



ORIX

Answers,  
Custom Fit.

# ORIX Corporation

Third Quarter Consolidated Financial Highlights

For the Nine-Month Period Ended December 31, 2019

February 3, 2020

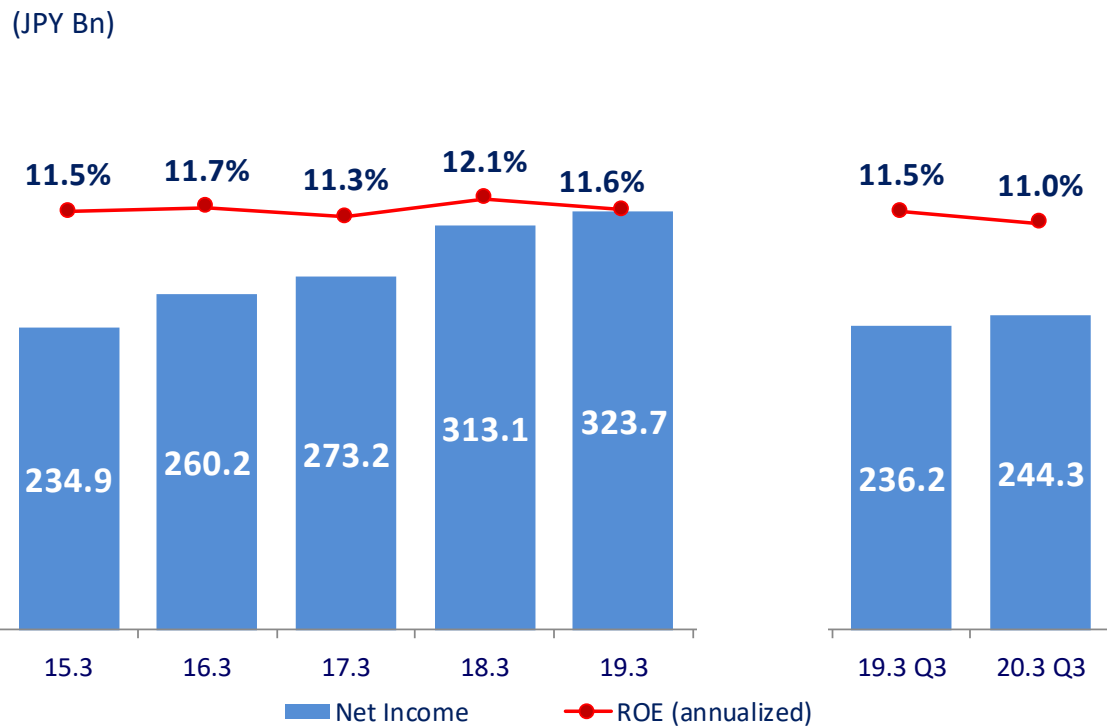
(TSE: 8591; NYSE: IX)

# Overview (1) Net Income / ROE



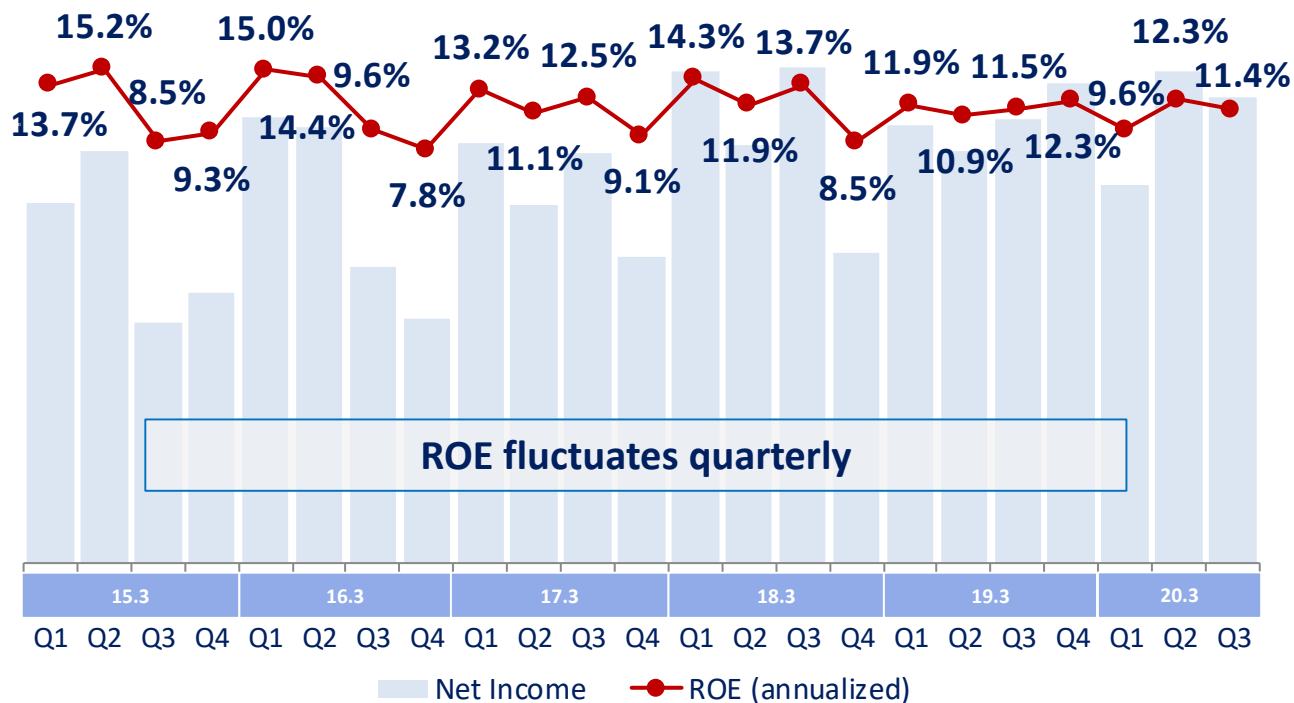
✓ 244.3 JPY bn in net income, up by 3.4% YoY. Annualized ROE at 11.0%

