H1 Results for the Fiscal Year Ending March 31, 2018 (IFRS)

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

TSE Code: 5938

LIXIL Group Corporation

November 6, 2017

LIXIL Link to Good Living

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LIXIL Group has adopted IFRS since FYE2016

JGAAP	IFRS (LIXIL Group Financial Reporting)
	Continuing Operations
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 for Continuing Operations
	Discontinued Operations
	Net Profit for Discontinued Operations
Net profit attributable to	Net profit attributable to
Non-controlling interests	Owners of the parent
Owners of the parent	Non-controlling interests

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

Revenues and profits/ losses from Permasteelisa S.p.A and its subsidiaries are presented under discontinued operations based on the share-transfer agreement in 2Q FYE2018. For comparison purposes, previously issued consolidated financial statements were also retroactively restated.

H1 FYE2018 Financial Results Summary (IFRS)

1. H1 FYE2018 Financial Results Summary (IFRS)
2. H1 FYE2018 Business Update
3. Appendix

LIXIL Group H1 Key Performance Highlights

Results in line with H1 forecasts

Revenue up 1.7% YoY to JPY809.9bn(1)

- Driven by organic growth despite impact from divestment and deconsolidation
- LWT overall shows strong performance following Q1. Revenue especially in Japan shows favorable growth both for new housing and renovation

Core earnings decreased 4.5% YoY to JPY40.7bn(1)

- Due to increase in IT-related costs in Japan and increase in marketing and advertising expenses
- Marketing activities supported continued strong sales of LWT Japan and LKT Japan

Profit for the quarter attributable to owners of the parent was JPY 12.8bn (-JPY11.3bn YoY)

- Due to absence of one-off positive impact from foreign-currency denominated debt conversion recognized in last year (-JPY11.0bn) and loss for the quarter from discontinued operations (after tax: -JPY11.0bn)(2) based on a decision making of transfer of shares of Permasteelisa S.p.A
- Decrease in interest expense due to debt repayment (+JPY3.0bn)
- Impact of IPO of LIXIL VIVA in April 2017 leading to decrease of attributable profits (-JPY1.7bn)

(1) Continuing operations basis
(2) Amount of loss after tax recognized by measurement of the assets and liabilities of Permasteelisa S.p.A. and its subsidiaries at fair value and profit/loss from operations after tax

H1 Consolidated Business Results

Results in line with H1 forecasts

	JPYbn	(A) H1 FYE2017 Reported	(B)-(A) Discontinued Operations Difference(4)	(B) H1 FYE2017 After retroactive restatement	(C) H1 FYE2018 Results	(C)-(B) YoY Amount Forex	(C)-(B) YoY Amount (C)-(B)	(C)-(B) YoY %	(D) H1 FYE2018 Forecasts (Announced on Aug 21)	(C)-(D) vs. forecasts Amount
Continuing Operations	Revenue	870.4	-74.1	796.3	**809.9**	9.6	13.6	*1.7%*	810.0	-0.1
	Gross Profit	272.4	-3.8	268.6	**276.8**	3.3	8.2	*3.0%*	-	-
	(%)	*31.3%*	-	*33.7%*	***34.2%***	-	+0.4P	-	-	-
	Core Earnings (1)	39.8	2.7	42.6	**40.7**	0.7	-1.9	*-4.5%*	40.0	0.7
	(%)	*4.6%*	-	*5.3%*	***5.0%***	-	-0.3P	-	*5%*	0.1
Including Discontinued Operations	Net Profit including Discontinued Operations(2)	24.1	0.0	24.1	**12.8**	-	-11.3	*-46.8%*	12.0	0.8
	EPS (Yen)	84	0	84	**45**	-	-40	*-47.0%*	42	3
Continuing Operations	EBITDA(3)	69.7	0.7	70.4	**71.0**	-	0.5	*0.8%*	-	-
	(%)	*8.0%*	-	*8.8%*	***8.8%***	-	-0.1P	-	-	-

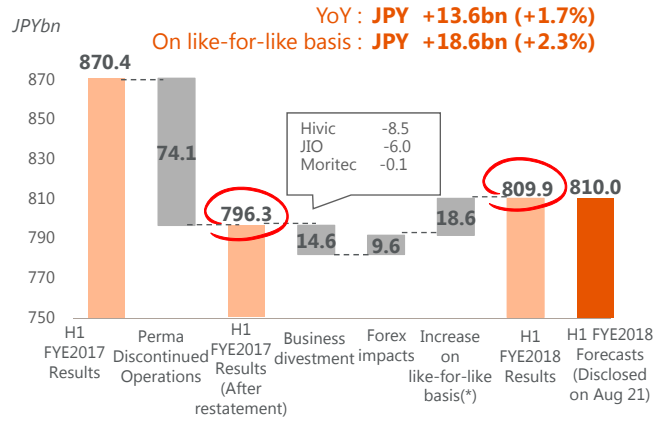
- **Gross Profit Margin** 33.7%→34.2% (+0.4pt)
  - Focus on further development and sales of mid to high-end products
  - Improvement in production efficiencies and leveraging synergies
- **EBITDA** margin decreased 0.1pt, impacted by SG&A increase due to marketing expense and logistic fee. LWT Japan performed well with +JPY0.5bn increase in EBITDA YoY

(1) Equivalent to "Operating profit" of JGAAP
(2) Profit for the quarter attributable to owners of the parent
(3) EBITDA: Core earnings+Depreciation (Excluding discontinued operations)
(4) Transferred to profit/loss for the quarter from discontinued operations (due to the decision of share-transfer of Permasteelisa S.p.A.)

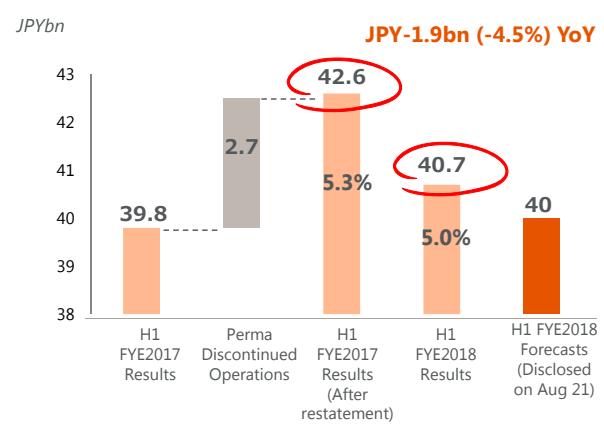
LIXIL Group H1 Highlights

Core earnings decreased due to increase in IT-related expenses and investment in marketing activities

Revenue



Core Earnings (CE)



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

- Growth in LWT (Japan and Overseas) due to active marketing investment, introduction of new products
- Positive contributions from LHT and LKT

Despite increase in gross profit due to gross margin improvement in LWT Japan and LKT Japan, core earnings decreased due to increase in IT-related expenses and marketing cost

- Japan JPY+1.3bn (+3%), Overseas JPY-1.4bn (-7%)

Net Debt Position

Continued focus on debt repayment a capital management priority

JPYbn	(A) Mar-2017	(B) Sep-2017(2)	(B)-(A)	%
Cash and Equivalents	121.6	**122.7**	1.2	0.9%
Interest-bearing Debt	759.9	**717.7**	-42.2	-5.6%
Net Interest-bearing Debt	638.3	**595.0**	-43.3	-6.8%
Total Assets	2,042.2	**2,103.7**	61.6	3.0%
Equity Ratio (%)(1)	26.8	**28.0**	+1.2P	-
Net Debt/Equity Ratio (%)	117	**101**	-15P	-

