

Happiness Grows from Trees



FY Ending March 31, 2020 – Third Quarter Financial Results and Full Year Forecast –



January 31, 2020

Notes

- **“Net income attributable to parent company shareholders” is expressed as “net income.”**
- **The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) has been applied early from the beginning of FY3/20, and accounting policies have been changed.**
- **The Environment and Resources Business has been added to segment disclosures as of the beginning of FY3/20.**

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Third Quarter of FYE March 2020 Results



Third Quarter of FYE March 2020 Results

1. Summary

(billion yen)

(Consolidated)	FY3/19 3Q	FY3/20 3Q	Change	Pct.
Net Sales	907.0	802.7	-104.2	-11.5%
Gross Profit	155.3	175.4	+20.1	+13.0%
SG&A Expenses	130.6	137.1	+6.5	+5.0%
Operating Income	24.7	38.3	+13.6	+55.2%
Recurring Income	27.0	43.1	+16.1	+59.6%
Net Income	16.1	22.6	+6.5	+40.5%

- Net sales: Year-on-year decrease due to switching to use of net amount for recording revenue from timber and building material transactions
- Recurring income: Income up owing to application of percentage-of-completion method of revenue recognition to all construction in Domestic housing business and growth of Overseas Housing and Real Estate Business

Third Quarter of FYE March 2020 Results

2. Segment Sales and Recurring Income

(billion yen)

(Consolidated)	Net Sales				Recurring Income			
	FY3/19 3Q	FY3/20 3Q	Change	Pct.	FY3/19 3Q	FY3/20 3Q	Change	Pct.
Timber and Building Materials	365.8	173.6	-192.2	-52.5%	6.2	5.1	-1.1	-17.5%
Housing and Construction	292.2	344.8	+52.6	+18.0%	3.6	15.7	+12.2	+340.8%
Overseas Housing and Real Estate	246.6	280.2	+33.6	+13.6%	17.1	22.9	+5.8	+34.1%
Environment and Resources	14.1	13.5	-0.6	-4.6%	2.7	2.4	-0.3	-10.1%
Other	16.4	17.3	+0.9	+5.4%	-0.2	0.7	+0.9	-
Adjustment	-28.1	-26.6	+1.5	-	-2.4	-3.9	-1.4	-
Total	907.0	802.7	-104.2	-11.5%	27.0	43.1	+16.1	+59.6%

Timber and Building Materials:	Income down due to sluggishness of imported plywood in first half, rising costs and decrease in sales in Japanese market in Overseas manufacturing business
Housing and Construction:	Increase in income owing to impact of strong orders for custom-built detached houses and renovation in previous year and application of percentage-of-completion method of revenue recognition
Overseas Housing and Real Estate:	Increase in revenue and earnings owing primarily to increase in number of units sold in US housing business and contribution of Crescent to income
Environment and Resources:	Income down due to impact of February 2019 forest fire in New Zealand despite stable performance by Biomass power generation business
Other:	Increase in equity in earnings of affiliates at Kumagai Gumi, etc.

Third Quarter of FYE March 2020 Results

3. Domestic Housing Business Orders Received and Sales

(billion yen)

		Orders received				Sales			
		FY3/19 3Q	FY3/20 3Q	Change	Pct.	FY3/19 3Q	FY3/20 3Q	Change	Pct.
Contract business	Custom-built detached houses *1	237.4	205.7	-31.7	-13.4%	184.0	228.3	+44.3	+24.1%
	(Units)	(6,159)	(5,507)	(-652)	(-10.6%)	(4,682)	(5,089)	(+407)	(+8.7%)
	(Unit price (mil. yen)) *2	(34.3)	(34.6)	(+0.3)	-	(39.3)	(38.9)	(-0.4)	-
	Apartments *1	14.4	11.8	-2.6	-18.0%	9.8	11.8	+2.0	+20.8%
	Other contracts	2.6	1.1	-1.5	-57.4%	1.0	2.4	+1.4	+141.5%
Spec home and development business	Detached spec home					7.3	8.7	+1.4	+18.6%
	Land for custom-built housing					3.4	4.7	+1.2	+36.3%
	Existing home renovation					1.2	1.0	-0.1	-11.3%
	Other *1					5.9	4.4	-1.5	-25.6%
Net Sales Total						212.6	261.3	+48.7	+22.9%
Profit Ratio						23.9%	23.5%	-0.4p	
Gross Profit						50.9	61.4	+10.5	+20.7%

*1: FY3/20 results include impact of the change in the accounting policy on revenue recognition.

