Flash Report

LIXIL GROUP CORPORATION

Link to Good Living

May 9, 2016

Consolidated Financial Results for the Fiscal Year Ended March 31, 2016 (Japanese Accounting Standard)

Company Name: LIXIL GROUP CORPORATION
Code Number: 5938
Representative: Yoshiaki Fujimori, President & CEO
Contact: Takashi Tsutsui, Executive Officer & Executive Vice President, Investor Relations
Stock Listings: Tokyo, Nagoya
URL: http://www.lixil.com/en/investor/
Telephone: +81-3-6268-8806
Scheduled date of ordinary general meeting of shareholders: June 15, 2016
Date of scheduled payment of dividends: May 31, 2016
Scheduled date of issue of Security report: June 15, 2016
Preparation of supplementary materials for quarterly financial results: Yes
Information meeting for quarterly financial results to be held: Yes (For investment analysts and institutional investors)

(Amounts less than one million yen are omitted)

1. Consolidated financial results for the FY Ended March 2016 (April 1, 2015 through March 31, 2016)

(1) Consolidated Operating Results (% indicate changes from the figures of corresponding period of the previous fiscal year)

	Net sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
FY 2016	**1,845,117**	**10.3**	**56,259**	**8.9**	**48,421**	**-16.3**
FY 2015	1,673,405	2.7	51,674	-25.2	57,862	-22.8

(Note) Comprehensive incom FY 2016 -39,939 million yen (-%)
FY 2015 43,884 million yen (-14.5%)

	Profit attributable to owners of parent		Earnings per share		Return on equity	Ratio of recurring profit to total assets	Ratio of operating profit to net sales
	Million yen	%	-basic	-diluted			
			yen	yen	%	%	%
FY 2016	**-18,664**	**-**	**-65.11**	**-**	**-3.3**	**2.5**	**3.0**
FY 2015	22,012	**5.1**	75.46	74.55	3.7	3.2	3.1

(Note) Comprehensive income
FY 2016 -1,136 million yen (-%) FY 2015 -7,345 million yen (-%)
(Reference) Profit attributable to owners of parent excluding amortization of goodwill
FY 2016 -5,555 million yen (-%) FY 2015 32,572 million yen (23.9%)
(Reference) Earnings per share excluding amortization of goodwill
FY 2016 -19.38 yen (-%) FY 2015 111.65 yen (23.5%)

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY 2016	**2,060,873**	**637,517**	**26.4**	**1,894.55**
FY 2015	1,875,249	613,651	32.1	2,104.27

(Reference) Equity capital at end of period
FY 2016 543,749 million yen FY 2015 602,563 million yen

(3) Consolidated Cash Flows

	Cash flows from	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY 2016	**137,012**	**16,547**	**-171,758**	**138,801**
FY 2015	138,931	-129,228	10,009	160,377

2. Cash Dividends

	Dividends per share					Total amount of cash dividends (annual)	Dividend payout ratio (consolidated)	Ratio of total dividends to net assets (consolidated)
	End of Q1	End of Q2	End of Q3	End of period	For the year			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY 2015	-	30.00	-	30.00	60.00	17,387	79.5	2.9
FY 2016	-	30.00	-	30.00	60.00	17,210	-	3.0
FY 2017 (forecast)	-	30.00	-	30.00	60.00		**61.5**	

3. Consolidated Forecast for the Fiscal Year Ending March 2017 (April 1, 2016 through March 31, 2017)

(% indicate changes from the figures of corresponding period of the previous fiscal year)

	Net sales		Operating income		Profit before income taxes		Net income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY 2017 1H	905,000	-	24,500	-	20,000	-	12,600	-	11,000	-	38.38
FY 2017	1,880,000	-	56,000	-	51,000	-	30,500	-	28,000	-	97.56

The Company will begin voluntary adoption of IFRS (International Financial Reporting Standards) from Consolidated financial statements of Secuities report for the FY ended March 2016.
Therefore consolidated forecast for the fiscal year ending March 2017 is based on IFRS.
A comparison with the results in Japanese Accounting Standard for the FY ended March 2016 is not shown.

