



ORIX

Answers,  
Custom Fit.

# ORIX Corporation

First Quarter Consolidated Financial Highlights  
For the Three-Month Period Ended June 30, 2019

July 29, 2019

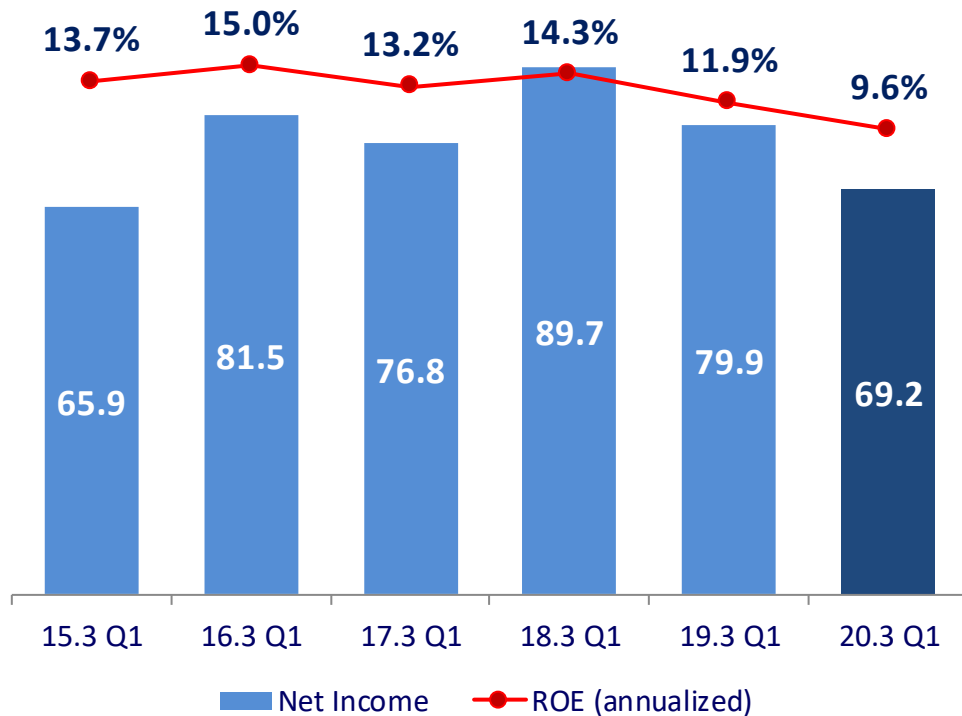
(TSE: 8591; NYSE: IX)

# Overview (1) Net Income / ROE

- ✓ 69.2 JPY bn in net income, down 13% YoY. Annualized ROE at 9.6%
- ✓ Gains on sales were down from past levels, but profits other than gains on sales maintained steady growth (Please refer to the next page)

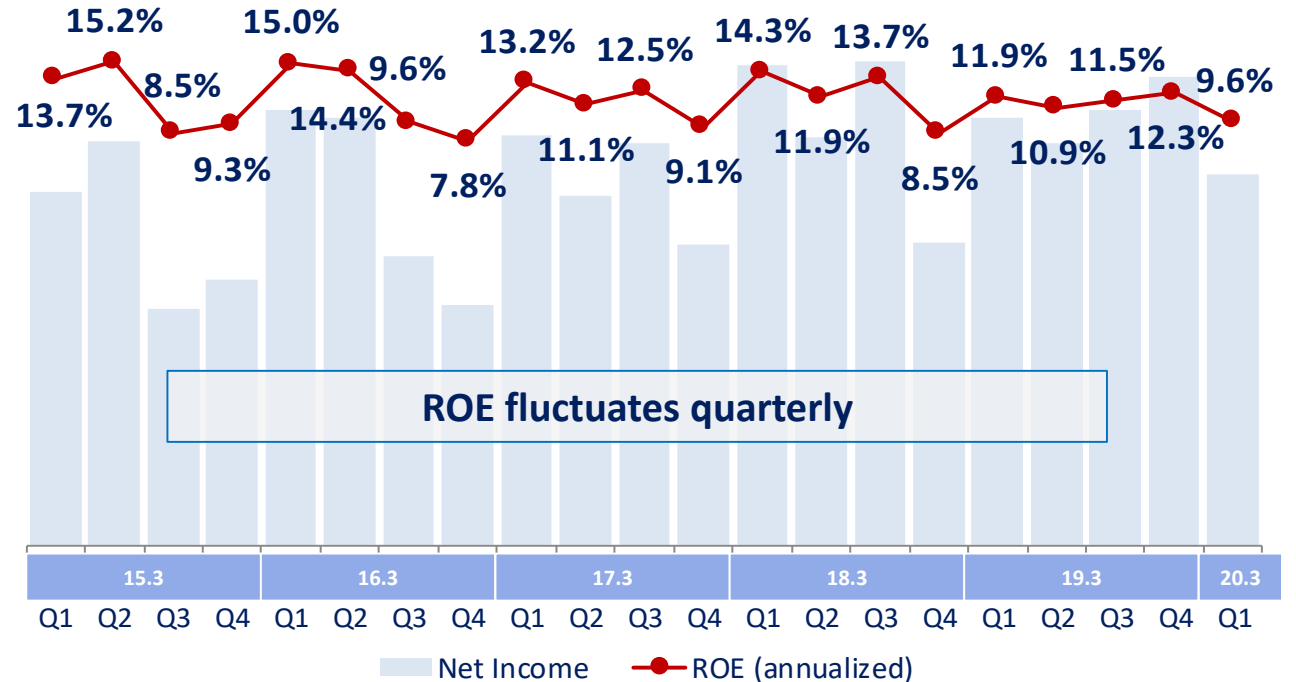
Net Income\* and ROE

(JPY Bn)



