
Consolidated Financial Results Summary for the Second Quarter ended September 30, 2020

November 5, 2020

 **Hitachi Capital Corporation**

Contents

- 1. Summary of Consolidated Financial Results
for the Second Quarter of FY2020**
- 2. Monthly trends in main items**
- 3. Summary of Performance by Business**
- 4. Consolidated Financial Forecast for FY2020**

1-1. The highlights of Consolidated Financial Results for the Second Quarter of FY2020

Main financial results achieved initial forecasts

Volume of business

The result greatly exceeded initial forecast due to the recovery that was better than expected mainly in Global business.

(2Q FY2020 result: ¥798.8 billion, Initial forecast comparison: 114%)

SG & A

The result was within initial forecast despite moratorium, due to restraint of bad debt-related expenses resulting from maintenance of high quality assets and thorough cost reduction in whole company.

(2Q FY2020 result: ¥48.2 billion, Initial forecast comparison: 98%)

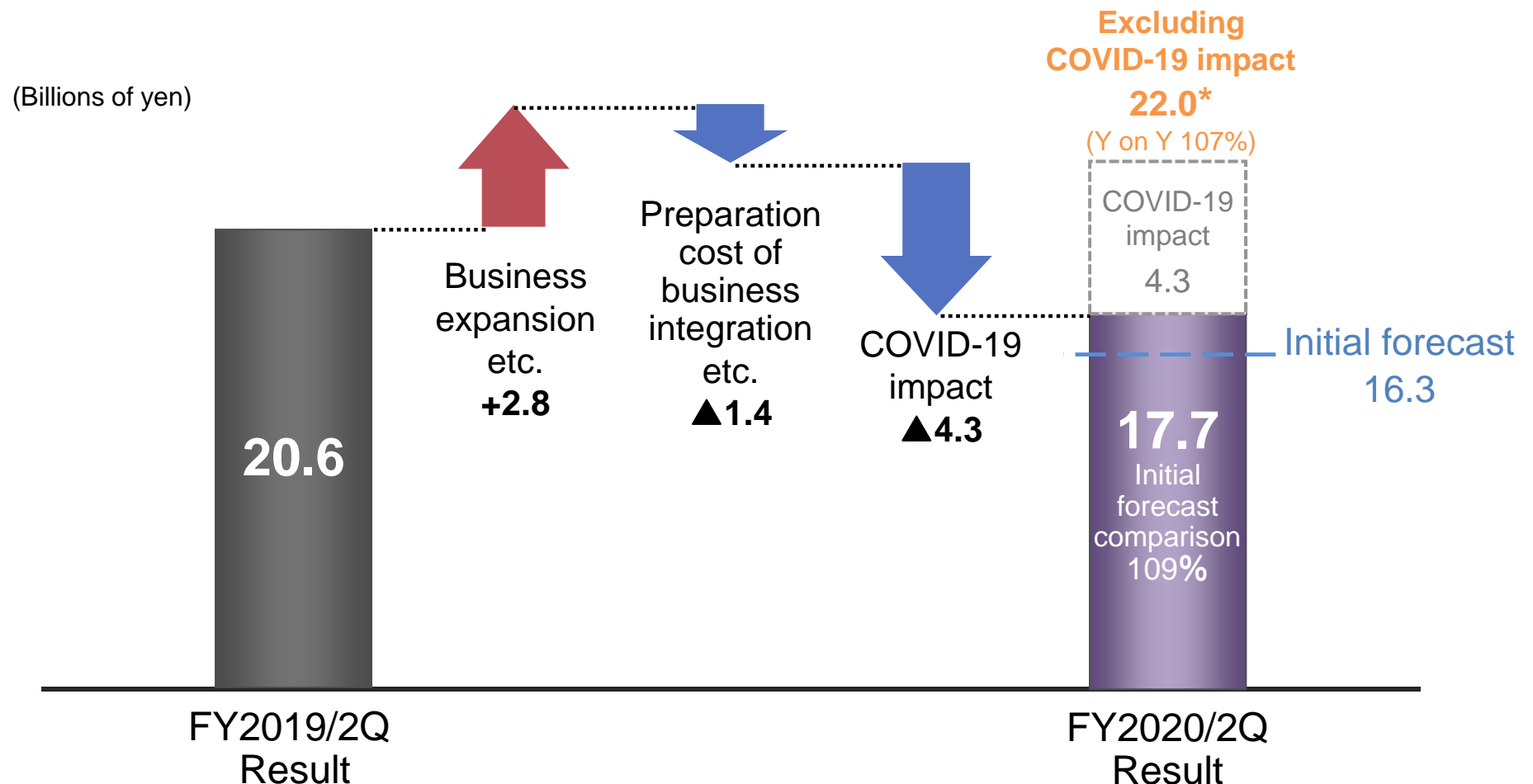
Profit before tax

The result greatly exceeded initial forecast as a result of leading of key businesses in Japan and business structural reform in The Americas and China, etc..

(2Q FY2020 result: ¥17.7 billion, Initial forecast comparison: 109%)

1-2. Profit before tax of the Second Quarter of FY2020 (Year on Year)

- Business expansion in Japan and Global covered preparation cost of business integration with Mitsubishi UFJ Lease & Finance Company Limited etc..
- The result greatly exceeded initial forecast as a result of decrease in COVID-19 impact.



*The result excluding the COVID-19 impact

1-3. Summary of Consolidated Financial Results for the Second Quarter of FY2020

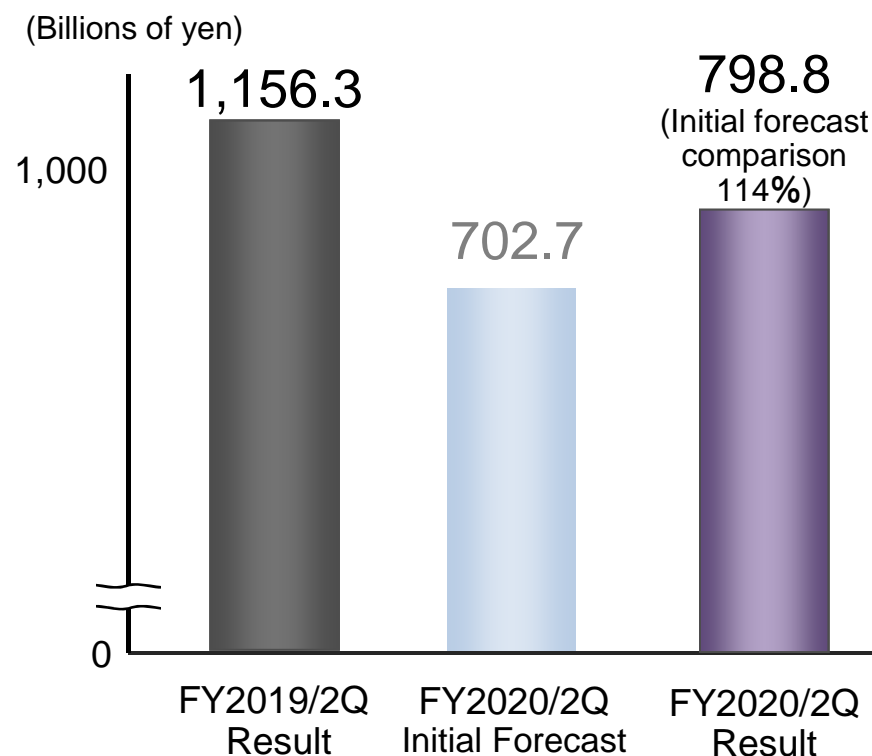
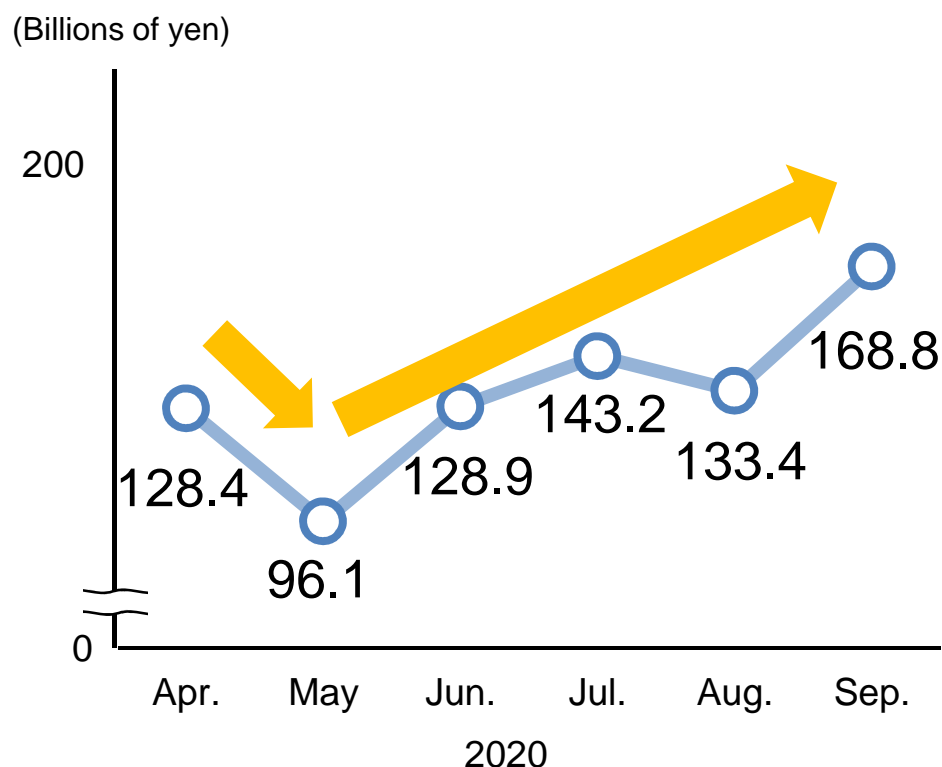
(Millions of yen)

