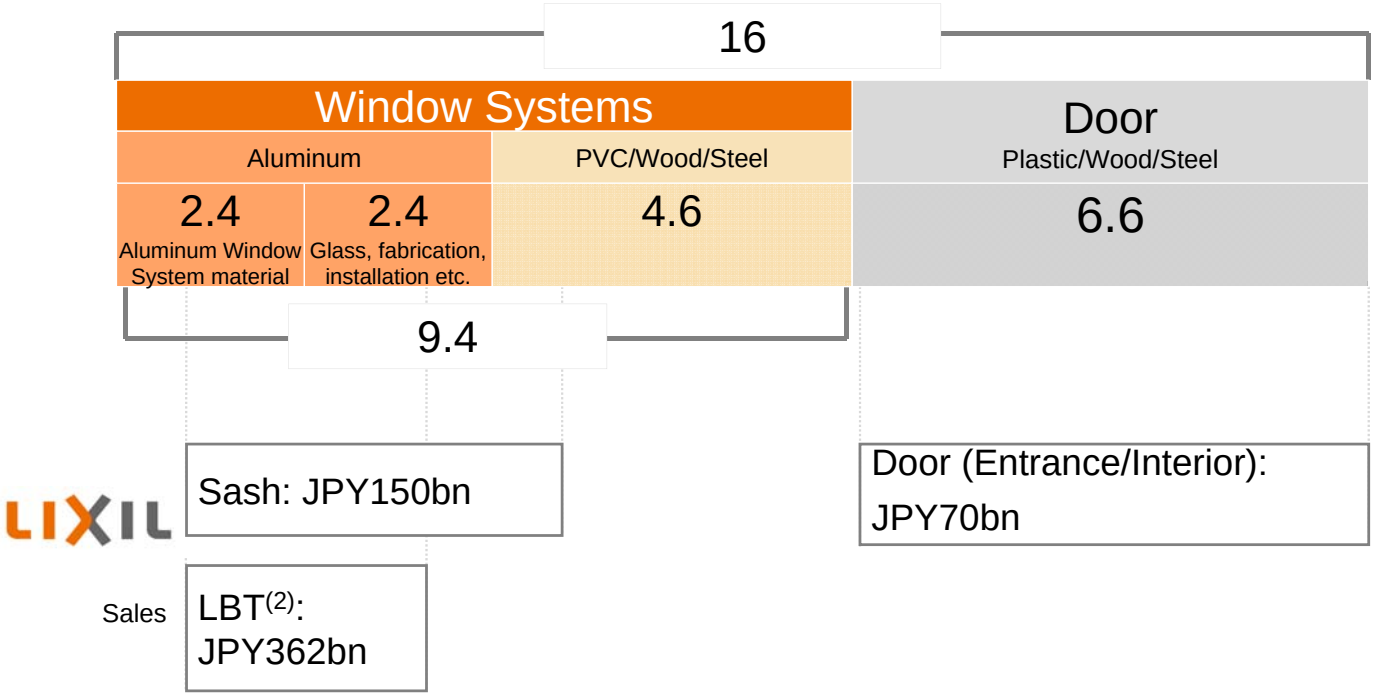
LHT in FYE2018

OBJECTIVE: Drive Cost Competitiveness and Build Global Reach

FYE 2018 Goals	Key Strategies	Key Metrics (Measurement)
Sales ▪ JPY591bn **Core Earnings** ▪ JPY48bn	**Growth Drivers** ▪ Focus on core portfolio and optimize business portfolio ▪ Strengthen product competitiveness ▪ Enhance designs and functions ▪ Create new markets ▪ Expand global business	▪ Retain sash market share ▪ Maintain the current sash unit price ▪ Achieve higher product mix of hybrid sash ▪ Target ~JPY20bn sales generation from renovation and non-residential use ▪ Increase mix of sales contribution from new products to 20% ▪ Target overseas sales ratio of 4.2%
	Operational Improvements ▪ Complete a business divisional structure ▪ Improve factory utilization for extrusion process ▪ Promoting automation of assembly process	▪ Maintain factory utilization rate of extrusion process ▪ Increase factory automation rate ▪ Maintain share of overseas production ▪ Increase share of overseas purchasing

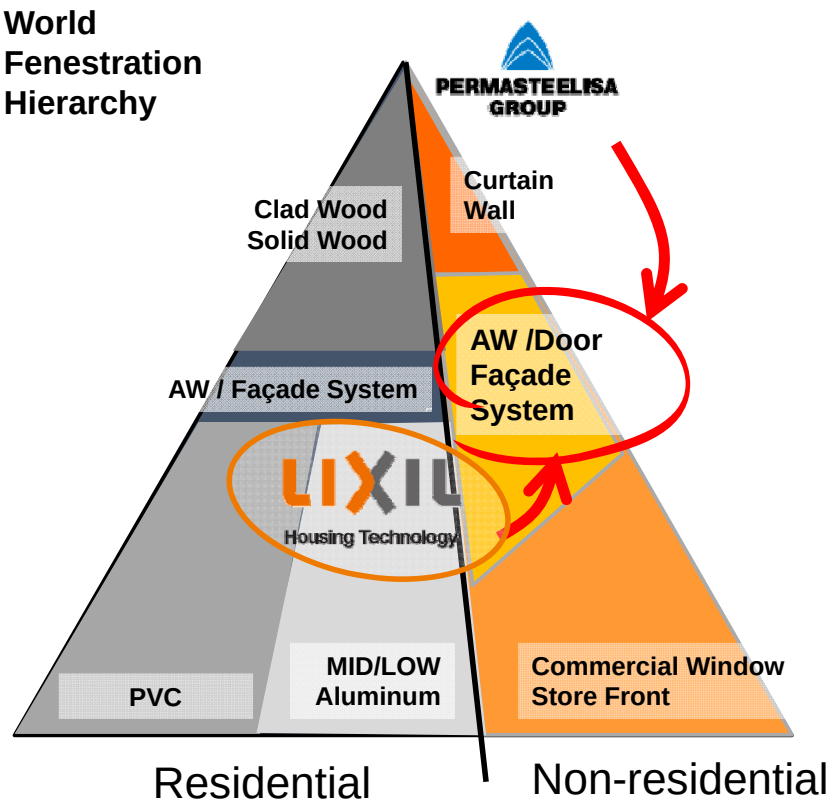
The Size of the Global Window/Door Market is Estimated to be JPY16tr[1]

(Unit: JPYtr)



(1) Source: Freedonia
(2) LBT sales converted at EUR/JPY 135

LHT and LBT Will Cooperatively Secure the World's No.1 Position in the Global Window Market



LIXIL
Link to Good Living

Redefining the Future

Strengthen Position as Global Leader

LIXIL Building Technology

September 15th, 2015

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LIXIL Building Technology (LBT) at a Glance

LIXIL Building Technology

Key statistics (FYE2016)

- **€ 2.7 bn** Revenues
- **€ 100 m** Core earnings[1)]

Out of which Permasteelisa:

- **€ 1.6 bn** Revenues
- **€ 74 m** Core earnings
- **8%** ROIC
- **€ 2.3 bn** Backlog, with **17%** gross Margin
- **16** Design centers worldwide
- **20+** Production sites worldwide
- **300+** Exteriors projects under execution

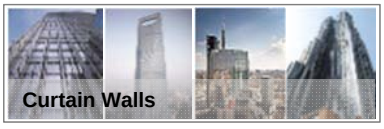
LIXIL
Building Technology

Brands & categories

Brands

PERMASTEELISA	Curtain Walls Interiors & Contracts
GARTNER	Curtain Walls
SCHELDEBOUW	Curtain Walls
LIXIL	Curtain Walls

Categories[2)]





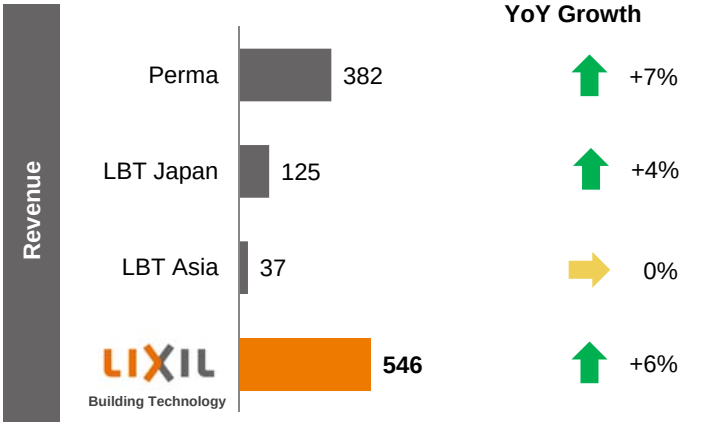
All figures base on FYE2016, FX rates applied: 1 USD = 125 JPY, 1 EUR = 1.12 USD

1) *Core earnings in IFRS = Revenues - Cost of Sales - SG&A; same as OP in JGAAP*

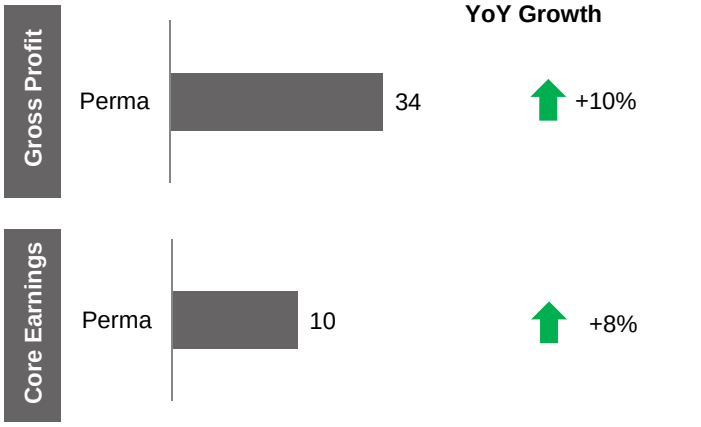
2) *Categories breakdown only for Permasteelisa Group*

Permasteelisa Showed Record Performance in Q1 FYE2016 – Revenue Growth of 7% to EUR 382m; LBT Asia Impacted by One Off Charges

FYE2016 Q1(Apr-Jun)
In EURm



FYE2016 Q1(Apr-Jun)
In EURm



Key Highlights

- Permasteelisa: progressive and continuous recovery of profitability after the worldwide crisis, attained by concentrating the order intake since end 2013 in North America and North Europe, nowadays the most attractive markets for bespoke Curtain Wall Projects
- LBT Asia: one off charges in Singapore impacting performance

