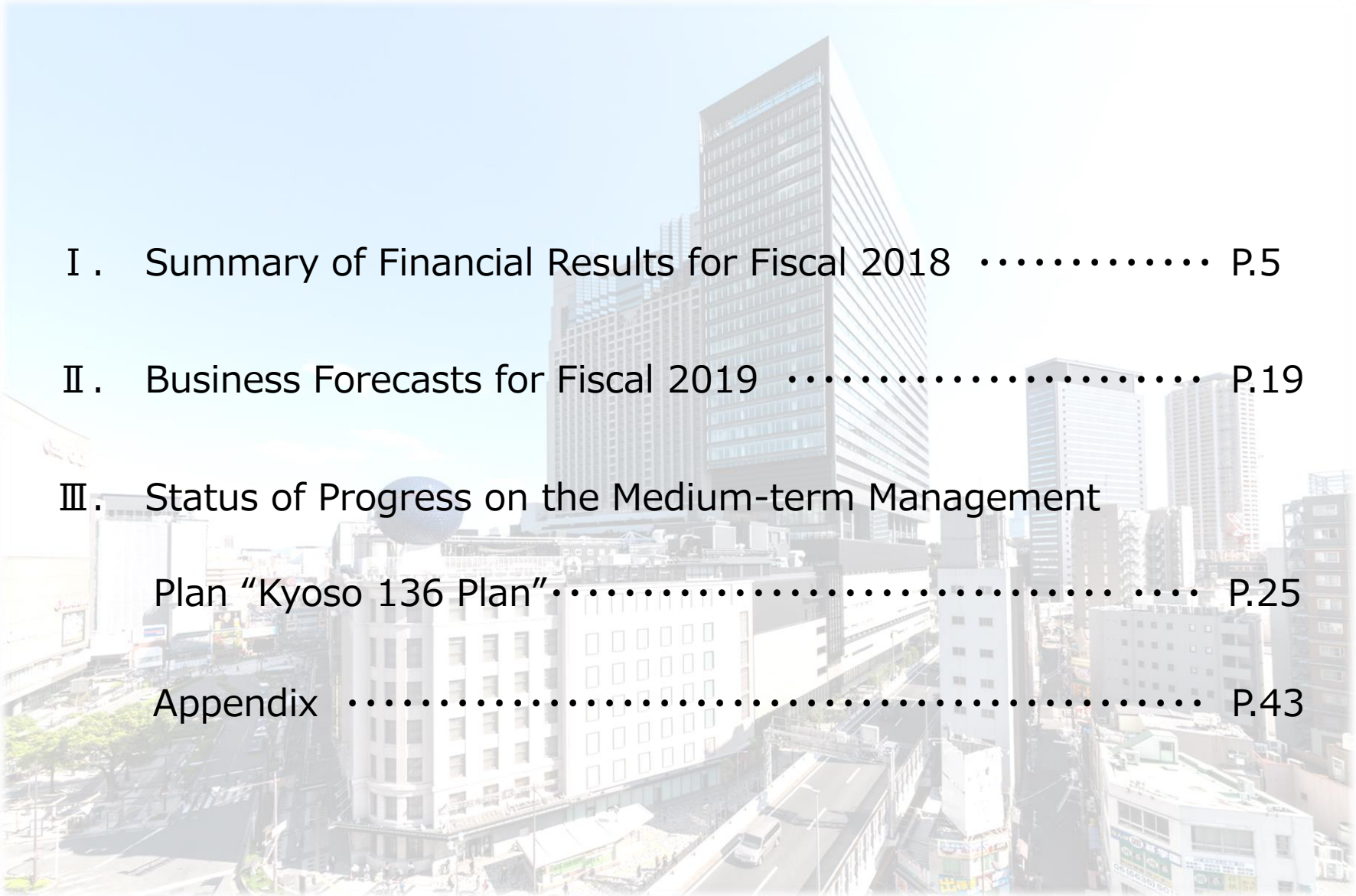




Results in FY2018 Presentation for Investments

May 24, 2019
Nankai Electric Railway Co., Ltd.
(Securities Code: 9044)



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I . Summary of Financial Results for Fiscal 2018

Summary of Financial Results for Fiscal 2018

1) Performance highlights ①

(Millions of yen, %)

	Fiscal 2017 result (A)	Fiscal 2018 result (B)	Change (B-A)	Percentage change	Previous forecast for fiscal 2018 (C)※	Change (B-C)	Percentage change
Operating revenue	227,874	227,424	△450	△0.2	229,200	△1,775	△0.8
Operating income	33,971	27,745	△6,225	△18.3	31,500	△3,754	△11.9
Ordinary income	29,733	23,898	△5,834	△19.6	27,500	△3,601	△13.1
Profit attributable to owners of parent	14,719	13,023	△1,695	△11.5	20,000	△6,976	△34.9

<Main reasons for changes from previous year>

Operating revenue	Operating revenue declined mainly due to a decrease in condominium sales and revision of the contract format for the station premises business, despite an increase in net sales of completed construction contracts in the Construction segment, and transportation services for airport passengers remaining firm throughout the year in the Transportation segment.
Operating income	Operating income decreased due to the recording of loss on valuation of real estate for sale, in addition to increases in personnel expenses and depreciation and amortization.
Ordinary income	Ordinary income decreased, despite a decrease in interest expenses and an increase in dividend income.
Profit attributable to owners of parent	The decrease in profit attributable to owners of parent was mitigated partly by a decrease in taxable income and decline in income taxes due to a revision in the recoverability of deferred tax assets, despite the recording of an impairment loss on leisure facilities and other items.

<Main reasons for changes: Differences from previous forecasts>

Earnings decreased due to the recording of loss on valuation of real estate for sale and impairment loss, in addition to lower revenue due to a decrease in orders for remodeling work.

※ Previous forecast for fiscal 2018 (C) represents figures as of the previous earnings presentation on November 20, 2018.

Summary of Financial Results for Fiscal 2018

1) Performance highlights ②

(Millions of yen, %)

	Fiscal 2017 result (A)	Fiscal 2018 result (B)	Change (B-A)	Percentage change	Previous forecast for fiscal 2018 (C)※ 1	Change (B-C)	Percentage change
Investment	43,653	43,538	△114	△0.3	63,700	△20,161	△31.7
Depreciation and amortization	26,645	27,440	795	3.0	27,600	△159	△0.6
EBITDA	61,378	56,143	△5,235	△8.5	60,000	△3,856	△6.4
Interest-bearing debt	465,901	478,653	12,752	2.7	499,700	△21,046	△4.2
Ratio of Interest-Bearing Debt to EBITDA	7.6times	8.5times	0.9pt	—	8.3times	0.2pt	—

<Main reasons for changes from previous year>

Depreciation and amortization : Increased mainly due to the opening of NAMBA SkyO

Interest-bearing debt : Increased mainly due to payment of the construction cost for NAMBA SkyO

<Main reasons for changes: Differences from previous forecasts>

Investment : Mainly reflects a decline in growth investments in anticipation of the acquisition of Namba Midosuji Center Building (beneficial interests in trust) in the following fiscal year

※ 1 "Previous forecast for fiscal 2018 (C)" represents figures as of the previous earnings presentation on November 20, 2018.

※ 2 Operating income + Dividend income + Depreciation and amortization

(Reference) The ratio of interest-bearing debt to EBITDA would be 7.7 times when calculated by adjusting EBITDA under "Fiscal 2018 result (B)" for the impact of the loss on valuation of real estate for sale that was recorded in connection with revision of the residential development business and other operations.

2) Status of assets, liabilities and net assets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019	Change	Main reasons for changes
Current assets	77,527	80,856	3,328	<ul style="list-style-type: none"> ● Current assets Increases in securities and accounts receivable. Decrease in merchandise (loss on valuation of real estate for sale)
Non-current assets	824,518	837,528	13,010	<ul style="list-style-type: none"> ● Non-current assets Capital investment +¥43.5 billion Progress on depreciation △¥27.4 billion
Total assets	902,045	918,385	16,339	
Total liabilities	669,210	676,823	7,612	<ul style="list-style-type: none"> ● Liabilities Increase in borrowings +¥12.7 billion Decrease in accounts payable △¥5.9 billion
Net assets	232,835	241,561	8,726	<ul style="list-style-type: none"> ● Net assets Profit attributable to owners of parent +¥13.0 billion Dividends paid △¥3.4 billion
Total liabilities and net assets	902,045	918,385	16,339	

3) Status of cash flows

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019	Change	Main reasons for changes
Cash flows from operating activities	58,477	38,729	△19,747	<ul style="list-style-type: none"> ● Cash flows from operating activities <ul style="list-style-type: none"> Decrease (increase) in trade receivables △¥14.8 billion Increase (decrease) in accrued consumption taxes △¥4.0 billion Increase (decrease) in trade payables △¥3.0 billion Other +¥2.1 billion
Cash flows from investing activities	△40,669	△ 45,219	△4,550	<ul style="list-style-type: none"> ● Cash flows from investing activities <ul style="list-style-type: none"> Purchase of non-current assets △¥7.2 billion Purchase of investment securities △¥1.1 billion Proceeds from contributions for construction +¥4.1 billion Other △¥0.3 billion
Cash flows from financing activities	△16,429	8,632	25,061	<ul style="list-style-type: none"> ● Cash flows from financing activities <ul style="list-style-type: none"> Increase (decrease) in interest-bearing debt +¥25.0 billion ○ Fiscal 2018 <ul style="list-style-type: none"> Bonds Payable +¥20.0 billion Loans payable △¥1.2 billion Commercial paper △¥6.0 billion ○ Fiscal 2017 <ul style="list-style-type: none"> Loans payable △¥18.2 billion Commercial paper +¥6.0 billion
Cash and cash equivalents at end of period	19,721	21,864	2,143	

Segment Information (Fiscal 2018)

Status of segment composition (as of March 31, 2019)

【Consolidated subsidiaries: 55, non-consolidated subsidiaries: 13, affiliates: 7 (including 1 equity-method affiliate)】

Change (from March 31, 2018)

Decrease in consolidated subsidiaries: 3 : TTS Co., Ltd. (merger within the Group)

Nankai Retail Planning Corporation (merger within the Group)

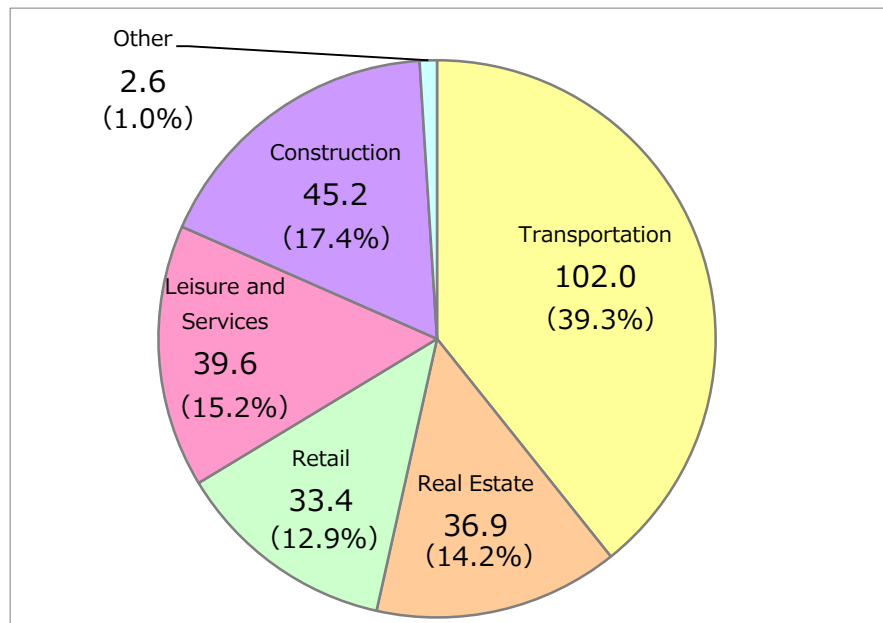
Keihan Electrical Co., Ltd. (share transfer)

Establishment of new non-equity method affiliate: 1

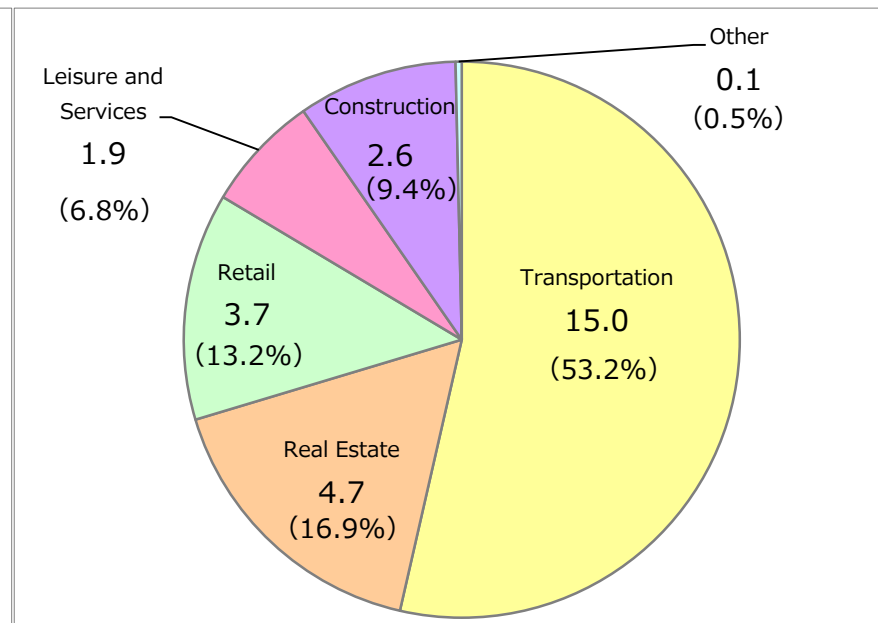


※Nankai Electric Railway Co., Ltd. (the Company) is included in duplicate in the Transportation, Real Estate, Retail, and Leisure and Services segments. SEMBOKU RAPID RAILWAY CO., LTD. is included in duplicate in the Transportation and Real Estate segments

