

# ORIX Corporation

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

Shoji Taniguchi    Member of the Board of Directors, Managing Executive Officer  
Responsible for Treasury and Accounting Headquarters, Assistant to CEO

Hitomaro Yano    Executive Officer  
Head of Treasury and Accounting Headquarters

July 29, 2019

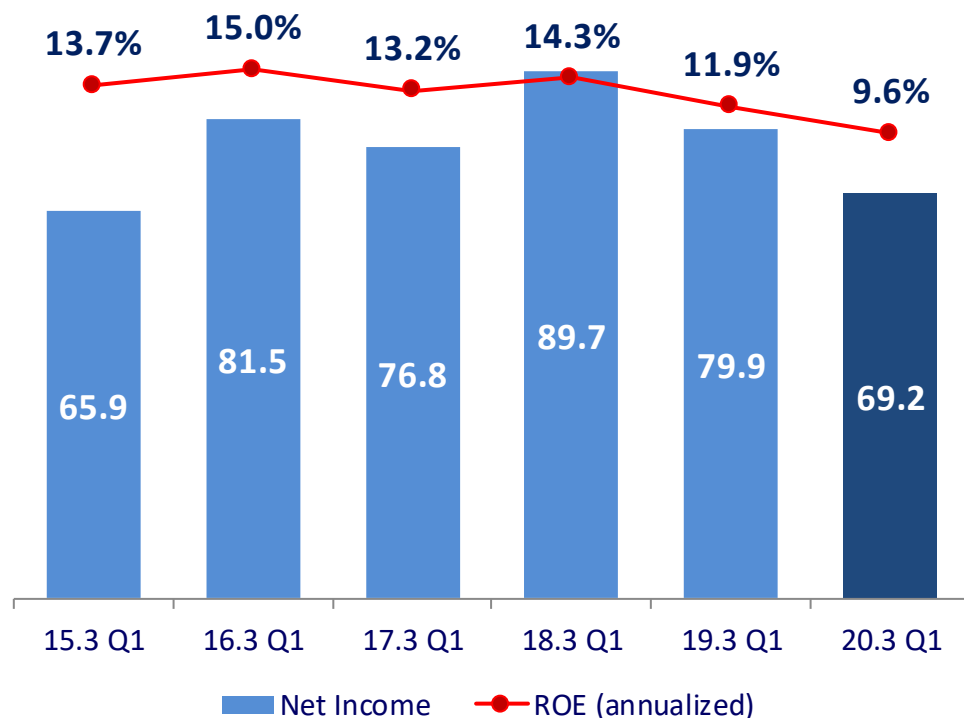
(TSE: 8591; NYSE: IX)

# 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)

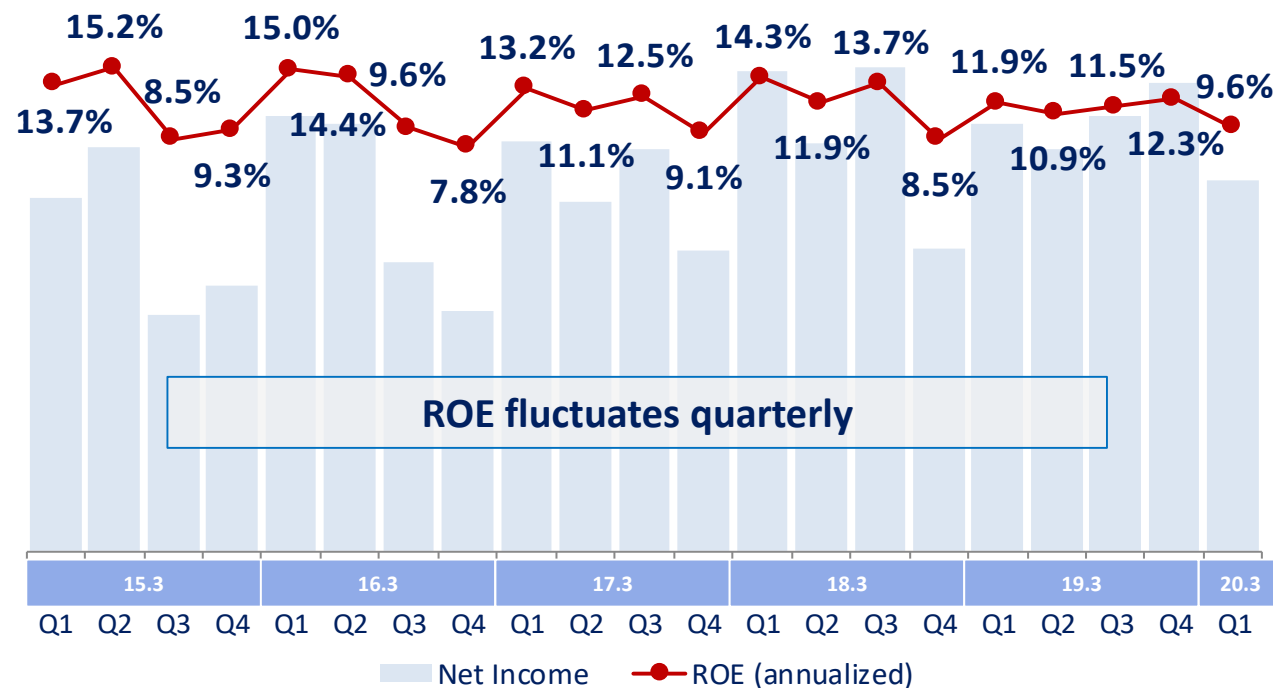
Net Income\* and ROE

(JPY Bn)



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

Reference: ROE in the past five years

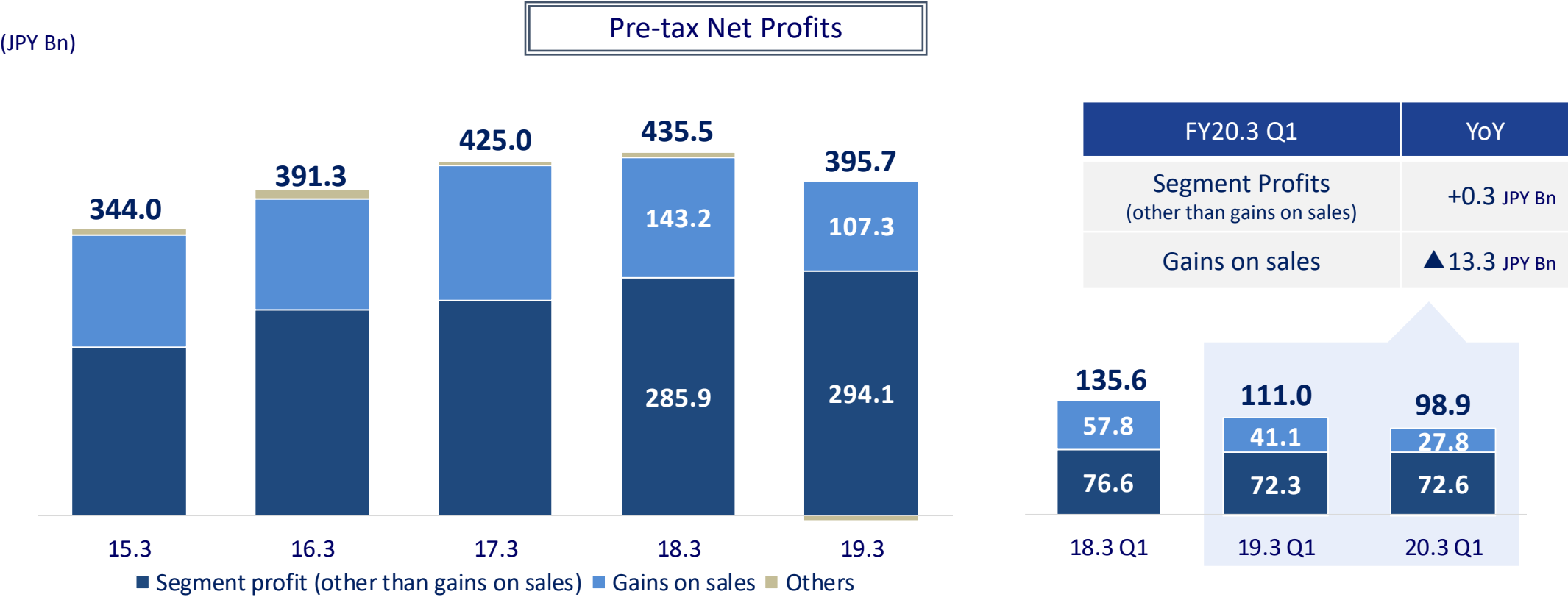


# Overview (2) Breakdown of Pre-tax Net Profit



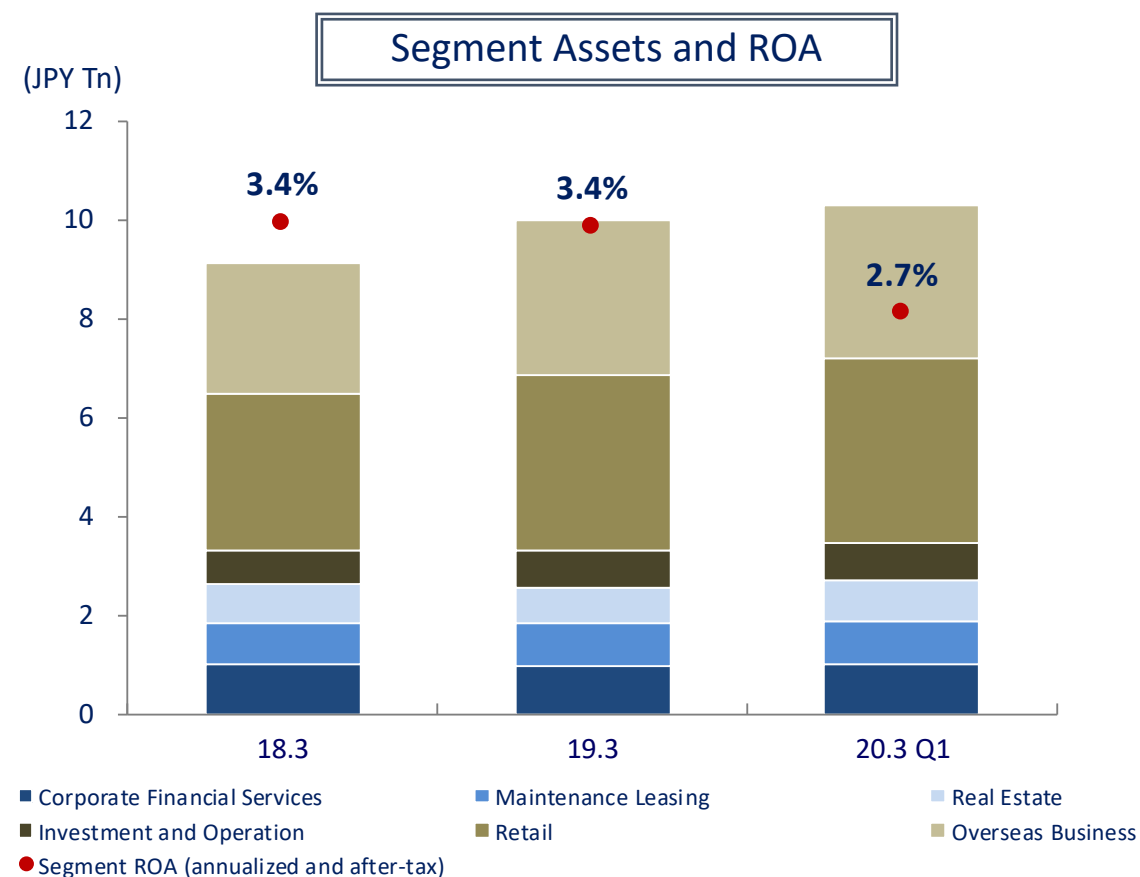
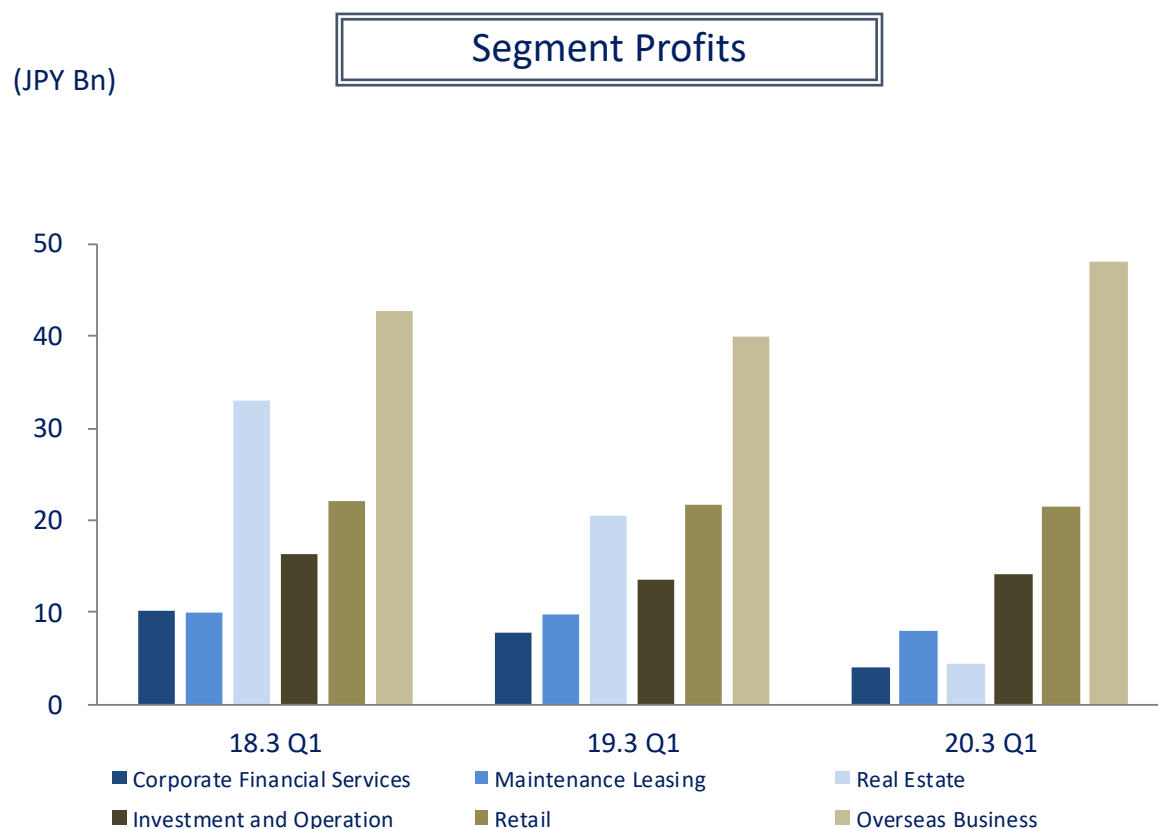
Segment Profits (other than gains on sales)	In the past five years FY20.3 Q1	: Steady growth maintained : New investments in FY19.3 (NXT Capital, Avolon) contributed
Gains on Sales	FY20.3 Q1	: Decreased on YoY, but a certain level 27.8 JPY bn was secured