\*Net Income refers to Net Income Attributable to ORIX Corporation Shareholders

Reference: ROE in the past five years



ROE fluctuates quarterly

# Overview (2) Breakdown of Pre-tax Net Profit

**Segment Profits**  
(other than gains on sales)

In the past five years  
FY20.3 Q1

: Steady growth maintained

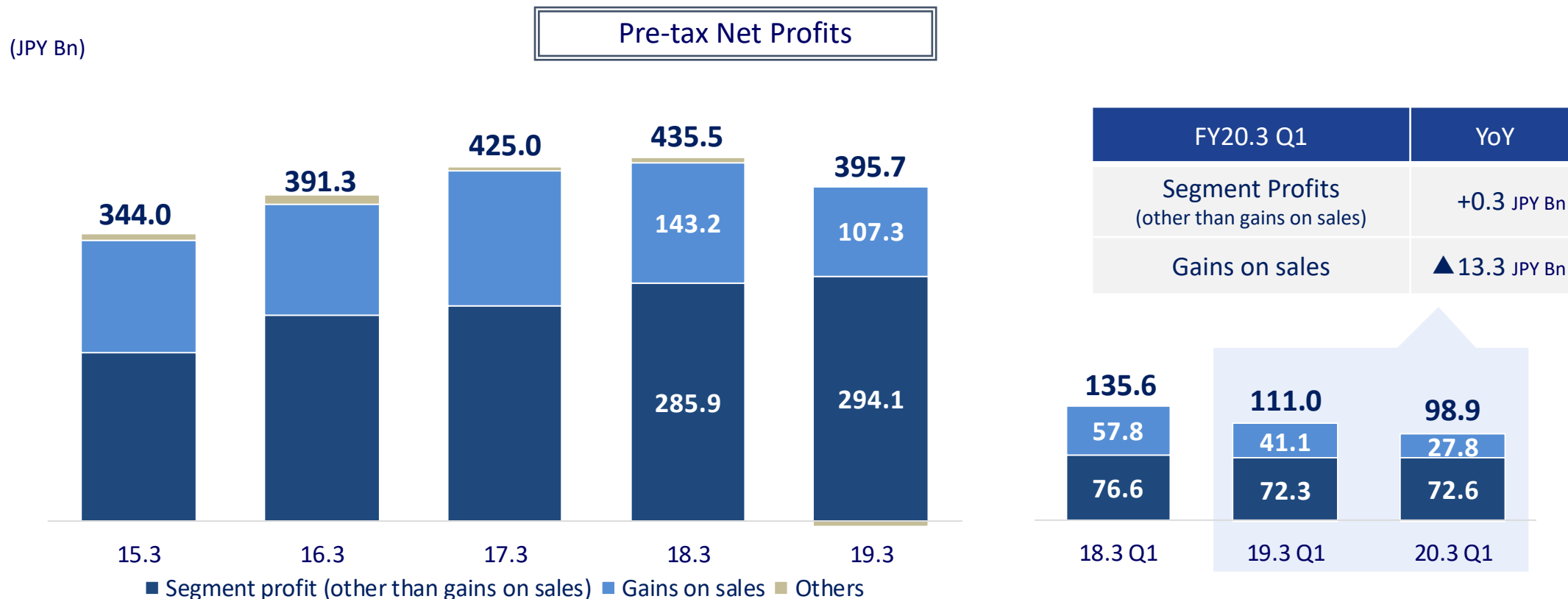
: New investments in FY19.3 (NXT Capital, Avolon) contributed

