

# Overview Results for FY2020

May 12, 2021

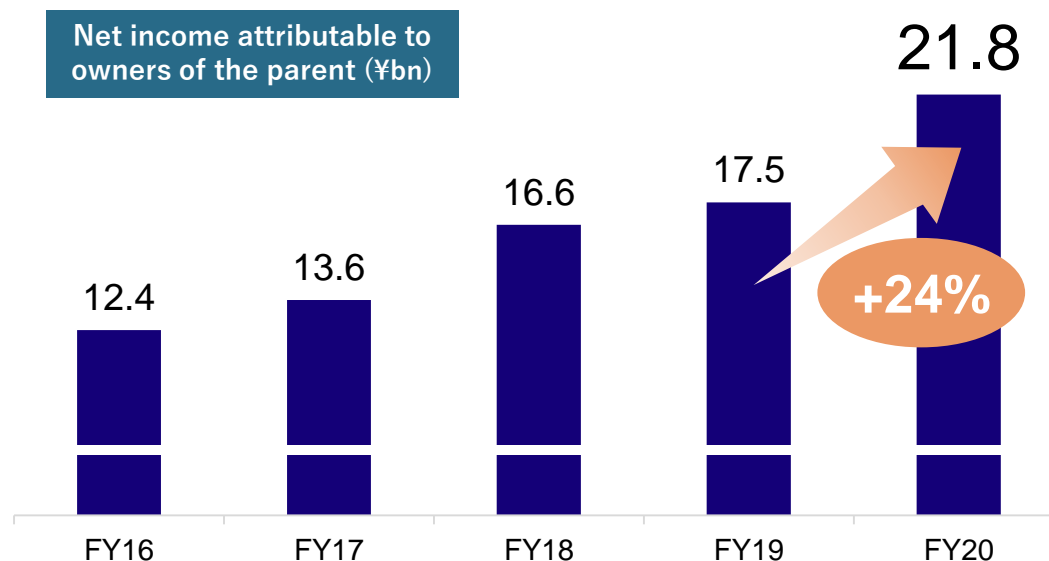
Mizuho Leasing Co., Ltd.

**MIZUHO**

# Summary of Results for FY2020

Net income attributable to owners of the parent amounted to **¥21.8bn**, hitting a record high for the 8th straight year.

**Upwardly-revised forecasts were exceeded for each income indicator.**



FY2020 forecast and results (¥bn)

	FY20 Results (A)	Full-year forecast (B)	(C)	% achievement (A)/(B)
Revenues	497.9	500.0	(500.0)	100%
Operating income	<b>26.0</b>	<b>23.5</b>	(20.8)	<b>110%</b>
Ordinary income	<b>27.5</b>	<b>25.5</b>	(23.6)	<b>108%</b>
Net income attributable to owners of the parent	<b>21.8</b>	<b>20.0</b>	(18.0)	<b>109%</b>