4. Others

(1) Changes in significant subsidiaries, which affected the scope of consolidation during this period: Yes
Newly consolidated company: 5 (Name of the company) GraceA Co., Ltd., Grace B S.a r.l., GROHE Group S.a r.l., Grohe AG, Grohe, Luxemburg Four S.A.
Excluded company: None

(2) Changes in accounting principle, accounting estimation and restatement
1. Changes due to revisions in accounting standards: Yes
2. Changes other than the above: None
3. Changes to accounting estimates: None
4. Restatement of accounts: None

(3) Outstanding shares (common shares)
i) Number of shares outstanding at end of period (including treasury stocks)

FY ended March 31, 2016	313,054,255 shares	FY ended March 31, 2015	313,054,255 shares

ii) Number of treasury stock at end of period

FY ended March 31, 2016	26,046,892 shares	FY ended March 31, 2015	26,702,156 shares

iii) Average number of shares outstanding during the period

FY ended March 31, 2016	286,643,244 shares	FY ended March 31, 2015	291,730,974 shares

Note: Indication of review procedures implementation status
This financial results report is exempt from quarterly review procedures under Japan's Financial Instruments and Exchange Law.
The review procedure is not completed at the time of disclosure of this report.

Note: Appropriate use of business forecasts, other special items
(Cautionary statements with respect to forward-looking statements)
Performance forecast and other forward-looking statements contained in this report are based on information currently available and on certain assumptions deemed rational at the time of this report's release. Due to various circumstances, however, actual results may differ significantly from such statements.

Note: Regarding presentation material to supplement the financial results' announcement has been posted on TDnet and the Company's website.

5. Consolidated Financial Statements

(1) Consolidated Quarterly Balance Sheets

(Unit: million yen)

	As of March 31, 2015	End of this FY (As of March 31, 2016)
Assets		
Current assets		
Cash and deposits	257,288	151,833
Notes and accounts receivable - trade	443,855	412,780
Merchandise and finished goods	139,666	133,403
Work in process	20,155	19,645
Raw materials and supplies	47,492	47,176
Other inventories	20,307	19,886
Short-term loans receivable	6,325	6,323
Deferred tax assets	17,960	15,375
Other	57,883	73,279
Allowance for doubtful accounts	△4,959	△3,425
Total current assets	1,005,974	876,280
Non-current assets		
Property, plant and equipment		
Buildings and structures	503,849	502,147
Accumulated depreciation	△324,230	△325,411
Buildings and structures, net	179,619	176,735
Machinery, equipment and vehicles	358,862	373,641
Accumulated depreciation	△261,200	△269,984
Machinery, equipment and vehicles, net	97,661	103,656
Land	188,560	185,270
Leased assets	15,609	26,585
Accumulated depreciation	△8,889	△7,248
Leased assets, net	6,719	19,336
Construction in progress	11,345	11,059
Other	103,744	111,047
Accumulated depreciation	△85,522	△88,174
Other, net	18,222	22,872
Total property, plant and equipment	502,129	518,931
Intangible assets		
Goodwill	49,461	192,016
Trademarks	15,795	196,723
Other	82,108	120,635
Total intangible assets	147,365	509,375
Investments and other assets		
Investment securities	149,496	72,785
Long-term loans receivable	2,954	2,948
Deferred tax assets	18,070	33,014
Net defined benefit asset	7,220	1,072
Other	56,745	87,439
Allowance for doubtful accounts	△14,709	△40,975
Total investments and other assets	219,778	156,286
Total non-current assets	869,274	1,184,593
Total assets	1,875,249	2,060,873

(Unit: million yen)