**Gains on Sales**

FY20.3 Q1

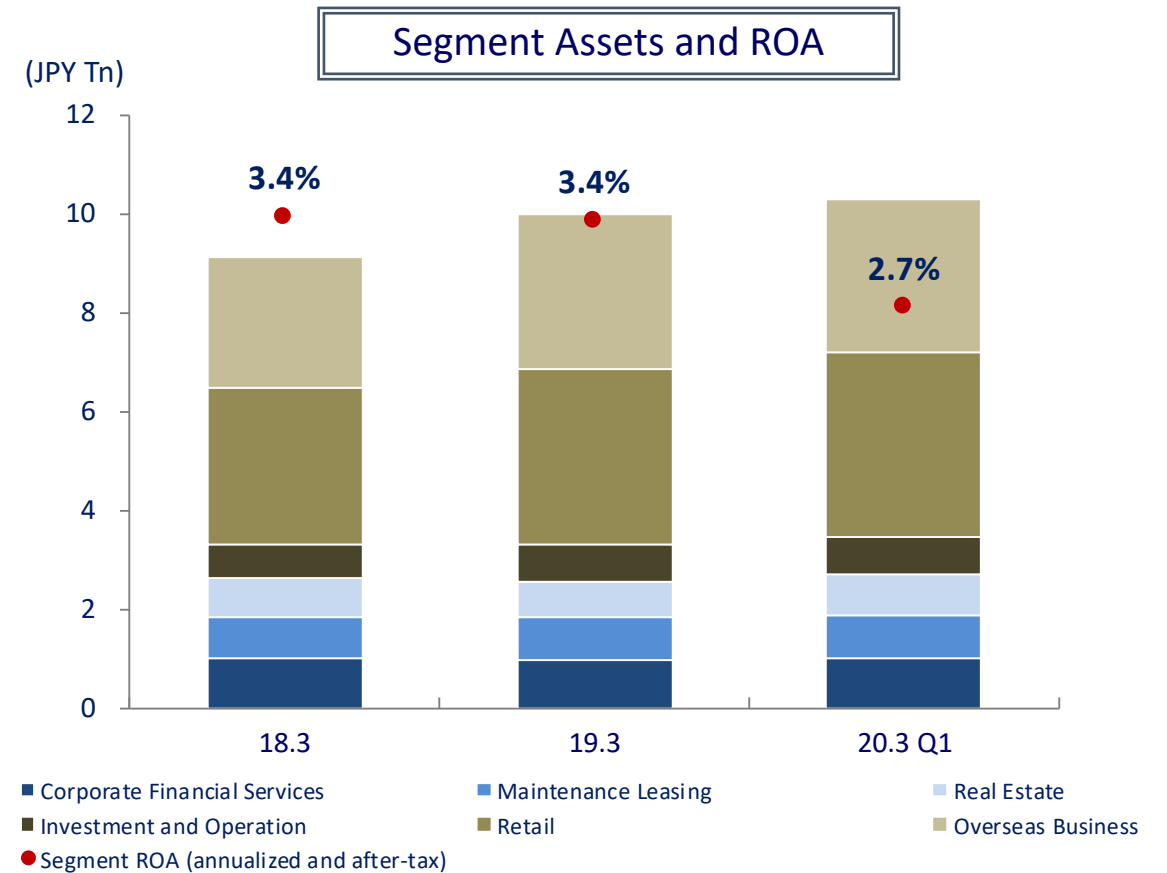
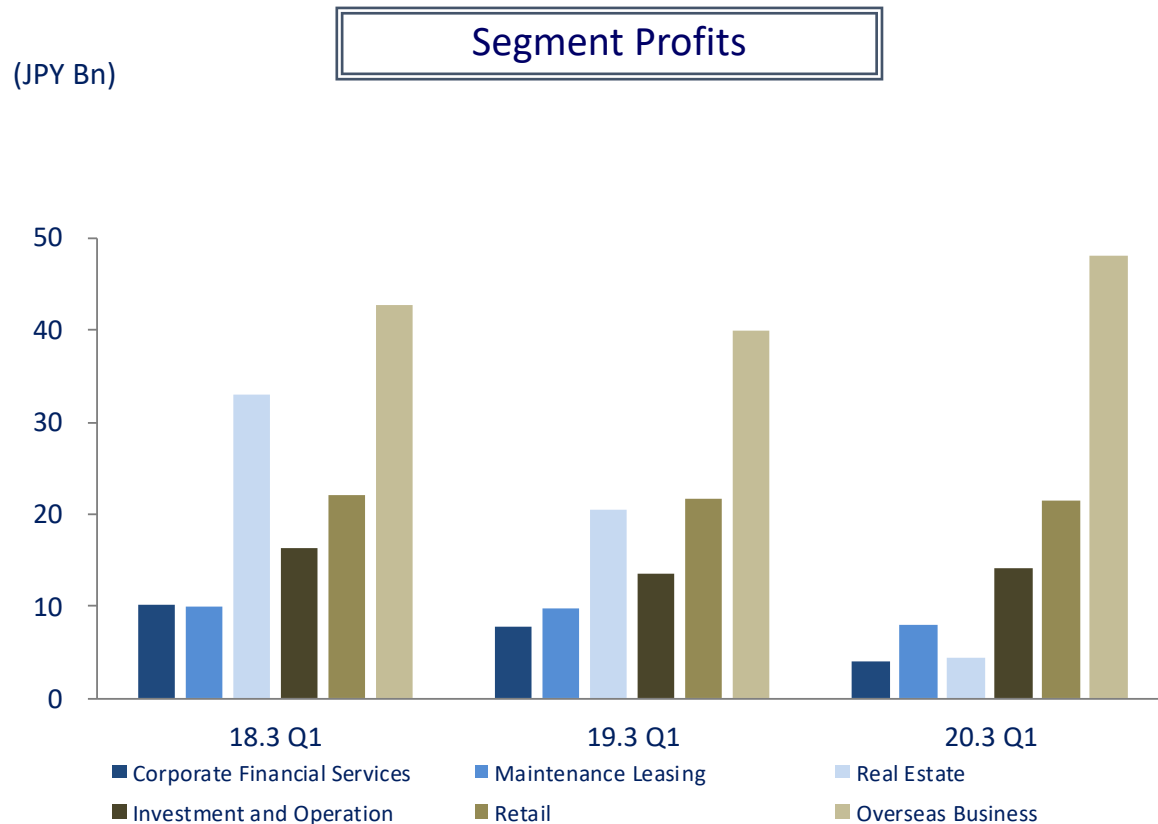
: Decreased on YoY, but a certain level 27.8 JPY bn was secured

\*Major gains on sales: gains on sales of rental property, gains on sales of subsidiaries and affiliates, gains on sales of investment securities, etc.



# Overview (3) Segment Profits / Segment Assets

- ✓ Corporate Financial Services: Profit decreased affected by a decline in agency fee income from life insurance business for corporate customers as well as a decline in finance revenues
- ✓ Real Estate : Profit decreased affected by the large gains on sales recorded in the same period of the previous year
- ✓ Overseas Business : The acquisition of NXT Capital and investment in Avolon carried out in FY19.3 contributed to profits



# Segment Performance (1) Corporate Financial Services

\*As the figures less than 0.1 JPY bn are rounded off, the total of individual business unit figures does not necessarily match the segment figures