Operating revenue (Billions of yen)



Operating income (Billions of yen)



Segment Information (Fiscal 2018)

1) Segment operating revenue and operating income (YoY comparison)

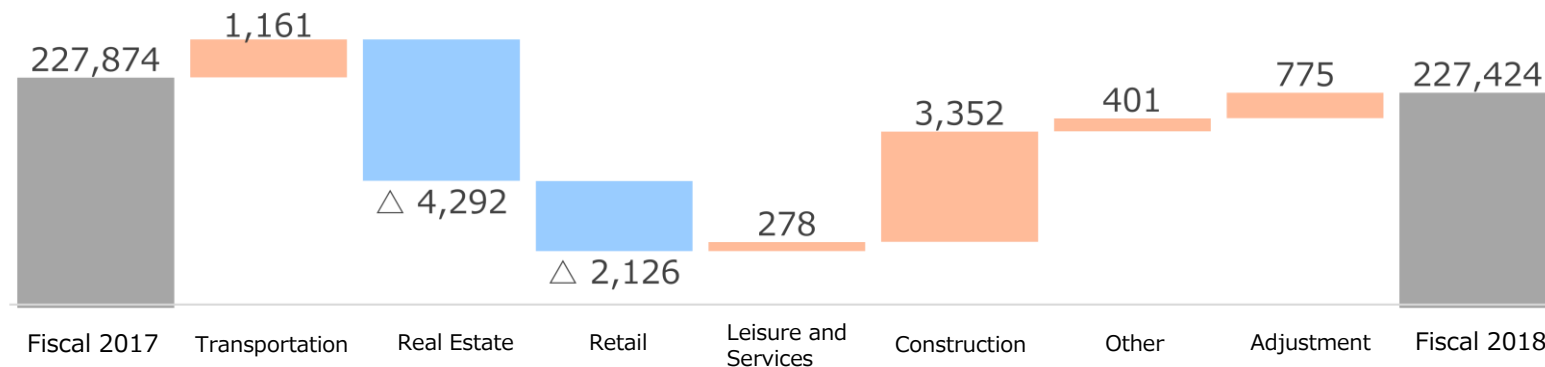
(Millions of yen, %)

	Operating revenue				Operating income			
	Fiscal 2017 result	Fiscal 2018 result	Change	Percentage change	Fiscal 2017 result	Fiscal 2018 result	Change	Percentage change
Transportation	100,889	102,051	1,161	1.2	15,004	15,033	28	0.2
Real Estate	41,248	36,956	△4,292	△10.4	11,347	4,776	△6,571	△57.9
Retail	35,608	33,482	△2,126	△6.0	4,011	3,715	△295	△7.4
Leisure and Services	39,362	39,640	278	0.7	1,847	1,922	75	4.1
Construction	41,849	45,201	3,352	8.0	2,337	2,655	318	13.6
Other	2,278	2,680	401	17.6	178	153	△24	△14.0
Adjustment	△33,363	△ 32,587	—	—	△755	△ 511	—	—
Total	227,874	227,424	△450	△0.2	33,971	27,745	△6,225	△18.3

1) Segment operating revenue and operating income (YoY comparison)

(Millions of yen)

Operating revenue



Operating income



2) Segment operating revenue and operating income (Differences from previous forecasts)

(Millions of yen , %)

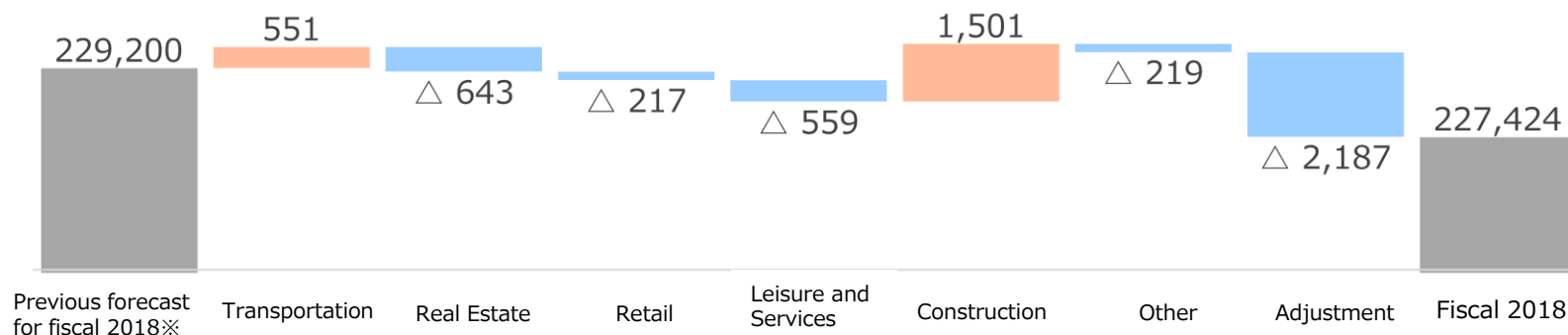
	Operating revenue				Operating income			
	Previous forecast for fiscal 2018※	Fiscal 2018 result	Change	Percentage change	Previous forecast for fiscal 2018※	Fiscal 2018 result	Change	Percentage change
Transportation	101,500	102,051	551	0.5	13,500	15,033	1,533	11.4
Real Estate	37,600	36,956	△643	△1.7	10,400	4,776	△5,623	△54.1
Retail	33,700	33,482	△217	△0.6	3,800	3,715	△84	△2.2
Leisure and Services	40,200	39,640	△559	△1.4	1,700	1,922	222	13.1
Construction	43,700	45,201	1,501	3.4	2,400	2,655	255	10.6
Other	2,900	2,680	△219	△7.6	100	153	53	53.8
Adjustment	△30,400	△ 32,587	—	—	△400	△ 511	—	—
Total	229,200	227,424	△1,775	△0.8	31,500	27,745	△3,754	△11.9

※ "Previous forecast for fiscal 2018" represents figures as of the previous earnings presentation on November 20, 2018.

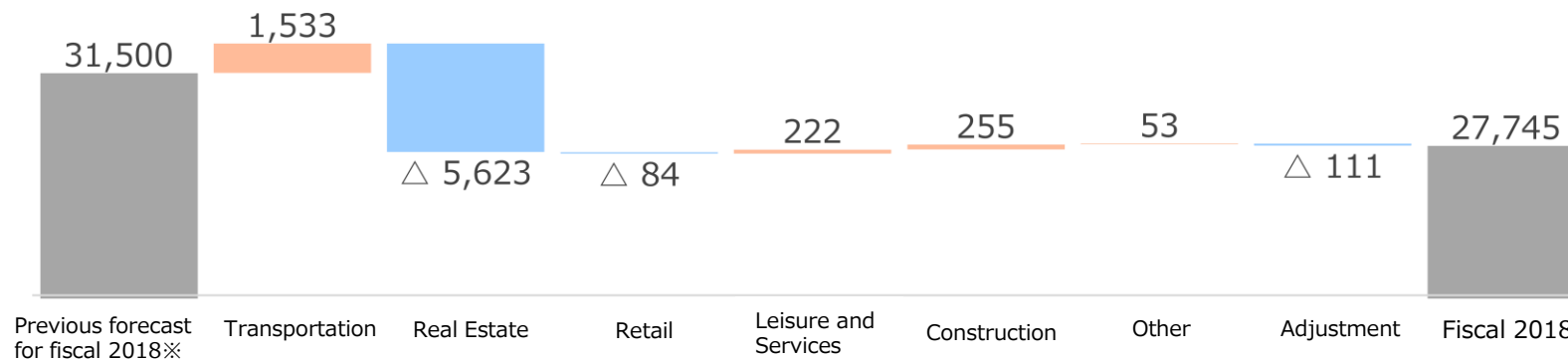
2) Segment operating revenue and operating income (Differences from previous forecasts)

(Millions of yen)

Operating revenue



Operating income



※ "Previous forecast for fiscal 2018" represents figures as of the previous earnings presentation on November 20, 2018.

Segment Information (Fiscal 2018)

3) Performance in the Transportation segment (Higher profit on higher sales)

(Millions of yen , %)

	Fiscal 2017	Fiscal 2018	Change	Percentage change	Main reasons for changes	
Railway business	68,502	69,123	620	0.9	<ul style="list-style-type: none"> ●Railway business (Revenue) Airport Line+¥0.3 billion、 Existing lines+¥0.1 billion (Profit) Increase in repair expenses, despite higher revenue△¥0.6 billion Increase in personnel expenses△¥0.5 billion Decrease in power costs+¥0.4 billion 	
Bus business	26,621	27,347	726	2.7		
Other transportation businesses	12,359	12,870	510	4.1		
Adjustment (intra segment)	△6,594	△ 7,290	—	—		
Operating revenue	100,889	102,051	1,161	1.2	<ul style="list-style-type: none"> ●Bus business (Revenue) Charter bus+¥0.2 billion Airport limousine bus+¥0.1 billion (Profit) Increase in fuel costs△¥0.2 billion Increase in personnel expenses△¥0.1 billion 	
Operating income	15,004	15,033	28	0.2		
Main components	Railway business	11,705	11,580	△125	△1.1	<ul style="list-style-type: none"> ●Other transportation businesses (Revenue) Rolling stock and vehicle maintenance business +¥0.3 billion
	Bus business	2,773	2,921	148	5.4	

Segment Information (Fiscal 2018)

Revenue from railway passengers and passengers carried (non-consolidated)

(Millions of yen, thousands of passengers, %)

All lines		Fiscal 2017 result	Fiscal 2018 result	Percentage change
Passenger revenue	Non-commuter passes	35,464	35,918	1.3
	Commuter passes	22,488	22,526	0.2
	Total	57,953	58,445	0.9
Passengers carried	Non-commuter passes	97,911	98,886	1.0
	Commuter passes	140,568	140,949	0.3
	Total	238,479	239,835	0.6

(Millions of yen, thousands of passengers, %)

Airport lines		Fiscal 2017 result	Fiscal 2018 result	Percentage change
Passenger revenue	Non-commuter passes	8,775	9,046	3.1
	Commuter passes	1,395	1,448	3.8
	Total	10,170	10,494	3.2
Passengers carried	Non-commuter passes	10,678	11,075	3.7
	Commuter passes	4,475	4,506	0.7
	Total	15,153	15,581	2.8

Segment Information (Fiscal 2018)

4) Performance in the Real Estate segment (lower profit on lower revenue)

(Millions of yen , %)

	Fiscal 2017 result	Fiscal 2018 result	Change	Percentage change	Main reasons for changes	
Real estate rental business	25,649	27,526	1876	7.3	● Real estate rental business (Revenue) Increase in newly acquired properties	
Real estate sales business	16,112	10,309	△5,803	△36.0	· NAMBA SkyO (opened in October 2018) · POSCO OSAKA Building (acquired in July 2018)	
Adjustment (intra-segment)	△513	△ 879	—	—	· HATAGO INN Kansai Airport (opened in March 2018) (Profit)	
Operating revenue	41,248	36,956	△4,292	△10.4	Increase in expenses (expenses for opening NAMBA SkyO, etc.) as well as depreciation and amortization	
Operating income	11,347	4,776	△6,571	△57.9	● Real estate sales business (Revenue) ○ Fiscal 2018 VERITE TONDABAYASHI +¥2.4 billion GRAND MARK CITY Higashi-Muko Station +¥1.7 billion	
Main components	Real estate rental business	10,858	10,937	78	0.7	○ Fiscal 2017 GRAND MARK CITY Higashi-Muko Station +¥5.9 billion VERITE BENTENTYO +¥3.1 billion
	Real estate sales business	776	△ 5,851	△6,627	—	(Profit) Recording of loss on valuation of real estate for sale due to revision of residential development business and other operations +¥6.3 billion

5) Performance in the Retail segment (lower profits on lower sales)

(Millions of yen , %)

