



**FY 3/2018 Financial Results  
Business Policy and Future Initiatives**

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Sumitomo Forestry Co., Ltd.

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<Comparison between FY3/19 Forecast and Plan>	FY3/19 Forecast	FY3/19 Plan
Net sales	¥1,310.0 billion	¥1,170.0 billion
Recurring income	¥57.5 billion	¥55.0 billion
Net income attributable to owners of parent	¥31.5 billion	¥31.5 billion
ROE (Return on equity)	10.0%	10% or more



# Progress on Medium-Term Management Plan

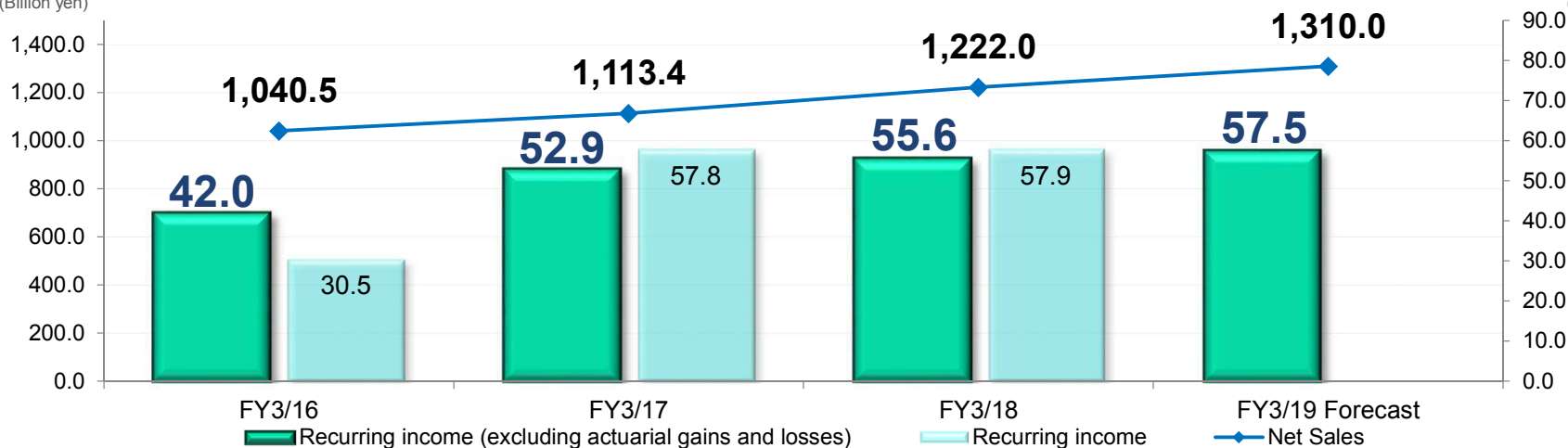
<Excluding actuarial gains and losses>

(Billion yen)

