FPG
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We're true professionals

Information Meeting Materials
for the Fiscal Year Ending September 30, 2015
Consolidated Results

Financial Products Group Co., Ltd.

Tokyo Stock Exchange First Section
(Code: 7148)

JPX
TSE LISTED

October 2015

Table of Contents

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Performance Highlights	P3
Review	P4
Topics	P5～7
Status of the Tax Leasing Arrangement Business	P9～10
Commission Fees from Equity Sales	P11
Statements of Income	P13
Balance Sheet	P14
FY2015 Dividend Forecast	P15
Shareholder Incentives	P16
FY2016 Consolidated Performance Forecast	P18～19
Medium-term Management Strategies	P20～22
Business Lineup	P23
Key Financial Data	P24
Disclaimer	P25

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Summary



Performance Highlights

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◆ **Net sales more than doubled and profits more than trebled compared with the previous year**
Achieved double-digit growth in terms of both sales and profits for 6th consecutive year

Due to improvements in corporate earnings, and the gradual reduction in the corporate tax rate in accordance with Japanese government policy, there has been strong demand for Japanese Operating Lease ("JOL") from profitable investors (clients), which has been met by the acceleration of equity placements. In addition, expanding lease arrangement capability and distribution network contributed significantly to FPG capturing this demand.

(Billions of yen)	FY2014	FY2015	Change from FY2014	
Net sales	6.25	15.31	9.05	144.7%
Operating income	3.46	10.08	6.62	191.3%
Ordinary income	3.26	10.05	6.78	208.0%
Net income	1.98	6.34	4.35	219.0%
Total amount of leased assets	168.61	297.34	128.73	76.3%
Total amount of equity sales	37.89	84.17	46.27	122.1%

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Review

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◆ In favorable market environment, expanding our businesses by promoting growth strategy and reinforcement of business platform

The overall business

- **Increase of headcount number associated with the business expansion**
  number of employees (consolidated) 157 （up 57 YOY）
- **Pursuit of profitability and efficiency ⇒Topics (P.5)**
  Achieved higher levels of ROE and productivity

The Tax Leasing Arrangement Business

Arrangement /Origination

- **Increasing Fund-procurement capacity for expanding lease arrangement ⇒Topics (P.6)**
  Obtained a credit rating (Oct.), issued commercial paper in Japan(Jan.)
  Expanded Fund-procurement capacity to over ¥70 billion (Sep.)
- **Enhancing the origination capacity of JOL for aircraft**
  Raised shareholding ratio of Amentum Capital Limited(＊) (currently FPG Amentum Limited, “FPG Amentum”) and made it a consolidated subsidiary
  ＊FPG Amentum is a Dublin-based commercial aircraft leasing management company

Sales /Placement

- **Improving sales capabilities ⇒ Topics (P.7)**
  Opened Sendai branch, Hiroshima branch, and Takamatsu branch (Apr.)
  Expansion of distribution network

Diversification of Revenue Structure

- **Commenced the Trust Business**
  Acquired 100% shares of the Bernina Trust Co., Ltd. (Oct.)
  Registered as an agent for Trust Agreement (Jul.)

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Topics – Pursuit of profitability and Efficiency

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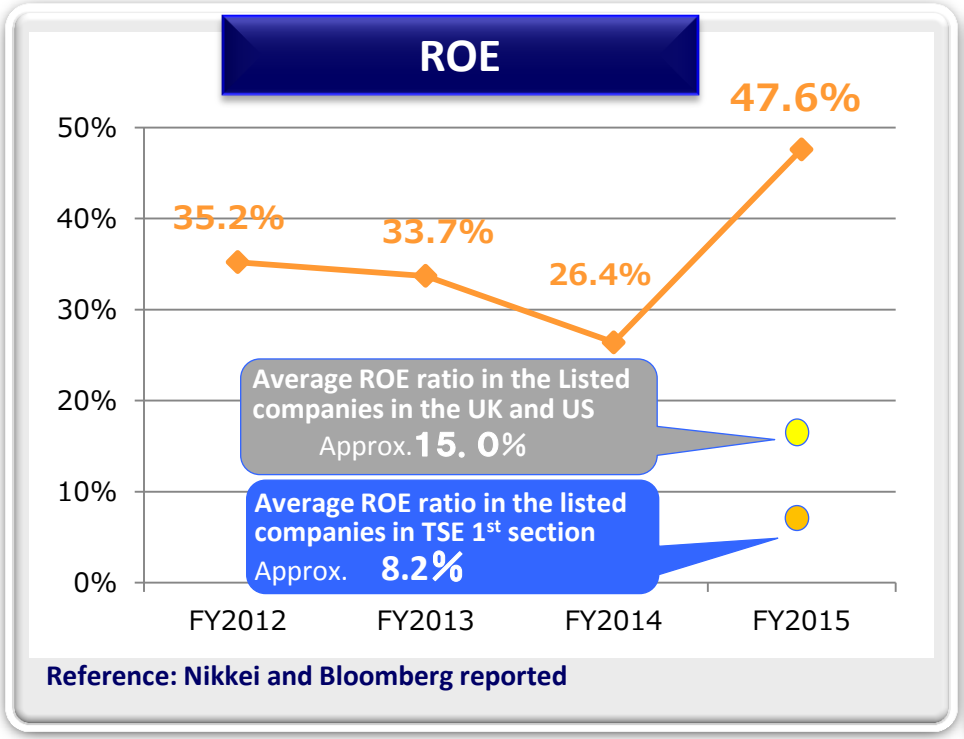
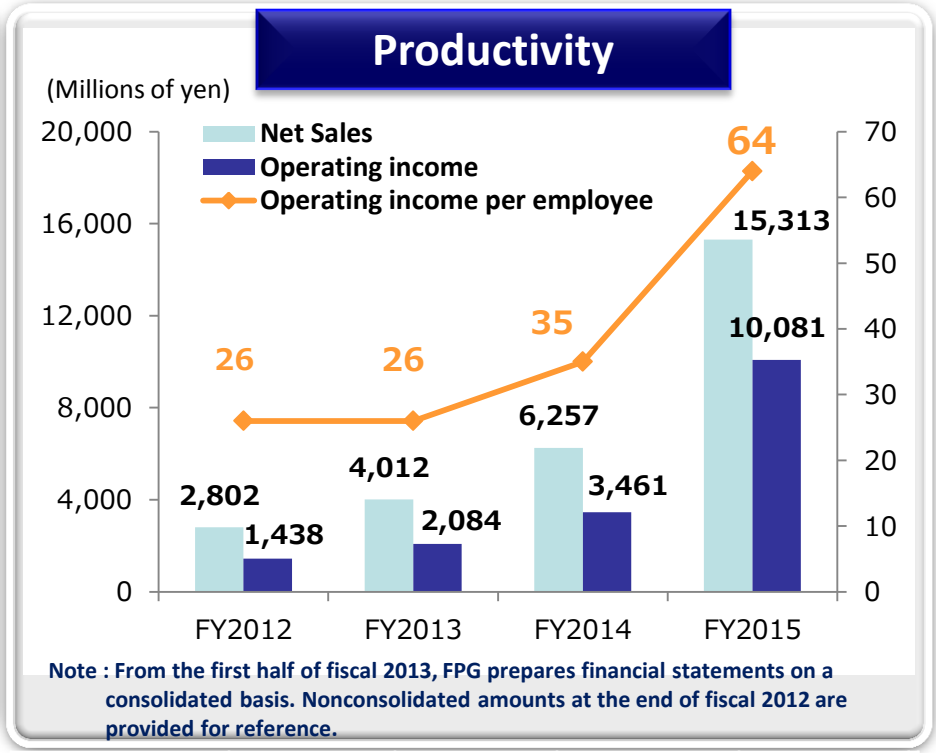
◆ ROE and Operating income per employee improved greatly



