

# Sekisui House, Ltd.

## First Quarter of FY2013

(February 1, 2013 through April 30, 2013)

### - Summary of Consolidated Financial Results -

#### 1. Overview

#### 2. Financial Position

#### 3. Segment Information

Built-to-Order Business

Supplied Housing Business

Development Business

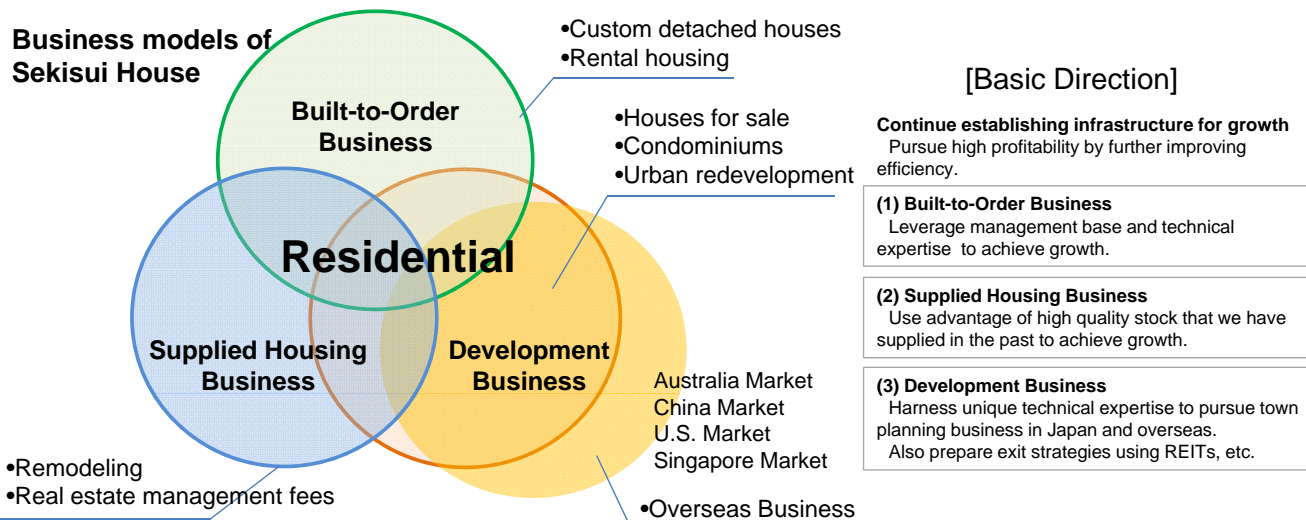
[Details of Real Estate (Buildings and Land) for Sale by Segments]

<Reference> Full-Year Forecasts for FY2013

June 6, 2013

## Management Direction

Deployment of growth strategies focused on the “residential” business domain



## Brand Vision

# SLOW & SMART

Housing innovation to make your heart feel at home

## 1. Overview

Sales and orders expanded due to demonstration of the strengths of Sekisui House focused on the “residential” business domain.

Both operating income and net income posted a new quarterly record.

(¥ billion)

	FY2012 1Q		FY2013 1Q		
	Results	Margin	Results	Margin	YoY
Net sales	333.3		357.6		7.3%
Cost of sales	275.8		289.6		5.0%
Gross profit	57.4	17.2%	68.0	19.0%	18.4%
Selling, general and administrative expenses	50.5		52.2		3.3%
Operating income	6.8	2.1%	15.7	4.4%	128.6%
Non-operating income/loss	1.0		2.0		107.6%
Ordinary income	7.8	2.4%	17.8	5.0%	126.0%
Extraordinary income	-		-		-
Extraordinary loss	0.7		0.4		(39.8%)
Minority interests in income	0.4		0.3		(17.6%)
Net income	2.8	0.9%	10.3	2.9%	260.4%
Consolidated orders	418.4		474.3		13.4%

