

Happiness Grows from Trees



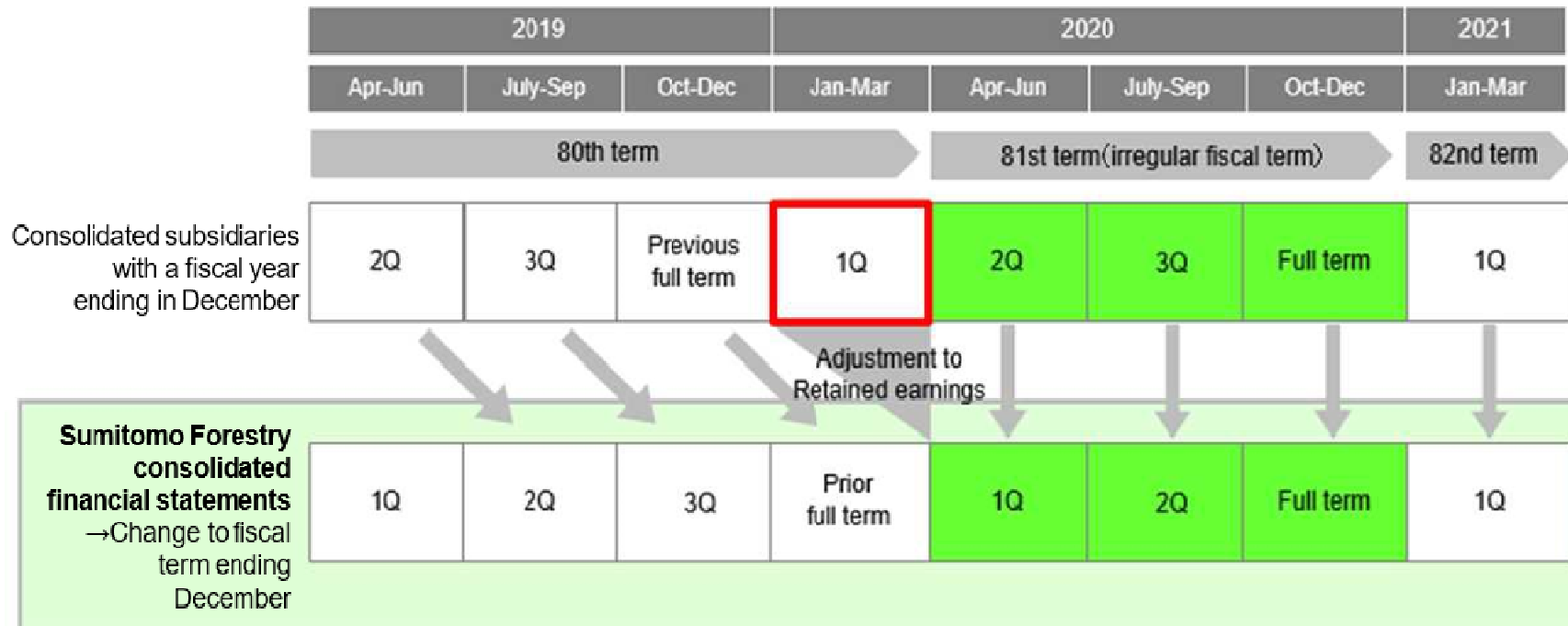
# **FY12/2020 Financial Results – First Quarter Financial Results and Full Year Forecast –**



August 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 First Quarter Results



# FY12/20 First Quarter Results

## 1. Statements of Income

(billion yen)

(Consolidated)	FY3/20 1Q	FY12/20 1Q	Change	Pct.
Net Sales	235.0	245.6	+10.6	+4.5%
Gross Profit	49.5	53.0	+3.5	+7.0%
SG&A Expenses	45.0	43.7	-1.3	-2.9%
Operating Income	4.5	9.3	+4.8	+105.6%
Recurring Income	5.0	10.3	+5.3	+107.4%
Net Income	0.6	5.7	+5.2	+912.4%

- Net sales and recurring income both up YoY owing primarily to growth of US detached spec homes business
- Net income up substantially YoY, due in part to recording of extraordinary loss related to forest fires in New Zealand in previous year

# FY12/20 First Quarter Results

## 2. Segment Sales and Recurring Income

(billion yen)

