

Financial Overview

(Information meeting for fiscal year ended March 31, 2013)

May 10, 2013

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FY3/13 Results

1. Summary ◇See earnings announcement, p.40

◆ Compared to forecasts at the time of the announcement of 3rd quarter financial results, profits increase

⇒ Recurring income: ¥27.0 billion (+30.3% YoY)

◆ Extraordinary losses -¥800 million: loss accompanying equity transfer of Chinese building materials manufacturing subsidiary

⇒ Net income: ¥15.9 billion (+71.8% YoY)

(Billion yen)	As reported in financial statements			
	FY3/12	FY3/13	Change	Pct.
(Consolidated)				
Net sales	831.9	845.2	+13.3	+1.6%
Gross profit	136.9	141.4	+4.6	+3.3%
SG&A expenses	117.7	116.1	-1.6	-1.3%
Operating income	19.2	25.3	+6.1	+32.0%
Recurring income	20.7	27.0	+6.3	+30.3%
Net income	9.3	15.9	+6.7	+71.8%

2. Summary (excluding the effect of actuarial gains and losses)

- ◆ Actuarial loss ¥350 million: Pension asset management trending in excess of anticipated income
- ◆ Recurring income on an industry basis (excluding the effect of actuarial gains and losses): ¥26.6 billion (+3.9% YoY)

(Billion yen)	Excluding the effect of actuarial gains and losses				Effect of actuarial gains and losses	
	FY3/12	FY3/13	Change	Pct.	FY3/12	FY3/13
(Consolidated)						
Net sales	831.9	845.2	+13.3	+1.6%		
Gross profit	136.9	141.4	+4.6	+3.3%		
SG&A expenses	112.8	116.5	+3.7	+3.3%	+4.9	-0.4
Operating income	24.1	25.0	+0.9	+3.6%	-4.9	+0.4
Recurring income	25.6	26.6	+1.0	+3.9%	-4.9	+0.4
Net income	12.2	15.7	+3.5	+28.5%	-2.9	-0.2

3. Segment Sales and Recurring Income

◇See earnings announcement, p.40

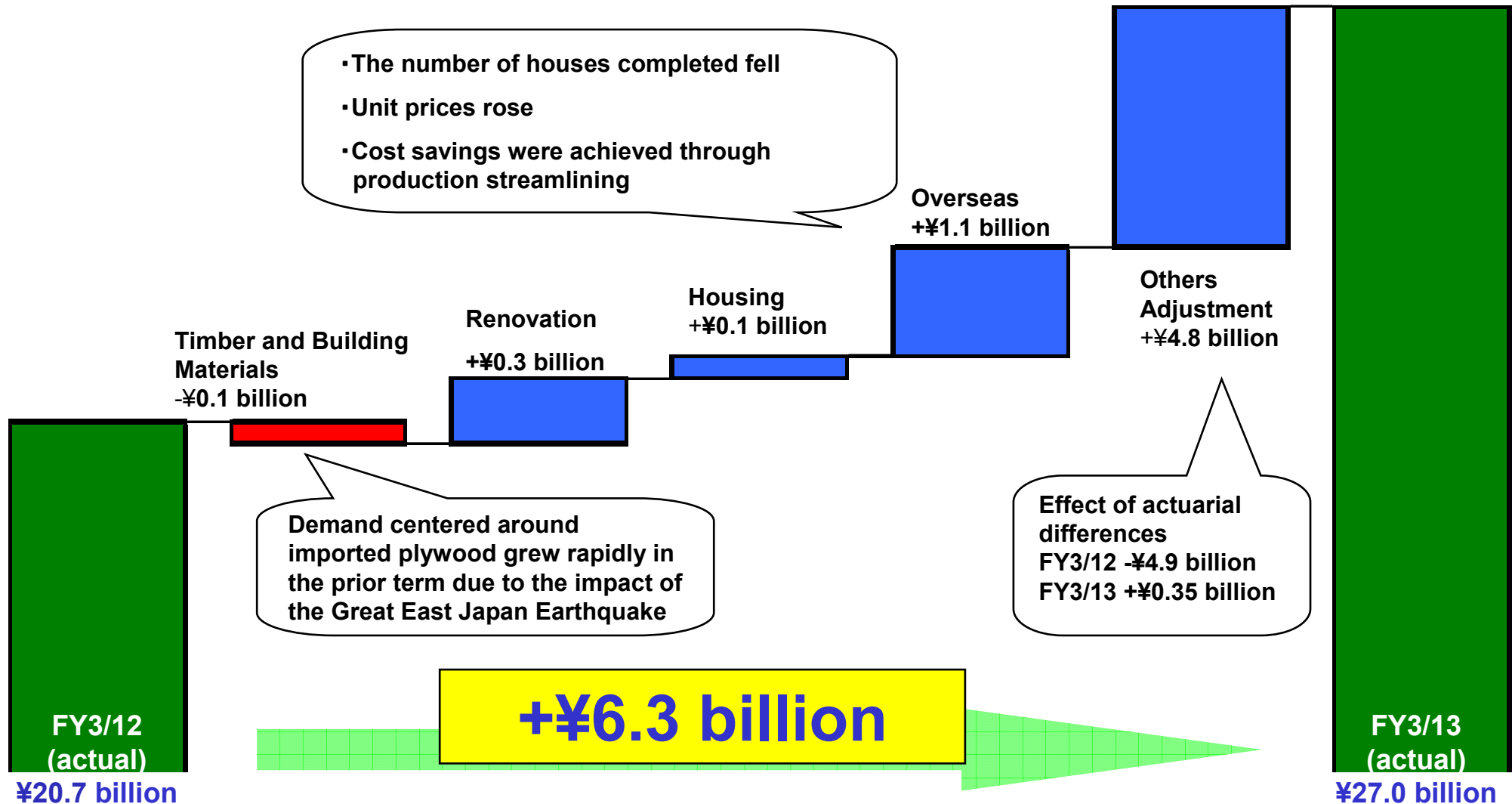
(Billion yen)

