

# **HIS** Business Results 2018 2Q

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H.I.S. Co., Ltd.

TSE : 9603



## Consolidated results

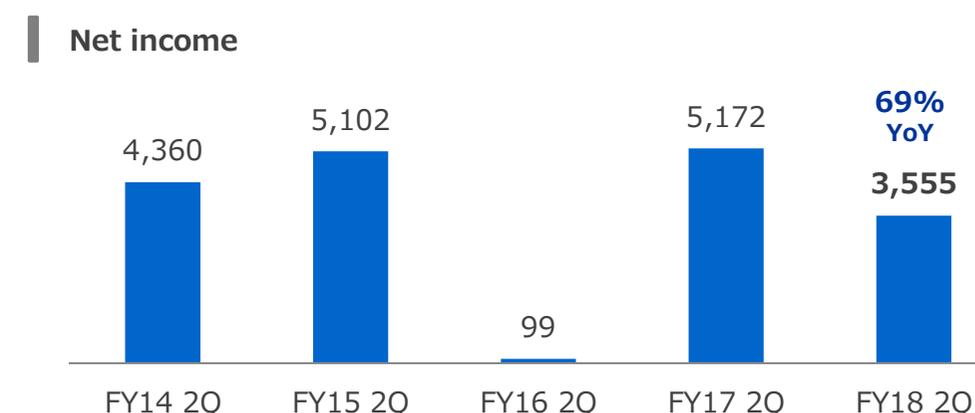
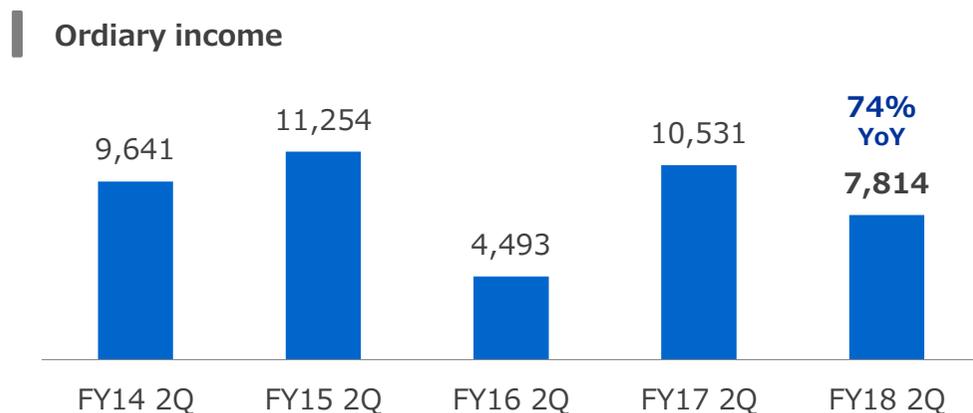
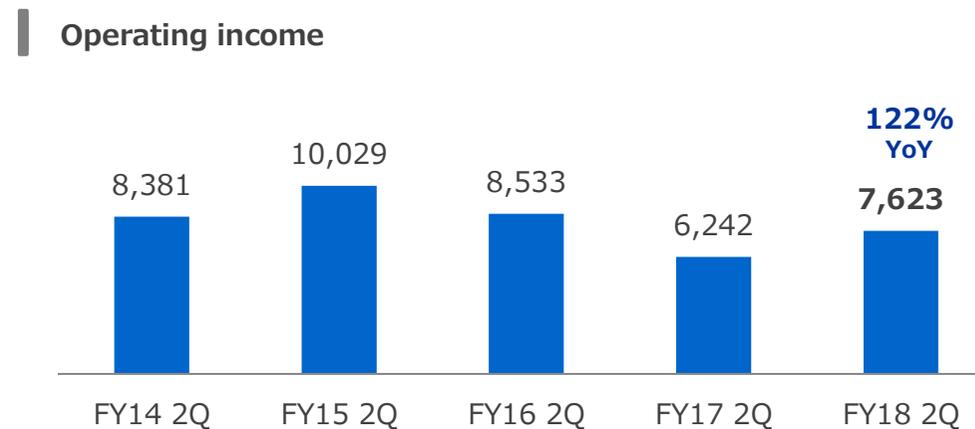
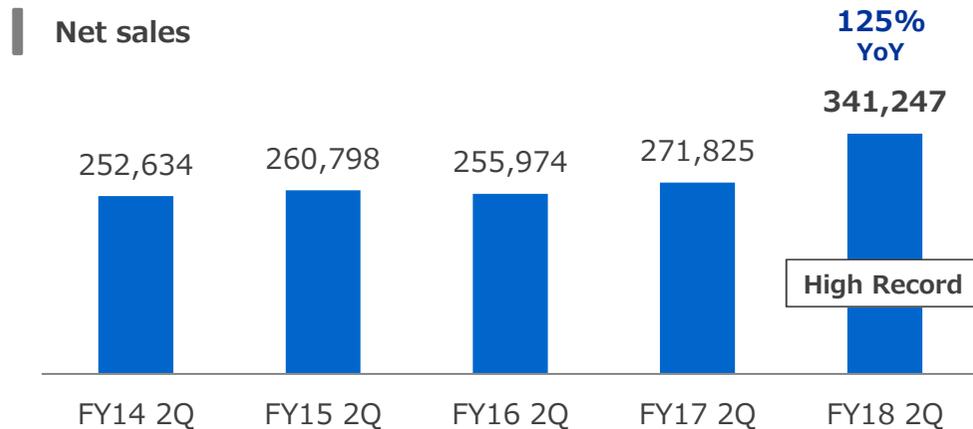
(million yen)

	FY2017 2Q	FY2018 2Q	+ -	YoY	
Net sales	271,825	341,247	69,422	125.5%	
Gross profit	52,541	63,438	10,897	120.7%	
SGA expenses	46,298	55,814	9,515	120.6%	
Operating income	6,242	7,623	1,381	122.1%	
EBITDA	9,718	12,035	2,317	123.8%	
Ordinary income	10,531	7,814	▲2,716	74.2%	
Net income	5,172	3,555	▲1,617	68.7%	
Offices	Japan	293	281	▲12	95.9%
	Overseas	253	274	21	108.3%
Employees	15,297	17,174	1,877	112.3%	



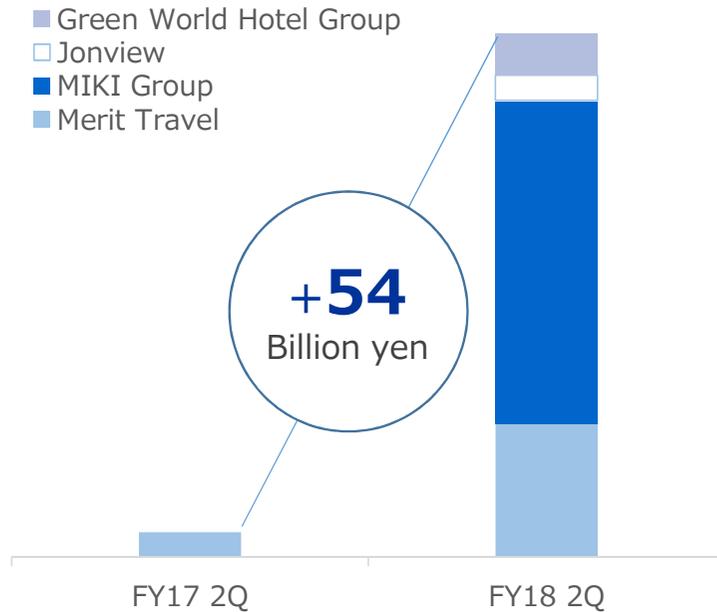
# Consolidated results

(million yen)

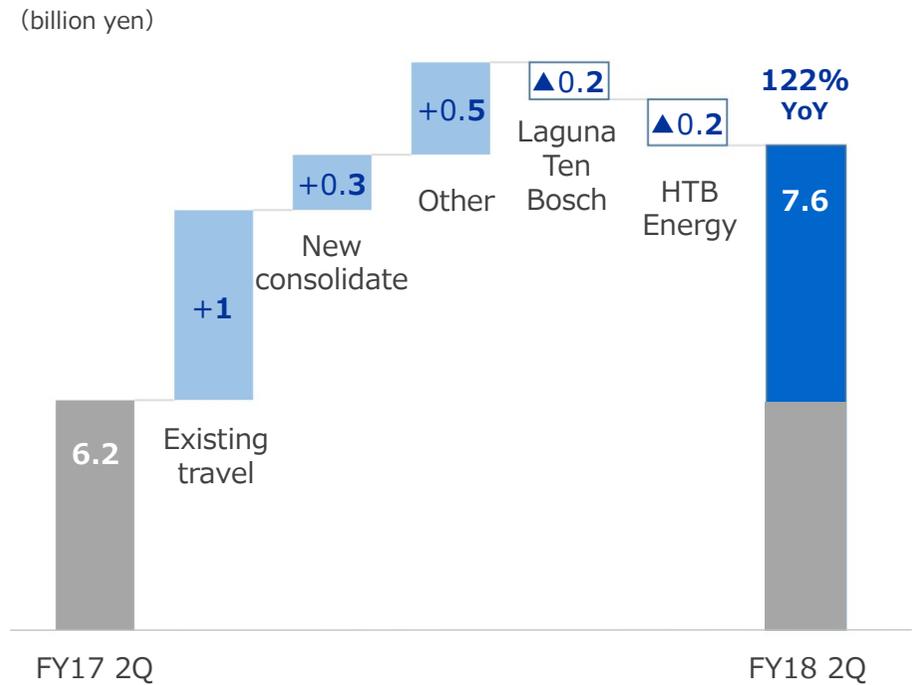


# Net sales / Operating income

## Revenue increase by new consolidated



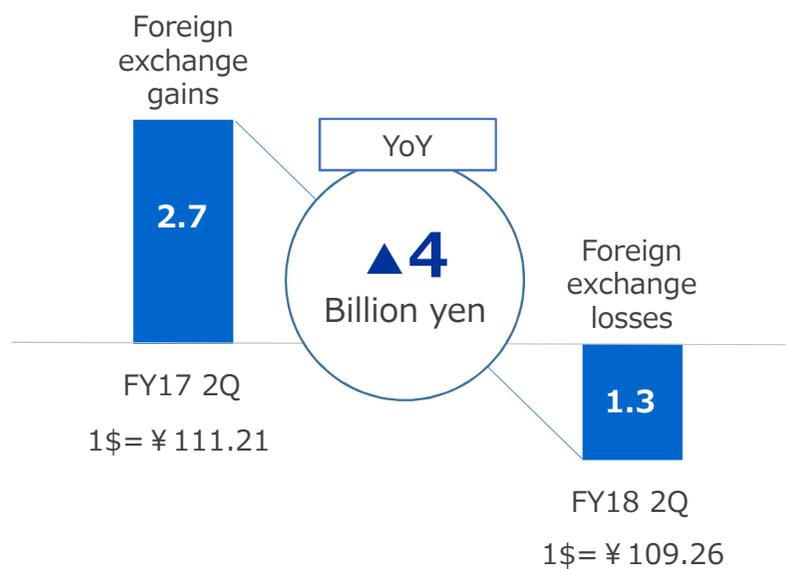
## Increase-decrease analysis of operating profit



