



KEIHAN GROUP CORPORATE REPORT 2018

Be the beautiful Keihan the global Keihan

Editorial policy

The Keihan Group places emphasis on communication with its stakeholders in advancing its business activities. This report has been issued as a comprehensive communication tool that introduces the group's history, current businesses and its initiatives aimed at further improvement of its corporate value, thereby allowing its readers to deepen their understanding of the Keihan Group, which is striving to achieve sustainable growth with society.

* In this report, FY2018 refers to the fiscal year ended March 31, 2018. This rule applies to all other years with the FY notation.

● Coverage

Keihan Holdings Co., Ltd. and its group companies

● Period

Fiscal 2018 (April 1, 2017 to March 31, 2018)

* Contains some information not included in the above period.

● Month of issue

August 2018



Keihan Holdings' website "Kokoromachi Tsukuro"

Under the page title "Kokoromachi Tsukuro" (indicating "Let's create heartwarming communities and the things people anticipate"), which is the slogan of the Keihan Group, the website introduces our wide-ranging activities, as well as various scenes and people's expressions in the areas along the Keihan Railway lines, with photos and reports.

Through such information, we intend to express the value that the Keihan Group has pledged to offer to customers, such as "safety and security," "warmth," and "thoughtfulness."

<https://www.keihan-holdings.co.jp/brand/>

areas and group

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History of the Keihan Group

Founder's spirit passed down



Eiichi Shibusawa
(Photo owned by Shibusawa Memorial Museum)

Keihan Electric Railway Co., Ltd., the predecessor of Keihan Holdings, was established on November 19, 1906 by Eiichi Shibusawa as leader of the organizing committee. Shibusawa is known as the founder of Japan's first bank, The First National Bank, and has been dubbed as the Father of Japanese Capitalism. Construction of a railroad that connects the 1,000-year-old capital of Japan, Kyoto, and the commercial center, Osaka, was a promising project from the perspective of profitability. At the same time, the project was based on a high ideal of contributing to the development of local communities.

The management philosophy of Shibusawa is summarized in the doctrine of "the harmony between morality and economy," which means that the main duty in business is not simply pursuing personal gain, but also dedicating efforts to other people's happiness in consideration of public gain. In the course of its history, the Keihan Group has passed down the founder's spirit as the whole group's asset, and has achieved development along with society. The spirit is currently stipulated in the Management Principles and shared within the group. While the social and economic environments are expected to change drastically in the future, we are determined to continue presenting value to society on the basis of the founder's spirit and Management Principles, and achieve sustainable development along with society.

1906

Keihan Electric Railway Co., Ltd. was established

1910

Keihan Electric Railway was opened to traffic (between Temmabashi Sta. in Osaka and Gojo Sta. in Kyoto)



The first Chrysanthemum Figure Exhibition was held in Korien



1968

The first-period lot sales of Kuzuha Rose Town was started



1985

Keihan Department Store Moriguchi was opened



1926

Full-fledged entry into bus business



Diversification of business that supported Japan's post-war economic growth

With the rapidly increasing transportation and housing needs in the areas along our railway lines, we devoted ourselves to the enhancement of railway transportation capacity and housing development. By extending the Keihan Main Line to Yodoyabashi, we successfully improved access to central Osaka. We also made a full-fledged entry into the building rental business. In addition, we began operation of business hotels and department stores, and improved leisure facilities, such as cruise ships. In this way, we supported the economic growth of Japan through diversification of our business.

1979

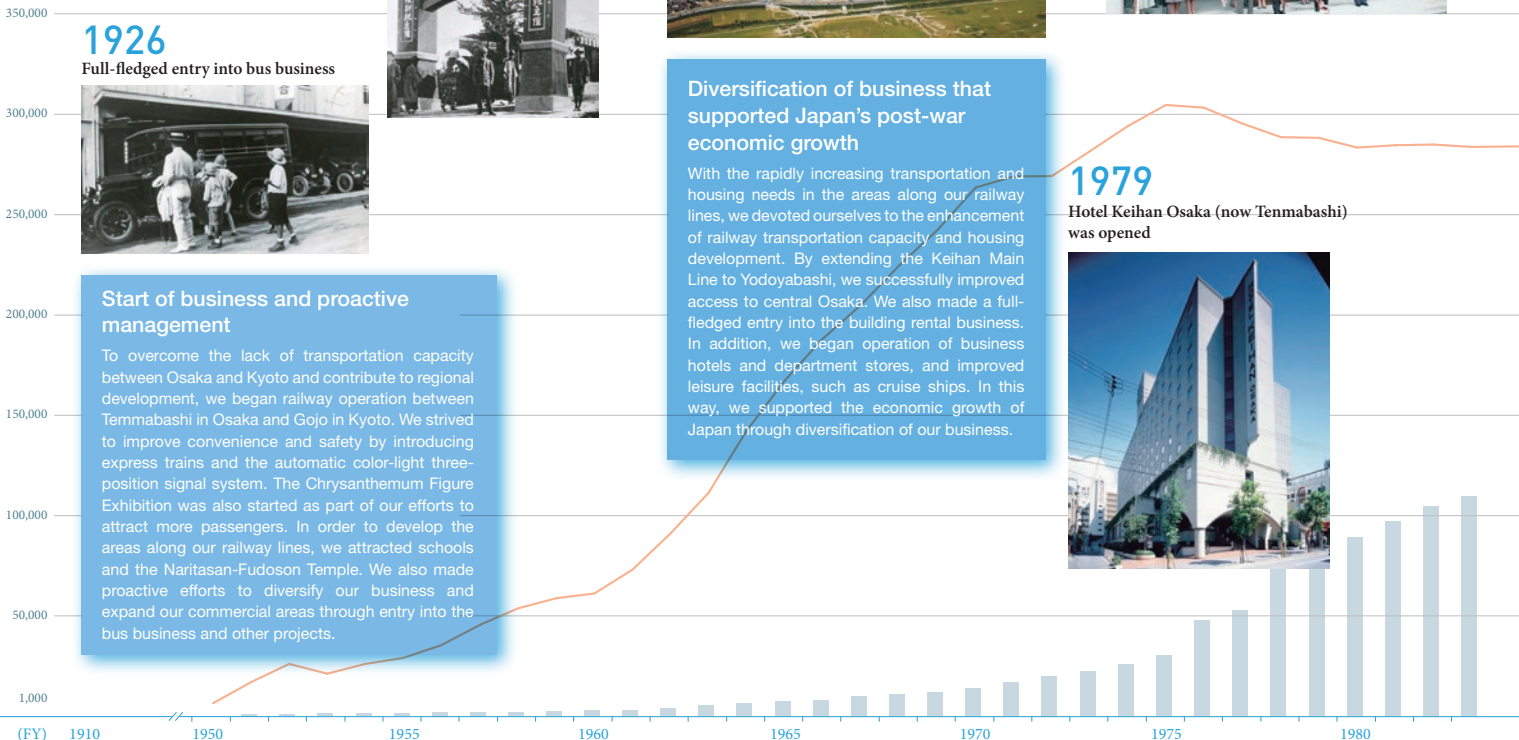
Hotel Keihan Osaka (now Tenmabashi) was opened



Start of business and proactive management

To overcome the lack of transportation capacity between Osaka and Kyoto and contribute to regional development, we began railway operation between Temmabashi in Osaka and Gojo in Kyoto. We strived to improve convenience and safety by introducing express trains and the automatic color-light three-position signal system. The Chrysanthemum Figure Exhibition was also started as part of our efforts to attract more passengers. In order to develop the areas along our railway lines, we attracted schools and the Naritasan-Fudosen Temple. We also made proactive efforts to diversify our business and expand our commercial areas through entry into the bus business and other projects.

Consolidated operating revenue (million yen)



* Figures in or before fiscal 1977 indicate non-consolidated operating revenues of Keihan Electric Railway Co., Ltd.

over generations

2008

Nakanoshima Line (between Temmabashi Sta. and Nakanoshima Sta.) was opened to traffic



Business reconstruction followed by new growth

To respond to the drastic changes in the business climate, such as the economic slump caused by the bubble burst in Japan, we worked on business reconstruction by, for example, changing the real estate business model through the Keihan Group "Re-Born 21" Plan. We also formulated the management vision "Our Challenge to Keihan as First Choice" with a view to becoming a "large and successful company." We continued our proactive approaches, such as the launch of the Nakanoshima Line, which contributed to the revitalization of the Kansai economy, and the opening of Kuzuha Mall, which enhanced the value of the areas along our railway lines. Furthermore, we expanded our business also in the areas away from our railway lines, such as hotel operation in the Tokyo metropolitan area.

2016

Keihan Yodo Logistics Yard was opened



2017

Kyoto Tower Sando was opened



"Premium Car" (special car with reserved seats) was introduced



Toward the next 100 years

Under the previous medium-term management plan "Bravely Pursuing Creation," we adopted the holding company system to become a corporate group that can continue growth even in the severe business climate to be brought about by population decline, etc. In addition to the reinforcement of our four core businesses, we also worked on the enhancement of the value of the areas along our railway lines (which is the point of origin where the company was started), exploitation of opportunities in the rapidly growing inbound market, and creation of contents to enhance customers' "value of living." In May 2018, we formulated the "Keihan Group's Long-term Strategic Concept," consisting of a new management vision toward 2050 and mid- and long-term management strategies focused on its realization. We are always challenging ourselves so that we can achieve further growth even in the midst of drastic changes in society, as a corporate group needed by society.

2018

Hirakatashi Station being upgraded

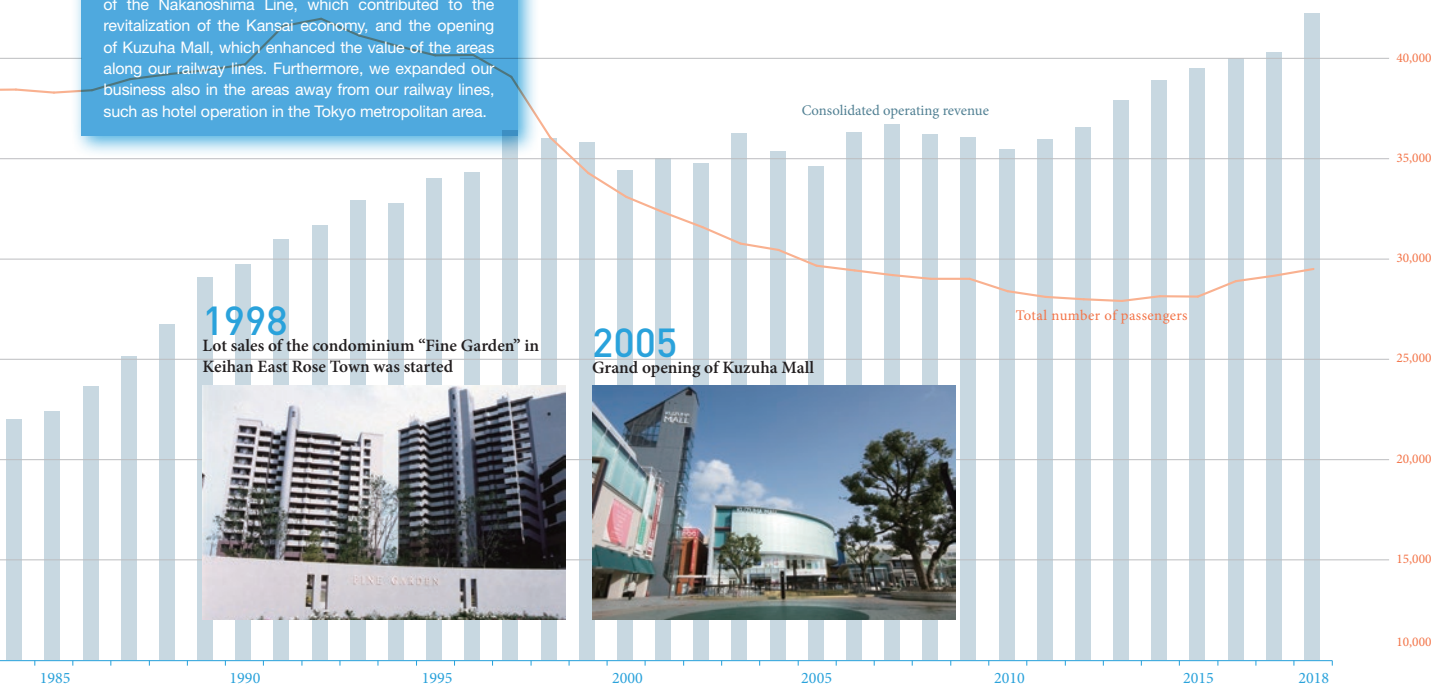


Total number of passengers (Keihan Electric Railway Co., Ltd.)
(ten thousand people)

45,000

Consolidated operating revenue

Total number of passengers



1998

Lot sales of the condominium "Fine Garden" in Keihan East Rose Town was started



2005

Grand opening of Kuzuha Mall



Management Principles System of the Keihan Group

Aiming to be a brilliant corporate group with continued prosperity in the 21st century, the Keihan Group established the Management Principles in July 1998 to clearly convey its social mission and responsibility to its stakeholders in and outside of the group.

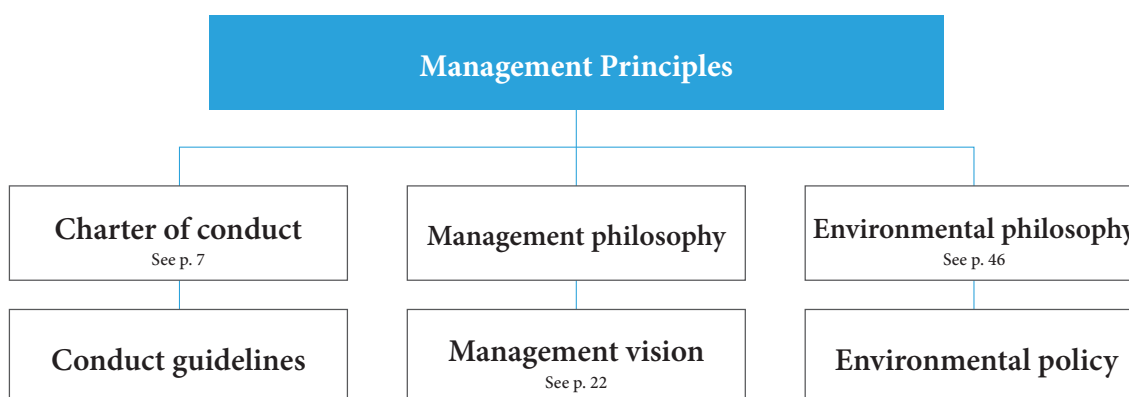
With the Management Principles as the superordinate concept, we also established a “charter of conduct” as a basic course of action encouraging corporate officers and employees to realize the Management Principles through their daily behavior, a “management philosophy” as premise values for managerial decision-making, and an “environmental philosophy” that describes the attitude required in becoming an eco-friendly company.

Furthermore, we have determined “conduct guidelines,” a “management vision” and an “environmental policy” to embody the concept of the “charter of conduct,” “management philosophy” and “environmental philosophy,” respectively.

Management Principles

The Keihan Group will create a comfortable living environment and contribute to society by establishing a network of dreams, hope, and trust.

Diagram of the Management Principles System



Management philosophy

1. We will take good care of local communities, customers, shareholders and employees.
2. We will comply with laws, regulations and social norms, and fulfill our corporate social responsibility.
3. We will make efforts to conduct eco-friendly corporate management, and give due consideration to environmental conservation and resource protection.
4. We will always take new approaches and reinvent ourselves.
5. Under the customer-first policy, we will develop a life-stage network based on the railway business, and create a comfortable living environment.

Environmental philosophy

Based on the recognition that global environmental conservation is one of the key common issues shared by all humankind, the Keihan Group will contribute to the sustainable development of society by making efforts to conduct eco-friendly corporate management and give due consideration to environmental conservation and resource protection.

Charter of conduct

As a corporate group engaged in the highly public business of railway service as well as diverse businesses that are closely associated with local communities, the Keihan Group has established the charter of conduct as follows so that it will be able to fulfill its corporate social responsibility by faithfully responding to the expectations of people surrounding the group and to earn the trust of local communities.

All corporate officers and employees of the Keihan Group will recognize that the achievement of this charter of conduct is the role given to them, and take the lead in its achievement.

1. We will comply with laws, regulations and social norms, and take responsible actions while maintaining a high ethical standard.
2. We will offer high-quality services,⁽¹⁾ on a timely basis, that are deserving of customers' trust and satisfaction, while giving primary consideration to the safety of customers.
3. We will pursue fair business practices.⁽²⁾ At the same time, we will maintain a sound and normal relationship⁽³⁾ with governmental and administrative bodies.
4. We will communicate widely with society, and disclose information necessary for all stakeholders on a timely basis and in an appropriate manner.
5. We will respect the human rights of all people.
6. We will work toward the creation of a safe and pleasant working environment free of all forms of harassment.
7. We will actively make efforts toward environmental conservation.
8. We will strictly manage personal information and other important information in an appropriate manner.
9. We will contribute to local communities through our business activities.
10. We will assume a firm attitude against, and work toward the elimination of, antisocial forces that threaten public order and safety.
11. We will expeditiously advance our business activities in a sound manner,⁽⁴⁾ and pursue long-term and stable enhancement of our corporate value.

(1) Including providing appropriate descriptions and explanations of our services and products.

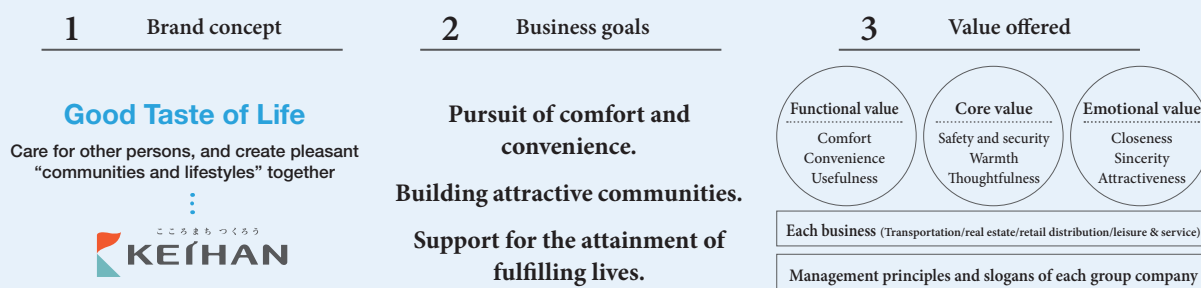
(2) Bid-rigging, involvement in cartels, taking advantage of one's position for self-interest, offering of gifts or entertainment that is considered inappropriate under normal social conventions, unreasonable demand as a purchaser, intellectual property infringement, and insider trading are prohibited. We should follow proper accounting procedures and make efforts to protect patents, trademarks and other intellectual property.

(3) It is not allowed to offer an illegal contribution or donation related to political activities.

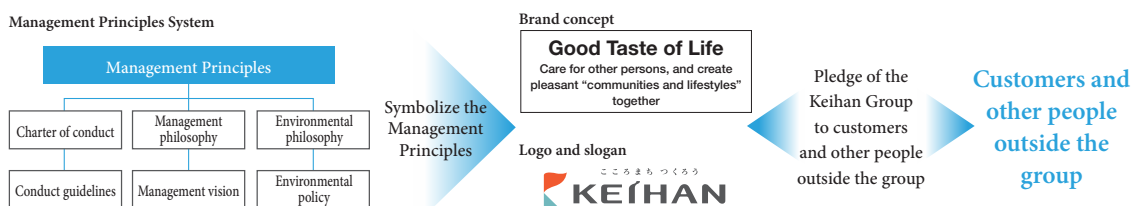
(4) Information regarding business activities should be accurately recorded and stored, following relevant rules.

