

Overview Results for FY2019

May 14, 2020

Mizuho Leasing Co., Ltd.

MIZUHO

Summary of Results for FY2019

- Net income attributable to owners of the parent exceeded the target for the first year of the Sixth Mid-term Management Plan, hitting a record-high for the 7th straight year.
 - Achieved record-high profits for each category of income.
- Plan to raise annual dividend for the 18th straight year (¥4 increase y-o-y, including a commemorative dividend of ¥2 for the 50th anniversary of establishment) to ¥82/share.

(¥bn)	FY17	FY18	FY19	Change	% Change	FY19 Forecast*	% achievement
Revenues	399.7	384.9	539.2	+154.3	+40%	450.0	120%
Gross profit before write-offs and funding costs	45.2	52.6	60.3	+7.7	+15%	-	-
Operating income	19.2	22.9	26.3	+3.4	+15%	24.2	109%
Ordinary income	20.0	24.2	26.7	+2.5	+10%	25.3	106%
Net income attributable to owners of the parent	13.6	16.6	17.5	+0.9	+6%	17.0	103%

*Announced on May 14, 2019

Overview of Financial Results

(¥bn)	FY17	FY18	FY19	Change	% Change	
Revenues	399.7	384.9	539.2	+154.3	+40%	Increased mainly due to sale of properties upon completion of real estate-related bridge scheme projects
Gross profit before write-offs and funding costs	45.2	52.6	60.3	+7.7	+15%	Mainly due to increase in lease revenue from initiatives in focus areas and cooperation with Mizuho Financial Group, and renewal of investment properties
Funding costs	(7.0)	(8.5)	(9.7)	+1.2	+15%	
Gross profit	38.2	44.1	50.5	+6.4	+14%	
Credit costs	-0.8	-0.2	-0.3	-0.1	-	Due to higher foreign currency borrowings following an increase in foreign currency assets
Operating income	19.2	22.9	26.3	+3.4	+15%	
Other income	1.2	2.4	1.5	-0.9	-38%	Reversal of allowance for credit costs continued
Ordinary income	20.0	24.2	26.7	+2.5	+10%	Removal of special factors in the previous fiscal year
Net income attributable to owners of the parent	13.6	16.6	17.5	+0.9	+6%	
Gross profit margin before write-offs and funding costs	2.74%	2.84%	2.93%	+0.09pt	-	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 / Operating assets (average of the beginning and ending balances)

(¥bn)	End of Mar 2018	End of Mar 2019	End of Mar 2020	Change	% Change
Operating assets	1,683.0	2,021.4	2,090.3	+68.9	+3%
Net assets	154.6	182.2	195.8	+13.6	+7%
Equity ratio	8.2%	8.0%	7.9%	-	-

Business Performance Overview

(¥bn)	FY17	FY18	FY19	Change	% Change
Contract execution volume	1,335.9	1,548.8	1,282.4	-266.4	-17%
Leasing and installment sales	430.5	549.4	692.4	+143.0	+26%
Financing	901.5	996.7	590.1	-406.6	-41%
Others	3.9	2.7	-	-2.7	-

- For leasing and installment sales, execution volume increased in areas such as industrial and factory, information and communications, 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 Mar 2020	Change	% Change
Operating assets	1,683.0	2,021.4	2,090.3	+68.9	+3%
Leasing and installment sales	1,122.2	1,306.1	1,467.4	+161.3	+12%
Financing	556.9	709.0	622.9	-86.1	-12%
Others	3.9	6.3	-	-6.3	-

- Balance of leasing and installment sales at a high level in line with an increase in contract execution volume.
- For financing, in line with a decrease in balance of short-term commercial distribution finance.

Contract Execution Volume / Leasing and Installment Sales

Contract execution volume by equipment type

(¥bn)	FY17	FY18	FY19	Change	% Change	
Industrial and factory	61.5	114.1	145.0	+30.9	+27%	Captured large projects by capturing capital investment needs of large corporations
Information and communications	81.2	93.4	152.9	+59.5	+64%	Significantly increased by widely capturing capital investment needs of telecommunications carriers
Transport	54.1	71.3	76.2	+4.9	+7%	
Construction	47.6	44.7	40.1	-4.6	-10%	Restricted efforts in China
Medical	16.4	20.3	15.6	-4.7	-23%	Identified change in environment, and restricted efforts for overseas that increased in the previous fiscal year
Commerce and services	32.0	38.2	30.1	-8.1	-21%	Due to the lower contribution of large projects from the previous fiscal year
Office equipment	9.8	8.5	9.0	+0.5	+5%	
Other	127.8	158.9	223.4	+64.5	+41%	
Real estate	84.8	126.8	180.6	+53.8	+42%	Execution of bridge scheme projects targeting logistics facilities, etc., increased
Total	430.5	549.4	692.4	+143.0	+26%	

