



ORIX

Answers,  
Custom Fit.

# ORIX Corporation

Second Quarter Consolidated Financial Highlights  
For the Six-Month Period Ended September 30, 2019

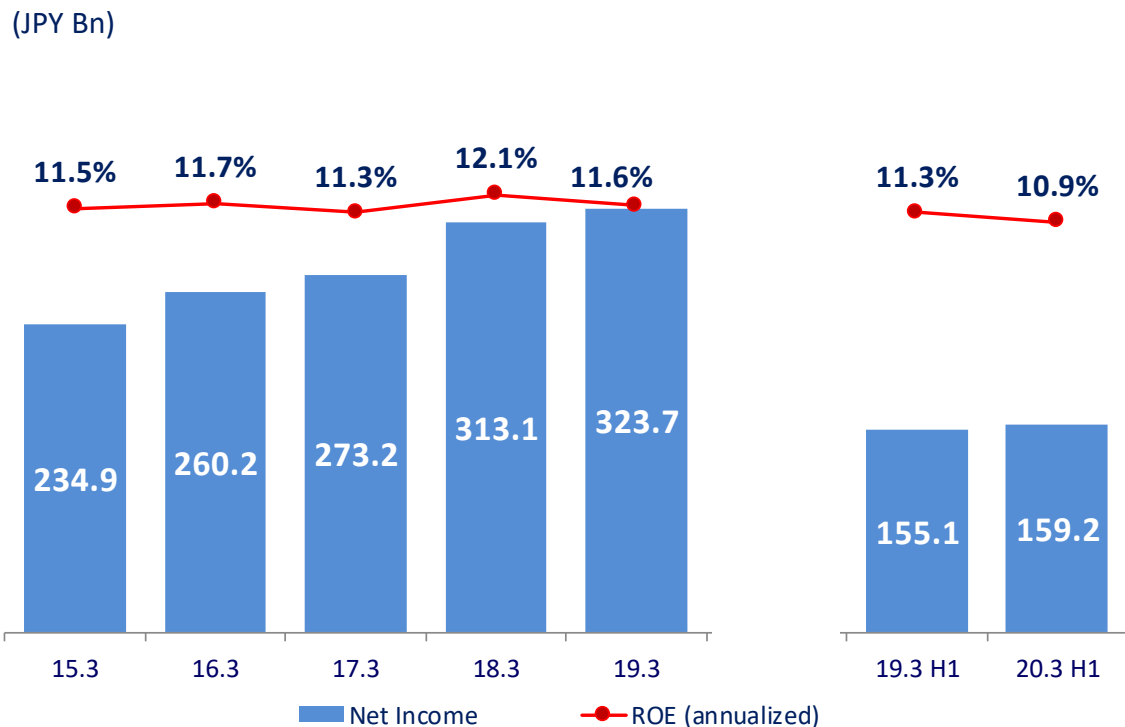
October 28, 2019

(TSE: 8591; NYSE: IX)

