Q1 Results for the Fiscal Year Ending March 31, 2019 (IFRS)

(From April 1, 2018 to June 30, 2018)

TSE Code: 5938

LIXIL Group Corporation

July 31, 2018

LIXIL Link to Good Living

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LIXIL GROUP HAS ADOPTED IFRS SINCE FYE2016

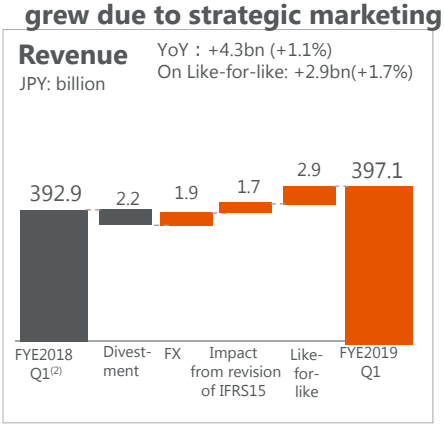
JGAAP	IFRS (LIXIL Group Financial Reporting)
	Continuing Operations
Net sales	**Revenue**
Cost of sales	Cost of sales
Gross profit	Gross Profit
SG&A	SG&A
Operating profit	**Core earnings (CE)**
Non-operating income/expenses	Other income/expenses
Ordinary income	Operating profit
Extraordinary income/losses	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

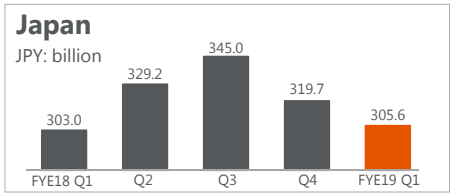
"Core earnings" in IFRS is equivalent to JGAAP's **"Operating profit"**

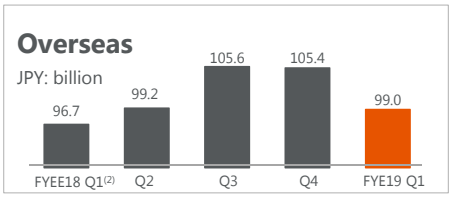
Revenues and profits/ losses from Permasteelisa S.p.A and its subsidiaries are presented under discontinued operations based on the share-transfer agreement in Q2 FYE2018.

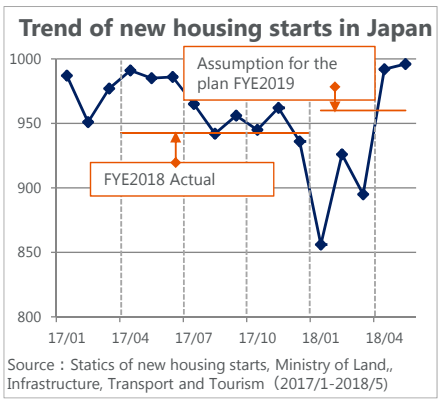
Q1 REVIEW OF THE FISCAL YEAR ENDING MARCH 31, 2019 - Revenue

LWT business(1) drove sales growth. Despite a decline of new housing starts in the previous quarter, sales in Japan maintained the same level as the previous year. Sales at overseas businesses grew due to strategic marketing investments









■ **Revenue**

Vs Q1 in the previous year：Increased（Like-for-like：Japan+0.3bn, Overseas+2.6bn）

Vs previous quarter：Decreased（Japan-14.1bn, Overasea-6.4bn）

✓ **Japan**

- Despite the decline in new housing starts in the previous quarter, sales in Japan maintained the same level as previous year
- Sales of bathroom and kitchen products continued to perform well from FYE2018, leading sales growth

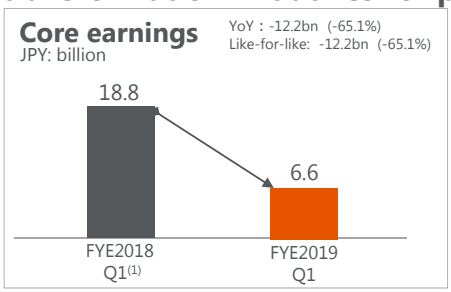
✓ **Overseas**

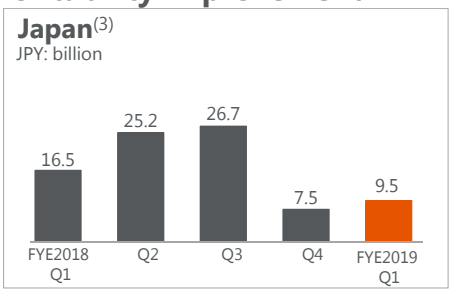
- Strategic marketing investment for future growth and efforts for expansion of new businesses resulted in sales growth in Q1 in line with the forecast
- Revenue increased compared to the previous year, but because the season for higher demand falls in H2, decreased compared to the previous quarter.

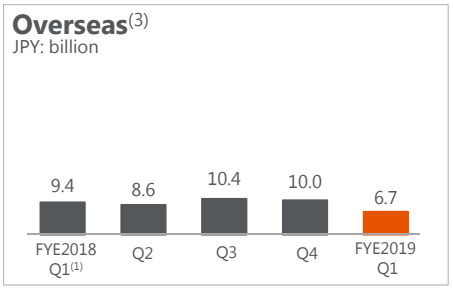
(1) Operational results from Kitchen Technology business are presented as Water Technology due to change in reporting segment from FYE2019 Q1
(2) Because of decision making of divestment of Permasteelisa S.p.A and its subsidiaries in August 2017, business results from Permasteelisa Group is retroactively classified under discontinued operations

Q1 REVIEW OF THE FISCAL YEAR ENDING MARCH 31, 2019 – Core earnings

Two thirds of the deterioration of profitability in Q1 was anticipated in the plan; driving transformation initiatives for profitability improvement







■ **Core earnings**

Vs Q1 in the previous year：Decreased（Like-for-like：Japan-7.1bn, Overseas-2.7bn, Consolidation adj. & Other-2.4bn）

Japan – Core earnings decreased by JPY7.1 bn. Of this, JPY3.6bn was anticipated at the beginning of the year as a temporary decrease. However, the remaining JPY3.5bn was beyond expectations.

