



ORIX

Answers,  
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# ORIX Corporation

Financial Highlights

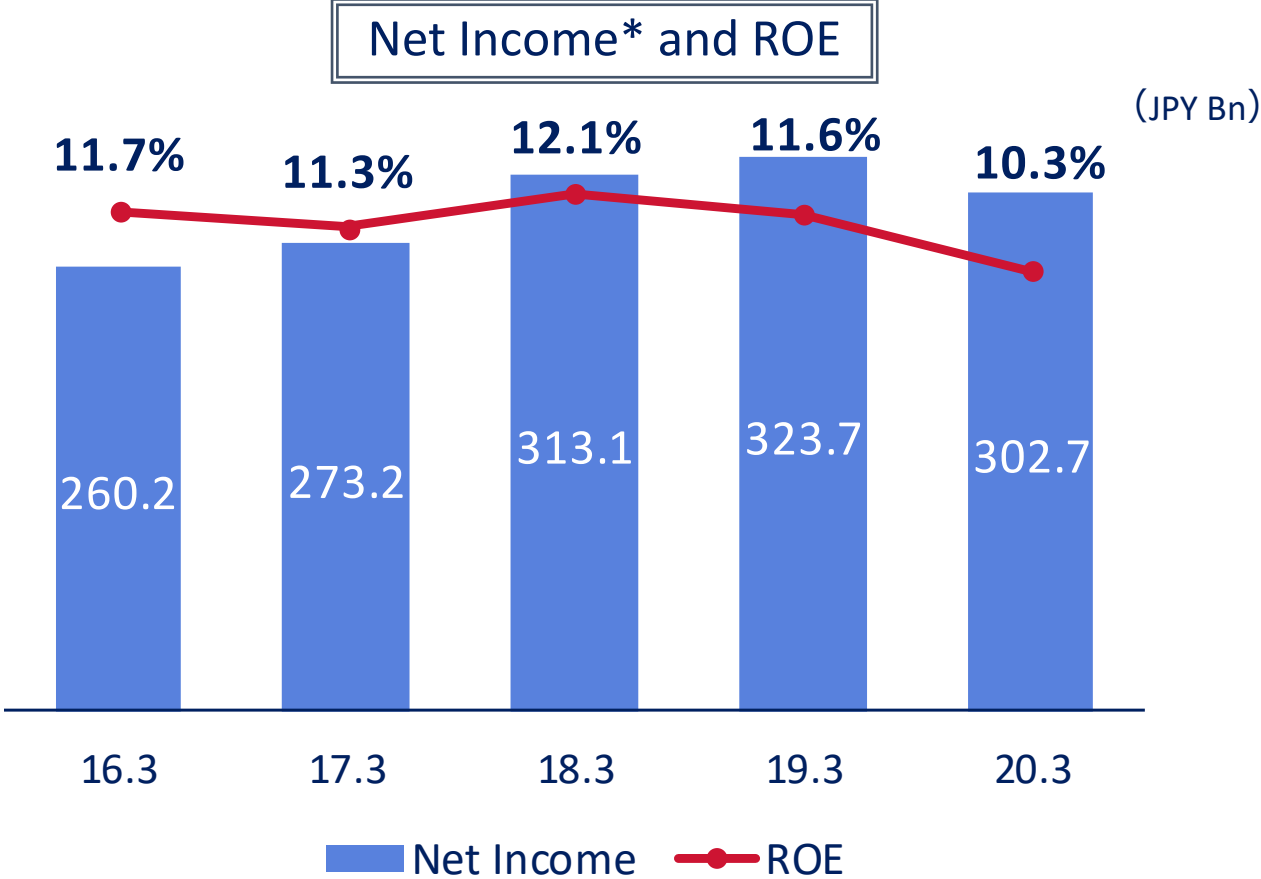
For the Consolidated Fiscal Year Ended March 31, 2020

May 21, 2020

(TSE: 8591; NYSE: IX)

# Overview (1) Net Income / ROE

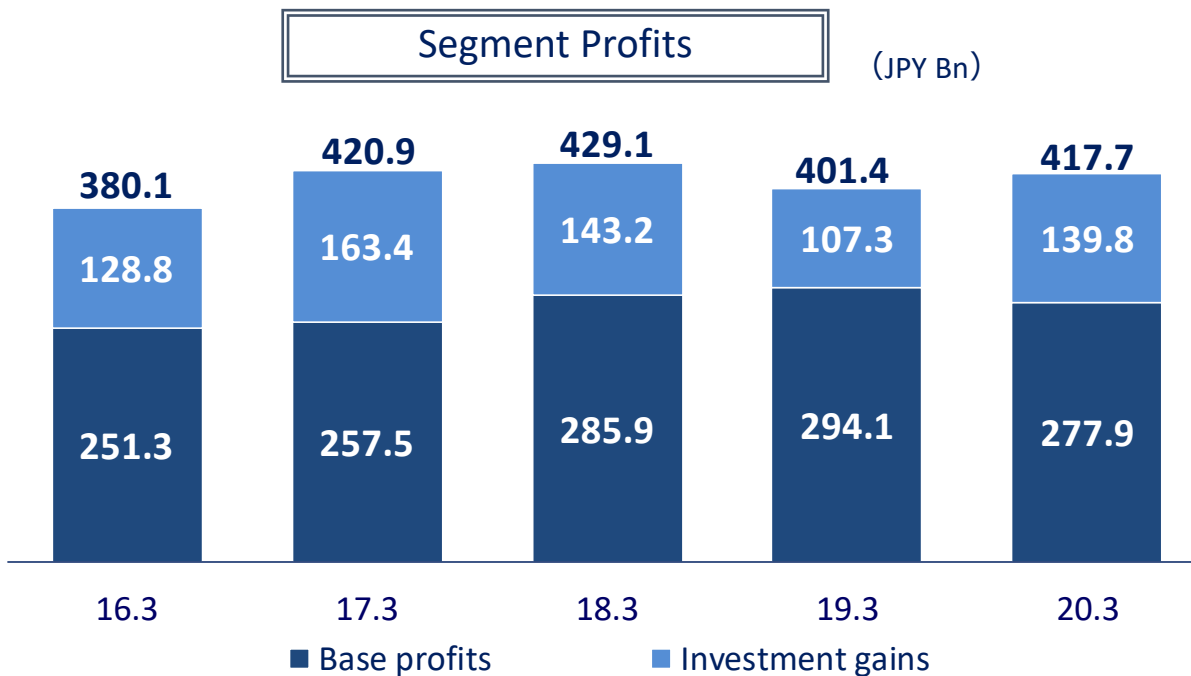
- ✓ 302.7 JPY Bn in net income, down by 6.5% YoY. ROE at 10.3%
- ✓ 417.7 JPY Bn in segment profits, up by 4.1% YoY



