

# FY2018 First-Half Financial Results Presentation Materials

November 12, 2018



**IBJ Leasing Co., Ltd.** (Securities Code: 8425)

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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. Financial Results and Business Performance Overview**

# Summary of First-Half Results for FY2018

- ✓ Recorded gross profit before write-offs and funding costs of ¥25.0 billion, an increase of 13% y-o-y, and net income attributable to owners of the parent of ¥8.6 billion, an increase of 29% y-o-y.
  - Both reached record highs on a semiannual basis.
- ✓ The progress of net income attributable to owners of the parent was favorable at 60% against the full-year forecast.

(¥bn)

	FY16 1H	FY17 1H	FY18 1H	Change	% Change	FY18 Forecast*	% progress
Revenues	181.4	178.4	<b>179.8</b>	+1.4	+1%	420.0	<b>43%</b>
Gross profit before write-offs and funding costs	21.8	22.2	<b>25.0</b>	+2.8	+13%	—	—
Operating income	10.6	9.5	<b>11.1</b>	+1.6	+17%	20.0	<b>55%</b>
Ordinary income	11.1	10.0	<b>13.0</b>	+3.0	+30%	21.4	<b>61%</b>
Net income attributable to owners of the parent	7.5	6.7	<b>8.6</b>	+1.9	+29%	14.5	<b>60%</b>

\*Announced on May 9, 2018

# Overview of Financial Results

(¥bn)

	FY16 1H	FY17 1H	FY18 1H	Change	% Change
Revenues	181.4	178.4	<b>179.8</b>	+1.4	+1%
Gross profit before write-offs and funding costs	21.8	22.2	<b>25.0</b>	+2.8	+13%
(Funding costs)	(2.6)	(3.4)	(4.1)	+0.7	+20%
Gross profit	19.2	18.8	<b>20.9</b>	+2.1	+11%
(Credit costs)	(-1.2)	(-0.4)	(-0.4)	+0.0	—
Operating income	10.6	9.5	<b>11.1</b>	+1.6	+17%
Ordinary income	11.1	10.0	<b>13.0</b>	+3.0	+30%
Net income attributable to owners of the parent	7.5	6.7	<b>8.6</b>	+1.9	+29%

## POINTS

- Gross profit before write-offs and funding costs increased favorably
- Due to higher foreign currency borrowings as a result of the expansion of the global business
- Reversal of allowance for credit costs continued
- Reached a record-high on a semiannual basis

	End of Mar 2017	End of Mar 2018	End of Sep 2018	Change	% Change
Operating assets	1,608.7	1,683.0	<b>1,894.8</b>	+211.8	+13%
Net assets	141.8	154.6	<b>160.6</b>	+6.0	+4%
Equity ratio	7.8%	8.2%	<b>7.6%</b>	-0.6pt	—

- Accumulated superior operating assets

# Business Performance Overview

(¥bn)

	FY16 1H	FY17 1H	FY18 1H	Change	% Change
<b>Contract execution volume</b>	535.7	641.6	<b>795.0</b>	+153.4	+24%
Leasing and installment sales	228.2	205.5	<b>269.9</b>	+64.4	+31%
Financing	307.4	436.1	<b>522.6</b>	+86.5	+20%
Others	—	—	<b>2.6</b>	+2.6	—

(¥bn)

	End of Mar 2017	End of Mar 2018	End of Sep 2018	Change	% Change
<b>Operating assets</b>	1,608.7	1,683.0	<b>1,894.8</b>	+211.8	+13%
Leasing and installment sales	1,088.1	1,122.2	<b>1,215.7</b>	+93.5	+8%
Financing	520.6	556.9	<b>672.7</b>	+115.8	+21%
Others	—	3.9	<b>6.4</b>	+2.5	+64%

	FY16 1H	FY17 1H	FY18 1H	Change
<b>Gross profit margin before write-offs and funding costs</b>	2.80%	2.76%	<b>2.79%</b>	+0.03pt

## POINTS

### ■ Contract execution volume increased 24% y-o-y

- For “Leasing and installment sales,” execution volume increased in areas such as industrial and factory as well as commerce and services
- For both “Leasing and installment sales” and “Financing,” real estate-related bridge scheme projects increased

### ■ Operating assets increased 13% from the end of the previous fiscal year in line with an increase in contract execution volume

### ■ Gross profit margin before write-offs and funding costs improved y-o-y

# Contract Execution Volume / Leasing and Installment Sales

## Contract execution volume by equipment type

### POINTS

(¥bn)

	FY16 1H	FY17 1H	FY18 1H	Change	% Change
Industrial and factory	53.1	37.9	<b>60.6</b>	+22.7	+60%
Information and communications	35.9	42.3	<b>45.0</b>	+2.7	+7%
Transport	25.4	26.7	<b>28.7</b>	+2.0	+8%
Construction	14.3	23.0	<b>19.5</b>	-3.5	-15%
Medical	6.5	8.3	<b>7.7</b>	-0.6	-8%
Commerce and services	15.0	14.4	<b>19.8</b>	+5.4	+38%
Office equipment	5.1	4.8	<b>4.1</b>	-0.7	-15%
Other	72.9	48.3	<b>84.6</b>	+36.3	+75%
Real estate	60.8	25.2	<b>73.3</b>	+48.1	+190%
Total	228.2	205.5	<b>269.9</b>	+64.4	+31%

■ Steadily captured capital investment needs

■ Captured needs for capital investment and overseas store development in the retail industry

■ Increased mainly for superior bridge scheme projects

# Contract Execution Volume / Financing

## Contract execution volume

(¥bn)

	FY16 1H	FY17 1H	FY18 1H	Change	% Change
Commercial Distribution Finance / Loan etc.	243.9	410.7	<b>446.3</b>	+35.6	+9%
Aircraft	4.8	7.8	<b>6.4</b>	-1.4	-17%
Real Estate	53.6	12.7	<b>60.0</b>	+47.3	—
Vessel	5.1	4.8	<b>9.8</b>	+5.0	+103%
Total	307.4	436.1	<b>522.6</b>	+86.5	+20%

