Overview of
Financial Results

# Overview
# First-Half Results for FY2014

**November 6, 2014**

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

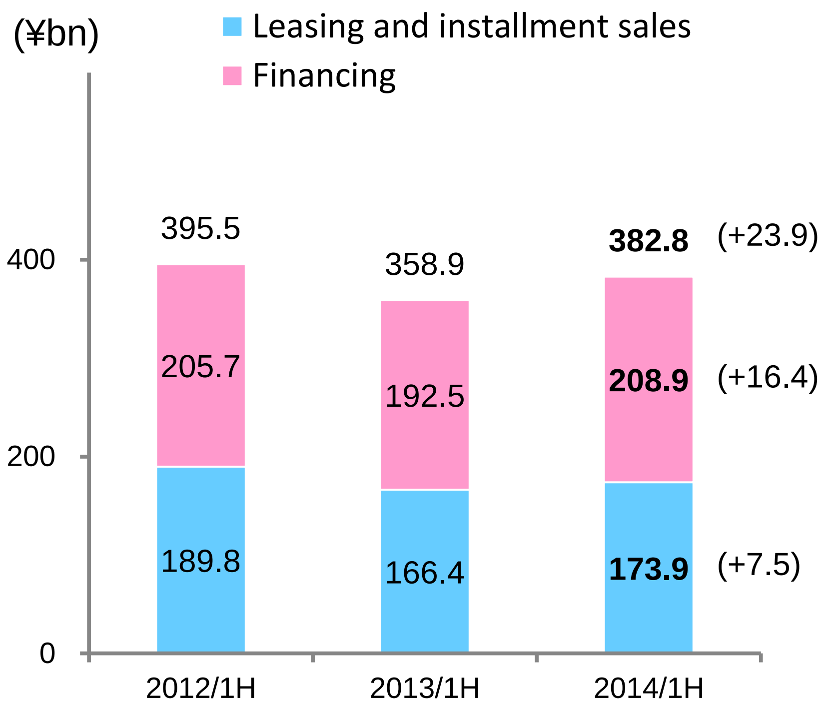
- 1H results exceeded 50% of full-year forecasts
- The top line dropped slightly, but basic strategies of the Mid-term Management Plan were steadily promoted and operating assets were expanded
- There was a ¥0.6 billion credit cost reversal as credit costs were kept low

| Consolidated P/L (¥bn) | FY12 1H | FY13 1H (A) | **FY14 1H (B)** | Change (B)-(A) | Percentage Change (B)/(A) | FY14 Forecast <% progress> |
|---|---|---|---|---|---|---|
| Revenues | 178.8 | 177.0 | **168.9** | -8.1 | -5% | <48%> 355.0 |
| Gross profit before write-offs, funding costs | 23.6 | 22.0 | **21.0** | -1.0 | -5% | — |
| (Funding costs) | (3.4) | (3.1) | **(3.1)** | (0) | (+2%) | — |
| Gross profit | 20.2 | 18.9 | **17.9** | -1.0 | -6% | — |
| (General expenses) | (9.3) | (9.4) | **(9.4)** | (0) | (+0%) | — |
| Operating income | 7.5 | 11.1 | **9.0** | -2.1 | -20% | <54%> 16.7 |
| Ordinary income | 8.0 | 11.4 | **9.4** | -2.0 | -17% | <54%> 17.4 |
| (Ordinary income before write-offs) | (11.3) | (9.7) | **(8.8)** | (-0.9) | (-9%) | — |
| (Credit costs) | (3.3) | (-1.7) | **(-0.6)** | (+1.1) | (+64%) | — |
| Net income | 4.2 | 7.0 | **5.8** | -1.2 | -17% | <53%> 11.0 |
| Operating Assets | 1,237.4 | 1,269.3 | **1,331.6** | +62.3 | +5% | — |