Common reason across businesses

- A new trading system was implemented from April 2018. Under the new organization structure, negotiations with customers, including a guarantee of the previous price for a short period, were planned and an estimated impact on margin was incorporated in the annual forecast. The projected impact incorporated into the forecast was: deterioration of gross margin due to the guarantee of previous price (JPY1.3bn), negative impact from raw materials price increase (JPY1.5bn), and negative impact from the absence of the one-off impact recorded for Q1 in the previous year (JPY7bn).
- Despite efforts to improve cost controls, temporarily required tasks for the introduction of the new trading system from April (such as large volume data registration) resulted in an increase of labor costs

LHT - Due to the decline of new housing starts in the previous quarter, gross margin of the LHT business (capital intensive) deteriorated due to continuously lower operational level at factories from Q4 of FYE2018

LWT - CE decreased due to the deterioration of sales product mix,

Overseas - In line with the plan

LWT（YoY-2.4bn)

- Anticipated decrease due to planned advanced marketing investments in Asia
- Slow recovery of the business in South Africa due to business performance of a major customer

(1) Because of decision making of divestment of Permasteelisa S.p.A and its subsidiaries in August 2017, business results from Permasteelisa Group is retroactively classified under discontinued operations
(2) Operational results from Kitchen Technology business are presented as Water Technology due to change in reporting segment from FYE2019 Q1
(3) Before the consideration of consolidation adjustment & other

JAPAN INITIATIVES – TO ACHIEVE PROFITABILITY IMPROVEMENT AND COMPETITIVE COSTING (1)

Introduced a new trading system from April, 2018 for fundamental resolution of factors for the continuing deterioration of profitability

Challenges for Japan business

1) Sales price of major products continues to decrease due to:
- ・Deterioration of profitability due to time elapsed since market launch
- ・Increasing composition of lower margin products
- ・Change in composition of customers

2) Decrease in productivity from dated individual sales activities

Measures

1) Stop deterioration of sales gross profit margin
- ・Accelerate product development cycle
- ・Shift to differentiated and high-end products

2) Streamlining of sales activities = New trading system

Background of introduction of the new system

- ・Price is rationally determined by function and scale
- ・Allows faster decision making on pricing, fitting to the market

Impact in Q1 FYE2019 and future outlook

- ・Deterioration of gross margin due to extended transitional measures (guarantee of old price) (Original end in April was extended to June)
- ・Delayed data registration due to the higher than anticipated volume of the data
  → Deterioration of the margin exceeded the original forecast

Countermeasures
- ・Transitional measures were terminated by the end of June
- ・Data registration will be completed by the end of September

Outcomes
- ・Productivity improvements
- ・Price revisions scheduled from October can be smoothly reflected in the operating results

JAPAN INITIATIVES – TRANSFORMATION TO HIGHLY PRODUCTIVE ORGANIZATION

Implement Comprehensive Productivity Transformation Initiative

Current Model

Japan business was designed for a previous, high-growth era

Organization
- One-size-fits-all type of career plan(Seniority based system of generalists, not specialists)

Production
- Capital intensive

Products/Services
- Designed to meet mass customer's and distributors' needs

Challenges

- **Waves of commoditization**
- **Mature and declining market**
- **Aging society**
- **Environmental, security concerns**
- **Growing importance of design and innovation**

Fit for Future Model

Japan business is a **core exporter of innovation and technologies** to growth markets and **expert in "aging in place" products** for markets with similar demographic trends

Organization
- Diverse career plans (Domain expertise in key areas, further promotion of meritocracy-based system)

Production
- Drive "Asset Light" models

Products/Services
- Differentiated products and services with design, technology, and benefits for end-users

Reallocate and redeploy human capital to meet productivity goals

Optimize of production processes

Transform Japan's organization to become a *key enabler of growth*

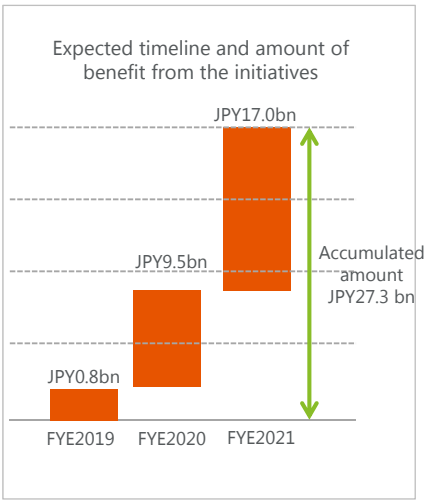
CE Improvement Target: JPY27.3 billion by FYE2021

JAPAN INITIATIVES – PRODUCTIVITY TRANSFORMATION BY 2021

Initiatives supporting productivity transformation and profitability improvement

Key areas	Major initiatives
Reallocate and redeploy human capital to meet productivity goals	• **Insourcing – redeploy talent to areas of business that require FTE support** • **Accelerate robotic process automation** (RPA) • **Improve operational efficiency of indirect functions** and strengthen direct functions through by expanding **FIT program** • Further **simplify organization structures** by delayering levels (**Span of control**) • Continue promoting **Workstyle Reform**
Optimization of production processes	• **Reduction of SKUs** and **production lines** • **Standardization of platform** and parts of products • **Automation** and **streamlining of production processes**

