



Answers,
Custom Fit.

ORIX Corporation

Consolidated Financial Results

For the Consolidated Fiscal Year Ended March 31, 2020

Makoto Inoue

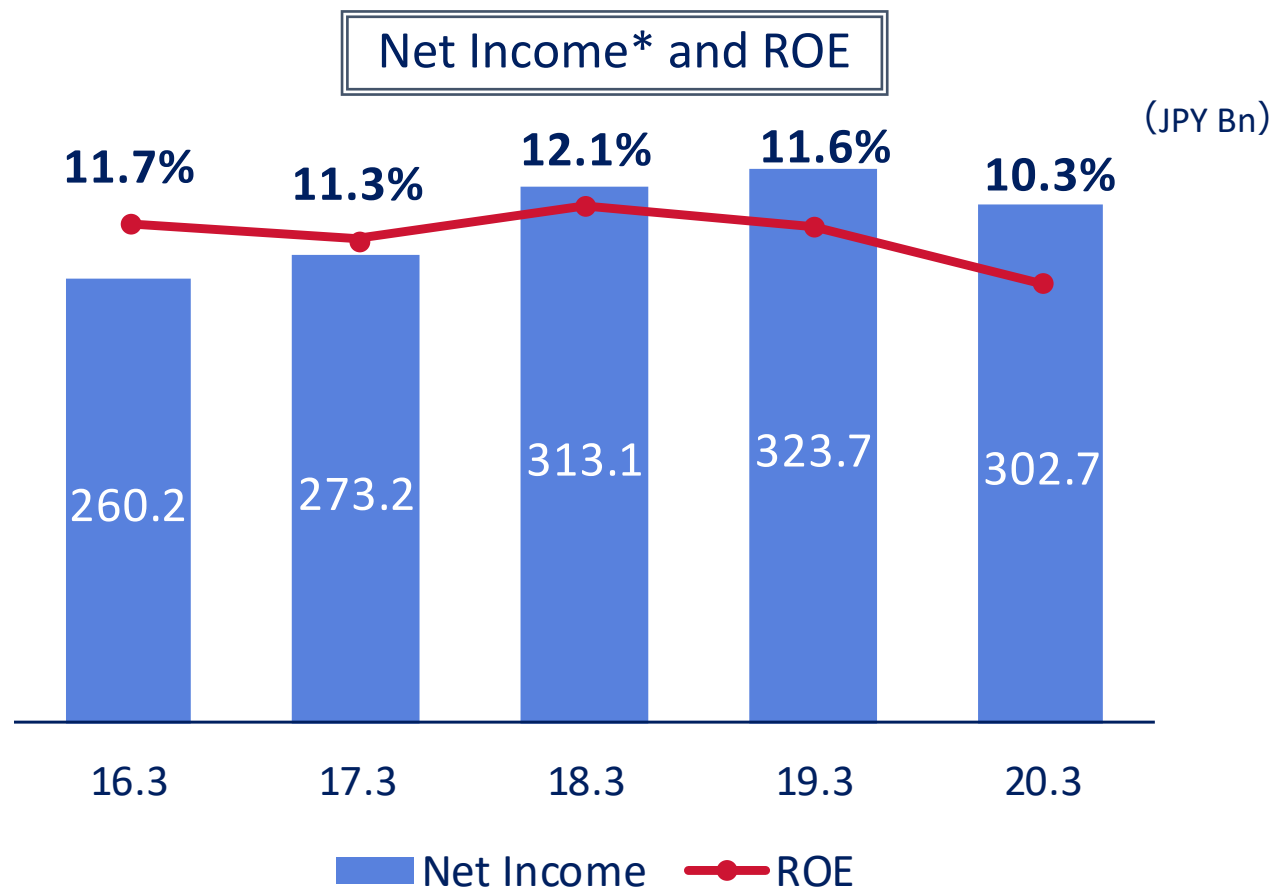
Member of the Board of Directors
Representative Executive Officer
President & CEO

May 22, 2020

(TSE: 8591; NYSE: IX)

Overview (1) Net Income / ROE

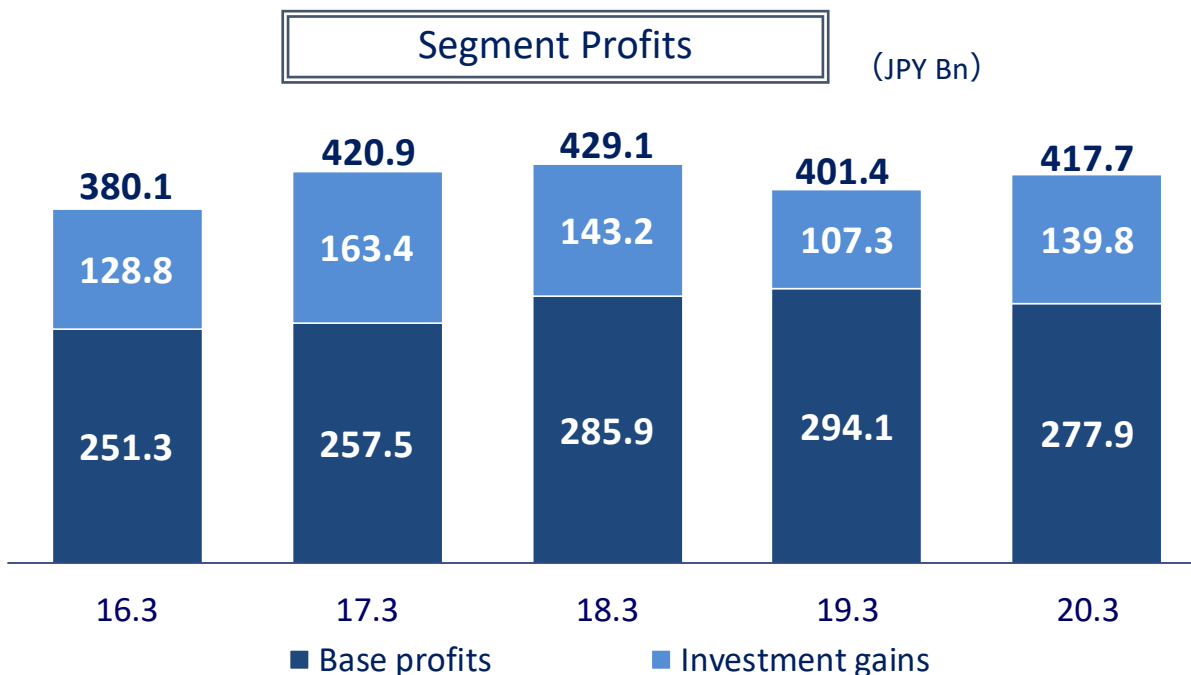
- ✓ 302.7 JPY Bn in net income, down by 6.5% YoY. ROE at 10.3%
- ✓ 417.7 JPY Bn in segment profits, up by 4.1% YoY



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

Overview (2) Breakdown of Segment Profits

FY 20.3 Segment Profits 417.7 JPY Bn up by 4.1% YoY (+16.3 JPY Bn)	Base Profits	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.
	Investment Gains*	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

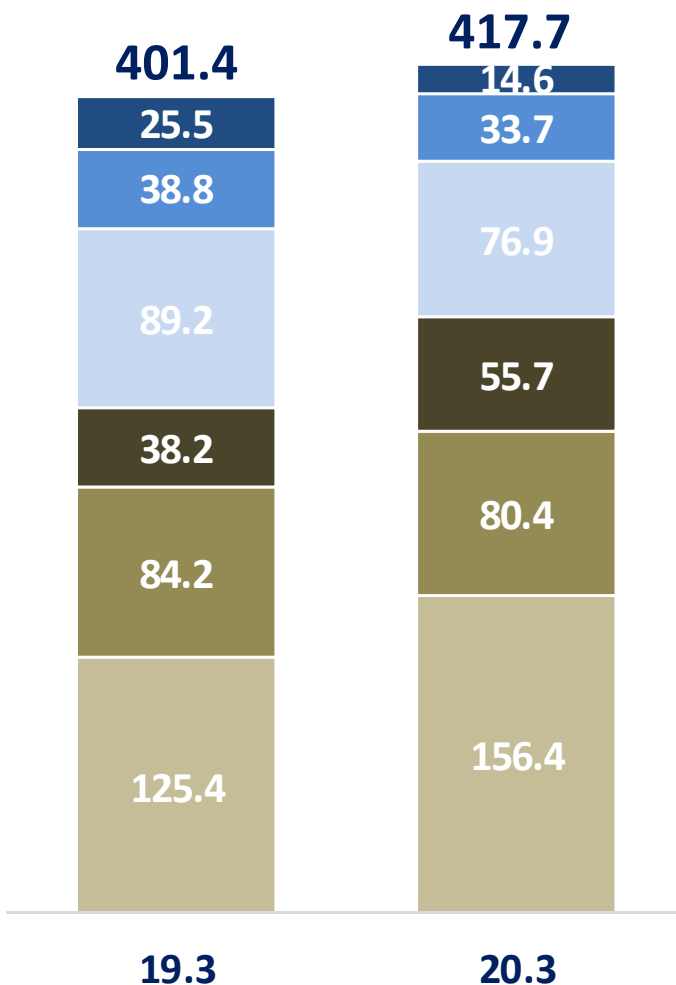
- Investment gains: About 130 JPY Bn in average
- Base profits: Growing steadily

*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"> •Profits decreased mainly due to a reduction in agency fee income from life insurance brokerage for corporate customers •Focused selection resulting in gradual reduction of financial assets
	-10.9	-11.5	-0.7	
Maintenance Leasing	33.7	889.6	2.6	<ul style="list-style-type: none"> •Assets gradually increased •Revenues increased but SG&A increased due to improved customer service which hurt profits
	-5.1	15.8	-0.5	
Real Estate	76.9	749.7	7.2	<ul style="list-style-type: none"> •Sold ORIX Living and AM business performed well •Assets decreased due to some selling while new investments continue
	-12.4	29.5	-0.9	
Investment and Operation	55.7	847.1	4.8	<ul style="list-style-type: none"> •Profits increased due to gains on sale of 2 PE investments •Concession grew steadily (Impact of COVID-19 will show in FY21.3)
	17.5	113.5	1.1	
Retail	80.4	4,183.9	1.4	<ul style="list-style-type: none"> •Life insurance premiums increased but loss at former Hartford Life Insurance •Banking and Credit grew steadily, profits increased
	-3.8	612.5	-0.3	
Overseas Business	156.4	3,287.4	3.3	<ul style="list-style-type: none"> •Profit from new investments in FY 19.3 (NXT Capital, Avolon) contributed •Sold Houlihan, UAF and RobecoSAM's ESG rating division, etc.
	31.0	148.5	0.3	
Total	417.7	10,906.0	2.9	–