(Consolidated)	Net sales			
	FY3/12	FY3/13	Change	Pct.
Timber and Building Materials	405.3	401.3	-4.1	-1.0%
Housing	415.1	430.8	+15.7	+3.8%
Overseas	35.0	38.7	+3.7	+10.5%
Others	14.0	15.4	+1.4	+9.7%
Adjustment	-37.6	-40.9	-3.3	—
Total	831.9	845.2	+13.3	+1.6%

Recurring income			
FY3/12	FY3/13	Change	Pct.
4.8	4.7	-0.1	-1.6%
25.8	26.2	+0.4	+1.7%
-2.9	-1.8	+1.1	—
0.7	0.8	+0.0	+3.7%
-7.7	-2.9	+4.8	—
20.7	27.0	+6.3	+30.3%

- Timber and building materials: Demand grew rapidly in FY3/12 due to the impact of the Great East Japan Earthquake, a return to ordinary transactions in FY3/13.
- Housing: Increase in unit prices / cost savings in custom-built housing business. Firm expansion of remodeling business.
- Overseas: Uphill battle in Australian housing business and Chinese manufacturing business. Strong New Zealand building materials manufacturing business and recovery of the North American housing business contributed to an improvement in losses.

4. Changes in Recurring Income (YoY)



5. Housing Business Orders Received and Sales (Stand-Alone)

◇ See earnings announcement, p.41

- ◆ Custom-built detached houses: Increase in orders received unit price due to increase in the Big-Frame Construction Method / percentage of environmentally sound equipment installed.
- ◆ Wooden apartment contract work: Focus on expanding business scale / bolstering earnings increase both orders received and sales.
- ◆ Decrease in profitability caused by increase in the proportion of real estate development / impairment loss of land for spec homes.

