

Presentation  
Materials

# FY2016 First-Half Financial Results Presentation Materials

November 10, 2016



## IBJ Leasing Co., Ltd.

(Securities Code: 8425)

Inquiries: Corporate Communication Division

Tel: +81-3-5253-6540 Fax: +81-3-5253-6539

# Contents

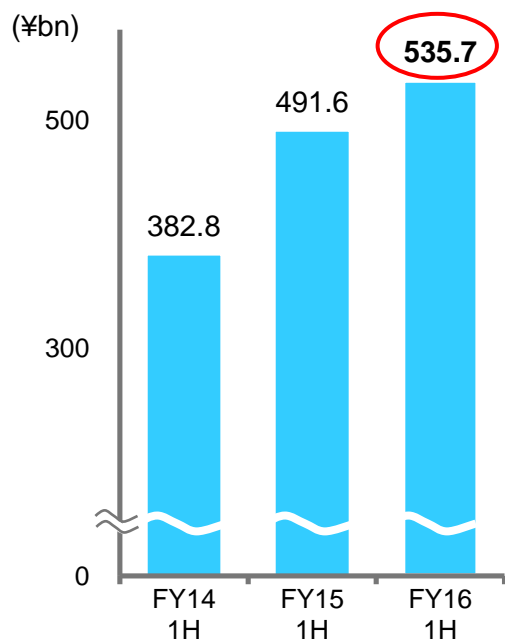
I . Business Performance Overview	• • •	3
II . Financial Results Overview	• • •	1 1
III . Business and Dividend Forecasts	• • •	1 5
IV . Appendix	• • •	1 7

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.

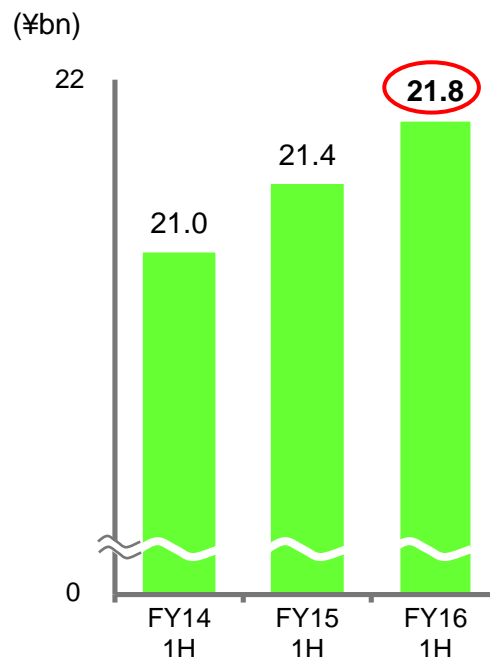
# FY2016 First-Half Results Highlights

- Implementation of our medium-term plan's business strategies led to y-o-y growth in contract execution volume, gross profit before write-offs/funding costs, and net income attributable to owners of the parent for a second straight year
- Net income attributable to owners of the parent set a new half record high

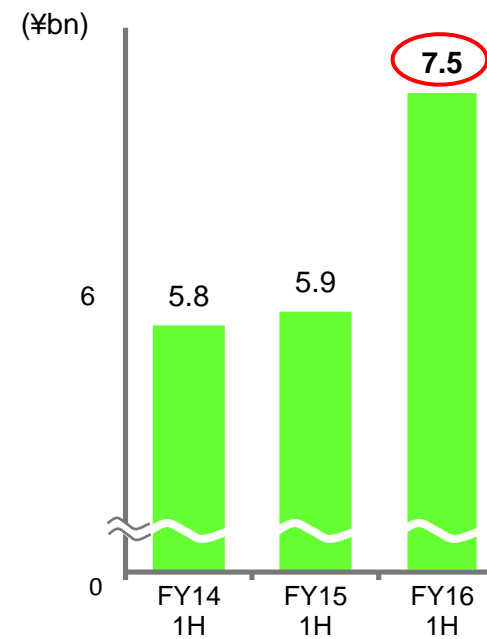
### Contract execution volume



### Gross profit before write-offs, funding costs



### Net Income Attributable to Owners of the Parent



# I . Business Performance Overview

**Theme**

“Challenging for renewed growth”

**Business Strategies**

Enhancement of core businesses

Improvement of special finance portfolio

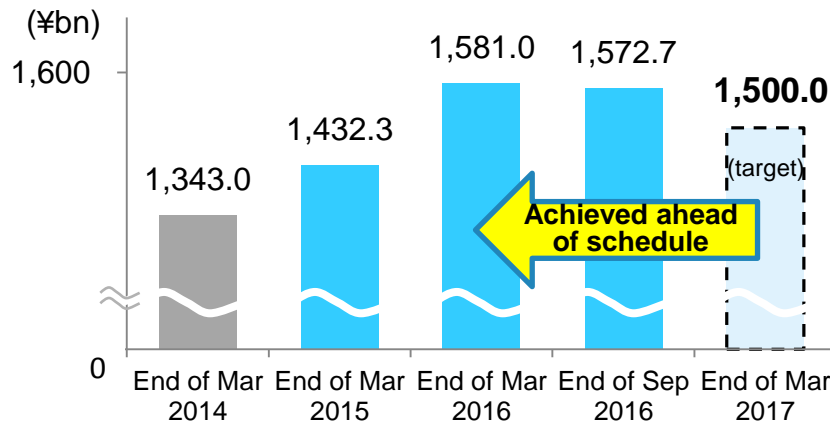
Bolstering and expansion of offshore businesses

**Numerical Targets**

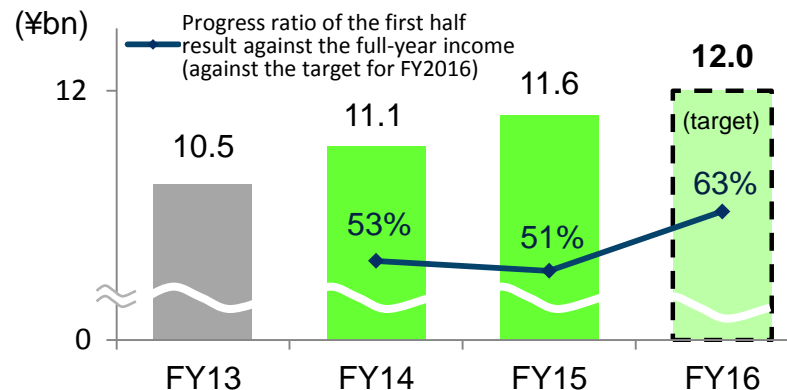
- Operating Assets: ¥1,500 billion
- Net Income Attributable to Owners of the Parent : ¥12.0 billion

