



# Strategies and Objectives

Information Meeting  
Year ended March 31, 2010

**Sumitomo Forestry Co., Ltd.**

**Akira Ichikawa, President/Representative Director**

- **Strategies and Objectives**
- **FY3/10 Results of Operations**
- **FY3/11 Business Plan**
- **Closing Remarks**

# Improve Profitability

Initiatives are based on the “**Project Speed**” long-term management plan

## Core businesses

- New custom-built housing business
- Timber and building materials distributing and manufacturing business

## Businesses to be developed into profit centers

- Overseas business
- Real estate business
- Renovation business

**Goal is to establish a framework for recurring income of ¥20 billion within three years**

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## <Operating segment environment>

- **Small number of new housing starts**
- **Signs of a rebound in the owner-occupied housing market in the fiscal year's second half due in part to benefits of government programs**
- **Custom-build houses customers are becoming younger and seeking lower-priced houses**

## <Sumitomo Forestry initiatives>

- **Create new sources of demand**  
(introduced the *Kodachi* line of custom-built houses, increasing pct. of houses with solar power, excellent long-term housing program, etc.)
- **Make investments in overseas operations**
- **Strengthen the renovation business**

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## <Operating environment>

- End of economic downturn
- Continuation of slow recovery in new housing starts
- Recovery in overseas markets due to rebounding economies in China and other Asian countries



**Expect recovery to begin with performance  
bottoming out in FY3/10**

**Sales: ¥760 billion  
recurring income: ¥12 billion**

**Continue to pay stable dividend**

## <Business segment strategies>

### Timber and Building Materials Business

- **Strengthen the distribution network**

(Deepen ties with major customers by leveraging Sumitomo Forestry's high market share.)

- **Target new customer needs**

(Handle more environmentally friendly products, upgrade ability to meet demand for renovations)

- **Handle larger volume of domestic timber**

- **Start a logistics infrastructure business**

(Drive the distribution revolution in the timber and building materials industry by making logistics more streamlined and efficient.)





## <Business segment strategies> New Custom-built Housing Business

- **Reflect the demands of today's customers**

(wood construction, use of domestic timber, excellent long-term housing system, etc.)

- **Create new sources of demand**

(deeper roots in urban areas, focus on IT strategy, more referrals from business partners, more orders from introductions, etc.)

