



News Release

Sekisui House Group FY2012 Mid-term Management Plan

November 15, 2012 :

In light of the good progress that has been made in executing the current FY2010 Mid-term Management Plan, the Sekisui House Group (“the Group”) has laid out its new FY2012 Mid-term Management Plan. Under the new plan, the Group will aim to accelerate profit growth by deploying growth strategies focused on the “residential” business domain.

In the domestic housing market, with the shift in government housing policy from “quantity to quality,” demand for “energy-free” housing, such as smart houses that have net-zero energy usage and smart towns that produce energy self-sufficiently is increasing. Besides reducing CO₂ emissions to tackle existing concerns over global warming, “energy-free” housing also offers a solution to new concerns over the stability of future energy supplies and securing energy in the event of the disaster. In the meantime, increased availability of housing linked with community health care and nursing care services is required. Accordingly, with pressure for innovation and restructuring in housing and town planning throughout Japan, the Sekisui House Group believes that the time is coming when housing becomes a core industry, generating new demand.

Rated top for customer satisfaction, the Sekisui House Group has continued to meet the diversifying needs of its customers by always staying ahead of changing trends. We have maintained our position as the industry leader by providing safe, secure, comfortable housing, always putting the environment at the center of our operations. Consequently, we have built a cumulative total of 2.11 million houses in Japan. This result demonstrates that the housing and lifestyle proposals made by Sekisui House are well received by our customers, and this customer base forms the essence of the Sekisui House brand.

Under the new mid-term management plan, we will build on the lean earnings base that we established under the previous mid-term management plan and integrate our diverse advanced technologies, lifestyle proposals and other activities into a unified brand vision summed up by the words “SLOW & SMART.” We will point all our group companies in the same direction, and pursue business activities in our eight business segments in accordance with three business models: Built-to-Order Business, Supplied Housing Business and Development Business. Through this, we aim to put the Group on a rapid growth trajectory by achieving sustained profit growth in Japan while at the same time promoting our “SLOW & SMART” brand vision in growing overseas markets.

[Management Direction of the FY2012 Mid-Term Management Plan]

Deploy growth strategies focused on the “residential” business domain.



[Performance Targets]

(Millions of yen)

	FY2012 (Year ending January 31, 2013)	FY2013 (Year ending January 31, 2014)	FY2014 (Year ending January 31, 2015)
Net sales	1,620,000	1,720,000	1,900,000
Operating income	85,000	100,000	134,000
Net income	44,000	57,000	82,000
OP margin	5.2%	5.8%	7.1%
EPS (yen)	65.5	84.8	122.0
ROE	5.8%	7.2%	9.8%

*Conversion of bonds with stock acquisition rights is not accounted for in the calculation of EPS and ROE.

[Distribution Policy to Shareholders]

Under this mid-term management plan, Sekisui House will continue to allocate a minimum 40% mean dividend payout ratio over the medium and long term. We will endeavor to return profits to shareholders through dividend growth by increasing EPS.

By comprehensively taking into consideration earnings and cash flow situations each year and perspective future business opportunities based on the behavior of the domestic economy and market environment, 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.

[Business Strategies of Sekisui House]

Sekisui House will pursue business activities in accordance with three business models for built-to-order business, supplied housing business and development business.

<Built-to-Order Business>

In the business areas of steel-frame detached houses, wood-frame detached houses (Sha-Wood) and rental housing (Sha-Maison), the fact that we have an integrated system encompassing technological development, production, design and construction and consistently supply high quality houses ahead of their time makes the Sekisui House brand successful and allows us to maintain high profitability in the built-to-order business. Moving forward, we will continue to supply high quality houses to maintain our position as top housing manufacturing by staying ahead of the times and linking this to further growth in our market share and further expansion of our customer base.

<Supplied Housing Business>

Supplied housing business is a stable revenue source which accounts for 30% of total sales, thanks to the high-quality, high-performance housing stock we provide in our built-to-order business and cooperation with group companies such as Sekiwa Real Estate, Sekisui House Remodeling and Sekiwa Construction. Looking ahead, we plan to enhance synergies between supplied housing business and built-to-order business by earning the trust of our customers through added value proposals and the provision of services after construction and completion



of sale and by helping to expand our market share in built-to-order business.

<Development Business>

We plan to divert the cash generated in our built-to-order business and our supplied housing business to our development business.

In houses for sale business and condominium business, which are our development businesses in Japan, we will increase asset turnover to improve profit margins. In urban redevelopment business, we will promote leasing to maximize rent income. At the same time, we will also pursue exit strategies, including sale to real estate funds and REITs, etc. We also plan to accentuate our brand strategy in the Smart Common City Series and the Grande Maison Series.

In overseas business, we plan to invest in countries which have an increasing population and are geared for economic growth, to earn high returns on our investments. At the same time, we will promote our "SLOW & SMART" brand vision. By applying the technology and expertise we have accumulated in Japan to our overseas operations and linking this to the global expansion of our built-to-order business and our supplied housing business and by preparing exit strategies for the future, we hope to put the Group on an even higher growth trajectory.

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For further information, please contact:

Mr. Hitoshi Kuroyanagi

Head of IR office

Sekisui House, Ltd.

Email: info-ir@qz.sekisuihouse.co.jp