<sup>(B)</sup> Upwardly-revised on February 9, 2021

<sup>(C)</sup> Announced on May 14, 2020

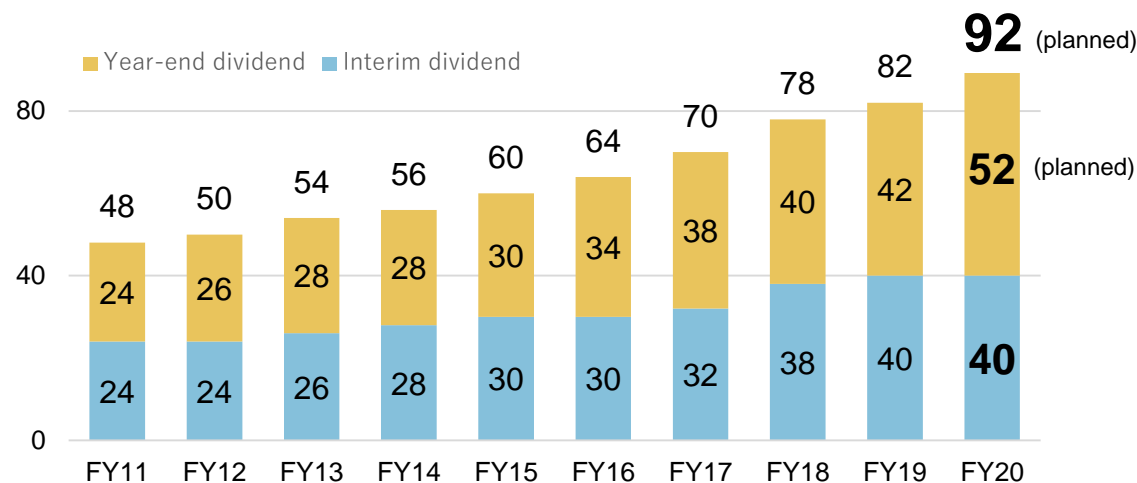
# Summary of Results for FY2020

Annual dividend will be **¥92**  
(**¥10** increase y-o-y)

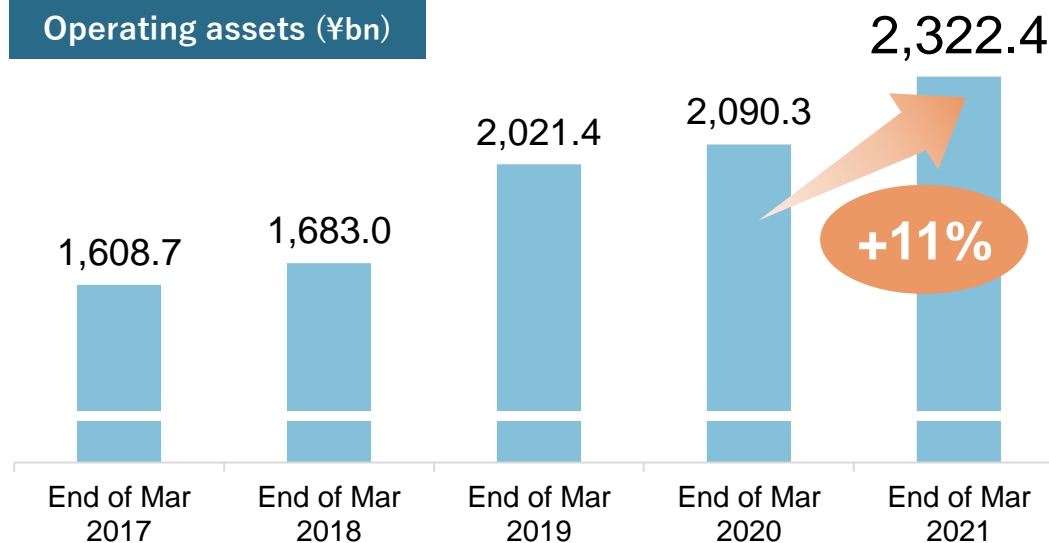
Plan to **raise annual dividend**  
**for the 19th straight year**

Operating assets  
**increased ¥232.1bn** from the  
**end of the previous fiscal year**  
to **¥2,322.4bn**

