

# Hankyu Hanshin Holdings Group Results Briefing Materials for the First Half of Fiscal 2020 (Ended September 30, 2019)

November 8th, 2019

Hankyu Hanshin Holdings, Inc.

9042 <http://www.hankyu-hanshin.co.jp/en/>

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This document contains forward-looking statements such as business performance forecasts. These statements are based on currently available information and what we believe to be reasonable assumptions; they do not, however, represent guarantees of future performance. Actual results or developments may differ materially from those in the forward-looking statements as a result of various factors.

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# **I . Performance Highlights for the First Half of Fiscal 2020 (fiscal year ending 31st March 2020)**

# Consolidated Statements of Income(Summary)

	1H FY2020 Results	FY2019 Results	Change	
Consolidated Subsidiaries	94 companies	94 companies	±0 (2 companies increase, 2 companies decrease)	
Equity-Method Affiliates	11 companies	11 companies	±0	
Total	105 companies	105 companies		
			(*) The impact of natural disasters	
(¥ million)	1H FY2020 Results	1H FY2019 Results	Change	Remarks
Revenues from operations	410,733	374,792	+35,941 (+9.6%)	For details, please see next page
Operating income	71,547	56,635	+14,911(+26.3%)	
Non-operating income	6,344	4,329	+2,015	Equity in income of affiliates +2,232
Non-operating expenses	5,990	6,094	-103	
Ordinary income	71,901	54,870	+17,030(+31.0%)	
Extraordinary income	873	1,116	-243	
Extraordinary loss	824	3,065	-2,241	Loss on retirement of noncurrent assets -1,430
Net income attributable to owners of the parent	47,630	33,853	+13,777 (+40.7%)	
(Reference)	1H FY2020 Results	1H FY2019 Results	Change	
Depreciation and amortisation	27,210	26,258	+952	*Affected by the 2018 Osaka earthquake, 2018 Japan floods, Typhoon Jebi, 2018 Hokkaido Eastern Iburi earthquake (travel business only), and Typhoon Trami.
Financial balance ① - ②	-3,817	-3,930	+112	
Interest and dividend income①	878	914	-36	
Interest expense②	4,696	4,845	-148	

# Consolidated Statements of Income (Breakdown for each business segment)

## [Key results in current period]

Revenue and income increased. Real Estate Business posted YoY increase in condominium unit sales, and the Travel and Entertainment Businesses performed well.

(¥ million)

	Revenues from operations		
	1H FY2020 Results	1H FY2019 Results	Change
Urban Transportation	118,818	118,372	+445
Real Estate	131,090	99,635	+31,454
Entertainment	47,690	43,614	+4,075
Information and Communication Technology	26,179	21,762	+4,416
Travel	21,673	18,083	+3,589
International Transportation	38,127	44,163	-6,036
Hotels	31,287	31,394	-107
Other	15,773	16,822	-1,049
Adjustment	-19,906	-19,058	-848
Total	410,733	374,792	+35,941

	Operating income		
	1H FY2020 Results	1H FY2019 Results	Change
	24,961	23,724	+1,237
	26,330	17,902	+8,428
	15,391	12,853	+2,538
	2,144	1,247	+896
	4,032	1,118	+2,914
	-391	828	-1,219
	-40	-11	-29
	726	725	+1
	-1,608	-1,753	+144
Total	71,547	56,635	+14,911

※ The “Information and Communication Technology” was newly created in the quarter under review (Q1 FY2020). Previously, the business was called ‘Communication, Media and Others’ and existed within the “Entertainment and Communications”, which itself has been renamed to the “Entertainment”. The purpose of the change was to boost competitiveness. Following this change, there are now seven reportable core businesses: Urban Transportation, Real Estate, Entertainment (formerly named Entertainment and Communications), Information and Communication Technology, Travel, International Transportation, and Hotels. The 1H FY2019 data used for year-on-year comparisons has been adjusted according to the new business segment structure.

# Urban Transportation Results

Revenue and income increased. The impact of last year's natural disasters has abated. In the Railway segment, the Hankyu and Hanshin lines performed well, and the segment also benefited from a demand boost ahead of the consumption tax hike. These factors more than offset the impact of outsourcing convenience store and station-based store operations.

Outsourcing impact(as of August 2019)  
Revenues from operations -2.3billion yen

(¥ million)	1H FY2020 Results	1H FY2019 Results	Change	%
Revenues from operations	118,818	118,372	+445	+0.4%
Operating income	24,961	23,724	+1,237	+5.2%

[Breakdown by type of business]

(¥ billion)	1H FY2020 Results	Y on Y
Revenues from operations		
Railway	78.7	+2.4
Automobile	24.7	-0.1
Retailing	13.2	-1.9
Advertising	4.4	+0.1
Others	3.1	+0.6

\*Not including head office expenses /adjustments.

# [Urban Transportation] Railway Performance results

## Hankyu Corporation

	Fare revenues (¥ million)*			Passenger volumes (Thousands)*		
	1H FY2020 Results	1H FY2019 Results	Change	1H FY2020 Results	1H FY2019 Results	Change
Commuter pass	17,570	16,987	+582 (+3.4%)	179,640	173,385	+6,254(+3.6%)
Workers	15,071	14,580	+491(+3.4%)	123,859	119,759	+4,099(+3.4%)
Students	2,498	2,407	+91(+3.8%)	55,781	53,626	+2,154(+4.0%)
Other tickets	32,281	31,215	+1,065(+3.4%)	162,232	158,429	+3,803(+2.4%)
<b>Total</b>	<b>49,851</b>	<b>48,203</b>	<b>+1,648(+3.4%)</b>	<b>341,873</b>	<b>331,815</b>	<b>+10,057(+3.0%)</b>

Boost ahead of tax hike +0.5 billion yen

The impact of natural disasters -0.6 billion yen

## Hanshin Electric Railway

	Fare revenues (¥ million)*			Passenger volumes (Thousands)*		
	1H FY2020 Results	1H FY2019 Results	Change	1H FY2020 Results	1H FY2019 Results	Change
Commuter pass	6,285	6,053	+231(+3.8%)	65,223	62,927	+2,295 (+3.6%)
Workers	5,618	5,410	+208(+3.9%)	51,189	49,364	+1,825(+3.7%)
Students	666	643	+22(+3.5%)	14,033	13,562	+470(+3.5%)
Other tickets	11,805	11,350	+455(+4.0%)	64,162	62,200	+1,962(+3.2%)
<b>Total</b>	<b>18,091</b>	<b>17,404</b>	<b>+686(+3.9%)</b>	<b>129,385</b>	<b>125,127</b>	<b>+4,257(+3.4%)</b>

Boost ahead of tax hike +0.1 billion yen

The impact of natural disasters -0.1 billion yen

\* Revenue amounts less than one million yen, and numbers of passengers less than one thousand, are omitted.  
 For Hankyu Railway, "other ticket revenue/ridership" includes revenue/ridership associated with the PiTaPa usage sections.  
 Sum of tier 1 and tier 2 railway operators for both Hankyu Corporation and Hanshin Electric Railway.

# [Urban Transportation] Transportation Revenue (Factors of YoY Change)

## 《Hankyu Corporation》

### Transportation revenue (tier 1 + tier 2)

(¥ million)

Totals for commuter passes and other tickets	1Q	2Q	First half total
FY2020 Results	24,988	24,862	49,851
FY2019 Results	24,389	23,814	48,203
Change	+599	+1,048	+1,648
(%)	+2.5%	+4.4%	+3.4%

#### Factors of YoY Change (estimated)

- Recovery from impact of last year's natural disasters\*: +¥575million
- Boost to commuter pass and ticket sales ahead of tax hike +¥483million
- More foot traffic in Hankyu Nishinomiya Gardens (including Gate and Annex buildings) +¥108million
- Other factors (e.g. increase in line-side areas populations and others) +¥482million

\*Includes natural disasters other than the 2018 Osaka earthquake, 2018 Japan floods, Typhoon Jebi, and Typhoon Trami

## 《Hanshin Electric Railway》

### Transportation revenue (tier 1 + tier 2)

(¥ million)

Totals for commuter passes and other tickets	1Q	2Q	First half total
FY2020 Results	8,895	9,195	18,091
FY2019 Results	8,640	8,764	17,404
Change	+255	+431	+686
(%)	+3.0%	+4.9%	+3.9%

#### Factors of YoY Change (estimated)

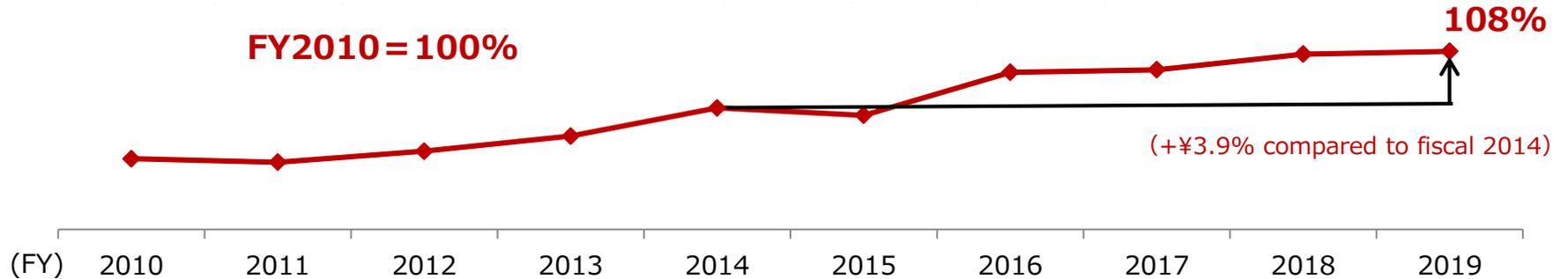
- Boost to commuter pass and ticket sales ahead of tax hike +¥138million
- Larger crowds at Koshien Stadium (pro baseball) +¥109million
- Recovery from impact of last year's natural disasters\*: +¥80million
- Other factors (e.g. increase in line-side areas populations, and the strong performance of the Hanshin Namba Line and others) +¥359million

# [Urban Transportation] Referential Information

## Hankyu Line: Transportation revenue (tier 1 + tier 2)

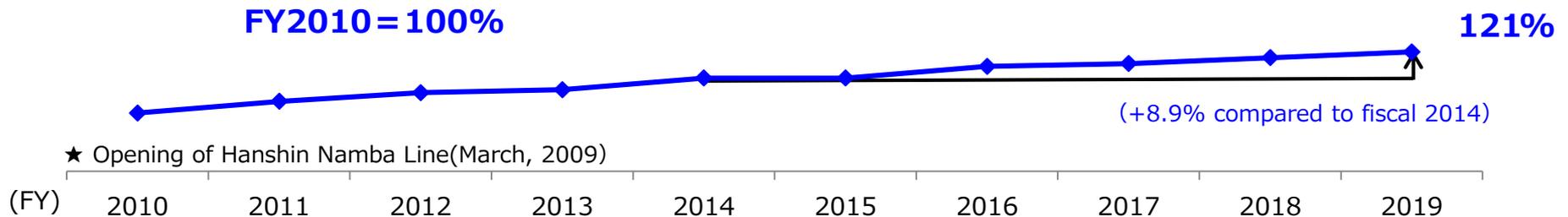
(¥ million)

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	1H FY2020
Commuter passes	31,126	29,484	29,922	30,391	31,299	31,549	32,272	32,628	33,198	33,456	17,570
Other tickets	58,582	60,000	60,268	60,749	61,630	60,910	62,920	62,720	63,137	63,059	32,281
Total	89,708	89,485	90,191	91,141	92,929	92,459	95,192	95,348	96,335	96,516	49,851



## Hanshin Line: Transportation revenue (tier 1 + tier 2)

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	1H FY2020
Commuter passes	9,642	10,126	10,623	10,740	11,008	11,107	11,372	11,563	11,797	12,024	6,285
Other tickets	18,396	18,899	19,422	19,669	20,260	20,286	21,035	21,136	21,638	22,030	11,805
Total	28,038	29,025	30,045	30,410	31,269	31,394	32,407	32,699	33,436	34,054	18,091



# Real Estate Results

## [Real estate leasing]

Revenue increased, with contributions from newly developed properties. However, income decreased. One factor was reactionary downturn from the same period last year, when we received construction fees from tenants following completion of phase I of Umeda 1-1 Project. Another factor was an increase in tax costs as well as depreciation and amortisation.

## [Real estate sales and Others]

Revenue and income increased. Key factor was YoY increase in total number of condominium units sold.

[Reference] Condominium sales : +866 (1,198 units; previous year 332 units)

(¥ million)	1H FY2020 Results	1H FY2020 Results	Change	%
Revenues from operations	131,090	99,635	+31,454	+31.6%
Operating income	26,330	17,902	+8,428	+47.1%

## [Breakdown by type of business]

(¥ billion)	1H FY2020 Results	Y on Y
Revenues from operations		
Real estate leasing	55.0	+1.2
Real estate sales and Others	84.9	+30.3

\*Not including head office expenses /adjustments.

# Entertainment Results

## [Sports]

Revenue and income increased. Key factor was higher number of Hanshin Tigers' regular season games.

[Reference] Regular season games: +4 (69 games ; previous year 65 games)

## [Stage]

Revenue and income increased. Shows were well received and merchandise sold well.

(¥ million)	1H FY2020 Results	1H FY2019 Results	Change	%
Revenues from operations	47,690	43,614	+4,075	+9.3%
Operating income	15,391	12,853	+2,538	+19.7%

## [Breakdown by type of business]

(¥ billion)	1H FY2020 Results	Y on Y
Revenues from operations		
Sports	29.8	+2.6
Stage	17.9	+1.5

\*Not including head office expenses /adjustments.

# Information and Communication Technology Results

Revenue and income increased. The information services business won large transport system orders, while the broadcast and communications business gained more subscribers for internet services.

(¥ million)	1H FY2020 Results	1H FY2019 Results	Change	%
Revenues from operations	26,179	21,762	+4,416	+20.3%
Operating income	2,144	1,247	+896	+71.9%

# Travel Results

Revenue and income increased. Factors included the extended Golden Week holiday, the popularity of overseas destinations such as those in Europe, and higher numbers of domestic tourists.

(¥ million)	1H FY2020 Results	1H FY2019 Results	Change	%
Revenues from operations	21,673	18,083	+3,589	+19.9%
Operating income	4,032	1,118	+2,914	+260.6%

## [Performance Highlights for the Second Quarter of Fiscal 2020]

- ◆ **Overseas travel billings : Ranking 3(※)**  
Billings : ¥ 121.9billion (Y on Y +7.6%)
- ◆ **Domestic travel billings : Ranking 6(※)**  
Billings : ¥ 74.7billion (Y on Y +7.2%)
- ◆ **Total travel billings : Ranking 5(※)**  
Billings : ¥ 198.8billion (Y on Y +7.6%)

Source: Japan Tourism Agency, 'Bulletin on Sales Volumes among the Major Travel Agents'

※ Sales volume indicates the aggregated volume for April to September.

The values for industry ranking are based on aggregated results from April to August.

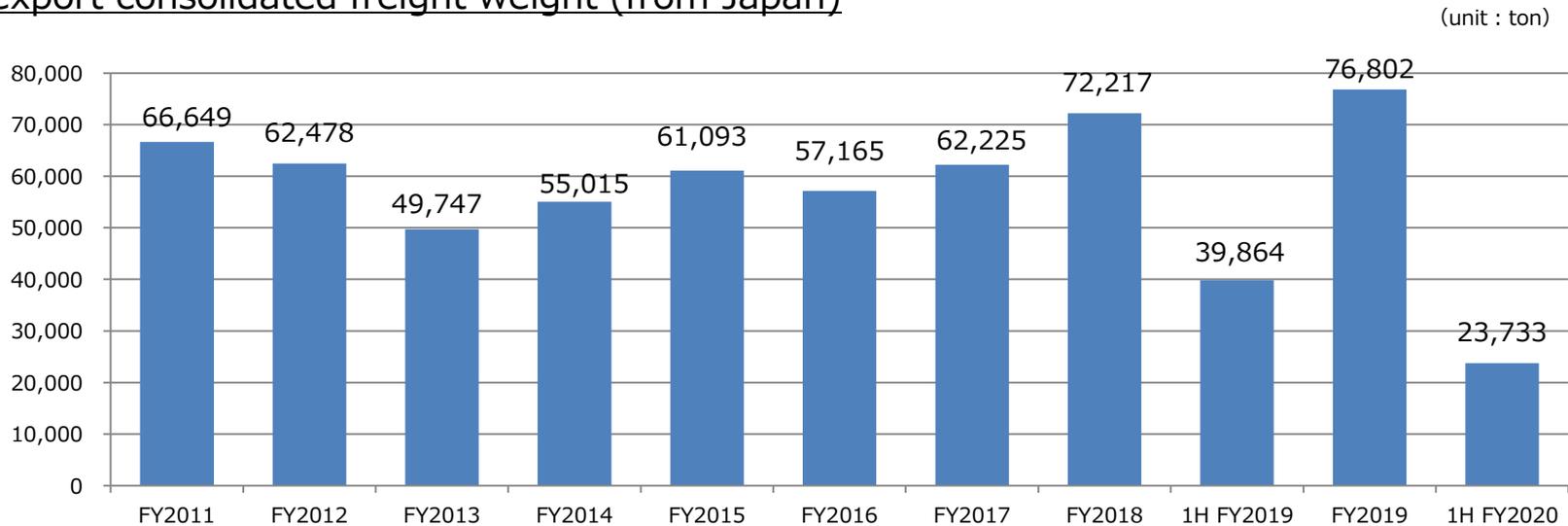
※ The above figures indicate the aggregated results for Hankyu Travel International, Hankyu Hanshin Business Travel, and Hanshin Travel International (intercompany transactions offset)

# International Transportation Results

Revenue and income declined. Factors included US-China trade war and decline in air transport volume, especially in Japan and East Asia.

(¥ million)	1H FY2020 Results	1H FY2019 Results	Change	%
Revenues from operations	38,127	44,163	-6,036	-13.7%
Operating income	-391	828	-1,219	—

## Air export consolidated freight weight (from Japan)



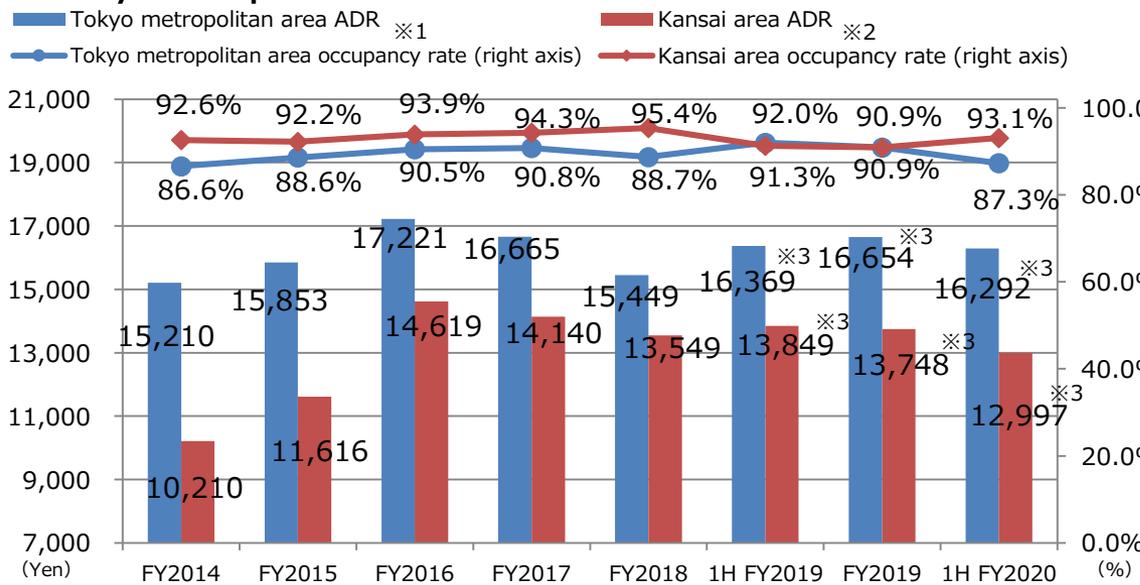
# Hotels Results

The impact of outsourcing restaurant business  
Revenues from operations -1.8billion yen

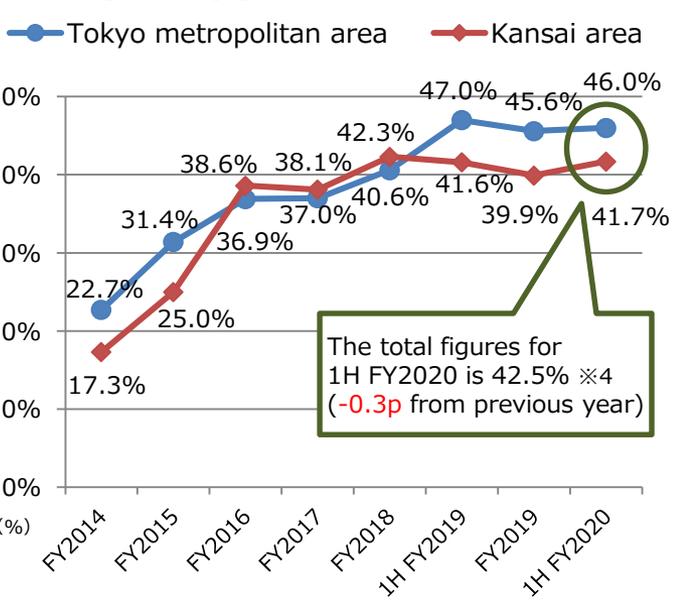
Revenue and income declined. Factors behind the revenue decline included the outsourcing of the restaurant business, which more than offset a revenue boost from hotel openings (remm Tokyo Kyobashi and Hotel Hanshin Annex Osaka) and a recovery from the impact of last year's disasters. Factors behind the income decline included a YoY decline in ADR among Kansai-based hotels and cost increases associated with hotel openings.

