Flash Report

LIXIL GROUP CORPORATION

May 8, 2017

Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 (International Financial Reporting Standards)

Company Name: LIXIL GROUP CORPORATION
Code Number: 5938
Representative: Kinya Seto, President & CEO
Contact: Keishi Saito, Operating Officer, Head of Investor Relations Office
Scheduled date of ordinary general meeting of shareholders: June 22, 2017
Scheduled date of issue of Security report: June 23, 2017
Preparation of supplementary materials of the financial results for FY 2017: Yes
Briefing session of the financial results for FY 2017 to be held: Yes (For investment analysts and institutional investors)

Stock Listings: Tokyo, Nagoya
URL: http://www.lixil.com/en/investor/
Telephone: +81-3-6268-8806

Date of scheduled payment of dividends: June 7 , 2017

(Amounts less than one million yen are rounded)

1. Consolidated Financial Results for the FY Ended March 2017 (April 1, 2016 through March 31, 2017)

(1) Consolidated Operating Results

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

	Revenue		Core earnings		Operating profit		Profit before tax		Profit for the year		Profit for the year attributable to owners of the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2017	**1,786,447**	**-5.5**	**88,312**	**26.0**	**67,535**	**73.1**	**66,007**	**-**	**41,898**	**-**	**42,503**	**-**
FY 2016	1,890,450	10.8	70,069	35.5	39,011	-18.8	-7,087	-	-26,671	-	-25,605	-

	Total comprehensive income for the year		Basic earnings per share	Diluted earnings per share	Return on equity attributable to owners of the parent	Ratio of profit before tax to total assets	Ratio of core earnings to revenue	Ratio of operating profit to revenue
	Million yen	%	Yen	Yen	%	%	%	%
FY 2017	**37,880**	**-**	**148.01**	**134.10**	**7.9**	**3.2**	**4.9**	**3.8**
FY 2016	-47,615	-	-89.33	-89.33	-4.6	-0.4	3.7	2.1

(Reference) Share of profit of associates and joint ventures accounted for using the equity method
FY 2017 -480 million yen FY 2016 -931 million yen

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

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets	Equity attributable to owners of the parent per share
	Million yen	Million yen	Million yen	%	Yen
FY 2017	**2,042,165**	**559,431**	**547,244**	**26.8**	**1,902.18**
FY 2016	2,130,120	537,308	524,806	24.6	1,828.84

(3) Consolidated Cash Flows

	Cash flows from operating activities	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 2017	**132,531**	**-58,052**	**-79,899**	**121,563**
FY 2016	121,085	19,122	-154,403	129,646

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 2016	-	30.00	-	30.00	60.00	17,210	-	3.1
FY 2017	-	30.00	-	30.00	60.00	17,244	40.5	3.2
FY 2018 (forecast)	-	30.00	-	30.00	60.00		40.1	

3. Consolidated Forecast for the FY Ending March 2018 (April 1, 2017 through March 31, 2018)

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

	Revenue		Core earnings		Operating profit		Profit before tax		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	%	Million yen	%	Yen
FY 2018 1H	890,000	2.2	40,000	0.4	37,000	-3.4	34,500	-17.1	24,900	3.9	23,000	-4.8	79.95
FY 2018	1,850,000	3.6	95,000	7.6	75,000	11.1	70,000	6.0	46,800	11.7	43,000	1.2	149.46

*** Notes**

(1) Changes in significant subsidiaries, which affected the scope of consolidation during this period: Yes
Newly consolidated company: None
Excluded company: 1 (Name of the company) GraceB S.à r.l.
Through absorption-type merger, GROHE Group S.à r.l., the subsidiary of GraceB S.à r.l., became the surviving company and GraceB S.à r.l. was dissolved by absorption.

(2) Changes in accounting policies and accounting estimate
(i) Changes in accounting policies required by IFRS: None
(ii) Other changes: None
(iii) Changes in accounting estimate: None

(3) Outstanding stocks (Common stocks)

(i) Outstanding stocks including treasury stocks	(FY ended March 31, 2017) 313,054,255 shares	(FY ended March 31, 2016) 313,054,255 shares
(ii) Treasury stocks	(FY ended March 31, 2017) 25,361,045 shares	(FY ended March 31, 2016) 26,092,118 shares
(iii) Average stocks during the fiscal year	(FY ended March 31, 2017) 287,154,694 shares	(FY ended March 31, 2016) 286,639,766 shares

* This quarterly financial results report is exempt from quarterly review procedures under Japan's Financial Instruments and Exchange Law.