\*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

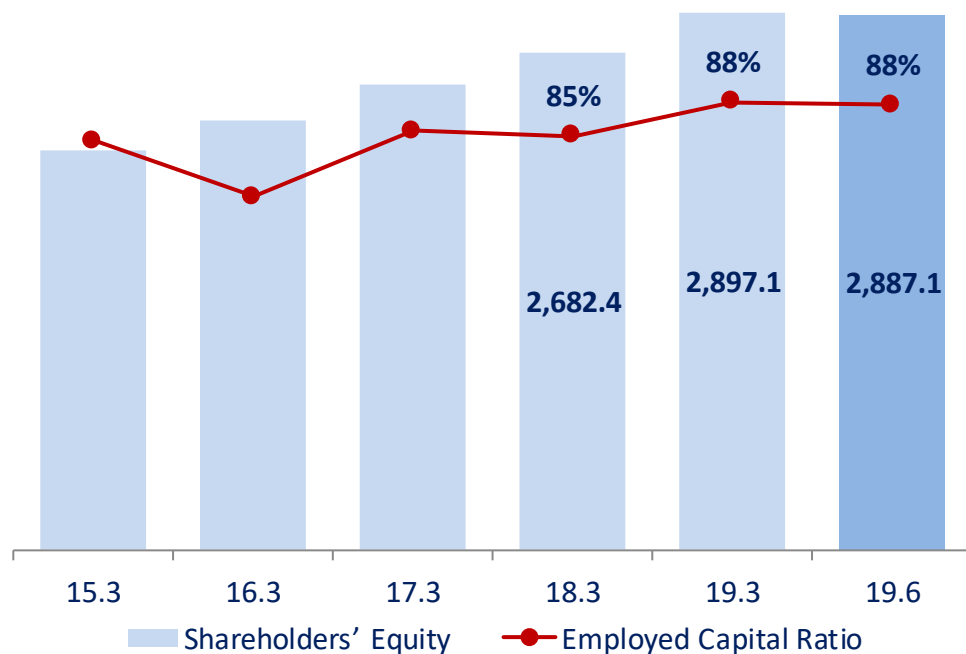


# Overview (4) Employed Capital Ratio / Funding structure

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

Shareholder's Equity /  
Employed Capital Ratio

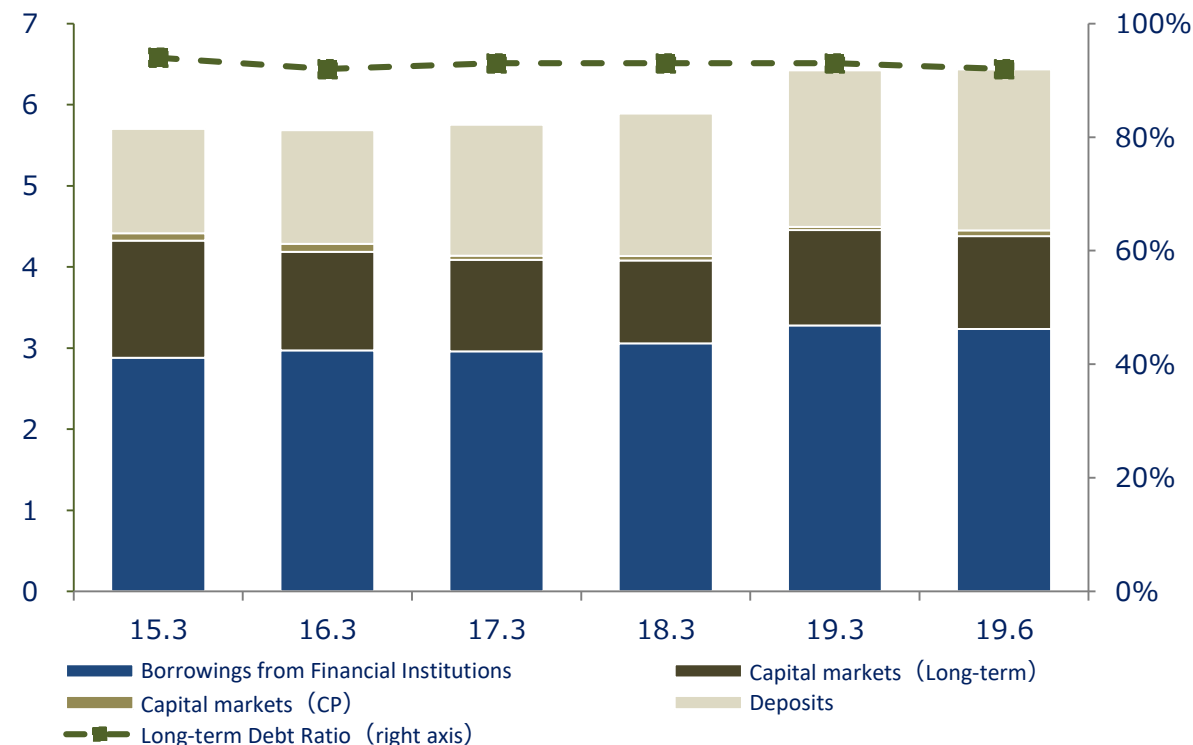
(JPY Bn)



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

(JPY Tn)

\*Excluding deposits



# 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: 4.1 JPY bn**

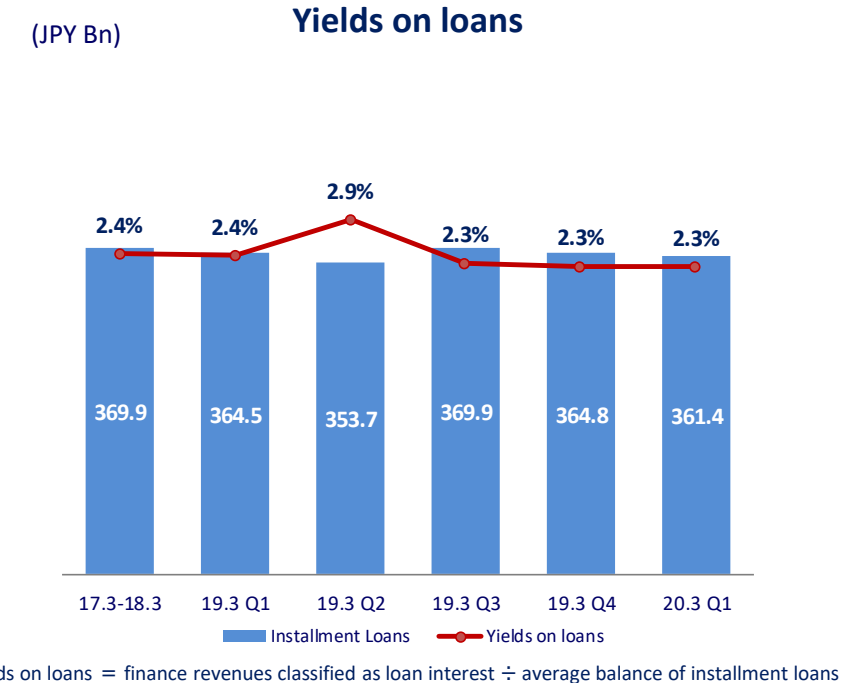
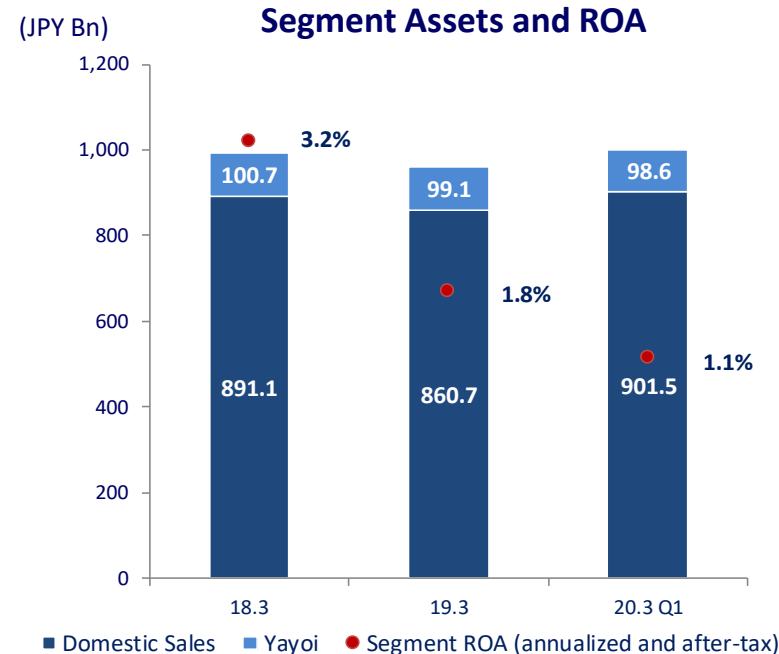
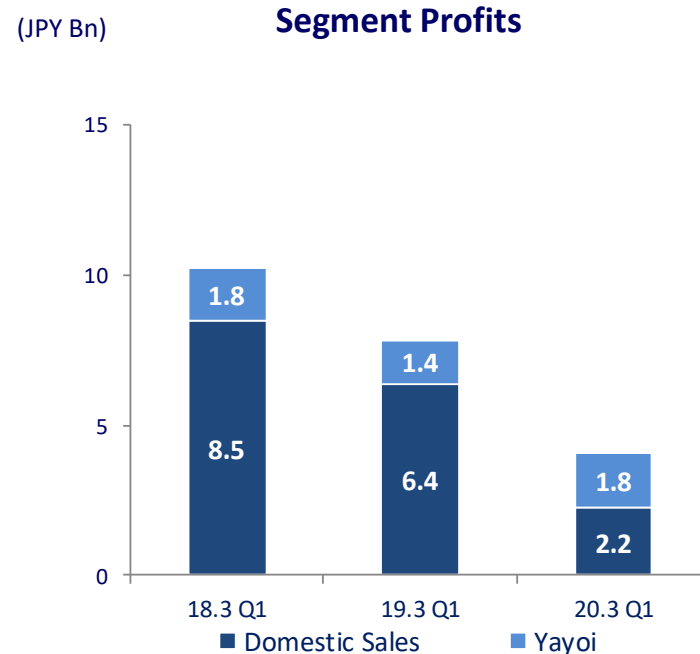
YoY ▲3.8JPY bn (▲48%)

- ✓ 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



## 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%)

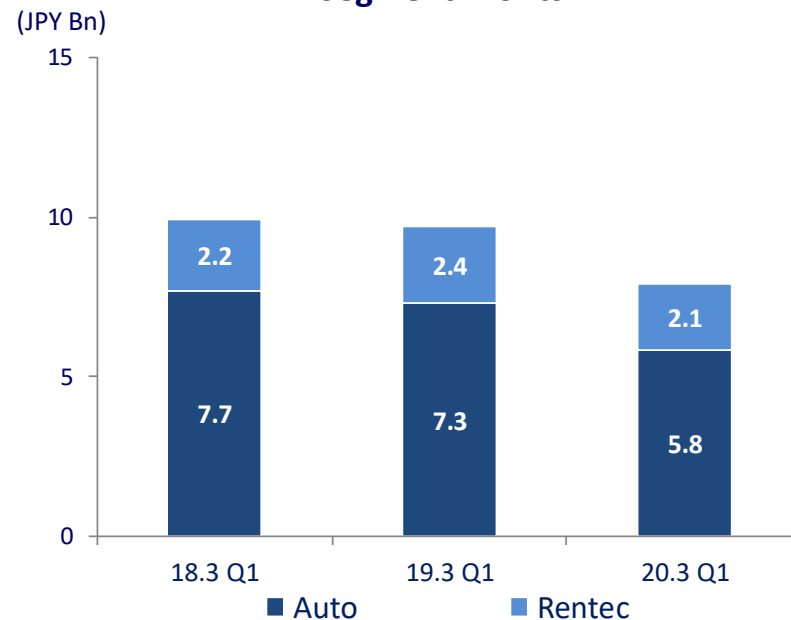
- ✓ Revenues from both Auto and Rentec increased, but profits decreased due partly to SG&A increase
- ✓ Gains on sales of used cars were 1.1 JPY bn (YoY +0.2 JPY bn)

