

Consolidated Financial Highlights

For the First Quarter Ended September 30, 2016

OPEN HOUSE CO., LTD.
[3288 TSE]



FY2016 1Q Topics

Business performance

- Revenue and operating income for FY2016 1Q set new record highs

Revenue: **¥61 billion (+110.3% YOY)**

Operating income: **¥8.5 billion (+211.7% YOY)**

Profit attributable to owners of parent **¥5.3 billion (+230.7% YOY)**

- ⤵ The Single-Family Homes business was strong, in part due to price advantages generated by rising prices for condominiums.
- ⤵ In response to monetary easing and resulting growth in transaction volumes for revenue-generating properties, the Property Resales business expanded its lines of business.
- ⤵ Sales in the Condominiums business were also strong, with urban locations proving especially popular.
- ⤵ Contracts awarded to Asakawa Home Co., Ltd. were strong and contributed to improved business performance.

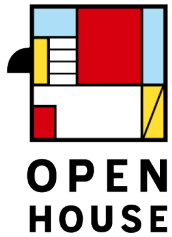
Future forecasts

- We will strive to set record highs in revenue and operating income for the fourth consecutive year.

Revenue: **¥240 billion (+33.8% YOY)**

Operating income: **¥25 billion (+17.4% YOY)**

Profit attributable to owners of parent : **¥15.5 billion (+22.7% YOY)**



FY2016 1Q Consolidated Summary



Overview of Consolidated Income Statement

(Million yen)

	FY2015 1Q		FY2016 1Q		YOY%
		% of revenue		% of revenue	
Revenue	29,035	—	61,049	—	110.3%
Gross profit	4,742	16.3%	12,156	19.9%	156.3%
SG&A expenses	2,013	6.9%	3,646	6.0%	81.1%
Operating income	2,729	9.4%	8,509	13.9%	211.7%
Non-operating income	128	0.4%	63	0.1%	(50.5%)
Non-operating expenses	312	1.1%	241	0.4%	(22.6%)
Ordinary income	2,545	8.8%	8,331	13.6%	227.3%
Profit attributable to owners of parent	1,624	5.6%	5,370	8.8%	230.7%

- Revenue and income for FY2016 1Q set record highs.
- Revenue was up 110.3% YOY, while net income was up 230.7% over the same period.



Performance by segment (revenue, operating income)

- All segments generated increased revenues and income (Segments were revised from FY2016 1Q to reflect growth in business scales.)
- The Property Resales and Single-Family Homes businesses were strong, with revenues up 211.1% and 42.7% YOY, respectively.

	FY2015 1Q *1		FY2016 1Q		(Million yen)
	Actual	Ratio	Actual	Ratio	
Revenue	29,035	100.0%	61,049	100.0%	110.3%
Brokerage	1,654	5.7%	1,919	3.1%	16.0%
Single-family homes	21,163	72.9%	30,209	49.5%	42.7%
Asakawa Home	—	—	8,346	13.7%	*2 —
Condominiums	80	0.3%	1,063	1.7%	1,227.4%
Property resales	6,868	23.7%	21,366	35.0%	211.1%
Others	110	0.4%	119	0.2%	8.3%
Adjustments	(841)	(2.9%)	(1,975)	(3.2%)	—
	Actual	% of revenue	Actual	% of revenue	YOY%
Operating income	2,729	9.4%	8,509	13.9%	211.7%
Brokerage	618	37.4%	705	36.8%	14.1%
Single-family homes	1,554	7.3%	3,782	12.5%	143.3%
Asakawa Home	—	—	*3 284	3.4%	—
Condominiums	(270)	—	(171)	—	—
Property resales	840	12.2%	3,911	18.3%	365.5%
Others	30	27.3%	33	28.1%	11.5%
Adjustments	(43)	—	(36)	—	—

*1 FY2015 1Q results have been revised to reflect the restructuring of business segments in FY2016 1Q

