



Supplementary Materials for the 3rd Quarter of FY Oct 2019



August 28, 2019
H.I.S. Co., Ltd.
1st section of TSE: 9603

Summary of Financial Results



Consolidated Operating Results

■ **Net sales grew by JPY63.2 billion (112% YoY)** due to new consolidation of “Red Label” as well as electric power retail sales growth

■ **Operating profit grew by JPY1.7 billion (118% YoY)** due to electric power retail business turning profitable in addition to earnings growth of travel business in Japan and newly consolidated subsidiaries

(JPY million)	FY18 3Q	FY19 3Q	YoY	Increase/Decrease	Major Reasons for Increase/Decrease
Net Sales	510,438	573,717	112.4%	+ 63,279	Travel + 57,427 , HTB Group▲1,528 , Energy + 5,945
Gross Profit	94,637	103,807	109.7%	+9,170	
Operating Profit	9,611	11,348	118.0%	+1,736	Travel + 2,974 , HTB Group▲1,287 , Hotel▲785 , Energy + 767
EBITDA	16,288	18,426	113.1%	+2,137	
Non-Operating Income	2,759	2,670	96.8%	▲88	
Non-Operating Expenses	2,009	2,750	136.9%	741	
Ordinary Profit	10,362	11,268	108.7%	+905	
Extraordinary Gain	2,907	1,073	36.9%	▲1,834	Gain on sale of investment securities 559, Gain on reversal of subscription rights to shares 513, (Previous FY) Gain on sale of property, plant and equipment 2,625
Extraordinary Loss	2,018	0	-	▲2,018	(Previous FY) Extraordinary loss related to AAA 1,687
Income before Income Taxes	11,251	12,341	109.7%	+1,089	
Income Taxes	5,109	4,533	88.7%	▲575	(Previous FY)) Effect of reversal of deferred tax assets 395
Net Profit Attributable to Non-Controlling Shareholders	1,630	1,311	80.4%	▲318	
Net Profit Attributable to Owners of Parent	4,511	6,495	144.0%	+ 1,983	



Quarterly Consolidated Income Statement

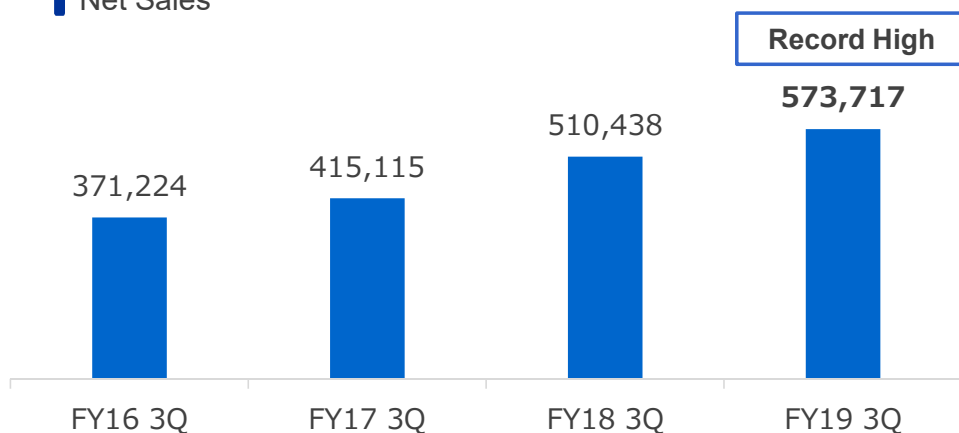
(JPY million)	FY18						FY19					
	1Q	2Q	3Q	1Q-3Q	4Q	Total	1Q	2Q	3Q	1Q-3Q	4Q	Total
Net Sales	164,509	176,738	169,190	510,438	218,115	728,554	187,276	190,563	195,878	573,717	-	-
YoY	131.6%	120.4%	118.1%	123.0%	114.3%	120.2%	113.8%	107.8%	115.8%	112.4%	-	-
Cost of Goods Sold	132,890	144,919	137,991	415,801	179,384	595,185	152,182	156,167	161,559	469,910	-	-
Gross Profit	31,619	31,818	31,198	94,637	38,731	133,368	35,093	34,395	34,318	103,807	-	-
Gross Margin	19.2%	18.0%	18.4%	18.5%	17.8%	18.3%	18.7%	18.0%	17.5%	18.1%	-	-
SG&A Expenses	27,540	28,238	29,246	85,025	30,259	115,285	29,111	31,397	31,949	92,458	-	-
Operating Profit	4,078	3,580	1,952	9,611	8,471	18,083	5,981	2,997	2,368	11,348	-	-
YoY	160.1%	96.9%	105.1%	118.7%	108.4%	113.6%	146.7%	83.7%	121.4%	118.0%	-	-
Operating Margin	2.5%	2.0%	1.2%	1.9%	3.9%	2.5%	3.2%	1.6%	1.2%	2.0%	-	-
EBITDA	6,150	5,884	4,253	16,288	10,784	27,073	8,154	5,218	5,053	18,426	-	-
Non-Operating Income	847	1,330	580	2,759	1,033	3,791	697	1,113	859	2,670	-	-
Non-Operating Expenses	968	1,017	21	2,009	367	2,375	1,479	436	834	2,750	-	-
Ordinary Profit	3,957	3,892	2,512	10,362	9,137	19,499	5,199	3,675	2,393	11,268	-	-
YoY	55.2%	116.0%	142.1%	84.3%	124.3%	99.2%	131.4%	94.4%	95.2%	108.7%	-	-