# Ordinary income / Net income

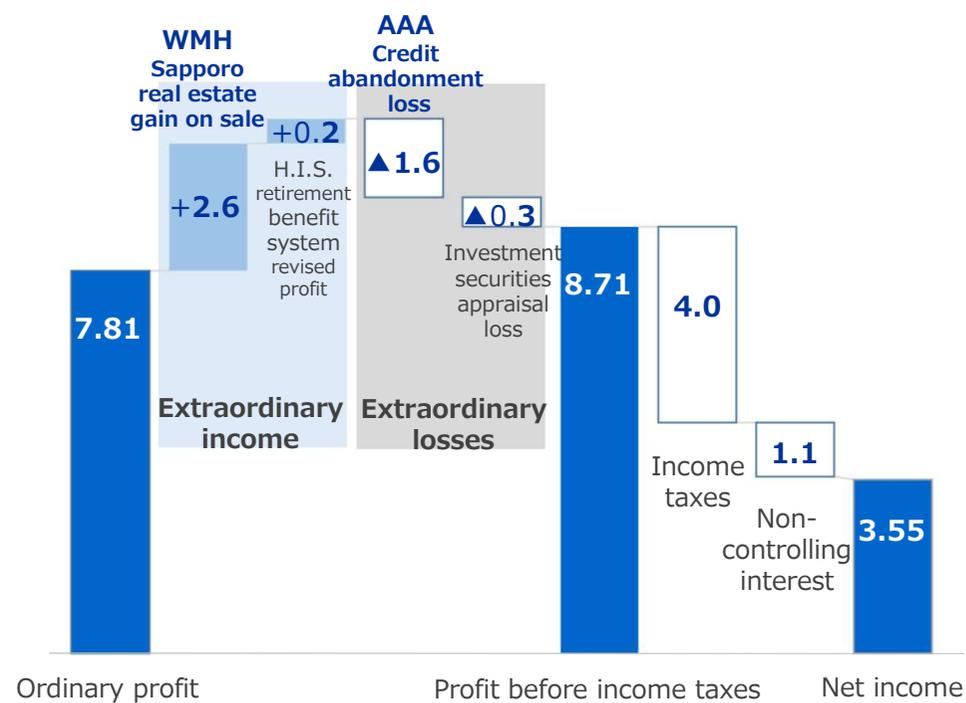
## 1.3 billion foreign exchange losses on a higher yen

(billion yen)



## Increase-decrease analysis of Net profit

(billion yen)



# Summary by Business segment

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## Introduction of Business segment

Travel Business	in Japan	Outbound	Hotel Business	Watermark hotel
		Domestic		Henn na hotel
		Inbound		Guam reef & olive spa resort
	Overseas	Outbound (Including inbound to Japan)		Green world hotel
		Inbound (Including outbound in Japan)		
Huis Ten Bosch Group	Theme park	Huis Ten Bosch	Kyushu Sanko Group	Bus business
		Laguna Ten Bosch		Real estate business
	Energy	HTB Energy (electricity retail)		Others
	Others	Technology, Tourism	Others	Property insurance company
		Power generation company		
		System development company		
		New business		

Note: Huis Ten Bosch's original hotels, "Hotel Europe", "Hotel Amsterdam", "Forest Villa", and "Henn na Hotel" which is a constantly evolving hotel, are included in Huis Ten Bosch Group segment

## Consolidated results by Business Segment

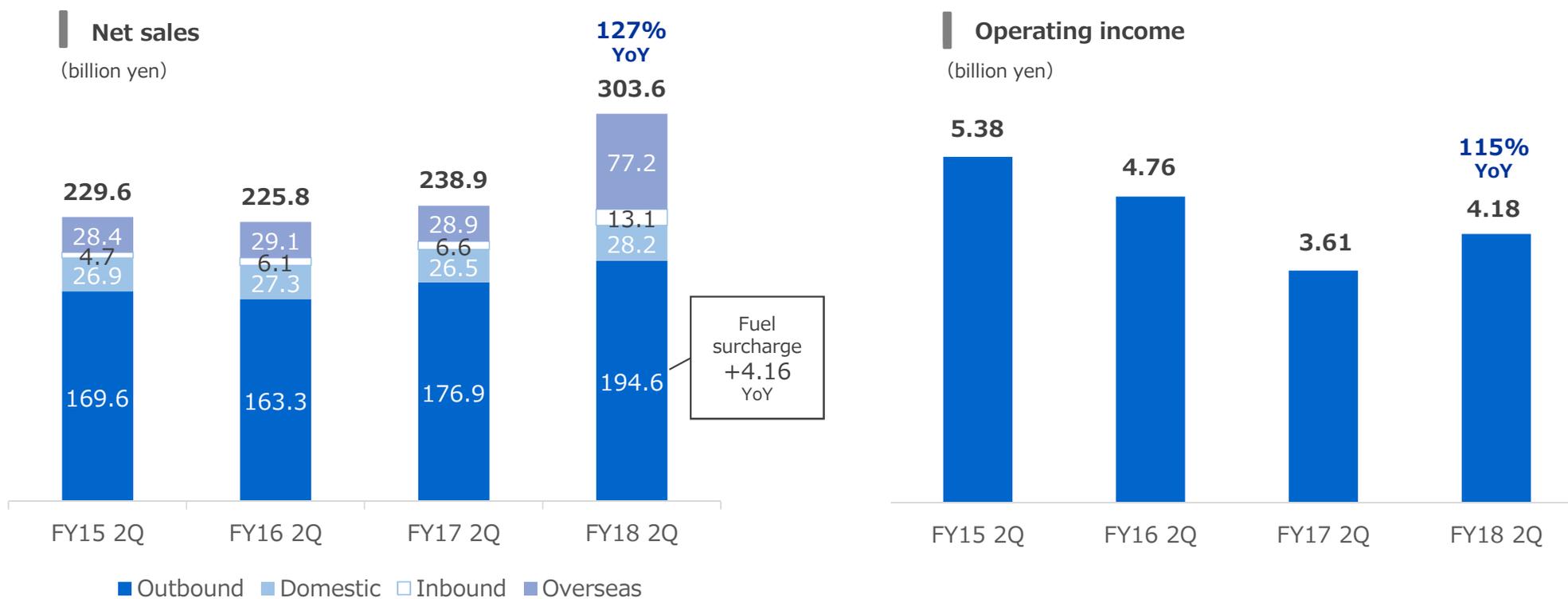
(million yen)

FY2018 2Q	Net sales	YoY	OP	YoY	OP margin	EBITDA	YoY	EBITDA rate
Travel Business	303,688	127.1%	4,189	115.9%	1.4% ▲0.1pt	6,117	124.8%	2.0% ▲0.1pt
Huis Ten Bosch Group	20,823	122.5%	3,620	96.0%	17.4% ▲4.8pt	4,598	98.2%	22.1% ▲5.4pt
Hotel Business	6,240	172.4%	713	144.4%	11.4% ▲2.2pt	1,386	153.9%	22.2% ▲2.7pt
Kyushu sanko Group	10,845	97.0%	349	143.1%	3.2% 1.0pt	805	100.3%	7.4% 0.2pt
Eliminations / Corporate / Others	▲349	-	▲1,249	-		▲873	-	
Total	341,247	125.5%	7,623	122.1%	2.2% ▲0.1pt	12,035	123.8%	3.5% 0.0pt



# Travel Business

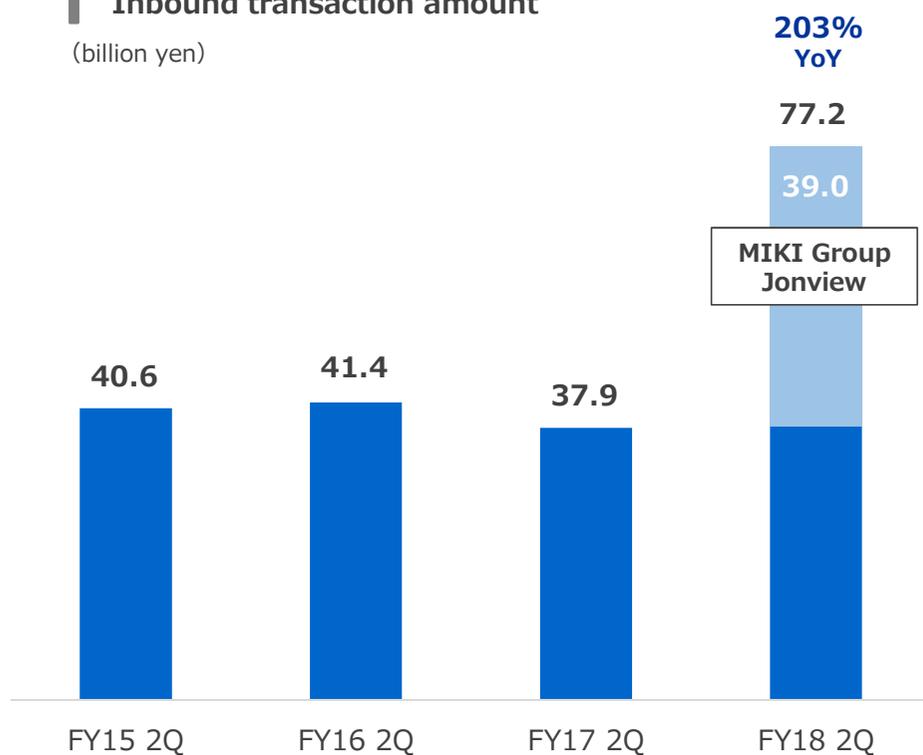
- Overseas subsidiaries : Revenue increase by new consolidated. YoY 267%
- Inbound : Strengthening merchandise for the chinese new year and cherry blossom season. YoY 196%
- Outbound travel from Japan : Guam YoY 74% by reduction flight, europe is favorable. YoY 120%



## [Reference data] Overseas travel subsidiaries

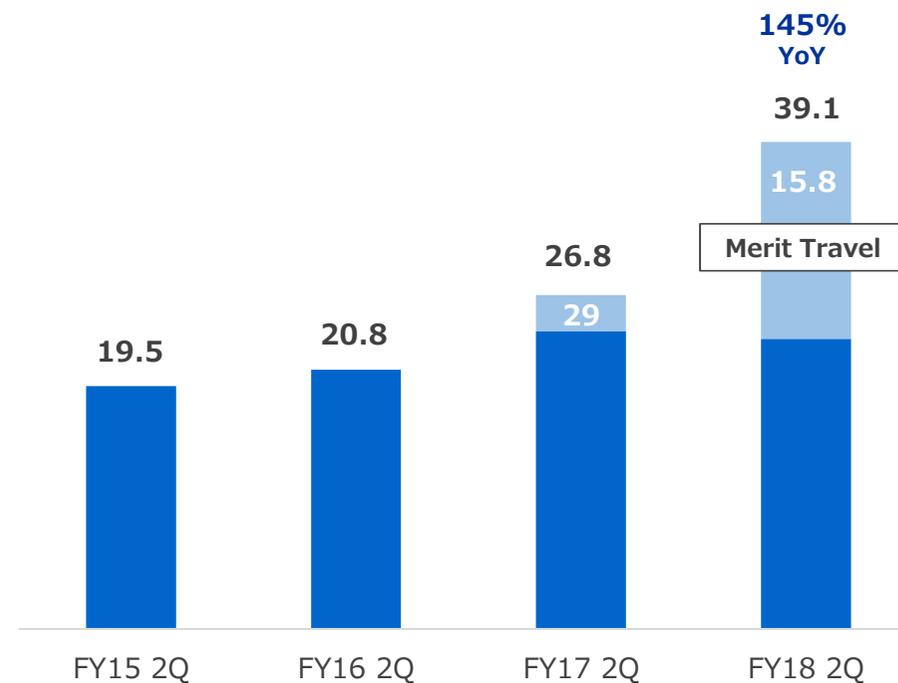
### Inbound transaction amount

(billion yen)



