



Answers,  
Custom Fit.

# ORIX Corporation

First Quarter Consolidated Financial Results  
For the Three-Month Period Ended June 30, 2020

Hitomaro Yano Executive Officer  
Head of Treasury and Accounting Headquarters

August 4, 2020

(TSE: 8591; NYSE: IX)

## (1) Overview

**50.0 JPY Bn in net income (- 27.7% YoY) , annualized ROE 6.8%**

Base profits are stable except for businesses affected by COVID-19, which were announced at the end of FY20.3

Interim dividend forecast of 35 yen and payout ratio of 50% also remains unchanged

## (2) Segment Performance

**Enhanced disclosure by expanding segments from 6 to 10. Overseas business has been split into 4 segments**

Our diverse portfolio has enabled ORIX to be resilient

## (3) Financial Soundness

**Maintain A credit rating or higher / secured high liquidity**

S&P reconfirmed A- rating in July while Moody's and Fitch both maintained A-. R&I is AA-

Excluding bank and life insurance, liquidity is at 1.1 JPY Tn and D/E ratio at 1.6 times

Issued straight bonds with total 70 JPY Bn in June, including 3-year bonds at 3bp

## (4) Investment Pipelines

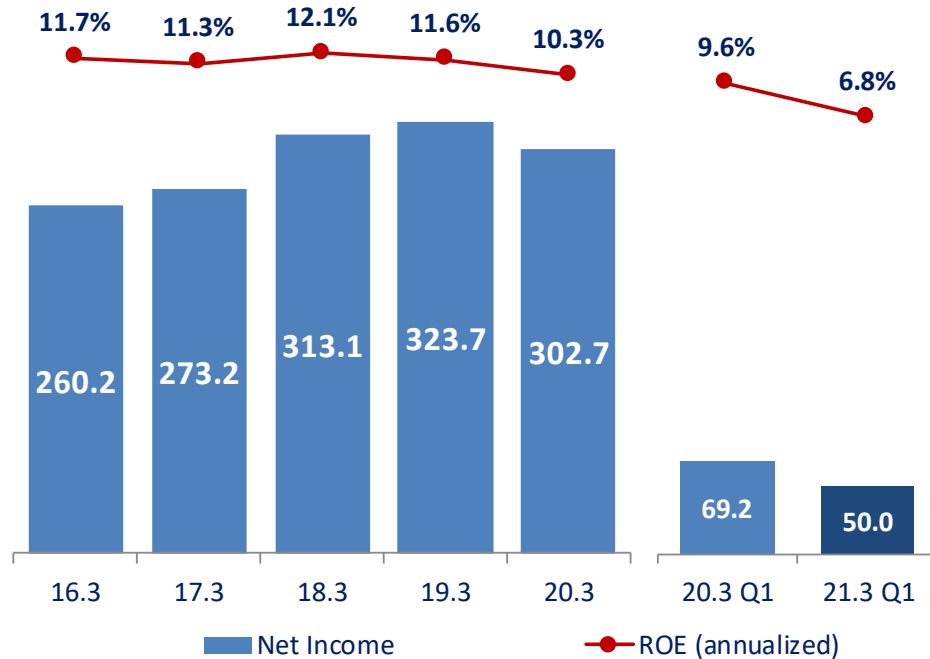
**Rich investment pipeline both in Japan and overseas**

# (1) Overview Net Income / ROE

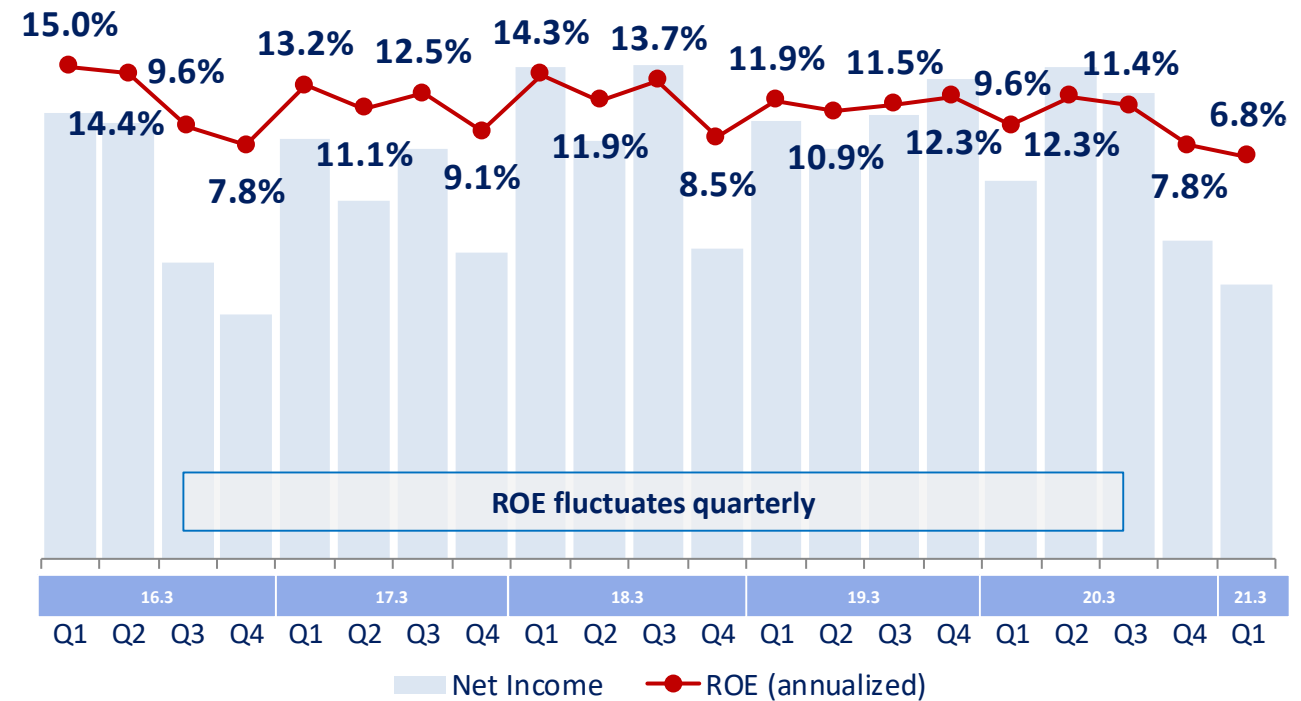
- ✓ 50.0 JPY Bn in net income, down by 27.7% YoY. Annualized ROE at 6.8%
- ✓ 75.4 JPY Bn in segment profits, down by 29.0% YoY

Net Income\* and ROE

(JPY Bn)



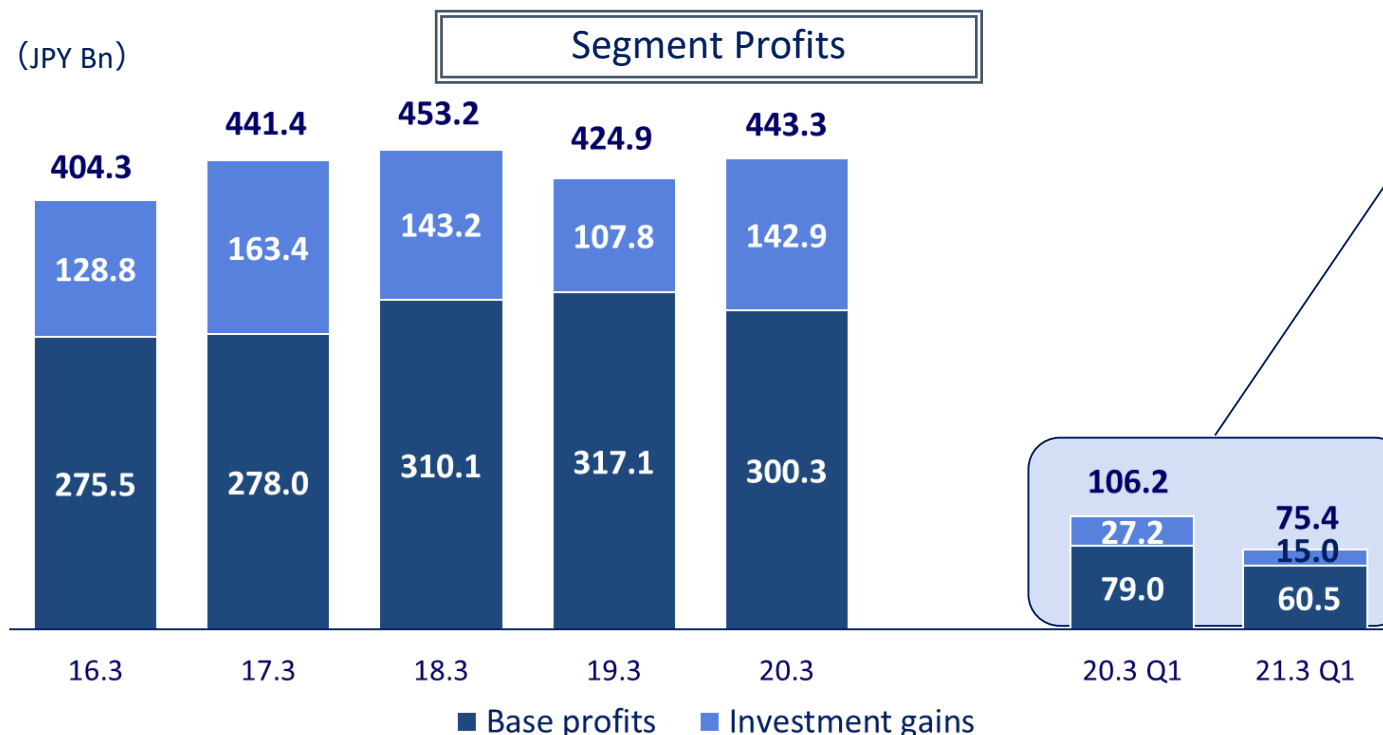
Reference: ROE in the past five years



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

# (1) Overview Breakdown of Segment Profits

FY 21.3 Q1 Segment Profits <b>75.4 JPY Bn</b> down by 29.0% YoY (-30.8 JPY Bn)	<b>Base Profits</b>	60.5 JPY Bn down by 23% (-18.5 JPY Bn) Profits decreased in Real Estate (Facilities Operation), Concession, Aircraft Leasing, Auto, and ORIX USA due to the impact of COVID-19 Life insurance, banking, and credit profits were firm on the other hand
	<b>Investment Gains*</b>	15.0 JPY Bn down by 45% (-12.2 JPY Bn) Gain on sales of real estate remained unchanged while PE investment and ORIX USA decreased from the previous fiscal year



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


# (1) Overview    The impact of the COVID-19 Outbreak in Q1

- ✓ Profits declined primarily in Real Estate, Aircraft Leasing, Concession and ORIX USA
- ✓ Profits in Life Insurance and other businesses were solid

Item	Background	Impact Amount
① Real Estate (Facilities Operation)	Occupancy rate declined / temporally closure of various operating facilities such as hotels and inns	- 6 JPY Bn
② Aircraft Leasing	Decrease in gain on sales of aircraft, partial impairment loss	- 5 JPY Bn
③ Concession	Significant decrease in number of passengers (Jan-Mar results accounted with 3-months lag)	- 4 JPY Bn
④ Corporate Financial Services and Maintenance Leasing	Decrease in rental car sales and gains on sales due to decline in used car prices, etc.	- 5 JPY Bn
⑤ ORIX USA	Impact of provision for credit losses and impairment loss	- 9 JPY Bn
⑥ Other (Life Insurance, etc.)	Reversal of liability reserve of Former Hartford Life Insurance	+5 JPY Bn
Total	—	About -24 JPY Bn

\* Above figures are based on segment profits

## (2) Segment Performance Change in Segments

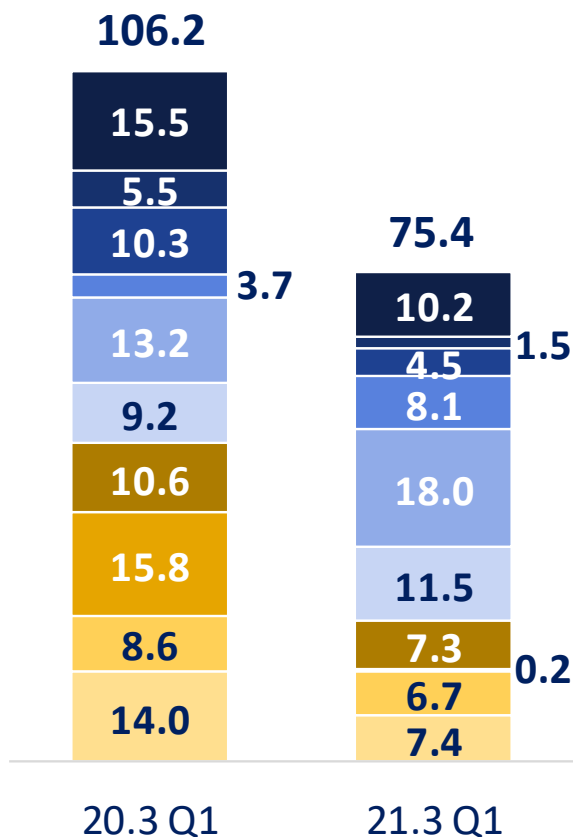
6 segments	16 units		10 segments	16 units	Main Business
<b>Corporate Financial Services</b>	Domestic Sales		<b>1 Corporate Financial Services and Maintenance Leasing</b>	Corporate Financial Services	Finance and fee business; leasing and rental of automobiles, electronic measuring instruments and IT-related equipment; Yayoi
	Yayoi			Yayoi	
<b>Maintenance Leasing</b>	Auto			Auto	
	Rentec			Rentec	
<b>Real Estate</b>	RE investment and Facilities Operation		<b>2 Real Estate</b>	RE Investment and Facilities Operation	Real estate development, rental and management; facility operations; real estate asset management
	DAIKYO			DAIKYO	
<b>Investment and Operation</b>	Investment and Operation		<b>3 PE Investment and Concession</b>	PE Investment	Private equity investment and concession
	Concession			Concession	
	Environment and Energy		<b>4 Environment and Energy</b>	Environment and Energy	Domestic and overseas renewable energy; electric power retailing; ESCO services; sales of solar panels and electricity storage system; recycling and waste management
<b>Retail</b>	Life Insurance		<b>5 Insurance</b>	Life Insurance	Life insurance
	Banking		<b>6 Banking and Credit</b>	Banking	Banking and consumer finance
	Credit			Credit	
<b>Overseas Business</b>	Aircraft and Ships		<b>7 Aircraft and Ships</b>	Aircraft and Ships	Aircraft leasing and management; ship-related finance and investment
	OCU (ORIX Corporation USA)		<b>8 ORIX USA</b>	ORIX USA	Finance, investment and asset management in the Americas
	OCE (ORIX Corporation Europe)		<b>9 ORIX Europe</b>	ORIX Europe	Equity and fixed income asset management
	Asia, Australia and other		<b>10 Asia and Australia</b>	Asia and Australia	Finance and investment businesses in Asia and Australia

## (2) Segment Performance Segment Profits

(JPY Bn)

### Segment Profits

(JPY Bn)



		Segment Profits	YoY	Highlight
1	Corporate Financial Services and Maintenance Leasing	10.2	-5.3	Down due to decreasing demand for rental car in Auto and price decline in used car market
2	Real Estate	1.5	-4.0	Decreased significantly due to the temporary closure of all accommodation facilities by the end of May
3	PE Investment and Concession	4.5	-5.8	PE investment remains solid Concession declined due to a decrease in the number of passengers
4	Environment and Energy	8.1	4.4	Solid solar power business and accounting for acquisition of wind power business contributed to profit increase
5	Insurance	18.0	4.8	Non-face-to-face solicitations such as increasing mail order sales made positive contribution. Reversal of liability reserve of Former Hartford Life also positive
6	Banking and Credit	11.5	2.3	Profits remains steady due to accumulation of high-quality assets Credit profits increased
7	Aircraft and Ships	7.3	-3.3	Profits of ORIX aircraft-related business were down due to decline in the number of aircraft in previous FY. Profits at Avolon increased due to one-time profit
8	ORIX USA	0.2	-15.5	A large investment gain recorded in previous FY. Finance revenue and services income remains solid but credit cost increase negative
9	ORIX Europe	6.7	-1.8	Lower AUM at March year-end hurt profits However, current market condition is contributing to recovery
10	Asia and Australia	7.4	-6.6	Investment gains recorded in previous FY and increase in provision for credit losses contributed negatively
Total		75.4	-30.8	—

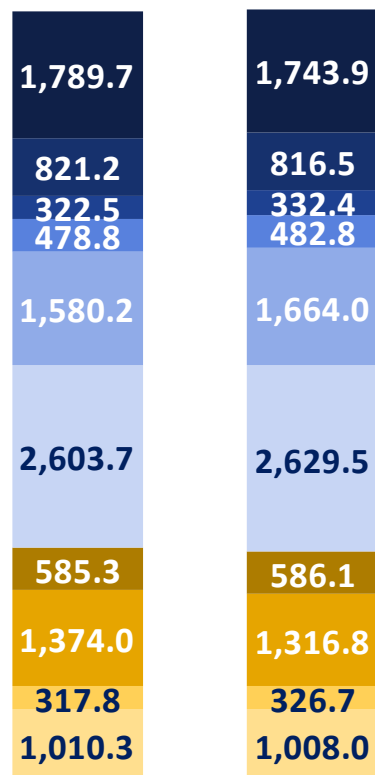
## (2) Segment Performance Segment Assets

(JPY Bn)

### Segment Assets

(JPY Bn)