Sheet 2

## 1. Overview

- **Orders increased thanks to stronger promotion of the SLOW & SMART brand vision and the effect of introducing new products.**

(Three and four-story houses up 97%, launch of Green First Zero )

- **Profit margin improved significantly due to a combination of increased sales and establishment of the revenue base**

(Gross margin: Consolidated 17.2%→19.0%, Custom Detached Houses 20.6%→23.4%, Rental Housing 18.0%→19.9%)

### 1. Net sales

- (1) The Built-to-Order Business (up ¥21.1 billion year-on-year), the Supplied Housing Business (up ¥8.8 billion)
- (2) The Development Business decreased ¥7.8 billion year-on-year, mainly owing to the fact that the hand-over timing of the Condominiums Business was in the off-crop season.

### 2. Operating income

- (1) The Custom Detached Houses Business (up ¥4.1 billion year-on-year) and the Rental Housing Business (up ¥3.3 billion year-on-year) contributed to a large increase in operating income.
- (2) Gross profit also improved as a result of growth in sales. The OP margin was 4.4%.

### 3. Ordinary income

- (1) Non-operating income (loss) improved due to the posting of profit in Singapore business and reduction in interest expenses.
- (2) Loans receivable in Singapore and other factors produced foreign exchange gains of ¥1.6 billion.

### 4. Extraordinary loss

- (1) Loss on valuation of investment securities of ¥0.4 billion were posted in the previous FY2012 1Q.

### 5. Net income

- (1) First quarter net income jumped to a record high. EPS was ¥15.48.

Sheet 3

## 2. Financial Position

Total assets increased ¥46.8 billion from the end of the previous fiscal year.

- Assets grew largely due to increases in properties for sale and valuation difference on investment securities.
- Liabilities increased mainly due to the issue of short-term bonds.
- Net assets rose ¥29.1 billion (equity ratio was 52.6%), reflecting quarterly net income combined with an increase in accumulated other comprehensive income.

			(¥ billion)				(¥ billion)
Assets	As of Jan. 31, 2013	As of Apr. 30, 2013	Amount changed		FY2012 1Q	FY2013 1Q	Amount changed
Total current assets	955.8	971.6	15.7	Net cash provided by (used in) operating activities	(65.6)	(70.8)	(5.1)
Total noncurrent assets	583.3	614.4	31.0	Net cash provided by (used in) investing activities	(21.5)	(17.0)	4.5
<b>Total assets</b>	<b>1,539.2</b>	<b>1,586.1</b>	<b>46.8</b>	Free cash flow	(87.2)	(87.8)	(0.5)
				Net cash provided by (used in) financing activities	23.1	35.0	11.8
Liabilities and net assets	As of Jan. 31, 2013	As of Apr. 30, 2013	Amount changed	Net increase (decrease) in cash and cash equivalents	(63.4)	(50.2)	13.1
Total current liabilities	411.0	442.3	31.2	Cash and cash equivalents at beginning of period	169.5	179.2	
Total noncurrent liabilities	314.1	300.6	(13.5)	Cash and cash equivalents at end of period	106.1	128.9	
<b>Total liabilities</b>	<b>725.2</b>	<b>742.9</b>	<b>17.7</b>				
					FY2012 1Q	FY2013 1Q	Amount changed
<b>Total net assets</b>	<b>814.0</b>	<b>843.2</b>	<b>29.1</b>	Capital expenditures	23.9	19.4	(4.4)
				Depreciation and amortization	4.3	4.5	0.2
<b>Total liabilities and net assets</b>	<b>1,539.2</b>	<b>1,586.1</b>	<b>46.8</b>				
					As of Jan. 31, 2013	As of Apr. 30, 2013	Change
				Interest bearing debts	268.6	319.9	Amounts %
							51.3 19.1%

Sheet 4

## 3. Segment Information

(¥ billion)