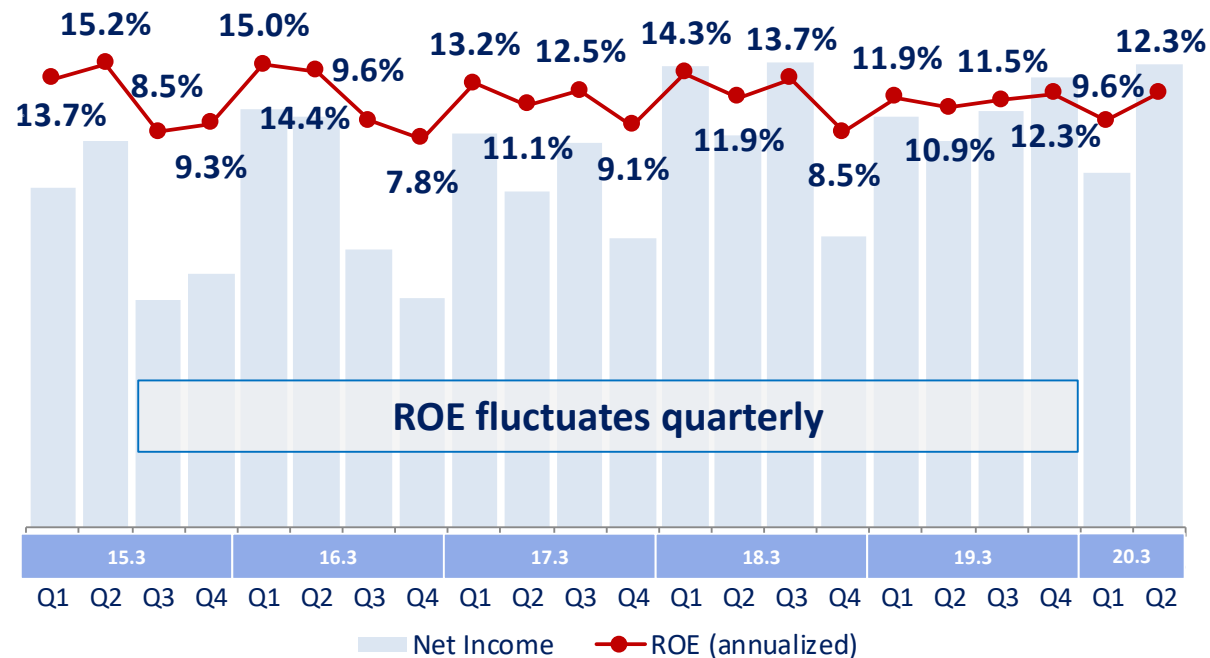
# Overview (1) Net Income / ROE

✓ 159.2 JPY bn in net income, up by 2.6% YoY. Annualized ROE at 10.9%

Net Income\* and ROE



Reference: Past Quarter ROE



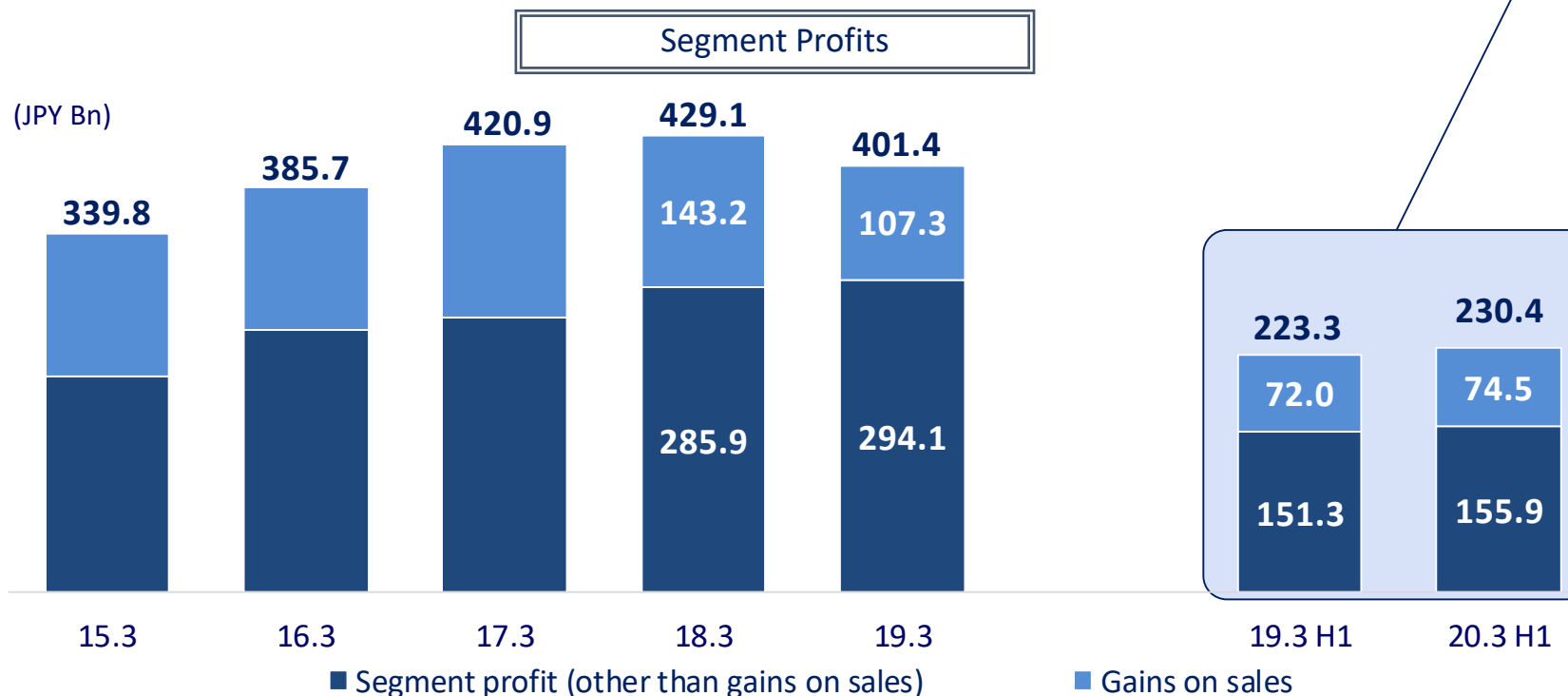
ROE fluctuates quarterly

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

# Overview (2) Breakdown of Segment Profits

FY20.3 H1 Segment Profits <b>230.4 JPY bn</b> up by 3% YoY (+7.1 JPY bn)	Of which <b>Other than gains on sales</b>	155.9 JPY bn up by 3% YoY (+4.6 JPY bn) Exceeded the level of last year with the contribution of new M&A (NXT, Avolon), although there are a few segments where the profits decreased YoY
	Of which <b>Gains on Sales</b>	74.5 JPY bn up by 4% YoY (+2.5 JPY bn) Sold ORIX Living and completed selling all the shares of Houlihan Lokey

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

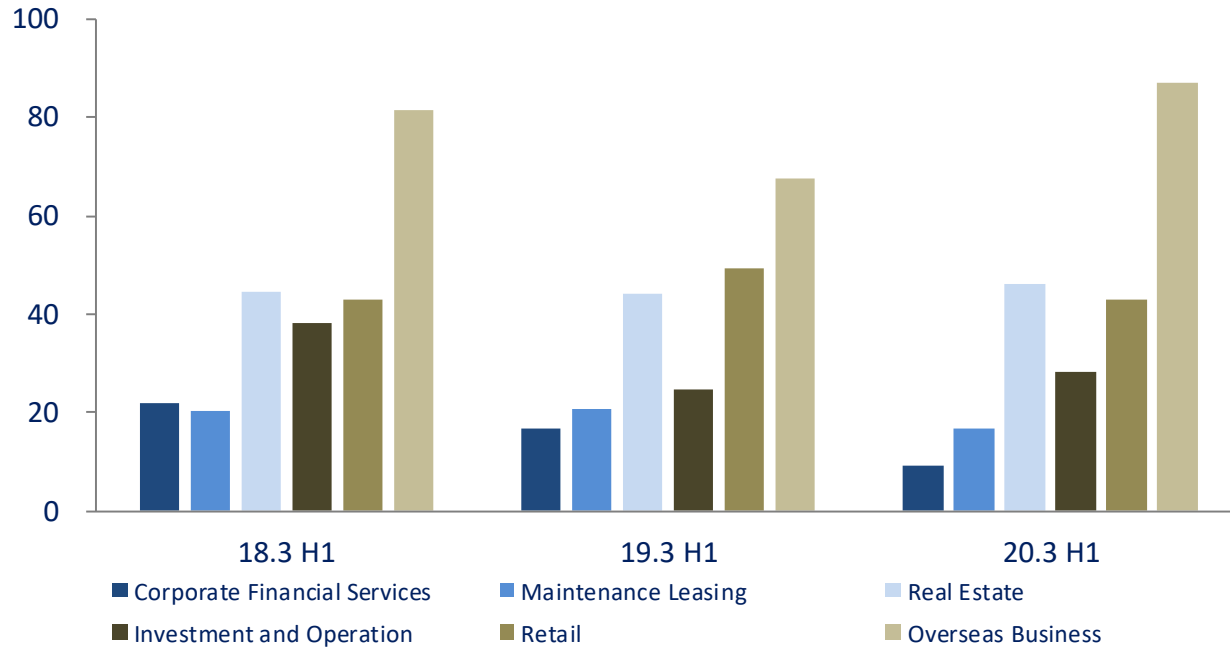


# Overview (3) Segment Profits / Segment Assets

- ✓ Segment Profits: 230.4 JPY bn  
Real Estate, Investment and Operation and Overseas Business increased YoY while Corporate Financial Services, Maintenance Leasing and Retail decreased YoY
- ✓ Segment Assets: 10.4 JPY tn up by 4% YTD (+435.0 JPY bn)  
\*Includes about 200 JPY bn as a result of application of new lease accounting standards