### POINTS

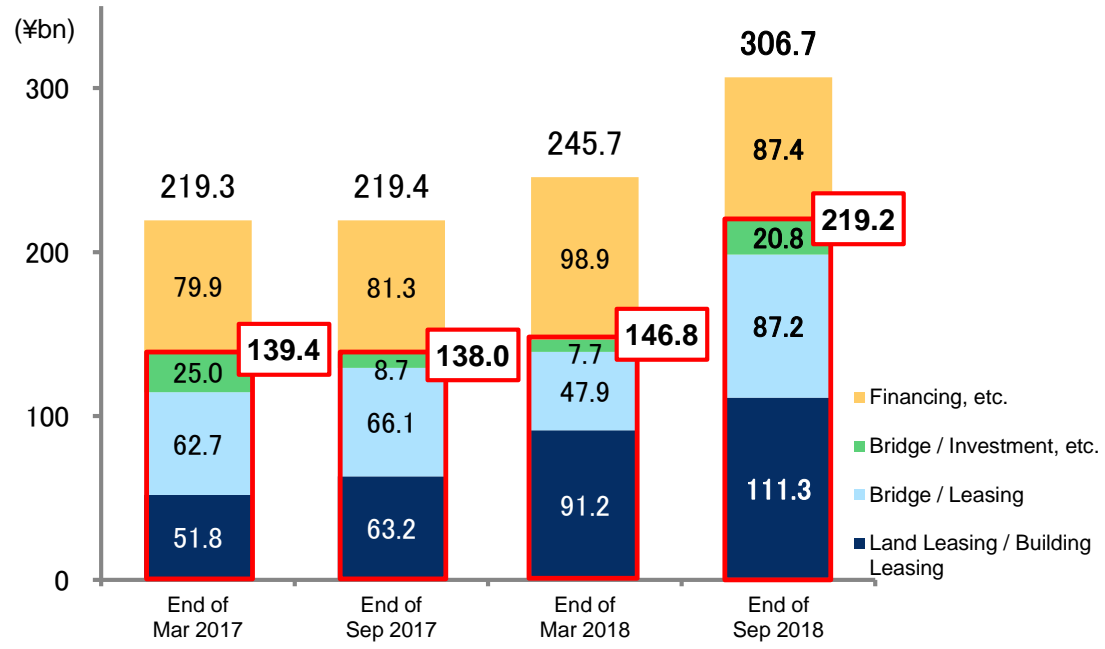
■ Volume for commercial distribution finance increased steadily

■ Captured superior bridge scheme projects



# Balance (Real Estate/Global)

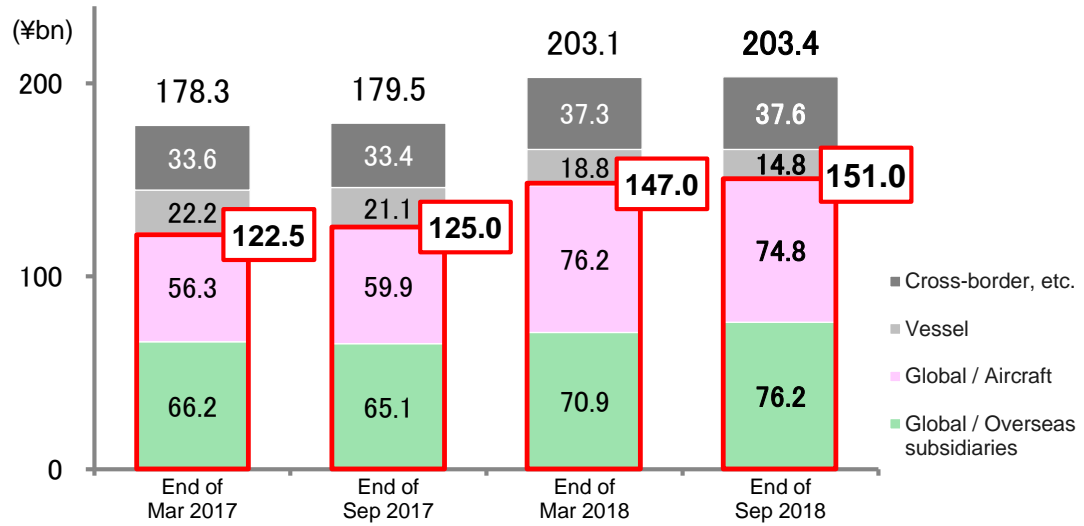
Real estate



## POINTS

■ Property ownership businesses (outlined in red) increased due to execution of superior projects mainly in metropolitan areas

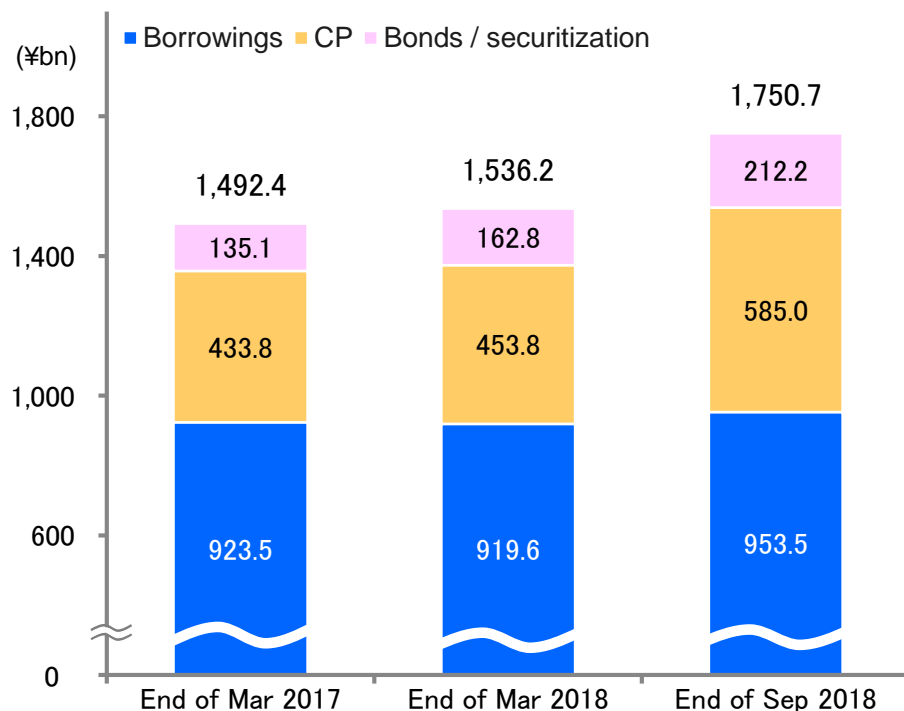
Global



■ Balance of global operations (Aircraft/Overseas subsidiaries) increased slightly from the end of the previous fiscal year

- Interest-bearing debt increased from the end of the previous fiscal year in line with the increase in operating assets.
  - Also actively raised funds from markets (issued three-year and five-year bonds, totaling ¥45.0 billion).
- Funding costs ratio increased due to higher foreign currency borrowings as a result of the y-o-y expansion of the global business.

## Interest-bearing debt



## Funding costs (ratio)

	(¥bn)		
	FY16 1H	FY17 1H	FY18 1H
Funding costs	2.6	3.4	4.1
Funding costs ratio	0.34%	0.42%	0.46%

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

# Earnings Forecasts and Dividends

- Net income attributable to owners of the parent is equivalent to 60% of the FY2018 annual plan.

## 【Dividends】

- In view of business results, paid interim dividend of ¥38, an increase of ¥2 from the initial forecast.
- Plan to raise annual dividend for the 17th straight year in FY2018; a ¥6 increase to ¥76/share.

