

Overview

First-Quarter Results for FY2019

August 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 First-Quarter Results for FY2019

- ✓ Recorded gross profit before write-offs and funding costs of ¥14.5 billion, an increase of ¥2.1 billion y-o-y
— a record-high on a quarterly basis
- ✓ Each income indicator progressed favorably against full-year forecasts.

(¥bn)

	FY17 1Q	FY18 1Q	FY19 1Q	Change	% Change	FY19 Forecast*	% progress
Revenues	94.2	85.4	143.2	+57.8	+68%	450.0	32%
Gross profit before write-offs and funding costs	11.2	12.4	14.5	+2.1	+17%	—	—
Operating income	4.7	5.5	5.5	+0.0	+0%	24.2	23%
Ordinary income	5.0	6.5	5.8	-0.7	-10%	25.3	23%
Net income attributable to owners of the parent	3.4	4.2	4.1	-0.1	-2%	17.0	24%

*Announced on May 14, 2019

Overview of Financial Results

(¥bn)

	FY17 1Q	FY18 1Q	FY19 1Q	Change	% Change
Revenues	94.2	85.4	143.2	+57.8	+68%
Gross profit before write-offs and funding costs	11.2	12.4	14.5	+2.1	+17%
(Funding costs)	(1.7)	(2.0)	(2.6)	+0.6	+28%
Gross profit	9.5	10.4	11.9	+1.5	+15%
(Credit costs)	(-0.2)	(-0.5)	(0.2)	+0.7	—
Operating income	4.7	5.5	5.5	+0.0	+0%
Ordinary income	5.0	6.5	5.8	-0.7	-10%
Net income attributable to owners of the parent	3.4	4.2	4.1	-0.1	-2%

POINTS

- Due to the sale of multiple properties upon completion of real estate-related bridge scheme projects
- Gross profit before write-offs and funding costs increased favorably
- Due to higher foreign currency borrowings
- Recorded small amounts of provisions
- Gain on investments was posted under other income in the same period of the previous fiscal year

	End of Mar 2018	End of Mar 2019	End of Jun 2019	Change	% Change
Operating assets	1,683.0	2,021.4	2,018.8	-2.6	-0%
Net assets	154.6	182.2	184.9	+2.7	+1%
Equity ratio	8.2%	8.0%	8.2%	+0.2pt	—

Business Performance Overview

(¥bn)

	FY17 1Q	FY18 1Q	FY19 1Q	Change	% Change
Contract execution volume	310.8	398.1	337.2	-60.9	-15%
Leasing and installment sales	100.8	123.9	182.3	+58.4	+47%
Financing	210.0	274.2	154.9	-119.3	-43%
Others	—	—	—	—	—

(¥bn)

	End of Mar 2018	End of Mar 2019	End of Jun 2019	Change	% Change
Operating assets	1,683.0	2,021.4	2,018.8	-2.6	-0%
Leasing and installment sales	1,122.2	1,306.1	1,350.3	+44.2	+3%
Financing	556.9	709.0	662.2	-46.8	-7%
Others	3.9	6.3	6.2	-0.1	-1%

	FY17 1Q	FY18 1Q	FY19 1Q	Change
Gross profit margin before write-offs and funding costs	2.79%	2.83%	2.87%	+0.04pt

POINTS

■ Contract execution volume decreased 15% y-o-y

- For “Leasing and installment sales,” execution volume steadily increased in areas such as industrial and factory, information and communications, and transport
- For “Financing,” short-term commercial distribution finance and real estate finance decreased

■ Operating assets remained unchanged from the end of the previous fiscal year

■ Gross profit margin before write-offs and funding costs continued to rise

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)

	FY17 1Q	FY18 1Q	FY19 1Q	Change	% Change
Industrial and factory	24.6	32.4	61.1	+28.7	+89%
Information and communications	19.5	14.8	25.1	+10.3	+70%
Transport	11.8	13.7	23.4	+9.7	+70%
Construction	8.9	9.0	7.9	-1.1	-12%
Medical	4.8	4.8	5.4	+0.6	+12%
Commerce and services	7.2	11.6	7.2	-4.4	-38%
Office equipment	2.4	1.8	2.2	+0.4	+19%
Other	21.6	35.7	50.0	+14.3	+40%
Real estate	9.7	30.1	44.1	+14.0	+46%
Total	100.8	123.9	182.3	+58.4	+47%