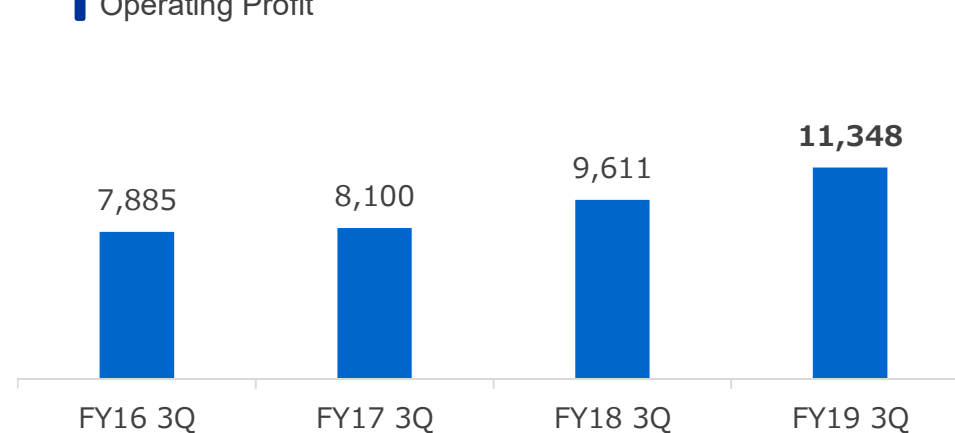
Consolidated Operating Results since FY16

(JPY million)

