



# Second Quarter of the Fiscal Year Ending March 31, 2018 Results Briefing Information Materials Entrust Inc.

**Securities Code: 7191**



The opinions and projections stated in these information materials reflect the judgments of the Company at the time these materials were prepared. No guarantee is provided for the accuracy of the information herein stated. Users are reminded that due to changes in various factors, actual business results can materially differ from business results projections.

- 1. Company Profile**
- 2. Business Results for the Second Quarter of the Fiscal Year Ending March 31, 2018**
- 3. Business Results Outlook for the Fiscal Year Ending March 31, 2018**
- 4. Topics**

# 1. Company Profile

# Company Profile

(as of September 30, 2017)



- Company name : Entrust Inc.
- Date of establishment : March 2006
- Capital : 1,027 million yen
- Fiscal year : 12 months to March
- Representative director : Yutaka Kuwabara
- Head office location : 1-4 Kojimachi, Chiyoda-ku, Tokyo
- Major branch offices : Akita, Toyama, Nagoya, Osaka, Okayama, Fukuoka  
Yokohama Solution Center
- Number of employees : 87
- Business lines : Comprehensive guarantee services

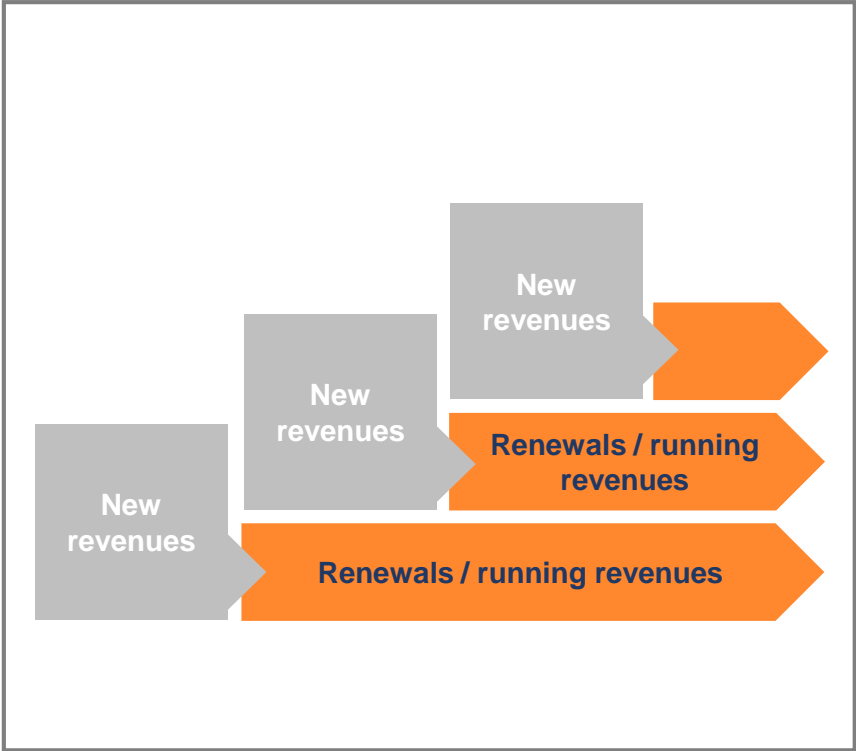


Two business lines for meeting market needs and providing customized services

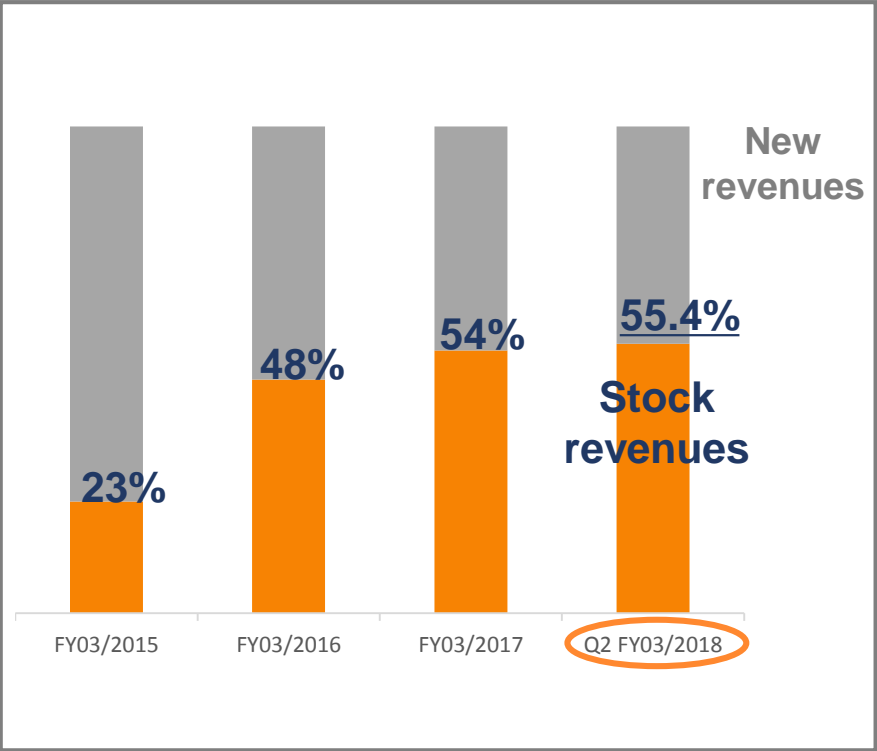




## Stock-type business



## Level of stock-type revenue component fluctuation



## **2. Business Results for the Second Quarter of the Fiscal Year Ending March 31, 2018**

Fiscal Year Ending March 31, 2018, Second Quarter  
- Business Results Highlights



**Higher revenues,  
strong income growth  
Business results  
developing favorably**

Ordinary  
income  
compared with the  
year-earlier period

**47** **.6%**

Revenues

Ordinary income

Net income for the quarter

**1,444** million yen

**110.5%**

compared with the  
year-earlier period

**398** million yen

**147.6%**

compared with the  
year-earlier period

**268** million yen

**154.3%**

compared with the  
year-earlier period

**Key factors**

- Solution services as growth driver (+32.5% compared with the year-earlier period)
- New insurance-desk business operations contributing to revenues
- Strong income growth mainly from cost curtailment through steady collection activities

