

FY2019 First-Half Financial Results Presentation Materials

November 14, 2019 (Japan time)

Mizuho Leasing Co., Ltd.

MIZUHO

Table of Contents

◆ Financial Results and Business Performance Overview	· · ·	P.3
◆ Status of Sixth Mid-term Management Plan	· · ·	P.12
◆ Appendix	· · ·	P.24

Financial Results and Business Performance Overview

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
Revenues	178.4	179.8	254.9	+75.1	+42%	450.0	57%
Gross profit before write-offs and funding costs	22.2	25.0	28.9	+3.9	+16%	-	-
Operating income	9.5	11.1	12.6	+1.5	+14%	24.2	52%
Ordinary income	10.0	13.0	12.9	-0.1	-0%	25.3	51%
Net income attributable to owners of the parent	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	
Revenues	178.4	179.8	254.9	+75.1	+42%	Increased due to sale of properties upon completion of real estate-related bridge scheme projects
Gross profit before write-offs and funding costs	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%	
Gross profit	18.8	20.9	24.0	+3.1	+15%	
Credit costs	-0.4	-0.4	-0.5	-0.1	-	Primarily due to higher foreign currency borrowings following an increase in foreign currency assets
Operating income	9.5	11.1	12.6	+1.5	+14%	
Other income	0.7	2.4	0.8	-1.6	-66%	Reversal of allowance for credit costs
Ordinary income	10.0	13.0	12.9	-0.1	-0%	Gain on investments was posted in the same period of the previous fiscal year
Net income attributable to owners of the parent	6.7	8.6	8.9	+0.3	+3%	
Gross profit margin before write-offs and funding costs	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
Operating assets	1,683.0	2,021.4	2,025.6	+4.2	+0%
Net assets	154.6	182.2	189.1	+6.9	+4%
Equity ratio	8.2%	8.0%	8.3%	+0.3pt	-

Business Performance Overview

(¥bn)	FY17 1H	FY18 1H	FY19 1H	Change	% Change
Contract execution volume	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
Operating assets	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	
Industrial and factory	37.9	60.6	87.3	+26.7	+44%	Captured large projects
Information and communications	42.3	45.0	65.2	+20.2	+45%	Widely captured capital investment needs
Transport	26.7	28.7	38.5	+9.8	+34%	Growth due to execution of aircraft operating leases
Construction	23.0	19.5	17.8	-1.7	-8%	
Medical	8.3	7.7	10.4	+2.7	+35%	
Commerce and services	14.4	19.8	14.6	-5.2	-26%	
Office equipment	4.8	4.1	5.1	+1.0	+26%	
Other	48.3	84.6	85.2	+0.6	+1%	
Real estate	25.2	73.3	69.0	-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
Total	205.5	269.9	324.2	+54.3	+20%	

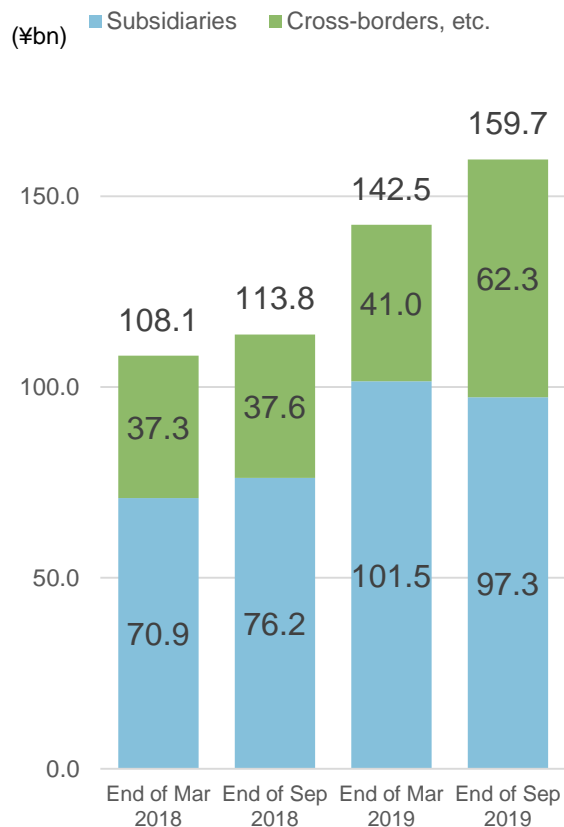
Contract Execution Volume / Financing

Contract execution volume

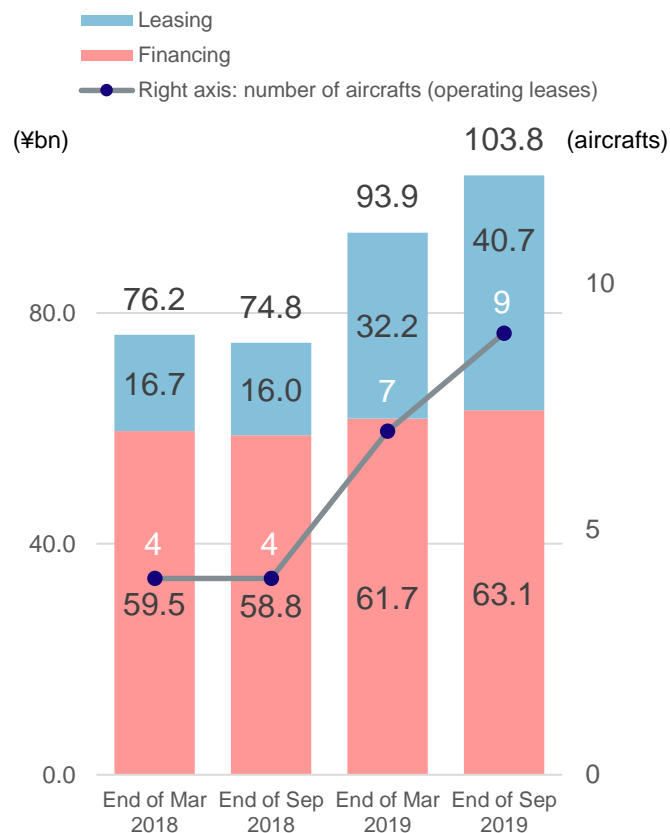
(¥bn)	FY17 1H	FY18 1H	FY19 1H	Change	% Change	
Commercial Distribution Finance / Loan, etc.	410.7	446.3	254.9	-191.4	-43%	Short-term commercial distribution finance decreased
Aircraft	7.8	6.4	8.0	+1.6	+24%	
Real Estate	12.7	60.0	26.2	-33.8	-56%	Executed large-scale bridge scheme projects in the same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

Balance (Global / Aircraft / Real Estate)

