
Consolidated Financial Results Summary for the Second Quarter ended September 30, 2019

November 6, 2019

 **Hitachi Capital Corporation**

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for the Second Quarter of FY2019**
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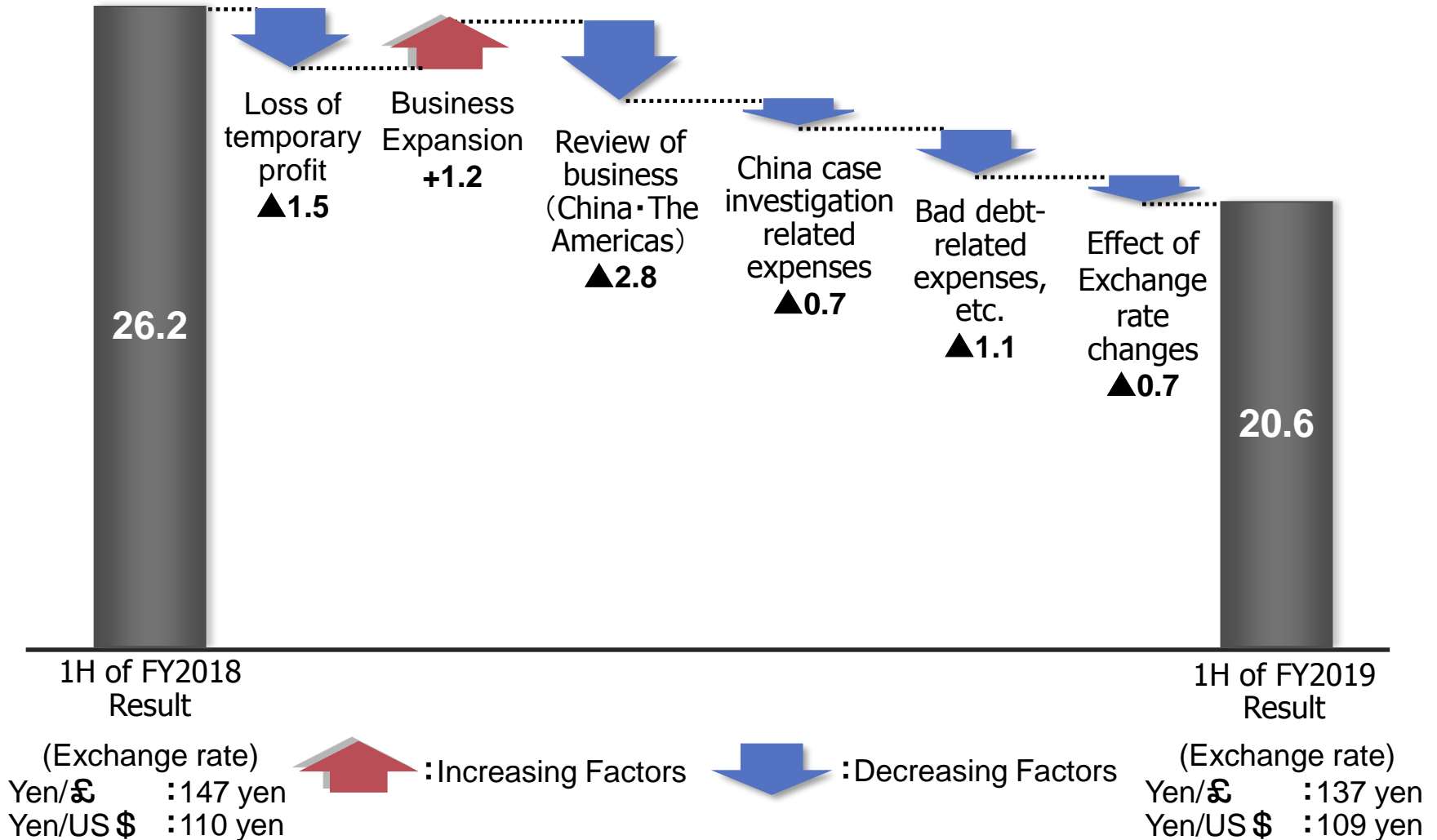
1-1. Summary of Business Performance for the Second Quarter of FY2019(Y on Y)

