

Overview First-Half Results for FY2020

November 5, 2020

Mizuho Leasing Co., Ltd.

MIZUHO

Summary of Second-Quarter Results for FY2020

- Amid the harsh business environment impacted by the spread of COVID-19, gross profit before write-offs and funding costs largely remained flat, supported by sales activity that captured customers' needs.
- Each income indicator progressed steadily against full-year forecasts.
 - Other income was pushed up by equity in earnings of associated companies, while gain on sales of investment securities was posted as extraordinary income.

(¥bn)	FY18 1H	FY19 1H	FY20 1H	Change	% Change	FY20 Forecast*	% Progress
Revenues	179.8	254.9	228.7	-26.2	-10%	500.0	46%
Gross profit before write-offs and funding costs	25.0	28.9	28.4	-0.5	-2%	-	-
Operating income	11.1	12.6	11.2	-1.4	-11%	20.8	54%
Ordinary income	13.0	12.9	14.6	+1.7	+13%	23.6	62%
Net income attributable to owners of the parent	8.6	8.9	13.0	+4.1	+47%	18.0	72%

*Announced on May 14, 2020

Overview of Financial Results

(¥bn)	FY18 1H	FY19 1H	FY20 1H	Change	% Change	
Revenues	179.8	254.9	228.7	-26.2	-10%	Decreased due to concentrated sale of properties upon completion of real estate-related bridge scheme projects in the same period of the previous fiscal year
Gross profit before write-offs and funding costs	25.0	28.9	28.4	-0.5	-2%	Remained mostly flat as lease revenue increased but was offset by drop in fee income, etc.
Funding costs	(4.1)	(5.0)	(4.2)	-0.8	-16%	Funding costs decreased due to lower funding cost on foreign currency
Gross Profit	20.9	24.0	24.2	+0.2	+1%	
Credit costs	-0.4	-0.5	0.6	+1.1	-	Small amount of allowance appropriated; credit costs remained low
Operating income	11.1	12.6	11.2	-1.4	-11%	
Other income	2.4	0.8	4.4	+3.6	-	Equity in earnings of associated companies increased
Ordinary Income	13.0	12.9	14.6	+1.7	+13%	
Net income attributable to owners of the parent	8.6	8.9	13.0	+4.1	+47%	Gain on sales of investment securities was posted as extraordinary income
Gross profit margin before write-offs and funding costs	2.79%	2.86%	2.60%	-0.26pt	-	Gross profit margin before write-offs and funding costs fell due to a decrease in fee income, etc. and a significant increase in operating assets as of the end of the second quarter

(Note) Gross profit margin before write-offs and funding costs = Gross profit before write-offs and funding costs (annualized basis) / Operating assets (average of the beginning and ending balances)

(¥bn)	End of Mar 2019	End of Mar 2020	End of Sep 2020	Change	% Change
Operating assets	2,021.4	2,090.3	2,276.2	+185.9	+9%
Net assets	182.2	195.8	203.2	+7.4	+4%
Equity ratio	8.0%	7.9%	7.6%	-0.3pt	-

Business Performance Overview

(¥bn)	FY18 1H	FY19 1H	FY20 1H	Change	% Change
Contract execution volume	795.0	624.2	685.0	+60.8	+10%
Leasing and installment sales	269.9	324.2	345.1	+20.9	+6%
Financing	522.6	300.0	339.9	+39.9	+13%
Others	2.6	-	-	-	-

- Contract execution volume increased 10% y-o-y.
 - Leasing sales increased, driven by information and communications and real estate, more than offsetting declines in other equipment types caused by COVID-19.
 - Financing was driven by an increase in commercial distribution finance.

(¥bn)	End of Mar 2019	End of Mar 2020	End of Sep 2020	Change	% Change
Operating assets	2,021.4	2,090.3	2,276.2	+185.9	+9%
Leasing and installment sales	1,306.1	1,467.4	1,589.3	+121.9	+8%
Financing	709.0	622.9	686.8	+63.9	+10%
Others	6.3	-	-	-	-

- Operating assets for leasing and installment sales as well as for financing increased from the end of the previous fiscal year.

