

Fundamentals

Business Model

The unique ORIX business model constantly anticipates market demands and creates new value. The name “ORIX” stems from a combination of the word “original,” signifying creativity, and “X (or infinity),” representing flexibility and diversity. We have built a globally unique business model that transcends industry boundaries.

Inputs (Our Strengths)

→ Xpect the Next: The Source of Value Creation (Page 12)

Astute moves and adaptability

- Awareness among all employees that they can transform social and market changes into business opportunities

Global expansion rooted in local economies

- Overseas expansion from 1971
- Ability to conduct business by localizing management in the countries and regions served

Identify and take healthy risks

- Self-disciplined and independent, stock listed in 1970
- Risk management capabilities backed by success in taking on challenges and innovating

Value Creation Process

→ Creating New Value: Our Value Creation Process (Page 14)

Can-do attitude

- Address diverse needs by providing high-quality services

Interdepartmental collaboration

- Collaboration among 6 segments and 16 business units
- Related departments collaborate on new businesses

Perspectives from finance

- Started in 1964 in the leasing business
- Analyze and assess businesses based on accumulated financial knowledge

Create projects



Add value



Outputs

Capitalizing on boundless opportunity throughout the world

- We serve 37 countries and regions worldwide
- Number of bases
Japan: 1,466
Ex-Japan: 730

Expanding into neighboring areas

- Develop new businesses, provide new products and services

Outcomes (Value Creation)

→ A Dynamic and Diversified Business Portfolio: A Track Record of Value Creation (Page 16)

Sustainable Improvement in Corporate Value

Economic Value

Sustainable Earnings Growth

- FY2019.3 net income* was ¥323.7 billion
Profitable for 54 consecutive years
- Year-on-year earnings growth for 10 consecutive years, record high earnings for 5 consecutive years

Social Value

Contributing to Society through Our Businesses

Transition to a Carbon-Free Society / More Efficient Use and Supply of Energy / Creation of a Society That Reuses and Recycles / The Aging Society – Achieving Secure and Healthy Lifestyles / Regional Revitalization / A Smart and Resilient Society / Vitalizing Small and Medium-Size Enterprises

People Who Support Sustainable Growth

- About 32,000 diverse employees
- 24% of employees are ex-Japan
- 37% employees are female

* Net income attributable to ORIX Corporation shareholders

Link value creation
to strengths

Fundamentals

Xpect the Next: The Source of Value Creation

ORIX's strengths are a mindset that sees change as an opportunity, mobility in various locations and thorough knowledge of local businesses, and the ability to manage healthy risks. Taking advantage of these strengths, we have always stayed at the forefront of market demand while building on our initial leasing business by entering various neighboring fields.

Astute Moves and Adaptability

Astute moves and adaptability are fundamental to our business activities. Each employee's mindset of identifying change to transform it into opportunities leads to the creation of new value and is also a driving force for ORIX's growth. As long as the world continues to change, ORIX has unlimited opportunities for growth.

Global Expansion Rooted in Local Economies

Global expansion rooted in local economies has supported optimum local performance. Localized management enables proactive development of business aligned with local needs, without being bound by Japanese ideas, and we build unique businesses attuned to each of the countries and regions we serve. Our global network now serves 37 countries and regions around the world.

Identify and Take Healthy Risks

ORIX has expanded and grown its businesses by repeatedly innovating and taking on challenges to address the diversifying needs of customers and changes in the environment. Growth requires identifying and taking risks while maintaining soundness. This mindset is the basis of our risk management as we focus on developing and strengthening a system that allows us to take risks.

Credit screening
and finance skills



Expertise in
handling
tangible assets



1973 | Lending

- Corporate finance
- Housing loans
- Card loans

1964 | Leasing

- Machinery and equipment leasing
- Leasing and rental of precision measuring equipment and information-related equipment