Reference: Nikkei and Bloomberg reported



Note : From the first half of fiscal 2013, FPG prepares financial statements on a consolidated basis. Nonconsolidated amounts at the end of fiscal 2012 are provided for reference.

(Millions of yen)	FY2012	FY2013	FY2014	FY2015
Net Profit	793	1,185	1,988	6,343
Net Asset (Average)	2,254	3,520	7,519	13,320
ROE	35.2%	33.7%	26.4%	47.6%

(Millions of yen)	FY2012	FY2013	FY2014	FY2015
Net sales	2,802	4,012	6,257	15,313
Operating income	1,438	2,084	3,461	10,081
Number of Employees	55	81	100	157
Operating income per employee	26	26	35	64

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Topics – Fund-procurement capacity

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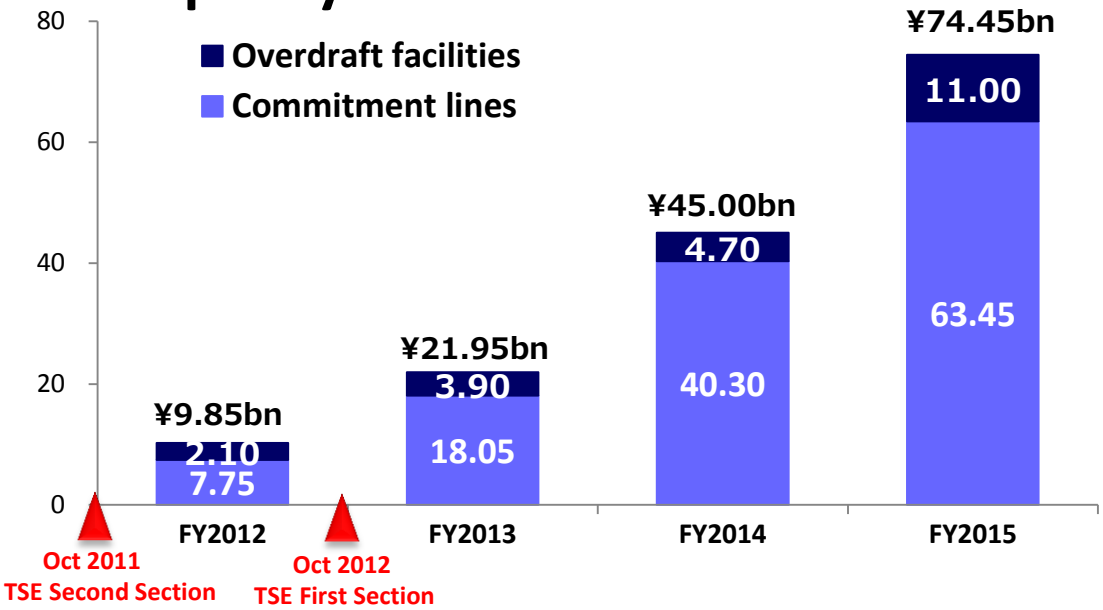
◆ Driving our business growth by expanding Fund-procurement capacity



Fund-procurement capacity was about ¥1.5 billion before we were listed on JASDAQ, but our listing on JASDAQ, TSE Second Section and TSE First Section, has dramatically enhanced our credibility among lenders. The number of lenders was 7 before the IPO, but has now increased to 54.

◆ Raising domestic commercial paper issuance limit contributed to secure flexible financing

We obtained a credit rating from an independent credit rating agency in October last year, and started to issue domestic commercial paper in January. In August, its issue limit was raised from ¥3billion to ¥5billion . We are promoting to diversify and stabilize our funding sources, including short-term and long-term funding.

CP issue outstanding As of the end of Sep. 2015	**¥2.8bn**

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Topics - Expansion of distribution network

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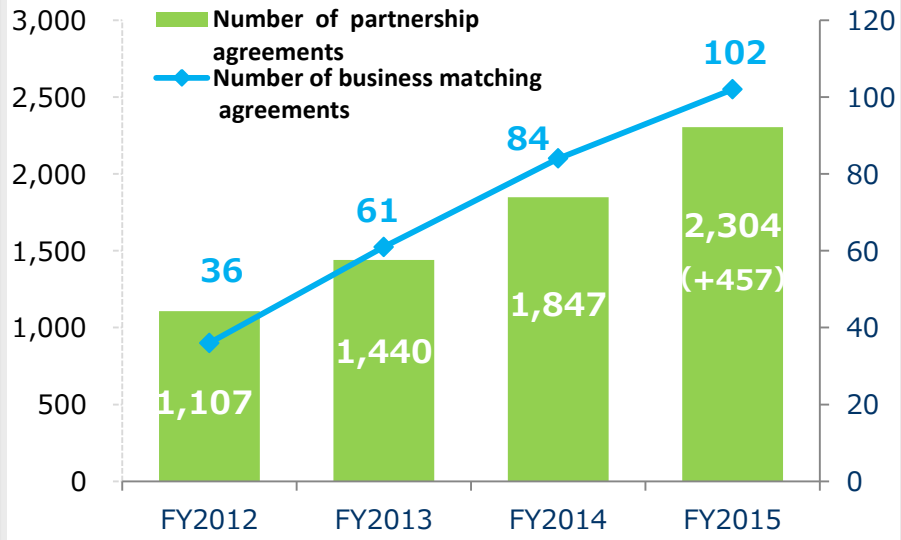
◆ Created more alliances with accounting firms and financial institutions

