



Presentation Materials for Fiscal Year Ended October 2018 Financial Results

December 11, 2018
H.I.S. Co., Ltd.
TSE 1: 9603



1. Summary of Financial Results



Consolidated Operating Results

(JPY million)	FY2017	FY2018	YoY	Increase/ Decrease	Major Reasons for Increase/Decrease
Net Sales	606,024	728,554	120.2%	+ 122,529	Travel + 114,476, Huis Ten Bosch Group + 6,909, Hotel + 3,862
Gross Profit	114,738	133,368	116.2%	+ 18,630	
Operating Profit	15,915	18,024	113.3%	+ 2,109	Travel + 2,246, Huis Ten Bosch Group Δ 415, Hotel + 43
EBITDA	23,297	27,073	116.2%	+3,776	
Non-Operating Income	5,529	3,791	68.6%	Δ 1,737	2,275 of foreign exchange gains in the previous FY
Non-Operating Expenses	1,797	2,375	132.2%	+578	564 of foreign exchange losses in the current FY
Ordinary Profit	19,647	19,440	98.9%	Δ 207	
Extraordinary Income	2,009	5,107	254.2%	+ 3,098	4,230 of gain on sales of non-current assets
Extraordinary Losses	926	3,853	416.1%	+ 2,927	3,523 of extraordinary losses related to AAA
Profit before Income Taxes	20,730	20,695	99.8%	Δ 35	
Income Taxes	4,895	7,064	144.3%	+ 2,168	Reduction of income taxes in the previous FY due to debt forgiveness losses
Profit Attributable to Non-Controlling Interests	2,575	2,659	103.3%	+ 84	
Profit Attributable to Owners of Parent	13,259	10,971	82.7%	Δ 2,288	



Quarterly Consolidated Income Statement

(JPY million)	FY17					FY18				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Net Sales	125,022	146,802	143,289	190,908	606,024	164,509	176,738	169,190	218,115	728,554
YoY	100.7%	111.3%	124.3%	125.2%	115.7%	131.6%	120.4%	118.1%	114.3%	120.2%
Cost of Sales	100,274	119,009	117,871	154,130	491,285	132,890	144,919	137,991	179,384	595,185
Gross Profit	24,748	27,793	25,418	36,778	114,738	31,619	31,818	31,198	38,731	133,368
G/P Margin	19.8%	18.9%	17.7%	19.3%	18.9%	19.2%	18.0%	18.4%	17.8%	18.3%
SG&A Expenses	22,200	24,098	23,560	28,963	98,822	27,540	28,273	29,259	30,270	115,343
Operating Profit	2,547	3,694	1,857	7,815	15,915	4,078	3,545	1,939	8,461	18,024
YoY	54.3%	96.1%	-	122.3%	111.5%	160.1%	96.0%	104.4%	108.3%	113.3%
O/P Margin	2.0%	2.5%	1.3%	4.1%	2.6%	2.5%	2.0%	1.1%	3.9%	2.5%
EBITDA	4,194	5,523	3,715	9,863	23,297	6,150	5,884	4,253	10,784	27,073
Non-Operating Income	4,816	△39	375	376	5,529	849	1,328	581	1,032	3,791
Non-Operating Expenses	188	299	466	843	1,797	970	1,015	22	366	2,375
Ordinary Profit	7,174	3,356	1,767	7,349	19,647	3,957	3,857	2,499	9,127	19,440
YoY	163.3%	3369.1%	-	116.1%	227.2%	55.2%	114.9%	141.4%	124.2%	98.9%

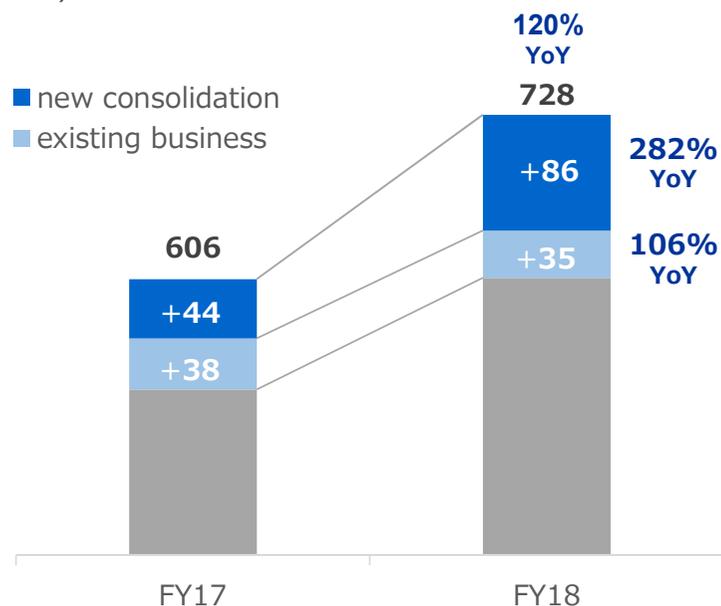


Net Sales & Operating Profit

- Net sales grew significantly, 120% of previous FY, due to **JPY86.5 billion of contribution from newly added consolidated subsidiaries** and **JPY35.9 billion of organic growth**
- Operating profit was **strong**, 113% of previous FY, due to contribution of existing travel business

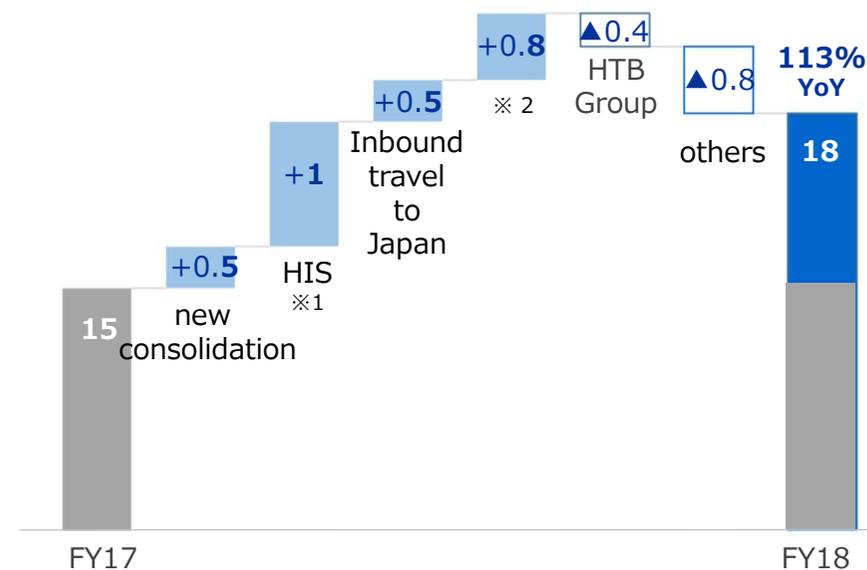
Sales increase due to new consolidation

(JPY billion)



Major reason for increase/decrease of operating profit

(JPY billion)



※1 H.I.S. Co., Ltd. parent company only

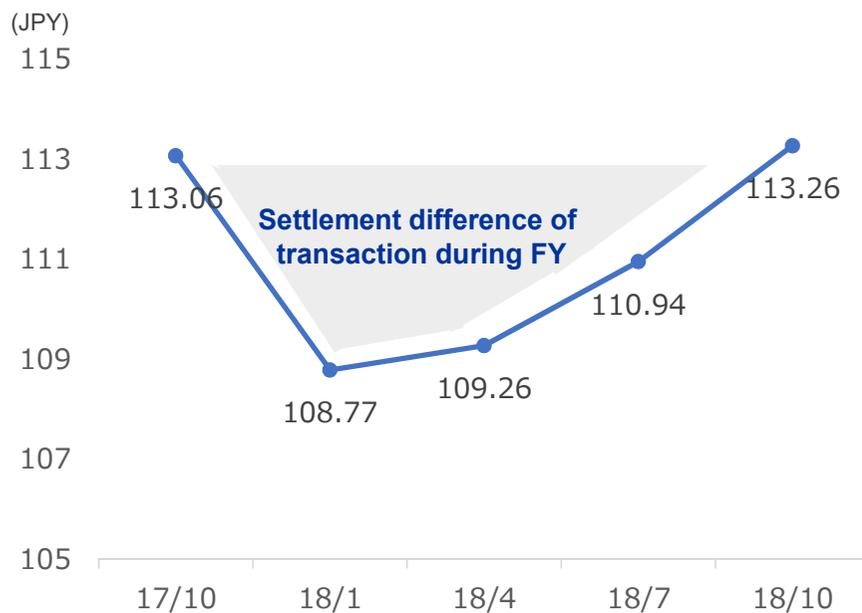
※2 Removal Of Transportation Business From consolidation



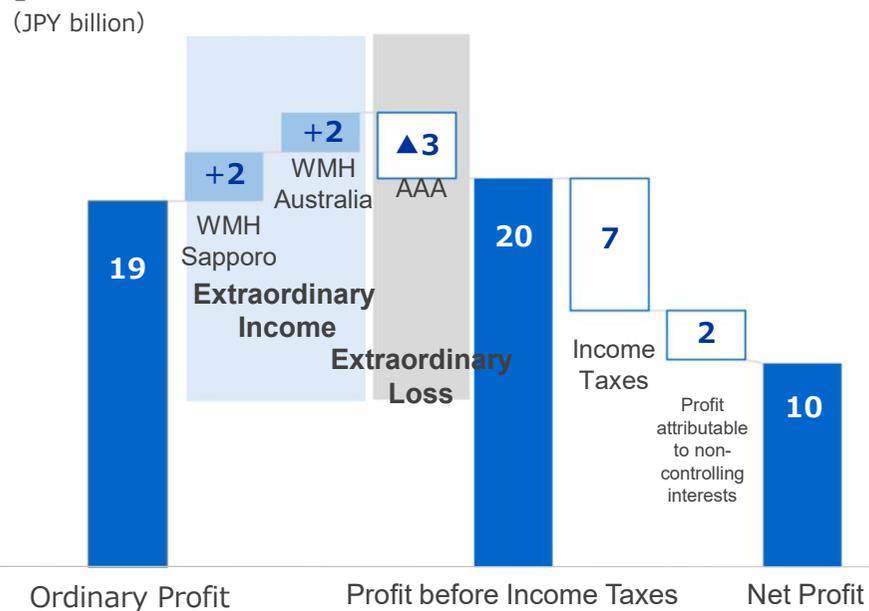
Ordinary Profit & Net Profit

- Despite the yen depreciation trend, **foreign exchange loss of 500 million yen** was recorded due to the settlement difference of transaction during the fiscal year
- Extraordinary income of 4.8 billion yen** on sale of real estate and **extraordinary loss of 3.5 billion yen** related to Asia Atlantic Airlines (AAA) were recorded

Transition of Foreign Exchange Rate



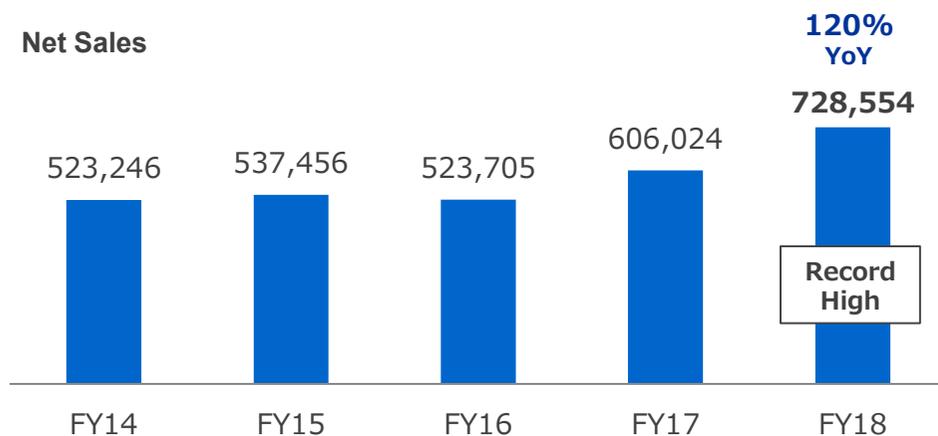
Major reasons for increase/decrease for net profit



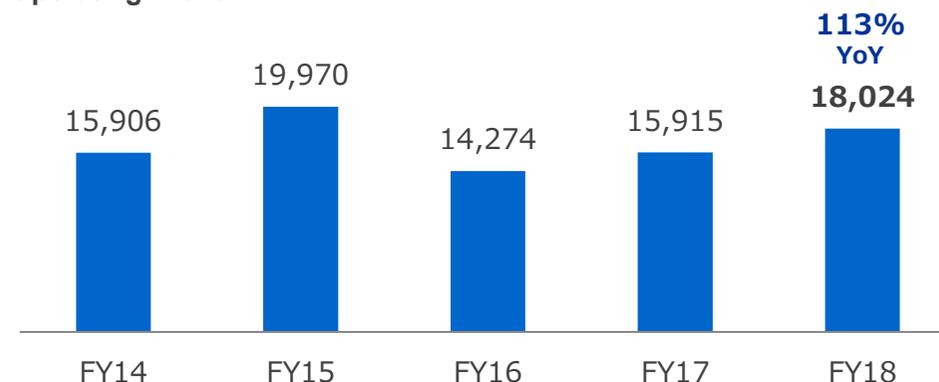
Consolidated Financial Results (5 Years)

(JPY million)

