

## Flash Report



LIXIL GROUP CORPORATION

June 8 2015

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2015 (Japanese Accounting Standard)

Company Name: LIXIL GROUP CORPORATION Stock Listings: Tokyo, Nagoya  
 Code Number: 5938 URL: <http://www.lixil-group.co.jp/e/default.htm>  
 Representative: Yoshiaki Fujimori, President & CEO Telephone: +81-3-6268-8806  
 Contact: Takashi Tsutsui, Executive Officer & Executive Vice President, Investor Relations  
 Scheduled date of the ordinary general meeting of shareholders: June 26, 2015  
 Scheduled date of dividend payment: June 29, 2015  
 Scheduled date of issue of financial report: June 29, 2015  
 Preparation of supplementary materials for quarterly financial results: Yes  
 Information meeting for financial results to be held: Yes (For investment analysts and institutional investors)

(Amounts less than one million yen are omitted.)

### 1. Consolidated financial results for the FY Ended March 2015 (April 1, 2014 through March 31, 2015)

(1) Consolidated Operating Results (% indicate changes from the figures of corresponding period of the previous fiscal year)

	Net sales		Operating income		Recurring profit	
	Million yen	%	Million yen	%	Million yen	%
FY 2015	1,673,405	2.7	51,674	-25.2	57,862	-22.8
FY 2014	1,628,658	13.4	69,079	36.8	74,937	41.2

(Note) Comprehensive income FY 2015 43,884 million yen (-14.5%)  
 FY 2014 51,312 million yen (14.3%)

	Net income		Net income per share		Return on equity	Ratio of recurring profit to total assets	Ratio of operating profit to net sales
	Million yen	%	-basic yen	-diluted yen	%	%	%
FY 2015	22,012	5.1	75.46	74.55	3.7	3.2	3.1
FY 2014	20,951	-1.9	72.06	71.70	3.6	4.6	4.2

(Reference) Share of profit of entities accounted for using equity method

FY 2015 -7,345 million yen FY 2014 2,045 million yen

(Reference) Net income excluding amortization of goodwill

FY 2015 32,572 million yen (23.9%) FY 2014 26,286 million yen (-1.2%)

(Reference) Net income per share excluding amortization of goodwill

FY 2015 111.65 yen (23.5%) FY 2014 90.41 yen (-1.2%)

### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY 2015	1,875,249	613,651	32.1	2,104.27
FY 2014	1,786,293	601,795	33.2	2,041.34

(Reference) Equity capital at end of period

FY 2015 602,563 million yen FY 2014 593,486 million yen

### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY 2015	138,931	-129,228	10,009	160,377
FY 2014	83,532	-218,332	153,144	139,038

### 2. Cash dividends

	Dividends per share					Total amount of cash dividends (annual)	Dividend payout ratio (consolidated)	Ratio of total dividends to net assets (consolidated)
	End of Q1	End of Q2	End of Q3	End of period	For the year			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY 2014	-	25.00	-	30.00	55.00	15,990	76.3	2.8
FY 2015	-	30.00	-	30.00	60.00	17,387	79.5	2.9
FY 2016 (forecast)	-	30.00	-	30.00	60.00		572.3	

### 3. Consolidated forecast for the fiscal year ending March 2016 (April 1, 2015 through March 31, 2016)

(% indicate changes from the figures of corresponding period of the previous fiscal year)

	Net sales		Operating income		Recurring profit		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY 2016 1H	870,000	9.3	9,500	-28.5	9,500	-25.3	-18,000	-	-62.86
FY 2016	1,870,000	11.7	52,000	0.6	52,000	-10.1	3,000	-86.4	10.48

(Reference) Net income excluding amortization of goodwill (forecast)

FY 2016 1H -11,500 million yen (-%) FY 2016 17,000 million yen (-47.8%)

(Reference) Net income per share excluding amortization of goodwill (forecast)

FY 2016 1H -40.16 yen (-%) FY 2016 59.37 yen (-46.8%)

**4. Others**

(1) Changes in significant subsidiaries during this fiscal year: None

Newly consolidated company: - (Name of the company) -

Excluded company: None

(2) Changes in accounting policies, accounting estimation and restatements

1. Changes due to revisions in accounting standards: None

2. Changes other than the above: None

3. Changes to accounting estimates: None

4. Restatement of accounts: None

(3) Outstanding shares (common shares)

i) Number of shares outstanding at end of period (including treasury stocks)

FY ended March 31, 2015	313,054,255 shares	FY ended March 31, 2014	313,054,255 shares
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ii) Number of treasury stock at end of period

FY ended March 31, 2015	26,702,156 shares	FY ended March 31, 2013	22,321,128 shares
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iii) Average number of shares outstanding during the period

FY ended March 31, 2015	291,730,974 shares	FY ended March 31, 2013	290,744,529 shares
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Note: Indication of review procedures implementation status

This financial results report is exempt from review procedures under Japan's Financial Instruments and Exchange Law.