1971 | Ships

- Ship leasing
- Ship investment
- Asset management

1973 | Automobiles

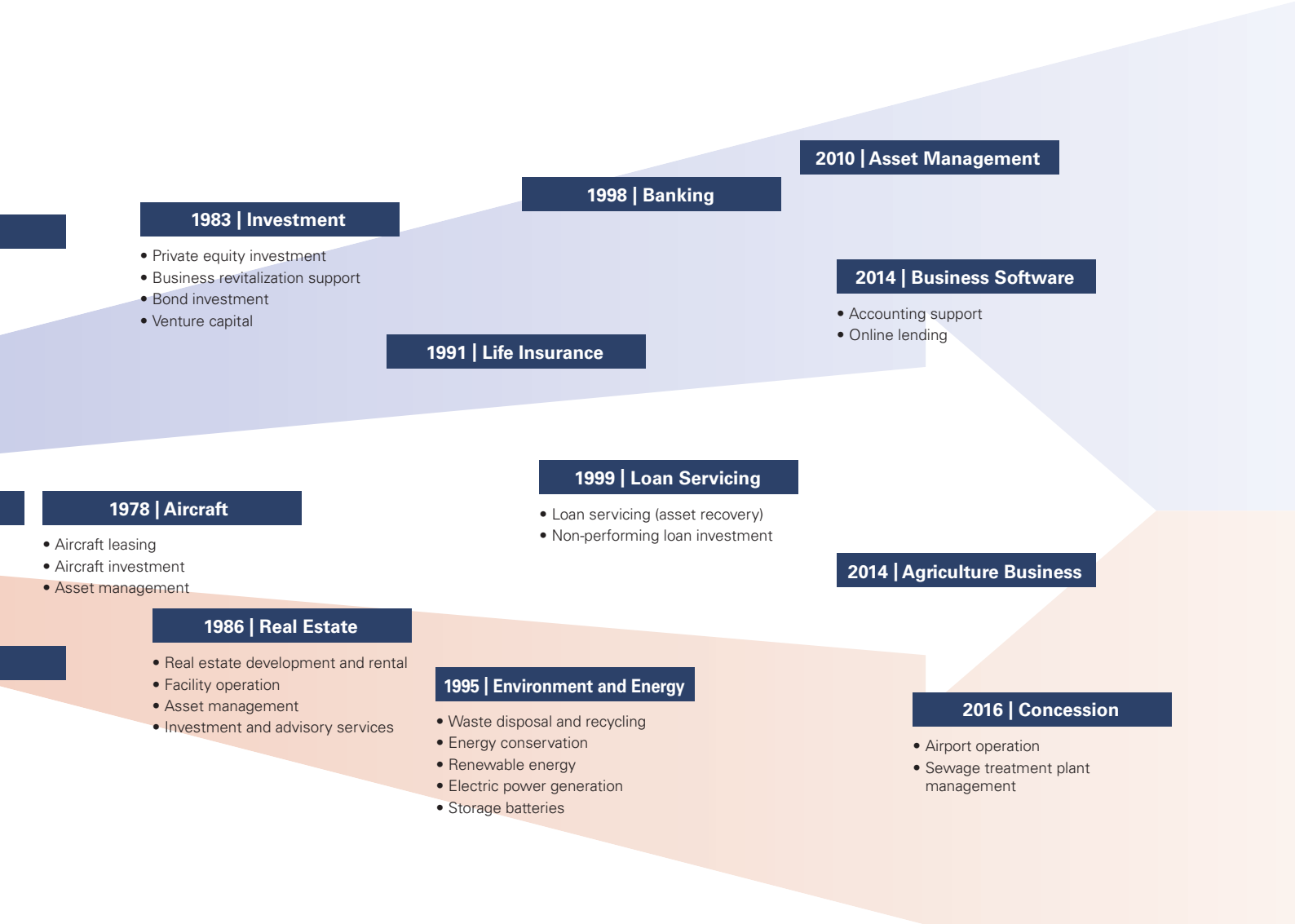
- Maintenance leasing
- Car rental
- Car sharing
- Vehicle management



Value Creation Case: Leasing

ORIX established its corporate foundation by pioneering the then new technique of leasing in Japan. The expertise gained in finance and tangible assets through leasing has supported subsequent business development.

(From left: The late Tsuneo Inui (former Honorary Chairman), Yoshihiko Miyauchi (current Senior Chairman) and Henry B. Schoenfeld of U.S. Leasing, who cooperated in acquiring leasing business know-how)



Value Creation Case: Environment and Energy

Societal values turned against nuclear power in favor of the introduction of renewable energy in the wake of the 2011 Great East Japan Earthquake. ORIX has rapidly developed its solar power generation business by leveraging its corporate sales network in Japan, its ability to structure real estate development and equity investment projects, and its skills in preparing documentation. ORIX is now a leader in Japan's solar power plant business.