**Segment Profits: 4.1 JPY bn**

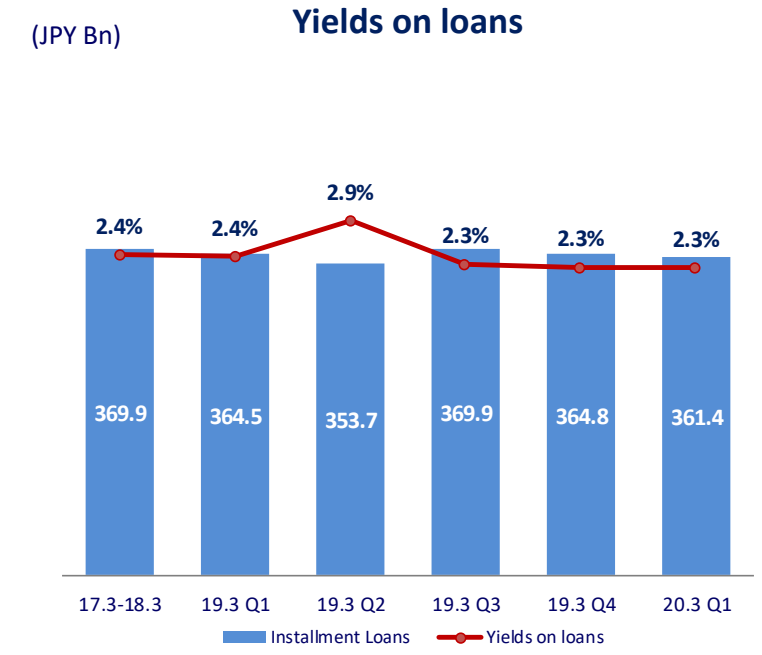
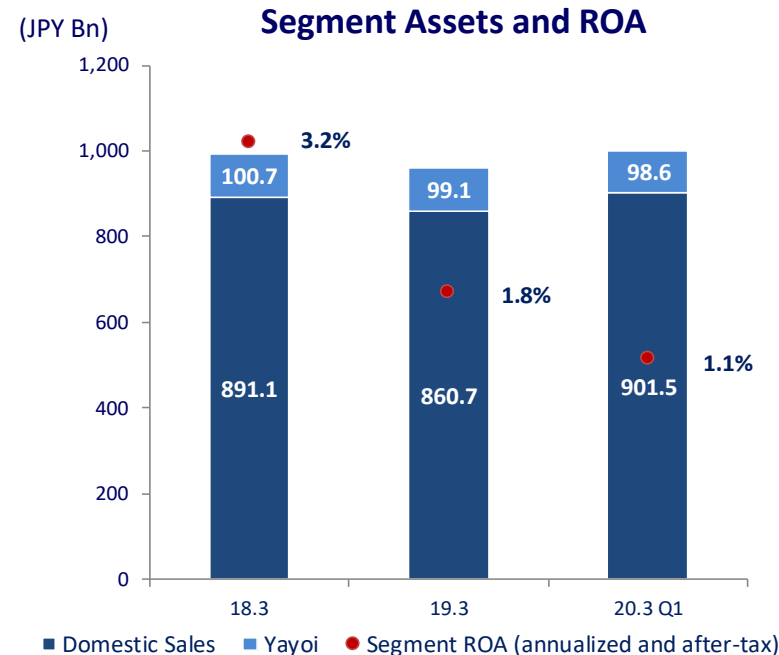
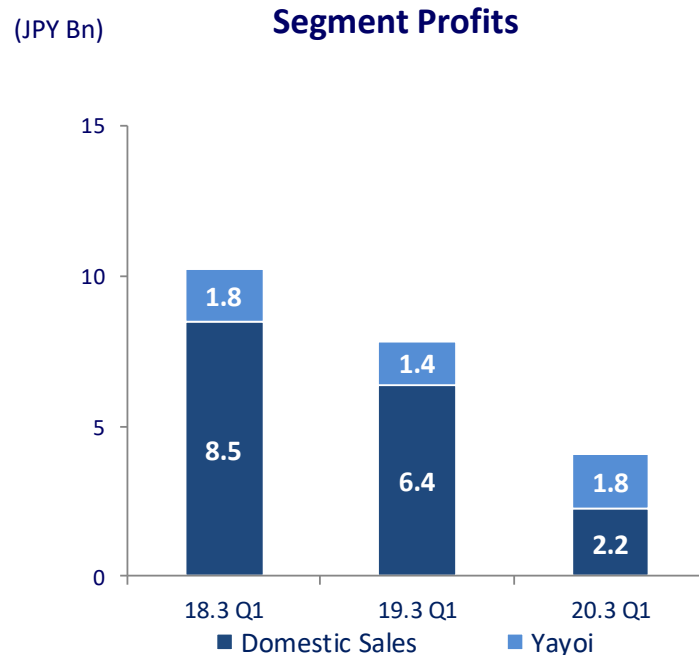
YoY ▲3.8JPY bn (▲48%)

- ✓ Agency fee income from life insurance business for corporate customers decreased. Yields on loans were maintained
- ✓ Yayoi achieved increase in membership for fee-based support services and sales of packaged products

**Segment Assets: 1,000.1 JPY bn**

YTD +40.4 JPY bn (+4%)

- ✓ Operating leases increased due to new lease accounting standards



Yields on loans = finance revenues classified as loan interest ÷ average balance of installment loans

## Business status

- ✓ Business succession support services launched in 2018 concluded 2 cases so far; planning to conclude further transactions by using nationwide network
- ✓ Diversification of services income continues

# Segment Performance (2) Maintenance Leasing

**Segment Profits: 7.9 JPY bn**

YoY ▲ 1.8 JPY bn (▲ 18%)

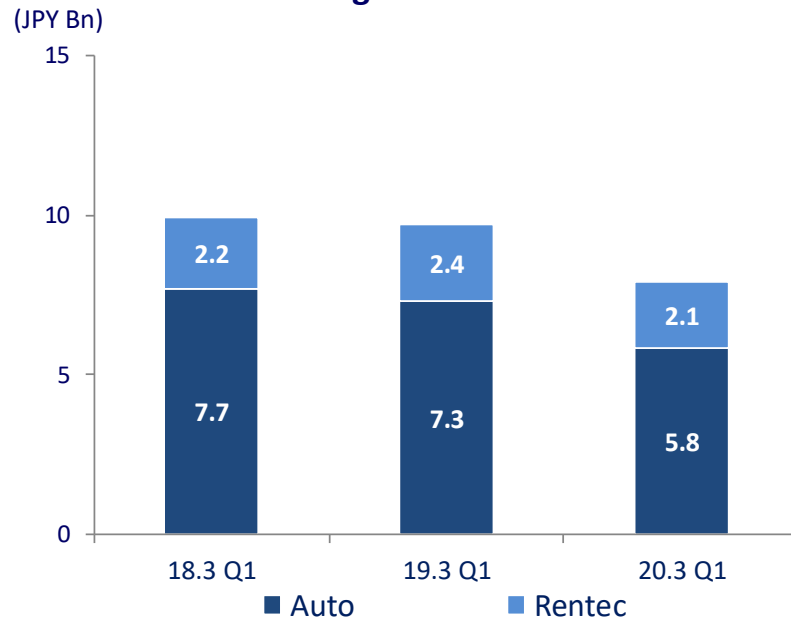
- ✓ Revenues from both Auto and Rentec increased, but profits decreased due partly to SG&A increase
- ✓ Gains on sales of used cars were 1.1 JPY bn (YoY +0.2 JPY bn)