	FY2019/2Q Results	FY2020/2Q Results	Y on Y Change	COVID-19 impact	Y on Y Change (excluding COVID-19 impact)	Initial forecast comparison
Volume of business	1,156,399	798,832	69%	▲ 250,079	91%	114%
Revenues	225,972	223,850	99%	▲ 12,497	105%	102%
Cost of sales	159,687	159,955	100%	▲ 5,952	104%	103%
Gross profit	66,285	63,895	96%	▲ 6,545	106%	99%
Selling, general and administrative expenses	46,764	48,297	103%	▲ 2,221	108%	98%
Profit before tax	20,644	17,707	86%	▲ 4,321	107%	109%
Net income attributable to owners of the parent	15,209	12,633	83%	▲ 3,441	106%	107%
Operating assets	3,223,795	3,093,939	96%	▲ 179,616	102%	101%
ROE	8.0%	6.6%	▲ 1.4%			
ROA	1.2%	1.1%	▲ 0.1%			
OHR	63.7%	66.2%	+2.5%			
Yearly average currency exchange rate	Yen / £	137 yen	135 yen	▲ 1 yen		
	Yen / US \$	109 yen	107 yen	▲ 2 yen		

2-1. Monthly trends in Volume of business

【Volume of business】

- The trends tend to recover from the bottom in May. The result recently recovered to the previous year level in Europe, The Americas (especially in Canada), and China business.

