

# Overview

## Third-Quarter Results for FY2014

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**February 5, 2015**



**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. Actual business results may differ materially from those expressed or implied by such forward-looking statements due to various factors.

# Consolidated P/L

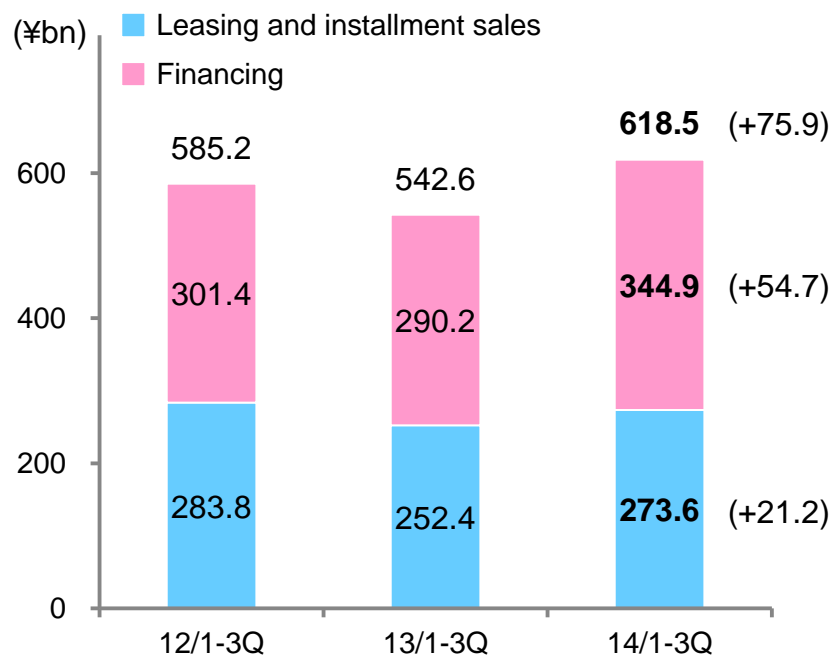
- 3Q results exceeded 75% of full-year forecasts, putting us on track to achieve our targets
- The steady increase in operating assets lifted the top line, and lessened the impact of the decline in interest rates
- There was once again a credit cost reversal, as credit costs were kept low

Consolidated P/L (¥bn)	FY12 1-3Q	FY13 1-3Q (A)	FY14 1-3Q (B)	Change (B)-(A)	Percentage Change (B)/(A)	FY14 Forecast <% progress>
Revenues	261.7	266.0	<b>255.1</b>	-10.9	-4%	<72%> 355.0
Gross profit before write-offs, funding costs	33.6	32.2	<b>31.0</b>	-1.2	-4%	—
(Funding costs)	(4.9)	(4.9)	<b>(4.7)</b>	(-0.2)	(-3%)	—
Gross profit	28.7	27.4	<b>26.3</b>	-1.1	-4%	—
(General expenses)	(14.0)	(14.1)	<b>(14.2)</b>	(+0.1)	(+1%)	—
Operating income	11.3	14.9	<b>12.8</b>	-2.1	-14%	<77%> 16.7
Ordinary income	11.8	15.3	<b>13.4</b>	-1.9	-12%	<77%> 17.4
(Ordinary income before write-offs)	(15.1)	(13.6)	<b>(12.7)</b>	(-0.9)	(-6%)	—
(Credit costs)	(3.3)	(-1.7)	<b>(-0.7)</b>	(+1.0)	(+57%)	—
Net income	6.9	9.4	<b>8.3</b>	-1.1	-12%	<75%> 11.0
Operating Assets	1,267.9	1,299.1	<b>1,373.0</b>	+73.9	+6%	—