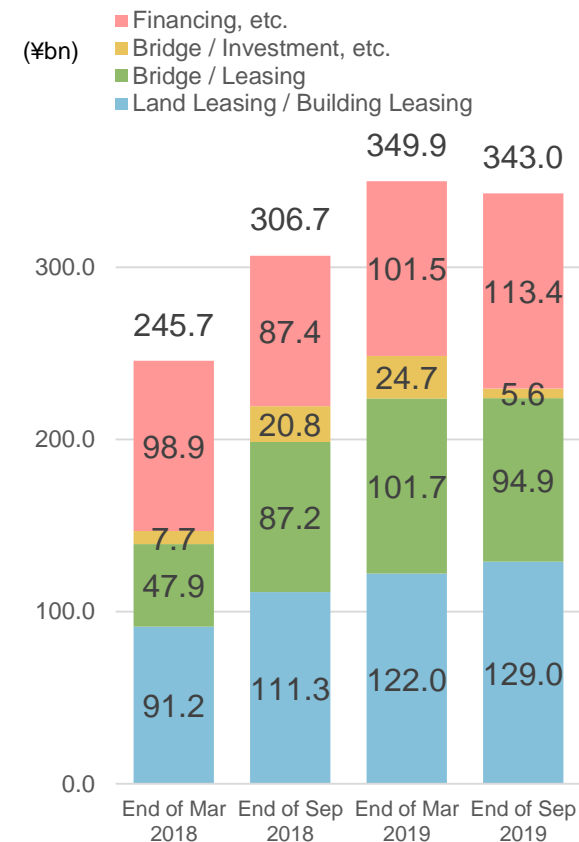
Global



Aircraft



Real estate



- Balance steadily increased from accumulating cross-border projects

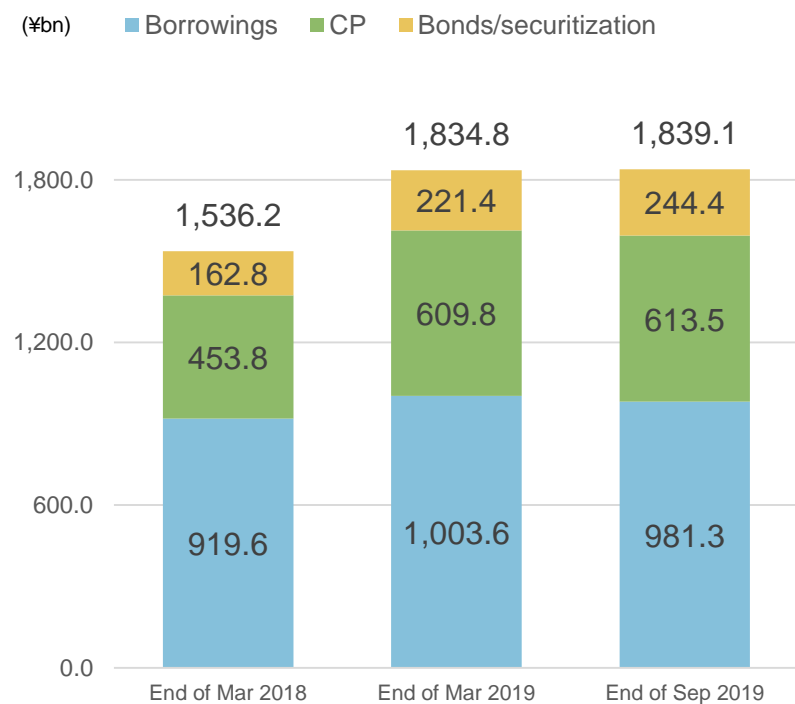
- Acquisition of aircrafts increased in aircraft operating leases

- 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
Funding costs	3.4	4.1	5.0
Funding costs ratio	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

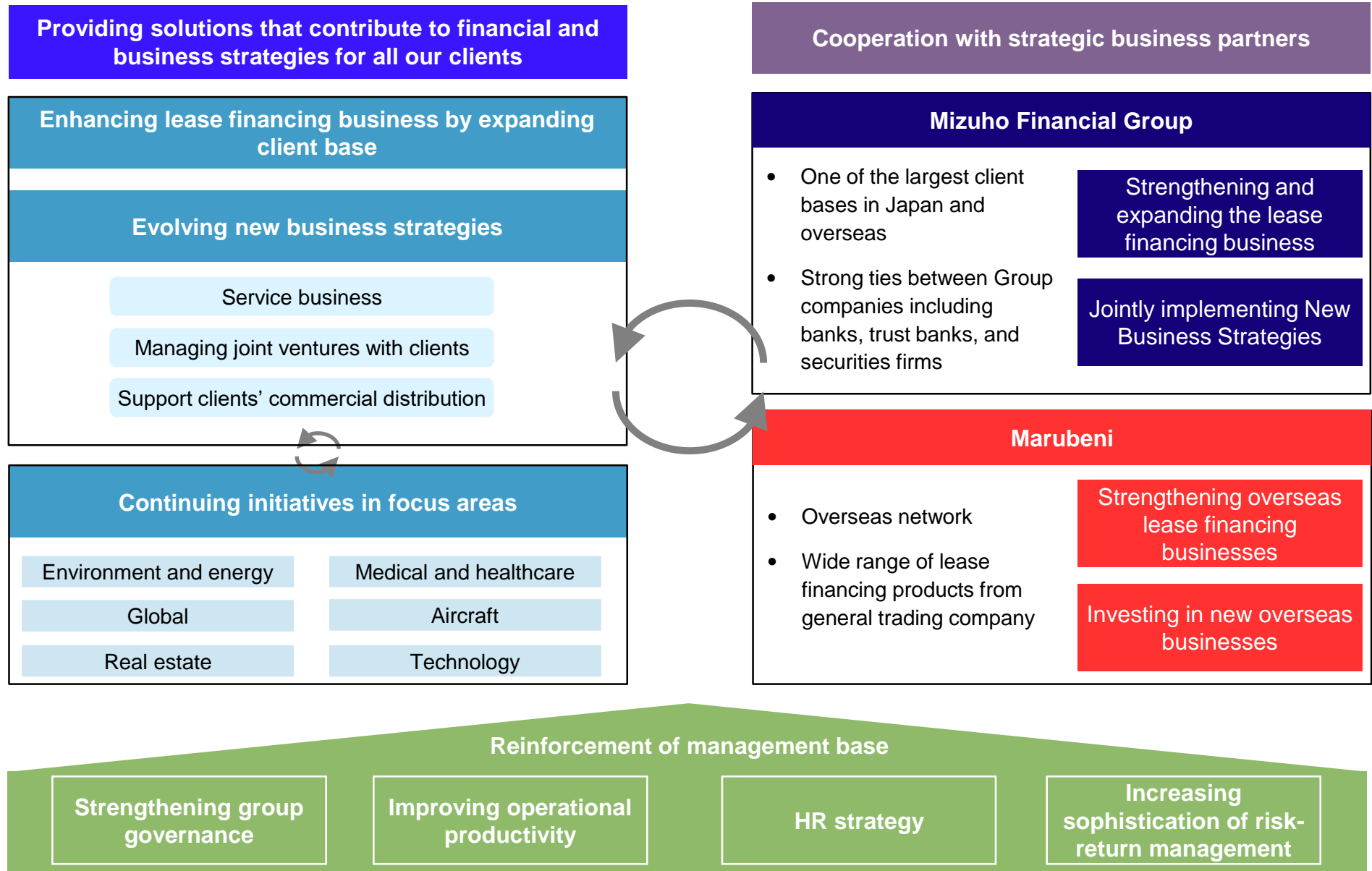
- Net income attributable to owners of the parent steadily progressed against FY2019 annual plans.
- Based on the recent financial results and celebrating the 50th anniversary of establishment in December 2019, implement a commemorative dividend of ¥2 as a token of appreciation to shareholders.
 - Plan 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	¥40 (incl. commemorative dividend of ¥2)	+¥2
Year-end dividend	¥40	¥42	+¥2	(planned) ¥42	+¥2
Dividend payout ratio	20.1%	23.0%	+2.9pt	23.6%	+3.5pt