Contract Execution Volume / Leasing and Installment Sales

Contract execution volume by equipment type

(¥bn)	FY18 1H	FY19 1H	FY20 1H	Change	% Change	
Industrial and factory	60.6	87.3	61.7	-25.6	-29%	Executed large projects in the same period of the previous fiscal year
Information and communications	45.0	65.2	117.5	+52.3	+80%	Significantly increased by capturing capital investment and funding needs of telecommunications carriers and internet operators
Transport	28.7	38.5	20.0	-18.5	-48%	Curbed efforts for aircraft operating leases
Construction	19.5	17.8	15.2	-2.6	-15%	
Medical	7.7	10.4	5.2	-5.2	-50%	Curbed efforts in China
Commerce and Services	19.8	14.6	13.1	-1.5	-11%	
Office equipment	4.1	5.1	2.3	-2.8	-56%	
Other	84.6	85.2	110.1	+24.9	+29%	
Real estate	73.3	69.0	88.8	+19.8	+29%	Bridge scheme projects continued to account for a large portion
Total	269.9	324.2	345.1	+20.9	+6%	

Contract Execution Volume / Financing

Contract execution volume

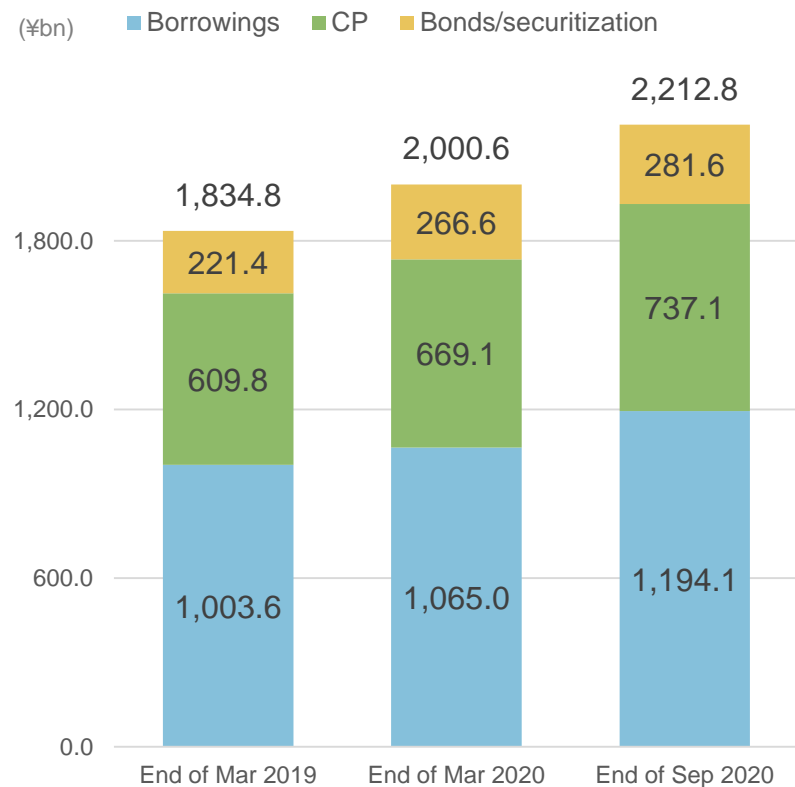
(¥bn)	FY18 1H	FY19 1H	FY20 1H	Change	% Change
Commercial Distribution Finance / Loan, etc.	446.3	254.9	303.2	+48.3	+19%
Aircraft	6.4	8.0	3.0	-5.0	-63%
Real Estate	60.0	26.2	26.8	+0.6	+2%
Vessel	9.8	10.9	6.9	-4.0	-37%
Total	522.6	300.0	339.9	+39.9	+13%

Short-term commercial distribution finance increased

Funding

- Upper limit on the amount of CP issuance was raised from ¥700.0 billion to ¥800.0 billion in order to expand flexible means of raising funds.
- Funding costs and funding costs ratio both decreased due to lower foreign currency funding interest rates.