*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.

4. Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

(Unit: millions of yen)

	As of March 31, 2016	End of this year (As of March 31, 2017)
ASSETS:		
CURRENT ASSETS:		
Cash and cash equivalents	129,646	121,563
Trade and other receivables	386,281	391,256
Inventories	211,855	204,581
Construction contract assets	92,920	92,431
Income tax receivables	4,008	3,144
Other financial assets	30,004	12,217
Other current assets	21,607	23,718
Subtotal	876,321	848,910
Assets held for sale	8,897	873
Total current assets	**885,218**	**849,783**
NON-CURRENT ASSETS:		
Property, plant and equipment	546,575	538,137
Goodwill and other intangible assets	501,325	474,315
Investment property	7,922	7,143
Investments accounted for using the equity method	25,606	23,913
Other financial assets	90,048	95,277
Deferred tax assets	51,125	45,162
Other non-current assets	22,301	8,435
Total non-current assets	**1,244,902**	**1,192,382**
Total assets	**Y 2,130,120**	**Y 2,042,165**

(Unit: millions of yen)

	As of March 31, 2016	End of this FY (As of March 31, 2017)
LIABILITIES:		
CURRENT LIABILITIES		
Trade and other payables	342,832	350,477
Bonds and borrowings	325,660	251,326
Construction contract liabilities	28,014	33,288
Income tax payables	18,045	10,578
Other financial liabilities	17,569	7,291
Provisions	2,236	1,516
Other current liabilities	117,550	122,709
Subtotal	851,906	777,185
Liabilities directly associated with the assets held for sale	10,572	—
Total current liabilities	**862,478**	**777,185**
NON-CURRENT LIABILITIES		
Bonds and borrowings	501,399	508,582
Other financial liabilities	30,790	29,108
Net defined benefit liabilities	81,098	73,809
Provisions	7,144	6,909
Deferred tax liabilities	81,045	73,437
Other non-current liabilities	28,858	13,704
Total non-current liabilities	**730,334**	**705,549**
Total liabilities	**1,592,812**	**1,482,734**
EQUITY:		
Share capital	68,121	68,121
Capital reserves	261,024	260,901
Treasury shares	-54,898	-53,362
Other components of equity	22,791	14,860
Retained earnings	227,768	256,724
Equity attributable to owners of the parent	524,806	547,244
Non-controlling interests	12,502	12,187
Total equity	**537,308**	**559,431**
Total liabilities and equity	**Y 2,130,120**	**Y 2,042,165**

(2) Consolidated Statements of Profit or Loss and Comprehensive Income

Consolidated Statement of Profit or Loss

(Unit: millions of yen)

	FY ended March 31, 2016	FY ended March 31, 2017
Revenue	Y 1,890,450	Y 1,786,447
Cost of sales	-1,348,849	-1,222,861
GROSS PROFIT	541,601	563,586
Selling, general and administrative expenses	-471,532	-475,274
Other income	23,216	13,394
Other expenses	-54,274	-34,171
OPERATING PROFIT	39,011	67,535
Finance income	16,620	9,641
Finance costs	-25,980	-10,689
Share of loss of associates and joint ventures accounted for using the equity method	-931	-480
Impairment loss on investment in associates	-7,869	-
Loss related to guarantee obligations	-27,938	-
PROFIT (LOSS) BEFORE TAX	-7,087	66,007
Income tax expenses	-19,584	-24,109
PROFIT (LOSS) FOR THE YEAR	-26,671	41,898
Profit (loss) for the year attributable to:		
Owners of the parent	-25,605	42,503
Non-controlling interests	-1,066	-605
PROFIT (LOSS) FOR THE YEAR	-26,671	41,898
Earnings (loss) per share		
Basic (yen per share)	-89.33	148.01
Diluted (yen per share)	-89.33	134.10