Value Creation Case: Concession

Spurred by aging public infrastructure, the Japanese government revised the Private Finance Initiative Act in 2011 and introduced a concession system in Japan, in which private companies operate public facilities while public corporations continue to maintain their rights. ORIX deployed the expertise of its divisions in fields including real estate, domestic and foreign investment and operation, finance, and credit screening to launch Japan's first private-sector operation of a large-scale airport.

Fundamentals

Creating New Value: Our Value Creation Process

Throughout its history, ORIX has consistently taken a can-do attitude toward customers. We have created new opportunities and value as our diverse people and divisions anticipate the needs of customers and society. In addition, perspectives from finance, which has been an ORIX business since its founding, are a major factor in creating value that only ORIX can.

Can-Do Attitude

ORIX aims to establish strong relationships of trust by consistently providing high-quality services in response to diverse customer requests. Our mindset has always been to create new value by thinking through what we can do for customers, and it always will be, no matter how the times or people change.

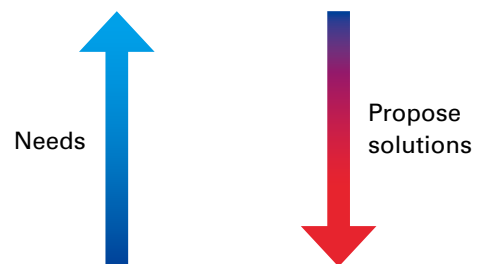
Interdepartmental Collaboration

ORIX is an organization in which diverse people with specialized expertise work side-by-side, Groupwide. This interdepartmental collaboration empowers the growth of both individuals and the Group. New business opportunities in particular allow us to demonstrate the strength of teamwork as we boldly take on challenges with collaboration among related units. The collaborative expertise of each unit provides new value to society.

Perspectives from Finance

ORIX started out as a leasing company in 1964, and has been acquiring finance expertise for over 50 years. Our knowledge of finance is the crucial foundation for all our work. The ability to analyze businesses and make decisions from the perspectives of finance is a unique ORIX strength.

Six Business Segments



Investment Case Study: EcoCycle, a General Soil Cleaning Service Company

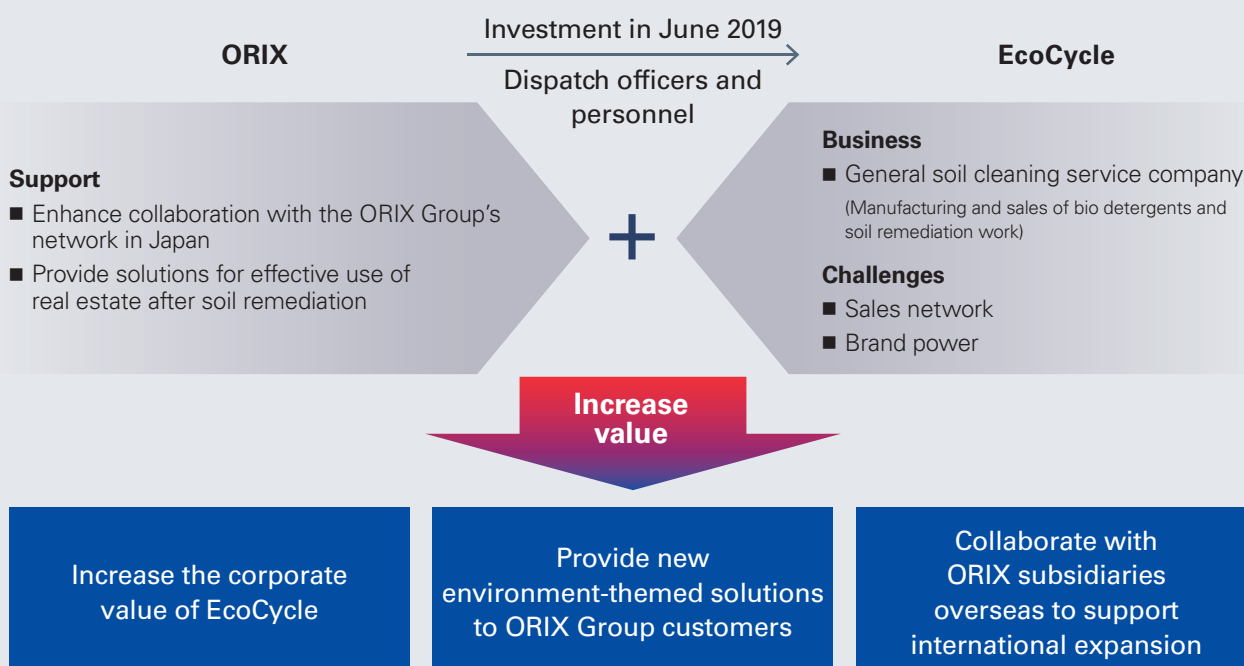
A feature of ORIX is that no single unit creates value from new business opportunities, but many related units working together do. Our mission is to maximize the value of investees and their business by leveraging the strengths of related units, whether skills, expertise or networks.

