

Credit Saison(8253) Announces Financial Results for Fiscal 2011

Ordinary Income Increases 14.3% to ¥38.5 Billion,
and Net Income Decreases 26.3% to ¥9.4 Billion

Our Company, which conducts non-banking business, worked to realize continued growth in FY2011. In addition to the credit card business, we strove to take advantage of the strengths of our finance businesses such as the lease and the credit guarantee business. In the internet field, we worked to increase the number of members with a focus on Eikyufumetsu.com. We also improved operational efficiency and cultivated our advertising and marketing businesses. Furthermore, we worked to further improve business efficiency by increasing the quality of accounts receivables and revising our cost structure. As a result, our consolidated settlement of accounts for fiscal 2012 recorded operating revenues of ¥244 billion, down 14.6% year-on-year, operating income of ¥31.8 billion, up 16.4% year-on-year, ordinary income of ¥38.5 billion, up 14.3% year-on-year, and net income for the period of ¥9.4 billion, down 26.3% year-on-year.

An overview of results for each business segment in the current consolidated accounting period follows.

1. Overview of Operating Revenues and Operating Income

(1)Credit Services Business

With the aim to increase shopping transaction volume, we steadily acquired new members for cards such as the Parco Card and the Mitsui Outlet Park Card through retail distribution alliances which are a strength of our company. We acquired 2.6 million new card members. In particular, we focused on acquiring members for high-utilization, high-price premium cards such as Platinum cards and Gold cards. As a result, the active ratio increased to 52.5% percent, up 1.5% from the previous year. Shopping transaction volume was also up 3.3% year on year (excluding effect of the split of Seven CS Card Service Co., Ltd.). Also, with the aim to enhance earning power by improving internet services in order to acquire more internet members and promote usage, we focused on enhancing card usage benefits such as the ID point affiliation program with Yahoo Japan Corporation and shopping settlement service using “Eikyufumetsu Points (Permanent point).” Regarding cash advances, the impact of lending restrictions following revisions to the Money-Lending Business Control and Regulation Law has come full circle and the transaction volume recovered to a level roughly comparable with the previous year. As a result, the overall operating revenue for the Credit Service segment was ¥198.8 billion, down 13.9% year-on-year. Operating profit was ¥27.1 billion, up 70% year-on-year, due to a decrease in uncollectable receivables and initial credit obligations as a result of strengthening credit control.

(2) Lease Business

In the lease business, we enhanced sales to existing customers and conducted new partnerships with major sales corporations. We also continued to expand affiliated dealers. As a result, transaction volume was up 4.5% year-on-year. In the rental business, we focused on expanding sales channels for LED and other energy-saving products in order to fulfill customer needs in the future. As a result, the overall operating revenue for the Lease segment was ¥14.6 billion, a year-on-year increase of 1.5%, and operating income was ¥5 billion, a year-on-year increase of 1.2%.

(3) Finance Business

In the credit guarantee business, we increased the number of new affiliated partners by implementing an active partnership strategy and formed closer partnerships with affiliated financial institutions. As a result, guaranteed execution amount was up 31.1% year-on-year and guaranteed balance was up 7.2% year-on-year. In the finance-related business, overall operating revenue was ¥15.7 billion, up 0.9% year-on-year, and operating income was ¥7.7 billion, up 14.5% year-on-year. These increases were due in part to contributions from “Flat 35” long-term, fixed-rate mortgage loans.

(4) Real Estate Related Business

As announced on February 29 (Wed.), 2012, due to the corporate reorganization of we's consolidated subsidiary Atrium Co., Ltd., we recorded a loss on the reappraisal of assets held by Atrium Co. Ltd. As a result, operating revenue was ¥3 billion, a year-on-year decrease of 75.2%, and operating loss was ¥10.1 billion. In the future, we shall steadily implement this corporate reorganization, concentrating management assets on our core credit card business and finance business, and seeking to become the most powerful non-bank.

2. Overview of Ordinary Income and Net Income

We prioritized the quality of credit, granting credit based on careful initial credit and a risk profile. We also strengthened our timely collection system. As a result of these actions, initial stage collectible receivables decreased. Furthermore, credit costs were down 46.3% year-on-year due a decrease in claims handled by lawyers and other third-party mediation. Additionally, other improvements in cost efficiency also contributed to a decline in operating expenses to ¥212.1 billion, down 17.9% year-on-year. There was also improved performance at credit card joint venture corporations and other affiliated companies to which the equity method is applied. Investment gain on equity method was ¥3.7 billion, a year-on-year increase of 88.9%, which contributed to ordinary income of ¥38.5 billion, a year-on-year increase of 14.3%.

Regarding net income for the period ending March 31, 2012, we recorded extraordinary income of ¥13.2 billion due to gain on the sale of stock and gain on the reversal of a portion of allowance for disaster losses. Conversely, we recorded extraordinary losses of ¥62.5 billion associated with the corporate reorganization of Atrium Co., Ltd. Furthermore, we recorded corporate income taxes-deferred of ¥33.4 billion including the recording of deferred tax assets related to the corporate reorganization of Atrium Co., Ltd. As a result, net income for the period ending March 31, 2012 was ¥9.4 billion, a year-on-year decrease of 26.3%.

3.Forecast for next period

Regarding consolidated performance for full fiscal 2012 financial year, we forecast operating revenue of ¥250 billion (up 2.5% year on year), ordinary income of ¥50 billion (up 29.6% year on year), and net income of ¥29 billion (up 206.8% year on year).

Regarding non-consolidated performance, we forecast operating revenue of ¥206 billion (down 2.0% year on year), ordinary income of ¥41.5 billion (up 1.2% year on year) and net income of ¥23 billion (up 309.7% year on year).

Furthermore, regarding dividends for next period, we forecast dividends of 30 yen per share, the same as the initial dividends forecast.

(Reference)

◆ Non-consolidated Results for Fiscal 2011		(year-on-year change)
Operating revenues	: ¥210.2 billion	(Down 12%)
Ordinary income	: ¥41 billion	(Up 43%)
Net income	: ¥5.6 billion	(Down 26%)

◆ Non-consolidated Main Indices for Fiscal 2011

(year-on-year change after excluding the effect of the split of the Seven CS Card business)

(1) New cardmembers acquired	: 2,600,000	(Up 9%)
(2) New cards issued	: 1,960,000	(Down 2%)
(3) Total No. of card members	: 24,750,000	(Down 2%)
(4) Active cardmembers	: 12,990,000	(Up 1%)
(5) Active ratio	: 52.5%	(Up 2%)
(6) Shopping transactions Volume	: ¥3,402.4 billion	(Up 3%)
(7) Shopping revolving credit balance	: ¥262.1 billion	(Up 3%)
(8) Card advance transaction volume	: ¥266.9 billion	(Down 12%)
(9) Card cash advance balance	: ¥284.2 billion	(Down 24%)