(¥bn)

	FY2017 (Results) (A)	FY2018 (Forecast) (B)		Change (B)-(A)	% Change (B)/(A)	
		1H results	% progress			
Revenues	399.7	<b>420.0</b>	<b>179.8</b>	<b>43%</b>	+20.3	+5%
Operating income	19.2	<b>20.0</b>	<b>11.1</b>	<b>55%</b>	+0.8	+4%
Ordinary income	20.0	<b>21.4</b>	<b>13.0</b>	<b>61%</b>	+1.4	+7%
Net income attributable to owners of the parent	13.6	<b>14.5</b>	<b>8.6</b>	<b>60%</b>	+0.9	+6%

	FY2017 (Results) (A)	FY2018 (Initial forecast) (B)	Change (B)-(A)
Annual dividend	¥70	¥74	+¥4
Interim dividend	¥32	¥36	+¥4
Year-end dividend	¥38	¥38	±¥0
Dividend payout ratio	21.9%	21.8%	



	FY2018 (after dividend increase) (C)	Change (C)-(A)
Annual dividend	<b>¥76</b>	<b>+¥6</b>
Interim dividend	<b>+2</b> <b>¥38</b>	<b>+¥6</b>
(Plan) Year-end dividend	¥38	±¥0
Dividend payout ratio	<b>22.4%</b>	

## **II. Status of Fifth Mid-term Management Plan**

# Overview of Fifth Mid-term Management Plan (FY 2017-2019)

## 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

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**

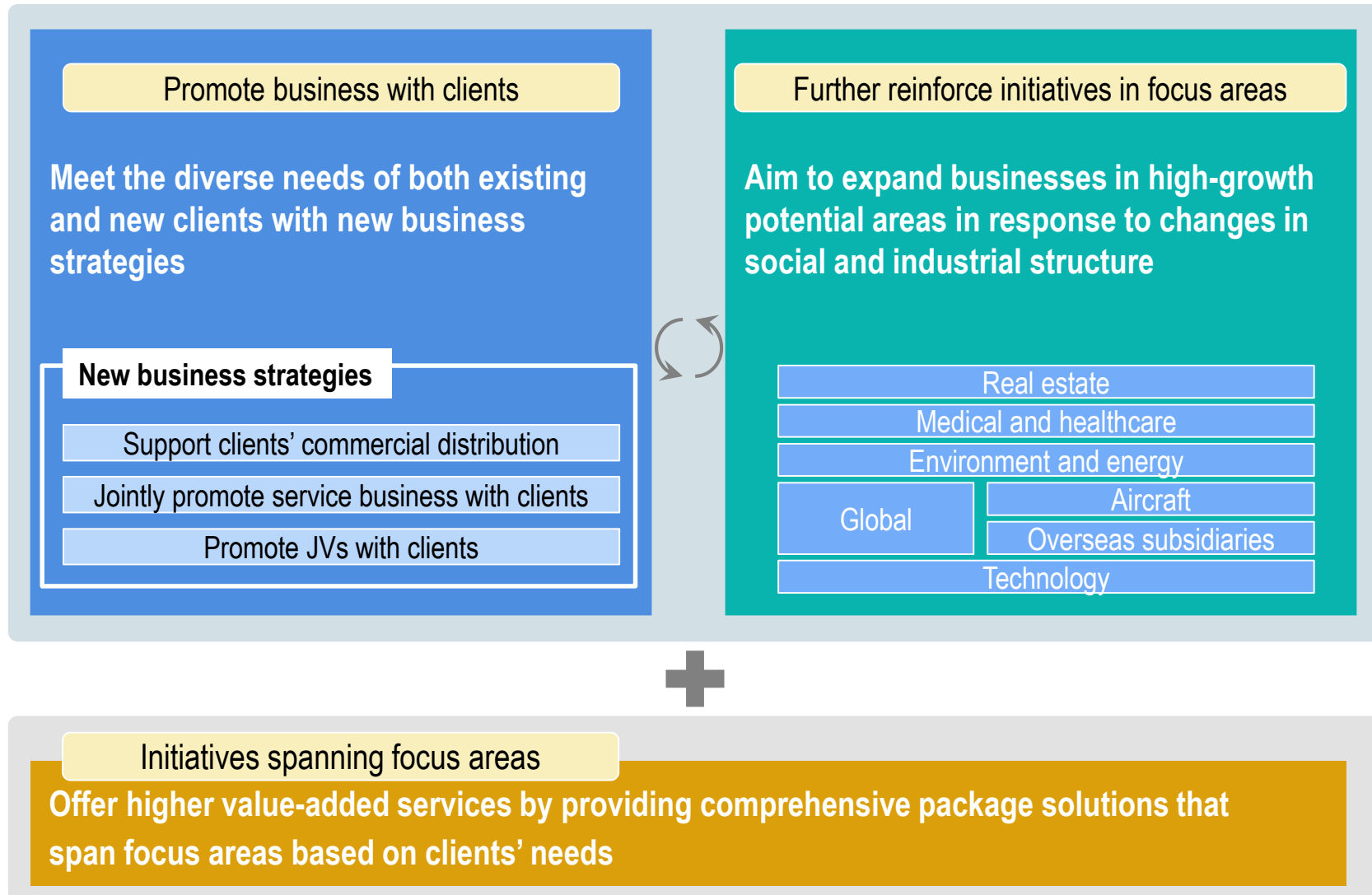
**Resource strategy: Promotion of diversity / improvement of operational productivity**

## 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**

# Approach for Promoting Fifth Mid-term Management Plan Focus Areas

- Meet diverse client needs with new business strategies, and expand businesses in high-growth potential areas
- Accelerate initiatives that span focus areas based on clients' needs over the mid- to long-term



+

Initiatives spanning focus areas

Offer higher value-added services by providing comprehensive package solutions that span focus areas based on clients' needs

## New Business Strategies

- Support clients' commercial distribution: Expand opportunities for revenue by being involved in commercial distribution from upstream to downstream
- Jointly promote service business with clients: Help clients change their business model, and receive Payment for services
- Promote JVs with clients: Share risks with clients as a business partner, and acquire new ROIs

### Direction for new business

### Track-record

Support clients' commercial distribution

Gain revenue from fees and other sources by being involved in commercial distribution of clients across the entire business process, from upstream to downstream, in addition to capital investment

**Met client needs by being involved in commercial distribution, both in procurement and sales**

Jointly promote service business with clients

Enter into joint service contracts with clients and receive payment for services by helping them change their business model (from selling products to selling subscriptions or value-added services)

**Entered into a contract for a service scheme provided jointly with a medical equipment manufacturer.**

Promote JVs with clients

Create investment opportunities by sharing risks with clients as a business partner

**Started considering scheme to promote JVs with clients in the area of energy**

# Real Estate: Strategies and Track-Record

Strategies

- Focus on initiatives in areas with high societal needs such as hotels, childcare, and nursing care
- Drive forward expansion of bridge schemes, investments in overseas investment funds, and joint investments in excellent properties

## Strategies

Reinforce real estate leasing in areas with high societal needs	<ul style="list-style-type: none"> <li>Reinforce initiatives in areas with high societal needs, such as needs for building new hotels resulting from increase in international inbound tourists and new authorized daycare centers to eliminate waiting list for children</li> </ul>
Enhance bridge functions for REITs in Japan	<ul style="list-style-type: none"> <li>Expand opportunities to provide bridge functions in response to increase in needs to bridge gap between selling by original owner and acquisition by REIT that has resulted from diversification of REIT-owned properties</li> </ul>
Seize opportunities to invest in overseas real estate funds	<ul style="list-style-type: none"> <li>Investment in overseas real estate by major Japanese developers and trading companies has increased</li> <li>Acquire relatively profitable assets by investing in overseas real estate funds</li> </ul>
Expand excellent joint investments leveraging ability to discern good properties	<ul style="list-style-type: none"> <li>Carefully select good properties that show potential for high rent and rising in value</li> <li>Make joint investments in response to clients' property management needs</li> </ul>

## Track-record

	Example projects	Operating assets
Real estate leases	Leasing of large hotel building in metropolitan areas	End of Sep. 2018 ¥306.7 billion
Operating leases	Leasing of authorized daycare building	
Bridge scheme	Operating leases for logistics facilities	Target for final fiscal year (End of Mar. 2020) ¥350.0 billion
Investment	Bridge scheme for logistics facilities, hotels, and office buildings	
	Investing in US and Europe real estate through leading partners	

### Leasing of large hotel building

Leased Daiwa Roynet Hotel building in Ariake (Tokyo), which boasts more rooms than any other Daiwa Roynet Hotel.





