

Earnings Briefing for the Second Quarter of the Fiscal Year Ending March, 2012

Earnings Summary and Business Plans



November 10, 2011
SUMITOMO FORESTRY Co., LTD.
Akira Ichikawa
President / Representative Director

- 1) Announcement regarding the Great East Japan Earthquake**
- 2) FY3/12 First Half Summary**
- 3) FY3/12 Full Year**
- 4) Closing Remarks**

Initiatives for Earthquake Recovery

- The earthquake has caused us to **recognize many things** concerning BCP and disaster prevention.
- **About 500 units of emergency housing built** in Miyagi and Fukushima Prefectures.
- The impact on our business results has been minimal. Market conditions have not been significantly harmed.
- We will continue to make every effort to assist earthquake recovery efforts as an enterprise.



Emergency housing (Miyagi Pref.)



Emergency housing (Miyagi Pref.)

Significant Increases in Both Net Sales and Income

<Market Environment>

- The market has been relatively strong, in part because of measures aimed at stimulating home purchases.

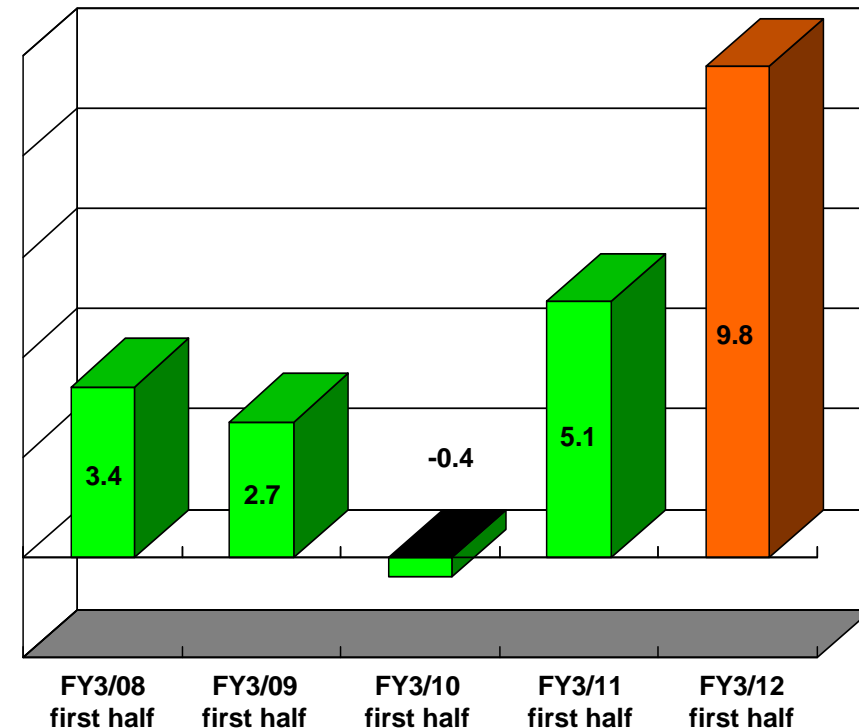
<Timber and Building Materials>

- Handled an increasing volume of products, especially imported plywood, **to meet the domestic plywood shortage.**

<Housing>

- Increased number of houses delivered owing to a rising number of properties under construction carried over from the previous year.
- **Higher price per home** owing to rising percentage of combined home and exterior orders and orders that include installation of environmental equipment.

“Recurring income during second quarter (billion yen)”



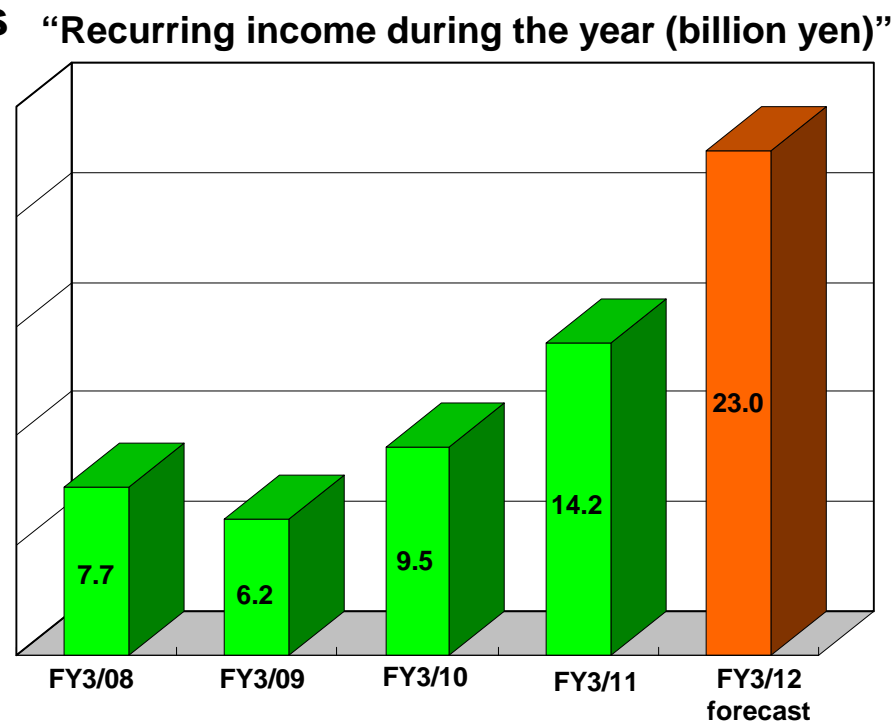
Full Year Earnings Plan Revised upward over Initial Forecast

<Market Environment>

- The Company faced a sluggish growth rate, with difficult conditions in Europe and persistently slow growth in the US.
- With the high yen, accelerating shift overseas and weak capital investment, the Japanese economy also made things unpredictable.
- In addition to earthquake recovery demand, home purchasing assistance measures **are expected to continue**, and therefore the number of new housing starts is projected to remain strong in the second half.