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

# Overview (2) Breakdown of Segment Profits

<b>FY 20.3</b> <b>Segment Profits</b> <b>417.7 JPY Bn</b> up by 4.1% YoY (+16.3 JPY Bn)	<b>Base Profits</b> 277.9 JPY Bn down by 5.5% (-16.2 JPY Bn) Positive contribution from new investments (NXT Capital, Avolon). Corporate financial service's profits decreased YoY.
	<b>Investment Gains*</b> 139.8 JPY Bn up by 30.3% (+32.5 JPY Bn) Sold ORIX Living and completed selling all the shares of Houlihan Lokey.



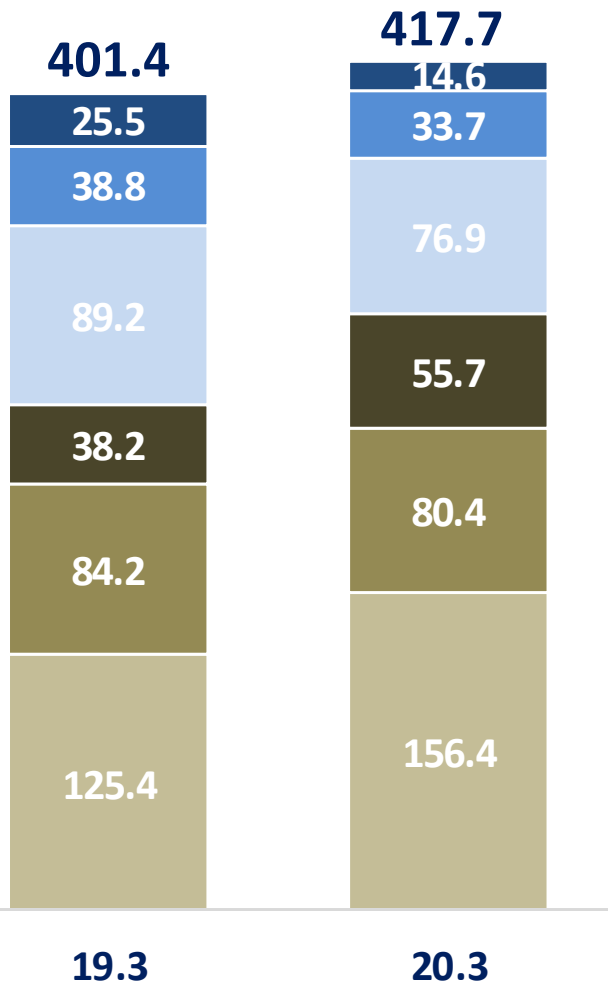
Trends of past five years

- Investment gains: About 130 JPY Bn in average
- Base profits: Growing steadily

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

# Overview (3) Segments Highlight

## Segment Profits (JPY Bn)



JPY bn	Segment Profits	Segment Assets	ROA(%)	Highlight
	YoY	YTD	YTD(%)	
Corporate Financial Services	14.6	948.3	1.1	<ul style="list-style-type: none"> <li>•Profits decreased mainly due to a reduction in agency fee income from life insurance brokerage for corporate customers</li> <li>•Focused selection resulting in gradual reduction of financial assets</li> </ul>
Maintenance Leasing	33.7	889.6	2.6	<ul style="list-style-type: none"> <li>•Assets gradually increased</li> <li>•Revenues increased but SG&amp;A increased due to improved customer service which hurt profits</li> </ul>
Real Estate	76.9	749.7	7.2	<ul style="list-style-type: none"> <li>•Sold ORIX Living and AM business performed well</li> <li>•Assets decreased due to some selling while new investments continue</li> </ul>
Investment and Operation	55.7	847.1	4.8	<ul style="list-style-type: none"> <li>•Profits increased due to gains on sale of 2 PE investments</li> <li>•Concession grew steadily (Impact of COVID-19 will show in FY21.3)</li> </ul>
Retail	80.4	4,183.9	1.4	<ul style="list-style-type: none"> <li>•Life insurance premiums increased but loss at former Hartford Life Insurance</li> <li>•Banking and Credit grew steadily, profits increased.</li> </ul>
Overseas Business	156.4	3,287.4	3.3	<ul style="list-style-type: none"> <li>•Profit from new investments in FY 19.3 (NXT, Avolon) contributed</li> <li>•Sold Houlihan, UAF and RobecoSAM's ESG rating division, etc.</li> </ul>
<b>Total</b>	<b>417.7</b>	<b>10,906.0</b>	<b>2.9</b>	–

