

Happiness Grows from Trees



# **FY12/2020 Financial Results – Second Quarter Financial Results and Full Year Forecast –**



November 12, 2020

# Notes

- “Profit attributable to owners of the parent” is expressed as “net income.”
- Since FY12/20, in order to change the fiscal term end from March 31 to December 31, FY12/20 is the nine-month period from April to December. (Full year forecast YoY change and percentage is a comparison with the first nine months of FY3/20.)

For overseas consolidated subsidiaries with a fiscal term ending in December, profits and losses from January to March 2020 have been incorporated as an increase or decrease of retained earnings at the beginning of the term in the consolidated financial statements for the fiscal term ending December 31, 2020.



# FY12/2020 Second Quarter Results



# FY12/20 Second Quarter Results

## 1. Statements of Income

(billion yen)

(Consolidated)	FY3/20 2Q	FY12/20 2Q	Change	Pct.
Net Sales	529.7	525.9	-3.8	-0.7%
Gross Profit	116.0	117.2	+1.3	+1.1%
SG&A Expenses	91.0	90.4	-0.6	-0.7%
Operating Income	25.0	26.9	+1.9	+7.5%
Recurring Income	25.7	28.7	+3.0	+11.8%
Net Income	12.6	16.3	+3.7	+29.1%

- Increased sales volume and improved profitability of the spec homes business in the United States offset the decline in timber and building materials distribution business, manufacturing business, and domestic housing business due to COVID-19.

# FY12/20 Second Quarter Results

## 2. Segment Sales and Recurring Income

(billion yen)

(Consolidated)	Net Sales				Recurring Income			
	FY3/20 2Q	FY12/20 2Q	Change	Pct.	FY3/20 2Q	FY12/20 2Q	Change	Pct.
Timber and Building Materials	116.9	94.5	-22.5	-19.2%	2.9	1.7	-1.2	-40.6%
Housing and Construction	233.7	208.6	-25.1	-10.7%	12.2	3.5	-8.7	-71.6%
Overseas Housing and Real Estate	176.4	216.8	+40.4	+22.9%	10.9	24.6	+13.7	+125.8%
Environment and Resources	9.1	10.3	+1.3	+14.1%	1.8	1.9	+0.2	+10.0%
Other	11.3	11.8	+0.5	+4.4%	0.4	-0.1	-0.5	-
Adjustment	-17.6	-16.1	+1.6	-	-2.5	-2.9	-0.5	-
Total	529.7	525.9	-3.8	-0.7%	25.7	28.7	+3.0	+11.8%

**Timber and Building Materials:** Sales and income down due to sluggish domestic and overseas market associated with spread of COVID-19

**Housing & Construction:** Current market conditions are recovering, but sales and profits decline due to delays in construction of custom-built detached houses and a decrease in the number of units completed in renovation business

**Overseas Housing and Real Estate:** Sales and income up substantially owing primarily to increase in number of units sold in United States spec homes business and decrease in amortization of goodwill

**Environment and Resources:** Sales and income up with strong performance of wood biomass power generation business

# FY12/20 Second Quarter Results

## 3. Domestic Housing Business Orders Received and Sales

(billion yen)

		Orders received				Sales			
		FY3/20 2Q	FY12/20 2Q	Change	Pct.	FY3/20 2Q	FY12/20 2Q	Change	Pct.
Contract business	Custom-built detached houses	142.5	152.6	+10.1	+7.1%	153.9	141.3	-12.5	-8.1%
	(Units)	(3,900)	(3,993)	(+93)	(+2.4%)	(3,300)	(3,462)	(+162)	(+4.9%)
	(Unit price(mil. yen))*	(34.2)	(34.7)	(+0.5)	-	(38.8)	(39.3)	(+0.4)	-
	Apartments	7.0	6.3	-0.7	-9.8%	7.7	7.3	-0.3	-4.2%
	Other contracts	1.0	0.4	-0.6	-56.5%	1.4	0.7	-0.7	-51.1%
Spec home and development business	Detached spec home					6.3	7.8	+1.6	+25.4%
	Land for custom-built housing					2.8	4.0	+1.3	+46.2%
	Existing home renovation					0.7	0.5	-0.3	-35.9%
	Other					3.0	1.7	-1.3	-43.9%
Net Sales Total						175.7	163.4	-12.3	-7.0%
Profit Ratio						23.6%	22.6%	-1.0p	
Gross Profit						41.5	36.9	-4.6	-11.0%

\* Unit price for order received was calculated from orders received at time of contract signing for units ordered this period. Orders received for additional construction were not included.