(Consolidated)	Net Sales				Recurring Income			
	FY3/20 1Q	FY12/20 1Q	Change	Pct.	FY3/20 1Q	FY12/20 1Q	Change	Pct.
Timber and Building Materials	57.5	46.7	-10.8	-18.8%	0.9	0.8	-0.1	-15.3%
Housing and Construction	98.3	96.0	-2.3	-2.3%	0.4	-0.6	-1.1	-
Overseas Housing and Real Estate	78.0	100.4	+22.4	+28.8%	3.9	10.9	+7.0	+178.9%
Environment and Resources	4.1	4.8	+0.7	+17.4%	0.5	0.7	+0.2	+40.4%
Other	5.4	5.5	+0.2	+2.8%	0.1	-0.5	-0.6	-
Adjustment	-8.2	-7.9	+0.3	-	-0.9	-1.0	-0.1	-
Total	235.0	245.6	+10.6	+4.5%	5.0	10.3	+5.3	+107.4%

**Timber and Building Materials:** Income down due to sluggish domestic market associated with spread of COVID-19 and production adjustments/temporary suspension of operations in overseas manufacturing

**Housing & Construction:** Income down due to sluggish renovation business and real estate brokerage business despite completed construction amount for custom-built detached houses remaining on par with previous year

**Overseas Housing and Real Estate:** Sales and income up substantially owing primarily to increase in number of units sold in US housing 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 First Quarter Results

## 3. Domestic Housing Business Orders Received and Sales

(billion yen)

		Orders received				Sales			
		FY3/20 1Q	FY12/20 1Q	Change	Pct.	FY3/20 1Q	FY12/20 1Q	Change	Pct.
Contract business	Custom-built detached houses	62.2	48.7	-13.5	-21.7%	65.8	66.7	+0.9	+1.4%
	(Units)	(1,733)	(1,252)	(-481)	(-27.8%)	(867)	(1,354)	(+487)	(+56.2%)
	(Unit price (mil. yen))*	(33.7)	(34.5)	(+0.9)	-	(39.7)	(39.6)	(-0.1)	-
	Apartments	2.3	2.3	-0.0	-0.3%	2.9	3.2	+0.2	+8.5%
	Other contracts	0.5	0.0	-0.5	-96.5%	0.6	0.3	-0.3	-53.1%
Spec home and development business	Detached spec home					1.7	1.6	-0.0	-2.1%
	Land for custom-built housing					0.8	1.5	+0.7	+83.8%
	Existing home renovation					0.2	0.2	-0.0	-9.3%
	Other					1.4	1.1	-0.3	-20.3%
Net Sales Total						73.3	74.5	+1.2	+1.7%
Profit Ratio						23.0%	22.8%	-0.2p	
Gross Profit						16.8	17.0	+0.1	+0.9%

\* 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 First Quarter Results

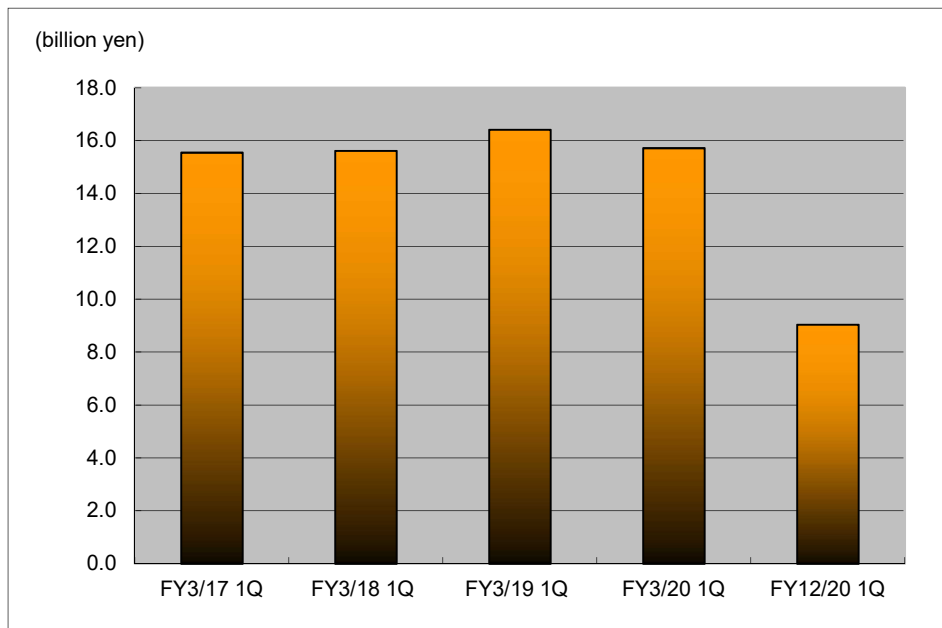
## 4. Renovation Business Orders Received and Sales