LBT Competitive Strengths

FOUNDATION	VISION	Create value by putting together design capability, problem solving approach, technological skills with industrial organization to contribute to building projects beauty and comfort
	MISSION	Design and build innovative and avant-garde architectural works alongside the world's greatest in contemporary architecture, by using advanced technologies and eco-sustainable solutions
COMPETITIVE STRENGTHS	TOP TEAM	Project Management veterans – unmatched experience and setting the benchmark of the curtain wall industry
	MARKET POSITIONS	Only true global player with significant presence across key global markets
	BRAND ASSETS	Shaping for decades the best icons in the skyline of the top cities in the world
	PRODUCT OFFER	Bespoke design solutions for exterior and curtain wall, contract and interiors
	DESIGN CENTERS	Global network of design and engineering centers
	INDUSTRIAL BASE	Global supply chain

LBT management – Project Management Veterans with Unmatched Experience in the Global Curtain Wall Industry



Nicola Greco
CEO

Permasteelisa Group

Nicola Greco
CEO

Riccardo Mollo
COO



Daniele Crose
CFO



Klaus Lother
EMEA



Ongoing turnaround
AMERICAS

Alessio Meliadò
ASIA



LBT Asia

Huub van der Staak
CEO



Corrado De Francisco
CFO



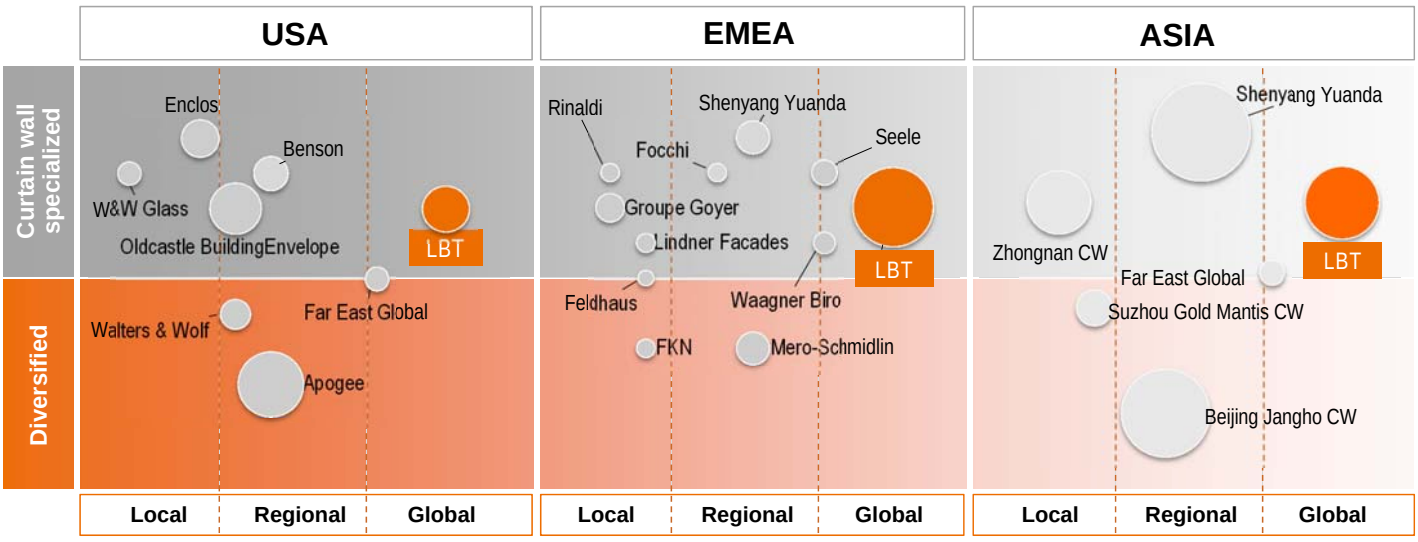
LBT Japan

Tadashi Oikawa
Sales Force

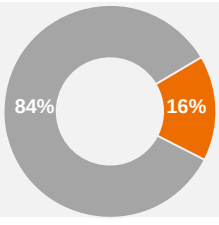
Shinichi Tanzawa
SCM

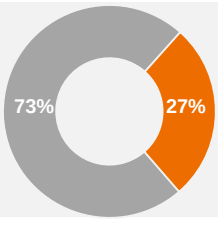
LBT is the Only True Global Player with Significant Presence Across Key Global Markets

Global Curtain Wall Reference Market Size, 2013 (EUR7.6bn)(1)

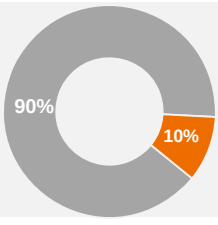


LBT Market Share(2)





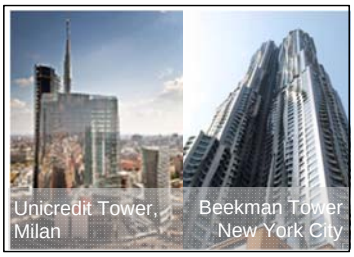
Focus: Europe (UK, DE, FR, IT, SP) and Middle East (UAE, Qatar, Saudi Arabia)



Focus: China

(1) Bubble size representing 2013 revenues (or 2012 if 2013 figures not available). For LBT, Bubble size includes Permasteelisa, LBT Japan and LBT Asia revenues in FYE2014
(2) Market share extrapolated with reference to the indicated geographical markets (bespoke CW)
Source: Permasteelisa Group; Orbis; companies Annual Reports; internal and external interviews; Roland Berger hypothesis based on the assessment of available market information including interviews to opinion leaders

…Shaping for Decades the Best Icons in the Skyline of the Top Cities in the World…









PERMASTEELISA	GARTNER	SCHELDEBOUW	LIXIL
▪ Bespoke Curtain Wall for special feature buildings and Interiors systems			▪ Aluminum sash windows, entrance doors, interior furnishing materials
▪ A leading player in the engineering, project management, manufacturing and installation of architectural envelopes and interior systems			▪ A leading player in high quality building materials
▪ Winning through providing world-class service to the architect/designer and to the final client			▪ Winning through special commitment to quality
▪ Americas, EMEA and Asia Pacific	▪ Americas, EMEA and Asia Pacific	▪ North Europe, Scandinavia and UK	▪ Singapore, Hong Kong and Japan

….With Bespoke Design Solutions for Exterior and Curtain Wall, Contract and Interiors

Exteriors and Curtain Walls

Realize architectural envelopes for signature landmark buildings applying constant innovation through advanced technologies



Contract

Perform EPC(1) projects in different construction sectors from Civil to residential, maintaining high quality standards while meeting clients' demanding schedule



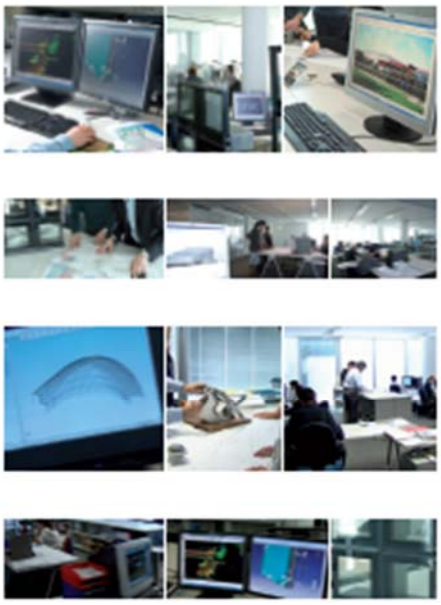
Interiors

Benefit from the global size of the Permasteelisa Group in the interaction with international clients on a wide variety of projects



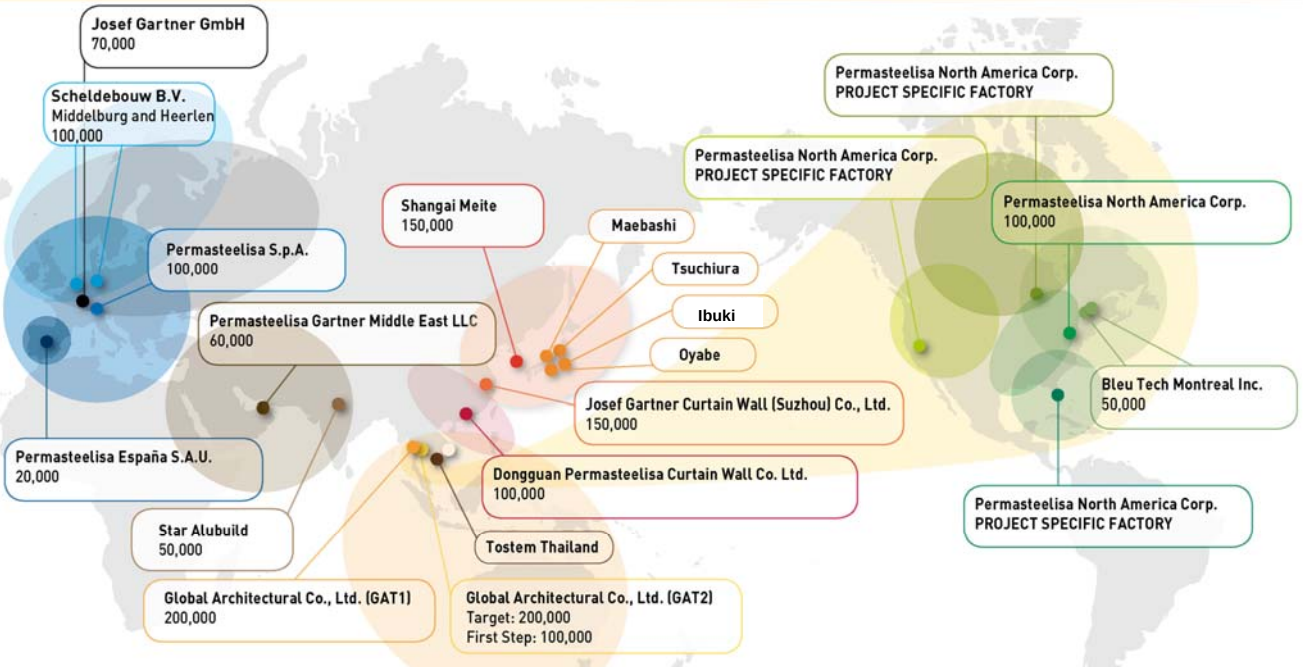
(1) Engineering, Procurement and Construction

...Supported by a Global Network of Design and Engineering Centers...





