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FPG Consolidated Financial Results

First Half of the Fiscal Year Ending September 30, 2017
October 1,2016 – March 31,2017

Financial Products Group Co., Ltd.

Tokyo Stock Exchange First Section
(Code: 7148)

JPX
TSE LISTED

April 2017

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Summary



■ Performance highlights

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◆ Good performance continued as we successfully met the investment needs of investors

- Achieved record equity placement for two consecutive quarters, achieving over 40 billion yen of quarterly sales for the first time (see page7)
- Exceeded the initial forecast in both net sales and profits
- Equity underwritten decreased from the previous quarter, reflecting the good sales environment
- The progress rate for deal origination stands at 26.4%, however we forecast strong deal origination in Q3 onwards

(Billions of yen)

	FY2016 2Q(cumulative)		FY2017 2Q(cumulative)			FY2017 Full-year forecast	Progress rate
		% of Net sales		% of Net sales	YoY Change		
Net sales	10.59	100.0%	12.13	100.0%	14.5%	21.23	57.2%
Tax leasing arrangement business	9.75	92.0%	11.08	91.3%	13.7%	19.01	58.3%
Other business	0.84	8.0%	1.05	8.7%	24.1%	2.22	47.2%
Operating income	7.10	67.0%	8.26	68.1%	16.3%	12.94	63.8%
Ordinary income	7.12	67.3%	8.46	69.7%	18.7%	12.93	65.4%
Profit attributable to owners of parent	4.54	42.9%	5.84	48.2%	28.6%	8.35	70.0%
Total amount of equity placement in operating leases	56.58	-	71.54	-	26.4%	124.00	57.7%
Equity underwritten	45.53	-	26.58	-	▲41.6%	-	-
Total amount of assets arranged in operating leases	181.99	-	105.44	-	▲42.1%	400.00	26.4%

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■ Topics – Launched container investment and management service business

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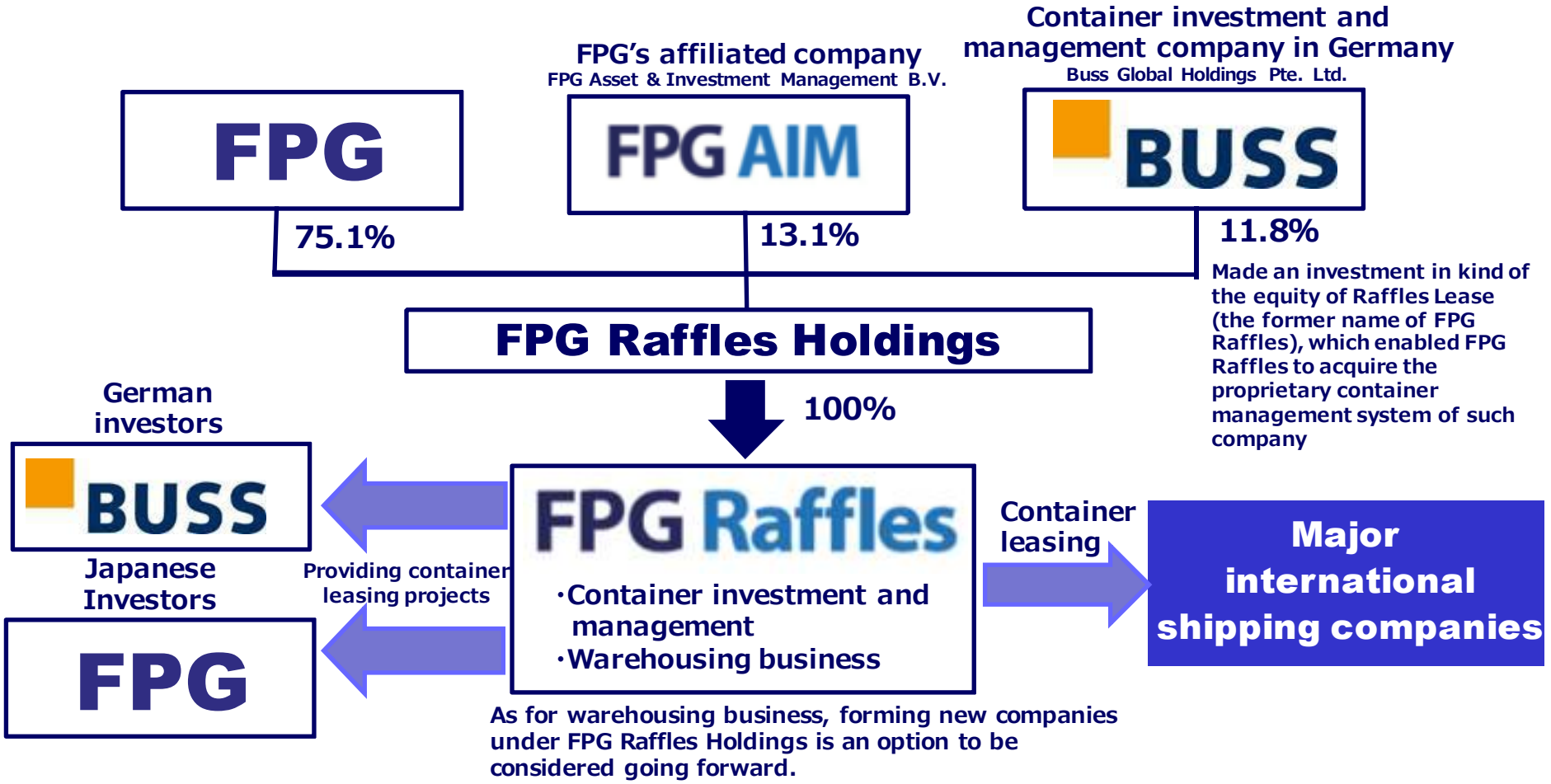
◆Established a marine container leasing JV("FPG Raffles") in Singapore

