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# Consolidated Financial Results Summary for FY 2019

May 29, 2020

 **Hitachi Capital Corporation**

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for FY 2019**
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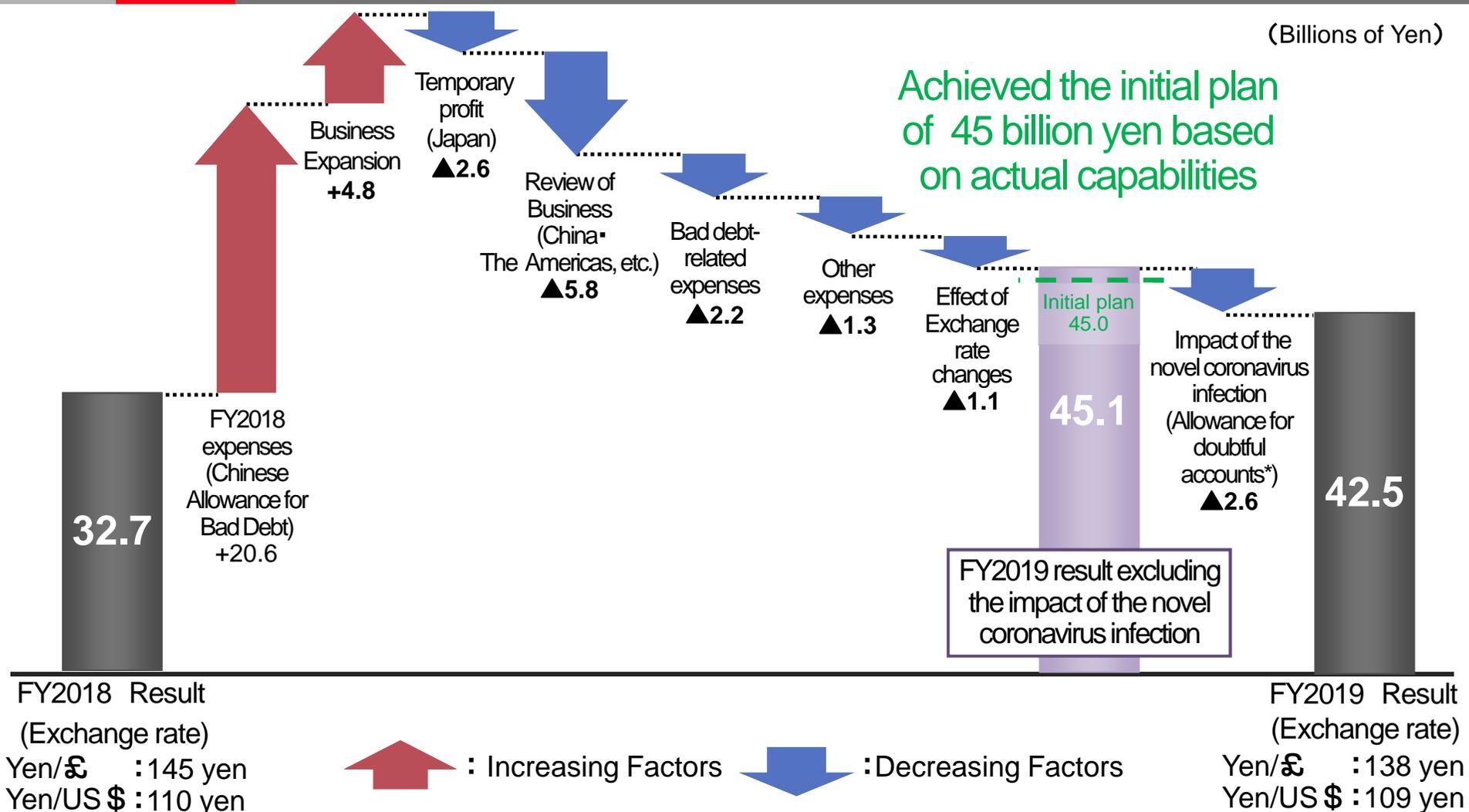
# 1-1. Summary of Business Performance for FY2019

(Millions of yen)