Toward the establishment of the "Keihan Brand"

To establish the "Keihan Brand," the Keihan Group set a brand concept, logo and slogan. They have been used since April 2008.



Relationship between Keihan Group's Management Principles System and the brand concept, etc.



Businesses of the Keihan Group

The Keihan Group is made up of approximately 50 group companies that are engaged in a wide variety of businesses, categorized into transportation, real estate, retail distribution, and leisure & service.

Although the social and economic environments are undergoing changes, the Keihan Group will always prioritize the universal value of “safety and security” that forms the foundation of the group’s existence. While maintaining this attitude, we will continue challenging ourselves so that we can provide new value to society, tackle social issues, and achieve sustainable development with society through our diverse businesses that are closely associated with everyday lives.



Overview of the Keihan Group (as of March 31, 2018)

Number of consolidated companies:	42 (including Keihan Holdings and equity-method affiliates)
Number of employees (consolidated):	6,862 persons
Operating revenue (consolidated):	322.2 billion yen
Major business:	<p>Transportation ... Railway and bus operation</p> <p>Real estate ... Real estate sales and rental</p> <p>Retail distribution ... Operation of department stores, other stores, and shopping malls</p> <p>Leisure & service ... Hotel operation, leisure business</p> <p>Others ... Credit card business</p>

Business area of the Keihan Group / Keihan Group Network

(as of August 1, 2018)



Keihan Railway



Keihan Bus

Transportation

P.10

Keihan Electric Railway Co., Ltd.	Keihan Bus Co., Ltd.
Keihan Station Management Co., Ltd.	Kyoto Keihan Bus Co., Ltd.
Keihan Leisure Service Co., Ltd.	Keihan Kyoto Kotsu Co., Ltd.
Eizan Electric Railway Co., Ltd.	KB Enterprise Co., Ltd.
Keifuku Electric Railroad Co., Ltd.	Kojak Bus Co., Ltd.
Keihan Engineering Service Co., Ltd.	Kyoto Bus Co., Ltd.
Nakanoshima Rapid Railway Co., Ltd.	KT Auto Industry Co., Ltd.
Keihan Agency Inc.	



Kuzuha Tower City (Kuzuha Rose Town)

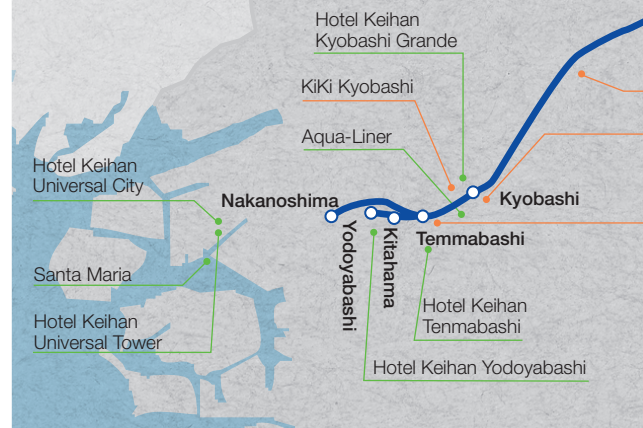


Fine Garden Square (Keihan East Rose Town)

Real estate

P.12

Keihan Kind Co., Ltd.	Keihan Building Techno Service Co., Ltd.
Keihan Real Estate Co., Ltd.	Keihan Sangyo Co., Ltd.
Eastern Kogyo Co., Ltd.	Kanko Co., Ltd.
Keihan Asset Management Co., Ltd.	Keihan Gardening Co., Ltd.
Keihan Tatemono Co., Ltd.	Keihan City Zoen Osaka Co., Ltd.
Zero Corporation Co., Ltd.	





Transportation

Connect region to region, and people with people, with a safe, secure, convenient and comfortable network

Railway

Keihan Railway offers intercity transportation connecting Osaka, Kyoto and Shiga, and is used by commuters as well as tourists visiting Osaka, Kyoto and Lake Biwa. We also operate the Eizan Railway covering the northern part of Kyoto City, and the Keifuku Railway, known as “Randen” and extending to the Arashiyama area in Kyoto. To ensure safe and secure operation, we focus on the improvement of safety facilities and thorough daily maintenance. In addition, we keep ourselves prepared for emergencies through various forms of drills. Our efforts to enhance convenience and comfort of customers include renovation of train cars and stations, and implementation of customer satisfaction training programs aimed at improving our guidance and customer handling skills. In this way, we are taking various approaches to improve both tangible and intangible elements of our services.



Gion-shijo Station (Keihan Electric Railway)

Bus

Keihan Bus offers fixed route bus service in Osaka, Kyoto and Shiga, as well as regular tourism bus service in Kyoto and expressway bus service. Kyoto Bus operates fixed route bus and chartered bus services around tourist spots, such as Ohara, Arashiyama and Sagano. Kojak Bus operates fixed route bus and chartered bus services around Otsu and Moriyama. These buses offer local transportation to passengers along our railway lines. To improve the convenience of our fixed route bus service, we have introduced “Keihan Group Bus Navi” (see p. 38) and smart cards. Our tourism bus services mainly cover Kyoto City.

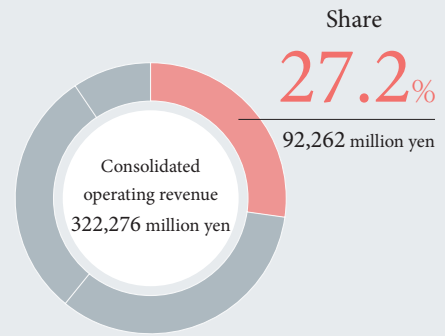


Kyoto Bus

Overview of fiscal 2018 results

Regarding the railway business, revenue from passenger transport showed steady performance as Keihan Electric Railway Co., Ltd. introduced the “Premium Car,” a special car with reserved seats, and “Liner” trains with reserved seats only. Regarding the bus business, Keihan Bus Co., Ltd., Kyoto Keihan Bus Co., Ltd., Keihan Kyoto Kotsu Co., Ltd. and Kojak Bus Co., Ltd. launched a point service dedicated to Keihan Group buses, utilizing the ICOCA smart card system. Thus, we increased our competitiveness and enhanced the convenience of customers.

Operating revenue 92,262 million yen (2.3% decrease year-over-year)
Operating income 9,180 million yen (8.0% decrease year-over-year)



In the three prefectures of Osaka, Kyoto and Shiga in the Kansai region, we have been striving to extend the safe, secure, convenient and comfortable transportation network through our railway business that supports intercity, regional and tourism transportation, and our bus business mainly focused on regional transportation. We have also been making efforts to enhance our services so that we can improve the satisfaction of commuters as well as tourists from both within Japan and around the globe.

Transit advertising

Advertising spaces in train cars, buses and stations can be used to share a wide variety of information. The Keihan Group can proudly offer this advertising medium that stands by customers' everyday lives, since it boasts a wide local transportation network. In recent years, we have been supporting electronic billboard advertising to satisfy the diverse needs of customers and advertisers.



News

New sightseeing car “Hiei” has been introduced

In March 2018, Eizan Electric Railway Co., Ltd. started operation of the new sightseeing car “Hiei” on the Eizan Main Line between Demachiyana and Yase-Hieizanguchi. It boasts a bold design featuring an ellipse that expresses the mysterious atmosphere and dynamism across time and space that one can feel at the destinations, Mt. Hiei and Mt. Kurama. With recessed LED lights on the ceiling, passengers can enjoy their trip in a calm atmosphere. Through the introduction of “Hiei,” we aim to promote tourism in the areas along the Eizan Main Line as well as the route connecting central Kyoto with Mt. Hiei and Lake Biwa.





Real estate

Create highly comfortable, convenient and attractive communities

Real estate development

We have been engaged in comprehensive community building by connecting transportation, commercial facilities and community facilities at Kuzuha Rose Town, Biwako Rose Town, Keihan East Rose Town, Keihan Higashi Okurayama, and Keihanna Park City, to name a few.



Fine Garden Square (Keihan East Rose Town)

Real estate sales

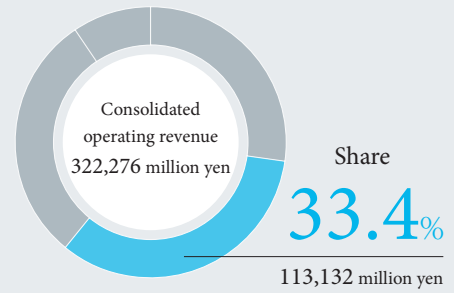
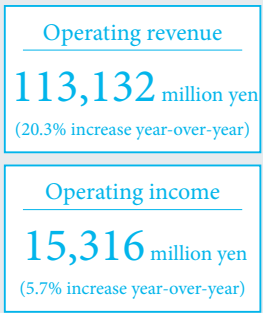
We are involved in the sales of condominiums and houses, real estate brokerage, and the renovation business mainly in the Kansai region. Our condominium projects include the private brand “Fine” series and large-scale sales projects jointly conducted with other companies. We also sell condominiums in the Tokyo metropolitan area and around Sapporo. While focusing on the enhancement of added value in the areas along the Keihan Railway lines, we are also promoting multifaceted business operation.



Fine City Hirakata

Overview of fiscal 2018 results

Regarding real estate sales, we successfully sold condominiums mainly in the Tokyo metropolitan area and the Kansai region, such as “Fine City Oji Kamiya River & Forest” and “Fine City Senri Tsukumodai,” as well as land lots and houses in “Keihan East Rose Town.” We also made Zero Corporation Co., Ltd. a consolidated subsidiary. Regarding real estate rental, we acquired the “JCB Sapporo Higashi Building” and “Keihan Yokohama Building” as a foothold for further enhancement and reinforcement of our business.



We develop large-scale new towns, condominiums and houses. We are also actively engaged in the rental of commercial facilities and office buildings as well as the landscape gardening business. Thus, we are involved in community building based on the idea of overall development of the living environment.

Real estate rental

We operate and manage buildings with office premises for lease, such as “OMM” and the “Keihan Midosuji Building” in the Kansai region and the “Keihan Otemachi Building” in the Tokyo metropolitan area. In addition, we rent out commercial buildings and logistics facilities mainly along the Keihan Railway lines. We are also engaged in the value enhancement of our own assets through rebuilding and redevelopment, and seek revenue increases through asset replacement based on an asset portfolio. Utilizing the method of open-end private REIT as well, we pursue the maximization of corporate value across the entire group.



Keihan Midosuji Building

Landscape gardening and horticulture

Keihan Gardening Co., Ltd. boasts Japan's top-class technology for rose cultivation. It is involved in a wide variety of businesses related to landscape gardening, ranging from nature regeneration to the planning, designing and implementation of rooftop greening, as well as maintenance and management of gardens in parks and privately owned houses. In addition to landscape gardening, our group also operates flower shops and gardening shops, and provides plant rental and flower decoration services.



News

“Machinaka Home” project launched

In June 2018, Keihan Real Estate Co., Ltd. started the community building project “Machinaka Home” in urban areas along the Keihan Railway lines. This is a project to purchase unused land lots with buildings, such as old houses, storehouses, and wooden rental houses, along the Keihan Railway lines from one lot, and renovate them into urban housing. The construction work is done by Zero Corporation Co., Ltd. As the first edition, we released “Machinaka Home Miyakojima Nakadori,” “Machinaka Home Asahi Taishibashi” and “Machinaka Home Moriguchi Obacho.” By utilizing land lots in the urban areas along our railway lines (from Kyobashi to Moriguchi/Kadoma) and revitalizing such areas, we will create more livable and comfortable communities.





Retail distribution

Create happy and fulfilling lives through shops and services loved by customers

Department stores

Under the brand message “Department store with beautiful appearance and mind,” we operate four department stores in the areas along the Keihan Railway lines at Moriguchi, KUZUHA MALL, Hirakata and Mall Kyobashi, and one outside such areas at Suminodo in front of Suminodo Station on the JR Gakkentoshi Line. Through renovation and launching of directly managed multi-brand shops, we are working on the enhancement of the attractions of each store.



Keihan Department Store Moriguchi

Shopping centers

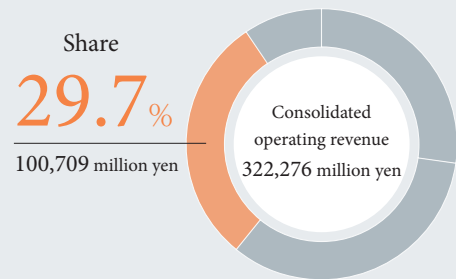
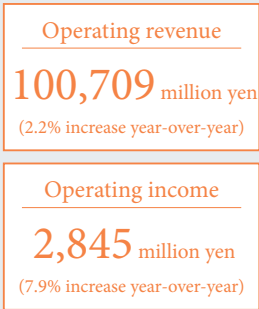
We have developed the suburban shopping center “Kuzuha Mall,” and urban shopping centers “Keihan Mall” and “Keihan City Mall.” Outside the areas along the Keihan Railway lines, we operate “Resora Obu Shopping Terrace” and “Blumer HAT Kobe” as commissioned projects. We have also rented the Takagi Building in Shibuya Center-gai, Tokyo, and attracted the fast fashion retailer FOREVER 21 as a tenant. Focusing on property management, we offer suggestions related to the creation of added value in the retail distribution business, even for buildings owned by other companies.



KUZUHA MALL

Overview of fiscal 2018 results

Regarding shopping mall operation, “Keihan Mall,” which underwent renovation in the previous fiscal year, performed well. During this fiscal year, “KYOTO TOWER SANDO” was opened. We worked to enhance profitability through these projects. In the store business, “Frest Nagao Shop,” which was opened in the previous fiscal year, contributed well throughout the year. As part of the department store business, we opened the directly managed multi-brand shop “nanaIrofleur” in the Moriguchi store in March. In this way, we improved our competitiveness.



We operate various forms of commercial facilities, including department stores, shopping malls and supermarkets. We are striving to offer attractive services at each store so that we can suggest more comfortable, convenient, happy and fulfilled lives to our customers. Furthermore, utilizing the know-how we have gained there, we are proactively expanding business away from the areas along the Keihan Railway lines.

Stores

The diverse commercial facilities we run include the supermarket “Frest” and the convenience store “Anthree” in or around railway stations. Under partnerships with Uniqlo Co., Ltd. and Ryohin Keikaku Co., Ltd., we operate Uniqlo and MUJi.com shops in the stations and other places. In addition, we have developed and operated unique shops such as “SWEETS BOX,” where sweets from different popular shops are offered weekly, and “Fushimi-inari Senbon-inari,” a specialty store of Inarizushi (sushi pocket; rice stuffed into pouches of deep-fried tofu).



Frest Nagao Shop

Sales of organic foods

The “Bio Marche Home Delivery” service offers roughly 500 items, including 100% organic JAS vegetables and processed organic foods, to approximately 8,000 members throughout Japan. The provider of this service, Bio Market Co., Ltd., also operates a wholesale business, as well as directly managed and online shops. To familiarize consumers with organic foods, various events are held as a platform for communication between producers and consumers (see p. 42). In the future, the company will play an active role in the creation of “BIOSTYLE,” a new lifestyle that the Keihan Group suggests (see p. 25).



Private-label products

News

The directly managed multi-brand shop “nanaIrofleur” opened on the 2F of Keihan Department Store Moriguchi

In March 2018, Keihan Department Stores Co., Ltd. renovated the second floor of its Moriguchi main store and opened the directly managed multi-brand shop “nanaIrofleur” handling fashion accessories. This is the company’s second directly managed multi-brand shop following “Traditional Standard.” Under the concept of “selected zones for women pursuing high-quality basic items,” the shop features six zones, such as the Style-up Zone and the Gift & Museum Zone. The shop aims to provide mature women with items that brightly color their daily lives.





Leisure & service

Offer supreme moments to all of our guests with friendly and cordial services

Hotels

The group owns and operates 13 hotels with approximately 3,100 rooms in the areas along the Keihan Railway lines in Osaka, Kyoto and Shiga, as well as in Tokyo and Sapporo. Among all, we feature four hotels of different grades with approximately 800 rooms around Kyoto Station. We are ready to meet the various needs of guests from Japan and abroad, who use our hotels as business or sightseeing bases or for wedding receptions. Each hotel actively implements renovation of its guest rooms and restaurants. Contests for staff members from each hotel competing with their hospitality or cooking techniques are also organized. We are making efforts to improve our tangible and intangible service elements.



Biwako Hotel

Hirakata Park

Called by the nickname “Hira-Par,” Hirakata Park is an amusement park with a long history that marked its 100th anniversary in 2012. It is popular as an amusement park that three generations in the same family can enjoy together, featuring over 40 rides, large halls hosting various events, and character shows for children. With the swimming pool “The Boon,” the snow and skating park “Winter Carnival,” a rose garden boasting approximately 4,000 stocks of 600 variations, Halloween events in autumn and illumination in winter, we are trying to make the park an even more attractive place where guests can enjoy themselves each season, throughout the year.

* Hirakata Park is classified in the segment of “Transportation” for the consolidated statement.

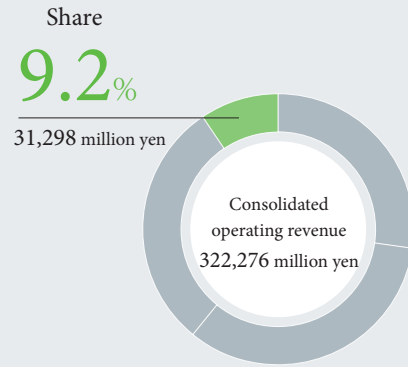


Hirakata Park

Overview of fiscal 2018 results

Regarding the hotel business, we observed a certain level of impact caused by the temporary business suspension of Kyoto Century Hotel in accordance with the progress of the new hotel project “THE THOUSAND KYOTO” near Kyoto Station. However, each hotel advanced proactive sales activities. We made efforts to capture the demands of business and tourism from both Japan and around the world, and to improve occupancy rates and profitability. “Hotel Keihan Universal Tower” and the newly opened “Hotel Keihan Yodoyabashi” showed steady performance.

Operating revenue
31,298 million yen
(1.6% increase year-over-year)
Operating income
4,877 million yen
(2.6% increase year-over-year)



We are engaged in the hotel business in the areas along the Keihan Railway lines as well as in other areas, and operate many facilities that are considered as the symbol of their area: “Hirakata Park” as everyone’s favorite place over generations, “Kyoto Tower” as the landmark of Kyoto, and the “Michigan” cruise boat operating on Lake Biwa. We offer friendly and cordial services.

Various leisure facilities along the Keihan Railway lines

On Mt. Hiei, we operate the toll road “Hieizan Driveway” extending 8.1 km to the mountaintop, Japan’s longest cable car “Sakamoto Cable Railway” (2,025 m), and “Garden Museum Hiei.” On Lake Biwa, we offer lake cruise services with “Michigan” and other boats. In Osaka City, we operate the “Aqua-Liner” as the symbol of Water Capital Osaka, the elegant cruise ship “Himawari,” and the “Santa Maria” sightseeing sailing ship cruising around Osaka Bay. These services, featuring attractive tourism resources in the areas along the Keihan Railway lines, are popular among tourists from Japan and abroad.