	Fiscal 2017 result	Fiscal 2018 result	Change	Percentage change	Main reasons for changes	
Management of shopping centers	15,200	15,085	△115	△0.8	<ul style="list-style-type: none"> ● Management of shopping centers (Revenue) <ul style="list-style-type: none"> · NAMBA PARKS △¥0.1 billion (Decreased due to the rebound from the positive effect of reopening the facility following renovations in fiscal 2017) <ul style="list-style-type: none"> · Shopping facility in front of Izumigaoka Station △¥0.0billion · Panjo (in front of Izumigaoka Station) △¥0.0billion · NAMBA CITY +¥0.1 billion · Opening of new station shopping center inside Izumigaoka Station 	
Station premises business	21,750	19,620	△2,129	△9.8		
Other retail operations	1,814	1,513	△300	△16.6		
Adjustment (intra-segment)	△3,156	△ 2,737	—	—		
Operating revenue	35,608	33,482	△2,126	△6.0	(Profit) Increase in expenses (Expenses related to the renovation of NAMBA CITY and other items)	
Operating income	4,011	3,715	△295	△7.4	<ul style="list-style-type: none"> ● Station premises business (Revenue) 	
Main components	Management of shopping centers	2,801	2,466	△334	△11.9	Decrease due to revision of the contract format for the ekimo business △¥1.9 billion Decrease due to the termination of contract for stores in subway stations △¥0.1 billion
	Station premises business	1,200	1,221	20	1.7	

6) Performance in the Leisure and Services segment (higher profit on higher revenue)

(Millions of yen , %)

		Fiscal 2017 result	Fiscal 2018 result	Change	Percentage change	Main reasons for changes
Building maintenance operations		24,314	25,078	763	3.1	● Building maintenance operations (Revenue) Increases in building maintenance revenue and equipment-related work (Profit) Higher profit on higher revenue
Other leisure and services operations		17,258	16,774	△484	△2.8	
Adjustment (intra-segment)		△2,211	△ 2,212	—	—	● Other leisure and services operations (Revenue) Hotel and Japanese-style guesthouse operations: △¥0.5 billion Impact of temporary closure of Hotel Nakanoshima due to renovation Rental of motorboat racing facilities +¥0.1 billion Increase in revenue due to solid sales of betting tickets (bets made via telephone, etc.)
Operating revenue		39,362	39,640	278	0.7	
Operating income		1,847	1,922	75	4.1	
Main components	Building maintenance operations	941	1,085	144	15.3	

7) Performance in the Construction segment (higher profit on higher revenue)

(Millions of yen , %)

	Fiscal 2017 result	Fiscal 2018 result	Change	Percentage change	Main reasons for changes
Construction	41,889	45,244	3,355	8.0	Higher profit on higher revenue due to increase in net sales of completed construction contracts
Adjustment (intra-segment)	△40	△ 43	—	—	
Operating revenue	41,849	45,201	3,352	8.0	
Operating income	2,337	2,655	318	13.6	

8) Performance in the Other segment (lower profit on higher revenue)

(Millions of yen , %)

	Fiscal 2017 result	Fiscal 2018 result	Change	Percentage change	Main reasons for changes
Other	2,300	2,687	387	16.8	Profit decreased due to an increase in cost of sales and other items, despite higher revenue atop increased systems development revenue
Adjustment (intra-segment)	△21	△ 6	—	—	
Operating revenue	2,278	2,680	401	17.6	
Operating income	178	153	△24	△14.0	

9) Investment and EBITDA by segment

(Millions of yen)

	Investment			EBITDA※1		
	Fiscal 2017 result (A)	Fiscal 2018 result (B)	Difference (B-A)	Fiscal 2017 result (A)	Fiscal 2018 result (B)	Difference (B-A)
Transportation	16,707	15,307	△1,399	29,927	30,120	192
Real Estate	23,003	24,028	1,024	17,284	11,503	△5,780
Retail	2,144	1,786	△358	8,761	8,352	△408
Leisure and Services	1,591	2,288	696	3,470	3,506	35
Construction	204	113	△90	2,488	2,830	341
Other	0	13	12	189	168	△20
Adjustment	—	—	—	※2△743	※2△339	—
Total	43,653	43,538	△114	61,378	56,143	△5,235

※1 Operating income + Dividend income + Depreciation and amortization

※2 Adjustment for EBITDA is the sum of intersegment eliminations and dividend income.

II. Business Forecasts for Fiscal 2019

1) Performance highlights

(Millions of yen)

	Fiscal 2018 result	Fiscal 2019 forecast	Change	Main reasons for changes
Operating revenue	227,424	237,400	9,975	● Operating revenue Revenue to increase mainly based on a full-year contribution from NAMBA SkyO and an increase in condominium sales in the Real Estate segment, along with a rebound from the negative impact of suspending operations due to a typhoon in the previous fiscal year in the Transportation segment.
Operating income	27,745	34,100	6,354	● Operating income (record-high profit)
Ordinary income	23,898	30,300	6,401	Profit to increase substantially based on a rebound from the recording of loss on valuation of real estate for sale in the previous fiscal year, which will outweigh a projected decline in profit due to increases in repair expenses and depreciation in the Transportation segment
Profit attributable to owners of parent	13,023	20,000	6,976	● Profit attributable to owners of parent (record-high profit)
Investment	43,538	60,300	16,761	Profit to increase based on a rebound from the recording of an impairment loss in the previous fiscal year, in addition to higher ordinary income
Depreciation and amortization	27,440	29,600	2,159	● Investment Increase in growth investments (acquisition of real estate rental properties) and other items
EBITDA※1	56,143	64,700	8,556	● Depreciation and amortization Increase due to the opening of NAMBA SkyO in October of the previous fiscal year and other initiatives
Interest-bearing debt	478,653	474,800	△3,853	
Ratio of Interest-Bearing Debt to EBITDA	8.5times	7.3times	△1.2pt	

※1 Operating income + Dividend income + Depreciation and amortization

2) Segment operating revenue

(Millions of yen)

	Fiscal 2018 result	Fiscal 2019 forecast	Change	Main reasons for changes
Transportation	102,051	103,700	1,648	● Transportation Railway business Transportation revenue +¥0.8 billion (Nankai + Semboku) (Including Airport Line +¥0.3 billion) ¥69.9 billion +¥0.7 billion Bus business Airport limousine bus +¥0.2 billion and others ¥28.0 billion +¥0.6 billion
Real Estate	36,956	43,800	6,843	● Real Estate Real estate rental business Full-year contribution from NAMBA SkyO +¥2.8 billion, newly acquired properties +¥0.4 billion ¥31.0 billion +¥3.4 billion Real estate sales business Condominium sales +¥2.4 billion ¥13.3 billion +¥2.9 billion
Retail	33,482	33,600	117	● Retail Management of shopping centers ¥15.1 billion +¥0.0 billion
Leisure and Services	39,640	41,500	1,859	● Leisure and Services Building maintenance operations Increase in construction revenue ¥26.0 billion +¥0.9 billion
Construction	45,201	44,200	△1,001	● Construction Decrease in net sales of completed construction contracts
Other	2,680	3,700	1,019	
Adjustment	△32,587	△ 33,100	—	
Total	227,424	237,400	9,975	

3) Segment operating income

(Millions of yen)

	Fiscal 2018 result	Fiscal 2019 forecast	Change	Main reasons for changes
Transportation	15,033	14,300	△733	● Transportation Railway business ¥11.0 billion +¥0.5 billion Increases in repair expenses and depreciation and amortization, despite higher revenue Bus business ¥28.0 billion +¥0.1 billion Increases in personnel expenses and depreciation and amortization, despite higher revenue
Real Estate	4,776	12,000	7,223	● Real Estate Real estate rental business ¥11.6 billion +¥0.6 billion Full-year contribution from NAMBA SkyO +¥1.4 billion Increases in repair expenses and depreciation and amortization for existing properties Real estate sales business ¥0.6 billion +¥6.4 billion Rebound from the recording of loss on valuation of real estate for sale in the previous fiscal year
Retail	3,715	3,600	△115	● Retail Management of shopping centers ¥2.4 billion △¥0.0 billion
Leisure and Services	1,922	2,100	177	● Leisure and Services Building maintenance operations ¥1.0 billion △¥0.0 billion Increase in personnel expenses, despite higher revenue
Construction	2,655	2,400	△255	● Construction Lower profit on lower revenue
Other	153	200	46	
Adjustment	△511	△ 500	—	
Total	27,745	34,100	6,354	

4) Investment and EBITDA by segment

(Millions of yen)

	Investment				EBITDA※		
	Fiscal 2018 result (A)	Fiscal 2019 forecast (B)	Difference (B-A)		Fiscal 2018 result (A)	Fiscal 2019 forecast (B)	Difference (B-A)
Transportation	15,307	26,500	11,192	<Investments to expand profits ¥26.5 billion>	30,120	30,400	279
Real Estate	24,028	26,500	2,471	•Investments related to the urban development of Namba (Development of the former Mabuchi Seikatsukan, etc) ¥4.1 billion	11,503	19,800	8,296
Retail	1,786	5,100	3,313	•Investments related to inbound tourism (Station service equipment compatible with QR codes, etc) ¥0.9 billion	8,352	8,100	△252
Leisure and Services	2,288	3,400	1,111	•Investments related to urban development centered on train stations (Revitalization of Wakayamashi Station, etc) ¥3.1 billion	3,506	3,900	393
Construction	113	100	△13	•Upgrading and expansion of the real estate business, etc	2,830	2,600	△230
Other	13	0	△13	(Acquire new income-generating properties, etc) ¥14.1 billion	168	200	31
Adjustment	—	△ 1,300	—	<Safety and refurbishment investments ¥33.8 billion>	△339	△ 300	—
				•Railway-related construction work			
				Manufacture rolling stock, refurbish station service equipment, etc ¥14.3 billion			
				•Real estate and distribution facility construction			
Total	43,538	60,300	16,761	(Renovation of existing facilities at Nankai Terminal Building, etc) ¥8.4 billion	56,143	64,700	8,556
				•Others (Refurbishment of buses, etc)			

※1 Operating income + Dividend income + Depreciation and amortization

※2 Adjustment for EBITDA is the sum of intersegment eliminations and dividend income.

5) Transportation segment: Revenue from railway passengers and passengers carried (non-consolidated)

(Millions of yen, thousands of passengers, %)

All lines		Fiscal 2017 result	YoY percentage change	Fiscal 2018 result	YoY percentage change	Fiscal 2019 forecast	YoY percentage change
Passenger revenue	Non-commuter passes	35,464	2.0	35,918	1.3	36,714	2.2
	Commuter passes	22,488	0.4	22,526	0.2	22,660	0.6
	Total	57,953	1.3	58,445	0.9	59,374	1.6
Passengers carried	Non-commuter passes	97,911	1.4	98,886	1.0	100,281	1.4
	Commuter passes	140,568	0.7	140,949	0.3	142,652	1.2
	Total	238,479	1.0	239,835	0.6	242,933	1.3

(Millions of yen, thousands of passengers, %)

Airport lines		Fiscal 2017 result	YoY percentage change	Fiscal 2018 result	YoY percentage change	Fiscal 2019 forecast	YoY percentage change
Passenger revenue	Non-commuter passes	8,775	14.1	9,046	3.1	9,373	3.6
	Commuter passes	1,395	3.8	1,448	3.8	1,450	0.2
	Total	10,170	12.6	10,494	3.2	10,824	3.1
Passengers carried	Non-commuter passes	10,678	11.7	11,075	3.7	11,583	4.6
	Commuter passes	4,475	4.9	4,506	0.7	4,720	4.7
	Total	15,153	9.6	15,581	2.8	16,303	4.6

Ⅲ. Status of Progress on the Medium-term Management Plan “Kyoso 136 Plan”

Key Themes of the Nankai Group Management Vision 2027

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

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

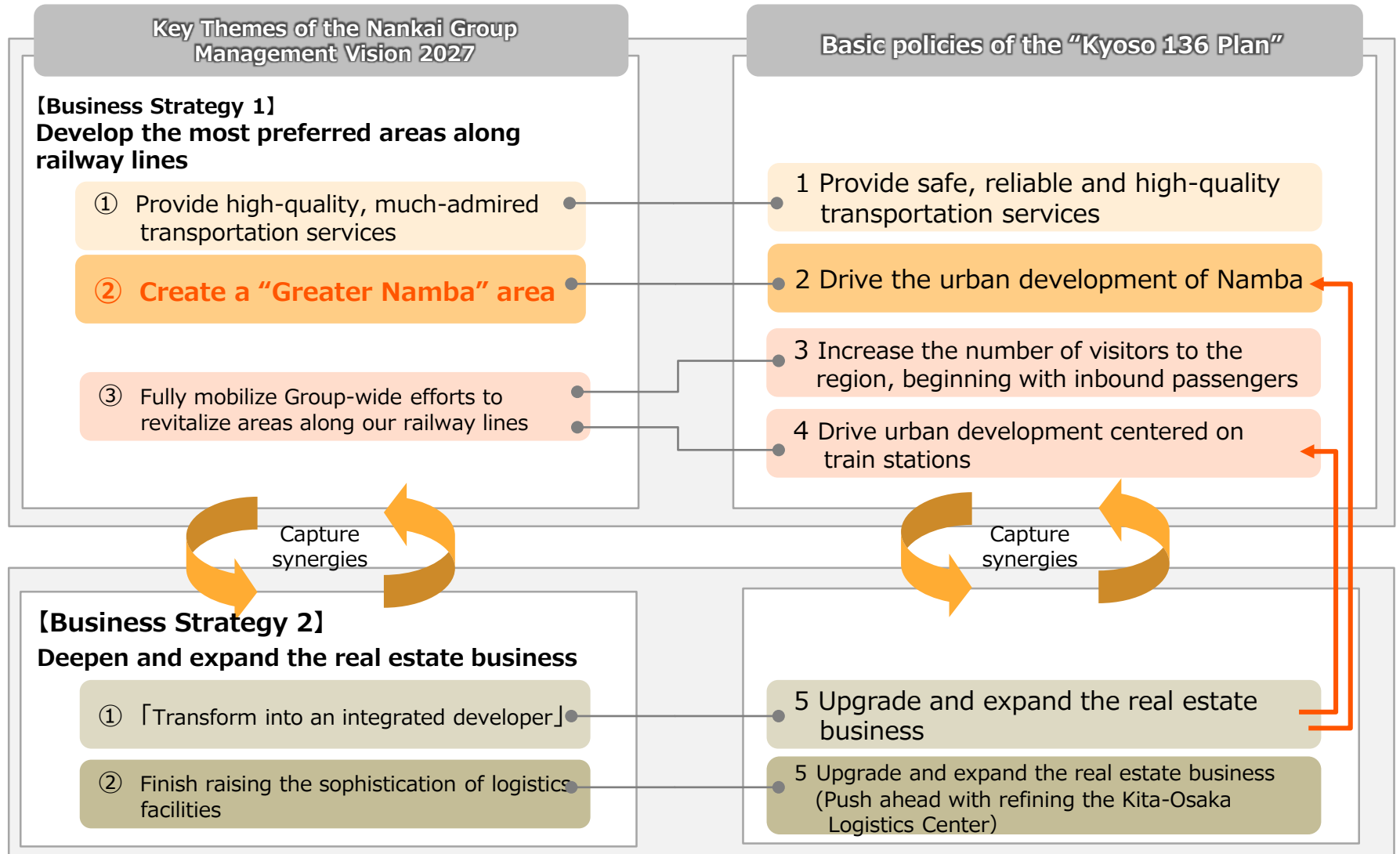
Phase1
“Kyoso 136 Plan”
 Fiscal 2018 to Fiscal 2020

