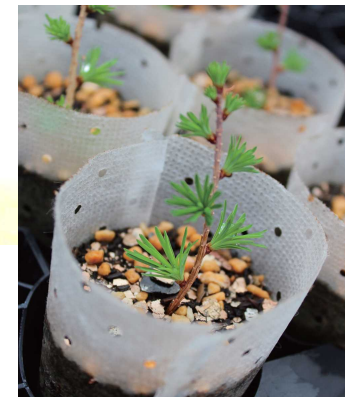




Earnings Summary and Business Strategy for the Second Quarter of the Fiscal Year Ending March 31, 2016

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

November 6, 2015



<Business Environment>

- Despite lessening of the effect of the sharp reactive decline accompanying the consumption tax hike, including a positive trend in the number of new housing starts, the domestic housing market has not made a full-fledged recovery.
- Overseas, there are signs of a slowdown in China and emerging Asian countries, but the housing markets in the United States and Australia are trending favorably.

<2Q Cumulative Results>

- The overseas housing business is performing favorably, and profits from the domestic housing business exceeded initial expectations, so both net sales and operating income exceeded last year's results.

1H FY3/16 Results

(Billion yen)

(Consolidated)	1H FY3/15	1H FY3/16	Pct.
Net sales	469.6	486.4	+3.6%
Operating income	12.2	12.9	+5.3%
Recurring income	13.3	13.5	+1.1%
Net Income Attributable to Parent Company Shareholders	7.3	6.9	(5.4%)

FYE March 2016 Full Year Forecast

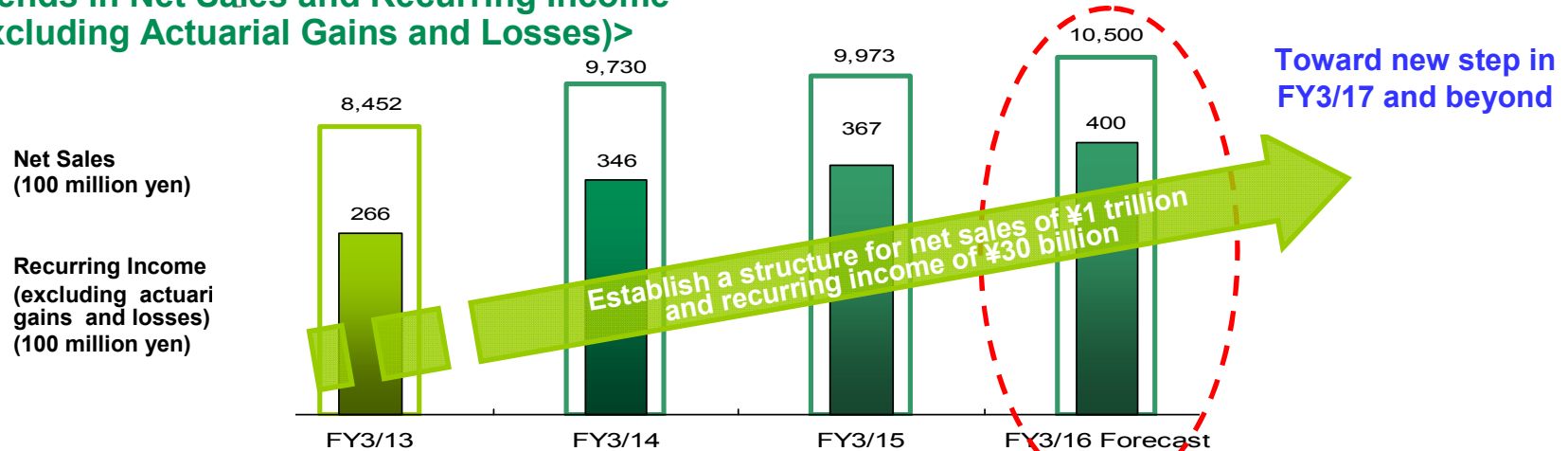
<Full Year Forecast>

- Net sales are expected to break ¥1 trillion, and operating income is expected to exceed ¥40 billion for the first time.

<Medium-Term Objective>

- This year is the final year to reach our three-year medium-term objective of “establishing a business structure capable of steadily achieving net sales of ¥1 trillion and recurring income of ¥30 billion.” The second half will be the culmination.
- Profitability has improved, and our business portfolio has changed compared to three years ago, but we will make preparations for the next step.

