

Presentation
Materials

FY2017 First-Half Financial Results Presentation Materials

November 10, 2017



IBJ Leasing Co., Ltd.

(Securities Code: 8425)

Inquiries: Corporate Communication Division

Tel: +81-3-5253-6540 Fax: +81-3-5253-6539

Contents

I.	Business Performance Overview	• • •	2
II.	Financial Results Overview	• • •	6
III.	Overview of Fifth Mid-term Management Plan	• • •	10
IV.	Earnings Forecasts and Dividends	• • •	15
V.	Appendix	• • •	17

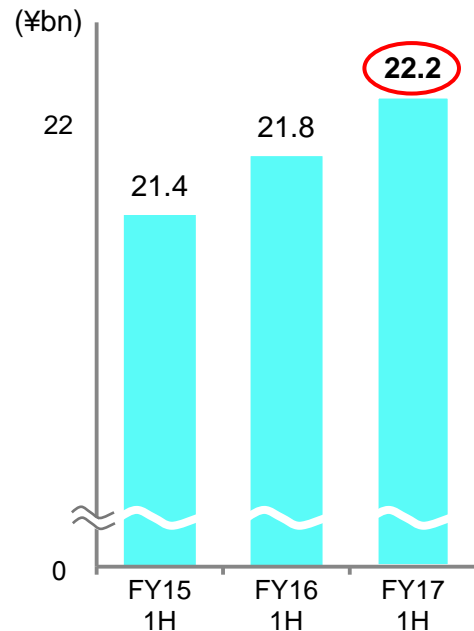
This document contains forecasts and other forward-looking statements that are based on information available at the time of preparation of this document and subject to certain risks and uncertainties, and is not intended to guarantee that the company would achieve them. Actual business results may differ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

I. Business Performance Overview

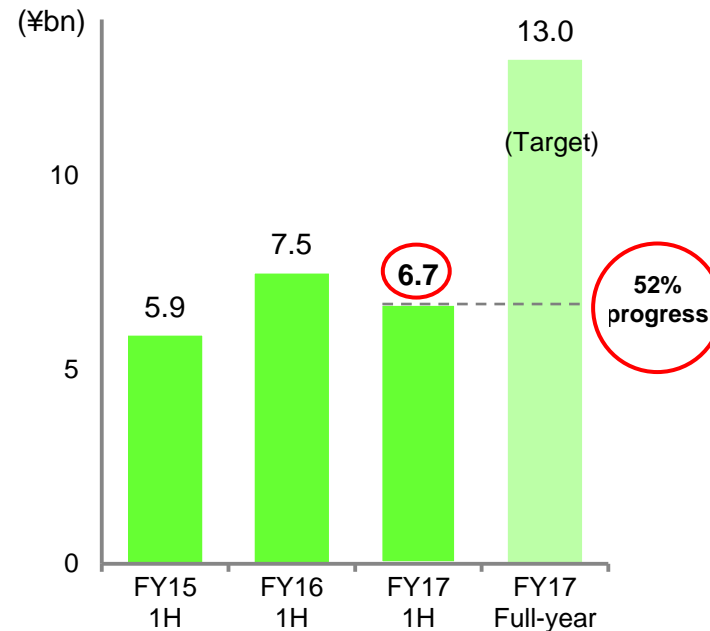
Financial Highlights

- Gross profit before write-offs and funding costs increased y-o-y.
- Net income attributable to owners of the parent performed favorably against full-year plan, although it declined y-o-y owing mainly to large credit cost reversals in the same period of the previous fiscal year.

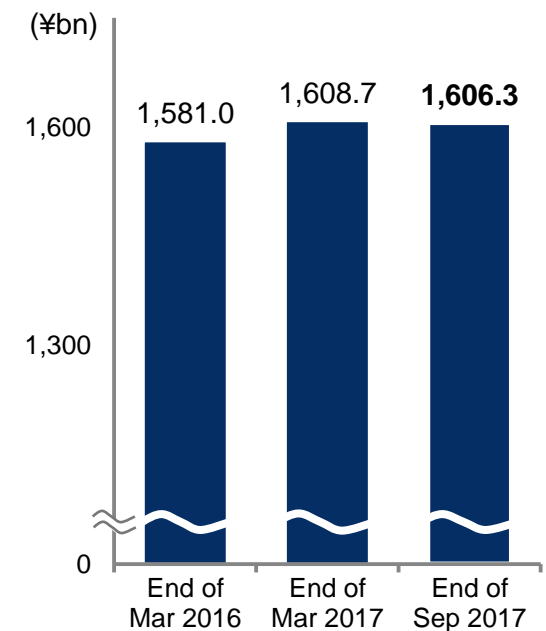
Gross profit before write-offs and funding costs



Net income attributable to owners of the parent



Operating assets



Leasing and Installment Sales

- Information and Communications and Construction grew, but overall volume declined y-o-y partly owing to the selection and execution of projects in Real Estate.