Phase2
 Medium-term
 management plan

Phase3
 Medium-term
 management plan

Positioning

- First 3 years in the run-up to achieving the Nankai Group Management Vision 2027 (Fiscal 2018 to Fiscal 2020): Period for Laying a Foundation
- A 3-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



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

Consolidated Numerical Targets

	Fiscal 2020 Target	Fiscal 2018 result	Fiscal 2019 forecast
Operating income ^{※1}	¥37.0 billion	¥28.7 billion	¥35.1 billion
Ratio of Interest-Bearing Debt to EBITDA ^{※2}	7.5times or less	8.5times ^{※3}	7.3times
[Reference] ROE	7.8%		

※1 Operating income + Dividend income

※2 Operating income + Dividend income + Depreciation and amortization

※3 In fiscal 2018, a loss on valuation of real estate for sale in connection with the revision of the residential development business and other operations was recorded as cost of sales. Based on EBITDA calculated excluding the aforementioned impact, the ratio of interest-bearing debt to EBITDA would be 7.7 times.

<Investment plan for fiscal 2018 to fiscal 2020>

Investment	Main components (Billions of yen)
Investments to expand profits ¥77.3 billion	• Investments related to the urban development of Namba 19.6
	• Investments related to inbound tourism 4.2
	• Investments related to urban development centered on train stations 4.6
	• Upgrading and expansion of the real estate business, etc 40.0
	• Other investments to increase revenue 8.2
Safety and refurbishment investments ¥76.3 billion	• Railway-related construction work 39.0
	• Construction on existing real estate and distribution facilities 20.5
Total: ¥153.6 billion	

※ At present, the total amount of investment for the 3 years (from fiscal 2018 to fiscal 2020) has not changed from the initial plan announced on May 18, 2018.

1 Provide safe, reliable and high-quality transportation services

- Focused on restoration efforts following natural disasters (particularly Typhoon No. 21)
- Installed automatic platform gates on Platform No.1 at Namba Station
- Refurbished rolling stock (12 railcars on the Nankai Line, and 4 cable cars)
- Remodeled restrooms in stations (14 stations)

2 Drive the urban development of Namba

- Opened NAMBA SkyO
- Made preparations to open an employment and meeting center for foreigners
 - Started construction of new buildings
 - Invested in YOLO JAPAN CORPORATION, which is advancing an employment support services business for foreigners
 - YOLO JAPAN CORPORATION and a Nankai Group company concluded a business alliance agreement.
- Opened JUNGLE Namba, an outdoor park oasis

3 Increase the number of visitors to the region, beginning with inbound passengers

- Upgraded and expanded the environment for receiving foreign travelers visiting Japan
(Deployed electronic payment services such as Alipay, phased in a multilingual train broadcasting system, and installed "Hands-Free Travel" counters, etc.)
- Initiated the Koya-san Sightseeing Enhancement Project
- Initiated the Kada Renovation Town Development Project

4 Drive urban development centered on train stations

- Wakayamashi Station: Promote the Wakayamashi Station revitalization plan
- Izumigaoka Station: Renovated the concourse near the ticket gates and opened a new station shopping area
- Panjo was contracted to conduct property management of JOYPARK Izumigaoka*

* JOYPARK Izumigaoka: A shopping mall that opened in the area around Semboku New Town Izumigaoka Station in 2000

5 Upgrade and expand the real estate business

- Invested in income-generating real estate properties that contribute to urban development (3 properties)
- Started construction on the Kita-Osaka Logistics Center (Phase 1 building)

Enhance the safety and reliability of transportation and foster an even stronger safety culture, and execute initiatives to develop the most preferred areas along railway lines

Initiatives

Fiscal 2019

- (1) Continuously implement safety enhancement measures
- (2) Revise the train schedule for the Nankai Line (for more convenient access to the Airport Line)
- (3) Refurbishment of rolling stock and remodeling of restrooms in stations

- Steadily enhance the operational safety of railways and the safety of facilities against the perils of earthquake, storm and flooding damage



Example: Seismic reinforcement of columns and stations



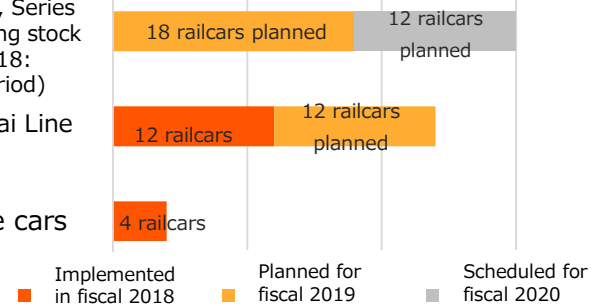
Example: Install measuring instruments on bridge piers

- Systematically refurbish 58 railcars (from fiscal 2018 to fiscal 2020)

Koya Line, Series 6000 rolling stock (Fiscal 2018: design period)

Nankai Line

Cable cars



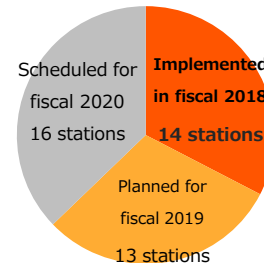
- Enhance the safety of station platforms and railroad crossings



◁ Install large automatic platform gates on Platform No.1 at Namba Station (March 2019)

- Systematic renewal of 43 restrooms in stations (fiscal 2018 to fiscal 2020)

Promote the Station Restroom Renewal Project



Example: Restroom in Gokurakubashi Station

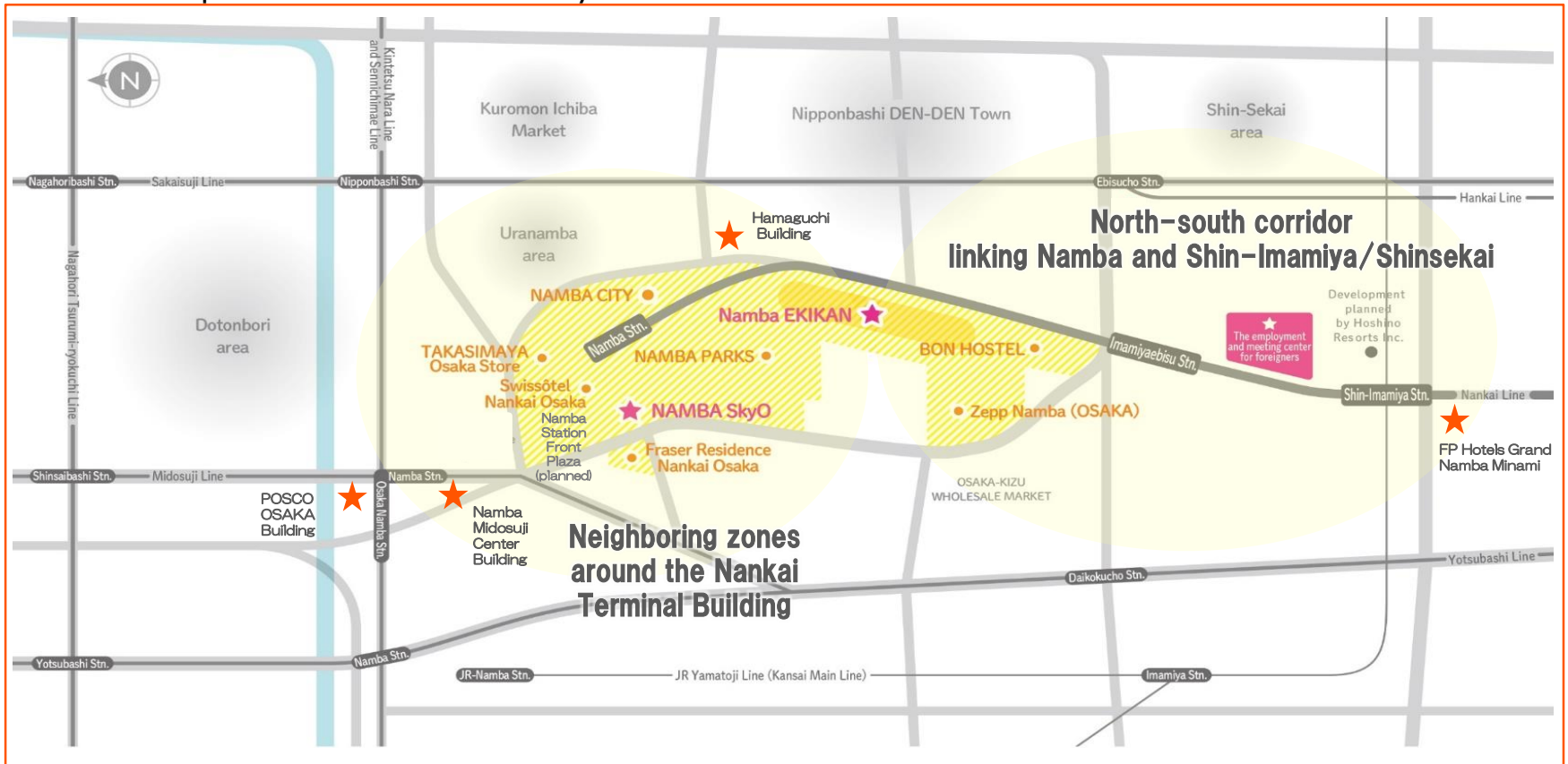
Direction of ten-year vision

Create a "Greater Namba" area to surpass Namba as it has been until now

Goals to achieve under the "Kyoso 136 Plan"

Enhance neighboring zones around the Nankai Terminal Building and form a north-south corridor linking Namba and Shin-Imamiya/Shinsekai

Secure content and sites that help to make Namba more attractive
Maximize profits from NAMBA SkyO



Initiatives (1)

Drive the urban development of Namba × Upgrade and expand the real estate business

Fiscal 2019

Invested in income-generating real estate properties that contribute to urban development

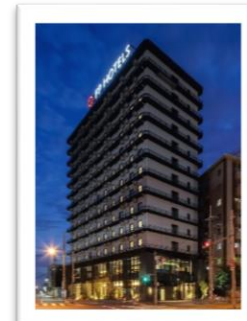
	POSCO OSAKA Building
Type	Office building
Closest station	Namba
Area	Land area: 500.69 m2 Building floor space: 5,478.11 m2
Size	11 floors above ground, 2 floors below ground
Acquired from	POSCO JAPAN Co., Ltd.
Acquired	July 2018



	Hamaguchi Building
Type	Shopping building (Tenant: DAISO)
Closest station	Namba
Area	Site area: 269.93 m2 Floor area: 1,499.70 m2
Size	6 floors above ground
Acquired from	Individuals
Acquired	November 2018



