

# Sekisui House, Ltd.

## Second Quarter of FY2013

(February 1, 2013 through July 31, 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]

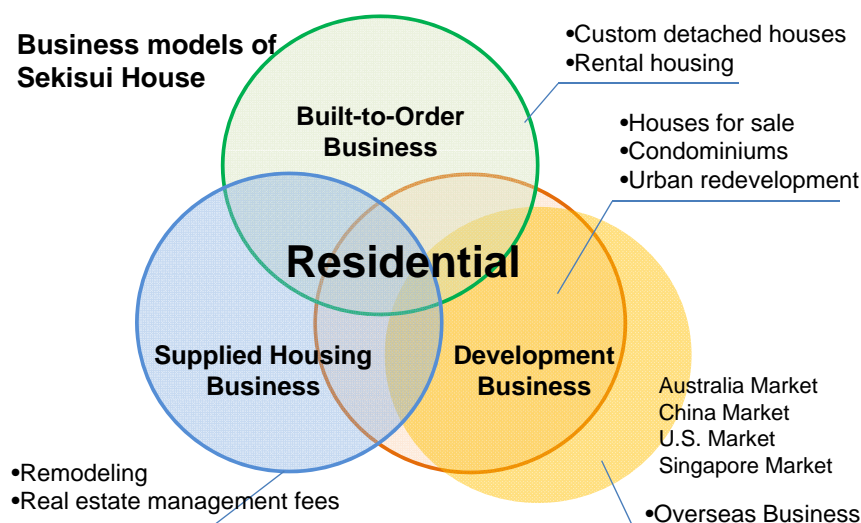
#### 4. Full-Year Forecasts for FY2013

September 5, 2013

## Management Direction

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

Business models of  
Sekisui House



#### [Basic Direction]

**Continue establishing infrastructure for growth**  
Pursue high profitability by further improving efficiency.

##### (1) Built-to-Order Business

Leverage management base and technical expertise to achieve growth.

##### (2) Supplied Housing Business

Use advantage of high quality stock that we have supplied in the past to achieve growth.

##### (3) Development Business

Harness unique technical expertise to pursue town planning business in Japan and overseas.  
Also prepare exit strategies using REITs, etc.

## Brand Vision

# SLOW & SMART

Housing innovation to make your heart feel at home

## 1. Overview

**Results exceeded the initial plan. Growth strategies focused on the residential business domain progressed steadily.**  
**Given strong orders, the full-year plan and dividend plan have been revised upward.**

(Please refer to "4. Full-Year Forecasts")

(¥ billion)

	FY2012 2Q		FY2013 2Q		
	Results	Margin	Results	Margin	YoY
Net sales	758.0		845.2		11.5%
Cost of sales	620.7		679.5		9.5%
Gross profit	137.2	18.1%	165.7	19.6%	20.7%
Selling, general and administrative expenses	104.0		110.0		5.8%
Operating income	33.2	4.4%	55.6	6.6%	67.4%
Non-operating income/loss	0.9		1.9		97.1%
Ordinary income	34.2	4.5%	57.6	6.8%	68.2%
Extraordinary income	-		-		-
Extraordinary loss	2.8		0.7		(74.7%)
Minority interests in income	0.7		0.9		34.6%
Net income	17.0	2.3%	34.0	4.0%	99.4%
Consolidated orders	853.4		965.4		13.1%

Sheet 2

## 1. Overview

- **Our 3- and 4-story detached houses and Green First Zero drove orders in the Built-to-Order Business.**
- **With the ongoing enhancement of earnings strength and a significant rise in sales, a high profitability ratio was achieved.**  
 (Gross margin: Consolidated 18.1%→19.6%, Custom Detached Houses 22.8%→24.8%, Rental Housing 20.0%→21.2%)

### 1. Net sales

(1) Sales grew in each of the three business models:

the Built-to-Order Business (up ¥48.1 billion year-on-year), the Supplied Housing Business (up ¥15.1 billion year-on-year), and the Development Business (up ¥17.2 billion year-on-year)

### 2. Operating income

(1) The Custom Detached Houses Business (up ¥10.0 billion year-on-year) and the Rental Housing Business (up ¥4.3 billion year-on-year) contributed to a large increase in operating income.

(2) OP margin grew significantly to 6.6% (FY2012 2Q: 4.4%) as a result of growth in sales.

### 3. Ordinary income

(1) Given the recording of income in the business in Singapore and a decline in interest expenses, non-operating income and loss improved.

