

# Nankai Electric Railway

Company Profile 2019







## Corporate Philosophy

Based on our Corporate Philosophy, which we have adapted to the latest social trends, and the message of our corporate symbol, the Company considers itself a comprehensive lifestyle provider centered on railway operations. As such, we aim to help build prosperity and contribute to society through broad-based businesses that support every aspect of people's lifestyles.

Corporate Philosophy (Drawn up April 1, 1993)

**With expertise and dynamism, forging the way to the future**

### ◆ Contribution to the Community

Justifying public trust as an all-round lifestyle provider and building a better society

### ◆ Putting the Customer First

Providing excellent services for the customer and bringing living comfort and cultural enrichment

### ◆ Future Challenges

Meeting the needs of coming generations with bold energy and creativity

### ◆ A Dynamic Workplace

Creating a workplace brimming with vitality and harnessing the expertise and personal strengths of every employee



### Corporate Symbol

Our logo symbolizes our striving for the future as a comprehensive lifestyle company. It features two wings, one vivid red and one bright orange. The red, like the sun shining on the southern seas, represents our passion, and the orange the optimism of the human heart.

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# Message from the Management



President and CEO  
Teruhiko Achikita

Founded in 1885, Nankai Electric Railway Co., Ltd. was the first railway company in Japan to be established purely by private capital. It currently operates three main lines from its landmark terminal in Namba, Osaka: the Nankai Line to Wakayama, the Koya Line to the Koyasan (Mount Koya) World Heritage Site and a line running to Kansai International Airport.

While focused mainly on railway, bus and other transportation operations, the Nankai Group is also involved in real estate (rental office space and residential developments), retail (shopping center management), office building maintenance and other leisure and service businesses, as well as construction and other operations.

I'd now like to provide you with an update on the Group's activities under each of the five basic policies of the Kyoso 136 Plan. The plan's first policy is to provide safe, reliable and high-quality transportation services. Guided by this policy, we have been enhancing our capacity to supply information to our domestic and international customer base in the event of a natural disaster. In these and other ways, we will continue to do our utmost to fulfill our mission as a public transportation service provider.

The second policy of the Kyoso 136 Plan is to drive the urban development of Namba. Here, we have been adding even more value to the Nankai Group properties we have developed, beginning with NAMBA SkyO, which opened in autumn 2018. Meanwhile, we will actively acquire new properties and renovate existing ones we have already acquired. Another key priority is to form a north-south corridor linking the Namba and Shin-Imamiya/Shinsekai areas. For this, we have participated in a development project by Hoshino Resorts Inc. to open an urban tourism-oriented hotel close to Shin-Imamiya Station. In parallel, we will develop a site adjacent to this hotel into a new area that facilitates multicultural interaction. Through these and other projects, we are stepping up efforts to create a "Greater Namba" area.

The third basic policy of the Kyoso 136 Plan is to increase the number of visitors to the region, beginning with inbound

passengers. To this end, we are upgrading and expanding services that will help a growing number of inbound passengers to utilize the Nankai lines and the facilities along our railway lines even more easily and conveniently.

The plan's fourth basic policy is to drive urban development centered on train stations. To implement this policy, we have been steadily advancing the Wakayamashi Station revitalization plan, which is scheduled for completion in spring 2020. Our goal is to turn this plan into a catalyst for the revitalization of the entire city of Wakayama. Concurrently, we are also collaborating with local governments to implement urban development centered on train stations. For example, together with Wakayama City, we have opened a "renovation school" where participants can learn about urban revitalization techniques through renovation.

The fifth basic policy of the Kyoso 136 Plan is to upgrade and expand the real estate business. Guided by this policy, we have been implementing a range of measures. We are developing a variety of real estate businesses along our railway lines. In addition, we are pushing ahead with construction of the new Kitaosaka Truck Terminal Building No. 1, as we advance integrated redevelopment encompassing the adjacent sites, with the aim of completing construction by spring 2020.

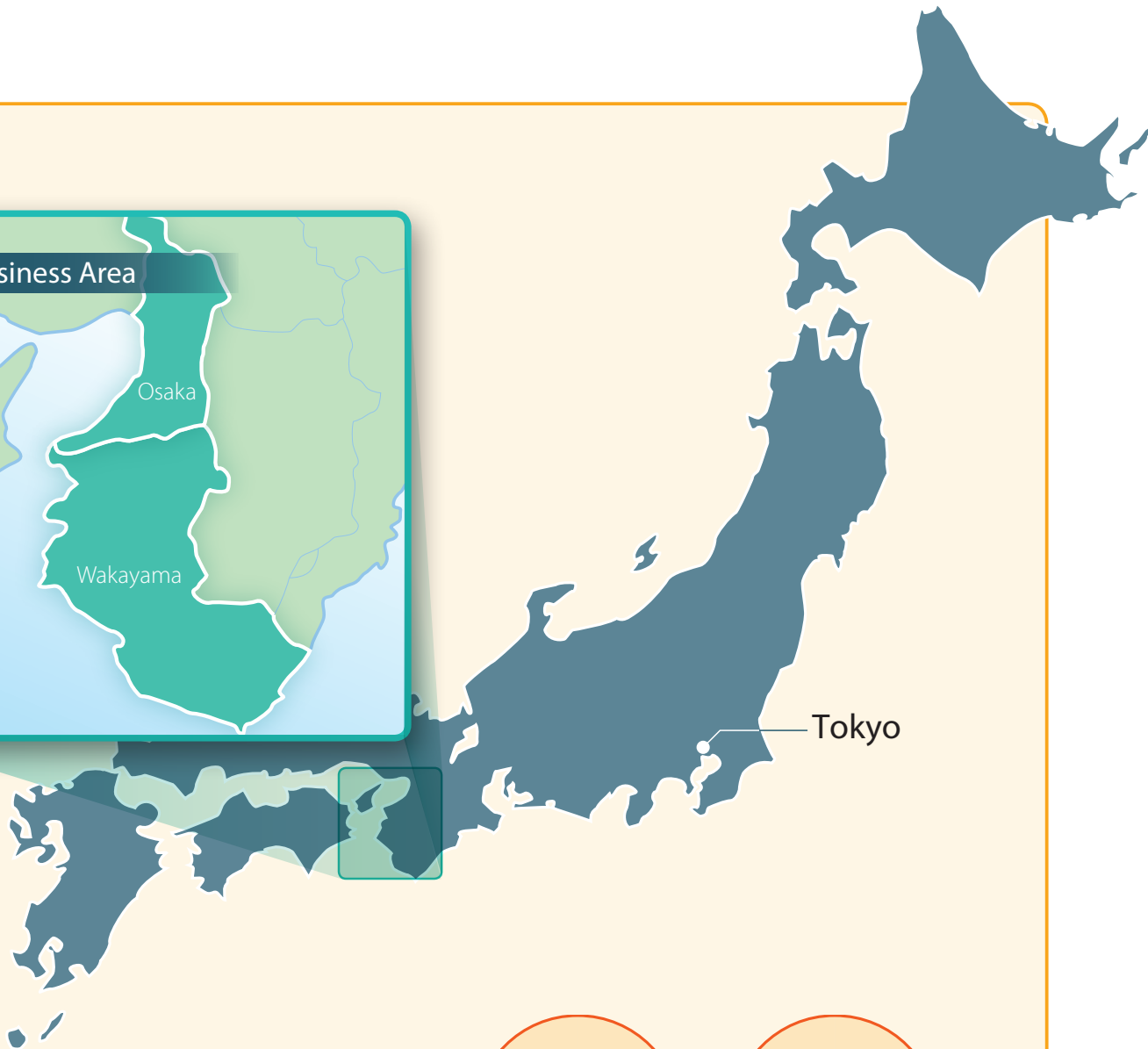
While we advance these initiatives, we will also fortify our corporate governance system. Through these efforts, all of us at the Nankai Group will make a concerted effort to grow sustainably and increase our medium- to long-term corporate value. We look forward to the continued support and encouragement of all of our shareholders as we endeavor to reach our goals.

June 2019

**Teruhiko Achikita**

President and CEO

# Business Area



Japan

Population  
**127**  
million

GDP  
**¥550,000**  
billion

Nankai Business Area  
(Osaka + Wakayama Prefectures)

**9.8**  
million

**¥43,000**  
billion








Ratio

**7.7%**

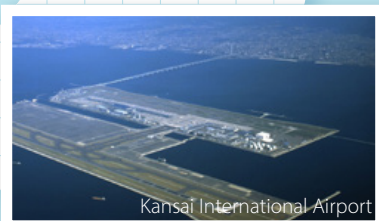
**7.8%**

Source: Population figures were announced by the Statistics Bureau of the Ministry of Internal Affairs and Communications. GDP is the nominal GDP announced by the Cabinet Office. Both are the latest figures as of June 2019.

# Route Map

-  Nankai Line
-  Koya Line
-  Airport Line
-  Nankai Ferry Route
-  JR
-  Semboku Line
-  Lines Owned by Other Companies

Awaji Island



Kansai International Airport  
Courtesy of Kansai International Airport Land Development Co., Ltd.



Nankai Terminal Building

Osaka Bay

Nankai Line

Izumiotstu

Airport Line

Rinku Town

Izumisano

Misaki Park

Osaka Prefecture

Wakayama Prefecture

Tokushima Prefecture

Wakayamashi

Wakayama

Nankai  
Shikoku Route



Wakayama Castle



Koya-san

The World Heritage Site  
Koya-san

Koya-san

Hashimoto

Rinkan  
Den-entoshi

Izumi-chuo

Semboku  
Line

Koya  
Line

Sakaihigashi  
Nakamozu

Tengachaya

Shin Imamiya

Tennoji

Namba

Osaka (Umeda)



# Segment Information

## The Nankai Group at a Glance

The Nankai Group comprises a total of 75 Group companies centered on Nankai Electric Railway Co., Ltd. The Group includes 55 consolidated subsidiaries and 1 equity-method affiliate. (As of March 31, 2019)

The Group companies fall into six segments:

Transportation, Real Estate, Retail, Leisure and Services, Construction, and Other. These companies are developing businesses in their respective fields, with the aim of fulfilling their corporate social responsibilities and achieving steady business growth.