Net Income\* and ROE



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

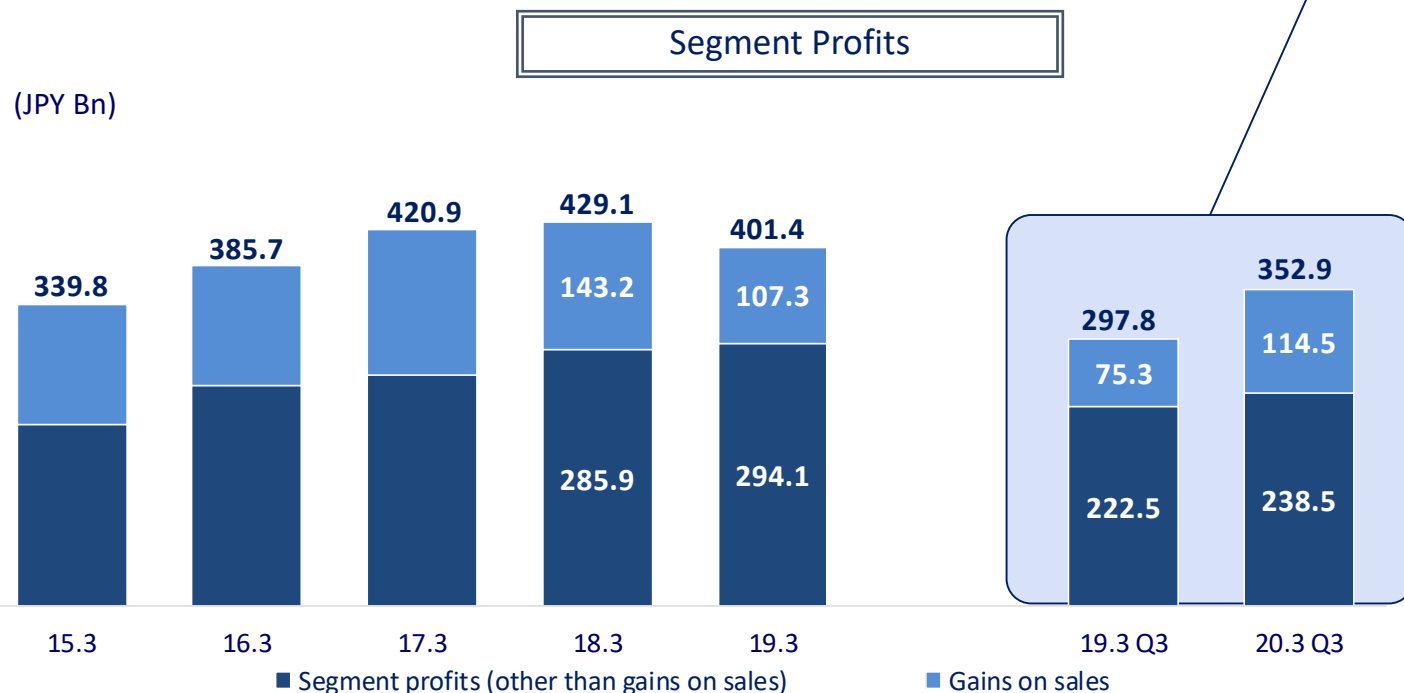
Reference: Past Quarterly ROE



# Overview (2) Breakdown of Segment Profits

FY20.3 Q3 Segment Profits <b>352.9 JPY bn</b> up by 19% YoY (+55.1 JPY bn)	Of which <b>Other than gains on sales</b>	238.5 JPY bn up by 7% YoY (+16.0 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>	114.5 JPY bn up by 52% YoY (+39.2 JPY bn) Sold ORIX Living, completed selling all the shares of Houlihan Lokey and sold several PE investments to promote portfolio replacement

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

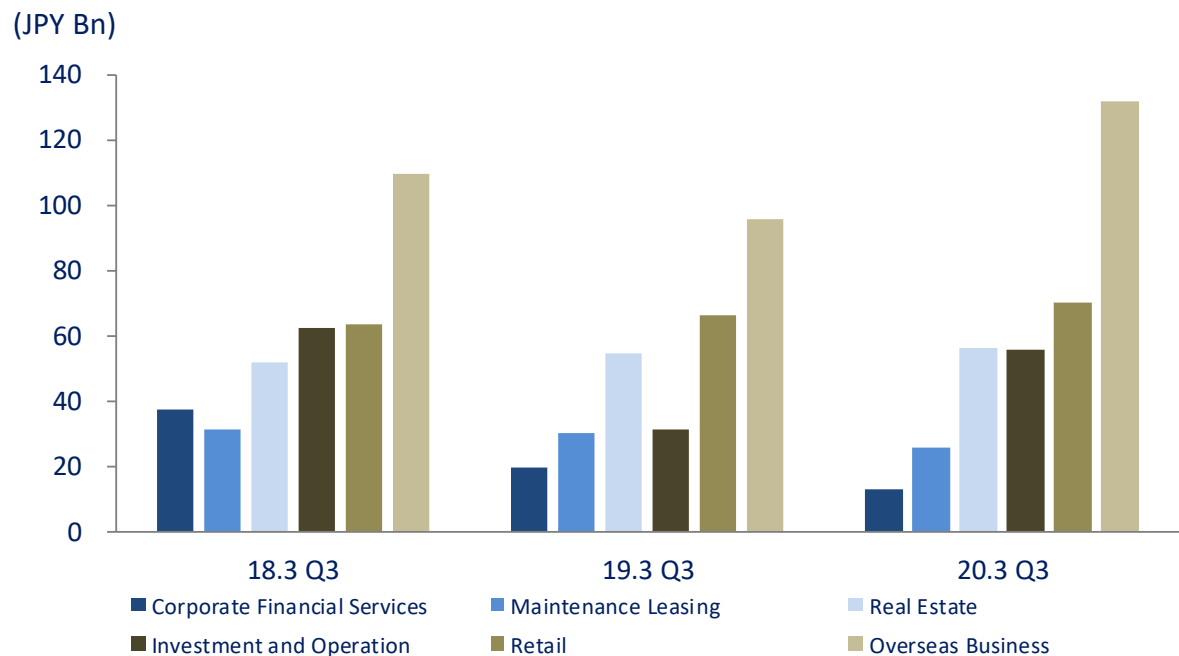


New Investments (After FY20.3 Q3)		
Oct. 2019	Wind power business	(Overseas) Acquired up to 100% of the shares
Dec. 2019 Jan. 2020	Infrastructure services	(U.S.) 2 PE deals
Jan. 2020	Hunt Real Estate Capital	(U.S.) Real estate loan origination and servicing company
Jan. 2020	Kobayashi Kako	(PE investment in Japan) Producer and seller of generic drugs.

