

ORIX CORP
Form 6-K
January 26, 2017
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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 January 2017

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 whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes No

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1. <u>ORIX's Third Quarter Consolidated Financial Results (April 1, 2016 – December 31, 2016) filed with the Tokyo Stock Exchange on Thursday January 26, 2017.</u>	

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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: January 26, 2017

By /s/ Kazuo Kojima
Kazuo Kojima
Director
Deputy President & CFO
ORIX Corporation

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Consolidated Financial Results

April 1, 2016 December 31, 2016

January 26, 2017

In preparing its consolidated financial information, ORIX Corporation (the Company) and its subsidiaries have complied with generally accepted accounting principles in the United States of America.

These documents may contain forward-looking statements about expected future events and financial results that involve risks and uncertainties. Such statements are based on our 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 annual report on Form 20-F filed with the United States 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.

For further information please contact:

Investor Relations

ORIX Corporation

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JAPAN

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(U.S. GAAP Financial Information for ORIX Corporation and its Subsidiaries)

Corporate Name: ORIX Corporation
Listed Exchanges: Tokyo Stock Exchange (Securities No. 8591)
New York Stock Exchange (Trading Symbol : IX)
Head Office: Tokyo JAPAN
Tel: +81-3-3435-3121
(URL <http://www.orix.co.jp/grp/en/ir/index.html>)

1. Performance Highlights as of and for the Nine Months Ended December 31, 2016**(1) Performance Highlights - Operating Results (Unaudited)**

(millions of yen)*1

	Total Revenues	Year-on-Year Change	Operating Income	Year-on-Year Change	Income before Taxes		Net Income Attributable to ORIX Corporation	
					Income	Year-on-Year Change	Shareholders	Year-on-Year Change
December 31, 2016	1,925,769	7.2%	247,567	(2.0%)	334,096	(0.2%)	217,118	0.8%
December 31, 2015	1,797,080	14.3%	252,616	21.5%	334,672	20.3%	215,364	16.2%

Comprehensive Income Attributable to ORIX Corporation Shareholders was ¥185,536 million for the nine months ended December 31, 2016 (year-on-year change was a 4.6% decrease) and ¥194,568 million for the nine months ended December 31, 2015 (year-on-year change was an 11.4% decrease).

	Basic Earnings Per Share	Diluted Earnings Per Share
December 31, 2016	165.89	165.74
December 31, 2015	164.52	164.35

***Note 1:** Unless otherwise stated, all amounts shown herein are in millions of Japanese yen, except for Per Share and dividend amounts which are in single yen.

(2) Performance Highlights - Financial Position (Unaudited)

	Total Assets	Total Equity	Shareholders Equity	Shareholders Equity Ratio
December 31, 2016	11,142,540	2,577,308	2,437,009	21.9%
March 31, 2016	10,992,918	2,472,819	2,310,431	21.0%

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***Note 2:** Shareholders Equity refers to Total ORIX Corporation Shareholders Equity.
Shareholders Equity Ratio is the ratio of Total ORIX Corporation Shareholders Equity to Total Assets.

2. Dividends (Unaudited)

	First Quarter-end	Second Quarter-end	Third Quarter-end	Year-end	Total
March 31, 2016		22.00		23.75	45.75
March 31, 2017		23.00			
March 31, 2017 (Est.)				28.00	51.00

3. Targets for the Year Ending March 31, 2017 (Unaudited)

In order to facilitate a better understanding on our medium- and long- term growth projection for our shareholders and potential investors, we disclose our medium-term management target in this document. For details, refer to 1. Summary of Consolidated Financial Results (3) Medium-Term Management Targets on page 9.

4. Other Information

(1) Changes in Significant Consolidated Subsidiaries

Addition - None () Exclusion - None () Yes () No (x)

(2) Adoption of Simplified Accounting Method

Yes () No (x)

(3) Changes in Accounting Principles, Procedures and Disclosures

1. Changes due to adoptions of new accounting standards Yes () No (x)
2. Other than those above Yes () No (x)

(4) Number of Issued Shares (Ordinary Shares)

1. The number of issued shares, including treasury stock, was 1,324,089,828 as of December 31, 2016, and 1,324,058,828 as of March 31, 2016.
2. The number of treasury shares was 14,540,861 as of December 31, 2016, and 12,848,591 as of March 31, 2016.
3. The average number of outstanding shares was 1,308,792,220 for the nine months ended December 31, 2016, and 1,309,022,417 for the nine months ended December 31, 2015.

The Company's shares held through the Board Incentive Plan Trust (2,489,951 shares as of December 31, 2016 and 1,696,217 shares as of March 31, 2016) are not included in the number of treasury stock shares as of the end of the periods, but are included in the average number of shares outstanding as treasury stock shares that are deducted from the basis of the calculation of per share data.