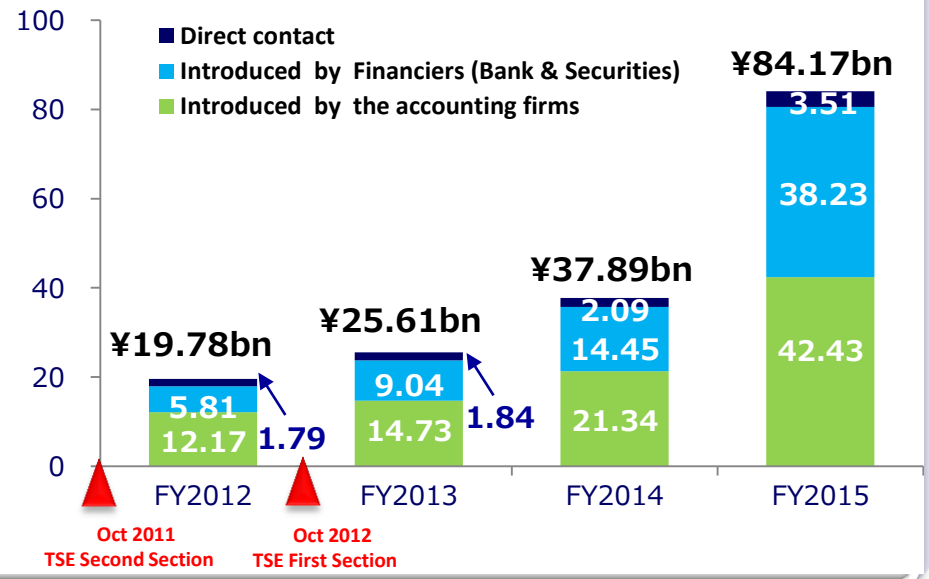
Enhanced Introduction of large investors from financial institutions, especially regional banks



Number of partnership agreements and business matching agreements (sub total)



Transition of equity sales (through accounting firms and financiers)



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Business Summary



Status of the Tax Leasing Arrangement Business

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◆ **By enhancing our sourcing and arrangement capabilities due to alliances with overseas affiliated companies and improving our sales capabilities, total amount of equity sales has increased significantly**

Arrangements /Originations

We actively expanded lease arrangement especially for ships due to alliances with overseas affiliated companies(＊), underpinned by the improved fund-procurement capacity

＊overseas affiliated companies = FPG Amentum, FPG ASSET & INVESTMENT MANAGEMENT B.V. (“FPG AIM”)
FPG AIM is headquartered in the Netherlands and has 2 subsidiaries located in Singapore and the U.A.E. FPG AIM introduces exclusively to FPG a wide rage of overseas leasing projects for ships, containers, etc and supports the structuring of our leasing arrangements.
FPG AIM was a major contributor to FPG's excellent expansion of leasing arrangements for ships.

Sales /Placement

In a favorable sales environment, total amount of equity sales has increased significantly by actively expanding lease arrangement and enhancing sales capabilities through expansion of distribution network.

(Billions of yen)		FY2014	FY2015	Change from FY2014		Full-year forecast (Revised on June 15)	Progress
Total amount of leased assets		168.61	297.34	128.73	76.3%	285.00	104.3%
Total amount of equity sales		37.89	84.17	46.27	122.1%	77.24	109.0%
	Ships	5.22	43.95	38.73	741.4%		
	Marine containers	12.28	16.71	4.42	36.0%		
	Aircraft	20.38	23.50	3.12	15.3%		
Number of companies (number of deals)		834	1,653	819	98.2%		
Tax leasing arrangement business net sales		5.44	14.12	8.68	159.5%	13.02	108.5%
Commission fees from equity sales, excluding full-equity deals		14.4%	16.8%	2.4point	—		

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Status of the Tax Leasing Arrangement Business

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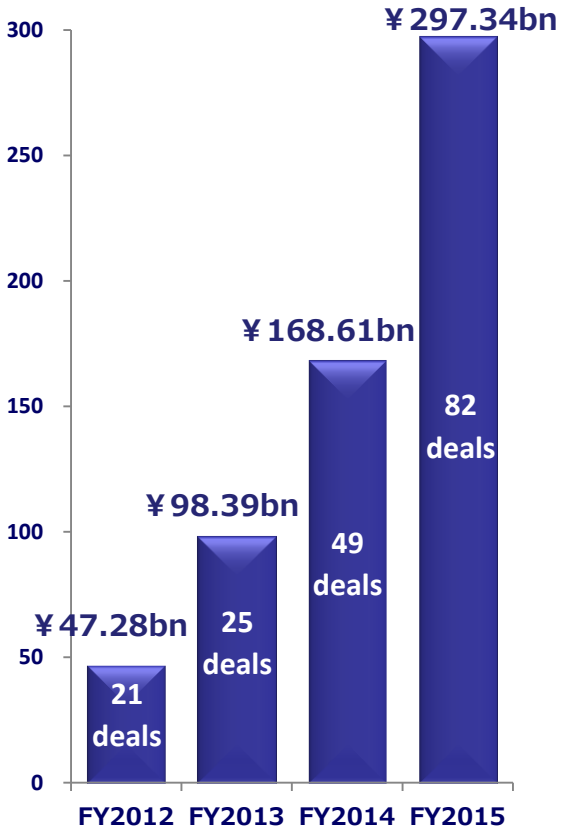
Total amount of leased assets

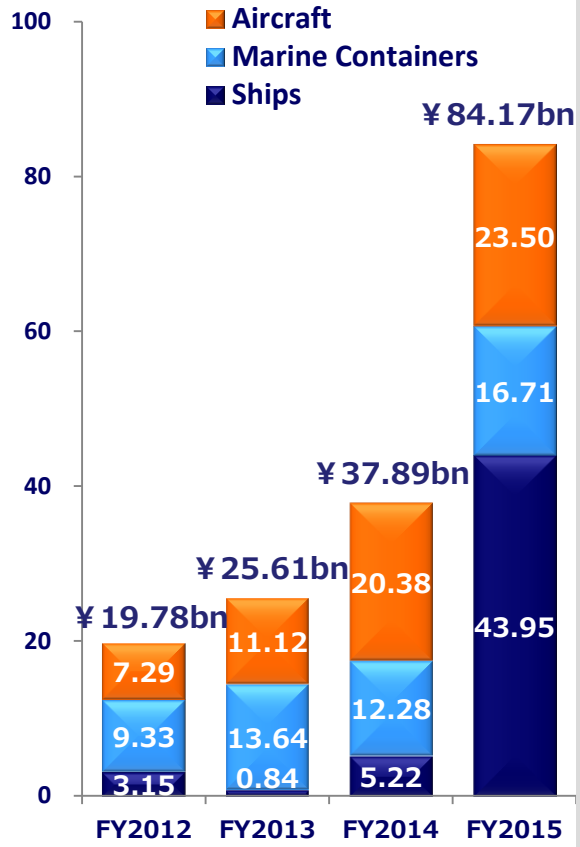
Up 76.3% (Year-on-Year)



