

Overview Results for FY2018

May 14, 2019



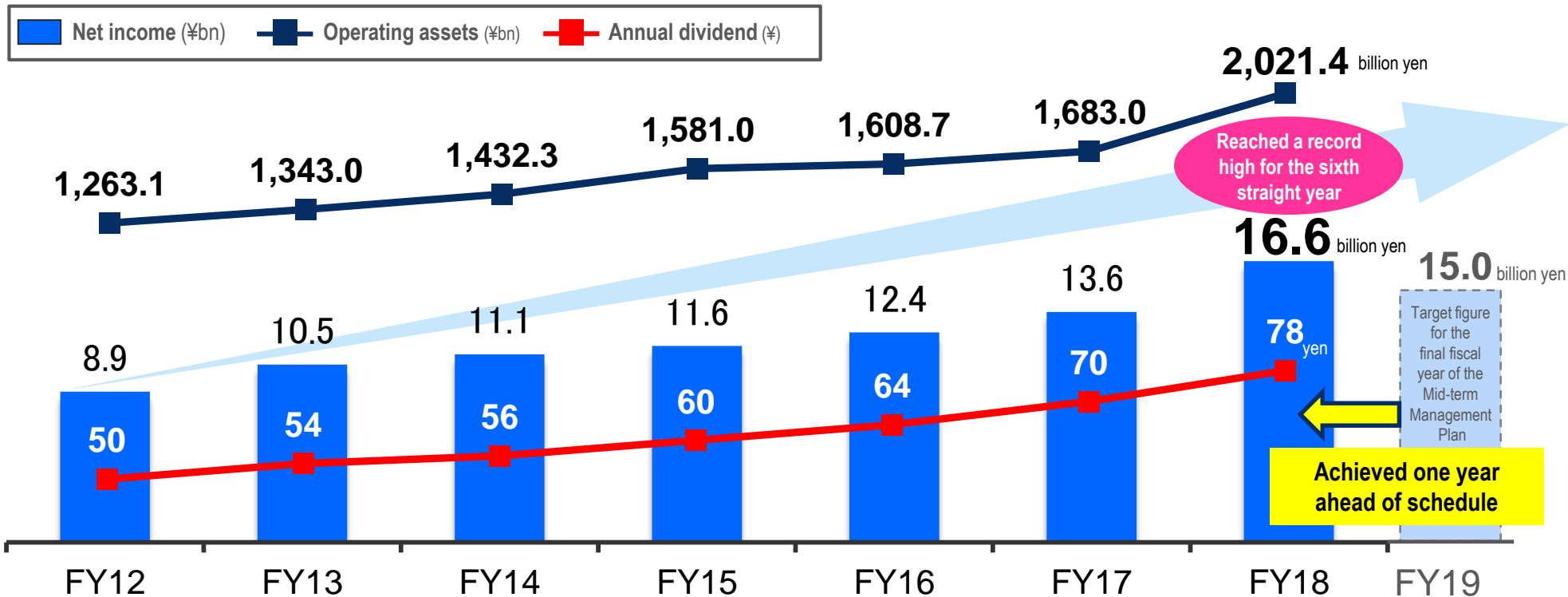
IBJ Leasing Co., Ltd.

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 FY2018

- ✓ **Achieved all target figures for the final fiscal year presented in the Fifth Mid-term Management Plan one year ahead of schedule.**
 - Net income attributable to owners of the parent: ¥16.6 billion [target: ¥15.0 billion]
 - ROE: 10.3% [target: 10%]
 - Plan to pay year-end dividend of ¥40*, translating into annual dividend of ¥78 (year-on-year increase of ¥8)
⇒ Slated to achieve Mid-term Management Plan target of [Dividend payout ratio: Maintain 20% or more]

* Subject to resolution of General Meeting of Shareholders scheduled to be held in June 2019



Performance Trends (consolidated basis)

(¥bn)

	FY16	FY17	FY18	Change	% Change
Revenues	429.4	399.7	384.9	-14.8	-4%
Gross profit before write-offs and funding costs	44.9	45.2	52.6	+7.4	+16%
Operating income	18.0	19.2	22.9	+3.7	+20%
Ordinary income	18.8	20.0	24.2	+4.2	+21%
Net income attributable to owners of the parent	12.4	13.6	16.6	+3.0	+22%
ROE	9.4%	9.6%	10.3%	+0.7pt	—

(¥bn)