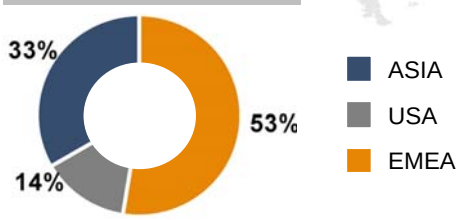
Global Supply Chain with More than 20 Production Plants



Note: Annual production plant capacity in sqm

- World-wide network
- State-of-the-art technology
- Lean and flexible operations to adapt to any sudden variation of the commercial scenario

Annual Capacity



Core Business Themes of the MTP

GROWTH STRATEGY	ORDER BOOK	Increase profitability by exploiting opportunities in growing markets Leverage our track record of iconic designs to confirm our role as global industry leader Order intake for big redevelopment projects in Tokyo
	INNOVATION LEADER	Drive innovation leadership by rolling out new technologies Focus on environmental sustainability
	COMMUNICATION	Engagement with industry decision makers and influencers Revamp social media strategy
	GLOBAL VALUE CHAIN OPTIMIZATION	Leverage network organization, able to deliver multi-center project execution for design, engineering, procurement and manufacturing
	RESET LBT ASIA STRATEGY	Improve the business model by adding to the competitive offer “systems-based supply”
	M&A	Review opportunities for bolt on M&A
RESILIENCE	RESPONSIVENESS TO MARKET CHANGES	Our global network organization represents the most resilient business approach to any global market variation
OUTLOOK	FINANCIAL PERFORMANCE	Deliver sustainable and profitable growth

Leverage Our Track Record of Iconic Designs to Confirm Our Role as Global Industry Leader who has Cladded over 3,000 Buildings Worldwide

Permasteelisa Group contributed to 3 out of the 5 tallest skyscrapers in the World

- **One World Trade Center***
- **Taipei 101**
- **Shanghai World Financial Center**

Permasteelisa Group has cladded the tallest and most iconic buildings in some of the greatest cities in the world. Below are Permasteelisa Group’s contributions to cities’ skylines.

AMERICA

NEW YORK: One World Trade Center (Podium and Entrance), 541 m 1776 ft
CHICAGO: Trump International Hotel & Tower, 423 m 1389 ft



EUROPE

MOSCOW: Mercury City Tower, 339 m 1112 ft
LONDON: The Shard, 306 m 1004 ft
FRANKFURT: **Commerzbank Tower**, 259 m 850 ft
MADRID: Torre de Cristal, 249 m 817 ft
PARIS: Tour First, 231 m 758 ft
ITALY: Torre Unicredit, 218 m 714 ft



ASIA

Tianjin, China: Goldin Finance 117, 597 m 1957 ft (In Progress)
TAIWAN: Taipei 101, 508 m 1667 ft
HONG KONG: International Commerce Center, 484 m 1588 ft



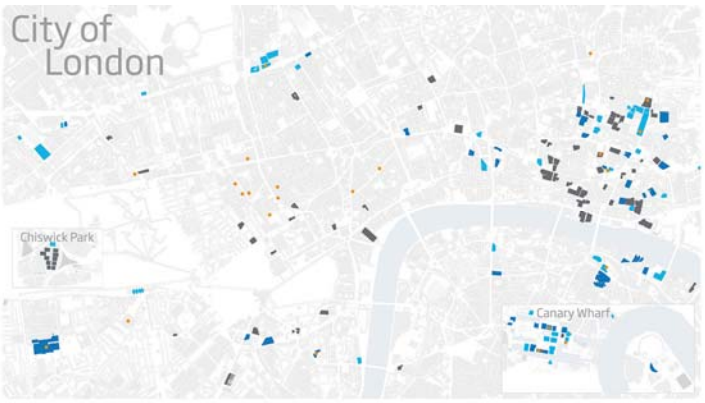
*: (Podium and Entrance)

Key Figures of a Global Leadership in the Curtain Wall Industry

Since 2000 the Group has clad over **210 Buildings** in London. **4** out of the tallest 5 and, above all, some of the most iconic like **The Shard** and **20 Fenchurch Street**

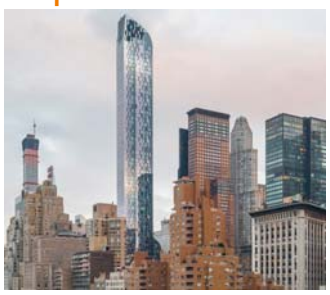
Highlighted in the map the most relevant buildings built in London by Permasteelisa Group.
Different colors for each brand:
- Blue: Permasteelisa
- Grey: Gartner
- Light Blue: Scheldebouw

Orange a selection of Interiors Projects





The **2 tallest towers** in Hong Kong (International Commerce Center and Two International Finance Center), and **5 out of tallest 10**, are branded **Permasteelisa Group**.
Besides, the Group has clad more than 120 completed towers in the city.

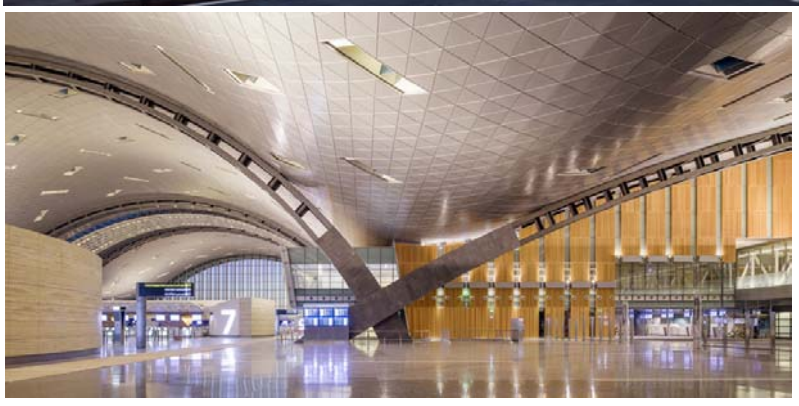


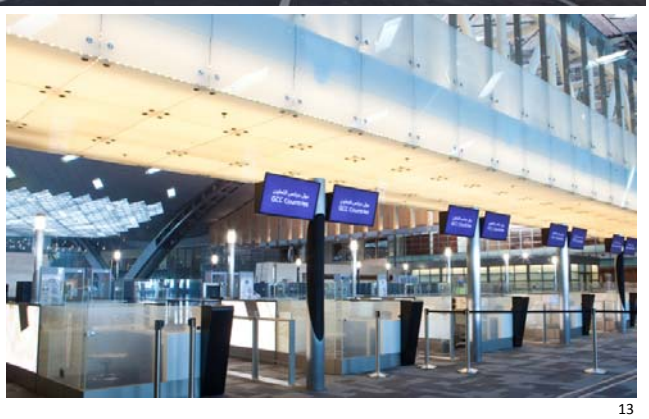
Since 1997, Permasteelisa Group has defined the skyline of New York City with more than **170 buildings**; **4 out of the tallest 10** (already completed or currently in progress) are branded **Permasteelisa Group**

Leverage Our Track Record of Iconic Designs to Confirm Our Role as Global Industry Leader

Façade and interiors fit out for one of the most luxurious airport in the world, the new Hamad International Airport







Leverage Our Track Record of Iconic Designs to Confirm Our Role as Global Industry Leader (Cont'd)

Prada Aoyama Epicenter - Tokyo



Tokyo Midtown - Tokyo



Bank of China Tower Hong Kong



Shanghai World Financial Center



Unicredit Tower Milan



The Shard - London

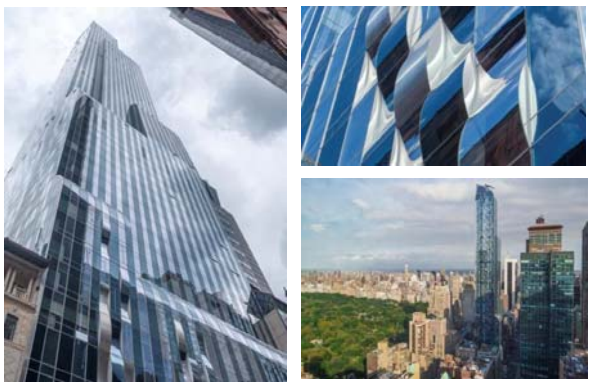


International Commerce Centre – Hong Kong



Leverage Our Track Record of Iconic Designs to Confirm Our Role as Global Industry Leader (Cont'd)

ONE57- New York



20 Fenchurch Street - London



Eight Spruce Street - New York



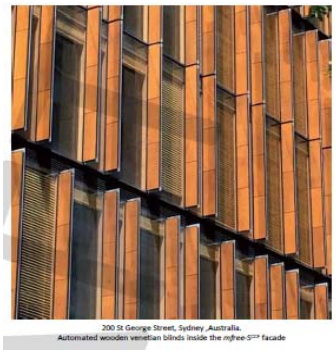
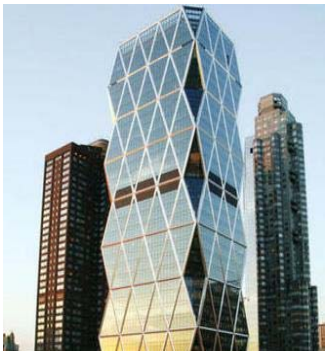
Hearst Tower - New York



Leverage the Network Organization, Able to Deliver Multi-Center Project Execution for Design, Engineering, Procurement and Manufacturing



Drive Innovation Leadership by Rolling Out of New Technologies

mfree-SCCF (moisture free sustainable façade)	TimberCW	Blast Protective Façades	Composite Façades
 200 St George Street, Sydney, Australia. Automated wooden venetian blinds inside the *mfree-SCCF* façade			
OPPORTUNITY			
■ The ever increasingly stringent energy, sustainability and comfort requirements set by Governments to reduce the carbon footprint of modern cities ■ The reduction of maintenance costs which insist on our clients' budgets	■ TimberCW is the ultimate solution to reduce the Life Cycle cost of a façade; less energy required for the production and complete recyclability when the façade is dismantled	■ Today there is a widespread architectural trend to maximize natural daylight and views with fully glazed buildings. We have conjugated this trend with the requirement, always more often expressed, of designing and realizing blast resistant façades	■ Alternative materials, effects and appearances in combination with increased sustainability appear to be one of the main design directions clients, architects and designers nowadays are looking for

Focus on Environmental Sustainability



Many of our buildings have received green certifications such as **LEED** and **BREEAM**