Interest-bearing debt



Funding costs (ratio)

(¥bn)	FY18 1H	FY19 1H	FY20 1H
Funding costs	4.1	5.0	4.2
Funding costs ratio	0.46%	0.49%	0.38%

Note) Funding costs ratio = Funding costs (annualized basis) / Operating assets (average of the beginning and ending balances)

External ratings

Rating agency	Rating	
R&I	Long-term	A
	Short-term	a-1
JCR	Long-term	A+
	Short-term	-

Earnings Forecasts and Dividends

- Each income indicator progressed steadily against full-year forecasts.
 - Going forward, we will continue to closely watch the impact of COVID-19 as it remains uncertain.
- Interim dividend of ¥40/share paid out as forecast at beginning of fiscal year; annual dividend of ¥84/share planned.

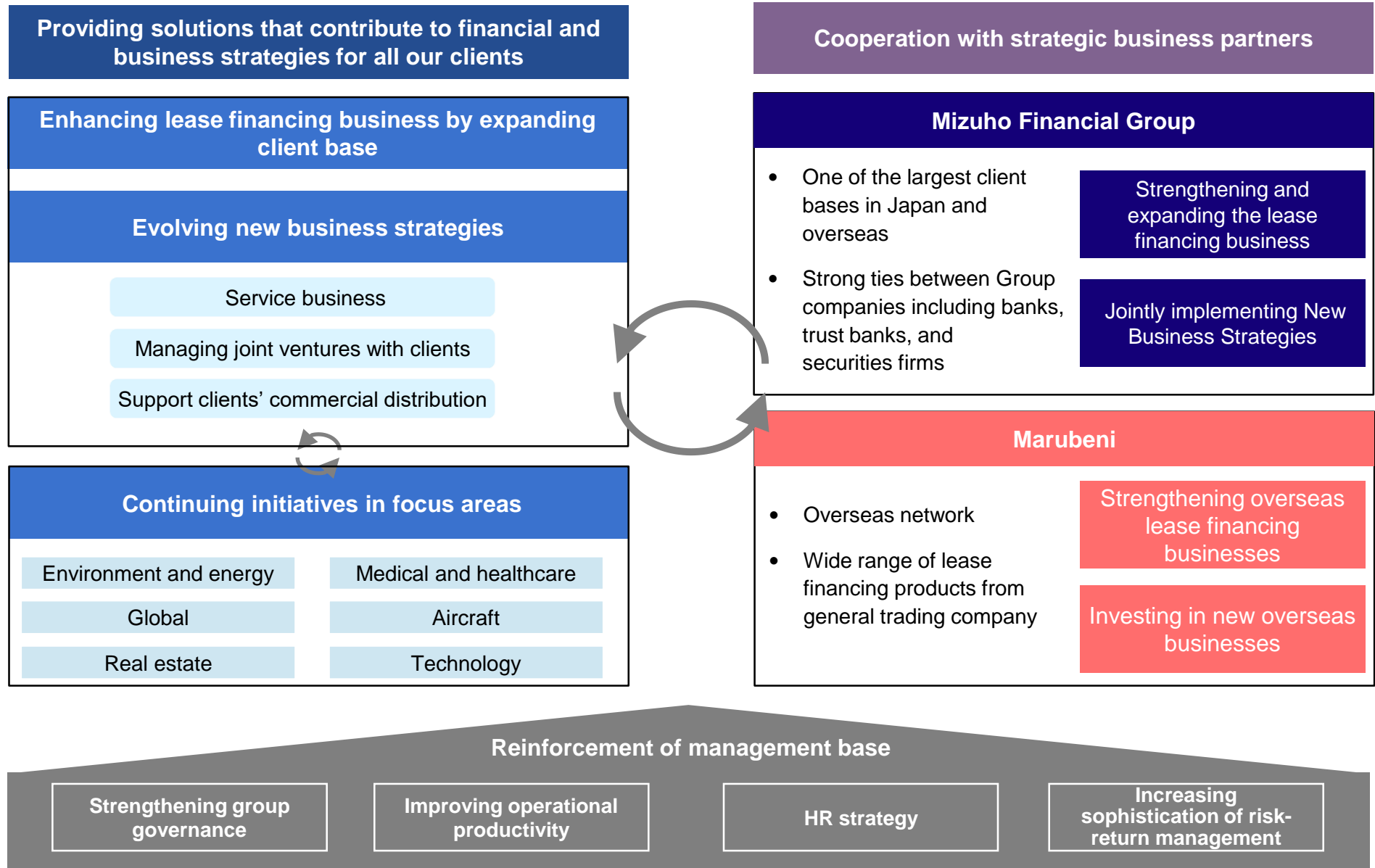
(¥bn)	FY2019 (Results) (A)	FY2020 (Forecast) (B)	FY2020		Change (B)-(A)	% Change (B)/(A)
			1H results	% Progress		
Revenues	539.2	500.0	228.7	46%	-39.2	-7%
Operating income	26.3	20.8	11.2	54%	-5.5	-21%
Ordinary Income	26.7	23.6	14.6	62%	-3.1	-12%
Net income attributable to owners of the parent	17.5	18.0	13.0	72%	+0.5	+3%