# FY12/20 Second Quarter Results

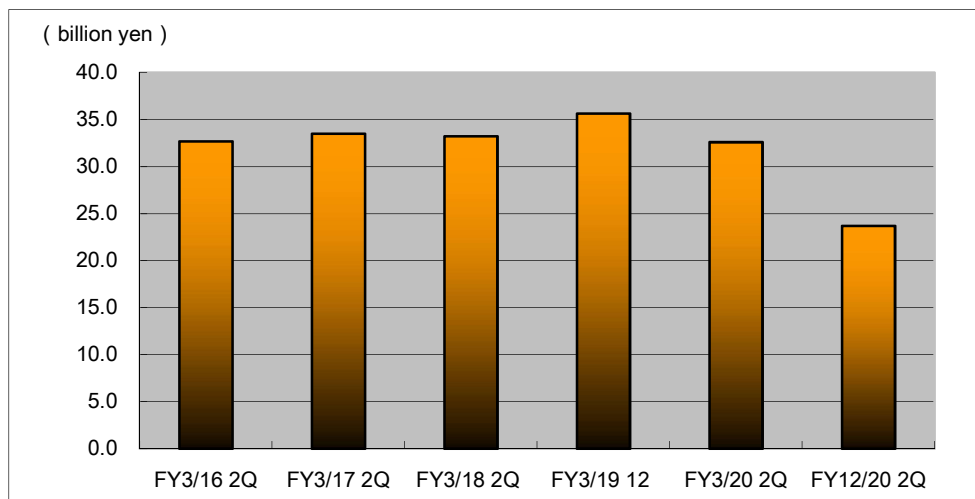
## 4. Renovation Business Orders Received and Sales

<Sumitomo Forestry Home Tech>

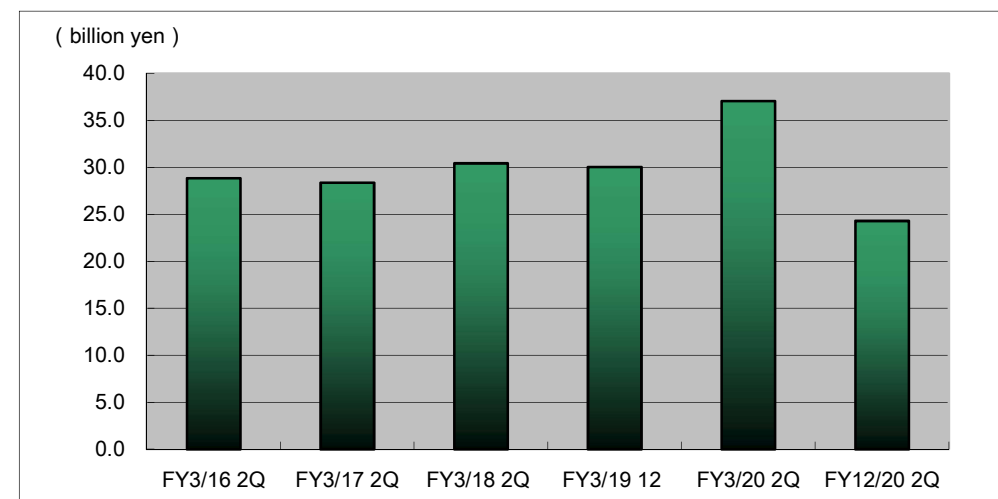
(billion yen)

	FY3/20 2Q	FY12/20 2Q	Change	Pct.
Orderes received	32.6	23.7	-8.9	-27.3%
Net Sales	38.7	25.8	-12.9	-33.4%
Construction Completed	37.1	24.3	-12.8	-34.4%
Backlog of Orders Received at Term End	26.6	24.1	-2.5	-9.3%

◆ Trends in Orders Received



◆ Trends in Construction Completed



# FY12/20 Second Quarter Results

## 5. Overseas Housing and Real Estate Segment Sales and Recurring Income

(billion yen)

