
**Consolidated Financial Results Summary
for the Second Quarter ended September 30, 2018**

November 5, 2018

 **Hitachi Capital Corporation**

Contents

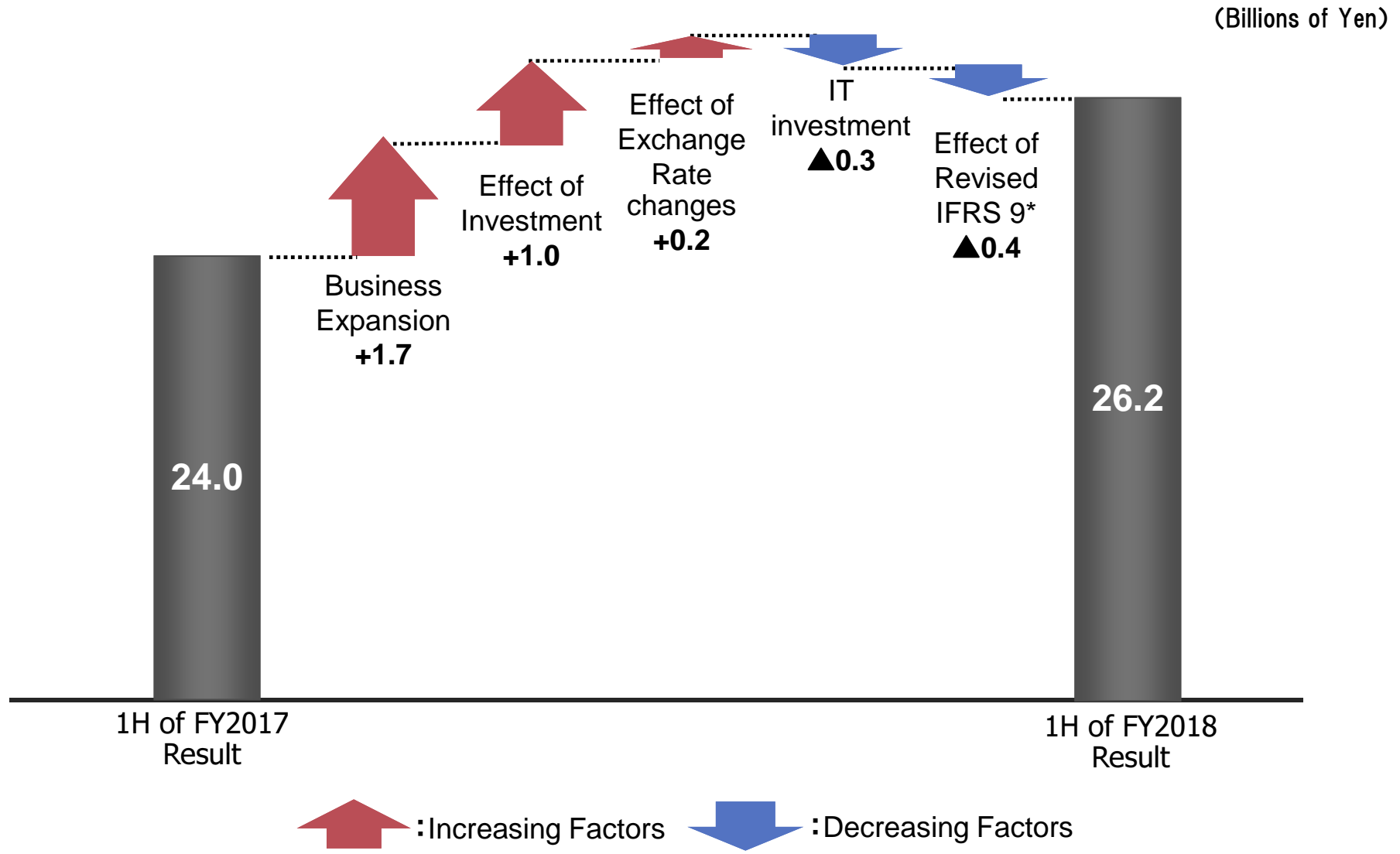
- 1. Summary of Consolidated Financial Results
for the Second Quarter of FY2018**
- 2. Summary of Performance by Business**
- 3. Consolidated Financial Forecast for FY2018**

1-1. Summary of Business Performance for the Second Quarter of FY2018(Y on Y)

(Millions of yen)