The review procedure is not completed at the time of disclosure of this report.

Note: Appropriate use of business forecasts and other special items

Performance forecast and other forward-looking statements contained in this report are based on information currently available and on certain assumptions deemed rational at the time of this report's release. Due to various circumstances, however, actual results may differ significantly from such statements.

Note: Regarding presentation material to supplement the financial results' announcement

Presentation material has been posted on TDnet and the Company's website.

**5. Consolidated Financial Statements****(1) Consolidated Balance Sheets**

(Unit: million yen)

	End of previous FY (As of March 31, 2014)	End of this FY (As of March 31, 2015)
<b>Assets:</b>		
<b>Current assets</b>	<b>Y 942,532</b>	<b>Y 1,005,974</b>
Cash & deposits	162,996	257,288
Notes and accounts receivable-trade	487,211	443,855
Securities	1,999	-
Merchandise and finished goods	129,369	139,666
Work in process	16,984	20,155
Raw materials and supplies	45,453	47,492
Other inventories	19,048	20,307
Short-term loans receivable	6,228	6,325
Deferred tax assets	25,539	17,960
Other	53,177	57,883
Allowance for doubtful accounts	-5,476	-4,959
<b>Noncurrent assets</b>	<b>843,761</b>	<b>869,274</b>
<b>Property, plant and equipment</b>	<b>489,535</b>	<b>502,129</b>
Buildings & structures	491,721	503,849
Accumulated depreciation	-311,649	-324,230
Buildings and structures, net	180,072	179,619
Machinery, equipment and vehicles	324,308	358,862
Accumulated depreciation	-246,780	-261,200
Machinery, equipment and vehicles, net	77,527	97,661
Land	188,662	188,560
Leased assets	15,138	15,609
Accumulated depreciation	-6,966	-8,889
Leased assets, net	8,171	6,719
Construction in progress	19,982	11,345
Other	95,789	103,744
Accumulated depreciation	-80,670	-85,522
Other, net	15,118	18,222
<b>Intangible assets</b>	<b>140,086</b>	<b>147,365</b>
Goodwill	79,971	49,461
Other	60,115	97,904
<b>Investments and other assets</b>	<b>214,139</b>	<b>219,778</b>
Investment securities	145,716	149,496
Long-term loans receivable	2,896	2,954
Deferred tax assets	22,351	18,070
Net defined benefit asset	1,863	7,220
Other	57,250	56,745
Allowance for doubtful accounts	-15,938	-14,709
<b>Total assets</b>	<b>Y 1,786,293</b>	<b>Y 1,875,249</b>

(Unit: million yen)

	End of previous FY (As of March 31, 2014)	End of this FY (As of March 31, 2015)
<b>Liabilities:</b>		
<b>Total current liabilities</b>	<b>Y 719,248</b>	<b>Y 685,991</b>
Notes and accounts payable - trade	235,799	232,971
Short-term loans payable	207,198	176,025
Current portion of bonds	15,000	-
Lease obligations	3,030	2,955
Accrued expenses	82,243	78,519
Income taxes payable	11,082	12,752
Provision for bonuses	21,173	20,771
Allowance for loss on factory restructuring	-	257
Asset retirement obligations	281	445
Other	143,439	161,293
<b>Total noncurrent liabilities</b>	<b>465,250</b>	<b>575,605</b>
Bonds payable	70,000	70,000
Convertible bond-type bonds with subscription rights to shares	-	120,000
Long-term loans payable	289,026	277,801
Lease obligations	6,256	5,892
Deferred tax liabilities	22,914	26,735
Provision for directors' retirement benefits	79	91
Net defined benefit liability	25,016	23,386
Negative goodwill	61	-
Asset retirement obligations	6,615	6,879
Other	45,278	44,817
<b>Total liabilities</b>	<b>1,184,498</b>	<b>1,261,597</b>
<b>Net assets:</b>		
<b>Shareholders' equity</b>		
Capital stock	68,121	68,121
Capital surplus	261,366	261,712
Retained earnings	262,580	264,570
Treasury shares	-41,806	-56,204
Total Shareholders' equity	550,261	538,199
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	13,184	14,226
Deferred gains or losses on hedges	1,756	-512
Foreign currency translation adjustment	28,283	50,650
Total accumulated other comprehensive income	43,224	64,364
<b>Subscription rights to shares</b>	<b>2,534</b>	<b>3,498</b>
<b>Minority interests</b>	<b>5,774</b>	<b>7,589</b>
<b>Total net assets</b>	<b>601,795</b>	<b>613,651</b>
<b>Total liabilities and net assets</b>	<b>Y 1,786,293</b>	<b>Y 1,875,249</b>

