

# Earnings Briefing for Fiscal Year ended March 31, 2011

## Business Strategy and Long-Term Management Plan

**We would like to express our sincere sympathy and condolences to all those affected by the Great East Japan Earthquake.**

**We pray that you will recover quickly from this disaster.**



**SUMITOMO FORESTRY Co., LTD.**  
**Akira Ichikawa**  
**President / Representative Director**

- 1) Announcement regarding the Great East Japan Earthquake**
- 2) FY3/11 Summary**
- 3) FY3/12 Business Plan**
- 4) Long-term Management Plan (Project Speed)**
- 5) Closing Remarks**

## <Offices, housing display centers and factories>

- Although some of our offices, housing display centers and factories were damaged by the earthquake, **all of our offices** are now operating as normal.

## <Timber and Building Materials Products>

- Losses were incurred as some inventory was washed away.

## <Homes built by Sumitomo Forestry in earthquake affected areas>

- **No properties collapsed** due to tremors.

## <Housing Business>

- We strove to **minimize late deliveries** to customers
- In order to **support those affected by the earthquake**, we commenced sales of housing and remodeling products.

## <Donations by Sumitomo Forestry Group>

- As a company, we have donated a total of **approximately 120 million yen**, including approximately 2 million yen which was contributed by our directors and employees.

## <Construction of emergency housing>

- We have commenced construction of emergency housing in Miyagi and Fukushima Prefectures.



Construction of emergency housing  
(Miyagi Prefecture)

**Excluding actuarial differences,  
we outperformed our plan in "Sales" and  
"Recurring Income"**

**<Factors>**

**Timber and Building Materials Business**

⇒ Sales grew, fanned by the recovery in the number of new housing starts.

**Housing Business**

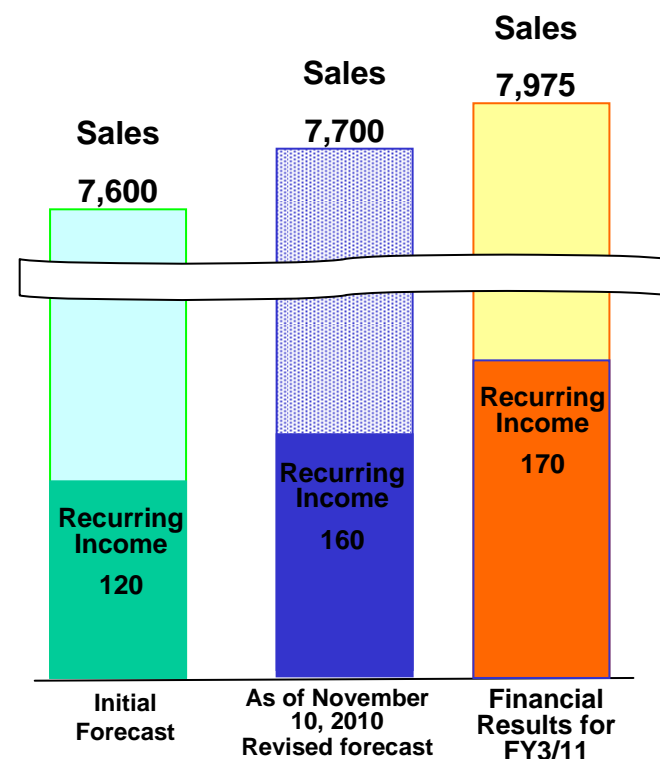
⇒ Unit prices are rising and we are streamlining production.



**Our two core businesses  
are the Company's main  
driving force**

**<Sales, Recurring Income>**

(\* Actuarial differences are excluded) (¥100 million)



In the plan for FY3/12, we forecast "increased revenues" and "increased income."

<Number of new housing starts in Fiscal Year 2011>

- We expect to achieve 800,000 to 820,000 new housing starts in total, including 300,000 owner-occupied houses.