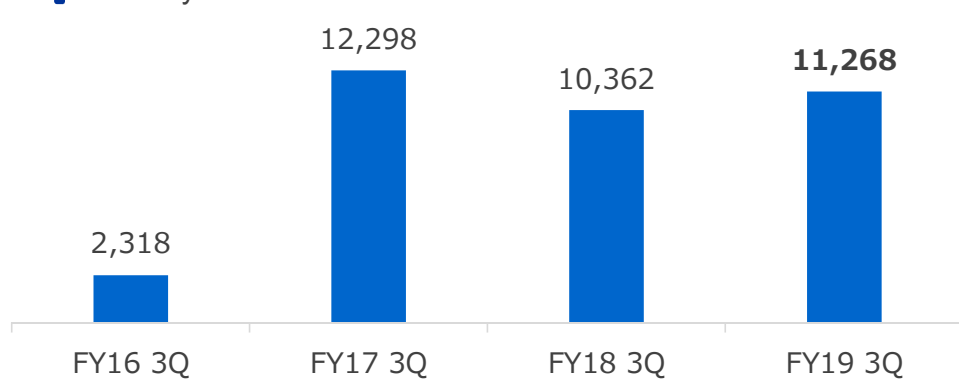
Net Sales



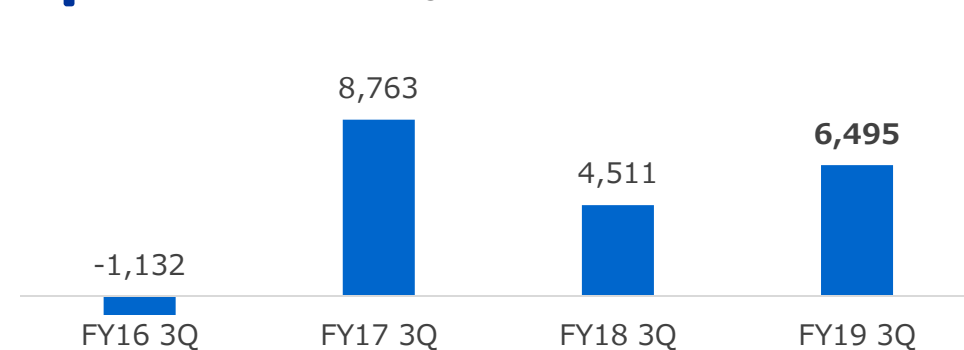
Operating Profit



Ordinary Profit



Net Profit Attributable to Owners of Parent



Segment Information

(JPY million)		FY18 3Q	FY19 3Q	YoY	Increase/Decrease
Net Sales	Travel Business	454,848	512,275	112.6%	57,427
	Huis Ten Bosch Group	21,721	20,192	93.0%	▲1,528
	Hotel Business	9,156	9,427	103.0%	271
	Kyushu Sanko Group	16,122	16,403	101.7%	281
	Energy Business	7,941	13,887	174.9%	5,945
	Other	4,281	5,912	138.1%	1,631
	Total after Adjustment	510,438	573,717	112.4%	63,279
Operating Profit	Travel Business	5,192	8,167	157.3%	2,974
	Huis Ten Bosch Group	5,005	3,717	74.3%	▲1,287
	Hotel Business	843	57	6.9%	▲785
	Kyushu Sanko Group	324	239	73.9%	▲84
	Energy Business	▲272	495	-	767
	Other	162	448	276.4%	286
	Total after Adjustment	9,611	11,348	118.1%	1,736
EBITDA	Travel Business	7,987	11,139	139.5%	3,152
	Huis Ten Bosch Group	6,525	5,285	81.0%	▲1,240
	Hotel Business	1,845	1,195	64.8%	▲649
	Kyushu Sanko Group	1,031	933	90.4%	▲98
	Energy Business	▲220	550	-	771
	Other	479	813	169.5%	333
	Total after Adjustment	16,288	18,426	113.1%	2,137



Quarterly Income Statement by Business Segment

(JPY million)		FY18						FY19					
		1Q	2Q	3Q	1Q-3Q	4Q	Total	1Q	2Q	3Q	1Q-3Q	4Q	Total
Travel Business	Net Sales	145,746	157,941	151,159	454,848	196,455	651,303	166,617	170,213	175,444	512,275	-	-
	YoY	134.2%	121.1%	118.9%	124.2%	115.1%	121.3%	114.3%	107.8%	116.1%	112.6%	-	-
	Operating Profit	1,979	2,245	968	5,192	7,012	12,205	4,071	2,130	1,965	8,167	-	-
	YoY	231.5%	81.3%	118.9%	116.1%	128.2%	123.3%	205.7%	94.9%	203.0%	157.3%	-	-
	EBITDA	2,852	3,265	1,869	7,987	7,959	15,946	4,996	3,048	3,094	11,139	-	-
	YoY	195.5%	94.9%	122.8%	124.4%	125.4%	125.3%	175.2%	93.4%	165.5%	139.5%	-	-
Huis Ten Bosch Group	Net Sales	7,654	7,408	6,658	21,721	8,959	30,680	7,415	6,273	6,503	20,192	-	-
	YoY	-	-	-	121.9%	-	-	96.9%	84.7%	97.7%	93.0%	-	-
	Operating Profit	1,976	1,818	1,210	5,005	2,310	7,315	1,771	909	1,037	3,717	-	-
	YoY	-	-	-	97.1%	-	-	89.7%	50.0%	85.7%	74.3%	-	-
	EBITDA	2,448	2,307	1,770	6,525	2,847	9,373	2,289	1,435	1,561	5,285	-	-
	YoY	-	-	-	100.4%	-	-	93.5%	62.2%	88.2%	81.0%	-	-
Hotel Business	Net Sales	3,130	3,109	2,915	9,156	2,883	12,039	3,087	3,117	3,222	9,427	-	-
	YoY	184.7%	161.5%	168.9%	171.3%	101.9%	147.2%	98.6%	100.3%	110.5%	103.0%	-	-
	Operating Profit	394	319	130	843	▲35	808	257	210	▲409	57	-	-
	YoY	170.6%	121.4%	112.7%	138.4%	-	105.7%	65.2%	66.0%	-	6.9%	-	-
	EBITDA	732	654	458	1,845	272	2,117	520	523	151	1,195	-	-
	YoY	170.6%	138.8%	137.8%	149.6%	56.7%	123.6%	71.1%	80.0%	33.1%	64.8%	-	-



