Overview of
Financial Results

Overview Results for FY2017

May 9, 2018

IBJ Leasing Co., Ltd.

This document contains forecasts and other forward-looking statements that are based on information available at the time of preparation of this document and subject to certain risks and uncertainties, and is not intended to guarantee that the company would achieve them. Actual business results may differ materially from those expressed or implied by such forward-looking statements due to various factors.

Summary of FY2017

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Financial Results

- ✓ **Net income attributable to owners of the parent was ¥13.6 billion, producing record-high income for the 5th consecutive year.**
- ✓ **Plan to increase the year-end dividend by ¥4 for an annual payout of ¥70 per share, in light of robust results in the initial fiscal year the Fifth Mid-term Management Plan.**

Business Operations

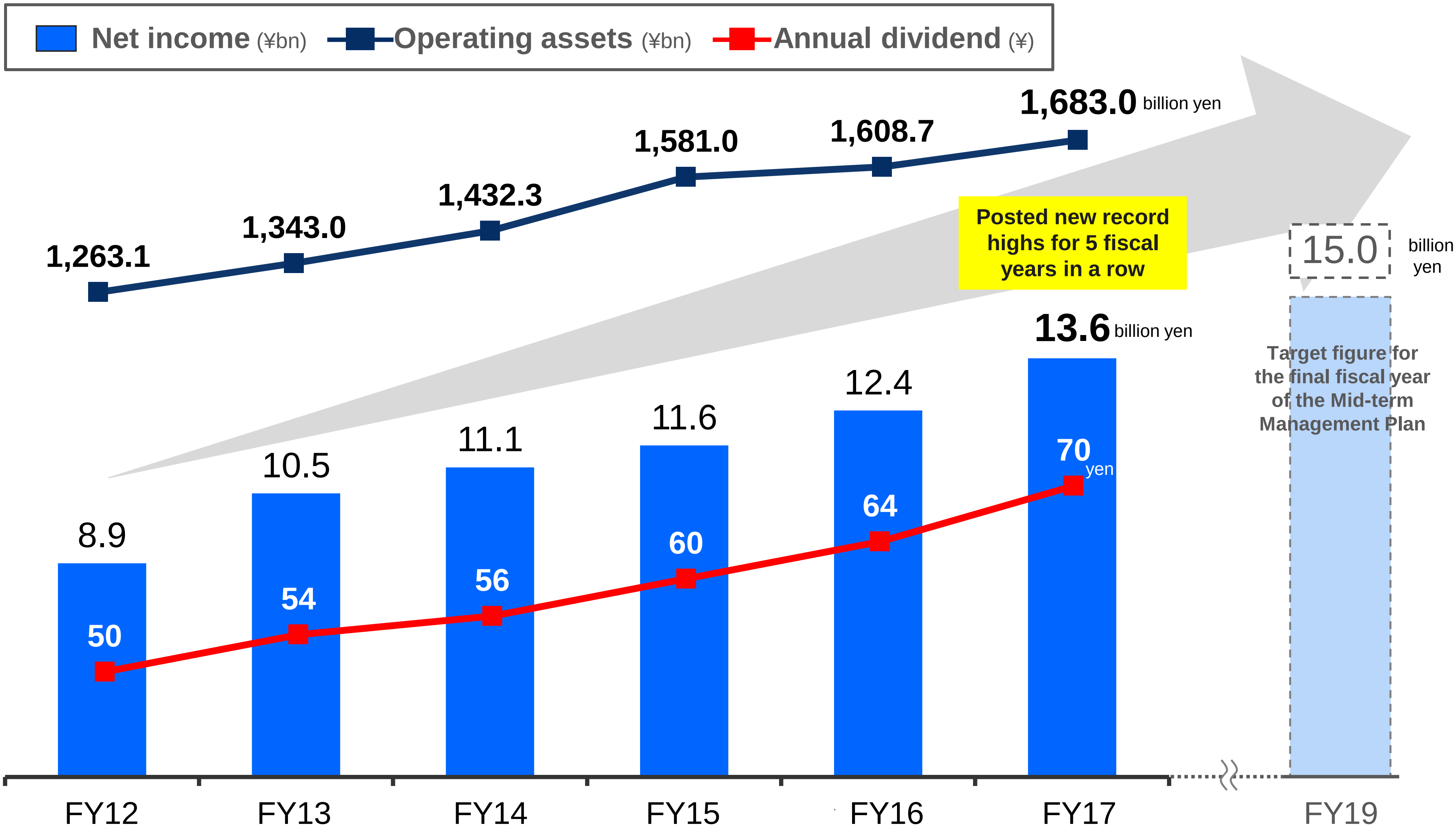
- ✓ **Carry out business strategies under the Fifth Mid-term Management Plan, and steadily strengthen the earnings base**