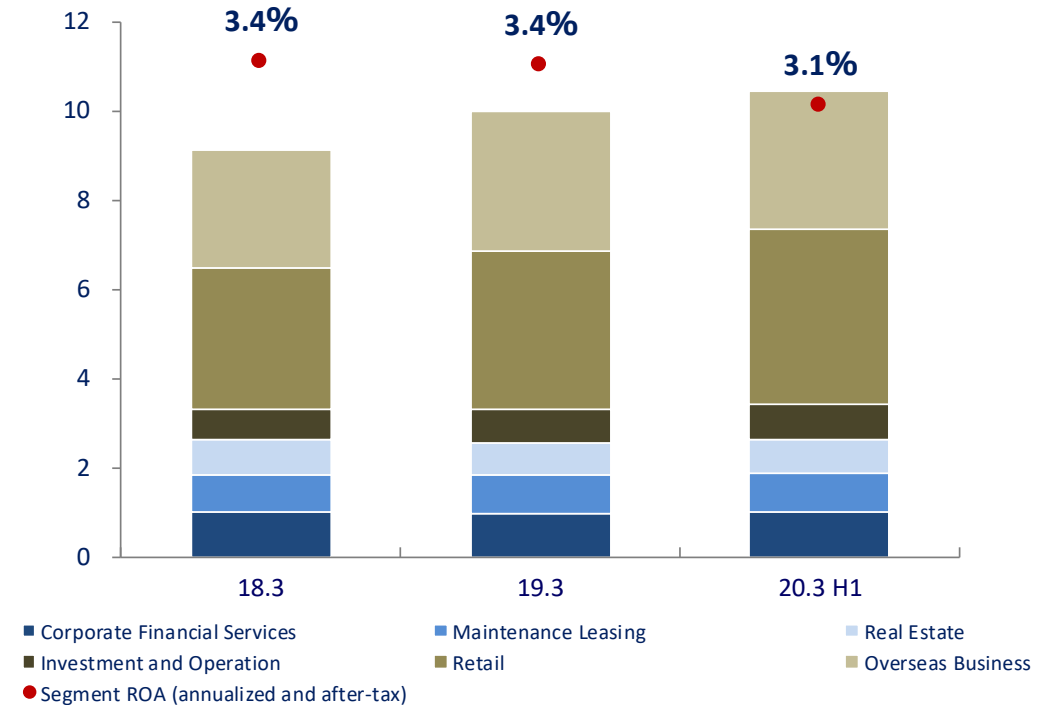
Segment Profits

(JPY Bn)



Segment Assets and ROA

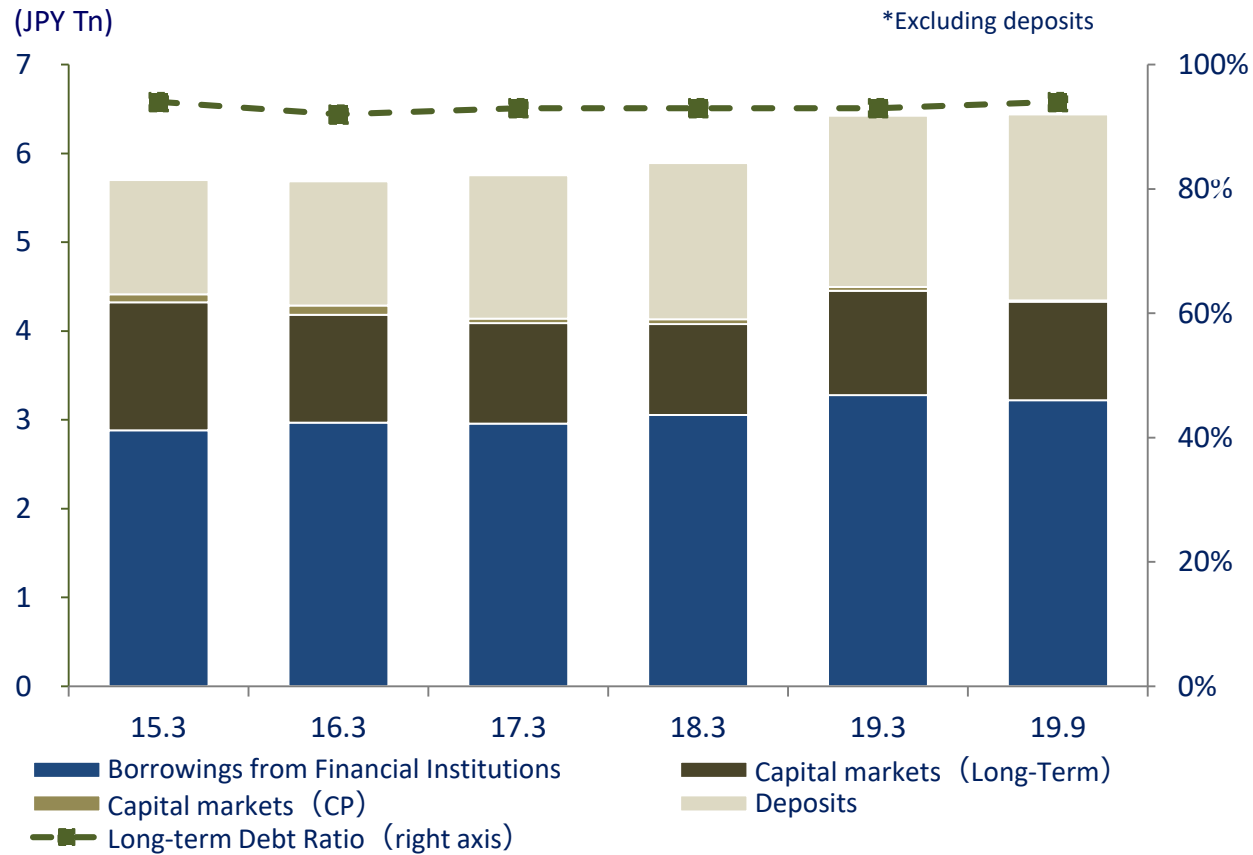
(JPY Tn)



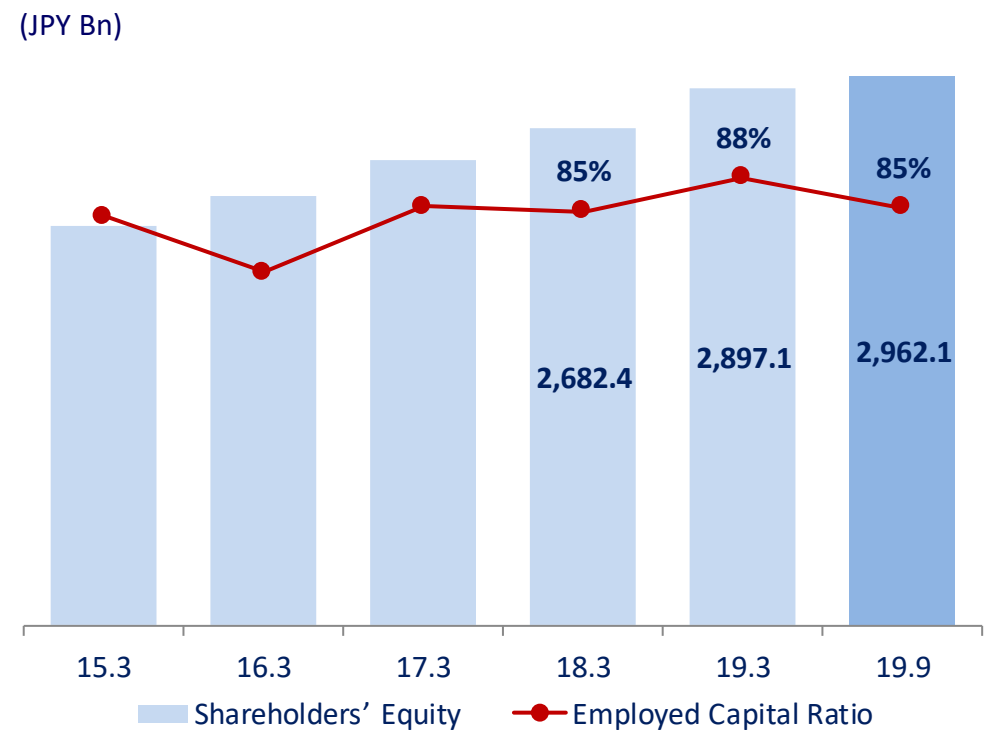
# Overview (4) Funding structure / Employed Capital Ratio