Status of Sixth Mid-term Management Plan

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

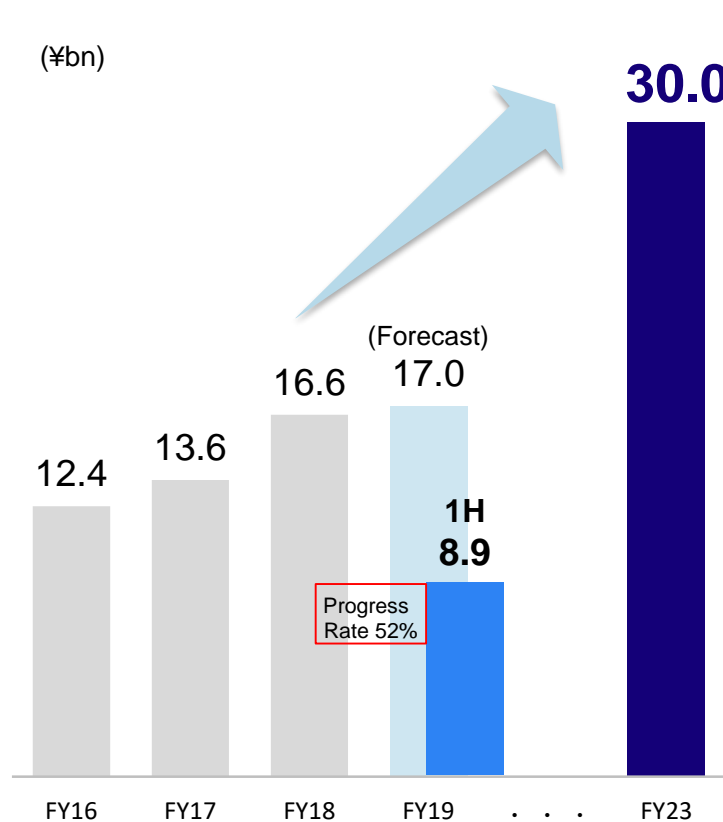
Triple
compared with that at the end of March 2019

Dividend payout ratio

Aim for **25% or more**

(¥bn)

30.0

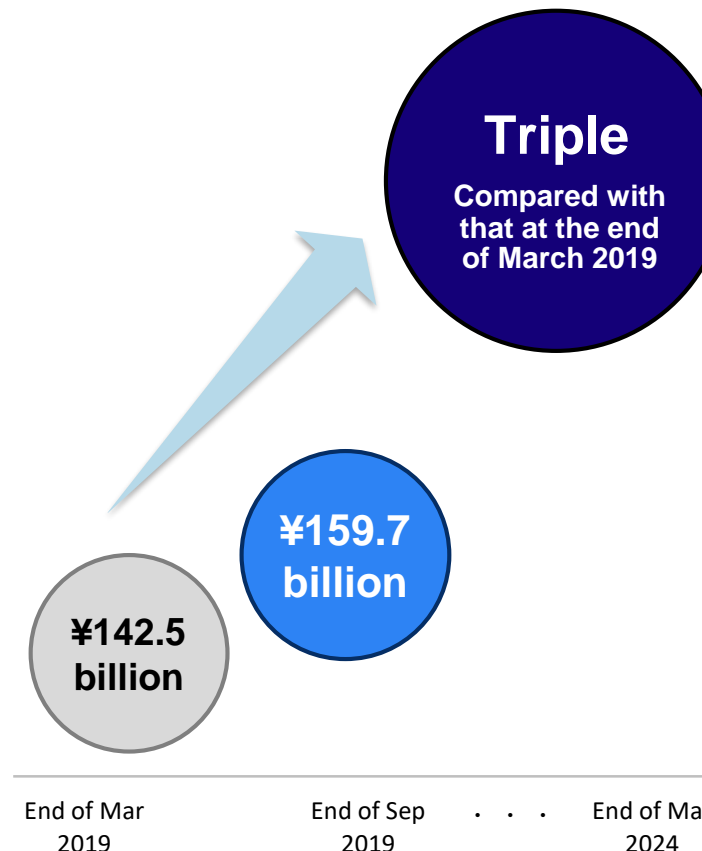


Progress Rate 52%

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

Triple

Compared with that at the end of March 2019



¥142.5 billion

¥159.7 billion

Balance as of end of Sep 2019
¥159.7 billion

(Forecast)

25.0%

25%

23.6%
6%

20%

20.1%

15%

FY18 FY19 . . . FY23

FY19 forecasted dividend payout ratio
23.6%

Promote Business Strategies Listed in the Sixth Mid-term Management Plan

Provide solutions that contribute to clients' issue solving and business development; solid results are shown in each of the focus areas

Promote cooperation with Mizuho Financial Group

- Coordinated performances steadily increased

Collaboration with Marubeni Corporation in the overseas lease finance business

- On November 6, we resolved to jointly acquire all shares of Aircastle, which operates an aircraft lease business in the US, with Marubeni Corporation, and executed the agreement (details on the next page)

Acquisition of Shares of Aircastle

- The company acquires 25% of the Aircastle shares (Acquisition price: approximately JPY 69 billion)
- Promote improvement of presence in the global market by making Aircastle a platform and facilitating further expansion of the business foundation

Overview of Aircastle

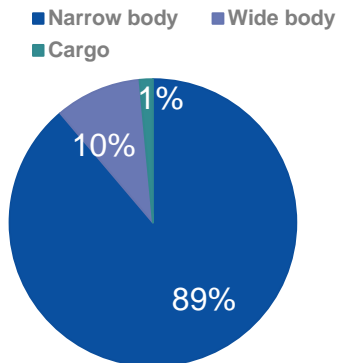
company profile



Name	Aircastle Limited	
Location	Connecticut, USA	
Business Description	Aircraft Lease Business	
Year of Establishment	2004	
Performance for FY2018	Sales: USD 890 million Net income: USD 248 million	
Major shareholder and shareholding ratio <small>(as of end of June 2019)</small>	① Marubeni Corporation	(28.8%)
	② Dimensional Fund Advisors, L.P.	(8.8%)
	③ The Vanguard Group, Inc.	(6.6%)

- Listed on NYSE, **a leading company ranked at the 12th worldwide in terms of the number of aircrafts held**
 - Trades with 47 countries/89 airlines and Holds/manages 283 aircrafts (as of the end of June 2019)
- **In addition to its extensive global network and high capabilities in managing aircrafts, Aircastle demonstrates strength in high marketing and repossession capabilities**

< *Makeup of Aircrafts Held >



*as of the end of June 2019



Relationship with the company

- The Company/Marubeni Corporation/Aircastle have closely coordinated in the aircraft-related business
- In February 2016, planned further promotion of the aircraft-related business, established “IBJ Air Leasing” as a joint venture between the company and Aircastle, and jointly developed an aircraft operating lease business (75% of shares held by the Company)