**Segment Assets: 880.7 JPY bn**

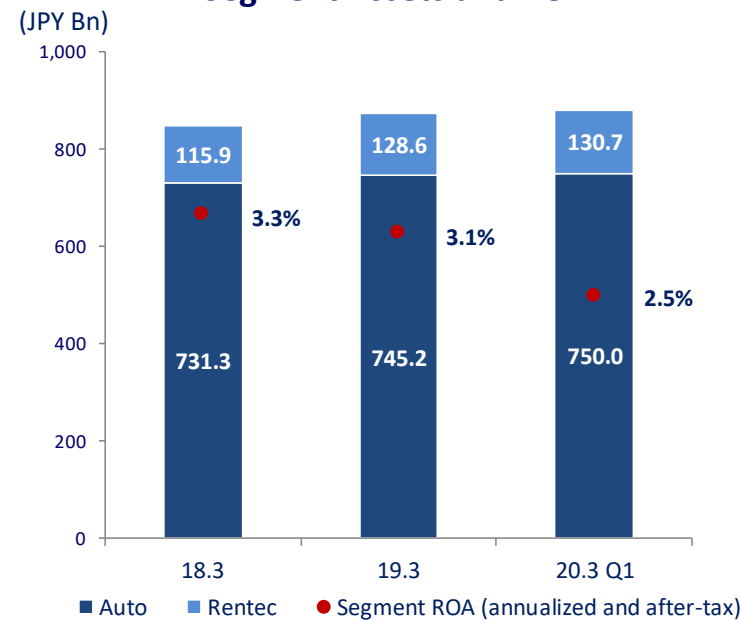
YTD +6.9 JPY bn (+1%)

- ✓ Remained at the same level as FY19.3

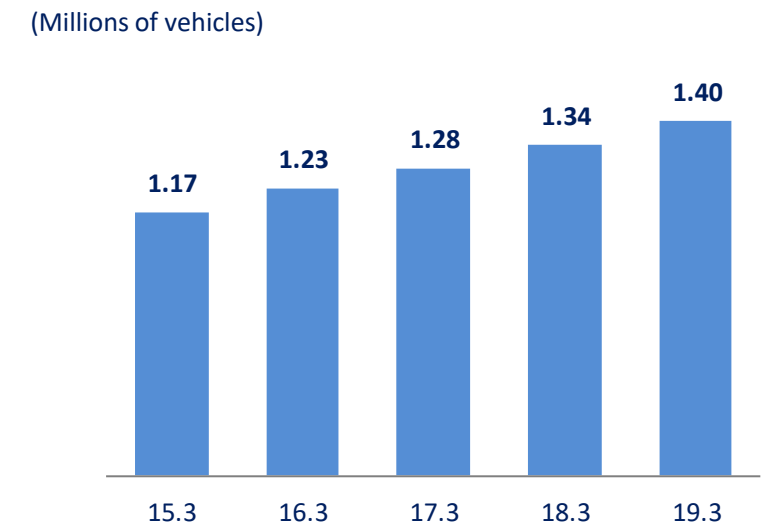
**Segment Profits**



**Segment Assets and ROA**



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



## 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%)

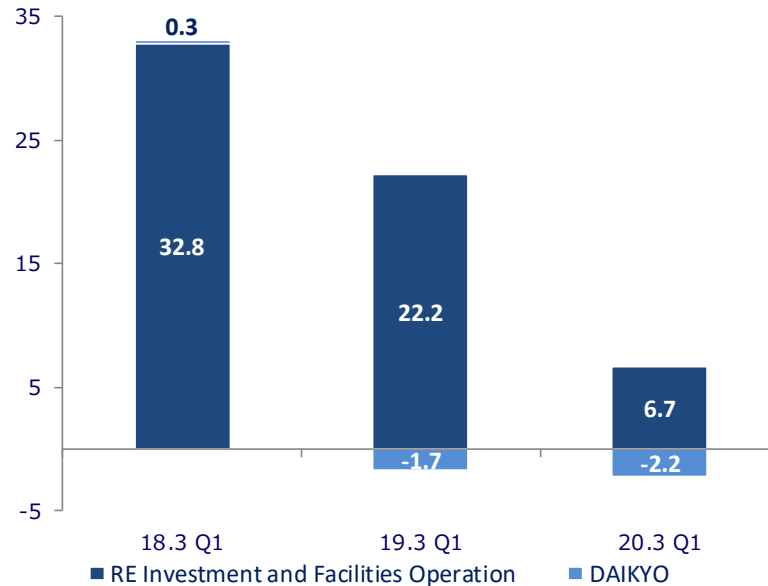
- ✓ Profits decreased, affected by large gains on sales recorded in the same period of the previous year
- ✓ Profits from real estate asset management remained stable

**Segment Assets: 813.7 JPY bn**

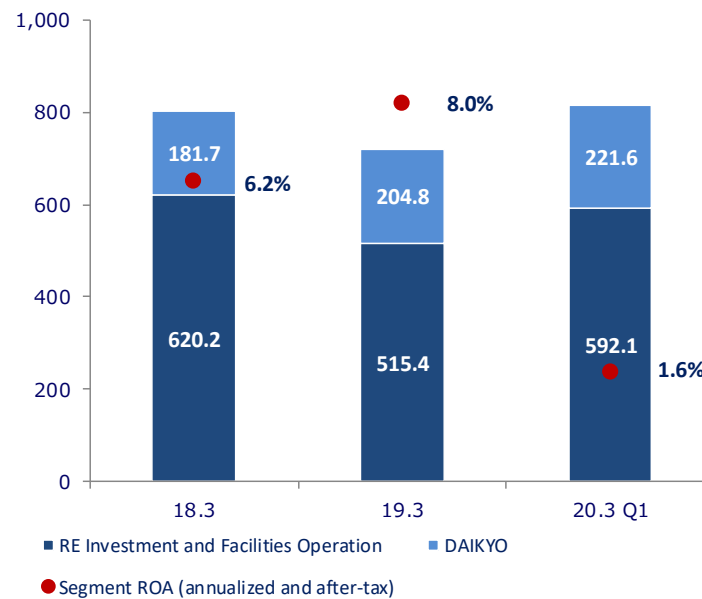
YTD +93.5 JPY bn (+13%)

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

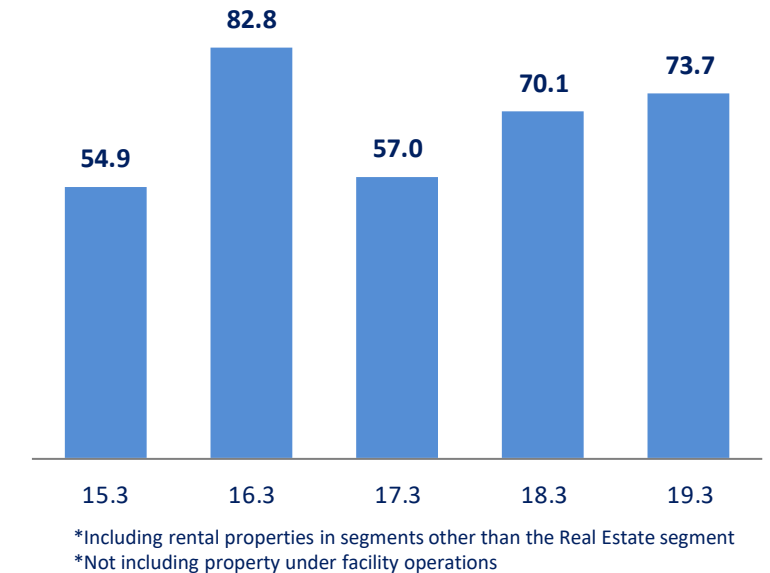
(JPY Bn) **Segment Profits**



(JPY Bn) **Segment Assets and ROA**



(JPY Bn) **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%)

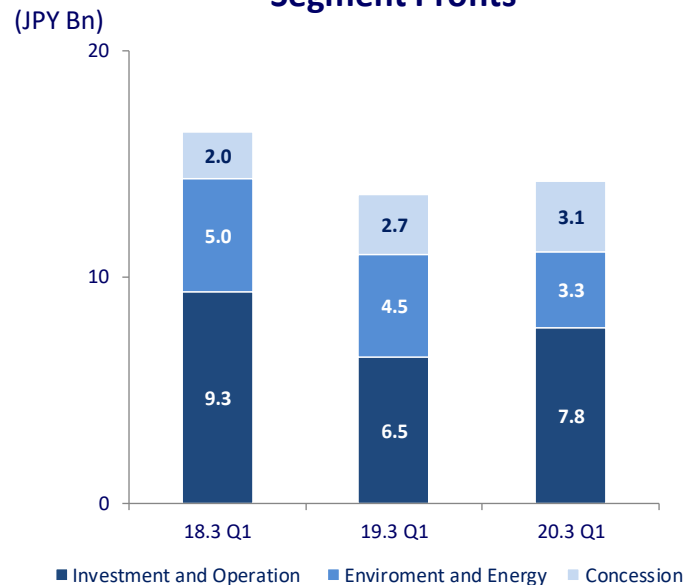
- ✓ Recorded gains on sales in private equity investment  
Profits from concession increased due to a rise in the number of tourists visiting Japan
- ✓ Profits from power retailing decreased in environment and energy business, while solar power generation business in Japan grew steadily

## Segment Assets: 750.3 JPY bn

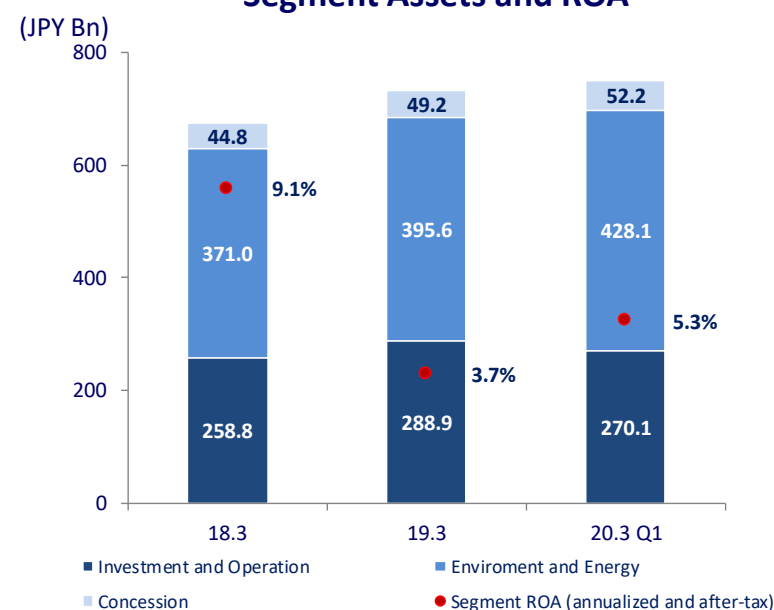
YTD +16.7 JPY bn (+2%)

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

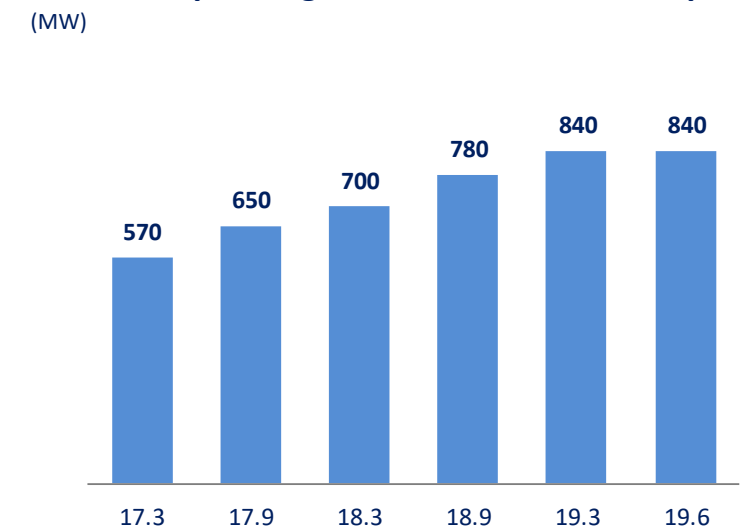
### Segment Profits



### 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%)

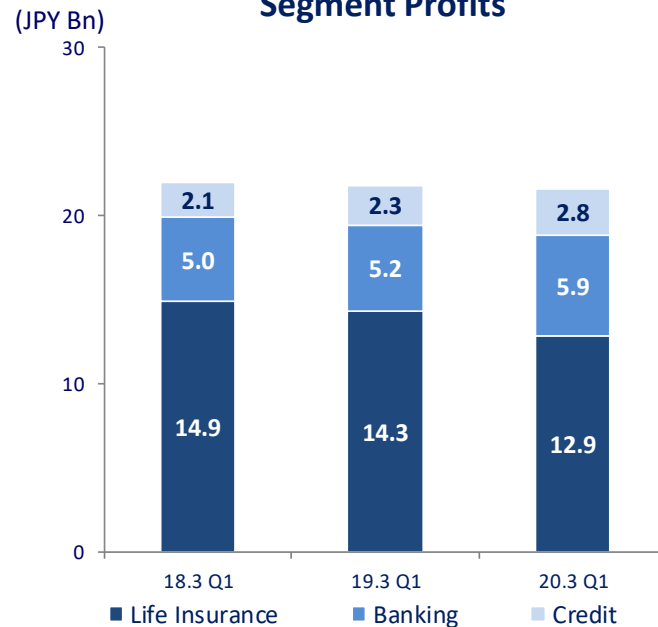
- ✓ Life insurance premium income increased, but profits decreased due to decrease in investment gains and increase in SG&A
- ✓ Finance revenues in banking and credit business increased