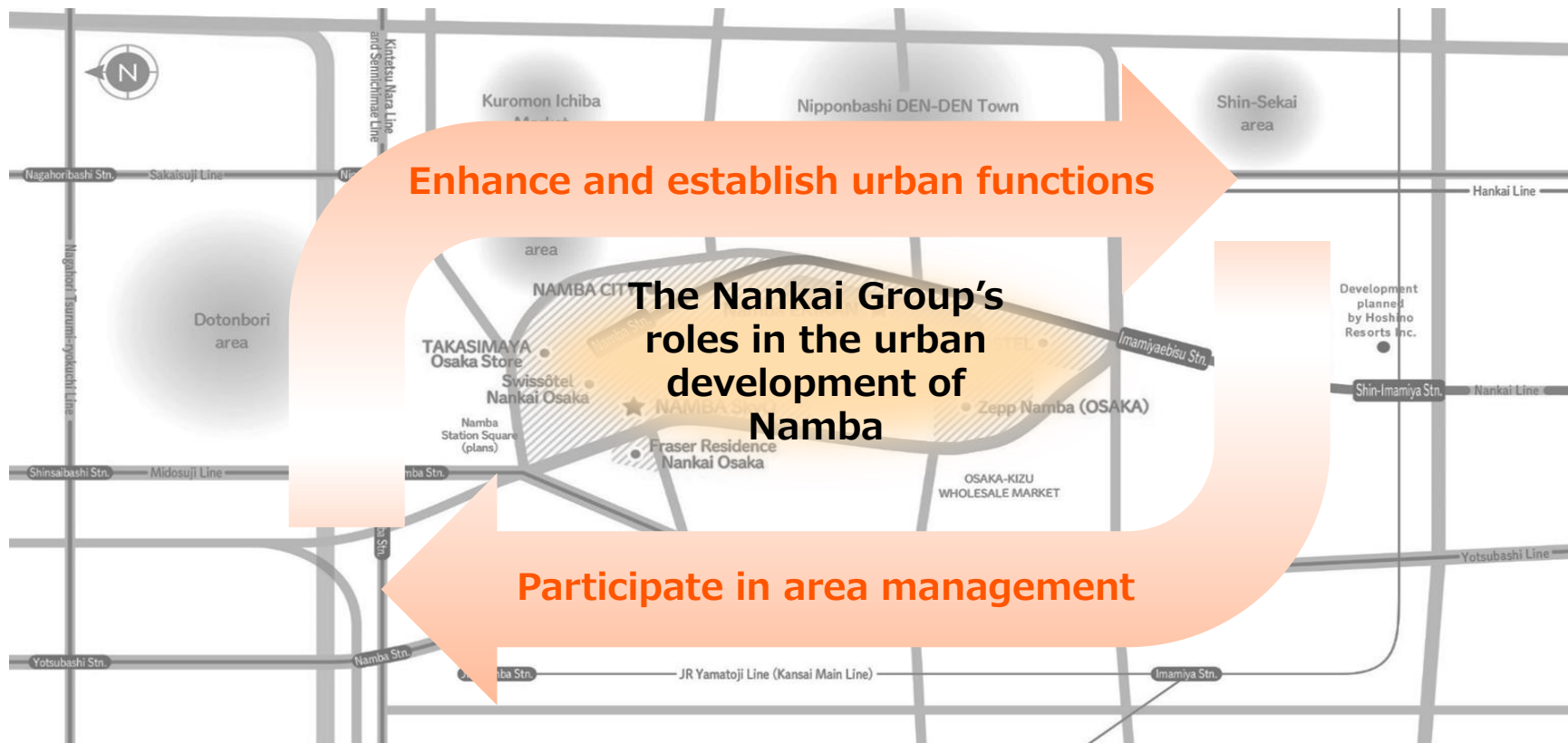
	FP Hotels Grand Namba Minami
Type	Lodging-focused hotel
Closest station	Shin-Imamiya
Size	13 floors above ground
Acquired from	Nihon Unist Inc.
Acquired	July 2018



	Namba Midosuji Center Building
Type	Office building
Type of ownership	Beneficial interests in trust Trustee: Sumitomo Mitsui Trust Bank, Limited * Excluding sections owned by individuals
Closest station	Namba
Area	Land area: 945.25m ² Building floor space: 9,727.44m ² * Includes some parts owned by individuals
Size	10 floors above ground, 3 floors below ground
Acquired from	TO-Z LLC
Acquired	April 2019



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

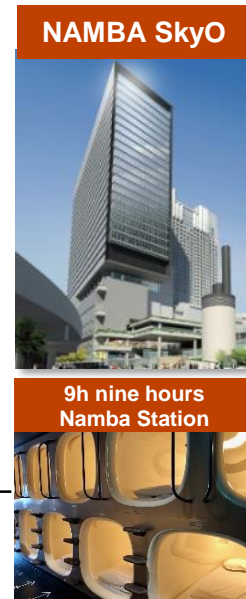
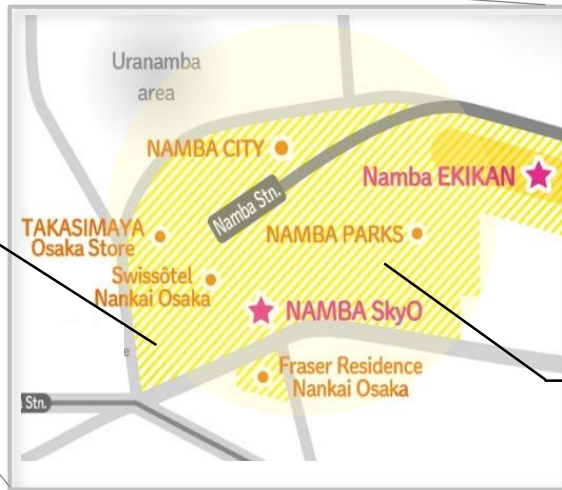


Initiatives (2)

Enhance the Nankai Terminal Building's neighboring zones

Fiscal 2019

- (1) Measures to expand profits by promoting office leasing and full occupancy of NAMBA SkyO
- (2) Participate and collaborate on the planned construction of a plaza area in front of Namba Station

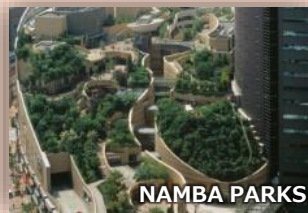
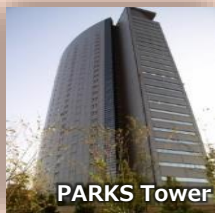


Opened	October 2018
No. of floors	31 floors above ground; 2 floors below ground
Building use	Offices, medical facilities, hall, conference rooms, retail facilities, financial services facilities, etc.
Floor area	Approx. 84,000 m2
Total project cost	Approx. ¥45.3 billion
Assumed balance (Opened 3year)	Revenues: Approx. ¥4.0 billion EBITDA: Approx. ¥3.1 billion



Namba Station Front Plaza construction plan
△Opening of the plaza area in front of the station (around fiscal 2020)

Creating value in the Namba area



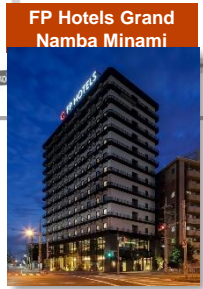
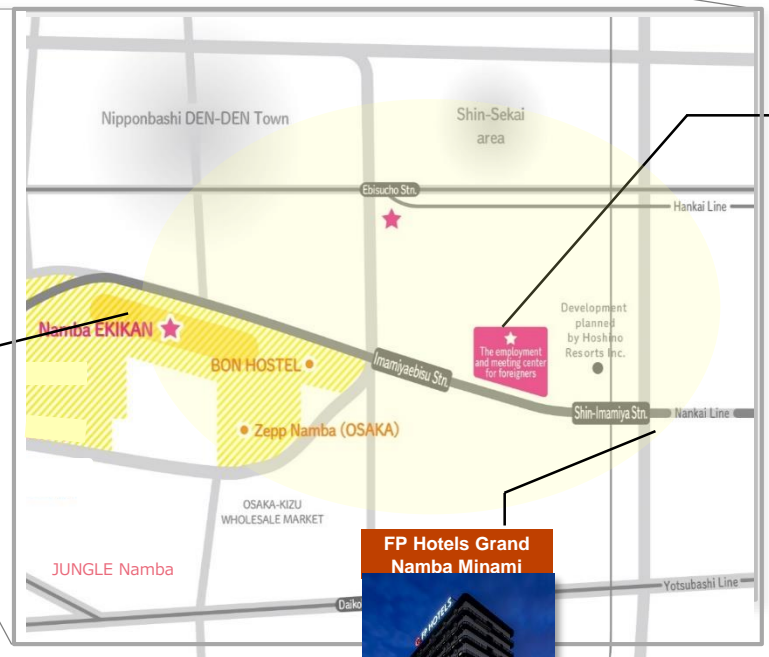
Initiatives (3)

Form a north-south corridor linking Namba and Shin-Imamiya/Shinsekai

Fiscal 2019

- (1) Open an employment and meeting center for foreigners (scheduled for September 2019) and assist with support business
- (2) Collaborate on a development planned by Hoshino Resorts Inc. to open OMO, an urban tourism-oriented hotel

Pick up! 37P



◁ An outdoor park oasis making use of an area along Midosuji street



Project outline

- Nankai Electric Railway**
Develop facilities centered on offices, a community salon and a guesthouse on the former Mabuchi municipal lodgings and Mabuchi nursery school site acquired from Osaka City
- YORO JAPAN**
Operate the project as meeting place for people to interact on sightseeing, lodging and other occasions, with a focus on the employment support business for foreigners

Building site	Ebisunishi 3-chome, Naniwa-ku, Osaka City
Site area	4,873m ² (52,453 ft ²)
Floor area	3,162m ² (34,035 ft ²)
Development schedule	December 2018: Start construction of new buildings September 2019: Open facility (planned)

- Strive to increase the value of Shin-Imamiya and other areas along our railway lines by taking coordinated steps with the development project under way by Hoshino Resorts to open OMO, an urban tourism-oriented hotel

Purpose

- Revamp the image of the Shin-Imamiya area by opening a new landmark
- Form a north-south corridor linking Namba and Shin-Imamiya / Shin-Sekai and make the area easier for people to get around
- Revitalize and increase the value of areas along our railway lines by attracting visitors to those areas



Source: Hoshino Resorts Inc.

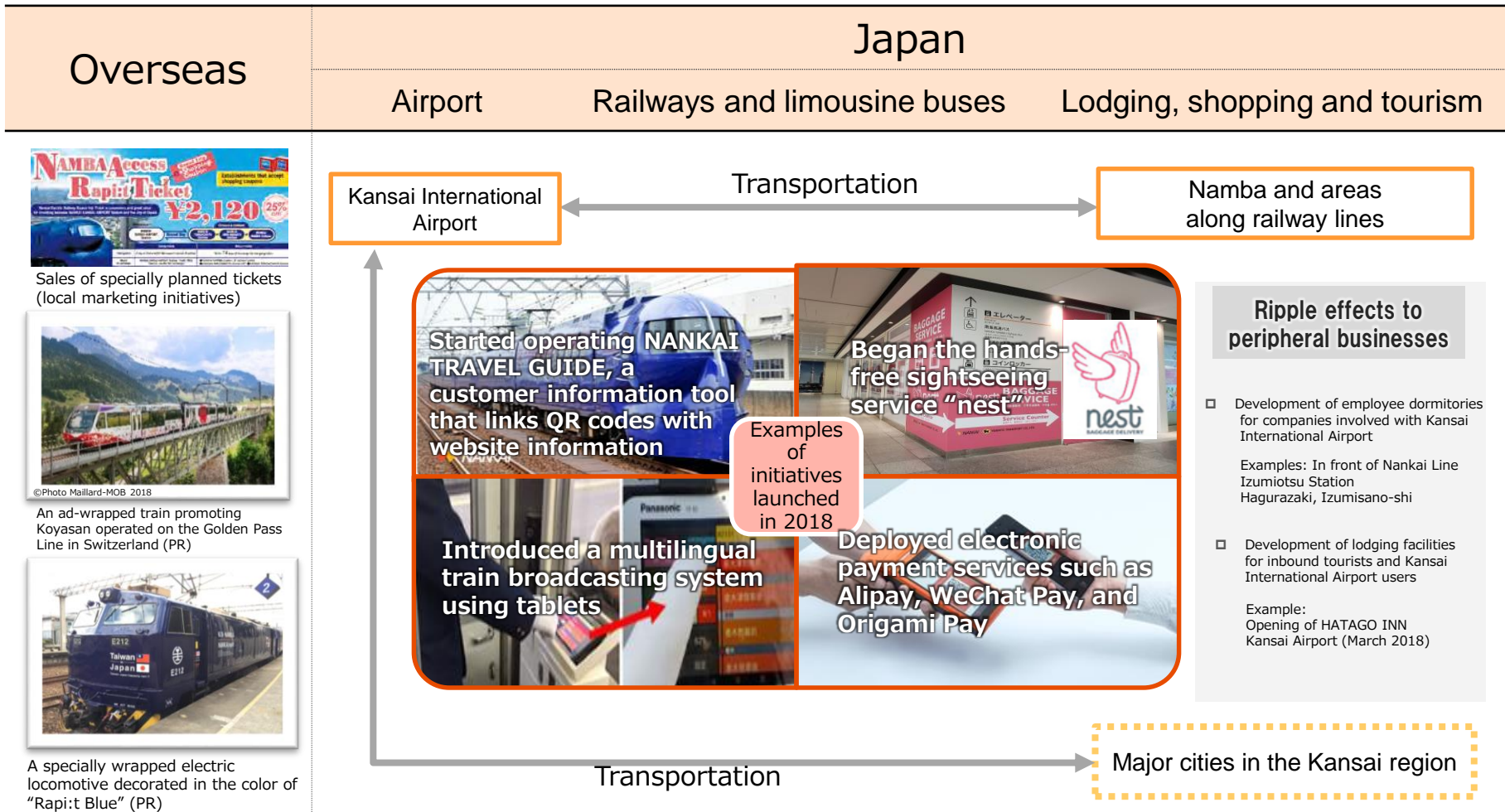
Opened	Scheduled for spring 2022
Start of construction	Scheduled for June 2019
Building site	In front of Shin-Imamiya Station (Ebisunishi 3-chome, Naniwa-ku, Osaka City)
Building use	Hotel (OMO brand)
Site area	13,907.34 m ²

Initiatives
(1)

Further capture inbound tourism demand

Fiscal 2019

Improve travel convenience and comfort by upgrading and expanding the environment for receiving foreign travelers visiting Japan



Initiatives (2)

Create places that have value as places to visit

Fiscal 2019

Promote tourism by advancing projects in 2 key areas (Koya-san and Kada in Wakayama Prefecture) and implement measures to revitalize areas along our railway lines in collaboration with local governments and other partners along the railway lines

Koya-san Sightseeing Enhancement Project

- Conduct PR activities year-round through continuous promotions to attract tourists



Examples: Implement campaigns and promotions in conjunction with new Koya-san cable cars entering service (entered service in March 2019)

- Media exposure
- Upgrade and enhance PR activities for inbound tourists

Rebranded and reopened a resort hotel operated by the Nankai Group in Nanki Katsuura (April 2019)



Kada Renovation Town Development Project



Kada Sakana Line Project* (under way since 2014)

- Agreement on collaboration regarding renovation and town development concluded between Wakayama City and the Company (October 2018)

Aims

Increase the "tourism assets" of the Kada area through renovation of idle real estate

Initiatives

Hold events such as "renovation schools"

- Began operation of the 3rd train configuration of the "Medetai Train" series (March 2019)



"Medetai Train Sachi" (left) and "Medetai Train Kai" (right)



* Spread the word about the attractive areas along the Kada Line together with the Kada Tourist Association and the Isonoura Tourist Association.

