FUYO LEASE

Summary of Financial Results for the 1st half of FY2018

November 6, 2018

FUYO GENERAL LEASE CO., LTD.

Agenda

1. Overview of consolidated operating results

2. Overview of business activities

3. Operating results and dividend forecast

4. Appendix

Earnings forecasts and other forward-looking statements provided in this material are based on the information currently available to the Company and are subject to risks and uncertainties. Actual results may differ materially from the forecasts presented herein.

1. Overview of consolidated operating results

(1) 1H FY2018 results

- Reached new record-high levels of ordinary profit and profit attributable to owners of parent thanks to large contributions from the non-asset business
- Newly executed contract volume and operating assets fell in absence of large bridge projects

(Billions of yen)

	FY2017 1H results	FY2018 1H results	YoY change (amount)	YoY change (%)
Total revenues	**302.6**	**295.7**	▲7.0	▲2.3%
Profit before interest expenses (*1)	**34.8**	**36.2**	+1.3	+3.8%
Gross profit	**31.2**	**32.1**	+0.9	+2.8%
Operating profit	**17.5**	**18.2**	+0.7	+3.9%
Ordinary profit	**18.8**	**19.6**	+0.8	+4.2%
Profit attributable to owners of parent	**11.7**	**12.7**	+1.0	+8.4%
Basic earnings per share	**¥387.59**	**¥419.54**	+31.95	+8.2%

Newly executed contract volume	**523.5**	**484.5**	▲39.0	▲7.5%
Operating assets	**2,172.6** (*3)	**2,125.8**	▲46.8	▲2.2%
ROA (*2)	**1.67%** (*3)	**1.83%**	+0.16pt	
Net assets	**282.6** (*3)	**290.2**	+7.7	+2.7%
Equity ratio	**10.2%** (*3)	**10.5%**	+0.3pt	

(*1) Gross profit before deducting interest expenses

(*2) Ordinary profit (annualized) / operating assets (average balance)

(*3) As of March 31, 2018

1. Overview of consolidated operating results

(2) Income and expenses

(Billions of yen)

