



### Consolidated Financial Results for the First Quarter Ended June 30, 2016 (International Financial Reporting Standards)

Company Name: LIXIL GROUP CORPORATION

Code Number: 5938

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(Amounts less than one million yen are rounded)

**1. Consolidated Financial Results for the Q1 of FY Ending March 2017 (April 1 through June 30, 2016)**

## (1) Consolidated Operating Results

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

	Revenue		Operating profit		Profit before tax		Profit for the quarter		attributable to owners of the parent		Total comprehensive income for the quarter	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
<b>FY 2017 Q1</b>	<b>426,632</b>	<b>-7.2</b>	<b>14,493</b>	<b>38.7</b>	<b>20,237</b>	<b>-</b>	<b>11,381</b>	<b>-</b>	<b>11,642</b>	<b>-</b>	<b>-31,665</b>	<b>-</b>
FY 2016 Q1	459,879	-	10,452	-	-32,947	-	-33,279	-	-32,697	-	-6,152	-

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
<b>FY 2017 Q1</b>	<b>40.57</b>		<b>39.67</b>	
FY 2016 Q1	-114.18		-114.18	

(Reference) Core earnings

FY 2017 Q1 14,722 million yen (-2.8%)

FY 2016 Q1 15,151 million yen (-%)

Core earnings is the amount calculated by deducting cost of sales and selling, general and administrative expenses from the revenue

## (2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets
	Million yen	Million yen	Million yen	%
<b>FY 2017 Q1</b>	<b>2,051,839</b>	<b>497,179</b>	<b>486,203</b>	<b>23.7</b>
FY 2016	2,130,120	537,308	524,806	24.6

**2. Cash Dividends**

	Dividends per share				
	End of Q1	End of Q2	End of Q3	End of period	For the year
	Yen	Yen	Yen	Yen	Yen
FY 2016	-	30.00	-	30.00	60.00
FY 2017	-	-	-	-	-
FY 2017 (forecast)	-	30.00	-	30.00	60.00

(Note) Revision of dividends forecast during this period: No

**3. Consolidated Forecast for the FY Ending March 2017 (April 1, 2016 through March 31, 2017)**

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

	Revenue		Operating profit		Profit before tax		Profit for the year		Profit for the year attributable to owners of the parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY 2017 1H	905,000	-	24,500	-	20,000	-	12,500	-	11,000	-	38.38
FY 2017	1,880,000	-0.6	56,000	43.5	51,000	-	30,500	-	28,000	-	97.56

(Note) Revision of consolidated operating performance forecast during this period: No

(Note) The increase / decrease rate for FY 2017 1H compared to the same period of the previous year are omitted.

(Reference) Core earnings

FY 2017 1H 30,500 million yen (-%)

FY 2017 73,000 million yen (4.2%)

**4. Others**

(1) Changes in significant subsidiaries, which affected the scope of consolidation during this period: None

Newly consolidated company: None

Excluded company: None

(2) Changes in accounting policies and accounting estimate

(i) Changes in accounting policies required by IFRS: None

(ii) Other changes: None

(iii) Changes in accounting estimate: None

(3) Outstanding stocks (Common stocks)

(i) Outstanding stocks including treasury stock (June 30, 2016) 313,054,255 shares (March 31, 2016) 313,054,255 shares

(ii) Treasury stocks (June 30, 2016) 26,056,525 shares (March 31, 2016) 26,092,118 shares

(iii) Average stocks during three months (Apr.-Jun.) (June 30, 2016) 286,979,970 shares (June 30, 2015) 286,355,496 shares

Note: Indication of quarterly review procedures implementation status

This quarterly financial results report is exempt from quarterly 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; other special items

(Cautionary statements with respect to forward-looking statements)

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 has been posted on TDnet and the Company's website

**5. Consolidated Financial Statements****(1) Consolidated Statement of Financial Position**

(Unit: millions of yen)

