# H1 Results for the Fiscal Year Ending March 31, 2017 (IFRS)

(From April 1, 2016 to September 30, 2016)

TSE Code: 5938

## LIXIL Group Corporation

November 7 , 2016

LIXIL Link to Good Living



# H1 FYE2017 Financial Results Summary (IFRS)


LIXIL Water Technology (LWT)


LIXIL Housing Technology (LHT)


LIXIL Building Technology (LBT)


LIXIL Kitchen Technology (LKT)


LIXIL Japan Company (LJC)

Distribution and Retail Business (D&R)


Housing and Services Business (H&S)

# LIXIL Group H1 Highlights (1)

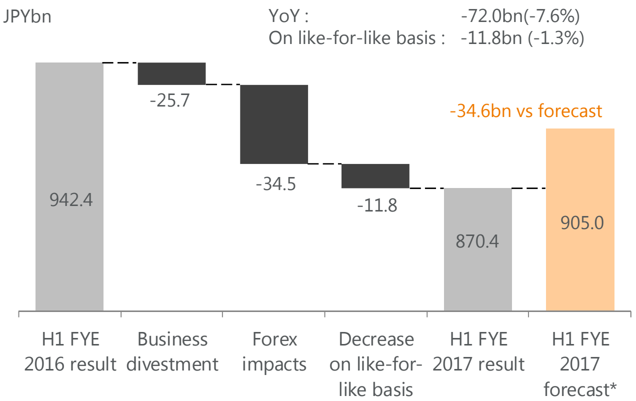
## Significant improvement in Net Profit

- ✓ Revenue decreased by 8% YoY to JPY 870.4bn due to divestment of non-core businesses, impact from forex, selective order intakes, and project delays of LBT overseas
- ✓ Core earnings was JPY39.8bn. While LWT overseas business showed significant growth by 48% YoY, overall CE remained nearly flat YoY due to the decrease in revenue of LBT overseas and increase in SG&A related to marketing cost in Japan, though overall result overachieved the initial forecast.
- ✓ Operating profit increased by 17% YoY to JPY38.3bn due to the absence of one-off losses (profits) that were posted in previous year
- ✓ Net profit improved significantly to JPY24.1bn, an increase of JPY42.5bn due to the absence of one-off losses that were posted in previous year and positive impact from forex movement
- ✓ FYE2017 forecast was revised on October 19. Taking into consideration H1 results, revenue was revised downwards while profits were revised upwards. Profits forecast for H2 was revised downwards JPY2.3bn for core earnings, taking into consideration marketing costs shifted from H1 to H2
- ✓ Continuing to drive leaner, faster, and simpler organization
- ✓ GROHE Group has become a wholly owned subsidiary
- ✓ Sales of Hivic and Wuxi Moritec businesses (within LHT) completed



# LIXIL Group H1 Highlights (2)

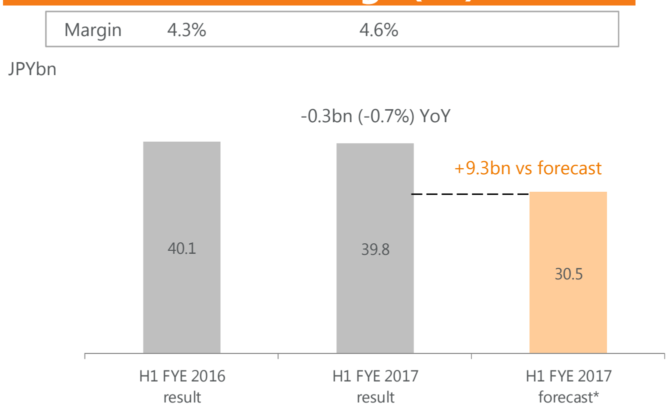
## Revenue




### H1 Revenue Highlights (YoY)

- 1% decrease on like-for-like basis
  - Main factors for the decrease in revenue: project delays of LBT overseas and absence of positive effect from eco-points in previous year
  - Positive contribution from LWT, LKT, D&R and H&S

## Core Earnings (CE)




### H1 CE Highlights (YoY)

- Decrease in revenues and increased SG&A was offset by improvement in gross profit margin
  - LWT overseas: JPY5.9bn (+48%)
  - LBT overseas: -JPY1.8bn
  - CE in Japan decreased by JPY2.7bn due to increased SG&A related to marketing cost which offset the improvement in gross profit margin. Less than expected impact of delay in new product launch

*Announced on May 9, 2016

## H1 Consolidated Business Results

**Profitability improvement continuing from Q1 on all levels**

| JPYbn | H1 FYE2016 Results | H1 FYE2017 Forecasts* | H1 FYE2017 Results | Increase/(Decrease) % (YoY) | Increase/(Decrease) Amount (vs forecasts) |
|---|---|---|---|---|---|
| **Revenue** | 942.4 | 905.0 | 870.4 | -7.6% | -34.6 |
| **Gross Profit** | 272.2 | - | 272.4 | 0.1% | - |
| *(%)* | 28.9% | - | 31.3% | +2.4 | - |
| **Core Earnings**(1) | 40.1 | 30.5 | 39.8 | -0.7% | 9.3 |
| *(%)* | 4.3% | 3% | 4.6% | +0.3 | - |
| **Operating Profit** | 32.7 | 24.5 | 38.3 | 17.2% | 13.8 |
| *(%)* | 3.5% | 3% | 4.4% | +0.9 | - |
| **Net Profit (Loss)** (2) | -18.4 | 11.0 | 24.1 | turned profitable | 13.1 |
| **EPS (yen)** | -64 | 38 | 84 | - | 46 |
| **EBITDA**(3) | 70.7 | - | 69.7 | -1.4% | - |
| *(%)* | 7.5% | - | 8.0% | +0.5 | - |

- Further details for H1 FYE2017

<Gross profit margin>
28.9% ⇒ 31.3%: 2.4pp improvement

<Operating profit>
JPY5.6bn increase due to the absence of one-off losses such as Joyou related costs and others which were posted in H1 FYE2016

<Net profit (loss)>(2)
JPY42.5bn increase due to the absence of one-off losses such as allowance for loss on guarantees with respect to the liabilities, foreign exchange losses and others

(1) Core earnings: Revenue - Cost of sales – SG&A
(2) Profit (Loss) attributable to owners of the parent
(3) EBITDA: Core earnings + Depreciation

*Announced on May 9, 2016



## FYE2017 Forecast (Announced on October 19)

**Significant upward revision of profits despite downward revision of revenues**

| JPYbn | FYE2016 results | FYE2017 H1 results | FYE2017 H2 forecasts | FYE2017 Full year revised forecasts | % | Full year initial forecasts | increase /decrease |
|---|---|---|---|---|---|---|---|
| Revenue | 1,890.5 | 870.4 | 909.6 | 1,780.0 | -6% | 1,880.0 | -100.0 |
| **Core Earnings**(1) | 70.1 | 39.8 | 40.2 | 80.0 | 14% | 73.0 | 7.0 |
| *Core Earnings Margin (%)* | 3.7% | 4.6% | 4% | 4% | +1 | 4% | - |
| **Operating Profit** | 39.0 | 38.3 | 26.7 | 65.0 | 67% | 56.0 | 9.0 |
| *Operating Profit Margin (%)* | 2.1% | 4.4% | 3% | 4% | 2 | 3% | 1 |
| **Profit (Loss) before tax** | -7.1 | 41.6 | 25.4 | 67.0 | Turned profitable | 51.0 | 16.0 |
| **Net Profit(Loss)**(2) | -25.6 | 24.1 | 13.9 | 38.0 | Turned profitable | 28.0 | 10.0 |
| **EPS** (Yen) | -89 | 84 | 48 | 132 | Turned profitable | 98 | 35 |
| **EBITDA**(3) | 132.3 | 69.7 | 75.3 | 145.0 | 10% | 138.0 | 7.0 |
| *EBITDA Margin (%)* | 7.0% | 8.0% | 8% | 8% | +1 | 7% | - |

- Reasons for the revision

Revenue: Revised forex assumptions, changed the forecast for domestic demand for H2, business divestments in H1, and revised forecast of LBT overseas

Core Earnings: Cost improvement in LWT overseas and LHT

Profit before Income Taxes: Added on foreign exchange gains of H1

<Revision of H2 assumptions>
Forex assumptions: 1USD=115 yen => 105yen, 1EUR=125yen => 115yen
Domestic demand: New homes & Non-residential +2% => +0%, Renovation +5% => +1%

(1) Core earnings: Revenue - Cost of sales – SG&A
(2) Profit (Loss) attributable to owners of the parent
(3) EBITDA: Core earnings + Depreciation

# Committed to Continued Improvement of FCF

## Net Debt Position

| JPYbn | (A) Mar 2016 | (B) Sep 2016 | (B)-(A) |
|---|---|---|---|
| Cash and Equivalents | 129.6 | 148.5 | 18.9 |
| Interest-bearing Debt | 827.1 | 813.4 | -13.7 |
| Net Interest-bearing Debt | 697.4 | 664.8 | -32.6 |
| Total Assets | 2,130.1 | 2,029.8 | -100.3 |
| Equity Ratio(%)[1] | 24.6 | 24.5 | -0.1 |

- Total assets decreased by JPY100.3bn

  <Major items>

  - Account receivables decreased JPY19bn due to seasonal factors and impact from forex
  - Non-current assets decreased (incl. forex impact) JPY71.6bn
- Net D/E ratio 134%

  (beginning of the fiscal year 133%)

## Working Capital & Capex

| JPYbn | (A) Sep 2015 | (B) Sep 2016 | (B)-(A) |
|---|---|---|---|
| Net Working Capital | 16.1 | 3.2 | -12.9 |
| Depreciation | 30.6 | 29.8 | -0.7 |
| Capex | -30.3 | -32.0 | -1.7 |
| Other | 63.4 | 28.8 | -34.6 |
| Free Cash Flow | 79.7 | 29.9 | -49.9 |
| *Normalized Free Cash Flow*[2] | *38.0* | *30.5* | *-7.6* |

- Positive FCF[3] sustained
- Normalized FCF, adjusted for one-off proceeds and payments declined approx. JPY 7.6bn due to lower volatility of working capital

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(1) Ratio of equity attributable to owners of the parent
(2) Cash flows from operating activities excluding one-off impact – Capex
(3) Free Cash Flow



# Creating Shareholder Value

## Dividend policy

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

| | FYE2015 | FYE2016 | FYE2017 |
|---|---|---|---|
| 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 | 56.7% | – | 45% |

## 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 medium to long-term by a large number of shareholders

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# GROHE Group became a Wholly Owned Subsidiary / Issuance of Straight Bonds

<Objectives>

- Maximize corporate value by strengthening governance, promoting rapid decision-making and accelerating synergy creation
- Economic rationale to reduce finance costs

<Process>

Acquire 43.75% of preferred shares owned by the Development Bank of Japan Inc. by exercising call option under Shareholders' Agreement executed between LIXIL and DBJ dated September 26, 2013 (the agreement includes revisions made since that time)

<Timing>

Exercise of the call option completed on September 30, 2016

<Financial Impact>

1) Finance costs will decrease
2) Liabilities were reduced and not affect the equity

Balance sheet was not affected because acquisition price of EUR385mn (approx. JPY44bn; 1EUR=JPY114.16) + accrued interest costs based on agreed internal rate of return of the Shareholders' Agreement were booked as 'Bonds and borrowings' and 'Other financial liabilities' on our balance sheet under IFRS.