### Outbound transaction amount

(billion yen)



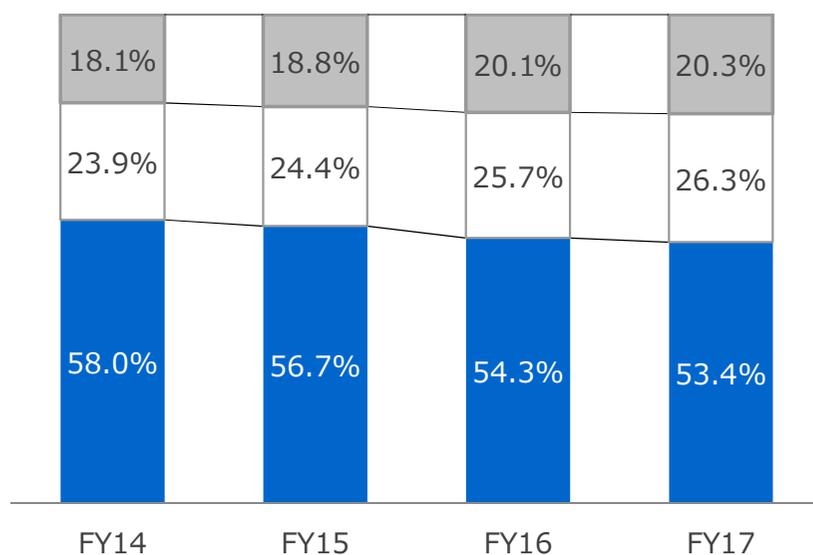
Sales amount : before elimination of inter-company transactions



## [Reference data] Outbound travel in Japan

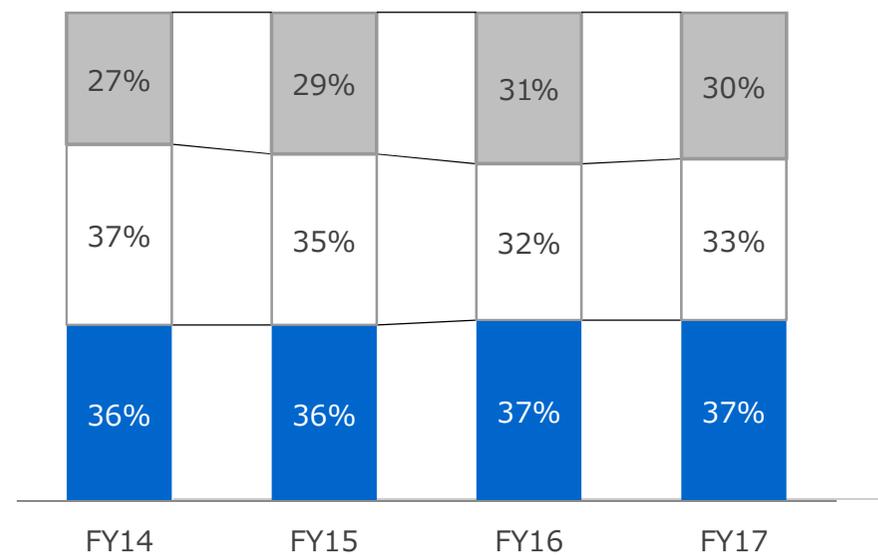
Sales breakdown of sales channel

■ Branches □ Internet Sales ■ Corporate

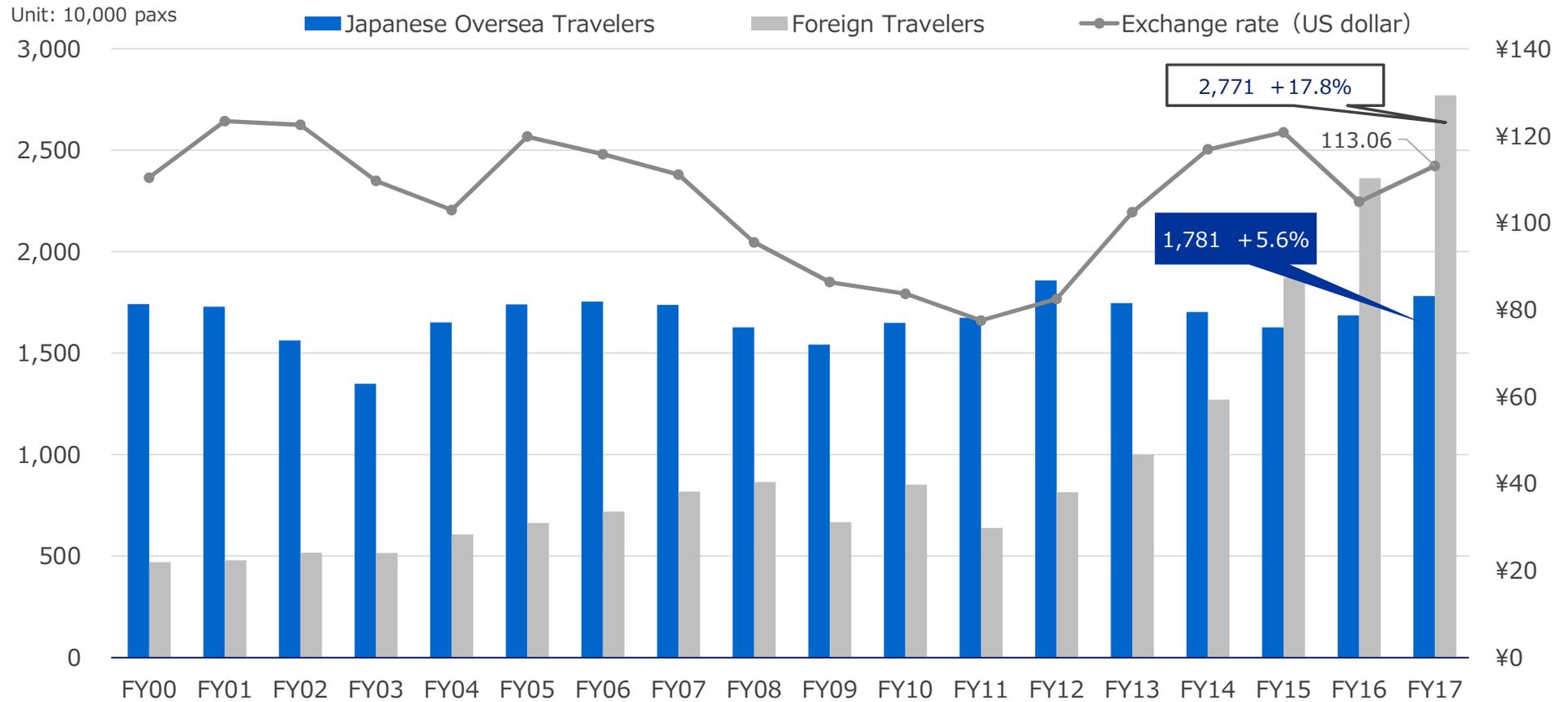


Sales breakdown of destination

■ Asia □ Europe, U.S. and Australia ■ Hawaii·Micronesia



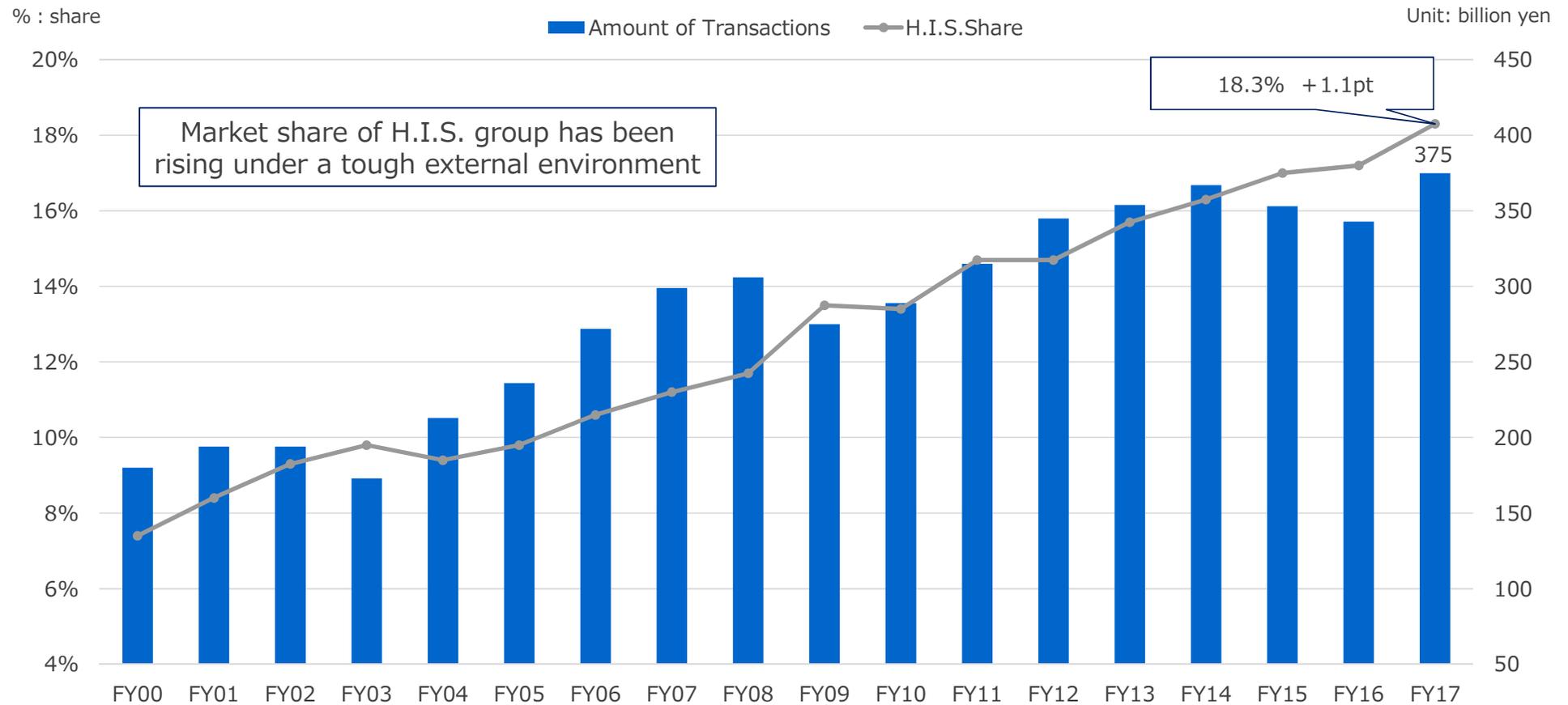
# [Reference data] Environmental factors of travel business