<Plan for Fiscal Year 2012>

Sales                      815 billion yen (an increase of 2.2%, YoY)  
Recurring Income      18.5 billion yen (an increase of 8.8%, YoY)

(Actuarial differences are excluded)

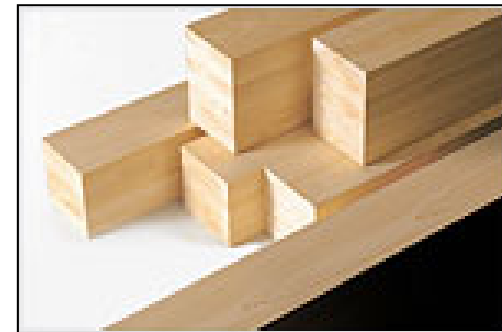
- The need for housing and lifestyle safety and security will grow, not only in areas recovering from the earthquake, but also other areas.
- The responsibility of Sumitomo Forestry Group is to provide "Homes" where our customers can live with peace of mind.

## <Timber and Building Materials Business>

We will strive to increase our market share based on our regional strategies.

We will endeavor to achieve product development that capitalizes on the Group's comprehensive capabilities.

- We will capitalize on our domestic and global networks to **provide a stable supply** of materials.
- We will **accelerate the development of new businesses**, such as "JHOP," which will provide work systems to home eco logistics businesses, small building contractors and others.





## <Housing Business>

**We will pursue "safety" and "earthquake resistance" and aim to capture even more orders.**

- We will increase sales of the Big Frame Construction Method and **GS Panels (panels that absorb seismic energy)**, which have been our focus since FY3/11. We will pursue "safety" and "earthquake resistance."
- We will invest our managerial resources based on our area strategies and will be **"the company customers love the most."**
- We will make Aichi Prefecture a key target of our area strategy and increase the number of personnel and expand our housing display centers in that region.



GS Panels



BF Construction Method

**We will strive to capture more orders.**

## &lt;The Overseas Business, Real Estate Business and Remodeling Business&gt;

**We will continue to invest managerial resources on a priority basis in an effort to strengthen our businesses and train personnel.**

## &lt;Overseas Business&gt;

- We will enhance manufacturing division operating ratios and restructure our US housing business.
- We will continue to develop **our vertically integrated business model**, and maximize lateral synergies between regions.

## &lt;Real Estate Business&gt;

- We will stabilize the number of detached spec homes sold and accelerate condominium sales.



## &lt;Remodeling Business&gt;

- We will meet a diverse range of remodeling demand based on our integrated brand, **Reforest.**