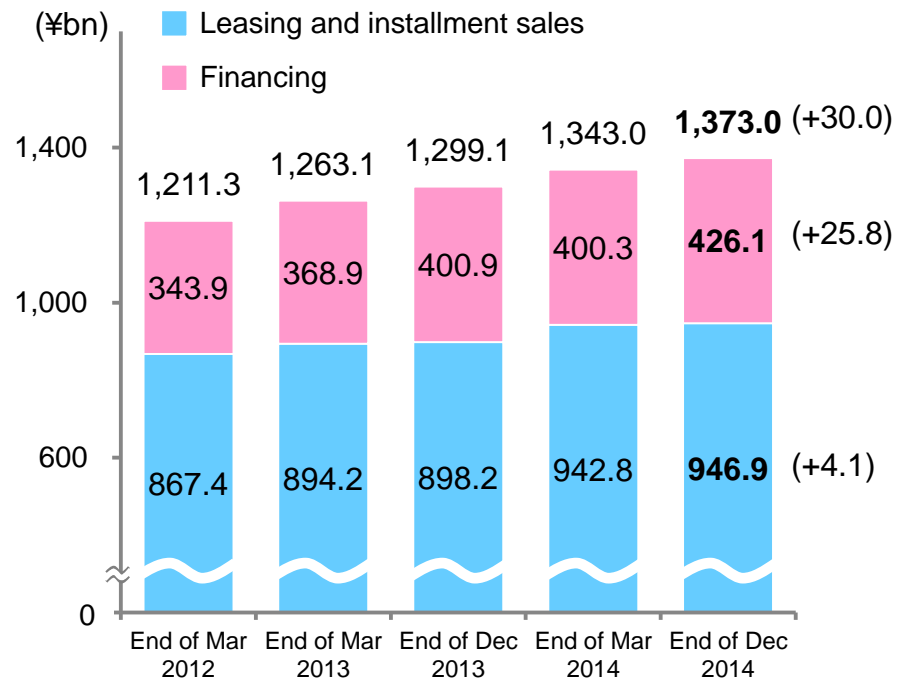
# Sales

- Contract execution volume increased 14% y-o-y as customer cultivation and tie-up sales contributed
  - Leasing and installment sales increased 8% y-o-y, while Financing grew 19% y-o-y
- The balance of operating assets grew steadily, up 2% versus March 31, 2014, and up 6% y-o-y
  - On target to reach target of operating assets balance of ¥1.4 trillion at March 31, 2015

## Contract execution volume



## Operating assets



# Leasing and Installment Sales

- Despite the lingering impact of the consumption tax rate hike on the market overall, contract execution volume increased 8% y-o-y
  - In Industrial and factory equipment, we captured large-scale investment by major manufactures, while other equipment projects were also solid
  - Targeting our focus area of domestic demand-related industries, both Commerce and services as well as Other remained strong
  - Other execution volume doubled y-o-y, with business expansion centered on real estate leases to distribution companies and retailers

## Contract Execution Volume by Equipment Type

(¥bn)	FY12 1-3Q	FY13 1-3Q	FY14 1-3Q	Change (%)
Industrial and factory	91.8	51.0	<b>59.6</b>	+ 8.6 (+17%)
Information and communications	58.5	62.0	<b>45.3</b>	-16.7 (-27%)
Transport	31.9	25.1	<b>31.8</b>	+6.7 (+27%)
Construction	29.5	41.8	<b>42.1</b>	+0.3 (+1%)
Medical	20.4	19.6	<b>17.8</b>	-1.8 (-9%)
Commerce and services	19.1	20.8	<b>26.1</b>	+5.3 (+26%)
Office equipment	9.4	11.1	<b>7.6</b>	-3.5 (-32%)
Other	23.1	21.0	<b>43.3</b>	+22.3 (+106%)
Real estate lease	4.3	4.9	<b>25.8</b>	+20.9 (+424%)
<b>Total</b>	<b>283.8</b>	<b>252.4</b>	<b>273.6</b>	+21.2 (+8%)