**Progress**

**Operating Assets**



**Net Income Attributable to Owners of the Parent**

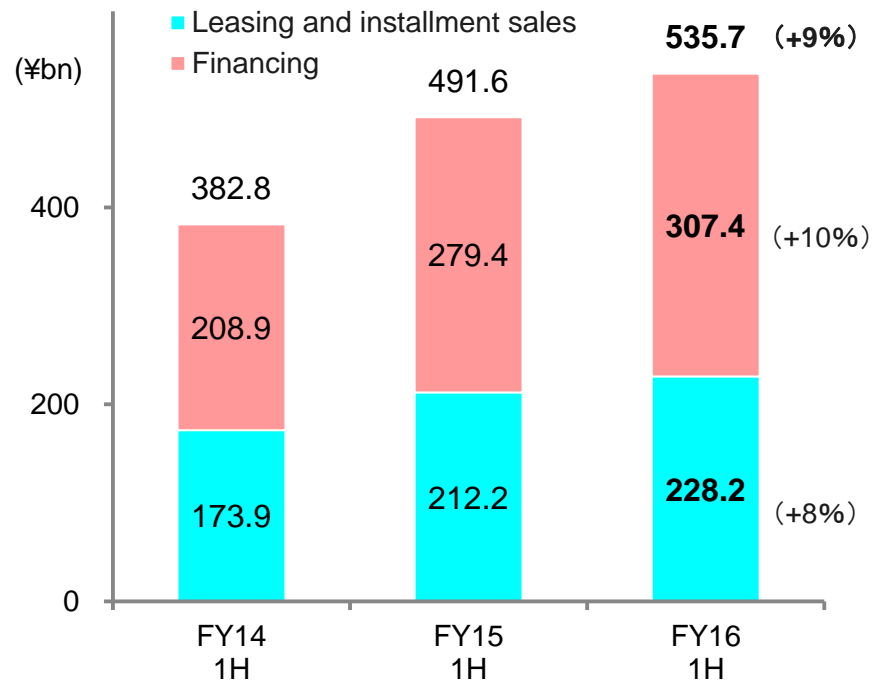


# Overall Situation

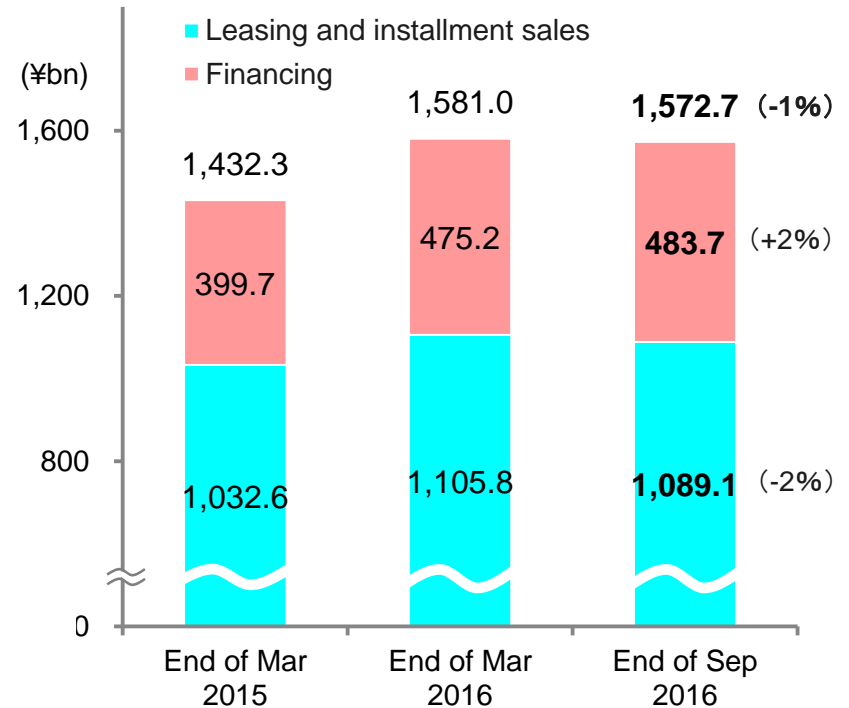
- Contract execution volume increased for both leasing and installment sales and financing, growing 9% compared with the same period a year earlier
- Operating assets maintained the level similar to the end of the previous fiscal year, as the increase in contract execution volume offset the decline in leasing and installment assets resulting from a sale of a group company \*

\*In April 2016, we transferred the entire shares in Toshiba Medical Finance Co., Ltd., a consolidated subsidiary.

## Contract execution volume



## Operating assets



- Contract execution volume continued to rise, increasing 8% y-o-y
  - Transport: the first project handled by an aircraft operating lease specialized subsidiary contributed
  - Real estate lease: bridge financing targeting REITs, etc. increased

## Contract Execution Volume by Equipment Type

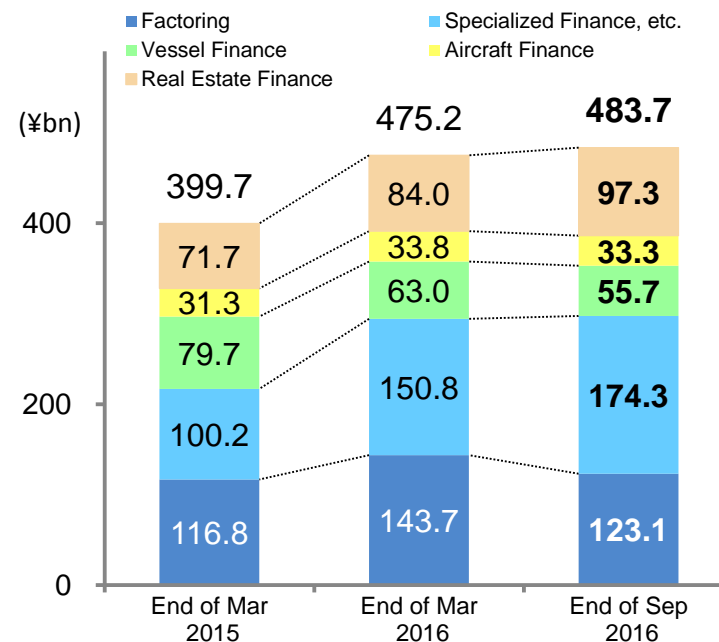
(¥bn)	FY14 1H	FY15 1H	FY16 1H	Change (%)
Industrial and factory	33.5	51.5	<b>53.1</b>	+1.6 (+3%)
Information and communications	27.3	35.8	<b>35.9</b>	+0.1 (+0%)
Transport	20.5	22.4	<b>25.4</b>	+3.0 (+14%)
Construction	25.9	17.2	<b>14.3</b>	-2.9 (-17%)
Medical	11.4	14.8	<b>6.5</b>	-8.3 (-56%)
Commerce and services	17.4	18.4	<b>15.0</b>	-3.4 (-19%)
Office equipment	5.0	5.4	<b>5.1</b>	-0.3 (-5%)
Other	32.8	46.7	<b>72.9</b>	+26.2 (+56%)
Real estate lease	20.5	34.8	<b>60.8</b>	+26.0 (+75%)
Total	173.9	212.2	<b>228.2</b>	+16.0 (+8%)

