

FPG Consolidated Financial Results

**for Third Quarter (October 2016-June 2017)
of the Fiscal Year Ending September 30, 2017**

Financial Products Group Co., Ltd.

Tokyo Stock Exchange First Section
(Code: 7148)



July 2017

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Summary



■ Performance highlights

◆ Achieved the highest net sales and profits (cumulative through 3Q)

- Achieved record equity placement through the end of 3Q (cumulative) amid continued strong demand from investors
- Revised full-year forecasts of operating income, ordinary income, and profit attributable to owners of parent upward to 13.30 billion yen, 13.26 billion yen, and 9.15 billion yen respectively, because of our origination and sales of profitable projects
- Revised full-year forecast of total amount of assets arranged in operating leases downward, due to delayed progress in the first half, while the number recovered to 90 billion yen in 3Q and is expected to exceed 100 billion yen in 4Q (※please refer page 5)

(Billions of yen)

		FY2016 3 Q(cumulative)		FY2017 3 Q(cumulative)			FY2017 Full-year forecast	FY2017 Full-year forecast (as revised)	change	Progress Rate (as revised)
			% of Net sales		% of Net sales	YoY Change				
Net sales		14.69	100.0%	17.15	100.0%	16.7%	21.23	21.23	—	80.8%
	Tax leasing arrangement business	13.27	90.3%	15.49	90.3%	16.7%	19.01	19.01	—	81.5%
	Other business	1.42	9.7%	1.66	9.7%	16.7%	2.22	2.22	—	74.9%
Operating income		9.47	64.5%	11.33	66.1%	19.6%	12.94	13.30	0.35	85.2%
Ordinary income		9.59	65.3%	11.67	68.1%	21.7%	12.93	13.26	0.32	88.0%
Profit attributable to owners of parent		6.17	42.0%	8.07	47.1%	30.7%	8.35	9.15	0.79	88.2%
Total amount of equity placement in operating leases		81.55	—	95.96	—	17.7%	124.00	124.00	—	77.4%
Equity underwritten		62.55	—	28.07	—	▲55.1%	—	—	—	—
Total amount of assets arranged in operating leases		319.16	—	196.27	—	▲38.5%	400.00	300.00	▲100.00	65.4%

■ Topics – Developments in Origination Volume

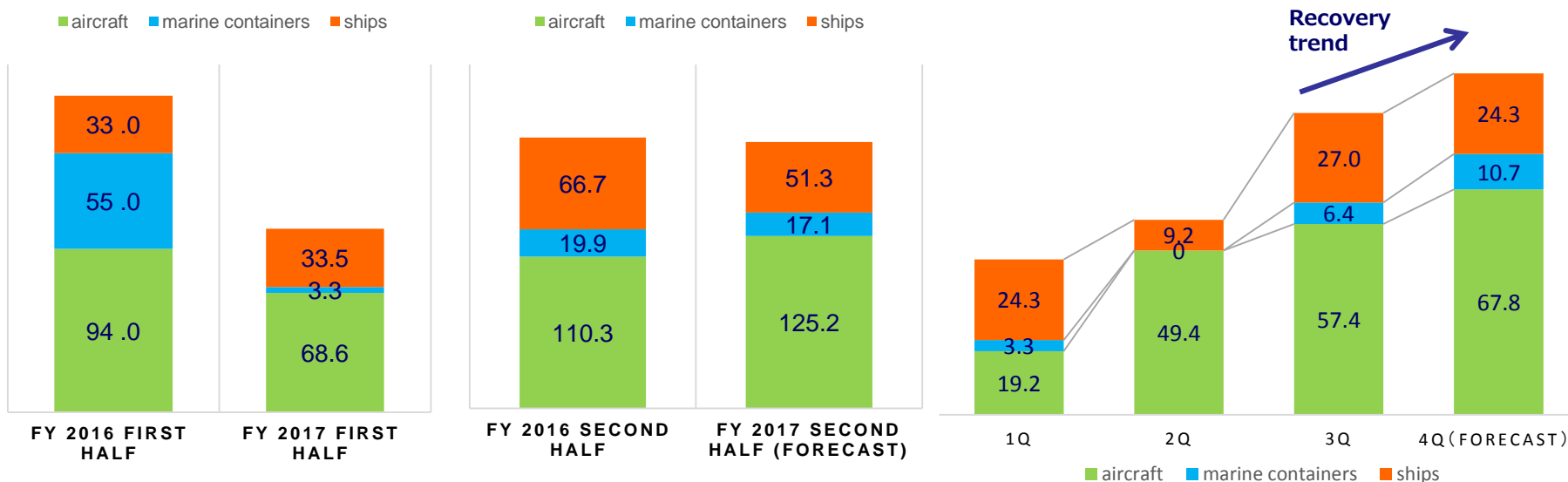
◆ After the end of 2Q we have returned to originating deal volume in line with our true potential