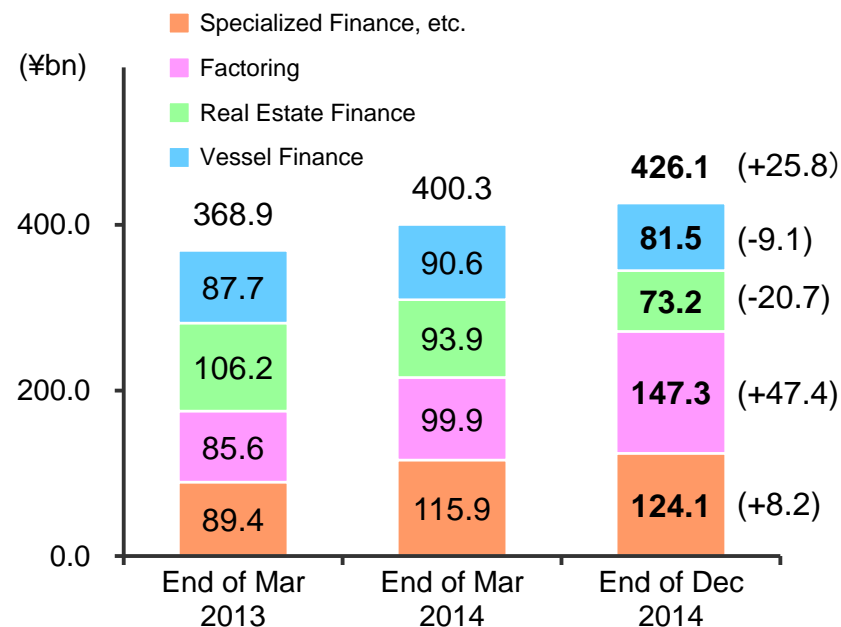
# Financing

- The increase in both Factoring and Specialized Finance, etc. led to the rise in both contract execution volume and the overall balance of operating assets
- In Specialized Finance, etc., we proactively captured highly-profitable projects, while staying diversified in areas such as aircraft financing and overseas syndicated loans
  - In aircraft loans, the contract execution volume doubled y-o-y, while the balance of operating assets increased ¥15.5 billion from the previous year-end, to ¥27.7 billion
  - The overall balance of operating assets for the aircraft business, including leases, totaled ¥35.8 billion (up ¥16.3 billion from the previous year-end)

## Contract Execution Volume

(¥bn)	FY12 1-3Q	FY13 1-3Q	FY14 1-3Q	Change (%)
Factoring	220.8	236.3	<b>277.0</b>	+40.7 (+17%)
Specialized Finance, etc.	31.5	30.8	<b>47.2</b>	+16.4 (+53%)
Real Estate Finance	33.9	15.6	<b>11.4</b>	-4.2 (-27%)
Vessel Finance	15.2	7.5	<b>9.3</b>	+1.8 (+25%)
Total	301.4	290.2	<b>344.9</b>	+54.7 (+19%)

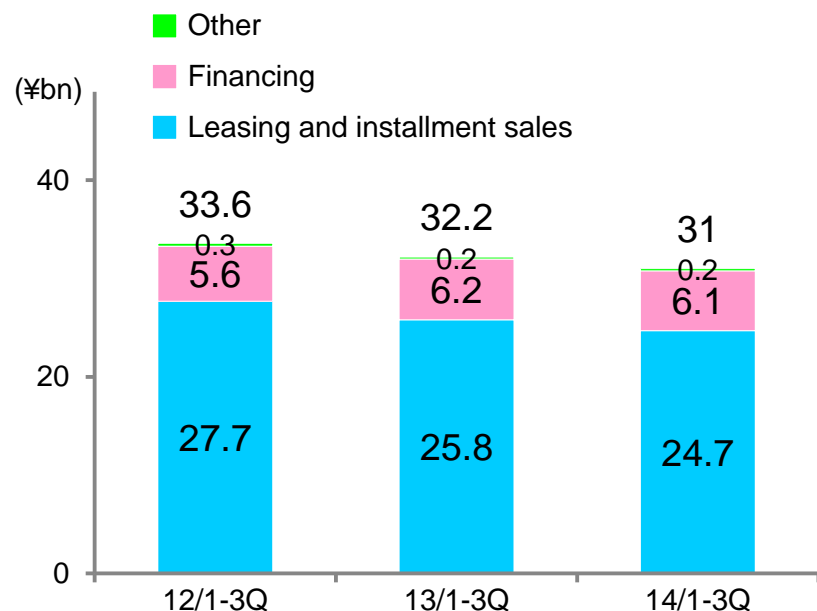
## Operating Assets



# Profitability

- While there was a decline in gross profit before write-offs and funding costs, the increase in operating assets offset the impact of the decline in yield
  - In Financing, profit was roughly flat y-o-y, while the decline in profit in Leasing and Installment sales narrowed
- Gross profit margin declined due to the replacement of assets
  - Steadily increased assets while continuing to improve the spreads on new contracts

## Gross profit before write-offs, funding costs



## Yield

	FY2012	FY2013	FY2014 1-3Q	Change
Gross profit margin before write-offs and funding costs	3.58%	3.30%	<b>3.05%</b>	-0.25pt
C o F R a t i o	0.53%	0.49%	<b>0.46%</b>	-0.03pt
Gross profit margin	3.05%	2.81%	<b>2.59%</b>	-0.22pt
Operating assets (average balance, ¥bn)	1,237.2	1,303.1	<b>1,358.0</b>	+54.9

