

# Overview

# First-Half Results for FY2016

November 8 , 2016



**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.

# Consolidated P/L

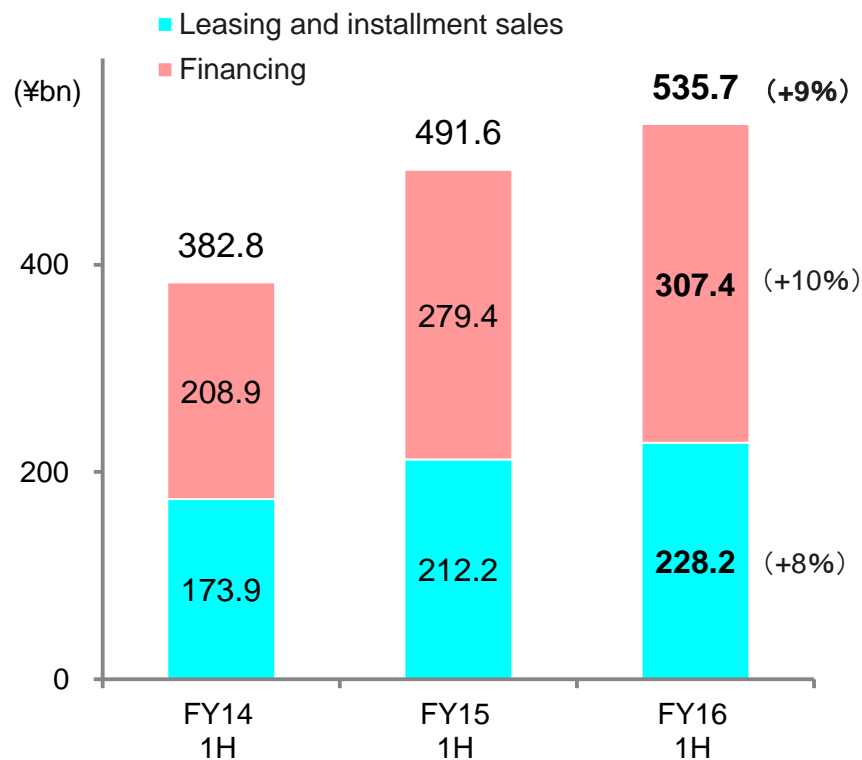
- Gross profit before write-offs and funding costs continued to increase by reversing decrease due to the sale of a group company\*
- Funding costs declined given the favorable funding environment
- Net income attributable to owners of the parent reached a record high for half result
  - Supported by credit cost reversals and sharp gains in all profit items from operating income downward

\*In April 2016, we transferred the entire shares in Toshiba Medical Finance Co., Ltd., a consolidated subsidiary.