- ✓ Funding structure : Diversified funding methods and maintained a high ratio of long-term debt
- ✓ Employed Capital Ratio : Continue to pursue growth while controlling risk and return

Breakdown of Funding and Trend in Long-term Debt Ratio\*



Shareholder's Equity / Employed Capital Ratio



# Segment Performance

# 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: 9.2 JPY bn**

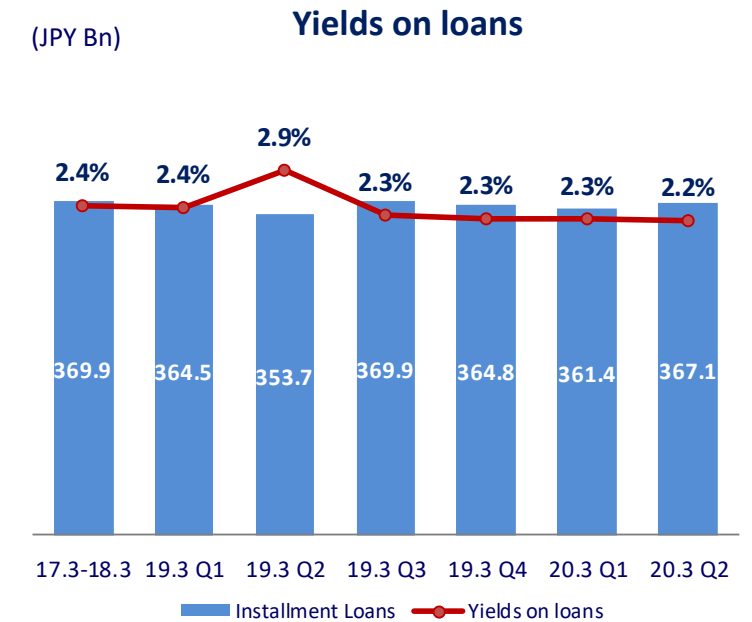
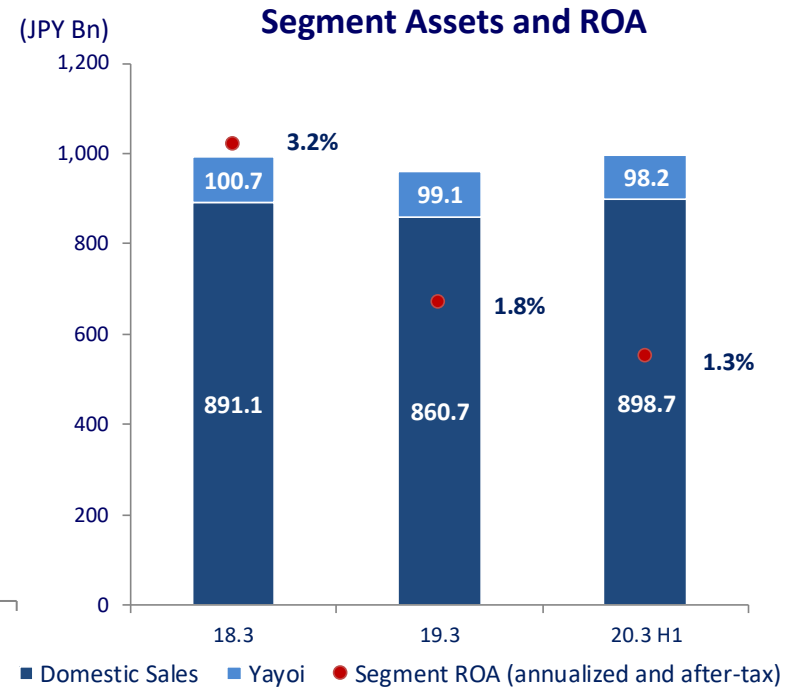
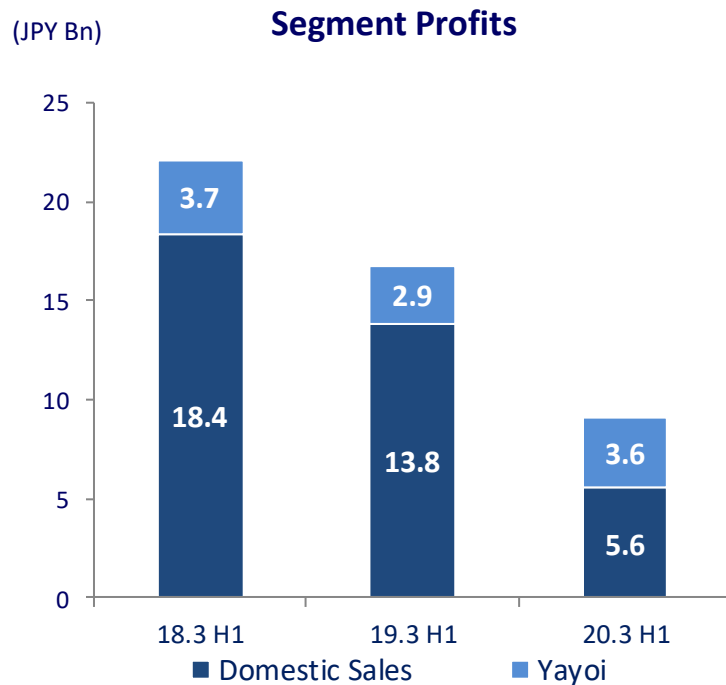
YoY ▲ 7.6 JPY bn (▲45%)

- ✓ 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  
<Impact from the accounting standard change: IDC (Initial Direct Costs) ▲0.9 JPY bn>

**Segment Assets: 997.0 JPY bn**

YTD +37.2 JPY bn (+4%)

- ✓ Operating leases increased due to new lease accounting standards (+56.8 JPY bn)



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

## Business status

- ✓ Promote business investment to SMEs with succession problems through utilizing financial know-how and sales network
- ✓ Diversification of services income continues while carefully dealing with asset accumulation at low spreads