Contract execution volume by equipment type

(¥bn)

	FY15 1H	FY16 1H	FY17 1H	Change	(%)
Industrial and factory	51.5	53.1	37.9	-15.2	(-29%)
Information and communications	35.8	35.9	42.3	+6.4	(+18%)
Transport	22.4	25.4	26.7	+1.3	(+5%)
Construction	17.2	14.3	23.0	+8.7	(+60%)
Medical	14.8	6.5	8.3	+1.8	(+27%)
Commerce and services	18.4	15.0	14.4	-0.6	(-4%)
Office equipment	5.4	5.1	4.8	-0.3	(-7%)
Other	46.7	72.9	48.3	-24.6	(-34%)
Real estate	34.8	60.8	25.2	-35.6	(-59%)
Total	212.2	228.2	205.5	-22.7	(-10%)

Financing

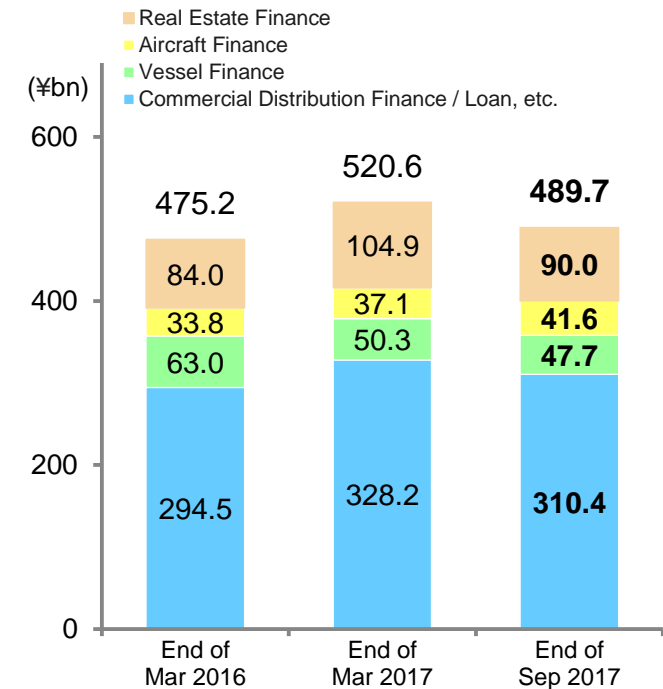
- ❑ Contract execution volume increased y-o-y.
 - In Commercial Distribution Finance / Loan, etc., volume increased due to contract conclusion in short-term factoring and commercial distribution support.
 - In Aircraft Finance, volume increased due to measures on aircraft-backed collateral loans.
 - In Real Estate Finance, volume decreased as a result of refined selection of projects.
- ❑ Operating assets decreased from the end of the previous fiscal year due to considerable redemptions during the period.

Contract execution volume

	FY15 1H	FY16 1H	FY17 1H	Change	(%)
Commercial Distribution Finance / Loan etc.	246.8	243.9	410.7	+166.8	(+68%)
Vessel Finance	6.5	5.1	4.8	-0.3	(-6%)
Aircraft Finance	12.1	4.8	7.8	+3.0	(+63%)
Real Estate Finance	14.0	53.6	12.7	-40.9	(-76%)
Total	279.4	307.4	436.1	+128.7	(+42%)

(¥bn)

Operating assets



II. Financial Results Overview

- Gross profit before write-offs and funding costs increased y-o-y due to accumulation of superior projects.
 - Assets such as real estate and aircraft operating leases denominated in foreign currencies contributed.
- Due to an increase in funding costs and a decrease in gains on credit cost reversals, net income attributable to owners of the parent declined y-o-y, but progressed favorably against the full-year plan.