Net interest-bearing debt decreased by JPY43.3bn

- Mainly due to repayment of JPY49.1bn debt in April 2017 and reclassification to assets held for sale

Total assets increased by JPY61.6bn

- Mainly due to increase in goodwill (new consolidation and forex impact) and increase in inventory

Equity ratio increased by 1.2pp

Net Debt/Equity ratio improved by 15pp (117% → 101%)

(1) Ratio of equity attributable to owners of the parent
(2) After reclassification of Permasteelisa S.p.A. and its subsidiaries to discontinued operations

Working Capital & Capex

Cash and cash equivalents decreased due to the reclassification to assets held for sale despite increase in free cash flow and net cash flows from financing activities

JPYbn	H1 FYE2017	H1 FYE2018	Increase/decrease
Profit before tax (2)	41.6	**12.4**	-29.3
Depreciation and amortization	29.8	**32.3**	2.4
Income taxes paid	-13.5	**-14.6**	-1.1
Working capital	3.2	**-11.8**	-15.0
Others	-11.3	**22.3**	33.7
Net cash flows from operating activities	49.9	**40.5**	-9.3
Net cash flows from investing activities	-20.0	**-38.1**	-18.1
(of which purchase of property, plant and equipment and intangible assets)	-32.0	**-29.5**	2.5
Free cash flows	29.9	**2.4**	-27.5
Net cash flows from financing activities	-4.4	**1.3**	5.8
⋮	⋮	⋮	⋮
Cash and cash equivalents (Balance at the fiscal year end)	148.5	**122.7(1)**	-25.8

- Decrease in free cash flows mainly due to
  - Decrease of 16.7bn in net cash flows from investing activities due to absence of proceeds from sales of subsidiaries (FYE2017) and payments for additional acquisition of shares of the subsidiaries (FYE2018)
  - Increase in inventory (including property for sale) of 15.0bn

(1) After reclassification of Permasteelisa S.p.A. and its subsidiaries to discontinued operations
(2) Profit for the quarter before tax from continuing operations + profit for the quarter before tax from discontinued operations

Creating Shareholder Value

■ Dividend forecasts for FYE2018

Dividend payout ratio of over 30% will be maintained on a consolidated basis

JPY	FYE2016 Results	FYE2017 Results	FYE2018 Forecasts
H1	30 Yen	30 Yen	30 Yen
H2	30 Yen	30 Yen	30 Yen (forecast)
Full year	60 Yen	60 Yen	60 Yen (forecast)
Dividend Payout Ratio	-	41%	40%

■ Share buyback

Share buyback may take place depending on factors such as financial position and share price

■ Basic policy regarding the company's decision control

We do not have special anti-takeover provisions in our articles of association since we intend to increase our corporate value by taking various measures that would gain support from our shareholders. Our investor and shareholder policy is to have our shares held over the medium to long term by a large number of shareholders

Ongoing Review of Business Portfolio and Simplification of Organizational Structure to Support Long-Term Growth

Transactions in Q2 FYE2018

Company/ transaction	Segment	Timing of agreement	Reasons for the sale/ acquisition
Permasteelisa 100% share transfer	LBT overseas	Aug 2017	To strengthen financial conditions and create group synergies
GDWT Full consolidation (51%→100%)	LWT overseas (EMEA)	Sep 2017	To enhance governance, accelerate operational efficiency in GDWT, and achieve sustainable growth in strategic focus areas

› We will continue efforts to simplify and improve balance sheet to establish growth foundation

H1 FYE2018 Business Update



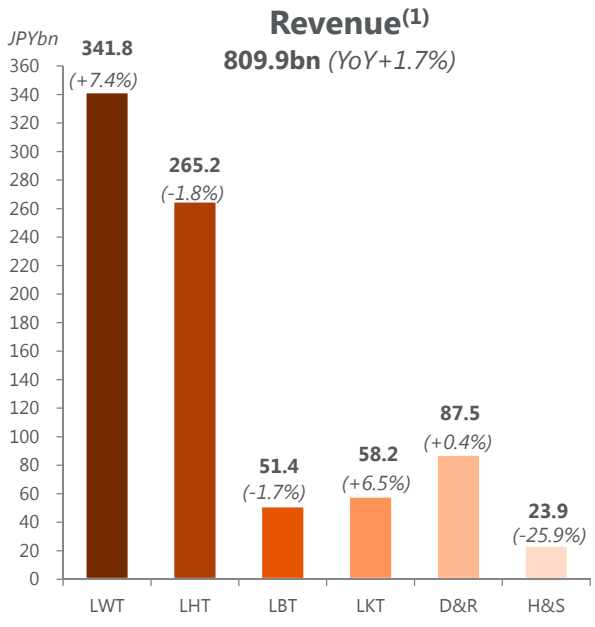


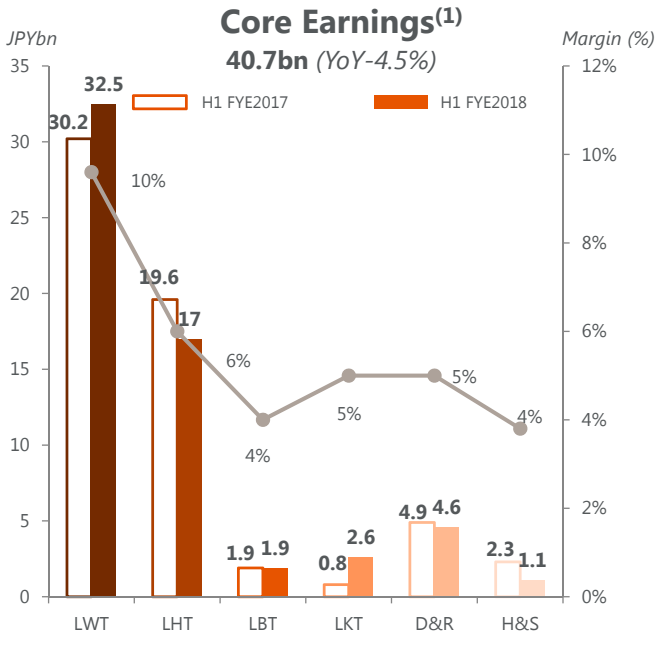




LIXIL Group Earnings by Business

Revenue increased by 1.7% YoY and core earnings decreased by JPY 1.9bn (-4.5%) YoY





*Line graph shows core earnings margin for H1 FYE 2018

(1) Revenue and core earnings from Permasteelisa S.p.A and its subsidiaries are not included because these are classified to discontinued operations based on the share-transfer agreement

Business Environment Update

Momentum in key regions supported by housing market conditions

Japan

- Q2 new housing starts decreased by 0.7% YoY
- Japanese government initiatives provide positive economic conditions
- Shortage of installation workers
- Declining population and aging society

Asia Pacific

- Increasing brand recognition amongst China's consumers for LWT product lines with rising middle class a key catalyst for future demand
- Ongoing weak demand in Thailand given political landscape
- Slower than expected recovery in India 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
- Shortage of installation workers and products is bottleneck for sales expansion in Germany
- Decrease in operating days due to timing-difference of Easter Holiday compared to previous year