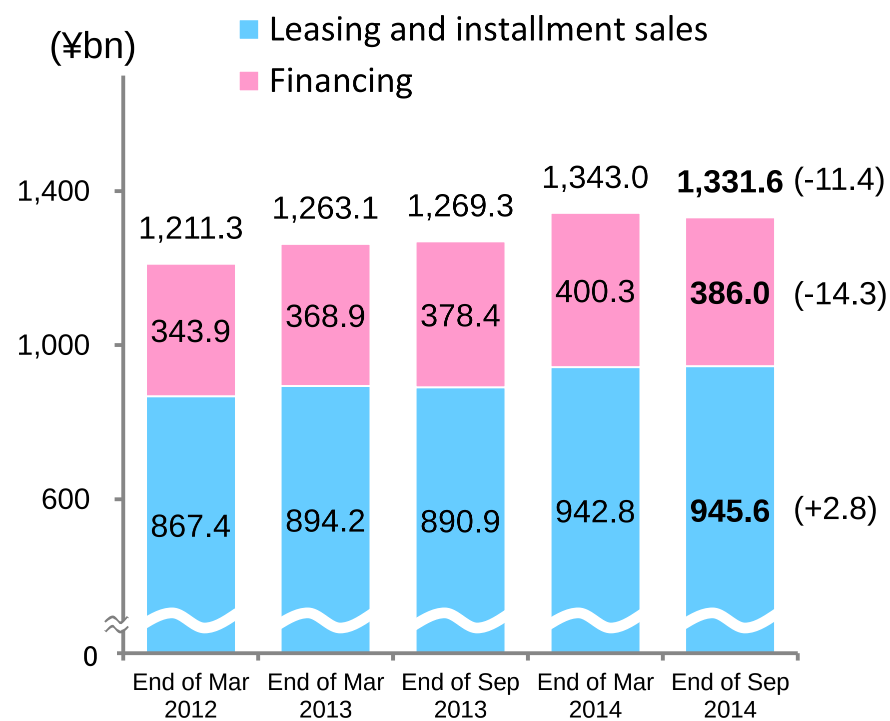
# Sales

- Contract execution volume increased 7% y-o-y overall as both leasing and installment sales and financing grew
  - Leasing and installment sales increased 5% y-o-y, while financing grew 9% y-o-y
- The balance of operating assets inched down 1% versus March 31, 2014, but rose 5% y-o-y

## Contract execution volume




## Operating assets



# Leasing and Installment Sales

- We further increased performance from 1Q, and contract execution volume increased 5% y-o-y
  - Industrial and factory equipment execution volume recovered significantly, increasing 53% y-o-y in 2Q (July-Sep)
  - Domestic-related demand remained firm, as medical equipment execution volume in July-Sep recovered to being on par with the previous year
  - Other execution volume doubled as projects utilizing real estate leases were captured

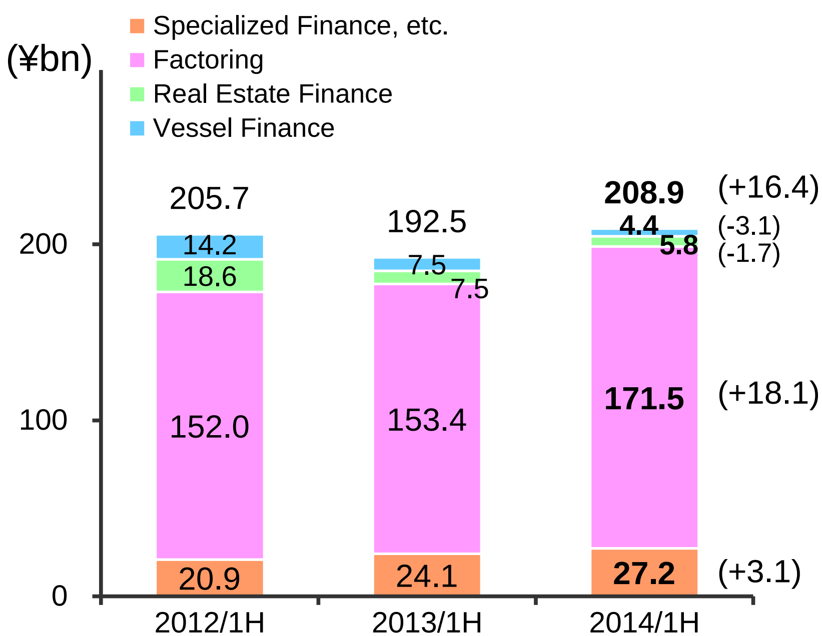
## Contract Execution Volume by Equipment Type

