

Credit Saison (8253) Announces Financial Results for April-September 2012

Ordinary Income Increases 11.9% to ¥27.9 billion,
and Quarterly Net Income Increases 1.1% to ¥17.6 billion
Forecast for Full Fiscal Year Revised Upward

For the first half (April to September) of fiscal 2012, Credit Saison Co., Ltd. moved forward with its objective of income diversification as a non-bank financial business. The Company made strong efforts in its mainstay credit card business; its lease business, applying expertise accumulated in retail finance; its credit guarantee business; and its new growth field, the Internet business. While making forward-looking investments to expand the customer base for future growth, we also reinforced the soundness of our trade credit through thorough risk management. Trends in business results were healthy in our affiliated companies accounted for by the equity method. In the Company's cumulative consolidated accounts for the first half of fiscal 2012, operating revenues of ¥122.4 billion, down 4.0% year-on-year, ordinary income of ¥27.9 billion, up 11.9% year-on-year, and net income of ¥17.6 billion, up 1.1% year-on-year,

1. Overview of Operating Revenues and Operating Income

(1) Credit Services Business

The core of our operating strategy to increase transaction volume is the expansion of our customer base. In this effort, our strengths of retail distribution alliances and online signup worked in our favor. The number of new cards issued rose 31.7% from the same cumulative period of the previous fiscal year to 1.62 million, raising the number past the halfway point for the full-year plan of 3 million new cards. Shopping transaction volume increased 3.8% from the same cumulative period of the previous fiscal year to ¥1,726.7 billion. Among the key factors in this result, the number of American Express card members, who are expected to provide high volumes and high unit purchases, expanded; Credit Saison strengthened promotional efforts with respect to clients; and we pursued online-to-offline (O2O) efforts with Yahoo! Japan. In cash advances, despite lingering effects from the revision of the Money-Lending Business Control and Regulation Law, the number of users rose, owing to an increase in the provision of cash-advance limits and adjustment of the usage limits of existing customers. As a result, the rate of decline in both transaction volume and balances slowed. Operating revenue for the Credit Services segment overall shrank 4.6% against the same cumulative period of the previous fiscal year to ¥95.3 billion.

(2) Lease Business

In the lease business, we expanded our sales network and bolstered sales with focus on the dealerships of large manufacturers. In the rental business, the Company expanded revenues from rental of LED lighting, drawing on demand for energy-saving solutions, and developed markets in new products. Transaction volume for the lease segment expanded 15.2% from the same cumulative period of the previous fiscal year to ¥53.5 billion.

(3) Finance Business

In the credit guarantee business, Credit Saison we increased the number of new affiliated partners and forged closer alliances with existing affiliated partners. Small-scale, non-collateralized loan products, including business finance, advanced steadily. The guaranteed balance improved 10.6% compared with the end of the previous fiscal year, reaching ¥186.4 billion. Overall operating revenue for the finance segment rose 11.5% against the same cumulative period of the previous fiscal year to ¥8.4 billion.

(4) Real Estate Related Business

As part of new measures to reorganize Atrium Co., Ltd., some of the operations of this consolidated subsidiary were continued while others were discontinued. As a result, some of Atrium's income was appropriated as non-operating income.

2. Overview of Half-Year Ordinary Income and Net Income

We improved the soundness of our financial base through stronger finance management and reduced financing costs by de-emphasizing financing through third parties such as lawyers and certified judicial clerks. Credit Saison also improved the cost-effectiveness of expenses such as advertising and promotion. Cumulative operating expenses for the first half of fiscal 2012 subsided 5.4% against the same cumulative period of the previous fiscal year to ¥100 billion.

In ordinary income, the trend in business results was firm in joint-venture card companies and other affiliated companies accounted for by the equity method.. Ordinary income surged 11.9% over the same cumulative period of the previous fiscal year to ¥27.9 billion.

Net income for the first half of fiscal 2012 improved 1.1% over the same cumulative period of the previous fiscal year to ¥17.6 billion.

3. Adjustments to Forecasts for Fiscal 2012

In consideration of cumulative business results for the Group in the first half of fiscal 2012 and the prevailing business environment, we are revising our forecast of business results for the full fiscal year (fiscal 2012) from the forecast announced May 16, 2012, as follows.

〈Full year consolidated performance forecast for the term ended March 2012〉

	Operating revenue	Operating income	Ordinary income	Net income	Net income per share
	(millions ¥)	(millions ¥)	(millions ¥)	(millions ¥)	(yen)
Previous announced forecast (A)	250,000	43,000	50,000	29,000	157.92
Actual results (B)	246,000	42,000	51,000	30,500	166.09
Amount of increase or decrease (B)-(A)	(4,000)	(1,000)	1,000	1,500	—
Rate of change (%)	(1.6)	(2.3)	2.0	5.2	—
(For your reference) Actual results of the previous term (Term ended March 31, 2012)	244,009	31,865	38,590	9,453	51.48

〈Full year non-consolidated performance forecast for the term ended March 2012〉

	Operating revenue	Operating income	Ordinary income	Net income	Net income per share
	(millions ¥)	(millions ¥)	(millions ¥)	(millions ¥)	(yen)
Previous announced forecast (A)	206,000	38,500	41,500	23,000	125.20
Actual results (B)	206,000	38,500	41,500	23,500	127.92
Amount of increase or decrease (B)-(A)	—	—	—	500	—
Rate of change (%)	—	—	—	2.2	—
(For your reference) Actual results of the previous term (Term ended March 31, 2012)	210,207	37,893	41,001	5,613	30.56

◆Non-consolidated Results from April 1 to September 30, 2012

() year on year

(1)New card members acquired	:	1,620,000	(Up 31.7%)
(2)New cards issued	:	1,220,000	(Up 31.1%)
(3)Total No. of card members	:	24,730,000	(Net decrease from end of the previous period 20,000)
(4)Active card members	:	13,140,000	(Net increase from end of the previous period 150,000)
(5)Active ratio	:	53.1%	(Increase from end of the previous period 0.6%)
(6)Shopping transactions Volume	:	¥1,726.7 billion	(Up 3.8%)
(7)Shopping revolving credit balance	:	¥261.4 billion	(Down 0.3%)
(8)Card advance transaction volume	:	¥129.9 billion	(Down 5.2%)
(9) Card cash advance balance	:	¥257.2 billion	(Down 9.5%)
(10) Operating revenue	:	¥101.8 billion	(Down 3.5%)
(11)Ordinary income	:	¥21.8 billion	(Up 7.9%)
(12)Net income	:	¥13.2 billion	(Down 3.0%)