		FY2012 1Q					FY2013 1Q				
		Net sales	Operating income	OP margin	Gross margin	Orders	Net sales	Operating income	OP margin	Gross margin	Orders
Built-to-Order Business	Custom Detached Houses	90.7	4.0	4.4%	20.6%	125.5	100.1	8.2	8.2%	23.4%	143.0
	Rental Housing	54.9	1.0	1.9%	18.0%	72.0	66.6	4.3	6.5%	19.9%	105.6
	<b>Subtotal</b>	<b>145.6</b>	<b>5.0</b>	<b>3.5%</b>	<b>19.6%</b>	<b>197.5</b>	<b>166.7</b>	<b>12.5</b>	<b>7.5%</b>	<b>22.0%</b>	<b>248.7</b>
Supplied Housing Business	Remodeling	23.4	1.9	8.4%	22.8%	27.7	28.1	2.9	10.6%	24.4%	30.5
	Real Estate Management Fees	98.4	4.7	4.8%	12.7%	98.4	102.5	6.2	6.1%	13.8%	102.5
	<b>Subtotal</b>	<b>121.9</b>	<b>6.7</b>	<b>5.5%</b>	<b>14.7%</b>	<b>126.2</b>	<b>130.7</b>	<b>9.2</b>	<b>7.1%</b>	<b>16.1%</b>	<b>133.0</b>
Development Business	Houses for Sale	20.8	(0.2)	(1.2%)	14.5%	29.4	27.6	0.8	3.2%	15.7%	35.1
	Condominiums	12.3	0.8	7.1%	14.8%	19.7	4.8	(0.3)	(6.7%)	7.5%	14.1
	Urban Redevelopment	12.7	2.3	18.3%	20.9%	12.7	6.6	1.7	26.9%	33.3%	6.6
	Overseas Business	7.4	0.5	7.5%	34.1%	18.8	6.4	(0.3)	(5.9%)	35.1%	18.3
	<b>Subtotal</b>	<b>53.4</b>	<b>3.5</b>	<b>6.6%</b>	<b>18.8%</b>	<b>80.8</b>	<b>45.6</b>	<b>1.9</b>	<b>4.3%</b>	<b>20.2%</b>	<b>74.3</b>
Other Businesses		12.3	(0.7)	(6.0%)	14.4%	13.7	14.5	(0.1)	(1.3%)	16.0%	18.2
Eliminations and corporate expenses		-	(7.6)	-	-	-	-	(7.8)	-	-	-
<b>Consolidated</b>		<b>333.3</b>	<b>6.8</b>	<b>2.1%</b>	<b>17.2%</b>	<b>418.4</b>	<b>357.6</b>	<b>15.7</b>	<b>4.4%</b>	<b>19.0%</b>	<b>474.3</b>

Sheet 5

### 3. Segment Information Built-to-Order Business

	(¥ billion)			(¥ billion)		
	Net sales			Orders		
	FY2012 1Q	FY2013 1Q	Change	FY2012 1Q	FY2013 1Q	Change
Custom Detached Houses	90.7	100.1	10.4%	125.5	143.0	13.9%
Rental Housing	54.9	66.6	21.3%	72.0	105.6	46.7%
Total	145.6	166.7	14.5%	197.5	248.7	25.9%

	Operating income			OP margin		Gross margin	
	FY2012 1Q	FY2013 1Q	Amount changed	FY2012 1Q	FY2013 1Q	FY2012 1Q	FY2013 1Q
	Custom Detached Houses	4.0	8.2	4.1	4.4%	8.2%	20.6%
Rental Housing	1.0	4.3	3.3	1.9%	6.5%	18.0%	19.9%
Total	5.0	12.5	7.5	3.5%	7.5%	19.6%	22.0%

In the Built-to-Order Business, orders were above the full-year plan. Orders that will contribute to sales next fiscal year were accumulated.

#### 1. Custom Detached Houses Business

- (1) Orders were driven by new three-story products introduced last year and original exterior walls such as Dyne Concrete and Bellburn.
- (2) The gross margin was 23.4%, improving significantly year-on-year as a result of increased sales.
- (3) Launched sales of Green First Zero smart houses that aim for a Zero Energy Balance.

