



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

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(Amounts less than one million yen are rounded)

**1. Consolidated Financial Results for the H1 of FY Ending March 2017 (April 1 through September 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		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 H1</b>	<b>870,428</b>	<b>-7.6</b>	<b>38,310</b>	<b>17.2</b>	<b>41,637</b>	-	<b>23,970</b>	-	<b>24,149</b>	<b>-20,202</b>
FY 2016 H1	942,396	-	32,687	-	-11,285	-	-19,232	-	-18,366	-9,967

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
<b>FY 2017 H1</b>	<b>84.15</b>	<b>76.21</b>
FY 2016 H1	-64.12	-64.12

(Reference) Core earnings

FY 2017 H1 39,848 million yen (-0.7%)

FY 2016 H1 40,120 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 H1</b>	<b>2,029,788</b>	<b>508,754</b>	<b>497,449</b>	<b>24.5</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	-	30.00	-	-	-
FY 2017 (forecast)	-	-	-	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
<b>FY 2017</b>	<b>1,780,000</b>	<b>-5.8</b>	<b>65,000</b>	<b>66.6</b>	<b>67,000</b>	-	<b>38,000</b>	-	<b>38,000</b>	<b>132.41</b>

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

(Reference) Core earnings

FY 2017 80,000 million yen (14.2%)

**4. Others**

(1) Changes in significant subsidiaries, which affected the scope of consolidation during this period: No

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 (September 30, 2016) 313,054,255 shares (March 31, 2016) 313,054,255 shares

(ii) Treasury stocks (September 30, 2016) 26,053,693 shares (March 31, 2016) 26,092,118 shares

(iii) Average stocks during six months (Apr.-Sep.) (September 30, 2016) 286,989,133 shares (September 30, 2015) 286,444,928 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 H1 (As of September 30, 2016)
<b>ASSETS:</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	129,646	148,540
Trade and other receivables	386,281	367,243
Inventories	211,855	202,925
Construction contract assets	92,920	89,997
Income tax receivables	4,008	3,441
Other financial assets	30,004	23,152
Other current assets	21,607	20,943
Subtotal	876,321	856,241
Assets held for sale	8,897	292
<b>Total current assets</b>	<b>885,218</b>	<b>856,533</b>
<b>NON-CURRENT ASSETS:</b>		
Property, plant and equipment	546,575	525,068
Goodwill and other intangible assets	501,325	454,460
Investment property	7,922	6,060
Investments accounted for using the equity method	25,606	23,389
Other financial assets	90,048	96,685
Deferred tax assets	51,125	45,723
Other non-current assets	22,301	21,870
<b>Total non-current assets</b>	<b>1,244,902</b>	<b>1,173,255</b>
<b>Total assets</b>	<b>Y 2,130,120</b>	<b>Y 2,029,788</b>

(Unit: millions of yen)

	As of March 31, 2016	End of H1 (As of September 30, 2016)
<b>LIABILITIES:</b>		
<b>CURRENT LIABILITIES</b>		
Trade and other payables	342,832	321,367
Bonds and borrowings	325,660	253,024
Construction contract liabilities	28,014	30,903
Income tax payables	18,045	16,118
Other financial liabilities	17,569	4,912
Provisions	2,236	1,948
Other current liabilities	117,550	111,605
Subtotal	851,906	739,877
Liabilities directly associated with the assets held for sale	10,572	—
<b>Total current liabilities</b>	<b>862,478</b>	<b>739,877</b>
<b>NON-CURRENT LIABILITIES</b>		
Bonds and borrowings	501,399	560,327
Other financial liabilities	30,790	32,877
Net defined benefit liabilities	81,098	79,979
Provisions	7,144	6,847
Deferred tax liabilities	81,045	70,721
Other non-current liabilities	28,858	30,406
<b>Total non-current liabilities</b>	<b>730,334</b>	<b>781,157</b>
<b>Total liabilities</b>	<b>1,592,812</b>	<b>1,521,034</b>
<b>EQUITY:</b>		
Share capital	68,121	68,121
Capital reserves	261,024	261,024
Treasury shares	-54,898	-54,816
Other components of equity	22,791	-16,768
Retained earnings	227,768	239,888
Equity attributable to owners of the parent	524,806	497,449
Non-controlling interests	12,502	11,305
<b>Total equity</b>	<b>537,308</b>	<b>508,754</b>
<b>Total liabilities and equity</b>	<b>Y 2,130,120</b>	<b>Y 2,029,788</b>