	Net Sales				Recurring Income			
	FY3/20 2Q Jan-Jun 2019	FY12/20 2Q Apr-Sep 2020	Change	Pct.	FY3/20 2Q Jan-Jun 2019	FY12/20 2Q Apr-Sep 2020	Change	Pct.
Affiliate Total	177.5	217.9	+40.4	+22.8%	15.4	26.7	+11.4	+73.8%
US	143.5	180.0	+36.5	+25.4%	13.5	24.3	+10.8	+79.8%
Australia	33.6	37.5	+3.9	+11.5%	1.8	1.7	-0.1	-5.6%
others	0.4	0.4	+0.0	+12.9%	0.1	0.7	+0.7	-
Other, Consolidated Adjustments, etc.	-1.1	-1.1	+0.0	-	-4.5	-2.1	+2.4	-
Total	176.4	216.8	+40.4	+22.9%	10.9	24.6	+13.7	+125.8%

### ● Number of Units Sold by Country

	FY3/20 2Q Jan-Jun 2019	FY12/20 2Q Apr-Sep 2020	Change	Pct.
US	3,506	4,484	+978	+27.9%
Australia	1,109	1,404	+295	+26.6%
Total	4,615	5,888	+1,273	+27.6%

### ● Conversion rate (average during term)

	US\$/JPY	AU\$/JPY	NZ\$/JPY
FY3/20 2Q Jan-Jun 2019	110.05	77.71	73.93
FY12/20 2Q Apr-Sep 2020	106.82	73.29	68.35



# FY12/20 Second Quarter Results

## 5. (Reference) Comparison of Same Period

(billion yen)

	Net Sales				Recurring Income			
	FY3/20 2Q Apr-Sep 2019	FY12/20 2Q Apr-Sep 2020	Change	Pct.	FY3/20 2Q Apr-Sep 2019	FY12/20 2Q Apr-Sep 2020	Change	Pct.
Affiliate Total	203.3	217.9	+14.6	+7.2%	23.1	26.7	+3.7	+15.9%
US	165.8	180.0	+14.3	+8.6%	21.1	24.3	+3.2	+15.2%
Australia	37.2	37.5	+0.3	+0.9%	1.9	1.7	-0.2	-9.7%
others	0.4	0.4	+0.0	+9.5%	0.1	0.7	+0.6	+7.9%
Other, Consolidated Adjustments, etc.	-1.1	-1.1	-0.0	-	-4.1	-2.1	+1.9	-
Total	202.2	216.8	+14.6	+7.2%	19.0	24.6	+5.6	+29.5%

### ● Number of Units Sold by Country

	FY3/20 2Q Apr-Sep 2019	FY12/20 2Q Apr-Sep 2020	Change	Pct.
US	4,110	4,484	+374	+9.1%
Australia	1,205	1,404	+198	+16.5%
Total	5,315	5,888	+572	+10.8%

# FY12/20 Second Quarter Results

## 6. Investments

### ◆ Capital Expenditures

< \*acquired basis>

(billion yen)

(Consolidated)	FY3/20 2Q	FY12/20 2Q	Change	Pct.
<b>Tangible Fixed Assets</b>	<b>11.4</b>	<b>13.6</b>	<b>+2.3</b>	<b>+19.9%</b>
<b>Intangible Fixed Asstes</b>	<b>1.3</b>	<b>1.4</b>	<b>+0.1</b>	<b>+6.8%</b>
<b>Other</b>	<b>0.7</b>	<b>1.6</b>	<b>+0.9</b>	<b>+118.9%</b>
<b>Total</b>	<b>13.4</b>	<b>16.7</b>	<b>+3.2</b>	<b>+24.1%</b>

### ◆ Main investments

US profit-earning real estate development	··· 3.6 billion yen
Domestic and overseas housing display centers	··· 4.5 billion yen
Production equipment in manufacturing business	··· 2.0 billion yen
IT investment	··· 1.4 billion yen

