[This is an English translation of the original text written in Japanese]

October 19, 2016
LIXIL Group Corporation

Announcement Regarding the Revision of the Forecast on Business Performance for the Fiscal Year Ending March 2017

In light of the recent business trend, LIXIL Group Corporation (hereinafter, "LGC") revised its forecast on business performance for the fiscal year ending March 31, 2017 (from April 1, 2016 to March 31, 2017) from those announced on May 9, 2016.

1. Revision of the forecast on business performance

i) Revision of consolidated forecast for the H1 of the fiscal year ending March 31, 2017
(April 1, 2016 through September 30, 2016)

	Revenue	Operating profit	Profit before income taxes	Profit for the quarter	Profit for the quarter attributable to owners of the parent	Basic earnings per share
	Million yen	Million yen	Million yen	Million yen	Million yen	Yen
Previous H1 forecast (A) (Announced on May 9, 2016)	905,000	24,500	20,000	12,500	11,000	38.38
Revised H1 forecast (B)	870,000	38,000	41,000	23,000	23,000	80.14
Change (B-A)	-35,000	13,500	21,000	10,500	12,000	41.76
Change (%)	-3.9	+55.1	+105.0	+84.0	+109.1	+108.8
<Reference> H1 results for the FY ended March 31, 2016	942,396	32,687	-11,285	-19,232	-18,366	-64.12

<Reference> Core earnings: (Previous H1 forecast (A) announced on May 9, 2016) 30,500 million yen, (Revised H1 forecast (B)) 39,000 million yen, (Change (B-A)) 8,500 million yen (+27.9%)
(H1 results for the FY ended March 31, 2016) 40,120 million yen
Core earnings is the amount calculated by deducting cost of sales and selling, general and administrative expenses from the revenue
<Note> As LGC adopts IFRS from fiscal year ending March 2017, review procedure by the audit for H1 results for the fiscal ended March 31, 2016 is not completed.

ii) Revision of consolidated forecast for the full year of the fiscal year ending March 31, 2017
(April 1, 2016 through March 31, 2017)

	Revenue	Operating profit	Profit before income taxes	Profit for the year	Profit for the year attributable to owners of the parent	Basic earnings per share
	Million yen	Million yen	Million yen	Million yen	Million yen	Yen
Previous full-year forecast (A) (Announced on May 9, 2016)	1,880,000	56,000	51,000	30,500	28,000	97.56
Revised full-year forecast (B)	1,780,000	65,000	67,000	38,000	38,000	132.41
Change (B-A)	-100,000	9,000	16,000	7,500	10,000	34.85
Change (%)	-5.3	+16.1	+31.4	+24.6	+35.7	+35.7
<Reference> Full-year results for the FY ended March 31, 2016	1,890,450	39,011	-7,087	-26,671	-25,605	-89.33

<Reference> Core earnings: (Previous full-year forecast (A) announced on May 9, 2016) 73,000 million yen, (Revised full-year forecast (B)) 80,000 million yen, (Change (B-A)) 7,000 million yen (+9.6%)

(Full-year results for the FY ended March 31, 2016) 70,069 million yen

Core earnings is the amount calculated by deducting cost of sales and selling, general and administrative expenses from the revenue

2. Reasons for the revision

The profits of H1 for the fiscal year ending March 31, 2017 are expected to exceed the previous forecast significantly as shown above due to the steady growth of LWT (LIXIL Water Technology) overseas business, cost and SG&A reduction of domestic business, less-than-expected other expenses, and foreign exchange gains accompanied with yen-appreciation. However, revenue is expected to fall short of the forecast because overseas sales decreased when converted into yen due to more-than-expected yen appreciation, overseas building business had sales recognition postponed to the future and domestic sales are expected to fall slightly short of the target.

As for the full-year forecast for the fiscal year ending March 31, 2017, LGC revised sales downward due to changes in foreign exchange assumptions (previous assumptions: 1USD=115 yen, 1EUR=125yen => revised assumptions: 1USD=105yen, 1EUR=115yen), change in the forecast for domestic demand for H2 from the postponement of the consumption tax hike, impact from business divestments in H1, and changes in the assumptions for the progress of the overseas building projects. LGC also made an upward revision for profits in spite of the downward revision on the full-year sales forecast, because profits for the H1 are expected upward.

Note: Statements made above are forward-looking statements. LIXIL Group cautions that a number of factors could cause actual results to differ materially from those discussed in the forward-looking statements.