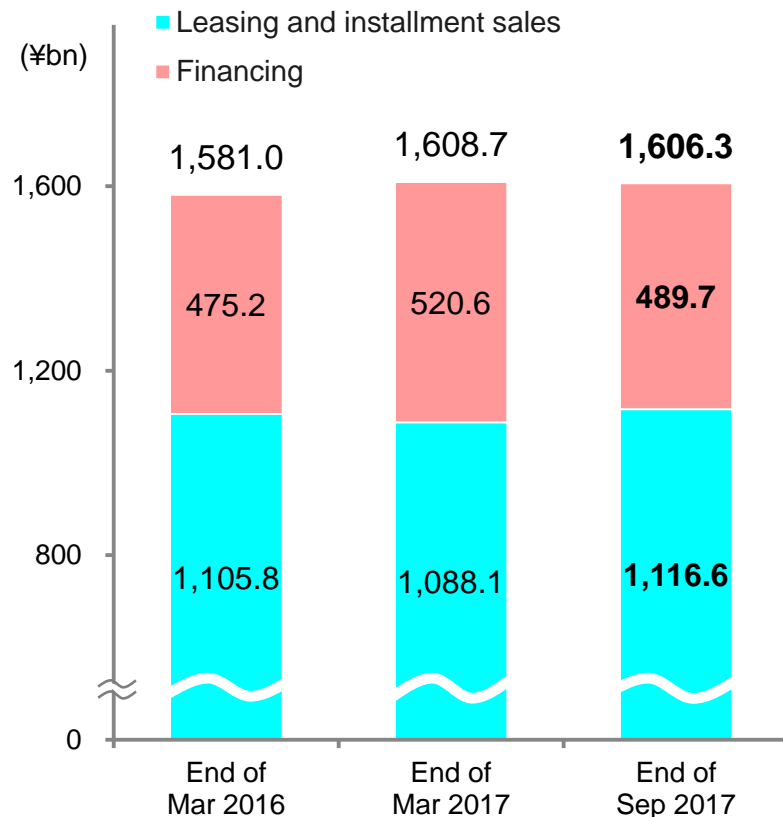
(¥bn)

Consolidated P/L	FY15 1H	FY16 1H	FY17 1H	Change	% Change	FY17 Forecast <% progress>	
Revenues	166.2	181.4	178.4	-3.0	-2%	<45%>	400.0
Gross profit before write-offs and funding costs	21.4	21.8	22.2	+0.4	+2%		—
(Funding costs)	(3.2)	(2.6)	(3.4)	(+0.8)	(+30%)		—
Gross profit	18.2	19.2	18.8	-0.4	-2%		—
(Credit costs)	(0.1)	(-1.2)	(-0.4)	(+0.8)	(-)		—
Operating income	8.3	10.6	9.5	-1.1	-11%	<52%>	18.3
Ordinary income	8.8	11.1	10.0	-1.1	-10%	<53%>	19.0
(Ordinary income before write-offs)	(8.9)	(10.0)	(9.6)	(-0.4)	(-3%)		—
Net income attributable to owners of the parent	5.9	7.5	6.7	-0.8	-11%	<52%>	13.0

Operating Assets and Yield

- Operating assets at the end of period and gross profit margin before write-offs and funding costs remained steady y-o-y.

Operating assets



Yield

	FY16 1H	FY17 1H	Change
Gross profit margin before write-offs and funding costs	2.80%	2.76%	-0.04pt
Funding costs ratio	0.34%	0.42%	+0.08pt
Gross profit margin	2.47%	2.34%	-0.13pt
Operating assets (average balance, ¥bn)	1,553.7	1,607.5	+53.8

Notes) Each ratio is annualized.

Gross profit margin before write-offs and funding costs

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

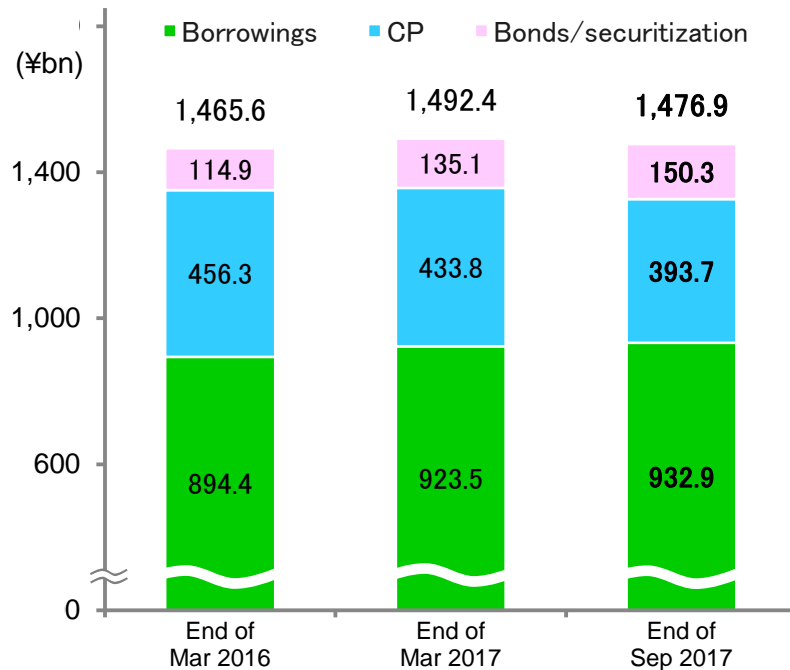
Funding costs ratio = Funding costs / Average balance of operating assets