**Segment Assets: 880.7 JPY bn**

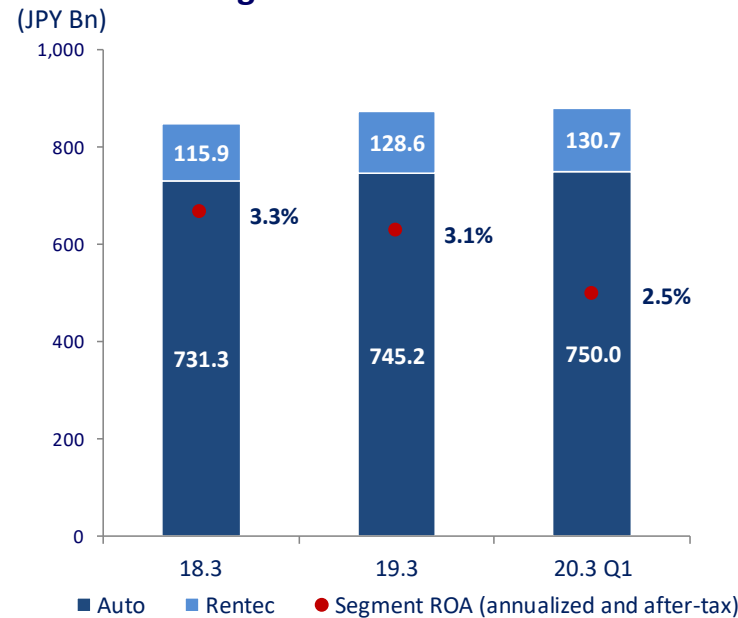
YTD +6.9 JPY bn (+1%)

- ✓ Remained at the same level as FY19.3

**Segment Profits**

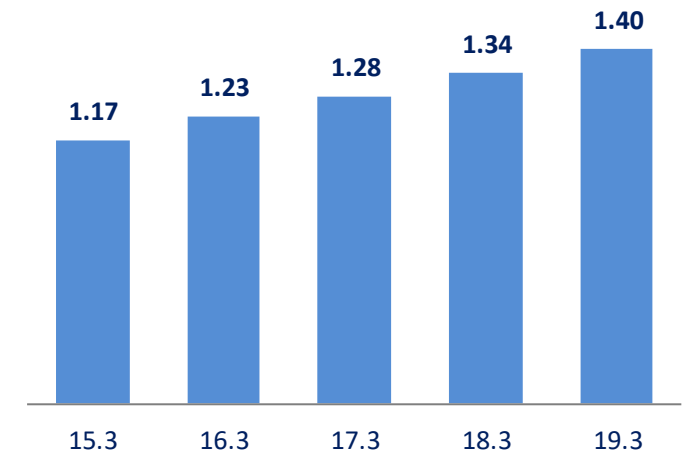


**Segment Assets and ROA**



**Number of Automobiles Under Management (ORIX Auto)**

(Millions of vehicles)



**Business status**

- ✓ The AI-based connected drive recorder “Nauto” service trending well; formed a partnership with a European car rental company to strengthen initiatives to meet inbound tourist demand
- ✓ Seeking to expand the business of Yodogawa Transformer (renter of power receiving and transforming facilities and equipment, and generators) by leveraging the group network

# Segment Performance (3) Real Estate

**Segment Profits: 4.5 JPY bn**

YoY ▲ 16.0 JPY bn (▲ 78%)

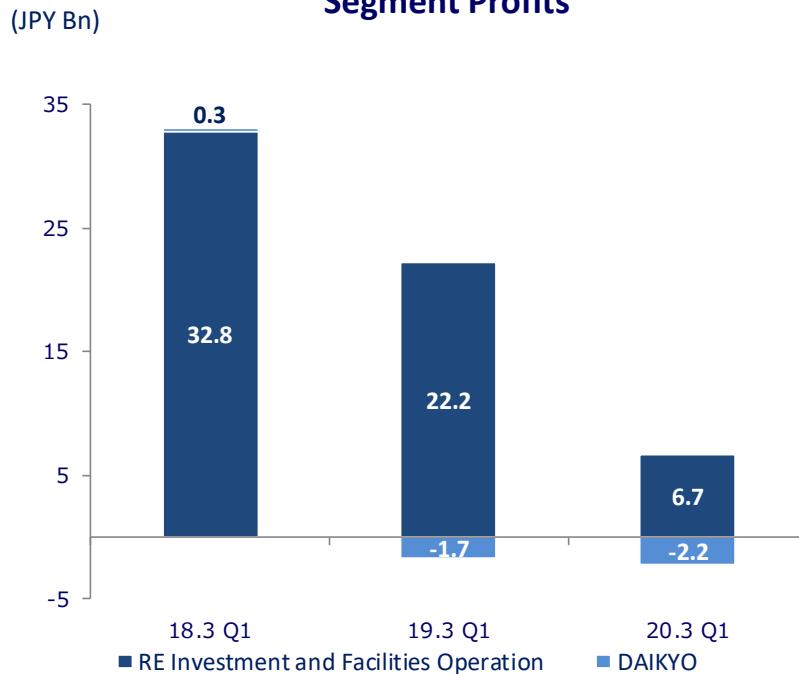
- ✓ Profits decreased, affected by large gains on sales recorded in the same period of the previous year
- ✓ Profits from real estate asset management remained stable