# 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: 14.6 JPY Bn**

YoY -10.9 JPY Bn (-43%)

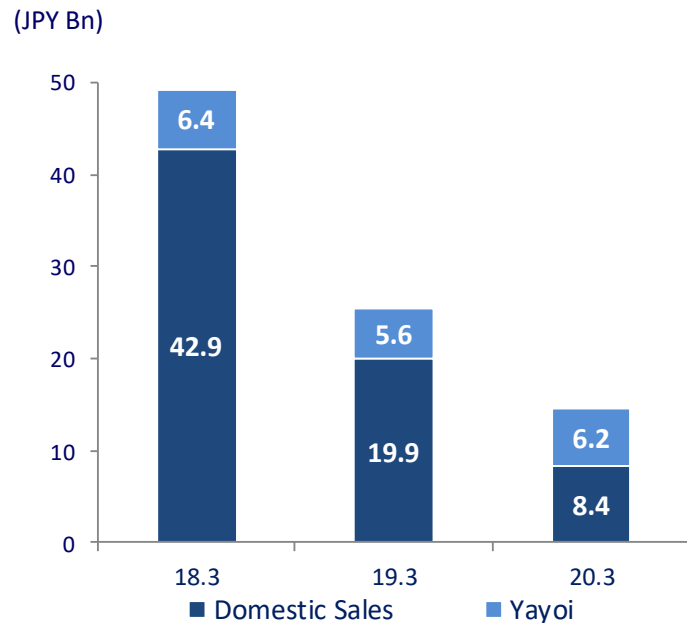
- ✓ Agency fee income from life insurance brokerage for corporate customers decreased. Yields on loans were maintained
- ✓ Yayoi achieved increase in membership for fee-based support services and sales of packaged products  
<Impact from the accounting standard change: IDC (Initial Direct Costs) -1.8 JPY Bn>

**Segment Assets: 948.3 JPY Bn**

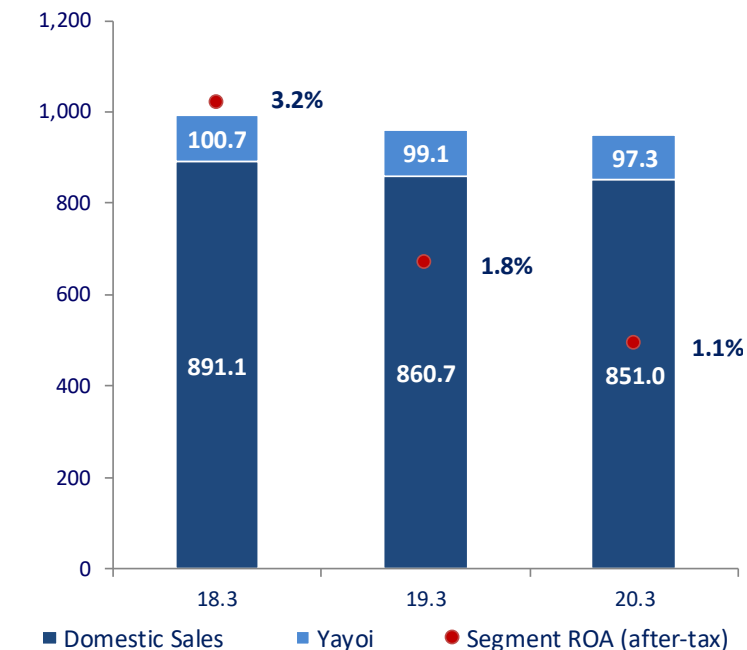
YTD -11.5 JPY Bn (-1%)

- ✓ Operating leases increased due to new lease accounting standards (+53.1 JPY Bn)
- ✓ Focused selection resulting in gradual reduction of financial assets

