FUYO LEASE GROUP

Summary of Financial Results for FY2018

May 9, 2019

FUYO GENERAL LEASE CO., LTD.

Agenda

1. Overview of consolidated operating results
2. Overview of business activities
3. Operating results forecast and dividend policy
4. Appendix

Earnings forecasts and other forward-looking statements provided in these materials 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) FY2018 results

- **Continued record high sales and profit on increased assets in strategic areas centered on real estate and aircraft, and the consolidation of Invoice.**
- **Operating assets grew favorably and ROA improved.**

(¥100 million)

	FY2017 results	FY2018 results	YoY change (amount)	YoY change (%)
Total revenues	**5,903**	**6,181**	+278	+4.7%
Profit before interest expenses (*1)	**679**	**753**	+75	+11.0%
Gross profit	**605**	**667**	+62	+10.2%
Operating profit	**327**	**357**	+30	+9.3%
Ordinary profit	**352**	**392**	+40	+11.3%
Profit attributable to owners of parent	**219**	**257**	+37	+17.1%
Basic earnings per share	**¥726.41**	**¥850.45**	¥124.04	+17.1%
Executed contracts volume	**11,051**	**11,872**	+821	+7.4%
Operating assets	**21,726**	**22,628**	+902	+4.2%
ROA (*2)	**1.67%**	**1.77%**	+0.10pt	

(*1) Gross profit before deducting interest expenses

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

1. Overview of consolidated operating results

(2) Income and expenses

(¥100 million)

	FY2014	FY2015	FY2016	FY2017	FY2018	YoY change (FY2017 to FY2018)
Total revenues	4,723	4,938	5,072	5,903	6,181	+278
Total costs	4,237	4,426	4,519	5,298	5,514	+216
(Interest expenses)	66	69	71	73	86	(+13)
Gross profit	486	512	553	605	667	+62
SG&A	240	267	265	278	309	+31
(Credit-related costs)	(4)	(4)	(4)	(4)	(8)	(+3)
Operating profit	246	245	288	327	357	+30
Non-operating profit	19	46	26	25	34	+9
(Reversal of credit-related profits/losses)	(1)	(20)	(7)	(3)	(3)	(▲1)
Ordinary profit	265	292	314	352	392	+40
Extraordinary gains/losses	1	▲1	5	▲1	9	+10
Profit attributable to owners of parent	142	175	200	219	257	+37
Basic earnings per share (¥)	470.14	579.17	661.80	726.41	850.45	+124.04

Consolidation of Invoice a major increase factor

Income increased mainly accumulation of sales assets in strategic area, and the consolidation of Invoice

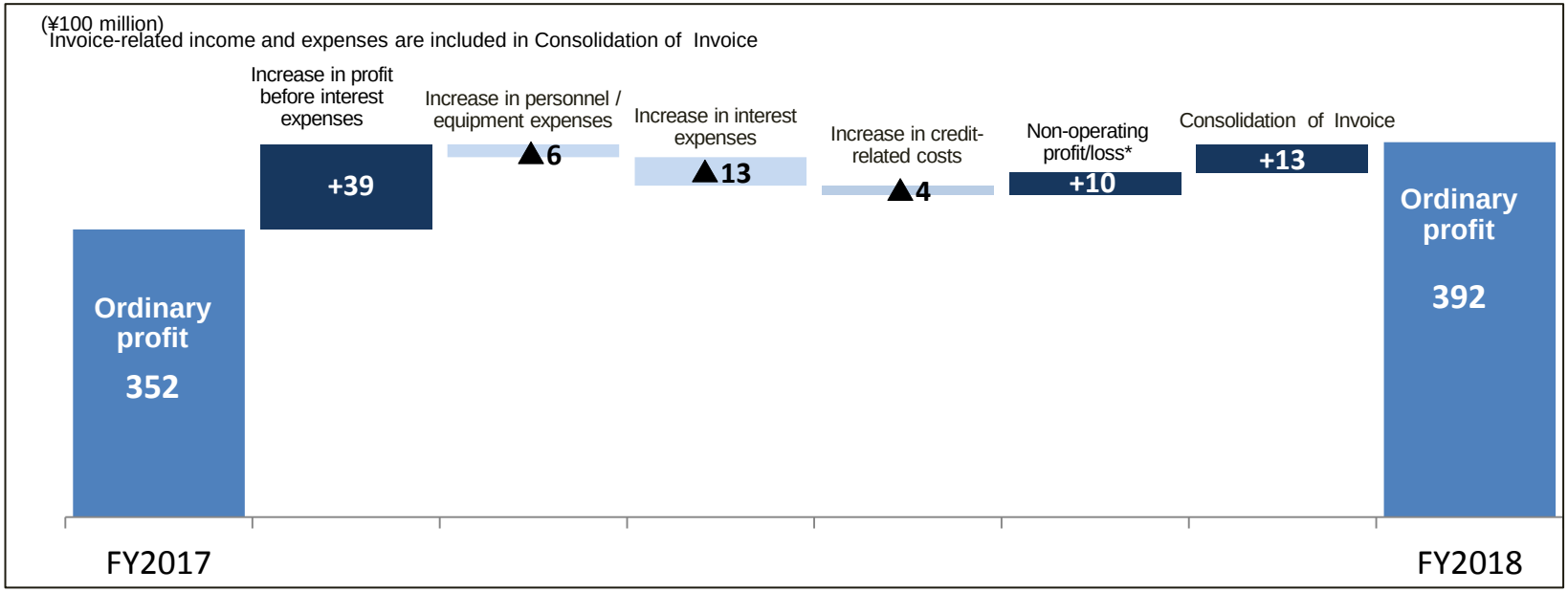
Domestic subsidiaries experienced temporary factors resulting in reduced tax expenses

