
**Review of
“Mid-Term Management Plan for FY2013 to FY2015”**

April 28, 2016

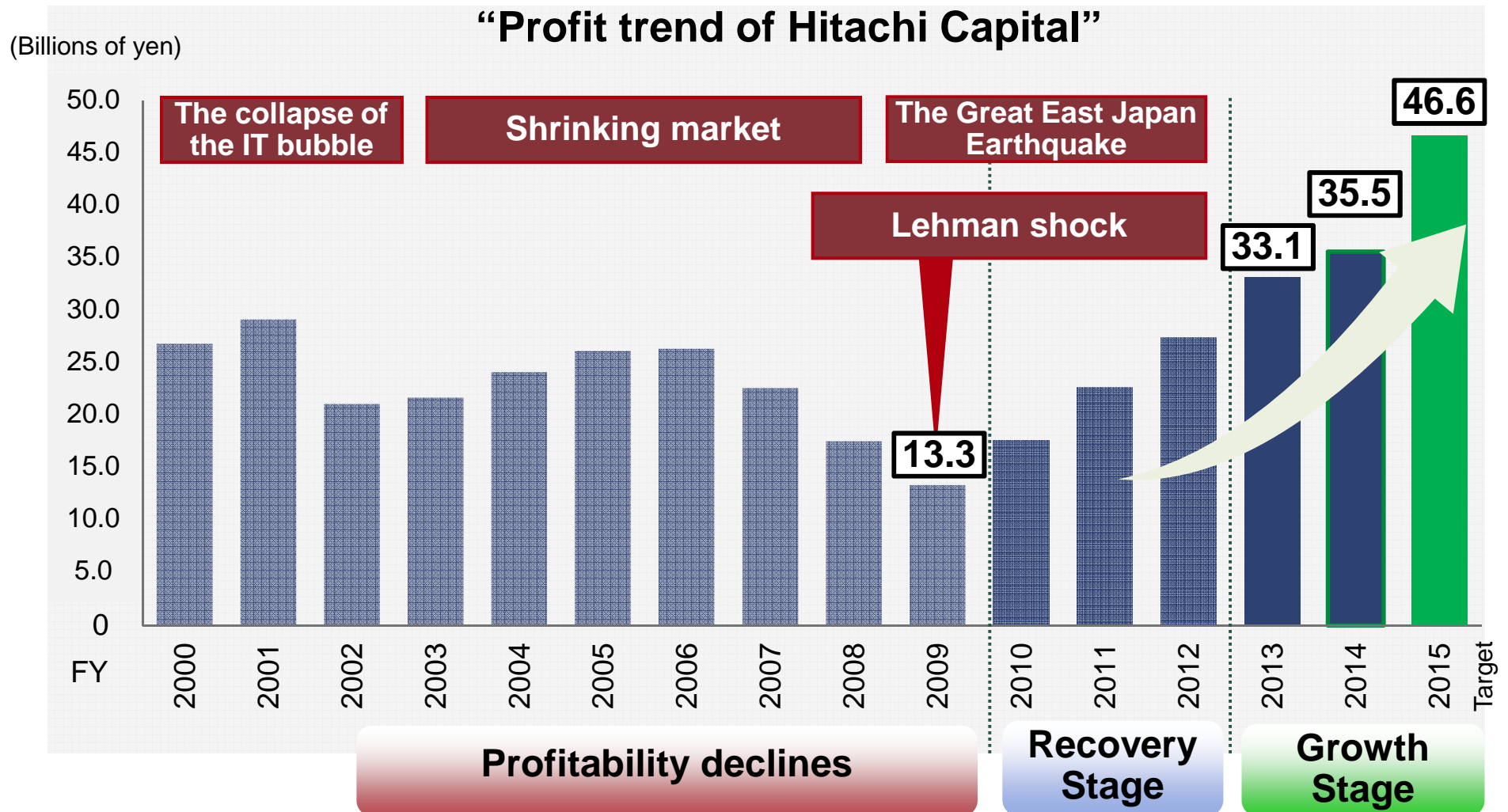
 **Hitachi Capital Corporation**

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1. Changes in External Environment and Business Results

Shift from a recovery stage to a growth stage despite continued tough environment



2-1. Review of 2015 Mid-Term Management Plan (Overview of Business Strategy)

Transforming the Company into a “high-profit enterprise” for sustainable growth

Regional Strategy (Segment)



Group common strategies

2-2. Review of 2015 Mid-Term Management Plan (Key management indicators)

Accomplished the targets in the growth stage.
Achieved a record high for three consecutive years