One Bryant Park - USA
Platinum LEED



California Academy of Sciences - USA
Platinum LEED



Project Blue (Deutsche Bank AG) - Germany
Platinum LEED

LBT Growth Targets

Unit: EURm		Plan FYE2016	Plan FYE2018	FYE2016-18 CAGR
Revenues Growth	Permasteelisa	1,590	1,650	+1.9%
	LBT Japan	870	890	+1.1%
	LBT Asia (ex. Japan)	260	160	(22%)
	Cons. Adj.	(40)	(30)	
	LIXIL Building Technology	**2,680** (excl. Japan: **1,850**)	**2,670** (excl. Japan: **1,810**)	(0.2%) * excl. Japan (1.1%)
Profit Growth	**Core Earnings**	**100** (excl. Japan: 78)	**154** (excl. Japan: 105)	+24.1% * excl. Japan 17.5%
	Core Earnings Margin	**3.7%**	**5.8%**	

LBT in FYE2018

OBJECTIVE	Global No.1 Curtain Wall Company

FYE 2018 Goals	Key Strategies	Key Metrics (Measurement)
Sales ▪ Total: JPY374bn ▪ Japan: JPY125bn ▪ Non-JPN: JPY253bn ▪ Cons. Adj.(1): (JPY4bn)	**Growth Drivers** ▪ Permasteelisa: exploit opportunities in most attractive markets ▪ LBT Asia: Shift from projects to products ▪ LBT Japan:Order intake for big redevelopment projects in Tokyo	▪ Permasteelisa: 70% orders and revenues from North America and North Europe ▪ LBT Asia: 100% new order for CW standardised system ▪ LBT Japan: more than 1% revenues CAGR
Core Earnings ▪ Total: JPY22bn ▪ Japan: JPY7bn ▪ Non-JPN: JPY15bn	**Margin Improvements** ▪ Permasteelisa: Selective order intake through exploitting most attractive markets and leverage global network ▪ LBT Asia: Shift from projects to products ▪ LBT Japan: Implant of Permasteelisa's know-how ▪ Reduce WCR	▪ Permasteelisa: 6% EBIT in FYE2018 ▪ LBT Asia: 3% EBIT in FYE2018 ▪ LBT Japan: 6% ▪ WCR % on revenues from 32% to 27%

(1) Consolidation adjustment for intercompany revenues

LIXIL
Link to Good Living

Redefining the Future

Prepare for Future Growth

LIXIL Kitchen Technology

September 15th, 2015

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LIXIL Kitchen Technology (LKT) at a Glance

LIXIL Kitchen Technology

Key statistics (FYE2016)

- **JPY118bn** Sales
- **2.1%** Core earnings margin(1)
- **5** Production sites
- **6** Distribution centers
  *Haier 83 centers
- **2,500** Headcount
  *7/31: 2,519 people
- **JPY66bn** Procurement
- **JPY4bn** Capex

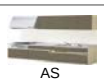
LIXIL Kitchen Technology

Brands & categories (FYE2016)

Brands

LIXIL sunwave	Sales: JPY105bn
Haier	Sales: JPY13bn

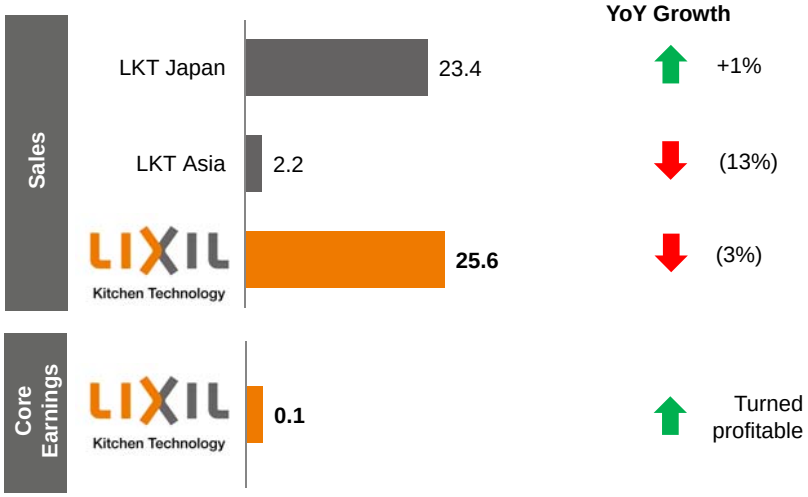
Range

 Richelle	▪ Mid-High End
 Alesta	▪ Mid End
 Shiera	▪ Mass Market
 AS	▪ Mass Market

(1) Core earnings in IFRS = Revenues - Cost of Sales - SG&A; same as OP in JGAAP

LKT Japan Returned to Profitability in Q1 – Core Earnings Growth of +8.2pt or JPY1.9bn; LKT China Impacted by Market Slow Down in China

FYE2016 Q1(Apr-Jun)
In JPYbn



Key Highlights

- CE Margin improved from -7% to +1.2%
- Snow incident at Fukaya plant (Roof collapsed,15 February 2014)
  - Fukaya Plant was back to production in 5 months
  - The activity is now profitable and, most importantly, this incident has pushed us to strengthen our manufacturing capabilities through closer integration of our plants
- Our industrial bases are now stronger than ever

Strengthen No. 1 Position in Japan to Build for Future Growth

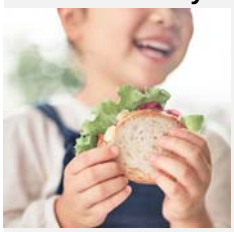
MARKET	KITCHEN TECHNOLOGY	Large and growing market for kitchen technology solutions supported by global demand trends in developed and emerging countries
	KITCHEN VALUE	Kitchens moving to the center of the house driving demand and value, combining technology and design
OBJECTIVE	NO.1 IN JAPAN + GLOBAL LEADER	Strengthen No.1 position in Japan and aim to become a global leader, starting with Asia
	MISSION	Offer the best kitchens to contribute to people's happiness at home
CORE STRENGTH	1) TECHNOLOGY	- Established strength and reputation as a leader in functionality and technology - Kitchen manufacturing also requires differentiating technology
	2) DESIGN	Successful design of high end series (Richelle) … to be strengthened and further developed
	3) TEAM	Assemble a team to build global presence

The Kitchen is the Focal Point of the Home

HAPPINESS

1 Personnel Accomplishment

Creativity



- Self realization
- Control

Imagination



Praise

2 Pleasure to Share

- Conviviality
- Family
- From babies to parents
- Friends



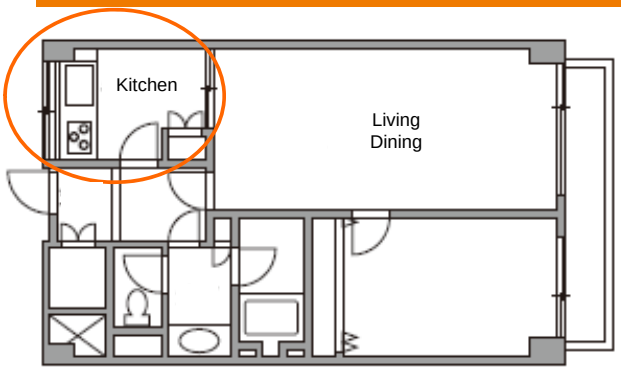
ACCOMPLISHED BY





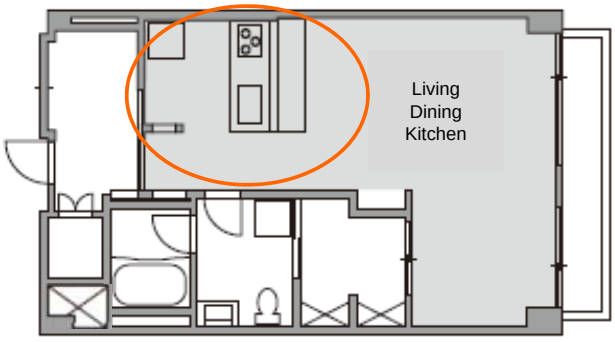
The Kitchen as the New Center of the Home

Before





After



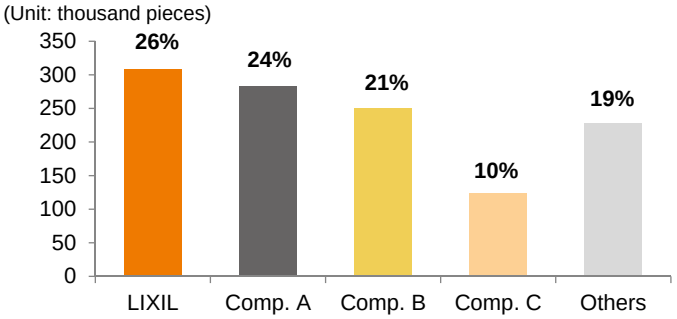


Strategy: First Focus on Margin Improvement to Prepare for Future Growth

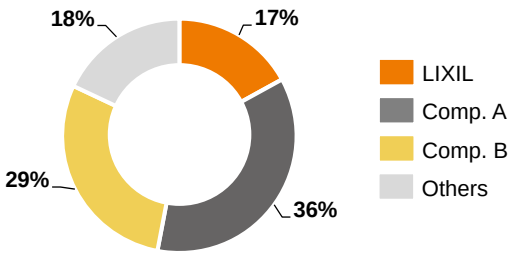
KEY STRATEGY	MARGIN IMPROVEMENT	Focus on higher margin product mix and operational efficiencies to prepare for future growth
	SALES	Improve product mix by increasing market share in mid-high range 1) Strengthen sales capabilities by increasing specialist salesmen / women 2) Targeted approach for reform market 3) Product differentiation by combining aesthetics with technology 4) Reposition LIXIL as a more emotional brand for kitchens
	COST OPTIMIZATION	Improving manufacturing efficiency 1) Process improvement (KAIZEN) 2) Optimized layouts in plants 3) Purchasing (simplification, in house value-added, global footprint)
OUTLOOK	FINANCIAL PERFORMANCE	Improve core earnings margins to 6-7% and aim for upside in sales growth

LKT is the Leading System Kitchen Player in Japan

Japan System Kitchen Market Share by Volume(1)



Aiming to Increase Mid-High End Market Share





1) *Market share as of 2014*

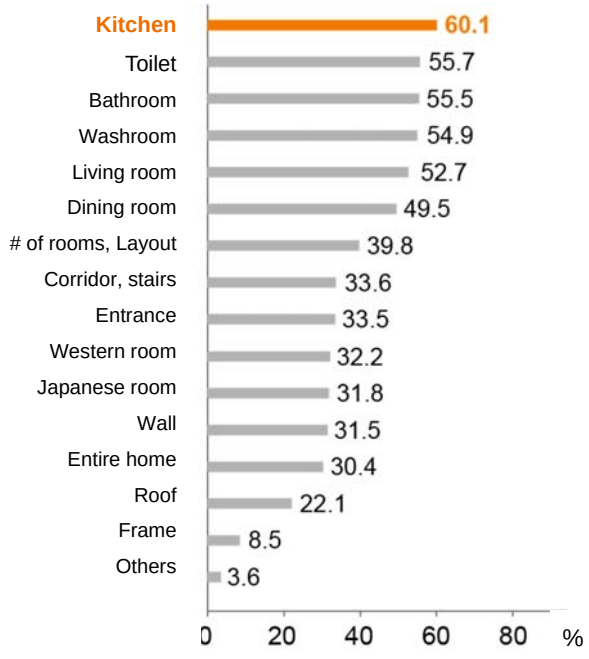
Integrated Initiatives to Increase LKT's Share in Mid-High End Segment



