

**FY2019**  
**(Fiscal year ended March 31, 2019)**

# **Financial Results Presentation**

May 16, 2019

Keihan Holdings Co., Ltd.

(Tokyo Stock Exchange 1st / Securities Code: 9045 <http://www.keihan-holdings.co.jp/>)

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◆ Notes on forecasts ◆

Descriptions of business forecasts and future prospects are based on current information and certain assumptions about factors that may affect future business.

Actual results may differ due to various factors that may arise in the future.

Overview of FY2019

# Financial Results

# Consolidated Statements of Income

- Despite the impact of natural disasters, operating revenue increased due in part to sales of condominiums with large profit margins in the real estate business, reaching a record high for the seventh consecutive year. Operating income and ordinary income also grew, recording an all-time high. Profit attributable to owners of parent decreased due to a drop in gain on sales of Keihan Life Support shares, which was posted in the previous fiscal year, remaining the fourth highest ever.

(Millions of yen)

	FY2019	FY2018	Change	Main factors of changes	Forecast for FY 2019	Change
Operating revenue	326,159	322,276	3,882 (1.2%)	* Impact of natural disasters -JPY2.2 bn	322,500	3,659 (1.1%)
Operating income	33,715	31,458	2,257 (7.2%)	* Impact of natural disasters -JPY1.3 bn	31,000	2,715 (8.8%)
Non-operating income	2,016	1,971	45			
Non-operating expenses	3,623	3,800	-176			
Ordinary income	32,108	29,630	2,478 (8.4%)		29,600	2,508 (8.5%)
Extraordinary income	4,312	6,626	-2,313	Gain on sale of subsidiaries and associates -3,179 * Impact of natural disasters +JPY0.2 bn		
Extraordinary losses	4,372	2,572	1,799	* Impact of natural disasters +JPY0.9 bn		
Profit attributable to owners of parent	21,480	22,712	-1,231 (-5.4%)	* Impact of natural disasters -JPY1.4 bn	21,000	480 (2.3%)
Depreciation	19,819	19,113	706		20,000	-180
EBITDA	53,535	50,571	2,963	* EBITDA: Operating income + Depreciation	51,000	2,535
Interest and dividend income	937	854	82		925	11
Interest expenses	2,401	2,561	-160		2,402	-1
Net interest expenses	-1,463	-1,707	243		-1,476	12

# Segment Information

Impact of natural disasters

Breakdown of operating revenue: Transportation -JPY0.5 bn; Retail distribution -JPY0.7 bn; Leisure and service -JPY0.9 bn

Breakdown of operating income: Transportation -JPY0.5 bn; Retail distribution -JPY0.1 bn; Leisure and service -JPY0.7 bn

(Millions of yen)

		FY2019	FY2018	Change	Change (%)	Forecast for FY 2019	Change	Change (%)
Transportation	Operating revenue	93,926	92,262	1,664	1.8%	92,700	1,226	1.3%
	Operating income	11,221	9,180	2,040	22.2%	9,800	1,421	14.5%
Real estate	Operating revenue	118,607	113,132	5,474	4.8%	115,000	3,607	3.1%
	Operating income	17,468	15,316	2,151	14.0%	15,900	1,568	9.9%
Retail distribution	Operating revenue	98,727	100,709	-1,981	-2.0%	99,600	-872	-0.9%
	Operating income	2,923	2,845	78	2.8%	2,900	23	0.8%
Leisure and service	Operating revenue	30,621	31,298	-677	-2.2%	31,400	-778	-2.5%
	Operating income	1,817	4,877	-3,060	-62.7%	2,000	-182	-9.1%
Others	Operating revenue	1,843	1,824	18	1.0%	1,900	-56	-3.0%
	Operating income	-57	34	-92	-	0	-57	-
Adjustments	Operating revenue	-17,567	-16,951	-615	-	-18,100	532	-
	Operating income	342	-795	1,138	-	400	-57	-

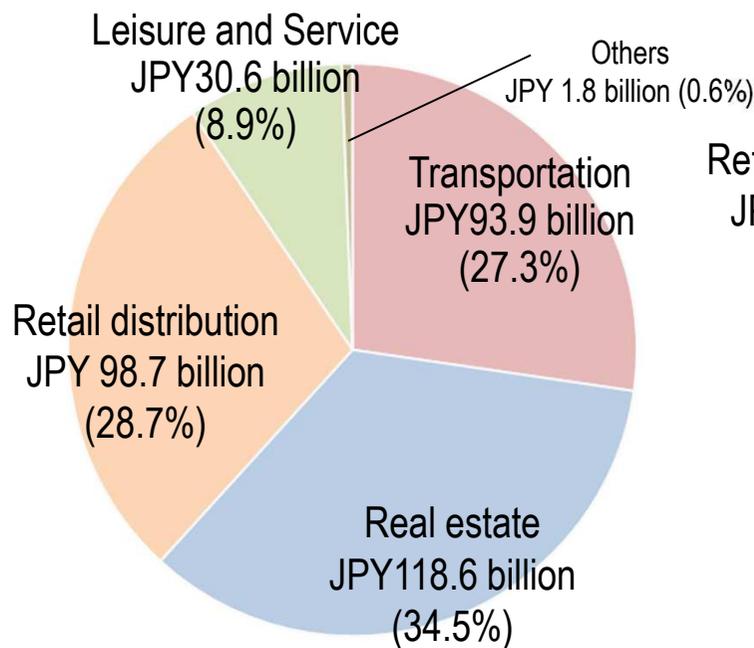
# Segment Information (Breakdown)



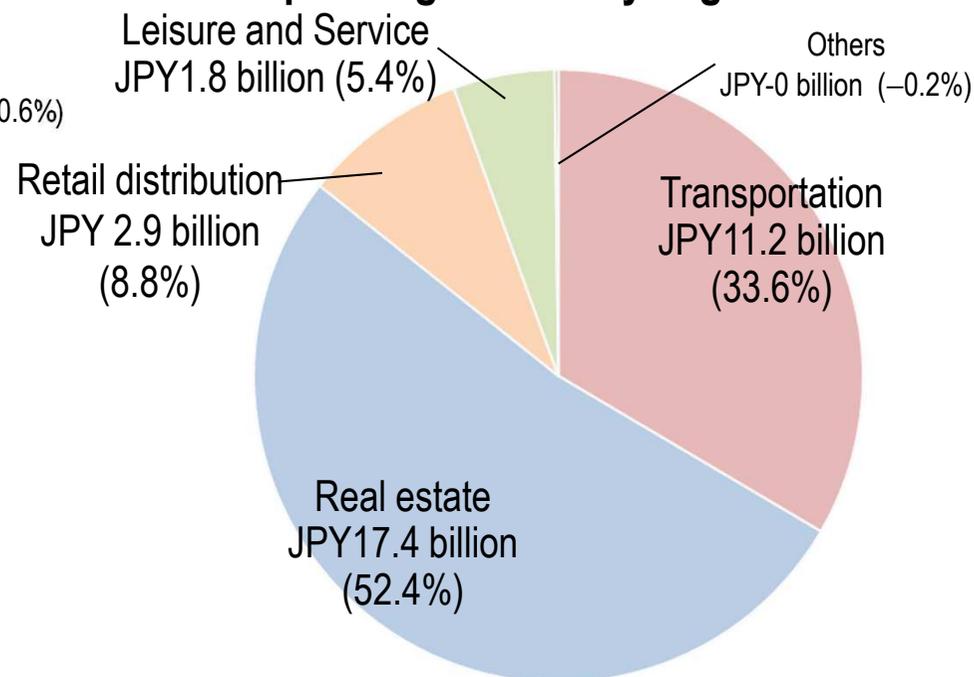
[Consolidated subsidiaries] 41 companies (Addition of one company year on year) [Equity-method affiliates] 2 companies (No change year on year)

Transportation	Keihan Electric Railway Co., Ltd., Keifuku Electric Railroad Co., Ltd., Keihan Bus Co., Ltd., and 12 other companies
Real estate	Keihan Holdings Co., Ltd., Keihan Dentetsu Real Estate Co., Ltd., Zero Corporation Co., Ltd., Keihan Building Co., Ltd., and 8 other companies
Retail distribution	Keihan Department Stores Co., Ltd., Keihan The Store Co., Ltd., Keihan Ryutsu Systems Co., Ltd., Biomarket Co., Ltd., and 1 another company
Leisure and service	Hotel Keihan Co., Ltd., Keihan Hotels & Resorts Co., Ltd., Biwako Kisen Steamship Co., Ltd., and 5 other companies
Others	Keihan Card Co., Ltd.