Americas

- Favorable construction market conditions continue to drive sales in building and water technology
- Increasing demand for ceramics

- Increase in raw materials prices

LIXIL Water Technology

H1 delivering strong results with revenue, core earnings and margin all increasing

Apr-Sep In JPYbn		H1 FYE2018	YoY	*Like for like*	FYE2018 (forecast)	
Revenues by Region(1)	Americas	68.7		*+2%*	*+6%*	
	EMEA	70.1		*+4%*	*+5%*	
	Asia Pacific	42.5		*+ 7 %*	*+15%*	
	Japan	157.9		*+5%*	*+0%*	
	Adjustments	2.6				
	LIXIL Water Technology	**341.8**	+7%	*+7%*	**703.0**	+6%
Core Earnings(1)	**LIXIL Water Technology**	**32.5**	+7%		**67.0**	+3%
	Margin	*10%*	+0.0pp		*10%*	

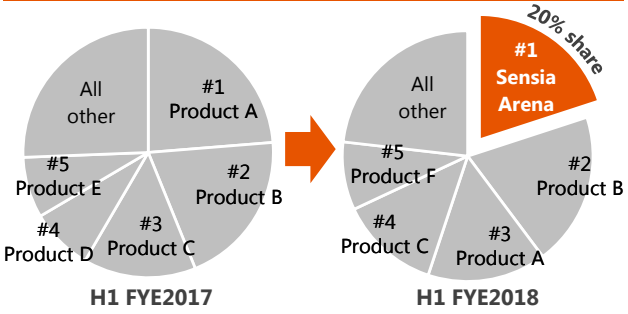
- H1 revenue increased by JPY23.5bn or 7% YoY
- Strong success in Europe and Asia Pacific, with good momentum continuing in China
- Full consolidation of GDWT (consolidated subsidiary in South Africa)(2)
- Core earnings grew (+2.3bn) due to cost improvement reflecting benefits of mid- to high-end product sales and ongoing synergies
- Core earnings from Americas decreased due to one-off cost from back office integration (completed on Oct 1, 2017)

(1) Region: Management basis, Total: Statutory basis
Currency : Q2 FYE2018 1USD=111.42JPY, 1EUR=126.63JPY, FYE2018 (Region) 1USD=115JPY, 1EUR=120JPY
(2) News Release announced on Sep 14 http://www.lixil.com/en/news/pdf/170914_LIXIL_GDWT_E.pdf

Ongoing Innovation through Synergies

Sensia Arena - best-selling shower toilet in Germany achieving 20% market share within 12 months after launch

Shower Toilet Sales in Germany(1)



No sales contributions from Sensia Arena as of H1 FYE2017

Success Drivers



Design – Most awarded product in the industry with 14 awards since launch, designed by GROHE

Technology – Aqua Ceramic, Triple Vortex, developed by INAX

Brand – Strength of GROHE as #1 bathroom brand in EMENA

Most Awarded Product in the Industry

2016
5 Awards

2017 to date
9 Awards

LIXIL Housing Technology

Core earnings margin decline impacted by divestments and investment in SG&A

Apr-Sep In JPYbn		H1 FYE2018	YoY	FYE2018 (forecast)	
Revenues by Region	Japan	257.9	-3% *like-for-like: +1%(1)*		0%
	Overseas	7.3	-		-
	LIXIL Housing Technology	**265.2**	-2% *like-for-like: +1%(1)*	**537.0**	-1%
Core Earnings	**LIXIL Housing Technology**	**17.0**	-13% *like-for-like: -13%(1)*	**41.5**	+6%
	Margin	*6%*	-0.9pp	*8%*	

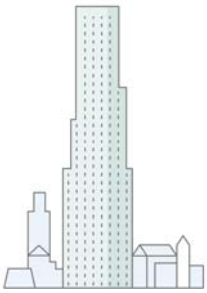
- Decrease in revenue by JPY4.8bn or 1.8% YoY, impacted by divestment of HIVIC (-JPY8.5bn) in previous year, but increase in revenue on like-for-like basis
- Small impact to profit for H1 FYE2018 from increase in raw material cost (aluminum) due to strategic hedge-transactions
- Decrease in core earnings by JPY2.6bn YoY due to prior investment in SG&A (increase in IT-related cost and marketing cost), impact from divestment of HIVIC and others

LIXIL Building Technology

Revenue and core earnings were almost flat due to selective order intakes

Apr-Sep In JPYbn		H1 FYE2018	YoY	FYE2018 (forecast)	
Revenues by Region	Japan	51.2	-1%	-1%	
	Overseas	0.1	-76%	-95%	
	LIXIL Building Technology	**51.4**	-2%	**109.0**	-1%
Core Earnings	**LIXIL Building Technology**	**1.9**	-1%	**4.0**	-26%
	Margin	*4%*		*4%*	

- Continuous efforts for selective order intakes
- Revenue and core earnings for Permasteelisa S.p.A and its subsidiaries are classified to <Discontinued Operations> from Q2 FYE2018 based on the share-transfer agreement (August 2017)



LIXIL Kitchen Technology

Stronger performance in Japan and overseas drives margin improvement

Apr-Sep In JPYbn		H1 FYE2018	YoY	FYE2018 (forecast)	
Revenues by Region	Japan	53.7	+7%	0%	
	Overseas	4.6	+2%	+9%	
	LIXIL Kitchen Technology	**58.2**	+7%	**115.0**	+0%
Core Earnings	**LIXIL Kitchen Technology**	**2.6**	+227%	**5.0**	+16%
	Margin	*5%*	+3.0pt	*4%*	

- Strong sales of key product series for mid to high-end price range (*Richelle* and *Alesta*) supported by successful TV campaigns in Japan and new product launches
- Growth in sales for small modular kitchens is supported by continued increase in demand for rental apartments
- Positive core earnings due to improvement in sales and production cost supported by better utilization ratio

Distribution & Retail and Housing & Services

Revenue was almost flat, core earnings were down by 5% YoY due to one-off expense

Apr-Sep In JPYbn		H1 FYE2018	YoY	FYE2018 (forecast)	
D&R	Revenue[1]	87.5	+0%	183.0	+6%
	Core Earnings[1]	4.6	-5%	9.0	+23%
	Margin	*5%*	-0.3pp	*5%*	

- H1 D&R revenue flat YoY
- "House Deco", a new concept shop targeting people in their 30s and 40s, newly opened in Kansai Area

Steady performance of existing businesses despite deconsolidation of subsidiaries

Apr-Sep In JPYbn		H1 FYE2018	YoY	FYE2018 (forecast)	
H&S	Revenue	23.9	-26% *like-for-like: -9%[2]*	57.0	-11% *like-for-like: +9%[2]*
	Core Earnings	1.1	-55%	3.5	-21%
	Margin	*4%*	-2.8pp	*6%*	

- H1 revenue and core earnings impacted by JIO Corporation deconsolidation and completion of property sale

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(1) Disclosed as of IFRS basis
(2) Excluding impact of deconsolidation of subsidiaries

FYE2018 Forecasts (Announced on August 21)