	FY2018 Results	FY2019 Results	Y on Y Change	Foreign exchange effects	Y on Y (excluding foreign exchange effects)
Volume of business	2,745,094	2,186,490	80%	▲45,267	81%
Revenues	453,253	464,020	102%	▲8,820	104%
Cost of sales	312,859	327,703	105%	▲5,769	107%
Gross profit	140,393	136,316	97%	▲3,050	99%
Selling, general and administrative expenses	110,997	96,442	87%	▲2,008	89%
Profit before tax	32,706	42,526	130%	▲1,075	133%
Net income attributable to owners of the parent	19,363	30,693	159%	▲828	163%
Operating assets	3,392,878	3,185,326	94%	▲98,610	97%
ROE	5.1%	8.1%	+2.9%	—	
ROA	1.0%	1.3%	+0.3%	—	
OHR	59.0%	61.9%	+2.9%	—	
Yearly average currency exchange rate	Yen / £	145 yen	138 yen	▲7 yen	
	Yen / US \$	110 yen	109 yen	▲1 yen	

# 1-2. Changing Factors of FY 2019 Profit before tax

(Billions of Yen)



**【\*Impact of the novel coronavirus infection (Allowance for doubtful accounts)】**  
 Allowance for doubtful accounts was calculated in FY2019  
 (Allowance for doubtful accounts was calculated assuming that credit risk will increase until first half of the year ended March 31, 2021 (about 6 months))

## 2-1. Summary of Japan Business/Global Business

(Millions of yen)

		FY2018 Results	FY2019 Results	Y on Y Change	Foreign exchange effects	Y on Y (excluding foreign exchange effects)
Volume of business	Japan Business	993,506	1,028,643	104%	0	104%
	Global Business	1,751,588	1,157,847	66%	▲45,267	69%
Gross profit	Japan Business	62,857	62,422	99%	0	99%
	Global Business	76,633	72,892	95%	▲3,050	99%
Profit before tax	Japan Business	30,265	26,565	88%	0	88%
	Global Business	10,950	24,405	223%	▲1,075	233%
Operating assets	Japan Business	1,624,893	1,669,842	103%	▲637	103%
	Global Business	1,767,985	1,515,483	86%	▲97,972	91%
ROA	Japan Business	1.9%	1.6%	▲0.3%	—	—
	Global Business	0.7%	1.5%	+0.8%	—	—
ROA (Local currency basis)	Global Business	0.6%	1.5%	+0.9%	—	—

\*Adjustments (company-wide expense) are not allocated to gross profit and profit before tax of Japan Business and Global Business.

## 2-2. Breakdown of Japan Business

(Millions of yen)

	Volume of business			Operating assets		
	FY2018 Results	FY2019 Results	Y on Y Change	FY2018 Results	FY2019 Results	Y on Y Change
Total of Japan Business	993,506	1,028,643	104%	1,624,893	1,669,842	103%
Account Solution	802,990	828,314	103%	1,072,868	1,155,850	108%
Vendor Solution	181,971	191,707	105%	429,184	444,484	104%
Total of reportable segments	984,961	1,020,021	104%	1,502,053	1,600,334	107%
Other	9,822	9,878	101%	122,839	69,508	57%

	Gross profit			Profit before tax		
	FY2018 Results	FY2019 Results	Y on Y Change	FY2018 Results	FY2019 Results	Y on Y Change
Total of Japan Business	62,857	62,422	99%	30,265	26,565	88%
Account Solution	37,546	36,975	98%	22,718	20,188	89%
Vendor Solution	16,036	16,492	103%	6,245	5,435	87%
Total of reportable segments	53,583	53,467	100%	28,963	25,623	88%
Other	9,274	8,955	97%	1,302	941	72%

\*Adjustments (company-wide expense) are not allocated to total of Japan Business.

## 2-3. Breakdown of Global Business(1): Europe, The Americas

### ■ Europe (UK, Poland, the Netherlands, Germany, Austria, Belgium, Czech, Slovakia, Hungary)

(Millions of yen)

	FY2018 Results	FY2019 Results	Y on Y Change	Foreign exchange effects	Y on Y (excluding foreign exchange effects)
Volume of business	662,687	651,404	98%	▲ 35,182	104%
Gross profit	44,539	45,995	103%	▲ 2,503	109%
Profit before tax	18,251	18,533	102%	▲ 974	107%
Operating assets	879,725	874,787	99%	▲ 74,577	108%
ROA (Local currency basis)	2.2%	2.1%	▲0.1%	—	—

### ■ The Americas (US, Canada)

(Millions of yen)

	FY2018 Results	FY2019 Results	Y on Y Change	Foreign exchange effects	Y on Y (excluding foreign exchange effects)
Volume of business	721,770	332,590	46%	▲ 6,218	47%
Gross profit	16,385	15,492	95%	▲ 302	96%
Profit before tax	5,100	3,212	63%	▲ 60	64%
Operating assets	426,127	312,498	73%	▲ 6,202	75%
ROA (Local currency basis)	1.3%	0.9%	▲0.4%	—	—