ORIX acquired a majority stake in EcoCycle Corporation, a general soil cleaning service company, in June 2019. In addition to manufacturing and selling original bio detergents, EcoCycle provides total solutions for soil contamination, including soil surveys, cleanups and environmental consulting. Laws and regulations on soil contamination are becoming stricter, such as the revision of the Soil Contamination Countermeasures Act in April 2019. In-situ remediation, for which EcoCycle has sophisticated technological capabilities, is a method of remediating soil on site using bioremediation or other agents instead of removing it. This method stands out because it reduces environmental loading, work schedule and costs. Depending on the pollutants, plants and other facilities can also handle soil remediation while continuing to operate, which ultimately shortens the work schedule.

EcoCycle was originally a customer of the Corporate Financial Services segment. However, ORIX focused on

the growth potential of the business and proceeded to negotiate with the owner, then used the expertise of the Investment and Operation segment to work with EcoCycle as a consolidated subsidiary. ORIX will leverage Corporate Financial Service's sales network to market EcoCycle's technology to potential customers including manufacturing companies with factory facilities, service companies (gasoline service stations, garages, dry cleaners), real estate companies, and general contractors. We can build a win-win relationship with EcoCycle by increasing its corporate value and sales while receiving commissions from successful customer introductions. ORIX can also use EcoCycle's technology in its Real Estate segment, and expects synergies throughout the Group.

ORIX has been increasing the value of investees by leveraging the expertise and sales networks of the entire Group. Interdepartmental collaboration is a unique strength of the ORIX Group, in which people come together across units to work on projects and capture growth opportunities. We will continue to provide new vitality to society as a pioneer in a wide array of businesses.



Fundamentals

A Dynamic and Diversified Business Portfolio: A Track Record of Value Creation

ORIX broadened its business by moving into neighboring fields and has built its diversified portfolio by rolling out unique businesses, country by country. This diversity is a factor in our stable earnings and solid growth potential despite intense societal change. ORIX's diversified business activities also contribute to society by generating new value in various fields.

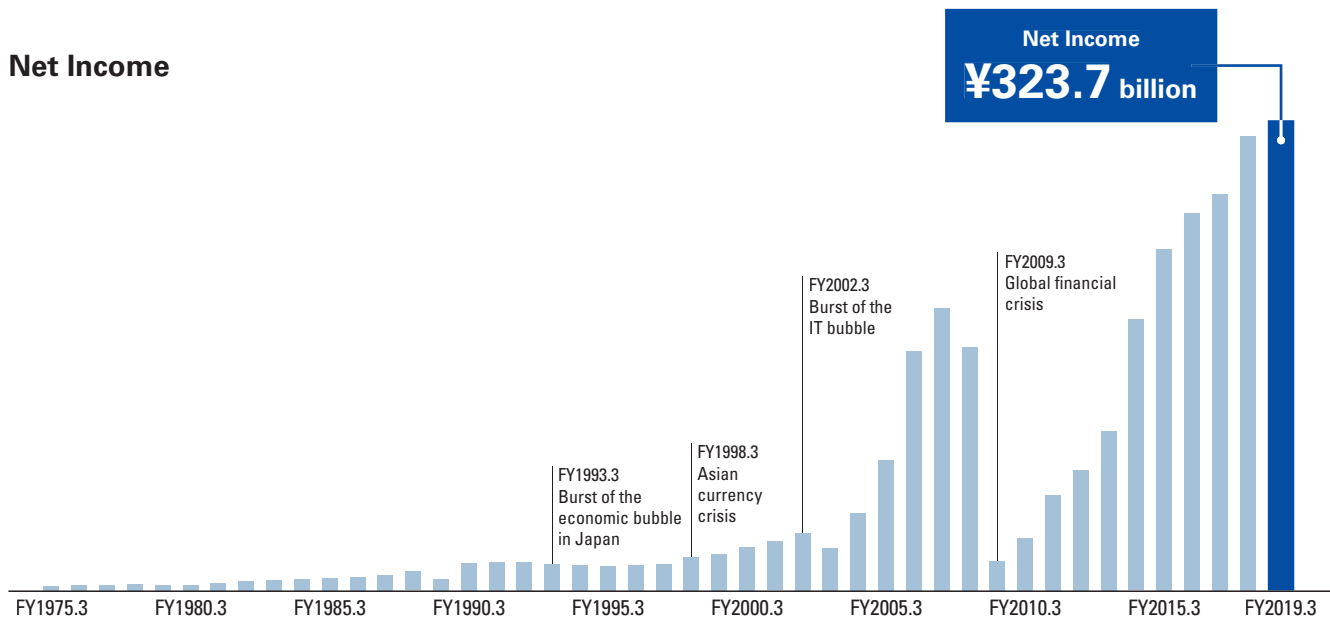
Continuous Growth from a Diversified Business Portfolio