Gross profit margin = Gross profit / Average balance of operating assets

Funding

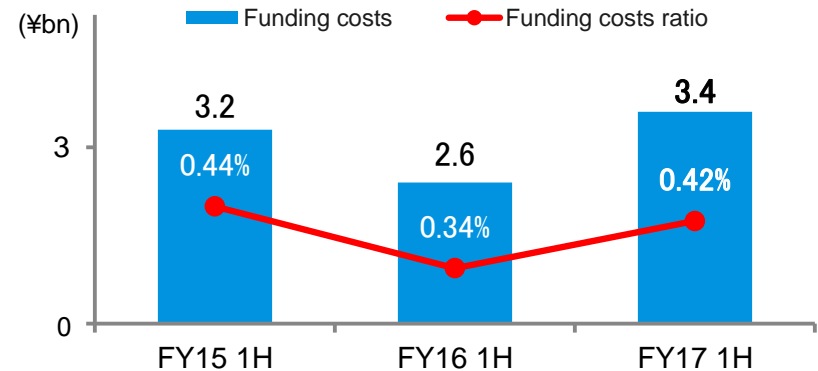
- Long-term funding was increased to improve financial stability, and the long-term ratio rose. Funding costs increased mainly due to more foreign currency borrowings.
- The CP issuance limit of IBJ Leasing was increased from ¥400.0 billion to ¥550.0 billion in order to enhance channels for flexible funding.

Interest-bearing debt



	End of Mar 2016	End of Mar 2017	End of Sep 2017
Long-term ratio	40%	46%	48%

Funding costs (%)



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

Net assets/ equity ratio

	End of Mar 2016	End of Mar 2017	End of Sep 2017
Net assets (¥bn)	132.8	141.8	148.4
Equity ratio	7.4%	7.8%	8.2%

III. Overview of Fifth Mid-term Management Plan

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

Existing client base

Environment and energy

Real estate

Global (Aircraft / Overseas subsidiaries)

Medical and healthcare

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

● Focus area (1)

Summary

- **Steadily promote marketing strategies of each focus area in the Fifth Mid-term Management Plan**

Each focus area

Business domain	Marketing strategy	Topics
<p>Existing client base Large and mid-sized companies</p>	<ul style="list-style-type: none"> • In addition to the mainstay financing solutions, promote new business strategies to strengthen profitability <div style="border: 1px solid green; padding: 5px; margin-top: 10px;"> <p>New business strategies</p> <ul style="list-style-type: none"> (1) Support clients' commercial distribution (2) Jointly promote service business with clients (3) Promote JVs with clients </div>	<ul style="list-style-type: none"> • Concluded first contract for a large project through involvement in client's commercial distribution of large size energy-related equipment sales 
<p>Real estate</p>	<ul style="list-style-type: none"> • Continue focusing on retail space leasing through collaboration with major store developers and on bridge schemes • Tackle new domains such as healthcare, childcare facilities, hotels, and overseas real estate 	<ul style="list-style-type: none"> • Achieved first results for real estate leasing of childcare facilities and hotels • Took measures in the U.S. real estate market through collaboration with a leading partner

Balance at the end of Sep 2017
¥219.4 bn

● Focus area (2)

Business domain		Marketing strategy	Topics	
<div style="background-color: #4a90e2; color: white; padding: 10px; text-align: center;"> Medical and healthcare </div>		<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Concluded contract for a large automobile lease to support the business expansion of a major nursing care company Transactions targeted at local healthcare institutions are growing in China 	Execution volume in FY17 1H ¥15.8 bn
				<div style="background-color: #4a90e2; color: white; padding: 10px; text-align: center;"> Overseas subsidiaries </div>
Global	<div style="background-color: #4a90e2; color: white; padding: 10px; text-align: center;"> Aircraft </div>	<ul style="list-style-type: none"> Promote collaboration in the aircraft JV Expand the scope to cover engines and parts — Consider business development in new domains by leveraging expertise 	<ul style="list-style-type: none"> Fully considering risk-return, the aircraft-related business has been growing steadily 	

*Valued using forex rates at the end of Sep 2017.