	As of March 31, 2015	End of this FY (As of March 31, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	232,971	234,240
Short-term loans payable	176,025	194,162
Lease obligations	2,955	3,273
Accrued expenses	78,519	86,096
Income taxes payable	12,752	18,063
Provision for bonuses	20,771	22,855
Allowance for loss on factory restructuring	257	2,044
Asset retirement obligations	445	365
Other	161,293	198,199
Total current liabilities	685,991	759,300
Non-current liabilities		
Bonds payable	70,000	70,000
Convertible bond-type bonds with subscription rights to shares	120,000	120,000
Long-term loans payable	277,801	242,027
Lease obligations	5,892	20,458
Deferred tax liabilities	26,735	88,084
Net defined benefit liability	23,386	74,715
Asset retirement obligations	6,879	6,606
Other	44,909	42,162
Total non-current liabilities	575,605	664,055
Total liabilities	1,261,597	1,423,356
Net assets		
Shareholders' equity		
Capital stock	68,121	68,121
Capital surplus	261,712	261,671
Retained earnings	264,570	229,405
Treasury shares	△56,204	△54,831
Total shareholders' equity	538,199	504,366
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,226	14,747
Deferred gains or losses on hedges	△512	△5,175
Foreign currency translation adjustment	50,650	29,810
Total accumulated other comprehensive income	64,364	39,382
Subscription rights to shares	3,498	4,056
Non-controlling interests	7,589	89,711
Total net assets	613,651	637,517
Total liabilities and net assets	1,875,249	2,060,873

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated quarterly statements of income

(Unit: million yen)

	FY ended March 31, 2015	FY ended (March 31, 2016)
Net sales	1,673,405	1,845,117
Cost of sales	1,226,085	1,321,656
Gross profit	447,320	523,460
Selling, general and administrative expenses	395,645	467,201
Operating income	51,674	56,259
Non-operating income		
Interest income	2,158	1,696
Dividend income	1,554	1,471
Rent income	7,062	7,098
Amortization of negative goodwill	61	—
Foreign exchange gains	11,184	—
Gain on valuation of derivatives	268	—
Other	7,020	7,962
Total non-operating income	29,309	18,228
Non-operating expenses		
Interest expenses	5,459	6,557
Cost of lease revenue	4,578	4,588
Share of loss of entities accounted for using equity method	7,345	1,136
Foreign exchange losses	—	1,550
Loss on valuation of derivatives	—	53
Investigation fee	—	4,767
Other	5,739	7,412
Total non-operating expenses	23,122	26,065
Ordinary income	57,862	48,421
Extraordinary income		
Gain on sales of non-current assets	708	7,496
Gain on sales of investment securities	11,053	319
Gain on sales of shares of subsidiaries and associates	566	2,871
Gain on change in equity	1,117	—
Total extraordinary income	13,446	10,687
Extraordinary losses		
Loss on sales and retirement of non-current assets	2,573	2,454
Loss on valuation of investment securities	10	2,565
Loss on valuation of shares of subsidiaries and associates	261	1,126
Loss on sales of investment securities	11	8
Loss on sales of shares of subsidiaries and associates	187	6,615
Loss on factory restructurings	1,723	3,249
Impairment loss	3,910	5,662
Loss on investment to associates and other	9,063	27,937
Loss on step acquisitions	—	6,306
Adjustment of goodwill amortization and other	505	—
Loss on transition to a defined contribution pension plan	72	—
Total extraordinary losses	18,320	55,926
Profit before income taxes	52,988	3,182
Income taxes - current	19,619	27,101

(Unit: million yen)

	FY ended March 31, 2015	FY ended (March 31, 2016)
Income taxes - deferred	11,242	△11,730
Total income taxes	30,861	15,371
Profit (loss)	22,126	△12,189
Profit attributable to non-controlling interests	113	6,475
Profit (loss) attributable to owners of parent	22,012	△18,664

Consolidated statements of comprehensive income

(Unit: million yen)

	FY ended March 31, 2015	FY ended (March 31, 2016)
Profit (loss)	22,126	△12,189
Other comprehensive income		
Valuation difference on available-for-sale securities	987	470
Deferred gains or losses on hedges	△2,112	△4,551
Foreign currency translation adjustment	18,487	△24,107
Share of other comprehensive income of entities accounted for using equity method	4,396	439
Total other comprehensive income	21,758	△27,749
Comprehensive income	43,884	△39,939
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	43,151	△43,646
Comprehensive income attributable to non-controlling interests	733	3,707

