

# **Six-month Period Ending September 30, 2019 Financial Results Presentation**

**Nagoya Railroad Co., Ltd.**

Securities Code: 9048

November 20, 2019

# 01 Summary of Financial Results and Performance Forecast

## ◆ Group Business Performance

### FY2019 1st Half

### FY2019 Full-year Forecast

	FY2019 1st Half			FY2019 Full-year Forecast			
	Results	Year-on-year change		Current forecast	Year-on-year change		Change from previous forecast (from May)
Operating revenues	<b>316.1</b> Billions of yen	+ 20.4 Billions of yen	+ 6.9 %	<b>639.0</b> Billions of yen	+ 16.4 Billions of yen	+ 2.6 %	+ 4.0 Billions of yen
Operating income	<b>Record-high 29.1</b> Billions of yen	+ 4.4 Billions of yen	+ 18.3 %	<b>Record-high 50.0</b> Billions of yen	+ 0.5 Billions of yen	+ 1.1 %	+ 2.0 Billions of yen
Ordinary income	<b>Record-high 30.6</b> Billions of yen	+ 5.0 Billions of yen	+ 19.8 %	<b>Record-high 52.0</b> Billions of yen	+ 0.4 Billions of yen	+ 0.8 %	+ 2.5 Billions of yen
Profit attributable to owners of the parent	<b>Record-high 19.3</b> Billions of yen	+ 3.3 Billions of yen	+ 21.0 %	<b>30.0</b> Billions of yen	- 0.4 Billions of yen	- 1.5 %	+ 1.0 Billions of yen

### Financial Results Highlights (year-on-year)

#### 【Operating revenues】 Increased

- Real estate business revenues rose (higher condo sales)
- Distribution business revenues rose (higher construction material sales, etc.)
- Railroad business revenues rose (higher passenger figures)

#### 【Operating income】 Increased

- Real estate business income rose (higher revenues and improved profit margin)
- Railroad business income rose (higher revenues)

### Full-Year Forecast Highlights (vs. Mar. 31, 2019)

#### 【Operating revenues】 Increase

- Real estate business revenues rise (higher condo sales)
- Transport business revenues rise (higher freight rates)
- Railroad business revenues rise (higher passenger figures)

#### 【Operating income】 Increase

- Real estate business income rises (higher revenues)
- Railroad business income rises (higher revenues)

### Full-Year Forecast Highlights (vs. previous forecast)

#### 【Operating revenues】 Increase

- Distribution business revenues rise (higher construction material sales, etc.)
- Real estate business revenues rise (higher condo sales)
- Railroad business revenues rise (higher passenger figures)

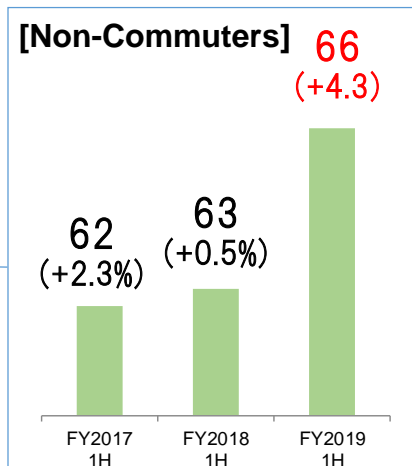
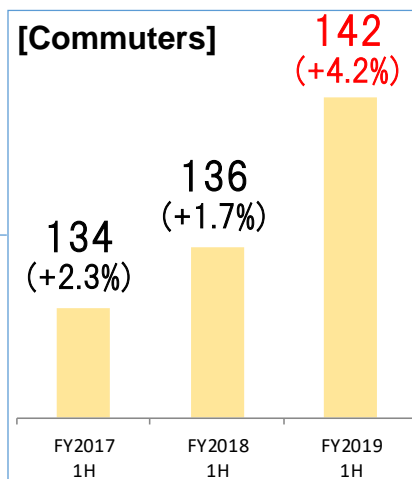
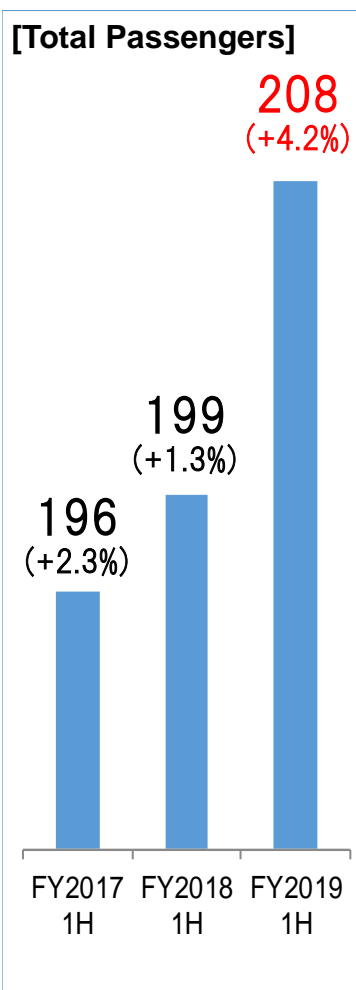
#### 【Operating income】 Increase

- Railroad business income rises (higher revenues)
- Real estate business income rises (higher revenues)

With the bump in purchases of commuter passes in advance of a tax hike in addition to the increase in inbound tourists and the good hiring environment at companies along our rail lines, the number of passengers has significantly increased.

## 【Railroad Passenger Trends】

(unit: million passengers; figures in parentheses are year-on-year change)



## 【Main Factors behind the Increase】

### ◆ Increase in Commuter Passengers on the Mikawa Line and Nishio Line

#### 【Percent Change in Commuter Passengers】

(Year-on-year change (%))

(Year-on-year change (%))

	FY2017 1H	FY2018 1H	FY2019 1H		FY2017 1H	FY2018 1H	FY2019 1H
Mikawa Line	+5.0	+4.1	+5.1	Nishio Line	+8.3	+7.9	+6.6

• The number of commuter passengers on lines along which manufacturing bases are concentrated, such as the Mikawa and Nishio lines, continues to grow.

### ◆ Increase in Non-Commuter Passengers on the Airport Line

#### 【Percent Change in Non-Commuter Passengers】

(Year-on-year change (%))

• Due to the many visitors to Aichi Sky Expo, which opened in August, as well as the increase in inbound demand, this year's figure exceeds that for the previous year, which was impacted by the temporary closure of Kansai International Airport.

	FY2017 1H	FY2018 1H	FY2019 1H
Airport Line	+4.2	+7.3	+16.3

< Bump in Purchases of Commuter Passes in Advance of a Tax Hike (Estimated) >

Earnings: +¥0.5 billion

Year-on-year percent change in passengers (excluding the bump):

Commuters +1.0%; Total passengers +2.0%

< Impact of Typhoon Hagibis (Estimated) >

Earnings: -0.13 billion

# 02

## The Meitetsu Group's Long-term Vision, Long-term Management Strategy and Progress Made under the Medium-term Management Plan

## 【The Meitetsu Group's Long-term Vision and Long-term Management Strategy】

### VISION 2030~Seizing the Future~

- The Group will continue to enhance regional appeal and create shared value with local residents by promoting better mobility in the communities it serves.
- The Group aims to maintain sustainable growth by actively meeting the changing needs of society and helping people achieve new lifestyles and fuller lives.

### Long-term Management Strategy

- We aim to expand the residential population and number of travelers by creating the nicest place to live and the most attractive area to visit in Japan.
- We aim to improve our earnings power by proactively investing and taking on bold challenges in new business fields.
- To maintain sustainable growth even amid population decline and aging demographics, we will actively work to generate innovations and improve productivity through the use of advanced technologies and other means.

## 【Medium-term Management Plan】

### Basic Policy

With an eye toward 2030, the Group aims to expand its business foundation and reinforce its earnings power through proactive investment to maintain its sustainable growth and to create new appeal and value.

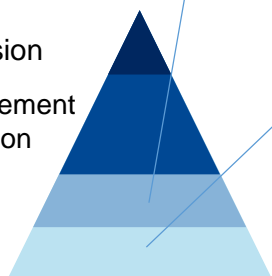
### Period

FY2018–2020 (three years)

### Key Themes

- 1 Advance plans to begin work on the Meitetsu Nagoya Station District Redevelopment Project
- 2 Proactively develop the real estate business in central Nagoya City
- 3 Work to create appealing areas around the train lines
- 4 Proactively invest in growth businesses and improve earnings power
- 5 Further reinforce earnings power of the Group's businesses
- 6 Foster an organizational culture that generates innovation and promote initiatives aimed at improving productivity

Mission  
Management  
Vision



## Expected Growth Drivers in the Group's Businesses

	2018 to 2020	2021 to 2026	2027 onward
<p><b>(1) Increase in inbound tourism to Japan</b></p>		<p>2020: 40 million foreign visitors per year</p>	<p>2030: 60 million foreign visitors per year</p> <p>More travelers are spreading out from the Golden Route (Tokyo, Osaka, Kyoto) and into other regions. The departure and arrival slots at Haneda and Narita airports are expected to approach total saturation by fiscal 2020. Chubu Centrair International Airport will work to accommodate the excess demand, and with a rise in low cost carrier flights, we could see a continual increase in inbound tourists using the airport.</p> <ul style="list-style-type: none"> <li>① Increase in passengers using the airport line, the Centrair Limousine, and buses</li> <li>② Increased hotel demand</li> <li>③ Increased inbound tourist consumption</li> </ul>
<p><b>(2) Concentration of the population and progress in redevelopment of central Nagoya City</b></p>			<p>With the increased convenience of central Nagoya City and changes in lifestyles, more people are choosing to live in the area and, therefore, the redevelopment will be able to continue its steady progress.</p> <ul style="list-style-type: none"> <li>① Construction of a tower condominium</li> <li>② Construction of commercial facilities</li> <li>③ Stimulation of food and beverage businesses</li> <li>④ Increase in car-share demand</li> </ul>
<p><b>(3) Opening of the Linear Chuo Shinkansen maglev line and completion of the Meitetsu Nagoya Station District Redevelopment</b></p>			<p>2027: Scheduled opening of the Linear Chuo Shinkansen maglev line (Tokyo ⇄ Nagoya) Planned completion of the Meitetsu Nagoya Station District Redevelopment and station upgrades</p> <p>With the opening of the Linear Chuo Shinkansen maglev line, the population within 2-hours travel distance from Nagoya will overtake that from Tokyo, becoming the largest in Japan. This could raise the profile of Nagoya as a center for business and tourism.</p> <ul style="list-style-type: none"> <li>① Increase in travelers</li> <li>② Increase in residents as people move in from other regions, including Tokyo</li> <li>③ Increase in demand for office space, store space, hotels, residences, and other properties</li> </ul> <p>Convenience will increase, such as better airport access, due to the expansion of Meitetsu Nagoya Station and its rise as a hub for regional traffic.</p>

The Group as a whole will capture a wide range of demand arising from the increase in inbound tourists and the expansion of airport facilities.