Profit before Tax

Original plan:
34.0 billion yen

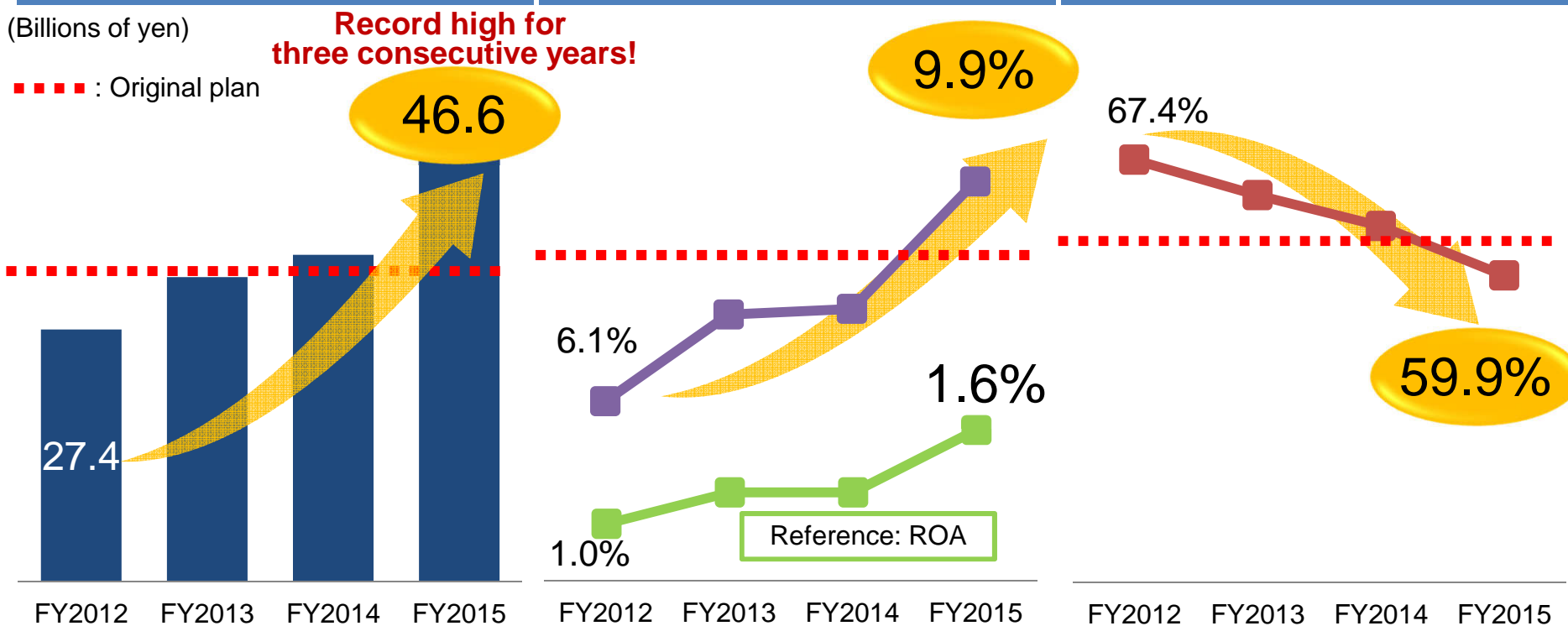
ROE

Original plan:
≥8%

OHR

Original plan:
< 63%

(Billions of yen)



*Ordinary income (Japan GAAP) in FY2012

*OHR (overhead ratio) = SG&A (excluding bad debt expenses) / Gross profit

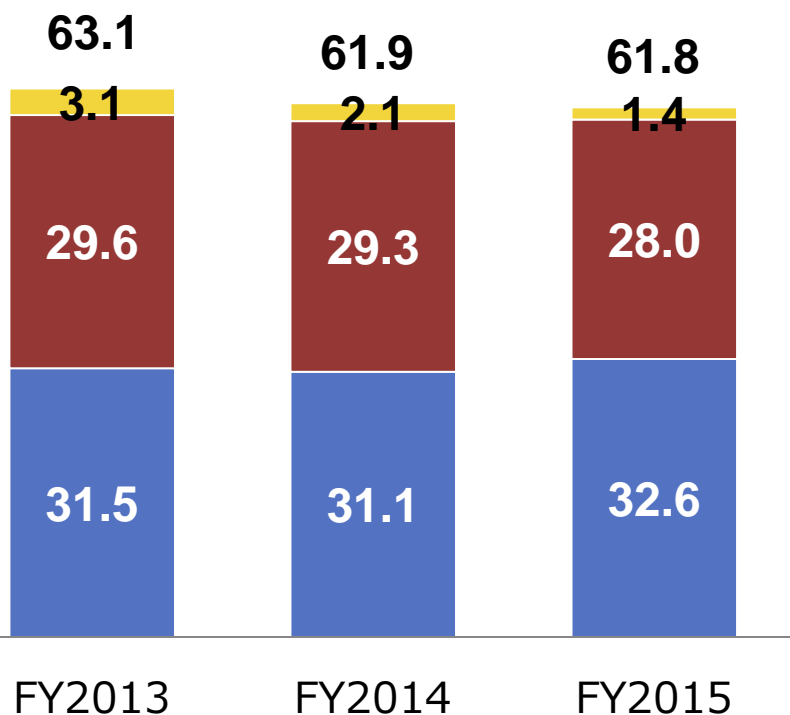
2-4. Review of 2015 Mid-Term Management Plan (Japan Business: Business Results)