### 4. Extraordinary loss

(1) Loss on valuation of investment securities of ¥1.7 billion were posted in the previous FY2012 2Q.

### 5. Net income

(1) Net income totaled ¥ 34.0 billion, up 31% from the initial forecast.

(2) The interim dividend per share is ¥20 (Initial forecast was 18.)

Sheet 3

## 2. Financial Position

Total assets increased ¥102.8 billion from the end of the previous fiscal year.

- Assets grew due to increases in real estate for sale. In the Urban Redevelopment Business, real estate for sale has been reclassified as noncurrent assets.
- For liabilities, notes and accounts payable for construction contracts and advances received on uncompleted construction contracts increased in proportion to a rise in construction volume.
- Net assets rose ¥53.4 billion (equity ratio was 52.3%), reflecting quarterly net income combined with an increase in accumulated other comprehensive income. (¥ billion)

Assets	As of Jan. 31, 2013	As of Jul. 31, 2013	Amount changed		FY2012 2Q	FY2013 2Q	Amount changed
Total current assets	955.8	971.6	15.7	Net cash provided by (used in) operating activities	(6.7)	4.9	11.7
Total noncurrent assets	583.3	670.4	87.0	Net cash provided by (used in) investing activities	(27.0)	(35.5)	(8.4)
<b>Total assets</b>	<b>1,539.2</b>	<b>1,642.1</b>	<b>102.8</b>	Free cash flow	(33.8)	(30.5)	3.3
				Net cash provided by (used in) financing activities	(0.3)	3.9	4.3
				Net increase (decrease) in cash and cash equivalents	(34.2)	(23.1)	11.1
Liabilities and net assets	As of Jan. 31, 2013	As of Jul. 31, 2013	Amount changed	Cash and cash equivalents at beginning of period	169.5	179.2	
Total current liabilities	411.0	472.1	61.1	Cash and cash equivalents at end of period	135.2	156.0	
Total noncurrent liabilities	314.1	302.4	(11.7)				
<b>Total liabilities</b>	<b>725.2</b>	<b>774.5</b>	<b>49.3</b>				
<b>Total net assets</b>	<b>814.0</b>	<b>867.5</b>	<b>53.4</b>				
<b>Total liabilities and net assets</b>	<b>1,539.2</b>	<b>1,642.1</b>	<b>102.8</b>				

	FY2012 2Q	FY2013 2Q	Amount changed
Capital expenditures	30.2	87.7	57.5
Depreciation and amortization	9.0	9.8	0.8

	As of Jan. 31, 2013	As of Jul. 31, 2013	Change	
			Amounts	%
Interest bearing debts	268.6	286.7	18.1	6.8%

Sheet 4

## 3. Segment Information

(¥ billion)

		FY2012 2Q					FY2013 2Q				
		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	223.2	20.4	9.2%	22.8%	255.0	248.6	30.5	12.3%	24.8%	295.0
	Rental Housing	139.5	11.0	7.9%	20.0%	158.0	162.2	15.4	9.5%	21.2%	212.6
	<b>Subtotal</b>	<b>362.7</b>	<b>31.5</b>	<b>8.7%</b>	<b>21.7%</b>	<b>413.1</b>	<b>410.8</b>	<b>45.9</b>	<b>11.2%</b>	<b>23.4%</b>	<b>507.7</b>
Supplied Housing Business	Remodeling	54.7	5.7	10.5%	23.2%	57.2	61.7	6.6	10.8%	23.7%	64.5
	Real Estate Management Fees	196.0	8.3	4.2%	12.2%	196.0	204.1	11.0	5.4%	13.1%	204.1
	<b>Subtotal</b>	<b>250.7</b>	<b>14.0</b>	<b>5.6%</b>	<b>14.6%</b>	<b>253.2</b>	<b>265.8</b>	<b>17.7</b>	<b>6.7%</b>	<b>15.6%</b>	<b>268.6</b>
Development Business	Houses for Sale	58.4	1.0	1.7%	13.7%	67.9	69.8	4.1	6.0%	17.0%	72.3
	Condominiums	20.2	0.2	1.2%	11.1%	39.3	30.3	0.3	1.1%	10.3%	34.0
	Urban Redevelopment	18.9	3.0	16.0%	19.4%	18.9	14.1	3.5	25.1%	29.7%	14.1
	Overseas Business	19.0	1.0	5.8%	29.1%	29.4	19.6	0.5	2.8%	30.4%	27.8
	<b>Subtotal</b>	<b>116.7</b>	<b>5.3</b>	<b>4.6%</b>	<b>16.7%</b>	<b>155.6</b>	<b>133.9</b>	<b>8.6</b>	<b>6.4%</b>	<b>18.8%</b>	<b>148.3</b>
	Other Businesses	27.8	(0.4)	(1.8%)	14.3%	31.4	34.5	0.3	1.0%	15.3%	40.7
	Eliminations and corporate expenses	-	(17.1)	-	-	-	-	(16.9)	-	-	-
	<b>Consolidated</b>	<b>758.0</b>	<b>33.2</b>	<b>4.4%</b>	<b>18.1%</b>	<b>853.4</b>	<b>845.2</b>	<b>55.6</b>	<b>6.6%</b>	<b>19.6%</b>	<b>965.4</b>