∗ Number of deals = Number of SPC

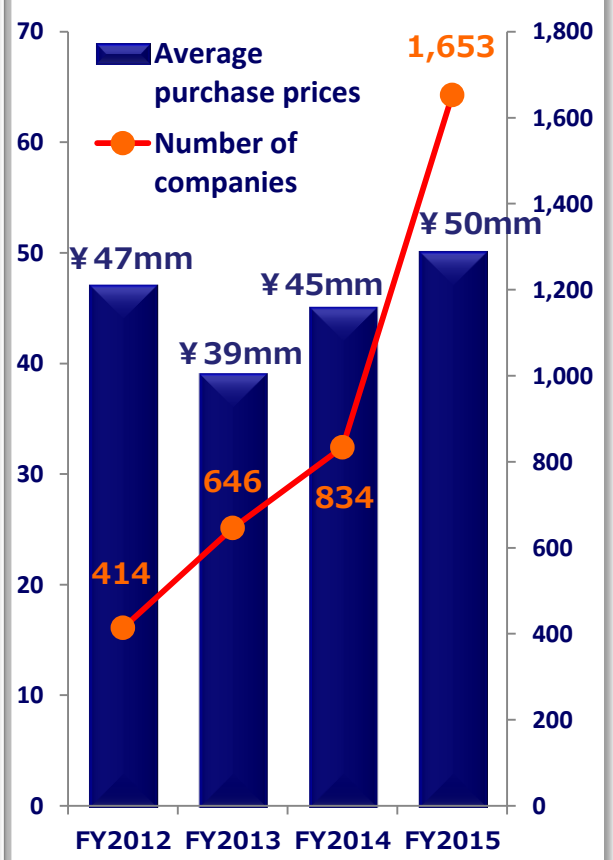
Total amount of Equity sales

Up 122.1%(Year-on-Year)



Number of companies (number of deals) /Average purchase prices

Up 819 / Up ¥5million (Year-on-Year)



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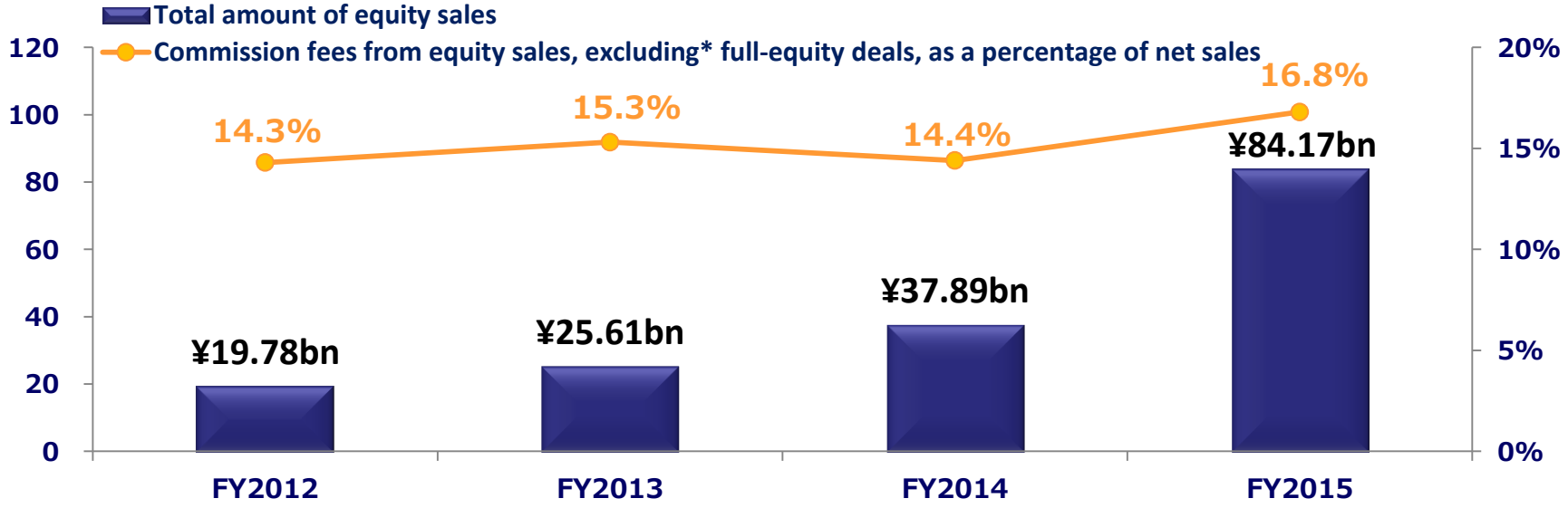
Commission Fees from Equity Sales



(Billions of yen)	FY2012	FY2013	FY2014	FY2015
Tax leasing arrangement business net sales	2.66	3.74	5.44	14.12
Total amount of equity sales	19.78	25.61	37.89	84.17
Commission fees from equity sales, excluding* full-equity deals, as a percentage of net sales (Net sales/Total amount of equity sales)	14.3%	15.3%	14.4%	16.8%

*** Full-equity deals**

Normally, in the arrangement of an operating lease, funds are procured through loans and investments to purchase the target asset. But in a full-equity deal, the entire amount is financed by equity from investors, with no loans used.

Changes in Commission Fees from Equity Sales

We diligently put together arrangements to meet robust investor demand. As a result, commission fees from equity sales were settling into the 14% to 15% range in recent years. This level is still considered high, compared with that of other financial products. We secured highly profitable products in this year, and through arrangements and sales, commission fees increased to 16.8%.

