

Announcement regarding “FY2019-FY2021 Mid-Term Management Plan” “Value Up Stage” toward Our Vision

Tokyo, October 9, 2019 - Hitachi Capital Corporation (TSE:8586, President & CEO: Seiji Kawabe, “Hitachi Capital”) today announced that it developed “FY2019-FY2021 Mid-Term Management Plan (“2021 Mid-Term Management Plan”).”

Under our mission to become a “Social Values Creating Company,” Hitachi Capital aims at both solving global social issues and sustainable growth, with a view to creating social values based on SDGs^{*1}. To this end, we position 2021 Mid-Term Management Plan as “Value Up Stage” in which we promote our management strategies from back-casting perspective toward our Vision to increase added value.

We set “Environment/Energy,” “Mobility,” “Life,” and “Sales Finance” for which new business opportunities are expected as the four key businesses in anticipation of megatrends such as energy shortage, accelerated urbanization, and population growth. We will focus on these key businesses while we base our business activities on SDGs and Society 5.0^{*2}. In addition, we will deepen our regional strategy by taking advantage of our strengths in each region with an aim to further improve profitability in Japan Business and achieve stable and systematic growth in Global Business.

For the achievement of Value Up Stage, we intend to actively work on enhancement of collaboration with partners, and shift to services and commercialization and their combined business beyond finance field. We will also proactively promote transformation into a multiple solution provider of supply chain, with keywords such as “Connect,” “Get Together,” and “Bear Fruits,” and focused investment of management resources on business enhancement strategies including M&A, R&D, and DX^{*3}. Furthermore, we aim to improve sustainable corporate value by strengthening management base (Finance, IT, Human resources) that supports our sustainable growth and promoting ESG (Environment, Society and Governance) management.

In order to further increase shareholder value, we will increase the payout ratio from the current approximately 30% to approximately 40% to realize the highest level of returning to shareholders in the leasing industry while maintaining a strong financial position and the balance between investments for growth.

As a “Social Values Creating Company,” Hitachi Capital will pursue both solution for social issues and sustainable growth by steadily implementing management strategies in the 2021 Mid-Term Management Plan.

*1: Action plan adopted by the United Nations covering global issues to be achieved by 2030, consisting of 17 Sustainable Development Goals and 169 specific targets

*2: Vision of future society proposed by the Japanese Government. A human-centered society that balances economic advancement with the resolution of social issues by a system that highly integrates cyberspace and physical space (reality space)

*3: Digital Transformation

■ Highlights of 2021 Mid-Term Management Plan (Major Management Strategies)

| | | |
|------------------------|----------------------------------|--|
| Business Strategy | Shift to key businesses | <ul style="list-style-type: none"> Shift to key businesses based on megatrends |
| | Deepen regional strategy | <ul style="list-style-type: none"> Further improve profitability of Japan Business: ROA \geq 2% Stable and systematic growth of Global Business |
| | Increase added value | <ul style="list-style-type: none"> Accelerate business model shift Focused investment of management resources on business enhancement measures |
| Management Base | Strengthen non-financial capital | <ul style="list-style-type: none"> Strengthen management base to support growth Promote ESG management |
| Return to Shareholders | Enhance return to shareholders | <ul style="list-style-type: none"> Increase payout ratio to around 40% Maintain a balance of return to shareholders, credit ratings, and investment for growth |

■ Financial Targets

| | FY2018 | FY2021 Target | Vision |
|--------------------------|---------------|---------------|--------------------------------------|
| Profit before tax | ¥32.7 billion | ¥55.0 billion | Stable growth (CAGR: Around 5 to 8%) |
| Asset efficiency (ROA) | 1.0% | 1.7% | \geq 2% |
| Capital efficiency (ROE) | 5.1% | 9% | Over 10% |

* Exchange rate: £1 = ¥145, \$1 = ¥110 for FY2018
 £1 = ¥135, \$1 = ¥108 for FY2021

Please see “FY2019-FY2021 Mid-Term Management Plan” for details.

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