ORIX has been profitable in each of its 54 years in business. In addition, in FY2019.3 we increased profits for the tenth consecutive year, and generated record high net income for the fifth consecutive year. Backing these results is the diversification of our revenue sources and risks from diversifying our business portfolio. We do not have a single core business. Instead, we constantly replace businesses and assets to keep growing. A business portfolio structured in line with social change has supported ORIX's sustained growth.

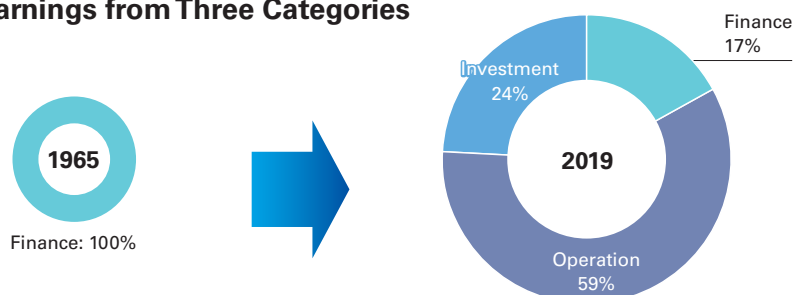
ORIX expanded from assuming credit risk in Finance businesses such as its original business of leasing into Operation businesses such as environment and energy, asset

management, concessions and life insurance as well as Investment businesses including private equity investment in Japan and overseas and aircraft and ships. As a result, we have been able to generate growth that is both profitable and stable by capturing needs in various markets while diversifying risk because we do not overcommit to one business. Finance businesses accounted for a full 100% of our earnings when we went into business, but just 17% in FY2019.3 as the ratio of earnings from Operation and Investment has increased from the 1990s onward. Earnings from Operation are growing substantially, underscoring the significance of a diversified portfolio to our earnings growth.

Net Income



Ratio of Segment Earnings from Three Categories



Social Value Creation

Since our founding, providing new value and contributing to society through business activities have been fundamental to ORIX. We place emphasis on providing new value to society and being a company that society needs, with the result that we now enter businesses where we can make significant contributions to society, such as environment and energy. We would like to continue contributing to society by promptly identifying changes around the world and linking them to business and profit opportunities.

In addition, people are a major factor sustaining ORIX's continuous growth and an asset for ORIX. We will deliver innovation for society by nurturing people with the knowledge and ability to respond to change in a timely manner, the will to take on challenges, and diverse values in order to identify the ongoing changes in the business environment and customer needs, provide greater value, and contribute to society,

Contributing to society through our businesses + People who support sustainable growth



Transition to a Carbon-Free Society

We are contributing to the creation of a carbon-free world by bringing renewable energy such as solar power generation into the mainstream.



More Efficient Use and Supply of Energy

We are contributing to the efficient use and supply of energy by saving energy and reducing energy costs.



Creation of a Society That Reuses and Recycles

We are contributing to the creation of a society that recycles and re-uses by promoting the reuse and sharing of vehicles and equipment.



The Aging Society/Achieving Secure and Healthy Lifestyles

We are contributing to the creation of a society where people can live with peace of mind as Japan's birthrate decreases and its population ages through our life insurance and banking businesses.



Regional Revitalization

We are contributing to the development of regional economies, including increasing tourism demand and creating local jobs through the concession business, the agriculture business, and the operation of inns.



A Smart and Resilient Society

We are contributing to the creation of a smart and resilient society by supporting corporate R&D through the rental business and supporting disaster response and operational efficiency through the automobile and real estate businesses.