Contract Execution Volume / Financing

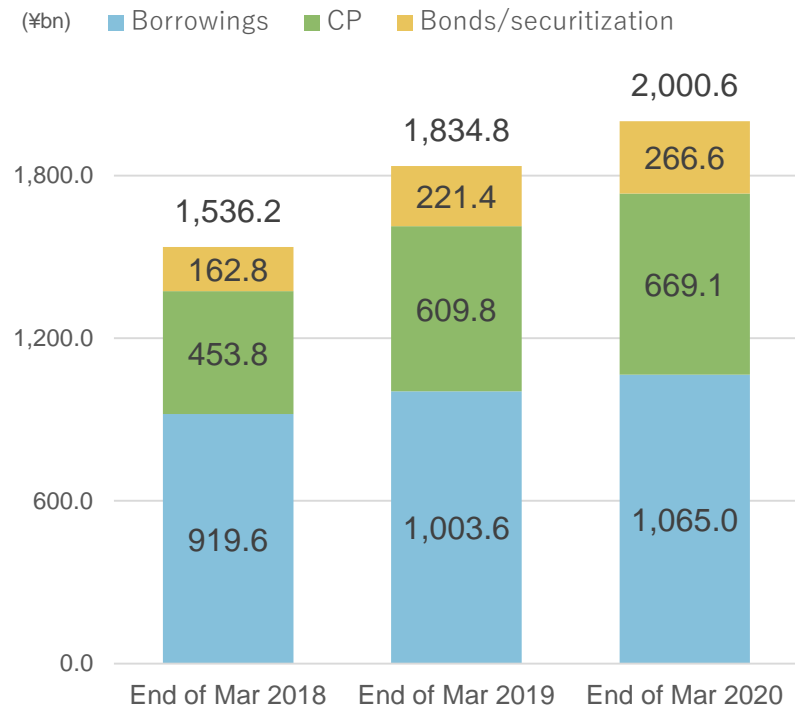
Contract execution volume

(¥bn)	FY17	FY18	FY19	Change	% Change	
Commercial Distribution Finance / Loan, etc.	822.8	856.3	492.3	-364.0	-43%	Short-term commercial distribution finance decreased
Aircraft	31.3	22.8	20.0	-2.8	-12%	
Real Estate	39.4	97.0	57.8	-39.2	-40%	Acquired large-scale bridge scheme projects in the previous fiscal year
Vessel	8.0	20.6	20.0	-0.6	-3%	
Total	901.5	996.7	590.1	-406.6	-41%	

Funding

- Interest-bearing debt increased due to an increase in operating assets and investment in overseas cooperative business operators.
- The increase in funding costs is mainly due to higher foreign currency borrowings following an increase in foreign currency assets.
- Funding costs ratio on a low level, similar to the previous fiscal year, due to flexible funding including utilization of market procurement.

Interest-bearing debt



Funding costs (ratio)

(¥bn)	FY17	FY18	FY19
Funding costs	7.0	8.5	9.7
Funding costs ratio	0.42%	0.46%	0.47%

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 for FY2020

- In FY2020, the harsh economic situation due to the spread of COVID-19 is expected to continue for the first quarter. Although gradual recovery is expected subsequently, the impact will remain through the year.
Under these circumstances, impacts are expected including postponement of accumulating operating assets and increases in credit costs and funding costs.
- Despite the harsh management environment, we will aim for ¥18.0 billion in net income attributable to owners of the parent by continuing to work on strategies listed in the Sixth Mid-term Management Plan.

(¥bn)	FY2018 (Results)	FY2019 (Results) (A)	FY2020 (Forecast) (B)	Change (B)-(A)	% Change (B)/(A)
Revenues	384.9	539.2	500.0	-39.2	-7%
Operating income	22.9	26.3	20.8	-5.5	-21%
Ordinary income	24.2	26.7	23.6	-3.1	-12%
Net income attributable to owners of the parent	16.6	17.5	18.0	+0.5	+3%