<Financing Method>

- Issued straight bonds of total JPY35bn
- Use cash on hand

| Terms | 3 Yrs | 5 Yrs | 10 Yrs |
|---|---|---|---|
| SB Issue sizes(JPY) | 20bn | 10bn | 5bn |
| Coupons | 0.001% | 0.08% | 0.28% |
| Date of Payment | Aug 31, 2016 | | |



# Organizational Changes Continue to Drive a Leaner, Faster, and Simpler LIXIL

- Tile business transferred from LHT to LWT (effective from July)

  <Aim> Enhance operational efficiency by alignment of core systems, as well as to strengthen collaboration with water related products
  *Due to organizational change, segment information has been changed from FYE2015 and afterwards

- Kitchen related business in Japan transferred from LKT to LWT Japan* (effective from Oct)

  <Aim> To create synergies in business and sales activities by strengthening collaboration with LWT
  *Earnings performance will continue to be reported as LKT

- LHT International Business Division brought together with LWT Asia (effective from Sep)

  <Aim> To define and pursue synergies between the two businesses with the consumer in mind

## CEO Aligning Shared Values with Shareholders

### Method on how CEO Kinya Seto will receive his basic compensation

Seto requested to 1) replace his basic compensation with 100% equity for one year 2) take a reduction in base compensation for LIXIL Group's Internal Directors and Executive Officers, pending approval from the Compensation Committee (announced in June 9 press release)

⇒Consulted with professionals on various methods, and resolved at the Board of Directors meeting held on Sep 20 the following:

| Summary of Disposition | |
|---|---|
| Disposition Date | Oct 6, 2016 |
| Number of Shares Disposed | 94,700 shares of common stock of the Company |
| Disposition Price (JPY) | 2,111 yen per share |
| Amount of Funds Procured (JPY) | 199,911,700 yen |
| Subscription or Disposition Method | Allocation by way of third party allocation |
| Allottee | Kinya Seto |

- Seto purchased shares in the Company of the amount equivalent to his basic compensation (annual amount of 200mn yen) (Disposition of Treasury Shares by Third Party Allocation)
- Basic compensation of Seto was paid in cash

*Ratio of disposition of treasury shares amounts to 0.03 % of the total number of issued shares of the Company as of March 31, 2016



## Global Cash Management System Increases Efficiencies in Use of Surplus Funds

**<Aim>**

- Centralized financial management
- Strengthen governance
- Forex neutral operations
- Funding operational efficiency

✓ **Establishment of Regional Treasury Centers (RTC)**

| Japan | China | Asia (except China) | Americas | Europe |
|---|---|---|---|---|
| LIXIL Group Finance | Shanghai | Singapore | **New Jersey** | -- |
| Established | Established | Established | **Newly established** | To be established |

✓ **Collection of surplus funds from overseas subsidiaries**

**⇒Expected to start from H2 for the fiscal year ending March, 2017**

## Summary of Financial Results by Technology Business

# LIXIL Water Technology (LWT)

*Apr-Sep*
*In JPYbn*

| | | H1 FYE2017 | YoY | (Like for like) | FYE2017 (forecast) | |
|---|---|---|---|---|---|---|
| Revenues by Region* | Americas | 73.2 | | (+5%) | +3% | |
| | EMEA | 73.1 | | (+5%) | +4% | |
| | Asia Pacific | 45.3 | | (+6%) | +13% | |
| | Japan | 145.8 | | (+0%) | +1% | |
| | Adjustments | -19.1 | | | | |
| | **LIXIL Water Technology** | **318.3** | -4% | (+3%) | **653.0** | -4% |
| Core Earnings | **LIXIL Water Technology** | **30.2** | +17% | | **64.0** | +17% |
| | *Margin* | *10%* | +1.8pp | | *10%* | |

GOOD DESIGN AWARD 2016


*"Sensia Arena"*


*"Aqua Feel"*


*"Aqua Ceramic"*

- **Within Americas, ASB increased by 7% YoY**
- **EMEA increased by 8% YoY excluding GDWT (South Africa)**
- **Japan secured growth despite the delay in new product-launches for some tankless toilet models**
- **Full year forecast of 3% growth in revenues excluding forex impact**

- **CE showed significant increase due to steady growth overseas, improvement of profitability, and decrease of amortization for PPA (Purchase Price Allocation)**
- **GDWT, the only loss-making business in LWT, turned profitable from Aug due to progress turnaround**

*Region: Management basis, Total: Statutory basis
Statutory basis currency : H1 FYE2017 results 1USD=106.43JPY, 1EUR=119.12JPY, H2 FYE2017 assumptions 1USD=105JPY, 1EUR=115JPY
Management basis currency : H1 FYE2017 & FYE2017 1USD=125JPY, 1EUR=130JPY

# LIXIL Housing Technology (LHT)

*Apr-Sep*
*In JPYbn*

| | | H1 FYE2017 | YoY | FYE2017 (forecast) | |
|---|---|---|---|---|---|
| Revenues by Business | Japan | 265.0 | -3% | -3% | |
| | Overseas | 4.9 | -15% | -15% | |
| | **LIXIL Housing Technology** | **270.0** | -3% | **547.0** | -3% |
| Core Earnings | **LIXIL Housing Technology** | **19.6** | -8% | **43.0** | +13% |
| | *Margin* | *7%* | -0.4pp | *8%* | |

- **Decrease in total revenues due to absence of positive impact from eco-points in previous year**
- **Full year forecast of 2% decline in revenues excluding impact from sale of Hivic business in H1**
- **Improvement in gross profit margin from strong yen and cost cutting activities**
- **Decrease in CE due to increase in SG&A (marketing cost and others)**

*"Samos L"*

*"Rechent Ⅱ"*

Deck made from artificial wood
*"Kirara stage Mokucho"*

*"Exsior Zima"*

Interior material
*"Latteo"*



# LIXIL Building Technology (LBT)

*Apr-Sep*
*In JPYbn*

| | | H1 FYE2017 | YoY | FYE2017 (forecast) | |
|---|---|---|---|---|---|
| Revenues by Region | Japan | 51.8 | -9% | -5% | |
| | Overseas | 74.6 | -34% | -25% | |
| | **LIXIL Building Technology** | **126.4** | -25% | **272.0** | -18% |
| Core Earnings | **LIXIL Building Technology** | **-0.8** | -1.2 | **6.0** | +11.6 |
| | *Margin* | *Loss* | | *2%* | |

- **Within overseas, impact from divestment of Shanghai Meite: JPY-9.9bn (-9%)**
- **Within overseas, impact from forex: -9%**
- **Decrease in Permasteelisa revenues due to more selective order intakes and unexpected project delays**
- **Decrease in Japan revenues due to timing of project completion**

Currency : H1 FYE2017 results 1USD=106.43JPY, 1EUR=119.12JPY,    H2 FYE2017 assumptions 1USD=105JPY, 1EUR=115JPY

## LIXIL Kitchen Technology (LKT)

*Apr-Sep*
*In JPYbn*

| | | H1 FYE2017 | YoY | FYE2017 (forecast) | |
|---|---|---|---|---|---|
| Revenues by region | Japan | 50.2 | +2% | 1% | |
| | Overseas | 4.5 | -2% | 0% | |
| | **LIXIL Kitchen Technology** | **54.7** | +2% | **113.0** | +1% |
| Core Earnings | **LIXIL Kitchen Technology** | **0.8** | +66% | **2.5** | +43% |
| | *Margin* | *2%* | +0.6pp | *2%* | |

- **Repositioning to luxury segment drove revenue growth in Japan**
- **Overseas (China) business revenues grew on like-for-like basis +18% YoY due to revitalization of collaboration with partners**
- **CE increased despite increase in TV commercial costs**

*"Richelle PLAT"*, Kitchen systems



## D&R and H&S

*Apr-Sep*
*In JPYbn*

| | | H1 FYE2017 | YoY | FYE2017 (forecast) | |
|---|---|---|---|---|---|
| D&R | **Revenue** | **87.2** | -12% | **174.0** | -6% |
| | **Core Earnings** | **4.9** | +2% | **7.5** | +5% |
| | *Margin* | *6%* | +0.7pp | *4%* | |
| H&S | **Revenue** | **32.3** | +11% | **66.0** | +11% |
| | **Core Earnings** | **2.3** | -1% | **5.0** | +32% |
| | *Margin* | *7%* | -0.9pp | *8%* | |

### D&R

- **Revenue impact of carving out Ken Depot business (-JPY15.8bn)**
- **Home center revenues increased by 5% YoY (JGAAP)**
- **Increase in CE despite cost increase related to opening for new stores**

### H&S

- **Revenue increased due to steady business and sale of real estate**
- **Slight decrease in CE due to the increase in SG&A (TV commercial costs and others)**

Super Viva Home in Tokyo
(Opened in Jul 2016)

*"Home + X" Next Generation Resilience Home"* (Image)

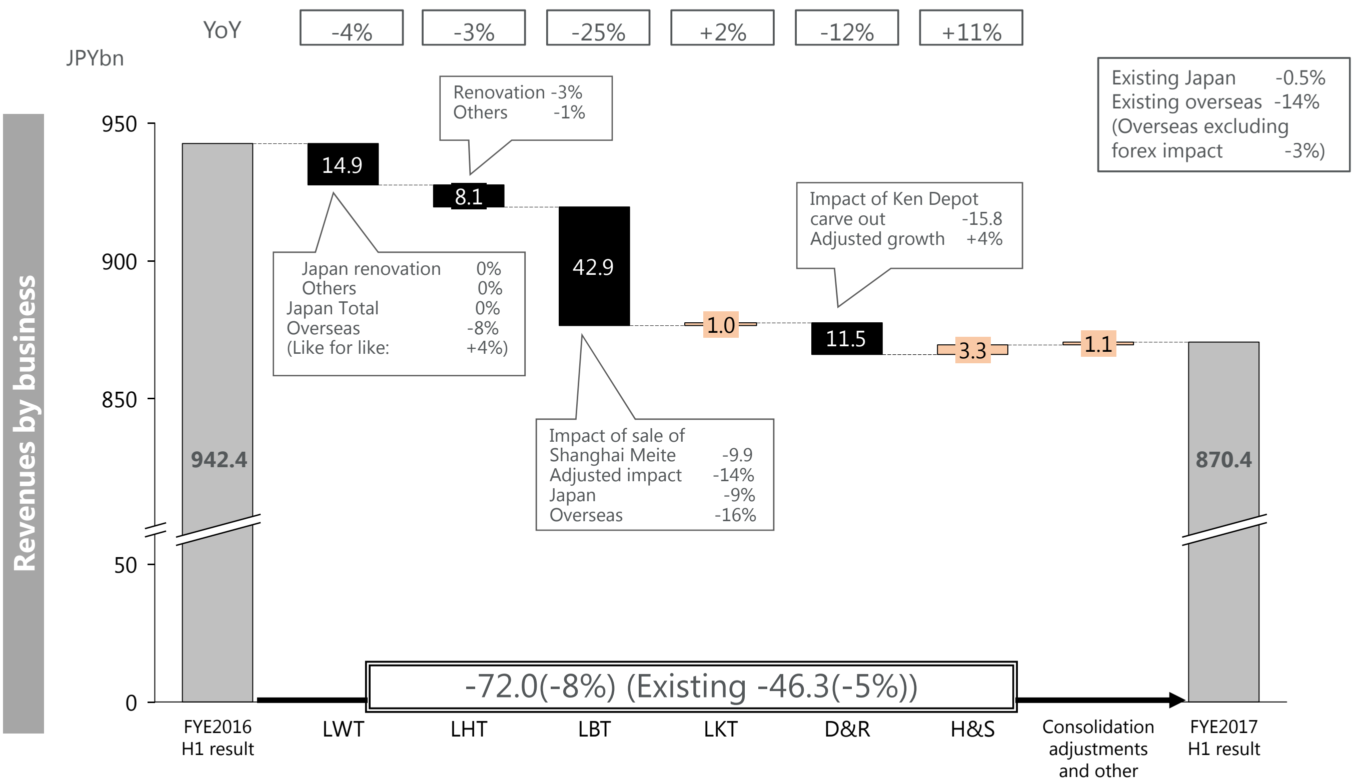
# Appendix

## Report and Efforts by LIXIL, Looking at the True Economic Cost of Poor Sanitation Globally

- Economic losses that stem from lack of access to proper sanitation
  22 trillion yen in 2015, increasing 22% since 2010
- Solutions to tackle the sanitation and hygiene challenge
  - "Sa To (Safe Toilet) "
    - Toilet products developed by ASB of the LIXIL Group
    - Block odors and prevent the spread of pathogens by flying insects, which is characteristic of traditional open-pit latrines
    - Simple structure, affordable price of less than US$5
  - "Micro Flush Toilet System"
    - Ultra-efficient, water-saving system that that uses only a liter of water to flush and is also designed to reuse waste water
    - Expected to see wide uptake in regions where there are sewage infrastructures but water resources are limited
  - "Green Toilet System"
    - Separates liquid and solid waste, and treats the latter to eliminate pathogens, which allows it to be used as soil conditioner for farming
    - The system is thus designed to enable the safe treatment of human waste even in environments without sewage infrastructure while also contributing to agriculture.
  - "Portable Toilet System"
    - Consists of hygienic portable toilets and a central waste collection and wash station