Source : JNTO Period : November to October

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## [Reference data] Market share of outbound travel in Japan

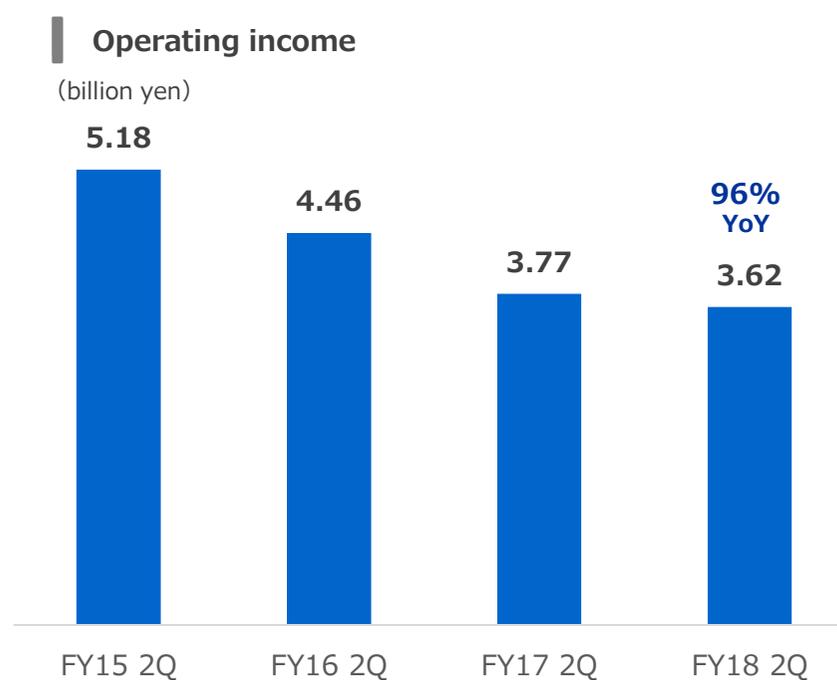
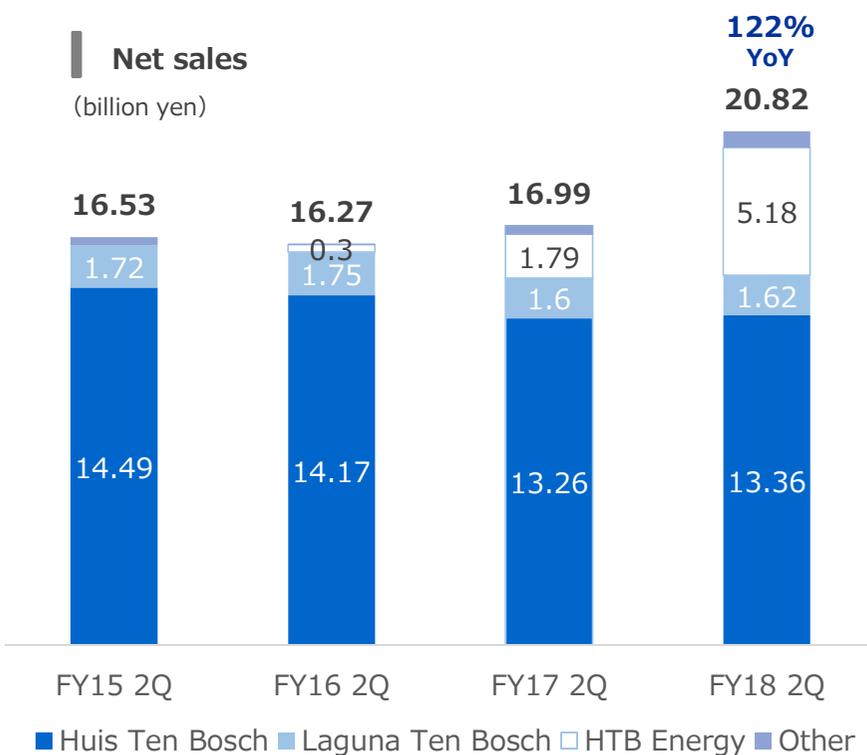


Source : JATA Period : November to October

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# Huis Ten Bosch Group

- Increase in sales due by growth of HTB Energy.
- Decrease profit due to a decrease in the Laguna Ten Bosch visitors and an increase in HTB Energy's fuel costs.



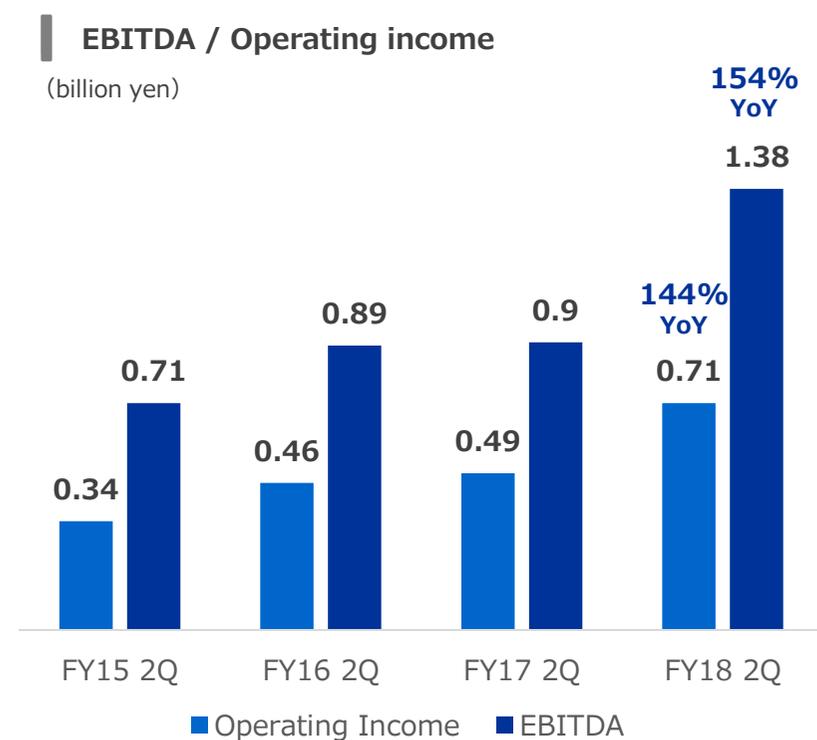
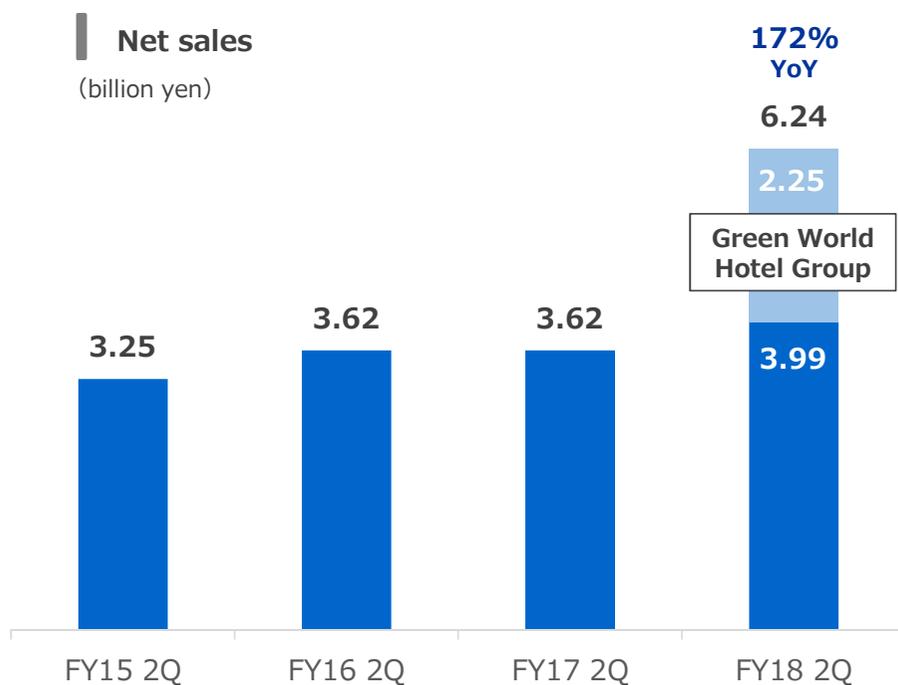
# Huis Ten Bosch

Amount of transaction and operating income recovered due to expansion of the park consumption opportunities.

	FY2017 2Q	FY2018 2Q	YoY
			10,000 people
<b>Visitors</b>	147.7	139.6	94.4%
Overseas visitors	8.7	9.0	103.6%
Guests	16.1	15.8	98.1%
			million yen
<b>Amount of transaction</b>	14,397	14,529	100.9%
Gross profit	11,156	11,172	100.1%
SGA expenses	7,047	7,060	100.2%
<b>Operating income</b>	4,109	4,111	100.1%
			yen
Unit price	9,747	10,407	106.7%

## Hotel Business

- Green world hotel group in Taiwan(subsidiary at the end of FY17 3Q) was contributed greatly to sales growth.
- Henn na hotel in the Tokyo metropolitan area has also steadily expand.



## [Reference data] New opening hotels

### Henn na Hotel Tokyo Nishikasai

- December 15, 2017 Opened
- 100 Rooms, 13㎡~19㎡
- 20minutes to Tokyo Station



### Henn na Hotel Tokyo Ginza

- February 1, 2018 Opened
- 98 Rooms, 13㎡~19㎡
- 8minutes to Ginza  
5minutes to Tsukiji



### Henn na Hotel Tokyo Hamamatsucho

- April 27, 2018 Opened
- 118 Rooms, 12㎡~19㎡
- 20minutes to Haneda Airport

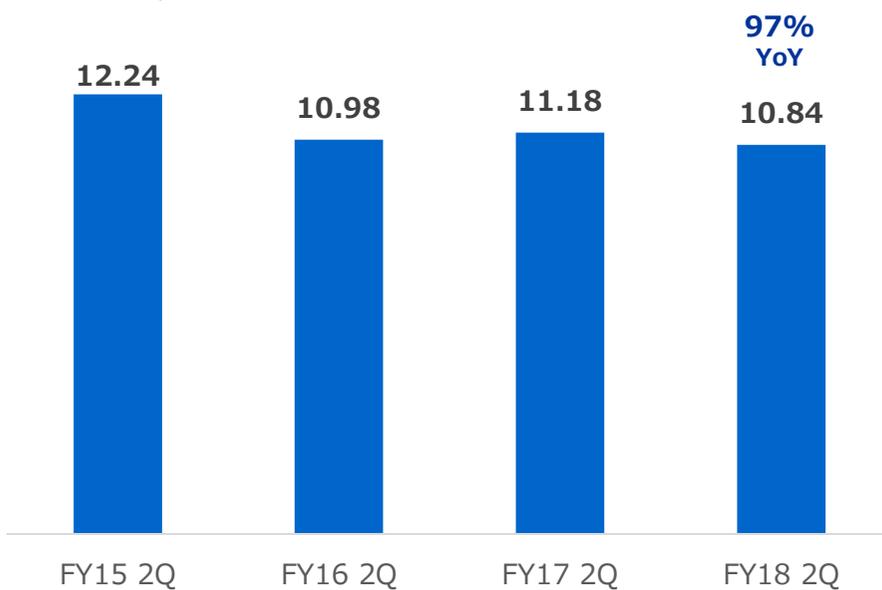


# Kyushu Sanko Group

- Sales by chartered bus, bus travel and sales of the service area was reduced by highway road stopped due to the snowfall in February.
- Operating income increased due to lower operating expenses.