**Fiscal Year Ending March 31, 2018, Second Quarter  
- Performance Progress**



**Results ahead of plan  
Further gains in  
productivity**

Ordinary  
income ratio

**27.6%**

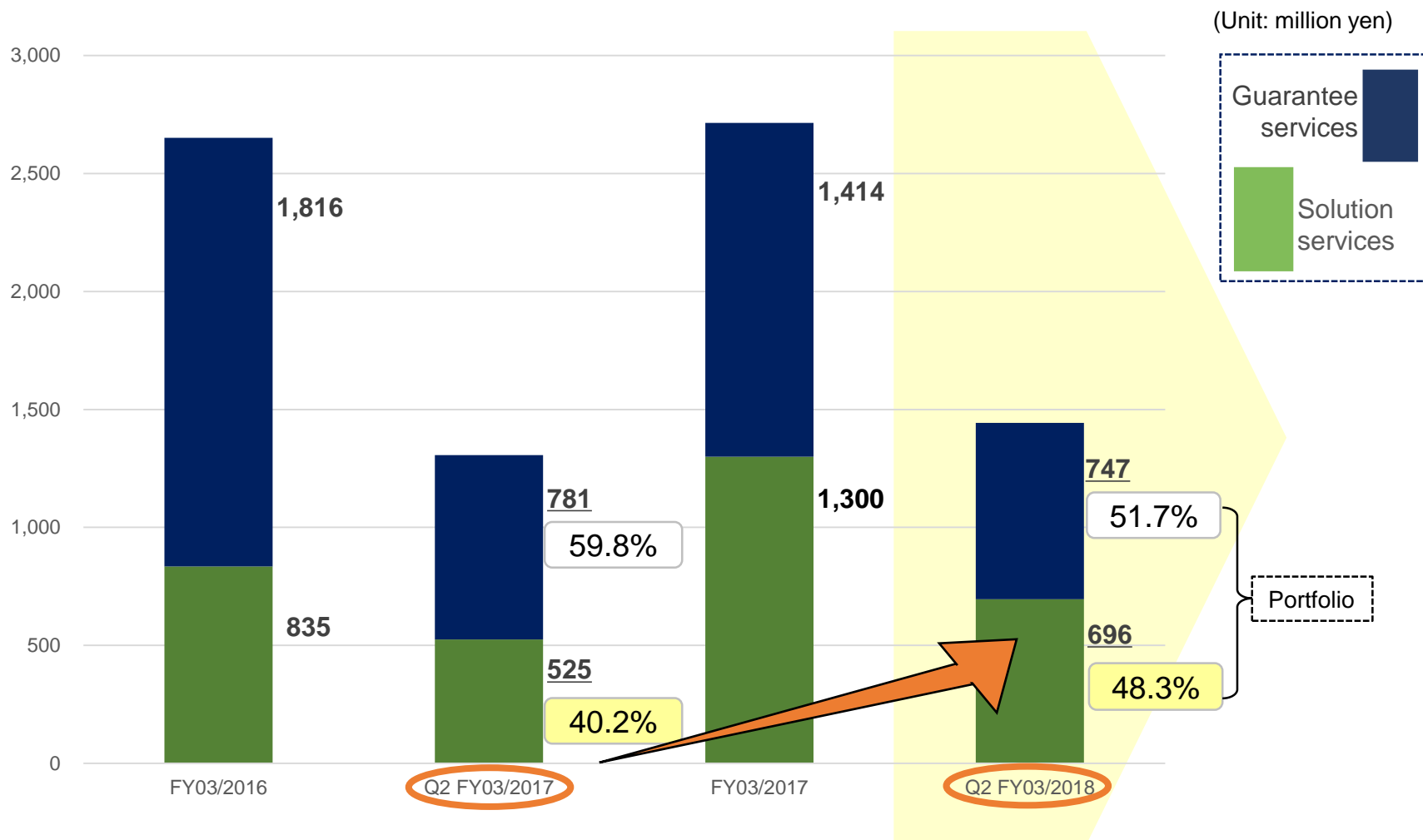
(Unit: million yen)	Q2 FY03/2017	Q2 FY03/2018	Change from the year- earlier period	Q2 plan	Attainment ratio	Projections for the full fiscal year (previous announcement)	Progress
Revenues	1,306	1,444	10.5%	1,412	102.3%	2,891	49.9%
Ordinary income	269	398	47.6%	329	121.0%	649	61.3%
Ordinary income ratio	20.6%	27.6%	+7.0P	23.3%	--	22.4%	--
Net income for the quarter	173	268	54.3%	209	128.2%	427	62.8%

- Growth in guarantee services (attainment ratio 103.2%) and solution services (attainment ratio 101.3%) both faster than initially planned
- Ordinary income marking a historical high, reflecting steady revenue growth and effective cost control