Table of Contents**1. Summary of Consolidated Financial Results****(1) Analysis of Financial Highlights****Financial Results for the Nine Months Ended December 31, 2016**

		Nine months ended December 31, 2015	Nine months ended December 31, 2016	Change	Year on Year Change
Total Revenues	(millions of yen)	1,797,080	1,925,769	128,689	7%
Total Expenses	(millions of yen)	1,544,464	1,678,202	133,738	9%
Income before Income Taxes	(millions of yen)	334,672	334,096	(576)	(0)%
Net Income Attributable to ORIX Corporation Shareholders	(millions of yen)	215,364	217,118	1,754	1%
Earnings Per Share (Basic)	(yen)	164.52	165.89	1.37	1%
(Diluted)	(yen)	164.35	165.74	1.39	1%
ROE (Annualized) *1	(%)	13.0	12.2	(0.8)	
ROA (Annualized) *2	(%)	2.55	2.62	0.07	

*Note 1: ROE is the ratio of Net Income Attributable to ORIX Corporation Shareholders for the period to average ORIX Corporation Shareholders Equity.

*Note 2: ROA is calculated based on Net Income Attributable to ORIX Corporation Shareholders.

*Note 3: Prior-year amounts have been adjusted for the retrospective application of Accounting Standards Update 2015-03 (Simplifying the Presentation of Debt Issuance Costs -ASC 835-30 (Interest-Imputation of Interest)) on April 1, 2016.

Economic Environment

The economy of the United States has been expanding moderately and interest rates and stock prices increased after the presidential election last November based on expectations for economic policies under the new administration. While the economy of Europe remains mostly flat, the Chinese economy is still in a correction phase and the economies of emerging and resource-rich countries have bottomed out. Against the backdrop of monetary easing measures in several countries, interest rates remain low worldwide. In addition, political and geopolitical tensions in certain regions continue to require careful monitoring.

Despite weakness in part, the Japanese economy is showing signs of recovery overall.

Overview of Business Performance (April 1, 2016 to December 31, 2016)

Total revenues for the nine months ended December 31, 2016 (hereinafter, the third consolidated period) increased 7% to ¥1,925,769 million compared to ¥1,797,080 million during the same period of the previous fiscal year. Operating leases revenues increased due to an increase in gains on sales of real estate under operating leases. Life insurance premiums and related investment income increased mainly due to increases in insurance premiums and investment income in ORIX Life Insurance Corporation (hereinafter, ORIX Life Insurance), and an improvement in investment income from assets under variable annuity and variable life insurance contracts originally held by Hartford Life Insurance K.K. (hereinafter, HLIKK) compared to the same period of the previous fiscal year during which the investment income decreased with deterioration of market environment. HLIKK was merged into ORIX Life Insurance on July 1, 2015. In addition, sales of goods and real estate increased due primarily to revenues generated by subsidiaries in the principal investment business. On the other hand, services income decreased due to the partial divestment of Houlihan Lokey Inc. (hereinafter, HL) shares in connection with its initial public offering in the United States and its becoming an equity method affiliate during the three months ended September 30, 2015.

Total expenses increased 9% to ¥1,678,202 million compared to ¥1,544,464 million during the same period of the previous fiscal year. Life insurance costs increased due to a provision of liability reserve in ORIX Life Insurance in line with the increase in new insurance contracts in addition to a provision of liability reserve in line with the aforementioned improvement in investment income from assets under variable annuity and variable life insurance contracts. Costs of goods and real estate sold increased in line with the aforementioned revenue increase. On the other hand, selling, general and administrative expenses decreased compared to the same period of the previous fiscal year in line with HL becoming

an equity method affiliate in the previous fiscal year as mentioned above.

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Gains on sales of subsidiaries and affiliates and liquidation losses, net remained at flat level compared to the same period of the previous fiscal year due to a significant gain on sales of subsidiaries and affiliates recorded during the third consolidated period, while there was a gain from the aforementioned partial divestment of HL in the previous fiscal year.

As a result of the foregoing, income before income taxes for the third consolidated period remained flat at ¥334,096 million compared to the same period of the previous fiscal year, and net income attributable to ORIX Corporation shareholders increased 1% to ¥217,118 million compared to ¥215,364 million during the same period of the previous fiscal year.

Segment Information

Total segment profits for the third consolidated period increased 2% to ¥329,115 million compared to ¥323,414 million during the same period of the previous fiscal year. While segment profits decreased in Corporate Financial Services, Maintenance Leasing and Overseas Business segments, segment profits increased significantly in the Investment and Operation segment and secondarily in the Real Estate and Retail segments.

Segment information for the third consolidated period is as follows:

Corporate Financial Services Segment: Lending, leasing and fee business

	Nine months ended December 31, 2015 (millions of yen)	Nine months ended December 31, 2016 (millions of yen)	Change	
			Amount (millions of yen)	Percent (%)
Segment Revenues	81,475	75,546	(5,929)	(7)
Segment Profits	33,841	26,314	(7,527)	(22)

	As of March 31, 2016 (millions of yen)	As of December 31, 2016 (millions of yen)	Change	
			Amount (millions of yen)	Percent (%)
Segment Assets	1,049,867	1,038,857	(11,010)	(1)

The Japanese economy on the whole is expected to recover despite some areas of weakness. While interest rates overall increased along with the United States economy, the balance of outstanding loans at financial institutions continues to increase and interest rates on loans remain at low levels.