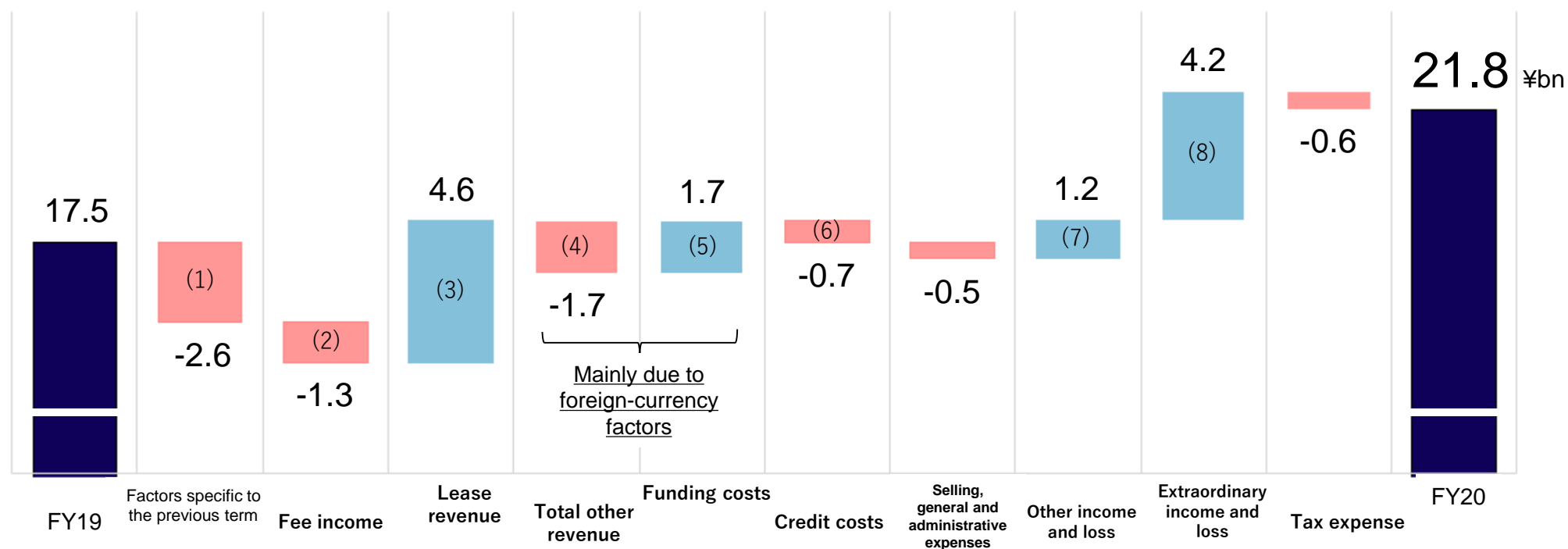
Long-term dividend trend (¥)



Operating assets (¥bn)



# Factors behind change in net income attributable to owners of the parent



<b>(A) Factors specific to the previous term</b>	Revenue decreased in connection with sale of operational investment securities in FY19 (decreases in gain on sales and dividend income)
<b>(B) Fee income</b>	Fee income from sales of JOLCO decreased due to the impact of COVID-19
<b>(C) Lease revenue</b>	Lease revenue was driven by an increase in lease revenue due to accumulation of operating assets
<b>(D) Total other revenue</b>	Total other revenue decreased due to a drop in foreign-currency interest rates
<b>(E) Funding costs</b>	Funding costs decreased mainly due to lower funding cost on foreign currency
<b>(F) Credit costs</b>	A small amount of provision for allowance for credit costs was recorded following a reversal in the previous fiscal year
<b>(G) Other income and loss</b>	Equity in earnings of RICOH LEASING COMPANY, LTD. and other associated companies increased
<b>(H) Extraordinary income and loss</b>	A main factor was gain on sales of investment securities posted as extraordinary income.

# Overview of Financial Results

(¥bn)	FY18	FY19	FY20	Change	% Change
<b>Revenues</b>	384.9	539.2	497.9	-41.3	-8%
<b>Gross profit before write-offs and funding costs</b>	52.6	60.3	59.3	-1.0	-2%
Funding costs	8.5	9.7	8.0	-1.7	-18%
<b>Gross profit</b>	<b>44.1</b>	<b>50.5</b>	<b>51.3</b>	<b>+0.8</b>	<b>+2%</b>
Credit costs	-0.2	-0.3	0.4	+0.7	-
<b>Operating income</b>	22.9	26.3	26.0	-0.3	-1%
Other income	2.4	1.5	3.5	+2.0	+134%
<b>Ordinary income</b>	24.2	26.7	27.5	+0.8	+3%
<b>Net income attributable to owners of the parent</b>	16.6	17.5	21.8	+4.3	+24%
<b>Gross profit margin before write-offs and funding costs</b>	2.84%	2.93%	2.69%	-0.24pt	-

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

(¥bn)	End of Mar 2019	End of Mar 2020	End of Mar 2021	Change	% Change
<b>Operating assets</b>	<b>2,021.4</b>	<b>2,090.3</b>	<b>2,322.4</b>	<b>+232.1</b>	<b>+11%</b>
Net assets	182.2	195.8	210.9	+15.1	+8%
Equity ratio	8.0%	7.9%	7.7%	-0.2pt	-

Proceeds from sales of properties upon completion of real estate-related bridge scheme projects decreased

**Gross profit steadily increased y-o-y despite the harsh operating environment**

Gross profit margin before write-offs and funding costs fell due mainly to decreases in fee income and gain on sales of operational investment securities.