Full-year forecasts remain unchanged from Aug 21

JPY: bn	FYE2017[5]	FYE2018[5]				
	Results	H1 Results (A)	H2 Forecasts (B)-(A)	Revised full-year forecasts (B)	YoY (%)	Initial full-year Forecasts (Preliminary)
Revenue	1,633.2	809.9	870.1	1,680.0	3%	1,850.0
Core Earnings[1]	89.8	40.7	52.3	93.0	4%	95.0
(%)	*5.5%*	*5.0%*	*6%*	*6%*	*+0.5*	*5%*
Net Profit [2] [3]	42.5	12.8	30.2	43.0	1%	43.0
EPS (Yen) [3]	148	45	105	149	1%	149
EBITDA[4]	146.4	71.0	-	-	-	159.5
(%)	*9.0%*	*8.8%*	-	-	-	*9%*

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(1) Equivalent to "Operating profit" of JGAAP
(2) Profit attributable to owners of the parent
(3) Including discontinued operations
(4) EBITDA: Core earnings + Depreciation (Excluding discontinued operations)
(5) After reclassification of Permasteelisa S.p.A. and its subsidiaries to discontinued operations

Appendix









LIXIL TEPCO Smart Partners, Inc. was Established

LIXIL Corporation and TEPCO Energy Partner have established a joint venture company to promote the building of eco-friendly net zero energy houses (ZEH) in Japan.
The joint venture company will launch a new packaged service that provides photovoltaic power generation systems and electric power retail services. This type of service is the first of its kind in Japan.

LIXIL
Link to Good Living

Wide-ranging expertise and technologies for housing materials and fixtures

TEPCO

Wide-ranging expertise and technologies for energy-related services

LIXIL TEPCO Smart Partners

Support measures and goals of the government!

Accelerate promoting ZEH

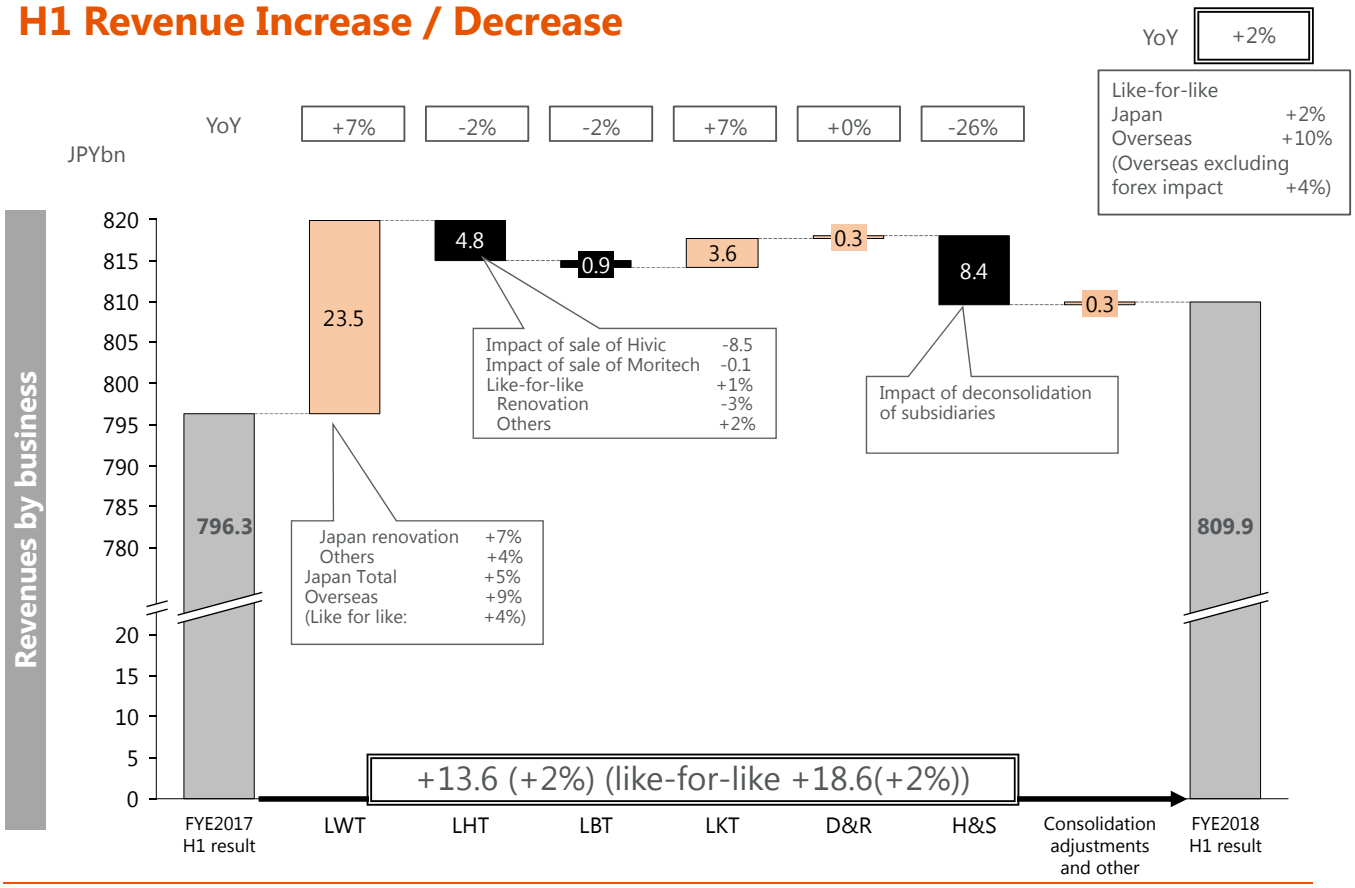
by minimizing the higher construction costs for ZEH, one of the main issues limiting their adoption