Changed the business model through expansion of focused sectors and cost structural reform

Gross profit

(Billions of yen)

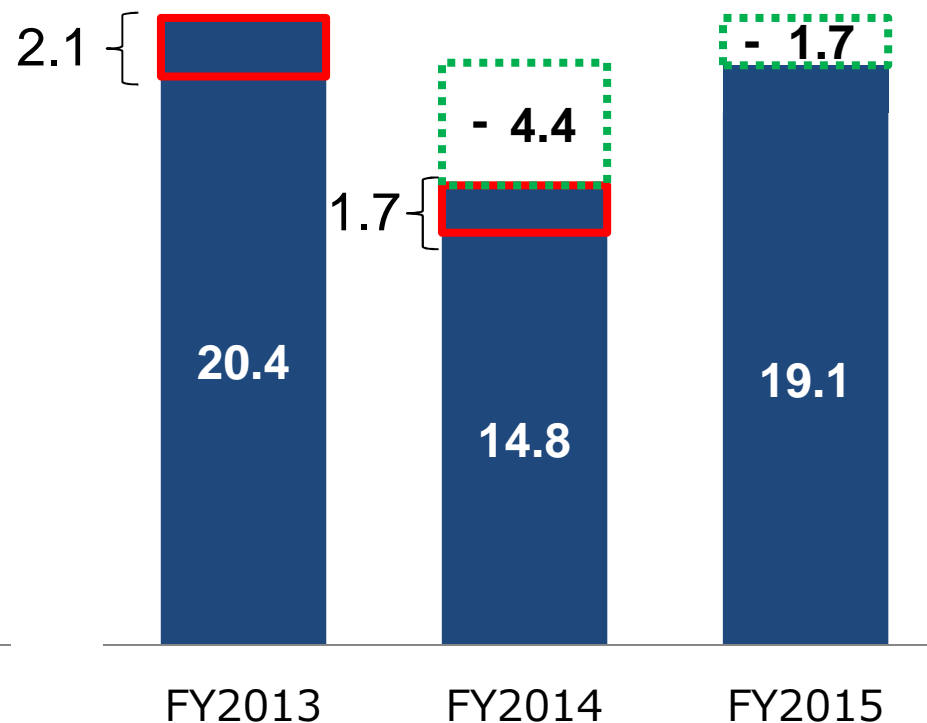
■ Focused 6 sectors ■ Fundamental business ■ Closure



Profit before tax

(Billions of yen)

■ : Reversal of allowance for doubtful accounts
□ : Temporal expense, etc.



(Note) Total amounts include adjustments in Japan Business

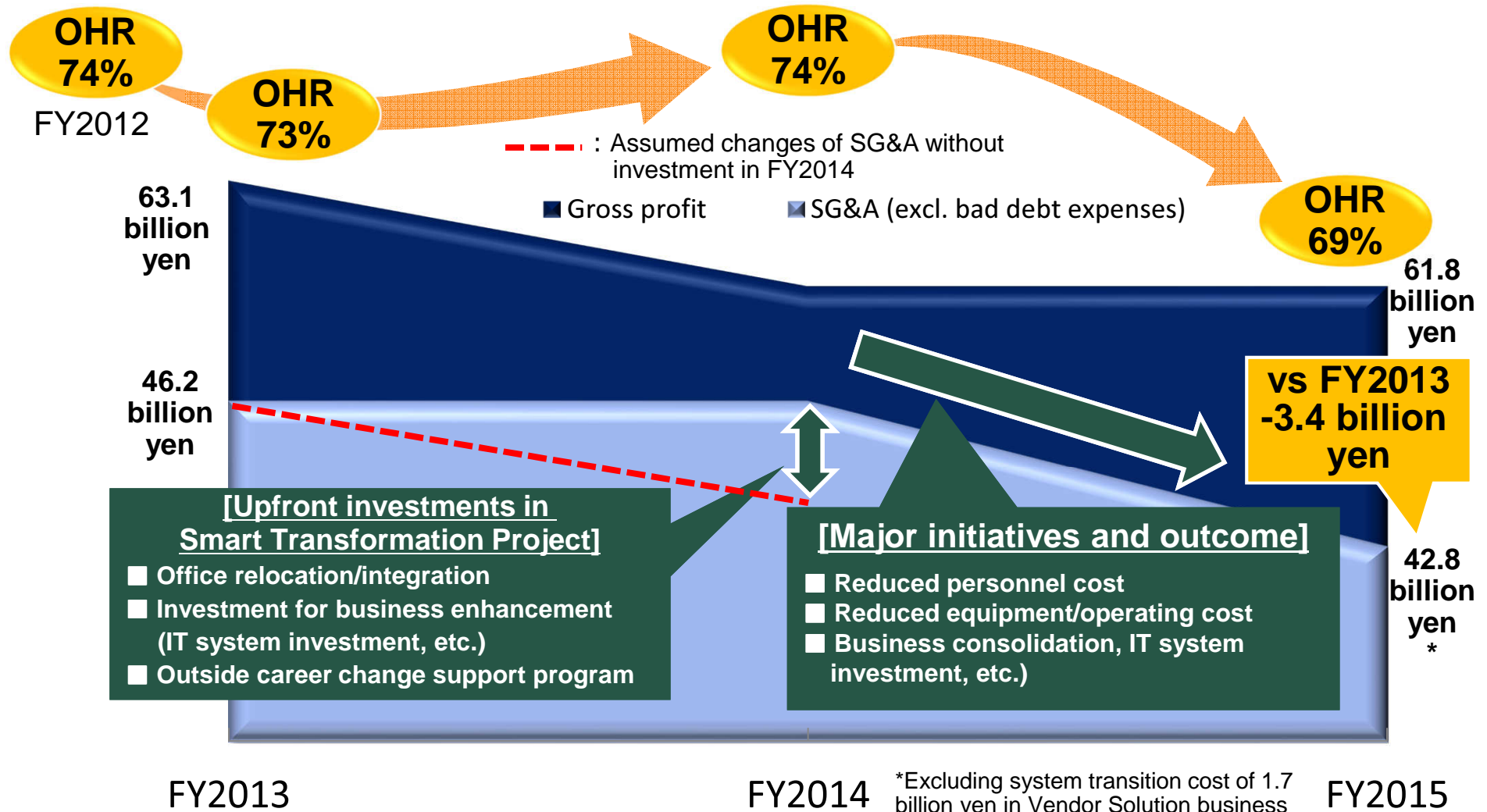
2-5. Review of 2015 Mid-Term Management Plan (Japan Business: Changing Business Portfolio)