(Millions of yen)

	FY2018/2Q Results	FY2019/2Q Results	Y on Y Change	Foreign exchange effects	Y on Y (excluding foreign exchange effects)
Volume of business	1,365,660	1,156,399	85%	▲28,826	87%
Revenues	225,956	225,972	100%	▲5,540	102%
Cost of sales	157,231	159,687	102%	▲3,632	104%
Gross profit	68,724	66,285	96%	▲1,907	99%
Selling, general and administrative expenses	44,050	46,764	106%	▲1,232	109%
Profit before tax	26,218	20,644	79%	▲679	81%
Net income attributable to owners of the parent	19,246	15,209	79%	▲541	82%
Operating assets	3,326,505	3,223,795	97%	▲141,314	101%
ROE	10.0%	8.0%	▲2.0%	—	—
ROA	1.6%	1.2%	▲0.4%	—	—
OHR	58.4%	63.7%	+5.3%	—	—
Yearly average currency exchange rate	Yen / £	147yen	137yen	▲10yen	—
	Yen / US \$	110yen	109yen	▲1yen	—

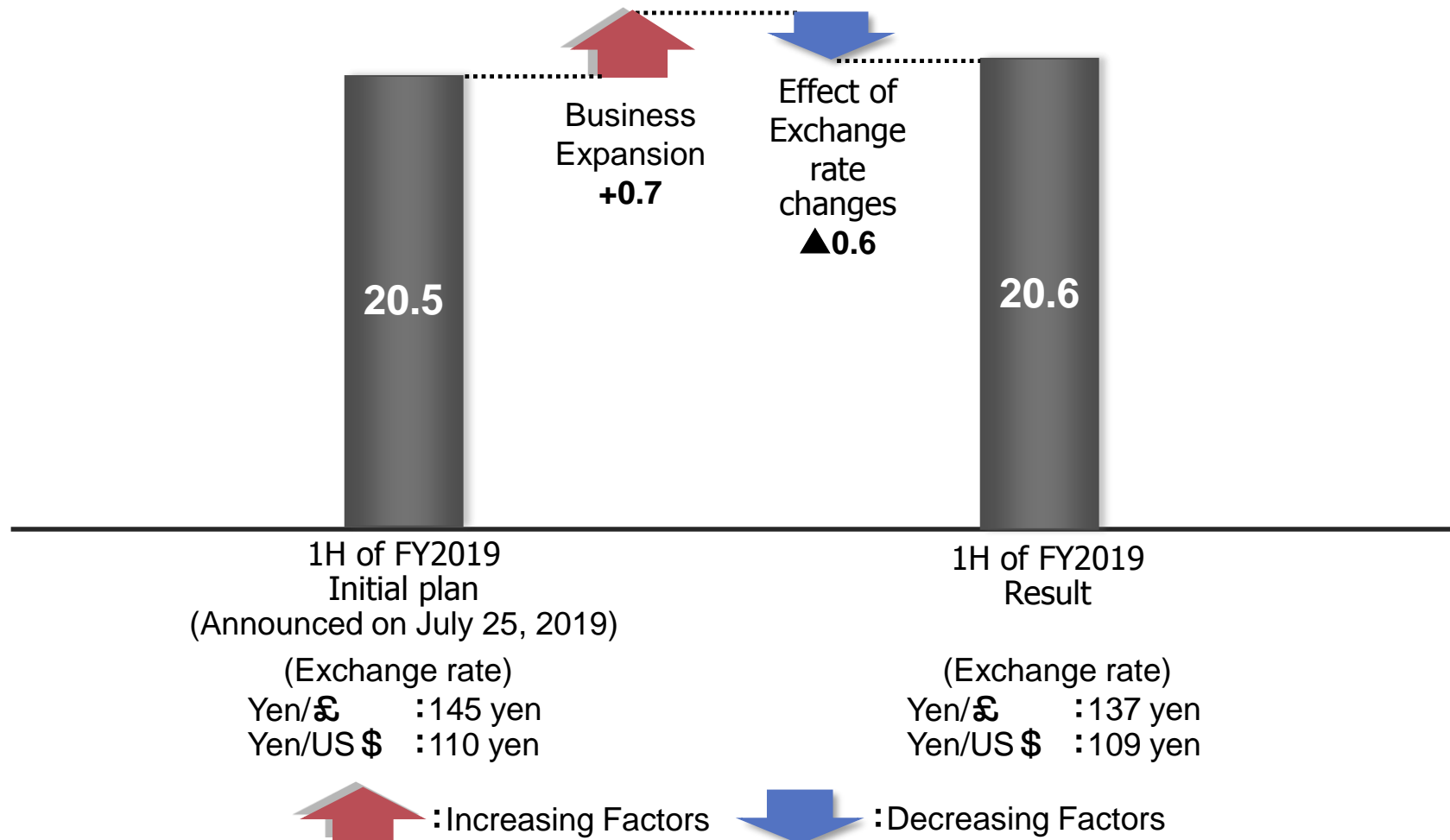
1-2. Changing Factors of Profit before Tax (Y on Y Comparison)