(¥bn)

	FY15	FY16	FY17	Change	% Change	FY17 Forecast*	% achieved
Revenues	364.2	429.4	**399.7**	-29.7	-7%	400.0	100%
Operating income	17.6	18.0	**19.2**	+1.2	+7%	18.3	**105%**
Ordinary income	18.6	18.8	**20.0**	+1.2	+6%	19.0	**105%**
Net income attributable to owners of the parent	11.6	12.4	**13.6**	+1.2	+10%	13.0	**105%**

*Announced on May 10, 2017

Long-term performance trends (consolidated basis)



Overview of Financial Results

(¥bn)

	FY15	FY16	FY17	Change	% Change
Revenues	364.2	429.4	**399.7**	-29.7	-7%
Gross profit before write-offs and funding costs	44.8	44.9	**45.2**	+0.3	+1%
(Funding costs)	(6.4)	(5.7)	(7.0)	+1.3	+22%
Gross profit	38.4	39.2	**38.2**	-1.0	-3%
(Credit costs)	(1.3)	(1.5)	(-0.8)	-2.3	—
Operating income	17.6	18.0	**19.2**	+1.2	+7%
Ordinary income	18.6	18.8	**20.0**	+1.2	+6%
Net income attributable to owners of the parent	11.6	12.4	**13.6**	+1.2	+10%

	End of Mar 2016	End of Mar 2017	End of Mar 2018	Change	% Change
Operating assets	1,581.0	1,608.7	**1,683.0**	+74.3	+5%
Net assets	132.8	141.8	**154.6**	+12.8	+9%
Equity ratio	7.4%	7.8%	**8.2%**	+0.4pt	—
ROE	9.5%	9.4%	**9.6%**	+0.2pt	—

POINTS

- Gross profit before write-offs and funding costs increased steadily
- Funding costs increased owing mainly to higher foreign currency borrowings due to growth in global operations
- Increased ¥0.8 billion in reversal of allowance for credit costs
- Posted new record highs for 5 fiscal years in a row
- Equity ratio increased on accumulated earnings

Business Performance Overview

(¥bn)

	FY15	FY16	FY17	Change	% Change
Contract execution volume	1,065.4	1,092.0	**1,335.9**	+243.9	+22%
Leasing and installment sales	465.5	475.7	**430.5**	-45.2	-10%
Financing	599.8	616.4	**901.5**	+285.1	+46%
Others	—	—	**3.9**	+3.9	—

(¥bn)

	End of Mar 2016	End of Mar 2017	End of Mar 2018	Change	% Change
Operating assets	1,581.0	1,608.7	**1,683.0**	+74.3	+5%
Leasing and installment sales	1,105.8	1,088.1	**1,122.2**	+34.1	+3%
Financing	475.2	520.6	**556.9**	+36.3	+7%
Others	—	—	**3.9**	+3.9	—

	FY15	FY16	FY17	Change
Gross profit margin before write-offs and funding costs	2.97%	2.86%	**2.74%**	-0.12pt

Note) Gross profit margin before write-offs and funding costs = Gross profit before write-offs and funding costs / Average balance of operating assets

POINTS

■ **Contract execution volume increased 22% from the previous fiscal year**

Leasing and installment sales

- A main cause was a decline in short-term projects in the selection and execution of real estate projects