<Trends in Net Sales and Recurring Income (Excluding Actuarial Gains and Losses)>



FYE March 2016 Full Year Forecast

(Billion yen)

(Consolidated)	FY3/15	FY3/16 Forecast	Pct.
Net sales	997.3	1,050.0	+5.3%
Operating income	34.0	39.0	+14.7%
Recurring income	36.4	40.0	+9.8%
Net Income Attributable to Parent Company Shareholders	18.6	22.0	+18.5%



Declining birth rate and aging population



Population decline



Regional revitalization

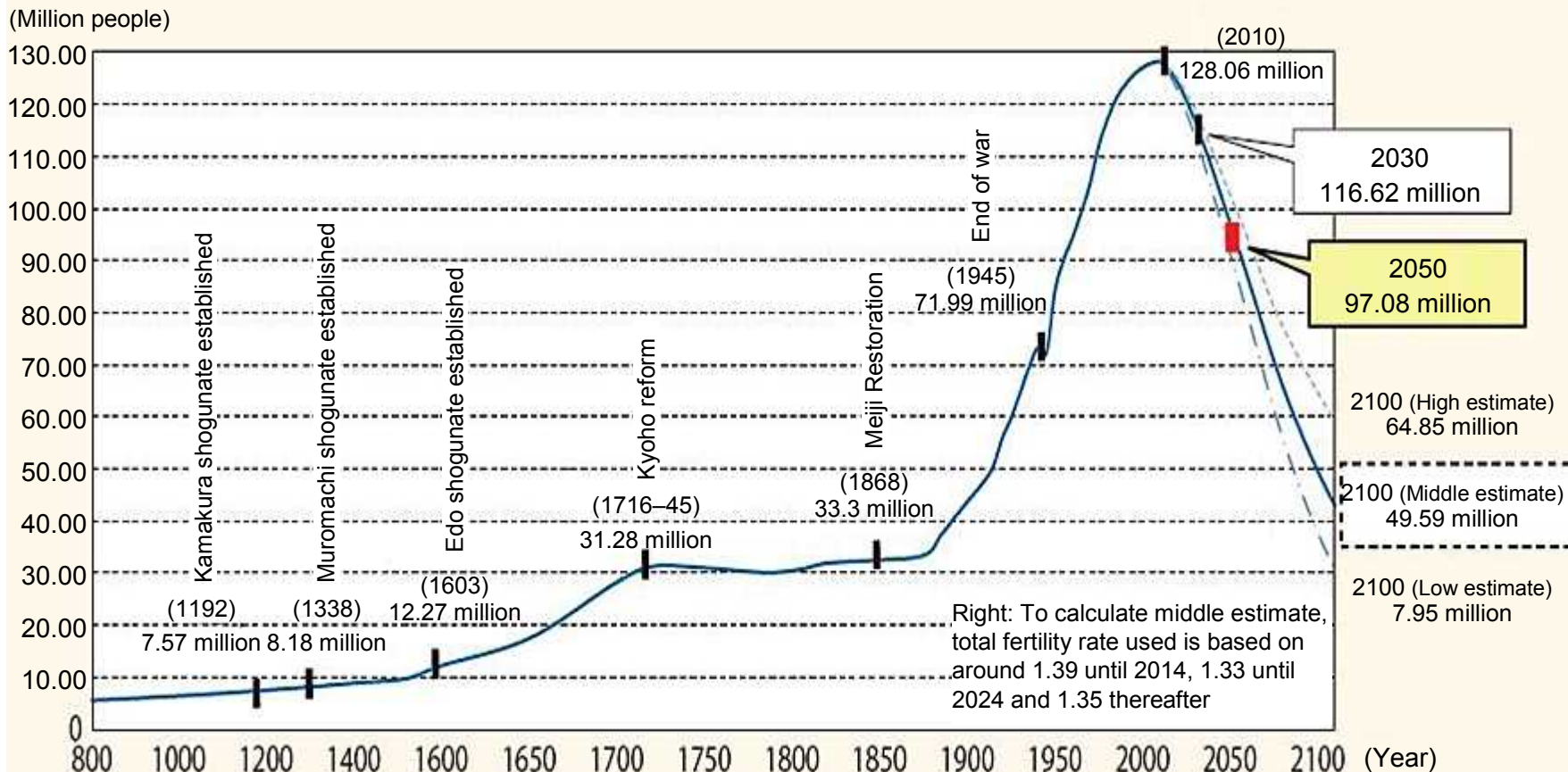


- (1) Strong, hope-inspiring economy**
- (2) Dream-weaving childcare support**
- (3) Social security leading to peace of mind**



