

FY2019 2nd Quarter Financial Results

— November 6, 2019 —

Keio Corporation
京王電鉄株式会社

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Managing Director Shunji Ito
(in charge of Finance and Information Disclosure)

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I. Update on 3-Year Medium-Term Management Plan (FY2018-2020)

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President and Representative Director
Yasushi Komura

1. Performance Summary

FY2019 2nd Quarter Results

- Operating revenues up 2,178 hmy owing primarily to last-minute buying ahead of consumption tax hike in merchandise sales and transportation.
- Operating profit up 239 hmy year-on-year, and profit attributable to owners of parent reached a 2nd quarter record high of 159 hmy.
- Operating revenues short of plan due to decreased revenue in development for selling by lots, hotels, etc. Operating profit slightly short of plan.

FY2019 Full-Year Earnings Forecasts

- Operating revenues forecast revised in light of 2nd quarter results (79 hmy short of plan).
- Forecast for income at each stage under operating profit left as-is despite changes in each segment in light of 2nd quarter results and 2nd half forecast.
- We aim to achieve a profit margin of 10% and ROA of 5%, which are the management targets for FY2020 and will continue to promote the initiatives of the Medium-Term Management Plan while keeping a close watch on market trends.

2. Status of Actions Taken

- In FY2019 2nd Quarter, we made headway in key actions, including opening of new hotel locations.
- In the 2nd half and beyond, **we will continue working on the basic policies** and working to strengthen the profitability of existing businesses and establish revenue base in growth fields in order to achieve growth while keeping a close watch on market trends.

Basic
policy

Obtain returns on the Strategic Investment made in first-half plan and thus achieve the growth necessary to prepare a solid foundation for the coming era of depopulation and large-scale investment

Actions taken in FY2019 2nd Quarter

2H FY2019 and beyond

Strengthen profitability of existing businesses

Make Railways safer and more profitable

Construction of grade crossing and elevated lines along Keio Line (between Sasazuka and Sengawa stations)

Keio Liner services performing well

Explore further service expansion of Keio Liner

Revitalize line-side areas

Renovated commercial facilities (Redevelopment project in Shinjuku Station area)

Selection and concentration of businesses

Business partnership for taxi services

Establish Revenue Base in Growth Fields

Strengthen profitability of existing hotels

Renovated Keio Plaza Hotel guest rooms (25F-26F)

Renovate rooms (31F)

Develop hotels business

Opened Keio Prelia Hotel Sapporo

Complete/opening of new wing of Takayama Green Hotel

THE SHARE HOTELS opened its 6th and 7th locations (Kyoto, Hiroshima)

Open its 8th location (Tokyo)

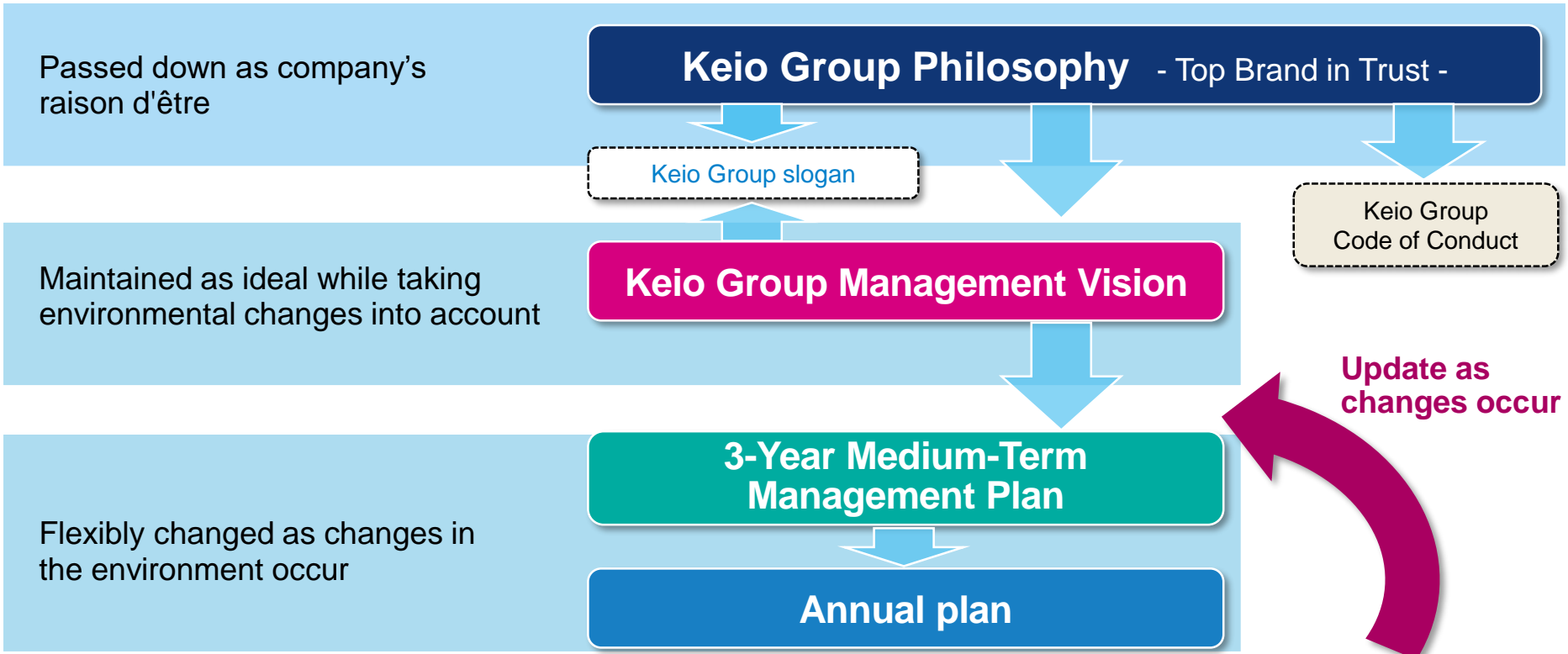
Develop renovation business

Promotion of condominium renovation business

Key actions

3. Realizing the Keio Group Philosophy




















- The Keio Group Management Vision has been established to realize the Keio Group Philosophy.
- **Take up challenges in growth fields** while pursuing the aim of **“Being the Rail Line People Choose to Live Near.”**
- Flexibly reflect future changes in society and railway lines, such as shift to phase of population decline, in management plan.



- Changes in society and railway lines**
- Work style reform
 - Labor shortage
 - Shift to phase of population decline
 - Intensification of competition between areas
 - Technological innovation such as AI and IoT
 - Reconcentration of population in city centers
 - Increase in foreign visitors to Japan

4. Remaining a Sustainable Company

- Work on priority themes in safety, society, environment, and governance and promote medium-term goals and action plan.
- Adopt an approach based on sustainable development and contribute to sustainable development of society through business activities.

CSR	Priority Themes	Related SDGs
Safety	Preventing accidents	 
	Disaster mitigation measures	
	Safety measures/measures against age-related deterioration	
Society	Improving customer convenience and comfort	       
	Dialog with customers	
	Creating a railway line for the lifestyles of multiple generations	
	Contributing to local communities	
	Partnering with local communities and governments	
	Utilizing human resources and creating pleasant workplaces	
	Initiatives for shareholders, investors, business partners, etc.	
Environment	Aiming for a low-carbon society	      
	Aiming for a society that exists in harmony with nature	
Governance	Corporate governance	  
	Compliance	
	Risk management	
	Information security	

(Reference) Keio Group Philosophy and Keio Group Management Vision

Keio Group Philosophy

The Keio Group aims to become the **“Top Brand in Trust,”** one that is sincere toward all those with whom we have connections and environmentally friendly. We also strive on a daily basis to enhance our lifestyle-integrated services to bring happiness to people’s lives.

Keio Group Management Vision

The Keio Group will provide services that meet the needs of a changing society and work to create a safe, convenient, and lively railway line to earn trust as we continue our pursuit of **“Being the Rail Line People Choose to Live Near.”** We will also **take up challenges in new, growing markets** in the aim of transforming into a group that continues to grow and develop.

II. FY2019 2nd Quarter Results

1. Management Goals Status Report
2. Operating Revenues / Operating Profit Change Factors
(Year-on-Year Comparison)
3. Operating Revenues / Operating Profit Change Factors (vs. Plan)
4. Railways
5. Merchandise Sales
6. Real Estate
7. Hotels
8. Other Policies
9. Investment Plan
10. Remaining a Sustainable Company

Managing Director Shunji Ito
(in Charge of Finance and Information Disclosure)

1. Management Goals Status Report

- Profit and revenues increased year-on-year, while revenues were down and operating profit was down slightly compared to the plan.
- The full-year forecast for operating revenues has been revised in light of 2nd quarter results.
- Profit margin and ROA are a step closer to the FY2020 targets of 10% and 5%.