Target



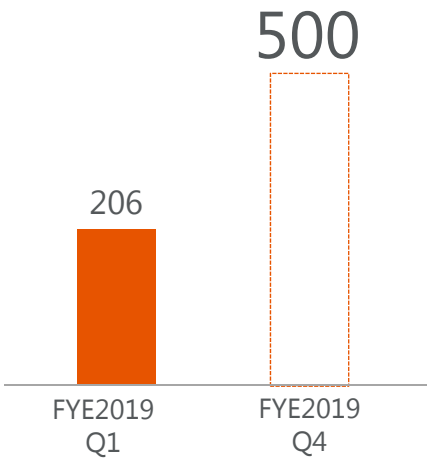
JPY27.3 billion(1)
[Approximately 20% of Core Earnings of FYE2021 (estimate)]

(1) Three years accumulated target of CE improvement to the benchmark those of FYE2018
(2) FIT (Focus on the Important Tasks)

(CASE STUDY) PROGRESSION OF COST REDUCTION IN INDIRECT FUNCTIONS AND DEVELOPMENT COSTS : RPA

Fostering in-house developers to promote automatization of recurring operations. Targeting an increase in the number of developers to 500 by March 2019 by developing a knowledge sharing platform and effective support systems

Number of employees having RPA development skill



160 hours/year of operational efficiency improvement is anticipated



1) In-house training is conducted 4 times per month. Recorded film is shared via Workplace for on demand self-study.



2) Knowledge is shared across the organization through a knowledge sharing platform



3) Help desk supports RPA development. Remote support is also available by using Zoom and Skype



4) Other initiatives for talent development
- Internal certification system
- Measure for prevention of unofficial robotics development
- Development of a sprit of cooperation for RPA developments

RENOVATION STRATEGY IN JAPAN

Sales of Renovation Products

JPY: bn	Q1 FYE2018 Results(1)	**Q1 FYE2019 Results**	YoY
Sales of renovation products*	73.9	**72.5**	-1.9%
Renovation ratio	37%	**37%**	-0.6pt

*Total sales of LIXIL Japan Company and a building renovation subsidiary (after inter-segment transactions)

Sales of renovation products in Q1 decreased due to prioritizing of time spent on tasks relating to the introduction of new trading system under new organization structure



LIXIL Renovation Fair 2018
Convened for end-users at 4 locations to reveal reform demand. Number of visitor increased 9% compared to the previous year.

Number of Member Homebuilders

Stores	Mar -17	Mar -18	Jun -18
LIXIL Reform Shop (FC)	519	546	**553**
LIXIL Reform Shop (Voluntary)	13,227	12,602	**12,213**
LIXIL PATTO Reform Service Shop(2)	3,365	3,705	**3,713**

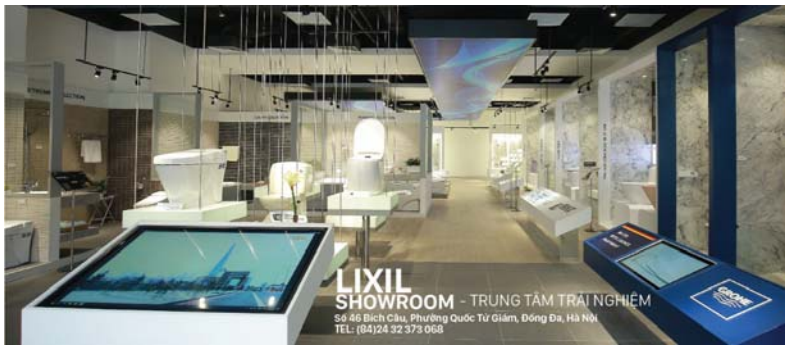
› Renovation products sales ratio by business segment (YoY)

Business segment	Q1 FYE2018	Q1 FYE2019	Difference
LWT	44%	44%	-0.6pt
LHT	33%	33%	0.0pt
LBT	26%	22%	-4.9pt
Japan total	**37%**	**37%**	**-0.6pt**

(1) Sales of renovation product was restated for comparison on the same basis

EXPANSION OF DIFFERENTIATED PRODUCTS AND SERVICES OVERSEAS

› **To become a full bathroom solution provider in American, European, and Asian markets, necessary investments were made in Asia Pacific in Q1 FYE2019**



Left） May 2018
First LIXIL Flagship Store Launched in Hanoi, Vietnam
INAX, GROHE, American Standard, TOSTEM brands are available



Left） June 2018
New showroom was opened, where GROHE and DVX brands are available
（Changzhou, China）

Right） June 2018
「Full home Flagship Store」
Was opened （Shanghai）

This is the first case to handle multiple brands overseas and to set up a sales base that handles one stop service.