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

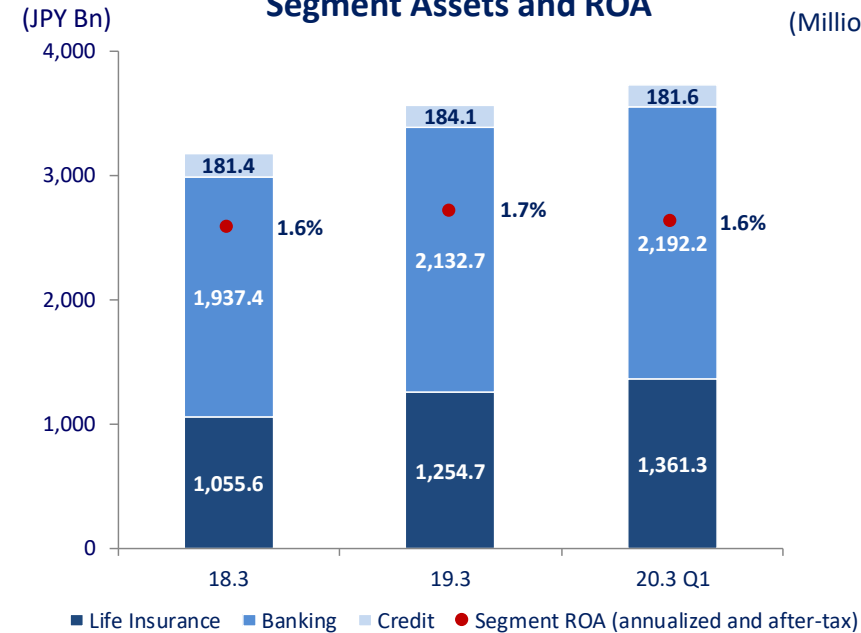
YTD +163.6 JPY bn (+5%)

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

**Segment Profits**

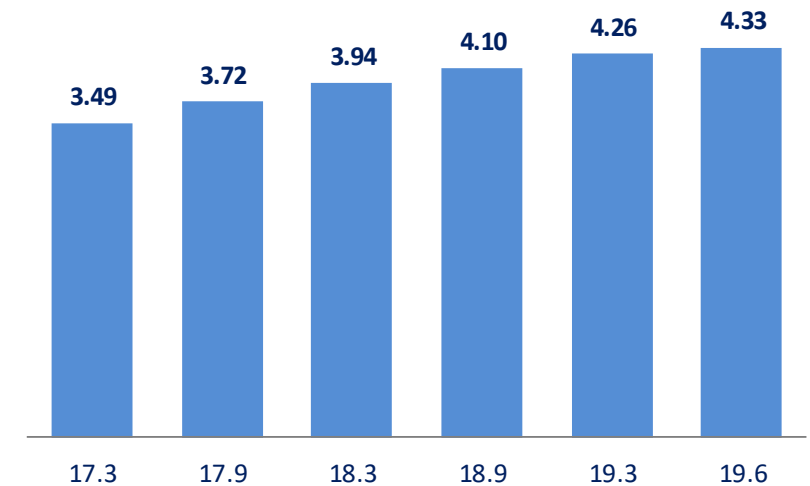


**Segment Assets and ROA**



(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**

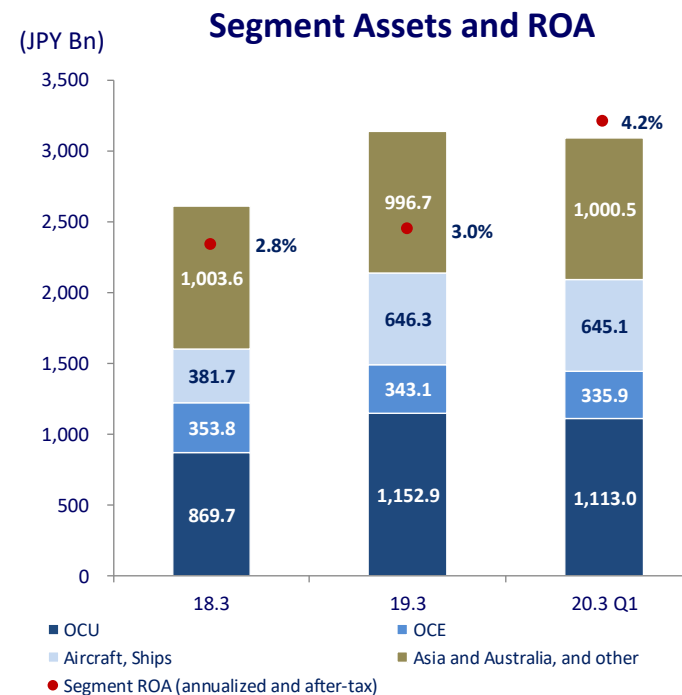
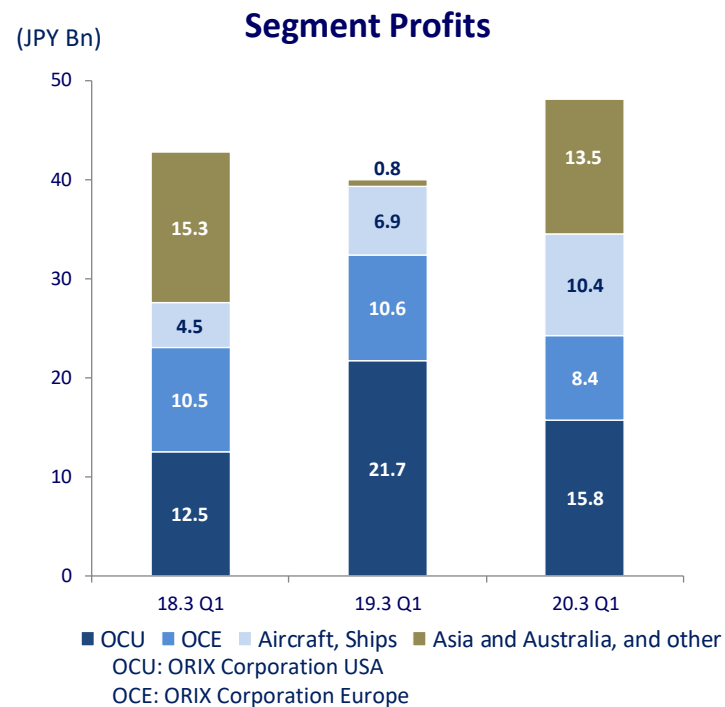
YoY +8.1 JPY bn (+20%)

- ✓ 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

**FY20.3 Q1 net income was 69.2 JPY bn,  
annualized ROE at 9.6%**

**Gains on sales decreased on YoY, but a certain level was secured  
Profits other than gains on sales grew as new investments contributed**

**Discussion underway concerning updates to “medium-term strategic directions”  
(→P.15) including shareholders return  
Announcement scheduled at the briefing of interim financial results for FY20.3**

# Appendix

# Medium-Term Strategic Directions (from FY19.3 to FY21.3)

## Profit Growth

**Annual net income growth at between 4-8%**

## Capital Efficiency

**ROE at 11% or higher**

## Financial Soundness

**Maintain single A credit rating**

**Enhance ERM as a global company**

## Shareholders return policy

- **Dividend payout ratio target at 30%**
- **Position share buyback as proactive return to shareholders**

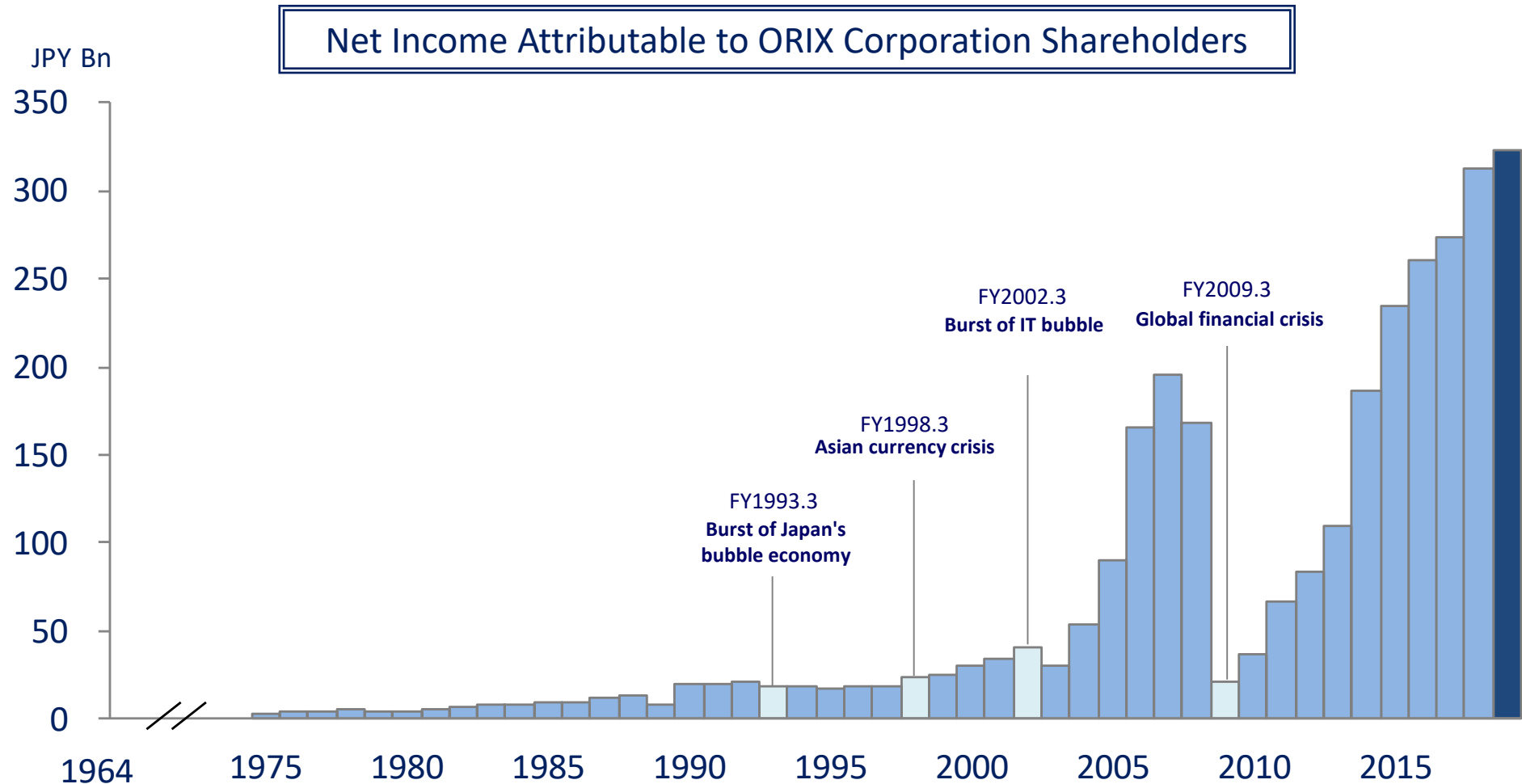
\*An increase in the dividend payout ratio target from 27% to 30% was announced on Oct 26, 2018

# About ORIX

## Proven Track Record of Profitability

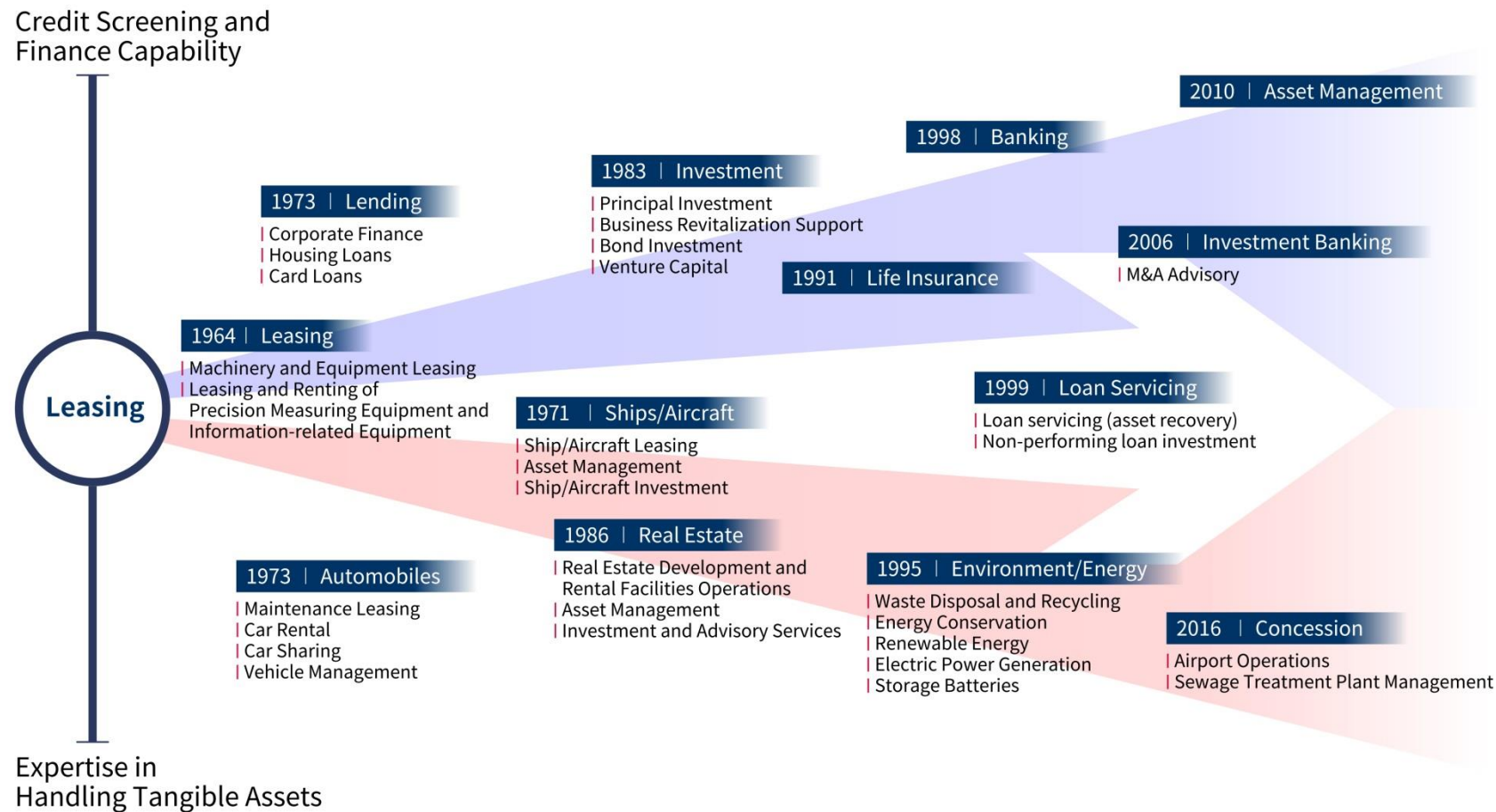


- ✓ ORIX has achieved 54 years of sustained, profitable growth





- ✓ ORIX will continue to enhance our expertise in finance and tangible assets as we synergistically expand our businesses