	FY2019 2nd quarter result	YOY change	Change from plan	FY2019 full-year forecast	YOY change	Change from plan
Operating revenues	2,178 hmy	+1 hmy	-84 hmy	4,521 hmy	+45 hmy	-79 hmy
Operating profit	239 hmy	+3 hmy	-3 hmy	433 hmy	+32 hmy	-
Profit margin	11.0%	+0.1P	+0.3P	9.6%	+0.6P	+0.2P
Profit attributable to owners of parent	159 hmy	+7 hmy	-1 hmy	285 hmy	+12 hmy	-
ROA	-	-	-	4.7%	+0.3P	-

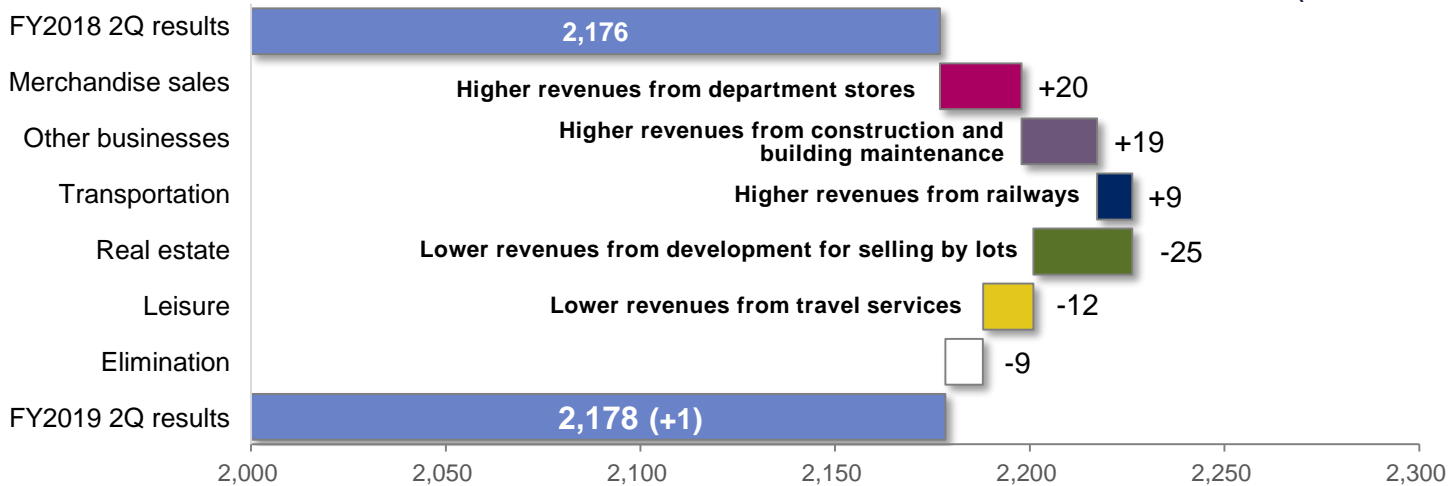
(Reference) FY2019 Full-year Forecast EBITDA 801 hmy (FY2018 result: 767 hmy)

2. Operating Revenues / Operating Profit Change Factors (Year-on-Year Comparison)

- Operating revenues up 1 hmy year-on-year owing to increases in merchandise sales, other businesses, and transportation.
- Operating profit up 3 hmy year-on-year owing to increases in transportation, other businesses, and merchandise sales.

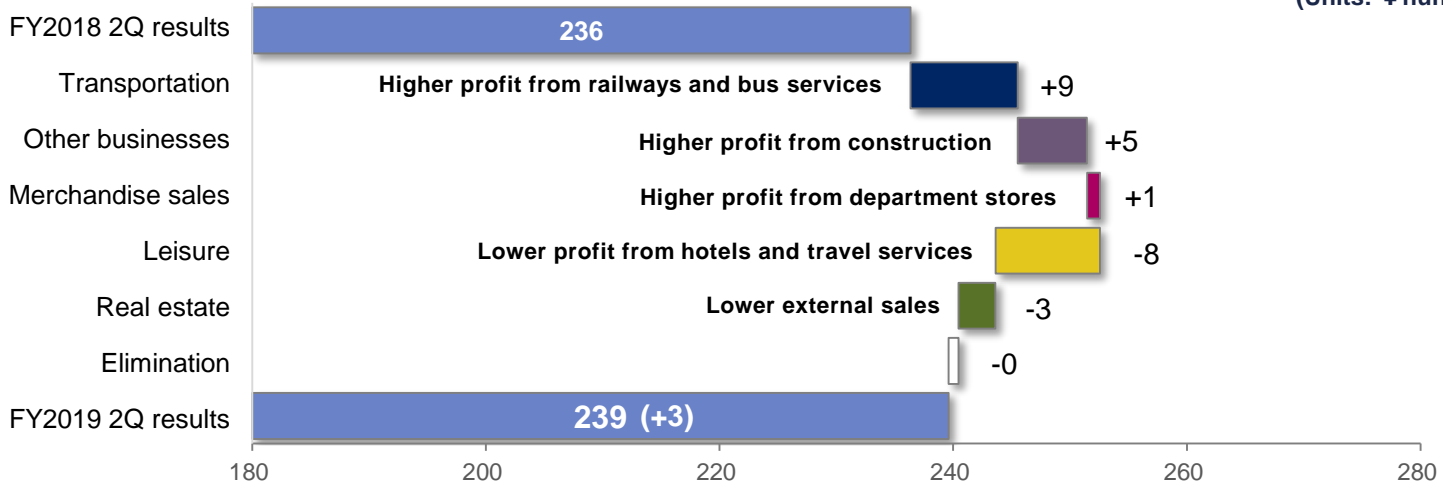
Operating revenues

(Units: ¥ hundred million)



Operating profit

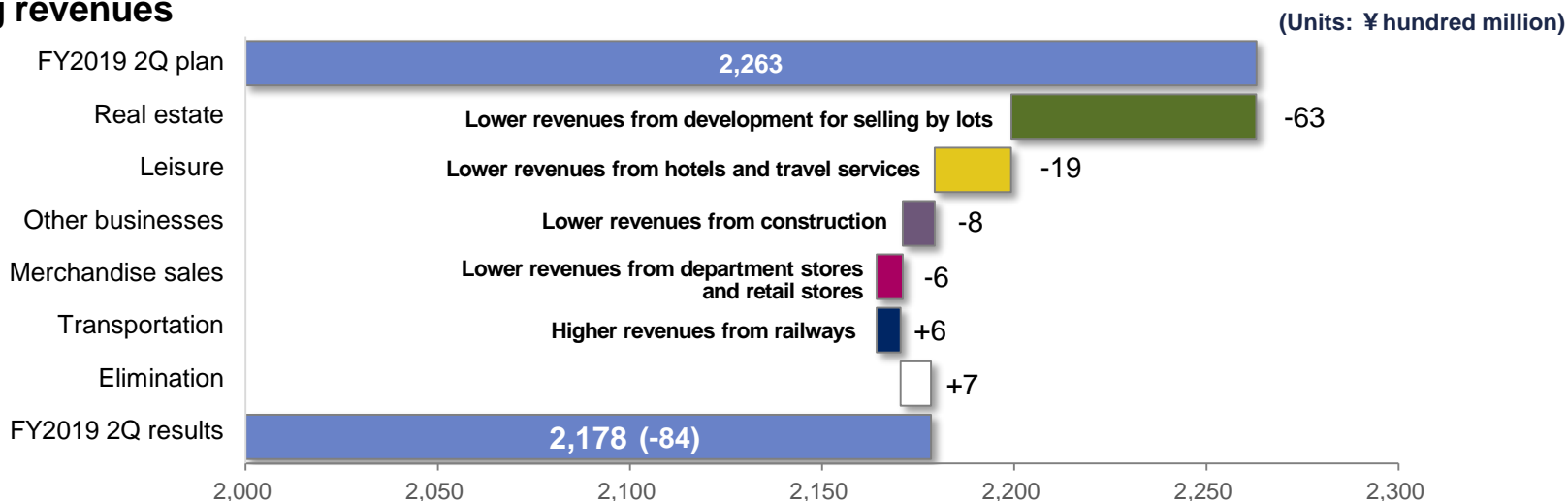
(Units: ¥ hundred million)



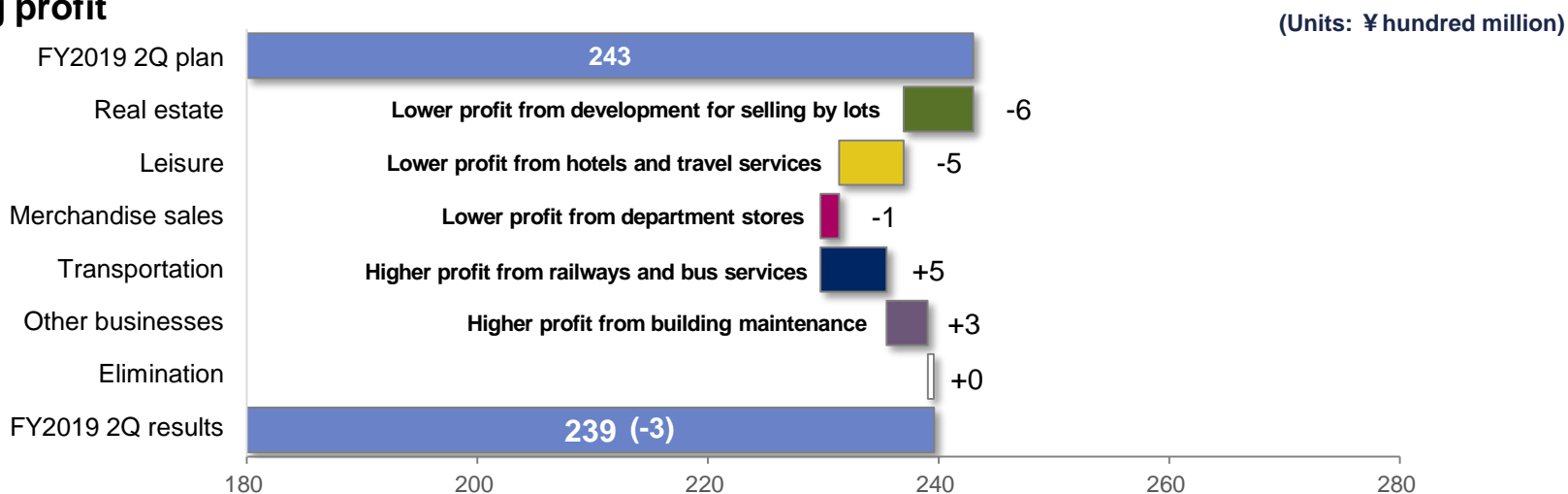
3. Operating Revenues / Operating Profit Change Factors (vs. Plan)

- Operating revenues fell 84 hmy short of plan due to decreased revenue in each segment except transportation.
- Operating profit fell 3 hmy short of plan due to decreased profit in real estate, leisure, and merchandise sales.