<Operating revenue by segment>



<Operating income by segment>



Note: Breakdown of operating revenue and operating income by segment, including intersegment transactions.

# Segment Information (Transportation)

(Millions of yen)

	FY2019	FY2018	Change	Change (%)
<b>Operating revenue</b>	93,926	92,262	1,664	1.8%
Railway	76,634	75,974	660	0.9%
Bus	27,620	26,802	817	3.1%
Elimination	-10,327	-10,514	186	-
<b>Operating income</b>	11,221	9,180	2,040	22.2%
Railway	9,788	8,241	1,547	18.8%
Bus	1,393	890	502	56.4%
Elimination	39	48	-8	-

## (Major factors affecting performance)

- The railway business saw both revenue and profits increase on the back of an increase in the number of commuter pass passengers and the full-year contribution of Premium Cars and Liner trains at Keihan Electric Railway, as well as a drop in costs including power expense despite the impact of service suspensions owing to natural disasters.
- The bus business saw increases in both revenue and profits due to a steady rise in the number of users of the regular routes and the Kansai International Airport route (limousine bus).

# Operating Results for Transportation Keihan Electric Railway



	FY2019	FY2018	Change	Change (%)
	Millions of yen	Millions of yen	Millions of yen	%
<b>Passenger transportation revenue</b>	52,054	51,820	234	0.5
<b>Non-commuter passes</b>	35,187	35,278	-90	-0.3
<b>Commuter passes</b>	16,866	16,541	325	2.0
	Thousands of people	Thousands of people	Thousands of people	%
<b>Number of passengers</b>	295,099	294,409	690	0.2
<b>Non-commuter passes</b>	149,795	151,946	-2,150	-1.4
<b>Commuter passes</b>	145,304	142,463	2,841	2.0

(Major factors affecting non-commuter pass passenger revenue)

- Impact of natural disasters (-JPY304 million); full-year contribution of Premium Cars and Liner trains (+JPY236 million)

(Major factors affecting commuter pass passenger revenue)

- Improved employment situation

# Segment Information (Real estate)

(Millions of yen)

	FY2019	FY2018	Change	Change (%)
<b>Operating revenue</b>	118,607	113,132	5,474	4.8%
<b>Real estate</b>	100,250	93,711	6,539	7.0%
Real estate sales	74,907	69,150	5,757	8.3%
Real estate leasing service	21,826	21,042	783	3.7%
Other businesses	3,516	3,518	-2	-0.1%
Construction	24,578	23,966	611	2.6%
Elimination	-6,222	-4,545	-1,676	-
<b>Operating income</b>	17,468	15,316	2,151	14.0%
<b>Real estate</b>	16,841	14,930	1,910	12.8%
Real estate sales	6,563	5,171	1,391	26.9%
Real estate leasing service	9,900	9,304	596	6.4%
Other businesses	377	454	-77	-17.0%
Construction	817	604	213	35.3%
Elimination	-190	-218	27	-

(Major factors affecting performance)

- The real estate sales business saw increases in both revenue and profits due in part to sales of land for business use and robust sales of condominiums with large profit margins.
- The real estate leasing service saw increases in both revenue and profits due to the full-year contribution of buildings for lease that were acquired in the previous year.
- The construction business saw increases in both revenue and profits due in part to the receipt of large-scale construction orders.

# Segment Information (Retail distribution)

(Millions of yen)

	FY2019	FY2018	Change	Change (%)
<b>Operating revenue</b>	98,727	100,709	-1,981	-2.0%
Department store	50,886	49,151	1,735	3.5%
Store	30,143	32,440	-2,296	-7.1%
Shopping mall management	14,788	14,909	-121	-0.8%
Others	7,866	8,689	-823	-9.5%
Elimination	-4,958	-4,482	-475	-
<b>Operating income</b>	2,923	2,845	78	2.8%
Department store	292	157	134	85.4%
Store	730	1,038	-307	-29.6%
Shopping mall management	1,839	1,758	81	4.6%
Others	88	-121	210	-
Elimination	-28	11	-40	-

## (Major factors affecting performance)

- Department stores saw both revenue and profits increase due to robust sales of cosmetics on the back of inbound demand.
- Stores saw both revenue and profits decrease due to the impacts from the shift to a fixed-term leasehold for some of the tenant contracts, and the temporary closure of the FREST Matsui Yamate Store for renovation.

# Segment Information (Leisure & Service)

(Millions of yen)

	FY2019	FY2018	Change	Change (%)
<b>Operating revenue</b>	30,621	31,298	-677	-2.2%
Hotel	26,800	27,379	-578	-2.1%
Leisure	3,848	4,097	-248	-6.1%
Elimination	-27	-177	149	-
<b>Operating income</b>	1,817	4,877	-3,060	-62.7%
Hotel	1,688	4,646	-2,958	-63.7%
Leisure	107	207	-99	-48.0%
Elimination	21	23	-1	-

## << Hotel occupancy rates >>

	FY2019	FY2018	Change
<b>Hotel Keihan</b>	94.1%	96.9%	-2.8pt
<b>Keihan Hotels &amp; Resorts</b>	* 87.6%	92.1%	-4.5pt

\* Occupancy rates excluding THE THOUSAND KYOTO, which commenced operation in January 2019, stood at 90.1%.

## (Major factors affecting performance)

- The hotel business saw both revenue and profits decrease due to business suspensions following natural disasters and the renovation of the Kyoto Century Hotel, as well as a rise in expenses for opening new hotels.
- The leisure business also saw both revenue and profits decrease owing to the impact of business suspensions for the renovation of golf courses and natural disasters.

# Consolidated Balance Sheets

(Millions of yen)

	FY2019	FY2018	Change	Main factors of changes
<b>Current assets</b>	180,080	168,266	11,814	Land and buildings for sale +7,640
<b>Non-current assets</b>	551,669	530,519	21,150	Buildings and structures +13,987 Investment securities +1,685
<b>Total assets</b>	731,750	698,786	32,964	
<b>Current liabilities</b>	178,310	161,600	16,710	Short-term loans payable +15,874
<b>Long-term liabilities</b>	314,744	313,626	1,117	Bonds +9,934, Long-term loans payable -7,861
<b>Total liabilities</b>	493,055	475,226	17,828	
<b>Net assets</b>	238,695	223,559	15,136	Retained earnings +17,175 * Equity capital ratio 32.1% (+0.6pt)
<b>Total liabilities and net assets</b>	731,750	698,786	32,964	

Note: The “Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.” have been applied from the beginning of the current period, presenting deferred tax assets under investments and other assets (non-current assets) and deferred tax liabilities under non-current liabilities. Figures for FY2018 have been restated after applying the partial amendments retroactively.