(Billions of Yen)



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)

		FY2018/2Q Results	FY2019/2Q Results	Y on Y Change	Foreign exchange effects	Y on Y (excluding foreign exchange effects)
Volume of business	Japan Business	466,865	538,596	115%	—	—
	Global Business	898,794	617,803	69%	▲28,826	72%
Gross profit	Japan Business	30,929	29,706	96%	—	—
	Global Business	37,156	36,184	97%	▲1,907	103%
Profit before tax	Japan Business	14,646	12,710	87%	—	—
	Global Business	15,960	12,430	78%	▲679	82%
Operating assets	Japan Business	1,582,420	1,635,546	103%	—	—
	Global Business	1,744,085	1,588,248	91%	▲141,314	99%
ROA	Japan Business	1.8%	1.6%	▲0.3%	—	—
	Global Business	1.9%	1.5%	▲0.5%	—	—
ROA (Local currency basis)	Global Business	1.9%	1.5%	▲0.4%	—	—

*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		
	FY2018/2Q Results	FY2019/2Q Results	Y on Y Change	FY2018/2Q Results	FY2019/2Q Results	Y on Y Change
Total of Japan Business	466,865	538,596	115%	1,582,420	1,635,546	103%
Account Solution	370,254	434,752	117%	1,010,893	1,077,804	107%
Vendor Solution	92,350	99,611	108%	429,409	447,195	104%
Total of reportable segments	462,605	534,364	116%	1,440,303	1,524,999	106%
Other	4,911	4,845	99%	142,116	110,546	78%

	Gross profit			Profit before tax		
	FY2018/2Q Results	FY2019/2Q Results	Y on Y Change	FY2018/2Q Results	FY2019/2Q Results	Y on Y Change
Total of Japan Business	30,929	29,706	96%	14,646	12,710	87%
Account Solution	18,162	17,181	95%	10,831	9,193	85%
Vendor Solution	7,934	8,177	103%	2,962	3,133	106%
Total of reportable segments	26,097	25,359	97%	13,793	12,327	89%
Other	4,832	4,347	90%	852	383	45%

*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)

	FY2018/2Q Results	FY2019/2Q Results	Y on Y Change	Foreign exchange effects	Y on Y (excluding foreign exchange effects)
Volume of business	335,595	319,683	95%	▲ 23,772	102%
Gross profit	21,512	22,089	103%	▲ 1,643	110%
Profit before tax	8,963	8,142	91%	▲ 615	98%
Operating assets	827,881	839,827	101%	▲ 100,556	114%
ROA (Local currency basis)	2.3%	1.9%	▲0.4%	—	—

■ The Americas (US, Canada)

(Millions of yen)

	FY2018/2Q Results	FY2019/2Q Results	Y on Y Change	Foreign exchange effects	Y on Y (excluding foreign exchange effects)
Volume of business	367,091	199,697	54%	▲ 2,825	55%
Gross profit	7,807	7,968	102%	▲ 112	104%
Profit before tax	2,378	1,883	79%	▲ 27	80%
Operating assets	423,239	349,625	83%	▲ 18,304	87%
ROA (Local currency basis)	1.3%	1.0%	▲0.3%	—	—

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

■ China (Mainland China, Hong Kong area)

(Millions of yen)