Business domain

Marketing strategy

Topics

Environment and energy

- Extensively capture demand associated with companies' investment in energy saving
 - Strengthen consulting functions
 - Expand coverage of the power-related business and capture demand
 - Power generation, transmission and distribution, energy supply
- **Commenced leasing of large-scale wind farm (see (1) below)**
 - **Launched advanced energy business in collaboration with major business operators (see (2) below)**

Execution volume in FY17 1H
¥49.7 bn

(1) Project for Eco Power Co., Ltd.

14 wind power generators for a total generation capacity of 28,000kW



(2) Launch of Japan's first microgrid system with a total of 117 homes

- Area where PanaHome's Smart City Shioashiya "Solar-Shima" is being developed
This microgrid system will power a total of 117 homes in Zone D4



■ Responsibilities of each project participant

Participant	Role
PanaHome	Design, development, housing construction, and overall planning of the smart city
ENERES	Energy management services
IBJ Leasing	Own and manage private power distribution lines
Public Enterprises Agency	Residential land development and regional cooperation

IV. Earnings Forecasts and Dividends

Earnings Forecast and Dividends

- Net income attributable to owners of the parent is equivalent to 52% of the Company's annual plan.
- Plan to raise annual dividend for the 16th straight year in FY2017; a ¥2 increase to ¥66/share

(¥bn)

	FY2016 (Results) (A)	FY2017 (Forecast) (B)		Change (B)-(A)	% Change (B)/(A)	
		1H results	% progress			
Revenues	429.4	400.0	178.4	45%	-29.4	-7%
Operating income	18.0	18.3	9.5	52%	+0.3	+2%
Ordinary income	18.8	19.0	10.0	53%	+0.2	+1%
Net income attributable to owners of the parent	12.4	13.0	6.7	52%	+0.6	+5%

Annual dividend	¥64	¥66	+¥2
Interim dividend	¥30	¥32	+¥2
Year-end dividend	¥34	(Plan) ¥34	±¥0

Dividend payout ratio	22.0%	21.7%
-----------------------	-------	-------

V. Appendix

Company Name	IBJ Leasing Company, Limited
Address	1-2-6 Toranomom, 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	1,070 (Consolidated, as of September 30, 2017)
Business Sites	14 in Japan (Tokyo, Osaka, Nagoya, others) 6 overseas (5 in Asia, 1 in Europe)

Key Group Companies:

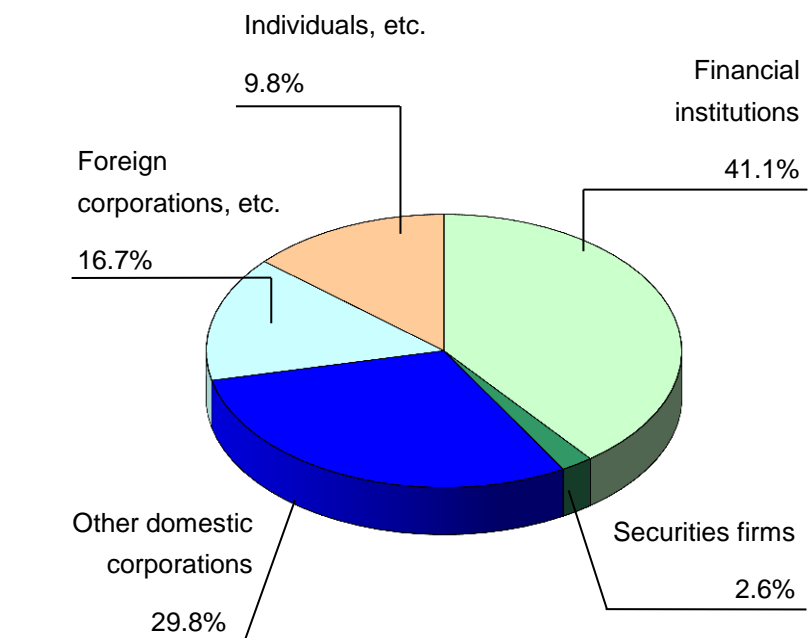
**IBJL-TOSHIBA Leasing Company, Limited, Dai-ichi Leasing Co., Ltd.,
Universal Leasing Co., Ltd., IBJ Auto Lease Company Limited,
KL Lease & Estate Co., Ltd. (building leases),
KL & Co., Ltd. (used property purchase/ sales),
IBJ Air Leasing Limited (aircraft operating leases)**

● Stock Status (as of September 30, 2017)

- Outstanding shares: 42,649,000
- Number of shareholders: 28,354
- Shareholder distribution (Holding ratio)

