

Overview

Third-Quarter Results for FY2018

February 7, 2019



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 FY2018

- ✓ Each income indicator marked a record-high (cumulative 3Q).
 - Net income attributable to owners of the parent increased 28% y-o-y to ¥13.1 billion.
- ✓ The full-year forecast was revised upward based on current performance.
 - Net income attributable to owners of the parent is expected to reach “¥15.0 billion,” the target for the final year of the Fifth Mid-term Management Plan, one year ahead of schedule, and set a record high for the sixth straight year.

	FY16 3Q	FY17 3Q	FY18 3Q	Change	% Change
Revenues	284.6	283.3	266.6	-16.7	-6%
Gross profit before write-offs and funding costs	32.7	33.2	38.4	+5.2	+15%
Operating income	15.0	14.1	18.0	+3.9	+27%
Ordinary income	15.5	14.7	19.5	+4.8	+33%
Net income attributable to owners of the parent	10.5	10.2	13.1	+2.9	+28%

(¥bn)

	FY18 Forecast*1	Previous Forecast*2	Change	% Change
Revenues	390.0	420.0	-30.0	-7%
Gross profit before write-offs and funding costs	—	—	—	—
Operating income	23.0	20.0	+3.0	+15%
Ordinary income	24.7	21.4	+3.3	+15%
Net income attributable to owners of the parent	16.5	14.5	+2.0	+14%

*1 Announced on February 7, 2019

*2 Announced on May 9, 2018

Overview of Financial Results

(¥bn)

	FY16 3Q	FY17 3Q	FY18 3Q	Change	% Change
Revenues	284.6	283.3	266.6	-16.7	-6%
Gross profit before write-offs and funding costs	32.7	33.2	38.4	+5.2	+15%
(Funding costs)	(4.0)	(5.2)	(6.2)	+1.0	+21%
Gross profit	28.7	28.1	32.1	+4.0	+14%
(Credit costs)	(-0.7)	(-0.6)	(-1.1)	-0.5	—
Operating income	15.0	14.1	18.0	+3.9	+27%
Ordinary income	15.5	14.7	19.5	+4.8	+33%
Net income attributable to owners of the parent	10.5	10.2	13.1	+2.9	+28%

POINTS

■ Increased significantly, as a result of the expansion of the global business and other factors

■ Due to higher foreign currency borrowings

■ Reversal of allowance for credit costs continued

■ Reached a record-high for cumulative 3Q

	End of Mar 2017	End of Mar 2018	End of Dec 2018	Change	% Change
Operating assets	1,608.7	1,683.0	1,961.7	+278.7	+17%
Net assets	141.8	154.6	161.1	+6.5	+4%
Equity ratio	7.8%	8.2%	7.4%	-0.8pt	—

Business Performance Overview

(¥bn)

	FY16 3Q	FY17 3Q	FY18 3Q	Change	% Change
Contract execution volume	811.5	988.5	1,150.7	+162.2	+16%
Leasing and installment sales	356.1	282.6	389.2	+106.6	+38%
Financing	455.3	702.4	758.9	+56.5	+8%
Others	—	3.5	2.6	-0.9	-26%

(¥bn)

	End of Mar 2017	End of Mar 2018	End of Dec 2018	Change	% Change
Operating assets	1,608.7	1,683.0	1,961.7	+278.7	+17%
Leasing and installment sales	1,088.1	1,122.2	1,251.1	+128.9	+12%
Financing	520.6	556.9	704.3	+147.4	+27%
Others	—	3.9	6.3	+2.4	+62%

	FY16 3Q	FY17 3Q	FY18 3Q	Change
Gross profit margin before write-offs and funding costs	2.73%	2.74%	2.81%	+0.07pt

POINTS

■ Contract execution volume increased 16% y-o-y

- For “Leasing and installment sales,” execution volume increased in areas such as industrial and factory as well as transport
- For both “Leasing and installment sales” and “Financing,” increase was seen mainly in real estate-related bridge scheme projects

■ Operating assets increased 17% from the end of the previous fiscal year in line with an increase in contract execution volume

■ Higher gross profit margin before write-offs and funding costs

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

Contract Execution Volume / Leasing and Installment Sales

Contract execution volume by equipment type

POINTS

(¥bn)

	FY16 3Q	FY17 3Q	FY18 3Q	Change	% Change
Industrial and factory	75.3	48.3	80.6	+32.3	+67%
Information and communications	52.7	57.9	66.0	+8.1	+14%
Transport	39.9	40.0	45.9	+5.9	+15%
Construction	25.6	36.2	31.9	-4.3	-12%
Medical	9.6	12.6	15.9	+3.3	+27%
Commerce and services	21.0	22.7	27.6	+4.9	+22%
Office equipment	7.6	7.3	6.1	-1.2	-16%
Other	124.6	57.5	115.1	+57.6	+100%
Real estate	106.7	28.4	92.1	+63.7	+224%
Total	356.1	282.6	389.2	+106.6	+38%