*Showroom

Kitchen is Often the Most Renovated Part of the House

Renovated Part of the House



Source: LIXIL survey about home renovation; residence, n=953

Renovation Cost

Kitchen
Around JPY1m ~ JPY1.5m

Bathroom
Around JPY0.5m ~ JPY1m

Toilet
Around ~ JPY0.5m

Washroom
Around ~ JPY0.5m



Requiring Highly Functional Product Offering Combined with Aesthetics

Functional Technology

Storage Capacity



Easy to Use



Easy to Clean





LIXIL Core Strength

+

Aesthetics



New Lineup



Area of Improvement

Cost Optimization Plans

COST REDUCTION

SKU Reduction	Improved Production Efficiency	Technical Innovation	Procurement
▪ Reduce low profit series ▪ Integration of similar series ▪ Commonization ▪ Reduction of warehouses	▪ Flow oriented ▪ Step linkage ▪ Automation	▪ In-house production and in-sourcing driven by innovation	▪ Value analysis ▪ Value engineering

Rationale for Global Business Expansion

BUSINESS RATIONALE

Rationale for Going Global

- Economies of scale by accessing larger customer base
- To create synergies in operations between regions (purchasing, innovation…)
- To benchmark best practices
- To bring more innovation to our customers, by listening and understanding the market trends and needs before our competitors

How to Go Global

First Step China

- Capitalize on existing Joint Venture with Haier
  - Leverage extensive distribution platform
  - Improve current operations

Expansion

- Asian Countries :
  - Utilize footprint in China and Japan to expand business operations
- Rest of the World :
  - "Teaming up" with an existing kitchen manufacturers which have recognized capabilities

Capitalize on China JV with Haier

LIXIL Haier China JV

Best Integrated Kitchen Provider

Building Material



- Cutting-edge technical manufacturing capability
- Quality management excellence
- Global brand with high recognition
- Leading position in building materials

Electronics Group

- High brand awareness
- Leading position electronic appliance company
- Broad distribution network in China
- Solid service network & capability

Our UNIQUE manufacturing capability

- "Japan + China" gives us a unique strength to address the needs of Asian markets according to local needs / wealth / state of development / tastes

LIXIL Haier Kitchen Plant





LKT Growth Targets

Unit: JPYbn

		FYE2016 Budget	FYE2018 MTP	FYE2016-18 CAGR
Sales Growth	LKT Japan	104.6	106.5	+1%
	LKT China	13.4	16.5	+11%
	LIXIL Kitchen Technology	**118.0**	**123.0**	+2%
Profit Growth	**Core Earnings**	**2.5**	**8.0**	+78%
	CE margin	**2.1%**	**6.5%**	

LKT in FYE2018

OBJECTIVE

Strengthen No.1 position in Japan and aim to become a global leader, starting with Asia

FYE 2018 Goals	Key Strategies	Key Metrics (Measurement)

Sales
▪ Total: JPY123bn
  ▪ Japan: JPY107bn
  ▪ Non-JPN: JPY16bn
	Growth Drivers
	▪ Growth
	  ▪ Mid-High end Category
	  ▪ China
	▪ Product Innovation / Design
		▪ Mid-high end category sales ratio 25% in 3 years
		▪ China market growth 22%
		▪ Aim for Gross Margin Improvement 6-7%

Core Earnings
▪ Total: JPY8bn
	Margin Improvements
	▪ Optimize SKUs
	  ▪ Cut low margin products
	  ▪ Integrate series, optimize parts
	▪ Production efficiency
	  ▪ Manufacturing process optimization, automation
	  ▪ In-house production
	  ▪ Lower warehouse expense
	  ▪ Procurement
		▪ SKU reduction of 30% or more in 3 years
		▪ Integrate 6 series
		▪ Reduce number of parts by 30%
		▪ Automation of 17 processes
		▪ Lower warehouse expenses by 64%

LIXIL
Link to Good Living

Redefining the Future

Drive Market Share

LIXIL Distribution & Retail (D&R)

September 15th, 2015

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LIXIL Distribution & Retail (D&R) at a Glance

Key statistics(1) (FYE2015)

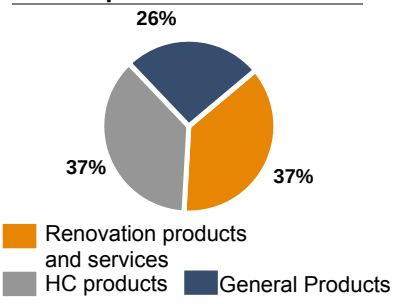
- **JPY168bn** Sales
- **5.8%** Core earnings margin(2)
- **84** Stores
- **614,260m²** Floor space
- **5,964** Headcount
- **JPY3.2bn** Capex
- **JPY 9.1bn** Operating cash flow

LIXIL

Sales Split

Main Business

Sales Split & Formats



HC and SVH (Super Viva Home)



HC and VH (Viva Home)



Reform



VC's

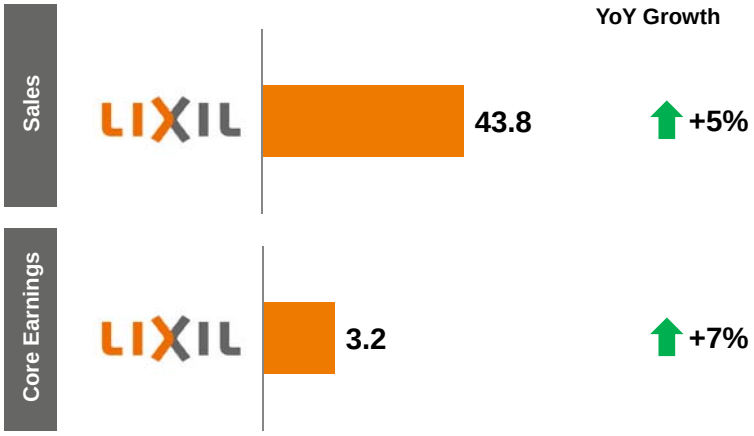


*HC :home center

(1) *Excluding Ken-Depot Business for entire D&R material*
(2) *Core earnings in IFRS = Revenues - Cost of Sales - SG&A; same as OP in JGAAP*

D&R Performed Strongly in Q1 FYE2016 –Sales Growth of 5% and Core Earnings Growth of 7% to JPY3.2bn

FYE2016 Q1(Apr-Jun)
In JPYbn



Key Highlights

- Promotion of members card and early bird sale of seasonable items, improvement of low profitability stores contributed to increase in sales
- Despite the purchase cost increase due to rapid depreciation of Yen and decreased profit due to sales down of existing stores, LIXIL VIVA profit increased JPY200million due to improved SCM, merchandises restructuring, and control of expenses

D&R Positioning

MARKET	REMODELING MARKET	Large and growth market for remodeling services and materials
COMPETITIVE STRENGTHS	EXPERIENCED TEAM	Dedicated management team with 15 years experience in the home center industry
	SOLID TRACK RECORD	10 years of consecutive sales growth
	NEW STORE FORMAT	>80% of sales generated by new format stores
	MULTI FORMAT	Bespoke business model to cater to different customer needs
	FINANCIAL CONTROL	Outperforming competitors in terms of sales growth and profitability

D&R Management – Dedicated Management Team with 15 Years Experience in the Home Centre Industry



Katsuhiro Mamenari
Chairman and CEO



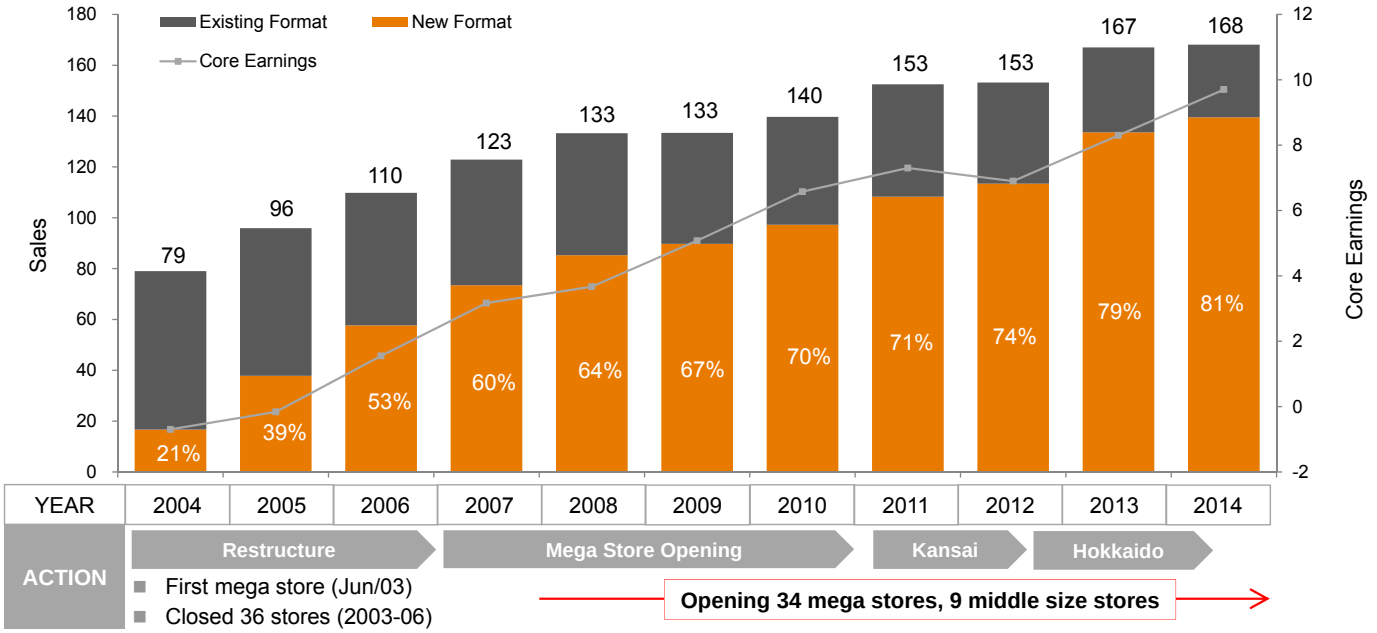
Osamu Watanabe
President and COO

Operation	Reform	Store Development
Iwao Okura Executive Director Operation	Susumu Ban Senior Executive officer	Tadashi Odauchi Senior Executive Officer
SVH: Katsunori Suzuki	Reform: Mitsuhito Kasazaki	SC: Tadashi Odauchi
VH: Masayuki Hagiwara		Development: Takeshi Fukuhara
VC's: Takemichi Araki		
Online sales: Ikuo Nakamura		
Merchandising: Hiroshi Sakamoto		