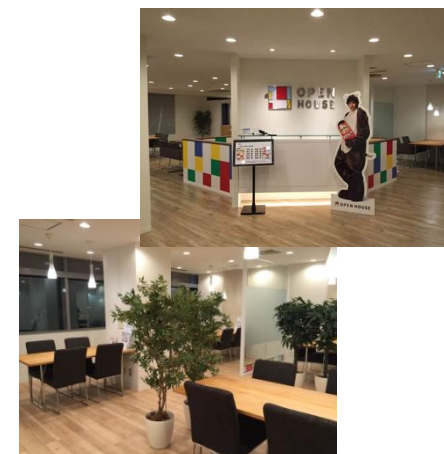
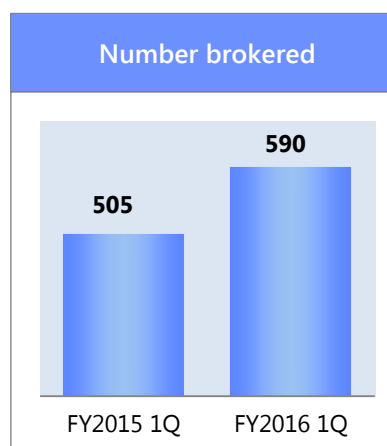
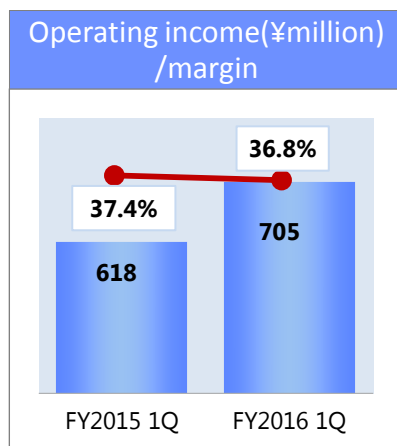
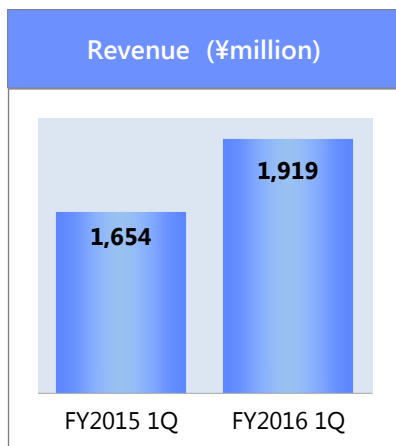
*2 Increase (decrease) in YOY for Asakawa Home is not booked because it was made a consolidated subsidiary in FY2015 2Q.

*3 Operating income shown for Asakawa Home reflects a deduction of 34 million yen in amortization of goodwill recorded on acquiring Asakawa Home equity.

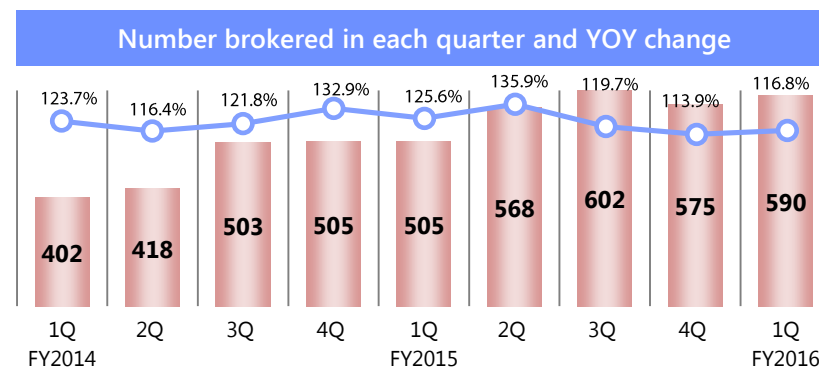


Brokerage Business

- The Shin-Yokohama Sales Center opened in October 2015, bringing the total number of sales centers to seventeen to expand the Brokerage business.
- Numbers brokered in each quarter maintained double-digit growth YOY.