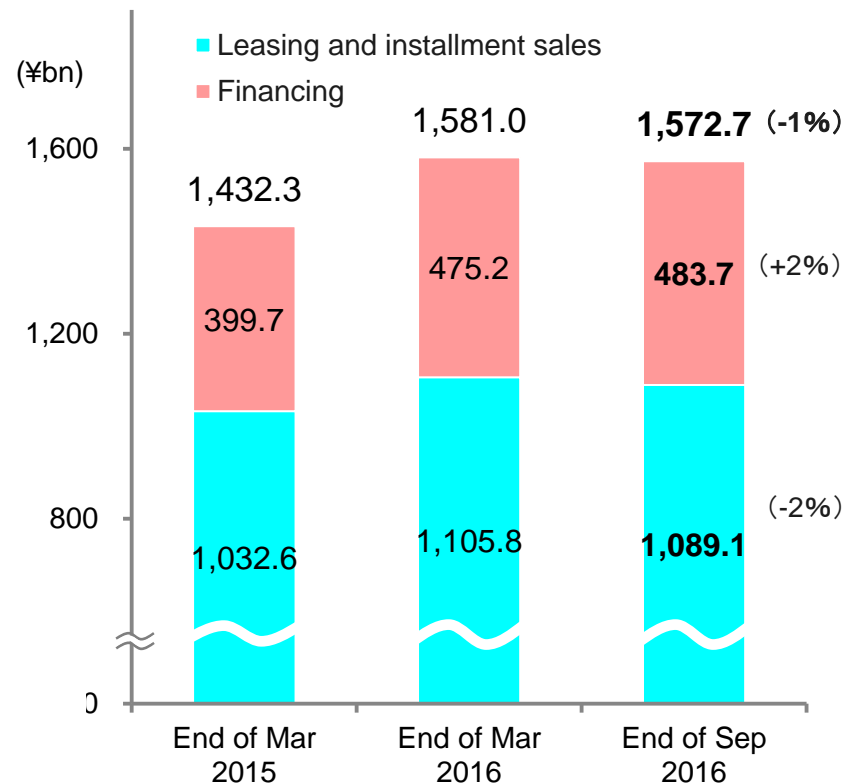
Consolidated P/L (¥bn)	FY14 1H	FY15 1H(A)	FY16 1H(B)	Change (B)-(A)	%Change (B)/(A)	FY16 Forecast <%progress>
Revenues	168.9	166.2	<b>181.4</b>	+15.2	+9%	<52%> 350.0
Gross profit before write-offs, funding costs	21.0	21.4	<b>21.8</b>	+0.4	+2%	—
(Funding costs)	(3.1)	(3.2)	(2.6)	(-0.6)	(-19%)	—
Gross profit	17.9	18.2	<b>19.2</b>	+1.0	+5%	—
Operating income	9.0	8.3	<b>10.6</b>	+2.3	+27%	<59%> 18.0
Ordinary income	9.4	8.8	<b>11.1</b>	+2.3	+27%	<59%> 18.7
(Credit costs)	(-0.6)	(0.1)	(-1.2)	(-1.3)	(-)	—
(Ordinary income before write-offs)	(8.8)	(8.9)	(10.0)	(+1.1)	(+12%)	—
Net Income Attributable to Owners of the Parent	5.8	5.9	<b>7.5</b>	+1.6	+27%	<63%> 12.0

- Contract execution volume increased for both leasing and installment sales and financing, growing 9% compared with the same period a year earlier
- Operating assets maintained the level similar to the end of the previous fiscal year, as the increase in contract execution volume offset the decline in leasing and installment assets resulting from a sale of a group company

## Contract execution volume



## Operating assets



# Leasing and Installment Sales

- Contract execution volume continued to rise, increasing 8% y-o-y
  - Transport: the first project handled by an aircraft operating lease specialized subsidiary contributed
  - Real estate lease: bridge financing targeting REITs, etc. increased