# Medical and Healthcare: Strategies and Track-Record


## Strategies

- Expand scope to the high-growth potential area of convalescence and nursing care, in addition to diagnosis and treatment
- Aim to expand service business by leasing real estate and collaborating with new partners

## Strategies

Expand equipment leasing opportunities in treatment/diagnosis and convalescence/nursing care	<ul style="list-style-type: none"> <li>· Meet capital investment needs in convalescence/nursing care in addition to financing cutting-edge medical equipment in Japan and medical equipment for leasing to local hospitals in China</li> </ul>
Expand real estate leasing	<ul style="list-style-type: none"> <li>· Lease real estate to meet nursing care providers' needs for new facilities and hospitals' needs to rebuild deteriorating facilities</li> </ul>
Expand collaborations with new partners and joint promotion of service business with clients	<ul style="list-style-type: none"> <li>· Form new partnerships with medical, nursing care, and healthcare equipment manufacturers in Japan</li> <li>· Expand service business of selling medical and nursing care equipment</li> </ul>

## Track-record

Example projects		Contract execution volume
Medical equipment	Leasing of cutting-edge surgical support robots	<b>FY2018 1H</b> <b>¥16.1 billion</b>
Other equipment	Leasing of medical equipment to public hospital in China	
Real estate	Investing in healthcare real estate fund	
Service business	Supporting medical equipment manufacturer expand sales of service business	
Medical & healthcare	Real estate	<b>Final fiscal year (FY2019)</b> <b>Full-year target</b> <b>¥55.0 billion</b>
Invested in healthcare real estate fund for nursing homes and other facilities 		

Spans focus areas

# Environment and Energy: Strategies and Track-Record

## Strategies


- Expand equipment leasing in response to needs of energy conservation project suppliers and consumers
- Meet a diverse range of needs by acquiring contracts via strengthening sales activities targeting local governments, and being involved in commercial distribution of environmental equipment manufacturers
- Acquire operating income by entering renewable energy business

## Strategies

Acquire projects with energy conservation proposals	<ul style="list-style-type: none"> <li>• Offer high value-added products and services through efforts such as applying for subsidies on clients' behalf and collaborating with manufacturers and engineering companies</li> </ul>
Strengthen sales activities targeting local governments	<ul style="list-style-type: none"> <li>• Expand scope of initiatives to local government facility renovation projects and other projects</li> </ul>
Be involved in commercial distribution of renewable energy providers as business partner	<ul style="list-style-type: none"> <li>• Acquire new business opportunities by being involved in commercial distribution of environmental equipment manufacturers and environmental service vendors</li> <li>• Roll out business centered on volume discounts and factoring</li> </ul>
Enter renewable energy business	<ul style="list-style-type: none"> <li>• Start risk-taking business initiatives</li> </ul>

## Track-record

Example projects		Contract execution volume
Utilization of subsidies	Leasing of energy-efficient equipment using subsidies	FY2018 1H ¥20.0 billion
Collaboration with partners	Installation of energy-efficient/low-cost equipment in hospital in collaboration with engineering company <b>Spans focus areas</b>	
Leasing to local governments	Changing security lighting to LED	Final fiscal year (FY2019) Full-year target ¥50.0 billion
Involvement in commercial distribution	Involvement in commercial distribution in sales of energy provider participating in renewable energy project	
Renewable energy business	Investment in solar power projects, and bridge schemes for solar power business	
Environment & Energy	Medical & healthcare	
Collaborated with engineering company to install energy-efficient equipment such as highly efficient air conditioning and lighting in hospitals		



# Global (Aircraft): Strategies and Track-Record

Strategies

- Aim to attain targets for the final year of the mid-term plan by increasing aircraft-backed collateralized loans, setting up more aircraft operating leases, and entering business related to engines, parts, and other aircraft peripherals

## Strategies

<p>Accumulate aircraft-backed collateralized loans</p>	<ul style="list-style-type: none"> <li>• Position loans as revenue base until rising prices in aircraft trade market level off</li> <li>• Increase profitability by further improving ability to set up aircraft-backed collateralized loans</li> </ul>
<p>Drive forward aircraft operating leasing business</p>	<ul style="list-style-type: none"> <li>• With the expansion of the aircraft market, there are needs for a wide range of aircraft ownership formats</li> <li>• Ascertaining needs of airlines will enable IBJL to set up a wide range of operating leases</li> </ul>
<p>Enter business related to engines, parts, and other aircraft peripherals</p>	<ul style="list-style-type: none"> <li>• Airlines' needs have increased for improving efficiency of replacing and maintaining engines and parts</li> <li>• Acquire new source of revenue by entering business related to engines, parts, and other aircraft peripherals</li> </ul>
<p>Pursue fee income</p> <p>Set up and expand sales of JOLCO</p>	<ul style="list-style-type: none"> <li>• Meet increasingly diversified investment needs of IBJL/banks/security brokerage clients in the low-interest environment</li> <li>• Set up/sell JOLCOs under a wider range of conditions</li> </ul>

## Track-record

### Example projects

### Operating assets

#### Aircraft-backed collateralized loans



Acquired good projects by boosting sales activities targeting arrangers

**End of Sep. 2018**  
**¥74.8 billion**

#### Aircraft operating leases



Started in-house management of aircraft in addition to JVs

**Targets for final fiscal year**  
(End of Mar. 2020)  
**¥110.0 billion**

# Global (Overseas Subsidiaries): Strategies and Track-Record

## Strategies

- Further expand client base by responding to changes in social structure in existing markets
- In addition, consider entering new leasing business via M&As and purchasing assets in untapped markets

### Strategies

Existing markets	<p>Meet needs of Japanese clients for capital investment and rolling out businesses overseas</p> <ul style="list-style-type: none"> <li>• Meet leasing needs resulting from increase in size of Japanese clients' businesses</li> <li>• Aim to become clients' overseas strategic partner by building global sales system to approach clients</li> </ul>
	<p>Increase business with non-Japanese clients</p> <ul style="list-style-type: none"> <li>• Increase business with leading local companies involved in commercial distribution of Japanese companies</li> <li>• Expand client base by collaborating with companies IBJL subsidiaries have stake in</li> </ul>
Untapped markets	<p>Non-organic growth from collaborating with and acquiring local companies</p> <ul style="list-style-type: none"> <li>• Enter countries/regions with high potential for leasing needs resulting from changes in social structure</li> <li>• Also consider acquiring/purchasing assets of local companies</li> </ul>