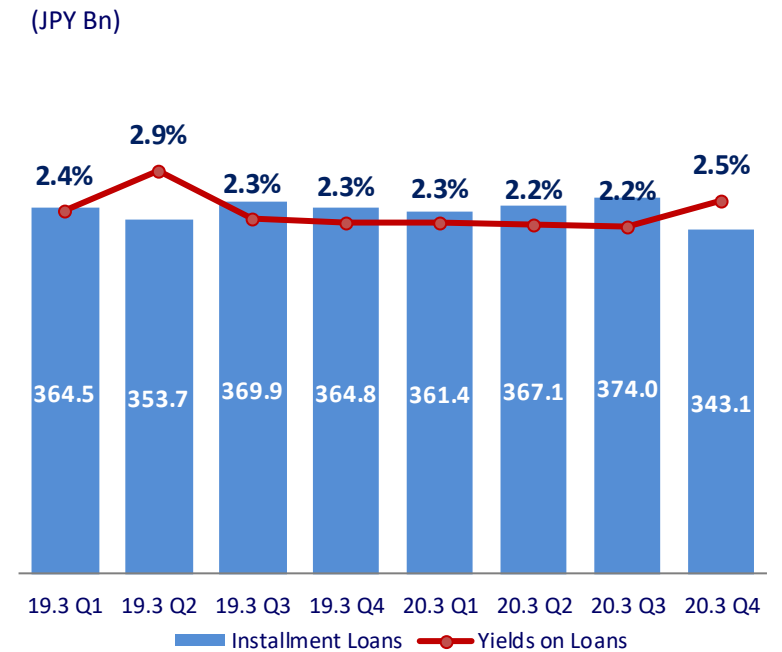
**Segment Profits**



**Segment Assets and ROA**



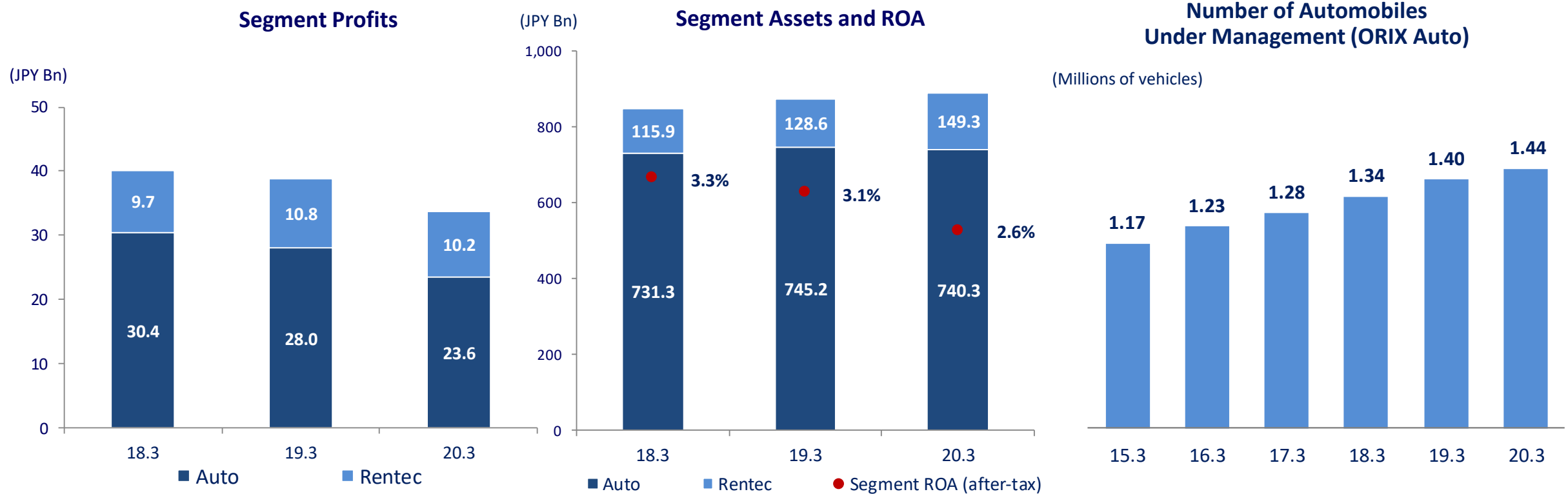
**Yields on loans**



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

# Segment Performance (2) Maintenance Leasing

<b>Segment Profits: 33.7 JPY Bn</b>	YoY -5.1 JPY Bn (-13%)	<b>Segment Assets: 889.6 JPY Bn</b>	YTD +15.8 JPY Bn (+2%)
<ul style="list-style-type: none"> <li>✓ Revenues from both Auto and Rentec increased.</li> <li>✓ SG&amp;A increased due to improved customer service which hurt profits. &lt;Impact from the accounting standard change: IDC (Initial Direct Costs) -2.6 JPY Bn &gt;</li> </ul>		<ul style="list-style-type: none"> <li>✓ IT-related rental assets increased</li> <li>✓ Auto assets remained at the same level as FY19.3</li> </ul>	



