

Overview First-Quarter Results for FY2020

August 6, 2020

Mizuho Leasing Co., Ltd.

MIZUHO

Summary of First-Quarter Results for FY2020

- Although the business environment in the first quarter was harsh impacted by the spread of COVID-19, each category of income recorded better results y-o-y by flexibly capturing customers' needs.
- Each income indicator progressed steadily against full-year forecasts.
 - Gain on sales of investment securities was posted as extraordinary income.

(¥bn)	FY18 1Q	FY19 1Q	FY20 1Q	Change	% Change	FY20 Forecast*	% Progress
Revenues	85.4	143.2	115.4	-27.8	-19%	500.0	23%
Gross profit before write-offs and funding costs	12.4	14.5	14.6	+0.1	+1%	-	-
Operating income	5.5	5.5	5.9	+0.4	+7%	20.8	28%
Ordinary income	6.5	5.8	6.5	+0.7	+11%	23.6	28%
Net income attributable to owners of the parent	4.2	4.1	7.4	+3.3	+80%	18.0	41%

*Announced on May 14, 2020

Overview of Financial Results

(¥bn)	FY18 1Q	FY19 1Q	FY20 1Q	Change	% Change	
Revenues	85.4	143.2	115.4	-27.8	-19%	Sale of properties upon completion of real estate-related bridge scheme projects decreased.
Gross profit before write-offs and funding costs	12.4	14.5	14.6	+0.1	+1%	Gross profit before write-offs and funding costs increased y-o-y despite the impact of COVID-19.
Funding costs	(2.0)	(2.6)	(2.2)	-0.4	-15%	Funding costs decreased due to lower funding cost on foreign currency.
Gross Profit	10.4	11.9	12.4	+0.5	+4%	
Credit costs	-0.5	0.2	0.3	+0.1	+6%	Credit costs remained low.
Operating income	5.5	5.5	5.9	+0.4	+7%	
Other income	1.1	0.5	0.9	+0.4	+87%	
Ordinary Income	6.5	5.8	6.5	+0.7	+11%	Gain on sales of investment securities was posted as extraordinary income.
Net income attributable to owners of the parent	4.2	4.1	7.4	+3.3	+80%	
Gross profit margin before write-offs and funding costs	2.83%	2.87%	2.75%	-0.12pt	-	Gross profit margin before write-offs and funding costs fell due to a decrease in fee income.

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 Jun 2020	Change	% Change
Operating assets	2,021.4	2,090.3	2,163.0	+72.7	+3%
Net assets	182.2	195.8	197.3	+1.5	+1%
Equity ratio	8.0%	7.9%	7.6%	-0.3pt	-

Business Performance Overview

(¥bn)	FY18 1Q	FY19 1Q	FY20 1Q	Change	% Change
Contract execution volume	398.1	337.2	320.2	-17.0	-5%
Leasing and installment sales	123.9	182.3	165.7	-16.6	-9%
Financing	274.2	154.9	154.5	-0.4	-0%
Others	-	-	-	-	-

- Contract execution volume decreased 5% y-o-y.
 - Execution volume generally decreased due to the impact of COVID-19, but leasing sales for information and communications increased.

(¥bn)	End of Mar 2019	End of Mar 2020	End of Jun 2020	Change	% Change
Operating assets	2,021.4	2,090.3	2,163.0	+72.7	+3%
Leasing and installment sales	1,306.1	1,467.4	1,507.4	+40.0	+3%
Financing	709.0	622.9	655.6	+32.7	+5%
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 1Q	FY19 1Q	FY20 1Q	Change	% Change	
Industrial and factory	32.4	61.1	28.3	-32.8	-54%	Executed large projects in the same period of the previous fiscal year
Information and communications	14.8	25.1	68.0	+42.9	+171%	Significantly increased by capturing IT system investment and capital investment needs of telecommunications carriers
Transport	13.7	23.4	10.4	-13.0	-56%	Curbed efforts for aircraft operating leases
Construction	9.0	7.9	6.1	-1.8	-22%	
Medical	4.8	5.4	2.7	-2.7	-49%	Focused on domestic efforts
Commerce and Services	11.6	7.2	5.8	-1.4	-20%	
Office equipment	1.8	2.2	1.0	-1.2	-54%	
Other	35.7	50.0	43.4	-6.6	-13%	
Real estate	30.1	44.1	33.2	-10.9	-25%	Bridge scheme projects continued to account for a large portion.
Total	123.9	182.3	165.7	-16.6	-9%	