# Segment Performance (2) Maintenance Leasing

**Segment Profits: 16.6 JPY bn**

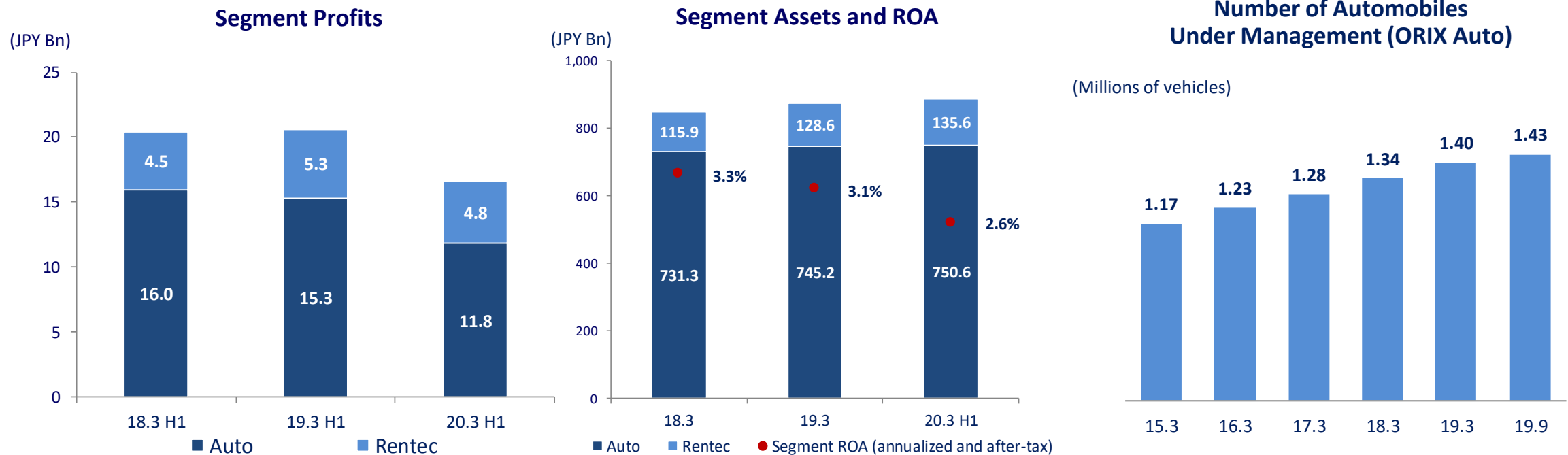
YoY ▲4.0 JPY bn (▲19%)

- ✓ Revenues from both Auto and Rentec increased. SG&A increase from service improvement partly caused profit decrease
- <Impact from the accounting standard change: IDC (Initial Direct Costs) ▲1.3 JPY bn >

**Segment Assets: 886.3 JPY bn**

YTD +12.5 JPY bn (+1%)

- ✓ Remained at the same level as FY19.3



## Business status

- ✓ Expand car sharing business nationwide in cooperation with car rental business. Promote MaaS (Mobility as a Service) by partnering with railway companies, etc.
- ✓ Seeking to expand the business of Yodogawa Transformer (rental business of power receiving and transforming facilities and equipment, and generators) as well as rental products line up such as collaboration robots and drones



# Segment Performance (3) Real Estate



**Segment Profits: 46.2 JPY bn**

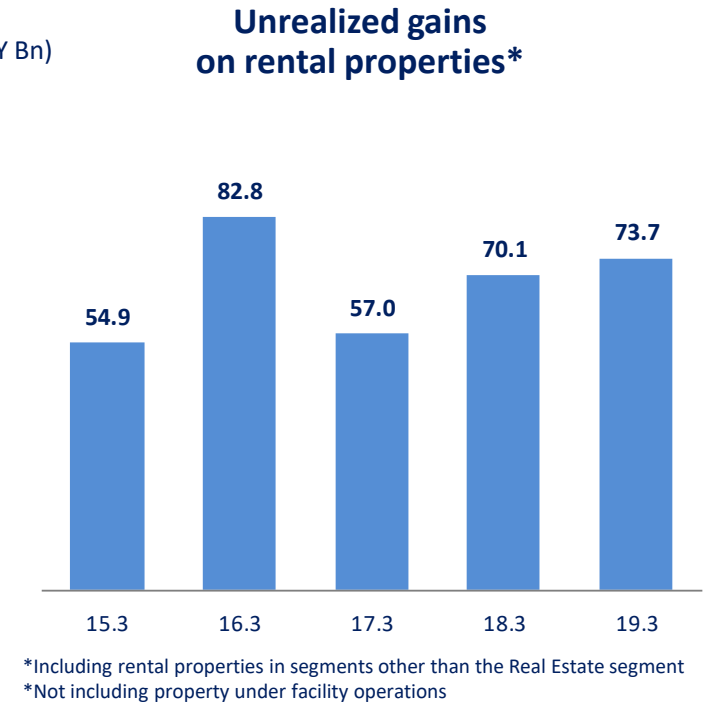
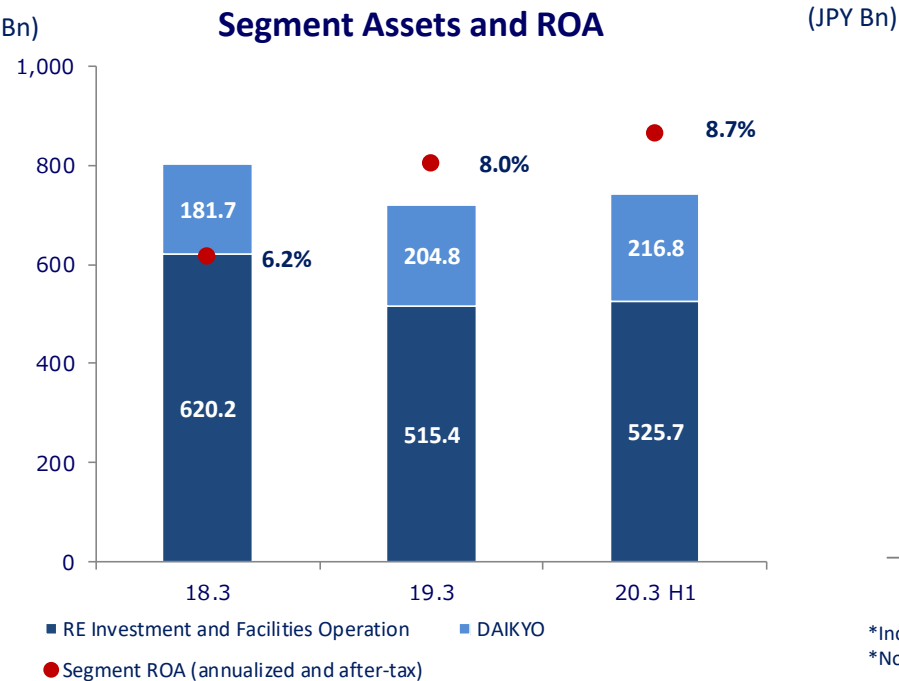
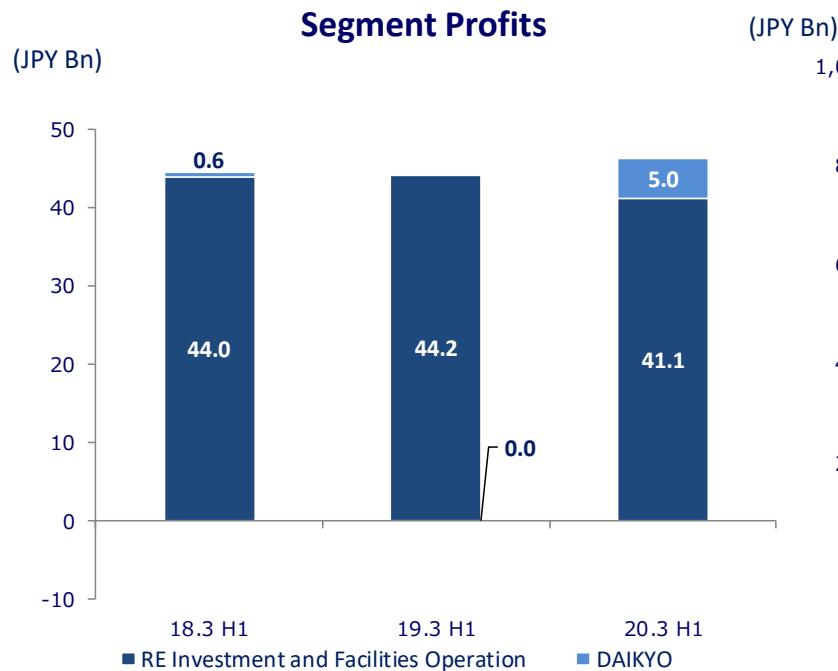
YoY +2.0 JPY bn (+5%)