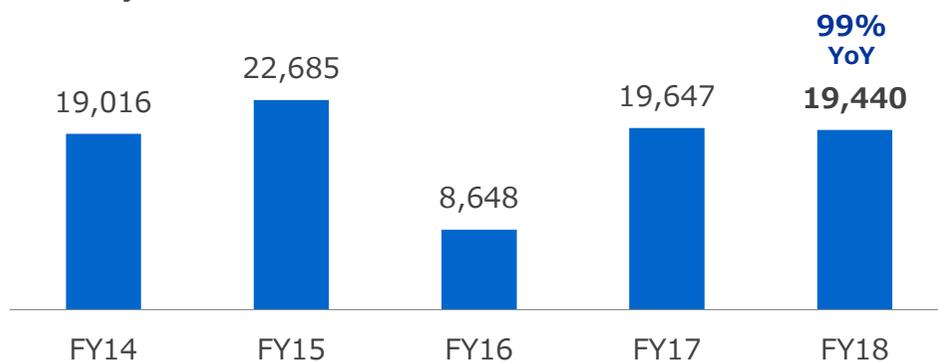
Net Sales



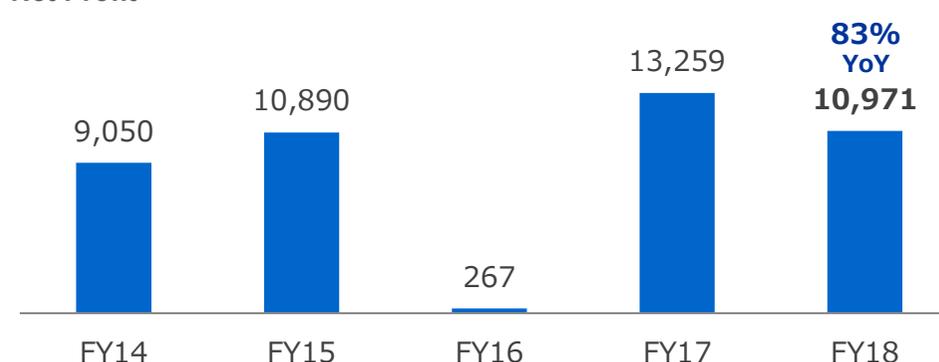
Operating Profit



Ordinary Profit



Net Profit



P/L by Business Segment

(JPY million)	Travel Business	Huis Ten Bosch Group	Hotel Business	Kyushu Sanko Group	Others/Adjustments, etc.	Total
Net Sales	651,303	43,690	12,039	21,641	▲122	728,554
YoY	121.3%	118.8%	147.2%	97.1%	-	120.2%
Increase/Decrease	114,476	6,909	3,862	▲640	-	122,529
Operating Profit	12,146	7,273	808	398	▲2,602	18,024
YoY	122.7%	94.6%	105.7%	70.7%	-	113.3%
Increase/Decrease	2,246	▲415	43	▲165	▲440	2,109
O/P Margin	1.9%	16.6%	6.7%	1.8%	-	2.5%
	±0pt	▲4.3pt	▲2.6pt	▲0.7pt	-	▲0.2pt
EBITDA	15,946	9,369	2,117	1,395	▲1,756	27,073
YoY	124.9%	98.0%	123.6%	86.0%	-	116.2%
Increase/Decrease	3,178	▲188	403	▲226	-	3,776
EBITDA Margin	2.4%	21.4%	17.6%	6.5%	-	3.7%
	▲0.1pt	▲4.5pt	▲3.4pt	▲0.8pt	-	▲0.1pt



Quarterly P/L by Business Segment

(JPY million)		FY17					FY18				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Travel Business	Net Sales	108,602	130,392	127,183	170,648	536,826	145,746	157,941	151,159	196,455	651,303
	YoY	100.2%	111.0%	122.7%	125.2%	115.3%	134.2%	121.1%	118.9%	115.1%	121.3%
	Operating Profit	854	2,760	814	5,470	9,900	1,979	2,210	954	7,002	12,146
	YoY	33.2%	126.3%	-	124.0%	109.5%	231.5%	80.1%	117.2%	128.0%	122.7%
	EBITDA	1,459	3,441	1,521	6,345	12,768	2,852	3,265	1,869	7,959	15,946
	YoY	46.7%	125.4%	307.4%	124.0%	112.1%	195.5%	94.9%	122.8%	125.4%	124.9%
Huis Ten Bosch Group	Net Sales	8,587	8,412	7,966	11,814	36,780	10,052	10,770	9,614	13,252	43,690
	YoY	102.3%	106.7%	136.4%	121.2%	115.4%	117.1%	128.0%	120.7%	112.2%	118.8%
	Operating Profit	2,254	1,518	1,415	2,500	7,688	1,974	1,646	1,418	2,234	7,273
	YoY	89.2%	78.5%	257.3%	101.1%	102.7%	87.6%	108.4%	100.2%	89.4%	94.6%
	EBITDA	2,701	1,982	1,880	2,994	9,558	2,452	2,145	1,989	2,781	9,369
	YoY	91.9%	82.5%	186.1%	101.1%	102.6%	90.8%	108.3%	105.8%	92.9%	98.0%
Hotel Business	Net Sales	1,694	1,925	1,726	2,830	8,177	3,130	3,109	2,915	2,883	12,039
	YoY	93.2%	106.4%	115.4%	190.5%	123.7%	184.7%	161.5%	168.9%	101.9%	147.2%
	Operating Profit	231	262	115	155	764	394	319	130	▲35	808
	YoY	90.7%	122.9%	274.6%	341.5%	137.5%	170.6%	121.4%	112.7%	-	105.7%
	EBITDA	429	471	332	480	1,713	732	654	458	272	2,117
	YoY	93.2%	109.1%	130.2%	341.5%	122.8%	170.6%	138.8%	137.8%	56.7%	123.6%



Quarterly P/L by Business Segment

(JPY million)		FY17					FY18				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Kyushu Sanko Group	Net Sales	5,867	5,314	5,352	5,747	22,282	5,740	5,105	5,277	5,519	21,641
	YoY	97.4%	107.1%	134.2%	109.0%	110.0%	97.8%	96.1%	98.6%	96.0%	97.1%
	Operating Profit	224	20	65	253	564	235	114	▲25	74	398
	YoY	61.0%	138.4%	-	372.8%	631.9%	105.0%	568.3%	-	29.3%	70.7%
	EBITDA	497	305	327	492	1,622	455	349	226	364	1,395
	YoY	79.1%	98.6%	-	372.8%	131.7%	91.6%	114.5%	69.3%	74.0%	86.0%
Others	Net Sales	982	1,926	2,034	947	5,891	893	977	1,197	1,226	4,295
	Operating Profit	▲414	▲357	▲76	9	▲839	11	▲170	14	▲220	▲364
	EBITDA	▲405	▲276	▲13	23	▲671	108	▲69	157	▲111	85
Elimination, Adjustments, etc.	Net Sales	▲712	▲1,169	▲972	▲1,079	▲3,934	▲1,054	▲1,167	▲974	▲1,221	▲4,417
	Operating Profit	▲603	▲509	▲477	▲573	▲2,162	▲516	▲573	▲553	▲593	▲2,237
	EBITDA	▲487	▲401	▲333	▲472	▲1,694	▲451	▲460	▲448	▲481	▲1,842

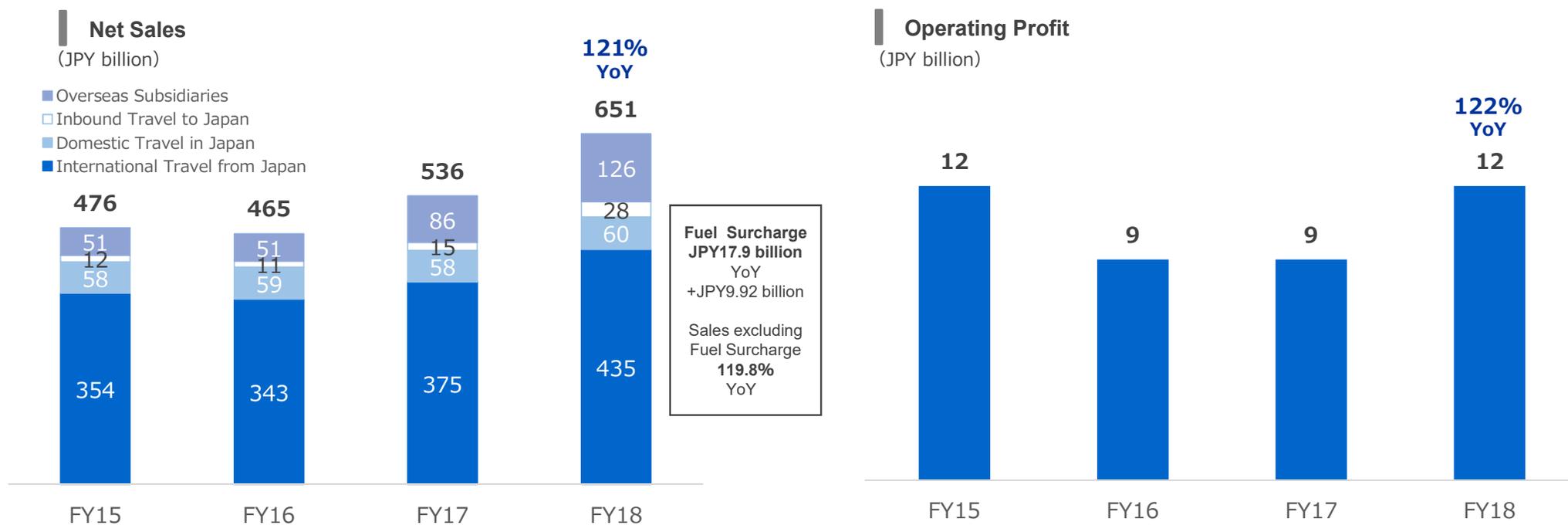
「Others」………property and casualty insurance business and real estate business, etc. not included in reporting segments (FY 17 also includes transportation business)

「Elimination, adjustments, etc.」…… Inter-segment transaction, corporate expenses not allocated to each reporting segment



Travel Business

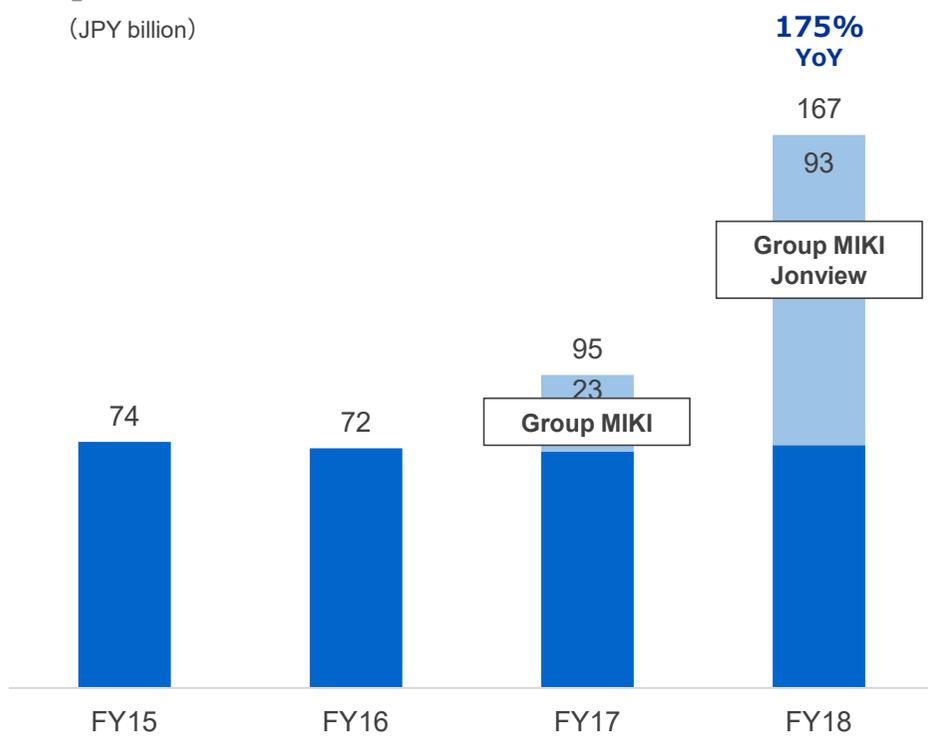
- Net sales of overseas subsidiaries **grew 58% YoY** due to **contribution of three newly-added consolidated subsidiaries**
- Net sales of international travel departing from **Japan grew by 16% YoY** due to continued demand for tours to **Europe and South Korea**, despite big negative impacts such as temporary closure of Kansai Airport and reduced flights to Guam
- Inbound travel to Japan **grew 80% YoY** due to **enhanced contents** in response to shift to individual travel, although temporary slow-down was observed in September



Travel Business / Overseas Subsidiaries

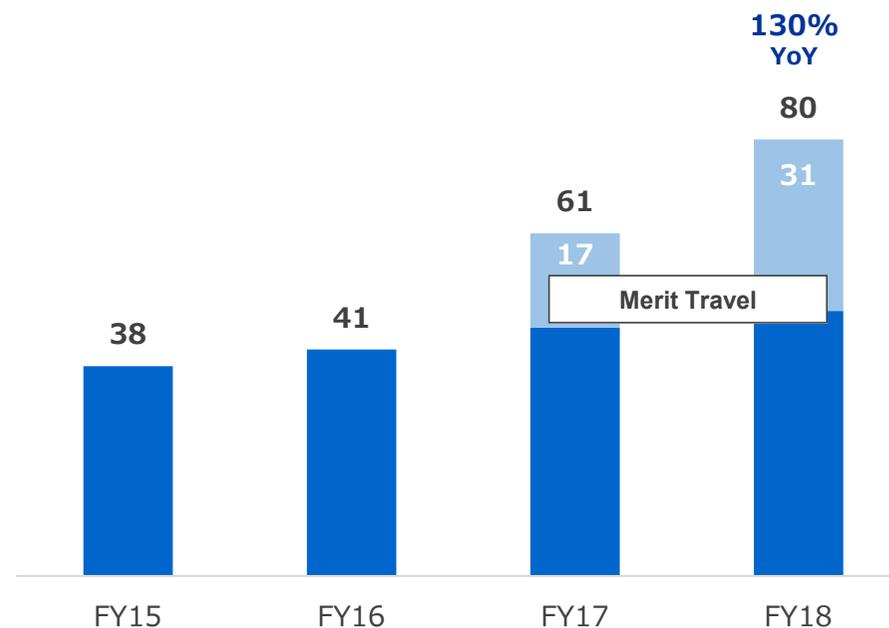
Inbound Transaction Amount

(JPY billion)



Outbound Transaction Amount

(JPY billion)