## Contract Execution Volume by Equipment Type

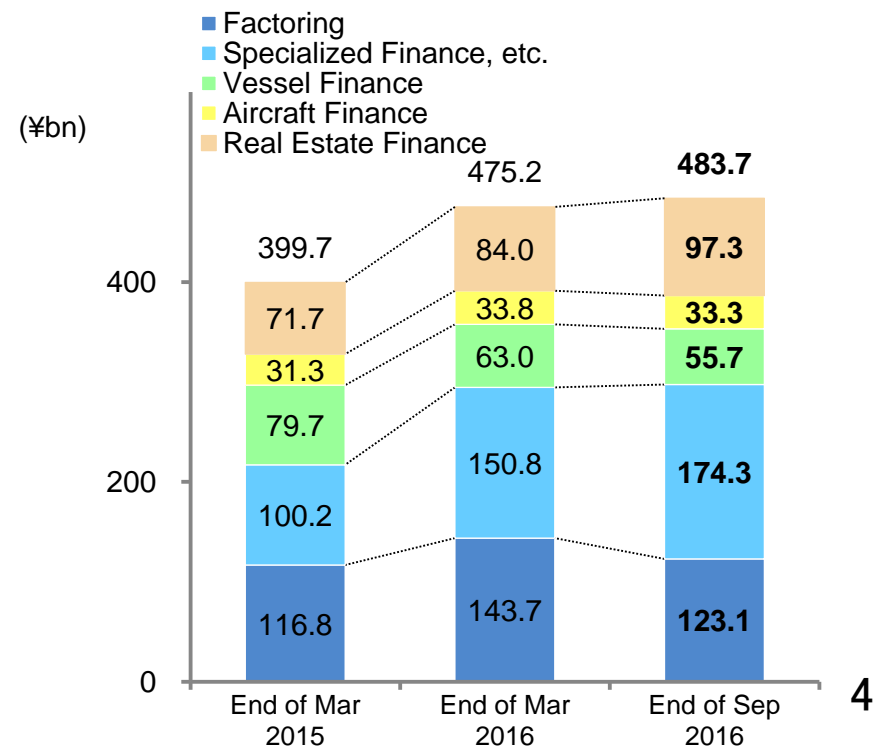
(¥bn)	FY14 1H	FY15 1H	FY16 1H	Change (%)
Industrial and factory	33.5	51.5	<b>53.1</b>	+1.6 (+3%)
Information and communications	27.3	35.8	<b>35.9</b>	+0.1 (+0%)
Transport	20.5	22.4	<b>25.4</b>	+3.0 (+14%)
Construction	25.9	17.2	<b>14.3</b>	-2.9 (-17%)
Medical	11.4	14.8	<b>6.5</b>	-8.3 (-56%)
Commerce and services	17.4	18.4	<b>15.0</b>	-3.4 (-19%)
Office equipment	5.0	5.4	<b>5.1</b>	-0.3 (-5%)
Other	32.8	46.7	<b>72.9</b>	+26.2 (+56%)
Real estate lease	20.5	34.8	<b>60.8</b>	+26.0 (+75%)
Total	173.9	212.2	<b>228.2</b>	+16.0 (+8%)

- Both contract execution volume and operating assets grew as we focused on capturing diverse customer needs
  - Real Estate Finance: REIT-related finance increased
  - Specialized Finance, etc.: we continued to focus on finance associated with capital policies of businesses
  - Aircraft Finance: we executed projects by considering risk-returns amid intensifying competition

## Contract execution volume

(¥bn)	FY14 1H	FY15 1H	FY16 1H	Change (%)
Factoring	171.5	198.2	<b>204.7</b>	+6.5 (+3%)
Specialized Finance, etc.	20.2	48.6	<b>39.2</b>	-9.4 (-19%)
Vessel Finance	4.4	6.5	<b>5.1</b>	-1.4 (-22%)
Aircraft Finance	7.0	12.1	<b>4.8</b>	-7.3 (-60%)
Real Estate Finance	5.8	14.0	<b>53.6</b>	+39.6 (+283%)
Total	208.9	279.4	<b>307.4</b>	+28.0 (+10%)

## Operating assets



# ● Developments in Focus Areas (1)

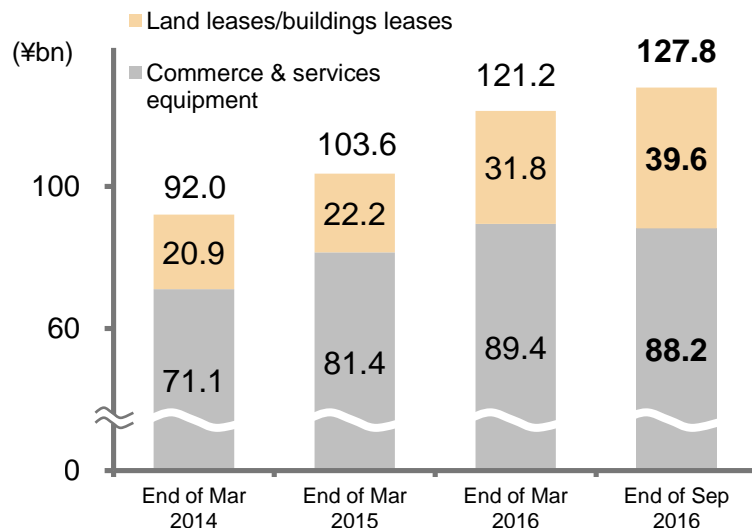
## [Building business with domestic demand-related industries]