## Overview of Chubu Centrair International Airport

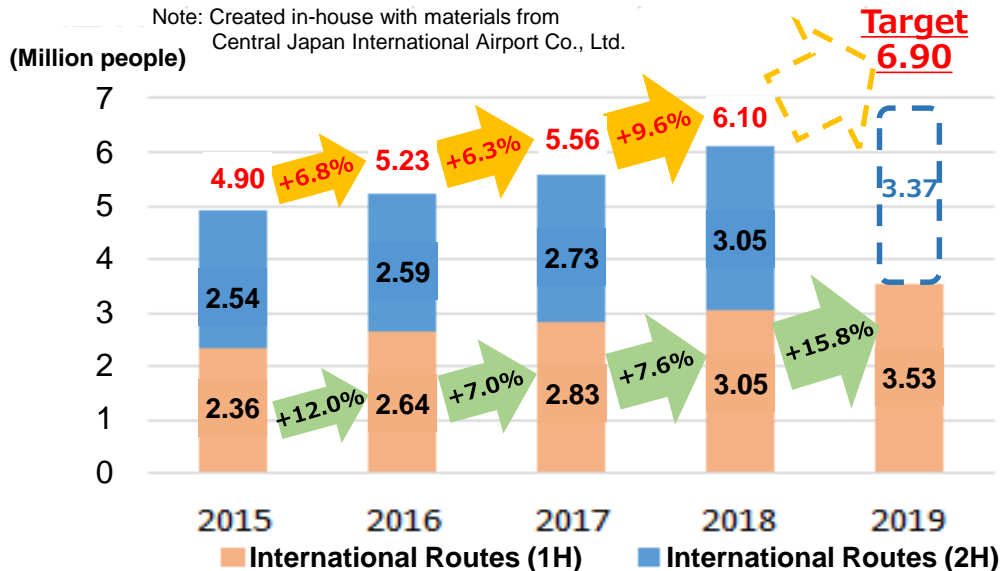




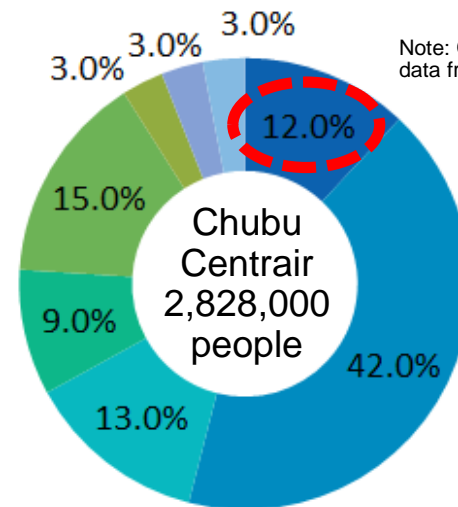
## ➤ Increase in Inbound Tourists and Expansion of Airport Facilities

### International Tourist Trends (FY2019 figures are estimates)

Note: Created in-house with materials from Central Japan International Airport Co., Ltd.



### <<Chubu Centrair International Airport: Inbound and outbound tourists and percentage by nationality/region (calendar year 2018)>>



Note: Created using statistical data from the Ministry of Justice

• Due to Chubu Centrair International Airport's size and unique traits, the impact of poor Japan–South Korea relations has been limited.

### Terminal 2 (T2) for LCCs

### Aichi International Convention & Exhibition Center (Aichi Sky Expo)

Images provided by Central Japan International Airport Co., Ltd.



Area	Area	Area
Around 45,000m <sup>2</sup>	Area	Around 60,000m <sup>2</sup>
Traveler facility usage fees (international routes, adults) are around half that of Terminal 1	Key Traits	Japan's only permanently bonded (duty-free) convention center and Japan's first such center directly connected to an international airport
September 20, 2019	Opened	August 30, 2019
Annual travelers (estimated) International routes: 3 million Domestic routes: 1.5 million	Notes	Over 100,000 visitors about 1 month after opening Smooth transportation for large events thanks to close cooperation on information sharing (such as increasing train cars and trains in operation in response)
There is land for expansion if number of users grows.		

Source: Aichi Prefecture's official website



The Group as a whole will capture a wide range of demand arising from the increase in inbound tourists and the expansion of airport facilities.

## ➤ Meitetsu Group Initiatives to Capture Demand

### Airline-related Service Business — In-Flight Catering Business

• Nagoya Air Catering Co., Ltd., which operates the only in-flight meal preparation facility at Chubu Centrair International Airport, meets the robust demand from international flights arriving at and departing from the airport. Its sales have grown more than 6% year on year.



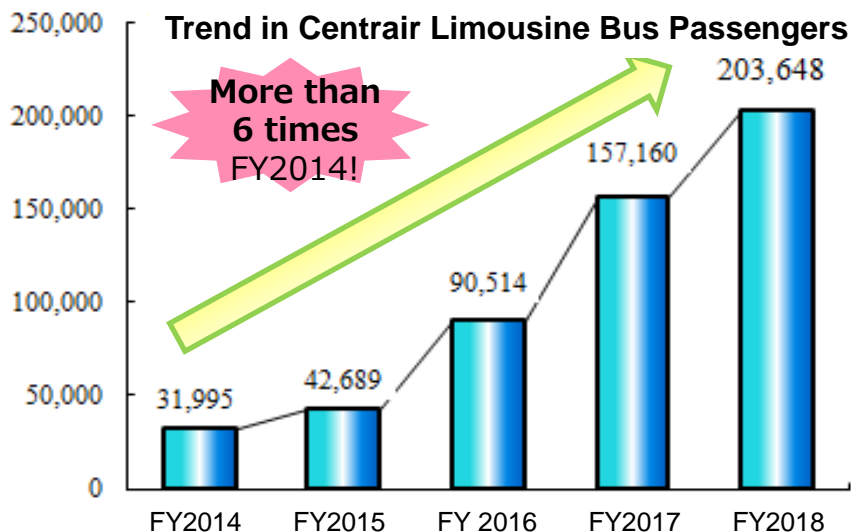
Meals being prepared



Meals being loaded

### Bus Business — Centrair Limousine

• We began bus service to the newly opened T2, and expanded to 16 scheduled daily round-trips connecting Chubu Centrair International Airport and Nagoya City.



### Hotel Business — Centrair Hotel

- Going forward, we will work to capture lodging demand for events at Aichi Sky Expo in addition to inbound demand.
- The number of overnight visitors rose more than 70% year on year due in part to the opening of the new hotel building.



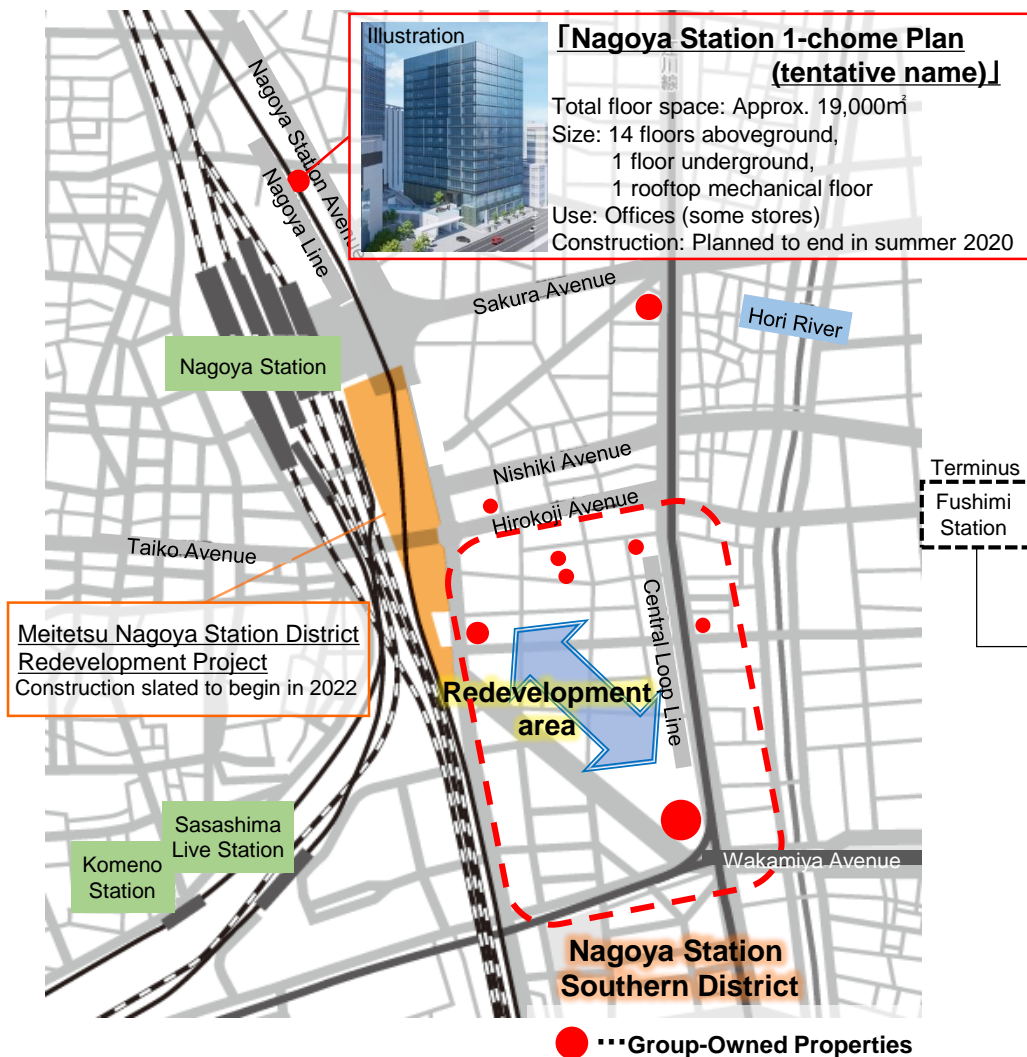
Centrair Limousine



The new Pacific Side building (right)

We will expand our real estate business in Nagoya's city center to capture the expected rise in demand with the opening of the linear maglev train line.