Consolidated Statement of Comprehensive Income

(Unit: millions of yen)

	FY ended March 31, 2016	FY ended March 31, 2017
PROFIT (LOSS) FOR THE YEAR	**Y -26,671**	**Y 41,898**
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of defined benefit pension plans	-1,101	3,521
Total items that will not be reclassified subsequently to profit or loss	-1,101	3,521
Items that may be reclassified subsequently to profit or loss		
Net fair value gain on available-for-sale financial assets	402	1,828
Net fair value gain on hedging instruments entered into for cash flow hedges	1,988	1,012
Exchange differences on translation of foreign operations	-29,830	-8,464
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	7,597	-1,915
Total items that may be reclassified subsequently to profit or loss	-19,843	-7,539
Other comprehensive income, net of tax	-20,944	-4,018
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	-47,615	37,880
Total comprehensive income (loss) for the year attributable to:		
Owners of the parent	-43,494	38,338
Non-controlling interests	-4,121	-458
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	**Y -47,615**	**Y 37,880**

(3) Consolidated Statement of Changes in Equity

(Unit: millions of yen)

	Equity attributable to owners of the parent						
				Other components of equity			
	Share capital	Capital reserves	Treasury shares	Exchange differences on translation of foreign operations	Remeasurements of defined benefit pension plans	Net fair value gain on available-for-sale financial assets	Net fair value gain (loss) on hedging instruments entered into for cash flow hedges
BALANCE AS OF APRIL 1, 2015	**68,121**	**261,166**	**-56,205**	**30,246**	**-**	**14,378**	**-3,920**
(Loss) profit for the year	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-26,776	-1,101	402	1,989
Total comprehensive income for the year	-	-	-	-26,776	-1,101	402	1,989
Purchase of treasury shares	-	-	-98	-	-	-	-
Disposal of treasury shares	-	0	1	-	-	-	-
Share-based payment transactions	-	79	1,404	-	-	-	-
Dividends	-	-	-	-	-	-	-
Changes in parent's ownership interests in subsidiaries without loss of control	-	-221	-	-	-	-	-
Changes associated with obtaining control of subsidiaries	-	-	-	-	-	-	-
Changes associated with loss of control of subsidiaries	-	-	-	-	-	-	-
Transfers from other components of equity to retained earnings	-	-	-	-	1,101	-	-
Total transactions with owners	-	-142	1,307	-	1,101	-	-
BALANCE AS OF MARCH 31, 2016	**68,121**	**261,024**	**-54,898**	**3,470**	**-**	**14,780**	**-1,931**
Profit (loss) for the year	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-8,613	3,521	1,828	1,014
Total comprehensive income for the year	-	-	-	-8,613	3,521	1,828	1,014
Purchase of treasury shares	-	-	-25	-	-	-	-
Disposal of treasury shares	-	1	200	-	-	-	-
Share-based payment transactions	-	62	1,361	-	-	-	-
Dividends	-	-	-	-	-	-	-
Changes in parent's ownership interests in subsidiaries without loss of control	-	-186	-	-	-	-	-
Changes associated with obtaining control of subsidiaries	-	-	-	-	-	-	-
Changes associated with loss of control of subsidiaries	-	-	-	-	-	-	-
Transfers from other components of equity to retained earnings	-	-	-	-	-3,521	-	-
Total transactions with owners	-	-123	1,536	-	-3,521	-	-
BALANCE AS OF MARCH 31, 2017	**68,121**	**260,901**	**-53,362**	**-5,143**	**-**	**16,608**	**-917**

(Unit: millions of yen)