Michigan

News

“Cafetel Kyoto Sanjo for Ladies” was opened

In July 2018, Keihan Stays Co., Ltd. opened the café and women-only hostel “Cafetel Kyoto Sanjo for Ladies.” Cafetel is a new form of accommodation facility made by combining a café and hostel, and this is the first facility of its kind. Guestrooms on the second and third floors are designed like compact houses at a glamping facility. Many rooms are equipped with three beds, making a trip for three women three times happier. The café on the first floor, open to everyone, presents a photogenic space with wall art, and serves specialty pancakes with photo props. Distinctive inventions that capture the hearts of women are found everywhere.



TOP MESSAGE

Realize the long-term strategic concept toward 2050
by challenging ourselves even further



Kato

Yoshifumi

加藤 好文

Representative Director, President, CEO & COO
Keihan Holdings Co., Ltd.

Stabilize the management foundation after difficult times, and turn the tables!

When I took the chair of the presidency in 2011 and began formulating the medium-term management plan for 2012 onwards, I decided that we should focus on strengthening our business base. In the FY2013–2015 medium-term management plan “Re-Born II,” we set a basic policy of building a foundation for “resilient Keihan” toward the next 100 years and put our utmost efforts into management reforms. As a result of our initiatives toward structural improvement through thorough streamlining, we successfully stabilized our management foundation. In light of this, we set the basic policy of “Bravely Pursuing Creation” for the FY2016–2018 medium-term management plan, aiming at taking on challenges in the second foundation stage. We made a full-scale commitment while keeping in mind such resolutions as “Let’s fight a valiant battle!” and “We will create a new company!”

In April 2016, under the policy of “Bravely Pursuing Creation,” we implemented the transition to a holding company as the best management style for establishing “steadfast group management” that supports the second foundation of the Keihan Group. In addition, we aggressively promoted our measures based on the three main strategies of “creation of tourism opportunities” to capture the growing demand for inbound and other forms of tourism, “revitalization of the areas along the Keihan Railway lines” to redesign the areas from medium- and long-term perspectives, and “creation of contents” that enhance the value of living. The Keihan Group took new approaches as a group-wide effort by aggressively making necessary investment and implementing measures that would help maintain and enhance competitiveness in each business.

As a result, we achieved revenue and income growth for eight consecutive years, and record income for six consecutive years.

The new management vision

“Be the beautiful Keihan areas and the global Keihan group”

The previous management vision “Our Challenge to Keihan as First Choice” was formulated in the year of the 100th anniversary of the company’s establishment, 2006, looking toward the 110th anniversary of our business commencement, 2020. At that time, the consolidated operating revenue was approximately 260 billion yen, and we set a goal of 500 billion yen. We have successfully built a management foundation that generates consolidated net income of 20 billion yen on a continuous basis, which was our goal for income. However, we have not yet achieved the goal for operating revenue. To achieve further growth, I realize we must continue our approach toward a “large and successful company.” Twelve years have passed since the formulation of the previous management vision, and the target year 2020 is just a few years ahead. For these reasons, we decided to update the management vision.

The target year of the new management vision is 2050, over 30 years ahead. This is because I thought we needed to consider our position in Kansai in 2050, at the end of a sequence of big projects that will exert a significant impact on the entire Kansai region: launch of Osaka Yumeshima IR in 2024, Osaka Expo in 2025, opening of the Naniwasuji Line in 2031, extension of the linear central Shinkansen to Osaka in 2037, and extension of the Hokuriku Shinkansen to Osaka in 2046.

The new management vision is “Be the beautiful Keihan areas and the global Keihan group.” While maintaining the concept of the previous vision, we put more emphasis on intangible elements and developed it. The areas along the Keihan Railway lines are rich in history, culture and beautiful landscapes. We must cherish these resources and enhance the value of towns and tourism in these areas, so that they will become beautiful areas selected by people as places they want to visit or live in. Furthermore, by utilizing the attractions of the beautiful Keihan areas, we hope to attract more inbound tourists to those areas and form our global network. We would also like to develop our business Asia-wide, and enhance our presence and value within Asia, based on our new strength as a corporate group that can build beautiful towns. “Being global” is no doubt a key factor for the Keihan Group to achieve sustainable growth in the future.

Our passion contained in the three main strategies

We have recently formulated long- and medium-term strategies in order to realize the management vision. Large-scale projects cannot be described in a three-year strategy. Therefore, we have decided to create a long-term management strategy with fiscal FY2027 as the target year, when large development projects in Yodoyabashi and Kyobashi along our railway lines will be completed. Based on the long-term management strategy, we created the medium-term management plan “Create Living, Community, and Excitement.”

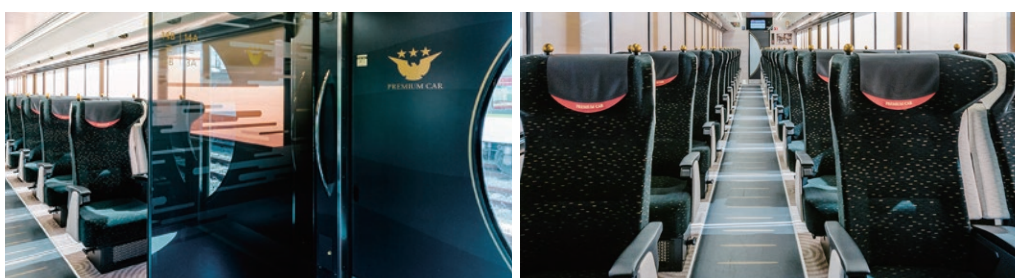
The three main strategies in the long-term management strategy are set by maintaining and developing the course of action in the previous medium-term management plan. The first main strategy is to “Redevelop Keihan areas,” supported by the following focus policies: to “regain the glory of Osaka’s east to west axis,” and “carry out community building starting from railway stations.” Based on the second policy, we have launched the renovation project of Hirakatashi Station with Ryohin Keikaku Co., Ltd. as our partner. While keeping an eye on the redevelopment plan around the station, we will visualize “what only stations can do, what are made for stations to do” and develop them, thereby promoting new community building. We came out with the policy of “Osaka’s east to west axis” before starting the project of the Nakanoshima Line. In recent years, as the Osaka Yumeshima IR project has been in progress, the development of the east to west axis, including the extension of the Nakanoshima Line, has come under the spotlight. Furthermore, the areas we are planning to redevelop from now, namely Yodoyabashi, Kyobashi and Temmabashi, are the central areas along the east to west axis. To bring vibrancy to these areas on the east to west axis, which will play a leading role in next-generation Osaka, is a great mission of the Keihan Group.

The second main strategy is to “Co-create tourism opportunity.” We will focus on the promotion of tourism, especially inbound tourism, around Kyoto. Along the “Flow of Water” area blessed with abundant history, culture and beautiful landscapes, the project of resuming operation of boats along the Lake Biwa Canal has been launched, and another project is going on between Hirakata and Temmabashi. Simply restoring waterway transportation is not our purpose; we are going to continue “co-creation” with local areas in collaboration with local governments along the railway lines.

In addition, we are aiming at establishing a golden route for Kyoto tourism. We are planning to promote the “golden route” connecting Rakuohoku and Fushimi/Uji through Higashiyama, implement image-building, and highlight the stations of Demachiyanaagi and Chushojima as gateways to the destinations of the route. This is the idea we are working on now.

We will also advance the development of the three main places in Kyoto, namely the Kyoto Station area, Sanjo and Shijo-Kawaramachi. Around Kyoto Station, we are renovating existing hotels and preparing to open new hotels, including Keihan Group’s flagship hotel “THE THOUSAND KYOTO.” When these projects are completed, we can offer 1,500 rooms in this area and meet various accommodation needs of inbound tourists.

We are planning to revitalize Sanjo as a terminal as prosperous as Kyoto Station, as it used to be. Currently, extreme concentration of buses is observed around Kyoto Station. With the number of inbound tourists increasing, Kyoto citizens find difficulty in leading their daily lives. Creating another terminal also



leads to the solution of such challenges related to transportation policy. Sanjo is the gateway for tourists to Higashiyama, so we are considering introducing a tourism and commercial facility that is related to history and culture and is equipped with the element of entertainment, which is now insufficient in Kyoto tourism.

Shijo-Kawaramachi is the most prosperous area in Kyoto. We will open a commercial complex in this area in 2019, suggesting a new lifestyle themed on BIOSTYLE. This is also a focus policy for the third main strategy to “Create relatable contents.”

I would like to conduct business that will lead to the future of the Keihan Group in this area. When we were building a concept based on the ideas of “future” and “safety and security,” the keywords “women” and “eco-friendly” came to my mind. Bio Market Co., Ltd., a company conducting business specialized in organic vegetables, has become a member of our group. This also being a reason, we have reached the concept of BIOSTYLE. Through the complex facility “BIOSTYLE,” offering organic-focused services related to foods, beauty and accommodation, we will promote a new lifestyle from Kyoto. Upon its opening, I would like it to be a place recognized by visitors from around the world, who will say “BIOSTYLE is the destination in Kyoto you shouldn’t miss.” I also have a dream of nationwide and worldwide business expansion from Kyoto to Tokyo, New York and London, among others.

To continue challenging ourselves and work toward the creation of value and global advancement, aiming at further growth

Like in the case of BIOSTYLE, the concept of “eco-friendly” can be utilized in various initiatives in a wide variety of fields. With BIOSTYLE as a core concept, I believe the Keihan Group will be able to realize a sustainable society and contribute to the achievement of SDGs by creating products, services and businesses that will contribute to the solution of social issues.

Since I assumed the presidency, I have always emphasized “safety and challenge.” This has led to diverse projects and approaches made ahead of rival companies, and now our employees have learned how enjoyable it is to start something new. By continuing to challenge ourselves, I would like to develop a corporate culture and human resources that encourage us to move forward. It will be really tough work to realize the long-term strategic concept, but it is essential for the sustainable growth of the Keihan Group.

In order for the Keihan Group to continue sustainable growth even in a future business environment that will surely undergo drastic changes, it is necessary to focus on “creation of value” as well as “global development” targeted at the world. While ensuring safety, which is the foundation of the group’s existence, we must challenge ourselves in various situations to achieve our future vision.



Management Strategy for Value Creation —The Keihan Group’s long-term strategic concept—

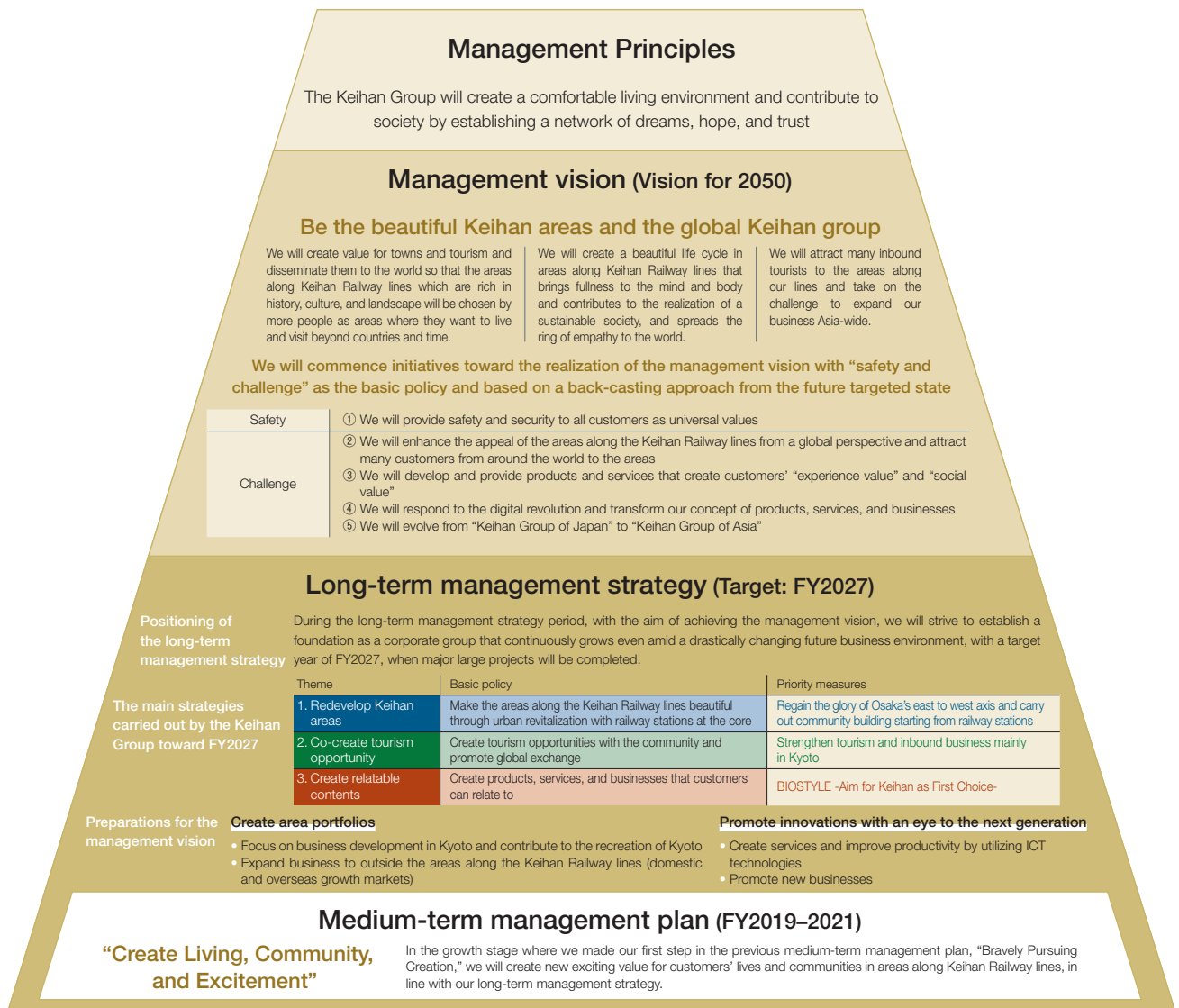
In May 2018, the Keihan Group announced the Group’s long-term strategic concept, which comprises a new management vision for 2050 and the medium- and long-term strategies to achieve it. We established the strategic concept as a guideline for our future efforts to achieve further growth and remain a company that is needed by society, even amid expected dramatic changes in the social and economic environments.

Background of establishing the long-term strategic concept and its overall structure

In 2006, the Keihan Group established its management vision “Our Challenge to Keihan as First Choice,” with an eye toward FY2021. As a result of aggressively pursuing business expansion in line with the vision, we have achieved our initial target of JPY 20 billion in consolidated net income and established a solid management foundation that can generate that level of income on a continuous basis.

However, we expect to see various changes in the long term that will significantly affect people’s lifestyles and values as well as the Keihan Group’s management. Such changes include saturation of the domestic market due to population decline, devastating impact of technology revolutions such as IoT and AI, intensifying international interurban competition due to urbanization of Asia and other areas, increasing importance of responding to climate change and natural disaster risks, and various business plans in the Kansai region such as the opening of an IR (integrated resort) in Yumeshima and development of railway networks including the Naniwasuji Line.

In these circumstances, for our Group to transform itself into a corporate entity that will continue challenging itself to “create value” and “expand globally” by driving “quality innovation” in the Group’s businesses and capturing opportunities one step ahead of changes, we have established and will vigorously implement a new management vision, as well as a long-term management strategy to achieve the management vision, and a medium-term management plan, a specific three-year action plan developed based on the long-term management strategy.



Main strategy 1 ▶ Redevelop Keihan areas



Promote community building centered around railway stations, taking advantage of the area's history, culture, and industries, to revitalize appealing and beautiful areas along the Keihan Railway lines and increase residents and visitors to the areas along the lines by connecting the areas with a traffic network

Regain the glory of Osaka's east to west axis

- Osaka's east to west axis, which runs from Kyobashi, the gateway to Kyoto and close to Osaka Castle, via Nakanoshima, which aims to become the center of regenerative medicine, to the bay area where an IR is planned, is a historical and important urban axis for Osaka's next generation.
- We will aim to complete the development of Yodoyabashi and Kyobashi during the period of the long-term management strategy and develop Nakanoshima concurrently.
- Subsequently, we will contribute to the creation of new urban appeal of Osaka by aiming to redevelop Temmabashi, the founding place of the Keihan Group, and extend the Nakanoshima Line.

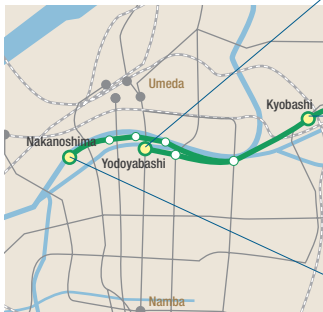


Carry out community building starting from railway stations

- Concentrate urban functions near stations and carry out continuous community building in cooperation with local companies and communities, taking advantage of the characteristics of the areas such as the history and culture, in an attempt to diversify the appeal of the areas along the Keihan Railway lines.
- Promote community building that can only be done by a railway group by using railway stations not simply as a place for getting on and off trains but a place integrated with the community where people gather and communicate.
- Expand the initiatives, starting from Hirakatashi Station.

Main initiatives of the medium-term management plan

Regain the glory of Osaka's east to west axis



Yodoyabashi

- One of the largest office districts in Osaka, and a hub between the north to south axis, Midosuji, and the east to west axis.
- Planning development that leverages the Company's assets such as the Keihan Midosuji Building.

Kyobashi

- The largest terminal of the Keihan lines. With the revitalization plan of the station building as a trigger, we will aim to create a community capable for serving as the Higashi gateway to Osaka's east to west axis by improving the circulation of people in the community, including surrounding areas such as Osaka Business Park and Osaka Castle.

Nakanoshima

- Development plan of the 4-chome district, including the concept of the center of regenerative medicine and the Agora concept.
- Directly linked to Kansai International Airport in the future due to the Naniwasuji Line plan
- Based on the above concepts, promote the revitalization of the area, including the utilization of the company's land.



Keihan Midosuji Building



Keihan Kyobashi Station Building

Community building starting from railway stations

- By 2018, we will upgrade Hirakatashi Station to be more suitable as the face of Hirakata, a core city, featuring its history and regional characteristics. We will start full-scale redevelopment of the Company's land directly linked to the station, coinciding with the decision of the urban plan scheduled in FY2019.
- We will mainly revitalize the areas along Osaka's east to west axis, starting with railway stations and expanding to surrounding areas, according to the regional characteristics, and aim to achieve synergy effects with community building of urban centers.



Image of the upgrade of Hirakatashi Station



Image of Hirakatashi Station and its surroundings (proposal by the Company)

Main strategy 2 ▶ Co-create tourism opportunity

Basic policy

In the growing tourism market, use the Keihan Group's comprehensive strengths and create tourism opportunities together with the communities.

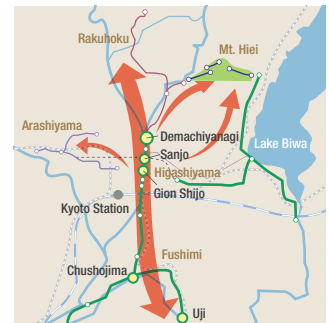
Provide and disseminate attractive tourism experiences mainly in Kyoto in an effort to increase visitors from other areas of Japan and from abroad.

Develop the three major tourism areas of Kyoto—Area in front of Kyoto Station, Shijo-Kawaramachi, and Sanjo

- Open THE THOUSAND KYOTO, a hotel being developed as part of the project to make the area in front of Kyoto Station into a global base, and open a flagship commercial complex of BIOSTYLE in Shijo-Kawaramachi, the largest commercial area in Kyoto.
- Concentrate tourism, commerce, and transportation functions in front of Sanjo Station, and develop the area as the base for tourism in Higashiyama.