1. Overview of consolidated operating results

(3) Factors causing the increase in ordinary profit

- In addition to favorable performance in strategic areas centered on real estate and aircraft, the effect of consolidating Invoice (for half of fiscal year) also contributed.

- No major change in personnel / equipment expenses when excluding consolidation of Invoice.
  Increases in interest expenses and credit-related costs within range outlined in original plans.



Invoice-related income and expenses are included in Consolidation of Invoice

	FY2017	FY2018	Change
Profit before interest expenses	679	717	+39
Personnel expenses	168	175	+7
Equipment expenses	105	104	▲1
Interest expenses	73	86	+13
Credit-related costs	1	5	+4

	FY2017	FY2018	Change
Non-operating profit/loss*	25	35	+10
Consolidation of Invoice	-	13	+13
Ordinary profit	352	392	+40

* Excluding credit-related costs

1. Overview of consolidated operating results

(4) Profit before interest expenses

- Increased in base revenues, mainly for real estate leases, in conjunction with expiration and termination recorded in the previous returning on the decrease in the gain on sale of property, resulting in increased profit before interest expenses for "Leases."

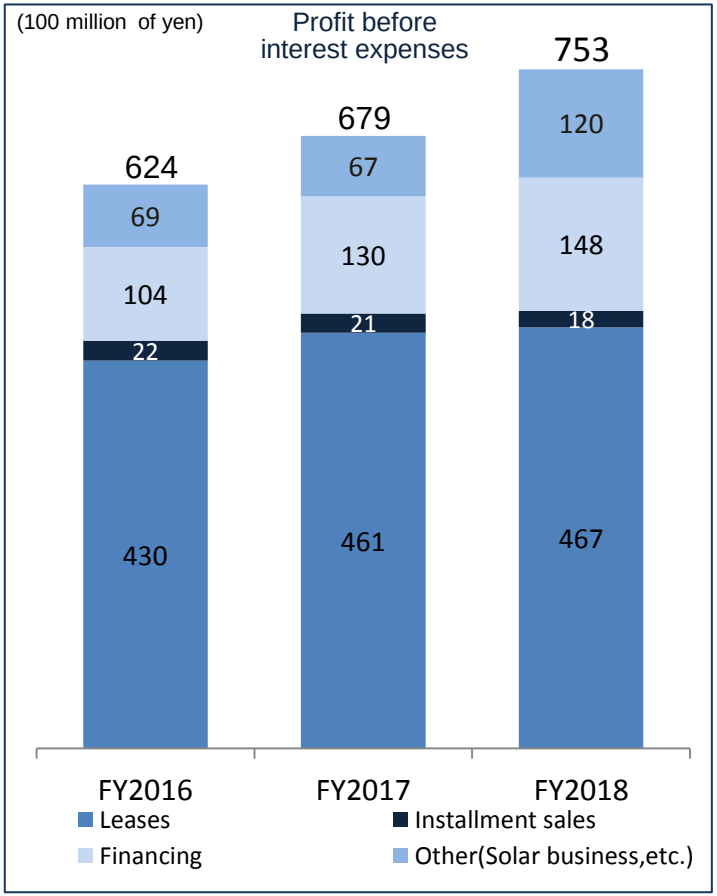
- The "Other business" segment increased significantly in part due to the effect of consolidating Invoice.

