

FPG Consolidated Financial Results

**First Half of the Fiscal Year Ending September 30, 2018
(October 1 ,2017 – March 31 ,2018)**

Financial Products Group Co., Ltd.

Tokyo Stock Exchange First Section
(Code: 7148)



April 27, 2018

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Performance Overview



■ Highlights

- ◆ **1H Net sales and profits overachieved the initial plan for 1H FY2018**
 - Equity sales of Tax leasing arrangement business continued to grow strongly
 - Total amount of assets arranged in operating lease increased sharply to ¥203.0bn, up 92.5% YoY
 - Other businesses expanded led by strong Insurance Brokerage Business and Real Estate Business performance

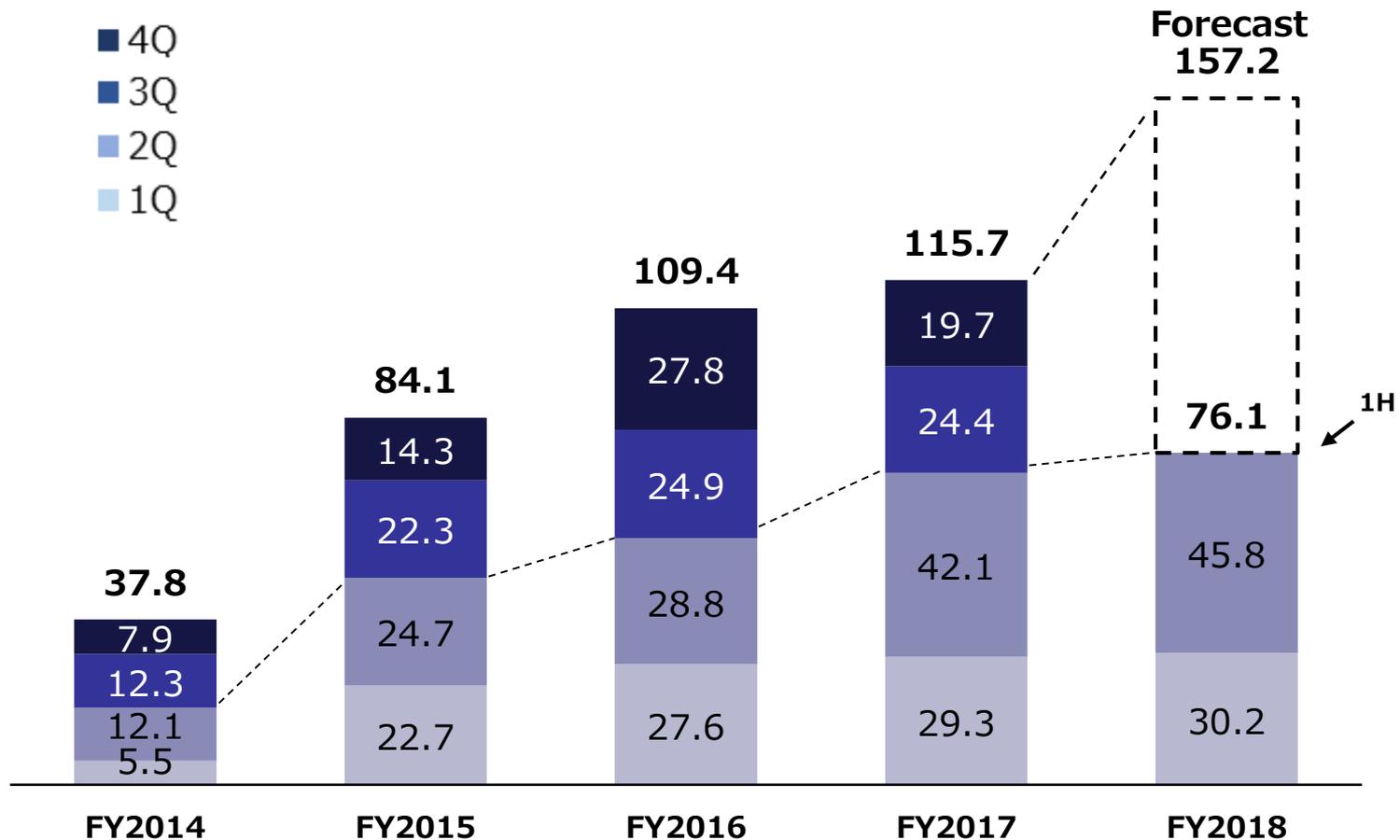
(JPY billions)