FY18 full-year forecast *1	Forecast announced before revision *2
390.0	420.0
—	—
23.0	20.0
24.7	21.4
16.5	14.5

*1 Announced on Feb. 7, 2019

*2 Announced on May 9, 2018

	FY16	FY17	FY18	Change
Annual dividend	¥64	¥70	(Plan) ¥78	+¥8
Interim dividend	¥30	¥32	¥38	+¥6
Year-end dividend	¥34	¥38	(Plan) ¥40	+¥2
Dividend payout ratio	22.0%	21.9%	20.1%	

Overview of Financial Results

(¥bn)

	FY16	FY17	FY18	Change	% Change
Revenues	429.4	399.7	384.9	-14.8	-4%
Gross profit before write-offs and funding costs	44.9	45.2	52.6	+7.4	+16%
(Funding costs)	(5.7)	(7.0)	(8.5)	+1.5	+22%
Gross profit	39.2	38.2	44.1	+5.9	+16%
(Credit costs)	(1.5)	(-0.8)	(-0.2)	+0.6	—
Operating income	18.0	19.2	22.9	+3.7	+20%
Ordinary income	18.8	20.0	24.2	+4.2	+21%
Net income attributable to owners of the parent	12.4	13.6	16.6	+3.0	+22%

POINTS

■ Increased significantly due to success of business strategy of Fifth Mid-term Management Plan including global businesses

■ Due to higher foreign currency borrowings

■ Reversal of allowance for credit costs

■ Reached a record high for the sixth straight year

	End of Mar 2017	End of Mar 2018	End of Mar 2019	Change	% Change
Operating assets	1,608.7	1,683.0	2,021.4	+338.4	+20%
Net assets	141.8	154.6	182.2	+27.6	+18%
Equity ratio	7.8%	8.2%	8.0%	-0.2pt	—

■ Increased due to capital increase through third-party allotment* in addition to accumulation of earnings

* Executed a capital increase through third-party allotment to Mizuho Bank, Ltd. in March 2019

Business Performance Overview

(¥bn)

	FY16	FY17	FY18	Change	% Change
Contract execution volume	1092.0	1,335.9	1,548.8	+212.9	+16%
Leasing and installment sales	475.7	430.5	549.4	+118.9	+28%
Financing	616.4	901.5	996.7	+95.2	+11%
Others	—	3.9	2.7	-1.2	-32%

(¥bn)

	End of Mar 2017	End of Mar 2018	End of Mar 2019	Change	% Change
Operating assets	1,608.7	1,683.0	2,021.4	+338.4	+20%
Leasing and installment sales	1,088.1	1,122.2	1,306.1	+183.9	+16%
Financing	520.6	556.9	709.0	+152.1	+27%
Others	—	3.9	6.3	+2.4	+62%

	FY16	FY17	FY18	Change
Gross profit margin before write-offs and funding costs	2.86%	2.74%	2.84%	+0.10pt

POINTS

■ Contract execution volume increased 16% y-o-y

- For “Leasing and installment sales,” execution volume increased mainly in areas such as industrial and factory as well as transport
- Real estate-related bridge scheme projects increased for both “Leasing and installment sales” and “Financing”

■ Operating assets increased 20% from the end of the previous fiscal year in line with an increase in contract execution volume

■ Gross profit margin before write-offs and funding costs increased y-o-y

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

Contract Execution Volume / Leasing and Installment Sales

Contract execution volume by equipment type

POINTS

(¥bn)

	FY16	FY17	FY18	Change	% Change
Industrial and factory	98.8	61.5	114.1	+52.6	+85%
Information and communications	78.9	81.2	93.4	+12.2	+15%
Transport	61.6	54.1	71.3	+17.2	+32%
Construction	35.9	47.6	44.7	-2.9	-6%
Medical	13.3	16.4	20.3	+3.9	+24%
Commerce and services	28.5	32.0	38.2	+6.2	+19%
Office equipment	11.2	9.8	8.5	-1.3	-13%
Other	147.5	127.8	158.9	+31.1	+24%
Real estate	121.6	84.8	126.8	+42.0	+50%
Total	475.7	430.5	549.4	+118.9	+28%

■ Captured capital investment needs

■ Contract execution volume exceeded ¥90.0 billion for the first time in three fiscal years as a result of a large-scale system contract won by a Group company

