

For Immediate Release**August 7, 2017**
LIXIL Group Corporation

LIXIL Records Increased Revenue and Core Earnings in Q1

LIXIL Water Technology leads growth as synergies positively impact group-wide performance

Tokyo, Japan – LIXIL Group Corporation (“LIXIL Group”, TSE Code: 5938), a global leader in the housing and building industry, today announced earnings¹ for the first quarter of the fiscal year ending March 31, 2018.

Revenue increased 1.2% year-on-year to ¥431.9 billion due to strong organic growth by LIXIL Water Technology, in addition to positive contributions by other business units. The increased revenue was achieved despite the divestment of non-core businesses and deconsolidation of domestic subsidiaries in the previous financial year.

Core earnings² increased 27.1% year-on-year to ¥18.7 billion, reflecting improved sales volumes in Japan driven by marketing activities, and cost efficiencies resulting from synergies across LIXIL Group.

Net profit³ amounted to ¥10.2 billion, a decrease of ¥1.4 billion year-on-year. This decrease mainly reflects the absence of the one-off positive impact from foreign-currency denominated debt conversion that was recognized in the corresponding period of the previous year.

LIXIL Group President and CEO, Kinya Seto, said, “I am pleased with the solid progress being made on key initiatives we began last year. From sharpening our operational efficiency, creating synergies, to building key channels to bring us closer to the consumer, these efforts improve short-term performance and secure our competitiveness for the long term. These initiatives are now taking hold, reflected in a robust first quarter, and will set the foundations for our new medium-term strategy, which we will announce later this year.”

Summary of Business Performance:

LIXIL Water Technology (LWT), which includes leading global brands LIXIL, INAX, GROHE, and American Standard, reported revenue of ¥166.4 billion, up 5% year on year. Core earnings increased to ¥15.9 billion, up 14% year-on-year, representing a core earnings margin of 10%. Increased revenue and core earnings were supported by growth across all LWT regions. Japan led increased sales following active investment in marketing activities and the increasing popularity of products for easy cleaning such as shower toilets utilizing LIXIL’s stain-resistant *AQUA CERAMIC* technology. LWT also demonstrated significant growth in China.

¹ All IFRS based

² Core earnings in IFRS is equivalent to Operating Profit in JGAAP

³ Profit attributable to owners of the parent

LIXIL Housing Technology (LHT) reported revenue of ¥129.8 billion, down 2% year-on-year, impacted by the divestment of the HIVIC business in the first half of the previous financial year. On a like-for-like basis, without the impact of the HIVIC divestment, LHT recorded a 2% revenue increase. Core earnings decreased to ¥6.9 billion, down 22% year-on-year, reflecting an increase in SG&A costs due to a new allocation method of strategic costs that impacts LWT and LHT, as well as the divestment.

LIXIL Building Technology (LBT), which includes the Permasteelisa Group, reported revenue of ¥60.9 billion, up 3% year-on-year, with revenue increasing both in Japan and overseas. LBT recorded a core earnings loss of ¥0.4 billion, down from a loss of ¥3.3 billion in the previous year. The significant year-on-year reduction in deficit reflects the positive impact of selective order intake initiatives.

LIXIL Kitchen Technology (LKT) reported revenue of ¥28.1 billion, up by 8% year-on-year, and core earnings turned positive at ¥0.5 billion due to improved profitability of the Japan business. Growth was led by high demand in Japan for key product series *Richelle* and *Alesta*, in addition to increased sales of compact kitchens aimed at rental apartments.

Distribution & Retail Businesses (D&R) achieved ¥43.9 billion in revenue, maintaining the same level year-on-year. Core earnings increased 5% year-on-year to ¥2.6 billion, reflecting improvements in procurement and cost reductions at existing stores.

Housing Service Businesses (H&S) recorded revenue of ¥11.5 billion, down 24% year-on-year, and core earnings of ¥0.4 billion, down 57% year-on-year. Results were impacted by the deconsolidation of JIO Corporation at the end of the last financial year.

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About LIXIL Corporation

LIXIL is a global leader in the housing and building industry. Our unique portfolio spans everything from technologies that revolutionize how we interact with water in our daily lives, to a full lineup of products and services for houses and major architectural projects. Delivering core strengths in water, kitchen, housing, and building technologies, our brands including LIXIL, INAX, GROHE, American Standard, and Permasteelisa are leaders in the industries and regions in which they operate. LIXIL operates in more than 150 countries and employs more than 70,000 people, bringing together function, quality, and design to make people's lives better, and more delightful – wherever they are.

Learn more at www.lixil.com, facebook.com/lixilgroup and www.linkedin.com/company/lixil-group.

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.