	FY2017 1H		FY2018 1H			FY2018 1H forecast	Achievement rate
		% of Net sales		% of Net sales	Y on Y Change		
Net sales	12.13	100.0%	11.02	100.0%	▲9.1%	10.51	104.8%
Tax leasing arrangement business	11.08	91.3%	9.64	87.5%	▲13.0%	-	-
Other business	1.05	8.7%	1.37	12.5%	+31.3%	-	-
Gross profit	10.66	87.9%	9.35	84.9%	▲12.3%		
SG&A cost	2.40	19.8%	2.80	25.5%	+16.9%		
Operating income	8.26	68.1%	6.55	59.4%	▲20.7%	6.15	106.4%
Ordinary income	8.46	69.7%	6.26	56.8%	▲26.0%	6.06	103.2%
Profit attributable to owners of parent	5.84	48.2%	4.35	39.5%	▲25.5%	4.18	104.0%
Total amount of equity placement in operating leases	71.54		76.11		+6.4%	-	-
Total amount of assets arranged in operating leases	105.44		203.00		+92.5%	-	-

■ Developments in Equity Sales Volume

◆ Achieved highest Equity sales in 1H FY2018 supported by the strong demand of investors for Japanese Operating Leases

Equity Sales Volume (JPY billions)



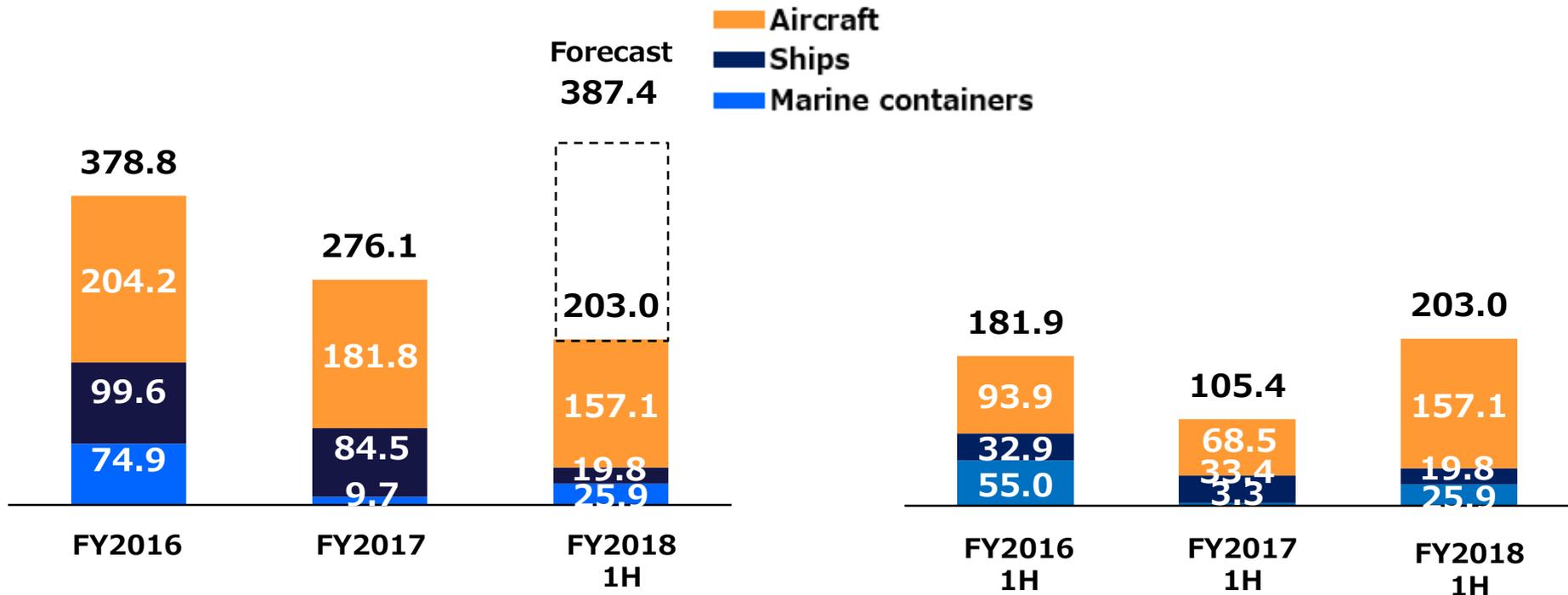
■ Total Amount of Assets Arranged in Operating Leases

