

FUYO LEASE

Financial Overview for FY2017
IR Presentation

May 9, 2018
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 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) FY2017 results

Record high profits: Ordinary profit highest since FY2011, and profit attributable to owners of parent up for three consecutive years.

Newly executed contract volume surpassed the 1 trillion mark for the first time.

(¥100 million)

	FY2016 results	FY2017 results	YoY change (amount)	YoY change (%)
Total revenues	5,070	5,902	+832	+16.4%
Profit before interest expenses (*1)	623	678	+55	+8.8%
Gross profit	551	604	+53	+9.6%
Operating profit	286	326	+40	+13.9%
Ordinary profit	314	352	+38	+12.2%
Profit attributable to owners of parent	200	219	+20	+9.9%
Basic earnings per share	¥661.80	¥726.41	+64.61	+9.8%

(*1) Gross profit before deducting interest expenses

Newly executed contract volume	8,342	11,050	+2,709	+32.5%
Operating assets	20,436	21,687	+1,252	+6.1%
ROA (*2)	1.61%	1.67%	+0.06pt	
Net assets	2,592	2,826	+234	+9.0%
Equity ratio	9.9%	10.2%	+0.3pt	

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

1. Overview of consolidated operating results

(2) Changes in profit and loss

(¥100 million)

	FY2013	FY2014	FY2015	FY2016	FY2017	YoY change (FY2016 to FY2017)
Total revenues	4,417	4,723	4,937	5,070	5,902	+832
Total costs	3,945	4,237	4,426	4,519	5,298	+779
Interest expenses	(68)	(66)	(69)	(71)	(73)	(+2)
Gross profit	472	485	511	551	604	+53
SG&A	240	240	267	265	278	+13
Credit-related costs	(5)	(4)	(4)	(4)	(4)	(▲0)
Operating profit	232	245	244	286	326	+40
Non-operating profit	22	20	48	27	26	▲2
Reversal of credit-related profits/losses	(10)	(1)	(20)	(7)	(3)	(▲3)
Ordinary profit	254	265	292	314	352	+38
Extraordinary gains/losses	1	1	▲1	5	▲1	▲5
Profit attributable to owners of parent	130	142	175	200	219	+20
Basic earnings per share (¥)	429.49	470.14	579.17	661.80	726.41	

<Continued growth of revenues and profit>

■ Revenues

Revenues increased significantly, bridge-type project adding to an increase in operating assets