Worked on these sectors to take advantage of our strengths in dealing with social issues and changes

Sector	FY2012 Result	2015 Mid-Term Management Plan Target	Result	Evaluation
Social Infrastructure	140.0 billion yen	Volume of business (Accumulated) <u>220.0 billion yen</u>	309.2 billion yen	◎ Enhanced PPP/PFI by meeting needs related to aging social infrastructure with a primary focus on our strengths in real estate lease. Significantly surpassed target
Environment and Renewable energy	160 MW	Amount of Power Generation (Accumulated) <u>350 MW</u>	320 MW	○ Demonstrated Hitachi Group's strengths and established a new commercialization model (power generation business). Achieved original target of 320MW
Auto Leasing	80 thousand	Number of Vehicles <u>100 thousand</u>	96 thousand	△ Tried to create synergies through alliance with Sumitomo Mitsui Auto Service. Promoted sharing maintenance service and number of vehicles increased from FY2012
Vendor finance	43.0 billion yen	Volume of business <u>150.0 billion yen</u>	134.4 billion yen	△ Volume of business significantly increased from FY2012 through M&A. Improving efficiency of back office operation and a shift to solution business remain as an issue
Healthcare	41.0 billion yen	Volume of business <u>40.0 billion yen</u>	37.3 billion yen	× Failed to achieve the target despite efforts to create new business model and provide solution based on traditional finance model. Improvements including reform of employees' mindset and behavior are needed
Agriculture	36.0 billion yen	Volume of business <u>50.0 billion yen</u>	38.4 billion yen	×

2-6. Review of 2015 Mid-Term Management Plan (Japan Business: Cost Structure Reform)

Reduced SG&A through Smart Transformation Project



*Excluding system transition cost of 1.7 billion yen in Vendor Solution business

2-7. Review of 2015 Mid-Term Management Plan (Global Business: Business Results)

Europe and the Americas showed significant expansion as growth drivers. Achieved an increase in topline and profit