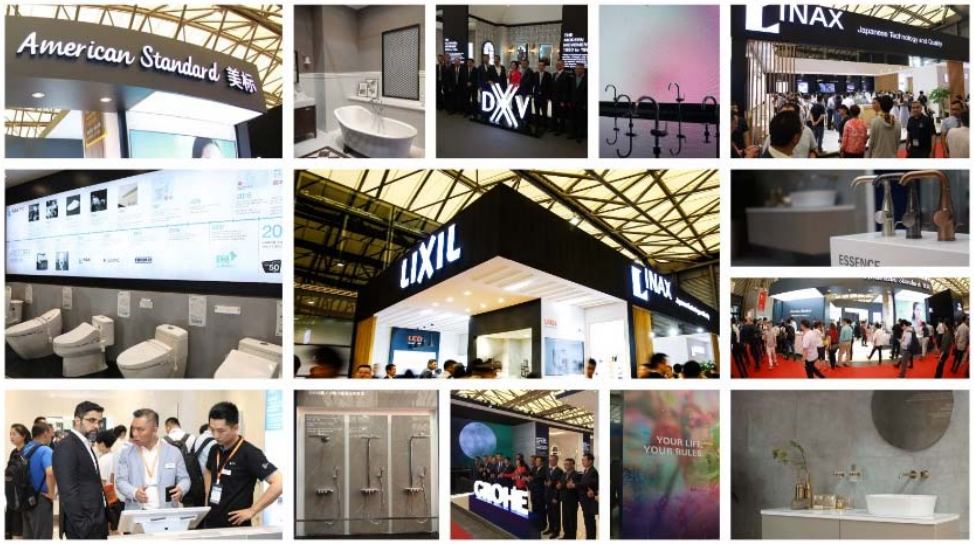




(1) Earnings deck for FYE2018.3 p7： Focus areas - Bathing & Bathroom and Faucet business in Americas, Ceramic and Bathroom business in EMENA, Bathing & Bathroom business in Asia Pacific

EXPANSION OF DIFFERENTIATED PRODUCTS AND SERVICES OVERSEAS

Unveiling an assorted range of innovative products for consumers in China - The 23rd Kitchen & Bath China show in Shanghai (5-8 June 2018)



- Five of our product brands displayed innovative products showcasing Japanese technology and award winning designs
- Under the LIXIL brand, prefab bathroom solutions were introduced based on marketing activities and production systems set up in the last year, which received a positive response from developers, media and consumers alike.
- DXV brand products were launched for the first time outside of North America

LHT - End-user focused product development and promotion and Expansion of business in overseas market

Progression of initiatives in strategic focus areas

Differentiated product – TOSTEM LW

A new window, LW, will be launched under the TOSTEM brand in Japan in August 2018 embodying the connection between inside and outside of the home



Strengthening the Windows business in Asian market



Set up LIXIL Window Systems Private Ltd.
(Former Star Alubuild Pte. Ltd.)

Business: Products for both retail and projects segments of the India building materials market

Manufacture products for detached houses locally in our Manesar factory in India in line with the Government of India's 'Make in India' vision.



Introduction of window sash products for renovation market in China

EXPANDING PURPOSE AGENDA WITH UNICEF PARTNERSHIP



- Unique new partnership model
- Three years, with option to extend to five
- Country programs, as well as marketing campaigns to enhance engagement



For further detail, see press release (July 26, 2018) http://www.lixil.com/en/news/pdf/180726_UNICEF_LIXIL_E.pdf

ONGOING REVIEW OF BUSINESS PORTFOLIO AND SIMPLIFICATION OF ORGANIZATIONAL STRUCTURE TO SUPPORT LONG-TERM GROWTH

Transactions until the announcement of Q1 FYE2019 (July 31)

Company/ transaction	Segment	Timing of decision making	Reasons for the sale/acquisition	(Reference) FYE18 in JPY			
				Revenue	Core earnings	Net profit	Total assets
LIXIL SUZUKI SHUTTER and three subsidiaries 100% share transfer	LHT Japan	July 2018	Review of business portfolio and simplification of business	14.2bn	0.9bn	0.7bn	15.2bn

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

APPENDIX

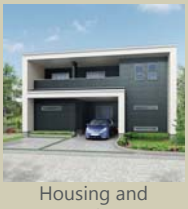

Water Technology


Housing Technology


Building Technology



Distribution and Retail


Housing and Services

Change of Reporting Segment (Q1 FYE2019 and onward)

To become an organization allowing accelerated growth and profitability improvement

- Integrate Water-related business (LWT) and Kitchen business (LKT) aiming for further collaboration

～FYE2018 Reporting segment /Business domain	FYE2019～ Business domain	FYE2019～ New reporting segment
LIXIL Water Technology	LIXIL Water Technology	Water Technology
LIXIL Housing Technology	LIXIL Kitchen Technology	
LIXIL Building Technology	LIXIL Housing Technology	Housing Technology
LIXIL Kitchen Technology	LIXIL Building Technology	Building Technology
Distribution and Retail	Distribution and Retail	Distribution and Retail
Housing and Services	Housing and Services	Housing and Services

Q1 (3 MONTHS) CONSOLIDATED BUSINESS RESULTS

	JPY: billion	(A) Q1 FYE2018 Reported In last year	(B)-(A) Discontinued Operations Difference(4)	(B) Q1 FYE2018 After retroactive restatement	(C) Q1 FYE2019 Results	(C)-(B) YoY Amount Forex impact	(C)-(B) YoY Amount	(C)-(B) YoY %	(D) H1 FYE2019 Forecast (Disclosed on May 7)	(C)/(D) H1 progress %
Continuing Operations	**Revenue**	431.9	-39.0	392.9	**397.1**	1.9	4.3	*1.1%*	837.0	*47.4%*
	Gross Profit	138.6	-3.2	135.4	**131.1**	0.9	-4.2	*-3.1%*	288.0	*45.5%*
	(%)	*32.1%*	-	*34.5%*	***33.0%***	-	-1.4pp	-	-	-
	Core Earnings(1)	18.7	0.1	18.8	**6.6**	0.3	-12.2	*-65.1%*	45.0	*14.6%*
	(%)	*4.3%*	-	*4.8%*	***1.7%***	-	-3.1pp	-	*5%*	-
Including Dinsontinueed Operations	**Net Profit including Discontinued Operations** (2)	10.2	0.0	10.2	**3.1**	-	-7.2	*-70.1%*	28.0	*10.9%*
	EPS (Yen)	36	0	36	**11**	-	-25	*-70.2%*	97	*11.0%*
Continuing Operations	**EBITDA**(3)	35.2	-1.0	34.3	**23.0**	-	-11.3	*-32.9%*	-	-
	(%)	*8.2%*	-	*8.7%*	***5.8%***	-	-2.9pp	-	-	-

(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.)

