

**For Immediate Release****February 6, 2017**  
**LIXIL Group Corporation**

## **LIXIL Q3 Core Earnings Increases 9% to 73.8 Billion Yen**

***Water technology business reports solid growth in Japan and overseas***

**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 third quarter of the fiscal year ending March 31, 2017. Revenue declined 7% year-on-year on a consolidated basis for the nine month period to ¥1.3 trillion. As seen in previous quarters, this was due to divestment of non-core businesses, foreign exchange impact and the result of selective order intakes for LIXIL Building Technology (LBT).

Core earnings increased by 9% year-on-year to ¥73.8 billion driven by the strong performance during the three-month Q3 period. LIXIL Water Technology (LWT), LIXIL Housing Technology (LHT), LIXIL Kitchen Technology (LKT) and Housing Service Businesses (H&S) all recorded more than double-digit core earnings growth during the Q3 (three month) period. LBT turned profitable in the third quarter, primarily due to the positive impact of business divestment and improved profitability of the Japan business.

Key activities to streamline the business continued in Q3, including CEO Kinya Seto taking on direct management of LHT from November 2016, the subsequent creation of LHT Japan, and the establishment of a centralized marketing division.

Operating profit also rose by 14% year-on-year to ¥69.3 billion and Net profit<sup>2</sup> increased to ¥45.7 billion. The growth in profit can be attributed to the absence of one-off losses that were posted in the previous year, as well as the improvement in core earnings.

Forecasts for the fiscal year ending on March 31, 2017, remain unchanged due to potential costs in the fourth quarter resulting from ongoing reviews of inventories and assets such as facilities to strengthen future profitability.

LIXIL Group President & CEO, Kinya Seto, commented, “The steps we have been taking since the start of the fiscal year are continuing to bear fruit, and are a strong factor in our increased profitability. Moreover, we are making deliberate changes to ensure that we better understand, and can respond more quickly to, consumer needs. The creation of a centralized marketing division that is integrated with digital is one key example of this change. As we celebrate the 50<sup>th</sup> anniversary of a number of our key business categories this year, I am confident that our activities will be increasingly visible over the coming months.”

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<sup>1</sup> All IFRS based

<sup>2</sup> Profit for the quarter attributable to shareholders

**Summary of Business Performance:**

**LIXIL Water Technology (LWT)**, which consists of leading global brands LIXIL, INAX, GROHE, and American Standard, recorded revenue of ¥491.2 billion, down 3% on a consolidated basis but up 4% on a like-for-like basis. Core earnings rose by 14% to ¥53.6 billion, representing a core earnings margin of 11%. For the nine-month period on a year-on-year and like for like basis, American Standard Brands (ASB) revenue increased by 9% in the Americas, GROHE increased by 7% in EMEA, while China, which counts for 40% of the Asia Pacific revenues, grew by 18%. For the three-month Q3 period, Japan revenue increased by 2%. For the nine-month period, core earnings improved on the back of profit growth in ASB, China and GROHE Europe of 60%, 50% and 25% respectively. Increased volume and product mix helped mitigate the foreign exchange headwind.

**LIXIL Housing Technology (LHT)** recorded revenue of ¥408.6 billion, down 4%, while core earnings slightly declined 1% to ¥33.1 billion. Revenue was impacted by the sale of the Hivic business in the first half of the year and foreign exchange fluctuations. Moreover, sales continued to reflect the impact of the cessation of the eco-point system in previous year in Japan. Despite the revenue decline, core earnings improved by 12% in the three month Q3 period due to lower costs. LHT recorded a core earnings margin of 8% for the nine-month period.

**LIXIL Building Technology (LBT)**, which includes the Permasteelisa Group, saw revenue of ¥193.8 billion, down by 26%, and a core earnings loss of ¥300 million. The results were impacted by the sale of Shanghai Meite, sold in March 2016, foreign exchange and selective order intake, and timing of the completion of projects in Japan. However, core earnings turned positive in the three month Q3 period as a result of the positive impact of divestment and the improvement of profitability in Japan.

**LIXIL Kitchen Technology (LKT)** recorded revenue of ¥85.3 billion, up by 2%, and core earnings of ¥3.5 billion, up 79%. Luxury segments again led the growth through high demand for the luxury *Richelle* series in Japan. Continued collaboration with partners in China also contributed to sales increases in that market. This resulted in growth in core earnings due to increased volume and productivity improvements. LKT recorded a core earnings margin of 4%.

**Distribution & Retail Businesses (D&R) and Housing Service Businesses (H&S):** D&R recorded an 8% decline in revenue to ¥133 billion year-on-year following the carve-out of the Ken Depot business in the previous year. Core earnings at D&R fell 8% to ¥7.5 billion due to costs for new store openings, resulting in a core earnings margin of 6%. H&S recorded revenue of ¥48.7 billion, up 11%, due to an increase in housing starts. Core earnings grew 25% to ¥3.5 billion due to a reduction in SG&A costs, an increase in revenue, and absence of one-off costs posted in previous year. H&S recorded a core earnings margin of 7%.

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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 ¥1.89 trillion in consolidated sales in FYE March 2016.