■ Captured large projects

■ Widely captured capital investment needs

■ Aircraft operating leases increased steadily

■ Bridge scheme projects increased

Contract execution volume

(¥bn)

	FY17 1Q	FY18 1Q	FY19 1Q	Change	% Change
Commercial Distribution Finance / Loan, etc.	197.0	204.9	142.3	-62.6	-31%
Aircraft	5.8	6.4	1.1	-5.3	-83%
Real Estate	4.0	56.1	8.8	-47.3	-84%
Vessel	3.2	6.7	2.8	-3.9	-59%
Total	210.0	274.2	154.9	-119.3	-43%

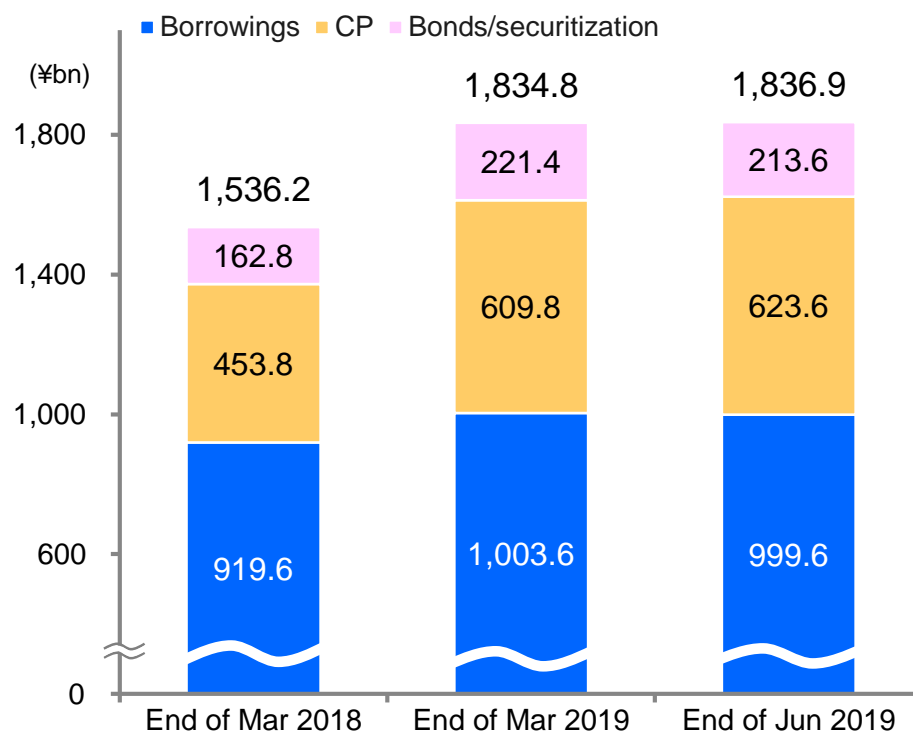
POINTS

■ Short-term commercial distribution finance decreased

■ Executed large-scale bridge scheme projects in the same period of the previous fiscal year

- Interest-bearing debt remained unchanged from the end of the previous fiscal year.
- 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)

	FY17 1Q	FY18 1Q	FY19 1Q
Funding costs (¥bn)	1.7	2.0	2.6
Funding costs ratio	0.42%	0.46%	0.51%

Note)
Funding costs ratio = Funding costs (annualized basis) / Average balance of operating assets

External ratings

Rating agency	Rating	
	R&I	Long-term
Short-term		a - 1
JCR	Long-term	A
	Short-term	-

Earnings Forecasts and Dividends

- Net income attributable to owners of the parent steadily progressed against FY2019 annual plans.
- Plan to raise annual dividend for the 18th straight year in FY2019; ¥2 increase y-o-y to ¥80/share.

(¥bn)

	FY2018 (Results) (A)	FY2019 (Forecast) (B)		Change (B)-(A)	% Change (B)/(A)	
		1Q results	% progress			
Revenues	384.9	450.0	143.2	32%	+65.1	+17%
Operating income	22.9	24.2	5.5	23%	+1.3	+6%
Ordinary income	24.2	25.3	5.8	23%	+1.1	+4%
Net income attributable to owners of the parent	16.6	17.0	4.1	24%	+0.4	+2%

Annual dividend	¥78	¥80	+¥2
Interim dividend	¥38	¥38	±¥0
Year-end dividend	¥40	¥42	+¥2

Dividend payout ratio	20.1%	23.0%
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