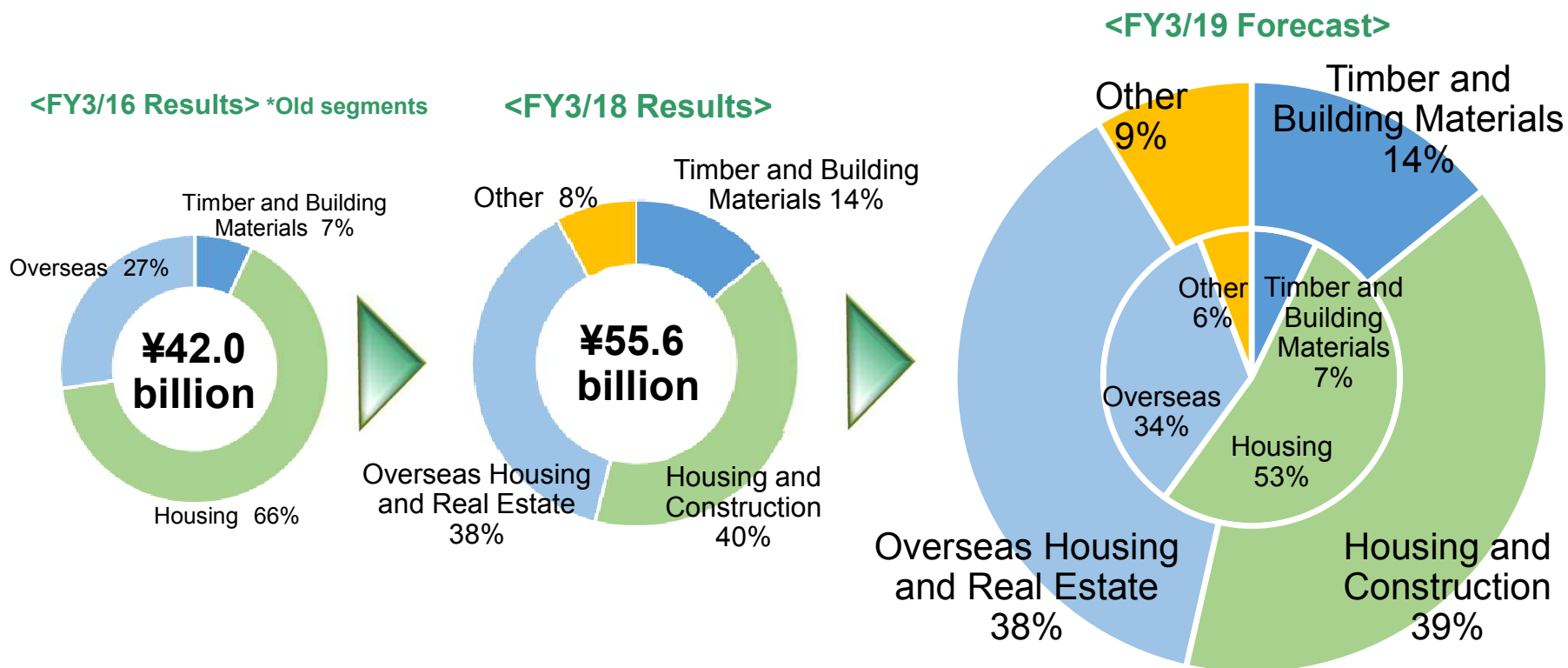
	FY3/16	FY3/17	FY3/18 (New Segments)	FY3/19 Forecast (New Segments)	FY3/19 Plan
<b>Net sales</b>	<b>1,040.5</b>	<b>1,113.4</b>	<b>1,222.0</b>	<b>1,310.0</b>	<b>1,170.0</b>
<b>Timber and Building Materials</b>	427.0	424.4	465.2	485.5	420.0
<b>Housing and Construction</b>	454.6	466.3	449.2	471.0	485.0
<b>Overseas Housing and Real Estate</b>	187.9	247.9	306.0	348.5	294.0
<b>Other</b>	16.9	23.0	37.0	42.5	39.8
<b>Adjustment</b>	-45.8	-48.2	-35.4	-37.5	-68.8
<b>Recurring income</b>	<b>42.0</b>	<b>52.9</b>	<b>55.6</b>	<b>57.5</b>	<b>55.0</b>
<b>Timber and Building Materials</b>	3.4	4.5	8.6	9.0	4.5
<b>Housing and Construction</b>	31.5	32.3	24.9	25.0	33.0
<b>Overseas Housing and Real Estate</b>	13.1	19.3	23.5	24.0	21.4
<b>Other</b>	-1.0	2.2	4.9	5.5	3.6
<b>Adjustment</b>	-4.9	-5.5	-6.4	-6.0	-7.5

Left axis: Net sales  
(Billion yen)

Right axis: Recurring income  
(Billion yen)



## Trend in Composition of Recurring Income by Segment\*



\* Company-wide recurring income excludes actuarial gains and losses.

\* FY3/18 Results and FY3/19 Forecast are based on new segments.