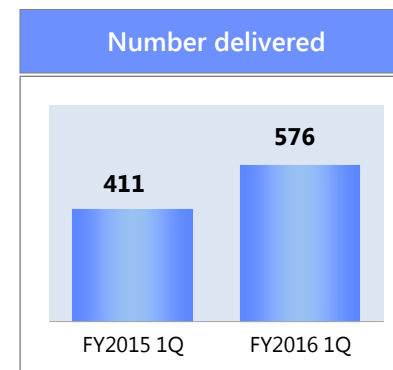
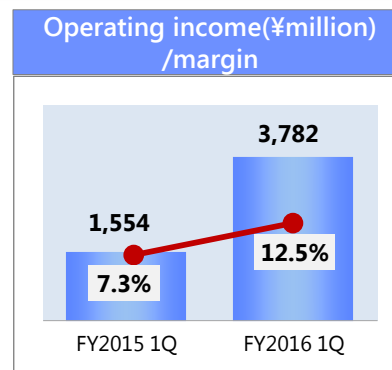
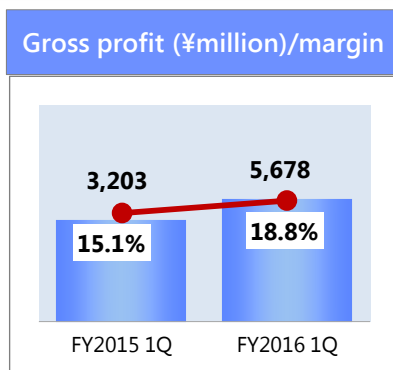
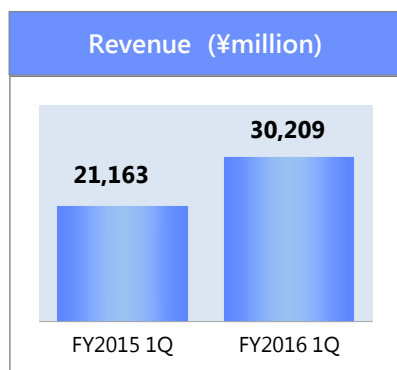
	FY2015 1Q	FY2016 1Q	Inc.(Dec.)
Revenue (¥ million)	1,654	1,919	16.0%
Operating income (¥ million)	618	705	14.1%
Operating income margin	37.4%	36.8%	(0.6%)
Number brokered	505	590	+85





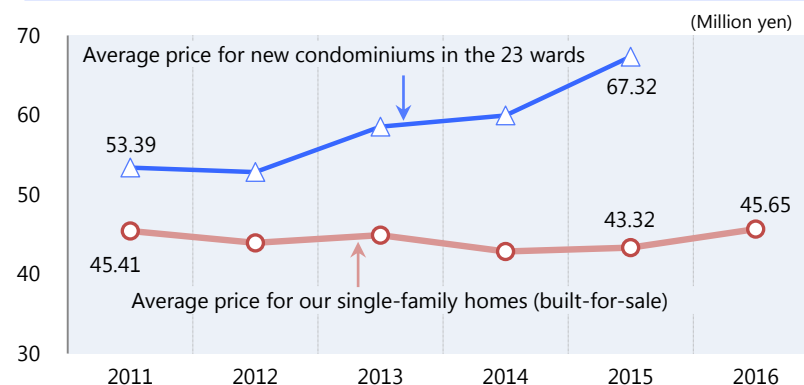
Single-Family Homes Business

- As prices of new condominiums continue to rise, the difference between the price of new condominiums and single-family homes has continued to widen.
- Operating income grew substantially for various reasons, including an increase in gross profit margin and increased revenue.