Sheet 5

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

	Net sales (¥ billion)			Orders (¥ billion)		
	FY2012 2Q	FY2013 2Q	Change	FY2012 2Q	FY2013 2Q	Change
	Custom Detached Houses	223.2	248.6	11.4%	255.0	295.0
Rental Housing	139.5	162.2	16.3%	158.0	212.6	34.5%
Total	362.7	410.8	13.3%	413.1	507.7	22.9%

	Operating income			OP margin		Gross margin	
	FY2012 2Q	FY2013 2Q	Amount changed	FY2012 2Q	FY2013 2Q	FY2012 2Q	FY2013 2Q
	Custom Detached Houses	20.4	30.5	10.0	9.2%	12.3%	22.8%
Rental Housing	11.0	15.4	4.3	7.9%	9.5%	20.0%	21.2%
Total	31.5	45.9	14.4	8.7%	11.2%	21.7%	23.4%

#### 1. Custom Detached Houses Business

(1) Orders were driven by high value-added houses including 3- and 4- story products.

Accumulated orders totaled ¥293.4 billion, up 18.8% from the end of the previous fiscal year.

(2) Profitability improved significantly as a result of increased sales as well as cost cutting measures.

The OP margin rose 3.1% year-on-year to 12.3%.

(3) The ratio of Green First Zero smart houses that aim for a Zero Energy Balance exceeded 50% among all orders in July (initial target : 40%).

#### 2. Rental Housing Business

(1) Accumulated orders totaled ¥292.9 billion, up 20.8% from the end of the previous fiscal year. Sales of 3- and 4-story rental houses were strong.

(2) Pursued differentiation from competitors, mainly by promoting the appeal of Sha-Maison Gardens and including SHAIDD55 in all units as standard equipment.

Sheet 6

### 3. Segment Information Supplied Housing Business

	Net sales (¥ billion)			Orders (¥ billion)		
	FY2012 2Q	FY2013 2Q	Change	FY2012 2Q	FY2013 2Q	Change
	Remodeling	54.7	61.7	12.8%	57.2	64.5
Real Estate Management Fees	196.0	204.1	4.1%	196.0	204.1	4.1%
Total	250.7	265.8	6.0%	253.2	268.6	6.1%

	Operating income			OP margin		Gross margin	
	FY2012 2Q	FY2013 2Q	Amount changed	FY2012 2Q	FY2013 2Q	FY2012 2Q	FY2013 2Q
	Remodeling	5.7	6.6	0.9	10.5%	10.8%	23.2%
Real Estate Management Fees	8.3	11.0	2.7	4.2%	5.4%	12.2%	13.1%
Total	14.0	17.7	3.7	5.6%	6.7%	14.6%	15.6%

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) Higher sales, reflecting the aggressive deployment of human resources and the strengthening of remodeling proposals designed to increase energy conservation and efficiency

(2) Profitability also improved thanks to a higher ratio of large-scale remodeling projects.

#### 4. Real Estate Management Fees Business

(1) Sales grew 4.1% year-on-year; the number of units under management was 51.6 thousand; and the occupancy rate was 96.3% (96.0% at the end of the previous fiscal year).

(2) The OP margin was 5.4%, rising due to improvements in occupancy rates and brokerage and other fees business.