| (¥bn) | FY12 1H | FY13 1H | **FY14 1H** | Change (%) | |
|---|---|---|---|---|---|
| Industrial and factory | 59.1 | 31.1 | **33.5** | + 2.4 | (+8%) |
| Information and communications | 41.1 | 48.0 | **27.3** | -20.7 | (-43%) |
| Transport | 19.1 | 16.5 | **20.5** | +4.0 | (+25%) |
| Construction | 17.9 | 21.2 | **25.9** | +4.7 | (+22%) |
| Medical | 15.1 | 13.0 | **11.4** | -1.6 | (-12%) |
| Commerce and services | 13.2 | 13.8 | **17.4** | +3.6 | (+26%) |
| Office equipment | 6.6 | 6.6 | **5.0** | -1.6 | (-23%) |
| Other | 17.6 | 16.2 | **32.8** | +16.6 | (+102%) |
| Total | 189.8 | 166.4 | **173.9** | +7.5 | (+5%) |

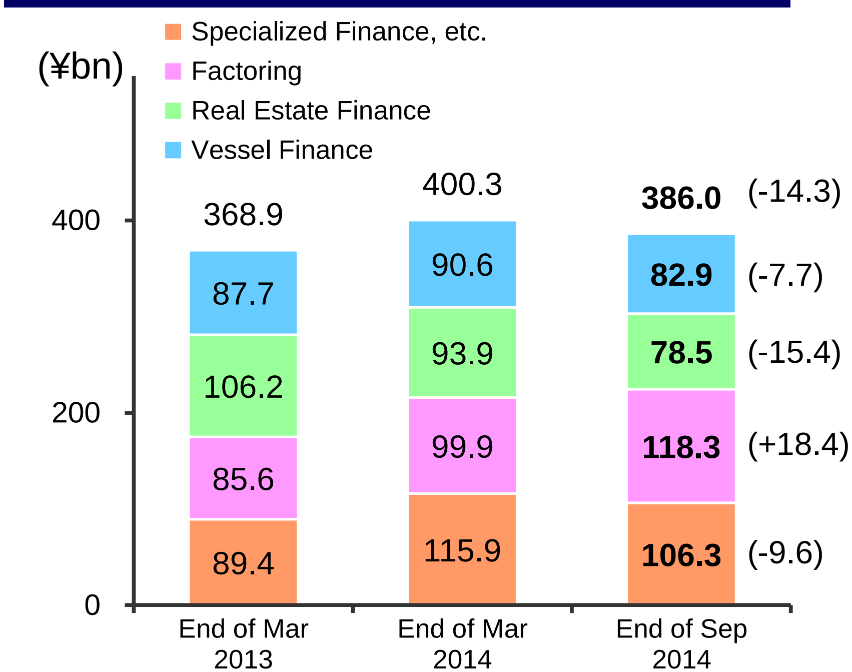
# Financing

- Contract execution volume rose 9% y-o-y due to the increase in both Specialized Finance, etc. and Factoring
- The balance of operating assets was down 4% versus March 31, 2014
  - Specialized Finance, etc. declined due to the payoff of large projects, while aircraft financing and overseas syndicated loans steadily increased
  - Real Estate Finance saw a decline in short-term loans associated with property sales
  - Vessel Finance saw a decline in funding execution value (=contract execution volume), but there was an increase in new contract value