	FY2017/2Q Results	FY2018/2Q Results	Y on Y Change	Foreign exchange effects	Y on Y (excluding foreign exchange effects)
Volume of business	1,176,861	1,365,660	116%	6,204	116%
Revenues	195,688	225,956	115%	1,397	115%
Cost of sales	130,605	157,231	120%	965	120%
Gross profit	65,083	68,724	106%	432	105%
Selling, general and administrative expenses	41,878	44,050	105%	213	105%
Profit before tax	24,049	26,218	109%	220	108%
Net income attributable to owners of the parent	17,243	19,246	112%	177	111%
Operating assets	3,077,228	3,326,505	108%	▲15,714	109%
ROE	9.6%	10.0%	+0.5%	—	
ROA	1.6%	1.6%	+0.0%	—	
OHR	60.3%	58.4%	▲1.9%	—	
Yearly average currency exchange rate	Yen / £	143yen	147yen	+4yen	—
	Yen / US \$	111yen	110yen	▲1yen	—

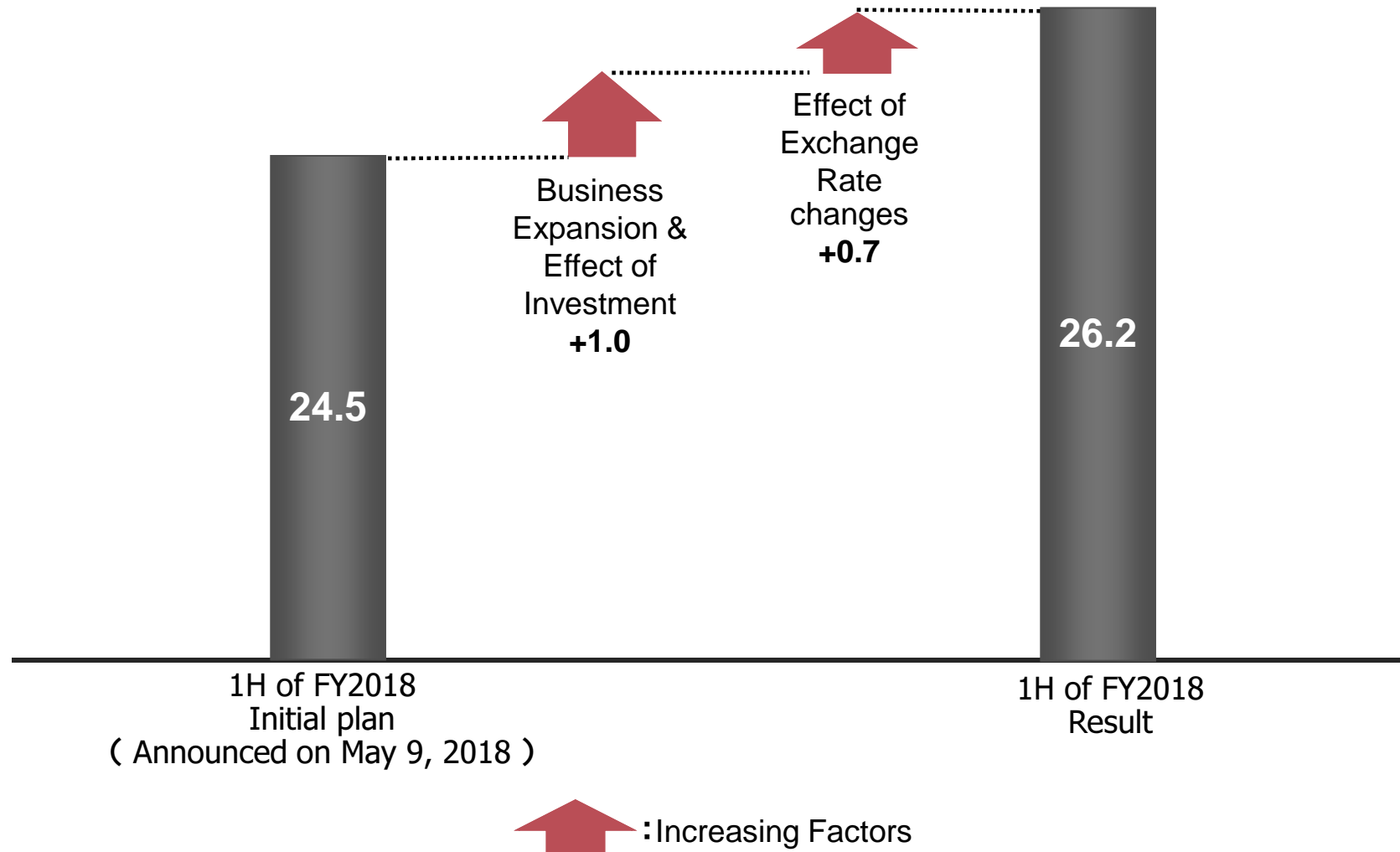
1-2. Changing Factors of Profit before Tax (Y on Y Comparison)



