Q1 Results for the Fiscal Year Ending March 31, 2018 (IFRS)

(From April 1, 2017 to June 30, 2017)

TSE Code: 5938

LIXIL Group Corporation

August 7, 2017

LIXIL Link to Good Living

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LIXIL Group has Transitioned to IFRS from FYE2016 Change in Profit Level Structure is as Shown Below

JGAAP	IFRS (LIXIL Group Financial Reporting)
Net sales	Revenue
Cost of sales	Cost of sales
Gross profit	Gross Profit
SG&A	SG&A
Operating profit	**Core earnings (CE)**
Non-operating income/expenses	Other income/expenses
Ordinary income	**Operating profit**
Extraordinary income/losses	Finance income/costs
	Share of profit (loss) for using the equity method
Profit before income taxes	Profit before tax
Net profit	Net profit
attributable to Non-controlling interests	attributable to Owners of the parent
attributable to Owners of the parent	attributable to Non-controlling interests

"**Core earnings**" in IFRS is equivalent to JGAAP's "**Operating profit**"

Q1 FYE2018 Financial Results Summary (IFRS)

1. Q1 FYE2018 Financial Results Summary (IFRS)
2. Q1 FYE2018 Business Update
3. Appendix


LIXIL Water Technology


LIXIL Housing Technology


LIXIL Building Technology


LIXIL Kitchen Technology



Distribution and Retail Business


Housing and Services Business

LIXIL Group Q1 Key Performance Highlights

Revenue increased by 1.2% YoY to JPY431.9bn

- Driven by organic growth despite impact from divestment and deconsolidation
- Strong performance of LWT globally and especially Japan with strong performance in renovation and new housing
- LHT showing signs of improvement due to new housing related sales recovery

Core earnings increased by 27% YoY to JPY18.7bn despite impact of divestment and deconsolidation

- Driven by the sales volume increase mainly in LWT Japan, further supported by marketing activities and cost improvement from Group synergies
- LBT business has shown improved profitability in both Japan and overseas
- LIXIL Group core earnings margin up from 3.5% to 4.3% YoY

Profit attributable to owners of the parent was JPY 10.2bn (-JPY1.4bn YoY) due to absence of one-off positive impact from foreign-currency denominated debt conversion recognized in previous year (-JPY10.4bn)

- Decrease in interest expense due to debt repayment (+JPY1.5bn) and tax expense (+JPY2.7bn)
- Impact of LIXIL VIVA April 2017 IPO leading to decrease of attributable profits (-JPY1.0bn)

Q1 Consolidated Business Results

Revenue, gross profit and core earnings show positive trend

JPYbn	Q1 FYE2017	Q1 FYE2018	YoY Increase / (Decrease)		
	Results	Results	Amount		%
			As of Forex		
Revenue	426.6	**431.9**	1.7	5.2	1.2%
Gross Profit	132.2	**138.6**	0.7	6.4	4.8%
%	31.0%	**32.1%**	-	-	+1.1
Core Earnings(1)	14.7	**18.7**	0.4	4.0	27.1%
(%)	3.5%	**4.3%**	-	-	+0.9
Net Profit (2)	11.6	**10.2**	-	-1.4	-12.1%
EPS (yen)	41	**36**	-	-5	-12.4%
EBITDA(3)	29.7	**35.2**	-	5.5	18.6%
(%)	7.0%	**8.2%**	-	-	+1.2

Foreign exchange rates (actual) *(Yen)*

	Q1 FYE2017 Actual	**Q1 FYE2018 Actual**
US dollars	109.07	**111.61**
Euros	122.47	**123.14**
Thai bahts	3.09	**3.25**
RMB	16.64	**16.30**

*average exchange rates

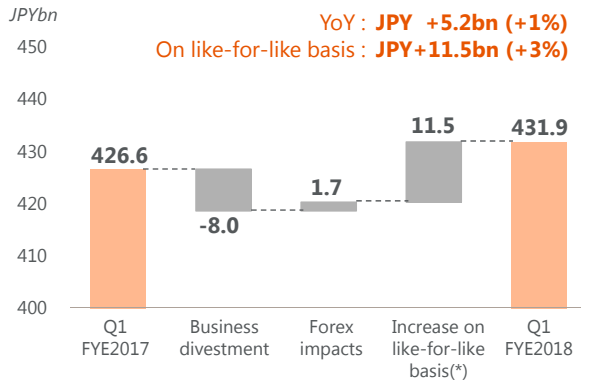
- **Q1 Gross Profit Margin +1.1pp**
  31.0%→32.1%:
  - Continued improvement through Group synergies
  - Focus on development and sales of mid to high-end products
  - Improvement on production efficiency
- **EBITDA improved +18.6% due to the increase in core earnings**
- **Net profit impacted by one-off FX gains in Q1 FYE2017**

(1) "Core earnings" is equivalent to "Operating profit" of JGAAP
(2) Profit attributable to owners of the parent
(3) EBITDA: Core earnings + Depreciation