Vitalizing Small and Medium-Size Enterprises

We are contributing to the growth and vitality of small and medium-size enterprises (SMEs), a core customer group, through Corporate Financial Services and our private equity investment business.



About 32,000 Diverse Employees

We develop highly skilled people who consistently take the initiative in creating new businesses and continuously take on challenges.

→ Relationship with Employees (Page 76)

Please refer to the following website for specific initiatives.

• Sustainability Site ▶▶▶ <https://www.orix.co.jp/grp/en/sustainability/>

Fundamentals

ORIX's Business Portfolio

Six Segments

ORIX currently manages its diverse business portfolio in six segments. In addition, each of the six segments consists of two to four business units that differ by business and region, for a total of 16 business units.

[→ Segment Overview \(Page 50\)](#)

Segment	Business Unit	Main Business
Corporate Financial Services	Domestic Sales	Leasing, financing and solutions (various products and services) for small and medium-size enterprises (SMEs)
	Yayoi	Business software development, sale and support services
Maintenance Leasing	Auto	Automobile leasing, rental and car sharing, support for used auto purchase and sale
	Rentec	Electronic measurement instruments and IT-related equipment rentals and leasing
Real Estate	RE Investment and Facilities Operation	Development and leasing of office buildings, commercial facilities, logistics centers, and other properties; asset management and operation of various facilities such as hotels, inns, and aquariums.
	DAIKYO	Real estate development and brokerage and building maintenance and management, with a focus on condominiums
Investment and Operation	Investment and Operation	Private equity investment and servicing in Japan and overseas
	Environment and Energy	Renewable energy and electric power retailing and waste processing in Japan and overseas
	Concession	Operation of airports and wastewater treatment plants
Retail	Life Insurance	Life insurance with a focus on medical insurance
	Banking	A bank that specializes in real estate loans for investment
	Credit	Card loans, guarantees of unsecured loans handled by other financial institutions
Overseas Business	OCU (ORIX Corporation USA)	Securities investment, real estate and infrastructure finance, private equity investment and asset management, with a focus on North America
	OCE (ORIX Corporation Europe)	Asset management with a focus on Europe
	Aircraft, Ships	Aircraft and ship leasing and asset management services
	Asia and Australia, and other	Finance and private equity investment with a focus on Asia, Australia and elsewhere

Three Categories


We classify our business portfolio into the three categories of Finance, Operation, and Investment in consideration of main risks and capital requirements.

Three Categories	Main Risk	Capital Requirement
Finance	Credit risk	Low
Operation	Operation risk Business risk	Medium - High
Investment	Market risk	High



Our Business Portfolio Matrix of Six Segments and Three Categories

We believe that the combined picture of the three categories together with the six segments allows a deeper understanding of ORIX. Basically, each business unit is classified within Finance, Operation or Investment (excluding Investment and Operation, OCU, and Asia, Australia and Other).



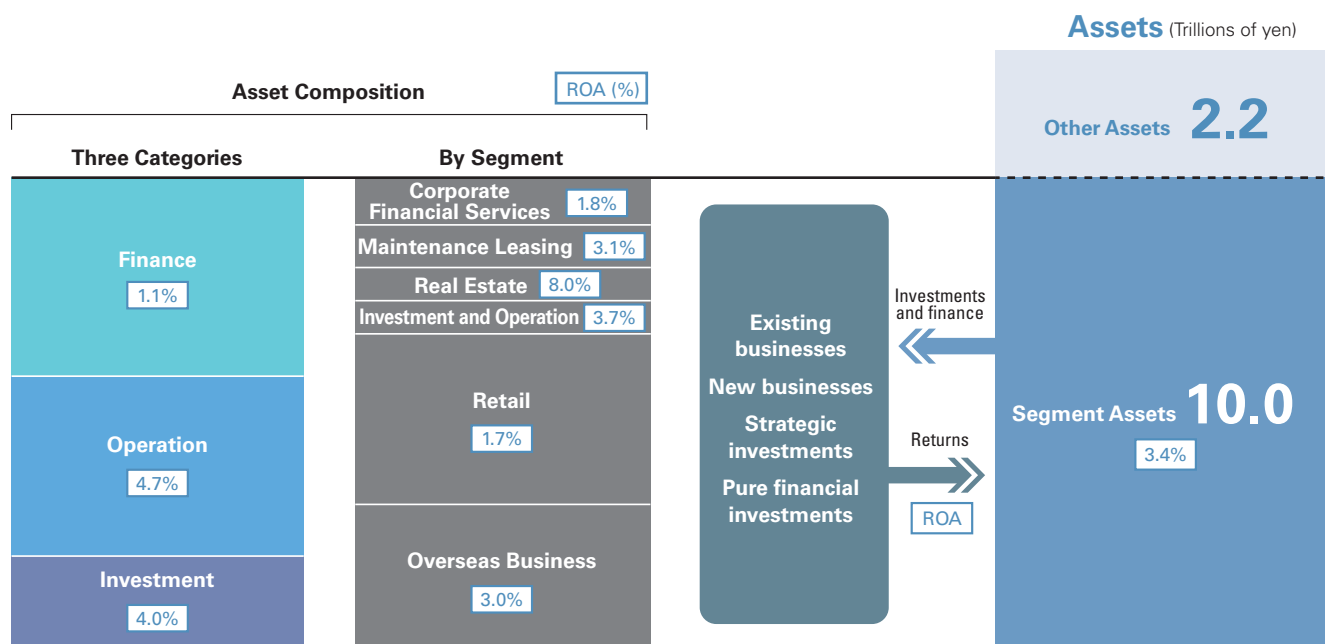
	Finance	Operation	Investment
Corporate Financial Services	Domestic Sales	Yayoi	
Maintenance Leasing		Auto Rentec	
Real Estate		Facilities Operation DAIKYO	RE Investment
Investment and Operation		Environment and Energy Concession	Investment and Operation
Retail	Banking Credit	Life Insurance	
Overseas Business	OCU Asia, Australia and other	OCU OCE	OCU Aircraft, Ships Asia, Australia and other