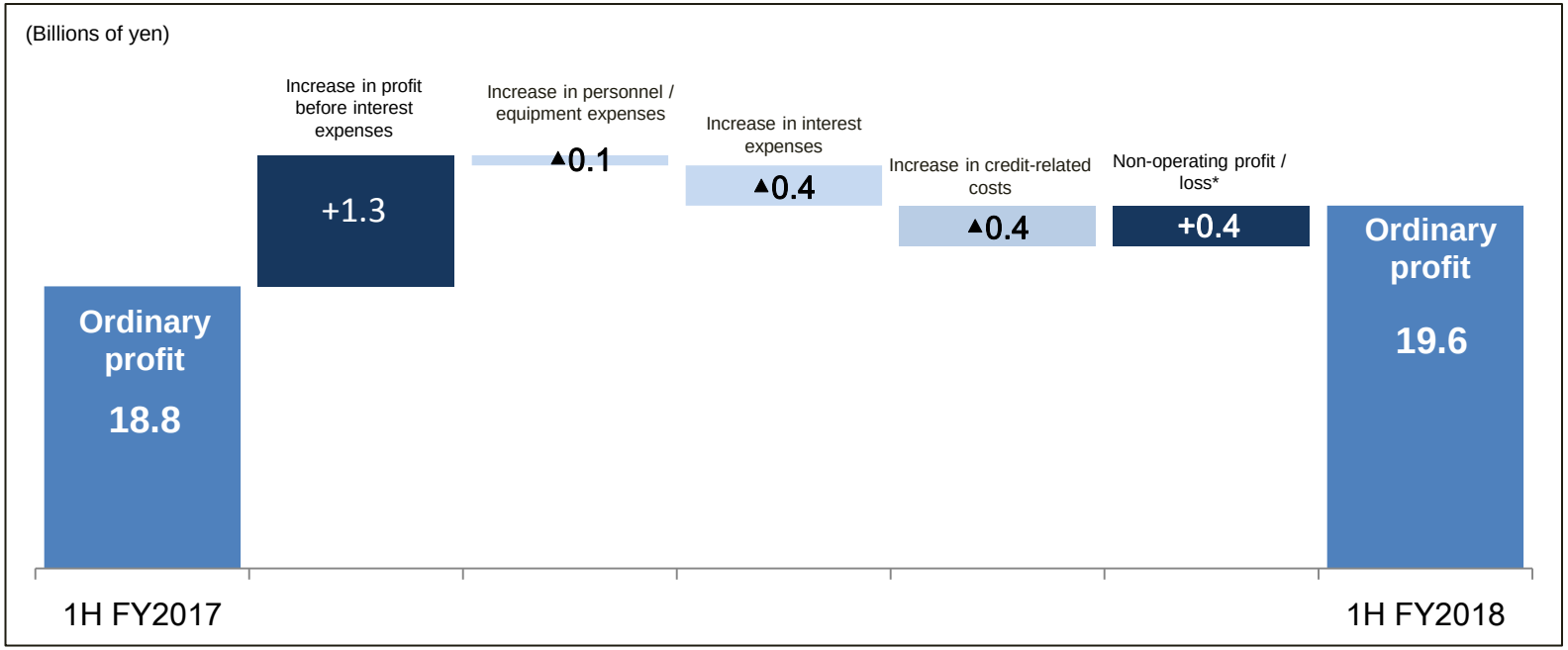
	1H FY2014	1H FY2015	1H FY2016	1H FY2017	1H FY2018	YoY change (1H FY2017 to 1H FY2018)
Total revenues	225.5	248.5	245.0	302.6	295.7	▲7.0
Total costs	201.2	222.3	217.9	271.4	263.6	▲7.8
Interest expenses	(3.2)	(3.3)	(3.6)	(3.6)	(4.1)	(+0.4)
Gross profit	24.3	26.2	27.0	31.2	32.1	+0.9
SG&A	12.0	12.4	12.8	13.7	13.9	+0.2
Credit-related costs	(0.1)	(0.2)	(0.1)	(0.1)	(0.2)	(+0.1)
Operating profit	12.3	13.9	14.2	17.5	18.2	+0.7
Non-operating profit	1.9	2.7	1.4	1.3	1.4	+0.1
Reversal of credit-related profits/losses	(1.3)	(1.0)	(0.6)	(0.4)	(0.1)	(▲0.3)
Ordinary profit	14.2	16.6	15.7	18.8	19.6	+0.8
Extraordinary gains/losses	0.1	0.1	0.0	▲0.0	0.2	+0.3
Profit attributable to owners of parent	7.7	10.2	10.3	11.7	12.7	+1.0
Basic earnings per share (¥)	254.58	339.02	340.28	387.59	419.54	

- Total revenues fell due to a drop in revenue at overseas subsidiaries
- Reached new record-high levels of ordinary profit and profit attributable to owners of parent
- Credit-related costs maintained at a favorable level

1. Overview of consolidated operating results

(3) Factors causing the increase in ordinary profit

- Profit before interest expenses grew steadily. Non-operating profit was up, mainly due to an increase in the value of holdings in equity-method affiliates.
- Ordinary profit rose, absorbing cost increases stemming from higher foreign currency borrowings and a drop-off in gains from the reversal of credit-related profits/losses.