Quarterly Income Statement by Business Segment

(JPY million)		FY18						FY19					
		1Q	2Q	3Q	1Q-3Q	4Q	Total	1Q	2Q	3Q	1Q-3Q	4Q	Total
Kyushu Sanko Group	Net Sales	5,740	5,105	5,277	16,122	5,519	21,641	5,882	5,273	5,247	16,403	-	-
	YoY	97.8%	96.1%	98.6%	97.5%	96.0%	97.1%	102.5%	103.3%	99.4%	101.7%	-	-
	Operating Profit	235	114	▲25	324	74	398	183	114	▲58	239	-	-
	YoY	105.0%	568.3%	-	-	29.3%	70.7%	78.0%	100.0%	-	73.9%	-	-
	EBITDA	455	349	226	1,031	364	1,395	405	344	182	933	-	-
	YoY	91.6%	114.5%	69.3%	91.3%	74.0%	86.0%	89.0%	98.6%	80.7%	90.4%	-	-
Energy Business	Net Sales	2,280	2,910	2,751	7,941	4,048	11,989	4,014	5,266	4,606	13,887	-	-
	YoY	-	-	-	-	-	-	176.1%	181.0%	167.4%	174.9%	-	-
	Operating Profit	▲32	▲341	100	▲272	▲155	▲428	118	244	131	495	-	-
	YoY	-	-	-	-	-	-	-	-	130.6%	-	-	-
	EBITDA	▲26	▲335	140	▲220	▲139	▲360	135	264	151	550	-	-
	YoY	-	-	-	-	-	-	-	-	107.7%	-	-	-
Other	Net Sales	1,148	1,595	1,538	4,281	1,614	5,896	1,556	1,877	2,479	5,912	-	-
	Operating Profit	42	▲2	122	162	▲141	21	101	125	221	448	-	-
	EBITDA	138	104	236	479	▲38	441	223	245	344	813	-	-

- Energy Business Segment was newly created at the beginning of the current consolidated fiscal year. “HTB Energy” was reclassified from Huis Ten Bosch Group to Energy Business, while H.I.S. Energy Holdings, H.I.S. Super Power, and H.I.S. Super Power LLC were reclassified from Other to Energy Business
- Huis Ten Bosch Technology Center and its subsidiary, West Japan Engineering, were reclassified from Huis Ten Bosch Group to Other