*2: Calculated from orders received at time of contract signing for units ordered this period. Orders received for additional construction not included

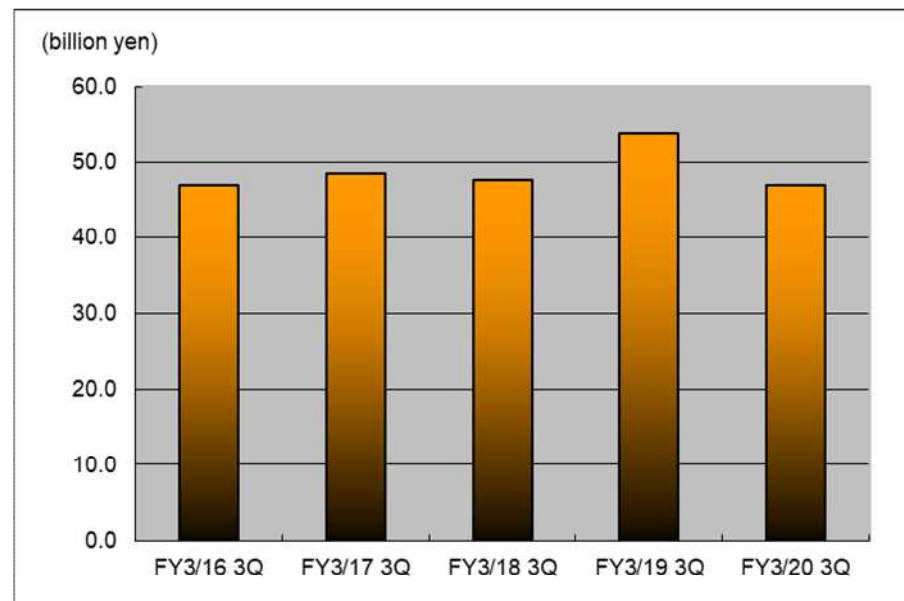
Third Quarter of FYE March 2020 Results

4. Renovation Business Orders Received and Sales

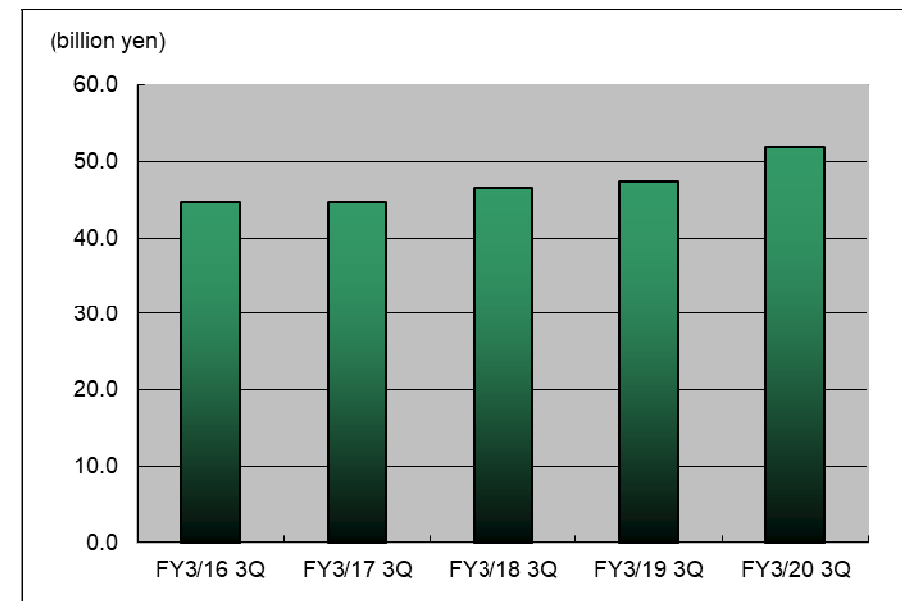
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	(billion yen)			
	FY3/19 3Q	FY3/20 3Q	Change	Pct.
Orders Received	53.7	46.9	-6.8	-12.7%
Net Sales	50.1	54.4	+4.3	+8.7%
Construction Completed	47.4	52.0	+4.6	+9.6%
Backlog of Orders Received at Term End	33.1	28.6	-4.5	-13.5%