**Segment Assets: 813.7 JPY bn**

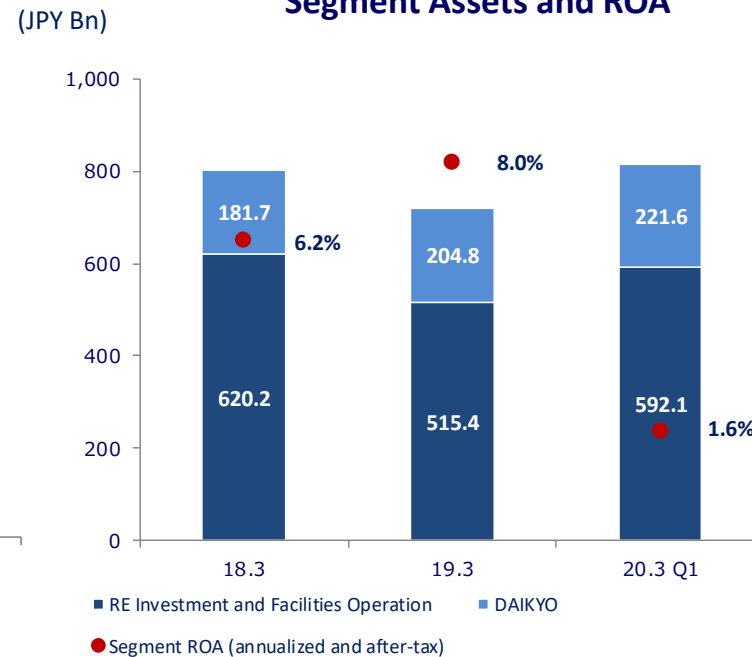
YTD +93.5 JPY bn (+13%)

- ✓ Operating leases increased due to new lease accounting standards
- ✓ Continuing to pursue opportunities to sell some assets

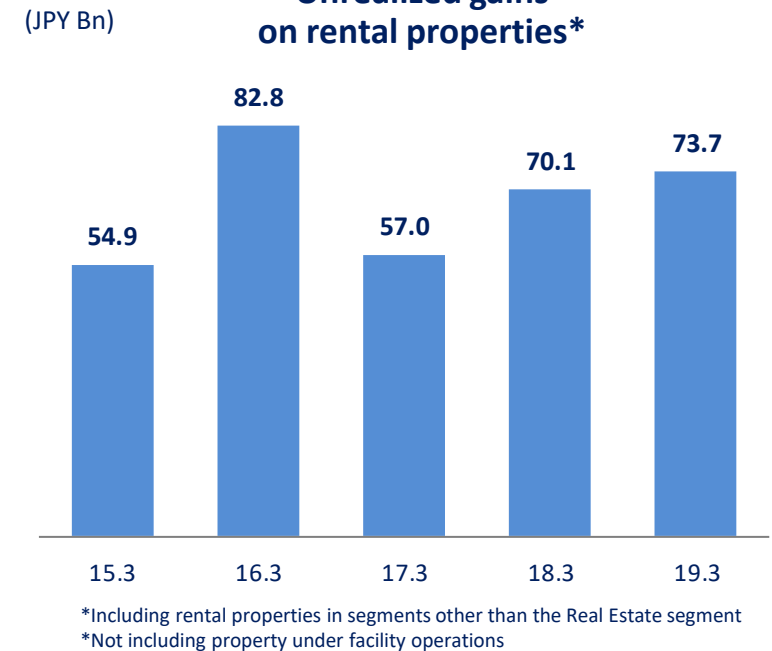
**Segment Profits**



**Segment Assets and ROA**



**Unrealized gains on rental properties\***



**Business status**

- ✓ Promoted large-scale projects, such as renovations of Beppu Suginoi-Hotel, the Osaka Second Zone Umekita project and Kanazawa station area redevelopment project
- ✓ Integrated management initiative with DAIKYO continues; promoting resources / know-how sharing in areas of Development and Sales, Brokerage, and Management and Construction

# Segment Performance (4) Investment and Operation

**Segment Profits: 14.2 JPY bn**

YoY +0.6 JPY bn (+4%)

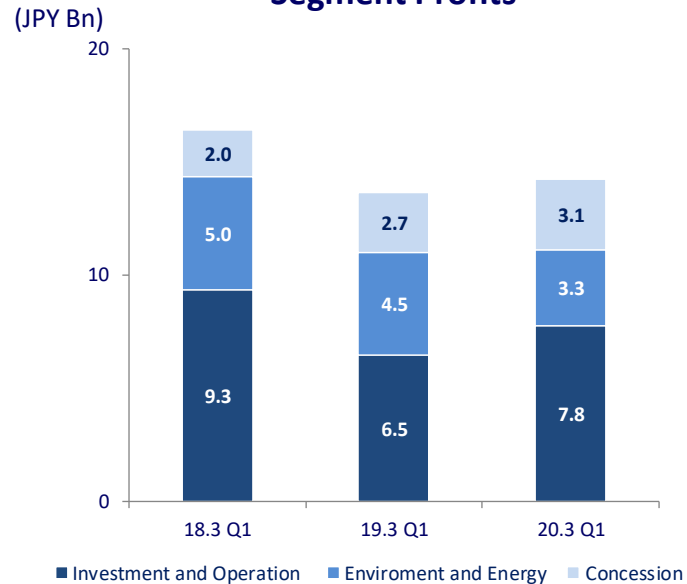
- ✓ Recorded gains on sales in private equity investment  
Profits from concession increased due to a rise in the number of tourists visiting Japan
- ✓ Profits from power retailing decreased in environment and energy business, while solar power generation business in Japan grew steadily

**Segment Assets: 750.3 JPY bn**

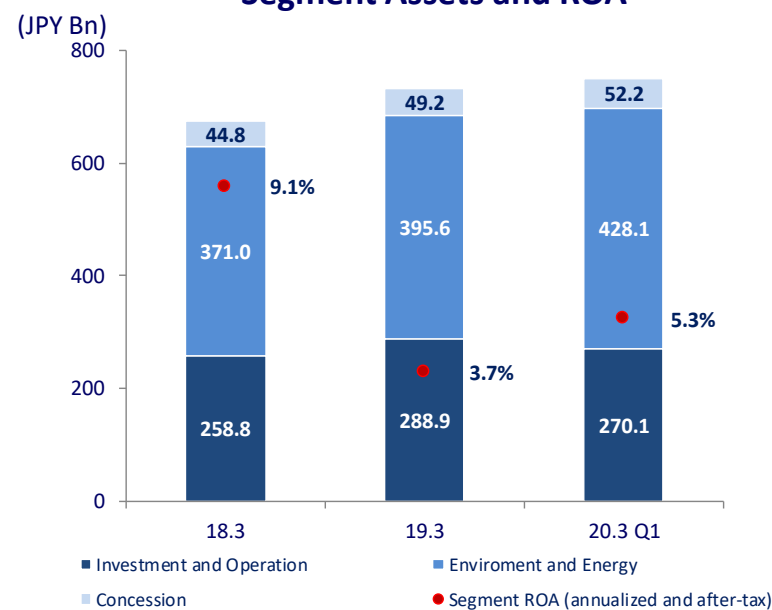
YTD +16.7 JPY bn (+2%)