Establish the golden route for tourism of Kyoto

- Connect Kyoto's major tourism points of Rakuhoku, Higashiyama, and Fushimi/Uji, and create a golden route for tourism
- In addition to developing Sanjo as a base of the Higashiyama area, the center of the route, redevelop Demachiyanaagi, the gateway to Rakuhoku, and Chushojima, which is adjacent to the former Fushimi port.



Develop a tourism route that connects tourism resources concentrated in areas along the Keihan Railway lines, and create tourism contents

Jointly create tourism opportunities along the Flow of Water

- The Keihan Railway line retains the history and culture of the Yodo River boat transportation, which connected Kyoto ("Kei") and Osaka ("Han") and extended nationwide. In recent history, the "Flow of Water" prospered with the opening of the Lake Biwa Canal that linked Kyoto and Lake Biwa.
- We will create tourism opportunities within the region using the rich living and culture of the areas along the Keihan Railway lines fostered by the history of the Flow of Water, which originates from Mt. Hiei and Lake Biwa and runs through Kyoto and Yodogawa, before arriving in the Osaka Bay area.



Main initiatives of the medium-term management plan

Strengthen tourism and inbound business mainly in Kyoto

Around Kyoto Station

- The Keihan Group's flagship hotel, THE THOUSAND KYOTO, is scheduled to open in January 2019.
- We will open two other new hotels near the station to address global accommodation needs by providing approx. 1,500 rooms in the area.

Shijo-Kawaramachi

- We will open a BIOSTYLE commercial complex in 2019 and promote a new lifestyle from Kyoto.

Area in front of Sanjo Station

- At the former site of KYOUEN in front of the station, we will develop a complex that will become the base for tourism of Higashiyama and from where we will disseminate the culture of Japan and Kyoto. We will also consider introducing entertainment functions, in addition to concentrating tourism and commerce functions.
- We will aim to contribute to stress-free tourism of Kyoto by seeking to disperse tourists that concentrate in Kyoto Station.



THE THOUSAND KYOTO (image)

Expand tourism routes that heighten the appeal of tourism in Kyoto

- In areas along Rakuhoku, Higashiyama, and Fushimi/Uji, we will create tourism routes using rich tourism resources, in cooperation with the communities.
- In the Arashiyama area, we will create even more attractions centered around Keifuku Arashiyama Station.

Mt. Hiei, Lake Biwa: "a corridor of mountain, water and shine"

- We will strengthen efforts to improve the ability of circulation to tourism route "a corridor of mountain, water and shine", which starts from Kyoto/Yase and leads to Lake Biwa via Mt. Hiei, Otsu and Sakamoto.



Restoration of the "Flow of Water" boat transportation

- In the "Flow of Water", which offers rich history, culture, and landscape, we will create tourism opportunities by revitalizing boat transportation of the Yodo River and operating full-scale passage of boats on Lake Biwa Canal.



Main strategy 3 ▶ Create relatable contents

Basic policy

Aim to become a Keihan Group that creates products, services, and businesses that improve the value of living of customers and contribute to solving social issues such as the environment, thereby allowing the Group to be empathized with and chosen by customers.

Develop products and services that enable us to share values with customers

- The maturing and saturating domestic market requires products and services that enable customers and companies to share values (empathize).
- The Keihan Group aims to improve the “life quality” of customers as well as sharing values with customers with products, services, and businesses that contributes to solving social issues of **achieving a sustainable society**.
- BIOSTYLE is a lifestyle aimed at achieving a healthy, beautiful, and high-quality life and contributing to a recycling-oriented society. As the main initiative, we will establish **BIOSTYLE** as the Keihan Group’s new brand.

Main initiatives in the medium-term management plan

BIOSTYLE – Aiming for Keihan as First Choice –

- A new commercial complex is scheduled to open in **Shijo-Kawaramachi, Kyoto** as a flagship facility that proposes BIOSTYLE in **food, beauty, and accommodation**. (2019)
- We will expand into **manufacturing retail** that develops original products such as cosmetics in order to propose new value mainly in organic products.
- Expand business originating from Shijo-Kawaramachi (small-scale stores and e-commerce)



Initiatives by the entire Group

- Incorporate BIOSTYLE in the products and services of each business of the Keihan Group and aim to offer products and services that customers can relate to.



Energy-saving railroad car, 13000 series (Keihan Electric Railway)



ZEH (Net Zero Energy House) (Zero Corporation)



Sale of organic vegetable and processed goods (Bio Market)

Preparations for the management vision

Create area portfolios

Strengthen business development in Kyoto

- Without focusing only on the tourism business, the four core businesses will place emphasis on business development and contribute to the revitalization of Kyoto as a local company. Seek to expand business opportunities of the Keihan Group.
- In addition to inbound tourism, promote businesses targeting inbound residents such as researchers and students, and utilize overseas personnel in order to carry out the overseas strategy effectively.

Expand business to outside the areas along the Keihan

Railway lines and to overseas growth markets

- While carrying out the main strategies as the top priority, utilize know-how gained in areas along Keihan Railway lines and expand business to other parts of Japan such as the Tokyo metropolitan area as well as abroad, expanding the business areas of the Keihan Group.
- Overseas, which is a growth market, develop mainly the real estate and retail distribution businesses. Inject the Group’s managerial resources while determining the direction.

[Overseas asset size]

FY2018 Approx. JPY3.0 bn

FY2027 target Approx. JPY **50.0** bn

Promote innovations with an eye to the next generation

Create services and improve productivity by utilizing ICT technologies

- Examine and forecast the future impact of ICT technology innovations (robotics, self-driving, sharing services, etc.) on the Keihan Group and promote innovation of existing businesses. Improve safety and efficiency and develop new services by actively utilizing the innovations at each business.
- Respond to changes in workstyle and lifestyle brought about by environmental changes such as ICT technology innovations, and aim to develop into a Keihan Group that is chosen by both customers and workers as a company with high productivity and creativity.

Promote new businesses

- Carry out alliances toward strengthening and expansion of business, and cooperate with other companies in ICT technologies and fields such as sharing services to create new businesses.
- Cultivate a public service market through active participation in the public-private partnership (PPP) business.

Medium-term management plan “Create Living, Community, and Excitement” (FY2019–2021)
Strategy for each business

Transportation

Create demand by attracting inbound demand and providing new experience value

Basic strategy

In preparation for the decrease in the population of the areas along the Keihan Railway lines and the workforce that is expected in the future, improve profitability by creating new demand and enhancing the traffic network as well as strengthen the management base by improving business efficiency, and fulfill the role of further improving the brand value of safety and security, which is the basis of the Keihan Group.

Main initiatives

Improve safety and service

- Promote safety measures such as completing introduction of new ATS in all Keihan Railway lines and commencing installation of platform doors in Kyobashi Station (2020)
- Upgrade Kibuneguchi Station of Eizan Electric Railway in response to the rapid increase in tourists
- Develop usage environment for foreign tourists and upgrade toilets in an effort to improve Customer Satisfaction

Strengthen capturing of inbound demand

- Strengthen sales abroad such as selling tickets to inbound tourists
- Attract visitors to the Group's facilities such as Hirakata Park
- Attract visitors to Yase and Mt. Hiei using Eizan Electric Railway's sightseeing car “Hiei.”

Enhance railway services that provide new experience value

- Expand the premium service and consider introducing other new services that lead to the creation of railway demand

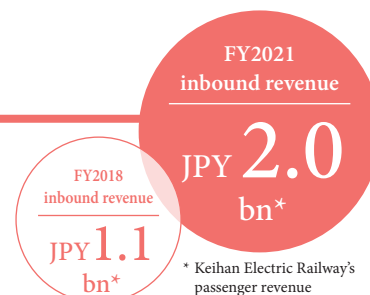


Revitalize stations along the Keihan Railway lines

- Revitalize stations by adding unique characteristics, such as in Hirakata Station, in an effort for “community building starting from railway stations”
- Promote station and community building in coordination with the main strategies, primarily in Osaka's east to west axis and its surrounding areas as well as the Kyoto area

Strengthen traffic network

- In view of the future business environment, add depth to examinations with the aim of extending the Nakanoshima Line
- Strengthen the traffic network by improving traffic nodes by improving Kitano-Hakubaicho Station on the Keifuku Electric Railroad line and operating restaurant buses and tourist loop buses with free boarding to promote tourism in Kyoto and contribute to alleviating bus congestion within the city.
- Utilize the extension of the expressway network to enhance medium distance buses that connect Kyoto/Osaka and other cities



Real estate

Expand business in and outside areas along the Keihan Railway lines and abroad as the driver of the Group's growth by developing and utilizing diverse properties

Basic strategy

In both short-term turnover and long-term holding businesses, diversify development menus and contents to increase revenue opportunities by utilizing diverse properties. In addition, purchase and develop properties in and outside areas along the Keihan Railway lines and abroad that will be the foundation for development of each business of the Keihan Group, and fulfill the role as the driver of the Group's growth.

Main initiatives

Promote short-term turnover businesses

- While continuing to make selective purchase of land in the condominium business, cooperate with subsidiary Zero Corporation to strengthen the business of detached housing in cities
- Carry out development of not only residences but also hotels and diversify development menus



Detached housing business (Image)



Reform/Renovation business

Enhance business lineup

- In order to provide housing that suits lifestyles and life stages, expand into a next-generation lease residence business that places emphasis on the value of living
- Strengthen the reform/renovation business using existing stock (including Kyoto's *machiya* houses) also from a sustainability perspective and contribute to the formation of high-quality social stock

Effectively use real estate

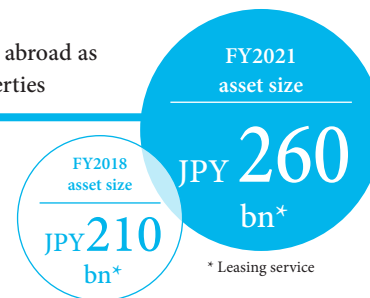
- Strengthen profitability by rebuilding existing buildings such as the Fushimi-Momoyama Ekimae Building
- Promote effective use of properties owned such as the Keihan East Rose Town, Science City, and the Lake Biwa area
- Promote the development and purchase of real estate, including the above measures, to establish a cyclical business model

Expand business areas

- In addition to participating in the redevelopment of the Toranomom 1-chome area (scheduled for completion in December 2019), strengthen real estate development and purchase of buildings outside areas along the Keihan Railway lines
- Aggressively expand into Asia's growth markets (e.g. the office development business in the Philippines and the condominium sale business in Bangkok, Thailand) as part of the overseas strategy



The Office Development Project in Makati, the Philippines (image)



Utilize new technologies and promote new businesses toward the future

In view of changes in the future social environment and business structure, encourage the use of new technologies such as IoT and AI, and promote new businesses such as cultivating the public service market.

Encouraging the use of technologies such IoT and AI

- Introduce IoT and AI technologies and seek a low-cost operation in hotels dedicated to accommodation and new format hotels
- Aim for further improvement of efficiency and sophistication of operations of head office administrative divisions such as accounting through automation using AI and robots
- Make full-scale examinations toward improving security levels and maintenance-saving in the railway division

Retail distribution

Aim to propose a lifestyle that customers can relate to as well as a highly efficient operation system

Basic strategy

Amid changes in consumers' values, develop new business formats and improve the value of products, services, and stores in order to propose a lifestyle that customers can relate to. At the same time, expand revenue by providing commercial contents that contribute to the main strategies. Furthermore, improve profit margins by strengthening the structure of existing businesses.

Main initiatives

Open and upgrade new facilities in areas along the Keihan Railway lines

- With the aim to become No.1 in the region, upgrade facilities including KEIHAN CITY MALL and KUZUHA MALL
- Seek to expand business in and outside areas along the Keihan Railway lines by opening new supermarkets and increasing contract PM business



KEIHAN CITY MALL



KUZUHA MALL

Strengthen commerce within stations and underneath railway tracks

- In cooperation with community building starting from railway stations, promote commercial development integrated with the station, from Hirakatashi Station as a start, and contribute to revitalization of the region

Promotion of tourism commerce

- Increase Kyoto's contents after KYOTO TOWER SANDO and Fushimi Inari Senbon Inari to strengthen tourism commerce



KYOTO TOWER SANDO

Strengthen the "food" business

- From foodstuff sales to restaurants, position a wide range of "food" as an important business and strengthen the home-meal replacement business as well as introducing a central kitchen across the Group to provide safe and high-quality food. Aim to achieve efficient operation at the same time.
- Strengthen delivery business of organic vegetables. Improve the brand to increase members and sales.

Restructure the department store business

- Develop proposal-type stores such as by expanding independently structured sales floors for apparel and sundries.
- While utilizing previous know-how, create a new lifestyle-proposal department store format in cooperation with other companies.



Moriguchi Store "Nanairofleur"

FY2021
operating margin

3.7%

FY2018
operating margin

2.8%

Leisure & Service

Play a central role in joint creation of tourism opportunities, and achieve further growth by accelerating hotel openings

Basic strategy

Capture the growth of the tourism market and expand revenue of the hotel business. Furthermore, fulfill the central role of sales/marketing of tourism products, which are handled cross-sectionally in the Keihan Group, to attract customers to areas along the Keihan Railway lines and enhance tourism contents.

Main initiatives

Increase openings of HOTEL KEIHAN

- Open multiple hotels dedicated to accommodation mainly in locations in front of stations of major government-designated cities and aim to operate more than 15 directly owned hotel nationwide by FY2021



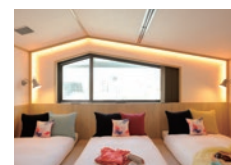
HOTEL KEIHAN KYOTO STATION SOUTH

Strengthen the sales/marketing system

- Strengthen sales and marketing functions in the Tokyo metropolitan area and East Japan in order to establish an optimal sales system for promoting "joint creation of tourism opportunities" across the entire Keihan Group, such as in the hotel and leisure & service businesses
⇒ Keihan Group Sales Promotion Center: Opened the East Japan Office (April 2018)

Diversify the accommodation business segment

- We opened a new hotel format, CAFETEL KYOTO SANJO for Ladies in July 2018. In addition to increasing the opening of the same format, we will expand into small-scale smart hotels.



Revitalize the Yase, Mt. Hiei, and Lake Biwa areas

- Embark on developing the traffic system and reviewing the business in Mt. Hiei. While strengthening cooperation with Enryakuji Temple and other surrounding facilities, we will make efforts to develop the appeal of the overall area including Lake Biwa.
- In Yase-Hieizanguchi, create attractions as a base that links the Mt. Hiei/Lake Biwa area and Kyoto

FY2021
no. of hotel rooms

5,200*

FY2018
no. of hotel rooms

3,100*

* Hotel business

Promotion of public-private partnership (PPP) business

- Through PPP business, expand the Group's business domains as well as making efforts to revitalize regions using public space and creating new businesses
⇒ From October 2018 Scheduled to participate as a member of the designated managers of EXPO '70 Commemorative Park in Osaka.

Keihan Bus' participation in self-driving proof tests

- In Kansai Science City, Keihan Bus participated in proof tests that enabled driving test of self-driving on a public road. The safety of the driving system will be improved, with the aim of enabling practical use by local buses in the future.

Quantitative targets

Improve profitability and aim to achieve EBITDA in FY2027, a year in the process of growth, of JPY72.0 bn or more, a 40% increase from FY2018

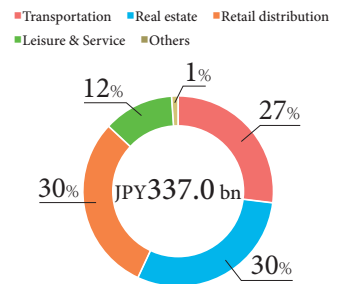
Management indicators	FY2018 Results	FY2021 Plan	FY2027 Target level
EBITDA (Operating income + depreciation)	JPY50.5 bn	JPY57.0 bn	JPY72.0 bn or more
Net interest-bearing debt / EBITDA multiple	5.9x	6x level	6x level
ROE	10.8%	8% or more	8% or more
Operating income	JPY31.4 bn	JPY33.5 bn	JPY43.0 bn or more

Medium-term management plan Income plan, segment information

(Billions of yen)

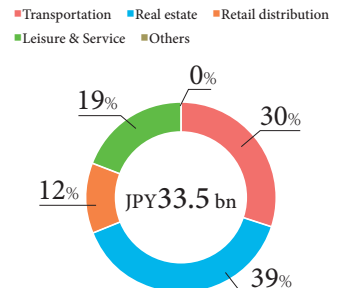
	FY2018 Results	FY2019 Forecast	FY2020 Plan	FY2021 Plan
Operating income	322.2	322.5	326.0	337.0
Transportation	92.2	93.8	93.0	95.0
Real estate	113.1	110.3	107.0	108.0
Retail distribution	100.7	101.4	104.0	108.0
Leisure & Service	31.2	32.8	39.0	44.0
Other business	1.8	1.9	2.0	2.0
Adjustments	-16.9	-17.7	-19.0	-20.0

Operating revenue by segment (FY2021)



	FY2018 Results	FY2019 Forecast	FY2020 Plan	FY2021 Plan
Operating income	31.4	30.0	31.0	33.5
Transportation	9.1	9.7	9.5	10.0
Real estate	15.3	14.7	14.0	13.0
Retail distribution	2.8	3.0	3.0	4.0
Leisure & Service	4.8	2.1	4.5	6.5
Other business	0	0	0	0
Adjustments	-0.7	0.5	-0	-0

Operating income by segment (FY2021)

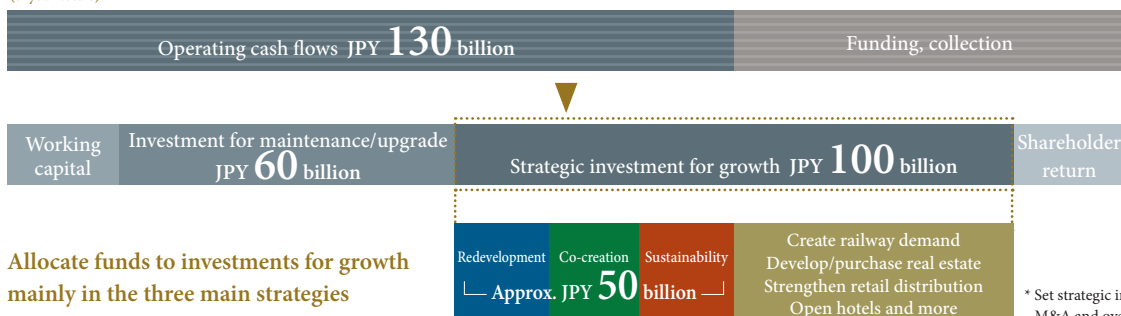


	FY2018 Results	FY2019 Forecast	FY2020 Plan	FY2021 Plan
Profit attributable to owners of parent	22.7	20.0	21.0	23.0

Medium-term management plan – Idea for fund usage

To achieve robust future growth, we will carry out growth investments aggressively in line with the long-term management strategy, while maintaining sound financial standing. Regarding shareholder return, we will continue stable dividend payments based on performance while prioritizing investments for growth, and carry out flexible share buybacks from a capital efficiency perspective.

