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# Consolidated Financial Results Summary for FY 2017

May 9, 2018

 **Hitachi Capital Corporation**

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for FY 2017**
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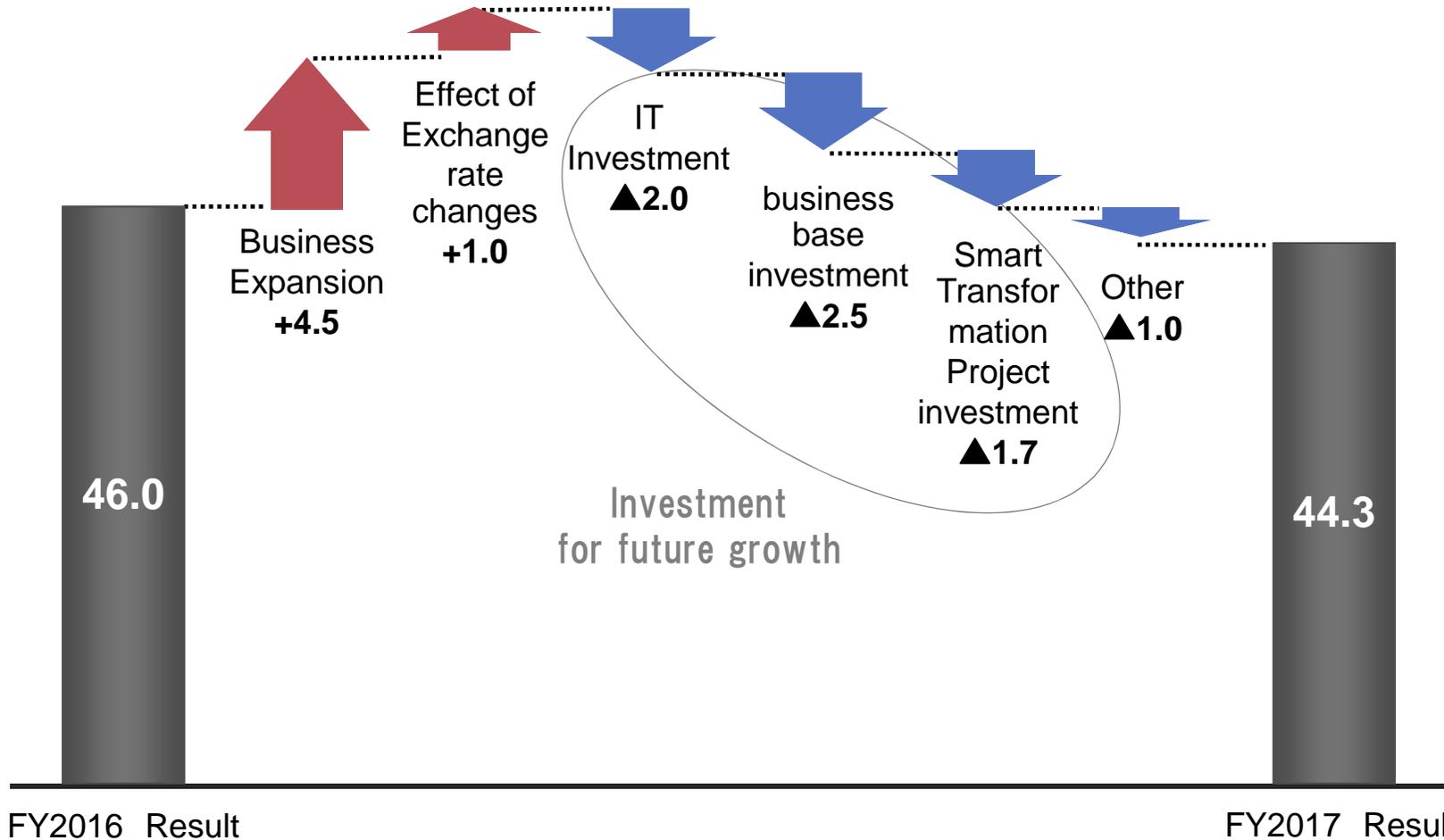
# 1-1. Summary of Business Performance for FY2017

(Millions of yen)