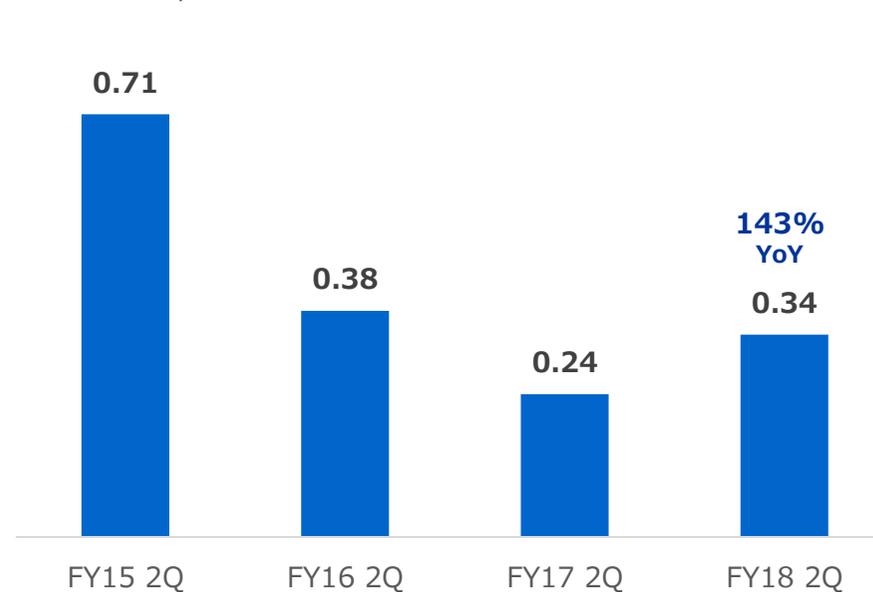
## Net sales

(billion yen)



## Operating income

(billion yen)



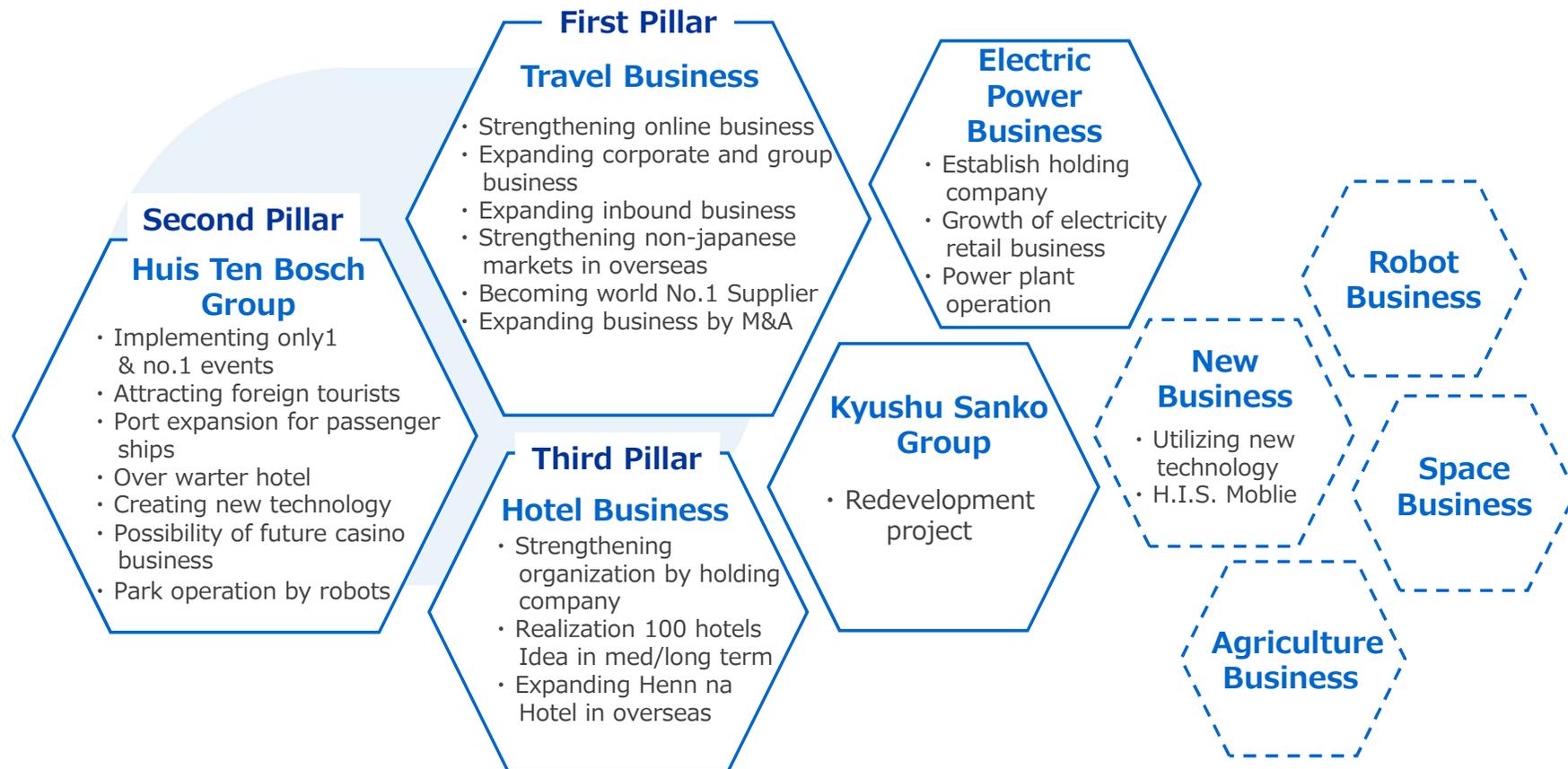
# Growth Strategy

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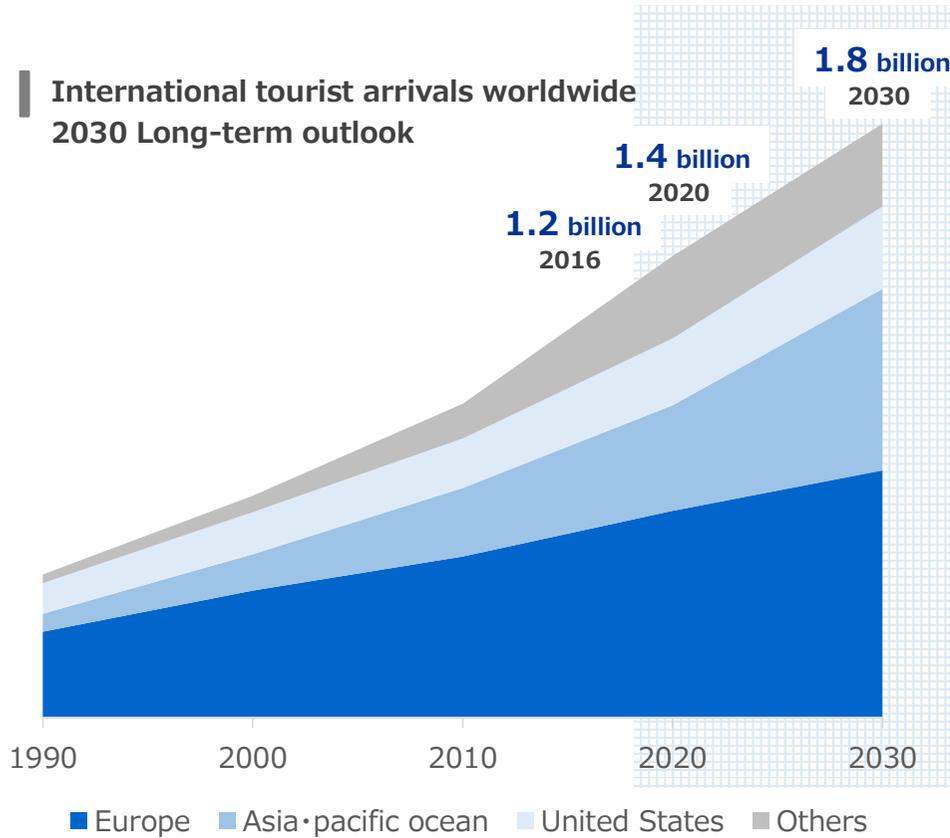


# Growth strategy - Highlight

■ Aim to build a strong portfolio by developing new business.



# Environment of travel market



Source : UNWTO

International tourist arrivals

1.2 billion



1.8 billion

# Grobal market growth strategy

Accelerate the development to match the world travel market by M&A and growth of overseas subsidiaries.

