

# Overview First-Half Results for FY2019

November 6, 2019

Mizuho Leasing Co., Ltd.

**MIZUHO**

# Summary of First-Half Results for FY2019

- Recorded gross profit before write-offs and funding costs of ¥28.9 billion and net income attributable to owners of the parent of ¥8.9 billion, a new record-high on a semiannual basis.
  - Each income indicator progressed favorably against full-year forecasts.
- Based on the recent financial results and celebrating the 50th anniversary of establishment in December 2019, pay out a commemorative dividend of ¥2 as a token of appreciation to shareholders.
  - Plan to raise annual dividend to ¥82/share, ¥4 increase y-o-y.

(¥bn)	FY17 1H	FY18 1H	FY19 1H	Change	% Change	FY19 Forecast*	% progress
<b>Revenues</b>	178.4	179.8	254.9	+75.1	+42%	450.0	57%
<b>Gross profit before write-offs and funding costs</b>	22.2	25.0	28.9	+3.9	+16%	-	-
<b>Operating income</b>	9.5	11.1	12.6	+1.5	+14%	24.2	52%
<b>Ordinary income</b>	10.0	13.0	12.9	-0.1	-0%	25.3	51%
<b>Net income attributable to owners of the parent</b>	6.7	8.6	8.9	+0.3	+3%	17.0	52%

\*Announced on May 14, 2019

# Overview of Financial Results

(¥bn)	FY17 1H	FY18 1H	FY19 1H	Change	% Change	
<b>Revenues</b>	178.4	179.8	254.9	+75.1	+42%	Increased due to sale of properties upon completion of real estate-related bridge scheme projects
<b>Gross profit before write-offs and funding costs</b>	22.2	25.0	28.9	+3.9	+16%	Gross profit before write-offs and funding costs increased significantly due to successful efforts in focus areas such as aircraft and real estate
Funding costs	3.4	4.1	5.0	+0.9	+22%	
<b>Gross profit</b>	18.8	20.9	24.0	+3.1	+15%	Primarily due to higher foreign currency borrowings following an increase in foreign currency assets
Credit costs	-0.4	-0.4	-0.5	-0.1	-	
<b>Operating income</b>	9.5	11.1	12.6	+1.5	+14%	Reversal of allowance for credit costs
Other income	0.7	2.4	0.8	-1.6	-66%	Gain on investments was posted in the same period of the previous fiscal year
<b>Ordinary income</b>	10.0	13.0	12.9	-0.1	-0%	
<b>Net income attributable to owners of the parent</b>	6.7	8.6	8.9	+0.3	+3%	
<b>Gross profit margin before write-offs and funding costs</b>	2.76%	2.79%	2.86%	+0.07pt	-	Gross profit margin before write-offs and funding costs continued to rise

Note) Gross profit margin before write-offs and funding costs = Gross profit before write-offs and funding costs (annualized basis) / Average balance of operating assets

(¥bn)	End of Mar 2018	End of Mar 2019	End of Sep 2019	Change	% Change
<b>Operating assets</b>	1,683.0	2,021.4	2,025.6	+4.2	+0%
<b>Net assets</b>	154.6	182.2	189.1	+6.9	+4%
<b>Equity ratio</b>	8.2%	8.0%	8.3%	+0.3pt	-

# Business Performance Overview

(¥bn)	FY17 1H	FY18 1H	FY19 1H	Change	% Change
<b>Contract execution volume</b>	641.6	795.0	624.2	-170.8	-21%
Leasing and installment sales	205.5	269.9	324.2	+54.3	+20%
Financing	436.1	522.6	300.0	-222.6	-43%
Others	-	2.6	-	-2.6	-

- For leasing and installment sales, execution volume increased in areas such as industrial and factory, information and communications, and transport
- 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 Sep 2019	Change	% Change
<b>Operating assets</b>	1,683.0	2,021.4	2,025.6	+4.2	+0%
Leasing and installment sales	1,122.2	1,306.1	1,378.8	+72.7	+6%
Financing	556.9	709.0	640.6	-68.4	-10%
Others	3.9	6.3	6.2	-0.1	-2%