\* Ratios in pie charts calculated using recurring income by business segment

(consolidated recurring income - adjustments and negative segment profits).

**FY3/19 Forecast (Outside) ¥57.5 billion**

**FY3/19 Medium-Term Management Plan (Inside) ¥55.0 billion**



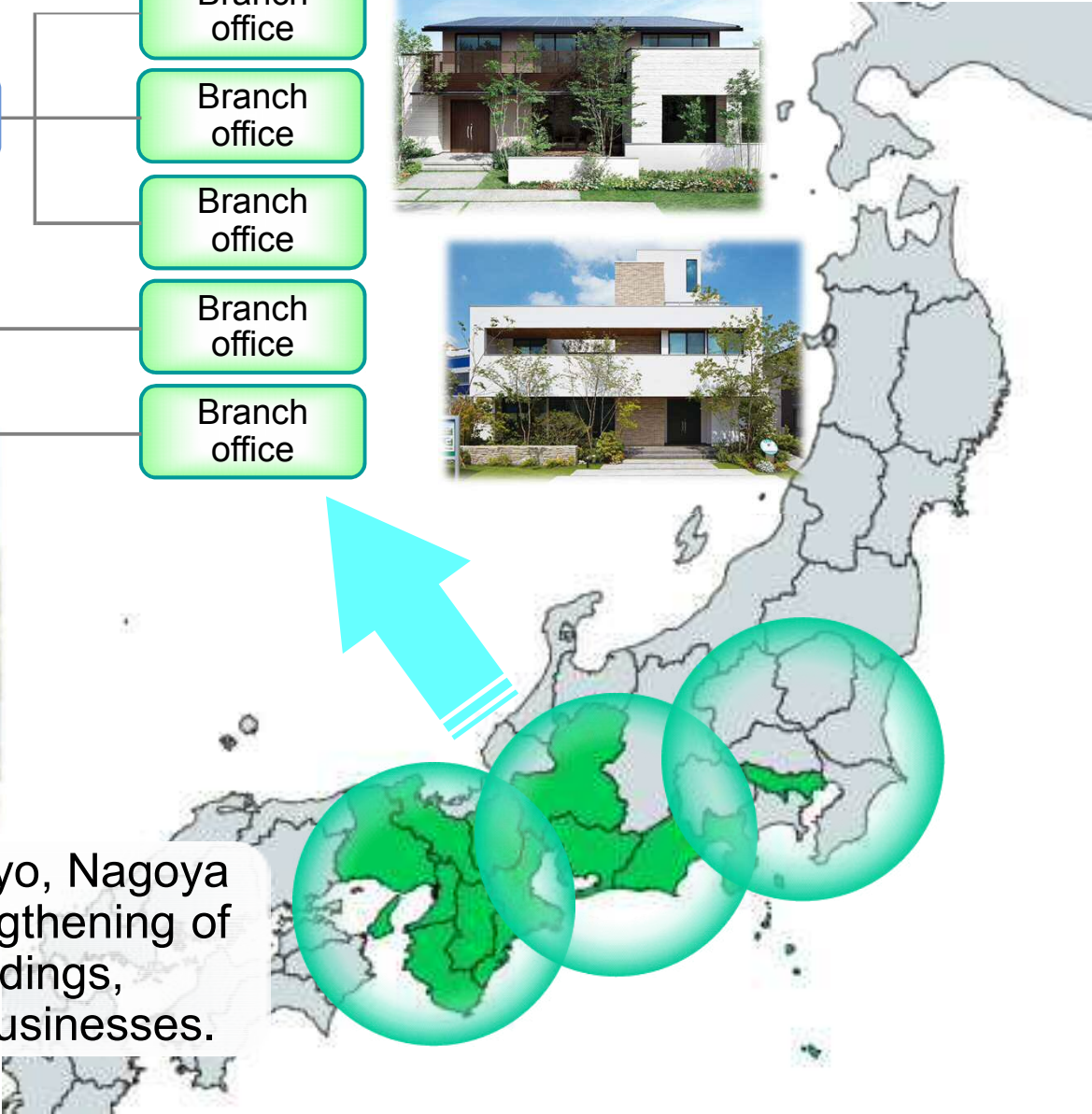
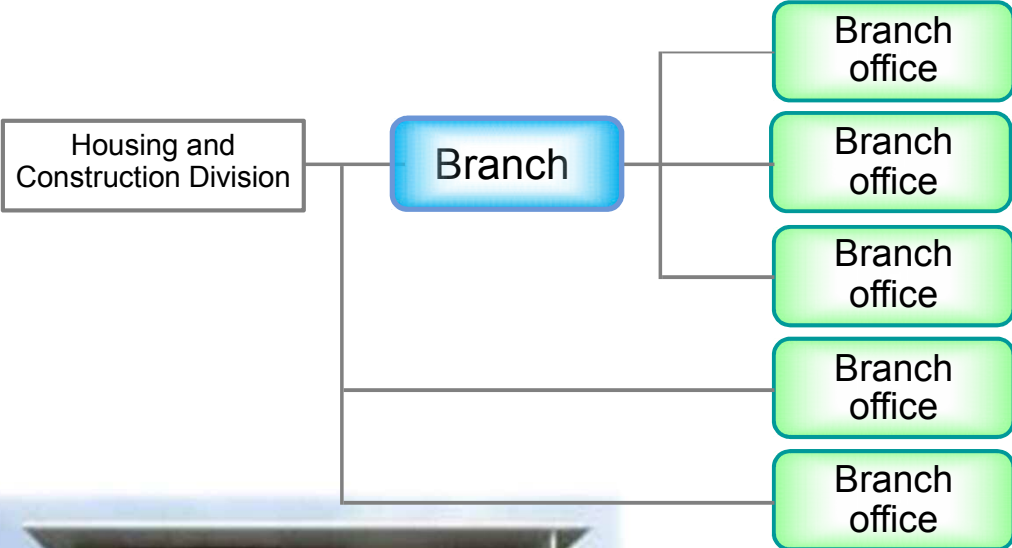
Komazawa Housing Display Center #3