#### 2. Rental Housing Business

- (1) Orders were around 1.5 times the level a year ago. Sales of three- and-four-story rental houses were strong.
- (2) Product strength was also improved, with the high sound insulation system SHAIDD55 being made a standard feature in all rental houses.

### 3. Segment Information Supplied Housing Business

	(¥ billion)			(¥ billion)		
	Net sales			Orders		
	FY2012 1Q	FY2013 1Q	Change	FY2012 1Q	FY2013 1Q	Change
Remodeling	23.4	28.1	20.0%	27.7	30.5	9.9%
Real Estate Management Fees	98.4	102.5	4.2%	98.4	102.5	4.2%
Total	121.9	130.7	7.2%	126.2	133.0	5.4%

	Operating income			OP margin		Gross margin	
	FY2012 1Q	FY2013 1Q	Amount changed	FY2012 1Q	FY2013 1Q	FY2012 1Q	FY2013 1Q
	Remodeling	1.9	2.9	1.0	8.4%	10.6%	22.8%
Real Estate Management Fees	4.7	6.2	1.5	4.8%	6.1%	12.7%	13.8%
Total	6.7	9.2	2.5	5.5%	7.1%	14.7%	16.1%

The strong performance of the Built-to-Order Business, which provides high quality supplied housing, also spread to the Supplied Housing Business.

#### 3. Remodeling Business

- (1) Sales increased as a result of expansion in proposal-based remodeling in relation to energy-saving renovation and performance improvement, in addition to solar power generation systems.
- (2) Profitability also improved thanks to a higher ratio of large-scale remodeling projects.

#### 4. Real Estate Management Fees Business

- (1) Sales rose 4.2% year-on-year, the number of units under management was 512 thousand, and the occupancy rate was 96.3% (96.0% at the end of the previous fiscal year).
- (2) The OP margin was 6.1%, rising significantly due to improvements in brokerage fees and other fees business.

### 3. Segment Information Development Business

(¥ billion)

(¥ billion)

	Net sales			Orders		
	FY2012 1Q	FY2013 1Q	Change	FY2012 1Q	FY2013 1Q	Change
Houses for Sale	20.8	27.6	32.1%	29.4	35.1	19.1%
Condominiums	12.3	4.8	(60.8%)	19.7	14.1	(28.4%)
Urban Redevelopment	12.7	6.6	(47.7%)	12.7	6.6	(47.7%)
Overseas Business	7.4	6.4	(12.9%)	18.8	18.3	(2.6%)
Total	53.4	45.6	(14.7%)	80.8	74.3	(8.1%)

	Operating income			OP margin		Gross margin	
	FY2012 1Q	FY2013 1Q	Amount changed	FY2012 1Q	FY2013 1Q	FY2012 1Q	FY2013 1Q
Houses for Sale	(0.2)	0.8	1.1	(1.2%)	3.2%	14.5%	15.7%
Condominiums	0.8	(0.3)	(1.2)	7.1%	(6.7%)	14.8%	7.5%
Urban Redevelopment	2.3	1.7	(0.5)	18.3%	26.9%	20.9%	33.3%
Overseas Business	0.5	(0.3)	(0.9)	7.5%	(5.9%)	34.1%	35.1%
Total	3.5	1.9	(1.5)	6.6%	4.3%	18.8%	20.2%

Sheet 8

### 3. Segment Information Development Business

#### 5. Houses for Sale Business

- (1) Actively sold smart town subdivision lots as a leading smart house company.  
 (2) Sales increased significantly mainly due to an increase in purchases of land for housing subdivision in Japan.

#### 6. Condominiums Business

- (1) The number of units handed over was 139. Newly supplied properties will be handed over from the second quarter.