<b>ROA</b>	4.7%	4.6%	0.1pt	* ROA: Operating income to total assets
<b>ROE</b>	9.4%	10.8%	-1.4pt	* ROE: Net income to shareholders' equity
<b>EBITDA</b>	53,535	50,571	2,963	* EBITDA: Operating income + depreciation
<b>Interest-bearing debt at end of fiscal period</b>	334,346	316,399	17,946	Bonds +9,934, Loans payable +8,012
<b>Interest-bearing debt / EBITDA multiple (Times)</b>	6.25	6.26	-0.01	
<b>Net interest-bearing debt / EBITDA multiple (Times)</b>	5.85	5.85	-	

# Consolidated Statements of Cash Flows

(Millions of yen)

	FY2019	FY2018	Change	Main factors of changes
Cash flows from operating activities	36,473	44,438	-7,965	Increase in inventories -15,202, Decrease in notes and accounts receivable-trade +6,006
Cash flows from investing activities	-48,059	-32,603	-15,455	Proceeds from sales of non-current assets -8,134, Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation -2,826
Cash flows from financing activities	12,655	-9,858	22,514	Proceeds from issuance of bonds +19,862
Net increase (decrease) in cash and cash equivalents	1,069	1,976	-906	
Cash and cash equivalents at beginning of current period	20,300	18,324	1,976	
Cash and cash equivalents at end of fiscal period	21,377	20,300	1,076	

# Capital Expenditure by Segment

(Millions of yen)

	FY2019	FY2018	Change	Forecast for FY 2019	Change
Capital Expenditure	43,631	39,745	3,886	63,200	-19,568
Transportation	14,609	14,952	-343	19,300	-4,690
Real estate	26,080	21,345	4,735	20,300	5,780
Retail distribution	1,428	1,188	240	2,500	-1,071
Leisure and service	3,364	1,959	1,405	6,900	-3,535
Others	9	7	1	0	9
Adjustments	-1,860	293	-2,154	14,200	-16,060

# EBITDA by Segment

(Millions of yen)

	FY2019	FY2018	Change	Forecast for FY 2019	Change
<b>EBITDA</b>	53,535	50,571	2,963	51,000	2,535
Transportation	23,119	20,469	2,649	21,800	1,319
Real estate	22,666	20,334	2,332	21,200	1,466
Retail distribution	4,230	4,171	58	4,200	30
Leisure and service	2,933	6,040	-3,106	3,100	-166
Others	-20	71	-91	0	-20
Adjustments	605	-515	1,121	700	-94

FY2020

# Forecasts

# Consolidated Statement of Income (Performance Forecast)



- Operating revenue is expected to increase due in part to the full-year contribution of new hotels that opened in the previous year. However, operating income and ordinary income are likely to decrease partly due to a drop in sales of condominiums with large profit margins, which was posted in the previous fiscal year. Profit attributable to owners of parent is projected to increase thanks to a fall in extraordinary loss, which was posted in the previous fiscal year.

(Millions of yen)

	FY2020 forecasts	FY2019	Change	Change (%)
Operating revenue	326,700	326,159	540	0.2%
Operating income	32,000	33,715	-1,715	-5.1%
Ordinary income	30,500	32,108	-1,608	-5.0%
Profit attributable to owners of parent	22,000	21,480	519	2.4%
Capital expenditure	55,200	43,631	11,568	26.5%
Depreciation	21,200	19,819	1,380	7.0%
EBITDA	53,200	53,535	-335	-0.6%
Interest-bearing debt	375,000	334,346	40,653	12.2%
Interest-bearing debt/ EBITDA multiple (Times)	7.05	6.25	0.80	-
Net interest-bearing debt/ EBITDA multiple (Times)	6.67	5.85	0.82	-
Interest and dividend income	846	937	-91	-9.7%
Interest expenses	2,266	2,401	-134	-5.6%
Net interest expense	-1,420	-1,463	43	-

# Segment Information (Performance Forecasts)

(Main factors of changes compared to FY2019)

- Transportation: Increase in the number of tourists to the Kyoto area in the railway business, and a rise in repair expenses and personal expenses.
- Real estate: Drop in sales of condominiums with large profit margins, which were posted in the previous year.
- Retail distribution: Full-year contribution of the FREST Matsui Yamate Store, which was renovated in the previous year.
- Leisure and service: Full-year contribution of new hotels including THE THOUSAND KYOTO, which commenced operation in the previous year, and a fall in expenses for opening hotels, which were posted in the previous year.

(Millions of yen)

		FY2020 forecasts	FY2019	Change
Transportation	Operating revenue	94,600	93,926	673
	Operating income	10,400	11,221	-821
Real estate	Operating revenue	108,100	118,607	-10,507
	Operating income	14,900	17,468	-2,568
Retail distribution	Operating revenue	101,500	98,727	2,772
	Operating income	3,600	2,923	676
Leisure and service	Operating revenue	38,100	30,621	7,478
	Operating income	4,300	1,817	2,482
Others	Operating revenue	3,500	1,843	1,656
	Operating income	-400	-57	-342
Adjustments	Operating revenue	-19,100	-17,567	-1,532
	Operating income	-800	342	-1,142

# Operating Results for Transportation (Performance Forecasts) Keihan Electric Railway



	FY2020 forecasts	FY2019	Change	Change (%)
<b>Passenger transportation revenue</b>	Millions of yen	Millions of yen	Millions of yen	%
	52,650	52,054	595	1.1
<b>Non-commuter passes</b>	35,705	35,187	517	1.5
<b>Commuter passes</b>	16,945	16,866	78	0.5
<b>Number of passengers</b>	Thousands of people	Thousands of people	Thousands of people	%
	297,490	295,099	2,390	0.8
<b>Non-commuter passes</b>	151,509	149,795	1,713	1.1
<b>Commuter passes</b>	145,981	145,304	676	0.5

# Capital Expenditure by Segment (Performance Forecasts)



(Millions of yen)

	FY2020 forecasts	FY2019	Change
<b>Capital Expenditure</b>	55,200	43,631	11,568
Transportation	18,300	14,609	3,690
Real estate	18,800	26,080	-7,280
Retail distribution	2,300	1,428	871
Leisure and service	2,300	3,364	-1,064
Others	1,500	9	1,490
Adjustments	12,000	-1,860	13,860

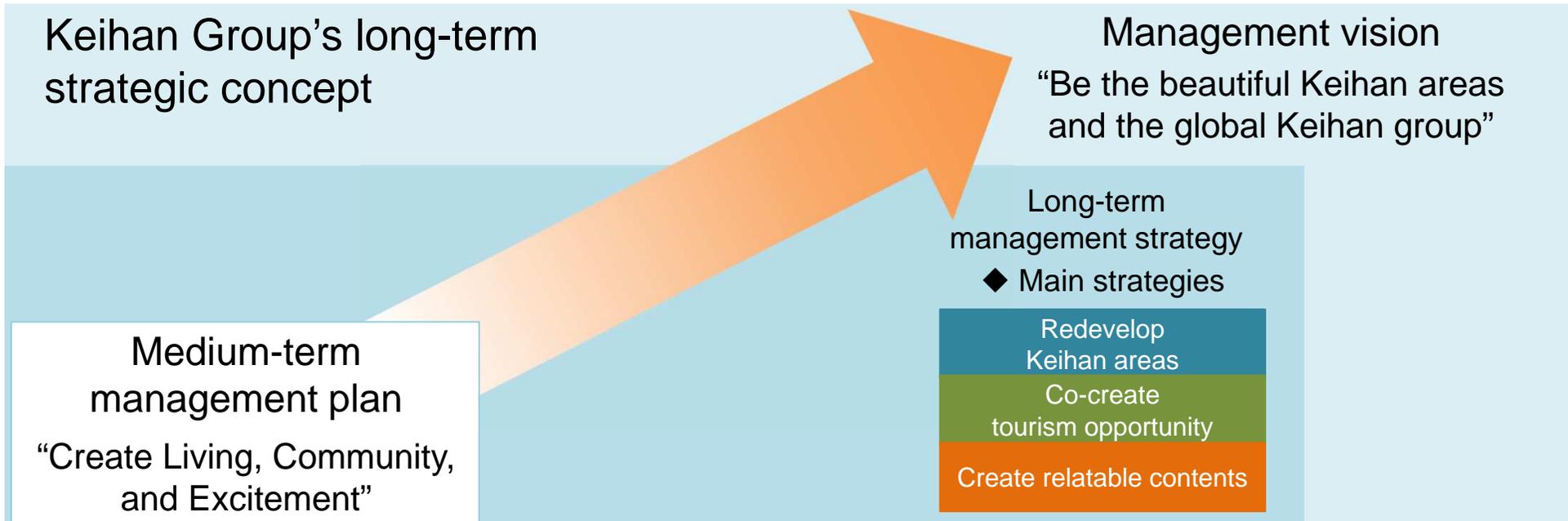
# EBITDA by Segment (Performance Forecasts)