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

## Consolidated Statement of Profit or Loss

(Unit: millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Revenue	Y 942,396	Y 870,428
Cost of sales	-670,243	-598,008
<b>GROSS PROFIT</b>	272,153	272,420
Selling, general and administrative expenses	-232,033	-232,572
Other income	8,405	6,620
Other expenses	-15,838	-8,158
<b>OPERATING PROFIT</b>	32,687	38,310
Finance income	5,645	14,713
Finance costs	-14,115	-11,265
Share of profit (loss) of associates and joint ventures accounted for using the equity method	485	-121
Impairment loss on investment in associates	-7,869	-
Loss related to guarantee obligations	-28,118	-
<b>PROFIT (LOSS) BEFORE TAX</b>	-11,285	41,637
Income tax expenses	-7,947	-17,667
<b>PROFIT (LOSS) FOR THE QUARTER</b>	-19,232	23,970
Profit (Loss) for the quarter attributable to:		
Owners of the parent	-18,366	24,149
Non-controlling interests	-866	-179
<b>PROFIT (LOSS) FOR THE QUARTER</b>	-19,232	23,970
Earnings per share		
Basic (yen per share)	-64.12	84.15
Diluted (yen per share)	-64.12	76.21

## Consolidated Statement of Comprehensive Income

(Unit: millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
<b>PROFIT (LOSS) FOR THE QUARTER</b>	<b>Y -19,232</b>	<b>Y 23,970</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of defined benefit pension plans	7,565	-3,539
Total items that will not be reclassified subsequently to profit or loss	7,565	-3,539
Items that may be reclassified subsequently to profit or loss		
Net fair value gain (loss) on available-for-sale financial assets	474	-2,035
Net fair value gain (loss) on hedging instruments entered into for cash flow hedges	-2,302	205
Exchange differences on translation of foreign operations	-4,090	-36,814
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	7,618	1,989
Total items that may be reclassified subsequently to profit or loss	1,700	-40,633
Other comprehensive income, net of tax	9,265	-44,172
<b>TOTAL COMPREHENSIVE INCOME FOR THE QUARTER</b>	<b>-9,967</b>	<b>-20,202</b>
Total comprehensive income for the quarter attributable to:		
Owners of the parent	-7,702	-18,919
Non-controlling interests	-2,265	-1,283
<b>TOTAL COMPREHENSIVE INCOME FOR THE QUARTER</b>	<b>Y -9,967</b>	<b>Y -20,202</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	-	-	-	-2,692	7,565	474	-2,301
Total comprehensive income for the quarter	-	-	-	-2,692	7,565	474	-2,301
Purchase of treasury shares	-	-	-15	-	-	-	-
Disposal of treasury shares	-	0	1	-	-	-	-
Share-based payment transactions	-	11	664	-	-	-	-
Dividends	-	-	-	-	-	-	-
Changes associated with obtaining control of subsidiaries	-	-	-	-	-	-	-
Transfers from other components of equity to retained earnings	-	-	-	-	-7,565	-	-
Total transactions with owners	-	11	650	-	-7,565	-	-
<b>BALANCE AS OF SEPTEMBER 30, 2015</b>	<b>68,121</b>	<b>261,177</b>	<b>-55,555</b>	<b>27,554</b>	-	<b>14,852</b>	<b>-6,221</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	-	-	-	-35,711	-3,539	-2,035	206
Total comprehensive income for the quarter	-	-	-	-35,711	-3,539	-2,035	206
Purchase of treasury shares	-	-	-7	-	-	-	-
Disposal of treasury shares	-	-0	0	-	-	-	-
Share-based payment transactions	-	-0	89	-	-	-	-
Dividends	-	-	-	-	-	-	-
Changes in parent's ownership interests in subsidiaries without loss of control	-	-	-	-	-	-	-
Changes associated with obtaining control of subsidiaries	-	-	-	-	-	-	-
Changes associated with loss of control of subsidiaries	-	-	-	-	-	-	-
Transfers from other components of equity to retained earnings	-	-	-	-	3,539	-	-
Total transactions with owners	-	-0	82	-	3,539	-	-
<b>BALANCE AS OF SEPTEMBER 30, 2016</b>	<b>68,121</b>	<b>261,024</b>	<b>-54,816</b>	<b>-32,241</b>	-	<b>12,745</b>	<b>-1,725</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	-	-	-	-18,366	-18,366	-866	-19,232
Other comprehensive income	7,618	-	10,664	-	10,664	-1,399	9,265
Total comprehensive income for the quarter	7,618	-	10,664	-18,366	-7,702	-2,265	-9,967
Purchase of treasury shares	-	-	-	-	-15	-	-15
Disposal of treasury shares	-	-	-	-	1	-	1
Share-based payment transactions	-	353	353	18	1,046	-	1,046
Dividends	-	-	-	-8,591	-8,591	-136	-8,727
Changes associated with obtaining control of subsidiaries	-	-	-	-	-	7,653	7,653
Transfers from other components of equity to retained earnings	-	-	-7,565	7,565	-	-	-
Total transactions with owners	-	353	-7,212	-1,008	-7,559	7,517	-42
<b>BALANCE AS OF SEPTEMBER 30, 2015</b>	<b>276</b>	<b>6,013</b>	<b>42,474</b>	<b>252,269</b>	<b>568,486</b>	<b>12,360</b>	<b>580,846</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	-	-	-	24,149	24,149	-179	23,970
Other comprehensive income	-1,989	-	-43,068	-	-43,068	-1,104	-44,172
Total comprehensive income for the quarter	-1,989	-	-43,068	24,149	-18,919	-1,283	-20,202
Purchase of treasury shares	-	-	-	-	-7	-	-7
Disposal of treasury shares	-	-	-	-	0	-	0
Share-based payment transactions	-	-30	-30	105	164	-	164
Dividends	-	-	-	-8,609	-8,609	-57	-8,666
Changes in parent's ownership interests in subsidiaries without loss of control	-	-	-	-	-	140	140
Changes associated with obtainment of control of subsidiaries	-	-	-	-	-	3	3
Changes associated with the loss of control of subsidiaries	-	-	-	14	14	-	14
Transfers from other components of equity to retained earnings	-	-	3,539	-3,539	-	-	-
Total transactions with owners	-	-30	3,509	-12,029	-8,438	86	-8,352
<b>BALANCE AS OF SEPTEMBER 30, 2016</b>	<b>-1,734</b>	<b>6,187</b>	<b>-16,768</b>	<b>239,888</b>	<b>497,449</b>	<b>11,305</b>	<b>508,754</b>



