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To whom it may concern:

Company name: FUJITA KANKO INC.
Representative: Akira Segawa
President and Representative Director
(Code number: 9722, First Section of
Tokyo Stock Exchange)
Contact: Yoshihiro Ise
Representative Director and Chief of
Corporate Planning Group
(Phone: +81-3-5981-7723)

Notice Concerning Revisions to Financial Results Forecast

FUJITA KANKO INC. (hereinafter referred to as the “Company”) hereby announces that, in light of the recent trends in financial results, the full-year consolidated financial results forecast for the fiscal year ending December 31, 2018, released on February 13, 2018, has been revised as follows:

1. Revisions to the financial results forecast

Full-year consolidated financial results forecast for the fiscal year ending December 31, 2018 (January 1, 2018 to December 31, 2018)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Profit per share
Previous forecast (A)	Million yen 72,000	Million yen 2,300	Million yen 2,300	Million yen 1,300	Yen 108.50
Revised forecast (B)	69,000	900	900	400	32.52
Change (B-A)	(3,000)	(1,400)	(1,400)	(900)	
Ratio of change (%)	(4.2)	(60.9)	(60.9)	(69.2)	
(Reference) Results for the fiscal year ended December 31, 2017	70,624	1,995	2,048	1,672	139.54

(Note) The Company implemented a share consolidation at a ratio of 10 shares of the Company’s common stock to 1 share, effective July 1, 2017. Profit per share is calculated based on the assumption that the share consolidation was implemented at the beginning of the fiscal year ended December 31, 2017.

(Reference) Full-year forecast for the business results by segment for the fiscal year ending December 31, 2018 (January 1, 2018 to December 31, 2018)

	Net sales		Operating profit	
	Revised forecast (Announced on October 24)	Difference from previous forecast (Announced on August 7)	Revised forecast (Announced on October 24)	Difference from previous forecast (Announced on August 7)
Consolidated total	69,000	(3,000)	900	(1,400)
WHG Business	36,800	(1,020)	2,700	(400)
Resort Business	5,750	(500)	(920)	(470)
L&B Business (*1)	23,850	(1,230)	0	(450)
Other	5,370	(330)	(780)	(80)
Adjustment amounts (*2)	(2,770)	80	(100)	0

*1 L&B Business: Luxury & Banquet Business

*2 Adjustment amounts: Refers to the elimination of inter-segment transactions and corporate expenses not allocated to any reportable segment.

2. Reasons for the revision

In the WHG Business, the number of guests decreased dramatically at facilities with high inbound demand, such as Kansai Airport Washington Hotel and Hotel Gracery Sapporo, due to shutdowns of airports and cancellations of flights caused by Typhoon Jebi and the Hokkaido Eastern Iburi Earthquake. The business is currently on a recovery trend, and although the impact is expected to be temporary, the decrease in revenues cannot be offset and is expected to fall short of the previous forecast. In the Resort Business, efforts took place to attract customers, such as enhancing the promotion of events toward the busy summer season mainly at Hakone Kowakien Yunessun in the leisure business. Even so, decreasing trend in the number of visitors after the closing of business of Hakone Hotel Kowakien, in addition to the effects of extreme heat, has led to a fall in the number of guests. In the L&B Business, a downward trend in the number of weddings and the number of customers is continuing and sales per service are also sluggish. As a result, the performance is expected to be lower than the previous forecast.

As a result of all the above, for the full-year consolidated financial results forecast, the Company has revised net sales to ¥69.0 billion, operating profit to ¥0.9 billion, ordinary profit to ¥0.9 billion and profit attributable to owners of parent to ¥0.4 billion.

As for Hakone Kowakien Yunessun, the Company is in the process of drawing up a redevelopment plan for the Hakone Kowakien area that would involve both the closed Hakone Hotel Kowakien facility and Houraien which is scheduled to be newly developed. In addition, the Company is considering a drastic review of sales measures in the wedding business.

(Note) The above forecast is created based on information available at the time of the announcement of this material.

Actual results may differ from the forecast figures due to various factors in the future.

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