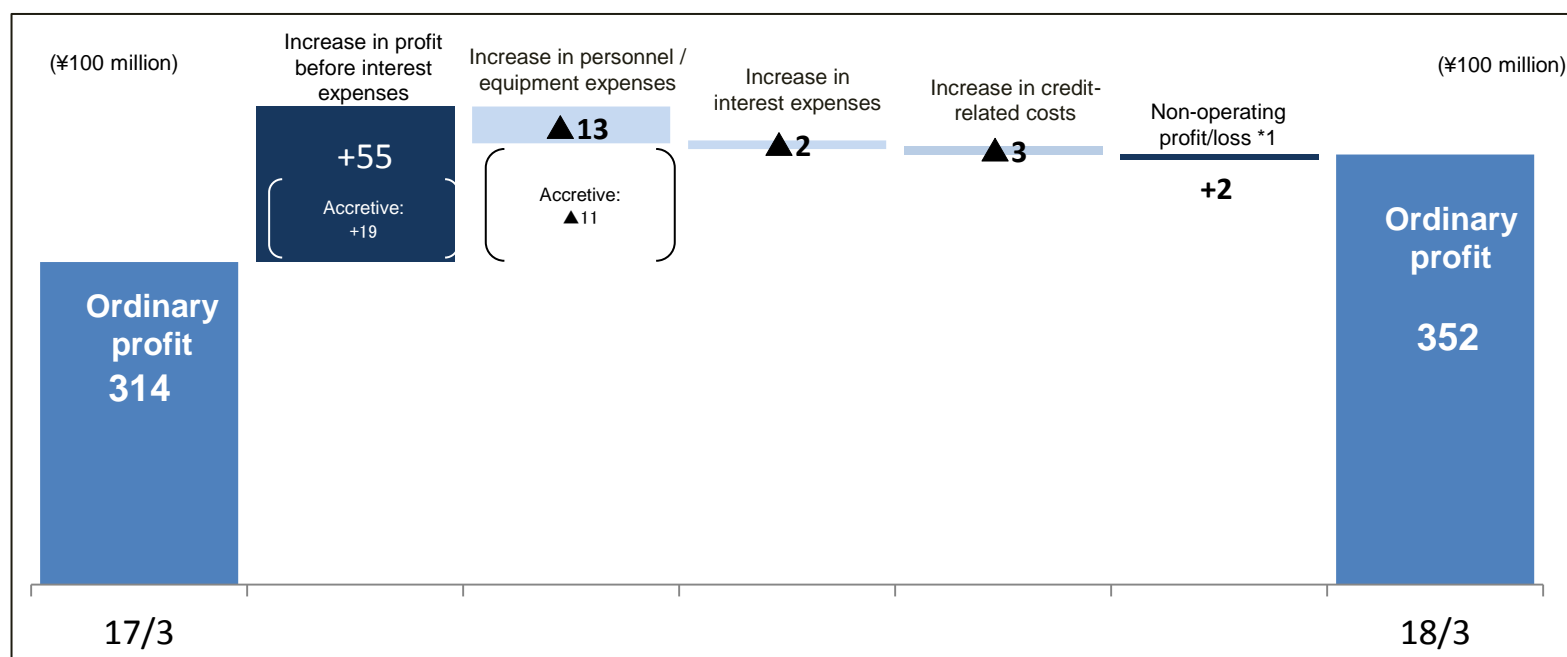
■ Profit

Ordinary profit and profit attributable to owners of parent were both at record highs

1. Overview of consolidated operating results

(3) Factors affecting ordinary profit

- The growth in profit before interest expenses (+¥5.5 billion) mainly attributable to an increase in lease earnings and the consolidation of Accretive Co., Ltd. was directly linked to an increase in profit.
- Excluding the increase from the consolidation of Accretive Co., Ltd., there were no significant changes to costs.



	FY2016	FY2017	Change
Profit before interest expenses	623	678	+55

Personnel expenses	162	168	+6
Equipment expenses	98	105	+7
Interest expenses	71	73	+2
Credit-related profit/loss	7	3	▲3

	FY2016	FY2017	Change
Non-operating profit/loss *1	20	22	+2

	FY2016	FY2017	Change
Ordinary profit	314	352	+38

*1 Excluding credit-related costs

1. Overview of consolidated operating results

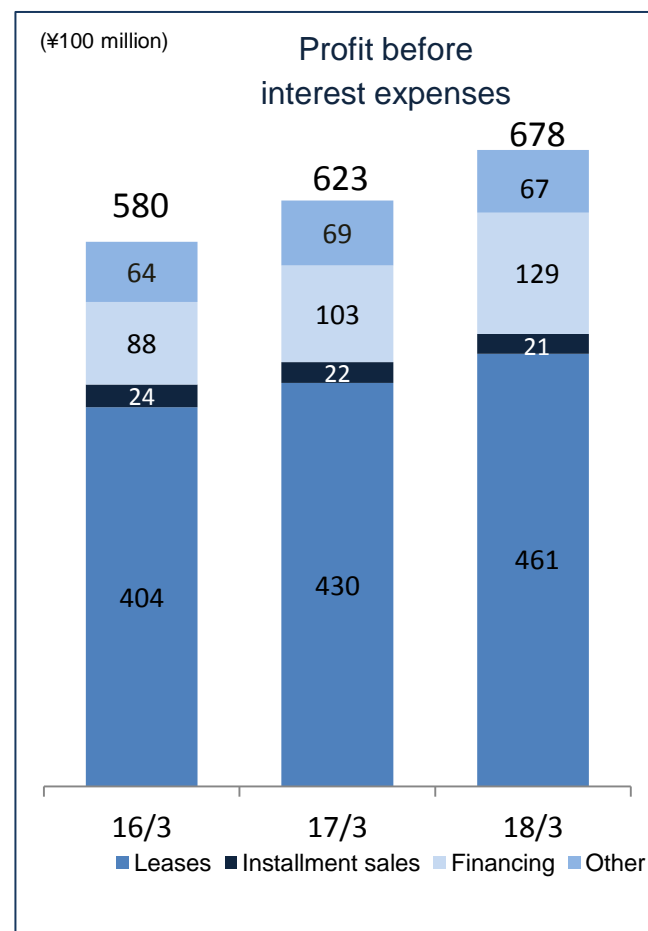
(4) Profit before interest expenses and gross profit