Operating revenues



Operating profit



4. Railways

Strengthen profitability of existing businesses

(1) Railways Transportation Results and Operating Revenues

- Passengers transported up year-on-year owing primarily to **better improvement in employment conditions and larger line-side populations and impact of last-minute buying of commuter passes ahead of income tax hike.**
- Operating revenues up year-on-year owing in part to **increase in income from reserved seating surcharge on Keio Liner.**

(Units: Thousands of people, ¥ million)

		FY2019 2Q results	YOY change	Change from plan	FY2019 full-year forecast	YOY change
Passengers transported	Commuter-pass	212,689	+ 3.3%	+ 2.3%	405,452	+ 0.7%
	Non-commuter-pass	139,226	+ 1.7%	+ 1.4%	278,438	+ 1.2%
	Total	351,915	+ 2.6%	+ 2.0%	683,890	+ 0.9%
Passenger Revenues	Commuter-pass	18,655	+ 2.7%	+ 1.5%	35,916	+ 0.2%
	Non-commuter-pass	23,404	+ 1.4%	+ 1.2%	46,657	+ 0.5%
	Total	42,059	+ 1.9%	+ 1.3%	82,573	+ 0.4%
Railways operating revenues (includes reserved-seat surcharge)		44,131	+ 2.2%	+ 1.2%	86,795	+ 0.7%

(2) Operating Status of Paid Seat Designated Keio Liner

- Keio Liner saw **strong** (evening) **weekday ridership, at over 80%.**
- **Weekday ridership on morning service to Shinjuku**, which was launched in February 2019, **almost at capacity.**
- Revenue from reserved seating was 3 hmy (FY2019 2Q).

Lower fare surcharge for Sagami-hara Line

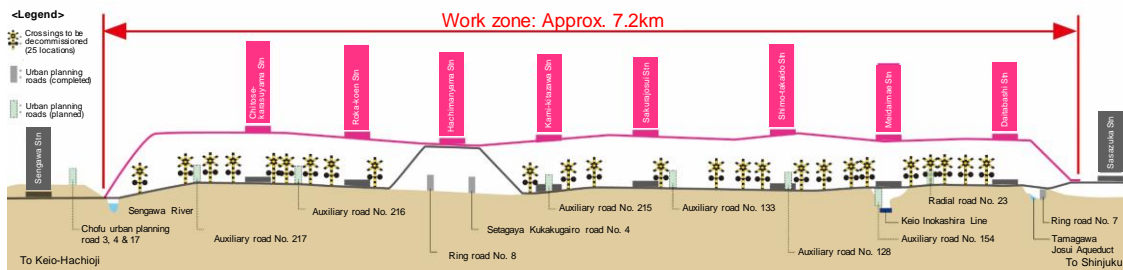
- **Implemented in October 2019.**
(FY2019 impact: 4 hmy less revenue)
- **These decreases will scarcely affect performance in this 3-year period** (their impact was taken into account when formulating the 3-year plan).

4. Railways

Strengthen profitability of existing businesses

(3) Drive Forward on Construction of Grade and Elevated Sections Along Keio Line

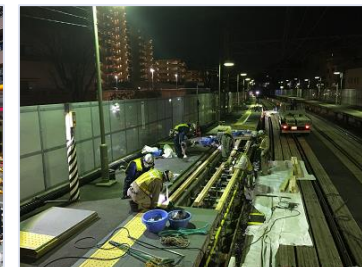
- Elevating roughly 7.2km section of Keio Line between Sasazuka and Sengawa stations and removing grade crossings in 25 places.
- Continued work in FY2019, obtaining land in the work zone and laying foundations for elevated sections.



Construction progress



Laying foundation

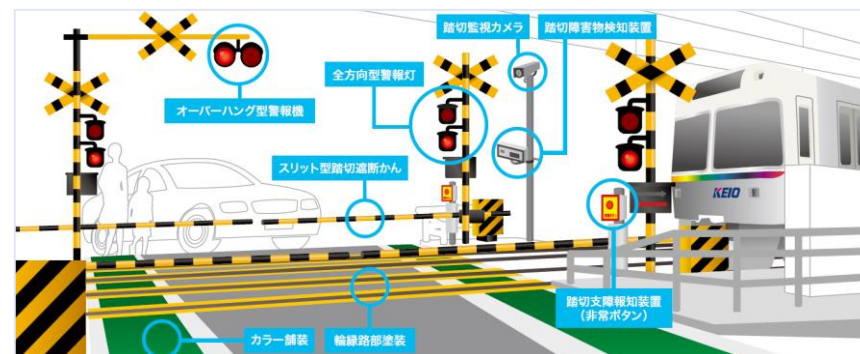
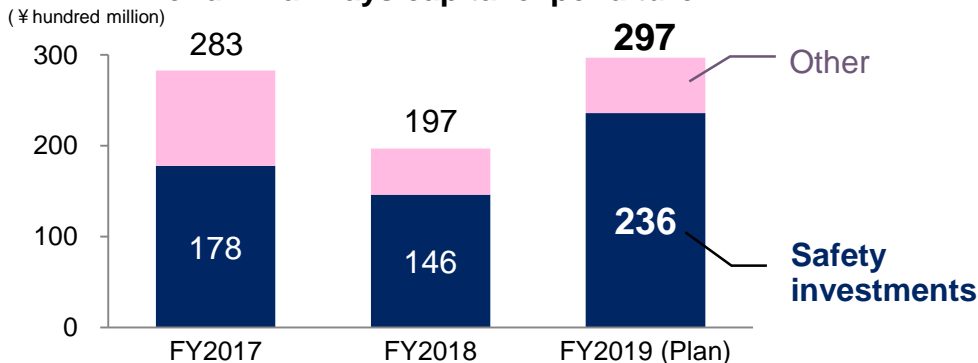


Temporary platform

(4) Safety Initiatives

- Always aware that safety is our most important mission and service, we are working to further improve safety.
- In FY2019, we plan to invest 236 hmy in safety (297 hmy in railways overall).
- Promoting safety measures including anti-earthquake strengthening work and other anti-disaster measures, and work on platforms and grade crossings.

Trend in railways capital expenditure



Install security devices to ensure grade crossing safety

5. Merchandise Sales

Strengthen profitability of existing businesses

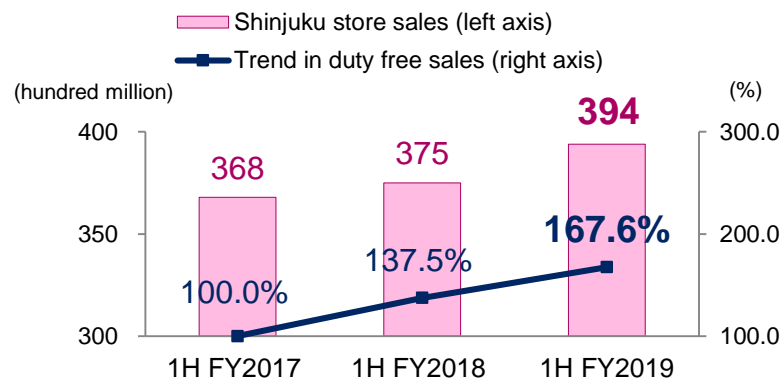
(1) Merchandise Sales Performance

- Department stores: There were **continued strong cosmetic sales underpinned by inbound tourist demand**, and tax-free sales also increased.
- Merchandise sales up overall year-on-year owing primarily to **capturing last-minute demand ahead of consumption tax hike**.