Social Conditions in Japan: Long-term Trends and Future Estimation of Population

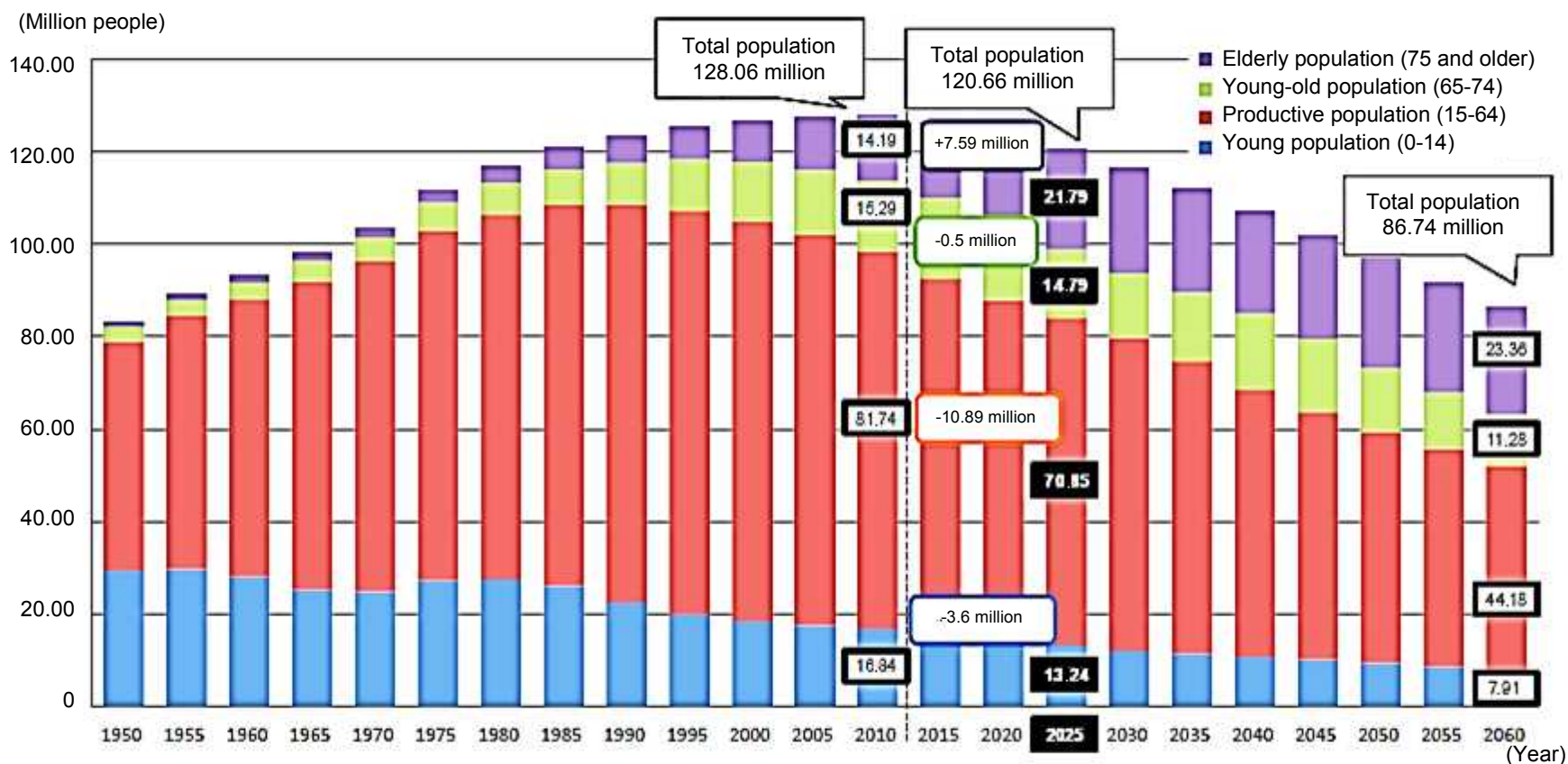
- The Japanese population peaked in 2010 and is predicted to drop below where it was 100 years ago (latter half of the Meiji period) over the next 100 years.
- This is a very rapid decline that is unparalleled even when measured in terms of millennia.