(¥ million)	1H FY2020 Results	1H FY2019 Results	Change	%
Revenues from operations	31,287	31,394	-107	-0.3%
Operating income	-40	-11	-29	—

Average daily rates (ADR) and occupancy rates of Hankyu Hanshin Hotels in the Tokyo metropolitan area<sup>1</sup> and Kansai area<sup>2</sup>



Non-Japanese guests as a percentage of overnight-stay guests



The total figures for 1H FY2020 is 42.5% <sup>※4</sup> (-0.3p from previous year)

※1 Directly managed Hanshin Hankyu hotels, hotels in the Tokyo metropolitan area  
 ※2 Directly managed Hanshin Hankyu hotels, hotels in the Kansai area (not including hotels managed under contract)  
 ※3 In the year under review, we started reporting the earnings of overseas online travel agents on a gross basis, rather than on a net basis as before. The new method (gross basis) has been applied retroactively to the previous fiscal year.  
 ※4 Including remm Kagoshima

# Consolidated Statements of Income

## (Non-operating profit and loss)

(¥ million)	1H FY2020 Results	1H FY2019 Results	Change
Operating income	71,547	56,635	+14,911
Non-operating income	6,344	4,329	+2,015
Equity in income of affiliates	4,532	2,299	+2,232
Non-operating expenses	5,990	6,094	-103
Interest expenses	4,696	4,845	-148
Ordinary income	71,901	54,870	+17,030

# Consolidated Statements of Income

## (Extraordinary profit and loss)

(¥ million)	1H FY2020 Results	1H FY2019 Results	Change
Extraordinary profit and loss	49	-1,949	+1,998
Extraordinary income	873	1,116	-243
Gain on contributions for construction	208	593	-384
Gain on transfer of business	336	–	+336
Settlement received	191	242	-51
Other	137	280	-143
Extraordinary loss	824	3,065	-2,241
Loss on reduction of noncurrent assets	204	649	-444
Loss on retirement of noncurrent assets	121	1,551	-1,430
Loss on transfer of business	272	–	+272
Other	225	864	-639

# Consolidated Statements of Income

## (Net income attributable to owners of the parent)

(¥ million)	1H FY2020 Results	1H FY2019 Results	Change
Income before income taxes	71,950	52,921	+19,029
Total income taxes	23,368	17,971	+5,397
Income taxes—current	22,640	19,150	+3,489
Income taxes—deferred	727	-1,179	+1,907
Net income	48,581	34,950	+13,631
Net income attributable to non-controlling interests	951	1,096	-145
Net income attributable to owners of the parent	47,630	33,853	+13,777

# Consolidated Balance Sheets

(¥ million)		1H FY2020 Results	FY2019 Results	Change	Remarks																				
Assets	Current assets	287,442	302,963	-15,520	Land and buildings for sale: -15,242																				
	Noncurrent assets	2,177,452	2,163,259	+14,192	Investment securities: +14,053																				
	<b>Total assets</b>	<b>2,464,895</b>	<b>2,466,223</b>	<b>-1,328</b>																					
Liabilities	Current liabilities	386,752	404,286	-17,533	<table border="1"> <thead> <tr> <th></th> <th>1H FY2020 Results</th> <th>FY2019 Results</th> <th>Change</th> </tr> </thead> <tbody> <tr> <td>Debt</td> <td>724,740</td> <td>758,411</td> <td>-33,671</td> </tr> <tr> <td>Bonds</td> <td>112,000</td> <td>112,000</td> <td>-</td> </tr> <tr> <td>Lease obligations</td> <td>8,393</td> <td>6,644</td> <td>+1,749</td> </tr> <tr> <td>Interest-bearing debt</td> <td>845,134</td> <td>877,055</td> <td>-31,921</td> </tr> </tbody> </table>		1H FY2020 Results	FY2019 Results	Change	Debt	724,740	758,411	-33,671	Bonds	112,000	112,000	-	Lease obligations	8,393	6,644	+1,749	Interest-bearing debt	845,134	877,055	-31,921
		1H FY2020 Results	FY2019 Results	Change																					
	Debt	724,740	758,411	-33,671																					
	Bonds	112,000	112,000	-																					
Lease obligations	8,393	6,644	+1,749																						
Interest-bearing debt	845,134	877,055	-31,921																						
Long-term liabilities	1,131,887	1,146,555	-14,667																						
<b>Total liabilities</b>	<b>1,518,640</b>	<b>1,550,842</b>	<b>-32,201</b>																						
Net assets	Shareholders' equity	885,833	853,397	+32,436	Net income attributable to owners of the parent: +47,630 Payment dividend: -4,925 Less treasury stock, at cost: -9,785																				
	Accumulated other comprehensive income	29,567	31,465	-1,898																					
	Non-controlling interests	30,853	30,517	+335																					
	<b>Total net assets</b>	<b>946,254</b>	<b>915,381</b>	<b>+30,873</b>																					
Equity ratio		37.1%	35.9%	+1.2p																					

# Consolidated Statements of Cash Flows

(¥ million)

	1H FY2020 Results	1H FY2019 Results
Cash flows from operating activities	108,120	27,745
Income before income taxes	71,950	52,921
Depreciation and amortisation	27,210	26,258
Decrease (increase) in inventories	10,051	-22,765
Income taxes (paid) refunded	-10,675	-21,165
Cash flows from investing activities	-44,298	-67,145
Purchases of noncurrent assets	-45,650	-79,728
Purchases of investment securities	-15,121	-4,033
Receipt of contributions for construction	15,770	15,198
Cash flows from financing activities	-50,099	36,470
Purchase of treasury stock	-9,921	-10,171
Dividends paid	-4,925	-4,970
[Reference] Decrease (increase) in interest-bearing debt	-31,921	52,501
Effect of exchange rate changes on cash and cash equivalents	-222	-501
Increase (decrease) in cash and cash equivalents	13,500	-3,431
Cash and cash equivalents at beginning of year	27,589	27,501
Increase in cash and cash equivalents from newly consolidated subsidiary	391	1,935
Cash and cash equivalents at end of year	41,481	26,006

**II. Forecasts for Fiscal 2020  
(fiscal year ending 31st March 2020)  
[Change from May forecasts]**

# Consolidated Statements of Income (Summary)

(¥ billion)	FY2020 Forecasts (As of Nov.) ①	FY2020 Forecasts (As of May) ②	Change ①-②	Remarks	FY2019 Results ③	Change ①-③
Revenues from operations	795.0	810.0	-15.0 (-1.9%)	The International Transportation Business segment will earn less than initially expected. Revenues in the Urban Transportation segment will be negatively affected by outsourcing convenience store and station-based store operations.	791.4	+3.6
Operating income	107.0	107.0	-	Strong operating income in the Travel Business segment will offset low operating income in the International Transportation Business and Hotels segments. Income will be as initially expected.	114.9	-7.9
Ordinary income	105.0	105.0	-		110.5	-5.5
Net income attributable to owners of the parent	67.0	67.0	-		65.5	+1.5
(Reference)						
Depreciation and amortisation	57.0	58.1	-1.1		54.2	+2.8
Financial balance ①-②	-8.0	-8.2	+0.2		-8.1	+0.1
Interest and dividend income①	1.4	1.4	-		1.5	-0.1
Interest expense②	9.4	9.6	-0.2		9.6	-0.2
Capital expenditure	113.1	126.2	-13.1		114.4	-1.3

# Consolidated Statements of Income (Breakdown for each business segment)

(¥ billion) [Upper table] Revenues from operations [Lower table] Operating income	FY2020 Forecasts (As of Nov.) ①	FY2020 Forecasts (As of May) ②	Change ①-②	Remarks	FY2019 Results ③	Change ①-③
<b>Total</b>	<b>795.0</b>	<b>810.0</b>	<b>-15.0</b>		<b>791.4</b>	<b>+3.6</b>
	<b>107.0</b>	<b>107.0</b>	<b>-</b>		<b>114.9</b>	<b>-7.9</b>
(Breakdown for each business segment)					Revenues from operations -9billion yen	
Urban Transportation	234.3	242.8	-8.5	The decline in revenue will be partly due to the outsourcing of convenience store and station-based store operations. Operating income will be as initially expected.	238.6	-4.3
	43.8	43.8	-		43.5	+0.3
Real Estate	246.2	246.2	-	Revenue and income will be as initially expected.	237.3	+8.9
	41.6	41.6	-		49.3	-7.7
Entertainment	75.1	73.1	+2.0	The stage business has achieved strong sales of show merchandise. Income and revenue will increase.	74.5	+0.6
	13.5	13.2	+0.3		13.4	+0.1
Information and Communication Technology	59.2	58.7	+0.5	The information services business has received large transport system orders. Income and revenue will increase.	53.5	+5.7
	5.5	5.3	+0.2		5.3	+0.2
Travel	38.9	36.9	+2.0	Overseas and domestic destinations fare well. Income and revenue will increase.	35.5	+3.4
	3.3	1.9	+1.4		1.8	+1.5
International Transportation	77.8	88.7	-10.9	Volume has declined in air transport and other operations, reflecting global economic uncertainties. Income and revenue will decline.	90.0	-12.2
	0.2	1.8	-1.6		2.4	-2.2
Hotels	66.7	68.5	-1.8	Accommodation operations will earn less than initially expected, reflecting the harsh hotel market in the Kansai area. Income and revenue will decline.	64.9	+1.8
	0.2	1.7	-1.5		1.2	-1.0

# [Urban Transportation] Railway Performance Forecasts

## Hankyu Corporation

	Fare revenues (¥ million)*			Passenger volumes (Thousands)*		
	FY2020 Forecasts (As of Nov.)	FY2019 Results	Change	FY2020 Forecasts (As of Nov.)	FY2019 Results	Change
Commuter pass	34,072	33,456	+615(+1.8%)	343,305	337,778	+5,527(+1.6%)
Workers	29,558	28,962	+596(+2.1%)	242,527	237,542	+4,984(+2.1%)
Students	4,514	4,494	+19(+0.4%)	100,778	100,235	+542(+0.5%)
Other tickets	64,369	63,059	+1,310(+2.1%)	323,643	318,158	+5,485(+1.7%)
Total	98,442	96,516	+1,926(+2.0%)	666,949	655,936	+11,012(+1.7%)

The impact of natural disasters -0.6billion yen

## Hanshin Electric Railway

	Fare revenues (¥ million)*			Passenger volumes (Thousands)*		
	FY2020 Forecasts (As of Nov.)	FY2019 Results	Change	FY2020 Forecasts (As of Nov.)	FY2019 Results	Change
Commuter pass	12,274	12,024	+250(+2.1%)	127,040	124,353	+2,686(+2.2%)
Workers	11,011	10,790	+221(+2.1%)	100,364	98,310	+2,053(+2.1%)
Students	1,263	1,233	+29(+2.4%)	26,676	26,043	+632(+2.4%)
Other tickets	22,742	22,030	+711(+3.2%)	124,424	121,012	+3,411(+2.8%)
Total	35,016	34,054	+962(+2.8%)	251,464	245,366	+6,097(+2.5%)

The impact of natural disasters -0.1billion yen

- \* Revenue amounts less than one million yen, and numbers of passengers less than one thousand, are omitted.  
 For Hankyu Railway, "other ticket revenue/ridership" includes revenue/ridership associated with the PiTaPa usage sections.  
 Sum of tier 1 and tier 2 railway operators for both Hankyu Corporation and Hanshin Electric Railway

# Fiscal 2020 Management Indicators Outlook

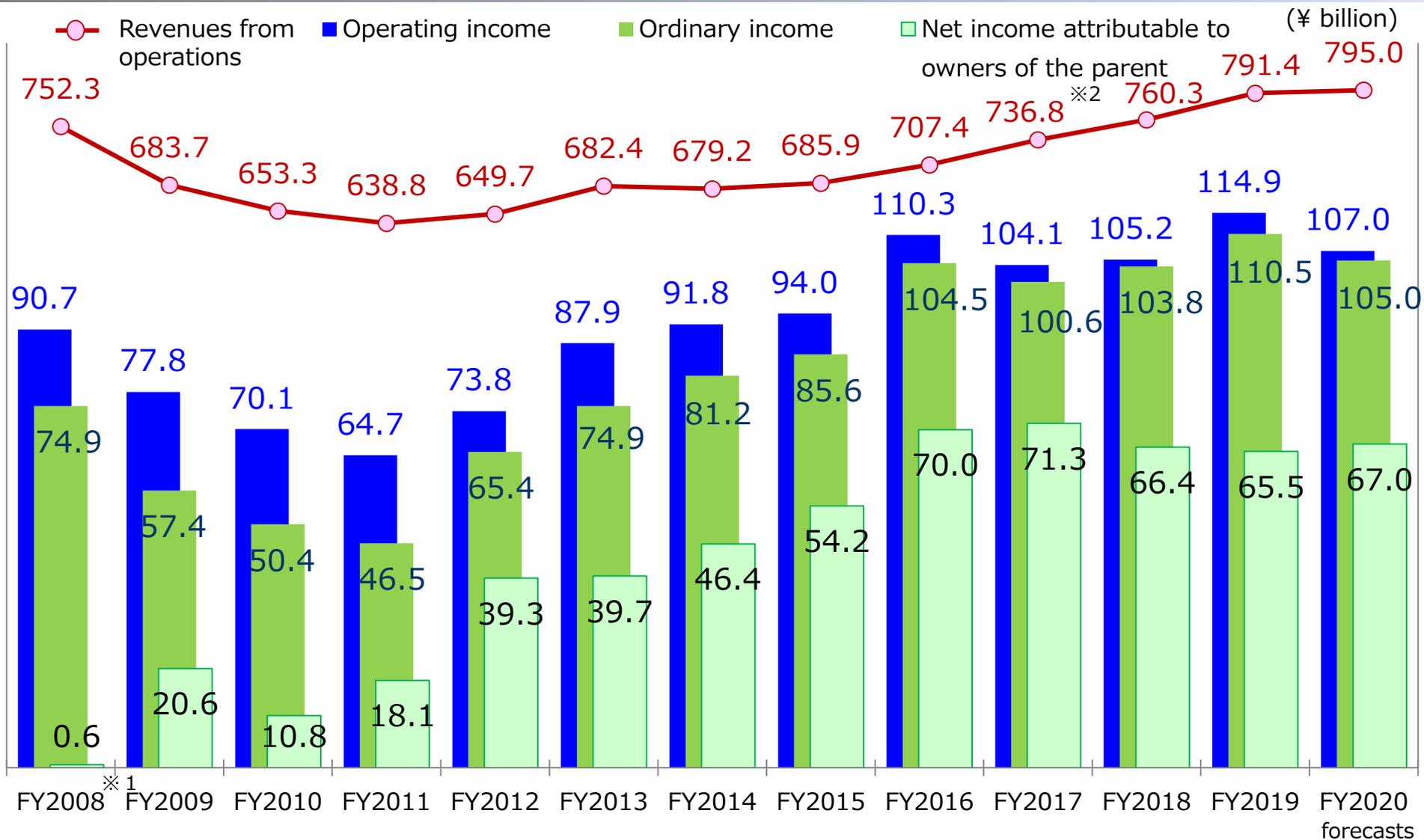
	FY2019 Results	FY2020 Forecasts (As of May)	FY2020 Forecasts (As of Nov.)
Operating income	¥114.9billion	¥107.0billion	¥107.0billion
EBITDA <sup>※1</sup>	¥171.4billion	¥167.0billion	¥166.0billion
Interest-bearing debt	¥877.1billion	¥950.0billion	¥930.0billion
Interest-bearing debt / EBITDA ratio	5.1times	5.7times	5.6times
D/E ratio <sup>※2</sup>	1.0times	1.0times	1.0times
Net income attributable to owners of the parent	¥65.5billion	¥67.0billion	¥67.0billion
ROE	7.6%	7.4%	7.4%
(Reference)			
Net interest-bearing debt <sup>※3</sup>	¥848.2billion	¥925.0billion	¥905.0billion
Net interest-bearing debt/EBITDA ratio	5.0times	5.5times	5.5times

※1 EBITDA=operating income + depreciation expenses + amortisation of goodwill

※2 D/E ratio=interest-bearing debt / equity

※3 Net interest-bearing debt=interest-bearing debt - cash and deposits

# 《Reference》 Trends in operating revenues and operating income



※1 Includes Department Store Business (consolidated up to the first half of fiscal 2008).

※2 As of fiscal 2017, the presentation of revenues from operations of the International Transportation Business has changed from net to gross amounts.

# 《Reference》 Consolidated Statements of Capital Expenditure

(¥ billion)	FY2020 Forecasts (As of Nov.) ①	FY2020 Forecasts (As of May) ②	Change ①-②	FY2019 Results ③	Change ①-③
Total capital expenditure	113.1	126.2	-13.1	114.4	-1.3

(Breakdown for each business segment)

Urban Transportation	39.4	41.4	-2.0	33.8	+5.6
Real Estate	52.0	61.8	-9.8	62.4	-10.4
Entertainment	5.3	4.6	+0.7	2.6	+2.7
Information and Communication Technology	6.1	5.3	+0.8	5.3	+0.8
Travel	1.7	1.8	-0.1	0.8	+0.9
International Transportation	2.0	4.3	-2.3	0.7	+1.3
Hotels	7.0	7.0	-	2.0	+5.0

# 《Reference》 Consolidated Statements of Depreciation and Amortisation, EBITDA

(¥ billion)	FY2020 Forecasts (As of Nov.) ①	FY2020 Forecasts (As of May) ②	Change ①-②	FY2019 Results ③	Change ①-③
Total Depreciation and amortisation	57.0	58.1	-1.1	54.2	+2.8
(Breakdown for each business segment)					
Urban Transportation	28.1	28.6	-0.5	27.4	+0.7
Real Estate	17.4	17.5	-0.1	16.6	+0.8
Entertainment	3.7	3.8	-0.1	3.7	+0.0
Information and Communication Technology	3.9	4.0	-0.1	3.4	+0.5
Travel	0.8	0.8	-	0.7	+0.1
International Transportation	1.0	1.3	-0.3	0.6	+0.4
Hotels	2.5	2.5	-	2.1	+0.4
Total EBITDA	166.0	167.0	-1.0	171.4	-5.4
(Breakdown for each business segment)					
Urban Transportation	71.9	72.4	-0.5	70.8	+1.1
Real Estate	59.2	59.3	-0.1	65.9	-6.7
Entertainment	17.2	17.0	+0.2	17.1	+0.1
Information and Communication Technology	9.4	9.3	+0.1	8.7	+0.7
Travel	4.1	2.7	+1.4	2.4	+1.7
International Transportation	1.2	3.1	-1.9	3.0	-1.8
Hotels	2.7	4.2	-1.5	3.4	-0.7

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## **III. Others**

# **① Summary of the Medium-Term Management Plan**

**(Reproduced from the results briefing materials  
released in May 2019)**

# Long-Term Vision (Overall vision)

The slogan for the Hankyu Hanshin Holdings Group's Long-Term Vision for 2025 (fiscal 2026) is:

## 'Enhancing line-side areas and expanding fields'

### Sustainably enhance corporate value

#### Enhance daily life (customer) value

Regarding these sociocultural changes as business opportunities, we will provide innovative products and services through our business operations.

