
Consolidated Financial Results Summary for the Third Quarter ended December 31, 2020

February 5, 2021

 **Hitachi Capital Corporation**

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

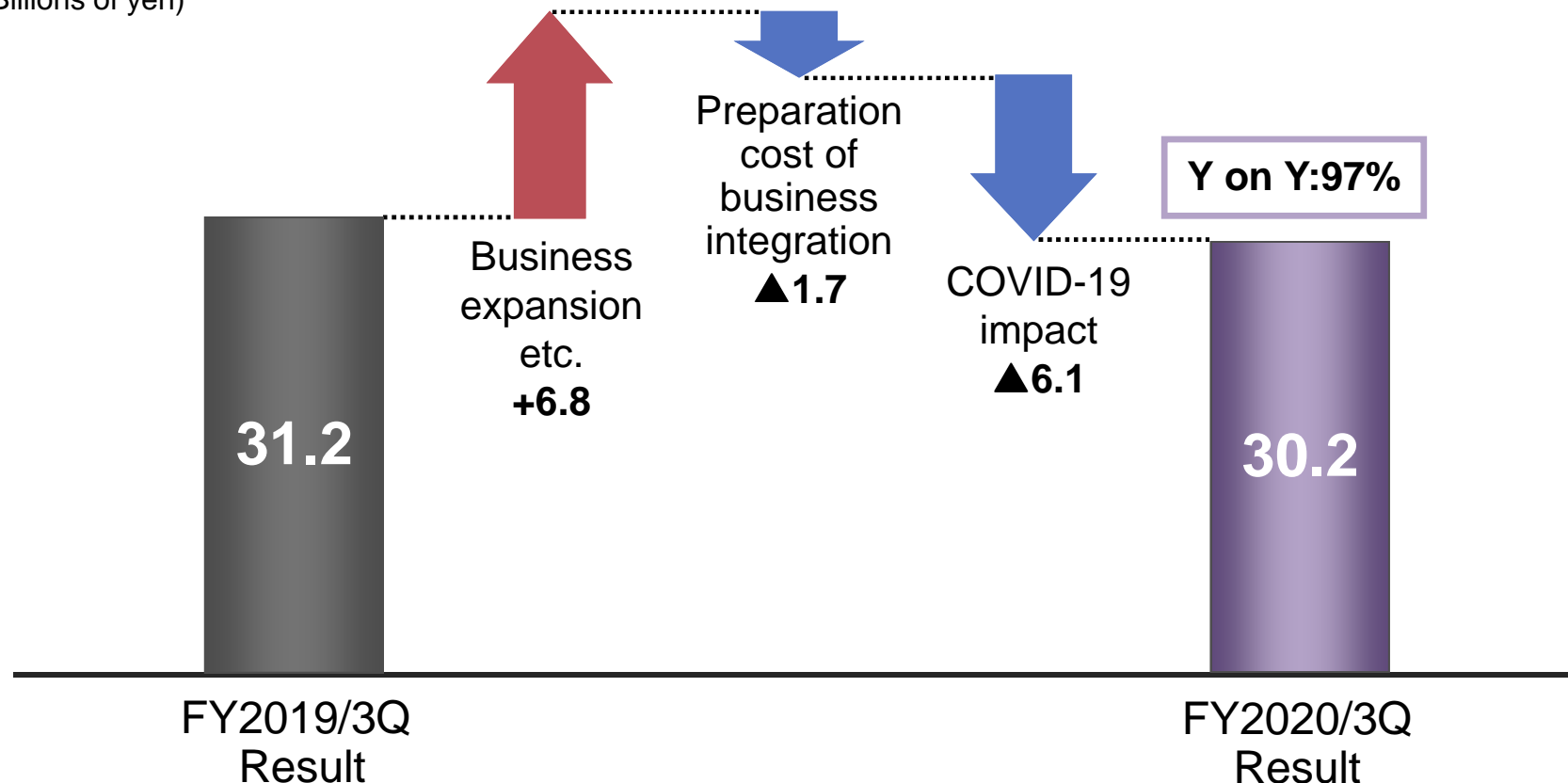
Main financial results achieved initial forecasts

	〈Main points〉	〈 Initial forecast comparison 〉
Volume of business	<ul style="list-style-type: none">● Volume of business recovered more than expected mainly in Global business.	110%
SG & A	<ul style="list-style-type: none">● Bad debt-related expenses were restrained by maintaining high quality assets.● Cost reduction based on New Normal was thoroughly executed.	96%
Profit before tax	<ul style="list-style-type: none">● In Japan, key businesses performed greatly and drove the result.● Business structural reform in The Americas and China was successful.	117%
Forecast for FY2020	<ul style="list-style-type: none">● Businesses/results recovered more than expected.● Although preparation cost of business integration, etc. is expected, the forecast remains unchanged.	