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
	Other components of equity			Retained earnings (losses)	Total		
	Share of other comprehensive income of associates and joint ventures accounted for using the equity method	Other	Total				
BALANCE AS OF APRIL 1, 2015	**-7,342**	**5,660**	**39,022**	**271,643**	**583,747**	**7,108**	**590,855**
(Loss) Profit for the year	-	-	-	-25,605	-25,605	-1,066	-26,671
Other comprehensive income	7,597	-	-17,889	-	-17,889	-3,055	-20,944
Total comprehensive income for the year	7,597	-	-17,889	-25,605	-43,494	-4,121	-47,615
Purchase of treasury shares	-	-	-	-	-98	-	-98
Disposal of treasury shares	-	-	-	-	1	-	1
Share-based payment transactions	-	557	557	21	2,061	-	2,061
Dividends	-	-	-	-17,190	-17,190	-198	-17,388
Changes in parent's ownership interests in subsidiaries without loss of control	-	-	-	-	-221	2,065	1,844
Changes associated with obtaining control of subsidiaries	-	-	-	-	-	6,923	6,923
Changes associated with loss of control of subsidiaries	-	-	-	-	-	725	725
Transfers from other components of equity to retained earnings	-	-	1,101	-1,101	-	-	-
Total transactions with owners	-	557	1,658	-18,270	-15,447	9,515	-5,932
BALANCE AS OF MARCH 31, 2016	**255**	**6,217**	**22,791**	**227,768**	**524,806**	**12,502**	**537,308**
Profit (loss) for the year	-	-	-	42,503	42,503	-605	41,898
Other comprehensive income	-1,915	-	-4,165	-	-4,165	147	-4,018
Total comprehensive income for the year	-1,915	-	-4,165	42,503	38,338	-458	37,880
Purchase of treasury shares	-	-	-	-	-25	-	-25
Disposal of treasury shares	-	-	-	-	201	-	201
Share-based payment transactions	-	-245	-245	137	1,315	-	1,315
Dividends	-	-	-	-17,219	-17,219	-57	-17,276
Changes in parent's ownership interests in subsidiaries without loss of control	-	-	-	-	-186	197	11
Changes associated with obtainment of control of subsidiaries	-	-	-	-	-	3	3
Changes associated with loss of control of subsidiaries	-	-	-	14	14	-	14
Transfers from other components of equity to retained earnings	-	-	-3,521	3,521	-	-	-
Total transactions with owners	-	-245	-3,766	-13,547	-15,900	143	-15,757
BALANCE AS OF MATCH 31, 2017	**-1,660**	**5,972**	**14,860**	**256,724**	**547,244**	**12,187**	**559,431**

(4) Consolidated Statement of Cash Flows

(Unit: millions of yen)

	FY ended March 31, 2016	FY ended March 31, 2017
OPERATING ACTIVITIES:		
Profit (loss) before tax	**Y -7,087**	**Y 66,007**
Depreciation and amortization	62,205	60,701
Impairment losses on fixed assets	19,701	17,279
Interest and dividend income	-3,053	-3,136
Interest expense	13,544	8,829
Share of loss of associates and joint ventures accounted for using the equity method	931	480
Impairment loss on investments in associates	7,869	-
Loss related to guarantee obligations	27,938	-
Losses (profits) on sale and disposal of property, plant and equipment	-4,627	2,119
Investigation expense	5,687	-
(Increase) decrease in trade and other receivables	12,135	-10,730
Decrease in inventories	18,086	4,214
Increase (decrease) in trade and other payables	-10,401	13,917
Increase (decrease) in net defined benefit liabilities	-1,758	580
Other	41,578	15,953
Subtotal	182,748	176,213
Interest received	2,241	1,925
Dividends received	998	2,609
Interest paid	-7,230	-17,258
Income taxes paid	-24,052	-30,953
Guarantee obligations paid	-33,018	-
Claim for indemnities received	5,080	-
Payments for investigation expense	-5,682	-5
Net cash flows from operating activities	**Y 121,085**	**Y 132,531**
INVESTING ACTIVITIES:		
Decrease in time deposits	82,781	9,537
Purchase of property, plant and equipment	-50,656	-52,403
Proceeds from sale of property, plant and equipment	16,755	2,521
Purchase of intangible assets	-21,427	-15,812
Proceeds from sale of investment property	1,027	2,173
Payments for acquisition of subsidiaries	-12,534	-
Payments for sale of subsidiaries	-3,178	-12,297
Proceeds from sale of subsidiaries	327	7,212
Increase in short-term loans receivable	-1,075	-174
Payments for long-term loans receivable	-123	-183
Proceeds from collection of long-term loans receivable	185	1,188
Payments for acquisition of other investments	-279,965	-280,629
Proceeds from sale and redemption of investments	290,110	282,540
Other	-3,105	-1,725
Net cash flows from investing activities	**Y 19,122**	**Y -58,052**
FINANCING ACTIVITIES:		
Dividends paid	-17,190	-17,222
Dividends paid to non-controlling interests	-198	-57
(Decrease) Increase in short-term borrowings and commercial paper	1,162	-42,277
Proceeds from long-term borrowings	83,976	54,050
Repayment of long-term borrowings	-219,230	-108,790
Proceeds from issuance of bonds	-	34,850
Proceeds from stock issuance to non-controlling interests	-	140
Other	-2,923	-593
Net cash flows from financing activities	**Y -154,403**	**Y -79,899**
DECREASE IN CASH AND CASH EQUIVALENTS	-14,196	-5,420
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	147,708	129,646
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	-3,803	-2,663
CASH AND CASH EQUIVALENTS INCLUDED IN ASSETS HELD FOR SALE	-63	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**Y 129,646**	**Y 121,563**