(3-year totals)

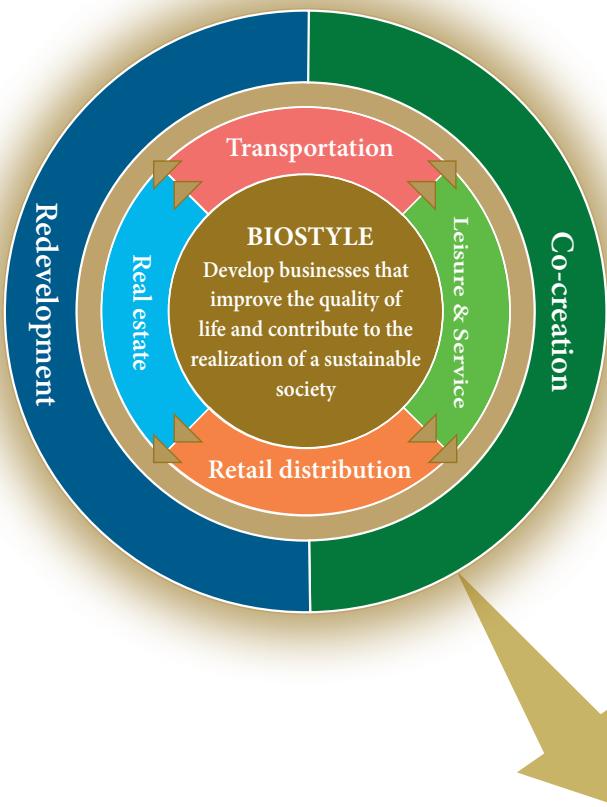


Contribution to the achievement of SDGs

Based on its management principles, the Keihan Group will contribute toward achieving SDGs and aim for continuous growth in harmony with society by creating products, services, and businesses that help solve social issues mainly through BIOSTYLE (see p. 25) and strengthening business activities in consideration of ESG (environment, society, governance) (see p. 31).

Management Principles of the Keihan Group

The Keihan Group will create a comfortable living environment and contribute to society by establishing a network of dreams, hope, and trust



Promote management in consideration of ESG

- Contribute to preventing global warming
- Provide value trusted by customers such as “safety and security”
- Contribute to continuous development of the community
- Develop an environment and organization culture where employees can exercise their strengths with peace of mind
- Initiatives in workstyle reforms
- Promote diversity (women’s active participation, etc.)
- Strengthen personnel development
- Promote health management
- Ensure thorough compliance

SUSTAINABLE DEVELOPMENT GOALS
17 GOALS TO TRANSFORM OUR WORLD





For over 100 years, the Keihan Group has pursued sustainable development along with society through its business activities. The spirit that has supported this history is stipulated in the Management Principles. In the midst of drastic changes in society, we believe that our efforts toward sincere practice and realization of the Management Principles, as well as our response to new societal expectations, such as ESG (environment, society and governance) and SDGs (sustainable development goals), form the Keihan Group's CSR management.

Keihan Group's ideas on CSR

Since the establishment of Keihan Holdings' predecessor, Keihan Electric Railway Co., Ltd., in 1906, the Keihan Group has achieved development while contributing to society through its diverse business activities that are closely associated with local communities.

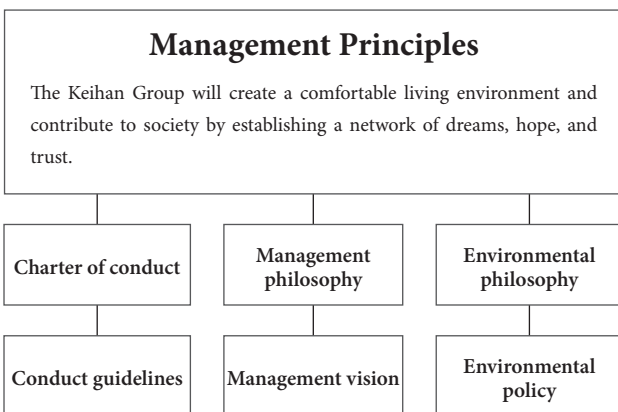
The Management Principles were established in 1998 to stipulate the spirit that forms the foundation of the Keihan Group, which has developed its business over a long period of time based on the doctrine of "the harmony between morality and economy." The doctrine was suggested by Eiichi Shibusawa, leader of the company's organizing committee. We believe that our efforts toward sincere practice and realization of the Management Principles, that is, providing new value to society, tackling social issues, and pursuing sustainable development with society through our diverse businesses, form

the Keihan Group's CSR management.

In the Long-term Strategic Concept released in May 2018, it is specified that we will follow the Management Principles in contributing to the achievement of SDGs and pursuing sustainable development in harmony with society by creating BIOSTYLE-based products, services and businesses that will contribute to the solution of social issues and by focusing on business activities in consideration of ESG (see p. 29).

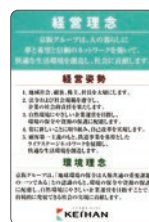
Even in the midst of drastic changes in society, each of the corporate officers and employees of the Keihan Group will continue his/her efforts to realize the Management Principles by placing emphasis on communication with diverse stakeholders supporting the group, including customers, local communities, shareholders and investors.

▶ Management Principles System of the Keihan Group



▶ Activities to instill the Management Principles

We have distributed the "Management Principles Card," describing the Management Principles, management philosophy, charter of conduct, and environmental philosophy, to all corporate officers and employees. We are also striving to instill the Keihan Group's Management Principles, charter of conduct, etc. through such opportunities as new employee training of the Keihan Group.



Keihan Group's new employee training

CSR promotion system

In 2005, we established the Keihan Group CSR Committee with our President as Chairperson. The purpose of the committee is to establish internal control and risk management systems that promote fulfillment of the group's social responsibility, and to ensure prompt and continuous verification, evaluation and improvement. At the same time, it also aims at creating a balance between the pursuit of economic benefit and social responsibility through communication with stakeholders, thereby contributing to the enhancement of the Keihan Group's corporate value.

In the committee we established the "Internal Control Committee"⁽¹⁾ with our Executive Officers serving as chairperson, and three technical committees⁽²⁾ as subsidiary organizations. The CSR Committee has also newly formulated the Keihan Group CSR Activities Approach Policy, where CSR Focused Themes (challenges the Keihan Group should give high priority to) are identified, and is promoting strategic implementation of group-wide activities.

The activities of the CSR Committee and the three technical committees are regularly reported to the board meeting (each committee's meetings are held twice a year).

(1) Following the policy on the development of internal control, which was resolved in the board meeting, the committee develops the Keihan Group's internal control in cooperation with the three technical committees and related divisions, and verifies the developmental status to enhance the internal control function.

(2) Technical committee on compliance and crisis/risk management
The committee establishes systems for legal compliance and crisis/risk management in business activities, verifies their implementation status and formulates improvement plans.
Technical committee on environmental management
The committee establishes environmental management systems, verifies their implementation status, formulates improvement plans and manages environmental risk.
Technical committee on information security
The committee establishes information security systems, verifies their implementation status, formulates improvement plans and manages information security risk.

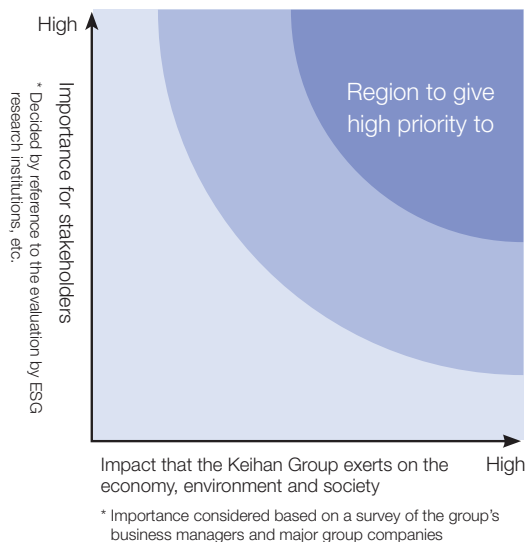
Identification of CSR Focused Themes (Keihan Group CSR Activities Approach Policy)

The Keihan Group has always put emphasis on the development of CSR activities. To further improve our corporate value, we have recently identified "CSR Focused Themes" (challenges the Keihan Group should give high priority to), adding ESG perspectives.

► Identification process of the CSR Focused Themes

STEP1 Evaluation of the importance of each challenge and selection of priority challenges

We picked up challenges from the GRI's "Sustainability Reporting Guideline (4th edition)," evaluated them from the two evaluation axes of "Importance for stakeholders" and "Impact that the Keihan Group exerts on the economy, environment and society," and selected the challenges we should give high priority to.



STEP2 Identification of the CSR Focused Themes

The challenges selected in Step 1 were summarized as CSR Focused Themes, and organized into the "Keihan Group CSR Activities Approach Policy" after discussions at the meeting of the Keihan Group CSR Committee held in March 2017*.

* The policy was discussed again at the meeting of the Keihan Group CSR Committee held in March 2018. The contents were partially revised, and the policy was described as "Promotion of management in consideration of ESG" in the Long-term Strategic Concept released in May 2018 (see p. 29).

► Keihan Group CSR Activities Approach Policy

Based on the idea that sincere practice of the Management Principles leads to the realization of its corporate social responsibility, the Keihan Group has pursued to achieve long-term, sustainable development along with society as a corporate group trusted by society. We also recognize that the promotion of challenge solution from the ESG perspectives is very important in consideration of the establishment of a foundation that will support the group's long-term growth. By putting special emphasis on the response to the ESG challenge "CSR Focused Themes" we have recently identified on the basis of the perspectives of society and the Keihan Group, we are determined to establish the foundation that will support the group's long-term growth, and to contribute to the achievement of SDGs.

CSR Focused Themes	Focal activity goals for FY 2019–2021
Contribution to global warming prevention ▶ p. 48	- Further promotion of environmental management - Further promotion of the development of products and services that lead to the reduction of energy consumption and greenhouse effect gas (CO ₂) emission (including introduction of energy-saving facilities, etc.)
Provision of value to be trusted by customers, such as "safety and security" ▶ p. 35	- Further reinforcement of the foundation that ensures "safety and security" - Further development of the facilities and environment ensuring comfort of all customers
Contribution to sustainable development of local communities ▶ p. 40	- Further promotion of business activities and social contribution activities that contribute to regional revitalization, solution of local challenges and enhancement of communication with local communities.
Development of the environment and a corporate culture encouraging employees to exercise their strengths ▶ p. 43	- Initiatives for work-style reform - Promotion of diversity (Promotion of women's empowerment, etc.) - Emphasis on human resources development - Approach toward a healthy company
Ensuring thorough compliance ▶ p. 33	- Further promotion of activities by the technical committee on compliance and crisis/risk management, technical committee on environmental management, and technical committee on information security

Ensuring thorough compliance

▶ Compliance and risk management system

We have established the technical committee on compliance and crisis/risk management within the Keihan Group CSR Committee. At the same time, we selected compliance promotion representatives and personnel in each division of Keihan Holdings Co., Ltd. and at each group company as the group's compliance promotion organizations. By mutually providing compliance risk information between the technical committee and compliance promotion organizations, we aim at preventing the occurrence and recurrence of legal violations. The compliance subcommittee established under the technical committee discusses with outside advisors how to assess and respond to compliance risk.

Internal audits of Keihan Holdings Co., Ltd. and group companies conducted by the Audit & Internal Control Office includes inspection from the perspective of compliance.

In regard to education and training, we offer stratified training, training for compliance promotion representatives and personnel, and other training for employees designed for each group company in consideration of its business

characteristics. Through these opportunities, we provide education on the Management Principles, Keihan Group's social responsibility, compliance, harassment, and relevant laws and regulations to enhance awareness of the trainees. We have also issued a compliance manual to improve employees' knowledge on compliance.

Compliance promotion system

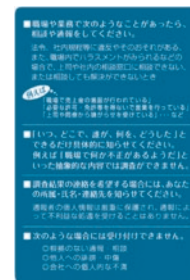


▶ Compliance hotline

We have established a compliance hotline system for corporate officers as well as full-time and other employees working at the Keihan Group, with the Audit & Internal Control Office serving as the secretariat. Through this system, we can collect information related to illegal or wrong conduct found at business sites, conduct a factual investigation regarding the reported matter, and implement necessary measures in each division at the company and group companies.

If the informant hopes to know the investigation results, the company provides proper information.

Personal information of informants is strictly protected, and will be disclosed only to a limited number of persons, such as the personnel in charge of the compliance hotline. Informants will never suffer disadvantageous treatment.



Compliance hotline card

Development of the risk management system

▶ Crisis Management Regulations

We have issued the Crisis Management Regulations, which prescribe guidelines for crisis management at the Keihan Group and other necessary matters, to determine how we collect, manage, report and disclose crisis information as well as how we respond to an emergency.

In response to this, each division of Keihan Holdings Co., Ltd. has determined detailed rules regarding the Crisis Management Regulations to develop specific systems to deal with crises. We are also instructing group companies to comply with the Crisis Management Regulations.

To improve crisis management skills, the crisis/risk subcommittee has been established under the technical committee on compliance and crisis/risk management. The subcommittee works on the development of countermeasures against risks that may exert a significant effect on the Keihan Group.

▶ Formulation of the Business Continuity Plan (BCP)

During fiscal 2018, Keihan Holdings Co., Ltd. and Keihan Electric Railways Co., Ltd. formulated the Business Continuity Plan (BCP) so that we, in case of emergencies such as large-scale disasters, can minimize damage to business assets and support continuity or early recovery of core businesses. On the assumption of the occurrence of the Nankai megathrust earthquake and Uemachi Fault earthquake, the plan selects priority functions and important tasks of each division, and identifies managerial assets that may impede business continuity or early recovery. Based on strategies such as substitution, recovery, scale-down and limitation, the plan suggests responses to an emergency.

▶ Initiatives for information security

To maintain and improve information security, the Keihan Group has established the technical committee on information security under the Keihan Group CSR Committee and conducted initiatives for risk reduction. In regard to personal information, each group company has established private information protection regulations to conduct safe operation and management of such information.

To respond to security incidents^(*), which are becoming more sophisticated and complex in recent years, the Keihan Group SIRT^(**) was established in 2017 as the entire group's emergency response organization, as part of our measures to protect and ensure appropriate and safe management of confidential and personal information owned by the company. The organization has been in action to enhance the functions and systems required in handling the process,

from the occurrence to settlement of an incident, and to minimize damage in an emergency through incident response drills and other activities.

In addition, we host information security study meetings on a regular basis for IT representatives of each group company to provide education on the circumstances surrounding the recent Internet environment and legal systems related to personal information protection. We have also distributed an "information security handbook" to employees who use PCs in business. Thus, we are committed to the dissemination and improvement of knowledge on security.

(*) Incidents that threaten the environment for safe computer usage, such as attacks on websites via the Internet or emails, and computer viruses.

(**) SIRT stands for Security Incident Response Team.

Communication with stakeholders

We believe that, through active communication with diverse stakeholders, including customers, local communities, shareholders and investors, we need to deepen their understanding of the Keihan Group and reflect various opinions in management.

▶ Communication with shareholders and investors

Information disclosure and communication

Based on the disclosure policy, we have been actively disclosing management-related information and encouraging communication through IR activities, in order to deepen the understanding of shareholders and investors regarding our company and our group and promote correct evaluation.

During fiscal 2018, we hosted two financial result briefings and a facility tour for institutional investors and analysts, and individual meetings as necessary.

We issue half-yearly newsletters to shareholders, and release IR news, summaries of financial results, and materials for financial result briefings on our website. Through these, we ensure prompt and fair information disclosure.



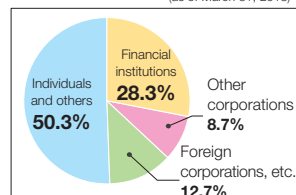
Financial result briefing

Shareholders' meeting

To facilitate lively discussions and smooth exercise of voting rights at shareholders' meetings, we dispatch meeting notices early, avoid holding meetings on days on which many companies hold shareholders' meetings, and admit the exercise of voting rights on the Internet.

Composition of shareholders

(as of March 31, 2018)



(Based on the number of shares)

Status of shares (as of March 31, 2018)

Total number of authorized shares	319,177,200 states
Aggregate number of issued shares	113,182,703 states
Number of shareholders	45,080 persons

▶ Stakeholder dialogue

Dialogue with students

In November 2017, a lecture was given at Doshisha University, Faculty of Commerce, on the theme of the "Keihan Group's initiatives for CSR." A person in charge from our company provided a briefing on the Keihan Group's ideas on CSR and our various activities, followed by group work and opinion exchange sessions. After the lecture, we had students submit a report. We received valuable opinions and suggestions from the students, including the following: "The Corporate Report contains a lot of information, but it is difficult to identify the group's focal points from it. It is necessary to consider a better balance."



Roundtable meeting for companies and consumers

In April 2018, we welcomed 19 public hearing committee members of the Keizai Koho Center (KKC) to Keihan Electric Railway's Neyagawa train depot and hosted the KKC's program "roundtable meeting for companies and consumers." We outlined the Keihan Group and introduced the initiatives undertaken by Keihan Electric Railway to ensure safety and security. Then the participants took part in a factory tour, followed by Q&A and opinion exchange sessions. We received feedback such as "I am looking forward to future projects by the Keihan Group" and "I feel reassured to know that 'safety and security' have been ensured through periodic inspections and repairs." It served as a precious opportunity to inform general people of our group's ideas and business activities, and to receive valuable opinions.



* For details of the "roundtable meeting for companies and consumers," please refer to the KKC's website. <https://www.kkc.or.jp/society/conference.php?type=1>

Foundations that support our value creation

Provision of value to be trusted by
customers,
such as “safety and security”

For the Keihan Group, “safety and security” are universal value to be offered to all customers and are the foundation of existence. Meanwhile, the societal environment surrounding the group is undergoing drastic changes, such as the aging society, low fertility rate, diversified value and increasing inbound tourists. We will exert every effort to further reinforce the foundation that ensures safety and security, and create the facilities and environment that meet the changing needs of society so that every customer will be able to utilize the services of the Keihan Group without anxiety.



Further reinforcement of the foundation that ensures “safety and security”

▶ Safety management system based on transportation safety management

Our group companies engaged in the railway and cable car businesses, namely Keihan Electric Railway Co., Ltd., Eizan Electric Railway Co., Ltd., Keifuku Electric Railroad Co., Ltd., Nakanoshima Rapid Railway Co., Ltd., and Hieizan Railway Co., Ltd., those engaged in the bus business, namely Keihan Bus Co., Ltd., Kyoto Keihan Bus Co., Ltd., Keihan Kyoto Kotsu Co., Ltd., Kojak Bus Co., Ltd., and Kyoto Bus Co., Ltd., and those engaged in the tourist boat business, namely Biwako Kisen Steamship Co., Ltd. and Osaka Aqua Bus Ltd., have been working on transportation safety management based on the Railway Business Act and other laws.

To offer safe transportation that ensures the reassurance of each customer, we have established the Safety Management Regulations and appointed safety managers, thus continuing our initiatives related to the establishment and enhancement of safety control systems based on a proactive commitment of top management.

▶ Initiatives by Keihan Railway for safety

Keihan Electric Railway Co. Ltd. has been conducting various initiatives, both tangible and intangible ones, to encourage customers to utilize our railway services comfortably and without anxiety, as the services support their everyday lives.

Improvement of safety facilities

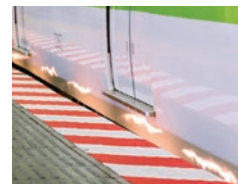
On the Keihan Line, we have installed attention-seeking signs that warn of danger at the edge of the platform to customers visually and psychologically and prevent falls from the platform and collision with trains, and LED flashing footlights on the platform that catch the attention of customers to areas with a wide gap between the platform and the train. We have also introduced safety equipment, such as fall detecting devices and emergency call buttons, that, in case of fall accidents, inform train operators of the emergency and prevent train accidents. In order to improve safety on the platforms even further, we are planning to start construction of platform screen doors at Kyobashi Station within fiscal 2021.

