

Presentation  
Materials

# Financial Results for FY2016 Presentation Materials

May 12, 2017



## IBJ Leasing Co., Ltd.

(Securities Code: 8425)

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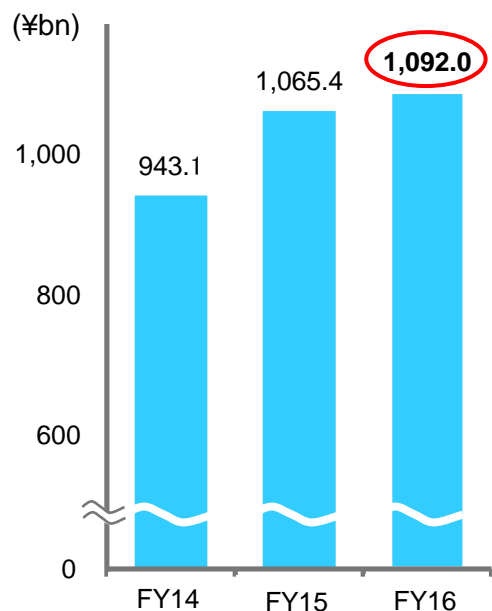
This document contains forecasts and other forward-looking statements that are based on information available at the time of preparation of this document and subject to certain risks and uncertainties, and is not intended to guarantee that the company would achieve them. Actual business results may differ materially from those expressed or implied by such forward-looking statements due to various factors.

# I. Overview of IBJ Leasing Group

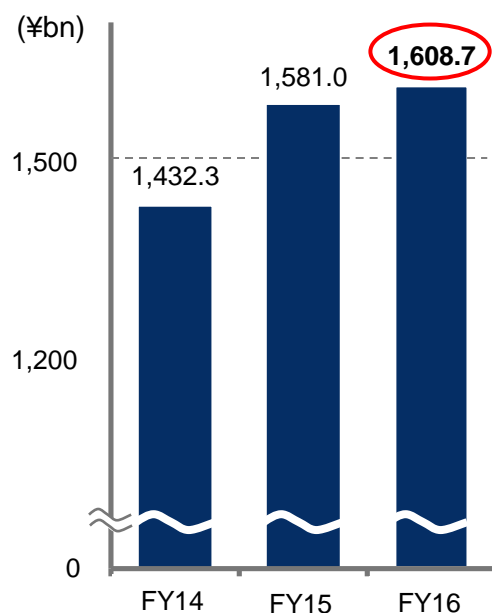
# Financial Highlights

- Achieved both “operating assets: ¥1,500 billion” and “net income attributable to owners of the parent: ¥12.0 billion,” which are numerical targets for the last fiscal year of the Fourth Mid-term Management Plan
- Posted new record highs for 4 fiscal years in a row for net income attributable to owners of the parent

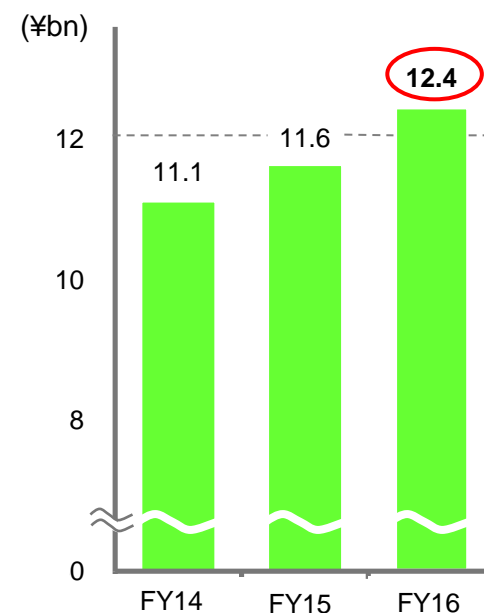
### Contract execution volume



### Operating assets



### Net income attributable to owners of the parent



**Theme**

“Challenging for renewed growth”

**Business Strategies**

Enhancement of core businesses

Improvement of special finance portfolio

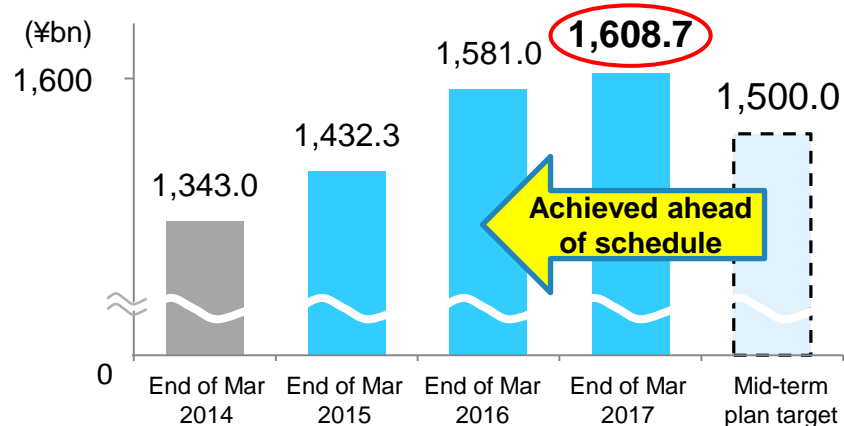
Bolstering and expansion of offshore businesses

**Numerical Targets**

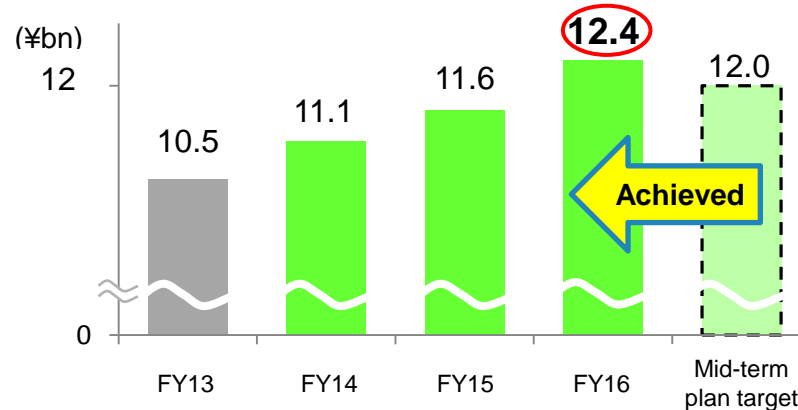
- Operating assets: ¥1,500 billion
- Net income attributable to owners of the parent: ¥12.0 billion