(Billion yen)

(Billion yen)		Orders Received				Sales			
		FY3/12	FY3/13	Change	Pct.	FY3/12	FY3/13	Change	Pct.
Contract business	(Units)	(8,962)	(9,105)	(+143)	(+1.6%)	(9,007)	(8,999)	(-8)	(-0.1%)
	Custom-built detached houses	295.2	314.2	+19.0	+6.5%	294.1	300.9	+6.9	+2.3%
	Wooden apartments	11.2	13.0	+1.9	+16.8%	7.9	9.4	+1.5	+18.6%
	Other contracts	0.6	1.0	+0.4	+67.0%	0.6	0.3	-0.2	-42.0%
Spec homes and development business	Spec homes					9.9	11.4	+1.5	+15.3%
	Land for custom-built homes					5.0	5.5	+0.5	+10.4%
	Real estate development					7.3	9.6	+2.3	+31.5%
	Others					11.4	7.7	-3.7	-32.9%

* Orders received are the sum of orders received each FY less the amount of orders that were cancelled during the FY.

Net sales Total	336.1	344.8	+8.7	+2.6%
Profitability Gross profit	25.2%	24.9%	-0.3%	+1.1%
	84.8	85.7	+0.9	

6. Renovation Business Orders Received and Sales

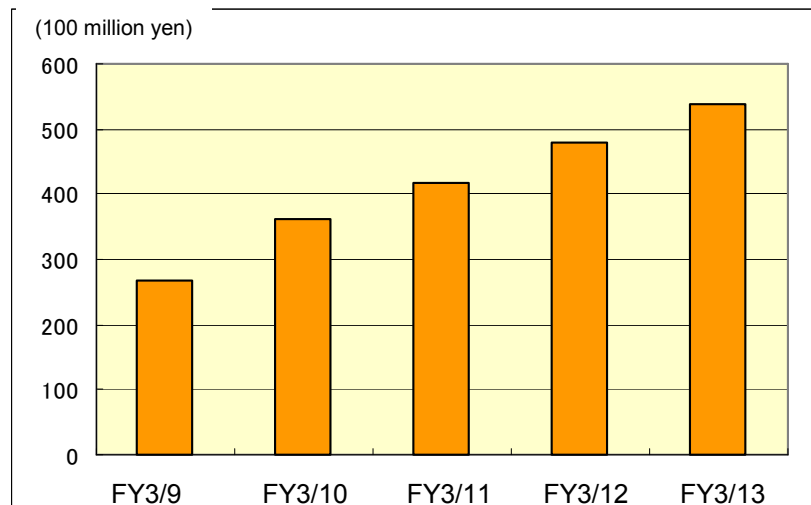
◇See earnings announcement, p.41

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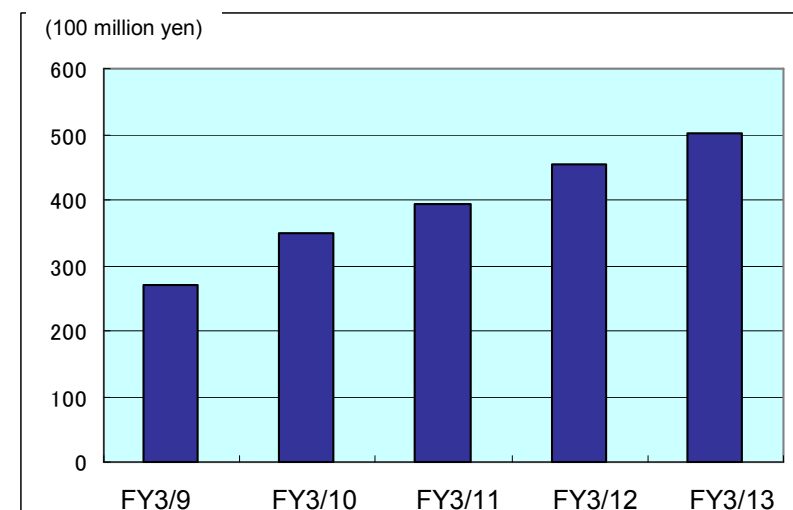
- Increasing at an annual rate of over 10%, aiming for expansion as a future growth business.