	FY2016 Results	FY2017 Results	Y on Y Change	Foreign exchange effects	Y on Y (excluding foreign exchange effects)
Volume of business	2,334,252	2,509,327	108%	47,910	105%
Revenues	370,860	404,124	109%	6,379	107%
Cost of sales	245,100	272,425	111%	3,963	110%
Gross profit	125,759	131,698	105%	2,416	103%
Selling, general and administrative expenses	81,902	86,274	105%	1,387	104%
Profit before tax	46,033	44,295	96%	1,012	94%
Net income attributable to owners of the parent	32,926	32,057	97%	808	95%
Operating assets	2,994,489	3,179,135	106%	19,380	106%
ROE	9.6%	8.8%	▲0.8%	—	
ROA	1.5%	1.4%	▲0.1%	—	
OHR	60.7%	60.9%	+0.2%	—	
Yearly average currency exchange rate	Yen / £	141 yen	147 yen	+6 yen	
	Yen / US \$	108 yen	110 yen	+2 yen	

# 1-2. Changing Factors of FY 2017 Profit before tax

(Billions of Yen)



(Exchange rate)  
Yen/£ : 141 yen  
Yen/US\$ : 108 yen

: Increasing Factors    : Decreasing Factors

(Exchange rate)  
Yen/£ : 147 yen  
Yen/US\$ : 110 yen

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

(Millions of yen)

		FY2016 Results	FY2017 Results	Y on Y Change	Foreign exchange effects	Y on Y (excluding foreign exchange effects)
Volume of business	Japan Business	1,081,481	1,046,650	97%	—	—
	Global Business	1,252,771	1,462,677	117%	47,910	113%
Gross profit	Japan Business	61,115	62,207	102%	—	—
	Global Business	63,402	68,681	108%	2,416	105%
Profit before tax	Japan Business	24,657	23,903	97%	—	—
	Global Business	27,850	29,284	105%	1,012	102%
Operating assets	Japan Business	1,644,013	1,623,024	99%	—	—
	Global Business	1,350,475	1,556,110	115%	19,380	114%
ROA	Japan Business	1.5%	1.5%	▲0.0%	—	—
	Global Business	2.1%	2.0%	▲0.1%	—	—
ROA (Local currency basis)	Global Business	2.2%	2.0%	▲0.3%	—	—

\*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		
	FY2016 Results	FY2017 Results	Y on Y Change	FY2016 Results	FY2017 Results	Y on Y Change
Total of Japan Business	1,081,481	1,046,650	97%	1,644,013	1,623,024	99%
Account Solution	875,279	850,987	97%	1,019,030	1,042,843	102%
(of which, excluding factoring)	732,301	785,293	107%	938,452	1,023,655	109%
Vendor Solution	179,958	177,432	99%	420,935	417,006	99%
Total of reportable segments	1,055,238	1,028,420	97%	1,439,966	1,459,850	101%
(of which, excluding factoring)	912,260	962,726	106%	1,359,388	1,440,662	106%
Other	27,862	20,146	72%	204,048	163,173	80%
	Gross profit			Profit before tax		
	FY2016 Results	FY2017 Results	Y on Y Change	FY2016 Results	FY2017 Results	Y on Y Change
Total of Japan Business	61,115	62,207	102%	24,657	23,903	97%
Account Solution	34,214	36,212	106%	17,677	17,289	98%
(of which, excluding factoring)	33,825	36,200	107%	17,561	17,296	98%
Vendor Solution	16,601	15,916	96%	5,782	5,346	92%
Total of reportable segments	50,815	52,128	103%	23,459	22,635	96%
(of which, excluding factoring)	50,426	52,116	103%	23,343	22,642	97%
Other	10,300	10,078	98%	1,197	1,267	106%

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

\*Effective October 1, 2017, part of healthcare business and agriculture business were transferred to vendor solution business, and accordingly the segments were revised mainly in Account Solution and Vendor Solution. The figures by segment are presented based on the new segments.

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

### ■ Europe (UK, Poland, the Netherlands)

(Millions of yen)

	FY2016 Results	FY2017 Results	Y on Y Change	Foreign exchange effects	Y on Y (excluding foreign exchange effects)
Volume of business	490,826	592,343	121%	23,654	116%
Gross profit	35,220	38,384	109%	1,559	105%
Profit before tax	15,842	16,907	107%	623	103%
Operating assets	593,770	763,903	129%	45,748	121%
ROA (Local currency basis)	2.8%	2.5%	▲0.3%	—	—

### ■ The Americas (US, Canada)

(Millions of yen)