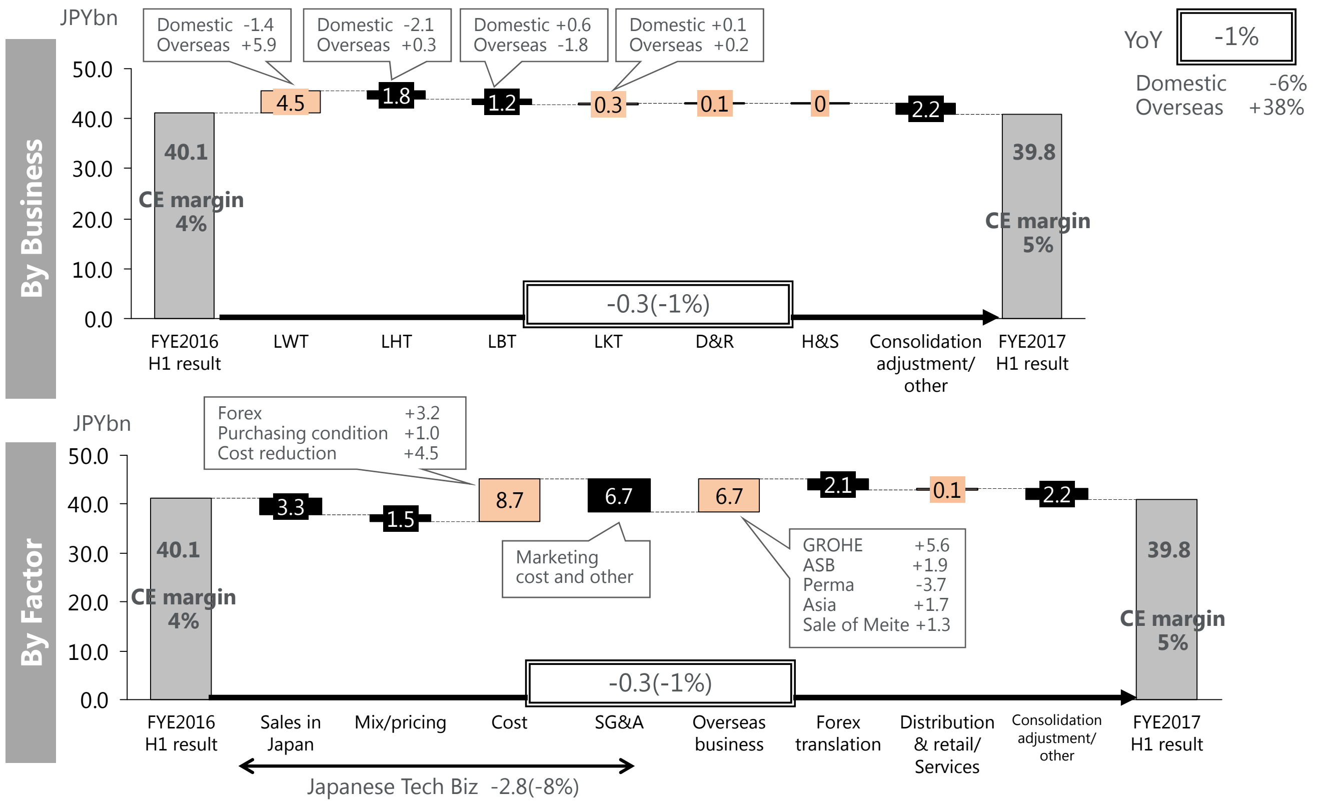
**LIXIL's target is to enable access to improved sanitation for 100 million people by the year 2020**

# H1 Revenue Increase / Decrease






# H1 Core Earnings Increase / Decrease



# H1 Other Income and Other Expenses

JPYbn

| Items | H1 FYE2016 | H1 FYE2017 | Increase/ decrease | Details |
|---|---|---|---|---|
| Rental income | 3.5 | 3.3 | -0.2 | |
| Gains on sales of fixed assets | 0.8 | 0.6 | -0.2 | |
| Other | 4.1 | 2.7 | -1.5 | |
| **Other Income** | **8.4** | **6.6** | **-1.8** | |
| Costs of rent | 2.3 | 2.2 | 0.0 | |
| Losses on sale of disposal of fixed asse | 0.8 | 1.3 | 0.5 | |
| Impairment losses on fixed assets | 2.3 | 1.6 | -0.7 | FYE2016: Goodwill of Haier |
| Other | 10.5 | 3.0 | -7.4 | FYE2016: Joyou investigation expense |
| **Other Expenses** | **15.8** | **8.2** | **-7.7** | |
| Interest income | 0.9 | 1.0 | 0.1 | |
| Dividend income | 0.5 | 0.7 | 0.2 | |
| Gains on valuation of derivatives | 3.9 | 13.0 | 9.1 | Matched with exchange differences losses |
| Other | 0.3 | 0.0 | -0.3 | |
| **Finance Income** | **5.6** | **14.7** | **9.1** | |
| Interest expense | 6.8 | 5.7 | -1.1 | |
| Exchange differences losses | 4.5 | 5.5 | 1.0 | |
| Other | 2.7 | 0.0 | -2.7 | FYE2016: Impairment of investment securities |
| **Finance Costs** | **14.1** | **11.3** | **-2.9** | |



# Consolidated Financial Position

JPYbn

| | Mar 2016 | Sep 2016 | Increase /Decrease |
|---|---|---|---|
| Cash and cash equivalents | 129.6 | 148.5 | 18.9 |
| Trade and other receivables | 386.3 | 367.2 | -19.0 |
| Inventories | 211.9 | 202.9 | -8.9 |
| Non-current assets | 1,244.9 | 1,173.3 | -71.6 |
| Others | 157.4 | 137.8 | -19.6 |
| **Total Assets** | **2,130.1** | **2,029.8** | **-100.3** |
| Trade and other payables | 342.8 | 321.4 | -21.5 |
| Interest-bearing debt | 827.1 | 813.4 | -13.7 |
| Others | 422.9 | 386.3 | -36.6 |
| **Total Liabilities** | **1,592.8** | **1,521.0** | **-71.8** |
| Treasury shares | -54.9 | -54.8 | 0.1 |
| Others | 592.2 | 563.6 | -28.6 |
| **Total Equity** | **537.3** | **508.8** | **-28.6** |
| (1) *Equity Ratio (%)* | 24.6 | 24.5 | -0.1 |
| (2) Net Assets per Share (Yen) | 1,828.84 | 1,733.27 | -95.57 |
| Number of Shares (in thousands) | 286,962 | 287,001 | +38 |

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

# Cash Flow

JPYbn

| | H1 FYE2016 | H1 FYE2017 | Increase/ decrease |
|---|---|---|---|
| Profit before tax | -11.3 | **41.6** | 52.9 |
| Depreciation and amortization | 30.6 | **29.8** | -0.7 |
| Income taxes paid | -14.1 | **-13.5** | 0.6 |
| Working capital | 16.1 | **3.2** | -12.9 |
| Others | 13.8 | **-11.3** | -25.1 |
| Net cash flows from operating activities | 35.1 | **49.9** | 14.8 |
| Net cash flows from investing activities | 44.7 | **-20.0** | -64.6 |
| *(of which purchase of property, plant and equipment and intangible assets)* | -30.3 | **-32.0** | -1.7 |
| Free cash flows | 79.7 | **29.9** | -49.9 |
| Net cash flows from financing activities | -93.9 | **-4.4** | 89.5 |
| ⋮ | ⋮ | ⋮ | ⋮ |
| Cash and cash equivalents (Balance at the end of H1) | 127.1 | **148.5** | 21.4 |

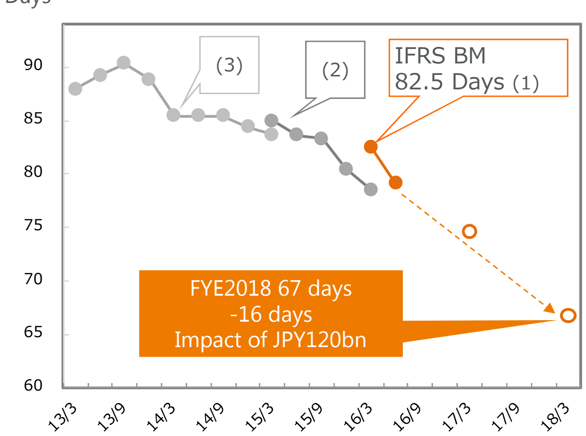


# Global Roll Out of CCC (Operational Efficiency) Improvement Activities

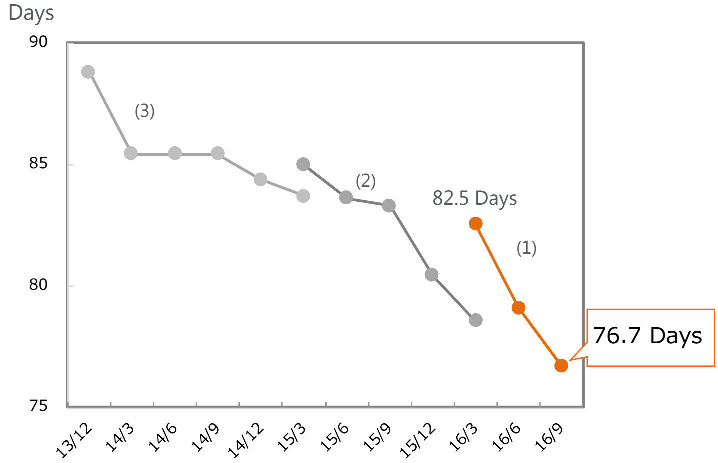
- Expand Cash Conversion Cycle "CCC" improvement activities from Japan focus to global operations to realize further improvement

