

ORIX CORP
Form 6-K
August 13, 2018
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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the month of August 2018.

Commission File Number: 001-14856

ORIX Corporation

(Translation of Registrant's Name into English)

World Trade Center Bldg., 2-4-1 Hamamatsu-cho, Minato-ku,

Tokyo, JAPAN

(Address of Principal Executive Offices)

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(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

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Table of Document(s) Submitted

1. This is an English translation of ORIX Corporation's quarterly financial report (*shihanki houkokusho*) as filed with the Kanto Financial Bureau in Japan on August 13, 2018, which includes unaudited consolidated financial information prepared in accordance with generally accepted accounting principles in the United States for the three months ended June 30, 2017 and 2018.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ORIX Corporation

Date: August 13, 2018

By /s/ HITOMARO YANO
Hitomaro Yano
Director,

Executive Officer
ORIX Corporation

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CONSOLIDATED FINANCIAL INFORMATION

Notes to Translation

1. The following is an English translation of ORIX Corporation's quarterly financial report (*shihanki houkokusho*) as filed with the Kanto Financial Bureau in Japan on August 13, 2018, which includes unaudited consolidated financial information prepared in accordance with generally accepted accounting principles in the United States (U.S. GAAP) for the three months ended June 30, 2017 and 2018.
2. Significant differences between U.S. GAAP and generally accepted accounting principles in Japan (Japanese GAAP) are stated in Note 1 Overview of Accounting Principles Utilized of the notes to Consolidated Financial Statements.

In preparing its consolidated financial information, ORIX Corporation (the Company) and its subsidiaries have complied with U.S. GAAP.

This document may contain forward-looking statements about expected future events and financial results that involve risks and uncertainties. Such statements are based on the Company's current expectations and are subject to uncertainties and risks that could cause actual results to differ materially from those described in the forward-looking statements. Factors that could cause such a difference include, but are not limited to, those described under Risk Factors in the Company's most recent annual report on Form 20-F filed with the U.S. Securities and Exchange Commission.

The Company believes that it may have been a passive foreign investment company for U.S. federal income tax purposes in the year to which these consolidated financial results relate by reason of the composition of its assets and the nature of its income. In addition, the Company may be a PFIC for the foreseeable future. Assuming that the Company is a PFIC, a U.S. holder of the shares or ADSs of the Company will be subject to special rules generally intended to eliminate any benefits from the deferral of U.S. federal income tax that a holder could derive from investing in a foreign corporation that does not distribute all of its earnings on a current basis. Investors should consult their tax advisors with respect to such rules, which are summarized in the Company's annual report.

Table of Contents**1. Information on the Company and its Subsidiaries**
(1) Consolidated Financial Highlights

	Millions of yen (except for per share amounts and ratios)		
	Three months ended June 30, 2017	Three months ended June 30, 2018	Fiscal year ended March 31, 2018
Total revenues	¥ 792,297	¥ 603,917	¥ 2,862,771
Income before income taxes	135,611	110,954	435,501
Net income attributable to ORIX Corporation shareholders	89,712	79,947	313,135
Comprehensive Income attributable to ORIX Corporation shareholders	94,298	75,118	288,148
ORIX Corporation shareholders' equity	2,525,334	2,712,205	2,682,424
Total assets	11,317,946	11,371,902	11,425,982
Earnings per share for net income attributable to ORIX Corporation shareholders			
Basic (yen)	69.81	62.46	244.40
Diluted (yen)	69.76	62.41	244.15
ORIX Corporation shareholders' equity ratio (%)	22.3	23.9	23.5
Cash flows from operating activities	88,887	97,264	568,791
Cash flows from investing activities	2,180	3,570	(439,120)
Cash flows from financing activities	68,896	(180,123)	141,010
Cash, Cash Equivalents and Restricted Cash at end of Period	1,297,755	1,326,933	1,405,117

Notes: 1. Consumption tax is excluded from the stated amount of total revenues.

2. Prior-year amounts have been adjusted for the retrospective application of Accounting Standards Update 2016-18 (Restricted Cash ASC 230 (Statement of Cash Flows)) on April 1, 2018.

3. Accounting Standards Update 2014-09 (Revenue from Contracts with Customers ASC 606 (Revenue from Contracts with Customers)), Accounting Standards Update 2016-01 (Recognition and Measurement of Financial Assets and Financial Liabilities ASC 825-10 (Financial Instruments Overall)) and Accounting Standards Update 2016-16 (Intra-Entity Transfers of Assets Other Than Inventory ASC 740 (Income Taxes)) have been adopted on April 1, 2018. For further information, see Note 2 Significant Accounting and Reporting Policies (af) New accounting pronouncements.