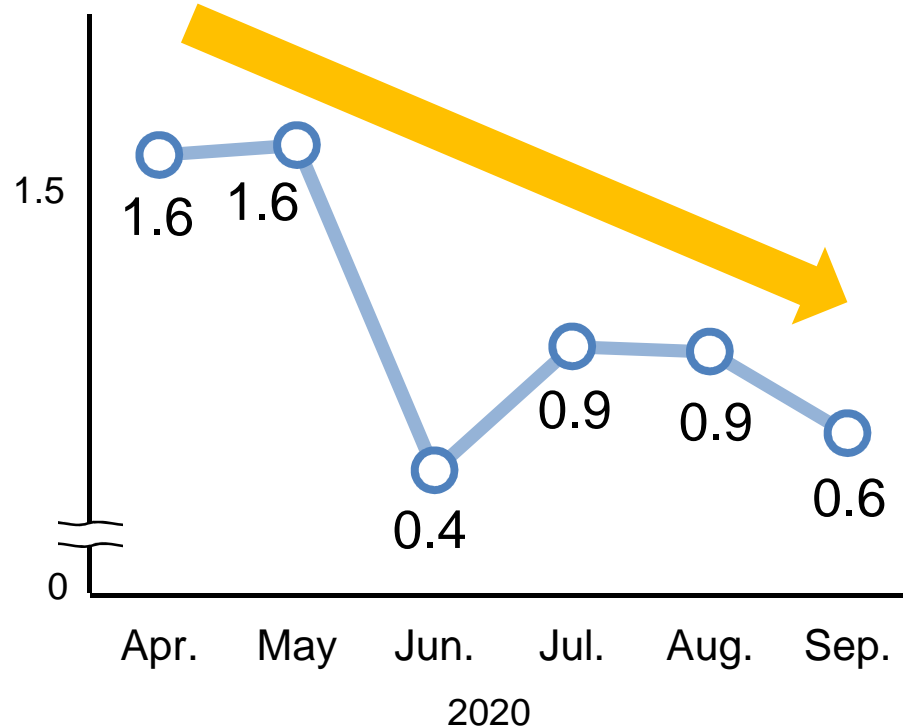


2-2. Monthly trends in bad debt-related expenses

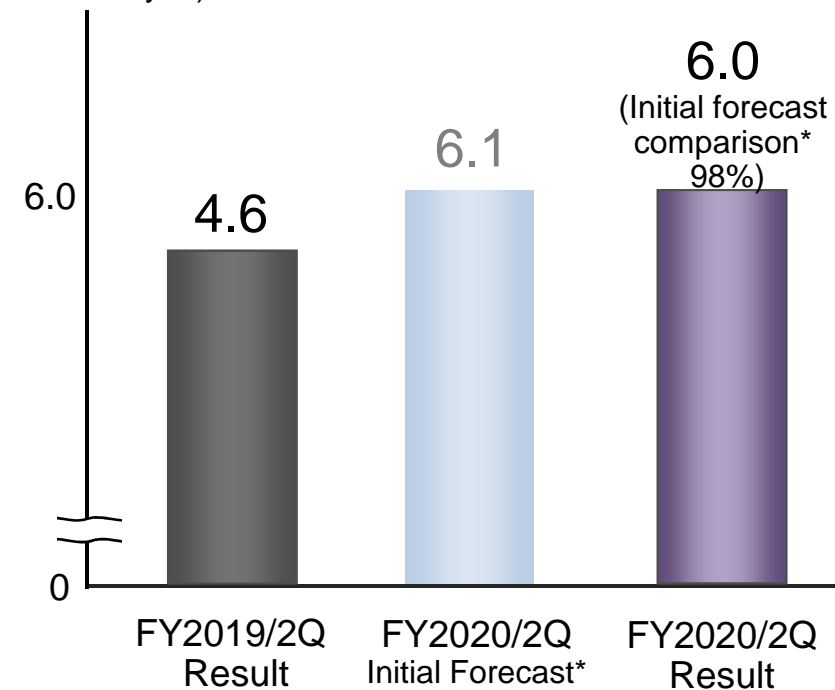
【Bad debt-related expenses】

- The result rapidly recovered to the normal level as a result of maintenance of high quality assets despite moratorium in UK and ASEAN business.
- We maintained the low level of bad debt-related expenses, as COVID-19 impact in Japan business was exceedingly small.

(Billions of yen)



(Billions of yen)



* 2Q FY2020 Initial Forecast has been adjusted by an amount reversed in 2Q FY2020 of the allowance for doubtful accounts relating to COVID-19 recognized in FY2019.

3-1. Breakdown of Japan business

- Account Solution: Profit before tax exceeded initial forecast by 25% due to a steady performance in key businesses (Environment/Energy, Mobility, Life, Sales Finance).
- Vender Solution: Profit before tax exceeded initial forecast by 11% due to a maintenance of high quality assets (maintenance of low credit losses) etc..