### <Sumitomo Forestry Home Tech>

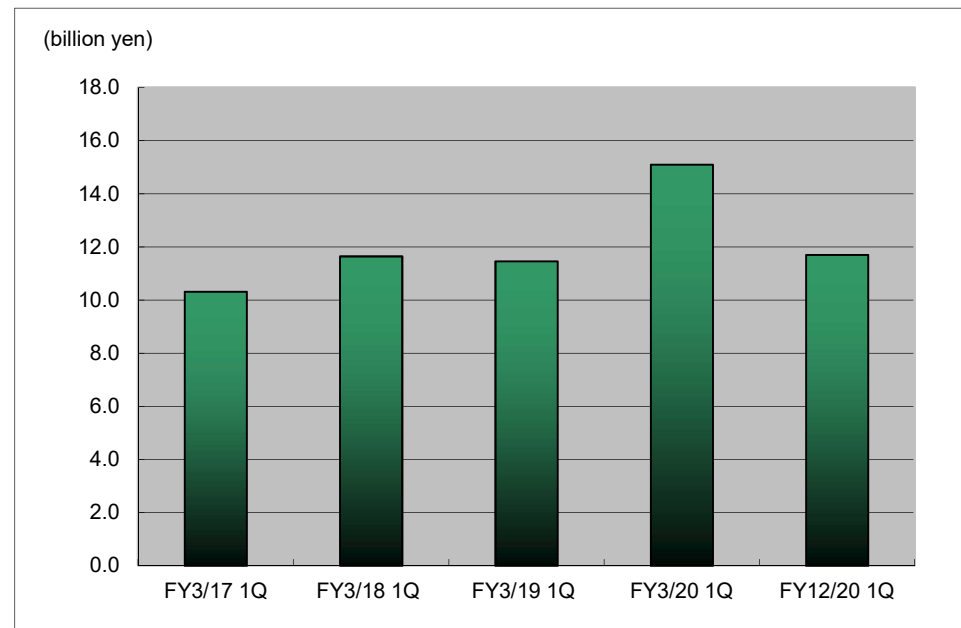
(billion yen)

	FY3/20 1Q	FY12/20 1Q	Change	Pct.
Orders received	15.7	9.0	-6.7	-42.5%
Net Sales	15.9	12.3	-3.5	-22.3%
Construction Completed	15.1	11.7	-3.4	-22.5%
Backlog of Orders Received at Term End	34.3	22.1	-12.2	-35.6%

#### ◆ Trends in Orders Received



#### ◆ Trends in Construction Completed



# FY12/20 First Quarter Results

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

(billion yen)

	Net Sales				Recurring Income			
	FY3/20 1Q	FY12/20 1Q	Change	Pct.	FY3/20 1Q	FY12/20 1Q	Change	Pct.
Affiliate Total	78.5	101.1	+22.6	+28.8%	6.3	11.8	+5.5	+87.1%
US	63.0	83.6	+20.6	+32.7%	5.6	10.7	+5.2	+92.8%
Australia	15.3	17.3	+2.0	+13.1%	0.8	0.8	-0.0	-1.7%
Other	0.2	0.2	+0.0	+11.4%	-0.0	0.3	+0.3	-
Other, Consolidated Adjustments, etc.	-0.4	-0.6	-0.2	-	-2.4	-0.8	+1.5	-
Total	78.0	100.4	+22.4	+28.8%	3.9	10.9	+7.0	+178.9%

### ● Number of Units Sold by Country

	FY3/20 1Q	FY12/20 1Q	Change	Pct.
US	1,474	2,088	+614	+41.7%
Australia	511	671	+160	+31.4%
Total	1,985	2,759	+774	+39.0%

### ● Conversion rate (average during term)

	US\$/JPY	AU\$/JPY	NZ\$/JPY
FY3/20 1Q	110.13	78.43	75.03
FY12/20 1Q	107.52	70.64	66.45



# FY12/20 First Quarter Results

## 6. Balance Sheet

(billion yen)