Initiatives

Enhance attractions along railway lines through station redevelopment

Fiscal 2019 (1) Advance the Wakayamashi Station revitalization plan (Phase 2)

(2) Select a station that will serve as a model and have a large ripple effect on revitalizing areas along railway lines

Regenerate and revitalize Semboku New Town

(Fiscal 2019) Activities focused on the basic design plan ahead of the start of construction in areas around

- Advance the Wakayamashi Station revitalization plan (Phase 2)

	Details	Completion	Size of investment
Phase 1	Office building and station facilities	March 2017	Approx. ¥4.0 billion
	March 2017 Office building: Completed and operating as the Nankai Wakayamashi Building July 2017 Station facilities: Relocated ticket gates from the second to first floor and started operations		
*Phase 2	Hotel, commercial building, public facility and parking structure	March 2020 (planned)	Total project cost: Approx. ¥12.0 billion Company's share of project cost: Approx. ¥3.0 billion
	April 2017 Started dismantling and removing the former station building June 2018 Parking structure: Made available for use ahead of other facilities From April 2018 Successively started construction of the public facility, hotel and commercial building		

* Urban redevelopment project



Activities focused on the basic design plan ahead of the start of construction in areas around Izumigaoka Station

Consider in more depth the revitalization of Izumigaoka in anticipation of the relocation of the Kindai University Faculty of Medicine, along with Kindai University Hospital (planned for 2023)

Promote collaboration and cooperation with local government administration and related parties

Status of development of areas around Izumigaoka Station

Period	Details	
Fiscal 2014 to 2017	(August 2014) Acquired commercial facilities and parking structures in the areas around Izumigaoka Station Successively improved the business and facility use environment for commercial facilities around the station	
Fiscal 2018	(April 2018) Renovation of Izumigaoka Station Enhance sales of ready-made meals to cater to the busy child-raising generations, among other measures	

Initiatives

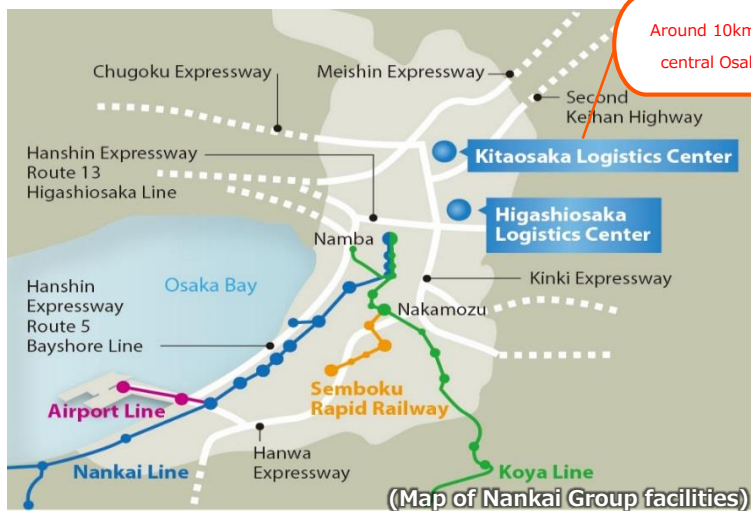
Raise the sophistication of logistics facilities

<Fiscal 2019>

Kita-Osaka Logistics Center: Accelerate the construction of the Phase 1 building, along with drawing up specific plans for the Phase 2 building and subsequent initiatives

Strengths of the Nankai Group's facilities

- Outstanding transportation efficiency given the facilities' close proximity to expressway interchanges, offering excellent access to central Osaka
- Excellent employment environment with a relatively higher population density compared to bayside and northern areas
- Located in a dedicated logistics area recognized by law, enabling year-round 24-hour operation
- Expansive site enabling installation of highly efficient large-scale logistics facilities



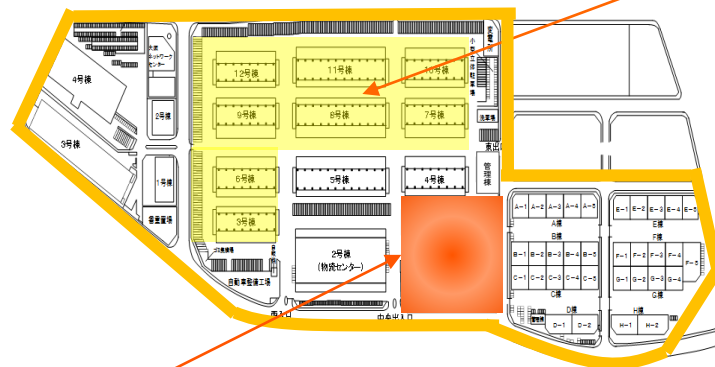
Kita-Osaka Logistics Center		Higashi-Osaka logistics center	
Site area	272,000 m ² (7.1 times larger than Koshien Stadium)	Site area	188,000 m ² (4.9 times larger than Koshien Stadium)
Capacity utilization rate	100%	Capacity utilization rate	100%

Accelerate development of the Kita-Osaka Logistics Center (Phase 1 building development plan)

Features

- Integrated logistics facility combining a truck terminal and delivery center
- Strengthen the Group's network among mixed LTL

Candidate site for enhancement



Location	Miyajima 2-chome, Miyajima, Ibaraki City, Osaka Prefecture
Scheduled for completion	April 2020
Floor area	Approx. 49,000 m ² (527,432 ft ²)
Structure	4 floors above ground
Environmental features	LED lighting, exterior wall sandwich panel, heat-blocking roof coating, rooftop greenery

1 Losses were booked in several businesses based on a policy of laying a Group management foundation

Based on our policy of laying a Group management foundation, we prioritized businesses and booked losses in several businesses. As a result, major concerns in our businesses have been dispelled at this time.

We have laid the groundwork for proactively implementing initiatives with a view to achieving the Nankai Group Management Vision 2027.

2 Initiatives in keeping with the basic policies of “Kyoso 136 Plan” have delivered a measure of success

We delivered a measure of success with our initiatives to set the stage for future growth, including the opening of NAMBA SkyO, the formation of alliances and other partnerships with stakeholders, and the execution of property investments that will facilitate urban development.

We will continue striving to implement and add depth to initiatives in accordance with the basic policies of the “Kyoso 136 Plan.”

3 Investment of management resources in raising the sophistication of logistics facilities, in addition to the urban development of Namba and areas along railway lines

In anticipation of an increase in the resident population in line with growth in the number of visitors to the region, we will invest management resources in the urban development of Namba and areas along railway lines, along with raising the sophistication of logistics facilities that will serve as the Nankai Group’s growth drivers.

We will also work to implement reorganization and governance reforms in order to speed up management, and establish and strengthen the governance system.

Appendix

《10 Years of Direction》

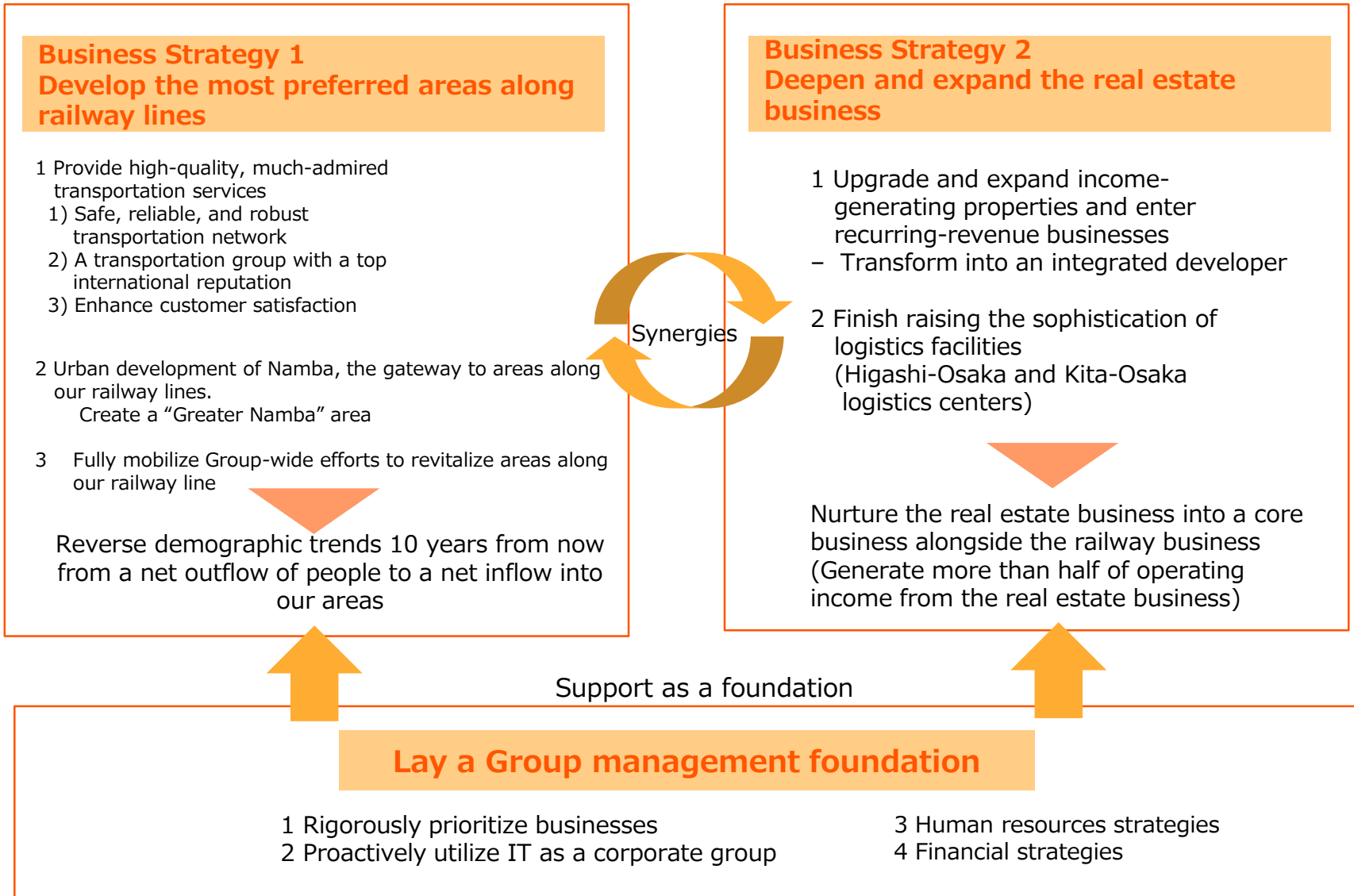
Develop the most preferred areas along railway lines and become the most preferred corporate group by delivering satisfaction and inspiration to customers