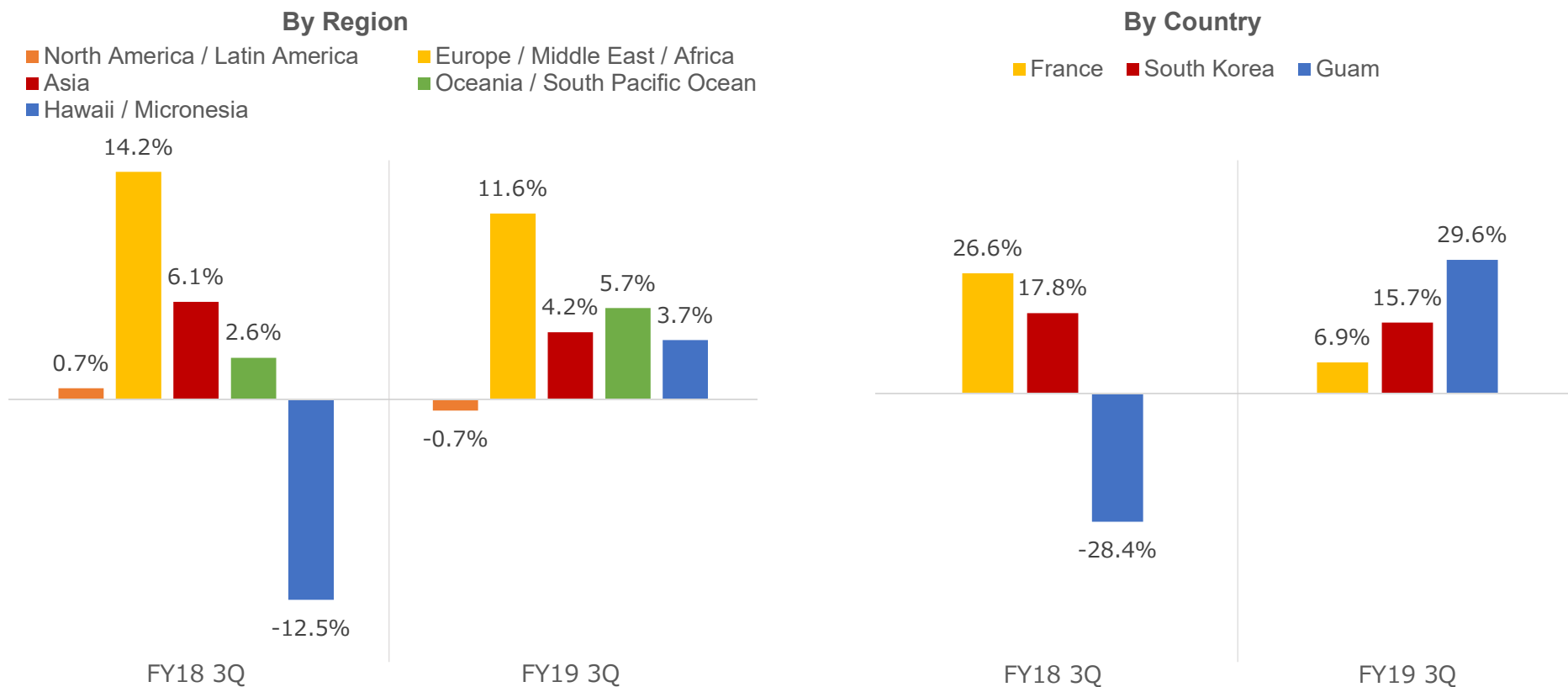


Travel Business: Quarterly Income Statement by Sub-Segment

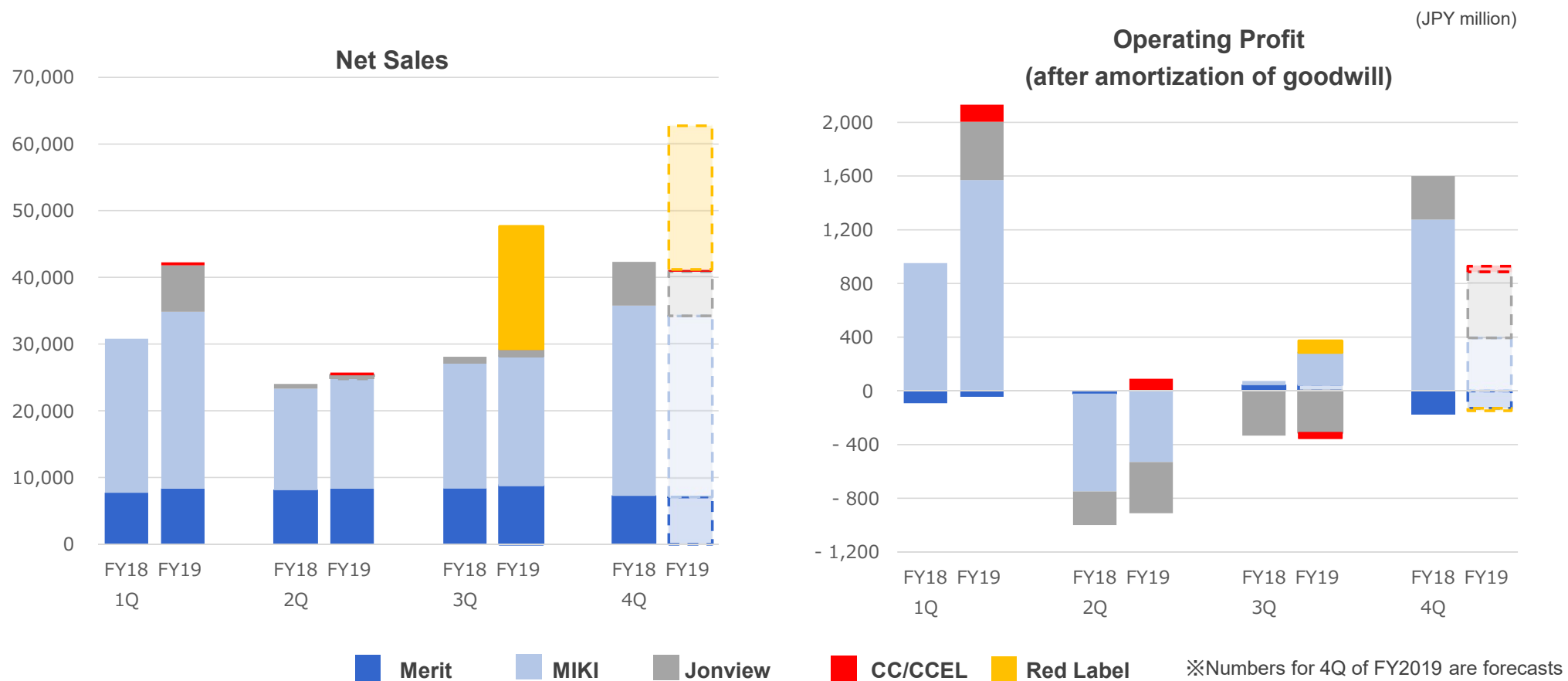
(JPY million)	FY18						FY19					
	1Q	2Q	3Q	1Q-3Q	4Q	Total	1Q	2Q	3Q	1Q-3Q	4Q	Total
Travel Business Total Sales	145,746	157,941	151,159	454,848	196,455	651,303	166,617	170,213	175,444	512,275	-	-
YoY	134.2%	121.1%	118.9%	124.2%	115.1%	121.3%	114.3%	107.8%	116.1%	112.6%	-	-
International Travel from Japan / Transaction Amount	92,317	106,883	102,663	301,863	133,611	435,475	98,532	122,376	101,553	322,462	-	-
YoY	112.4%	112.7%	119.5%	114.9%	118.8%	116.1%	106.7%	114.5%	98.9%	106.8%	-	-
Fuel Surcharge (included in the transaction amount above)	2,162	4,430	4,560	11,154	6,806	17,960	6,030	8,005	4,308	18,344	-	-
Domestic Travel in Japan / Transaction Amount	11,776	16,435	13,785	41,997	18,413	60,410	11,941	17,576	13,693	43,211	-	-
