

Earnings Briefing for the Second Quarter of the Fiscal Year Ending March 31, 2013 Earnings Summary and Business Strategy

The Power of Forests Empowers the Future

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November 7, 2012

- **Business Conditions**
- **Second Quarter of FYE March 2013 Results**
- **Full Year Forecast of FYE March 2013 Results**
- **Key Points of Business Reorganization and Business Plans**
- **Renovation and Leasing Housing Business Conditions**
- **Overseas Business Conditions**
- **Closing Remarks**

Domestic and Overseas Economic Climates

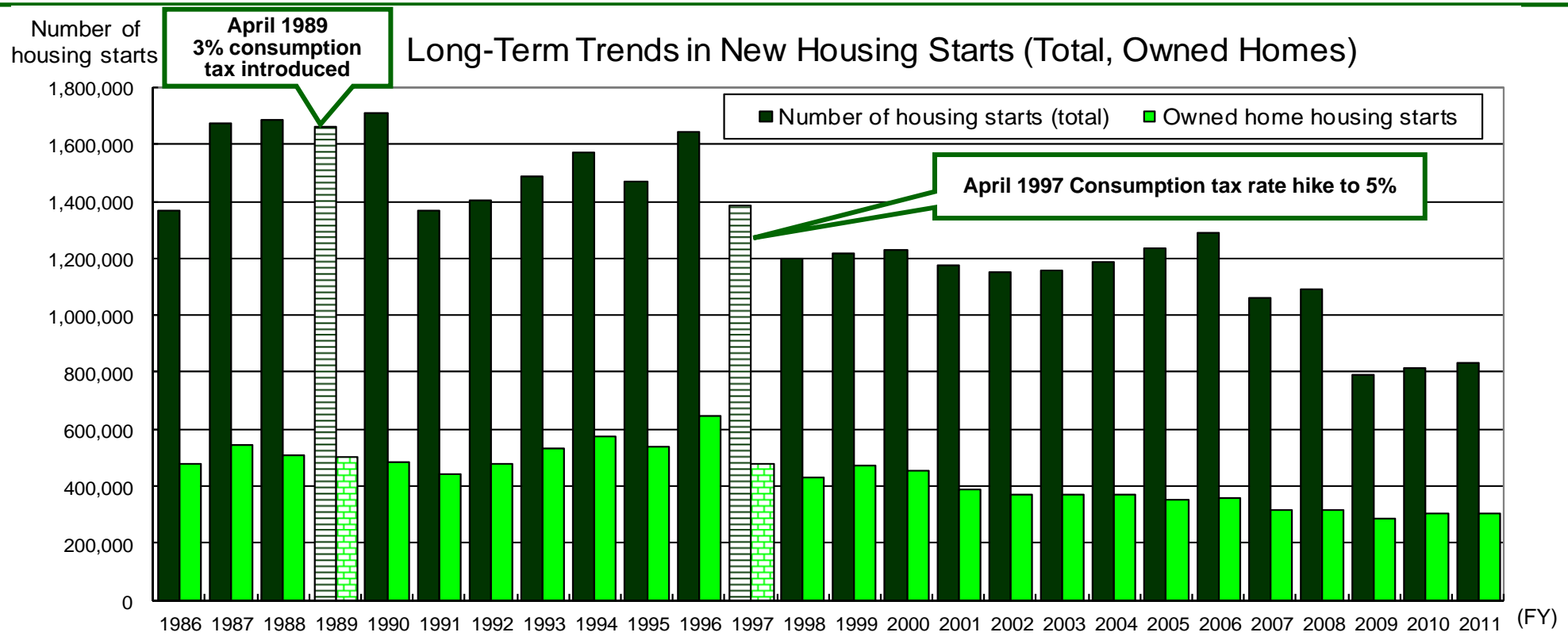
- During the first half, the Japanese economy showed signs of improvement owing to factors such as increased capital expenditures by companies against the backdrop of reconstruction demand. But with a sense of slowdown also emerging, there is uncertainty about the future.

Consumption Tax

- With the impact of this tax on the housing market to vary by the content and scale of government assistance measures, the ability to forecast such impact at the current time is limited.