## ➤ Developments in Progress around Nagoya Station



## Fushimi Station Inside Business: YORIMACHI FUSHIMI



### 【Facility Overview】

Location	Nagoya Municipal Subway's Fushimi Station B1F South Side Concourse
Total floor space	Approx. 883㎡
Stores	11 outlets offering retail services, light meals, other services
Operators	Nagoya Railroad Co., Ltd. and Xymax Corp.
Opening date	December 11, 2019

- The Group is leveraging its development and management know-how at this, the first in-station commercial facility run by Nagoya's Transportation Bureau.



We plan to enhance transport services by appropriately responding to the rising demand for transport and enhancing passenger convenience.

## ➤ Meeting Rising Transport Demand

### Rolling out 9500 New Commuter Trains



- We have built new commuter trains featuring the Company's first in-train security cameras, multilingual displays, and free Wi-Fi.

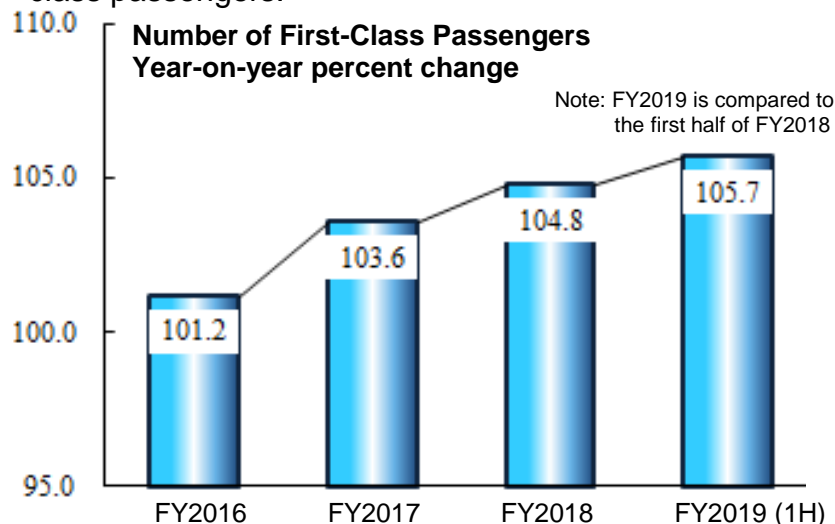


A display capable of four languages

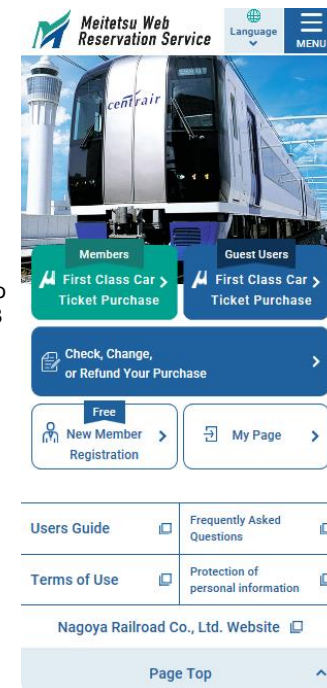
## ➤ Enhancing Passenger Convenience

### Meitetsu Net Reservation Service

- We introduced internet reservation services for first-class tickets from May 18, 2019, with the aim of enhancing convenience for the rising number of first-class passengers.



Screenshot of the service page



### Addressing the Needs of Inbound Tourists

- We expanded the number of languages that travel information (websites, twitter) is available in.  
Note: Began on July 24, 2019. Expanded from 2 to 4 languages.
- We enhanced the station numbering display for information signs (fare signs).  
Note: Conducted on October 1, 2019. Conducted at all stations besides major stations that had already undergone enhancement.

We will boost urban functionality and railroad transport safety by eliminating railroad crossings in cooperation with national and regional governments undertaking projects to elevate railroads.

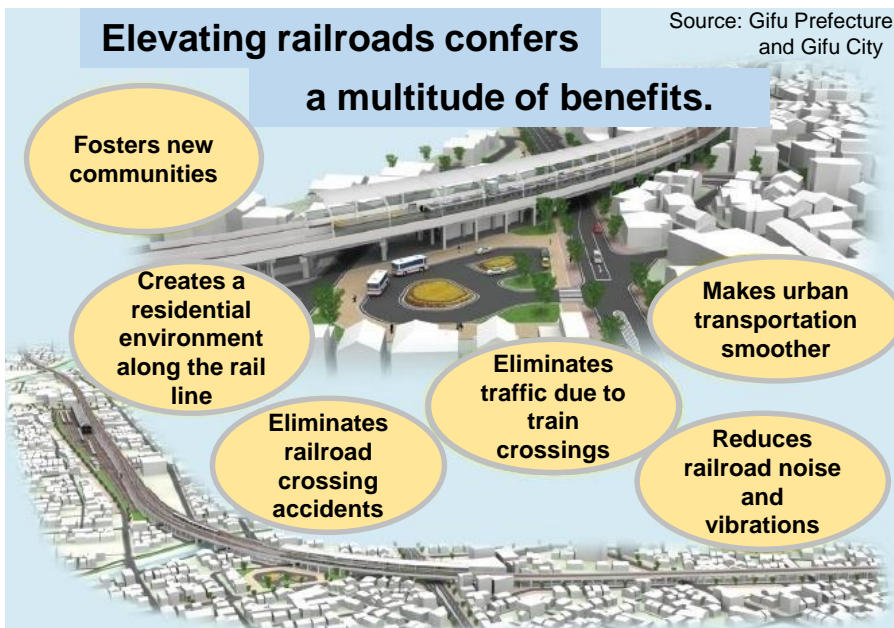
## ➤ Promoting Railroad Elevation Construction

### Meitetsu Gifu Station Neighboring Area Connected Crossing Project

#### 【Project Area】

Nagoya Main Line

Ginan Station–Meitetsu Gifu Station distance: 2.9 km



Source: Gifu Prefecture and Gifu City

Artist's conception of completed project area, Integrated Station Neighborhood (tentative name)

• On November 19, 2019, the Gifu Prefectural government, the Gifu City government, and Nagoya Railroad exchanged memoranda of understanding related to the Meitetsu Gifu Station Area Connected Crossing Project.

## ◀ Ongoing Railroad Elevation Construction ▶

#### 【Chiryu Station Area Elevation】

Nagoya Main Line

Hitotsugi Sta.–Ushida Sta.  
1.6 km

Mikawa Line

Shigehara Sta.  
–Mikawa Yatsubishi Sta.  
3.4 km



#### 【Kitayama Station Area Elevation】 【Hotei Station Area Elevation】



Seto Line

Obata Sta.  
–Omori-Kinjogakuin-mae Sta.  
1.9 km



Inuyama Line

Ishibotoke Sta.–Konan Sta.  
1.8 km

We provide high-quality residential environments, such as properties that are adapted to the sharing economy and public transit commuter life, mainly along our rail lines.

## ➤ Development of Condominiums for Lease or Purchase

### Developing the meLiV Brand of Condominiums for Lease



Comes with a car share user pass

#### meLiV Ozone

(Construction finished March 2019)



#### meLiV Okazaki

(Construction to finish March 2020)

Location	Yada, Higashi-ku, Nagoya City, Aichi Prefecture (2 min. walk from Ozone Station on the Seto Line)	Hashira-cho, Okazaki City, Aichi Prefecture (5 min. walk from Okazaki Station on the JR Tokaido Line)
Building size	Reinforced concrete, 10 stories aboveground Total floor space: 1,433m <sup>2</sup>	Polymer concrete, 5 floors aboveground Total floor space: 2,856m <sup>2</sup>
Number of units	36	89

• To adapt to the shift in lifestyles toward central city living without owning a car, the Ozone complex provides residents with passes to a neighboring parking lot's car share system.

### Developing Condominiums for Purchase along Rail Lines

Illustration



#### M's City Shin-Anjo Branchera

(Unit ownership to be transferred from February 2021)

Location	Sumiyoshi-cho, Anjo City, Aichi Prefecture (5 min. walk from Shin-Anjo Station on the Nagoya Main Line and Nishio Line)
Building size	Reinforced concrete, 15 floors aboveground Total floor space: 12,872.99m <sup>2</sup>
Number of units	163

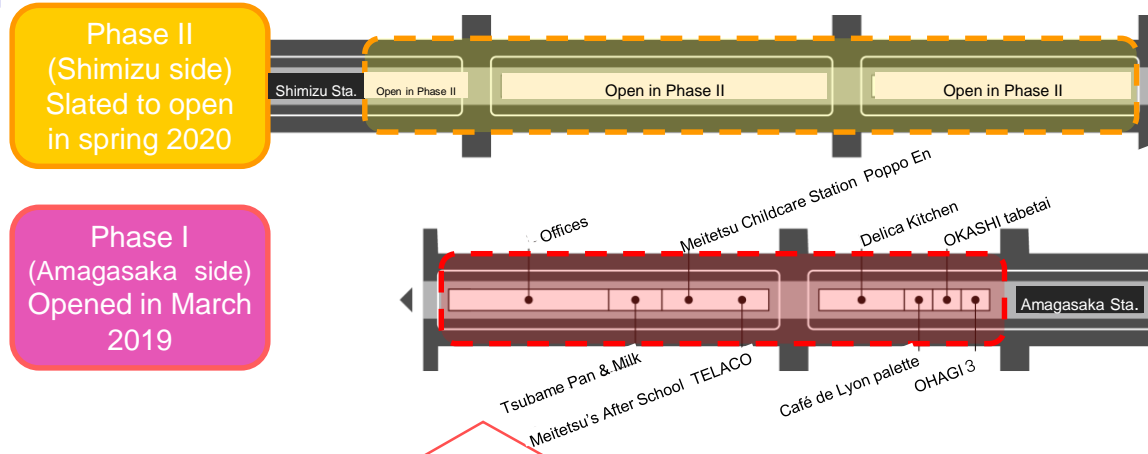
• This building's location has excellent access to train lines heading to Nagoya City as well as to Nishio City, the latter of which has seen a steady rise in the number of passengers in recent years.