**FYE2018 Target JPY120bn**

- New benchmark and outlook through FYE2018




- H1 FYE2017 Result



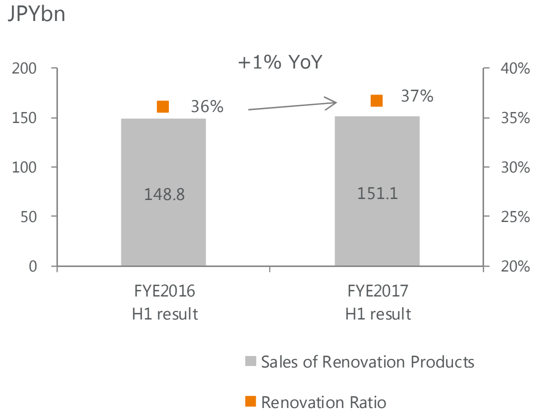

(1) Monitored under IFRS from March 2016
(2) Announced on September 2015 Mid term plan "Redefine the Future" (Including global initiatives), project business excluded
(3) Result of improvement activities only in Japan

# Renovation Strategy in Japan: Continued Upward Progress

## Sales of Renovation Products (LJC)

| JPYbn | FYE2015 result | FYE2016 result | YoY | FYE 2017 H1 result | YoY |
|---|---|---|---|---|---|
| Sales of Renovation Products | 279.6 | 304.3 | 9% | 151.1 | 2% |
| *Renovation Ratio* | 32% | 35% | +3 | 37% | +1 |

Renovation of plumbing fixtures incl. kitchen: +1% YoY








# Launched LIXIL PATTO Reform Service Nationwide on October 1st


**<Consumers' Concerns>**

- Unclear pricing
- Difficulty in finding reliable contractors
- Lack of transparency on renovation work period and the result

**⇒Provide "faster, simpler and clearer renovation process services" for end users**

**<Products Subject to the 1st Campaign>**

Ordinary pair-glass double sliding window

| | |
|---|---|
| Small size | Approx 50-60 thousand yen |
| Medium size | Approx 60-70 thousand yen |
| Large size | Approx 100-120 thousand yen |

Inner window

*Inplus*

Minimum 1 window/ 1 hour

Entrance door

*Rechent*

One day replacement

For general area

Approx 380-480 thousand yen

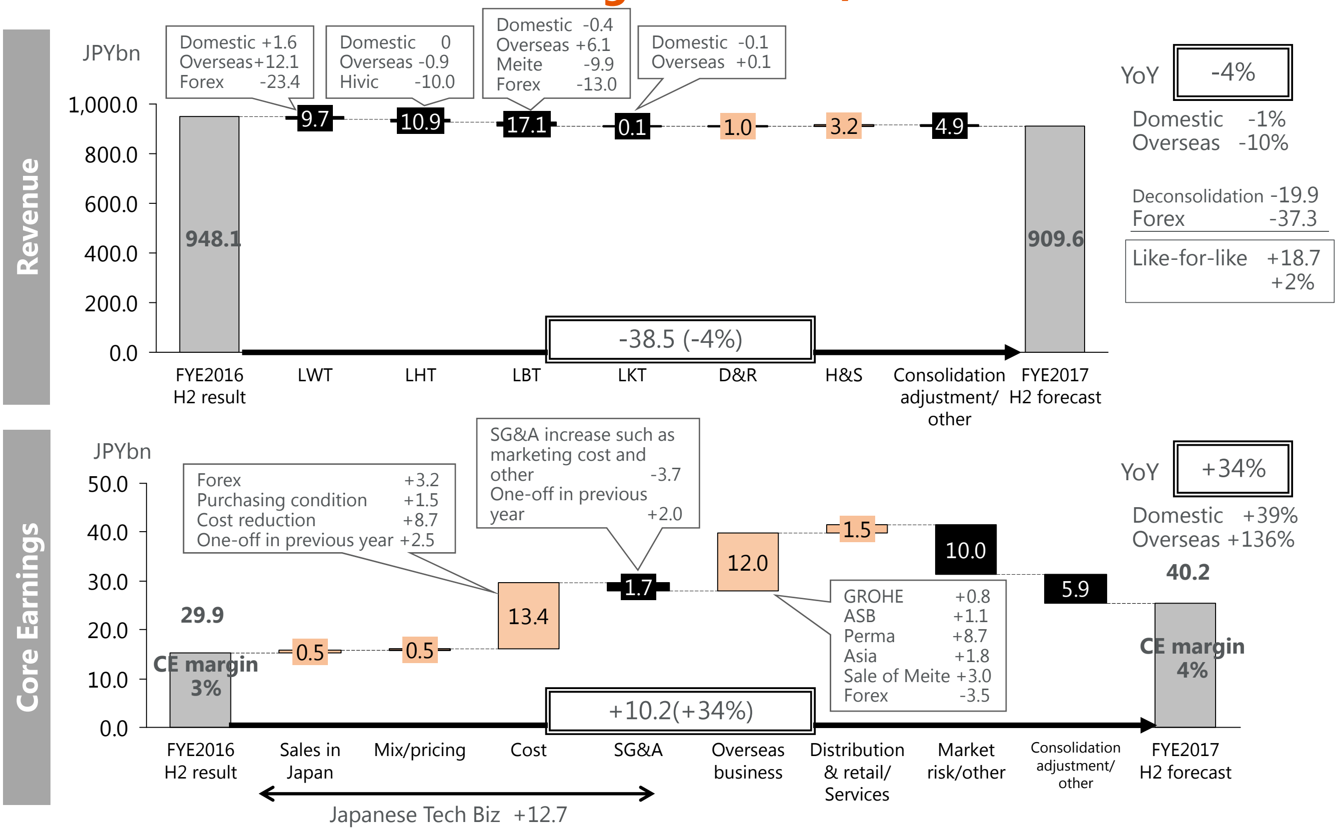
Ventilating type

Approx 480-580 thousand yen

For cold district

Approx 500-570 thousand yen

# H2 Revenue and Core Earnings Increase / Decrease




LIXIL



# Active Portfolio Management

## Sales/Withdrawal of Business and Assets

| Year | Company | Date | Description/ Action | FYE2016 (JPYbn) (1) Sales | Core Earnings | Net Profit | Total Assets |
|---|---|---|---|---|---|---|---|
| FYE 2016 | Ken Depot | October 2015 | Carved out from LIXIL, LIXIL retains 34% shareholding | 15.8 (2) | -0.3 | - | - |
| | LIXIL Building Materials Manufacturing (Shenyang) | March 2016 | Sold all shares | 0.3 | -0.5 | -1.1 | 2.0 |
| | Shanghai Meite Curtain Wall | March 2016 | Sold all shares | 19.6 | -6.0 | -6.8 | 30.0 |
| FYE 2017 | Wuxi Moritec Special Door | August 2016 | Sold all shares | 0.6 | -0.2 | -0.4 | 0.3 |
| | Hivic | August 2016 | Sold all shares | 20.3 | 0.7 | 0.5 | 13.3 |

LIXIL

(1) Wuxi moritec results in IFRS,; others in JGAAP (Impacts to Consolidated Financial Statement after adjustments and eliminations)
(2) Results for half term (April-September, 2015) before spinning-off

## Operational Efficiency in Action

| Date | Description/ Action | Purpose | Division |
|---|---|---|---|
| August 2014 | Closure of ceramics production line at LIXIL Building Materials Manufacturing (Suzhou) Corp. (China) | Shift production to ASAP[1] China factory and Vietnam factory | LWT |
| December 2014 | Shutdown of GROHE factory in Canada | Shift production to ASB factory in Mexico | LWT |
| April 2015 | Merger of LIXIL Corporation with SUN WAVE CORPORATION, and 2 others | Simplify structure of the group companies | LKT and others |
| June 2015 | Shutdown of Nevada factory of ASB | Shift production to ASB factory in Mexico | LWT |
| December 2015 | Halt production at Tateno factory (metal building materials) in Toyama Prefecture | Shift production to Oyabe factory in Toyama prefecture | LHT |
| March 2016 | Halt production at Aoyama factory (electronic components) in Mie Prefecture | Shift production to Chita factory in Aichi Prefecture | LWT |
| April 2016 | Merged Oyama LIXIL factory Corp. and Kani LIXIL Sunwave Manufacturing Co., Ltd. with LIXIL | Allocate employees and manufacturing facilities beforehand to LIXIL, and continue the original business | LWT and LKT |
| March 2017(Plan) | Shutdown materials division of Hisai factory | Improve overall utilization of materials division by transferring manufacturing capacity to other factories | LHT |

(1) American Standard Asia Pacific



## [FAQ] IFRS Policy on Impairment Assessment of Goodwill and Intangible Assets

### ＜Example＞Conditions for GraceA (Holding company of GROHE Group) to recognize impairment losses

Recoverable amount is measured using **value in use***

*Value in use: calculated based on **discounted present value** of **estimated future cash flows** based on five-year business plans

1) **Discount rate** : Determined based on the weighted-average cost of capital before tax (as of March 31, 2016: 7.6%)
2) **Growth rates for estimated future cash flows** : Determined by referencing expected long-term growth rates in plumbing fixtures markets (as of March 31, 2016: 2.8%)

⇒A decrease in the growth rate of 4.0% or an increase in the discount rate of 2.8% would result in an impairment. (The above sensitivities are analyzed on the assumption of future decreases in growth rates and increases in discount rates occurring in isolation.)

If the growth rate for estimating the future cash flows becomes -1.2% (2.8% - 4%), there will be a possibility for GraceA to recognize impairment losses. Only the amount of shortage will be realized as impairment losses, not the whole amount.

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.

# H1 Results for the Fiscal Year Ending March 2017 (FYE2017) <Fact Sheets>

*** Unless otherwise noted, figures shown in this material are on International Financial Reporting Standards (IFRS) basis, since LIXIL Group has adopted IFRS for the consolidated financial statements of securities report starting from FY ended March 2016**

**** "Core earnings" or "CE" in this material is equivalent to "Operating profit" of JGAAP**
**Core earnings = Revenue - Cost of Sales - SG&A**

***** "Net income (loss)" in this material is equivalent to "Profit (loss) attributable to owners of the parent"**


| | | |
|---|---|---|
| 1. | Results for H1 for FYE2017 and forecasts for H2 and Full Year for FYE2017 | P.1 |
| 2. | Results and Forecasts by Segment | P.2 |
| 3. | Segment Information (1) Technology Businesses (LWT, LHT, LBT, LKT) | P.4 |
| 4. | Segment Information (2) Distribution and Retail Business | P.5 |
| 5. | Segment Information (3) Housing and Services Business | P.6 |
| 6. | Revenue by Products and Services | P.7 |
| 7. | Renovation | P.8 |
| 8. | Overseas Production Ratio and Revenue | P.9 |
| 9. | Permasteelisa, ASB & GROHE | P.10 |
| 10. | Goodwill | P.11 |
| 11. | Recent M&As/Business & Capital Alliances | P.11 |


November 7, 2016

LIXIL
Link to Good Living

LIXIL Group Corporation

**1. Results for H1 for FYE2017 and forecasts for H2 and Full Year for FYE2017**

Unit: Ybn

| | FYE2016 | | | | | | FYE2017 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | H1 | | H2 | | Full-year | | H1 | | H2 | | Full-year | |
| | results | YoY | results | YoY | results | YoY | results | YoY | forecasts | YoY | forecasts | YoY |
| **Revenue** | 942.4 | | 948.1 | | 1,890.5 | 10.8% | 870.4 | -7.6% | 909.6 | -4% | 1,780.0 | -6% |
| **Gross profit** | 272.2 | | 269.4 | | 541.6 | 19.0% | 272.4 | 0.1% | 292.1 | 8% | 564.5 | 4% |
| **SG&A** | 232.0 | | 239.5 | | 471.5 | 16.9% | 232.6 | 0.2% | 251.9 | 5% | 484.5 | 3% |
| **Core earnings** *1 | 40.1 | | 29.9 | | 70.1 | 35.5% | 39.8 | -0.7% | 40.2 | 34% | 80.0 | 14% |
| **CE margin** | 4.3% | | 3.2% | | 3.7% | +0.7 | 4.6% | +0.3 | 4% | +1 | 4% | +1 |
| **Operating Profit** | 32.7 | | 6.3 | | 39.0 | -18.8% | 38.3 | 17.2% | 26.7 | 322% | 65.0 | 67% |
| **Income(loss) before tax** | -11.3 | | 4.2 | | -7.1 | fell into the red | 41.6 | turned profitable | 25.4 | 504% | 67.0 | turned profitable |
| **Net income(loss)** | -18.4 | | -7.2 | | -25.6 | fell into the red | 24.1 | turned profitable | 13.9 | turned profitable | 38.0 | turned profitable |