○ Major shareholders

Shareholders	Shares held (1,000 shares)	Holding ratio (%)
The Dai-ichi Life Insurance Company, Limited	2,930	6.87
NISSAN MOTOR CO., LTD. Retirement Benefit Trust Account Mizuho Trust & Banking Co., Ltd.	1,750	4.10
Mizuho Bank, Ltd.	1,626	3.81
UNIZO Holdings Company, Limited	1,546	3.62
Japan Trustee Services Bank, Ltd.	1,378	3.23
Meiji Yasuda Life Insurance Company	1,251	2.93
DOWA HOLDINGS Co., Ltd.	1,120	2.62
The Master Trust Bank of Japan, Ltd.	1,017	2.38
Nippon Steel Kowa Real Estate Co., Ltd.	975	2.28
The Kyoritsu Co., Ltd.	949	2.22

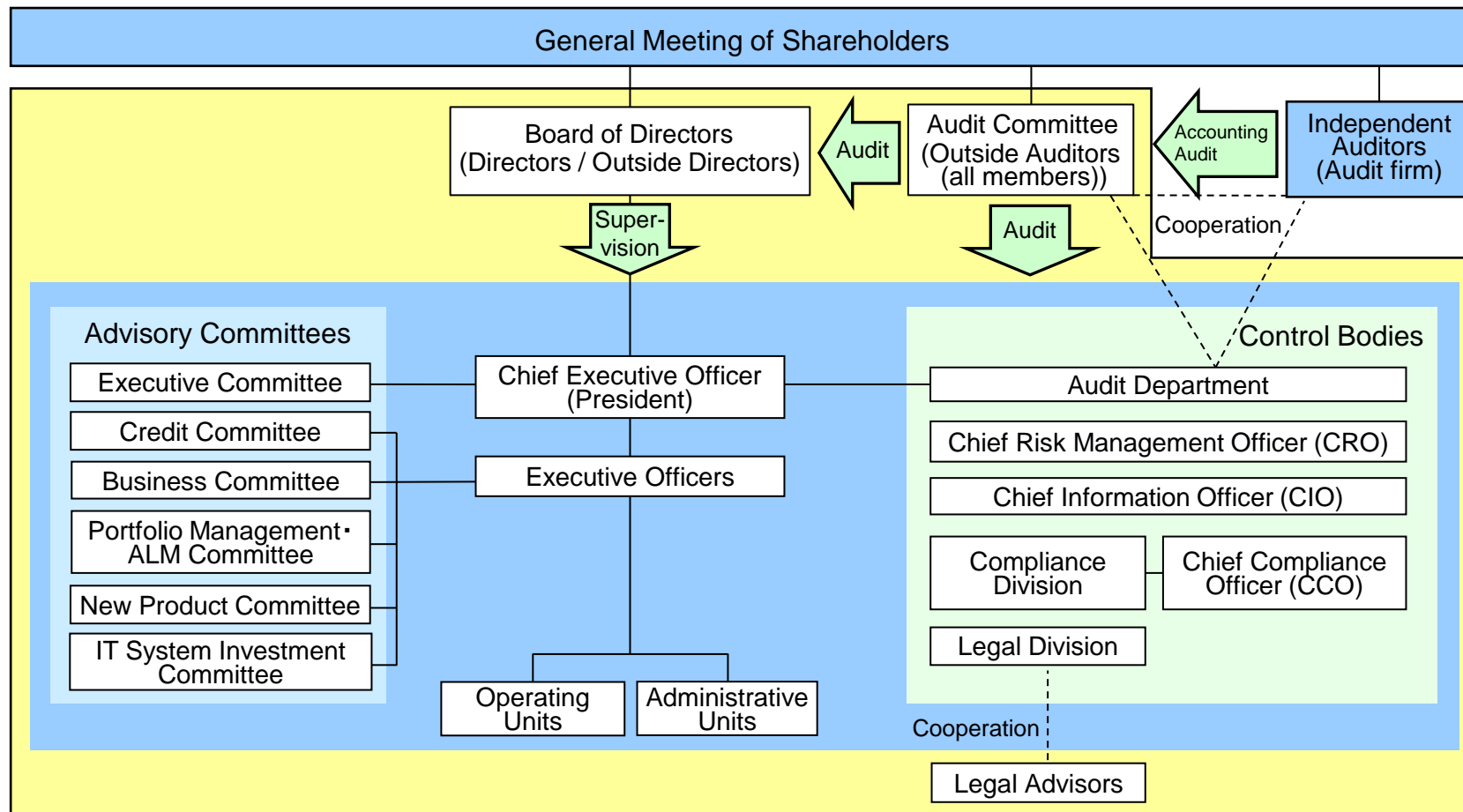


Note) Holding ratio is the ratio of shares held to outstanding shares.