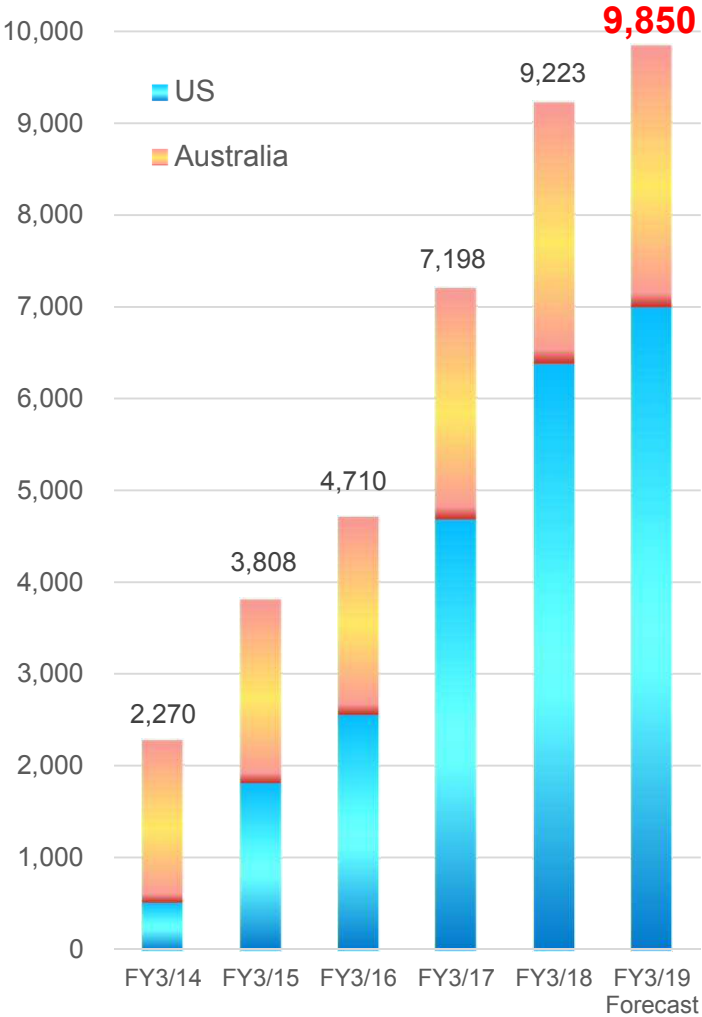
- Provide general review of all aspects of house building, including products, services and costs, and recover orders based on a customer-first approach
- Construct sales structure to handle 9,000 houses a year