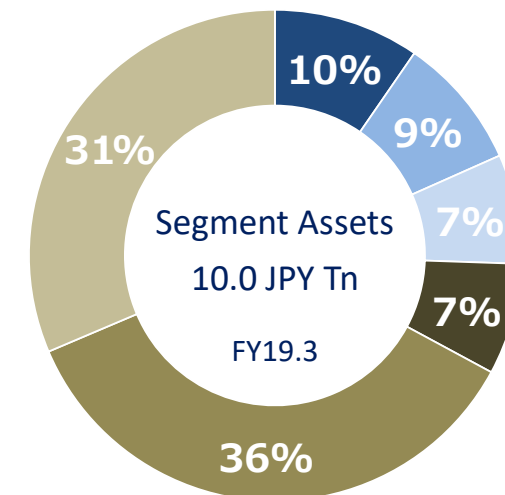
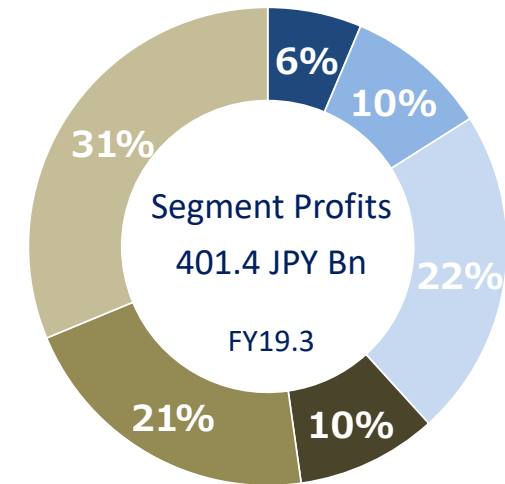


# About ORIX Profits and Assets by Segment

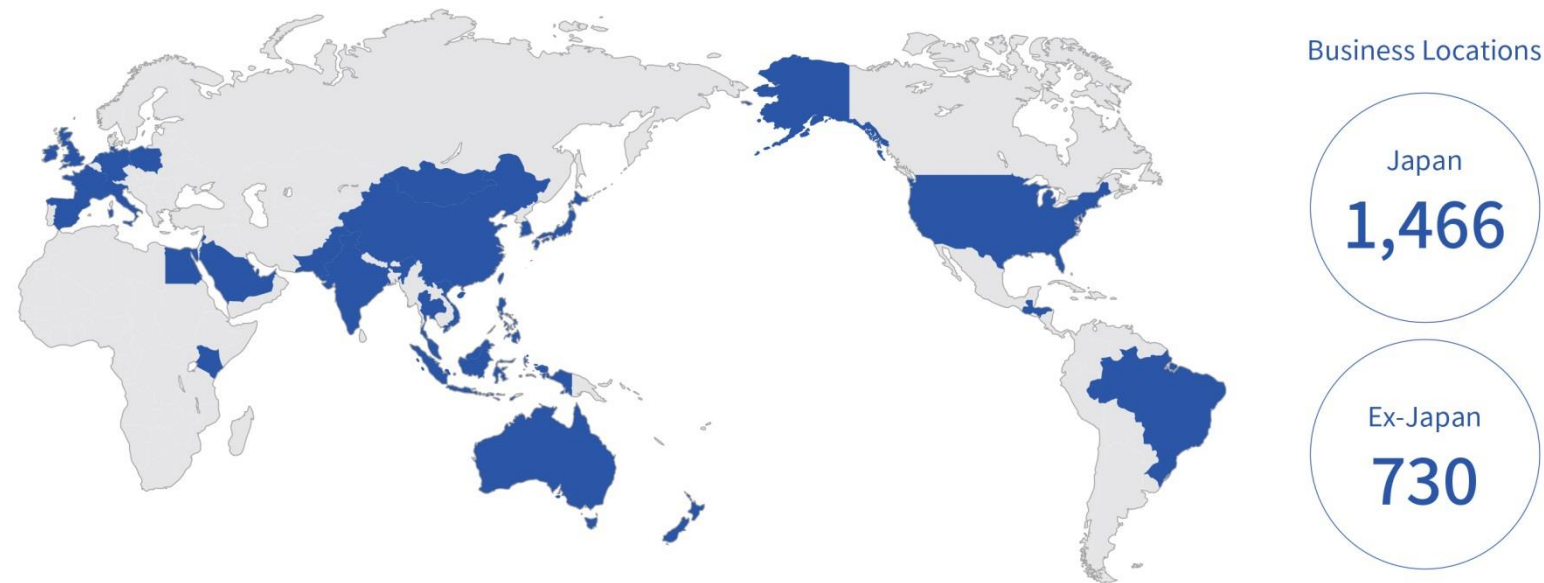


- ✓ Individual businesses demonstrate their strengths to the maximum extent possible to bring about synergies

<b>Corporate Financial Services</b>	Finance and fee business
<b>Maintenance Leasing</b>	Automobile leasing and rentals, car-sharing; test and measurement instruments and IT-related equipment rentals and leasing
<b>Real Estate</b>	Real estate development, rental and management; facility operation; real estate investment management
<b>Investment and Operation</b>	Environment and energy, private equity and concession
<b>Retail</b>	Life insurance, banking and consumer finance
<b>Overseas Business</b>	Asset management, aircraft- and ship-related operations, private equity and finance



- ✓ Using its expertise cultivated in Japan, ORIX has expanded its business globally, with operations in 37 countries and regions worldwide



(As of March 31, 2019)

1970s	1980s	1990s	2000s	2010s
Global Network and Number of Countries				
7 countries	12 countries	18 countries	26 countries	37 countries
Overseas expansion mainly through Leasing business in Asia		Further overseas expansion via diversification into aircraft-related and equity investment businesses		Expansion of business operations through acquisition of Robeco and development of the environment and energy business

# Appendix (1) Performance Overview



(JPY Bn)

	FY15.3	FY16.3	FY17.3	FY18.3	FY19.3	19.3 Q1	20.3 Q1	Change (YoY)
Total Revenues	2,174.3	2,369.2	2,678.7	2,862.8	2,434.9	603.9	537.0	89%
Net Income *1	234.9	260.2	273.2	313.1	323.7	79.9	69.2	87%
Segment Assets	9,464.8	9,246.3	9,201.9	9,098.9	9,997.7	9,117.2	10,274.4	113%
Total Assets	11,439.9	10,992.9	11,231.9	11,426.0	12,174.9	11,371.9	12,404.9	109%
Shareholders' Equity	2,152.2	2,310.4	2,507.7	2,682.4	2,897.1	2,712.2	2,887.1	106%
Shareholders' Equity Ratio	18.8%	21.0%	22.3%	23.5%	23.8%	23.9%	23.3%	-0.6%
ROE	11.5%	11.7%	11.3%	12.1%	11.6%	11.9%	9.6%	-2.3%
Return on Segment Assets (ROA)	2.77%	2.78%	2.96%	3.42%	3.39%	3.51%	2.73%	-0.78%
D/E Ratio								
(Short and Long-Term Debt+Deposits)/Shareholders' Equity	2.7x	2.5x	2.3x	2.2x	2.2x	2.1x	2.2x	0.1x
(Short and Long-Term Debt)/Shareholders' Equity	2.1x	1.9x	1.7x	1.5x	1.6x	1.5x	1.5x	0.0x

\*1 Net Income Attributable to ORIX Corporation Shareholders

\*2 Accounting Standards Update 2016-02 (ASC 842 ("Leases")) has been applied since the first quarter of FY20.3

## Appendix (2) Profits by Segment

								(JPY Bn)
	FY15.3	FY16.3	FY17.3	FY18.3	FY19.3	19.3 Q1	20.3 Q1	Change (YoY)
Corporate Financial Services	25.5	42.4	38.0	49.3	25.5	7.8	4.1	52%
Maintenance Leasing	40.4	42.9	39.8	40.2	38.8	9.7	7.9	82%
Real Estate	9.8	52.3	84.5	74.4	89.2	20.5	4.5	22%
Investment and Operation	37.8	47.9	73.4	84.1	38.2	13.6	14.2	104%
Retail	120.6	51.8	72.9	74.5	84.2	21.8	21.6	99%
Overseas Business	105.8	148.5	112.4	106.6	125.4	40.0	48.1	120%
<b>Total Segment Profits</b>	<b>339.8</b>	<b>385.7</b>	<b>420.9</b>	<b>429.1</b>	<b>401.4</b>	<b>113.4</b>	<b>100.3</b>	<b>88%</b>

\* Since the fourth quarter of FY19.3, the segment classification of DAIKYO has been changed from Investment and Operation segment to Real Estate segment. Past segment information has been reclassified accordingly.

## Appendix (3) Assets by Segment

								(JPY Bn)
	FY15.3	FY16.3	FY17.3	FY18.3	FY19.3	19.3 Q1	20.3 Q1	Change (YTD)
Corporate Financial Services	1,203.4	1,133.9	1,086.0	991.8	959.7	976.1	1,000.1	104%
Maintenance Leasing	750.7	783.0	806.7	847.2	873.8	855.3	880.7	101%
Real Estate	1,054.9	917.7	843.9	802.0	720.2	793.3	813.7	113%
Investment and Operation	458.4	540.4	593.8	674.6	733.6	681.7	750.3	102%
Retail	3,717.2	3,472.1	3,293.4	3,174.5	3,571.4	3,236.6	3,735.1	105%
Overseas Business	2,280.1	2,399.3	2,578.1	2,608.8	3,138.9	2,574.2	3,094.5	99%
<b>Total Segment Assets</b>	<b>9,464.8</b>	<b>9,246.3</b>	<b>9,201.9</b>	<b>9,098.9</b>	<b>9,997.7</b>	<b>9,117.2</b>	<b>10,274.4</b>	<b>103%</b>

\* Since the fourth quarter of FY19.3, the segment classification of DAIKYO has been changed from Investment and Operation segment to Real Estate segment. Past segment information has been reclassified accordingly.