Financing

- Increased owing mainly to short-term commercial distribution business and contract conclusion in factoring

■ **Operating assets posted new record high**

Financing

- The amount increased owing to measures in the Aircraft area

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Contract execution volume by equipment type

(¥bn)

	FY15	FY16	FY17	Change	% Change
Industrial and factory	110.3	98.8	**61.5**	-37.3	-38%
Information and communications	93.8	78.9	**81.2**	+2.3	+3%
Transport	47.1	61.6	**54.1**	-7.5	-12%
Construction	39.1	35.9	**47.6**	+11.7	+33%
Medical	30.2	13.3	**16.4**	+3.1	+24%
Commerce and services	36.3	28.5	**32.0**	+3.5	+12%
Office equipment	10.2	11.2	**9.8**	-1.4	-12%
Other	98.6	147.5	**127.8**	-19.7	-13%
Real estate	74.6	121.6	**84.8**	-36.8	-30%
Other than real estate	24.0	25.9	**43.0**	+17.1	+66%
Total	465.5	475.7	**430.5**	-45.2	-10%

POINTS

- Decreased owing to the selection and execution of projects
- Growth based on tapping construction machinery demand in Japanese and overseas markets
- In addition to steady growth in the Japanese market, new contributions came from projects in China
- Decline in short-term projects in the selection and execution of projects in real estate
- Better performance by wind farms, LEDs and other environment and energy related equipment

Contract Execution Volume / Financing

Contract execution volume

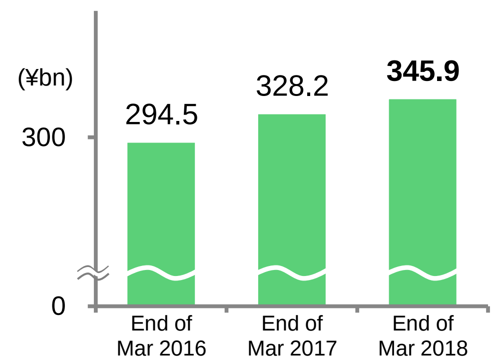
(¥bn)

	FY15	FY16	FY17	Change	% Change
Commercial Distribution Finance / Loan etc.	519.5	516.1	**822.8**	＋306.7	＋59%
Aircraft	17.7	12.8	**31.3**	＋18.5	＋144%
Real Estate	47.4	77.2	**39.4**	-37.8	-49%
Vessel	15.2	10.2	**8.0**	-2.2	-22%
Total	599.8	616.4	**901.5**	＋285.1	＋46%

POINTS

- Increased owing mainly to short-term commercial distribution business and contract conclusion in factoring
- Increased owing to measures on aircraft-backed collateral loans
- Main reason was a decline in short-term projects in line with the selection and execution of projects

*Operating assets of Commercial Distribution Finance / Loan etc.



Balance (Real Estate/Global)