#### Enhance social value

Build relationships of trust with various stakeholders, meet their expectations, and contribute to society.

#### Enhance economic value

We will strive to maintain and improve our profitability and financial soundness as a top-class private railways operator.

Umeda and line-side areas x stock businesses  
Make our railway the absolute best among the Kansai networks.

**Strategy①**

Tokyo metropolitan area and overseas markets x stock businesses  
Construct a stable revenue base in the Tokyo metropolitan area and overseas markets.  
(diversify the portfolio, which is currently concentrated in Umeda and line-side areas).

**Strategy②**

flow businesses  
Strengthen competitiveness by thoroughly pursuing brand optimisation and differentiation.

**Strategy③**

Groupwide initiatives, new business fields, etc.

Make greater use of the Group's collective strength and develop new business fields.

**Strategy④**

Further technological advances (AI, IoT, etc.)

The coming age of full-scale population decline

Economic growth in Asia

Declining birth rate and aging population

Growing numbers of overseas visitors

Crumbling infrastructure

Improvements to public transport infrastructure (airports, rail and motorway networks)

Tightening of labour market

Concentration of population into urban areas

Opportunity for Kansai to develop its position as gateway for Asia and the wider world

# Long-Term Vision (Four strategies)

Umeda • Line-side areas

## **Umeda and line-side areas x stock businesses**

**Make our railway the absolute best among the Kansai networks.**

### **Strategy①**

We aim to increase the resident and non-resident population of line-side areas. To this end, we will channel into these areas the dynamism of the Tokyo-Nagoya-Osaka axis and the power of Asia and other regions of the world, attract new industries and cutting-edge technologies ahead of other companies, and support efforts to develop thriving local communities.

## **Flow business**

**Strengthen competitiveness by thoroughly pursuing brand optimisation and differentiation.**

### **Strategy③**

Thoroughly optimise the Hankyu Hanshin brand value and differentiate the products and services from the competition so as to strengthen competitive edge and achieve further business expansion.

Tokyo metropolitan area • overseas

## **Tokyo metropolitan area and overseas markets x stock businesses**

**Construct a stable revenue base in the Tokyo metropolitan area and overseas markets**

**(diversify the portfolio, which is currently concentrated in Umeda and line-side areas).**

### **Strategy②**

Our property portfolio is currently concentrated in Umeda and line-side areas. To compensate for downsizing in the Kansai area, we will diversify our property profile by acquiring additional assets including rental property in Tokyo's large market and in overseas markets that are set to grow.

Stock (Use assets)

Flow (non-assets)

## **Group-wide initiatives, new business fields, etc.**

**Make greater use of the Group's collective strength and develop new business fields.**

### **Strategy④**

In addition to pursuing Group-wide initiatives, we will introduce cutting-edge technologies into existing businesses, venture into new business fields, and thereby provide culturally enriched and innovative lifestyle options.

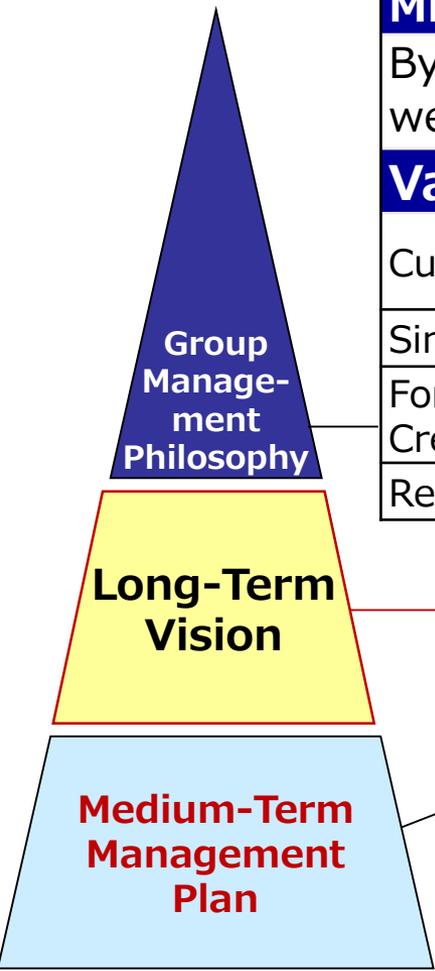
# Long-Term Vision (Management Indicators)

We will pursue the four strategies with a view to achieving the following targets as of 2025 (fiscal 2026). Achieving these targets will keep us on course for maintaining at least the current levels of operating income in the 2040s, when demographic changes will have had a major impact on business.

	Management Indicators	Targeted figure for 2025 (FY2026)
Profitability	operating income	<u>¥120 billion</u>
	EBITDA	<u>¥200 billion</u>
Financial soundness	Interest-bearing debt /EBITDA ratio	<u>Between 5 and 6 times</u>

- Ensure that we will be one of the most profitable private railway operators in 2025 (fiscal 2026).
- While accelerating growth investment, ensure that we remain one of the most financially sound private railways operators.

# Placement of Medium-Term Management Plan



**Mission : What we try to achieve**

By delivering “Safety and Comfort” and “Dreams and Excitement” , we create satisfaction among our customers and contribute to society.

**Values : What is important to us**

Customers First	Everything we do is for the customer. That’s where it all starts.
Sincerity	Gain customers’ confidence by always being sincere.
Foresight & Creativity	With our pioneer spirit and flexible thinking, we create a new value.
Respect for People	Everyone is absolutely invaluable to the Group.

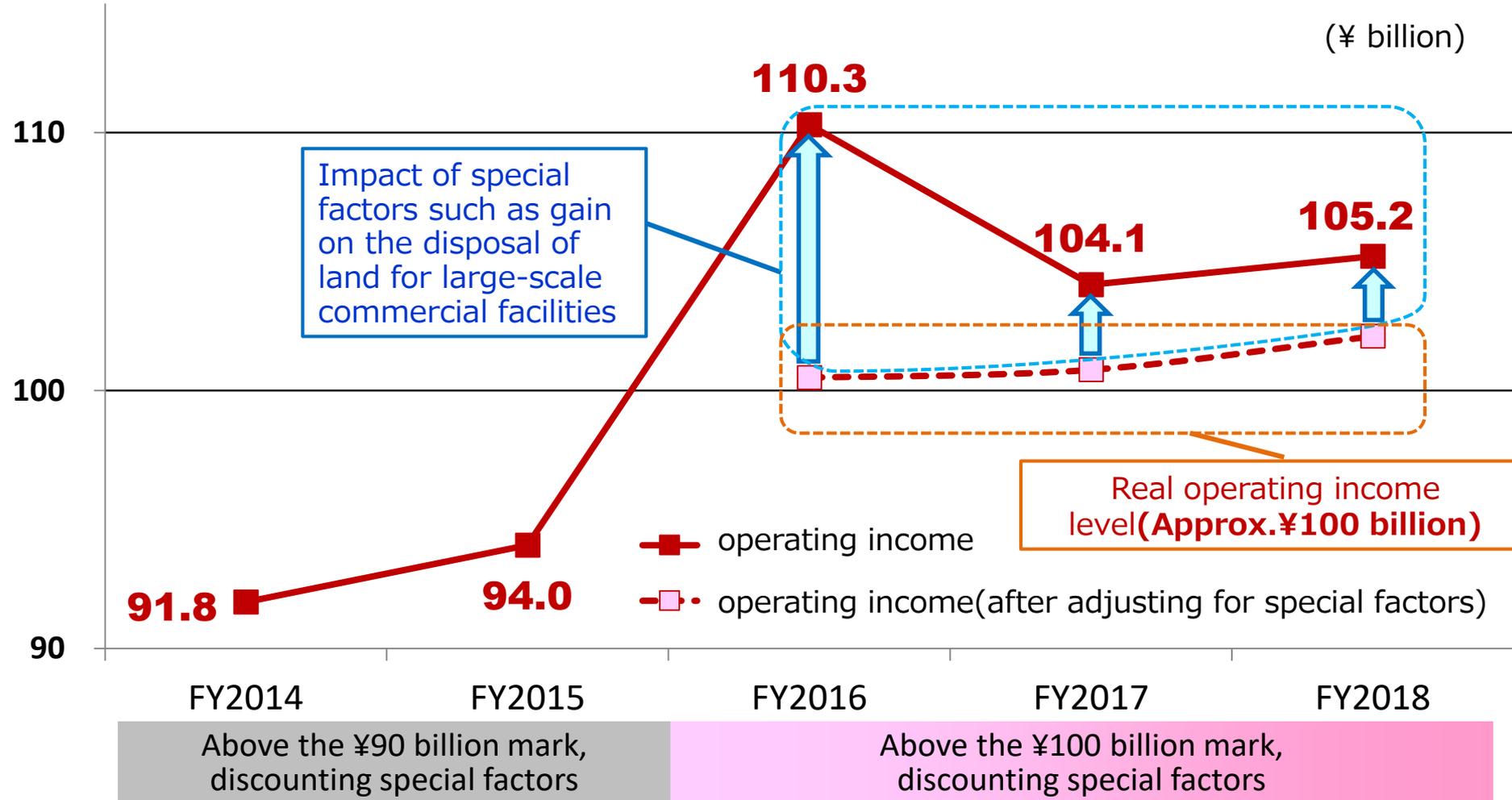
**The kind of company we hope to be as well as the basic approach and strategies for achieving this vision.**

**Four-year plans and action plans that contribute to the Long-Term Vision**  
 The current plan (fiscal 2019–2022) represents the first half of the Long-Term Vision, in which fiscal 2022 is the interim target year. During the term of this plan, we focus on establishing strategic direction.

As part of an annual rolling plan, we set out action plans with a view to achieving our Long-Term Vision. In the run-up to fiscal 2026, the cumulative impacts of these actions will bring us closer to our vision of the company we hope to be in the long-term.

# Current operating income levels (FY2016-FY2018)

• From fiscal 2016 through fiscal 2018, operating income trended **a little above the ¥100 billion mark in real terms**, discounting special factors such as gain on the disposal of land for large-scale commercial facilities.



# Framework of the Medium-Term Management Plan

- Our long-term target for operating income is ¥120 billion by fiscal 2026. We will focus on raising the current income level from ¥100 billion so that we can soundly achieve the **interim target (the target for fiscal 2022) of ¥110 billion**.
- We will **allocate resources** to achieve these goals, **focusing on growth investments** linked to the following four strategies.

## Four strategies

~Business strategies related to the Long-Term Vision~

- ① Further strengthen the stock businesses in the Umeda and line-side areas (e.g. railways, real estate leasing, media and communications, hotels)
- ② Accumulate stock in the Tokyo metropolitan area and overseas markets
- ③ Increase competitiveness of flow businesses (real estate sales, sports, stage, information services, travel, and international transportation)
- ④ Make greater use of the Group's collective energies and venture into new business fields

## Financial policy

- As part of our efforts to achieve our Long-Term Vision, **we will focus on growth investments under strategies ① to ④** while aiming to further increase operating income and EBITDA.
- We will continue to maintain our financial soundness. (Interest-bearing debt/EBITDA ratio will be prioritised over interest-bearing debt as a benchmark for financial soundness.)
- As for returns to shareholders, we will deliver steady dividends while aiming for a targeted total payout ratio.

**Forward-looking investment**  
While striking a balance with financial soundness, we will prioritise growth investment under strategies ① to ④.

**Maintaining financial soundness**

**Returns to shareholders**

Prioritise interest-bearing debt/EBITDA ratio as a benchmark for financial soundness.

Steady dividends

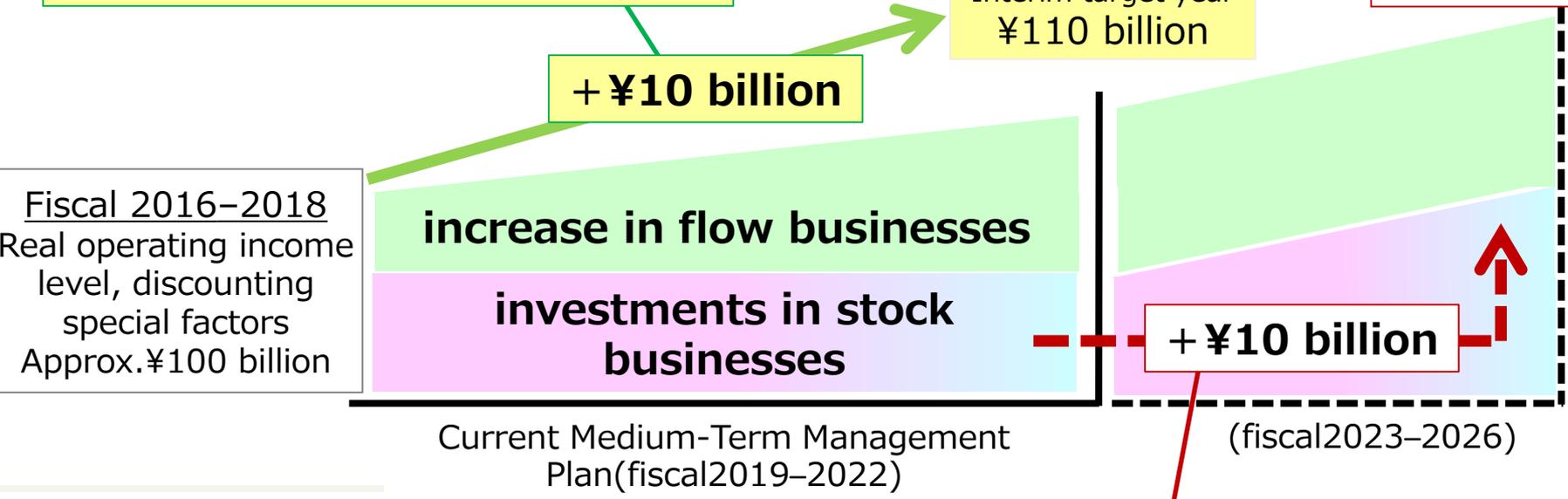
# Growth process in run-up to fiscal 2026 (hypothetical)

- Investments in the stock businesses (Strategies ① and ②), excluding those for acquiring functioning property, will take some time to yield returns.
- Likewise, investments for developing new business fields (Strategy ④) will take considerable time to establish new businesses.

Aim to **raise operating income by ¥10 billion** by fiscal 2022 primarily in flow businesses(Strategy ③)

Fiscal 2022  
Interim target year  
¥110 billion

Fiscal 2026  
Final year of  
Long-Term  
Vision  
¥120 billion



Over the second half of the Long-Term Vision (fiscal 2023-2026), **we expect to see a further rise of ¥10 billion in operating income.** This increase will be driven **primarily by the returns on investments in stock businesses** (e.g., Umeda 1-1 Project). Other factors will include a further operating income increase in flow businesses and contributions from the new business fields we will develop.

# Key actions under the four strategies

## Strategy① Further strengthen the stock business in the Umeda and line-side areas

### Increase the value of our assets in the Umeda area

- Strategically rebuild held assets to enhance long-term value of the holdings
- Help enhance the area as a whole through area management, urban promotion, and by developing and managing sites for generating new business and industry

### Invigorate key line-side bases

- Drive forward development projects in key line-side areas
- Invigorate communities through station-centred community development

### Construct new rail links to improve the transport network

- Link our lines with Shin-Osaka Station, Kansai International Airport, and Osaka International Airport to increase convenience and accessibility

### Capture inbound demand

- Attract more tourists to Umeda and line-side areas and encourage them to use Group facilities/services to maximize Group earnings

## Strategy② Accumulate stock in the Tokyo metropolitan area and overseas markets

### Acquire more stock in the Tokyo metropolitan area

- Drive forward new development projects and acquire functioning properties in central Tokyo's five wards while monitoring market trends

### Open more hotels in the Tokyo metropolitan area

### Develop plans for acquiring stock (real-estate) overseas

## Strategy③ Increase competitiveness of flow business (real estate sales, sports, travel, and international transportation)

### Condominium business in Japan and overseas

### Develop the information services business

### Raise the profitability of the Travel Business segment

### Increase handling volume in the International Transportation Business segment

## Strategy④ Make greater use of Group's collective energies and venture

### Expand S-POINT (a common point service for the Kansai area)

### Venture into new business fields

# Progress in fiscal 2019

## ■ Making headway in Strategy ③ and the other three strategies

①	<ul style="list-style-type: none"> <li>Completed phase I of Umeda 1-1 Project</li> <li>Reopened the refurbished/extended Ebista Nishinomiya</li> <li>Opened Hankyu Nishinomiya Gardens Gate Building</li> </ul>
	<ul style="list-style-type: none"> <li>Started participating in Umekita Phase II Development Project</li> <li>Confirmed new hotel location in Yodobashi Umeda Tower</li> </ul>
	<ul style="list-style-type: none"> <li>Established strategy to capture inbound demand (e.g., provide free wi-fi, introduce tourist trains)</li> </ul>
②	<ul style="list-style-type: none"> <li>Completed PILOT Hankyu Hanshin Green Building (Kyobashi 2-6 Redevelopment Plan)</li> <li>Advanced plans to acquire rental properties in ASEAN</li> </ul>
③	<b>【Real estate sales】</b> Rapidly extended joint undertakings in ASEAN (projects cover a cumulative total of >26,000 units, many of which are in Thailand and Vietnam)
	<b>【Information services】</b> Obtained large orders related to transport systems Acquired Nihon-Protec
	<b>【Travel】</b> Advanced structural reform (developed TV shopping as a third channel, after newspaper and online ads, for winning new customers; bought more buses to increase day-return bus tours)
	<b>【International Transportation】</b> Strengthened logistics (opened new logistics centres in India and America) Increased handling volume in air transport
④	<ul style="list-style-type: none"> <li>Launched S-POINT in Kansai with 7-Eleven (May 2018) and Kansai Supermarket (November 2018)</li> <li>Ventured into agribusiness</li> </ul>

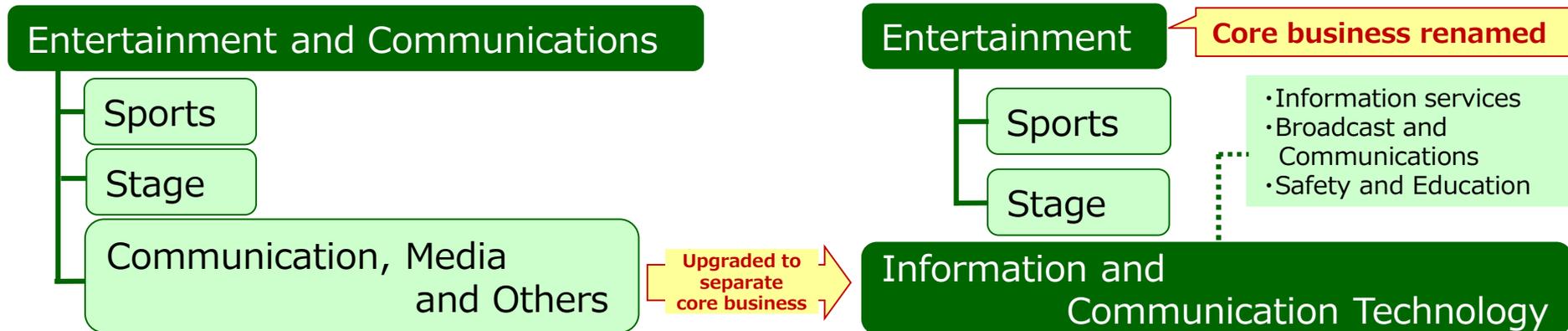


During the rolling planning, **we reviewed the Medium-Term Management Plan** in light of the above progress and business trends. **The reviewed plan is referred to herein as the “current plan.”**

# Some organizational changes (April 2019)

## Organizational changes in the core business Entertainment and Communications

- **Communication, Media and Others** is one of the units in the core business Entertainment and Communications. The unit itself comprises three sub-units (**information services, broadcast and communications, and safety and education businesses**), each of which has grown competitive over the past 12 years (since fiscal 2008), contributing significantly to operating income.
- Under the current plan, **communication, media and others** was upgraded to a separate core business in fiscal 2020. The purpose of the change was to empower **information services** to play a greater role in flow business development and to enhance the earning power of communications and media as a whole. Now a core business, **Communication, Media and Others** has been renamed **“Information and Communication Technology”** to more clearly describe the nature of its operations.