We create new attractions and excitement in the city by improving facility design and using local resources.

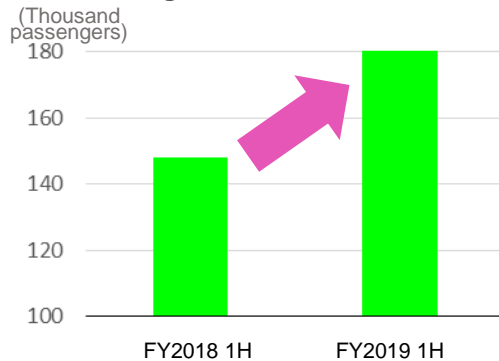
## ➤ Developing the Area under the Elevated Railway between Shimizu and Amagasaki Stations on the Seto Line

### 「SAKUMACHI Shopping Street」



We are developing this retail facility linking the two stations to help bring together the community and give visitors to the area a place mingle. This will also help revitalize the area.

### 【Passengers Arriving at or Departing from Amagasaki Station on the Seto Line (Non-Commuters)】



Number of non-commuter passengers up around 20%  
⇒ More mingling

### ◀ SAKUMACHI Shopping Street Characteristics ▶



The attractively appointed street promotes a lively atmosphere.



The tenants are active participants in the community.  
⇒ Local revitalization

We aim to make the area more enticing and solve social problems by promoting businesses that support daily living, including healthcare and childcare.

## ➤ Expanding Our Preventive Caregiving and Childcare Business

## 【Current Status of Our Operation Expansion】

### After School Business

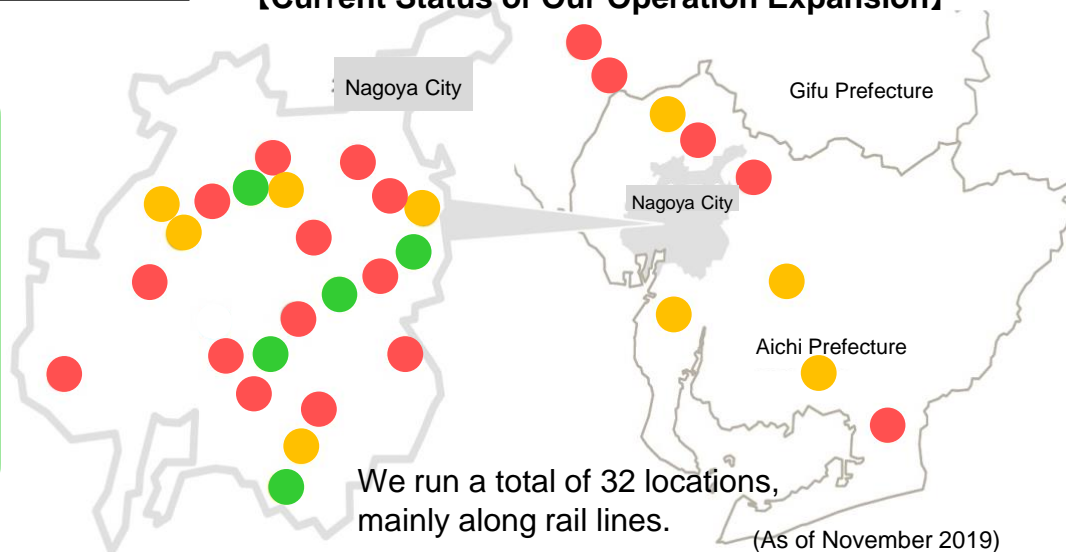
#### ● TELACO



(5 schools have opened since December 2017)



▶ We aim to run 20 schools in the near future.



### Small-Scale Childcare Business

#### ● Meitetsu Childcare Station Poppo En

(9 stations have opened since March 2018)



▶ We aim to run 20 stations in the near future.

### Rehabilitative Day Service Business

#### ● Meitetsu Record Book



(18 locations have opened since October 2017)



▶ We aim to run 30 locations by the end of FY2020.



The Group is working to create new value along its rail lines and promotes these areas by leveraging its assets and eagerness to work in a spirit of collaboration with the community.

## ➤ Expanding Our Healthcare and Leisure Business

### Bathing Facility YUNOYU TOYOHASHI



(Open December 12, 2019)

Location: Imure Minami, Toyohashi City, Aichi Prefecture

Site area: Around 5,917m<sup>2</sup>

Building overview: 1) Bathhouse:

Steel frame, 2 floors aboveground

Total floor space: Around 2,555m<sup>2</sup>

2) Parking garage:

Steel frame, 2 floors aboveground

Total floor space: Around 2,377m<sup>2</sup>

Operating company: Meitetsu Impress Co., Ltd.

Our concept was to create a place where anyone could easily recharge. We created a communal gathering spot by offering daily leisure to area residents.

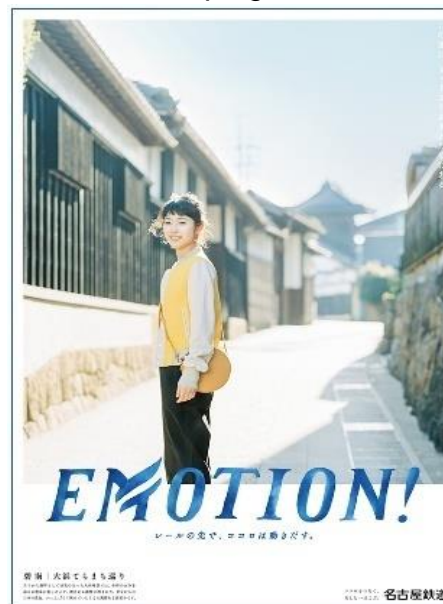


## ➤ More Effectively Promoting These Areas

### Rolling out Our “EMOTION!” Ad Campaign

We are actively communicating the appeal of areas along our train lines through various media. We aim to enhance the value of areas along our train lines by highlighting little-known tourist attractions and showcasing their charms in order to raise visitors' awareness and interest.

In addition, having released our Arimatsu ads last year, we boosted our cooperation with the community partly by once again running a local ad campaign in collaboration with Nagoya City this year.



EMOTION! Hekinan ad poster



Arimatsu ad poster

In tourist spots along our train lines, we will make appropriate investments in a timely manner in line with local needs and inbound tourism trends.

## ➤ Rebuilding and Renovating Existing Hotels

### Hotel Indigo Inuyama Urakuen

(Set to open in second half of FY2021)



Location	Inuyama Kita Koken, Inuyama City, Aichi Prefecture
Number of guest rooms	Around 150
Amenities	Restaurant, lounge, banquet hall, spa, gym, etc.

In cooperation with the InterContinental Hotels Group (IHG®), we opened the first Hotel Indigo brand location in the Chubu region.



On site, there is the Japanese garden Urakuen, which features the Joan tearoom, a national treasure (pictured left). The Group's protection of this historical cultural property over many years has contributed to the brand prestige of this new hotel.

### Building a Hotel at the Entrance to the Tourist Spot Inuyama



### Meitetsu Inuyama Eki-mae Hotel (tentative name)

(Set to open in summer 2021)

Location	Fujimi-cho, Inuyama City, Aichi Prefecture (West side of Inuyama Station on the Inuyama Line)
Total floor space	About 4,500㎡
Number of guest rooms	About 120



### Renovating the Meitetsu Komaki Hotel (Opened in October 2019)



We renovated the banquet hall and held a grand reopening to capture demand for event space in the Owari region.

Terminus: Komaki



We aim to boost our earnings power and are actively working to expand businesses in growth fields and enter new business fields.

## ➤ Expanding Businesses in Growth Fields

### Expanding Our Aircraft Business

#### ○ Expanding Our Air Ambulance Business (entering new territory)

In 1984, we began operating helicopters dedicated to medical emergencies. Since then, we have continuously worked to expand our business and now operate 14 air ambulance locations (15 base hospitals), the most in Japan.



Air ambulance: EC135P1,P2,P2+

#### ○ Strengthening Our Contract Maintenance Business

Using our know-how and experience cultivated as a general aircraft company that also operates aircraft, we can meet a wide range of maintenance needs, such as for business-use and recreational-use aircraft like those employed by prefectural governments for policing and disaster response. In response to the recent increase in size of aircraft and to ensure steady business growth and expansion of the scope of our business, we will open a new maintenance facility in the Nagoya Airport, which is operated by the prefectural government, in October 2020.

#### ◀ Overview of Reconstruction of Headquarters 1-Class Warehouse ▶

Location	Inside the Nagoya Airport operated by the Aichi prefectural government
Total floor space	About 8,650m <sup>2</sup>
Equipment	Maintenance facility (sheet metal coating, electronic measuring, etc.)



Illustration

## ➤ Entering New Businesses

### Entering the Bakery Business



Ref: Gontran Cherrier's first store in Hong Kong

Meitetsu Kyosho Co., Ltd. concluded an exclusive franchising agreement in Japan with the French bakery chain Gontran Cherrier. We aim to open our first store in Tokyo in spring 2020.