	1H FY2017	1H FY2018	Change
Profit before interest expenses	34.8	36.2	+1.3
Personnel expenses	8.3	8.7	+0.3
Equipment expenses	5.3	5.1	▲0.2
Interest expenses	3.6	4.1	+0.4
Credit-related costs	▲0.3	0.1	+0.4

	1H FY2017	1H FY2018	Change
Non-operating profit/loss*	0.9	1.3	+0.4
Ordinary profit	18.8	19.6	+0.8

* Excluding credit-related costs

FUYO LEASE

(4) Profit before interest expenses

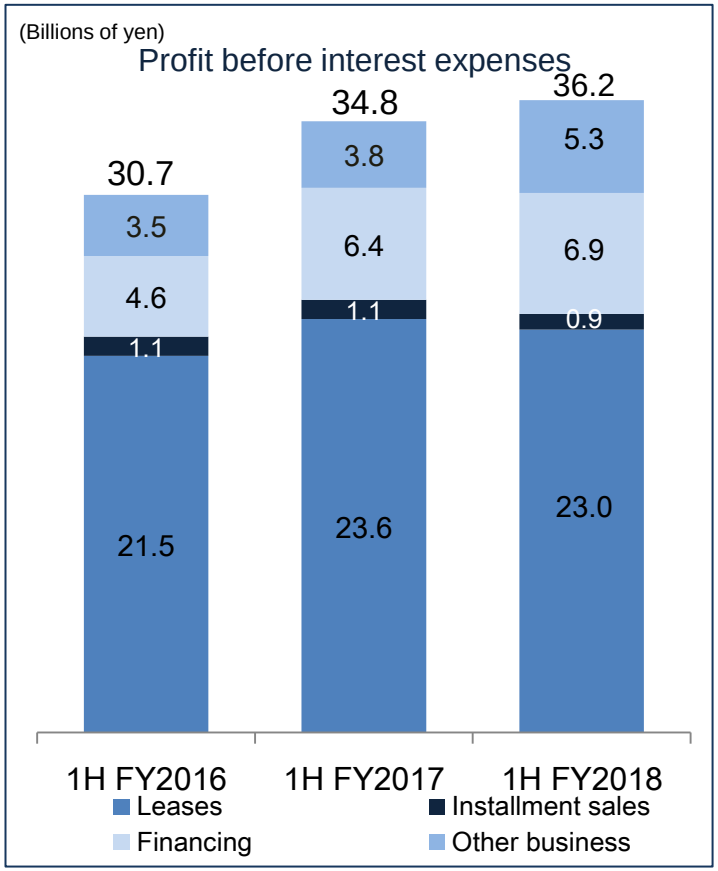
- Profit before interest expenses in the Leases segment fell due to the absence of gains from the sale of a large-scale completed lease asset recorded during the same period of the previous year.
- Profit in other segments grew significantly as the asset turnover business produced results and fee income increased.

(Billions of yen)

	Leases				Financing			
	1H FY2017	1H FY2018	YoY Change (amount)	YoY Change (%)	1H FY2017	1H FY2018	YoY Change (amount)	YoY Change (%)
Profit before interest expenses	23.6	23.0	▲0. 6	▲2.5%	6.4	6.9	+0.5	+7.8%
Interest expenses	2.0	2.2	+0.1	+5.9%	1.3	1.7	+0.4	+28.7%
Gross profit	21.5	20.8	▲0. 7	▲3.2%	5.1	5.2	+0.1	+2.4%