We are also working on the improvement of the brightness of, and introduction of high-vision screens for, the monitor TV systems that allow train operators and conductors to check the customers' boarding and alighting, and close doors safely. We are also currently upgrading the ATS system into a multi-information continuous control ATS system (we partially started its operation in fiscal 2016, and have been expanding the areas).

Natural disasters occurring more frequently in recent years also exert significant impact on train operation. To be prepared for earthquakes, we have

been conducting seismic strengthening of stations and viaducts. At the same time, we are also promoting countermeasures against river floods caused by heavy rains. We started reinforcement work of the bridge over the Ujigawa River in October 2016, and completed the work in June 2018.

During fiscal 2019, we will expend capital investment on trains, amounting to approximately 10.8 billion yen in total, to maintain and improve operational safety and enhance customer services. Among them, approximately 6.8 billion yen will be invested on the maintenance and improvement of operational safety to develop new train cars, introduce a multi-information continuous control ATS system, conduct seismic reinforcement work, and upgrade electric power substations.



Attention-seeking signs and footlights on the platform



Monitoring TV system

Daily initiatives to ensure safety

We conduct various forms of training to keep ourselves prepared for accidents, disasters and other emergencies. Among all, the two annual general drills, focusing on recovery from an accident and disaster risk reduction, are carried out by Keihan Electric Railway Co., Ltd. as a joint effort with related organizations, such as the Kinki District Transport Bureau. The drills are conducted under different settings (situations and scenes) every year so that we will be able to act promptly in emergencies. We also hold terror attack drills, assuming terrorist attacks on railway facilities using explosive materials and other hazardous objects.

Moreover, we organize training programs to pass down the techniques required in conducting thorough maintenance and inspection of safety facilities and related equipment, as well as technical training for train operators to maintain and improve their knowledge and abilities. Through these initiatives, we are making efforts every day to ensure safety.



General training for recovery from an accident

Safety measures at Hirakata Park

The railway technology sector of Keihan Electric Railway Co., Ltd. checks the safety of Hirakata Park, and implements maintenance of some amusement rides at the Neyagawa train depot.

Taking advantage of the direct management by a railway company, and applying the inspection, etc. for railway cars to amusement rides, we strive to ensure safety with high-level techniques.



Overhaul of a roller coaster

Measures to prevent falls from the platform at Eizan Railway Demachiyanagi Station

To create a safer station, Eizan Electric Railway Co., Ltd., implemented measures to prevent falls from the platform at the Demachiyanagi Station in July 2017. To help persons with visual impairment, a tactile paving system with a line indicating the side away from the platform edge was introduced. Fixed platform edge fences were also installed to cover a part of the platforms. We will also continue to actively offer help to persons with disabilities or those in trouble. Through these efforts, we are promoting safety and security at the stations for passengers.



Measures to prevent falls from the platform at Demachiyanagi Station

For details of Keihan Railway's initiatives for safety, please refer to the safety report on the website of Keihan Electric Railway Co., Ltd.

<https://www.keihan.co.jp/corporate/safety/>

▶ Initiatives by group bus companies for safety and security

To prevent traffic accidents, bus companies in the Keihan Group provide various education and training programs: education for new employees, training for operation managers, and other business training programs, including those provided by outside educational institutions. In addition, Keihan Bus Co., Ltd. takes practical approaches that are easy for the drivers to understand, such as the "3 seconds 3 meters rule" (three-second confirmation when starting, three-second inter-vehicle gap while running, and three-meter inter-vehicle gap when stopping). In fiscal 2019, we will actively implement educational programs utilizing dashboard cameras and digital tachographs to reinforce our efforts toward safe driving.

Bus companies in the Keihan Group have received a three-star (the best) evaluation under the "charter bus operators safety assessment certification system" by the Nihon Bus Association.



Training for employees (Keihan Bus)

▶ Initiatives for securing safety and reliability of food

The Keihan Group is advancing improvement of the manuals and implementation of the training programs so that we can provide customers with safe and reliable foodstuffs and dishes.

In the retail and restaurant business field, Keihan Department Stores Co., Ltd. conducts food labeling training; Keihan The Store Co., Ltd. conducts investigation tours of the shops by quality control managers and group training for employees; and Cafe Co. conducts sanitation training for shop managers. Bio Market Co. Ltd. works on quality improvement and stricter inspection in

cooperation with producers and manufacturers.

Hotels in the group are developing regulations on food safety and operation manuals, and promoting information sharing and training across the group.

We are also actively utilizing consultants for food inspection and quality management. In fiscal 2018, we implemented a training program on food safety in cooperation with a consulting firm. In this way, we are striving to further improve our cooking and service operations.

Development of the facilities and environment ensuring comfort of all customers

The Keihan Group is working on the improvement of services to become a corporate group selected by customers. We will sincerely accept opinions of our customers and, at the same time, promptly catch the changes in society. Then we will reflect what we have gained in our daily business activities so that we can offer high-quality services that lead to the satisfaction and trust of as many customers as possible.

▶To respond to customers' opinions

Customer satisfaction (CS) promotion system led by the Keihan Railway Customer Center

The Keihan Railway Customer Center was established within Keihan Electric Railway Co., Ltd. in 2007. The center handles inquiries about train schedules, transportation connection and related matters, and accepts opinions, requests and encouragement on train schedules, services by the crews, and the environment for users of the trains and stations so that we can utilize such feedback in our business operation. In response to customers' opinions, we launched the Railway CS Subcommittee in 2008, which works solely for CS achievement, and have continued studies.

When we receive opinions and requests for Keihan Group companies, we share information and cooperate with each company to respond appropriately.

During fiscal 2018, approximately 51,000 customers in total used the center.

CS surveys

Keihan Electric Railway Co., Ltd. conducts CS surveys based on the idea that its mission is not limited to ensuring safety and security in railway operation but also includes providing convenient and comfortable services. By understanding undisclosed opinions and requests that do not reach the Keihan Railway Customer Center, we will improve our future services and operation.

In the most recent survey, we received strict opinions and feedback related to the environment of station restrooms, passengers' manners on the trains, and station crews' response in case of train delays, among others. Based on customers' opinions we have received so far, we are sequentially renovating station restrooms (see p. 38), and continuing initiatives, such as making train announcements and putting up posters to promote good manners and safety. In addition, to improve the information provision system in case of train delays and other troubles, we have introduced information displays for passengers at all stations on the Keihan Line, and improved them so that the information on the display is linked to train operation information on the website (see p. 38). We are determined to continue to improve our services to increase customer satisfaction.



[Outline of the recent survey]

Date and place of distribution:

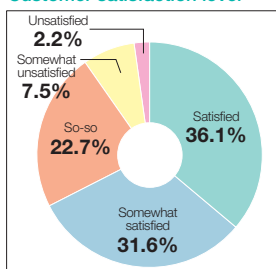
October 15 (Sun.), 2017
At the venue of "Family Rail Fair 2017" (Neyagawa train depot)

October 17 (Tue.) and 30 (Mon.), 2017
At the stations of Yodoyabashi, Kyobashi, Hirakatashi, Tambabashi, and Gion-shijo

October 27 (Fri.) to November 7 (Tue.), 2017
Online survey

Number of responses: 1,309 * 1,001 responses to 3,240 survey sheets distributed (response rate: 30.6%)
* 308 responses to online survey

Customer satisfaction level



Major requests for improvement

- Environment of the station restrooms
- Passengers' manners on the trains
- Station crews' response in case of train delays, etc.

Keihan Group companies have contact points for customers. Keihan Holdings Co., Ltd. also accepts opinions and requests for Keihan Holdings and the entire Keihan Group on its website, and introduces contact points for each group company.

<https://www.keihan-holdings.co.jp/contact/>

"Opening to the public" by Zero Home

Zero Corporation Co., Ltd. established the policy of "opening to the public" in 2002. Since then, the company has disclosed the results of customer surveys, complaint records, and leaking roof cases on its website. The construction company voluntarily discloses information in an appropriate way to encourage those who are planning to build/purchase a house to select the company with relief, and to relieve concerns of those who have built/purchased a house.



▶Initiatives to offer customer-friendly transportation

Development of a comfortable environment for users

Keihan Electric Railway Co., Ltd. appoints all station crews on the Keihan Line to act as “concierges” and is striving to improve their customer handling abilities through a CS training program by outside lecturers and other initiatives. In addition, the “Keihan Info Station” has been established at major stations to offer detailed information and guidance so that every customer can use the stations with comfort.

We are also advancing the restroom renovation project, aiming to enhance convenience and comfort at the stations. All toilet bowls in the stalls have been changed to Western-style ones equipped with electronic bidets. New restrooms are also installed with powder rooms, equipment for children, and easy-to-understand guides for inbound tourists. We are also introducing water-saving sanitary ware and LED lighting from the perspective of environmental conservation. In fiscal 2018, restroom renovation has been completed at the stations of Neyagawashi and Fushimi-inari.

Eizan Electric Railway Co., Ltd. also introduced an accessible restroom, and changed all toilet bowls in the stalls to Western-style ones at Demachiyana Station in March 2017. In January 2018, restrooms at Ninose Station have been renovated with larger stall areas, which are designed in consideration of many hikers using the station. Thus, we are working on the improvement of the restroom environment.



Restrooms at Demachiyana Station (Eizan Railway)

Enhancement of information service

To enhance information service for passengers in case of train delays and other troubles, Keihan Electric Railway Co., Ltd. had completed the introduction of information displays for passengers at all stations on the Keihan Line by fiscal 2018. When troubles occur, information on the train operation is promptly displayed in a visually understandable manner. During normal times, the displays provide tourism information along the train lines and promotion of good manners.

Furthermore, to enhance information service for tourists, we are now installing comprehensive information boards for tourists. Information on the boards include Keihan Railway’s route map, access to major tourist spots, and maps of the station and bus station. The boards had been installed at nine stations by fiscal 2018.

Keihan Bus Co., Ltd., Kyoto Keihan Bus Co., Ltd., Keihan Kyoto Kotsu Co., Ltd., and Kojak Bus Co., Ltd. have introduced “Keihan Group Bus Navi,” a next-generation comprehensive search system in March 2017. Via the QR

code displayed at bus stops, users can display operational information, search the estimated arrival time, fare and bus station, and issue a delay certificate. Moreover, we are developing English websites and introducing a bus stop numbering system as part of our efforts to provide a more comfortable bus ride to passengers*.

*Functions differ by the company.



Information display for passengers (Keihan Electric Railway)

Initiatives to enhance accessibility

Keihan Electric Railway Co., Ltd. is installing spaces for wheelchairs in its train cars, and had completed the installation in 466 train cars as of March 31, 2018. Seventy-five train cars of the 13000 series, which have been introduced since 2014, and the 6000 series, which have undergone renovation, have mounted door chimes that inform persons with visual impairment of the opening and closing of the doors with sound. Priority seats for persons with special needs are clearly identified by the display and colors on seat covers, seat backs, curtains and stickers.

Elevators and other barrier-free facilities have also been introduced to the stations in sequence, in cooperation with national and local governments. In March 2018, Keihan-zeze Station was changed into an accessible station. As of April 1, 2018, 60 stations out of 63 stations with a daily average ridership of over 3,000 had been changed into accessible stations. During fiscal 2019, elevators will be installed at Kitahama Station.

In cooperation with Hankyu Corporation, Keifuku Electric Railroad Co., Ltd. also installed elevators connecting Randen (Keifuku) Sai Station and Hankyu Saiin Station, transferred and improved platforms, and introduced slopes in March 2017. In March 2018, slopes were constructed at Tokiwa Station. These efforts toward the enhancement of accessibility have been conducted based on Kyoto City’s basic concept to facilitate barrier-free transportation.

Bus companies in the Keihan Group are actively introducing vehicles easy for elderly people and persons with physical disabilities to ride, such as a non-step bus (with no steps at the entrance/exit), one-step bus (with one step at the entrance/exit) and kneeling bus (bus with a lift that carries wheelchairs). In addition, on the occasion of new-employee training, the bus companies teach employees points to note when wheelchair users and other passengers with special needs ride the bus.



Space for wheelchairs and priority seats (Keihan Electric Railway)



Non-step bus (Kojak Bus)

▶ Initiatives to build communities where residents can live long with relief

The Keihan Group strives to build communities where residents can live long with relief by community revitalization and other measures to support everyday life.

Community building that contributes to regional revitalization

Keihan Dentetsu Real Estate Co., Ltd. promotes housing development focused on a lifestyle design that contributes to regional revitalization.

“Rose Place Seta-Karahashi” suggested a new community style by featuring a common garden that enhances communication among residents and within the community. “Fine City Koshien” is a project related to the renovation of the Hama-Koshien Housing Complex, and features a community base in the center. “Fine City Yokohama Egasaki Renai” introduced common facilities, such as lounges and a DIY room based on a prior survey, and supported creation of value facilitating residents’ comfortable communication. These three housing complexes received the Good Design Award 2017. “Kobe House Kitano,” co-developed with Zero Corporation Co. Ltd., features a landscape-conscious design and received the encouragement award of the “Human Size Town Planning Award” by Hyogo Prefecture. Our community building has been highly evaluated for its high added value and contribution to regional revitalization.



Rose Place Seta-Karahashi

● Various living-related services

Keihan Dentetsu Real Estate Co., Ltd. provides services of “Keihan My Home Utilization Supporter” to facilitate utilization of owned houses as assets, “Keihan First Reform Plaza” to respond to diverse needs of customers related to home renovation, and “Keihan Owners Club Kokoromachi” as a membership organization for residents of Keihan-brand housing complexes.

Zero Corporation Co., Ltd. handles various requests for housing rehabilitation. These two companies are also engaged in intermediary services and the purchase of land lots and houses, and offer a group-wide, one-stop service to deal with all kinds of customer concerns related to houses.

▶ Initiatives to enhance satisfaction of overseas visitors

The Keihan Group, developing businesses in the world-renowned tourist destination Kyoto, as well as in Osaka and Shiga, is implementing various measures to support comfortable trips of inbound tourists increasing in number.

Opening of tourist information centers

As a joint project with JTB Corp., we launched the Kansai Tourist Information Center Kyoto in Kyoto Tower as an information center dedicated to visitors from overseas. The center provides sightseeing information of Kyoto and throughout Japan, tour arrangement and luggage delivery service.

Keihan Electric Railway Co., Ltd. opened the Keihan Tourist Information Center Gion Shijo at Gion-shijo Station. Staff from Rakutabi Co., Ltd. with seasoned knowledge of the history and culture of Kyoto and proficiency in foreign languages are always stationed there to provide services to help tourists from Japan and overseas enjoy a comfortable and impressive trip in Kyoto.

Enhancement of multilingual information services

Station numbers have already been assigned to all stations of Keihan Railway, Eizan Railway and Keifuku Railway. Bus stop numbering by Keihan Bus is also now underway. Thus, we are promoting the introduction of multilingual information signs for the group’s facilities. We have already introduced communication boards and tablet devices as supplementary tools for communication with customers. Since March 2018, Keihan Railway has started train announcement in four languages via tablet devices in sequence on the Keihan Line. Information on the train operation in case of troubles and emergencies is given in four languages at all stations on the Keihan Line.

The Keihan Group has prepared badges for staff members who can offer services in foreign languages, mainly in hotels. The badges are designed with national flags to identify the available languages.



Language badges

Enhancement of free Wi-Fi service

We are working on the expansion of free Wi-Fi service areas, mainly at the railway facilities, hotels and leisure facilities. In February 2018, the Randen Free Wi-Fi was introduced to all 22 stations of Keifuku Railway Arashiyama Line and Kitano Line. In May, the Keihan Free Wi-Fi was introduced to all 16 train sets of 8000 series and 3000 series train cars, mainly used as limited express trains of Keihan Railway. These are some examples of our efforts toward the enhancement of convenience for customers.

Other initiatives to enhance customer satisfaction

We are introducing automatic foreign currency exchange machines so that customers can easily exchange foreign currencies into Japanese yen. By March 2018, the machines had been installed at 11 stations of the Keihan Railway and Osaka-jo Pier of Osaka Aqua Bus.

Kyoto Century Hotel has provided the free rental smartphone “handy” available only for staying guests, in all guest rooms since August 2017. We seek to make our guests’ hotel life and stay in Kyoto more comfortable and satisfactory.



Free rental smartphone for guests “handy” (Kyoto Century Hotel)

Foundations that support our value creation

Contribution to sustainable development of local communities



For the Keihan Group, engaged in the highly public business of railway service as well as diverse businesses that are closely associated with local communities, co-living with local communities is an important mission to achieve sustainable growth. The Keihan Group will continue to build a relationship of trust with local communities and achieve sustainable growth along with local communities through business activities and social contribution activities that will lead to regional revitalization, solution of challenges and enhanced communication with local communities.



Initiatives for regional revitalization, utilizing attractions of each area

▶ Brand establishment of the Nakanoshima area

To further enhance the attraction of the Nakanoshima area, the Keihan Group is engaged in the promotion of exchange through culture and art, and enhancement of vibrancy, in cooperation with companies in Nakanoshima and nearby areas.

We have organized various programs themed on “art” and “knowledge” in the Art Area B1, which was opened in the concourse of Naniwabashi Station B1F on the occasion of the opening of the Keihan Railway Nakanoshima Line in 2008. We hope to create a “station as a communication space.”

Since 2012, we have hosted the art event “Kite Mite Nakanoshima,” aiming to promote people’s visits to Nakanoshima for the purpose of art, enhancing their affection for and understanding of the area, and widely sharing its image of “the place for culture and art.” The artworks created at workshops held in kindergartens and schools along the Keihan Railway lines were displayed at the stations on the Nakanoshima Line, together with artworks of professional artists. Joint events with companies from various fields and local communities also take place.

In August 2017, the fifth “Nakanoshima Summer Festival” was held as a joint project of companies and organizations deeply associated with Nakanoshima (including Keihan Holdings). Many people enjoyed this event, which was designed to inspire new communication among those who work or live in Nakanoshima.



Art Area B1

Kite Mite Nakanoshima



Nakanoshima Summer Festival 2017

▶ Boosting waterway transportation on Yodogawa River

The Keihan Group is making efforts to boost waterway transportation on Yodogawa River and enhance local attractions through the project, in cooperation with Hirakata City and the Yodogawa River Office of the Kinki District Transport Bureau in the Ministry of Land, Infrastructure, Transport and Tourism.

As part of this project, Osaka Aqua Bus Ltd. started operation of the tour boat “Yodogawa Romantic Cruise,” connecting Hachiken-yahama Pier in Temmabashi and Hirakata Pier in FY 2018. We will expand the waterway transportation service areas in cooperation with related organizations, and strive to achieve regional revitalization by connecting the waterfront areas and local communities.



Yodogawa Romantic Cruise

▶ Participation in the Lake Biwa Canal restoration project

The Keihan Group, together with Otsu City and Kyoto City, is redeveloping the Lake Biwa Canal (an artificial canal built in the Meiji Era [1868–1912] to draw water from Lake Biwa to Kyoto) and surrounding areas as a tourism resource. Since 2015, we have been conducting trial operation of tour boats in cooperation with Biwako Kisen Steamship Co., Ltd. as cruise operator, aiming at restoration of the once-prosperous waterway transportation for tourism. Since March 2018, we have carried out full-scale operation, providing many customers with enjoyable experiences.