■ Japan Business(Account Solution)

(Millions of yen)

	FY2019/2Q Results	FY2020/2Q Results	Y on Y Change	COVID-19 impact	Y on Y Change (excluding COVID-19 impact)	Initial forecast comparison
Volume of business	434,752	274,215	63%	▲ 57,242	76%	92%
Gross profit	17,181	17,432	101%	▲ 1,232	109%	105%
Profit before tax	9,193	9,891	108%	▲ 595	114%	125%
Operating assets	1,077,804	1,122,340	104%	▲ 23,974	106%	100%
ROA	1.7%	1.7%	+0.0%			

■ Japan Business(Vendor Solution)

(Millions of yen)

	FY2019/2Q Results	FY2020/2Q Results	Y on Y Change	COVID-19 impact	Y on Y Change (excluding COVID-19 impact)	Initial forecast comparison
Volume of business	99,611	79,858	80%	▲ 14,235	94%	113%
Gross profit	8,177	8,076	99%	▲ 436	104%	97%
Profit before tax	3,133	3,622	116%	157	111%	111%
Operating assets	447,195	439,757	98%	▲ 12,408	101%	102%
ROA	1.4%	1.6%	+0.2%			

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

- Europe: Volume of business exceeded initial forecast by 37% due to strong recovery in Consumer Finance business in UK and an expansion of Mobility business in the continental Europe.
- The Americas: Volume of business recovered to the level that exceeded previous year (initial forecast comparison: 140%) as a result of business structural reform in Truck Finance business (US, Canada). Profit before tax also exceeded initial forecast by 34% due to an improvement of asset quality (decrease of bad debt-related expenses).

■ Europe (UK, Poland, the Netherlands, Germany, Austria, Belgium, Czech, Slovakia, Hungary)

(Millions of yen)

	FY2019/2Q Results	FY2020/2Q Results	Y on Y Change	COVID-19 impact	Y on Y Change (excluding COVID-19 impact)	Initial forecast comparison
Volume of business	319,683	213,942	67%	▲ 90,191	95%	137%
Gross profit	22,089	21,514	97%	▲ 2,957	111%	97%
Profit before tax	8,142	7,077	87%	▲ 2,684	120%	101%
Operating assets	839,827	854,289	102%	▲ 66,163	110%	106%
ROA (Local currency basis)	1.9%	1.6%	▲ 0.3%			

■ The Americas (US, Canada)

(Millions of yen)

	FY2019/2Q Results	FY2020/2Q Results	Y on Y Change	COVID-19 impact	Y on Y Change (excluding COVID-19 impact)	Initial forecast comparison
Volume of business	199,697	154,431	77%	▲ 53,229	104%	140%
Gross profit	7,968	7,410	93%	▲ 768	103%	95%
Profit before tax	1,883	1,645	87%	▲ 230	100%	134%
Operating assets	349,625	326,378	93%	▲ 45,268	106%	99%
ROA (Local currency basis)	1.0%	1.0%	+0.1%			

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

- China: Volume of business and profit before tax exceeded initial forecast by 22% and 42% due to enhancement of business basis through new partnerships in Hong Kong.
- ASEAN: Volume of business achieved initial forecast due to business expansion resulting from an effort of new business in Thailand and recovery of Mobility business in Singapore. The level of profit before tax also exceeded initial forecast in Thailand and Singapore.

■ China (Mainland China, Hong Kong)

(Millions of yen)

	FY2019/2Q Results	FY2020/2Q Results	Y on Y Change	COVID-19 impact	Y on Y Change (excluding COVID-19 impact)	Initial forecast comparison
Volume of business	47,152	47,154	100%	▲ 14,705	131%	122%
Gross profit	2,778	2,376	86%	▲ 351	98%	113%
Profit before tax	1,257	884	70%	▲ 351	98%	142%
Operating assets	253,756	168,447	66%	▲ 16,917	73%	95%
ROA (Local currency basis)	0.9%	1.0%	+0.1%			

■ ASEAN (Singapore, Thailand, Malaysia, Indonesia)

(Millions of yen)

	FY2019/2Q Results	FY2020/2Q Results	Y on Y Change	COVID-19 impact	Y on Y Change (excluding COVID-19 impact)	Initial forecast comparison
Volume of business	51,269	25,156	49%	▲ 20,238	89%	101%
Gross profit	3,347	2,722	81%	▲ 580	99%	81%
Profit before tax	1,146	▲ 342	—	▲ 1,131	69%	—
Operating assets	145,039	120,428	83%	▲ 14,884	93%	95%
ROA (Local currency basis)	1.5%	—	—			

4. Consolidated Financial Forecast for FY2020

- Consolidated Financial Forecast for FY2020 remains unchanged.