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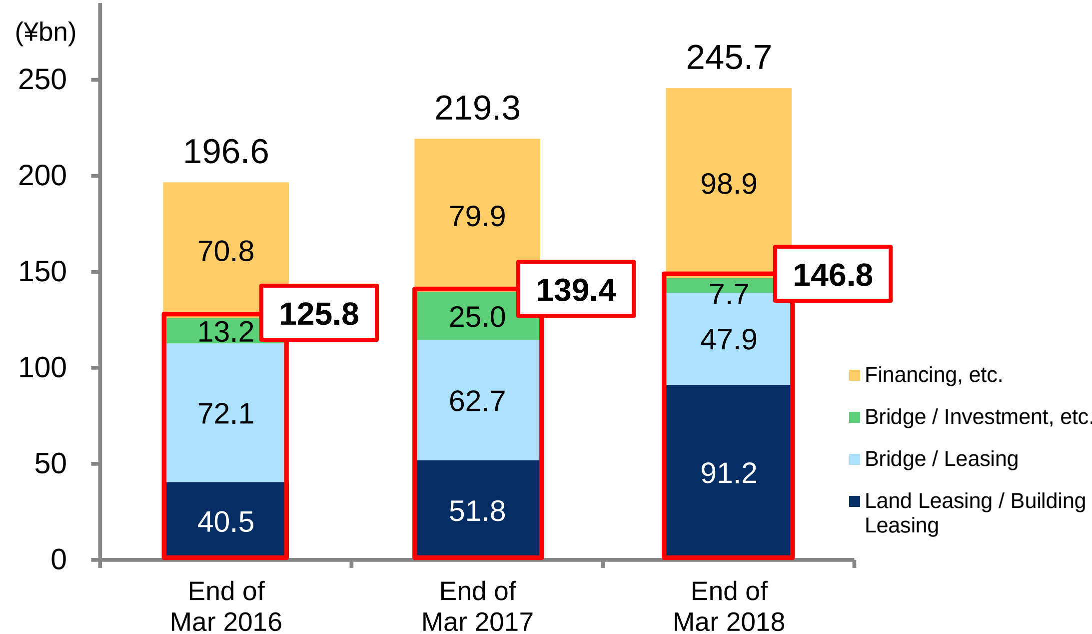
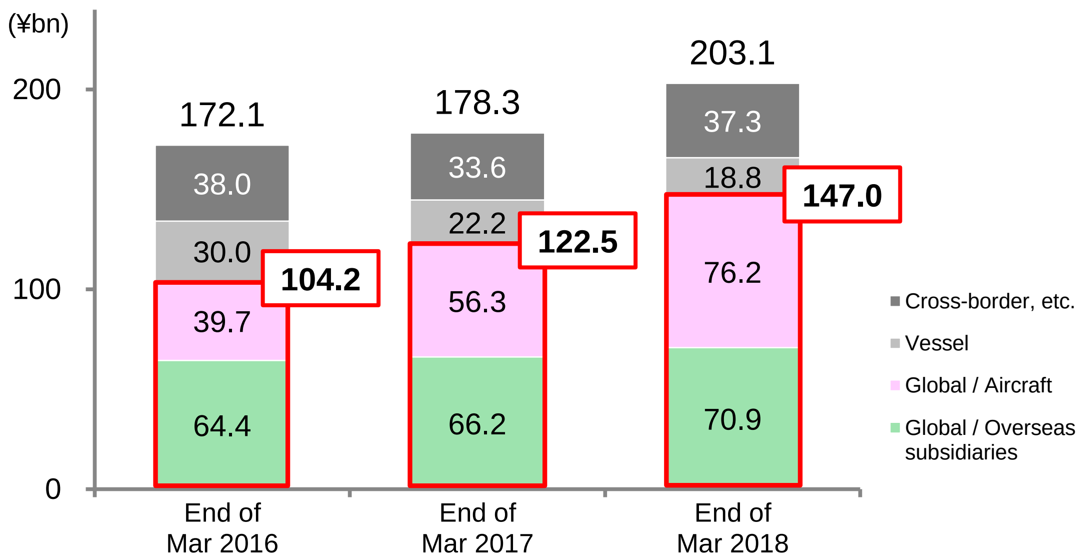
Real estate



Global



POINTS

- Continuation of operations based on property ownership businesses (outlined in red), mainly in metropolitan areas
  - Initiatives in alliances with major project partners