	As of March 31, 2016	End of Q1 (As of June 30, 2016)
<b>ASSETS:</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	129,646	143,992
Trade and other receivables	386,281	361,862
Inventories	211,855	207,565
Construction contract assets	92,920	85,857
Income tax receivable	4,008	6,108
Other financial assets	30,004	24,947
Other current assets	21,607	20,385
Subtotal	876,321	850,716
Assets held for sale	8,897	8,936
<b>Total current assets</b>	<b>885,218</b>	<b>859,652</b>
<b>NON-CURRENT ASSETS:</b>		
Property, plant and equipment	546,575	533,145
Goodwill and other intangible assets	501,325	457,366
Investment property	7,922	7,508
Investments accounted for using the equity method	25,606	23,422
Other financial assets	90,048	98,313
Deferred tax assets	51,125	50,172
Other non-current assets	22,301	22,261
<b>Total non-current assets</b>	<b>1,244,902</b>	<b>1,192,187</b>
<b>Total assets</b>	<b>Y 2,130,120</b>	<b>Y 2,051,839</b>

(Unit: millions of yen)

	As of March 31, 2016	End of Q1 (As of June 30, 2016)
<b>LIABILITIES:</b>		
<b>CURRENT LIABILITIES</b>		
Trade and other payables	342,832	319,762
Bonds and borrowings	325,660	313,267
Construction contract liabilities	28,014	27,376
Income tax payable	18,045	12,451
Other financial liabilities	17,569	17,994
Provisions	2,236	2,072
Other current liabilities	117,550	121,956
Subtotal	851,906	814,878
Liabilities directly associated with the assets held for sale	10,572	10,330
<b>Total current liabilities</b>	<b>862,478</b>	<b>825,208</b>
<b>NON-CURRENT LIABILITIES</b>		
Bonds and borrowings	501,399	507,897
Other financial liabilities	30,790	31,454
Net defined benefit liabilities	81,098	82,769
Provisions	7,144	7,054
Deferred tax liabilities	81,045	71,506
Other non-current liabilities	28,858	28,772
<b>Total non-current liabilities</b>	<b>730,334</b>	<b>729,452</b>
<b>Total liabilities</b>	<b>1,592,812</b>	<b>1,554,660</b>
<b>EQUITY:</b>		
Share capital	68,121	68,121
Capital reserves	261,024	261,020
Treasury shares	-54,898	-54,823
Other components of equity	22,791	-13,700
Retained earnings	227,768	225,585
Equity attributable to owners of the parent	524,806	486,203
Non-controlling interests	12,502	10,976
<b>Total equity</b>	<b>537,308</b>	<b>497,179</b>
<b>Total liabilities and equity</b>	<b>Y 2,130,120</b>	<b>Y 2,051,839</b>

## (2) Consolidated Statements of Profit or Loss and Comprehensive Income

## Consolidated Statement of Profit or Loss

(Unit: millions of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
REVENUE	Y 459,879	Y 426,632
COST OF SALES	-329,278	-294,426
Gross profit	130,601	132,206
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	-115,450	-117,484
OTHER INCOME	4,385	3,205
OTHER EXPENSES	-9,084	-3,434
Operating profit	10,452	14,493
FINANCE INCOME	3,999	12,991
FINANCE COSTS	-6,613	-6,991
SHARE OF PROFIT (LOSS) OF ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD	102	-256
IMPAIRMENT LOSS ON INVESTMENT IN ASSOCIATES	-7,869	-
LOSS RELATED TO GUARANTEE OBLIGATIONS	-33,018	-
Profit (loss) before tax	-32,947	20,237
INCOME TAX EXPENSES	-332	-8,856
Profit (loss) for the quarter	-33,279	11,381
PROFIT (LOSS) FOR THE QUARTER ATTRIBUTABLE TO:		
Owners of the parent	-32,697	11,642
Non-controlling interests	-582	-261
Profit (loss) for the quarter	-33,279	11,381
EARNINGS PER SHARE		
Basic (yen per share)	-114.18	40.57
Diluted (yen per share)	-114.18	39.67

## Consolidated Statement of Comprehensive Income

(Unit: millions of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
<b>PROFIT (LOSS) FOR THE YEAR</b>	<b>Y -33,279</b>	<b>Y 11,381</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of defined benefit pension plans	7,700	-5,284
Total items that will not be reclassified subsequently to profit or loss	7,700	-5,284
Items that may be reclassified subsequently to profit or loss		
Net fair value gain (loss) on available-for-sale financial assets	1,027	-1,833
Net fair value gain (loss) on hedging instruments entered into for cash flow hedges	-853	-532
Exchange differences on translation of foreign operations	11,558	-34,662
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	7,695	-735
Total items that may be reclassified subsequently to profit or loss	19,427	-37,762
Other comprehensive income, net of tax	27,127	-43,046
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR</b>	<b>-6,152</b>	<b>-31,665</b>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR ATTRIBUTABLE TO:		
Owners of the parent	-6,069	-30,139
Non-controlling interests	-83	-1,526
<b>Total comprehensive income for the year</b>	<b>Y -6,152</b>	<b>Y -31,665</b>