### Cooperating with umamill to Support Food Export Businesses

#### Overview of umamill's services

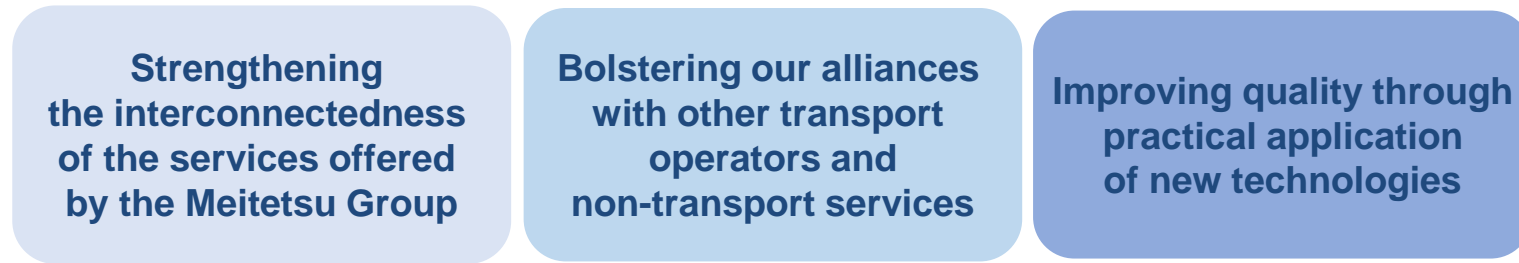
This platform allows food product manufacturers to share information and pictures about their food products at no cost and to provide interested overseas buyers with free samples before purchase.



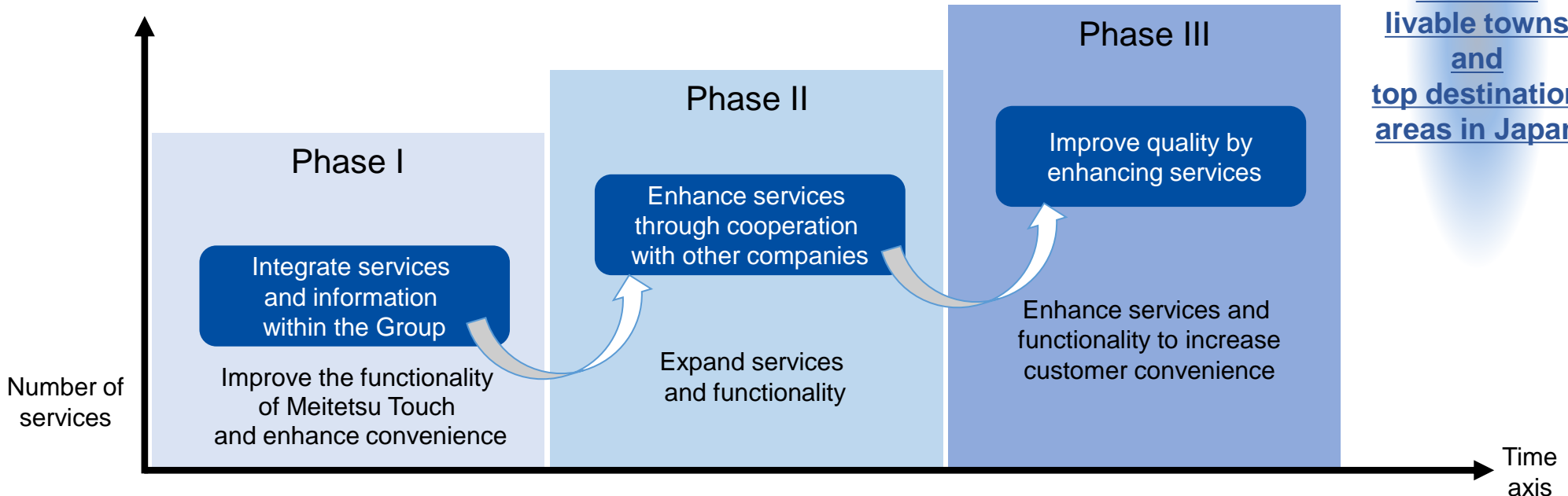
We have helped revitalize the Tokai area by creating export opportunities for food product manufacturers in Aichi, Gifu, Mie, and Shizuoka and supporting their business growth.

We aim to enhance our mobility services and improve the functionality of Meitetsu Touch with an eye toward bringing Meitetsu's own version of Mobility-as-a-Service (MaaS) to reality in the near future.

➤ We are working to enhance the quality and quantity of the services we offer and to upgrade our platform by setting targets for each phase.



Creating the most livable towns and top destination areas in Japan




We aim to enhance our mobility services and improve the functionality of Meitetsu Touch with an eye toward bringing Meitetsu's own version of Mobility-as-a-Service (MaaS) to reality in the near future.

➤ **Launching Meitetsu's net reservation service and coordinating it with Meitetsu Touch**

➤ **Bike Sharing Business, Launch of cariteco BIKE**

We're making net reservations more convenient!



**Up-to-date train information**

Bus tracker

**BUS**

Schedule search	Station information
Meitetsu net reservation service	I will answer your questions! Mecchan
Car sharing	Taxi dispatch
Parking	Express bus reservations
Local traffic services	μstar Touch

**Strengthening the interconnectedness of the services offered by the Meitetsu Group**

**Phase I**

**Integrate the services and information within the Group**

Improve the functionality of Meitetsu Touch and enhance convenience



• 18 locations and 40 bikes in Nagoya City (as of October 31, 2019)

Number of services

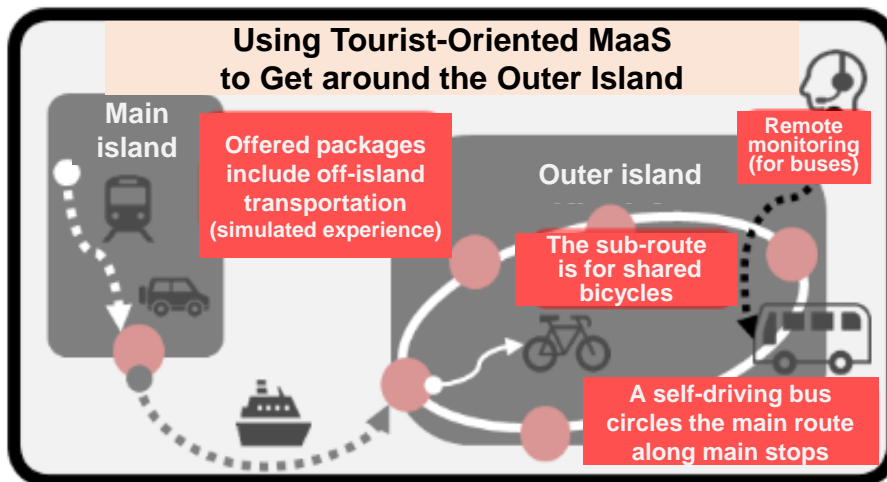


We aim to develop new business areas using cutting-edge technologies while working with regional governments and other operators.

② A pilot test underway on the island for Chubu Centrair International Airport



③ Tourist-oriented MaaS routes



Source: NTT Docomo, Inc.

## Participating in Aichi Prefecture's Self-Driving Society Pilot Test Project\*

\* We are participating alongside NTT Docomo, Inc., Aisan Technology Co., Ltd., and others.

### ① Entertaining Transportation at Theme Parks (November 2019) Location: Expo 2005 Aichi Commemorative Park

- Remote drivers monitor vehicles using IT systems

### ② Transportation Using the Latest Technologies (Conducted between August and September, 2019) Location: Chubu Centrair International Airport's island

- Traffic signal information and location data for nearby vehicles is visualized on a tablet and displayed to remote drivers using mobile phone network technology.

### ③ Using Tourist-Oriented MaaS to Get around the Outer Island Location: Himakajima

- Self-driving buses (person in driver's seat, remote monitoring)
- Providing transfer information for transportation, including off-island, on a web page, assuming use of MaaS



We aim to develop new business areas using cutting-edge technologies while working with regional governments and other operators.

A drone



## Participating in Aichi Prefecture's Drone Society Pilot Test Project

- ① **Transport of AEDs Using Drones** (November 2019)
  - Beyond-visual-line-of-sight flight along an unpopulated 1.7 km route at an elevation of 100 m
- ② **Transport of Medical Equipment to Outlying Islands** (October 2019)
  - Beyond-visual-line-of-sight flight along an unpopulated 3.5 km route above open ocean
- ③ **Transport of Local Goods Using a Defunct Rail Line** (November 2019)
  - Flight along the defunct Meitetsu Mikawa Line using it as an airway dedicated to drones
  - Test of sending and receiving packages that unlock using a prepaid transportation smart card (manaca)

### ③ Transport of local goods using a defunct rail line: Flight route



③ Location of the defunct Meitetsu Mikawa Line

⇒ Looking to the near future, we will consider introducing cutting-edge technologies for various mobility services and developing new business areas.

Source: Created by the Company with reference to the Geospatial Information Authority of Japan's website (<http://maps.gsi.go.jp/>)



## ➤ Approval of Meitetsu Kyosho's ESG Business Support Loan

After garnering acclaim for the eco-friendliness of its car-sharing business and its promotion of park and ride facilities, Meitetsu Kyosho used an ESG Business Support Loan from MUFG Bank to raise the funds needed to purchase eco-cars and other vehicles.



## ➤ Reducing Our Environmental Impact

The entire Meitetsu Group is working to solve environmental problems. Initiatives include Nagoya Railroad switching from conventional train cars to a new type that uses 20% less electricity and Meitetsu Bus beginning to operate fuel-cell buses that don't emit any CO<sub>2</sub> or other environmentally damaging substance.



A 9500 series train



Meitetsu Bus: a fuel-cell bus



Meitetsu Transportation:  
An electric truck



Taiheiyo Ferry: Promoting a modal shift

## ➤ Preservation and Use of Historical Cultural Properties

### ○ Nagoya Railroad

We are performing preservation and restoration work on the important cultural property Kyusho Den'in Shoin and the national treasure Joan tearoom inside in Japanese garden Urakuen.