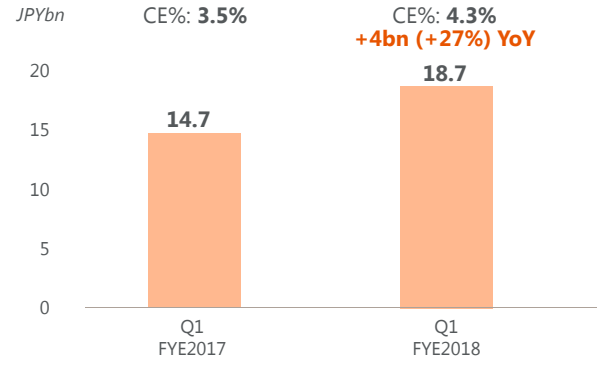
LIXIL Group Q1 Highlights

Strong momentum drives Core Earnings up 27% YoY

Revenue



Core Earnings (CE)



Revenue increase(*) on like-for-like basis due to:

- Growth in LWT (Japan and Overseas) due to active marketing investments, introduction of new products
- Positive contributions from LHT, LBT and LKT
- LBT revenue increase for both Japan and Overseas

Significant contribution from Japan as well as improvement of profitability in LBT business. Profitability improvement is on track.

- Core earnings increased in LWT, LKT and D&R
- Reduced losses in LBT due to conversion of healthy project pipeline into project execution
- Japan +2.1bn (+14%), Overseas +1.0bn (+12%)

Net Debt Position

Smooth debt repayment continues to be a capital management priority

JPYbn	(A) Mar-17	(B) Jun-17	(B)-(A)	%
Cash and Equivalents	121.6	**120.4**	-1.2	-1.0%
Interest-bearing Debt	759.9	**728.2**	-31.7	-4.2%
Net Interest-bearing Debt	638.3	**607.9**	-30.5	-4.8%
Total Assets	2,042.2	**2,060.2**	18.0	0.9%
Equity Ratio (%)(1)	26.8	**28.1**	+1.3	-
Net Debt/Equity Ratio (%)	117	**105**	-11	-

Net interest-bearing debt decreased by JPY30.5bn

- Mainly due to prepayment of debt of JPY49.1bn in April 2017

Total assets increased by JPY18bn

- Mainly due to forex fluctuation (Euro: JPY120 (end of March 2017) → JPY128 (end of June 2017))

Equity ratio increased by 1.3 pp, Net Debt/Equity ratio improved by 11pp (117% → 105%)

- Improvement due to interest-bearing debt repayment of JPY49.1bn

(1) Ratio of equity attributable to owners of the parent

Working Capital & Capex

Cash flow impacted by debt repayments and increasing stakes in subsidiaries

JPYbn	Q1 FYE2017	Q1 FYE2018	Increase/decrease
Profit before tax	20.2	**17.2**	-3.1
Depreciation and amortization	15.0	**16.5**	1.5
Income taxes paid	-11.2	**-11.4**	-0.1
Working capital	0.3	**2.5**	2.2
Others	3.9	**1.6**	-2.3
Net cash flows from operating activities	28.2	**26.4**	-1.7
Net cash flows from investing activities	-15.3	**-22.8**	-7.5
(of which purchase of property, plant and equipment and intangible assets)	-16.0	**-14.0**	2.0
Free cash flows	12.9	**3.6**	-9.3
Net cash flows from financing activities	6.5	**-6.4**	-12.9
	. . .	. . .	. . .
Cash and cash equivalents (Balance at the fiscal year end)	144.0	**120.4**	-23.6

- Decrease in free cash flows mostly due to additional acquisition of shares of the subsidiaries
- Net cash out-flows from financing activities impacted by repayment of borrowings, partly offset by LIXIL VIVA IPO proceeds of JPY32.4bn (LIXIL) and JPY9.1bn(VIVA)