# Fiscal Year Ending March 31, 2018, Second Quarter - Revenue Breakdown by Service



## Solution services also developing favorably



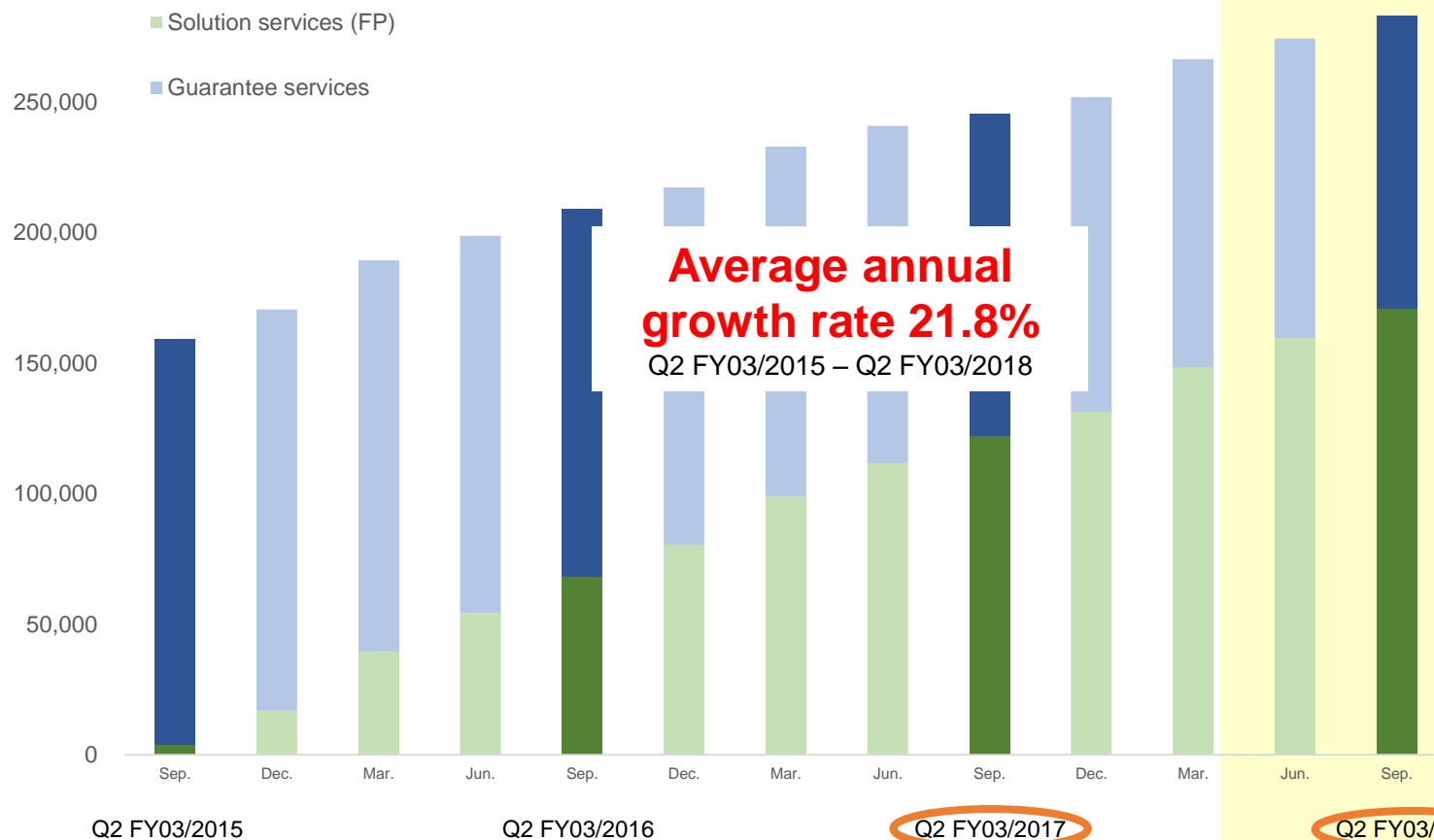
# Fiscal Year Ending March 31, 2018, Second Quarter - Number of guarantee contracts held at property rent payment guarantee operations



## Continuously growing number of guarantee contracts held Formation of platforms for stable growth

	Q2 FY03/2017	Q2 FY03/2018 (Estimate)	Compared with the year-earlier period (%)
Number of contracts	245,333	283,008	115.4%

(Contracts) 300,000



## Accelerating the market development in the growth areas of medical care expense guarantees and eldercare expense guarantees

### Medical institutions

[Cooperative agreements]