- Applying BUSS Group's know-how in container investment and management to the arrangement of container leasing transactions in which FPG has expertise.
- Expanding our opportunities to arrange container leasing transactions through developing a warehousing business, which will be used to acquire and hold containers that we will subsequently use for new transactions



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■ Topics – Expansion of real estate business

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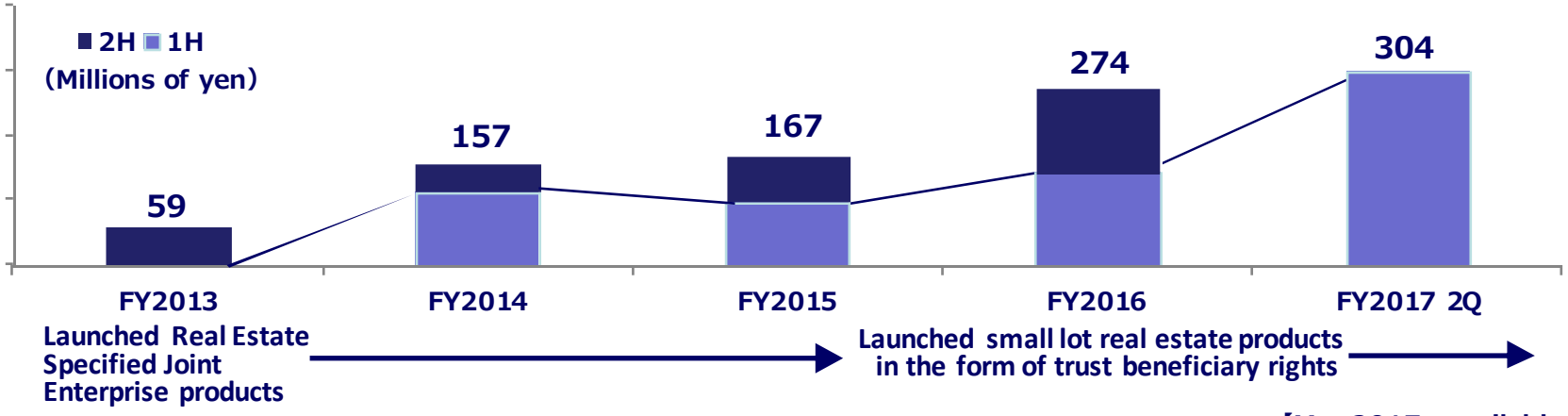
◆Launched the second round of small lot real estate products in the form of trust beneficiary rights

- 1H sales of Real estate related business exceeded its full-year sales of the previous fiscal year due to Investors' strong needs for small lot real estate products for asset management and inheritance and gift tax measure



【Aug.2013～sold out】 【Mar.2014～sold out】 【Aug.2014～sold out】 【Apr.2016～sold out】 【Mar.2017～available 】