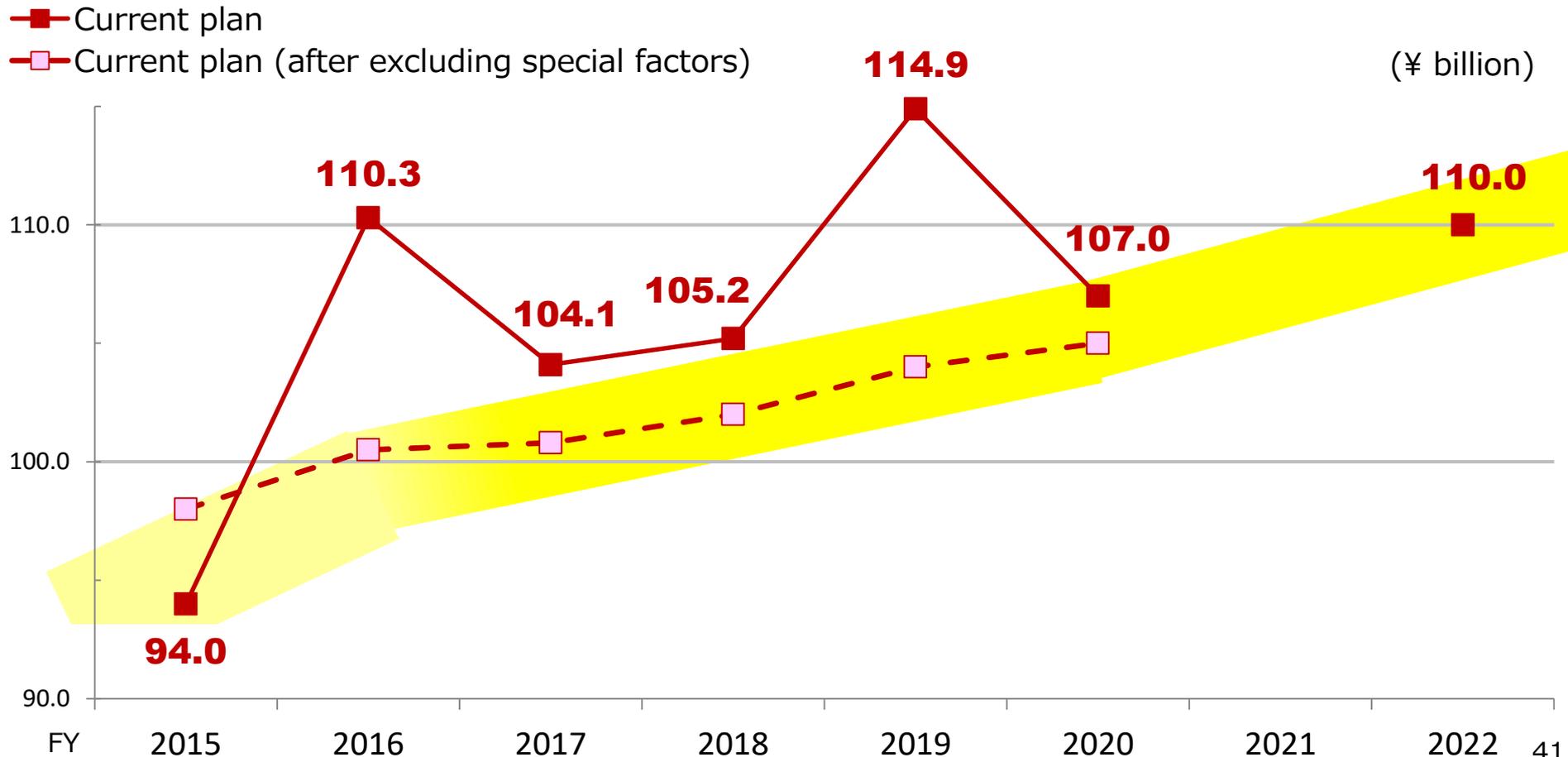
From April 2019: A seventh core business in the six core companies established

## Hankyu Hanshin Holdings



# Operating income trends in current plan

- As the graph below shows, **operating income has fluctuated in recent years**, reflecting one-off factors (special factors) such as natural disasters and disposal of land for large-scale commercial facilities. If we exclude these factors, we see that operating income has followed a steadily ascending trajectory, **reaching high above the ¥100 billion mark in fiscal 2019**.
- We aim to maintain this steady rise in base income so that we reach the fiscal 2022 **target of ¥110 billion** as part of our effort to achieve the operating income target of ¥120 billion by fiscal 2026.



# Cash flows during current plan (estimates)

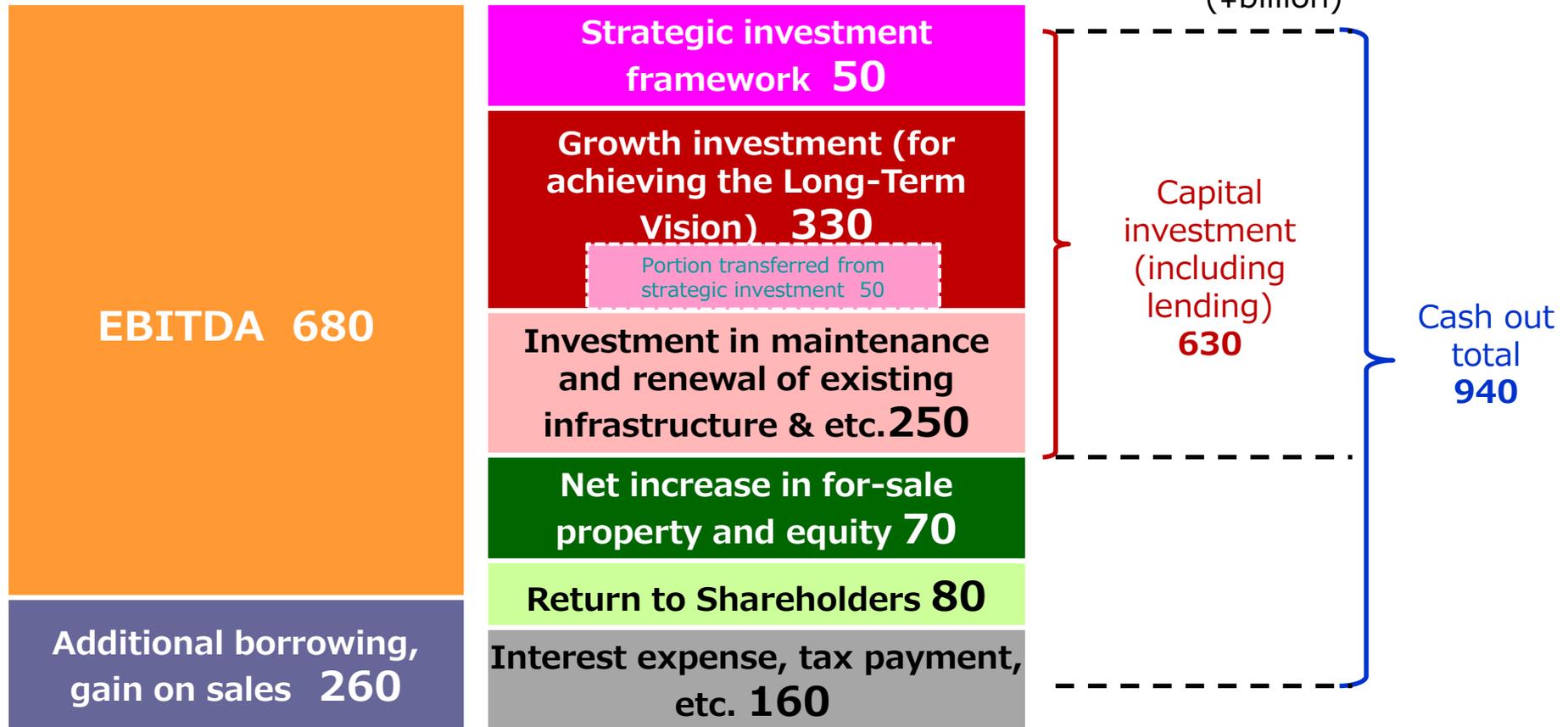
During the current plan, we expect EBITDA-measured cash flows of **¥680 billion**. On the other hand, we expect total outgoing cash flows of ¥940 billion as a result of **actively investing toward future growth**. This will leave a shortfall of **¥260 billion**; we will cover this shortfall with additional borrowing.

## 【FY2019~2022 Hypothetical cumulative cash flow for four-year period】

Cash in

Cash out

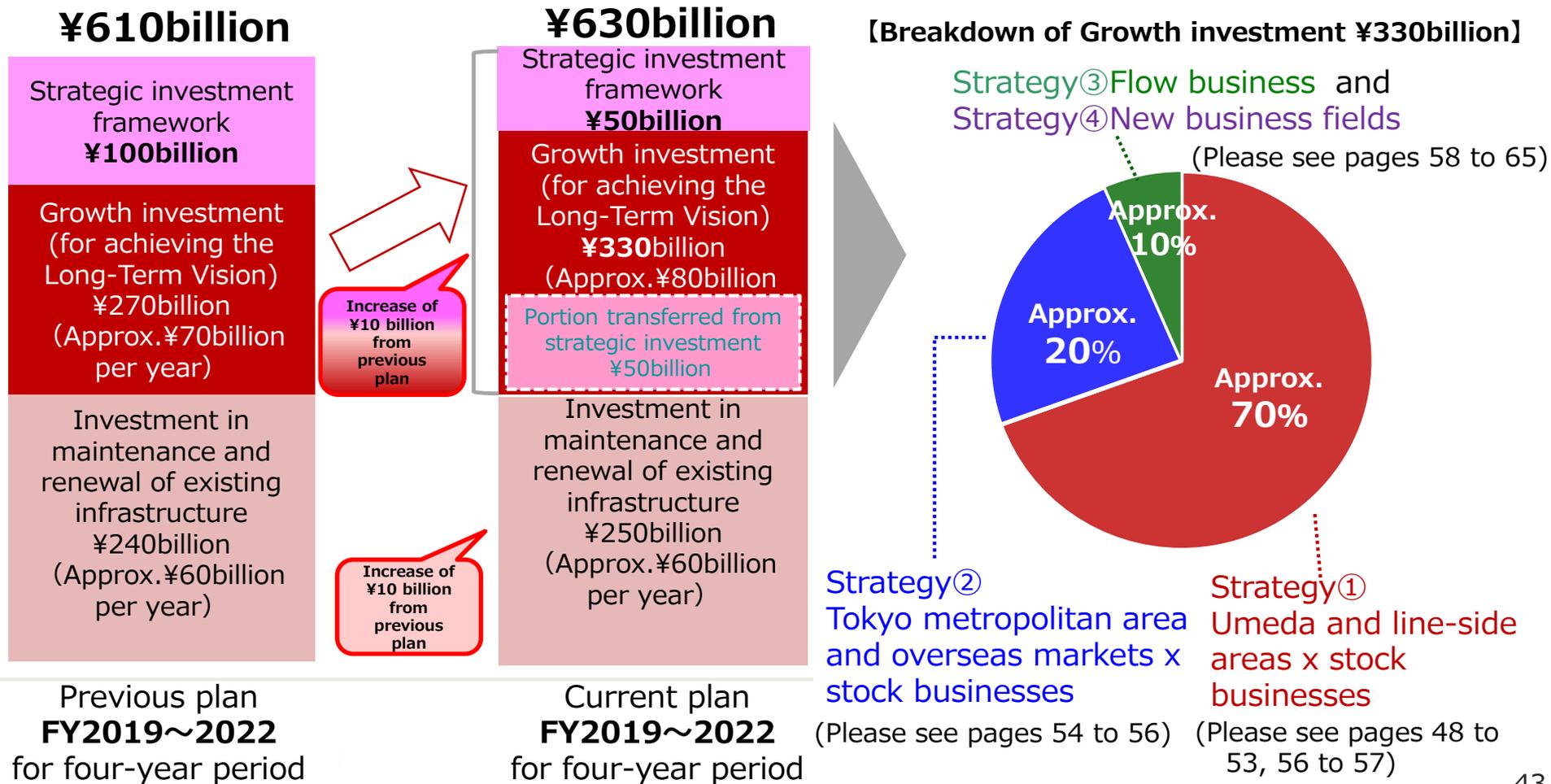
(¥billion)



# Capital investment (including lending) in fiscal 2019-2022

Capital investment (including lending) in fiscal 2019-2022 is expected to total approx. ¥630 billion (+ ¥20 billion compared to the previous plan\*)

- From the strategic investment framework of ¥100 billion (for large-scale projects, M&A activities, etc.), ¥50 billion has already been earmarked for investing in the Long-Term Vision, and we anticipate ¥10 billion extra in growth investments compared to the previous plan.
  - The extra ¥10 billion will help us maintain and renew existing infrastructure and meet the growing societal demands for comfort and safety.
- \*As announced on May 23, 2018



# Returns to Shareholders

## Shareholder Return Policy

We aim to deliver steady dividends to shareholders, as measured by a total payout ratio of 30%, and steadily acquire treasury stock, while working to enhance our operating foundation.

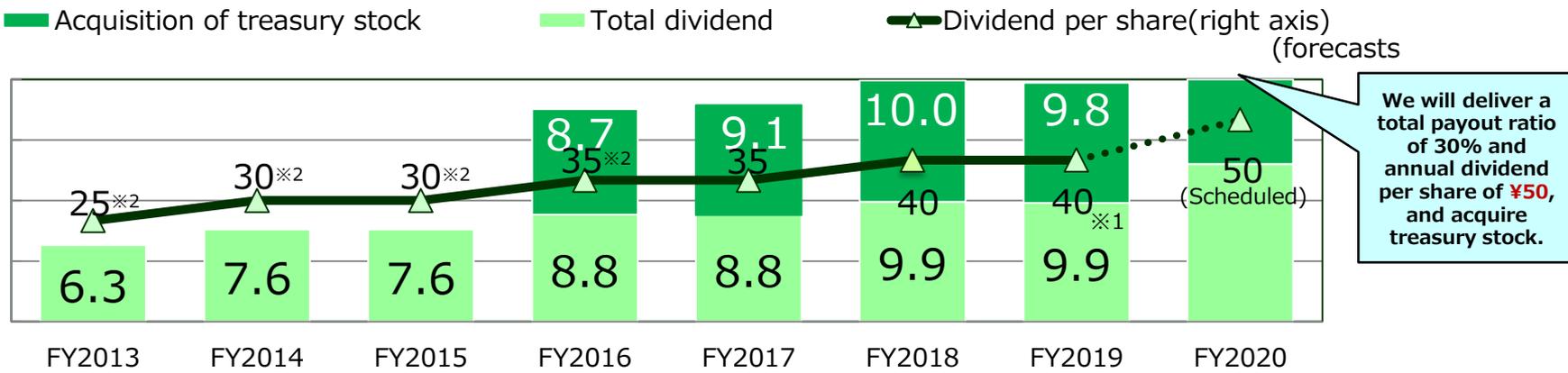
Regarding dividends of surplus for fiscal 2019, we will deliver annual dividend per share of ¥40 and cap treasury stock acquisitions at ¥9.8 billion.

Given our recent stable performance and progress in the Medium-Term Management Plan, we will increase the level of shareholder returns in two ways:

- We will raise the annual dividend per share from ¥40 to ¥50
- We will cap our treasury holdings at 5% of total outstanding shares and dispose of any holdings that exceed this cap.

<Reference> Formula for calculating total payout ratio

$$\text{Total payout ratio of FY[N]}(\%) = \frac{(\text{Total dividend of FY[N]}) + (\text{Acquisition of treasury stock in FY[N+1]})}{(\text{Net income attributable to owners of parent in FY[N]})} \times 100$$



※1 Subject to shareholder approval at the General Meeting of Shareholders on June 13, 2019  
 ※2 The Company conducted a 1-for-5 reverse stock split with an effective date of 1st August 2016. The per-share annual dividends for fiscal years up to and including fiscal 2016 reflect the stock split.