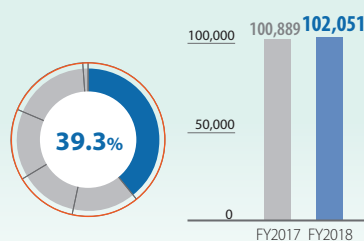
## Transportation

37  
Companies



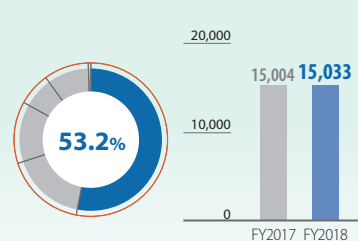
(Millions of yen)

Sales by Segment



(Millions of yen)

Operating Income by Segment



Railways	Nankai Electric Railway Semboku Rapid Railway
Tramways	Hankai Tramway
Buses	Nankai Bus Wakayama Bus KANSAI AIRPORT TRANSPORTATION ENTERPRISE Kumano Kotsu Tokushima Bus

Ferries	Nankai Ferry
Freight Transportation	Southern Transport Services Nankai Express
Rolling Stock Maintenance	Nankai Vehicles Service Engineering

25 Other Companies

As of March 31, 2019

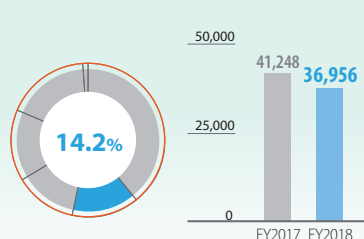
## Real Estate

4  
Companies



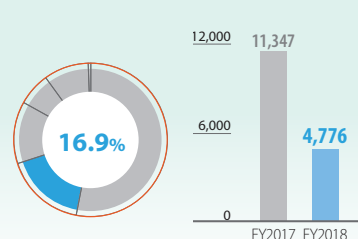
(Millions of yen)

Sales by Segment



(Millions of yen)

Operating Income by Segment



Rentals	Nankai Electric Railway Semboku Rapid Railway
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Sales	Nankai Electric Railway Nankai Fudosan
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1 Other Company

As of March 31, 2019

## Retail

10  
Companies

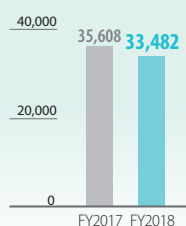
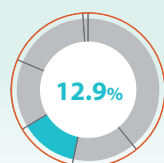


Management of  
Shopping Centers

Nankai Electric Railway  
Panjo

(Millions of yen)

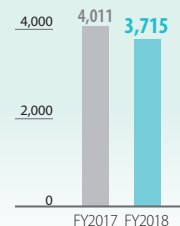
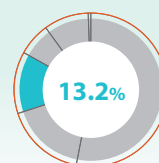
### Sales by Segment



Station Premises Business

(Millions of yen)

### Operating Income by Segment



Nankai Shoji

7 Other Companies

As of March 31, 2019

## Leisure and Services

22  
Companies



Amusement

Nankai Electric Railway

Travel

NANKAI TRAVEL INTERNATIONAL

Hotels

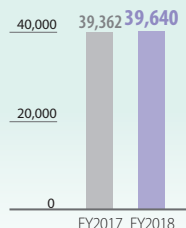
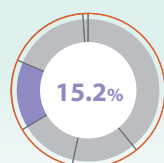
Hotel Nakanoshima

Rental of Motorboat-  
Racing Facilities

Suminoe Enterprise

(Millions of yen)

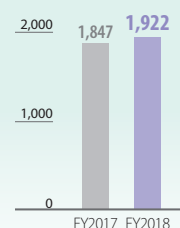
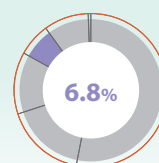
### Sales by Segment



Building Maintenance

(Millions of yen)

### Operating Income by Segment



Nankai Building Service

Nankai Grief Support

16 Other Companies

As of March 31, 2019

## Construction

4  
Companies

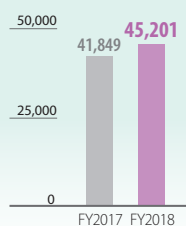
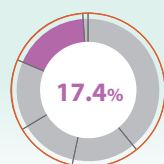


Construction

Nankai Tatsumura Construction  
Nichiden Shokai

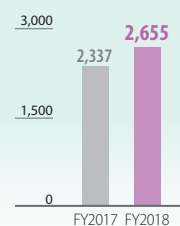
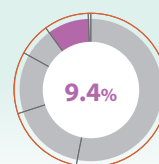
(Millions of yen)

### Sales by Segment



(Millions of yen)

### Operating Income by Segment



2 Other Companies

As of March 31, 2019

## Other

3  
Companies

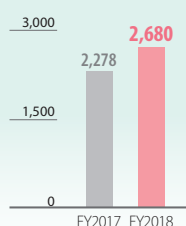
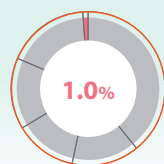


Information System

Nankai Management Service

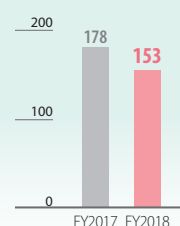
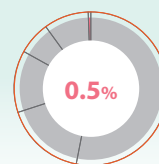
(Millions of yen)

### Sales by Segment



(Millions of yen)

### Operating Income by Segment



2 Other Companies

As of March 31, 2019



# Transportation

### Segment business operations

- Railways
- Ferries
- Tramways
- Freight Transportation
- Buses
- Rolling Stock Maintenance

The Transportation segment consists of the Group's core railway business and its tramway, bus and ferry operations, through which we provide convenient and popular public transportation services to the community.

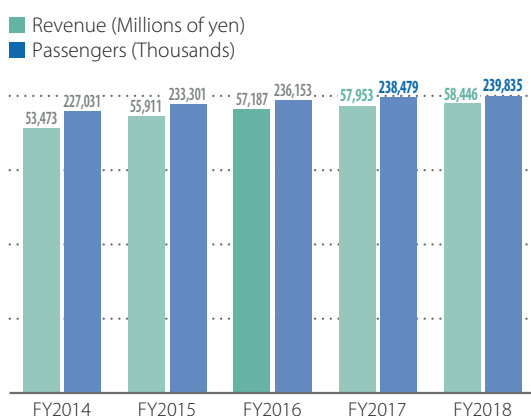
### Railway Business

Operating revenue (FY2018): ¥69,123 million

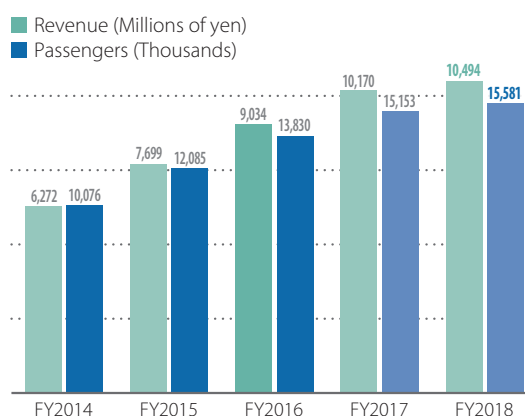
The railway business is based in Namba, one of the two major terminal stations in Osaka along with Umeda. From here, our main line serves Wakayama, the administrative center of Wakayama Prefecture, while the Koya Line terminates at the Koya-san World Heritage Site. A branch line gives direct access from Namba to Kansai International Airport. This network covers a wide area south of Osaka, and is used for work and school commuting, as well as leisure and tourist travel. With a total of eight main and branch

lines, we operate a total track length of 154.8 km. We manage a total of 100 stations including Namba Station, which has around 250,000 passengers per day, as well as around 700 items of rolling stock. As a public transportation service provider, passenger safety is of course our main priority. Rigorous safety measures are in place for rolling stock, amenities and facilities, and personnel attend strict training programs. In further measures to provide high-quality services, we are making our entire network barrier-free.

Revenue from Railway Passengers and Passengers Carried (Nankai Electric Railway)



Revenue from Airport Line Passengers and Passengers Carried





### Limited Express



Rapi:t



Koya



Southern



Rinkan

The Nankai Group's consolidated subsidiary, Semboku Rapid Railway, is engaged in mutual direct operation with the Koya Line, and plays a role in linking Osaka's city center with Semboku New Town, a suburban housing area straddling the communities of Sakai and Izumi.

Looking ahead, the Nankai Group will strive to increase convenience and revitalize the areas along our railway lines.



Semboku Liner

### Bus Operations

Operating revenue (FY2018): ¥27,347 million

Our well-established bus route network covers Osaka Prefecture (south), Wakayama Prefecture and Tokushima Prefecture on neighboring Shikoku Island. We also operate high-speed routes linking our service areas with major cities throughout Japan, giving us a very broad-based network. A limousine bus also connects major cities in the Kansai region with Kansai International Airport.



Nankai Bus

### Ferry Operations and Other

We provide convenient ferry connections between Kansai and Shikoku, through services linking Wakayama with Tokushima, the nearest major port on the island.

Other transportation-related service businesses run by Group companies include tramway operation in populous Osaka and Sakai, freight transportation, and rolling stock and vehicle maintenance primarily for the Group.



Nankai Ferry



Nankai Express



Nankai Vehicles Service Engineering

# Real Estate

The Real Estate segment helps to create a fulfilling living environment for residents along our railway lines. The segment's two main sources of earnings are real estate sales and rentals.

## Segment business operations

- Rentals
- Sales

### Rentals

Operating revenue (FY2018): ¥27,526 million

The Nankai Group's real estate business goes back to 1932 when the Nankai Building housing Namba Station and its integrated concourse was opened. It remains a much-loved landmark, with key tenants including Takashimaya Co., Ltd. (Osaka Store), one of Japan's leading department store operators, and various financial institutions. It is one of the principal terminals of Osaka. Our rental business is centered in the Namba area of the city. Besides the Nankai Building, we own NAMBA SkyO, which opened in October 2018, and the PARKS Tower office annex of the NAMBA PARKS mall.

Additionally, at major terminals along our railway lines, we lease out Company-owned land, buildings and rental spaces within the structures supporting overhead railways. These operations, combined with the department stores and banks forming our key rental tenants, contribute to the prosperity of communities along our lines, while leveraging the characteristics of these areas.



PARKS Tower

In addition, Semboku Rapid Railway operates the Higashiosaka and Kitaosaka Logistics Centers—located within the strategically important transport areas of Higashiosaka and Ibaraki. These logistics centers provide truck terminal facilities and warehouses, which serve as logistic nodes, to logistics service companies. These centers have become preeminent among logistics facilities in Osaka Prefecture.



Higashiosaka Logistics Center



### Major Leasing Facilities

Facility Name	Location	Rentable Area (m <sup>2</sup> )	Amenities
Nankai Building	Namba, Osaka	49,827	Takashimaya, banks, shops, etc.
NAMBA SkyO	Namba, Osaka	45,927	Offices, medical facilities, hall, conference rooms, etc.
Swissôtel Nankai Osaka	Namba, Osaka	61,557	Hotel and shops
WINS Namba	Namba, Osaka	20,531	Japan Racing Association
PARKS Tower	Namba, Osaka	36,500	Offices and shops
Fraser Residence Nankai Osaka	Namba, Osaka	7,332* <sup>1</sup>	Serviced apartments
Nankai Sakai Station Building	Sakai, Osaka	9,474	Banks, offices, shops, station facilities, etc.
Nankai Sakai Higashi Building	Sakai, Osaka	80,678	Takashimaya, banks, shops, station facilities, etc.
Nankai Wakayamashi Station Building	Wakayama	4,432	Offices and shops
Nankai Tokyo Building	Ginza, Tokyo	12,115* <sup>1</sup>	Offices and shops
Kitaosaka Logistics Center	Ibaraki, Osaka	272,017* <sup>2</sup>	Logistics leasing facility (Truck terminal, distribution warehouse)
Higashiosaka Logistics Center	Higashiosaka, Osaka	187,935* <sup>2</sup>	Logistics leasing facility (Truck terminal, distribution warehouse)

Note: The rental areas indicated include areas used by the Nankai Group.