10,883.5 10,906.7



20.3

21.3 Q1

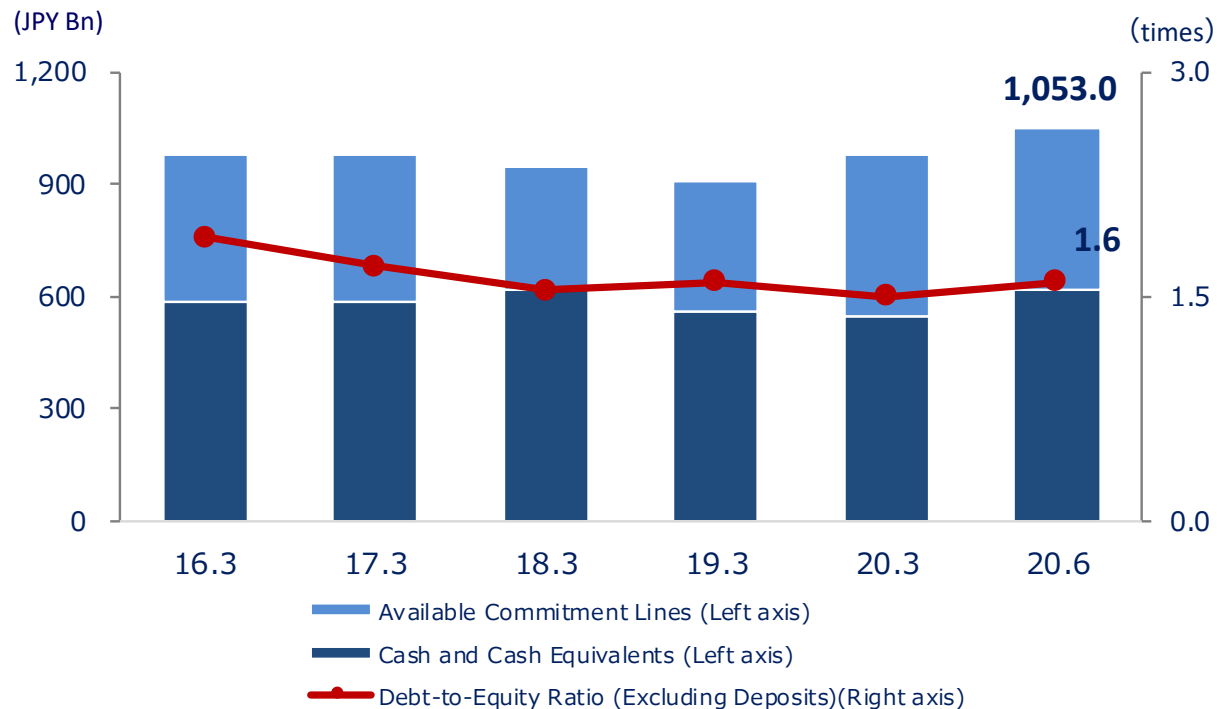
		Segment Assets	YTD	Highlight
1	Corporate Financial Services and Maintenance Leasing	1,743.9	-45.8	Focused selection resulting in gradual reduction of financial assets
2	Real Estate	816.5	-4.7	—
3	PE Investment and Concession	332.4	9.9	—
4	Environment and Energy	482.8	4.0	—
5	Insurance	1,664.0	83.8	Investment securities increased
6	Banking and Credit	2,629.5	25.7	Banking increased while Credit decreased in installment loans
7	Aircraft and Ships	586.1	0.8	Aircraft business assets flat due to reduce number of transactions. FX impact -5.6
8	ORIX USA	1,316.8	-57.2	Installment loans decreased. FX impact -13.7
9	ORIX Europe	326.7	8.9	FX impact +4.1
10	Asia and Australia	1,008.0	-2.3	Flat due to reduction of new lending. FX impact +22.3
Total		10,906.7	23.1	—



### (3) Financial Soundness    Liquidity / Credit Ratings

- ✓ Liquidity: Excluding bank and life insurance, liquidity is at 1.1 JPY Tn and D/E ratio at 1.6 times
- ✓ Credit Ratings: S&P reconfirmed A- rating in July while Moody's and Fitch both maintained A-. R&I is AA-

Liquidity • D/E Ratio



Credit Ratings

(as of June 30, 2020)

Credit Ratings	
S&P	A- (Negative)
Moody's	A3 (Negative)
Fitch	A- (Negative)
R&I	AA- (Stable)

### (3) Financial Soundness      Funding Structure / Employed Capital Ratio

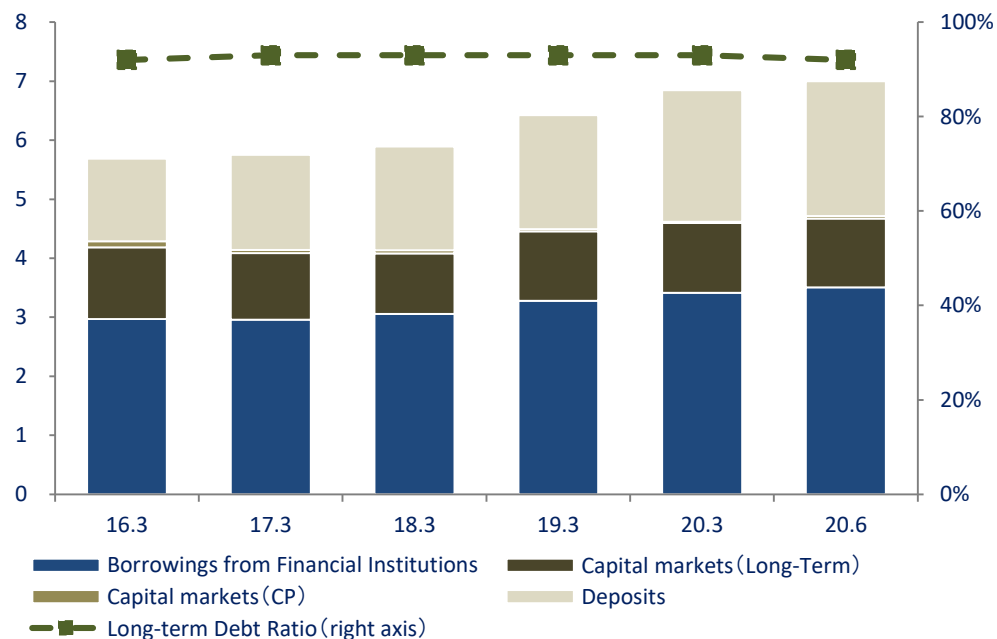
- ✓ Funding structure: Diversified funding methods and maintained a high ratio of long-term debt
- ✓ Employed Capital Ratio: The ratio shows the usage percentage of ORIX shareholders' equity

Continue to pursue growth while controlling risk and return

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

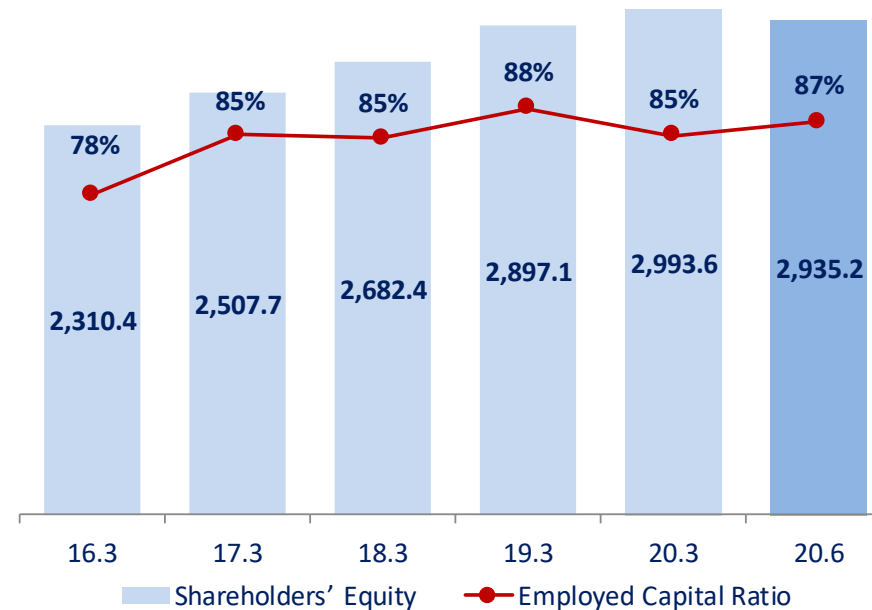
\*Excluding deposits

(JPY Tn)



Shareholder's Equity /  
Employed Capital Ratio

(JPY Bn)



## (4) Investment Pipelines

- ✓ Securing pipelines steadily even during the outbreak of COVID-19
- ✓ Select projects carefully that meet the investment criteria, with aim to close several deals within FY21.3

	Investment Details	Pipeline
Environment and Energy	<ul style="list-style-type: none"> <li>Renewable energy business companies in Japan and overseas</li> </ul>	300 JPY Bn
Asset Management	<ul style="list-style-type: none"> <li>Roll-up of existing investments (asset management companies)</li> </ul>	200 JPY Bn
PE Investment	<ul style="list-style-type: none"> <li>Domestic: healthcare industry、roll-up of existing investments</li> <li>Overseas: focus on USA and Asia</li> </ul>	250 JPY Bn
Real Estate	<ul style="list-style-type: none"> <li>Additional investment in existing projects such as hotels and complex facilities</li> <li>Increase value from a long-term perspective</li> </ul>	250 JPY Bn
MICE-IR	<ul style="list-style-type: none"> <li>Promote winning Osaka project</li> </ul>	650 JPY Bn
Others	<ul style="list-style-type: none"> <li>New investments</li> </ul>	350 JPY Bn
		<b>Total 2.0 JPY Tn</b>

**FY21.3 Q1 net income was 50.0 JPY Bn (-27.7% YoY), Annualized ROE 6.8%**

**Expanded segments from 6 to 10, with a focus on enhancing overseas disclosure**

**Rich investment pipeline both in Japan and overseas**

**Maintain A credit rating or higher / secured high liquidity**

# Segment Performance

**(blank)**

# Segment Performance (1)

## Corporate Financial Services and Maintenance Leasing

\*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: 10.2 JPY Bn

YoY -5.3 JPY Bn (-34%)

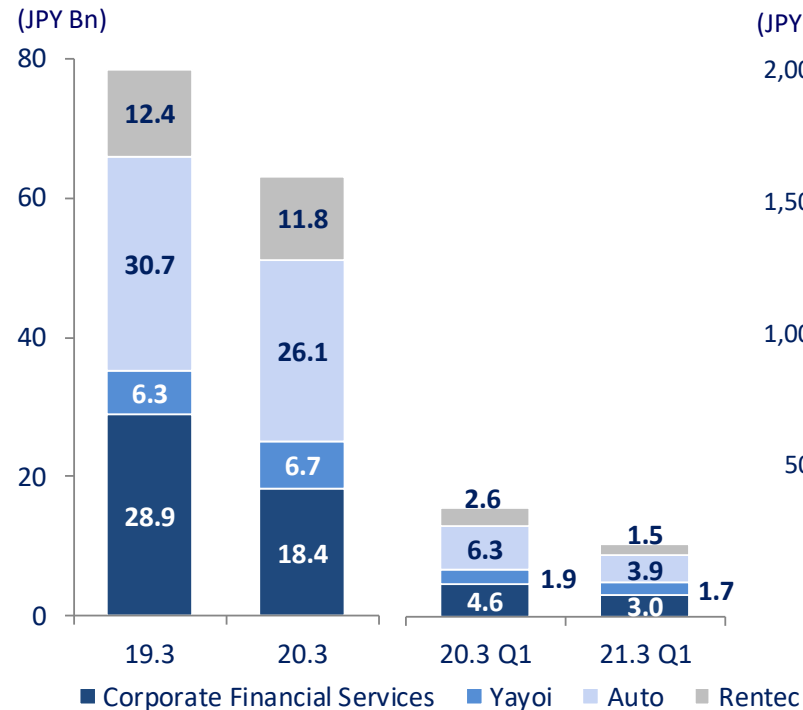
- ✓ Corporate Financial Services: bargain purchase posted in FY 20.3
- ✓ Auto: decreasing demand for rental car and decline in used car market (Currently, there are signs of a recovery from personal demand and the used car market)
- ✓ Rentec: despite increasing demand, profits declined due to restrained utilization of technology centers

### Segment Assets: 1,743.9 JPY Bn

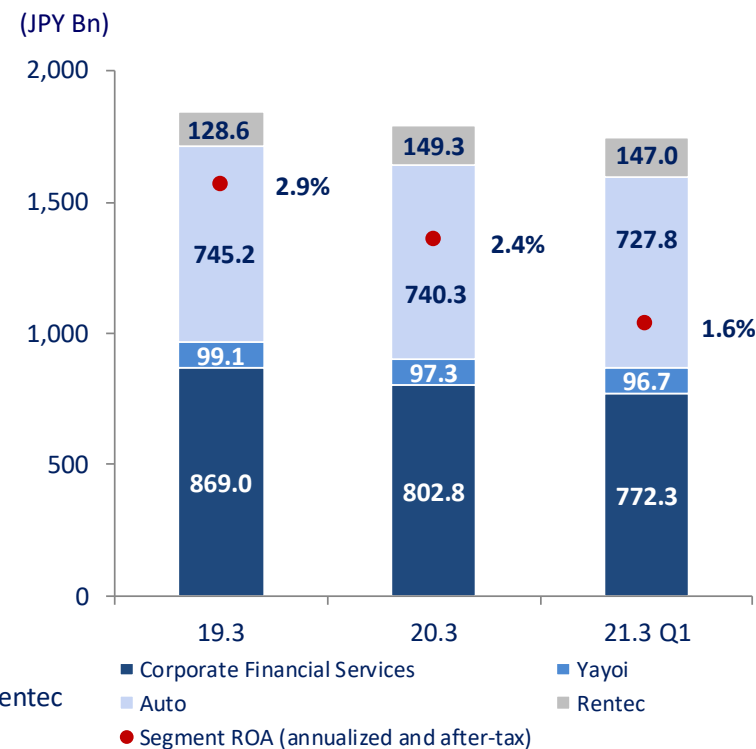
YTD -45.8 JPY Bn (-3%)

- ✓ Focused selection resulting in gradual reduction of financial assets

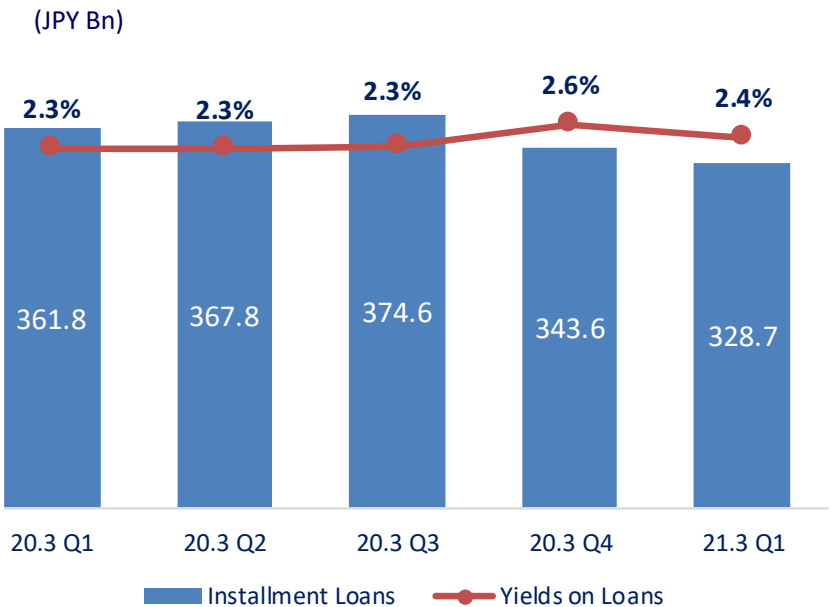
Segment Profits



Segment Assets and ROA



Yields on loans

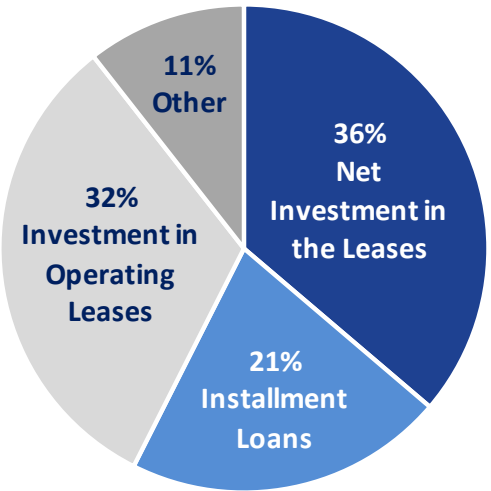


Yields on loans = finance revenues classified as loan interest ÷ average balance of installment loans

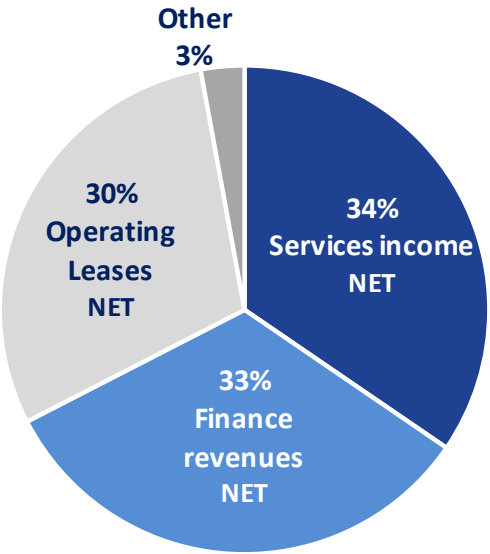
# Corporate Financial Services and Maintenance Leasing

Main business: Finance and fee business; leasing and rental of automobiles, electronic measuring instruments and IT-related equipment; Yayoi

Segment Assets  
(as of March 31, 2020)



NET\* Segment Revenue  
(FY 20.3)



\* NET Segment Revenue = Segment Revenue - Segment Expenses  
(Before deduction of Selling, General and administrative expenses)

Nationwide network of  
Corporate Financial Services





# Segment Performance (2) Real Estate

**Segment Profits: 1.5 JPY Bn**

YoY -4.0 JPY Bn (-73%)

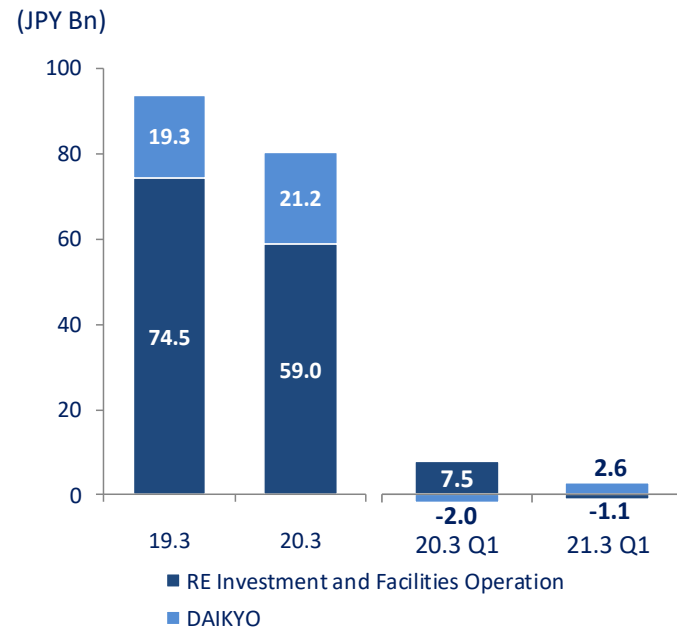
- ✓ Investment and operation: profits decreased due to the impact of the temporary closure of all accommodation facilities by the end of May  
(From June, accommodation facilities reopened with ceiling occupancy rates)
- ✓ DAIKYO: profits up with an increase in the number of condominiums sales