YOY change in operating revenues

	FY2019 2Q results	FY2019 full-year forecast
Department stores	+4.4%	+1.5%
Retail stores (supermarkets)	+0.8%	+1.4%
Shopping centers	+1.4%	+1.9%
	+1.7%	+1.2%

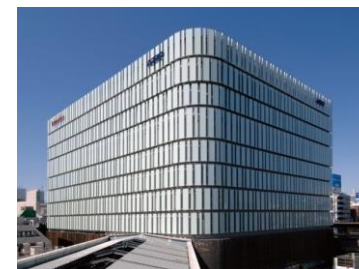
Total sales and trend in tax-free sales at Keio Department Store (Shinjuku) *



*Trend in tax-free sales is based on FY2017 at 100%

(2) Promoting Renovations at Retail Facilities

- Among our shopping centers, **Kirarina Keio Kichijoji will have its grand opening in November 2019 following renovations**. Remodeled under the new concept of “Our Favorite Space” to encourage use by customers of more different ages and lifestyles.
- Active tenant changeups continue to be promoted at other stores (Seiseki Sakuragaoka, Fuchu, etc.) as well to enhance profitability.



Kirarina Keio Kichijoji
(Grand opening after renovations in November 2019).

6. Real Estate

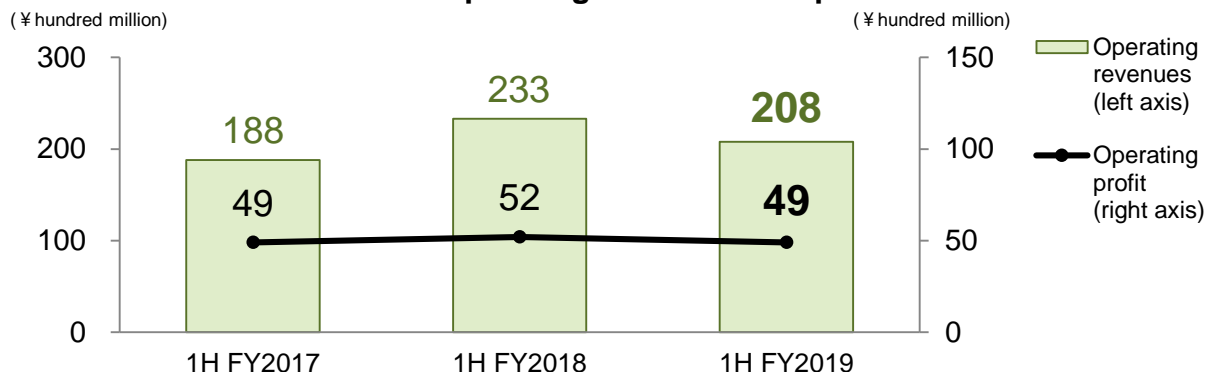
Strengthen profitability of existing businesses

Establish revenue base in growth fields

(1) Overview of Leasing and Sales

- Revenues and profit up in land and building leasing owing primarily to **full-year leasing operations of buildings acquired in FY2018**.
- Revenues down in development for selling by lots due primarily to **decrease in sales of investment condominiums and renovated properties**.

Trend in Real Estate operating revenues and profit



Opus Arisugawa Terrace and Residence
(acquired in November 2018)

(2) THE SHARE HOTELS Development

- Expanding THE SHARE HOTELS business, consisting of hotels providing unique encounters and experiences through shared spaces in renovated buildings.
- Locations No. 6 (TSUGU Kyoto Sanjo) and No. 7 (KIRO Hiroshima)** opened in 1H FY2019.
- Aiming to bring number of locations to 10 within FY2020.

THE SHARE HOTELS to be opened in FY2019 and later

(Table shows confirmed openings as of November 2019)

Name	No. of rooms	Opening date
TSUGU Kyoto Sanjo	49	May 2019
KIRO Hiroshima	49	September 2019
Eighth THE SHARE HOTELS (Tokyo)	73 (planned)	Spring 2020 (planned)



Shared space at KIRO Hiroshima
(remodeled indoor pool)

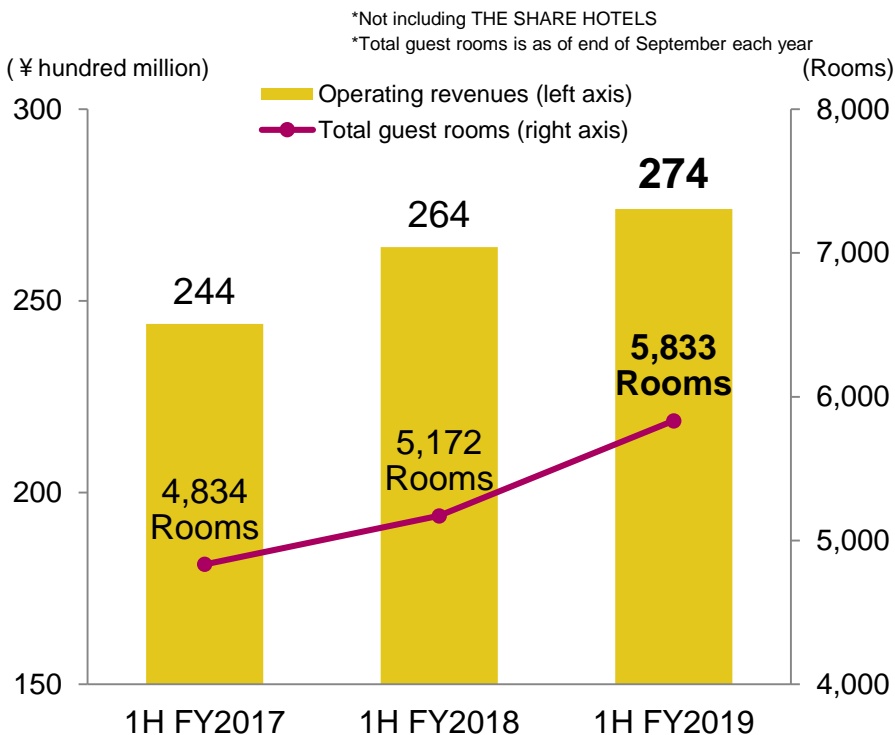
7. Hotels

Establish revenue base in growth fields

(1) Hotels Overview

- Overall Hotels operating revenues up year-on-year despite being down at some existing hotels owing primarily to contribution of **locations opened in FY2018 and FY2019**.
- Overall Hotels segment profit down year-on-year due primarily to **increase in expenses associated with new openings**.
- Takayama Green Hotel new wing Ohrinkaku to open on April 22, 2020.

Trend in Hotels operating revenues and total guest rooms



Keio Prelia Hotel Kyoto Karasuma-Gojo (305 rooms, opened in November 2018)



Keio Prelia Hotel Sapporo (359 rooms, opened in May 2019)



Takayama Green Hotel (New wing (101 rooms) to be opened on April 22, 2020)

Hotels Total guest rooms	1H FY2017	1H FY2018	1H FY2019
	(4,985)	(5,379)	(6,138)

Number in parenthesis includes THE SHARE HOTELS

7. Hotels

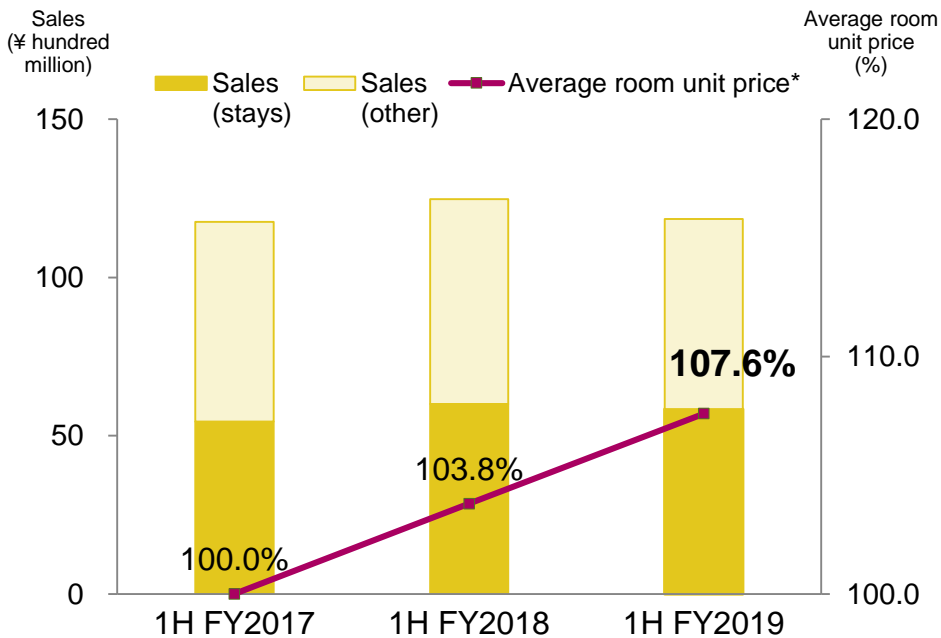
Establish revenue base in growth fields

(2) Strengthen Profitability of Existing Hotels

Keio Plaza Hotel KEIO PLAZA HOTEL

- Revenues and profit down again this year due primarily to **decrease in number of banquet orders** despite **improved room unit prices**.
- Revenues expected to increase in 2H owing to Rugby World Cup 2019™.