The Company's Stance

- Respond flexibly to changes in business conditions, while mobilizing long-term vision in building a strong business structure.



While Profits Exceeded Forecasts, Focus Continued to be Placed on Surmounting Issues.

- 2Q FY3/12 results grew on the strength of special factors linked to the earthquake disaster.
- While 2Q FY3/13 results declined YoY, profits exceeded the Initial forecast.
- The timber and building materials business deployed a new business model by promoting Home Eco Logistics, JHOP and other distribution and infrastructure businesses.
- The housing business moved forward with major metropolitan area strategies in the custom-built detached housing business, accompanied by the prioritized commitment of management resources to the renovation business.
- While overseas business results vary by different conditions by country and business, a clear vision was mobilized to advance business strategies.

2Q FY3/13 Results

(Consolidated)	2Q FY3/12	2Q FY3/13	YoY
Net Sales	395.1	392.1	-0.7%
Operating income	9.4	6.8	-27.4%
Recurring income	9.8	7.5	-23.3%
Net income	5.6	3.6	-36.1%

(Billion yen)

2Q FY3/13 Initial Forecast	Over Forecast
400.0	-2.0%
6.0	+14.0%
6.0	+24.8%
3.0	+20.3%

Ample potential to achieve FY13 Forecast on a Main Business Basis

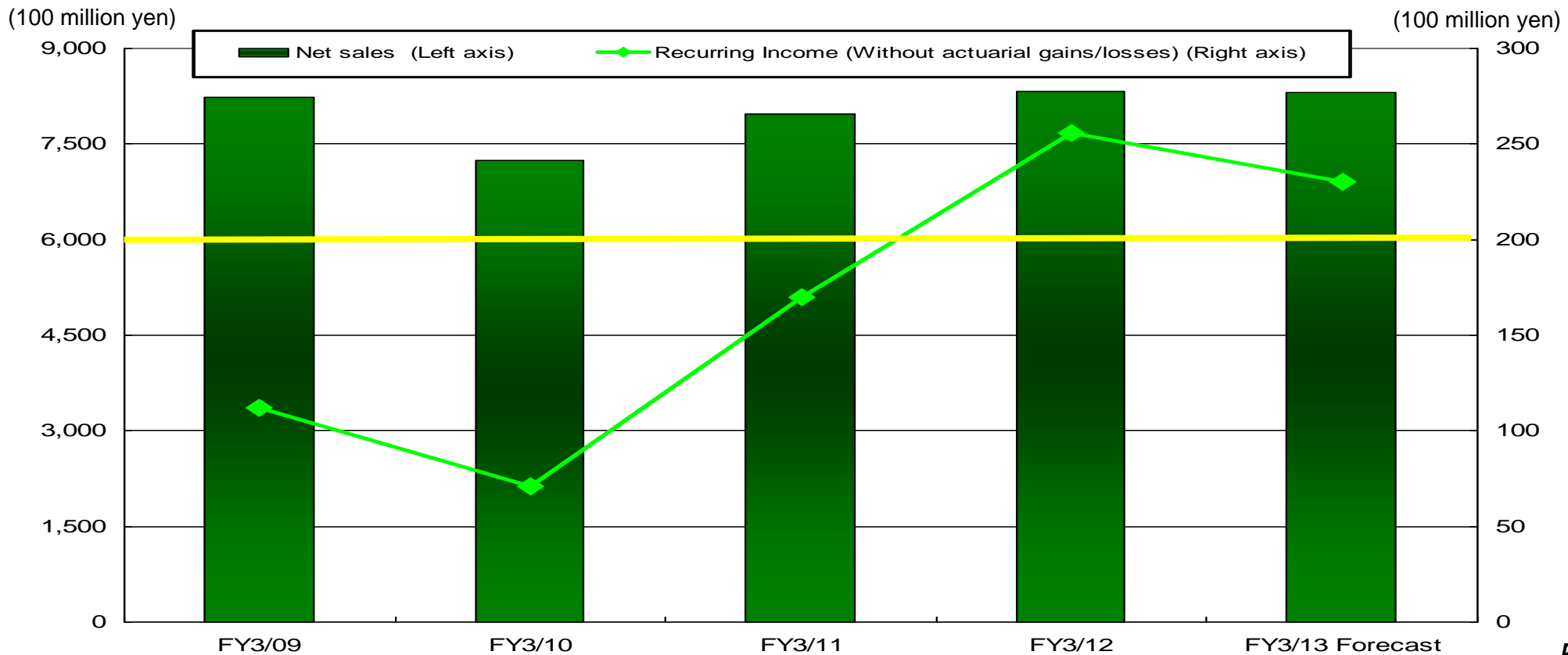
- On a main business basis excluding the effect of actuarial gains and losses for pensions, ample potential exists to achieve the FY13 forecast.
- In Japan, efforts will be advanced to cultivate core businesses for the next era, with the overseas business vigorously promoted while confirming business feasibility.