Leases segment: Profit before interest expenses increased attributable to continued increase in operating assets

Financing segment: Gross margin improved through selection of projects and consolidation of Accretive

(¥100 million)

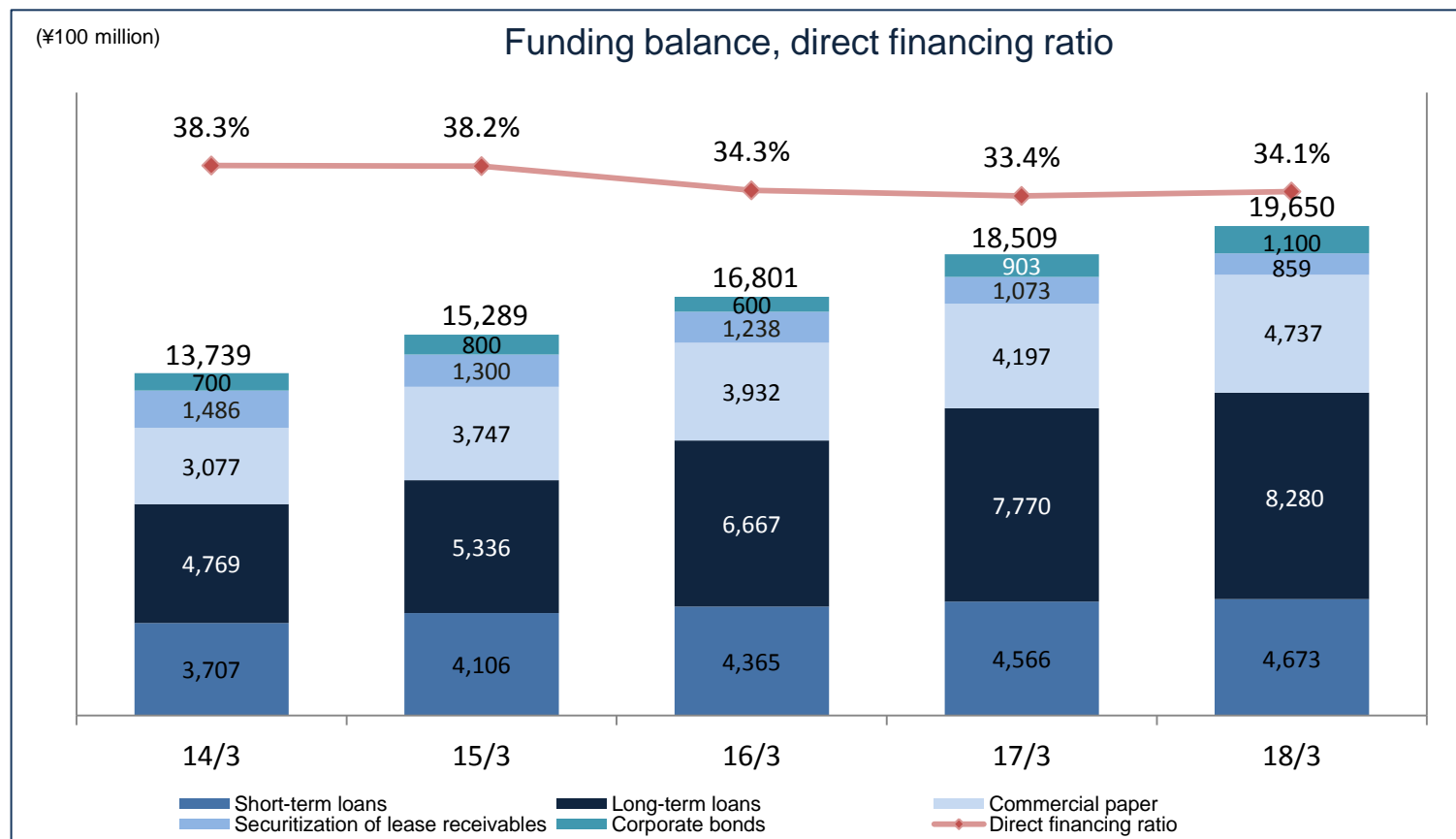
	Leases				Financing			
	FY2016	FY2017	YoY change (amount)	YoY change (%)	FY2016	FY2017	YoY change (amount)	YoY change (%)
Profit before interest expenses	430	461	+31	+7.2%	103	129	+26	+25.8%
Interest expenses	42	41	▲1	▲2.5%	24	28	+4	+15.5%
Gross profit	387	419	+32	+8.3%	79	101	+23	+29.0%
	Installment sales				Other			
	FY2016	FY2017	YoY change (amount)	YoY change (%)	FY2016	FY2017	YoY change (amount)	YoY change (%)
Profit before interest expenses	22	21	▲1	▲3.4%	69	67	▲2	▲2.7%
Interest expenses	5	4	▲0	▲7.2%	0	0	▲0	▲37.7%
Gross profit	17	17	▲0	▲2.4%	69	67	▲2	▲2.5%
	Leases and Installment sales total				Grand total			
	FY2016	FY2017	YoY change (amount)	YoY change (%)	FY2016	FY2017	YoY change (amount)	YoY change (%)
Profit before interest expenses	451	481	+30	+6.7%	623	678	+55	+8.8%
Interest expenses	47	46	▲1	▲2.9%	71	73	+2	+3.0%
Gross profit	404	436	+32	+7.8%	551	604	+53	+9.6%