Source: Numbers for 2010 and earlier are from “Census” and “2010 Basic Tabulation of Census” by Ministry of Internal Affairs and Communications and “Long-term Time Series Analysis of Population Distribution on Japanese Archipelago” (1974) by National Land Agency, while numbers for 2015 and later are from “Estimated Future Population of Japan (January 2012 Estimates)” by National Institute of Population and Social Security Research, prepared by Ministry of Land, Infrastructure, Transport and Tourism.

Social Conditions in Japan: Trends and Future Estimation of Population by Age Group

- From 2010 to 2025, the elderly population will increase by around 7.59 million while the productive and young populations will decrease by around 10.89 million and 3.6 million, respectively.
- From 2010 to 2060, the elderly population will increase by around 9.19 million while the productive and young populations will decrease by around 37.56 million and 8.93 million, respectively.



Note 1: Young population is 0-14 years of age, productive population is 15-64 years of age, young-old population is 65-74 years of age, and elderly population is 75 years of age and older.

Note 2: 1950-1969 and 1971 do not include Okinawa.

Source: Census by Ministry of Internal Affairs and Communications
"Estimated Future Population of Japan (January 2012 Estimates)"
by National Institute of Population and Social Security Research

Consulting on Regional Revitalization through Forestry Regeneration

- We promote making the forest and wood industry a growth industry through sustainable management of the forest cycle and cascade use from upstream to downstream.

Regional revitalization
Forestry revitalization through partnership between company and community

Forestry maintenance as social infrastructure



Forestry ICT



Wood biomass utilization



Creation of new forestry resources for future



Utilization of efficient and low cost forestry resources



HR training



Promotion of Large and Medium-sized Wooden Buildings: Efforts of MOCCA (timber solution) Business

- This business promotes the adoption of timber construction in non-residential buildings and of wood-based interior finishings. Utilizing the technology and know-how cultivated in the custom-built detached housing business, we promote the adoption of timber construction in elderly, commercial, education and other facilities.
- We have also started efforts to spread within Japan the use of CLT (Cross Laminated Timber), which has attracted attention in recent years, including involvement in the design and construction of CLT buildings in collaboration with major general contractors.

Tully's Coffee (Itami)



Nursery school



Winery (Nagano Prefecture)



Plant facility



Elementary school disaster relief work (Miyagi Prefecture)

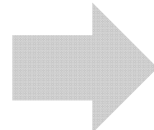
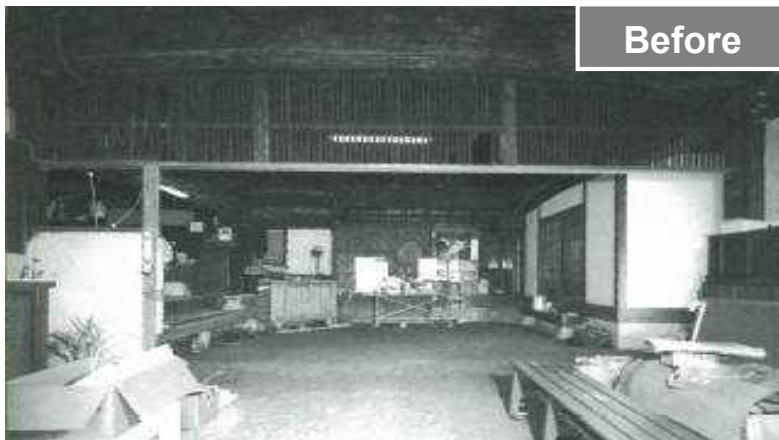


Elderly facility

Utilization of Renovation Technology to Create Quality Stock-type Society



Utilizing the technology possessed by our Group, we engage in repair work adapted to current lifestyles and laws. Rather than preservation as cultural properties, these efforts are to recycle old buildings and contribute to the governmental policy of eliminating empty houses and improving earthquake resistance of houses.



- We provide high-quality care to offer individually optimized service and help residents enjoy vibrant daily lives while supporting their independence based on the motto of Care with a Human Touch. We are also launching new care businesses including day services to work on further improving our care services.