**Segment Assets: 816.5 JPY Bn**

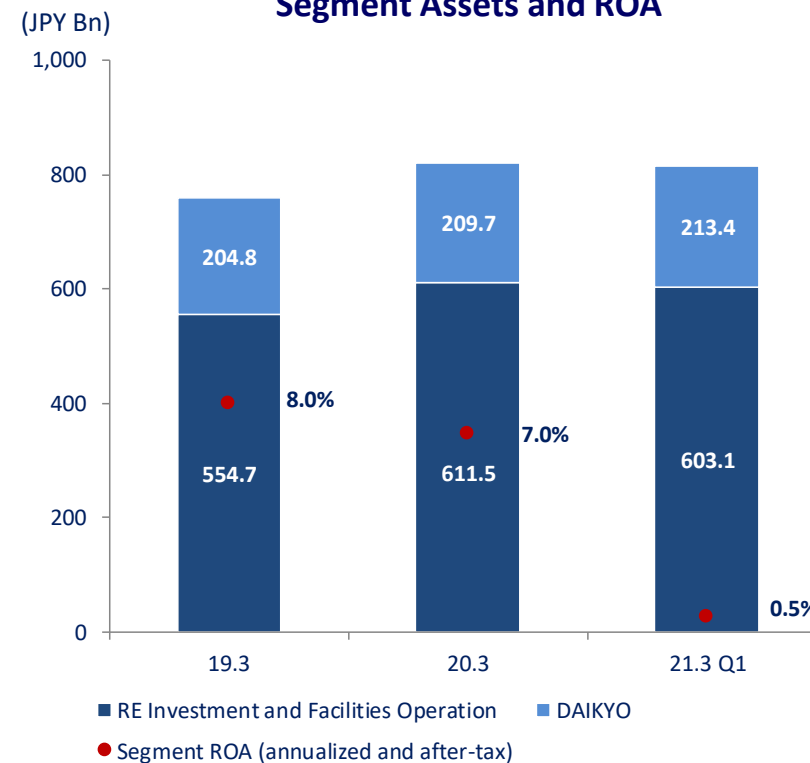
YTD -4.7 JPY Bn (-1%)

- ✓ Assets remained flat
- ✓ AUM in Real Estate Asset Management increased steadily

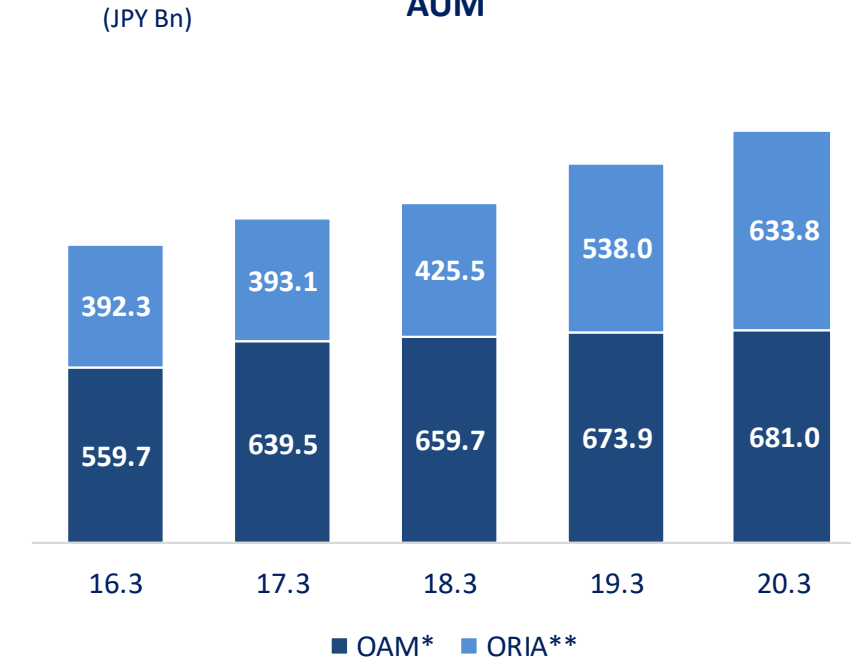
**Segment Profits**



**Segment Assets and ROA**

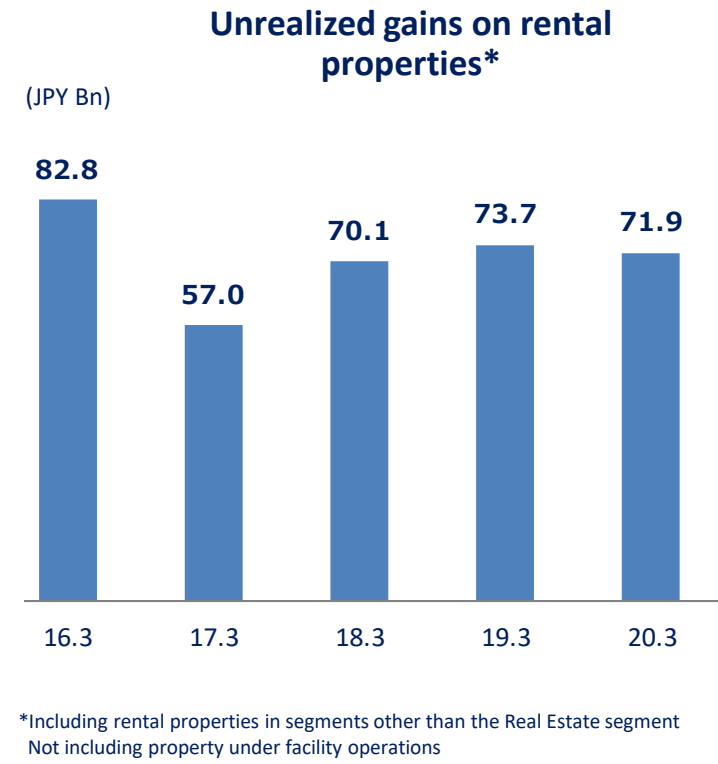
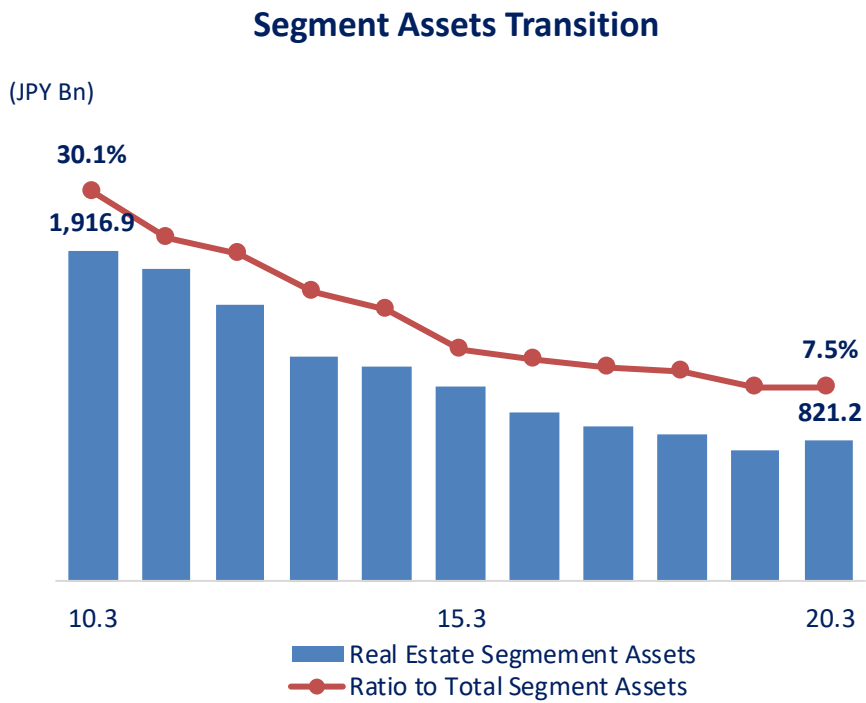
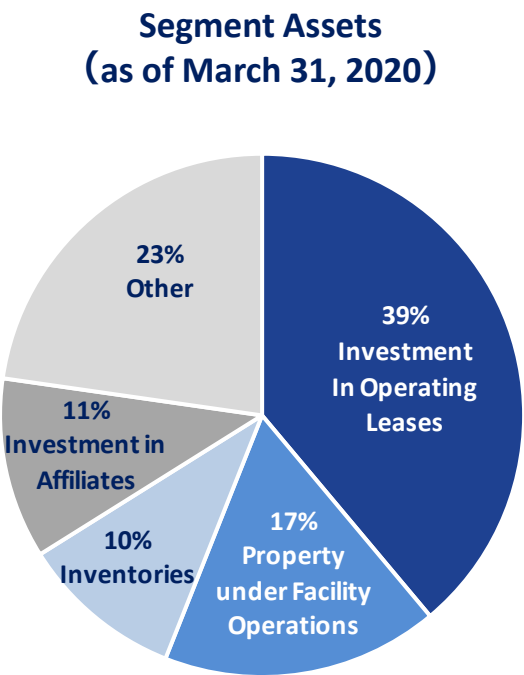


**AUM**



\* ORIX Asset Management Corporation (J-REIT)  
OAM's figures are at February  
\*\* ORIX Real Estate Investment Advisors Corporation (Private Real Estate Fund)

Main Business : Real estate development, rental and management; facility operations; real estate asset management



# Segment Performance (3) PE Investment and Concession

**Segment Profits: 4.5 JPY Bn**

YoY -5.8 JPY Bn (-56%)

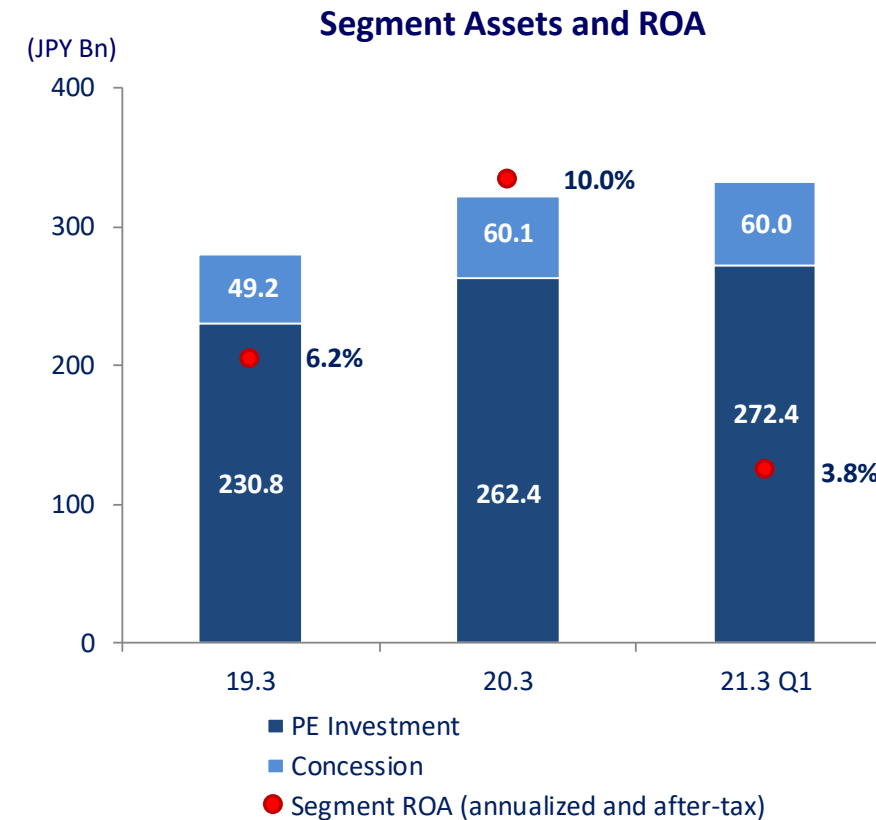
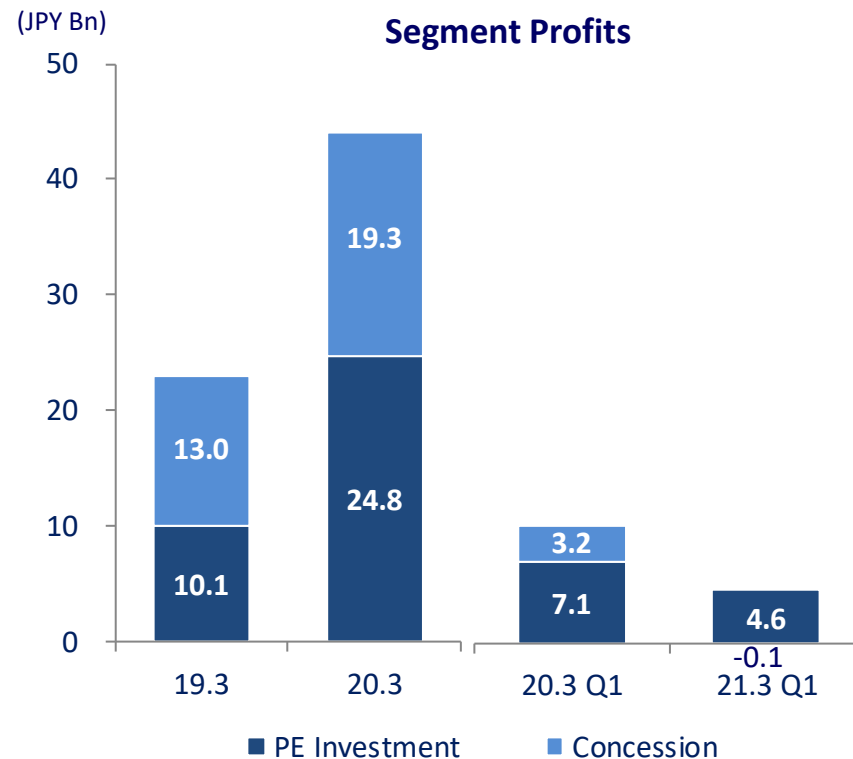
- ✓ PE investment: operating profits remained steady  
However, total profits decreased due to the posting of a gain on sales in FY 20.3
- ✓ Concession: the number of passengers decreased at Kansai Airports  
(Jan-Mar results accounted with 3-month lags)

**Segment Assets: 332.4JPY Bn**

YTD 9.9 JPY Bn (+3%)

- ✓ PE investment: 1\* new investment in healthcare industry in Japan, no EXIT
- ✓ Concession: remained flat

\*DOJIN IYAKU-KAKO CO., LTD: Producer and seller of prescription and OTC drugs



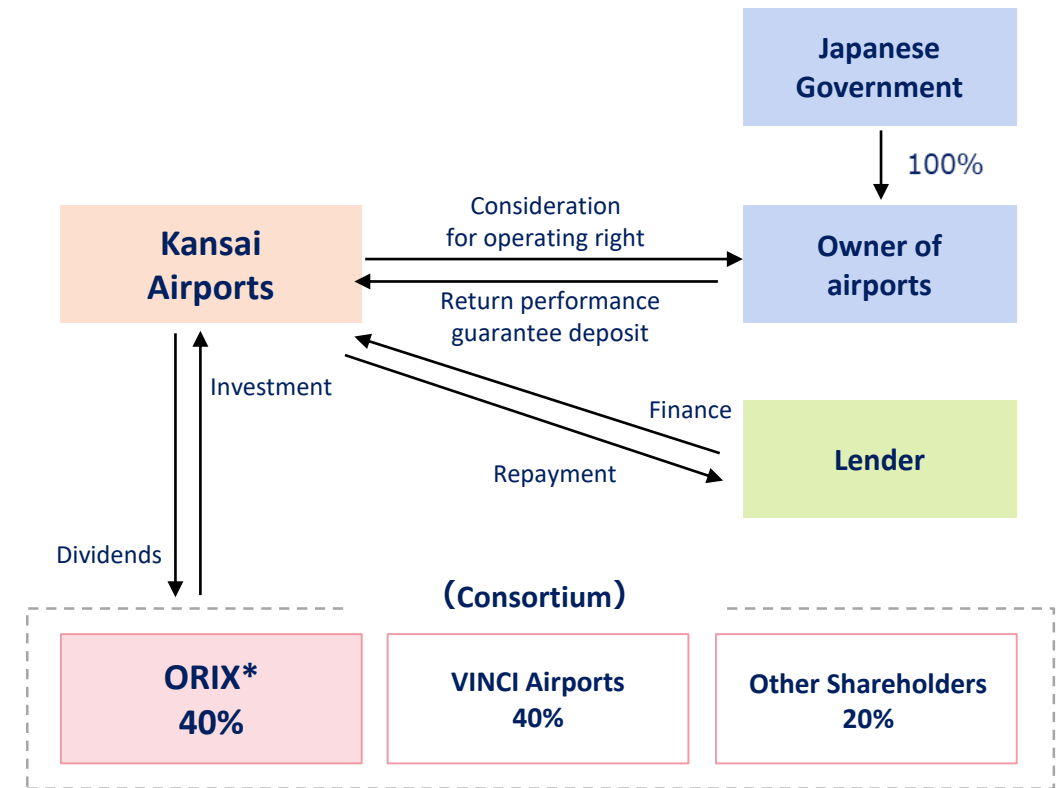
# PE Investment and Concession

Main Business: (PE Investment) Private equity investment in Japan

(Concession) Operation of airports and wastewater treatment plant

Major PE Investment in Japan		
Company Name	Initial Investment	Business
Kobayashi Kako Co., Ltd	FY 20.3	Producer and seller of generic drugs
Wako Pallet Co., Ltd.	FY 20.3	Seller and leaser of logistics equipment
Cornes AG CORPORATION	FY 19.3	Dairy equipment services
Primagest, Inc.	FY 18.3	Information processing service
Koike Co., Ltd.	FY 17.3	Manufacturer of electronic materials
Fujita Pharmaceutical Co., Ltd.	FY 17.3	Producer of veterinary pharmaceuticals
Kyoto Biken Laboratories, Inc.	FY 17.3	Producer of veterinary animal vaccines
INNOMEDICS Medical Instruments, Inc.	FY 15.3	Sales of medical equipment and devices
Net Japan Co., Ltd.	FY 15.3	Recycling of precious metals and jewelry

## Structure of Concession Operation



\*Total amount of dividends received to date almost equals to the initial investment after 4 years of operation

# Segment Performance (4) Environment and Energy

**Segment Profits: 8.1 JPY Bn**

YoY +4.4 JPY Bn (+118%)

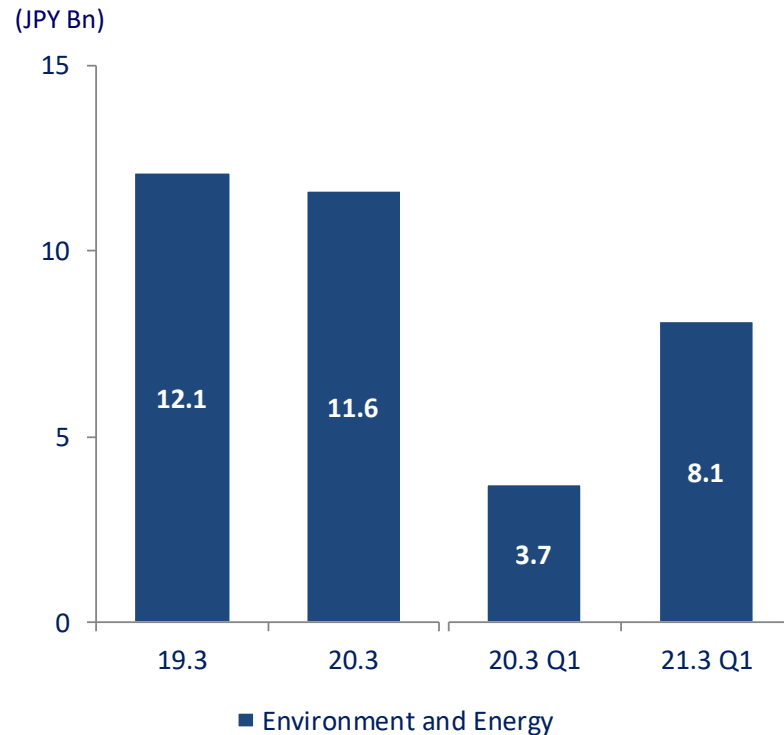
- ✓ Solid performance in the Solar Power business
- ✓ Profits increased due to the impact of acquisition accounting in additional investment made in FY20.3 for India's wind power business