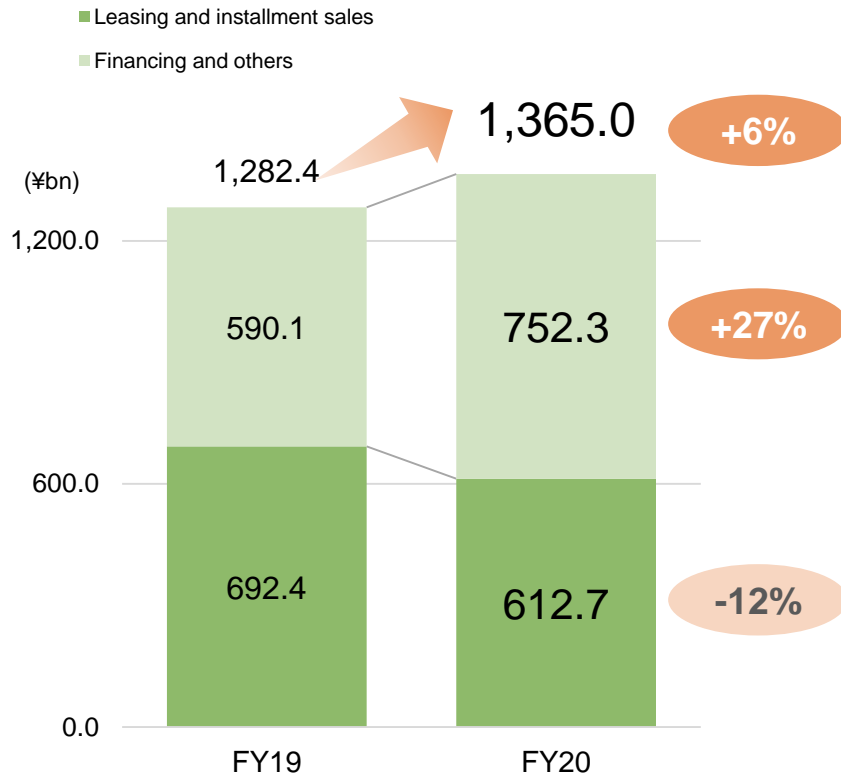
**Balances, especially of lease assets, increased**

# Business Performance Overview

## Contract execution volume

### Contract execution volume increased 6% y-o-y.

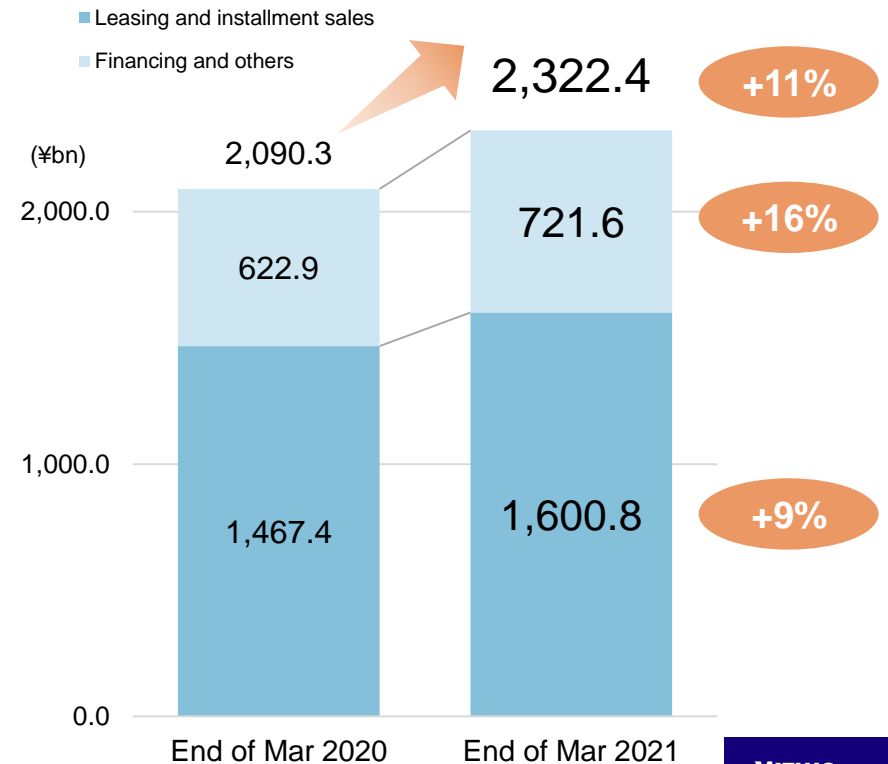
- Leasing and installment sales generally decreased due to the impact of COVID-19, but the sales of information and communications equipment increased by capturing large projects.
- Financing was driven by an increase in real-estate and short-term commercial distribution finance.