(3) Consolidated Statements of Changes in Net Assets

For the FY ended March 31, 2015 (April 1, 2014 through March 31, 2015)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	68,121	261,366	262,580	△41,806	550,261
Changes of items during period					
Dividends of surplus			△17,519		△17,519
Profit (loss) attributable to owners of parent			22,012		22,012
Change of scope of consolidation			△143		△143
Decrease by merger			△12		△12
Purchase of treasury shares				△20,033	△20,033
Disposal of treasury shares		0		1	1
Exercise of subscription rights to shares		345		5,634	5,979
Increase or decrease due to change in fiscal period of consolidated subsidiaries			△1,652		△1,652
Change in foreign subsidiaries' interest in their subsidiaries			△694		△694
Change in treasury shares of parent arising from transactions with non-controlling shareholders					—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	345	1,989	△14,397	△12,062
Balance at end of current period	68,121	261,712	264,570	△56,204	538,199

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	13,184	1,756	28,283	43,224	2,534	5,774	601,795
Changes of items during period							
Dividends of surplus							△17,519
Profit (loss) attributable to owners of parent							22,012
Change of scope of consolidation							△143
Decrease by merger							△12
Purchase of treasury shares							△20,033

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Disposal of treasury shares							1
Exercise of subscription rights to shares							5,979
Increase or decrease due to change in fiscal period of consolidated subsidiaries							△1,652
Change in foreign subsidiaries' interest in their subsidiaries							△694
Change in treasury shares of parent arising from transactions with non-controlling shareholders							—
Net changes of items other than shareholders' equity	1,041	△2,269	22,366	21,139	963	1,815	23,918
Total changes of items during period	1,041	△2,269	22,366	21,139	963	1,815	11,855
Balance at end of current period	14,226	△512	50,650	64,364	3,498	7,589	613,651

For the FY ended March 31, 2016 (April 1, 2015 through March 31, 2016)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	68,121	261,712	264,570	△56,204	538,199
Changes of items during period					
Dividends of surplus			△17,190		△17,190
Profit (loss) attributable to owners of parent			△18,664		△18,664
Change of scope of consolidation			661		661
Decrease by merger					—
Purchase of treasury shares				△31	△31
Disposal of treasury shares		0		0	1
Exercise of subscription rights to shares		79		1,403	1,482
Increase or decrease due to change in fiscal period of consolidated subsidiaries			29		29
Change in foreign subsidiaries' interest in their subsidiaries					—
Change in treasury shares of parent arising from transactions with non-controlling shareholders		△120			△120
Net changes of items other than shareholders' equity					
Total changes of items during period	—	△41	△35,164	1,373	△33,832
Balance at end of current period	68,121	261,671	229,405	△54,831	504,366

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	14,226	△512	50,650	64,364	3,498	7,589	613,651
Changes of items during period							
Dividends of surplus							△17,190
Profit (loss) attributable to owners of parent							△18,664
Change of scope of consolidation							661
Decrease by merger							—
Purchase of treasury shares							△31
Disposal of treasury shares							1

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Exercise of subscription rights to shares							1,482
Increase or decrease due to change in fiscal period of consolidated subsidiaries							29
Change in foreign subsidiaries' interest in their subsidiaries							―
Change in treasury shares of parent arising from transactions with non-controlling shareholders							△120
Net changes of items other than shareholders' equity	520	△4,662	△20,840	△24,981	558	82,121	57,698
Total changes of items during period	520	△4,662	△20,840	△24,981	558	82,121	23,866
Balance at end of current period	14,747	△5,175	29,810	39,382	4,056	89,711	637,517

(4) Consolidated Quarterly Statements of Cash Flows

(Unit: million yen)