## (3) Consolidated Statement of Changes in Equity

(Unit: millions of yen)

	Equity attributable to owners of the parent						
	Share capital	Capital reserves	Treasury shares	Other components of equity			
				Exchange differences on translation of foreign operations	Remeasurements of defined benefit pension plans	Net fair value gain on available-for-sale financial assets	Net fair value gain (loss) on hedging instruments entered into for cash flow hedges
<b>BALANCE AS OF APRIL 1, 2015</b>	<b>68,121</b>	<b>261,166</b>	<b>-56,205</b>	<b>30,246</b>	-	<b>14,378</b>	<b>-3,920</b>
Profit (loss) for the quarter	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	11,059	7,700	1,027	-853
Total comprehensive income for the quarter	-	-	-	11,059	7,700	1,027	-853
Purchase of treasury shares	-	-	-7	-	-	-	-
Share-based payment transactions	-	8	21	-	-	-	-
Dividends	-	-	-	-	-	-	-
Changes associated with obtainment of control of subsidiaries	-	-230	-	-	-	-	-
Transfers from other components of equity to retained earnings	-	-	-	-	-7,700	-	-
Total transactions with owners	-	-222	14	-	-7,700	-	-
<b>BALANCE AS OF JUNE 30, 2015</b>	<b>68,121</b>	<b>260,944</b>	<b>-56,191</b>	<b>41,305</b>	-	<b>15,405</b>	<b>-4,773</b>
<b>BALANCE AS OF APRIL 1, 2016</b>	<b>68,121</b>	<b>261,024</b>	<b>-54,898</b>	<b>3,470</b>	-	<b>14,780</b>	<b>-1,931</b>
Profit (loss) for the quarter	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-33,397	-5,284	-1,833	-532
Total comprehensive income for the quarter	-	-	-	-33,397	-5,284	-1,833	-532
Purchase of treasury shares	-	-	-3	-	-	-	-
Disposal of treasury shares	-	-0	0	-	-	-	-
Share-based payment transactions	-	-4	78	-	-	-	-
Dividends	-	-	-	-	-	-	-
Transfers from other components of equity to retained earnings	-	-	-	-	5,284	-	-
Total transactions with owners	-	-4	75	-	5,284	-	-
<b>BALANCE AS OF JUNE 30, 2016</b>	<b>68,121</b>	<b>261,020</b>	<b>-54,823</b>	<b>-29,927</b>	-	<b>12,947</b>	<b>-2,463</b>

(Unit: millions of yen)

(Unit: millions of yen)