(Billion yen)	FY3/12	FY3/13	Change	Pct.
Orders Received	47.8	53.8	+6.0	+12.6%
Completed Housing	45.3	50.3	+5.0	+11.1%
End of Term Remaining Orders Received	17.9	21.4	+3.5	+19.6%

◆ Trends in Orders Received



◆ Trends in Completed Housing



7. Investments

◆Capital Expenditures <when acquired>

(Billion yen)

(Consolidated)	FY3/12	FY3/13	Change	Pct.
Property, plant and equipment	11.0	7.1	-3.9	-35.7%
Intangible assets	2.8	2.9	+0.1	+3.7%
Others	0.2	0.3	+0.1	+77.0%
Total	14.0	10.3	-3.7	-26.3%

◆Main investments

Systems investments ¥3.1 billion

Factory equipment for domestic and overseas manufacturing business
 ¥1.7 billion

Housing display centers ¥1.6 billion

FY3/14 Forecast

1. Summary

◇See earnings announcement, p.40

- Forecast increase in demand due to an increase in the number of domestic new housing starts, recurring income of ¥28 billion.
- Principal factors for the increase in SG&A expenses: Expansion of renovation business, increase personnel to bolster Main businesses / housing display center expenses, expansion of growth businesses and strengthening of education and training / technical capabilities.

(Consolidated)	FY3/13 Actual	FY3/14 Forecast	Change	Pct.	(Billion yen)		
					FY3/13 Without actuarial gains/losses	Without actuarial gains/losses	
					Change	Pct.	
Net sales	845.2	900.0	+54.8	+6.5%	845.2	+54.8	+6.5%
Gross profit	141.4	149.5	+8.1	+5.7%	141.4	+8.1	+5.7%
SG&A expenses	116.1	122.0	+5.9	+5.1%	116.5	+5.5	+4.8%
Operating income	25.3	27.5	+2.2	+8.6%	25.0	+2.5	+10.1%
Recurring income	27.0	28.0	+1.0	+3.8%	26.6	+1.4	+5.1%
Net income	15.9	16.0	+0.1	+0.5%	15.7	+0.3	+1.9%