* For IFRS 9, refer to page 15

1-3. Changing Factors of Profit before Tax (Initial plan Comparison)

(Billions of Yen)



2-1. Summary of Japan Business/Global Business

(Millions of yen)

		FY2017/2Q Results	FY2018/2Q Results	Y on Y Change	Foreign exchange effects	Y on Y (excluding foreign exchange effects)
Volume of business	Japan Business	481,392	466,865	97%	—	—
	Global Business	695,468	898,794	129%	6,204	128%
Gross profit	Japan Business	30,731	30,929	101%	—	—
	Global Business	33,633	37,156	110%	432	109%
Profit before tax	Japan Business	12,469	14,646	117%	—	—
	Global Business	14,971	15,960	107%	220	105%
Operating assets	Japan Business	1,578,445	1,582,420	100%	—	—
	Global Business	1,498,782	1,744,085	116%	▲15,714	117%
ROA	Japan Business	1.5%	1.8%	+0.3%	—	—
	Global Business	2.1%	1.9%	▲0.2%	—	—
ROA (Local currency basis)	Global Business	2.1%	1.9%	▲0.2%	—	—

*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		
	FY2017/2Q Results	FY2018/2Q Results	Y on Y Change	FY2017/2Q Results	FY2018/2Q Results	Y on Y Change
Total of Japan Business	481,392	466,865	97%	1,578,445	1,582,420	100%
Account Solution	378,135	370,254	98%	970,687	1,010,893	104%
(of which, excluding factoring)	343,995	350,320	102%	940,101	1,002,948	107%
Vendor Solution	90,668	92,350	102%	423,379	429,409	101%
Total of reportable segments	468,824	462,605	99%	1,394,067	1,440,303	103%
(of which, excluding factoring)	434,684	442,671	102%	1,363,481	1,432,358	105%
Other	13,741	4,911	36%	184,378	142,116	77%
	Gross profit			Profit before tax		
	FY2017/2Q Results	FY2018/2Q Results	Y on Y Change	FY2017/2Q Results	FY2018/2Q Results	Y on Y Change
Total of Japan Business	30,731	30,929	101%	12,469	14,646	117%
Account Solution	17,534	18,162	104%	9,016	10,831	120%
(of which, excluding factoring)	17,490	18,135	104%	9,029	10,822	120%
Vendor Solution	8,051	7,934	99%	2,840	2,962	104%
Total of reportable segments	25,585	26,097	102%	11,857	13,793	116%
(of which, excluding factoring)	25,542	26,069	102%	11,870	13,785	116%
Other	5,146	4,832	94%	612	852	139%

*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)

	FY2017/2Q Results	FY2018/2Q Results	Y on Y Change	Foreign exchange effects	Y on Y (excluding foreign exchange effects)
Volume of business	275,584	335,595	122%	7,811	119%
Gross profit	18,648	21,512	115%	484	113%
Profit before tax	8,654	8,963	104%	199	101%
Operating assets	699,677	827,881	118%	▲15,210	120%
ROA (Local currency basis)	2.7%	2.3%	▲0.4%	—	—

■ The Americas (US, Canada)

(Millions of yen)

	FY2017/2Q Results	FY2018/2Q Results	Y on Y Change	Foreign exchange effects	Y on Y (excluding foreign exchange effects)
Volume of business	260,398	367,091	141%	▲2,586	142%
Gross profit	7,169	7,807	109%	▲54	110%
Profit before tax	1,988	2,378	120%	▲16	120%
Operating assets	338,726	423,239	125%	3,130	124%
ROA (Local currency basis)	1.3%	1.3%	+0.0%	—	—

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

■ China (Hong Kong, Mainland China)

(Millions of yen)