### Track-record

Example projects		Operating assets
Japanese clients	Supporting Japanese clients open locations in China	End of Sep. 2018 ¥76.2 billion
Non-Japanese clients	Leasing to non-Japanese clients by offering vendor finance through local subsidiaries of Japanese companies	
	Leasing of equipment to Thai conglomerate	
	Leasing of heavy equipment for mining to Indonesian conglomerate	
M&A	Leasing of medical equipment to public hospital in China	Targets for final fiscal year (End of Mar. 2020) ¥120.0 billion
	Passed resolution to make Indonesian auto finance company a subsidiary	

#### Expanded business through vendor finance

Increased business with non-Japanese clients by offering vendor finance through the subsidiaries (in Thailand and the Philippines) of our clients in Japan



# For Reference: Market Outlook and Strategies by Focus Area

Focus areas	Market outlook (Changes in social and industrial structures)	Strategies	Target (FY2019)	
Real estate	<p>Real estate needs will increase for childcare and nursing care, areas growing due to rise in dual income families and aged population, and for hotels due to increase in inbound tourism.</p> <p>Real estate needs will increase in major overseas markets.</p>	<ul style="list-style-type: none"> <li>Reinforce real estate leasing in areas with high societal needs</li> <li>Enhance bridge functions for REITs in Japan</li> <li>Seize opportunities to invest in overseas real estate funds</li> <li>Invest jointly, leveraging knowledge and relation with clients</li> </ul>	Balance ¥350 billion	
Medical and healthcare	<p>Needs will increase to improve efficiency of hospital management, treatment, and use of related assets due to pressure to curb medical expenses.</p> <p>Needs of service providers will increase in the areas of convalescence and nursing care due to accelerated increase in aged population.</p>	<ul style="list-style-type: none"> <li>Expand equipment leasing opportunities in treatment/diagnosis and convalescence/nursing care</li> <li>Increase leasing of real estate from prevention to convalescence/nursing care</li> <li>Expand collaborations with new partners and joint promotion of service business with clients</li> </ul>	Contract execution volume ¥55 billion	
Environment and energy	<p>Needs for power generation, energy storage, and energy conservation will increase, as will related capital investments, in order to reduce CO2 to curb global warming.</p> <p>Furthermore, needs will increase to smooth costs and cash flow in line with energy conservation efforts.</p>	<ul style="list-style-type: none"> <li>Acquire energy conservation investment projects</li> <li>Acquire major projects by boosting sales activities targeting local governments</li> <li>Be involved in commercial distribution of renewable energy providers as business partner</li> <li>Enter renewable energy business</li> </ul>	Contract execution volume ¥50 billion	
Global	Aircraft	<p>Driven by worldwide increase in mobility and rise of LCCs, needs to acquire aircraft and for related services such as repair and maintenance are expected to continue increasing over the mid- to long-term.</p>	<ul style="list-style-type: none"> <li>Accumulate aircraft-backed collateralized loans</li> <li>Drive forward aircraft operating leasing business</li> <li>Enter business related to engines, parts, and other aircraft peripherals</li> <li>Set up and expand sales of JOLCO</li> </ul>	Balance ¥110 billion
	Overseas subsidiaries	<p>In the key market of Asia, the financial market will continue to grow and social structures will change due to urbanization, industrialization, etc. In addition to the countries where IBJL already operates (China, Indonesia, Thailand, and the Philippines), there is enormous growth potential in other Asian countries.</p>	<ul style="list-style-type: none"> <li>Meet needs of Japanese clients for capital investment and rolling out businesses overseas</li> <li>Increase business with non-Japanese clients</li> <li>Achieve non-organic growth from collaborating with and acquiring local companies in untapped markets</li> </ul>	Balance ¥120 billion
Technology	<p>Needs for the following will rapidly increase across industries: improving sophistication of management of objects, increasing value of services by utilizing data, and developing strong infrastructure to store and analyze vast amounts of data.</p>	<ul style="list-style-type: none"> <li>Provide consulting on improving operational efficiency of companies using data</li> <li>Provide data platform service that spans industries and value chain</li> </ul>	-	

