

Message from the President



Representative Director
President & CEO

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Contributing to the Realization of a Prosperous and Sustainable Society by Developing Advanced Asset Businesses with a Pioneering Spirit

Our Mission

Contribute to a prosperous and sustainable future by creating social value through maximizing the potential of assets.

Our Vision

- ◎ Solve social issues by developing unique and progressive businesses with consideration for the global environment.
- ◎ Aim for sustainable growth through value co-creation with diverse stakeholders across the globe.
- ◎ Enhance corporate value by evolving our business model through utilizing digital technology and data.
- ◎ Foster an “open, creative and engaging” corporate culture that shapes each and every employee’s motivation and pride.
- ◎ Aim to be a trusted company by complying with laws and regulations, as well as implementing ethical corporate management.

Stepping into a New Future as Mitsubishi HC Capital

On April 1, 2021, Mitsubishi HC Capital Inc. took its first step into the future as a result of the business integration of Mitsubishi UFJ Lease & Finance Company Limited (“Mitsubishi UFJ Lease”) and Hitachi Capital Corporation (“Hitachi Capital”). We announced the integration on September 24, 2020; six short months later, our vigorous preparation had put us in an excellent position for a healthy start.

At the start of the capital and business alliance between Mitsubishi UFJ Lease and Hitachi Capital in May 2016, the intent was not to work toward business integration, but to collaborate on separate operations. Subsequent discussions on many different occasions revealed that the two companies had little overlap in terms of business areas, and they recognized that they were the very definition of a mutually complementary relationship in which they were leveraging their hard-earned strengths and knowledge—Mitsubishi UFJ Lease in banking and commerce, and Hitachi Capital in manufacturing—to engage in business in various fields around the world. They recognized that mutual complementation in their business areas and further reinforcement of their management bases would be major strengths for establishing a truly global position by offering more refined solutions in the advanced asset business domain and swiftly adapting to the sudden environmental changes happening in the world today. This recognition propelled discussions with the premise of business integration starting in late 2019, culminating in an agreement in September 2020.

With this business integration, we maximize the ideal, mutual complementation between the two former companies. We will combine business areas—those in which we can harness and expand on their respective know-how and experience, and those in which we can blend their respective strengths to explore and expand into new territory—to contribute to the establishment of a prosperous and sustainable society by creating new value neither could have realized alone.

Our Ideal Image for Mitsubishi HC Capital

Against a backdrop of climate change driven by global warming, population growth and urbanization, scarcity of resources, and other megatrends, the world is changing substantially, and our society is dealing with a multitude of problems. Now that corporations are expected to join in efforts to decarbonize and establish circular economies, we know that our decision to broaden our connections with many other companies through our business integration gives us great potential to contribute to resolving these social issues. Our ideal image is one in which we make these contributions through our business while building a new ecosystem with our wide range of clients and partner companies around the globe to work toward the realization of a prosperous and sustainable future society. In the course of launching Mitsubishi HC Capital, we established this ideal image—our target from a long-term perspective—as Our Mission, and defined the work we need to do as a Group to achieve it as Our Vision.

Mitsubishi UFJ Lease aimed to be an “Asset-Business Platform Company,” leveraging its client base and financial base and using its extensive asset business insight in an effort to provide advanced asset value. Hitachi Capital aimed to be a “Social Values Creating Company,” working to create and provide value to all stakeholders based on an unwavering understanding of the needs of their clients and local communities. Given the ideals, performance, and strengths of these two companies, extracting the maximum potential from tangible and intangible assets will contribute to a prosperous and sustainable future by creating social value, advancing society, and enriching people’s lives. We recognize this as our ideal image, Our Mission.

Our Vision—the work we need to do to achieve Our Mission—is based on resolving social issues, achieving sustainable growth, and improving corporate value as we said when announcing the business integration. We now add employee job satisfaction and compliance with laws and regulations, which were included in the missions of the former companies, as well as the perspectives of the global environment, globalization, co-creation of value, and digital transformation (DX).

PMI Progressing Smoothly Thanks to Lively Discussion and Promotion of Mutual Understanding

Post-merger integration (PMI) is the first step toward achieving the ideal image, as well as the first step in the integration process. To oversee PMI, in April 2021, we established a department to take the lead in vigorous efforts, including animated discussion and debate, toward the soonest possible materialization of synergy. We intend to steadily promote PMI in this manner to achieve the following three types of synergy.

The first type of synergy is synergy of management resources. This type of synergy is not simply adding together the figures of the two former companies in terms of cost; the aim is for the fusion and synergy to reduce the cost of procurement as well as sales and general administrative (SG&A) expenses, which are some of the most important tasks of business integration. Optimizing management resources and integrating procurement should reduce sales and general administrative expenses through such effects as optimizing the number of employees and enabling joint procurement (including that of lease and rental assets). Based mainly on the resulting cost synergy, we expect a positive annual effect of about ¥10 billion by around fiscal 2023. Given the front-loaded expenses (e.g. the cost of changing trade names, systems-related expenses) generated immediately after the integration, we believe we will see the greatest effects of cost synergy in fiscal 2023; however, we will work to achieve cost synergy in fiscal 2021 and 2022 as well through diligent efforts such as strengthening budget controls to reduce SG&A expenses.