**Progress**

**Operating assets**



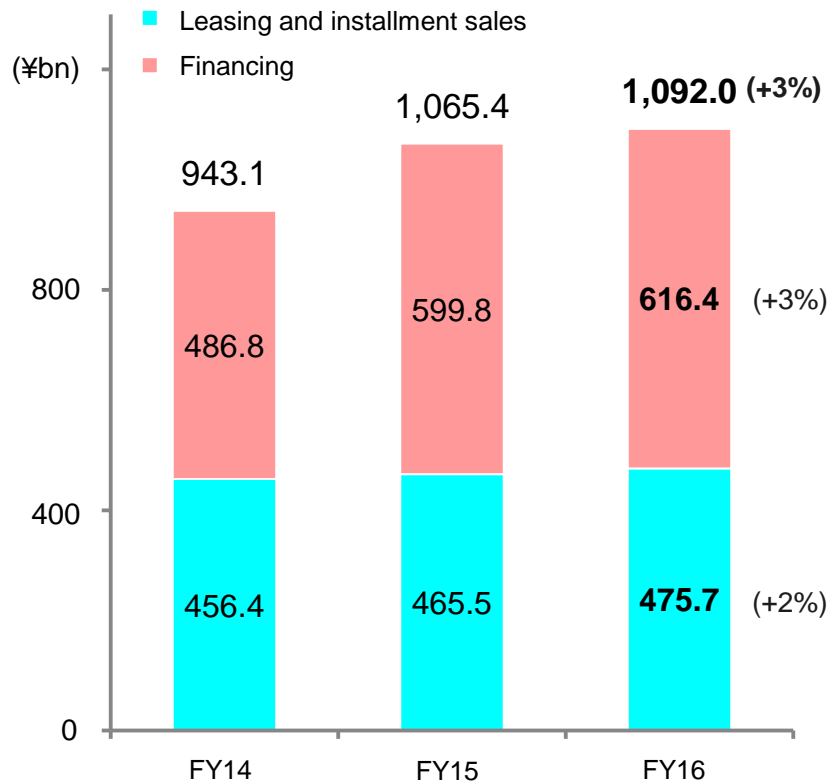
**Net income attributable to owners of the parent**



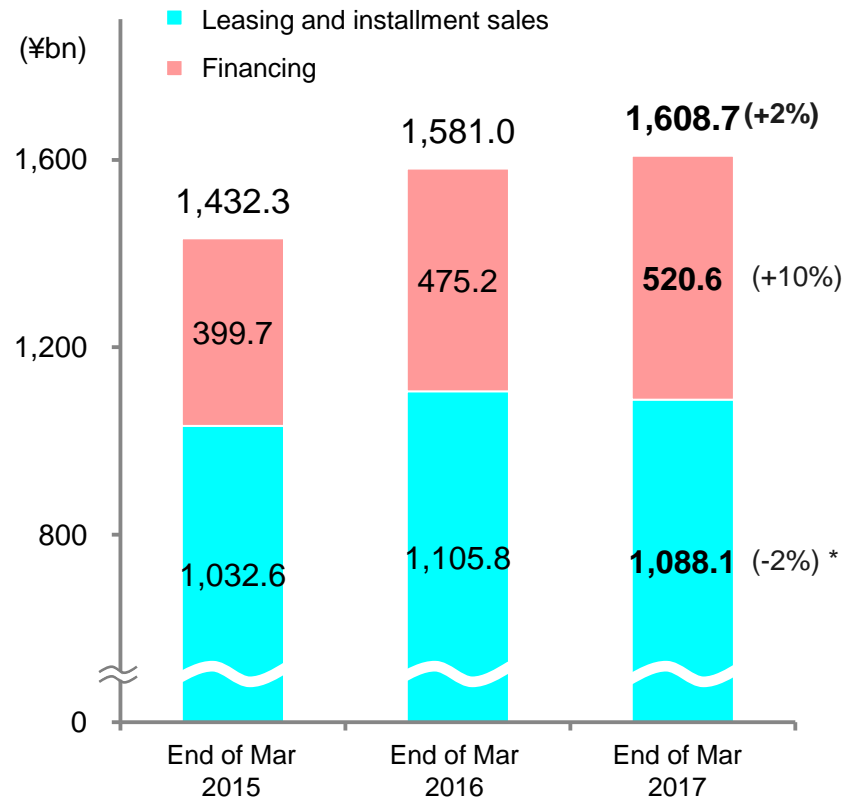
## **II. Business Performance Overview**

■ Contract execution volume increased 3% y-o-y and operating assets grew 2% from the end of the previous fiscal year.

## Contract execution volume



## Operating assets



\*Reversed the decrease in operating assets following the transfer in April 2016 of the entire shares in Toshiba Medical Finance Co., Ltd., a consolidated subsidiary.

- Growth in the areas of transport and real estate were the key drivers.
  - In Transport, the execution of an aircraft operating lease project contributed.
  - In Real Estate, bridge lease targeting REITs and real estate leasing including commercial facilities increased.

## Contract execution volume by equipment type

(¥bn)

	FY14	FY15	FY16	Change	(%)
Industrial and factory	117.9	110.3	<b>98.8</b>	-11.5	(-10%)
Information and communications	73.1	93.8	<b>78.9</b>	-14.9	(-16%)
Transport	42.9	47.1	<b>61.6</b>	+ 14.5	(+ 31%)
Construction	54.7	39.1	<b>35.9</b>	-3.2	(-8%)
Medical	30.3	30.2	<b>13.3</b>	-16.9	(-56%)
Commerce and services	35.8	36.3	<b>28.5</b>	-7.8	(-21%)
Office equipment	10.0	10.2	<b>11.2</b>	+ 1.0	(+ 10%)
Other	91.5	98.6	<b>147.5</b>	+ 48.9	(+ 50%)
Real estate	66.7	74.6	<b>121.6</b>	+ 47.0	(+ 63%)
Total	456.4	465.5	<b>475.7</b>	+ 10.2	(+ 2%)



