

**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.

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<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.

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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 ¥1.85 trillion in consolidated sales in FYE March 2016.