

Overview Third-Quarter Results for FY2020

February 9, 2021

Mizuho Leasing Co., Ltd.

MIZUHO

The Mizuho logo consists of the word "MIZUHO" in a bold, white, sans-serif font, positioned above a thin, white, curved line that resembles a stylized wave or a bridge.

Summary of Third-Quarter Results for FY2020

- Amid the harsh business environment, gross profit before write-offs and funding costs increased y-o-y, as a result of accumulating operating assets by accurately capturing customers' needs.
- In addition, posted net income attributable to owners of the parent of ¥18.0 billion, exceeding the full-year results in the previous fiscal year (¥17.5 billion), as credit costs remained low, other income was pushed up by equity in earnings of associated companies, and gain on sales of investment securities was posted as extraordinary income.

(¥bn)	FY18 3Q	FY19 3Q	FY20 3Q	Change	% Change
Revenues	266.6	380.5	350.1	-30.4	-8%
Gross profit before write-offs and funding costs	38.4	42.6	43.0	+0.4	+1%
[Credit costs]	[-1.1]	[-0.6]	[0.7]	[+1.3]	-
Operating income	18.0	17.9	17.8	-0.1	-1%
Ordinary income	19.5	18.2	21.9	+3.7	+20%
Net income attributable to owners of the parent	13.1	12.5	18.0	+5.5	+44%

Revision of Earnings Forecasts

- Formulated the initial plan anticipating the impact of factors including capital investment plans being postponed and rising credit costs due to the deterioration of the economy in some industries resulting from the impact of COVID-19.
- In addition to the steady accumulation of operating assets, factors including low credit cost levels have contributed to current robust earnings. Revised full-year forecasts upward as follows upon also verifying the impact of the COVID-19 pandemic and other matters.

(¥bn)	FY2020 3Q results	FY2020 forecast initially announced (A)	% Progress in 3Q
Revenues	350.1	500.0	70%
Operating income	17.8	20.8	86%
Ordinary income	21.9	23.6	93%
Net income attributable to owners of the parent	18.0	18.0	100%
Annual dividend		¥84	
Interim dividend		(Result) ¥40	
Year-end dividend		¥44	
Dividend payout ratio		22.6%	

*(A) Announced on May 14, 2020

FY2020 forecast after upward revision (B)	Change (B)-(A)	% Progress in 3Q	FY2019 results
500.0	-	70%	539.2
23.5	+2.7	76%	26.3
25.5	+1.9	86%	26.7
20.0	+2.0	90%	17.5
¥84	-		*¥82
(Result) ¥40	-		*¥40
¥44	-		¥42
20.3%	-		22.7%

* Includes a commemorative dividend of ¥2

*(B) Announced on February 9, 2021

Overview of Financial Results

(¥bn)	FY18 3Q	FY19 3Q	FY20 3Q	Change	% Change	
Revenues	266.6	380.5	350.1	-30.4	-8%	Proceeds from sales of properties upon completion of real estate-related bridge scheme projects decreased
Gross profit before write-offs and funding costs	38.4	42.6	43.0	+0.4	+1%	Lease revenue increased supported by the steady accumulation of operating assets amid the harsh business environment
Funding costs	6.2	7.3	6.1	-1.2	-17%	Funding costs decreased due to lower funding cost on foreign currency
Gross profit	32.1	35.2	36.9	+1.7	+5%	
Credit costs	-1.1	-0.6	0.7	+1.3	-	Credit costs remained low despite a y-o-y increase
Operating income	18.0	17.9	17.8	-0.1	-1%	
Other income	2.2	1.1	5.7	+4.6	-	Equity in earnings of associated companies increased
Ordinary income	19.5	18.2	21.9	+3.7	+20%	
Net income attributable to owners of the parent	13.1	12.5	18.0	+5.5	+44%	Gain on sales of investment securities was posted as extraordinary income
Gross profit margin before write-offs and funding costs	2.81%	2.74%	2.60%	-0.14pt	-	Gross profit margin before write-offs and funding costs fell due mainly 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 Dec 2020	Change	% Change
Operating assets	2,021.4	2,090.3	2,312.6	+222.3	+11%
Net assets	182.2	195.8	205.5	+9.7	+5%
Equity ratio	8.0%	7.9%	7.6%	-0.3pt	-

Business Performance Overview

(¥bn)	FY18 3Q	FY19 3Q	FY20 3Q	Change	% Change
Contract execution volume	1,150.7	984.9	1,019.6	+34.7	+4%
Leasing and installment sales	389.2	518.2	477.2	-41.0	-8%
Financing	758.9	466.6	542.3	+75.7	+16%
Others	2.6	-	-	-	-

- Contract execution volume increased 4% y-o-y.
 - Leasing sales generally decreased due to the impact of COVID-19, but those mainly for information and communications increased.
 - Financing was driven by an increase in commercial distribution finance.