## Contract Execution Volume



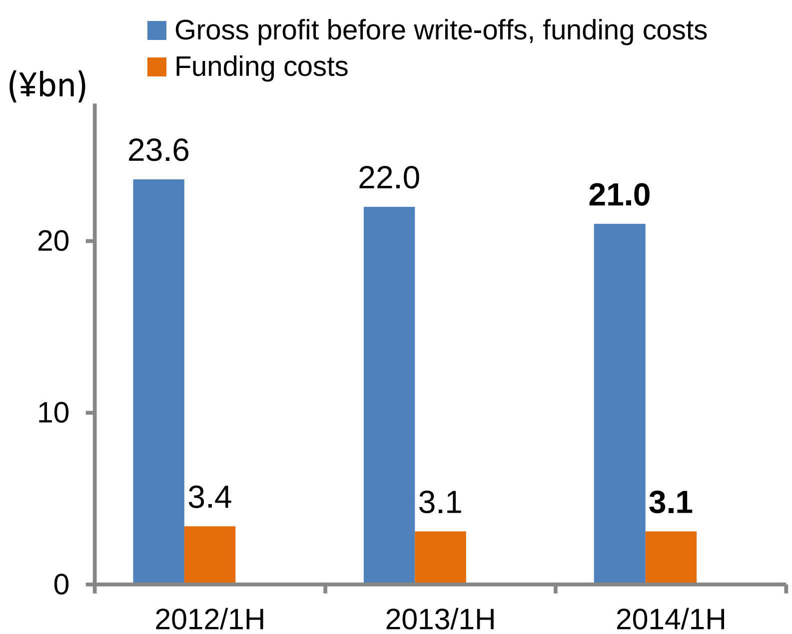

## Operating Assets



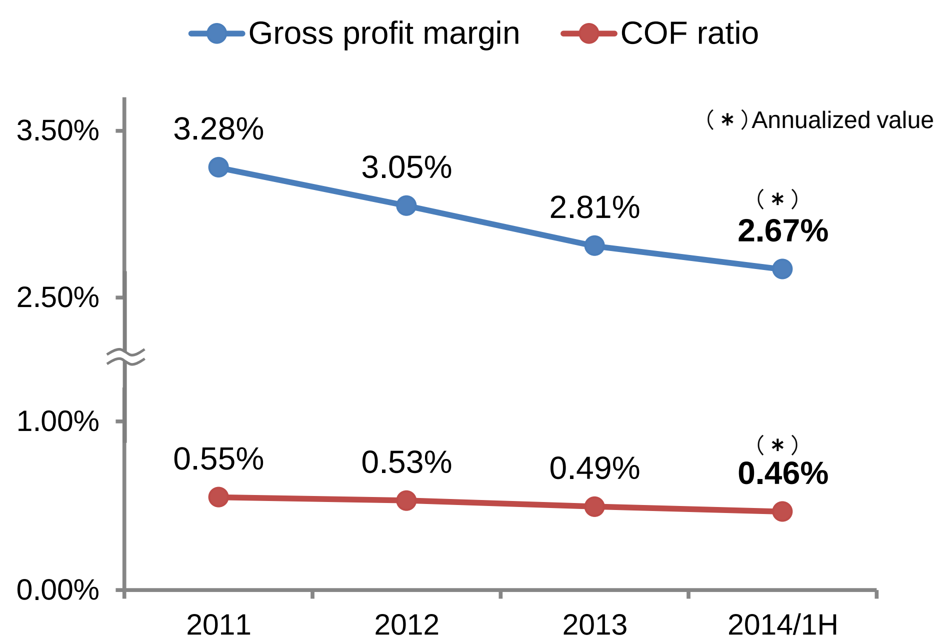
# P/L Overview

- The increase in operating assets partially absorbed the impact of the decline in yields, but there was a drop in gross profit before write-offs and funding costs
- Funding costs maintained a flat trajectory due to the decline in the CoF ratio
- The flow base spread continued to improve, but gross profit margin fell