(Millions of yen)

	FY2020 forecasts	FY2019	Change
EBITDA	53,200	53,535	-335
Transportation	22,300	23,119	-819
Real estate	21,100	22,666	-1,566
Retail distribution	4,900	4,230	669
Leisure and service	5,700	2,933	2,766
Others	-300	-20	-279
Adjustments	-500	605	-1,105

# Progress Status of Keihan Group's Medium-Term Management Plan “Create Living, Community, and Excitement”

# Overall structure of the long-term strategic concept



\*Includes planned projects

# Overview of the long-term management strategy



## The main strategies carried out by the Keihan Group toward FY2027

Theme	Basic policy	Priority measures
<b>Redevelop Keihan areas</b>	Make the areas along the Keihan Railway lines beautiful through urban revitalization with railway stations at the core	Regain the glory of Osaka's east to west axis and carry out community building starting from railway stations
<b>Co-create tourism opportunity</b>	Create tourism opportunities with the community and promote global exchange	Strengthen tourism and inbound business mainly in Kyoto
<b>Create relatable contents</b>	Create products, services, and businesses that customers can relate to	<b>BIOSTYLE</b> -Aim for Keihan as First Choice-

## Preparations for the management vision

<p><b>Create area portfolios</b></p> <ul style="list-style-type: none"> <li>■ Focus on business development in Kyoto and contribute to the re-creation of Kyoto</li> <li>■ Expand business to outside the areas along the Keihan Railway lines (domestic and overseas growth markets)</li> </ul>	<p><b>Promote innovations with an eye to the next generation</b></p> <ul style="list-style-type: none"> <li>■ Create services and improve productivity by utilizing ICT technologies</li> <li>■ Promote new businesses</li> </ul>
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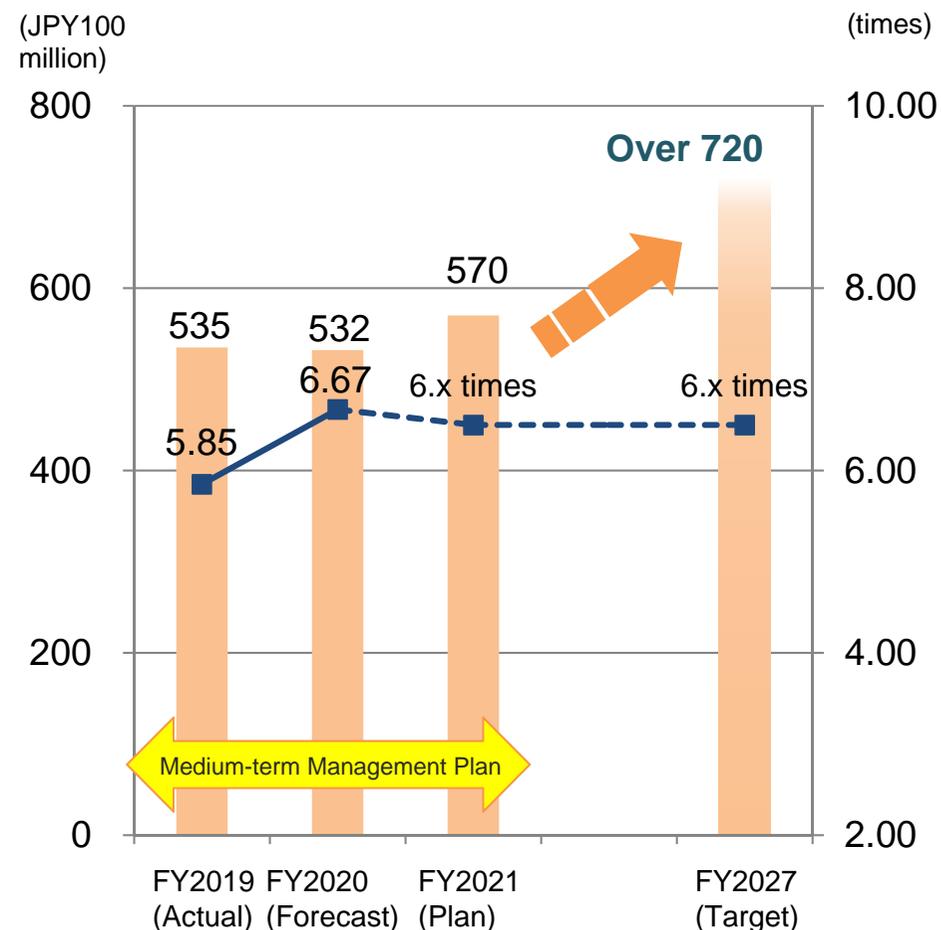
# The long-term management strategy

## Transition of management indices

### Consolidated operating income



### Consolidated EBITDA and consolidated net interest-bearing debt / EBITDA multiple



- Consolidated EBITDA
- Consolidated net interest-bearing debt / EBITDA multiple

## Opening of THE THOUSAND KYOTO

The Keihan Group's flagship hotel, THE THOUSAND KYOTO, was opened on January 29, 2019 in an excellent location close by Kyoto Station. This is the highest-class brand of the Group.

The hotel aims to be a "personal comfort hotel" that offers quality accommodation service as well as "tourism and attraction experience" contents.

- Access: Approx. 2 minutes. walk from JR Kyoto Station
- No. of guest rooms: 222

After the opening, the occupancy rate increased in accordance with visibility enhancement.

We will continue our efforts toward better performance.



## Increasing openings of hotels around Kyoto Station

By opening new hotels, we will have approx. 1,500 guest rooms around Kyoto Station.

### ◆ Hotel Keihan Kyoto Hachijoguchi

- Opening date: December. 1, 2018
- No. of guest rooms: 234

### ◆ Hotel Keihan Kyoto Station South (tentative name)

- Scheduled opening: Spring 2020
- No. of guest rooms: 200 (planned)



Kyoto Station South (image)

Kyoto Hachijoguchi



## Enhancing transportation network in Kyoto

### ◆ Upgrade of Kitano-Hakubaicho Station

By upgrading Keifuku Electric Railroad (Randen) Kitano-Hakubaicho Station and improving connection with bus services, we will boost the station's convenience and promote tourism.



### ◆ Sky Hop Bus Kyoto

Skyhop Bus Marketing Japan, sponsored by Keihan Bus, started operation of a hop-on-hop-off, cruise-type bus service connecting tourist spots. It is targeted at inbound individual tourists that are increasing in number.

- Start of service: April. 13



### ◆ Keihan Shichijo-Kyoto Station Loop Bus

We started operation of a shuttle bus service connecting Keihan Railway Shichijo Station and JR Kyoto Station to improve connection between the two stations.