◆ Total amount of assets arranged in operating leases achieved a record high more than ¥200 billion in 1H FY2018

- The aircraft assets contributed to the increase of the total amount of assets arranged in operating leases
- The progress rate stands at 52.4% toward the full-year forecast of ¥387.4bn

Developments in Origination volume
Full-Year basis (JPY billions)

Developments in Origination volume
Half-Year basis (JPY billions)



■ Expansion of JOL Business

◆ We aim to be the industry's No. 1 player even in JOL business as we are the No.1 in JOLCO

- As a result of concentrated efforts on sales activities for large investors, 8 aircraft in JOL were sold for the 1H 2018, and the sales of the trust structure which was developed in FY2017 expanded

● Aircraft sales volume

Fiscal year	FY2014	FY2015	FY2016	FY2017	FY2018 1H
The number of sold aircraft	1	2	5	4	8
(Of which trust structure)	-	-	-	(2)	(3)

● JOLCO vs. JOL

JOLCO	:Transaction with call option of the Lessee to purchase the leased assets at fixed price at end of lease period
JOL	:Transaction without call option to purchase the leased assets at fixed price at end of lease period

● Trust structure

Developed in FY 2017 utilizing the trust function provided by FPG Trust Co.,Ltd.

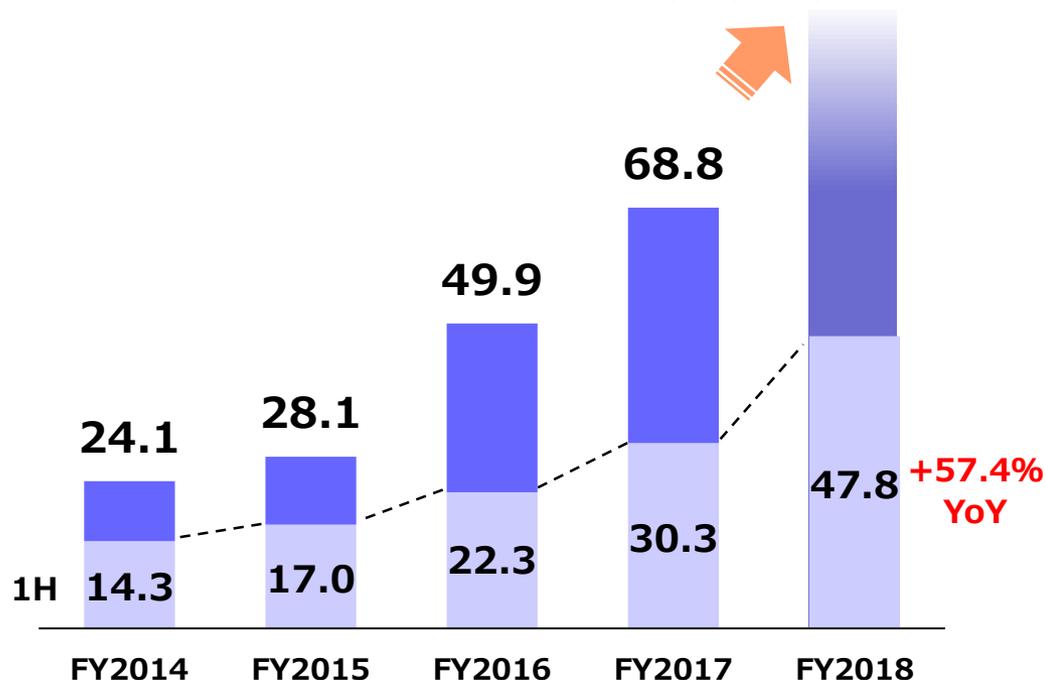
◆ Sales amount surged driven by the deploying insurance sales experts to the major branches

- Plan to increase personnel further to deploy the insurance sales experts to all branches
- Launched Web marketing

Sales of Insurance Brokerage Business

(JPY millions)

(Commission fees from insurance company etc.)