	FY2018/2Q Results	FY2019/2Q Results	Y on Y Change	Foreign exchange effects	Y on Y (excluding foreign exchange effects)
Volume of business	139,364	47,152	34%	▲ 1,563	35%
Gross profit	4,683	2,778	59%	▲ 90	61%
Profit before tax	3,695	1,257	34%	▲ 30	35%
Operating assets	349,934	253,756	73%	▲ 17,778	78%
ROA (Local currency basis)	2.2%	0.9%	▲ 1.3%	—	—

■ ASEAN (Singapore, Thailand, Malaysia, Indonesia)

(Millions of yen)

	FY2018/2Q Results	FY2019/2Q Results	Y on Y Change	Foreign exchange effects	Y on Y (excluding foreign exchange effects)
Volume of business	56,743	51,269	90%	▲ 665	92%
Gross profit	3,153	3,347	106%	▲ 61	108%
Profit before tax	922	1,146	124%	▲ 6	125%
Operating assets	143,030	145,039	101%	▲ 4,675	105%
ROA (Local currency basis)	1.3%	1.5%	+0.2%	—	—

3-1. Consolidated Financial Forecast for FY2019

(Millions of yen)

	FY2018 Results	FY2019 Forecasts	Y on Y Change
Volume of business	2,745,094	<u>2,300,000</u>	<u>84%</u>
Revenues	453,253	<u>459,300</u>	<u>101%</u>
Cost of sales	312,859	<u>319,900</u>	<u>102%</u>
(of which, cost of capital)	38,599	<u>40,800</u>	<u>106%</u>
Gross profit	140,393	<u>139,400</u>	<u>99%</u>
Selling, general and administrative expenses	110,997	<u>96,100</u>	<u>87%</u>
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	<u>150 yen</u> (*1)	—
Payout ratio	27.8%	39.6%(*2)	<u>+11.8%</u>
ROE	5.1%	<u>8.2%</u>	<u>+3.1%</u>
ROA	1.0%	<u>1.3%</u>	<u>+0.4%</u>
OHR	59.0%	<u>62.4%</u>	<u>+3.4%</u>
Yearly average currency exchange rate	Yen / £	145 yen	<u>135 yen</u> (*3) Exchange sensitivity (*4) : Approx. 130 million yen
	Yen / US \$	110 yen	<u>108 yen</u> (*3) Exchange sensitivity (*4) : Approx. 50 million yen

Underline: Revised forecasts (Announced on November 6, 2019)