	FY2017/2Q Results	FY2018/2Q Results	Y on Y Change	Foreign exchange effects	Y on Y (excluding foreign exchange effects)
Volume of business	109,857	139,364	127%	59	127%
Gross profit	5,008	4,683	94%	11	93%
Profit before tax	3,841	3,695	96%	14	96%
Operating assets	328,163	349,934	107%	▲3,337	108%
ROA (Local currency basis)	2.4%	2.2%	▲0.2%	—	—

■ ASEAN (Singapore, Thailand, Malaysia, Indonesia)

(Millions of yen)

	FY2017/2Q Results	FY2018/2Q Results	Y on Y Change	Foreign exchange effects	Y on Y (excluding foreign exchange effects)
Volume of business	49,628	56,743	114%	919	112%
Gross profit	2,807	3,153	112%	▲8	113%
Profit before tax	486	922	190%	22	185%
Operating assets	132,214	143,030	108%	▲297	108%
ROA (Local currency basis)	0.7%	1.3%	+0.6%	—	—

3-1. Consolidated Financial Forecast for FY2018

(Millions of yen)

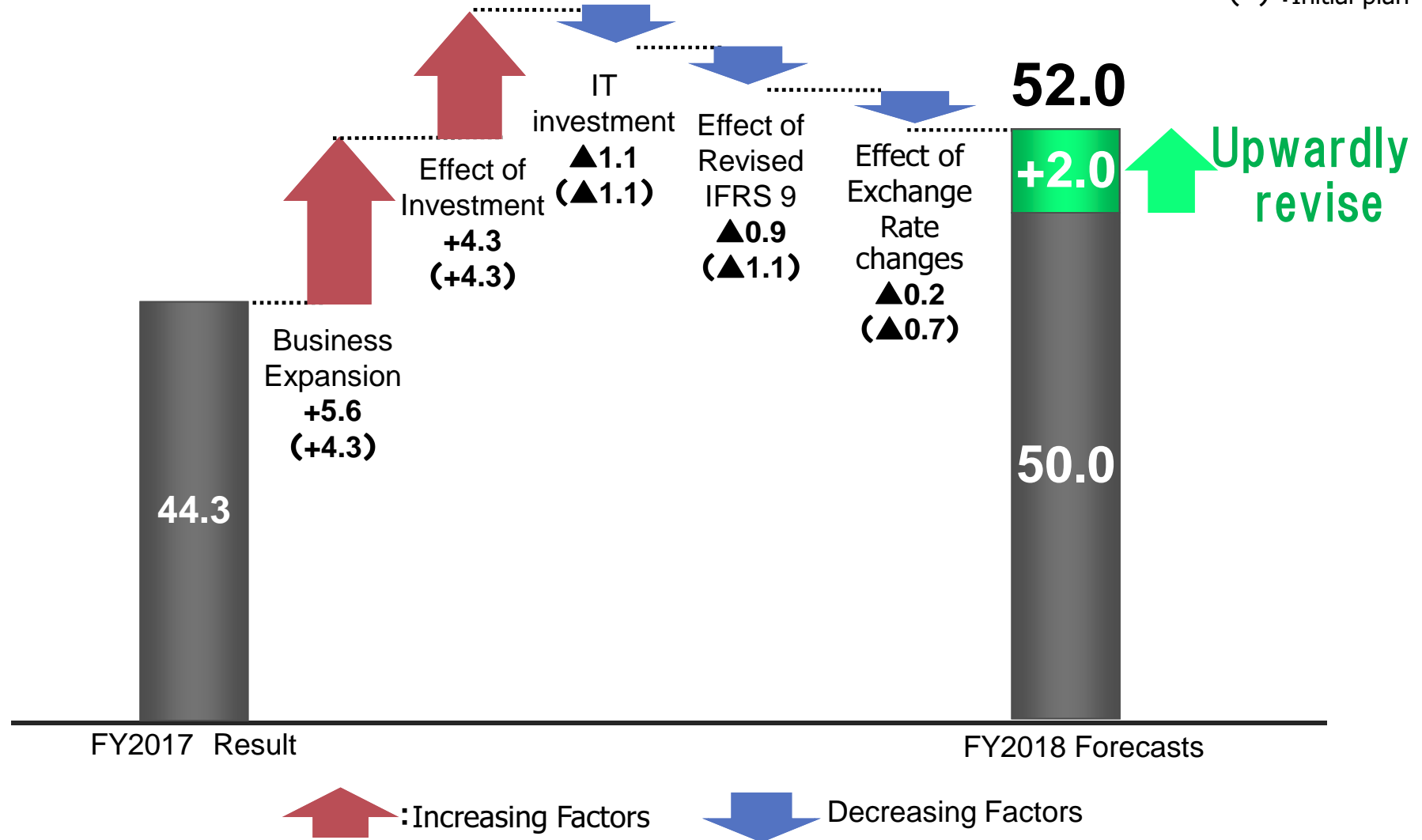
		FY2017 Results	FY2018 Forecasts	Y on Y Change
Volume of business		2,509,327	<u>2,620,000</u>	<u>104%</u>
Revenues		404,124	<u>460,500</u>	<u>114%</u>
Cost of sales		272,425	<u>320,100</u>	<u>117%</u>
(of which, cost of capital)		30,288	<u>40,700</u>	<u>134%</u>
Gross profit		131,698	<u>140,400</u>	<u>107%</u>
Selling, general and administrative expenses		86,274	<u>91,200</u>	<u>106%</u>
Profit before tax		44,295	<u>52,000</u>	<u>117%</u>
Net income attributable to owners of the parent		32,057	<u>37,000</u>	<u>115%</u>
Dividend per share (yen)		86.00yen	92.00yen	—
Payout ratio		31.4%	<u>29.1%</u>	<u>▲2.3%</u>
ROE		8.8%	<u>9.5%</u>	<u>+0.7%</u>
ROA		1.4%	<u>1.6%</u>	<u>+0.2%</u>
OHR		60.9%	<u>59.3%</u>	<u>▲1.5%</u>
Yearly average currency exchange rate	Yen / £	147yen	140yen(*1)	Exchange sensitivity (*2) : Approx. 120 million yen
	Yen / US \$	110yen	108yen(*1)	Exchange sensitivity (*2) : Approx. 50 million yen