Overview (4) The Impact of the COVID-19 Outbreak in Q4

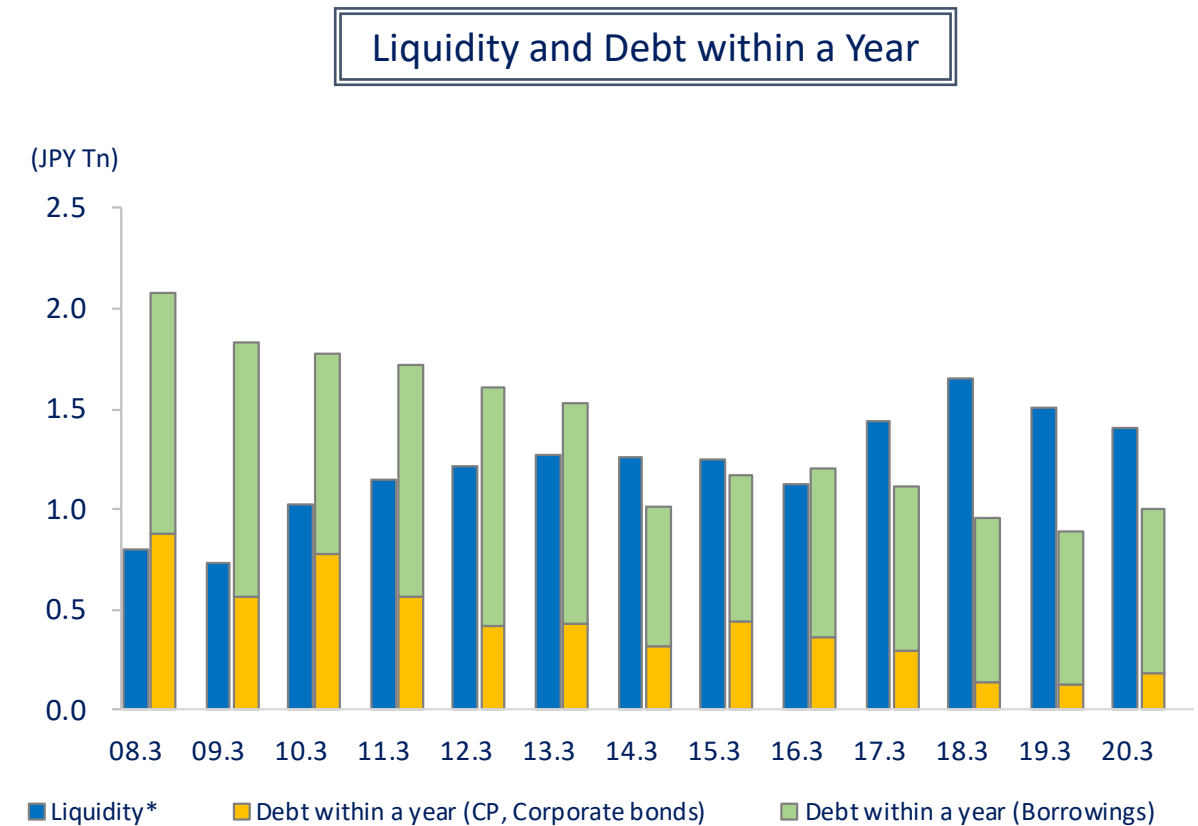
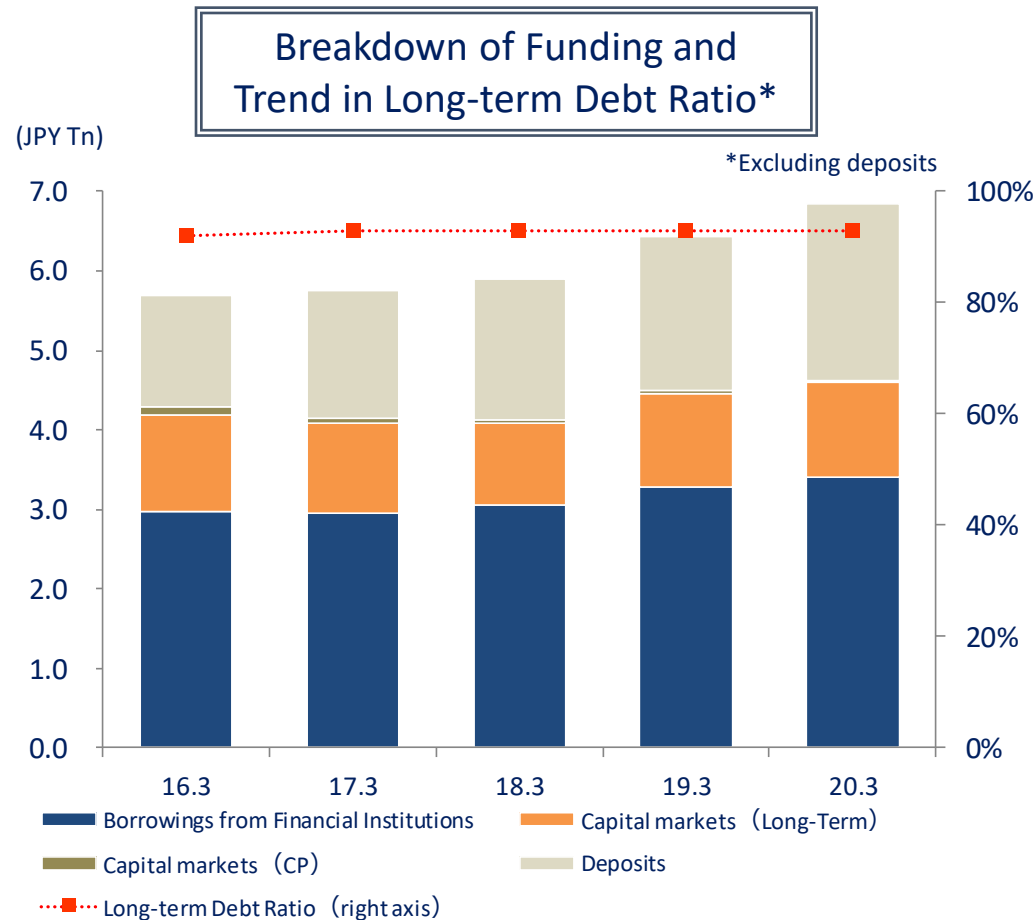
- ✓ About 15.0~20.0 JPY Bn loss due to market fluctuation and occupancy rate decline at operating facilities
- ✓ The impact from airport concession business will be recorded from FY21.3 Q1, and aircraft leasing business had no impact during FY 20.3 Q4

Items	Negative Impacts	Impact Amount (Pre-tax profits) FY20.3 Q4
① Market fluctuation	Market value of securities held Liability reserve change of former Hartford life Insurance OCE (former ROBECO): decrease in AuM Provision for loan losses due to energy price down in U.S.	-3.0 JPY Bn -7.0 JPY Bn -3.0 JPY Bn -3.0 JPY Bn
② Real estate (facility operation)	Occupancy rate decline / temporally closure of various operating facilities such as hotels and inns	-2.0 JPY Bn
③ Concession (operating 3 Kansai airports)	(No impact for ORIX Q4 results due to 3-months lag for account settlement)	-
④ Aircraft leasing business	(No impact for ORIX Q4 results)	-
Total	—	About -15.0~ -20.0 JPY Bn

FY20.3 Performance

- ✓ **Pre-tax profits 412.6 JPY Bn (+4.3% YoY), Net income 302.7 JPY Bn (-6.5% YoY)**
Achieved net income target 300 JPY Bn announced in the interim results
 - ✓ **ROE 10.3%**
Aim to achieve ROE of 11% or higher for mid-term
 - ✓ **Maintain A credit rating and higher**
Upgraded to AA- at R&I in February, changed to “Negative” in outlook at Moody’s & Fitch due to COVID-19
 - ✓ **Full year dividend per share is 76 JPY (payout ratio 32%)**
As same as the dividend policy announced in the interim results
 - ✓ **Share repurchase of 55.8 JPY Bn (obtaining 34 million shares), cancellation of 11 million shares**
Initially we announced 100 JPY Bn repurchase of our shares, but we did not extend beyond the program’s expiry on May 8th. This is due to our focus on liquidity management.
- 
- The impact of COVID-19 yet to be measured. Need more time to understand the short to mid-term direction.

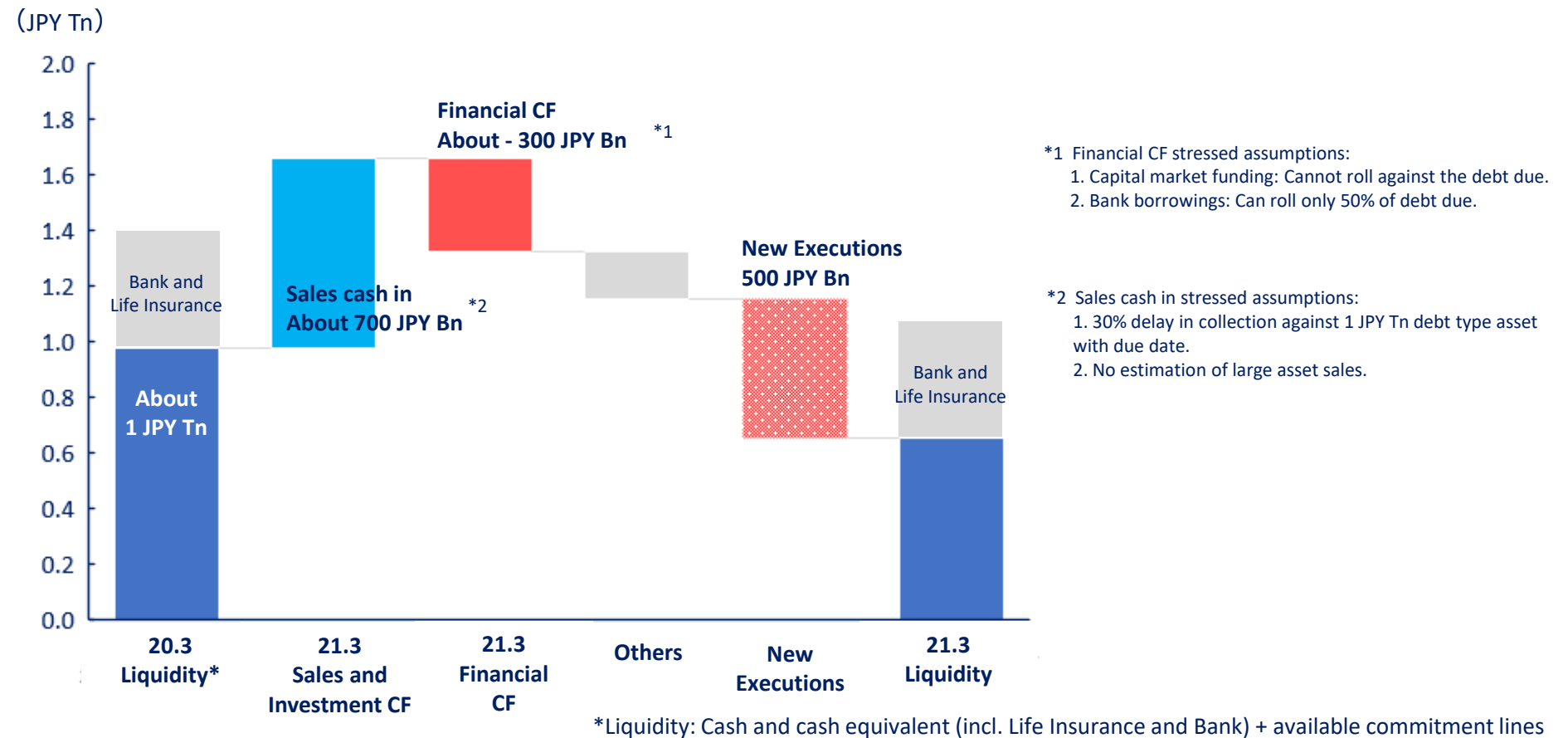
- ✓ Maintain high long-term debt ratio (93% at the end of FY20.3)
- ✓ Liquidity exceeds the total amount of capital market funding and debt with due date within one year



*Liquidity: Cash and cash equivalent (incl. Life Insurance and Bank) + available commitment lines

Stress Test of Liquidity

- ✓ No concern over current funding environments. Even with stressed assumptions and possible 500 JPY Bn worth new investments and/or lending, the liquidity at the end of FY21.3 still exceeds 600 JPY Bn
- ✓ Prioritizing liquidity management, while controlling the pace of new investments and lending



The Impact of COVID-19

- ✓ Returning to usual profit level may take time even the major impact from the pandemic is over.