**80** medical facilities

[**229**% compared with the year-earlier period]

**18,150** hospital beds

[**228**% compared with the year-earlier period]

### Eldercare facilities

[Cooperative agreements]

**128** eldercare service providers

[**158**% compared with the year-earlier period]

(as of September 30, 2017)

### **3. Business Results Outlook for the Fiscal Year Ending March 31, 2018**

# Full-term business result projections upwardly revised on steady revenue growth and further productivity gains

(Unit: million yen)	FY03/2017 (Results)	FY03/2018 (Previously announced projections)	Change from the previous fiscal year
<b>Revenues</b>	2,713	2,891	6.6%
<b>Ordinary income</b>	598	649	8.5%
<b>Ordinary income ratio</b>	22.0%	22.4%	+0.4P
<b>Net income for the quarter</b>	409	427	4.4%

FY03/2018 (Projections after the latest revision)	Change from the previous fiscal year
<b>3,050</b>	<b>12.4%</b>
<b>800</b>	<b>33.7%</b>
<b>26.2%</b>	<b>+4.2P</b>
<b>540</b>	<b>32.0%</b>

## Key factors

- **Guarantee services and solution services growing faster than originally planned**
- **Productivity gains mainly from cost curtailment through steady collection activities**
- **Additional income expected at the Yokohama Solution Center to be taken into full operation this December**

## Dividend projections revised based on favorable current business results and projections for future business results

	FY03/2017	FY03/2018 (Previous announcement)	FY03/2018 (Latest announcement)
Interim dividend	-- yen	<b>4.0 yen</b>	<b>4.0 yen</b>
Year-end dividend	8.0 yen	4.0 yen	<b>6.0 yen</b>
	<small>6.0 yen dividend per share of common stock 2.0 yen commemorative dividend</small>		
Dividend total	<u>8.0 yen</u>	<u>8.0 yen</u>	<u><b>10.0 yen</b></u>
Payout ratio	17.4%	<b>20.7%</b>	<b>20.4%</b>
Net income per share	45.98 yen	38.70 yen	48.90 yen
PER	---	33.9 times	26.8 times

(as of October 30, 2017)

## Property rent payment guarantee services: Market environment responsive action

### Demographic aging

Helping through the provision of guarantee schemes to answer public calls for the provision of rental properties for seniors - Sales of new products with occupant safety monitoring features

For rental residences for seniors managed by **Daiwa Living Co., Ltd.**, guarantee schemes are being offered since August 2017

### Revision of the Civil Code

High likelihood that institutional guarantees (by property rental guarantee companies) will become usable under the provisions of the revised Civil Code regulating debt relationships promulgated June 2, 2017

#### Current

**Contract documents have no set guarantee limit amount**

Co-signers and tenants are thought to incur the same liability both for unpaid rent and for repair costs, etc., for property damage negligently caused by tenants