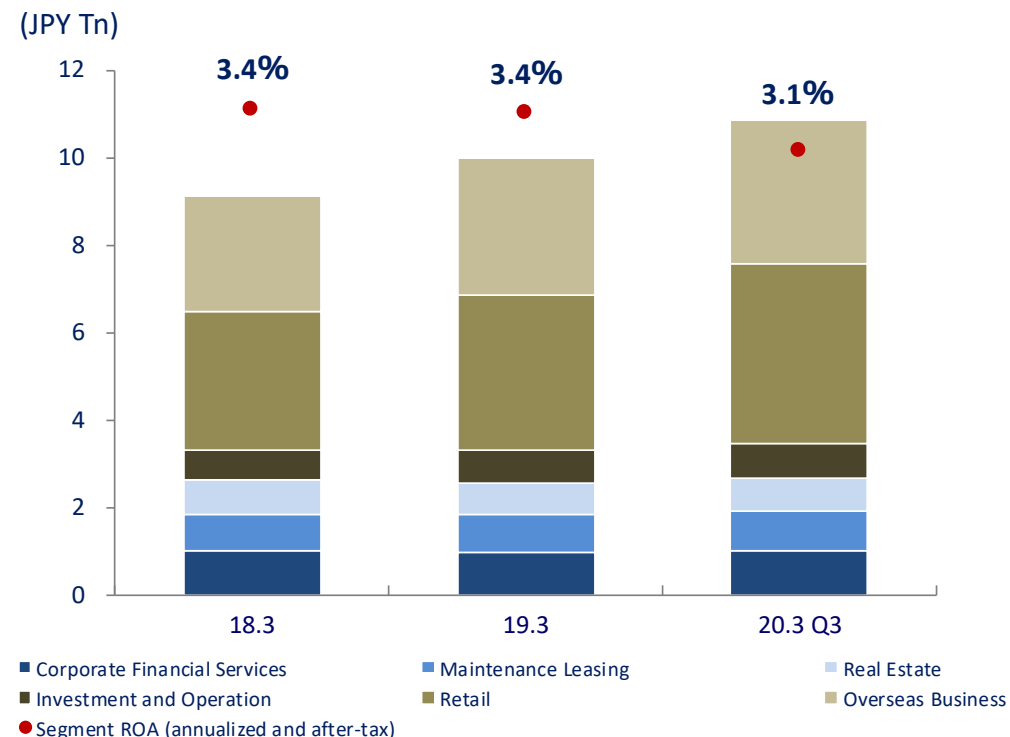
# Overview (3) Segment Profits / Segment Assets

- ✓ Segment Profits: 352.9 JPY bn  
Real Estate, Investment and Operation, Retail and Overseas Business increased YoY while Corporate Financial Services and Maintenance Leasing decreased YoY
- ✓ Segment Assets: 10.9 JPY tn up by 9% YTD (+861.5 JPY bn)  
\*Includes about 200 JPY bn as a result of adoption of new lease accounting standards

Segment Profits



Segment Assets and ROA



# 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: 13.2 JPY bn**

YoY ▲6.6 JPY bn (▲33%)

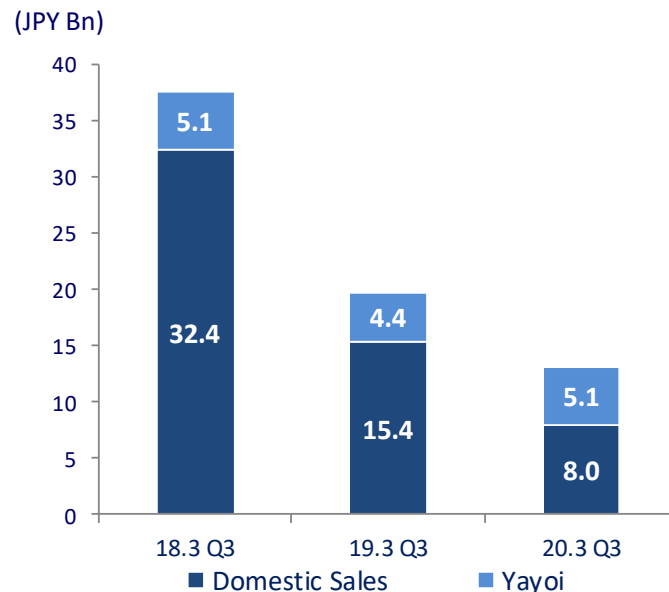
- ✓ Agency fee income from life insurance business for corporate customers decreased. Yields on loans were maintained
- ✓ Yayoi achieved increase in membership for fee-based support services and sales of packaged products  
<Impact from the accounting standard change: IDC (Initial Direct Costs) ▲1.4 JPY bn>

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

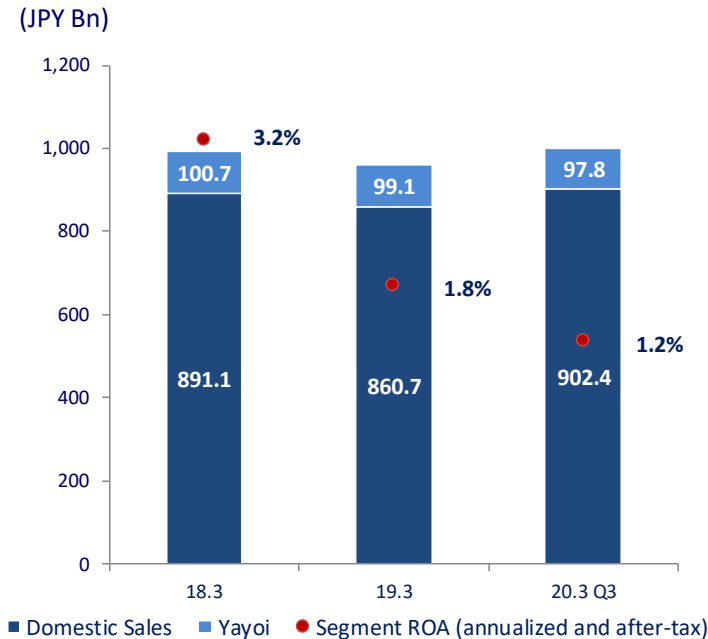
YTD +40.4 JPY bn (+4%)

- ✓ Operating leases increased due to new lease accounting standards (+54.9 JPY bn)