# Fiscal 2026 management indicators outlook

	FY2019 Results	FY2020 Forecasts	FY2022 Forecasts	FY2026 (The company we hope to be)
Operating income	¥114.9billion	¥107.0billion	¥110.0billion	¥120.0billion
EBITDA <sup>※1</sup>	¥171.4billion	¥167.0billion	¥180.0billion	¥200.0billion
Interest-bearing debt	¥877.1billion	¥950.0billion	¥1,060.0billion	—
Interest-bearing debt /EBITDA ratio	5.1times	5.7times	5.9times	between 5 and 6times
D/E ratio <sup>※2</sup>	1.0times	1.0times	1.0times	—
Net income attributable to owners of the parent	¥65.5billion	¥67.0billion	¥70.0billion	—
ROE	7.6%	7.4%	7%	—
(Reference)				
Net interest-bearing debt <sup>※3</sup>	¥848.2billion	¥925.0billion	¥1,035.0billion	—
Net interest-bearing debt/EBITDA ratio	5.0times	5.5times	5.8times	—

※1 EBITDA=operating income + depreciation expenses + amortisation of goodwill

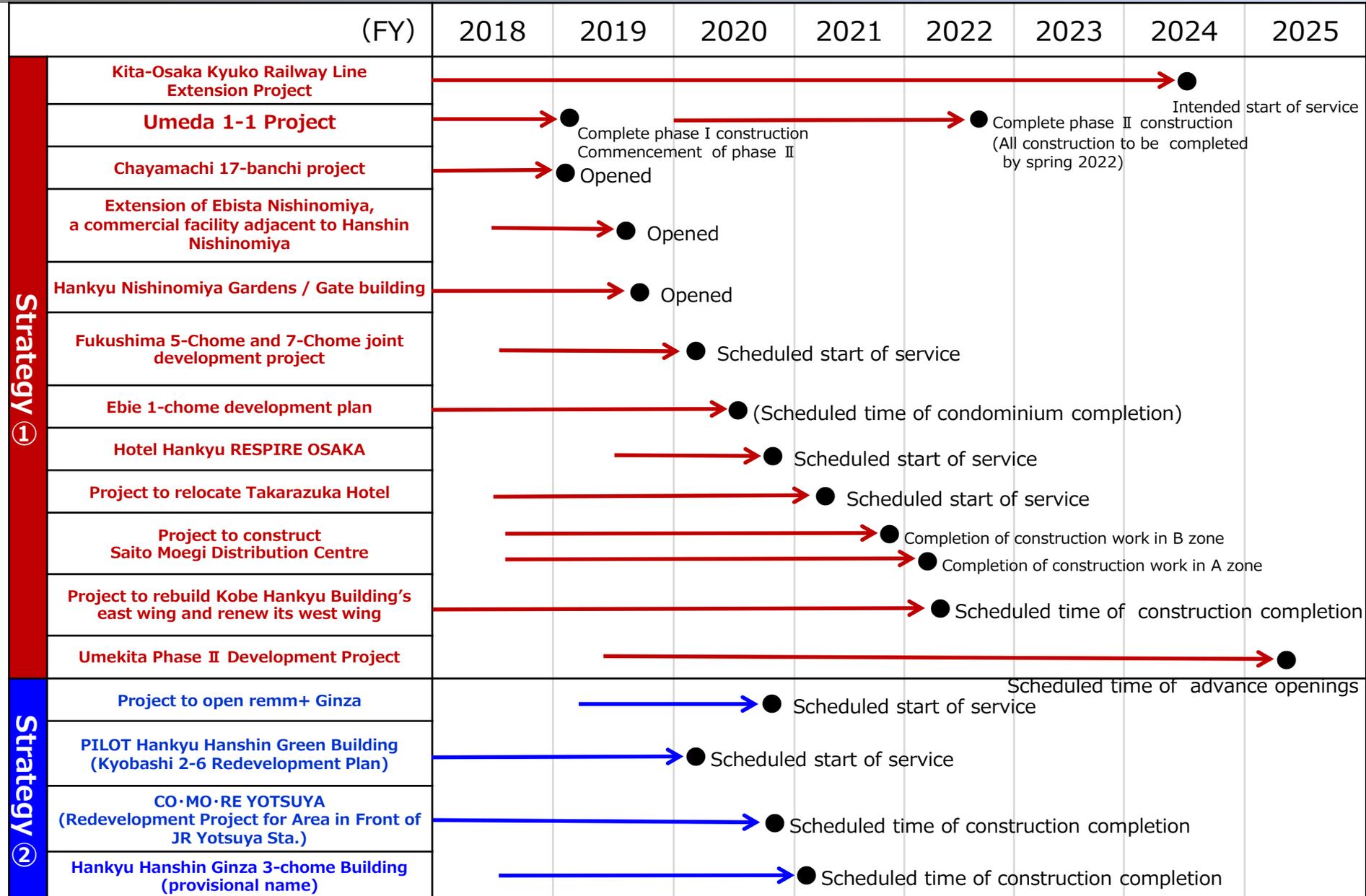
※2 D/E ratio=interest-bearing debt / equity

※3 Net interest-bearing debt=interest-bearing debt - cash and deposits

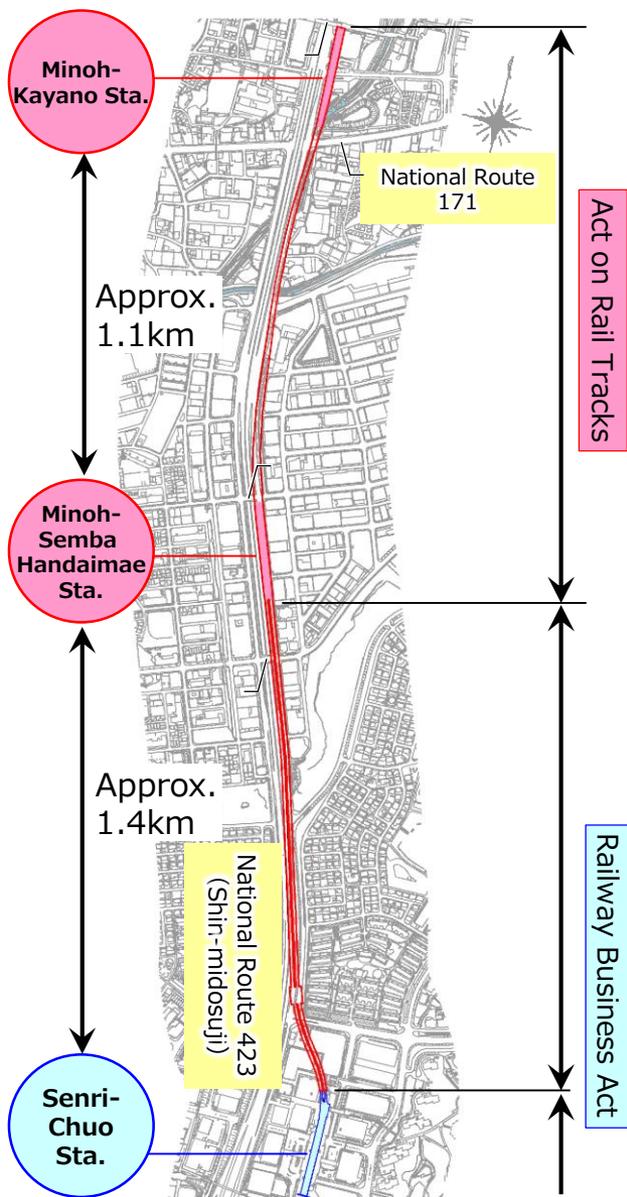
## **III. Others**

### **② Specific Projects in the Medium-Term Management Plan**

# Schedule for the Main Projects of the Business Strategies① and ②



# Kita-Osaka Kyuko Railway Line Extension Project



## 【Development plan summary】

- Extension distance:  
2.5 km, from *Senri-Chuo Sta.* to *Minoh-Kayano Sta.*
- New stations:  
*Minoh-Semba Handaimae Sta.*, *Minoh-Kayano Sta.*
- Estimated project cost: ¥65.0 billion yen
- Demand: 45,000 people per day

## 【Business scheme】

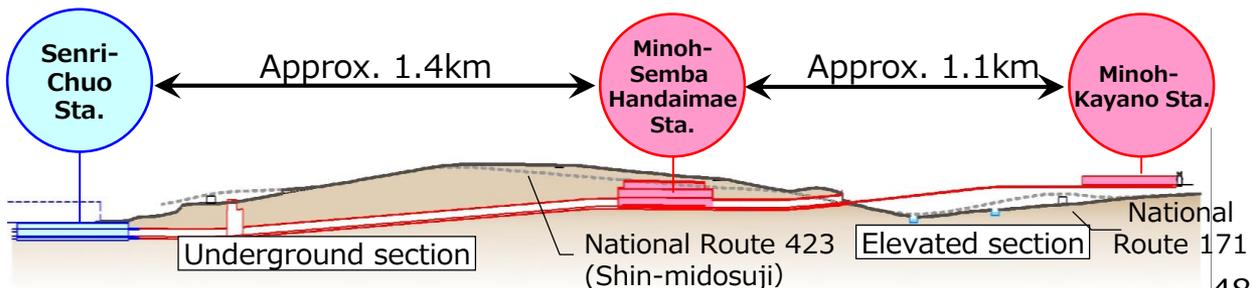
- Developer:  
Kita-Osaka Kyuko Railway Co., Ltd. and Minoh City (development of infrastructural components between *Minoh-Semba Handaimae Sta.* and *Minoh-Kayano Sta.*)
- Operator: Kita-Osaka Kyuko Railway Co., Ltd.
- Funding programme: Social capital development grant
- Portion to be borne by Kita-Osaka Kyuko Railway Co., Ltd:  
¥11.0 billion yen; Amount commensurate with profits

## 【Schedule】

December, 2015: Obtained a license for railway business and a charter for railway track operations

December, 2016: Commencement of construction

FY2024: Intended start of service (Postponed from end of fiscal 2021)



# Umeda 1-1 Project (Name of the building : Osaka Umeda Twin Towers South)

## 【Project summary】

Location	1-1 Umeda, Kita-ku, Osaka
Site area	Approx. 12,200 m <sup>2</sup> *
Total floor space	Approx. 260,000 m <sup>2</sup>
Number of floors	38 floors above ground and 3 below ground
Purpose	Department store, offices, halls, etc.
Planned total investment	¥89.7 billion
Construction completion	Spring 2022

\* Including the road between Dai Hanshin Building and Shin Hankyu Building

## 【Schedule】

July 2015	Begin phase I construction
April 2018	Complete phase I construction* (Shin Hankyu Building and Dai Hanshin Building East Wing)
June 2018	Partial opening of new department store. Phase II (west wing of Dai Hanshin Building): Start demolition work
Spring 2019	Phase II (begin phase II construction)
Autumn 2021	Complete phase II construction (new department store part) and fully open new department store
Spring 2022	Complete all construction and open offices

\* The project is scheduled to be completed in spring 2022. In that year, Umeda Hankyu Building, which houses Hankyu Department Store (Hankyu Umeda Main Store), will be renamed 'Osaka Umeda Twin Towers North', and the two adjacent buildings will be christened the 'Osaka Umeda Twin Towers'.

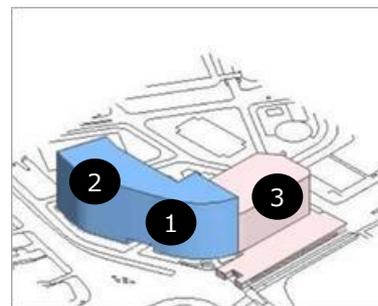
## 【Project update】

- The work is proceeding as planned and should be completed in spring 2022.
- Leasing of offices started in earnest this year, and the results are positive so far.

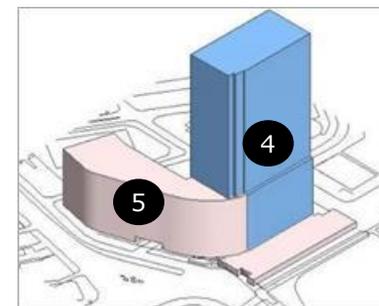
## 【Conceptual illustration of the building exterior】



## 【Phase I】



## 【Phase II】



The rentable area is smaller than that planned during phase I.

- ① Dai Hanshin Building East Wing
- ② Shin Hankyu Building
- ③ Dai Hanshin Building West Wing (businesses operating)
- ④ Dai Hanshin Building West Wing (under construction)
- ⑤ Phase I (businesses operating)

# Umekita Phase II Development Project

## 【Background】

• JV9, which includes Hankyu Corporation, and Hankyu Hanshin Properties Corporation entered a consortium with four other firms. The consortium submitted a bid for the Umekita Phase II Development Project in a public tendering process organized by the Urban Renaissance Agency (a semipublic Independent Administrative Institution). The consortium won the bidding.

• The core theme of the project is to integrate green space with innovation. Building on the first phase of the project (which culminated in the opening of Grand Front Osaka), the consortium is working to achieve this theme and set a new standard in urban design for Kansai and even the whole of Asia.

## 【Outline of plan】

### <Private-sector zone specifications>

Zone	North zone	South zone
Site area	15,726㎡	30,429㎡
Total floor space	146,900㎡	374,660㎡
Facilities	Innovation facilities, hotel, residence, others	MICE facilities, offices, hotels, commercial facilities, residence, others

### <Urban open space specifications>

Site area	45,000㎡
Total facility floor area	12,500㎡
Facilities	Museum, experiential learning facilities, roofed open spaces, restaurants, shops, others

### <Schedule>

Phased land transfer	From September 2020
Construction in private-sector zones	From October 2020
Advance openings※	Around summer 2024

※For some private-sector zone facilities and part of the urban open space



How the area as a whole will look once completed

(based on the bid made in May 2018; subject to change)

## Give commercial facilities in the Umeda and line-side areas a facelift

In order of opening date	<p><b>Chayamachi 17-banchi project</b></p> 	<p><b>Extension of Ebista Nishinomiya, a commercial facility adjacent to Hanshin Nishinomiya</b></p> 	<p><b>Hankyu Nishinomiya Gardens Gate building</b></p> 
Location	Chayamachi, Kita-ku, Osaka	Wajocho, Tanakacho, Nishinomiya, Hyogo	Takamatsucho, Nishinomiya, Hyogo
Site area	Approx. 440m <sup>2</sup>	Approx. 5,700m <sup>2</sup> (Extended area)	Approx. 3,000 m <sup>2</sup>
Total floor space	Approx. 2,800m <sup>2</sup>	Approx. 10,000m <sup>2</sup> (Extended area)	Approx. 11,600 m <sup>2</sup>
Number of floors	8 floors above ground and 1 below ground	3 floors above ground	10 floors above ground and 1 below ground
Purpose	Commercial facilities (global flagship store 「MIZUNO OSAKA CHAYAMACHI」)	Commercial facilities	Commercial facilities, service facilities for education and childcare
Scheduled opening	April 20, 2018	October 29, 2018	November 21, 2018

# Strategy①: Further strengthen the stock businesses in the Umeda and line-side areas⑤

In order of opening date	<b>Fukushima 5-Chome and 7-Chome joint development project</b>	<b>Ebie 1-Chome Development Plan</b>	<b>Project to relocate Takarazuka Hotel</b>
Location	5-chome Fukushima, Fukushima-ku, Osaka	1-chome Ebie, Fukushima-ku, Osaka	1-chome Sakaemachi, Takarazuka, Hyogo
Site area	Approx. 2,600m <sup>2</sup> (※)	Approx. 27,900m <sup>2</sup> (※)	Approx. 12,300m <sup>2</sup>
Total floor space	Approx. 11,000m <sup>2</sup> (※)	Approx. 52,200m <sup>2</sup> (※) (condominium)	Approx. 23,000m <sup>2</sup>
Number of floors	12 floors above ground and 1 below ground	20 floors above ground (condominium) Number of units:566units(※)	5 floors above ground and 1 below ground
Purpose	hotel(expected to be Hotel Hanshin Annex Osaka), supermarket(expected to be Hankyu Oasis)	condominium(Geo Fukushima Noda <i>The Marks</i> ), commercial facilities (land to let)	rooms (200rooms) party hall (4 halls) restaurant (4 facilities)
Scheduled opening	May 15, 2019	September 2019 (Condominium on sale)	May 14, 2020

※ : Includes the portion belonging to our partner.

# Strategy①: Further strengthen the stock businesses in the Umeda and line-side areas⑥

In order of opening date	<h2>Project to construct Saito Moegi Distribution Centre</h2> 	<h2>Project to rebuild Kobe Hankyu Building's east wing and renew its west wing</h2> 
Location	In the Sanroku Line area of the eastern section of Ibaraki City's International Culture Park 'Saito' (See page.78)	4-chome Kanocho, Chuo-ku, Kobe
Site area	A zone : Approx. 51,000m <sup>2</sup> (※) B zone : Approx. 16,000m <sup>2</sup> (※)	Approx. 7,100m <sup>2</sup>
Total floor space	A zone : Approx. 116,000m <sup>2</sup> (※) B zone : Approx. 31,000m <sup>2</sup> (※)	Approx. 33,300m <sup>2</sup>
Number of floors	A zone : 5 floors above ground B zone : 4 floors above ground	East wing : 29 floors above ground and 3 below ground West wing : 1 floor under railway station (some sections with 2 floors above ground / basement level)
Purpose	logistics facilities (A zone : multitenant logistics facility [High-tech facilities designed to be used by multiple tenants] 、 B zone : multitenant logistics facility [Box-type facilities that can be leased in one building or split into 2 to 3 tenants] )	hotel(expected to be Hankyu Hanshin Hotels-operated hotel), offices, commercial facilities, railway station
Scheduled opening	A zone : FY2022(scheduled completion) B zone : End of FY2021(scheduled completion)	Around spring 2021 (scheduled completion)

※ : Includes the portion belonging to our partner.

# Strategy②:Accumulate stock in the Tokyo metropolitan area and overseas markets①

In order of opening date	<b>PILOT Hankyu Hanshin Green Building (Kyobashi 2-6 Revdevelopment Plan)</b> 	<b>CO·MO·RE YOTSUYA (Yotsuya Station District Redevelopment Project)</b> 	<b>Hankyu Hanshin Ginza 3-chome Building (provisional name)</b> 
Location	2-chome Kyobashi, Chuo-ku, Tokyo	1-chome Yotsuya, Shinjuku-ku, Tokyo	3-chome Ginza, Chuo-ku, Tokyo
Site area	Approx. 1,450m <sup>2</sup> (※2)	Approx. 17,900m <sup>2</sup> (※2)	Approx. 310m <sup>2</sup>
Total floor space	Approx. 17,000m <sup>2</sup> (※2)	Approx. 139,600m <sup>2</sup> (※2)	Approx. 2,900m <sup>2</sup>
Number of floors	14 floors above ground and 1 below ground	31 floors above ground and 3 below ground	11 floors above ground and 1 below ground
Purpose	hotel(remm Tokyo Kyobashi), office, commercial facilities	office, commercial facilities, residence, educational services, publicgood, parking	commercial facilities
Scheduled opening	April 3, 2019 (Full opening)	Around early 2020 (scheduled completion)	April 2020

※1 : Images provided by the Urban Renaissance Agency. The actual buildings may differ from the images.

※2 : Includes the portion belonging to our partner.

# Acquisition of rental properties in Jakarta, Indonesia

## 【Outline】

- To penetrate an overseas real-estate leasing business, Hankyu Hanshin Properties has invested in an Indonesian entity that owns, operates, and manages two Jakartan commercial properties. The first is Plaza Indonesia Complex, a mixed development consisting of the country’s leading shopping, office, and hotel facilities. The second is fX Sudirman, a shopping mall that houses a theater (JKT 48 Theater), a cinema, and other facilities.
- Both properties boast an excellent location. They face a main thoroughfare in Jakarta’s Central Business District\*1 and are situated in front of a station on the Jakarta MRT (Indonesia’s first underground railway, opened in April). Plaza Indonesia Complex in particular is well-known and popular among locals.

\*1 Central Business District = The administrative, business, and commercial centre of a city.

## 【Properties】

### 〈Plaza Indonesia Complex〉



Total floor space	Approx. 243,000m <sup>2</sup> *2
Purpose	commercial facilities(around 400 tenants with many luxury brands), offices(49-storey premium grade office building), hotel(5-star hotel with 427 guestrooms)

### 〈fX Sudirman〉



Total floor space	Approx. 41,000m <sup>2</sup> *2
Purpose	commercial facilities(around 140 tenants), university, theater, cinema

\*2 Includes the portion belonging to our partner.

## 【Locations】

〈Jakarta suburbs〉



〈Jakarta’s Central Business District (CBD)〉



# Strategy①② : New hotel openings in fiscal 2020①

## remm Tokyo Kyobashi

Opened on April 3, 2019



- Opened in PILOT Hankyu Hanshin Green Building
- Remm's fourth opening in Tokyo metropolitan area

Location: 2-chome Kyobashi, Chuo-ku, Tokyo  
 \*Close to Kyobashi Station on the Tokyo Metro Ginza Line

Number of rooms: 272 rooms  
 (Single 73 rooms, Double 134 rooms, Twin 65 rooms)

## Hotel Hanshin Annex Osaka

Opened on May 15, 2019



- Opened in Fukushima 5-Chome and 7-Chome joint development building
- A new-style business hotel under unified management with nearby Hotel Hanshin Osaka

Location: 5-chome Fukushima, Fukushima-ku, Osaka  
 \*6 minutes walk from Fukushima Station on Hanshin Main line

Number of rooms: 254 rooms  
 (Double 125 rooms, Twin 119 rooms, Triple 10 rooms)

## remm plus Ginza

Opens on December 24, 2019



- This is the first location of Remm Plus (styled as 'remm+'), which follows the remm concept but offers more guestrooms and a greater level of comfort.

Location: 8-5-4 Ginza, Chuo-ku, Tokyo  
 \*4 minutes walk from Shimbashi Station on JR and Tokyo Metro Ginza Line

Number of rooms: 238 rooms  
 (Double 154 rooms, Twin 84 rooms)

# Strategy①② : New hotel openings in fiscal 2020②

## Hotel Hankyu RESPIRE OSAKA

Opens on November 27, 2019

- We will open a 1,000-room hotel in Yodobashi Umeda Tower which is developed by Yodobashi Holdings, Inc.
- Targeting inbound tourists, the hotel will chiefly comprise rooms for multiple guests (twin rooms, triple rooms, etc.)