## Gross profit before write-offs, funding costs




## Yield

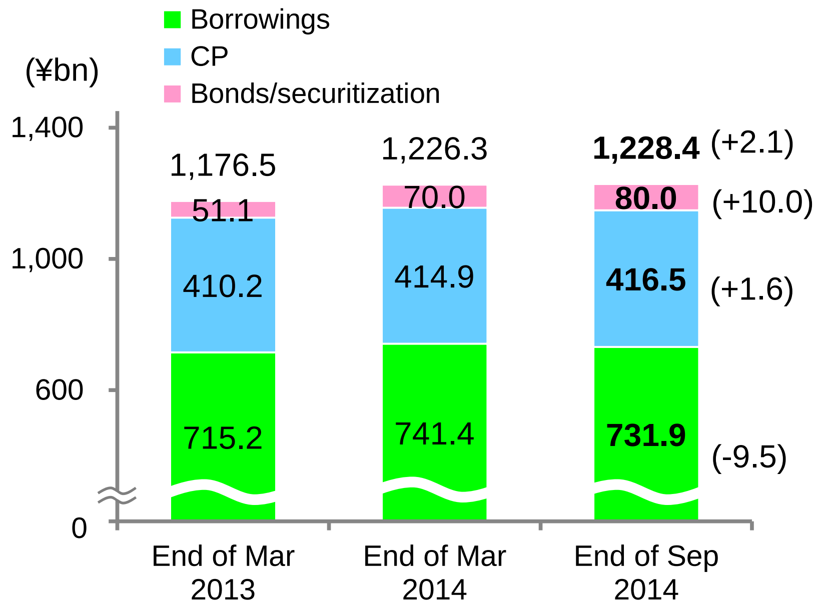



(Note) Gross profit margin = Gross profit / operating assets (average of beginning and end balances)
Funding cost ratio = Funding costs / operating assets (average of beginning and end balances)

# Interest-bearing Debt and Net Assets

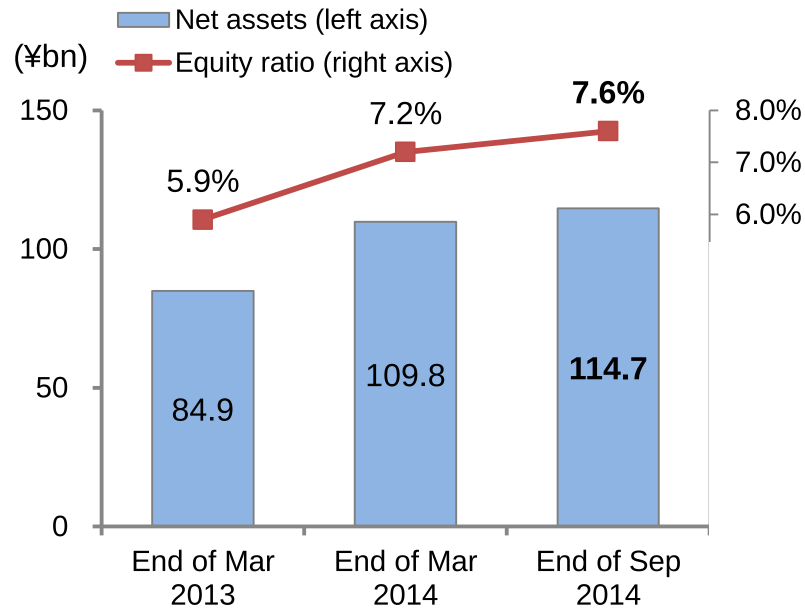
- Funding costs were low and stable due to the continued issuance of CP and corporate bonds, as well as the revision of the funding mix, etc.
  - Market ratio: Maintained around 40%, issued our first-ever 5-year bonds in our 4th issuance of corporate bonds
- Net assets increased ¥4.9 billion versus March 31, 2014, to ¥114.7 billion, as a result of the accumulation of net income and other factors

## Interest-bearing debt




| (¥bn) | FY13/1H | FY14/1H |
|---|---|---|
| Funding costs | 3.1 | 3.1 |

## Net assets / Equity ratio



# Full Year Forecast

- We expect the modest recovery trend in personal consumption and capital investment to continue in the fiscal second half
- We will steadily promote basic strategies aimed at achieving targets in first year of Mid-term Management Plan
- We passed a resolution to pay interim dividend of ¥28 per share. Adding this to the year-end dividend of ¥28 per share (planned), we plan to pay 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)** | | | Change (B)-(A) | Percentage change (B)/(A) |
|---|---|---|---|---|---|---|
| | | | **1H** | **Progress rate** | | |
| Revenues | 354.8 | **355.0** | **168.9** | **48%** | +0.2 | +0% |
| Operating income | 16.7 | **16.7** | **9.0** | **54%** | 0 | +0% |
| Ordinary income | 17.4 | **17.4** | **9.4** | **54%** | 0 | +0% |
| Net income | 10.5 | **11.0** | **5.8** | **53%** | +0.5 | +4% |

| | | | |
|---|---|---|---|
| Annual dividend | ¥54 | ¥56 | +¥2 |
| Interim dividend | ¥26 | (Resolved) ¥28 | +¥2 |
| Year-end dividend | ¥28 | (Plan) ¥28 | — |