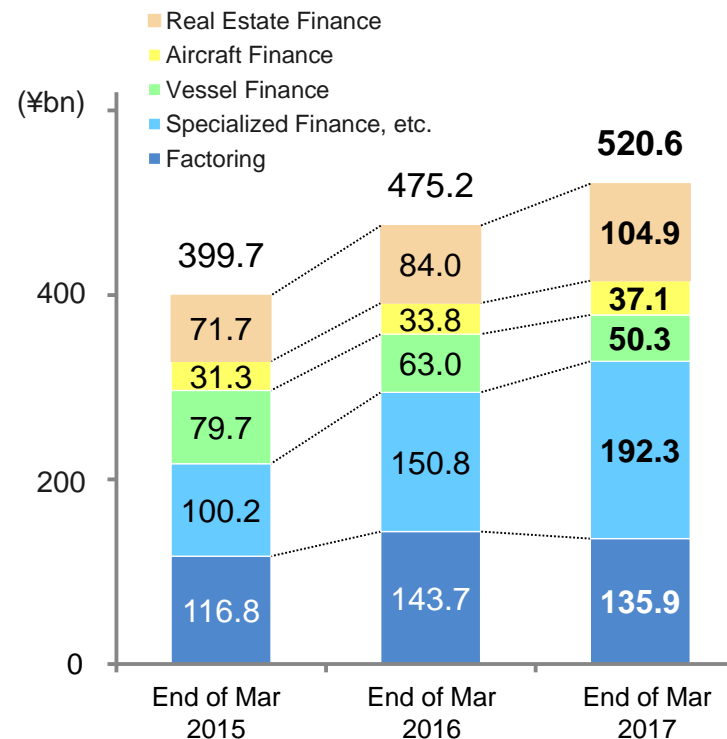
- Both contract execution volume and operating assets grew as we focused on capturing diverse customer needs.
  - In Real Estate Finance, bridge financing targeting REITs increased.
  - In Specialized Finance, etc. and Aircraft Finance, we selected and executed projects with consideration to risk-returns.

## Contract execution volume

	FY14	FY15	FY16	Change	(%)
Factoring	389.0	437.2	<b>445.6</b>	+8.4	(+2%)
Specialized Finance, etc.	43.8	82.3	<b>70.5</b>	-11.8	(-14%)
Vessel Finance	15.9	15.2	<b>10.2</b>	-5.0	(-33%)
Aircraft Finance	16.6	17.7	<b>12.8</b>	-4.9	(-28%)
Real Estate Finance	21.5	47.4	<b>77.2</b>	+29.8	(+63%)
Total	486.8	599.8	<b>616.4</b>	+16.6	(+3%)

(¥bn)

## Operating assets



# ● Developments in Focus Areas (1)

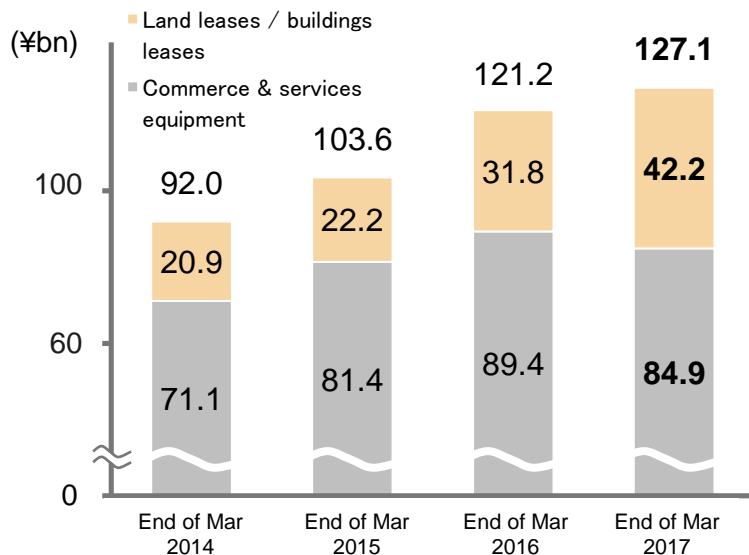
[Building business with domestic demand-related industries]

- Promoted proposal-based marketing that meets diverse customer needs and captured capital investment projects for distribution and retail businesses in collaboration with developers of large retail projects

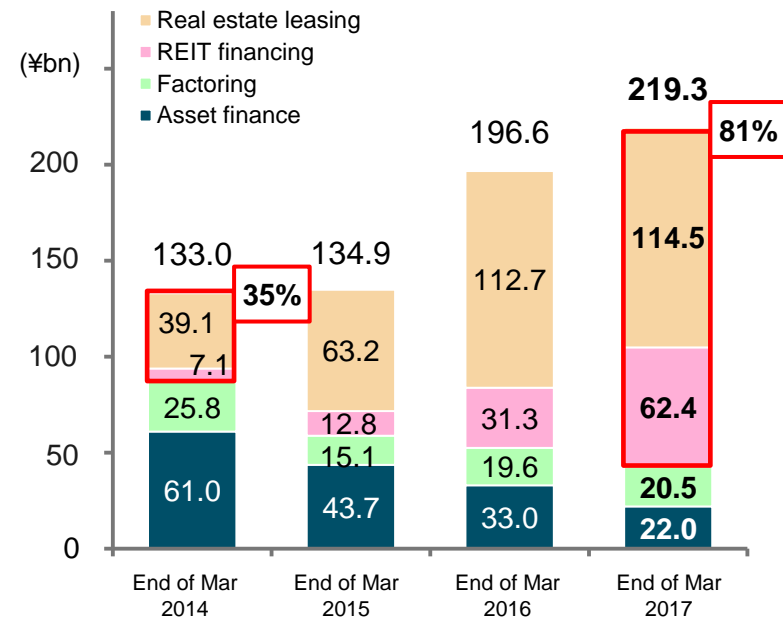
[Real estate-related business]

- Promoted property ownership businesses such as real property leasing of commercial outlets and bridge businesses, and restructured asset portfolio from financing to real assets

## Distribution / retail industry related operating assets



## Real estate-related business transaction volume



\* Operating assets above refers to leasing & installment sales to commerce & services industry plus real estate leases to distribution / foods / retail industries