# FY12/20 Second Quarter Results

## 7. Balance Sheet and Cash Flow

				(billion yen)			
	End of March 2020	End of September 2020	Change		End of March 2020	End of September 2020	Change
Cash, deposits, securities	96.4	112.2	15.7	Payables	192.5	172.5	-19.9
Receivables	157.8	146.0	-11.8	Short-term debt(Bank loans)	39.4	46.4	7.0
Finished goods	28.4	24.9	-3.5	Commercial paper	-	20.0	20.0
Real estate for sale	66.7	60.9	-5.8	Advances received from customers	35.2	35.1	-0.1
Real estate for sale in process	185.4	202.5	17.1	Other current liabilities	95.8	82.4	-13.4
Construction projects in progress	14.2	15.1	0.9	Long-term debt/bonds issued	220.6	241.3	20.7
Other receivables	46.4	45.1	-1.2	Liability for retirement benefits	22.6	22.9	0.3
Other current assets	40.8	52.2	11.4	Other long-term liabilities	41.6	49.7	8.0
<b>Total current assets</b>	<b>636.1</b>	<b>658.9</b>	<b>22.9</b>	<b>Liabilities</b>	<b>647.7</b>	<b>670.2</b>	<b>22.5</b>
Tangible fixed assets	179.4	180.6	1.1	Shareholders' equity	307.3	322.9	15.6
Intangible fixed assets	22.5	19.9	-2.6	Accumulated other comprehensive income	15.2	17.7	2.5
Investments and other assets	166.8	183.5	16.7	Non-controlling interests	34.6	32.2	-2.4
<b>Total non-current assets</b>	<b>368.7</b>	<b>384.0</b>	<b>15.3</b>	<b>Net assets</b>	<b>357.1</b>	<b>372.7</b>	<b>15.7</b>
<b>Total assets</b>	<b>1,004.8</b>	<b>1,043.0</b>	<b>38.2</b>	<b>Total liabilities/net assets</b>	<b>1,004.8</b>	<b>1,043.0</b>	<b>38.2</b>

			(billion yen)	
	FY3/20 2Q	FY12/20 2Q		
Operating CF	△ 8.1	19.2		
Investing CF	△ 17.2	△ 20.2		
Free CF	△ 25.4	△ 1.0		
Financial CF	△ 2.7	15.7		

# FY12/2020 Forecast



# FY12/20 Forecast

## 1. Statements of Income

(billion yen)

(Consolidated)	FY3/20 3Q	FY12/20 Forecast	Change	Pct.	FY12/20 Initial Plan	Change	Pct.
Net Sales	802.7	821.0	+18.3	+2.3%	777.0	+44.0	+5.7%
Gross Profit	175.4	181.0	+5.6	+3.2%	166.5	+14.5	+8.7%
SG&A Expenses	137.1	146.0	+8.9	+6.5%	144.0	+2.0	+1.4%
Operating Income	38.3	35.0	-3.3	-8.5%	22.5	+12.5	+55.6%
Recurring Income	43.1	37.5	-5.6	-12.9%	24.0	+13.5	+56.3%
Net Income	22.6	20.5	-2.1	-9.3%	11.0	+9.5	+86.4%

- Net sales and income both revised upward owing primarily to increase in number of units sold in the US and Australian spec homes business and improvements in renovation business and real estate distribution business.

# FY12/20 Forecast

## 2. Segment Sales and Recurring Income

(billion yen)

(Consolidated)	Net Sales					Recurring Income				
	FY3/20 3Q	FY12/20 Forecast	Change	Pct.	Change from previous forecast	FY3/20 3Q	FY12/20 Forecast	Change	Pct.	Change from previous forecast
Timber and Building Materials	173.6	152.0	-21.6	-12.4%	-	5.1	2.0	-3.1	-61.1%	+0.5
Housing and Construction	344.8	326.0	-18.8	-5.4%	+3.0	15.7	7.0	-8.7	-55.5%	+2.0
Overseas Housing and Real Estate	280.2	335.0	+54.8	+19.6%	+35.0	22.9	38.5	+15.6	+68.0%	+12.0
Environment and Resources	13.5	14.0	+0.5	+3.9%	-	2.4	1.5	-0.9	-38.5%	-
Other	17.3	19.0	+1.7	+9.8%	-	0.7	0.0	-0.7	-100.0%	+0.1
Adjustment	-26.6	-25.0	+1.6	-	+6.0	-3.9	-11.5	-7.6	-	-1.1
Total	802.7	821.0	+18.3	+2.3%	+44.0	43.1	37.5	-5.6	-12.9%	+13.5