Contract Execution Volume / Financing

Contract execution volume

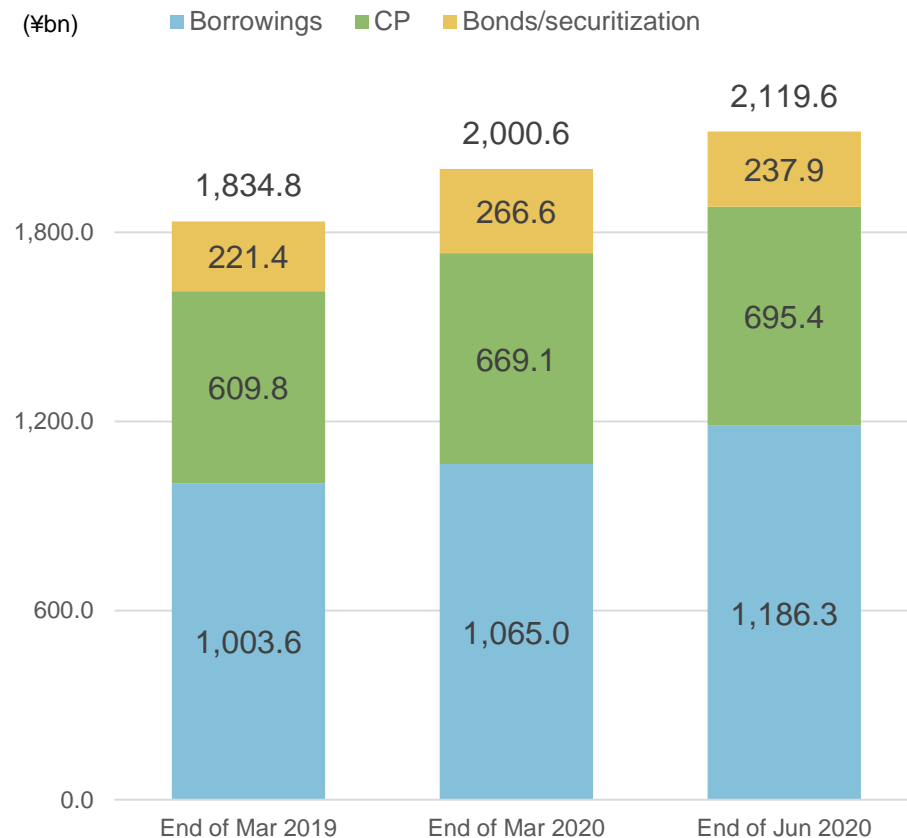
(¥bn)	FY18 1Q	FY19 1Q	FY20 1Q	Change	% Change
Commercial Distribution Finance / Loan, etc.	204.9	142.3	131.2	-11.1	-8%
Aircraft	6.4	1.1	0.3	-0.8	-72%
Real Estate	56.1	8.8	17.6	+8.8	+101%
Vessel	6.7	2.8	5.3	+2.5	+93%
Total	274.2	154.9	154.5	-0.4	-0%

Increased due to financing for logistics facilities

Funding

- Interest-bearing debt increased due to an increase in operating assets.
- Funding costs and funding costs ratio both decreased due to lower foreign currency funding interest rates.

Interest-bearing debt



Funding costs (ratio)

(¥bn)	FY18 1Q	FY19 1Q	FY20 1Q
Funding costs	2.0	2.6	2.2
Funding costs ratio	0.46%	0.51%	0.41%

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 category of income for the first quarter steadily progressed against full-year forecasts.
 - Going forward, we will continue to closely watch the impact of the global spread of COVID-19.
- Plan to raise annual dividend by ¥2 y-o-y to ¥ 84/share, unchanged from the forecast made at the beginning of this fiscal year.

(¥bn)	FY2019 (Results) (A)	FY2020 (Forecast) (B)	FY2020		Change (B)-(A)	% Change (B)/(A)
			1Q results	% Progress		
Revenues	539.2	500.0	115.4	23%	-39.2	-7%
Operating income	26.3	20.8	5.9	28%	-5.5	-21%
Ordinary income	26.7	23.6	6.5	28%	-3.1	-12%
Net income attributable to owners of the parent	17.5	18.0	7.4	41%	+0.5	+3%
Annual dividend	¥82*	¥84			+¥2	
Interim dividend	¥40*	¥40			± ¥0	
Year-end dividend	¥42	¥44			+¥2	
Dividend payout ratio	22.7%	22.6%			-0.1pt	

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

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