# Segment Performance (3) Real Estate



**Segment Profits: 76.9 JPY Bn**

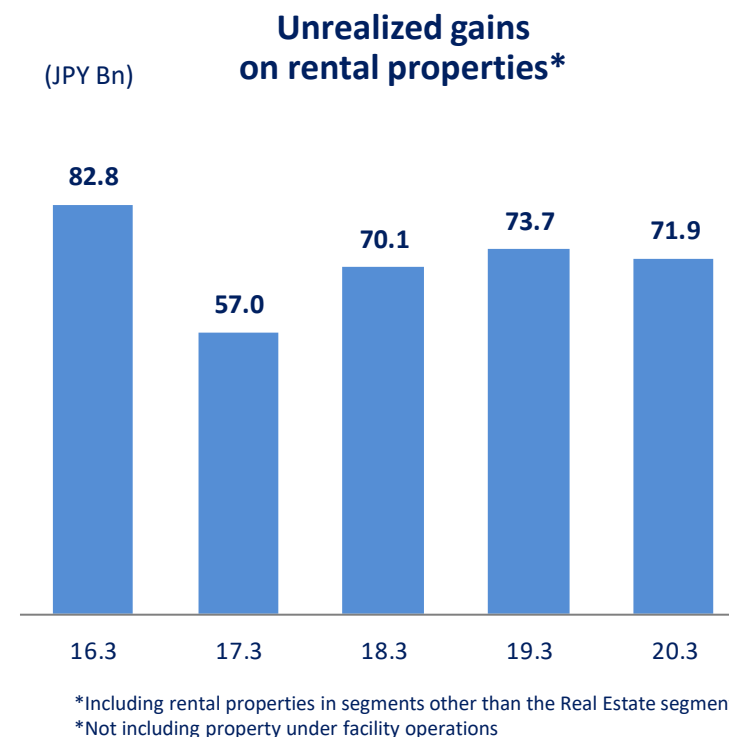
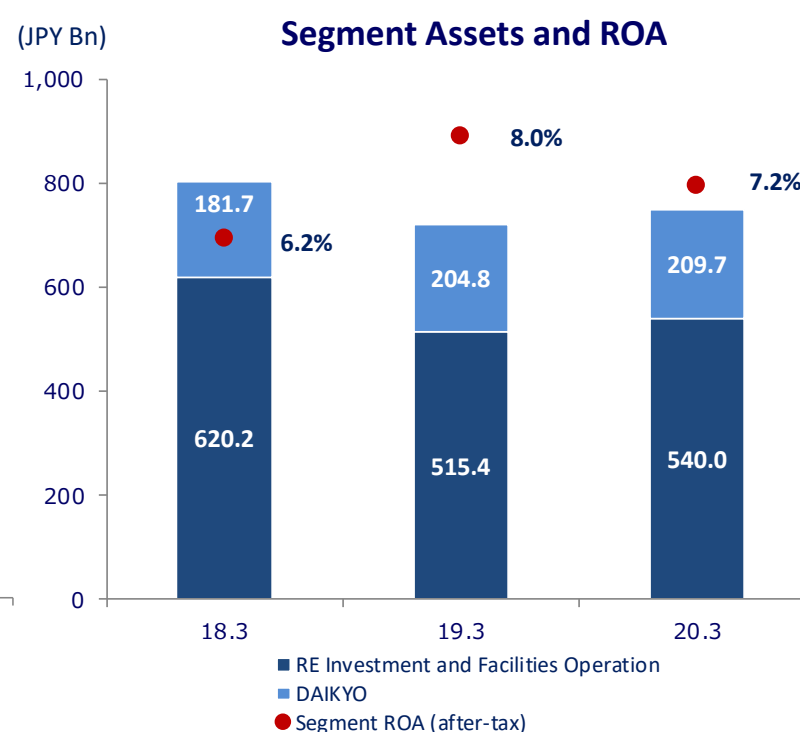
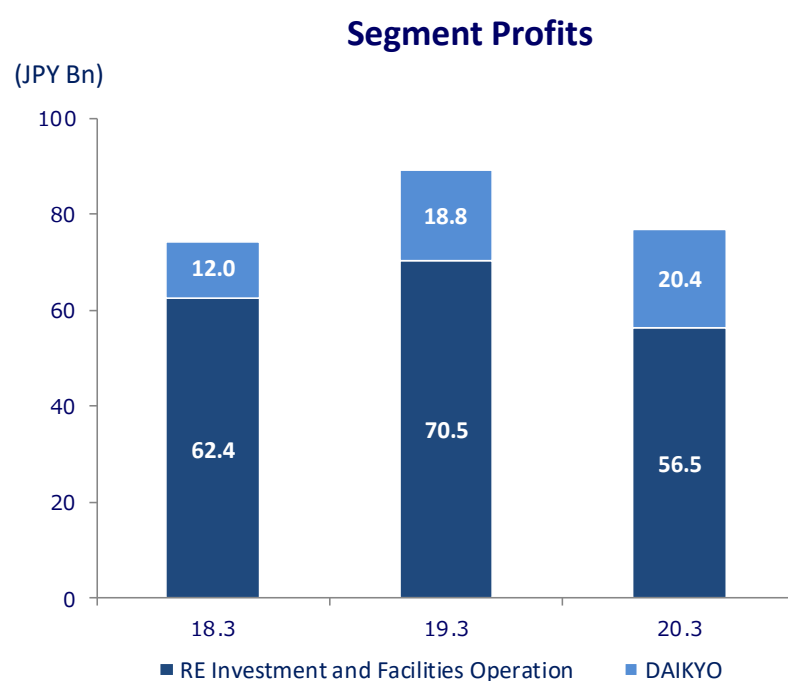
YoY -12.4 JPY Bn (-14%)

- ✓ Gains on sales from ORIX Living in Q2
- ✓ Profits in construction works at Daijyo increased YoY due to a last minute demand before consumption tax hike

**Segment Assets: 749.7 JPY Bn**

YTD +29.5 JPY Bn (+4%)

- ✓ Assets decreased due to some selling while new investments continue
- ✓ Operating lease assets increased due to new lease accounting standards (+90.4 JPY Bn)