## Operating assets

### Operating assets increased 11% from the end of the previous fiscal year.

- Mizuho Group synergies led to steady expansion in our business base.
- Increases in real-estate leases, finance, and information and communications equipment contributed



# Contract Execution Volume / Leasing and Installment Sales

## Contract execution volume by equipment type

(¥bn)	FY18	FY19	FY20	Change	% Change	
<b>Information and communications</b>	<b>93.4</b>	<b>152.9</b>	<b>176.1</b>	<b>+23.2</b>	<b>+15%</b>	Captured capital investment needs mainly of telecommunications carriers
<b>Real estate</b>	126.8	180.6	154.3	-26.3	-15%	Bridge scheme projects for logistics facilities accounted for a large portion
<b>Industrial and factory</b>	114.1	145.0	130.8	-14.2	-10%	
Transport	71.3	76.2	37.2	-39.0	-51%	Mainly due to curbed efforts for aircraft operating leases and fewer transactions with bus/transportation companies
Construction	44.7	40.1	33.6	-6.5	-16%	
Commerce and services	38.2	30.1	22.1	-8.0	-26%	
Medical	20.3	15.6	11.2	-4.4	-28%	Curbed efforts in China
Other	40.6	51.8	47.4	-4.4	-9%	
<b>Total</b>	<b>549.4</b>	<b>692.4</b>	<b>612.7</b>	<b>-79.7</b>	<b>-12%</b>	

# Contract Execution Volume / Financing

## Contract execution volume

(¥bn)	FY18	FY19	FY20	Change	% Change
<b>Commercial distribution finance / loan, etc.</b>	856.3	492.3	627.0	+134.7	+27%
<b>Real estate</b>	<b>97.0</b>	<b>57.8</b>	<b>105.2</b>	<b>+47.4</b>	<b>+82%</b>
Vessel	20.6	20.0	17.0	-3.0	-15%
Aircraft	22.8	20.0	3.0	-17.0	-85%
<b>Total</b>	<b>996.7</b>	<b>590.1</b>	<b>752.3</b>	<b>+162.2</b>	<b>+27%</b>

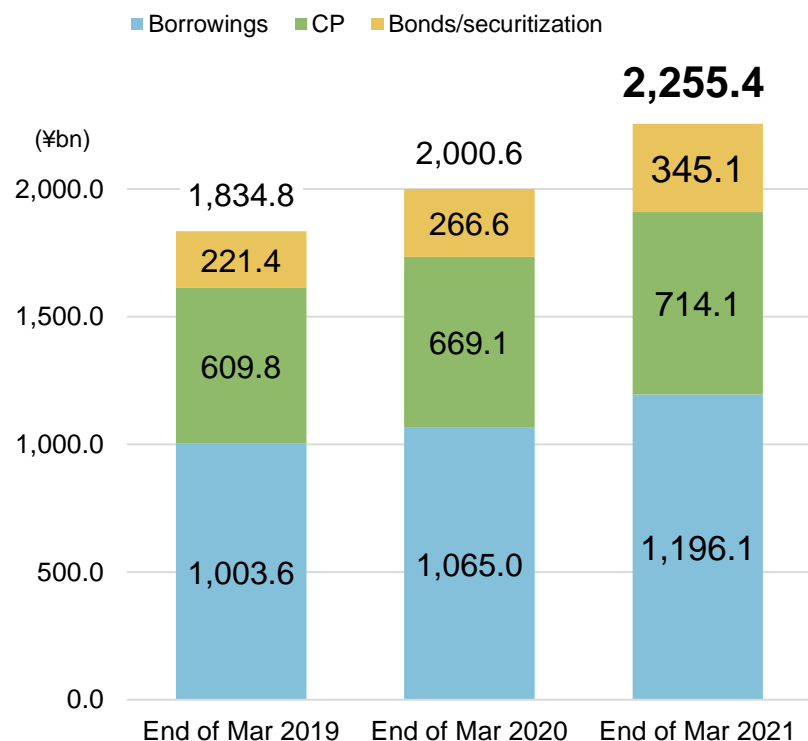
Mizuho Group synergies led to increase in mezzanine loans and bridge schemes for logistics facilities.