- ✓ Gains on sales from ORIX Living, etc.
- ✓ Profits from real estate asset management remained stable

**Segment Assets: 742.4 JPY bn**

YTD +22.2 JPY bn (+3%)

- ✓ Assets decreased due to some selling while new investments continue
- ✓ Operating lease assets increased due to new lease accounting standards (+89.3 JPY bn)



## Business status

- ✓ Promoted large-scale projects, such as renovations of Beppu Suginoi-Hotel (to be completed in 2025), the Osaka Second Zone Umekita project (to be opened in 2024)
- ✓ Integrated management initiative with DAIKYO, which became a wholly owned subsidiary in 2019, 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: 28.4 JPY bn**

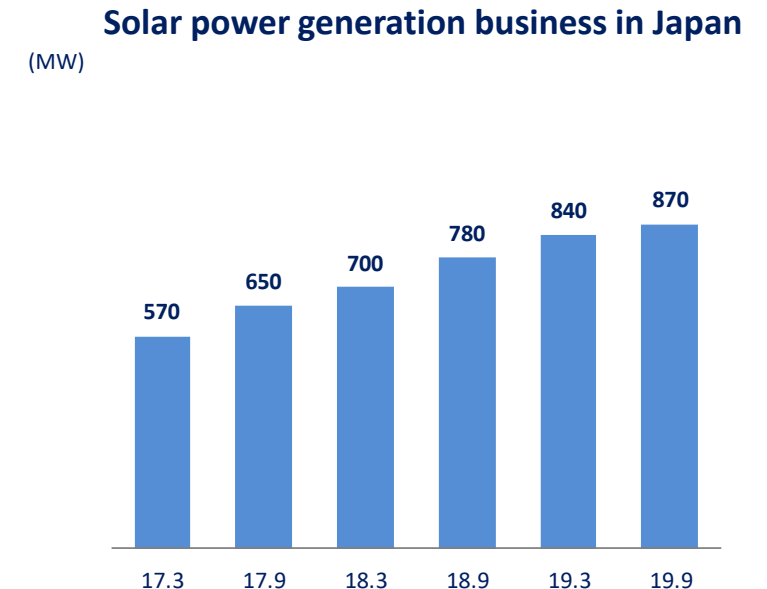
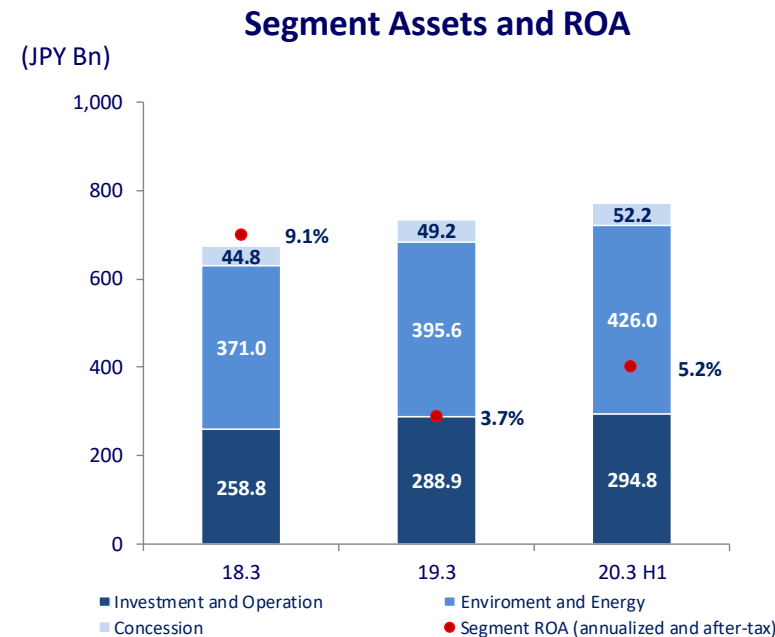
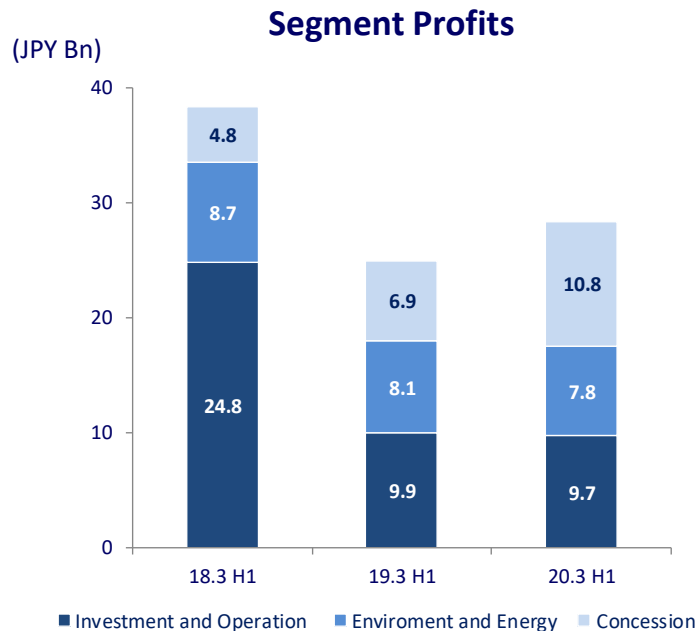
YoY +3.5 JPY bn (+14%)