2. Segment Sales and Recurring Income

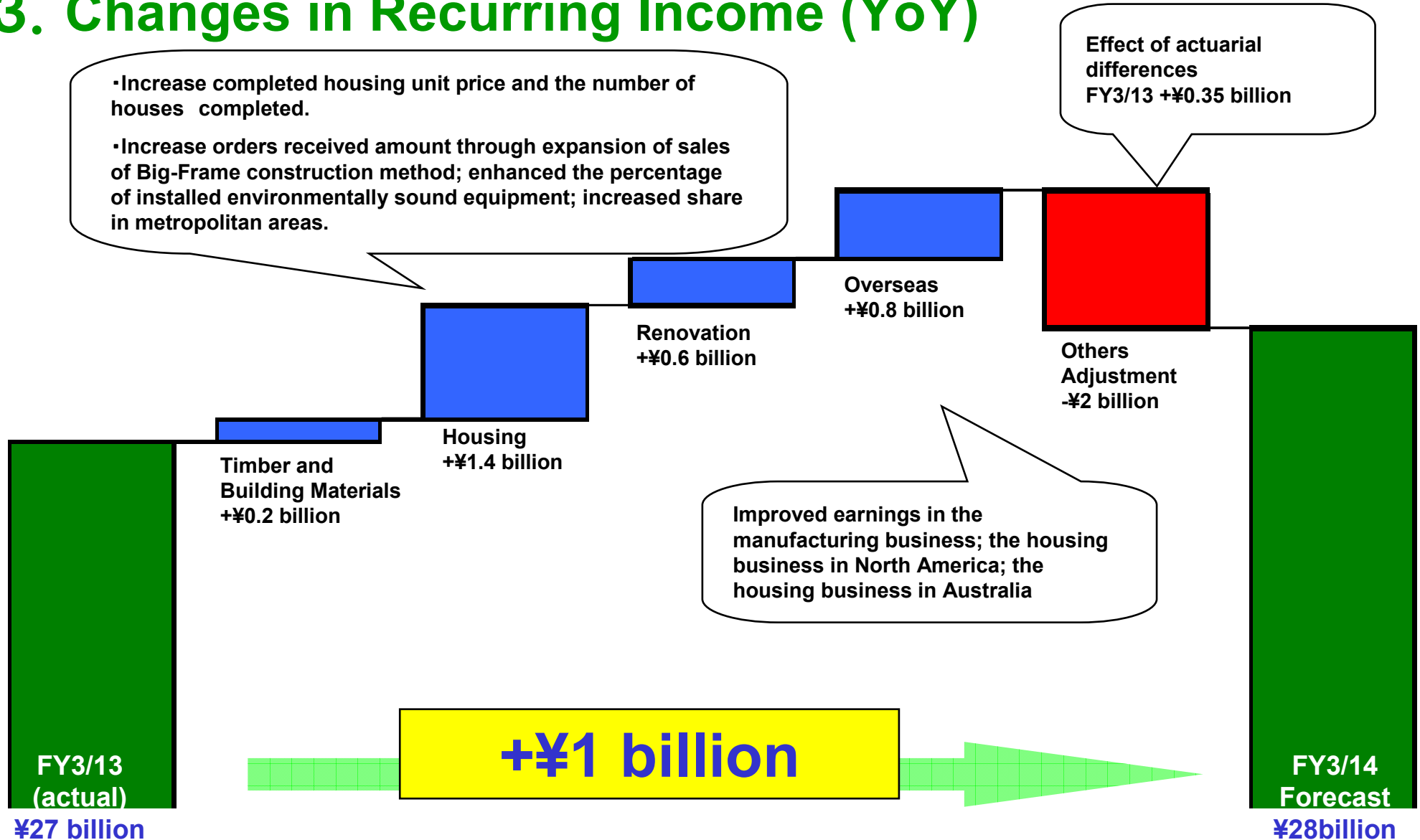
◇See earnings announcement, p. 40

(Billion yen)

(Consolidated)	Net sales				Recurring income			
	FY3/13	FY3/14	Change	Pct.	FY3/13	FY3/14	Change	Pct.
Timber and Building Materials	401.3	430.0	+28.7	+7.2%	4.7	4.9	+0.2	+4.2%
Housing	430.8	450.0	+19.2	+4.5%	26.2	28.2	+2.0	+7.5%
Overseas	38.7	44.0	+5.3	+13.8%	-1.8	-1.0	+0.8	—
Others	15.4	16.0	+0.6	+3.9%	0.8	0.8	+0.0	+6.0%
Adjustment	-40.9	-40.0	+ 0.9	—	-2.9	4.9	-2.0	—
Total	845.2	900.0	+54.8	+6.5%	27.0	28.0	+1.0	+3.8%

- Timber and building materials: Steadily absorb demand due to increased new housing starts and aim for increased revenues and earnings.
- Housing: Completed housing unit prices / number of houses completed to exceed the prior term and forecast maintaining underlying increases in revenues. Renovation business steadily expanding and forecast increase in revenues and earnings.
- Overseas: Building materials demand in Japan and a contribution to results from the North American and Australian housing businesses anticipated.

3. Changes in Recurring Income (YoY)



4. Housing and Real Estate Business Orders Received and Sales

◇ See earnings announcement, p.41

- ◆ Custom-built detached housing: Premised on 9,000 houses a year, continuing efforts to enhance profitability through unit price increases and cost savings.
- ◆ Orders received and sales of wooden apartments, sales of detached spec homes both expected to exceed the prior term.
- ◆ Real estate development: Continue to move forward with the sale of existing owned properties this term as well and forecast YoY increase in sales.

(Billion yen)		Orders Received				Sales			
		FY3/13	FY3/14	Change	Pct.	FY3/13	FY3/14	Change	Pct.
Contract Business	(Units)	(9,105)	(9,700)	(+595)	(+6.5%)	(8,999)	(9,150)	(+151)	(+1.7%)
	Custom-built detached houses	314.2	337.5	+23.3	+7.4%	300.9	311.1	+10.2	+3.4%
	Wooden apartments	13.0	14.4	+1.4	+10.4%	9.4	10.5	+1.1	+12.1%
	Other contracts	1.0	3.5	+2.5	+258.1%	0.3	3.0	+2.7	+783.3%
Spec homes and development business	Spec homes					11.4	11.8	+0.4	+3.7%
	Land					5.5	6.9	+1.4	+25.3%
	Real estate development					9.6	12.2	+2.6	+27.0%
	Others					7.7	6.5	-1.2	-15.2%

* Orders received are the sum of orders received each FY less the amount of orders that were cancelled during the FY.