	FY2016 Results	FY2017 Results	Y on Y Change	Foreign exchange effects	Y on Y (excluding foreign exchange effects)
Volume of business	465,491	533,212	115%	10,816	112%
Gross profit	12,769	14,440	113%	319	111%
Profit before tax	4,343	3,701	85%	103	83%
Operating assets	304,183	333,702	110%	▲18,689	116%
ROA (Local currency basis)	1.7%	1.1%	▲0.5%	—	—

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

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

(Millions of yen)

	FY2016 Results	FY2017 Results	Y on Y Change	Foreign exchange effects	Y on Y (excluding foreign exchange effects)
Volume of business	207,756	235,416	113%	7,818	110%
Gross profit	10,422	9,843	94%	278	92%
Profit before tax	7,429	7,677	103%	218	100%
Operating assets	328,897	325,136	99%	▲10,029	102%
ROA (Local currency basis)	2.4%	2.3%	▲0.1%	—	—

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

(Millions of yen)

	FY2016 Results	FY2017 Results	Y on Y Change	Foreign exchange effects	Y on Y (excluding foreign exchange effects)
Volume of business	88,696	101,704	115%	5,620	108%
Gross profit	4,991	6,012	120%	258	115%
Profit before tax	235	998	425%	66	396%
Operating assets	123,623	133,368	108%	2,352	106%
ROA (Local currency basis)	0.2%	0.7%	+0.6%	—	—

# 3-1. Consolidated Financial Forecast for FY2017

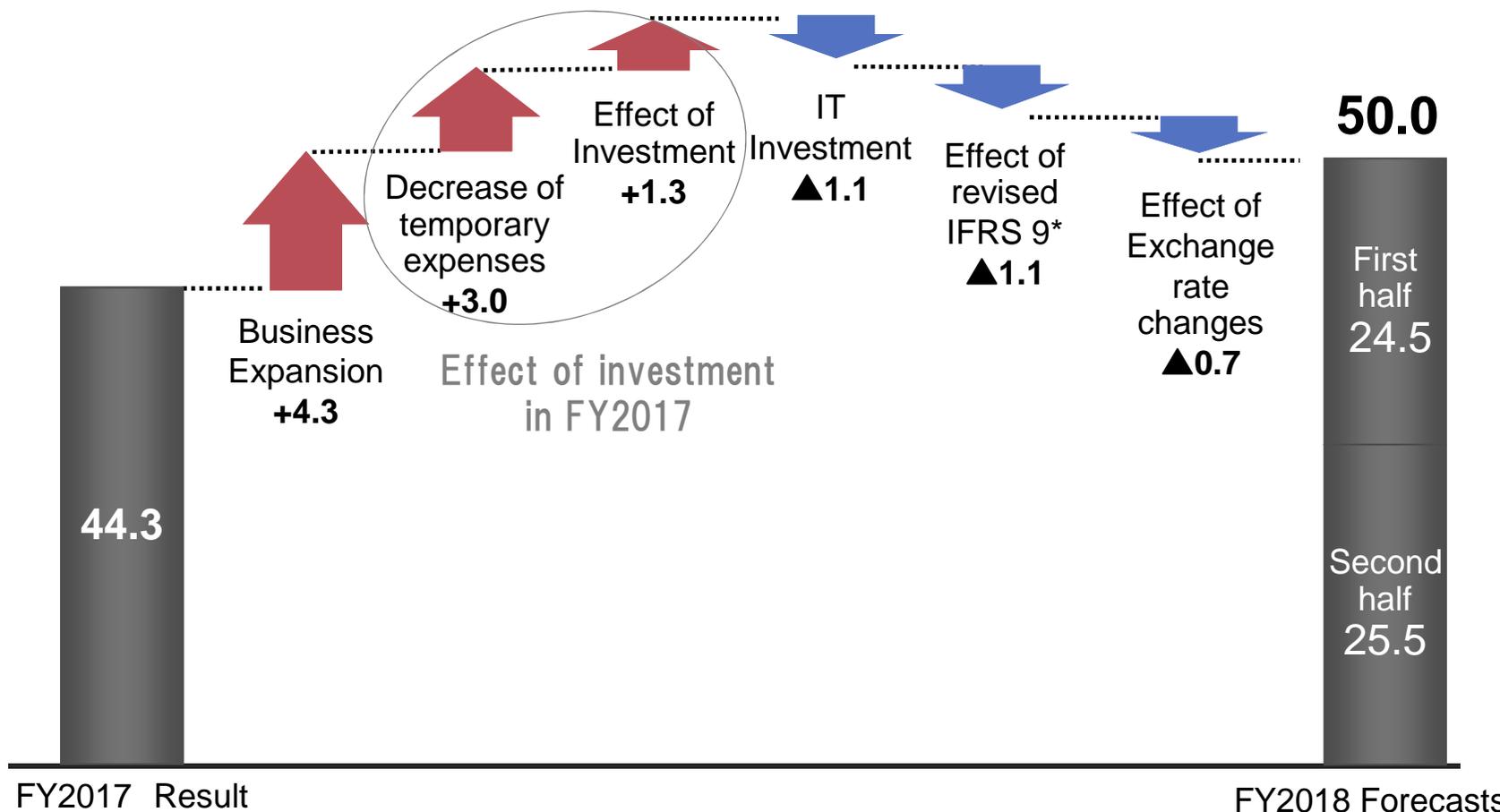
(Millions of yen)