"Toilets for All" Initiative Launched in Japan

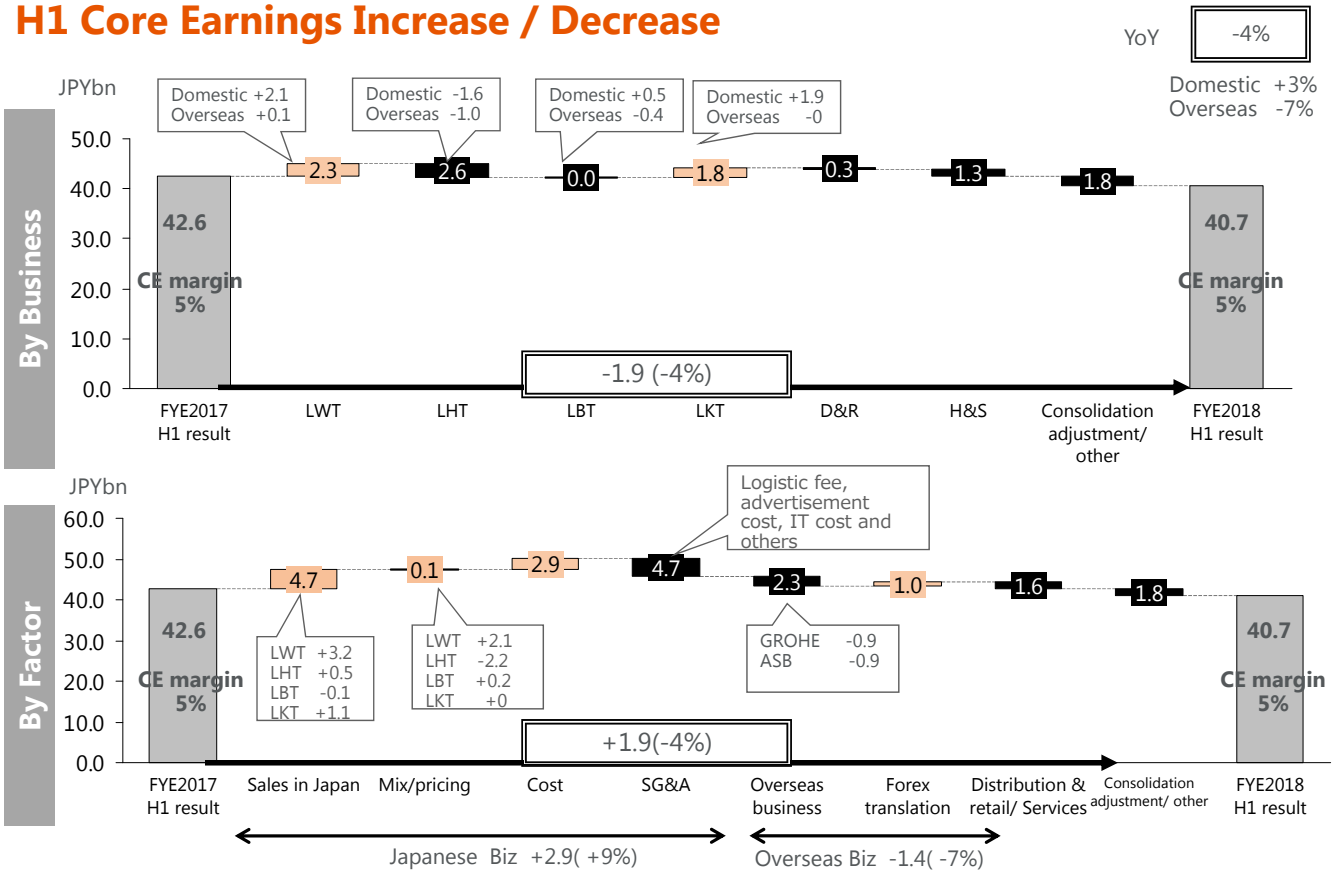
- For every LIXIL shower toilet sold in Japan between April and September in 2017, LIXIL will donate one of its innovative "SATO" toilets to Asia and Africa
- Thanks to the support from partners and customers, LIXIL will donate a total of 208,805 SATO toilets to countries in Asia and Africa
- LIXIL continues to collaborate with UN organizations and international NGOs to deliver SATO products to local areas



H1 Revenue Increase / Decrease



H1 Core Earnings Increase / Decrease



Results and Forecasts by Segment

LIXIL Group core earnings and margins show improvement YoY

Unit: JPYbn

		H1 FYE2017 Results(1)			H1 FYE2018 Results(1)				FYE2017 Results(1)			FYE2018 Revised Forecasts			
		Japan	Overseas	Total	Japan	Overseas	Total	Total YoY%	Japan	Overseas	Total	Japan	Overseas	Total	Total YoY%
LWT	Revenue	149.8	168.5	**318.3**	157.9	183.9	**341.8**	7.4%	313.1	349.3	**662.4**	312.0	391.0	**703.0**	6%
	Core earnings	12.2	18.1	**30.2**	14.3	18.2	**32.5**	7.4%	30.5	34.6	**65.1**	28.0	39.0	**67.0**	3%
	CE margin	*8.1%*	*10.7%*	***9.5%***	*9.0%*	*9.9%*	***9.5%***	+0.0	*9.7%*	*9.9%*	***9.8%***	*9%*	*10%*	***10%***	-0
LHT	Revenue	265.0	4.9	**270.0**	257.9	7.3	**265.2**	-1.8%	531.9	12.2	**544.1**	530.0	7.0	**537.0**	-1%
	Core earnings	18.3	1.4	**19.6**	16.7	0.3	**17.0**	-13.4%	37.7	1.5	**39.2**	41.5	0.0	**41.5**	6%
	CE margin	*6.9%*	*27.6%*	***7.3%***	*6.5%*	*4.4%*	***6.4%***	-0.9	*7.1%*	*12.0%*	***7.2%***	*8%*	-	***8%***	+1
LBT	Revenue	51.8	0.4	**52.2**	51.2	0.1	**51.4**	-1.7%	109.6	0.7	**110.4**	109.0	0.0	**109.0**	-1%
	Core earnings	2.0	-0.1	**1.9**	2.5	-0.6	**1.9**	-1.1%	5.6	-0.2	**5.4**	4.0	0.0	**4.0**	-26%
	CE margin	*3.9%*	-	***3.7%***	*4.8%*	-	***3.7%***	+0.0	*5.1%*	-	***4.9%***	*4%*	-	***4%***	-1
LKT	Revenue	50.2	4.5	**54.7**	53.7	4.6	**58.2**	6.5%	106.5	8.3	**114.7**	106.0	9.0	**115.0**	0%
	Core earnings	0.7	0.1	**0.8**	2.6	0.0	**2.6**	226.9%	4.2	0.1	**4.3**	5.0	0.0	**5.0**	16%
	CE margin	*1.4%*	*1.8%*	***1.5%***	*4.8%*	*0.6%*	***4.5%***	+3.0	*3.9%*	*1.5%*	***3.8%***	*5%*	-	***4%***	+1
D&R	Revenue	87.2		**87.2**	87.5		**87.5**	0.4%	172.0		**172.0**	183.0		**183.0**	6%
	Core earnings	4.9		**4.9**	4.6		**4.6**	-5.4%	7.3		**7.3**	9.0		**9.0**	23%
	CE margin	*5.6%*		***5.6%***	*5.2%*		***5.2%***	-0.3	*4.2%*		***4.2%***	*5%*		***5%***	+1
H&S	Revenue	32.3		**32.3**	23.9		**23.9**	-25.9%	64.4		**64.4**	57.0		**57.0**	-11%
	Core earnings	2.3		**2.3**	1.1		**1.1**	-54.5%	4.4		**4.4**	3.5		**3.5**	-21%
	CE margin	*7.2%*		***7.2%***	*4.4%*		***4.4%***	-2.8	*6.9%*		***6.9%***	*6%*		***6%***	-1
Consolidation, adj. & other	Revenue			**-18.4**			**-18.1**	-			**-34.8**			**-24.0**	-
	Core earnings			**-17.2**			**-19.0**	-			**-36.0**			**-37.0**	-
LIXIL Group	Revenue	636.3	178.4	**796.3**	632.2	195.9	**809.9**	1.7%	1,297.5	370.5	**1,633.2**	1,297.0	407.0	**1,680.0**	3%
	Core earnings	40.3	19.4	**42.6**	41.7	18.0	**40.7**	-4.4%	89.8	36.0	**89.8**	91.0	39.0	**93.0**	4%
	CE margin	*6.3%*	*10.9%*	***5.3%***	*6.6%*	*9.2%*	***5.0%***	-0.3	*6.9%*	*9.7%*	***5.5%***	*7%*	*10%*	***6%***	+0

(1) Restated H1 FYE2017 results and full year FYE2017 results due to the reclassification of Permasteelisa and its subsidiaries to discontinued operations based on the share-transfer agreement. Figures for FYE2017 are preliminary