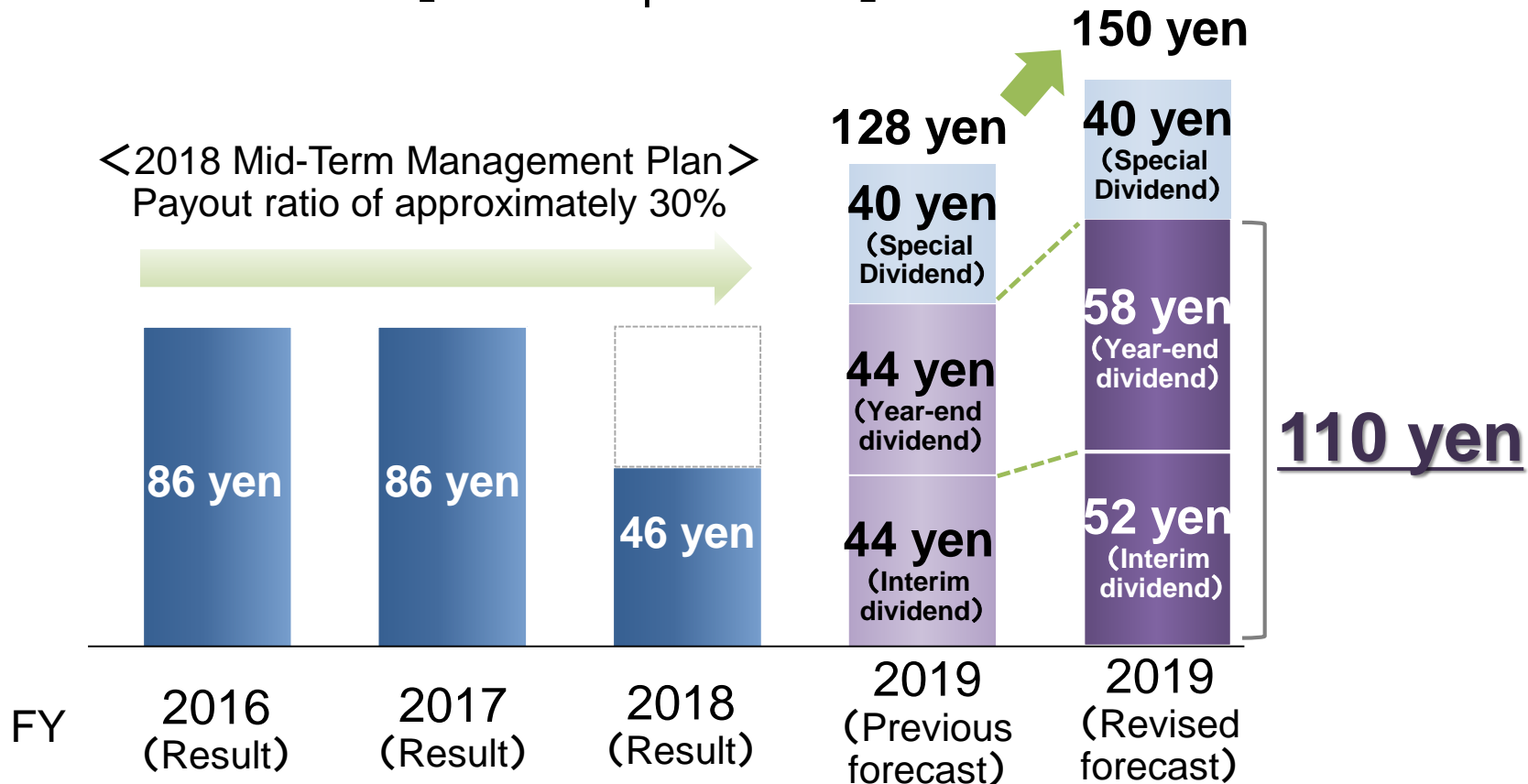
(*1) Ordinary dividend payments 110 yen + Special Dividends 40 yen (*2) Calculated using ordinary dividend payments (110 yen share)

(*3) Second half of FY2019 forecasts (*4) The impact on Profit before tax in case JPY vs £/\$ changed 1 yen (FY2019 forecasts)

3-2. Revised dividend forecast for FY2019

Dividend forecast per share for FY2019 **to be upwardly revised to 110 yen**
(150 yen per share including a special dividend)

【Dividend per Share】



Increased payout ratio to approximately 40%* from FY2019

* Payout ratio is calculated using only ordinary dividend (110 yen per share) excluding special dividend (40 yen per share)

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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

(Millions of yen)

	FY2018/2Q Results	FY2019/2Q Results	Y on Y Change
Cost of sales	157,231	159,687	102%
(of which, cost of capital)	18,421	20,504	111%

■ Breakdown of SG&A

(Millions of yen)

	FY2018/2Q Results	FY2019/2Q Results	Y on Y Change
Selling, general and administrative expenses	44,050	46,764	106%
(of which, personnel costs)	24,511	24,619	100%
(of which, business management expenses, etc.)	15,590	17,575	113%
(of which, bad debt-related expenses)	3,948	4,569	116%

Quarterly Credit Trends by Region

	Credit loss ratio				Credit loss(Millions of yen)			
	Annually Accumulated			2Q Accumulated	Annually Accumulated			2Q Accumulated
	FY2016 Results	FY2017 Results	FY2018 Results	FY2019/2Q Results	FY2016 Results	FY2017 Results	FY2018 Results	FY2019/2Q Results
Total	0.15%	0.20%	0.18%	0.25%	5,103	6,452	6,156	4,077
Japan	0.04%	0.05%	0.06%	0.07%	823	812	911	568
Europe	0.26%	0.22%	0.25%	0.42%	1,613	1,705	2,169	1,765
The Americas	0.41%	0.79%	0.49%	0.70%	1,357	2,652	2,070	1,225
Asia	0.27%	0.28%	0.22%	0.26%	1,309	1,281	1,005	517

*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.