

**Second Quarter ended September 30, 2019**  
**Financial Results Meeting Q&A (Summary)**

Hitachi Capital Corporation

**【Date】** November 6, 2019 (Wed.) 3:30 PM to 4:00 PM

**【Questionees】** Seiji Kawabe, President and Chief Executive Officer  
Satoshi Inoue, Vice President and Executive Officer

**【Question 1】**

- Operating assets in China and the Americas decreased year-on-year. How much of it is attributable to the business review (the closing of large-scale factoring business, etc.)?

**【Answer 1】**

- In both China and the Americas, a decrease in operating assets excluding foreign exchange effects is mostly attributable to the business review.

**【Question 2】**

- How much of operating assets in large-scale factoring business in the Americas is left now?

**【Answer 2】**

- As large-scale factoring business in the Americas is settled in short time, not much is left. They will be nearly zero by next March.

**【Question 3】**

- It seems that decreases in cost of capital and SG&A are larger than the foreign exchange effects in the revised FY2019 forecasts. What are the factors?

**【Answer 3】**

- We made the revision based on various factors including lower cost of capital in the Americas due to the review of large-scale factoring business, etc. and a slight decline in interest rates, in addition to foreign exchange effects.  
As for SG&A, we are making an ongoing cost-saving effort including for business management expenses, etc., throughout the year. We are trying to reduce SG&A in the Head Office, as well as China and the Americas where the large-scale factoring business will be closed.

**【Question 4】**

- At the announcement released on July 25, 2019, strengthening of business related expenses of ¥2.5 billion was included as a decreasing factor for profit before tax, but it's not included in this announcement. Will it be incurred in the second half?

**【Answer 4】**

- Part of strengthening of business related expenses cost is included in bad debt related expenses, etc. of ¥1.1 billion.

**【Question 5】**

- I believe Hong Kong accounted for around 40% of profit in China business. Has there been any specific impact?

**【Answer 5】**

- Hong Kong was offering syndicated loan, but we determined it shouldn't be our focused business as it is banks' forte. Therefore we have been closing it. As a result, profit in Hong Kong decreased year-on-year, but it is mostly in line with our plan.

**【Question 6】**

- Does the demonstrations and recession (a decline in GDP) in Hong Kong affect the business?

**【Answer 6】**

- In Hong Kong, we have been closing syndicated loan business, and although we still have office appliances finance and auto finance, we have long-established strengths in both of them.

There hasn't been any impact of demonstrations in Hong Kong so far. Our office appliances finance business holds approx. 70% share of the market, and we will strive to further enhance our services so as not to lose it. Auto finance business faces increasingly tough competition, but there is room for further improving cost efficiency and we will work to boost our price competitiveness by reducing OHR.

**【Question 7】**

- You explained that a decline in profit in Europe business was due to investment cost in continental Europe. How about U.K. business alone?

**【Answer 7】**

- The investment cost in continental Europe in 2019 relates to a new investment to acquire mobility solutions business in Germany. As a result, in the first half of FY2019, the expense surpassed the contribution by gross profit. Most of the remaining business in Europe is U.K. business, which maintains very strong performance.

End