	Equity attributable to owners of the parent					Non- controlling interests	Total equity
	Other components of equity			Retained earnings (losses)	Total		
	Share of other comprehensive income of associates and joint ventures accounted for using the equity method	Other	Total				
<b>BALANCE AS OF APRIL 1, 2015</b>	<b>-7,342</b>	<b>5,660</b>	<b>39,022</b>	<b>271,643</b>	<b>583,747</b>	<b>7,108</b>	<b>590,855</b>
Profit (loss) for the quarter	-	-	-	-32,697	-32,697	-582	-33,279
Other comprehensive income	7,695	-	26,628	-	26,628	499	27,127
Total comprehensive income for the quarter	7,695	-	26,628	-32,697	-6,069	-83	-6,152
Purchase of treasury shares	-	-	-	-	-7	-	-7
Share-based payment transactions	-	288	288	17	334	-	334
Dividends	-	-	-	-8,591	-8,591	-132	-8,723
Changes associated with obtainment of control of subsidiaries	-	-	-	-	-230	8,545	8,315
Transfers from other components of equity to retained earnings	-	-	-7,700	7,700	-	-	-
Total transactions with owners	-	288	-7,412	-874	-8,494	8,413	-81
<b>BALANCE AS OF JUNE 30, 2015</b>	<b>353</b>	<b>5,948</b>	<b>58,238</b>	<b>238,072</b>	<b>569,184</b>	<b>15,438</b>	<b>584,622</b>
<b>BALANCE AS OF APRIL 1, 2016</b>	<b>255</b>	<b>6,217</b>	<b>22,791</b>	<b>227,768</b>	<b>524,806</b>	<b>12,502</b>	<b>537,308</b>
Profit (loss) for the quarter	-	-	-	11,642	11,642	-261	11,381
Other comprehensive income	-735	-	-41,781	-	-41,781	-1,265	-43,046
Total comprehensive income for the quarter	-735	-	-41,781	11,642	-30,139	-1,526	-31,665
Purchase of treasury shares	-	-	-	-	-3	-	-3
Disposal of treasury shares	-	-	-	-	0	-	0
Share-based payment transactions	-	6	6	68	148	-	148
Dividends	-	-	-	-8,609	-8,609	-	-8,609
Transfers from other components of equity to retained earnings	-	-	5,284	-5,284	-	-	-
Total transactions with owners	-	6	5,290	-13,825	-8,464	-	-8,464
<b>BALANCE AS OF JUNE 30, 2016</b>	<b>-480</b>	<b>6,223</b>	<b>-13,700</b>	<b>225,585</b>	<b>486,203</b>	<b>10,976</b>	<b>497,179</b>



## (4) Consolidated Statement of Cash Flows

(Unit: millions of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
<b>OPERATING ACTIVITIES:</b>		
Profit (loss) before tax	<b>Y -32,947</b>	<b>Y 20,237</b>
Depreciation and amortization	15,109	15,008
Impairment losses	1,824	-
Interest and dividend income	-975	-1,162
Interest expense	3,557	2,803
Share of (profit) loss of associates and joint ventures accounted for using the equity method	-102	256
Impairment loss on investment in associates	7,869	-
Loss related to guarantee obligations	33,018	-
Losses on sale and disposal of property, plant and equipment, intangible assets and investment property	7	377
Investigation expense	2,055	-
Decrease in trade and other receivables	20,468	11,646
Increase in inventories	-8,439	-2,254
Decrease in trade and other payables	-10,656	-9,086
(Decrease) increase in net defined benefit liabilities	-2,267	3,115
Other	22,273	-1,952
Subtotal	50,794	38,988
Interest received	602	593
Dividends received	1,138	1,447
Interest paid	-1,994	-1,597
Income taxes paid	-15,142	-11,242
Guarantee obligations paid	-33,018	-
Payments for investigation expense	-785	-5
<b>Net cash flows from operating activities</b>	<b>Y 1,595</b>	<b>Y 28,184</b>
<b>INVESTING ACTIVITIES:</b>		
(Increase) decrease in time deposits	87,784	-465
Purchase of property, plant and equipment	-7,431	-11,933
Proceeds from sale of property, plant and equipment	815	646
Purchase of intangible assets	-4,804	-4,068
Proceeds from sale of investment property	107	354
Payments for acquisition of subsidiary	-12,534	-
Decrease in short-term loans receivable	5	505
Payments for long-term loans receivable	-23	-16
Proceeds from collection of long-term loans receivable	41	47
Payments for acquisition of other investments	-84,126	-65,069
Proceeds from sale and redemption of investments	84,353	65,040
Other	-981	-333
<b>Net cash flows from investing activities</b>	<b>Y 63,206</b>	<b>Y -15,292</b>

(Unit: millions of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
<b>FINANCING ACTIVITIES:</b>		
Dividends paid	Y -8,591	Y -8,610
Increase in short-term borrowings and commercial paper	42,151	16,320
Proceeds from long-term borrowings	50,000	23,050
Repayment of long-term borrowings	-151,317	-25,137
Other	-969	867
<b>Net cash flows from financing activities</b>	<b>-68,726</b>	<b>6,490</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>-3,925</b>	<b>19,382</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	<b>147,708</b>	<b>129,646</b>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	-2,114	-5,441
CASH AND CASH EQUIVALENTS INCLUDED IN ASSETS HELD FOR SALE	-	405
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<b>Y 141,669</b>	<b>Y 143,992</b>

## (5) Notes on Premise of Going Concern

Not applicable.