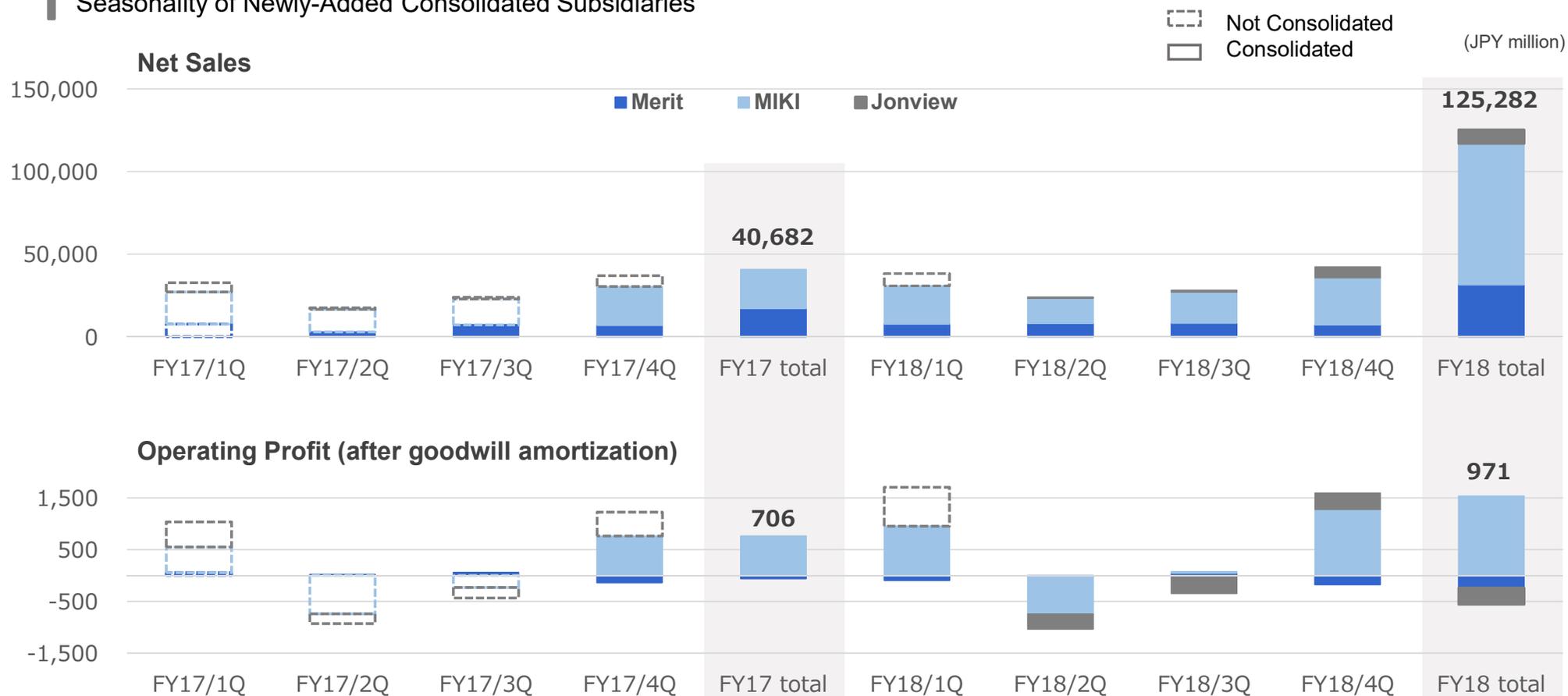


※ Before eliminating internal transactions and consolidation adjustments



Travel Business / Overseas Subsidiaries

Seasonality of Newly-Added Consolidated Subsidiaries

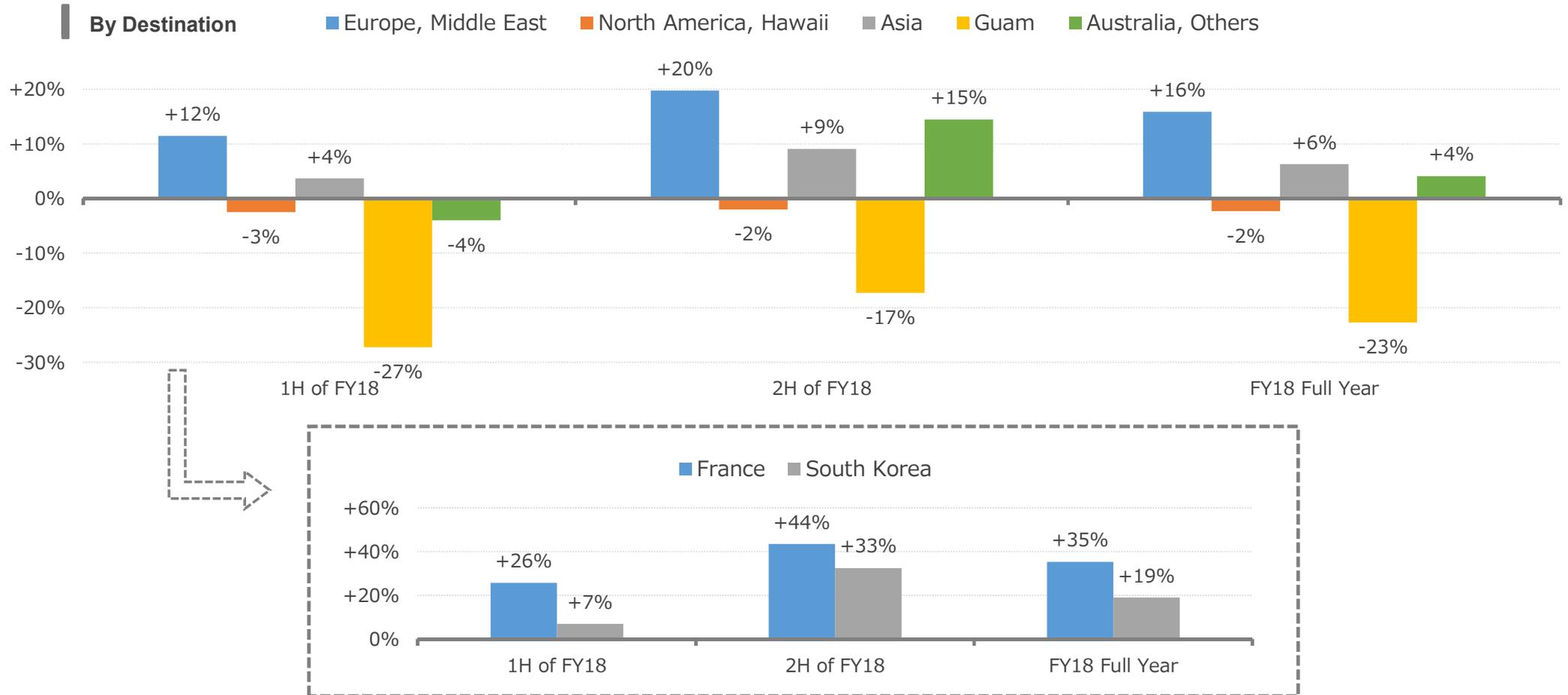


Travel Business: Quarterly Sub-Segment P/L

(JPY million)	FY17					FY18				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Travel Business Total	108,602	130,392	127,183	170,648	536,826	145,746	157,941	151,159	196,455	651,303
YoY	100.2%	111.0%	122.7%	125.2%	115.3%	134.2%	121.1%	118.9%	115.1%	121.3%
International Travel from Japan / Transaction Amount	82,129	94,802	86,044	112,432	375,408	92,317	106,883	102,845	133,611	435,657
YoY	105.7%	110.7%	117.5%	105.6%	109.4%	112.4%	112.7%	119.5%	118.8%	116.1%
Fuel Surcharge (included in the transaction amount above)	742	1,688	2,776	2,829	8,036	2,162	4,430	4,560	6,806	17,960
Domestic Travel in Japan / Transaction Amount	10,809	15,669	13,666	18,506	58,648	11,776	16,434	13,600	18,413	60,224
YoY	96.9%	97.5%	105.7%	96.3%	98.8%	109.0%	104.9%	99.5%	99.5%	102.7%
Inbound Travel to Japan / Transaction Amount	2,912	3,774	4,311	4,949	15,948	5,901	7,212	7,913	7,796	28,824
YoY	101.5%	114.9%	163.0%	179.1%	137.9%	202.6%	191.1%	183.5%	157.5%	180.7%
Overseas Subsidiaries / Inbound Transaction Amount	19,187	17,176	19,054	40,058	95,475	44,088	33,129	38,373	51,708	167,299
YoY	84.9%	99.1%	106.4%	270.4%	168.1%	229.8%	192.9%	201.4%	129.0%	175.2%
Overseas Subsidiaries / Outbound Transaction Amount	9,206	13,929	19,243	18,742	61,120	18,897	20,222	21,248	19,634	80,002
YoY	96.2%	135.3%	164.9%	184.4%	146.6%	205.3%	145.2%	110.4%	104.7%	142.4%
Elimination of internal transactions, adjustments, etc.	△15,031	△12,474	△15,135	△24,039	△69,887	△27,234	△25,950	△32,821	△34,707	△120,715



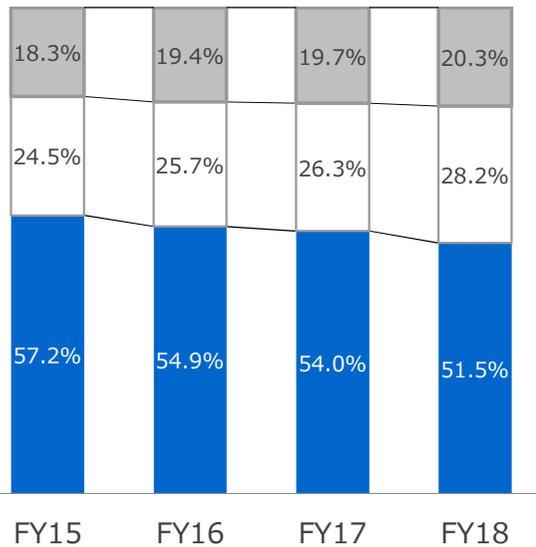
[Supplementary Material] Travel Business / YoY Comparison for the # of Passengers by Destination (International Travel)



[Supplementary Material] Travel Business / International Travel from Japan / Breakdown

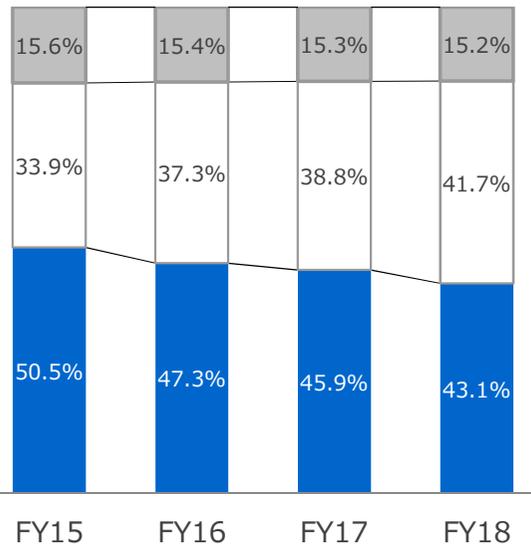
Sales of International Travel from Japan by Sales Channel

■ Sales Office □ Online ■ Corporate



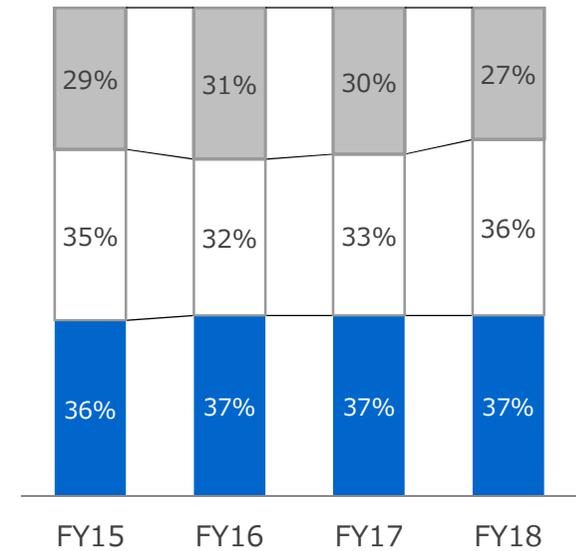
Number of Passengers of International Travel from Japan by Sales Channel

■ Sales Office □ Online ■ Corporate



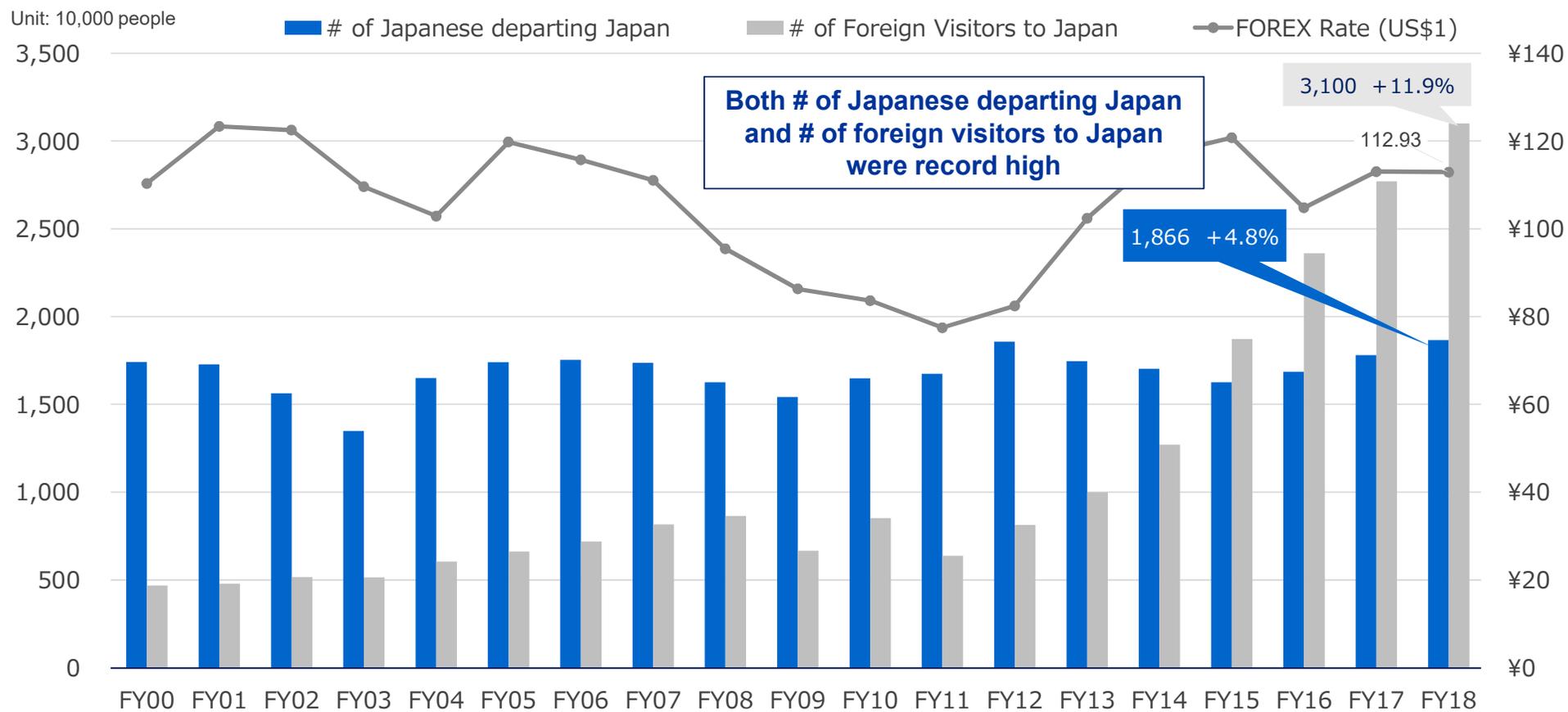
Sales of International Travel from Japan by Destination