- Promote comprehensive proposal-based marketing that meets diverse customer needs and capture capital investment projects for distribution and retail businesses
- Land and building leasing increased through collaboration with developers of large retail projects

## [Real estate-related business]

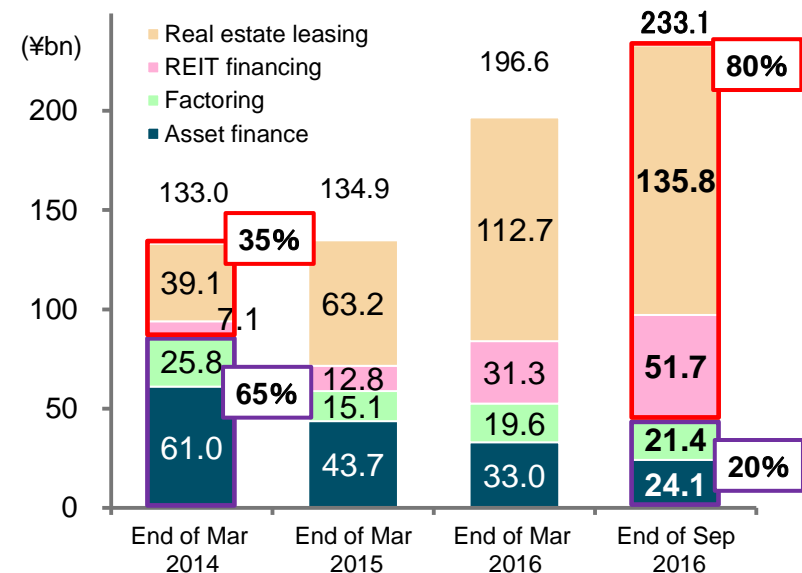
- Restructure asset portfolio to capture more diverse needs and have a more profitable asset composition
  - REIT-related transactions increased in addition to commercial outlet projects

### Distribution/retail industry related operating assets



\*Operating assets above refers to leasing & installment sales to commerce & services industry plus real estate leases to distribution/foods/retail industries

### Real estate-related business transaction volume



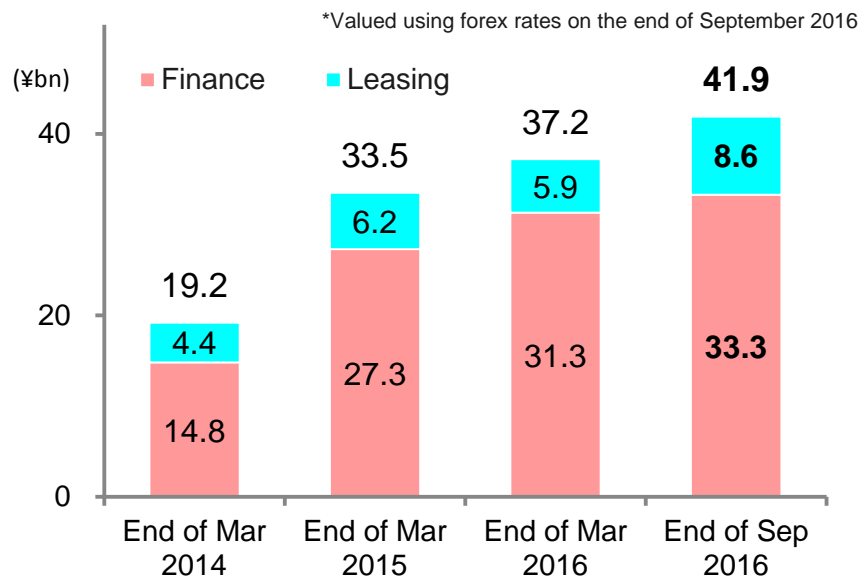
# ● Developments in Focus Areas (2)

- Operating assets of the aircraft-related business continued to grow through expansion of the existing aircraft-backed collateral loans (finance) and the newly started business based on aircraft ownership (leasing)
- IBJ Air Leasing Limited<sup>\*1</sup> implemented operating lease of two aircraft in the first half (one each in June and September).<sup>\*2</sup> The business is steadily expanding with leasing of a third aircraft in October

\*1 Aircraft operating lease specialized subsidiary established together with Airastle Limited of the U.S. in February 2016

\*2 The leasing implemented in September to be reflected on consolidated earnings in the third quarter, as there is a three month difference between the local settlement term and that of the consolidated earnings.