- Start of service: April. 1



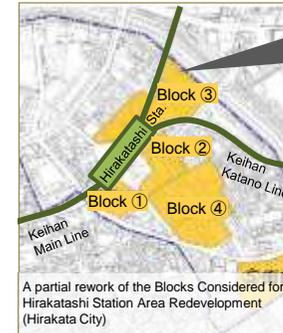
## Hirakatashi

December 2018

- The Hirakatashi Station Area Urban Redevelopment Preparation Association was established.
- Hirakatashi Station's concourse of the central exit area on the second floor was renovated.

FY2020 (planned)

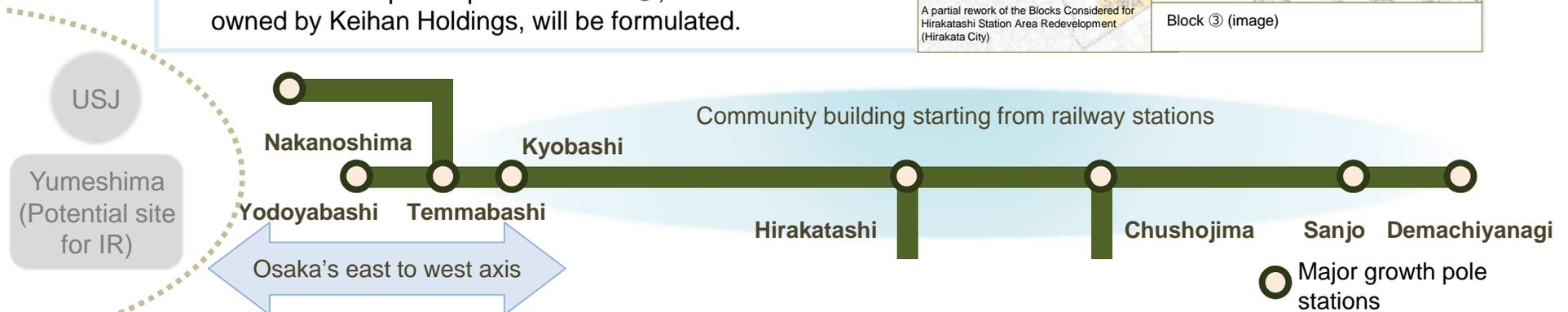
- Urban redevelopment plan for Block ③, which includes land owned by Keihan Holdings, will be formulated.



A partial rework of the Blocks Considered for Hirakatashi Station Area Redevelopment (Hirakata City)



Block ③ (image)



## Nakanoshima



The International Hub for Medical Innovation (image)

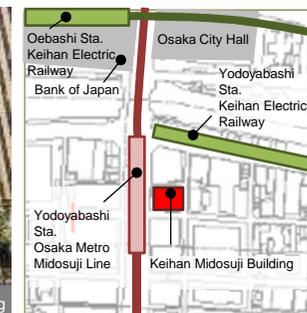
- The area will be developed as a global hub for business, cultural, and academic exchanges. We were selected as a preferred bidder regarding the development of the International Hub for Medical Innovation organized by Osaka City.
- Revitalization of the entire area including adjoining land owned by Keihan Holdings will be promoted.

## Yodoyabashi

- Connection point of the east to west axis and Midosuji street as the north-south axis.
- We are planning to rebuild the Keihan Midosuji Building and develop the site.



Current status of Keihan Midosuji Building and its surrounding



## Opening of the GOOD NATURE STATION

BIOSTYLE is a new lifestyle proposed by the Keihan Group, aimed at achieving a healthy, beautiful, and high-quality life and contributing to a recycling-oriented society.

The GOOD NATURE STATION will open in December 2019 in Shijo-Kawaramachi, Kyoto City as a facility that embodies BIOSTYLE with food, beauty and accommodation.



### ◆ Hotel (4F-9F)

- Large guest rooms with their interior featuring natural wood will provide a comfortable stay for group guests.
- No. of guest rooms: 141 (120 twin rooms and 21 double rooms)



### ◆ Studio (3F)

- Houses a comprehensive beauty salon themed with “vitality” and “rejuvenation” and a shop area handling cosmetic-related items.
- We will enter the SPA business to develop unique brands and products.



### ◆ Gastronomy (2F)

- The “premium gastronomy floor” where customers can have a special eating experience, feeling the four seasons with their five senses. This will be made possible by our thorough pursuit of ingredients.
- Unlike the restaurant on the 1st floor, this area focuses only on “special eating experience.”

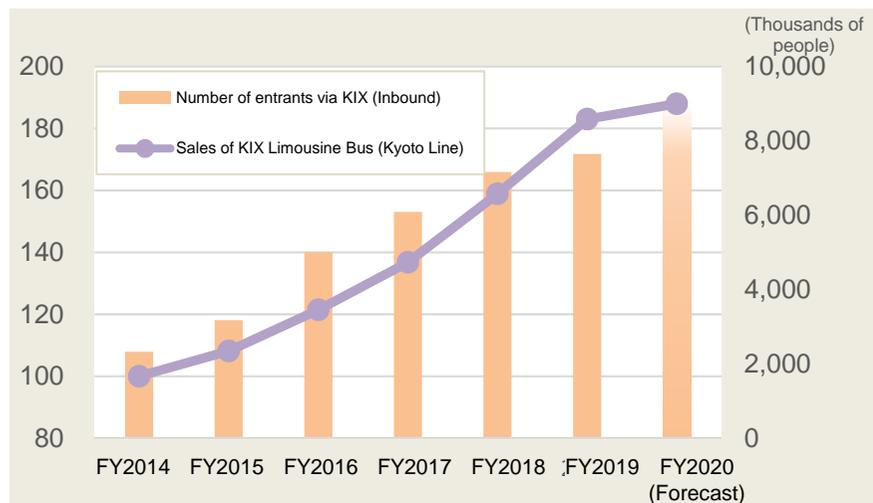
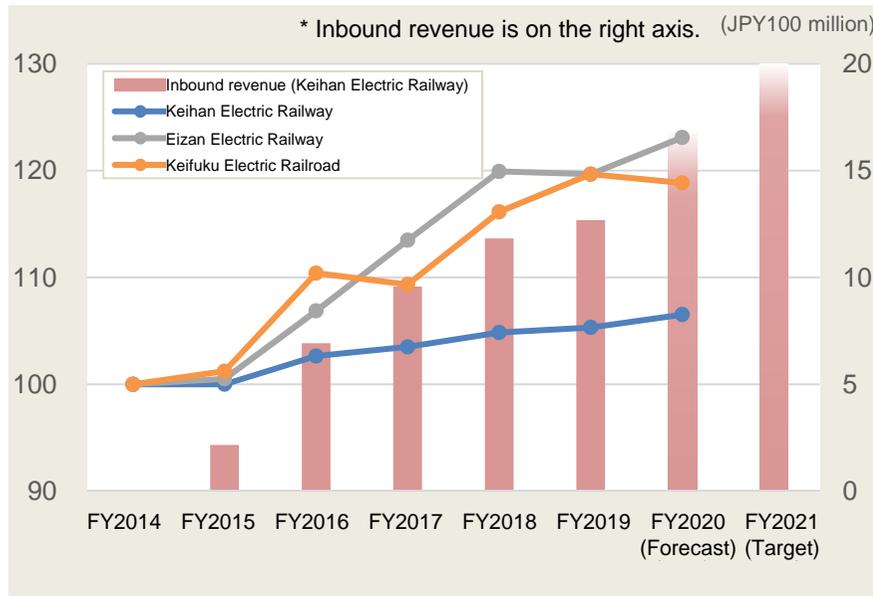


### ◆ Market (1F)

- Composed of the two zones of “Market” and “Restaurant.”
- A specialty shop themed on food, offering organic and other healthy food items for having them on site, for takeaway or through various other styles.