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

- Business expansion in Japan and Global progressed favorably.
- The business expansion covered preparation cost of business integration with Mitsubishi UFJ Lease & Finance Company Limited and the COVID-19 impact, therefore profit before tax recovered to the previous year level.

(Billions of yen)



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

(Millions of yen)

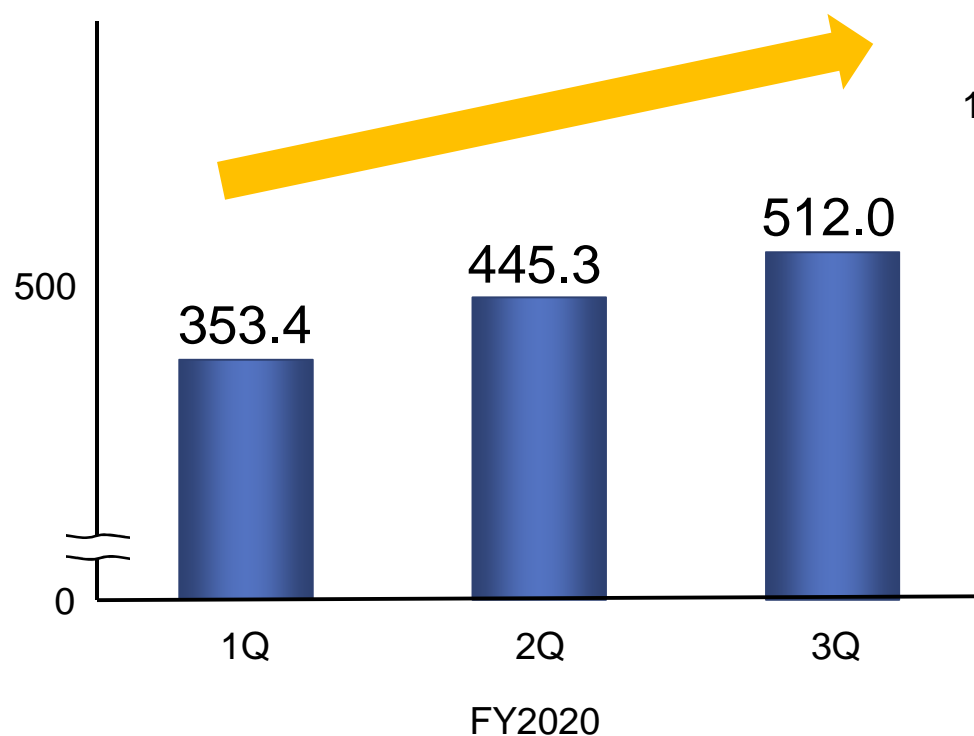
	FY2019/3Q Results	FY2020/3Q Results	Y on Y Change	COVID-19 impact	Y on Y Change (excluding COVID-19 impact)	Initial forecast comparison
Volume of business	1,639,460	1,310,909	80%	▲312,942	99%	110%
Revenues	338,343	341,322	101%	▲19,108	107%	103%
Cost of sales	238,042	242,525	102%	▲10,368	106%	104%
Gross profit	100,300	98,797	99%	▲8,739	107%	100%
Selling, general and administrative expenses	70,504	71,666	102%	▲2,677	105%	96%
Profit before tax	31,244	30,254	97%	▲6,066	116%	117%
Net income attributable to owners of the parent	22,821	21,943	96%	▲4,799	117%	115%
Operating assets	3,255,972	3,153,979	97%	▲210,871	103%	103%
ROE	7.9%	7.5%	▲0.4%			
ROA	1.3%	1.3%	+0.0%			
OHR	63.1%	64.4%	+1.3%			
Yearly average currency exchange rate	Yen / £	138 yen	136 yen	▲2 yen		
	Yen / US \$	109 yen	106 yen	▲3 yen		