Q1 (3 MONTHS) BUSINESS RESULTS BY SEGMENT

JPY billion		Q1 3 months Q1 FYE2018	Q1 FYE2019	YoY Amount Forex	YoY Amount	YoY %
LWT(1)	Revenue	192.7	**198.0**	1.9	5.3	2.7%
	CE	16.4	**12.0**	0.3	-4.4	-27.1%
LHT	Revenue	129.8	**127.5**	0.0	-2.2	-1.7%
	CE	6.9	**2.6**	0.0	-4.4	-63.1%
LBT	Revenue	21.9	**23.3**	00	1.4	6.3%
	CE	-0.4	**-1.2**	-0.0	-0.8	-
D&R	Revenue	43.9	**43.5**	-	-0.4	-1.0%
	CE	2.6	**2.3**	-	-0.2	-8.3%
H&S	Revenue	11.5	**12.3**	-	0.9	7.6%
	CE	0.4	**0.5**	-	0.0	10.9%
Consolidation, adj. & other	Revenue	-6.9	**-7.5**	-	-0.6	-
	CE	-7.1	**-9.6**	-	-2.4	-
LIXIL Group	Revenue	392.9	**397.1**	1.9	4.3	1.1%
	CE	18.8	**6.6**	0.3	-12.2	-65.1%

(1) FYE2018 LWT figures are restated due to change in reporting segment from Q1 FYE2019

WATER TECHNOLOGY

Business results in Q1 FYE2019

Apr-Jun In JPYbn		Q1 FYE2019	Like for like	CE margins	FYE2019 (forecast)		CE margins
Revenues by Region[1]	Americas	36.3	+4%		+7%		
	EMEA	39.7	+0%		+4%		
	Asia Pacific	25.7	+12%		+10%		
	Japan[1]	102.0	+2%		+3%		
	Adjustments	-5.6					
	Water Technology	**198.0**	+3%		**865.2**	+4%	
Core earnings by Region[1]	Americas	1.3	-43%	4%	+31%		8%
	EMEA	5.1	-6%	13%	+19%		15%
	Asia Pacific	1.8	-40%	7%	+17%		12%
	Japan [1]	5.0	-29%	5%	+7%		8%
	Adjustments	-1.3					
	Water Technology	**12.0**	-27%		**82.5**	+12%	
		6.0%	-2.5pp		9.5%		

Number of shipment of AQUA CERAMIC installed sanitary ware is expected to reach **one million units** shortly



Revolutionary technology that promises 100 year shine (Launched in April 2016)



DXV AT200LS (Integrated-type shower toilet, launched in North America, April 2018)

*To facilitate the comparison between Q1 FYE2019 (actual results) and FYE2019 (full-year forecasts), the revenue and core earnings of a subsidiary sold during the previous year is excluded from the FYE2018 actual figures of Asia Pacific to calculate the YoY growth. The company's revenue and core earnings for Q1 of FY20E18 excluded for calculation were JPY 2.2 bn, and JPY 0.0bn, respectively.

(1) Region: Management basis, LWT Total: Statutory basis
Statutory basis currency : FYE2019 Results 1USD=108.71JPY, 1EUR=129.39JPY, FYE2019 Assumptions 1USD=115JPY, 1EUR=135JPY
Management basis currency : Comparing by FYE2019 current & previous year 1USD=115JPY, 1EUR=135 JPY

HOUSING TECHNOLOGY

Business results in Q1 FYE2019

Apr-Jun In JPYbn		Q1 FYE2019	YoY	FYE2019 (forecast)	
Revenues by Region	Japan	124.6	-1%		+1%
	Overseas	3.0	-24%		-20%
	Housing Technology	**127.5**	-2%	**539.5**	+1%
Core Earnings	**Housing Technology**	**2.6**	-63%	**29.0**	+5%
	Margin	2.0%	-3.3pp	5.4%	



"Feeling of freedom, not within the frame" **TOSTEM *LW*** (To be launched in August 2018)



(1) Excluding impact of divestment

BUILDING TECHNOLOGY

Business results in Q1 FYE2019

Apr-Jun In JPYbn		Q1 FYE2019	YoY	FYE2019 (forecast)	
Revenues by Region	Japan	23.3	+6.3%		+6%
	Overseas[1]	-	-		-
	Building Technology	**23.3**	+6.3%	**113.0**	+6%
Core Earnings	**Building Technology**	**-1.2**	-0.8	**2.5**	-27%
	Margin	*Red figure*	-	*2.2%*	

- Core earnings negative due to a difference in the timing of completion of construction



Hybrid high insulation window sash PRESEA-H

DISTRIBUTION & RETAIL AND HOUSING & SERVICES

Q1 FYE2019 results

Apr-Jun In JPYbn		Q1 FYE2019	YoY	FYE2019 (forecast)	
D&R	**Revenue[1]**	**43.5**	-1.0%	**177.0**	+2%
	Core Earnings[1]	**2.3**	-8.3%	**6.5**	-6%
	Margin[1]	*5.4%*	-0.4pp	*3.7%*	

- Opened two stores in Q1 FYE2019
- Composition of revenue recognized from sales of goods for renovation
  37%→ 39%
  Continue to focus on renovation goods revenue ratio of 50% over the next three years (R-50)