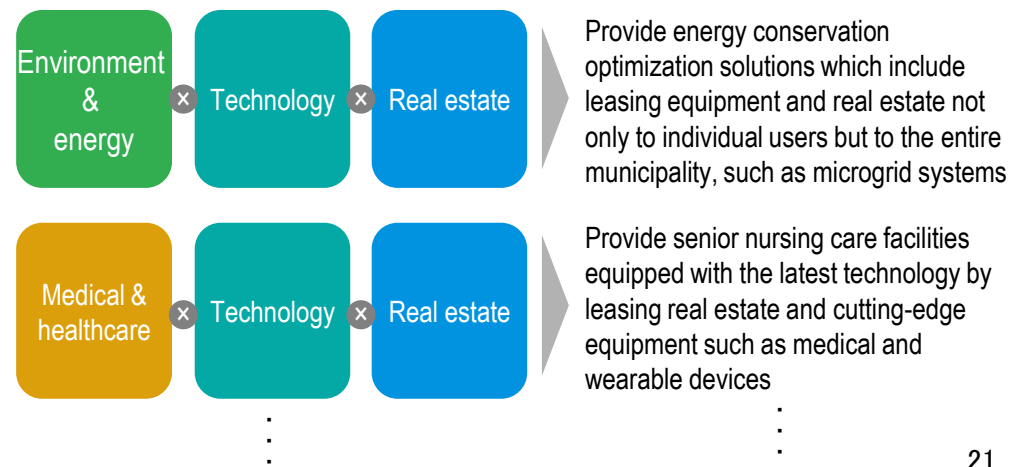
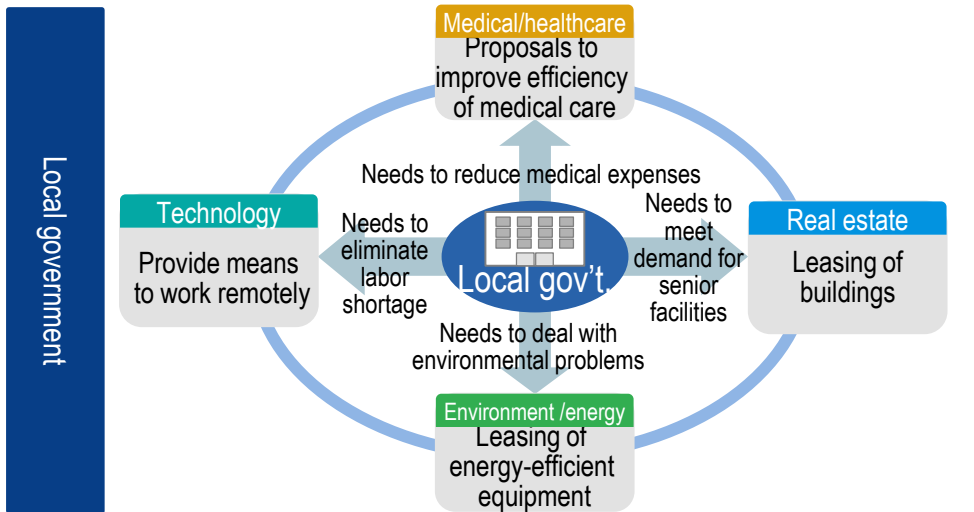
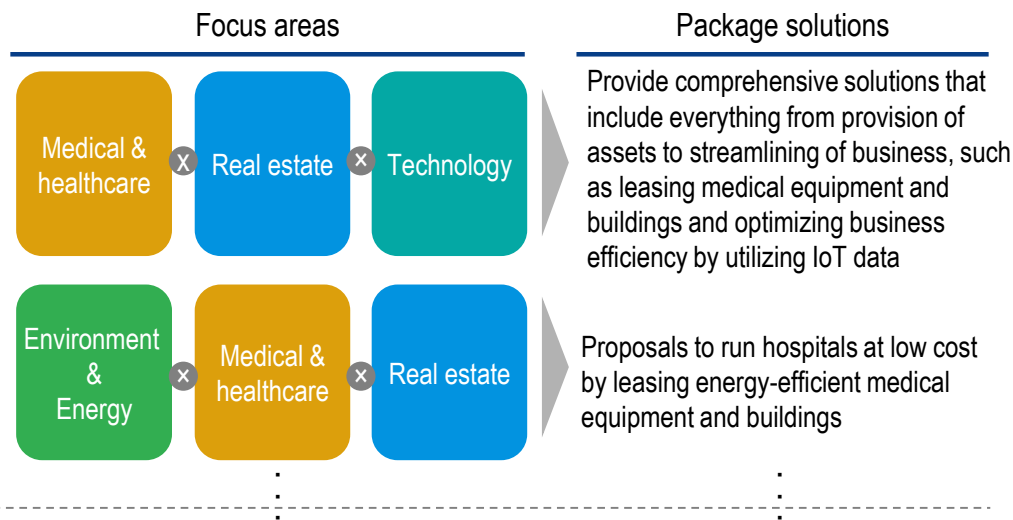
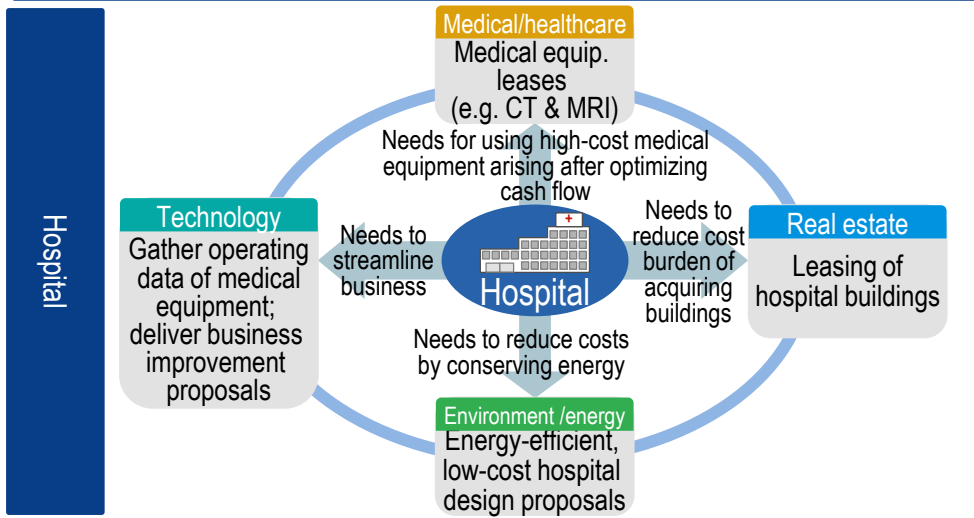


# For Reference: Client-oriented Initiatives Spanning Focus Areas

- Provide comprehensive package solutions that span focus areas and are tailored to a wide range of client needs

Provide solutions to meet a wide range of client needs

Comprehensive package solutions spanning focus areas



# III. Appendix

<b>Company Name</b>	<b>IBJ Leasing Company, Limited</b>
<b>Address</b>	<b>1-2-6 Toranomom, Minato-ku, Tokyo 105-0001</b>
<b>Representative</b>	<b>Hiroshi Motoyama, President and CEO</b>
<b>Establishment</b>	<b>December 1, 1969</b>
<b>Listing</b>	<b>Tokyo Stock Exchange, 1st Section (Code: 8425)</b>
<b>Capital Stock</b>	<b>17,874 million yen (Outstanding shares: 42,649,000)</b>
<b>Employees</b>	<b>1,140 (consolidated, as of September 30, 2018)</b>
<b>Business Sites</b>	<b>14 in Japan (Tokyo, Osaka, Nagoya, others) 6 overseas (5 in Asia, 1 in Europe)</b>

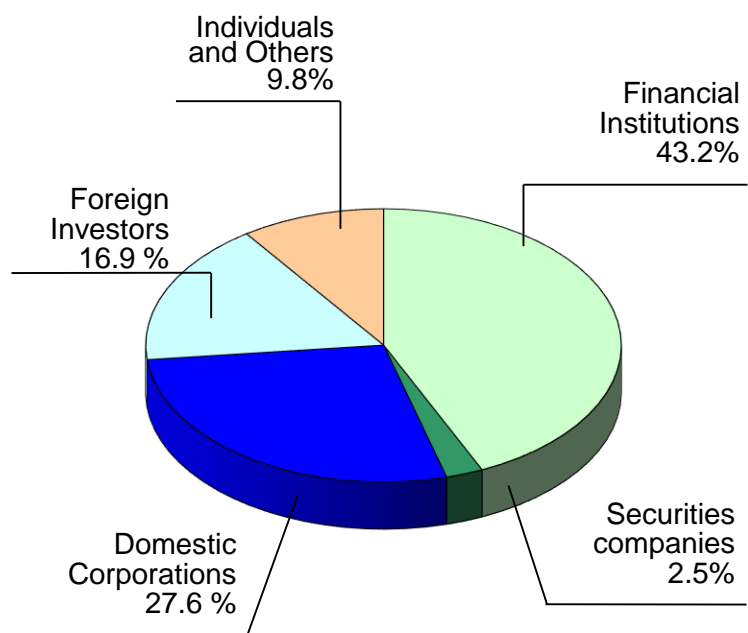
## **Key Group Companies:**

**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, 2018)

- Number of shares issued 42,649,000
- Number of shareholders 30,850
- Distribution of shareholders (shareholding ratio)