*1 Core earnings = Revenues - Cost of Sales - SG&A (Equivalent to Operating profit of JGAAP)

[ Additional information ] Results and assumptions for the foreign exchange rates and raw material prices (Yen)

| | FYE2015 results (IFRS) | FYE2016 H1 results (IFRS) | FYE2016 results (IFRS) | FYE2017 H1 results (IFRS) | FYE2017 forecasts (IFRS) |
|---|---|---|---|---|---|
| US dollars | 110.03 | 121.5 | 120.16 | 106.43 | 105 |
| Euros | 138.68 | 134.6 | 132.36 | 119.12 | 115 |
| Thai bahts | 3.39 | 3.54 | 3.44 | 3.03 | 3 |
| RMB | 17.74 | 19.42 | 18.88 | 16.11 | 16 |

(Yen per ton)

| | FYE2016 H1 results | FYE2016 results | FYE2017 H1 results | FYE2017 forecasts |
|---|---|---|---|---|
| Aluminum price (Purchasing price) | 250,000 | 250,000 | 200,000 | 220,000 |
| Copper price | 590,000 | 560,000 | 480,000 | 590,000 |

**2. Results and Forecasts by Segment**

Unit: Ybn

| | | | FYE2015 Full-year results | | | FYE2016 Full-year results | | | | | | FYE2017 Full-year forecasts | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Japan | Overseas | Total | Japan | % | Overseas | % | Total | % | Japan | % | Overseas | % | Total | % |
| Full-year | LWT | Revenue | 300.7 | 153.2 | 453.9 | 314.0 | 4.4% | 363.6 | 137.4% | 677.6 | 49.3% | 316.0 | 1% | 337.0 | -7% | 653.0 | -4% |
| | | Core earnings | 23.5 | 4.7 | 28.3 | 26.7 | 13.7% | 28.1 | 492.5% | 54.9 | 94.0% | 28.5 | 7% | 35.5 | 26% | 64.0 | 17% |
| | | CE margin | 7.8% | 3.1% | 6.2% | 8.5% | +0.7 | 7.7% | +4.6 | 8.1% | +1.9 | 9% | +0 | 11% | +3 | 10% | +2 |
| | LHT | Revenue | 563.2 | 10.4 | 573.6 | 554.3 | -1.6% | 11.8 | 13.6% | 566.1 | -1.3% | 537.0 | -3% | 10.0 | -15% | 547.0 | -3% |
| | | Core earnings | 34.1 | -1.6 | 32.5 | 35.7 | 4.5% | 2.3 | turned profitable | 38.0 | 16.9% | 41.0 | 15% | 2.0 | -14% | 43.0 | 13% |
| | | CE margin | 6.1% | - | 5.7% | 6.4% | +0.4 | 19.7% | +35.2 | 6.7% | +1.0 | 8% | +1 | 20% | +0 | 8% | +1 |
| | LBT | Revenue | 117.9 | 230.3 | 348.2 | 115.7 | -1.9% | 216.2 | -6.1% | 332.0 | -4.7% | 110.0 | -5% | 162.0 | -25% | 272.0 | -18% |
| | | Core earnings | 4.7 | 1.1 | 5.7 | 3.6 | -22.3% | -9.3 | fell into the red | -5.6 | fell into the red | 6.0 | 65% | 0.0 | turned profitable | 6.0 | turned profitable |
| | | CE margin | 4.0% | 0.5% | 1.7% | 3.1% | -0.8 | - | -4.7 | - | -3.3 | 5% | +2 | - | +4 | 2% | +4 |
| | LKT | Revenue | 104.5 | 10.5 | 115.0 | 104.0 | -0.4% | 8.0 | -23.8% | 112.1 | -2.5% | 105.0 | 1% | 8.0 | 0% | 113.0 | 1% |
| | | Core earnings | -1.7 | 0.2 | -1.5 | 2.0 | turned profitable | -0.3 | - | 1.8 | turned profitable | 2.5 | 23% | 0 | turned profitable | 2.5 | 43% |
| | | CE margin | - | 1.8% | - | 2.0% | +3.6 | - | -5.3 | 1.6% | +2.9 | 2% | +0 | - | +3 | 2% | +1 |
| | D&R | Revenue | 194.4 | | 194.4 | 184.5 | -5.1% | | | 184.5 | -5.1% | 174.0 | -6% | | | 174.0 | -6% |
| | | Core earnings | 6.5 | | 6.5 | 7.2 | 10.1% | | | 7.2 | 10.1% | 7.5 | 5% | | | 7.5 | 5% |
| | | CE margin | 3.4% | | 3.4% | 3.9% | +0.5 | | | 3.9% | +0.5 | 4% | +0 | | | 4% | +0 |
| | H&S | Revenue | 62.3 | | 62.3 | 59.5 | -4.5% | | | 59.5 | -4.5% | 66.0 | 11% | | | 66.0 | 11% |
| | | Core earnings | 4.5 | | 4.5 | 3.8 | -15.3% | | | 3.8 | -15.3% | 5.0 | 32% | | | 5.0 | 32% |
| | | CE margin | 7.2% | | 7.2% | 6.3% | -0.8 | | | 6.3% | -0.8 | 8% | +1 | | | 8% | +1 |
| | Consolidation, adjustment & other | Revenue | | | -41.9 | | | | | -41.2 | | | | | | -45.0 | |
| | | Core earnings | | | -24.3 | | | | | -29.9 | | | | | | -48.0 | |
| | LIXIL Group | Revenue | 1,343.0 | 404.4 | 1,705.4 | 1,332.0 | -0.8% | 599.7 | 48.3% | 1,890.5 | 10.8% | 1,308.0 | -2% | 517.0 | -14% | 1,780.0 | -6% |
| | | Core earnings | 71.6 | 4.4 | 51.7 | 79.0 | 10.4% | 20.9 | 377.5% | 70.1 | 35.5% | 90.5 | 14% | 37.5 | 80% | 80.0 | 14% |
| | | CE margin | 5.3% | 1.1% | 3.0% | 5.9% | +0.6 | 3.5% | +2.4 | 3.7% | +0.7 | 7% | +1 | 7% | +4 | 4% | +1 |

Unit: Ybn

FYE2016

| | | | FYE2016 Q1results | | | | | | FYE2016 Q2 results | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Japan | % | Overseas | % | Total | % | Japan | % | Overseas | % | Total | % |
| FYE2016 | LWT | Revenue | 71.7 | | 93.2 | | 164.9 | | 77.6 | | 90.6 | | 168.2 | |
| | | Core earnings | 6.4 | | 4.4 | | 10.7 | | 7.2 | | 7.9 | | 15.1 | |
| | | CE margin | 8.9% | | 4.7% | | 6.5% | | 9.3% | | 8.7% | | 8.9% | |
| | LHT | Revenue | 133.0 | | 2.8 | | 135.8 | | 139.3 | | 3.0 | | 142.3 | |
| | | Core earnings | 10.0 | | 0.4 | | 10.4 | | 10.4 | | 0.6 | | 11.0 | |
| | | CE margin | 7.5% | | 15.5% | | 7.7% | | 7.5% | | 19.9% | | 7.7% | |
| | LBT | Revenue | 24.1 | | 53.9 | | 78.0 | | 33.1 | | 58.2 | | 91.3 | |
| | | Core earnings | -1.3 | | -1.5 | | -2.7 | | 2.6 | | 0.5 | | 3.1 | |
| | | CE margin | - | | - | | - | | 7.9% | | 0.8% | | 3.4% | |
| | LKT | Revenue | 23.3 | | 2.2 | | 25.5 | | 25.7 | | 2.4 | | 28.1 | |
| | | Core earnings | 0.5 | | -0.2 | | 0.3 | | 0.2 | | 0.1 | | 0.2 | |
| | | CE margin | 2.0% | | - | | 1.1% | | 0.6% | | 2.4% | | 0.8% | |
| | D&R | Revenue | 50.6 | | | | 50.6 | | 48.2 | | | | 48.2 | |
| | | Core earnings | 2.7 | | | | 2.7 | | 2.1 | | | | 2.1 | |
| | | CE margin | 5.3% | | | | 5.3% | | 4.3% | | | | 4.3% | |
| | H&S | Revenue | 14.3 | | | | 14.3 | | 14.7 | | | | 14.7 | |
| | | Core earnings | 1.1 | | | | 1.1 | | 1.2 | | | | 1.2 | |
| | | CE margin | 7.9% | | | | 7.9% | | 8.2% | | | | 8.2% | |
| | Consolidation, adjustment & other | Revenue | | | | | -9.2 | | | | | | -10.3 | |
| | | Core earnings | | | | | -7.4 | | | | | | -7.6 | |
| | LIXIL Group | Revenue | 317.0 | | 152.0 | | 459.9 | | 338.6 | | 154.2 | | 482.5 | |
| | | Core earnings | 19.4 | | 3.1 | | 15.2 | | 23.6 | | 9.0 | | 25.0 | |
| | | CE margin | 6.1% | | 2.0% | | 3.3% | | 7.0% | | 5.8% | | 5.2% | |

| | | | FYE2016 H1 results | | | | | | FYE2016 H2 results | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Japan | % | Overseas | % | Total | % | Japan | % | Overseas | % | Total | % |
| FYE2016 | LWT | Revenue | 149.4 | | 183.8 | | 333.2 | | 164.6 | | 179.8 | | 344.4 | |
| | | Core earnings | 13.5 | | 12.2 | | 25.8 | | 13.2 | | 15.9 | | 29.1 | |
| | | CE margin | 9.1% | | 6.6% | | 7.7% | | 8.0% | | 8.8% | | 8.4% | |
| | LHT | Revenue | 272.3 | | 5.8 | | 278.1 | | 282.0 | | 6.0 | | 288.0 | |
| | | Core earnings | 20.4 | | 1.0 | | 21.4 | | 15.3 | | 1.3 | | 16.6 | |
| | | CE margin | 7.5% | | 17.7% | | 7.7% | | 5.4% | | 21.6% | | 5.8% | |
| | LBT | Revenue | 57.2 | | 112.1 | | 169.3 | | 58.6 | | 104.1 | | 162.7 | |
| | | Core earnings | 1.4 | | -1.0 | | 0.4 | | 2.3 | | -8.2 | | -6.0 | |
| | | CE margin | 2.4% | | - | | 0.2% | | 3.9% | | - | | - | |
| | LKT | Revenue | 49.1 | | 4.6 | | 53.7 | | 54.9 | | 3.5 | | 58.4 | |
| | | Core earnings | 0.6 | | -0.2 | | 0.5 | | 1.4 | | -0.1 | | 1.3 | |
| | | CE margin | 1.3% | | - | | 0.9% | | 2.5% | | - | | 2.2% | |
| | D&R | Revenue | 98.7 | | | | 98.7 | | 85.7 | | | | 85.7 | |
| | | Core earnings | 4.8 | | | | 4.8 | | 2.4 | | | | 2.4 | |
| | | CE margin | 4.8% | | | | 4.8% | | 2.8% | | | | 2.8% | |
| | H&S | Revenue | 29.0 | | | | 29.0 | | 30.5 | | | | 30.5 | |
| | | Core earnings | 2.3 | | | | 2.3 | | 1.4 | | | | 1.4 | |
| | | CE margin | 8.0% | | | | 8.0% | | 4.8% | | | | 4.8% | |
| | Consolidation, adjustment & other | Revenue | | | | | -19.5 | | | | | | -21.7 | |
| | | Core earnings | | | | | -15.0 | | | | | | -14.9 | |
| | LIXIL Group | Revenue | 655.6 | | 306.3 | | 942.4 | | 676.3 | | 293.4 | | 948.1 | |
| | | Core earnings | 43.0 | | 12.1 | | 40.1 | | 36.0 | | 8.8 | | 29.9 | |
| | | CE margin | 6.6% | | 3.9% | | 4.3% | | 5.3% | | 3.0% | | 3.2% | |