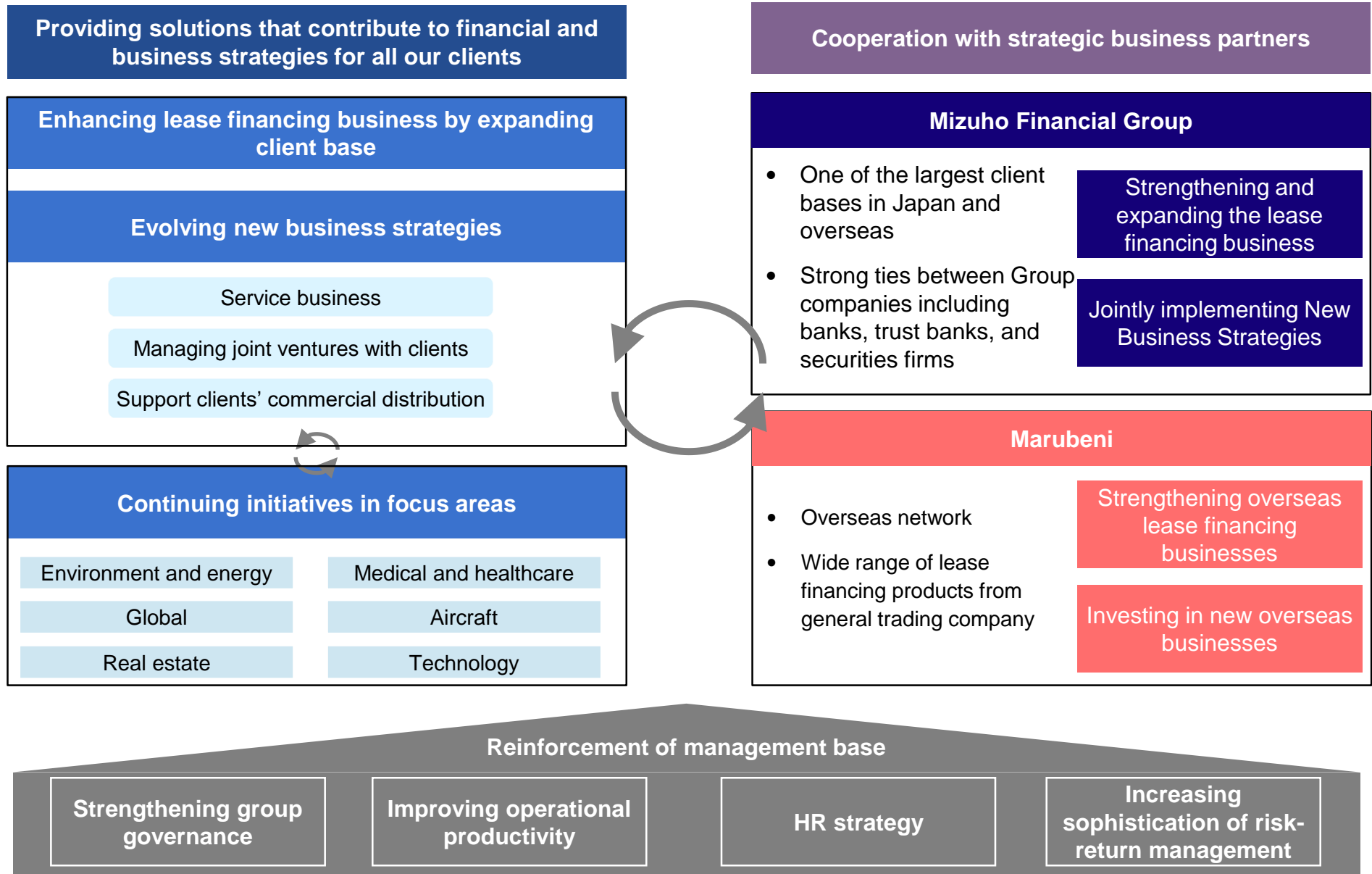
Dividends

- Plan for a year-end dividend of ¥42/share for FY2019.
- Based on FY2020 earnings forecasts, plan to raise annual dividend for the 19th straight year to ¥84/share in FY2020, in consideration of balance between shareholder returns such as dividend payout ratio and accumulation of capital.

	FY2018 (Results)	FY2019 (Results) (A)	FY2020 (Forecast) (B)	Change (B)-(A)
Annual dividend	¥78	(planned) ¥82	¥84	+¥2
(excluding commemorative dividend)	(¥78)	(¥80)	(¥84)	+¥4
Interim dividend	¥38	¥38	¥40	+¥2
Commemorative dividend	-	¥2	-	-
Year-end dividend	¥40	(planned) ¥42	¥44	+¥2
Dividend payout ratio	20.1%	22.7%	22.6%	-0.1pt