\*1 Total floor area

\*2 Site area

### Sales

Operating revenue (FY2018): ¥10,309 million

In the Group's real estate sales business, we are currently focused on large-scale, line-side residential zones and single-family home subdivisions such as Nankai Rinkan Den-entoshi in Wakayama Prefecture and Nankai Kumatori Tsubasagaoka in Osaka Prefecture. These developments have helped to add even more value to the communities along our lines thanks to our careful attention to creating a rich, natural living environment while providing the convenience of urban amenities.

Meanwhile, we also market condominiums both within and outside the areas along our lines. The Nankai Group offers the VERITE series of condominiums.



Aya No Dai residential project in Nankai Hashimoto Rinkan Den-entoshi



Nankai Kumatori Tsubasagaoka



VERITE Tondabayashi

### Major Large-Scale Residential Development Projects

Residential Land Name	Location	Planned Area (ha)	Planned Number of Lots	Planned Population
Nankai Hashimoto Rinkan Den-entoshi	Hashimoto, Wakayama	398.7	6,350	23,400
Nankai Kumatori Tsubasagaoka	Kumatori, Sennan, Osaka	64.0	1,300	4,800





### Segment business operations

- Management of Shopping Centers
- Station Premises Business
- Other Retail Operations

The Retail segment comprises shopping center management and merchandise sales at station premises.

### Management of Shopping Centers

Operating revenue (FY2018): ¥15,085 million

The principal shopping centers operated by the Company are the NAMBA PARKS and NAMBA CITY malls in the famous Namba commercial area of Osaka, as well as PLATPLAT in Sakai and other upmarket shopping centers. The Shop Nankai chain has outlets in our stations and in the structures supporting overhead railways.



NAMBA CITY



PLATPLAT

### NAMBA PARKS

NAMBA PARKS Shops&Diners, which opened for business in 2007, is a shopping complex comprising some 245 fashion, home appliance and accessory stores and restaurants. On the roof of the building, we have created the 11,500 m<sup>2</sup> Parks Garden, surrounded by some 100,000 trees and flowers of some 500 different species. Parks Garden offers a restful space as an urban oasis to shoppers and other visitors.

In addition, this development contributes to alleviating the heat island effect, saving energy, and reducing CO<sub>2</sub> emissions. It has been well evaluated for its consideration of the environment, and won numerous awards. In 2015, CNN, the U.S. TV network, judged NAMBA PARKS Parks Garden to be one of the 10 most beautiful sky gardens in the world.

In 2017, we celebrated the facility's 10th anniversary by renovating the shopping zone and Parks Garden. This included creating an outdoor barbecue area and taking other steps to make Parks Garden an even more enjoyable destination and further our appeal to new customers.



NAMBA PARKS Shops&Diners

## NAMBA CITY

NAMBA CITY is one of Osaka's leading shopping malls, with about 230 famous specialty shops located on the seven floors of the Main and South buildings. The mall has a prime location, directly connected to Nankai Namba Station, and is used by customers drawn from a wide area that includes the Nankai railway lines, Osaka City, and out towards Nara.

NAMBA CITY constantly addresses the needs of the times, fulfilling a key role in the Namba area. Notably, in spring 2019, 45 sections of the Main Building were renewed. In these and other ways, we are working to ensure that the NAMBA CITY mall enhances the value of the entire Namba area.



NAMBA CITY South Building

## SEMBOKU AREA

In 2014, we acquired and now run Panjo and Izumigaoka HIROBA Shops & Restaurants (formerly Shop Town Izumigaoka), two shopping centers in front of Izumigaoka Station, a major station on the Semboku Rapid Railway.

In April 2018, a new station shopping center opened following renovations in the concourse near the Izumigaoka Station ticket gate. Going forward, we will leverage know-how fostered in the Group's real estate and commercial development business to redevelop the area in front of Izumigaoka Station in an integrated manner.



Panjo

## Station Premises Business

Operating revenue (FY2018): ¥19,620 million

We operate merchandise retailing and food and drink outlets within station premises and around stations, as well as convenience stores at Namba terminal and other stations along our lines.

In addition, we have recently developed commercial facilities under the *ekimo* brand name within three stations on the Osaka Municipal Transportation Bureau's Midosuji

Line—Tennoji, Namba, and Umeda. In April 2013, we opened *ekimo* Tennoji, followed by *ekimo* Namba in October 2013 and *ekimo* Umeda in April 2014. In this way, we will continue to strengthen our operation of commercial facilities inside stations along railway lines other than those operated by the Nankai Group itself.



An Ansee convenience store



A nasco+ station kiosk



ekimo Umeda



# Leisure and Services



## Segment business operations

- Amusement
- Travel
- Hotels
- Rental of Motorboat-Racing Facilities
- Building Maintenance
- Funeral Business
- Other Services

The Leisure and Services segment includes operation of the Misaki Park amusement park, travel agency services, and hotel and Japanese-style guesthouse operations, as well as motorboat-racing stadium rental, building management and maintenance services, funeral services and golf course management. Through these businesses, we provide our customers with a more fulfilling daily lifestyle.

## Building Management and Maintenance Business

Operating revenue (FY2018): ¥25,078 million

We have expanded our integrated building management and maintenance, which covers equipment management, security and cleaning of various facilities, from Tokyo to Shikoku, as well as in Osaka.



Equipment maintenance inspection



Monitoring at a disaster prevention center

# Construction and Other



The Construction segment comprises the construction and maintenance of apartment buildings and residential and other facilities. The Other segment includes the Information System business.



# Key Themes of the Nankai Group Management Vision 2027

The Nankai Group has set a long period for the Group's vision to achieve sustainable, long-term growth while it is projected to confront a volatily changing environment going forward due to factors such as declining population and the evolution of IT. We believe that achieving this vision entails seriously undertaking various types of policies and so have decided on the Nankai Group Management Vision 2027 to achieve that.

## Vision for the Group 10 Years from Now

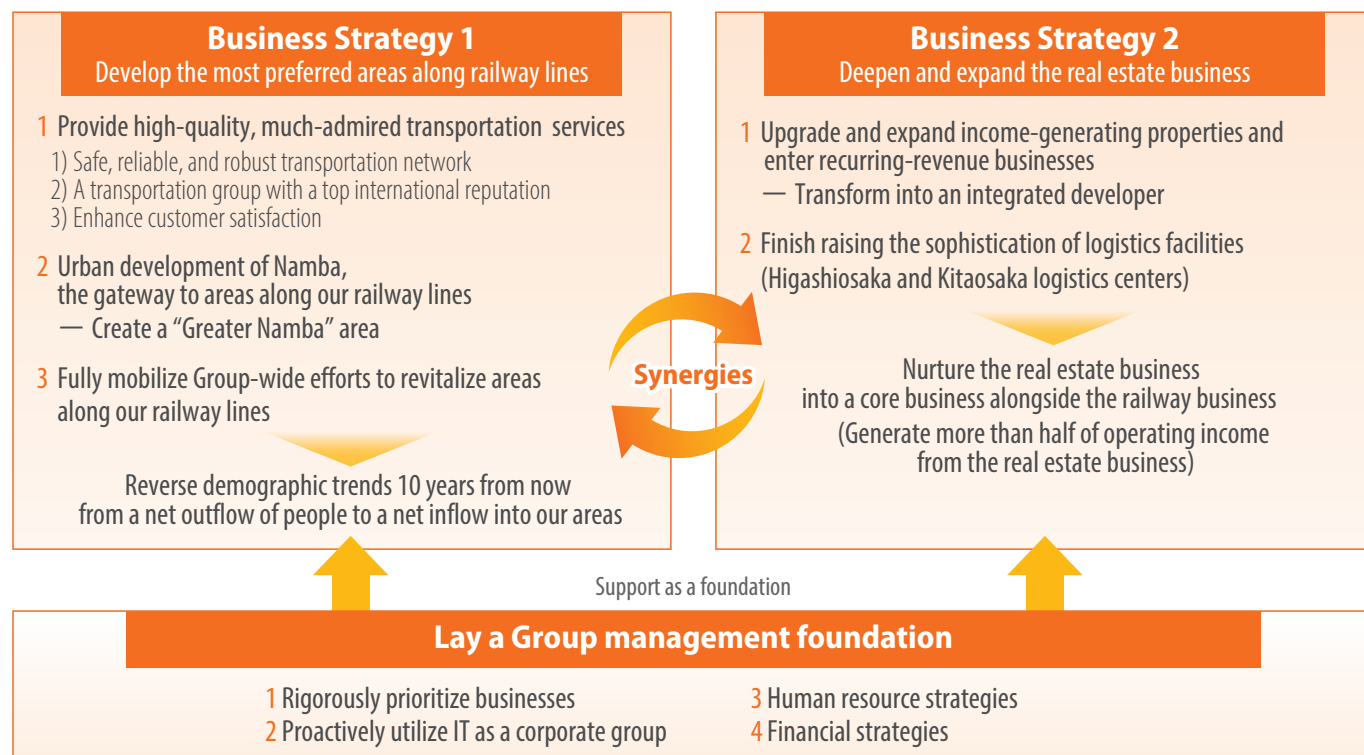
Develop the most preferred areas along railway lines and become the most preferred corporate group by delivering satisfaction and inspiration to customers

## 10 Years of Direction

A 10-year period to enhance the attractiveness of areas along our railway lines ahead of the opening of the Naniwasuji Line

- Lead Group-wide efforts focused on enhancing the value of areas along our railway lines, with these areas positioned as the Group's key business areas
- Accelerate the enhancement of value in areas along our railway lines by fully harnessing "Namba" and "inbound tourism" as business opportunities
- Speed up business expansion initiatives by proactively using alliances

## Overview of Business Strategies



Lead the urban development of Namba, the gateway to areas along our railway lines, and fully mobilize Group-wide efforts to revitalize areas along our railway lines

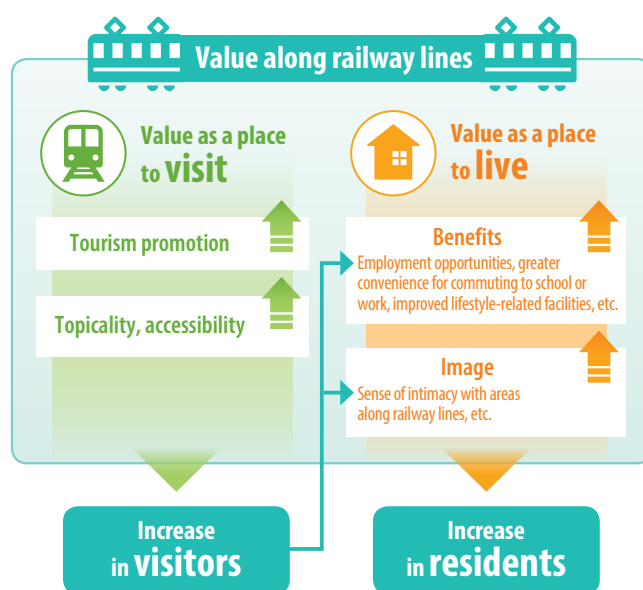
### Create a "Greater Namba" area

- Develop the Namba area using inbound tourism and NAMBA SkyO as a trigger for the closely linked development as an international city and enrichment of urban functions
- Evolve the area to become an even more exciting area by creating a bustling loop space from Namba terminal to Shin-Imamiya and Shinsekai using lines running north to south as a linchpin



### Fully mobilize Group-wide efforts to revitalize areas along our railway lines

- Reverse demographics so that 10 years into the future the overall change of people moving out converts to an overall change of people moving in by connecting an increase in visitors to an increase in residents



### Numerical Targets for Fiscal 2027 (Consolidated Basis)

Operating income*1	¥45.0 billion
Ratio of interest-bearing debt to EBITDA*2	About 6.0 times

\*1 Operating income + Dividend income

\*2 Operating income + Dividend income + Depreciation and amortization

In order to proactively harness alliances such as joint investments as part of our growth strategy from fiscal 2018 onward, our operating income target for fiscal 2027 is presented on a gross basis including dividend income.