Tour boat on Lake Biwa Canal

▶ Initiatives for regional revitalization along Keihan Railway Otsu Line

The Keihan Railway Otsu Line, as public transportation rooted in the local communities, puts emphasis on communication with local people through cooperative activities with citizens' groups and local communities.

Various events have been held with the "Keihan Lovers Association in Otsu" throughout the year. Events held in 2017 include "Thanks fair" for members only, a photo session featuring a chartered train, and a quiz rally, all of which brought fun to many visitors. As a joint project with the "Ishizaka Line 21 Stations PR Group," we established notice boards at each station to promote community building starting from stations. At the "Otsukko Festival" organized by Otsu City and the Otsu City Board of Education, we operated small-sized trains. We hope to encourage people to feel closer to the Otsu Line, and promote their affection for it.



Otsukko Festival

Promotion of communication with local communities

▶ Thank-you events for customers

The Keihan Group has been continuously hosting various events to show our gratitude to local people and encourage them to feel closer to the Keihan Group.

During fiscal 2018, Keihan Electric Railway Co., Ltd. held the "Family Rail Fair" and "Otsu Line Thanks Fair" at Neyagawa train depot and Otsu Line's Nishikori train depot, respectively. Eizan Electric Railway Co., Ltd. held the

Eiden Festival at Shugakuin train depot, and Keifuku Electric Railroad Co., Ltd. held the Randen Festa at Sai train depot. Many visitors enjoyed these events and discovered the charms of trains through the rare experience of train operation and by touching and seeing the parts which are usually not open to public.



Family Rail Fair



Otsu Line Thanks Fair



Eiden Festival



Randen Festa

▶ Cooperation in and contribution to educational activities

To bring vibrancy to the areas along the Keihan Railway lines and to create future fans, the Keihan Group has been strengthening cooperation with local universities and providing hands-on learning programs and tours for elementary school and junior high school students.

Keihan Holdings Co., Ltd. has been promoting industry-academia cooperation through events, such as "Circle Station in Sanjo," jointly organized with Doshisha University and other universities since 2010.

Since 1998, Keihan Electric Railway Co., Ltd. has provided hands-on learning programs at its train depot mainly for local junior high school students, and accepted group tours of schools. Keifuku Electric Railroad Co., Ltd. has hosted the "Randen Class" at Sai train depot since 2015, providing lessons about safety maintenance works and passengers' manners on public

transportation to local elementary school students. In addition to these, companies in the Keihan Group offer hands-on learning programs at their workplaces by the request of local governments.



2017 Circle Station in Sanjo



Randen Class

▶ Operation of commercial facilities rooted in the local communities

Keihan Ryutsu Systems Co., Ltd. has established the “Festival Committee,” aiming to offer hospitality to, and enjoy together with, the customers of shopping centers managed by the company. Meanwhile, Keihan Department Stores Co., Ltd. launched the “Fun Project” so that customers will feel that department stores are a fun and enjoyable place. We are trying to operate commercial facilities that focus on communication with local customers by hosting various events.

In addition, Keihan Department Stores Co., Ltd., noted for its extensive food handling, is making every effort to offer high-quality and tasty food with safety and reliability. Furthermore, it is engaged in activities themed on dietary education, aiming at passing down food cultures and promoting exchange between customers and producers. Various events organized during fiscal 2018 include the “lotus root tour,” providing participants who won a lottery with opportunities to enjoy lotus root harvesting and dishes cooked by local farmers, as well as sales of unique rice bowls and sweets (co-project with Soai University).



Santa Claus is coming to home!?

Dietary education activity (Harvest of lotus roots)

Initiatives for organic foods promotion

Bio Market Co., Ltd. sells organic agricultural products and processed foods (see p. 15).

Organic farming, as it does not depend on chemical fertilizers and agricultural chemicals, minimizes the burden on people and the natural environment and contributes to the conservation of a recycling-based society. To promote organic farming, mutual understanding and communication between producers, manufacturers and consumers are indispensable.

While people’s interest in the safety and reliability of foods is increasing, we are working on the expansion of production and distribution of tasty and safe organic products by establishing a co-working framework with producers and manufacturers, and by organizing various events, such as “Organic Live” (producers and consumers exchange event) and “Research Farm” (hands-on learning at a farm).



Organic Live

▶ Cooperation in social contribution and welfare activities

Kuzuha Public Golf Course Co., Ltd. offers cooperation in the holding of a friendship golf competition for visually impaired people in Osaka, hosted by the NPO Osaka Blind Golfers, and for the practice rounds for this event (10 times a year).

Kyoto Tower provides cooperation in various awareness-raising activities by changing the color of its illumination at night (usually white) to the message colors of each campaign. The tower’s mascot, Tawawa-chan, visits local children’s homes to deliver handmade cakes on Setsubun (the last day of winter), Doll’s Day and Children’s Day. Kyoto Tower also invites children from such facilities to the observatory. We are working on these activities to contribute to society.



Cooperation on World Autism Awareness Day (Illumination in blue)



Blind golfers’ competition

Initiatives for local environmental conservation

▶ Initiatives for coexistence with nature around Lake Biwa

Biwako Kisen Steamship Co., Ltd. operates tour boats on Lake Biwa. By declaring “Coexistence with Lake Biwa” as its Environmental Policy, the company proactively works on environmental conservation activities at its business base, Lake Biwa.

The company operates a hands-on environmental learning cruise on Lake Biwa using the tour boat “megumi,” equipped with functions for this purpose. It also operates the boat “Uminoko” for accommodation training as a commissioned business. Through these, Biwako Kisen is engaged in the environmental conservation activities around Lake Biwa from the perspective of hands-on learning. It is also putting emphasis on the cruises that provide experiences with the nature and food culture of Lake Biwa, and has hosted a “Funa-zushi cooking cruise” since 2009.

Biwako Hotel, also operating on the lakeside, has conducted the “Satoyama no Shokusai” project under the concept of “eating is conserving.” By using local food ingredients, such as rice grown in Tanada (terraced rice paddies), it aims to conserve the environment of satoyama (secondary nature) as food production areas. Up to now, the hotel has used over 200 tons of Tanada rice, and contributed to the conservation of approximately 42 hectares of Tanada. It also works on the “Wild grasses and flowers project” to reproduce the natural environment of the ridge between Tanada rice terraces.



“Uminoko” training ship



Funa-zushi cooking



Wild grasses and flowers project

Foundations that support our value creation

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



To establish a foundation to create and provide value for local communities and customers, the Keihan Group is engaged in the development of a good, satisfactory working environment and a corporate culture encouraging employees with various philosophies and lifestyles to exercise their strengths to the fullest.



Profile of the Keihan Group

Promotion of work-style reform

► Work-style reform promotional system

To advance work-style reform, stop prolonged work and improve productivity within the Keihan Group, HR management and IT-related divisions of Keihan Holdings are working together to share information with and provide guidance to group companies, thus promoting consideration of the working methods best suited for each business.

► Specific initiatives for work-style reform

Keihan Holdings Co., Ltd. and Keihan Electric Railway Co., Ltd. conduct the following activities not only to reduce working hours but also to improve productivity and promote the creation of value.

Promotion of productivity improvement

● Teleworking

In January 2018, we introduced a teleworking system, allowing employees to work outside the company with a mobile PC, thus promoting effective use of time by not limiting the workplace.



● Reform of meetings

Starting in January 2018, we have worked on the reform of meetings by formulating the companies' unified rules for meetings and improving facilities in the meeting rooms. We are aiming at achieving shorter meeting hours, reduction of paper materials and more active discussions.

● Concentration booths

In April 2018, concentration booths were installed at the head office as a working space where employees can concentrate on individual work. Employees across divisions or positions use the booths for tasks that require creative thinking and for preparing materials.



Top message

Management Strategy for Value Creation

Foundations that support our value creation

Reduction of working hours

Through initiatives such as “no overtime day,” a flextime system and prohibition (in principle) of work after 20:00 and holiday work, we are striving to reduce overtime work, promote a self-directed work style and secure time for creative thinking and refreshment. In the back office, we introduced a working hours management method using PC logs to thoroughly stop unpaid overtime work and raise employees’ awareness of time management. We are also encouraging employees to use up their paid holidays. As a result, the rates of annual paid leave used in fiscal 2018 were 54.0% and 92.8% for Keihan Holdings Co., Ltd. and Keihan Electric Railway Co., Ltd, respectively, achieving a higher standard than general companies (general rate: 49.4% according to the “General Survey on Working Conditions FY 2016” by the Ministry of Health, Labour and Welfare).

▶ Personnel system

In 2017, Keihan Holdings Co., Ltd. introduced items on “productivity improvement” for goal setting of personnel evaluation. In addition, we have included a certain amount of overtime allowance with the salary of the employees in supervisory positions, like those in managerial positions, to provide discretion in terms of working hours and promote a productivity-focused work style.

Promotion of diversity

▶ Respecting human rights

The Keihan Group has declared respect for the human rights of all people in the charter of conduct. Every year, in “Constitution Week” in May and “Human Rights Week” in December, we hold movie screening events and seminars related to human rights protection. We also post articles related to human rights promotion in our group magazine. Thus, we are making efforts to raise awareness of human rights protection.

▶ Equal opportunity and fair recruitment

Keihan Holdings Co., Ltd. and Keihan Electric Railway Co. Ltd. operate personnel systems without discrimination on the basis of gender or other conditions in order to establish an energetic corporate culture regarding treatment of employees. Keihan Electric Railway Co., Ltd. appoints human rights promotion officers for fair recruiting, and conducts fair screening with a focus on the applicants’ personal characters, regardless of job categories. Therefore, Keihan Electric Railway Co., Ltd. has been designated as a certified company by the Fair Recruitment and Human Rights Promotion Center.

▶ Initiatives for women’s empowerment

To create a good and satisfactory working environment for all employees, regardless of gender and other conditions, Keihan Holdings Co., Ltd. has been developing relevant systems. We believe it is becoming more important to introduce women’s perspectives in management to continue to provide products and services that our customers need and achieve sustainable growth. In addition to proactively recruiting female applicants and allocating female employees to wider workplaces, we have provided a training program for employees in managerial positions, and issued and distributed a management guide focused on women’s life events, in 2018, to further advance career support and environmental improvement.

▶ Raising of the retirement age

We have revised the personnel system to raise the retirement age to 65 years old in stages with a view to responding to the revision of the Act on Stabilization of Employment of Elderly Persons and to enhancing and utilizing employees’ skills to the fullest. The system is also applied at Keihan Electric Railway Co., Ltd.

▶ Support for balancing work and childcare/ nursing care

Keihan Holdings Co., Ltd. and Keihan Electric Railway Co., Ltd. have developed systems to support employees who are engaged in childcare and/or nursing care for family members. In addition to relevant leave and shorter working hours, we offer a system of saving unused annual paid holidays and using them for holidays for childcare and/or nursing care for family members. Since January 2018, we have test-launched a system of working from home for employees engaged in childcare or nursing care, as part of the teleworking system. Thus, we try to reduce the commuting burden and improve the working environment for employees engaged in childcare and/or nursing care.

Through these programs, we have received the “Kurumin Mark” four times, certifying us as a childcare supporting company, from the Ministry of Health, Labour and Welfare.



▶ Handling of harassment

The Keihan Group declares its commitment to the elimination of all forms of harassment in the charter of conduct and, to effectively implement this, has established harassment prevention regulations shared by the entire Keihan Group. Through basic training for new employees of the Keihan Group, and Keihan Business Seminars, we are trying to raise employees’ awareness and knowledge. At the same time, by providing training programs for personnel from harassment consultation divisions of each group company, we are reinforcing systems for receiving consultation from employees.

▶ Employment of people with disabilities

To actively promote employment of people with disabilities, we have established Keihan Smile Heart Co., Ltd., which gained recognition by the Minister of Health, Labour and Welfare as a special subsidiary in May 2017.

Keihan Smile Heart Co., Ltd. has employed seven staff members with disabilities, who are engaged in office support, such as the cleaning of office floors, printing of business cards, document disposition and paper refilling. It also provides practical training to students belonging to the upper-secondary department of schools for special needs education.



Emphasis on human resources development

▶ Human resources development and educational systems

All new employees of the Keihan Group receive basic training to acquire the knowledge and raise awareness required in working for the Keihan Group. The group training for the group's employees titled "Keihan Business Seminar" is held as necessary so that the employees can acquire and enhance business skills (problem solution, logical thinking, coaching subordinates, etc.) and other knowledge related to financing, accounting, labor management and compliance.

In addition to the abovementioned training, Keihan Holdings Co., Ltd. offers stratified training and training programs by outside lecturers from the perspective of improving employees' management and coaching skills. In addition, we have introduced a mentor system to support career development of younger employees and provide necessary follow-up support. We are also actively working on support for self-development, such as financial aid for obtaining qualifications aimed at improving language and other skills.

"Profit up ↑ Idea box"

The system was introduced in 2015 to facilitate idea sharing and positive discussions toward the group's development among all Keihan Group employees across the scope of work and positions. It aims at discovering ideas that lead to an increase in the group's profit and fostering a positive and open corporate culture, encouraging everyone to think about the group's development.

This is not just about presenting ideas. Related divisions review the presented ideas and release responses, and employees from other divisions can give comments on them. Thus, the system allows group-wide sharing of ideas.



Approach toward a healthy company

▶ Consideration to employees' health

To maintain and promote the physical and mental health of employees, Keihan Holdings Co., Ltd. and Keihan Electric Railway Co., Ltd. provide health checkups based on the standards for health guidance and health management. This is mainly conducted by industrial doctors and industrial health staff. Our efforts toward early discovery and prevention of diseases include interviews with long-hour workers and highly stressed persons, and seasonal influenza vaccination for all employees.

In regard to mental health promotion, we have established a system encouraging employees to receive consultation from third-party institutions (three facilities) and developed internal regulations to support smooth returning to work of temporarily retired employees.

As a measure to prevent second-hand smoking at workplaces, we will renovate or close all smoking rooms in the buildings by the end of fiscal 2019 to reduce the risk of involuntary smoking. Keihan Group's in-house clinics and health insurance association jointly implement programs to help employees stop smoking and reduce the smoking rate.



Foundations that support our value creation

Environmental activities



The Keihan Group has formulated an environmental philosophy as a concept required in becoming an eco-friendly corporate group, and established the technical committee on environmental management under the Keihan Group CSR Committee. In this way, the group as a whole promotes environmental management. By focusing on global warming prevention, one of the most serious environmental issues, we will contribute to the realization of a society achieving sustainable development with reduced environmental burden.



Environmental philosophy

The Keihan Group formulated its environmental philosophy in 2002, and has since promoted environmental improvement and compliance with environmental laws as a group-wide effort.

Environmental philosophy

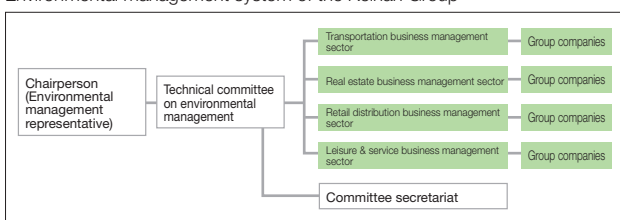
Based on the recognition that global environmental conservation is one of the key common issues shared by all humankind, the Keihan Group will contribute to the sustainable development of society by making efforts to conduct eco-friendly corporate management and give due consideration to environmental conservation and resource protection.

Environmental management of the Keihan Group

► Technical committee on environmental management

The technical committee on environmental management, established in 2005, promotes environmental management of the entire Keihan Group. The committee provides follow-up support for the group companies that have established their environmental management systems, shares information of the group companies and evaluates their approaches to promote better results. In addition, to ensure thorough compliance with environmental laws, the committee also publicizes the amendment of laws and, through regular environmental inspections, confirms legal compliance conditions and provides support for improvement.

Environmental management system of the Keihan Group



► Promotion of the establishment of environmental management systems

We exert efforts to continuously improve the environmental management systems by promoting the acquisition of environmental management certificates, such as ISO14001 and KES, and by determining the Keihan Group's unique environmental management system (basic type).

Keihan Group EMS

Certification type: Systems meeting the environmental management system requirements of, for example, ISO14001 and KES (by NPO KES Environmental Organizations). Examination by outside examining authorities and registration are required.

Basic type: Systems with basic elements for ISO14001.

Acquisition status of environmental management certification

ISO14001		KES	
Year and month	Company/Office	Year and month	Company/Office
Sep. 2000	Hirakata Park	Sep. 2005	Kyoto Century Hotel
Mar. 2001	Neyagawa train depot	May 2006	Keifuku Electric Railroad Co., Ltd.
Aug. 2002	Biwako Hotel	Jan. 2009	Kyoto Tower
Mar. 2004	All offices of Keihan Electric Railway Co., Ltd. (Certification of all offices is a first for a railway company)		

► Environmental management by Keihan Holdings Co., Ltd. and Keihan Electric Railway Co., Ltd.

As explained on p. 46, the Keihan Group is engaged in environmental management as a group-wide initiative. Here, we will focus on environmental management by Keihan Holdings Co., Ltd. and a company with a larger energy consumption, Keihan Electric Railway Co., Ltd. (Keihan EMS).

Environmental policy

Based on the environmental philosophy of the Keihan Group, we determined the environmental policy in 2003 with the recognition that it is our social responsibility to consider and respond to the impact on the environment caused by railway operation and other various business activities. The focused implementation items in advancing our business activities are as follows: (1) reduction of noise and vibration by railway operation (2) reduction of electricity consumption by railway operation (3) promotion of eco-conscious designs and (4) promotion of the usage of public transportation.

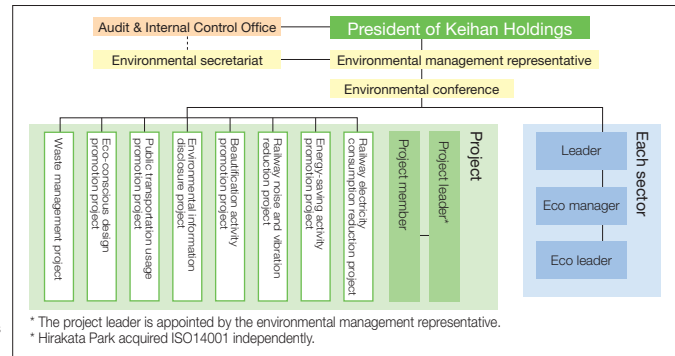
Operation based on ISO14001

The entire company acquired ISO14001 certification in 2004. The environmental management system of Keihan Holdings Co., Ltd. and Keihan Electric Railway Co., Ltd. (Keihan EMS) has been determined under the environmental management regulations that meet ISO14001 requirements, and entire control is conducted by the environmental management representative under the president of Keihan Holdings and the environmental conference held by each sector's leaders.

In handling cross-sectorial issues, the environmental management representative launches projects as necessary, and promotes initiatives for reducing the environmental burden.

* In accordance with the introduction of the holding company system in 2016, the system is operated jointly by Keihan Holdings Co., Ltd. and Keihan Electric Railway Co., Ltd.