Shibuya INCS
(Shibuya-ku)

The first Real Estate Specified Joint Enterprise product



Platinum Court Hiroo
(Minato-ku)

The second Real Estate Specified Joint Enterprise product



Qiz Aoyama
(Shibuya-ku)

The third Real Estate Specified Joint Enterprise product



FPG Shibuya Miyamasu bldg.
(Shibuya-ku)

The first small lot real estate product With trust beneficiary rights



FPG Links Harajuku
(Shibuya-ku)

The second small lot real estate product With trust beneficiary rights

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Business Overview



■Tax leasing arrangement business

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◆Amount of equity placement reached a record quarterly high of ¥42.1bn

- The financial institutions which provide an important part of our distribution network further strengthened their focus on fee businesses
- Brought forward the commencement of offering of products to meet the strong demand of investors

(Billions of yen)

		FY2016 2Q(cumulative)		FY2017 2Q(cumulative)		Change	FY2017 2Q
Tax leasing arrangement business net sales		9.75		11.08		13.7%	6.81
Total Amount of equity placement in operating leases		56.58		71.54		26.4%	42.18
	Aircraft	20.50	*36.2%*	34.81	*48.7%*	69.7%	24.09
	Marine containers	12.51	*22.1%*	11.05	*15.5%*	▲11.6%	1.22
	Ships	23.55	*41.6%*	25.66	*35.9%*	9.0%	16.86
Net sales / Amount of equity placement ※		17.2%		16.6%		–	–
Number of investors		1,082		1,285		–	725
Average equity amount		¥52mm		¥55mm		6.5%	¥58mm
Total amount of assets arranged in operating leases		181.99		105.44		▲42.1%	58.68
Number of deals		39		23		–	13

※Excluding full equity deals. Full equity deal is structured under the scheme where all necessary money is fully funded by equity investors without debt.

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■ Distribution network

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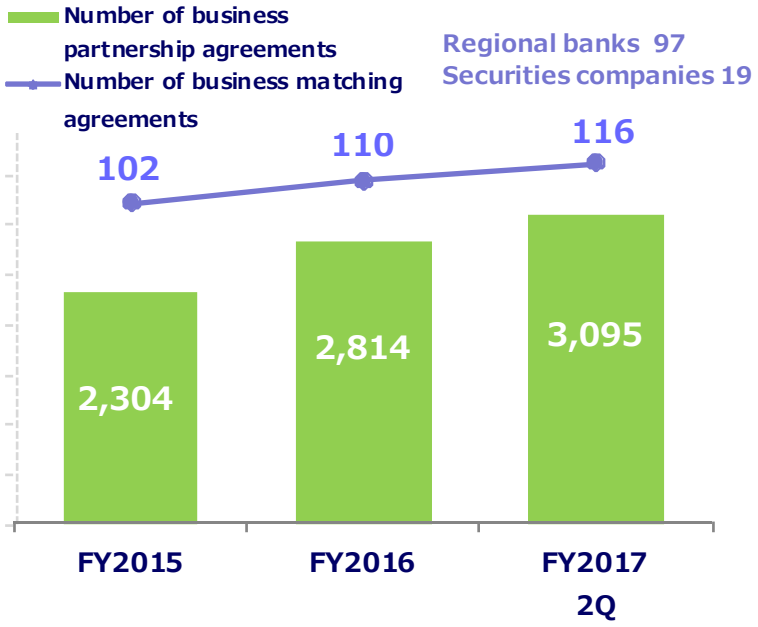
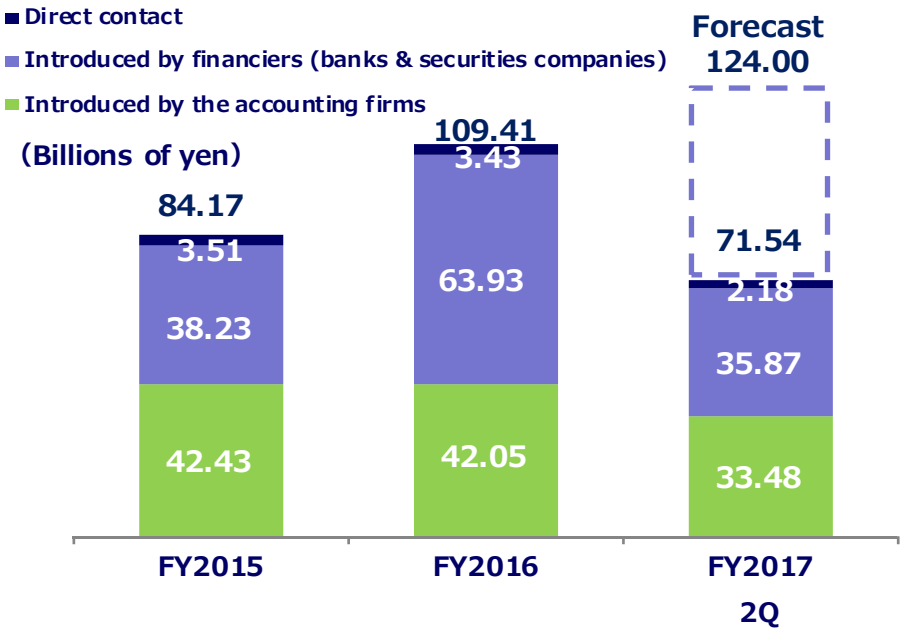
◆Created more alliances with accounting firms and financial institutions

