

Overview

First-Quarter Results for FY2012



IBJ Leasing Co., Ltd.

(Securities Code: 8425)

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This document contains forecasts and other forward-looking statements that are based on information available at the time of the preparation of this document. Actual business results may differ materially from those expressed or implied by such forward-looking statements due to various factors.

I. Highlights

【FY2012 First Quarter Results】

<Profit/Loss Overview>

- Marked decline in profits due to the booking of a large allowance for doubtful receivables.
 - ¥ 3.2billion for real estate-related asset finance
- Significant increase in our core earnings i.e. gross profit, operating income and ordinary income before write offs due to the contributions from our two recently-acquired companies^(*)
 - Gross profit before write-offs and funding costs: ¥12.0 billion (+38%), ordinary income before write-offs: ¥5.5 billion (+38%)

(*)IBJL Toshiba Leasing and Toshiba Medical Finance

<Sales Overview>

- 1Q contract execution volume increased steadily in all areas, rising 2.5x year on year to ¥170.8 billion
 - Operating assets also increased by ¥15.8 billion to ¥1,227.1 billion.

<Full Year Forecast>

- Expecting steady performance in terms of core earnings, and full-year results and dividend forecasts are as initially announced.

【1Q Operating Results】

(¥bn)

	FY10/1Q	FY11/1Q (A)	FY12/1Q (B)	Change (B-A)	Percentage Change ((B/A)-1)
Revenues	64.6	66.0	86.7	+20.7	+31.4%
Gross profit	8.1	7.5	10.2	+2.7	+37.0%
Operating income	4.2	4.1	1.8	-2.3	-57.1%
(Credit costs)	(0.7)	(-0.3)	(3.5)	(+3.8)	(-%)
Ordinary income	4.2	4.2	2.0	-2.2	-52.6%
Net income	2.2	2.5	0.9	-1.6	-64.9%

Gross profit before write-offs and funding costs	9.7	8.7	12.0	+3.3	+37.6%
Operating income before write-offs	4.9	3.9	5.3	+1.4	+36.3%
Ordinary income before write-offs	4.9	4.0	5.5	+1.5	+37.6%

Contract Execution Volume	81.1	66.7	170.8	+104.1	+156.0%
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【Full Year Operating Results and Dividend Forecasts】

(¥bn)

	FY10 (Actual)	FY11 (Actual) (A)	FY12 (Plan) (B)	Change (B-A)	Percentage Change ((B/A)-1)
Revenues	256.1	270.1	350.0	+79.9	+29.6%
Operating income	15.4	10.7	15.0	+4.3	+40.3%
Ordinary income	15.9	11.1	15.5	+4.4	+39.3%
Net income	9.0	4.3	9.0	+4.7	+109.4%

Annual per-share dividend	¥46	¥48	¥50	+¥2	
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II. P/L Overview

【Overview】

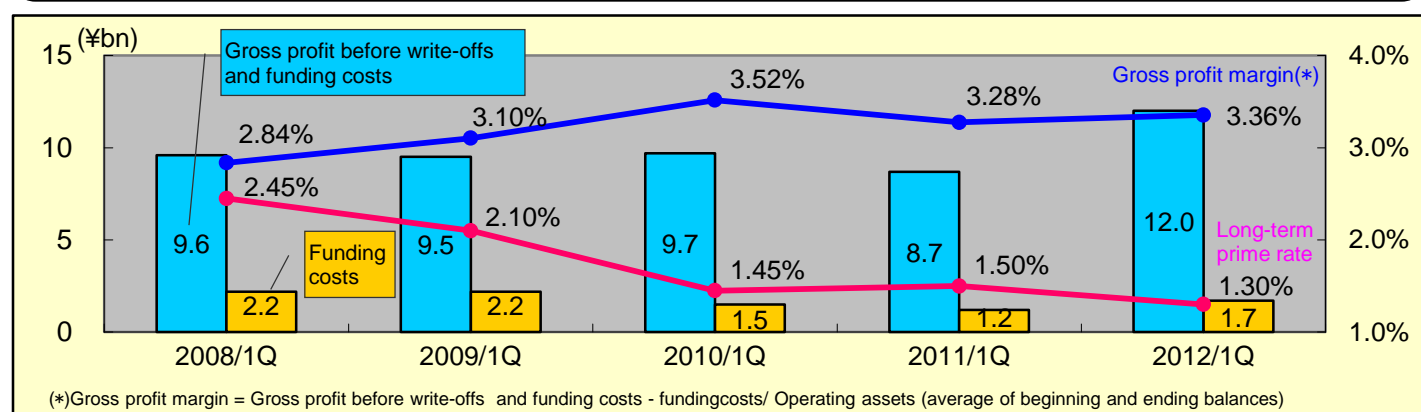
- While operating revenue increased steadily, operating expenses significantly increased due to the large allowance for doubtful receivables.
 - Operating revenue: ¥8.9 billion → ¥12.3 billion i.e. +¥3.4 billion (Net: +¥3.3 billion)
 - Operating expenses: ¥4.7 billion → ¥10.3 billion i.e. +¥5.6 billion (Credit cost +¥3.8 billion)
- The main cause of the increase in general expenses was the addition of the expenses of the two acquired companies. (+¥1.5 billion).
- Credit cost significantly increased due to the large allowance for doubtful receivables set aside for real estate-related asset finance.
 - As a result, ordinary income declined 53% versus the same period of the previous fiscal year to ¥2.0 billion.