## (2) Consolidated Statements of Income and Comprehensive Income

## Consolidated statements of income

(Unit: million yen)

	For the FY ended March 31, 2014	For the FY ended March 31, 2015
<b>Net Sales</b>	<b>Y 1,628,658</b>	<b>Y 1,673,405</b>
<b>Cost of Sales</b>	<b>1,180,823</b>	<b>1,226,085</b>
Gross profit	447,834	447,320
<b>Selling, General &amp; Administrative Expenses</b>	<b>378,754</b>	<b>395,645</b>
Operating income	69,079	51,674
<b>Non-Operating Income</b>	<b>23,091</b>	<b>29,309</b>
Interest income	2,430	2,158
Dividend income	1,331	1,554
Rent income	6,718	7,062
Amortization of negative goodwill	123	61
Share of profit of entities accounted for using equity method	2,045	-
Foreign exchange gains	4,750	11,184
Gain on valuation of derivatives	-	268
Other	5,691	7,020
<b>Non-Operating Expenses</b>	<b>17,234</b>	<b>23,122</b>
Interest expenses	4,677	5,459
Cost of lease revenue	4,499	4,578
Share of loss of entities accounted for using equity method	-	7,345
Loss on valuation of derivatives	353	-
Other	7,703	5,739
Ordinary income	74,937	57,862
<b>Extraordinary income</b>	<b>2,953</b>	<b>13,446</b>
Gain on sales of noncurrent assets	1,061	708
Gain on sales of investment securities	1,818	11,053
Gain on sales of shares of subsidiaries and associates	0	566
Gain on extinguishment of tie-in shares	72	-
Gain on change in equity	-	1,117
<b>Extraordinary Losses</b>	<b>28,805</b>	<b>18,320</b>
Loss on sales and retirement of non-current assets	2,536	2,573
Loss on valuation of investment securities	10	10
Loss on valuation of shares of subsidiaries and associates	156	261
Loss on sales of investment securities	-	11
Loss on sales of shares of subsidiaries and associates	10	187
Loss on factory restructurings	423	1,723
Loss on showroom integration	247	-
Impairment loss	1,615	3,910
Loss on investment to associates and other	23,804	9,063
Adjustment of goodwill amortization and other	-	505
Loss on transition to a defined contribution pension plan	-	72
<b>Income before income taxes and minority interests</b>	<b>49,085</b>	<b>52,988</b>
<b>Income taxes-current</b>	<b>14,409</b>	<b>19,619</b>
<b>Income taxes-deferred</b>	<b>13,751</b>	<b>11,242</b>
<b>Income taxes</b>	<b>28,160</b>	<b>30,861</b>
<b>Income before minority interests</b>	<b>20,924</b>	<b>22,126</b>
<b>Minority interests in income (loss)</b>	<b>-27</b>	<b>113</b>
<b>Net income</b>	<b>Y 20,951</b>	<b>Y 22,012</b>

## Consolidated statements of comprehensive income

(Unit: million yen)

	For the FY ended March 31, 2014	For the FY ended March 31, 2015
<b>Income before minority interests</b>	<b>Y 20,924</b>	<b>Y 22,126</b>
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	2,111	987
Deferred gains on hedges	1,047	-2,112
Foreign currency translation adjustment	28,177	18,487
Share of other comprehensive income of entities accounted for using equity method	-949	4,396
Other comprehensive income	30,387	21,758
<b>Comprehensive income</b>	<b>51,312</b>	<b>43,884</b>
Comprehensive income attributable to owners of parent	50,541	43,151
Comprehensive income attributable to minority interests	770	733