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Financial Highlights



Statements of Income

(Billions of yen)	FY2014	FY2015	Difference	
Net sales	6.25	15.31	9.05	144.7%
Cost of sales	0.87	1.93	1.06	122.1%
Gross profit	5.38	13.37	7.98	148.4%
Selling, general and administrative expenses	1.92	3.29	1.36	71.2%
Operating income	3.46	10.08	6.62	191.3%
Non-operating income	0.34	0.76	0.42	124.3%
Non-operating expenses	0.54	0.79	0.25	47.6%
Ordinary income	3.26	10.05	6.78	208.0%
Extraordinary gain or loss	(0.00)	0.01	0.01	–
Income before income taxes	3.25	10.06	6.80	208.9%
Total Income taxes	1.26	3.70	2.43	191.7%
Net income	1.98	6.34	4.35	219.0%

1 Net sales ¥15.31bn (up¥9.05bn YOY)

(Billions of yen)

Tax Leasing Arrangement Business	14.12	(up 8.68 YOY)
Real Estate Business	0.16	(up 0.00 YOY)
Insurance Brokerage Business	0.28	(up 0.04 YOY)
Securities Business	0.27	(down 0.03 YOY)
Asset Management Business	0.11	(up 0.02 YOY)
Trust Business	0.02	

2 Cost of sales ¥1.93bn (up¥1.06bn YOY)

(Billions of yen)

Arrangement costs	0.28	(up 0.12 YOY)
Commission fee for client referrals	1.65	(up 0.94 YOY)

3 SGA Expenses ¥3.29bn (up¥1.36bn YOY)

Due to business expansion and aggressive M&A, personnel expenses and other expenses have increased.

Number of employees 100 (FY2014)→ 157 (FY2015)

(Billions of yen)

Personnel expenses	1.56	(up 0.65 YOY)
Other expenses	1.72	(up 0.71 YOY)

4 Non-operating income ¥0.76bn (up ¥0.42bn YOY)

We temporally underwrite the equity portion for the operating lease products and sell down to investors as small lot investment products. Interest for the period of the equity underwriting is charged to investors and is added to other operating income after the sale. With the expansion of arrangements in leasing operations, interest receivable for the period of underwriting, and equity in earnings of affiliates had increased.

5 Non-operating expenses ¥0.79bn (up ¥0.25bn YOY)

Commission fees is up due to higher payment fees resulting from the growth of commitment line agreements and increase in interest expenses with the expansion of our financing amounts.

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Balance Sheet

Assets (Billions of yen)	FY2014 Sep.30,2014	FY2015 Sep.30,2015	change
Current assets	42.27	66.03	23.75
Cash and deposits	4.09	7.38	3.29
Equity underwritten	28.54	46.52	17.98
Real estate for arrangement	3.40	1.57	▲1.82
Other current assets	6.24	10.55	4.31
Fixed assets	1.73	2.99	1.25
Total assets	44.01	69.08	25.07

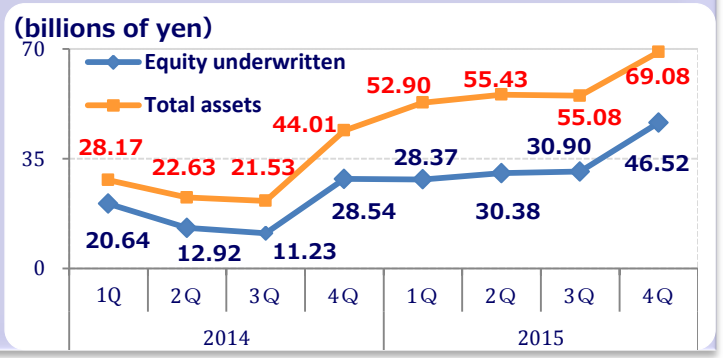
Liabilities (Billions of yen)	FY2014 Sep.30,2014	FY2015 Sep.30,2015	change
Current liabilities	31.96	50.03	18.06
Short-term debts・bonds	21.58	29.42	7.84
Advances received	4.40	7.38	2.97
Other current liabilities	5.98	13.22	7.23
Fixed liabilities	1.49	2.88	1.38
Long-term debt・bonds	1.30	2.66	1.36
Other fixed liabilities	0.19	0.21	0.01
Total liabilities	33.46	52.91	19.44

Net assets (Billions of yen)	FY2014 Sep.30,2014	FY2015 Sep.30,2015	change
Common stock	3.07	3.08	0.01
Additional paid-in capital	3.02	3.03	0.01
Retained earnings	4.44	9.95	5.51
Treasury stock	(0.00)	(0.00)	(0.00)
Foreign currency translation adjustment	0.01	0.01	(0.00)
Minority Interests	–	0.08	0.08
Total net assets	10.54	16.17	5.62
Total liabilities and net assets	44.01	69.08	25.07

1 Equity underwritten ¥46.52bn (up ¥17.98bn YOY)

Based on strong tax lease products sales, expanding origination capacity for mainly ships deals made equity underwritten increase.

Use short-term loans, mainly commitment lines, to secure advances on total equity underwritten (The temporary advances paid)



2 Real estate for arrangement ¥1.57bn (down ¥1.82bn YOY)

The inventory of real estate assets decreased due to strong sales of the second (Hiroo) and third (Aoyama) Real Estate Investment Programs.

3 Advances received ¥7.38bn (up ¥2.97bn YOY)

Active arrangements in leasing operations together with the favorable sales and advances received on commission costs for total equity underwritten that was planned for sale in the next quarter also increased. Book advances received under revenue when the equity underwritten is paid from the investor.

4 Short-term debts・bonds ¥29.42bn (up ¥7.84bn YOY)

We use short-term loans, mainly commitment lines, to secure advances on total equity underwritten. Short-term debt increases in response to an increase in total equity underwritten and decreases in response to the sale of total equity underwritten. At the end of FY2015, the funding increased by active arrangements for next quarter later.

5 Total net assets ¥16.17bn (up ¥5.62bn YOY)

Total net assets increased, driven by FY2015 net income of ¥6.34bn.
The equity ratio decreased to 23.3% from 24.0% (FY2014).

