

Credit Saison (8253) Announces Financial Results for Q1 2014

operating revenue of ¥62.8 billion (1.1% year-on-year increase)
and quarterly net income of ¥10.6 billion (30.6% year-on-year increase) thanks to
positive results of Credit Services Business and expansion of Finance Business.

In the Credit Services Business, the customer base was expanded by issuing 600 thousand new issued cards, increase 150 thousand active card members from the end of the previous fiscal year. In terms of shopping, although there was a slight downturn as a repercussion of the surge in demand before the increase in consumption tax, there was steady growth for card usage in service fields such as communications and travel, as well as super shopping centers which handle daily goods. As a result, transaction volume was ¥975.5 billion, up 6.8% year-on-year. Furthermore, bonus payments and revolving payments were promoted through a campaign to encourage card usage in collaboration with partner retailers. For card cashing, the Company continued measures to promote card usage including the provision of information on benefits at the time of becoming a card member and the granting of appropriate credit limits for existing customers. As a result, there was an increase in number of users and balance per account, and transaction volume was ¥73.6 billion, up 6.3% year-on-year. Moreover, the balance impacted by revision of the Moneylending Control Act has increased steadily from the end of February. Accordingly, operating revenue was ¥47.5 billion, up 1.6% year-on-year, and operating income was ¥4.8 billion, up 3.8% year-on-year.

In the Lease Business, there was growth in transactions through major partner retailers in OA devices and communication devices. There was also growth in sales by small- and mid-size corporations to private business owners. As a result, operating revenue increased by 1.1% year-on-year.

In the Finance Business, the Company worked to build close relationships with partners in our credit guarantee business which is conducted with 369 partner regional financial institutions throughout Japan. As a result, guarantee balance was ¥234.8 billion, up 2.1% from the end of the previous fiscal year, and operating revenue grew by double-digits to ¥3.5 billion, up 16.3% year-on-year. On the other hand, for Flat 35, long-term fixed-rate housing loans, although total transactions for the market are decreasing due to the hike in consumption tax, our success in steadily increasing market share. Furthermore, for the Saison Asset Formation Loans, through administrative cooperation with prominent partners, the Company continued from the previous fiscal year to incorporate purchasing needs for investment condominiums, thus generating a significant increase in both transaction volume and balance. As a result, operating income was ¥5.1 billion, up 11.7% year-on-year, and the Company is steadily expanding its business base as a non-bank financial business.

Overseas, the Company sought to expand its business fields, focusing on accelerated business growth in the rapidly developing ASEAN countries. The Company established a representative office in Jakarta, Indonesia in April, and established a local subsidiary in Singapore in May.

In addition to prior investment to create a foundation for future growth, the Company has granted appropriate credit limits and conducted prudent risk management, thus reducing loan-loss expenses by 5.4% year-on-year. Consequently, operating revenue was ¥62.8 billion, up 1.1% year-on-year; ordinary income was ¥14.0 billion, up 6.5% year-on-year; and quarterly net income was ¥10.6 billion, up 30.6% year-on-year.

A summary of performance for each segment during Q1 fiscal 2014 is as follows.

1. Sales Summary

(1) Credit Services Business

The Credit Services Business strived to increase card usage and attract new customers toward the goal of expanding customer base. As a result, operating revenue recorded ¥47.5 billion, up 1.6% year-on-year, and operating income rose to ¥4.8 billion, up 3.8% year-on-year.

- 1) For shopping, the Credit Services Business conducted campaigns to increase usage in collaboration with partner retailers, and promoted card settlement with continued usage such as public utilities fees and communication fees. This resulted in steady growth. The number of active card members increased to 14.35 million members, increased 150 thousand active card members from the end of the previous fiscal year, transaction volume was increased ¥975.5 billion, up 6.8% year-on-year, and revolving balance was ¥275.1 billion, up 2.7% from the end of the previous fiscal year.
- 2) For cashing, an increase in balance per account and number of users resulted steady recovery. Transaction volume was ¥73.6 billion, up 6.3% year-on-year, and balance was ¥245.5 billion, up 0.2% from the end of the previous fiscal year.
- 3) There were 600 thousand newly issued cards, with a focus on collaboration cards with partner retailers and premium cards which are expected to yield high activity and high sales.
- 4) The Credit Services Business increased the convenience of the point website Eikyufumetsu.com. As a result, the number of online customers increased to 10.28 million customers, up 320 thousand customers from the end of the previous fiscal year.
- 5) Loan-loss expenses were reduced to ¥4.3 billion, down 5.4% year-on-year.

