

Overview

First-Quarter Results for FY2018

August 6, 2018



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 First-Quarter Results for FY2018

- ✓ Recorded gross profit before write-offs and funding costs of ¥12.4 billion, an increase of ¥1.2 billion y-o-y.
Each profit item from operating income onward increased significantly.
- ✓ Net income attributable to owners of the parent was ¥4.2 billion, a record-high on a quarterly basis.
— Favorable progress against the full-year forecast.

(¥bn)

	FY16 1Q	FY17 1Q	FY18 1Q	Change	% Change	FY18 Forecast*	% progress
Revenues	77.0	94.2	85.4	-8.8	-9%	420.0	20%
Gross profit before write-offs and funding costs	10.5	11.2	12.4	+1.2	+11%	—	—
Operating income	4.9	4.7	5.5	+0.8	+17%	20.0	28%
Ordinary income	5.3	5.0	6.5	+1.5	+30%	21.4	30%
Net income attributable to owners of the parent	3.6	3.4	4.2	+0.8	+27%	14.5	29%

*Announced on May 9, 2018

Overview of Financial Results

(¥bn)

	FY16 1Q	FY17 1Q	FY18 1Q	Change	% Change
Revenues	77.0	94.2	85.4	-8.8	-9%
Gross profit before write-offs and funding costs	10.5	11.2	12.4	+1.2	+11%
(Funding costs)	(1.4)	(1.7)	(2.0)	+0.3	+21%
Gross profit	9.1	9.5	10.4	+0.9	+9%
(Credit costs)	(-0.9)	(-0.2)	(-0.5)	-0.3	—
Operating income	4.9	4.7	5.5	+0.8	+17%
Ordinary income	5.3	5.0	6.5	+1.5	+30%
Net income attributable to owners of the parent	3.6	3.4	4.2	+0.8	+27%

POINTS

- Gross profit before write-offs and funding costs increased favorably
- Funding costs increased owing to higher foreign currency borrowings
- Reversal of allowance for credit costs continued
- Increased significantly and reached a record-high on a quarterly basis

	End of Mar 2017	End of Mar 2018	End of Jun 2018	Change	% Change
Operating assets	1,608.7	1,683.0	1,822.9	+139.9	+8%
Net assets	141.8	154.6	155.6	+1.0	+1%
Equity ratio	7.8%	8.2%	7.7%	-0.5pt	—

- Accumulated superior operating assets
- Increased slightly due to payment of year-end dividends in FY2017

Business Performance Overview

POINTS

(¥bn)

	FY16 1Q	FY17 1Q	FY18 1Q	Change	% Change
Contract execution volume	254.8	310.8	398.1	+87.3	+28%
Leasing and installment sales	96.6	100.8	123.9	+23.1	+23%
Financing	158.3	210.0	274.2	+64.2	+31%
Others	—	—	—	—	—

■ **Contract execution volume increased 28% y-o-y**

- For “Leasing and installment sales,” volume increased owing to measures 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

(¥bn)

	End of Mar 2017	End of Mar 2018	End of Jun 2018	Change	% Change
Operating assets	1,608.7	1,683.0	1,822.9	+139.9	+8%
Leasing and installment sales	1,088.1	1,122.2	1,160.8	+38.6	+3%
Financing	520.6	556.9	658.2	+101.3	+18%
Others	—	3.9	3.8	-0.1	-1%

■ **Operating assets increased 8% from the end of the previous fiscal year in line with an increase in contract execution volume**

	FY16 1Q	FY17 1Q	FY18 1Q	Change
Gross profit margin before write-offs and funding costs	2.71%	2.79%	2.83%	+0.04pt

■ **Gross profit margin before write-offs and funding costs increased steadily**

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 by equipment type

POINTS

(¥bn)

	FY16 1Q	FY17 1Q	FY18 1Q	Change	% Change
Industrial and factory	24.7	24.6	32.4	+7.8	+32%
Information and communications	17.3	19.5	14.8	-4.7	-24%
Transport	9.9	11.8	13.7	+1.9	+17%
Construction	5.4	8.9	9.0	+0.1	+1%
Medical	3.3	4.8	4.8	+0.0	+1%
Commerce and services	7.2	7.2	11.6	+4.4	+61%
Office equipment	2.3	2.4	1.8	-0.6	-25%
Other	26.5	21.6	35.7	+14.1	+66%
Real estate	21.5	9.7	30.1	+20.4	+212%
Total	96.6	100.8	123.9	+23.1	+23%

■ Contributions from capturing superior projects

■ Decreased due to execution of a large-scale spot project in the same period of the previous fiscal year

■ Measures in the hotel and health care areas expanded, in addition to contract conclusion for large projects

■ Mainly due to an increase in superior bridge scheme projects

Contract Execution Volume / Financing

Contract execution volume

(¥bn)