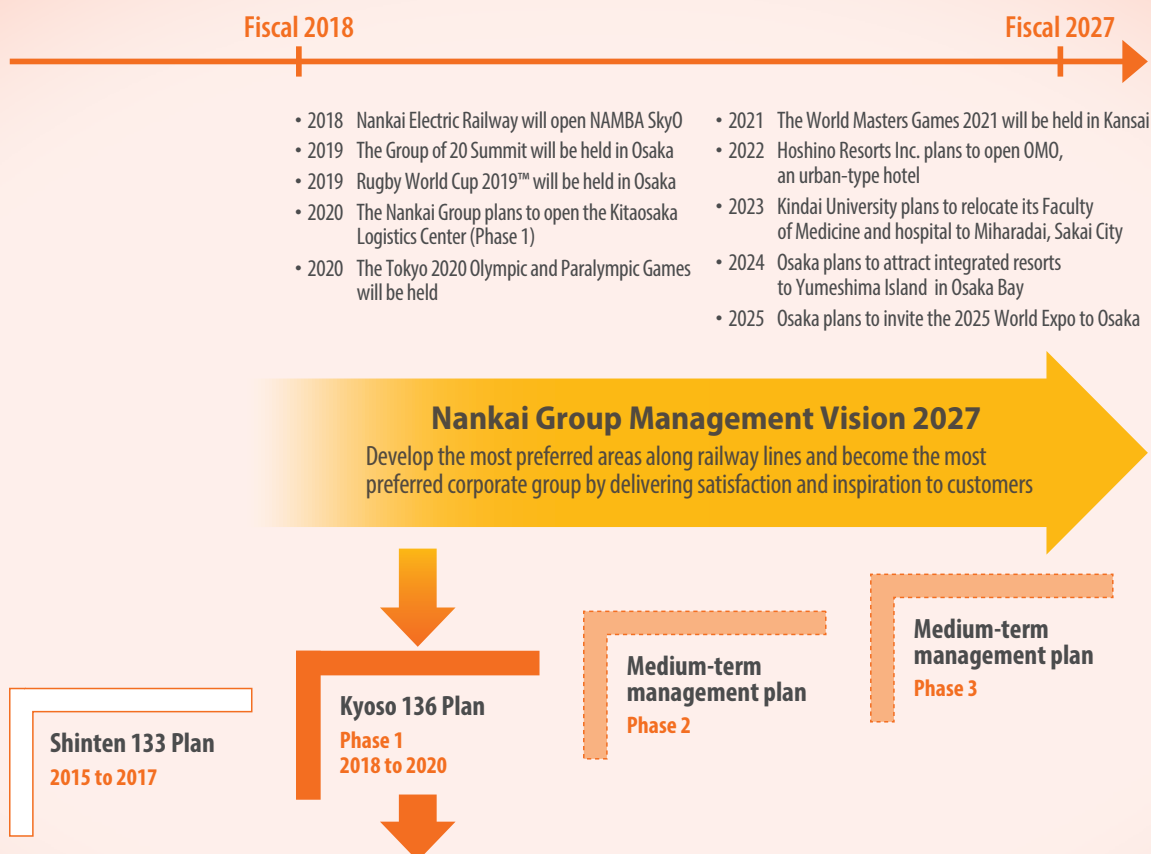
## The Medium-term Management Plan, the “Kyoso 136 Plan”

As the first step in achieving the Nankai Group Management Vision 2027, the first three years from fiscal 2018 to fiscal 2020 have been positioned as the Period for Laying a Foundation for the future, and the Group will also work on the Kyoso 136 Plan medium-term management plan, Phase 1 of the Nankai Group Management Vision 2027, during this time.

By working in unity to advance the policies based on the Kyoso 136 Plan, the Nankai Group aims to grow sustainably and enhance its medium- to long-term corporate value.

### the “Kyoso 136 Plan”

#### Positioning



#### Positioning of the “Kyoso 136 Plan”

- First three years in the run-up to achieving the Nankai Group Management Vision 2027 (Fiscal 2018 to Fiscal 2020): Period for Laying a Foundation
- A three-year period to implement new growth initiatives, specifically intensive upfront investments, which hold the key to future growth
- A three-year period of Kyoso (collaborative creation) that will see the Group achieve future growth and create new value together with stakeholders



The Medium-term Management Plan,  
the "Kyoso 136 Plan"

## Basic Policies

- 1 Provide safe, reliable and high-quality transportation services
- 2 Drive the urban development of Namba
- 3 Increase the number of visitors to the region,  
beginning with inbound passengers
- 4 Drive urban development centered on train stations
- 5 Upgrade and expand the real estate business

## Numerical Targets for Fiscal 2020 (Consolidated Basis)

Operating income* <sup>1</sup>	¥37.0 billion
Ratio of interest-bearing debt to EBITDA* <sup>2</sup>	7.5 times or less

\*1 Operating income + Dividend income

\*2 Operating income + Dividend income + Depreciation and amortization

The Group seeks to proactively harness alliances such as joint investments as part of its growth strategy in fiscal 2018, the first year of the new medium-term management plan, the "Kyoso 136 Plan," and subsequent years. Therefore, our operating income target for fiscal 2027 is presented on a gross basis including dividend income.

The Medium-term Management Plan,  
the "Kyoso 136 Plan"

## Basic Policy 1

### Provide Safe, Reliable and High-quality Transportation Services

We strive to provide safe, secure and comfortable transportation services in the railway, bus and transportation services businesses, and implement policies to provide a sense of fine quality that will develop the most preferred areas along railway lines.

We are also moving steadily forward with the Naniwasuji Line plan (aiming to start operations in 2031).

#### 1 Enhance the safety and reliability of rail transportation and foster an even stronger safety culture

- Steadily enhance the operational safety of railways and the safety of facilities against the perils of earthquake, storm and flood damage
- Reinforcement of structures (anti-scouring measures, etc.), introduction of emergency train stop systems, etc.
- Enhance the safety of station platforms and railroad crossings
- Step up the installation of automatic platform gates, railroad crossing obstacle detection devices and other such equipment



Automatic platform gates were installed on Platform No. 1 at Namba Station (March 2019).

#### 2 Execute initiatives to develop the most preferred areas along railway lines

- Intensive and systematic refurbishment of rolling stock and restrooms in stations
- Refurbish all of the Series 6000 rolling stock of the Koya Line (72 railcars) over the six years through fiscal 2023, among other measures

##### Updates during the Kyoso 136 Plan period

- Series 7100 rolling stock of the Nankai Line (Fiscal 2018 result: 12 railcars)
- Cable car (Fiscal 2018 result: 4 cable cars)
- Series 6000 rolling stock of the Koya Line (30 railcars)
- Renewal of about 40 restrooms in stations (Fiscal 2018 result: 14 stations)

- Develop a stress-free transportation environment
- Provide support for planning with e-tickets and QR codes and install Wi-Fi, among other measures



Series 8300 rolling stock



Neat and clean  
toilets that  
anybody can  
use with ease

## 2

[illegible]

YOLO BASE



The Medium-term Management Plan,  
the "Kyoso 136 Plan"

## About Namba

### Osaka's Landmark Terminal, Namba

Eight railway lines feed into the Namba area, carrying approximately 800,000 passengers a day. Namba is one of the leading railway terminals in western Japan, and is the counterpart to Umeda terminal in central Osaka.

For the Nankai Group, Namba is the birthplace of our business. Furthermore, it has always been our largest business base, with facilities that extend over 550,000 m<sup>2</sup>. We regard it as our mission to develop the Namba area, which is linked with the outside world through Kansai International Airport, into an even more attractive city-center space.

In the pursuit of this objective, the Nankai Group owns and operates assets such as Namba Station, NAMBA CITY and NAMBA PARKS, and has sought to enhance the functions of the Namba area by attracting major tenants, such as the Takashimaya Osaka Department Store and the Swissôtel Nankai Osaka, to its properties.

As of fiscal 2016, about 30% of foreign visitors to Japan visit Namba and the adjacent Shinsaibashi area, resulting in the area experiencing the largest influx of foreign tourists of any major tourist destination in Kansai\*. In both name and reality, Namba has established itself as a gateway city for Osaka.

The Group will continue working to further increase value in the Namba area by coordinating urban planning projects that will develop the competitive edge Namba has over its neighboring rivals.

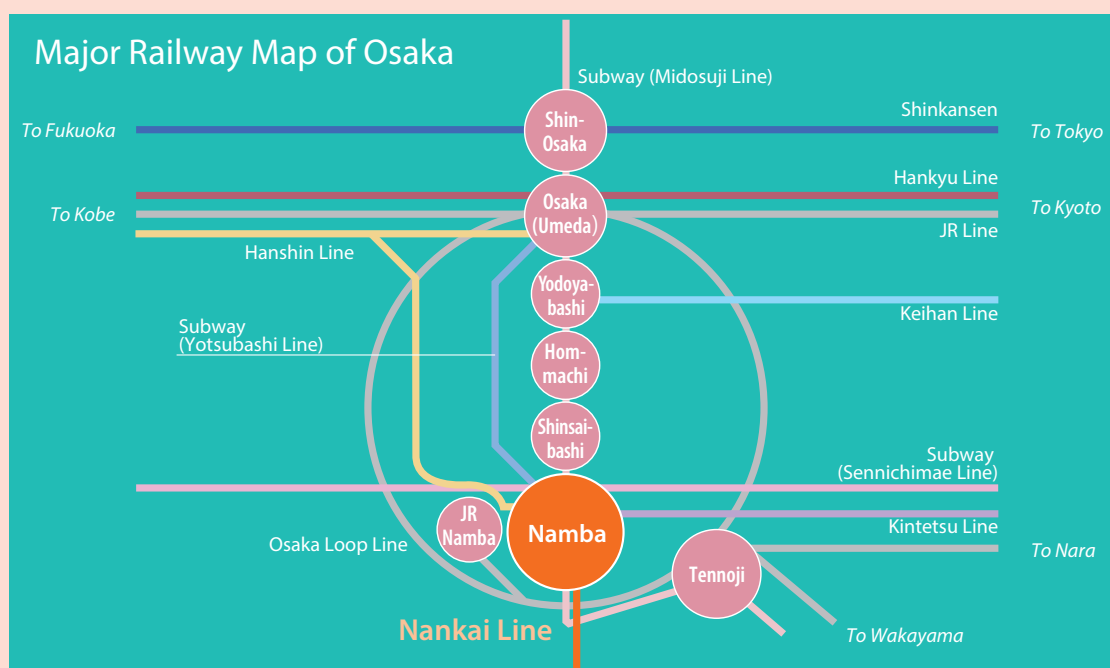
\* According to a survey by the Mitsubishi Research Institute.