National treasure Joan tearoom



Important cultural property  
Kyusho Den'in Shoin



Steam locomotive No. 12  
(Meiji Village Museum)

### ○ Meiji Village Museum

We conducted an overhaul of steam locomotive No. 12, the oldest mobile exhibit still in existence in Japan.



# 03 Six-month Period Ending Financial Results

# Six-month Period Ending Financial Results



\* Figures in parentheses are the year-on-year percent change.

(Units: Millions of yen, %)

	FY2019 1st Half	FY2018 1st Half	Change*	Notes
Operating revenues	<b>316,128</b>	295,630	20,498 (6.9)	
Operating expenses	<b>287,026</b>	271,027	15,999	Cost of products sold: +11,298
Operating income	<b>29,101</b>	24,603	4,498 (18.3)	
Ordinary income	<b>30,631</b>	25,572	5,059 (19.8)	Non-operating income: +397 (Dividend income: +178) Non-operating expenses: -163 (Interest expenses: -93)
Extraordinary income	<b>1,239</b>	558	681	Gain on contributions for construction: +318
Extraordinary losses	<b>1,382</b>	1,314	67	Impairment loss on fixed assets: +374 Loss on reduction of property and equipment: +294 Provision for loss on liquidation: -560
Profit before income taxes	<b>30,488</b>	24,816	5,672 (22.9)	
Income taxes	<b>9,352</b>	7,407	1,944	
Profit attributable to non-controlling interests	<b>1,779</b>	1,414	364	
Profit attributable to owners of the parent	<b>19,357</b>	15,993	3,363 (21.0)	

## 【Changes in consolidated subsidiaries and equity-method affiliates (compared to March 31, 2019)】

- ◆116 consolidated subsidiaries (-1): Meitetsu Kyosho Parking WEST was merged with another company
- ◆15 equity-method affiliates (no change)

# Six-month Period Ending Financial Results Highlights



**Year-on-year: Higher revenues and profit** (Revenues rose in all segments, especially real estate and distribution. Higher real estate revenues boosted profit. Each type of income was a record high.)

(Unit: Billions of yen)

<p><b>Operating Revenues</b> <b>+¥20.4 billion</b></p>	<p><b>+ Real Estate +10.4</b> (Condo sale revenues: +8.7: Units sold: 320→530) (Higher parking space revenues: +0.9 (More spaces) Made Sakae Kaihatsu a consolidated subsidiary: +0.6)</p> <p><b>+ Other goods sold +3.9</b> (Export car sale revenues: +2.0 Higher construction material sales: +2.0)</p> <p><b>+ Railroad +2.0</b> (Transport passengers: +4.2% Commuters: +4.2% Non-commuters: +4.3%)</p> <p><b>+ Truck (Meitetsu Unyu Group) +1.6</b> (Higher freight rates)</p>
<p><b>Operating Expenses</b> <b>+¥15.9 billion</b></p>	<p><b>+ Cost of goods sold +11.2</b> (Real Estate Business: +6.9 Distribution Business: +4.3)</p> <p><b>+ Personnel expenses +1.0</b> (Transport Business: +0.9)</p>
<p><b>Operating Income</b> <b>+¥4.4 billion</b></p>	<p><b>+ Real Estate +1.8</b> (Condo Sales Business: +1.4 (Due to higher revenues and better profit margins on condo sales) Rental Business: +0.3 (Due to higher revenues))</p> <p><b>+ Railroad +1.0</b> (Due to higher revenues)</p> <p><b>+ Others +1.0</b> (Equipment maintenance: +0.5 (Due to better financial position) Others (Data processing, etc.): +0.5 (Due to higher revenues))</p>
<p><b>Ordinary Income</b> <b>+¥5.0 billion</b></p>	<p>Non-operating income improved due in part to higher operating revenues and higher dividend income +0.5</p>
<p><b>Net Profit</b> <b>+¥3.3 billion</b></p>	<p>Extraordinary income improved due in part to lower provision for loss on liquidation +0.6 (Previous fiscal year: Provision for waste removal during reconstruction of the Meitetsu Inuyama Hotel: -0.5)</p>

# Operating Results by Segment

(Units: Millions of yen, %)

Operating revenues	FY2019 1st Half	FY2018 1st Half	Change	Percent Change
Traffic	<b>85,580</b>	84,298	1,282	1.5
Transport	<b>70,237</b>	67,921	2,316	3.4
Real Estate	<b>49,042</b>	38,596	10,445	27.1
Leisure and Services	<b>26,584</b>	26,435	148	0.6
Distribution	<b>72,485</b>	67,586	4,898	7.2
Aviation Services	<b>12,268</b>	12,038	230	1.9
Others	<b>22,662</b>	19,773	2,888	14.6
Adjustment	<b>-22,731</b>	-21,020	-1,711	—
Total	<b>316,128</b>	295,630	20,498	6.9

Operating income	FY2019 1st Half	FY2018 1st Half	Change	Percent Change
Traffic	<b>14,925</b>	13,814	1,110	8.0
Transport	<b>3,855</b>	3,515	339	9.7
Real Estate	<b>6,366</b>	4,546	1,819	40.0
Leisure and Services	<b>1,001</b>	991	10	1.0
Distribution	<b>600</b>	332	267	80.4
Aviation Services	<b>1,187</b>	1,211	-24	-2.0
Others	<b>1,038</b>	-60	1,099	—
Adjustment	<b>127</b>	250	-123	—
Total	<b>29,101</b>	24,603	4,498	18.3

## <Year-on-Year Comparisons>

Revenues and income **increased** in Traffic, Transport, Leisure and Services, Distribution, and Others.

Revenues **increased** but income **decreased** in Aviation Services.

(Units: Millions of yen, %)

	FY2019 1st Half	FY2018 1st Half	Change	Percent Change	Notes
Operating revenues	<b>85,580</b>	84,298	1,282	1.5	Higher revenues due to increase in passengers in the Railroad Business
Operating income	<b>14,925</b>	13,814	1,110	8.0	Higher income due to higher revenues in Railroad Business

## ◆ Breakdown of Traffic Business ◆

(Units: Millions of yen, %)

	Operating revenues				Operating income			
	FY2019 1st Half	FY2018 1st Half	Change	Percent Change	FY2019 1st Half	FY2018 1st Half	Change	Percent Change
Railroad	<b>50,460</b>	48,438	2,021	4.2	<b>11,970</b>	10,870	1,099	10.1
Bus	<b>22,726</b>	23,481	-754	-3.2	<b>2,352</b>	2,146	205	9.6
Taxi	<b>13,586</b>	14,485	-898	-6.2	<b>530</b>	728	-197	-27.2
Adjustment	<b>-1,193</b>	-2,106	913	—	<b>72</b>	69	2	—
Traffic Total	<b>85,580</b>	84,298	1,282	1.5	<b>14,925</b>	13,814	1,110	8.0

## < Nagoya Railroad, Transportation Results >

(Units: Millions of yen, %)

Traveler Revenues	FY2019 1st Half	FY2018 1st Half	Percent Change
Non-commuters	<b>26,238</b>	24,948	5.2
Work commuters	<b>16,930</b>	16,335	3.6
School commuters	<b>4,042</b>	3,855	4.9
Commuters	<b>20,973</b>	20,190	3.9
Total	<b>47,211</b>	45,138	4.6

(Units: Thousands of people, %)

Passengers	FY2019 1st Half	FY2018 1st Half	Percent Change
Non-commuters	<b>65,848</b>	63,130	4.3
Work commuters	<b>85,733</b>	82,661	3.7
School commuters	<b>56,522</b>	53,837	5.0
Commuters	<b>142,255</b>	136,498	4.2
Total	<b>208,103</b>	199,628	4.2

Note: Non-commuter traveler revenues include fares for first-class cars.

(Units: Millions of yen, %)

	FY2019 1st Half	FY2018 1st Half	Change	Percent Change	Notes
Operating revenues	<b>70,237</b>	67,921	2,316	3.4	Higher revenues mainly due to higher freight rates in the Truck Business
Operating income	<b>3,855</b>	3,515	339	9.7	Higher income due to higher revenues and lower fuel costs despite higher personnel costs and depreciation and amortization

## ◆ Breakdown of Transport Business ◆

(Units: Millions of yen, %)

	Operating revenues				Operating income			
	FY2019 1st Half	FY2018 1st Half	Change	Percent Change	FY2019 1st Half	FY2018 1st Half	Change	Percent Change
Truck	<b>80,140</b>	78,257	1,883	2.4	<b>2,697</b>	2,403	294	12.2
Maritime Transport	<b>9,127</b>	8,640	486	5.6	<b>1,138</b>	1,083	55	5.1
Adjustment	<b>-19,030</b>	-18,977	-53	—	<b>18</b>	28	-10	—
Transport Total	<b>70,237</b>	67,921	2,316	3.4	<b>3,855</b>	3,515	339	9.7

(Units: Millions of yen, %)

	FY2019 1st Half	FY2018 1st Half	Change	Percent Change	Notes
Operating revenues	<b>49,042</b>	38,596	10,445	27.1	Higher revenues due in part to higher number of condos sold, higher number of parking spaces in the Rental Business, and managing companies of tenant buildings becoming consolidated subsidiaries
Operating income	<b>6,366</b>	4,546	1,819	40.0	Higher income due to higher revenues

## ◆ Breakdown of Real Estate Business ◆

(Units: Millions of yen, %)

	Operating revenues				Operating income			
	FY2019 1st Half	FY2018 1st Half	Change	Percent Change	FY2019 1st Half	FY2018 1st Half	Change	Percent Change
Real Estate Rental	<b>24,557</b>	22,731	1,826	8.0	<b>4,931</b>	4,554	376	8.3
Real Estate Condo Sales	<b>20,719</b>	11,973	8,746	73.1	<b>1,208</b>	-252	1,461	—
Real Estate Management	<b>7,612</b>	7,263	349	4.8	<b>310</b>	267	42	16.0
Adjustment	<b>-3,847</b>	-3,370	-476	—	<b>-84</b>	-23	-60	—
Real Estate Total	<b>49,042</b>	38,596	10,445	27.1	<b>6,366</b>	4,546	1,819	40.0