Acquisition of Shares of Aircastle

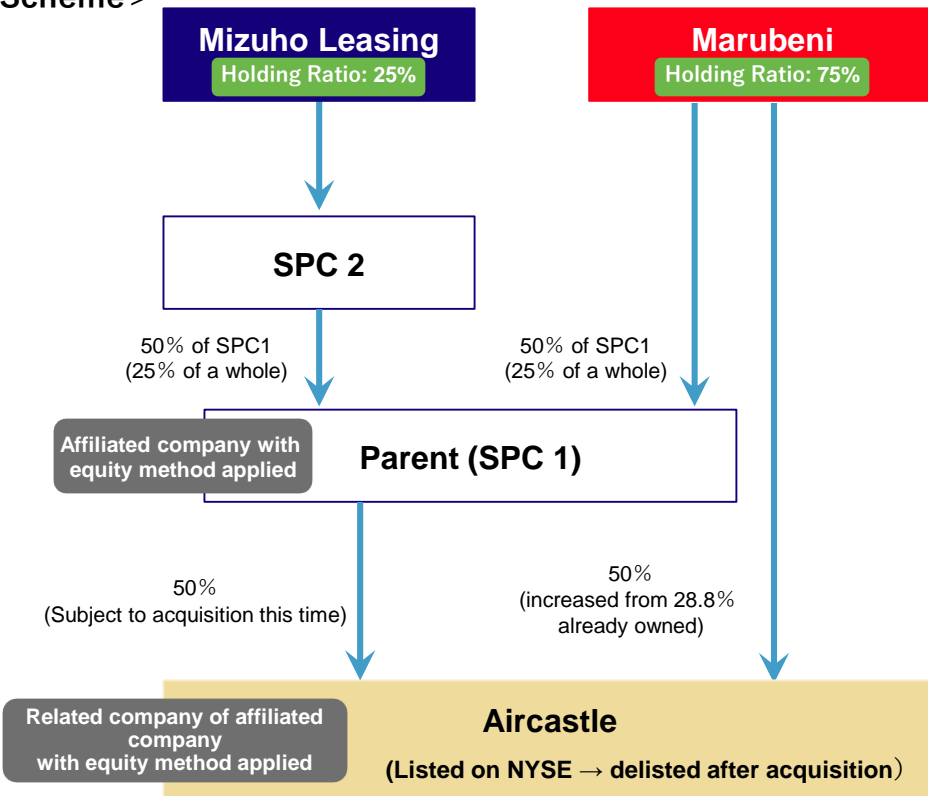
Overview of the acquisition

- The Company and Marubeni Corp. will acquire 100% of Aircastle's shares
- Marubeni Corp. increased its directly-owned shares up to 50%, and the rest of 50% was shared equally between the Company and Marubeni through "Parent (SPC1)."
- Following the above, the Company acquired 25% of Aircastle shares.
⇒ Aircastle became the related company of the affiliated company with equity method applied
(Scheduled closing date: 4th quarter FY 2019 through 1st quarter FY 2020)

Strategic significance

- To further expand the aircraft business mentioned in the Sixth Mid-term Management Plan, platforms that have advanced know-how/functions are essential
- Acquired Aircastle as a steady aircraft platform through the acquisition concerned
- Facilitate further expansion of business foundation to rapidly expand the aircraft business

< Scheme >



Our strategy in the aircraft area

Aircraft Operating Lease

Accumulate aircraft-backed collateralized loans

Enter business related to engines, parts, and other aircraft peripherals

Set up and expand sales of JOLCO

Advantage of Aircastle

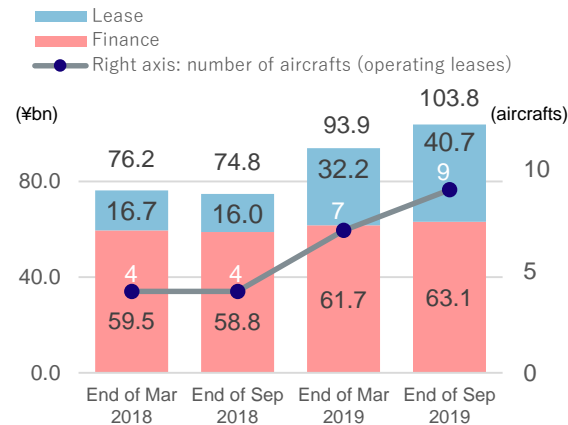
Extensive global network

High capabilities in managing airframes

Marketing capabilities

Repossession capabilities

<Balance in the Aircraft Field>



Aircastle <Change in Net income/Number of Aircrafts>

	FY 2017	FY 2018
Net Income (USD million)	148	248
Number of aircrafts owned/managed	236	261

New Business Strategy

- Promote new business strategy, respond to customers with higher business model, and facilitate joint business promotion

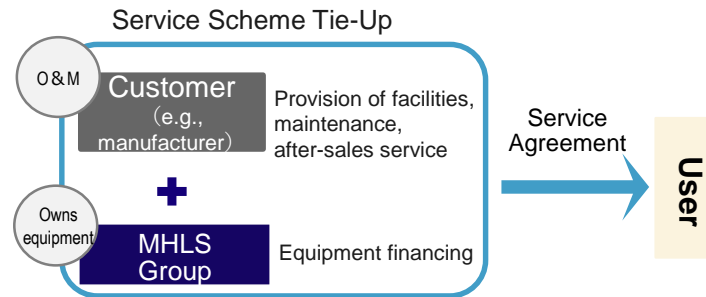
Strategies

One example of business model

Action/Direction

Service Business

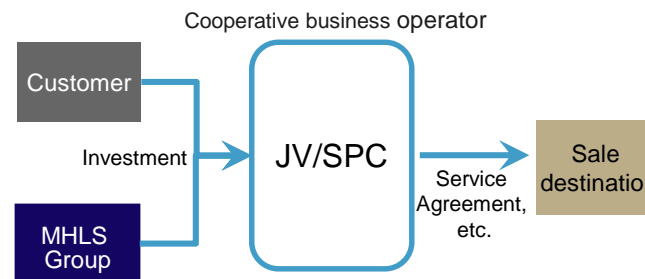
- Support customers with creation of new business models
- Handle support business, subscription models, sharing economy, meter-rate charging, etc.



Jointly with Paramount Bed Co., Ltd., created rental service of “Nemuri SCAN”, a monitoring support device developed for care facilities

Joint Business Operation

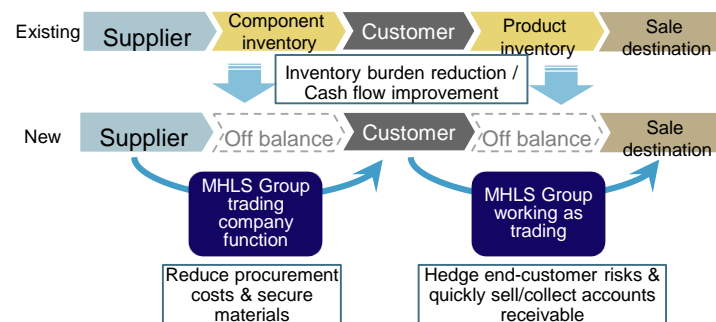
- Create investment opportunities through risk sharing as a business partner with customers



Aim to advance into cooperative business operation with customers as an advanced service business

Commercial Distribution Support

- Reduce costs by expansion of commercial distribution support, manage production/sales
- Expand business opportunities by being positioned between upstream and downstream of commercial distribution



Review a scheme responding to buyer off balance and cash flow improvement needs, in cooperation with inventory operators, etc.