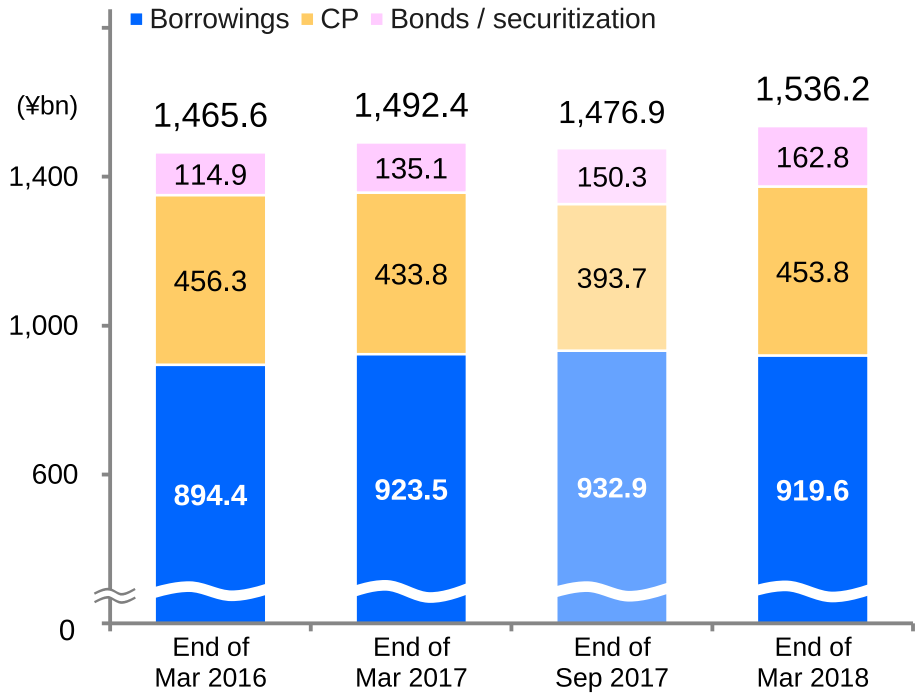
- Balance increased amid growth in global operations (Aircraft/Overseas subsidiaries)

Funding

- Interest-bearing debt increased from the end of the previous fiscal year in line with the increase of operating assets.
- Expand the CP issuance limit* and procure funds flexibly at low rates

  *The non-consolidated CP issuance limit was increased from ¥400.0 billion to ¥550.0 billion in October 2017.
- Funding costs ratio increased owing mainly to higher foreign currency borrowings

Interest-bearing debt



Funding costs (ratio)

(¥bn)

	FY15	FY16	FY17 1H	FY17
Funding costs	6.4	5.7	3.4	**7.0**
Funding costs ratio	0.42%	0.36%	0.42%	**0.42%**

Note)
Funding costs ratio = Funding costs / Average balance of operating assets

Earnings Forecasts and Dividends

- Plan to achieve net income attributable to owners of the parent of ¥14.5 billion, producing record-high income for the 6th consecutive year.

【Dividends】

・Plan to revise year-end dividend for FY2017; a ¥4 increase from ¥34/share to ¥38/share.

・Plan to raise annual dividend for the 17th straight year in FY2018; a ¥4 increase to ¥74/share.

(¥bn)

	FY2017 (Results) (A)	FY2018 (Forecast) (B)	Change (B)-(A)	% Change (B)/(A)
Revenues	399.7	**420.0**	+20.3	+5%
Operating income	19.2	**20.0**	+0.8	+4%
Ordinary income	20.0	**21.4**	+1.4	+7%
Net income attributable to owners of the parent *	13.6	**14.5**	+0.9	+6%

*Target figure for the final fiscal year of the Mid-term Management Plan (FY19)
¥15.0 billion

Annual dividend	(Plan) ¥70	¥74	+¥4
Interim dividend	¥32	¥36	+¥4
Year-end dividend	(Plan) ¥38	¥38	±¥0

Dividend payout ratio	21.9%	21.8%

Supplementary Materials to Financial Results

Overview of Fifth Mid-term Management Plan (FY2017-2019)

Vision

"Value-creating company tackling challenges together with clients"

Business Strategies and Reinforcement of Management Base

Basic policy

Vigorously promote more profitable businesses leveraging expertise and financial strengths gained

Focus areas

- Expanding existing client base
- Real estate
- Medical and healthcare
- Environment and energy
- Global (Aircraft / Overseas subsidiaries)
- Technology

Reinforcement of management base

Strengthening of risk-return management: Integrated operation of business portfolio and financial ALM

Resource strategy: Promotion of diversity / Improvement of operational productivity

Target figures for the final fiscal year

➢ Net income attributable to owners of the parent	: ¥15.0 billion
➢ ROE	: 10%
➢ Dividend payout ratio	: Maintain 20% or more

Marketing Strategies and Results in Focus Areas

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Existing client base
Large and mid-sized companies