Business Department	Current Situation/ Action	
Real estate; Facility operation and rentals	<ul style="list-style-type: none"> ✓ Occupancy rate of hotels and inns is declining significantly due to declining tourism demand ✓ Aquariums closed, and various events at KYOCERA DOME OSAKA canceled ✓ Responding to requests for payment deferral from tenants 	Profits from operating business not to be expected for the time being
Concession (Kansai Airports)	<ul style="list-style-type: none"> ✓ The number of passengers at Kansai International Airport has dropped sharply, and the number at Itami Airport and Kobe Airport reduced by half ✓ Implementing cost reductions efforts for fixed costs such as outsourcing cost 	We do not expect profits but total amount of dividends received to date almost equal the initial investment cost
Aircraft Leasing	<ul style="list-style-type: none"> ✓ Received requests for payment deferral of leasing fee from many airline companies 	It takes time to recover demand but downside risk is limited
Others	<ul style="list-style-type: none"> ✓ ORIX Corporation Europe's AuM of asset management business decreased (€287bn Yen at the end of Dec.2019 to €233bn Yen at the end of Mar.2020) ✓ Request for payment deferral of leases and loans worldwide ✓ Car rental sales declined in Japan due to lower demand for travel and business trips 	AuM started to increase after April but need to monitor

- ✓ **Major battle against COVID-19 may not conclude in the 1H both in Japan and the rest of the world**

If the situation gradually normalizes by the end of Q3, the net income is estimated at about 180.0 ~ 200.0 JPY Bn

If the situation continues until the end of this fiscal year, the net income is estimated as about 80.0 ~ 120.0 JPY Bn

- ✓ **It is difficult to announce the guidance for this fiscal year at the moment because there are many uncertainties**

Announcement will be made once we have better visibility into our businesses

Basic Concepts

Announced in October 2019

Continue Growth

Realize profits at the right time after adding value to the existing investments.

Maintain the ROE target 11% or higher for medium to long term

Never Miss Business Opportunities

We will not miss business opportunities in order to avoid a credit rating downgrade

At the same time, we are making maximum effort to maintain the credit rating

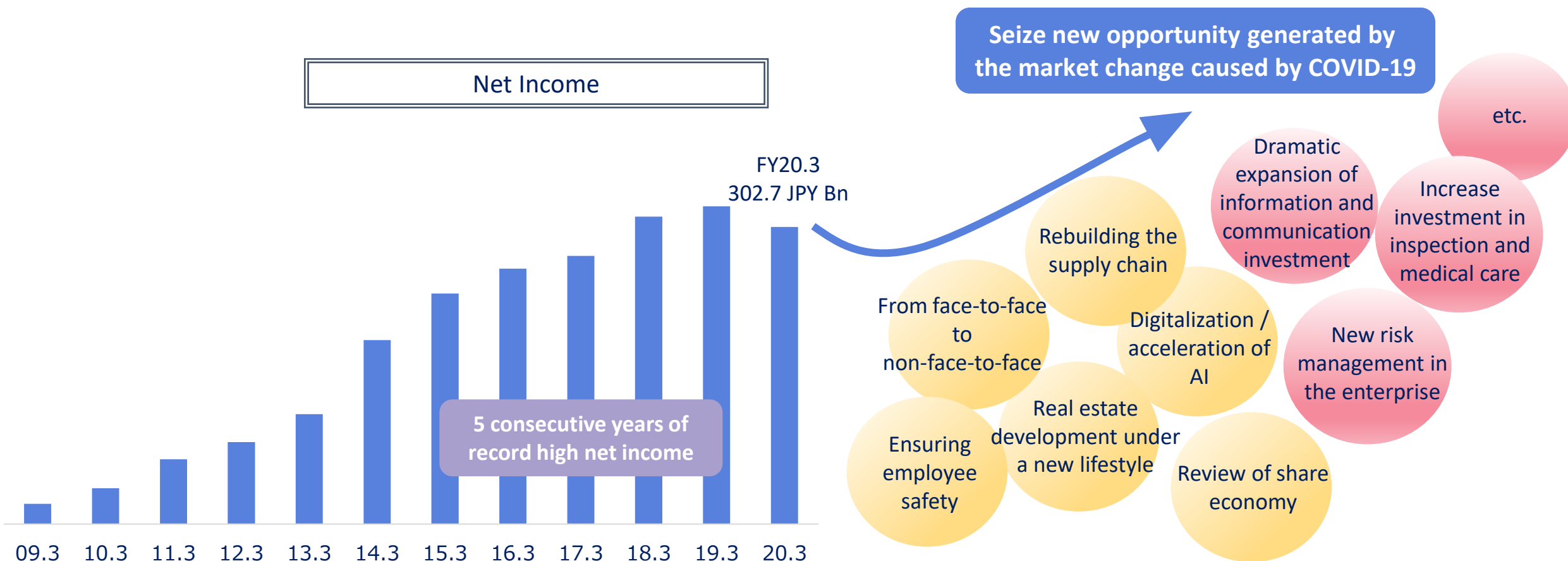
Strengthen the Shareholders Return

Prioritize investments but will not hold unnecessary capital, return the excess.

- ✓ We expect the market to recover after COVID-19 crisis. It is an opportunity to capture further growth.
- ✓ While our ambition to achieve net income of 400 JPY Bn and 500 JPY Bn remains unchanged, the time horizon for achieving these goals needs to be reviewed.
- ✓ The new mid-term business plan will be shared once we can start to see the end of COVID-19 crisis.

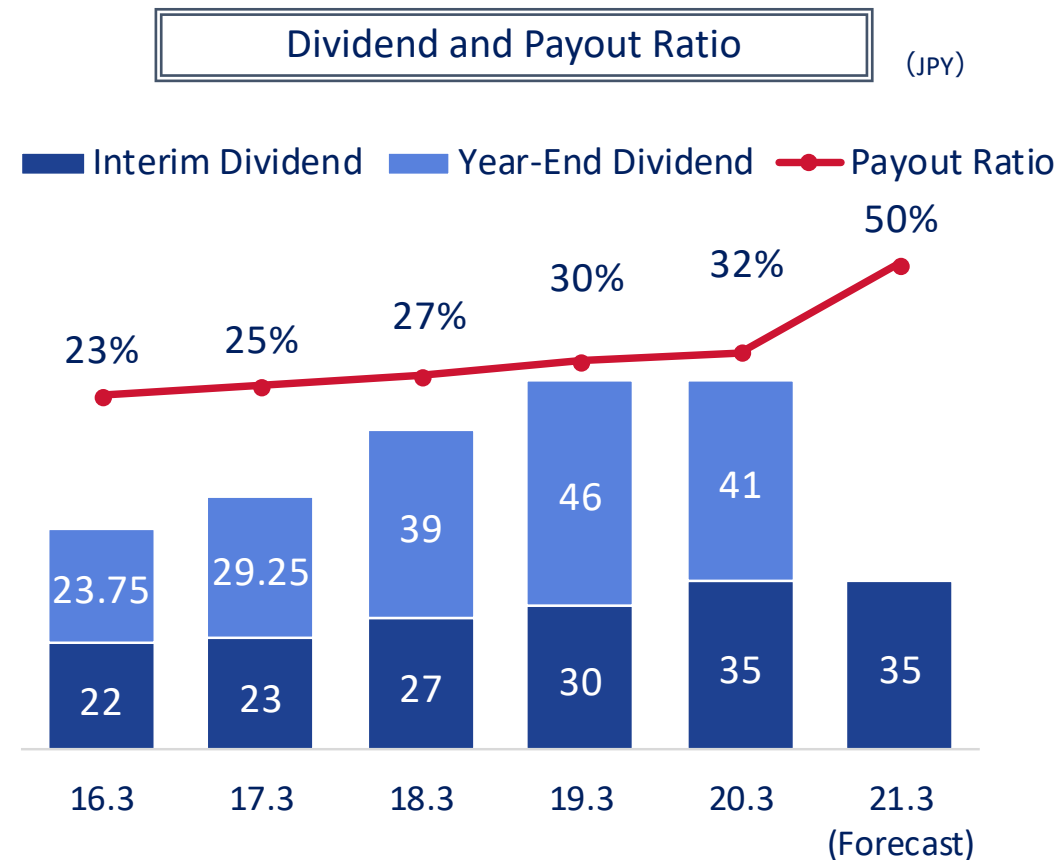
Mid to Long-term Direction

- ✓ ORIX's business environment and customer needs may change in the aftermath of COVID-19
- ✓ Allocation of funds and capital will be determined by taking all stakeholders including business partners and employees into consideration



Shareholders Return

- ✓ Full year dividend at 76 yen per share in FY20.3, payout ratio at 32%. Interim dividend forecast in FY21.3 is 35 yen
- ✓ Raise the payout ratio to 50% for FY21.3 only.
- ✓ Consideration of the share repurchase after the COVID-19 crisis



FY21.3 net income was 302.7 JPY Bn (-6.5% YoY), ROE10.3%

Pre-tax profit was up by 4.3% YoY.

No change in Basic Concepts for management

However, a more cautious approach is merited for the time being.

Allocation of funds and capital will be determined by taking all stakeholders including business partners and employees into consideration.

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: 14.6 JPY Bn

YoY -10.9 JPY Bn (-43%)

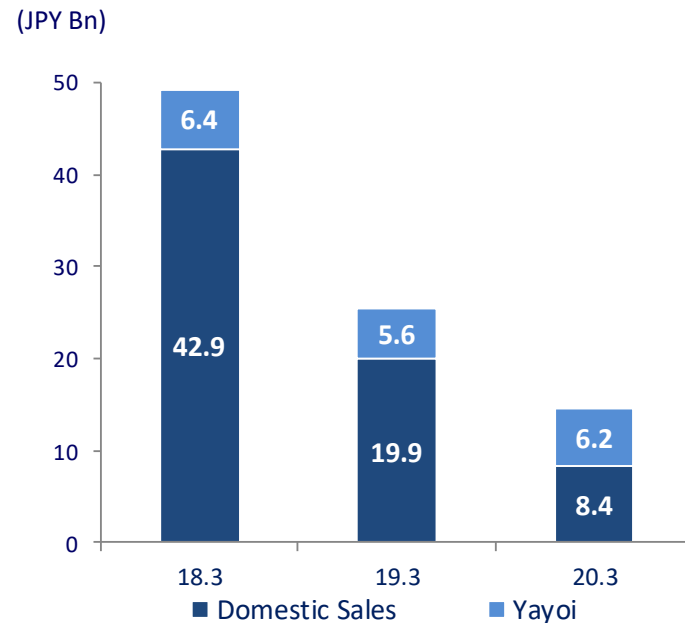
- ✓ Agency fee income from life insurance brokerage for corporate customers decreased. Yields on loans were maintained
 - ✓ Yayoi achieved increase in membership for fee-based support services and sales of packaged products
- <Impact from the accounting standard change: IDC (Initial Direct Costs) -1.8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

Segment Assets: 948.3 JPY Bn

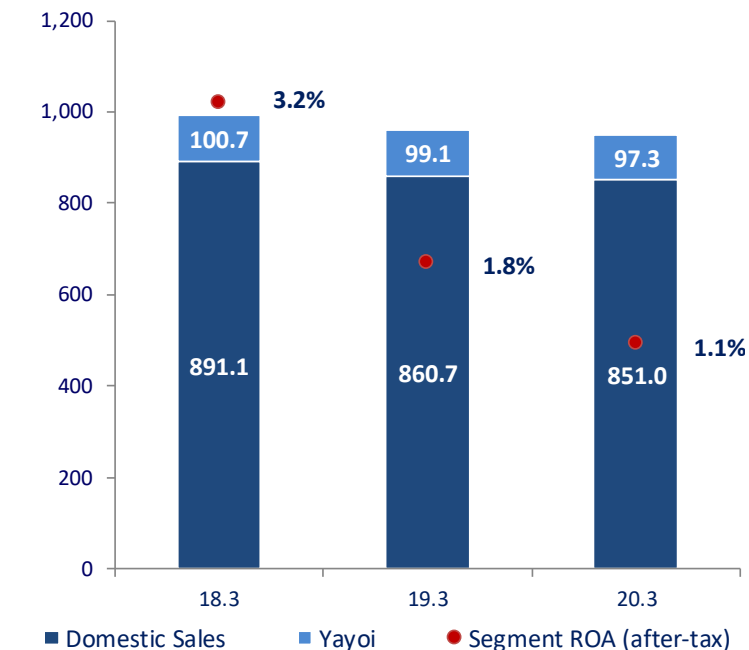
YTD -11.5 JPY Bn (-1%)