■ Hawaii, Micronesia
□ Europe, America, Australia
■ Asia



※The numbers are different from those in prior presentation materials due to change in calculation methods

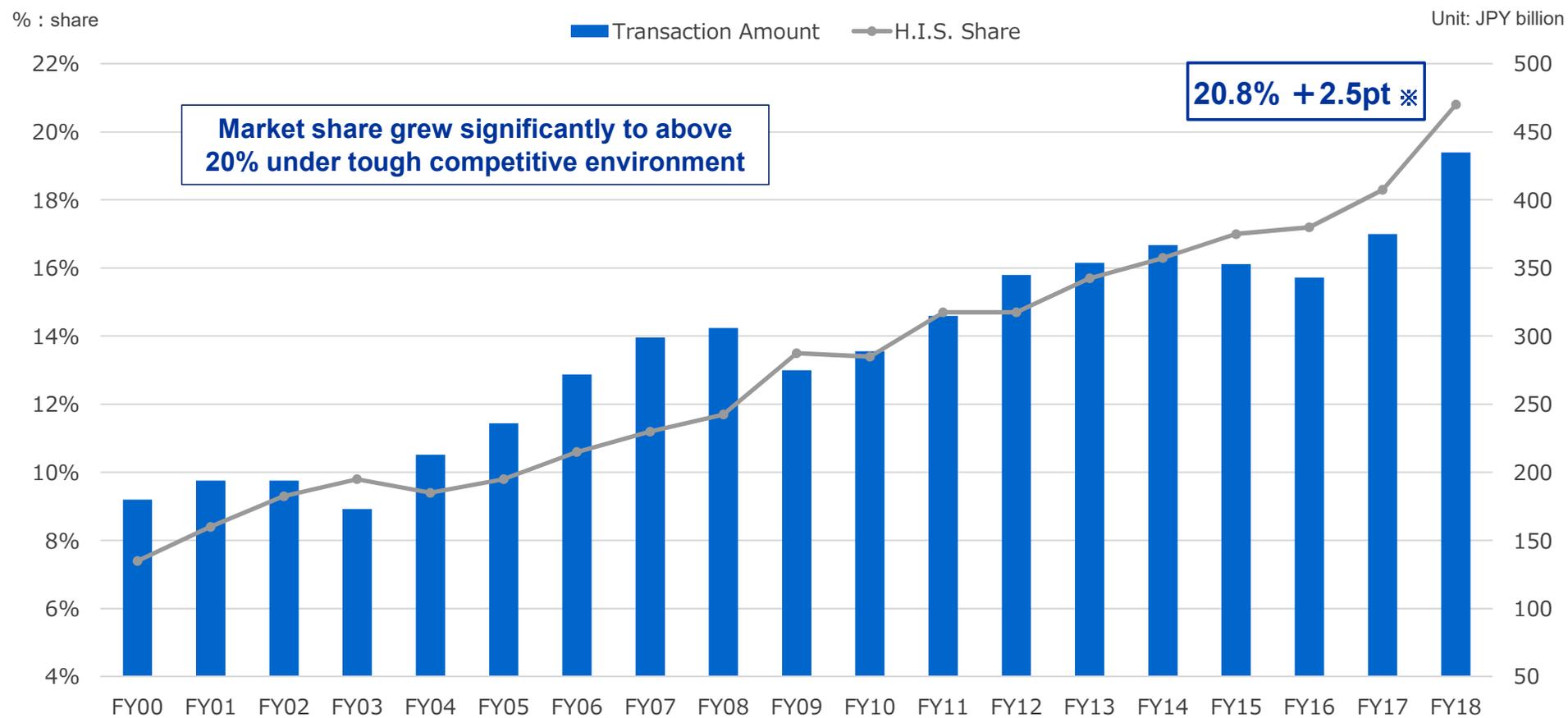
[Supplementary Material] Travel Business / Overview



Source : JNTO Period: Nov - Oct

©2018 H.I.S. Co., Ltd. IR Sec.

[Supplementary Material] Travel Business / Historical Market Share (Transaction Amount of International Travel from Japan)



Source : JNTO Period : Nov - Oct

©2018 H.I.S. Co., Ltd. IR Sec.

※ estimate by H.I.S. Group

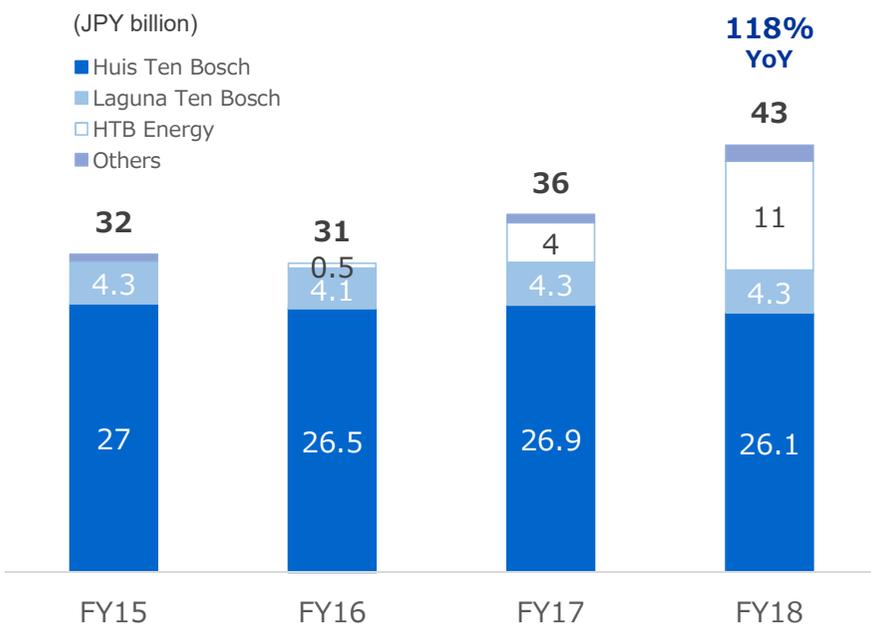
Huis Ten Bosch Group

- Net sales were solid, generating **118%** of the previous year, due to **growth of HTB Energy**
- Operating profit decreased by 8% YoY due to **decreased number of visitors to theme parks caused by bad weather** and **increased fuel costs at HTB Energy**

Net Sales

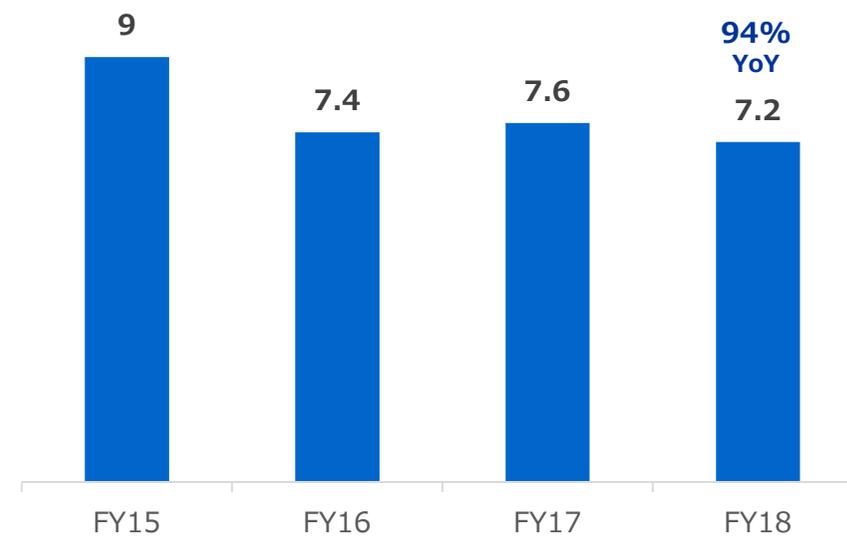
(JPY billion)

- Huis Ten Bosch
- Laguna Ten Bosch
- HTB Energy
- Others



Operating Profit

(JPY billion)



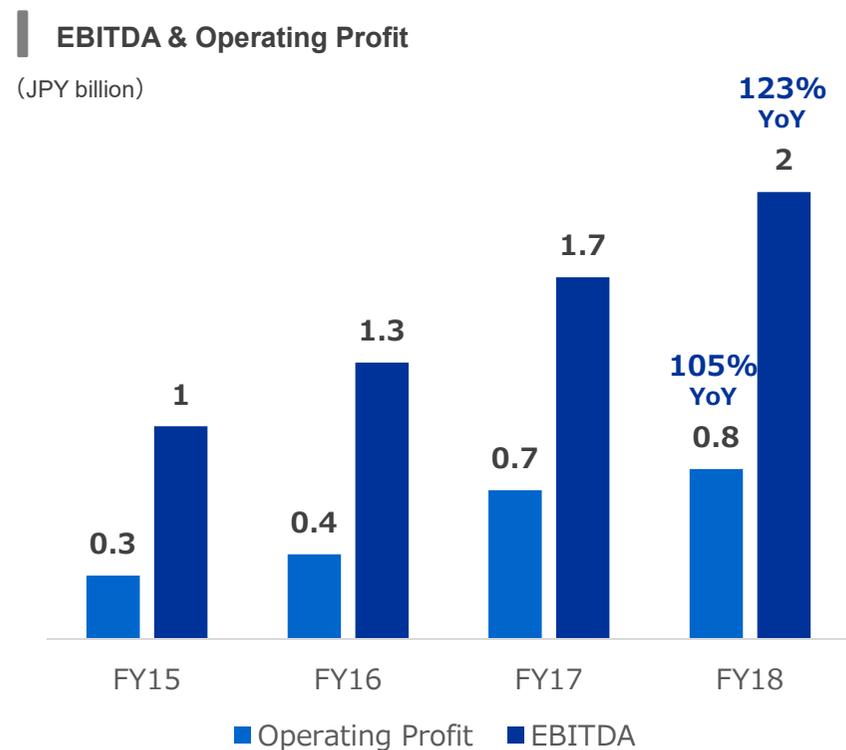
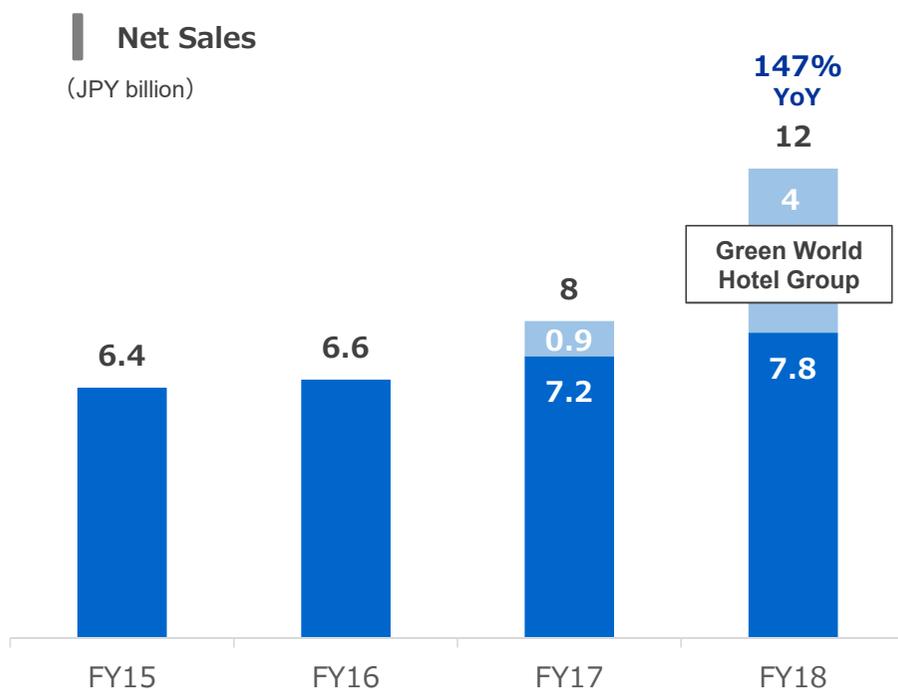
Huis Ten Bosch Group Quarterly Sub-Segment P/L

(JPY million)	FY17					FY18				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Huis Ten Bosch only										
Transaction Amount	7,523	6,874	6,375	8,378	29,150	7,361	7,167	6,340	7,515	28,384
YoY	95.4%	92.3%	121.3%	104.6%	101.9%	97.9%	104.3%	99.5%	89.7%	97.3%
Operating Profit	2,223	1,886	1,465	2,013	7,587	2,049	2,062	1,285	1,779	7,176
YoY	87.0%	85.9%	227.8%	92.1%	100.1%	92.2%	109.3%	87.7%	88.4%	94.5%
Number of Visitors (10,000)	78.9	68.8	64.4	75.9	288.1	72.9	66.6	62.3	70.3	272.2
YoY	97.0%	91.1%	120.7%	95.9%	99.5%	92.4%	96.9%	96.6%	92.6%	94.4%
Foreign Visitors (included in the number above, 10,000)	3.5	5.2	5.5	4.8	19.1	4.3	4.7	5.0	4.3	18.4
YoY	71.7%	87.8%	119.1%	96.6%	93.2%	121.6%	91.4%	90.9%	89.6%	96.3%
Number of Hotel Guests (10,000)	8.0	8.0	6.4	8.7	31.2	7.6	8.1	6.5	7.9	30.2
YoY	96.6%	93.1%	127.2%	99.7%	101.5%	94.5%	101.7%	101.6%	90.8%	96.7%
Unit Price (JPY, rounded down to the nearest hundred)	9,500	9,900	9,800	11,000	9,900	10,000	10,700	10,100	10,600	10,400
Increase/Decrease	-200	+100	±0	+900	+400	+500	+800	+300	-300	+300
HTB Energy (Electric Power Retail)										
Transaction Amount	636	1,165	1,194	1,873	4,870	2,280	2,910	2,751	4,048	11,989
YoY	-	-	-	-	844.1%	358.1%	249.7%	230.2%	216.1%	246.2%