(3) Consolidated Statements of Changes in Net Assets  
For the FY ended March 31, 2014 (April 1, 2013 through March 31, 2014)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total Shareholders' equity
Balance at beginning of current period	68,121	261,366	259,851	-41,753	547,585
Cumulative effects of changes in accounting policies			-4,822		-4,822
Restated balance	68,121	261,366	255,029	-41,753	542,763
Changes of items during period					
Dividends of surplus			-13,083		-13,083
Net income			20,951		20,951
Change of scope of consolidation			-283		-283
Decrease by merger			-32		-32
Purchase of treasury shares				-53	-53
Disposal of treasury shares		0		0	0
Exercise of subscription rights to shares					-
Decrease due to change in fiscal period of consolidated subsidiaries					-
Change in foreign subsidiaries' interest in their subsidiaries					-
Net changes of items other than shareholders' equity					
Total changes of items during period	—	0	7,550	-52	7,498
Balance at end of current period	68,121	261,366	262,580	-41,806	550,261

	Accumulated other comprehensive income				Subscription rights to shares	Minority interests	Total Net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	11,009	714	1,850	13,574	676	4,475	566,312
Cumulative effects of changes in accounting policies							-4,822
Restated balance	11,009	714	1,850	13,574	676	4,475	561,489
Changes of items during period							
Dividends of surplus							-13,083
Net income							20,951
Change of scope of consolidation							-283
Decrease by merger							-32
Purchase of treasury shares							-53
Disposal of treasury shares							0
Exercise of subscription rights to shares							-
Decrease due to change in fiscal period of consolidated subsidiaries							-
Change in foreign subsidiaries' interest in their subsidiaries							-
Net changes of items other than shareholders' equity	2,174	1,042	26,432	29,650	1,858	1,298	32,807
Total changes of items during period	2,174	1,042	26,432	29,650	1,858	1,298	40,305
Balance at end of current period	13,184	1,756	28,283	43,224	2,534	5,774	601,795

For the FY ended March 31, 2015 (April 1, 2014 through March 31, 2015)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total Shareholders' equity
Balance at beginning of current period	68,121	261,366	262,580	-41,806	550,261
Cumulative effects of changes in accounting policies					-
Restated balance	68,121	261,366	262,580	-41,806	550,261
Changes of items during period					
Dividends of surplus			-17,519		-17,519
Net income			22,012		22,012
Change of scope of consolidation			-143		-143
Decrease by merger			-12		-12
Purchase of treasury shares				-20,033	-20,033
Disposal of treasury shares		0		1	1
Exercise of subscription rights to shares		345		5,634	5,979
Decrease due to change in fiscal period of consolidated subsidiaries			-1,652		-1,652
Change in foreign subsidiaries' interest in their subsidiaries			-694		-694
Net changes of items other than shareholders' equity					
Total changes of items during period	-	345	1,989	-14,397	-12,062
Balance at end of current period	68,121	261,712	264,570	-56,204	538,199

	Accumulated other comprehensive income				Subscription rights to shares	Minority interests	Net assets
	Valuation difference on available-for-sale securities	Deferred gains on hedges	Foreign currency translation adjustment	Valuation and translation adjustments			
Balance at beginning of current period	13,184	1,756	28,283	43,224	2,534	5,774	601,795
Cumulative effects of changes in accounting policies							-
Restated balance	13,184	1,756	28,283	43,224	2,534	5,774	601,795
Changes of items during period							
Dividends of surplus							-17,519
Net income							22,012
Change of scope of consolidation							-143
Decrease by merger							-12
Purchase of treasury shares							-20,033
Disposal of treasury shares							1
Exercise of subscription rights to shares							5,979
Decrease due to change in fiscal period of consolidated subsidiaries							-1,652
Change in foreign subsidiaries' interest in their subsidiaries							-694
Net changes of items other than shareholders' equity	1,041	-2,269	22,366	21,139	963	1,815	23,918
Total changes of items during period	1,041	-2,269	22,366	21,139	963	1,815	11,855
Balance at end of current period	14,226	-512	50,650	64,364	3,498	7,589	613,651



## (4) Consolidated Statements of Cash Flows

(Unit: million yen)