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

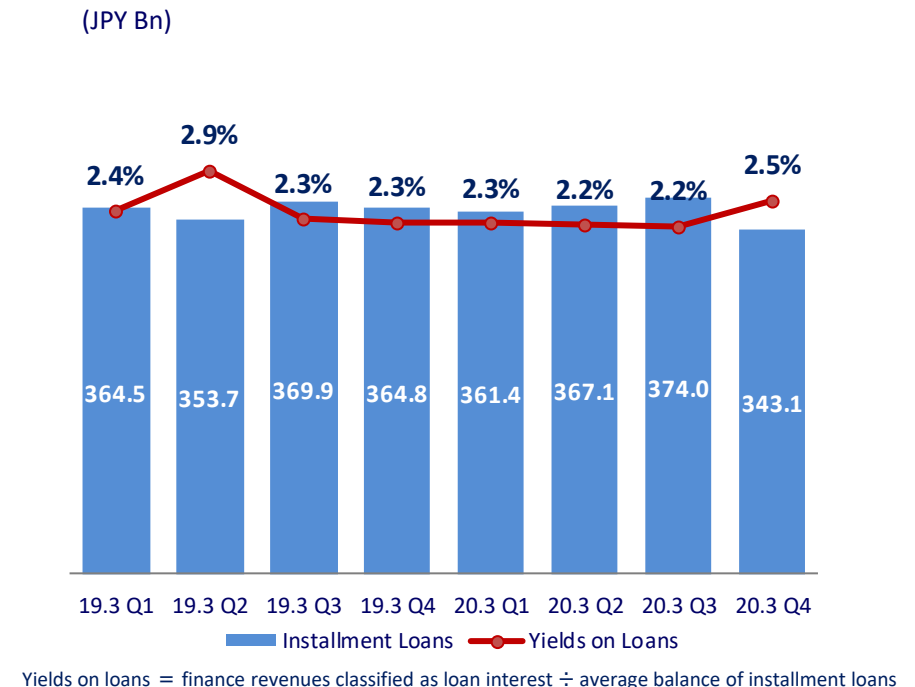
Segment Profits



Segment Assets and ROA



Yields on loans



Segment Performance (2) Maintenance Leasing

Segment Profits: 33.7 JPY Bn

YoY -5.1 JPY Bn (-13%)

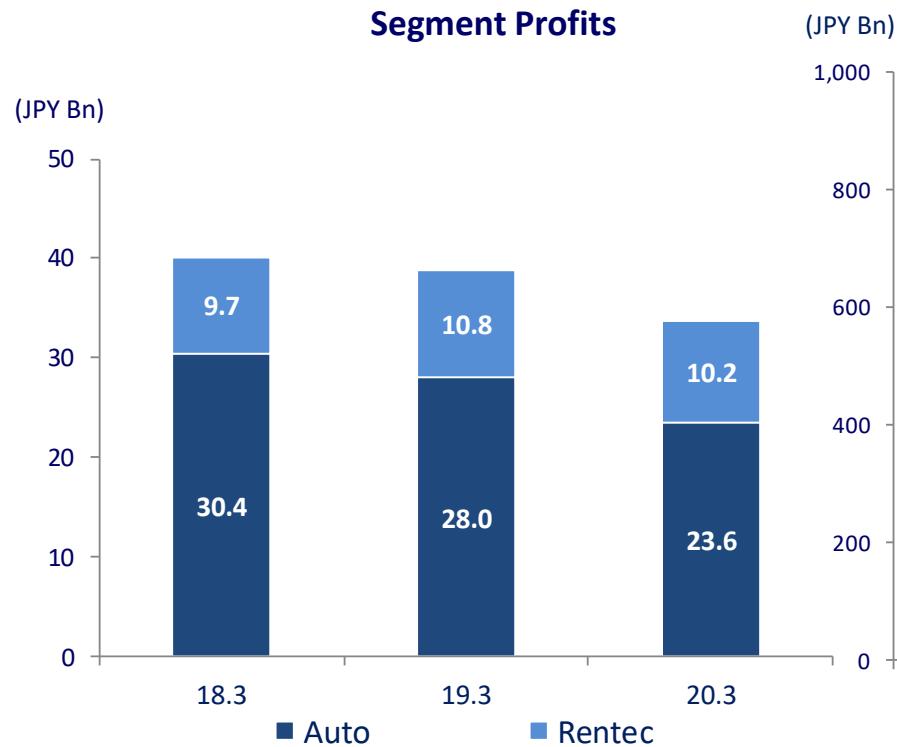
- ✓ Revenues from both Auto and Rentec increased
- ✓ SG&A increased due to improved customer service which hurt profits
<Impact from the accounting standard change: IDC (Initial Direct Costs) -2.6 JPY Bn >

Segment Assets: 889.6 JPY Bn

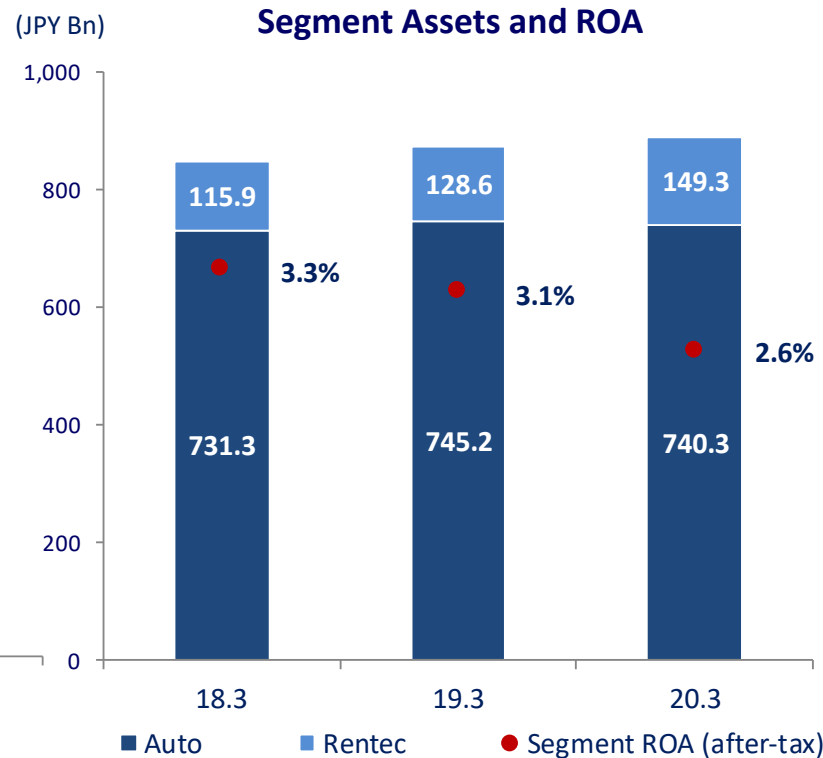
YTD +15.8 JPY Bn (+2%)

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

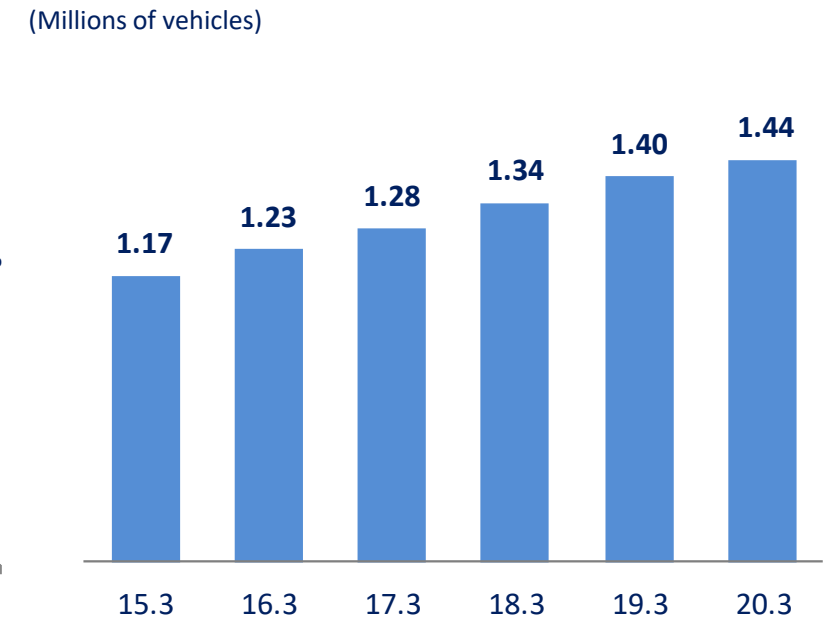
Segment Profits



Segment Assets and ROA



Number of Automobiles Under Management (ORIX Auto)



Segment Performance (3) Real Estate

Segment Profits: 76.9 JPY Bn

YoY -12.4 JPY Bn (-14%)

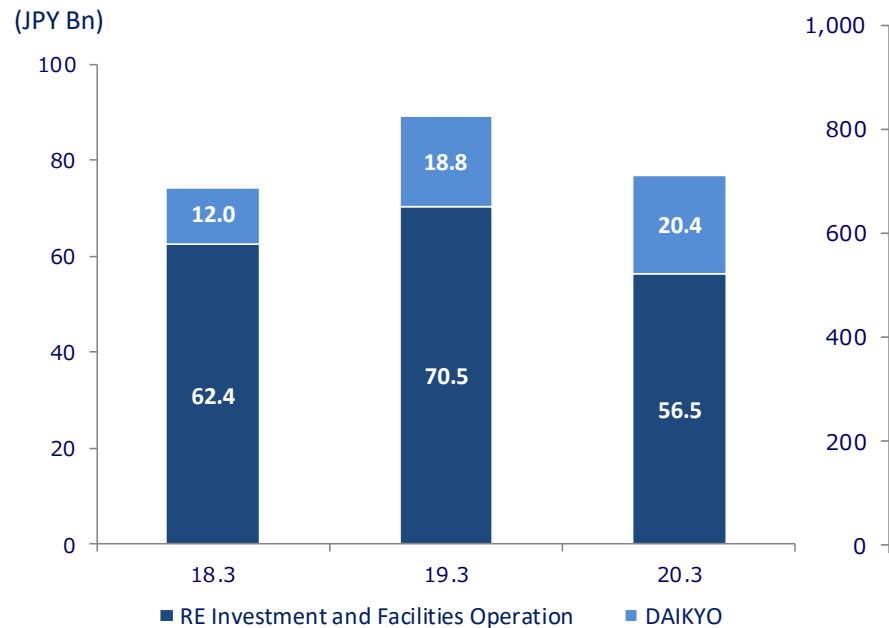
- ✓ Gains on sales from ORIX Living in Q2
- ✓ Profits in construction works at Dai-kyo increased YoY due to a last minute demand before consumption tax hike

Segment Assets: 749.7 JPY Bn

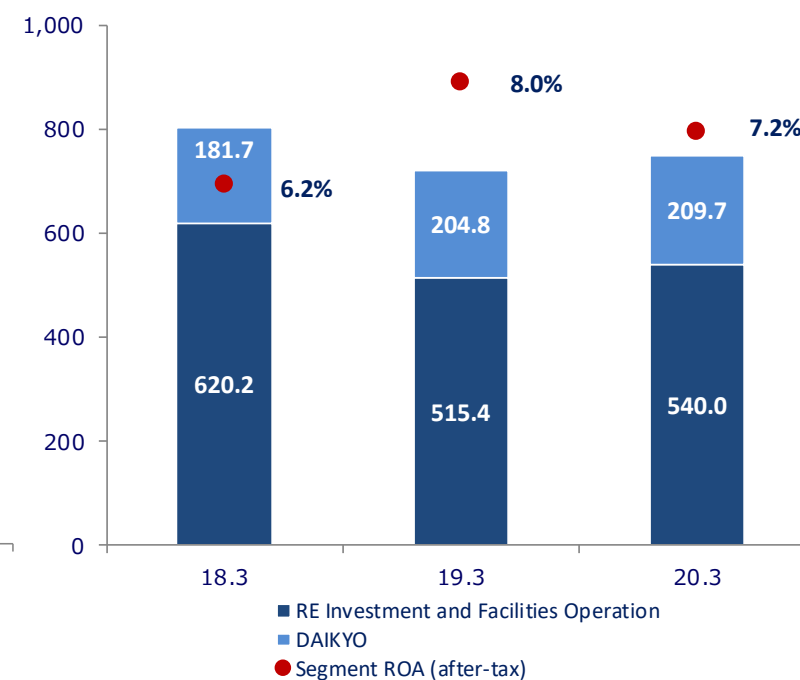
YTD +29.5 JPY Bn (+4%)