(5) Notes on Premise of Going Concern

Not applicable.

(6) (i) Information about Revenue, Income(Loss) and Other Items by Business Segment

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

(Unit: millions of yen)

	Reportable Segments					
	Water Technology Business	Housing Technology Business	Building Technology Business	Kitchen Technology Business	Distribution & Retail Business	Housing & Services Business
Revenue						
Revenue from external customers	Y 658,975	Y 556,882	Y 331,943	Y 100,205	Y 184,461	Y 57,984
Intersegment revenue or transfers	14,305	9,180	49	11,860	0	1,516
Total	673,280	566,062	331,992	112,065	184,461	59,500
Segment profit (loss) (Note1)	54,854	37,992	-5,621	1,750	7,175	3,777
Other income						
Other expenses						
Operating profit						
Finance income						
Finance costs						
Share of loss of associates and joint ventures accounted for using the equity method						
Impairment loss on investment in associates						
Loss related to guarantee obligations						
Profit (loss) before tax						
Other items						
Depreciation and amortization	25,609	23,422	5,309	2,162	5,098	599
Impairment losses	141	5,362	10,113	3,454	631	-
Share of profit (loss) of associates and joint ventures	825	-190	-	-	-1,366	-200
Investments accounted for using the equity method	10,703	3,750	-	-	4,403	6,750
Capital expenditures	21,160	43,743	4,550	5,399	16,132	759

(Unit: millions of yen)

	Total	Reconciliations (Note 2)	Consolidated
Revenue			
Revenue from external customers	Y 1,890,450	-	Y 1,890,450
Intersegment revenue or transfers	36,910	-36,910	-
Total	1,927,360	-36,910	1,890,450
Segment profit (loss) (Note1)	99,927	-29,858	70,069
Other income			23,216
Other expenses			-54,274
Operating profit			39,011
Finance income			16,620
Finance costs			-25,980
Share of loss of associates and joint ventures accounted for using the equity method			-931
Impairment loss on investment in associates			-7,869
Loss related to guarantee obligations			-27,938
(Loss) profit before tax			-7,087
Other items			
Depreciation and amortization	62,199	6	62,205
Impairment losses	19,701	-	19,701
Share of (loss) profit of associates and joint ventures	-931	-	-931
Investments accounted for using the equity method	25,606	-	25,606
Capital expenditures	91,743	2	91,745

Notes: 1. Segment profit (loss) is core earnings which are carried at revenue less cost of sales and selling, general and administrative expenses.

2. Segment profit (loss) reconciliations are expenses for all group companies that are not allocated to reportable segments. Expenses for all group companies are those mainly associated with the Company's and its consolidated subsidiary LIXIL Corporation's administrative departments, including human resources, general affairs, accounting and others.