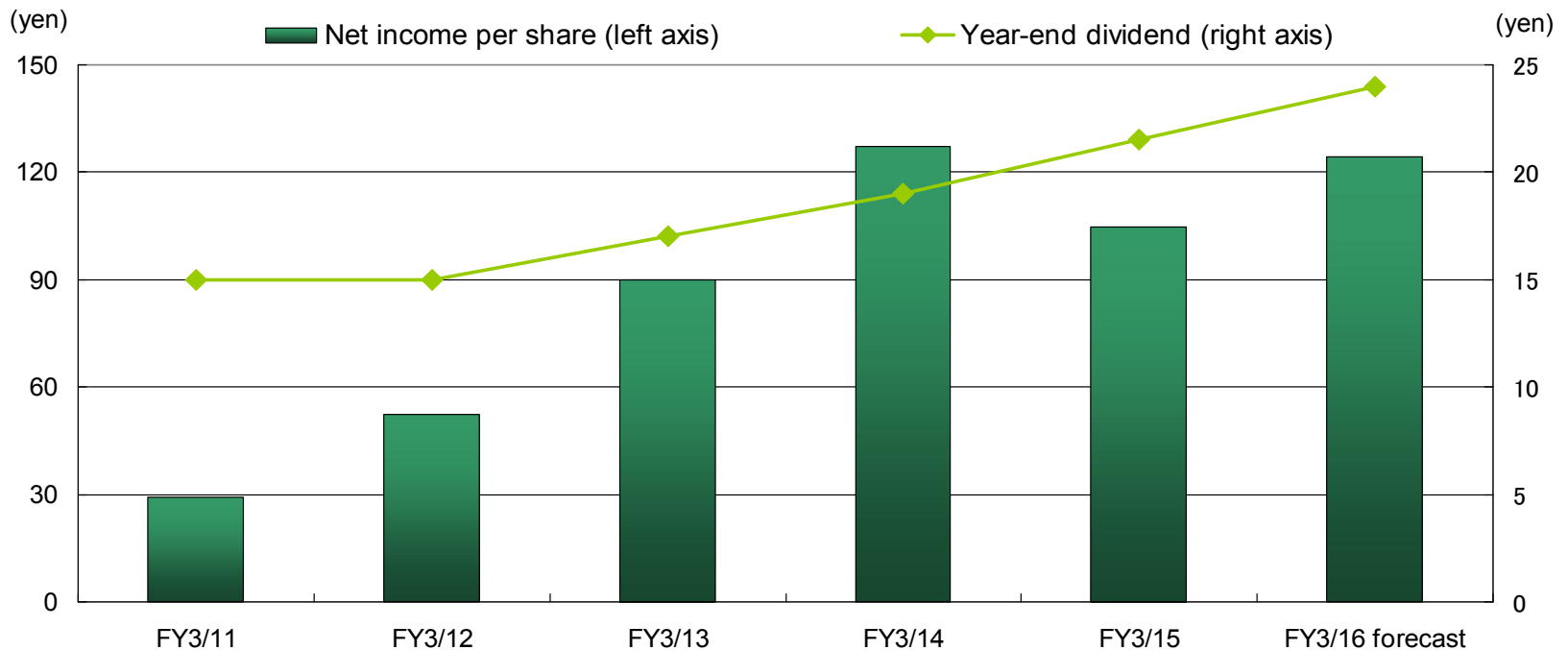
Private-pay elderly care facility
Grand Forest Hikawadai (Nerima-ku, Tokyo)



Day care service facility
Day Forest Mizonokuchi (Kawasaki City, Kanagawa)

Operating company: **Fill Care Co., Ltd.**

- On November 5, we submitted a Corporate Governance report on our corporate governance code, and we established a basic policy which we published on our website.
- Regarding our dividend policy, we plan to fortify our earnings structure moving forward. We are also comprehensively taking into account the overall balance of this structure, including our management infrastructure, financial position, and cash flows. It is our goal to provide constant and stable dividends to our shareholders that reflects our profit trends.
- Medium-term objective of establishing a structure for net sales of ¥1 trillion and recurring income of ¥30 billion is within sight, so year-end dividend amount will be increased in June 2015. Interim dividends of the same amount are planned.



Happiness Grows from Trees

SUMITOMO FORESTRY

Thank you