Nankai Building



Namba Station



The Medium-term Management Plan,  
the "Kyoso 136 Plan"

## The Namba Area Expands Southward

By shifting the heart of activity in Namba southwards, where many of our properties are congregated, the Nankai Group aims to create a ripple effect for NAMBA PARKS and NAMBA CITY and create an urban environment in the surrounding area that is much easier to get around. In 2010, we opened Fraser Residence Nankai Osaka (114 rooms), the first international serviced apartments to be supported by Osaka Prefecture. In April 2012, the live performance hall Zepp Namba (OSAKA) opened, and in April 2013, Osaka Prefecture University opened its new "I-site" branch.

Since April 2014, we have been moving forward with our Namba EKI-KAN Project, through which we are developing a series of unique, highly intriguing stores in spaces under our railway overpasses with the goal of establishing the area as a popular gathering spot for people of refined tastes.

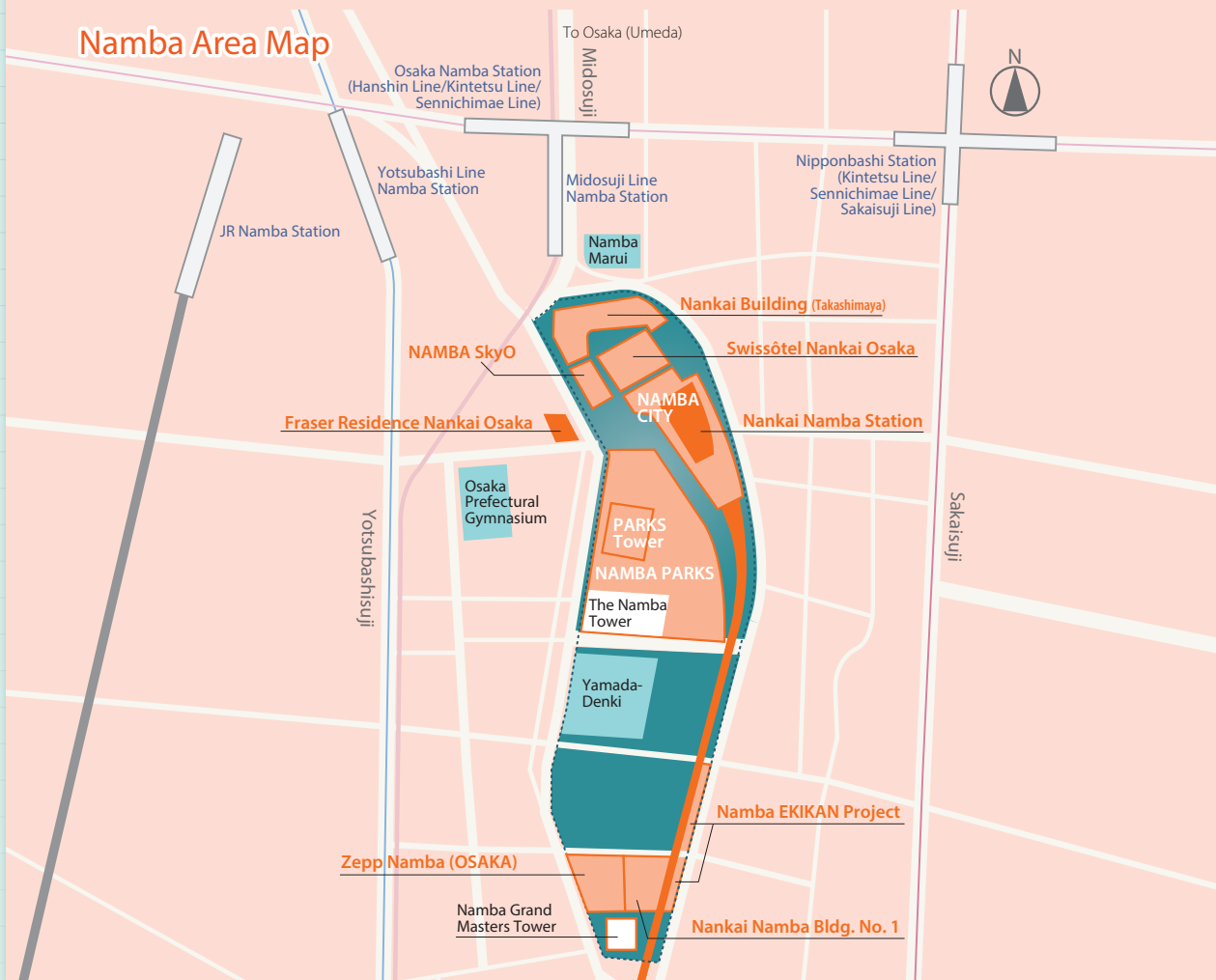


Fraser Residence Nankai Osaka



Namba EKI-KAN Project

### Namba Area Map



The Medium-term Management Plan,  
the "Kyoso 136 Plan"

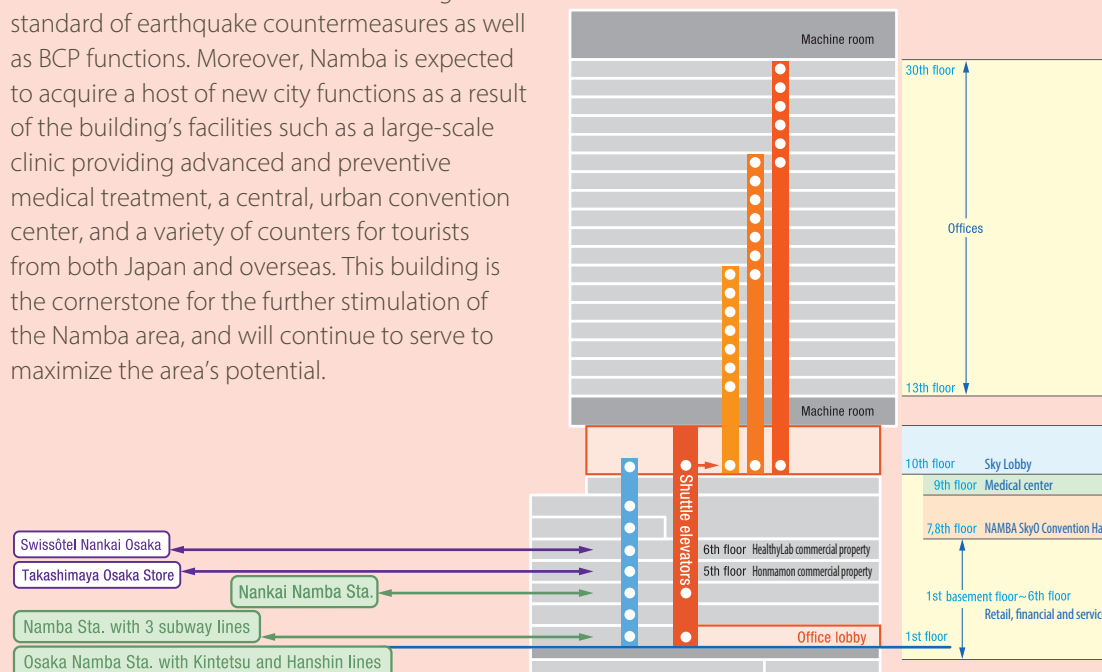
## Birth of NAMBA SkyO

NAMBA SkyO, a new landmark tower in the Namba district, which is the Nankai Group's most important base, opened in October 2018. The building has a favorable central location offering access to Kansai International Airport, Osaka International Airport, and Shin-Osaka Station by train or limousine bus without having to transfer. It also provides office functions that accommodate diverse needs with the highest standard of earthquake countermeasures as well as BCP functions. Moreover, Namba is expected to acquire a host of new city functions as a result of the building's facilities such as a large-scale clinic providing advanced and preventive medical treatment, a central, urban convention center, and a variety of counters for tourists from both Japan and overseas. This building is the cornerstone for the further stimulation of the Namba area, and will continue to serve to maximize the area's potential.

### ● Building Overview

Building applications	Offices, stores, hall, conference rooms, medical facilities, financial facilities, etc.
Total floor area	Approx. 84,000 m <sup>2</sup>
No. of floors	31 floors above ground; 2 floors below ground
Opened	Oct. 2018
Total project costs	Approx. ¥45.3 billion
Assumed balance of payments	Revenues: Approx. ¥4.0 billion EBITDA: Approx. ¥3.1 billion

### ● Floor Configuration (Cross-Sectional View)



Overall view of Namba Terminal



The 5th floor will invite stores focused on traditional Japanese culture. It will become a place to transmit Japanese culture to the world.



The 6th floor will open under a concept of "health." The floor will offer one-stop, total support for people's health through the enjoyable experiences of eating, exercising and measuring relevant data.



The Medium-term Management Plan,  
the "Kyoso 136 Plan"

## Basic Policy 3

### Increase the Number of Visitors to the Region, Beginning with Inbound Passengers

The Nankai Group aims to steadily engage with the expected increase in demand from inbound tourism ahead of the Tokyo Olympic and Paralympic Games to be held in 2020, the final year of the Kyoso 136 Plan. To do that, we will implement measures to enhance convenience and attractive tourism options to ensure visitors choose to use the Nankai Group before they arrive in Japan.

Moreover, by leveraging features at various sites along railway lines to promote tourism, such as advancing moves to have Mozu-Furuichi Kofungun registered as a World Heritage Site in 2019, we aim to increase the number of visitors.

#### 1 Further capture inbound tourism demand

##### ■ Enhance convenience for customers, including inbound tourists

- Promote e-tickets and QR-code sales for event trip tickets
- Enhance electronic payment systems for retail facilities

##### ■ Create tourism demand by leveraging the two World Heritage Sites

- Enhance tourism options for traveling around the Sakai area, form travel packages using Koya-san and Mozu-Furuichi Kofungun as a set



Koya-san (Mount Koya)  
Danjo Garden



Mozu-Furuichi  
Kofungun PR poster

#### 2 Create places along railway lines that have value as places to visit

##### ■ Promote tourism by leveraging the features of various places along railway lines

- Promote the Koya-san Sightseeing Enhancement Project
- Advance the Kada Renovation Town Development Project and the Kada Sakana Line Project
- Dig up interesting tourism-related information from places actively engaged in farming, fishing and suchlike, and attract travelers by spreading this information



Kada Sakana Line Sightseeing  
Train "Medetai Train"



KURASHI GARDEN Hakurazaki  
(Izumisano, Osaka)

The Medium-term Management Plan,  
the "Kyoso 136 Plan"

## About Inbound Tourism Business

### Transportation Services Accommodating an Increasing Number of Foreign Travelers

The Nankai Group operates both railway and limousine bus services, and these act as valuable transportation options linking Osaka and other Kansai regions with Kansai International Airport.

The Limited Express Rapi:t connects Namba with Kansai International Airport in as short a time as 34 minutes, and offers an enhanced on-board experience with reserved seats to meet the needs of travelers wanting both speed and comfort. This is the least expensive option for getting into Osaka and is often chosen by travelers looking for reasonably priced transportation. Our limousine bus service runs between Kansai International Airport and points in the Kansai region, including Umeda, Kyoto, Kobe, Nara and Universal Studios Japan.