5. Outlook for Renovation Business Orders Received and Sales

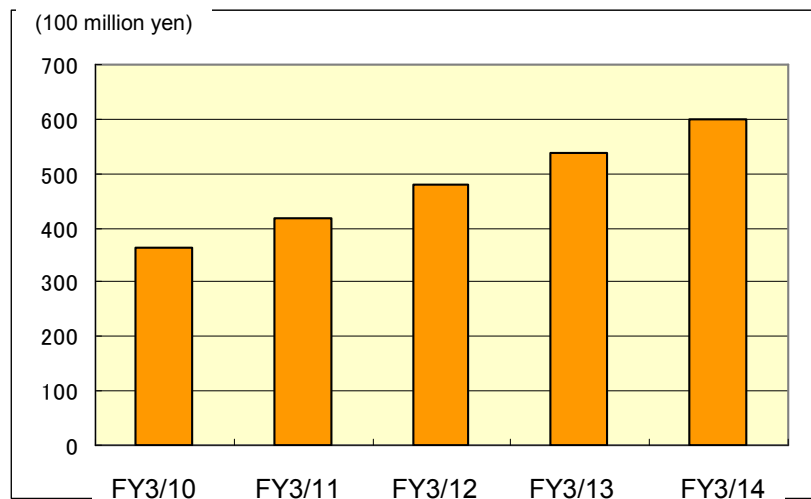
◇ See earnings announcement, p.41

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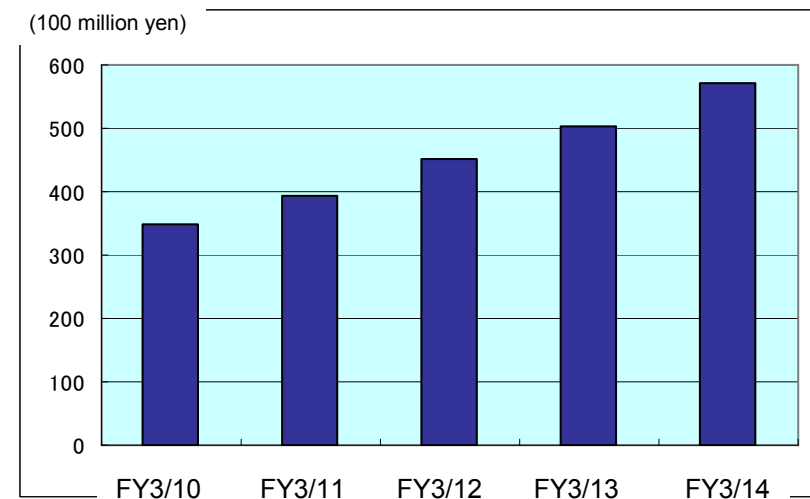
- In addition to expanding bases at three locations, move forward with increases in sales staff in the 3 major metropolitan areas and bolster sales capabilities.

(Billion yen)	FY3/13	FY3/14	Change	Pct.
Orders Received	53.8	60.0	+6.2	+11.5%
Completed Housing	50.3	57.0	+6.7	+13.3%
End of Term Remaining Orders	21.4	24.4	+3.0	+14.0%

◆ Trends in Orders Received



◆ Trends in Completed Housing



6. Investments

◆Capital Expenditures <when acquired>

(Billion yen)

(Consolidated)	FY3/13	FY3/14	Change	Pct.	FY3/12
Property, plant and equipment	7.1	11.3	+4.2	+59.5%	11.0
Intangible assets	2.9	3.0	+0.1	+4.1%	2.8
Others	0.3	0.2	-0.1	-38.2%	0.2
Total	10.3	14.5	+4.2	+40.7%	14.0