- As for aircraft, the total amount of assets arranged is expected to reach a record high in 4Q, as the pace of origination accelerates by winning large scale deals, developing new lessees, and so forth
- As for ships, the total amount of assets arranged continued to be the same level of the previous year by leveraging our close relationships with lessees to win large scale deals
- As for marine containers, the total amount of assets arranged is expected to recover to a similar level as the previous year after the end of 2Q

		(Billions of yen)			
		1Q	2Q	3Q	4Q (Forecast)
Total amount of assets arranged in operating leases	Each quarter	46.75	58.68	90.83	103.73
	Cumulative	46.75	105.44	196.27	300.00
	Full-year forecast	400.00	400.00	400.00	300.00
	Progress Rate	11.7%	26.4%	49.1%	100.0%

[Origination volume by asset type]

[Cumulative origination volume by quarter]



Business Overview



■ Tax leasing arrangement business

◆ Achieved record cumulative equity placement at the end of 3Q

- Because of large scale airplane deals and a recovery in ship deal volume which occurred during 3Q, total amount of assets arranged in operating leases recovered to more than 90 billion yen
- The level of FOE continues to be high at 17.0%

(Billions of yen)

		FY2016 3Q(cumulative)		FY2017 3Q(cumulative)		Change	FY2017 3Q
Tax leasing arrangement business net sales		13.27		15.49		16.7%	4.40
Total Amount of equity placement in operating leases		81.55		95.96		17.7%	24.42
	Aircraft	36.02	44.2%	46.94	48.9%	30.3%	12.13
	Marine containers	21.44	26.3%	11.15	11.6%	▲48.0%	0.1
	Ships	24.09	29.5%	37.86	39.5%	57.2%	12.19
Net sales / Amount of equity placement ※		16.3%		17.0%		-	-
Number of investors		1,595		1,794		-	509
Average equity amount		¥51mm		¥53mm		4.6%	¥47mm
Total amount of assets arranged in operating leases		319.16		196.27		▲38.5%	90.83
Number of deals		68		40		-	17

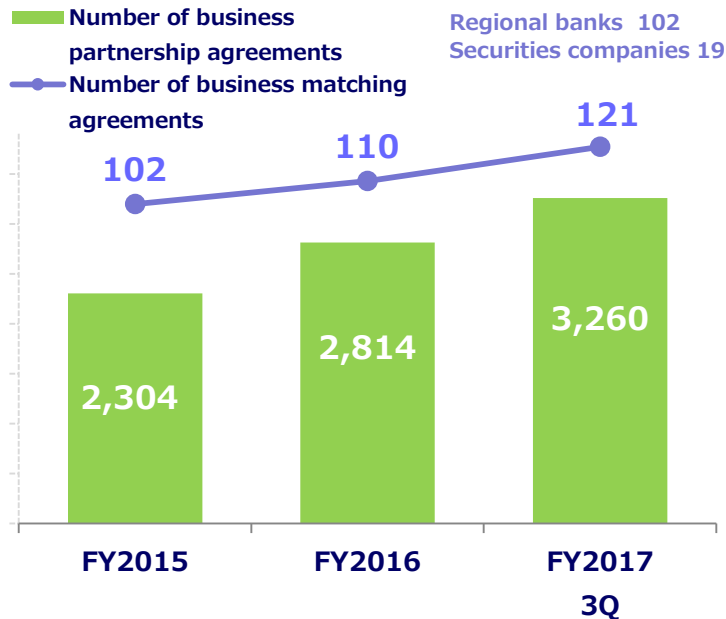
※Excluding full equity deals. Full equity deal is structured under the scheme where all necessary money is fully funded by equity investors without debt.