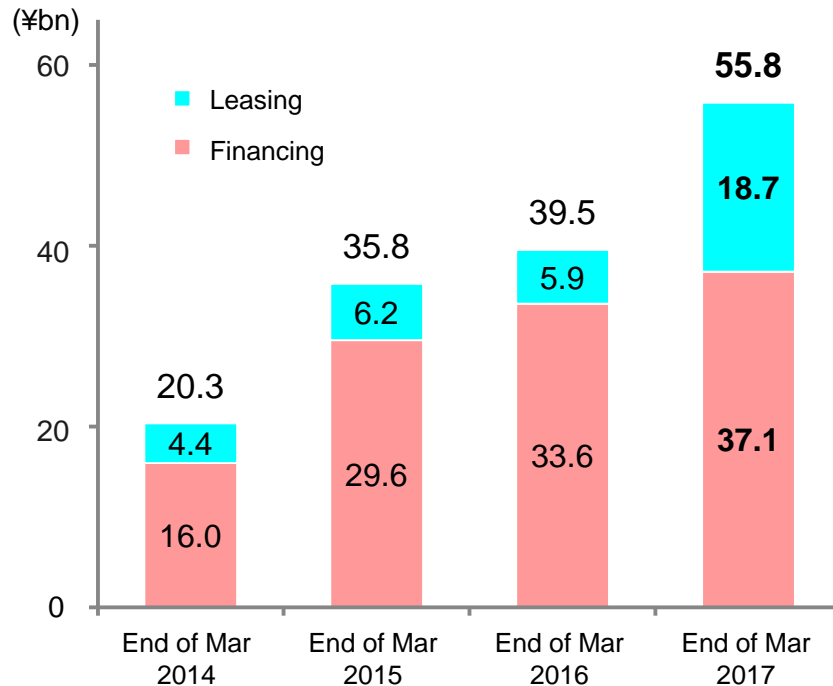
# ● Developments in Focus Areas (2)

■ The newly established aircraft operating leasing business\* achieved steady growth, and together with the initiative on existing aircraft-backed collateral loans (financing), operating assets in the aircraft business increased 41% from the end of the previous fiscal year

\* We established an aircraft operating lease specialized subsidiary with U.S.-based Aircraftle Limited and commenced operation in February 2016

## Aircraft-related operating assets

\* Valued using forex rates at the end of March 2017



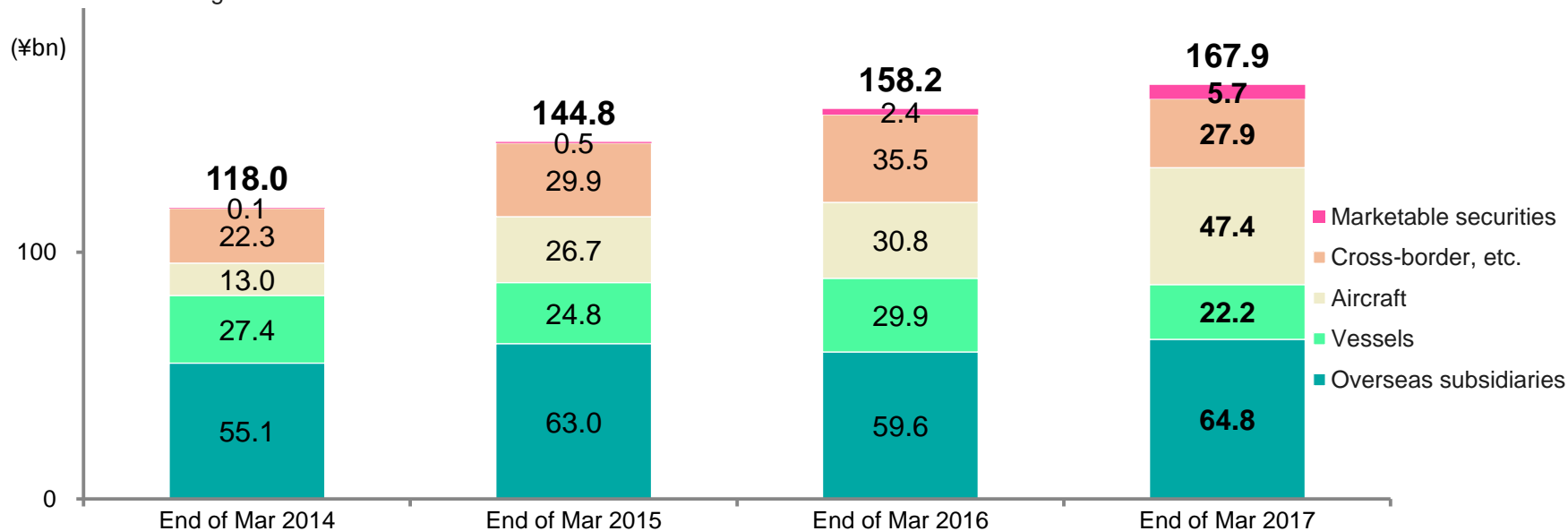
## Aircraft operating leasing business



- Operating assets increased from the end of the previous fiscal year thanks to the execution of new measures.
  - Expanded of business by participating in the aircraft operating leasing business
  - Advanced approach to non-Japanese companies
    - Full-fledged entry into automobile leasing business in Thailand
    - Focusing on initiatives in lease projects targeting local credible medical institutions in China

## Overseas-related operating assets

\*Valued using forex rates at the end of March 2017.



## **III. Financial Results Overview**

# Consolidated P/L

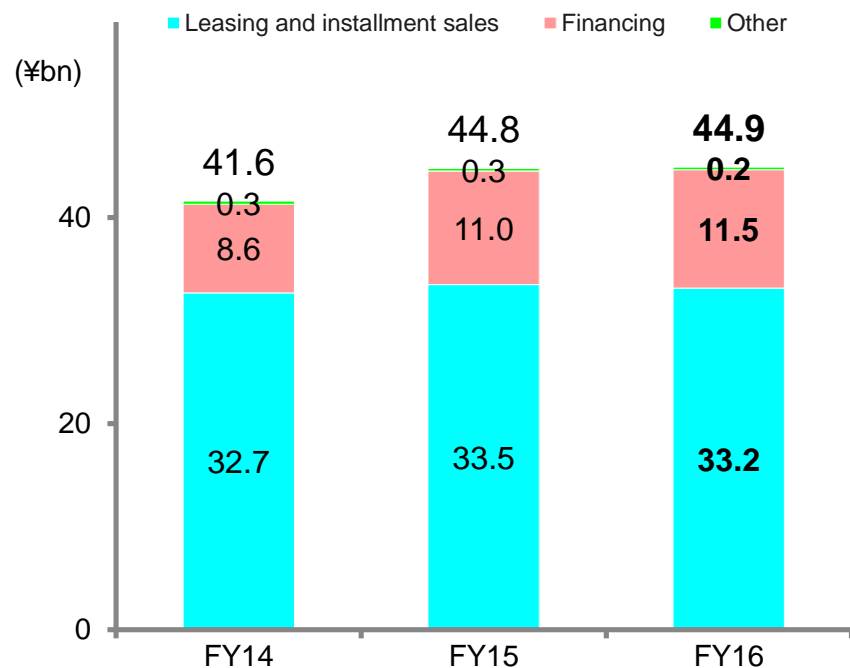
- Gross profit before write-offs and funding costs reversed the decrease due to the sale of a group company.
- Funding costs decreased mainly due to low market interest rates.
- Posted new record highs for 4 fiscal years in a row for net income attributable to owners of the parent, absorbing huge credit costs that incurred in the 4th quarter.