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

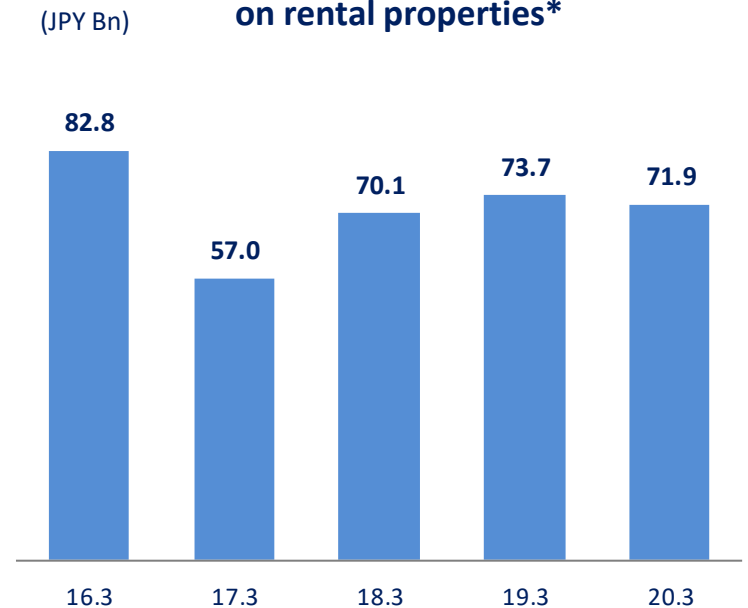
Segment Profits



Segment Assets and ROA



Unrealized gains on rental properties*



*Including rental properties in segments other than the Real Estate segment
*Not including property under facility operations

Segment Performance (4) Investment and Operation

Segment Profits: 55.7 JPY Bn

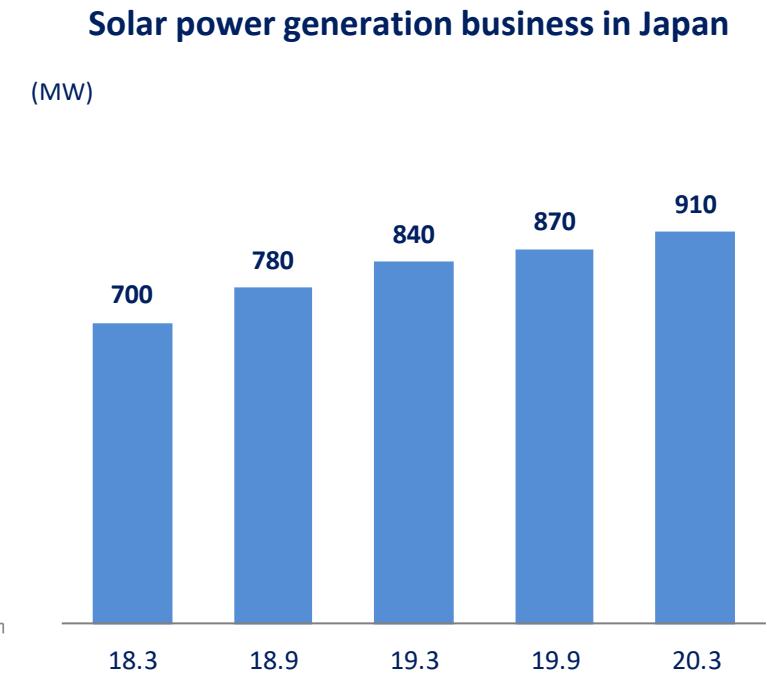
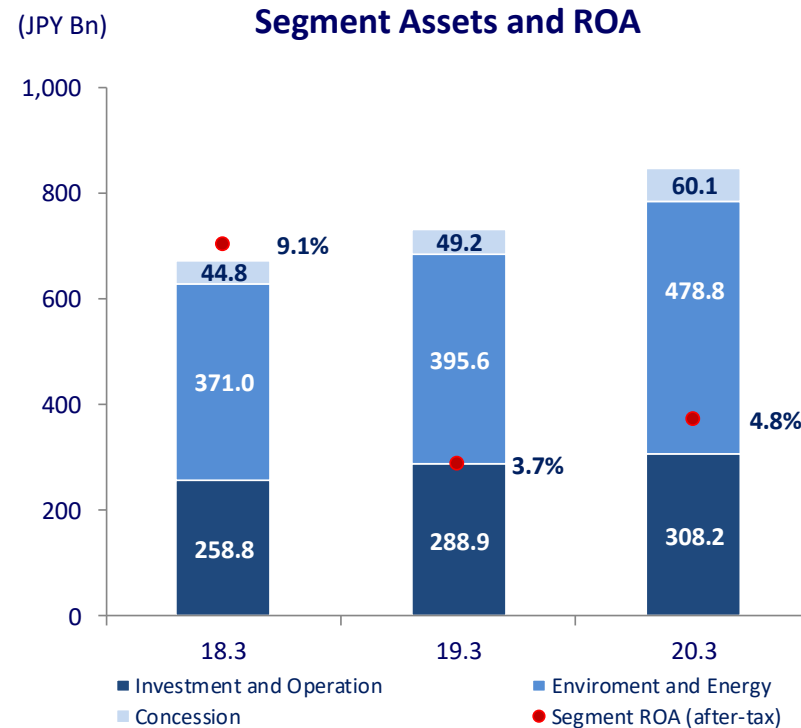
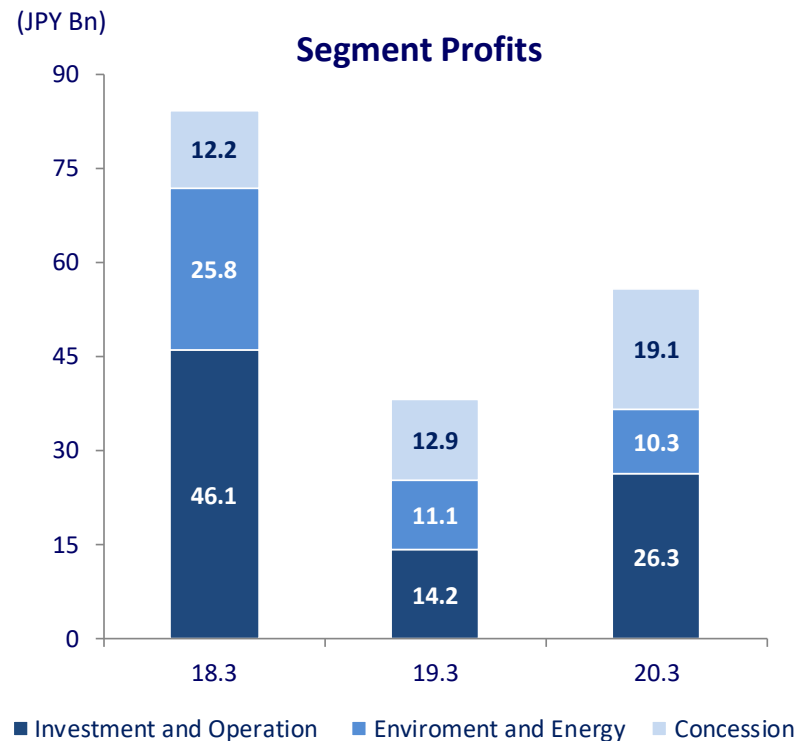
YoY +17.5 JPY Bn (+46%)

- ✓ 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

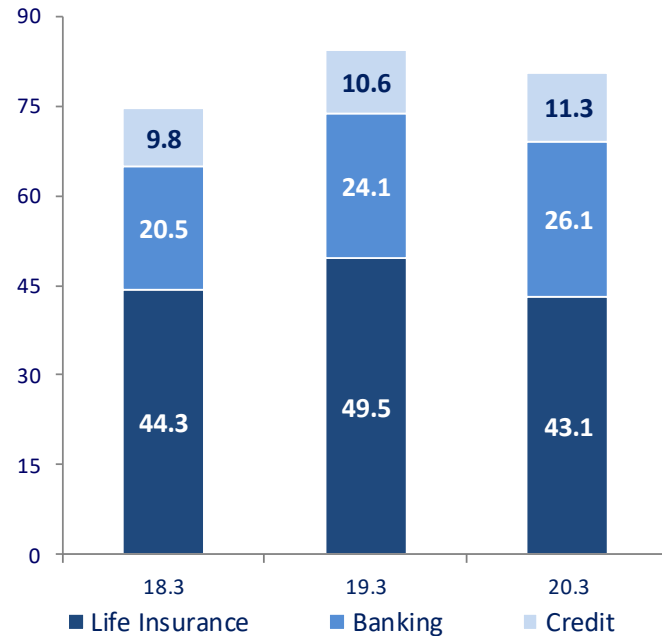
Segment Assets: 4,183.9 JPY Bn

YTD +612.5 JPY Bn (+17%)

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

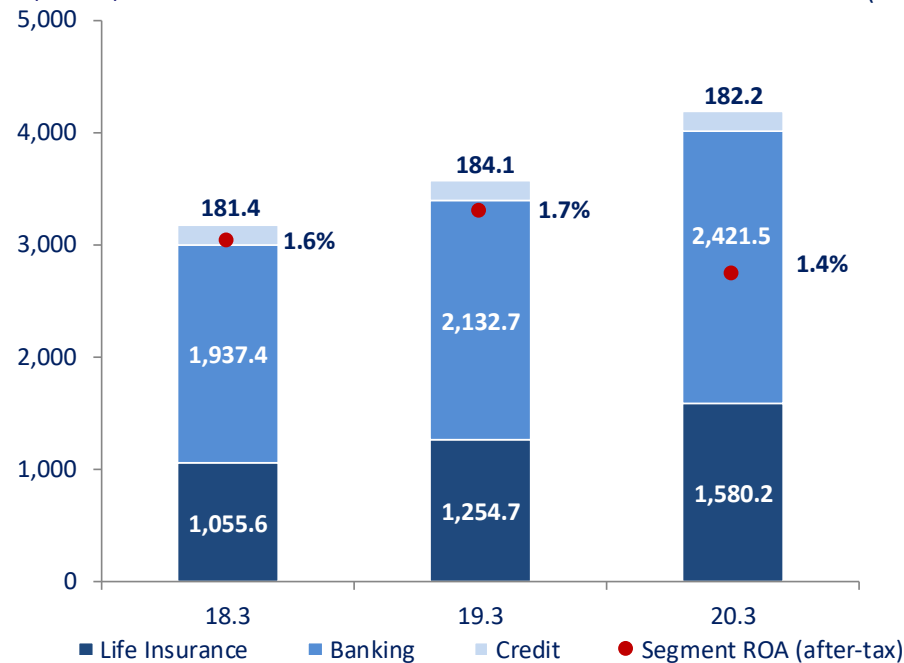
Segment Profits

(JPY Bn)



