

Overview

Third-Quarter Results for FY2017

Feb 8, 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 Third-Quarter Results for FY2017

- ✓ Recorded gross profit before write-offs and funding costs of ¥33.2 billion, an increase of ¥0.5 billion y-o-y.
- ✓ Funding costs increased owing mainly to higher foreign currency borrowings, a temporary increase in borrowings and a rise in the long-term ratio.
- ✓ Net income attributable to owners of the parent was ¥10.2 billion (79% progress) and remains favorable against the full-year plan (¥13.0 billion).

Topics in focus areas (Fifth Mid-term Management Plan)

- In the Environment and energy area, contract execution volume was ¥69.2 billion (cumulative 3Q).
 - Steadily promote marketing strategies of the Fifth Mid-term Management Plan including “large-scale wind farm” and “measures in bridge businesses for solar power generation.”
- In the Aircraft area, the amount of aircraft-backed collateral loans grew after fully considering risk-return. Operating assets increased steadily.

Overview of Financial Results

(¥bn)

	FY15 3Q	FY16 3Q	FY17 3Q	Change	% Change	FY17 Forecast <% progress>	
Revenues	254.3	284.6	283.3	-1.3	-1%	<71%>	400.0
Gross profit before write-offs and funding costs	33.3	32.7	33.2	+0.5	+2%		—
(Funding costs)	(4.8)	(4.0)	(5.2)	(+1.2)	(+28%)		—
Gross profit	28.5	28.7	28.1	-0.6	-2%		—
(Credit costs)	(0.8)	(-0.7)	(-0.6)	(+0.1)	(—)		—
Operating income	13.3	15.0	14.1	-0.9	-6%	<77%>	18.3
Ordinary income	13.7	15.5	14.7	-0.8	-5%	<77%>	19.0
Net income attributable to owners of the parent	9.1	10.5	10.2	-0.3	-2%	<79%>	13.0

	End of Mar 2016	End of Mar 2017	End of Dec 2017	Change	% Change
Operating assets	1,581.0	1,608.7	1,628.7	+20.0	+1%
Net assets	132.8	141.8	151.6	+9.8	+7%
Equity ratio	7.4%	7.8%	8.3%	+0.5pt	—

Business Performance Overview

(¥bn)

	FY16 3Q	FY17 3Q	Change	% Change
Contract execution volume	811.5	988.5	+177.0	(+22%)
Leasing and installment sales	356.1	282.6	-73.5	(-21%)
Financing and others	455.3	705.9	+250.6	(+55%)

(¥bn)

	End of Mar 2017	End of Dec 2017	Change	% Change
Operating assets	1,608.7	1,628.7	+20.0	(+1%)
Leasing and installment sales	1,088.1	1,089.7	+1.6	(+0%)
Financing and others	520.6	539.0	+18.4	(+4%)

	FY16 3Q	FY17 3Q	Change
Gross profit margin before write-offs and funding costs	2.73%	2.74%	+0.01pt

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

POINTS

✓ Leasing and installment sales

- The amount decreased mainly owing to the selection and execution of projects in real estate (-¥78.3 bn y-o-y).
- In Construction, the amount increased by capturing market needs in Japan and overseas.

✓ Financing and others

- Continuously increased owing to contract conclusion in short-term factoring and commercial distribution support.
- Took measures in bridge businesses for solar power generation.

✓ Operating assets remained flat from the end of the previous fiscal year.

✓ Financing and others

- The balance increased slightly as the area consists mainly of short-term businesses.

Contract execution volume by equipment type

(¥bn)

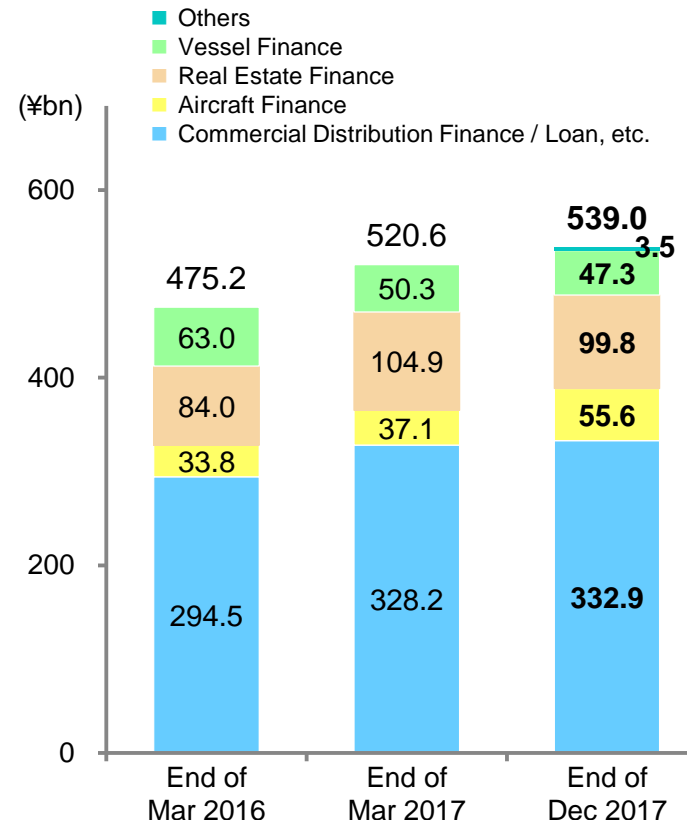
	FY15 3Q	FY16 3Q	FY17 3Q	Change	% Change
Industrial and factory	77.6	75.3	48.3	-27.0	(-36%)
Information and communications	58.2	52.7	57.9	+5.2	(+10%)
Transport	33.4	39.9	40.0	+0.1	(+0%)
Construction	29.3	25.6	36.2	+10.6	(+42%)
Medical	19.7	9.6	12.6	+3.0	(+32%)
Commerce and services	26.8	21.0	22.7	+1.7	(+8%)
Office equipment	7.6	7.6	7.3	-0.3	(-4%)
Other	56.8	124.6	57.5	-67.1	(-54%)
Real estate	39.2	106.7	28.4	-78.3	(-73%)
Total	309.4	356.1	282.6	-73.5	(-21%)