(¥100 million)

	Leases				Financing			
	FY2017	FY2018	YoY Change (amount)	YoY Change (%)	FY2017	FY2018	YoY Change (amount)	YoY Change (%)
Profit before interest expenses	461	467	+7	+1.4%	130	148	+18	+13.8%
Interest expenses	41	47	+5	+12.5%	28	35	+8	+28.4%
Gross profit	419	421	+1	+0.3%	103	113	+10	+9.8%

	Installment sales				Other			
	FY2017	FY2018	YoY Change (amount)	YoY Change (%)	FY2017	FY2018	YoY Change (amount)	YoY Change (%)
Profit before interest expenses	21	18	▲3	▲13.5%	67	120	+53	+78.9%
Interest expenses	4	4	▲0	▲5.4%	0	0	+0	+70.4%
Gross profit	17	14	▲3	▲15.6%	67	120	+53	+78.9%

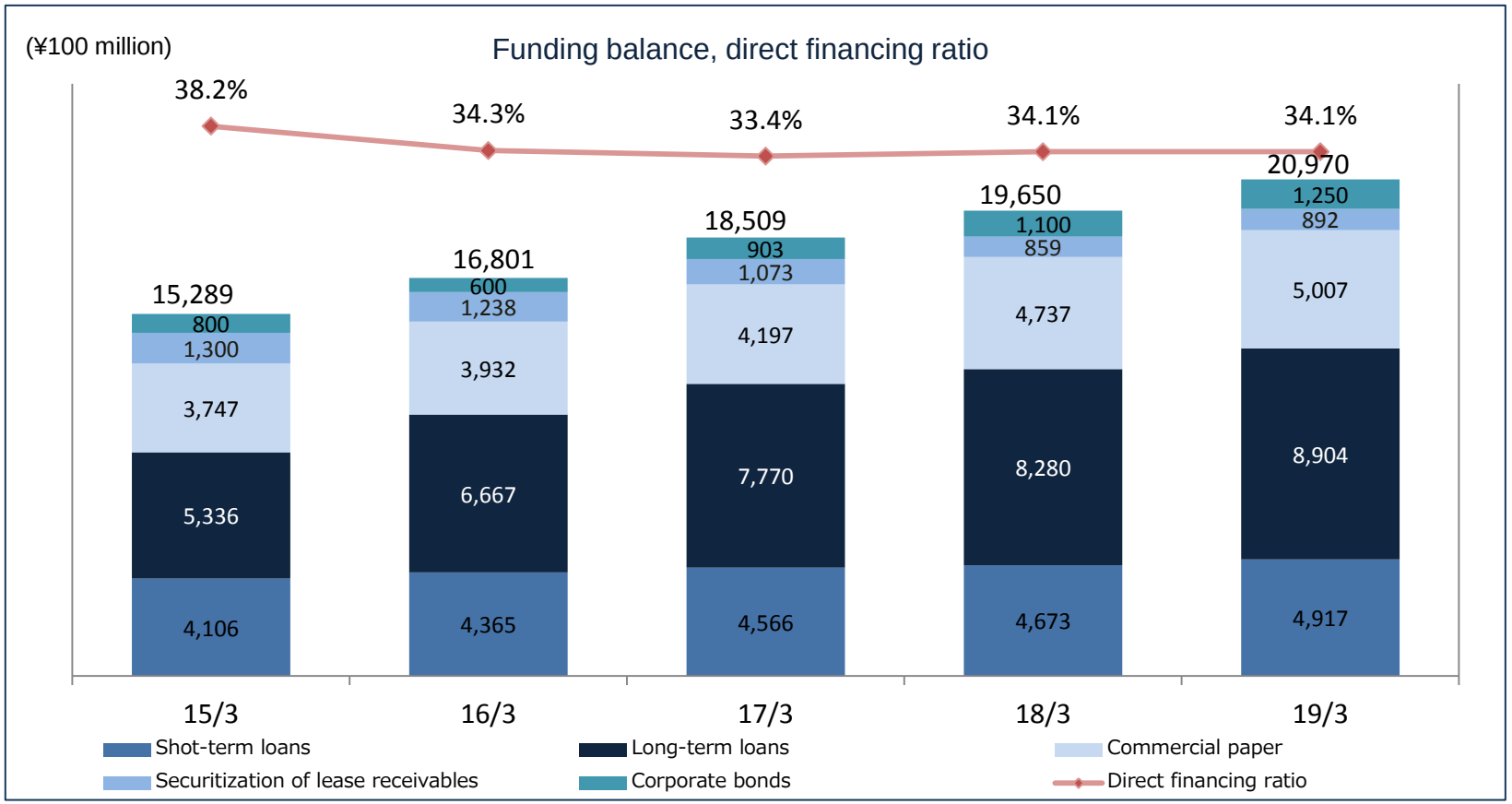
	Lease and installment sales total				Total			
	FY2017	FY2018	YoY Change (amount)	YoY Change (%)	FY2017	FY2018	YoY Change (amount)	YoY Change (%)
Profit before interest expenses	481	485	+4	+0.8%	679	753	+75	+11.0%
Interest expenses	46	51	+5	+10.8%	73	86	+13	+17.7%
Gross profit	436	435	▲1	▲0.3%	605	667	+62	+10.2%