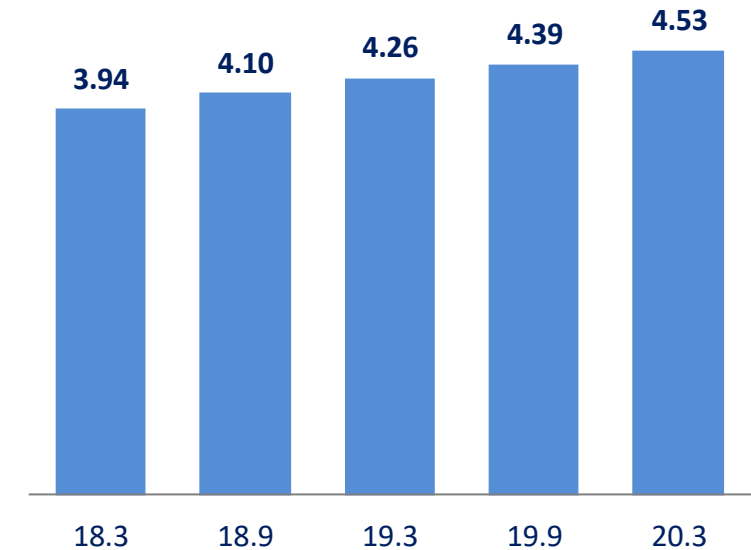
Segment Assets and ROA

(JPY Bn)



Number of Insurance Policies in Force

(Millions of policies)



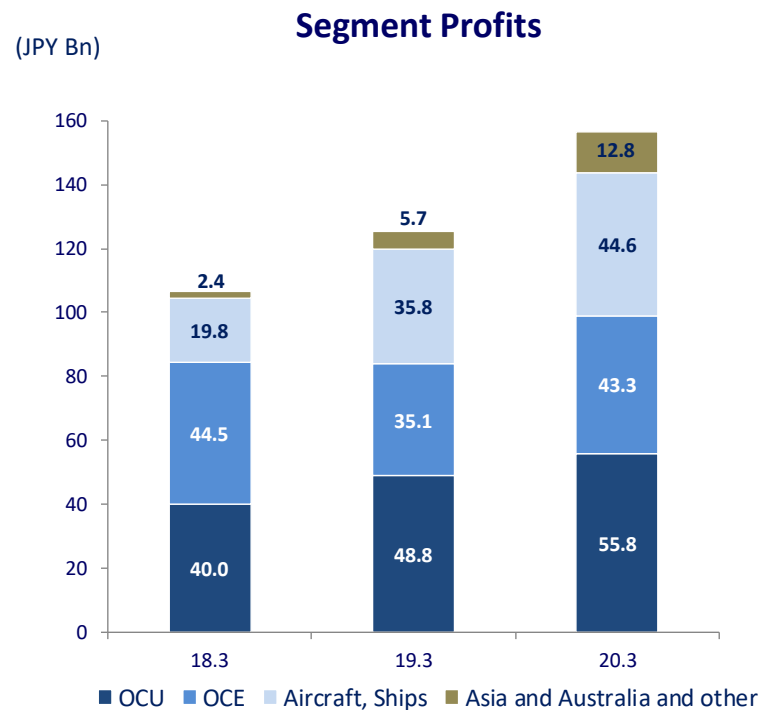
Segment Performance (6) Overseas Business

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

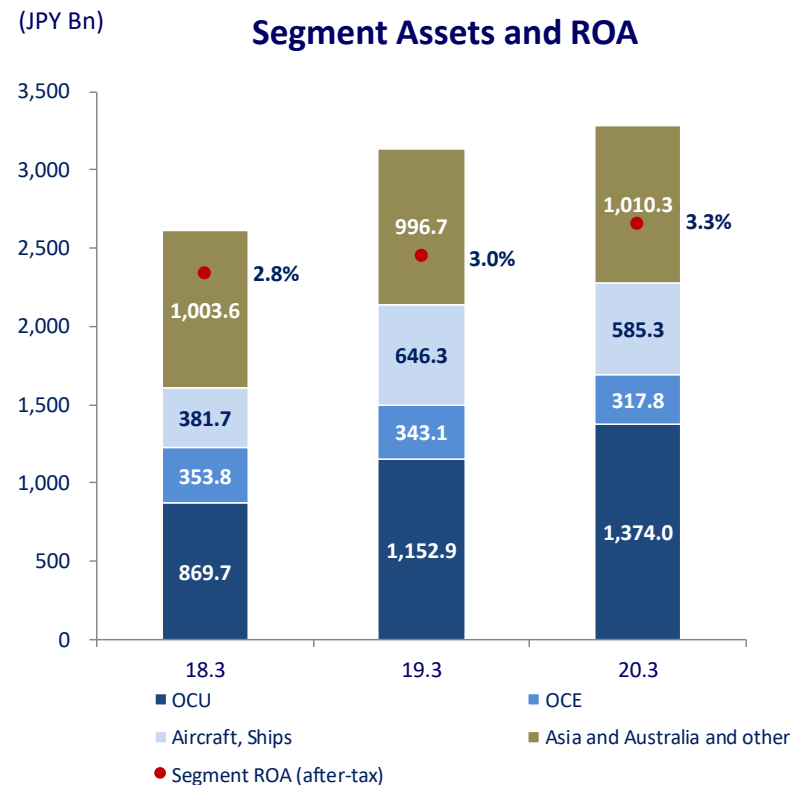
- ✓ Profit from new investments in FY19.3 (NXT Capital, Avolon)
- ✓ In OCE, sales of a division of RobecoSAM which collects, analyzes and evaluates ESG data
- ✓ Foreign exchange impact -4.6 JPY Bn