2-1. Quarterly trends in Volume of business

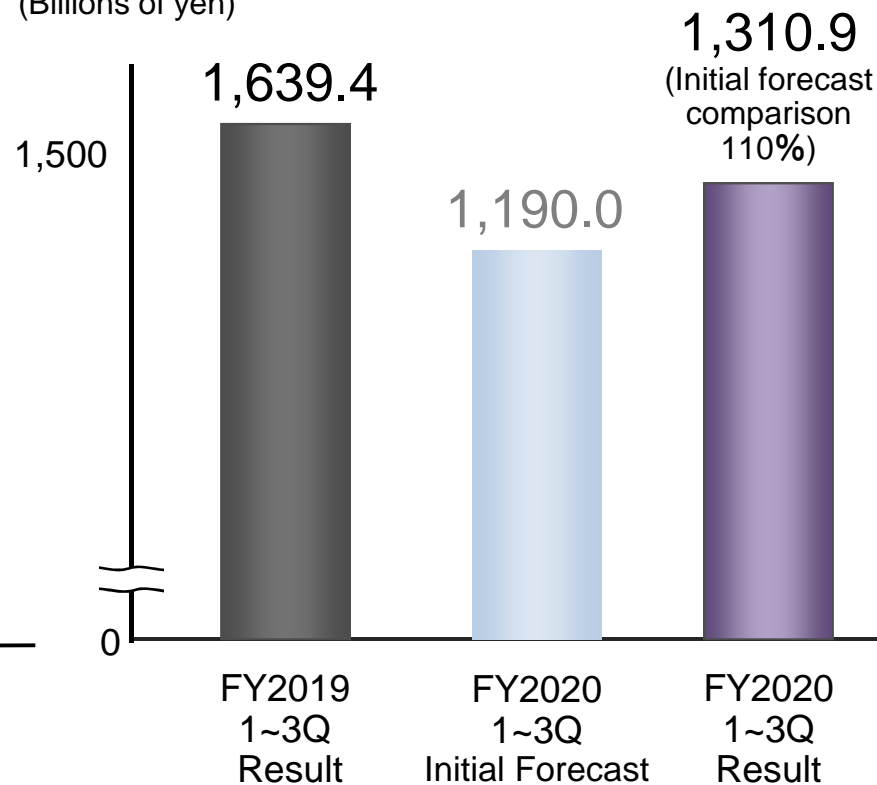
【Volume of business】

- The recovery trends continued from the bottom in FY2020/1Q.
- The result increased by a level that was higher than previous year in FY2020/3Q. (Y on Y:106%)

(Billions of yen)



(Billions of yen)