Underline: Revised forecasts (Announced on November 5, 2018)

(*1) Second half of FY2018 forecasts (*2) The impact on Profit before tax in case JPY vs £/\$ changed 1 yen (FY2018 forecasts)

3-2. Changing Factors of FY2018 Profit before tax (revision)

(Billions of Yen)
() : Initial plan



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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.

Appendix

Breakdown of Cost of Sales/SG&A

■ Breakdown of cost of sales

(Millions of yen)

	FY2017/2Q Results	FY2018/2Q Results	Y on Y Change
Cost of sales	130,605	157,231	120%
(of which, cost of capital)	14,283	18,421	129%

■ Breakdown of SG&A

(Millions of yen)

	FY2017/2Q Results	FY2018/2Q Results	Y on Y Change
Selling, general and administrative expenses	41,878	44,050	105%
(of which, personnel costs)	23,548	24,511	104%
(of which, business management expenses, etc.)	15,680	15,590	99%
(of which, bad debt-related expenses)	2,650	3,948	149%

Quarterly Credit Trends by Region

	Credit loss ratio				Credit loss(Millions of yen)			
	FY2015 Results	FY2016 Results	FY2017 Results	FY2018/2Q Results	FY2015 Results	FY2016 Results	FY2017 Results	FY2018/2Q Results
Total	0.16%	0.15%	0.20%	0.17%	5,327	5,103	6,452	2,857
Japan	0.06%	0.04%	0.05%	0.06%	1,125	823	812	461
Europe	0.28%	0.26%	0.22%	0.19%	1,797	1,613	1,705	805
The Americas	0.30%	0.41%	0.79%	0.52%	739	1,357	2,652	1,093
Asia	0.36%	0.27%	0.28%	0.20%	1,667	1,309	1,281	497

Item	Contents
Statement	<ul style="list-style-type: none"> ▪ IFRS 9 “Financial Instruments” (*1)
Revision summary	<ul style="list-style-type: none"> ▪ Introduction of expected credit loss model of financial assets ▪ Revision of hedge accounting ▪ Revision of classification and measurement of financial instruments
Application date	<ul style="list-style-type: none"> ▪ Applicable from FY2018
Effects	<ul style="list-style-type: none"> ▪ 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. ▪ Forecast of effect on FY2018 (Profit before tax): ▲0.9 billion yen (Effect on 1H of FY2018 : ▲0.4 billion yen)

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

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