◆ Trends in Orders Received



◆ Trends in Construction Completed



Third Quarter of FYE March 2020 Results

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

(billion yen)

Overseas Housing and Real Estate Segment	Net Sales				Recurring Income			
	FY3/19 3Q	FY3/20 3Q	Change	Pct.	FY3/19 3Q	FY3/20 3Q	Change	Pct.
Affiliate Total	247.5	281.8	+34.3	+13.9%	22.6	29.4	+6.8	+29.9%
USA	188.0	228.7	+40.7	+21.7%	19.6	26.7	+7.1	+36.2%
Australia	58.9	52.5	-6.5	-11.0%	2.7	2.7	-0.1	-2.2%
others	0.5	0.5	+0.0	+2.0%	0.3	0.0	-0.3	-86.6%
Other, Consolidated Adjustments, etc.	-0.8	-1.5	-0.7	-	-5.5	-6.4	-0.9	-
Total	246.6	280.2	+33.6	+13.6%	17.1	22.9	+5.8	+34.1%

● Number of Units Sold by Country

(Unit)

	FY3/19 3Q	FY3/20 3Q	Change	Pct.
USA	4,956	5,584	+628	+12.7%
Australia	1,960	1,716	-244	-12.4%
Total	6,916	7,300	+384	+5.6%

● Conversion rate (average during term)

	US\$/JPY	AU\$/JPY	NZ\$/JPY
FY3/19 3Q	109.64	83.08	76.72
FY3/20 3Q	109.12	76.31	72.47

Third Quarter of FYE March 2020 Results

6. Balance Sheet

(billion yen)

	End of March 2019	End of December 2019	Change		End of March 2019	End of December 2019	Change
Cash, deposits, securities	87.7	61.6	-26.1	Payables	194.1	199.2	5.1
Receivables	145.2	176.7	31.5	Short-term debt	61.5	37.4	-24.1
Finished goods	30.1	29.0	-1.1	Advances received from customers	52.2	36.4	-15.8
Real estate for sale, Real estate for sale in process	237.2	247.8	10.5	Other current liabilities	65.9	73.0	7.1
Construction projects in progress	26.9	17.6	-9.3	Long-term debt/bonds issued	182.4	220.5	38.1
Other receivables	46.0	44.7	-1.3	Liability for retirement benefits	19.8	20.1	0.3
Other current assets	36.7	43.2	6.5	Other long-term liabilities	41.5	44.8	3.3
Total current assets	609.8	620.5	10.7	Liabilities	617.5	631.6	14.1
Tangible fixed assets	170.0	171.7	1.7	Shareholders' equity	294.1	303.0	8.9
Intangible fixed assets	26.6	23.0	-3.6	Accumulated other comprehensive income	24.2	17.5	-6.7
Investments and other assets	164.6	171.8	7.2	Non-controlling interests	35.2	34.9	-0.3
Total non-current assets	361.2	366.4	5.3	Net assets	353.5	355.4	1.9
Total assets	971.0	987.0	16.0	Total liabilities/net assets	971.0	987.0	16.0

FYE March 2020 Full Year Earnings Forecast



FYE March 2020 Full Year Earnings Forecast

1. Summary

(billion yen)

(Consolidated)	FY3/19	FY3/20 Forecast	Change	Pct.	FY3/20 previous forecast	Change	Pct.
Net Sales	1,308.9	1,117.0	-191.9	-14.7%	1,117.0	+0.0	+0.0%
Gross Profit	232.1	241.0	+8.9	+3.8%	239.0	+2.0	+0.8%
SG&A Expenses	182.9	188.0	+5.1	+2.8%	188.0	+0.0	+0.0%
Operating Income	49.2	53.0	+3.8	+7.6%	51.0	+2.0	+3.9%
Recurring Income	51.4	61.0	+9.6	+18.6%	57.0	+4.0	+7.0%
Net Income	29.2	31.0	+1.8	+6.3%	30.0	+1.0	+3.3%

*Without actuarial differences

SG&A Expenses	179.5	188.0	+8.5	+4.7%
Recurring Income	54.8	61.0	+6.2	+11.2%

- Previous forecast for net sales left as-is despite varying results by segment.
- Income revised upward owing to growth in Overseas Housing and Real Estate business.