Gross profit

Profit before tax

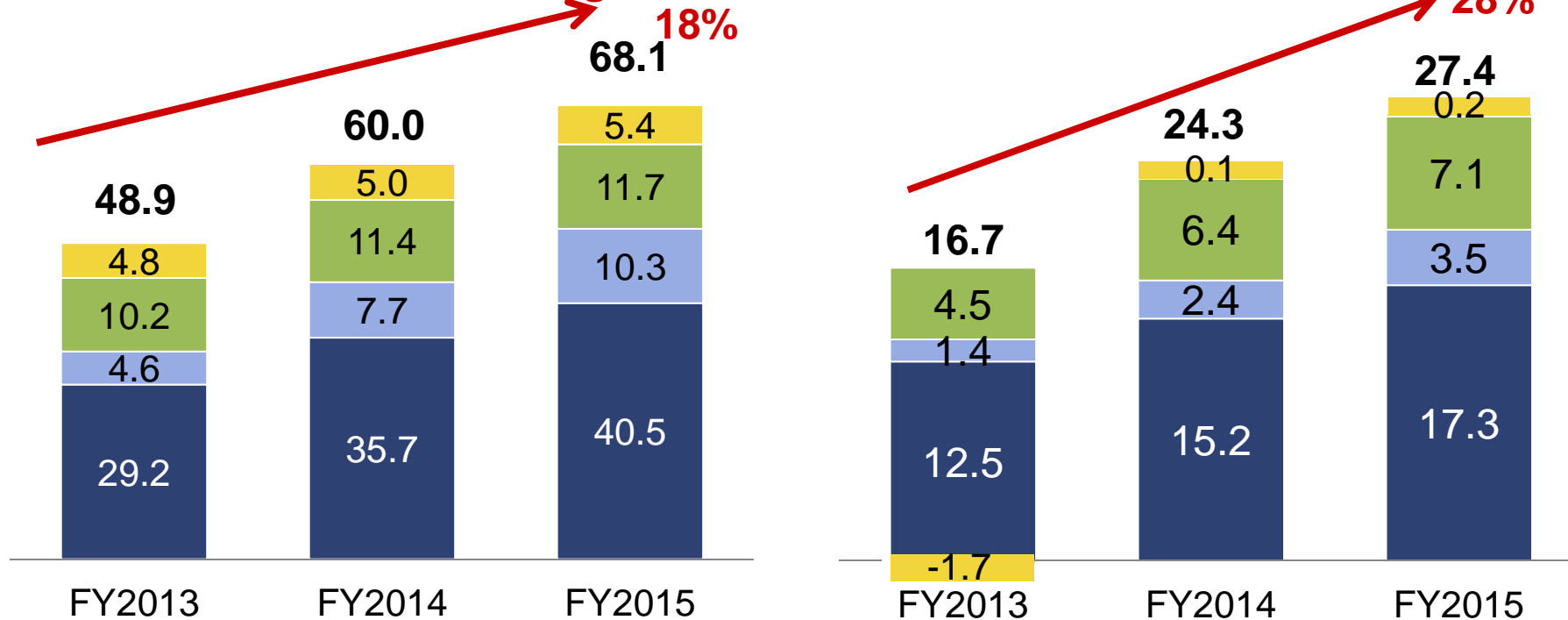
■ Europe ■ The Americas ■ China ■ ASEAN

(Billions of yen)

Average annual growth rate 18%

(Billions of yen)

Average annual growth rate 28%



*Figures in FY2013 and 2014 were calculated with FX rate in FY2015. Total amounts include adjustments in Global Business

2-8. Review of 2015 Mid-Term Management Plan (Global Business: Europe)

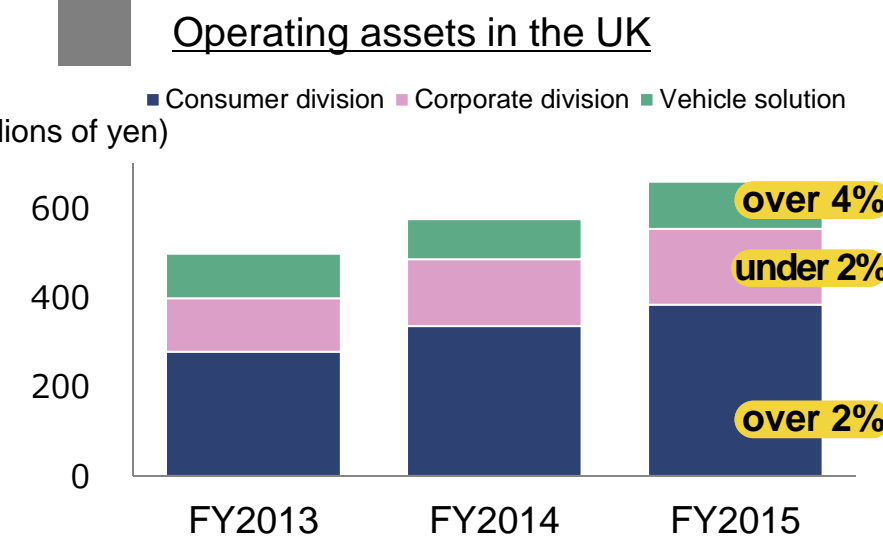
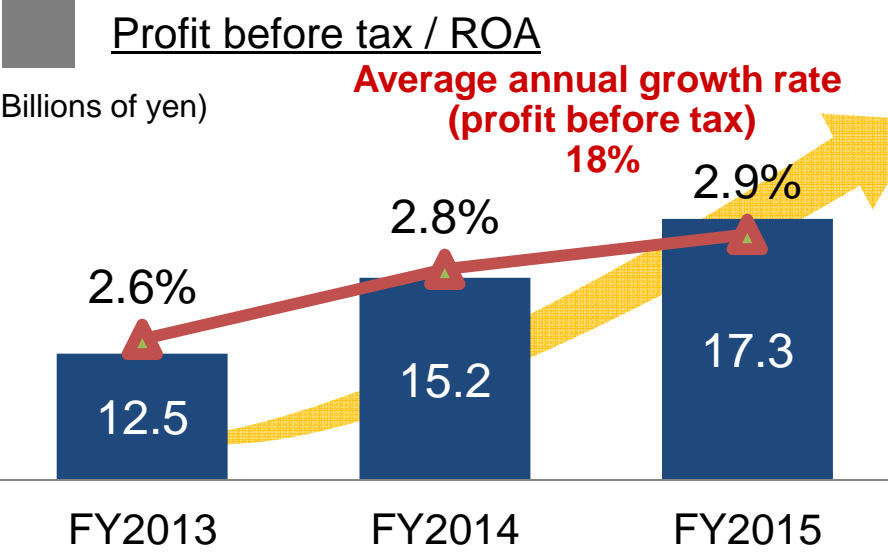
Showed steady business expansion towards the targets to strengthen business base and enter continental Europe