#### Future

**Guarantee limit amounts must be clearly stated**

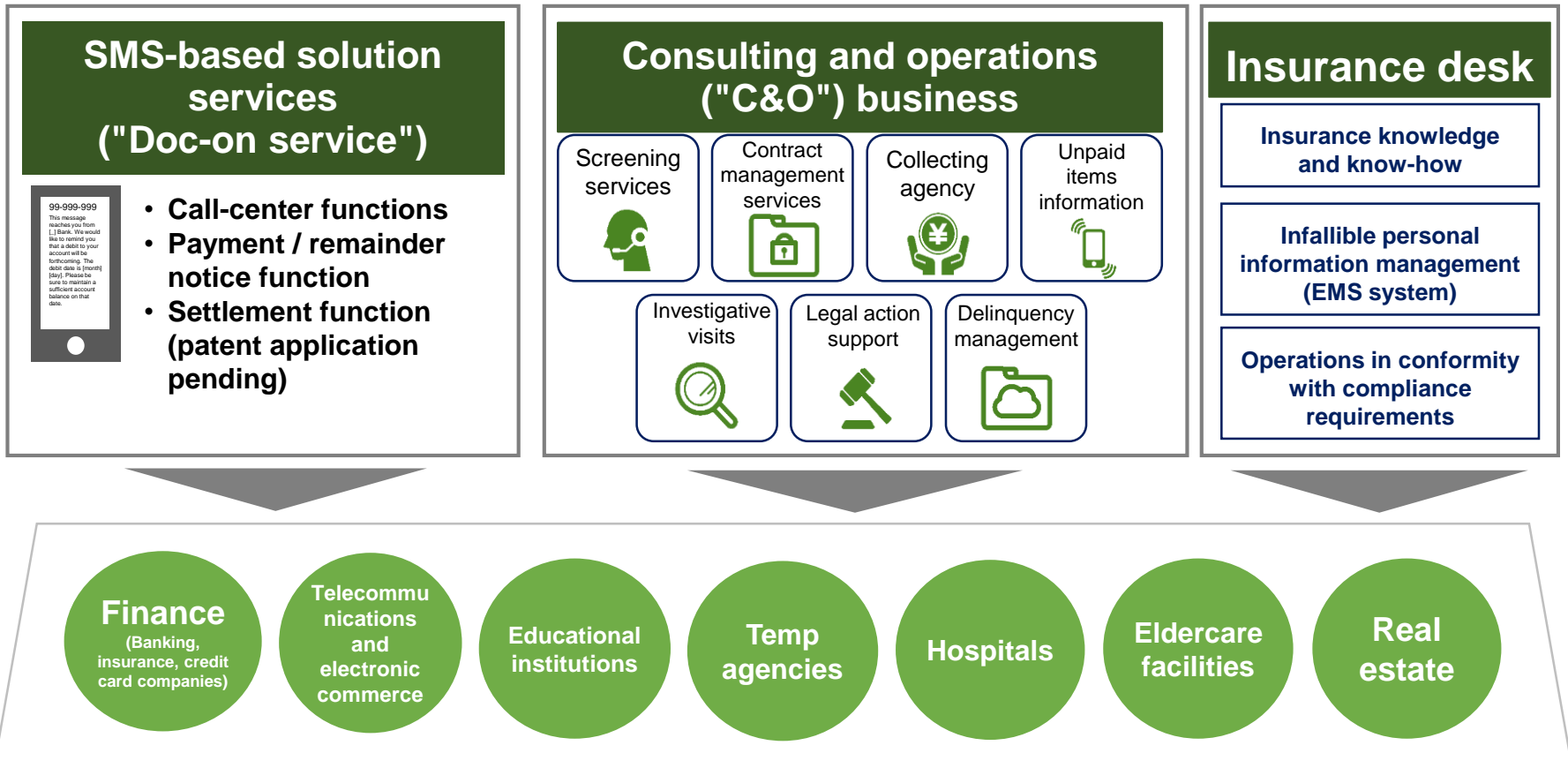


**As the scope of co-signer liabilities becomes clear, it is expected that more people will seek to avoid becoming a co-signer.**

## Solution services:

# Development of additional operations

Providing all types of industries with unique specialized business support services derived from guarantee services



## Growth areas: Medical care expense guarantees and eldercare expense guarantees



### Medical care field

Changes in the accounting systems of medical care companies raise demand for medical care expense guarantees

**External audits of hospitals to be made compulsory**

Start in fiscal years beginning on or after April 2, 2017

**Problem of uncollected medical care expense payments causing deterioration in hospitals' financial viability**

Annual uncollected payments of around 21.9 billion yen  
Survey of current conditions conducted in 2005:  
Aggregate uncollected payments of hospitals enrolled in the Council of Four Hospital Organizations  
⇒ Establishment of a deliberation council at the Ministry of Health, Labor and Welfare