■ Distribution network

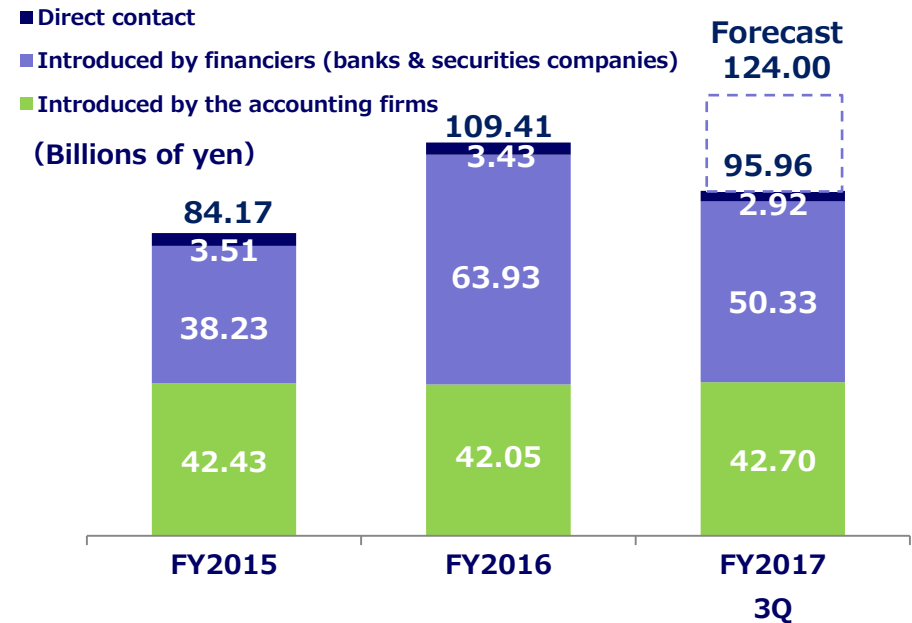
◆ Created more alliances with accounting firms and financial institutions

- Distribution network expanded steadily from end-FY2016. Number of partner accounting firms increased by 446, reaching 3,260 in total, while the number of partner financial institutions increased by 11, reaching 121 in total
- Customer referrals remain solid as financial institutions continue to focus on fee businesses
- Equity placement through partner accounting firms reached record high

Number of partnership agreements and business matching agreements



Transition of equity sales (through accounting firms and financiers)



■ Business diversification

- ◆ Using our distribution network, active promotion of cross-selling has led to a strong expansion of our diversified businesses
 - Real estate business has grown significantly due to good performance in sales of the high quality assets we structured
 - Insurance brokerage business has driven by the relocation of specialists to each sales office

(Millions of yen)

	FY2016 3Q	FY2017 3Q	Change
Real estate business	152	479	214.9%
Insurance brokerage business	382	537	40.4%
M&A advisory business	117	47	▲59.7%
Aircraft investment management service	419	386	▲7.9%
Securities business	310	147	▲52.3%
Others(Trust business etc)	44	65	48.5%
Total	1,426	1,664	16.7%

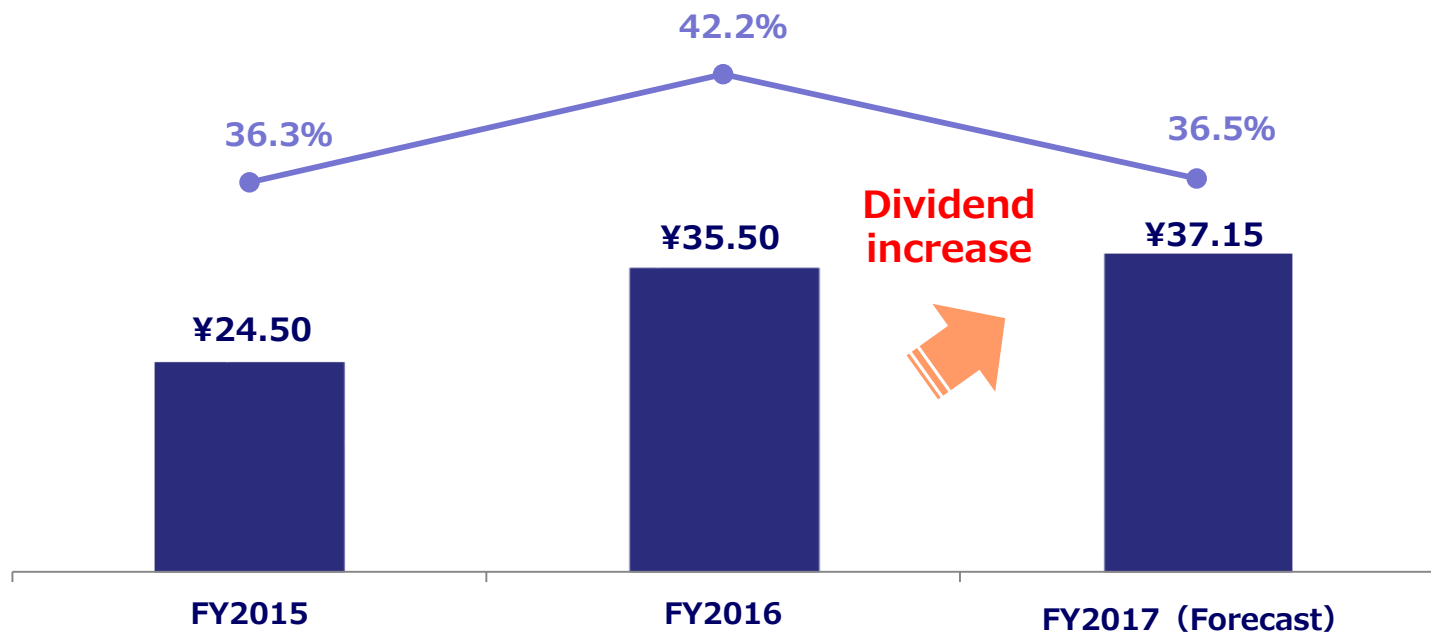
(Note) Diversified businesses refers to businesses other than our main business which is the tax leasing arrangement business