## ○Project Speed (Long-Term Management Plan) Initial Plan (announced May 10, 2007)

**Numerical targets:** FY3/17 (10 years from now):

**Sales:** 1,600 billion yen **Recurring Income:** 80 billion yen **ROCE:** 10.0%

**Basic concept:** Expanding businesses and enhancing efficiency

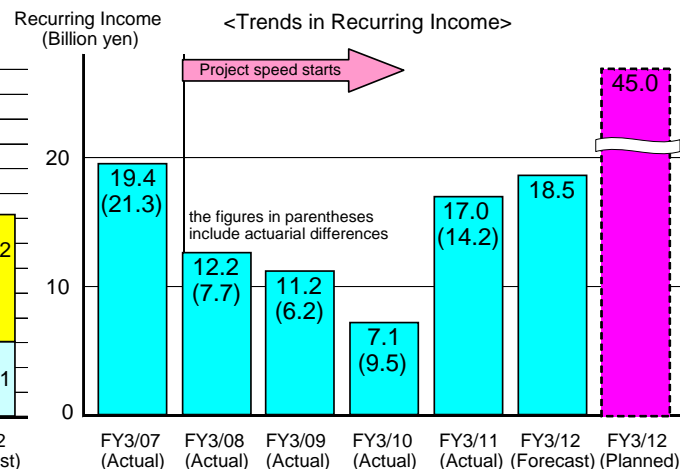
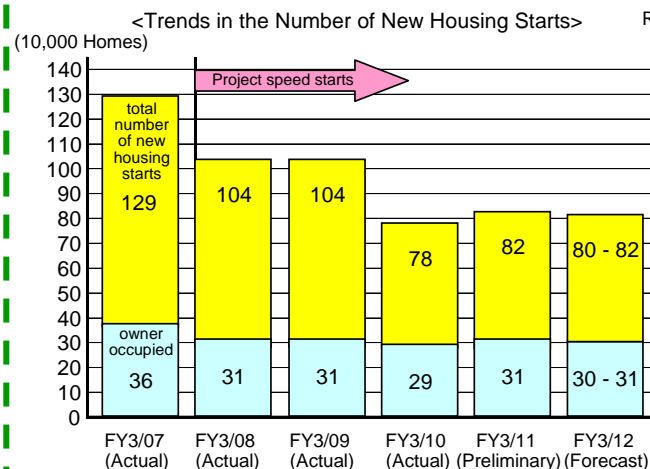
**Aims:** Reform employee attitudes and create new profitable businesses

**Basic strategy:** By making the overseas business, remodeling business and real estate business key (profitable) businesses to grow, aim to develop a balanced business portfolio that is not dependant on the number of new housing starts.

### Dramatic changes in the business environment

### Significant divergences from the initial plan

### Mid-long term business environment



- ✓ In the mid-long term, the number of new housing starts will dip below 800,000 homes.
- ✓ Growth in the overseas market, mainly in newly emerging countries.
- ✓ Growth in the remodeling market.

## ○Revision of Project Speed

Without changing our fundamental direction, we will respond to changes in the business environment and revise our numerical targets.

## ○Corporate Philosophy

The Sumitomo Forestry Group will utilize timber, which is an environmentally friendly natural material, to contribute to a prosperous society through all types of housing-related services.

~ The Power of Forests Empowers the Future ~

Maximizing the added value of timber resources

A "vertically integrated business" that utilizes the raw material "timber" to create added value.

Forestry business

Manufacturing business

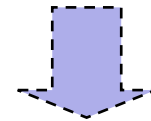
Distribution business

Housing business

Real estate business/remodeling business

### Mid-long term goals

By "capitalizing" on the Company's managerial resources in Japan and by "investing" overseas, **aim to be a "global company with diverse sources of revenue"**