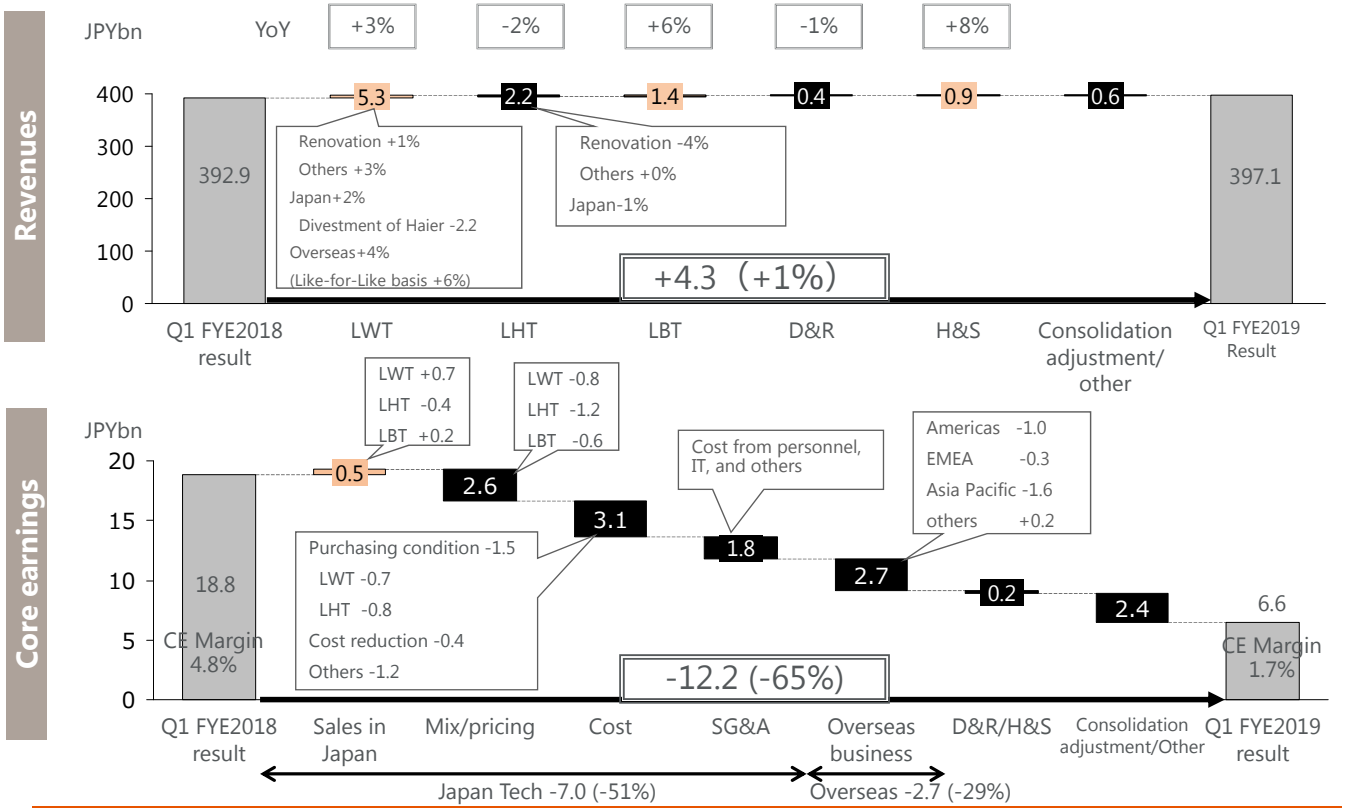
Q1 FYE2019 results

Apr-Jun In JPYbn		Q1 FYE2019	YoY	FYE2019 (forecast)	
H&S	**Revenue**	**12.3**	+7.6%	**57.0**	+9%
	Core Earnings	**0.5**	+11.1%	**3.5**	+38%
	Margin	*4.0%*	+0.2pp	*6.1%*	

- Revenue and core earnings increased, focusing on top priorities such as services for new business areas and markets other than for new houses
- Revenue composition for business other than for new houses[2]
  29% → 36%

(1) Distribution & Retail disclosed as of IFRS basis; Reference: Japanese accounting standards are applied for disclosure of LIXIL VIVA Corporation (Securities Code 3564)
(2) Existing business – business other than for new houses and new areas of services and markets

Q1 FYE2019 INCREASE / DECREASE OF SALES AND CORE EARNINGS



CONSOLIDATED FINANCIAL POSITION

JPY: billion	[A] Mar-2018	[B] Jun-2018	[B]-[A] Increase/ decrease Total of the increase / decrease
Cash and cash equivalents	138.8	100.7	-38.0
Trade and other receivables	343.3	323.1	-20.2
Inventories	217.9	229.7	11.8
Assets held for sale	180.2	184.1	3.9
Others	1,227.0	1,225.6	-1.3
Total Assets	**2,107.1**	**2,063.3**	**-43.8**
Trade and other payables	339.0	325.7	-13.2
Interest-bearing debt	687.9	668.4	-19.5
Liabilities directly associated with the assets held for sale	127.5	133.2	5.7
Others	303.2	298.9	-4.3
Total Liabilities	**1,457.6**	**1,426.3**	**-31.3**
Treasury shares	-49.0	-48.9	0.1
Others	698.6	686.0	-12.6
Total Equity	**649.6**	**637.0**	**-12.5**
(1) Equity Ratio (%)	29.3%	29.3%	+0.0pp
(2) Net Assets per Share (Yen)	2,128.77	2,085.58	-43.19
Number of Shares (in thousands)	289,790	289,818	28
Net interest-bearing debt	549.2	567.7	18.5