## < Number of Meitetsu Real Estate Condo Sales >

(Units: Units sold, %)

	FY2019 1st Half	FY2018 1st Half	Percent Change
Number of condos sold (total)	<b>530</b>	320	65.6
Nagoya	<b>199</b>	56	255.4
Tokyo	<b>253</b>	197	28.4
Osaka	<b>78</b>	67	16.4

## < Number of Parking Spaces and Lots Owned

by Meitetsu Kyosho Group >

(Units: %)

	FY2019 1st Half	FY2018 1st Half	Percent Change
Owned Spaces	<b>79,857</b>	76,045	5.0
Owned Lots	<b>3,922</b>	3,663	7.1

(Units: Millions of yen, %)

	FY2019 1st Half	FY2018 1st Half	Change	Percent Change	Notes
Operating revenues	<b>26,584</b>	26,435	148	0.6	Higher revenues due in part to effect of new store opening in the Hotel Business
Operating income	<b>1,001</b>	991	10	1.0	Higher income due in part to improved financial position in the Tourist Facility Business and Travel Business

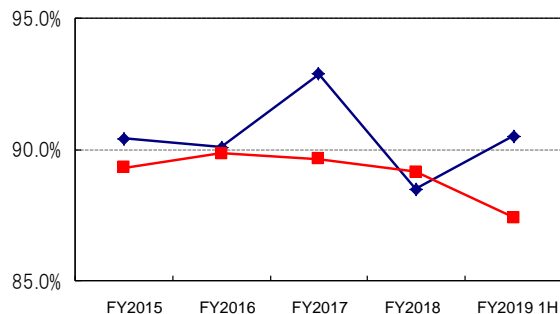
## ◆ Breakdown of Leisure and Services Business ◆

(Units: Millions of yen, %)

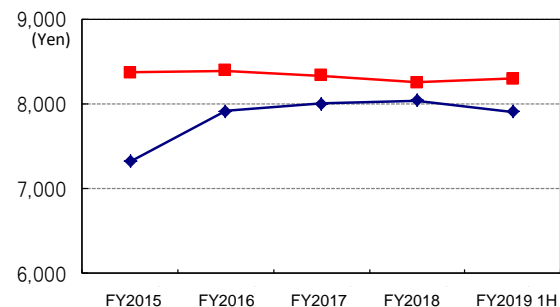
	Operating revenues				Operating income			
	FY2019 1st Half	FY2018 1st Half	Change	Percent Change	FY2019 1st Half	FY2018 1st Half	Change	Percent Change
Hotel	<b>9,737</b>	9,479	258	2.7	<b>541</b>	737	-196	-26.6
Tourist Facilities	<b>10,815</b>	10,815	0	0.0	<b>734</b>	616	118	19.2
Travel	<b>6,364</b>	6,494	-130	-2.0	<b>-286</b>	-372	85	—
Adjustment	<b>-334</b>	-353	19	—	<b>12</b>	10	2	—
Leisure and Services Total	<b>26,584</b>	26,435	148	0.6	<b>1,001</b>	991	10	1.0

## < Occupancy Rates, Lodging Prices and Percentage of Foreign Visitor Stays at Main Group Hotels within Nagoya City >

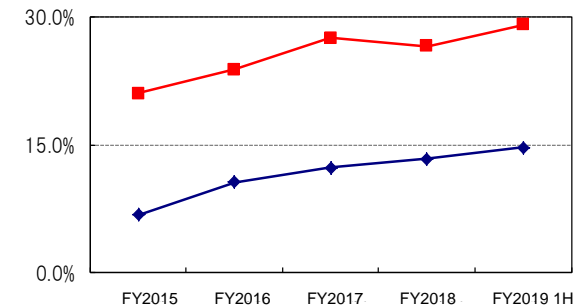
(1) Occupancy rate



(2) Lodging price



(3) Percentage of foreign visitor stays





(Units: Millions of yen, %)

	FY2019 1st Half	FY2018 1st Half	Change	Percent Change	Notes
Operating revenues	<b>72,485</b>	67,586	4,898	7.2	Higher revenues due in part to higher import car sales and construction material sales
Operating income	<b>600</b>	332	267	80.4	Higher income due to higher revenues

## ◆Breakdown of Distribution Business◆

(Units: Millions of yen, %)

	Operating revenues				Operating income			
	FY2019 1st Half	FY2018 1st Half	Change	Percent Change	FY2019 1st Half	FY2018 1st Half	Change	Percent Change
Department Stores	<b>31,840</b>	30,784	1,056	3.4	<b>-89</b>	-154	64	—
Other goods sold	<b>41,176</b>	37,270	3,906	10.5	<b>617</b>	403	213	52.9
Adjustment	<b>-531</b>	-468	-63	—	<b>73</b>	83	-10	—
Distribution Total	<b>72,485</b>	67,586	4,898	7.2	<b>600</b>	332	267	80.4

(Units: Millions of yen, %)

	FY2019 1st Half	FY2018 1st Half	Change	Percent Change	Notes
Operating revenues	<b>12,268</b>	12,038	230	1.9	Higher revenues due in part to higher orders in the In-Flight Catering Business
Operating income	<b>1,187</b>	1,211	-24	-2.0	Worse financial position in Aviation Maintenance Business

## ◆Breakdown of Aviation Services Business◆

(Units: Millions of yen, %)

	Operating revenues				Operating income			
	FY2019 1st Half	FY2018 1st Half	Change	Percent Change	FY2019 1st Half	FY2018 1st Half	Change	Percent Change
Aviation Services	<b>12,505</b>	12,146	358	3.0	<b>1,183</b>	1,207	-24	-2.0
Adjustment	<b>-236</b>	-108	-128	—	<b>3</b>	4	-0	—
Aviation Services Total	<b>12,268</b>	12,038	230	1.9	<b>1,187</b>	1,211	-24	-2.0

(Units: Millions of yen, %)

	FY2019 1st Half	FY2018 1st Half	Change	Percent Change	Notes
Operating revenues	<b>22,662</b>	19,773	2,888	14.6	Higher revenues due in part to higher orders related to equipment installation and systems
Operating income	<b>1,038</b>	-60	1,099	—	In the black again due to higher revenues

## ◆Breakdown of Others◆

(Units: Millions of yen, %)

	Operating revenues				Operating income			
	FY2019 1st Half	FY2018 1st Half	Change	Percent Change	FY2019 1st Half	FY2018 1st Half	Change	Percent Change
Equipment Maintenance	<b>12,677</b>	11,386	1,290	11.3	<b>507</b>	-19	527	—
Others	<b>10,288</b>	8,706	1,582	18.2	<b>522</b>	-15	538	—
Adjustment	<b>-303</b>	-318	15	—	<b>7</b>	-26	33	—
Others Total	<b>22,662</b>	19,773	2,888	14.6	<b>1,038</b>	-60	1,099	—

# Non-Operating Income and Extraordinary Income



(Units: Millions of yen, %)

	FY2019 1st Half	FY2018 1st Half	Change	Notes
Non-operating income	<b>3,523</b>	3,126	397	
Interest income	<b>15</b>	13	1	
Dividend income	<b>1,340</b>	1,161	178	
Equity in net earnings of affiliates	<b>1,264</b>	1,149	114	
Others	<b>903</b>	800	102	
Non-operating expenses	<b>1,994</b>	2,157	-163	
Interest expenses	<b>1,658</b>	1,752	-93	
Others	<b>335</b>	404	-69	
Total non-operating income	<b>1,529</b>	968	560	
Extraordinary income	<b>1,239</b>	558	681	
Gain on sales of fixed assets	<b>470</b>	369	100	
Gain on contributions for construction	<b>451</b>	132	318	(FY2019) Construction to make railroad stations barrier free
Gain on sales of investment securities	<b>147</b>	14	133	
Others	<b>169</b>	41	127	
Extraordinary losses	<b>1,382</b>	1,314	67	
Impairment loss on fixed assets	<b>620</b>	246	374	(FY2019) Rental assets
Loss on reduction of property and equipment	<b>398</b>	103	294	(FY2019) Construction to make railroad stations barrier free
Loss on sales of fixed assets	<b>39</b>	121	-82	
Provision for loss on liquidation	<b>—</b>	560	-560	(FY2018) Provision to demolish the Meitetsu Inuyama Hotel
Others	<b>323</b>	282	41	
Total extraordinary income	<b>-142</b>	-755	613	

# Consolidated Balance Sheets



(Units: Millions of yen, %)

	FY2019 1st Half	FY2018 results	Change	Notes								
Current assets	<b>198,784</b>	182,665	16,119	Higher securities and land and buildings for sale								
Non-current assets	<b>963,022</b>	958,744	4,278	<table border="1"> <tr> <td>Capital investment</td> <td>+26,306</td> </tr> <tr> <td>Depreciation and amortization</td> <td>-20,145</td> </tr> <tr> <td>Impairment loss on fixed assets</td> <td>-620</td> </tr> <tr> <td>Disposition</td> <td>-231</td> </tr> </table>	Capital investment	+26,306	Depreciation and amortization	-20,145	Impairment loss on fixed assets	-620	Disposition	-231
Capital investment	+26,306											
Depreciation and amortization	-20,145											
Impairment loss on fixed assets	-620											
Disposition	-231											
Property and equipment	<b>810,213</b>	804,926	5,286									
Intangible assets	<b>10,316</b>	10,779	-462									
Investments and other assets	<b>142,492</b>	143,038	-545									
<b>Total assets</b>	<b>1,161,807</b>	1,141,409	20,397									
Current liabilities	<b>247,026</b>	259,960	-12,933	Lower trade notes and accounts payable								
Non-current liabilities	<b>476,426</b>	456,421	20,004	Higher bonds payable								
<b>Total liabilities</b>	<b>723,453</b>	716,381	7,071									
<b>Total net assets</b>	<b>438,353</b>	425,027	13,326	Profit attributable to owners of the parent +19,357 Allocation of retained earnings -5,398								
<b>Total liabilities and net assets</b>	<b>1,161,807</b>	1,141,409	20,397									
<b>Consolidated interest-bearing debt</b>	<b>429,566</b>	417,971	11,594	Reference: Net interest-bearing debt 395,727 (vs. Mar. 31, 2019: +3,625)								