H1 Other Income and Other Expenses, Finance Income and Finance Costs

JPYbn	H1 FYE2017	H1 FYE2018	Increase/ decrease	Note
Rental income	3.3	3.2	-0.1	
Gains on sale of property, plant and equipment	0.6	0.2	-0.4	
Gains on sales of subsidiaries	0.3	0.1	-0.2	
Other	2.4	2.4	0.0	
Other Income	**6.6**	**5.9**	**-0.7**	
Costs of rent	2.2	2.2	0.0	
Losses on sale or disposal of property, plant and equipment	1.2	0.8	-0.4	
Impairment losses	1.6	3.3	1.7	
Other	3.0	2.4	-0.5	
Other Expenses	**8.0**	**8.8**	**0.8**	
Interest income	0.9	1.0	0.0	
Dividend income	0.7	0.7	0.0	
Gains on valuation of derivatives	13.8	-	-13.8	*1
Exchange difference gains	-	13.2	13.2	*2
Finance Income	**15.4**	**14.9**	**-0.6**	
Interest expense	5.6	2.3	-3.3	
Exchange differences losses	5.2	-	-5.2	*1
Losses on valuation of derivatives	-	12.4	12.4	*2
Revaluation losses on asset held for sale	0.0	-	-	
Other	-	1.3	1.3	
Finance Costs	**10.8**	**16.0**	**5.1**	

*1

	H1 FYE2017 result	
Gains on valuation of derivatives	13.8	Gains on valuation of derivatives is matched with
Exchange differences losses	5.2	Exchange differences losses
Net	8.6	Profit *3

*2

	H1 FYE2018 result	
Exchange difference gains	13.2	Foreign exchange gains is matched with derivatives
Losses on valuation of derivatives	12.4	
Net	0.9	Profit

*3 Gains on valuation of derivatives (JPY13.8bn) booked in H1 FYE2017 include following items as one-time gains

(1) Exchange difference gains (JPY4.0bn) recorded at the time of the translation of Euro-denominated borrowings to Japanese Yen

(2) Exchange difference gains (JPY7.0bn) recorded on foreign currency translation of Euro-denominated borrowings at the end of reporting period, which was repaid in Sep 2016

Total JPY11.0bn

Consolidated Financial Position

JPY: bn	[A] Mar-2017	[B] Sep-2017	[B]-[A] Increase/ decrease <Breakdown> Assets for sale and liabilities directly associated with the assets held for sale: Discontinued operations(4)	[B]-[A] Increase/ decrease <Breakdown> Assets for sale and liabilities directly associated with the assets held for sale: Others	[B]-[A] Increase/ decrease: Others	[B]-[A] Increase/ decrease: Total of the increase / decrease
Cash and cash equivalents	121.6	122.7	-5.4	0.0	6.5	1.2
Trade and other receivables	391.3	334.7	-58.4	0.0	1.9	-56.5
Inventories	204.6	219.7	-4.7	0.0	19.8	15.1
Assets held for sale	0.9	198.4	198.1	0.3	-0.9	197.5
Others	1,323.9	1,228.2	-129.7	-0.3	34.3	-95.7
Total Assets	**2,042.2**	**2,103.7**	**0.0**	**0.0**	**61.6**	**61.6**
Trade and other payables	350.5	315.9	-35.8	0.0	1.2	-34.6
Interest-bearing debt	759.9	717.7	-22.3	0.0	-19.9	-42.2
Liabilities directly associated with the assets held for sale	-	141.5	141.5	0.0	0.0	141.5
Others	372.3	301.6	-83.4	0.0	12.7	-70.7
Total Liabilities	**1,482.7**	**1,476.7**	**0.0**	**0.0**	**-6.0**	**-6.0**
Treasury shares	-53.4	-52.1	0.0	0.0	1.2	1.2
Others	612.8	679.1	0.0	0.0	66.3	66.3
Total Equity	**559.4**	**627.0**	**0.0**	**0.0**	**67.6**	**67.6**
(1) *Equity Ratio (%)*	26.8	28.0				1.2
(2) Net Assets per Share (Yen)	1,902.18	2,040.19				138.01
Number of Shares (in thousands)	287,693	288,292				599

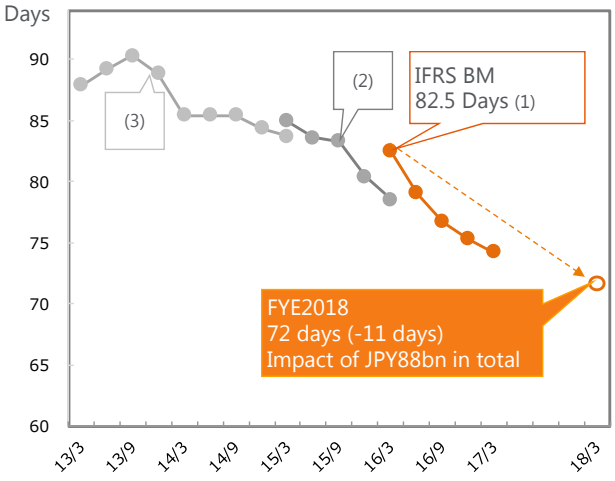
■ **Others in Total Equity** JPY+66.3bn: Primarily explained by: Profit for the quarter +13.7bn(3), dividend payment -8.7bn, changes associated with sales of the shares of VIVA and others +36.7bn, other comprehensive income for the quarter +24.3bn (of which forex adjustment +13.8bn)

(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
(4) After devaluation of Permasteelisa S.p.A. and its subsidiaries

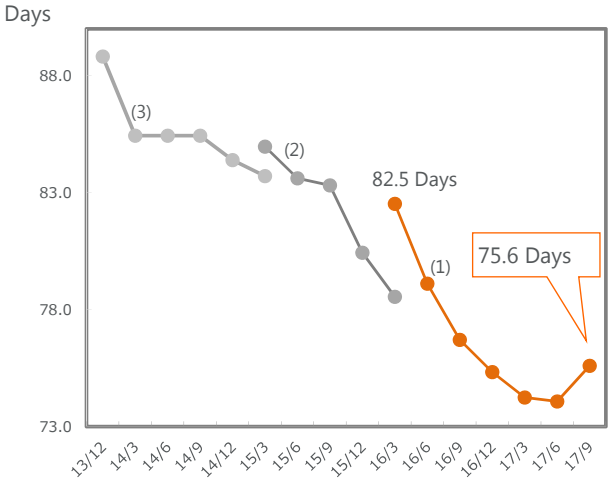
Status of CCC (Operational Efficiency) Improvement

- Status of CCC (Cash Conversion Cycle) as of Q2 FYE2018 follows

- New benchmark and outlook through FYE2018



- FYE2017 Result



Reasons for deterioration of CCC: deterioration of Days Inventory Outstanding (DIO) and increase in inventory (including property for sale)

(1) Monitored under IFRS from March 2016
(2) Announced on September 2015 Mid term plan "Redefine the Future" (Including global initiatives), project business excluded
(3) Result of improvement activities only in Japan

Continued Strengthening of Design Capabilities

LIXIL's Product Brands Receive 11 Good Design Awards in 2017

- LIXIL and GROHE product brands have won a total of 11 Good Design Awards in Japan in 2017. LIXIL Carport SC was named among the Good Design Best 100(1) - the first time a carport has ever received this commendation
- These awards recognize our solid record of accurately assessing market trends in Japan and overseas along with changes in end-user needs and lifestyles, and offering products that combine good design sense with quality.