(1) Ratio of equity attributable to owners of the parent
(2) Equity per share attributable to owners of the parent

CASH FLOW STATUS

Cash flow and balance of cash and cash equivalents

JPY billion	Q1 FYE2018	Q1 FYE2018	Diff.
Profit before tax	17.2	**5.6**	-11.5
Depreciation and amortization	16.5	**16.4**	-0.1
Income taxes paid	-11.4	**-11.6**	-0.2
Working capital	2.5	**-7.2**	-9.7
Others	1.6	**3.1**	1.5
Operating CF	26.4	**6.4**	-20.0
Investment CF	-22.8	**-18.1**	4.8
(of which purchase of property, plant and equipment and intangible assets)	-14.0	**-17.0**	-3.0
FCF	3.6	**-11.6**	-15.2
Financial CF	-6.4	**-24.4**	-18.0
	⋮	⋮	⋮
Cash and cash equivalents	120.4	**100.7**	-19.7

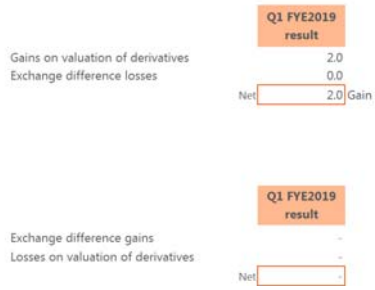
※CF: Include discontinued operations



- Achieved JPY71.8bn against Q4 FYE2018, the target of JPY88bn from Sept. 2013. Despite the end of the target period for the initiative at FYE2018, continued efforts to improve CCC as an internal KPI
- Positive progression of the improvement of investment efficiency increased investment CF. While, FCF decreased by JPY15.2 bn due to review of optimal inventory level as well as decreased Operating CF due to decreased profits
- Decreased Financial CF resulted in the decrease in Cash and cash equivalent JPY19.7bn

Q1 (3 MONTHS) OTHER INCOME AND OTHER EXPENSES, FINANCE INCOME AND FINANCE COSTS

JPYbn	Q1 FYE2018	Q1 FYE2019	Increase/ decrease	Note
Rental income	1.6	1.7	0.1	*1
Gains on sale of property, plant and equipment	0.1	0.0	-0.1	
Gains on sales of subsidiaries	0.1	0.0	-0.1	
Other	1.1	0.6	-0.5	
Other Income	**2.9**	**2.4**	**-0.5**	
Costs of rent	1.1	1.1	0.0	*2
Losses on sale or disposal of property, plant and equipment	0.5	0.4	-0.1	
Other	1.4	0.9	-0.5	
Other Expenses	**3.0**	**2.4**	**-0.6**	
Interest income	0.6	0.3	-0.3	
Dividend income	0.7	0.8	0.1	
Gains on valuation of derivatives		2.0	0.0	*1
Exchange difference gains	7.4		-7.4	*2
Finance Income	**8.7**	**3.2**	**-5.5**	
Interest expense	1.1	1.1	0.0	
Losses on valuation of derivatives	8.2		-8.2	*2
Exchange difference losses		1.8	1.8	*1
Finance Costs	**9.3**	**3.0**	**-6.3**	



RESULTS AND FORECASTS BY SEGMENT

Unit: JPYbn		Q1 FYE2018 Results			Q1 FYE2019 Results				FYE2019 Forecasts[1]			
		Japan	Overseas	Total	Japan	Overseas	Total	Total YoY%	Japan	Overseas	Total	Total YoY%
LWT	Revenue	100.0	92.8	**192.7**	102.0	96.1	**198.0**	2.7%	457.0	408.2	**865.2**	3.5%
	Core earnings	7.1	9.4	**16.4**	5.0	6.9	**12.0**	-27.1%	35.5	47.0	**82.5**	11.7%
	CE margin	*7.1%*	*10.1%*	***8.5%***	*4.9%*	*7.2%*	***6.0%***	-2.5pt	*7.8%*	*11.5%*	***9.5%***	+1.0pt
LHT	Revenue	125.8	3.9	**129.8**	124.6	3.0	**127.5**	-1.7%	528.0	11.5	**539.5**	0.8%
	Core earnings	6.7	0.3	**6.9**	2.8	-0.3	**2.6**	-63.1%	29.0	0.0	**29.0**	5.4%
	CE margin	*5.3%*	*6.5%*	***5.3%***	*2.3%*	-	***2.0%***	-3.3pt	*5.5%*	-	***5.4%***	+0.2pt
LBT	Revenue	21.8	0.1	**21.9**	23.3	-	**23.3**	6.3%	113.0	0.0	**113.0**	5.6%
	Core earnings	-0.2	-0.3	**-0.4**	-1.2	-	**-1.2**	-	2.5	0.0	**2.5**	-26.9%
	CE margin	-	-	**-**	-	-	**-**	-	*2.2%*	-	***2.2%***	-1.0pt
D&R	Revenue	43.9		**43.9**	43.5		**43.5**	-1.0%	177.0		**177.0**	2.0%
	Core earnings	2.6		**2.6**	2.3		**2.3**	-8.3%	6.5		**6.5**	-6.3%
	CE margin	*5.8%*		***5.8%***	*5.4%*		***5.4%***	-0.4pt	*3.7%*		***3.7%***	-0.3pt
H&S	Revenue	11.5		**11.5**	12.3		**12.3**	7.6%	57.0		**57.0**	9.0%
	Core earnings	0.4		**0.4**	0.5		**0.5**	11.0%	3.5		**3.5**	38.1%
	CE margin	*3.8%*		***3.8%***	*4.0%*		***4.0%***	+0.2pt	*6.1%*		***6.1%***	+1.3pt
Consolidation, adj. & other	Revenue			**-6.9**			**-7.5**	-			**-41.7**	-
	Core earnings			**-7.1**			**-9.6**	-			**-39.0**	-
LIXIL Group	Revenue	303.0	96.7	**392.9**	305.6	99.0	**397.1**	1.1%	1,332.0	419.7	**1,710.0**	2.7%
	Core earnings	16.5	9.4	**18.8**	9.5	6.7	**6.6**	-65.1%	77.0	47.0	**85.0**	12.9%
	CE margin	*5.5%*	*9.7%*	***4.8%***	*3.1%*	*6.7%*	***1.7%***	-3.1pt	*5.8%*	*11.2%*	***5.0%***	+0.4pt