Hotel Business

- Net sales were 147% of the previous year, due to **full-year contribution of Green World Hotel Group in Taiwan, which had become a consolidated subsidiary at the end of 3Q of the previous fiscal year**
- Opened 5 new** “Henn na Hotel” in the Tokyo Metropolitan Area such as Akasaka and Ginza. **Sold 3 hotels** (WMH Sapporo and WMH Australia)



[Supplementary Material] Hotel Business / List of Hotels

Name of Hotel	Location	Opened / Acquired	# of Rooms	Reference
Watermark Hotel Gold Coast	Gold Coast, Australia	1996/11	388	Sold 2018/10
Watermark Hotel Brisbane	Brisbane, Australia	2005/9	95	Sold 2018/10
Watermark Hotel Sapporo	Sapporo, Hokkaido	2008/12	152	Sold 2018/ 3
Watermark Hotel Nagasaki Huis Ten Bosch	Sasebo, Nagasaki	2011/7	228	
Guam Leaf & Olive Spa Resort	Tumon, Guam	2012/4	453	
Watermark Hotel & Spa Bali Jimbaran	Jimbaran, Bali, Indonesia	2015/5	143	
Henn na Hotel Maihama Tokyo Bay	Urayasu, Chiba	2017/3	100	
Green World Hotels	Taipei, Taiwan	2017/5	1543	16 hotels
Henn na Hotel, Laguna Ten Bosch	Gamagori, Aichi	2017/8	100	
Henn na Hotel Tokyo Nishikasai	Edogawa-ward, Tokyo	2017/12	100	
Henn na Hotel Tokyo Ginza	Chuo-ward, Tokyo	2018/2	98	
Henn na Hotel Tokyo Hamamatsucho	Minato-ward, Tokyo	2018/4	118	
Henn na Hotel Tokyo Asakusabashi	Taito-ward, Tokyo	2018/7	145	
Henn na Hotel Tokyo Akasaka	Minato-ward, Tokyo	2018/7	116	
Henn na Hotel Tokyo Haneda	Ota-ward Tokyo	2018/10	200	

Opened in FY18
 Sold in FY18

30 Hotels in 4 Countries (as of Sep 30, 2018)

※includes 4 hotels under HTB's control

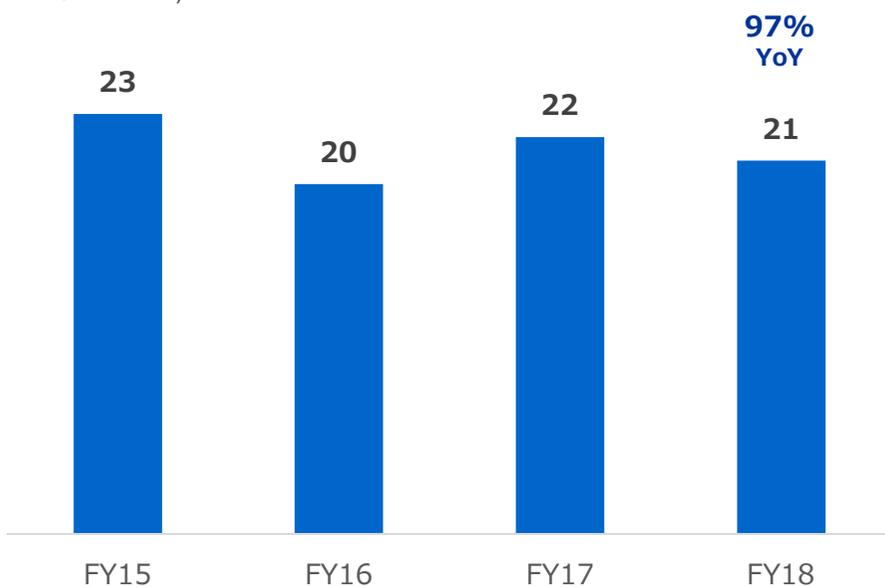
※ Hotels operated by H.I.S. Group only



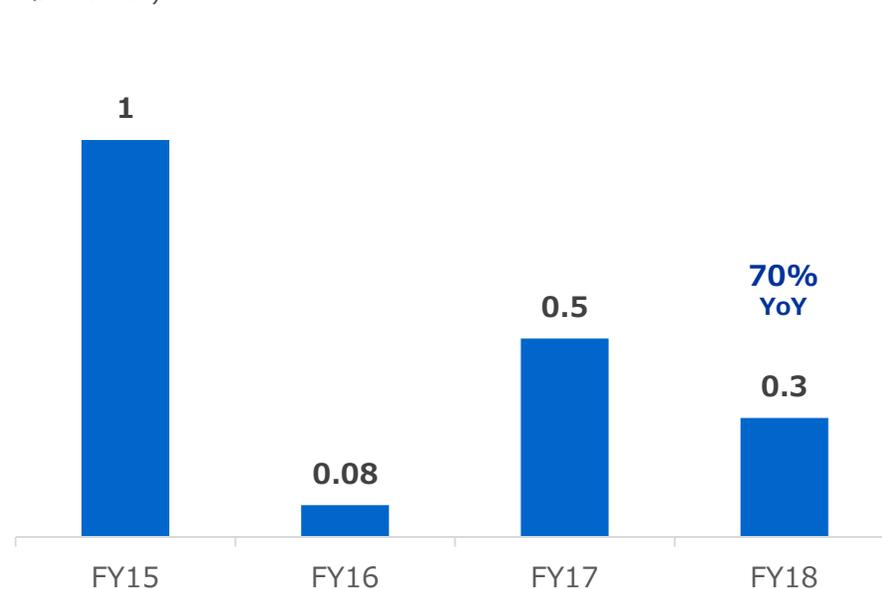
Kyushu Sanko Group

- Net sales were 97% of the previous year due to the **reactionary slump from the recovery demand** after the Kumamoto earthquake last year
- Operating profit was 70% of the previous year due to **increase in diesel oil costs** in the bus business

Net Sales
(JPY billion)



Operating Profit
(JPY billion)



Consolidated Balance Sheet (as Compared to End of Last Fiscal Year)

				(JPY million)			
	17/4Q	18/4Q	Increase/Decrease		17/4Q	18/4Q	Increase/Decrease
Cash and deposits	193,039	213,960	20,921	Operating accounts payable	23,590	36,933	13,342
Notes and accounts receivable – trade	34,801	44,376	9,574	Travel advance received	58,437	68,344	9,907
Operating accounts receivable	6,194	5,048	△1,145	Bonds and convertible bonds payable	60,073	85,141	25,068
Travel advance payments	28,062	34,347	6,285	Long-term loans payable	103,450	124,317	20,867
Others	21,388	25,383	3,994	Others	66,009	85,495	19,485
Total current assets	283,485	323,116	39,630	Total liabilities	311,561	400,232	88,670
Property, plant and equipment	83,001	116,102	33,101	Capital stock	11,000	11,000	-
Intangible assets	11,428	10,795	△633	Capital surplus	3,581	3,451	△130
Goodwill	6,237	8,725	2,487	Retained earnings	92,731	101,987	9,256
Investments and other assets	38,427	56,620	18,192	Treasury shares	△23,875	△28,611	△4,736
Total non-current assets	139,095	192,243	53,147	Accumulated other comprehensive income	2,336	318	△2,017
Deferred assets	227	432	205	Share acquisition rights	252	431	178
Total assets	422,809	515,792	92,983	Non-controlling interests	25,221	26,982	1,761
				Total net assets	111,247	115,559	4,312
				Total liabilities and net assets	422,809	515,792	92,983



2. Financial Forecasts for FY Oct 2019 and Key Business Strategies



Consolidated Financial Forecasts

- Leisure demand is expected to continue to be solid, although external factors such as geopolitical risks continue to exist
- Foreign exchange gain and loss (non-operating items) are not included in the forecast

(JPY million)	Financial Forecasts for FY2019						YoY	Increase/Decrease
	FY2017	FY2018	1H	2H	Full Year			
Net Sales	606,024	728,554	374,000	412,000	786,000	108%	57,445	
Gross Profit	114,738	133,368	69,000	74,500	143,500	108%	10,132	
Operating Profit	15,915	18,024	8,400	11,600	20,000	111%	1,975	
EBITDA	23,297	27,073	13,090	16,470	29,560	109%	2,486	
Ordinary Profit	19,647	19,440	9,000	12,000	21,000	108%	1,560	
Net Profit Attributable to owner of parent	13,259	10,971	4,000	7,000	11,000	100%	29	
EPS	JPY219.52	JPY191.30	—	—	JPY192	—	—	
Dividend/share	JPY29	JPY29	—	—	JPY30	—	—	



Financial Forecasts by Business Segment

(JPY million)

		Financial Forecast for FY2019						
		FY2017	FY2018	1H	2H	Full Year	YoY	Increase/Decrease
Travel Business	Net Sales	536,826	651,303	331,000	363,000	694,000	107%	42,696
	Operating Profit	9,900	12,146	5,200	8,100	13,300	110%	1,153
	EBITDA	12,768	15,946	7,300	10,100	17,400	109%	1,453
Huis Ten Bosch Group	Net Sales	36,780	31,700	16,000	17,000	33,000	104%	1,299
	Operating Profit	7,688	7,545	4,000	3,700	7,700	102%	154
	EBITDA	9,558	9,619	5,100	4,900	10,000	104%	380
Hotel Business	Net Sales	8,177	12,039	6,300	6,700	13,000	108%	960
	Operating Profit	764	808	540	440	980	121%	171
	EBITDA	1,713	2,117	1,110	1,170	2,280	108%	162
Kyushu Sanko Group	Net Sales	22,282	21,641	11,500	11,200	22,700	105%	1,058
	Operating Profit	564	398	330	210	540	136%	141
	EBITDA	1,622	1,395	780	720	1,500	108%	104

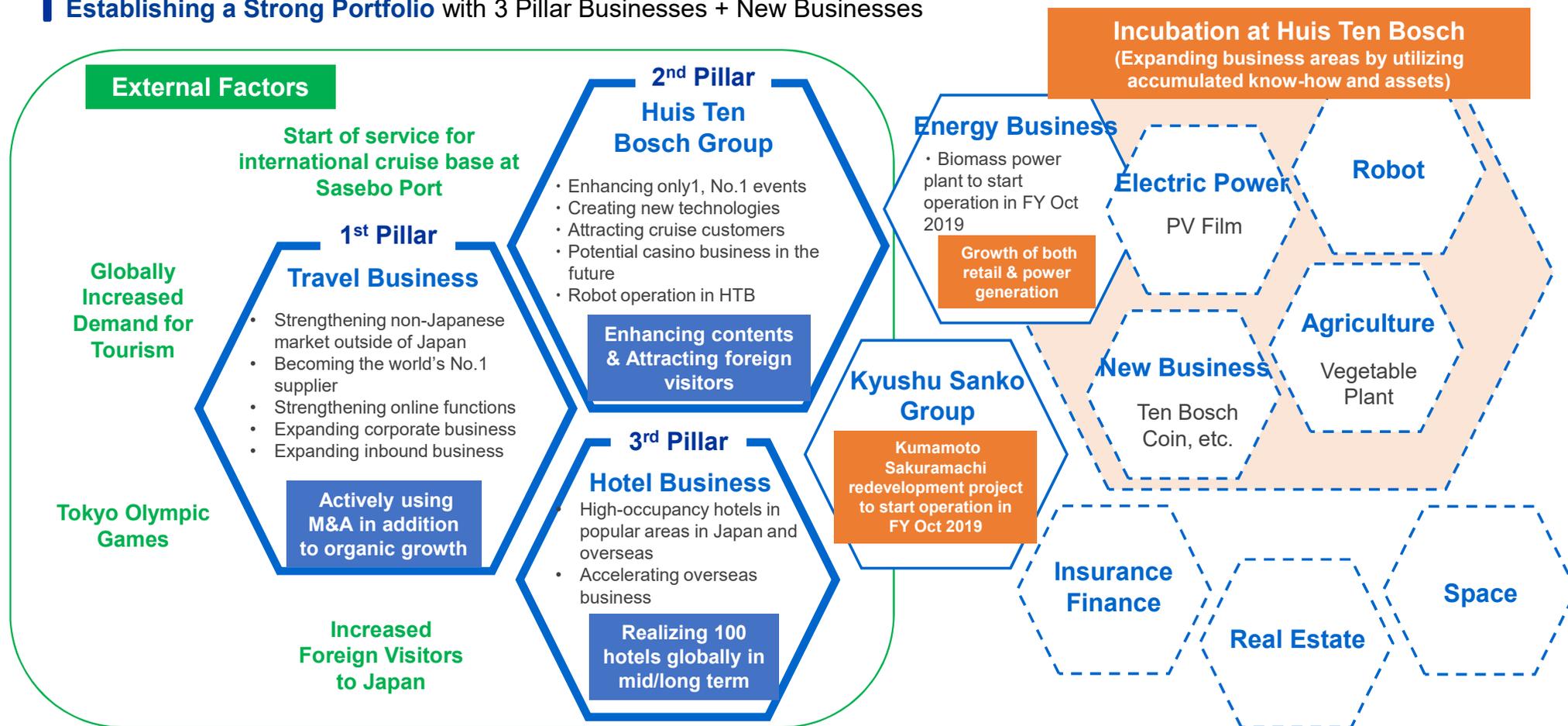
Financial Forecasts by Business Segment

(JPY million)

		Financial Forecasts for FY2019						
		FY2017	FY2018	1H	2H	Full Year	YoY	Increase/Decrease
[New Segment] Energy Business	Net Sales	–	11,992	9,600	12,900	22,500	188%	10,507
	Operating Profit	–	△432	△330	340	10	–	442
	EBITDA	–	△364	△290	380	90	–	454
Others	Net Sales	5,891	4,292	2,300	3,200	5,500	128%	1,207
	Operating Profit	△839	△204	△40	10	△30	-	174
	EBITDA	△671	200	190	240	430	214%	229
Segment Adjustments, etc.	Net Sales	△3,934	△4,417	△2,700	△2,000	△4,700	-	△282
	Operating Profit	△2,162	△2,237	△1,300	△1,200	△2,500	-	△262
	EBITDA	△1,694	△1,842	△1,100	△1,040	△2,140	-	△297
Total	Net Sales	606,024	728,554	374,000	412,000	786,000	108%	57,445
	Operating Profit	15,915	18,024	8,400	11,600	20,000	111%	1,975
	EBITDA	23,297	27,073	13,090	16,470	29,560	109%	2,486