Segment revenues decreased 7% to ¥75,546 million compared to ¥81,475 million during the same period of the previous fiscal year due to a decrease in gains on investment securities, and a decrease in finance revenues in line with the decreased average investment balance, despite an increase in services income resulting primarily from revenue generated by Yayoi Co., Ltd. and stable fee business to domestic small- and medium-sized enterprise customers.

Segment expenses increased due primarily to an increase in selling, general and administrative expenses compared to the same period of the previous fiscal year. As a result, segment profits decreased 22% to ¥26,314 million compared to ¥33,841 million during the same period of the previous fiscal year.

Segment assets decreased 1% to ¥1,038,857 million compared to the end of the previous fiscal year due primarily to a decrease in installment loans.

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Maintenance Leasing Segment: Automobile leasing and rentals, car sharing, and test and measurement instruments and IT-related equipment rentals and leasing

	Nine months ended December 31, 2015 (millions of yen)	Nine months ended December 31, 2016 (millions of yen)	Change	
			Amount (millions of yen)	Percent (%)
Segment Revenues	204,743	202,657	(2,086)	(1)
Segment Profits	33,691	28,642	(5,049)	(15)

	As of March 31, 2016 (millions of yen)	As of December 31, 2016 (millions of yen)	Change	
			Amount (millions of yen)	Percent (%)
Segment Assets	731,329	731,492	163	0

While demand in corporate capital investment is gradually increasing, concerns about uncertainty in the domestic and overseas economic outlook interfere with new investment. The volume of new auto leases in Japan increased slightly compared to the previous fiscal year.

Segment revenues decreased 1% to ¥202,657 million from ¥204,743 million during the same period of the previous fiscal year due to lower gains on sales in operating leases revenues.

Segment expenses increased due primarily to increases in costs of operating leases in line with increased average investment asset balance in the auto-business and selling, general and administrative expenses. Segment profits decreased 15% to ¥28,642 million compared to ¥33,691 million during the same period of the previous fiscal year.

Segment assets remained flat at ¥731,492 million compared to the end of the previous fiscal year due primarily to an increase in leasing assets as a result of new auto-leases in the auto-business offsetting a decrease in leasing assets in line with the securitization.

Real Estate Segment: Real estate development and rental, facility operation, REIT asset management, and real estate investment advisory services

	Nine months ended December 31, 2015 (millions of yen)	Nine months ended December 31, 2016 (millions of yen)	Change	
			Amount (millions of yen)	Percent (%)
Segment Revenues	154,691	153,243	(1,448)	(1)
Segment Profits	44,374	49,721	5,347	12

Change

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	As of March 31, 2016 (millions of yen)	As of December 31, 2016 (millions of yen)	Amount (millions of yen)	Percent (%)
Segment Assets	739,592	680,231	(59,361)	(8)

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The real estate market has remained active due primarily to the quantitative easing policies implemented by the Bank of Japan, including the introduction of low interest rates. Land prices remain high and vacancy rates in the Japanese office building market continue to show improvements especially in the Greater Tokyo Area. Furthermore, we are seeing increases in the occupancy rates and average daily rates of hotels and Japanese inns. Meanwhile, we are also seeing a trend where by sales prices of condominiums are no longer raising.

Segment revenues decreased 1% to ¥153,243 million compared to ¥154,691 million during the same period of the previous fiscal year due primarily to a decrease in financial revenues compared to the same period of the previous fiscal year during which the sale of large scale rental properties was recognized in finance revenues and also due to a decrease in sales of real estate, despite an increase in gains on sales of rental properties, which are included in operating leases revenues.

Segment expenses decreased compared to the same period of the previous fiscal year due primarily to decreases in costs of operating leases in line with a decrease in assets and the costs of sales of real estate as well as recognition of write-downs of long-lived assets of large scale rental properties during the same period of the previous fiscal year.

As a result of the foregoing, segment profits increased 12% to ¥49,721 million compared to ¥44,374 million during the same period of the previous fiscal year.

Segment assets decreased 8% to ¥680,231 million compared to the end of the previous fiscal year due primarily to a decrease in investment in operating leases, which resulted from sales of rental properties.

Investment and Operation Segment: Environment and energy business, principal investment, loan servicing (asset recovery), and concession business

	Nine months	Nine months	Change	
	ended December 31, 2015 (millions of yen)	ended December 31, 2016 (millions of yen)	Amount (millions of yen)	Percent (%)
Segment Revenues	751,084	870,404	119,320	16
Segment Profits	46,672	68,783	22,111	47

	As of	As of	Change	
	March 31, 2016 (millions of yen)	December 31, 2016 (millions of yen)	Amount (millions of yen)	Percent (%)
Segment Assets	704,156	697,591	(6,565)	(1)