Q1 FYE2018 Business Update



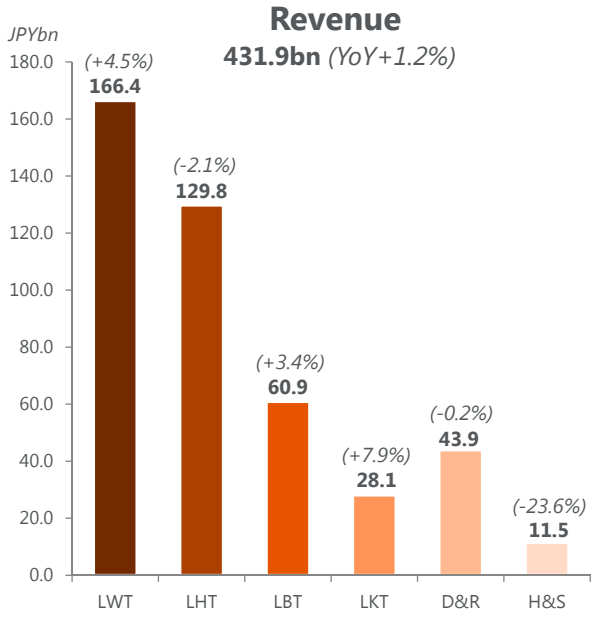


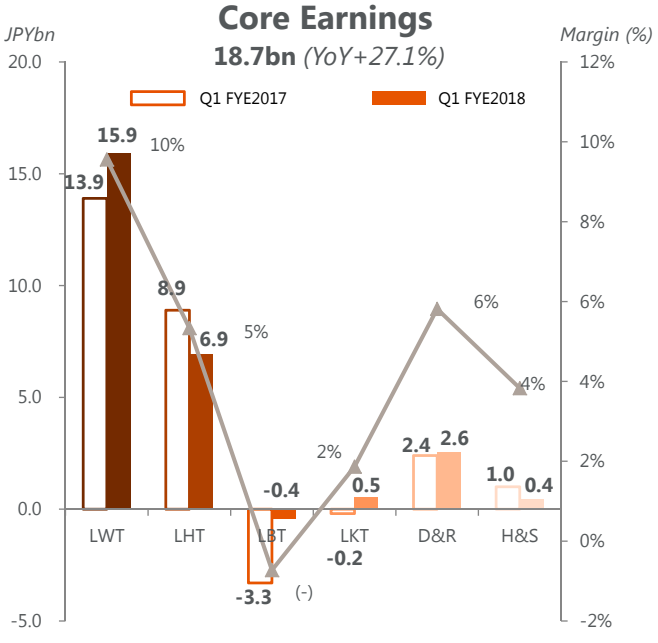




LIXIL Group Earnings

LIXIL Group core earnings and margins show improvement YoY - LWT and LHT contributed 67% of Q1 revenues and 88% of Q1 core earnings





Business Environment Update

All the key regions support momentum with housing market conditions

Japan

- Q1 new housing starts increased by 1.1% YoY
- Japanese government initiatives provide positive economic conditions
- Raw materials prices remain stable over the quarter

Asia Pacific

- Increasing brand recognition amongst China's consumers for LWT product lines with rising middle class a key catalyst for future demand
- Gradual recovery in Vietnam with ongoing weak demand in Thailand
- Slower than expected recovery in India following decline of demand due to currency reform and likely pressure from new tax reform

Europe

- Investment in new building and renovation driven by low interest rate environment
- Increasing demand for eco-friendly and water-saving technologies drives global LWT revenue

Americas

- Favorable construction market conditions drive sales in building and water technology businesses

LIXIL Water Technology

Q1 topline driven by strong growth in Japan; profitability increasing

Apr-Jun In JPYbn		Q1 FYE2018	YoY	*Like for like*	FYE2018 (forecast)	
Revenues by Region*1	Americas	34.4		*+1%*	*+6%*	
	EMEA	35.2		*+2%*	*+5%*	
	Asia Pacific	20.8		*+4%*	*+15%*	
	Japan	75.9		*+6%*	*+0%*	
	Adjustments	0.1				
	LIXIL Water Technology	**166.4**	+5%	*+5%*	**703.0**	+6%
Core Earnings	**LIXIL Water Technology**	**15.9**	+14%		**67.0**	+3%
	Margin	*10%*	+0.8pp		*10%*	

- Q1 revenue increased by JPY7.2bn or 5% YoY
- Innovative products such as *Aqua ceramic* and increased marketing activities continue to contribute to revenue growth in Japan (Sanitary ware +11.4% YoY)
- Strong success in China with innovative new GROHE and American Standard products, driving strong sales growth (Revenue +12% YoY)
- Core earnings grew due to cost improvement reflecting benefits of ongoing synergies

*1 Region: Management basis, Total: Statutory basis
Currency : Q1 FYE2018 1USD=111.61JPY, 1EUR=123.14JPY, FYE2018(Region) 1USD=115JPY, 1EUR=120JPY

LIXIL Water Technology

Innovative new products in Japan and China contribute to improving profitability

Japan

- Actively expanded marketing activities in Japan through TV commercials
  - New TV commercials, including for PATTO Reform, driving growth in brand recognition
- Positive response to new technologies and design for ease of cleaning

China

- Key initiatives driving positive momentum and brand recognition in China
  - Brand power roll-out through participation in the largest tradeshow in China and third largest globally, The 22nd Kitchen & Bath China 2017 (KBC) *1and largest GROHE SPA Showroom in Asia opened in May 2017
- Innovation and successful new product launches are driving strong growth with *Smart Control* and *Sensia Arena* (GROHE), *Milano Collection* and *EasySET* (American Standard)
- American Standard ranked #1 toilet in China*2, regaining its traditional brand strength









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*1 Press Release on May 31 http://www.lixil.com/en/news/pdf/20170531_KBC2017_E.pdf
*2 According to our own research

LIXIL Housing Technology

Q1 impacted by investment for future sales growth

Apr-Jun In JPYbn		Q1 FYE2018	YoY	FYE2018 (forecast)	
Revenues by Region	Japan	125.8	-3% *like-for-like: +1%*2*		0%
	Overseas	3.9	+60%		+7%*1
	LIXIL Housing Technology	**129.8**	-2% *like-for-like: +2%*2*	**543.0**	0%
Core Earnings	**LIXIL Housing Technology**	**6.9**	-22% *like-for-like: -21%*2*	**41.5**	+6%
	Margin	*5%*	-1.4pp	*8%*	