- Both contract execution volume and operating assets grew as we focused on capturing diverse customer needs
  - Real Estate Finance: REIT-related finance increased
  - Specialized Finance, etc.: we continued to focus on finance associated with capital policies of businesses
  - Aircraft Finance: we executed projects by considering risk-returns amid intensifying competition

## Contract execution volume

(¥bn)	FY14 1H	FY15 1H	FY16 1H	Change (%)
Factoring	171.5	198.2	<b>204.7</b>	+6.5 (+3%)
Specialized Finance, etc.	20.2	48.6	<b>39.2</b>	-9.4 (-19%)
Vessel Finance	4.4	6.5	<b>5.1</b>	-1.4 (-22%)
Aircraft Finance	7.0	12.1	<b>4.8</b>	-7.3 (-60%)
Real Estate Finance	5.8	14.0	<b>53.6</b>	+39.6 (+283%)
Total	208.9	279.4	<b>307.4</b>	+28.0 (+10%)

## Operating assets





# ● Developments in Focus Areas (1)

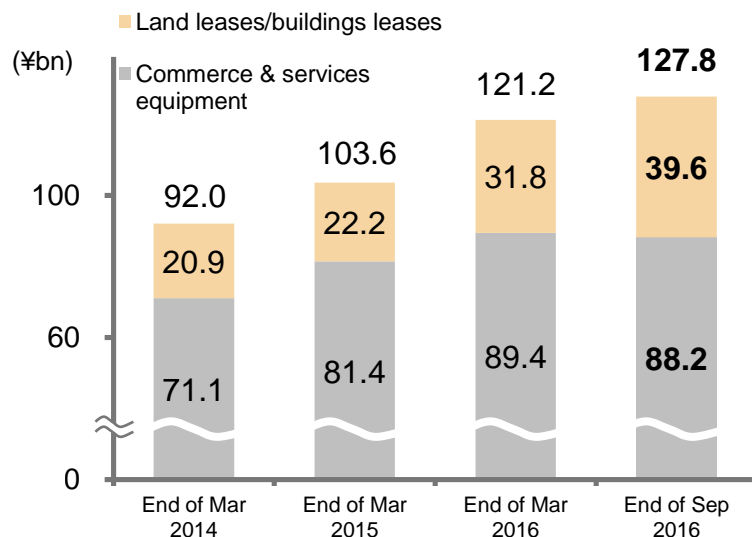
## [Building business with domestic demand-related industries]

- Promote comprehensive proposal-based marketing that meets diverse customer needs and capture capital investment projects for distribution and retail businesses
- Land and building leasing increased through collaboration with developers of large retail projects

## [Real estate-related business]

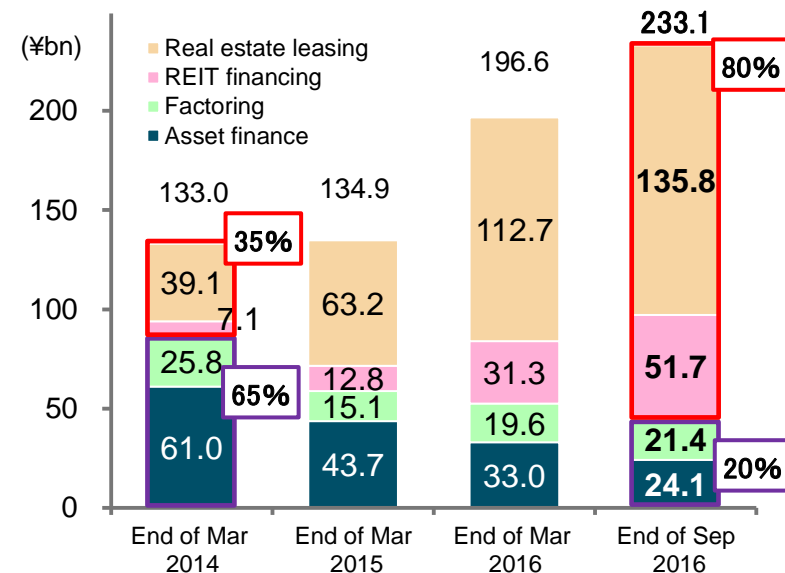
- Restructure asset portfolio to capture more diverse needs and have a more profitable asset composition
  - REIT-related transactions increased in addition to commercial outlet projects

### Distribution/retail industry related operating assets



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

### Real estate-related business transaction volume



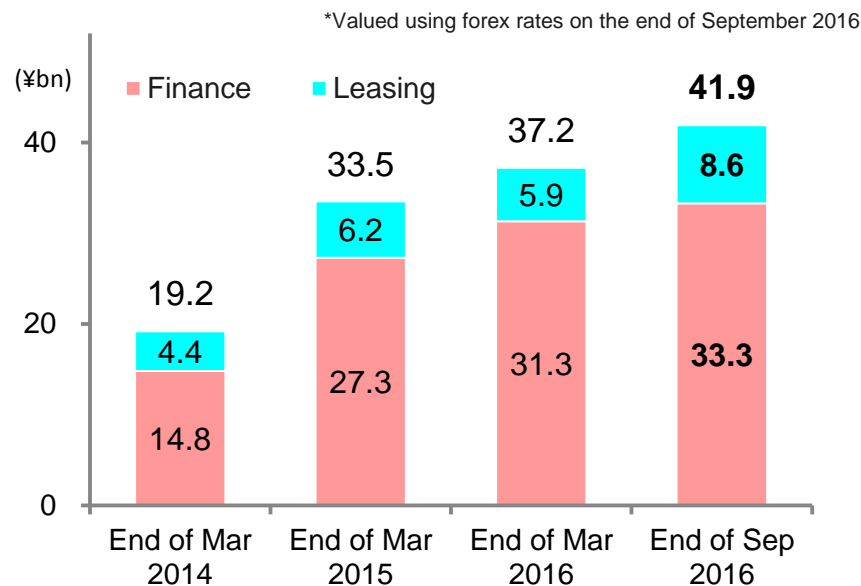
# ● Developments in Focus Areas (2)