- 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 1H	FY18 1H	FY19 1H	Change	% Change	
<b>Industrial and factory</b>	37.9	60.6	<b>87.3</b>	+26.7	+44%	Captured large projects
<b>Information and communications</b>	42.3	45.0	<b>65.2</b>	+20.2	+45%	Widely captured capital investment needs
<b>Transport</b>	26.7	28.7	<b>38.5</b>	+9.8	+34%	Growth due to execution of aircraft operating leases
<b>Construction</b>	23.0	19.5	17.8	-1.7	-8%	
<b>Medical</b>	8.3	7.7	10.4	+2.7	+35%	
<b>Commerce and services</b>	14.4	19.8	14.6	-5.2	-26%	
<b>Office equipment</b>	4.8	4.1	5.1	+1.0	+26%	
<b>Other</b>	48.3	84.6	85.2	+0.6	+1%	
Real estate	25.2	73.3	<b>69.0</b>	-4.3	-6%	Decreased overall due to large-scale real estate leasing projects in the same period of the previous fiscal year, despite an increase in execution of bridge scheme projects
<b>Total</b>	205.5	269.9	<b>324.2</b>	+54.3	+20%	

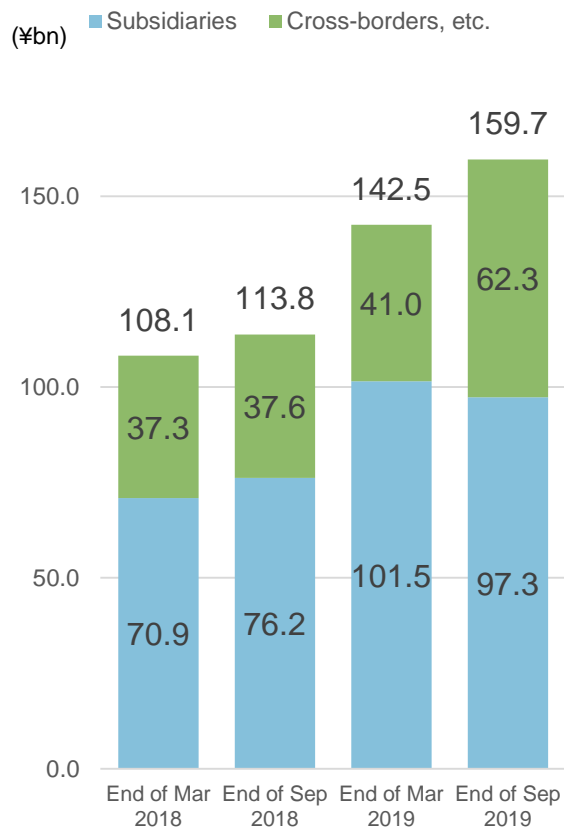
# Contract Execution Volume / Financing

## Contract execution volume

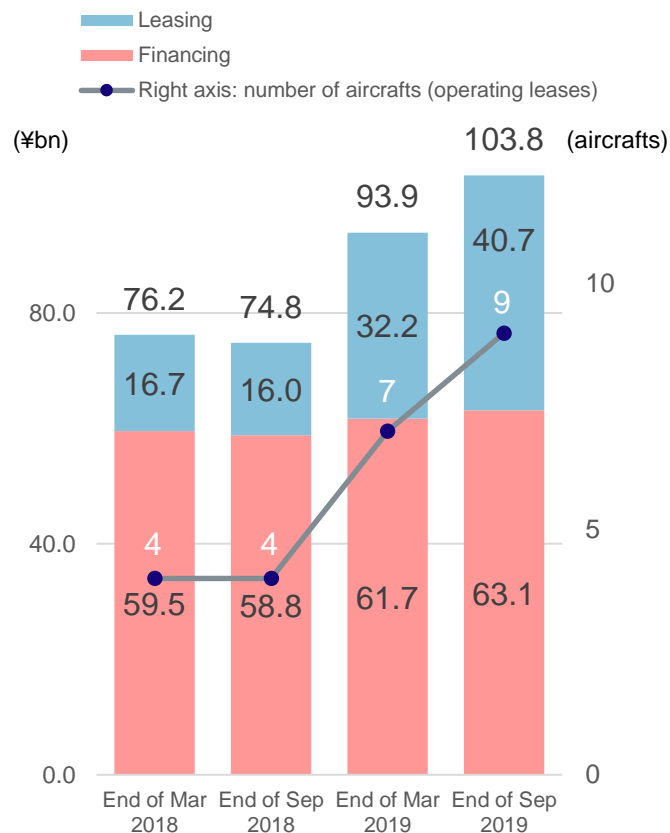
(¥bn)	FY17 1H	FY18 1H	FY19 1H	Change	% Change	
<b>Commercial Distribution Finance / Loan, etc.</b>	410.7	446.3	254.9	-191.4	-43%	Short-term commercial distribution finance decreased
<b>Aircraft</b>	7.8	6.4	8.0	+1.6	+24%	
<b>Real Estate</b>	12.7	60.0	26.2	-33.8	-56%	Executed large-scale bridge scheme projects in the same period of the previous fiscal year
<b>Vessel</b>	4.8	9.8	10.9	+1.1	+11%	
<b>Total</b>	436.1	522.6	300.0	-222.6	-43%	

