
Consolidated Financial Results Summary for the First Quarter ended June 30, 2019

August 5, 2019

 **Hitachi Capital Corporation**

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1. Summary of Consolidated Financial Results for the First Quarter of FY2019

(Millions of yen)

	FY2018/1Q Results	FY2019/1Q Results	Y on Y Change	Foreign exchange effects	Y on Y (excluding foreign exchange effects)
Volume of business	666,608	574,536	86%	▲8,537	87%
Revenues	115,798	114,517	99%	▲1,852	100%
Cost of sales	80,634	80,702	100%	▲1,248	102%
Gross profit	35,164	33,815	96%	▲604	98%
Selling, general and administrative expenses	22,346	23,634	106%	▲386	107%
Profit before tax	13,543	10,832	80%	▲218	82%
Net income attributable to owners of the parent	10,027	8,064	80%	▲169	82%
Operating assets	3,229,121	3,226,070	100%	▲68,058	102%
ROE	10.7%	8.5%	▲2.1%	—	
ROA	1.7%	1.3%	▲0.4%	—	
OHR	57.6%	62.7%	+5.1%	—	
Yearly average currency exchange rate	Yen / £	149yen	141yen	▲8yen	—
	Yen / US \$	109yen	110yen	+1yen	—

2-1. Summary of Japan Business/Global Business

(Millions of yen)

		FY2018/1Q Results	FY2019/1Q Results	Y on Y Change	Foreign exchange effects	Y on Y (excluding foreign exchange effects)
Volume of business	Japan Business	226,145	251,861	111%	—	—
	Global Business	440,462	322,675	73%	▲8,537	75%
Gross profit	Japan Business	16,517	15,235	92%	—	—
	Global Business	18,542	18,538	100%	▲604	103%
Profit before tax	Japan Business	8,186	6,849	84%	—	—
	Global Business	7,909	6,209	79%	▲218	81%
Operating assets	Japan Business	1,583,616	1,605,771	101%	—	—
	Global Business	1,645,505	1,620,298	98%	▲68,058	103%
ROA	Japan Business	2.0%	1.7%	▲0.3%	—	—
	Global Business	2.0%	1.5%	▲0.5%	—	—
ROA (Local currency basis)	Global Business	2.0%	1.5%	▲0.5%	—	—

*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		
	FY2018/1Q Results	FY2019/1Q Results	Y on Y Change	FY2018/1Q Results	FY2019/1Q Results	Y on Y Change
Total of Japan Business	226,145	251,861	111%	1,583,616	1,605,771	101%
Account Solution	176,915	201,985	114%	1,004,474	1,053,337	105%
Vendor Solution	46,871	47,825	102%	425,029	435,696	103%
Total of reportable segments	223,786	249,811	112%	1,429,503	1,489,034	104%
Other	2,669	2,348	88%	154,112	116,737	76%

	Gross profit			Profit before tax		
	FY2018/1Q Results	FY2019/1Q Results	Y on Y Change	FY2018/1Q Results	FY2019/1Q Results	Y on Y Change
Total of Japan Business	16,517	15,235	92%	8,186	6,849	84%
Account Solution	9,917	9,109	92%	6,136	5,266	86%
Vendor Solution	3,996	4,057	102%	1,527	1,501	98%
Total of reportable segments	13,914	13,167	95%	7,663	6,768	88%
Other	2,602	2,067	79%	522	80	15%

*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)

(Millions of yen)

	FY2018/1Q Results	FY2019/1Q Results	Y on Y Change	Foreign exchange effects	Y on Y (excluding foreign exchange effects)
Volume of business	175,325	164,817	94%	▲ 8,640	99%
Gross profit	10,773	11,202	104%	▲ 588	109%
Profit before tax	4,434	3,993	90%	▲ 209	95%
Operating assets	784,175	841,677	107%	▲ 48,387	114%
ROA (Local currency basis)	2.3%	1.9%	▲0.4%	—	—

■ The Americas (US, Canada)

(Millions of yen)