- Q1 revenue decreased by JPY2.8bn or 2% YoY, impacted by divestment of HIVIC (-JPY4.9bn) in previous year
- Developed new products focused on fast and easy installation
  - PATTO Reform: added 6 products
- Discussions with TEPCO Energy Partner on new initiatives for dissemination of Net Zero Energy House
- Decrease in core earnings by JPY2.0bn YoY due to the increase in SG&A and impact from the HIVIC divestment
  - The increase in SG&A is the result of a new allocation method of group-wide strategic costs that impacts LWT and LHT

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*1 Revised FYE18 Overseas revenues forecast
*2 Excluding impact of divestment

LIXIL Building Technology

Positive momentum in domestic business driving revenue growth

Apr-Jun In JPYbn		Q1 FYE2018	YoY	FYE2018 (forecast)	
Revenues by Region	Japan	21.8	+9%	-1%	
	Overseas	39.1	+0.5%	+10%	
	LIXIL Building Technology	**60.9**	+3%	**279.0**	+6%
Core Earnings	**LIXIL Building Technology**	**-0.4**	-	**6.5**	+69%
	Margin	*Loss reduced*		*2%*	

- Q1 revenue increase in LBT business for both Japan and Overseas. +9% growth in Japan supported by completion of several construction projects
- Core earnings loss in Japan due to expected seasonal factors, overall improvement YoY
- Profitability in overseas business has improved through continuous selective order intake initiatives

Currency : Q1 FYE2018 1USD=111.61JPY, 1EUR=123.14JPY, FYE2018 1USD=115JPY, 1EUR=120JPY

LIXIL Kitchen Technology

Stronger performance in Japan and Overseas drives margin improvement

Apr-Jun In JPYbn		Q1 FYE2018	YoY	FYE2018 (forecast)	
Revenues by Region*	Japan	25.8	+8%	0%	
	Overseas	2.3	+8%	+9%	
	LIXIL Kitchen Technology	**28.1**	+8%	**115.0**	+0%
Core Earnings	**LIXIL Kitchen Technology**	**0.5**	-	**5.0**	+16%
	Margin	*2%*	Turned profitable	*4%*	

- Q1 increase in sale of mid to high-end price range products with strong sales of key product series *(Richelle and Alesta)*
- Continued increase in demand for built rental apartments drove increase in mini-kitchen sales
- Positive core earnings due to cost improvement in Japan business
- Margin improvement, moving from negative to positive

Distribution & Retail and Housing & Services

Core earnings up 5% due to improving store procurement and cost savings initiatives

Apr-Jun In JPYbn		Q1 FYE2018	YoY	FYE2018 (forecast)	
D&R	Revenue*1	43.9	-0.2%	183.0	+6%
	Core Earnings*1	2.6	+5%	9.0	+23%
	*Margin*1	*6%*	+0.3pp	*5%*	

- Q1 D&R revenue flat
- Core earnings up +0.3pp through the improvement of procurement, strengthening of non-core products and cost reduction at existing stores

Performance impacted by deconsolidation of subsidiaries

Apr-Jun In JPYbn		Q1 FYE2018	YoY	FYE2018 (forecast)	
H&S	Revenue	11.5	-24% *like-for-like: -4%*2*	57.0	-11% *like-for-like: +9%*2*
	Core Earnings	0.4	-57%	3.5	-21%
	Margin	*4%*	-2.9pp	*6%*	

- Q1 revenue and core earnings impacted by JIO Corporation deconsolidation and completion property sale

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*1 Disclosed as of IFRS basis
*2 Excluding impact of sale of businesses

Summary of Strategic Priorities and its progression – Q1 FYE2018

Progressing as planned, the new medium-term management plan to be announced at the second quarter results announcement

Progression

Group-wide

- Continue to improve management efficiency through simplification
- Enhance agility of workforce through change initiatives (e.g. ACE@LIXIL*)
- Accelerate global Social Sanitation Initiative activities
- New medium-term management plan to be announced in November



To be updated on Nov 6

Japan

- Drive and respond to new demand in the renovation market
- Actively invest in marketing activities
- Review and optimize product line-up to get closer to customers
- Implement initiatives for work style reform



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Overseas

- Develop differentiated products（e.g. smart products）
- Improve standardized platforms for product development
- Establish global exchange program for engineers and specialists
- Further strengthen operational governance



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*Activating a Culture of Entrepreneurship