- **Expand the apartment business**

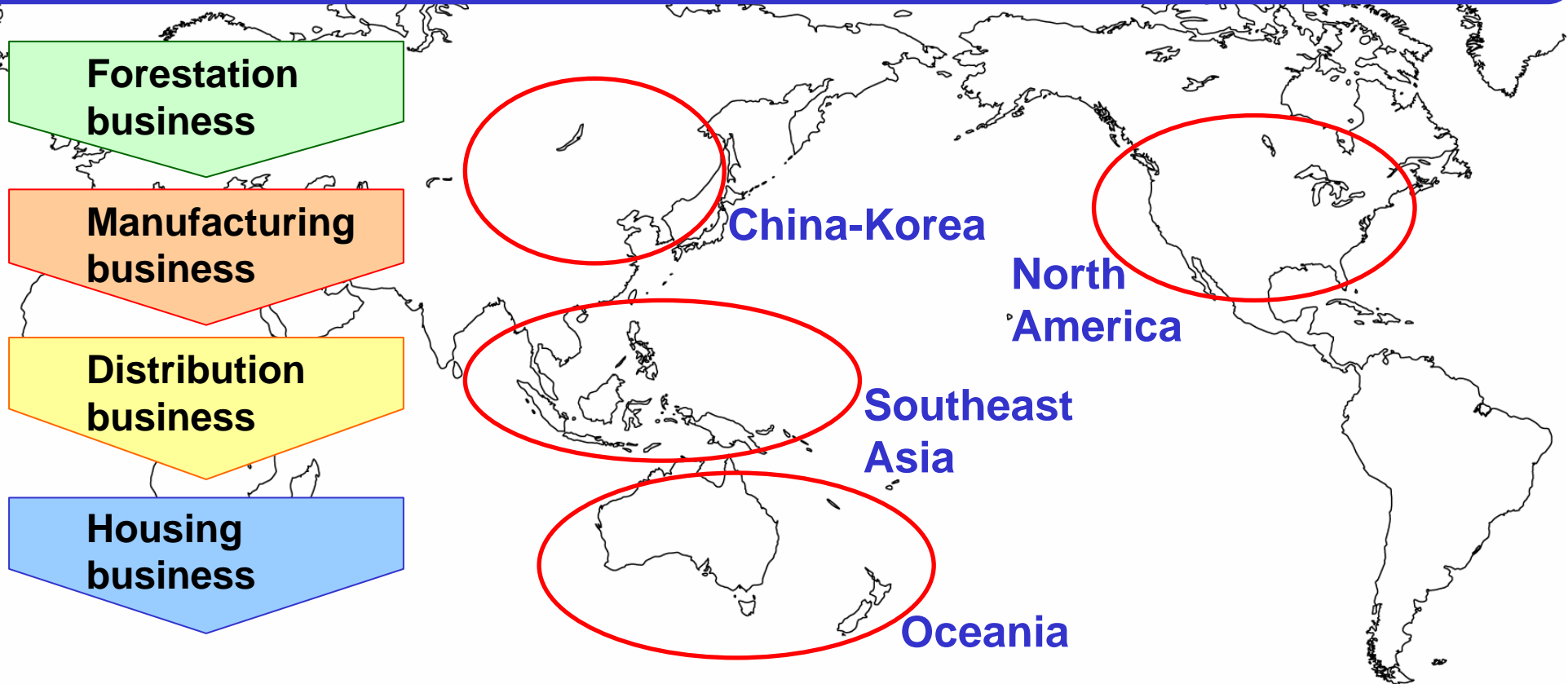
(more collaboration with new custom-built housing business, larger workforce, etc.)



A wood custom-built house  
in the *Kodachi* series

# <Business segment strategies> Overseas Business

Establish vertically integrated business model in each region



## <Business segment strategies> Real Estate Business

### ▪ Real estate management and development

Avoid increasing the amount of outstanding investments

Channel resources to businesses where Sumitomo Forestry can best utilize its strengths

For condominium sales, focus on properties for sale in this FY and make no new investments

### ▪ Spec homes

Create neighborhoods that add value to localities

Build a foundation for stable operations

### ▪ Affiliated companies

Improve profitability of real estate sales, leased property management and for-profit senior home operations

# <Business segment strategies> Renovation Business

**Aim for more growth**

- **Growth potential is great**  
(Japan’s renovation market is expanding due to eco-point system, increase in number of existing home sales and other factors)
- **Reorganize operations to improve customer satisfaction and operating efficiency**  
(start Realize Reform Team and take other actions)
- **Set up bases for providing information about renovating old houses, a market sector where Sumitomo Forestry has much expertise**



Base for provision of information

## <Business segment strategies> Forestry and Environmental Business

- **Renewed public perception of the value of Japan's forests**

(Forests absorb and store CO<sub>2</sub>, support biodiversity and provide many other benefits.)

(Forests are the only renewable resource.)

- **Establish environmental business Department**

(A new department responsible for handling many types of businesses (CO<sub>2</sub> emission reduction, forestry and reforestation operations, and other activities))



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**The company will live up to its corporate social responsibility as a responsible corporate citizen.**



**An operating framework able to consistently generate profits even when the operating environment changes**

**Trees are vital to coexisting in harmony with the environment**



**Unlimited opportunities exist for Sumitomo Forestry as a company with experience and expertise involving the responsible use of trees and wood**

**Under the “Sumitomo spirit,” we will become a company that provides benefits to society through our business activities.**



**Forecasts in this presentation are based on the current outlook.  
Actual results of operations may differ from these forecasts.**

May 14, 2010