■ Aircraft acquisitions increased from aircraft operating leases

■ Increased mainly for superior bridge scheme projects

Contract Execution Volume / Financing

Contract execution volume

(¥bn)

	FY16	FY17	FY18	Change	% Change
Commercial Distribution Finance / Loan, etc.	516.1	822.8	856.3	+33.5	+4%
Aircraft	12.8	31.3	22.8	-8.5	-27%
Real Estate	77.2	39.4	97.0	+57.6	+146%
Vessel	10.2	8.0	20.6	+12.6	+159%
Total	616.4	901.5	996.7	+95.2	+11%

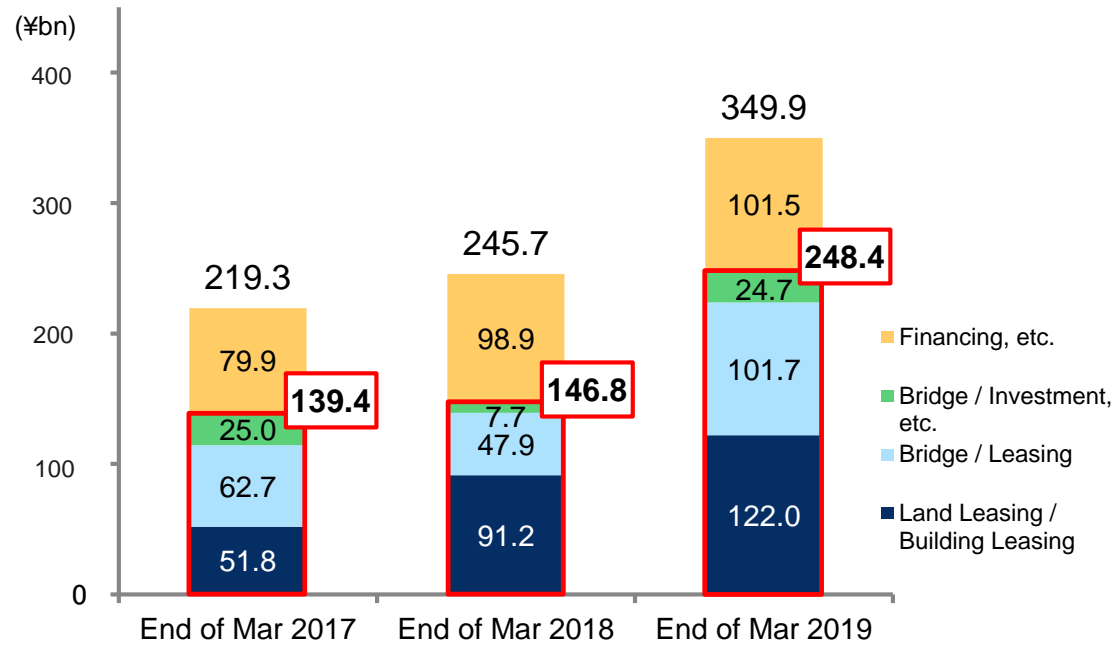
POINTS

■ Executed superior bridge scheme projects

■ Mainly refinancing projects

Balance (Real Estate/Global)