#### 7. Urban Redevelopment Business

- (1) Properties worth ¥6.7 billion were sold to REITs in the previous FY2012 1Q.

#### 8. Overseas Business

&lt;FY2013 1Q&gt;

(¥ billion)

Country	Sales	Operating income	Ordinary income	Investment balance	Accumulated orders
Australia	2.2	(0.8)	(0.7)	106.7	58.9
China	-	(0.4)	(0.7)	105.3	-
USA	4.2	1.2	1.3	46.4	16.7
Singapore *	-	-	(0.0)	28.5	[62.6]
Other administrative expense	-	(0.3)	(0.3)	-	-
Total	6.4	(0.3)	(0.5)	287.0	75.7

\* Accounted for by the equity method

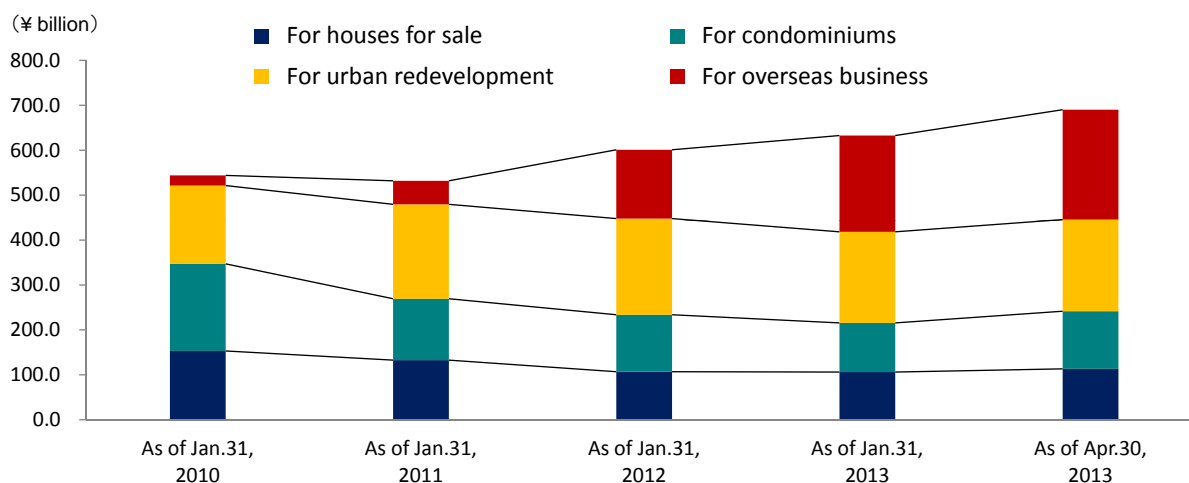
#### Sales status of major projects

Country	Project name	Units for sale	Of which, contracted units
Australia	Central Park	1,428	991
Australia	Wentworth Point	478	432
Singapore	Total 5 projects	3,280	2,935

Sheet 9

### 3. Segment Information

#### [Details of Real Estate (Buildings and Land) for Sale by Segment]



(¥ billion)

	As of Jan. 31, 2010	As of Jan. 31, 2011	As of Jan. 31, 2012	As of Jan. 31, 2013	As of Apr. 30, 2013
Overseas Business	22.5	52.5	153.3	214.2	<b>244.7</b>
Urban Redevelopment	174.4	210.0	213.8	202.8	<b>203.8</b>
Condominiums	193.9	136.5	126.9	109.3	<b>128.4</b>
Houses for Sale	153.1	132.9	107.0	106.3	<b>113.3</b>
<b>Total</b>	<b>544.0</b>	<b>532.0</b>	<b>601.1</b>	<b>632.7</b>	<b>690.3</b>

Sheet 10

### <Reference> Full-Year Forecasts

The forecasts remain unchanged from the last plan announced on March 7, 2013.