(2) Overview of Activities

During the three months ended June 30, 2018, no significant changes were made in the Company and its subsidiaries operations. Additionally, there were no changes of principal subsidiaries and affiliates.

2. Risk Factors

Investing in the Company's securities involves risks. You should carefully consider the information described herein as well as the risks described under "Risk Factors" in our Form 20-F for the fiscal year ended March 31, 2018 and the other information in that annual report, including, but not limited to, the Company's consolidated financial statements and related notes and Item 11. Quantitative and Qualitative Disclosures about Market Risk. The Company's business activities, financial condition and results of operations and the trading prices of the Company's securities could be adversely affected by any of those factors or other factors.

Table of Contents**3. Analysis of Financial Results and Condition**

The following discussion provides management's explanation of factors and events that have significantly affected the Company's financial condition and results of operations. Also included is management's assessment of factors and trends that could have a material effect on the Company's financial condition and results of operations in the future. However, please be advised that financial conditions and results of operations in the future may also be affected by factors other than those discussed herein. These factors and trends regarding the future were assessed as of the issue date of this quarterly financial report (*shihanki houkokusho*).

**(1) Qualitative Information Regarding Consolidated Financial Results
Financial Highlights****Financial Results for the Three Months Ended June 30, 2018**

Total revenues	¥603,917 million (Down 24% year on year)
Total expenses	¥511,922 million (Down 27% year on year)
Income before income taxes	¥110,954 million (Down 18% year on year)
Net income attributable to ORIX Corporation Shareholders	¥79,947 million (Down 11% year on year)
Earnings per share for net income attributable to ORIX Corporation Shareholders (Basic)	¥62.46 (Down 11% year on year)
(Diluted)	¥62.41 (Down 11% year on year)
ROE (Annualized) *1	11.9% (14.3% during the same period in the previous fiscal year)
ROA (Annualized) *2	2.81% (3.18% during the same period in the previous fiscal year)

*1 ROE is the ratio of net income attributable to ORIX Corporation Shareholders for the period to average ORIX Corporation Shareholders' Equity.

*2 ROA is the ratio of net income attributable to ORIX Corporation Shareholders for the period to average Total Assets.

Total revenues for the three months ended June 30, 2018 decreased 24% to ¥603,917 million compared to ¥792,297 million during the same period of the previous fiscal year. Despite an increase in life insurance premiums in line with an increase in in-force policies, life insurance premiums and related investment income in the life insurance business decreased due to a decrease in investment income from assets under variable annuity and variable life insurance contracts, as compared to the same period of the previous fiscal year during which period market conditions had improved significantly. In addition, sales of goods and real estate decreased due primarily to decreasing revenues generated by subsidiaries in the principal investment business. On the other hand, services income increased due primarily to large gains from sales of property under facility operations, and increasing revenues generated by subsidiaries in the principal investment business.

Total expenses decreased 27% to ¥511,922 million compared to ¥700,317 million during the same period of the previous fiscal year. Costs of goods and real estate sold and life insurance costs decreased in line with the aforementioned decreased revenues. In addition, services expense increased in line with the aforementioned increased revenues.

Equity in net income of affiliates decreased mainly due to the recognition of significant gains on sales of investments in real estate joint ventures compared to the same period of the previous fiscal year.

As a result of the foregoing, income before income taxes for the three months ended June 30, 2018 decreased 18% to ¥110,954 million compared to ¥135,611 million during the same period of the previous fiscal year, and net income attributable to ORIX Corporation shareholders decreased 11% to ¥79,947 million compared to ¥89,712 million during the same period of the previous fiscal year.

Table of Contents**Segment Information**

Total revenues and profits by segment for the three months ended June 30, 2017 and 2018 are as follows:

	Millions of yen							
	Three months ended June 30, 2017		Three months ended June 30, 2018		Change (revenues)		Change (profits)	
	Segment Revenues	Segment Profits	Segment Revenues	Segment Profits	Amount	Percent (%)	Amount	Percent (%)
Corporate Financial Services	¥ 25,456	¥ 10,225	¥ 25,004	¥ 7,820	¥ (452)	(2)	¥ (2,405)	(24)
Maintenance Leasing	68,346	9,894	69,858	9,696	1,512	2	(198)	(2)
Real Estate	46,520	32,833	54,524	22,219	8,004	17	(10,614)	(32)
Investment and Operation	422,557	16,657	234,518	11,905	(188,039)	(45)	(4,752)	(29)
Retail	112,597	22,014	102,815	21,785	(9,782)	(9)	(229)	(1)
Overseas Business	117,032	42,799	118,479	40,006	1,447	1	(2,793)	(7)
Total	792,508	134,422	605,198	113,431	(187,310)	(24)	(20,991)	(16)
Difference between Segment Total and Consolidated Amounts	(211)	1,189	(1,281)	(2,477)	(1,070)		(3,666)	
Total Consolidated Amounts	¥ 792,297	¥ 135,611	¥ 603,917	¥ 110,954	¥ (188,380)	(24)	¥ (24,657)	(18)