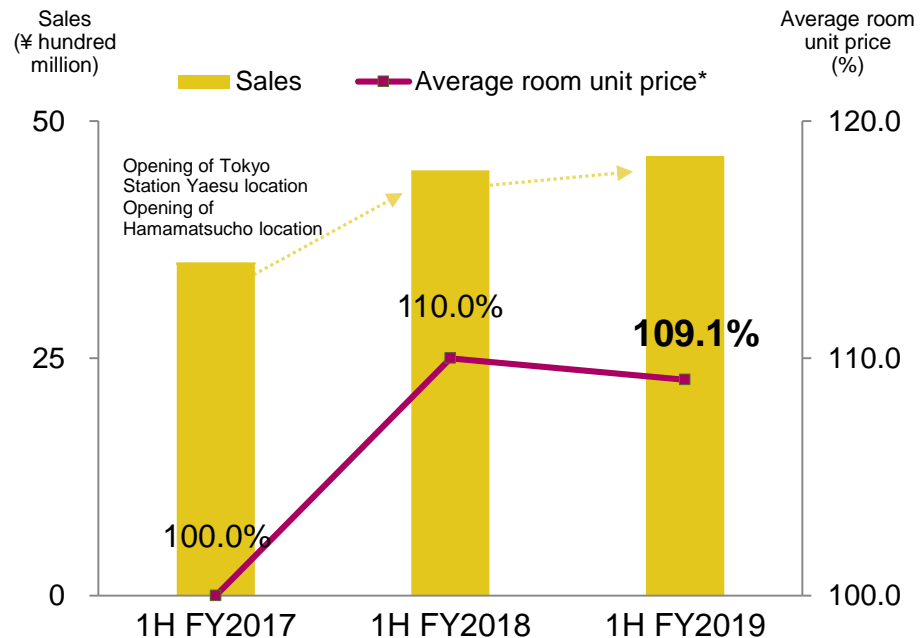
Keio Plaza Hotel (Shinjuku): Sales and average room unit price



Keio Presso Inn

- **Operating revenues up year-on-year owing to improved room occupancy rate** despite slight drop in room unit prices.
- Operating profit down slightly year-on-year due to increase in personnel and other expenses.

Keio Presso Inn (all locations): Sales and average room unit price



*FY2017 average is scaled at 100%.

7. Hotels

(Reference) List of Keio Group Hotel Businesses As of September 30, 2019

Keio Plaza Hotel (4 locations 2,377 rooms)

General urban hotel

Name	No. of rooms	Opening date
Keio Plaza Hotel (Shinjuku)	1,435	June 1971
Keio Plaza Hotel Sapporo	494	May 1982
Keio Plaza Hotel Tama	248	April 1990
Keio Plaza Hotel Hachioji	200	September 1994

Keio Presso Inn (11 locations 2,792 rooms)

Budget hotel specialized in lodging

Name	No. of rooms	Opening date
Keio Presso Inn Higashi-Ginza	250	February 2002
Keio Presso Inn Kanda	270	June 2003
Keio Presso Inn Shinjuku	371	May 2005
Keio Presso Inn Otemachi	386	October 2005
Keio Presso Inn Nihonbashi Kayabacho	236	March 2008
Keio Presso Inn Gotanda	178	May 2008
Keio Presso Inn Ikebukuro	231	February 2009
Keio Presso Inn Kudanshita	126	July 2009
Keio Presso Inn Akasaka	157	July 2015
Keio Presso Inn Tokyo Station Yaesu	248	August 2017
Keio Presso Inn Hamamatsucho	339	December 2017

Keio Prelia Hotel (2 locations 664 rooms)

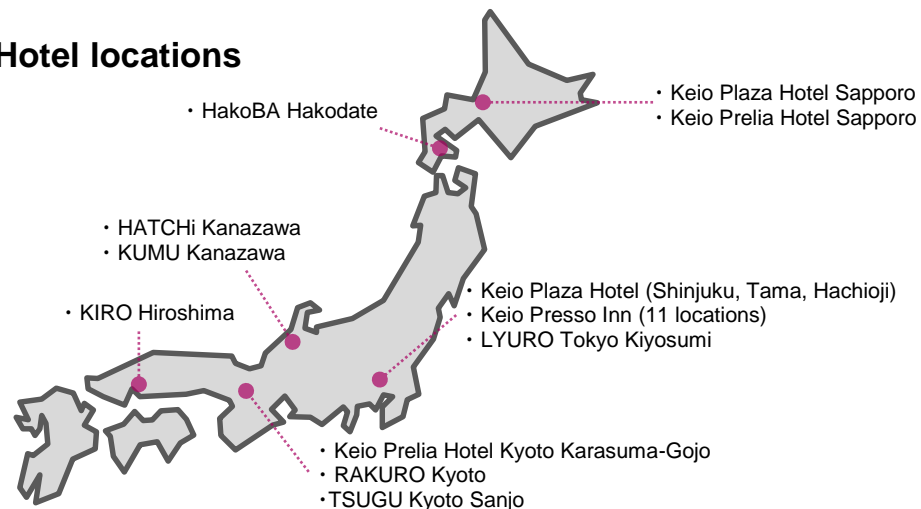
Upper-middle grade hotels specialized in lodging

Name	No. of rooms	Opening date
Keio Prelia Hotel Kyoto Karasuma-Gojo	305	November 2018
Keio Prelia Hotel Sapporo	359	May 2019

THE SHARE HOTELS * (7 locations 305 rooms)

Name	No. of rooms	Opening date
HATCHi Kanazawa	14	March 2016
LYURO Tokyo Kiyosumi	25	March 2017
HakoBA Hakodate	65	May 2017
KUMU Kanazawa	47	August 2017
RAKURO Kyoto	56	May 2018
TSUGU Kyoto Sanjo	49	May 2019
KIRO Hiroshima	49	September 2019

Hotel locations



*THE SHARE HOTELS results recorded under Real Estate segment

8. Other Policies

Strengthen profitability of existing businesses

(1) Preparations for the Rugby World Cup 2019™

- **Promote measures for safe and stable transport** during Rugby World Cup 2019™.
- Promote physical preparations including expansion of surveillance cameras in addition to operational preparations like pre-event training and improvement of multilingual information services.
- Special precautions to be taken at station platforms and crossings on day of event.



Counter-terrorism drills in collaboration with police and fire department



Surveillance cameras in front



English and Chinese-speaking service reps (Shinjuku Station and Shibuya Station)



Installation of sliding doors on platform No. 3 at Tobitakyu Station, which is closest station to venue

(2) Taxi Services Business Tie-up

- In taxi services, business tie-up with Teito Motor Transportation Co., Ltd. of Keisei Group to begin in February 2020.
- Increase in customers expected in 23 wards of Tokyo, Musashino City, and Mitaka City with switch to radio dispatch by Teito Motor Transportation Radio Center.

9. Investment Plan

- Continue to promote key actions of Medium-Term Management Plan, including strategic investments, to establish revenue base in growth fields.

	FY2018	FY2019	FY2020	Later
Improve safety/profitability				
Construct of grade crossing and Elevated lines along Keio Line (between Sasazuka and Sengawa stations)	Acquire development-land and conduct construction work	Acquire for-development land and conduct construction work		
Improve safety	Conduct anti-earthquake strengthening work and other anti-disaster measures, improve platform safety (Shinsen-Shinjuku and Shibuya stations)	Conduct anti-earthquake strengthening work and other anti-disaster measures Improve platform safety		
Improve profitability	Extend Keio Liner services (Feb 2019)	Further extend Keio Liner services Prepare environment to accommodate overseas visitors		
Revitalize line-side areas				
Revitalize facilities along rail lines	<Redevelopment of Shinjuku Station area> <Development of other station areas>	Acquire properties around Shinjuku Station, continue developing future plans Develop elevated section at Shimokitazawa		
Improve profitability of existing businesses	Renovate retail facilities (Fuchu & Sengawa)	Renovate retail facilities (Kichijoji & Seiseki Sakuragaoka)	Develop revenue-boosting strategies reflecting commercial composition (trading businesses, offices, etc.)	
Improve profitability of services for users in line-side neighborhoods	Develop satellite offices	Open childcare facility (under the “company-led childcare service” model) (June 2019)	Continue to develop and execute plans for parenting/senior-citizen service Expand and increase profitability of mobile shop, etc.	
Establish revenue base in growth fields				
Develop hotel brands	Open Keio Prelia Hotel Kyoto Karasuma Gojo (Nov 2018)	Open Keio Prelia Hotel Sapporo (May 2019)	Develop plans to open more Keio Prelia Hotels	
	Open RAKURO Kyoto Expand accommodation /vacation rentals	Open three THE SHARE HOTELS locations (Kyoto, Hiroshima, Tokyo)	Open new wing at Takayama Green Hotel (Apr 2020) Expand THE SHARE HOTELS (Aim for total of 10 locations within FY2020)	
	Acquire Opus Arisugawa Terrace and Residence	Further develop the renovated homes business		
Develop renovated homes business				
Capital expenditure	551 hmy (results)	972 hmy (plan)	573 hmy (medium-term plan)	

10. Remaining a Sustainable Company

(1) Initiatives for Low Carbon Society Existing in Harmony with Nature

- Update to more energy efficient VVVF inverter control devices and promote reduction of power required for operations in Railway business.
- Promote group-wide environmental management, including switching to LED lighting at facilities and implementing environmental conservation activities in communities along railway lines.
- **Take 3rd place (No. 1 railway) in transportation division of 22nd Environmental Management Survey*** conducted by Nikkei.