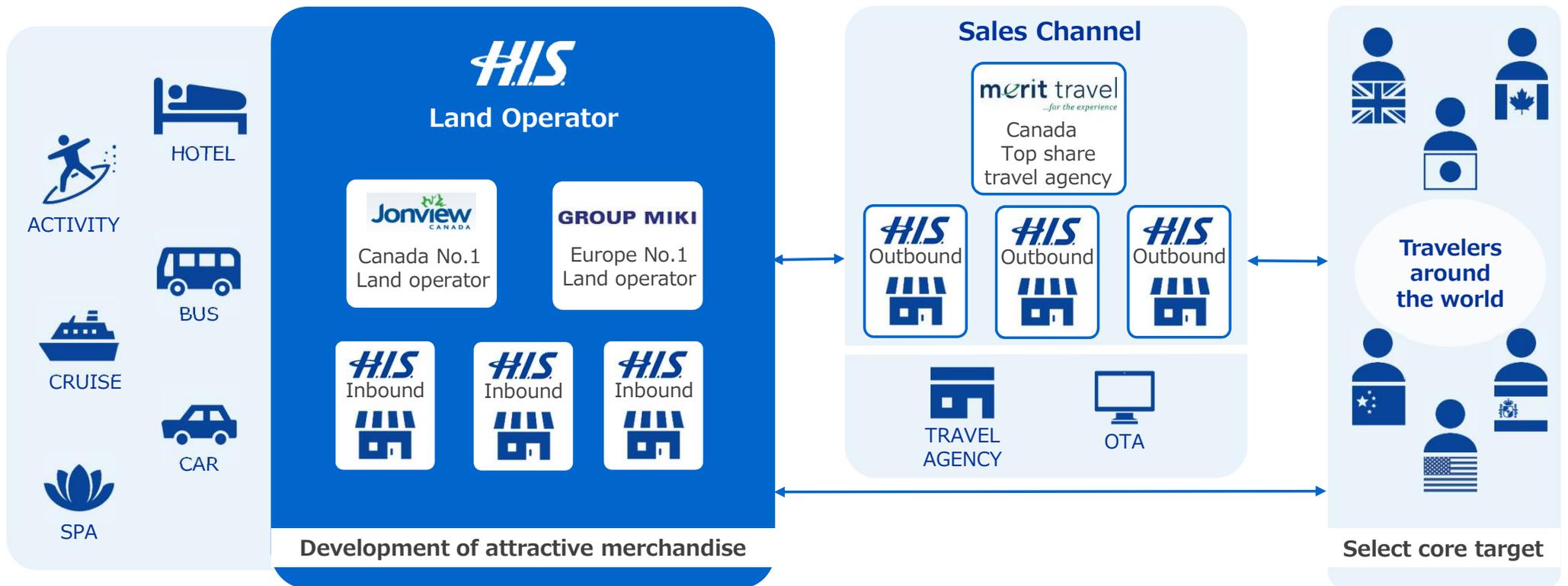


Source : UNWTO



# Grobal market growth strategy

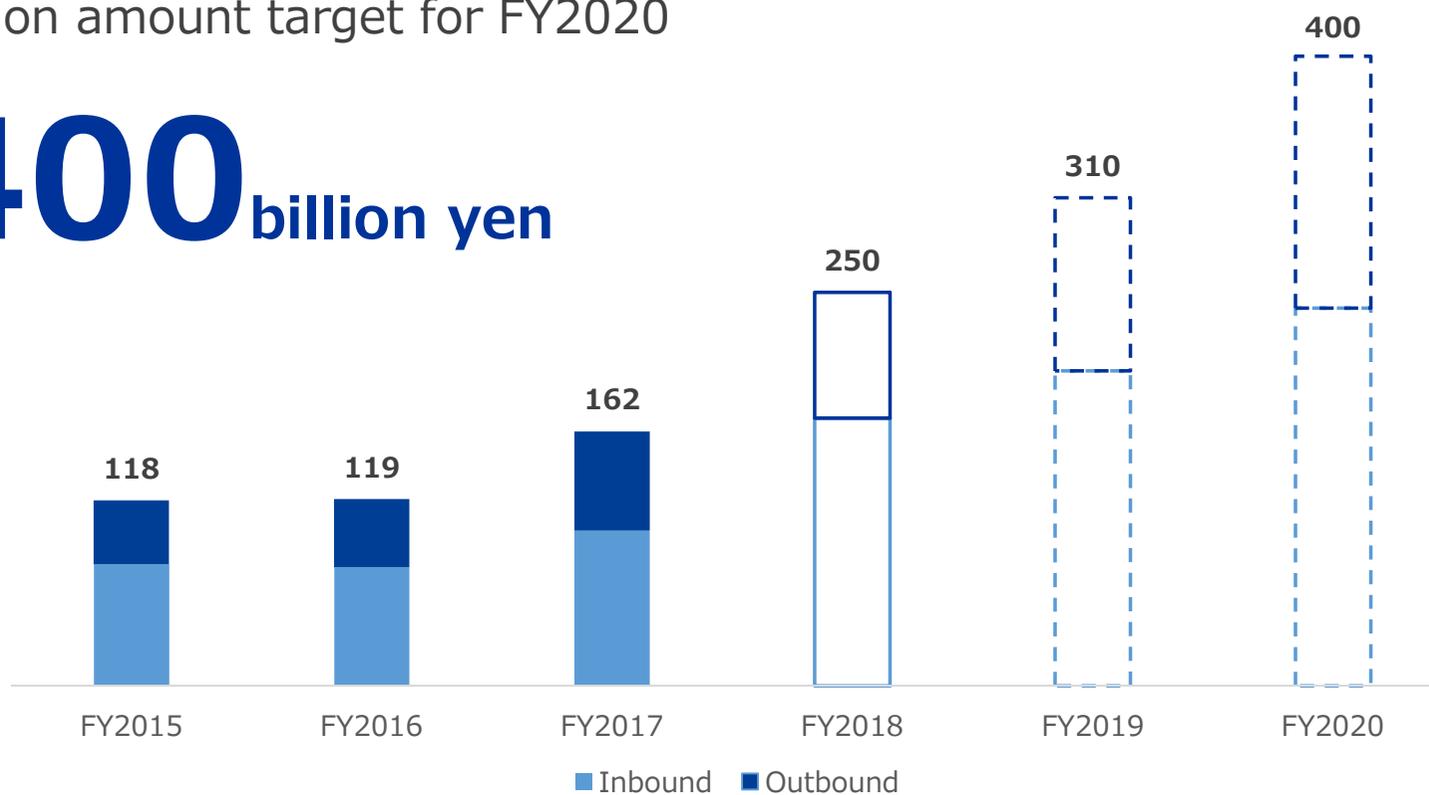
▮ Becoming world no.1 Land operator.



## Global market growth strategy

Transaction amount target for FY2020

**400** billion yen



※ Sales amount : before elimination of inter-company transactions





# 96 flights

H.I.S. record-high number of charter

## Japan market growth strategy



# New plan

Only in H.I.S.  
charter & special plan

# Acquire new customers

Strengthen cruise travel



# Focus on Okinawa

Original lounge open

Expansion of our customer's dedicated service

## Japan market growth strategy for inbound tourists

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# 4 times

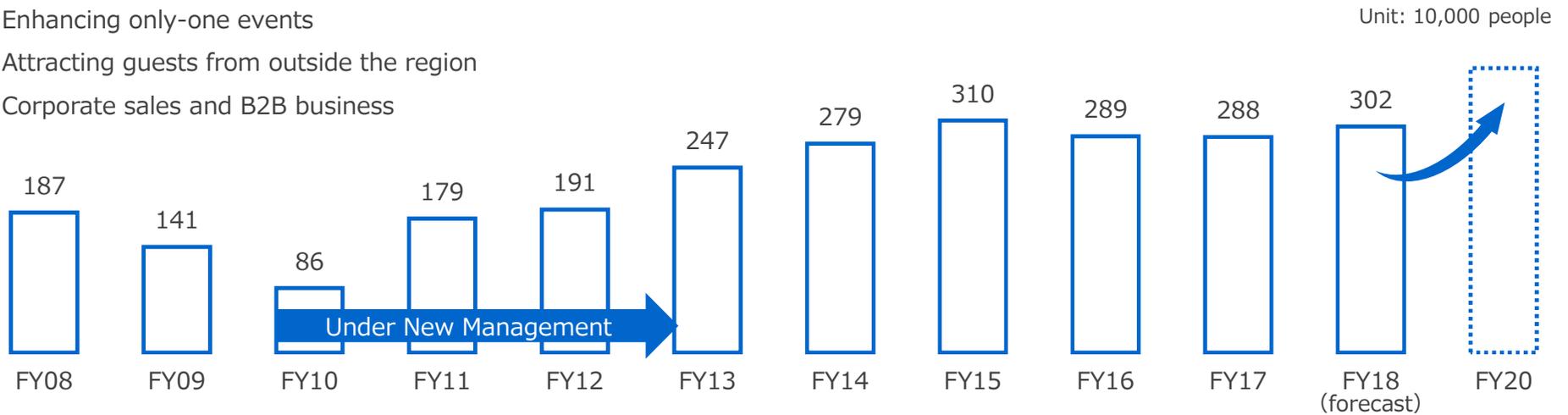
One day bus tour  
handling paxs

strengthening original products

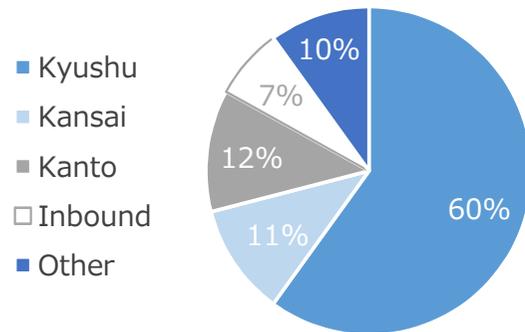
# Huis Ten Bosch growth strategy

Return to growth trajectory with 3 million visitors.

- Enhancing only-one events
- Attracting guests from outside the region
- Corporate sales and B2B business



Visitors by Region



## Aiming to be a sightseeing business city

- Huis Ten Bosch is not only operating a theme park, but also is playing a role of a test site that creates new businesses, with the vast site considered as a city.
- The policies for these new businesses are, "Start small, and make investments step by step".



## Huis Ten Bosch - Upcoming new event

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# The longest in the world

Flower canal

The autumn, a “Rainbow Flower Canal” decorated with autumn flowers comes up in Huis Ten Bosch and beautifully decorates the European streets.

## Huis Ten Bosch - Upcoming new event



# The Largest in Japan

4 large waterpark will open!

Spacious outdoor pools with various water slides  
were newly born on white beach!

## Huis Ten Bosch - Upcoming new event



# JURASSIC ISLAND

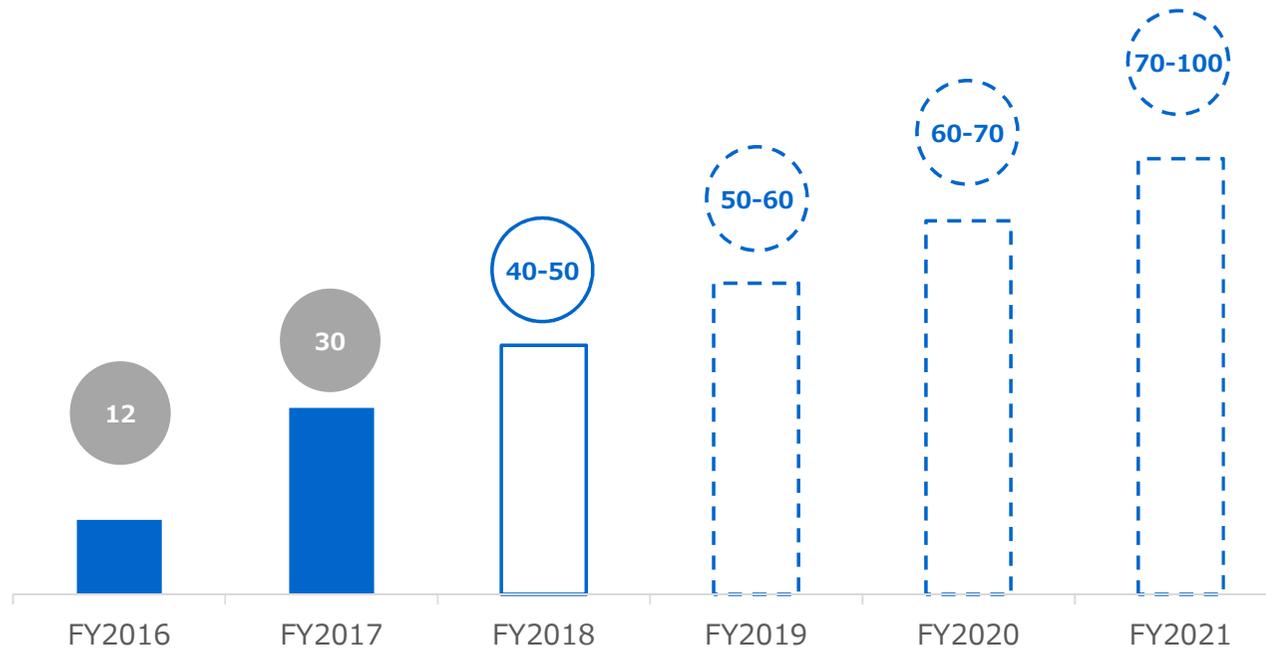
coming soon!