**Timber and Building Materials:** Recurring income revised upward owing to improvement in margin of overseas manufacturing business

**Housing & Construction:** Revised upward due to increased the number of construction starts for custom-built detached houses and recoveries in renovation business and real estate distribution businesses

**Overseas Housing and Real Estate:** Number of units sold revised upward owing to the favorable conditions in the spec homes business in the United States and the effect of home buying subsidies in Australia

**Other:** Income revised upward due to increased tenants in elderly care business steadily

# FY12/20 Forecast

## 3. Domestic Housing Business Orders Received and Sales

(billion yen)

		Orders received				Sales			
		FY3/20 3Q	FY12/20 Forecast	Change	Pct.	FY3/20 3Q	FY12/20 Forecast	Change	Pct.
Contract business	Custom-built detached houses	205.7	212.0	+6.3	+3.1%	228.3	216.0	-12.3	-5.4%
	(Units)	(5,507)	(5,500)	(-7)	(-0.1%)	(5,089)	(5,200)	(+111)	(+2.2%)
	(Unit price(mil. yen))*	(34.6)	(34.7)	(+0.2)	-	(38.9)	(39.6)	(+0.7)	-
	Apartments	11.8	9.0	-2.8	-23.7%	11.8	13.0	+1.2	+10.1%
	Other contracts	1.1	1.3	+0.2	+17.3%	2.4	1.3	-1.1	-46.4%
Spec home and development business	Detached spec home					8.7	13.4	+4.7	+54.3%
	Land for custom-built housing					4.7	6.0	+1.3	+28.5%
	Existing home renovation					1.0	0.8	-0.2	-21.9%
	Other					4.4	3.5	-0.9	-20.1%
Net Sales Total						261.3	254.0	-7.3	-2.8%
Profit Ratio						23.5%	23.0%	-0.6p	
Gross Profit						61.4	58.3	-3.1	-5.1%

\* Unit price for orders received was calculated from orders received at time of contract signing for units ordered this period. Orders received for additional construction are not included.

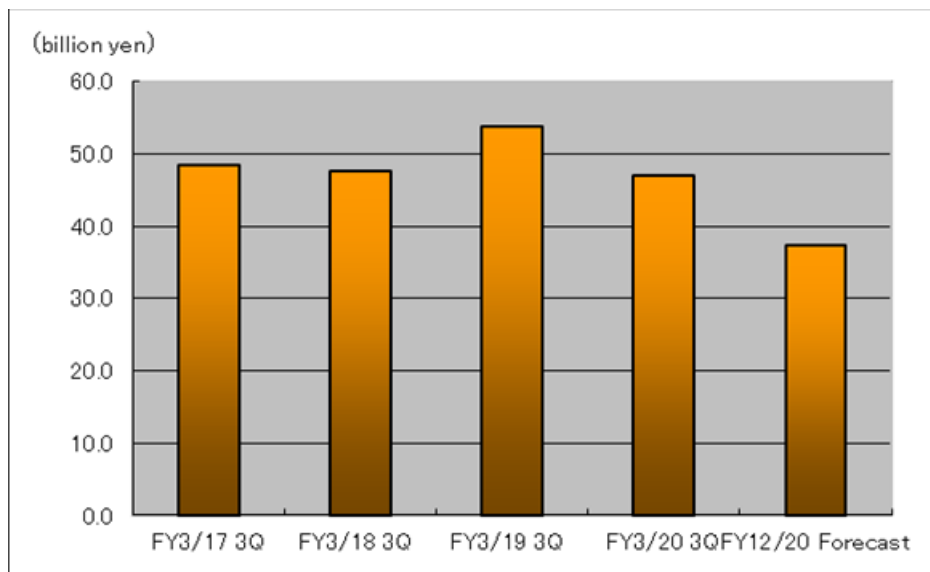
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### <Sumitomo Forestry Home Tech>