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FY2015 Dividend Forecast

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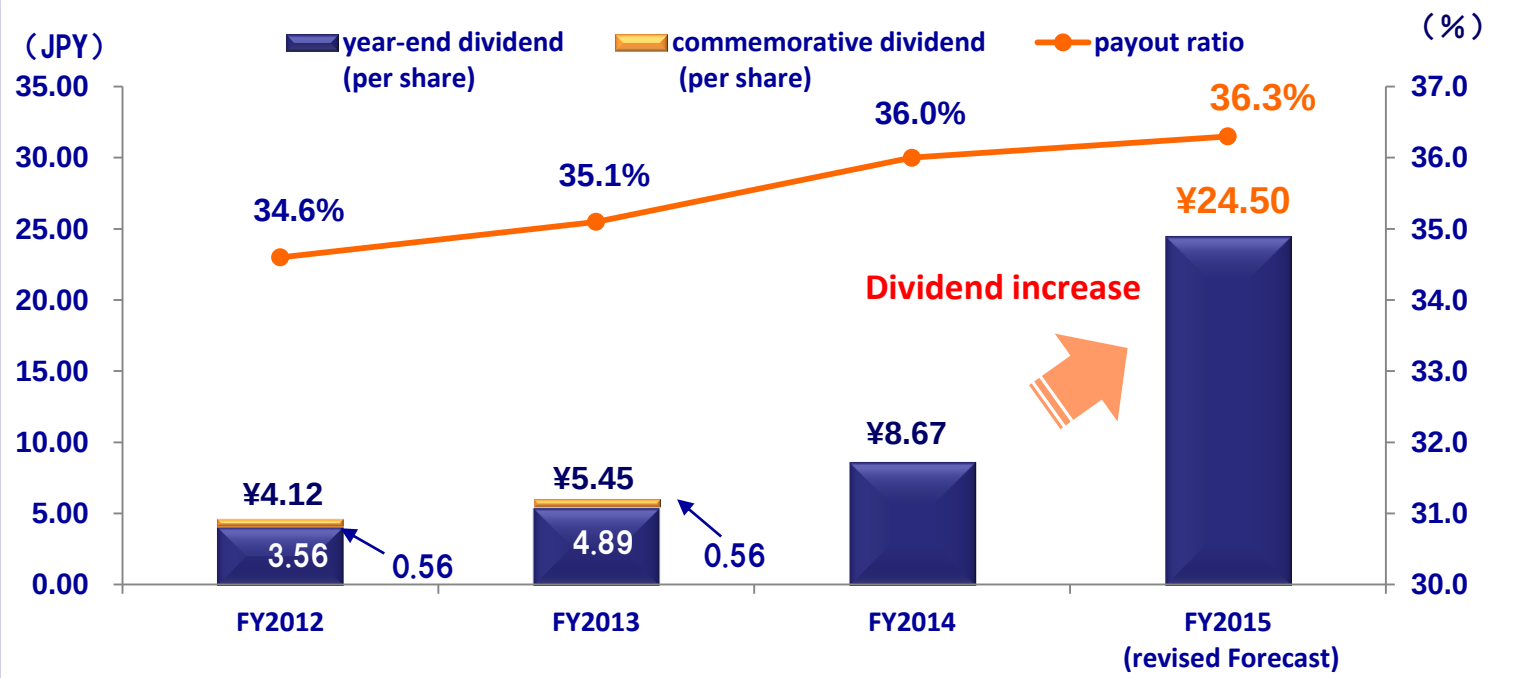
◆ Increased year-end dividend forecast in accordance with our dividend policy driven by achieving financial results which exceeded our forecast

Returning adequate profit to shareholders is one of our top priorities. Our policy is to distribute dividends in line with profit improvement while retaining sufficient funds to ensure FPG's sustainable business expansion. Our dividend policy is a payout ratio of greater than 30%.In the light of our financial result for FY2015, we have decided to further increase it to ¥24.50 per share. The payout ratio is 36.3%。



Note1:Amounts take into account the impact of the upcoming stock split and reflect retroactive adjustment.
Note2:Interim dividends for FY2012 was a commemorative dividend for our 10th year of business and listing on TSE second section. Interim dividends for FY2013 was a commemorative dividend for listing on TSE first section.

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Shareholder Incentives

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◆ Incentives to maintain their investment loyalty over the medium to long term

We provide incentives to make investment in our stock more attractive and to encourage as many shareholders as possible to maintain their investment loyalty over the medium to long term.

◆ Details of incentives(revised)

We present gift certificates to shareholders, based on the following criteria.

Number of Shares held	Shareholding period				Frequency	Record date
	Less than 1 year	1 year or more	2 years or more	3 years or more		
500～999	¥1,000	¥1,500	¥2,000	¥2,500	Once each year	September 30
1,000～4,999	¥2,000	¥3,000	¥4,000	¥5,000		
5,000 or more	¥5,000	¥7,000	¥9,000	¥10,000		

- **Shareholders who are recorded in the shareholder registry as of September 30, 2015 and holding 500 shares or more are covered by the revised incentives.**
- **The number of years for which shares have been held is calculated as of September 30 and March 31. The holder must be listed on the shareholder registry under the same Shareholder Number on this date.**
- **Shareholders who qualify as holding shares for 1 year or more will be these who have been recorded with the same Shareholder Number for 3 consecutive record dates (with each September 30 and March 31 being a record date). Similarly, “for 2 years or more” is for 5 consecutive record dates, and “for 3 years or more” is for 7 consecutive record dates.**

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FY 2016 Consolidated Forecast
Medium-term Management Strategies