Insurance listing advertisement (From Mar. 2018)

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■ Developments of Real Estate Business

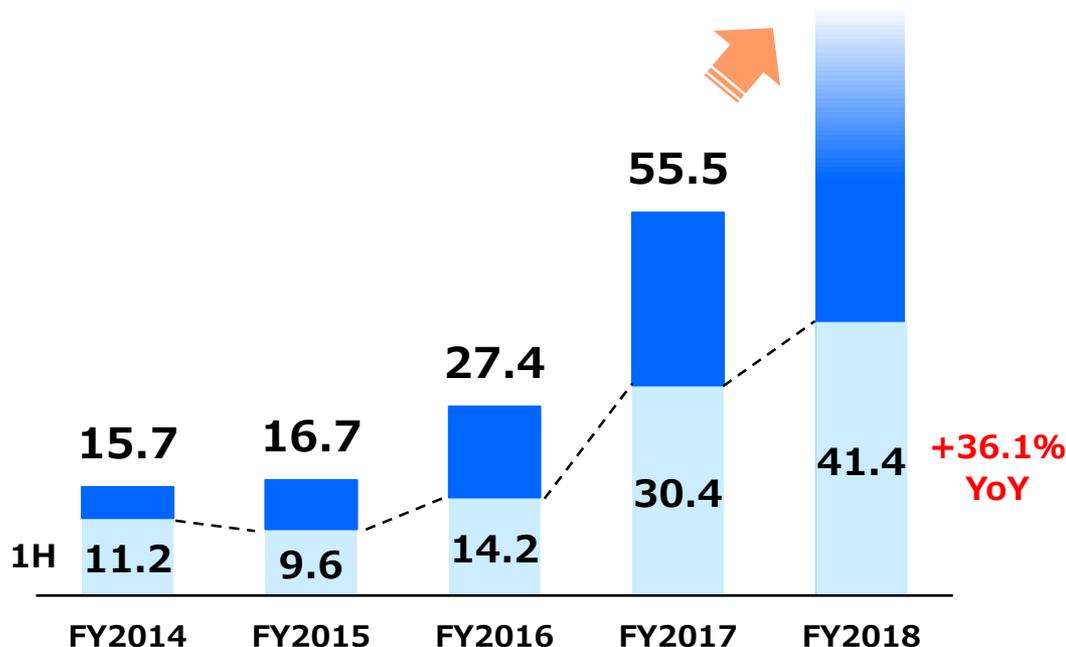
◆ Strong sales growth of small-lot real estate products with strong demand as a measure for inheritance tax

- Strong sales growth led by expansion of the sales property
- Introductions from accounting firms and financial institutions became even more actively

Sales of Real Estate Business

(JPY millions)

(Commission fees etc. from origination and sales of small-lot real estate products)



Insurance listing advertisement (From Dec. 2017)



Business Overview



■ Tax Leasing Arrangement Business

- ◆ Total amount of assets arranged in operating leases increased dramatically YoY led by aircraft projects
 - Won transactions with four new lessees owing to alliances with overseas affiliates
- ◆ Total amount of equity placement in operating leases increased strongly with aircraft transactions despite the decrease in ship projects

(JPY billions)

	FY2017 1H		FY2018 1H		Y on Y Change
Tax leasing arrangement business net sales	11.0		9.6		▲13.0%
Total amount of equity placement in operating leases	71.5		76.1		+6.4%
		Component Ratio		Component Ratio	
Aircraft	34.8	48.7%	55.8	73.4%	+60.4%
Ships	25.6	35.9%	7.7	10.2%	▲69.8%
Marine containers	11.0	15.5%	12.5	16.4%	+13.1%
Total amount of assets arranged in operating leases	105.4		203.0		+92.5%

■ Diversified Businesses

◆ Using our existing customer bases and our distribution network, active promotion of cross-selling led to increase net sales of Insurance and Real Estate Businesses for 1H FY2018

- The number of personnel of M&A Advisory Business is being to increase greatly, responding to the SMEs M&A market, to expand the M&A business faster from the next fiscal year

Sales of Diversified Businesses ※1

(JPY millions)

	FY2017	FY2018	Y on Y Change
	1H	1H	
Three Businesses Total	647	905	+39.8%
Insurance Brokerage Business	303	478	+57.4%
Real Estate Business	304	414	+36.1%
M&A Advisory Business ※2	39	12	▲68.4%
Investment and maintenance service etc. ※3	402	473	+17.6%
Total	1,050	1,378	+31.3%

※1 Diversified businesses refers to businesses other than our main business which is the tax leasing arrangement business.