Appendix

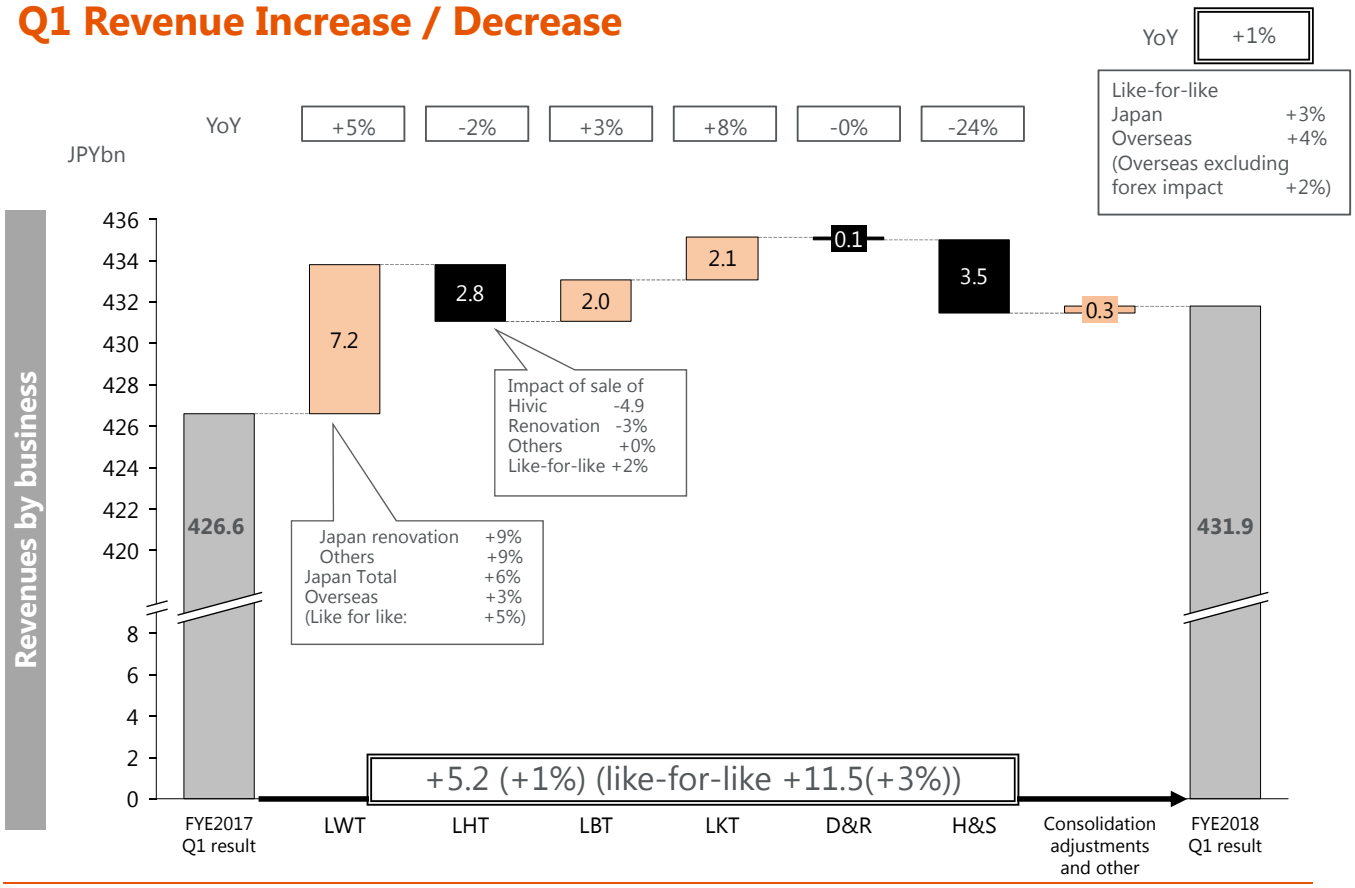








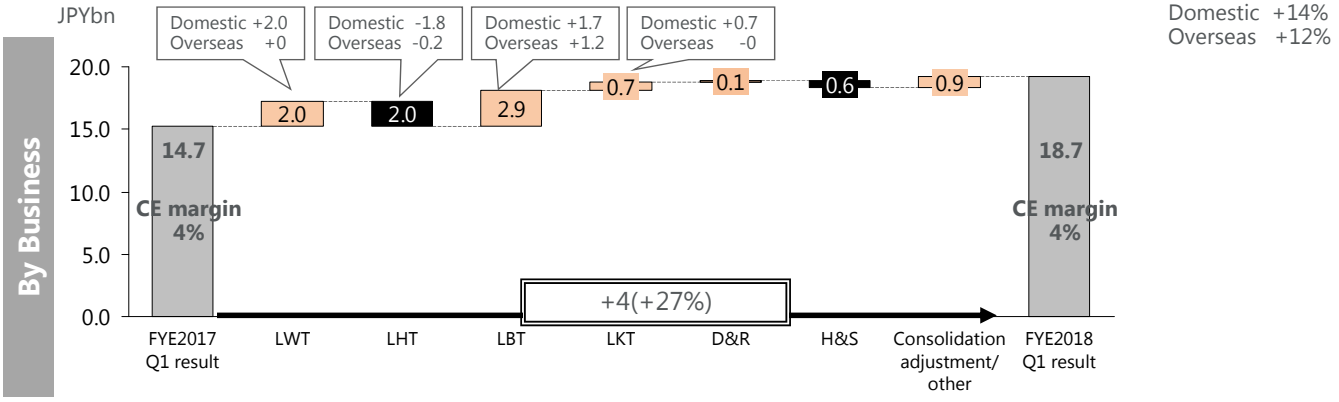
Q1 Revenue Increase / Decrease

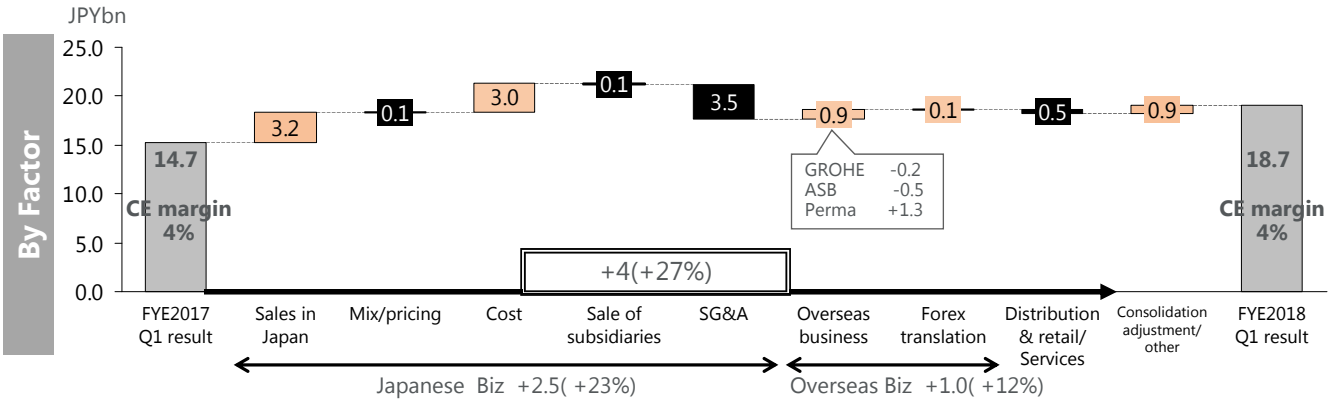


Q1 Core Earnings Increase / Decrease

YoY +27%

Domestic +14%
Overseas +12%





Results and Forecasts by Segment

LIXIL Group core earnings and margins show improvement YoY

Unit: JPYbn

		Q1 FYE2017 Results			Q1 FYE2018 Results				H1 FYE2018 Forecasts			
		Japan	Overseas	Total	Japan	Overseas	Total	Total YoY%	Japan	Overseas	Total	Total YoY%
LWT	Revenue	71.5	87.6	**159.2**	75.9	90.5	**166.4**	4.5%	152.5	185.0	**337.5**	6%
	Core earnings	4.6	9.3	**13.9**	6.6	9.3	**15.9**	14.3%	13.5	18.5	**32.0**	6%
	CE margin	*6.5%*	*10.6%*	***8.7%***	*8.7%*	*10.3%*	***9.6%***	+0.8	*9%*	*10%*	***9%***	-0
LHT	Revenue	130.1	2.5	**132.5**	125.8	3.9	**129.8**	-2.1%	257.0	6.0	**263.0**	-3%
	Core earnings	8.5	0.5	**8.9**	6.7	0.3	**6.9**	-22.3%	18.0	0.0	**18.0**	-8%
	CE margin	*6.5%*	*18.3%*	***6.7%***	*5.3%*	*6.5%*	***5.3%***	-1.4	*7%*	-	***7%***	-0
LBT	Revenue	20.0	38.9	**58.9**	21.8	39.1	**60.9**	3.4%	51.0	79.0	**130.0**	3%