Unit: Ybn

FYE2017 (Q1 and H1 results)

| FYE2017 | | FYE2017 Q1 results: Japan | % | Overseas | % | Total | % | FYE2017 H1 results: Japan | % | Overseas | % | Total | % |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| LWT | Revenue | 71.5 | -0.3% | 87.6 | -6.0% | 159.2 | -3.5% | 149.8 | 0.3% | 168.5 | -8.3% | 318.3 | -4.5% |
| | Core earnings | 4.6 | -27.3% | 9.3 | 113.5% | 13.9 | 30.0% | 12.2 | -10.3% | 18.1 | 48.1% | 30.2 | 17.4% |
| | CE margin | 6.5% | -2.4 | 10.6% | +5.9 | 8.7% | +2.3 | 8.1% | -1.0 | 10.7% | +4.1 | 9.5% | +1.8 |
| LHT | Revenue | 130.1 | -2.2% | 2.5 | -13.1% | 132.5 | -2.4% | 265.0 | -2.7% | 4.9 | -14.6% | 270.0 | -2.9% |
| | Core earnings | 8.5 | -15.5% | 0.5 | 3.0% | 8.9 | -14.7% | 18.3 | -10.4% | 1.4 | 32.6% | 19.6 | -8.3% |
| | CE margin | 6.5% | -1.0 | 18.3% | +2.9 | 6.7% | -1.0 | 6.9% | -0.6 | 27.6% | +9.8 | 7.3% | -0.4 |
| LBT | Revenue | 20.0 | -17.0% | 38.9 | -27.8% | 58.9 | -24.5% | 51.8 | -9.4% | 74.6 | -33.5% | 126.4 | -25.3% |
| | Core earnings | -1.9 | 48.3% | -1.4 | - | -3.3 | - | 2.0 | 45.9% | -2.8 | loss expanded | -0.8 | fell into the red |
| | CE margin | - | - | - | - | - | - | 3.9% | +1.5 | - | - | - | - |
| LKT | Revenue | 24.0 | 2.6% | 2.1 | -3.9% | 26.0 | 2.0% | 50.2 | 2.2% | 4.5 | -1.8% | 54.7 | 1.9% |
| | Core earnings | -0.2 | -142.1% | 0.0 | - | -0.2 | -165.2% | 0.7 | 13.5% | 0.1 | turned profitable | 0.8 | 65.8% |
| | CE margin | - | - | 1.2% | - | - | - | 1.4% | +0.1 | 1.8% | - | 1.5% | +0.6 |
| D&R | Revenue | 44.0 | -12.9% | | | 44.0 | -12.9% | 87.2 | -11.7% | | | 87.2 | -11.7% |
| | Core earnings | 2.4 | -9.7% | | | 2.4 | -9.7% | 4.9 | 2.0% | | | 4.9 | 2.0% |
| | CE margin | 5.5% | +0.2 | | | 5.5% | +0.2 | 5.6% | +0.7 | | | 5.6% | +0.7 |
| H&S | Revenue | 15.0 | 5.0% | | | 15.0 | 5.0% | 32.3 | 11.2% | | | 32.3 | 11.2% |
| | Core earnings | 1.0 | -10.1% | | | 1.0 | -10.1% | 2.3 | -0.8% | | | 2.3 | -0.8% |
| | CE margin | 6.7% | -1.1 | | | 6.7% | -1.1 | 7.2% | -0.9 | | | 7.2% | -0.9 |
| Consolidation, adjustment & other | Revenue | | | | | -9.0 | | | | | | -18.4 | |
| | Core earnings | | | | | -8.1 | | | | | | -17.2 | |
| LIXIL Group | Revenue | 304.6 | -3.9% | 131.1 | -13.8% | 426.6 | -7.2% | 636.3 | -2.9% | 252.5 | -17.6% | 870.4 | -7.6% |
| | Core earnings | 14.5 | -25.5% | 8.4 | 169.8% | 14.7 | -2.8% | 40.3 | -6.3% | 16.7 | 38.4% | 39.8 | -0.7% |
| | CE margin | 4.7% | -1.4 | 6.4% | +4.3 | 3.5% | +0.2 | 6.3% | -0.2 | 6.6% | +2.7 | 4.6% | +0.3 |

FYE2017 (H2 and Full-year forecasts)

| FYE2017 | | FYE2017 H2 forecasts: Japan | % | Overseas | % | Total | % | FYE2017 Full-year forecasts: Japan | % | Overseas | % | Total | % |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| LWT | Revenue | 166.2 | 1% | 168.5 | -6% | 334.7 | -3% | 316.0 | 1% | 337.0 | -7% | 653.0 | -4% |
| | Core earnings | 16.3 | 24% | 17.4 | 10% | 33.8 | 16% | 28.5 | 7% | 35.5 | 26% | 64.0 | 17% |
| | CE margin | 10% | +2 | 10% | +1 | 10% | +2 | 9% | +0 | 11% | +3 | 10% | +2 |
| LHT | Revenue | 272.0 | -4% | 5.1 | -16% | 277.0 | -4% | 537.0 | -3% | 10.0 | -15% | 547.0 | -3% |
| | Core earnings | 22.7 | 49% | 0.6 | -51% | 23.4 | 41% | 41.0 | 15% | 2.0 | -14% | 43.0 | 13% |
| | CE margin | 8% | +3 | 13% | -9 | 8% | +3 | 8% | +1 | 20% | +0 | 8% | +1 |
| LBT | Revenue | 58.2 | -1% | 87.4 | -16% | 145.6 | -11% | 110.0 | -5% | 162.0 | -25% | 272.0 | -18% |
| | Core earnings | 4.0 | 76% | 2.8 | turned profitable | 6.8 | turned profitable | 6.0 | 65% | 0.0 | turned profitable | 6.0 | turned profitable |
| | CE margin | 7% | +3 | 3% | - | 5% | - | 5% | +2 | - | +4 | 2% | +4 |
| LKT | Revenue | 54.8 | 0% | 3.5 | 2% | 58.3 | 0% | 105.0 | 1% | 8.0 | 0% | 113.0 | 1% |
| | Core earnings | 1.8 | 28% | -0.1 | - | 1.7 | 34% | 2.5 | 23% | 0.0 | turned profitable | 2.5 | 43% |
| | CE margin | 3% | +1 | - | - | 3% | +1 | 2% | +0 | 0% | +3 | 2% | +1 |
| D&R | Revenue | 86.8 | 1% | | | 86.8 | 1% | 174.0 | -6% | | | 174.0 | -6% |
| | Core earnings | 2.6 | 10% | | | 2.6 | 10% | 7.5 | 5% | | | 7.5 | 5% |
| | CE margin | 3% | +0 | | | 3% | +0 | 4% | +0 | | | 4% | +0 |
| H&S | Revenue | 33.7 | 11% | | | 33.7 | 11% | 66.0 | 11% | | | 66.0 | 11% |
| | Core earnings | 2.7 | 86% | | | 2.7 | 86% | 5.0 | 32% | | | 5.0 | 32% |
| | CE margin | 8% | +3 | | | 8% | +3 | 8% | +1 | | | 8% | +1 |
| Consolidation, adjustment & other | Revenue | | | | | -26.6 | | | | | | -45.0 | |
| | Core earnings | | | | | -30.8 | | | | | | -48.0 | |
| LIXIL Group | Revenue | 671.7 | -1% | 264.5 | -10% | 909.6 | -4% | 1,308.0 | -2% | 517.0 | -14% | 1,780.0 | -6% |
| | Core earnings | 50.2 | 39% | 20.8 | 136% | 40.2 | 34% | 90.5 | 14% | 37.5 | 80% | 80.0 | 14% |
| | CE margin | 7% | +2 | 8% | +5 | 4% | +1 | 7% | +1 | 7% | +4 | 4% | +1 |

*Purchase price allocation related to acquisitons are allocated to each business segment

*Revenue and core earnings of Japan and Overseas in this page are the sum of Japan and overseas subsidiaries after inter-company consolidation adjustment, respectively.
Overseas subsidiaries with factories that manufacture products mostly for revenue to LIXIL Corporation is included in Japan.

*There are some changes in the past results due to transfer of Tile Business from LHT to LWT.

Unit: Ybn

| | | FYE2017 Q1 Results: Revenue | YoY | CE | YoY | CE margin | YoY | FYE2017 Q2 Results: Revenue | YoY | CE | YoY | CE margin | YoY | FYE2017 H1 Results: Revenue | YoY | CE | YoY | CE margin | YoY |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Japan housing equipment related business * | | 225.6 | -1.1% | 12.9 | -23.5% | 5.7% | -1.7 | 239.4 | -1.3% | 18.3 | 3.0% | 7.6% | +0.3 | 465.0 | -1.2% | 31.1 | -9.9% | 6.7% | -0.6 |
| | Renovation | 73.2 | 1.7% | | | | | 77.9 | 1.5% | | | | | 151.1 | 1.6% | | | | |
| | Other/ intersegment sales | 152.4 | -2.4% | | | | | 161.6 | -2.6% | | | | | 313.9 | -2.5% | | | | |
| Overseas housing equipment related business * | | 92.2 | -6.1% | 9.8 | 113.3% | 10.6% | +5.9 | 85.7 | -10.7% | 9.8 | 14.7% | 11.4% | +2.5 | 177.9 | -8.4% | 19.5 | 49.2% | 11.0% | +4.2 |

*Excluding LBT

### 3. Segment Information (1) Technology Business

Unit：Ybn

| | | | Water Tech | Housing Tech | Building Tech | Kitchen Tech | Tech Business Total |
|---|---|---|---|---|---|---|---|
| FYE 2017 H1 | Revenue | | 318.3 | 270.0 | 126.4 | 54.7 | 769.3 |
| | | Japan | 149.8 | 265.0 | 51.8 | 50.2 | 516.8 |
| | | Overseas | 168.5 | 4.9 | 74.6 | 4.5 | 252.5 |
| | Core earnings | | 30.2 | 19.6 | -0.8 | 0.8 | 49.9 |
| FYE 2016 H1 | Revenue | | 333.2 | 278.1 | 169.3 | 53.7 | 834.2 |
| | | Japan | 149.4 | 272.3 | 57.2 | 49.1 | 527.9 |
| | | Overseas | 183.8 | 5.8 | 112.1 | 4.6 | 306.3 |
| | Core earnings | | 25.8 | 21.4 | 0.4 | 0.5 | 48.0 |