**Segment Assets: 482.8 JPY Bn**

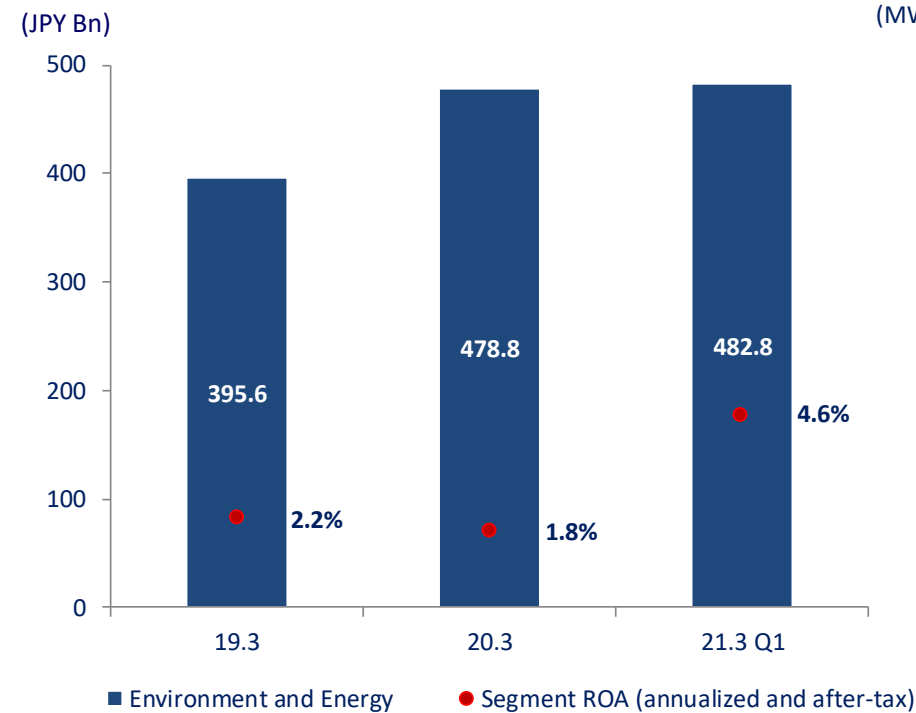
YTD +4.0 JPY Bn (+1%)

- ✓ Assets remained flat

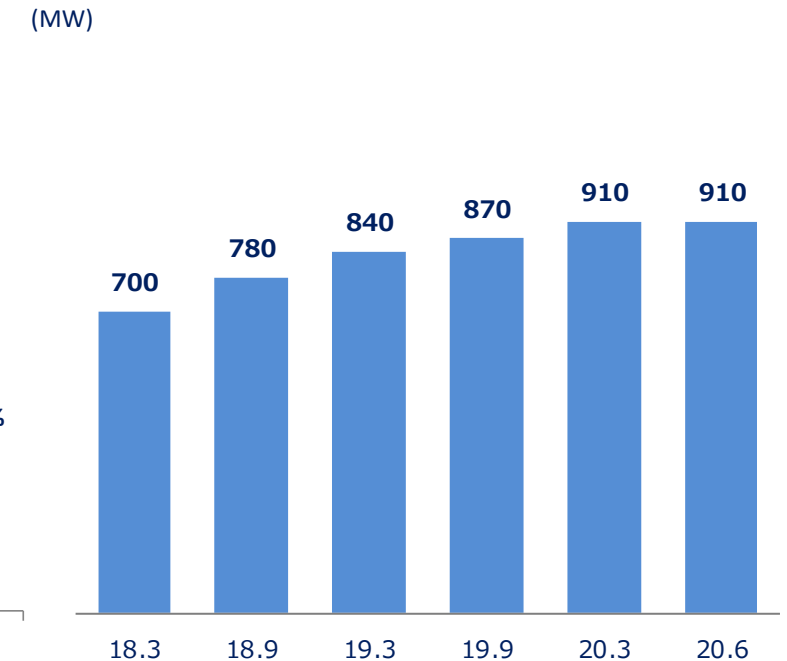
**Segment Profits**



**Segment Assets and ROA**



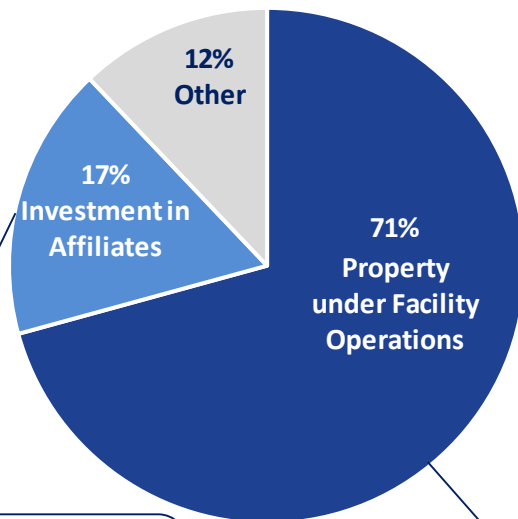
**Solar power business in Japan**



Main Business: Domestic and overseas renewable energy; electric power retailing; ESCO services; sales of solar panels and electricity storage system; recycling and waste management

(as of March 31, 2020)

**Segment Assets**  
(as of March 31, 2020)



• Ormat Technologies, Inc.  
• Bitexco Power Corporation  
and others

• Renewable energy (Japan and Overseas)  
ex. Wind power generation business in India  
and others

**Major Investment Overseas (Renewable Energy)**

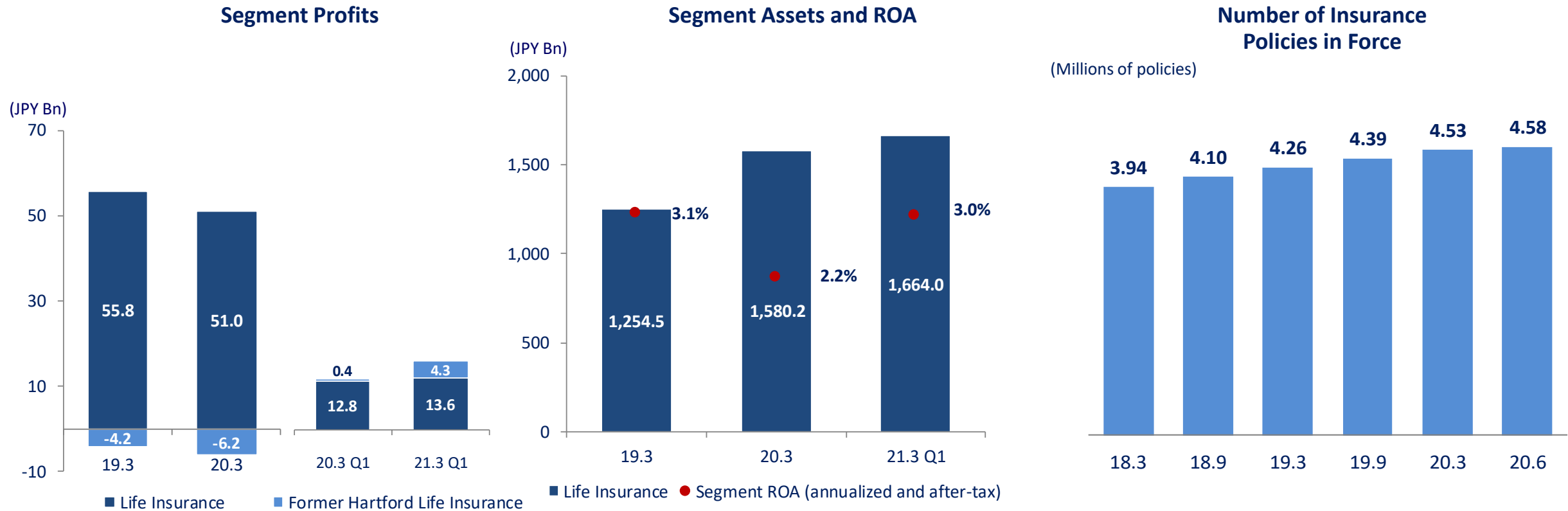
Investee	Country	Primary Business	Capacity*	Direct/ Indirect Investment
Ormat Technologies, Inc.	USA	Geothermal Power Generation	914MW	21%
Wind Power Generation Business	India	Wind Power Generation	873MW	100%
Bitexco Power Corporation	Vietnam	Hydroelectric Power and Solar Power Generation	895MW	6%

\*Capacity indicated at gross volume regardless of ORIX's share

# Segment Performance (5) Insurance

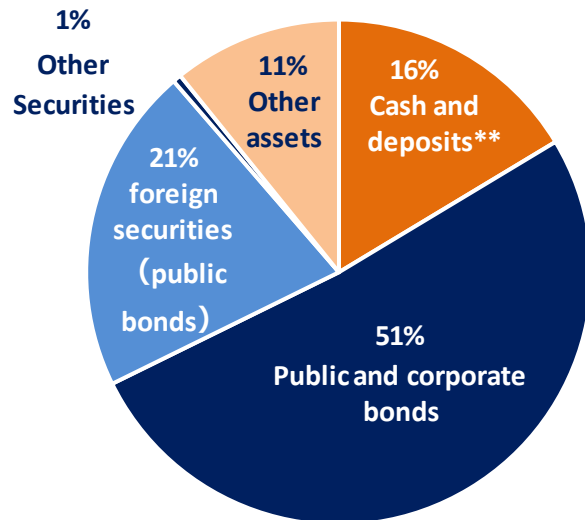


<b>Segment Profits: 18.0 JPY Bn</b>	YoY +4.8 JPY Bn (+36%)	<b>Segment Assets: 1,664.0 JPY Bn</b>	YTD +83.8 JPY Bn (+5%)
✓ Life Insurance: non-face-to-face sales such as mail order and Internet sales increased		✓ Investment securities increased in Life Insurance	
✓ Former Hartford Life Insurance: profits increased due to reversal of liability reserve in line with market recovery			



- “Simple and easy-to-understand products” and “affordable pricing insurance”
- Optimal products aligned with evolving customer needs
- Omnichannel strategy utilizing four sales channels - agency, banks and other financial institutions, mail order and Internet sales, and ORIX Life reps - for providing services that caters to customer’s needs

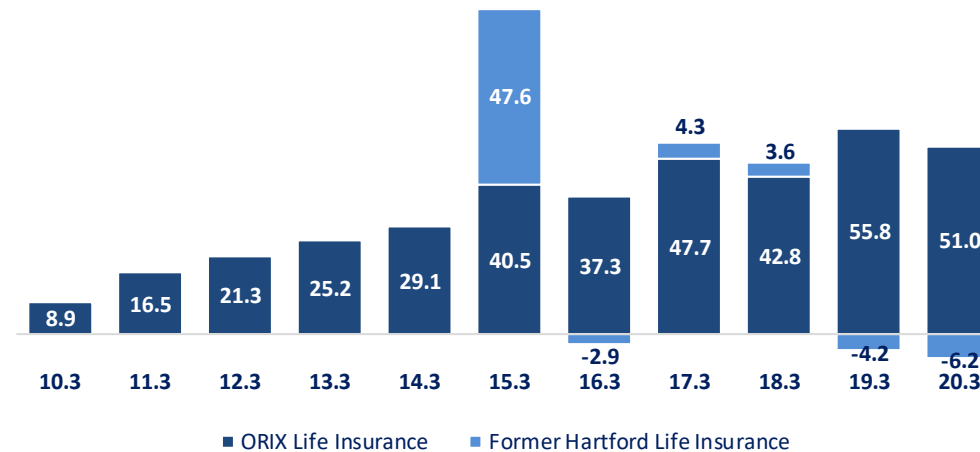
**Breakdown of General Account Assets\***  
(as of March 31, 2020)



\* ORIX Life Insurance financial results (JGAAP)  
\*\*Segment Assets does not include cash and deposits

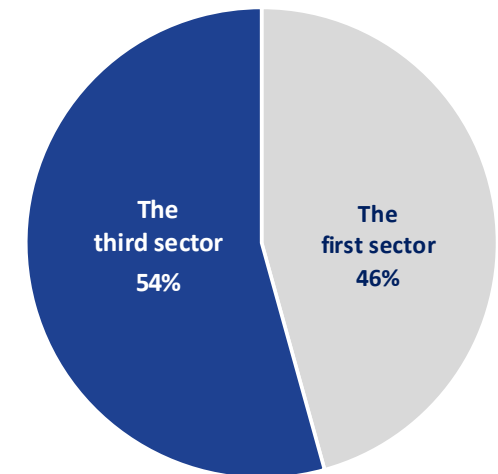
**Segment Profits\***

(JPY Bn)



\*Segment Profits in FY15.3 includes bargain purchase gains by the acquisition of Former Hartford Life Insurance

**Number of Insurance Policies in Force**  
(Annualized premium) (as of March 31, 2020)



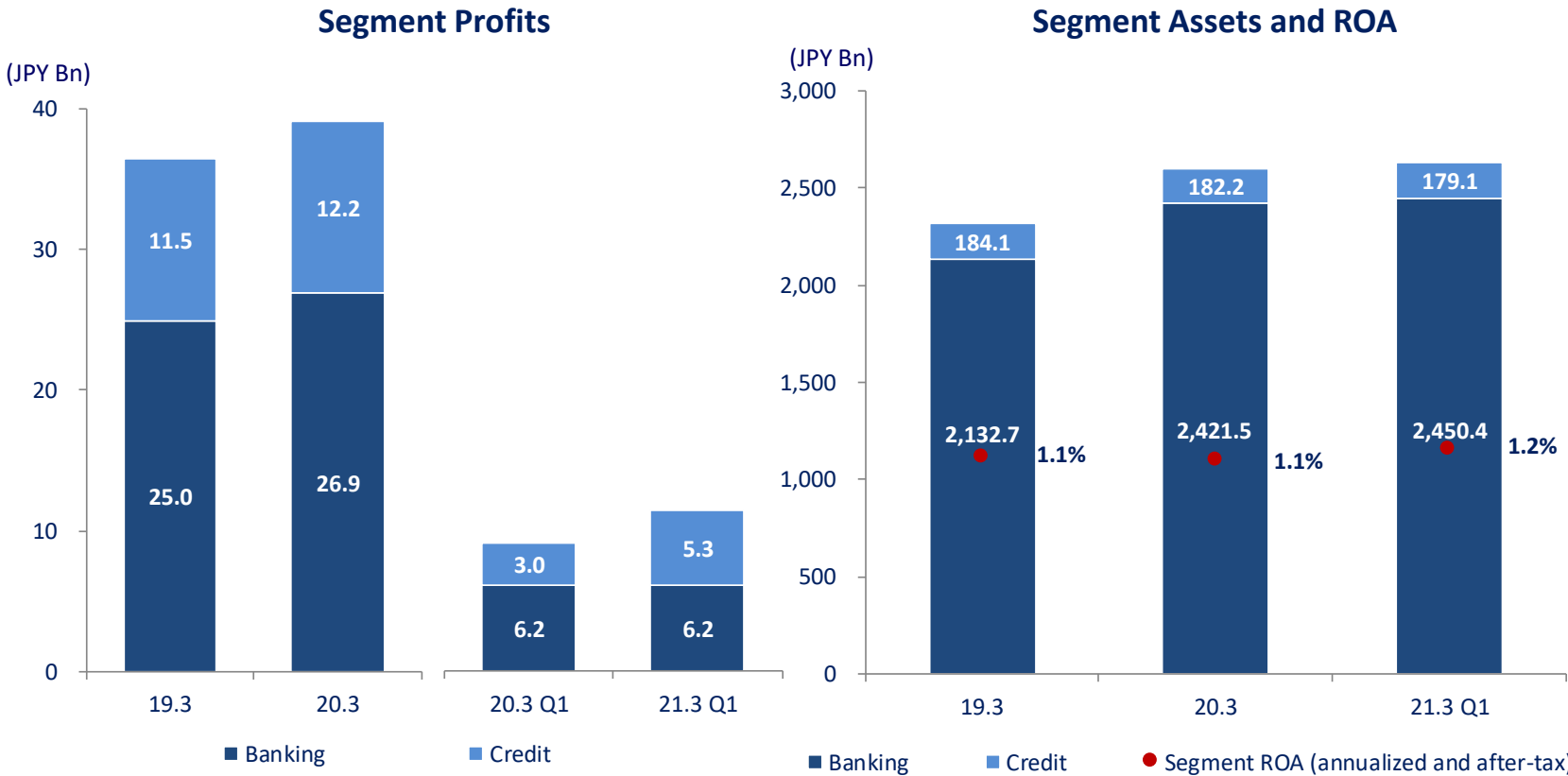
- The first sector (Death protection, etc.)
- The third sector (Health insurance, Cancer insurance, etc.)