Domestic oak interior  
(Sales launched in April 2018)





Establish branch offices in Tokyo, Nagoya and Osaka, and promote strengthening of large-scale non-residential buildings, apartments and spec homes businesses.



«Overseas housing business – Trend in number of houses sold by country»



Crescent Communities  
Development of apartments and commercial complex



**Asia**

- Spec homes business
- Apartment/condominium development business
- China wood construction and interior business
- Design and design support business

**North America**

- Spec homes business
- Residential land development business
- Apartment business

**Australia**

- Detached housing and spec homes business
- Residential land development business
- Apartment/condominium development business
- Exterior landscaping business

The slide features a world map with three regions highlighted by dashed circles: Asia (yellow), North America (red), and Australia (blue). Each region is associated with a list of business strategies and a representative image of a building. The Asia image shows a modern multi-story residential building. The North America image shows a large, two-story house with a prominent front porch. The Australia image shows a modern, single-story house with a sign that reads 'QUEENSLAND'S NO. 1 BUILDERS'.



With an integrated structure from manufacturing to distribution and sales, we will share strategies on a global basis and work to maximize profits.



Private-pay elderly care facility  
(Grand Forest Gakugeidaigaku)



Mountain forest in NZ

Hachinohe biomass power generation business started operation in April 2018

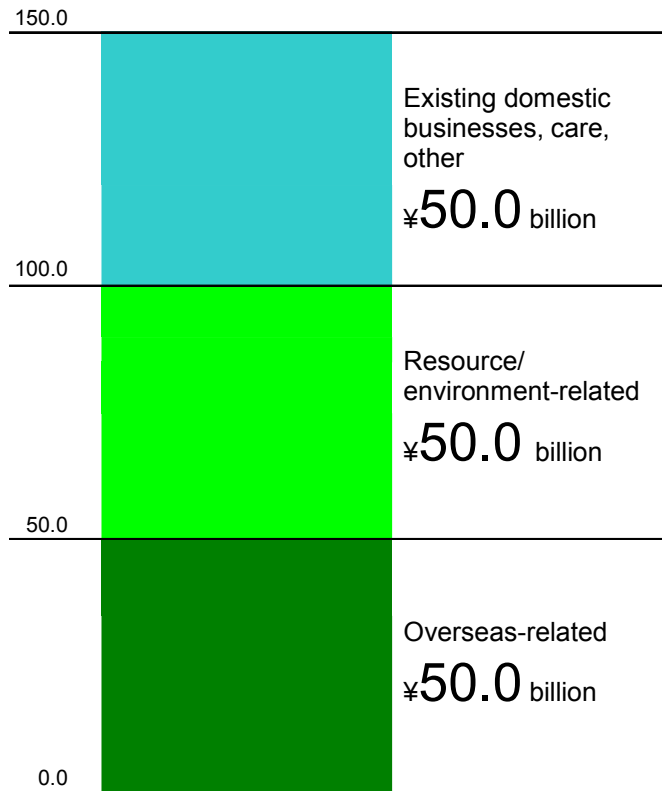


«Power generated by 4 biomass power generation plant: 100MW»