- ✓ Gains on sales in private equity investment in Q1.
- ✓ Profits from concession increased due to a rise in the number of tourists visiting Japan

**Segment Assets: 773.0 JPY bn**

YTD +39.4 JPY bn (+5%)

- ✓ Invested in Wako Pallet, a major seller and leaser of logistics equipment
- ✓ Business assets related to environment and energy business increased due to new lease accounting standards (+39.8 JPY bn)



## Business status

- ✓ Solar power generation business in Japan is doing well (1GW secured as of September, 30 2019); started construction of geothermal power plant in Minami-Kayabe and promote wind power as well
- ✓ 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: 43.2 JPY bn**

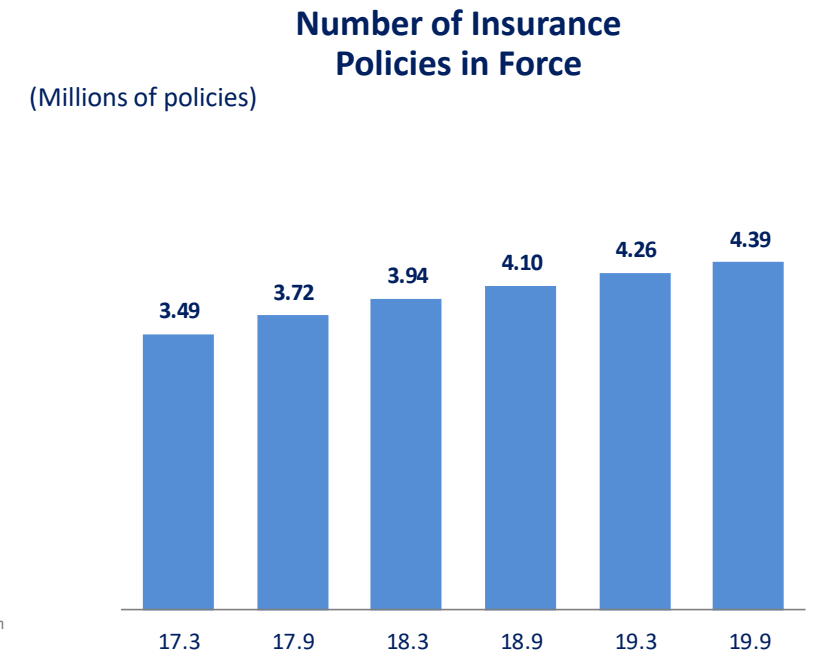
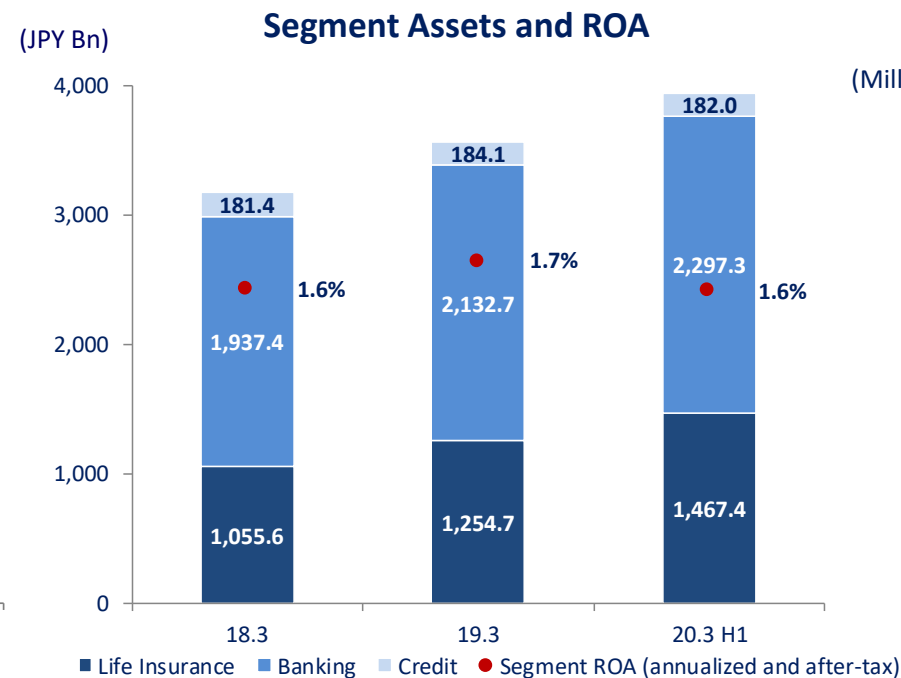
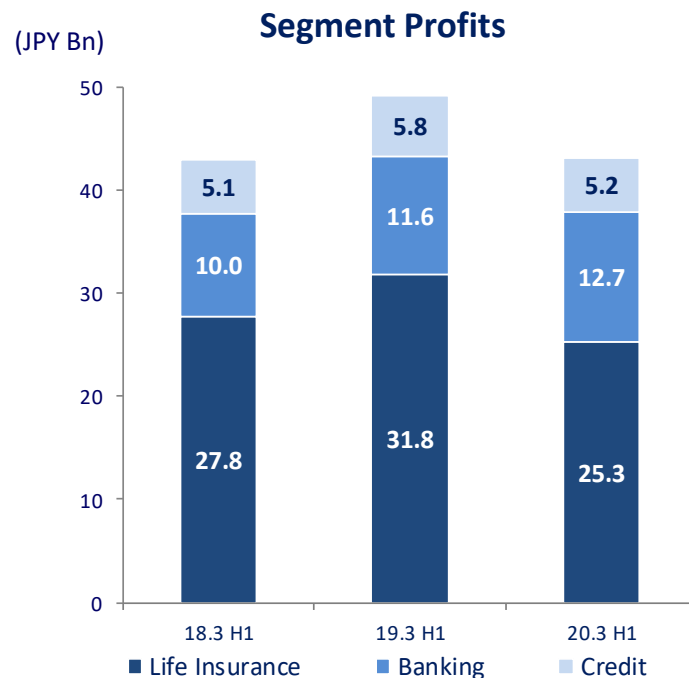
YoY ▲6.0 JPY bn (▲12%)

- ✓ Life insurance premium income increased with the number of policies increased. Profits decreased due to the large gains on sales in the last fiscal year and increase in SG&A

**Segment Assets: 3,946.7 JPY bn**

YTD +375.3 JPY bn (+11%)

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



## Business status

- ✓ ORIX Life Insurance expanded its product lineup such as foreign currency-denominated product and simplified issue insurance products
- ✓ ORIX Bank maintained a high loan-deposit ratio; net interest margin remained at 2% level