■Increase/decrease breakdown of Revenue

Unit：Ybn

| | | Water Tech | Housing Tech | Building Tech | Kitchen Tech | Tech Business Total |
|---|---|---|---|---|---|---|
| Revenue increase/decrease | | -14.9 | -8.1 | -33.0 | 1.0 | -55.0 |
| | (%) | -4% | -3% | -20% | 2% | -7% |
| | Japan | 0.5 | -7.3 | -5.4 | 1.1 | -11.1 |
| | (%) | 0% | -3% | -9% | 2% | -2% |
| | Overseas | -15.3 | -0.8 | -27.7 | -0.1 | -43.9 |
| | (%) | -8% | -15% | -25% | -2% | -14% |
| Overseas sales of which impact from currency translation | | -23.1 | -0.8 | -9.7 | -0.9 | -34.5 |
| Deconsolidation [*1] | | | | -9.9 | | -9.9 |

■Increase/decrease breakdown of Core earnings

Unit：Ybn

| | | | | Water Tech | Housing Tech | Building Tech | Kitchen Tech | Tech Business Total |
|---|---|---|---|---|---|---|---|---|
| CE increase/decrease | | | | **4.5** | **-1.8** | **-2.5** | **0.3** | **0.5** |
| | Gross profit total | | | 5.0 | -1.2 | -2.8 | 1.2 | 2.3 |
| | Japan | Revenue increase/decrease | | 0.2 | -3.0 | -0.8 | 0.3 | -3.3 |
| | | Mix/pricing | | 0.0 | -2.0 | 0.6 | -0.1 | -1.5 |
| | | Cost (ordinary) | | 1.7 | 4.7 | 1.2 | 1.2 | 8.7 |
| | | | of which forex | 0.2 | 2.8 | | 0.2 | 3.2 |
| | | | of which purchasing condition | | 1.0 | | | 1.0 |
| | Overseas | GROHE | | 5.6 | | | | 5.6 |
| | | ASB | | 4.5 | | | | 4.5 |
| | | Permasteelisa | | | | -3.6 | | -3.6 |
| | | Other overseas subsidiaries | | 1.5 | -0.6 | 0.3 | -0.1 | 1.2 |
| | | Impact from currency translation | | -8.4 | -0.2 | -0.5 | -0.2 | -9.3 |
| | SG&A total | | | -0.6 | -0.6 | 0.3 | -0.9 | -1.8 |
| | Japan | SG&A (ordinary) | | -3.2 | -1.8 | -0.3 | -1.4 | -6.7 |
| | Overseas | GROHE | | | | | | |
| | | ASB | | -2.6 | | | | -2.6 |
| | | Permasteelisa | | | | -0.2 | | -0.2 |
| | | Other overseas subsidiaries | | -0.9 | 1.0 | 0.0 | 0.3 | 0.5 |
| | | Impact from currency translation | | 6.1 | 0.1 | 0.8 | 0.1 | 7.2 |
| Deconsolidation *1 | | | | | | 1.3 | | 1.3 |

*1 March, 2016: Shanghai Meite

## 4. Segment Information (2) Distribution and Retail Business

### Revenue and CE by segment

Unit: Ybn

| | | H1 | | | H2 | | | Full year | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | FYE2016 results | FYE2017 results | YoY | FYE2016 results | FYE2017 forecasts | YoY | FYE2016 results | FYE2017 forecasts | YoY |
| Revenue | | 98.7 | 87.2 | -11.7% | 85.7 | 86.8 | 1% | 184.5 | 174.0 | -6% |
| CE | | 4.8 | 4.9 | 2.0% | 2.4 | 2.6 | 10% | 7.2 | 7.5 | 5% |
| Figures of Ken Depot* included above | Revenue | 15.8 | - | - | - | - | - | 15.8 | - | - |
| | CE | -0.3 | - | - | - | - | - | -0.3 | - | - |

*Business transferred to Ken Depot Corporation; equity method affiliate company from October 2015

FYE2017 H1 excluding Ken Depot figures (YoY): Revenue +5%, CE -6%

### Increase/decrease breakdown of CE

<H1 results: YoY>

Unit: Ybn

| FYE2016 H1 result | Due to Revenue fluctuation | Sales price | Cost | SG&A | Cost of new stores | Ken Depot | Total | FYE 2017 H1 result |
|---|---|---|---|---|---|---|---|---|
| 4.8 | 1.3 | 0.0 | 0.2 | 0.2 | -1.9 | 0.3 | +0.1 | 4.9 |

### Number of stores

Unit: stores

| | FYE2016 | FYE2017 | | FYE 2017 | |
|---|---|---|---|---|---|
| | period | H1 period | Vs. FYE2016 | forecasts | Vs. FYE2016 |
| Newly opened SVH stores | 3 | 0 | - | 2 | -1 |
| Newly opened NVH stores | 0 | 1 | - | 1 | +1 |
| Number of stores closed | 1 | 0 | - | 1 | 0 |
| Number of stores at end of period | 86 | 87 | 1 | 88 | +2 |
| (SVH stores) | 37 | 37 | 0 | 39 | +2 |
| (NVH stores) | 9 | 10 | 1 | 10 | +1 |
| (VH stores) | 40 | 40 | 0 | 39 | -1 |

### Results of home center business (JGAAP)

Unit: Ybn

| | FYE2016 | FYE2017 | |
|---|---|---|---|
| | H1 results | H1 results | YoY |
| Revenue | 85.5 | 89.4 | 4.6% |
| CE | 5.6 | 5.7 | 1.1% |
| % | 6.6% | 6.4% | -0.2 |

### Rate of revenue growth of home center stores

<FYE2017 H1 results> Unit: %

| | |
|---|---|
| All stores | +4.8 |
| Existing stores only | +0.5 |

*Existing stores: Stores open more than 13 months

### Growth rate of customer footfall and average revenue per customer

<FYE2017 H1 period> Unit: %

| | |
|---|---|
| **All stores** | |
| Customer footfall | +2.1 |
| Average revenue | +2.6 |
| **Existing stores only** | |
| Customer footfall | -1.5 |
| Average revenue | +2.1 |

5. Segment Information (3) Housing and Services Business

## Revenue and CE by segment

Unit: Ybn

| | H1 | | | H2 | | | Full year | | |
|---|---|---|---|---|---|---|---|---|---|
| | FYE2016 results | FYE2017 results | YoY | FYE2016 results | FYE2017 forecasts | YoY | FYE2016 results | FYE2017 forecasts | YoY |
| Revenue | 29.0 | 32.3 | 11.2% | 30.5 | 33.7 | 11% | 59.5 | 66.0 | 11% |
| CE | 2.3 | 2.3 | -0.8% | 1.4 | 2.7 | 86% | 3.8 | 5.0 | 32% |

## Revenue and CE by segment companies

Unit: Ybn

| | Revenue | | | CE | | |
|---|---|---|---|---|---|---|
| | FYE2016 H1 results | FYE2017 H1 results | YoY | FYE2016 H1 results | FYE2017 H1 results | YoY |
| LIXIL Housing Research Institute | 12.3 | 13.8 | 11.9% | 0.9 | 0.9 | 5.3% |
| LIXIL Realty | 5.6 | 6.1 | 9.3% | 0.5 | 0.6 | 12.3% |
| JIO | 5.5 | 5.8 | 4.7% | 0.5 | 0.4 | -17.0% |
| Japan Home Shield | 5.1 | 5.8 | 13.5% | 0.5 | 0.5 | -5.3% |
| Other & adjustments | 0.5 | 0.8 | - | 0.0 | 0.0 | - |
| Segment total | 29.0 | 32.3 | 11.2% | 2.3 | 2.3 | -0.8% |

## Number of contracts received and houses built with housing franchise businesses

Number of contracts received Unit: houses

| | FYE2016 H1 period | FYE2017 H1 period | YoY |
|---|---|---|---|
| Total for the Group | 2,015 | 2,043 | 1.4% |

Number of houses built Unit: houses

| | FYE2016 H1 period | FYE2017 H1 period | YoY |
|---|---|---|---|
| Total for the Group | 1,701 | 1,716 | 0.9% |

6. Revenue by Products and Services

Unit: Ybn Unit: Ybn Unit: %

| Segment | Major products | FYE2016 results | FYE2016 H1 results | FYE2017 H1 results | | Quarterly YoY | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | FYE2016 (JGAAP) | | | | FYE2017 | |
| | | | | | YoY | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
| **LWT** | Sanitary ware | 98.0 | 46.9 | 47.2 | 0.7% | 0.7 | 3.0 | 2.1 | 0.9 | -2.1 | 3.3 |
| | Bathroom units | 92.2 | 44.8 | 44.8 | 0.1% | 4.0 | 6.6 | 5.7 | 4.7 | -1.2 | 1.3 |
| | Washstand cabinet units | 33.9 | 15.9 | 16.4 | 2.8% | 1.1 | 3.9 | 4.7 | 2.5 | 0.3 | 5.1 |
| | Tiles *2 | 29.3 | 13.7 | 13.5 | -1.2% | -3.7 | -2.5 | 4.1 | 0.5 | -1.4 | -1.0 |
| **LHT** | Housing sashes and related products | 204.1 | 101.9 | 99.4 | -2.4% | 3.6 | 1.6 | 1.2 | -0.6 | -3.9 | -1.0 |
| | Exterior | 110.9 | 54.5 | 53.9 | -1.1% | -12.6 | -8.4 | 0.8 | 2.9 | 0.6 | -2.8 |
| | Wooden interior furnishing materials | 58.2 | 27.8 | 29.4 | 5.7% | 2.4 | 4.7 | 6.7 | 4.5 | 8.7 | 2.9 |
| | Exterior wall materials for houses | 30.2 | 15.8 | 15.6 | -1.5% | -6.0 | -2.2 | -11.8 | -3.1 | -4.6 | 1.4 |
| | Interior fabric | 30.2 | 13.9 | 13.6 | -2.4% | -12.0 | 6.4 | 3.5 | -2.1 | 0.7 | -4.7 |
| | LHT Other | 54.4 | 26.1 | 23.1 | -11.4% | -10.8 | -19.3 | 5.6 | -16.1 | -8.5 | -14.1 |
| **LBT** | Building sashes | 103.1 | 45.4 | 41.9 | -7.6% | 8.3 | 2.4 | -7.2 | -5.1 | -27.4 | 4.5 |
| **LKT** | Kitchens | 104.1 | 49.2 | 50.3 | 2.3% | 0.4 | 1.6 | 2.5 | 1.4 | 2.6 | 2.1 |
| **D&R** | Home center revenue *1 | 184.5 | 98.7 | 87.2 | -11.7% | 4.8 | 2.6 | -14.0 | -13.0 | -12.9 | -10.3 |
| | Overseas | 598.6 | 306.2 | 254.6 | -16.9% | 21.8 | 68.3 | 46.3 | 32.7 | -15.0 | -18.7 |
| | Other | 158.7 | 81.7 | 79.5 | -2.7% | 4.0 | -8.2 | 45.6 | 12.0 | 9.5 | -12.9 |
| | Total | 1,890.4 | 942.4 | 870.4 | -7.6% | 5.0 | 15.0 | 13.0 | 7.8 | -7.2 | -8.0 |

*1 Home center revenue of D&R excluding impact of Ken Depot carve out (YoY):
FYE2016 Q3: 0.8%, Q4: 4.2%, FYE2017 Q1: 3.0%, Q2: 7.8%

*2 Tile Business has been transferred from LHT to LWT.