## 2-3. Breakdown of Global Business(2): China, ASEAN

### ■ China (Mainland China, Hong Kong area)

(Millions of yen)

	FY2018 Results	FY2019 Results	Y on Y Change	Foreign exchange effects	Y on Y (excluding foreign exchange effects)
Volume of business	251,027	86,141	34%	▲ 2,809	35%
Gross profit	9,288	4,802	52%	▲ 147	53%
Profit before tax	▲ 13,895	1,956	—	▲ 52	—
Operating assets	312,594	200,541	64%	▲ 6,645	66%
ROA (Local currency basis)	▲ 4.4%	0.8%	+5.2%	—	—

### ■ ASEAN (Singapore, Thailand, Malaysia, Indonesia)

(Millions of yen)

	FY2018 Results	FY2019 Results	Y on Y Change	Foreign exchange effects	Y on Y (excluding foreign exchange effects)
Volume of business	116,103	87,711	76%	▲ 1,057	76%
Gross profit	6,419	6,601	103%	▲ 97	104%
Profit before tax	1,493	702	47%	11	46%
Operating assets	149,537	127,655	85%	▲ 10,548	92%
ROA (Local currency basis)	1.1%	0.5%	▲ 0.6%	—	—

## 3-1. Consolidated Financial Forecast for FY2020 (Environment Recognition)

### Scenario by the spread of the novel coronavirus infection

- Capital investments and personal consumption continue to decline sharply for a while due to measures such as lockdown imposing strict restriction on economic activities
- The number of bankruptcies of SMEs, especially those in the service business, has increased, worsening the unemployment rate
- Although the strict measures will remain in place for a while, economic activities and personal consumption will recover gradually after the lockdown is eased in stages or reviewed in or after the second quarter
- It is difficult to completely end the infection, and there are concerns over the second (and third) wave, but their impact on the economic environment is expected to be limited considering we can capitalize on the experience obtained from the first wave and advancement of the cure

*<Preliminary calculations based on this scenario>*

*We incorporate decreases in business volume and revenues in its consolidated earnings forecasts for the fiscal year ending March 31, 2021, assuming that the novel coronavirus infection will have significant negative impact until June 2020 and then the economy will gradually recover towards March 2021.*

## 3-2. Consolidated Financial Forecast for FY2020 (Preliminary calculation)

(Millions of yen)