<Full Year Earnings Plan>

- Our plan calls for net sales of **830 billion yen** (up 4% YoY) and recurring income of **23 billion yen** (up 62% YoY).



<Timber and Building Materials>

Differentiation of Procured Products, Promotion of Regional Strategy

- We are differentiating our products by focusing on procurement of such materials as **plantation trees**, **forest certified timber** and **domestic timber**.
- We are responding accurately to earthquake recovery demand in our sale and distribution of timber and building materials. For inventory, we are practicing **zero-based sales**.
- **We are promoting a regional strategy** by working up our JHOP and 3PL businesses (Home Eco Logistics).
- The biomass power generation business continues to operate at full speed to meet society's needs. We are focusing on providing clean energy.



Forest certified timber



Kawasaki Biomass Power Plant

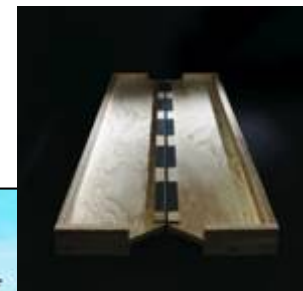
<Housing>

Developing Products by “Active Recommendation” to Customers

- We continue to expand sales of the **Big-Frame construction method** and **panels that absorb seismic energy (GS Panels)**, which have been focuses of sales efforts since the start of the term. These help to meet the needs for earthquake resistance and safety.
- Launch of “**mamoto**” and “**ikiki**,” new products that are marketed by “**active recommendation**” to customers.
- Our smart-house program collects and analyzes data from monitor homes.
- Orders (value basis) for apartment buildings, an area we have stepped up since the start of term, were up 48.3% YoY. We continue to bolster this area in the second half.



Big-Frame Construction Method



GS Panel

Smart-house model home
(Yokohama Minato Mirai)

<Housing: New Products>

mamato

We recommend various ideas to
“keep mother happy”



ikiki

We recommend this style as a two-
household home providing a
“comfortable sense of distance”



<Renovation>

We are Concentrating our Management Resources Primarily in the Tokyo Metropolitan Region

- Our remodeling business (Sumitomo Forestry Home Tech) **had strong business results.**
- We are deploying personnel and other management resources **primarily in the Tokyo metropolitan region**, our largest market.
- We are **stepping up our system for order-taking** of fixed-price detached home remodeling products by expanding sales nationwide.
- We launched a division dedicated to condominium remodeling and are capturing demand by working with real estate companies.
- We are working to increase recognition of our unified “**Reforest**” brand and expanding share.



A remodeled condominium

<Overseas>

We Continue to Take a Lively and “Aggressive” Stance

<First-Half Results>

- The strong Australian dollar has caused our **Australian manufacturing subsidiary** to struggle, and the launch of our **Chinese plywood business** was delayed

<Into the Second Half>

- The environment remains difficult in the face of the global recession, delayed recovery of the US housing market and other factors.
- Our first step is to focus on rebuilding business results at our poorly performing companies.
- We continue to take a lively and **“aggressive” stance.**

- Indonesian plant established as an overseas affiliate (May).
- US cabinet manufacturing company acquired (July).
- PB factory in Vietnam **to begin operations (scheduled for November).**



US cabinet manufacturing company



PB factory in Vietnam

<Real Estate Business>

Detached Spec Home Sales Expansion and Condominium Sales Acceleration

- The detached spec homes business was slow to take off in the first half, but in the second half we are establishing a dedicated detached spec homes sales division at Sumitomo Forestry Home Service. We forecast that **the number of homes sold in the second half will exceed results of the year before.**
- By taking advantage of the environment (including low interest rates), we will continue to conduct sales initiatives to ensure that demand rebuilds steadily, especially among first home buyers.
- We are stepping up sales of condominiums at “The House Kohoku Tsunashima” (Tsunashima, Yokohama) and “Green Gate Residence” (Okazaki, Aichi Prefecture).



Detached spec homes business
(Keio Horinouchi)



“Green Gate Residence” condominiums
(Okazaki, Aichi Prefecture)

- As a business that knows wood well as a natural material and has endeavored to enhance its value, we encourage new uses of wood.



“Sustainable Forest Gallery 2011 Autumn” event of the Sumitomo Forestry Group



“Morigin” program on BS Nippon TV

As the world population continues to grow, wood is a resource that the future will need.

As an expert in wood, the Sumitomo Forestry Group will continue to maximize the potential of wood, increase its added value and contribute to people's lifestyles and society.



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.

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