



Top Interview



Masaaki Kono, President

The Orico Group will realize sustainable growth by establishing a robust earnings structure and taking on the challenge of implementing various reforms.

Q What were the financial highlights for the fiscal year ended March 31, 2018?

Regarding operating revenue for the fiscal year ended March 31, 2018, growth in the settlement and guarantee business and bank loan guarantee business secured higher revenue than the previous fiscal year. However, in addition to an increase in general expenses, bad debt-related expenses also grew due to an increase in the balance of operating assets and a rise in the ratio of delinquent payments regarding bank loan guarantees, resulting in a decline in profits.

Regarding operating revenue by business, the installment credit business saw revenue rise 1.4% year on year, due to an increase in billings for auto leases and auto loans in Thailand, and despite a decrease in shopping credit billings. Credit card shopping in the credit cards and direct cash loans business saw increased revenue due to the smooth expansion of billings from Orico's own-brand cards and cards through large-scale partner companies, as well as an increase in revolving credit balances. However, direct cash loans decreased, and revenue for the credit cards and direct cash loans business overall decreased by 0.5% year on year. Revenue in the bank loan guarantee business grew 10.6% year on year due to an increase in the bank loan guarantee balance and guarantee fee rates. Revenue in the settlement and guarantee business grew 59.6% year on year due to an increase in billing at Orico, as well as contributions from Orico Forrent Insure Co., Ltd., which was made a consolidated subsidiary in October 2017.

As a result of the above, consolidated operating revenues increased 5.0% year on year, to ¥224.3 billion, while both consolidated operating profit and ordinary profit fell 10.2%, to ¥30 billion. Consolidated profit attributable to owners of parent fell 2.3%, to ¥28.0 billion.

Q What initiatives do you have planned for the future?

The Orico Group is currently pursuing a five-year medium-term business plan that concludes in the fiscal year ending March 31, 2020. The fiscal year under review was the third year of this plan and under our basic policy of "challenge of reform," we focused on strengthening the top line (revenues) in expanding markets with the aim of achieving sustainable growth in scope of business and earnings. As a result, we maintained the growth of credit card shopping billings and revolving credit balances in the credit cards and direct cash loans business. Also, in the settlement and guarantee business, we significantly grew operating revenue and managed to build a foothold for its growth into a core business.



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Our current goals include realizing high-speed, high-volume processing and providing competitive services, and the building of our next core systems is underway. We will focus on working toward the safe and reliable release of these systems. Once the next core systems are released, and based on the relevant system costs generated, we will engage in cost optimization by using the functions, etc., of these systems to increase business efficiency, conduct a fundamental review of business processes, and other such initiatives. Specifically, we are optimizing operational structure and sophisticating credit and collection by forming a “process innovation project team” that will use the fundamental review of business processes and other methods to consider and advance various cost optimization measures.

Also, in the overseas business, alongside growth in Thailand, we are increasing the speed of considerations aimed at realizing a second and third overseas expansion destination, particularly in Southeast Asia and the East Asian region. Furthermore, as a new initiative, in April 2018 we established the Digital Innovation Office to aggregate information, investigations, and research within the company regarding information collection and advanced technologies in the Fintech field both in Japan and overseas, as well as accelerate the consideration of investments (Orico Digital Fund) in and collaborations with Fintech companies and the planning and proposal, etc., of new businesses.

appropriate levels of shareholders' equity, we plan to move forward with redemption by purchase.

The Orico Group will realize sustainable growth by continuing to establish a robust earnings structure and based on this, take on the challenge of implementing various reforms. Furthermore, through this engagement we will increase corporate value while making larger contributions to society.

I thank our shareholders for your understanding and long-term support for the Group's business going forward.

June 2018



Do you have any message for shareholders?

We implemented a year-end dividend for the fiscal year under review of ¥2 per share on common stock (same as the previous fiscal year) as planned. Regarding the return of profits to shareholders during the fiscal year ending March 31, 2019, based on our basic policy of maintaining appropriate levels of shareholders' equity and implementing stable and continuous dividend payments, we plan to implement a year-end dividend of ¥2 per share on common stock. Regarding preferred stock, assuming we maintain

Masaaki Kono
President