YoY	109.0%	104.9%	99.5%	104.2%	99.5%	102.7%	101.4%	106.9%	99.3%	102.9%	-	-
Inbound Travel to Japan / Transaction Amount	5,901	7,212	8,879	21,993	7,796	29,790	7,052	7,615	7,873	22,541	-	-
YoY	202.6%	191.1%	183.5%	191.2%	157.5%	180.7%	119.5%	105.6%	88.7%	102.5%	-	-
Overseas Subsidiaries / Inbound Transaction Amount	44,088	33,129	38,373	115,592	51,708	167,299	56,070	35,339	41,186	132,595	-	-
YoY	229.8%	192.9%	201.4%	208.6%	129.0%	175.2%	127.1%	106.7%	107.3%	114.7%	-	-
Overseas Subsidiaries / Outbound Transaction Amount	18,897	20,222	21,248	60,368	19,634	80,002	19,719	20,213	40,124	80,056	-	-
YoY	205.3%	145.2%	110.4%	142.4%	104.7%	142.4%	104.3%	100.0%	188.8%	132.6%	-	-
Elimination of internal transactions, adjustments, etc.	▲27,234	▲25,950	▲32,821	▲86,007	▲34,707	▲120,715	▲26,697	▲32,906	▲28,985	▲88,590	-	-