	End of March 2020	End of June 2020	Change		End of March 2020	End of June 2020	Change
Cash, deposits, securities	96.4	134.3	+37.9	Payables	192.5	166.9	-25.5
Receivables	157.8	155.0	-2.8	Short-term debt (bank loans)	39.4	48.8	+9.4
Finished goods	28.4	27.7	-0.7	Commercial paper	-	40.0	+40.0
Real estate for sale	66.7	66.1	-0.6	Advances received from customers	35.2	32.5	-2.7
Real estate for sale in process	185.4	195.1	+9.7	Other current liabilities	95.8	82.9	-12.9
Construction projects in progress	14.2	15.8	+1.6	Long-term debt/bonds issued	220.6	244.1	+23.5
Other receivables	46.4	41.2	-5.2	Liability for retirement benefits	22.6	22.7	+0.2
Other current assets	40.8	31.9	-8.9	Other long-term liabilities	41.6	45.1	+3.5
<b>Total current assets</b>	<b>636.1</b>	<b>667.0</b>	<b>+31.0</b>	<b>Liabilities</b>	<b>647.7</b>	<b>683.2</b>	<b>+35.5</b>
Tangible fixed assets	179.4	179.5	+0.1	Shareholders' equity	307.3	312.3	+5.0
Intangible fixed assets	22.5	20.2	-2.2	Accumulated other comprehensive income	15.2	16.3	+1.1
Investments and other assets	166.8	175.3	+8.6	Non-controlling interests	34.6	30.4	-4.2
<b>Total non-current assets</b>	<b>368.7</b>	<b>375.1</b>	<b>+6.4</b>	<b>Net assets</b>	<b>357.1</b>	<b>358.9</b>	<b>+1.9</b>
<b>Total assets</b>	<b>1,004.8</b>	<b>1,042.1</b>	<b>+37.4</b>	<b>Total liabilities/net assets</b>	<b>1,004.8</b>	<b>1,042.1</b>	<b>+37.4</b>

# FY12/2020 Forecast



# FY12/20 Forecast

## 1. Statements of Income

(billion yen)

(Consolidated)	FY3/20 3Q (as of disclosure)	FY12/20 Forecast	Change	Pct.	FY12/20 Initial Plan	Change	Pct.
Net Sales	802.7	<b>777.0</b>	-25.7	-3.2%	744.0	+33.0	+4.4%
Gross Profit	175.4	<b>166.5</b>	-8.9	-5.1%	158.0	+8.5	+5.4%
SG&A Expenses	137.1	<b>144.0</b>	+6.9	+5.0%	145.0	-1.0	-0.7%
Operating Income	38.3	<b>22.5</b>	-15.8	-41.2%	13.0	+9.5	+73.1%
Recurring Income	43.1	<b>24.0</b>	-19.1	-44.3%	15.0	+9.0	+60.0%
Net Income	22.6	<b>11.0</b>	-11.6	-51.4%	3.5	+7.5	+214.3%

- Net sales and recurring income both revised upward owing primarily to increase in number of units sold due to United States housing market performing better than initially anticipated, improvement of housing start delays in the Housing and Construction Business, and recovery of orders received for custom-built detached houses

# FY12/20 Forecast

## 2. Segment Sales and Recurring Income

(billion yen)

(Consolidated)	Net Sales					Recurring Income				
	FY3/20 3Q (as of disclosure)	FY12/20 Forecast	Change	Pct.	vs. Initial Plan	FY3/20 3Q (as of disclosure)	FY12/20 Forecast	Change	Pct.	vs. Initial Plan
Timber and Building Materials	173.6	152.0	-21.6	-12.4%	-	5.1	1.5	-3.6	-70.9%	-
Housing and Construction	344.8	323.0	-21.8	-6.3%	+7.0	15.7	5.0	-10.7	-68.2%	+4.0
Overseas Housing and Real Estate	280.2	300.0	+19.8	+7.1%	+26.0	22.9	26.5	+3.6	+15.6%	+5.0
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	-0.1	-0.8	-	-
Adjustment	-26.6	-31.0	-4.4	-	-	-3.9	-10.4	-6.5	-	-
Total	802.7	777.0	-25.7	-3.2%	+33.0	43.1	24.0	-19.1	-44.3%	+9.0

**Housing and Construction:** Revised upward owing to improvement in delays in construction starts and recent recovery of orders received.