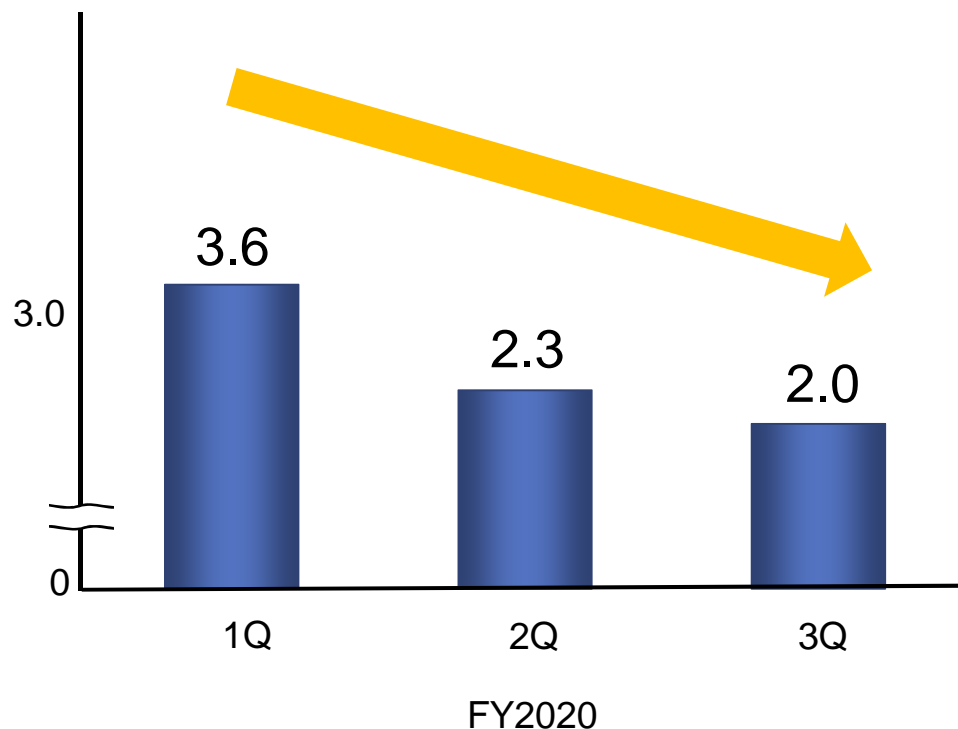


2-2. Quarterly trends in Bad debt-related expenses HITACHI Inspire the Next

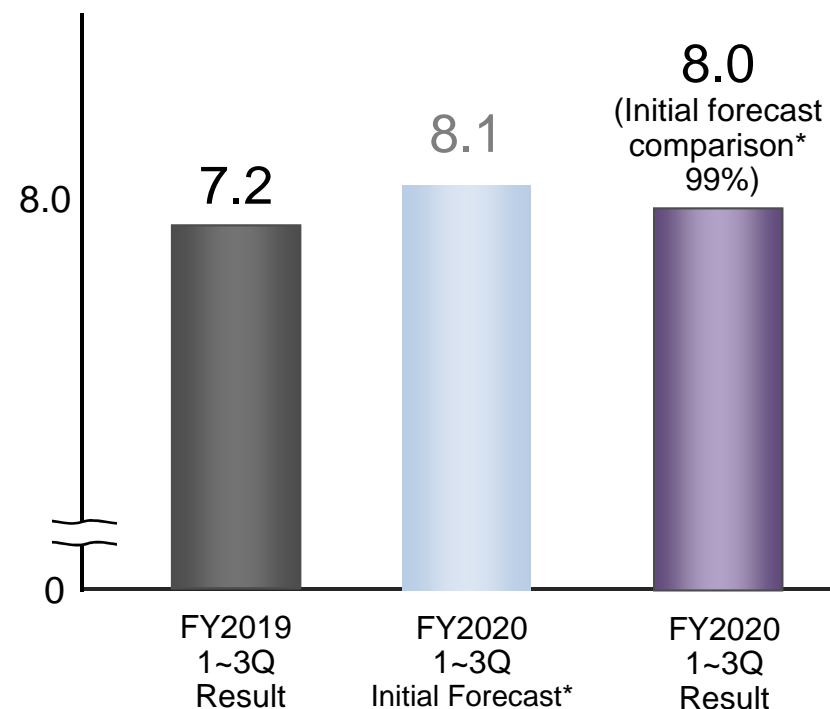
【 Bad debt-related expenses 】

- Correspondence to moratorium almost finished in FY2020/1Q.
- Bad debt-related expenses were low and stable by maintaining high quality assets.

(Billions of yen)



(Billions of yen)



* 1-3Q FY2020 Initial forecast has been adjusted by an amount reversed in 1-3Q FY2020 of the allowance for doubtful accounts relating to COVID-19 recognized in FY2019.

3-1. Summary of Japan business/Global business

(Millions of yen)

		FY2019/3Q Results	FY2020/3Q Results	Y on Y Change	COVID-19 impact	Y on Y Change (excluding COVID-19 impact)	Initial forecast comparison
Volume of business	Japan Business	743,774	562,733	76%	▲ 94,558	88%	98%
	Global Business	895,685	748,176	84%	▲ 218,383	108%	122%
Gross profit	Japan Business	45,108	45,602	101%	▲ 2,615	107%	102%
	Global Business	54,857	52,863	96%	▲ 6,123	108%	98%
Profit before tax	Japan Business	19,218	22,259	116%	▲ 756	120%	124%
	Global Business	18,747	15,611	83%	▲ 5,850	114%	106%
Operating assets	Japan Business	1,616,744	1,608,907	100%	▲ 44,313	102%	101%
	Global Business	1,639,228	1,545,072	94%	▲ 166,557	104%	105%
ROA	Japan Business	1.6%	1.8%	+0.2%			
	Global Business	1.5%	1.4%	▲ 0.1%			
ROA (Local currency basis)	Global Business	1.5%	1.4%	▲ 0.2%			

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

3-2. Breakdown of Japan business

■ Japan Business(Account Solution)

(Millions of yen)

	FY2019/3Q Results	FY2020/3Q Results	Y on Y Change	COVID-19 impact	Y on Y Change (excluding COVID-19 impact)	Initial forecast comparison
Volume of business	589,007	435,917	74%	▲ 75,390	87%	96%
Gross profit	26,158	27,145	104%	▲ 1,752	110%	104%
Profit before tax	13,782	16,187	117%	▲ 902	124%	124%
Operating assets	1,066,147	1,115,316	105%	▲ 27,265	107%	101%
ROA	1.7%	1.9%	+0.2%			