For the FY ended March 31, 2017 (April 1, 2016 through March 31, 2017)

(Unit: millions of yen)

	Reportable Segments					
	Water Technology Business	Housing Technology Business	Building Technology Business	Kitchen Technology Business	Distribution & Retail Business	Housing & Services Business
Revenue						
Revenue from external customers	Y 648,588	Y 536,635	Y 263,514	Y 103,276	Y 171,993	Y 62,441
Intersegment revenue or transfers	13,820	7,493	84	11,459	12	1,940
Total	662,408	544,128	263,598	114,735	172,005	64,381
Segment profit (Note1)	65,071	39,212	3,846	4,318	7,304	4,413
Other income						
Other expenses						
Operating profit						
Finance income						
Finance costs						
Share of loss of associates and joint ventures accounted for using the equity method						
Profit before tax						
Other items						
Depreciation and amortization	26,299	21,458	4,899	2,044	5,191	802
Impairment losses	1,845	4,352	411	606	360	533
Share of (loss) profit of associates and joint ventures	-11	286	-	-	-1,648	893
Investments accounted for using the equity method	9,001	3,831	-	-	2,755	8,326
Capital expenditures	27,628	25,979	5,386	5,997	12,857	627

(Unit: millions of yen)

	Total	Reconciliations (Note 2)	Consolidated
Revenue			
Revenue from external customers	Y 1,786,447	-	Y 1,786,447
Intersegment revenue or transfers	34,808	-34,808	-
Total	1,821,255	-34,808	1,786,447
Segment profit (Note1)	124,164	-35,852	88,312
Other income			13,394
Other expenses			-34,171
Operating profit			67,535
Finance income			9,641
Finance costs			-10,689
Share of loss of associates and joint ventures accounted for using the equity method			-480
Profit before tax			66,007
Other items			
Depreciation and amortization	60,693	8	60,701
Impairment losses	8,107	9,172	17,279
Share of (loss) profit of associates and joint ventures	-480	-	-480
Investments accounted for using the equity method	23,913	-	23,913
Capital expenditures	78,474	3	78,477

Notes: 1. Segment profit is core earnings which are carried at revenue less cost of sales and selling, general and administrative expenses.

2. Segment profit reconciliations are expenses for all group companies that are not allocated to reportable segments. Expenses for all group companies are those mainly associated with the Company's and its consolidated subsidiary LIXIL Corporation's administrative departments, including human resources, general affairs, accounting and others. Impairment loss was due to investment in software in progress.

PRESS RELEASE

For Immediate Release

May 8, 2017
LIXIL Group Corporation

LIXIL Announces Record High Net Profit for FYE2017

All businesses record increased profits, resulting in V-shaped recovery in net profit

Tokyo, Japan - LIXIL Group Corporation (LIXIL Group; TSE code: 5938), a global leader in housing and building materials, products and services, today announced earnings[1] for the fiscal year ended March 31, 2017. On a consolidated basis, revenue declined 6% year-on-year to ¥1.79 trillion due to divestment of non-core businesses and impact of selective order intakes by LIXIL Building Technology. Core earnings rose 26% year-on-year to ¥88.3 billion, benefitting from synergies achieved across the Group and measures to strengthen profitability.

Net profit[2] turned positive, increasing by ¥68.1 billion from the previous year due to a reduction in one-off losses, and reached ¥42.5 billion. Return on equity (ROE) improved 12.5 percentage points compared to last year, reaching 7.9%. LIXIL Group will pay a second half dividend of ¥30, totaling ¥60 yen for the year, which is consistent with the previous year.

While revenue was in line with the previous forecast announced in October 2016, core earnings outperformed guidance by ¥8.3 billion. This was due to LIXIL Water Technology's continued growth, the impact of domestic cost reductions, and initiatives to reduce overall SG&A expenses. For the fiscal year ending March 31, 2018, LIXIL Group projects a 4% increase in revenue to ¥1.85 trillion and 8% improvement in core earnings to ¥95 billion in anticipation of further growth centered on overseas markets and profitability improvement in domestic businesses.

LIXIL Group President & CEO, Kinya Seto, commented, "The improvement in profitability that we have seen is validation of the sustained efforts made to improve operational efficiency and our drive to deepen integration across the Group. This year we plan to build on our successes by focusing even more deeply on getting closer to our customers and consumers through new initiatives and marketing channels. To this end, we are now developing a new medium-term business plan, which we will announce during the fiscal year."