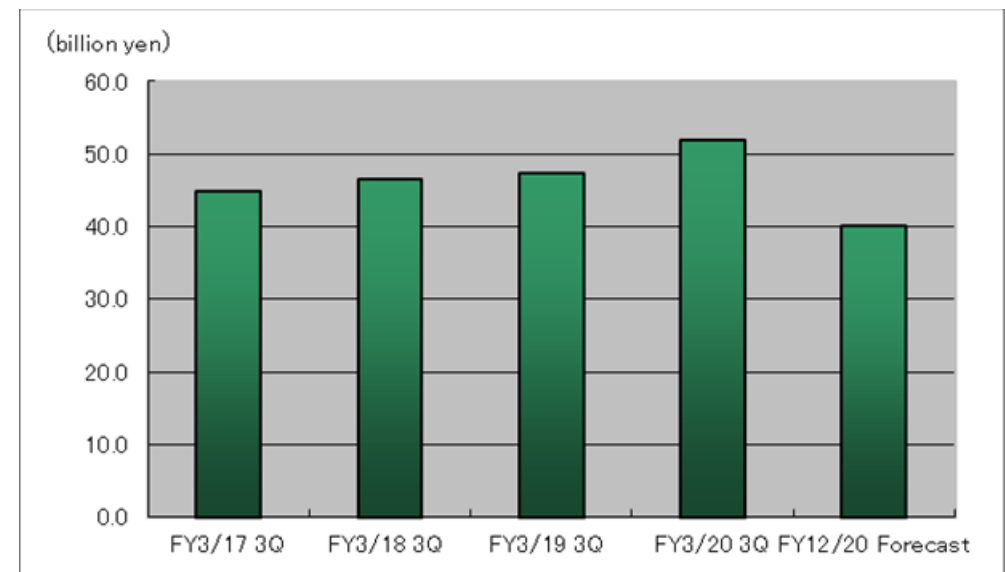
(billion yen)

	FY3/20 3Q	FY12/20 Forecast	Change	Pct.	Change from previous forecast
Orders received	46.9	37.3	-9.6	-20.5%	+0.8
Net Sales	54.4	42.0	-12.4	-22.8%	+1.0
Construction Completed	52.0	40.0	-12.0	-23.1%	+1.0
Backlog of Orders Received at Term End	25.9	22.1	-3.8	-14.8%	-0.2

#### ◆ Trends in Orders Received



#### ◆ Trends in Construction Completed





# FY12/20 Forecast

## 5. Overseas Housing and Real Estate Segment Sales and Recurring Income

(billion yen)

	Net Sales					Recurring Income				
	FY3/20 3Q Jan-Sep 2019	FY12/20 Forecast Apr-Dec 2020	Change	Pct.	Change from previous forecast	FY3/20 3Q Jan-Sep 2019	FY12/20 Forecast Apr-Dec 2020	Change	Pct.	Change from previous forecast
Affiliate Total	281.8	335.4	+53.6	+19.0%	+35.2	29.4	40.8	+11.4	+38.8%	+11.6
US	228.7	279.2	+50.5	+22.1%	+33.9	26.7	38.1	+11.4	+42.9%	+10.9
Australia	52.5	55.6	+3.1	+5.9%	+1.3	2.7	2.1	-0.5	-19.1%	+0.7
others	0.5	0.6	+0.0	+1.8%	+0.1	0.0	0.5	+0.4	-	+0.0
Other, Consolidated Adjustments, etc.	-1.5	-0.4	+1.2	-	-0.2	-6.4	-2.3	+4.2	-	+0.4
<b>Total</b>	<b>280.2</b>	<b>335.0</b>	<b>+54.8</b>	<b>+19.6%</b>	<b>+35.0</b>	<b>22.9</b>	<b>38.5</b>	<b>+15.6</b>	<b>+68.0%</b>	<b>+12.0</b>

### ● Number of Units Sold by Country

	Jan-Sep 2019	Apr-Dec 2020 Forecast	Change	Pct.	Change from previous forecast
US	5,584	7,187	+1,603	+28.7%	+650
Australia	1,716	2,157	+441	+25.7%	+200
<b>Total</b>	<b>7,300</b>	<b>9,344</b>	<b>+2,044</b>	<b>+28.0%</b>	<b>+850</b>

### ● Conversion rate (average during term)

	US\$/JPY	AU\$/JPY	NZ\$/JPY
FY3/20 3Q Jan-Sep 2019	109.12	76.31	72.47
<b>FY12/20 Forecast Apr-Dec 2020</b>	<b>105.00</b>	<b>71.00</b>	<b>67.00</b>

# FY12/20 Forecast

## 5. (Reference) Comparison of Same Period

(billion yen)