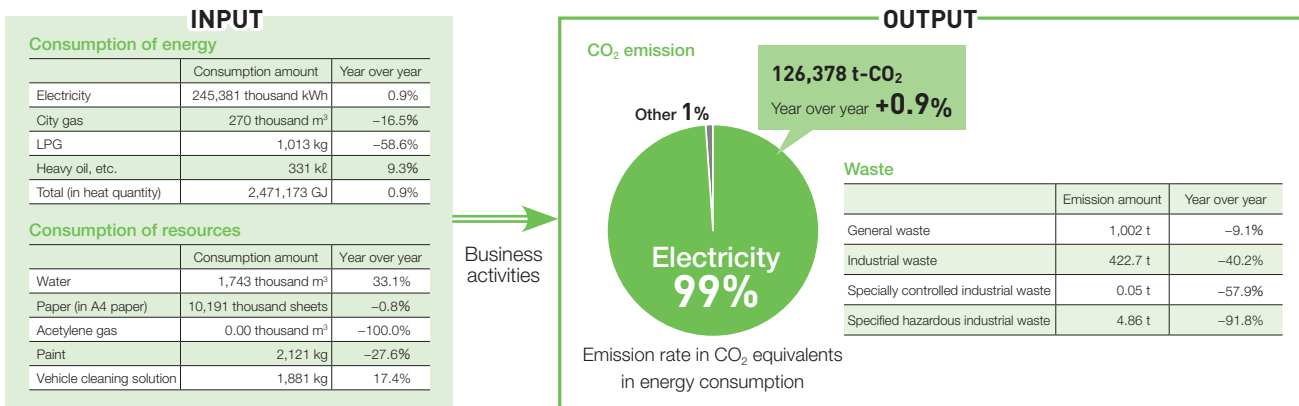
Environmental management system (as of July 2018)



Environment-related data (Fiscal 2018)

● Environmental burden caused by business activities (Material balance)

We clarify the quantitative environmental burden caused by business activities by "Input (amount of energy and resources consumed)" and "Output (emission of CO₂ and waste) to promote our activities to reduce the environmental burden.



● Environmental accounting

Environmental accounting is a system to clarify the cost for environmental conservation in business activities and effects gained thereby, measure them as quantitatively as possible, and convey them.

Environmental conservation cost

(Unit: thousand yen)

Classification	Major initiatives	Fiscal 2017		Fiscal 2018	
		Investment	Cost	Investment	Cost
(1) Cost within the business areas		427,432	407,492	489,476	401,801
1. Cost for preventing pollution	Introduction of long rails, PC sleepers, etc.	251,293	33,697	296,515	32,564
2. Cost for global environmental conservation	Introduction of CFC substitutes for air conditioning coolant, energy-saving air conditioning, etc.	102,349	33,282	141,024	18,775
3. Cost for material circulation	Waste disposal/processing, PCB waste processing, etc.	73,790	340,513	51,937	350,462
(2) Upstream and downstream cost	Sustainable procurement	0	2,892	0	3,085
(3) Cost for management activities	Measuring and gauging, issuance of "Corporate Report 2017," etc.	0	16,501	0	16,698
(4) Cost for social activities	Utilization of business materials for tree planting, development and maintenance of greenery areas outside business premises	0	4,193	0	8,838
	Total	427,432	431,078	489,476	430,422

Eco-efficiency indices

	Fiscal 2017	Fiscal 2018
Entire company's CO ₂ emission (t-CO ₂) / sales amount (million yen)	2.16	2.45
Railway's electricity consumption (thousand kWh) / railway revenue (million yen)	4.16	4.18

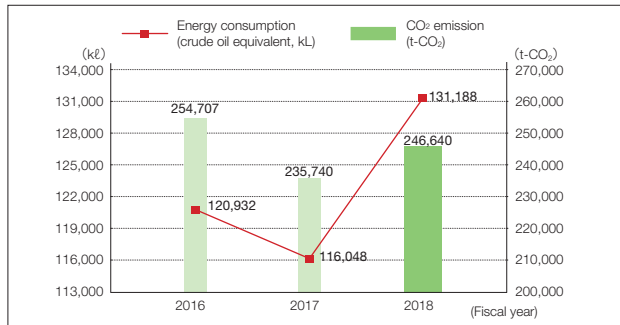
Contribution to global warming prevention

In 2015, the Paris Agreement was adopted at the 21st Conference of the Parties of the UNFCCC (COP21). As seen in this, global warming has been highlighted as a more important environmental issue in recent years. The Keihan Group will contribute to global warming prevention by proactively working on the reduction of electricity consumption for the railway business by Keihan Electric Railway Co., Ltd. and various other activities aimed at energy saving and reduction of CO₂ emission.

► Environmental burden caused by the Keihan Group

The Keihan Group will clarify energy consumption mainly of the group companies designated as Specified Businesses under the Act on Rationalizing Energy Use (Energy Saving Act) to promote our activities to reduce environmental burden.

Changes in energy consumption and CO₂ emission



* Total of the 9 companies designated as Specified Businesses under the Energy Saving Act. Since 2017, 9 other companies engaged in the railway, bus, and ship businesses, etc. have been added.

Year-over-year rate of intensity on the entire group's energy consumption
(Goal: 1% decrease year-over-year)

Fiscal year	2016	2017	2018
Year-over-year	-2.9%	-0.0%	0.3%

* Total of the 9 companies designated as Specified Businesses under the Energy Saving Act.

(Specified Businesses)

Keihan Electric Railway Co., Ltd., Keihan Bus Co., Ltd., Keihan Tatemono Co. Ltd., Keihan Ryutsu Systems Co., Ltd., Keihan Department Stores Co., Ltd., Keihan The Store Co., Ltd., Keihan Restaurant Co., Ltd., Hotel Keihan Co., Ltd., Keihan Hotels & Resorts Co., Ltd.

(Companies added)

Eizan Electric Railway Co., Ltd., Keifuku Electric Railroad Co., Ltd., Kyoto Keihan Bus Co., Ltd., Keihan Kyoto Kotsu Co., Ltd., Kojak Bus Co., Ltd., Kyoto Bus Co., Ltd., Biwako Kisen Steamship Co., Ltd., Osaka Aqua Bus Ltd., Keihan Holdings Co., Ltd.

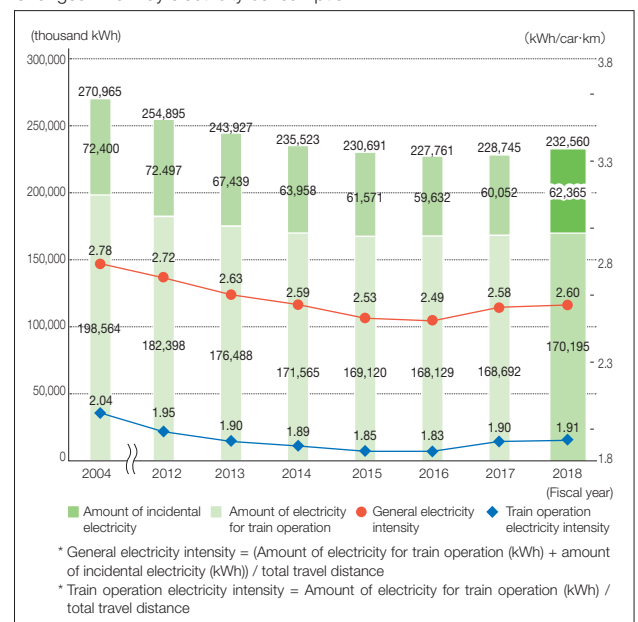
► Railway electricity consumption reduction project by Keihan Railway

Prevention of global warming is one of the most serious environmental issues, and reduction of CO₂ emission is a focal theme. Railway boasts a better energy efficiency compared to other vehicles, yet it requires a great amount of electricity for operation. Since CO₂ is generated in the process of generating electricity, we indirectly emit CO₂ through railway operation.

Based on this recognition, Keihan Electric Railway Co., Ltd. started the "Railway electricity consumption reduction project" (see P. 47) in 2003, and has promoted energy saving through various initiatives, such as the introduction of energy-saving-type vehicles and LED lighting at railway facilities, while the required electricity increased due to the enhancement of services and railway network aimed at increasing convenience for customers.

As a result, electricity consumption of Keihan Electric Railway Co., Ltd. has been changed as shown in the chart on the right, and the railway electricity consumption in fiscal 2018 recorded an approx. 14% decrease compared to fiscal 2004, when the project was launched. We will continue our efforts to reduce electricity consumption for railway operation, while also pursuing enhanced convenience for customers.

Changes in railway electricity consumption



* General electricity intensity = (Amount of electricity for train operation (kWh) + amount of incidental electricity (kWh)) / total travel distance
* Train operation electricity intensity = Amount of electricity for train operation (kWh) / total travel distance

► Low-carbon collection/delivery system utilizing streetcars

As a joint project with Yamato Transport Co., Ltd., Keifuku Electric Railroad Co., Ltd. is engaged in the transportation of parcels utilizing Randen streetcars to reduce CO₂ emission around the Arashiyama area in Kyoto City.

Carts containing parcels are loaded on the chartered Randen streetcar at Sai train depot, and transported. At the stations on the line, the carts are unloaded as necessary, and sales drivers deliver them using electric bikes with trailers. This method contributes to environmental conservation and traffic jam alleviation in the area.

Due to contribution to reduction of the environmental burden, the two companies received an award from the Minister of Land, Infrastructure, Transport and Tourism as excellent business operators supporting environmental conservation related to transportation in 2014.



Loading of parcels

▶ Initiatives by the group's bus companies for reduction of the environmental burden

To reduce the environmental burden, bus companies in the Keihan Group proactively introduce low-emission vehicles, such as automatic idle-stop vehicles and hybrid vehicles, and make efforts to improve fuel efficiency and reduce fuel consumption through eco-driving. Also, through the environmental management system, the companies are working on (1) promotion of eco-driving including idle-stop (2) replacement of vehicles with those meeting the new emission regulations and (3) reduction of electricity consumption through appropriate temperature setting for air conditioning and appropriate lighting use, as well as the introduction of LED lighting.



Hybrid vehicle (Kyoto Bus)

▶ Initiatives by Zero Home

Zero Corporation Co., Ltd. is striving to promote ZEHs* that contribute to the reduction of energy consumption in general households, with the goal of a newly built ZEH penetration rate of 50% by 2020.

In addition, Zero Corporation Co., Ltd. uses domestic lumber for all the houses they construct. By using domestic lumber, the company makes an ecological contribution to maintaining the sustainable cycle of planting and logging in Japanese forests and preventing devastation of mountains.

* ZEH: Net Zero Energy House, referring to a house whose yearly primary energy consumption and generation are almost the same, with enhanced insulation efficiency, energy-saving function and energy generation by solar power, etc.



▶ Initiatives for reduction of the environmental burden caused by ships

The tour boat "megumi," operated by Biwako Kisen Steamship Co., Ltd., is an eco-friendly vessel with improved fuel efficiency achieved by the reduction of wave-making resistance, mounted with a biofuel engine and photovoltaic and wind power generation systems. In November 2016, it received the Shiga Governor's Award in the second "Kaueco Grand Prix" hosted by the Shiga Green Purchasing Network.



megumi

▶ Construction of facilities with environmental and social consideration

"Keihan Yodo Logistics Yard," an inland logistics facility that opened in 2016, was awarded four stars as "real estate with very excellent consideration to the environment and society" in the DBJ Green Building Certification, a system for evaluating real estate with environmental and social consideration. On the roof of the facility are solar photovoltaic panels with power generation capacity of approx. 1.8 million kWh per year (which can power 480 general households), and on the south side of the building is a green belt. LED lighting is installed in the building, which can be used as a disaster management base after a disaster. These points were highly evaluated in the certification process.

The office buildings "Intage Akihabara Building" and "Keihan Dojima Building" operated by Keihan Asset Management Co., Ltd. were also awarded two stars, as their disaster risk reduction measures, rooftop greening and awareness-raising activities for energy saving were highly appreciated.



Keihan Yodo Logistics Yard

Initiatives at THE THOUSAND KYOTO with environmental and social consideration

THE THOUSAND KYOTO is a new hotel now under construction, and will start operation in January 2019. Greening on the building will be featured, expressing the beautiful mountain scenery of Kyoto. From the perspective of consideration and contribution to the environment and local communities, the hotel will reduce emission of CO₂ by utilizing photovoltaic power generation and well water, and will also serve as a local disaster management base.



▶ Children's events for environmental education

In August 2018, we held the event "Let's learn about eco for trains! Quiz de Keihan & photo session in uniforms!" at the Miyako Ecology Center in Kyoto City. With elementary school students as the main participants, we introduced the initiatives for global warming prevention by Keihan Railway and the Keihan Group in quiz-show style. The participants enjoyed the event and also deepened their understanding of the activities by the Keihan Group.



Corporate overview and financial highlights of Keihan Holdings

Corporate data (as of March 31, 2018)

Name	Keihan Holdings Co., Ltd.
Incorporation	November 25, 1949
Establishment	November 19, 1906
Capital	51,466,416,776 yen
Number of employees	132 (including those seconded from other companies, and not including those seconded to other companies)
Total number of authorized shares	319,177,200
Aggregate number of issued shares	113,182,703
Number of shareholders	45,080
Head office	1-7-31 Otemae, Chuo-ku, Osaka, Japan
Main business segments	Management of the group, etc.

Corporate officers (as of June 19, 2018)

Representative Director, President, CEO & COO	Yoshifumi Kato
Director & Senior Executive Officer	Tatsuya Miura
Director & Managing Executive Officer	Michio Nakano
Director & Managing Executive Officer	Masaya Ueno
Director & Managing Executive Officer	Toshihiko Inachi
Director & Managing Executive Officer	Masahiro Ishimaru
Director	Kazuo Tsukuda
Director	Shuji Kita
Director, Full-time Audit & Supervisory Committee Member	Tetsuo Nagahama
Director, Full-time Audit & Supervisory Committee Member	Masakazu Nakatani
Director, Audit & Supervisory Committee Member	Hisashi Umezaki
Director, Audit & Supervisory Committee Member	Nobuyuki Tahara
Director, Audit & Supervisory Committee Member	Koichi Kusao
Executive Officer	Takuji Tateyama
Executive Officer	Kazuhisa Horino
Executive Officer	Yasushi Matsushita
Executive Officer	Hitoshi Shioyama
Executive Officer	Yoichi Yoshimura
Executive Officer	Yoshihisa Domoto
Executive Officer	Toshiya Kudo

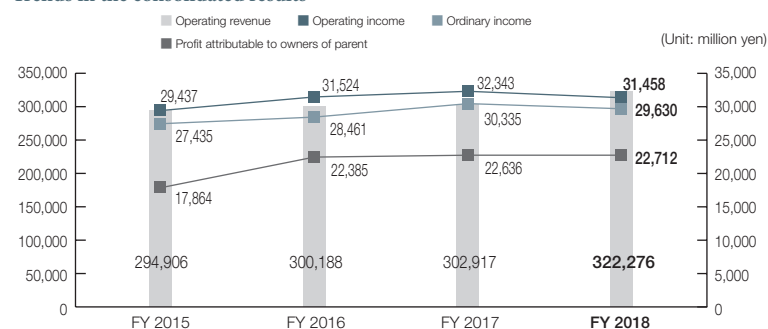
Financial highlights (Consolidated)

(Unit: million yen)

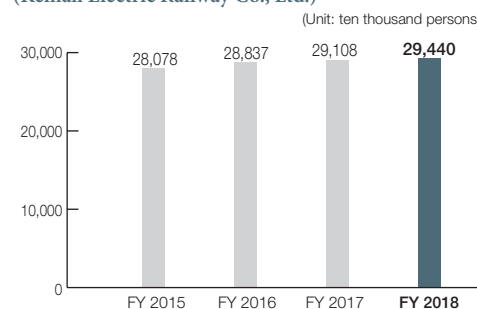
	FY 2015	FY 2016	FY 2017	FY 2018
Operating revenue	294,906	300,188	302,917	322,276
Operating income	29,437	31,524	32,343	31,458
Ordinary income	27,435	28,461	30,335	29,630
Profit attributable to owners of parent	17,864	22,385	22,636	22,712
Total assets	664,236	670,333	679,631	699,207
Net assets	190,513	191,790	203,455	223,559
Cash flows from operating activities	21,459	36,334	38,569	44,438
Cash flows from investing activities	-4,473	-27,750	-29,597	-32,603
Cash flows from financing activities	-16,275	-5,768	-20,020	-9,858
Earnings per share (yen)	31.78	39.95	211.01	211.87
Net assets per share (yen)	334.67	349.13	1,870.99	2,055.87
Dividend per share (yen)	6.00	6.00	30.00	35.00
Return on equity (ROE) (%)	10.1	11.9	11.6	10.8
Return on assets (ROA) (%)	4.4	4.7	4.8	4.6
Capital adequacy ratio (%)	28.3	28.2	29.5	31.5
Net interest-bearing debt/EBITDA multiple (Times)	6.1	6.1	5.9	5.9

* Keihan Holdings Co., Ltd. has conducted a consolidation of common shares at a rate of one share for every five shares with an effective date of October 1, 2017. Earnings per share, net assets per share and dividend per share have been calculated as if this consolidation of shares was conducted at the beginning of the previous fiscal year.

Trends in the consolidated results



Total number of passengers (Keihan Electric Railway Co., Ltd.)



For details of financial reporting, please refer to the securities reports. <https://www.keihan-holdings.co.jp/ir/library/securities.html>

Third-party opinion

After reading the Corporate Report 2018

August 1, 2018

Katsuhiko Kokubu
Professor, Graduate School
of Business Administration
Kobe University



Long-term strategic concept and creation of value

The Keihan Group's Long-term Strategic Concept, with its focus on large projects now being planned in Kansai, is composed of the management vision toward 2050 and long-term and medium-term strategies designed to realize the vision. The previous management vision, "Our Challenge to Keihan as First Choice," was developed into "Be the beautiful Keihan areas and the global Keihan group." The long-term management strategy sets the three main strategies of "Redevelop Keihan areas," "Co-create tourism opportunity" and "Create relatable contents." Creation of "value to be shared with society," embodying the company's meaning of existence and social mission, is a very significant, highly appreciated initiative. The medium-term management plan includes specific descriptions and clear explanations of the initiatives toward value creation. In the future, the readers will be more sympathetic to the report if it also refers to how the initiatives impacted long-term goals, progress, and society.

Foundation and development of CSR

By identifying "CSR Focused Themes (Materiality)" and disclosing activity policies, the Keihan Group is steadily forming the foundation of CSR management. I expect that the report on the progress in each field, which includes as much numerical information as possible, will be released in the future. In regard to CSV (creating shared value) regarding the three points, new ideas will come up when each of the employees takes the management vision to heart, and considers how to realize it. Employees are also residents along the Keihan Railway lines, tourists, and hosts of inbound tourists, standing at the forefront of the Keihan Group's creation of value. Therefore, it would be a good idea to promote work-style reform, support a better work-life balance for everyone (not only for female workers but also for male workers), consider the realization of the management vision from various viewpoints, and develop a framework to pick up ideas. Furthermore, by explaining the value created by the Keihan Group in connection with the world's common challenge, SDGs, a wider understanding will be obtained regarding the Keihan Group expanding its businesses overseas.

Expansion and deepening of the entire group's activities

This year, there are wider descriptions of the group companies. In addition to the railway business, there are more articles on the businesses related to bus service, food, housing and communities in the context of the environment and safety. With many interesting articles, the content-rich report covers the group as a whole. For the future, I expect that the Keihan Group will continue various activities, while explaining what kind of social challenges each of the business segments will resolve, and how. The Keihan Group is engaged in diverse businesses related to railways, bus service, real estate, retail distribution, hotels, tourism and leisure, and is based in the world-renowned tourism cities of Kyoto and Osaka. There is value to be preserved, and value to be newly created, only by such a corporate group. I will give great attention to the future activities of the Keihan Group.



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