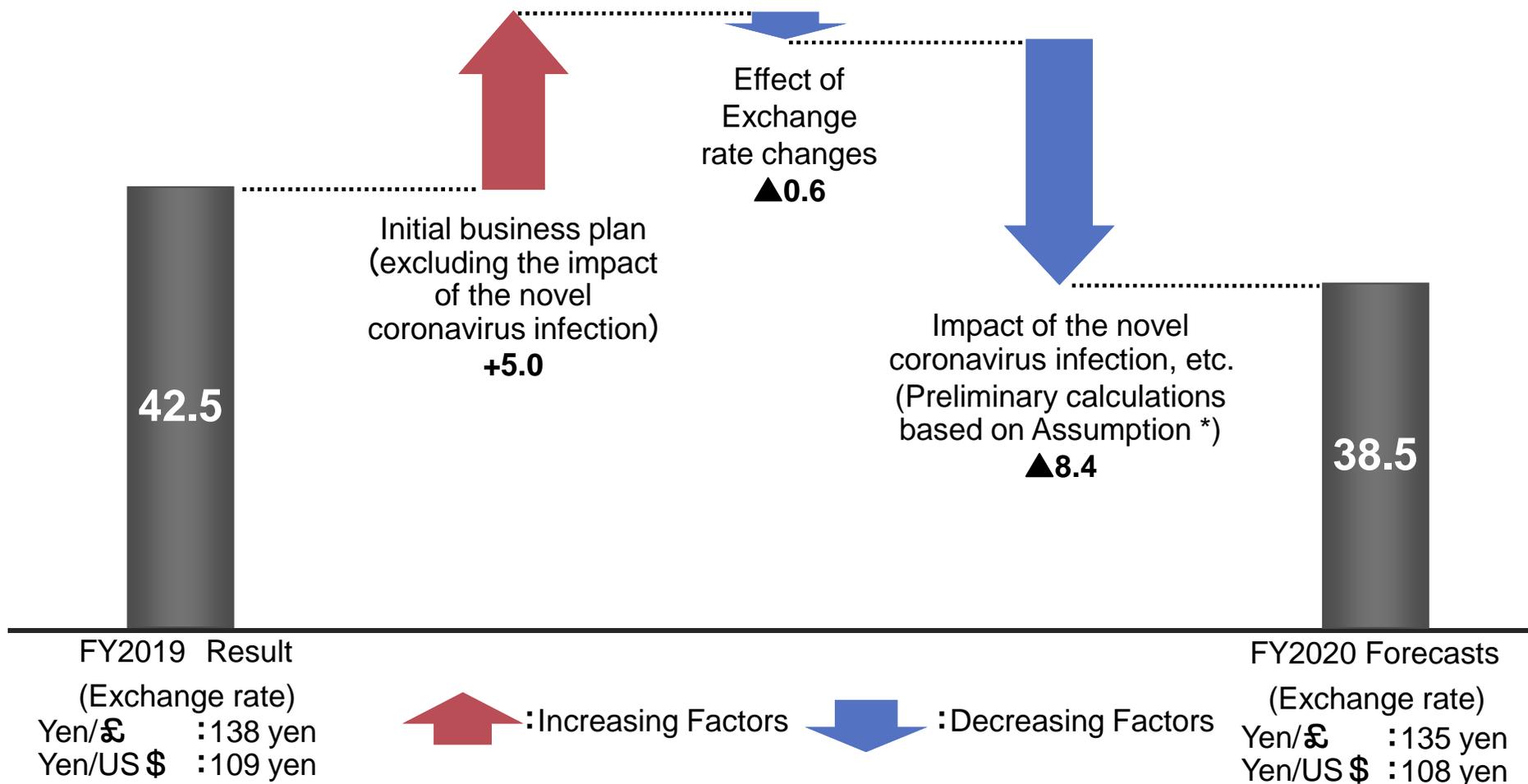
	FY2019 Results	FY2020 Forecasts	Y on Y Change	
Volume of business	2,186,490	1,755,000	80%	
Revenues	464,020	450,200	97%	
Cost of sales	327,703	314,200	96%	
(of which, cost of capital)	40,027	36,900	92%	
Gross profit	136,316	136,000	100%	
Selling, general and administrative expenses	96,442	99,500	103%	
Profit before tax	42,526	38,500	91%	
Net income attributable to owners of the parent	30,693	27,500	90%	
Dividend per share (yen)	150 yen(*1)	94 yen	—	
Payout ratio	41.9%(*2)	39.9%	▲2.0%	
ROE	8.1%	7.1%	▲1.0%	
ROA	1.3%	1.2%	▲0.1%	
OHR	61.9%	65.7%	+3.7%	
Yearly average currency exchange rate	Yen / £	138 yen	135 yen	Exchange sensitivity (*3) : Approx. 110 million yen
	Yen / US \$	109 yen	108 yen	Exchange sensitivity (*3) : Approx. 30 million yen

(\*1) Ordinary dividend payments 110 yen + Special Dividends 40 yen (\*2) Calculated using ordinary dividend payments (110 yen share)

(\*3) The impact on Profit before tax in case JPY vs £/\$ changed 1 yen (FY2020 forecasts)