	As of March 31, 2015	End of this FY (As of March 31, 2016)
Cash flows from operating activities		
Profit before income taxes	52,988	3,182
Depreciation	50,724	60,451
Impairment loss	3,910	5,662
Amortization of negative goodwill	△61	―
Amortization of goodwill	6,488	11,982
Increase (decrease) in allowance for doubtful accounts	△1,852	28,207
Increase (decrease) in allowance for loss on factory restructurings	257	1,801
Increase (decrease) in net defined benefit liability	△874	△7,187
Increase (decrease) in net defined benefit asset	△4,630	6,052
Interest and dividend income	△3,712	△3,167
Interest expenses	5,459	6,557
Foreign exchange losses (gains)	△4,396	△119
Share of (profit) loss of entities accounted for using equity method	7,345	1,136
Loss (gain) on sales and valuation of investment securities	△11,148	7,125
Loss (gain) on sales and retirement of non-current assets	1,864	△5,042
Loss (gain) on change in equity	△1,117	―
Loss (gain) on step acquisitions	―	6,306
Loss on investment to associates and other	9,063	―
Investigation fee	―	4,767
Decrease (increase) in notes and accounts receivable - trade	67,551	28,824
Decrease (increase) in inventories	△6,086	24,289
Increase (decrease) in notes and accounts payable - trade	△9,267	367
Other, net	△2,679	14,265
Subtotal	159,824	195,464
Proceeds from insurance income	2,134	―
Interest and dividend income received	3,777	3,884
Interest expenses paid	△5,645	△6,209
Income taxes paid	△21,159	△22,841
Guarantee obligations paid	―	△33,017
Claim for indemnities received	―	5,079
Payments for investigation fee	―	△5,348
Net cash provided by (used in) operating activities	138,931	137,012

(Unit: million yen)

	As of March 31, 2015	End of this FY (As of March 31, 2016)
Cash flows from investing activities		
Decrease (increase) in time deposits	△72,527	82,995
Purchase of securities	△304,943	△279,519
Proceeds from sales and redemption of securities	306,943	279,519
Purchase of property, plant and equipment and intangible assets	△62,634	△68,004
Proceeds from sales of property, plant and equipment and intangible assets	3,280	16,821
Purchase of investment securities	△9,454	△1,136
Proceeds from sales and redemption of investment securities	14,026	8,206
Proceeds from sales of shares of subsidiaries	98	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	△12,444
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	△253	△4,857
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	24	56
Decrease (increase) in short-term loans receivable	287	△1,267
Payments of long-term loans receivable	△473	△630
Collection of long-term loans receivable	323	534
Other payments	△4,266	△9,469
Other proceeds	340	5,742
Net cash provided by (used in) investing activities	△129,228	16,547
Cash flows from financing activities		
Increase (decrease) in short-term bank loans and commercial papers	△39,096	△22,070
Increase (decrease) in liquidation of receivables of trade among the consolidated companies	△14,008	7,003
Repayments of long-term loans payable	△62,563	△220,714
Proceeds from long-term loans payable	54,519	83,908
Repayments of lease obligations	△3,290	△3,785
Redemption of bonds	△15,000	—
Proceeds from issuance of Convertible bond-type bonds with subscription rights to shares	119,972	—
Proceeds from share issuance to non-controlling shareholders	1,999	—
Proceeds from disposal of treasury shares	5,053	1,242
Purchase of treasury shares	△20,039	△31
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	△120
Cash dividends paid	△17,519	△17,190
Dividends paid to non-controlling interests	△17	—
Net cash provided by (used in) financing activities	10,009	△171,758
Effect of exchange rate change on cash and cash equivalents	4,270	△2,945
Net increase (decrease) in cash and cash equivalents	23,983	△21,143
Cash and cash equivalents at beginning of period	139,038	160,377
Increase in cash and cash equivalents from newly	182	59

(Unit: million yen)

	As of March 31, 2015	End of this FY (As of March 31, 2016)
consolidated subsidiary		
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	69	223
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	△1
Increase or decrease in cash and cash equivalents due to change in fiscal period of consolidated subsidiaries	△2,896	△715
Cash and cash equivalents at end of period	160,377	138,801

(5) Notes on Premise of Going Concern

Not applicable.