FY3/13 Full Year Forecast

(Consolidated)	(Billion yen)			Without actuarial gains/losses (Billion yen)	
	FY3/12	FY3/13 Forecast	Pct.	FY3/12	Pct.
Net Sales	831.9	845.0	+1.6%	831.9	+1.6%
Operating income	19.2	22.5	+17.2%	24.1	-6.7%
Recurring income	20.7	23.0	+11.0%	25.6	-10.3%
Net income	9.3	13.0	+40.2%	12.2	+6.4%

Finalize Structure for Recurring Income of ¥20 billion

- The second half will include putting the final touches on a “structure capable of generating stable recurring income of ¥20 billion.”
- Solid achievement of the FY13 forecast, moving up to a new stage.



Future Market Environment

“Expansion in the renovation and leasing housing market including the renovation market”
 “Overseas market growth”
 “Contraction in the domestic new housing market”



Promote reorganization in April, 2012 to ensure the efficient application and use of management taking into consideration future business conditions

Timber and Building Materials Business

Promote a uniform and integrated global strategy



Housing Business

Pick up the pace of renovation and leasing housing business expansion



Overseas Business

Engage in finely tuned business management and accelerate new business growth



Lifestyle Service Business

Support diversified lifestyles for customers



Maintain and Strengthen Earnings for the Timber and Building Materials/Custom-Built Detached Housing Businesses

Expand the Renovation and Leasing Housing Business/ Overseas Business Contributes to Earnings

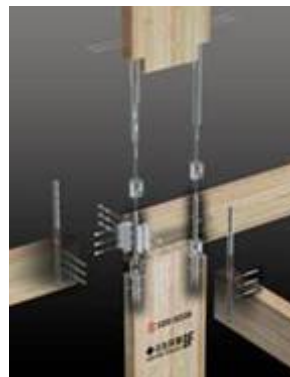
Timber and Building Materials Business

- The domestic distribution business currently has the top market share.
- Transfer of the overseas distribution business from the overseas business division at the beginning of FY13.
- Establishment of local subsidiaries in Vietnam and Shanghai, bolstering the sales system in newly emerging countries.



Housing Business

- Promote strengthened sales for the custom-built detached housing business in urban areas. Marketing of new products adopting the Big-Frame construction method.
- Renovation and leasing housing business also performing well, primarily in the renovation business. Redoubled collaboration between the individual arms of the renovation and leasing housing business, generating synergistic effects.



(Left) Big Column instilled with greater strength due to improved joint metal and enhancement in connecting area.



Overseas Business

- Performance gaps visible due to business conditions in each region.
- Need for business development to contribute to local communities and attain high ratings.