* A survey that conducts an overall analysis of environmental management to evaluate how well a company balances environmental measures such as reducing greenhouse gases and waste with improving management efficiency



Keio Line 8000 series



Inokashira Line 1000 series

Promote updates to new VVVF inverter control devices



LED lighting at Keio Plaza Hotel (Shinjuku)



Mt. Takao Hands-on Forest School Nature observation and tree planting

(2) Creating Railway Conducive to Lifestyles of Multiple Generations

- Provide services tailored to different lifestyles to make comfortable living environment for more generations.
- Promote creation of environment more conducive to raising children, such as opening of company-led childcare facility in June 2019.



KEIO Kids' Plats Tama Center (a childcare facility under the "company-led childcare service" model)



KEIO BIZ PLAZA (a satellite office)



See the CSR Report for details on safety, social, and environmental initiatives (Japanese only).

URL : https://www.keio.co.jp/company/environment/social_environment/index.html

III. FY2019 Full-Year Earnings Forecasts

1. Consolidated Statements of Income
(FY2019 Full-Year Earnings Forecasts)
2. Operating Revenues / Operating Profit Change Factors (vs. Plan)
3. Operating Revenues / Operating Profit Change Factors
(Year-on-Year Comparison)
4. Trends in Net Income and Dividends

Managing Director Shunji Ito
(in charge of Finance and Information Disclosure)

1. Consolidated Statements of Income (FY2019 Full-Year Earnings Forecasts)

- **Operating revenues forecast revised** in light of 2nd quarter results (4,600 hmy ->4,521 hmy).
- **Forecasts for income at each stage after operating profit left as-is** despite changes in each segment in light of 2nd quarter results and second half forecast.

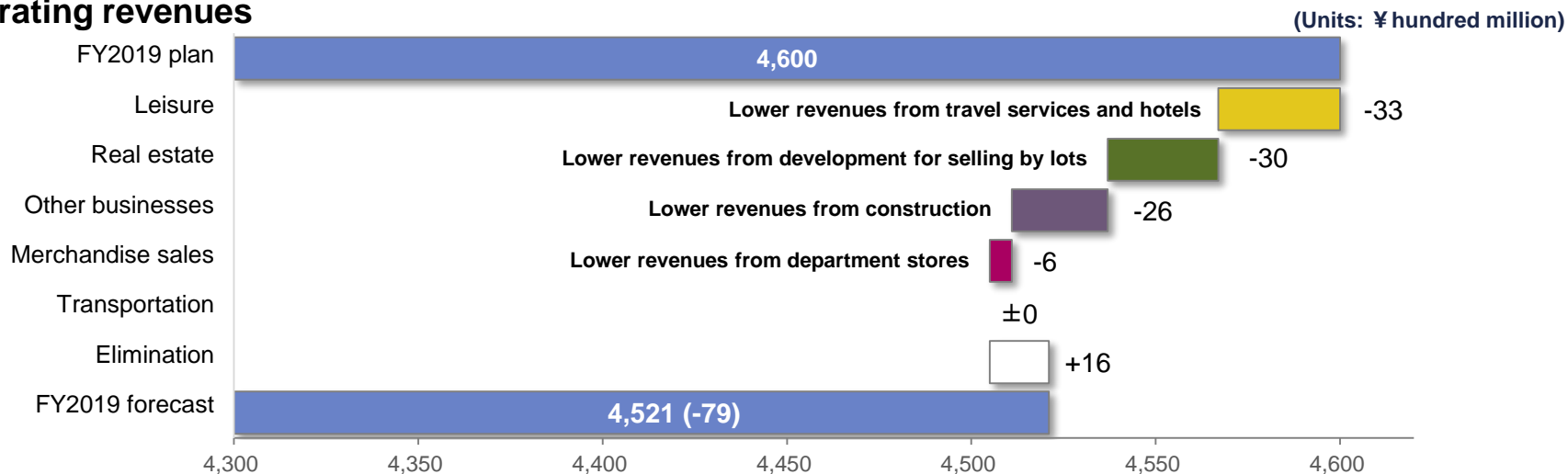
(Units: ¥ hundred million)

	FY2018 result	FY2019 forecast	Change (%)		FY2019 plan (as announced on April 26, 2019)	Change from plan
Operating revenues	4,475	4,521	45	(1.0)	4,600	-79
Operating profit	400	433	32	(8.0)	433	—
Profit margin	9.0	9.6	0.6P	—	9.4	0.2P
Ordinary profit	392	419	26	(6.7)	419	—
Profit attributable to owners of parent	272	285	12	(4.7)	285	—

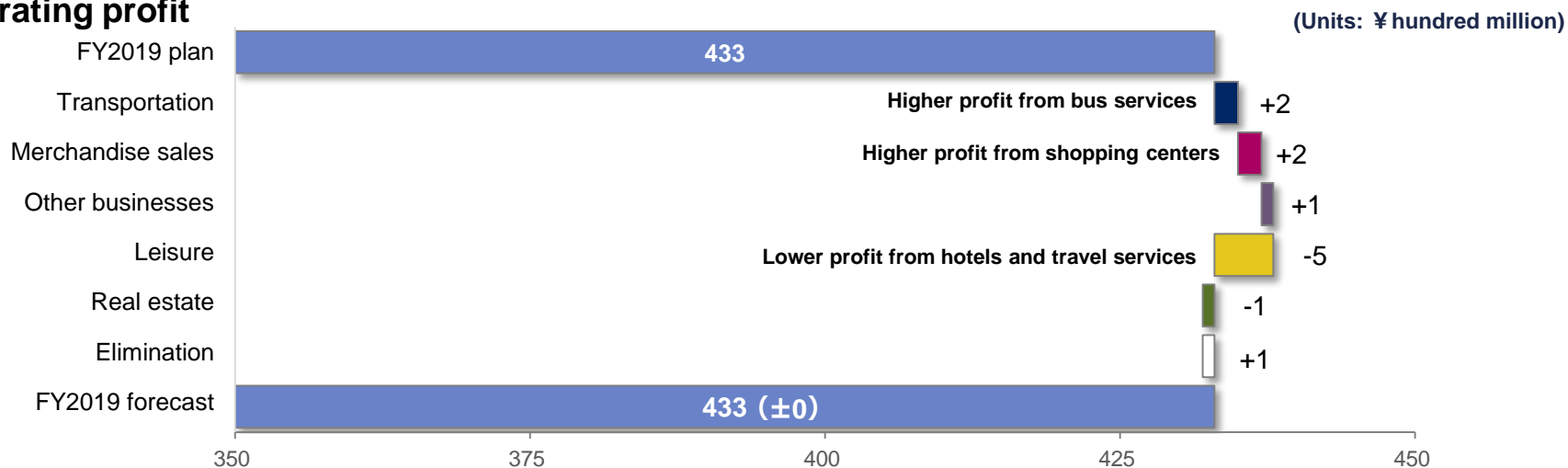
2. Operating Revenues / Operating Profit Change Factors (vs. Plan)

- Operating revenues expected to fall 79 hmy short of plan due to decreased revenue in each segment except transportation.
- Operating profit expected to increase as a result of increased profit in transportation and merchandise sales despite decrease in profit in leisure and other businesses.

Operating revenues



Operating profit



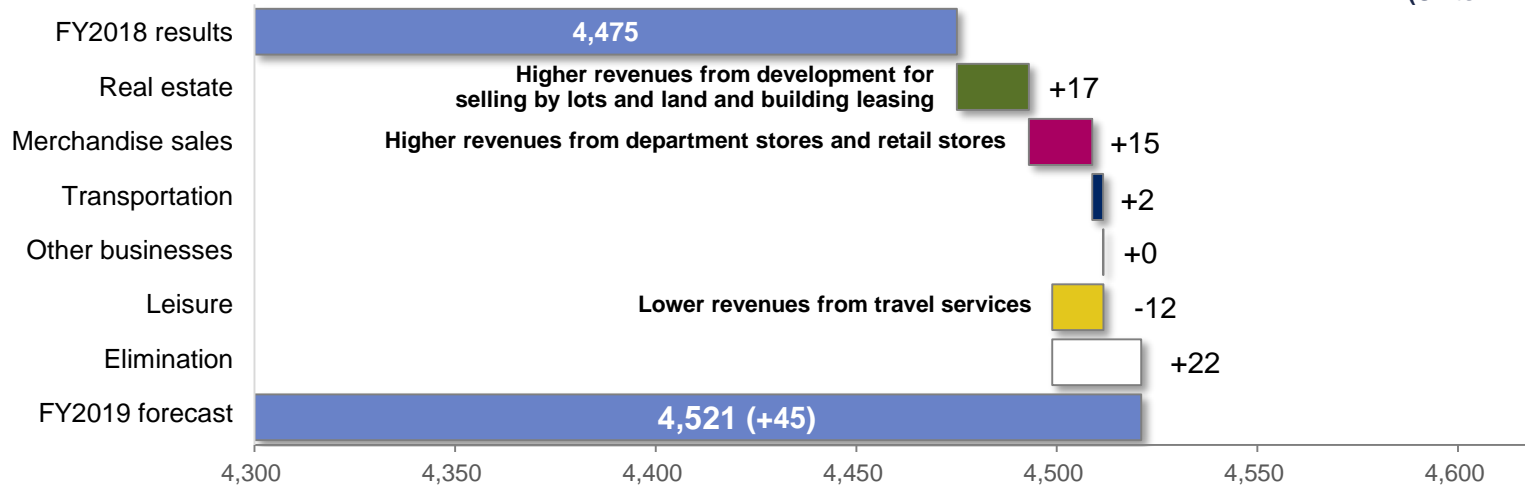
III. FY2019 Full-Year Earnings Forecasts

3. Operating Revenues / Operating Profit Change Factors (Year-on-Year Comparison)

- Operating revenues expected to increase 45 hmy year-on-year with increase in revenues in each segment except Leisure.
- Operating profit expected to increase 32 hmy year-on-year owing to increased profit in all segments.