# Initiatives in the transportation business

## Transition of the passenger transportation revenue and inbound revenue



\* FY2014 = 100

## Initiatives for creating new demand

### ◆ Increase in the Premium Car and Liner train services (FY2019)

- Increased runs of Premium Cars (105 on weekdays; 118 on weekends & holidays) and operating hours
- Increased runs of Liner trains to a total of five runs on weekday mornings and nights, with the operation section expanded to Kyoto

### ◆ Introduce Premium Cars in the 3000 series (FY2021)

- The number of Premium Cars operated will be increased by combining with the 8000 series Premium Cars that have already been introduced.
- During the daytime, all special express trains will have a Premium Car, in principle.



### ◆ Increase in the KIX Limousine Bus (Kyoto Line) services

- The number of the bus services was increased at the time of timetable revisions in July 2018 and April 2019.

# Initiatives in the transportation business

## Development of the golden route for tourism of Kyoto

### ◆ Upgrade of Eizan Railway Kibuneguchi Station

The station is the gateway to a popular tourist spot in the Rakuhoku area, Kibune.

The number of passengers using this station increased as the number of inbound tourists increased.

We are renovating the station building and platforms, and introducing barrier-free facilities.



To be completed in spring 2020



Golden route for tourism of Kyoto

### ◆ Attraction of tourists to Iwashimizu-hachimangu Shrine

To enhance tourism business around this area, the name of the nearest station will be changed and the cable cars will be upgraded.

This is an initiative to revitalize the areas along the Keihan Railway lines and to publicize tourism resources.



- The station name “Yawatashi” to be changed to “Iwashimizu-hachimangu” on October. 1, 2019

## Study of next-generation mobility services featuring ICT

### ◆ Demonstration experiment of self-driving shuttle bus services in Otsu City

- We aim at practical operation of self-driving buses to secure means of transportation for elderly people, offer secondary transport for tourists, and resolve the severe problem of driver shortage.
- The self-driving bus ran through an area where general vehicles and pedestrians were present, at Autonomous Driving Level 3 (self-driving with reservations).
- Another demonstration experiment is planned in autumn 2019, aiming to start practical operation of self-driving buses in Otsu City in 2020.

- Jointly conducted by Otsu City, Keihan Bus and Nihon Unisys.
- Experiment date: March. 21, 2019



We will proactively promote initiatives featuring ICT to support solutions to social problems and sustainable development in the communities

# Initiatives in the real estate business

## Major properties acquired or developed through our real estate leasing service

FY2018		FY2019		FY2020	
	June 2017 Chuo-ku, Sapporo City 9,062 m <sup>2</sup>		December 2018 Minami-ku, Kyoto City Approx. 8,360 m <sup>2</sup>		December 2019 Shimogyo-ku, Kyoto City 27,628 m <sup>2</sup>
	August 2017 Naka-ku, Yokohama City 16,191 m <sup>2</sup>		January 2019 Shimogyo-ku, Kyoto City 41,891 m <sup>2</sup> <small>Kyoto Century Hotel included</small>		December 2019 Manila Metropolitan Area, Philippines 94,768 m <sup>2</sup>
	March 2018 Minato-ku, Tokyo 97,294 m <sup>2</sup>		February 2019 Hakata-ku, Fukuoka City 3,532 m <sup>2</sup>		December 2019 Minato-ku, Tokyo Approx. 173,000 m <sup>2</sup>
Legend (* indicates partial ownership)	Acquisition or opening period Location Total floor area	Expand business in and outside areas along the Keihan Railway lines as the driver of the Group's growth			

# Initiatives in the real estate business

## Main condominiums to be sold in the term ended March 31, 2020 and thereafter

### ◆ Domestic projects

Name of property, location		No. of housing units
Scheduled delivery in FY2020		
Fine City Sapporo The North Gate	Sapporo City	66
Fine City Nishinomiya Koshien	Nishinomiya City	135*
Fine Extra City	Osaka City	138*
Scheduled delivery in FY2021		
Fine City Shin-Koshigaya	Koshigaya City	179
Yamato City Project	Yamato City	604*
Osaka Nishi-ku Kitahorie Project	Osaka City	141
Scheduled delivery in FY2022		
Osaka Tanimachi 2-chome Tower Project	Osaka City	241
Hirakata Korien Project	Hirakata City	123
Chiba Inage-ku Project	Chiba City	103
Sapporo Kita-ku Project	Sapporo City	227

\* Joint project

The number of housing units is the total number of housing units.

The number of housing units and the timing of posting of the above properties may change.

### ◆ Overseas projects

#### Bangkok, Thailand



#### The Fine Bangkok Thonglor-Ekamai

- Location: Watthana District, Bangkok
- Scheduled delivery: July 2020
- Building size: 31 floors above ground
- No. of housing units for sale: 220



#### Second project in Bangkok, Thailand

- Location: Watthana District, Bangkok
- Scheduled delivery: December 2020
- Building size: 7 floors above ground
- No. of housing units for sale: 109

#### The suburbs of Jakarta, Indonesia



#### Detached house development project in suburban areas

- Location: Bekasi, West Java, Indonesia
- Scheduled delivery: April 2021 onwards
- No. of housing units for sale: 111

# Initiatives in the retail distribution business

## Further expansion of the Ekinaka (in-station) business

### ◆ The “Hirakata Moyori-ichi” commercial zone opened in Hirakatashi Station

As the first project under the concept of “community building starting from railway stations,” a commercial zone integrated with the station was opened in December 2018 on the occasion of the renovation of the station’s concourse of the central exit area on the second floor.

#### Store lineup

- Small supermarket
- Convenience store
- Bakery
- Juice bar
- Sweet shop



## Upgrading commercial facilities

### ◆ Upgrade of Keihan City Mall

Food and merchandise zones were enhanced and a large specialty store of children’s goods was opened. The facility will meet the needs of various generations, and as such, its value will be improved.

- Opening after upgrade: March 2019 onwards
- Nearest station: Keihan/Osaka Metro Temmabashi Station

### ◆ Upgrade of FREST Matsui Yamate Store

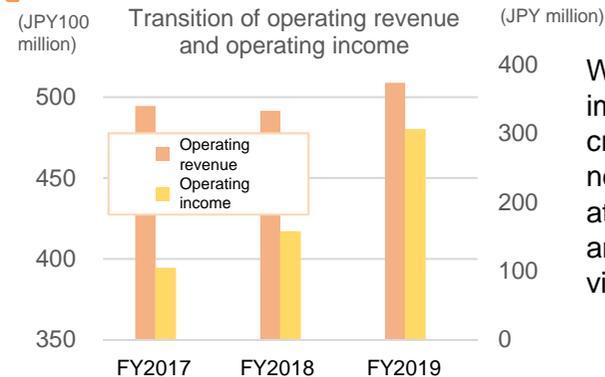
We improved the product lineup, focusing on deli items with increasing demand.

We also enhanced profitability through the introduction of a specialty store of imported food items.

- Opening after upgrade: November 2018
- Nearest station: JR Matsuiyamate Station



## Restructuring of the department store business



We are successfully improving profitability by creating stores that suggest new lifestyles to customers, attracting inbound tourists, and strengthening business vitality.

