

Overview Third-Quarter Results for FY2019

February 7, 2020

Mizuho Leasing Co., Ltd.

MIZUHO

Summary of Third-Quarter Results for FY2019

- Recorded gross profit before write-offs and funding costs of ¥42.6 billion (an increase of ¥4.2 billion y-o-y), a record-high for third quarter on a cumulative basis.
- Each income indicator progressed firmly against full-year forecasts.

(¥bn)	FY17 3Q	FY18 3Q	FY19 3Q	Change	% Change	FY19 Forecast*	% progress
Revenues	283.3	266.6	380.5	+113.9	+43%	450.0	85%
Gross profit before write-offs and funding costs	33.2	38.4	42.6	+4.2	+11%	-	-
Operating income	14.1	18.0	17.9	-0.1	-0%	24.2	74%
Ordinary income	14.7	19.5	18.2	-1.3	-7%	25.3	72%
Net income attributable to owners of the parent	10.2	13.1	12.5	-0.6	-4%	17.0	74%

*Announced on May 14, 2019

Overview of Financial Results

(¥bn)	FY17 3Q	FY18 3Q	FY19 3Q	Change	% Change	
Revenues	283.3	266.6	380.5	+113.9	+43%	Increased due to sale of properties upon completion of real estate-related bridge scheme projects
Gross profit before write-offs and funding costs	33.2	38.4	42.6	+4.2	+11%	Increased in areas such as aircraft by promoting business strategies of the Sixth Mid-term Management Plan
Funding costs	(5.2)	(6.2)	(7.3)	+1.1	+18%	
Gross profit	28.1	32.1	35.2	+3.1	+10%	Due to higher foreign currency borrowings following an increase in foreign currency assets
Credit costs	-0.6	-1.1	-0.6	+0.5	-	
Operating income	14.1	18.0	17.9	-0.1	-0%	Reversal of allowance for credit costs continued
Other income	0.8	2.2	1.1	-1.1	-50%	
Ordinary income	14.7	19.5	18.2	-1.3	-7%	Gain on investments was posted in the same period of the previous fiscal year
Net income attributable to owners of the parent	10.2	13.1	12.5	-0.6	-4%	

Gross profit margin before write-offs and funding costs	2.74%	2.81%	2.74%	-0.07pt	-	Operating assets increased significantly at the end of 3Q
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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 2018	End of Mar 2019	End of Dec 2019	Change	% Change
Operating assets	1,683.0	2,021.4	2,121.9	+100.5	+5%
Net assets	154.6	182.2	192.3	+10.1	+6%
Equity ratio	8.2%	8.0%	8.0%	-	-

Business Performance Overview

(¥bn)	FY17 3Q	FY18 3Q	FY19 3Q	Change	% Change
Contract execution volume	988.5	1,150.7	984.9	-165.8	-14%
Leasing and installment sales	282.6	389.2	518.2	+129.0	+33%
Financing	702.4	758.9	466.6	-292.3	-39%
Others	3.5	2.6	-	-2.6	-

- For leasing and installment sales, execution volume increased in areas such as industrial and factory, information and communications, transport, and real estate.
- For financing, the primary factor is a decrease in short-term commercial distribution finance.

(¥bn)	End of Mar 2018	End of Mar 2019	End of Dec 2019	Change	% Change
Operating assets	1,683.0	2,021.4	2,121.9	+100.5	+5%
Leasing and installment sales	1,122.2	1,306.1	1,450.9	+144.8	+11%
Financing	556.9	709.0	664.9	-44.1	-6%
Others	3.9	6.3	6.1	-0.2	-4%

- Balance in leasing and installment sales increased in line with an increase in contract execution volume.
- In financing, balance of short-term commercial distribution finance decreased.