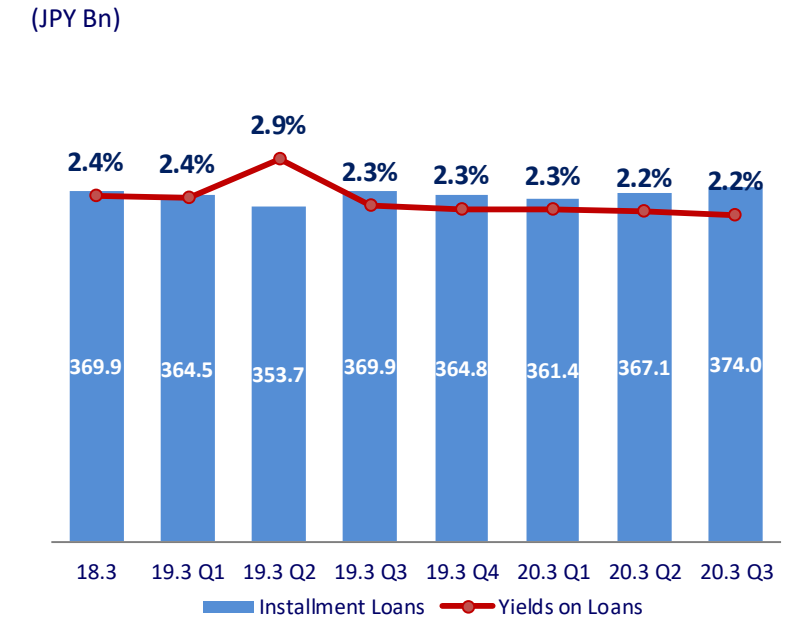
**Segment Profits**



**Segment Assets and ROA**



**Yields on Loans**



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: 25.8 JPY bn**

YoY ▲4.6 JPY bn (▲15%)

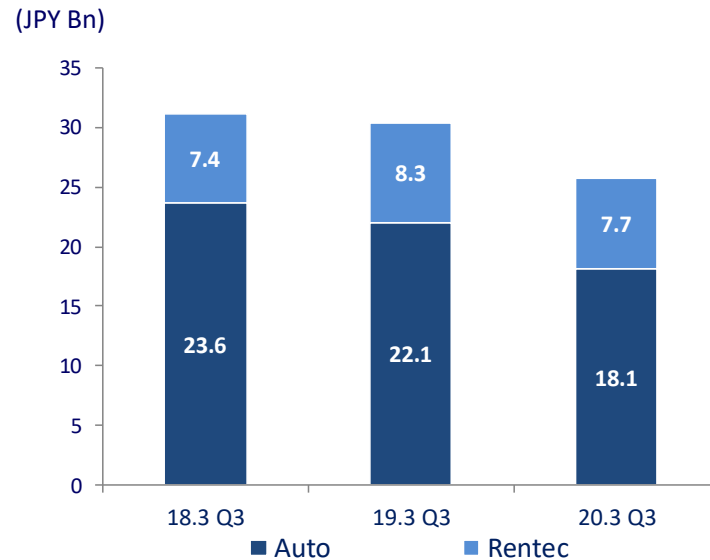
- ✓ Revenues from both Auto and Rentec increased.
- ✓ SG&A increased from service improvement partly causing profit to decline  
<Impact from the accounting standard change: IDC (Initial Direct Costs) ▲1.9 JPY bn >

**Segment Assets: 900.9 JPY bn**

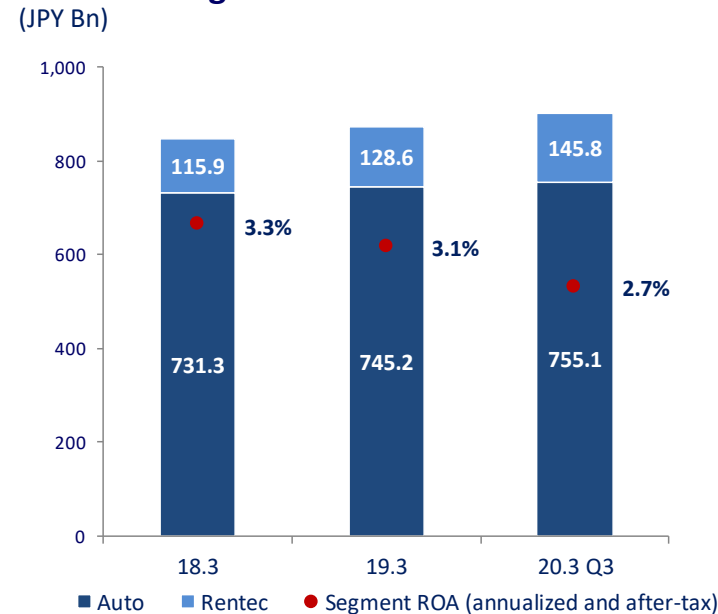
YTD +27.2 JPY bn (+3%)

- ✓ IT-related rental assets increased
- ✓ Auto assets remained at the same level as FY19.3

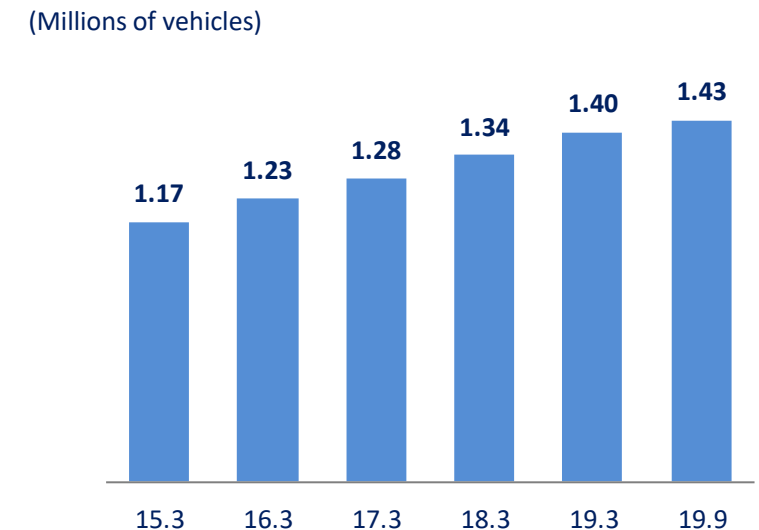
**Segment Profits**



**Segment Assets and ROA**



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



**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 rental business including Yodogawa Transformer (rental business of power receiving, transforming and generating facilities and equipment) and by expanding rental products line up such as collaboration robots and drones

# Segment Performance (3) Real Estate



**Segment Profits: 56.1 JPY bn**

YoY +1.3 JPY bn (+3%)