IBJL Group Internal Control System

- ❑ IBJL Group has established and continues to effectively and appropriately operate an internal control system that ensures proper conduct of business operations.
- ❑ Management structure: 9 directors (incl. 3 outside directors), 4 auditors (incl. 4 outside auditors)
 - * In compliance with Tokyo Stock Exchange regulations, the 3 outside directors and 4 outside auditors have been established as independent officers.

【Corporate Governance Structure】



This framework is also applied to all Group subsidiaries

Consolidated B/S (Assets)

(¥bn)

	Mar.31, 2014	Mar.31, 2015	Mar.31, 2016	Mar.31, 2017 (A)	Sep.30, 2017 (B)	Change (B)-(A)	Change (B)/(A)
Current assets	1,356.0	1,434.4	1,554.0	1,566.6	1,548.4	-18.2	- 1.2%
Cash and cash equivalents	37.7	38.7	49.4	42.3	44.5	+2.2	+5.1%
Lease receivable	753.8	812.0	842.0	809.3	830.7	+21.4	+2.6%
Installment sales receivable	133.8	154.4	147.8	138.1	138.6	+0.5	+0.4%
Operational loans	359.5	361.1	377.9	348.1	307.9	-40.2	-11.5%
Operational investment securities	40.7	38.6	97.3	172.5	181.8	+9.3	+5.4%
Marketable securities	0.1	—	0.1	0.0	0.5	+0.5	—
Allowance for doubtful receivables	-2.3	-1.0	-0.9	-3.1	-2.6	+0.5	—
Property & equipment	106.2	117.3	164.7	185.7	193.4	+7.7	+4.2%
Leased assets	55.7	66.7	116.4	141.0	147.6	+6.6	+4.7%
Investment securities	24.3	28.6	26.3	28.2	30.3	+2.1	+7.4%
Doubtful operating receivables	11.4	8.9	10.4	3.3	1.9	-1.4	-43.4%
Allowance for doubtful receivables	-2.3	-2.1	-3.4	-0.3	-0.1	+0.2	—
Total assets	1,462.2	1,551.7	1,718.7	1,752.3	1,741.8	-10.5	-0.6%

Operating assets	1,343.0	1,432.3	1,581.0	16,087	1,606.3	-2.4	-0.1%
------------------	---------	---------	---------	--------	----------------	------	-------

Consolidated B/S (Liabilities and Net Worth)

(¥bn)

	Mar.31, 2014	Mar.31, 2015	Mar.31, 2016	Mar.31, 2017 (A)	Sep.30, 2017 (B)	Change (B)-(A)	Change (B)/(A)
Current liabilities	1,019.0	1,044.3	1,119.2	1,045.8	1,010.6	-35.2	-3.4%
Short-term borrowings	295.4	336.5	364.4	312.7	309.0	-3.7	-1.2%
Current portion of corporate bond	—	10.0	20.0	—	10.0	+10.0	—
Current portion of long-term debt	158.1	131.1	132.4	155.5	161.0	+5.5	+3.5%
Commercial paper	414.9	422.2	456.3	433.8	393.7	-40.1	-9.2%
Lease payable	11.3	8.8	8.9	7.3	6.8	-0.5	-7.3%
Long-term liabilities	333.4	384.1	466.7	564.8	582.8	+18.0	+3.2%
Long-term debt	287.8	322.7	397.6	455.3	462.9	+7.6	+1.7%
Corporate bond	30.0	40.0	40.0	58.0	48.0	-10.0	-17.2%
Total liabilities	1,352.3	1,428.4	1,585.9	1,610.5	1,593.4	-17.1	-1.1%
Net assets	109.8	123.3	132.8	141.8	148.4	+6.6	+4.7%
Shareholder's equity	100.5	109.3	118.5	128.3	133.5	+5.2	+4.1%
Accumulated other comprehensive income	4.3	8.6	8.6	8.3	9.5	+1.2	+14.8%
Non-controlling interests	5.0	5.4	5.8	5.2	5.4	+0.2	+3.8%
Total	1,462.2	1,551.7	1,718.7	1,752.3	1,741.8	-10.5	-0.6%

Interest-bearing debt	1,226.3	1,310.0	1,465.6	1,492.4	1,476.9	-15.5	-1.0%
-----------------------	---------	---------	---------	---------	----------------	-------	-------

Equity ratio	7.2%	7.6%	7.4%	7.8%	8.2%	+0.4pt	
--------------	------	------	------	------	-------------	--------	--

Consolidated Statements of Income

(¥bn)