Business Strategy Highlights for FY Oct 2019 and Beyond

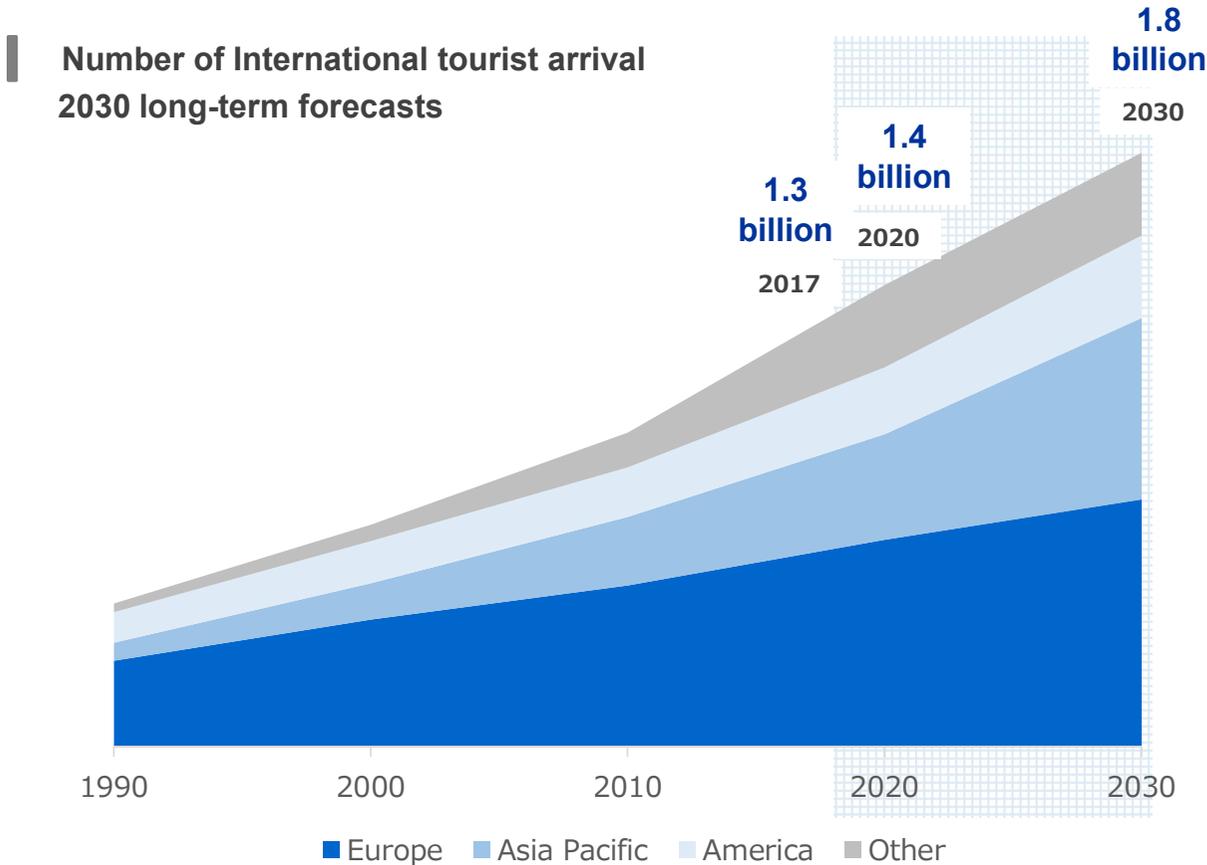
Establishing a Strong Portfolio with 3 Pillar Businesses + New Businesses



Travel Business



Future Initiatives / Travel Business



Source: UNWTO

Global Market Continues to Grow

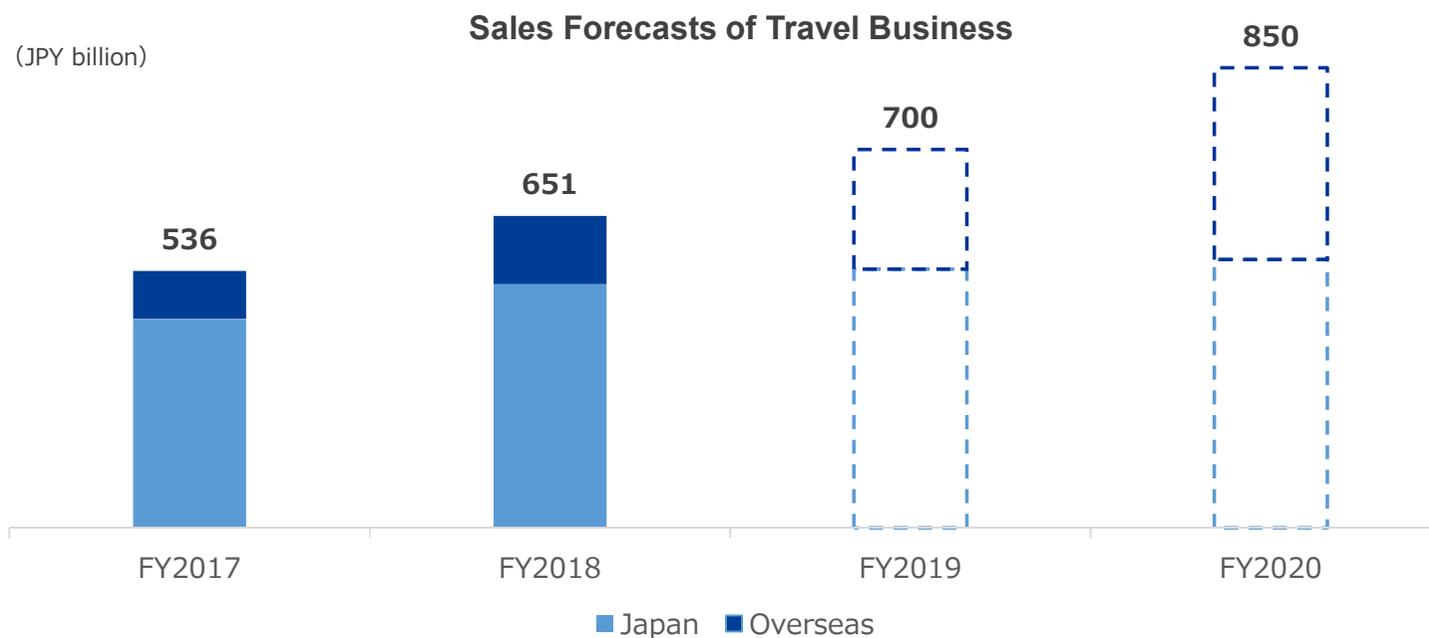
Due to the rise of rich and middle class population accompanying the economic growth of emerging countries, the number of international travelers in the world is expected to grow to

1.4 billion in 2020 107% of 2017
1.8 billion in 2030 138% of 2017



Future Initiatives / Travel Business

- **Capturing the growing world travel market** via M&A and organic growth
- Growing the transaction amount of overseas subsidiaries to the same level as that of Japan business in the future



To be by far the No.1 in terms of international travelers



Future Initiatives / Travel Business in Japan



Corporate Travel Business

Shift to insight solution

WEB

Optimization by nationwide batch operation



Inbound Business

Enhancing H.I.S. Group's bus tour

Future Initiatives / Travel Business of Overseas Subsidiaries

Future M&A Targets

Local Outbound Operator

Global Inbound Operator

Infrastructure Contents after Arrival

Enhancing Non-JPN

Promoting M&A

Low profile
Avoiding significant investment and time losses



Future Initiatives / Travel Business of Overseas Subsidiaries

Development office was established in India in Sep 2018
Full-swing start by organizing the structure



★ Infrastructure Management

★ JAPAN Business Strategy

★ Global Business Strategy

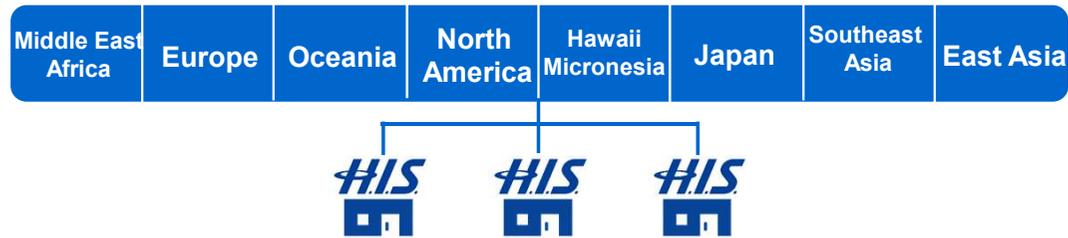
★ Development

Building Global Inbound Platform

Start of Full-Swing Operation in FY2021

Future Initiatives / Travel Business of Overseas Subsidiaries

Outbound from H.I.S. JAPAN



Enhancing procurement / original contents



Huis Ten Bosch Group



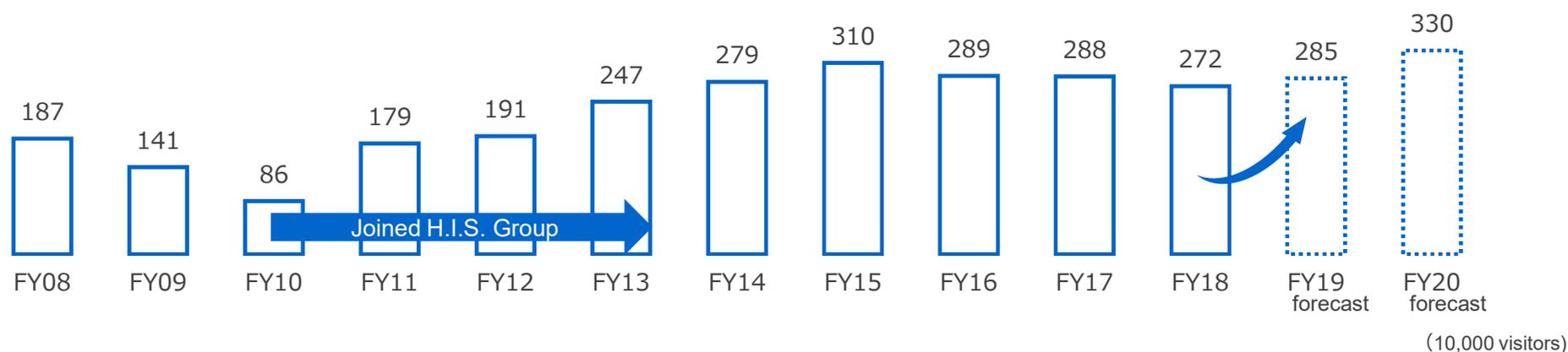
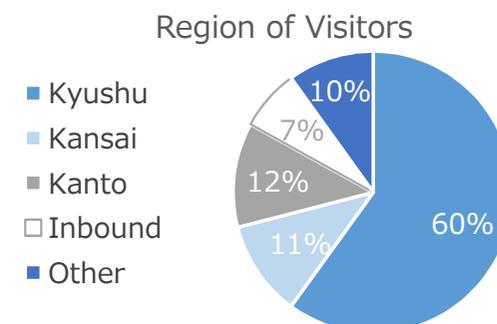
Future Initiatives / Huis Ten Bosch

- Aiming to increase number of visitors by **improving the region of visitors** and by **continuously improving attractiveness of theme parks**
- Reinforcing acquisition of foreign visitors** capitalizing on the Sasebo Port International Passenger Ship Base Formation Plan

Huis Ten Bosch Non-Consolidated Financial Forecasts

(JPY million)

	FY18	FY19	YoY
# of Visitors	2.72 million	2.85 million	105%
Sales (Transaction Amount)	28,384	29,200	103%
Operating Profit	7,176	7,300	103%





Cruise Attracting 1 million Visitors

Arrival and departure of large passenger ships is expected to increase significantly due to Sasebo Port International Passenger Ship Base Formation Plan

84 times in 2017

300 times in 2020 350% of 2017

400 times in 2030 476% of 2017



The World's Largest Illumination

The world's largest **13 million lights**
Introduction of Japan's largest **Light Fountain Show**

Opening of
3rd Building



Henn na Hotel 3rd Building South Arm

Opening on December 21, 2018
Total to be 200 rooms

Version
Up



Jurassic Island Version Up

Full-scale open of “Treasure Hunting”!