- ◆ Year-end dividend forecast of ¥37.15 per share (+¥1.65 YOY) remains unchanged

[Our basic policy on profit distribution]

- Returning adequate profit to shareholders is one of our top priorities. Our policy is to distribute dividends in line with our profit improvement while retaining sufficient funds to ensure FPG's sustainable business expansion.
- We have set the target of consolidated dividend payout ratio at greater than 30%.

■ year-end dividend (per share)
● payout ratio



Appendix



■ Income statement summary

(Billions of yen)

	FY2016 3Q	FY2017 3Q	Change
Net sales	14.69	17.15	16.7%
Cost of sales ①	1.91	2.12	11.2%
Gross profit	12.78	15.02	17.6%
SG&A cost	3.30	3.68	11.6%
Operating income	9.47	11.33	19.6%
Non-operating income ②	0.77	0.94	21.5%
Non-operating expenses ③	0.65	0.60	▲8.6%
Ordinary income	9.59	11.67	21.7%
Income before income taxes	9.43	11.67	23.7%
Total income taxes	3.23	3.58	10.7%
Profit attributable to owners of parent	6.17	8.07	30.7%

①Cost of sales: Including commission fees paid for client introductions and arrangement costs of tax leasing arrangement business

②Non-operating income: Including interest which we collect from investors when we sell down the equity to them in tax leasing arrangement business

③Non-operating expenses: Including interest expenses related to fund-procurement

■ Balance sheet summary

(Billions of yen)

Asset	FY2016 Sep. 30, 2016	FY2017 Jun.30, 2017	Change
Current assets	78.33	69.89	▲8.44
Equity underwritten ①	57.12	22.96	▲34.16
Money in trust ②	-	5.11	5.11
Containers for arrangement ③	-	0.57	0.57
Real estate for arrangement	2.46	5.95	3.49
Non-current assets	2.86	3.48	0.62
Total assets	81.22	73.38	▲7.83

Liabilities	FY2016 Sep. 30, 2016	FY2017 Jun.30, 2017	Change
Current liabilities	59.24	39.42	▲19.81
Short-term debt ⑤	38.09	28.77	▲9.32
Advances received ④	10.57	4.01	▲6.55
Non-current liabilities	4.17	9.89	5.72
Long-term debt ⑤	3.93	9.64	5.70
Total liabilities	63.41	49.32	▲14.09

Total net assets	17.80	24.06	6.25
Total liabilities and net assets	81.22	73.38	▲7.83

①Equity underwritten : Temporary advances in the tax leasing arrangement business prior to selling to equity investors

②Money in trust : Temporary stock of trust beneficiary right of operating lease for aircraft using a trust function

③Containers for arrangement : Temporary stock of containers for arrangement

④Advances received : Including advances of commission fees related to equity underwritten

⑤Short-term and long-term debts : To fund our equity underwritings and the acquisition of assets for our real estate projects

- These presentation materials are for the benefit of our investors and include statements and data related to our forecast for the results, strategies, business plans, etc., of Financial Products Group Co., Ltd..
- These statements and data related to our forecasts are not actual facts, but are rather forecasts that we have judged to be appropriate based on the information available at the time of presentation.
- These presentation materials contain projections of performance and other projections based on information currently available and certain assumptions judged to be reasonable, and may be changed without prior notice because of changes in the economic environment and other risks and uncertainties.

【IR Inquiry 】

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