**Overseas Housing and Real Estate:** Revised upward due to growth in US housing business, but future remains uncertain due to the re-expansion in COVID-19.

# 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	176.0	-29.7	-14.4%	228.3	216.0	-12.3	-5.4%
	(Units)	(5,507)	(4,600)	(-907)	(-16.5%)	(5,089)	(5,200)	(+111)	(+2.2%)
	(Unit price (mil. yen))*	(34.6)	(34.4)	(-0.2)	-	(38.9)	(39.6)	(+0.8)	-
	Apartments	11.8	9.0	-2.8	-23.7%	11.8	13.0	+1.2	+10.1%
	Other contracts	1.1	1.7	+0.6	+53.3%	2.4	1.3	-1.1	-46.4%
Spec home and development business	Detached spec home					8.7	11.8	+3.1	+35.9%
	Land for custom-built housing					4.7	5.5	+0.8	+17.8%
	Existing home renovation					1.0	0.7	-0.3	-31.7%
	Other					4.4	3.7	-0.7	-15.5%
Net Sales Total						261.3	252.0	-9.3	-3.5%
Profit Ratio						23.5%	23.3%	-0.2p	
Gross Profit						61.4	58.7	-2.7	-4.5%

\* 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.

# FY12/20 Forecast

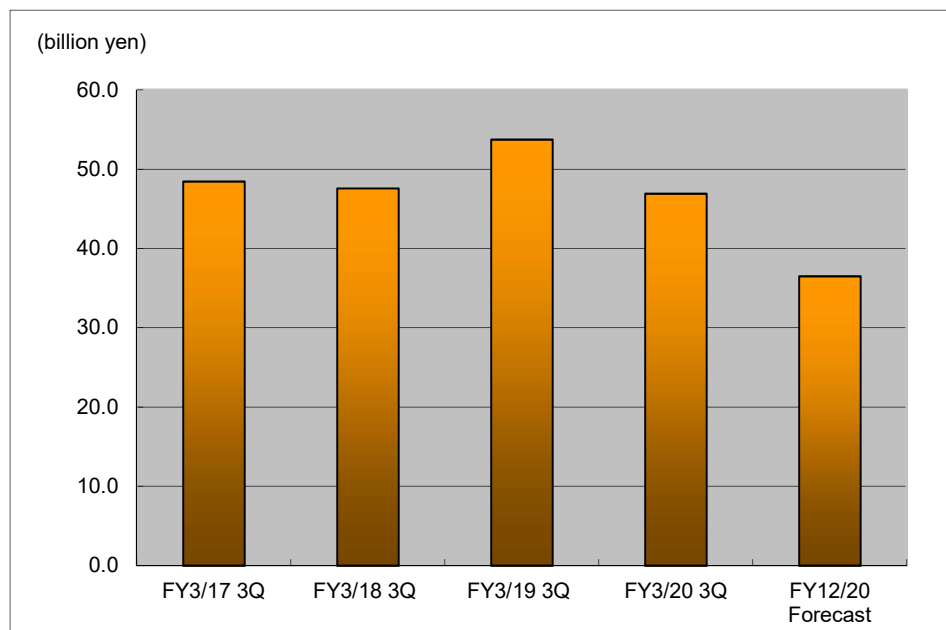
## 4. Renovation of Business Orders Received and Sales

### <Sumitomo Forestry Home Tech>

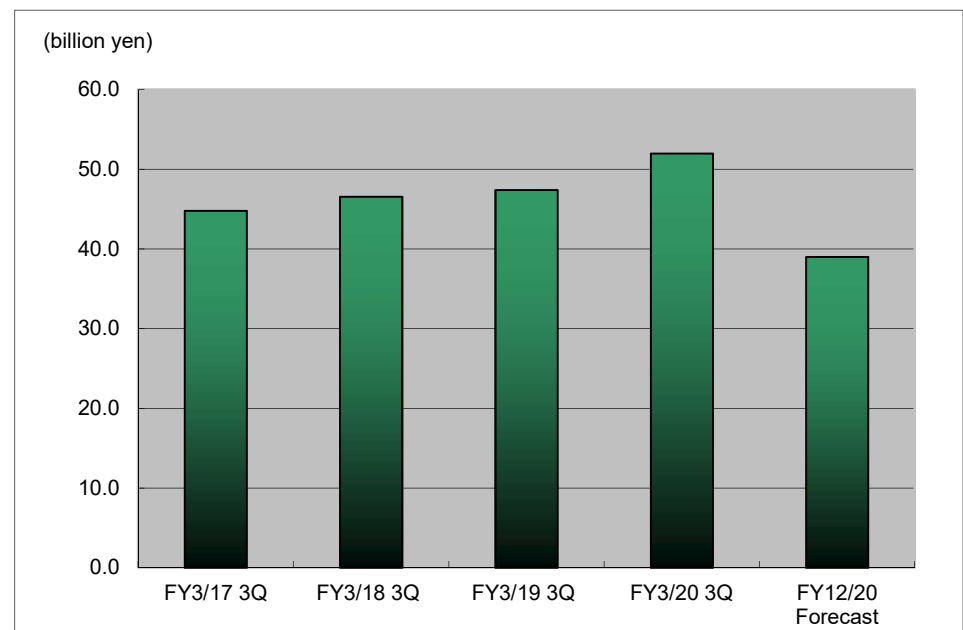
(billion yen)