By type of sale		FY2015 1Q	FY2016 1Q	Inc.(Dec.)
Built-for-sale houses	Revenue (¥million)	7,764	11,460	47.6%
	Number delivered	181	251	+70
Lands	Revenue (¥million)	11,270	15,559	38.1%
	Number delivered	230	325	+95
Built-to-order houses	Revenue (¥million)	2,102	3,154	50.0%
	Number delivered	142	204	+62
Others		25	35	43.2%
Total	Revenue (¥million)	21,163	30,209	42.7%
	Gross profit	3,203	5,678	77.2%
	Gross profit margin	15.1%	18.8%	3.7%
	Operating income (¥ million)	1,554	3,782	143.3%
	Operating income margin	7.3%	12.5%	5.2%
	Number delivered (built-for-sale houses + lands)	411	576	+165

Changes in the average price for new condominiums in the 23 wards of Tokyo and average price for our single-family homes (built-for-sale)



Source: MLIT, "Monthly marketing report of lands"
 Fiscal years: Condominium prices are on a calendar-year basis.
 Condominium prices for 2015 are for the January - December period.
 Company results shown for 2016 are for October-December 2015.



Asakawa Home

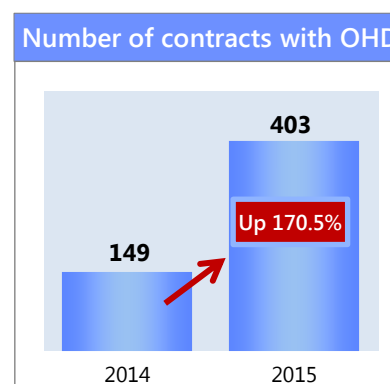
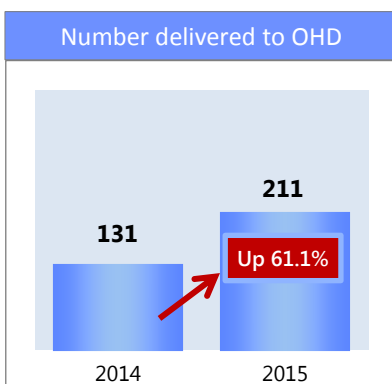
- The number of construction contracts awarded rose by 27.5% over the year since January 2015, when Asakawa Home became a consolidated subsidiary.
- Construction contracts for Open House Development Co., Ltd. (OHD) grew in both number delivered and number of contracts.

	FY2016 1Q
Revenue (¥ million)	8,346
Gross profit (¥ million)	1,123
Gross profit margin	13.5%
Operating income (¥ million) *1	284
Operating income margin	3.4%
Number delivered *2	583



*1 Operating income reflects deductions of 34 million yen in amortization of goodwill for Asakawa Home.

*2 Number delivered refers to the number of properties delivered under single-family home construction contracts.