1. Overview of consolidated operating results

(5) Changes in funding

- The funding balance increased by 6% in conjunction with growth in operating assets
- No major changes to direct financing ratio



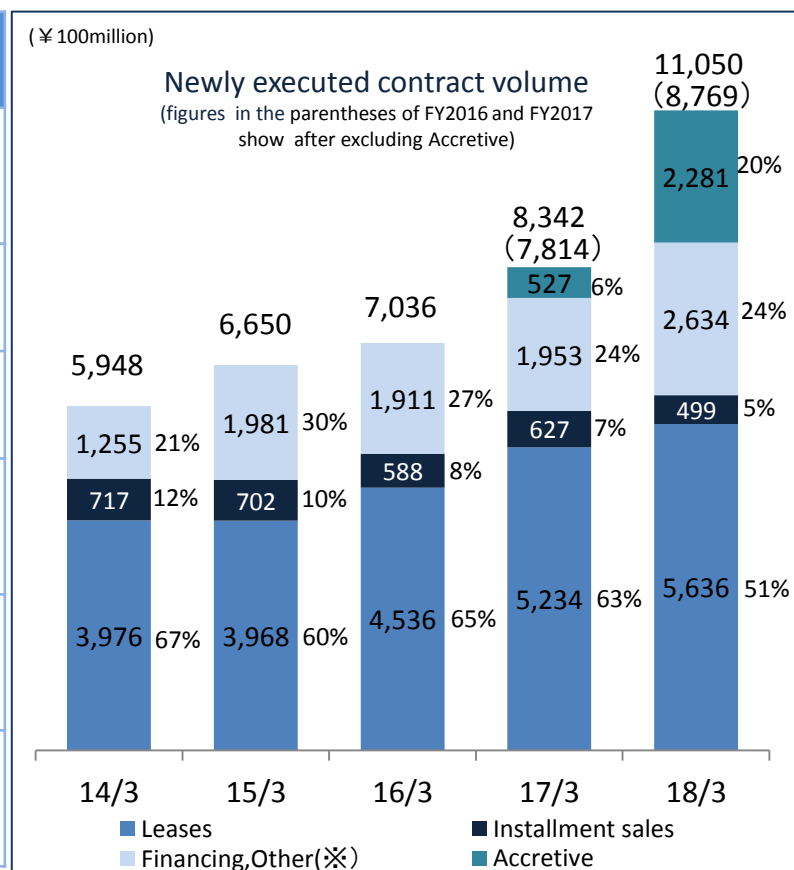
2. Overview of business activities

(1) Newly executed contract volume

- Steady increase in newly executed lease contracts volume
- The sharp growth in the Financing, Other segment was mainly due to the consolidation of Accretive
- With the exception of Accretive, newly executed contract volume was 12.2% up year on year.