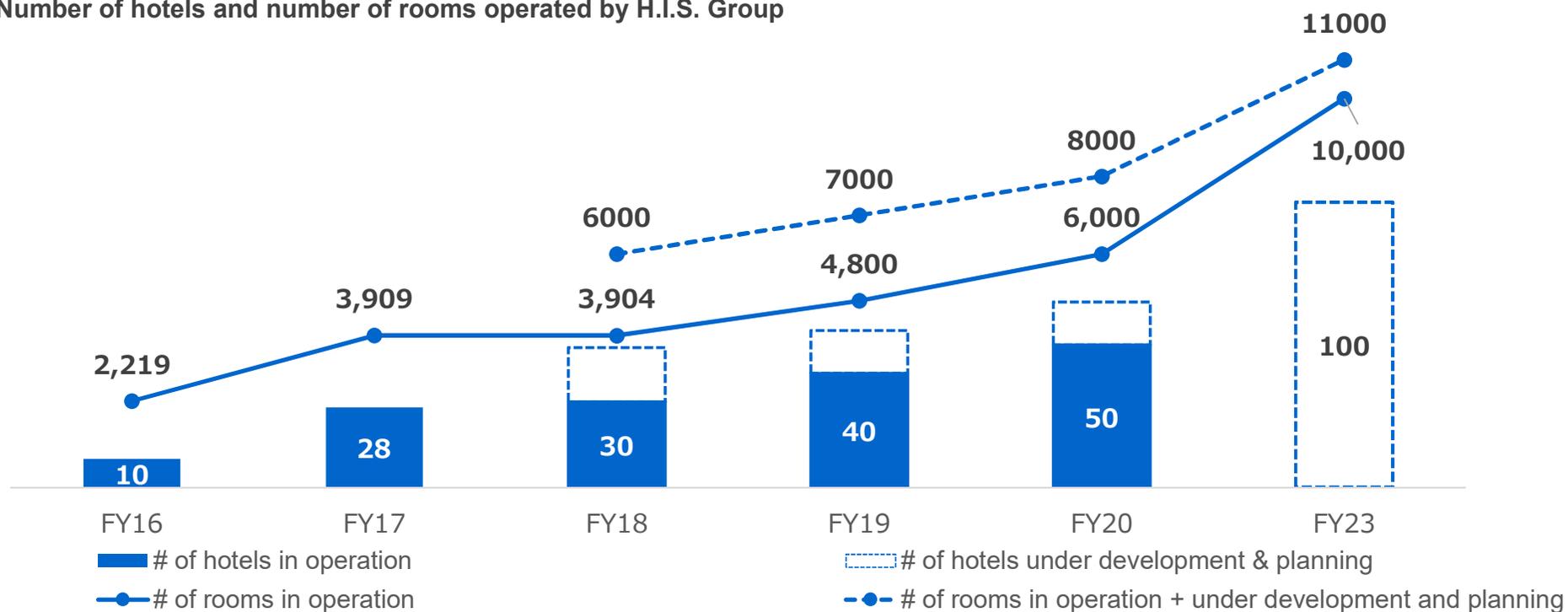
Hotel Business



Future Initiatives / Hotel Business

Aiming for **100 hotels in mid/long term** mainly via self-operation and M&A

Number of hotels and number of rooms operated by H.I.S. Group



※ Includes 4 hotels under HTB's control
 ※ Hotels operated by H.I.S. Group only



Future Initiatives / Hotel Business

Hotels to be opened in FY2019 and beyond

Name of Hotel	Location	Opened / Acquired	# of Rooms	Reference
Henn na Hotel Tokyo Haneda	Ota-ward, Tokyo	2018/10	200	
Henn na Hotel Fukuoka, Hakata	Fukuoka, Fukuoka	2019/1	102	
Henn na Hotel Osaka Shinsaibashi	Osaka, Osaka	2019/2	90	
Henn na Hotel Osaka, Nishi-Shinsaibashi	Osaka, Osaka	2019/3	100	
Henn na Hotel Kyoto, Hachijoguchi Ekimae	Kyoto, Kyoto	2019/3	98	
Henn na Hotel Asakusa (tentative)	Taito-ward, Tokyo	2019 summer	225	
Taipei	Taipei, Taiwan	2019	About 100	
New York	New York, USA	2019	About 100	
Henn na Hotel, Kansai Airport (tentative)	Izumisano, Osaka	2019 autumn	100	
Henn na Hotel Ishikawa, Kanazawa (tentative)	Kanazawa, Ishikawa	2019 autumn	131	
Pamukkale	Denizli, Turkey	2020	About 300	
Ise	Taki-cho, Mie	2020	About 200	

38 hotels in 5 countries (as of Sep 30, 2019)

※ Includes 4 hotels under HTB's control

※ Hotels operated by H.I.S. Group only

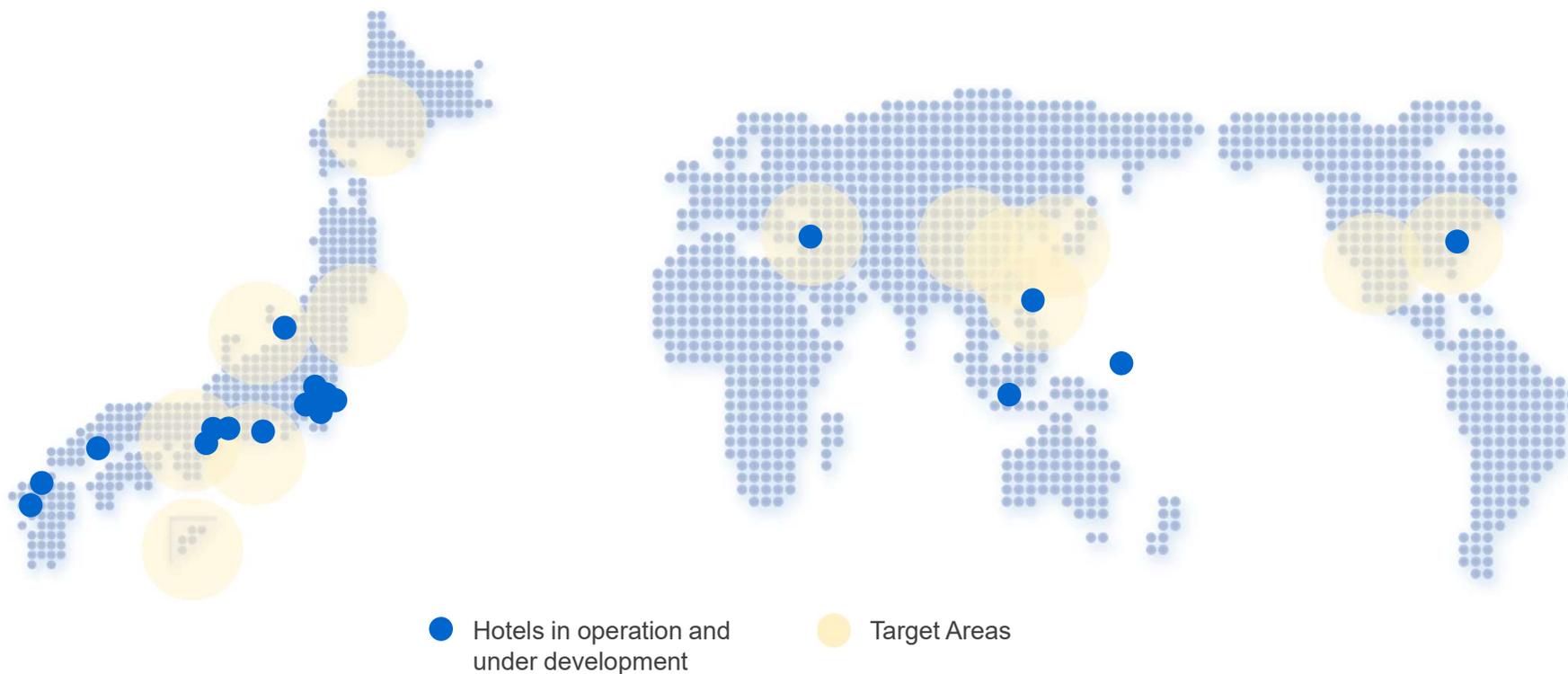
Hotels to be opened in FY19



Future Initiatives / Hotel Business

Target Areas in FY 2019 and Beyond

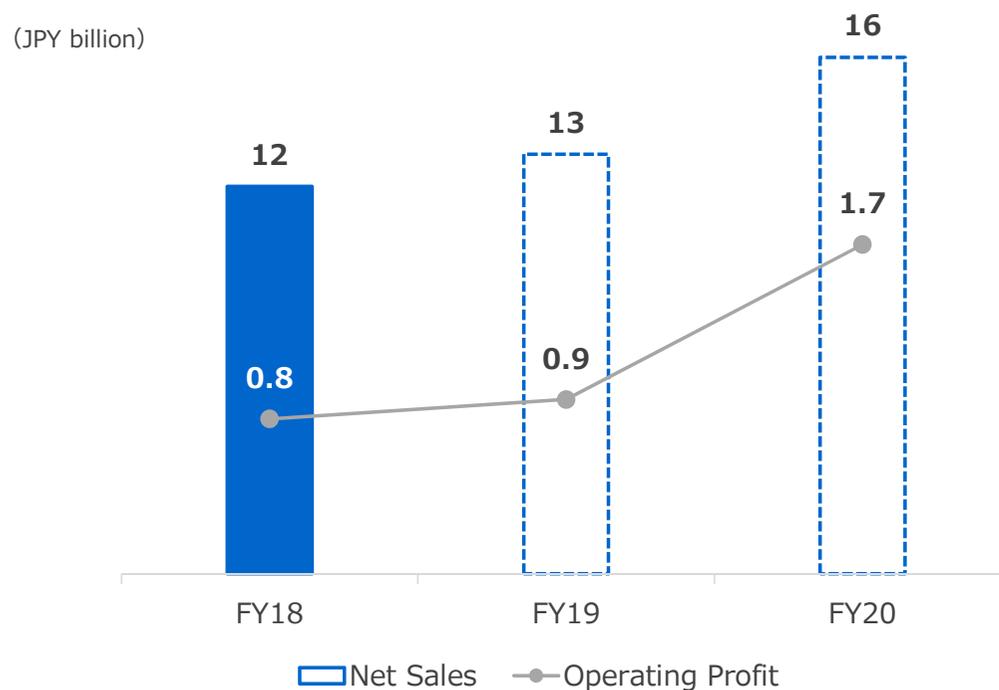
Global development centering on **high-occupancy hotels** in **popular areas in Japan and overseas**



Future Initiatives / Hotel Business

- Net sales are expected to be **JPY16.7 billion** when **operating 50 hotels** 2 years later
- Investment is expected to be **JPY20 billion annually**. Total of about **JPY80 billion in 4 years** of CAPEX is planned.

Sales and Operating Profit Forecasts incl. Hotels under Planning



CAPEX PLAN

JPY20 billion / Year
×
4 Years

Kyushu Sanko Group / Energy Business



Future Initiatives / Kyushu Sanko Group / Re-Development Business

The Sakuramachi (Kumamoto) re-development business is **progressing as planned** to **start operation in September 2019**

Summary of Re-Development

Total Floor Space: 160,330m² (about 3.5 times of Tokyo Dome)

Shops: 150 shops, B1F – 4F
 Bus Terminal: 26 stations
 Parking: 836 units

This portion of the property is owned by H.I.S. Group

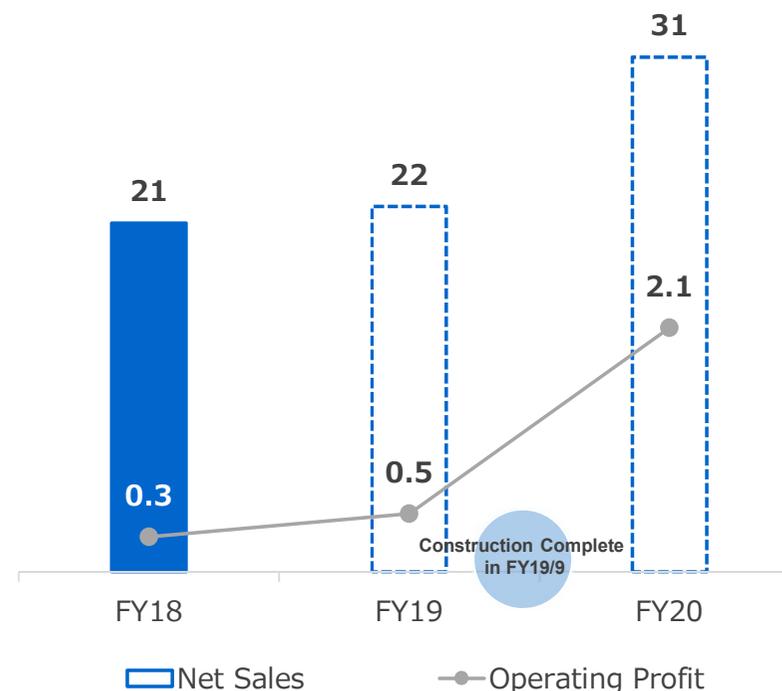
Hotel: Resort Trust's New Brand "Hotel Trusty Premier" 205 rooms
 Condominium: 159 units ※already sold out
 Cinema Complex: TOHO Cinemas 9 screens
 Convention Center: maximum 3,000 guests
 Office: 3 floors
 Banquet



Photo as of September 2018

Sales and Operating Profit after Re-Development

(JPY billion)



Future Initiatives / Energy Business

Power generation business will be added to power retail sales business, aiming for growth with both businesses

Construction of Power Plant by H.I.S. SUPER POWER

Biomass Power Plant 「H.I.S. Kakuda Energy Park」



Trial start: Autumn, 2019
Location: Kakuda, Miyagi
Site Area: 18,170m²
Power Output: 41,100 KW
Annual Output: 350 million kWh

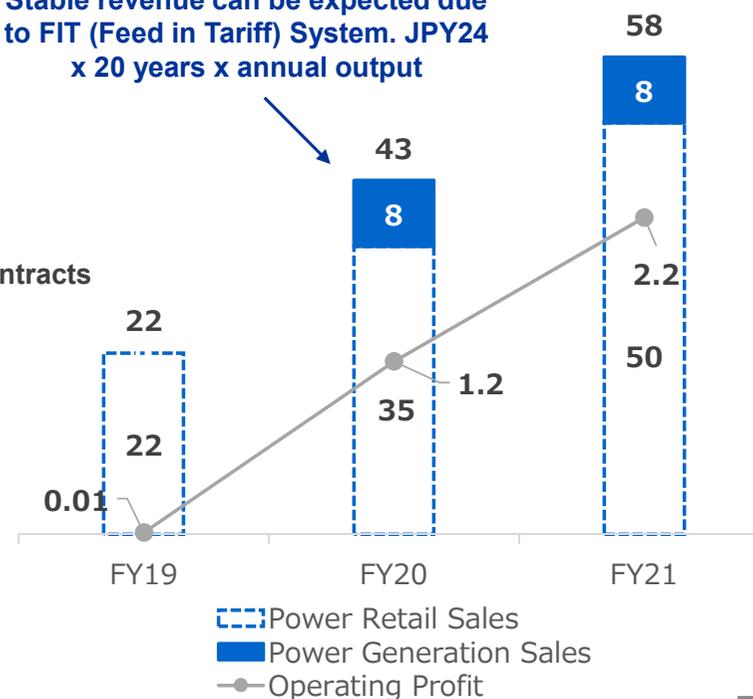
HTB Energy aiming for high rank among New Power, increasing number of contracts



Sales and Operating Profit Forecast of H.I.S. Energy Holdings

(JPY billion)

Stable revenue can be expected due to FIT (Feed in Tariff) System. JPY24 x 20 years x annual output