# Appendix (4) Income Statement Data

(JPY Bn)								
	FY15.3	FY16.3	FY17.3	FY18.3	FY19.3	19.3 Q1	20.3 Q1	Change (YoY)
Finance revenues	192.8	208.2	211.9	228.3	242.9	56.6	62.5	110%
Gains on investment securities and dividends	56.4	35.8	30.3	43.3	16.0	7.5	13.5	180%
Operating leases	124.9	128.8	155.1	127.3	156.6	32.5	30.5	94%
Life insurance premiums and related investment income	79.5	68.1	95.8	96.5	100.6	25.8	25.9	100%
Sales of goods and real estate	48.8	85.8	86.5	75.5	60.9	11.7	11.7	100%
Services income	334.0	282.5	275.4	298.1	310.5	89.1	73.2	82%
<b>Gross Profits*1</b>	<b>836.5</b>	<b>809.2</b>	<b>854.9</b>	<b>869.1</b>	<b>887.4</b>	<b>223.3</b>	<b>217.4</b>	<b>97%</b>
Interest expense	72.6	72.8	72.9	76.8	93.3	20.1	26.2	130%
Selling, general and administrative expenses	427.8	422.7	418.7	431.6	437.0	105.2	111.4	106%
Provisions/Impairments	55.5	29.7	38.4	24.0	26.3	5.0	4.7	95%
Other (income) and expense, net	23.7	-3.7	-4.4	0.4	1.3	1.1	-0.6	-56%
<b>Operating Income</b>	<b>256.8</b>	<b>287.7</b>	<b>329.2</b>	<b>336.2</b>	<b>329.4</b>	<b>92.0</b>	<b>75.7</b>	<b>82%</b>
Equity in Net Income of Affiliates	30.5	45.7	26.5	50.1	33.0	5.2	13.0	251%
Gains on Sales of Subsidiaries and Affiliates, etc.	56.7	57.9	69.2	49.2	33.3	13.8	10.2	74%
<b>Income before Income Taxes</b>	<b>344.0</b>	<b>391.3</b>	<b>425.0</b>	<b>435.5</b>	<b>395.7</b>	<b>111.0</b>	<b>98.9</b>	<b>89%</b>
<b>Net Income Attributable to ORIX Corporation Shareholders</b>	<b>234.9</b>	<b>260.2</b>	<b>273.2</b>	<b>313.1</b>	<b>323.7</b>	<b>79.9</b>	<b>69.2</b>	<b>87%</b>

\*1 Each revenue component deducted with corresponding costs and expenses

# Appendix (5) Funding

(JPY Bn)

Funding	FY15.3	FY16.3	FY17.3	FY18.3	FY19.3	19.3 Q1	20.3 Q1	Change (YoY)
CP	89.6	102.4	50.1	54.9	41.1	21.5	69.3	47.8
Borrowings from Financial Institutions	2,881.6	2,970.6	2,958.2	3,056.2	3,279.4	2,989.7	3,236.4	246.7
Bonds / MTN	1,151.5	938.1	885.1	940.1	997.5	925.8	980.1	54.3
Deposits	1,287.4	1,398.5	1,614.6	1,757.5	1,927.7	1,790.7	1,987.3	196.6
ABS, CMBS	291.3	275.5	245.1	82.1	177.8	63.8	163.2	99.4
<b>Short-term Debt, Long-term Debt and Deposits</b>	<b>5,701.4</b>	<b>5,685.0</b>	<b>5,753.1</b>	<b>5,890.7</b>	<b>6,423.5</b>	<b>5,791.5</b>	<b>6,436.3</b>	<b>644.8</b>
<b>Share of Long-Term Debt</b>	<b>94%</b>	<b>92%</b>	<b>93%</b>	<b>93%</b>	<b>93%</b>	<b>94%</b>	<b>92%</b>	<b>-2%</b>

Liquidity (excl. ORIX Bank, ORIX Life Insurance)	FY15.3	FY16.3	FY17.3	FY18.3	FY19.3	19.3 Q1	20.3 Q1	Change (YoY)
Cash and Cash Equivalents (1)	738.7	588.7	586.6	617.7	561.0	563.9	465.2	-98.7
Available Commitment Line (2)	419.4	389.9	394.0	332.7	346.6	379.6	339.6	-40.0
Liquidity (1+2)	1,158.1	978.6	980.6	950.4	907.6	943.5	804.8	-138.7
Marketable Short-term Debt (3) *1	434.1	362.3	290.9	138.4	129.1	79.4	210.5	131.1
Liquidity Coverage Ratio (1+2)/(3)	267%	270%	337%	687%	703%	1188%	382%	-806%

Funding Costs (including Deposits)	FY15.3	FY16.3	FY17.3	FY18.3	FY19.3	19.3 Q1	20.3 Q1	Change (YoY)
Domestic Currency	0.76%	0.64%	0.50%	0.42%	0.40%	0.39%	0.38%	-0.01%
Foreign Currency	2.87%	2.74%	2.80%	2.76%	3.27%	3.05%	3.45%	0.40%

\*1 Marketable Short-term Debt is the total of bonds and MTN expected to reach maturity within 1 year and the balance of CP.



# Segment Performance (1) Corporate Financial Services

(JPY Bn)

	FY15.3	FY16.3	FY17.3	FY18.3	FY19.3	19.3 Q1	20.3 Q1	Change (YoY)
Finance revenues	37.4	36.0	32.4	30.7	28.8	7.7	5.9	77%
Gains on investment securities and dividends	1.0	7.1	2.5	17.1	-0.8	0.2	0.6	233%
Operating leases	24.5	25.5	25.6	23.4	23.5	6.0	5.6	94%
Services income	20.6	34.3	38.5	40.3	39.3	10.0	8.2	82%
<b>Segment Revenues</b>	<b>85.9</b>	<b>107.5</b>	<b>103.1</b>	<b>115.8</b>	<b>95.2</b>	<b>25.0</b>	<b>21.7</b>	<b>87%</b>
Interest expense	9.1	7.5	6.2	5.0	4.1	1.1	0.9	84%
Costs of operating leases	12.2	13.3	14.3	14.1	14.3	3.5	3.7	103%
Services expense	5.3	7.2	7.5	8.1	10.1	2.1	2.6	121%
Selling, general and administrative expenses	30.9	37.1	39.1	39.1	37.9	9.6	10.8	113%
<b>Segment Expenses</b>	<b>61.0</b>	<b>65.8</b>	<b>68.2</b>	<b>68.8</b>	<b>69.0</b>	<b>17.0</b>	<b>18.8</b>	<b>111%</b>
<b>Segment Profits</b>	<b>25.5</b>	<b>42.4</b>	<b>38.0</b>	<b>49.3</b>	<b>25.5</b>	<b>7.8</b>	<b>4.1</b>	<b>52%</b>
Net Investment in the Leases	532.6	509.8	483.4	439.3	403.6	433.5	396.5	
Installment Loans	461.3	417.6	402.9	369.9	364.8	364.5	361.4	
<b>Segment Assets</b>	<b>1,203.4</b>	<b>1,133.9</b>	<b>1,086.0</b>	<b>991.8</b>	<b>959.7</b>	<b>976.1</b>	<b>1,000.1</b>	
<b>ROA</b>	<b>1.46%</b>	<b>2.41%</b>	<b>2.34%</b>	<b>3.24%</b>	<b>1.79%</b>	<b>2.18%</b>	<b>1.14%</b>	

# Segment Performance (2) Maintenance Leasing

(JPY Bn)

	FY15.3	FY16.3	FY17.3	FY18.3	FY19.3	19.3 Q1	20.3 Q1	Change (YoY)
Finance revenues	11.7	12.5	13.4	14.2	14.4	3.4	3.7	108%
Operating leases	185.7	188.9	187.3	189.7	198.0	47.9	50.0	104%
Services income	62.5	66.8	66.3	67.8	70.6	17.4	17.4	100%
<b>Segment Revenues</b>	<b>264.1</b>	<b>272.1</b>	<b>271.0</b>	<b>275.9</b>	<b>288.2</b>	<b>69.9</b>	<b>72.6</b>	<b>104%</b>
Interest expense	4.2	4.0	3.7	3.2	3.0	0.8	0.7	88%
Costs of operating leases	138.2	141.5	143.3	145.4	154.4	37.2	39.5	106%
Services expense	38.5	39.7	39.2	40.1	40.6	9.9	10.2	103%
Selling, general and administrative expenses	38.8	41.0	42.9	44.1	46.5	11.4	13.1	114%
<b>Segment Expenses</b>	<b>223.6</b>	<b>229.2</b>	<b>231.1</b>	<b>235.6</b>	<b>250.5</b>	<b>60.1</b>	<b>64.7</b>	<b>107%</b>
<b>Segment Profits</b>	<b>40.4</b>	<b>42.9</b>	<b>39.8</b>	<b>40.2</b>	<b>38.8</b>	<b>9.7</b>	<b>7.9</b>	<b>82%</b>
Net Investment in the Leases	257.1	285.5	308.9	319.9	328.4	319.7	326.0	
Investment in Operating Leases	488.6	492.4	492.6	505.5	525.4	513.9	535.3	
<b>Segment Assets</b>	<b>750.7</b>	<b>783.0</b>	<b>806.7</b>	<b>847.2</b>	<b>873.8</b>	<b>855.3</b>	<b>880.7</b>	
<b>ROA</b>	<b>3.58%</b>	<b>3.72%</b>	<b>3.42%</b>	<b>3.32%</b>	<b>3.09%</b>	<b>3.12%</b>	<b>2.47%</b>	

# Segment Performance (3) Real Estate

(JPY Bn)

	FY15.3	FY16.3	FY17.3	FY18.3	FY19.3	19.3 Q1	20.3 Q1	Change (YoY)
Finance revenues	4.2	6.9	2.4	2.1	2.1	0.5	0.7	137%
Operating leases	71.4	67.9	96.0	55.2	72.5	12.9	13.0	101%
<i>Gains on Rental Property Sales</i>	15.5	16.8	50.6	14.3	35.0	3.1	4.4	139%
Sales of goods and real estate	104.6	134.8	122.0	131.8	141.5	19.4	15.4	79%
Services income	279.6	287.6	292.0	300.1	313.1	79.8	64.4	81%
<b>Segment Revenues</b>	<b>460.6</b>	<b>498.7</b>	<b>512.8</b>	<b>489.8</b>	<b>529.1</b>	<b>113.4</b>	<b>93.3</b>	<b>82%</b>
Interest expense	7.5	5.2	3.2	2.3	2.2	0.6	0.4	66%
Costs of operating leases	38.5	34.5	30.3	27.6	26.0	6.4	6.4	100%
Costs of goods and real estate sold	98.3	113.1	100.9	112.2	121.4	18.3	15.4	84%
Services expense	233.7	242.7	246.5	254.4	261.1	58.8	55.0	93%
Selling, general and administrative expenses	43.8	45.8	43.9	43.2	44.0	11.4	11.9	104%
<b>Segment Expenses</b>	<b>461.7</b>	<b>450.5</b>	<b>429.0</b>	<b>444.0</b>	<b>457.0</b>	<b>95.4</b>	<b>89.3</b>	<b>94%</b>
<b>Segment Profits</b>	<b>9.8</b>	<b>52.3</b>	<b>84.5</b>	<b>74.4</b>	<b>89.2</b>	<b>20.5</b>	<b>4.5</b>	<b>22%</b>
Investment in Operating Leases	436.5	392.0	318.3	273.0	242.0	264.2	299.8	
Property under Facility Operations	172.2	177.5	185.0	195.5	146.1	201.2	177.6	
Advances for Finance Lease and Operating Lease	44.7	38.5	19.8	21.6	29.9	25.7	29.3	
Investment in Affiliates	106.7	107.5	110.6	100.2	107.1	97.7	102.1	
<b>Segment Assets</b>	<b>1,054.9</b>	<b>917.7</b>	<b>843.9</b>	<b>802.0</b>	<b>720.2</b>	<b>793.3</b>	<b>813.7</b>	
<b>ROA</b>	<b>0.57%</b>	<b>3.52%</b>	<b>6.55%</b>	<b>6.17%</b>	<b>8.03%</b>	<b>7.04%</b>	<b>1.60%</b>	

# Segment Performance (4) Investment and Operation

(JPY Bn)

	FY15.3	FY16.3	FY17.3	FY18.3	FY19.3	19.3 Q1	20.3 Q1	Change (YoY)
Finance revenues	16.0	12.9	11.0	9.3	9.1	2.5	1.8	71%
Gains on investment securities and dividends	9.3	10.2	12.9	7.6	0.1	0.7	0.3	47%
Sales of goods and real estate	276.5	596.7	825.0	924.2	436.0	131.2	68.0	52%
Services income	86.2	100.0	118.8	140.1	169.1	40.7	46.2	114%
<b>Segment Revenues</b>	<b>389.7</b>	<b>721.4</b>	<b>970.0</b>	<b>1,083.5</b>	<b>615.2</b>	<b>175.3</b>	<b>116.7</b>	<b>67%</b>
Interest expense	3.3	3.2	4.9	5.7	7.1	1.7	1.9	110%
Costs of goods and real estate sold	248.9	559.4	779.4	875.5	400.6	122.0	57.7	47%
Services expense	74.8	83.0	91.6	110.6	131.7	30.4	34.6	114%
Selling, general and administrative expenses	29.8	41.7	55.0	55.5	51.9	11.6	12.7	109%
<b>Segment Expenses</b>	<b>358.9</b>	<b>687.6</b>	<b>937.1</b>	<b>1,047.3</b>	<b>591.7</b>	<b>165.2</b>	<b>107.0</b>	<b>65%</b>
Equity in Net Income of Affiliates and others	7.1	14.1	40.5	47.9	14.7	3.5	4.6	129%
<b>Segment Profits</b>	<b>37.8</b>	<b>47.9</b>	<b>73.4</b>	<b>84.1</b>	<b>38.2</b>	<b>13.6</b>	<b>14.2</b>	<b>104%</b>
Installment Loans	103.9	94.1	71.5	59.4	47.6	56.9	44.7	
Investment in Securities	84.1	66.6	46.4	28.6	25.8	33.6	24.3	
Property under Facility Operations	90.9	130.6	187.7	208.1	265.0	205.8	298.1	
Inventories	30.8	21.1	24.8	24.3	30.8	25.3	29.1	
Investment in Affiliates	35.6	91.8	60.3	156.9	162.0	157.2	164.7	
Goodwill, Intangible Assets Acquired in Business Combinations	56.3	68.6	116.5	122.7	158.7	121.6	144.2	
<b>Segment Assets</b>	<b>458.4</b>	<b>540.4</b>	<b>593.8</b>	<b>674.6</b>	<b>733.6</b>	<b>681.7</b>	<b>750.3</b>	
<b>ROA</b>	<b>5.77%</b>	<b>6.37%</b>	<b>8.84%</b>	<b>9.06%</b>	<b>3.71%</b>	<b>5.51%</b>	<b>5.26%</b>	

# Segment Performance (5) Retail

(JPY Bn)