Promote business from  
a long-term perspective

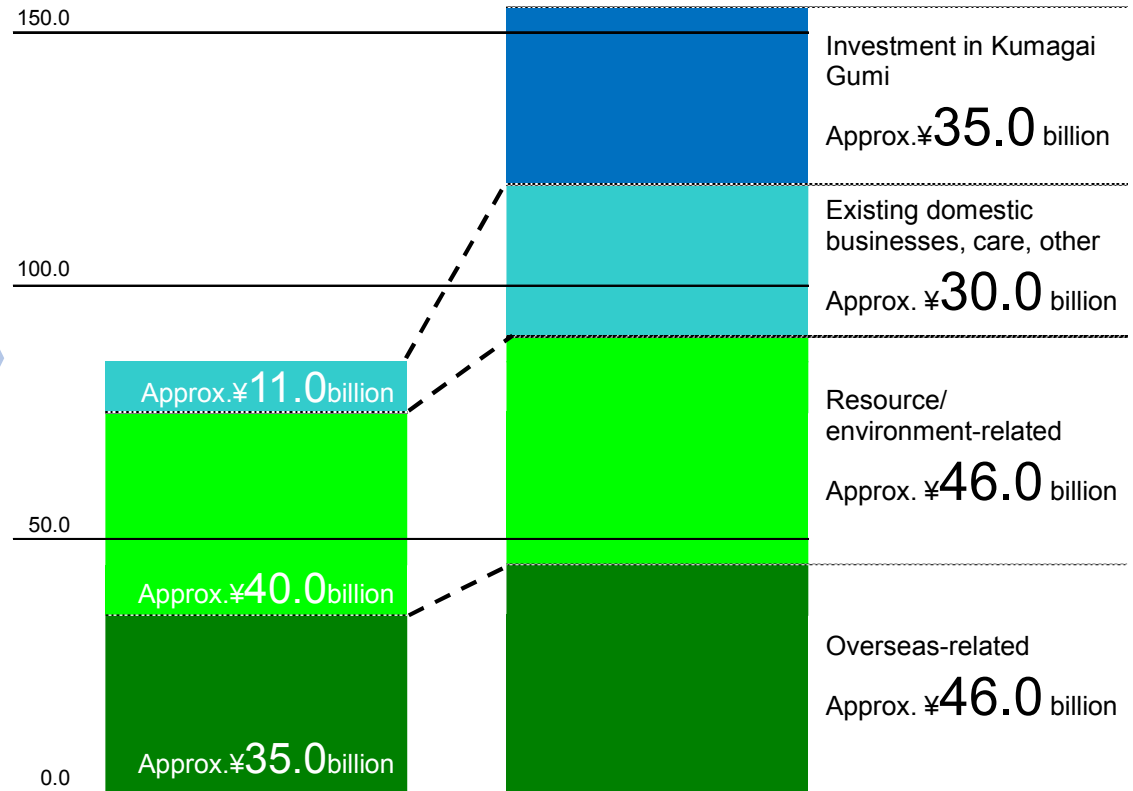


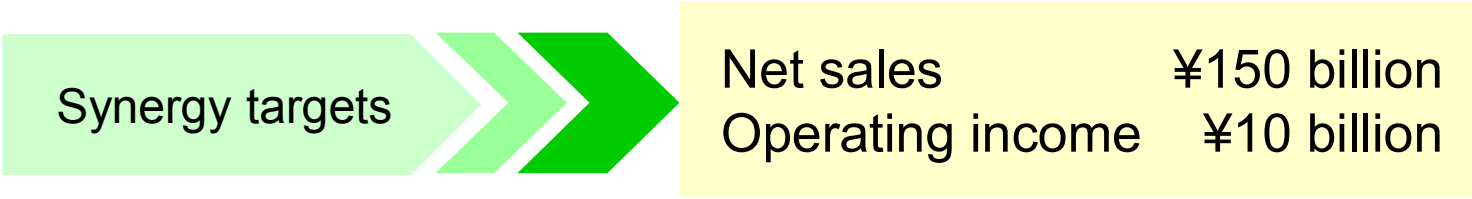
**Medium-Term Management Plan**  
3-year total: **¥150.0 billion**