# Segment Performance (4) Investment and Operation

**Segment Profits: 55.7 JPY Bn**

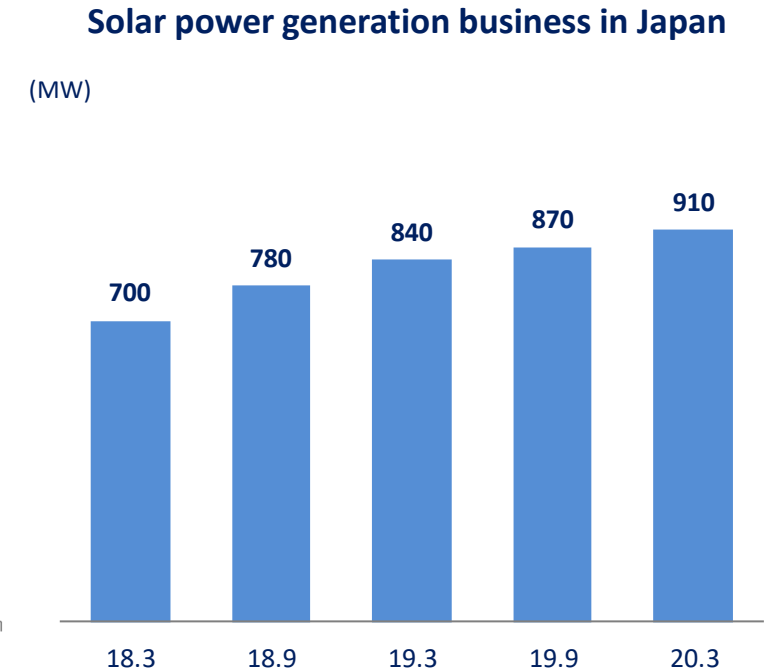
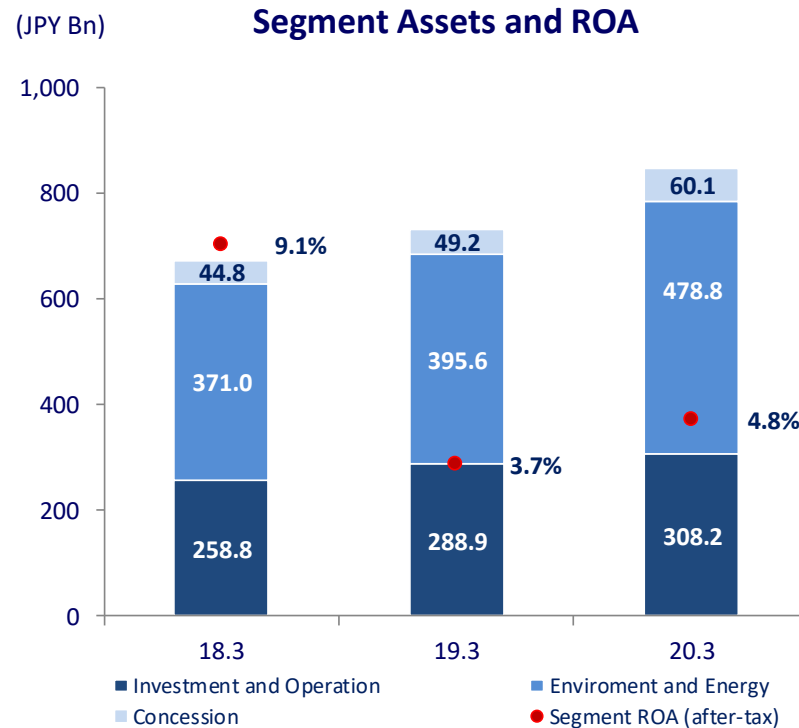
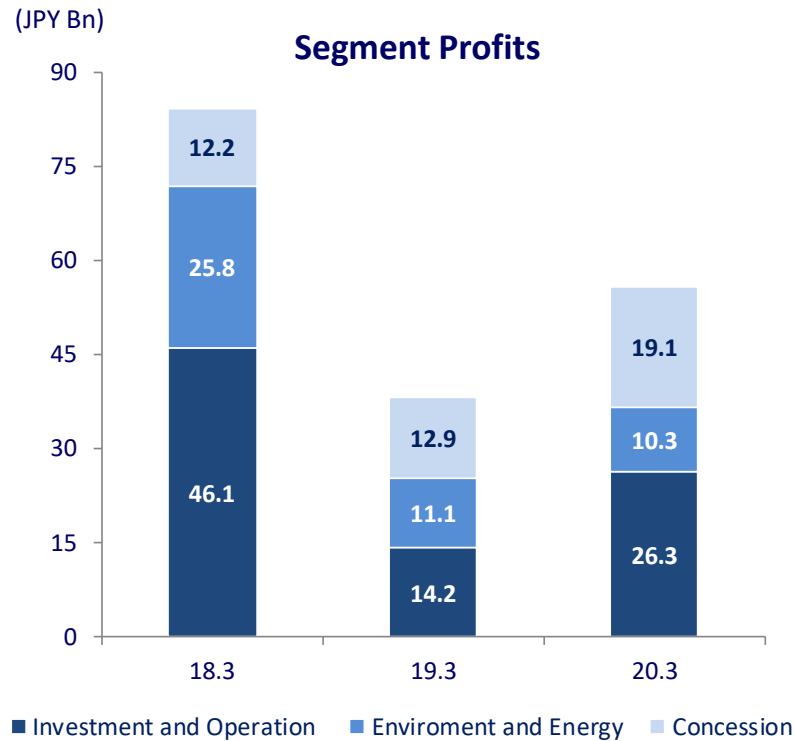
YoY +17.5 JPY Bn (+46%)

- ✓ Two gains on sales in private equity investment posted. Concession performed well (Impact of COVID-19 will show in FY21.3)
- ✓ Solar power generation business in Japan remained strong

**Segment Assets: 847.1 JPY Bn**

YTD +113.5 JPY Bn (+16%)

- ✓ Two new investments and two exits in private equity investment in Japan
- ✓ Operating assets related to environment and energy business increased due to new lease accounting standards (+34.4 JPY Bn), and made wind power generation investees in overseas into our wholly owned subsidiaries





# Segment Performance (5) Retail

**Segment Profits: 80.4 JPY Bn**

YoY -3.8 JPY Bn (-5%)