	FY2017 Results	FY2018 Forecasts	Y on Y Change	
Volume of business	2,509,327	2,410,000	96%	
Revenues	404,124	442,400	109%	
Cost of sales	272,425	302,900	111%	
(of which, cost of capital)	30,288	41,000	135%	
Gross profit	131,698	139,500	106%	
Selling, general and administrative expenses	86,274	91,300	106%	
Profit before tax	44,295	50,000	113%	
Net income attributable to owners of the parent	32,057	35,700	111%	
Dividend per share (yen)	86 yen	92 yen	—	
Payout ratio	31.4%	30.1%	▲1.2%	
ROE	8.8%	9.2%	+0.4%	
ROA	1.4%	1.5%	+0.1%	
OHR	60.9%	59.4%	▲1.4%	
Yearly average currency exchange rate	Yen / £	147 yen	140 yen	Exchange sensitivity (*1) : Approx. 120 million yen
	Yen / US \$	110 yen	108 yen	Exchange sensitivity (*1) : Approx. 50 million yen

(\*1) The impact on Profit before tax in case JPY vs £/\$ changed 1 yen (FY2018 forecasts)

# 3-2. Changing Factors of FY2018 Profit before tax

(Billions of Yen)



(Exchange rate)  
Yen/£ : 147 yen  
Yen/US\$ : 110 yen



: Increasing Factors

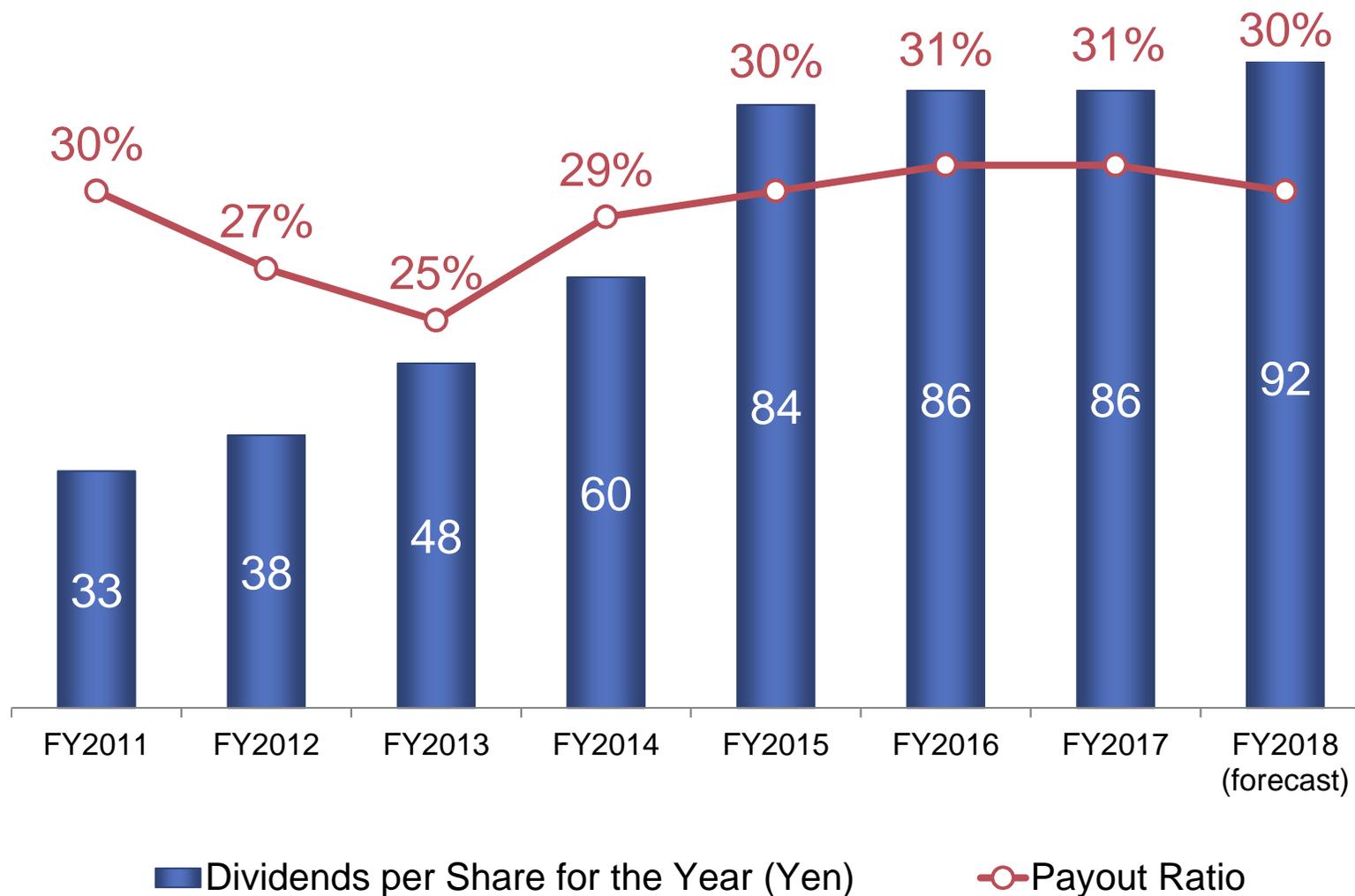


: Decreasing Factors

(Exchange rate)  
Yen/£ : 140 yen  
Yen/US\$ : 108 yen

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

FY2018: Plan to distribute 92 yen cash dividends per share, an increase of 6 yen



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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)

	FY2016 Results	FY2017 Results	Y on Y Change
Cost of sales	245,100	272,425	111%
(of which, cost of capital)	25,982	30,288	117%

## ■ Breakdown of SG&A

(Millions of yen)

	FY2016 Results	FY2017 Results	Y on Y Change