1. Overview of consolidated operating results

(5) Changes in funding

- Funding balance increased on the accumulation of operating assets and due to M&A.
  No major change in procurement structure



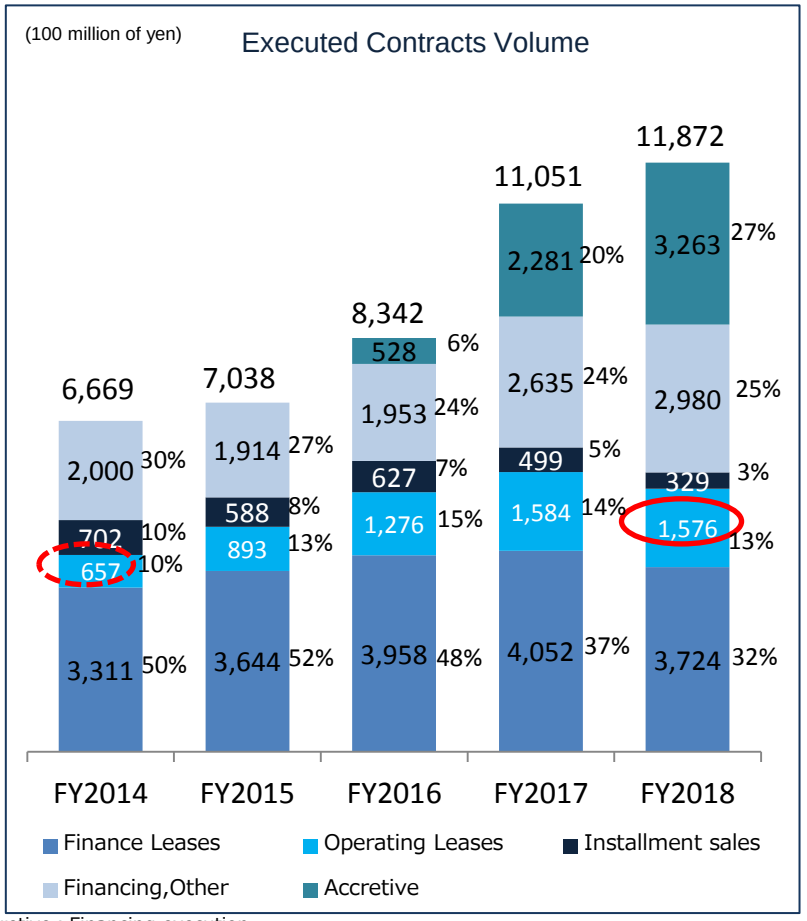
2. Overview of business activities

(1) Executed contracts volume

- Due to the factoring of Accretive and the new operation of the solar power plant, contract execution of "Finance , Others" grew, and overall contract volume also increased year on year.
- The operating lease's FY2018 execution increased to 2.4 times of the FY2014 mainly on strategic fields centered on real estate and aircraft.