Business Environment

- UK economy remained solid despite the concerns over the departure from EU
- Some bank affiliated competitors started reentering the market, but not on a full scale

Initiatives

- Consumer division strengthened its business model utilizing data analysis with aggressive IT investments and expanding service range
- Vehicle Solution business focused on enhancing relationships with customers. Provided high quality services that satisfy customers' needs
- Promoted Hitachi Group Business in Europe through collaboration with third-party financial institutions



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2-9. Review of 2015 Mid-Term Management Plan (Global Business: The Americas)

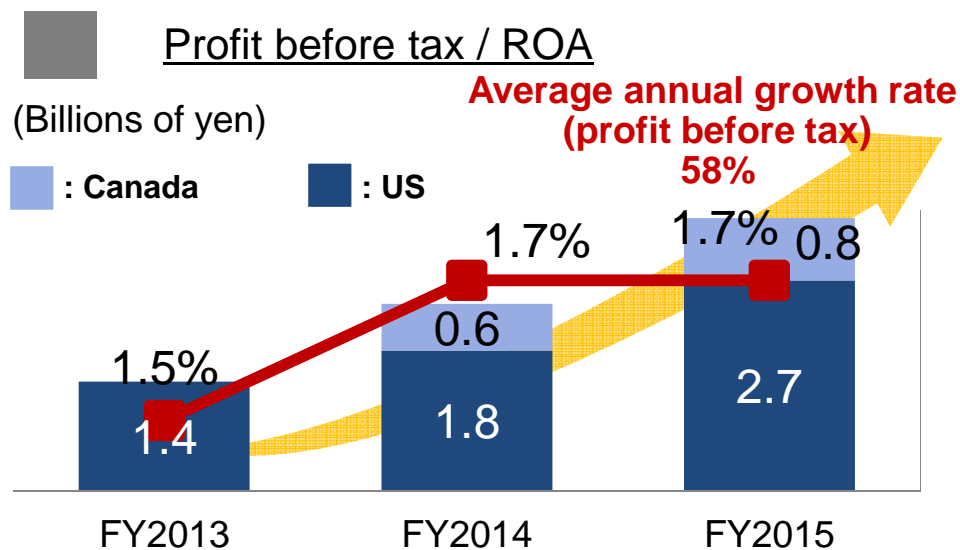
Achieved re-growth both in business areas and geographical expansion

Business Environment

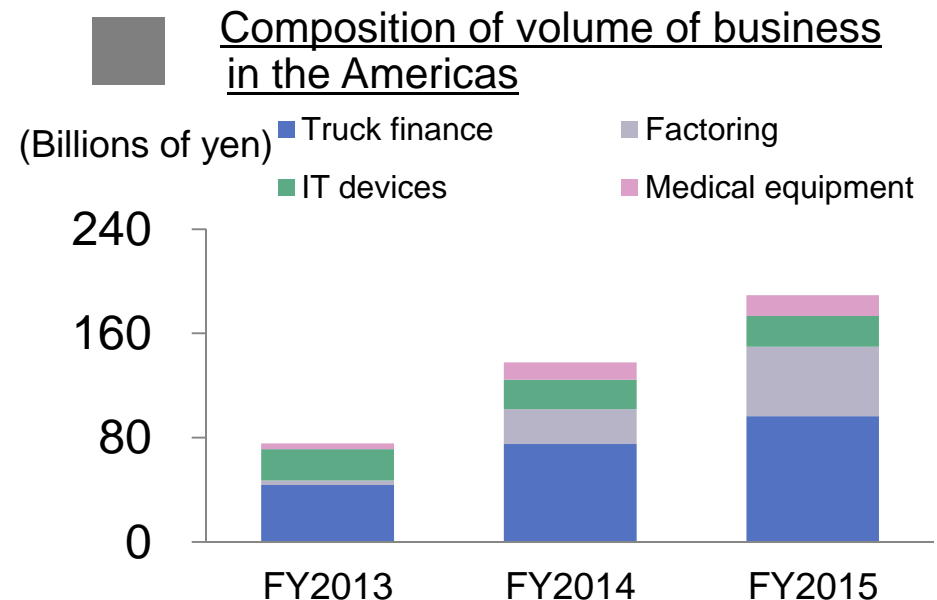
- Economic recovery continued with a support of personal consumption
- Sales of small trucks in North America continued to show double-digit growth YoY

Initiatives

- Truck finance business focused on business expansion through close relationships with customers and provision of high quality services
- Executed M&A (FY2014: Acquired CLE in Canada)
- Entered business areas other than truck finance (Factoring, medical equipment, etc.)