The latest AR(Augmented Reality)  
Shooting Attraction

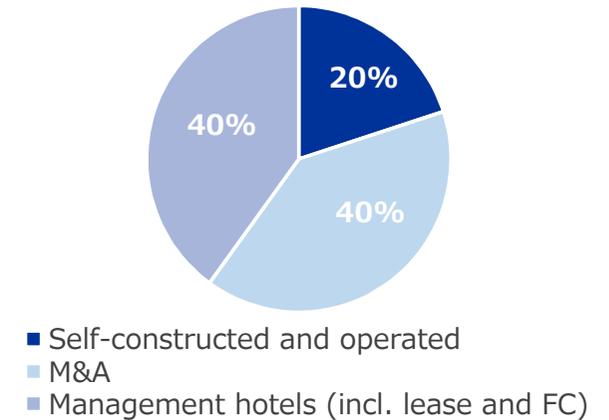


## Hotel Business growth strategy

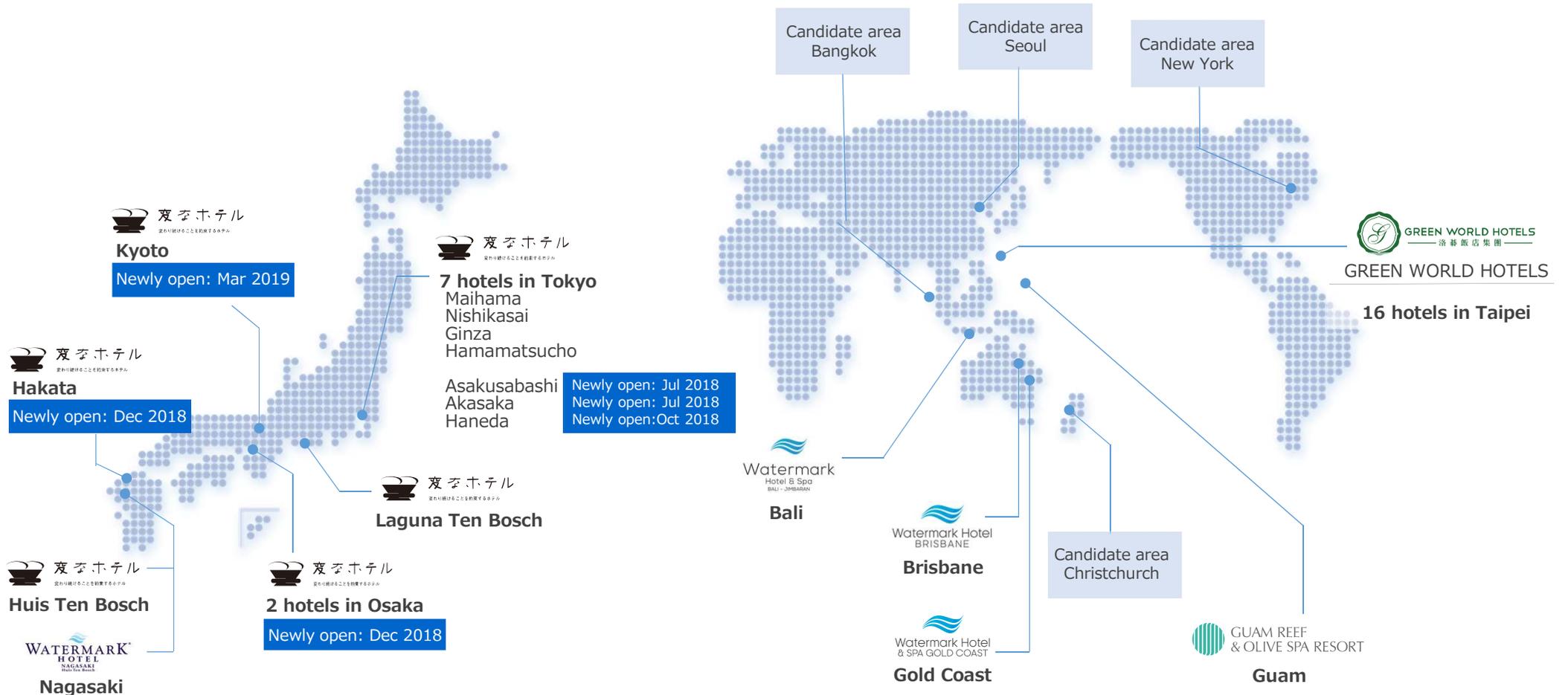
- H.I.S. group's hotel business currently operates 30 hotels, including Watermark hotel, Henn na hotel, Guam reef & olive spa resort, and Green world hotels.
- The hotel business, together with the travel business, is considered to be "the most appropriate means of acquiring asian customers". In November 2016, H.I.S. Hotel Holdings was established to oversee the hotel business of the group and to establish an organization that can operate **100 hotels worldwide in about 5 years.**



**Hotel Development**  
(Assumption)



# Hotel Business - Upcoming opening schedule



# Kyushu Sanko Group - Redevelopment project

The redevelopment project in Sakuramachi, Kumamoto Prefecture is ongoing.

## Project summary

**Total floor area: 160,330m<sup>2</sup>**

Commercial facility: 150 stores  
 Bus terminal: 26 bus stands  
 Parking lot: 836

property

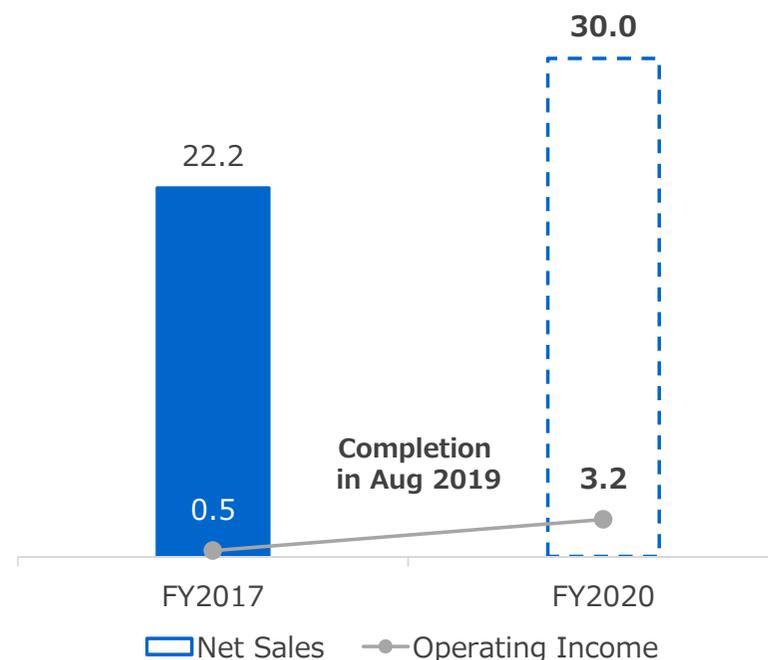
Movie theater: 9 screens  
 Hotel: 205 rooms  
 Banquet, Convention center: 2,300 seats  
 Apartment house: 159 ※sold out  
 Office: 3 floors



Shot in May 2018

## Revenue plan after completion

(billion yen)



# Electric Power Business growth strategy

H.I.S. Super Power co., ltd. has established. Aim for further growth of energy business.

## H.I.S. SUPER POWER Co., Ltd.

### Construction of biomass power plants Details of "H.I.S. Kakuda energy park"

Location: Kakuda city, Miyagi prefecture

Site area: 20,160m<sup>2</sup>

Output: 41,100kw

Start date of power sales: July 2019 (plan)

Revenue plan after completion: Net sales 8 billion yen

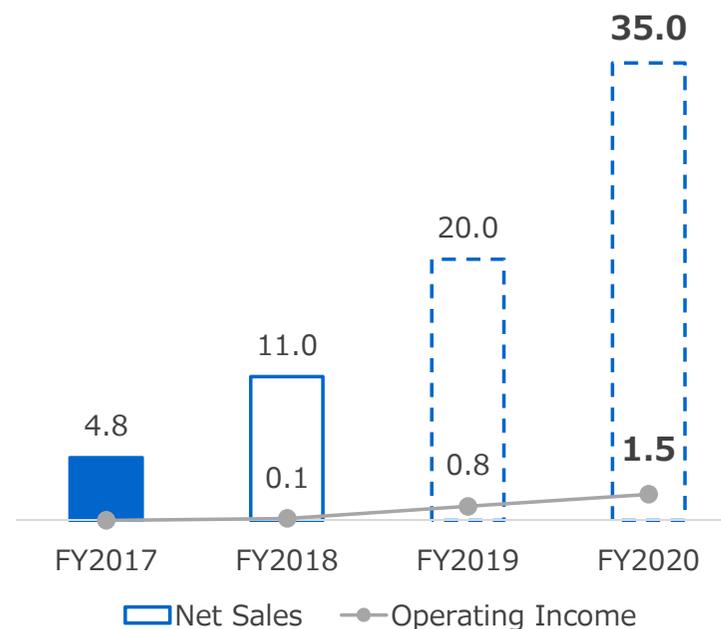


(image)



## HTB Energy Co., Ltd. Medium-term target

(billion yen)



## FY2018 Consolidated business forecast

- External factors such as geopolitical risks remain affected, we assume that summer leisure demand will steadily increase.
- Sales are expected to increase significantly by the group companies based on M&A which is newly consolidated during the previous term.

(million yen)

	FY2017	FY2018	YoY
Net sales	606,024	720,000	118.8%
Operating income	15,915	17,300	108.7%
Ordinary income	19,647	17,500	89.1%
Net income	13,259	9,100	68.6%
Dividend (yen)	29	29	

※ There is no change in consolidated earnings forecast for the full fiscal year which was announced in April 27, 2018.

# Financial Status

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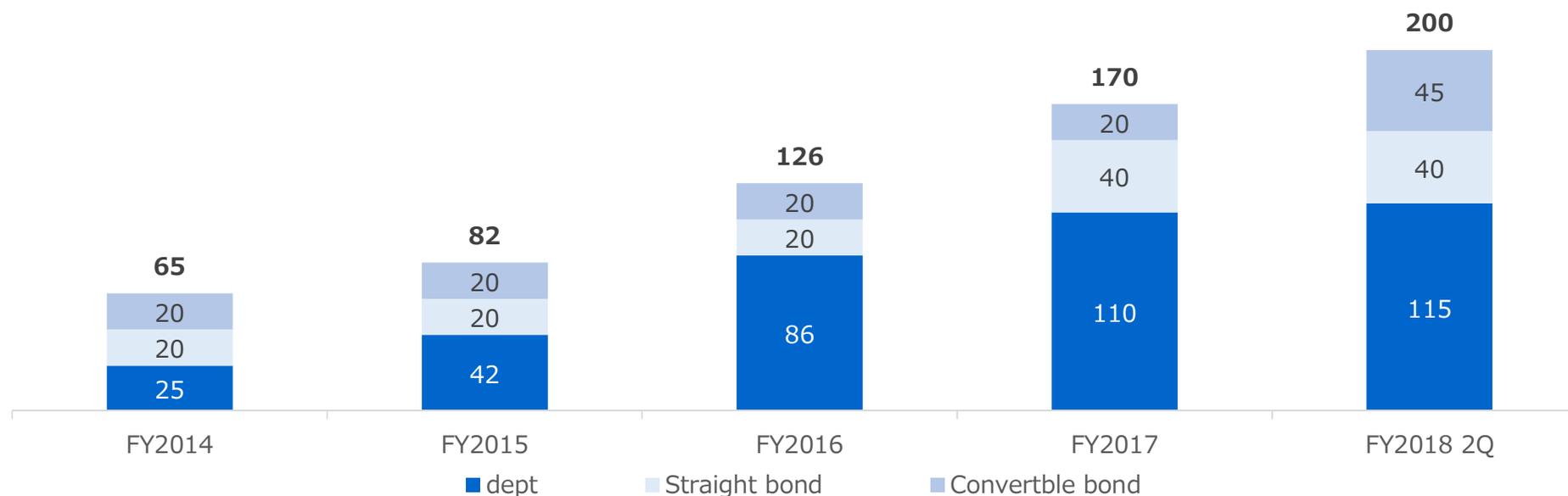


# Financing

- Interest-bearing debt as of the end of April 2018 was 200.5 billion yen
- 25 billion yen of convertible bonds (Euro yen CB) were issued in November 2017
- Use of funds includes capital investment, repayment of borrowings, share buy-back, etc.