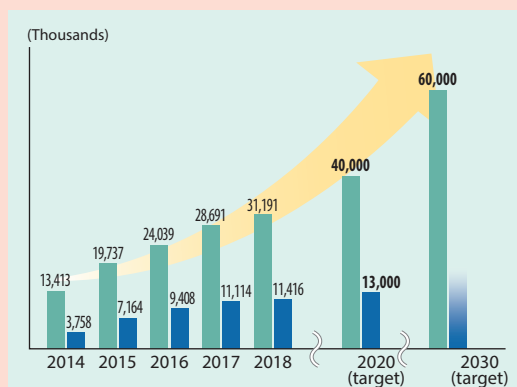
Since around 2013, there has been a large increase in the number of foreign visitors to Japan and people using Kansai International Airport against a backdrop of yen depreciation, relaxed visa requirements for people from Southeast Asian countries, and an increase in LCC airlines using the airport. In conjunction with this, there has also been a major increase in users of the Nankai Group's transportation services.

To take advantage of this opportunity, in the railway business, we revised train schedules in 2014 and 2017 and increased Limited Express Rapi:t and Airport Express trains. In the limousine bus business, we began operating buses between the airport and Osaka on a 24-hour basis in 2015 to accommodate travelers arriving or departing in the early morning hours or late at night. Going forward, inbound travelers are expected to continue to steadily increase as Asian economies develop further, so we will continue conducting initiatives to meet the needs of these customers.



Limousine bus stop

#### Change in Number of Foreign Visitors to Japan and Osaka and Government Targets



Produced by Nankai using materials published by the Japan Tourism Agency, Japan National Tourism Organization, Osaka Prefecture, and Osaka Convention & Tourism Bureau

#### Targets for Arrivals and Number of Passengers at Kansai International Airport

	Fiscal 2018 results	Fiscal 2059 targets
Number of arrivals (thousands)	189	255
Number of passengers (millions)	29.40	41.53

Produced by the Nankai Group using the ORIX Corporation website

The Medium-term Management Plan,  
the "Kyoso 136 Plan"

## Expanding Sales Routes for Tickets for Foreign Travelers

The Nankai Group is focusing on efforts to enable visitors to purchase our tickets prior to their arrival in Japan. These efforts have been highly effective, and include working with travel agencies outside Japan to have them offer discounted tickets exclusively for foreign visitors to Japan, partnering with low-cost carriers worldwide (Peach Aviation Limited and the Jetstar Group) for in-flight sales of discounted railway tickets, and introducing a system for purchasing discounted railway tickets in advance over the Internet.

We are also able to differentiate from JR, with its wide-ranging railway network, by partnering with Osaka Metro and other private railways to sell discounted tickets for travel between Kansai International Airport and various Kansai destinations, including Osaka, Kyoto, Nara and Kobe.



Namba Access Rapi:t Ticket



Yokoso! Osaka Ticket

## Tourist Services

The Nankai Group is also working to make our services easier for foreign visitors to use. On our railway facilities, these steps include multilingual signage and announcements at stations and on our trains, tourist information interpretation services using iPads, and offering free Wi-Fi access at major stations. In our retail facilities, we have set up service counters to provide one-stop reimbursement of taxes on duty-free purchases, introduced an electronic payment service and private prayer rooms for Muslim visitors, and are working to provide halal menus and other accommodations.

In 2016, we opened the Nankai Ticket Information Booth exclusively for inbound tourists at our Kansai International Airport Station. Multilingual staff offer information on tourist sites, help visitors with transportation options and the purchasing of railway tickets to their destinations, and sell tickets tailored to the needs of each visitor.

Furthermore, we set up the hands-free sightseeing service "nest" on the second floor of Namba Station to enable visitors to enjoy hands-free sightseeing or shopping. We have also started operating the NANKAI TRAVEL GUIDE to enhance guiding services for the increasing number of foreign travelers visiting Japan and to alleviate congestion by increasing the speed at which information is passed on in stations. The NANKAI TRAVEL GUIDE contains information on Nankai Group railway services such as how to buy tickets, using the ticket gates, methods for changing trains operated by other companies, tourist information for sightseeing spots along railway lines and tips about proper manners.



Nankai Ticket Information Booth

## Public Relations Targeting Foreign Tourists

Our global website (<http://www.howto-osaka.com/>) is now available in English, Chinese (traditional and simplified characters), and Korean, providing tourist information to foreign visitors. By publicizing the tourism resources of the Nankai Group, we will strive to encourage even more customers to use the Nankai Group's products and services.

In February 2015, we created the promotional character "rapi:tIdier," who actively participates in events held in Japan and overseas and exhorts everyone to use the Limited Express Rapi:t for travel to Osaka.



The promotional character "rapi:tIdier"



## The Medium-term Management Plan, the "Kyoso 136 Plan"

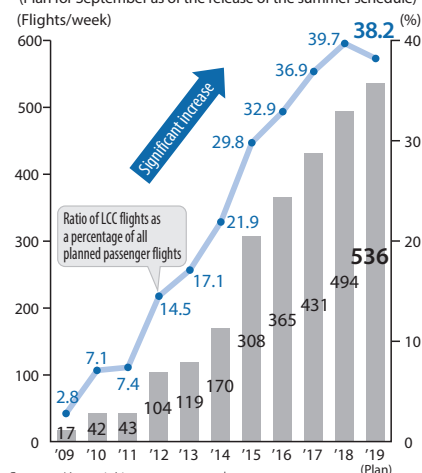
### Column 1

#### Kansai International Airport

Kansai International Airport originally commenced operations in 1994 as an offshore airport located in Osaka Bay, 5 km from shore. In August 2007, the airport opened a second runway and became the first airport in Japan to boast two long runways and operate fully 24 hours a day. The annual total of arrivals and departures (international and domestic) has risen to over 180,000, and the number of passengers passing through annually stands at 28 million. Serving 82 destination cities in 23 countries and connecting Kansai with Asia and the rest of the world, Kansai International Airport has a nearly 23% share of the market for international passengers in Japan, and is second only to Narita International Airport in size.

With the increase in LCC flights in recent years, passenger numbers have grown significantly, and a second terminal dedicated to LCC use opened in 2017. Moreover, in 2016 the Nankai Group also invested in establishing Kansai Airports, which has taken over the right to operate Kansai International Airport, together with ORIX Corporation, VINCI Airports S.A.S. of France, and others in the Kansai business community. Expectations are for even greater growth as these stakeholders bring their expertise to the airport operations.

**Change in Number of International LCC Flights at Kansai International Airport**  
(Plan for September as of the release of the summer schedule)  
(Flights/week)



### Column 2

#### Attracting Tourists to Visit Koya-san

Some 1,200 years ago, Koya-san was founded as a spiritual and physical training ground for the followers of Kukai, better known as Kobo Daishi of the Shingon sect of esoteric Buddhism in Japan. Koya-san rises 900 m above sea level. There are as many as 117 temples in the mountains, of which a notable example is Kongobuji, the main temple of the Shingon sect on Koya-san. The plateau at the top, Danjo Garan, is regarded as a sacred area. Visitors will find a variety of religious halls and towers and Buddhist and mandala images. In 2004, Koya-san was registered as a World Heritage Site and included in the "Sacred sites and pilgrimage routes in the Kii mountain range." Koya-san was awarded three stars by the Michelin Green Guide for Japan, and attracts the attention of visitors from Japan and all over the world.

In 2015, for 50 days from April through May, the "Koya-san 1,200-Year Commemoration Ceremony" was held to celebrate the twelve-hundredth anniversary of the first building of a temple on the Koya-san site. During this period, the Commemoration Ceremony attracted around 600,000 visitors from all over Japan and overseas, and the Koya-san temple grounds had an extremely festive atmosphere.



Danjo Garan



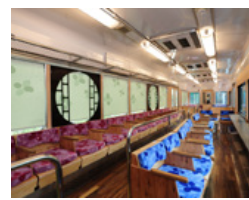
Kongobuji

#### The Tourist Trains "Tenku"

The Nankai Group is working to attract tourists to visit the Koya-san (Mount Koya) World Heritage Site, which is the prime tourist attraction located on our railway lines. In addition to promoting Koya-san as a destination, we are partnering with local residents to make the journey itself part of the experience, a pleasurable ride visitors will look forward to, through a project to reinvent the line as the Koya-san Hana (Flower) Railway. In July 2009, we launched our operation of the Tenku tourist trains with observation decks, running along the stretch of railway line between Hashimoto and Gokurakubashi stations, and it has been well received by our customers. Offering a "change of mode" concept, the cars are equipped with large windows along the sides, and evoke the forests with their deep green hue. Our passengers can enjoy a 180-degree view of one of the country's finest examples of mountain scenery from the "One View" seating in the observation deck car, the only such vehicle of its kind operated by a major private railway company in Japan.



Tenku tourist train



One View seating

The Medium-term Management Plan,  
the “Kyoso 136 Plan”

## Basic Policy 4

### Drive Urban Development Centered on Train Stations

The Nankai Group strives to enhance attractions and revitalize areas along its railway lines through redevelopment or reinforcing functions at stations to reflect features of the surrounding region.

We will work to regenerate and revitalize suburban housing estates along railway lines, including Semboku New Town, by deepening collaboration with local governments along railway lines and other associated places.

#### 1 Enhance attractions along railway lines through station redevelopment

■ Strengthen functions through redevelopment of stations to reflect features of the surrounding region

➔ Revitalize areas along railway lines

- Strengthen urban functions through multiple developments
- Utilize elevated stations in unison with local governments
- Enrich stations in such ways as renovating commercial facilities

Case: The planned revitalization of Wakayamashi Station  
(Scheduled to open in March 2020)

At Wakayamashi Station, we have begun working with the city of Wakayama on joint redevelopment of the terminal building there, creating a trigger for revitalization of the surrounding community. By carrying out a large-scale renovation of the station, our goal is not only to improve transportation convenience, but to create a vibrant urban area by developing additional offices, commercial facilities, hotels, municipal libraries and other facilities.



Image of new Wakayamashi Station

#### 2 Regenerate and revitalize suburban housing estates

■ Regenerate and revitalize suburban housing estates along railway lines, including Semboku New Town

- Conduct development projects in the areas surrounding Izumigaoka Station and enhance relocation models responding to lifestyles as well as lifestyle-related services in anticipation of the relocation of the Kindai University Faculty of Medicine and Kindai University Hospital
- Renovation of Izumigaoka Station — Enhance sales of ready-made meals to cater to the busy child-raising generations
- Collaborate and cooperate with local government administrations and other associated places

At Izumigaoka Station, some points of the platforms were widened to enhance safety while the concourse layout was completely revised.

Renovations were completed in April 2018 with the creation of an area with new stores located inside the station.

In 2023, the Kindai University Faculty of Medicine, along with Kindai University Hospital, plan to relocate to Izumigaoka, a move which is expected to increase the area's nonresident population. Utilizing the expertise accumulated through our real estate and commercial development businesses, and working with government and other related institutions, the Nankai Group will work to revitalize Izumigaoka and the rest of the Semboku area.