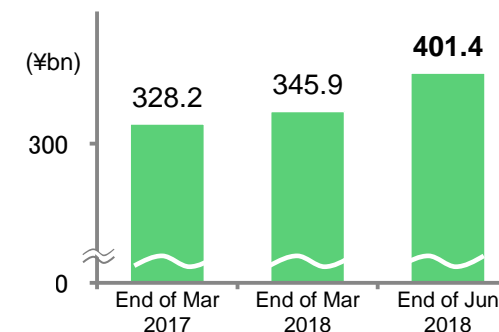
	FY16 1Q	FY17 1Q	FY18 1Q	Change	% Change
Commercial Distribution Finance / Loan etc.	117.9	197.0	204.9	+7.9	+4%
Aircraft	3.8	5.8	6.4	+0.6	+11%
Real Estate	32.5	4.0	56.1	+52.1	—
Vessel	4.1	3.2	6.7	+3.5	+111%
Total	158.3	210.0	274.2	+64.2	+31%

POINTS

■ Volume for commercial distribution finance increased steadily

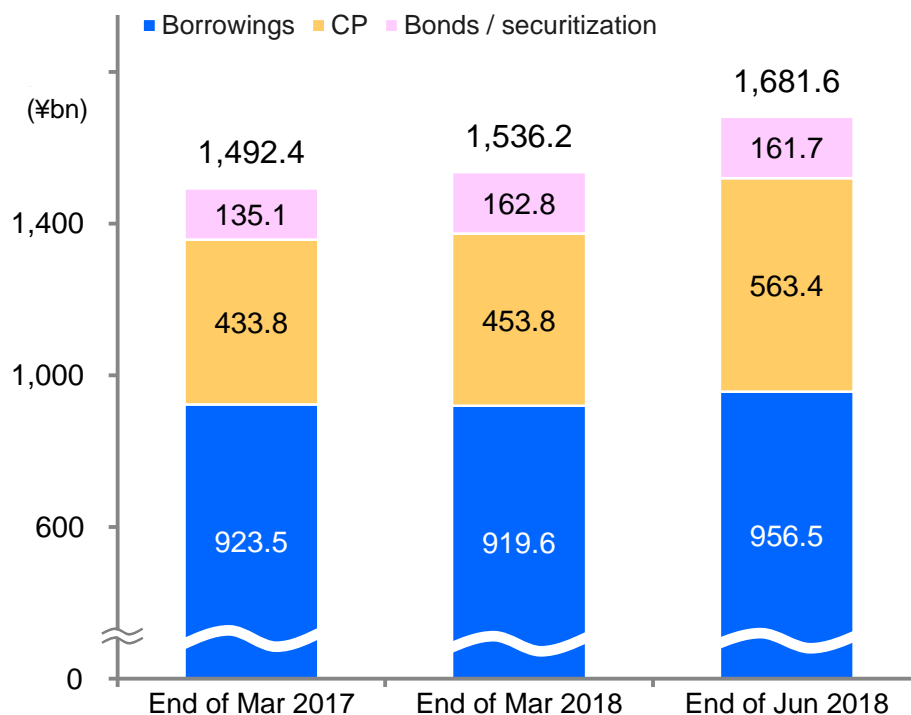
■ Capturing superior bridge scheme projects

*Operating assets of Commercial Distribution Finance / Loan etc.



- Interest-bearing debt increased from the end of the previous fiscal year in line with the increase in operating assets.
- Funding costs ratio increased owing to higher foreign currency borrowings compared to those for the same period of the previous fiscal year.

Interest-bearing debt



Funding costs (ratio)

	(¥bn)		
	FY16 1Q	FY17 1Q	FY18 1Q
Funding costs	1.4	1.7	2.0
Funding costs ratio	0.36%	0.42%	0.46%

Note)

$$\text{Funding costs ratio} = \frac{\text{Funding costs (annualized basis)}}{\text{Average balance of operating assets}}$$

Earnings Forecasts and Dividends

- Net income attributable to owners of the parent is equivalent to 29% of the FY2018 annual plan.
- Plan to raise annual dividend for the 17th straight year in FY2018; a ¥4 increase to ¥74/share.

(¥bn)

	FY2017 (Results) (A)	FY2018 (Forecast) (B)		Change (B)-(A)	% Change (B)/(A)	
		1Q results	% progress			
Revenues	399.7	420.0	85.4	20%	+20.3	+5%
Operating income	19.2	20.0	5.5	28%	+0.8	+4%
Ordinary income	20.0	21.4	6.5	30%	+1.4	+7%
Net income attributable to owners of the parent	13.6	14.5	4.2	29%	+0.9	+6%

Annual dividend	¥70	¥74	+¥4
Interim dividend	¥32	¥36	+¥4
Year-end dividend	¥38	¥38	±¥0

Dividend payout ratio	21.9%	21.8%
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