	FY15.3	FY16.3	FY17.3	FY18.3	FY19.3	19.3 Q1	20.3 Q1	Change (YoY)
Finance revenues	56.8	61.0	68.1	72.9	76.7	18.7	19.5	104%
Life insurance premiums and related investment income	352.5	190.8	297.9	353.0	348.3	83.2	88.0	106%
<b>Segment Revenues</b>	<b>426.1</b>	<b>254.4</b>	<b>368.7</b>	<b>428.7</b>	<b>428.9</b>	<b>102.8</b>	<b>108.7</b>	<b>106%</b>
Interest expense	5.8	4.7	4.1	4.0	4.1	1.0	1.0	101%
Life insurance costs	272.0	122.0	201.4	256.3	247.8	57.3	62.3	109%
Selling, general and administrative expenses	60.5	67.5	77.0	79.2	78.7	18.5	19.4	105%
Provision for doubtful receivables and probable loan losses and write-downs of long-lived assets and securities	4.0	7.4	10.1	11.2	11.5	3.2	3.1	97%
<b>Segment Expenses</b>	<b>342.2</b>	<b>203.4</b>	<b>295.8</b>	<b>354.2</b>	<b>344.7</b>	<b>81.0</b>	<b>87.1</b>	<b>107%</b>
<b>Segment Profits</b>	<b>120.6</b>	<b>51.8</b>	<b>72.9</b>	<b>74.5</b>	<b>84.2</b>	<b>21.8</b>	<b>21.6</b>	<b>99%</b>

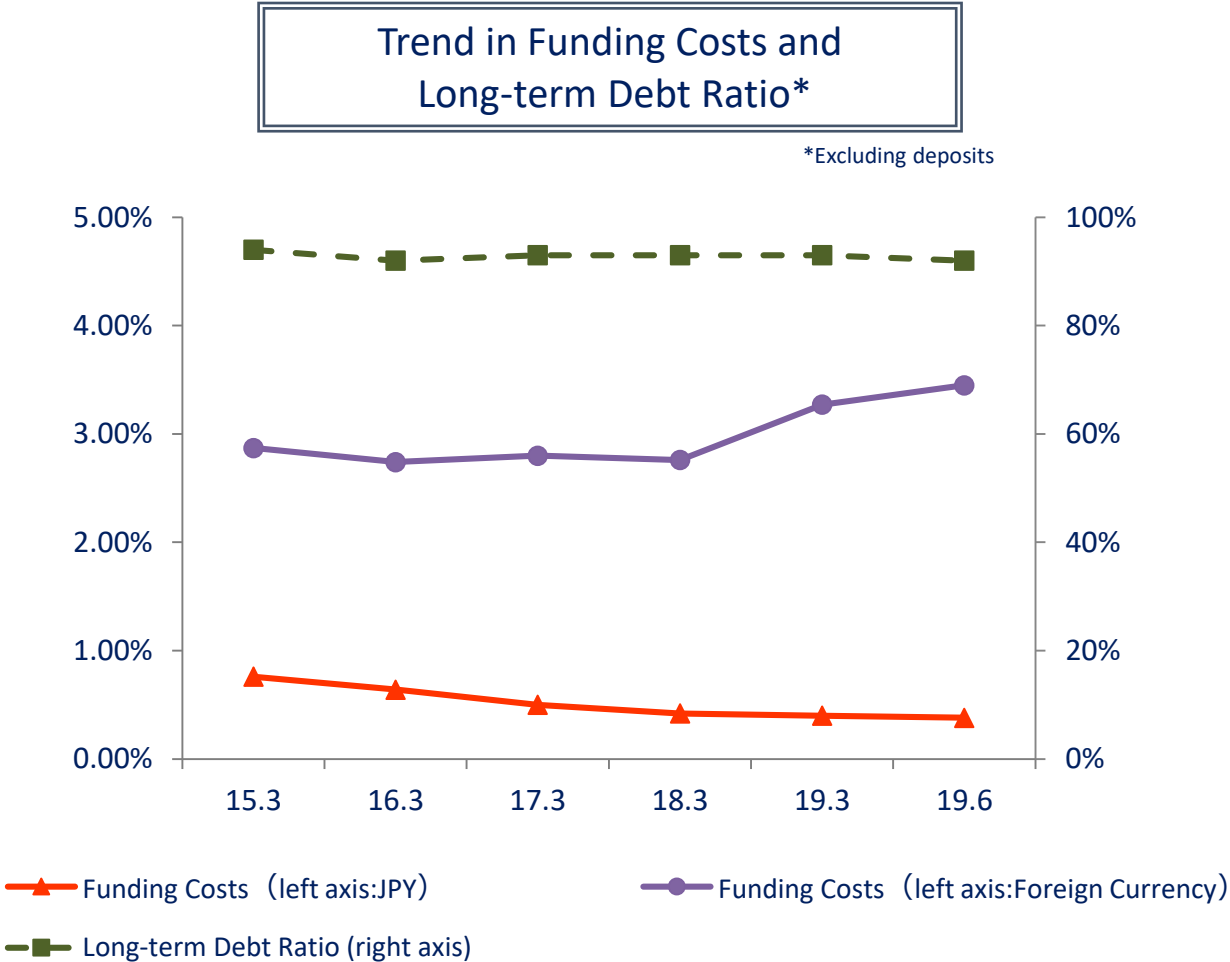
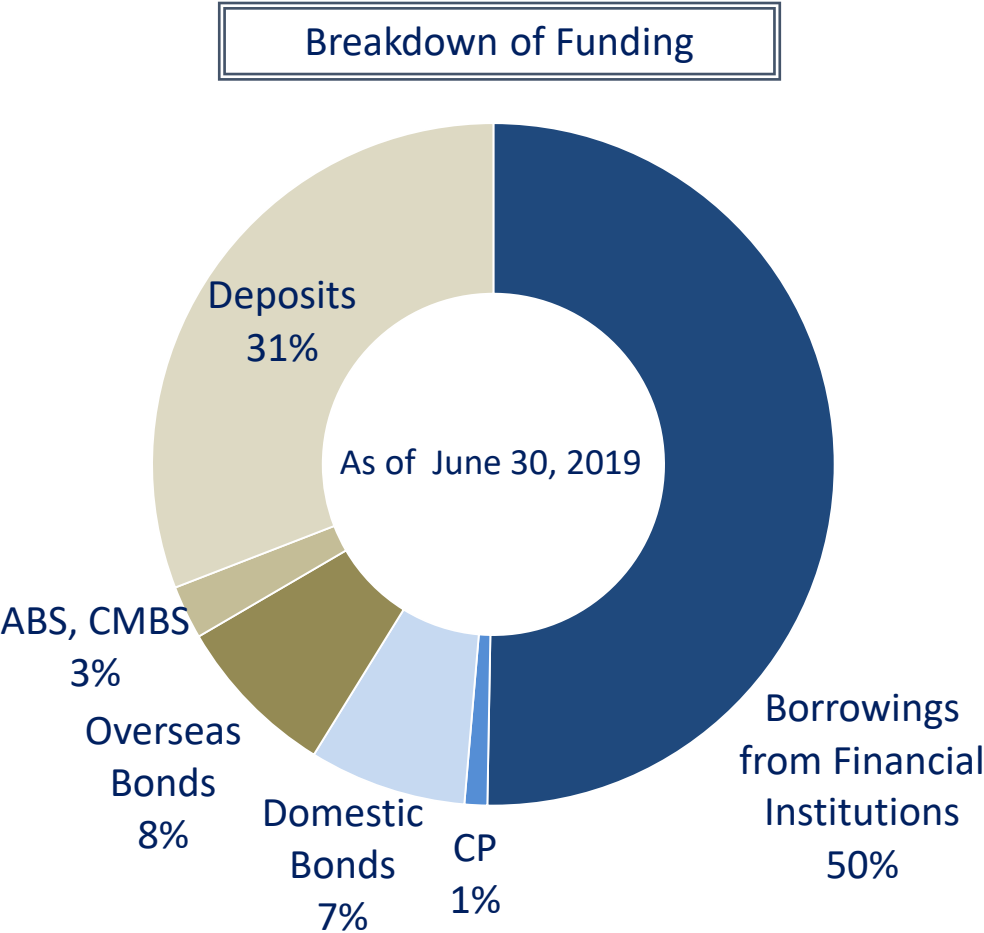
Installment Loans	1,411.7	1,523.1	1,727.0	1,852.8	2,050.0	1,870.4	2,129.8
Investment in Securities	2,228.6	1,876.3	1,502.7	1,260.3	1,474.8	1,305.0	1,558.8
<b>Segment Assets</b>	<b>3,717.2</b>	<b>3,472.1</b>	<b>3,293.4</b>	<b>3,174.5</b>	<b>3,571.4</b>	<b>3,236.6</b>	<b>3,735.1</b>
<b>ROA</b>	<b>2.62%</b>	<b>0.96%</b>	<b>1.47%</b>	<b>1.57%</b>	<b>1.71%</b>	<b>1.86%</b>	<b>1.62%</b>

# Segment Performance (6) Overseas Business

(JPY Bn)

	FY15.3	FY16.3	FY17.3	FY18.3	FY19.3	19.3 Q1	20.3 Q1	Change (YoY)
Finance revenues	67.3	79.4	85.1	98.4	111.6	23.7	31.0	131%
Gains on investment securities and dividends	29.8	16.1	13.3	17.5	16.6	5.6	12.9	229%
Operating leases	82.1	92.0	88.4	111.6	121.9	29.4	28.2	96%
Services income	321.5	250.1	216.7	238.6	233.1	58.6	54.0	92%
<b>Segment Revenues</b>	<b>565.2</b>	<b>530.4</b>	<b>462.7</b>	<b>479.6</b>	<b>490.7</b>	<b>118.5</b>	<b>126.5</b>	<b>107%</b>
Interest expense	34.0	37.7	40.3	51.5	62.8	12.5	18.4	146%
Costs of operating leases	49.7	56.0	54.9	64.4	62.5	15.4	15.9	103%
Services expense	76.2	76.0	65.6	70.4	66.5	16.6	14.6	88%
Selling, general and administrative expenses	216.3	197.8	169.3	177.9	183.7	42.8	44.2	103%
<b>Segment Expenses</b>	<b>464.8</b>	<b>450.9</b>	<b>390.5</b>	<b>382.9</b>	<b>395.1</b>	<b>91.4</b>	<b>94.7</b>	<b>104%</b>
<b>Segment Profits</b>	<b>105.8</b>	<b>148.5</b>	<b>112.4</b>	<b>106.6</b>	<b>125.4</b>	<b>40.0</b>	<b>48.1</b>	<b>120%</b>
Net Investment in the Leases	386.6	351.0	357.7	368.7	362.4	365.4	350.8	
Installment Loans	467.0	550.7	613.5	534.6	814.8	532.6	835.7	
Investment in Operating Leases	279.2	376.2	420.6	491.1	509.1	486.9	509.3	
Investment in Securities	382.1	354.2	433.3	413.4	385.3	399.1	363.4	
Investment in Affiliates	209.0	305.7	332.2	314.6	556.7	306.8	536.2	
Goodwill, Intangible Assets Acquired in Business Combinations	489.0	394.7	380.2	427.0	452.3	419.8	444.2	
<b>Segment Assets</b>	<b>2,280.1</b>	<b>2,399.3</b>	<b>2,578.1</b>	<b>2,608.8</b>	<b>3,138.9</b>	<b>2,574.2</b>	<b>3,094.5</b>	
<b>ROA</b>	<b>3.13%</b>	<b>4.22%</b>	<b>3.08%</b>	<b>2.81%</b>	<b>2.99%</b>	<b>4.23%</b>	<b>4.23%</b>	

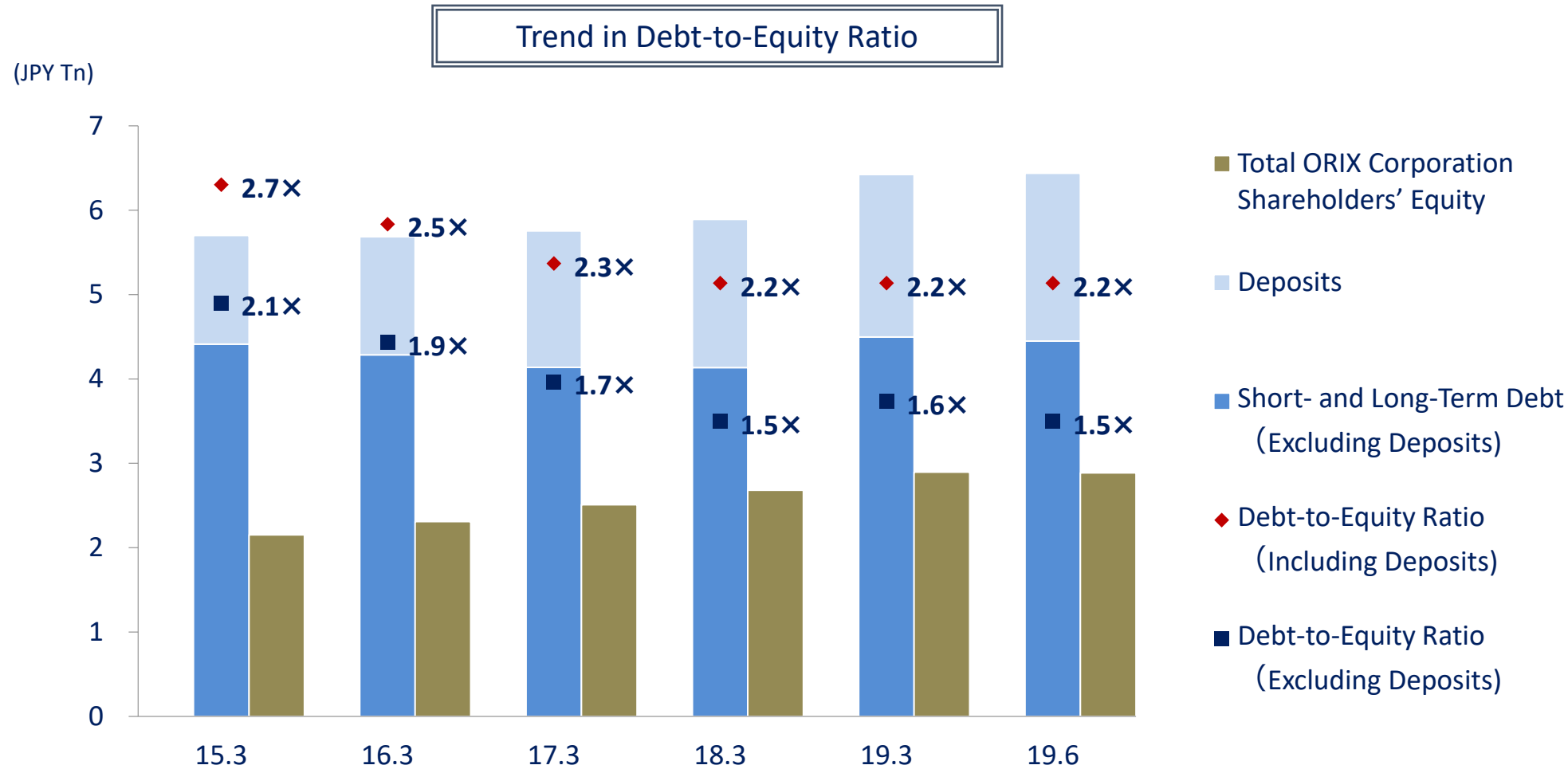
✓ Diversified funding. Controlled costs while maintaining a high long-term debt ratio