**FY3/17**  
Approx. **¥86.0 billion**

**FY3/18**  
Approx. **¥157.0 billion**





Fields of collaboration	Review subcommittees	Specific themes
Constructions business related to MOCCA (timber solutions) and greening business	Large-sized wooden buildings subcommittee	Non-residential buildings, adoption of timber construction, W30 implementation plan
	Greening and civil engineering subcommittee	Urban development, residential land development
	Forest conservation subcommittee	Forestry business productivity improvement
Renewable energy business	Renewable energy subcommittee	Biomass, wind, solar power generation
Overseas business	Overseas construction and development subcommittee	Housing development, elderly facilities
Peripheral businesses	Renovation subcommittee	Renovation of lodging facilities and other non-residential buildings
	Material distribution subcommittee	Distribution of construction materials
Joint R&D	R&D subcommittee	Technical development for implementing W350 Plan



Flavor Life headquarters building



Happiness Grows from Trees

SUMITOMO FORESTRY



KUMAGAI GUMI



TAIPEI 101

«Collaborative Projects: Construction Field»  
• School facilities  
• Development projects

Cumulative progress on collaborative projects (Net sales basis)

**¥20-30 billion**

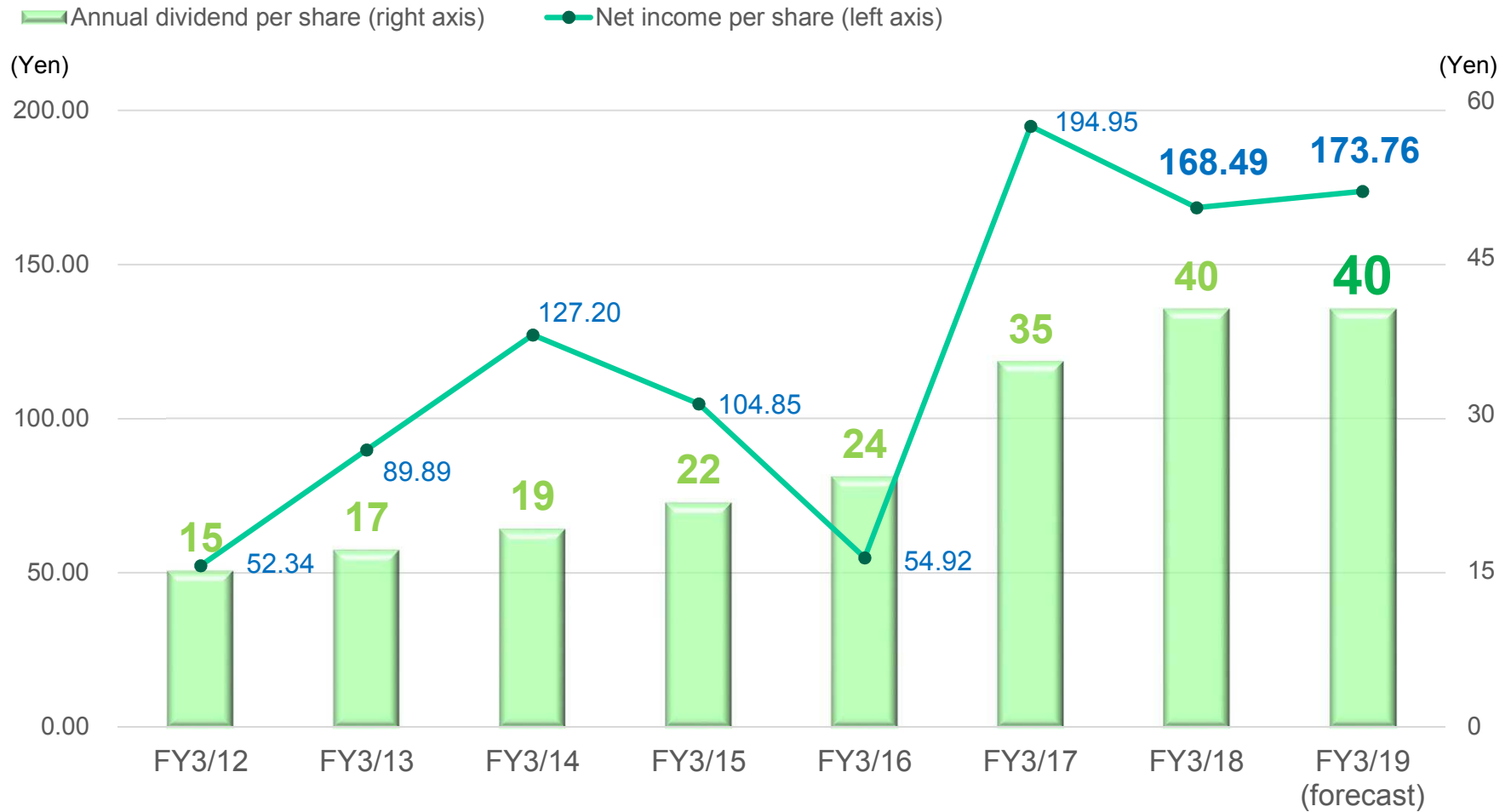
«Collaborative Projects: Renovation Field»  
• Hotels  
• Elderly care facilities