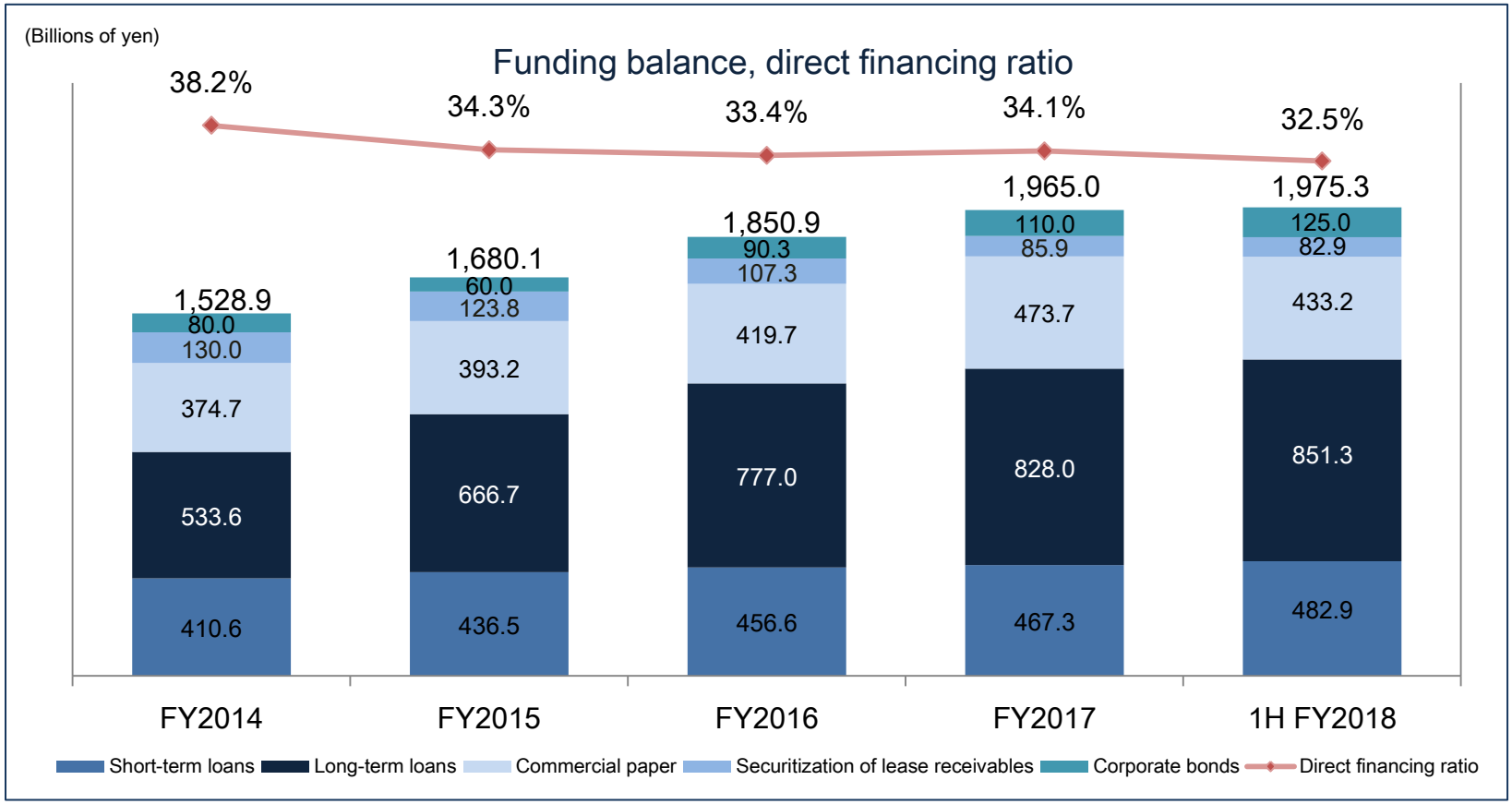
	Installment sales				Other business			
	1H FY2017	1H FY2018	YoY Change (amount)	YoY Change (%)	1H FY2017	1H FY2018	YoY Change (amount)	YoY Change (%)
Profit before interest expenses	1.1	0.9	▲0. 1	▲13.8%	3.8	5.3	+1.5	+40.8%
Interest expenses	0.2	0.2	▲0. 1	▲24.3%	0.0	0.0	+0.0	+78.2%
Gross profit	0.8	0.7	▲0. 1	▲10.6%	3.8	5.3	+1.5	+40.7%

	Total profit in leases and installment sales				Total profit			
	1H FY2017	1H FY2018	YoY Change (amount)	YoY Change (%)	1H FY2017	1H FY2018	YoY Change (amount)	YoY Change (%)
Profit before interest expenses	24.7	23.9	▲0. 7	▲2.9%	34.8	36.2	+1.3	+3.8%
Interest expenses	2.3	2.4	+0.1	+2.6%	3.6	4.1	+0.4	+12.3%
Gross profit	22.4	21.6	▲0. 8	▲3.5%	31.2	32.1	+0.9	+2.8%



(5) Changes in funding

- The direct financing ratio dropped slightly as long-term loans increased.