*Figures in FY2013 and 2014 were calculated with FX rate in FY2015



2-10. Review of 2015 Mid-Term Management Plan (Global Business: China)

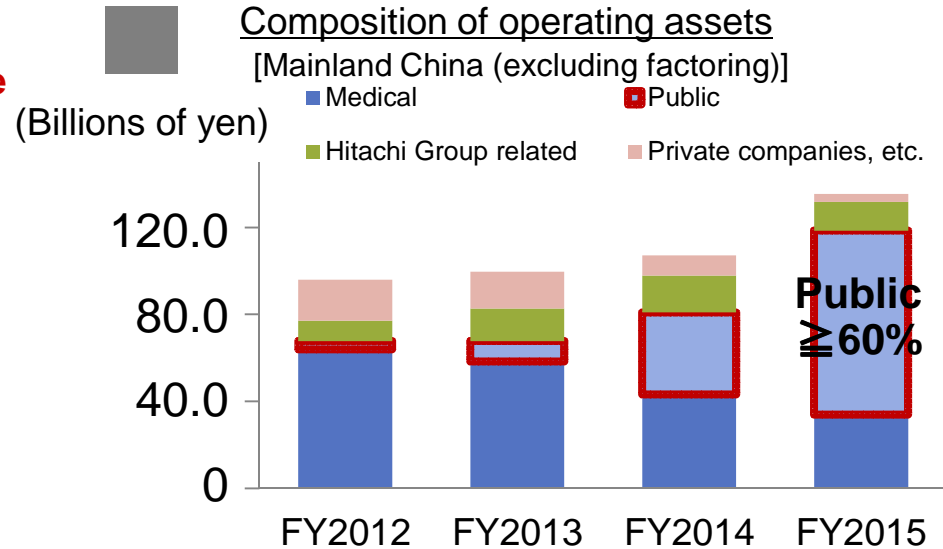
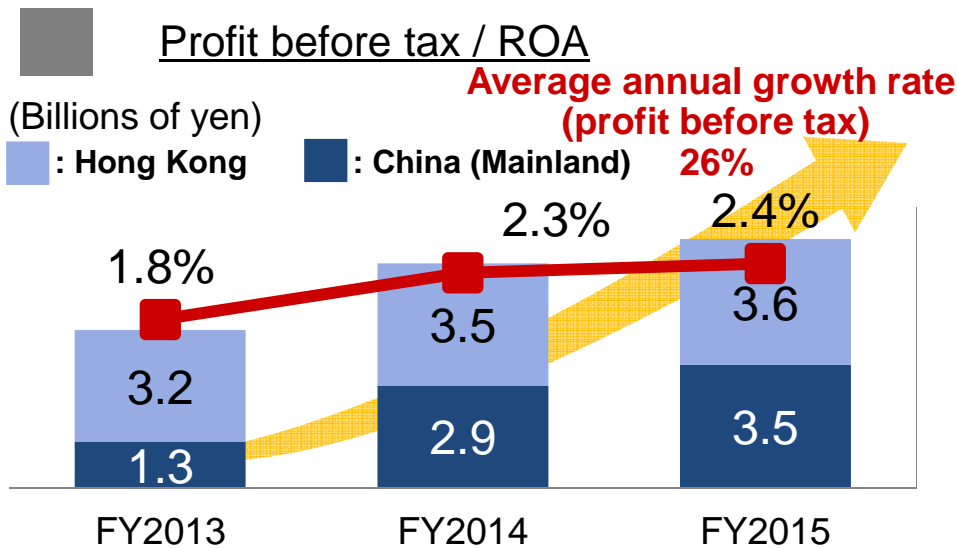
Being forced to change business directions but accommodated to environmental changes smoothly

Business Environment

- The economic growth clearly slowed down. Capital investment declined mainly in manufacturing industry, and credit risk increased
- While Hong Kong showed a relatively stable growth, there are concerns over impact of the decelerated Chinese economic growth

Initiatives

- Promoted business structural reform in Mainland China
- Receivables from local government-affiliated hospitals, which had been our focus, have degraded. Accommodated to business environmental changes and accelerated a shift to public sector with low credit risk



*Figures in FY2013 and 2014 were calculated with FX rate in FY2015

2-11. Review of 2015 Mid-Term Management Plan (Global Business: ASEAN)