FYE March 2020 Full Year Earnings Forecast

2. Segment Sales and Recurring Income

(billion yen)

(Consolidated)	Net Sales				Recurring Income				
	FY3/19	FY3/20 Forecast	Change	Pct.	FY3/19	FY3/20 Forecast	Change	Pct.	Change from previous forecast
Timber and Building Materials	487.1	239.5	-247.6	-50.8%	8.0	6.0	-2.0	-24.8%	+0.0
Housing and Construction	452.8	479.5	+26.7	+5.9%	21.6	24.5	+2.9	+13.4%	-1.0
Overseas Housing and Real Estate	364.9	396.0	+31.1	+8.5%	25.8	33.0	+7.2	+27.8%	+5.0
Environment and Resources	19.5	19.0	-0.5	-2.7%	4.0	3.0	-1.0	-25.2%	+0.0
Other	22.3	24.5	+2.2	+10.0%	0.1	1.0	+0.9	-	+0.0
Adjustment	-37.7	-41.5	-3.8	-	-8.1	-6.5	+1.6	-	+0.0
Total	1,308.9	1,117.0	-191.9	-14.7%	51.4	61.0	+9.6	+18.6%	+4.0

Housing and Construction : Forecast revised downward due to status of orders received and construction delays in Renovation business

Overseas Housing and Real Estate : Income revised upward by 5 billion yen from previous forecast owing to solid growth of US housing business and Crescent

FYE March 2020 Full Year Earnings Forecast

3. Domestic Housing Business Orders Received and Sales

(billion yen)

		Orders received				Sales			
		FY3/19	FY3/20 Forecast	Change	Pct.	FY3/19	FY3/20 Forecast	Change	Pct.
Contract business	Custom-built detached houses *1	343.2	298.0	-45.2	-13.2%	291.9	312.5	+20.6	+7.0%
	(Units)	(8,513)	(7,700)	(-813)	(-9.6%)	(7,628)	(7,400)	(-228)	(-3.0%)
	(Unit price (mil. yen)) *2	(35.3)	(34.0)	(-1.3)	-	(38.3)	(39.1)	(+0.9)	-
	Apartments *1	20.9	16.6	-4.3	-20.5%	17.8	18.0	+0.2	+1.0%
	Other contracts	5.2	2.5	-2.7	-52.2%	1.7	4.0	+2.3	+142.2%
Spec home and development business	Detached spec home					11.9	15.5	+3.6	+29.9%
	Land for custom-built housing					6.3	6.1	-0.2	-2.8%
	Existing home renovation					2.0	1.2	-0.8	-39.5%
	Other *1					8.3	5.8	-2.5	-30.5%
Net Sales Total						339.9	363.1	+23.2	+6.8%
Profit Ratio						24.2%	23.6%	-0.6%	
Gross Profit						82.3	85.6	+3.3	+4.0%

*1: FY3/20 results include impact of the change in the accounting policy on revenue recognition.

*2: Calculated from orders received at time of contract signing for units ordered this period. Orders received for additional construction not included.

FYE March 2020 Full Year Earnings Forecast

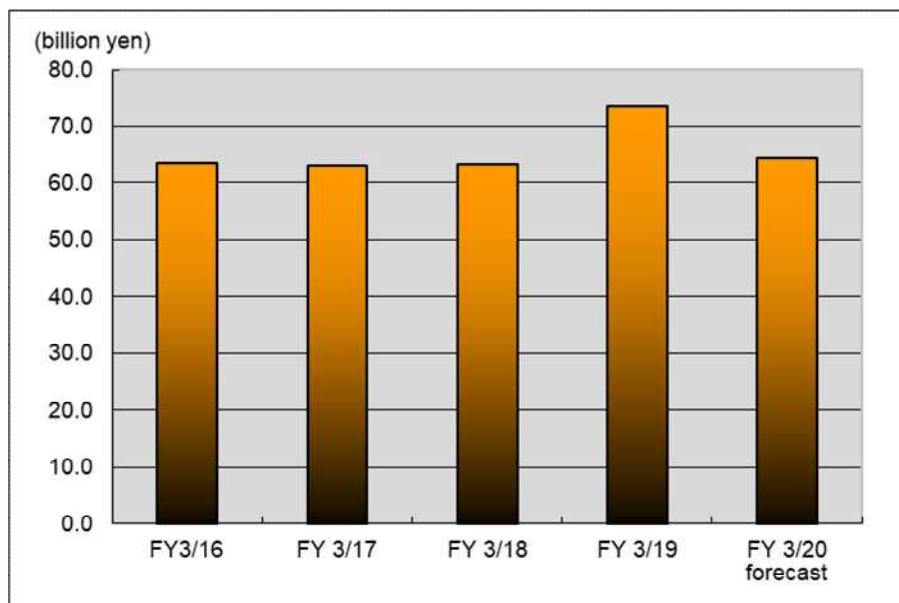
4. Renovation Business Orders Received and Sales