# Financials (2) Debt-to-Equity Ratio



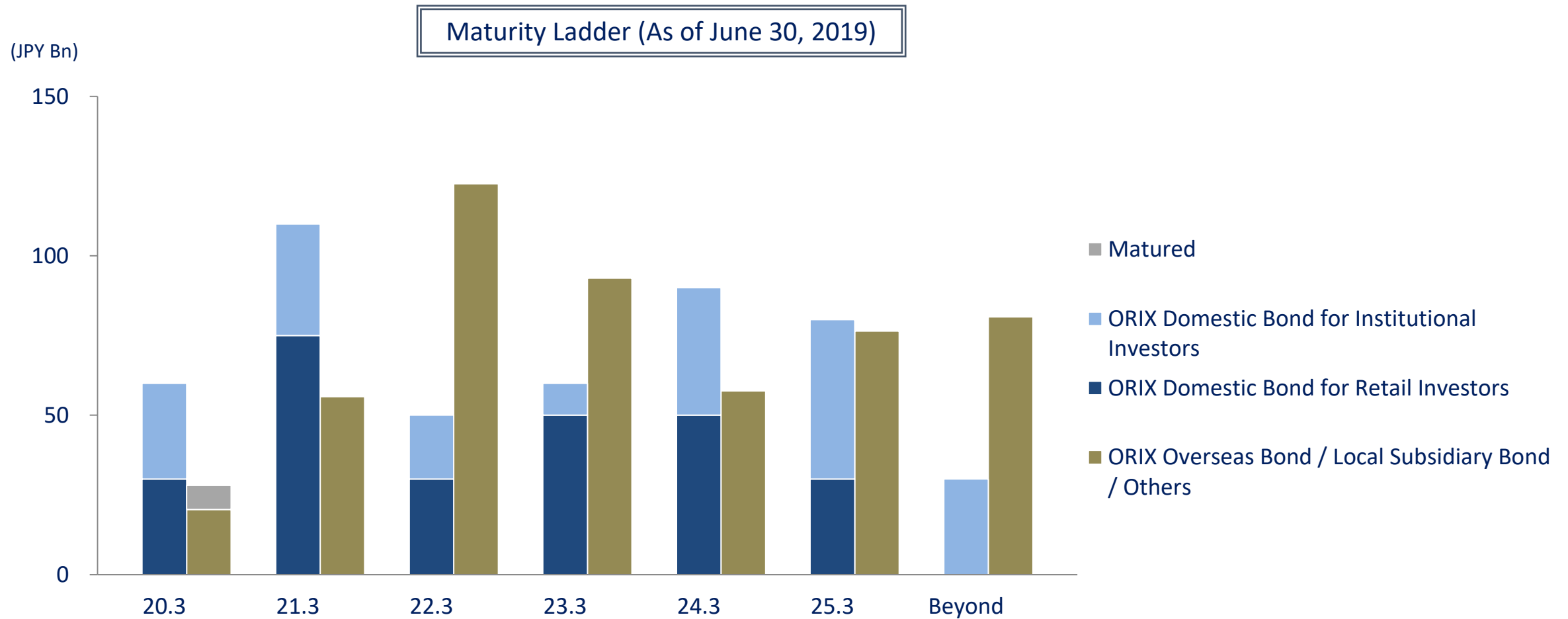
✓ Debt-to-Equity Ratio continuously stays at a low level





# Financials (3) Bond Maturity Ladder

- ✓ Leveled out annual redemption amounts by dispersing bond maturities

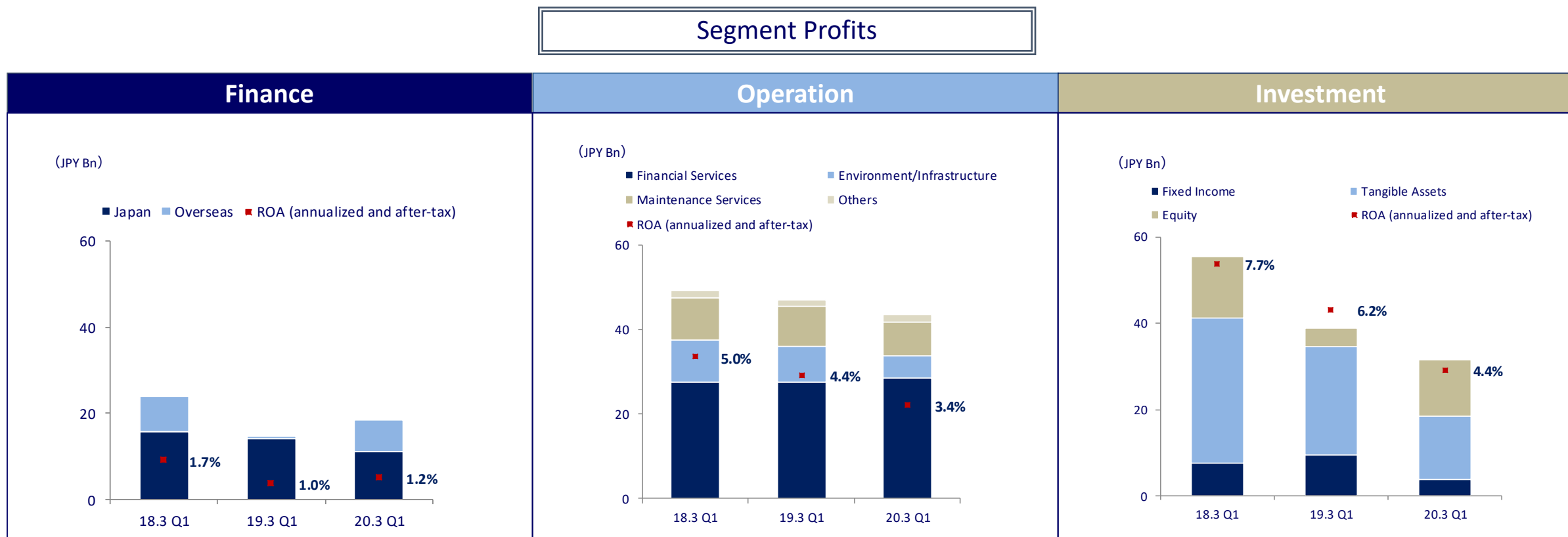


# Performance in Three Categories

See P.35 for details on the three categories



Growth in Finance will not be proactively sought under the current low interest rate environment; rather, efforts will be made to maintain the current status. Focus will continue to be put on Operation and Investment with high ROA performances.



(\*1) FY18.3 Q1 Segment Profits in Operation excludes capital gain from the sale of Houlihan Lokey shares and ordinary profit/loss contribution from HLIKK.

(\*2) FY19.3 Q1 Segment Profits in Operation excludes capital gain from the sale of Houlihan Lokey shares and ordinary profit/loss contribution from HLIKK. FY19.3 Q1 capital gain from the sale of hotel is included in Tangible Assets.

(\*3) From FY19.3, the category classification of DAIKYO has been changed from Equity to Environment/Infrastructure. Past segment information has been reclassified accordingly

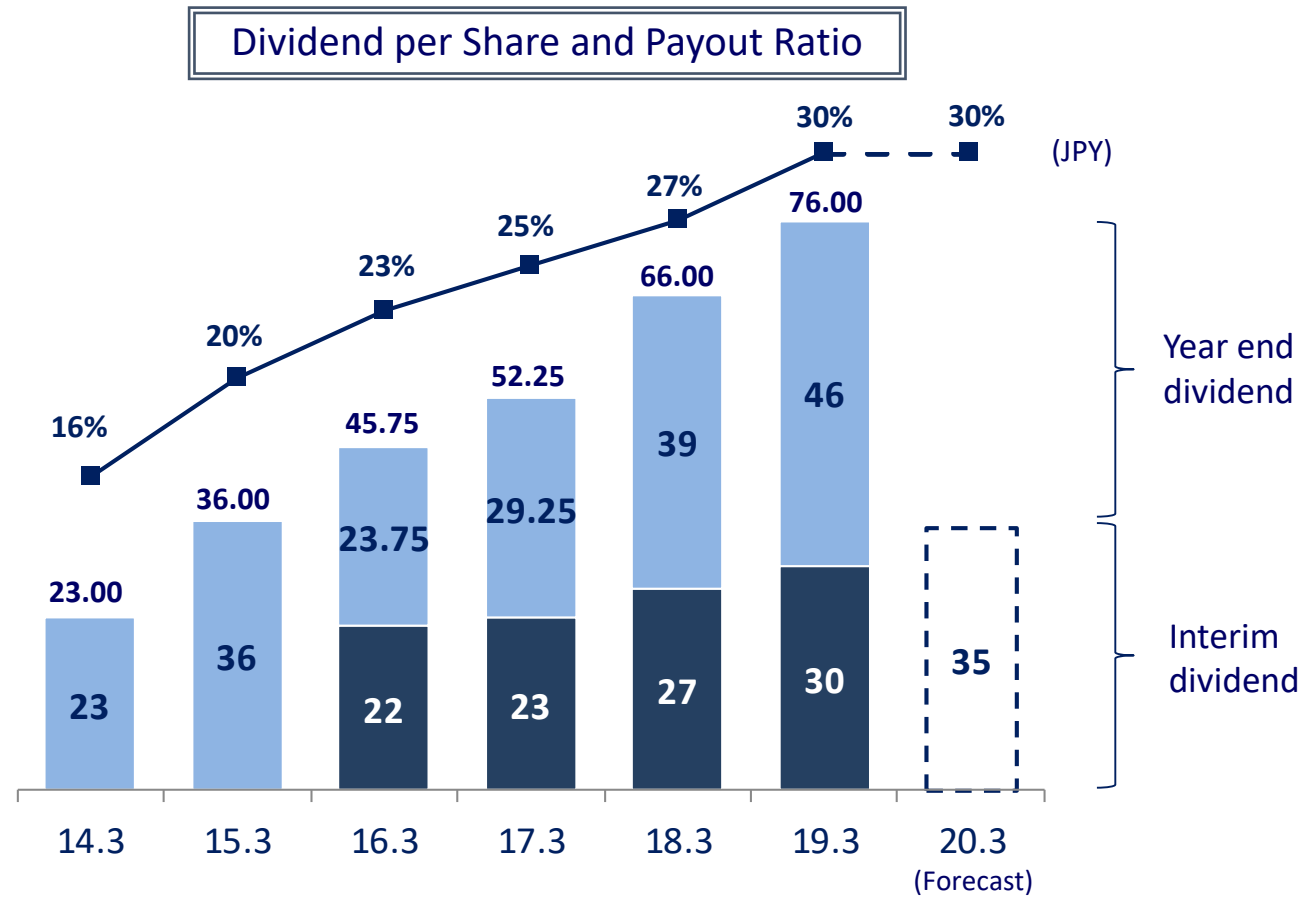
(\*4) FY20.3 Q1 Segment Profits in Operation excludes capital gain from the sale of Houlihan Lokey shares and ordinary profit/loss contribution from HLIKK.

# Business Portfolio in Three Categories

		Finance	Operation				Investment			
Category	Main Risk	Credit risk	Operation/Business risk				Market risk			
	Capital Requirement	Low	Medium-High				High			
		Japan	Overseas	Environment/ Infrastructure	Financial Services	Maintenance Services	Others	Fixed Income	Tangible Assets	Equity
Segment	Corporate Financial Services	Leasing, Loan, Fee business					Yayoi			New business development
	Maintenance Leasing					ORIX Auto, ORIX Rentec				
	Real Estate			Facility operation, DAIKYO	REIT, RE investment advisory				RE investment	
	Investment and Operation			Environment and energy, Concession				Loan servicing		PE investment
	Retail	Banking, Consumer finance, Gurantee			Life insurance					
	Overseas Business		Leasing, Loan		Asset Management			Bond investment	Aircraft, Ships	PE investment

# Shareholders Return

- ✓ Raised dividend payout ratio to 30% for FY19.3, with a full year dividend of 76 yen per share (up 10 yen, +15% YoY)
- ✓ Maintain the payout ratio at 30% for FY20.3, with the interim dividend forecasted at 35 yen per share
- ✓ Maintain the optimal balance between investment opportunities for sustainable future profit growth and stable dividend growth



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- 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.
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Answers, Custom Fit.

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