	FY2016	FY2017	FY2018	YoY change (amount) (FY2017 to FY2018)	YoY change (%) (FY2017 to FY2018)
Leases	5,234	5,636	5,300	▲336	▲6.0%
Finance leases	(3,958)	(4,052)	(3,724)	(▲328)	(▲8.1%)
Operating leases	(1,276)	(1,584)	(1,576)	(▲8)	(▲0.5%)
Installment sales	627	499	329	▲170	▲34.0%
Financing, Other	2,480	4,916	6,243	+1,327	+27.0%
Accretive	(528)	(2,281)	(3,263)	(+982)	(+43.1%)
Total	8,342	11,051	11,872	+821	+7.4%

(¥100 million)



Accretive : Financing execution
(The above graph of financing and other does not include the Accretive's financing execution)

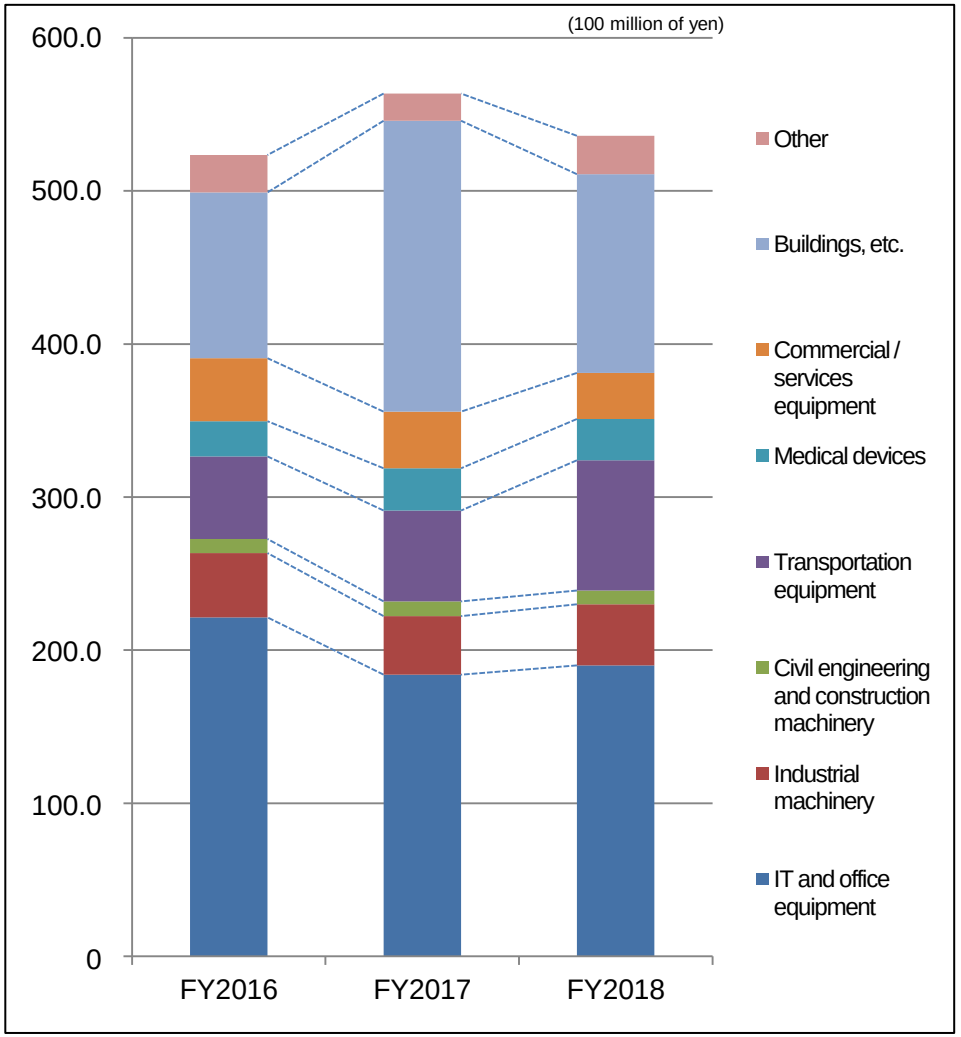
2. Overview of business activities

(2) Newly executed lease contracts volume (by type of equipment)