\* Right axis for operational income

# Initiatives of the Leisure and Service business



## Increase openings of hotels aimed at exploiting tourism market growth

Grade, unit price	Brand	No. of guest rooms	Planned opening in FY2020 and beyond	No. of guest rooms
High  Low	• THE THOUSAND KYOTO	222	----->	222
			• GOOD NATURE HOTEL	141
	• Kyoto Century Hotel • Kyoto Tower Hotel • Biwako Hotel	555	----->	555
	• Hotel Keihan (lifestyle hotel)	1,802	----->	1,802
	• Hotel Keihan (business hotel) • Kyoto Tower Hotel Annex	1,384	Hotel Keihan • Kyoto Station South • Nagoya Sakae • Sendai • Shin-Temmabashi	2,343
	• CAFETEL	21	----->	21
<b>Total no. of guest rooms</b>		<b>3,984</b> <b>(4,013)</b>		<b>5,084</b> <b>(5,113)</b>

### ◆ Hotel Keihan Sendai (tentative name)

First hotel opening in the Tohoku area

- Scheduled opening: Summer 2020
- Location: Aoba-ku, Sendai City
- No. of guest rooms: 200 (planned)



### ◆ Hotel Keihan Shin-Temmabashi (tentative name)

Located in Temmabashi area, close to Osaka Castle



- Scheduled opening: Spring 2021
- Location: Chuo-ku, Osaka City
- No. of guest rooms: 300 (planned)

\* Figures in parentheses in the “total no. of guest rooms” include number of guest rooms in alliance hotels.

# Progress status of major strategic investment projects



			FY2019	FY2020	FY2021	FY2022 onwards
Redevelop Keihan areas	Regaining the glory of Osaka's east to west axis	Development of Yodoyabashi, Nakanoshima and Kyobashi Review on the extension of Nakanoshima Line	<ul style="list-style-type: none"> <li>Selected as a preferred bidder regarding the Nakanoshima 4-chome International Hub for Medical Innovation</li> </ul>			Aiming to complete development of each growth pole by FY2027
	Community building starting from railway stations	Development of the area around Hirakatashi Station	<ul style="list-style-type: none"> <li>Upgrade of the station</li> <li>Establishment of the Hirakatashi Station Area Urban Redevelopment Preparation Association                             <ul style="list-style-type: none"> <li>Establishment of the urban redevelopment plan</li> </ul> </li> </ul>			
Co-create tourism opportunity	Strengthening tourism and inbound business mainly in Kyoto	THE THOUSAND KYOTO Development of Sanjo, Demachiyonagi and Chushojima	<ul style="list-style-type: none"> <li>Opening of THE THOUSAND KYOTO</li> </ul>			
Create relatable contents	BIOSYTL	GOOD NATURE STATION	<ul style="list-style-type: none"> <li>Opening of the GOOD NATURE STATION</li> </ul>			
Each business segment	Transportation	Creating new demand	Introduce Premium Cars in the 3000 series			
		Enhancing transportation network	<ul style="list-style-type: none"> <li>Upgrade of Kitano-Hakubaicho Station</li> </ul>			
		Improvement of safety and services	Upgrade of Kibuneguchi Station Completing introduction of new ATS in all Keihan Railway lines			
	Real estate	Acquisition and development of properties	<ul style="list-style-type: none"> <li>Opening of Toranomom Hills Business Tower</li> <li>Purchase of Arietta Hotel Hakata</li> </ul>			
		Overseas business expansion	<ul style="list-style-type: none"> <li>Office building in Philippines</li> <li>Condominium in Thailand (1)</li> <li>Condominium in Thailand (2)</li> <li>Detached house development project in suburban areas in Indonesia</li> </ul>			
	Retail distribution	Improving value of the stores (Upgrading)	<ul style="list-style-type: none"> <li>Racto Yamashina (the site of former Daimaru Yamashina Store)</li> <li>Keihan City Mall</li> <li>FREST Matsui Yamate Store</li> </ul>			
	Leisure and service	Increasing openings of hotels	<ul style="list-style-type: none"> <li>Kyoto Hachijoguchi</li> <li>Nagoya Sakae</li> <li>Shin-Temabashi</li> <li>Tsukiji Ginza</li> <li>Kyoto Station South</li> <li>Tokyo Yotsuya</li> <li>Sendai</li> </ul>			
Enhancing leisure contents		<ul style="list-style-type: none"> <li>Upgrade of Kuzuha Golf Links</li> </ul>				

# Capital expenditure and shareholder return

## Concept of capital expenditure

### Aggressive investment for future growth

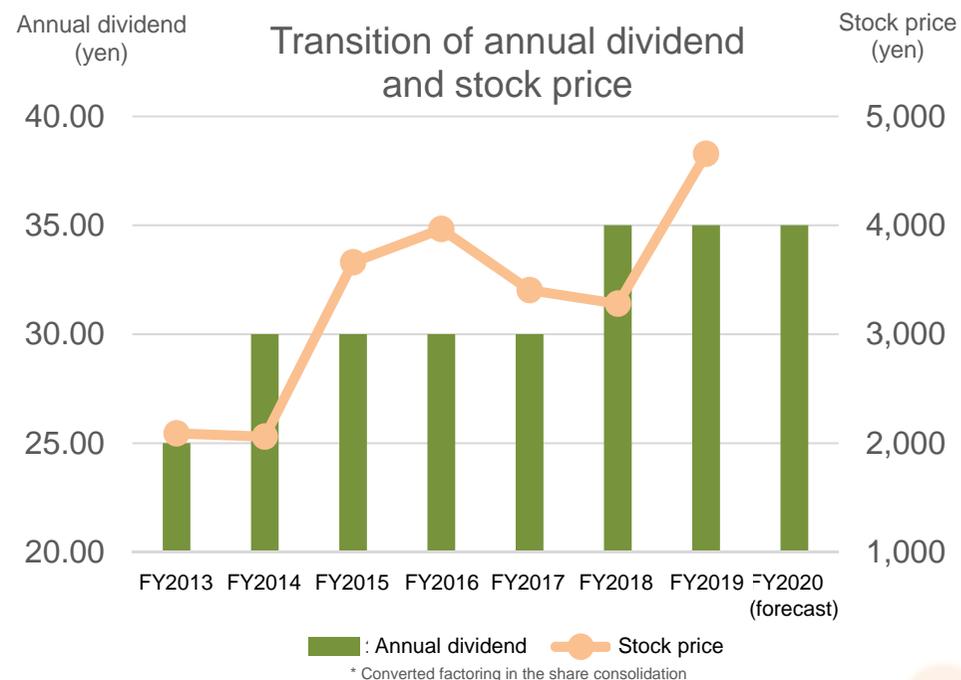
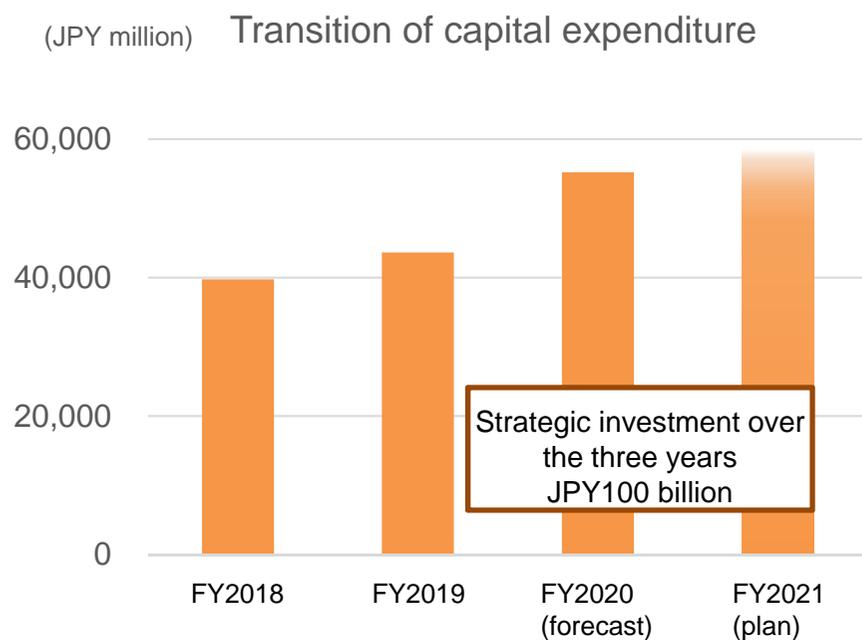
Set a total of JPY100 billion over three years as “strategic investment” .  
 Carry out investment for growth that contributes to the improvement of corporate value and the Keihan brand mainly in the “three main strategies” of the long-term management strategy.