- ✓ Business assets related to environment and energy business increased due to new lease accounting standards

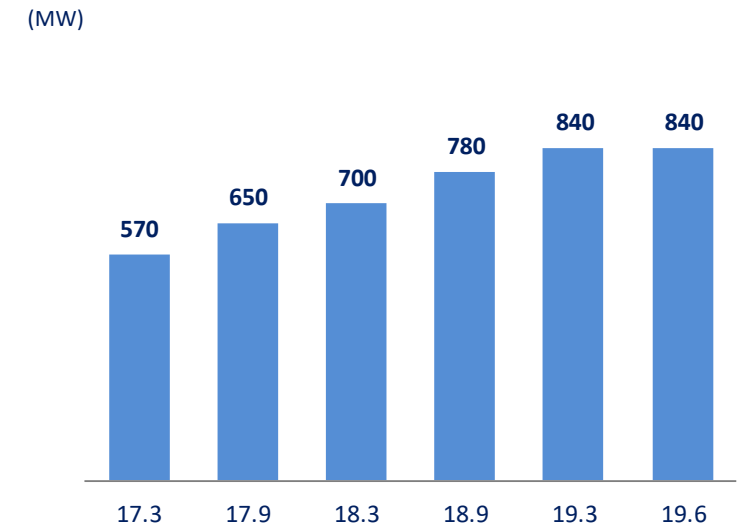
**Segment Profits**



**Segment Assets and ROA**



**Solar power generation business in Japan**



**Business status**

- ✓ Solar power generation business in Japan is doing well (1GW secured as of June, 30 2019); working to enhance safe operations and quality maintenance
- ✓ Private equity investment generated investment return of more than 100 JPY bn in the last five years; exploring opportunities with view to engage in long-term strategic investment



# Segment Performance (5) Retail

**Segment Profits: 21.6 JPY bn**

YoY ▲0.2 JPY bn (▲1%)

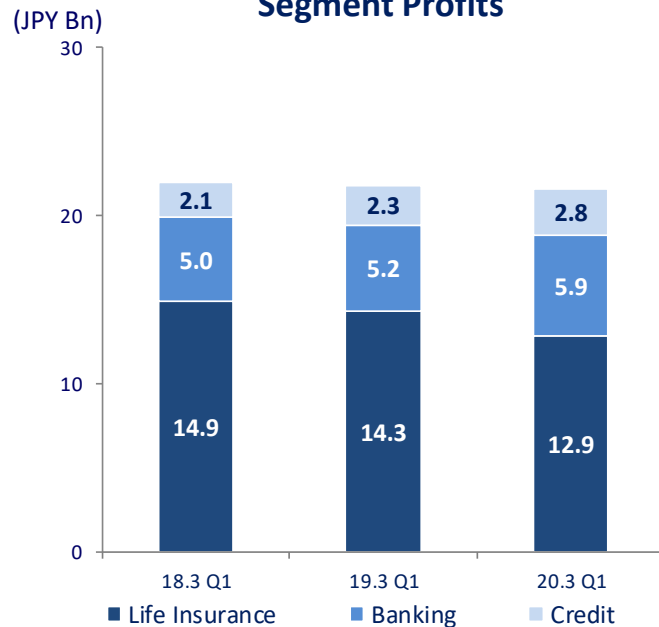
- ✓ Life insurance premium income increased, but profits decreased due to decrease in investment gains and increase in SG&A
- ✓ Finance revenues in banking and credit business increased

**Segment Assets: 3,735.1 JPY bn**

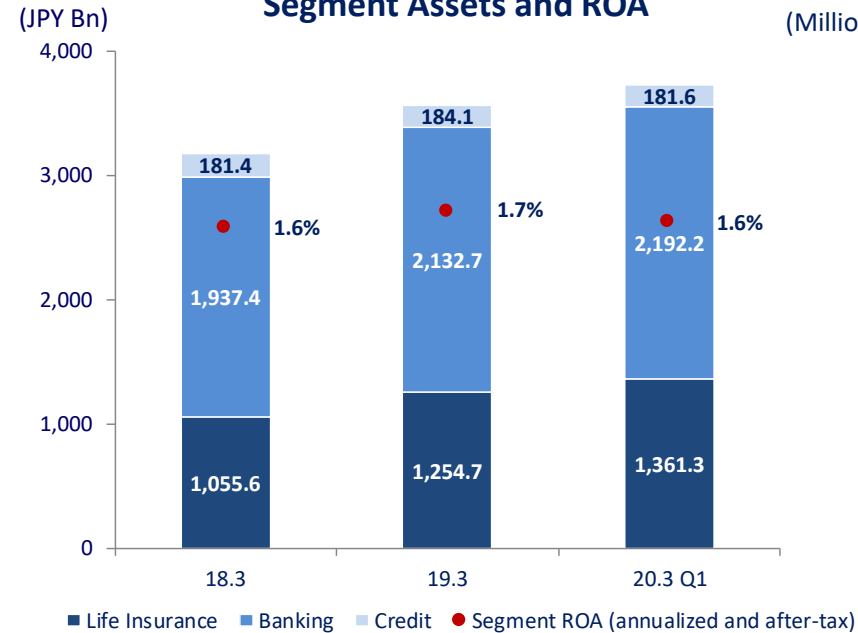
YTD +163.6 JPY bn (+5%)

- ✓ Investment in securities in life insurance and installment loans in banking business increased