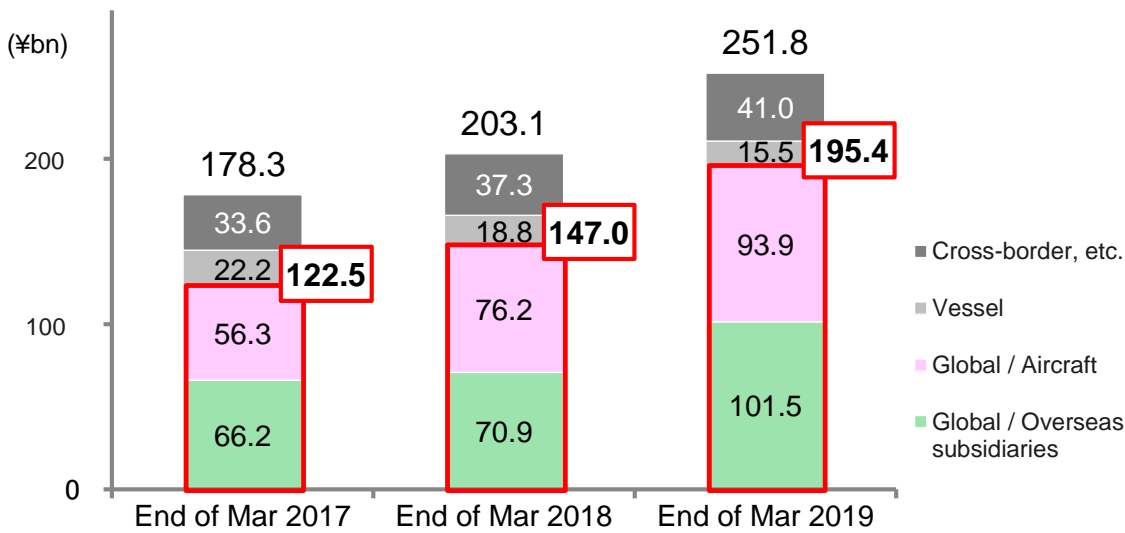
Real estate



POINTS

- **Property ownership businesses (outlined in red) increased**
 - Balance substantially increased due to growth of initiatives targeted at logistics facilities and hotels capturing societal needs

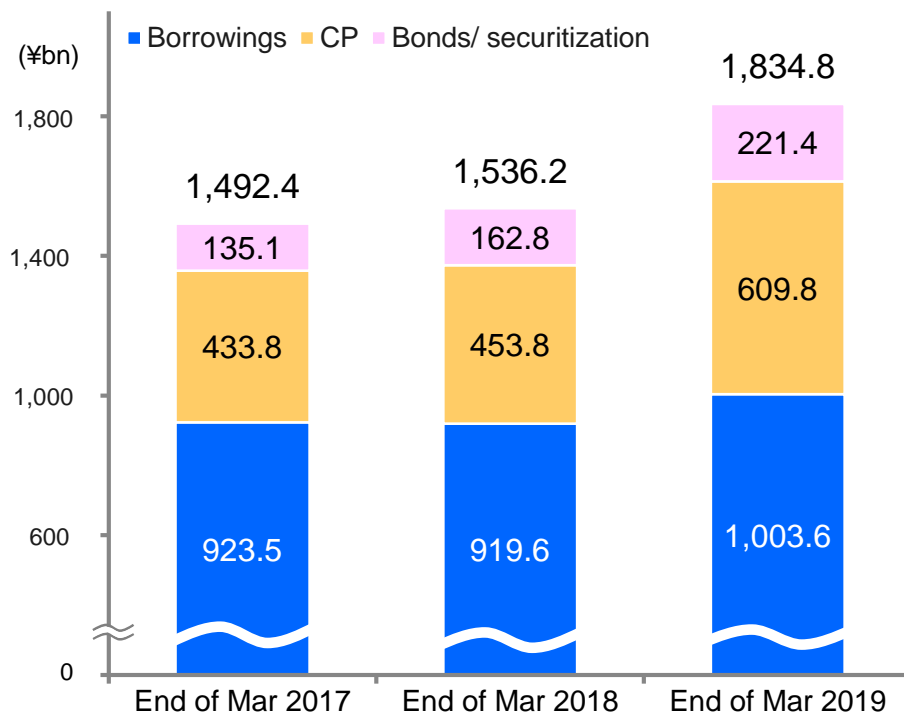
Global



- **Balance in the field of global operations (Aircraft/Overseas subsidiaries) increased**
 - Aircraft operating leases increased
 - Completed turning Indonesian auto finance company into a consolidated subsidiary

- Actively raised funds from markets amid increase in interest-bearing debt in line with the increase in operating assets.
 - Raised ¥67.0 billion through 3- to 10-year bonds in FY2018, in addition to increased CP issuance.
- 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)

	FY16	FY17	FY18
Funding costs (¥bn)	5.7	7.0	8.5
Funding costs ratio	0.36%	0.42%	0.46%

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

External ratings

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

Earnings Forecasts and Dividends

- Aim to post net income attributable to owners of the parent in the amount of ¥17.0 billion for FY2019, to post record-breaking profit for the seventh straight year.

- Plan to announce the Sixth Mid-term Management Plan* to be launched this fiscal year.

* Scheduled to be announced at a later date

- Efforts will be focused on building a structure of collaboration with Mizuho Bank, Ltd. and Marubeni Corporation in the first fiscal year of the Mid-term Management Plan.

[Dividends]

- Plan to revise year-end dividend for FY2018; a ¥2 increase from initial forecast of ¥38/share to ¥40/share.
- Plan to raise annual dividend for the 18th straight year in FY2019; a ¥2 increase y-o-y to ¥80/share.