(6) Notes to Significant Changes in Equity

Equity-method affiliates: 6

New equity-method affiliates: 3, Ken Depot Corporation, and 2 others

Excluded from equity-method affiliates: GraceA Co., Ltd. and Grohe Luxembourg Four S.A. are changed to consolidatd companies.

(7) Segment Information

Business Segment Information

For the FY ended March 31, 2015 (April 1, 2014 through March 31, 2015)

(Unit: million yen)

	Reportable segments					
	Water Technology Business	Housing Technology Business	Building Technology Business	Kitchen Technology Business	Distribution and Retail Business	Housing Services Business
Sales						
Revenues from external customers	Y 394,909	Y 587,550	Y 332,919	Y 100,730	Y 198,827	Y 58,468
Transactions with other segments	15,984	9,133	852	12,359	0	1,088
Net sales	410,894	596,683	333,772	113,089	198,827	59,557
Operating income (loss)	27,185	35,930	3,929	-1,767	7,144	4,055
Assets	411,605	564,491	357,018	93,888	157,383	64,696
Other items						
Depreciation	13,681	24,007	5,066	2,175	5,087	695
Increase(decrease) in property, plant and equipment and intangible assets	17,269	35,627	4,326	1,884	2,726	776
(Reference)						
Operating income (loss) before amortization of goodwill and purchase price allocation	29,135	36,786	9,725	-1,030	7,144	4,170

(Unit: million yen)

	Total	Reconciling items	Per quarterly consolidated financial statements
Sales			
Revenues from external customers	Y 1,673,405	-	Y 1,673,405
Transactions with other segments	39,419	-39,419	-
Net sales	1,712,824	-39,419	1,673,405
Operating income (loss)	76,478	-24,803	51,674
Assets	1,649,083	226,165	1,875,249
Other items			
Depreciation	50,714	9	50,724
Increase (decrease) in property, plant and equipment and intangible assets	62,611	10	62,622
(Reference)			
Operating income (loss) before amortization of goodwill and purchase price allocation	85,932	-34,258	51,674

Note: Operating income (loss) before amortization of goodwill and purchase price allocation is segment income (loss) excluding amortization of goodwill and intangible assets accrued from business combination.

For the FY ended March 31, 2016 (April 1, 2015 through March 31, 2016)

(Unit: million yen)

	Reportable segments					
	Water Technology Business	Housing Technology Business	Building Technology Business	Kitchen Technology Business	Distribution and Retail Business	Housing Services Business
Sales						
Revenues from external customers	Y 571,116	Y 577,959	Y 346,769	Y 100,414	Y 188,766	Y 60,089
Transactions with other segments	15,251	8,802	41	12,251	0	1,514
Net sales	586,367	586,762	346,810	112,666	188,766	61,604
Operating income (loss)	50,602	30,421	-6,376	844	8,126	3,488
Assets	823,326	520,793	293,034	69,447	153,936	76,085
Other items						
Depreciation	22,499	24,887	5,528	2,065	4,885	577
Increase(decrease) in property, plant and equipment and intangible assets	16,556	45,231	4,319	5,321	4,225	747
(Reference)						
Operating income (loss) before amortization of goodwill and purchase price allocation	59,929	31,277	-1,393	1,358	8,126	3,759

(Unit: million yen)

	Total	Reconciling items	Per consolidated financial statements
Sales			
Revenues from external customers	Y 1,845,117	-	Y 1,845,117
Transactions with other segments	37,860	-37,860	-
Net sales	1,882,977	-37,860	1,845,117
Operating income (loss)	87,106	-30,847	56,259
Assets	1,936,624	124,248	2,060,873
Other items			
Depreciation	60,445	5	60,451
Increase (decrease) in property, plant and equipment and intangible assets	76,402	1	76,403
(Reference)			
Operating income (loss) before amortization of goodwill and purchase price allocation	103,058	-46,799	56,259

Note: Operating income (loss) before amortization of goodwill and purchase price allocation is segment income (loss) excluding amortization of goodwill and intangible assets accrued from business combination.

LIXIL
Link to Good Living

PRESS RELEASE

For Immediate Release

May 9, 2016
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 income[1] 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 Priorities[2]

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.