- Distribution network expanded steadily from end-FY2016. Number of partner accounting firms increased by 281, reaching 3,095 in total, while the number of partner financial institutions increased by 6, reaching 116 in total
- Customer referrals remain solid as financial institutions continue to focus on fee businesses due to the negative interest rate policy of the BOJ
- Concentrated efforts to strengthen and deepen our partnerships with accounting firms

Number of partnership agreements and business matching agreements



Transition of equity sales (through accounting firms and financiers)



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■ Business diversification

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◆ **Using out existing client base and distribution network, active promotion of cross-selling has led to a strong expansion of our diversified businesses**

(Millions of yen)

	FY2016 2Q	FY2017 2Q	Change
Real estate business	142	304	113.8%
Insurance brokerage business	223	303	36.1%
M&A advisory business	24	39	57.9%
Aircraft investment management service	315	278	▲11.7%
Securities business	103	117	13.2%
Others(Trust business etc)	36	6	▲82.4%
Total	846	1,050	24.1%

Diversified businesses refers to businesses other than our main business which is the tax leasing arrangement business

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FY2017 Dividend forecast

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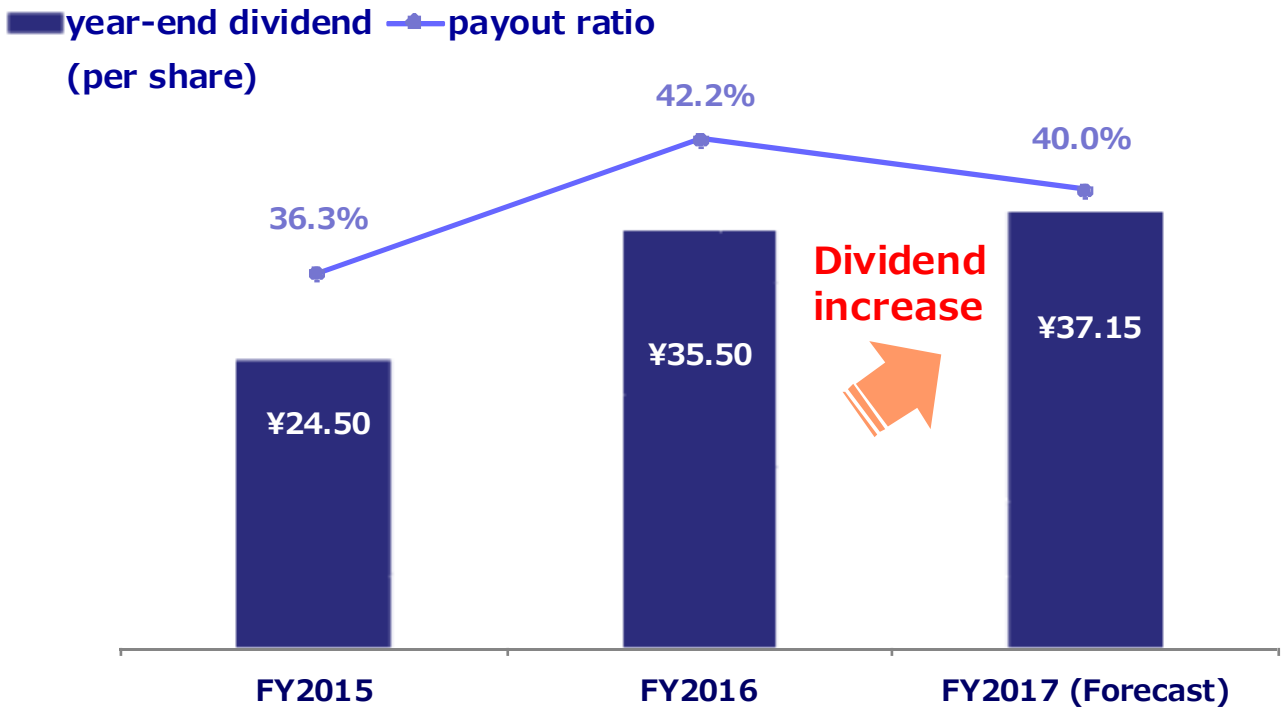
◆ **Year-end dividend forecast of ¥37.15 per share**