(Millions of yen)

	FY2019 Results	FY2020 Forecasts	Y on Y Change	
Volume of business	2,186,490	1,755,000	80%	
Revenues	464,020	450,200	97%	
Cost of sales	327,703	314,200	96%	
(of which, cost of capital)	40,027	36,900	92%	
Gross profit	136,316	136,000	100%	
Selling, general and administrative expenses	96,442	99,500	103%	
Profit before tax	42,526	38,500	91%	
Net income attributable to owners of the parent	30,693	27,500	90%	
Dividend per share (yen)	150 yen(*1)	94 yen	—	
Payout ratio	41.9%(*2)	39.9%	▲2.0%	
ROE	8.1%	7.1%	▲1.0%	
ROA	1.3%	1.2%	▲0.1%	
OHR	61.9%	65.7%	+3.7%	
Yearly average currency exchange rate	Yen / £	138 yen	135 yen	Exchange sensitivity (*3) : Approx. 110 million yen
	Yen / US \$	109 yen	108 yen	Exchange sensitivity (*3) : Approx. 30 million yen

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

(*3) The impact on Profit before tax in case JPY vs £/\$ changed 1 yen (FY2020 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

Summary of Japan Business/Global Business

(Millions of yen)

		FY2019/2Q Results	FY2020/2Q Results	Y on Y Change	COVID-19 impact	Y on Y Change (excluding COVID-19 impact)	Initial forecast comparison
Volume of business	Japan Business	538,596	358,147	66%	▲71,714	80%	96%
	Global Business	617,803	440,684	71%	▲178,365	100%	134%
Gross profit	Japan Business	29,706	29,840	100%	▲1,887	107%	102%
	Global Business	36,184	34,024	94%	▲4,657	107%	96%
Profit before tax	Japan Business	12,710	13,911	109%	▲391	113%	125%
	Global Business	12,430	9,265	75%	▲4,398	110%	97%
Operating assets	Japan Business	1,635,546	1,624,394	99%	▲36,382	102%	100%
	Global Business	1,588,248	1,469,544	93%	▲143,233	102%	102%
ROA	Japan Business	1.6%	1.7%	+0.1%			
	Global Business	1.5%	1.2%	▲0.2%			
ROA (Local currency basis)	Global Business	1.5%	1.2%	▲0.3%			

*Adjustments (company-wide expense) are not allocated to gross profit and profit before tax of Japan Business and Global Business.

Breakdown of Cost of Sales/SG&A

■ Breakdown of cost of sales (Millions of yen)

	FY2019/2Q Results	FY2020/2Q Results	Y on Y Change
Cost of sales	159,687	159,955	100%
(of which, cost of capital)	20,504	16,562	81%

■ Breakdown of SG&A (Millions of yen)

	FY2019/2Q Results	FY2020/2Q Results	Y on Y Change
Selling, general and administrative expenses	46,764	48,297	103%
(of which, personnel costs)	24,619	25,046	102%
(of which, business management expenses, etc.)	17,575	17,241	98%
(of which, bad debt-related expenses)	4,569	6,009	132%

Quarterly Credit Trends by Region

	Credit loss ratio				Credit loss(Millions of yen)			
	Annually Accumulated			2Q Accumulated	Annually Accumulated			2Q Accumulated
	FY2017 Results	FY2018 Results	FY2019 Results	FY2020/2Q Results	FY2017 Results	FY2018 Results	FY2019 Results	FY2020/2Q Results
Total	0.20%	0.18%	0.23%	0.32%	6,452	6,156	7,383	4,989
Japan	0.05%	0.06%	0.07%	0.06%	812	911	1,160	527
Europe	0.22%	0.25%	0.30%	0.49%	1,705	2,169	2,655	2,106
The Americas	0.79%	0.49%	0.79%	0.80%	2,652	2,070	2,480	1,301
Asia	0.28%	0.22%	0.33%	0.73%	1,281	1,005	1,087	1,053

*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.