

Fourth Mid-Term Management Plan of Sekisui House Group (2017 – 2019)

March 9, 2017 – Sekisui House Group announces that it has developed a mid-term management plan with the fiscal year ending January 31, 2020 as the final year.

Setting "deployment of growth strategies focused on the 'residential' business domain" as the management direction, Sekisui House has been promoting the basic policy for the third mid-term management plan (2014-2016) of "strengthening synergies in the Group and taking on new challenges in the 'residential'-related business." As a result, the Company achieved record net sales and operating income, exceeding the targets in the initial plan, in the fiscal year ended January 31, 2017, the final year of the third mid-term management plan.

In the fourth mid-term management plan, the Company positions "building the foundation for the 'residential'-related business toward BEYOND 2020" as the basic policy based on the outlook that the business environment will undergo a substantial change after 2020 along with the economic conditions in Japan, given factors including the dramatic evolution of IT technologies including IoT and AI, changes in demand for housing required due to global warming and the aging society, the expansion of inbound demand and the holding of the Tokyo Olympics. Based on this recognition, the Company will proactively promote the dissemination of high value-added houses and the housing environment by strengthening the housing and housing-related businesses, expanding new business domains using materials shipped from the Company's plants, and positioning the overseas business, which the Company has been working on since 2009, as one of its mainstay businesses.

In addition, the Company will work to further enhance its corporate value with the aim of achieving the business and management targets for each fiscal year in the management plan by strengthening its technical capabilities, construction capabilities and customer base, which are the business bases of the Company, as well as its financial base, mainly through the increased efficiency of the production sector and management resources.

[Basic Policy for FY2017 Mid-term Management Plan]
Building the foundation for the "residential" -related business toward BEYOND 2020

[Performance Targets]

(Millions of yen)

	FY2017 (Year ending January 31, 2018)	FY2018 (Year ending January 31, 2019)	FY2019 (Year ending January 31, 2020)
Net sales	2,144,000	2,200,000	2,383,000
Operating income	192,000	200,000	230,000
Net income attributable to owners of parent	128,000	132,000	149,000
OP margin	9.0%	9.1%	9.7%
EPS (yen)	185.4	191.2	215.9
ROE	11.3%	Stably generating the 10% level	



[Business Strategies of Sekisui House]

Sekisui House Group will promote four business models in the FY2017 mid-term management plan by adding the overseas business, which has grown into one of the mainstay businesses, to the three business of built-to-order, supplied housing and development, which are the existing business models.

<Built-to-Order Business>

The Group will continue to promote the dissemination and sales expansion of Green First Zero (Net Zero Energy House), which has been leading the industry, and will strengthen the product appeal of the IS Series, the steel frame house with the Company's original exterior wall Dyne Concrete, and the Shawood wooden house utilizing the Bellburn original high-grade earthenware exterior wall, and expand the sales of 3- and 4-story houses through the all-out area marketing of rental housing.

The Group will also expand the business domains by taking advantage of the strength of materials shipped from its plants in developing the built-to-order business for accommodations that will be directly linked to inbound demand and respond to various forms and business using the useful land of CRE and PRE.

<Supplied Housing Business>

The Group will enhance renovation (large-scale remodeling) services that provide not only maintenance-type renovation as before but also lifestyle proposal-type renovation. In custom detached houses, the Group divided Sekisui House Remodeling, Ltd. into three companies last year to conduct more community-based business activities and, at the same time, is strengthening remodeling for rental housing, demand for which is growing mainly in urban areas, with the aim of enhancing business performance by expanding the business base for remodeling.

In the real estate management fees business, the Group aims to increase the asset value of its properties by improving the quality of the management business in order to maintain the high occupation rate and strengthen the SumStock business and the real estate brokerage business, which will respond to the distribution market of existing houses that is expected to expand further in the future.

<Development Business>

The Group will promote the business with a focus on development that will increase the asset turnover ratio by carefully selecting valuable land. In houses for sale, the Group will differentiate its products by actively developing smart towns and focusing on becoming more beautiful over time. In the condominiums business, the Group will fully enforce area strategies and work actively to disseminate eco-friendly condominiums at the same time. In the urban redevelopment business, the Group will continue to supply properties stably to two REITs, namely Sekisui House Reit, Inc. and Sekisui House SI Residential Investment Corporation, to increase the asset turnover ratio and generate profits.

<Overseas Business>

The overseas business of the Company remains steady because the earnings base has been built in the United States and Australia as a result of developing the business internationally in the four countries of Australia, the United States, China and Singapore, starting with business advancement in Australia in



2009. In China, the brand value of the Company's high-quality properties has begun penetrating, and in Singapore, its properties available for sale are almost sold out. The Company will continue to expand its business by providing its high-quality housing technologies and landscape development capabilities, etc. in the overseas business while at the same time participating in earnest in the custom detached houses business in the United States by converting Woodside Homes, a homebuilder in the United States, into a wholly owned subsidiary.

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