(¥bn)

Consolidated P/L	FY14	FY15 (A)	FY16 (B)	Change (B)-(A)	% Change (B)/(A)	FY16 Forecast <% progress>
Revenues	353.7	364.2	<b>429.4</b>	+65.2	+18%	<123%> 350.0
Gross profit before write-offs and funding costs	41.6	44.8	<b>44.9</b>	+0.1	+0%	—
(Funding costs)	(6.3)	(6.4)	<b>(5.7)</b>	(-0.7)	(-10%)	—
Gross profit	35.3	38.4	<b>39.2</b>	+0.8	+2%	—
(Credit costs)	(-2.0)	(1.3)	<b>(1.5)</b>	(+0.2)	(+22%)	—
Operating income	17.9	17.6	<b>18.0</b>	+0.4	+2%	<100%> 18.0
Ordinary income	19.0	18.6	<b>18.8</b>	+0.2	+1%	<100%> 18.7
(Ordinary income before write-offs)	(17.0)	(19.8)	<b>(20.3)</b>	(+0.5)	(+3%)	—
Net income attributable to owners of the parent	11.1	11.6	<b>12.4</b>	+0.8	+7%	<103%> 12.0

■ Gross profit before write-offs and funding costs reversed the decrease due to the sale of a group company by accumulating operating assets.

## Gross profit before write-offs and funding costs



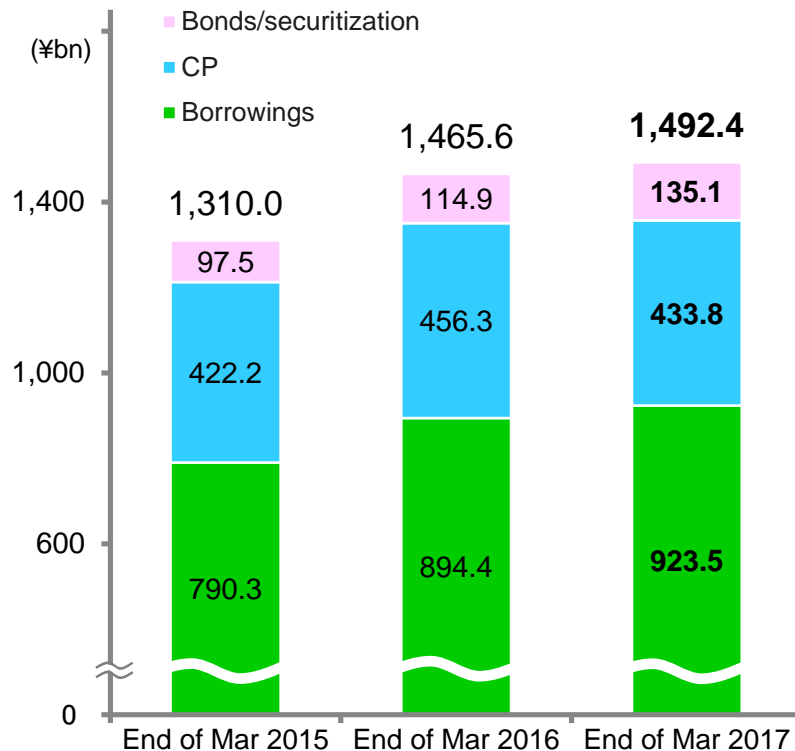
## Yield

	FY15	FY16	Change
Gross profit margin before write-offs and funding costs	2.97%	2.86%	-0.11pt
CoF ratio	0.42%	0.36%	-0.06pt
Gross profit margin	2.55%	2.49%	-0.06pt
Operating assets (average balance, ¥bn)	1,506.7	1,571.7	+65.0

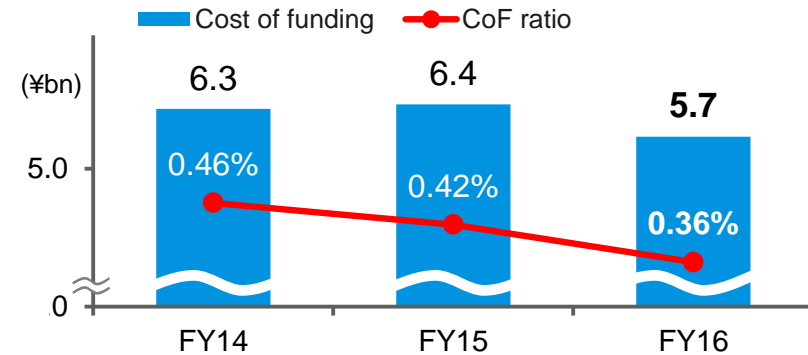
Notes) Gross profit margin before write-offs and funding costs  
 = Gross profit before write-offs and funding costs / Average balance of operating assets  
 CoF ratio = Cost of funding / Average balance of operating assets  
 Gross profit margin = Gross profit / Average balance of operating assets

- Cost of funding declined partly thanks to the favorable funding environment, despite an increase in interest-bearing debt with the increase of operating assets.
- Both net assets and equity ratio increased by the solid accumulation of income.