# Balance (Global / Aircraft / Real Estate)

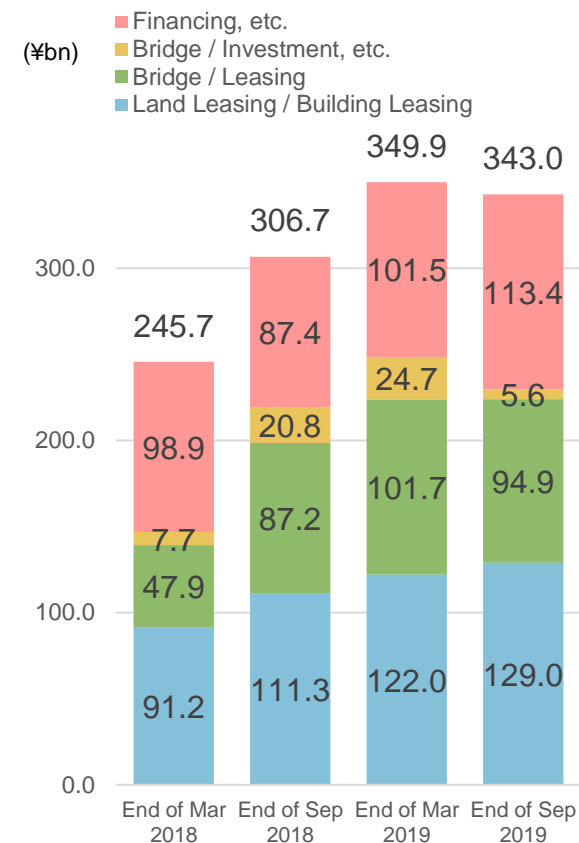
## Global



## Aircraft



## Real estate



- Balance steadily increased from accumulating cross-border projects

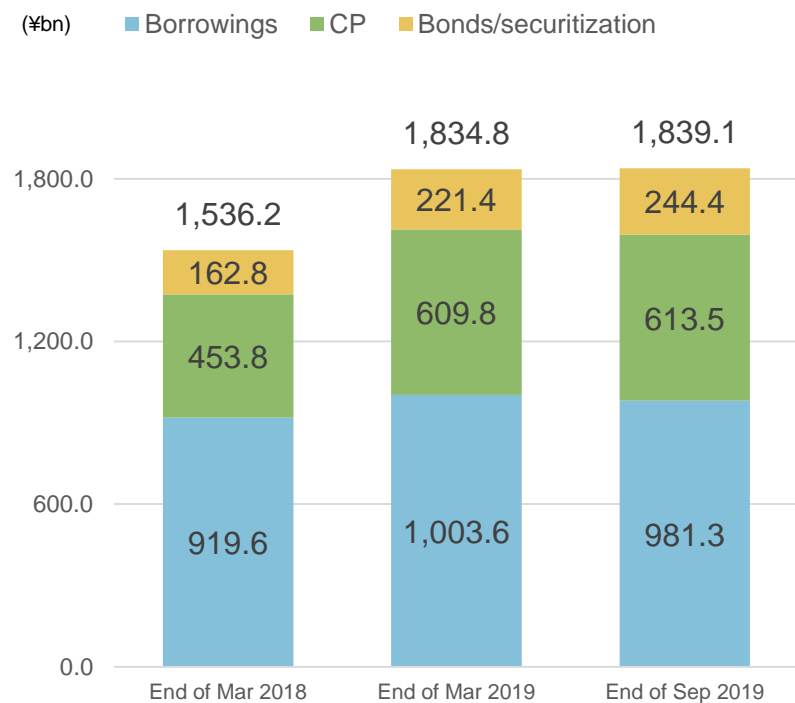
- Acquisition of aircrafts increased in aircraft operating leases

