

## Fiscal 2017 Business Results Outlook

In fiscal 2017, the year ending 31st March 2017, we expect revenues from operations to increase 7.4%, or ¥52.6 billion, year on year, to ¥760.0 billion, and year-on-year decreases of 13.9%, or ¥15.3 billion, in operating income, to ¥95.0 billion, and 14.3%, or ¥10.0 billion, in net income attributable to owners of the parent, to ¥60.0 billion. We are projecting lower

earnings due to the absence of the sale of land for facilities that the Real Estate Business recorded in fiscal 2016 and an expected increase in depreciation and amortisation in the Urban Transportation Business. However, we will raise the underlying level of earnings by continuing to lift the basic performance level of each business.

### Fiscal 2017 management indicators outlook

	FY2016 result	FY2017 estimate
Revenues from operations <sup>1</sup>	¥707.4 billion	¥760.0 billion
Operating income	¥110.3 billion	¥95.0 billion
EBITDA	¥166.5 billion	¥152.0 billion
Interest-bearing debt	¥916.6 billion	¥930.0 billion
Interest-bearing debt/EBITDA ratio	5.5 times	6.1 times
D/E ratio	1.3 times	1.2 times
Net income attributable to owners of the parent	¥70.0 billion	¥60.0 billion
ROE	10.3%	8.0%
(Reference)		
Net interest-bearing debt <sup>2</sup>	¥892.3 billion	¥905.0 billion
Net interest-bearing debt/EBITDA ratio	5.4 times	6.0 times

1. As of fiscal 2017, the presentation of revenues from operations of the International Transportation Business has changed from net to gross amounts.

2. Amount of interest-bearing debt less cash and deposits



# Fiscal 2017 Outlook

## Urban Transportation

In the railway business, railway operation revenue is likely to grow as increases in line-side area populations and overseas visitors to Japan offset the absence of the rush demand had been anticipated prior to a consumption tax rise that was previously scheduled for April 2017. Consequently, we anticipate a 1.5%, or ¥3.7 billion, year-on-year

### Hankyu Corporation and Hanshin Electric Railway: Performance forecasts (fiscal 2017)

	Fare revenues (¥ million)*			
	FY2017	FY2016	Change	%
Hankyu	96,586	95,192	1,393	1.5
Hanshin	32,774	32,407	366	1.1

	Passenger volumes (Thousands)*			
	FY2017	FY2016	Change	%
Hankyu	654,981	644,563	10,417	1.6
Hanshin	237,013	234,226	2,786	1.2

\* Sum of tier 1 and tier 2 railway operators for both Hankyu and Hanshin

increase in revenues from operations, to ¥243.2 billion. However, mainly due to construction costs of elevated railway tracks and higher depreciation and amortisation accompanying investment in the manufacture of rolling stock, we expect operating income to decline 3.6%, or ¥1.5 billion, year on year, to ¥39.8 billion.

### Urban Transportation Business: Outlook for revenues from operations and operating income



## Real Estate

We expect revenues from operations to grow 1.2%, or ¥2.7 billion, year on year, to ¥223.6 billion, as a result of higher earnings from sales of condominiums. However, we anticipate a 23.4%, or ¥11.7 billion, year-on-year decrease in operating income, to ¥38.2 billion, due to the absence of fiscal 2016's one-time factor: the sale of land for facilities in the centre of Saito (Ibaraki, Osaka Prefecture).

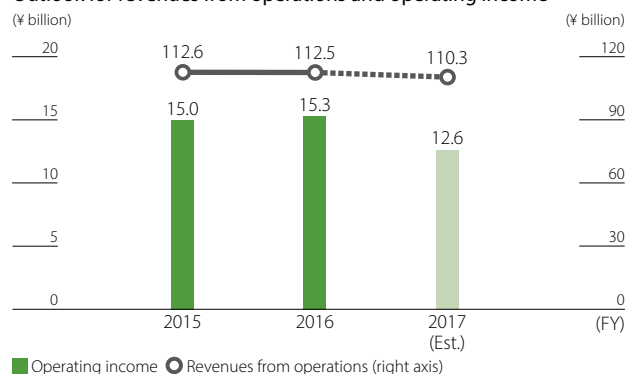
### Real Estate Business: Outlook for revenues from operations and operating income



## Entertainment and Communications

In the stage businesses, we expect the high level of capacity utilisation that has continued since the Takarazuka Revue's centenary to edge down and a decline in sales of related products. Also, we anticipate fewer performances because of work to renew the Tokyo Takarazuka Theatre's stage machinery. Regarding the sports business, earnings are likely to decline because the Hanshin Tigers will play fewer official games. As a result of the above, in fiscal 2017, ending 31st March 2017, the Entertainment and Communications Business is forecast to record year-on-year decreases of 2.0%, or ¥2.2 billion, in revenues from operations, to ¥110.3 billion, and 17.5%, or ¥2.7 billion, in operating income, to ¥12.6 billion.