# Funding

- Actively utilized direct funding such as issuance of bonds and CPs to ensure the stability of funding and control costs.
- Funding costs and funding costs ratio both decreased mainly due to lower foreign currency funding interest rates.

## Interest-bearing debt



## Funding costs (ratio)

(¥bn)	FY18	FY19	FY20
<b>Funding costs</b>	8.5	9.7	8.0
<b>Funding costs ratio</b>	0.46%	0.47%	0.36%

Note) Funding costs ratio = Funding costs / 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

## Earnings Forecasts for FY2021

- Although the economic environment is expected to begin a gradual recovery, attention will still need to be paid to the impact of COVID-19 during FY2021 as there remains a great deal of uncertainty caused, for example, by the emergence of new variants and issues with vaccine rollouts. We expect certain sectors to be affected by curtailment of capital expenditure and a rise in credit costs.
- Despite the unclear outlook, we will aim for **¥23.0 billion in net income attributable to owners of the parent** by focusing to an even greater degree on successfully executing the Sixth Mid-term Management Plan.

(¥bn)	FY2019 (Results)	FY2020 (Results) (A)	FY2021 (Forecast) (B)	Change (B)-(A)	% Change (B)/(A)
Revenues	539.2	497.9	<b>550.0</b>	<b>+52.1</b>	<b>+10%</b>
Operating income	26.3	26.0	<b>30.0</b>	<b>+4.0</b>	<b>+16%</b>
Ordinary income	26.7	27.5	<b>33.0</b>	<b>+5.5</b>	<b>+20%</b>
Net income attributable to owners of the parent	17.5	21.8	<b>23.0</b>	<b>+1.2</b>	<b>+6%</b>