FY2016 Consolidated Forecast

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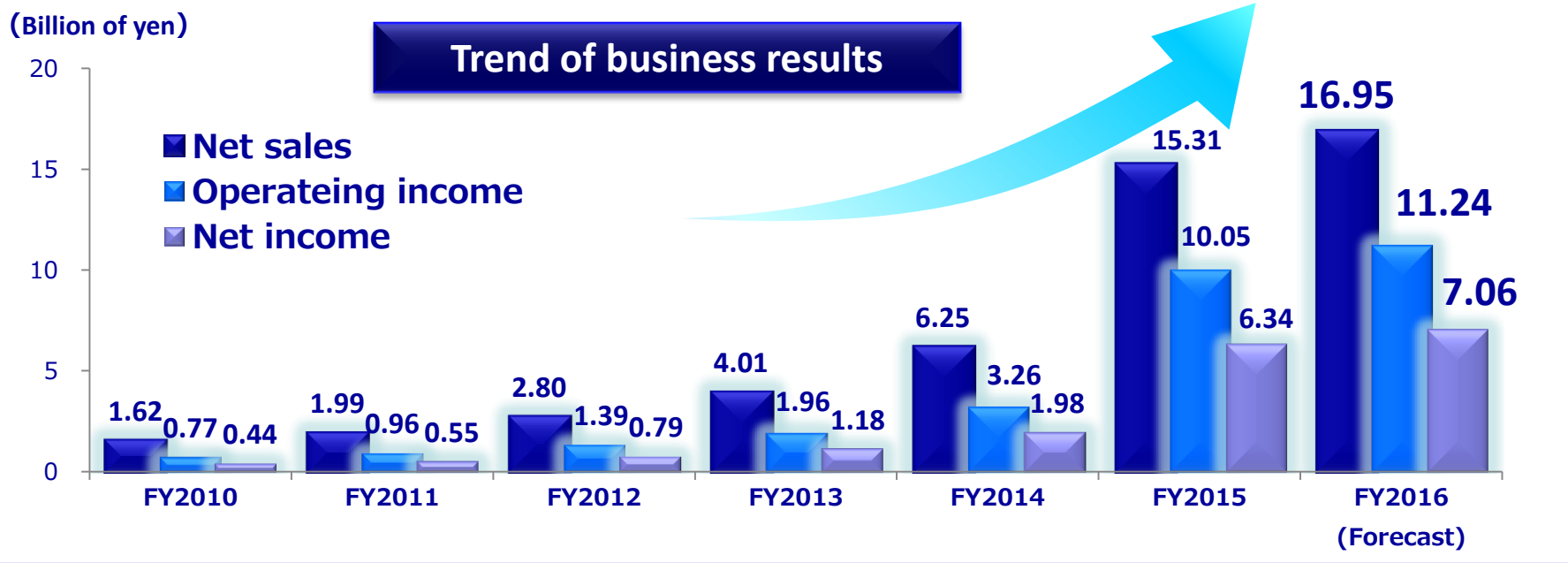
Endeavoring to expand our business to achieve double-digit growth, in terms of both sales and profits for seven consecutive years

(Billions of yen)	FY2014	FY2015	FY2016 Forecast	Change from FY2015	
Net sales	6.25	15.31	16.95	1.64	10.7%
Operating income	3.46	10.08	11.09	1.00	10.0%
Ordinary income	3.26	10.05	11.24	1.19	11.9%
Net income	1.98	6.34	7.06	0 .72	11.4%



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FY2016 Consolidated Forecast

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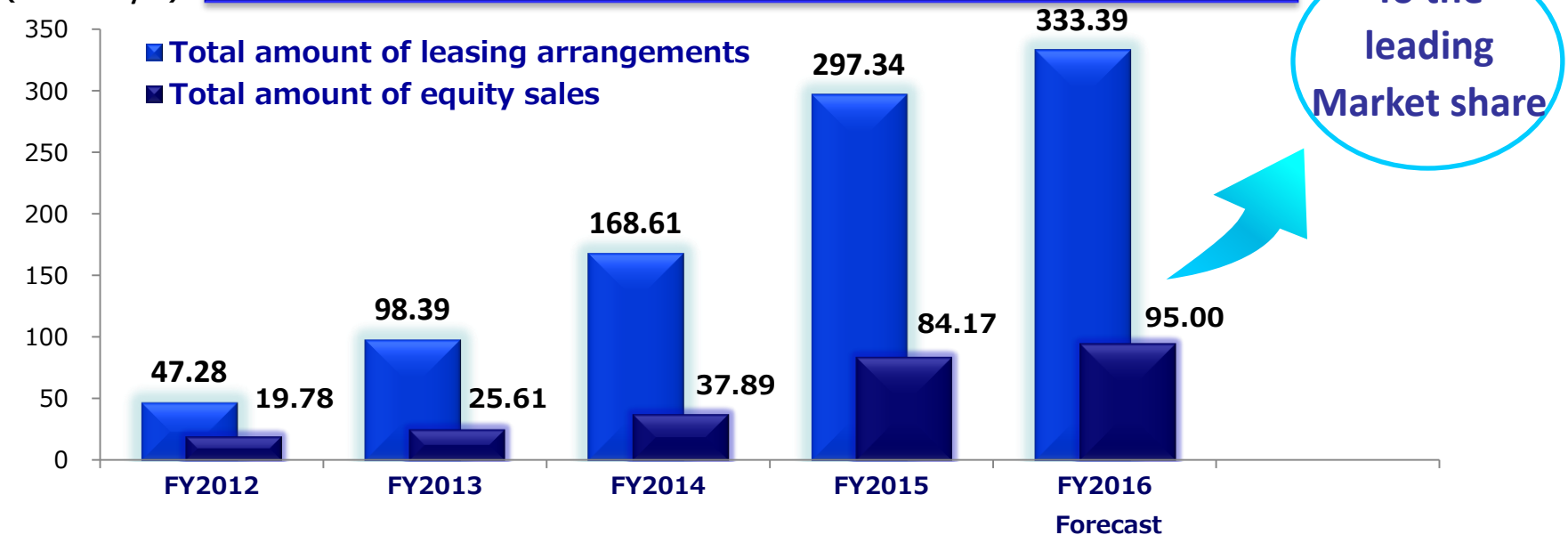
Further expanding our market share and our position as the market leader

Note: JOL=Japanese operating Lease

(Billions of yen)	FY2014	FY2015	FY2016 Forecast	Change from FY2015	
Total amount of leasing arrangements	168.61	297.34	333.39	36.04	12.1%
Total amount of equity sales	37.89	84.17	95.00	10.82	12.9%

Trends of total amount of leasing arrangements and total amount of equity sales



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Medium-term Management Strategies

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Targeting double-digit growth in sales and profits with expansion of business

Expansion of the business performance optimizing the synergy effect Between Tax leasing Arrangement business and other businesses

■ **Enhancing sales capabilities**
- Strengthening Tax Leasing Arrangement Business
- Strengthening other businesses

■ **Expansion of new products and services (entering new business fields)**

Reinforcement of business platform for promoting profits

■ **Stronger fund-procurement capacity**
- Increasing the number of lenders, expanding commitment lines
- Diversifying and stabilizing fund-raising sources

■ **Strengthening the organization of business support and management**
- Strengthening the management organization to judge management issues promptly
- Further developing IT infrastructure for secure accounting system
- Strengthening the system for compliance and risk management

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Medium-term Management Strategies

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Enforcing sales capabilities

Strengthening Tax Leasing Arrangement Business

Arrangements

- Improvement of arrangement capabilities in cooperation with overseas affiliates (FPG Amentum, FPG AIM)
- Ensuring fund-procurement capacity to match expanding arrangement activities

Sales

- Expansion of distribution network
  Planning to make new partnership agreements with around 400 to 500 additional accounting firms per year
- Expansion of staff in local branches
- Intensifying sales activities for customers
- Considering opening new branches

Planning to boost total equity sales up to ¥ 95 billion by 2016

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Medium-term Management Strategies

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Expansion of the business performance optimizing the synergy effect Between Tax leasing Arrangement business and other businesses

Number of corporate investors(profitable SMEs)and their owners (wealthy individuals) are increasing year after year through expanding our sales of Tax leasing Arrangement. FPG group aims to improve its performance with expansion of new products and services that meet customers' needs.