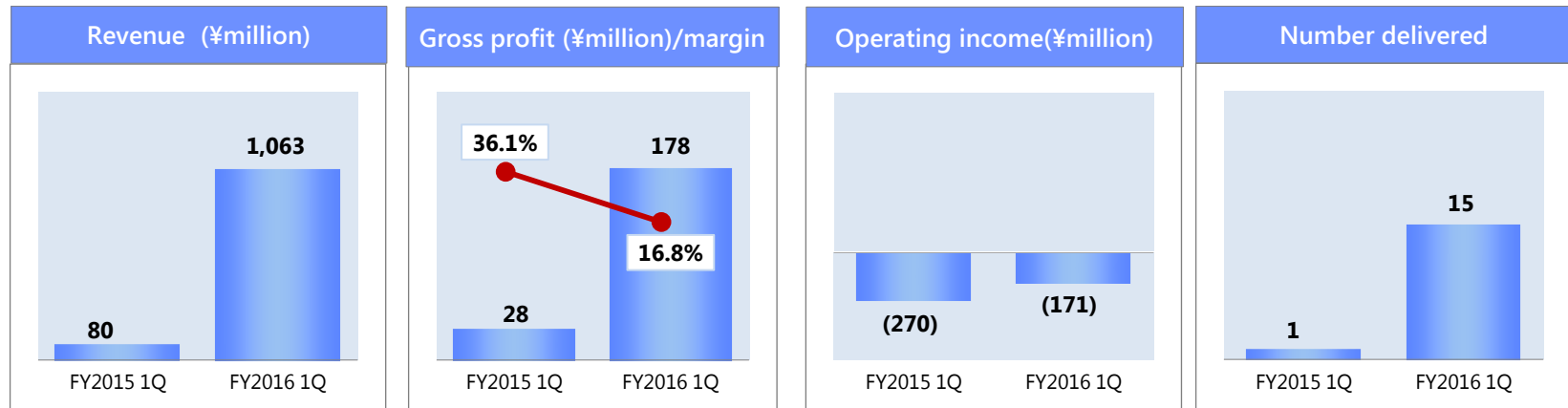


Note: Years above refer to January-December.



Condominiums Business

- Demand is high for condominiums in excellent, convenient locations in urban areas.
- Sale contracts have been concluded on 90% of properties slated for sale in FY2016 (300 units). (As of January 31, 2016)



	FY2015 1Q	FY2016 1Q	Inc. (Dec.)
Revenue (¥ million)	80	1,063	1,227.4%
Gross profit (¥ million)	28	178	516.9%
Gross profit margin	36.1%	16.8%	(19.3%)
Operating income (¥ million)	(270)	(171)	—
Operating income margin	—	—	—
Number delivered	1	15	+14

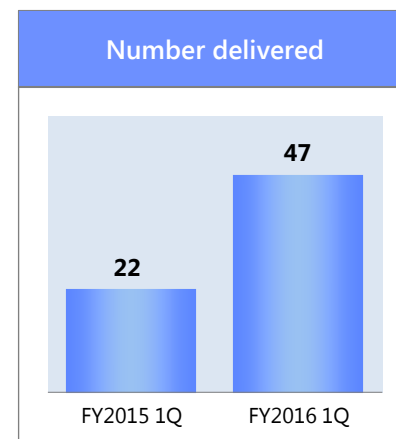
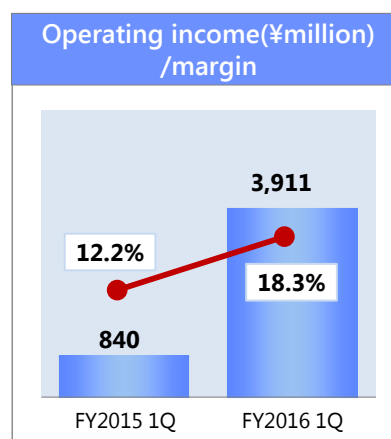
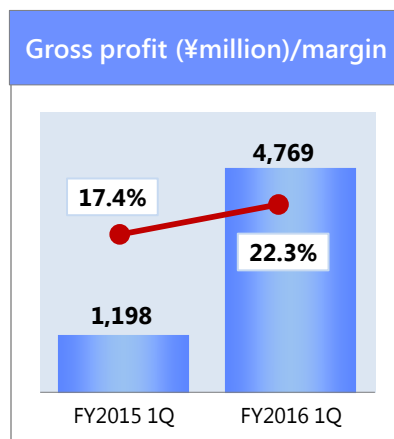
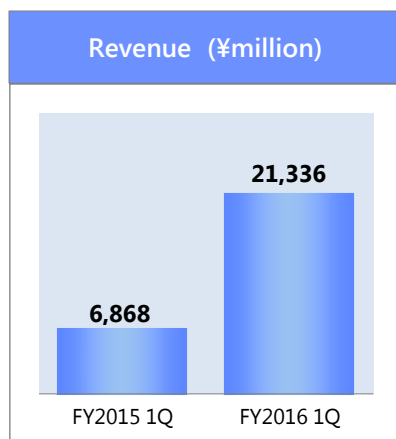
Major condominiums delivered in FY2016