			Change
Annual dividend	¥82*	¥84	+¥2
Interim dividend	¥40*	(Result) ¥40	± ¥0
Year-end dividend	¥42	(Forecast) ¥44	+¥2
Dividend payout ratio	22.7%	22.6%	-0.1pt

* Includes a commemorative dividend of ¥2 for the 50th anniversary of establishment

Supplementary Materials for Financial Results

Overview of Sixth Mid-term Management Plan (FY 2019-2023)



Consolidated Targets for the Final Fiscal Year of Sixth Mid-term Management Plan (FY 2019-2023)

Net income attributable to owners of the parent

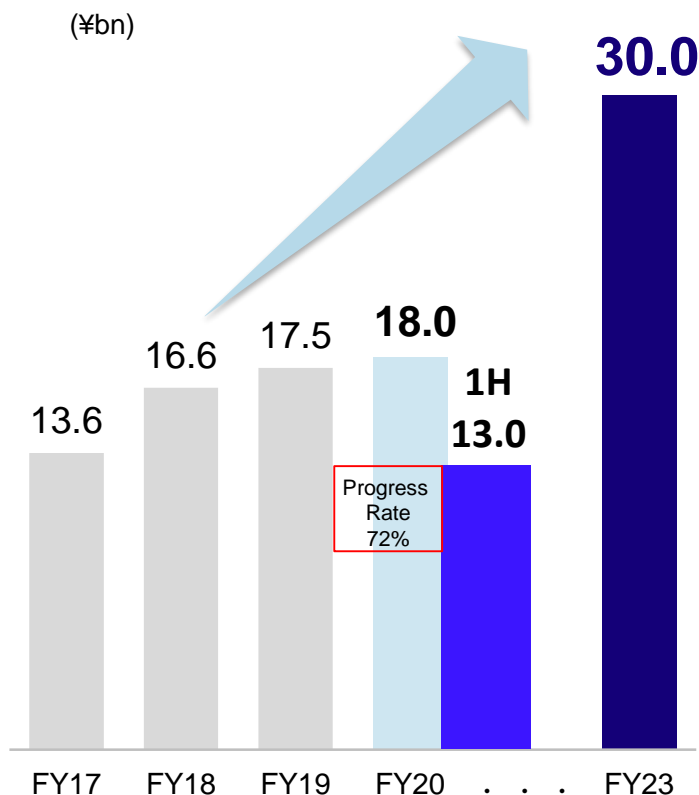
¥30 billion

Balance in the global area

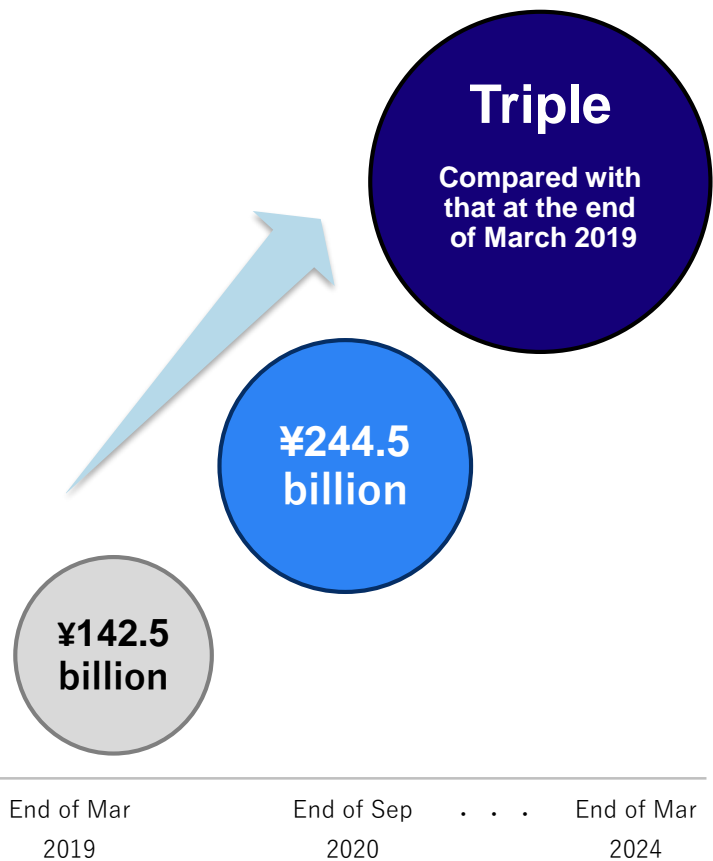
Triple
compared with that at the end of March 2019

Dividend payout ratio

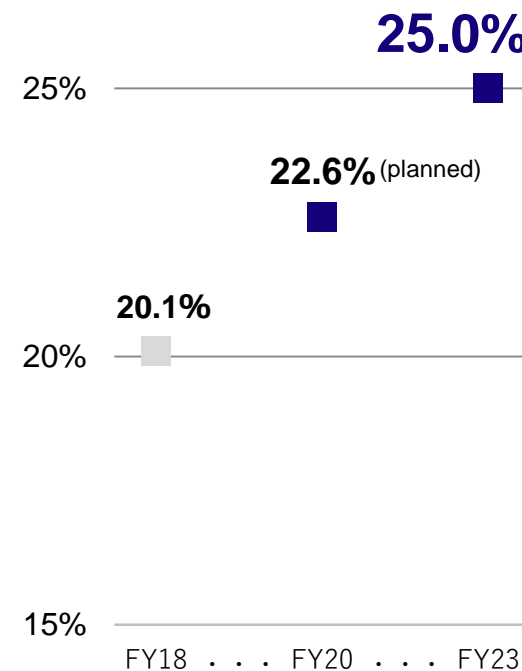
Aim for **25%** or more



FY20 1H results ¥13.0 billion
(Full-year forecast ¥18.0 billion)



Balance as of end of Sep 2020
¥244.5 billion



FY20 dividend payout ratio
22.6% (planned)

Inquiries

Mizuho Leasing Company, Limited
Corporate Planning Department
Corporate Communication Division
Tel: +81-3-5253-6540
Fax: +81-3-5253-6539

This document contains forecasts and other forward-looking statements that are based on information available at the time of preparation of this document and subject to certain risks and uncertainties, and is not intended to guarantee that the company would achieve them. Actual business results may differ materially from those expressed or implied by such forward-looking statements due to various factors.

MIZUHO