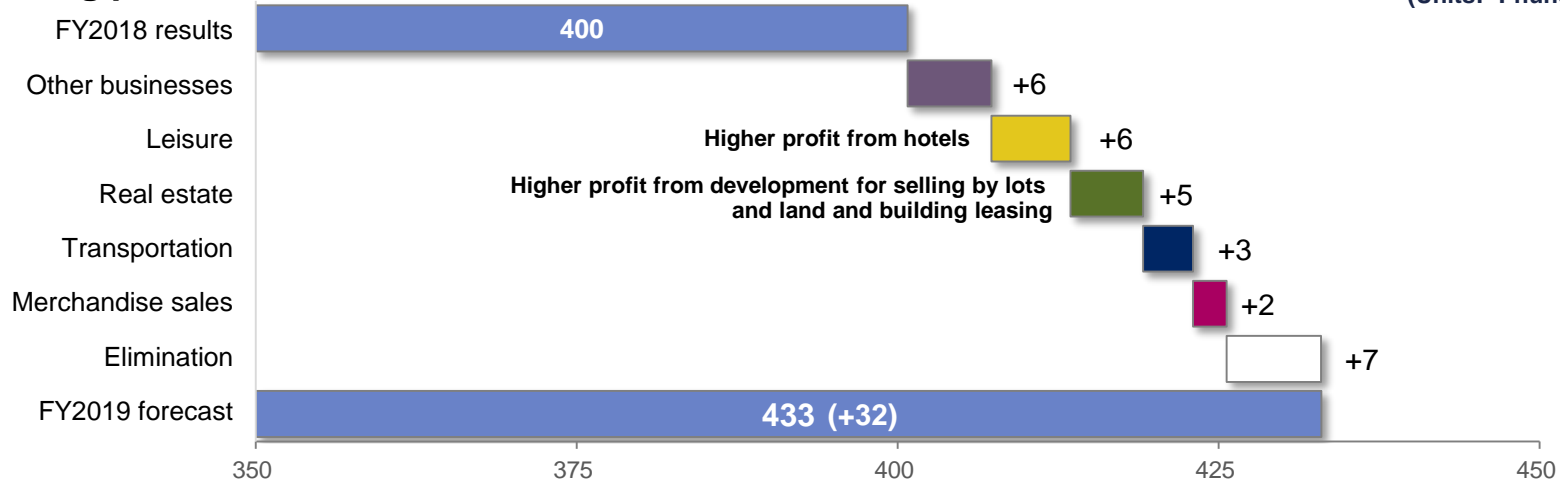
Operating revenues

(Units: ¥ hundred million)



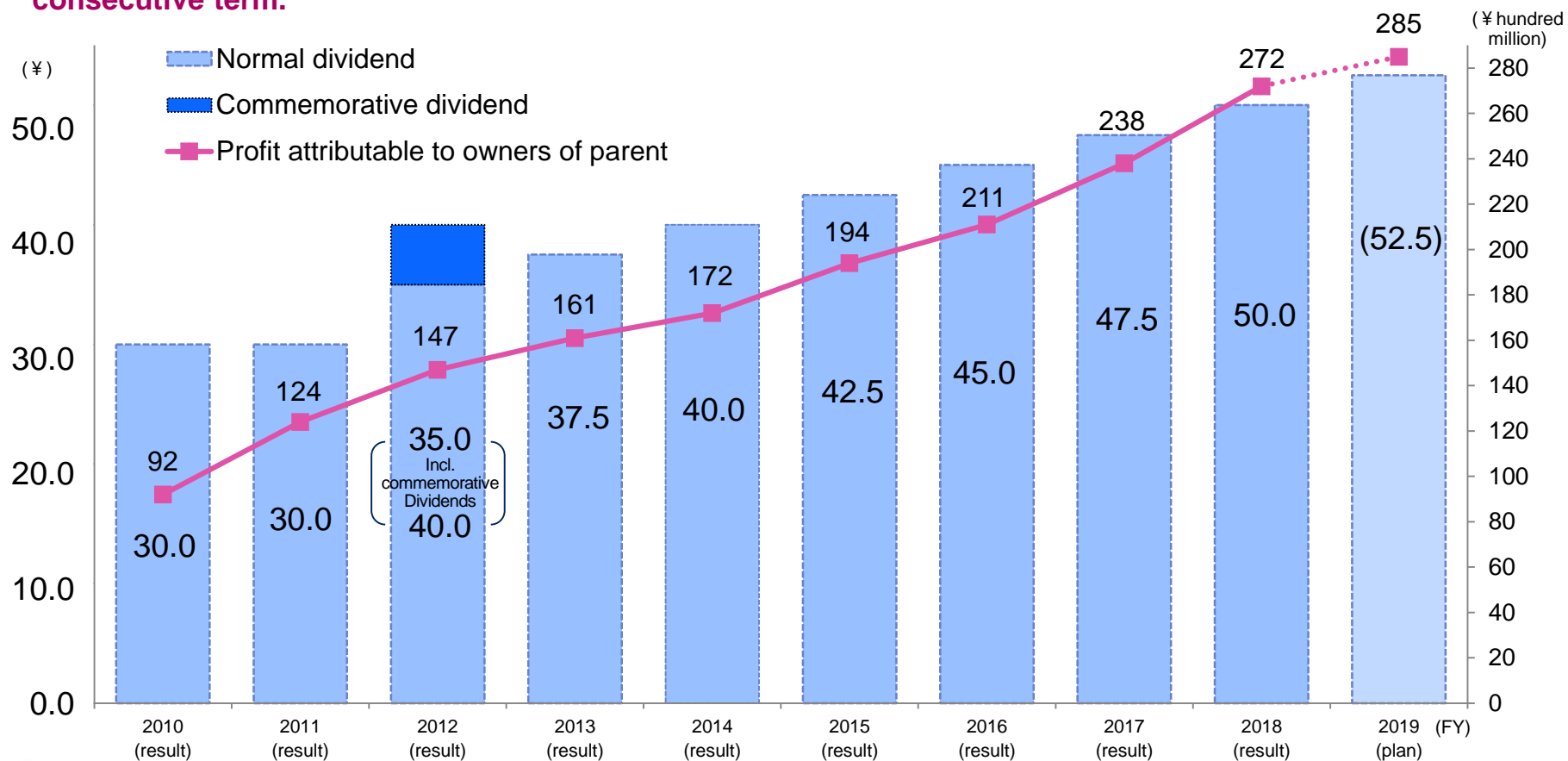
Operating profit

(Units: ¥ hundred million)



4. Trends in Net Income and Dividends

- Over the long term, we will continue to base dividends upon stable profit, with a benchmark of 30% for consolidated dividend ratio.
- For FY2019, dividend per share will be **¥52.5, an increase of ¥2.50**, and normal dividend will **increase for eighth consecutive term**.



In returning profits to shareholders, we will consider large-scale future investments and various other factors, with a target consolidated dividend ratio of 30%, as before.

Note: On October 1, 2017, we consolidated every 5 shares of common stock into 1 share. Accordingly, the yearly dividends are now on a post-stock consolidation basis.

Memo

Reference 1: Detailed Earnings Report for FY2019 2nd Quarter

1. Consolidated Statements of Income (FY2019 2nd Quarter Results)
2. Ordinary Profit / Profit Change Factors
(Year-on-Year Comparison)
3. Ordinary Profit / Profit Change Factors (vs. Plan)
4. Segment Composition
5. Segment Information: Transportation
6. Segment Information: Merchandise Sales
7. Segment Information: Real Estate
8. Segment Information: Leisure
9. Segment Information: Other Businesses
10. Consolidated Balance Sheets
11. Consolidated Statements of Cash Flows

1. Consolidated Statements of Income (FY2019 2nd Quarter Results)

- Operating revenues up 2,178 hmy owing primarily to last-minute buying ahead of consumption tax hike in merchandise sales and transportation.
- Operating profit up 239 hmy year-on-year, and profit attributable to owners of parent reached a 2nd quarter record high of 159 hmy.
- Operating revenues short of plan due to decreased revenue in development for selling by lots, hotels, etc. Operating profit slightly short of plan.