Name	Units	Average price
Open Residencia Nakameguro-Besshozaka	15	¥70million
Open Residencia Kagurazaka Namikidori	18	¥50million
Open Residencia Ebisu The House	25	¥90million
Open Residencia Nihonbashi-Mitsukoshimae	19	¥50million

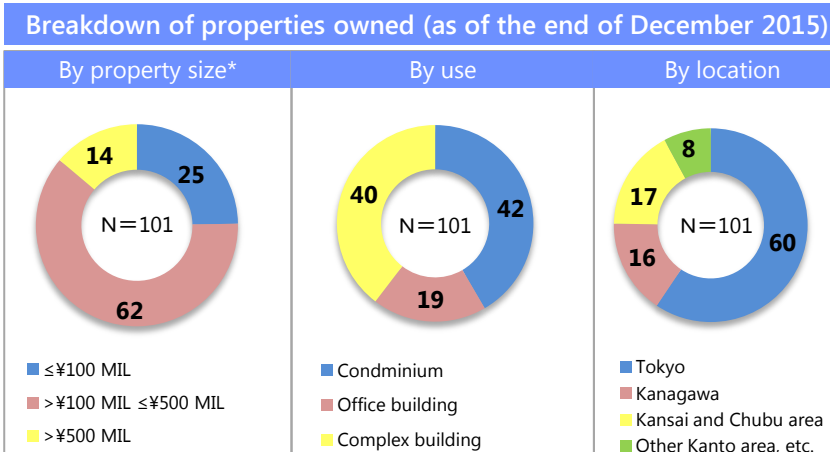


Property Resale Business

- Backed by the BOJ's monetary easing policies, the Property Resales business continues to expand amid brisk trade in revenue-generating properties.
- With the opening of the Nagoya Office in October 2015, this business now operates out of three main offices, including offices in Tokyo and Osaka.



	FY2015 1Q	FY2016 1Q	Inc. (Dec.)
Revenue (¥ million)	6,868	21,336	211.1%
Gross profit (¥ million)	1,198	4,769	298.1%
Gross profit margin	17.4%	22.3%	4.9%
Operating income (¥ million)	840	3,911	365.5%
Operating income margin	12.2%	18.3%	6.1%
Number delivered	22	47	+25



(* Based on book values at the end of December 2015)



Breakdown of SG&A Expenses, Non-Operating Income / Expenses

(Million yen)

	FY2015 1Q		FY2016 1Q		Inc. (Dec.)		FY2015 1Q		FY2016 1Q		Inc. (Dec.)
		% of revenue		% of revenue				% of revenue		% of revenue	
SG&A expenses	2,013	6.9%	3,646	6.0%	1,633	Non-operating income	128	0.4%	63	0.1%	(64)
Personnel expenses	578	2.0%	1,070	1.8%	492	Foreign exchange gain	107	0.4%	5	0.0%	(101)
Sales commissions	223	0.8%	690	1.1%	466	Others	21	0.1%	58	0.1%	36
General expenses	274	0.9%	440	0.7%	166	Non-operating expenses	312	1.1%	241	0.4%	(70)
Advertising expenses	153	0.5%	213	0.3%	60	Interest expenses	202	0.7%	205	0.3%	2
Promotion expenses	91	0.3%	129	0.2%	37	Commissions	91	0.3%	5	0.0%	(86)
Others	691	2.4%	1,101	1.8%	410	Others	18	0.1%	31	0.1%	13

Factors contributing to higher SG&A expenses:

- Consequences of making Asakawa Home a consolidated subsidiary
- Growth in personnel and general expenses associated with new hiring and office openings
- Growth in sales commissions in the Property Resale business due to increased property sales

Factors contributing to lower non-operating expenses:

- An improved credit rating strengthened the Company's ability to suppress interest rates and rising interest costs that would otherwise result from the rising balance of interest-bearing debt.