## Interest-bearing debt



## Funding costs (%)



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

## Net assets/ equity ratio

	(¥bn)		
	End of Mar 2015	End of Mar 2016	End of Mar 2017
Net assets	123.3	132.8	<b>141.8</b>
Equity ratio	7.6%	7.4%	7.8%



## **IV. Earnings Forecasts and Dividends**

# Earnings Forecasts and Dividends

- Plan to achieve net income attributable to owners of the parent of ¥13.0 billion, producing record-high income for the 5th consecutive year.

## 【Dividends】

- Plan to revise year-end dividend for FY2016; a ¥2 increase from ¥32/share to ¥34/share
- Plan to raise annual dividend for the 16th straight year in FY2017; a ¥2 increase to ¥66/share

(¥bn)

	FY2016 (Results) (A)	FY2017 (Forecast) (B)	Change (B)-(A)	% Change (B)/(A)
Revenues	429.4	<b>400.0</b>	-29.4	-7%
Operating income	18.0	<b>18.3</b>	+0.3	+2%
Ordinary income	18.8	<b>19.0</b>	+0.2	+1%
Net income attributable to owners of the parent	12.4	<b>13.0</b>	+0.6	+5%
Annual dividend	¥64	¥66	+¥2	
Interim dividend	¥30	¥32	+¥2	
Year-end dividend	(Plan) ¥34	¥34	±¥0	
Dividend payout ratio	22.0%	<b>21.7%</b>		

# V. Appendix

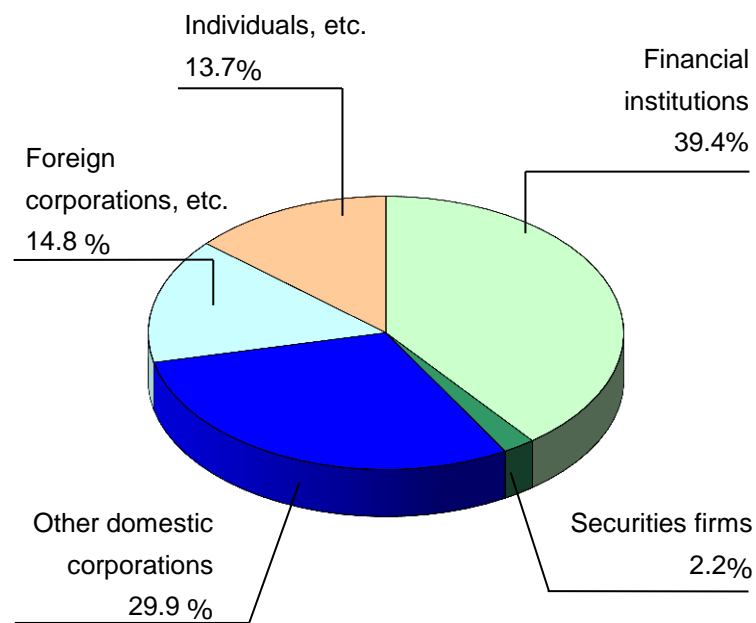
<b>Company Name</b>	<b>IBJ Leasing Company, Limited</b>
<b>Address</b>	<b>1-2-6 Toranomom, Minato-ku, Tokyo 105-0001</b>
<b>Representative</b>	<b>Hiroshi Motoyama, President and CEO</b>
<b>Establishment</b>	<b>December 1, 1969</b>
<b>Listing</b>	<b>Tokyo Stock Exchange, 1st Section (Code: 8425)</b>
<b>Capital Stock</b>	<b>17,874 million yen (Outstanding shares: 42,649,000)</b>
<b>Employees</b>	<b>1,053 (consolidated, as of March 31, 2017)</b>
<b>Business Sites</b>	<b>14 in Japan (Tokyo, Osaka, Nagoya, others) 6 overseas (5 in Asia, 1 in Europe)</b>

## **Key Group Companies:**

**IBJL-TOSHIBA Leasing Company, Limited, Dai-ichi Leasing Co., Ltd.,  
Universal Leasing Co., Ltd., IBJ Auto Lease Company Limited,  
KL Lease & Estate Co., Ltd. (building leases),  
KL & Co., Ltd. (used property purchase/ sales),  
IBJ Air Leasing Limited (aircraft operating leases)**

# ● Stock Status (as of March 31, 2017)

- **Outstanding shares: 42,649,000**
- **Number of shareholders: 39,532**
- **Shareholder distribution (Holding ratio)**



Note) Holding ratio is the ratio of shares held to outstanding shares.