## Aircraft-related operating assets



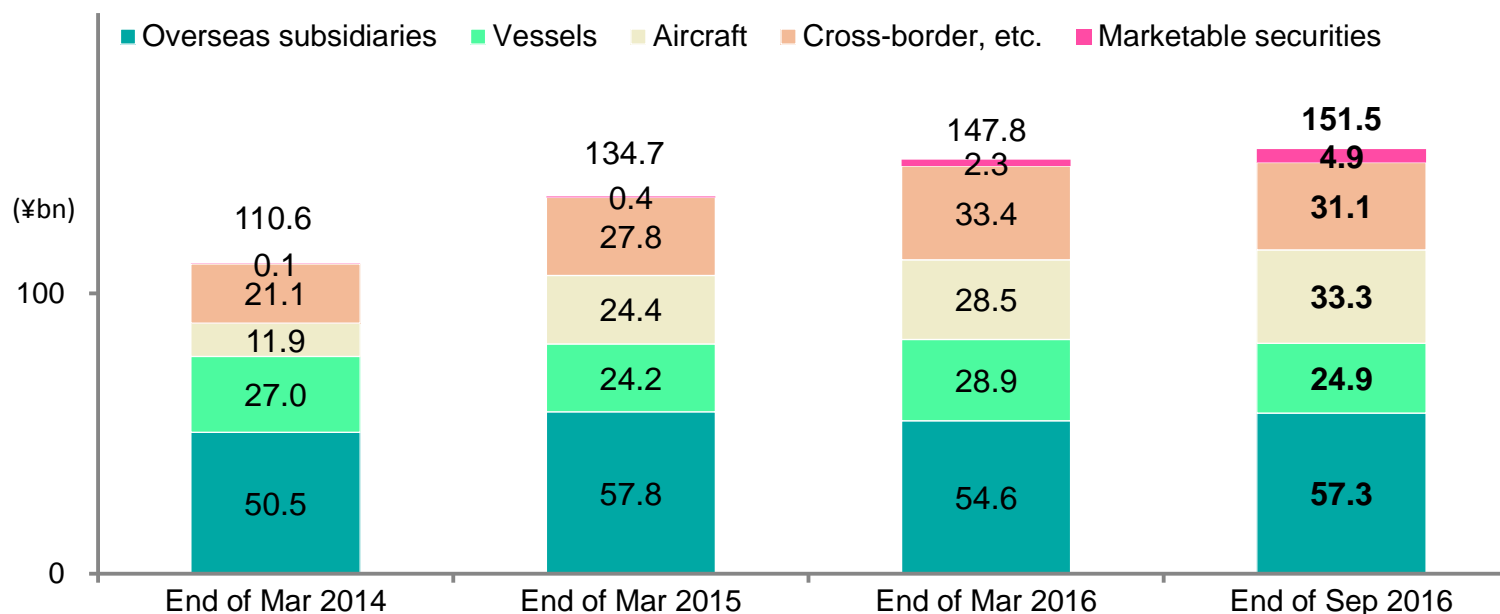
## IBJ Air Leasing Limited



- Operating assets increased y-o-y thanks to the growth in the aircraft business and the full-fledged entry into automobile leasing by the subsidiary in Thailand
- Overseas situation continue to be uncertain but we plan to strengthen the overseas business in the medium-term
  - We will enhance our approach to non-Japanese companies while maintaining a firm grip on risk-return