Consolidated Balance Sheet

(Million yen)

	Sep 30, 2015	Dec 31, 2015	Inc. (Dec.)
Current assets	156,535	156,749	213
Cash and cash equivalents	43,330	44,052	722
Inventories	102,614	102,131	(482)
Others	10,590	10,564	(25)
Fixed assets	5,834	7,231	1,396
Tangible fixed assets	2,799	2,778	(21)
Intangible fixed assets	1,490	1,449	(41)
Investments and other assets	1,544	3,004	1,460
Deferred assets	76	72	(3)
Total assets	162,447	164,053	1,606

Although inventories shrank in various areas, including the Single-Family Home business and Property Resale business, appropriate balances have been maintained to meet sales targets for FY2016 2Q and beyond.

	Sep 30, 2015	Dec 31, 2015	Inc. (Dec.)
Liabilities	114,837	112,716	(2,121)
Current liabilities	67,037	69,458	2,420
Long-term liabilities	47,799	43,257	(4,542)
Net assets	47,609	51,337	3,727
Shareholders' equity	47,505	51,177	3,672
Other accumulated comprehensive income	104	159	54
Total liabilities and net assets	162,447	164,053	1,606

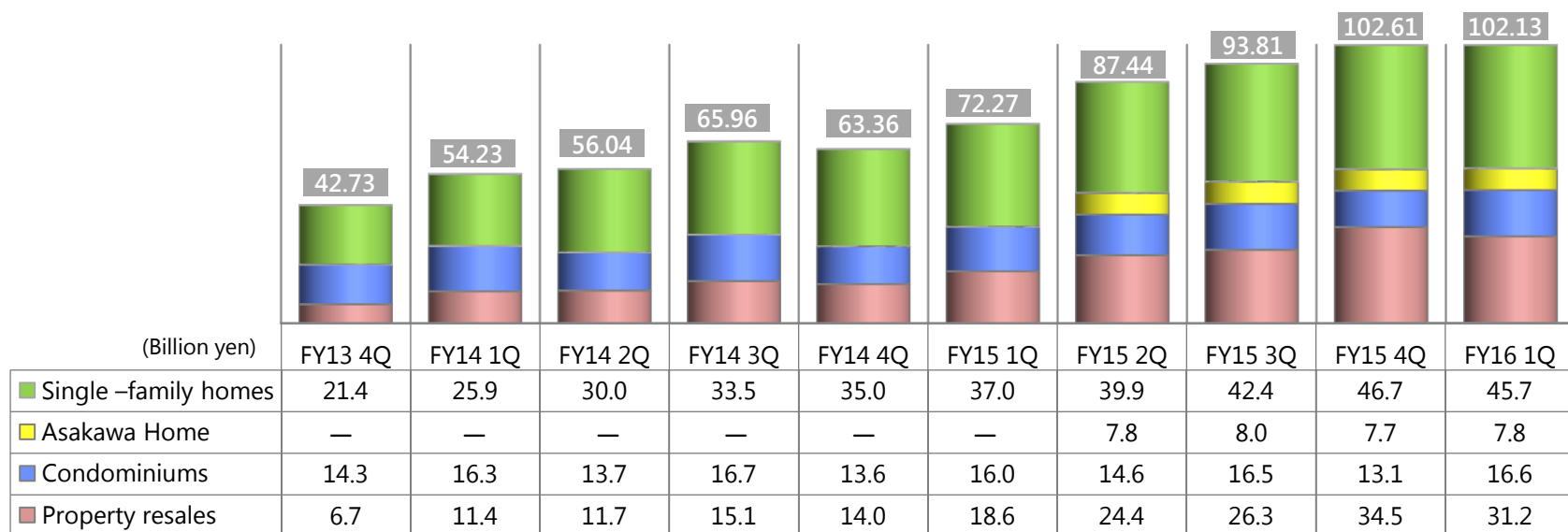
Liabilities declined due to lower accrued income taxes and other factors. Shareholder equity increased due to various factors, among them the accumulation of retained earnings based on the recording of profit attributable to owners of parent .