The second type of synergy is sales synergy. The biggest issue in the quest for sales synergy is the extent to which we can leverage the extra benefits of integrating the businesses of the two former companies. We launched the Domestic Sales Subcommittee and the Overseas Subcommittee and established sub-working groups for each business and area. Departments are holding frequent discussions while collaborating in an effort to harness and maximize synergy as rapidly as possible.

Sales synergy is created from collaboration fueled by mutual understanding, exchange, and dialogue between the sales teams of each former company. We intend to identify and narrow our focus not only on contribution to profits (top-line expansion, cost reduction), but also on broad synergy measures (knowledge, positioning, resources, diversification/multi-functionalization) in order to realize the benefits of synergy.

The third type of synergy is investment synergy. This is the synergy created from business investment and acquisition of assets using surplus capital created by the integration. In order to efficiently use surplus capital, we have established a framework for implementing management with a balance between offense (strategic resource allocation) and defense (risk management) for the purpose of realizing synergy. Our first move toward that end was our decision to acquire major U.S. marine container leasing company CAI International, Inc. ("CAI"), which we announced in June 2021.

We are working to maximize the benefits of these three types of synergy—which we promised to deliver in our announcement of the business integration in September 2020—starting with areas where we can achieve results quickly.

Area	Synergy measures (when the integration was announced)	Progress
Synergy of management resources	<ul style="list-style-type: none"> » Optimize management resources » Integrate procurement 	<ul style="list-style-type: none"> » Integration of corporate functions complete » Proceeding with the optimization of management resources and conversion to joint procurement
Sales synergy	<ul style="list-style-type: none"> » Top-line growth through mutual use of the sales network 	<ul style="list-style-type: none"> » Launched working groups Japan: Domestic sales, sales finance, sale of used goods, semiconductors, real estate, environment and energy, governmental agencies Overseas: Greater China, Singapore, Thailand, Indonesia, mobility, the Americas, Europe » Identifying wide-ranging synergy measures not limited to contribution to profits (top-line expansion, cost reduction), but also (knowledge, positioning, resources, diversification/multi-functionalization)
Investment synergy	<ul style="list-style-type: none"> » Utilize surplus capital from business integration and the effects of portfolio diversification in terms of both business and region — Manage capital efficiently while maintaining present credit ratings — Use surplus capital for business investment and to acquire assets 	<ul style="list-style-type: none"> » Efficiently using surplus capital and establishing a framework to foster synergy while holding fast to the balance between offense (strategic resource allocation) and defense (risk management) <ul style="list-style-type: none"> — Investment Strategy Committee (offense): Discussing the priority of key projects and strategies for optimizing investment synergy from a company-wide perspective, mainly through business company investment — Risk Management Committee (defense): Comprehensively and systematically managing risk pertaining to management as a whole, and deliberating and reporting matters such as countermeasures for the risks in each category based on a full understanding of the present state and issues — Investment Discussion Committee: Discussing individual investments in terms of both offense and defense

Additionally, given that PMI has progressed even more smoothly than expected to date, we recently began our next step as a new company: discussing medium- and long-term strategies. We will analyze factors such as changes in the business environment keyed by megatrends, their impact on management, and the state of our competitiveness amid those circumstances with the foremost aim of putting together a general framework for medium- and long-term policies. We will build up these discussions in an integrated manner, encompassing strategies such as sustainability management and DX promotion.

We cannot grow or develop as a company without creating an environment in which all employees can grow and exhibit their capabilities to the fullest. To ensure that employees can work with motivation and pride, we are taking our employees' views and desires on board as we work on various communication strategies, including holding sessions to introduce the businesses of the former companies to each other, and disseminating a variety of information on promoting the integration. Although the pandemic has restricted communication means, Chairman Kawabe and I have also held online meetings to engage in direct dialogue with our departments and employees in due order. This direct communication has allowed us to develop a firm understanding of our employees' honest opinions, expectations for the new company, and passion for further growth, giving us great reassurance and a sense of confidence in the future growth of the Company.

What "Advanced Asset Businesses" Means at Mitsubishi HC Capital

We intend to develop advanced asset businesses, positioning the following five business areas, which we mapped out when we announced the business integration in September 2020: social infrastructure & life, environment & energy, mobility, global assets, and sales finance.

Both former companies devoted energy to social infrastructure & life, environment & energy, and mobility, while Mitsubishi UFJ Lease developed strength in global assets and Hitachi Capital did the same with sales finance; our focal business domains are based on this history, and they form the foundation of our sustained growth through strengthening existing businesses and extending value chains.

These focal business domains are not independent of each other, but are closely interlinked. To take logistics in a broad sense as an example, a view of an entire value chain from input to output reveals real estate business and distribution facility business (social infrastructure & life) at the starting point, with aircraft and marine containers (global assets) and automobiles (mobility) following. One essential component of the value chain is marine containers, which are garnering attention for robust demand of late. We view our aforementioned acquisition of CAI as both an effort to strengthen our existing marine container leasing business (global assets) and a foray into strengthening the other focal business domains that are closely interlinked within value chains.

We intend to pursue not only organic growth in businesses in each focal business domain, but also inorganic growth that includes acquisitions and strategic partnerships with the aim of gaining the functions necessary throughout entire value chains.

Mitsubishi HC Capital is committed to growing as a company that flexibly provides services beyond financial functions—while leveraging various functions related to tangible and intangible assets—to develop an unwavering understanding of changes in the needs of clients around the world, and help satisfy those needs, thereby contributing to resolving social issues.

We sincerely hope to continue to benefit from your understanding and further support.

