

Financial Results for the First Quarter of FY Ending March 2013

 SUMITOMO FORESTRY CO.,LTD.



◆ FY3/13 1Q Results	2
Summary of Financial Results		
Summary of Financial Results by Segment		
Changes in Recurring Income (year-on-year)		
Notes on Sales (Housing & Real Estate)		
◆ FY3/13 Earnings Forecasts	6
Earnings Forecasts for the First Half/Full Year		
Earnings Forecast by Segment for Full Year		
Notes on Sales (Housing & Real Estate)		
◆ Orders Received and the Full Year Forecast	9
◆ Balance Sheets	10

Summary of Financial Results

- Although performance declined year-on-year compared to the first quarter of FY2012 (when business was strong due to special factors from the earthquake disaster), results for the quarter under review remained strong.

	FY3/12 1Q		FY3/13 1Q		Change	Pct.
Net Sales		163.6		162.3	(1.3)	(0.8%)
Gross Profit	14.3%	23.4	14.0%	22.8	(0.6)	(2.5%)
SG&A Expenses		26.8		27.8	+1.0	+3.7%
Operating Income	(2.1%)	(3.4)	(3.1%)	(5.0)	(1.6)	—
Recurring Income	(1.7%)	(2.8)	(2.3%)	(3.8)	(1.0)	—
Net Income	(1.1%)	(1.7)	(1.7%)	(2.8)	(1.0)	—

(Reference)

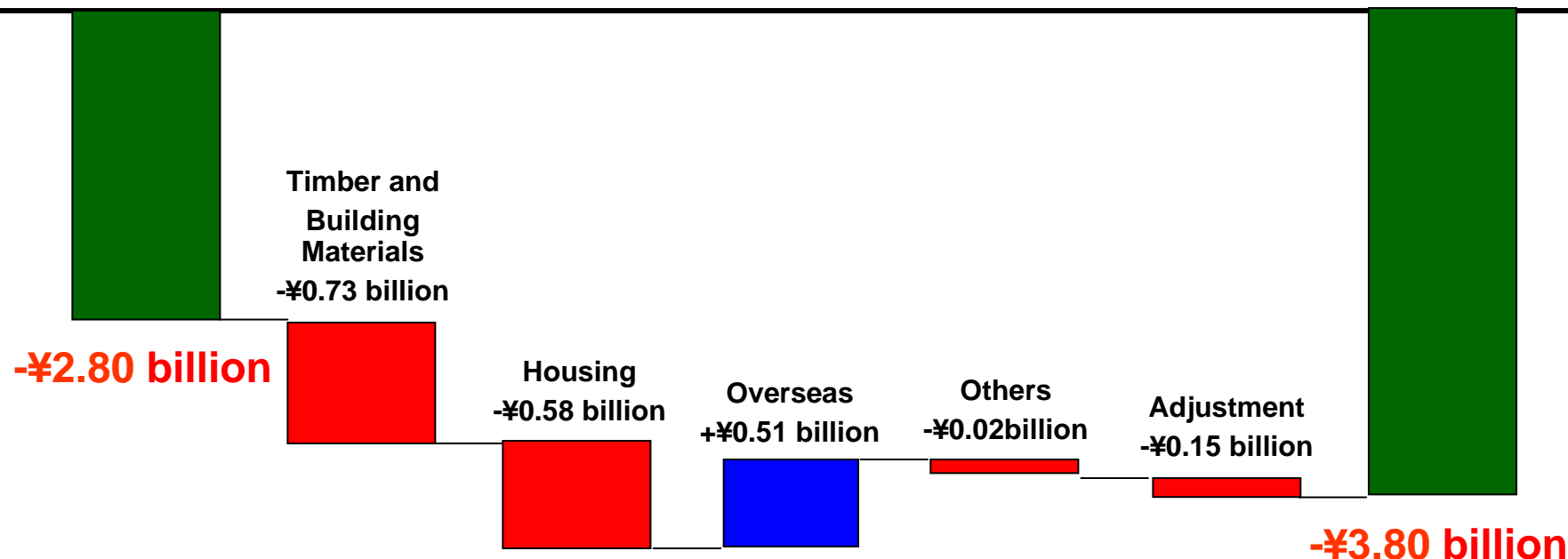
	FY3/11 1Q Actual	(Billion yen)
Net Sales		149.0
Gross Profit	14.0%	20.9
SG&A Expenses		27.6
Operating Income	(4.5%)	(6.7)
Recurring Income	(4.2%)	(6.3)
Net Income	(3.0%)	(4.5)