- Transportation equipment increased significantly due to the increased execution of new aircraft contracts.
- 2H contracts executed for buildings, etc. recovered nearly to previous year levels

(¥100 million)

Segment	FY2016	FY2017	FY2018	YoY change (FY2017 to FY2018)
IT and office equipment	2,213	1,839	1,897	+58
Industrial machinery	422	384	414	+29
Civil engineering and construction machinery	91	96	94	▲2
Transportation equipment	539	594	840	+246
Medical devices	231	275	262	▲13
Commercial / services equipment	412	371	296	▲75
Buildings, etc.	1,082	1,898	1,274	▲624
Other	244	178	223	+45
Total	5,234	5,636	5,300	▲336



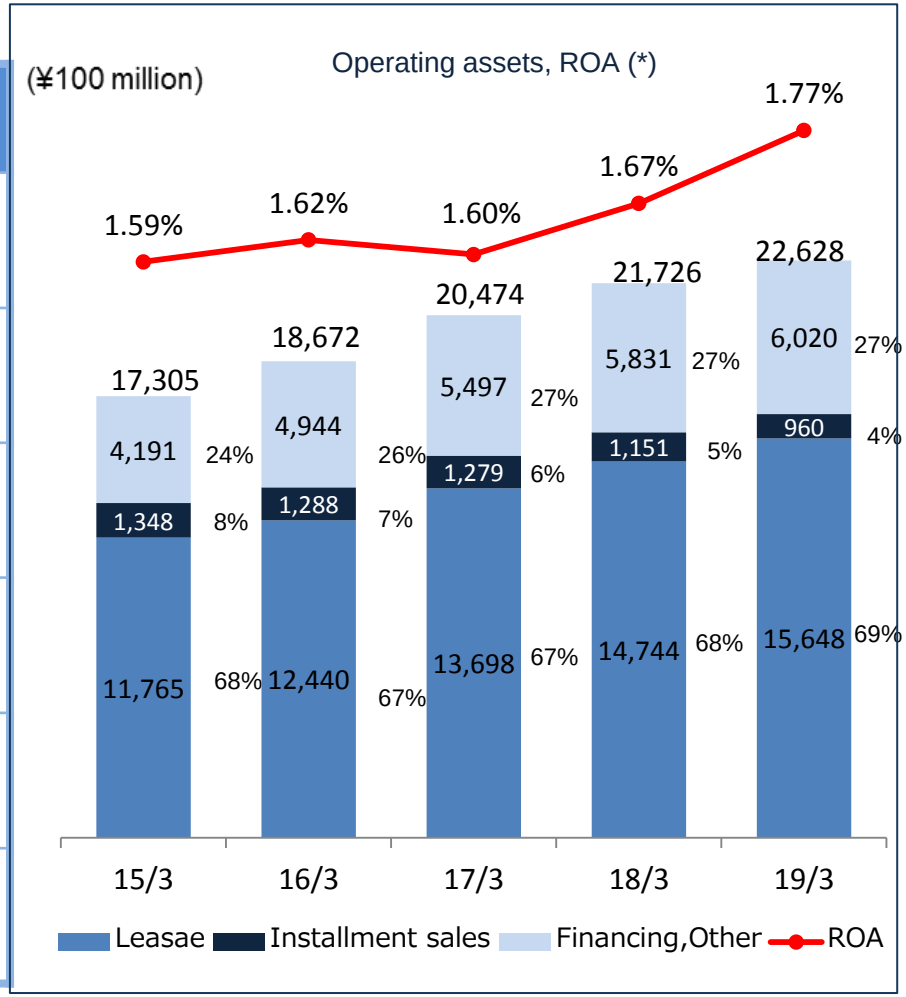
2. Overview of business activities

(3) Operating assets, ROA

- Balances increased favorably on increased "Operating leases," particularly for real estate and aircraft, and increases for "Others" due to the launch of a new mega solar business.
- The consolidation of Invoice and growth of non-asset businesses helped improve ROA.