# Segment Performance (6) Banking and Credit



<b>Segment Profits: 11.5 JPY Bn</b>	<b>YoY +2.3 JPY Bn (+25%)</b>	<b>Segment Assets: 2,629.5 JPY Bn</b>	<b>YTD +25.7 JPY Bn (+1%)</b>
<ul style="list-style-type: none"><li>✓ Banking: profits remain steady due to accumulation of high-quality assets</li><li>✓ Credit: profits increased due to a decrease in provision for credit losses</li></ul>		<ul style="list-style-type: none"><li>✓ Banking: capturing real estate investment loans demand by utilizing online capability</li><li>✓ Credit: installment loans decreased due to a decline in demand</li></ul>	



### Gross Margin and Yield\*

(as of March 31, 2020)

ORIX Bank (non-consolidated)	
Investment Yield	2.12%
Funding Yield	0.18%
Gross Margin of Capital	1.94%

\*ORIX Bank's financial results disclosure materials (JGAAP)

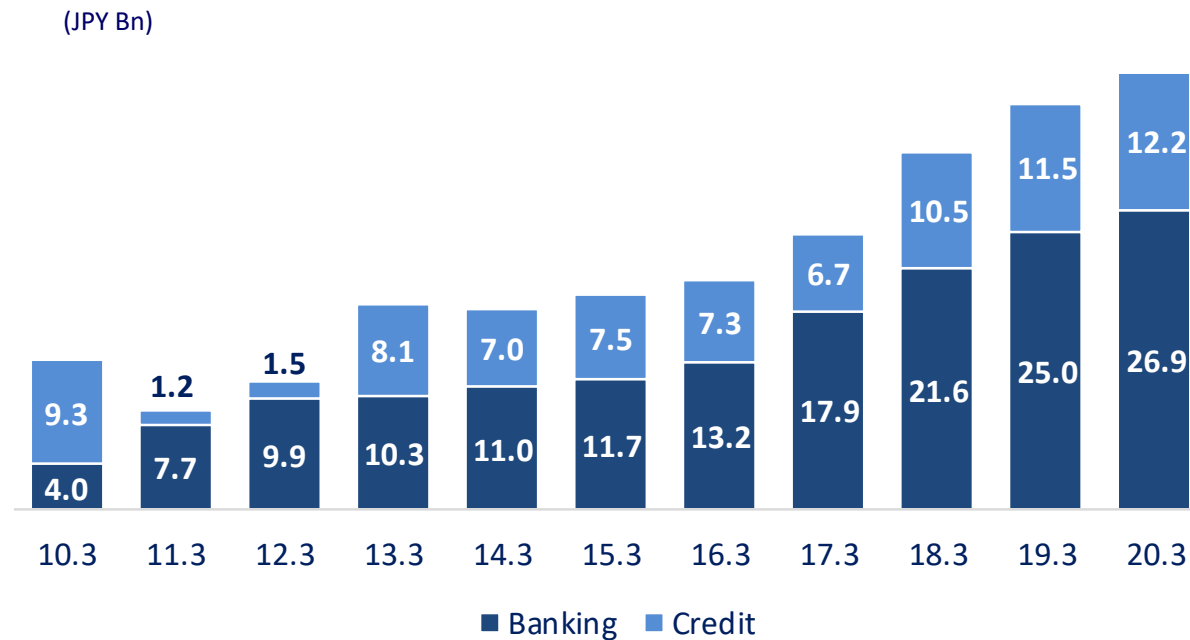
Investment Yield= Interest on investment accounts (mostly interest on loans)/Average outstanding balance

Funding Yield= Interest on interest-bearing liabilities/Average outstanding balance

Gross Margin of Capital =Investment Yield - Funding Yield

- **Banking:** ORIX Bank offers distinctive products and services such as real estate investment loans, card loans, trust products and investment trusts  
No retail branches, ATMs, or handle settlement functions, based on a low-cost operation
- **Credit :** ORIX Credit operates in three core retail businesses; the loan business, the credit guarantee business and the mortgage banking business

## Segment Profits



(as of March 31, 2020)

Key Indicators* of ORIX Bank (non-consolidated)	
ROE	9.3%
Non-performing loan ratio	0.37%
Credit Rating	AA- (R&I)

\*ORIX Bank financial results disclosure materials (JGAAP)

# Segment Performance (7) Aircraft and Ships

**Segment Profits: 7.3 JPY Bn**

YoY -3.3 JPY Bn (-31%)

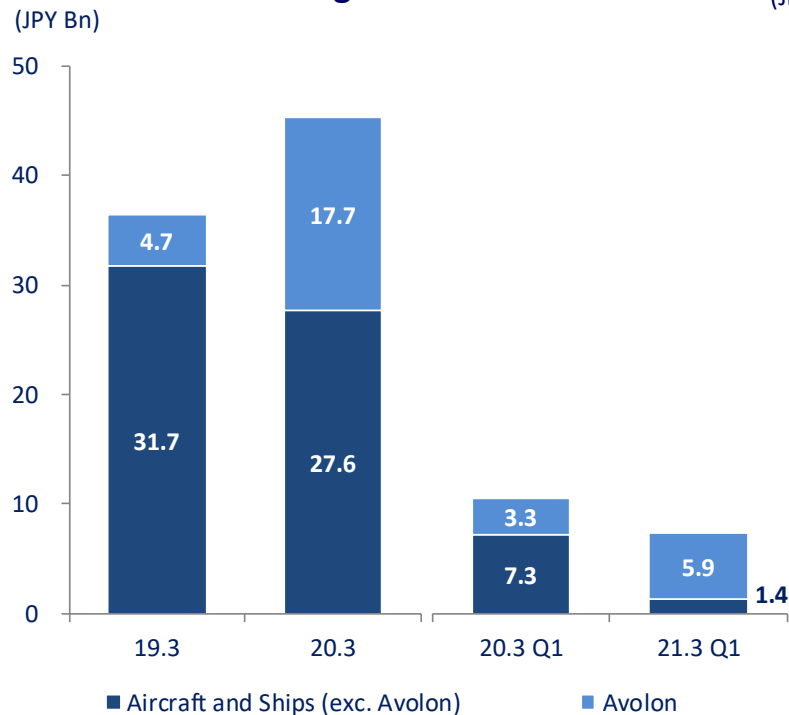
- ✓ ORIX aircraft-related business: gain on sales of aircraft decreased
- ✓ Avolon: increased due to one-time profit despite a decline in leasing revenue

**Segment Assets: 586.1 JPY Bn**

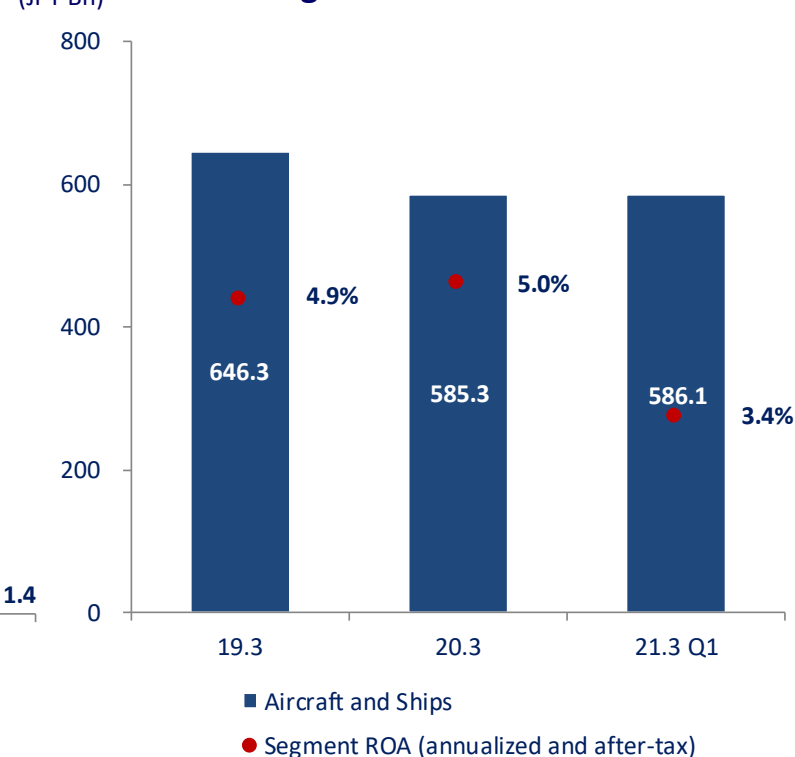
YTD +0.8 JPY Bn (flat)

- ✓ ORIX aircraft-related business: Remained flat due to restrained new investment in the aircraft leasing business
- ✓ Excluding FX impact of -5.6 JPY Bn, segment assets increased by 6.4 JPY Bn

**Segment Profits\***



**Segment Assets and ROA**



**Aircraft leasing business**

(as of June 30, 2020)

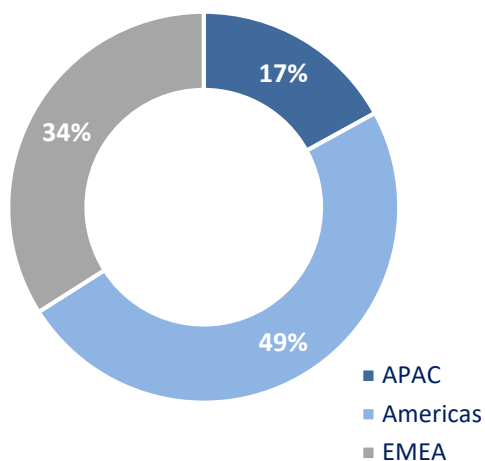
	ORIX	Avolon
Business history	<b>42 years</b> Started with finance leases (ORIX Aviation Established in 1991)	<b>10 years</b> (Established in 2010)
Business Model	<ul style="list-style-type: none"> <li>Mainly trading in second-hand market</li> <li>Strengths include arrangement of aircraft purchases to third parties and asset management services</li> </ul>	<ul style="list-style-type: none"> <li>Sizable direct orders to aircraft manufacturers</li> <li>Strengths in direct leasing of the fleet</li> </ul>
ORIX Investment ratio	<b>100%</b>	<b>30%</b> (acquired in November 2018)
Rating	S&P: Top Strong (servicer ranking)	Fitch : BBB- Moody's : Baa3 S&P : BBB-

\*Avolon's segment profits were reclassified to USGAAP that different from those announced by Avolon based on IFRS

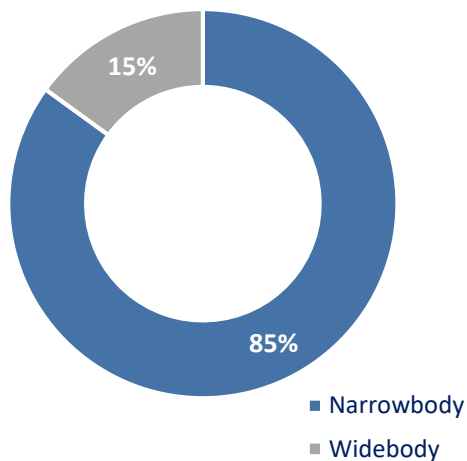
# Aircraft Leasing Business

**ORIX**

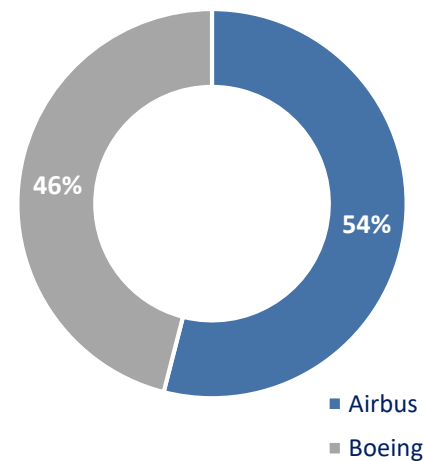
**GLOBALLY DIVERSE (NBV)**



**NARROWBODY WEIGHTING (number of aircraft)**



**OEM BREAKDOWN (number of aircraft)**



**Owned fleet**  
72

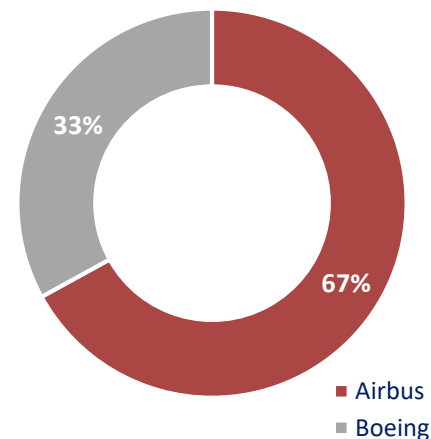
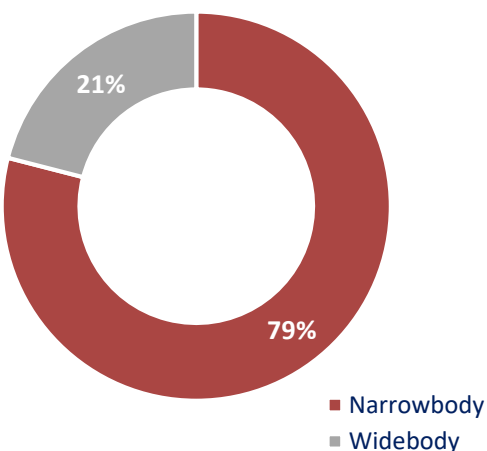
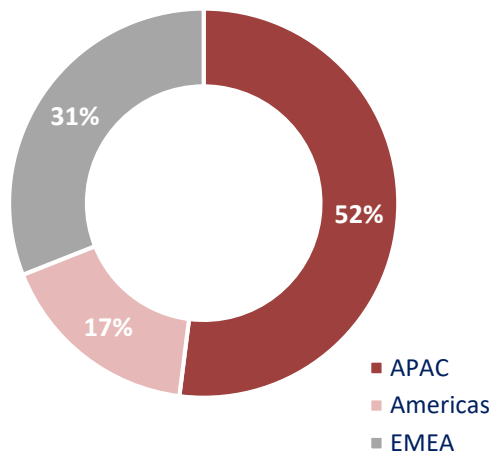
**Committed fleet**  
Nil

**Average age**  
5.7 years

**Remaining lease term**  
7.1 years

**Managed fleet**  
136

**Avolon**



**Owned fleet**  
486

**Committed\***  
fleet  
277

**Average age**  
5.2 years

**Remaining lease term**  
6.8 years

\* Reduced from 400 aircraft at the end of December 2019

Fully placed through the end of 2021

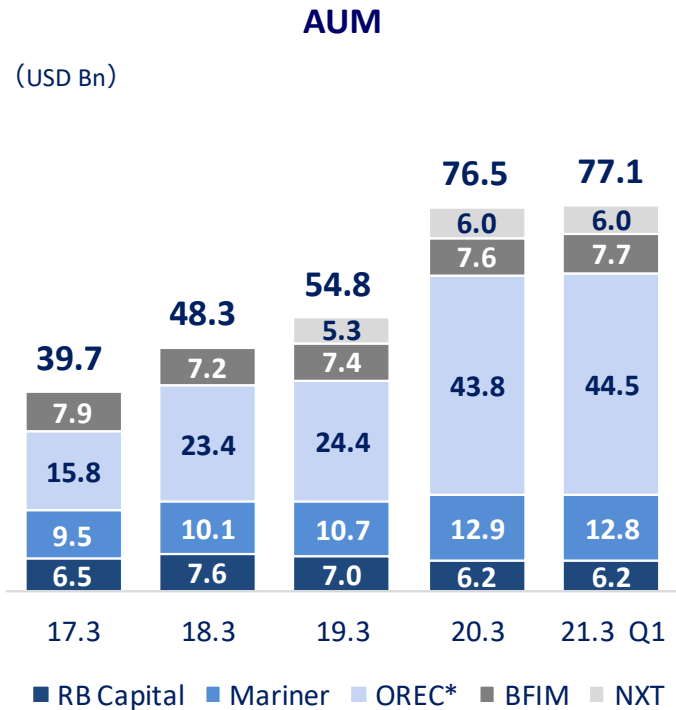
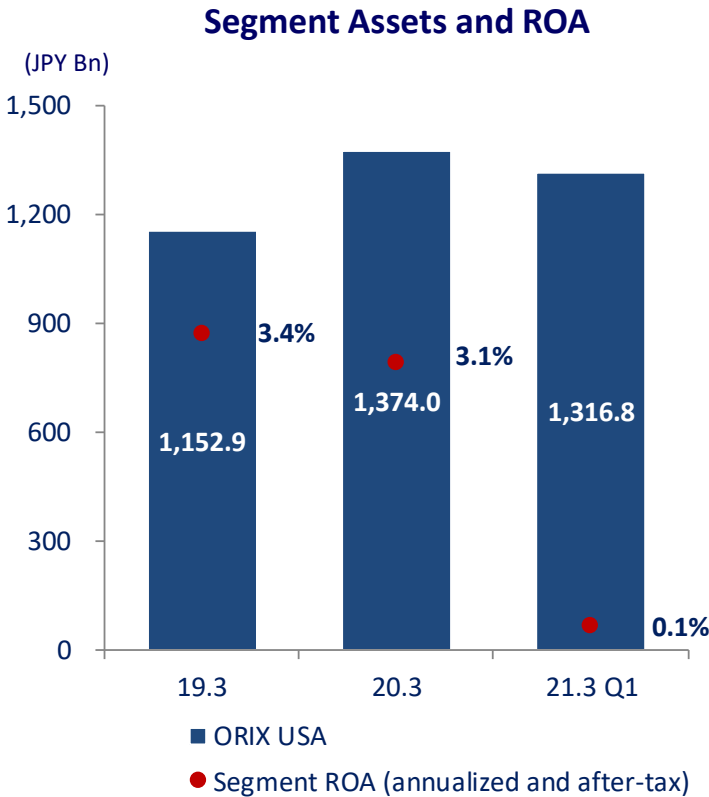
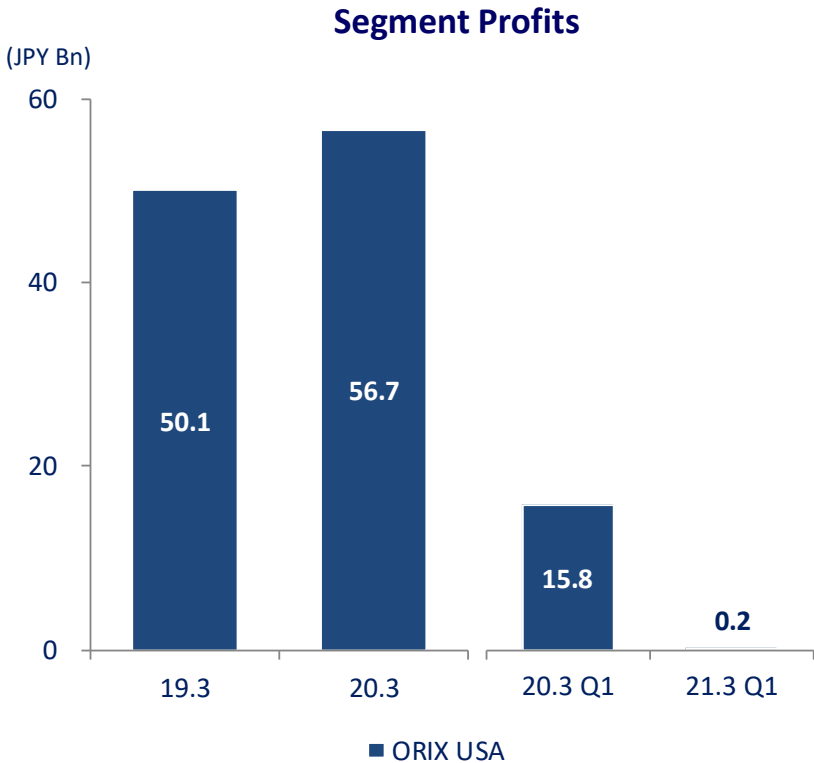
The next unplaced B737MAX is scheduled for delivery in 2024

(as of June 30, 2020)