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

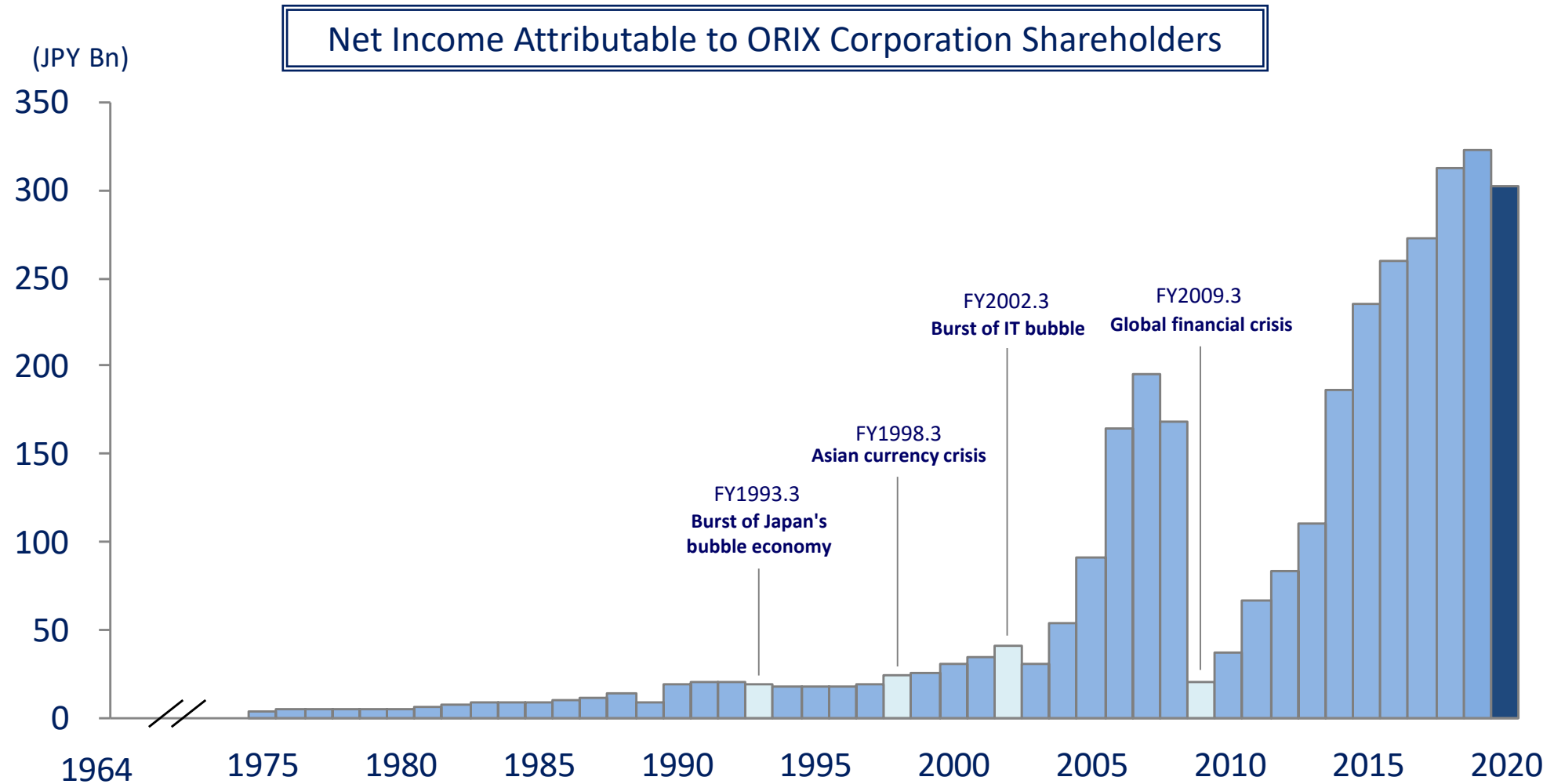
Appendix

About ORIX

Proven Track Record of Profitability



- ✓ ORIX has achieved 55 years of sustained, profitable growth

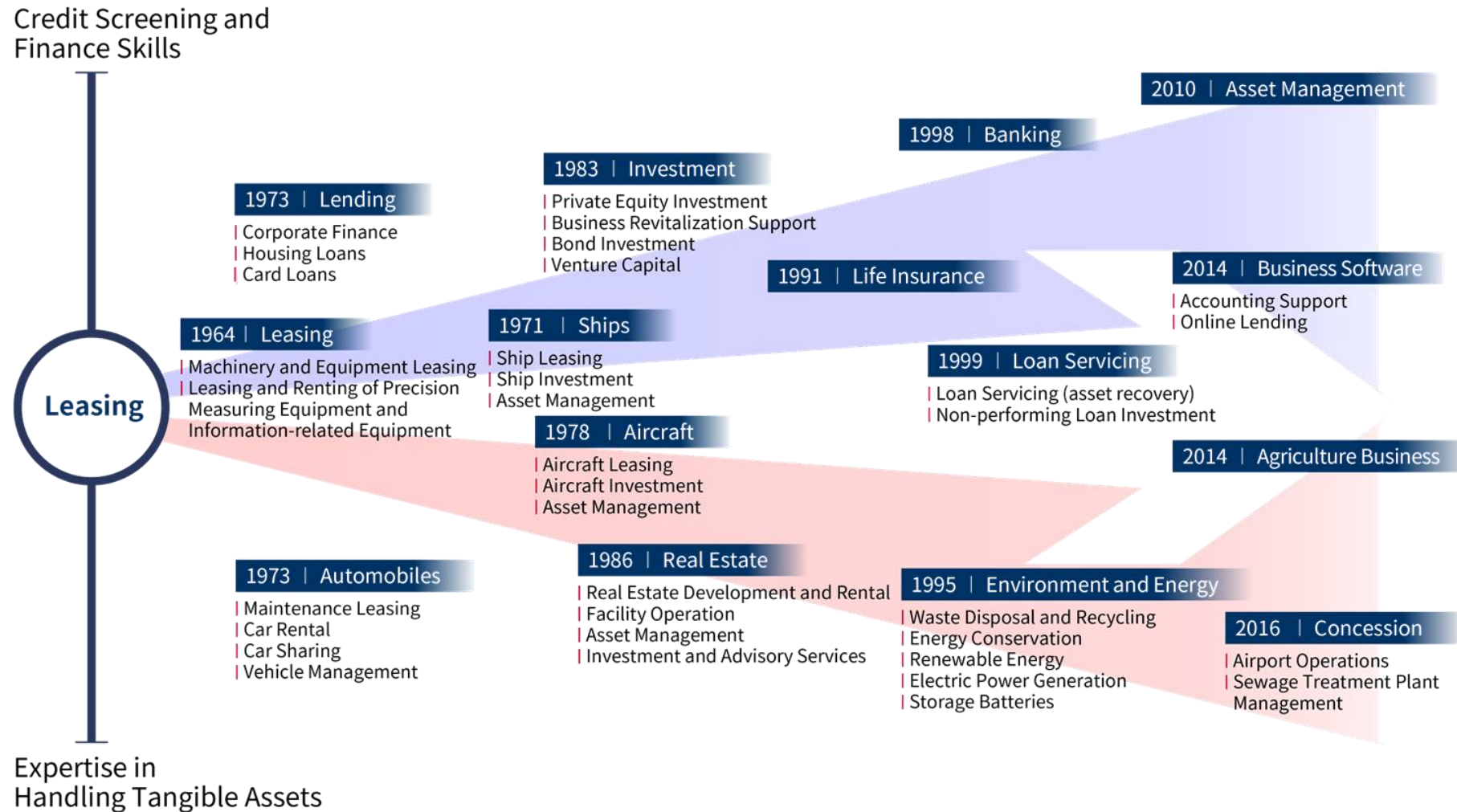


About ORIX

Expertise in Business and Collective Capabilities of the Group



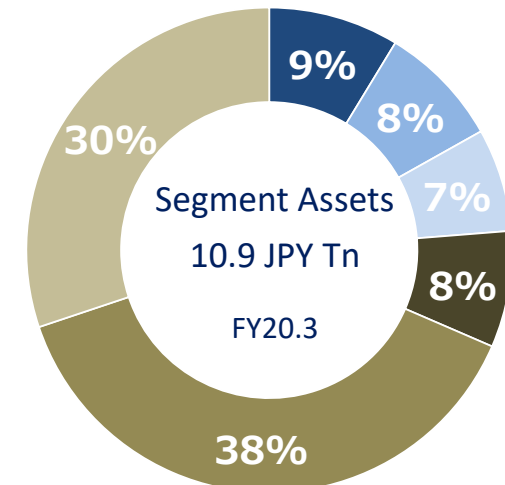
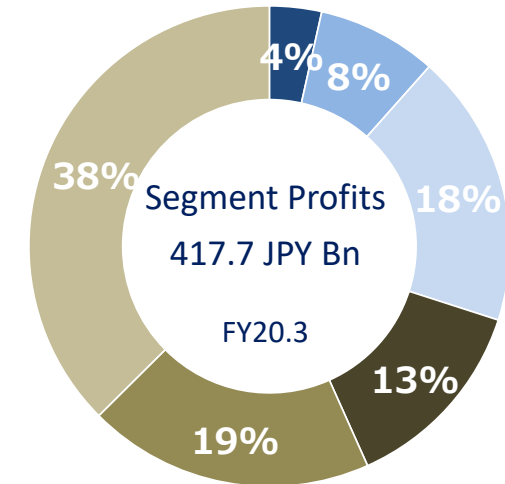
- ✓ ORIX will continue to enhance our expertise in finance and tangible assets as we synergistically expand our businesses



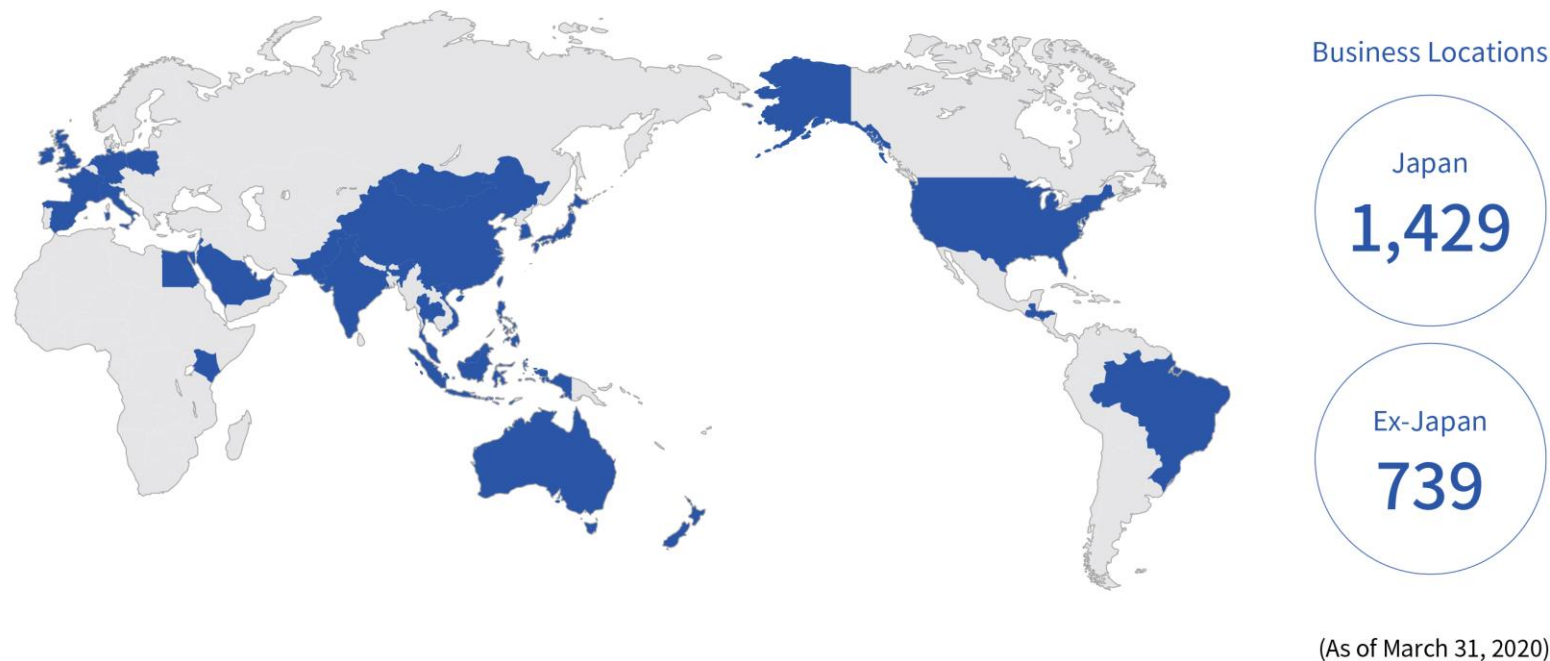
About ORIX Profits and Assets by Segment

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

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



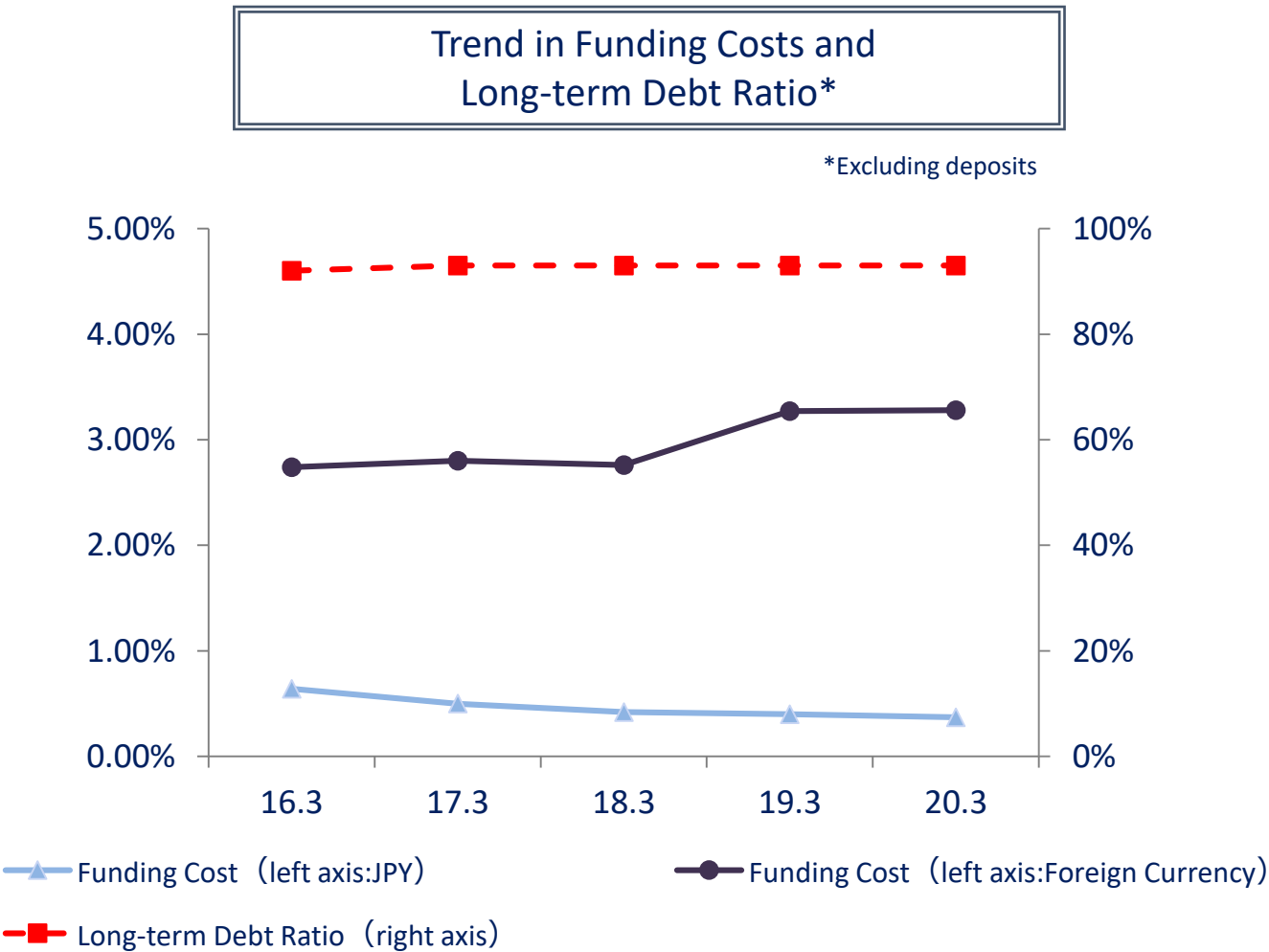
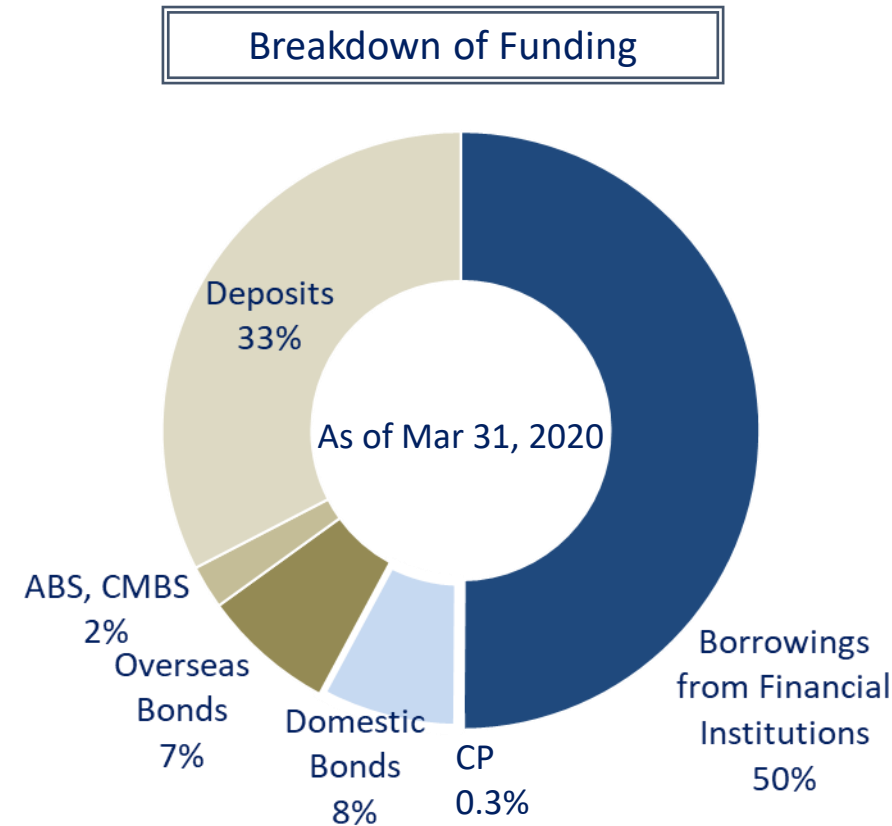
- ✓ Using its expertise cultivated in Japan, ORIX has expanded its business globally, with operations in 37 countries and regions worldwide