	Net Sales				Recurring Income			
	FY3/20 3Q Apr-Dec 2019	FY12/20 Forecast Apr-Dec 2020	Change	Pct.	FY3/20 3Q Apr-Dec 2019	FY12/20 Forecast Apr-Dec 2020	Change	Pct.
Affiliate Total	323.1	335.4	+12.3	+3.8%	36.5	40.8	+4.3	+11.7%
US	264.4	279.2	+14.8	+5.6%	32.9	38.1	+5.2	+15.9%
Australia	58.2	55.6	-2.6	-4.4%	3.5	2.1	-1.4	-38.6%
others	0.5	0.6	+0.0	+4.7%	0.1	0.5	+0.4	+360.4%
Other, Consolidated Adjustments, etc.	-1.7	-0.4	+1.4	-	-5.9	-2.3	+3.6	-
Total	321.4	335.0	+13.6	+4.2%	30.6	38.5	+7.9	+25.7%

### ● Number of Units Sold by Country

	Apr-Dec 2019	Apr-Dec 2020 Forecast	Change	Pct.
US	6,499	7,187	+688	+10.6%
Australia	1,907	2,157	+251	+13.2%
Total	8,406	9,344	+939	+11.2%

## Reference

# Overseas Housing and Real Estate Segment Trend in Number of Units Sold by Country

### ● 2019

Year	2019	2019	2019	2019	2019	(units)
Month	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Dec	Apr-Dec
Fiscal Period	1Q FY3/20	2Q FY3/20	3Q FY3/20	4Q FY3/20	FY3/20	—
<b>US</b>	<b>1,474</b>	<b>2,032</b>	<b>2,078</b>	<b>2,389</b>	<b>7,973</b>	<b>6,499</b>
<b>Australia</b>	<b>511</b>	<b>598</b>	<b>607</b>	<b>701</b>	<b>2,417</b>	<b>1,907</b>
<b>Total</b>	<b>1,985</b>	<b>2,630</b>	<b>2,685</b>	<b>3,090</b>	<b>10,390</b>	<b>8,406</b>

### ● 2020

Year	2020	2020	2020	2020	2020	(units)
Month	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Dec	Apr-Dec
Fiscal Period	—	1Q FY12/20	2Q FY12/20	3Q FY12/20	—	FY12/20
<b>US</b>	<b>1,713</b>	<b>2,088</b>	<b>2,396</b>	<b>2,703</b>	<b>8,900</b>	<b>7,187</b>
<b>Australia</b>	<b>543</b>	<b>669</b>	<b>734</b>	<b>754</b>	<b>2,700</b>	<b>2,157</b>
<b>Total</b>	<b>2,256</b>	<b>2,757</b>	<b>3,130</b>	<b>3,457</b>	<b>11,600</b>	<b>9,344</b>

### ● Pct.

Month	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Dec	Apr-Dec
<b>US</b>	<b>+16.2%</b>	<b>+2.8%</b>	<b>+15.3%</b>	<b>+13.1%</b>	<b>+11.6%</b>	<b>+10.6%</b>
<b>Australia</b>	<b>+6.2%</b>	<b>+11.9%</b>	<b>+21.0%</b>	<b>+7.5%</b>	<b>+11.7%</b>	<b>+13.2%</b>
<b>Total</b>	<b>+13.6%</b>	<b>+4.8%</b>	<b>+16.6%</b>	<b>+11.9%</b>	<b>+11.6%</b>	<b>+11.2%</b>

# FY12/20 Forecast

## 6. Investments

### ◆ Capital Expenditures

< \*acquired basis>

(billion yen)

(Consolidated)	FY3/20	FY12/20 Forecast	Change	Pct.
Tangible Fixed Assets	32.4	18.8	-13.6	-42.0%
Intangible Fixed Asstes	3.5	3.3	-0.2	-4.7%
Other	2.3	2.0	-0.3	-11.4%
<b>Total</b>	<b>38.2</b>	<b>24.1</b>	<b>-14.0</b>	<b>-36.8%</b>

### ◆ Main investments

US profit-earning real estate development	··· 5.0 billion yen
Domestic and overseas housing display centers	··· 5.6 billion yen
Production equipment in manufacturing business	··· 3.6 billion yen
IT investment	··· 3.3 billion yen

**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.**