# Segment Performance (8) ORIX USA



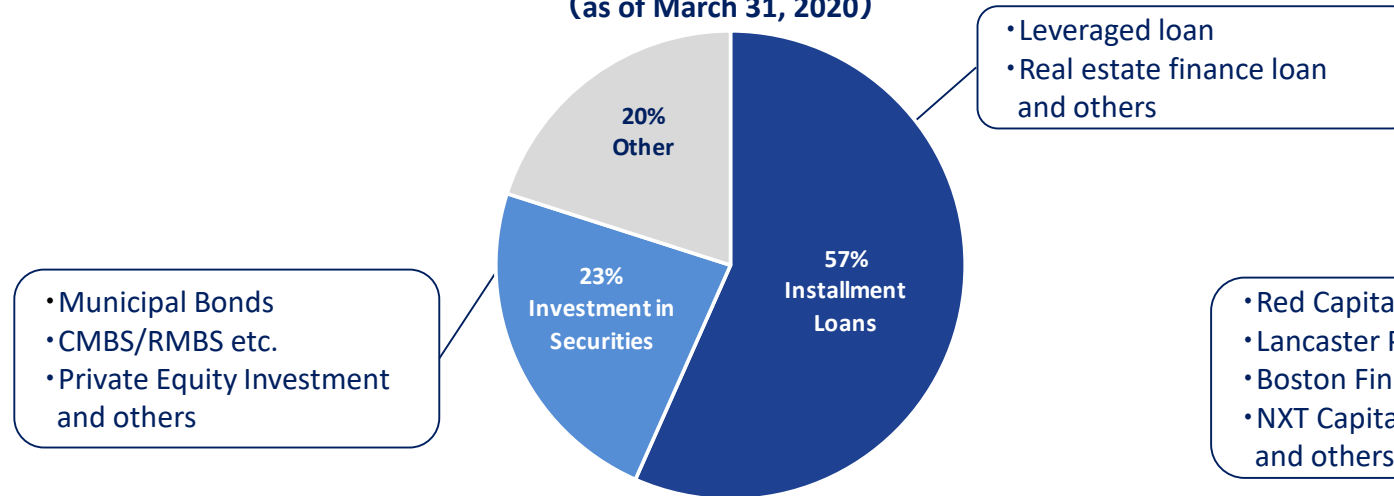
<b>Segment Profits: 0.2 JPY Bn</b>	<b>YoY -15.5 JPY Bn (-98%)</b>	<b>Segment Assets: 1,316.8 JPY Bn</b>	<b>YTD -57.2 JPY Bn (-4%)</b>
<ul style="list-style-type: none"><li>✓ Significant decrease in profits due to the impact of the posting of a gain on sales of Houlihan in FY 20.3 and the recording of additional reserves, mainly for energy-related business</li><li>✓ Finance revenue and services income were solid. Hunt, acquired in FY20.3, also contributed</li></ul>		<ul style="list-style-type: none"><li>✓ Installment loans decreased</li><li>✓ Excluding FX impact of -13.7 JPY Bn, segment assets decreased by 43.5 JPY Bn</li><li>✓ AUM increased steadily</li></ul>	



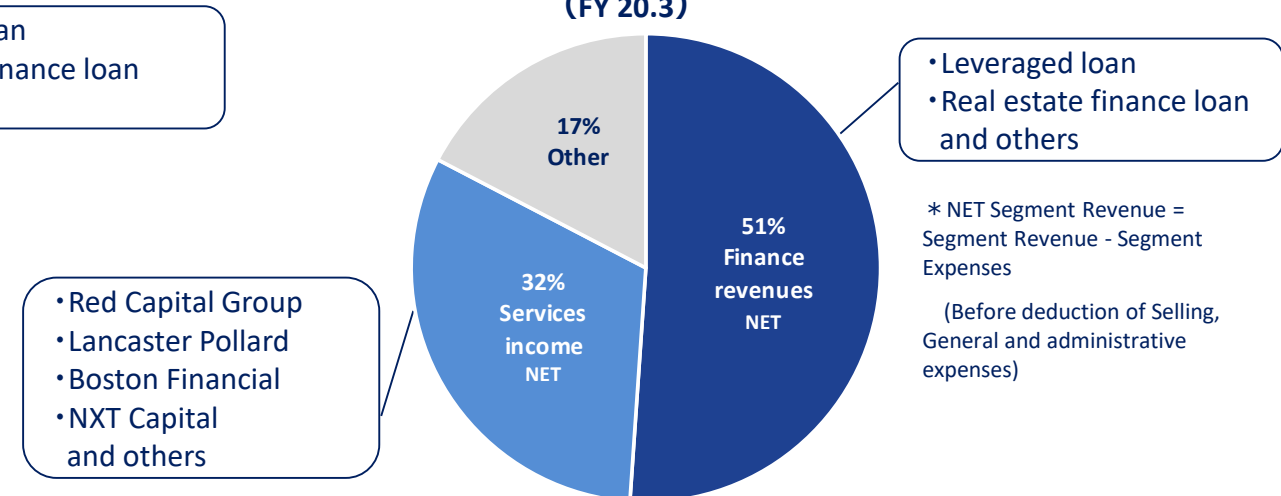
\*In 2019, RED Capital Group and Lancaster Pollard Holdings, in 2020, Hunt Real Estate were integrated into ORIX Real Estate Capital Holdings

## Main Business: Finance, investment and asset management in the Americas

**Segment Assets**  
(as of March 31, 2020)



**NET\* Segment Revenue**  
(FY 20.3)



Major Investment	Primary Business	Acquired	Direct/ Indirect Investment
Hunt Real Estate Capital, LLC *	Loan origination and servicing	Dec. 2019	100%
NXT Capital Group, LLC	Loan origination and asset management	Aug. 2018	100%
Lancaster Pollard Holdings, LLC *	Loan origination and servicing	Spt. 2017	100%
RB Capital S.A.	Real estate securitization, asset management, and real estate development and investment	Dec. 2016	67%
Boston Financial Investment Management, LP	Low-income housing tax credit syndication	Jul. 2016	100%
RED Capital Group, LLC *	Loan origination and servicing	May. 2010	100%

\*In 2019, RED Capital Group and Lancaster Pollard Holdings, in 2020, Hunt Real Estate were integrated into ORIX Real Estate Capital Holdings

# Segment Performance (9) ORIX Europe



**Segment Profits: 6.7 JPY Bn**

YoY -1.8 JPY Bn (-21%)

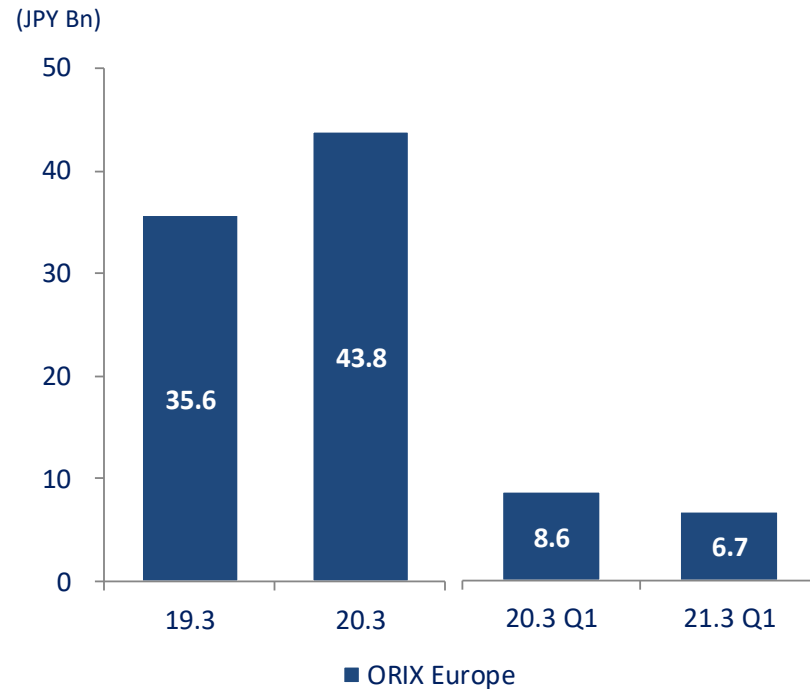
- ✓ Profits decreased due to reduction in AUM resulting from the market decline at the end of FY20.3

**Segment Assets: 326.7 JPY Bn**

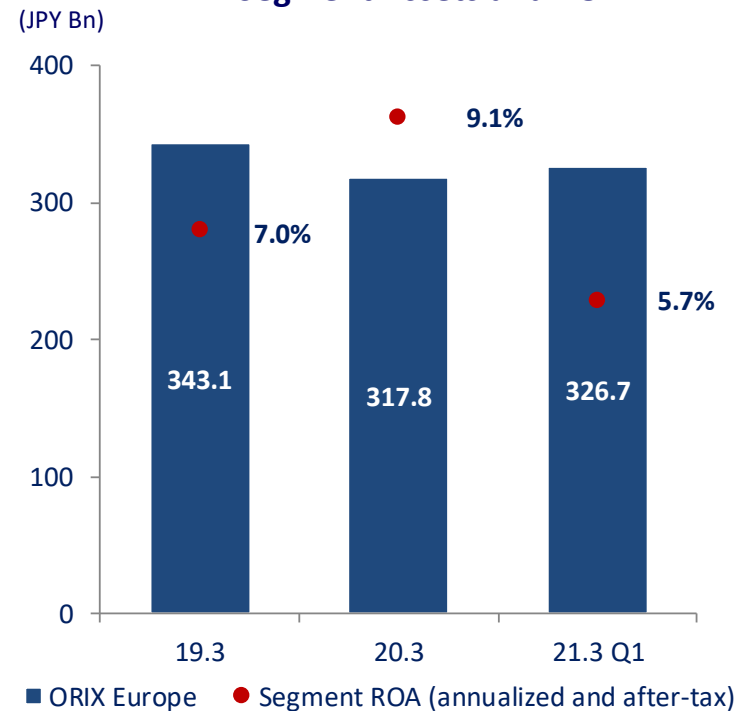
YTD +8.9 JPY Bn (+3%)

- ✓ AUM increased moderately with market recovery
- ✓ Excluding FX impact of +4.1 JPY Bn, segment assets increased by 4.8 JPY Bn

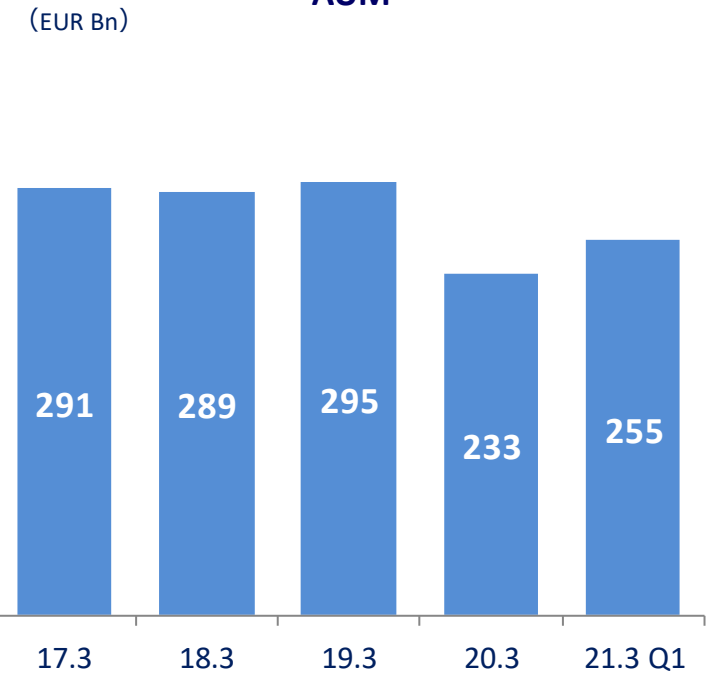
**Segment Profits**



**Segment Assets and ROA**



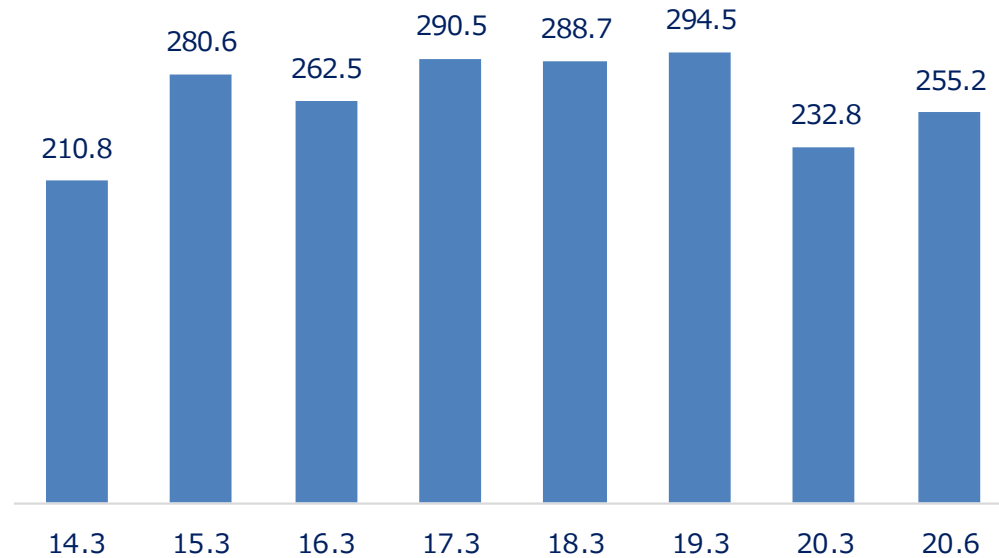
**AUM**



Main Business: Equity and fixed income asset management

## AUM\*

(EUR Bn)



\*ORIX acquired Robeco in July 2013

## Major Asset Management Business

	Head Office	Primary Business	Established (Acquired)
Robeco	Rotterdam	Stocks, bonds, and investment solutions	1929 (2013)
Boston Partners	Boston	U.S. and global equities	1995 (2013)
Harbor Capital Advisors	Chicago	Manager selection*	1983 (2013)
Transtrend	Rotterdam	CTA**	1991 (2013)

\*Creation of stock or bond mutual funds and selection of the most appropriate manager for each fund

\*\* Commodity trading advisor: Company or manager that manages customer financial assets by diversifying into a wide range of financial products including hedge funds and other commodity futures as well as currency and stock index futures



# Segment Performance (10) Asia and Australia

## Segment Profits: 7.4 JPY Bn

YoY -6.6 JPY Bn (-47%)

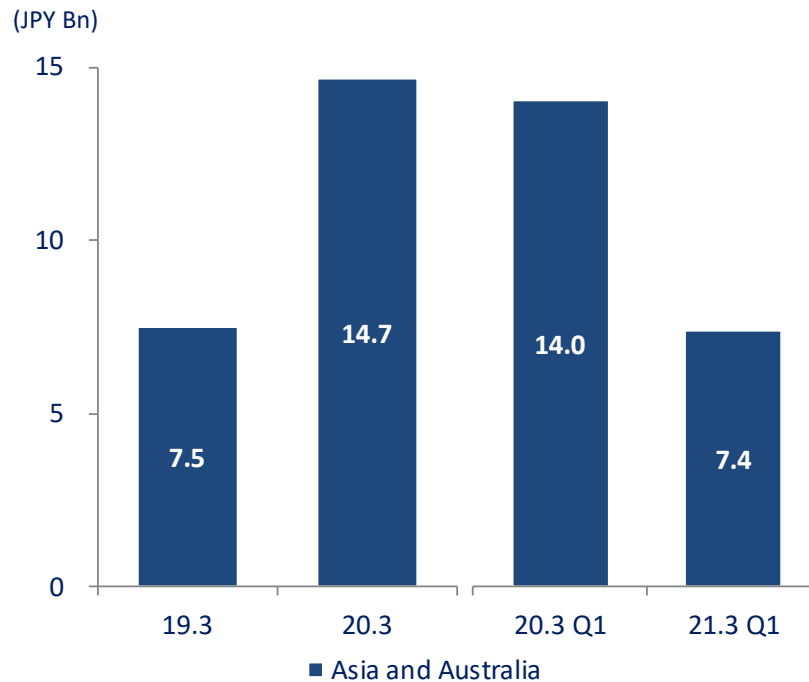
- ✓ Profits decreased due to large investment gains in FY 20.3, despite positive gain recorded in Q1
- ✓ Credit losses increased in Asia

## Segment Assets: 1,008.0 JPY Bn

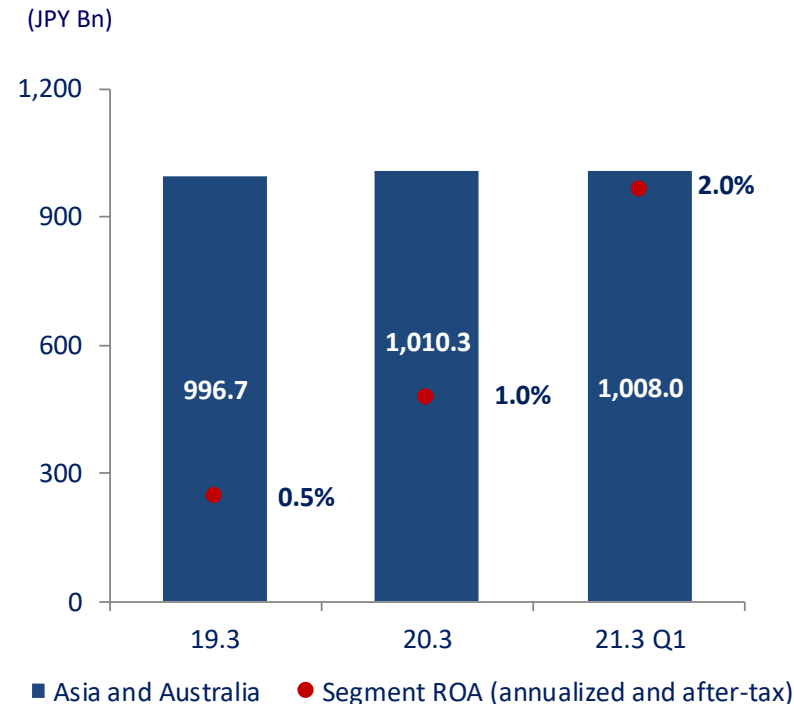
YTD -2.3 JPY Bn (flat)

- ✓ Unchanged from the end of the previous FY
- ✓ Excluding FX impact of +22.3 JPY Bn, segment assets decreased by 24.6 JPY Bn

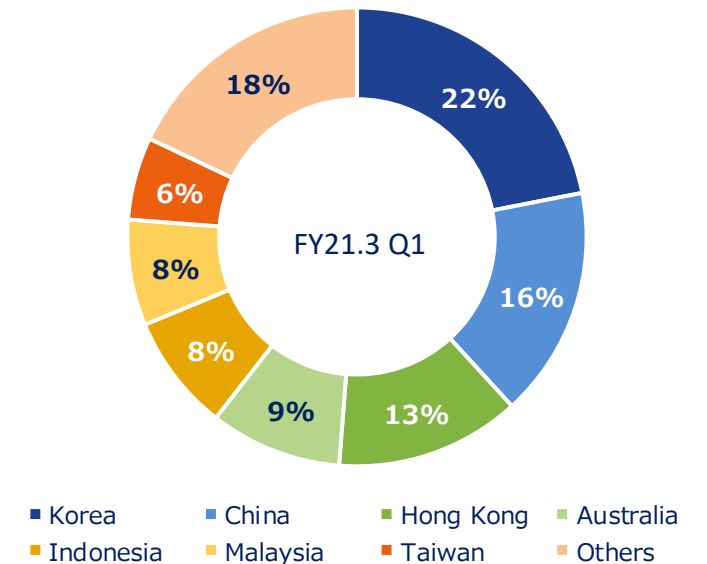
### Segment Profits



### Segment Assets and ROA

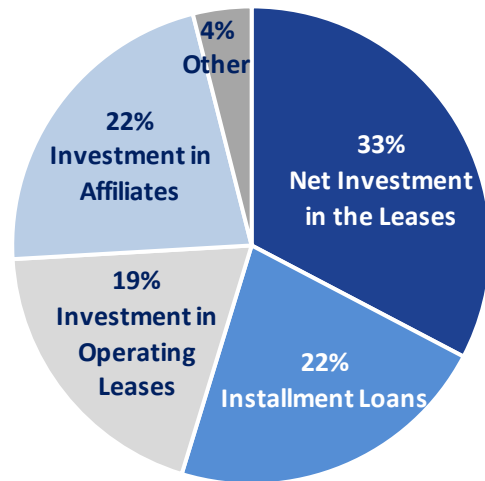


### Segment Assets by Region

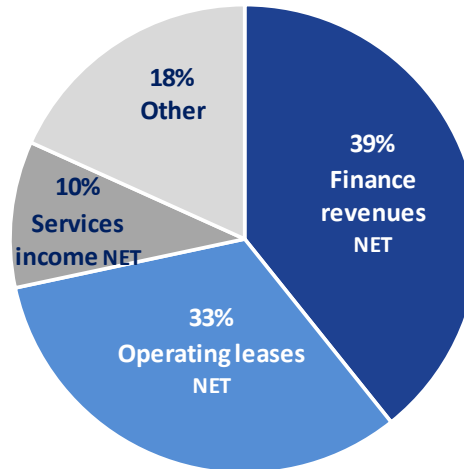


Main Business: Finance and investment businesses in Asia and Australia

**Segment Assets**  
(as of March 31, 2020)



**NET\* Segment Revenue**  
(FY 20.3)



\* NET Segment Revenue = Segment Revenue - Segment Expenses  
(Before deduction of Selling, General and administrative expenses)

