

**For Immediate Release****May 8, 2017**  
**LIXIL Group Corporation**

## **LIXIL Announces Record High Net Profit for FYE2017**

***All businesses record increased profits, resulting in V-shaped recovery in net profit***

**Tokyo, Japan** - LIXIL Group Corporation (LIXIL Group; TSE code: 5938), a global leader in housing and building materials, products and services, today announced earnings<sup>1</sup> for the fiscal year ended March 31, 2017. On a consolidated basis, revenue declined 6% year-on-year to ¥1.79 trillion due to divestment of non-core businesses and impact of selective order intakes by LIXIL Building Technology. Core earnings rose 26% year-on-year to ¥88.3 billion, benefitting from synergies achieved across the Group and measures to strengthen profitability.

Net profit<sup>2</sup> turned positive, increasing by ¥68.1 billion from the previous year due to a reduction in one-off losses, and reached ¥42.5 billion. Return on equity (ROE) improved 12.5 percentage points compared to last year, reaching 7.9%. LIXIL Group will pay a second half dividend of ¥30, totaling ¥60 yen for the year, which is consistent with the previous year.

While revenue was in line with the previous forecast announced in October 2016, core earnings outperformed guidance by ¥8.3 billion. This was due to LIXIL Water Technology's continued growth, the impact of domestic cost reductions, and initiatives to reduce overall SG&A expenses. For the fiscal year ending March 31, 2018, LIXIL Group projects a 4% increase in revenue to ¥1.85 trillion and 8% improvement in core earnings to ¥95 billion in anticipation of further growth centered on overseas markets and profitability improvement in domestic businesses.

LIXIL Group President & CEO, Kinya Seto, commented, "The improvement in profitability that we have seen is validation of the sustained efforts made to improve operational efficiency and our drive to deepen integration across the Group. This year we plan to build on our successes by focusing even more deeply on getting closer to our customers and consumers through new initiatives and marketing channels. To this end, we are now developing a new medium-term business plan, which we will announce during the fiscal year."

### **Business Results and Priorities**

**LIXIL Water Technology (LWT)**, which consists of leading global brands LIXIL, INAX, GROHE, and American Standard, achieved revenue of ¥662 billion. This is a 2% decrease year-on-year but a 4% increase year-on-year on a local currency basis. Core earnings increased 19% to ¥65.1 billion, representing a 10% core earnings margin, which is a 2 percentage point increase compared to last year. The improvement in core earnings is attributed to the introduction of new products and

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<sup>1</sup> IFRS based

<sup>2</sup> Net profit attributable to owners of the parent

continued growth in Japan and overseas markets. By region, revenue grew in North America by 7%, in EMEA (Europe, Middle East, and Africa) by 5%, in Asia Pacific by 8%, and in Japan by 1%. For the year ending March 31, 2018, LIXIL Group projects further growth in revenue of 6% to ¥703 billion and core earnings growth of 3% to ¥67 billion. The core earnings margin is anticipated to remain steady at 10%. This growth will be secured as a result of advancing LWT's platform strategy, improving supply chain efficiency, expanding sales of shower toilets in the global market, and by achieving further synergies across the business.

**LIXIL Housing Technology (LHT)** recorded revenue of ¥544 billion, down 4% year-on-year as a result of the divestment of HIVIC during the first half. Core earnings increased 3% to ¥39.2 billion, benefiting from cost reductions, resulting in a core earnings margin of 7%. For the year ending March 31, 2018, LIXIL Group projects a 1% decrease in revenue to ¥537 billion and 6% increase in core earnings to ¥41.5 billion, bringing the core earnings margin to 8%. LHT will develop new home renovation products that reduce installation time, enhance marketing activities, and focus on being more responsive to market conditions.

**LIXIL Building Technology (LBT)**, which includes Permasteelisa Group, recorded a 21% decrease in revenue year-on-year to ¥264 billion, impacted primarily by the sale of Shanghai Meite in the previous year. Due to continued selective order taking, LBT returned to profitability, recording core earnings of ¥3.8 billion. For the year ending March 31, 2018, LIXIL Group projects a 6% increase in revenue to ¥279 billion and a 69% increase in core earnings to ¥6.5 billion. Targeting of higher profitability markets and tight project execution will contribute to this growth.

**LIXIL Kitchen Technology (LKT)** revenue increased 2% year-on-year to ¥115 billion. Core earnings increased 147% year-on-year to ¥4.3 billion, representing a margin of 4%, which is an over 2 percentage point increase compared to last year. In addition to higher sales of the Richelle system kitchen, core earnings benefited from reductions in production costs. For the year ending March 31, 2018, LIXIL Group projects revenue to remain flat at ¥115 billion, while core earnings are expected to grow by 16% to ¥5 billion. Core earnings growth is expected to result from profitability improvements for mid and high-end products.

**Distribution & Retail Business (D&R)** reported a 7% decrease in revenue to ¥172 billion due to the sale of a business in the previous year. Core earnings increased by 2% to ¥7.3 billion, representing a margin of 4%. LIXIL VIVA Corporation was listed on the Tokyo Stock Exchange on April 12, 2017, in order to actively open new stores and pursue further growth. For the year ending March 31, 2018, LIXIL Group anticipates a 6% increase in revenue to ¥183 billion and 23% increase in core earnings to ¥9.0 billion, representing a margin of 5%.

**Housing Service Businesses (H&S)** recorded an increase in revenue of 8% to ¥64.4 billion and 17% increase in core earnings to ¥4.4 billion, resulting in a margin of 7%. For the year ending March 31, 2018, LIXIL Group anticipates revenue to decrease 11% to ¥57 billion and core earnings to decrease by 21% to ¥3.5 billion due to the impact of deconsolidation of JIO Corporation.

LIXIL Group also announced candidates for Executive Officers for the new fiscal year, which will be put to the Board of Directors following the Annual General Meeting in June. LIXIL Japan Company

COO, Kazuhiko Ootsubo, Managing Director of R&D, Ryo Nihei, and Chief Digital Officer, Yugo Kanazawa, have been nominated as new candidates in a move that will bring additional operational, R&D and digital insights to the leadership team. As part of the transition, Executive Officer and Executive Vice President, Toshimasa Iue will step down.

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### **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 ¥1.79 trillion in consolidated sales in FYE March 2017.