■ Japan Business(Vendor Solution)

(Millions of yen)

	FY2019/3Q Results	FY2020/3Q Results	Y on Y Change	COVID-19 impact	Y on Y Change (excluding COVID-19 impact)	Initial forecast comparison
Volume of business	148,452	120,671	81%	▲ 18,875	94%	106%
Gross profit	12,374	12,041	97%	▲ 592	102%	97%
Profit before tax	4,827	5,481	114%	158	110%	113%
Operating assets	445,714	434,166	97%	▲ 17,048	101%	102%
ROA	1.5%	1.7%	+0.2%			

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

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

(Millions of yen)

	FY2019/3Q Results	FY2020/3Q Results	Y on Y Change	COVID-19 impact	Y on Y Change (excluding COVID-19 impact)	Initial forecast comparison
Volume of business	483,013	383,782	79%	▲ 92,674	99%	128%
Gross profit	34,226	33,012	96%	▲ 3,763	107%	98%
Profit before tax	13,281	10,915	82%	▲ 3,421	108%	104%
Operating assets	928,858	916,596	99%	▲ 73,104	107%	111%
ROA (Local currency basis)	2.0%	1.6%	▲0.4%			

■ The Americas (US, Canada)

(Millions of yen)

	FY2019/3Q Results	FY2020/3Q Results	Y on Y Change	COVID-19 impact	Y on Y Change (excluding COVID-19 impact)	Initial forecast comparison
Volume of business	269,296	250,076	93%	▲ 70,835	119%	129%
Gross profit	11,832	11,719	99%	▲ 1,007	108%	98%
Profit before tax	2,521	3,037	120%	▲ 518	141%	147%
Operating assets	334,838	341,703	102%	▲ 43,530	115%	100%
ROA (Local currency basis)	0.9%	1.2%	+0.3%			

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

■ China (Mainland China, Hong Kong)

(Millions of yen)

	FY2019/3Q Results	FY2020/3Q Results	Y on Y Change	COVID-19 impact	Y on Y Change (excluding COVID-19 impact)	Initial forecast comparison
Volume of business	71,597	70,471	98%	▲ 26,368	135%	95%
Gross profit	3,786	3,797	100%	▲ 443	112%	116%
Profit before tax	1,955	1,647	84%	▲ 305	100%	158%
Operating assets	228,388	166,784	73%	▲ 27,935	85%	96%
ROA (Local currency basis)	1.0%	1.2%	+0.2%			

■ ASEAN (Singapore, Thailand, Malaysia, Indonesia)

(Millions of yen)

	FY2019/3Q Results	FY2020/3Q Results	Y on Y Change	COVID-19 impact	Y on Y Change (excluding COVID-19 impact)	Initial forecast comparison
Volume of business	71,777	43,846	61%	▲ 28,506	101%	97%
Gross profit	5,011	4,333	86%	▲ 909	105%	87%
Profit before tax	988	10	1%	▲ 1,604	164%	1%
Operating assets	147,142	119,988	82%	▲ 21,986	96%	94%
ROA (Local currency basis)	0.9%	0.0%	▲0.9%			