(2) Lease Business

Enhanced sales ability resulted in operating revenue of ¥3.5 billion, up 1.1% year-on-year, and operating income of ¥1.7 billion, up 17.0% year-on-year.

- 1) The Lease Business conducted detailed sales activities based on the characteristics of each distributor and expanded the range of products handled to include kitchen equipment in addition to OA devices and communication devices. As a result, the business posted a new record for transaction volume at ¥270.4 billion, up 3.9% year-on-year.

(3) Finance Business

Strengthened cooperation with partners and diversification of products resulted in operating revenue of ¥5.1 billion, up 11.7% year-on-year, and operating income of ¥2.8 billion, up 23.8% year-on-year.

- 1) In the credit guarantee business, close cooperation with partner financial institutions in both sales and management resulted in steady growth. The guarantee balance was ¥234.8 billion, up 2.1% from the end of the previous fiscal year.
- 2) For Flat 35, long-term fixed-rate housing loans, expanded transaction share resulted in increased loan balance(balane after transfer of receivables to the Japan Housing Finance Afency) of ¥228.0 billion, up 4.3% from the end of the previous fiscal year.
- 3) For the Saison Asset Formation Loans which were released from January 2013, strengthened cooperation with prominent partners resulted in strong growth. New lending was ¥8.3 billion, up 47.1% year-on-year, and loan balance was ¥40.0 billion, up 299.2% year-on-year).

(4) Real Estate Related Business

Thanks to active sales efforts and a recovery in the real-estate market, Atrium Co., Ltd., a consolidated subsidiary, is advancing steadily. Furthermore, the Real Estate Related Business is working to achieve early asset reduction for development projects in the land readjustment business.

2. Overview of Ordinary Income and Net Income

In addition to prior investment to realize future growth, the Company has reduced loan-loss expenses to ¥4.3 billion, down 5.4% year-on-year. Furthermore, financing costs have decreased due to reform of the funding environment. Consequently, **operating revenue was ¥62.8 billion, up 1.1% year-on-year and ordinary income was ¥14.0 billion, up 6.5% year-on-year. This resulted in quarterly net income of ¥10.6 billion, up 30.6% year-on-year.**

Regarding the business forecast for the 2014 fiscal year, there are no changes to the forecast announced on May 14th for operating revenue of ¥253.0 billion, ordinary income of ¥40.0 billion, and net income of ¥23.0 billion.

(End)

References

◆Non-consolidated results for Q1, FY 2014

(1)New card members acquired	770,000	(down 15.0% YOY)
(2)New cards issued	600,000	(down 8.8% YOY)
(3)Total No. of card members	24,770,000	(net increase of 20,000 members from end of previous fiscal year)
(4)Active card members	14,350,000	(net increase of 150,000 members from end of previous fiscal year)
(5)Active ratio	58.0%	(up 0.6% from end of previous fiscal year)
(6)Shopping transactions Volume	¥975.5 billion	(up 6.8% YOY)
(7)Shopping revolving credit balance	¥275.1 billion	(up 2.7% from end of previous fiscal year)
(8)Card advance transaction volume	¥70.7 billion	(up 5.8% YOY)
(9)Card cash advance balance	¥219.8 billion	(up 0.5% from end of previous fiscal year)
(10)Operating revenue	¥52.2 billion	(up 3.4% YOY)
(11)Ordinary income	¥11.5 billion	(up 18.5% YOY)
(12)Quarterly net income	¥7.8 billion	(up 42.4% YOY)