- Operating assets of the aircraft-related business continued to grow through expansion of the existing aircraft-backed collateral loans (finance) and the newly started business based on aircraft ownership (leasing)
- IBJ Air Leasing Limited<sup>\*1</sup> implemented operating lease of two aircraft in the first half (one each in June and September).<sup>\*2</sup> The business is steadily expanding with leasing of a third aircraft in October

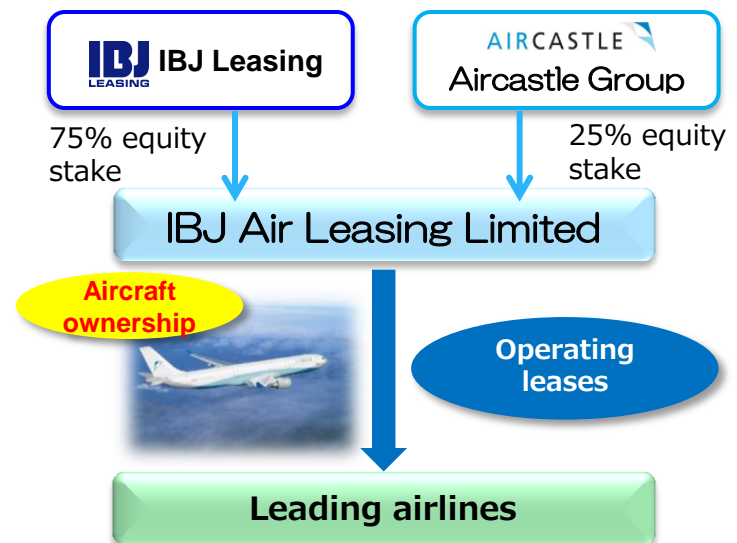
\*1 Aircraft operating lease specialized subsidiary established together with Airastle Limited of the U.S. in February 2016

\*2 The leasing implemented in September to be reflected on consolidated earnings in the third quarter, as there is a three month difference between the local settlement term and that of the consolidated earnings.

## Aircraft-related operating assets



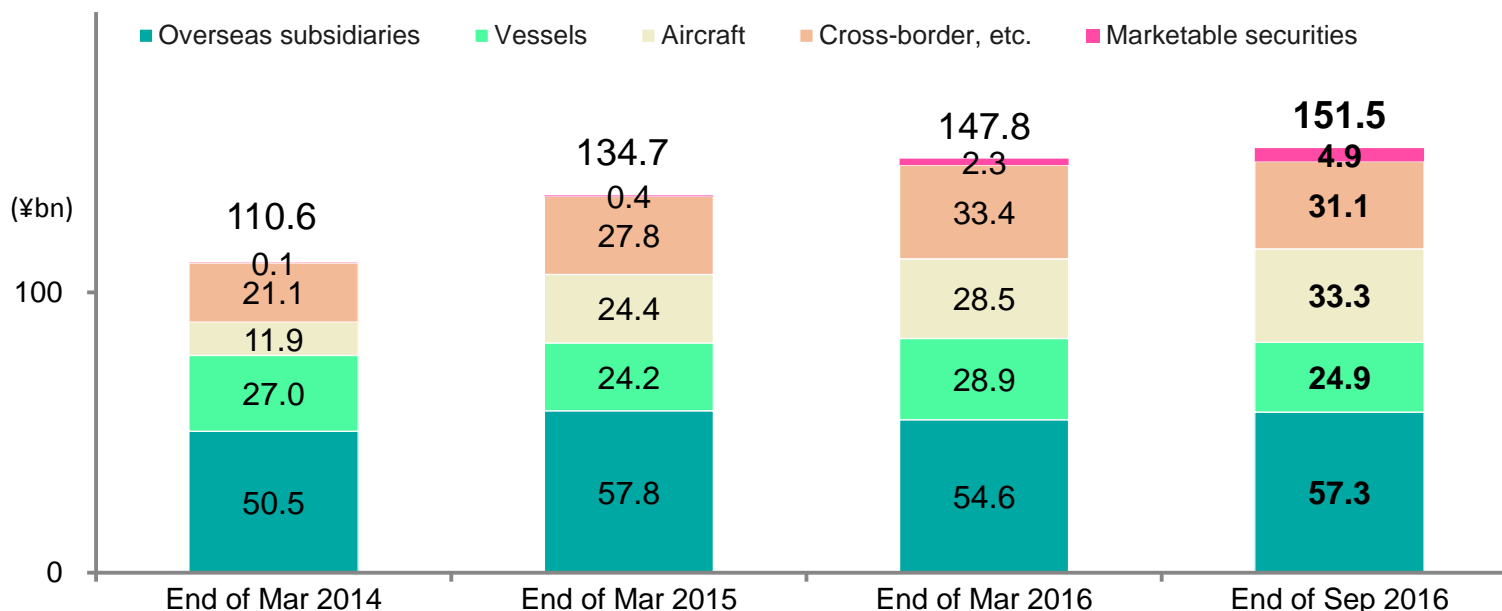
## IBJ Air Leasing Limited



- Operating assets increased y-o-y thanks to the growth in the aircraft business and the full-fledged entry into automobile leasing by the subsidiary in Thailand
- Overseas situation continue to be uncertain but we plan to strengthen the overseas business in the medium-term
  - We will enhance our approach to non-Japanese companies while maintaining a firm grip on risk-return