4-1. Consolidated Financial Forecast for FY2020

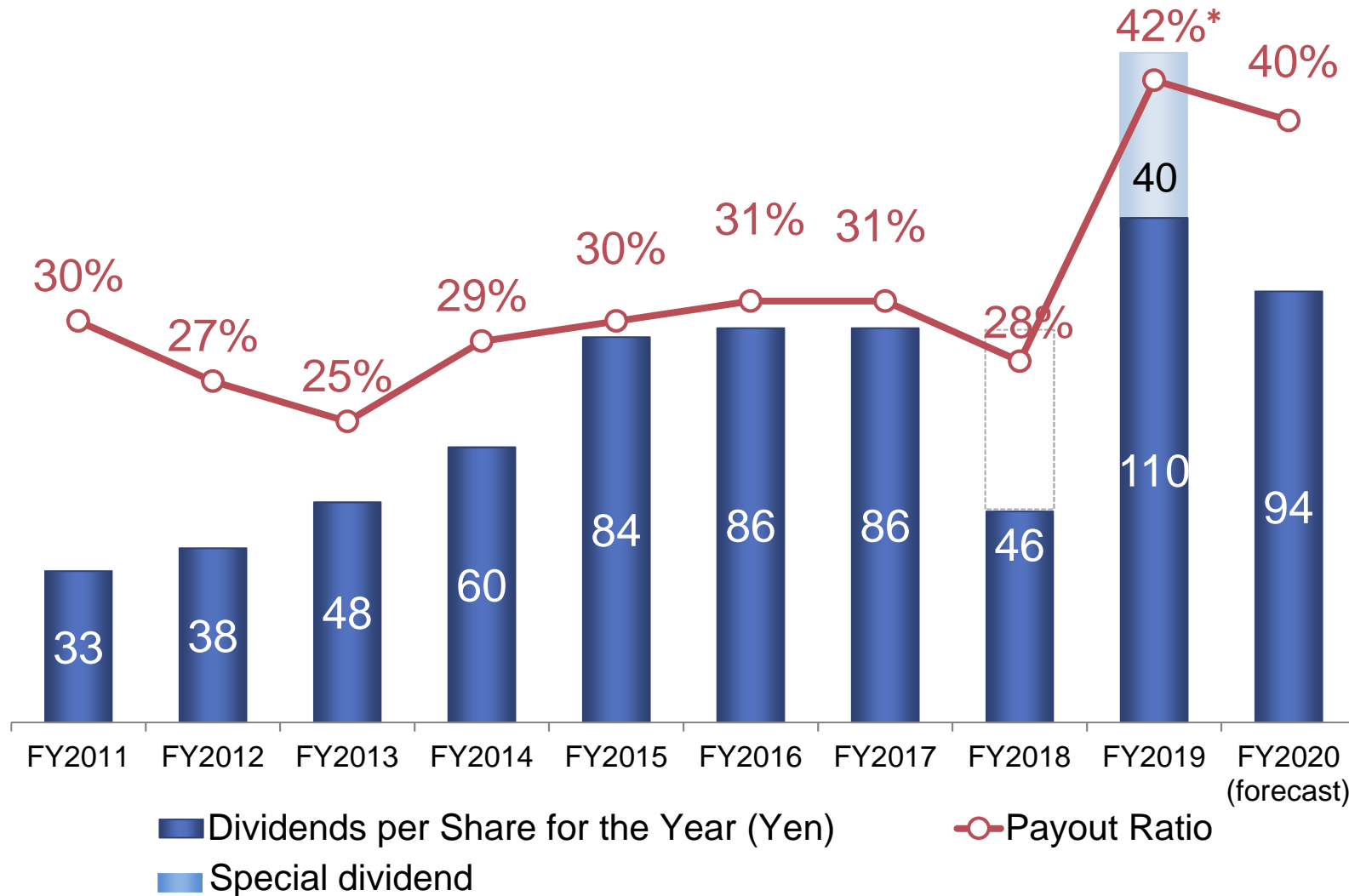
(Millions of yen)

	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)

4-2. Trends of Annual cash dividends per share/payout ratio



* Dividend payout ratio is calculated only for ordinary dividends excluding special dividends

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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)

	FY2019/3Q Results	FY2020/3Q Results	Y on Y Change
Cost of sales	238,042	242,525	102%
(of which, cost of capital)	30,123	24,420	81%

■ Breakdown of SG&A (Millions of yen)

	FY2019/3Q Results	FY2020/3Q Results	Y on Y Change
Selling, general and administrative expenses	70,504	71,666	102%
(of which, personnel costs)	36,915	37,724	102%
(of which, business management expenses, etc.)	26,330	25,900	98%
(of which, bad debt-related expenses)	7,258	8,042	111%

Credit Trends by Region

	Credit loss ratio				Credit loss(Millions of yen)			
	Annually Accumulated			3Q Accumulated	Annually Accumulated			3Q Accumulated
	FY2017 Results	FY2018 Results	FY2019 Results	FY2020/3Q Results	FY2017 Results	FY2018 Results	FY2019 Results	FY2020/3Q Results
Total	0.20%	0.18%	0.23%	0.31%	6,452	6,156	7,383	7,239
Japan	0.05%	0.06%	0.07%	0.06%	812	911	1,160	683
Europe	0.22%	0.25%	0.30%	0.46%	1,705	2,169	2,655	3,155
The Americas	0.79%	0.49%	0.79%	0.79%	2,652	2,070	2,480	2,020
Asia	0.28%	0.22%	0.33%	0.64%	1,281	1,005	1,087	1,380

*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.