**Major Subsidiaries (Asia and Australia)**

Company Name	Country (Region)	Primary Business	Established
ORIX Asia Limited	Hong Kong	Leasing, Automobile Leasing, Lending, Banking	Sep. 1971
ORIX Leasing Malaysia Berhad	Malaysia	Leasing, Lending	Sep. 1973
PT. ORIX Indonesia Finance	Indonesia	Leasing, Automobile Leasing	Apr. 1975
ORIX Australia Corporation Limited	Australia	Automobile Leasing and Truck Rentals	Jul. 1986
ORIX Auto Infrastructure Services Limited	India	Automobile Leasing, Rentals, Leasing, Commercial Vehicle Loans, Commercial Mortgage Loans	Mar. 1995
ORIX Capital Korea Corporation	South Korea	Automobile Leasing, Leasing, Lending	Feb. 2004
ORIX China Corporation	China	Leasing, Rental	Aug. 2005

# Appendix

- ✓ **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**

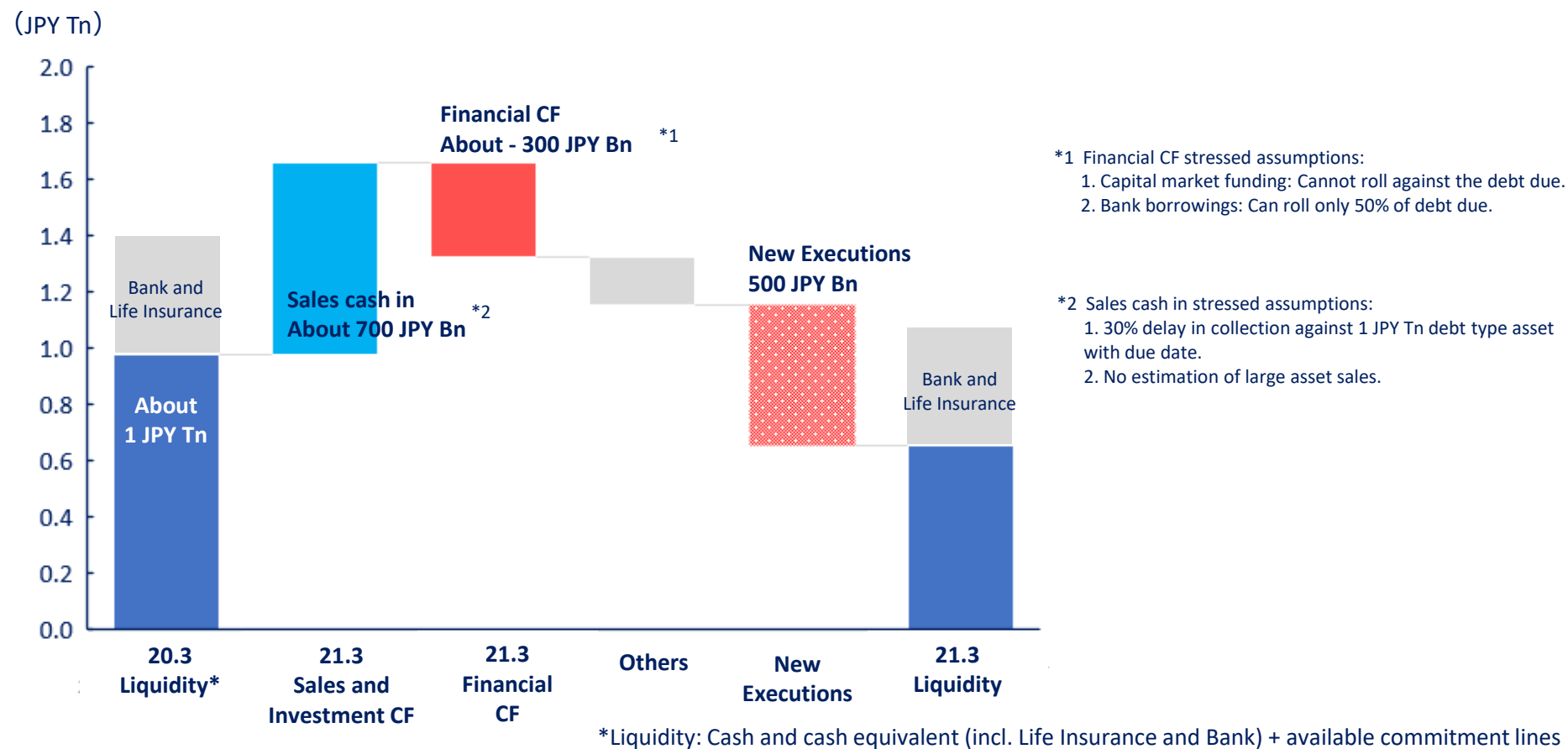
Announcement will be made once we have better visibility into our businesses

# Stress Test of Liquidity

(Announced at Annual financial results briefing on May 22, 2020)



- ✓ 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



# Medium to Long-term Direction

(Announced at Q2 financial results briefing on October 29, 2019)

## Basic Concepts

### 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.

# Medium to Long-term Direction

(Announced at Q2 financial results  
briefing on October 29, 2019)



- ✓ Promoted financial soundness after the global financial crisis. Managed to achieve major improvement since then

Transition of key financial indicators	FY2008.3		FY2020.3**
1. Financial leverage D/E ratio (excluding deposits)	4.6 times		<b>1.5 times</b>
2. Dependence on short-term funding Short-term debt + CP	1.3 JPY Tn		<b>0.3 JPY Tn</b>
3. Liquidity Cash* + Available long-term commitment lines	0.4 JPY Tn		<b>1.3 JPY Tn</b>
4. Shareholders' Equity Ratio Shareholders' equity ÷ Total assets	14.1%		<b>22.9%</b>

\*Including cash of ORIX Bank and ORIX Life Insurance

\*\*as of March 31, 2020

Reference; Credit ratings (as of June 30, 2020)

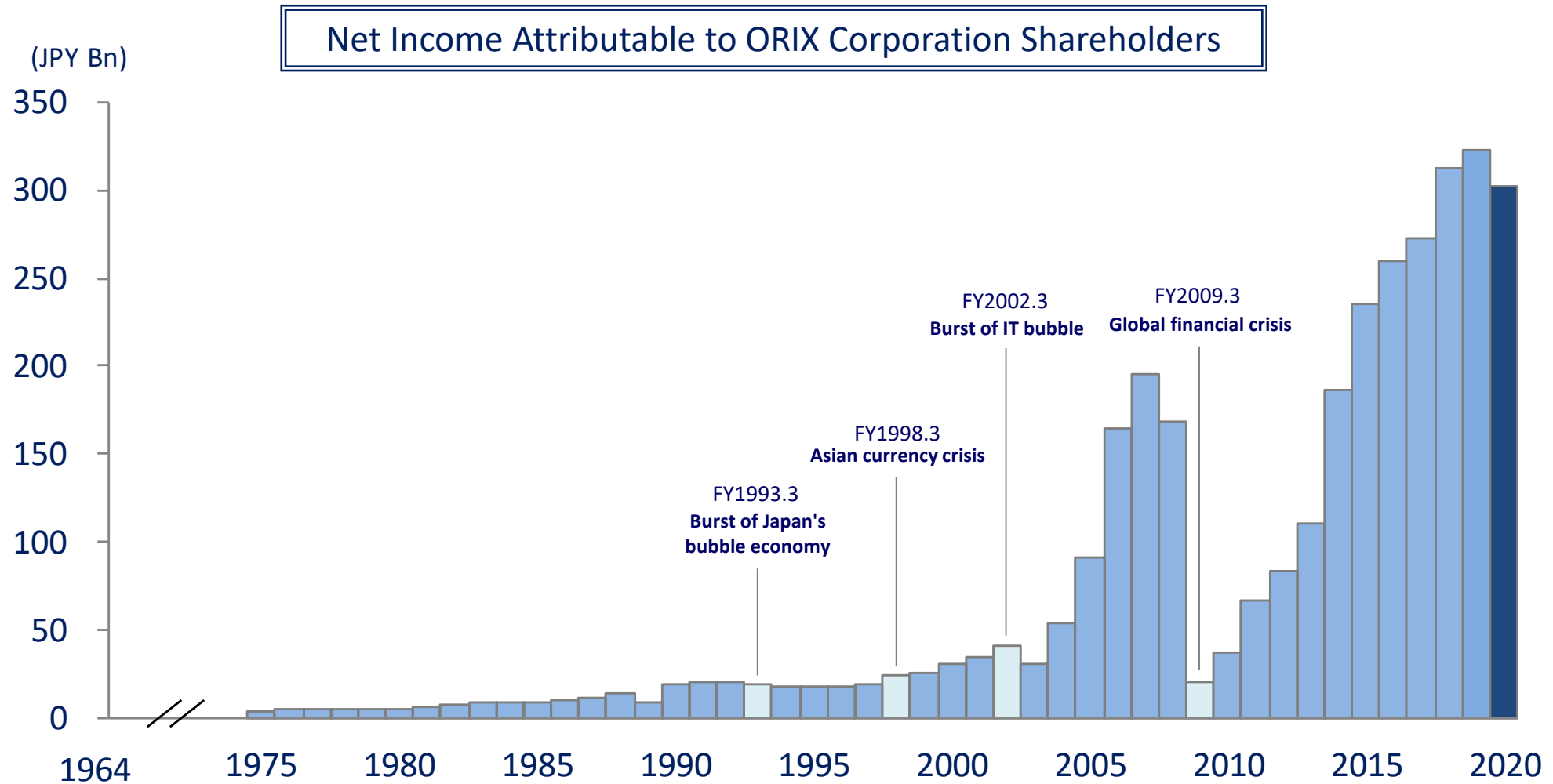
S&P: A - (Negative) Moody's: A3 (Negative) Fitch: A - (Negative) R&I: AA - (Stable)

# About ORIX

## Proven Track Record of Profitability



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



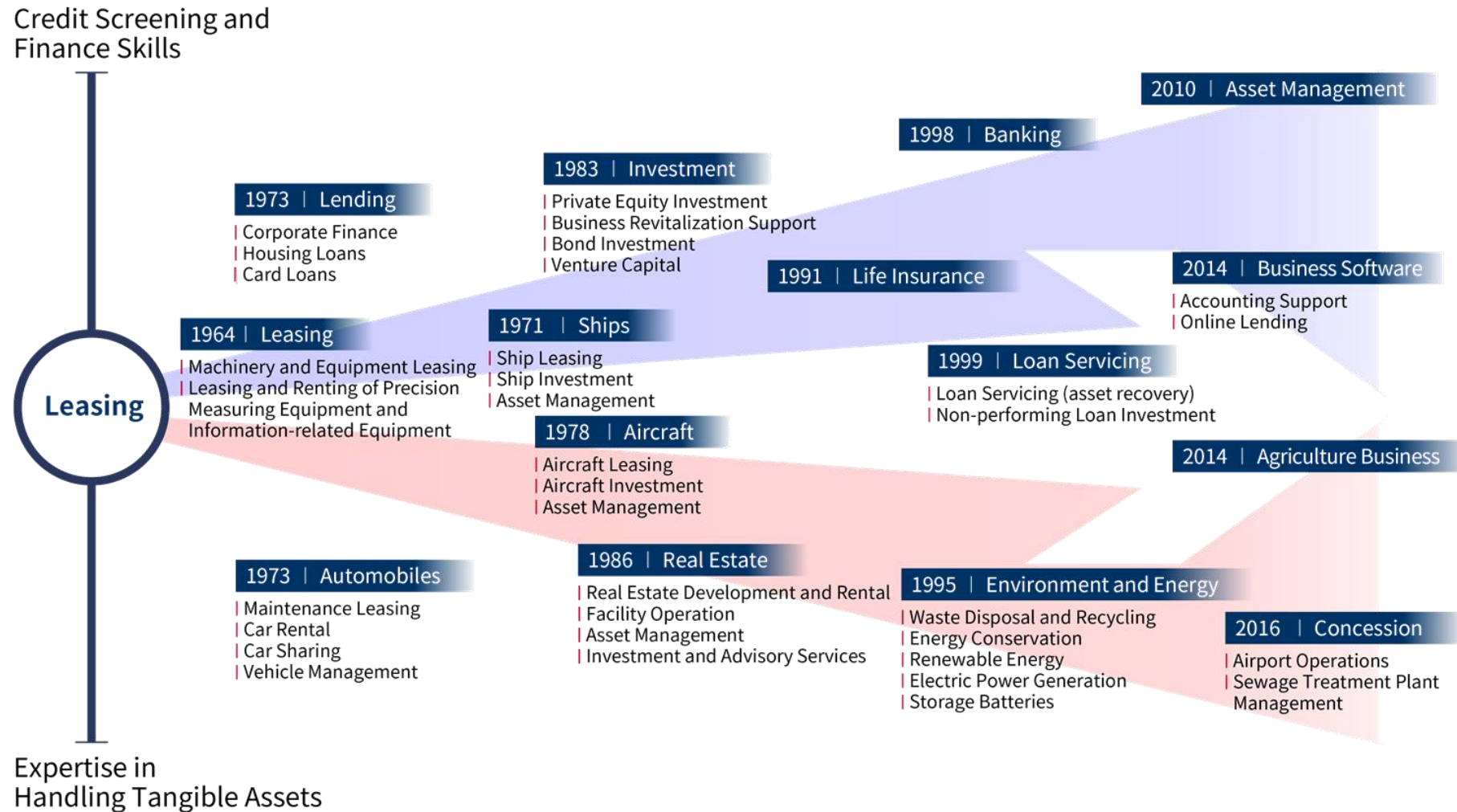


# About ORIX

## 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

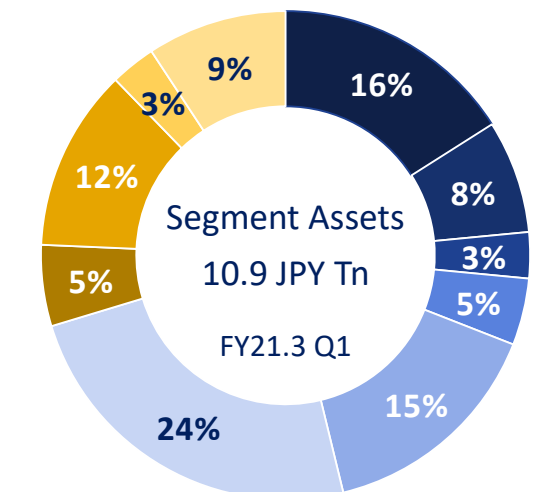
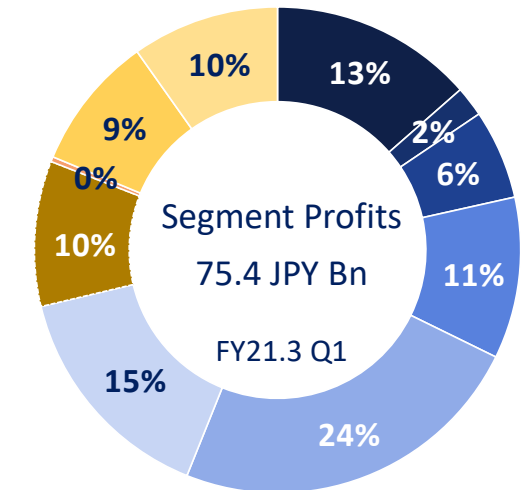


# About ORIX Profits and Assets by Segment

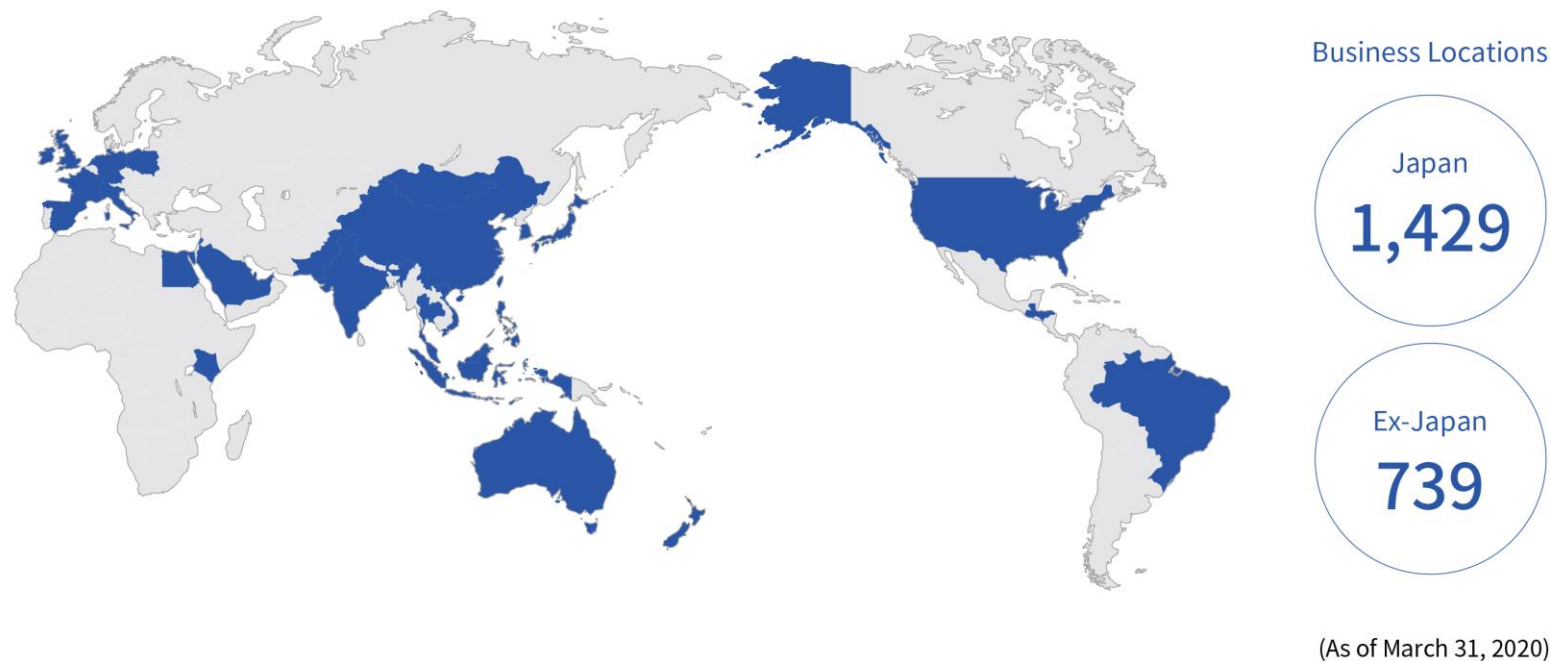


- ✓ Individual businesses demonstrate their strengths to the maximum extent possible to bring about synergies