- Balances of land leasing / building leasing and financing, etc., increased although balance of bridge schemes decreased following the sale of properties to REIT

# Funding

- Proactively utilized market procurement including issuing of new corporate bonds (3-year bond, ¥20 billion)
- 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 1H	FY18 1H	FY19 1H
<b>Funding costs</b>	3.4	4.1	5.0
<b>Funding costs ratio</b>	0.42%	0.46%	0.49%

Note) Funding costs ratio = Funding costs (annualized basis) / Average balance of operating assets

## External ratings

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



# Earnings Forecasts and Dividends

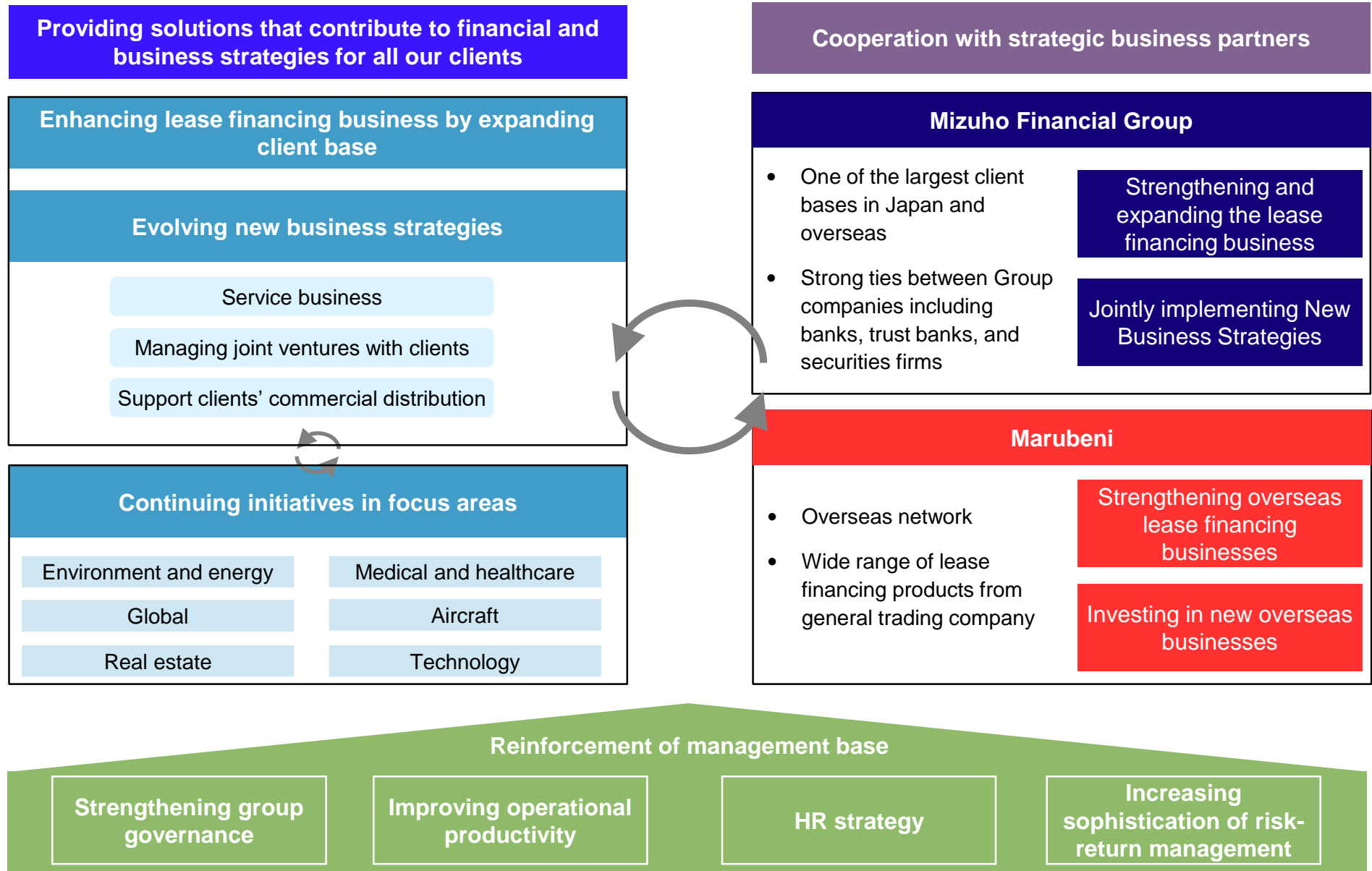
- Net income attributable to owners of the parent steadily progressed against FY2019 annual plans.
- Based on the recent financial results and celebrating the 50th anniversary of establishment in December 2019, implement a commemorative dividend of ¥2 as a token of appreciation to shareholders.
  - Plan to raise annual dividend for the 18th straight year; ¥4 increase y-o-y to ¥82/share.