(¥100 million)

	FY2015	FY2016	FY2017	YoY change (amount) (FY2016 to FY2017)	YoY change (%) (FY2016 to FY2017)
Leases	4,536	5,234	5,636	+402	+7.7%
Finance leases	(3,644)	(3,958)	(4,052)	(+94)	(+2.4%)
Operating leases	(893)	(1,276)	(1,584)	(+308)	(+24.1%)
Installment sales	588	627	499	▲128	▲20.4%
Financing, Other	1,911	2,480	4,915	+2,435	+98.2%
Total	7,036	8,342	11,050	+2,709	+32.5%



※ Excluding newly executed contract volume of Accretive

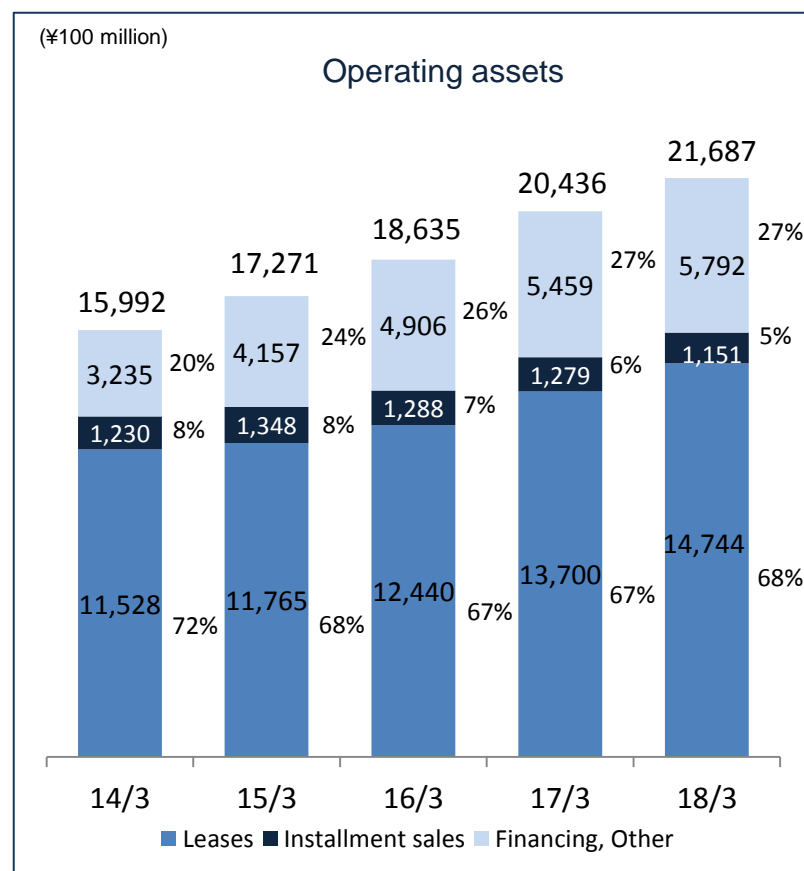
2. Overview of business activities

(2) Operating assets

- Built up portfolio of high-quality assets with focus on improving ROA
- Increased lease assets, mainly real estate leasing

(¥100 million)

	FY2015	FY2016	FY2017	YoY change (amount) (FY2016 to FY2017)	YoY change (%) (FY2016 to FY2017)
Leases	12,440	13,698	14,744	+1,046	+7.6%
Finance leases	(10,060)	(10,486)	(10,988)	(+501)	(+4.8%)
Operating leases	(2,380)	(3,212)	(3,757)	(+545)	(+17.0%)
Installment sales	1,288	1,279	1,151	▲128	▲10.0%
Financing, Other	4,906	5,459	5,792	+334	+6.1%
Total	18,635	20,436	21,687	+1,252	+6.1%