※2 Sales of M&A Advisory Business : Commission and success fees from M&A business

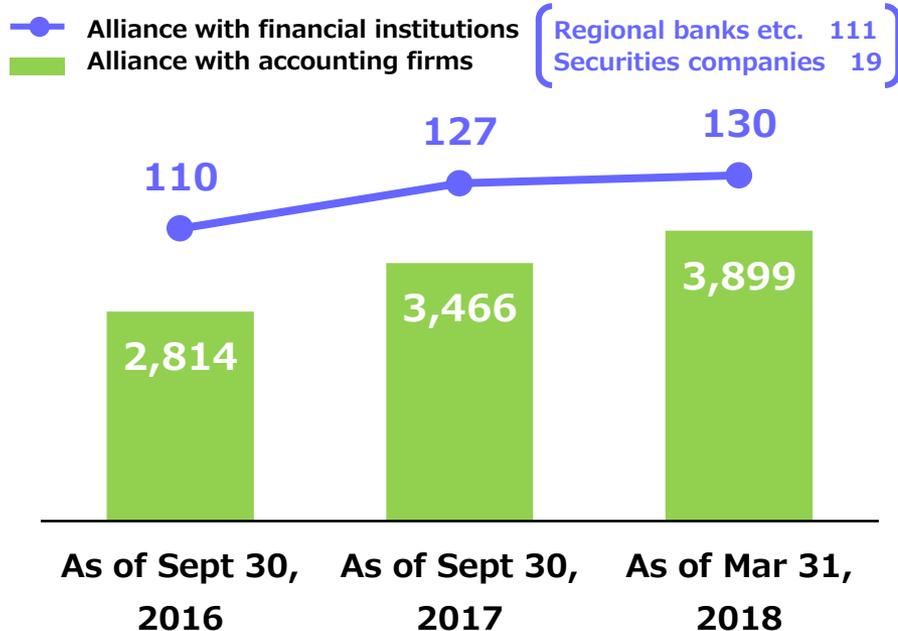
※3 Investment and maintenance service, etc. refers to investment and maintenance service of the overseas affiliates and domestic affiliates include FPG Securities and FPG Trust etc.

■ Distribution Network

◆ Steadily expanded alliances with accounting firms and financial institutions

- The number of partner accounting firms increased by 433 since the end of FY2017, reaching 3,899 in total
- The number of partner financial institutions reached 130 in total covering almost all regional banks and major brokerage firms
- Launched a business introduction video for our future accounting firm partners

Alliances with accounting firms and financial institutions



Business introduction video for accounting firms



Posted on FPG website
(Japanese site only)