## ○ Major Shareholders

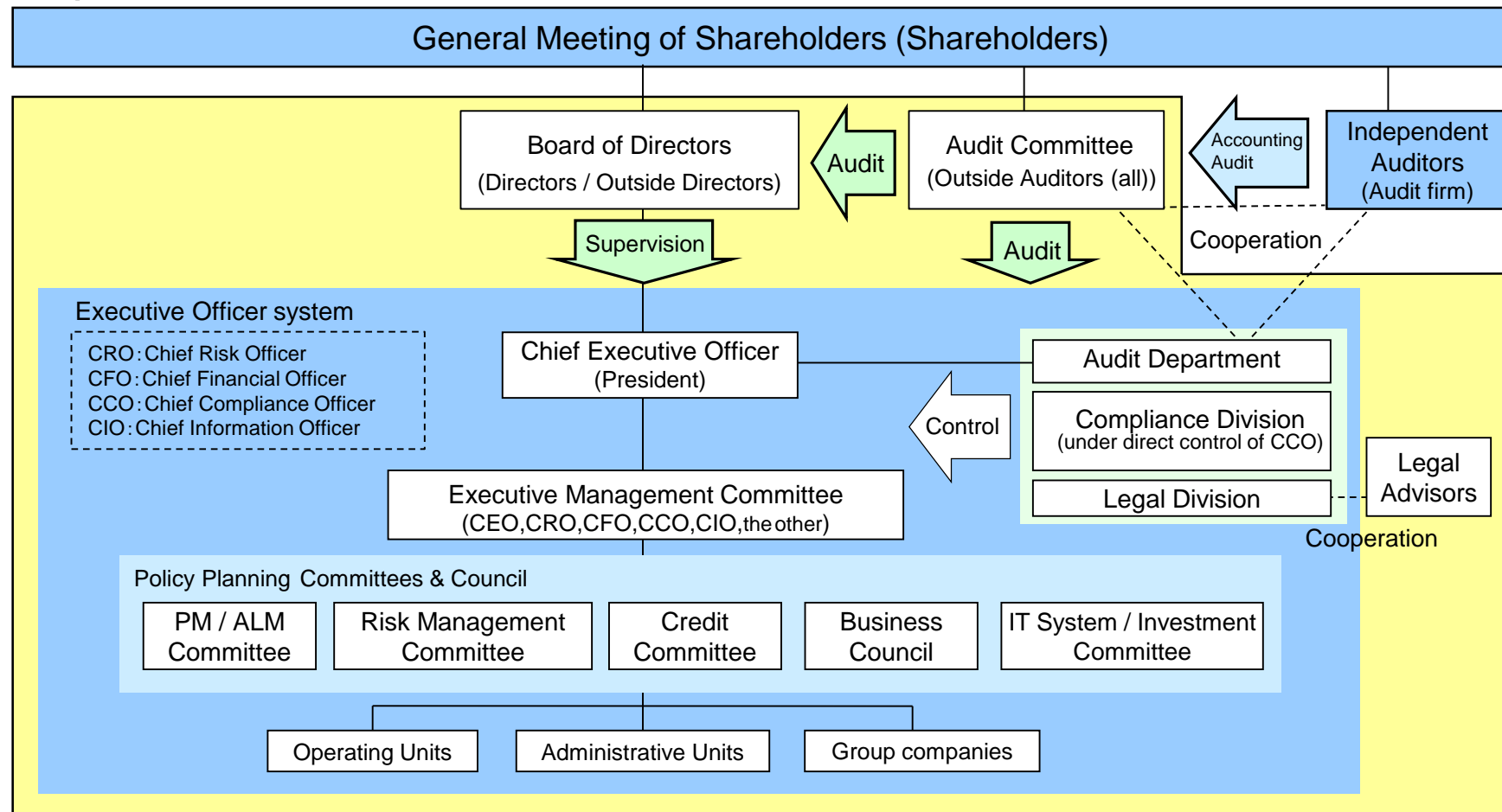
Shareholders	Shares Held (1,000 shares)	Holding Ratio (%)
The Dai-ichi Life Insurance Company, Limited	2,930	6.87
NISSAN MOTOR CO., LTD. Retirement Benefit Trust Account Mizuho Trust & Banking Co., Ltd.	1,750	4.10
Mizuho Bank, Ltd.	1,626	3.81
UNIZO Holdings Company, Limited.	1,546	3.62
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,515	3.55
Japan Trustee Services Bank, Ltd. (Trust Account)	1,510	3.54
Meiji Yasuda Life Insurance Company	1,251	2.93
DOWA HOLDINGS CO., LTD.	1,120	2.62
SSBTC CLIENT OMNIBUS ACCOUNT	1,065	2.49
NIPPON STEEL KOWA REAL ESTATE CO., LTD.	975	2.28

Note) Shareholding ratio is the ratio of the number of shares held to the number of shares issued.

# IBJL Group Internal Control System

- ❑ IBJL Group has established and continues to effectively and appropriately operate a 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】



# Consolidated Balance Sheet (Assets)

(¥bn)

	End of Mar 2015	End of Mar 2016	End of Mar 2017	End of Mar 2018 (A)	End of Sep 2018 (B)	Change (B)-(A)	% Change (B)/(A)
Current assets	1,433.1	1,552.9	1,564.7	1,602.4	<b>1,763.6</b>	+161.2	+10.1%
Cash and deposits	38.7	49.4	42.3	30.3	<b>32.7</b>	+2.4	+7.8%
Investment in lease	812.0	842.0	809.3	823.4	<b>879.8</b>	+56.4	+6.8%
Installment sales receivable	154.4	147.8	138.1	138.9	<b>133.4</b>	-5.5	-3.9%
Operational loans	361.1	377.9	348.1	360.1	<b>459.4</b>	+99.3	+27.6%
Operational investment securities	38.6	97.3	172.5	196.9	<b>213.2</b>	+16.3	+8.3%
Marketable securities	-	0.1	0.0	0.5	<b>—</b>	-0.5	-
Allowance for doubtful receivables	-1.0	-0.9	-3.1	-2.3	<b>-1.3</b>	+1.0	-
Property & equipment	118.6	165.8	187.6	218.8	<b>262.3</b>	+43.5	+19.9%
Leased assets	66.7	116.4	141.0	160.2	<b>202.8</b>	+42.6	+26.6%
Investment securities	28.6	26.3	28.2	30.0	<b>28.6</b>	-1.4	-4.7%
Doubtful operating receivables	8.9	10.4	3.3	2.4	<b>1.7</b>	-0.7	-30.4%
Allowance for doubtful receivables	-2.1	-3.4	-0.3	-0.2	<b>-0.1</b>	+0.1	-
Total assets	1,551.7	1,718.7	1,752.3	1,821.3	<b>2,025.9</b>	+204.6	+11.2%
Operating assets	1,432.3	1,581.0	1,608.7	1,683.0	<b>1,894.8</b>	+211.8	+12.6%

The Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) have been adopted since fiscal 2018 and retrospectively applied to figures for the end of March 2015 through the end of March 2018.