Environment and Energy: Strategies and Examples

- Cultivate business in renewable energy operations/energy-saving solutions
- Expand business fields through cooperation with energy operators and development of energy technology

Strategies

<p>Improve power system, promote business in response to the trends of local production for local consumption of electricity</p>	<ul style="list-style-type: none"> • Cooperate with energy operators, etc. and utilize know-how by renewable energy operations/energy-saving solutions
<p>Engage in initiatives to invest in energy infrastructure</p>	<ul style="list-style-type: none"> • Promote action from the perspective of the development/dissemination and expansion of new energy technology
<p>Participate in renewable energy operations</p>	<ul style="list-style-type: none"> • Take action on business risk taking type business
<p>Provision of energy-saving solutions</p>	<ul style="list-style-type: none"> • Provision of products/services with high value, through application agency services for various subsidies, cooperation with manufacturers/engineering companies, or the like • Strengthen marketing for local governments

Examples of Actions

Service Business	Domestic consumption-type power supply service associated with energy operators	
Renewable Energy Operations	Biomass power plant finance	Collaboration with Mizuho
	Lease of small wind power generation facilities	Collaboration with Mizuho
Energy-Saving Solutions	Solar power generation project finance	Collaboration with Mizuho
	Facility lease utilizing subsidies	
	Air conditioning facility lease for educational institutions	

Biomass power plant finance

Executed finance for biomass power plants constructed by renewable energy operator through collaboration with Mizuho Bank



Medial and Healthcare: Strategies and Examples

- Expand service business in cooperation with manufacturers
- Promote nursing care, healthcare, and overseas businesses that are expecting high growth, in addition to domestic medicine

Strategies

Collaborate with medical equipment manufacturers, such as Meter-rate Charging Service, etc.	<ul style="list-style-type: none"> • Newly cooperate with domestic medicine/family care/healthcare equipment manufacturers • Business expansion for medical/care equipment sales services
Respond to investment needs for medical/care services utilizing IoT, etc.	<ul style="list-style-type: none"> • Promote business based on heightened needs for efficiency in managing hospitals/facilities and using related assets
Take actions for overseas medical organizations	<ul style="list-style-type: none"> • Respond to the needs for facilities of overseas medical organizations centered around Asian countries
Participate in community development with clients to revitalize local economies.	<ul style="list-style-type: none"> • Respond to rapidly aging societies with the declining birth rate, in cooperation with medical/care service operators, etc.

Examples of Actions

Medical/ Care Equipment	Lease of latest medical equipment/system	Collaboration with Mizuho
	Lease of equipment for care facilities	
Service Business	Rental service of monitoring support devices developed for care facilities in cooperation with manufacturers	
Care/ Healthcare	Finance for senior housing with services	
	Investment into healthcare real estate funds	
Overseas	Vendor finance for local medical equipment distributors in Philippines	

Rental service of monitoring support devices

Jointly with Paramount Bed Co., Ltd., created rental service of "Nemuri SCAN", a monitoring support device developed for care facilities



Global: Strategies and Examples

- Expand both Japanese and non-Japanese client bases; respond to needs in equipment investment and business development
- Aim to collaborate with Marubeni Corporation in overseas lease finance business

Strategies

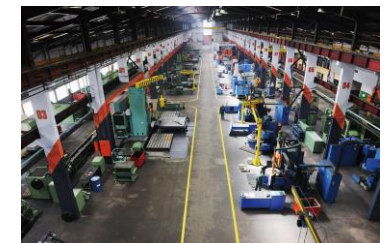
<p>Increase business with non-Japanese clients</p>	<ul style="list-style-type: none"> Strengthen business with non-Japanese clients through developing sales contacts at prominent local companies and Japanese vendors overseas
<p>Meet needs of Japanese clients for capital investment and rolling out businesses overseas</p>	<ul style="list-style-type: none"> Vigorously expand client base; Improve the ability to respond to Japanese clients' needs in equipment investment and business development overseas
<p>Collaboration with Marubeni Corporation in overseas lease finance business (M&A · Establishing new companies · Utilizing existing bases, etc.)</p>	<ul style="list-style-type: none"> Acquire worldwide captive business through MG Leasing Collaboration in asset finance in the North America; consider collaborations in new commodities/areas

Examples of Actions

<p>Japanese</p>	<p>Leasing of equipment to a Indonesian subsidiary of a Japanese automobile parts maker</p>	<p>Collaboration with Mizuho</p>
<p>Non-Japanese</p>	<p>Leasing of construction equipment to a state-owned general contractor group in Indonesia</p>	<p>Collaboration with Mizuho</p>
<p>Sales Finance</p>	<p>Leasing of equipment to a major local data center business operator in Thailand</p>	
	<p>Supporting product sales of a Japanese construction machinery maker in China</p>	
	<p>Vendor finance to a local medical equipment sales company in Philippine</p>	
<p>Infrastructure</p>	<p>Investing in overseas infrastructure funds</p>	<p>Collaboration with Marubeni</p>

Leasing of equipment to a Japanese automobile parts maker

Executed manufacturing equipment lease with a Indonesian subsidiary of a Japanese automobile parts maker through Mizuho Bank's introduction



Aircraft: Strategies and Examples

- Expand aircraft operating lease business through acquiring better aircraft management and marketing capabilities
- Aim to enter business related to engines, parts, and other aircraft peripherals while accumulating aircraft-backed collateralized loans

Strategies

<p>Drive forward aircraft operating lease business</p>	<ul style="list-style-type: none"> • With the expansion of the aircraft market, there are needs for a wide range of aircraft ownership formats • Ascertaining needs of airlines will enable Mizuho Leasing to set up a wide range of operating leases
<p>Accumulate aircraft-backed collateralized loans</p>	<ul style="list-style-type: none"> • Increase profitability by further improving ability to set up aircraft-backed collateralized loans
<p>Enter business related to engines, parts, and other aircraft peripherals</p>	<ul style="list-style-type: none"> • Airlines' needs have increased for improving efficiency of replacing and maintaining engines and parts • Acquire new source of revenue by entering business related to engines, parts, and other aircraft peripherals
<p>Pursue fee income</p> <p>Set up and expand sales of JOLCO</p>	<ul style="list-style-type: none"> • Meet increasingly diversified investment needs of Mizuho Leasing/banks/security brokerage clients in the low-interest environment • Set up/sell JOLCOs under a wider range of conditions

Examples of Actions

Aircraft operating leases



AIRCASTLE 

Anticipation of dramatic expansion of the business base with Aircastle's platform through acquisition of shares in Aircastle (Planned)

Collaboration with Marubeni

Aircraft-backed collateralized loans



Steadily acquire good projects

Real estate: Strategies and Examples

- Reinforce initiatives in responding to the real estate strategies of companies, in addition to areas with high societal needs such as hotels, childcare, and nursing care
- Drive forward expansion of bridge schemes, investments in overseas investment funds, and joint investments in excellent properties

Strategies

Reinforce real estate leasing in areas with high societal needs

- Respond to increased societal needs, such as the needs for building new hotels resulting from the increase in international inbound tourists, and the needs for daycare and nursing resulting from developments like the aging society
- Reinforce initiatives in responding to the real estate strategies of companies

Enhance bridge functions for REITs in Japan

- Expand opportunities to provide bridge functions in response to increase in needs to bridge gap between selling by original owner and acquisition by REIT that has resulted from diversification of REIT-owned properties

Invest in overseas real estate funds

- Investment in overseas real estate by major Japanese developers and trading companies has increased
- Acquire relatively profitable assets by investing in overseas real estate funds

Effect excellent joint investment with a major developer

- Carefully select good properties that show potential for high rent and rising in value
- Make joint investments in response to clients' property management needs