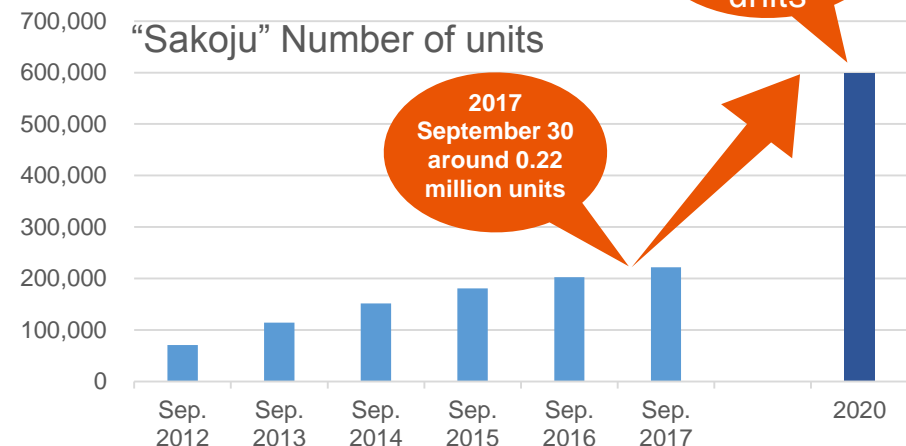


### Eldercare field

Eldercare facilities experience a rising need for guarantee services

Dealing with **demographic aging** in Japan  
Objectives of the Ministry of Land, Infrastructure, Transport and Tourism:

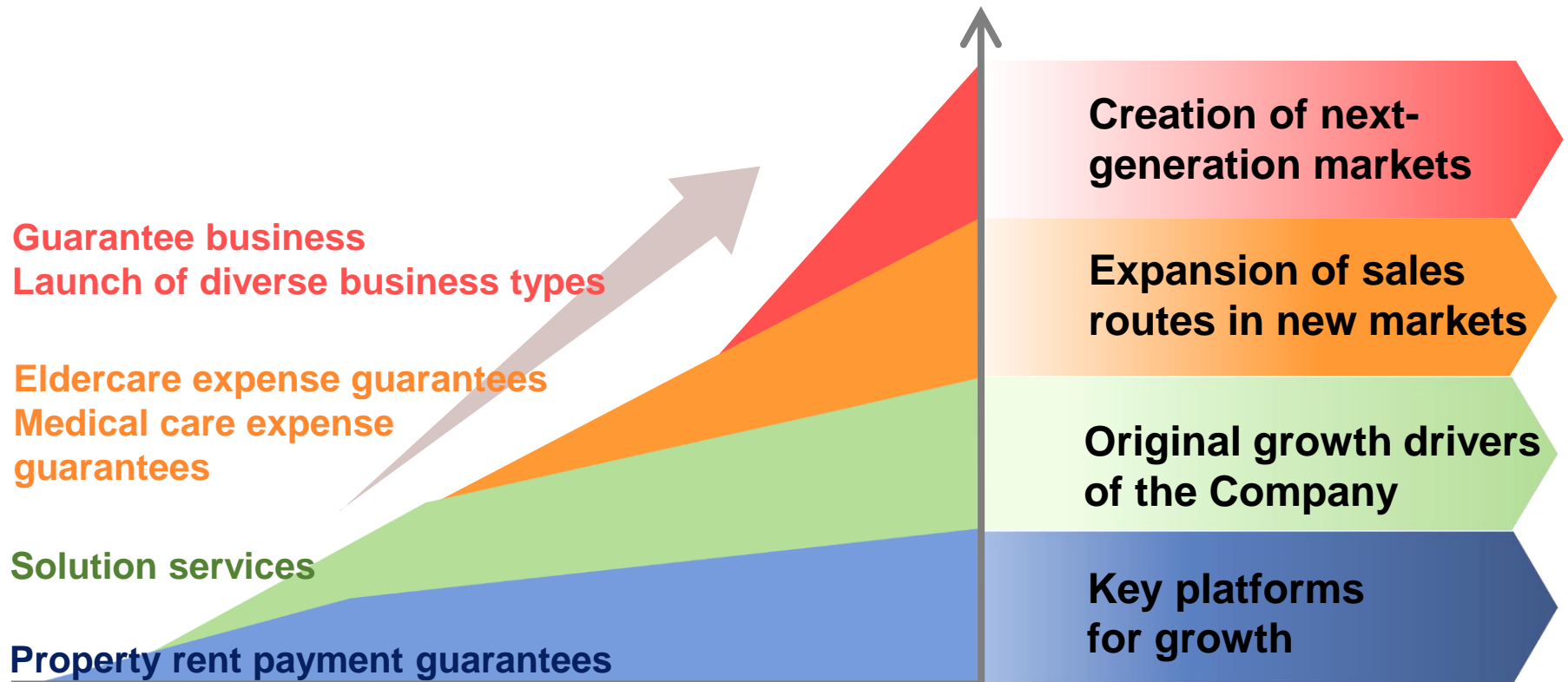
In the 10 years from 2010, creation of 0.6 million residences with services for seniors (Sakoju)