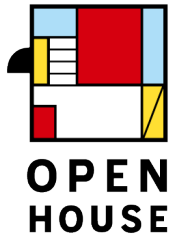


Inventory Details

(Million yen)

	End of FY2013	End of FY2014	End of FY2015 <A>	End of FY2016 1Q 	(Ratio)	Inc. (Dec.) -<A>
Single-family homes	21,476	35,080	46,741	45,771	44.8%	(969)
Asakawa Home	—	—	7,756	7,811	7.6%	54
Condominiums	14,309	13,683	13,101	16,669	16.3%	3,568
Property resales	6,741	14,090	34,586	31,272	30.6%	(3,314)
Others	203	513	428	607	0.6%	178
Total	42,730	63,368	102,614	102,131	100.0%	(482)





Consolidated Business Performance Forecasts for FY2016



Business Performance Forecasts

- We will target new record highs in revenue and income for the fourth consecutive year.
- We expect to increase dividends for the third consecutive year since our IPO.

(Million yen)

	FY2015		FY2016		Inc. (Dec.)
	Actual results	% of revenue	Forecast	% of revenue	
Revenue	179,317	—	240,000	—	33.8%
Operating income	21,300	11.9%	25,000	10.4%	17.4%
Ordinary income	20,294	11.3%	24,000	10.0%	18.3%
Profit attributable to owners of parent	12,637	7.0%	15,500	6.5%	22.7%
Annual dividends per share (yen)	30.00		40.00		10.00
EPS (yen)	222.07		273.92		51.85
Payout ratio	13.5%		14.6%		—



Business Performance Forecasts (revenue by segment)

- Our goal is to achieve continuing revenue growth exceeding 20% in the Brokerage, Single-Family Homes, Asakawa Home, and Property Resales segments.
- We plan to distribute management resources based on market conditions, with the Single-Family Homes segment playing a central role.

(Million yen)

	FY2015 ^{*1}		FY2016		Inc. (Dec.)
	Actual results	Ratio	Forecast	YOY	
Revenue	179,317	100.0%	240,000	100.0%	33.8%
Brokerage	7,255	4.0%	9,000	3.8%	24.0%
Single-family homes	91,644	51.1%	115,000	47.9%	25.5%
Asakawa Home	23,122	12.9%	36,000	15.0%	^{*2} 55.7%
Condominiums	20,095	11.2%	18,500	7.7%	(7.9%)
Property resales	41,719	23.3%	71,000	29.6%	70.2%
Others	825	0.5%	1,000	0.4%	21.1%
Adjustments	(5,344)	(3.0%)	(10,500)	(4.4%)	—

*1 FY2015 1Q results have been revised to reflect the restructuring of business segments in FY2016 1Q.

*2 Increase (decrease) in YOY for FY2015 1Q results was based on nine months and that for FY2016 1Q will be based on twelve months because Asakawa Home was made a consolidated subsidiary in FY2015 2Q.



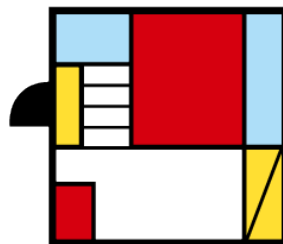
Target Indicators

- Ordinary income ratio: 10%; ROE: 20%; equity ratio: 30%
- We continue to maintain a course of strategic investment that targets growth while maintaining a balance between financial soundness and capital efficiency.

(Million yen)

	FY2014	FY2015	FY2016
	Actual Results	Actual Results	Forecast
Revenue	112,145	179,317	240,000
Ordinary income	12,882	20,294	24,000
Profit attributable to owners of parent	7,763	12,637	15,500
Total assets	100,577	162,447	—
Net worth	37,047	47,453	—
Ordinary income ratio	11.5%	11.3%	10.0%
ROE	23.2%	29.9%	—
Equity ratio	36.8%	29.2%	—

東京に、家を持とう。



**OPEN
HOUSE**

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