Summary of Financial Results by Segment

- Timber and Building Materials Business
 - ⇒ Growth in sales of imported plywood in the previous period as an alternative to plywood manufactured in Japan which was negatively impacted by the earthquake disaster; this special factor was not present in in 1Q results.
- Housing Business
 - ⇒ While the amount of completed work for custom-built detached houses remained firm year-on-year, income declined as a result of rising expenses. The renovation business remained solid during the quarter.
- Overseas Business
 - ⇒ The profit level rose under the impact of foreign exchange profit, although the actual market conditions produced an uphill battle.

		(Billion yen)					
		FY3/12 1Q	FY3/13 1Q	Change	Pct.		
<Net Sales>	Timber and Building Materials	98.4	95.1	(3.3)	(3.3%)		
	Housing	63.1	64.0	+0.9	+1.5%		
	Attributable to renovation	8.4	10.3	+1.9	+22.4%		
	Overseas	7.5	8.9	+1.4	+19.1%		
	Others	3.4	3.6	+0.2	+5.7%		
	Adjustment	(8.7)	(9.3)	(0.6)	—		
	Total	163.6	162.3	(1.3)	(0.8%)		
<Recurring Incomes>	Timber and Building Materials	1.6%	1.5	0.9%	0.8	(0.7)	(47.3%)
	Housing	(6.2%)	(3.9)	(7.1%)	(4.5)	(0.6)	—
	Attributable to renovation	(2.4%)	(0.2)	(1.2%)	(0.1)	+0.1	—
	Overseas	(6.6%)	(0.5)	0.1%	0.0	+0.5	—
	Others	3.6%	0.1	2.9%	0.1	(0.0)	(16.7%)
	Adjustment	—	(0.1)	—	(0.2)	(0.2)	—
	Total	(1.7%)	(2.8)	(2.3%)	(3.8)	(1.0)	—

Changes in Recurring Income (year-on-year)



Timber and Building Materials Business

With the fall in sales of timber products, primarily imported plywood, recurring income declined year-on-year.

Housing Business

The amount of completed work for custom-built detached houses was on a par year-on-year, while recurring income for the renovation business grew. For the housing business, however, recurring income fell to due factors such as rising expenses.

Overseas Business

Accompanied by foreign exchange profit buoyed by weakness in the yen, strength in the New Zealand dollar and other factors, recurring income rose for this business segment.

Notes on Sales (Housing Business)

- Custom-built detached houses
 - ⇒ Though unit sales declined, the rise in the unit price helped secure sales value on a par year-on-year.
- Detached spec homes
 - ⇒ Because the first quarter of FY2012 came directly after the earthquake, adjustments were made in the sales timing of these homes. As a result, both sales units and value increased broadly for the quarter under review.

(incl. percentage of completion basis)		FY3/12 1Q	FY3/13 1Q	Change	(Billion yen) Pct.
Contract Work	Custom-built detached houses				
		39.9	3.96	(0.3)	(0.8%)
	Units	1,234	1,186	(48)	(3.9%)
	Unit price (millions)	32.3	33.4	+1.0	+3.2%
	Wooden apartments				
		0.5	0.4	(0.1)	(15.3%)
	Units	52	15	(37)	(71.2%)
	Other contract work				
		0.1	0.1	+0.0	+31.5%
	Detached spec homes				
		1.6	2.7	+1.2	+73.0%
	Units	38	59	+21	+55.3%
	Unit price (millions)	41.5	46.2	+4.7	+11.4%
	Land for custom-built housing				
		0.7	0.6	(0.1)	(10.1%)
	Real estate development				
		1.1	1.4	+0.2	+22.5%
	Others				
		3.1	1.6	(1.5)	(49.1%)
	Total	47.0	46.4	(0.6)	(1.2%)

Earnings Forecasts for the First Half/ Full Year

➤ The first half and full year earnings forecasts have not changed since the beginning of the fiscal term.