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

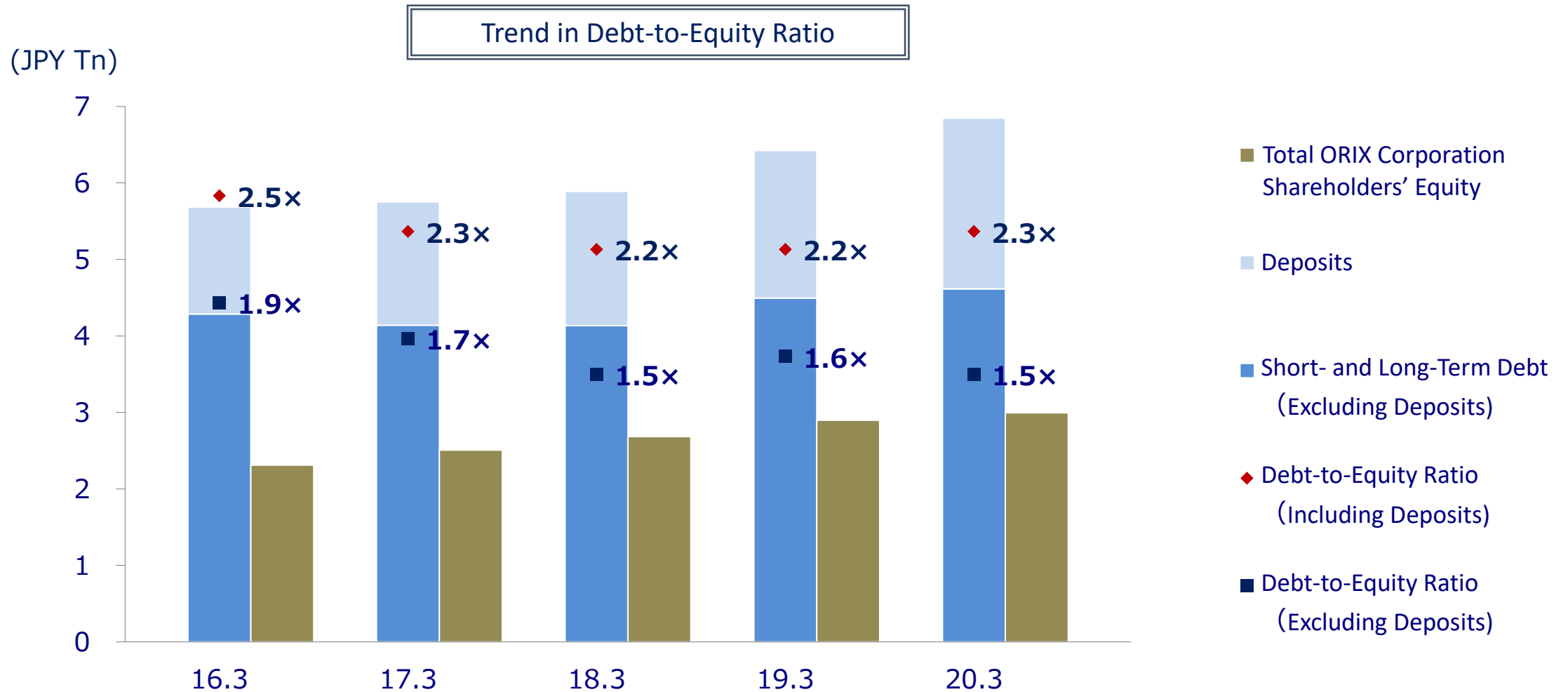
Financials (1) Funding Structure

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



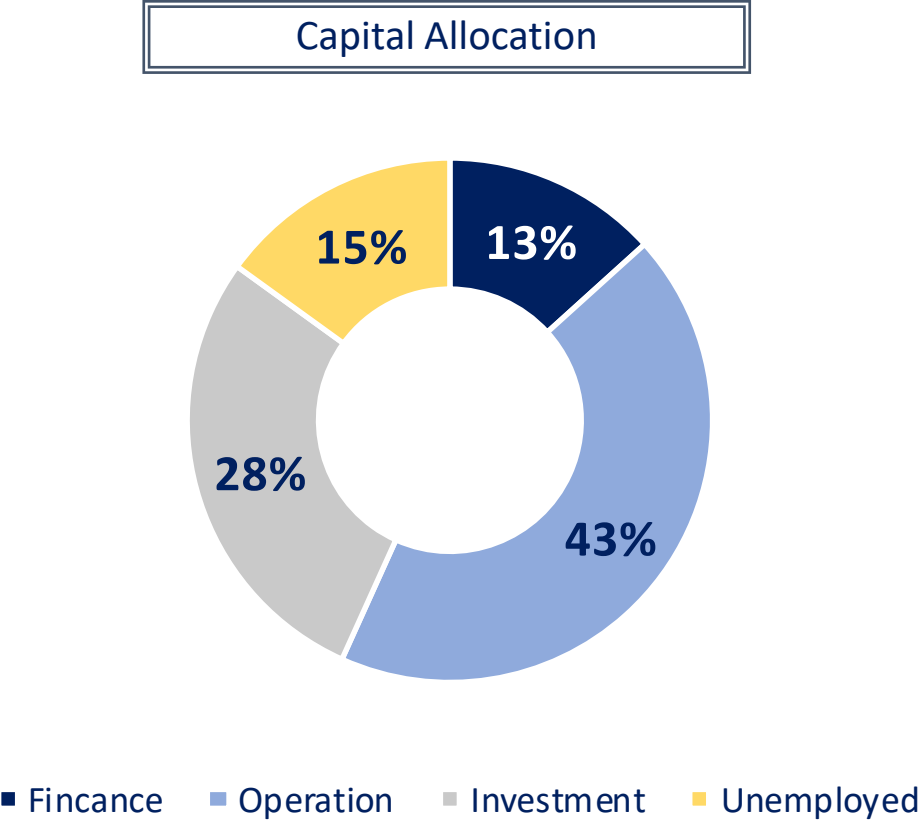
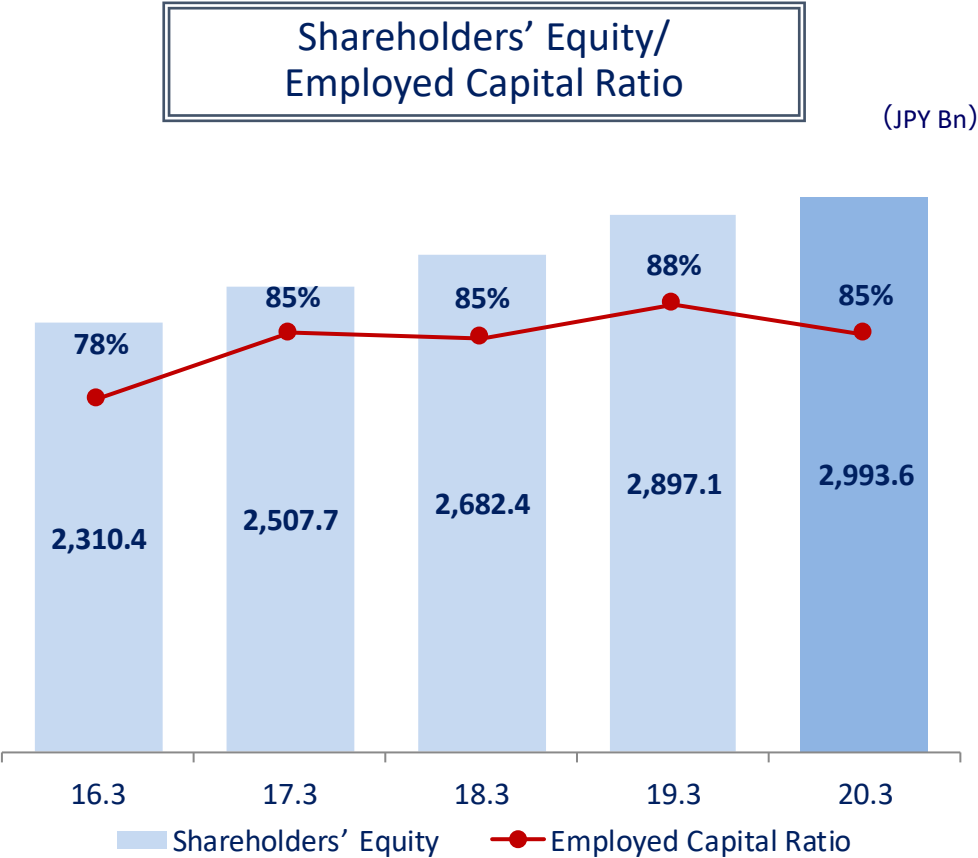
Financials (2) Debt-to-Equity Ratio

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



Capital Allocation

- ✓ Employed capital ratio: the ratio shows the usage percentage of ORIX shareholders' equity.
Continue to aim growth controlling risks and returns.

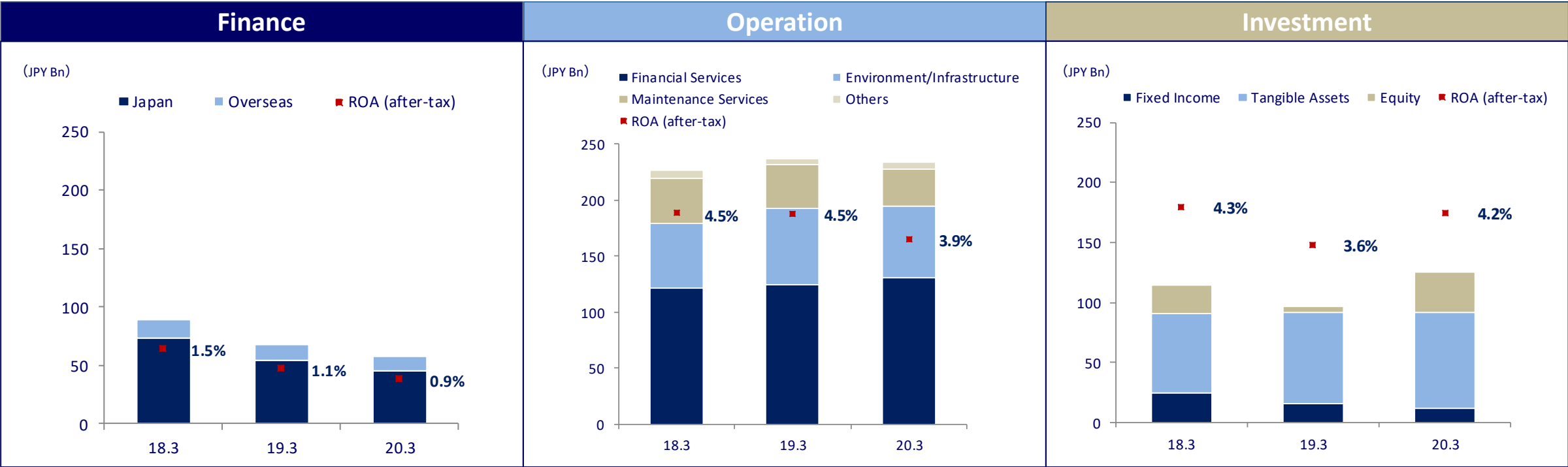


Performance in Three Categories

See P.31 for details on the three categories



Segment Profits



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

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A large circular graphic on the left side of the slide, composed of a thick ring. The ring is divided into three segments: a red segment at the top, a dark blue segment on the right, and a purple segment at the bottom.

Answers, Custom Fit.

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IR Section

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