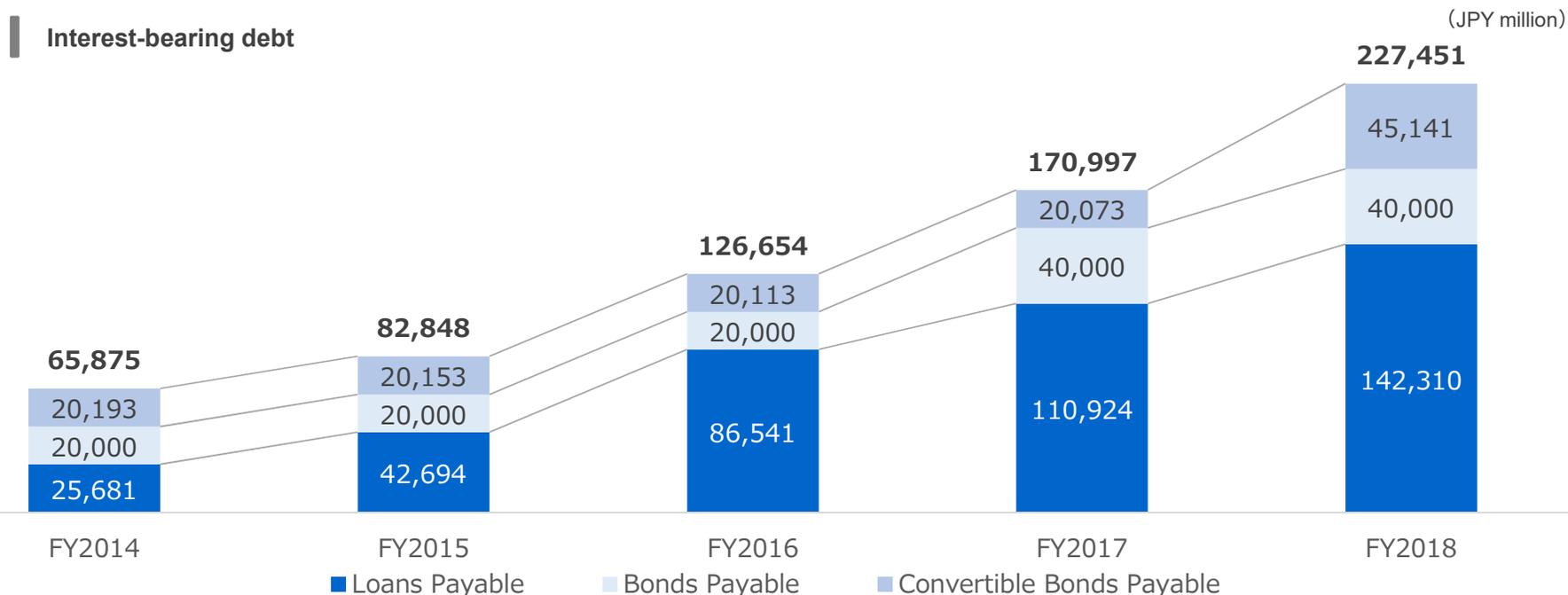
3. Financial Policy



Financial Position

Fund Raising

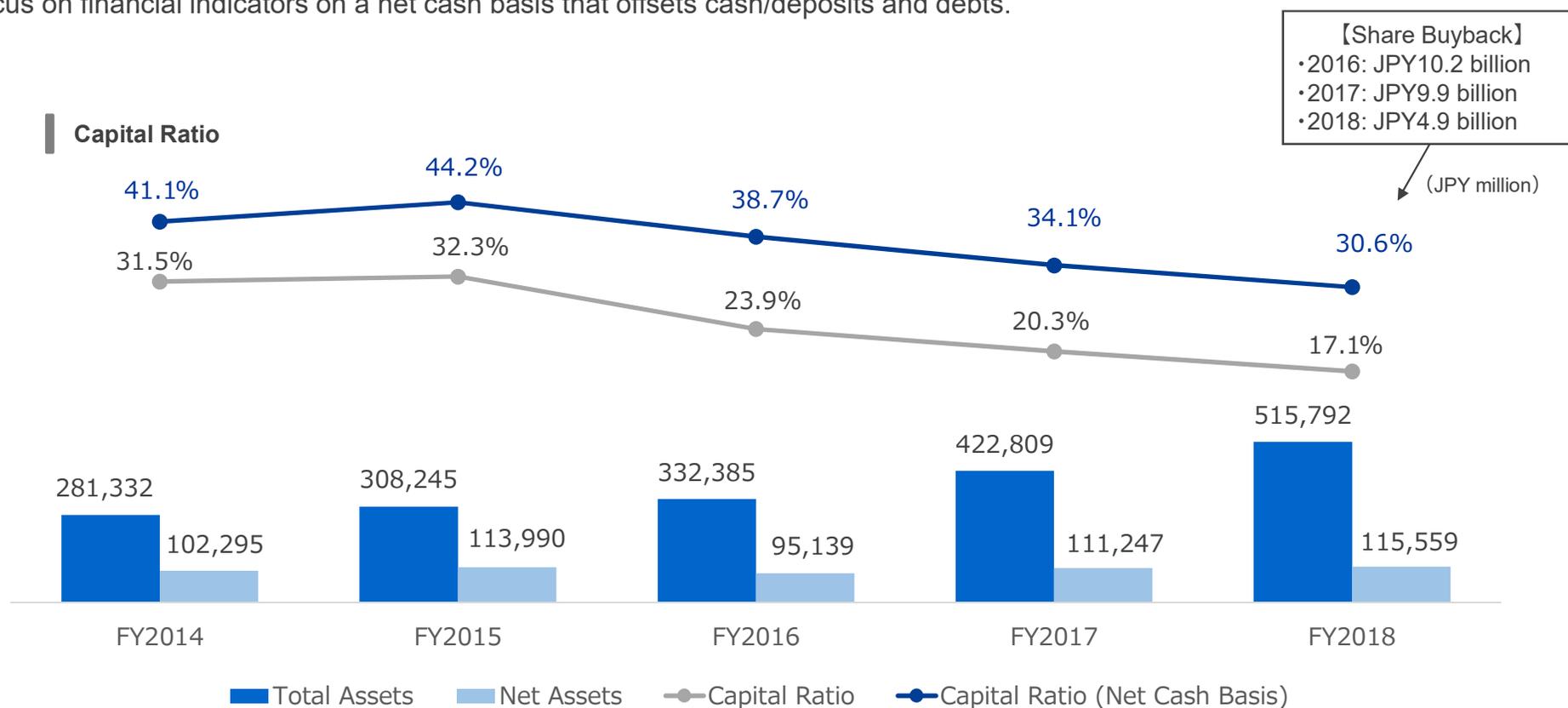
- The amount of interest-bearing debt as of Oct 31, 2018 was JPY227.4 billion
- JPY25.0 billion of convertible bond (Euro Yen CB) was issued in Nov 2017
- Funds to be used for CAPEX, repayment of debt, share buyback, etc.



Financial Position

Cash Position

- Cash and deposits (JPY213.9 billion) ↔ Interest-bearing debt (JPY227.4 billion)
- Focus on financial indicators on a net cash basis that offsets cash/deposits and debts.

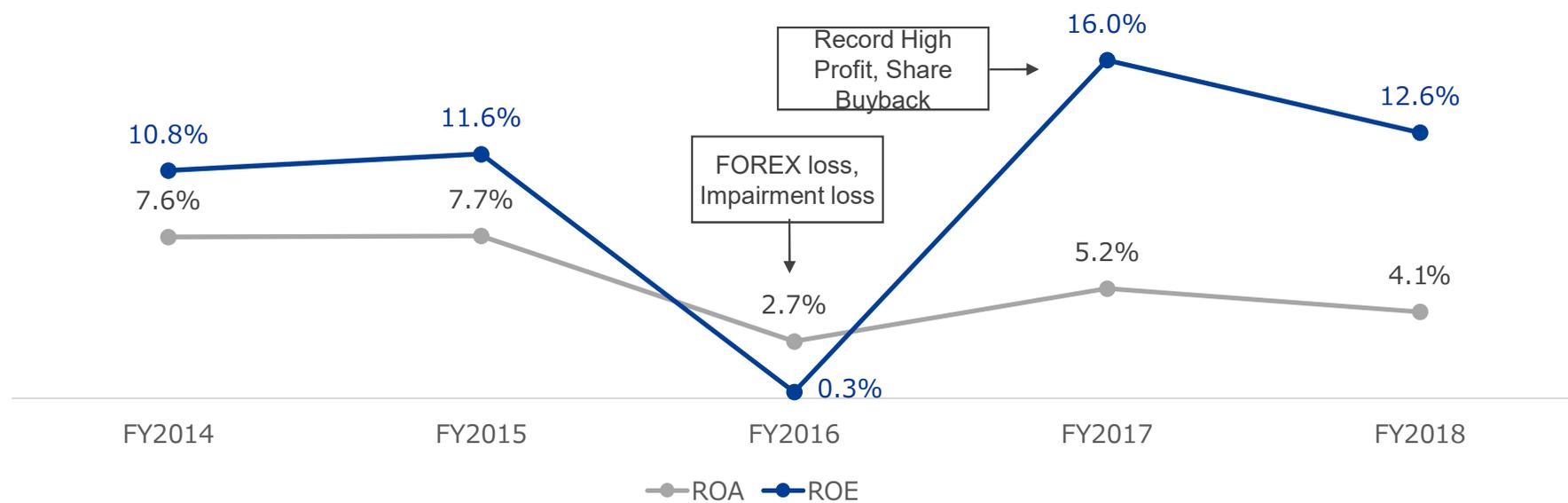


Financial Position

Need for Funds

- JPY50 billion per year for CAPEX and M&A
→ about JPY150 billion for 3 years from 2018 to 2020
- 2 digit ROE to be maintained. Standard for ROI to be 5-10%

ROA & ROE

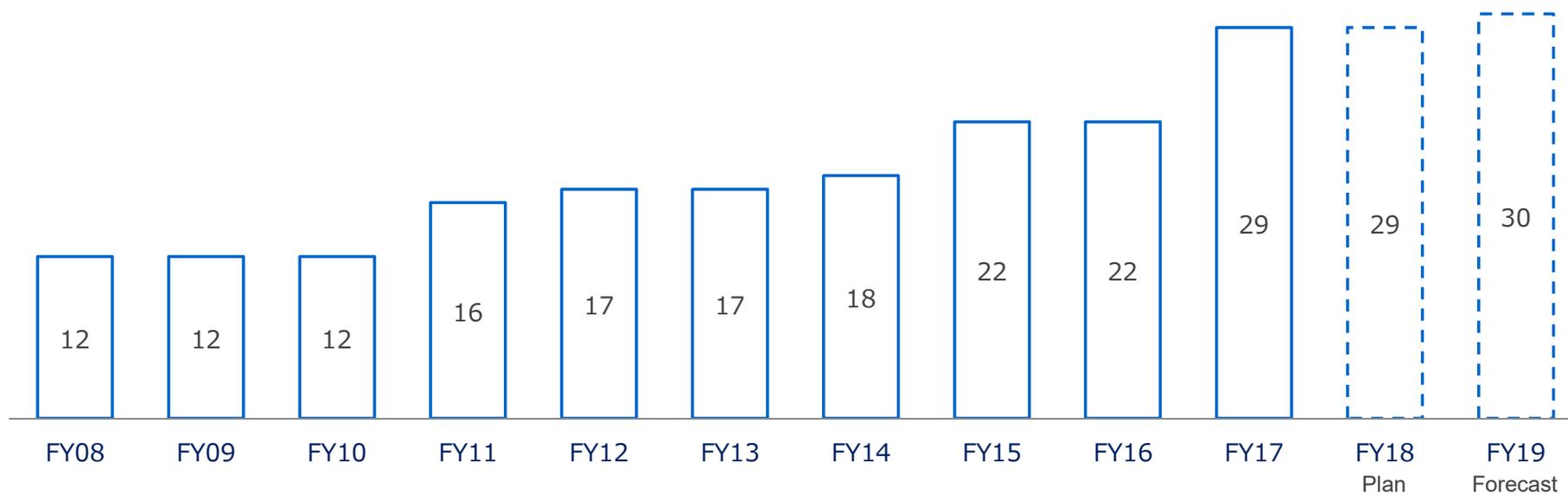


Basic Policy for Appropriation of Profit

■ **Stable** and **continuous** appropriation of profit based on results of operations

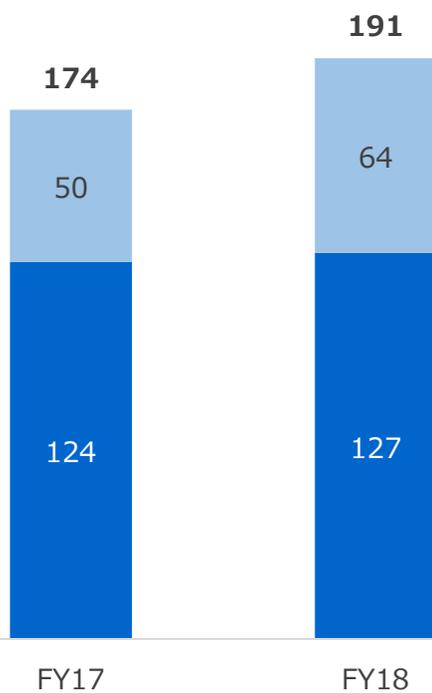
■ Historical Dividend

Unit: JPY



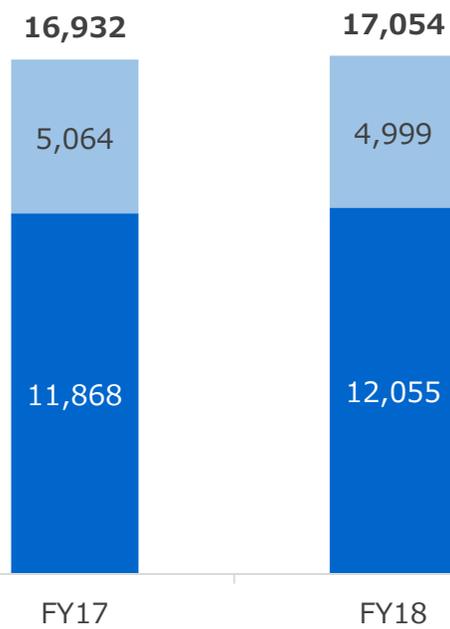
[Reference Data]

Number of Group Companies



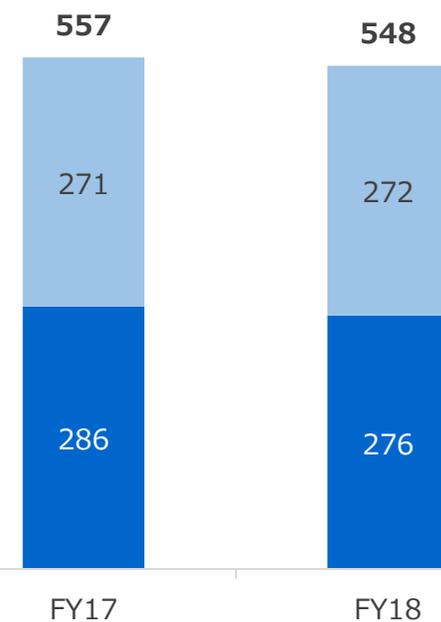
■ Consolidated Subsidiaries ■ Others

Number of Employees



■ Travel Business ■ Other Businesses

Number of Sales Locations



■ Japan ■ Overseas





Please contact IR section of H.I.S. Group if you have any questions regarding this presentation material