## Overseas-related operating assets

\*Valued using forex rates on the end of September 2016



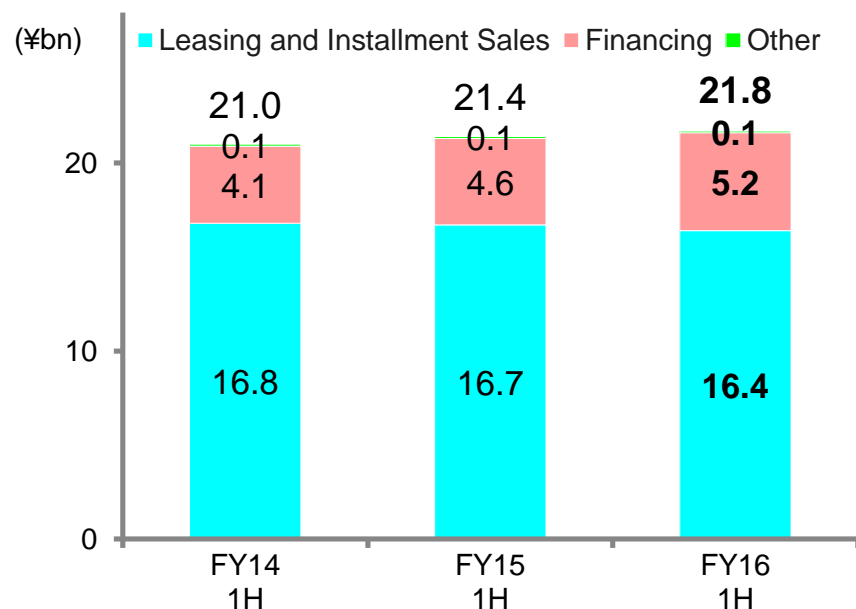
## II . Financial Results Overview

- Gross profit before write-offs and funding costs continued to increase by reversing decrease due to the sale of a group company
- Funding costs declined given the favorable funding environment
- Operating income onwards increased significantly partly due to gain on reversal of reserves for credit cost related to the Real Estate Finance

Consolidated P/L (¥bn)	FY14 1H	FY15 1H (A)	FY16 1H (B)	Change (B)-(A)	%Change (B)/(A)	FY16 Forecast <%progress>
Revenues	168.9	166.2	<b>181.4</b>	+15.2	+9%	<52%> 350.0
Gross profit before write-offs, funding costs	21.0	21.4	<b>21.8</b>	+0.4	+2%	—
(Funding costs)	(3.1)	(3.2)	(2.6)	(-0.6)	(-19%)	—
Gross profit	17.9	18.2	<b>19.2</b>	+1.0	+5%	—
Operating income	9.0	8.3	<b>10.6</b>	+2.3	+27%	<59%> 18.0
Ordinary income	9.4	8.8	<b>11.1</b>	+2.3	+27%	<59%> 18.7
(Credit costs)	(-0.6)	(0.1)	(-1.2)	(-1.3)	(-)	—
(Ordinary income before write-offs)	(8.8)	(8.9)	(10.0)	(+1.1)	(+12%)	—
Net Income Attributable to Owners of the Parent	5.8	5.9	<b>7.5</b>	+1.6	+27%	<63%> 12.0

- Gross profit before write-offs and funding costs increased y-o-y reflecting accumulation of profitable deals
  - Gross profit before write-offs and funding costs of Financing increased from accumulation of highly profitable deals
  - Gross profit before write-offs and funding costs of Leasing and Installment Sales increased in real terms when taking into consideration the impact of the sale of a group company

## Gross profit before write-offs, funding costs



## Yield

	FY15 1H	FY16 1H	Change
Gross profit margin before write-offs and funding costs	2.92%	2.80%	-0.12pt
CoF Ratio	0.44%	0.34%	-0.10pt
Gross Profit Margin	2.48%	2.47%	-0.01pt

Operating assets (average balance, ¥bn)	1,465.1	1,553.7	+88.6
---	---------	---------	-------

Notes) Each rate is annualized.

The operating assets for the first half of FY16 (averaged balance) excludes the assets for Toshiba Medical Finance.

Gross profit margin before write-offs and funding costs

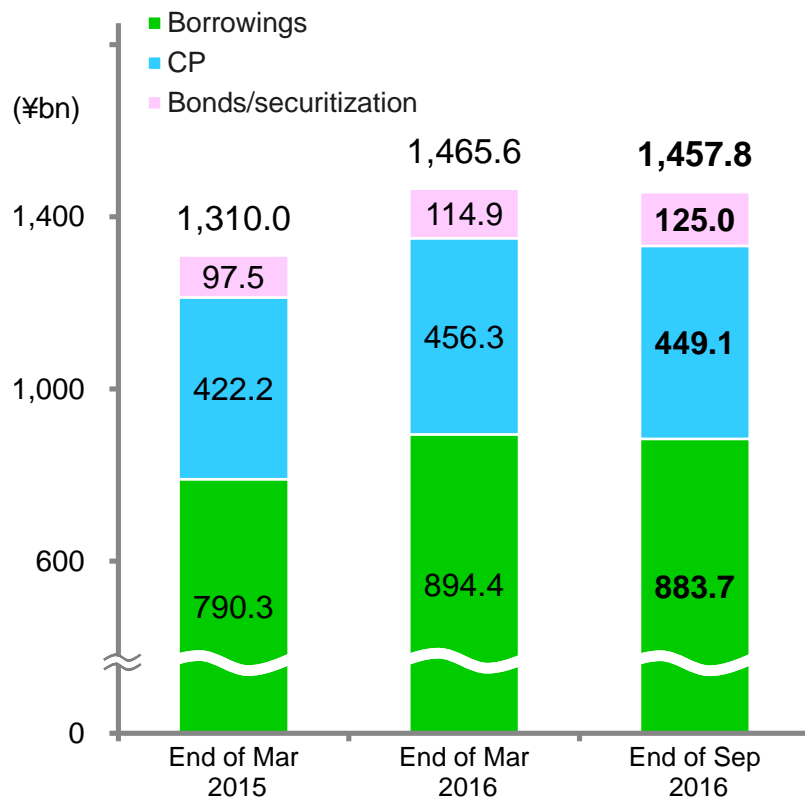
= Gross profit before write-offs and funding costs / Average balance of operating assets

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

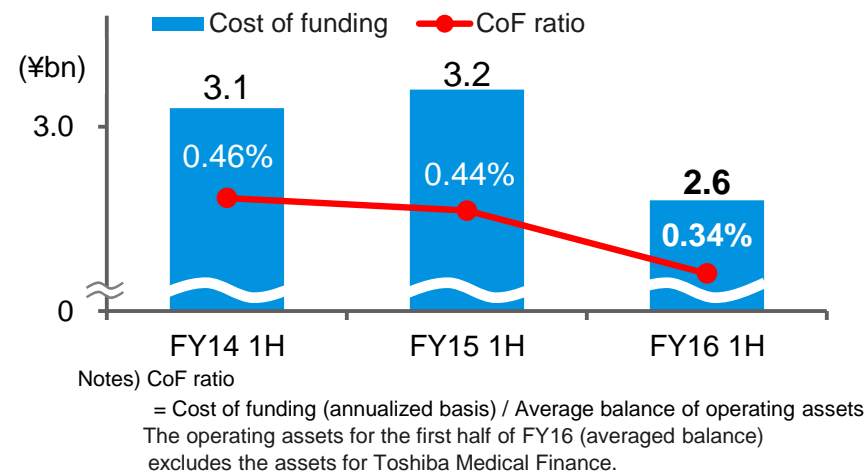
Gross profit margin = Gross profit / Average balance of operating assets