## (4) Consolidated Statement of Cash Flows

(Unit: millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
<b>OPERATING ACTIVITIES:</b>		
(Loss) profit before tax	<b>Y -11,285</b>	<b>Y 41,637</b>
Depreciation and amortization	30,551	29,842
Impairment losses on fixed assets	2,282	1,590
Interest and dividend income	-1,443	-1,710
Interest expense	6,996	5,740
Share of (profit) loss of associates and joint ventures accounted for using the equity method	-485	121
Impairment loss on investments in associates	7,869	-
Loss related to guarantee obligations	28,118	-
Losses on sale and disposal of property, plant and equipment, intangible assets and investment property	50	697
Investigation expense	5,422	-
Decrease in trade and other receivables	20,935	6,196
(Increase) decrease in inventories	-1,597	258
Decrease in trade and other payables	-3,217	-3,258
(Decrease) increase in net defined benefit liabilities	-4,616	2,685
Other	4,737	-7,772
Subtotal	84,317	76,026
Interest received	927	1,065
Dividends received	1,193	1,467
Interest paid	-4,027	-15,223
Income taxes paid	-14,101	-13,475
Guarantee obligations paid	-33,018	-
Claim for indemnities received	4,900	-
Payments for investigation expense	-5,122	-5
<b>Net cash flows from operating activities</b>	<b>Y 35,069</b>	<b>Y 49,855</b>
<b>INVESTING ACTIVITIES:</b>		
Decrease in time deposits	82,626	1,295
Purchase of property, plant and equipment	-20,767	-24,063
Proceeds from sale of property, plant and equipment	1,474	1,630
Purchase of intangible assets	-9,533	-7,887
Proceeds from sale of investment property	107	354
Payments for acquisition of subsidiaries	-12,803	-
Proceeds from sale of subsidiaries	-	7,212
(Increase) decrease in short-term loans receivable	-348	366
Payments for long-term loans receivable	-64	-45
Proceeds from collection of long-term loans receivable	95	1,086
Payments for acquisition of other investments	-157,286	-145,078
Proceeds from sale and redemption of investments	157,445	145,534
Other	3,723	-384
<b>Net cash flows from investing activities</b>	<b>Y 44,669</b>	<b>Y -19,980</b>
<b>FINANCING ACTIVITIES:</b>		
Dividends paid	Y -8,591	Y -8,610
Dividends paid to non-controlling interests	-136	-57
(Decrease) Increase in short-term borrowings and commercial paper	30,479	-42,597
Proceeds from long-term borrowings	50,021	41,058
Repayment of long-term borrowings	-165,544	-29,151
Proceeds from issuance of bonds	-	34,850
Proceeds from stock issuance to non-controlling interests	-	140
Other	-120	-57
<b>Net cash flows from financing activities</b>	<b>-93,891</b>	<b>-4,424</b>
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>-14,153</b>	<b>25,451</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE 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	-684	-6,557
CASH AND CASH EQUIVALENTS INCLUDED IN ASSETS HELD FOR SALE	-5,743	-
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>Y 127,128</b>	<b>Y 148,540</b>