## (6) Information about Revenue, Income(Loss) and Other Items by Business Segment

For the three months ended June 30, 2015 (April 1 through June 30, 2015)

(Unit: millions of yen)

	Reportable Segments					
	Water Technology Business	Housing Technology Business	Building Technology Business	Kitchen Technology Business	Distribution & Retail Business	Housing & Services Business
Revenue						
Revenue from external customers	Y 151,914	Y 142,819	Y 77,935	Y 22,798	Y 50,554	Y 13,859
Intersegment revenue or transfers	4,396	2,391	20	2,727	0	423
Total	156,310	145,210	77,955	25,525	50,554	14,282
Segment profit (loss) (Note1)	10,064	11,094	-2,733	268	2,691	1,123
Other income						
Other expenses						
Operating profit (loss)						
Finance income						
Finance costs						
Share of profit (loss) of associates and joint ventures accounted for using the equity method						
Impairment loss on investment in associates						
Loss related to guarantee obligations						
Profit (loss) before tax						

(Unit: millions of yen)

	Total	Reconciliations ( Note 2 )	Consolidated
Revenue			
Revenue from external customers	Y 459,879	-	Y 459,879
Intersegment revenue or transfers	9,957	-9,957	-
Total	469,836	-9,957	459,879
Segment profit (loss) (Note1)	22,507	-7,356	15,151
Other income			4,385
Other expenses			-9,084
Operating profit (loss)			10,452
Finance income			3,999
Finance costs			-6,613
Share of profit (loss) of associates and joint ventures accounted for using the equity method			102
Impairment loss on investment in associates			-7,869
Loss related to guarantee obligations			-33,018
Profit (loss) before tax			-32,947

Notes: 1. Segment profit (loss) is core earnings which are carried at revenue less cost of sales and selling, general and administrative expenses.

2. Segment profit (loss) reconciliations are expenses for all group companies that are not allocated to reportable segments. Expenses for all group companies are those mainly associated with the Company's and its consolidated subsidiary LIXIL Corporation's administrative departments, including human resources, general affairs, accounting and others.

## LIXIL Group Corporation (TSE Code 5938) Q1 Results for the FY Ending March 2017

For the three months ended June 30, 2016 (April 1 through June 30, 2016)

(Unit: millions of yen)

	Reportable Segments					
	Water Technology Business	Housing Technology Business	Building Technology Business	Kitchen Technology Business	Distribution & Retail Business	Housing & Services Business
Revenue						
Revenue from external customers	Y 146,348	Y 139,531	Y 58,870	Y 23,299	Y 44,016	Y 14,568
Intersegment revenue or transfers	4,356	2,153	6	2,743	1	424
Total	150,704	141,684	58,876	26,042	44,017	14,992
Segment profit (loss) (Note1)	13,570	9,263	-3,265	-175	2,429	1,010
Other income						
Other expenses						
Operating profit (loss)						
Finance income						
Finance costs						
Share of profit (loss) of associates and joint ventures accounted for using the equity method						
Profit (loss) before tax						

(Unit: millions of yen)

	Total	Reconciliations ( Note 2 )	Consolidated
Revenue			
Revenue from external customers	Y 426,632	-	Y 426,632
Intersegment revenue or transfers	9,683	-9,683	-
Total	436,315	-9,683	426,632
Segment profit (loss) (Note1)	22,832	-8,110	14,722
Other income			3,205
Other expenses			-3,434
Operating profit (loss)			14,493
Finance income			12,991
Finance costs			-6,991
Share of profit (loss) of associates and joint ventures accounted for using the equity method			-256
Profit (loss) before tax			20,237

Notes: 1. Segment profit (loss) is core earnings which are carried at revenue less cost of sales and selling, general and administrative expenses.

2. Segment profit (loss) reconciliations are expenses for all group companies that are not allocated to reportable segments. Expenses for all group companies are those mainly associated with the Company's and its consolidated subsidiary LIXIL Corporation's administrative departments, including human resources, general affairs, accounting and others.