## ○ Major shareholders

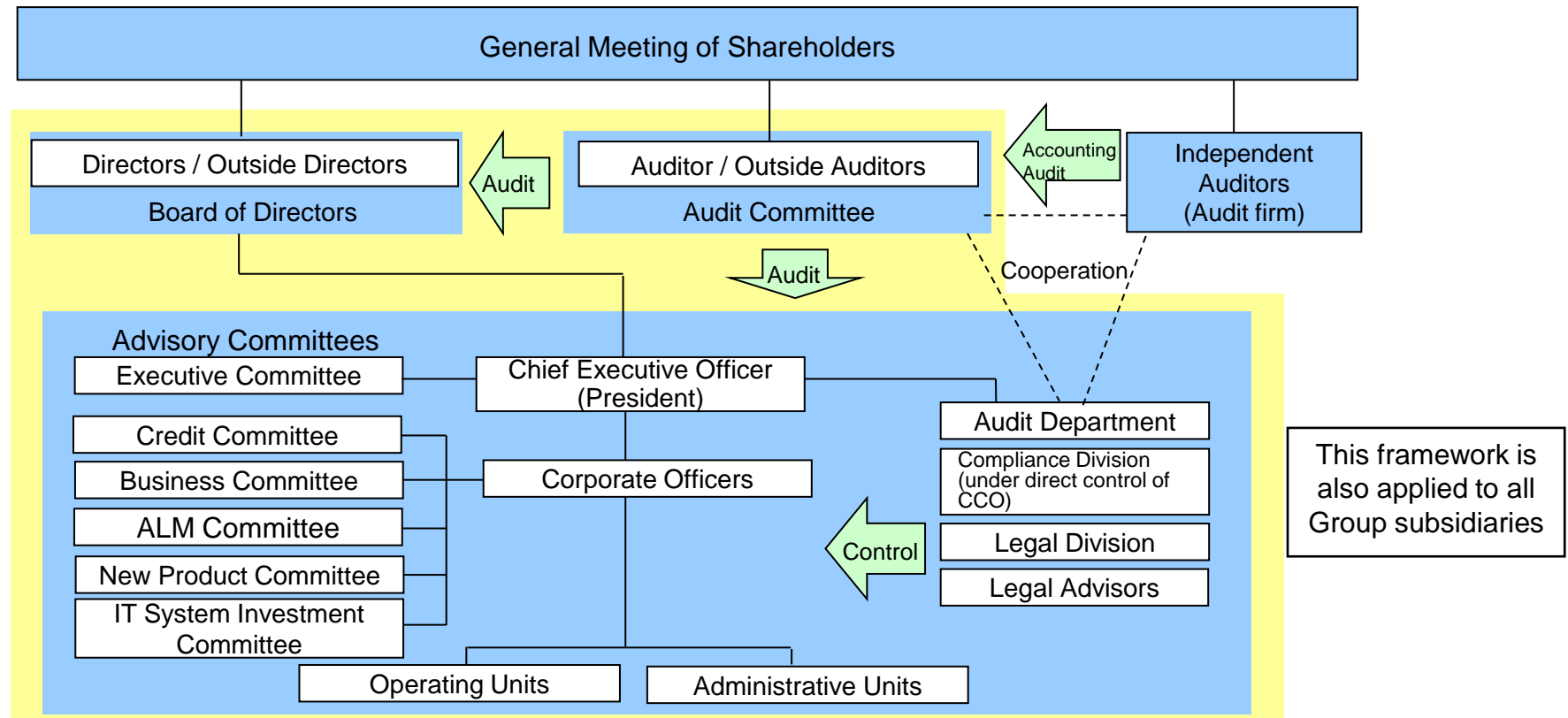
Shareholders	Shares held (1,000 shares)	Holding ratio (%)
The Dai-ichi Life Insurance Company, Limited	2,930	6.87
NISSAN MOTOR CO., LTD. Retirement Benefit Trust Account Mizuho Trust & Banking Co., Ltd.	1,750	4.10
Mizuho Bank, Ltd.	1,626	3.81
UNIZO Holdings Company, Limited	1,546	3.62
Meiji Yasuda Life Insurance Company	1,251	2.93
DOWA HOLDINGS Co., Ltd.	1,120	2.62
Japan Trustee Services Bank, Ltd. (Trust Account)	1,013	2.37
Nippon Steel Kowa Real Estate Co., Ltd.	975	2.28
The Kyoritsu Co., Ltd.	949	2.22
Japan Trustee Service Bank, Ltd. TOSHIBA CORPORATION Retirement Benefit Trust Account	900	2.11

# IBJL Group Internal Control System

- IBJL Group has established and continues to effectively and appropriately operate an
- Management structure: 7 directors (incl. 2 outside directors), 4 auditors (incl. 3 outside auditors)

\* In compliance with Tokyo Stock Exchange regulations, the 2 outside directors and 3 outside auditors have been established as independent officers.

## 【Corporate Governance Structure】



# Consolidated B/S (Assets)

(¥bn)

	Mar.31, 2013	Mar.31, 2014	Mar.31, 2015	Mar.31, 2016 (A)	Mar.31, 2017 (B)	Change (B)-(A)	Change (B)/(A)
Current assets	1,265.6	1,356.0	1,434.4	1,554.0	<b>1,566.6</b>	+12.6	+0.8%
Cash and cash equivalents	30.5	37.7	38.7	49.4	<b>42.3</b>	-7.1	-14.4%
Lease receivable	728.9	753.8	812.0	842.0	<b>809.3</b>	-32.7	-3.9%
Installment sales receivable	114.3	133.8	154.4	147.8	<b>138.1</b>	-9.7	-6.6%
Operational loans	320.1	359.5	361.1	377.9	<b>348.1</b>	-29.8	-7.9%
Operational investment securities	48.8	40.7	38.6	97.3	<b>172.5</b>	+75.2	+77.3%
Marketable securities	-	0.1	-	0.1	<b>0.0</b>	-0.1	-39.0%
Allowance for doubtful receivables	-4.4	-2.3	-1.0	-0.9	<b>-3.1</b>	-2.2	-
Property & equipment	106.7	106.2	117.3	164.7	<b>185.7</b>	+21.0	+12.7%
Leased assets	51.3	55.7	66.7	116.4	<b>141.0</b>	+24.6	+21.2%
Investment securities	20.7	24.3	28.6	26.3	<b>28.2</b>	+1.9	+7.5%
Doubtful operating receivables	18.5	11.4	8.9	10.4	<b>3.3</b>	-7.1	-67.9%
Allowance for doubtful receivables	-3.2	-2.3	-2.1	-3.4	<b>-0.3</b>	+3.1	-
Total assets	1,372.2	1,462.2	1,551.7	1,718.7	<b>1,752.3</b>	+33.6	+2.0%

Operating assets	1,263.1	1,343.0	1,432.3	1,581.0	<b>1,608.7</b>	+27.7	+1.8%
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# Consolidated B/S (Liabilities and Net Worth)

(¥bn)

	Mar.31, 2013	Mar.31, 2014	Mar.31, 2015	Mar.31, 2016 (A)	Mar.31, 2017 (B)	Change (B)-(A)	Change (B)/(A)
Current liabilities	979.9	1,019.0	1,044.3	1,119.2	<b>1,045.8</b>	-73.4	-6.6%
Short-term borrowings	233.5	295.4	336.5	364.4	<b>312.7</b>	-51.7	-14.2%
Current portion of corporate bond	-	-	10.0	20.0	-	-20.0	-100.0%
Current portion of long-term debt	195.5	158.1	131.1	132.4	<b>155.5</b>	+23.1	+17.5%
Commercial paper	410.2	414.9	422.2	456.3	<b>433.8</b>	-22.5	-4.9%
Lease payable	14.1	11.3	8.8	8.9	<b>7.3</b>	-1.6	-17.3%
Long-term liabilities	307.5	333.4	384.1	466.7	<b>564.8</b>	+98.1	+21.0%
Long-term debt	286.1	287.8	322.7	397.6	<b>455.3</b>	+57.7	+14.5%
Corporate bond	10.0	30.0	40.0	40.0	<b>58.0</b>	+18.0	+45.0%
Total liabilities	1,287.3	1,352.3	1,428.4	1,585.9	<b>1,610.5</b>	+24.6	+1.6%
Net assets	84.9	109.8	123.3	132.8	<b>141.8</b>	+9.0	+6.8%
Shareholder's equity	78.4	100.5	109.3	118.5	<b>128.3</b>	+9.8	+8.3%
Accumulated other comprehensive income	1.9	4.3	8.6	8.6	<b>8.3</b>	-0.3	-3.1%
Non-controlling interests	4.6	5.0	5.4	5.8	<b>5.2</b>	-0.6	-9.9%
Total	1,372.2	1,462.2	1,551.7	1,718.7	<b>1,752.3</b>	+33.6	+2.0%
Interest-bearing debt	1,176.5	1,226.3	1,310.0	1,465.6	<b>1,492.4</b>	+26.8	+1.8%
Equity ratio	5.9%	7.2%	7.6%	7.4%	<b>7.8%</b>	+0.4pt	