	For the FY ended March 31, 2014	For the FY ended March 31, 2015
<b>Operating Activities:</b>		
Income before income taxes and minority interests	Y 49,085	Y 52,988
Depreciation	49,167	50,724
Impairment loss	1,615	3,910
Amortization of negative goodwill	-123	-61
Amortization of goodwill	6,574	6,488
Decrease in allowance for doubtful accounts	-2,209	-1,852
Increase (decrease) in allowance for loss on factory restructuring	-372	257
Decrease in net defined benefit liability	-933	-874
Decrease (increase) in asset for retirement benefits	473	-4,630
Interest and dividend income	-3,762	-3,712
Interest expenses	4,677	5,459
Foreign exchange gains	-765	-4,396
Share of loss (profit) of entities accounted for using equity method	-2,045	7,345
Gain on sales and valuation of investment securities	-1,640	-11,148
Loss on sales and retirement of non-current assets	1,474	1,864
Gain on change in equity	-	-1,117
Loss on investment to associates and other	23,804	9,063
Decrease (increase) in notes and accounts receivable-trade	-52,172	67,551
Increase in inventories	-3,258	-6,086
Increase (decrease) in notes and accounts payable-trade	13,259	-9,267
Other, net	8,811	-2,679
<b>Subtotal</b>	<b>91,660</b>	<b>159,824</b>
Proceeds from insurance income	4,013	2,134
Interest and dividend income received	3,642	3,777
Interest expenses paid	-4,521	-5,645
Income taxes paid	-11,263	-21,159
<b>Net cash provided by operating activities</b>	<b>83,532</b>	<b>138,931</b>
<b>Investing Activities:</b>		
Increase in time deposits	-21,085	-72,527
Purchase of securities	-253,009	-304,943
Proceeds from sales and redemption of securities	258,416	306,943
Purchase of property, plant and equipment and intangible assets	-65,293	-62,634
Proceeds from sales of property, plant and equipment and intangible assets	3,989	3,280
Purchase of investment securities	-115,346	-9,454
Proceeds from sales and redemption of investment securities	5,141	14,026
Proceeds from sales of shares of subsidiaries	-	98
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-33,273	-
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	-	-253
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	-	-
Decrease in short-term loans receivable	-	24
Decrease in short-term loans receivable	2,892	287
Payments of short-term loans receivable	-180,568	-
Collection of short-term loans receivable	181,508	-
Payments of long-term loans receivable	-303	-473
Collection of long-term loans receivable	2,382	323
Other payments	-5,566	-4,266
Other proceeds	1,782	340
<b>Net cash used in investing activities</b>	<b>Y -218,332</b>	<b>Y -129,228</b>

(Unit: million yen)

	For the FY ended March 31, 2014	For the FY ended March 31, 2015
<b>Financing Activities:</b>		
Increase (decrease) in short-term bank loans and commercial papers	66,729	-39,096
Decrease in short-term loans payable	-181,508	-
Increase in short-term loans payable	180,568	-
Decrease in liquidation of receivables of trade among the consolidated companies	-21,993	-14,008
Repayments of long-term loans payable	-21,904	-62,563
Proceeds from long-term loans payable	123,748	54,519
Repayments of lease obligations	-4,582	-3,290
Redemption of bonds	-24,698	-15,000
Proceeds from issuance of bonds	49,789	-
Proceeds from issuance of Convertible bond-type bonds with subscription rights to shares	-	119,972
Proceeds from share issuance to minority shareholders	138	1,999
Proceeds from disposal of treasury shares	0	5,053
Purchase of treasury shares	-53	-20,039
Cash dividends paid	-13,083	-17,519
Cash dividends paid to minority shareholders	-6	-17
Net cash provided by financing activities	153,144	10,009
<b>Effect of exchange rate change on cash and cash equivalents</b>	5,483	4,270
<b>Net increase in cash and cash equivalents</b>	23,828	23,983
<b>Cash and cash equivalents at beginning of period</b>	114,661	139,038
<b>Increase in cash and cash equivalents from newly consolidated subsidiary</b>	13	182
<b>Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries</b>	542	69
<b>Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation</b>	-7	-
<b>Decrease in cash and cash equivalents due to change in fiscal period of consolidated subsidiaries</b>	-	-2,896
<b>Cash and cash equivalents at end of period</b>	<b>Y 139,038</b>	<b>Y 160,377</b>

(5) Notes on Premise of Going Concern  
Not applicable.

(6) Notes to Significant Changes in Equity  
Not applicable.

(7) Segment Information  
Business Segment Information

(Unit: million yen)

	Reportable segments				
	Business in Japan				
	Metal building material business	Plumbing fixtures business	Other building materials and equipment business	Distribution and retail business	Housing and real estate business
Sales					
Revenues from external customers	Y 514,818	Y 355,319	Y 204,639	Y 194,988	Y 63,208
Transactions with other segments	2,927	4,396	2,176	66	1,006
Net sales	517,745	359,716	206,815	195,055	64,214
Operating income (loss)	40,983	25,637	10,710	4,261	5,967
Assets	500,202	266,984	132,991	161,016	72,229
Other items					
Depreciation	16,457	13,252	3,722	5,156	530
Equity in earnings (losses) of affiliates	-	-	-	-	2,028
Investments in entities accounted for using equity method	-	-	-	-	5,712
Increase in property, plant and equipment and intangible assets	31,797	11,838	4,215	7,829	616
(Reference) Operating income before amortization of goodwill and purchase price allocation	41,274	25,637	11,566	4,261	6,040