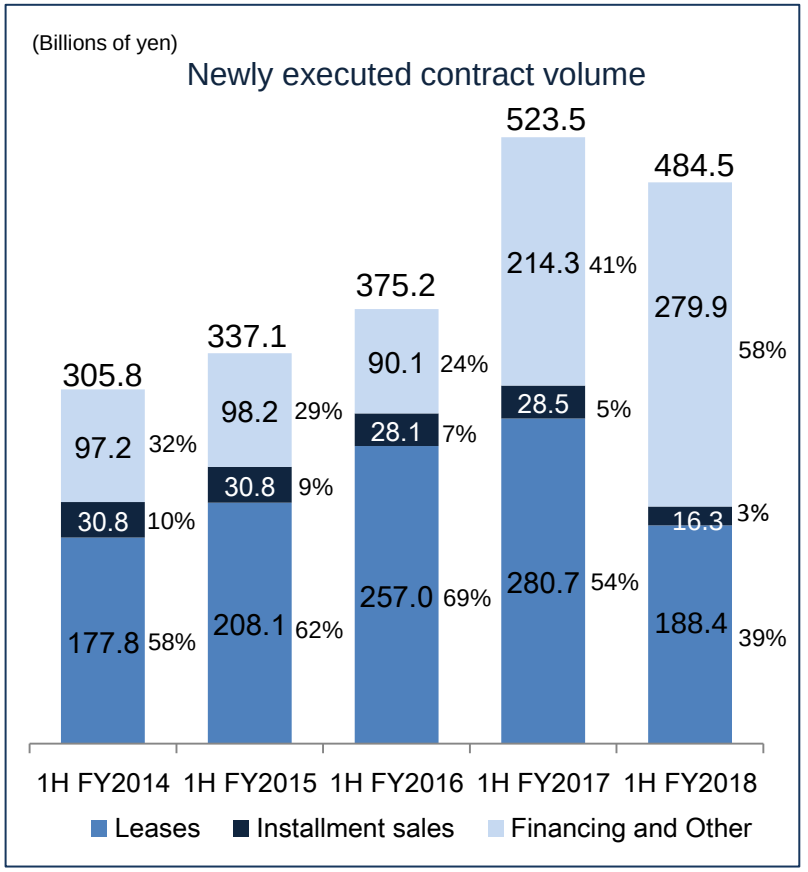
2. Overview of business activities

(1) Newly executed contract volume

- The asset turnover business handled a higher number of transactions, mainly in Accretive, which led to favorable performance in the “Financing, Other” segment.
- The Leases segment was affected significantly by a lack of major projects, such as real estate and aircraft. In the second half, we expect to execute a number of aircraft and other projects.

(Billions of yen)

	1H FY2016	1H FY2017	1H FY2018	YoY Change (amount)	YoY Change (%)
Leases	257.0	280.7	188.4	▲92.3	▲32.9%
Finance leases	(206.1)	(219.1)	(163.6)	(▲55.5)	(▲25.3%)
Operating leases	(50.9)	(61.6)	(24.7)	(▲36.9)	(▲59.9%)
Installment sales	28.1	28.5	16.3	▲12.3	▲43.0%
Financing, Other	90.1	214.3	279.9	+65.6	+30.6%
Total	375.2	523.5	484.5	▲39.0	▲7.5%