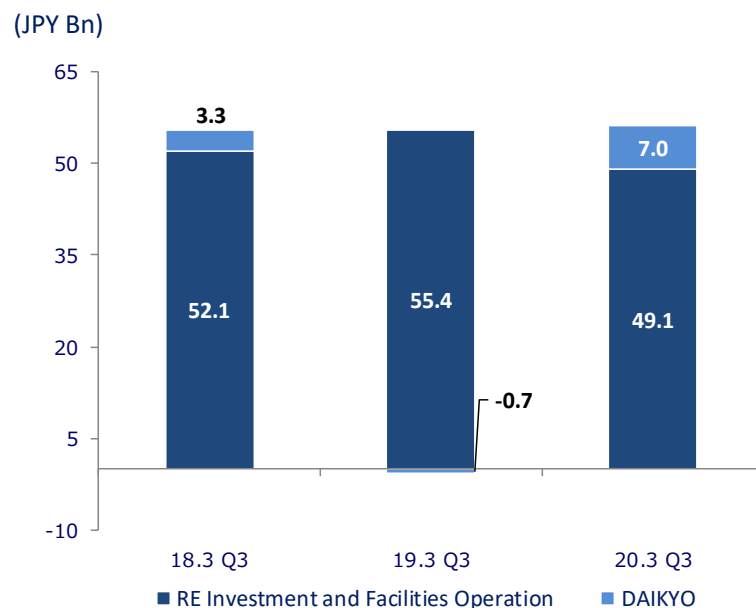
- ✓ Gains on sales from ORIX Living in Q2
- ✓ The number of condominiums delivered in Q3 increased YoY at DAIKYO

**Segment Assets: 756.1 JPY bn**

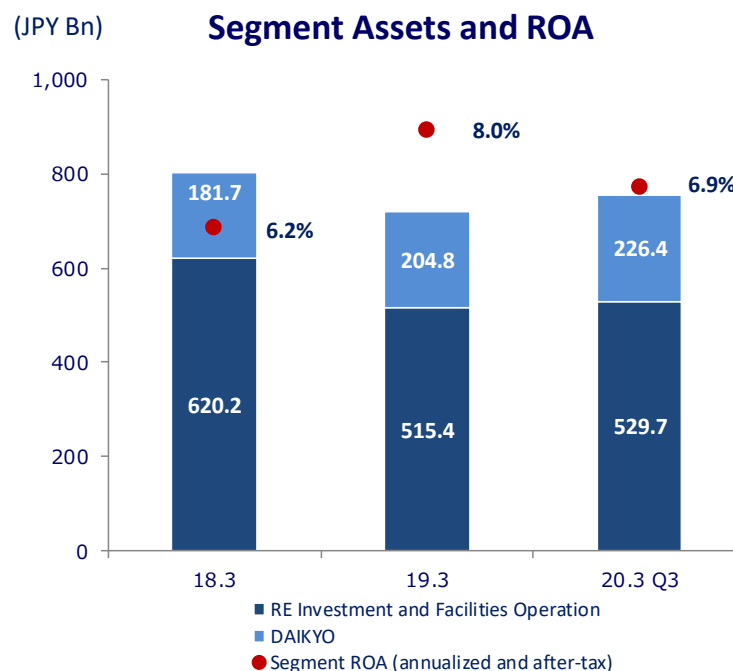
YTD +35.9 JPY bn (+5%)

- ✓ Assets decreased due to some selling while new investments continue
- ✓ Operating lease assets increased due to new lease accounting standards (+92.3 JPY bn)

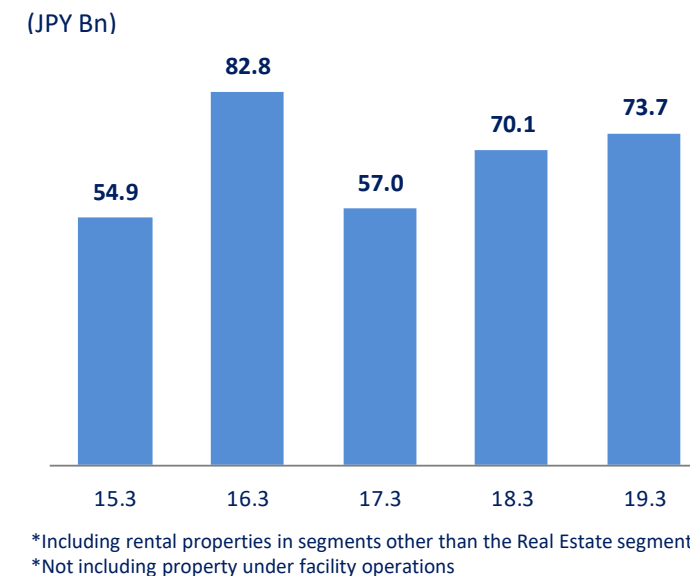
### Segment Profits



### Segment Assets and ROA



### Unrealized Gains on Rental Properties\*



### Business Status

- ✓ Promoted large-scale projects, such as renovations of Beppu SUGINOI HOTEL (to be completed in 2025), the Osaka Umekita Phase 2 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: 55.6 JPY bn**

YoY +24.5 JPY bn (+79%)

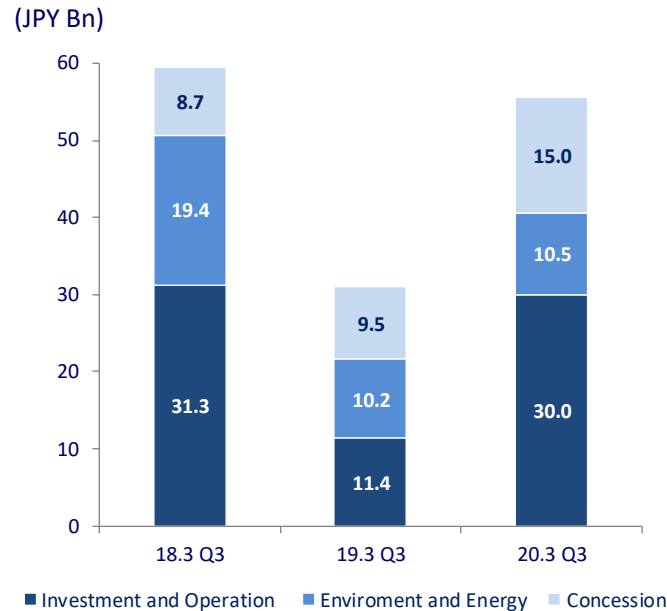
- ✓ Gains on sales in private equity investment posted in Q1 and Q3. Concession performed well
- ✓ Solar power generation business in Japan remained strong