- In addition to the financial solutions, promote new business strategies to strengthen profitability

New business strategies

(1) Support clients' commercial distribution
(2) Jointly promote service business with clients
(3) Promote JVs with clients

Real estate

- Continue focusing on store leasing in collaboration with major developers and on bridge schemes
- Tackle new domains such as healthcare, childcare, hotels and overseas real estate

Balance at the end of March 2018: ¥245.7 bn

Medical and healthcare

- Expand the scope from sales to hospitals
  "Community-based integrated care system"
  "Data health and preventive health management"
- Develop service business
- Integrate with the real estate business

Execution volume in FY17: ¥34.9 bn

Environment and energy

- Extensively capture demand associated with companies' investment in energy saving
  – Strengthen consulting functions
- Strengthen capturing demand of the power-related business
  – Power generation, transmission and distribution, energy supply

Execution volume in FY17: ¥83.3 bn

Global (Aircraft / Overseas subsidiaries)

- Promote collaboration in the aircraft JV
- Consider operations in the engines and parts sectors
- Support overseas business development of Japanese companies
- Expand business with non-Japanese companies at full scale

Balance at the end of March 2018:

Aircraft	¥76.2 bn
Overseas subsidiaries	¥70.9 bn

Technology

- Provide solutions reflecting change in the industrial structure, that is, the shift from "sales to services"
- Proactively collaborate with pioneering companies in each field

Topics in Focus Areas (1)

Existing client base **Real estate** **Medical and healthcare**

- Successively concluded contracts for large projects through involvement in clients' commercial distribution of large size energy-related equipment sales
- Joint initiative with major REIT in the Company's first off-balance sheet development project of a manufacturing plant (see (1) below)
- Achieved first results for real estate leasing of childcare facilities and hotels
- Took measures in the U.S./Europe real estate markets through collaboration with a leading partner
- Alliances with partners for execution of maintenance leases for advanced operating room facilities (see (2) below)
- Concluded contract for a large automobile lease to support the business expansion of a major nursing care company

(1) The Company's first off-balance sheet development project of a manufacturing plant

(2) Initiatives regarding maintenance lease of world's first four-way hybrid operating room

Topics in Focus Areas (2)

Global | **Environment and energy** | **Technology** | **Medical and healthcare**

- Transactions targeted at local healthcare institutions are growing in China
- Transactions with major financial conglomerates in Thailand and Indonesia are growing
- Fully considering risk-return, the balance of the aircraft-related business has been growing steadily
- Commenced leasing of large-scale wind farm (see (3) below)
- Launched measures in bridge businesses for solar power generation (see (4) below)
- Started offering customized sales program for collaborative robots (see (5) below)

(3) Project for Eco Power Co.,Ltd.
14 wind power generators for a total generation capacity of 28MW

(4) Integration of expertise built up in environment- and energy-related equipment and real estate segments

(5) COBOTTA® made by DENSO WAVE INCORPORATED

COBOTTA® is a registered trademark of DENSO CORPORATION.

Company Profile

Company Profile

Company Name	**IBJ Leasing Company, Limited**
Address	**1-2-6 Toranomon, Minato-ku, Tokyo 105-0001**
Representative	**Hiroshi Motoyama, President and CEO**
Establishment	**December 1, 1969**
Listing	**Tokyo Stock Exchange, 1st Section (Code: 8425)**
Capital Stock	**17,874 million yen (Outstanding shares: 42,649,000)**
Employees	**1,081 (consolidated, as of March 31, 2018)**
Business Sites	**14 in Japan (Tokyo, Osaka, Nagoya, others)**
	6 overseas (5 in Asia, 1 in Europe)

Key Group Companies:

IBJL-TOSHIBA Leasing Company, Limited, Dai-ichi Leasing Co., Ltd.,
Universal Leasing Co., Ltd., IBJ Auto Lease Company Limited,
KL Lease & Estate Co., Ltd. (building leases),
KL & Co., Ltd. (used property purchase/ sales),
IBJ Air Leasing Limited (aircraft operating leases)