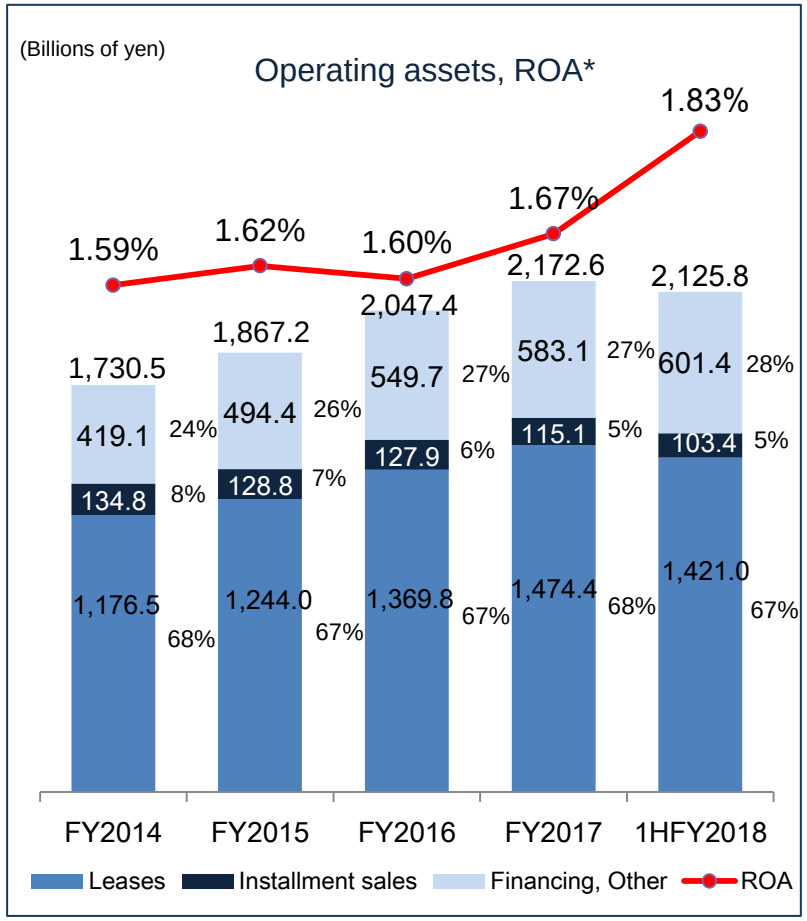
2. Overview of business activities

(2) Operating assets, ROA

- ROA improved thanks to growth in non-asset earnings.
- We aim to expand operating assets and cover the decrease in the first half, mainly on exits from large bridge projects, through such measures as accumulating aircraft.

(Billions of yen)

	FY2016	FY2017	1H FY2018	Change	Rate of change
Leases	1,369.8	1,474.4	1,421.0	▲53.4	▲3.6%
Finance leases	(1,048.6)	(1,098.7)	(1,049.7)	(▲49.1)	(▲4.5%)
Operating leases	(321.2)	(375.7)	(371.4)	(▲4.3)	(▲1.2%)
Installment sales	127.9	115.1	103.4	▲11.7	▲10.1%
Financing, Other	549.7	583.1	601.4	+18.3	+3.1%
Total	2,047.4	2,172.6	2,125.8	▲46.8	▲2.2%



(＊) Ordinary profit (annualized) ÷ operating assets (average balance)

3. Operating results and dividend forecast

(1) FY2018 consolidated operating results forecast

- No changes in operating results forecast, annual dividend forecast or semiannual dividend results since the most recent announcement

(Billions of yen)

	1H FY2018 results	FY2018 forecast
Total revenues	295.7	600.0
Operating profit	18.2	34.0
Ordinary profit	19.6	37.5
Profit attributable to owners of parent	12.7	23.0
Basic earnings per share	¥419.54	¥761.01
Dividends per share	¥78	¥156

4. Appendix

(1) Segment results (consolidated)

(Billions of yen)

