

For Immediate Release

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LIXIL Group Corporation

LIXIL Delivers Strong Sales and Profit Growth for FYE 2016

Japan renovation and international operations of LWT and LBT key sales drivers

Tokyo, Japan – LIXIL Group Corporation (“LIXIL Group”), a global leader in housing and building materials, products and services, today announced earnings for the fiscal year ended March 31, 2016. On a consolidated basis, net sales under JGAAP rose 10% year-on-year to ¥1.85 trillion. Sales were bolstered by the renovation sales in Japan, which ended the year up 9% year-on-year, and LIXIL Building Technology’s (“LBT”) and LIXIL Water Technology’s (“LWT”) overseas businesses, including the GROHE consolidation in LWT.

Core earnings under JGAAP reached ¥56.3 billion, a 9% increase year-on-year, resulting in a core earnings margin of 3.0%, close to the same level as the previous year. Excluding exceptional items, core earnings reached ¥65.1 billion, a 26% increase year-on-year demonstrating the strong trajectory the company is on. Net income¹ turned to negative ¥18.7 billion due to extraordinary losses such as loss on investment to associates and other factors. LIXIL Group will pay a second half dividend of ¥30, totaling ¥60 for the year, consistent with the previous year.

Sales and core earnings ended up slightly below the revised forecast for the full fiscal year ending March 31, 2016 announced on November 2, 2015. Core earnings were impacted by a number of one-off items including actuarial losses of ¥10.8 billion in Japan affected by the decline of interest rates, and a shortfall of ¥5.8 billion for the LBT overseas business caused by the deterioration of market conditions in China and the Middle East.

LIXIL Group President & CEO, Yoshiaki Fujimori commented, “We are pleased to announce solid sales growth, which reflects the progress we have made globalizing LIXIL Group. We have also taken proactive steps during the past year to drive greater value within our operations, which includes executing on a number of strategic decisions that will leave the company in a stronger position to move forward. Over the past five years, LIXIL Group has transformed its corporate culture, improved operational efficiency and governance practices, and significantly expanded its global footprint, with overseas sales now representing 30%. The business is now in the strongest possible shape to deliver further growth and value in the years to come.”

Commenting on the strategic priorities for FYE 2017, LIXIL Group Chief Operating Officer, Kinya Seto, who is expected to take over as President and CEO in June, said, “Part of my first 100 days at LIXIL was spent listening to and speaking with colleagues across the organization at all levels, including at many of our factories across ten major countries. I am impressed with this global company, and our employees are clearly excited about the future. Our immediate focus now will be to get the basics right for our long-term success, such as maximizing synergies, strengthening compliance, and becoming a leaner, simpler and

¹ Profit attributable to owners of the parent

more nimble organization in order to deliver sustainable growth. Our success will also be determined by our ability to be an excellent manufacturer and bringing a clear value proposition to customers in Japan, our single most important market.”

Business Results and Priorities²

LIXIL Water Technology (LWT), which consists of leading global brands, LIXIL, INAX, GROHE, and American Standard, saw sales of ¥637.7 billion in FYE2016, up by 54%. Core earnings were ¥52.1 billion, up by 100%, representing an 8% margin. In FYE2017, sales are expected to decline slightly by 1% to ¥630 billion, and core earnings are expected to grow 5% to ¥54.5 billion with a margin of 9%. On a constant currency basis, sales are expected to grow by 3%. The strategic priorities behind this expected growth include regaining the success of American Standard in core U.S. market, entering the ceramics market in Europe, rolling out the shower toilet globally, and expanding faucet sales in the U.S.

LIXIL Housing Technology (LHT) recorded sales of ¥604.6 billion, down by 2%, while core earnings were up 16% to ¥40.3 billion, representing a margin of 7%. In FYE2017, sales are expected to grow 1% to ¥608 billion, and core earnings are expected to grow 8% to ¥43.5 billion, with a margin of 7%. The strategic priorities for LHT are to secure productivity improvements, focus on hybrid windows made of an innovative combination of aluminum and plastic materials, and enhance market share of a high-performance plastic windows, as well as develop products for the reform business, especially focusing on easy and fast installation products.

LIXIL Building Technology (LBT) saw sales of ¥332.0 billion in FYE2016, down by 5%, and a core earnings loss of ¥5.6 billion for the period. The results were impacted by non-recurring items including additional provisions for Shanghai Meite, which LIXIL Group sold in March 2016, and for several Permasteelisa projects caused by the economic slowdown in the Middle East and China. In FYE2017, sales are expected to fall 4% to ¥319 billion, reflecting challenging conditions throughout Asia. However, core earnings are expected to turn positive at ¥8.5 billion, with a margin of 3% in part through the sale of under-performing business like Shanghai Meite, and improved management of profitability and cash flow at the Permasteelisa Group.

LIXIL Kitchen Technology (LKT) sales declined by 3% to ¥112.1 billion for FYE2016, while core earnings turned positive to ¥1.8 billion, with a margin of 2%. In FYE2017, sales are expected to grow 2% to ¥114 billion, and core earnings are expected to grow 14% to ¥2 billion. Strategic priorities for LKT will be improving the profitability in Japan by better plant management and maximizing productivity as well as reviving the JV in China.

Distribution & Retail Businesses (D&R) and Housing Service Businesses (H&S) reported a solid performance. LIXIL VIVA, which operates a nationwide chain of home centers, has recorded an increase in sales for 11 consecutive years. Adjusting for the carve-out of Ken Depot in October 2015, D&R's overall sales increased by 3% to ¥168.8 billion for the period. D&R's adjusted core earnings reached record high ¥7.3 billion, with a margin of 4%. H&S saw sales of ¥63.7 billion, and core earnings of ¥4.3 billion, reflecting a 7% margin. In FYE2017, sales at D&R are expected to grow 2% to ¥173 billion, and core

² Financial information by business based on IFRS. Results in FYE 2016 are preliminary figures. Core earnings in IFRS = Revenues – Cost of Sales – SG&A; same as Operating Profit in JGAAP.

earnings are expected to increase by 3% to ¥7.5 billion, with a margin of 4%. Sales at H&S are expected to grow 7% to ¥68 billion, and core earnings are expected to grow 29% to ¥5.5 billion, with a margin of 8%.

LIXIL Group will begin to apply the International Financial Reporting Standards (IFRS) for the Security Report for the fiscal year ending March 2016. For FYE2017, based on IFRS, the Company forecasts net sales of ¥1.88 trillion. Core earnings are forecast to reach ¥73.0 billion, a 4% improvement from the preliminary figure of previous year. Net income will turn to positive, with a target of ¥28.0 billion.

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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 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 ¥1.85 trillion in consolidated sales in FYE March 2016.