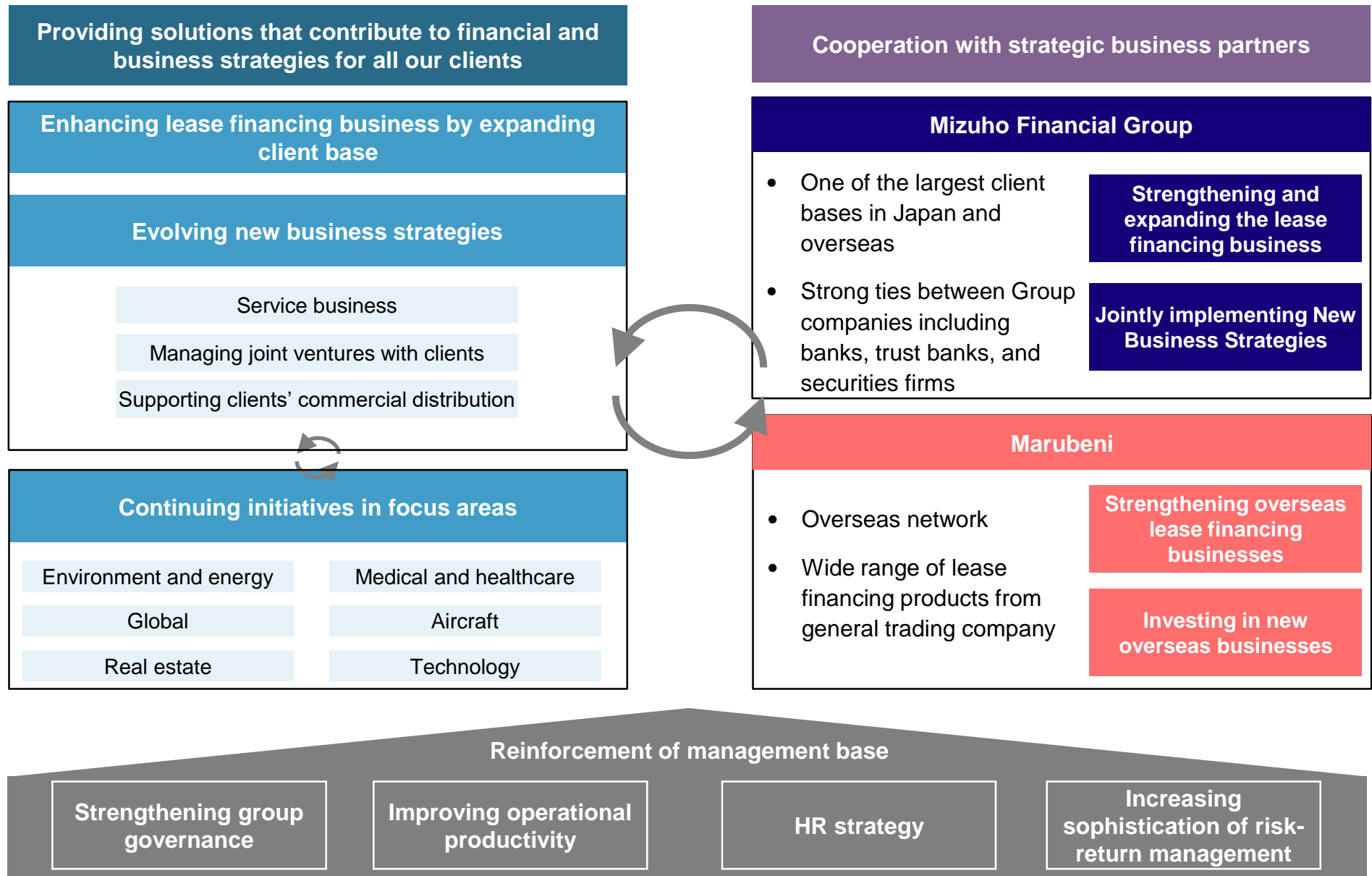
## Dividends

- Plan for a year-end dividend of ¥52/share for FY2020, which is ¥8 higher than the ¥44 initially forecast.
- Based on FY2021 earnings forecasts, **plan to raise annual dividend for the 20th straight year to ¥110/share in FY2021**, in consideration of balance between shareholder returns such as dividend payout ratio and accumulation of capital.

	FY2019 (Results)	FY2020 (Results) (A)	FY2021 (Forecast) (B)	Change (B)-(A)
Annual dividend	* ¥82	(planned) ¥92	<b>¥110</b>	<b>+¥18</b>
Interim dividend	* ¥40	¥40	<b>¥55</b>	<b>+¥15</b>
Year-end dividend	¥42	(planned) ¥52	<b>¥55</b>	<b>+¥3</b>
*Includes commemorative dividend of ¥2				
Dividend payout ratio	22.7%	20.4%	<b>23.1%</b>	<b>+2.7pt</b>

