

Business Results and Financial Position

Overview of Financial Results

In the fiscal year ended March 31, 2020, the business environment continued to be marked by future uncertainty largely due to destabilizing factors in the international situation, notably the issue of trade friction in the global economy. Although the Japanese economy showed solid progress in corporate earnings, rate of employment, level of personal income, and other positive influences, the impact of a consumption tax hike and destructive typhoons contributed to triggering a slowdown in the third quarter (October–December), with the real GDP growth rate turning negative. From January 2020, the spread of COVID-19 imposed restrictions on economic activity worldwide, inflicting major impacts on the world economy, including that of Japan, with fears of expanding fallout going forward. Against this backdrop, the Mitsubishi UFJ Lease & Finance Group moved forward steadily with the various strategies set out in its Medium-term Management Plan, Breakthrough for the Next Decade, launched in April 2017, pursuing these strategies through both offensive and defensive approaches in the plan's final fiscal year, ended March 31, 2020.

Revenues and Profit

Consolidated revenues in the fiscal year ended March 31, 2020, grew ¥59.5 billion, or 6.9%, from the previous fiscal year, to ¥923.7 billion. In terms of profit, gross profit increased ¥23.6 billion, or 14.9%, to ¥181.9 billion, on the favorable performances of the real estate, aviation, and environment & energy businesses. Operating income also expanded ¥11.4 billion, or 14.3%, to ¥91.8 billion, while net income attributable to owners of the parent advanced ¥1.9 billion, or 2.8%, to ¥70.7 billion. Record income figures were thus achieved across the board.

Volume of New Transactions

On the sales front, in the fiscal year ended March 31, 2020, the consolidation of U.S. commercial operating finance company ENGS Holdings Inc. and the accumulation of global assets contributed to an 8.8% year-on-year increase in the volume of new transactions, to ¥1,881.7 billion. By business segment, this breaks down as follows: the leasing business saw a 0.8% increase, to ¥912.3 billion (of which, ¥516.3 billion came from finance lease transactions and ¥395.9 billion was generated via operating lease transactions), the installment sales business faced an 18.3% decrease, to ¥73.0 billion, the loans business experienced an 18.3% increase, to ¥761.1 billion, and other businesses saw a 47.3% increase, to ¥135.2 billion.

Financial Position

As of March 31, 2020, the total assets of Mitsubishi UFJ Lease & Finance stood at ¥6,285.9 billion, an increase of ¥495.0 billion compared with the previous fiscal year-end. Due, among other factors, to the growth in net income attributable to owners of the parent, total equity increased ¥20.2

billion from the previous fiscal year-end, to ¥798.8 billion. Conversely, the equity ratio fell 0.6 of a percentage point, to 12.4%, due to the widespread procurement of funds necessary for operating activities and the accumulation of additional cash and time deposits for preparations in light of the rapid changes in the financial environment at the end of March 2020. If the balance of cash and time deposits at the fiscal year-end had remained at the previous fiscal year-end's level, the equity ratio would have been 12.9%, very close to that of the previous fiscal year-end.

Cash Flows

Cash and cash equivalents as of March 31, 2020, stood at ¥455.5 billion, an increase of ¥269.0 billion, or 144.3%, from the previous fiscal year-end. The ¥269.0 billion increase in cash was the result of net cash provided by financing activities of ¥552.3 billion, which outweighed net cash used in operating activities of ¥252.1 billion and net cash used in investing activities of ¥32.9 billion.

Operating activities used net cash of ¥252.1 billion. Major factors increasing cash included ¥99.0 billion in income before income taxes and ¥250.4 billion resulting from depreciation and amortization and loss on disposals and sales of leased assets. Major factors decreasing cash included ¥459.7 billion in purchases of leased assets and other operating assets, ¥39.3 billion in increase in loan receivables, ¥32.5 billion in increase in lease receivables and investments in leases, and ¥20.5 billion in income taxes paid.

Investing activities used net cash of ¥32.9 billion. Inflows, including ¥6.7 billion in proceeds from sales and redemption of investment securities and subsidiary company and other shares, were set against outflows such as ¥35.3 billion in purchases of investment securities and subsidiary company and other shares and ¥4.3 billion in purchases of own-used assets.

Financing activities provided net cash of ¥552.3 billion. Direct financing provided net proceeds of ¥124.5 billion, while indirect financing, such as bank loans, provided net proceeds of ¥453.4 billion. Among the main outflows was ¥25.7 billion in cash dividends paid.

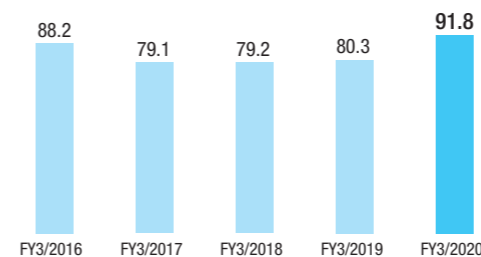
Basic Policy on Profit Distribution and Dividend Payouts

Our basic policy on profit distribution is to provide continuous and stable dividend payouts while seeking to maintain adequate equity reserves.