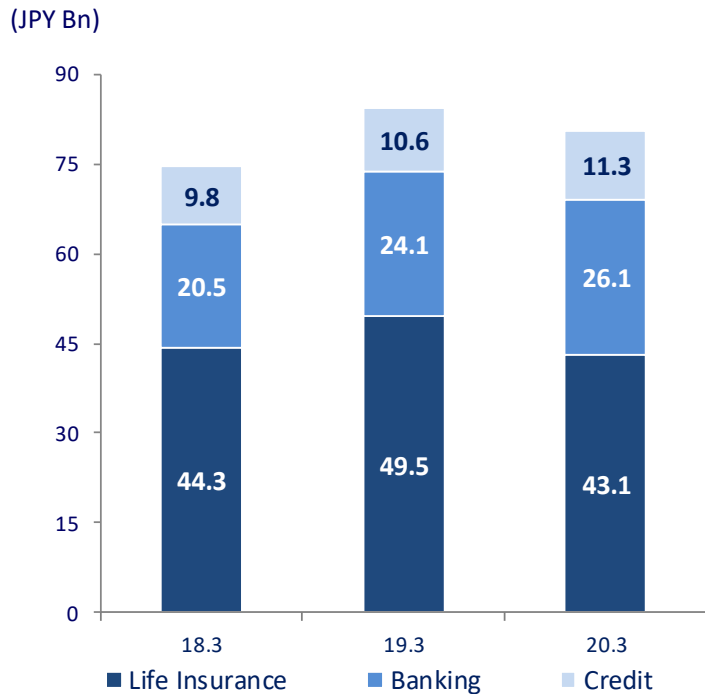
- ✓ Life insurance premiums increased but investment return decreased In life insurance (9.1 JPY Bn loss at former Hartford Life Insurance in Q4)
- ✓ Finance revenues of banking increased

**Segment Assets: 4,183.9 JPY Bn**

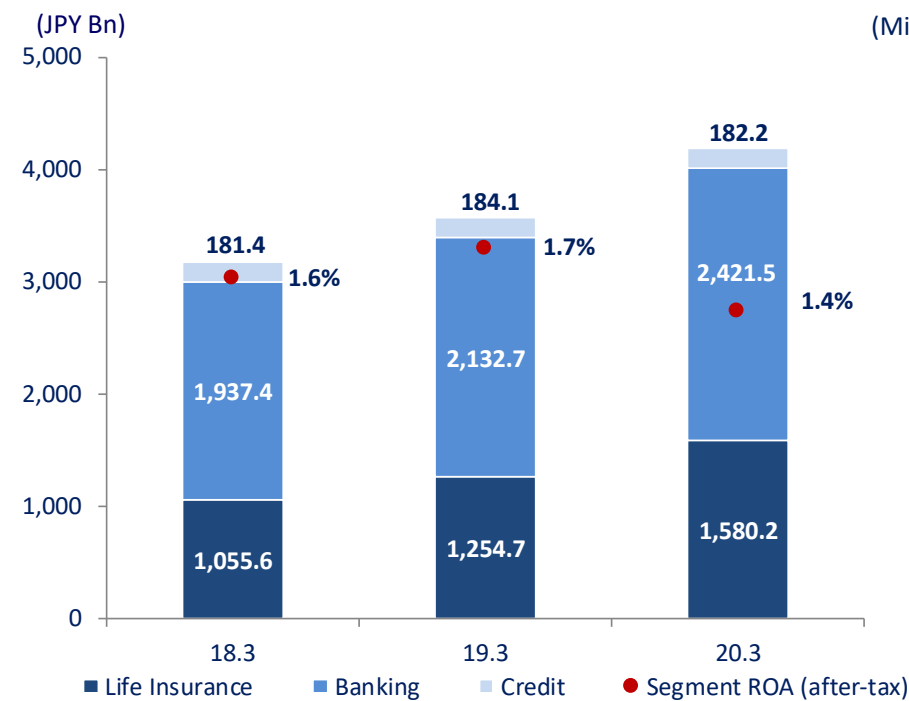
YTD +612.5 JPY Bn (+17%)