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 billion

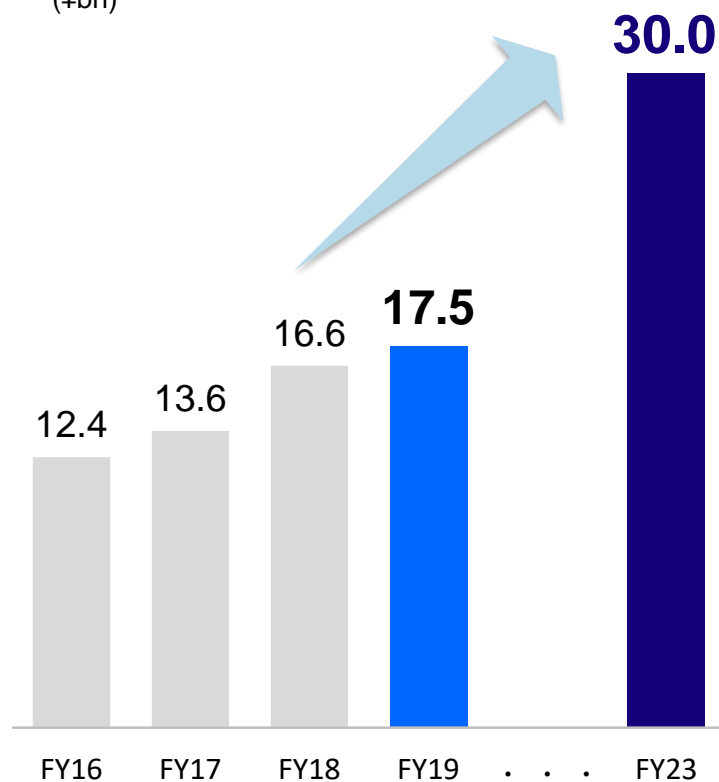
Balance in the global area

Triple
compared with that at the end of March 2019

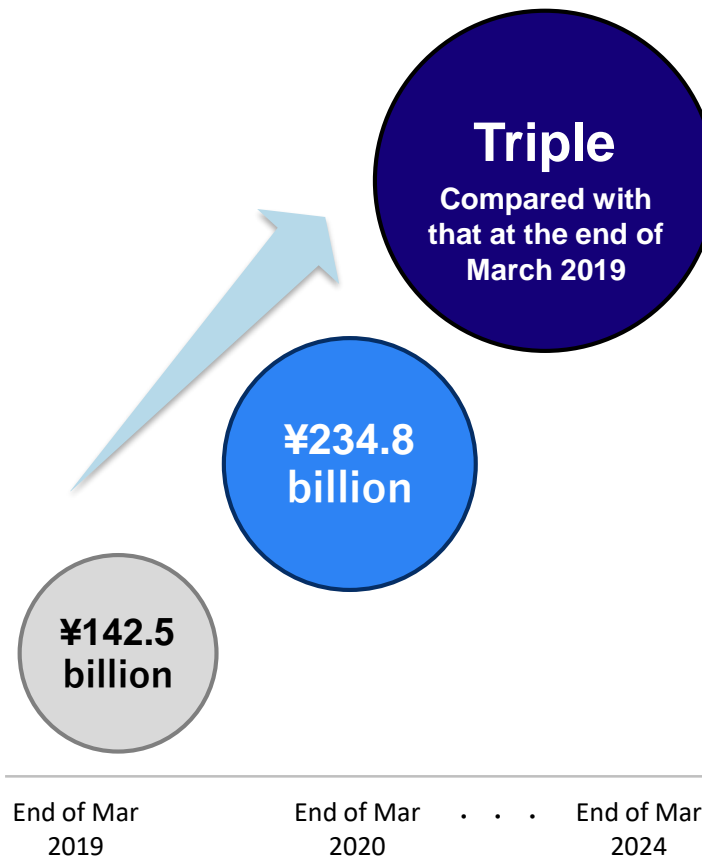
Dividend payout ratio

Aim for **25% or more**

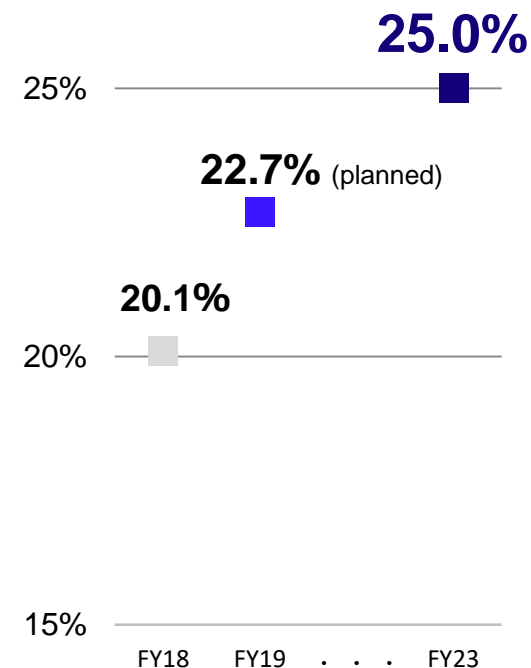
(¥bn)



FY19 results ¥17.5 billion



**Balance as of end of Mar 2020
¥234.8 billion**



**FY19 dividend payout ratio
22.7% (planned)**

Inquiries

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