«Collaborative Projects: Renewable Energy Field»  
• Biomass power generation

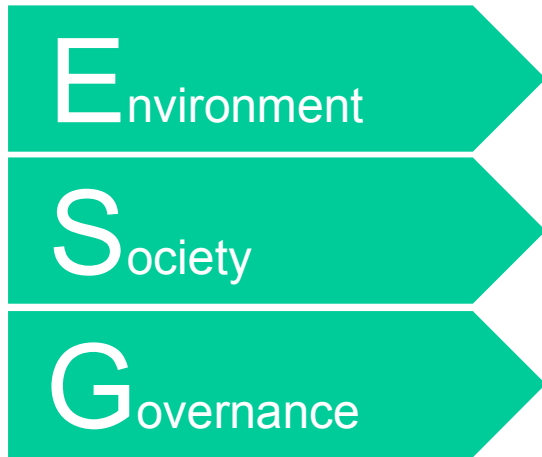


W350 Plan





Basic policy is for constant and stable dividends.  
Annual dividend for this year to be 40 yen.



## SUSTAINABLE DEVELOPMENT GOALS 17 GOALS TO TRANSFORM OUR WORLD

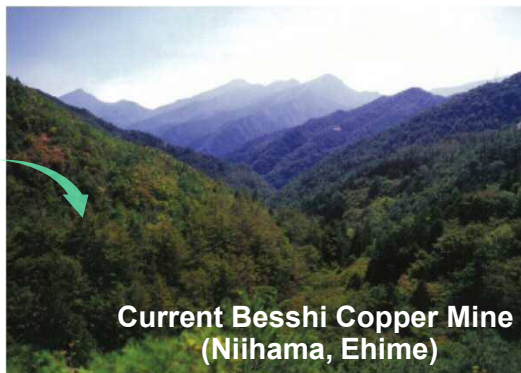


### «Corporate Philosophy»

The Sumitomo Forestry Group utilizes wood as a healthy and environmentally friendly natural resource to provide a diverse range of lifestyle-related services that contribute to the realization of a sustainable and prosperous society. All our efforts are based on Sumitomo's Business Spirit, which places prime importance on fairness and integrity for the good of society.



(Sumitomo Historical Archives)



Current Besshi Copper Mine  
(Niihama, Ehime)

«External evaluation»

FTSE4Good

MS-SRI

ROBECOSAM  
Sustainability Award  
Bronze Class 2018

CDP  
A LIST  
2017  
CLIMATE

2018  
健康経営優良法人  
Health and productivity  
ホワイト500

FTSE Blossom  
Japan

Listed in all three GPIF ESG indices

Happiness Grows from Trees

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**SUMITOMO FORESTRY**

Thank you for listening.