(¥bn)

	FY2017 (Results)	FY2018 (Results)	FY2019 (Forecast)	Change	% Change
Revenues	399.7	384.9	450.0	+65.1	+17%
Operating income	19.2	22.9	24.2	+1.3	+6%
Ordinary income	20.0	24.2	25.3	+1.1	+4%
Net income attributable to owners of the parent	13.6	16.6	17.0	+0.4	+2%

Annual dividend	¥70	(Plan) ¥78	¥80	+¥2
Interim dividend	¥32	38	¥38	±¥0
Year-end dividend	¥38	(Plan) ¥40	¥42	+¥2

Dividend payout ratio	21.9%	20.1%	23.0%
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Supplementary Materials to Financial Results

● Overview of Fifth Mid-term Management Plan (FY2017-2019)

Vision

“Value-creating company tackling challenges together with clients”

Business Strategies and Reinforcement of Management Base

Basic policy

Vigorously promote more profitable businesses leveraging expertise and financial strengths gained

Focus areas

Existing client base

Environment and energy

Real estate

Global (Aircraft & overseas subsidiaries)

Medical and healthcare

Technology

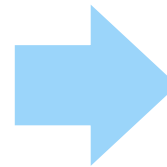
Strengthening of risk-return management: Integrated operation of business portfolio and financial ALM

Reinforcement of management base

Resource strategy: Promotion of diversity / improvement of operational productivity

Target figures for the final fiscal year

- Net income attributable to owners of the parent: “¥15.0 billion” Achieved ahead of schedule
- ROE: “10%” Achieved ahead of schedule
- Dividend payout ratio: “Maintain 20% or more” Target in sight



Plan to announce new Sixth Mid-term Management Plan* to be launched in FY2019, having achieved the target figures in the Fifth Mid-term Management Plan one year ahead of schedule.

* Scheduled to be announced at a later date

Marketing Strategies and Results in Focus Areas (Summary)

Existing client base

Large and mid-sized companies

New business strategies

Support clients' commercial distribution

Expand opportunities to gain profit by being involved in commercial distribution from upstream to downstream

Met client needs by being involved in commercial distribution, both in procurement and sales

Jointly promote service business with clients

Help clients change their business model, and receive payment for services

Made achievements in rolling out a service scheme with a medical equipment manufacturer and a major system vendor

Promote JVs with clients

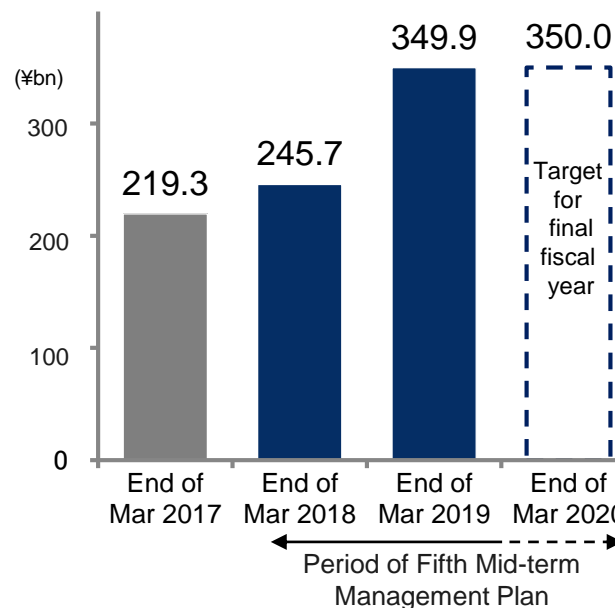
Share risks with clients as a business partner, and acquire new ROIs

Started promoting joint ventures initially in the field of real estate, aimed at making enhancements going forward

Real estate

- Achieved the target for the final fiscal year of the Mid-term Management Plan due to the increase in bridge schemes for REIT in Japan, expansion of real estate leasing in areas with high societal needs (for hotels, childcare and nursing care) and expansion of investments in overseas real estate funds.