<First Half Forecast>	(Billion yen)			
	1H FY3/12	1H FY3/13 Forecast	Change	Pct.
Net Sales	395.1	400.0	+4.9	+1.2%
Gross Profit	63.6	64.0	+0.4	+0.7%
SG&A Expenses	54.2	58.0	+3.8	+7.1%
Operating Income	9.4	6.0	(3.4)	(36.3%)
Recurring Income	9.8	6.0	(3.8)	(38.5%)
Net Income	5.6	3.0	(2.6)	(46.9%)

<Full Year Forecast>	(Billion yen)					Without actuarial gains/losses	
	FY3/12 Actual	FY3/12 Without actuarial gains/losses	FY3/13 Forecast	Change	Pct.	Change	Pct.
Net Sales	831.9	831.9	845.0	+13.1	+1.6%	+13.1	+1.6%
Gross Profit	136.9	136.9	140.5	+3.6	+2.7%	+3.6	+2.7%
SG&A Expenses	117.7	112.8	118.0	+0.3	+0.3%	+5.2	+4.6%
Operating Income	19.2	24.1	22.5	+3.3	+17.2%	(1.6)	(6.7%)
Recurring Income	20.7	25.6	23.0	+2.3	+11.0%	(2.6)	(10.3%)
Net Income	9.3	12.2	13.0	+3.7	+40.2%	+8	+6.4%

Earnings Forecast by Segment for full year

- **Timber and Building Materials Business**
⇒ Efforts will be channeled into domestic region strategy promotion and the overseas distribution business.
- **Housing Business**
⇒ Although earnings are forecast to decline, a high profit level will continue to be maintained.
- **Overseas Business**
⇒ The deficit of this segment will fall owing to improvements in the profit-loss status of the housing business in the United States and the building materials manufacturing business in Australia.

						(Billion yen)	
						Pct.	
		FY3/12		FY3/13 Forecast		Change	
<Net Sales>	Timber and Building Materials	405.4		400.0		(5.4) (1.3%)	
	Housing	415.1		430.0		+14.9 +3.6%	
	Attributable to renovation	47.9		55.7		+7.8 +16%	
	Overseas	35.0		40.0		+5.0 +14.4%	
	Others	14.0		15.0		+1.0 +6.8%	
	Adjustment	(37.6)		(40.0)		(2.4) —	
	Total	831.9		845.0		+13.1 +1.6%	
<Recurring Incomes>	Timber and Building Materials	1.2%	4.8	1.1%	4.4	(0.4) (8.0%)	
	Housing	6.2%	25.8	5.5%	23.7	(2.1) (8.1%)	
	Attributable to renovation	5.5%	2.6	5.4	3.0	+0.4 +14%	
	Overseas	(8.4%)	(2.9)	(3.5%)	(1.4)	+1.5 —	
	Others	5.2%	0.7	3.3%	0.5	(0.2) (31.3%)	
	Adjustment	—	(7.7)	—	(4.2)	+3.5 —	
	Total	2.5%	20.7	2.7%	23.0	+2.3 +11.0%	

* difference in accounting for retirement benefits obligations are included in the adjustment

Notes on Sales (Housing Business)

- Custom-built detached houses
 - ⇒ With first quarter sales performing on a par year-on-year and orders received also remaining solid, it will be possible to achieve full year forecasts.
- Wooden apartments
 - ⇒ Completed works of these residences will be concentrated in the second half.