Location	Ofukacho, Kita-ku, Osaka (North of JR Osaka Station)	
Planned number of guestrooms: 1,030	Double	414rooms
	Standard Twin	397rooms
	Standard Triple	171rooms
	Fourth	48rooms
Number of floors	35 floors above ground and 4 below ground	
	12-35F	Guestrooms
	9F	Lobby & front desk, banquet hall, cafes & restaurants
	2F	Entrance
	1F	Driveway, Entrance

### 「RESPIRE」

RESPIRE combines the meanings of the words “rest,” as in to have a rest, and “inspire,” as in to have one’s senses stimulated and be filled with vitality. RESPIRE also means “to breathe.”

Hotel Hankyu RESPIRE aims to offer you a place where you can relax comfortably and also be revitalized for the next day, giving you the sensation of having taken a deep breath of fresh air.



# Strategy③: Increase competitiveness of flow businesses①

## Real estate sales business in domestic markets

### 【Real estate sales[lands and housing]】

- Continue to develop and strengthen the urban detached house business as a pillar of the residential real estate sales business.
- In addition to sales performance, make efforts to enable steady business expansion in the Tokyo metropolitan area.
- Focus long-term residential development efforts on *Takarazuka Yamatedai* district and International Culture Park '*Saito*'.



**【Hapia Garden  
Kobe Takamaru】**

(Houses on sale from November 2018)



**【Hapia Garden  
Tamagawa Gakuenmae】**

(Houses on sale from February 2019)

### 【Real estate sales[condominium]】

- Continue to use strict criteria for selecting properties to acquire. Advance business steadily while carefully monitoring the impacts of the consumption tax hike and the high level of construction expenses.
- In the Tokyo metropolitan area, strengthen the system for acquiring land and gradually expand business, bringing the number detached house sales to the level of those in the Kinki area (approximately 800 units a year).
- Accordingly, we will participate in projects with a medium to long-term focus (e.g., urban redevelopment, remodelling projects) and expand the business mix, such as developing rental condominiums and selling them at a profit.

### Total number of units

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020 forecast
Number of Units※1	1,064	680	1,210	1,548	1,356	1,374	1,302	1,087	1,159	1,114	approx. 1,550

### Major properties sold in fiscal 2019※2

- Geo Hankyu Minase *Heart square* (Mishima-gun, Osaka) 315units
- Geo Kyoto Katsuragawa (Minami-ku, Kyoto) 98units
- Geo Shinjuku-wakamatsucho (Shinjuku-ku, Tokyo) 123units

### Major properties to be sold in fiscal 2020※2

- Geo Fukushima Noda *The Marks* (Fukushima-ku, Osaka) 566units
- Geo Kobe Nakayamate-dori (Chuo-ku, Kobe) 256units
- Geo Kashiwanoha Campus (Kashiwa, Chiba) 226units

※1 : Figures include units in shared buildings that the Group partly owns.

※2 : Figures indicate total number of units.



**【Geo Shinjuku-wakamatsucho】**

(Sold in May 2018)



**【Geo Fukushima Noda  
The Marks】**

(Sold in September 2019)

## Real estate sales business in overseas markets

To help our real estate sales business achieve a certain level of profitability in overseas markets as early as possible, we will accelerate efforts to promote our residential real estate sales business in ASEAN states.

(As of October 31, 2019)

	Number of Projects	Number of Units
Vietnam	5	approx. 10,800
Thailand	13	approx. 10,300
Philippines	3	approx. 3,100
Indonesia	3	approx. 3,000
Malaysia	1	approx. 850

**Cumulative total of overseas residential real estates sales :  
More than 28,000 units**

### Philippines [house·townhouse]

- Ideshia Dasmariñas  
(house: Total approx. 1,100 units)  
(townhouse: Total approx. 700 units)



and others

### Vietnam [condominium·house·townhouse]

- AKARI CITY  
(condominium: Total approx. 5,200 units)



and others

### Thailand [condominium]

- Niche Mono Ramkhamhaeng  
(Total approx. 1,700 units)



and others

### Malaysia [condominium]

### Indonesia [house·condominium]

# Strategy③: Increase competitiveness of flow businesses③

## Information services business

The market for the information services business is expected to expand significantly. Accordingly, to help the business grow, we will make maximal use of our expertise and unique model to expand our market share and develop new business fields.

### ① Focus on promising fields

- Fully leveraging our well-honed multi-vendor solutions<sup>※1</sup> and one-stop services<sup>※2</sup>, we will accelerate efforts to develop business in promising fields, such as building maintenance, transport systems, Internet solutions, and healthcare, and thus increase our market share.

※1: This refers to our ability to combine products from different companies to create efficient systems.

※2: This refers to our spectrum of services from system development to operation/monitoring/maintenance.

(Accomplishment)

『Installed bus control system in Busta Shinjuku bus terminal』

(April 2016)

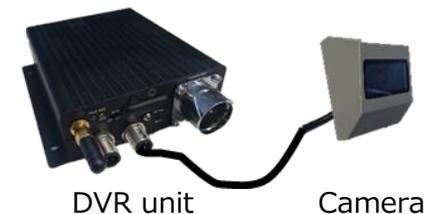


(Examples of products)

『Onboard CCTV』

There is a mounting impetus for railway companies in Japan to install onboard camera systems to tackle rising train crime and ensure security during Tokyo 2020.

(Camera on a limited express service)



### ② Extend business operations in Kanto and Chubu area

- Building on our track record of providing solutions in the Kansai area, we will step up efforts to expand business in the Kanto area (a larger market) while also making inroads in the Chubu area.

(Accomplishment) 『Acquired Nihon-Protec』(December 2018)

Based in Kansai area, Nihon-Protec has an impressive track record in contracted system development. The acquisition of the company will help us expand our business.

### ③ Use cutting-edge technology to promote new businesses

- Regarding pioneering technologies like AI and IoT as opportunities, we will actively incorporate technologies from outside (such as by partnering with venture businesses) where we lack the necessary technologies ourselves, and use the technologies to develop new solutions services.

# Strategy③: Increase competitiveness of flow businesses④

## Safety / Education business

### [Safety initiatives(Mimamorume) ] (End of September, 2019)

Since its launch, the service has steadily increased subscriptions and it now has around 260 thousand subscribers (Y on Y +30 thousand subscribers). This success is partly because of the high demand for child safety. Another reason is that parents find it reassuring to know that, as a group involved in public transportation, we are very community-minded.

School commute app (an email is automatically sent when the student passes the school gate)

Number of schools that ordered app : approx. 1,300 schools (YoY +178 schools)

Kindergarten attendance app (used to manage children’s safety and manage number of hours in kindergarten)

Number of kindergartens that ordered app :  
approx. 140 kindergartens (YoY +27 kindergartens)

Safety monitoring app (the app uses a network※ of cameras, sensors, and parents/carers to track the location of children or elderly people)

We launched the service in Itami and have now introduced it in Nagaokakyo, Daito, Kakogawa, and parts of Kobe. We will introduce the service in parts of Tokyo’s Adachi ward in fiscal 2020.

Mimamorume GPS (a service that protects children and the elderly)

Municipalities that have introduced the service : approx. 50 municipalities  
Subscribers : approx. 13,000 subscribers (YoY + approx. 3,000 subscribers)



### [Education initiatives (ProgLab) ] (End of September, 2019)

In April 2016, we launched an educational programme for robot programming (for seniors down to junior high school students).

We have started franchising the programme in the Tokyo metropolitan area.

Total number of students : approx. 4,000 students (YoY +approx. 1,700 students)



Directly run classes	13
In-school classes	7
Franchised classes	17

※ Volunteers in the community can install a dedicated app onto their smartphones, connecting the devices to a network for watching over children and the elderly.

# Strategy③: Increase competitiveness of flow businesses⑤

## Travel business

- In the Travel Business segment, we have until now achieved steady earnings with a lineup centred on core brand travel packages. However, recent changes in the environment (e.g. global instability, natural disasters, and the deterioration in the travel product procurement environment associated with the rising numbers of overseas visitors to Japan) are having a significant impact on business, and we expect that competition will intensify in the years ahead.
- Accordingly, starting in fiscal 2018, we are reforming the business structure with the intention of further strengthening our core brand travel packages and establishing alongside this a second pillar—future-oriented business—as early as possible.

**Principle** Never resting on our laurels, we will continue to embrace change and improve our products even further to create travel products that reflect customer feedback and ensure we are a company society needs.

### Strengthen competitiveness of core brand travel packages

- **Strengthen areas outside Europe**  
While continuing to strengthen tours to European destinations (currently the mainstay), develop tours to other destinations to ensure more stable revenue
- **Strengthen Specialised products**  
While continuing to offer affordable products, market more high-ticket, premium, or high-value-added items (e.g. for business class and cruises)
- **Expand customer base among new demographics**  
While continuing to offer individual-oriented products, expand customer base through new sales channels such as TV shopping channels and TV adverts targeting young people
- **Revise cost structure for advertising expenses, etc.**  
Overhaul composition of advertising channels and streamline the back-office operations between application and departure

### Establish a second pillar

- **Strengthen approach to non-Japanese tourists**
- **Expand group and business travel services and create stable source of revenue**
  - Group travel services
    - : Strengthen services in the Tokyo metropolitan area and increase the number of sales representatives
  - Business travel services
    - : Invest in human resources (train global workforce) and Strengthen digitization

# International transportation business

**【 Basic strategy for achieving growth 】**

- Shift toward a more balanced business portfolio (strengthen ocean transportation and logistics operations)
- Promote Asia-centred business development (shift away from the focus on Japan as origin/destination for shipments)
- Expand investments in growing markets (e.g. India, Africa)

**Capital tie-up / joint venture with Seino Holdings (April 2018)**

Under the joint venture, the two companies will augment each other’s operations in and out of Japan and thus provide new distribution services to customers.

- ① Under the joint venture, Seino Holdings’ domestic distribution network and logistics capacity will be combined with Hankyu Hanshin Express (HEX)’s global distribution network digital, and the two companies will work together in digital information initiatives. In this way, the venture will help deliver supply chain management solutions tailored to each customer’s needs.
- ② It will also help develop and deliver new logistics services (customer agency services related to ordering and trade settlement, temperature-controlled transport, etc.)

**【Specific Initiative】**

HEX relocated what was Hankyu Hanshin’s Narita Cargo Terminal (then located in Shibayama, Sanbu District, Chiba Prefecture) to a logistics centre that Seino Transportation had built in its Narita branch next to the eponymous airport. The relocated cargo terminal started operations in July 2019 under the name Narita International Logistics Center. Because the new logistics centre adjoins Seino Transportation’s truck terminal, it will help HEX provide logistics services with reduced lead times for cargo shipments and greater convenience. HEX will use the first floor of the warehouse space to strengthen its logistics services.

Location	Sanrizuka Narita Chiba
Warehouse space specifications (Total floor space)	Ground floor : Cargo handling area, Refrigerator, Freezer (approx. 14,200㎡) First floor : Logistics warehouse (approx. 12,400㎡)



(Photo provided by Seino Transportation Co., Ltd.)

**Strengthen logistics business / expand global network**

- **Business expansion in North America**  
We have opened an office in Miami, a gateway into South America. We are also opening new logistics centres, and expanded existing ones, in New Jersey and Dallas.
- **Strengthen logistics business in ASEAN region**  
We built a logistics centre in Indonesia in 2016, and one in Singapore in 2017. Since then, we have opened centres in three locations in India: Chennai, Ahmedabad, and Delhi.  
We continue to expand our global network, opening offices in locations such as Coimbatore (India) and Da Nang (Vietnam).
- **Strengthening business development in Africa**  
In April 2018, we invested in Intraspeed in South Africa and acquired the freight forwarder a subsidiary. We also acquired as subsidiaries two companies owned by Intraspeed (one company is in Kenya and the other is in Uganda).  
Looking ahead, we will step up our efforts to develop business in Africa.

# Strategy④: Make greater use of the Group's collective energies and venture into new business fields①

## Credit and point card strategy

### Develop S-POINT (a common point service for the Kansai area)

- In April 2016, the Group teamed up with H2O Retailing Corporation to launch S-POINT※1, a common point service for the Kansai area. Since then, we have worked to expand S-POINT's trading volume. Specifically, we are working to build S-POINT's membership while expanding the number of S-POINT member facilities—i.e., the number of Group and non-Group facilities that accept S-POINT.

※1 The main cards compatible with S-POINT are STACIA cards, which come with optional credit card function and PiTaPa function, and various point cards.



Now

Membership :  
Approx. 7.5 million members



Future target

Membership :  
Approx. 10million members

#### [S-POINT service coverage extended from 7-Eleven stores to Kansai Supermarket]

- On May 14, 2018, S-POINT started being accepted among the roughly 2,700 7-Eleven convenience stores in the six prefectures of Kansai※2. On November 13 of the same year, it started being accepted in 27 Kansai Supermarket stores in Hyogo Prefecture. On April 2, 2019, the coverage was extended to all 37 stores (36 in Osaka Prefecture, 1 in Nara Prefecture). Consequently, the card is now accepted in approximately 5,000 stores.

→Capitalizing on this development, we will further develop S-POINT until it becomes indispensable to Kansai residents.※2 The six prefectures of Kansai are Osaka, Kyoto, Hyogo, Shiga, Nara, and Wakayama.

#### [STACIA card strategy ]

##### <Ongoing measures to develop STACIA card>

##### Card to become the foremost card in line-side areas

• Increase the card's use amount to the top level in the area

##### Get the card established as in-house card

• Increase card's rate of usage among the Group

# Strategy④: Make greater use of the Group's collective energies and venture into new business fields②

## Initiatives of new business fields / Initiatives of raises line-side value

### 【Ventured into agribusiness】

Launched production and sales of cherry tomatoes with high sugar content, as part of joint venture with a company that has the farming tech.

<Schedule>

May 2019: Production launch

July 2019: Market launch



### 【Private after-school day care centre】

To help parents who are bringing up children in areas served by our lines, we opened a private after-school day care centre called After-school Kippo.

- Open three branches: at Toyonaka, Nishinomiya-Kitaguchi (relocate in December 2018), and Ikeda stations



### 【Comprehensive support for the elderly】

Open members-only community centres for active elderly residents in line-side areas.

- ※ These community centres offer an extensive menu of activities that promote health and wellbeing (e.g., culture classes). They also provide services that increase comfort and convenience for users in daily life.

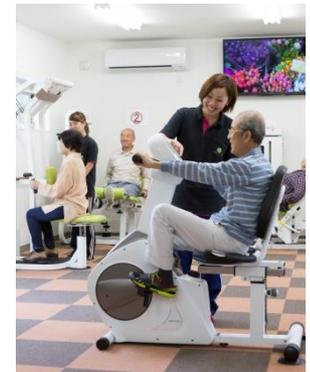
- Open three centres in Takarazuka, Shukugawa, and Minoh.



### 【Hanshin Ikiiki Day Service】

This is a half-day rehabilitation service that helps elderly users live sustainably in their familiar community.

- 15 along the Hankyu and Hanshin lines



# Initiatives of ESG(Environment, Social, Governance)①

## Environment



### 【Examples of efforts to promote eco sustainability】

#### 〈Urban Transportation〉

##### ○Energy-efficient trains

•After we introduced energy-efficient trains, we achieved a reduction in power consumption. In fiscal 2019, Hankyu Corporation consumed 6.7% less energy, and Hanshin Electric Railway consumed 2.5% less energy, compared to fiscal 2015.



Hankyu Corporation  
(Series 1000)



Hanshin Electric Railway  
Co., Ltd. (Series 5700)

#### 〈Real Estate〉

##### ○DBJ Green Building Certification

Two of our buildings certified as five-star DBJ Green Buildings, the best level in the country

##### (Umeda 1-1 Project)



Recipient of certification:  
Hanshin Electric Railway Co.,Ltd. and Hankyu Corporation

##### (Hankyu Nishinomiya Gardens)



Recipient of certification: Hankyu Corporation and  
Hankyu Hanshin REIT Asset Management,Inc.

##### (HEP FIVE)



Recipient of certification: Hankyu Hanshin Properties Corp.  
and Hankyu Hanshin REIT Asset Management,Inc

#### 〈Entertainment〉

##### ○Solar power

•Solar cells were installed on Hanshin Koshien Stadium's Ginsan roof and put into operation in March 2010.



# Initiatives of ESG(Environment, Social, Governance)②



## Social

### Group-wide social contribution activity: Hankyu Hanshin Dreams and Communities of the Future Project (since fiscal 2010)

• To **build customer loyalty** and **enhance value over the long-term**, we are working on collaborative projects with group companies, citizen groups, and group employee in accordance with the following policy.

【Policy】 Promote the creation of towns and cities along our railway lines that people will truly want to live in.

【Priority areas】 Environmentally friendly development that enhances the appeal of line-side communities—the most important foundation of our businesses

Human capital development aimed at fostering the next generation of customers



<Progress of collaborative projects (as of fiscal 2019)>

① Collaboration with group companies  
Promote charity in Group using certification system

Hankyu Hanshin Holdings (HHHD) uses advertising, co-sponsorship, and an employee matching gift programme to promote charity among group companies

■ Certified charitable activities as of fiscal 2019: 94 activities  
Reference<Number of activities>  
FY2015:89, FY2016:91, FY2017:94, FY2018:92  
■ Elementary student-oriented programme 'Challenge Corps' accommodated a record 2,640 kids  
■ As many as 100 certified activities in fiscal 2020 (more to be certified during period)

② Collaboration with citizen groups  
「Hankyu Hanshin Community Future Fund」

HHHD's matching gift programme supports the work of citizen groups along our lines

■ In fiscal 2019, we provided a total of ¥9.0 million to 14 of the 86 groups that applied.  
■ We encourage employees to sign up for charitable payroll deductions through promotional campaigns and by issuing requests during training  
Number signed up: 69 companies 1,452 employees (YoY + 100)  
※ At the end of December, 2018  
Total amount raised: 111 groups ¥58.5million

③ Collaboration with group employees  
Charity point system

We encourage current and former employees to participate in charitable fundraising by granting points for their participation

■ Charity points system's results  
Number signed up: 71 companies 2,478 employees (YoY + 225)  
Points granted: 15,443points ※ January–December 2018  
■ Amount that employees raised for the charitable organisations: ¥1.17 million for 39 organisations

# Initiatives of ESG(Environment, Social, Governance)③

## Social

To mark the tenth anniversary of the Hankyu Hanshin Dreams and Communities of the Future Project, we worked with public and private organizations, as well as with citizen groups, to design a train wrap that raises awareness about the SDGs agenda and the value of the project.

Hankyu and Hanshin are operating 'SDGs / Dreams and Communities of the Future' trains, which feature a common wrap design.

Service period	27 May 2019 ~End of May 2020
Number of trains	4 Hankyu : 3 (one on each of the following lines: Kobe, Takarazuka, and Kyoto)、Hanshin : 1 ・ The front and rear coaches feature an original illustration and a rollsign commemorating the project's tenth anniversary. ・ The other coaches have two kinds of print on the doors: a print advertising SDGs, and one commemorating the project's tenth anniversary. ・ The onboard advertisements outline each of the SDGs. They also introduce the efforts of our group, as well as those of government, line-side communities, and supporting businesses, to contribute toward the SDGs.
Organized by	Main organizer : Hankyu Hanshin Holdings, Inc. Co-organizer : Hankyu Corporation, Hanshin Electric Railway Co., Ltd.
Supervised by	Japan Civil Society Network on SDGs (SDGs Japan)
Subsidized by, Supported by	Subsidized by : Ministry of Foreign Affairs of Japan、Ministry of the Environment Government of Japan Supported by : Private organizations that actively engage in the SDGs agenda

【Wrap on train doors】



【Hankyu】



【Hanshin】



## Social

### 【Employee health management】

#### ■ Formulate and announce the Hankyu Hanshin Holdings Group's Declaration on Employee Health Management (April 26,2018)

##### “the Hankyu Hanshin Holdings Group's Declaration on Employee Health Management”

We understand the importance of the physical and mental health of our employees and their families. It is the source of their wellbeing, and it is fundamental to achieving an abundant future for the Group. To deliver safety and comfort while also offering dreams and excitement, it is paramount that our employees are healthy and that they can be their authentic selves and make the most of their abilities.