Based on this policy, we set the dividend for fiscal 2019 at ¥25.00 per share (interim dividend of ¥12.50 and year-end dividend of ¥12.50), an increase of ¥1.50 from the previous fiscal year and the 21st consecutive year of dividend growth if the effect of the 10-for-1 stock split carried out on April 1, 2013, is applied retrospectively.

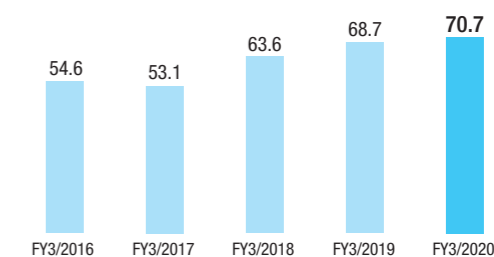
Operating Income

(Billions of yen)



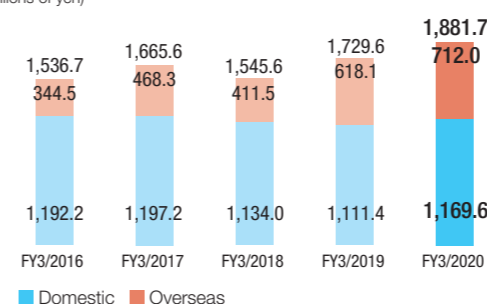
Net Income Attributable to Owners of the Parent

(Billions of yen)



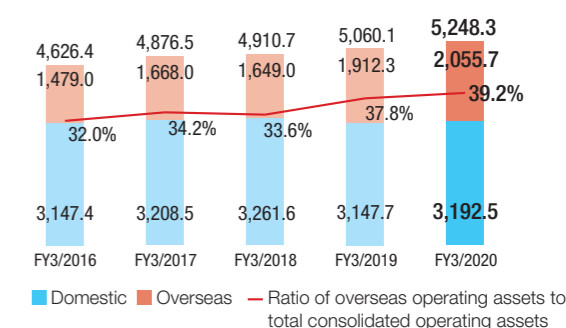
Volume of New Transactions (Domestic and Overseas)

(Billions of yen)



Operating Assets (Domestic and Overseas)*

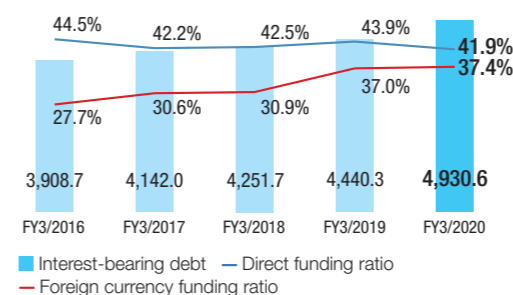
(Billions of yen)



* Due to changes in definition of terms that took place in the first quarter of fiscal 2020, the figures given here may be different from those stated in the financial summaries for fiscal 2017–fiscal 2019.

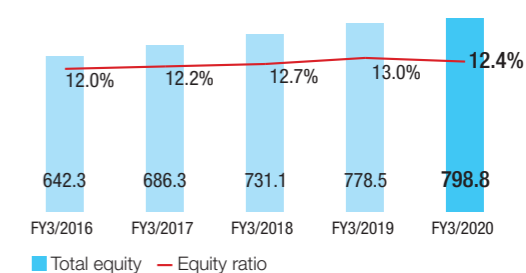
Interest-Bearing Debt / Direct Funding Ratio / Foreign Currency Funding Ratio

(Billions of yen)



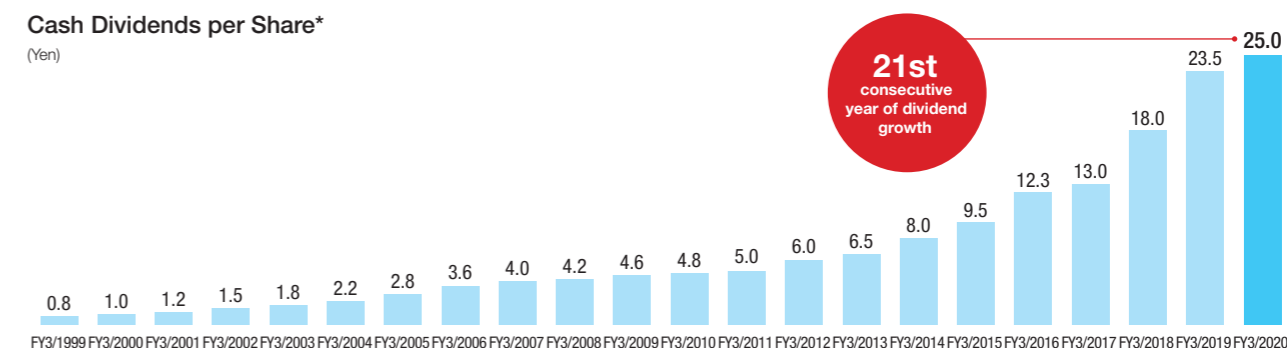
Total Equity / Equity Ratio

(Billions of yen)



Cash Dividends per Share*

(Yen)



* On April 1, 2013, Mitsubishi UFJ Lease & Finance split each share of its common stock, held by shareholders stated or recorded in the register of shareholders as of March 31, 2013, into 10 shares. "Cash dividends per share" has been retrospectively adjusted to reflect the stock split for all periods presented.