(¥bn)	FY2018 (Results) (A)	FY2019 (Forecast) (B)		Change (B)-(A)	% Change (B)/(A)
		1H results	% progress		
Revenues	384.9	450.0	254.9	+65.1	+17%
Operating income	22.9	24.2	12.6	+1.3	+6%
Ordinary income	24.2	25.3	12.9	+1.1	+4%
Net income attributable to owners of the parent	16.6	17.0	8.9	+0.4	+2%

	FY2018 (Results) (A)	FY2019 (Initial forecast) (B)	Change (B)-(A)	FY2019 (After revision) (C)	
					Change (C)-(A)
Annual dividend	¥78	¥80	+¥2	¥82	+¥4
Interim dividend	¥38	¥38	±¥0	<b>¥40 (incl. commemorative dividend of ¥2)</b>	<b>+¥2</b>
Year-end dividend	¥40	¥42	+¥2	(planned) ¥42	+¥2
Dividend payout ratio	20.1%	23.0%	+2.9pt	23.6%	+3.5pt

# Supplementary Materials to 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

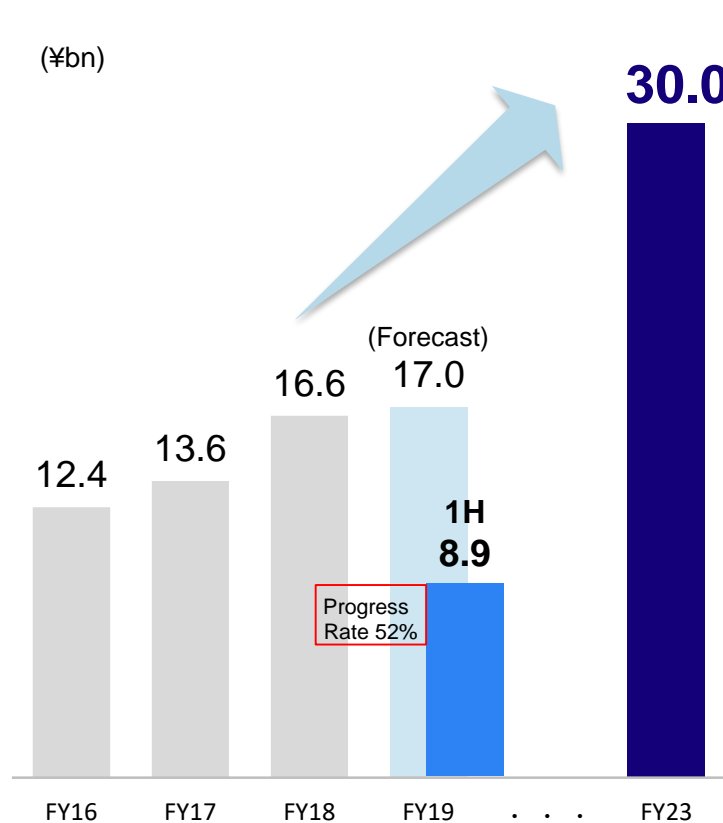
**Triple**  
compared with that at the end of March 2019