## Interest-bearing debt

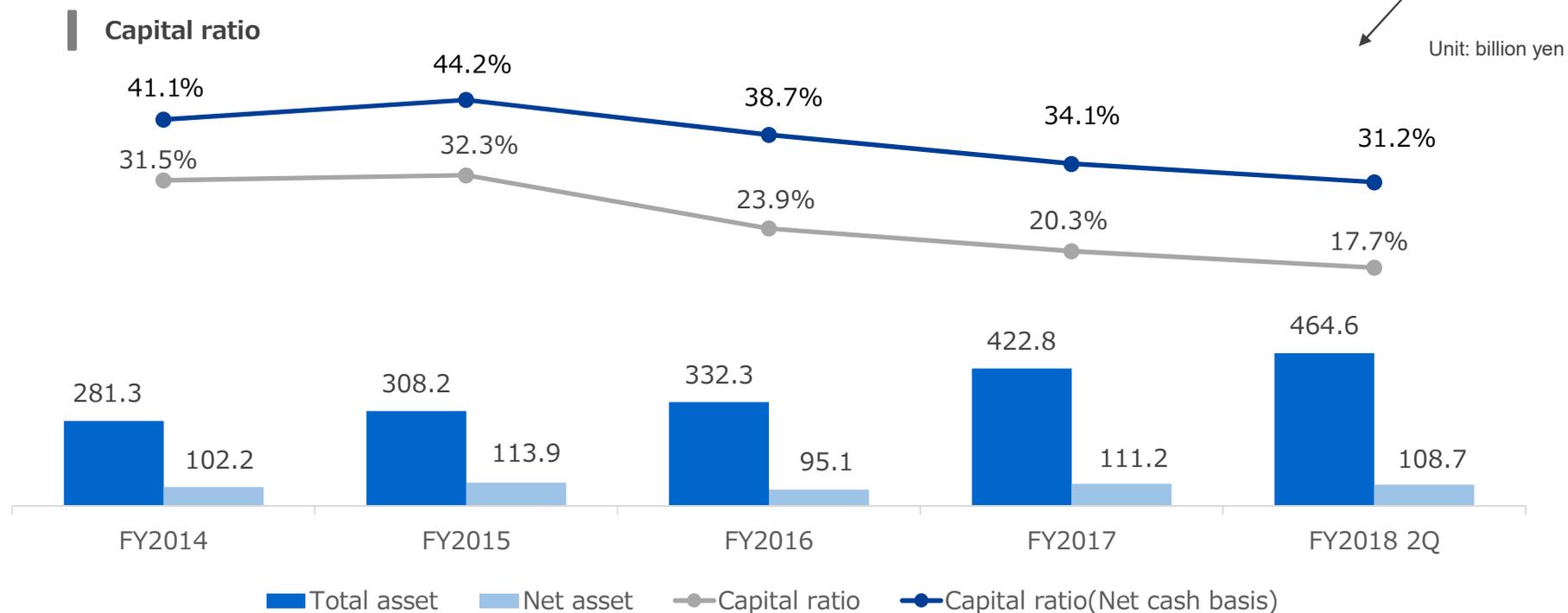
Unit: billion yen



# Cash Position

- Cash & deposit (201 billion yen) > Interest-bearing debt (200 billion yen)
- Focus on financial indicators on a net cash basis that offset cash & deposit and debts

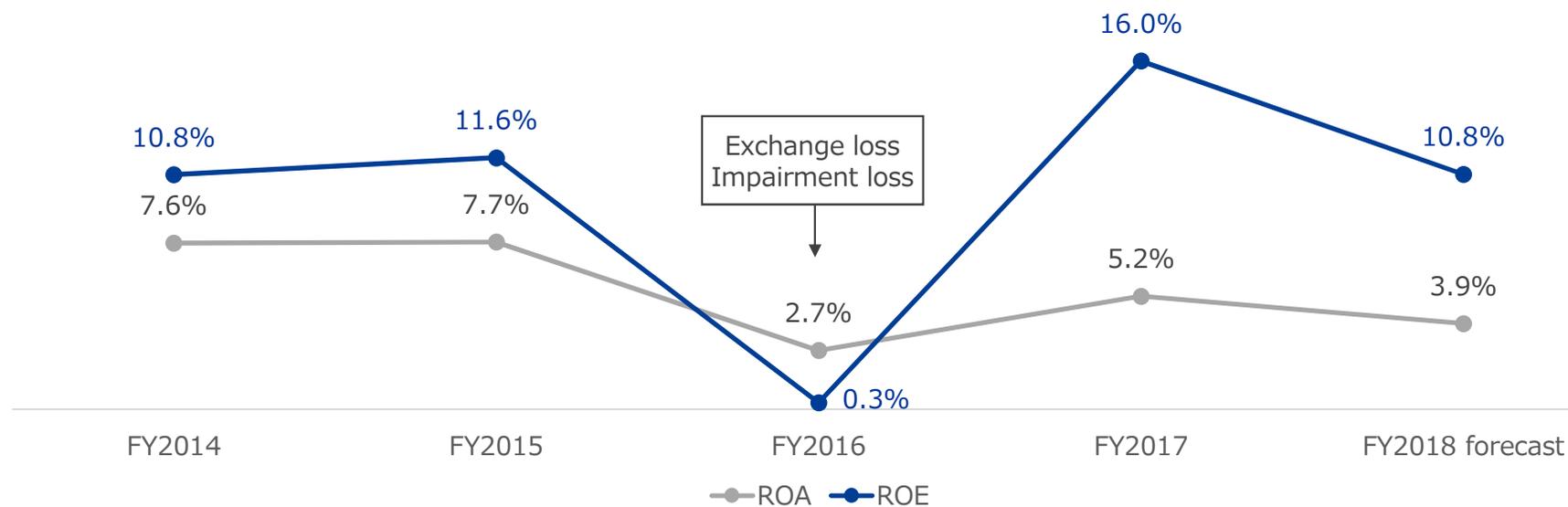
Share buy-back  
 FY16 9.9 billion yen  
 FY17 10.2 billion yen  
 FY18 4.9 billion yen



## Fund demand

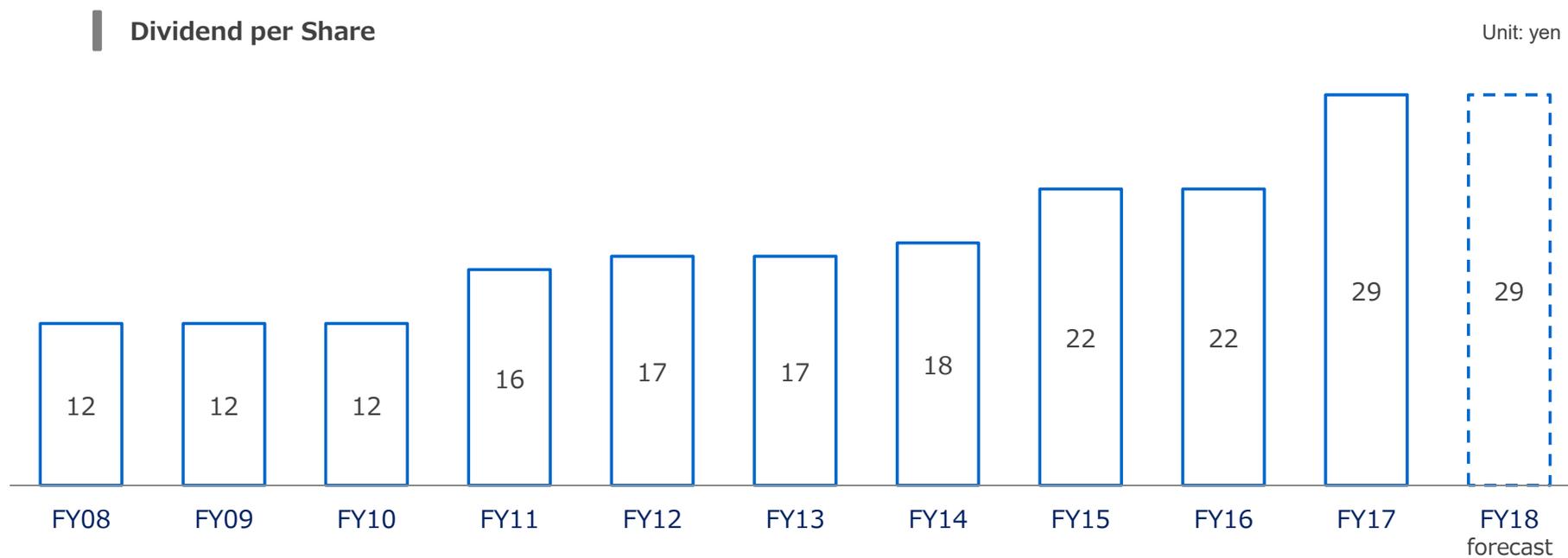
- About 50 billion yen per year are estimated to be needed for CAPEX and M&A  
→ About 150 billion yen in the three years from 2018 to 2020
- ROE is estimated to maintain double-digit numbers, while ROI's base is to be 5 to 10%

### ROA,ROE



## Basic policy for profit distribution

- Profit distribution to shareholders is based on the concept of sustainable and stable dividends of profits.



## Cautionary statement with respect to forward-looking statements

Statements made in this document with respect to H.I.S. Group's plans, estimates, strategies and beliefs, including any forecasts or projections, are forward-looking statements about the future performance of H.I.S. Group. These statements are based on management's assumptions and beliefs in light of information available to it at the time of creation of this document and, therefore, you should not place undue reliance on them. Also, you should not assume that statements made in this document remains accurate or operative at a later date. A number of factors could cause actual results to be materially different from and worse than those discussed in forward-looking statements. Please also note that the statements contained in this document were created on certain dates as identified therein and H.I.S. Group assumes no obligation to update or revise any forward-looking statements, including forecasts or projections, whether as a result of new information, subsequent events or otherwise.





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