(¥100 million)

	17/3	18/3	19/3	YoY Change (amount) (FY2017 to FY2018)	YoY change (%) (FY2017 to FY2018)
Leases	13,698	14,744	15,648	904	+6.1%
Finance leases	(10,486)	(10,987)	(10,835)	(▲152)	(▲1.4%)
Operating leases	(3,212)	(3,757)	(4,813)	(+1,056)	(+28.1%)
Installment sales	1,279	1,151	960	▲190	▲16.5%
Financing, Other	5,497	5,831	6,020	+189	+3.2%
Total	20,474	21,726	22,628	+902	+4.2%



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

3. Operating results forecast and dividend policy

(1) FY2019 consolidated operating results forecast

(¥100 million)

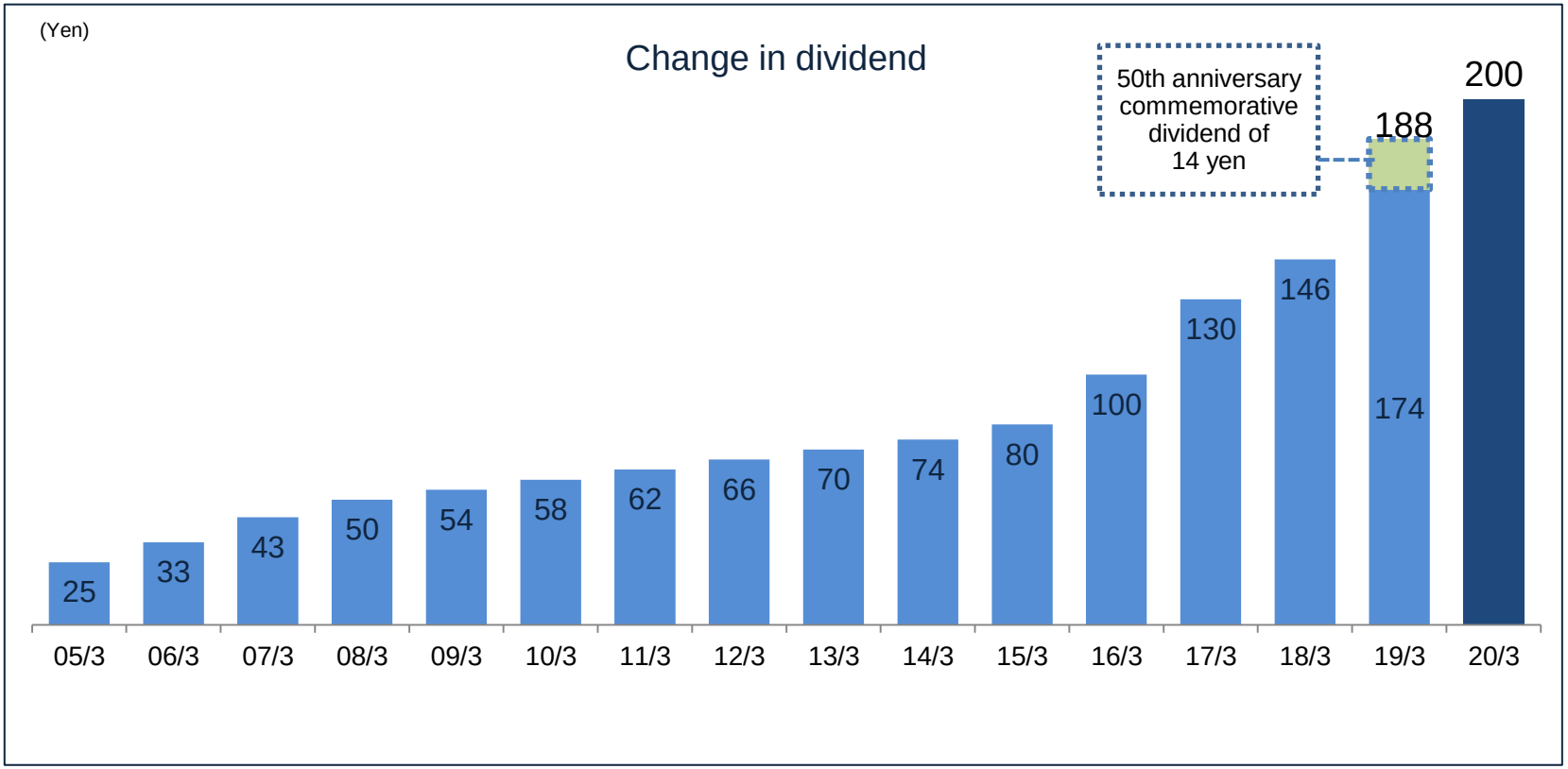
	FY2018 results	FY2019 forecast
Total revenues	6,181	7,000
Operating profit	357	395
Ordinary profit	392	420
Profit attributable to owners of parent	257	260
Basic earnings per share	¥850.45	¥862.49