## Shareholder return policy

### Shareholder return

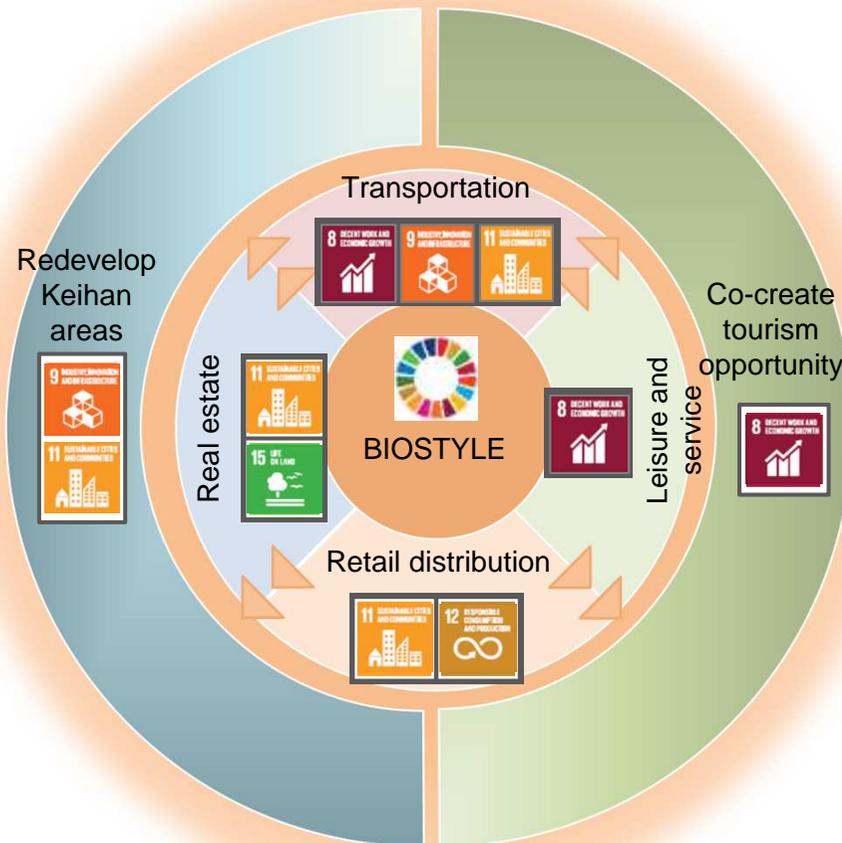
Continue stable dividend payment according to performance while prioritizing investment for growth.

Carry out flexible share buybacks from a capital efficiency perspective



# To realize a sustainable society

The Keihan Group will contribute to the achievement of SDGs and aim for continuous growth in harmony with society by creating products, services, and businesses that contribute to solving social issues mainly through BIOSTYLE and promoting business activities in consideration of environment, society and governance.



## GOOD NATURE STATION



Planning to obtain the LEED certification (a global certification for green buildings) and the WELL Building Standard® certification with regard to wellness (to be the first hotel in the world to obtain the WELL certification).

## Self-driving project in Eiheiji-cho, Fukui



To contribute to the maintenance of local transportation network

## Operation of bus services for tourists (Sky Hop Bus, etc.)



Sky Hop Bus Kyoto

Striking a good balance between tourism and local people's lives

Tourism promotion in cooperation with local communities



Ujicha Bus

## Renovation of Kyomachiya traditional houses



Kyomachiya traditional houses are being renovated as accommodation facilities to pass down the history, tradition and culture fostered in Kyoto to the next generation.

The first "inheritance" project was started in Higashiyama-ku, Kyoto City.

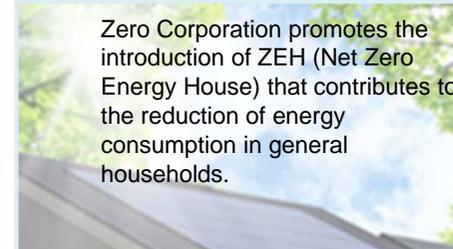
## Bio Market

Sales of organic agricultural products and processed foods that are beneficial to impose minimum burden on people and the natural environment.



## Promotion of ZEH

Zero Corporation promotes the introduction of ZEH (Net Zero Energy House) that contributes to the reduction of energy consumption in general households.



# Initiatives in ESG

## E (Environment)

### Contribution to global warming prevention



Introduction of energy-saving railroad car



Conservation of the satoyama environment

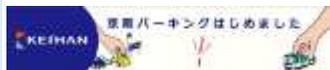


Participation in the "Kyoto Midori Project"



Keihan Yodo Logistics Yard equipped with photovoltaic power generation

THE THOUSAND KYOTO promotes energy-saving through greening on the building, utilizing photovoltaic power generation and well water.



Opening of the parking lot business to promote Park & Ride



## S (Society)

### Provision of value trusted by customers such as "safety and security"

- Initiatives of Keihan Railway to improve safety  
We will make every effort to improve safety and develop human resources by formulating a medium-term plan for safety and security.  
We have been implementing safety improvement measures including introduction of the multi-information continuous control ATS system. We have also carried out drills against disasters and accidents on a continuous basis.

### Contribution to sustainable development of local communities



The Lake Biwa Canal restoration project



Boosting waterway transportation on Yodogawa River

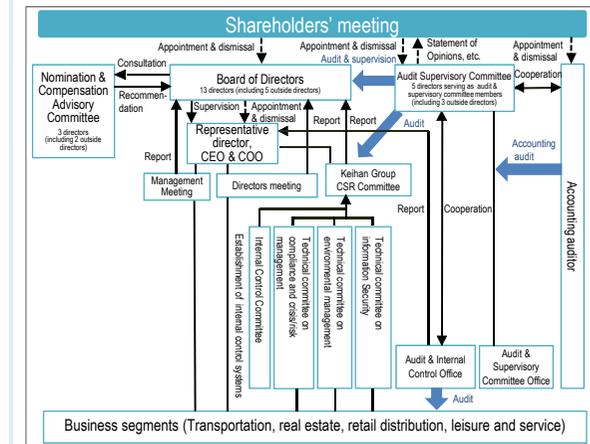
### Development of the environment and a corporate culture encouraging employees to exercise their strengths

- Promoting women's empowerment  
We aim to increase the number of women in a leadership position such as management by more than 50% by the end of FY2021 (compared to FY2016).
- Promoting active employment of people with disabilities  
Established Keihan Smile Heart Co., Ltd. in 2017
- Approach toward a healthy company  
Announced "Health Declaration" in 2018
- Promotion of diversity management  
Participated in the personnel exchange scheme among major private railway companies "Mintetsu Career Train"

## G (Governance)

### Enhancing governance system

- We have decided to be a company with an audit and supervisory committee since FY2018.
- Selecting five out of thirteen directors from outside of the company.



### Risk management

- Formulation of the Business Continuity Plan (BCP)

### Ensuring thorough compliance

- Continuously implemented education and training programs for employees
- Established the Compliance Hotline
- Conducted an awareness survey on compliance