Selling, general and administrative expenses	81,902	86,274	105%
(of which, personnel costs)	44,760	47,324	106%
(of which, business management expenses, etc.)	31,513	32,815	104%
(of which, bad debt-related expenses)	5,627	6,134	109%

# Quarterly Credit Trends by Region

	Credit loss ratio				Credit loss(Millions of yen)			
	FY2014 Results	FY2015 Results	FY2016 Results	FY2017 Results	FY2014 Results	FY2015 Results	FY2016 Results	FY2017 Results
Total	0.12%	0.16%	0.15%	0.20%	3,949	5,327	5,103	6,452
Japan	0.05%	0.06%	0.04%	0.05%	954	1,125	823	812
Europe	0.15%	0.28%	0.26%	0.22%	956	1,797	1,613	1,705
The Americas	0.16%	0.30%	0.41%	0.79%	297	739	1,357	2,652
Asia	0.40%	0.36%	0.27%	0.28%	1,741	1,667	1,309	1,281

Item	Contents
Statement	<ul style="list-style-type: none"> <li>▪ IFRS 9 “Financial Instruments” (*1)</li> </ul>
Revision summary	<ul style="list-style-type: none"> <li>▪ Introduction of expected credit loss model of financial assets</li> <li>▪ Revision of hedge accounting</li> <li>▪ Revision of classification and measurement of financial instruments</li> </ul>
Application date	<ul style="list-style-type: none"> <li>▪ Applicable from FY2018</li> </ul>
Effects	<ul style="list-style-type: none"> <li>▪ Along with the change from current “incurred loss model” to “expected credit loss model”, the amount of provision payment increased due to the increase in receivables outstanding.</li> <li>▪ Effect on FY2018 (Profit before tax): ▲1.1 billion yen</li> </ul>

(\*1) Details :Refer to International Accounting Standards Council (IASB).

<http://www.ifrs.org/issued-standards/list-of-standards/ifrs-9-financial-instruments/>