Dividend payout ratio

Aim for **25% or more**

(¥bn)

**30.0**



Progress Rate 52%

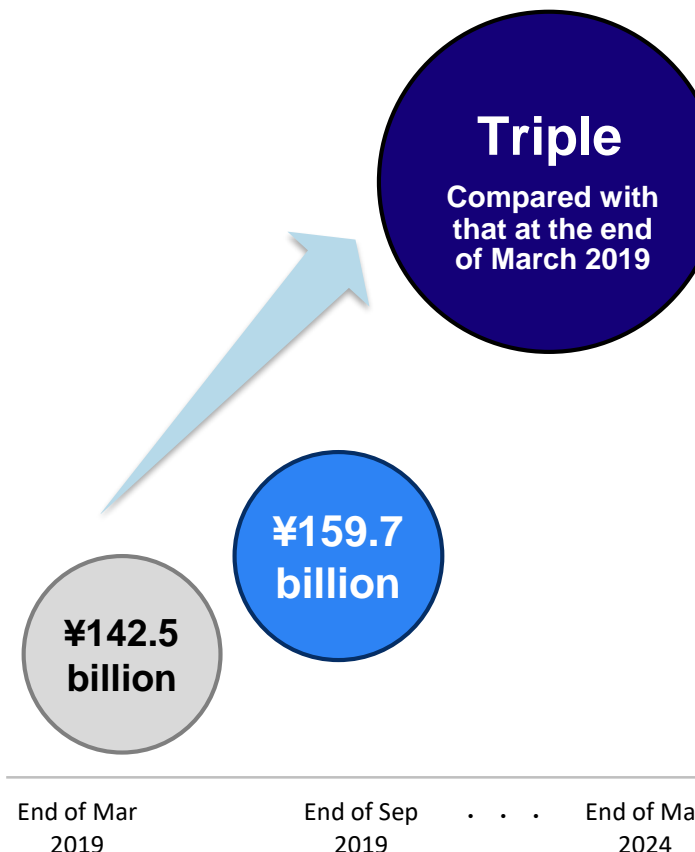
**FY19 1H results ¥8.9 billion**  
(Full-year forecast ¥17.0 billion)

**Triple**

Compared with that at the end of March 2019

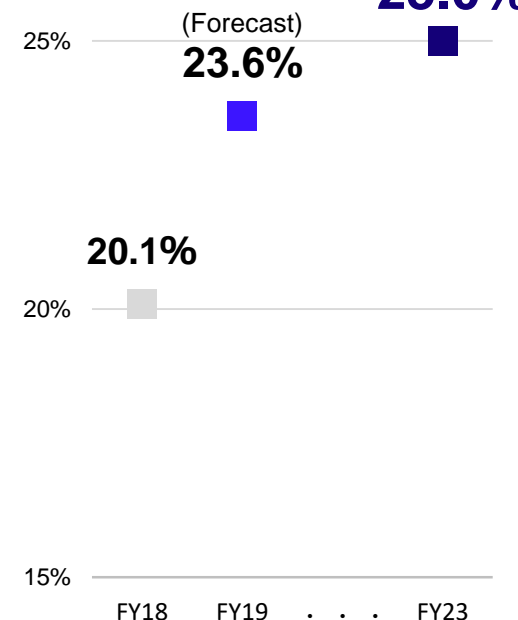
**¥159.7 billion**

**¥142.5 billion**



**Balance as of end of Sep 2019 ¥159.7 billion**

**25.0%**



**FY19 forecasted dividend payout ratio 23.6%**

# Inquiries

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