Travel Business / YoY Comparison for the Number of Travelers by Destination (International Travel from Japan)



Travel Business / Newly Consolidated Subsidiaries / Quarterly Financials



Quarterly Non-Consolidated Income Statement of Huis Ten Bosch

(JPY million)	FY18						FY19					
	1Q	2Q	3Q	1Q-3Q	4Q	Total	1Q	2Q	3Q	1Q-3Q	4Q	Total
Transaction Amount	7,361	7,167	6,340	20,869	7,515	28,384	7,079	5,968	6,133	19,180	-	-
YoY	97.9%	104.3%	99.5%	100.5%	89.7%	97.3%	96.1%	83.2%	96.7%	91.9%	-	-
Operating Profit	2,049	2,062	1,285	5,397	1,779	7,176	1,894	1,277	1,112	4,283	-	-
YoY	92.2%	109.3%	87.7%	96.8%	88.4%	94.5%	92.4%	61.9%	86.5%	79.3%	-	-
Number of Guests (10,000)	72.9	66.6	62.3	201.9	70.3	272.2	70.8	59.6	60.4	190.9	-	-
YoY	92.4%	96.9%	96.6%	95.1%	92.6%	94.4%	97.2%	89.4%	97.0%	94.6%	-	-
Number of Foreign Guests (10,000, included in the number of guests above)	4.3	4.7	5.0	14.1	4.3	18.4	3.5	4.2	4.5	12.3	-	-
YoY	121.6%	91.4%	90.9%	98.6%	89.6%	96.3%	82.1%	89.3%	89.9%	87.4%	-	-
Number of Hotel Guests (10,000)	7.6	8.1	6.5	22.3	7.9	30.2	7.3	7.0	6.3	20.6	-	-
YoY	94.5%	101.7%	101.6%	99.1%	90.8%	96.7%	96.1%	85.3%	96.9%	92.2%	-	-
Unit Price (JPY: Rounded down to the nearest JPY10)	10,000	10,700	10,100	10,300	10,600	10,400	9,900	10,000	10,100	10,000	-	-
Increase/Decrease	+500	+800	+300	+600	▲300	+300	▲100	▲700	±0	▲300	-	-

※Financial forecasts have been revised from the ones at the time of Q2 financial results announcement, reflecting the Q3 results

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

(JPY million)

	18 4Q	19 3Q	Increase/Decrease
Cash and deposits	213,960	235,006	21,045
Notes and accounts receivable (trade)	44,376	44,032	▲343
Operating accounts receivable	5,048	2,920	▲2,128
Travel advance payments	34,347	70,861	36,513
Others	22,198	22,208	10
Total Current Assets	319,929	375,027	55,098
Property, plant and equipment	116,102	171,140	55,037
Intangible assets	20,196	27,915	1,685
Goodwill	7,232	13,266	6,034
Investments and other assets	59,807	64,451	4,644
Total Non-Current Assets	196,105	263,507	67,401
Deferred Assets	432	178	▲254
Total Assets	516,468	638,714	122,246

	18 4Q	19 3Q	Increase/Decrease
Operating accounts payable	36,933	34,777	▲2,155
Travel advance received	68,344	126,981	58,636
Bonds and convertible bonds payable	55,108	55,095	▲13
Long-term loans payable	113,309	140,702	27,392
Others	127,130	160,120	32,989
Total Liabilities	400,826	517,677	116,850
Capital stock	11,000	11,000	0
Capital surplus	3,451	3,391	▲59
Retained earnings	102,083	106,793	4,710
Treasury shares	▲28,611	▲28,363	248
Accumulated other comprehensive income	304	1,254	949
Share acquisition rights	431	0	▲431
Non-controlling interests	26,982	26,961	▲21
Total Net Assets	115,641	121,037	5,395
Total Liabilities and Net Assets	516,468	638,714	122,246