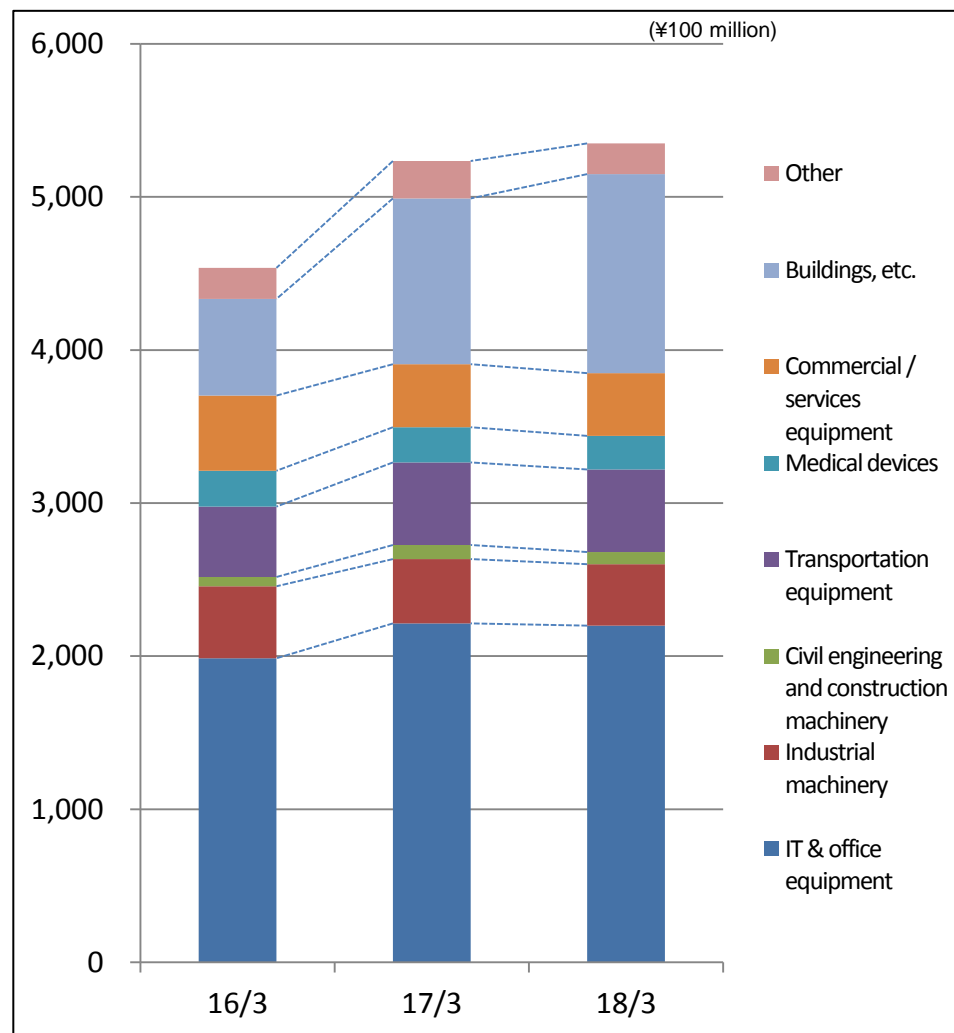
2. Overview of business activities

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

- Driven by buildings, etc. (real estate leasing)
- Stricter selection of IT equipment projects, which have tough economic conditions

(¥100 million)

Segment	FY2015	FY2016	FY2017	YoY change (FY2016 to FY2017)
IT & office equipment	1,987	2,213	1,839	▲374
Industrial machinery	469	422	384	▲38
Civil engineering and construction machinery	62	91	96	+5
Transportation equipment	459	539	594	+55
Medical devices	234	231	275	+45
Commercial / services equipment	492	412	371	▲41
Buildings, etc.	630	1,082	1,898	+816
Other	204	244	178	▲66
Total	4,536	5,234	5,636	+402



3. Operating results forecast and dividend policy

(1) FY2018 consolidated operating results forecast

(¥100 million)