To this end, employees themselves must raise their health-consciousness and promote the health of each other and their family members.

Under the Hankyu Hanshin Wellness Challenge slogan, we hereby commit ourselves to safeguarding and promoting the health and well-being of all employees and to developing a healthy and motivated workplace environment.

April,2018

Takehiro Sugiyama

President & Representative Director, Officer in Charge of Health Management  
Hankyu Hanshin Holdings, Inc.

### 【Progress in fiscal 2019】

- (1) Six core group companies formulated and announced employee health declarations in an effort to promote employee health management.
- (2) In February 2019, four group companies were certified as a Health and Productivity Management Organization※: Hankyu Corporation, Hanshin Electric Railway, and Itec Hankyu Hanshin (all in the large enterprise category), and Hankyu Hanshin Insurance Services (SME category).



2019

健康経営優良法人

Health and productivity

ホワイト500

※The Health & Productivity Management Outstanding Organizations Recognition Program was jointly launched by METI and Nippon Kenko Kaigi. Each year, Nippon Kenko Kaigi commends companies that demonstrate exemplary practices for addressing local health challenges and contributing to the Nippon Kenko Kaigi's health promotion campaigns.

# Initiatives of ESG(Environment, Social, Governance)⑤

## Governance

### 【Group-wide initiatives for improving governance】

#### ■ Established the Corporate Governance President Committee (fiscal 2016 ~)

•Meets twice a year to discuss matters such as ensuring transparency of election and dismissal of officers, communicating with outside directors, etc.

#### ■ Started evaluating the effectiveness of the Board of Directors (fiscal 2017~)

•The management of the Board of Directors is reviewed once a year; directors are interviewed about whether there is sufficient board accountability, whether board proceedings are appropriate, etc.

#### ■ Scrapped the corporate adviser system (fiscal 2018)

#### ■ Resolved to discontinue anti-takeover measures (fiscal 2019)

#### ■ Established remuneration committee (fiscal 2019~)

•We established a remuneration committee to ensure that our Board of Directors determines remuneration amounts in an impartial and transparent manner. The committee comprises the chairman, outside directors, and outside members of the Audit & Supervisory Board.

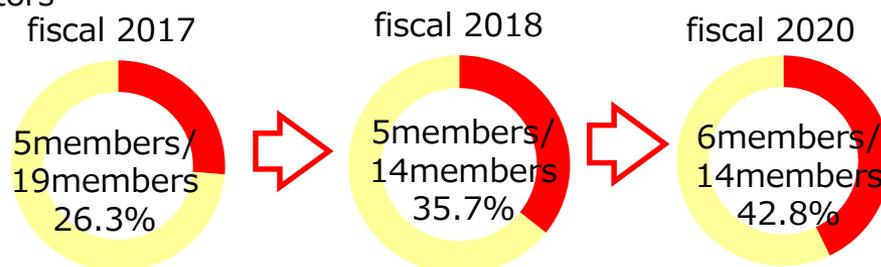
#### ■ Revised remuneration structure (fiscal 2020~)

•We decided to introduce a performance-linked stock compensation plan for the chairman and president to further motivate them to work toward our corporate value, performance, and share price. The stock compensation will be delivered through a trust.

#### ■ Overhauled board composition (fiscal 2020)

•To promote board diversity and strengthen the board's oversight function, we raised the number of outside directors from two to three and hired a woman as one of the outside directors. Independent outside directors now represent a third of the board.

<Proportion of outside members to total members  
(Board of Directors and Audit & Supervisory Board)>



# **IV. Referential Materials**

# Consolidated Subsidiaries

(As of September 30, 2019)

Urban Transportation	
Railway operations	Hankyu Corporation Hanshin Electric Railway Nose Electric Railway Kita-Osaka Kyuko Railway Hokushin Kyuko Railway Kobe Rapid Transit Railway Hankyu Hanshin Electric System Hankyu Railway Service
Automobile	Hankyu Bus Hanshin Bus Hankyu Kanko Bus Osaka Airport Transport Hankyu Taxi Hanshin Taxi Osaka Hanshin Taxi Hankyu Hanshin Motor Technology Hankyu Driving School Hattori Ryokuchi Haks Hanshin Hankyu Commuterbus Management Osaka Motor Technology (OMTEC)
Retailing	Eki Retail Service Hankyu Hanshin Hankyu Style Labels
Advertising	Hankyu Advertising Agency
Other	Alna Sharyo Hankyu Sekkei Consultant Hanshin Station Net Hanshin Sharyo Maintenance

Real Estate	
Real estate leasing and sales	Hankyu Hanshin Properties Hankyu Corporation Hanshin Electric Railway Hankyu Hanshin Estate Service Osaka Diamond Chikagai Kyokuto Advanced Development
Other	Hankyu Hanshin Building Management Hankyu Hanshin High Security Service Hankyu Hanshin Clean Service Hankyu Hanshin REIT Asset Management Hankyu Hanshin Real Estate Investment Advisors Hankyu Hanshin Housing Support Hankyu Hanshin Logistics (Indonesia)
Entertainment	
Sports	Hanshin Electric Railway Hanshin Tigers Baseball Club Hanshin Contents Link Corporation P & P Hamamatsu Wellness Hanshin Mt.Rokko Cable Car & Tourism
Stage	Hankyu Corporation Takarazuka Creative Arts Takarazuka Stage Umeda Arts Theater
Information and Communication Technology	
Information and Communication Technology	Itec Hankyu Hanshin System Giken YMIRLINK Rworks Mimamorume Himeji Cable Television Bay Communications Hanshin Cable Engineering

Travel	
Travel agency	Hankyu Travel International Hankyu Hanshin Business Travel Hankyu Travel Support Hanshin Travel International
International Transportation	
International transportation	Hankyu Hanshin Express Hankyu Hanshin Logipartners HANKYU HANSHIN EXPRESS (USA,DEUTSCHLAND,UK,NETHERLANDS BEIJING,SHANGHAI,GUANGZHOU,HK, TAIWAN,KOREA,Southeast Asia, SINGAPORE,THAILAND,MALAYSIA, PHILIPPINES,INDONESIA,VIETNAM, INDIA : 18 companies) Hankyu Hanshin International Logistics Shanghai Hankyu Hanshin Logistics (Indonesia)
Hotels	
Hotel management	Hankyu Hanshin Hotels Hanshin Hotel Systems Hankyu Hanshin Restaurants Arima View Hotel Amanohashidate Hotel Kure Hankyu Hotel

【Legend】

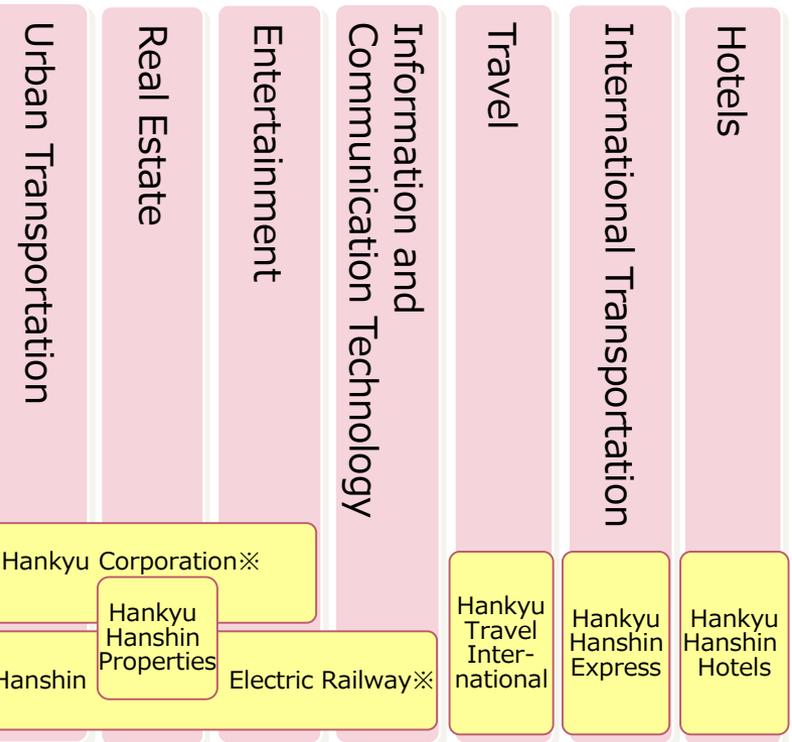
Name of segment	
Name of sub-segment	Name of consolidated subsidiary (Only listed companies that are managed as segment)

# Revenues from Operations and operating income as a FY2019

## Management composition

(As of April 1, 2019)

### Hankyu Hanshin Holdings



※ In the Umeda and line-side areas, Hankyu Corporation and Hanshin Electric Railway will retain their real estate for leasing and developing and work with Hankyu Hanshin Properties to promote community building efforts in connection with public transport networks and local governments.

## Earnings structure

The Urban Transportation and Real Estate businesses generate stable cash flows and account for approximately 60% of revenues from operations and 80% of operating income.

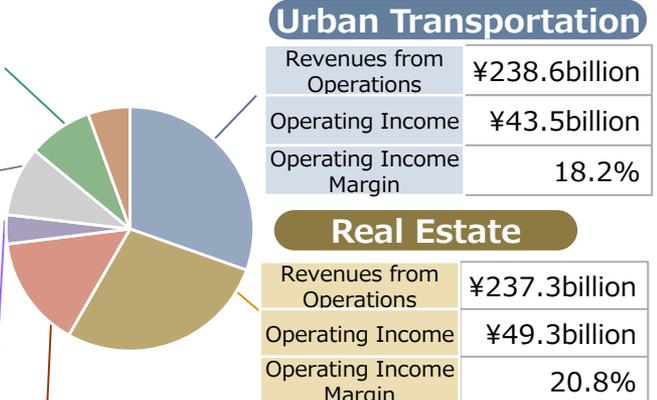
### Revenues from operations breakdown(FY2019)

<b>Consolidated Total</b>	Revenues from Operations	¥791.4billion
	Operating Income	¥114.9billion
	Operating Income Margin	14.5%

<b>Hotels</b>	Revenues from Operations	¥64.9billion
	Operating Income	¥1.2billion
	Operating Income Margin	1.8%

<b>International Transportation</b>	Revenues from Operations	¥90.0billion
	Operating Income	¥2.4billion
	Operating Income Margin	2.7%

<b>Travel</b>	Revenues from Operations	¥35.5billion
	Operating Income	¥1.8billion
	Operating Income Margin	5.1%



<b>Urban Transportation</b>	Revenues from Operations	¥238.6billion
	Operating Income	¥43.5billion
	Operating Income Margin	18.2%

<b>Real Estate</b>	Revenues from Operations	¥237.3billion
	Operating Income	¥49.3billion
	Operating Income Margin	20.8%

<b>Entertainment &amp; Communications</b>	Revenues from Operations	¥126.5billion
	Operating Income	¥18.8billion
	Operating Income Margin	14.9%

# Areas served by the Hankyu and Hanshin lines①

## Definition of the areas served by the Hankyu and Hanshin lines

### Osaka Prefecture:

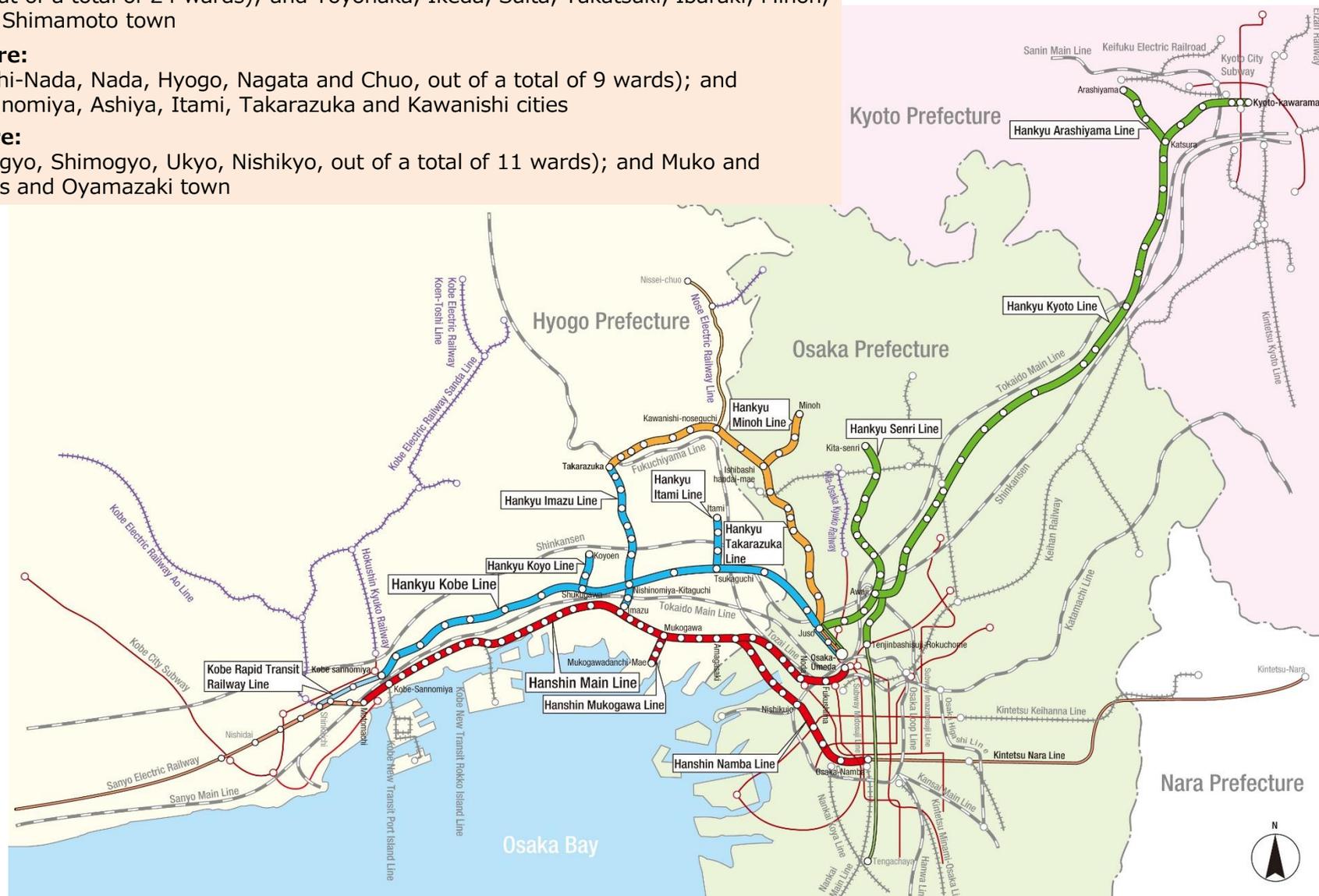
Osaka City (Fukushima, Konohana, Nishi, Naniwa, Nishi-Yodogawa, Higashi-Yodogawa, Yodogawa, Kita and Chuo, out of a total of 24 wards); and Toyonaka, Ikeda, Suita, Takatsuki, Ibaraki, Minoh, Settsu cities and Shimamoto town

### Hyogo Prefecture:

Kobe City (Higashi-Nada, Nada, Hyogo, Nagata and Chuo, out of a total of 9 wards); and Amagasaki, Nishinomiya, Ashiya, Itami, Takarazuka and Kawanishi cities

### Kyoto Prefecture:

Kyoto City (Nakagyo, Shimogyo, Ukyo, Nishikyo, out of a total of 11 wards); and Muko and Nagaokakyo cities and Oyamazaki town

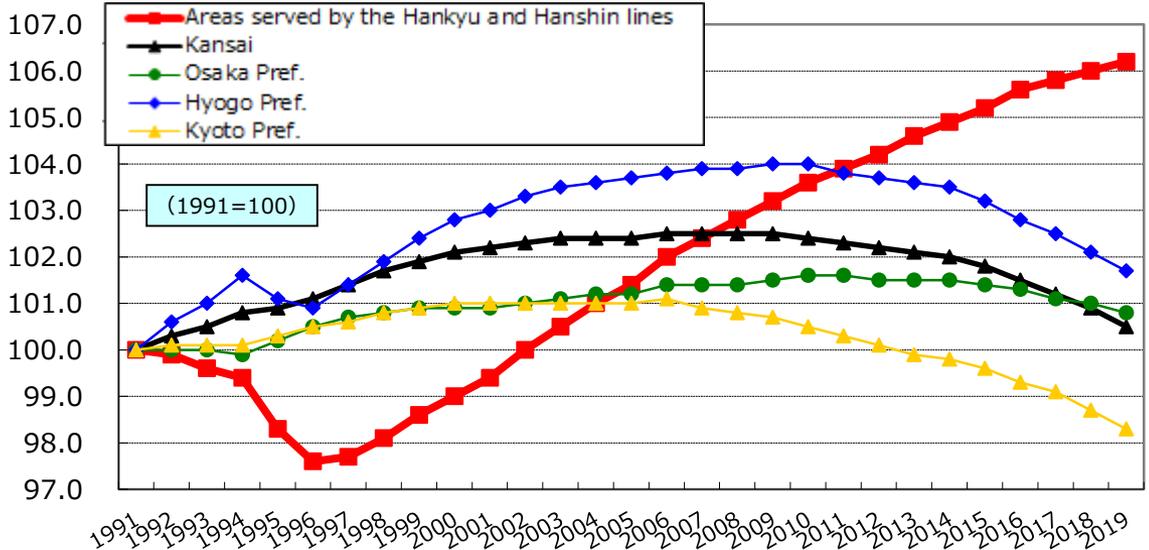


# Areas served by the Hankyu and Hanshin lines②

## Population Trends

Sources: Prepared by the Company based on data from "Local Economy Directory," published by Toyo Keizai, Inc., and "Basic Resident Register," published by the Ministry of Internal Affairs and Communications. (as of January 1, 2019)

	(km <sup>2</sup> )	(thousand)
	Area	Population
Areas served by the Hankyu/Hanshin line	1,318	5,618
Osaka Pref. (service areas)	449	2,682
Hyogo Pref. (service areas)	471	2,268
Kyoto Pref. (service areas)	398	668
Non-Hankyu/Hanshin Service Areas	26,033	14,652
Osaka Pref. (non-service areas)	1,456	5,931
Hyogo Pref. (non-service areas)	7,930	3,194
Kyoto Pref. (non-service areas)	4,214	1,827
Shiga Pref.	4,017	1,391
Nara Pref.	3,691	1,350
Wakayama Pref.	4,725	958
Total	27,351	20,269



## Survey of prospective condominium purchasers regarding their preferred Kansai residential area

Ranking	Station	(Area)	Ranking	Station	(Area)
1	Nishinomiya-Kitaguchi	(Nishinomiya, Hyogo Pref.)	11	Takatsuki,	(Takatsuki, Osaka Pref.)
2	Osaka-Umeda, Osaka	(Osaka, Osaka Pref.)	12	Toyonaka	(Toyonaka, Osaka Pref.)
3	Okamoto	(Kobe, Hyogo Pref.)	13	Tennoji	(Osaka, Osaka Pref.)
4	Shukugawa	(Nishinomiya, Hyogo Pref.)	14	Esaka	(Suita, Osaka Pref.)
5	Takarazuka	(Takarazuka, Hyogo Pref.)	15	Yodoyabashi	(Osaka, Osaka Pref.)
6	Senri-Chuo	(Toyonaka, Osaka Pref.)	16	Karasuma Oike	(Kyoto, Kyoto Pref.)
7	Mikage	(Kobe, Hyogo Pref. )	17	Tsukaguchi	(Amagasaki, Hyogo Pref.)
8	Ashiya	(Ashiya, Hyogo Pref.)	18	Kita-senri	(Suita, Osaka Pref.)
9	Kobe-Sannomiya, Sannomiya	(Kobe, Hyogo Pref.)	19	Namba	(Osaka, Osaka Pref.)
10	Ashiyagawa	(Ashiya, Hyogo Pref.)	20	Sumiyoshi	(Kobe, Hyogo Pref.)