## Overseas-related operating assets

\*Valued using forex rates on the end of September 2016

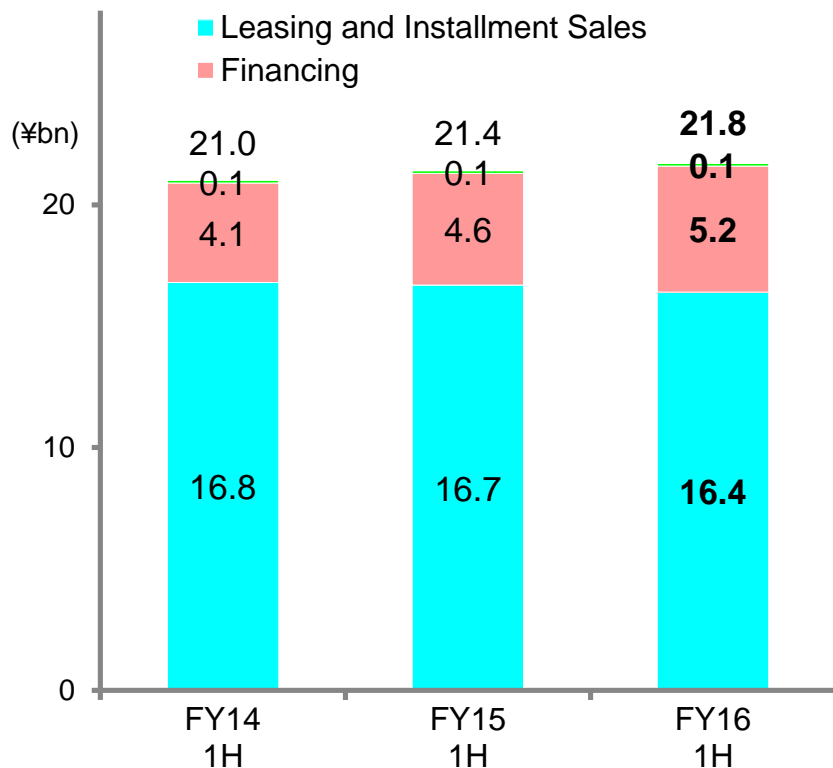




# Profitability

- Gross profit before write-offs and funding costs increased y-o-y reflecting accumulation of profitable deals
  - Gross profit before write-offs and funding costs of Financing increased from accumulation of highly profitable deals
  - Gross profit before write-offs and funding costs of Leasing and Installment Sales increased in real terms when taking into consideration the impact of the sale of a group company

## Gross profit before write-offs, funding costs



## Yield

	FY15 1H	FY16 1H	Change
Gross profit margin before write-offs and funding costs	2.92%	2.80%	-0.12pt
CoF Ratio	0.44%	0.34%	-0.10pt
Gross Profit Margin	2.48%	2.47%	-0.01pt

Operating assets (average balance, ¥bn)	1,465.1	1,553.7	+88.6
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Notes) Each rate is annualized.

The operating assets for the first half of FY16 (averaged balance) excludes the assets for Toshiba Medical Finance.

Gross profit margin before write-offs and funding costs

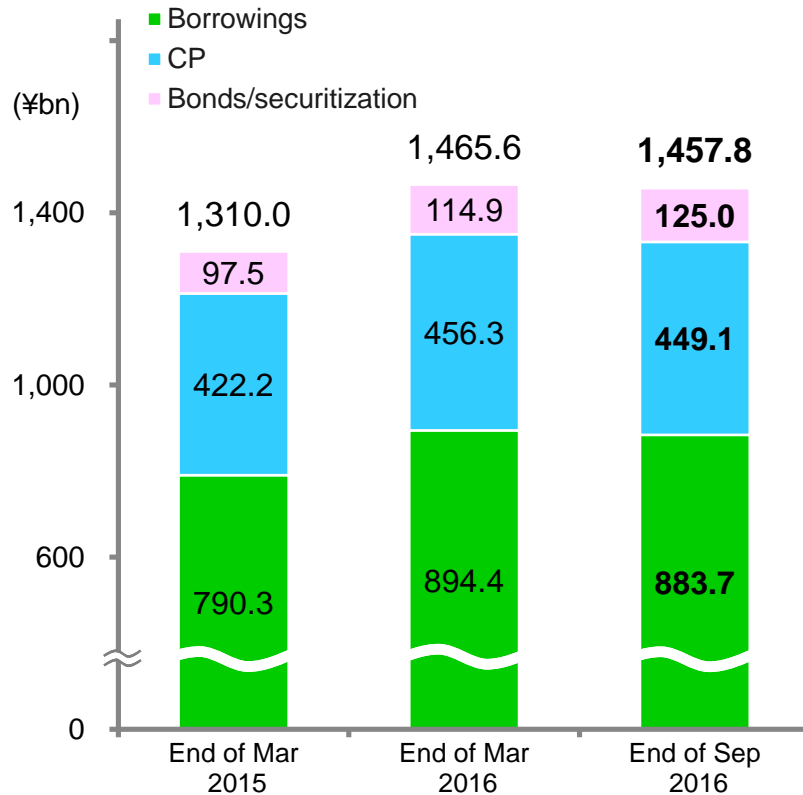
=Gross profit before write-offs and funding costs / Average balance of operating assets