# Consolidated Statements of Income

(¥bn)

	FY12	FY13	FY14	FY15 (A)	<b>FY16 (B)</b>	Change (B)-(A)	Change (B)/(A)
Revenues	352.5	354.8	353.7	364.2	<b>429.4</b>	+65.2	+17.9%
Gross profit before write-offs and funding costs	44.3	43.0	41.6	44.8	<b>44.9</b>	+0.1	+0.2%
Funding costs	6.6	6.4	6.3	6.4	<b>5.7</b>	-0.7	-10.4%
Gross profit	37.7	36.6	35.3	38.4	<b>39.2</b>	+0.8	+2.0%
SGA expenses	23.0	19.9	17.3	20.9	<b>21.2</b>	+0.3	+1.8%
Personnel, facilities costs	19.0	18.9	19.1	19.5	<b>19.6</b>	+0.1	+0.9%
Credit costs	3.9	0.8	-2.0	1.3	<b>1.5</b>	+0.2	+22.1%
Operating income	14.7	16.7	17.9	17.6	<b>18.0</b>	+0.4	+2.2%
Other income	1.3	1.3	1.6	1.4	<b>1.2</b>	-0.2	-14.4%
Other expenses	0.6	0.6	0.5	0.4	<b>0.4</b>	-0.0	-8.5%
Ordinary income	15.4	17.4	19.0	18.6	<b>18.8</b>	+0.2	+1.2%
Extraordinary income	0.0	0.1	0.0	0.4	<b>0.3</b>	-0.1	-39.7%
Extraordinary loss	0.0	0.0	0.1	0.1	<b>0.2</b>	+0.1	+253.6%
Income before income taxes	15.4	17.5	18.9	19.0	<b>18.9</b>	-0.1	-0.5%
Income taxes	5.8	6.5	7.3	6.8	<b>6.2</b>	-0.6	-8.4%
Net income attributable to owners of the parent	8.9	10.5	11.1	11.6	<b>12.4</b>	+0.8	+6.9%

ROE	11.8%	11.4%	10.0%	9.5%	<b>9.4%</b>	-0.1pt	-
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# Consolidated Statement of Comprehensive Income

(¥bn)

	FY12	FY13	FY14	FY15 (A)	<b>FY16 (B)</b>	Change (B)-(A)	Change (B)/(A)
Net income*	9.6	11.0	11.6	12.1	<b>12.6</b>	+0.5	+3.9%
Unrealized gain on available-for-sale securities	1.6	0.9	2.8	1.6	<b>0.1</b>	-1.5	-95.1%
Deferred loss on derivatives under hedge accounting	-0.1	0.3	0.1	-0.4	<b>0.2</b>	+0.6	-
Foreign currency translation adjustments	0.7	1.0	0.9	-0.5	<b>-0.5</b>	+0.0	-
Remeasurements of defined benefit plans, net of tax	-	-	0.3	-0.6	<b>0.1</b>	+0.7	-
Share of other comprehensive income of associated companies	0.1	0.2	0.2	-0.2	<b>-0.1</b>	+0.1	-
Total other comprehensive income	2.4	2.4	4.2	-0.1	<b>-0.2</b>	-0.1	-
Total comprehensive income	11.9	13.4	15.8	12.1	<b>12.4</b>	+0.3	+2.3%

\*In FY12-FY14, net income before minority interests is shown.

# Gross Profit Before Write-offs and Funding Costs by Segment

(¥bn)

	FY12	FY13	FY14	FY15 (A)	<b>FY16 (B)</b>	Change (B)-(A)	Change (B)/(A)
Revenues	352.5	354.8	353.7	364.2	<b>429.4</b>	+65.2	+17.9%
Leasing	327.5	316.2	318.6	337.4	<b>406.3</b>	+68.9	+20.4%
Installment sales	15.4	25.9	25.2	14.6	<b>10.7</b>	-3.9	-27.2%
Loans	7.2	7.0	7.5	7.8	<b>7.3</b>	-0.5	-5.5%
Other	3.2	6.6	3.2	5.3	<b>5.8</b>	+0.5	+11.2%
Elimination/corporate	-0.8	-0.8	-0.9	-0.9	<b>-0.8</b>	+0.1	-
Cost of sales	308.2	311.8	312.1	319.4	<b>384.5</b>	+65.1	+20.4%
Leasing	294.0	284.8	288.4	306.5	<b>375.3</b>	+68.8	+22.5%
Installment sales	12.6	23.2	22.8	12.1	<b>8.6</b>	-3.5	-29.3%
Loans	0.3	0.3	0.4	0.3	<b>0.2</b>	-0.1	-37.4%
Other	1.6	3.8	0.9	0.9	<b>0.7</b>	-0.2	-18.0%
Elimination/corporate	-0.3	-0.3	-0.4	-0.4	<b>-0.3</b>	+0.1	-
Gross-profit before write-offs and funding costs	44.3	43.0	41.6	44.8	<b>44.9</b>	+0.1	+0.2%
Leasing	33.5	31.4	30.3	31.0	<b>31.1</b>	+0.1	+0.2%
Installment sales	2.8	2.7	2.4	2.5	<b>2.1</b>	-0.4	-17.0%
Loans	6.9	6.6	7.1	7.4	<b>7.1</b>	-0.3	-4.1%
Other	1.6	2.8	2.3	4.4	<b>5.1</b>	+0.7	+17.1%
Elimination/corporate	-0.5	-0.5	-0.5	-0.5	<b>-0.5</b>	+0.0	-