(Unit: million yen)

	Reportable segments						
	Business in region or country except Japan				Total	Reconciling items	Per consolidated financial statements
	Asia business	Curtain wall business	ASB business	Other business			
Sales							
Revenues from external customers	Y 62,480	Y 204,101	Y 29,102	-	Y 1,628,658	-	Y 1,628,658
Transactions with other segments	32,153	858	-	-	43,585	-43,585	-
Net sales	94,634	204,959	29,102	-	1,672,243	-43,585	1,628,658
Operating income (loss)	475	-1,188	786	-	87,634	-18,554	69,079
Assets	103,293	263,739	85,673	79,962	1,666,093	120,199	1,786,293
Other items							
Depreciation	4,585	4,935	503	-	49,143	24	49,167
Equity in earnings (losses) of affiliates	-	17	-	0	2,045	-	2,045
Investments in entities accounted for using equity method	-	-	-	79,074	84,786	-	84,786
Increase in property, plant and equipment and intangible assets	5,222	1,660	1,130	-	64,312	8	64,320
(Reference) Operating income before amortization of goodwill and purchase price allocation	1,937	4,726	1,468	-	96,913	-27,833	69,079

Note: Operating income before amortization of goodwill and purchase price allocation is segment income (loss) excluding amortization of goodwill and intangible assets accrued from business combination.

(Unit: million yen)

	Reportable segments				
	Business in Japan				
	Metal building material business	Plumbing fixtures business	Other building materials and equipment business	Distribution and retail business	Housing and real estate business
Sales					
Revenues from external customers	Y 500,071	Y 334,531	Y 188,352	Y 198,827	Y 58,468
Transactions with other segments	2,297	4,549	1,735	-	1,088
Net Sales	502,369	339,081	190,088	198,827	59,557
Operating income (loss)	34,360	20,182	7,409	7,144	4,055
Assets	466,746	233,378	128,256	154,502	64,461
Other items					
Depreciation	18,772	10,947	3,519	5,086	691
Equity in earnings (losses) of affiliates	-	-	-	-	552
Investments in entities accounted for using equity method	-	-	-	-	6,990
Increase in property, plant and equipment and intangible assets	29,356	14,669	5,925	2,725	772
(Reference)					
Operating income before amortization of goodwill and purchase price allocation	34,360	20,182	8,265	7,114	4,170

(Unit: million yen)

	Reportable segments						
	Business in region or country except Japan				Total	Adjustment amounts	Consolidation
	Asia business	Curtain wall business	ASB business	Other business			
Sales							
Revenues from external customers	Y 75,085	Y 218,204	Y 99,863	-	Y 1,673,405	-	Y 1,673,405
Transactions with other segments	33,271	1,667	-	-	44,610	-44,610	-
Net sales	108,356	219,871	99,863	-	1,718,016	-44,610	1,673,405
Operating income (loss)	2,548	-96	874	-	76,478	-24,803	51,674
Assets	114,432	302,162	100,386	84,756	1,649,083	226,165	1,875,249
Other items							
Depreciation	5,169	4,490	2,036	-	50,714	9	50,724
Equity in earning (losses) of affiliates	-	-	-	-7,897	-7,345	-	-7,345
Investments in entities accounted for using equity method	-	-	-	84,756	91,746	-	91,746
Increase in property, plant and equipment and intangible assets	3,477	3,062	2,621	-	62,611	10	62,622
(Reference)							
Operating income before amortization of goodwill and purchase price allocation	3,839	4,813	2,356	-	85,133	-33,459	51,674

Note: Operating income before amortization of goodwill and purchase price allocation is segment income (loss) excluding amortization of goodwill and intangible assets accrued from business combination.