	Core earnings	-1.9	-1.4	**-3.3**	-0.2	-0.3	**-0.4**	loss reduced	1.0	0.5	**1.5**	turned profitable
	CE margin	-	-	**-**	-	-	**-**	-	*2%*	*1%*	***1%***	+2
LKT	Revenue	24.0	2.1	**26.0**	25.8	2.3	**28.1**	7.9%	52.0	5.0	**57.0**	4%
	Core earnings	-0.2	0.0	**-0.2**	0.5	0.0	**0.5**	turned profitable	2.0	0.0	**2.0**	150%
	CE margin	-	*1.2%*	**-**	*2.0%*	*0.8%*	***1.9%***	-	*4%*	-	***4%***	+2
D&R	Revenue	44.0		**44.0**	43.9		**43.9**	-0.2%	89.5		**89.5**	3%
	Core earnings	2.4		**2.4**	2.6		**2.6**	5.2%	5.5		**5.5**	13%
	CE margin	*5.5%*		***5.5%***	*5.8%*		***5.8%***	+0.3	*6%*		***6%***	+1
H&S	Revenue	15.0		**15.0**	11.5		**11.5**	-23.6%	26.0		**26.0**	-19%
	Core earnings	1.0		**1.0**	0.4		**0.4**	-56.6%	1.0		**1.0**	-57%
	CE margin	*6.7%*		***6.7%***	*3.8%*		***3.8%***	-2.9	*4%*		***4%***	-3
Consolidation, adj. & other	Revenue			**-9.0**			**-8.7**	-			**-13.0**	-
	Core earnings			**-8.1**			**-7.2**	-			**-20.0**	-
LIXIL Group	Revenue	304.6	131.1	**426.6**	304.8	135.7	**431.9**	1.2%	628.0	275.0	**890.0**	2%
	Core earnings	14.5	8.4	**14.7**	16.5	9.4	**18.7**	27.1%	41.0	19.0	**40.0**	0%
	CE margin	*4.7%*	*6.4%*	***3.5%***	*5.4%*	*6.9%*	***4.3%***	+0.9	*7%*	*7%*	***4%***	-0