Renewal of Izumigaoka Station

The Medium-term Management Plan,  
the "Kyoso 136 Plan"

## Basic Policy 5

### Upgrade and Expand the Real Estate Business

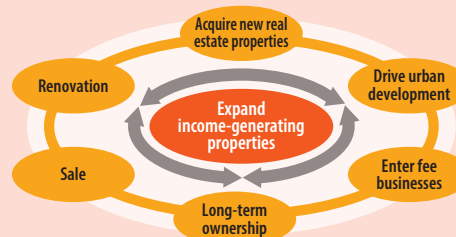
Consolidated subsidiary SEMBOKU RAPID RAILWAY CO., LTD. operates the Kitaosaka Logistics Center and is moving ahead with Phase 1 development (scheduled to open in spring 2020) and will draw up specific development plans for Phase 2 onward. We are also expanding the real estate business, moving ahead with various real estate businesses centered on areas along our railway lines, including the acquisition and development of new real estate, the renovation of existing properties, and entering fee businesses.



● Kitaosaka Logistics Center ● Higashiosaka Logistics Center

Site area	272,017 m <sup>2</sup>	Site area	187,935 m <sup>2</sup>
Operations rate	100%	Operations rate	100%

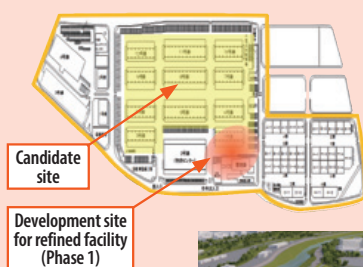
#### 1 Promote a diverse array of real estate businesses primarily in areas along our railway lines



#### 2 Refine the logistics business

##### Refine the Kitaosaka Logistics Center

- Phase 1 development of refined facility (scheduled to open in April 2020)
- Promote construction plans for Phase 2 onward



Perspective image of the new Kitaosaka Truck Terminal Building No. 1 exterior



##### Securing a seed lot for the Higashiosaka Logistics Center

##### Overview of the logistics business

In addition, our subsidiary SEMBOKU RAPID RAILWAY CO., LTD. operates the Higashiosaka and Kitaosaka logistics centers, located in one of Osaka Prefecture's key strategic transport areas, from which we offer truck terminal facilities and warehouses for use by logistics service companies. These centers have become preeminent among logistics facilities in Osaka Prefecture. The Nankai Group will work to promote advancement\* of the distribution facilities at these two logistics centers, thereby further increasing their profitability.

\* Schematic drawing of upgrade





# Financial Data

## Consolidated Balance Sheets

March 31, 2019 and 2018	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and deposits	¥ 18,359	¥ 20,723	\$ 165,635
Notes and accounts receivable—trade	23,188	17,305	209,211
Merchandise and finished goods	15,098	24,682	136,216
Work in process	424	1,019	3,827
Raw materials and supplies	2,766	2,770	24,962
Other	21,103	11,095	190,391
Allowance for doubtful accounts	(84)	(69)	(758)
<b>Total current assets</b>	<b>80,856</b>	<b>77,527</b>	<b>729,486</b>
<b>Non-current assets:</b>			
Property, plant and equipment:			
Buildings and structures, net	369,430	335,345	3,333,007
Machinery, equipment and vehicles, net	26,001	24,375	234,585
Land	354,823	354,458	3,201,221
Construction in progress	35,492	56,422	320,213
Other, net	6,674	6,092	60,214
<b>Total property, plant and equipment</b>	<b>792,422</b>	<b>776,694</b>	<b>7,149,242</b>
Intangible assets	8,219	9,140	74,156
Investments and other assets:			
Investment securities	26,511	28,473	239,186
Long-term loans receivable	100	129	907
Retirement benefit asset	90	80	817
Deferred tax assets	2,983	2,845	26,913
Other	8,669	8,583	78,212
Allowance for doubtful accounts	(1,467)	(1,429)	(13,238)
<b>Total investments and other assets</b>	<b>36,887</b>	<b>38,683</b>	<b>332,798</b>
<b>Total non-current assets</b>	<b>837,528</b>	<b>824,518</b>	<b>7,556,197</b>
<b>Total assets</b>	<b>¥918,385</b>	<b>¥902,045</b>	<b>\$8,285,683</b>

Notes: 1. Amounts of less than one million yen have been rounded down.

2. Figures stated in U.S. dollars in this report are translated from Japanese yen, solely for convenience, at the rate of ¥110.84 per \$1, the rate prevailing at March 29, 2019.

## Consolidated Balance Sheets

March 31, 2019 and 2018	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Notes and accounts payable—trade	¥ 20,807	¥ 20,332	\$ 187,729
Short-term loans payable	67,426	93,263	608,318
Current portion of bonds	20,000	—	180,440
Income taxes payable	2,714	6,488	24,491
Provision for bonuses	2,666	2,644	24,058
Provision for warranties for completed construction	1,188	355	10,724
Provision for loss on litigation	2,664	—	24,034
Other	60,483	68,182	545,686
<b>Total current liabilities</b>	<b>177,951</b>	<b>191,266</b>	<b>1,605,483</b>
<b>Non-current liabilities:</b>			
Bonds payable	90,000	90,000	811,981
Long-term loans payable	301,227	276,637	2,717,675
Deferred tax liabilities	39,579	44,888	357,089
Deferred tax liabilities for land revaluation	18,766	18,806	169,312
Retirement benefit liability	16,873	16,368	152,231
Other	32,425	31,242	292,539
<b>Total non-current liabilities</b>	<b>498,872</b>	<b>477,944</b>	<b>4,500,830</b>
<b>Total liabilities</b>	<b>676,823</b>	<b>669,210</b>	<b>6,106,313</b>
<b>NET ASSETS</b>			
<b>Shareholders' equity:</b>			
Capital stock	72,983	72,983	658,459
Capital surplus	28,105	28,105	253,565
Retained earnings	91,301	81,593	823,725
Treasury shares	(160)	(146)	(1,446)
<b>Total shareholders' equity</b>	<b>192,230</b>	<b>182,535</b>	<b>1,734,303</b>
<b>Accumulated other comprehensive income:</b>			
Valuation difference on available-for-sale securities	7,143	8,638	64,445
Revaluation reserve for land	30,953	31,037	279,261
Remeasurements of defined benefit plans	529	(354)	4,774
<b>Total accumulated other comprehensive income</b>	<b>38,625</b>	<b>39,320</b>	<b>348,481</b>
<b>Non-controlling interest</b>	<b>10,705</b>	<b>10,978</b>	<b>96,585</b>
<b>Total net assets</b>	<b>241,561</b>	<b>232,835</b>	<b>2,179,370</b>
<b>Total liabilities and net assets</b>	<b>¥918,385</b>	<b>¥902,045</b>	<b>\$8,285,683</b>

Notes: 1. Amounts of less than one million yen have been rounded down.

2. Figures stated in U.S. dollars in this report are translated from Japanese yen, solely for convenience, at the rate of ¥110.84 per \$1, the rate prevailing at March 29, 2019.

## Consolidated Statements of Income

Years ended March 31, 2019 and 2018	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
<b>Operating revenue</b>	¥227,424	¥227,874	\$2,051,826
<b>Operating expenses:</b>			
Operating expenses and cost of sales of transportation	192,252	186,034	1,734,507
Selling, general and administrative expenses	7,425	7,869	66,994
<b>Total operating expenses</b>	<b>199,678</b>	<b>193,903</b>	<b>1,801,501</b>
<b>Operating profit</b>	<b>27,745</b>	<b>33,971</b>	<b>250,324</b>
<b>Non-operating income:</b>			
Interest income	27	30	246
Dividend income	956	762	8,627
Miscellaneous income	450	439	4,062
<b>Total non-operating income</b>	<b>1,433</b>	<b>1,231</b>	<b>12,935</b>
<b>Non-operating expenses:</b>			
Interest expenses	4,598	4,905	41,490
Miscellaneous expenses	682	564	6,157
<b>Total non-operating expenses</b>	<b>5,281</b>	<b>5,470</b>	<b>47,647</b>
<b>Ordinary profit</b>	<b>23,898</b>	<b>29,733</b>	<b>215,613</b>
<b>Extraordinary income:</b>			
Contribution for construction	2,985	1,477	26,934
Insurance claim income	1,040	316	9,387
Gain on sales of non-current assets	844	—	7,621
Compensation income for expropriation	—	808	—
Gain on sales of investment securities	—	466	—
Other	512	605	4,623
<b>Total extraordinary income</b>	<b>5,383</b>	<b>3,674</b>	<b>48,566</b>
<b>Extraordinary losses:</b>			
Impairment loss	5,560	4,321	50,170
Provision for loss on litigation	2,664	—	24,034
Loss on retirement of non-current assets	1,719	1,384	15,511
Loss on disaster	1,243	1,253	11,220
Reduction entry of land contribution for construction	1,226	1,318	11,061
Other	1,344	1,300	12,132
<b>Total extraordinary losses</b>	<b>13,758</b>	<b>9,577</b>	<b>124,131</b>
<b>Profit before income taxes</b>	<b>15,522</b>	<b>23,829</b>	<b>140,048</b>
<b>Income taxes:</b>			
Income taxes—current	7,932	10,049	71,569
Income taxes—deferred	(5,249)	(1,803)	(47,364)
<b>Total income taxes</b>	<b>2,682</b>	<b>8,245</b>	<b>24,204</b>
<b>Profit</b>	<b>12,840</b>	<b>15,584</b>	<b>115,843</b>
<b>Profit (loss) attributable to non-controlling interests</b>	<b>(183)</b>	<b>865</b>	<b>(1,654)</b>
<b>Profit attributable to owners of parent</b>	<b>¥ 13,023</b>	<b>¥ 14,719</b>	<b>\$ 117,497</b>

## Consolidated Statements of Comprehensive Income

Years ended March 31, 2019 and 2018	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
<b>Profit</b>	<b>¥12,840</b>	<b>¥15,584</b>	<b>\$115,843</b>
<b>Other comprehensive income:</b>			
Valuation difference on available-for-sale securities	(1,567)	423	(14,141)
Revaluation reserve for land	1	—	17
Remeasurements of defined benefit plans, net of tax	869	984	7,840
<b>Total other comprehensive income</b>	<b>(696)</b>	<b>1,407</b>	<b>(6,282)</b>
<b>Comprehensive income</b>	<b>¥12,143</b>	<b>¥16,991</b>	<b>\$109,560</b>
Comprehensive income attributable to:			
Comprehensive income attributable to owners of parent	¥12,414	¥16,042	\$111,999
Comprehensive income attributable to non-controlling interests	(270)	948	(2,439)

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## Consolidated Statements of Changes in Equity