\* Prepared from data released by the registration secretariat for "Serviced residences for seniors"

- ▶ **The need for medical care expense guarantees has been surging.**
- ▶ **Demand for special services such as dunning and collection is also set to rise.**

## New businesses anticipate market needs



**Potential of the guarantee business pioneered by comprehensive guarantee services company Entrust**

## 4. Topics

# Fiscal Year Ending March 31, 2018 - IR Topics



<https://www.entrust-inc.jp/ir/news.html>

Date	IR Topics
April 11	<b>Medical care expense guarantee</b> product "Rainbow" - Adopted by <b>Kagoshima University Hospital</b> - Co-signer agency service in order to resolve the hospital's <b>problem of uncollected medical care expenses</b>
May 30	Expanding corporate customers signing up for the <b>insurance desk</b> solution service - Initiation of service provision to <b>Daiwa Living Co., Ltd.</b> - Lifting the burden of insurance solicitation operations from real estate management companies following the revision of the Insurance Business Act.
June 13	Cooperative arrangement in the field of <b>eldercare expense guarantees</b> with Japan Life Design Corporation of the <b>KOYAMA Healthcare Group</b> Cost reductions from lower delinquency risk and obviation of co-signer procedures
July 28	Institutional guarantees of co-signers have become more widespread following the <b>revision of the Civil Code</b> <b>Medical care expense guarantee</b> product "Rainbow" - Adopted by <b>Hyogo Prefecture Kato City Hospital</b> - The first adopter among city hospitals
August 1	Start of the provision of "D-SUPPORT SS" to <b>Daiwa Living Co., Ltd.</b> as a <b>property rent payment guarantee product for senior tenants</b> developed by the Company Guarantee scheme contributing to <b>promoting the provision of rental housing for seniors</b> .
September 6	Commissioned with new business by <b>Daiwa Living Management Co., Ltd.</b> surrounding tenant application operations. Established the <b>Yokohama Solution Center</b> for the service provision of rapidly growing <b>consulting and operations ("C&amp;O") services and insurance desk services</b> . Seventh and largest of operating sites with enough space for 100 staff members.
September 19	<b>Medical care expense guarantee</b> product "Rainbow" adopted by <b>Yamanashi Prefectural Central Hospital</b> as a guarantee scheme to resolve the problem of uncollected medical care expenses

**Entrust, the comprehensive guarantee service company,  
contributes to the future of Japan  
through its guarantee schemes.**

**Entrust Inc.**



The numerical business results projections stated in these materials are based on judgments and expectations derived from the information available at the time. The materials have been prepared based on numerous assumptions and perceptions obtained from information that includes risks and uncertainties. Users of these materials are reminded that owing to a diversity of factors actual business results can materially differ from business results projections. Factors that have the potential to affect actual business results include, without limitation, deterioration in the business environment or economic conditions, trends surrounding laws, regulations, and related rules, and unfavorable rulings in litigation.

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