Q1 Other Income and Other Expenses, Finance Income and Finance Costs

JPYbn

Items	Q1 FYE2017	Q1 FYE2018	Increase/ decrease	Note
Rental income	1.7	1.6	-0.1	
Gains on sales of fixed assets	0.3	0.1	-0.2	
Gains on sales of subsidiaries' stocks	0.0	0.1	0.1	
Other	1.2	1.1	0.0	
Other Income	**3.2**	**2.9**	**-0.3**	
Costs of rent	1.1	1.1	0.0	
Losses on sale or disposal of fixed assets	0.7	0.5	-0.2	
Other	1.6	1.5	-0.2	
Other Expenses	**3.4**	**3.0**	**-0.4**	
Interest income	0.5	0.6	0.2	
Dividend income	0.7	0.7	0.0	
Gains on valuation of derivatives	11.8	-	-11.8	※1
Foreign exchange gains	-	7.2	7.2	※2
Finance Income	**13.0**	**8.5**	**-4.5**	
Interest expense	2.8	1.2	-1.6	
Exchange differences losses	4.2	-	-4.2	※1
Losses on valuation of derivatives	-	8.6	8.6	※2
Finance Costs	**7.0**	**9.8**	**2.8**	

※1

Q1 FYE2017 result	
Gains on valuation of derivatives	11.8
Exchange differences losses	4.2
Net	7.6 Profit※3

Gains on valuation of derivatives is matched with Exchange differences losses

※2

Q1 FYE2018 result	
Foreign exchange gains	7.2
Losses on valuation of derivatives	8.6
Net	-1.3 Loss

Losses on valuation of derivatives is matched with Foreign exchange gains

※3 Foreign exchange gains booked in Q1 FYE2017 include one-off valuation gains of the following:

(1) Foreign exchange gains (JPY4bn) recorded at the time of the translation of Euro-denominated borrowings to Japanese Yen

(2) Foreign exchange gains (JPY6.4bn) recorded on foreign currency translation of Euro-denominated borrowings at the end of reporting period, which was repaid in Sep 2016

Total JPY10.4bn

Consolidated Financial Position

JPYbn

	Mar 2017	Jun 2017	Increase /Decrease
Cash and cash equivalents	121.6	120.4	-1.2
Trade and other receivables	391.3	363.6	-27.7
Inventories	204.6	219.0	14.5
Non-current assets	1,192.4	1,223.9	31.5
Others	132.4	133.4	1.0
Total Assets	**2,042.2**	**2,060.2**	**18.0**
Trade and other payables	350.5	334.0	-16.5
Interest-bearing debt	759.9	728.2	-31.7
Others	372.3	381.5	9.2
Total Liabilities	**1,482.7**	**1,443.7**	**-39.0**
Treasury shares	-53.4	-52.6	0.7
Others	612.8	669.1	56.3
Total Equity	**559.4**	**616.5**	**57.0**
Equity Ratio (%)	26.8	28.1	+1.3
(1) Net Assets per Share (Yen)	1,902.18	2,006.52	104.34
(2) Number of Shares (in thousands)	287,693	288,045	+352

■ Total Equity/Others +JPY56.3bn

Breakdown	Amount
Net profit (3)	JPY11.1bn
Dividend	-JPY8.6bn
Other comprehensive income	+JPY17.1bn (FX translation adjustment + JPY9.9bn and others)
Variation due to sale of LIXIL Viva shares	JPY36.7bn (Out of which difference from consolidated book value +JPY11.5bn)

Foreign exchange rates (actual) *(Yen)*

	Q4 FYE2017 Actual	Q1 FYE2018 Actual
US dollars	112.19	112.00
Euros	119.79	127.97
Thai bahts	3.26	3.29
RMB	16.29	16.49

* year-end exchange rates

(1) Ratio of equity attributable to owners of the parent
(2) Equity per share attributable to owners of the parent
(3) Includes net profit attributable to non-controlling interests

Performance of Major Overseas Subsidiaries (1)

Company	ASB (ASD Holdings)					
Unit	USDm					
Accounting period	Q1 FYE2017 Results	**Q1 FYE2018 Results**	YoY	FYE2017 Results	FYE2018 Forecasts	YoY
Exchange rate	109.07	**111.61**	-	109.03	115.00	-
Revenue	270	**274**	1%	1,090	1,149	5%
Core earnings	22	**17**	-22%	76	89	18%
%	8%	**6%**	-1.9	7%	8%	+0.8
Goodwill	142	**138**	-	138	138	-
Intangible assets	240	**234**		235		
Revaluation of fixed assets, inventories and other	-	**-**		-		

Company	Grohe Group (GROHE)					
Unit	EURm					
Accounting period	Q1 FYE2017 Results	**Q1 FYE2018 Results**	YoY	FYE2017 Results	FYE2018 Forecasts	YoY
Exchange rate	122.47	**123.14**	-	119.37	120.00	-
Revenue	364	**373**	3%	1,391	1,506	8%
Core earnings	41	**39**	-4%	191	218	14%
%	11%	**10%**	-0.7	14%	14%	75%
Goodwill	1,206	**1,291**	-	1,215	1,291	-
Intangible assets	1,550	**1,594**		1,532		
Revaluation of fixed assets, inventories and other	75	**-**		73		