GOOD DESIGN AWARD 2017



Push Button Faucet
(Push-button shower/ bath faucet)



ML Series
(Window sash)



LIXIL Carport SC
(Carport)

Good Design Award 2017 Winning Products

LIXIL	1. LIXIL Carport SC	Carport
	2. ML Series	Window Sash
	3. Bisai (2017 model)	Exterior Light
	4. Fullfall Shower	Hand Shower, Shower Slide Bar
	5. Wide Square Bowl	Washstand
	6. Push-button Faucet	Push-button Shower/Bath Faucet
	7. Smart Mosaic Sheet	Tile
	8. Chromare S	Shower/Bath Faucet with Thermostat
GROHE	9. GROHE Sense / GROHE Sense Guard	Water Sensor
	10. Lineare New Collection	Bathroom Faucet
	11. Concetto Professional	Kitchen Faucet



GROHE Sense Guard
(GROHE Water Sensor)



Concetto Professional
(GROHE kitchen faucet)

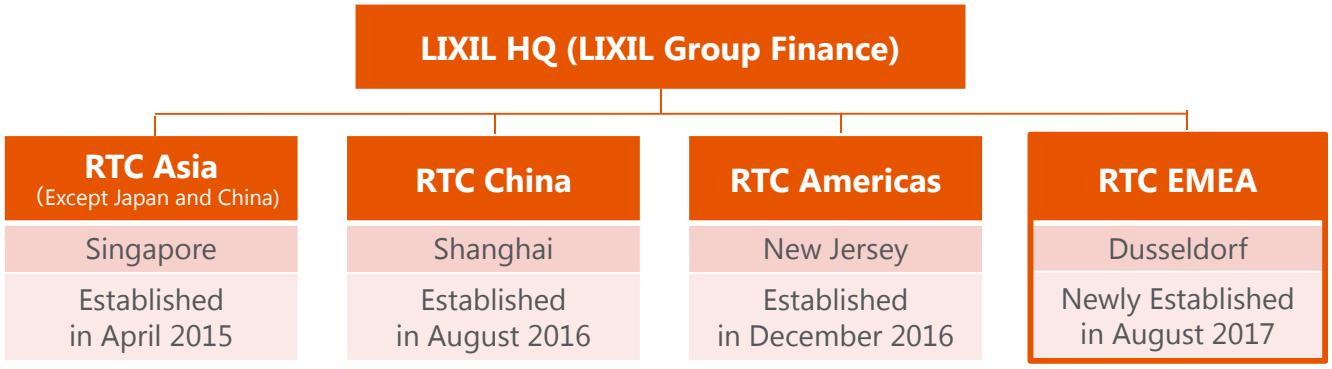
(1) "Good Design Best 100" is the award to commend highly evaluated products by the judging committee among all the products received Good Design Awards
(2) For more information, please go to http://www.lixil.com/en/news/pdf/171004_GDA_E.pdf

Enhance Financial Governance

Completed the Establishment of RTC (Regional Treasury Center) in all regions

Purpose

- Strengthen governance by enhancement of cash visibility and transparency
- Improve cash efficiency (central management of surplus cash)
- Risk management (interest rate, FOREX)



Performance of Major Overseas Subsidiaries

Company	ASB (ASD Holdings)					
Unit	USDm					
Accounting period	H1 FYE2017 Results	**H1 FYE2018 Results**	YoY	FYE2017 Results	FYE2018 Forecasts	YoY
Exchange rate (AR)	106.43	**111.42**	-	109.03	115	-
Revenue	539	**547**	1%	1,090	1,149	5%
Core earnings	43	**34**	-20%	76	89	18%
%	8%	**6%**	-1.7	7%	8%	+0.8
Exchange rate (CR)	101.12	132.9	-	119.8	120	-
Goodwill	142	**138**	-	138	138	-
Intangible assets	238	**233**		235		
Revaluation of fixed assets, inventories and other	-	**-**		-		

Company	Grohe Group (GROHE)					
Unit	EURm					
Accounting period	H1 FYE2017 Results[1]	**H1 FYE2018 Results[1]**	YoY	FYE2017 Results	FYE2018 Forecasts	YoY
Exchange rate (AR)	119.12	126.63	-	119.37	120	-
Revenue	710	**745**	5%	1,391	1,506	8%
Core earnings	81	**74**	-9%	191	218	14%
%	11%	**10%**	-1.5	14%	14%	+0.7
Exchange rate (CR)	113.36	132.9	-	119.8	120	-
Goodwill	1,206	**1,276**	-	1,215	1,276	-
Intangible assets	1,544	**1,520**		1,532		
Revaluation of fixed assets, inventories and other	74	**-**		73		

(1) Includes GDWT

Renovation Strategy in Japan

Sales of Renovation Products

JPYbn	H1 FYE2017 Result	**H1 FYE2018 Result**	YoY
Sales of Renovation Products	152.3	**155.0**	2%
Renovation Ratio	37%	**37%**	+0P

Number of Member Homebuilders

Stores	Mar -16	Sep -16	Mar -17	Sep -17
LIXIL Reform Shop (FC)	480	505	519	**535**
LIXIL Reform Shop (Voluntary)	12,492	12,989	13,227	**13,255**
LIXIL PATTO Reform	-	(1) 500	3,365	**3,618**

Period extended for "All LIXIL Zero Interest-Rate Reform Loan Campaign"

- LIXIL takes over all the interest fee from house owners
- Financing: Total amount JPY 200,000 or more and JPY 10 million or less
- Maximum installments: 60 times (5 years)
- This campaign applies to constructions by contractors, such as LIXIL PATTO reform service shop or FC/ VC franchise stores, approved from Cedyna, a loan company

- Unit price for construction increased: average price for construction was approx. JPY2mn, which is more than double the average price for the construction paid by cash
- Contract conclusion rate increased

(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(3)	H1 FYE2017 results(3)	H1 FYE2018 results	YoY	Quarterly YoY FYE2017(3) Q1	Q2	Q3	Q4	FYE2018 Q1	Q2
LWT	Sanitary ware	102.3	47.2	**51.3**	8.7%	-2.1	3.3	7.2	8.5	11.4	**6.4**
	Bathroom units	93.4	44.8	**49.1**	9.5%	-1.2	1.3	2.1	3.0	11.4	**7.7**
	Washstand cabinet units	35.5	16.4	**17.3**	5.5%	0.3	5.1	5.0	7.4	8.9	**2.6**
	Tiles	29.1	13.5	**13.8**	2.3%	-1.4	-1.0	0.0	-1.1	1.1	**3.3**
LHT	Housing sashes and related products	199.1	99.4	**97.1**	-2.3%	-3.9	-1.0	-4.1	-0.6	-0.3	**-4.1**
	Exterior	108.7	53.9	**53.5**	-0.8%	0.6	-2.8	-4.9	-0.8	-0.5	**-1.1**
	Wooden interior furnishing materials	60.4	29.4	**29.4**	-0.2%	8.7	2.9	0.7	3.4	-1.3	**1.0**
	LHT Other	99.1	52.3	**43.3**	-17.2%	-5.3	-7.3	-23.2	-20.3	-18.5	**-16.0**
LBT	Building sashes (1)	109.6	51.8	**51.2**	-1.0%	-17.0	-3.8	-7.6	5.8	9.1	**-7.4**
LKT	Kitchens	106.8	50.3	**53.8**	7.0%	2.6	2.1	2.4	3.1	8.0	**6.1**
D&R	Home center revenue(2)	172.0	87.2	**87.5**	0.4%	-12.9	-10.3	0.3	-2.7	-0.2	**0.9**
H&S	Housing and Services business	64.4	32.3	**23.9**	-25.9%	5.0	17.3	9.9	1.0	-23.6	**-28.0**
	Overseas	376.9	181.1	**199.1**	9.9%	-15.0	-18.7	-12.8	-14.4	5.0	**15.2**
	Others/ consolidation & adj. (1)	75.9	36.7	**39.5**	7.7%	-	-	-	-	-	**-**
	Total	1,633.2	796.3	**809.9**	1.7%	-7.2	-8.0	-6.7	-7.3	1.3	**2.1**

(1) Building sashes are revised to IFRS figures including LIXIL's subsidiary retrospectively and Others/ consolidation & adj, are restated 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%
(3) The results for FYE2017 and Q1 FYE2018 are restated due to reclassification to discontinued operations although no change was made to quarterly YoY for FYE2017. Figures for FYE2017 are preliminary.