Except for Tennoji (13), Yodoyabashi (15), all of the top 20 stations are on Hankyu Hanshin Holdings group lines

Source: A survey of prospective condominium purchasers regarding their preferred residential area, conducted by seven major real estate developers (Sumitomo Realty & Development Co., Ltd., Daikyo Incorporated, Tokyu Land Corporation, Tokyo Tatemono Co., Ltd., Nomura Real Estate Development Co., Ltd., Mitsui Fudosan Residential Co., Ltd., and Mitsubishi Jisho Residence Co., Ltd.) and included in a press release dated September 26, 2019.

# Overview of Umeda area①

## Major rental properties (as of the end of September , 2019)

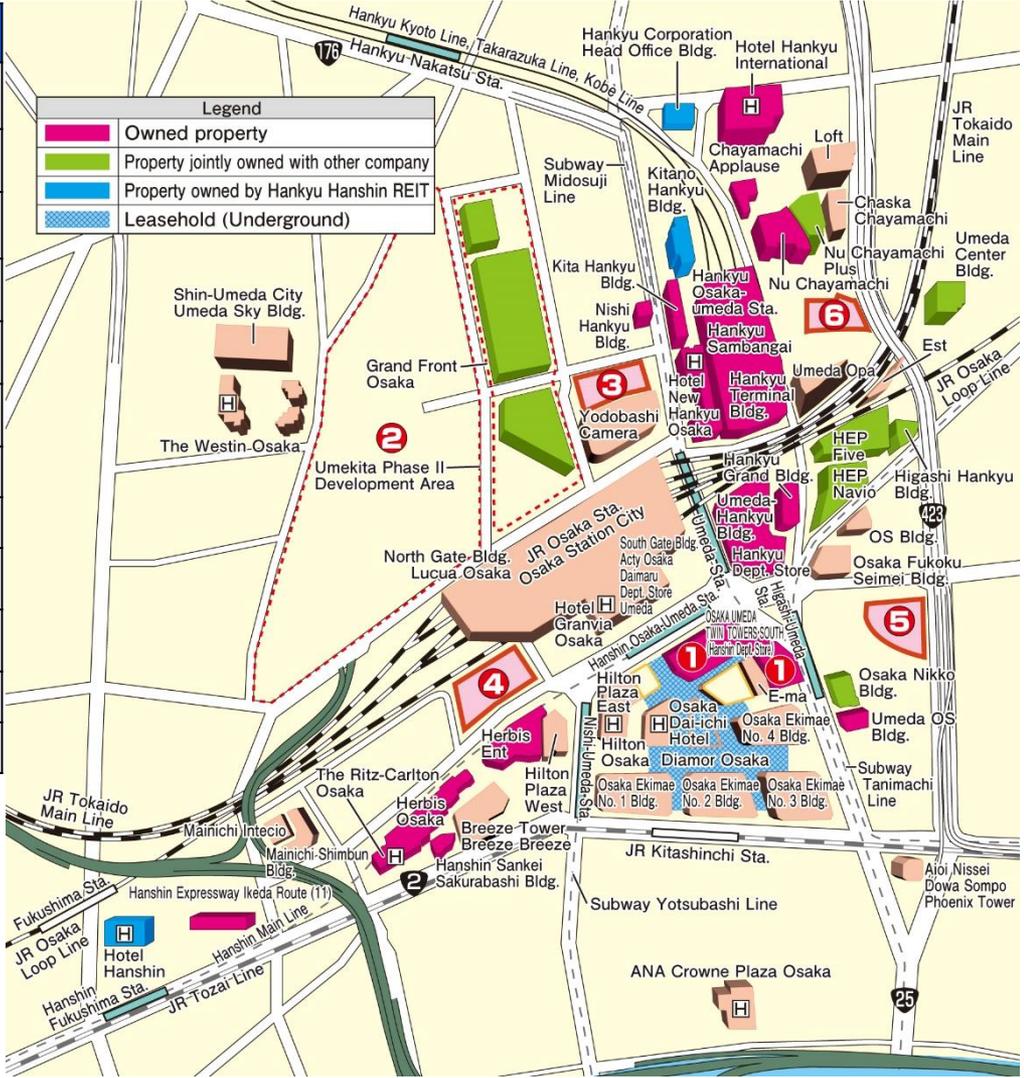
Property name	Leasable area (1,000m) ※1	Number of floors	Completed
Umeda Hankyu Bldg. (Hankyu Dept.Store·office tower)	213	41 floors above ground and 2 below ground	2012
Umeda Hanshin Daiichi Bldg. (HERBIS OSAKA)	82	40 floors above ground and 5 below ground	1997
Osaka Umeda Twin Towers South (Umeda 1-1 project Phase I)	58	13 floors above the ground and 3 below ground	2018
Umeda Hanshin Daini Bldg. (HERBIS ENT)	54	28 floors above ground and 4 below ground	2004
Hankyu Chayamachi Bldg. (Applause Tower)	52	34 floors above ground and 3 below ground	1992
Hankyu Sanban Gai Shopping Centre	39	5 floors above ground and 2 below ground	1969
Hankyu Grand Bldg.	36	32 floors above ground and 3 below ground	1977
Hankyu Terminal Bldg.	27	18 floors above ground and 4 below ground	1972
Hankyu Five Bldg.※2 (HEP FIVE)	20	10 floors above ground and 3 below ground	1998
NAVIO Hankyu (HEP NAVIO)	16	10 floors above ground and 2 below ground	1980
GRAND FRONT OSAKA※3	14	38 floors above ground and 3 below ground	2013
NU chayamachi	12	9 floors above ground and 2 below ground	2005

- ※1 : Leasable area does not include areas for public use
- ※2 : Jointly owned property with Hankyu Hanshin REIT Asset Management
- ※3 : Jointly owned property with others (other than Hankyu Hanshin REIT Asset Management)

## Developments in Umeda district

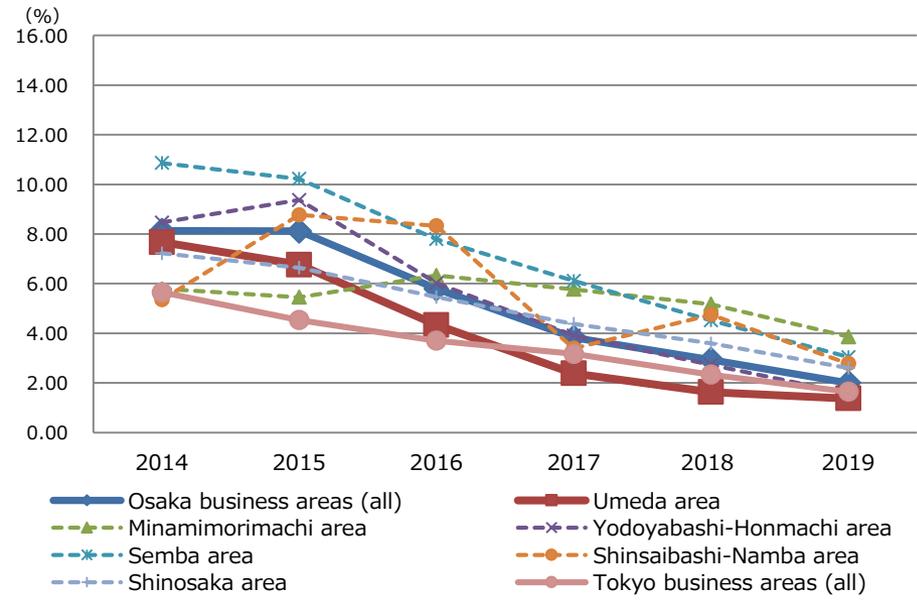
(red = Hankyu Hanshin Holdings group related Projects)

- ① Umeda 1-1 Project (Osaka Umeda Twin Towers South)
- ② Umekita Phase II Development Project
- ③ Yodobashi Umeda Tower - Yodobashi Holdings, Inc.
- ④ (Provisional Name) Umeda 3-chome Project  
- Japan Post Holdings Co. Ltd./Osaka Terminal Building Co., Ltd.
- ⑤ (Provisional Name) Umeda Sonezaki Project -Sumitomo Realty & development Co., Ltd.
- ⑥ Chayamachi B-2 District Redevelopment Project -TOKYU LAND CORPORATION Co., Ltd.



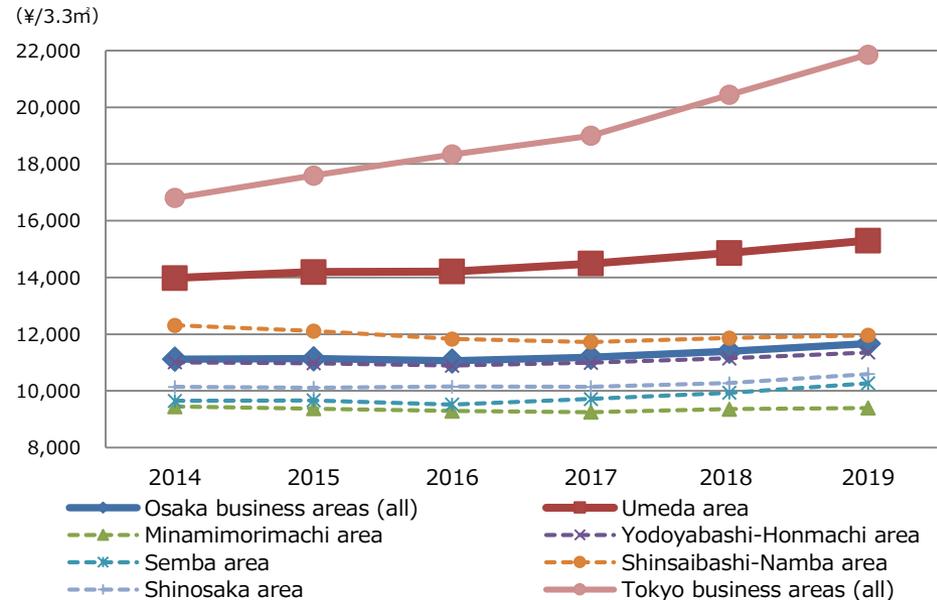
# Overview of Umeda area②

Trends in average vacancy rates among six main business districts in Osaka



(%)	2014	2015	2016	2017	2018	2019
Osaka business areas (all)	8.14	8.12	5.79	3.83	2.93	2.00
Umeda area	7.67	6.76	4.33	2.38	1.63	1.37
Minamimorimachi area	5.79	5.45	6.33	5.77	5.17	3.86
Yodoyabashi-Honmachi area	8.46	9.37	6.02	3.91	2.73	1.57
Semba area	10.86	10.22	7.79	6.11	4.52	3.04
Shinsaibashi-Namba area	5.35	8.77	8.33	3.39	4.75	2.78
Shinosaka area	7.22	6.64	5.46	4.38	3.59	2.60
Tokyo business areas (all)	5.65	4.53	3.70	3.17	2.33	1.64

Trends in rent among six main business districts in Osaka

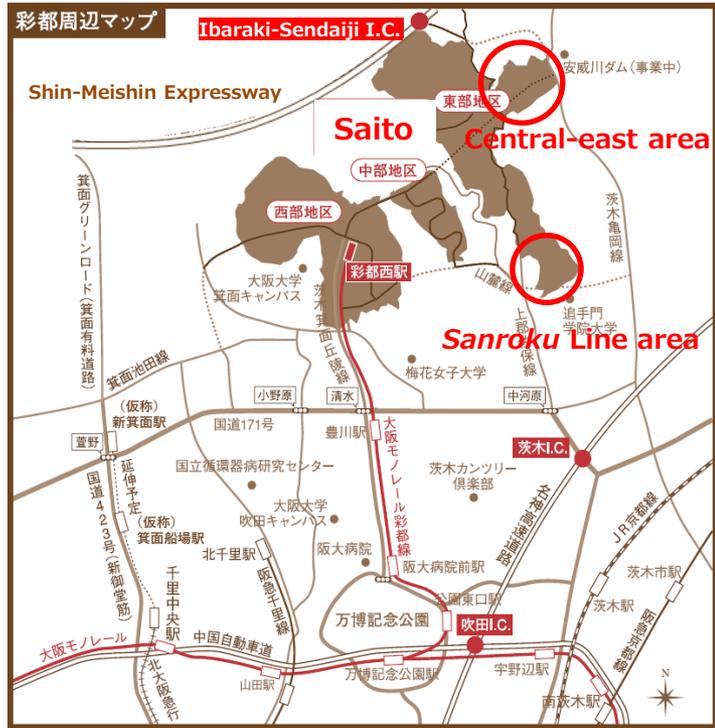


(¥/3.3m)	2014	2015	2016	2017	2018	2019
Osaka business areas (all)	11,120	11,135	11,061	11,187	11,398	11,670
Umeda area	13,977	14,189	14,210	14,487	14,863	15,297
Minamimorimachi area	9,446	9,376	9,291	9,249	9,357	9,396
Yodoyabashi-Honmachi area	11,009	10,976	10,891	10,994	11,149	11,356
Semba area	9,651	9,663	9,521	9,717	9,932	10,271
Shinsaibashi-Namba area	12,312	12,110	11,833	11,725	11,865	11,962
Shinosaka area	10,143	10,113	10,152	10,140	10,273	10,594
Tokyo business areas (all)	16,805	17,594	18,336	18,995	20,438	21,855

(Comparison of average rents in September of respective years)  
Source: Miki Shoji, "Office Data."

# Progress on the Development of International Culture Park 'Saito' (a new town)

- Since the opening of the western area of Saito in Spring 2004, progress has been made in developing residential facilities and attracting commercial tenants in the western area. Saito has developed into a new town, with a residential population of 16,000 and a facility population of 3,500.
- In Spring 2016, the central area was opened up for common use. Since then, the area has become home to an increasing number of facilities, including large distribution centres, and the facility population has risen to around 2,500.
- As for the eastern area, in February 2015, Ibaraki City altered the plan for prior areas (Sanroku Line area and central-east area). In May of the same year, the Group received permission to conduct development operations in the Sanroku Line area. We commenced operations in November, and construction work has proceeded smoothly since then. In fiscal 2019, we sold off part of the commercial land in this area. We are driving forward the plan to construct Saito Moegi Distribution Centre, which will occupy most of the remaining land.



Residential population in western area (as of February, 2019)

	Minoh City	Ibaraki city	Total
Number of households	2,184	3,139	5,323
Current population	6,759	9,304	16,063
population/ Number of households	3.09	2.96	3.02



Size of each area

	Western area	Central area	Eastern area
Size	312.6ha	62.5ha	367.5ha

# Hotel network of the Hankyu-Hanshin-Daiichi Hotel Group

<span style="display:inline-block; width:15px; height:15px; background-color: #f08080; border: 1px solid black;"></span> Directly managed hotels (Hankyu Hanshin Hotels) 20Hotels 5,419 rooms	}	47Hotels 11,012 rooms
<span style="display:inline-block; width:15px; height:15px; background-color: #f0c080; border: 1px solid black;"></span> Other (franchises, etc.) 27Hotels 5,593 rooms		

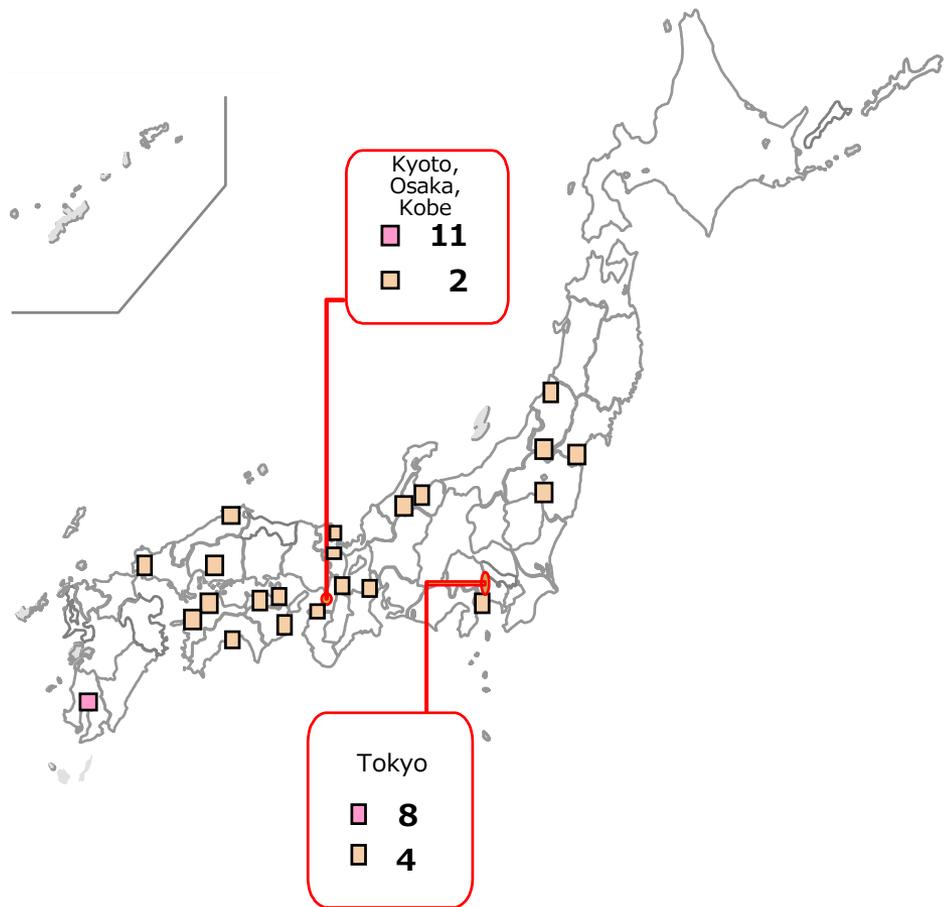
(as of October 1, 2019)



阪急阪神第一ホテルグループ

Directly managed hotels
Dai-ichi Hotel Tokyo
Dai-ichi Hotel Annex
Daiichi Hotel Tokyo Seafort
Kichijoji Dai-ichi Hotel
remm Hibiya
remm Akihabara
remm Roppongi
remm Tokyo Kyobashi
Hotel Hankyu International
Hotel new Hankyu Osaka
Hotel new Hankyu Annex
Umeda OS hotel ※
Hotel Hanshin Osaka
Hotel Hanshin Annex Osaka
remm Shin-Osaka
Senri Hankyu Hotel
Hotel Hankyu Expo Park
Takarazuka Hotel
Hotel new Hankyu Kyoto
remm Kagoshima
Other(franchises, etc.)
Tokyo Dai-ichi Hotel Iwanuma Resort
Tokyo Dai-ichi Hotel Tsuruoka
Tokyo Dai-ichi Hotel Yonezawa
Tokyo Dai-ichi Hotel Shin-Shirakawa

Ginza Creston
Ours Inn Hankyu
Dai-ichi Hotel Ryogoku
Dai-ichi Inn Ikebukuro
Dai-ichi Inn Shonan
Toyama Dai-ichi Hotel
Dai-ichi Inn Shinminato
Tokyo Dai-ichi Hotel Nishiki
Hotel Boston Plaza Kusatsu
Hotel Royal Hill Fukuchiyama
Amano Hashidate Hotel
Osaka Dai-ichi Hotel
Hotel Bay Gulls
Arima Kirari Hotel
Hotel Ichibata
Kure Hankyu Hotel
Tokyo Dai-ichi Hotel Shimonoseki
Takamatsu Kokusai Hotel
JR Hotel Clemant Takamatsu
JR Hotel Clement Tokushima
The Crown Palais New Hankyu Kochi
Tokyo Dai-ichi Hotel Matsuyama
Imabari Kokusai Hotel



※Hankyu-Hanshin Hotels are entrusted operation

阪急阪神ホールディングス株式会社

Hankyu Hanshin Holdings, Inc.