Performance of Major Overseas Subsidiaries (2)

Company	Permasteelisa					
Unit	EURm					
Accounting period	Q1 FYE2017 Results	**Q1 FYE2018 Results**	YoY	FYE2017 Results	FYE2018 Forecasts	YoY
Exchange rate	122.47	**123.14**	-	119.37	120.00	-
Revenue	316	**317**	0%	1,286	1,391	8%
Core earnings	-7	**3**	-143%	5	24	334%
%	-	**1%**	-	0%	2%	128%
Goodwill	158	**158**	-	158	158	-
Intangible assets	162	**146**		150		
Revaluation of fixed assets, inventories and other	-	**-**		-		

Renovation Strategy in Japan

Continued progress leveraging on economic growth and reform

Sales of Renovation Products

JPYbn	Q1 FYE2017 Result	**Q1 FYE2018 Result**	YoY
Sales of Renovation Products	73.8	**75.5**	2%
Renovation Ratio	39%	**38%**	-1

- Despite increase in sales of renovation products, renovation ratio decreased due to greater increase in new housing related sales

Number of member homebuilders

Stores	Mar-16	Sep-16	Mar-17	Jun-17
LIXIL Reform Shop (FC)	480	505	519	**525**
LIXIL Reform Shop (Voluntary)	12,492	12,898	13,227	**13,237**
LIXIL PATTO Reform	-	(1)500	3,365	**3,513**

Expanded PATTO Reform Product Lineup

- Products subject to PATTO Reform service have increased to 22 items by end July 2017, starting with 2 items in October 2016
- Features of PATTO designed to reduce installment process and time required



"*Reframe Replus*"
Windows for replacement



"*Links Box*", delivery locker for detached houses

(1) The number of registered-service shops for LIXIL PATTO Reform when it started the service on October 1, 2016.

(Reference) Revenue by Products and Services

Unit: Ybn Unit: %

Segment	Major products	FYE2017 results	Q1 FYE2017 results	Q1 FYE2018 results	Quarterly YoY FYE2017 Q1	Q2	Q3	Q4	FYE2018 Q1
LWT	Sanitary ware	102.3	21.7	**24.2**	-2.1	3.3	7.2	8.5	**11.4**
	Bathroom units	93.4	22.0	**24.5**	-1.2	1.3	2.1	3.0	**11.4**
	Washstand cabinet units	35.5	7.7	**8.4**	0.3	5.1	5.0	7.4	**8.9**
	Tiles	29.1	6.5	**6.6**	-1.4	-1.0	0.0	-1.1	**1.1**
LHT	Housing sashes and related products	199.1	48.4	**48.2**	-3.9	-1.0	-4.1	-0.6	**-0.3**
	Exterior	108.7	27.6	**27.4**	0.6	-2.8	-4.9	-0.8	**-0.5**
	Wooden interior furnishing materials	60.4	14.6	**14.4**	8.7	2.9	0.7	3.4	**-1.3**
	LHT Other	99.1	25.0	**20.4**	-5.3	-7.3	-23.2	-20.3	**-18.5**
LBT	Building sashes *1	109.6	20.0	**23.3**	-17.0	-3.8	-7.6	5.8	**16.2**
LKT	Kitchens	106.8	24.0	**25.9**	2.6	2.1	2.4	3.1	**8.0**
D&R	Home center revenue *2	172.0	44.0	**43.9**	-12.9	-10.3	0.3	-2.7	**-0.2**
H&S	Housing and Services business	64.4	15.0	**11.5**	5.0	17.3	9.9	1.0	**-23.6**
	Sales of Japan sales subsidiaries and others	77.5	18.3	**16.7**	13.8	-23.2	-24.1	-33.6	**-9.0**
	Overseas	528.5	131.9	**136.6**	-15.0	-18.7	-12.8	-14.4	**3.6**
	Total	1,786.4	426.6	**431.9**	-7.2	-8.0	-6.7	-7.3	**1.2**

*1 Building sashes are revised to IFRS figures including LIXIL's subsidiary retrospectively and Other are refigured concurrently.
*2 Home center revenue of D&R excluding impact of Ken Depot carve out in Sep 2015 (YoY): FYE2017 Q1: 3.0%, Q2: 7.8%

External Recognition

MSCI Japan Empowering Women Index

Selected as a constituent of the MSCI Japan Empowering Women Index (WIN), created by MSCI Inc. (July 2017)

MSCI 2017 Constituent MSCI Japan Empowering Women Index (WIN)

2017 All-Japan Executive Team Rankings

Ranked first for "Best CEO," second for "Best CFO," third for "Best IR," and second for "Best IR Website" in the construction sector of the 2017 All-Japan Executive Team rankings from Institutional Investor Magazine (May 2017)

LIXIL

Link to Good Living

Cautionary Statements with Respect to Forward-Looking Statements

Statements made in these materials with respect to plans, strategies and future performance that are not historical facts are forward-looking statements. LIXIL Group Corporation cautions that a number of factors could cause actual results to differ materially from those discussed in the forward-looking statements.