	FY3/20 3Q	FY12/20 Forecast	Change	Pct.	vs. Initial Forecast
Orders received	46.9	36.5	-10.4	-22.2%	+4.0
Net Sales	54.4	41.0	-13.4	-24.6%	+1.2
Construction Completed	52.0	39.0	-13.0	-25.0%	+1.3
Backlog of Orders Received at Term End	28.6	22.3	-6.4	-22.2%	+2.7

#### ◆ 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	FY12/20 Forecast	Change	Pct.	vs. Initial Forecast	FY3/20 3Q	FY12/20 Forecast	Change	Pct.	vs. Initial Forecast
Affiliate Total	281.8	300.1	+18.4	+6.5%	+25.7	29.4	29.1	-0.2	-0.8%	+4.9
US	228.7	245.3	+16.6	+7.3%	+22.9	26.7	27.2	+0.5	+2.0%	+4.4
Australia	52.5	54.3	+1.8	+3.5%	+2.6	2.7	1.5	-1.2	-44.5%	+0.3
Other	0.5	0.5	-0.1	-12.0%	+0.1	0.0	0.4	+0.4	+995.7%	+0.1
Other, Consolidated Adjustments, etc.	-1.5	-0.1	+1.4	-	+0.3	-6.4	-2.6	+3.8	-	+0.1
Total	280.2	300.0	+19.8	+7.1%	+26.0	22.9	26.5	+3.6	+15.6%	+5.0

### ● Number of Units Sold by Country

	Jan-Sep 2019	Apr-Dec 2020 Forecast	Change	Pct.	vs. Initial Forecast
US	5,584	6,537	+953	+17.1%	+637
Australia	1,716	1,957	+241	+14.0%	+7
Total	7,300	8,494	+1,194	+16.4%	+644

### ● Conversion rate (average during term)

	US\$/JPY	AU\$/JPY	NZ\$/JPY
FY3/20 3Q	109.12	76.31	72.47
FY12/20 Forecast	105.00	71.00	67.00

## Reference

# Overseas Housing and Real Estate Segment Trend in number of units sold by country

### ● YoY (Jan-Mar)

Year	2019	2020	Change	Pct.
Month	Jan-Mar	Jan-Mar		
Fiscal Period	1Q FY3/20	—		
US	1,474	1,713	+239	+16.2%
Australia	511	543	+32	+6.3%
Total	1,985	2,256	+271	+13.7%

### ● YoY (Apr-Jun)

Year	2019	2020	Change	Pct.
Month	Apr-Jun	Apr-Jun		
Fiscal Period	2Q FY3/20	1Q FY12/20		
US	2,032	2,088	+56	+2.8%
Australia	598	671	+73	+12.2%
Total	2,630	2,759	+129	+4.9%

### ● YoY (Apr-Dec)

Year	2019	2020	Change	Pct.
Month	Apr-Dec	Apr-Dec		
Fiscal Period	—	FY12/20		
US	6,499	6,537	+38	+0.6%
Australia	1,907	1,957	+50	+2.6%
Total	8,406	8,494	+88	+1.1%

### ● YoY (Jan-Dec)

Year	2019	2020	Change	Pct.
Month	Jan-Dec	Jan-Dec		
Fiscal Period	FY3/20	—		
US	7,973	8,250	+277	+3.5%
Australia	2,417	2,500	+83	+3.4%
Total	10,390	10,750	+360	+3.5%



**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.**