(Notes) FY14/3Q ratios are annualized values

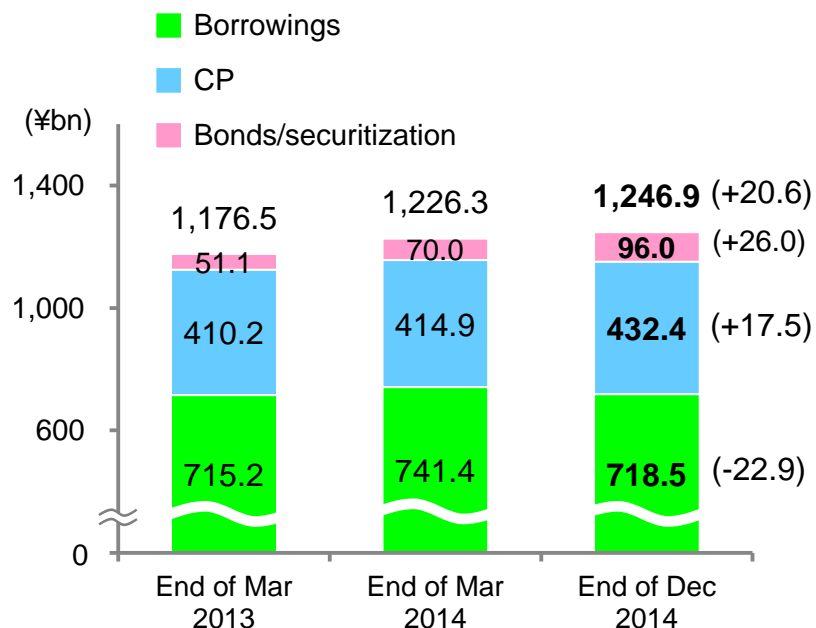
Gross profit margin = Gross profit / Average balance of operating assets

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

# Interest-bearing Debt and Net Assets

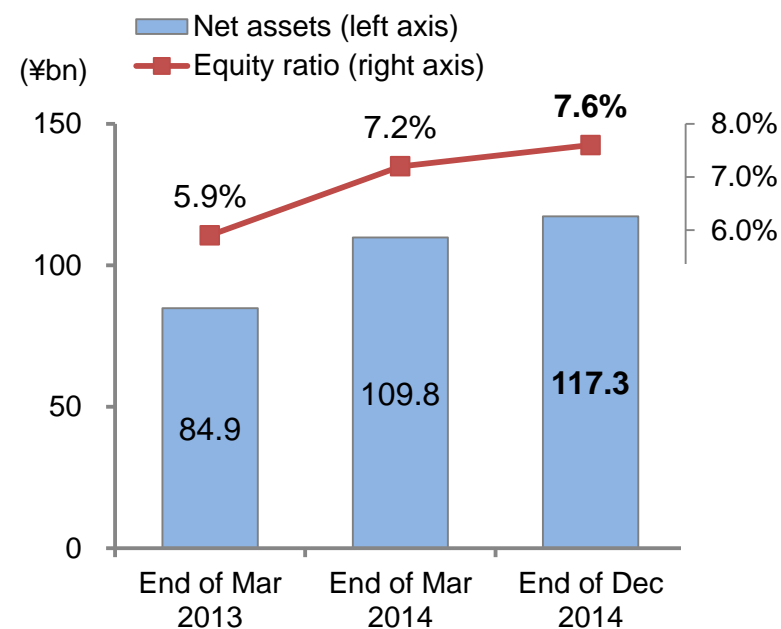
- Despite the increase in interest-bearing debt in conjunction with the growth in operating assets, funding costs fell due to the shift to market funding
  - Market ratio: Increased 3pt. versus March 31, 2014, to 42%. Funding costs fell ¥0.2 billion to ¥4.7 billion
- Net assets increased ¥7.5 billion versus March 31, 2014, to ¥117.3 billion, as a result of the accumulation of net income and other factors

## Interest-bearing debt



(¥bn)	FY13/1-3Q	FY14/1-3Q
Funding costs	4.9	4.7

## Net assets / Equity ratio



# Full Year Forecast

- We will steadily promote basic strategies to achieve our targets for this fiscal year, and continue to focus on accumulating superior assets with the aim of realizing continued growth next fiscal year and beyond
- The year-end dividend of ¥28 per share (plan), combined with the ¥28 interim dividend already paid, will result an annual dividend of ¥56 per share (¥2 per share increase), marking the 13th straight year of increase

(¥bn)	FY2013 (Results) (A)	FY2014 (Forecast) (B)		Progress rate	Change (B)-(A)	Percentage change (B)/(A)
			1-3Q			
Revenues	354.8	<b>355.0</b>	<b>255.1</b>	<b>72%</b>	+0.2	+0%
Operating income	16.7	<b>16.7</b>	<b>12.8</b>	<b>77%</b>	0	+0%
Ordinary income	17.4	<b>17.4</b>	<b>13.4</b>	<b>77%</b>	0	+0%
Net income	10.5	<b>11.0</b>	<b>8.3</b>	<b>75%</b>	+0.5	+4%
Annual dividend (payout ratio)	¥54 (20.4%)	¥56 (21.7%)	+¥2			
Interim dividend	¥26	(Resolved) ¥28	+¥2			
Year-end dividend	¥28	(Plan) ¥28	—			