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

August 21, 2017
LIXIL Group Corporation

Announcement Regarding Revision of the Forecast on Business Performance for the Fiscal Year Ending March 2018 due to the 100% share transfer of Permasteelisa S.p.A.

LIXIL Group Corporation (hereinafter "LGC") hereby announces that LGC revised its business performance forecast for the first half of the fiscal year ending March 31, 2018 and the fiscal year ending March 31, 2018, both of which were announced on May 8, 2017. The reason for the revision is related to the 100% share transfer of Pemasteelisa S.p.A. (hereafter "Permasteelisa"), which is held by LIXIL Corporation, a consolidated subsidiary of LGC, to Grandland Holdings Group Limited (hereinafter "Grandland").

LGC has adopted IFRS since the fiscal year ended March 31 2016. Based on a requirement provided by IFRS5: Non-current Assets Held for Sale and Discontinued Operations and the decision of the transfer of the shares of Permasteelisa, LGC will classify all the assets and liabilities of Permasteelisa as "assets and liabilities held for sale" and profit and loss after tax resulting from Permasteelisa's operations and profits and losses from the share transfer will be listed separately as profit and loss for discontinued operations.

1. Revision of the consolidated forecast for the first half of the fiscal year ending March 31, 2018
(April 1, 2017 through September 30, 2017)

	From Continuing Operation					Including Discontinued Operation		
	Revenue	Core earnings	Operating profit	Profit before tax	Profit for the quarter	Profit for the quarter	Profit for the quarter attributable to owners of the parent	Basic earnings per share
Previous FY 2018 1H forecast (A)	Million yen 890,000	Million yen 40,000	Million yen 37,000	Million yen 34,500	Million yen 24,900	Million yen 24,900	Million yen 23,000	Yen 79.95
Revised FY 2018 1H forecast (B)	810,000	40,000	37,000	36,000	26,000	14,000	12,000	41.66
Change (B-A)	△80,000	0	0	1,500	1,100	△10,900	△11,000	△38.29
Change (%)	△9.0	0.0	0.0	4.3	4.4	△43.8	△47.8	△47.9

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

2. Revision of the consolidated forecast for the full year of the fiscal year ending March 31, 2018
(April 1, 2017 through March 31, 2018)

	From Continuing Operation					Including Discontinued Operation		
	Revenue	Core earnings	Operating profit	Profit before tax	Profit for the year	Profit for the year	Profit for the year attributable to owners of the parent	Basic earnings per share
Previous FY 2018 forecast (A)	Million yen 1,850,000	Million yen 95,000	Million yen 75,000	Million yen 70,000	Million yen 46,800	Million yen 46,800	Million yen 43,000	Yen 149.46
Revised FY 2018 forecast (B)	1,680,000	93,000	85,000	80,000	59,000	47,000	43,000	149.46
Change (B-A)	△170,000	△2,000	10,000	10,000	12,200	200	0	0
Change (%)	△9.2	△2.1	13.3	14.3	26.1	0.4	0.0	0.0

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

3. Reasons for the revision

As announced separately today, LGC has decided to transfer 100% of its shares of Permasteelisa, which is a consolidated subsidiary of LGC. This announcement informs revision of forecast on “Profit for the quarter” including Discontinued Operations because estimated impact on profits (approximately 10.0 billion yen) was not incorporated in the consolidated forecast for the first half of the fiscal year ending March 31, 2018 due to projection difficulties in conditions of the contract that we agreed and at the time the contract was concluded.

Because of the share transfer and requirements under IFRS5, revenues will decrease due to the reclassification to discontinued operations. However, there will be no major impact on “Profit for the year” including Discontinued Operations for the full year.

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.

End