Examples of Actions

CRE

Land lease for company headquarters

Collaboration with Mizuho

Equity investment in trunk rooms

REIT

Large-scale finance project in acquiring REIT properties

Collaboration with Mizuho

Increase in REIT transactions

Collaboration with Mizuho

Bridge Scheme

Bridge scheme for logistics facilities, hotels and office buildings

Overseas

Investment in European and American real estates through prominent partners

Large-scale finance project in acquiring REIT properties

Participated in large-scale finance project in acquiring REIT properties through collaboration with Mizuho Bank and Mizuho Securities



Appendix

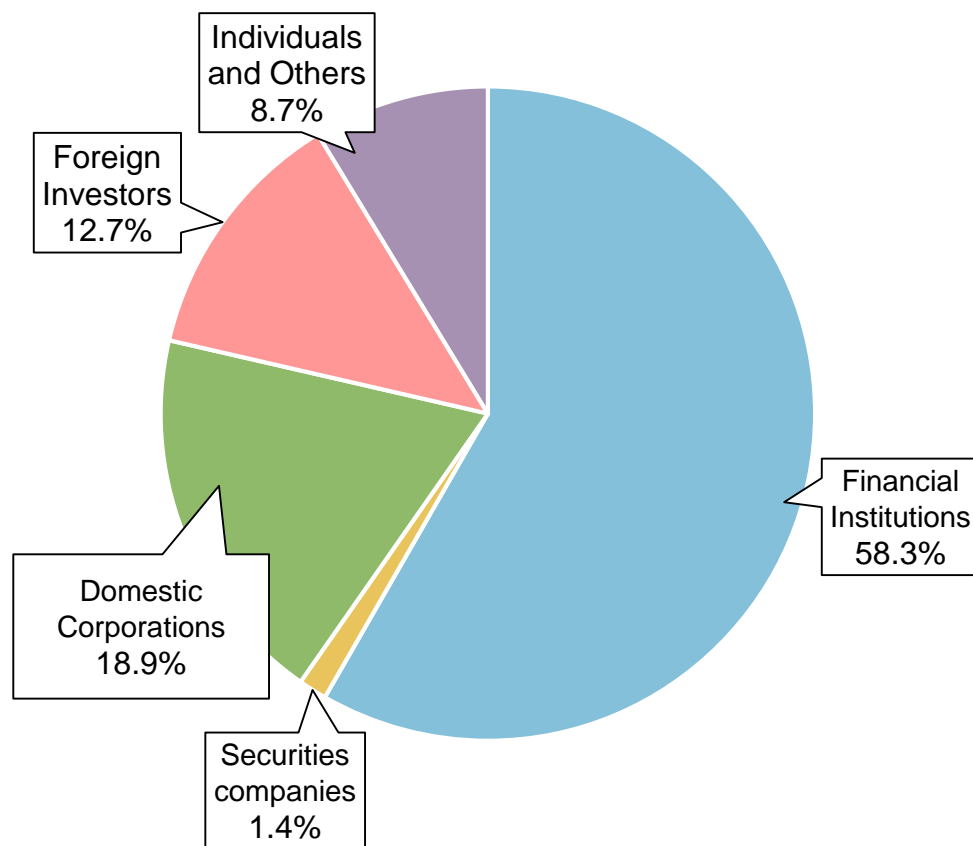
Company Profile

Company Name	Mizuho Leasing Company, Limited
Address	1-2-6 Toranomom, Minato-ku, Tokyo 105-0001
Representative	Hiroshi Motoyama, President and CEO
Establishment	December 1, 1969
Listing	Tokyo Stock Exchange, 1st Section (Code: 8425)
Capital Stock	26,088 million yen (Outstanding shares: 49,004,000)
Employees	1,693 (consolidated, as of September 31, 2019)
Business Sites	14 in Japan (Tokyo, Osaka, Nagoya, others) 5 overseas (4 in Asia, 1 in Europe)
Key Group Companies	Mizuho-Toshiba Leasing Company, Limited*, Dai-ichi Leasing Co., Ltd., Universal Leasing Co., Ltd., MG Leasing Corporation (joint venture with Marubeni Corporation), Mizuho Auto Lease Company, Limited, ML Estate Company, Limited (real estate leases), ML Shoji Company, Limited (used property purchase / sales), IBJ Air Leasing Limited (aircraft operating leases)

*Current company name: IBJL-TOSHIBA Leasing Company, Limited, scheduled to change the company name to the above as of January 1, 2020.

Stock Status (As of September 31, 2019)

- Number of shares issued 49,004,000
- Number of shareholders 33,306
- Distribution of shareholders (shareholding ratio)