**Segment Assets: 808.5 JPY bn**

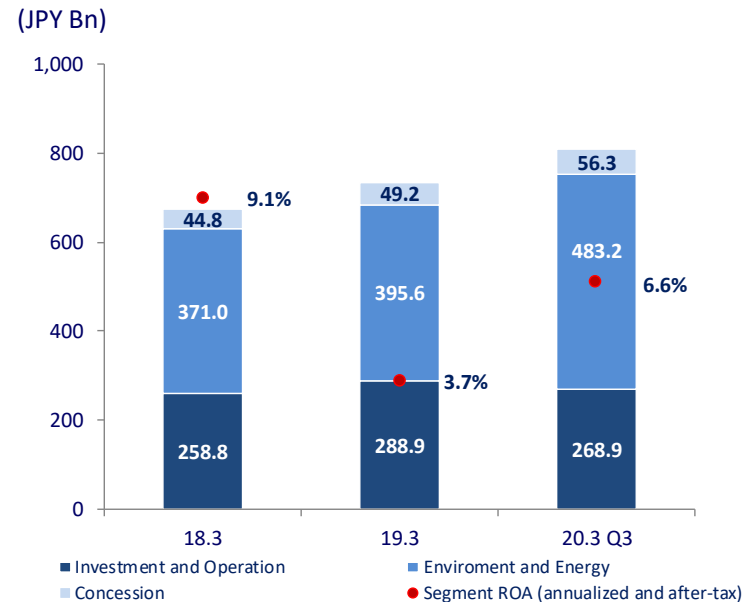
YTD +74.9 JPY bn (+10%)

- ✓ Made wind power generation investees in overseas into our wholly owned subsidiaries
- ✓ Operating assets related to environment and energy business increased due to new lease accounting standards (+40.0 JPY bn)

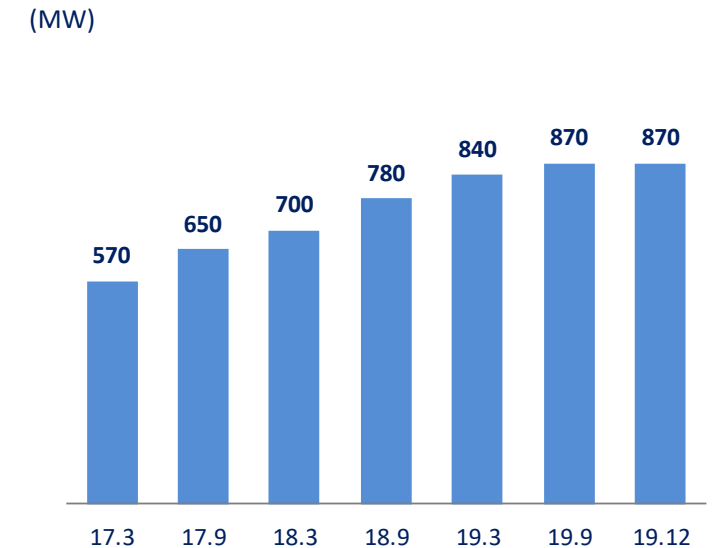
**Segment Profits**



**Segment Assets and ROA**



**Solar Power Generation Business in Japan**



**Business Status**

- ✓ Private equity investment generated investment profit of more than 100 JPY bn in the last five years; exploring opportunities with a view to engage in long-term strategic investment. 2 new investments made in FY20.3
- ✓ Solar power generation business in Japan is doing well (1GW secured including those plants under construction); also started to promote geothermal power and wind power



# Segment Performance (5) Retail

**Segment Profits: 70.4 JPY bn**

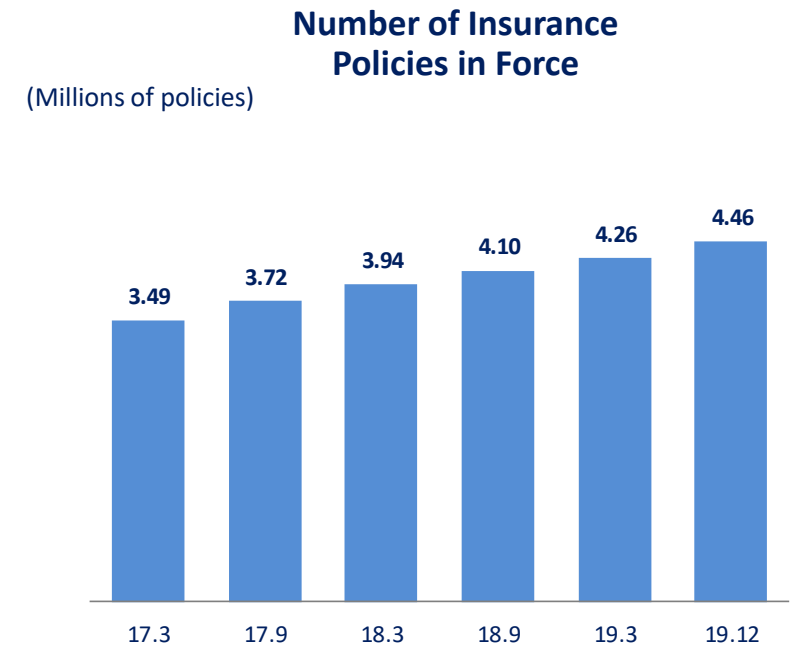
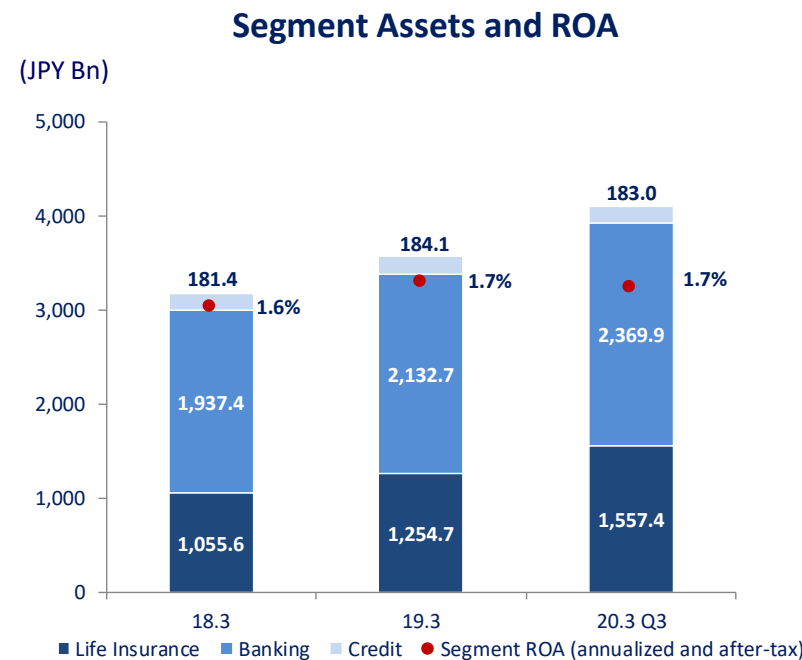
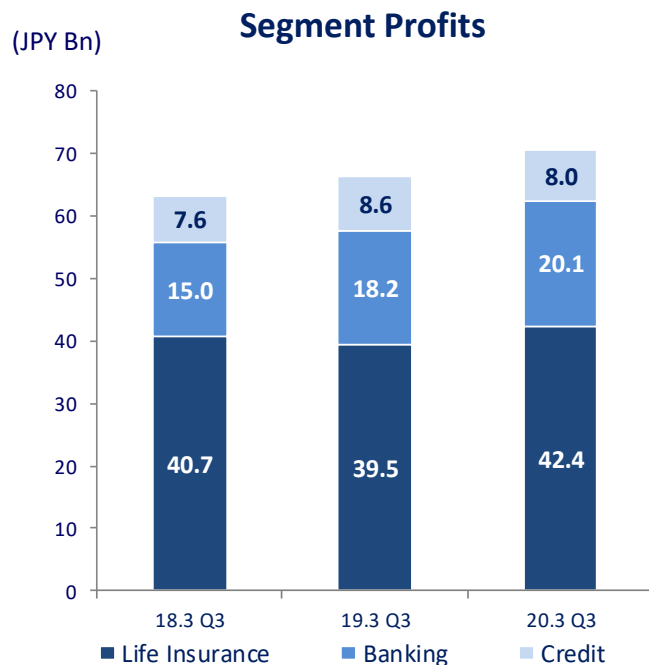
YoY +4.2 JPY bn (+6%)