For Immediate Release

August 8, 2016  
LIXIL Group Corporation

## LIXIL Q1 Net Profit Rises to 11.6 Billion Yen

**Tokyo, Japan** – LIXIL Group Corporation (“LIXIL Group”), a global leader in housing and building materials, products and services, today announced earnings for the first quarter of the fiscal year ending March 31, 2017. On a consolidated basis, net sales declined 7% year-on-year to ¥426.6 billion, mainly driven by the divestiture of non-core businesses, change in forex and project delays at LIXIL Building Technology (LBT). Domestic revenues were also impacted by the discontinuation of government incentives for eco-friendly products, which contributed positively during the previous fiscal year. However, overseas businesses across LIXIL Water Technology (LWT) and the Japan business unit of LIXIL Kitchen Technology (LKT) delivered solid sales growth. Core earnings decreased by 3% to ¥14.7 billion due to increased marketing costs in Japan and delays in some new-product launches, while operating profit rose by 39% to ¥14.5 billion with the absence of one-time losses posted in the previous year. Net profit<sup>1</sup> for the quarter totaled ¥11.6 billion, compared with a loss of ¥32.7 billion in the previous year due to the absence of one-off losses and the effect of forex shifts.

### Summary of Business Performance:

**LIXIL Water Technology (LWT)**, which consists of leading global brands, LIXIL, INAX, GROHE, and American Standard recorded sales of ¥150.7 billion, down 4% from a year earlier, but up 3% adjusting for currency fluctuations. Core earnings rose by 35% to ¥13.6 billion, representing a CE margin of 9%. All overseas regions delivered a solid start of the new financial year, with China showing recovery in the luxury segment and EMEA experiencing robust sales of new products including the GROHE *SmartControl* shower system, which incorporates push-button technology jointly developed with LIXIL. As LIXIL Group announced in July, GROHE Group S.a.r.l. and its affiliates will become wholly owned subsidiaries from September 30, 2016, resulting in lower finance costs going forward.

**LIXIL Housing Technology (LHT)** recorded sales of ¥141.7 billion, down 2%, while core earnings declined by 17% to ¥9.3 billion due to increased marketing costs. Results were in line with expectations, with the discontinuation of eco-points incentives. As a result, LHT recorded a CE margin of 7%.

**LIXIL Building Technology (LBT)**, which includes the Permasteelisa Group, saw sales of ¥58.9 billion, down by 24%, and a core earnings loss of 3.3 billion. The results were impacted by unexpected project delays at Permasteelisa Group as well as the divestiture of Shanghai Meite Curtain Wall System at the end of the previous fiscal year.

**LIXIL Kitchen Technology (LKT)** recorded sales of ¥26 billion, up by 2%, and a core earnings loss of ¥200 million. While a repositioning to the luxury segment drove revenue growth, increased SG&A costs due to expanded marketing activities during the quarter led to the core earnings loss.

<sup>1</sup> Profit attributable to owners of the parent.

**Distribution & Retail Businesses (D&R) and Housing Service Businesses (H&S):** D&R recorded a 13% decline in sales to ¥44 billion year-on-year following the carve-out of Ken Depot business in the previous year. Core earnings at D&R declined 10% to ¥2.4 billion as costs for opening new stores increased, while the CE margin was 6%. H&S recorded sales of ¥15.0 billion, up 5%, helped by improvement in new housing starts. Core earnings declined 10% to ¥1 billion due to an increase in SG&A costs, with a CE margin on 7%.

LIXIL Group President & CEO, Kinya Seto, commented, "These results reflect the progress we are making in areas such as manufacturing optimization and concentration on core businesses. We are continuing our efforts to streamline decision-making, such as introducing a new, simplified executive management system and cutting the number of executives in Japan by 54%. Our focus is now on getting the basics right for long-term value creation, such as maximizing synergies, strengthening compliance, and becoming a leaner, faster and simpler organization."

Forecasts for the first half and full fiscal year remain unchanged from those previously disclosed. For FYE2017, LIXIL Group forecasts net sales of ¥1.88 trillion. Core earnings are forecast to reach ¥73.0 billion and net profit ¥28.0 billion.

**-Ends-**

#### **About LIXIL**

**LIXIL Corporation** is a 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 150 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, which is led by President and CEO Kinya Seto, is involved in a broad spectrum of housing-related businesses, ranging from the manufacture and sales of building materials and housing equipment to the operation of home centers and a network of homebuilding franchises, and comprehensive real estate service. LIXIL Group Corporation posted ¥1.85 trillion in consolidated sales in FYE March 2016.