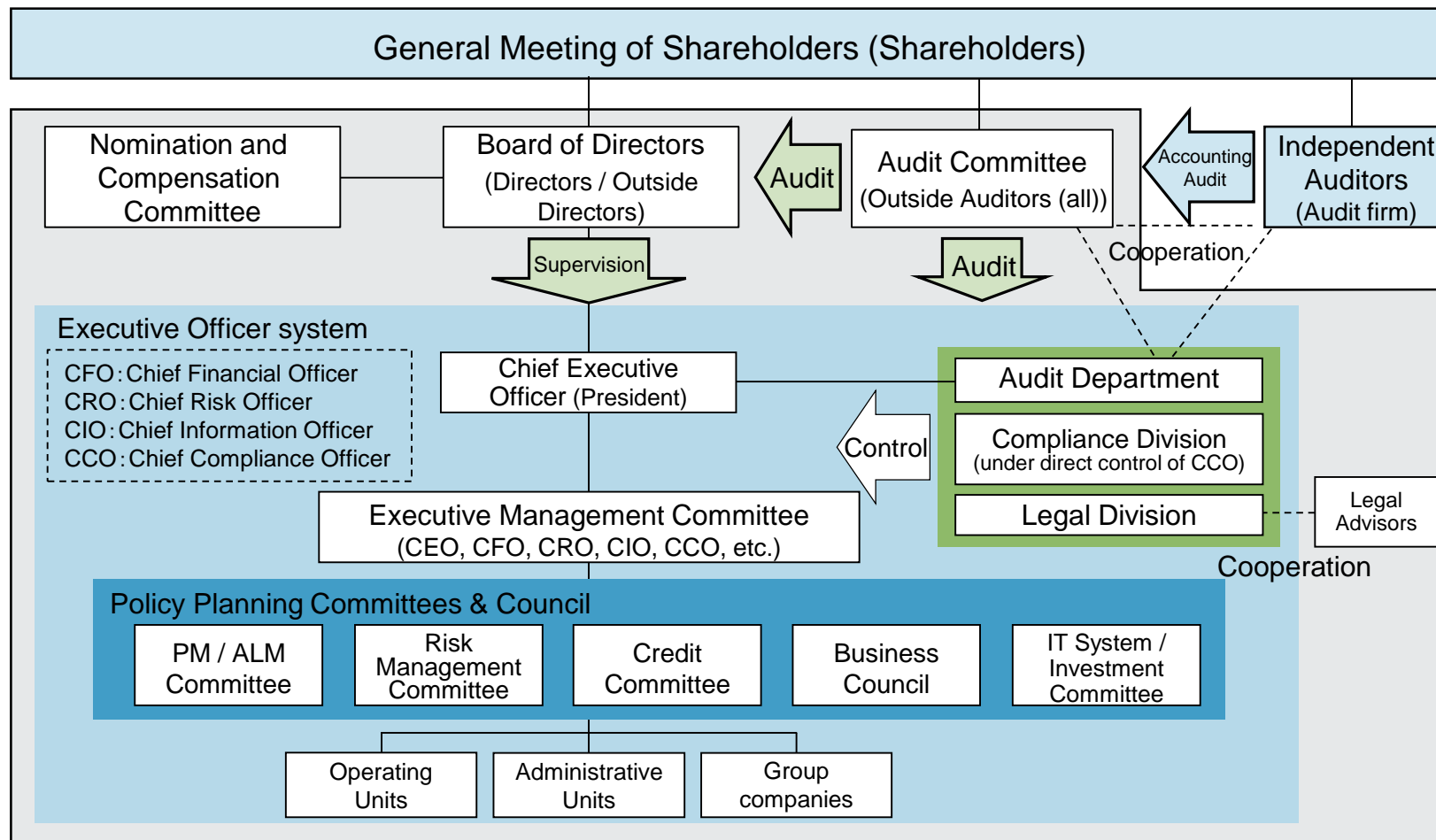
- Major Shareholders

Shareholders	Shares Held (1,000 shares)	Holding Ratio
Mizuho Bank, Ltd.	11,283	23.03%
The Dai-ichi Life Insurance Company, Limited	2,930	5.98%
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,073	4.23%
NISSAN MOTOR CO., LTD. Retirement Benefit Trust Account Mizuho Trust & Banking Co., Ltd.	1,750	3.57%
Japan Trustee Services Bank, Ltd. (Trust Account)	1,623	3.31%
UNIZO Holdings Company, Limited.	1,546	3.15%
Meiji Yasuda Life Insurance Company	1,251	2.55%
DOWA HOLDINGS CO., LTD.	1,120	2.29%
SSBTC CLIENT OMNIBUS ACCOUNT	1,047	2.14%
Japan Trustee Services Bank, Ltd. (TOSHIBA CORPORATION Retirement Benefit Trust Account)	900	1.84%

Internal Control System

- Mizuho Leasing has established a system to ensure proper execution of business operations, and is operating this system in an effective and appropriate manner.
- Management structure: 11 directors (incl. 6 outside directors), 4 auditors (incl. 4 outside auditors)
 - Appoint 4 outside directors and 3 outside auditors as Independent Officers under the Tokyo Stock Exchange rule.

Corporate Governance Structure



Consolidated Balance Sheet (Assets)

(¥bn)	End of Mar 2016	End of Mar 2017	End of Mar 2018	End of Mar 2019 (A)	End of Sep 2019 (B)	Change (B) – (A)	% Change (B) / (A)
Current assets	1,552.9	1,564.7	1,602.4	1,866.6	1,870.4	+3.8	+0.2%
Cash and deposits	49.4	42.3	30.3	25.9	14.4	-11.5	-44.5%
Investment in lease	842.0	809.3	823.4	930.3	1,001.0	+70.7	+7.6%
Installment sales receivable	147.8	138.1	138.9	148.0	145.1	-2.9	-1.9%
Operational loans	377.9	348.1	360.1	469.1	412.1	-57.0	-12.2%
Operational investment securities	97.3	172.5	196.9	239.8	228.5	-11.3	-4.7%
Marketable securities	0.1	0.0	0.5	-	-	-	-
Allowance for doubtful receivables	-0.9	-3.1	-2.3	-1.6	-1.7	-0.1	-
Property & equipment	165.8	187.6	218.8	295.3	298.3	+3.0	+1.0%
Leased assets	116.4	141.0	160.2	229.9	234.6	+4.7	+2.0%
Investment securities	26.3	28.2	30.0	32.0	35.0	+3.0	+9.3%
Doubtful operating receivables	10.4	3.3	2.4	3.4	3.1	-0.3	-10.7%
Allowance for doubtful receivables	-3.4	-0.3	-0.2	-0.2	-0.3	-0.1	-
Total assets	1,718.7	1,752.3	1,821.3	2,161.9	2,168.7	+6.8	+0.3%
Operating assets	1,581.0	1,608.7	1,683.0	2,021.4	2,025.6	+4.2	+0.2%

The Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) have been adopted since fiscal 2018 and retrospectively applied to figures for the end of March 2016 through the end of March 2018.

Consolidated Balance Sheet (Liabilities and Equity)

(¥bn)	End of Mar 2016	End of Mar 2017	End of Mar 2018	End of Mar 2019 (A)	End of Sep 2019 (B)	Change (B) – (A)	% Change (B) / (A)
Current liabilities	1,119.2	1,045.8	1,082.1	1,294.2	1,280.2	-14.0	-1.1%
Short-term borrowings	364.4	312.7	270.7	302.2	273.5	-28.7	-9.5%
Current portion of corporate bond	20.0	-	20.0	20.8	10.8	-10.0	-48.2%
Current portion of long-term debt	132.4	155.5	182.1	177.2	186.3	+9.1	+5.1%
Commercial paper	456.3	433.8	453.8	609.8	613.5	+3.7	+0.6%
Lease payable	8.9	7.3	7.3	8.0	8.8	+0.8	+9.7%
Long-term liabilities	466.7	564.8	584.5	685.5	699.5	+14.0	+2.0%
Long-term debt	397.6	455.3	466.8	524.2	521.5	-2.7	-0.5%
Corporate bond	40.0	58.0	38.0	85.0	105.0	+20.0	+23.5%
Total liabilities	1,585.9	1,610.5	1,666.6	1,979.7	1,979.7	-0.0	-0.0%
Net assets	132.8	141.8	154.6	182.2	189.1	+6.9	+3.8%
Shareholder's equity	118.5	128.3	139.1	167.8	173.2	+5.4	+3.2%
Accumulated other comprehensive income	8.6	8.3	9.9	5.8	6.6	+0.8	+14.4%
Non-controlling interests	5.8	5.2	5.7	8.5	9.3	+0.8	+9.0%
Total liabilities and net assets	1,718.7	1,752.3	1,821.3	2,161.9	2,168.7	+6.8	+0.3%
Total interest-bearing debt	1,465.6	1,492.4	1,536.2	1,834.8	1,839.1	+4.3	+0.2%
Equity ratio	7.4%	7.8%	8.2%	8.0%	8.3%	+0.3pt	

Consolidated Statements of Income

(¥bn)	FY15 1H	FY16 1H	FY17 1H	FY18 1H (A)	FY19 1H (B)	Change (B) – (A)	% Change (B) / (A)
Revenues	166.2	181.4	178.4	179.8	254.9	+75.1	+41.8%
Gross profit before write-offs and funding costs	21.4	21.8	22.2	25.0	28.9	+3.9	+15.9%
Funding costs	3.2	2.6	3.4	4.1	5.0	+0.9	+22.2%
Gross profit	18.2	19.2	18.8	20.9	24.0	+3.1	+14.7%
SGA expenses	9.9	8.6	9.3	9.8	11.4	+1.6	+15.6%
Personnel and facilities costs	9.7	9.7	9.7	10.2	11.8	+1.6	+16.0%
Credit costs	0.1	-1.2	-0.4	-0.4	-0.5	-0.1	-
Operating income	8.3	10.6	9.5	11.1	12.6	+1.5	+13.9%
Other income	0.7	0.8	0.7	2.4	0.8	-1.6	-66.5%
Other expenses	0.2	0.3	0.2	0.4	0.5	+0.1	+5.9%
Ordinary income	8.8	11.1	10.0	13.0	12.9	-0.1	-0.4%
Extraordinary income	0.4	0.2	-	-	0.3	+0.3	-
Extraordinary loss	0.0	0.2	0.0	0.0	0.2	+0.2	-
Income before income taxes	9.2	11.2	10.0	12.9	13.1	+0.2	+1.3%
Total income taxes	3.0	3.5	3.1	4.0	4.0	+0.0	+0.6%
Net income attributable to owners of the parent	5.9	7.5	6.7	8.6	8.9	+0.3	+2.7%