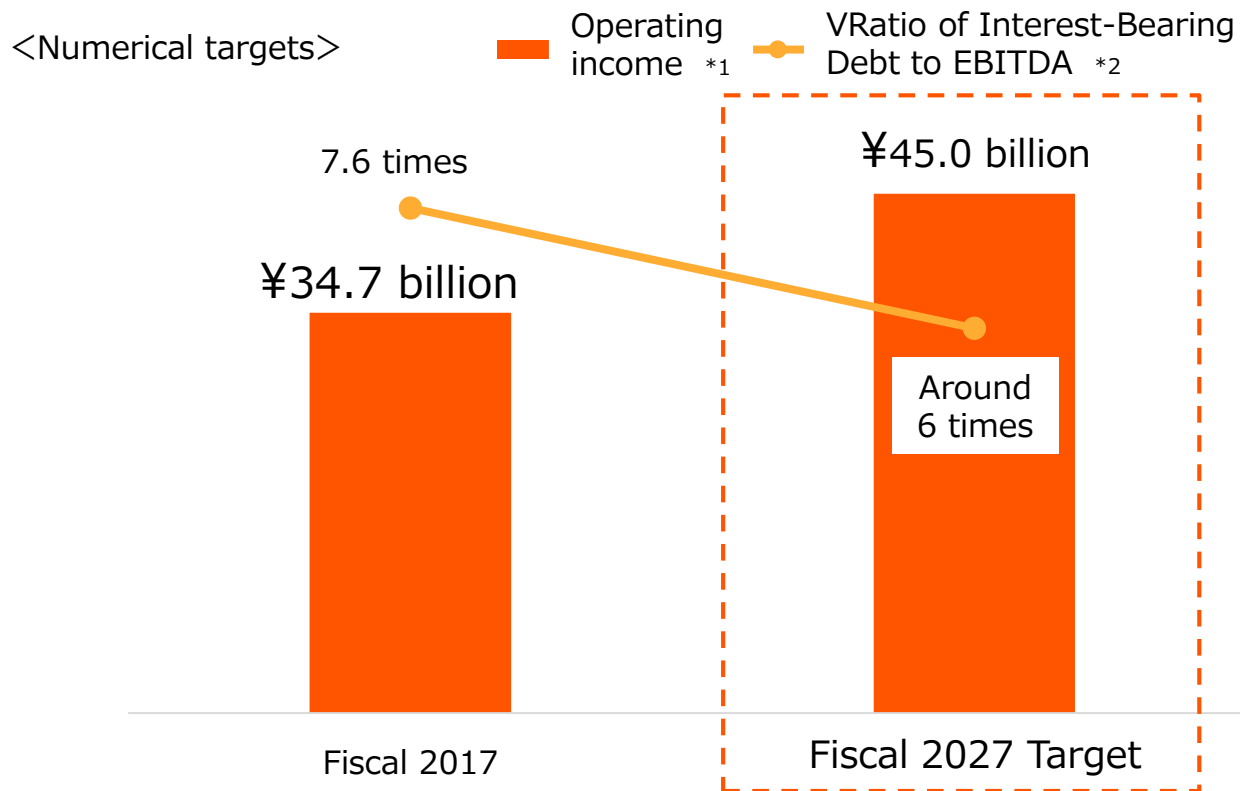
Positioning

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



Over the next 10 years, we will preferentially allocate free cash flow to growth investments, thereby enhancing our earnings capabilities, with the aim of strengthening our financial position.

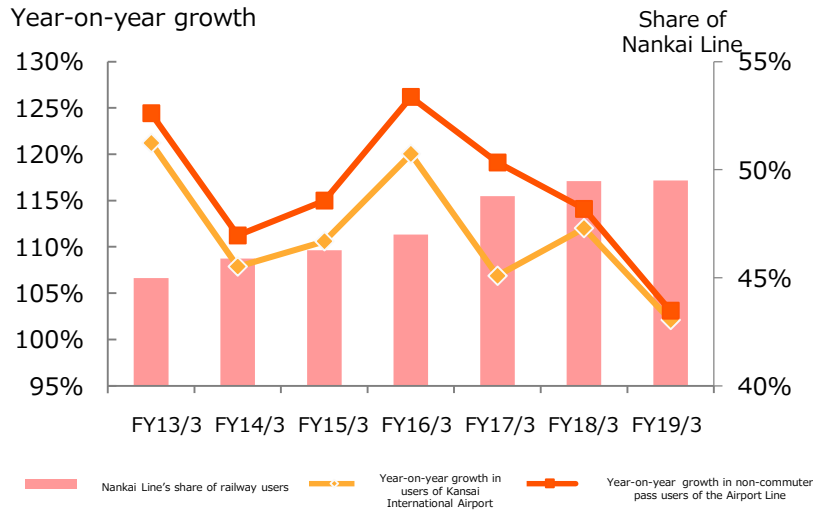


*1 Operating income + Dividend income

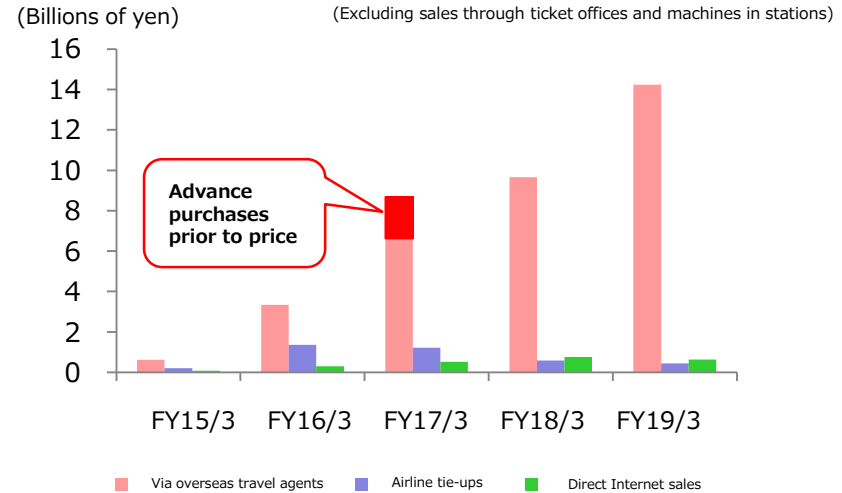
*2 Operating income + Dividend income + Depreciation and amortization

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.

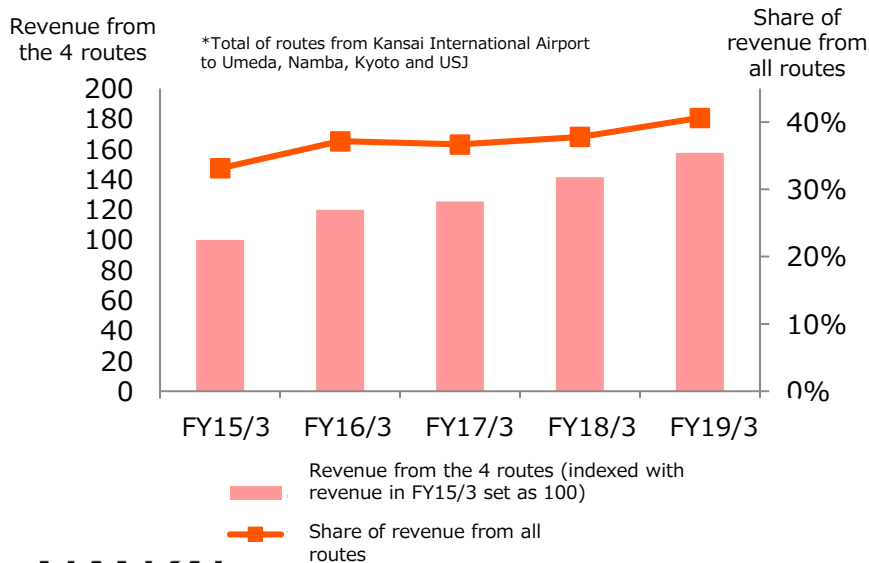
(1) Share of passengers using Nankai's Airport Line



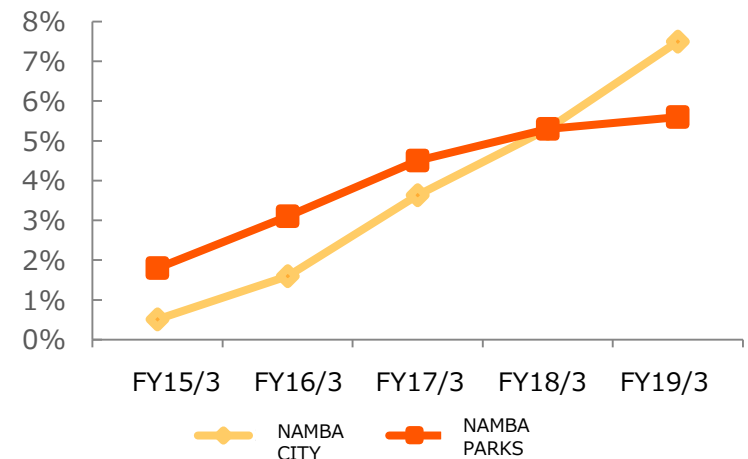
(2) Sales of specially planned tickets for inbound tourists



(3) Sales performance of 4 limousine bus routes*

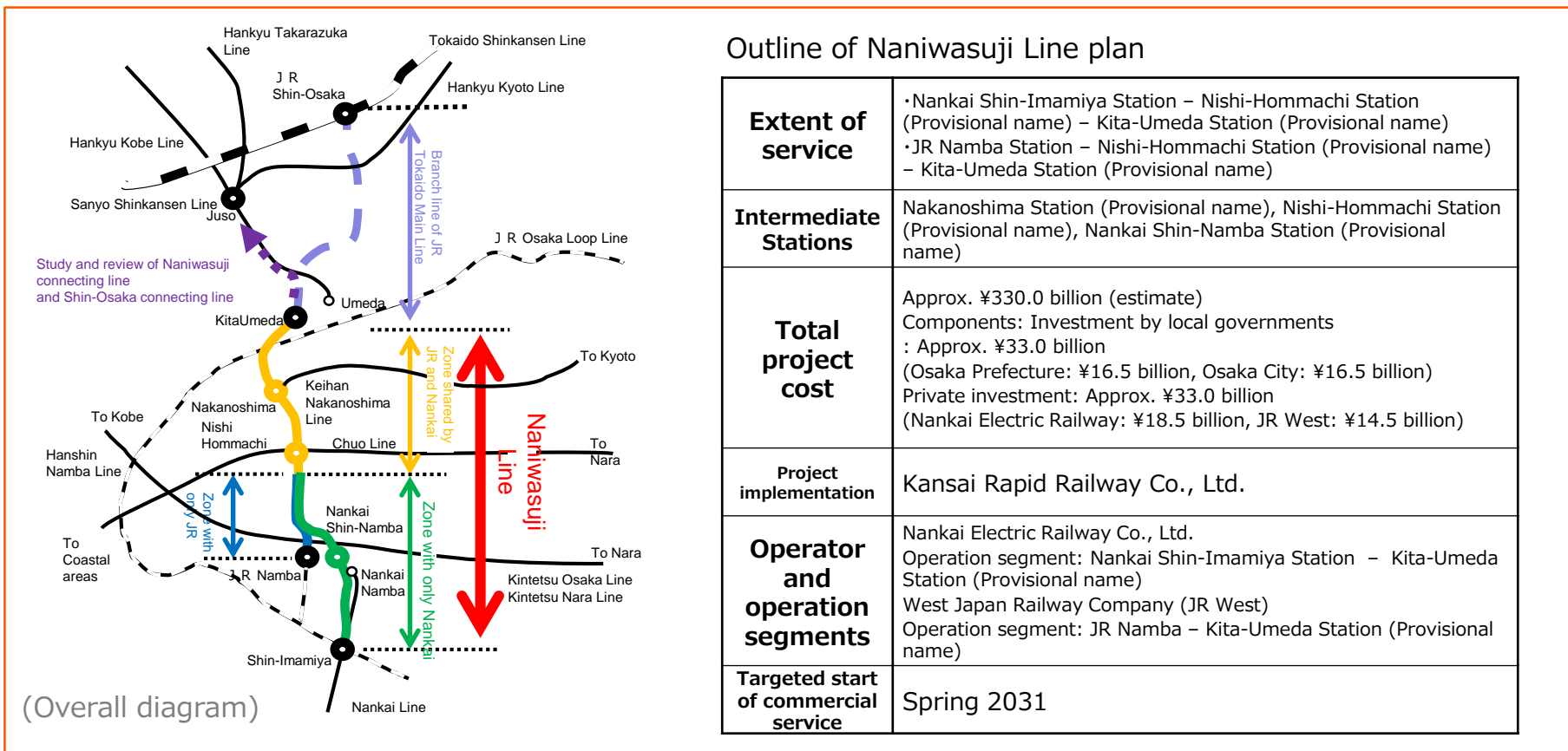


(4) Changes in share of duty-free sales at major shopping centers



● Naniwasuji Line

Following the adoption of the Naniwasuji Line plan as a new project by the Japanese government in March 2019, the Nankai Group will conduct discussions and design work on the Naniwasuji Line in order to commence construction at an early stage, with the aim of starting commercial service in spring 2031.