7. Renovation Business

**Revenue of renovation products**

Unit: Ybn

| | FYE2015 | FYE2016 | | FYE2017 | | FYE2017 | |
|---|---|---|---|---|---|---|---|
| | results | results | YoY | H1 results | YoY | forecasts | YoY |
| Revenue of renovation products | 279.6 | 304.3 | 9% | 151.1 | 2% | 307.3 | 1% |
| Renovation ratio | 32% | 35% | +3 | 37% | +1 | 36% | +1 |

*Revenue of LJC products used for renovation

**Number of member homebuilders**

Unit: Stores

| Franchise type | FYE2015 period | FYE2016 period | FYE2017 H1 period |
|---|---|---|---|
| LIXIL Reform Shop | 424 | 480 | 505 |

Unit: Stores

| Voluntary type | FYE2015 period | FYE2016 period | FYE2017 H1 period |
|---|---|---|---|
| LIXIL Reform Net | 11,708 | 12,492 | 12,989 |

8. Overseas Production Ratio and Revenue

**Overseas production ratio**

| Products | Locations | Overseas production ratio | |
|---|---|---|---|
| | | FYE2016 results | FYE2017 H1 results |
| Aluminum housing sashes | Thailand, Vietnam | 27% | 28% |
| Interior wooden furnishing materials | China | 42% | 39% |
| Sanitary ware | China, Vietnam | 41% | 37% |
| Water faucets | China, Vietnam | 11% | 10% |
| Floor tiles | China, Vietnam | 56% | 62% |

**Revenue overseas**

Unit: Ybn

| Areas | FYE2016 H1 results | | | | FYE2017 H1 results | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Overseas Revenue | LWT | LBT | Overseas/ other | Overseas Revenue | YoY | LWT | LBT | Overseas/ other |
| Americas | 107.5 | 68.5 | 38.9 | 0.0 | 91.1 | -15.2% | 60.9 | 30.2 | 0.0 |
| Europe | 73.6 | 45.2 | 28.3 | 0.0 | 70.4 | -4.3% | 49.6 | 20.7 | 0.0 |
| Asia | 106.3 | 54.6 | 39.4 | 12.3 | 78.7 | -26.0% | 46.8 | *20.0 | 11.9 |
| Others | 18.8 | 14.3 | 4.4 | 0.0 | 14.4 | -23.7% | 10.0 | 4.4 | 0.0 |
| Total | 306.2 | 182.8 | 111.0 | 12.4 | 254.6 | -16.9% | 167.4 | 75.2 | 11.9 |
| Greater China | 49.1 | 15.8 | 26.5 | 6.8 | 35.7 | -27.2% | 15.6 | *14.1 | 6.0 |

Asia: Incl. Middle East

Others: Africa, Latin America, Oceania, Russia

Greater China: Incl. Taiwan

Impact from currency translation USD -12.4%

EUR -11.5%

RMB -17.0%

*Impact from divestment of Shanghai Meite -JPY9.9bn

(For reference)

Overseas revenue ratio (JGAAP) Unit: Ybn

| | FYE2012 results | FYE2013 results | FYE2014 results | FYE2015 results | FYE2016 results |
|---|---|---|---|---|---|
| Overseas revenue | 53.9 | 205.1 | 293.9 | 393.4 | 559.7 |
| Overseas revenue ratio | 4.2% | 14.3% | 18.0% | 23.5% | 30.3% |

(IFRS) Unit: Ybn

| FYE2015 results | FYE2016 results | FYE2017 H1 results |
|---|---|---|
| 409.2 | 598.6 | 254.6 |
| 24.0% | 31.7% | 29.2% |

9. Permasteelisa, ASB & GROHE

■Results (in local currency)

| | FYE2016 H1 results | | | FYE2017 H1 results | | | | | | FYE2017 Full-year forecasts | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Permasteelisa | ASB | GROHE* | Permasteelisa | YoY | ASB | YoY | GROHE* | YoY | Permasteelisa | ASB | GROHE* |
| Unit | EURm | USDm | EURm | EURm | | USDm | | EURm | | EURm | USDm | EURm |
| Revenue | 764 | 489 | 634 | 622 | -19% | 525 | 7% | 664 | 5% | 1,372 | 1,036 | 1,352 |
| Core earnings | 21 | 24 | 84 | -15 | fell into the red | 43 | 76% | 99 | 17% | 29 | 74 | 209 |
| % | 2.7% | 5.0% | 13.3% | -2.4% | -5.1 | 8.2% | +3.2 | 14.9% | +1.6 | 2% | 7% | 15% |

*Excluding GROHE Dawn WaterTech

■Results (in Yen)

Unit: JPYbn

| | FYE2016 H1 results | | | FYE2017 H1 results | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Permasteelisa | ASB | GROHE* | Permasteelisa | YoY | ASB | YoY | GROHE* | YoY |
| Exchange rate (Yen) | 134.60 | 121.50 | 134.60 | 119.1 | | 106.4 | | 119.1 | |
| Revenue | 102.8 | 59.4 | 85.3 | 74.1 | -28% | 55.9 | -6% | 79.1 | -7% |
| Core earnings | 2.8 | 3.0 | 11.3 | -1.7 | fell into the red | 4.6 | 54% | 11.8 | 4% |
| % | 2.7% | 5.0% | 13.3% | -2.4% | -5.1 | 8.2% | +3.2 | 14.9% | +1.6 |

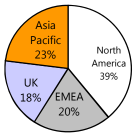
Permasteelisa

Accounting period = April to March

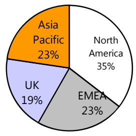
■Regional revenue contribution

*EMEA＝Europe, Middle East, Africa

FYE2016 results

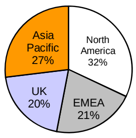



FYE2017 H1 results

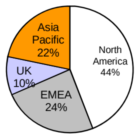



■New orders by region

FYE2016 results




FYE2017 H1 results




Orders received

Unit: EURm

| | FYE2016 results | FYE2016 H1 results | FYE2017 H1 results |
|---|---|---|---|
| New Orders | 1,129 | 786 | 520 |
| Backlog | 2,002 | 2,430 | 1,874 |

Permasteelisa, ASB, GROHE

■Non-current asset allocation

| | FYE2016 Balance | | | FYE2017 H1 Amortization (IFRS) | | | FYE2017 H1 Balance | | | Remaining Amortization Period | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Permasteelisa | ASB | GROHE | Permasteelisa | ASB | GROHE | Permasteelisa | ASB | GROHE | Permasteelisa | ASB | GROHE |
| Unit | EURm | USDm | EURm | EURm | USDm | EURm | EURm | USDm | EURm | | | |
| Goodwill | 158 | 150 | 1,201 | - | - | - | 158 | 142 | 1,206 | Not amortized | | |
| Trademark (Unamortized intangible assets) | - | 126 | 1,349 | - | 0 | - | - | 126 | 1,349 | - | Not amortized | |
| Other intangible assets | 166 | 115 | 207 | 8 | 3 | 12 | 158 | 112 | 195 | 6 to 16 years | 7 to 27 years | 5 to 12 years |
| Revaluation of fixed assets, inventories and other | - | - | 75 | - | - | 1 | - | - | 74 | - | - | Case-by-case |
| Total | 324 | 391 | 2,833 | 8 | 3 | 13 | 316 | 380 | 2,824 | | | |

## 10. Goodwill

(Other intangible assets are excluded.)

Unit: Ybn

| | | FYE2016 results | | FYE2017 H1 results |
|---|---|---|---|---|
| | | Impairment | Balance | Balance |
| LWT | GROHE | | 153.4 | 136.7 |
| | ASB | | 16.9 | 14.4 |
| | American Standard AP | | 0.6 | 0.6 |
| LHT | Kawashima Selkon Textiles | | 1.8 | 1.8 |
| | Hivic | | 1.0 | - |
| LBT | Permasteelisa | 10.1 | 20.1 | 17.9 |
| LKT | LIXIL Haier Housing Products | 3.0 | - | - |
| | Other | 0.3 | 1.6 | 1.6 |
| | Total | 13.4 | 195.5 | 173.0 |

Decrease in balance of goodwill of GROHE, ASB & Permasteelisa are due to exchange rate fluctuation

## 11. Recent M&As / Business & Capital Alliances (JGAAP)

M&As of overseas companies

Unit: Ybn

| Timing | Company name | Target | Revenue | | Purchasing amount at the beginning | Ownership ratio | Total amount of goodwill | Effect |
|---|---|---|---|---|---|---|---|---|
| | | | Time of acquisition | FYE2016 result | | | | |
| Jul 2009 (partly Nov 2009) | American Standard Asia Pacific (Group) | Sanitary ware (Asia) | 23.5 | - | 17.6 | 100% | Net goodwill 2.1/ Intellectual property 3.5 | >Gain business platform in Asia<br>>Rebuild Asian base |
| Jan 2011 | Shanghai Meite Curtain Wall Co., Ltd. | Building sashes (China) | 12.0 | 19.6 | 3.2 | 75%→0% | 0.5 | >Expand building sashes in China |
| Dec 2011 | Permasteelisa | Building sashes (Global) | 116.0 | 209.1 | 60.8 | 100% | Goodwill 34.3 Other intangible assets 35.0 | >Globally expand building sashes |
| Aug 2013 | ASD Americas Holding (ASB) | Plumbing products (North America) | 82.0 | 120.2 | 30.5 | 100% | Goodwill 14.7 Other intangible assets 21.7 | >Establish North American platform |
| Oct 2013 | Star Alubuild | Building sashes (India) | 1.7 | 0.4 | 0.7 | 70% | 0.4 | >Business development in India |
| Jan 2014 (Additionally Apr 2015 and fully Sep 2016) | GROHE Group S.à r.l. | Plumbing fixtures, especially faucets (Europe, Global) | 157.5 | 186.5 | 80.1 | 100% | Goodwill 157.3 Other intangible assets 209.3 | >Establish European platform |
| Oct 2014 | GROHE DAWN WaterTech Holdings | Faucets, sanitary ware (Africa) | 12.9 | 11.9 | 8.6 | 51% | Goodwill 1.2 Other intangible assets 7.8 | >Gain access to Sub-Saharan market |

M&As of Japanese companies

Unit: Ybn

| Timing | Company name | Target | Revenue | | Purchasing amount at the beginning | Ownership ratio | Total amount of goodwill | Effect |
|---|---|---|---|---|---|---|---|---|
| | | | Time of acquisition | FYE2016 result | | | | |
| Apr 2010 | Shin Nikkei Company Ltd. | Housing/building sashes | 110.0 | Integrated into LIXIL in April 2011 | 0 | 100% | 5.4 | >Exceed 50% share in housing sashes<br>>Cost reduction |
| Apr 2010 (partly Jun 2009) | Sun Wave Corporation | Kitchen | 85.0 | | 13.7 | 80%→ FY13 100% | -6.1 | >Become a leader in the kitchen segment<br>>Cost reduction |
| Aug 2011 (partly Dec 2010) | Kawashima Selkon Textiles Co., Ltd. | Interior fabric such as curtains | 34.3 * | 30.1 | Y2.2bn (Dec 2010) Share exchange rate 1:0.035 (Aug 2011) | 100% | 1.7 | >Create synergy with sales of existing window business<br>>Utilize *Kawashima* brand |
| Oct 2011 (Sold in Aug 2016) | HIVIC Co., Ltd. | Wood related products | 24.4 | 20.3 | Share exchange rate 1:0.094 | 100% | 1.4 | >Strengthen wood related products and services |

* Excludes interior fabric business for vehicle which the company separated business

Business & Capital Alliances with Japanese companies

Unit: Ybn

| Timing | Company name | Target | Purchasing amount | Ownership ratio | Effect |
|---|---|---|---|---|---|
| Dec 2010 | Leopalace 21 | Major lease management, renovation, and other | 1.8 | 9%→0% | >Expand sales for Leopalace |
| Sept 2013 | EDION | Renovation business in the home electrical appliance industry | 5.0 | 8% | >Expand sales for EDION |
| Oct 2013 | Sharp | New product development by integrating building & electrical materials | 5.0 | 1%→0% | >Expand sales, development of new products |