Fundamentals

ORIX from a Balance Sheet Perspective (As of March 31, 2019)

Assets

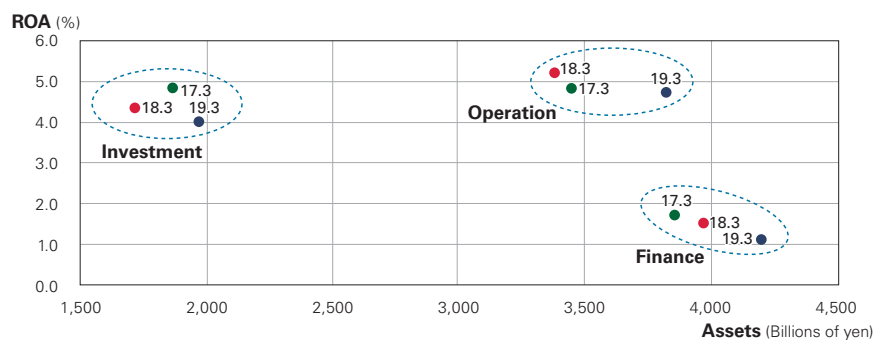
Keep low-return assets in check in turning over our portfolio and proactively investing in businesses for which we expect sustainable growth.



Assets

Our Three Categories (Past Three Years)

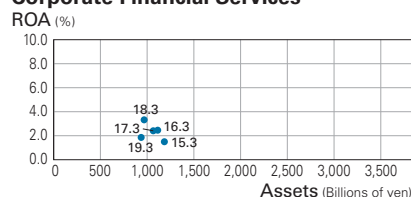
- Given the current low-interest-rate environment, we are not growing Finance aggressively. We are focusing on Investment and Operation, where ROA remains high.



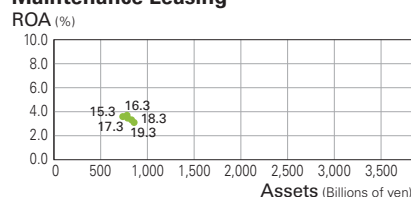
By Segment (Past Five Years)

- Assets increased in Maintenance Leasing, Investment and Operation, Retail and Overseas Business. Assets decreased in Corporate Financial Services and Real Estate.
- Maintenance Leasing and Overseas Business maintained ROA at about 3%. ROA for Corporate Financial Services and Retail was in the 1% to 2% range. ROA fluctuates in Real Estate and Investment and Operation due to the timing of gains on sale.