Business Results and Priorities

LIXIL Water Technology (LWT), which consists of leading global brands LIXIL, INAX, GROHE, and American Standard, achieved revenue of ¥662 billion. This is a 2% decrease year-on-year but a 4% increase year-on-year on a local currency basis. Core earnings increased 19% to ¥65.1 billion, representing a 10% core earnings margin, which is a 2 percentage point increase compared to last year. The improvement in core earnings is attributed to the introduction of new products and

[1] IFRS based
[2] Net profit attributable to owners of the parent

continued growth in Japan and overseas markets. By region, revenue grew in North America by 7%, in EMEA (Europe, Middle East, and Africa) by 5%, in Asia Pacific by 8%, and in Japan by 1%. For the year ending March 31, 2018, LIXIL Group projects further growth in revenue of 6% to ¥703 billion and core earnings growth of 3% to ¥67 billion. The core earnings margin is anticipated to remain steady at 10%. This growth will be secured as a result of advancing LWT's platform strategy, improving supply chain efficiency, expanding sales of shower toilets in the global market, and by achieving further synergies across the business.

LIXIL Housing Technology (LHT) recorded revenue of ¥544 billion, down 4% year-on-year as a result of the divestment of HIVIC during the first half. Core earnings increased 3% to ¥39.2 billion, benefiting from cost reductions, resulting in a core earnings margin of 7%. For the year ending March 31, 2018, LIXIL Group projects a 1% decrease in revenue to ¥537 billion and 6% increase in core earnings to ¥41.5 billion, bringing the core earnings margin to 8%. LHT will develop new home renovation products that reduce installation time, enhance marketing activities, and focus on being more responsive to market conditions.

LIXIL Building Technology (LBT), which includes Permasteelisa Group, recorded a 21% decrease in revenue year-on-year to ¥264 billion, impacted primarily by the sale of Shanghai Meite in the previous year. Due to continued selective order taking, LBT returned to profitability, recording core earnings of ¥3.8 billion. For the year ending March 31, 2018, LIXIL Group projects a 6% increase in revenue to ¥279 billion and a 69% increase in core earnings to ¥6.5 billion. Targeting of higher profitability markets and tight project execution will contribute to this growth.

LIXIL Kitchen Technology (LKT) revenue increased 2% year-on-year to ¥115 billion. Core earnings increased 147% year-on-year to ¥4.3 billion, representing a margin of 4%, which is an over 2 percentage point increase compared to last year. In addition to higher sales of the Richelle system kitchen, core earnings benefited from reductions in production costs. For the year ending March 31, 2018, LIXIL Group projects revenue to remain flat at ¥115 billion, while core earnings are expected to grow by 16% to ¥5 billion. Core earnings growth is expected to result from profitability improvements for mid and high-end products.

Distribution & Retail Business (D&R) reported a 7% decrease in revenue to ¥172 billion due to the sale of a business in the previous year. Core earnings increased by 2% to ¥7.3 billion, representing a margin of 4%. LIXIL VIVA Corporation was listed on the Tokyo Stock Exchange on April 12, 2017, in order to actively open new stores and pursue further growth. For the year ending March 31, 2018, LIXIL Group anticipates a 6% increase in revenue to ¥183 billion and 23% increase in core earnings to ¥9.0 billion, representing a margin of 5%.

Housing Service Businesses (H&S) recorded an increase in revenue of 8% to ¥64.4 billion and 17% increase in core earnings to ¥4.4 billion, resulting in a margin of 7%. For the year ending March 31, 2018, LIXIL Group anticipates revenue to decrease 11% to ¥57 billion and core earnings to decrease by 21% to ¥3.5 billion due to the impact of deconsolidation of JIO Corporation.

LIXIL Group also announced candidates for Executive Officers for the new fiscal year, which will be put to the Board of Directors following the Annual General Meeting in June. LIXIL Japan Company

COO, Kazuhiko Ootsubo, Managing Director of R&D, Ryo Nihei, and Chief Digital Officer, Yugo Kanazawa, have been nominated as new candidates in a move that will bring additional operational, R&D and digital insights to the leadership team. As part of the transition, Executive Officer and Executive Vice President, Toshimasa Iue will step down.

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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 ¥1.79 trillion in consolidated sales in FYE March 2017.