CoF ratio = Cost of funding / Average balance of operating assets

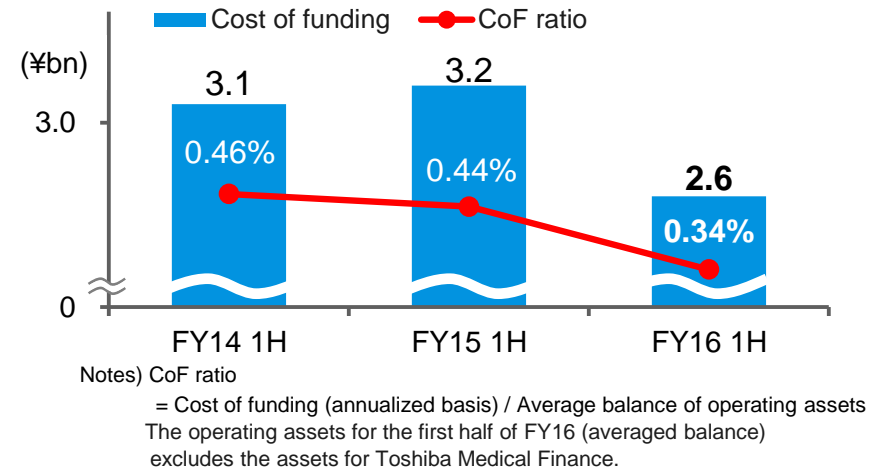
Gross profit margin = Gross profit / Average balance of operating assets

- Interest-bearing debt was roughly unchanged y-o-y
- Cost of funding and CoF ratio declined under the favorable funding environment

## Interest-bearing debt



## Funding costs (%)



## Net assets / Equity ratio

(¥bn)	End of Mar 2015	End of Mar 2016	End of Sep 2016
Net assets	123.3	132.8	<b>134.6</b>
Equity ratio	7.6%	7.4%	<b>7.7%</b>

# Earnings Forecasts and Dividends

- Net income attributable to owners of the parent is equivalent to 63% of the Company's annual plan
  - Aiming to achieve plan by continuing to steadily accumulate assets, while focusing on initiatives in highly profitable fields
- Plan to raise annual dividend for the 15th straight year in FY2016: a ¥2 increase to ¥62/share

(¥bn)	FY2015 (Results) (A)	FY2016 (Forecast) (B)		Change (B)-(A)	%Change (B)/(A)	
		1H	Progress rate			
Revenues	364.2	350.0	<b>181.4</b>	<b>52%</b>	-14.2	-4%
Operating income	17.6	18.0	<b>10.6</b>	<b>59%</b>	+0.4	+2%
Ordinary income	18.6	18.7	<b>11.1</b>	<b>59%</b>	+0.1	+1%
Net income attributable to owners of the parent	11.6	12.0	<b>7.5</b>	<b>63%</b>	+0.4	+3%

Annual dividend	¥60	¥62	+¥2
Interim dividend	¥30	¥30	±¥0
Year-end dividend	¥30	(Plan) ¥32	+¥2

Dividend payout ratio	22.0%	22.0%
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