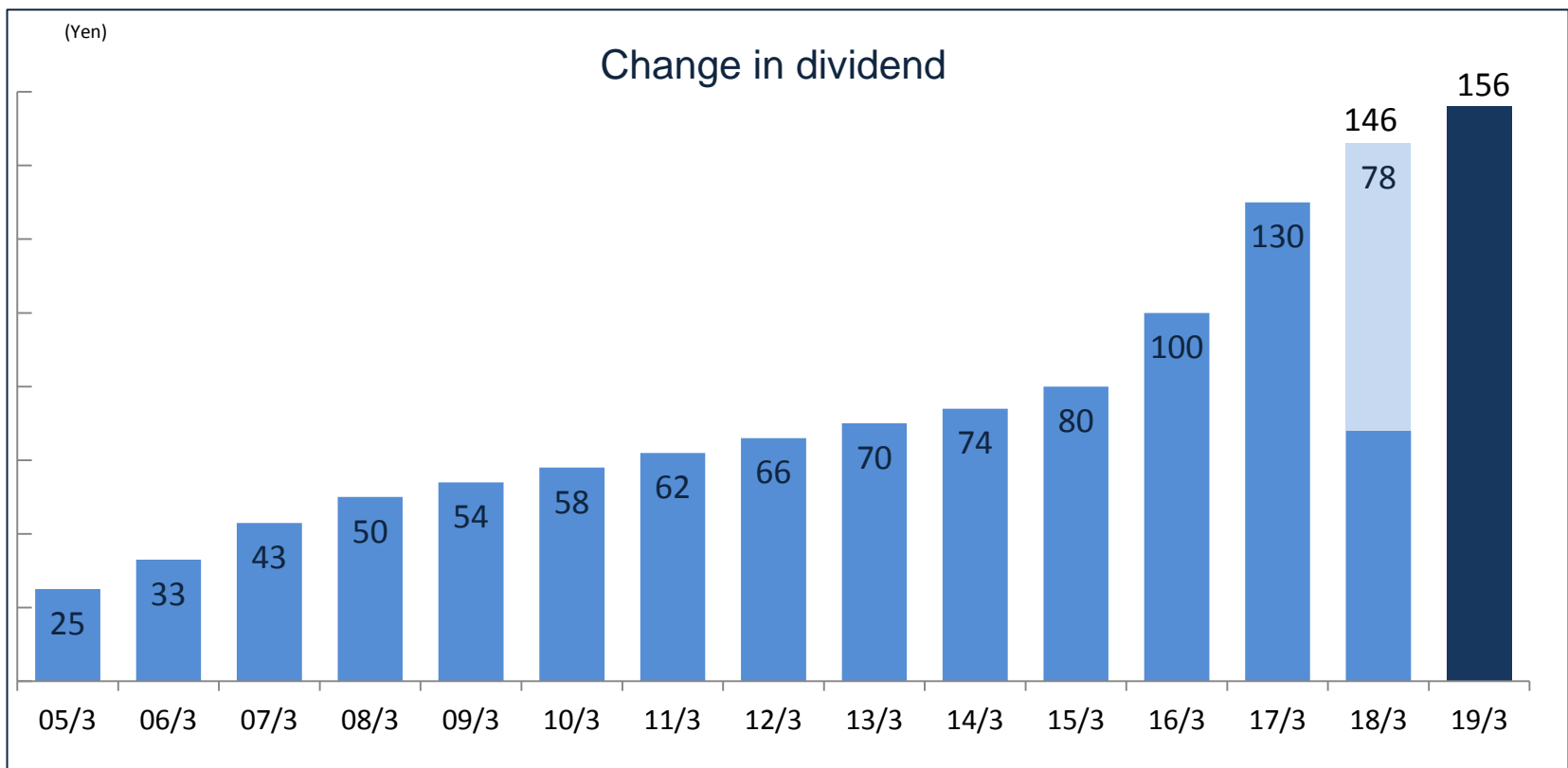
	FY2017 Actual	FY2018 Forecast
Total revenues	5,902	6,000
Operating profit	326	340
Ordinary profit	352	375
Profit attributable to owners of parent	219	230
Basic earnings per share	¥ 726.41	¥ 761.01

3. Operating results forecast and dividend policy

(2) Dividend policy

FY2017 dividend payment of ¥146, ¥10 more than the initial forecast (¥136), and dividend payout ratio of 20.1%

FY2018 dividend forecast of ¥156, a ¥10 increase from FY2017



4. Appendix

(1) Segment Results (Consolidated)

(¥100 million)

	Leases				Installment sales				Leases and Installment sales total			
	FY2016	FY2017	YoY change (amount)	YoY change (%)	FY2016	FY2017	YoY change (amount)	YoY change (%)	FY2016	FY2017	YoY change (amount)	YoY change (%)
Total revenues	4,232	5,112	+880	+20.8%	623	491	▲132	▲21.2%	4,855	5,603	+748	+15.4%
Sales cost	3,802	4,652	+850	+22.3%	601	470	▲131	▲21.9%	4,403	5,122	+718	+16.3%
Profit before interest expenses	430	461	+31	+7.2%	22	21	▲1	▲3.4%	451	481	+30	+6.7%
Interest expenses	42	41	▲1	▲2.5%	5	4	▲0	▲7.2%	47	46	▲1	▲2.9%
Gross profit	387	419	+32	+8.3%	17	17	▲0	▲2.4%	404	436	+32	+7.8%