Total assets by segment as of March 31, 2018 and June 30, 2018 are as follows:

	Millions of yen							
	March 31, 2018		June 30, 2018		Change		Percent	
	Segment Assets	Composition ratio (%)	Segment Assets	Composition ratio (%)	Amount	Percent (%)	Amount	Percent (%)
Corporate Financial Services	¥ 991,818	9	¥ 976,117	8	¥ (15,701)	(2)		
Maintenance Leasing	847,190	7	855,286	8	8,096	1		
Real Estate	620,238	5	598,140	5	(22,098)	(4)		
Investment and Operation	856,348	8	876,811	8	20,463	2		
Retail	3,174,505	28	3,236,630	28	62,125	2		
Overseas Business	2,608,819	23	2,574,171	23	(34,648)	(1)		
Total	9,098,918	80	9,117,155	80	18,237	0		
Difference between Segment Total and Consolidated Amounts	2,327,064	20	2,254,747	20	(72,317)	(3)		

Total Consolidated Amounts	¥ 11,425,982	100	¥ 11,371,902	100	¥ (54,080)	(0)
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Certain line items presented in the consolidated statements of income have been changed starting from the three months ended June 30, 2018. For further information, see Note 2 Significant Accounting and Reporting Policies (ag) Reclassifications.

From the three months ended June 30, 2018, consolidated variable interest entities for securitizing financial assets such as direct financing lease receivable and loan receivable, which had been excluded from segment revenues, segment profits and segment assets until the previous fiscal year, are included in segment revenues, segment profits and segment assets of each segment. As a result of this change, the presented amounts in the financial information of the segments for the previous fiscal year have been retrospectively reclassified to conform to the presentation for the three months ended June 30, 2018.

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Segment information for the three months ended June 30, 2018 is as follows:

Corporate Financial Services Segment: Loan, leasing and fee business

In this segment, we are focusing on fee businesses related to life insurance, environment and energy, auto leasing related products and services provided to domestic small- and medium-sized enterprise customers while engaging in highly competitive businesses such as leasing and lending with a focus on profitability. We also aim to grow our profit by maximizing synergy potential with Yayoi Co., Ltd., a software service provider in the group, and by utilizing domestic network to create new businesses.

Based on the aforementioned strategy, segment revenues decreased 2% to ¥25,004 million compared to ¥25,456 million during the same period of the previous fiscal year due to a decrease in finance revenues from decreases in average investment balance in direct financing leases and installment loans despite an increase in services income resulting from our stable fee businesses provided to domestic small- and medium-sized enterprise customers.

Segment expenses decreased due to a decrease in selling, general and administrative expenses.

As a result of the foregoing and due to the recognition of gains on sales of subsidiaries and affiliates during the same period of the previous fiscal year, segment profits decreased 24% to ¥7,820 million compared to ¥10,225 million during the same period of the previous fiscal year.

Segment assets decreased 2% to ¥976,117 million compared to the end of the previous fiscal year due to decreases in investment in direct financing leases and installment loans.

Although asset efficiency decreased compared to the same period of the previous fiscal year, stable profit from fee businesses increased due to more variety of services. Furthermore, to explore new business areas, we have also built a new domestic distribution network of fruits and vegetables and have engaged in online lending service for small businesses.

	Three months ended June 30, 2017	Three months ended June 30, 2018	Change Amount	Percent (%)
(Millions of yen, except percentage data)				
Segment Revenues:				
Finance revenues	¥ 8,609	¥ 7,712	¥ (897)	(10)
Operating leases	5,740	6,012	272	5
Services income	9,078	10,005	927	10
Sales of goods and real estate, and other	2,029	1,275	(754)	(37)
Total Segment Revenues	25,456	25,004	(452)	(2)
Segment Expenses:				

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Interest expense	1,392	1,109	(283)	(20)
Provision for doubtful receivables and probable loan losses and write-downs of long-lived assets and securities	94	246	152	162
Other	15,833	15,680	(153)	(1)
Total Segment Expenses	17,319	17,035	(284)	(2)
Segment Operating Income	8,137	7,969	(168)	(2)
Equity in Net income (Loss) of Affiliates, and others	2,088	(149)	(2,237)	
Segment Profits	¥ 10,225	¥ 7,820	¥ (2,405)	(24)

**As of
March 31,
2018**

**As of
June 30,
2018**

**Change
Amount
Percent
(%)**

(Millions of yen, except percentage data)

Investment in direct financing leases	¥ 439,329	¥ 433,525	¥ (5,804)	(1)
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