# 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

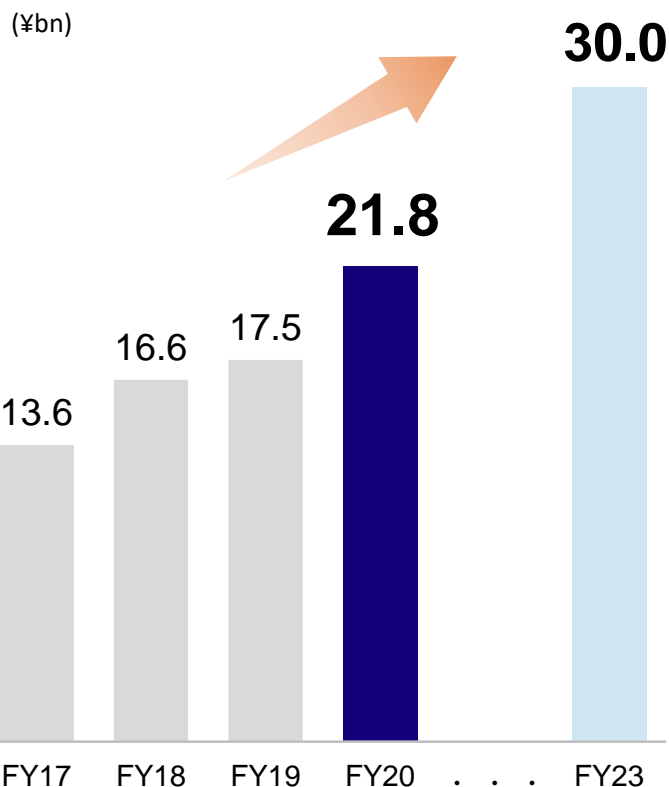
**¥30.0 billion**

Balance in the global area

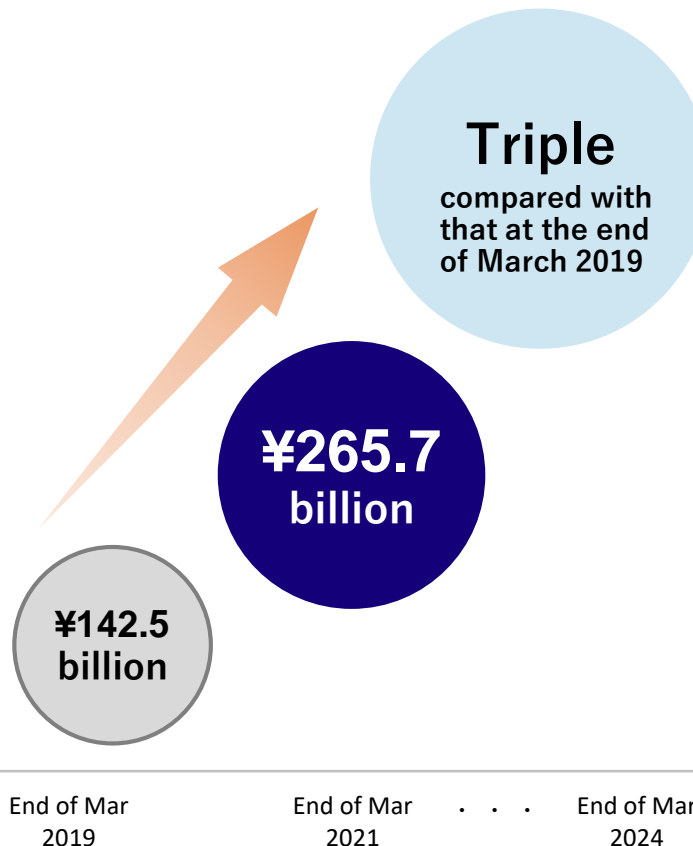
**Triple**  
compared with that at the end of March 2019

Dividend payout ratio

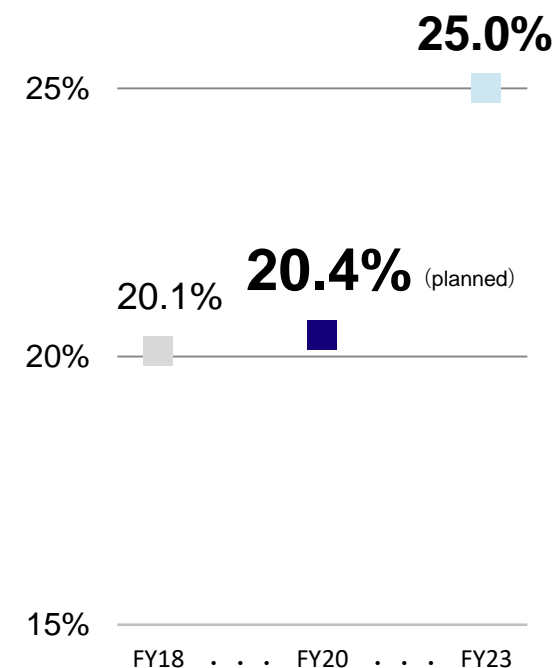
Aim for **25% or more**



**FY20 results ¥21.8 billion**



**Balance as of end of Mar 2021  
¥265.7 billion**



**FY20 dividend payout ratio  
20.4% (planned)**

# Connect needs to create the future

## Inquiries

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**MIZUHO**