(incl. percentage of completion basis)		FY3/12	FY3/13 Forecast	Change	(Billion yen) Pct.
Contract Work	Custom-built detached houses				
		294.1	296.1	+2.0	+0.7%
	Units	9,007	9,000	(7)	(0.1%)
	Unit price (millions)	32.7	32.9	+0.2	+0.8%
	Wooden apartments				
		7.9	9.4	+1.5	+19.0%
	Units	772	959	+187	+24.2%
	Other contract work				
		0.6	1.0	+0.4	+70.9%
Detached spec homes					
	9.9	11.3	+1.4	+14.6%	
Units	225	250	+25	+11.1%	
Unit price (millions)	43.8	45.2	+1.4	+3.1%	
Land for custom-built housing					
	5.0	4.3	(0.7)	(13.8%)	
Real estate development					
	7.3	15.0	+7.7	+105.3%	
Others					
	11.4	9.4	(2.0)	(17.6%)	
Total					
	336.1	346.5	+10.4	+3.1%	

- Orders received for the first quarter remained generally solid.
- The full year forecast for orders received has not changed since the beginning of the fiscal term.

(Billion yen)

		1Q FY3/12	1Q FY3/13	Change	Pct.	FY3/12 Actual	FY3/13 Forecast	Change	Pct.
Orders Received	Custom-built detached houses								
		69.5	73.7	+4.2	+6.0%	295.2	297.9	+2.7	+0.9%
	Units	2,098	2,158	+60	+2.9%	8,962	9,000	+38	+0.4%
	Unit price (millions)	33.1	34.1	+1.0	+3.1%	32.9	33.1	+0.2	+0.5%
	Wooden apartments								
	Units	1.5	2.7	+1.2	+76.1%	11.2	12.5	+1.3	+11.9%
		134	258	+124	+92.5%	986	1,250	+264	+26.8%
	Other contract work								
		0.5	0.1	(0.4)	(80.7%)	0.6	1.2	+0.6	+105.0%
Backlog of Orders Received	Custom-built detached houses								
		291.2	296.9	+5.6	+1.9%	262.8	264.6	+1.8	+0.7%
	Units	9,263	9,326	63	+0.7%	8,354	8,354	±0	±0.0%
	Unit price (millions)	31.4	31.8	+0.4	+1.2%	31.5	31.7	+0.2	+0.7%
	Wooden apartments								
	Units	9.2	13.7	+4.5	+48.9%	11.4	14.5	+3.1	+27.1%
		965	1,340	+375	+38.9%	1,097	1,388	+291	+26.5%
	Other contract work								
		0.5	0.0	(0.4)	(92.6%)	-	0.2	+0.2	-

Results for the Q1 FY13

(Billion yen)

	End FY3/12	1Q FY3/13	Change		End FY3/12	1Q FY3/13	Change
Cash, deposits, securities	79.9	53.1	(26.8)	Payables	155.4	129.6	(25.9)
Receivable	124.9	117.7	(7.2)	Short-term debt	20.8	22.2	+1.5
Finished goods, logs and lumber	21.0	21.7	+0.7	Costs on uncompleted construction contracts	38.6	55.4	+16.8
Developed land and housing for sale	34.9	34.8	(0.1)	Other current liabilities	39.7	31.1	(8.6)
Costs on uncompleted construction contracts	28.4	43.0	+14.6	Long-term debt/bonds	43.3	44.7	+1.4
Other current assets	59.9	56.9	(3.0)	Provision for employees' retirement benefits	10.0	10.1	+0.1
Total current assets	348.9	327.1	(21.8)	Other long-term liabilities	26.4	25.7	(0.7)
Buildings and structures	26.8	27.1	+0.2	Total liabilities	334.2	318.8	(15.4)
Land	24.5	24.5	+0.0	Shareholders' equity	168.5	164.4	(4.1)
Investment securities	48.5	45.4	(3.1)	Accumulated Other Comprehensive income	0.6	0.3	(0.3)
Other fixed assets	54.8	60.2	+5.5	Minority interest	0.2	0.9	+0.6
Total fixed assets	154.6	157.2	+2.6	Net assets	169.3	165.5	(3.8)
Assets	503.5	484.3	(19.2)	Total liabilities and net assets	503.5	484.3	(19.2)

Balance Sheet Notes

- The fall in the Company's stock price prompted a decline in investment securities.
- As a seasonal factor in the first quarter each year, there is a decline in cash due to payment of construction fees and payables for works completed at the end of the previous fiscal year, with that impact causing total assets to fall from the end of the previous year. This same trend was tracked during the quarter under review.



Financial Results for the First Quarter of FY Ending March 2013



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.