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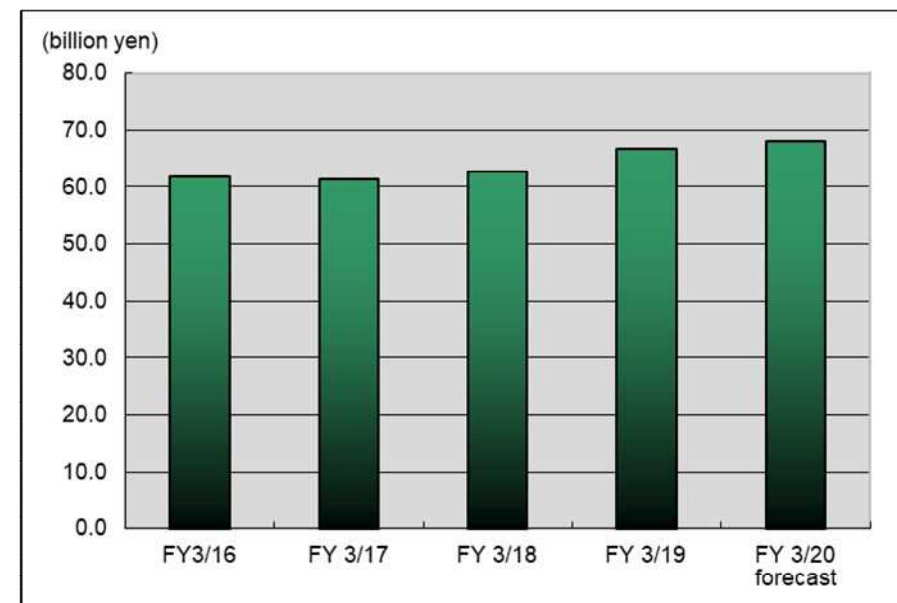
	FY3/19	FY3/20 Forecast	Change	Pct.
Orders Received	73.7	64.5	-9.2	-12.4%
Net Sales	70.3	71.4	+1.1	+1.6%
Construction Completed	66.7	68.0	+1.3	+1.9%
Backlog of Orders Received at Term End	33.7	29.8	-3.9	-11.6%

(billion yen)

◆ Trends in Orders Received



◆ Trends in Construction Completed



FYE March 2020 Full Year Earnings Forecast

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

(billion yen)

Overseas Housing and Real Estate Segment	Net Sales				Recurring Income			
	FY3/19	FY3/20 Forecast	Change	Pct.	FY3/19	FY3/20 Forecast	Change	Pct.
Affiliate Total	366.3	397.7	+31.4	+8.6%	33.8	42.0	+8.2	+24.2%
USA	285.0	323.3	+38.3	+13.4%	29.2	37.8	+8.6	+29.7%
Australia	80.6	73.6	-6.9	-8.6%	4.4	4.2	-0.3	-5.8%
others	0.7	0.7	-0.0	-0.6%	0.3	0.1	-0.2	-80.1%
Other, Consolidated Adjustments, etc.	-1.4	-1.7	-0.3	-	-8.0	-9.0	-1.0	-
Total	364.9	396.0	+31.1	+8.5%	25.8	33.0	+7.2	+27.8%

● Number of Units Sold by Country

(Unit)

	FY3/19	FY3/20 Forecast	Change	Pct.
USA	7,073	7,920	+847	+12.0%
Australia	2,645	2,400	-245	-9.3%
Total	9,718	10,320	+602	+6.2%

● Conversion rate (average during term)

	US\$/JPY	AU\$/JPY	NZ\$/JPY
FY3/19	110.44	82.53	76.43
FY3/20 Forecast	108.00	75.00	71.00

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.