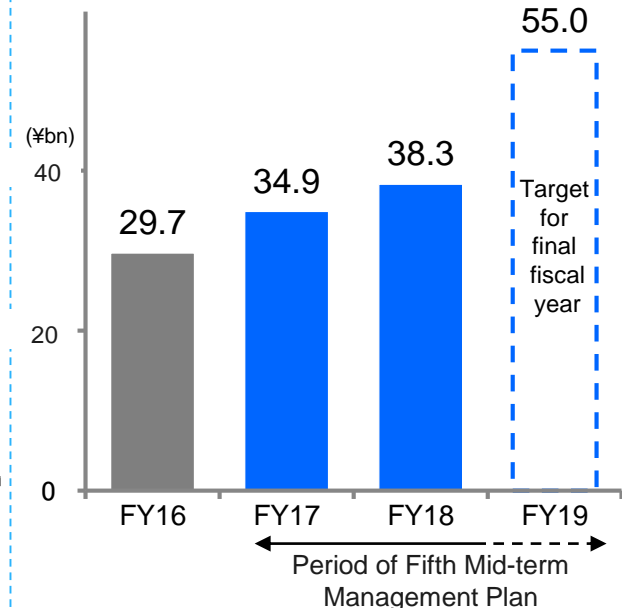
Trends in operating assets



Medical and healthcare

- Contract execution volume steadily increased due to the increase in equipment leasing in diagnosis/ treatment and convalescence/nursing care, even though issues remain in initiatives targeted at real estate such as nursing facilities.

Trends in contract execution volume

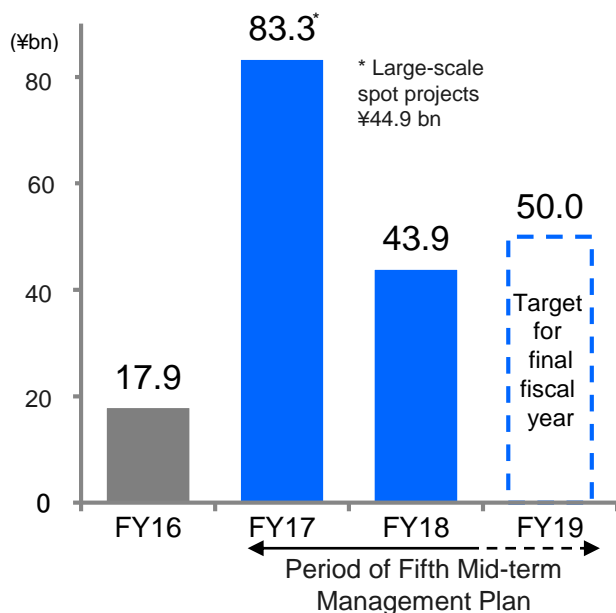


Marketing Strategies and Results in Focus Areas (Summary)

Environment and energy

- Achieved in FY2017 the initial target for the final fiscal year by such means as providing solutions through involvement in commercial distribution of energy providers, in addition to proposing subsidies and introduction of energy-saving equipment.
- Smooth progress was made also on the basis of excluding large-scale spot projects.

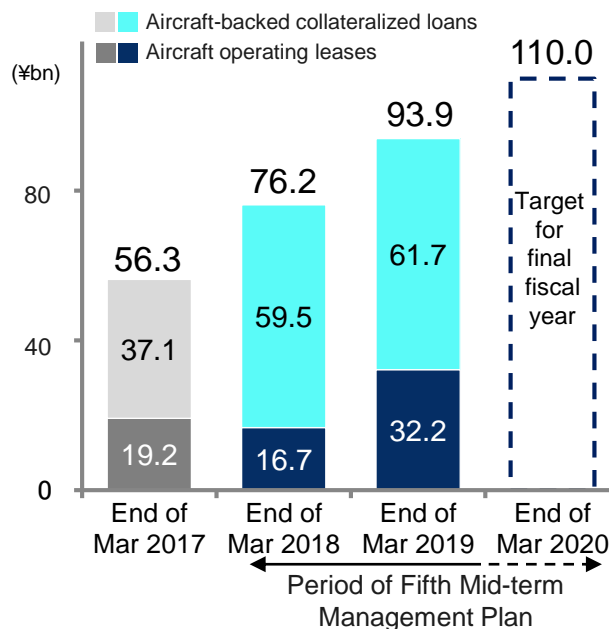
Trends in contract execution volume



Global (Aircraft)

- Started in-house management of aircraft for aircraft operating leases, in addition to joint venture initiatives.
- Aircraft-backed collateralized loans increased due to enhanced sales activities targeted at arrangers, etc.
- Balance of operating assets steadily increased due to promotion of both operating leases and loans.