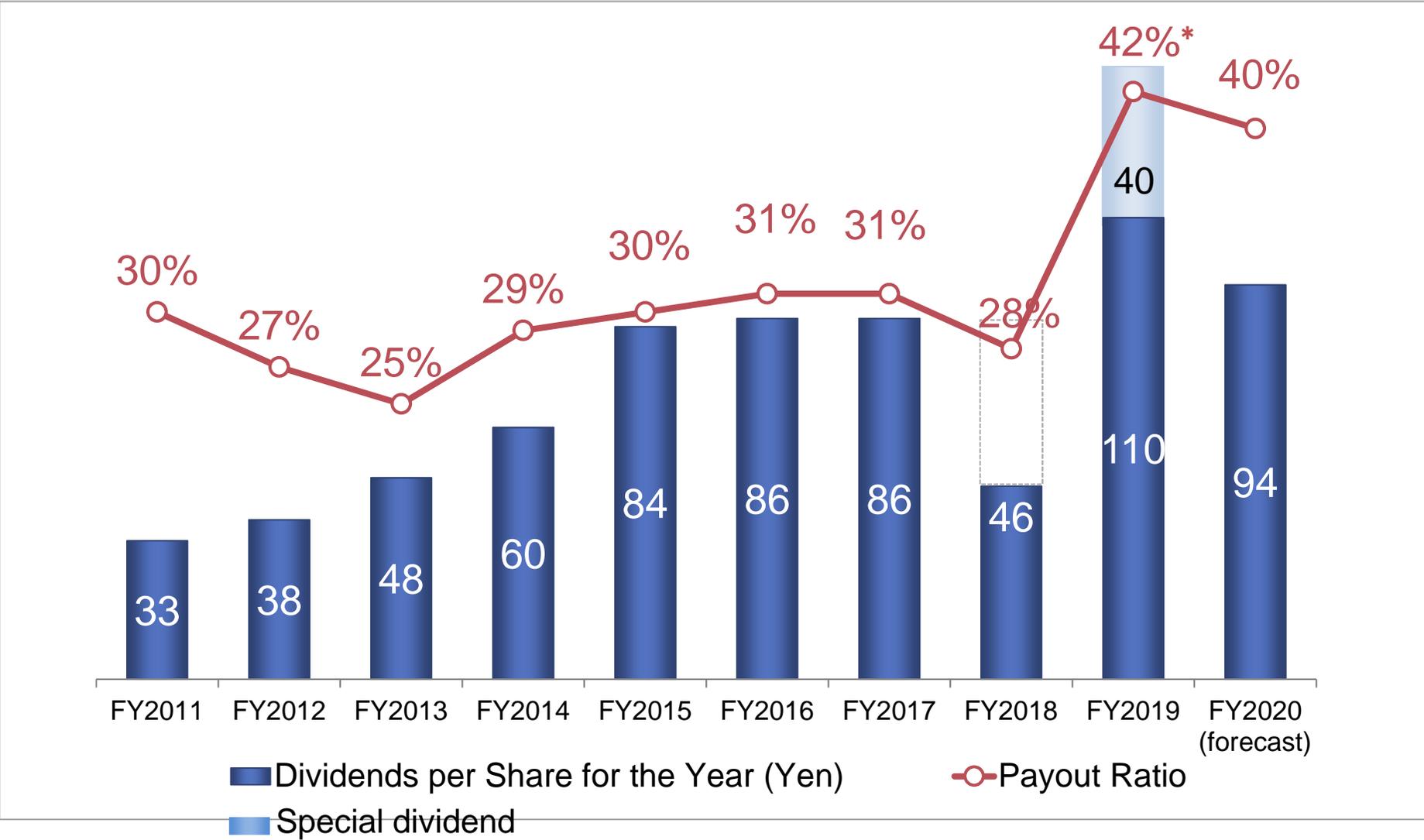
# 3-3. Changing Factors of FY2021 Profit before tax **HITACHI** Inspire the Next

(Billions of Yen)



***【\*Impact of the novel coronavirus infection (Preliminary calculation method)】***  
*Decreases in business volume and revenues are incorporated*  
*(Assumption: The novel coronavirus infection will have significant negative impact until June 2020 and then the economy will gradually recover towards March 2021)*

# 3-4. Trends of annual cash dividends per share/ payout ratio



\* Dividend payout ratio is calculated only for ordinary dividends excluding special dividends

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Note:

This document contains forward - looking statements with respect to future results, performance and achievements that are subject to risk and uncertainties and reflect management's views and assumptions formed using information available at the time. Accordingly, forecasts may differ from actual results due to a variety of factors.

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# Appendix

# Breakdown of Cost of Sales/SG&A

## ■ Breakdown of cost of sales

(Millions of yen)

	FY2018 Results	FY2019 Results	Y on Y Change
Cost of sales	312,859	327,703	105%
(of which, cost of capital)	38,599	40,027	104%

## ■ Breakdown of SG&A

(Millions of yen)

	FY2018 Results	FY2019 Results	Y on Y Change
Selling, general and administrative expenses	110,997	96,442	87%
(of which, personnel costs)	48,703	49,246	101%
(of which, business management expenses, etc.)	34,122	35,162	103%
(of which, bad debt-related expenses)	28,171	12,033	43%

# Quarterly Credit Trends by Region

	Credit loss ratio				Credit loss(Millions of yen)			
	FY2016 Results	FY2017 Results	FY2018 Results	FY2019 Results	FY2016 Results	FY2017 Results	FY2018 Results	FY2019 Results
Total	0.15%	0.20%	0.18%	0.23%	5,103	6,452	6,156	7,383
Japan	0.04%	0.05%	0.06%	0.07%	823	812	911	1,160
Europe	0.26%	0.22%	0.25%	0.30%	1,613	1,705	2,169	2,655
The Americas	0.41%	0.79%	0.49%	0.79%	1,357	2,652	2,070	2,480
Asia	0.27%	0.28%	0.22%	0.33%	1,309	1,281	1,005	1,087

\*Credit loss ratio : Credit loss ÷ Operating assets

\*Credit loss : This is the actual amount of bad debt losses that are different from bad debt-related expenses and the allowance for bad debt.