

Top Interview



Masaaki Kono, President

By pursuing the measures in our medium-term business plan, we will further promote the “challenge of reform” and endeavor to enhance corporate value.

Q. What were some of the fiscal year’s financial highlights?

A. We secured a steady rise in revenues and achieved higher profits.

Revenues and profits both rose during the year ended March 31, 2017. Consolidated operating revenues increased ¥1.8 billion year on year, to ¥213.6 billion, while consolidated operating expenses fell ¥2.1 billion, to ¥180.1 billion. As a result, ordinary profit grew ¥4.0 billion, to ¥33.5 billion, and profit attributable to owners of parent expanded ¥4.1 billion, to ¥28.6 billion.

As key items within operating revenue, in “installment credit,” revenue fell ¥3.5 billion year on year, due to such

factors as lower billings at new auto dealers. Conversely, revenue increased ¥2.7 billion in “credit card shopping” as a result of increased billings and revolving credit balances. In “bank loan guarantee,” a higher guarantee balance led to a ¥4.3 billion increase in revenue, and increased “settlement and guarantee” billings led to a ¥1.4 billion rise in revenue. These increases covered the lower revenues from “installment credit” and “direct cash loans,” and overall we maintained our upward trend in revenue.

This was my first full fiscal year since being appointed president, so I made a special effort to focus my attentions on management. I am extremely pleased to report to our shareholders that as a result, we delivered revenue and profit increases.

Q. What is the state of progress on the medium-term business plan?

A. We made progress on creating an engine for sustainable growth in our scope of business and earnings.

The Orico Group is currently pursuing a five-year medium-term business plan that concludes in the fiscal year ending March 31, 2020. During the year under review, which was the second year of this plan, difficulties became more pronounced in auto loans and shopping, as home renovations decreased. Nevertheless, we progressed according to plan thanks to the strengthening of Web credit stemming from an expanding e-commerce market, coupled with solid use of large-scale affiliated cards.

Against this backdrop, one notable success was the strengthening of our alliance with Mizuho Bank, Ltd., in the credit card business, which is an engine of growth. We began issuing the “Mizuho Mileage Club Card/THE POINT” in January 2017, thereby acquiring a new business channel with Mizuho Bank. This development is a major success, as it enables solicitation for card membership of customers who visit bank teller counters. In the fiscal year ending March 31, 2018, the third year of our mid-term plan, we will continue to consider priority initiatives and focus on solicitation for “Mizuho Mileage Club Card/THE POINT,” working to create and reinforce engines of growth.

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Q. What factors do you consider important in “creating an attractive company” as part of your effort to realize sustainable growth?

A. I believe that human resources from a vibrant organization with creativity and a sense of challenge are connected with establishing the Orico brand.

Of course we have to work to boost operating performance, but I think that having employees who are proud of the Company and cultivating human resources who derive creativity and a sense of challenge from an organization that is open and vibrant are linked with establishing the Orico brand. I also believe strongly that these factors are connected to the sustainable growth of the Orico Group. To introduce part of our initiatives that underscore this belief, in October 2016 we established the Diversity Promotion Office. In addition to the initiatives we have pursued on the active promotion of women, we are employing people with disabilities and exchange students, and stepping up our efforts to cultivate seniors and young people. In a move to create a company that is a rewarding place to work, we have initiated a program that encourages employees to become branch managers, thereby actively promoting employees who are capable and enthusiastic. We have three new branch managers as a result. We have also introduced a framework for evaluating difficult endeavors and bold challenges, and I am sensing the connection between these moves and an increase in employee motivation.

Q. Do you have any message for shareholders, such as the status of shareholder returns?

A. We reinstated year-end dividends for the first time in 11 fiscal years.

Our basic policy is to maintain an appropriate level of shareholders' equity and to pay stable and continuous dividends by strengthening our management base. Also,

the redemption by purchase of preferred stock is one of our important management challenges. Taking into account our profit plans for the fiscal year ending March 31, 2018 and other factors, and in view of the rise in the annual dividend ratio of the preferred stock scheduled to be increased in August 2017, interest rate risk in future and other factors, we bought back and redeemed 70 million out of 140 million shares of 1st series class I preferred stock. We also implemented a year-end dividend of ¥2 per share on common stock and ¥11.35 per share on preferred stock.

In order to continue paying stable and continuous dividends to our shareholders, we plan to steadily purchase and redeem preferred stock, assuming we secure sufficient shareholders' equity to achieve sustainable growth and expansion in our businesses.

I thank our shareholders for your ongoing support.

June 2017



A handwritten signature in black ink, which appears to read "Masaaki Kono". The signature is fluid and cursive.

Masaaki Kono
President