SCM Management	Teiji Sugimoto Senior Executive officer
Finance & Account Management	Tadashi Abe
General Affairs & HR Management	Takehiko Iida
Administrative Management	Takashi Shimakage
CSR	Hirotoshi Konishi
Customer Service Office	Hideji Kikuchi

D&R has been Increasing Sales for 10 Consecutive Years while also Improving Profitability Substantially Driven by New Format Store Openings…

Sales Performance of LIXIL D&R (JPYbn)



…With a Bespoke Business Model to Cater to Different Customer Base…

Super Viva Home





64% of sales

- Advanced type of big box with over 10,000㎡ floor space
- Materials, living/pets and garden center

Viva Home



27% of sales

- Living & Life's convenience store
- Viva Home and New Viva Home format

Reform





8% of sales

- Reform & Design center
- Interior, plumbing products, exterior and garden

VC's





1% of sales

- Hobby & Life culture store for good life
- Arts, craft, hobby and culture school

Shopping Centers

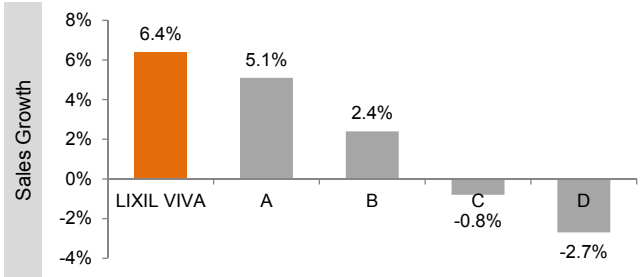


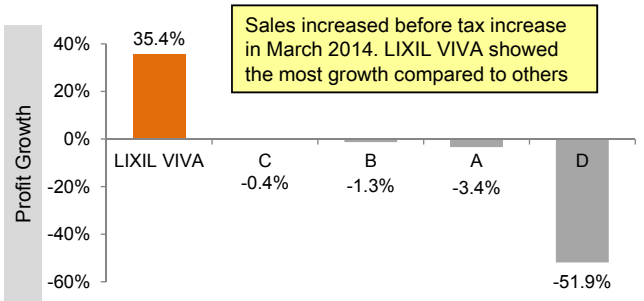
SC business-operating revenue (3%)

- Management and operation of SVH shopping centers
- VIVA mall and food court

Resulting in Superior Sales Growth and Profitability Compared to its Peer Group

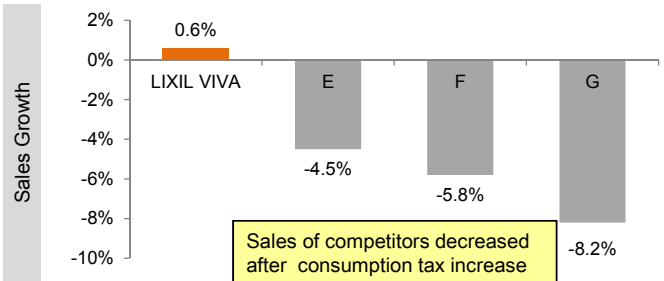
March 2014 – February 2015

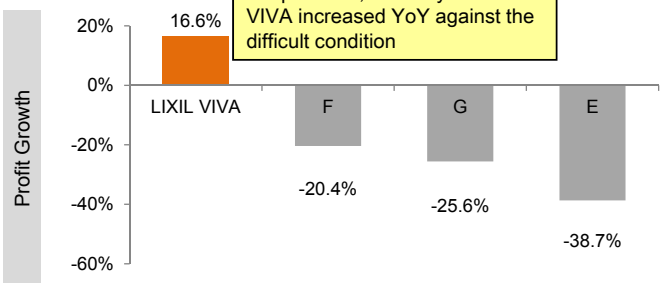




Sales increased before tax increase in March 2014. LIXIL VIVA showed the most growth compared to others

April 2014 – March 2015





Sales of competitors decreased after consumption tax increase in April 2014, but only LIXIL VIVA increased YoY against the difficult condition

Reasons for VIVA outperformance:

- Developed new business format(SVH,VH). Everything assorted and low price for professional and general customers
- VIVA continues to increase sales and profit by structural improvement and growth strategy
- Profit control activity by store (V-APM: Viva – All Member's Profit Management) allows to take swift action

Core Business Themes of the MTP

GROWTH STRATEGY	STRATEGIC INITIATIVES	NEW STORE OPENINGS	▪ Expand store coverage domestically ▪ Securing of prime properties
		EXPAND REFORM BUSINESS	▪ Expand reform business ▪ R50/60 plan(Renovation sales ratio to be 50-60% against total sales) ▪ Building construction center system
		M&A	▪ Accelerate domestic business development with M&A ▪ Review overseas expansion opportunities
	OPERATIONAL IMPROVEMENT	SUPPLY CHAIN	▪ Restructuring of logistics and IT system ▪ Store operation restructuring
		COST OPTIMIZSTION	▪ Change portfolio mix from 3rd party brands to private brands, reform of procurement route ▪ Restructuring of stores with low profitability ▪ Overall cost reduction programs
OUTLOOK	FINANCIAL PERFORMANCE		▪ Deliver sustainable and profitable growth

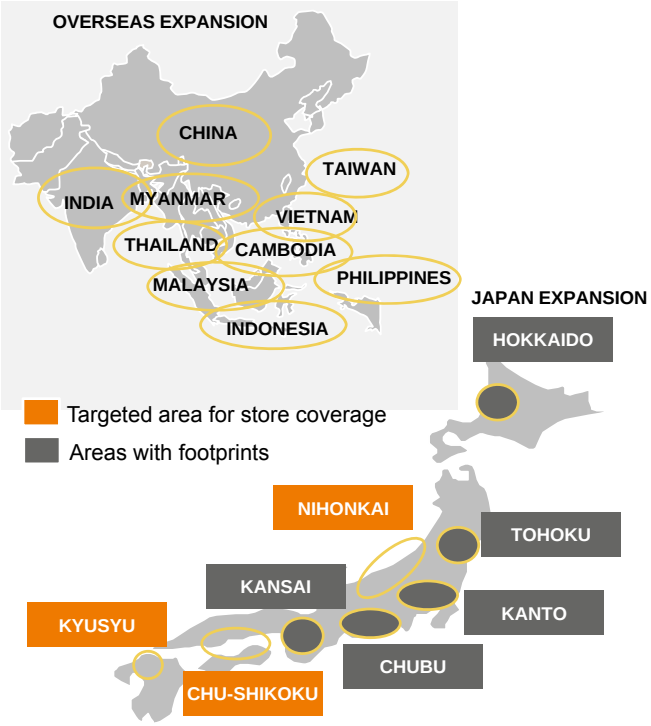
Expand Store Coverage in Japan

OPPORTUNITY

- Necessary for new store openings
  - Future growth
- New properties ensure during recession periods
  - A big chance

PLAN

- LIXIL VIVA will open 12 SVH over the next three years from FYE2016 to FYE2018
- Expand business area at metropolitan area and west side of Japan (Japan sea area, Kansai, Kyusyu)
- New properties ensure of metropolitan, Kansai, Chubu as high density commercial area
- First expand in Japan, while planning new business start in overseas market



Increase Share of Renovation Business

OPPORTUNITY

- Focus on share increase in renovation market
- Increase addressable market size from JPY4 tr to JPY11tr by taking in renovation market

PLAN

- Target customers to include:
  - Renovation contractors(B to B)
  - Small and medium sized home builders (B to B)
  - End Users (B to C)
- Product range to include:
  - Re-modeling services (DIY & Do it for me)
  - Re-modeling materials



SCM Restructuring

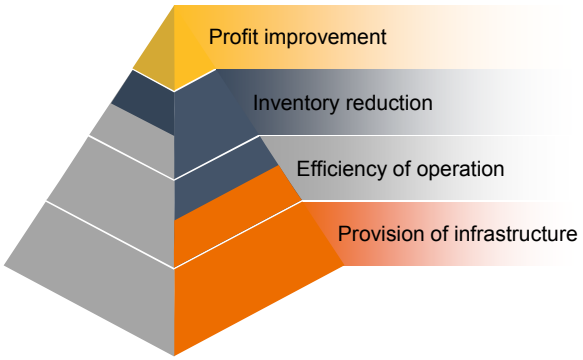
OPPORTUNITY

- Change in environment surrounding the retail industry
- The importance of SCM
- Home Depot improved profit by SCM restructuring
- Established SCM with supplier

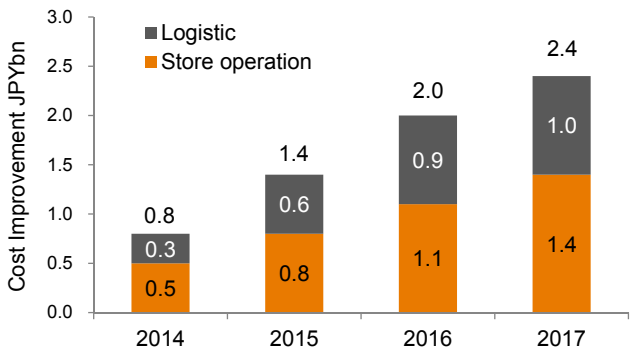
PLAN

- Logistic restructuring
  - Consolidation of domestic logistic system
  - Increase logistics through distribution center
  - Overseas logistics (new)
- IT system restructuring
  - Systemize order processing(EDI)
  - Share information with suppliers
- Store operation restructuring
  - Simple and streamlined operation
  - Expand sales area by reducing backyard space
- Improve customer service, efficiency of operation, and profitability