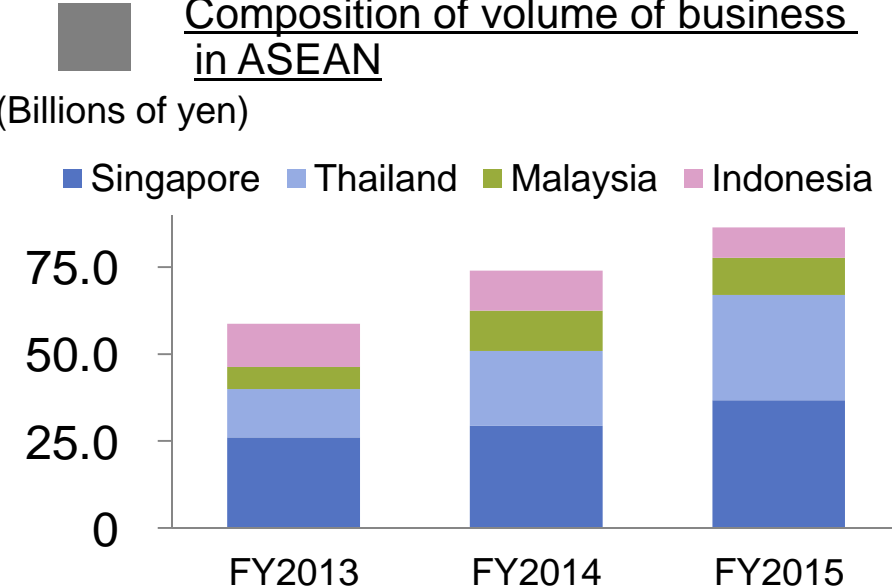
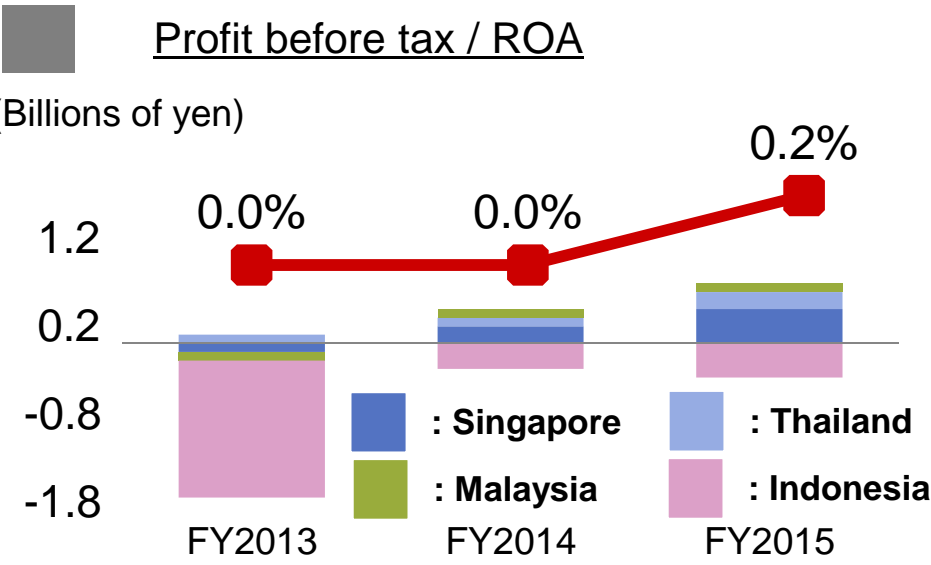
Although volume of business increased as a result of aggressive business development as a growth driver, profitability needs to be improved

Business Environment

- While mid- to long-term growth can be expected, business environment remains unstable due to economic slowdown, regulatory changes, and political instability

Initiatives

- Singapore: Regional headquarters promoted governance and business enhancement for the entire ASEAN
- Thailand: Strengthened factoring and capability to meet finance needs of Japanese companies in addition to local companies
- Malaysia: Focused on strengthening corporate business
- Indonesia: Promoted business structural reform



*Figures in FY2013 and 2014 were calculated with FX rate in FY2015

2-12. Review of 2015 Mid-Term Management Plan (Conclusion)

**Profit before tax achieved a record high for
three consecutive years**

**Largely exceeded the original target in
ROE and OHR**

3-2. Policy after FY2016 (Outline of Business Strategy) **HITACHI** Inspire the Next



3-3. Policy after FY2016 (KPI Forecasts for FY2016)

	FY2015	FY2016 Forecast	Y on Y
Profit before tax (): in the case of same FX level as FY2015	46.6 billion yen	47.0 billion yen (50.4 billion yen)	100% (+108%)
ROE	9.9%	9.4%	-0.4%
ROA	1.57%	1.60%	+0.03%
Dividend per share (Payout ratio)	84 yen (30.0%)	86 yen (30.5%)	+2 yen (+0.5%)

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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.