Contract execution volume

	FY15 3Q	FY16 3Q	FY17 3Q	Change	% Change
Commercial Distribution Finance / Loan etc.	365.9	373.2	648.4	+275.2	(+74%)
Aircraft Finance	16.3	8.3	22.7	+14.4	(+174%)
Real Estate Finance	36.9	66.8	24.8	-42.0	(-63%)
Vessel Finance	8.8	7.1	6.5	-0.6	(-9%)
Others	—	—	3.5	+3.5	—
Total	427.9	455.3	705.9	+250.6	(+55%)

(¥bn)

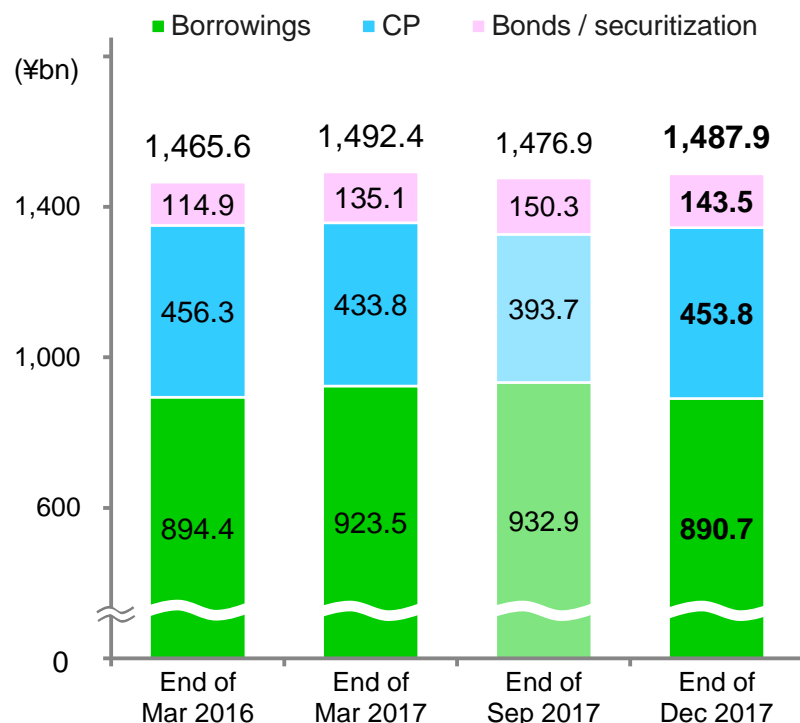
Operating assets



- Long-term ratio increased with an eye on medium- and long-term interest rate trends in Japan and overseas.
- Benefited from low interest rate funding through effectively utilizing the increased CP issuance limit*.

* The CP issuance limit of IBJ Leasing was increased from ¥400.0 billion to ¥550.0 billion in October 2017.

Interest-bearing debt



Long-term ratio

End of Mar 2016	End of Mar 2017	End of Dec 2017
40%	46%	48%

Funding costs ratio

	FY15 3Q	FY16 3Q	FY17 1H	FY17 3Q
Funding costs ratio	0.43%	0.34%	0.42%	0.42%

Note)

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

Earnings Forecast and Dividends

- Net income attributable to owners of the parent is equivalent to 79% 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)	
		3Q results	% progress			
Revenues	429.4	400.0	283.3	71%	-29.4	-7%
Operating income	18.0	18.3	14.1	77%	+0.3	+2%
Ordinary income	18.8	19.0	14.7	77%	+0.2	+1%
Net income attributable to owners of the parent	12.4	13.0	10.2	79%	+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%
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