External Recognition

New Recognition

DJSI Asia Pacific Index

Became an index component of the Dow Jones Sustainability Indices (DJSI Asia Pacific Index), created by S&P Dow Jones Indices and RobecoSAM

(September 2017)

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

Introduced in Q1 earnings material

FTSE4Good Index Series

Became a constituent of the FTSE4Good Index Series (June 2017) and FTSE Blossom Japan Index (July 2017), created by FTSE Russell

FTSE4Good

FTSE Blossom Japan

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 2017 All-Japan Executive Team rankings from Institutional Investor Magazine (May 2017)

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日本株 女性活躍指数 (WIN)

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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.

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PRESS RELEASE

For Immediate Release

November 6, 2017
LIXIL Group Corporation

LIXIL Reports Results in Line with H1 Forecasts

Tokyo, Japan – LIXIL Group Corporation ("LIXIL Group", TSE Code: 5938), a global leader in the housing and building industry, today announced earnings[1] for the first half of the fiscal year ending March 31, 2018.

In line with the company's forecasts issued on August 21, 2017, revenue from continuing operations[2] increased 1.7% year on year to ¥809.9 billion. This increase was driven by the stable growth of LIXIL Water Technology in Japan and overseas, and LIXIL Kitchen Technology in Japan.

Core earnings[3] from continuing operations decreased 4.5% year on year to ¥40.7 billion, above first half guidance of ¥40 billion. Water and Kitchen Technology businesses in Japan contributed positively to core earnings through improved gross operating margins. Core earnings decreased overall, however, due to investments in marketing activities in Japan, which have positively impacted revenue growth, as well as increased IT-related expenses. The core earnings margin consequently decreased from 5.3% to 5.0% year on year.

Net Profit, including discontinued operations, decreased by ¥11.3 billion year on year to ¥12.8 billion, reflecting the absence of the positive impact from foreign-currency denominated debt conversion recognized in the previous year, and a one-off loss from the strategic decision to divest Permasteelisa S.p.A.

LIXIL Group President and CEO, Kinya Seto, said, "During the second quarter, we continued to optimize our business portfolio, and also invested in growth in Japan and overseas. Today's results are in line with our projection, and we remain on track to achieve our full-year forecast. More importantly, we are now well positioned to implement our new Medium-Term Strategic Plan 'Toward Sustainable Growth,' which we will kick-start from FYE 2019. During this period, we will leverage and further enhance LIXIL's unique competitive advantages, including developing differentiated products and services, to strengthen profitability and set the company on track to achieve long-term sustainable growth."

Summary of Business Performance

LIXIL Water Technology (LWT), which manages the product brand portfolio that includes LIXIL, INAX, GROHE, and American Standard, reported revenue of ¥341.8 billion, up 7% year on year, and core earnings of ¥32.5 billion, also up 7% year on year and representing a core earnings margin of

[1] All IFRS based

[2] Revenue and core earnings for Permasteelisa S.p.A and its subsidiaries have been reclassified under discontinued operations following agreement to sell its shares in August, 2017

[3] Core earnings in IFRS is equivalent to Operating Profit in JGAAP

10%. Revenue growth was driven by continued success in Japan and global markets, in particular Europe and China, while core earnings improved due to higher sales of mid- to high-end products and the ongoing realization of synergies across the business. This includes the success of GROHE Sensia Arena, a shower toilet using INAX technology and designed by GROHE, which achieved 20% market share for shower toilets in Germany as of the end of the September.

LIXIL Housing Technology (LHT), which provides products and services for the new housing and renovation market primarily in Japan, reported revenue of ¥265.2 billion, down 2% year on year, and core earnings of ¥17 billion, down 13% year on year and representing a core earnings margin of 6%. While revenue increased on a like-for-like basis compared to the previous year, the decrease in year-on-year revenue reflects the divestment of HIVIC in the previous year. Core earnings were also impacted by the divestment of HIVIC, in addition to an increase in SG&A from IT-related and marketing expenses. LIXIL Corporation continued to invest in innovative new product areas during the second quarter with the establishment of a joint venture company with TEPCO Energy Partner to promote the building of net zero energy houses (ZEH) in Japan.

LIXIL Building Technology (LBT), which develops architectural projects, reported revenue of ¥51.4 billion, down 2% year on year, and core earnings of ¥1.9 billion, down 1% year on year and representing a core earnings margin of 4%. While revenue and core earnings remain generally flat, LIXIL Building Technology continues to implement selective order intakes to improve core earnings.

LIXIL Kitchen Technology (LKT), which develops system kitchens and related products, reported revenue of ¥58.2 billion, up 7% year on year, and core earnings of ¥2.6 billion, up 227% year on year, representing a core earnings margin of 5%. Increased sales of Alesta and Richelle system kitchens, which are key product series in the mid- to high-end price range, in addition to growth in sales of small modular kitchens and the impact of increased marketing in Japan contributed to improved revenue. The improvement in sales and higher production utilization ratio positively impacted core earnings.

Distribution & Retail (D&R), which supports product sales in Japan through home centers, reported revenue ¥87.5 billion, flat year on year, and core earnings of ¥4.6 billion, down 5% and representing a core earnings margin of 5%. Core earnings were impacted by a one-off expense.

Housing & Services (H&R), which provides housing solutions and services, reported revenue of ¥23.9 billion, down 26% year on year, and core earnings of ¥1.1 billion, down 55% year on year and representing a core earnings margin of 4%. Revenue and core earnings in the first half were impacted by the deconsolidation of JIO Corporation and the absence of housing sales reported in the previous year.

-Ends-

About LIXIL Corporation

LIXIL is a global leader in the housing and building industry. Our unique portfolio spans everything from technologies that revolutionize how we interact with water in our daily lives, to a full lineup of products and services for houses and major architectural projects. Delivering core strengths in water, kitchen, housing, and building technologies, our brands including LIXIL, INAX, GROHE, American Standard, and Permasteelisa are leaders in the industries and regions in which they operate. LIXIL operates in more than 150 countries and employs more than 70,000 people, bringing together function, quality, and design to make people's lives better, and more delightful – wherever they are.

Learn more at www.lixil.com, facebook.com/lixilgroup and www.linkedin.com/company/lixil-group.

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, which is led by President and CEO Kinya Seto, 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. LIXIL Group Corporation posted ¥1.79 trillion in consolidated sales in FYE March 2017.