	FY2018/1Q Results	FY2019/1Q Results	Y on Y Change	Foreign exchange effects	Y on Y (excluding foreign exchange effects)
Volume of business	178,864	105,154	59%	794	58%
Gross profit	3,775	4,202	111%	31	110%
Profit before tax	1,146	967	84%	7	84%
Operating assets	386,169	354,390	92%	▲ 9,041	94%
ROA (Local currency basis)	1.3%	1.0%	▲0.3%	—	—

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

■ China (Hong Kong, Mainland China)

(Millions of yen)

	FY2018/1Q Results	FY2019/1Q Results	Y on Y Change	Foreign exchange effects	Y on Y (excluding foreign exchange effects)
Volume of business	59,803	24,057	40%	▲ 473	41%
Gross profit	2,404	1,431	60%	▲ 25	61%
Profit before tax	1,857	749	40%	▲ 9	41%
Operating assets	340,792	275,534	81%	▲ 10,496	84%
ROA (Local currency basis)	2.2%	1.0%	▲ 1.2%	—	—

■ ASEAN (Singapore, Thailand, Malaysia, Indonesia)

(Millions of yen)

	FY2018/1Q Results	FY2019/1Q Results	Y on Y Change	Foreign exchange effects	Y on Y (excluding foreign exchange effects)
Volume of business	26,468	28,646	108%	▲ 217	109%
Gross profit	1,588	1,701	107%	▲ 22	109%
Profit before tax	471	498	106%	▲ 7	107%
Operating assets	134,367	148,696	111%	▲ 132	111%
ROA (Local currency basis)	1.4%	1.3%	▲ 0.0%	—	—

3. Consolidated Financial Forecast for FY2019

(Millions of yen)

	FY2018 Results	FY2019 Forecasts	Y on Y Change	
Volume of business	2,745,094	2,230,000	81%	
Revenues	453,253	466,500	103%	
Cost of sales	312,859	323,300	103%	
(of which, cost of capital)	38,599	46,200	120%	
Gross profit	140,393	143,200	102%	
Selling, general and administrative expenses	110,997	99,900	90%	
Profit before tax	32,706	45,000	138%	
Net income attributable to owners of the parent	19,363	32,500	168%	
Dividend per share (yen)	46 yen	128 yen(*1)	—	
Payout ratio	27.8%	31.6%(*2)	+3.9%	
ROE	5.1%	8.2%	+3.1%	
ROA	1.0%	1.3%	+0.3%	
OHR	59.0%	63.4%	+4.4%	
Yearly average currency exchange rate	Yen / £	145 yen	145 yen	Exchange sensitivity (*3) : Approx. 130 million yen
	Yen / US \$	110 yen	110 yen	

(*1) Ordinary dividend payments 88 yen + Special Dividends 40 yen (*2) Calculated using ordinary dividend payments (88 yen share)
(*3) The impact on Profit before tax in case JPY vs £/\$ changed 1 yen (FY2019 forecasts)

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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)

	FY2018/1Q Results	FY2019/1Q Results	Y on Y Change
Cost of sales	80,634	80,702	100%
(of which, cost of capital)	8,852	10,595	120%

■ Breakdown of SG&A

(Millions of yen)

	FY2018/1Q Results	FY2019/1Q Results	Y on Y Change
Selling, general and administrative expenses	22,346	23,634	106%
(of which, personnel costs)	12,303	12,572	102%
(of which, business management expenses, etc.)	7,961	8,632	108%
(of which, bad debt-related expenses)	2,080	2,430	117%

Quarterly Credit Trends by Region

	Credit loss ratio				Credit loss(Millions of yen)			
	Annually Accumulated			1Q Accumulated	Annually Accumulated			1Q Accumulated
	FY2016 Results	FY2017 Results	FY2018 Results	FY2019/1Q Results	FY2016 Results	FY2017 Results	FY2018 Results	FY2019/1Q Results
Total	0.15%	0.20%	0.18%	0.26%	5,103	6,452	6,156	2,069
Japan	0.04%	0.05%	0.06%	0.06%	823	812	911	254
Europe	0.26%	0.22%	0.25%	0.51%	1,613	1,705	2,169	1,064
The Americas	0.41%	0.79%	0.49%	0.68%	1,357	2,652	2,070	606
Asia	0.27%	0.28%	0.22%	0.14%	1,309	1,281	1,005	144

*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.