**PRESS RELEASE**  
**For Immediate Release**

**June 8, 2015**  
**LIXIL Group Corporation**

## **LIXIL Announces ¥1.67tr Sales, ¥58bn Recurring Profit**

### **Business Fundamentals Remain Strong**

#### **Forecasts ¥1.93tr Sales, ¥75 billion Core Earnings for Year Ending March 2016**

**Tokyo, Japan, June 8, 2015** – LIXIL Group Corporation (“LIXIL Group”), a global leader in housing and building materials, products and services, today announced earnings for the full year ended March 31, 2015. On a consolidated basis over the full year, sales were at the upper end of the target range of the revised reforecast, rising 2.7% year-on-year to ¥1.67 trillion. Including the impact of JOYOU AG's filing for insolvency, recurring profit was close to the upper end of the target range at ¥57.9 billion, down 22.8% year-on-year, while net profit at ¥22.0 billion was slightly below the target range, up 5.1% year-on-year against the restated net profit. Corresponding earnings per share (EPS), excluding amortization of goodwill, rose 23.5% year-on-year to ¥112.

LIXIL Group confirmed that despite the impact of the JOYOU AG situation, its dividend policy will not change. The Company will pay a second half dividend of ¥30, totaling ¥60 for the year.

#### **Financial Forecasts for Fiscal Year Ending March 31, 2016**

LIXIL Group plans to formally apply the International Financial Reporting Standards (IFRS) for the year ending March 2016. For fiscal 2016 based on IFRS, the Company forecasts sales of ¥1.93 trillion, core earnings of ¥75.0 billion and net income excluding amortization of goodwill of ¥22.5 billion.

LIXIL Group President & CEO, Yoshiaki Fujimori commented, “We are pleased to see that our financial results reflect the strong performance and underlying strength of our core businesses, even taking into consideration the impact of the consumption tax increase last April. Despite the JOYOU issue, I believe our underlying business performance demonstrates the compelling value proposition that LIXIL Group can create for investors and key stakeholders following the creation of our core technology businesses, with strong governance managed by best in class corporate functions. Continuing on this path, we forecast net sales rising to ¥1.93 trillion for our fiscal year ending March 31, 2016.”

#### **JOYOU Issue**

As announced on June 3, 2015, LIXIL Group confirmed that losses arising from JOYOU AG's application to commence insolvency proceedings over the fiscal years ended March 2014 and March 2015 will amount to JPY33.2 billion. LIXIL Group also confirmed that it is restating its financial results for the year ended March 31, 2014, reducing net income by JPY23.8 billion to JPY21.0 billion. In addition, LIXIL Group may post losses relating to JOYOU of up to JPY33 billion (with a negative effect of JPY22 billion on the net income after tax) in the fiscal year ending March 31, 2016.

LIXIL Group also announced information on its completed preliminary investigation into the financial reports of JOYOU, which enabled the company to close its books for the year ended March 31, 2015. In addition, LIXIL Group will now establish an internal investigation committee, chaired by CEO Fujimori to determine the root causes of the problem and the enhancements necessary to prevent such occurrences in the future. At the same time, as evidence of the global-standard corporate governance system LIXIL Group has put in place where executive officers are independently supervised by the Board of Directors, the Board of Directors today approved the establishment of a special investigation committee working under the Board to monitor and oversee the work of the internal investigation committee.

## **Shareholder Returns**

LIXIL Group continues its commitment to generate and deliver shareholder value through its dividend policy, which is to maintain a payout ratio of more than 30% on a consolidated basis excluding amortization of goodwill. For the year ended March 2015, the Company's payout ratio is 53.7%, which is projected to increase to 101% next year (based on Japanese accounting standards), maintaining the ¥60 per share dividend for the year. LIXIL Group continues to consider utilizing its share buyback program when opportune to do so.

## **Continued Improvement in Cash Management**

In addition to the increased contribution from international businesses, the company's performance benefitted from a significant increase in free cash flow, of ¥144.5 billion year-on-year, as a result of increased operational efficiency and balance sheet optimization. An increased focus on cash management contributed to this result, with LIXIL Group on target to make savings of ¥100 billion by March 2016 through strong cash flow management and operational efficiency, reducing its cash conversion cycle from 90.3 days in September 2013 to 55 days by March 2017.

## **New Chapter with Technology Businesses**

Fujimori continued, "We now embark on a new chapter in our company's history as we move to operate as four distinct technology businesses, LIXIL Water Technology, LIXIL Housing Technology, LIXIL Building Technology, LIXIL Kitchen Technology, and our biggest business, LIXIL Japan. Going forward we will report our results along these technology business lines, showing how our model of combining best-in-class global businesses is benefitting all our customers and stakeholders."

Looking at each of the technology businesses in turn, **LIXIL Water Technology (LWT)**, which consists of leading global brands, LIXIL, INAX, GROHE, and American Standard is a global market leader in its sector. In 2015 the business recorded sales of \$4.76 billion, with sales expected to grow by 6% year-on-year to \$5.04 billion for the year ending March 31, 2016. Core earnings were \$440 million and are expected to grow 8% year-on-year reaching \$473 million, while maintaining a 9% margin in 2016.