# 04 FY2019 Operating Results Forecast

# FY2019 Consolidated Operating Results Forecast



\* As of May

(Units: Millions of yen, %)

	FY2019 forecast	FY2018 results	Change	Percent Change	Previous FY2019 forecast*	Change	Percent Change	FY2020 targets in the medium-term business plan
Operating revenues	<b>639,000</b>	622,567	16,433	2.6	635,000	4,000	0.6	—
Operating income	<b>50,000</b>	49,455	545	1.1	48,000	2,000	4.2	<b>50,000</b>
Non-operating revenues	<b>6,000</b>	6,364	-364		5,500	500		—
Non-operating expenses	<b>4,000</b>	4,220	-220		4,000	—		—
Ordinary income	<b>52,000</b>	51,599	401	0.8	49,500	2,500	5.1	—
Extraordinary income	<b>4,000</b>	5,013	-1,013		3,000	1,000		—
Extraordinary losses	<b>8,500</b>	10,492	-1,992		6,500	2,000		—
Profit attributable to owners of the parent	<b>30,000</b>	30,457	-457	-1.5	29,000	1,000	3.4	—
<b>E B I T D A</b>	<b>91,400</b>	89,713	1,687	1.9	89,400	2,000	2.2	<b>93,000</b>
Capital investment	<b>81,100</b>	54,834	26,266	47.9	81,100	—	—	—
Depreciation and amortization	<b>41,400</b>	40,258	1,142	2.8	41,400	—	—	—
Net interest-bearing debt	<b>400,000</b>	392,101	7,899	2.0	400,000	—	—	—

Compared with the previous forecast (May 10), in light of the first half results, we expect operating revenues to increase overall, driven by higher revenues in the Distribution Business and the Real Estate Business, and have revised our forecast upward. We expect operating income to increase overall, especially in the Traffic Business and the Real Estate Business. In addition, we expect ordinary income and net profit to exceed our previous forecast.

# Operating Results Forecast Highlights



**Year-on-year : Higher revenues and higher income** (We forecast higher revenues and income due to a boost in business, especially the Real Estate Business.)

		(Unit: Billions of yen)
<b>Operating Revenues</b> <b>+¥16.4 billion</b>	<b>+ Real Estate +11.9</b>	(Condo Sales Business: +10.0 (Higher condo sales) Units sold: 991→1,074 (Increase in Tokyo expected)) (Rental Business: +2.0 (Higher parking revenues (More parking spaces)) Sakae Kaihatsu made a consolidated subsidiary)
	<b>+ Transport +2.7</b>	(Truck Business: +2.2 (Due to higher freight rates) Maritime Transport Business: +0.5 (Due to more passengers with launch of new ships and more distribution due to modal shift))
	<b>+ Other goods sold +2.6</b>	(Higher construction materials sales: +2.2 Higher import car sales: +1.1)
	<b>+ Railroad +2.2</b>	(Passengers: +1.3%)
	<b>- Aviation Services -1.2</b>	(Fall back to normal after demand spike in previous year)
	<b>- Leisure and Services -1.2</b>	(Due to loss of earnings following the closure of the Meitetsu Inuyama Hotel)
<b>Operating income</b> <b>+¥0.5 billion</b>	<b>+ Real Estate +1.8</b>	(Condo Sales Business: +2.8 (Due to higher revenues) Rental Business: -0.8 (Due to higher business costs))
	<b>+ Railroad +0.7</b>	(Due to higher revenues)
	<b>- Aviation Services -1.4</b>	(Due to lower revenues)
	<b>- Taxi -0.4</b>	(Due to lower revenues)
<b>Ordinary Income</b> <b>+¥0.4 billion</b>	Higher income due to higher operating income offsetting a worsening in non-operating income	
<b>Net Profit</b> <b>-¥0.4 billion</b>	(-0.3 due to lower equity in net earnings of affiliates) Expect profit on par with previous year due to decrease in gain on sales of fixed assets and increase in tax expenses	

**Compared to previous forecast : Higher revenues and higher income** (We forecast higher revenues, especially in the Distribution Business and the Real Estate Business, and higher income in the Railroad Business and the Real Estate Business.)

<b>Operating Revenues</b> <b>+¥4 billion</b>	<b>+ Distribution +2.9</b>	(Higher construction materials sales: +1.1 Higher import car sales: +1.0 Higher inbound demand at department stores: +0.6)
	<b>+ Real Estate +1.0</b>	(Condo Sales Business: +1.0 (Due to higher condo sales) Units sold: 1,050→1,074)
	<b>+ Railroad +1.3</b>	(More passengers)
<b>Operating income</b> <b>+¥2 billion</b>	<b>+ Railroad +1.5</b>	(Due to higher revenues)
	<b>+ Condo Sales +0.5</b>	(Due to higher revenues)
<b>Ordinary Income</b> <b>+¥2.5 billion</b>	Improved non-operating income +0.5 (+0.2 due to higher dividend income)	
<b>Net Profit</b> <b>+¥1 billion</b>	Worse extraordinary income -1.0 (-2.0 due to disposal of idle assets)	



# FY2019 Operating Results Forecast by Segment



\* As of May

(Units: Millions of yen, %)

Operating revenues	FY2019 forecast	FY2018 results	Change	Percent Change	Previous FY2019 forecast*	Change	Percent Change
Traffic	169,200	167,660	1,540	0.9	168,700	500	0.3
Transport	139,600	136,863	2,737	2.0	139,600	—	—
Real Estate	104,000	92,013	11,987	13.0	103,000	1,000	1.0
Leisure and Services	52,200	53,419	-1,219	-2.3	53,100	-900	-1.7
Distribution	144,000	142,231	1,769	1.2	141,100	2,900	2.1
Aviation Services	26,300	27,570	-1,270	-4.6	26,300	—	—
Others	50,500	48,012	2,488	5.2	50,300	200	0.4
Adjustment	-46,800	-45,204	-1,596	—	-47,100	300	—
Total	639,000	622,567	16,433	2.6	635,000	4,000	0.6

Operating income	FY2019 forecast	FY2018 results	Change	Percent Change	Previous FY2019 forecast*	Change	Percent Change
Traffic	24,300	24,379	-79	-0.3	22,800	1,500	6.6
Transport	5,900	5,968	-68	-1.1	5,900	—	—
Real Estate	13,300	11,404	1,896	16.6	12,800	500	3.9
Leisure and Services	1,600	1,796	-196	-10.9	1,700	-100	-5.9
Distribution	1,500	1,185	315	26.6	1,400	100	7.1
Aviation Services	1,400	2,803	-1,403	-50.1	1,400	—	—
Others	1,700	1,627	73	4.5	1,700	—	—
Adjustment	300	290	10	—	300	—	—
Total	50,000	49,455	545	1.1	48,000	2,000	4.2

# FY2019 EBITDA and Capital Investment Forecast



(Units: Millions of yen)

		FY2019 forecast	FY2018 results	Change			FY2019 forecast	FY2018 results	Change
Traffic	Operating income	<b>24,300</b>	24,379	-79	Distribution	Operating income	<b>1,500</b>	1,185	315
	Depreciation and amortization	<b>18,600</b>	18,520	80		Depreciation and amortization	<b>2,300</b>	2,081	219
	EBITDA	<b>42,900</b>	42,899	1		EBITDA	<b>3,800</b>	3,266	534
	Capital investment	<b>25,400</b>	19,110	6,290		Capital investment	<b>1,000</b>	571	429
Transport	Operating income	<b>5,900</b>	5,968	-68	Aviation Services	Operating income	<b>1,400</b>	2,803	-1,403
	Depreciation and amortization	<b>6,800</b>	6,174	626		Depreciation and amortization	<b>2,800</b>	2,925	-125
	EBITDA	<b>12,700</b>	12,143	557		EBITDA	<b>4,200</b>	5,729	-1,529
	Capital investment	<b>12,300</b>	12,727	-427		Capital investment	<b>3,400</b>	3,034	366
Real Estate	Operating income	<b>13,300</b>	11,404	1,896	Others	Operating income	<b>1,700</b>	1,627	73
	Depreciation and amortization	<b>6,600</b>	6,276	324		Depreciation and amortization	<b>3,600</b>	3,570	30
	EBITDA	<b>19,900</b>	17,681	2,219		EBITDA	<b>5,300</b>	5,197	103
	Capital investment	<b>27,600</b>	13,140	14,460		Capital investment	<b>8,600</b>	4,974	3,626
Leisure and Services	Operating income	<b>1,600</b>	1,796	-196	Total (after consolidated adjustment)	Operating income	<b>50,000</b>	49,455	545
	Depreciation and amortization	<b>1,200</b>	1,132	68		Depreciation and amortization	<b>41,400</b>	40,258	1,142
	EBITDA	<b>2,800</b>	2,928	-128		EBITDA	<b>91,400</b>	89,713	1,687
	Capital investment	<b>2,800</b>	1,275	1,525		Capital investment	<b>81,100</b>	54,834	26,266

Note: EBITDA = Operating income + Depreciation and amortization

				BUILD UP 2020	
	FY2017 results(reference)	FY2018 results	FY2019 forecast	FY2020 Medium-term Targets	
Operating Income	¥ 46.9billion	¥ 49.4billion	¥ 50.0billion	¥ 50.0billion	
EBITDA <small>(operating income + depreciation and amortization)</small>	¥ 85.8billion	¥ 89.7billion	¥ 91.4billion	¥ 93.0billion	
Reference:					
ROE (Net income / shareholder's equity)	8.5%	8.1%	7.4%	About 8%	
ROA (operating income / total assets)	4.2%	4.4%	4.4%	About 4%	
Net interest-bearing debt /EBITDA ratio	4.8 times	4.4 times	4.4 times	About 5 times	
Equity ratio	21.6%	24.4%	26.6%	About 25%	



In addition to factual past events, this document includes future projections, which contain risks and uncertainty. Please be advised that actual outcomes may vary based on a variety of factors.