3. Operating results forecast and dividend policy

(2) Dividend policy

[FY2018] Year beginning forecast (156 yen) + dividend increase of 32 yen (including commemorative dividend of 14 yen) for a total dividend of 188 yen.
Dividend payout ratio is 22.1%

[FY2019] Forecasting previous FY dividend + 12 yen for a total dividend of 200 yen, a dividend payout ratio of 23.2%



4. Appendix

(1) Segment results (consolidated)

(¥100 million)

	Leases				Installment sales				Lease and Installment sales total			
	FY2017	FY2018	YoY Change (amount)	YoY Change (%)	FY2017	FY2018	YoY Change (amount)	YoY Change (%)	FY2017	FY2018	YoY Change (amount)	YoY Change (%)
Total revenues	5,112	4,796	▲317	▲6.2%	491	382	▲109	▲22.3%	5,603	5,177	▲426	▲7.6%
Total costs	4,652	4,328	▲323	▲6.9%	470	364	▲106	▲22.6%	5,122	4,692	▲430	▲8.4%
Profit before interest expenses	461	467	+7	+1.4%	21	18	▲3	▲13.5%	481	485	+4	+0.8%
Interest expenses	41	47	+5	+12.5%	4	4	▲0	▲5.4%	46	51	+5	+10.8%
Gross profit	419	421	+1	+0.3%	17	14	▲3	▲15.6%	436	435	▲1	▲0.3%

	Financing				Other				Total			
	FY2017	FY2018	YoY Change (amount)	YoY Change (%)	FY2017	FY2018	YoY Change (amount)	YoY Change (%)	FY2017	FY2018	YoY Change (amount)	YoY Change (%)
Total revenues	132	150	+18	+13.7%	168	854	+686	+407.2%	5,903	6,181	+278	+4.7%
Total costs	2	2	+0	+4.1%	101	734	+633	+624.6%	5,224	5,428	+203	+3.9%
Profit before interest expenses	130	148	+18	+13.8%	67	120	+53	+78.9%	679	753	+75	+11.0%
Interest expenses	28	35	+8	+28.4%	0	0	+0	+70.4%	73	86	+13	+17.7%
Gross profit	103	113	+10	+9.8%	67	120	+53	+78.9%	605	667	+62	+10.2%

4. Appendix

(2) Executed contracts volume

(¥100 million)

	FY2014	FY2015	FY2016	FY2017	FY2018	YoY change (amount) (FY2017 to FY2018)	YoY change (%) (FY2017 to FY2018)
Leases	3,968	4,536	5,234	5,636	5,300	▲336	▲6.0%
Finance leases	(3,311)	(3,644)	(3,958)	(4,052)	(3,724)	(▲328)	(▲8.1%)
Operating leases	(657)	(893)	(1,276)	(1,584)	(1,576)	(▲8)	(▲0.5%)
Installment sales	702	588	627	499	329	▲170	▲34.0%
Financing, Other	2,000	1,914	2,480	4,916	6,243	+1,327	+27.0%
Total	6,669	7,038	8,342	11,051	11,872	+821	+7.4%

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(3) Operating assets

(¥100 million)

	15/3	16/3	17/3	18/3	19/3	YoY change (amount) (FY2017 to FY2018)	YoY change (%) (FY2017 to FY2018)
Leases	11,765	12,440	13,698	14,744	15,648	+904	+6.1%
Finance leases	(9,649)	(10,060)	(10,486)	(10,987)	(10,835)	(▲152)	(▲1.4%)
Operating leases	(2,116)	(2,380)	(3,212)	(3,757)	(4,813)	(+1,056)	(+28.1%)
Installment sales	1,348	1,288	1,279	1,151	960	▲190	▲16.5%
Financing, Other	4,191	4,944	5,497	5,831	6,020	+189	+3.2%
Total	17,305	18,672	20,474	21,726	22,628	+902	+4.2%

“Go Where
No One Has Gone Before”

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