- ✓ Life insurance remained solid. Loss from variable life insurance posted in the previous year now gone
- ✓ Finance revenues of banking increased

**Segment Assets: 4,110.3 JPY bn**

YTD +538.9 JPY bn (+15%)

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



## Business Status

- ✓ ORIX Life Insurance expanded its product lineup. As a result, number of insurance policies increased steadily
- ✓ ORIX Bank increased its assets constantly while maintaining net interest margin at 2% level

# Segment Performance (6) Overseas Business



**Segment Profits: 131.9 JPY bn**

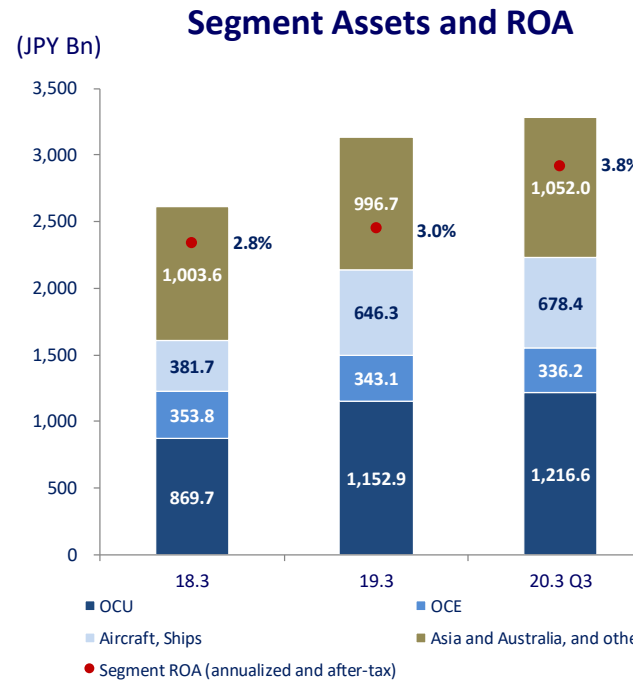
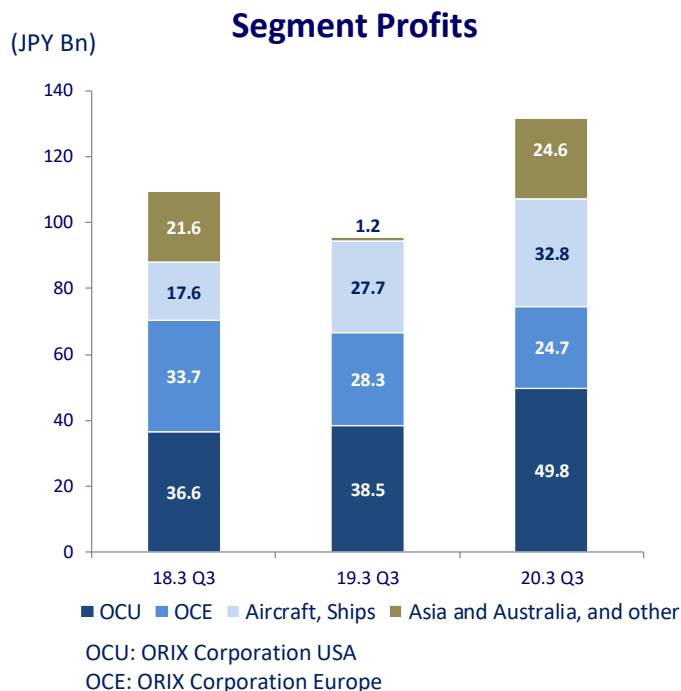
YoY +36.3 JPY bn (+38%)

- ✓ Profit from new investments in FY19.3 and gains on sales in Asia and U.S. contributed
- ✓ Foreign exchange impact ▲3.9 JPY bn

**Segment Assets: 3,283.2 JPY bn**

YTD +144.2 JPY bn (+5%)

- ✓ Installment loans at OCU business and aircraft operating lease assets increased
- ✓ Excluding foreign exchange impact of ▲48.3 JPY bn, segment assets increased by 192.5 JPY bn



### Contribution from New Investments

Large-scale investment In FY19.3	Segment profits In FY20.3 Q3
NXT Capital (Loan origination, asset management)	8.3 JPY Bn
Avolon (Aircraft leasing)	14.1 JPY Bn