## (5) Notes on Premise of Going Concern

Not applicable.

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

For the six months ended September 30, 2015 (April 1 through September 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 324,082	Y 274,125	Y 169,233	Y 48,037	Y 98,717	Y 28,202
Intersegment revenue or transfers	9,075	3,969	25	5,627	0	816
Total	333,157	278,094	169,258	53,664	98,717	29,018
Segment profit (Note1)	25,766	21,421	357	483	4,760	2,327
Other income						
Other expenses						
Operating profit						
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 942,396	-	Y 942,396
Intersegment revenue or transfers	19,512	-19,512	-
Total	961,908	-19,512	942,396
Segment profit (loss) (Note1)	55,114	-14,994	40,120
Other income			8,405
Other expenses			-15,838
Operating profit			32,687
Finance income			5,645
Finance costs			-14,115
Share of profit (loss) of associates and joint ventures accounted for using the equity method			485
Impairment loss on investment in associates			-7,869
Loss related to guarantee obligations			-28,118
Profit (loss) before tax			-11,285

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) H1 Results for the FY Ending March 2017

For the six months ended September 30, 2016 (April 1 through September 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 309,435	Y 266,944	Y 126,343	Y 48,885	Y 87,215	Y 31,606
Intersegment revenue or transfers	8,865	3,028	30	5,780	1	667
Total	318,300	269,972	126,373	54,665	87,216	32,273
Segment profit (loss) (Note1)	30,247	19,636	-815	801	4,855	2,310
Other income						
Other expenses						
Operating profit						
Finance income						
Finance costs						
Share of profit (loss) of associates and joint ventures accounted for using the equity method						
Profit before tax						

(Unit: millions of yen)

	Total	Reconciliations ( Note 2 )	Consolidated
Revenue			
Revenue from external customers	Y 870,428	-	Y 870,428
Intersegment revenue or transfers	18,371	-18,371	-
Total	888,799	-18,371	870,428
Segment profit (loss) (Note1)	57,034	-17,186	39,848
Other income			6,620
Other expenses			-8,158
Operating profit			38,310
Finance income			14,713
Finance costs			-11,265
Share of profit (loss) of associates and joint ventures accounted for using the equity method			-121
Profit before tax			41,637

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.

## (ii) Information on Change in Reportable Segment

Organizational change was made on July 1, 2016 to improve operational efficiency by integrating the core information system, and to strengthen collaboration with the water related business and the tile business. Along with this change, reportable segment of the tile business, which was originally included in the Housing Technology Business, was transferred to Water Technology Business from the beginning of the six months ended September 30, 2016. Due to this transfer, segment results for six months ended September 30, 2016 and six months ended September 30, 2015 has been changed.

For Immediate Release

November 7, 2016  
LIXIL Group Corporation

## LIXIL H1 Net Profit Rises to 24.1 Billion Yen

*LIXIL continues drive to be a leaner, faster, simpler organization*

**Tokyo, Japan** – LIXIL Group Corporation (“LIXIL Group”), a global leader in housing and building materials, products and services, today announced earnings<sup>1</sup> for the first half of the fiscal year ending March 31, 2017. Net sales declined 8% year-on-year on a consolidated basis to ¥870.4 billion, while net profit<sup>2</sup> was ahead of forecast at ¥24.1 billion and up on a year-on-year basis. As seen in the first quarter, the decline in revenue was mainly driven by business divestitures, changes in forex rates, as well as recent selective order intakes and delays for international projects at LIXIL Building Technology (LBT). On a like-for-like basis, excluding the impact of divestitures and forex, LIXIL Water Technology (LWT), LIXIL Kitchen Technology (LKT), Distribution & Retail Businesses (D&R), and Housing Service Businesses (H&S) all recorded sales growth during the period.