	FY13 1H	FY14 1H	FY15 1H	FY16 1H (A)	FY17 1H (B)	Change (B)-(A)	Change (B)/(A)
Revenues	177.0	168.9	166.2	181.4	178.4	-3.0	- 1.6%
Gross profit before write-offs and funding costs	22.0	21.0	21.4	21.8	22.2	+0.4	+1.9%
Funding costs	3.1	3.1	3.2	2.6	3.4	+0.8	+29.9%
Gross profit	18.9	17.9	18.2	19.2	18.8	-0.4	-2.0%
SGA expenses	7.8	8.9	9.9	8.6	9.3	+0.7	+8.7%
Personnel, facilities costs	9.4	9.4	9.7	9.7	9.7	+0.0	+0.0%
Credit costs	-1.7	-0.6	0.1	-1.2	-0.4	+0.8	—
Operating income	11.1	9.0	8.3	10.6	9.5	-1.1	-10.6%
Other income	0.6	0.7	0.7	0.8	0.7	-0.1	-11.8%
Other expenses	0.4	0.2	0.2	0.3	0.2	-0.1	-40.2%
Ordinary income	11.4	9.4	8.8	11.1	10.0	-1.1	-10.0%
Extraordinary income	0.1	—	0.4	0.2	—	-0.2	—
Extraordinary loss	0.0	0.1	0.0	0.2	0.0	-0.2	-95.0%
Income before income taxes	11.5	9.4	9.2	11.2	10.0	-1.2	-10.5%
Income taxes	4.2	3.3	3.0	3.5	3.1	-0.4	-12.3%
Net Income Attributable to Owners of the Parent	7.0	5.8	5.9	7.5	6.7	-0.8	-10.6%

Consolidated Statement of Comprehensive Income

(¥bn)

	FY13 1H	FY14 1H	FY15 1H	FY16 1H (A)	FY17 1H (B)	Change (B)-(A)	Change (B)/(A)
Net income*	7.2	6.0	6.2	7.7	6.9	-0.8	-9.7%
Unrealized gain on available-for-sale securities	0.7	0.6	1.8	-1.4	1.6	+3.0	—
Deferred loss on derivatives under hedge accounting	0.0	-0.2	-0.1	0.0	-0.1	-0.1	—
Foreign currency translation adjustments	0.6	-0.3	0.1	-1.4	-0.3	+1.1	—
Remeasurements of defined benefit plans, net of tax	—	-0.0	-0.0	0.0	0.0	-0.0	—
Share of other comprehensive income of associated companies	0.2	-0.0	0.1	-0.3	0.0	+0.3	—
Total other comprehensive income	1.5	0.2	1.8	-3.0	1.2	+4.2	—
Total comprehensive income	8.8	6.2	7.9	4.6	8.1	+3.5	+75.1%

*In FY13 1H-FY14 1H, net income before minority interests is shown.

Gross Profit Before Write-offs and Funding Costs by Segment

(¥bn)

	FY13 1H	FY14 1H	FY15 1H	FY16 1H (A)	FY17 1H (B)	Change (B)-(A)	Change (B)/(A)
Revenues	177.0	168.9	166.2	181.4	178.4	-3.0	-1.6%
Leasing	161.4	152.0	154.0	170.8	165.3	-5.5	-3.2%
Installment sales	7.8	12.1	7.1	4.9	6.6	+1.7	+34.3%
Loans	3.3	3.7	3.7	3.6	3.5	-0.1	-5.0%
Other	5.0	1.5	1.9	2.4	3.5	+1.1	+44.9%
Elimination/corporate	-0.4	-0.5	-0.5	-0.4	-0.4	+0.0	—
Cost of sales	155.0	147.9	144.8	159.6	156.2	-3.4	-2.1%
Leasing	145.1	136.5	138.5	155.5	150.3	-5.2	-3.3%
Installment sales	6.5	10.9	5.8	3.8	5.7	+1.9	+47.0%
Loans	0.1	0.3	0.2	0.1	0.1	+0.0	+39.2%
Other	3.4	0.5	0.5	0.4	0.3	-0.1	-5.2%
Elimination/corporate	-0.2	-0.3	-0.2	-0.1	-0.2	-0.1	—
Gross-profit before write-offs and funding costs	22.0	21.0	21.4	21.8	22.2	+0.4	+1.9%
Leasing	16.3	15.6	15.4	15.3	15.0	-0.3	-2.3%
Installment sales	1.3	1.2	1.2	1.1	0.9	-0.2	-11.3%
Loans	3.1	3.5	3.6	3.6	3.3	-0.3	-6.0%
Other	1.5	1.0	1.4	2.1	3.2	+1.1	+53.5%
Elimination/corporate	-0.3	-0.2	-0.3	-0.2	-0.3	-0.1	—