SCM Restructuring Step



Cost Reduction Target



D&R in FYE2018

OBJECTIVE	Become No.1 domestic player with >JPY500bn in sales	
FYE 2018 Goals	**Key Strategies**	**Key Metrics (Measurement)**
Sales ▪ Total: JPY200bn ▪ CAGR FYE2016-18: 8%	**Growth Drivers** ▪ Expand store coverage ▪ Expand reform business ▪ Domestic consolidation	▪ Expand store coverage in Japan 12 stores opening in FYE2016-18 ▪ Expand reform business Increase sales >50% ▪ Integrate domestic home center market Centralize renovation and hard merchandises (materials)
Core Earnings ▪ Total: JPY13bn ▪ CAGR FYE2016-18: 14%	**Margin Improvements** ▪ Supply chain optimization ▪ Review purchasing strategy ▪ Increase share of private brand ▪ Store restructuring	▪ SCM restructuring(1) Through distribution center BM37%→TM80% Distribution cost BM7.1%→TM5.0% ▪ Merchandising restructuring PB sales ratio BM24.8%→28.0% ▪ Improve low profit store Increase profitability to >5% for target stores

(1) *BM : bench mark, TM : target mark*

LIXIL
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Redefining the Future

Broaden Service Offering

LIXIL Housing Services (H&S)

September 15th, 2015

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Housing Services Business (H&S) at a Glance

Key statistics (FYE2015)

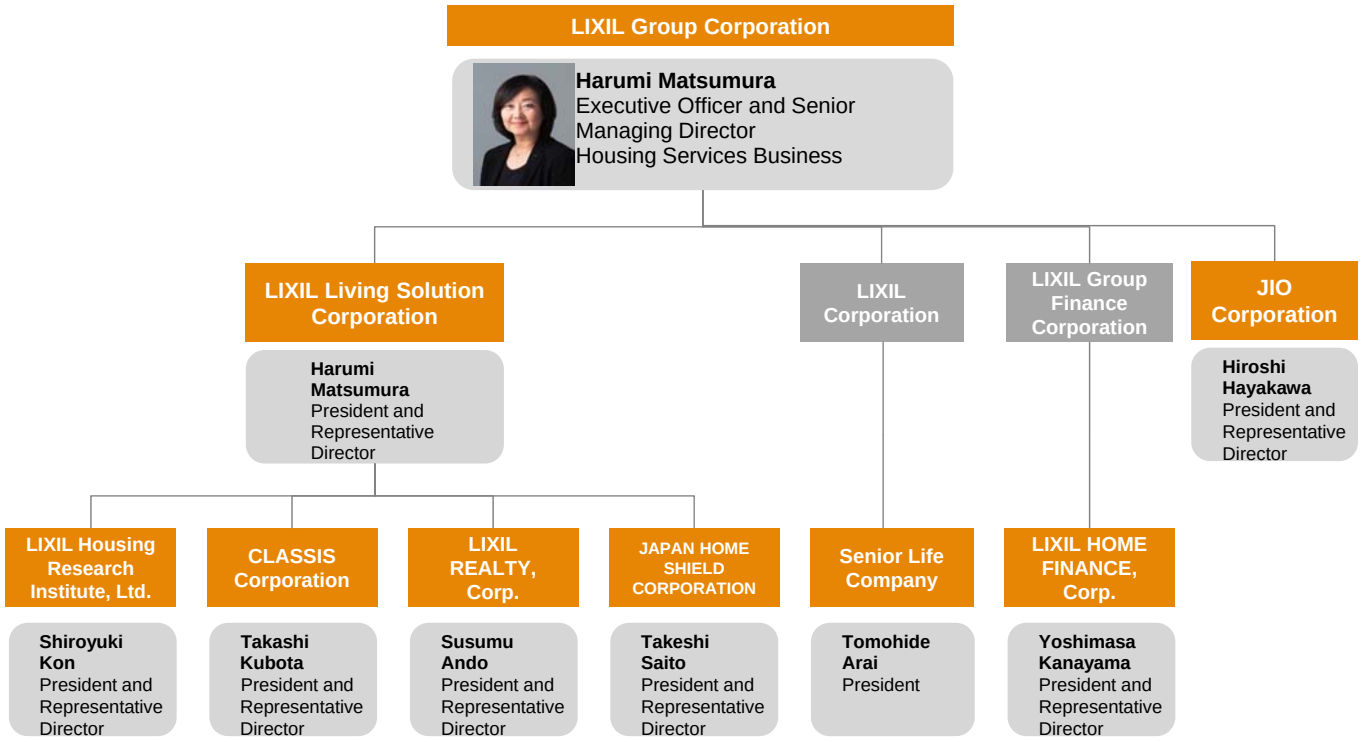
- **JPY61.9bn** Sales
- **7.5%** Core earnings margin(1)
- **122** Number of operating office
- **1,918** Headcount
- **467** Number of franchise chain contract

Brands & categories (FYE2015)

LIXIL 住宅研究所 / EVEFUL HOME / FIACE HOME / GL HOME / CL	Housing & construction service Sales: JPY27.8bn
JIO	A housing warranty insurance corporation designated by MLIT(2) Sales: JPY11.3bn
LIXIL REALTY / ERA REAL ESTATE JAPAN	Real estate service Sales: JPY10.5bn
JAPAN HOME SHIELD	Ground investigation/ analysis service House inspection service Sales: JPY9.4bn
Felio Resius	Elderly care service Sales: JPY2.5bn
LIXIL 住生活ソリューション	Business & consumers support service Sales: JPY1.6bn
LIXIL ホームファイナンス	Financial service Sales: JPY0.2bn

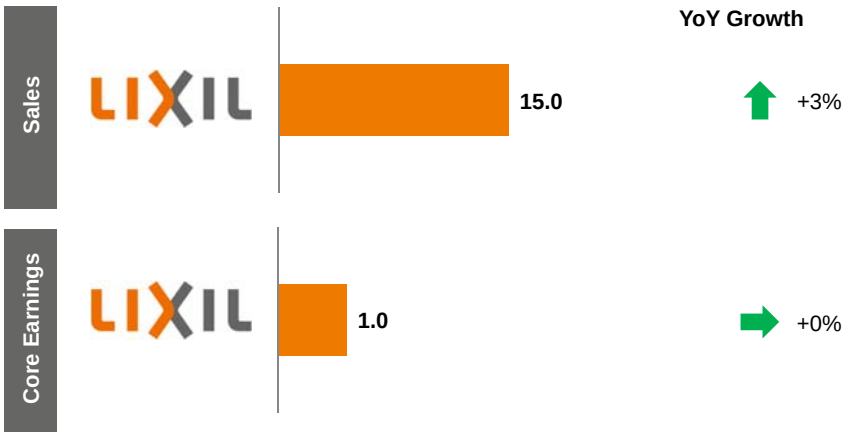
(1) *Core earnings in IFRS = Revenues - Cost of Sales - SG&A; same as OP in JGAAP*
(2) *MLIT : Ministry of Land, Infrastructure, Transport and Tourism*

H&S Management



H&S Sales Grew by 2% in Q1 FYE2016

FYE2016 Q1 (Apr-Jun)
In JPYbn



Key Highlights

- Growth in sales and small increase in profit for H&S total
- Growth drivers were M&A of real estate business, strong sales of ground investigations and analysis, and startup of finance business

H&S Positioning

MARKET	HOUSING SERVICES	Government regulations driving renovation market demand and increasing share of elderly population result in market expansion
COMPETITIVE STRENGTHS	MISSION	Become a leader in new service markets for increasing the value of housing and living by leveraging the LIXIL Group's combined strength and providing occupant-oriented services
	EXPERIENCED TEAM	Experienced team across wide range of housing services
	INCREASING VALUE OF HOMES	Dedicated services from home performance assessments, maintenance management, home inspections, to real estate transactions linked to driving renovation demand, and collaborating with housing materials of LIXIL
	EXTENSIVE CUSTOMER CONTACT	Wide customer network in various business Increase contact of BtoC by utilizing the online business
	NEW SERVICES TO INCREASE VALUE OF HOMES	Combine knowhow and resource of existing businesses with government policy to rollout service for the market expected to grow, which will increase value of homes (quality assessment, maintenance, house inspection, utilize vacant houses, service related to houses for senior citizens)

H&S Market in Japan Supported by Government Regulations and Increasing Share of Elderly Population…

THREAT

- The number of housing starts is expected to decline in medium to long-term due to the falling population and saturation in the housing stock

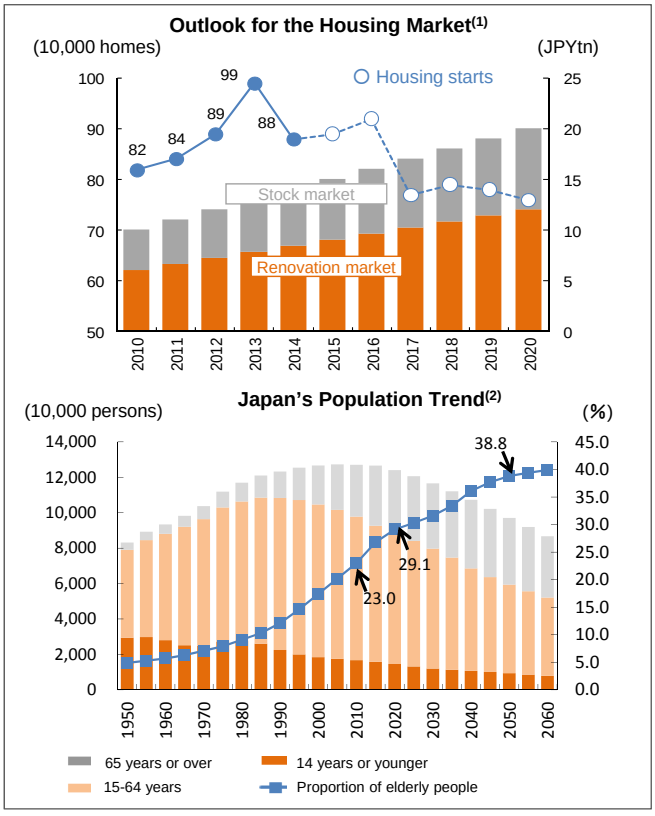
OPPORTUNITY

Management of housing stock

- Markets are being established for home performance assessments, home-maintenance management, and home inspections in conjunction with the government's policy of improving the quality of housing and establishing a high-quality housing stock

Service expansion

- The market for living-related services for senior citizens is expanding due to the increase in the elderly population



(1) Data on new builds is from housing start statistics and forecasts by Nomura Research Institute. Data on the used-home and renovation markets is from the Ministry of Land, Infrastructure, Transport and Tourism's "Total Plan for Renovating Existing Homes."
(2) Source: Census and population prospects, Ministry of Internal Affairs; Estimates of the future population in Japan as of January 2012,; The National Institute of Population and Social Security Research; Demographic statistics, Ministry of Health, Labour and Welfare

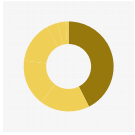
…Offering Unique Opportunity for H&S's Dedicated Services to Increase Value of Home and Living

LIXIL Housing Research Institute, Ltd.