(¥bn)

	FY10/1Q	FY11/1Q (A)	FY12/1Q (B)	Change (B - A)	Percentage change ((B / A) - 1)
Operating revenue (a)	9.8	8.9	12.3	+3.4	+37.7%
Gross profit before write-offs and funding costs	9.7	8.7	12.0	+3.3	+37.6%
Interest and dividend income	0.0	0.1	0.1	+0	+11.5%
Equity in earnings of affiliates	0.1	0.1	0.1	-0	-33.4%
Operating expenses (b)	5.6	4.7	10.3	+5.6	+119.8%
Funding costs	1.5	1.2	1.7	+0.5	+41.1%
Interest expenses	0.1	0.1	0.1	+0	+7.4%
General expenses	3.2	3.6	4.9	+1.3	+37.7%
Credit costs	0.7	-0.3	3.5	+3.8	—%
Ordinary income (a - b)	4.2	4.2	2.0	-2.2	-52.6%
(Ordinary income before write-offs)	(4.9)	(4.0)	(5.5)	(+1.5)	(+37.6%)
Net income	2.2	2.5	0.9	-1.6	-64.9%

【Gross Profit Margin】

By focusing on profitability, yield improved and gross profit margin also rose. (+0.08%)



III. Financial Position

【Assets】

○Operating assets increased ¥15.8 billion (+1.3%) versus the fiscal year-end to ¥1,227.1 billion.
 Equipment financing assets declined ¥11.5 billion to ¥855.9 billion, while financing assets increased ¥27.2 billion to ¥371.1 billion.

(¥bn)

	End of Mar 11	End of Mar 12 (A)	End of June 12 (B)	Change (B-A)	Percentage change
Equipment Financing	640.7	867.4	855.9	-11.5	-1.3%
Leasing	(546.2)	(755.1)	(748.3)	(-6.8)	(-0.9%)
Installment sales	(94.5)	(112.2)	(107.6)	(-4.6)	(-4.1%)
Financing	287.9	343.9	371.1	+27.2	+7.9%
Loans	(241.9)	(295.0)	(326.2)	(+31.2)	(+10.6%)
Operational investment securities	(46.0)	(48.9)	(44.9)	(-4.0)	(-8.1%)
Operating Assets	928.6	1,211.3	1,227.1	+15.8	+1.3%
Total Assets	1,028.0	1,333.0	1,343.4	+10.4	+0.8%

【Liabilities and Net Worth】

○Interest-bearing debt increased ¥26.5 billion to ¥1,160.0 billion.
 — Continued to utilize commercial paper funding, taking advantage of low interest rates
 ○Net assets remained unchanged at ¥74.8 billion
 — Equity ratio was 5.3%, unchanged from the fiscal year end.