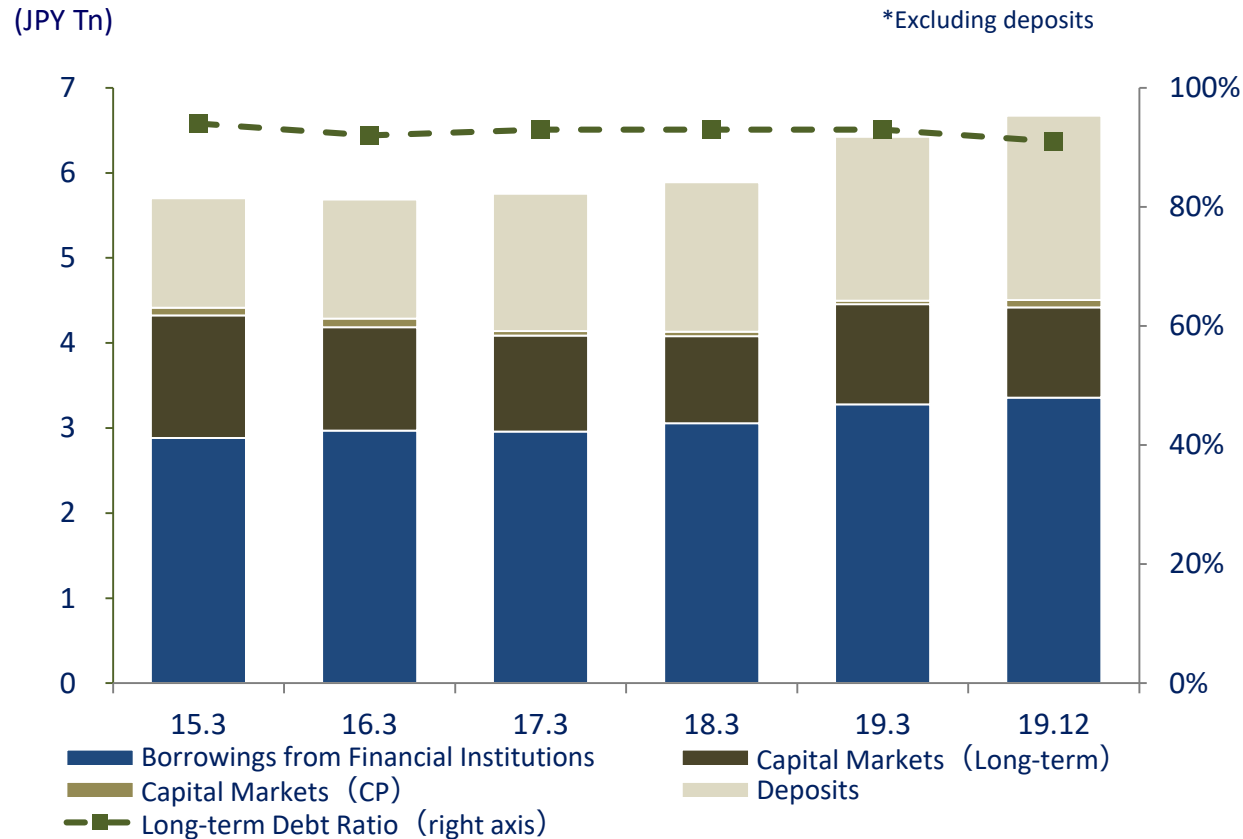
### Business Status

- ✓ Continue to seek diversification of loan and asset management business in U.S. and Europe. Acquired all the shares of Hunt Real Estate Capital
- ✓ Pursue synergy with Avolon to further increase the scale of aircraft leasing business and enhance the presence

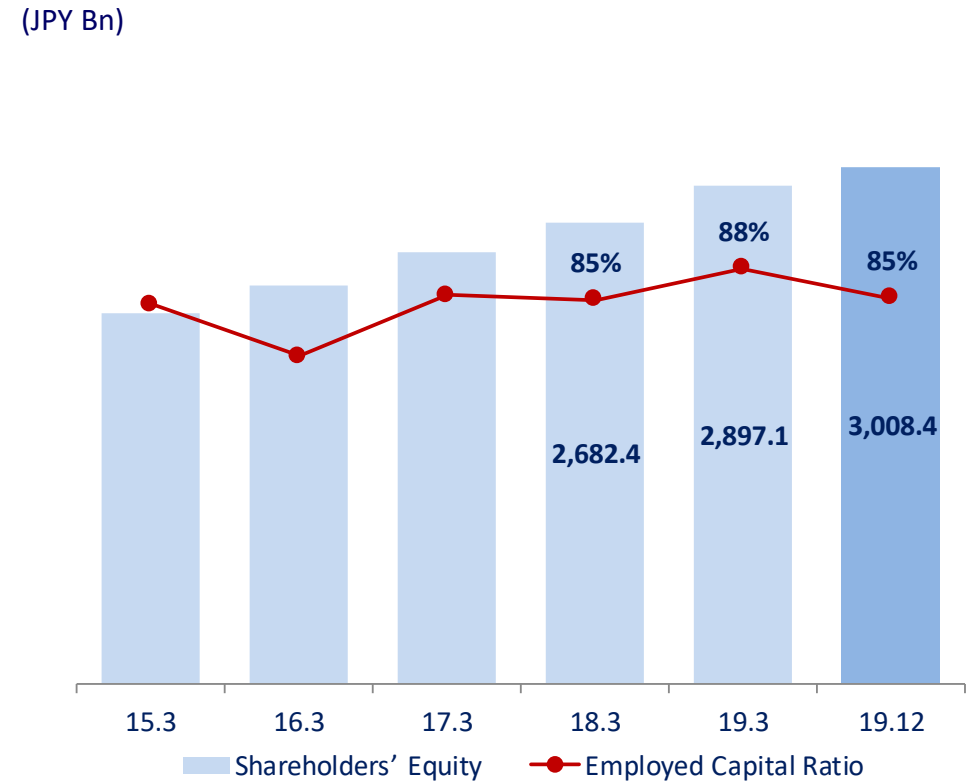
# Financial Soundness Funding structure / Employed Capital Ratio

- ✓ 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



**FY20.3 Q3 net income was 244.3 JPY bn (up by 3.4% YoY)**

**Annualized ROE at 11.0%**

**Achieving 300 JPY bn net income in FY20.3 is on track**

**Aiming for sustainable growth while  
consideration to shareholders return continued**

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Answers, Custom Fit.

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