Core earnings totaled ¥39.8 billion, ¥9.3 billion above the initial forecast announced in May 2016 and almost flat on a year-on-year basis (down 0.7% YoY). LWT overseas businesses reported 48% core earnings growth but this was offset by a decrease in revenues at LBT overseas and increased SG&A due to investment in domestic marketing.

Operating profit increased by 17.2% year-on-year to ¥38.3 billion due to the absence of one-off expenses that were posted in the previous year. Net profit for the first half improved significantly to ¥24.1 billion, an increase of ¥42.5 billion over the previous year due to the absence of one-off losses and the impact of forex movements.

On October 19, 2016, LIXIL Group announced a significant upward revision of net profit for the full year to ¥38.0 billion due to the higher-than-projected profit for the first half, for the reasons outlined above. The upward profit revision was despite a downward revision of revenue to ¥1.78 trillion, due to revised domestic demand for new housing and renovations as well as downward revision of LBT overseas projects. Core earnings were upwardly revised to ¥80 billion.

LIXIL Group President & CEO, Kinya Seto, commented, “As we continue our drive to create a leaner, faster, simpler LIXIL, we are pleased to see some of the changes that have been initiated earlier in the year begin to have an effect on core earnings and profitability. We expect to see further progress as we continue to implement important organizational changes to drive integration and synergies between related businesses and product lines, such as the recent transfer of the tile business to LWT, greater alignment between LKT and LWT, and integration of LHT International Business Division with LWT Asia. We will continue to strengthen integration to improve efficiency and support customer and consumer needs.”

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<sup>1</sup> All IFRS based

<sup>2</sup> Profit for the quarter attributable to owners of the parent

### Summary of Business Performance:

**LIXIL Water Technology (LWT)**, which consists of leading global brands, LIXIL, INAX, GROHE, and American Standard recorded sales of ¥318.3 billion, down 4% on a consolidated basis but up 3% like-for-like. Core earnings rose by 17% to ¥30.2 billion, representing a CE margin of 10%. The margin was positively impacted by a change in product mix, increased transfer of Japanese technology overseas, and increased production efficiencies at factories overseas. All regions showed growth, with 5% in the Americas, a 5% increase in EMEA, and growth in Japan despite the delay in new product launches for some tankless toilet models. GROHE Group S.a.r.l. and its affiliates became wholly-owned subsidiaries from September 30, 2016, which will mean lower finance costs going forward and accelerated synergy creation.

**LIXIL Housing Technology (LHT)** recorded sales of ¥270 billion, down 3%, while core earnings declined by 8% to ¥19.6 billion due to the end of the domestic government-sponsored eco-points system in October 2015 and increased marketing costs related to the renovation business in Japan. LHT recorded a CE margin of 7%.

**LIXIL Building Technology (LBT)**, which includes the Permasteelisa Group, saw sales of ¥126.4 billion, down by 25%, and a core earnings loss of ¥815 million. The results were impacted by recent selective order intakes and unexpected project delays at Permasteelisa Group, forex changes, which negatively affected the sales by 9%, the divestiture of Shanghai Meite, which also negatively impacted sales by 9%, and a decrease in revenues in Japan due to the status of ongoing projects.

**LIXIL Kitchen Technology (LKT)** recorded sales of ¥54.7 billion, up by 2%, and core earnings of ¥800 million, up 66%. The results were driven by a repositioning to the luxury segment in Japan, and 18% year-on-year revenue growth in China on a like-for-like basis due to revitalized collaboration with partners. This resulted in CE increases in both Japan and overseas, and an overall CE margin of 2%.

**Distribution & Retail Businesses (D&R) and Housing Service Businesses (H&S):** D&R recorded a 12% decline in sales to ¥87.2 billion year-on-year following the carve-out of Ken Depot business in the previous year. Core earnings at D&R increased 2% to ¥4.9 billion despite increased costs for the opening new stores, resulting in a CE margin at D&R of 6%. H&S recorded sales of ¥32.3 billion, up 11%, due to steady revenue performance and the sale of real estate. Core earnings decreased 1% to ¥2.3 billion due to an increase in SG&A costs such as advertising expenses, with a CE margin of 7%.

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