› LWT figures for FYE2018 are restated due to change in reporting segment from Q1 FYE2019

Note: Restated FYE2017 results due to the reclassification of Permasteelisa and its subsidiaries to discontinued operations based on the share-transfer agreement

(REFERENCE) REVENUE BY PRODUCTS AND SERVICES

Unit: Ybn

Unit: %

Segment	Major products	FYE2018 results	Q1 FYE2018	Q1 FYE2019	YoY	Quarterly YoY FYE2018 Q1	Q2	Q3	Q4	FYE2019 Q1
LWT	Sanitary ware	106.6	24.2	**23.5**	-2.8%	11.4	6.4	3.3	-2.7	**-2.8**
	Bathroom units	102.2	24.5	**25.2**	2.8%	11.4	7.7	9.3	9.1	**2.8**
	Washstand cabinet units	36.9	8.4	**8.6**	2.0%	8.9	2.6	5.9	0.3	**2.0**
	Kitchens	113.4	25.9	**26.3**	1.6%	8.0	6.1	8.2	2.6	**1.6**
	Tiles	29.6	6.6	**6.7**	2.8%	1.1	3.3	-0.1	2.7	**2.8**
LHT	Housing sashes and related products	191.5	48.2	**44.6**	-7.4%	-0.3	-4.1	-3.1	-8.0	**-7.4**
	Exterior	106.7	27.4	**26.4**	-3.9%	-0.5	-1.1	-0.4	-5.5	**-3.9**
	Wooden interior furnishing materials	60.4	14.4	**14.4**	0.2%	-1.3	1.0	2.8	-2.7	**0.2**
	LHT Other	91.9	20.4	**21.1**	3.9%	-18.5	-16.0	6.8	1.1	**3.9**
LBT	Building sashes	106.7	21.8	**23.3**	6.5%	9.1	-7.4	-3.8	-4.4	**6.5**
D&R	Home center revenue	173.5	43.9	**43.5**	-1.0%	-0.2	0.9	1.7	1.1	**-1.0**
H&S	Housing and Services business	52.3	11.5	**12.3**	7.6%	-23.6	-28.0	-4.5	-18.9	**7.6**
	Overseas	414.5	98.2	**101.4**	3.2%	5.0	15.2	8.3	11.8	**3.2**
	Others/ consolidation & adj.	78.6	17.5	**19.8**	12.9%	-	-	-	-	**-**
	Total	1,664.8	392.9	**397.1**	1.1%	1.3	2.1	3.8	0.5	**1.1**

(1) LHT Other: Quarterly YoY decrease in Q1 & Q2 FYE2018 was due to sale of shares of Hivic in August 2016

PERFORMANCE OF MAJOR OVERSEAS SUBSIDIARIES

Company	ASB (ASD Holdings)		
Unit	Unit: USD million		
Accounting period	Q1 FYE2018 Results	**Q1 FYE2019 Results**	YoY
Exchange rate (Average Rate)	111.61	108.71	-
Revenue	274	**314**	14%
Core earnings	17	**11**	-37%
%	6.4%	**3.5%**	-2.8

Accounting period	FYE2018 Balance	FYE2019 1Q (3 months)		
		Amortization	Others[1]	**Balance**
Exchange rate (Current Rate for balance, Average Rate for amortization)	106.24	108.71	–	**110.54**
Goodwill	230	-	0	**230**
Intangible assets	243	-2	-	**241**
Revaluation of fixed assets, inventories and other	-	**-**	**-**	**-**

Company	Grohe Group (GROHE)[2]		
Unit	Unit: EUR million		
Accounting period	Q1 FYE2018 Results	**Q1 FYE2019 Results**	YoY
Exchange rate (Average Rate)	123.14	129.39	-
Revenue	373	**359**	-4%
Core earnings	39	**35**	-9%
%	10.5%	**9.9%**	-0.6

Accounting period	FYE2018 Balance	FYE2019 1Q (3 months)		
		Amortization	Others[1]	**Balance**
Exchange rate (Current Rate for balance, Average Rate for amortization)	130.52	129.39	–	**127.91**
Goodwill	1,194	-	5	**1,199**
Intangible assets	1,497	-6	-	**1,491**
Revaluation of fixed assets, inventories and other	-	**-**	**-**	**-**



(1) Forex translation differences, and other
(2) Includes LIXIL Africa (Formerly called as GDWT)

EXTERNAL RECOGNITION

FTSE4Good Index Series

Became a constituent of the FTSE4Good Index Series and FTSE Blossom Japan Index (June 2018) for two consecutive years, created by FTSE Russel[1]

FTSE4Good

FTSE Blossom Japan

MSCI Japan Empowering Women Index

Selected as a constituent of the MSCI Japan Empowering Women Index (WIN) for two consecutive years, created by MSCI Inc. (June 2018)

MSCI 2018 Constituent MSCI Japan Empowering Women Index (WIN)

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