Sheet 7

### 3. Segment Information Development Business

	Net sales (¥ billion)			Orders (¥ billion)		
	FY2012 2Q	FY2013 2Q	Change	FY2012 2Q	FY2013 2Q	Change
Houses for Sale	58.4	69.8	19.4%	67.9	72.3	6.4%
Condominiums	20.2	30.3	49.6%	39.3	34.0	(13.4%)
Urban Redevelopment	18.9	14.1	(25.3%)	18.9	14.1	(25.3%)
Overseas Business	19.0	19.6	3.5%	29.4	27.8	(5.4%)
Total	116.7	133.9	14.8%	155.6	148.3	(4.7%)

	Operating income			OP margin		Gross margin	
	FY2012 2Q	FY2013 2Q	Amount changed	FY2012 2Q	FY2013 2Q	FY2012 2Q	FY2013 2Q
Houses for Sale	1.0	4.1	3.1	1.7%	6.0%	13.7%	17.0%
Condominiums	0.2	0.3	0.0	1.2%	1.1%	11.1%	10.3%
Urban Redevelopment	3.0	3.5	0.5	16.0%	25.1%	19.4%	29.7%
Overseas Business	1.0	0.5	(0.5)	5.8%	2.8%	29.1%	30.4%
Total	5.3	8.6	3.2	4.6%	6.4%	16.7%	18.8%

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) Turnover ratio of the land for housing subdivision in Japan improved. A significant increase in sales, mainly due to a rise in purchases

#### 6. Condominiums Business

(1) Started handing over of units in Gran Front Osaka Owner's Tower since July. The number of units handed over amounted to 1,174.

#### 7. Urban Redevelopment Business

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

#### 8. Overseas Business

<FY2013 2Q>

Country	Sales	Operating income	Ordinary income	Investment balance	Accumulated orders
Australia	9.9	(0.9)	(0.7)	109.0	55.0
China	-	(0.8)	(2.1)	125.2	-
USA	9.7	2.8	3.1	55.5	16.9
Singapore *	-	-	0.6	29.4	[63.6]
Other administrative expense	-	(0.5)	(0.5)	-	-
Total	19.6	0.5	0.3	319.2	71.9

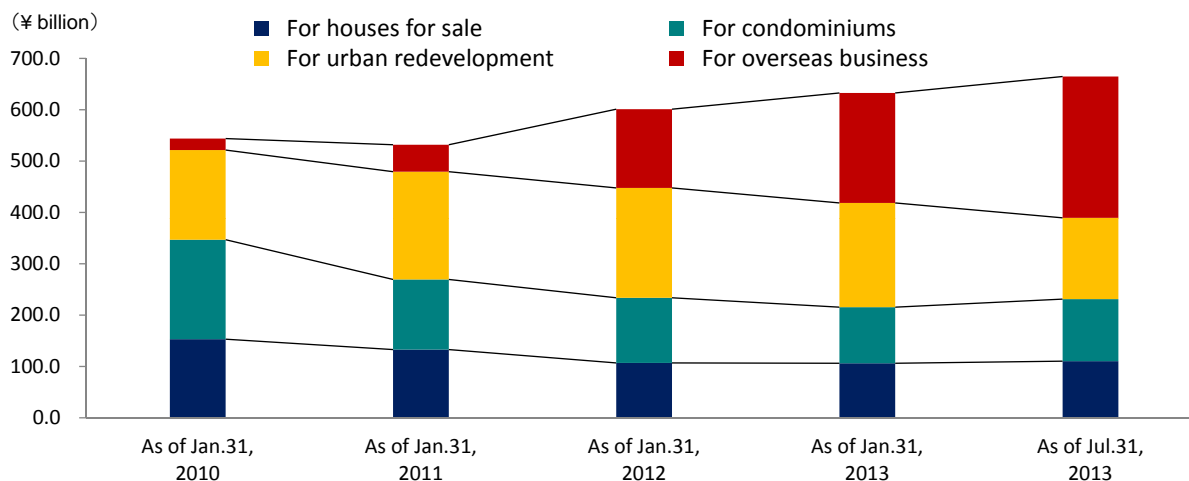
• Accounted for by the equity method

Sales status of major projects	Country	Project name	Units for sale	Of which, contracted units
	• Units already handed over during the current fiscal year are included.	Australia	Central Park	1,428
	Australia	Wentworth Point	477	452
	Singapore	Total 5 projects	3,280	3,030