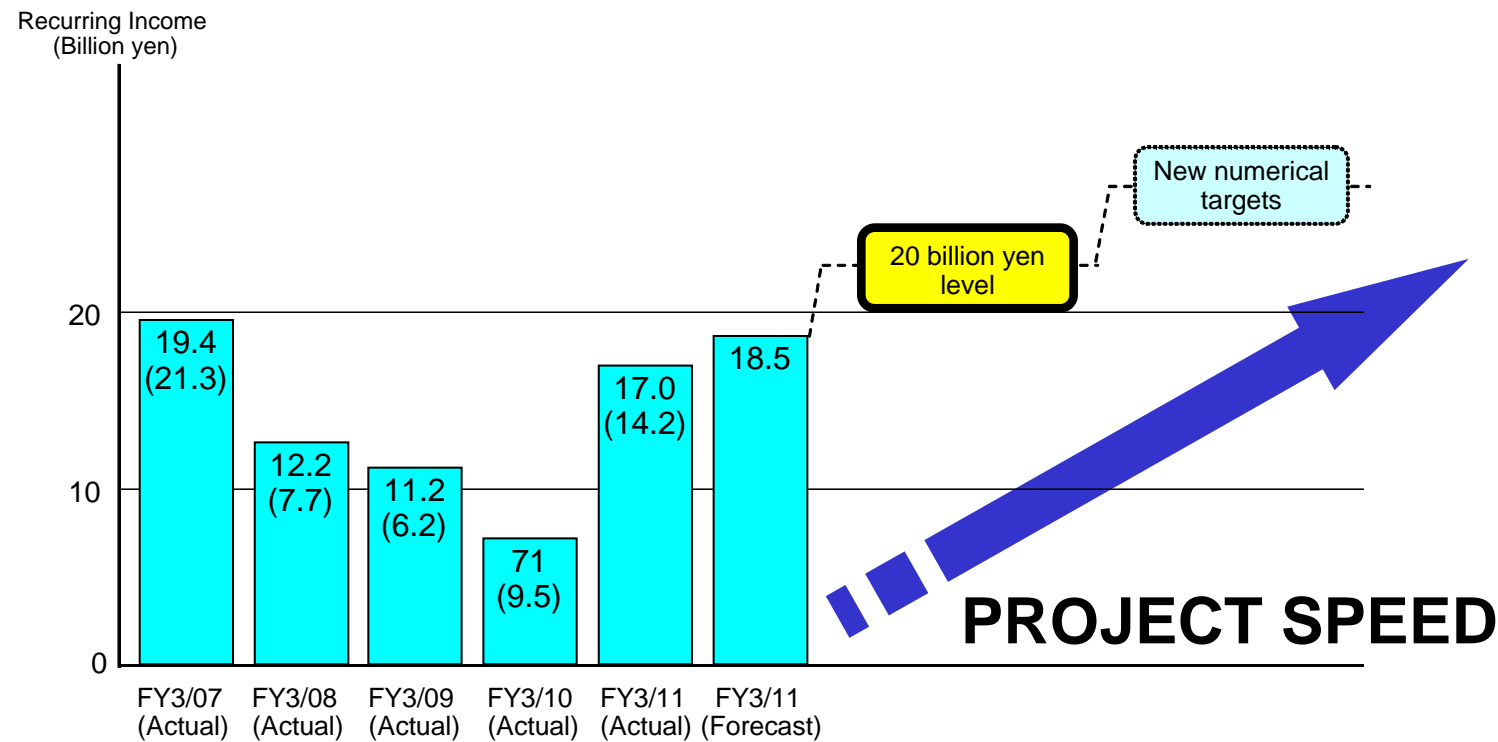


Focus on expanding our businesses and become **the "world's No. 1 forestry company," which will have influence in the global timber market in the future**

**Enhance the stability of our core businesses and improve profitability**

**<Image of Project Speed Numerical Targets>**

**We will achieve 20 billion yen in stable recurring income.  
We will revise our numerical targets gradually, every three years (approx).**



- We will establish **new organizations** for executing our basic strategy.

## <Strategic Business Research Department>

Survey on new businesses and M&As in Japan and overseas [Organizations directly controlled by the President of Sumitomo Forestry Group]

## <MOCCA (Wood Use Integration) Department>

Plan a company-wide strategy for collecting and consolidating information now that the "Act for the Promotion of Wood Usage in Public Buildings" has taken effect. [Organizations directly controlled by the President]

## <Sumirin Business College>

We plan and operate various types of educational training courses to powerfully promote the development of our human resources.



**We will continually strengthen our technical capabilities and pursue all the various possibilities associated with the use of "wood."**

- **The Great East Japan Earthquake gave people a renewed awareness of the significance and importance of "lifestyle" and "peace of mind."**
- **An eternal theme is what a home, as the foundation of daily life, should be.**
- **We will fulfill our role as a company based on our guiding principle, the Sumitomo spirit.**
- **We will establish a revenue portfolio for our Long-Term Business Plan (Project Speed) as quickly as possible and fulfill our stakeholders' expectations.**

**In line with our Corporate Philosophy,  
Sumitomo Forestry Group will provide secure, safe,  
pleasant and environmentally friendly lifestyle services and  
build a rich foundation for society.**



The forecast figures in this presentation are based on projections deemed logical at the time when it was prepared. Actual performance may differ materially from these projections.

**May 12, 2011**