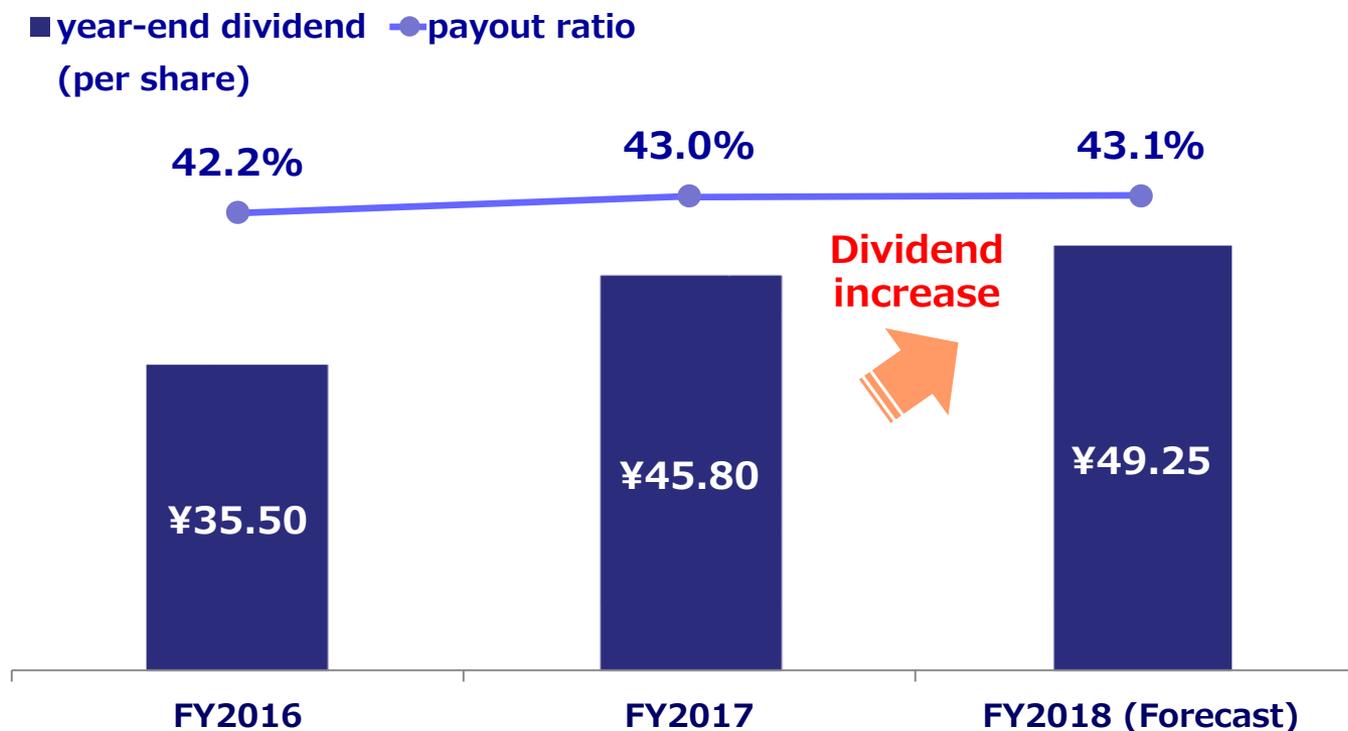
■ FY2018 Dividend Forecast

◆ Year-end dividend forecast of ¥49.25 per share (Dividend increase)

Our basic profit distribution policy :

We attach great importance to returns to shareholders and a stable, continuous payment of dividends after guaranteeing internal reserves for future business development and improvements in business quality.

The target consolidated payout ratio: more than about 40%



Appendix



Income statement summary

(JPY billions)

	FY2017 1H	FY2018 1H	Y on Y Change
Net sales	12.13	11.02	▲9.1%
①Cost of sales	1.46	1.66	+13.6%
Gross profit	10.66	9.35	▲12.3%
SG&A cost	2.40	2.80	+16.9%
Operating income	8.26	6.55	▲20.7%
②Non-operating income	0.68	0.61	▲10.0%
③Non-operating expenses	0.48	0.90	+87.6%
Ordinary income	8.46	6.26	▲26.0%
Income before income taxes	8.45	6.25	▲26.1%
Total income taxes	2.60	1.82	▲29.9%
Profit attributable to owners of parent	5.84	4.35	▲25.5%

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 commission fees and interest expenses related to fund-procurement

■ Balance sheet summary

(JPY billions)

Asset	FY2017 Sep.30, 2017	FY2018 Mar.31, 2018	Change
Current assets	79.21	71.16	▲8.05
①Equity underwritten	19.03	22.30	+3.27
②Money in trust	31.34	17.08	▲14.26
③Containers for arrangement	2.00	1.86	▲0.13
Real estate for arrangement	9.75	8.00	▲1.74
Non-current assets	3.58	3.70	+0.12
Total assets	82.79	74.87	▲7.92
Liabilities	FY2017 Sep.30, 2017	FY2018 Mar.31, 2018	Change
Current liabilities	48.34	38.95	▲9.38
④Short-term debt	37.26	25.87	▲11.39
⑤Advances received	3.83	4.19	+0.36
Non-current liabilities	8.83	10.00	+1.17
④Long-term debt	8.58	9.76	+1.18
Total liabilities	57.17	48.96	▲8.20
Total net assets	25.62	25.90	+0.28
Total liabilities and net assets	82.79	74.87	▲7.92

- 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
- ④Short-term and long-term debts : To fund our equity underwritings and the acquisition of real estates and aircraft for arrangement
- ⑤Advances received : Including advances of commission fees related to Tax leasing arrangement business

Projected results described in these presentation slides are based on the information available to the Company at the time of writing, as well as certain assumptions judged by the Company to be reasonable, and, therefore, actual results could be different from these projections because of various risks and uncertain factors.

【IR Inquiry】

Financial Products Group Co., Ltd.

Corporate Planning Department

TEL +81-3-5288-5691

URL <http://www.fpg.jp>