	Millions of yen										
	Shareholders' equity					Accumulated other comprehensive income					
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Years ended March 31, 2019 and 2018											
Balance at March 31, 2017	¥72,983	¥28,089	¥69,559	¥(104)	¥170,527	¥8,266	¥31,752	¥(1,306)	¥38,712	¥10,048	¥219,288
Changes of items during period:											
Dividends of surplus			(3,400)		(3,400)						(3,400)
Profit attributable to owners of parent			14,719		14,719						14,719
Reversal of revaluation reserve for land			715		715						715
Purchase of treasury shares				(42)	(42)						(42)
Disposal of treasury shares		0		1	1						1
Change in ownership interest of parent due to transactions with non-controlling interests		15			15						15
Net changes of items other than shareholders' equity						371	(715)	951	608	930	1,538
Total changes of items during period	—	15	12,033	(41)	12,008	371	(715)	951	608	930	13,546
Balance at March 31, 2018	72,983	28,105	81,593	(146)	182,535	8,638	31,037	(354)	39,320	10,978	232,835
Changes of items during period:											
Dividends of surplus			(3,400)		(3,400)						(3,400)
Profit attributable to owners of parent			13,023		13,023						13,023
Reversal of revaluation reserve for land			85		85						85
Purchase of treasury shares				(14)	(14)						(14)
Disposal of treasury shares		0		0	0						0
Change in ownership interest of parent due to transactions with non-controlling interests		(0)			(0)						(0)
Net changes of items other than shareholders' equity						(1,495)	(83)	883	(695)	(273)	(968)
Total changes of items during period	—	(0)	9,708	(13)	9,694	(1,495)	(83)	883	(695)	(273)	8,726
Balance at March 31, 2019	¥72,983	¥28,105	¥91,301	¥(160)	¥192,230	¥7,143	¥30,953	¥529	¥38,625	¥10,705	¥241,561

	Thousands of U.S. dollars										
	Shareholders' equity					Accumulated other comprehensive income					
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Year ended March 31, 2019											
Balance at March 31, 2018	\$658,459	\$253,567	\$736,133	\$(1,320)	\$1,646,839	\$77,935	\$280,016	\$(3,199)	\$354,752	\$99,049	\$2,100,642
Changes of items during period											
Dividends of surplus			(30,678)		(30,678)						(30,678)
Profit attributable to owners of parent			117,497		117,497						117,497
Reversal of revaluation reserve for land			773		773						773
Purchase of treasury shares				(131)	(131)						(131)
Disposal of treasury shares		0		5	5						5
Change in ownership interest of parent due to transactions with non-controlling interests		(2)			(2)						(2)
Net changes of items other than shareholders' equity						(13,489)	(755)	7,974	(6,271)	(2,464)	(8,735)
Total changes of items during period	0	(2)	87,592	(126)	87,463	(13,489)	(755)	7,974	(6,271)	(2,464)	78,728
Balance at March 31, 2019	\$658,459	\$253,565	\$823,725	\$(1,446)	\$1,734,303	\$64,445	\$279,261	\$4,774	\$348,481	\$96,585	\$2,179,370

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## Consolidated Statements of Cash Flows

Years ended March 31, 2019 and 2018	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
<b>Cash flows from operating activities:</b>			
Profit before income taxes	¥ 15,522	¥ 23,829	\$ 140,048
Depreciation	27,440	26,645	247,571
Impairment loss	5,560	4,321	50,170
Amortization of goodwill	471	477	4,249
Increase (decrease) in provision for bonuses	27	123	244
Increase (decrease) in retirement benefit liability	1,769	1,391	15,964
Increase (decrease) in allowance for doubtful accounts	52	(604)	475
Increase (decrease) in provision for loss on litigation	2,664	—	24,034
Interest and dividend income	(983)	(792)	(8,873)
Interest expenses	4,598	4,905	41,490
Loss on retirement of non-current assets	915	1,660	8,257
Reduction entry of land contribution for construction	1,226	1,318	11,061
Proceeds from contribution for construction	(2,985)	(1,477)	(26,934)
Decrease (increase) in notes and accounts receivable—trade	(8,302)	6,512	(74,905)
Decrease (increase) in inventories	3,698	(51)	33,364
Increase (decrease) in notes and accounts payable—trade	(1,091)	1,938	(9,848)
Loss on valuation of inventories	6,509	478	58,730
Increase (decrease) in accrued consumption taxes	(3,306)	746	(29,832)
Other, net	489	(142)	4,416
<b>Subtotal</b>	<b>54,276</b>	<b>71,280</b>	<b>489,686</b>
Interest and dividend income received	983	799	8,869
Interest expenses paid	(4,628)	(5,144)	(41,757)
Income taxes paid	(11,901)	(8,458)	(107,376)
<b>Net cash provided by (used in) operating activities</b>	<b>38,729</b>	<b>58,477</b>	<b>349,422</b>
<b>Cash flows from investing activities:</b>			
Purchase of non-current assets	(55,918)	(48,688)	(504,499)
Proceeds from sales of non-current assets	1,233	171	11,131
Proceeds from contribution received for construction	10,419	6,267	94,004
Purchase of investment securities	(1,169)	(8)	(10,551)
Proceeds from sales of investment securities	500	497	4,511
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	237	—	2,142
Other, net	(521)	1,091	(4,706)
<b>Net cash provided by (used in) investing activities</b>	<b>(45,219)</b>	<b>(40,669)</b>	<b>(407,968)</b>
<b>Cash flows from financing activities:</b>			
Net increase (decrease) in commercial papers	(6,000)	6,000	(54,132)
Net increase (decrease) in short-term loans payable	(8,538)	(1,523)	(77,029)
Proceeds from long-term loans payable	54,505	28,880	491,744
Repayments of long-term loans payable	(47,214)	(45,654)	(425,973)
Proceeds from issuance of bonds	19,833	19,833	178,938
Redemption of bonds	—	(20,000)	—
Cash dividends paid	(3,390)	(3,388)	(30,590)
Other, net	(562)	(577)	(5,076)
<b>Net cash provided by (used in) financing activities</b>	<b>8,632</b>	<b>(16,429)</b>	<b>77,881</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,143</b>	<b>1,379</b>	<b>19,334</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>19,721</b>	<b>18,342</b>	<b>177,925</b>
<b>Cash and cash equivalents at end of period</b>	<b>¥ 21,864</b>	<b>¥ 19,721</b>	<b>\$ 197,260</b>

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# Investor Information

Company Name	Nankai Electric Railway Co., Ltd.
Founded	December 27, 1885
Registered Head Office	5-1-60, Namba, Chuo-ku, Osaka 542-8503, Japan
Head Office	2-1-41, Shikitsuhigashi, Naniwa-ku, Osaka 556-8503, Japan
Tokyo Office	Nankai Tokyo Bldg. 8F, 5-15-1, Ginza, Chuo-ku, Tokyo 104-0061, Japan
Wakayama Office	Nankai Wakayama Bldg. 4F 3-6, Higashikuramae-cho, Wakayama 640-8203, Japan
Paid-In Capital	¥72,983 million
Issued Shares	113,402,446
Number of Shareholders	50,630
Stock Exchange Listing	Tokyo
Major Shareholders (as of March 31, 2018)	

Name	Number of Shares Held (Thousands)	Voting Rights (%)
Japan Trustee Services Bank, Ltd. (Trust account)	5,638	4.9
The Master Trust Bank of Japan, Ltd. (Trust account)	3,184	2.8
Nippon Life Insurance Company	2,484	2.1
JP MORGAN CHASE BANK 385151	1,730	1.5
Japan Trustee Services Bank, Ltd. (Trust account 5)	1,668	1.4
The Sumitomo Mitsui Trust & Banking Co., Ltd.	1,516	1.3
MUFG Bank, Ltd.	1,473	1.3
Sumitomo Mitsui Banking Corporation	1,429	1.2
The Senshu Ikeda Bank, Ltd.	1,289	1.1
GOVERNMENT OF NORWAY	1,231	1.0

Note: Voting rights exclude treasury stock of 59,672 shares.

## Directors and Corporate Auditors

Representative Director & CEO  
(President)

Teruhiko Achikita

Representative Director  
(Senior Managing Corporate Officer)

Tetsuro Kanamori

Representative Director  
(Senior Managing Corporate Officer)

Toshiyuki Takagi

Director  
(Managing Corporate Officer)

Naoto Ashibe

Director  
(Managing Corporate Officer)

Koyo Uraji

Director  
(Senior Corporate Officer)

Satoshi Kajitani

Outside Director

Kiyoshi Sono

Outside Director

Hitoshi Tsunekage

Outside Director

Miharu Koezuka

Standing Corporate Auditor

Masafumi Katsuyama

Standing Corporate Auditor

Keiichi Iwai

Outside Auditor

Masayuki Oku

Outside Auditor

Kozo Arai

Outside Auditor

Koji Aiba

Senior Corporate Officer

Yoshio Tsukuda

Senior Corporate Officer

Yasuhito Kiyohara

Senior Corporate Officer

Tetsuhiro Nishiyama

Corporate Officer

Keisuke Okamoto

Corporate Officer

Keiji Urai

Corporate Officer

Yukinari Yoshida

Corporate Officer

Shinji Wada

Corporate Officer

Yoshinori Nikaya

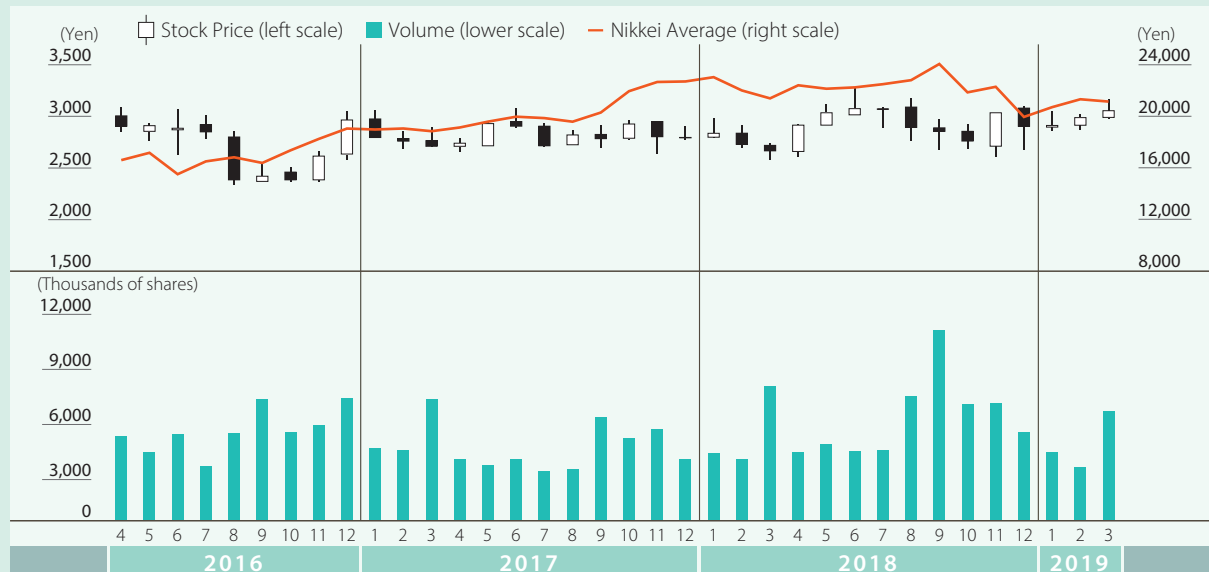
Corporate Officer

Takahiko Nishikawa

Corporate Officer

Takahiro Otsuka

## Stock Price



Note: On October 1, 2017, the Company consolidated its shares on the basis of one (1) share for every five (5) shares of common stock. It was calculated on the assumption that the consolidation of shares was conducted in the fiscal year ended March 2016.



**Nankai Electric Railway Co., Ltd.**

2-1-41, Shikitsuhigashi, Naniwa-ku, Osaka 556-8503, Japan

<http://www.nankai.co.jp/company/investor.html>

Cover: Nankai Building