- Interest-bearing debt was roughly unchanged y-o-y
- Cost of funding and CoF ratio declined under the favorable funding environment

## Interest-bearing debt



## Funding costs (%)



## Net assets / Equity ratio

(¥bn)	End of Mar 2015	End of Mar 2016	End of Sep 2016
Net assets	123.3	132.8	<b>134.6</b>
Equity ratio	7.6%	7.4%	<b>7.7%</b>

# III. Business and Dividend Forecast



# Business and Dividend Forecast

- Net income attributable to owners of the parent is equivalent to 63% of the Company's annual plan
  - Aiming to achieve plan by continuing to steadily accumulate assets, while focusing on initiatives in highly profitable fields
- Plan to raise annual dividend for the 15th straight year in FY2016: a ¥2 increase to ¥62/share

(¥bn)	FY15 (Results) (A)	FY16 (Forecast) (B)		Change (B)-(A)	%Change (B)/(A)	
		1H	Progress rate			
Revenues	364.2	350.0	<b>181.4</b>	<b>52%</b>	-14.2	-4%
Operating income	17.6	18.0	<b>10.6</b>	<b>59%</b>	+0.4	+2%
Ordinary income	18.6	18.7	<b>11.1</b>	<b>59%</b>	+0.1	+1%
Net Income Attributable to Owners of the Parent	11.6	12.0	<b>7.5</b>	<b>63%</b>	+0.4	+3%

Annual dividend	¥60	¥62	+¥2
Interim dividend	¥30	¥30	±¥0
Year-end dividend	¥30	(Plan) ¥32	+¥2

Dividend payout ratio	22.0%	22.0%
-----------------------	-------	-------

# IV. Appendix

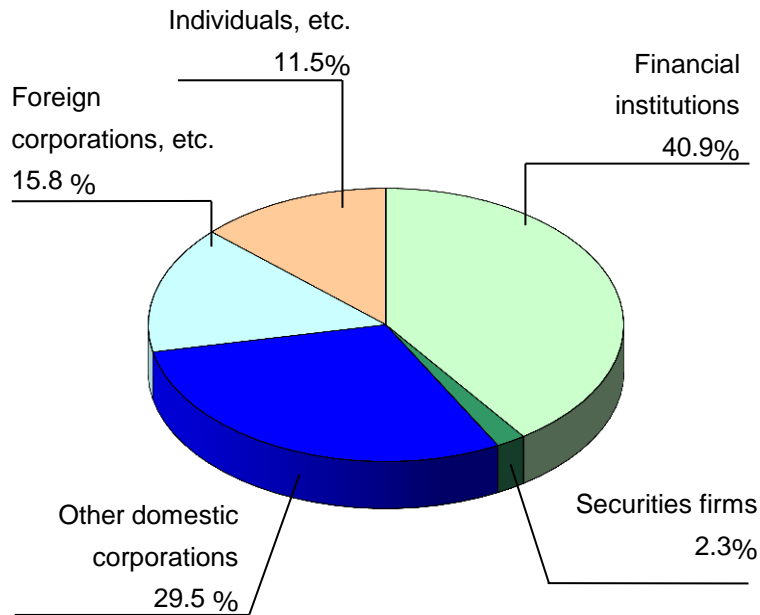
<b>Company Name:</b>	<b>IBJ Leasing Company, Limited</b>
<b>Address:</b>	<b>1-2-6 Toranomom, Minato-ku, Tokyo 105-0001</b>
<b>Representative:</b>	<b>Hiroshi Motoyama, President and CEO</b>
<b>Establishment:</b>	<b>December 1, 1969</b>
<b>Listing:</b>	<b>Tokyo Stock Exchange, 1st Section (Code: 8425)</b>
<b>Capital Stock:</b>	<b>17,874 million yen (Outstanding shares: 42,649,000)</b>
<b>Employees:</b>	<b>1,064 (consolidated, as of September 30, 2016)</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 September 30, 2016)

- Outstanding Shares: 42,649,000
- Number of Shareholders: 28,569
- Shareholder Distribution (Holding ratio)