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Business Lineup

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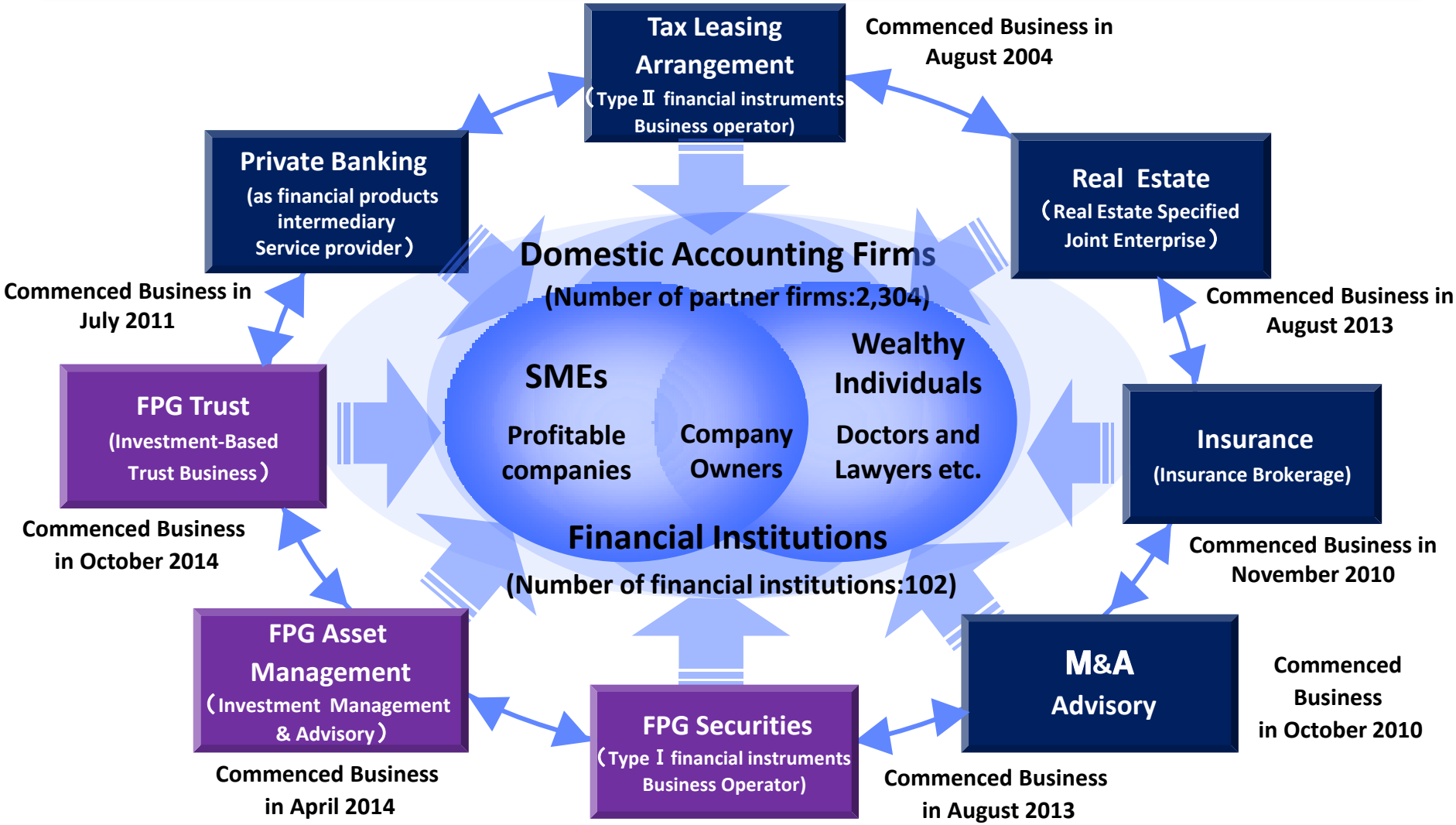
FPG will continue striving to provide one-stop financial services for profitable SMEs and Wealthy Individuals.



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Key Financial Data

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Accounting term		FY2011	FY2012	FY2013	FY2014	FY2015
Net sales	Billions of yen	1.99	2.80	4.01	6.25	15.31
Ordinary income	Billions of yen	0.96	1.39	1.96	3.26	10.05
Net income	Billions of yen	0.55	0.79	1.18	1.98	6.34
Paid-in capital	Billions of yen	0.33	0.33	0.85	3.07	3.08
Outstanding shares	Thousand of shares	2,470	7,501	26,017	31,271	94,299
Net assets	Billions of yen	1.95	2.55	4.48	10.54	16.17
Total assets	Billions of yen	6.58	5.91	20.24	44.01	69.08
Book value per share	Yen	29.37	37.79	57.52	112.46	170.65
Dividends	Yen	2.59	4.12	5.45	8.67	24.50
Earnings per share	Yen	8.38	11.89	15.53	24.07	67.52
ROE	%	31.7	35.2	33.7	26.4	47.6
Equity ratio	%	29.7	43.1	22.2	24.0	23.3
Payout ratio	%	30.9	34.6	35.1	36.0	36.3
Cash flow from operating activities	Billions of yen	▲1.67	1.84	▲8.95	▲13.02	▲3.24
Cash flow from investing activities	Billions of yen	▲0.07	▲0.07	▲0.42	▲0.73	▲1.45
Cash flow from financing activities	Billions of yen	3.49	▲2.01	11.23	14.00	7.88
Cash and cash equivalents at end of year	Billions of yen	2.22	1.98	3.84	4.09	7.38
Number of employees		33	55	81	100	157

Note:1. Consolidated results are available from 2013 onward. Nonconsolidated results pre-2013 are provided for reference.
2. Above figures reflect adjustment for stock spilt.

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IR Inquiry

If you have questions or comments regarding our stocks and/or investments, please feel free to contact us.

ir@fpg.jp

or call the FPG's IR Desk at +81-3-5288-5691.

*We may reply to you in writing, and it may take some time to respond to your inquiries. Please note that we will respond on or after the following business day if your inquiries are received on weekends, holidays, or the year-end and New Year holidays.

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