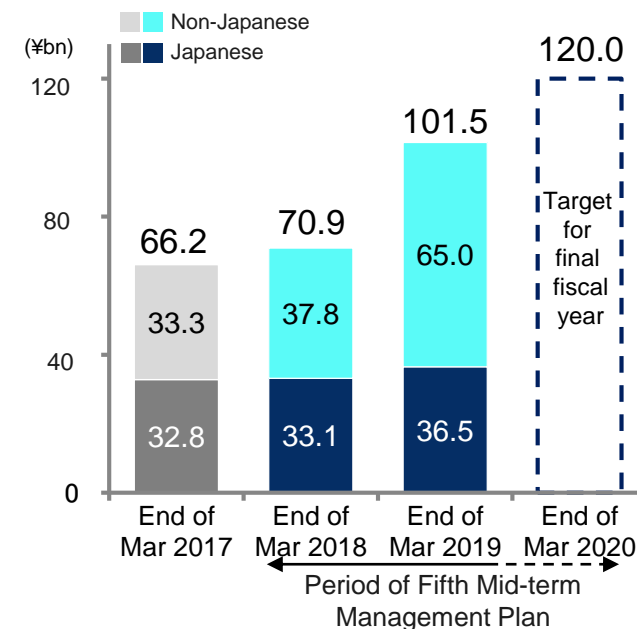
Trends in operating assets



Global (Overseas subsidiaries)

- Balance of operating assets steadily increased as a result of the increase in transactions with leading local companies and non-Japanese companies that are beyond Japanese companies' commercial distribution, as well as the conversion of an Indonesian auto financing company (listed on local stock exchange) into a consolidated subsidiary.

Trends in operating assets



● Topics in Focus Areas (1)

Existing client base Real estate Medical and healthcare Global

- Fulfilled clients' needs for procurement adjustment and cashflow improvement by holding their partly-finished goods on their behalf

- Developed a service scheme for retail shop facilities jointly with clients and started providing the service

- Executed real estate investment jointly with a major developer (See (1) below)

- Made first real estate investment in Asia (Singapore) through a prominent partner

- Made equity investment targeted at serviced housing for the elderly (See (2) below)

- Made achievements in rolling out a service scheme with a medical equipment manufacturer

(1) Joint investment with a major developer

Executed joint investment in a real estate complex (commercial facilities + offices) that has the potential to rise in value in the city center



(2) Equity investment targeted at serviced housing for the elderly

IBJL's first equity investment targeted at nursing facilities for which societal needs are growing



● Topics in Focus Areas (2)

Environment and energy



Global



Subsidy adopted in a project for introducing a large-scale power-generating facility into a factory (See (3) below)



Leased air conditioning facilities to educational institutions operated by a local government



Participated in an offshore wind power generation project



In the aircraft operating leasing business, the number of aircraft increased following the commencement of in-house management of aircraft, in addition to joint ventures



Launched truck maintenance lease in Thailand (See (4) below)



Turned an Indonesian auto financing company (listed on local stock exchange) into a consolidated subsidiary

(3) Project for introducing a large-scale power-generating facility

Pushed ahead with a project for introducing a large-scale, high-efficiency cogeneration system over multiple years jointly with a client by utilizing subsidy



(4) Launched truck maintenance lease

Set up truck maintenance lease as a service exclusive to IBJL's Thai local subsidiary jointly with a Japanese dealer



Company Profile

Company Name	IBJ Leasing Company, Limited
Address	1-2-6 Toranomom, Minato-ku, Tokyo 105-0001
Representative	Hiroshi Motoyama, President and CEO
Establishment	December 1, 1969
Listing	Tokyo Stock Exchange, 1st Section (Code: 8425)
Capital Stock	26,088 million yen (Outstanding shares: 49,004,000)
Employees	1,627 (consolidated, as of March 31, 2019)
Business Sites	14 in Japan (Tokyo, Osaka, Nagoya, others) 6 overseas (5 in Asia, 1 in Europe)

Key Group Companies:

**IBJL-TOSHIBA Leasing Company, Limited, Dai-ichi Leasing Co., Ltd., Universal Leasing Co., Ltd.,
MG Leasing Corporation (joint venture with Marubeni Corporation),
IBJ Auto Lease Company Limited,
KL Lease & Estate Co., Ltd. (real estate leases),
KL & Co., Ltd. (used property purchase / sales),
IBJ Air Leasing Limited (aircraft operating leases)**