**Segment Profits**

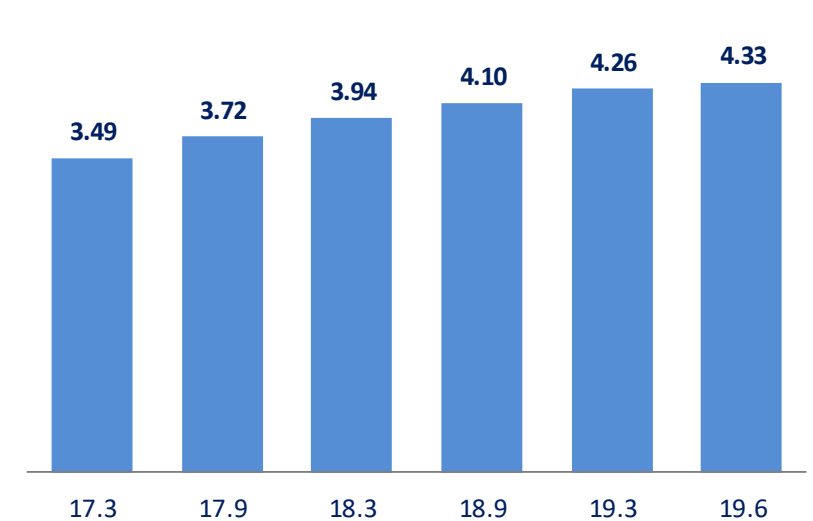


**Segment Assets and ROA**



(Millions of policies)

**Number of Insurance Policies in Force**



**Business status**

- ✓ ORIX Life Insurance expanded product line-up by launching the first foreign currency-denominated product “Candle” in April 2019
- ✓ ORIX Bank maintained a high loan-deposit ratio; net interest margin remained at 2% level

# Segment Performance (6) Overseas Business



**Segment Profits: 48.1 JPY bn**

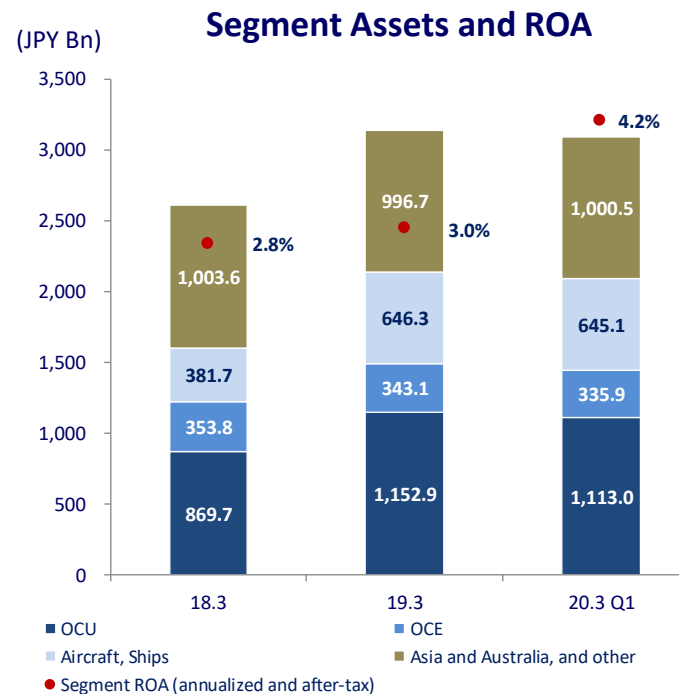
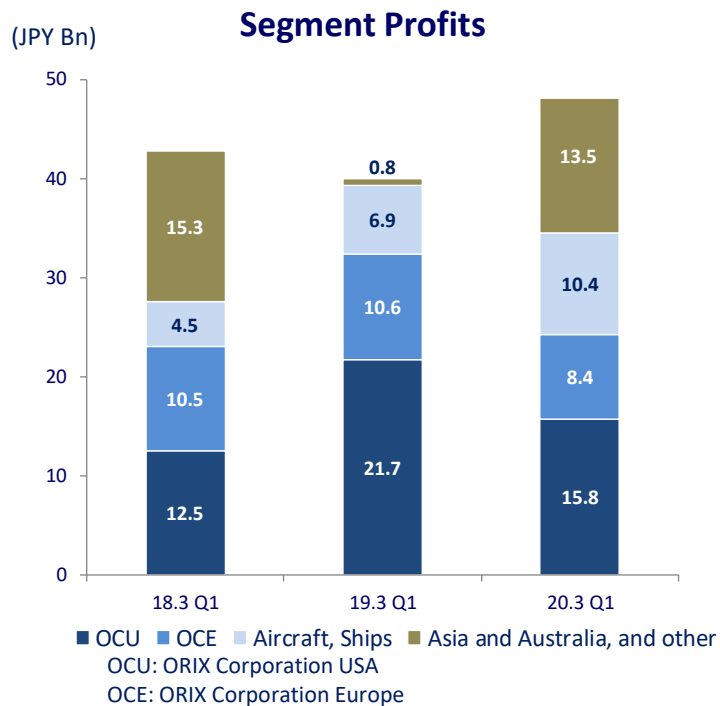
YoY +8.1 JPY bn (+20%)

- ✓ Foreign exchange impact ▲0.2 JPY bn
- ✓ Profit from new investments in FY19.3 and gains on sales in Asia contributed

**Segment Assets: 3,094.5 JPY bn**

YTD ▲44.5 JPY bn (▲1%)

- ✓ Other than foreign exchange impact of ▲87.7 JPY bn, segment assets increased by 43.2 JPY bn



## Contribution from new investments

	FY19.3 Large-scale investment	FY20.3 Q1 Segment profits
NXT Capital (Loan origination, asset management)		2.3 JPY Bn
Avolon (Aircraft lease)		3.2 JPY Bn

## Business status

- ✓ Continue to seek diversification of asset management business
- ✓ Seek synergy with Avolon including expansion of sales of aircraft to ORIX corporate investors in Japan

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Answers, Custom Fit.

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