■ Steadily captured capital investment needs

■ Contributions from aircraft operating lease executions

■ Increased mainly for superior bridge scheme projects

Contract Execution Volume / Financing

Contract execution volume

POINTS

(¥bn)

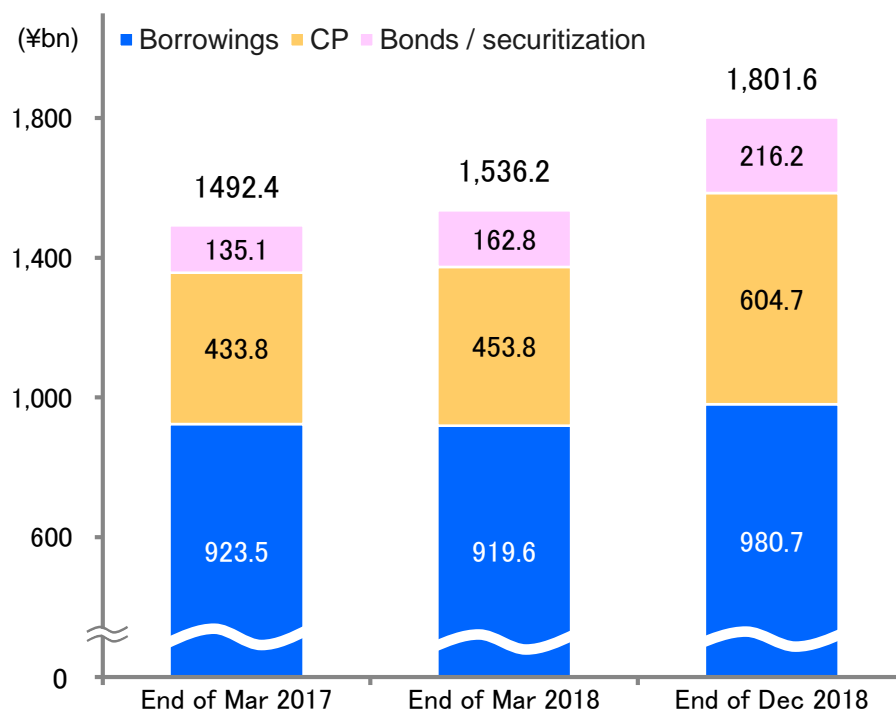
	FY16 3Q	FY17 3Q	FY18 3Q	Change	% Change
Commercial Distribution Finance / Loan etc.	373.2	648.4	646.1	-2.3	-0%
Aircraft	8.3	22.7	22.8	+0.1	+0%
Real Estate	66.8	24.8	75.3	+50.5	+204%
Vessel	7.1	6.5	14.8	+8.3	+128%
Total	455.3	702.4	758.9	+56.5	+8%

■ Captured superior bridge scheme projects

■ Mainly refinancing projects

- 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 and issued 10-year bonds (¥10.0 billion) for the first time in October 2018 (a total of ¥67.0 billion in bonds was issued in FY2018).
- Funding costs ratio increased due to higher foreign currency borrowings as a result of the expansion of the global business.

Interest-bearing debt



Funding costs (ratio)

	FY16 3Q	FY17 3Q	FY18 3Q
Funding costs	4.0	5.2	6.2
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

- The full-year forecast was revised upward based on current performance.
 - Net income attributable to owners of the parent is expected to total ¥16.5 billion, reaching “¥15.0 billion,” the target for the final year of the Mid-term Management Plan, one year ahead of schedule, and set a record high for the sixth straight year.

	FY2018 3Q Results	FY2018 Forecast (Before Revision) (A)	3Q % progress
Revenues	266.6	420.0	64%
Operating income	18.0	20.0	90%
Ordinary income	19.5	21.4	91%
Net income attributable to owners of the parent	13.1	14.5	90%

	FY2018 Forecast (After Revision) (B)	Change (B)-(A)	3Q % progress	FY2017 Results
	390.0	-30.0	68%	399.7
	23.0	+3.0	78%	19.2
	24.7	+3.3	79%	20.0
	16.5	+2.0	79%	13.6

(¥bn)

	FY2018 Forecast (Before Revision) (A)
Annual dividend	¥76
Interim dividend (Results) *	+2 ¥38
Year-end dividend (Forecast)	¥38

* The interim dividend increased by “¥2.”

Dividend payout ratio	22.4%
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	FY2018 Forecast (After Revision) (B)	Change (B)-(A)	FY2017 Results
	¥76	—	¥70
	¥38	—	¥32
	¥38	—	¥38

Dividend payout ratio	19.6%
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