	Financing				Other				Grand total			
	FY2016	FY2017	YoY change (amount)	YoY change (%)	FY2016	FY2017	YoY change (amount)	YoY change (%)	FY2016	FY2017	YoY change (amount)	YoY change (%)
Total revenues	103	131	+28	+27.1%	113	168	+56	+49.7%	5,070	5,902	+832	+16.4%
Sales cost	0	2	+1	+507.9%	44	101	+58	+132.6%	4,447	5,224	+777	+17.5%
Profit before interest expenses	103	129	+26	+25.8%	69	67	▲2	▲2.7%	623	678	+55	+8.8%
Interest expenses	24	28	+4	+15.5%	0	0	▲0	▲37.7%	71	73	+2	+3.0%
Gross profit	79	101	+23	+29.0%	69	67	▲2	▲2.5%	551	604	+53	+9.6%

4. Appendix

(2) Newly executed contract volume

(¥100 million)

	FY2013	FY2014	FY2015	FY2016	FY2017	YoY change (amount) (FY2016 to FY2017)	YoY change (%) (FY2016 to FY2017)
Leases	3,976	3,968	4,536	5,234	5,636	+402	+7.7%
Finance leases	(3,599)	(3,311)	(3,644)	(3,958)	(4,052)	(+94)	(+2.4%)
Operating leases	(376)	(657)	(893)	(1,276)	(1,584)	(+308)	(+24.1%)
Installment sales	717	702	588	627	499	▲128	▲20.4%
Financing and Other	1,255	1,981	1,911	2,480	4,915	+2,435	+98.2%
Total	5,948	6,650	7,036	8,342	11,050	+2,709	+32.5%

4. Appendix

(3) Operating assets

(¥100 million)

	14/3	15/3	16/3	17/3	18/3	YoY change (amount) (FY2016 to FY2017)	YoY change (%) (FY2016 to FY2017)
Leases	11,528	11,765	12,440	13,698	14,744	+1,046	+7.6%
Finance leases	(9,680)	(9,649)	(10,060)	(10,486)	(10,988)	(+501)	(+4.8%)
Operating leases	(1,848)	(2,116)	(2,380)	(3,212)	(3,757)	(+545)	(+17.0%)
Installment sales	1,230	1,348	1,288	1,279	1,151	▲128	▲10.0%
Financing and Other	3,235	4,157	4,906	5,459	5,792	+334	+6.1%
Total	15,992	17,271	18,635	20,436	21,687	+1,252	+6.1%

4. Appendix

(4) Overview of non-consolidated results and principal consolidated companies' results

(¥100 million)

	Fuyo General Lease Co., Ltd. (Non-consolidated)			Fuyo Auto Lease Co., Ltd. (Ownership ratio: 100%)			Sharp Finance Corporation (Ownership ratio: 65%)			Accretive Co., Ltd. (Ownership ratio: 51%)		
	17/3	18/3	YoY Change	17/3	18/3	YoY Change	17/3	18/3	YoY Change	17/3	18/3	YoY Change
Total revenues	3,587	4,241	+655	281	295	+14	921	1,015	+94	35	30	▲5
Gross profit	310	339	+29	33	34	+1	156	153	▲3	—	—	—
Operating income	178	203	+24	13	13	+0	77	75	▲1	17	14	▲3
Ordinary income	204	225	+21	14	14	+0	85	78	▲8	17	14	▲3
Profit attributable to owners of parent	148	155	+8	9	9	▲0	59	53	▲6	31	9	▲22

	17/3	18/3	YoY Change	17/3	18/3	YoY Change	17/3	18/3	YoY Change	17/3	18/3	YoY Change
Operating assets	14,932	15,804	+872	600	657	+57	3,868	4,000	+132	140	164	+24
Total assets	17,575	18,654	+1,079	664	724	+61	4,841	4,225	▲616	223	235	+13
Net assets	1,909	2,064	+155	82	91	+9	727	774	+47	103	110	+7