(¥ billion)

	FY2012 Results	FY2013	
		Forecasts	YoY
Net sales	1,613.8	1,740.0	7.8%
Operating income	86.1	110.0	27.6%
Ordinary income	91.7	111.0	21.0%
Net income	46.4	63.0	35.6%
EPS (yen)	69.17	93.80	35.6%
ROA	6.0%	7.1%	-
ROE	6.0%	7.6%	-
Dividend per share (yen)	28.00	36.00	8.00
Payout ratio	40.5%	38.4%	-

Sheet 11

## <Reference> Full-Year Forecasts

The forecasts remain unchanged from the last plan announced on March 7, 2013.

### Sales

(¥ billion)

	FY2012 Results	FY2013 (Full-Year)		
		Forecasts	Change	YoY
Custom detached houses	465.1	499.0	33.8	7.3%
Rental housing	303.7	315.0	11.2	3.7%
Remodeling	111.5	122.0	10.4	9.4%
Real estate management fees	393.9	412.0	18.0	4.6%
Houses for sale	127.8	135.0	7.1	5.6%
Condominiums	52.5	56.0	3.4	6.6%
Urban redevelopment	45.5	36.0	(9.5)	(20.9%)
Overseas Business	54.8	100.0	45.1	82.3%
Other Businesses	58.7	65.0	6.2	10.7%
<b>Total</b>	<b>1,613.8</b>	<b>1,740.0</b>	<b>126.1</b>	<b>7.8%</b>

### Orders

(¥ billion)

	FY2012 Results	FY2013 (Full-Year)		
		Forecasts	Change	YoY
Custom detached houses	495.5	524.0	28.4	5.7%
Rental housing	327.1	347.0	19.8	6.1%
Remodeling	116.3	126.0	9.6	8.3%
Real estate management fees	393.9	412.0	18.0	4.6%
Houses for sale	135.4	139.0	3.5	2.7%
Condominiums	72.0	60.0	(12.0)	(16.7%)
Urban redevelopment	45.5	36.0	(9.5)	(20.9%)
Overseas Business	54.1	150.0	95.8	176.8%
Other Businesses	64.5	69.0	4.4	6.8%
<b>Total</b>	<b>1,704.7</b>	<b>1,863.0</b>	<b>158.2</b>	<b>9.3%</b>

Sheet 12

## <Reference> Full-Year Forecasts

The forecasts remain unchanged from the last plan announced on March 7, 2013.

(¥ billion)

	Operating income				OP margin		Gross margin	
	FY2012 Results	FY2013 (Full-Year)			FY2012 Results	FY2013 Forecasts	FY2012 Results	FY2013 Forecasts
		Forecasts	Change	YoY				
Custom detached houses	48.8	58.6	9.8	20.1%	10.5%	11.7%	23.6%	24.4%
Rental housing	27.5	33.0	5.4	19.8%	9.1%	10.5%	20.6%	21.9%
Remodeling	11.5	13.0	1.4	12.6%	10.3%	10.7%	23.2%	23.4%
Real estate management fees	17.0	18.5	1.4	8.6%	4.3%	4.5%	12.3%	12.5%
Houses for sale	1.5	5.2	3.6	229.1%	1.2%	3.9%	12.4%	15.3%
Condominiums	1.0	3.5	2.4	248.6%	1.9%	6.3%	10.6%	17.0%
Urban redevelopment	9.7	7.8	(1.9)	(20.3%)	21.5%	21.7%	24.7%	25.6%
Overseas Business	4.2	5.6	1.3	31.9%	7.7%	5.6%	26.6%	22.2%
Other Businesses	(0.4)	0.0	0.4	-	(0.8%)	0.0%	14.6%	13.8%
Eliminations and back office	(34.9)	(35.2)	(0.2)	-	-	-	-	-
<b>Total</b>	<b>86.1</b>	<b>110.0</b>	<b>23.8</b>	<b>27.6%</b>	<b>5.3%</b>	<b>6.3%</b>	<b>18.6%</b>	<b>19.4%</b>

Sheet 13

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