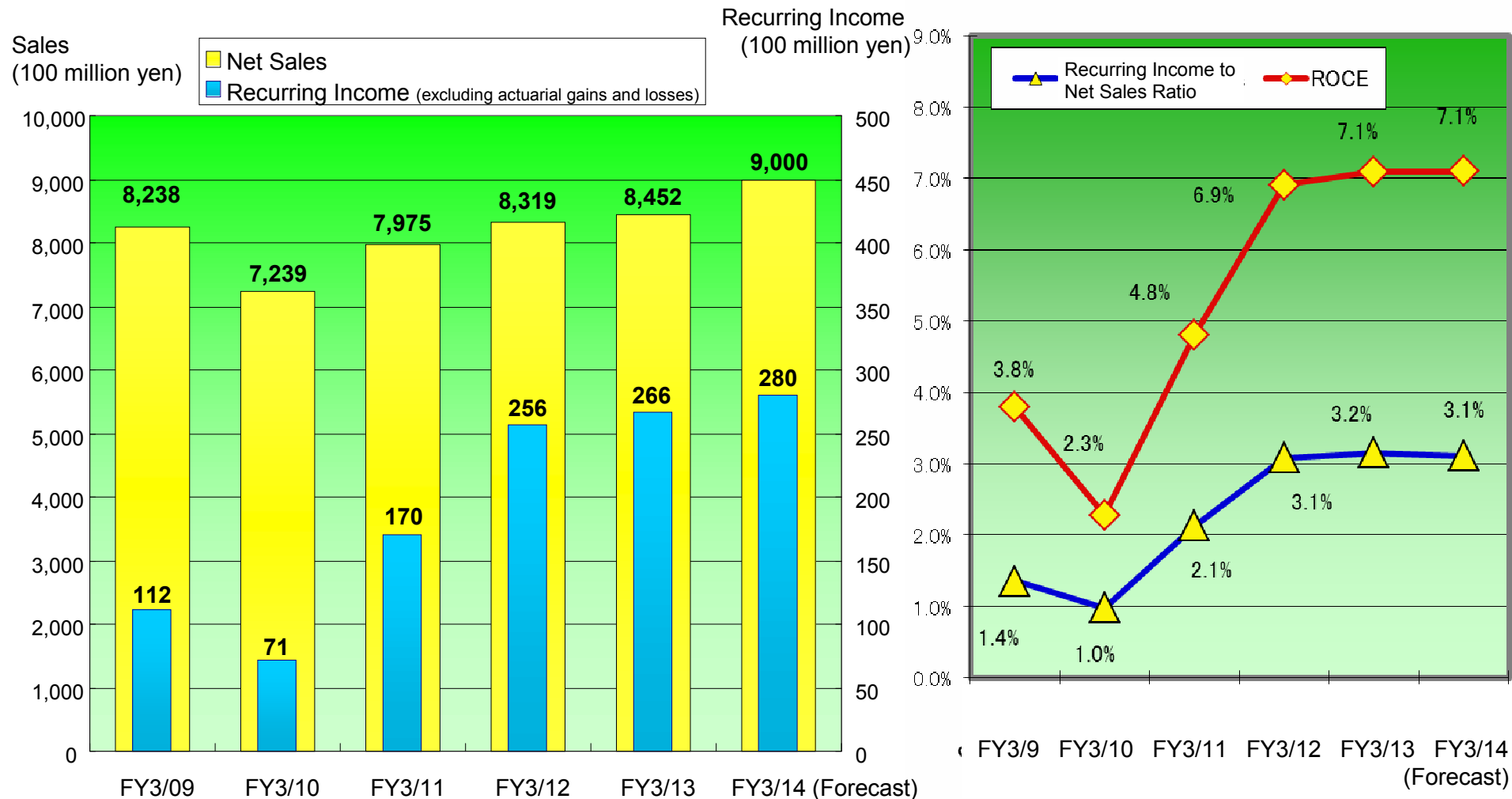
◆Main investments

Housing display centers ¥3.6 billion

Systems investments ¥2.9 billion

Capital expenditures in domestic and overseas manufacturing business ¥2.8 billion

7. Trends in Gains/ Losses, Recurring Income to Net Sales Ratio and ROCE (excluding the effect of actuarial gains and losses)



* FY3/14 figures are forecast figures

* Actuarial differences are excluded from recurring income figures prior to FY3/13

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.