Contract Execution Volume / Leasing and Installment Sales

Contract execution volume by equipment type

(¥bn)	FY17 3Q	FY18 3Q	FY19 3Q	Change	% Change	
Industrial and factory	48.3	80.6	111.0	+30.4	+38%	Captured large projects
Information and communications	57.9	66.0	110.7	+44.7	+68%	Widely captured capital investment needs of telecommunications carriers
Transport	40.0	45.9	63.5	+17.6	+38%	Increased due to execution of aircraft operating leases
Construction	36.2	31.9	28.6	-3.3	-10%	
Medical	12.6	15.9	12.6	-3.3	-21%	
Commerce and services	22.7	27.6	21.9	-5.7	-21%	
Office equipment	7.3	6.1	7.7	+1.6	+27%	
Other	57.5	115.1	162.2	+47.1	+41%	
Real estate	28.4	92.1	134.0	+41.9	+45%	Execution of bridge scheme projects targeting logistics facilities, etc., increased
Total	282.6	389.2	518.2	+129.0	+33%	

Contract Execution Volume / Financing

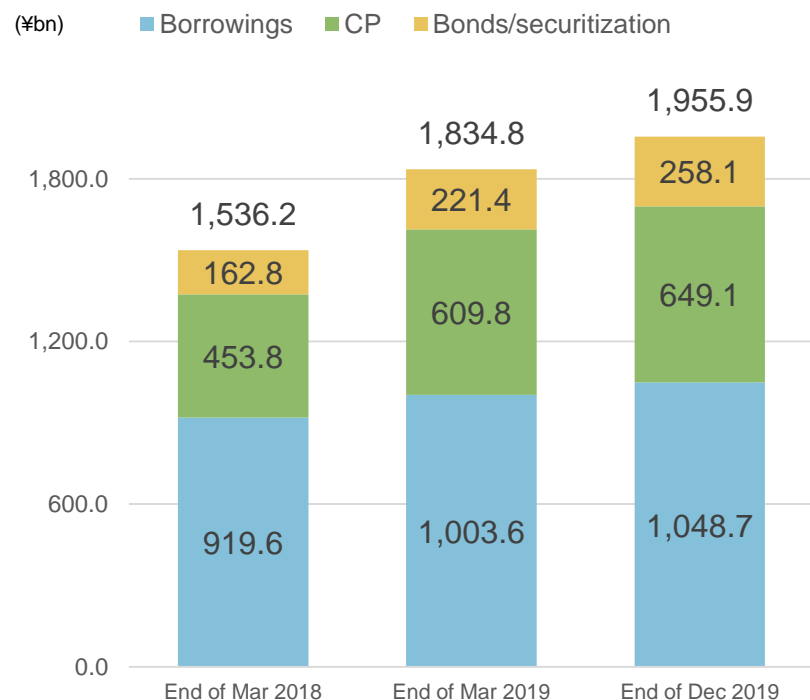
Contract execution volume

(¥bn)	FY17 3Q	FY18 3Q	FY19 3Q	Change	% Change	
Commercial Distribution Finance / Loan, etc.	648.4	646.1	389.7	-256.4	-40%	Short-term commercial distribution finance decreased
Aircraft	22.7	22.8	18.0	-4.8	-21%	
Real Estate	24.8	75.3	43.1	-32.2	-43%	Executed large-scale bridge scheme projects in the same period of the previous fiscal year
Vessel	6.5	14.8	15.9	+1.1	+7%	
Total	702.4	758.9	466.6	-292.3	-39%	

Funding

- Proactively utilized market procurement including issuing of new corporate bonds.
- The increase in funding costs is due to higher foreign currency borrowings following an increase in foreign currency assets.

Interest-bearing debt



Funding costs (ratio)

(¥bn)	FY17 3Q	FY18 3Q	FY19 3Q
Funding costs	5.2	6.2	7.3
Funding costs ratio	0.42%	0.46%	0.47%


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

- Net income attributable to owners of the parent firmly progressed against FY2019 annual plans.
- Plan to raise annual dividend for the 18th straight year; ¥4 increase y-o-y to ¥82/share.

(¥bn)	FY2018 (Results) (A)	FY2019 (Forecast) (B)	FY2019		Change (B)-(A)	% Change (B)/(A)
			3Q results	% progress		
Revenues	384.9	450.0	380.5	85%	+65.1	+17%
Operating income	22.9	24.2	17.9	74%	+1.3	+6%
Ordinary income	24.2	25.3	18.2	72%	+1.1	+4%
Net income attributable to owners of the parent	16.6	17.0	12.5	74%	+0.4	+2%
Annual dividend	¥78	¥82			+¥4	
Interim dividend (results)	¥38	+2  ¥40*			+¥2	
Year-end dividend (forecast)	¥40	¥42			+¥2	
Dividend payout ratio	20.1%	23.6%			+3.5pt	

*Paid a commemorative dividend of ¥2

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