Consolidated Statement of Comprehensive Income

(¥bn)	FY15 1H	FY16 1H	FY17 1H	FY18 1H (A)	FY19 1H (B)	Change (B) – (A)	% Change (B) / (A)
Net income	6.2	7.7	6.9	8.9	9.1	+0.2	+1.6%
Unrealized gain on available-for-sale securities	1.8	-1.4	1.6	-0.5	1.6	+2.1	-
Deferred gain/loss on derivatives under hedge accounting	-0.1	0.0	-0.1	0.0	0.0	+0.0	+32.5%
Foreign currency translation adjustments	0.1	-1.4	-0.3	-0.6	-0.9	-0.3	-
Remeasurements of defined benefit plans, net of tax	-0.0	0.0	0.0	0.0	-0.0	-0.0	-
Share of other comprehensive income of associated companies	0.1	-0.3	0.0	-0.1	-0.0	+0.1	-
Total other comprehensive income	1.8	-3.0	1.2	-1.3	0.6	+1.9	-
Total comprehensive income	7.9	4.6	8.1	7.7	9.7	+2.0	+26.7%

Gross Profit Before Write-offs and Funding Costs by Segment

(¥bn)	FY15 1H	FY16 1H	FY17 1H	FY18 1H (A)	FY19 1H (B)	Change (B) – (A)	% Change (B) / (A)
Revenues	166.2	181.4	178.4	179.8	254.9	+75.1	+41.8%
Leasing and installment sales	161.1	175.7	171.9	171.1	246.0	+74.9	+43.8%
Finance	4.8	5.3	6.3	7.9	8.4	+0.5	+7.2%
Other	0.8	0.7	0.6	1.2	1.1	-0.1	-9.4%
Elimination / corporate	-0.5	-0.4	-0.4	-0.5	-0.7	-0.2	-
Cost of revenues	144.8	159.6	156.2	154.8	226.0	+71.2	+46.0%
Leasing and installment sales	144.4	159.3	155.9	154.2	225.4	+71.2	+46.2%
Finance	0.2	0.1	0.1	0.1	0.2	+0.1	+26.8%
Other	0.5	0.4	0.3	0.6	0.5	-0.1	-15.3%
Elimination / corporate	-0.2	-0.1	-0.2	-0.1	-0.2	-0.1	-
Gross profit before write-offs and funding costs	21.4	21.8	22.2	25.0	28.9	+3.9	+15.9%
Leasing and installment sales	16.7	16.4	15.9	17.0	20.6	+3.6	+21.6%
Finance	4.6	5.2	6.2	7.7	8.3	+0.6	+6.9%
Other	0.4	0.4	0.3	0.6	0.6	-0.0	-3.0%
Elimination / corporate	-0.3	-0.2	-0.3	-0.3	-0.5	-0.2	-

Cautionary Statement Regarding Forward Looking Statements

Certain statements in this document are forward-looking statements within the meaning of the federal securities laws, including the Private Securities Litigation Reform Act of 1995. Words such as “anticipates,” “expects,” “intends,” “plans,” “projects,” “believes,” “may,” “will,” “would,” “could,” “should,” “seeks,” “estimates” and variations on these words and similar expressions are intended to identify such forward-looking statements.

All statements, other than historical facts, including statements regarding the expected timing of the closing of the transaction; the ability of the parties to complete the transaction considering the various closing conditions; the expected benefits of the transaction; and any assumptions underlying any of the foregoing, are forward-looking statements. Such statements are based upon current plans, estimates and expectations that are subject to risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements. The inclusion of such statements should not be regarded as a representation that such plans, estimates or expectations will be achieved. You should not place undue reliance on such statements. Important factors that could cause actual results to differ materially from such plans, estimates or expectations include, among others, that (i) one or more closing conditions to the transaction, including certain regulatory approvals, may not be satisfied or waived, on a timely basis or otherwise, including that a governmental entity may prohibit, delay or refuse to grant approval for the consummation of the transaction, or that the required approval of the merger agreement by the shareholders of Aircastle may not be obtained; (ii) the business of Aircastle may suffer as a result of uncertainty surrounding the transaction and there may be challenges with employee retention as a result of the pending transaction; (iii) the transaction may involve unexpected costs, liabilities or delays; (iv) legal proceedings may be initiated related to the transaction; (v) changes in economic conditions, political conditions and changes in laws or regulations may occur; (vi) an event, change or other circumstance may occur that could give rise to the termination of the merger agreement (including circumstances requiring a party to pay the other party a termination fee pursuant to the merger agreement); and (vii) other risk factors as detailed from time to time in Aircastle’s reports filed with the Securities and Exchange Commission (the “SEC”), including Aircastle’s 2018 Annual Report on Form 10-K and Aircastle’s Quarterly Report on Form 10-Q that was filed on August 6, 2019, which are available on the SEC’s Web site (www.sec.gov). There can be no assurance that the merger will be completed, or if it is completed, that it will close within the anticipated time period or that the expected benefits of the merger will be realized.

In addition, new risks and uncertainties emerge from time to time, and it is not possible for Aircastle to predict or assess the impact of every factor that may cause its actual results to differ from those contained in any forward-looking statements. Such forward-looking statements speak only as of the date of this document. Aircastle expressly disclaims any obligation to revise or update publicly any forward-looking statement to reflect future events or circumstances.

Additional Information and Where to Find It

In connection with the proposed merger, Aircastle intends to file relevant materials with the SEC, including a preliminary proxy statement on Schedule 14A, and Aircastle and certain other persons, including Marubeni, intend to file a Schedule 13E-3 transaction statement with the SEC. Following the filing of the definitive proxy statement with the SEC, Aircastle will mail the definitive proxy statement and a proxy card to each shareholder entitled to vote at the special meeting relating to the proposed merger. INVESTORS ARE URGED TO READ THE PROXY STATEMENT AND THE SCHEDULE 13E-3 WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. Investors may obtain the proxy statement, as well as other filings containing information about Aircastle, free of charge, from the SEC’s Web site (www.sec.gov). Investors may also obtain Aircastle’s SEC filings in connection with the transaction, free of charge, by directing a request to Aircastle Limited, Attention: Investor Relations, 201 Tresser Boulevard, Suite 400, Stamford, CT 06901.

Participants in the Merger Solicitation

Aircastle and its directors, executive officers and employees and certain other persons may be deemed to be participants in the solicitation of proxies in respect of the transaction. Information regarding Aircastle’s directors and executive officers is available in its definitive proxy statement for its 2019 annual meeting of shareholders filed with the SEC on April 4, 2019. This document can be obtained free of charge from the sources indicated above. Other information regarding the interests of the participants in the proxy solicitation will be included in the proxy statement relating to the transaction when it becomes available. This document does not constitute a solicitation of a proxy, an offer to purchase or a solicitation of an offer to sell any securities.

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This document contains forecasts and other forward-looking statements that are based on information available at the time of preparation of this document and subject to certain risks and uncertainties, and is not intended to guarantee that the company would achieve them. Actual business results may differ materially from those expressed or implied by such forward-looking statements due to various factors.

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