<b>Corporate Financial Services and Maintenance Leasing</b>	Finance and fee business; leasing and rental of automobiles, electronic measuring instruments and IT-related equipment; Yayoi
<b>Real Estate</b>	Real estate development, rental and management; facility operations; real estate asset management
<b>PE Investment and Concession</b>	Private equity investment and concession
<b>Environment and Energy</b>	Domestic and overseas renewable energy; electric power retailing; ESCO services; sales of solar panels and electricity storage system; recycling and waste management
<b>Insurance</b>	Life insurance
<b>Banking and Credit</b>	Banking and consumer finance
<b>Aircraft and Ships</b>	Aircraft leasing and management; ship-related finance and investment
<b>ORIX USA</b>	Finance, investment and asset management in the Americas
<b>ORIX Europe</b>	Equity and fixed income asset management
<b>Asia and Australia</b>	Finance and investment businesses in Asia and Australia



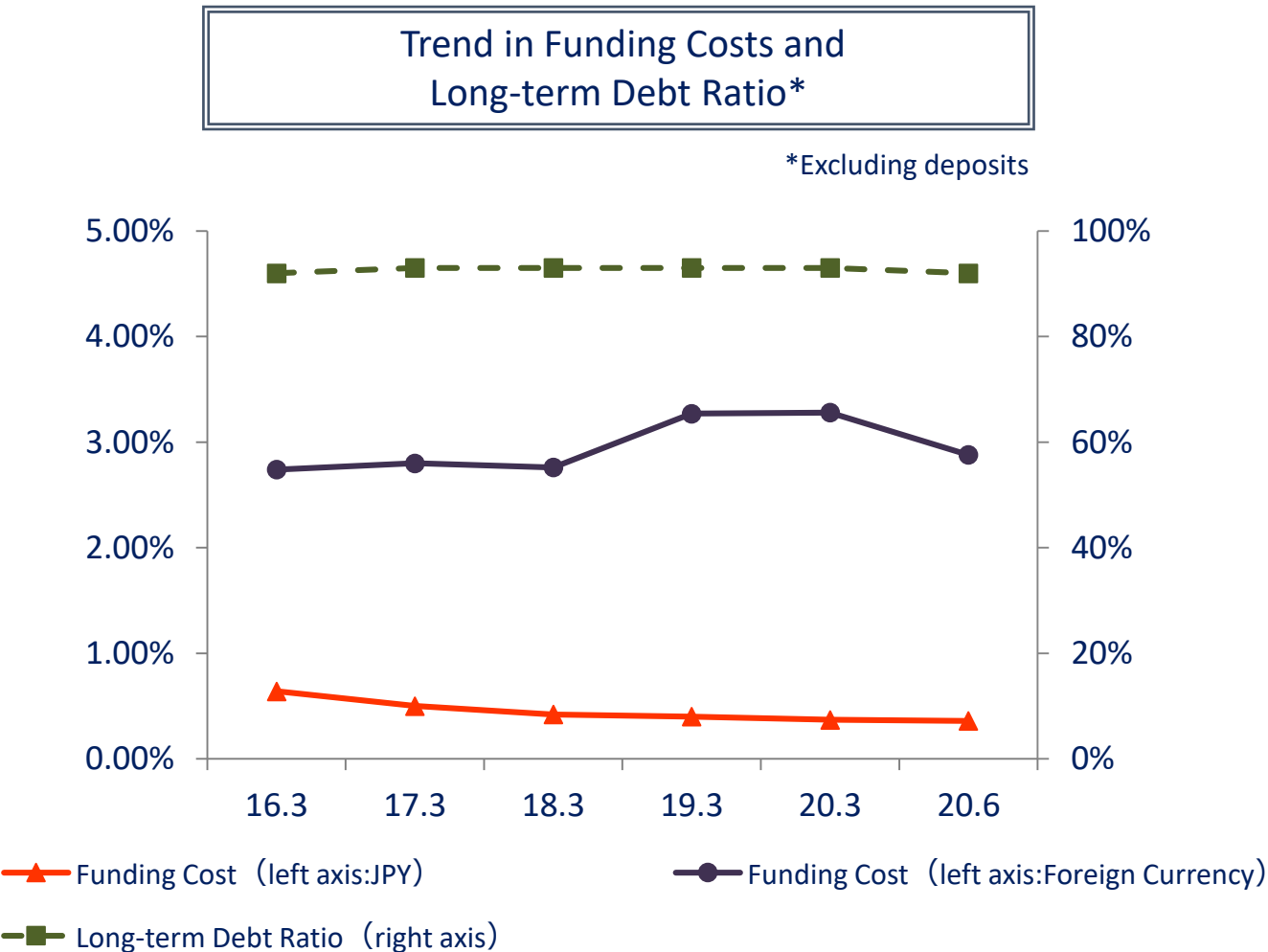
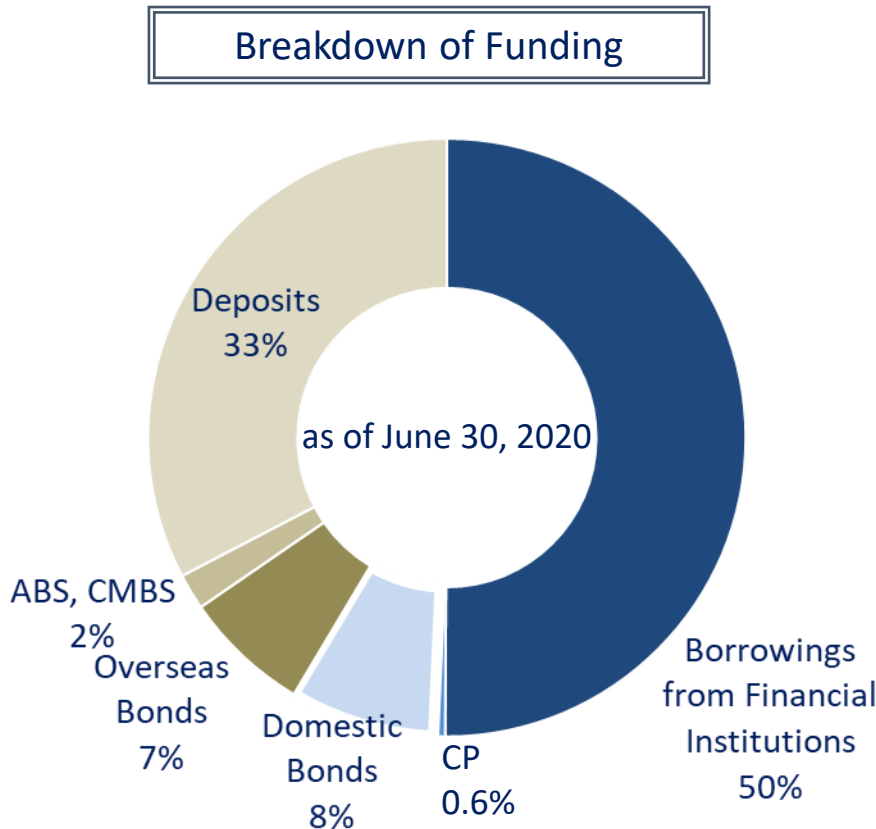
- ✓ Using its expertise cultivated in Japan, ORIX has expanded its business globally, with operations in 37 countries and regions worldwide



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

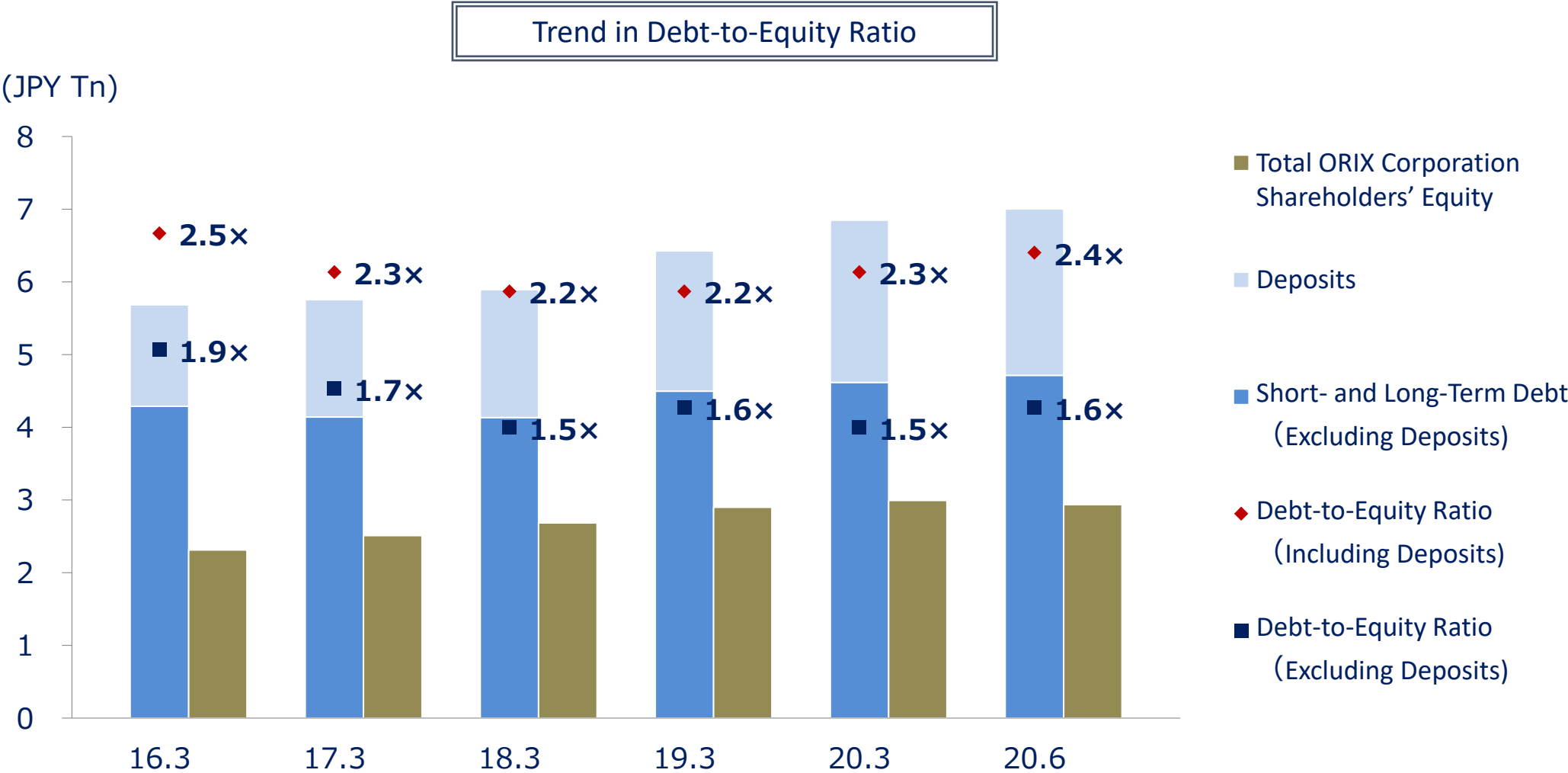
✓ Diversified funding. Controlled costs while maintaining a high long-term debt ratio



# Financials (2) Debt-to-Equity Ratio

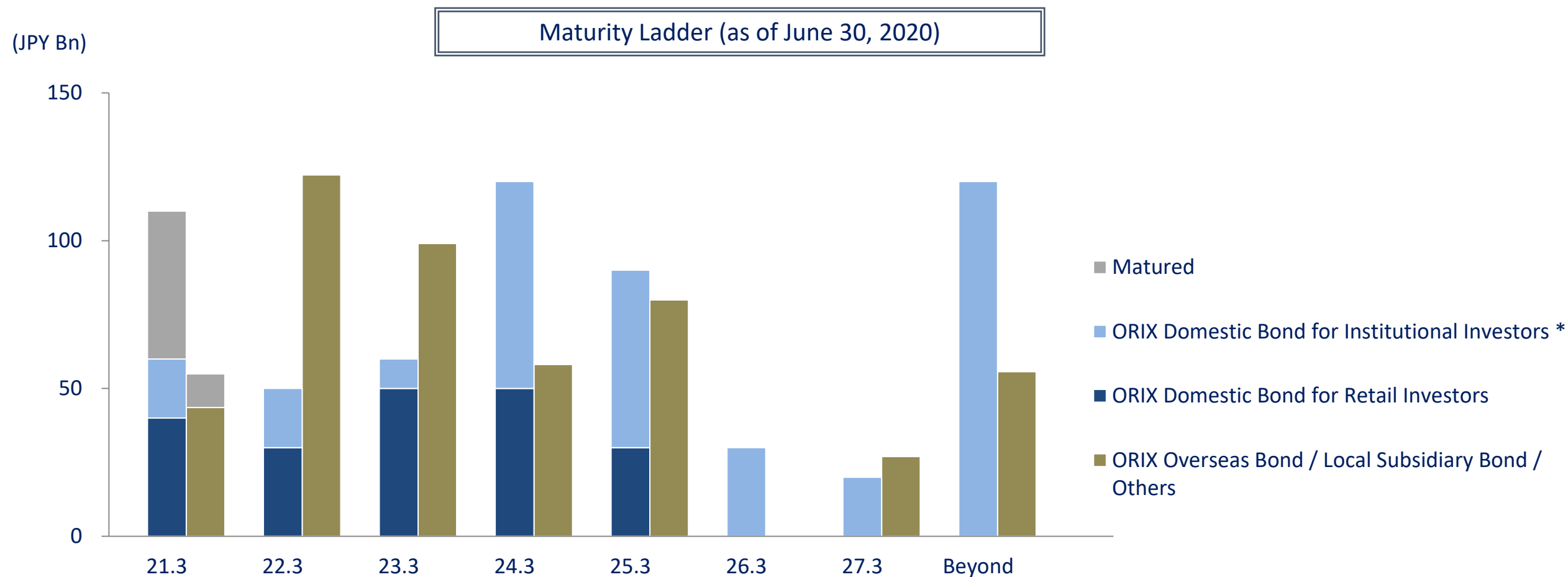


✓ Debt-to-Equity Ratio continuously stays at a low level



# Financials (3) Bond Maturity Ladder

- ✓ Leveled out annual redemption amounts by dispersing bond maturities



\* Of our issued domestic bonds for institutional investors, 100 billion yen are publicly offered hybrid bonds issued in the fiscal year ended March 2020 (subordinated corporate bonds, due in the fiscal year ending March 2080). We may prepay 60 billion yen of such bonds after 5 years from the issue date and 40 billion yen after 10 years from the issue date.

# Business Portfolio in Three Categories

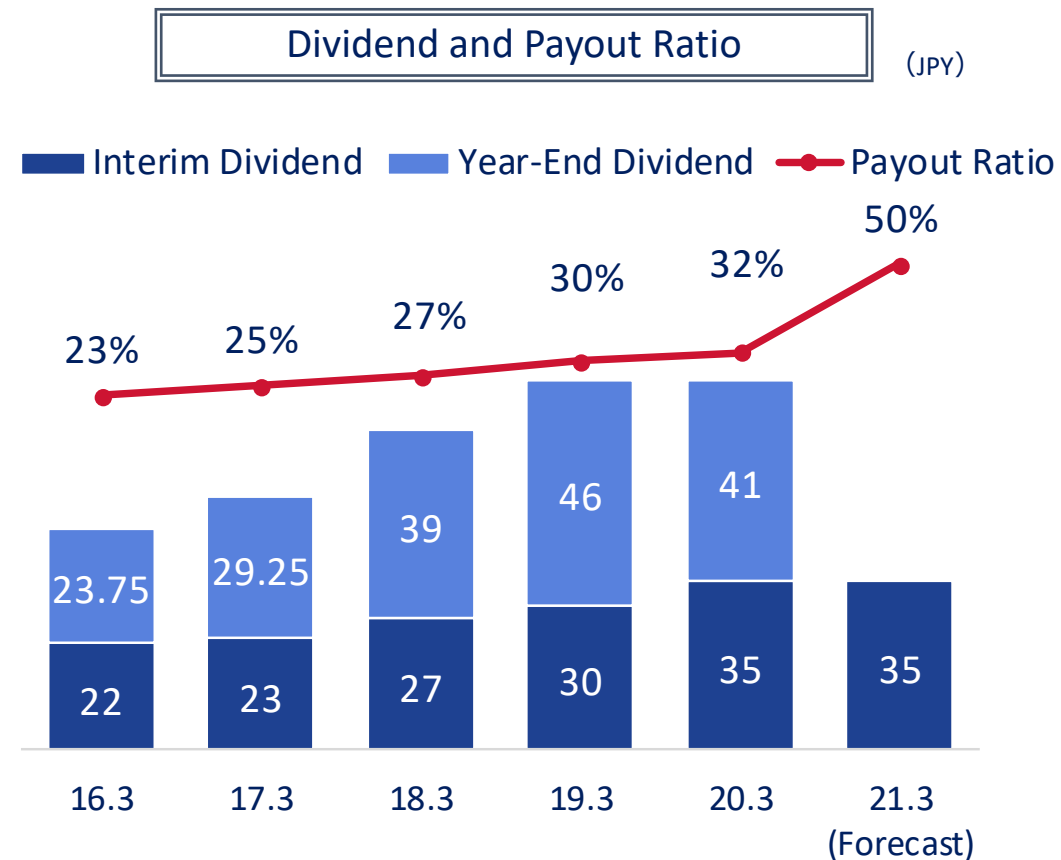
Categories		Finance	Operation	Investment
	Main Risk	Credit risk	Operation/Business risk	Market risk
	Capital Requirement	Low	Medium-High	High

Segments		Japan	Overseas	Environment/ Infrastructure	Financial Services	Maintenance Services	Others	Fixed Income	Tangible Assets	Equity
	Corporate Financial Services and Maintenance Leasing	Leasing, Loan, Fee business				ORIX Auto, ORIX Rentec	Yayoi	Loan servicing		New business development
	Real Estate			Facilities operation, DAIKYO	Asset management				RE investment	
	PE Investment and Concession			Concession						PE investment
	Environment and Energy			Environment and energy						
	Insurance				Life insurance					
	Banking and Credit	Banking, Consumer finance, Guarantee								
	Aircraft and Ships								Aircraft, Ships	
	ORIX USA		Leasing, Loan		Asset management			Bond investment		PE investment
	ORIX Europe				Asset management					
	Asia and Australia		Leasing, Loan							PE investment

# Shareholders Return

(Announced at Annual financial results briefing on May 22, 2020)

- ✓ 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





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- 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 slide, 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/>

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