	Leases				Installment sales				Leases and Installment Sales total			
	1H FY2017	1H FY2018	YoY Change (amount)	YoY Change (%)	1H FY2017	1H FY2018	YoY Change (amount)	YoY Change (%)	1H FY2017	1H FY2018	YoY Change (amount)	YoY Change (%)
Total revenues	262.4	261.1	▲ 1.3	▲0.5%	27.9	19.2	▲ 8.6	▲31.0%	290.2	280.3	▲ 9.9	▲3.4%
Total cost	238.8	238.0	▲ 0.7	▲0.3%	26.8	18.3	▲ 8.5	▲31.7%	265.6	256.4	▲ 9.2	▲3.5%
Profit before interest expenses	23.6	23.0	▲ 0.6	▲2.5%	1.1	0.9	▲ 0.1	▲13.8%	24.7	23.9	▲ 0.7	▲2.9%
Interest expenses	2.0	2.2	+0.1	+5.9%	0.2	0.2	▲ 0.1	▲24.3%	2.3	2.4	+0.1	+2.6%
Gross profit	21.5	20.8	▲ 0.7	▲3.2%	0.8	0.7	▲ 0.1	▲10.6%	22.4	21.6	▲ 0.8	▲3.5%

	Financing				Other				Total			
	1H FY2017	1H FY2018	YoY Change (amount)	YoY Change (%)	1H FY2017	1H FY2018	YoY Change (amount)	YoY Change (%)	1H FY2017	1H FY2018	YoY Change (amount)	YoY Change (%)
Total revenues	6.4	7.0	+0.5	+8.3%	6.0	8.4	+2.4	+40.8%	302.6	295.7	▲ 7.0	▲2.3%
Total cost	0.0	0.0	+0.0	+211.1%	2.2	3.1	+0.9	+40.7%	267.8	259.5	▲ 8.3	▲3.1%
Profit before interest expenses	6.4	6.9	+0.5	+7.8%	3.8	5.3	+1.5	+40.8%	34.8	36.2	+1.3	+3.8%
Interest expenses	1.3	1.7	+0.4	+28.7%	0.0	0.0	+0.0	+78.2%	3.6	4.1	+0.4	+12.3%
Gross profit	5.1	5.2	+0.1	+2.4%	3.8	5.3	+1.5	+40.7%	31.2	32.1	+0.9	+2.8%

4. Appendix

(2) Newly executed contract volume

(Billions of yen)

	1H FY2014	1H FY2015	1H FY2016	1H FY2017	1H FY2018	YoY Change (amount) (1H FY2017 to 1H FY2018)	YoY change (%) (1H FY2017 to 1H FY2018)
Leases	177.8	208.1	257.0	280.7	188.4	▲92.3	▲32.9%
Finance leases	(162.4)	(175.9)	(206.1)	(219.1)	(163.6)	(▲55.5)	(▲25.3%)
Operating leases	(15.4)	(32.1)	(50.9)	(61.6)	(24.7)	(▲36.9)	(▲59.9%)
Installment sales	30.8	30.8	28.1	28.5	16.3	▲12.3	▲43.0%
Financing, Other	97.2	98.2	90.1	214.3	279.9	+65.6	+30.6%
Total	305.8	337.1	375.2	523.5	484.5	▲39.0	▲7.5%

4. Appendix

(3) Operating assets

(Billions of yen)

	FY2014	FY2015	FY2016	FY2017	1H FY2018	YoY Change (amount) (FY2017 to 1H FY2018)	YoY change (%) (FY2017 to 1H FY2018)
Leases	1,176.5	1,244.0	1,369.8	1,474.4	1,421.0	▲53.4	▲3.6%
Finance leases	(964.9)	(1,006.0)	(1,048.6)	(1,098.7)	(1,049.7)	(▲49.1)	(▲4.5%)
Operating leases	(211.6)	(238.0)	(321.2)	(375.7)	(371.4)	(▲4.3)	(▲1.2%)
Installment sales	134.8	128.8	127.9	115.1	103.4	▲11.7	▲10.1%
Financing, Other	419.1	494.4	549.7	583.1	601.4	+18.3	+3.1%
Total	1,730.5	1,867.2	2,047.4	2,172.6	2,125.8	▲46.8	▲2.2%

“Going Where
No One Has Gone Before”

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