# Segment Performance (6) Overseas Business



**Segment Profits: 86.9 JPY bn**

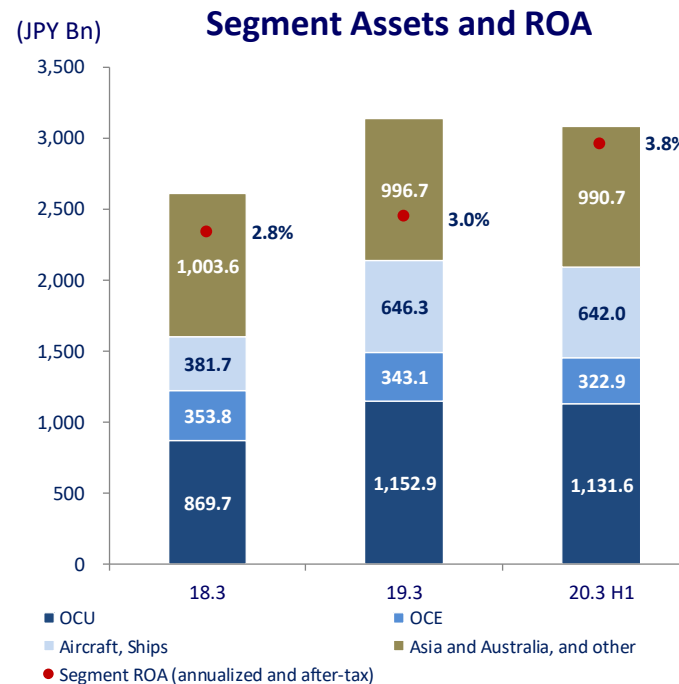
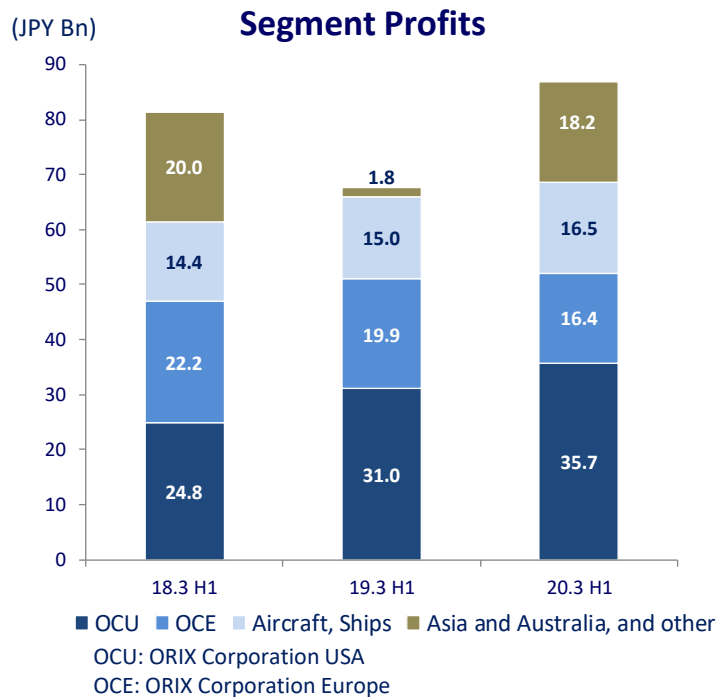
YoY +19.1 JPY bn (+28%)

- ✓ Profit from new investments in FY19.3 and gains on sales in Asia in Q1 contributed
- ✓ Foreign exchange impact ▲2.0 JPY bn

**Segment Assets: 3,087.3 JPY bn**

YTD ▲51.6 JPY bn (▲2%)

- ✓ Excluding foreign exchange impact of ▲116.8 JPY bn, segment assets increased by 65.1 JPY bn



## Contribution from new investments

FY19.3 Large-scale investment	FY20.3 H1 Segment profits
NXT Capital (Loan origination, asset management)	5.4 JPY Bn
Avolon (Aircraft leasing)	5.7 JPY Bn

## Business status

- ✓ Continue to seek diversification of loan and asset management business in U.S. and Europe
- ✓ Seek synergy with Avolon to further increase the scale of aircraft leasing business and increase the presence

- These materials have been prepared by ORIX Corporation (“ORIX” or the “Company”) solely for your information and are subject to change without notice. The information contained in these materials has not been independently verified and its accuracy is not guaranteed. No representations, warranties or undertakings, expressed or implied, are made as to, and no reliance should be placed on, the accuracy, fairness, or completeness, or correctness of the information or the opinions presented or contained in these materials.
- These materials contain forward-looking statements that reflect the Company’s intent, belief and current expectations about future events and financial results. These statements can be recognized by the use of words such as “expects,” “plans,” “will,” “estimates,” “projects,” “intends,” or words of similar meaning. These forward-looking statements are not guarantees of future performance. They are based on a number of assumptions about the Company’s operations and are subject to risks, uncertainties and other factors beyond the Company’s control. Accordingly, actual results may differ materially from these forward-looking statements. Factors that could cause such differences include, but are not limited to, those described under “Risk Factors” in the Company’s most recent annual report on Form 20-F filed with the U.S. Securities and Exchange Commission and under “Business Risk” of the securities report (*yukashouken houkokusho*) filed with the Director of the Kanto Local Finance Bureau and of the consolidated financial results filed with the Tokyo Stock Exchange.
- Some of the financial information in these materials is unaudited.
- The Company believes that it will be considered a “passive foreign investment company” for United States Federal income tax purpose in the year to which these consolidated financial results relate and for the foreseeable future by reason of the composition of its assets and the nature of its income. A U.S. holder of the shares or ADSs of the Company is therefore subject to special rules generally intended to eliminate any benefits from the deferral of U.S. Federal income tax that a holder could derive from investing in a foreign corporation that does not distribute all of its earnings on a current basis. Investors should consult their tax advisors with respect to such rules, which are summarized in the Company’s annual report.
- Nothing in this document shall be considered as an offer to sell or solicitation of an offer to buy any security, commodity or other instrument, including securities issued by the Company or any affiliate thereof.

A large circular graphic on the left side of the page, composed of a thick ring with a color gradient from red at the top to purple at the bottom. The text "Answers, Custom Fit." is centered within the white space of the ring.

Answers, Custom Fit.

For the current IR materials and archives of past financial data, please access our website.

IR Section

<https://www.orix.co.jp/grp/en/ir/>

IR Library

<https://www.orix.co.jp/grp/en/ir/library/>

## ORIX Corporation

Corporate Planning Department  
World Trade Center Building, 2-4-1,  
Hamamatsu-cho, Minato-ku,  
Tokyo 105-6135, Japan

Tel: +81-3-3435-3121

Fax: +81-3-3435-3154

[orix\\_corpcomm@orix.jp](mailto:orix_corpcomm@orix.jp)