(¥bn)

	End of Mar 11	End of Mar 12 (A)	End of June 12 (B)	Change (B-A)	Percentage change
Long/Short-term borrowings	517.3	721.6	694.8	-26.8	-3.7%
Market funding	360.3	411.9	465.1	+53.2	+12.9%
(of which CP)	(327.3)	(373.1)	(423.3)	(+50.2)	(+13.5%)
Interest-bearing debt	877.6	1,133.5	1,160.0	+26.5	+2.3%
Net assets	69.4	74.7	74.8	+0.1	+0.0%
(of which equity)	(68.7)	(71.2)	(71.2)	(+0)	(+0.0%)
Equity ratio	6.7%	5.3%	5.3%	-%	-

IV. Sales

【Contract Execution Volume】

- Execution volume for the entire Group increased 2.5x year on year to ¥170.8 billion, with large increases in both equipment financing and financing.
- Contract execution volume for large companies also increased significantly to ¥109.9 billion.

(¥bn)

	FY10/1Q	FY11/1Q (A)	FY12/1Q (B)	Change (B-A)	Percentage Change ((B/A)-1)
Equipment financing	53.0	49.0	76.2	+27.2	+55.7%
Leasing	44.8	41.7	62.9	+21.2	+51.0%
Installment sales	8.1	7.3	13.3	+6.0	+83.1%
Financing	28.1	17.7	94.5	+76.8	+432.7%
Loans	22.2	17.5	94.1	+76.6	+438.0%
Operational investment securities	5.9	0.3	0.4	+0.1	+68.0%
Total (of which, for large companies)	81.1 (39.5)	66.7 (30.5)	170.8 (109.9)	+104.1 (+79.4)	+156.0% (+260.0%)

For reference: Leasing volume for the industry for April - June 2012 was up 9.1% versus April - June 2011 (according to data from the Japan Leasing Association)

【Equipment Financing】

- Contract execution volume in equipment financing increased for all types of equipment, rising 56% year on year to ¥76.2 billion.
- **Industrial and factory equipment:** Significant increase in volume, mainly due to the capturing of large equipment investment projects.
- **Transport equipment:** In addition to disaster recovery related demand, there was an increase in replacement demand in conjunction with the eco-car subsidy system.
- **Construction equipment:** Demand in China declined, but business remained strong, including recovery-related demand in Japan. .
- **Information and communications equipment:** There was an increase in vendor finance deals due to the contribution from IBJL Toshiba Leasing.
- **Medical equipment:** There were contributions from sales tie-ups with major manufacturers.

<Contract Execution Volume by Equipment Type>

(¥bn)

	FY10/1Q	FY11/1Q (A)	FY12/1Q (B)	Change (B-A)	Percentage Change ((B/A)-1)
Industrial and factory equipment	14.0	10.4	21.9	+11.5	+110.6%
Transport equipment	6.8	5.3	9.0	+3.7	+68.1%
Construction equipment	4.5	5.8	7.2	+1.4	+24.6%
Information and communications equipment	11.1	13.4	15.1	+1.7	+13.1%
Commerce and service equipment	7.0	5.7	7.7	+2.0	+35.2%
Medical equipment	2.4	2.7	5.2	+2.5	+90.1%
Other	7.2	5.6	10.1	+4.5	+80.2%
Total	53.0	49.0	76.2	+27.2	+55.7%

For Reference: Quarterly

(¥bn)

	FY09				FY10				FY11				FY12
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Gross profit before write-offs and funding costs	9.5	9.2	9.5	8.6	9.7	9.2	9.0	8.7	8.7	8.7	8.1	11.0	12.0
Funding costs	2.2	1.8	1.7	1.5	1.5	1.4	1.3	1.2	1.2	1.1	1.1	1.8	1.7
Gross profit	7.3	7.4	7.8	7.1	8.1	7.8	7.7	7.5	7.5	7.6	7.0	9.3	10.2
Operating income	2.8	2.9	3.4	2.2	4.2	4.1	4.5	2.3	4.1	4.5	3.0	-1.0	1.8
Ordinary income	2.8	3.5	3.5	2.4	4.2	4.4	4.7	2.2	4.2	5.0	3.1	-1.2	2.0
(Total credit costs)	(1.3)	(1.4)	(1.4)	(1.6)	(0.7)	(0.5)	(-0.4)	(1.3)	(-0.3)	(-0.2)	(0.7)	(5.7)	(3.5)
Net income	1.6	2.2	1.8	1.4	2.2	2.6	3.0	1.2	2.5	2.8	2.0	-3.0	0.9