**LIXIL Housing Technology (LHT)** is a proven leader in Japan in both brand and technology, and will continue with reforms in this sector to improve the Japan profit structure through supply chain management optimization and the installation of the latest factory automation systems. In 2016 the business forecasts sales of ¥608 billion, up marginally from ¥607 billion in the previous year. Core earnings in the year ended March 2015 were ¥36 billion, reflecting a 6% margin and are expected to grow 15% year-on-year in 2016, reaching ¥41 billion and an improved margin of 7%.

**LIXIL Building Technology (LBT)**, which includes Permasteelisa, Tostem, and Shinnikkei, has decades of leadership in redefining the global skyline. In 2015 the business recorded sales of €2.54

billion, and is expected to return €2.68 billion in the year ending March 31, 2016. Core earnings were €77 million, reflecting a 3% margin in 2015 and are expected to show strong growth of 30% year-on-year in 2016, reaching €100 million and a 4% margin.

**LIXIL Kitchen Technology** (LKT), is a market leader offering unique solutions in functionality and ergonomics, and includes Sunwave, and a partnership with Chinese household appliance giant, Haier, in China, is steadily improving with a V-shaped recovery in market share and profitability in sight. In 2015 the business recorded sales of ¥114 billion, and is expected to achieve ¥118 billion in the year ending March 31, 2016, representing a 4% year-on-year increase. LKT made a loss in 2015, but is expected to return to profitability in 2016, to record core earnings of ¥2.5 billion, reflecting a 2% margin.

While the technology businesses each have their own marketing and sales organizations globally, **LIXIL Japan Company** has integrated sales and marketing as a shared resource to offer Japanese customers and consumers a “Total Solutions” approach for their housing and building needs.

There are two specialist businesses operating only in Japan, the Distribution and Retail Business (D&R) and Housing Service (H&S). The D&R business, through LIXIL Viva and Ken Depot, is a fast growing leader in consumer DIY, which aims to continue outperforming its competitors by establishing a more profitable business structure. In 2015 the business recorded sales of ¥199 billion and, with 4% year-on-year growth, is expected to achieve ¥207 billion in the year ending March 31, 2016. Core earnings were ¥8 billion, reflecting a 4% margin in 2015, and with 23% year-on-year growth is expected to earn ¥10 billion, reflecting a 5% margin in 2016.

In H&S, LIXIL has grouped its retail service brands, LIXIL Housing Research Institute, Eyeful Home, FiACE Home, GL Home, JIO, Japan Home Shield, LIXIL Reality and ERA Real Estate Japan into a new strategic business with solid profitability. In 2015 the business recorded sales of ¥60 billion, and with 4% year-on-year growth is expected to achieve ¥62 billion in the year ending March 31, 2016. Core earnings were ¥4.2 billion, reflecting a 7% margin in 2015, and are expected to be unchanged in 2016.

“Now we are in the phase where we become a global company,” said Fujimori. “Our crucial growth phase starts as we consolidate into our technology businesses and take advantage of the economies of scale as we align against the new businesses, leveraging successes in particular key markets and bringing them to all our customers, wherever they are around the world.”

**-Ends-**

## About LIXIL

**LIXIL** is the global leader in housing and building materials products and services. The foundation of LIXIL's success is our constant investment in technological innovation to improve the way we live. Delivering core strengths in water, housing, building and kitchen technologies, our brand portfolio businesses LIXIL, GROHE, American Standard Brands and Permasteelisa are leaders in the industries and regions in which they operate. LIXIL produces some of the world's most fundamental and innovative products and services, and our solutions are an integral part of some of the world's most iconic and cutting-edge living and working spaces. Operating in more than 130 countries, and employing more than 80,000 people, we bring together function, quality and design to make people's lives better, and more delightful – wherever they are.

## About LIXIL Group

**LIXIL Group Corporation** (TSE Code: 5938) is the listed holding company containing LIXIL Corporation, LIXIL VIVA CORPORATION and LIXIL Housing Research Institute, Ltd.. The Group is involved in a broad spectrum of housing-related businesses, ranging from the manufacture and sales of building materials and housing equipment to the operation of home centers and a network of homebuilding franchises, and comprehensive real estate service. Led by President and CEO Yoshiaki Fujimori, the Group posted 1.6 trillion JPY in consolidated sales in FY March 2015.