Note: Holding ratio is the ratio of shares held to outstanding shares

## ○ Major shareholders

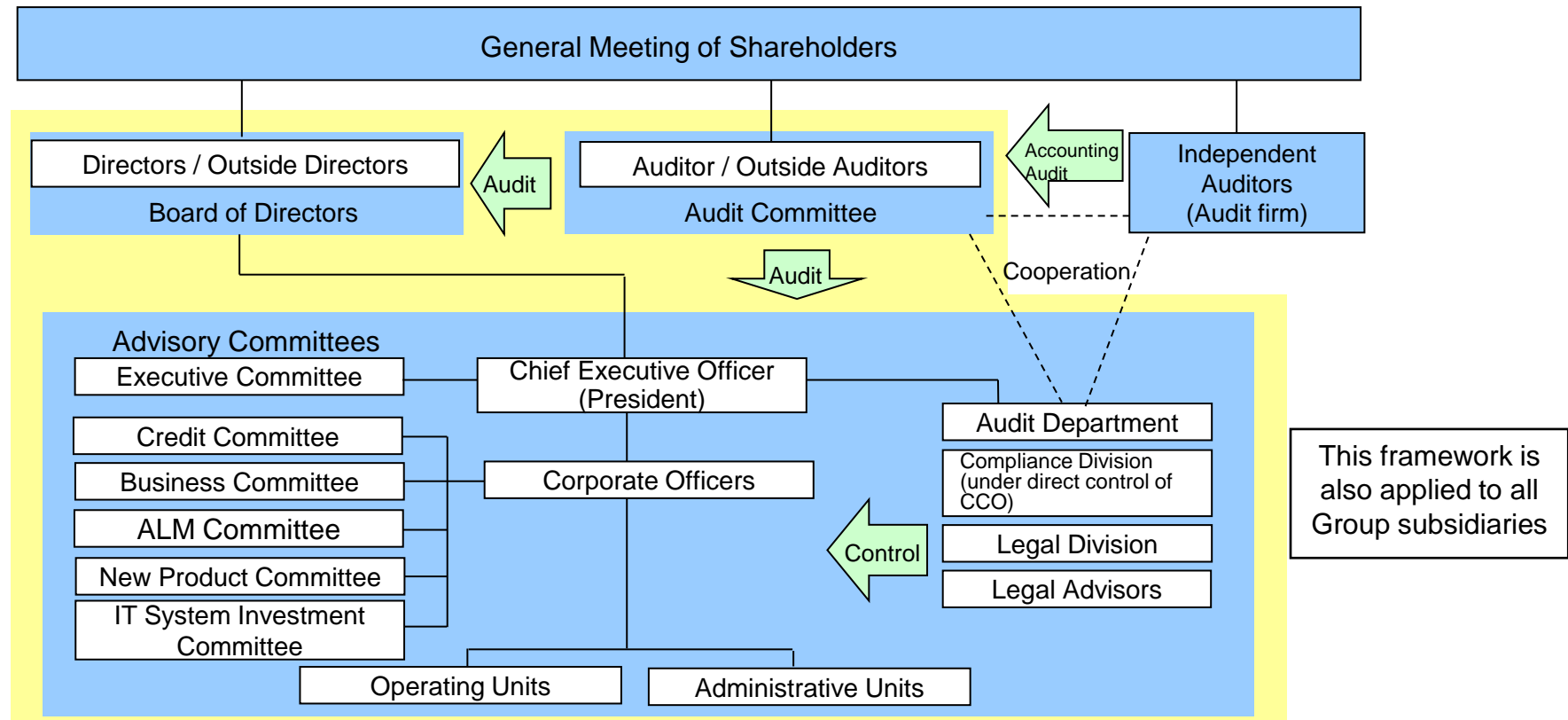
Shareholders	Shares held (1,000 shares)	Holding ratio (%)
The Dai-ichi Life Insurance Company, Limited	2,930	6.87
NISSAN MOTOR CO., LTD. Retirement Benefit Trust Account Mizuho Trust & Banking Co., Ltd	1,750	4.10
Mizuho Bank, Ltd.	1,626	3.81
UNIZO Holdings Company, Limited	1,546	3.62
Japan Trustee Services Bank, Ltd. (Trust Account)	1,412	3.31
Meiji Yasuda Life Insurance Company	1,251	2.93
DOWA HOLDINGS Co., Ltd.	1,120	2.62
RBC ISB S/A DUB NON RESIDENT/TREATY RATE UCITS-CLIENTS ACCOUNT	975	2.28
Nippon Steel Kowa Real Estate Co., Ltd.	975	2.28
The Kyoritsu Co., Ltd.	949	2.22
The Master Trust Bank of Japan, Ltd. (Trust Account)	906	2.12
Japan Trustee Services Bank, Ltd. (Trust Account) 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)	Sep.30, 2016 (B)	Change (B) – (A)	Change (B)/(A)
Current Assets	1,265.6	1,356.0	1,434.4	1,554.0	<b>1,506.9</b>	- 47.1	- 3.0%
Cash and Cash equivalents	30.5	37.7	38.7	49.4	<b>36.4</b>	- 13.0	- 26.4%
Lease receivable	728.9	753.8	812.0	842.0	<b>809.6</b>	- 32.4	- 3.8%
Installment sales receivable	114.3	133.8	154.4	147.8	<b>136.4</b>	- 11.4	- 7.7%
Operational Loans	320.1	359.5	361.1	377.9	<b>329.3</b>	- 48.6	- 12.9%
Operational investment securities	48.8	40.7	38.6	97.3	<b>154.4</b>	+ 57.1	+ 58.7%
Marketable Securities	–	0.1	–	0.1	<b>0.1</b>	- 0.0	- 20.5%
Allowance for doubtful receivables	- 4.4	- 2.3	- 1.0	- 0.9	<b>- 0.7</b>	+ 0.2	–
Property & Equipment	106.7	106.2	117.3	164.7	<b>187.1</b>	+ 22.4	+ 13.6%
Leased assets	51.3	55.7	66.7	116.4	<b>143.3</b>	+ 26.9	+ 23.2%
Investment securities	20.7	24.3	28.6	26.3	<b>24.6</b>	- 1.7	- 6.3%
Doubtful operating receivables	18.5	11.4	8.9	10.4	<b>7.8</b>	- 2.6	- 24.5%
Allowance for doubtful receivables	- 3.2	- 2.3	- 2.1	- 3.4	<b>- 3.6</b>	- 0.2	–
Total Assets	1,372.2	1,462.2	1,551.7	1,718.7	<b>1,694.0</b>	- 24.7	- 1.4%

Operating Assets	1,263.1	1,343.0	1,432.3	1,581.0	<b>1,572.7</b>	- 8.3	- 0.5%
------------------	---------	---------	---------	---------	----------------	-------	--------

# Consolidated B/S (Liabilities and Net worth)

(¥bn)

	Mar.31, 2013	Mar.31, 2014	Mar.31, 2015	Mar.31, 2016 (A)	Sep.30, 2016 (B)	Change (B) – (A)	Change (B)/(A)
Current Liabilities	979.9	1,019.0	1,044.3	1,119.2	<b>1,065.6</b>	- 53.6	- 4.8%
Short-term borrowings	233.5	295.4	336.5	364.4	<b>330.2</b>	- 34.2	- 9.4%
Current portion of corporate bond	–	–	10.0	20.0	<b>10.0</b>	- 10.0	- 50.0%
Current portion of long-term debt	195.5	158.1	131.1	132.4	<b>146.6</b>	+ 14.2	+ 10.8%
Commercial Paper	410.2	414.9	422.2	456.3	<b>449.1</b>	- 7.2	- 1.6%
Lease Payable	14.1	11.3	8.8	8.9	<b>8.0</b>	- 0.9	- 9.3%
Long-term Liabilities	307.5	333.4	384.1	466.7	<b>493.8</b>	+ 27.1	+ 5.8%
Long-term debt	286.1	287.8	322.7	397.6	<b>406.9</b>	+ 9.3	+ 2.3%
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>1,559.4</b>	- 26.5	- 1.7%
Net assets	84.9	109.8	123.3	132.8	<b>134.6</b>	+ 1.8	+ 1.4%
Shareholder's equity	78.4	100.5	109.3	118.5	<b>124.7</b>	+ 6.2	+ 5.3%
Accumulated other comprehensive income	1.9	4.3	8.6	8.6	<b>5.6</b>	- 3.0	- 34.7%
Non-controlling interests	4.6	5.0	5.4	5.8	<b>4.4</b>	- 1.4	- 24.3%
Total	1,372.2	1,462.2	1,551.7	1,718.7	<b>1,694.0</b>	- 24.7	- 1.4%