# Consolidated Balance Sheet (Liabilities and Equity)

(¥bn)

	End of Mar 2015	End of Mar 2016	End of Mar 2017	End of Mar 2018 (A)	End of Sep 2018 (B)	Change (B)-(A)	% Change (B)/(A)
Current liabilities	1,044.3	1,119.2	1,045.8	1,082.1	<b>1,221.4</b>	+139.3	+12.9%
Short-term borrowings	336.5	364.4	312.7	270.7	<b>274.6</b>	+3.9	+1.4%
Current portion of corporate bond	10.0	20.0	-	20.0	<b>20.0</b>	—	-
Current portion of long-term debt	131.1	132.4	155.5	182.1	<b>186.2</b>	+4.1	+2.3%
Commercial paper	422.2	456.3	433.8	453.8	<b>585.0</b>	+131.2	+28.9%
Lease payable	8.8	8.9	7.3	7.3	<b>6.6</b>	-0.7	-9.1%
Long-term liabilities	384.1	466.7	564.8	584.5	<b>643.9</b>	+59.4	+10.2%
Long-term debt	322.7	397.6	455.3	466.8	<b>492.7</b>	+25.9	+5.6%
Corporate bond	40.0	40.0	58.0	38.0	<b>73.0</b>	+35.0	+92.1%
Total liabilities	1,428.4	1,585.9	1,610.5	1,666.6	<b>1,865.3</b>	+198.7	+11.9%
Net assets	123.3	132.8	141.8	154.6	<b>160.6</b>	+6.0	+3.9%
Shareholder's equity	109.3	118.5	128.3	139.1	<b>146.1</b>	+7.0	+5.0%
Accumulated other comprehensive income	8.6	8.6	8.3	9.9	<b>8.6</b>	-1.3	-12.5%
Non-controlling interests	5.4	5.8	5.2	5.7	<b>5.9</b>	+0.2	+3.2%
Total liabilities and net assets	1,551.7	1,718.7	1,752.3	1,821.3	<b>2,025.9</b>	+204.6	+11.2%

Total interest-bearing debt	1,310.0	1,465.6	1,492.4	1,536.2	<b>1,750.7</b>	+214.5	+14.0%
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Equity ratio	7.6%	7.4%	7.8%	8.2%	<b>7.6%</b>	-0.6pt	
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The Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) have been adopted since fiscal 2018 and retrospectively applied to figures for the end of March 2015 through the end of March 2018.

# Consolidated Statement of Income

(¥bn)

	FY14 1H	FY15 1H	FY16 1H	FY17 1H (A)	FY18 1H (B)	Change (B)-(A)	% Change (B)/(A)
Revenues	168.9	166.2	181.4	178.4	<b>179.8</b>	+1.4	+0.8%
Gross profit before write-offs and funding costs	21.0	21.4	21.8	22.2	<b>25.0</b>	+2.8	+12.5%
Funding costs	3.1	3.2	2.6	3.4	<b>4.1</b>	+0.7	+19.7%
Gross profit	17.9	18.2	19.2	18.8	<b>20.9</b>	+2.1	+11.2%
SGA expenses	8.9	9.9	8.6	9.3	<b>9.8</b>	+0.5	+5.5%
Personnel and facilities costs	9.4	9.7	9.7	9.7	<b>10.2</b>	+0.5	+5.1%
Credit costs	-0.6	0.1	-1.2	-0.4	<b>-0.4</b>	+0.0	-
Operating income	9.0	8.3	10.6	9.5	<b>11.1</b>	+1.6	+16.7%
Other income	0.7	0.7	0.8	0.7	<b>2.4</b>	+1.7	+249.4%
Other expenses	0.2	0.2	0.3	0.2	<b>0.4</b>	+0.2	+183.8%
Ordinary income	9.4	8.8	11.1	10.0	<b>13.0</b>	+3.0	+29.9%
Extraordinary income	—	0.4	0.2	—	<b>—</b>	—	-
Extraordinary loss	0.1	0.0	0.2	0.0	<b>0.0</b>	+0.0	-
Income before income taxes	9.4	9.2	11.2	10.0	<b>12.9</b>	+2.9	+29.5%
Total income taxes	3.3	3.0	3.5	3.1	<b>4.0</b>	+0.9	+31.2%
Net income attributable to owners of the parent	5.8	5.9	7.5	6.7	<b>8.6</b>	+1.9	+28.6%

# Consolidated Statement of Comprehensive Income

(¥bn)

	FY14 1H	FY15 1H	FY16 1H	FY17 1H (A)	FY18 1H (B)	Change (B)-(A)	% Change (B)/(A)
Net income *	6.0	6.2	7.7	6.9	<b>8.9</b>	+2.0	+28.8%
Unrealized gain on available-for-sale securities	0.6	1.8	-1.4	1.6	<b>-0.5</b>	-2.1	-
Deferred loss on derivatives under hedge accounting	-0.2	-0.1	0.0	- 0.1	<b>0.0</b>	+0.1	-
Foreign currency translation adjustments	-0.3	0.1	-1.4	- 0.3	<b>-0.6</b>	-0.3	-
Remeasurements of defined benefit plans, net of tax	-0.0	-0.0	0.0	0.0	<b>0.0</b>	-0.0	-90.2%
Share of other comprehensive income of associated companies	-0.0	0.1	-0.3	0.0	<b>-0.1</b>	-0.1	-
Total other comprehensive income	0.2	1.8	-3.0	1.2	<b>-1.3</b>	-2.5	-
Total comprehensive income	6.2	7.9	4.6	8.1	<b>7.7</b>	-0.4	-5.5%

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



# Gross Profit Before Write-offs and Funding Costs by Segment

(¥bn)

	FY14 1H	FY15 1H	FY16 1H	FY17 1H (A)	FY18 1H (B)	Change (B)-(A)	% Change (B)/(A)
Revenues	168.9	166.2	181.4	178.4	<b>179.8</b>	+1.4	+0.8%
Leasing and installment sales	164.1	161.1	175.7	171.9	<b>171.1</b>	-0.8	-0.4%
Finance	4.4	4.8	5.3	6.3	<b>7.9</b>	+1.6	+24.6%
Other	0.9	0.8	0.7	0.6	<b>1.2</b>	+0.6	+93.2%
Elimination/corporate	-0.5	-0.5	-0.4	-0.4	<b>-0.5</b>	-0.1	-
Cost of revenues	147.9	144.8	159.6	156.2	<b>154.8</b>	-1.4	-0.9%
Leasing and installment sales	147.4	144.4	159.3	155.9	<b>154.2</b>	-1.7	-1.1%
Finance	0.3	0.2	0.1	0.1	<b>0.1</b>	+0.0	+24.2%
Other	0.5	0.5	0.4	0.3	<b>0.6</b>	+0.3	+92.3%
Elimination/corporate	-0.3	-0.2	-0.1	-0.2	<b>-0.1</b>	+0.1	-
Gross profit before write-offs and funding costs	21.0	21.4	21.8	22.2	<b>25.0</b>	+2.8	+12.5%
Leasing and installment sales	16.8	16.7	16.4	15.9	<b>17.0</b>	+1.1	+6.5%
Finance	4.1	4.6	5.2	6.2	<b>7.7</b>	+1.5	+24.6%
Other	0.3	0.4	0.4	0.3	<b>0.6</b>	+0.3	+94.1%
Elimination/corporate	-0.2	-0.3	-0.2	-0.3	<b>-0.3</b>	-0.0	-