(¥bn)	End of Mar 2019	End of Mar 2020	End of Dec 2020	Change	% Change
Operating assets	2,021.4	2,090.3	2,312.6	+222.3	+11%
Leasing and installment sales	1,306.1	1,467.4	1,605.6	+138.2	+9%
Financing	709.0	622.9	707.0	+84.1	+14%
Others	6.3	-	-	-	-

- Operating assets increased 11% from the end of the previous fiscal year.
 - Operating assets for leasing sales were accumulated mainly in information and communications and real estate.
 - Increase in financing was driven mainly by commercial distribution finance.

Contract Execution Volume / Leasing and Installment Sales

Contract execution volume by equipment type

(¥bn)	FY18 3Q	FY19 3Q	FY20 3Q	Change	% Change	
Industrial and factory	80.6	111.0	101.5	-9.5	-9%	
Information and communications	66.0	110.7	142.0	+31.3	+28%	Captured capital investment needs mainly of telecommunications carriers
Transport	45.9	63.5	28.9	-34.6	-55%	Mainly due to curbed efforts for aircraft operating leases
Construction	31.9	28.6	26.5	-2.1	-7%	
Medical	15.9	12.6	8.3	-4.3	-34%	Curbed efforts in China
Commerce and Services	27.6	21.9	17.6	-4.3	-19%	
Office equipment	6.1	7.7	3.2	-4.5	-59%	
Other	115.1	162.2	149.3	-12.9	-8%	
Real estate	92.1	134.0	116.8	-17.2	-13%	Bridge scheme projects continued to account for a large portion
Non-real estate	23.0	28.1	32.5	+4.4	+16%	Projects to support customers' business using the sale-leaseback scheme and energy-saving projects increased
Total	389.2	518.2	477.2	-41.0	-8%	

Contract Execution Volume / Financing

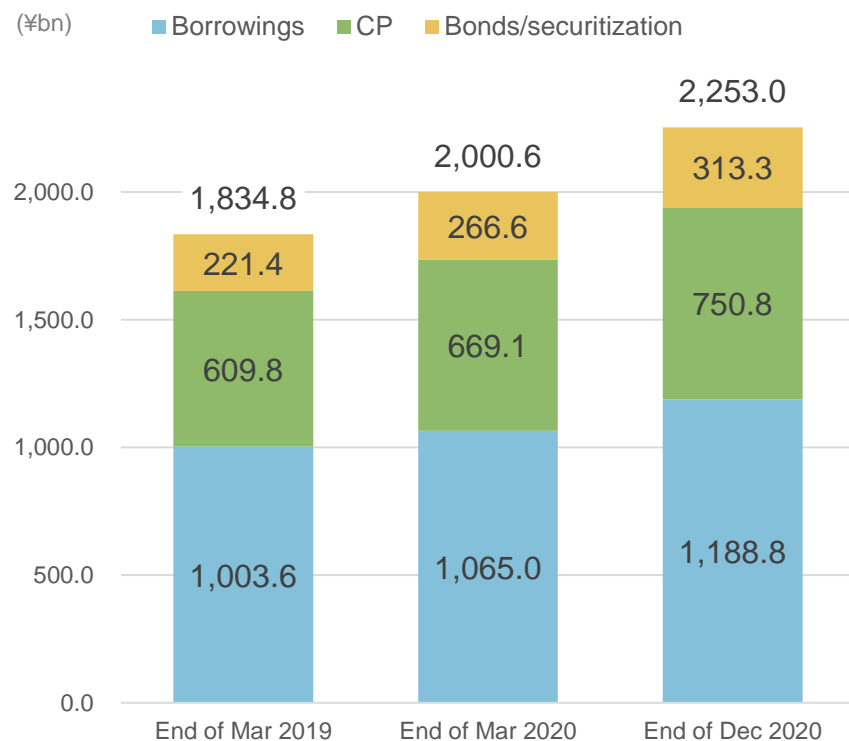
Contract execution volume

(¥bn)	FY18 3Q	FY19 3Q	FY20 3Q	Change	% Change	
Commercial Distribution Finance / Loan, etc.	646.1	389.7	473.7	+84.0	+22%	Short-term commercial distribution finance increased
Aircraft	22.8	18.0	3.0	-15.0	-83%	
Real Estate	75.3	43.1	49.8	+6.7	+16%	
Vessel	14.8	15.9	15.9	+0.0	+0%	
Total	758.9	466.6	542.3	+75.7	+16%	

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 due to lower foreign currency funding interest rates.

Interest-bearing debt



Funding costs (ratio)

(¥bn)	FY18 3Q	FY19 3Q	FY20 3Q
Funding costs	6.2	7.3	6.1
Funding costs ratio	0.46%	0.47%	0.37%

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	-

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