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 Jul. 31, 2013
Overseas Business	22.5	52.5	153.3	214.2	<b>275.2</b>
Urban Redevelopment	174.4	210.0	213.8	202.8	<b>158.1</b>
Condominiums	193.9	136.5	126.9	109.3	<b>120.9</b>
Houses for Sale	153.1	132.9	107.0	106.3	<b>110.4</b>
<b>Total</b>	<b>544.0</b>	<b>532.0</b>	<b>601.1</b>	<b>632.7</b>	<b>664.6</b>

Sheet 10

### 4. Full-Year Forecasts

(¥ billion)

	FY2012 Results	FY2013		
		Initial forecasts	Revised forecasts	Revised YoY
Net sales	1,613.8	1,740.0	1,815.0	12.5%
Operating income	86.1	110.0	130.0	50.8%
Ordinary income	91.7	111.0	133.5	45.5%
Net income	46.4	63.0	77.0	65.7%
EPS (yen)	69.17	93.80	114.64	65.7%
ROA	6.0%	7.1%	8.2%	-
ROE	6.0%	7.6%	9.1%	-
Dividend per share (yen)	28.00	36.00	43.00	15.00
Payout ratio	40.5%	38.4%	37.5%	-

Sheet 11

## 4. Full-Year Forecasts

### Sales

(¥ billion)

	FY2012 Results	FY2013 Full-Year		
		Initial forecasts	Revised forecasts	YoY
Custom detached houses	465.1	499.0	527.0	13.3%
Rental housing	303.7	315.0	349.0	14.9%
Remodeling	111.5	122.0	125.5	12.5%
Real estate management fees	393.9	412.0	410.0	4.1%
Houses for sale	127.8	135.0	140.0	9.5%
Condominiums	52.5	56.0	62.0	18.0%
Urban redevelopment	45.5	36.0	41.0	(9.9%)
Overseas Business	54.8	100.0	90.0	64.1%
Other Businesses	58.7	65.0	70.5	20.1%
<b>Total</b>	<b>1,613.8</b>	<b>1,740.0</b>	<b>1,815.0</b>	<b>12.5 %</b>

### Orders

(¥ billion)

	FY2012 Results	FY2013 Full-Year		
		Initial forecasts	Revised forecasts	YoY
Custom detached houses	495.5	524.0	542.0	9.4%
Rental housing	327.1	347.0	384.5	17.5%
Remodeling	116.3	126.0	130.0	11.7%
Real estate management fees	393.9	412.0	410.0	4.1%
Houses for sale	135.4	139.0	146.5	8.2%
Condominiums	72.0	60.0	68.0	(5.6%)
Urban redevelopment	45.5	36.0	41.0	(9.9%)
Overseas Business	54.1	150.0	90.0	66.1%
Other Businesses	64.5	69.0	82.0	27.0%
<b>Total</b>	<b>1,704.7</b>	<b>1,863.0</b>	<b>1,894.0</b>	<b>11.1%</b>

Sheet 12

## 4. Full-Year Forecasts

(¥ billion)

	Operating income				OP margin		Gross margin	
	FY2012 Results	FY2013 Full-Year			FY2012 Results	FY2013 Revised forecasts	FY2012	FY2013 Revised forecasts
		Initial forecasts	Revised forecasts	Change				
Custom detached houses	48.8	58.6	66.5	17.7	10.5%	12.6%	23.6%	25.1%
Rental housing	27.5	33.0	37.0	9.4	9.1%	10.6%	20.6%	21.8%
Remodeling	11.5	13.0	14.0	2.4	10.3%	11.2%	23.2%	23.9%
Real estate management fees	17.0	18.5	21.0	3.9	4.3%	5.1%	12.3%	13.0%
Houses for sale	1.5	5.2	8.0	6.4	1.2%	5.7%	12.4%	16.6%
Condominiums	1.0	3.5	3.5	2.4	1.9%	5.6%	10.6%	15.3%
Urban redevelopment	9.7	7.8	8.0	(1.7)	21.5%	19.5%	24.7%	23.7%
Overseas Business	4.2	5.6	6.0	1.7	7.7%	6.7%	26.6%	21.3%
Other Businesses	(0.4)	0.0	0.5	0.9	(0.8%)	0.7%	14.6%	14.9%
Eliminations and back office	(34.9)	(35.2)	(34.5)	0.4	-	-	-	-
<b>Total</b>	<b>86.1</b>	<b>110.0</b>	<b>130.0</b>	<b>43.8</b>	<b>5.3%</b>	<b>7.2%</b>	<b>18.6%</b>	<b>19.8%</b>

Sheet 13

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