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

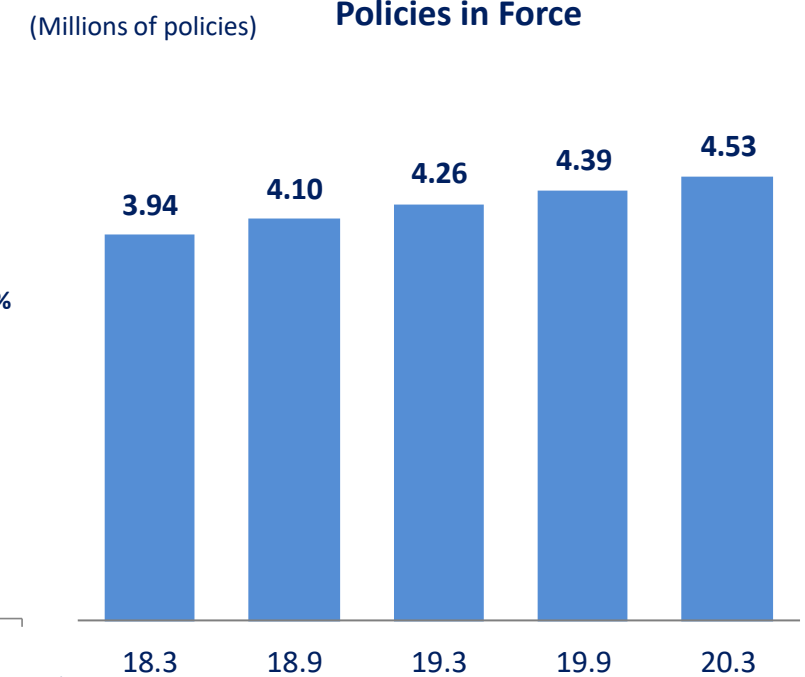
### Segment Profits



### Segment Assets and ROA



### Number of Insurance Policies in Force



# Segment Performance (6) Overseas Business

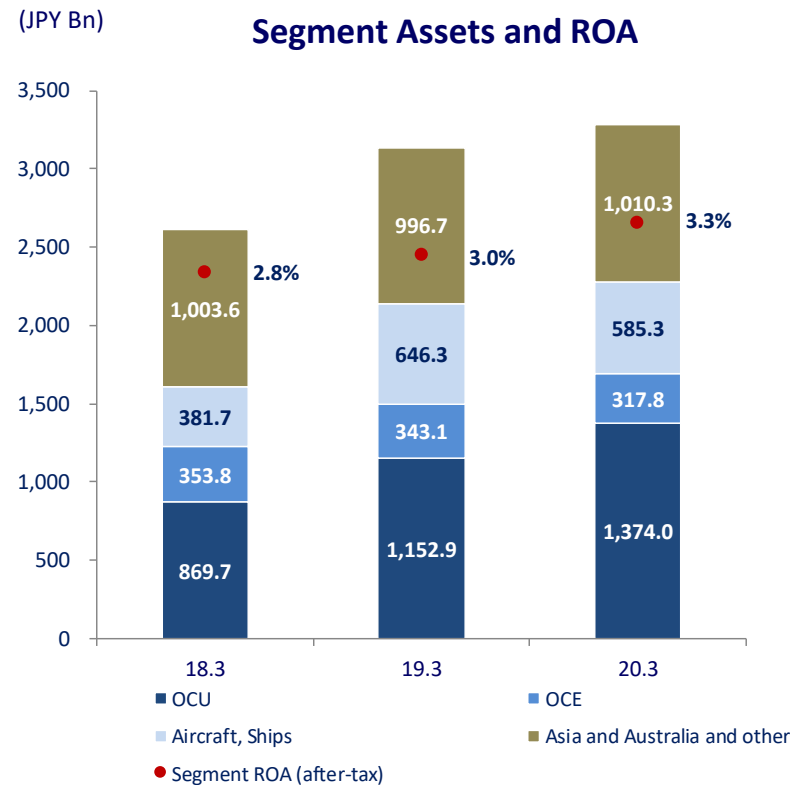
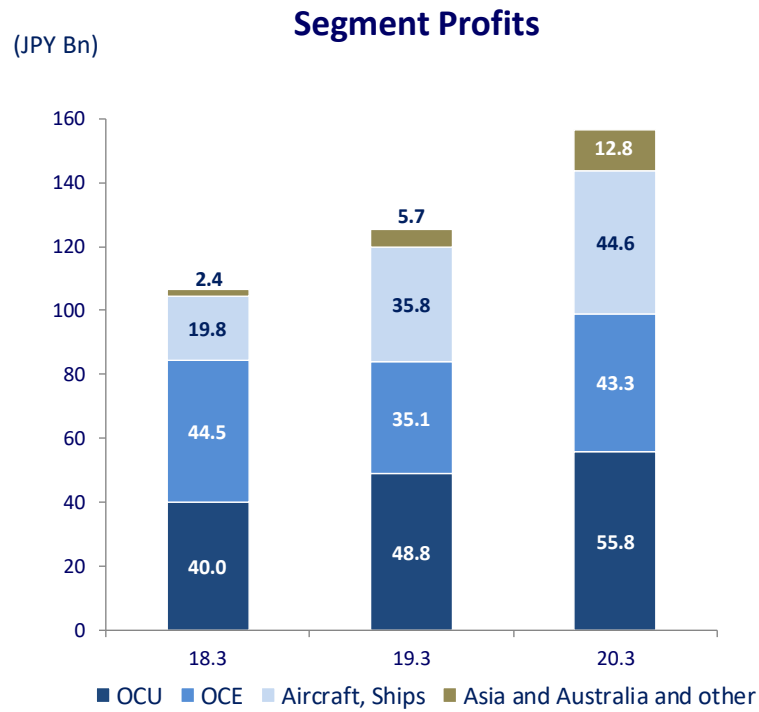


**Segment Profits: 156.4 JPY Bn** YoY +31.0 JPY Bn (+25%)

- ✓ Profit from new investments in FY19.3. (NXT Capital, Avolon)
- ✓ In OCE, sales of a division of RobecoSAM which collects, analyzes and evaluates ESG data
- ✓ Foreign exchange impact -4.6 JPY Bn

**Segment Assets: 3,287.4 JPY Bn** YTD +148.5 JPY Bn (+5%)

- ✓ Installment loans at OCU and aircraft operating lease assets increased
- ✓ Excluding foreign exchange impact of -122.7 JPY Bn, segment assets increased by 271.3 JPY Bn



OCU: ORIX Corporation USA  
OCE: ORIX Corporation Europe

## Contribution from new investments

FY19.3	FY20.3
Large-scale investment	Segment profits
NXT Capital (Loan origination, asset management)	10.2 JPY Bn
Avolon (Aircraft leasing)	17.5 JPY Bn

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Answers, Custom Fit.

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