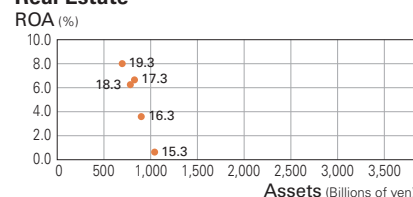
Corporate Financial Services



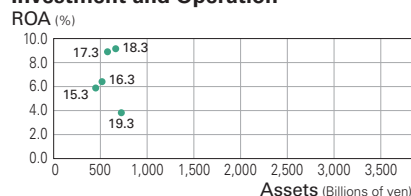
Maintenance Leasing



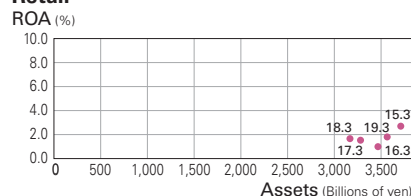
Real Estate



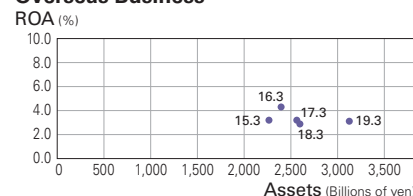
Investment and Operation



Retail



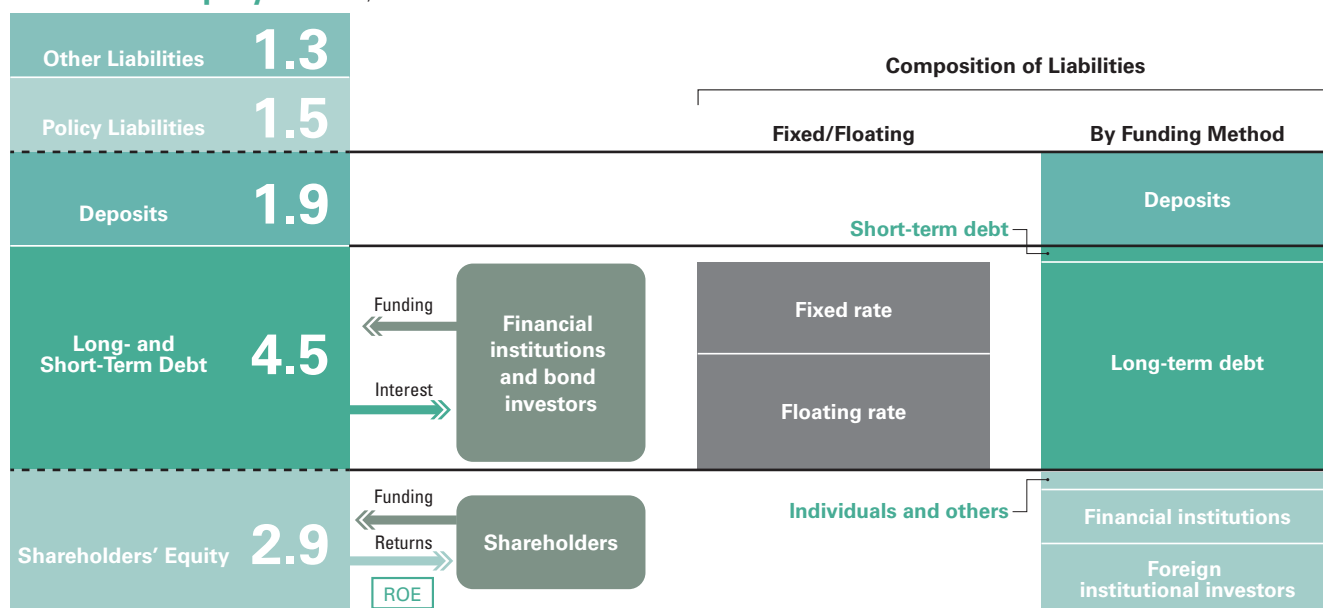
Overseas Business



Liabilities and Equity

Control costs while maintaining diversified funding and a high proportion of long-term borrowings. Target ROE of 11% or higher with financial leverage at which we can maintain a single A credit rating.

Liabilities and Equity (Trillions of yen)



Liabilities

- We have diversified funding by method, market and area.
- Longer maturities have reduced redemption risk.
- Credit ratings (As of July 31, 2019)

S&P	Moody's	Fitch	R&I
A- (Negative)	A3 (Stable)	A- (Stable)	A+ (Positive)

Equity

- Share repurchases will be conducted with flexibility and agility after considering changes in the operating environment, trends in share prices, financial conditions, and target business indicators, while keeping in mind the necessary level of retained earnings.
- We will control overall risk in making new investments, and carefully allocate capital with due regard for issues including changes in the operating environment.

→ Financial and Capital Strategies (Page 30)

ROE and Debt/Equity Ratio