Outline of Naniwasuji Line plan

Extent of service	<ul style="list-style-type: none"> •Nankai Shin-Imamiya Station – Nishi-Hommachi Station (Provisional name) – Kita-Umeda Station (Provisional name) •JR Namba Station – Nishi-Hommachi Station (Provisional name) – Kita-Umeda Station (Provisional name)
Intermediate Stations	Nakanoshima Station (Provisional name), Nishi-Hommachi Station (Provisional name), Nankai Shin-Namba Station (Provisional name)
Total project cost	<p>Approx. ¥330.0 billion (estimate)</p> <p>Components: Investment by local governments : Approx. ¥33.0 billion (Osaka Prefecture: ¥16.5 billion, Osaka City: ¥16.5 billion)</p> <p>Private investment: Approx. ¥33.0 billion (Nankai Electric Railway: ¥18.5 billion, JR West: ¥14.5 billion)</p>
Project implementation	Kansai Rapid Railway Co., Ltd.
Operator and operation segments	<p>Nankai Electric Railway Co., Ltd. Operation segment: Nankai Shin-Imamiya Station – Kita-Umeda Station (Provisional name)</p> <p>West Japan Railway Company (JR West) Operation segment: JR Namba – Kita-Umeda Station (Provisional name)</p>
Targeted start of commercial service	Spring 2031

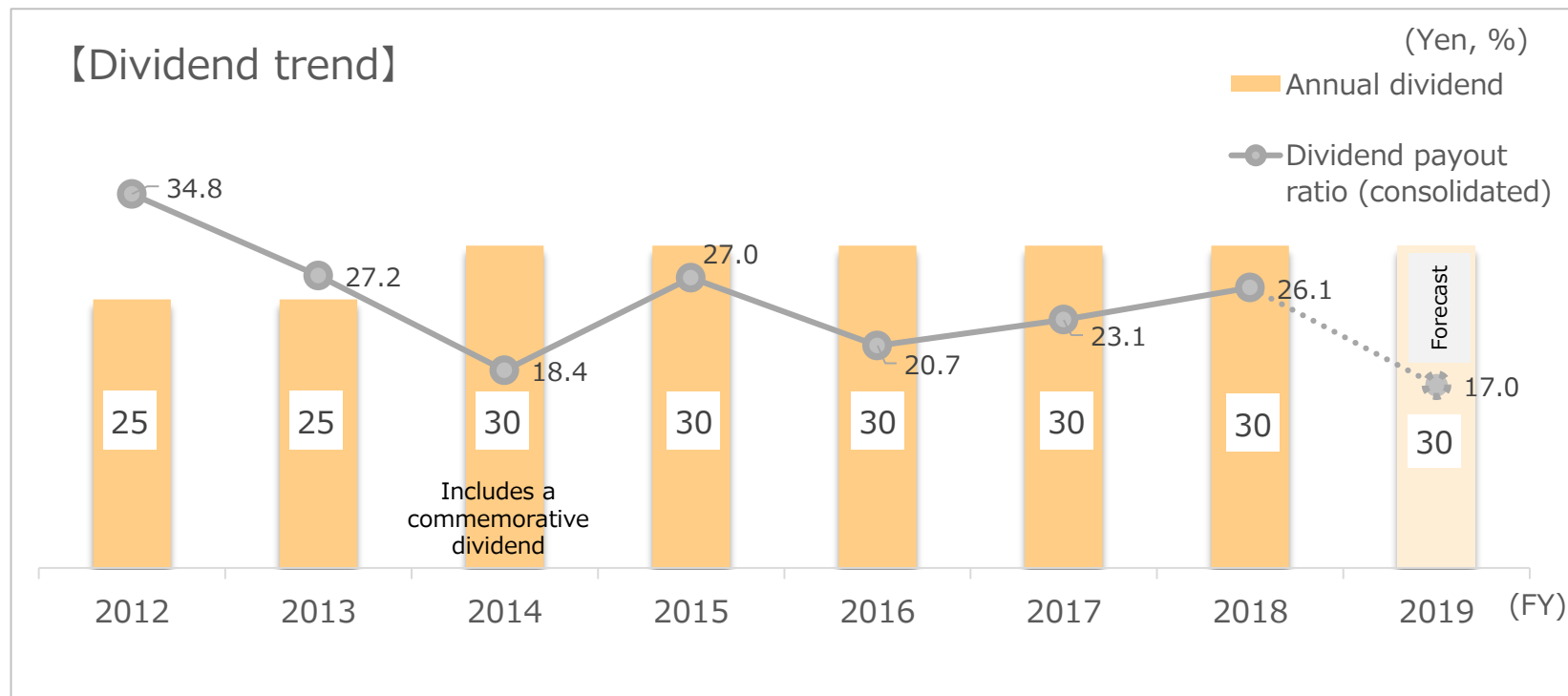
(Reference)

Favorable results were obtained from a study of the Naniwasuji connecting line and Shin-Osaka connecting line conducted by the Japanese government in fiscal 2017.

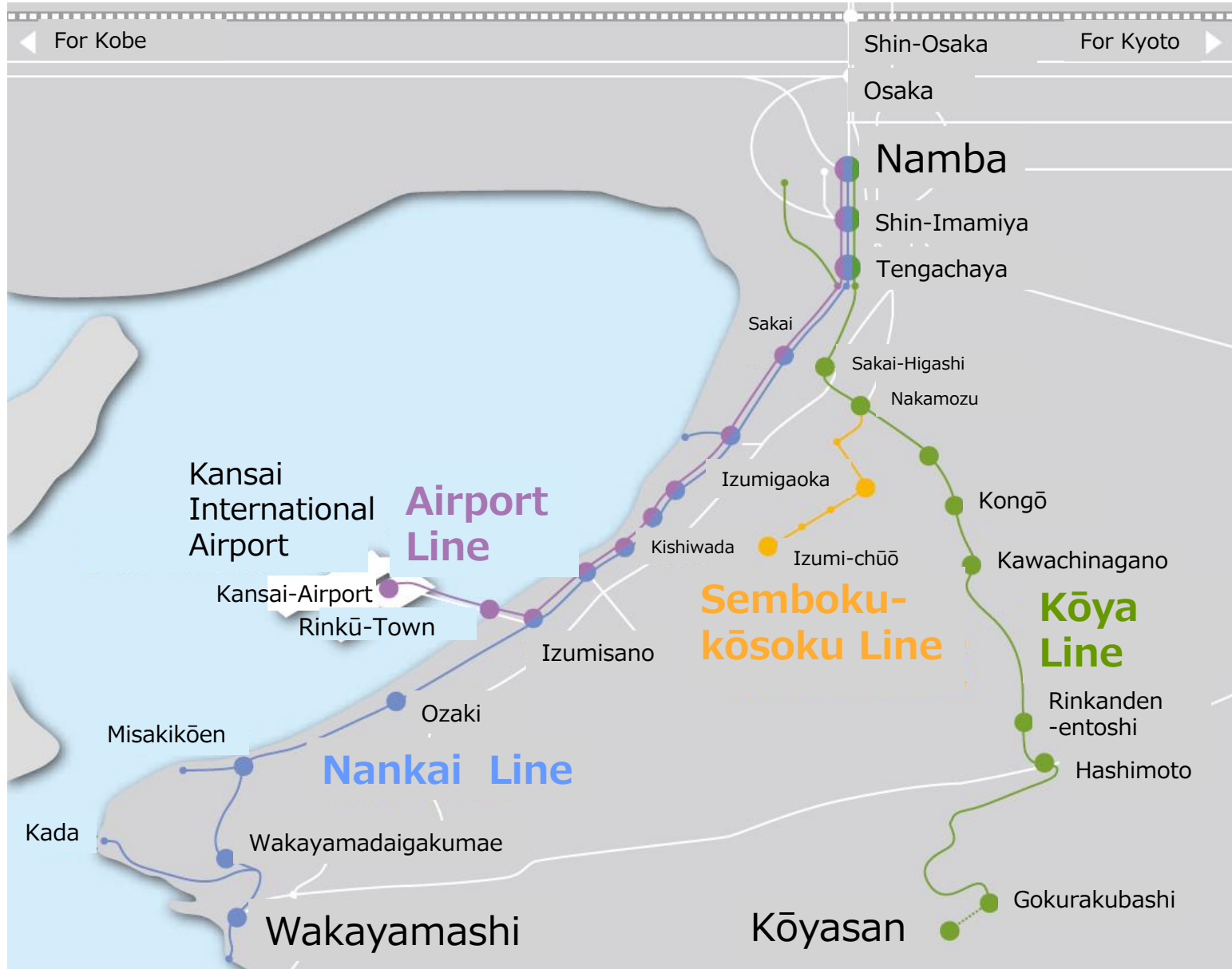
Based on the results of the study, the related parties will conduct discussions and reviews with the aim of commercializing the project at an early stage.

Basic Policy on Dividends

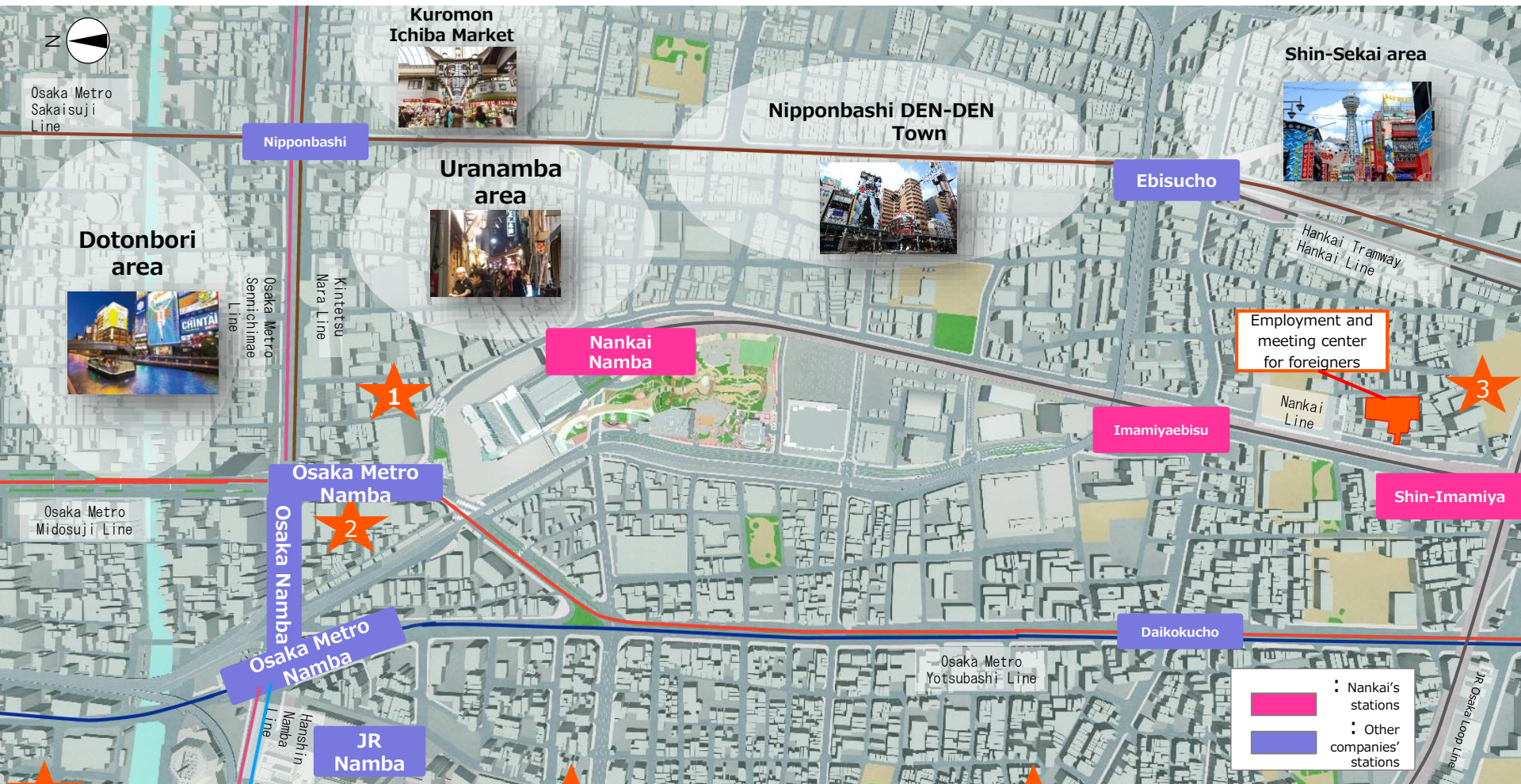
- Pay out consistent dividends by working to improve earnings further while striving to ensure a stable management foundation and strengthen the financial position over the long term.
- Internal reserves will be used to fund the Group's investments to achieve sustained growth and to strengthen the financial position, in addition to capital investments centered on safety measures in the railway business.



- The Company implemented a 1-for-5 reverse stock split with an effective date of October 1, 2017. Annual dividends for fiscal 2017 and prior fiscal years have been restated to conform with the basis after the stock consolidation.



(Reference) Minami Area Map



1

Development plan for the former Osaka Municipal Seika Elementary School site (Scheduled to open in June 2019)
Flagship store of the electronics retailer EDION and other tenants

2

Development plan for the former Shin Kabukiza site (Scheduled to open in 2019)
Hotel Royal Classic Osaka Namba

3

Development plan for OMO, an urban tourism-oriented hotel (Scheduled to open in 2022)

Source: Press release issued by EDION Corporation, Osaka City official website, news release published by BELLCO Co., Ltd., Hoshino Resorts Inc.

(Reference) Namba Area Map



Major leasing properties	Name	Leasable area	Main uses
	Nankai Building	49,827㎡	Takashimaya Osaka Store, shops
	Swissôtel Nankai Osaka	61,557㎡	Hotel
	NAMBA SkyO	Approx.84,000㎡※	Offices, medical facilities, hall, conference rooms, retail and service facilities ※ Floor area
	PARKS Tower	36,500㎡	Offices and shops
Fraser Residence Nankai Osaka	7,332㎡※	Serviced apartments	

Major retail facilities	Name	Store area	Number of stores
	NAMBA CITY	Approx. 33,200㎡	Approx. 230 stores
	NAMBA PARKS	Approx. 51,800㎡	Approx. 250 stores
	Namba EKIKAN	Approx. 3,700㎡	14 stores

(As of May 24, 2019)

<Contact for IR inquiries>

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