Financial Forecasts



Revision) Consolidated Financial Forecasts

- Net sales were **revised up by JPY14 billion to JPY800 billion** due to new consolidation of “Red Label Vacations Inc.”
- Operating profit was **revised down by JPY4 billion to JPY16 billion** due to major reasons as listed below.
- (Deteriorated profitability of inbound travel business to Japan due to change in market environments, Drop of sales after the Golden Week special demands, Decreased number of visitors to Huis Ten Bosch, Strengthening of balance sheet in the Hotel Business)

(JPY million)	FY18	FY19	vs previous forecasts	YoY	vs previous fiscal year	FY18 1H	FY19 1H	FY18 2H	FY19 2H	YoY	vs previous fiscal year
Net Sales	728,554	800,000	14,000	109.8%	71,446	341,247	377,839	387,306	423,000	109.2%	35,694
Gross Profit	133,368	142,700	▲800	107.0%	9,332	63,438	69,488	69,930	74,000	105.8%	4,070
Operating Profit	18,083	16,000	▲4,000	88.5%	▲2,083	7,659	8,979	10,424	7,100	68.1%	▲3,324
EBITDA	27,073	26,270	▲3,290	97.0%	▲803	12,035	13,372	15,038	12,900	85.8%	▲2,140
Ordinary Profit	19,499	15,300	▲5,700	78.5%	▲4,199	7,849	8,874	11,649	6,500	75.7%	▲5,149
Net Profit Attributable to Owners of Parent	11,067	9,600	▲1,400	86.7%	▲1,467	3,599	4,964	7,467	4,700	62.9%	▲2,767
EPS	192.96円	167.33円	—	—	—	—	—	—	—	—	—
Dividend	29円	30円	—	—	—	—	—	—	—	—	—



Revision) Consolidated Financial Forecasts by Business Segment

(JPY million)		FY18	FY19	vs previous forecasts	YoY	vs previous fiscal year	FY18 2H	FY19 2H	vs previous forecasts	YoY	vs previous fiscal year
Net Sales	Travel Business	651,303	721,000	▲7,000	110.7%	69,697	347,615	384,000	▲7,000	110.5%	36,385
	Huis Ten Bosch Group	30,680	28,000	—	91.3%	▲2,680	15,617	14,300	—	91.6%	▲1,317
	Hotel Business	12,039	12,600	▲400	104.7%	561	5,799	6,400	▲400	110.3%	601
	Kyushu Sanko Group	21,641	22,200	▲500	102.6%	559	10,796	11,000	▲500	102.3%	204
	Energy Business	11,989	20,400	▲600	170.2%	8,411	6,799	11,100	▲600	163.5%	4,301
	Other	5,896	8,200	600	139.1%	2,304	3,152	4,700	600	151.2%	1,548
Operating Profit	Travel Business	12,205	12,900	▲900	105.7%	695	7,980	6,700	▲900	83.9%	▲1,280
	Huis Ten Bosch Group	7,315	5,000	▲800	68.4%	▲2,315	3,520	2,320	▲800	65.9%	▲1,200
	Hotel Business	808	50	▲810	6.2%	▲758	94	▲420	▲810	—	▲514
	Kyushu Sanko Group	398	160	▲380	40.2%	▲238	48	▲140	▲380	—	▲188
	Energy Business	▲428	600	100	—	1,028	▲54	240	100	—	294
	Other	21	640	410	3047.6%	619	▲18	410	410	—	428
EBITDA	Travel Business	15,946	17,740	▲160	111.3%	1,794	9,829	9,700	▲160	98.6%	▲129
	Huis Ten Bosch Group	9,373	7,200	▲860	76.8%	▲2,173	4,618	3,470	▲860	75.3%	▲1,148
	Hotel Business	2,117	1,360	▲800	64.2%	▲757	730	310	▲800	43.3%	▲420
	Kyushu Sanko Group	1,395	1,160	▲340	83.2%	▲235	590	410	▲340	69.5%	▲180
	Energy Business	▲360	680	190	-	1,040	1	280	190	28100.0%	280
	Other	441	1,130	430	256.2%	689	198	670	430	334.3%	472





For inquiries regarding this material, please contact H.I.S. Group's IR Office