Expanded Business Scale on Strength of High Technical Expertise

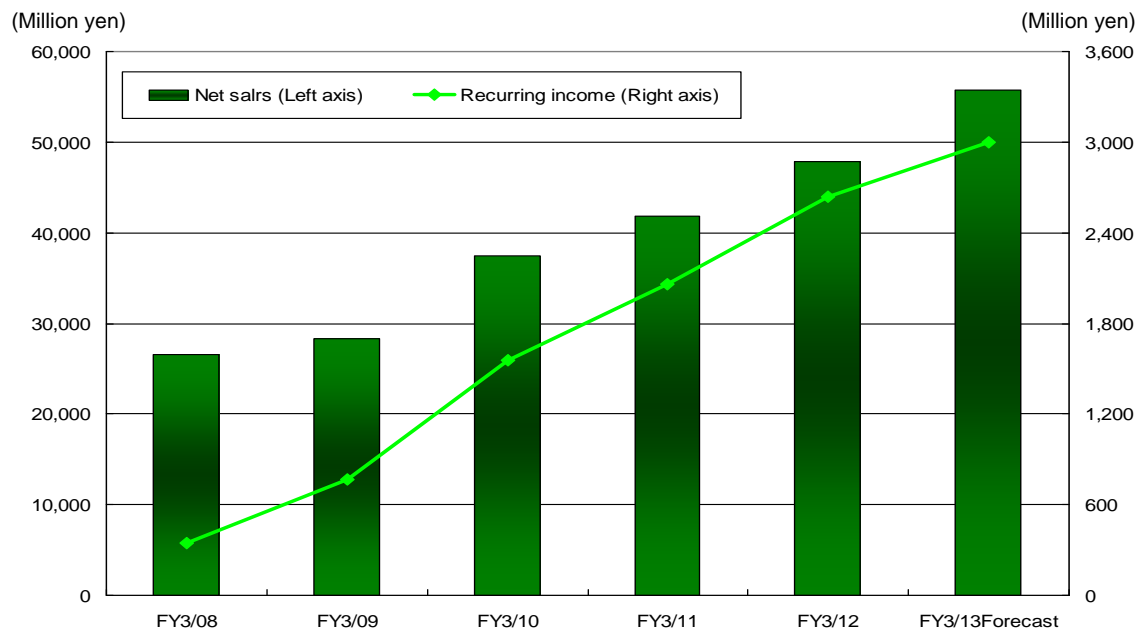
Renovation and Leasing Housing Business

- The renovation and leasing housing business is comprised of the
 - “Renovation”
 - “Existing home renovation (resale of renovated homes)”
 - “Real estate brokerage” and
 - “Real estate management” sectors



Older residence remodeling example

Renovation Business



Sumirin ARC Construction Method

Method of attaching band copper, aramid fiber and other substances to the surface of the plain concrete foundation using epoxy resin adhesive, securing strength equal to or above that of ferroconcrete.



Sumirin JEM Construction Method

A technology that reinforces the interconnection of posts, the foundation and base by using epoxy resin adhesive to the surface of the existing foundation and attaching it securely using a Hole-down bolt to raise earthquake resistance.

Measures Tailored to Business Conditions by Each Region

China



- China contains inherent country risk.

USA



- Housing market charting clear recovery.
- September housing starts at 4-year high.

- Forestry business
- Distribution base
- Manufacturing business
- Housing business

Southeast Asia



- Vietnam particleboard factory began commercial production in May.
- Business development in newly emerging countries, primarily Southeast Asia, is an indispensable strategy for the Company's growth.

Oceania



- Australian economy is in turmoil.
- Sluggish growth for the Australian housing and manufacturing businesses.

Lifestyle Service Business

- Increasing inroads by the Group's management methods, getting the elderly service business on track.



Inside "Grand Forest Mejiro"



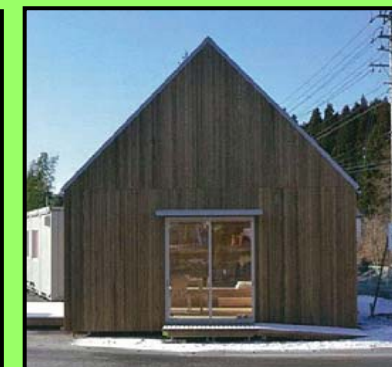
Wood-built City Concept Business

MOCCA

- Support for building initiatives by Higashi-Matsushima City in Miyagi Prefecture, one area devastated in the March 2011 earthquake and tsunami, by creating new industries and reemerging as a wood-built city concept.



Commercial facility



MOCCA HUT

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.

