



## Sekisui House Group FY2014 Mid-term Management Plan

**November 13, 2014:** The Sekisui House Group (“the Group”) has announced that it has formulated its Mid-term Management Plan for the period until the fiscal year ending January 31, 2017.

As the top brand and leading company in the housing market, Sekisui House has endeavored to achieve growth, aiming to lead the industry, and has promoted the deployment of growth strategies focused on the “residential” business domain. We, consequently, expect to post record-high net sales and operating income in the current fiscal year.

Our motto for the new Mid-term Management Plan is “Strengthening synergies in the Group and taking on new challenges in the ‘residential’-related business.” To achieve further growth, we will promote business, expanding our housing and housing-related businesses and developing new businesses. While strengthening our Built-to-Order Business, we will aggressively expand new operations in our Supplied Housing Business and Development Business. We will seek to achieve growth by building new businesses in these business domains. Meanwhile, we will continue to bolster our management foundation by streamlining our production division and improving efficiency in our use of management resources, in addition to implementing a timely capital policy. Through these initiatives, we will seek to achieve performance and management goals in the fiscal years during the period of the Mid-term Management Plan, while returning profits to shareholders.

### [Basic Direction of the FY2014 Mid-Term Management Plan]

“Strengthening synergies in the Group and taking on new challenges in the ‘residential’-related business”

### [Performance Targets]

(Millions of yen)

	FY2014 (Year ending January 31, 2015)	FY2015 (Year ending January 31, 2016)	FY2016 (Year ending January 31, 2017)
Net sales	1,910,000	1,920,000	2,020,000
Operating income	145,000	152,000	166,000
Net income	89,000	95,000	103,000
OP margin	7.6%	7.9%	8.2%
EPS (yen)	130.4	139.0	151.0
ROE	9.3%	9.5%	10.0%

### [Business Strategies of Sekisui House]

The Group pursues business activities in accordance with three business models for Built-to-Order Business, Supplied Housing Business and Development Business.



### **<Built-to-Order Business>**

We aim to expand sales of high-end and mid-range products mainly by developing new products in the IS SERIES, including IS STAGE, our flagship product. Meanwhile, we will promote sales of Zero Energy Houses (Green First Zero of Sekisui House, Ltd.), which will contribute to the mitigation of global warming and energy problems as part of our social agenda. To meet the needs for rental housing and multifamily housing associated with the increase of the inheritance tax, we will enhance our 3- and 4-story houses that use our original  $\beta$  system construction method, which gives us an advantage, and will promote our Custom Detached Houses Business and Rental Housing Business.

### **<Supplied Housing Business>**

We will strengthen our remodeling business (large-scale renovations) for custom detached houses and rental housing and, at the same time, develop new businesses, including the renovation of condominiums. To promote the distribution of quality housing, we will aggressively develop our SumStock business.

In response to an emerging full-fledged aged society, we have established subsidiary Sekiwa Grand Mast, Ltd., which will focus on elderly housing with supportive services to expand sales in the business.

### **<Development Business>**

We will actively promote sales in our Houses for Sale Business, carefully choosing land for development and creating high-quality communities and towns whose asset value will likely increase. In our Urban Redevelopment Business, the establishment of Sekisui House Reit, Inc. has enabled us to develop a new exit strategy. We will seek to make a profit by increasing the asset turnover ratio. In our Overseas Business, we will promote local brand building to establish a stable business base.

### **[Shareholder Return Policy]**

Our basic policy on profit distribution is that in order to realize a high level of profit sharing while maintaining sound management over the medium- and long-term, we will aim at an average dividend payout ratio of 40% or higher over the medium- and long-term.

By putting into perspective future business opportunities based on earnings and cash flow situations and the behavior of the domestic economy and market environment each year, we will make every effort to increase shareholder returns through the improvement of asset efficiency, including share buybacks and retirement of treasury stocks if and when deemed appropriate.

Under the above basic policy, we will have a total shareholder return ratio of 60%, combining an average dividend payout ratio of 40% and share buybacks, which will be around 20% of net income.



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