Returning adequate profit to shareholders is one of our top priorities. Our policy is to distribute dividends in line with our profit improvement while retaining sufficient funds to ensure FPG's sustainable business expansion. We have set the target of consolidated dividend payout ratio at greater than 30%.

In light of our consolidated forecast for FY2017, the year-end dividend forecast is ¥37.15 per share to enhance shareholder returns.



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Appendix



■ Income statement

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(Billions of yen)

	FY2016 2Q	FY2017 2Q	Change
Net sales	10.59	12.13	14.5%
Cost of sales	1.30	1.46 ①	12.9%
Gross profit	9.29	10.66	14.7%
SG&A cost	2.19	2.40	9.6%
Operating income	7.10	8.26	16.3%
Non-operating income	0.51	0.68 ②	31.3%
Non-operating expenses	0.49	0.48 ③	▲2.8%
Ordinary income	7.12	8.46	18.7%
Income before income taxes	6.97	8.45	21.3%
Total income taxes	2.40	2.60	8.0%
Profit attributable to owners of parent	4.54	5.84	28.6%

①Cost of sales: Including commission fees paid for client introductions and arrangement costs of tax leasing arrangement business
②Non-operating income: Including interest which we collect from investors when we sell down the equity to them in tax leasing arrangement business
③Non-operating expenses: Including commission fees and interest expenses related to fund-procurement

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■ Balance sheet

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(Billions of yen)

Asset	FY2016 Sep. 30, 2016	FY2017 Mar.31, 2017	Change
Current assets	78.33	61.04	▲17.29
Equity underwritten	57.12	21.34 ①	▲35.78
Real estate for arrangement	2.46	7.90	5.43
Money in trust	–	5.24 ②	5.24
Non-current assets	2.86	3.45	0.59
Total assets	81.22	64.50	▲16.71

Liabilities	FY2016 Sep. 30, 2016	FY2017 Mar.31, 2017	Change
Current liabilities	59.24	34.66	▲24.58
Short-term debts	38.09	24.68 ④	▲13.40
Advances received	10.57	3.53 ③	▲7.04
Non-current liabilities	4.17	8.09	3.92
Long-term debts	3.93	7.86 ④	3.92
Total liabilities	63.41	42.75	▲20.65
Total net assets	17.80	21.75	3.94
Total liabilities and net assets	81.22	64.50	▲16.71

①Equity underwritten: Temporary advances in the tax leasing arrangement business prior to selling to equity investors
②Money in trust: Temporary stock of trust beneficiary right of operating lease for aircraft using a trust function
③Advances received: Including advances of commission fees related to equity underwritten and small-lot real estate products with trust beneficiary rights
④Short-term and long-term debts: To fund our equity underwritings and the acquisition of assets for our real estate projects

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- These presentation materials are for the benefit of our investors and include statements and data related to our forecast for the results, strategies, business plans, etc., of Financial Products Group Co., Ltd..

- These statements and data related to our forecasts are not actual facts, but are rather forecasts that we have judged to be appropriate based on the information available at the time of presentation.

- These presentation materials contain projections of performance and other projections based on information currently available and certain assumptions judged to be reasonable, and may be changed without prior notice because of changes in the economic environment and other risks and uncertainties.

【IR Inquiry 】

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