### Entertainment and Communications Business: Outlook for revenues from operations and operating income

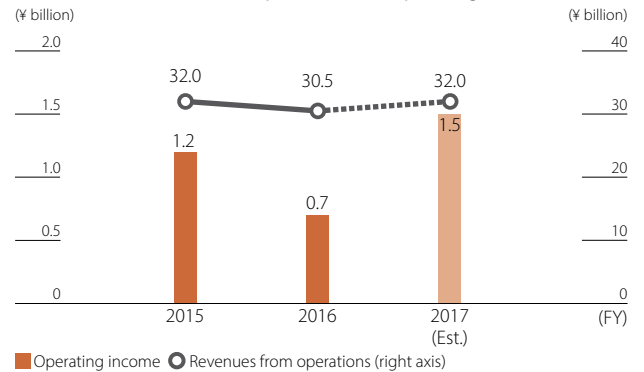


## Travel

We expect higher demand for travel to various overseas regions with the exception of Europe. Also, we intend to leverage topical tourist resources to boost sales of domestic travel products. Consequently, we anticipate year-on-year increases of 4.9%, or ¥1.5 billion, in revenues from operations, to ¥32.0 billion, and 114.3%, or ¥0.8 billion, in operating income, to ¥1.5 billion.

### Travel Business:

#### Outlook for revenues from operations and operating income

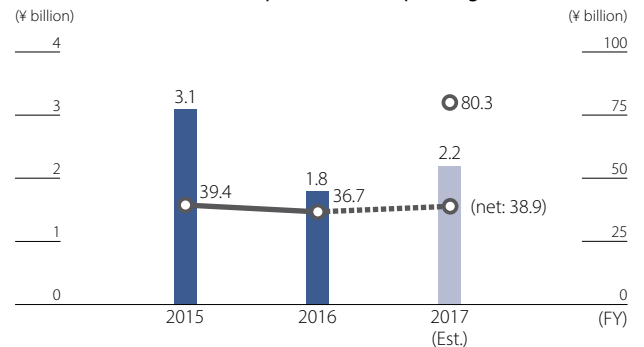


## International Transportation

Given our expectation that subsidiaries in Japan will increase handling volume and improve profitability while overseas subsidiaries develop businesses in promising markets and capture further demand for logistics services in Asia, we anticipate revenues from operations of ¥80.3 billion (a year-on-year increase of 6.0%, or ¥2.2 billion, on a net basis). We also anticipate an increase of 22.2%, or ¥0.4 billion, in operating income, to ¥2.2 billion.

### International Transportation Business:

#### Outlook for revenues from operations and operating income



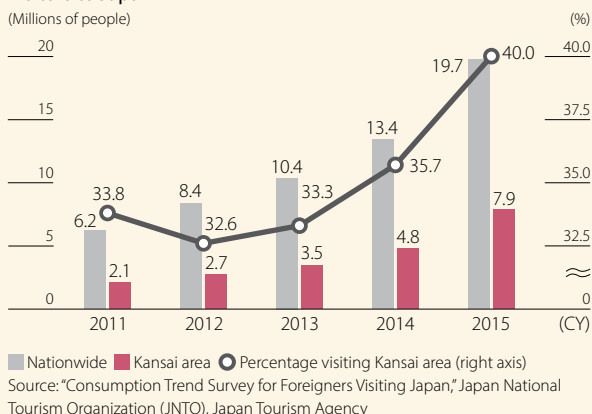
Note: As of fiscal 2017, revenues from operations will be presented on a gross basis rather than a net basis (total transactions net of freight costs).

## Hotels

Although we envisage continued favourable trends in the accommodation area, we expect that withdrawal from the management of certain non-hotel restaurants will cause revenues from operations to edge down 0.3%, or ¥0.2 billion, year on year, to ¥67.8 billion. However,

we anticipate a 6.0%, or ¥0.2 billion, year-on-year rise in operating income, to ¥3.5 billion, because more overseas visitors to Japan and firm domestic demand are likely to counteract costs and depreciation and amortisation arising from the opening of REMM Roppongi.

### Visitors to Japan



### Hotel Business:

#### Outlook for revenues from operations and operating income