Interest-bearing debt	1,176.5	1,226.3	1,310.0	1,465.6	<b>1,457.8</b>	- 7.8	- 0.5%
-----------------------	---------	---------	---------	---------	----------------	-------	--------

Equity ratio	5.9%	7.2%	7.6%	7.4%	<b>7.7%</b>	+ 0.3pt	
--------------	------	------	------	------	-------------	---------	--

# Consolidated statements of income

(¥bn)

	FY12 1H	FY13 1H	FY14 1H	FY15 1H (A)	<b>FY16 1H (B)</b>	Change (B) – (A)	Change (B)/(A)
Revenues	178.8	177.0	168.9	166.2	<b>181.4</b>	+ 15.2	+ 9.1%
Gross profit before write-offs and funding costs	23.6	22.0	21.0	21.4	<b>21.8</b>	+ 0.4	+ 1.7%
Funding costs	3.4	3.1	3.1	3.2	<b>2.6</b>	- 0.6	- 18.8%
Gross profit	20.2	18.9	17.9	18.2	<b>19.2</b>	+ 1.0	+ 5.3%
SGA expenses	12.7	7.8	8.9	9.9	<b>8.6</b>	- 1.3	- 13.1%
Personnel, facilities costs	9.3	9.4	9.4	9.7	<b>9.7</b>	+ 0.0	+ 0.0%
Operating income	7.5	11.1	9.0	8.3	<b>10.6</b>	+ 2.3	+ 27.1%
Other income	0.7	0.6	0.7	0.7	<b>0.8</b>	+ 0.1	+ 13.7%
Other expenses	0.2	0.4	0.2	0.2	<b>0.3</b>	+ 0.1	+ 9.5%
Ordinary income	8.0	11.4	9.4	8.8	<b>11.1</b>	+ 2.3	+ 26.5%
Extraordinary income	0.0	0.1	—	0.4	<b>0.2</b>	- 0.2	- 44.5%
Extraordinary loss	0.0	0.0	0.1	0.0	<b>0.2</b>	+ 0.2	—
Income before income taxes	7.9	11.5	9.4	9.2	<b>11.2</b>	+ 2.0	+ 21.6%
Income taxes	3.3	4.2	3.3	3.0	<b>3.5</b>	+ 0.5	+ 15.6%
Net Income Attributable to Owners of the Parent	4.2	7.0	5.8	5.9	<b>7.5</b>	+ 1.6	+ 27.3%

Credit costs	3.3	- 1.7	- 0.6	0.1	<b>- 1.2</b>	- 1.3	—
--------------	-----	-------	-------	-----	--------------	-------	---



# Consolidated statement of comprehensive income

(¥bn)

	FY12 1H	FY13 1H	FY14 1H	FY15 1H (A)	<b>FY16 1H (B)</b>	Change (B) – (A)	Change (B)/(A)
Net income *	4.6	7.2	6.0	6.2	<b>7.7</b>	+ 1.5	+ 24.4%
Unrealized gain on available-for-sale securities	- 0.5	0.7	0.6	1.8	<b>- 1.4</b>	- 3.2	—
Deferred loss on derivatives under hedge accounting	- 0.1	0.0	- 0.2	- 0.1	<b>0.0</b>	+ 0.1	—
Foreign currency translation adjustments	0.0	0.6	- 0.3	0.1	<b>- 1.4</b>	- 1.5	—
Remeasurements of defined benefit plans, net of tax	—	—	- 0.0	- 0.0	<b>0.0</b>	+ 0.0	—
Share of other comprehensive income of associated companies	0.0	0.2	- 0.0	0.1	<b>- 0.3</b>	- 0.4	—
Total other comprehensive income	- 0.5	1.5	0.2	1.8	<b>- 3.0</b>	- 4.8	—
Total comprehensive income	4.1	8.8	6.2	7.9	<b>4.6</b>	- 3.3	- 41.7%

\* In FY12 1H–FY14 1H Net income before minority interests is shown.

# Gross profit before write-offs and funding costs by segment

(¥bn)

	FY12 1H	FY13 1H	FY14 1H	FY15 1H (A)	FY16 1H (B)	Change (B) – (A)	Change (B)/(A)
Revenues	178.8	177.0	168.9	166.2	<b>181.4</b>	+ 15.2	+ 9.1%
Leasing	166.6	161.4	152.0	154.0	<b>170.8</b>	+ 16.8	+ 10.9%
Installment sales	7.1	7.8	12.1	7.1	<b>4.9</b>	- 2.2	- 30.7%
Loans	3.8	3.3	3.7	3.7	<b>3.6</b>	- 0.1	- 2.7%
Other	1.7	5.0	1.5	1.9	<b>2.4</b>	+ 0.5	+ 27.6%
Elimination/Corporate	- 0.4	- 0.4	- 0.5	- 0.5	<b>- 0.4</b>	+ 0.1	—
Cost of sales	155.2	155.0	147.9	144.8	<b>159.6</b>	+ 14.8	+ 10.2%
Leasing	148.9	145.1	136.5	138.5	<b>155.5</b>	+ 17.0	+ 12.2%
Installment sales	5.6	6.5	10.9	5.8	<b>3.8</b>	- 2.0	- 34.2%
Loans	0.2	0.1	0.3	0.2	<b>0.1</b>	- 0.1	- 51.4%
Other	0.7	3.4	0.5	0.5	<b>0.4</b>	- 0.1	- 23.7%
Elimination/Corporate	- 0.2	- 0.2	- 0.3	- 0.2	<b>- 0.1</b>	+ 0.1	—
Gross profit before write-offs and funding costs	23.6	22.0	21.0	21.4	<b>21.8</b>	+ 0.4	+ 1.7%
Leasing	17.8	16.3	15.6	15.4	<b>15.3</b>	- 0.1	- 0.5%
Installment sales	1.5	1.3	1.2	1.2	<b>1.1</b>	- 0.1	- 14.0%
Loans	3.6	3.1	3.5	3.6	<b>3.6</b>	- 0.0	- 0.4%
Other	1.0	1.5	1.0	1.4	<b>2.1</b>	+ 0.7	+ 44.2%
Elimination/Corporate	- 0.3	- 0.3	- 0.2	- 0.3	<b>- 0.2</b>	+ 0.1	—