Operation of nationwide homebuilding franchise chains

LIXIL Housing Research Institute operates nationwide homebuilding franchise chains under three brands. The Institute seeks to maximize the appeal of each brand and provides superior housing that not only reduces environmental impact but also suits the lifestyles that customers wish to pursue





43% of sales

アイフルホーム　フィアスホーム　GLホーム

CLASSIS Corporation

Builds homes that provide high-class living

The primary mission of CLASSIS is to provide the best in comfortable living spaces. It aims to offer customers not just real estate, but also the status befitting the area in which they live



分譲住宅物件例：世田谷区

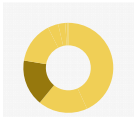
1% of sales

LIXIL REALTY, Corp.

Offers a comprehensive range of services relating to housing and real estate

LIXIL Realty offers housing and real-estate-related services through the following operations: buying, selling, and rental of housing and real estate as well as property management, construction, renovation, asset value enhancement and management of company housing





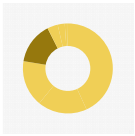
17% of sales

JAPAN HOME SHIELD CORPORATION

Provides comprehensive support, covering everything from ground surveys to building inspections making sure that homes offer safety and peace of mind

Japan Home Shield Corporation (JHS) provides a broad range of support for safe and secure home building by conducting ground surveys and building inspections on detached houses. With more than 1 million of ground surveys and analyses conducted as of March 2015, JHS continues to be the industry leader





15% of sales

*Sales ratio are as of FYE2015 results

…Offering Unique Opportunity for H&S's Dedicated Services to Increase Value of Home and Living

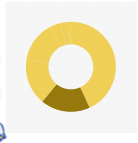
Newly formed entities

JIO Corporation

A housing warranty insurance corporation designated by the MLIT(1)

JIO offers insurance services that cover defects of new houses based on the Act on Assurance of Performance of Specified Housing Warranty. We also provide insurance on traded existing houses, renovation work and large-scale renovation work. We support the provision of safe and secure housing through a variety of services, including housing performance evaluation and conformance assessment related to Flat 35 housing-loan schemes





18% of sales

LIXIL Living Solution Corporation

Provides a total solution service that increases the value of housing and lifestyles

LIXIL Living Solution Corporation collaborates with operating companies engaged in the Housing Services Business, and operates such businesses as business solutions, whereby it provides corporate customers with services in a one-stop fashion, and the coordination of services to match questions and problems that individuals have about their homes and lifestyles



Communication website HOMEPAD

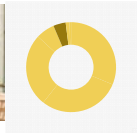
3% of sales

LIXIL Senior Life Company

Offers heartwarming services to residents and their families with a smile

LIXIL Senior Life Company operates the Felio and Regius chains of private retirement homes, the former offering nursing care services and the latter being similar to regular housing. Leveraging the know-how accumulated over our many years in the housing business, the company provides services that meet the needs of residents





4% of sales

LIXIL HOME FINANCE, Corp.

Provides financial services to support home building

LIXIL Home Finance Corporation was established in June 2014 as a financial institution providing housing-related financial services. Its "Flat 35" loans, which offer fixed interest rates throughout the term of the loan, are approved by the Housing Finance Agency, making them an easy-to-handle service.
It also offers other services such as bridge loans and fire insurance



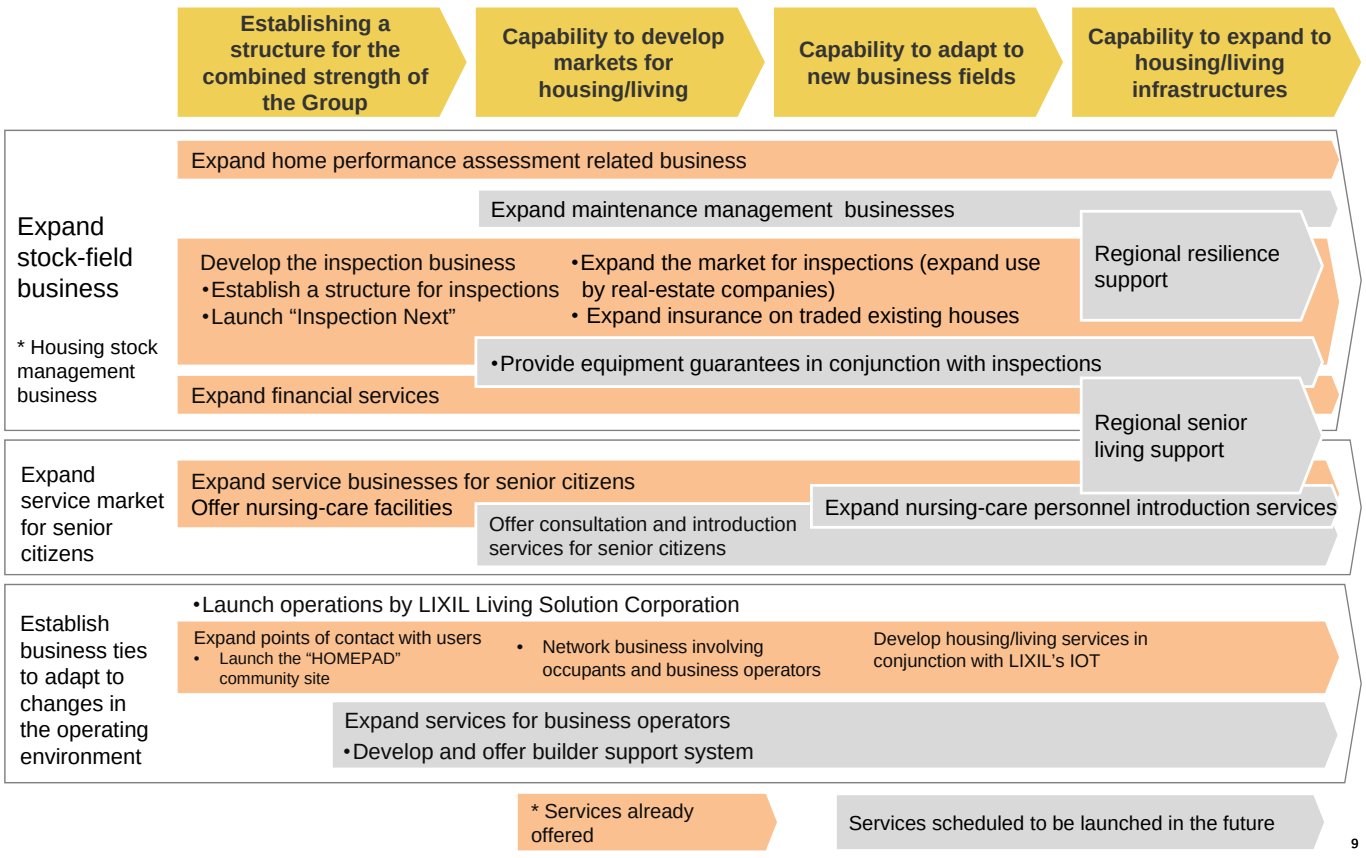
0.3% of sales

(1)MLIT: Ministry of Land, Infrastructure, Transport and Tourism
*Sales ratio are as of FYE2015 results

Core Business Themes of the MTP

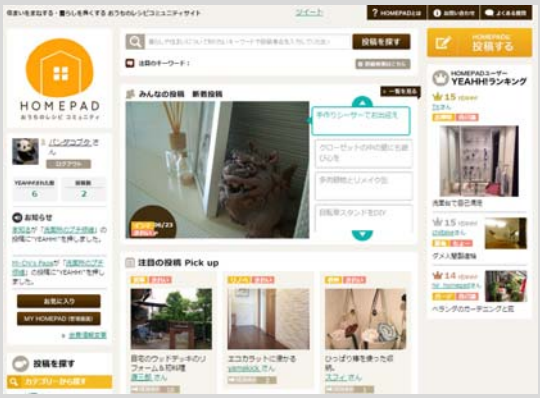
		FOCUS	CORE THEMES
STRATEGIC INITIATIVES	**Housing Stock Business Expansion**	Increase market share	▪ Establish businesses for performance assessments, maintenance management, and home inspections ▪ Expand the used-home distribution business and services
	Living-related Service Business Expansion	Provide services for elderly people	▪ Expand the facilities operation business and introduction business ▪ Establish a consultation and operator introduction business and living-related services business
	Adapt to Changing Business Environment	Utilize IT solutions and support business operators	▪ Utilize the web to expand communication with end users ▪ Support service expansion for builders of new homes to handle the stock

Medium term roadmap



New Services

HOMEPAD: A “home recipe community” website filled with information for making each day more affluent and comfortable



1. Various types of information on homes and living presented
2. Posting of preferences concerning homes and living
3. Communication among users
4. Numerous columns written by experts
5. Earn MyStar awards as your “YEAHH!!” ranking rises

Inspection Next: Examines the deterioration of the home and the performance of the equipment and the building, and then provides advice on repairs and improving performance

Building inspection report



(1) Building deterioration: Ministry of Land, Infrastructure and Transport Guidelines
(2) Housing equipment: LIXIL’s knowhow
(3) Home performance: Determined with reference to the CASBEE®
(4) Design innovations, advantages for living

- **Inspection results are organized under four headings to make them easy to understand**

Advice on repairs, replacement of equipment, and improving performance



(1) Repairs listed in order of priority along with their estimated cost
(2) Estimated cost of replacing faulty equipment
(3) Methods of improving performance of poorly performing equipment

- **Advice from a third-party perspective**

H&S in FYE2018

OBJECTIVE	Become the leader in new service markets for increasing the value of housing and living by leveraging the LIXIL Group’s combined strength and providing occupant-oriented services

FYE 2018 Goals	Key Strategies	Key Metrics (Measurement)
Sales ▪ Total: JPY73bn ▪ CAGR FYE2016-18: 8%	**Growth Drivers** ▪ Expand housing stock related services offerings ▪ Expand service market for senior citizens ▪ Share increase of existing businesses ▪ Increase contact points of BtoC customers	▪ Non-new homes related sales ratio ▪ Market shares of existing business for each company ▪ Scale of business related to senior citizens ▪ Number of times the pages are viewed on the website
Core Earnings ▪ Total: JPY7bn ▪ CAGR FYE2016-18: 28%	**Profit Improvements** ▪ Expand new business ▪ Appropriate cost control of new business and stock business	▪ Sales and core earnings of new business ▪ SG&A ratio of each company