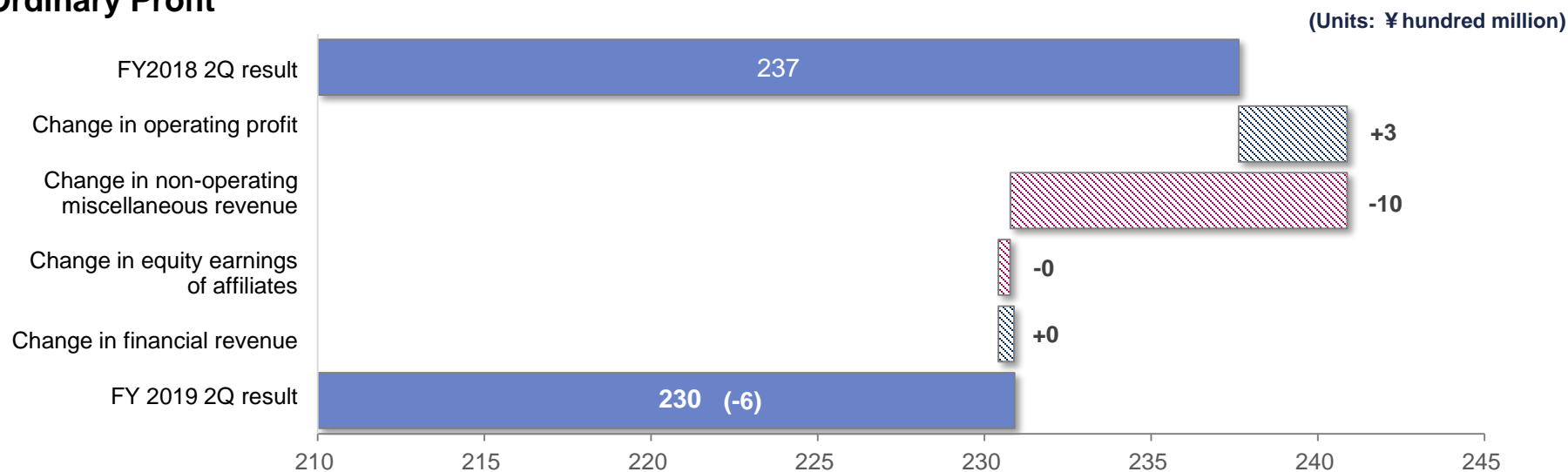
(Units: ¥ hundred million)

	FY2018 2Q result	FY2019 2Q result	Change (%)	FY2019 2Q plan (as announced on April 26, 2019)	Difference from plan (%)
Operating revenues	2,176	2,178	1 (0.1)	2,263	-84 (-3.7)
Operating profit	236	239	3 (1.4)	243	-3 (-1.4)
Profit margin	10.9	11.0	0.1P -	10.7	0.3P -
Ordinary profit	237	230	-6 (-2.8)	235	-4 (-1.7)
Profit attributable to owners of parent	151	159	7 (5.2)	161	-1 (-1.1)
EBITDA	413	417	3 (0.9)		
Depreciation and amortization	175	175	0 (0.3)		
Capital expenditures	180	152	-28 (-15.5)		

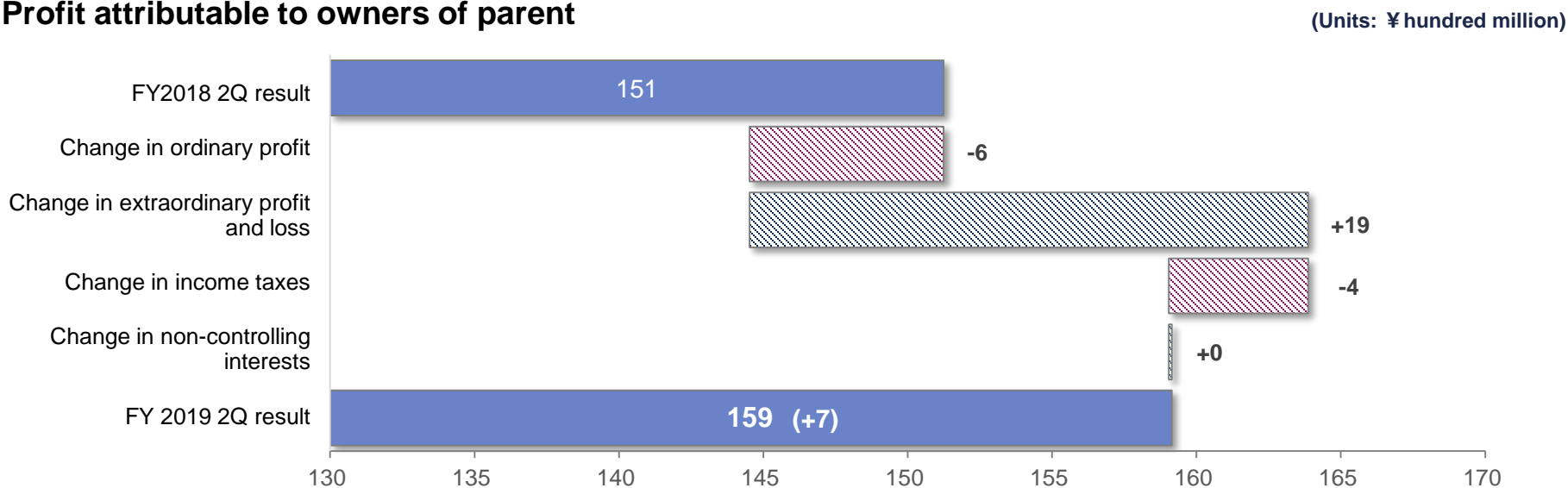
Note: EBITDA = operating profit + depreciation and amortization + amortization of goodwill

2. Ordinary Profit / Profit Change Factors (Year-on-Year Comparison)

Ordinary Profit



Profit attributable to owners of parent



3. Ordinary Profit / Profit Change Factors (vs. Plan)

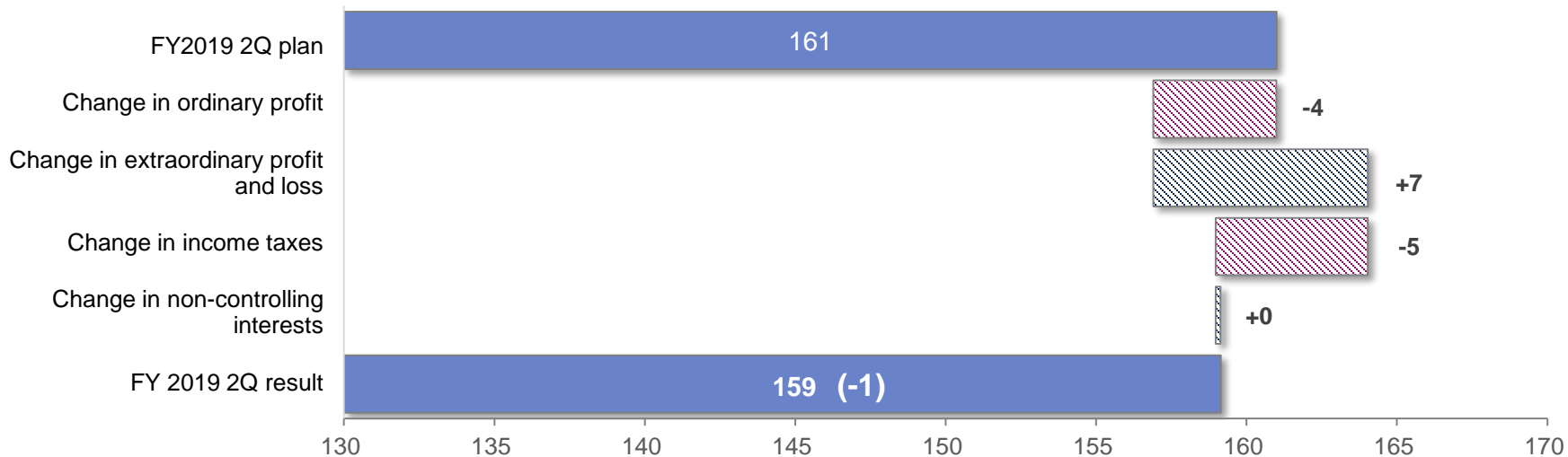
Ordinary Profit

(Units: ¥ hundred million)



Profit attributable to owners of parent

(Units: ¥ hundred million)



4. Segment Composition

Consolidated

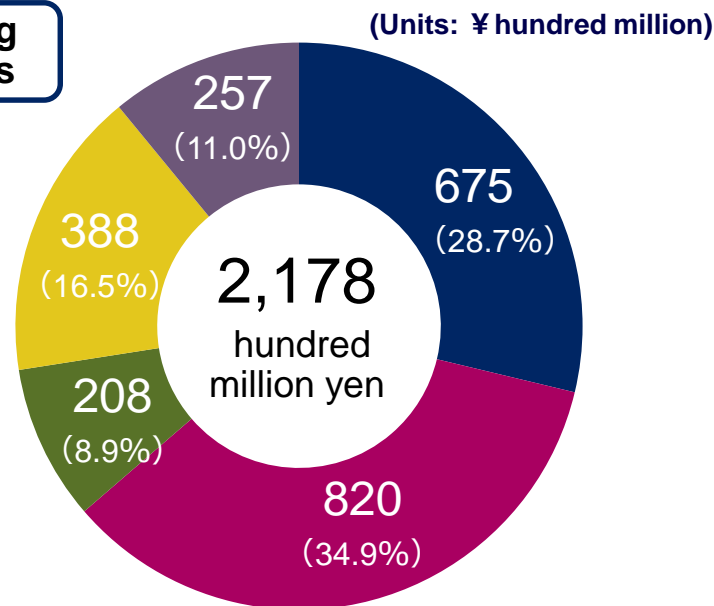
48 companies as of the end of Sep, 2019

(Keio Corporation and Keio Juuki Seibi overlap multiple business segments)

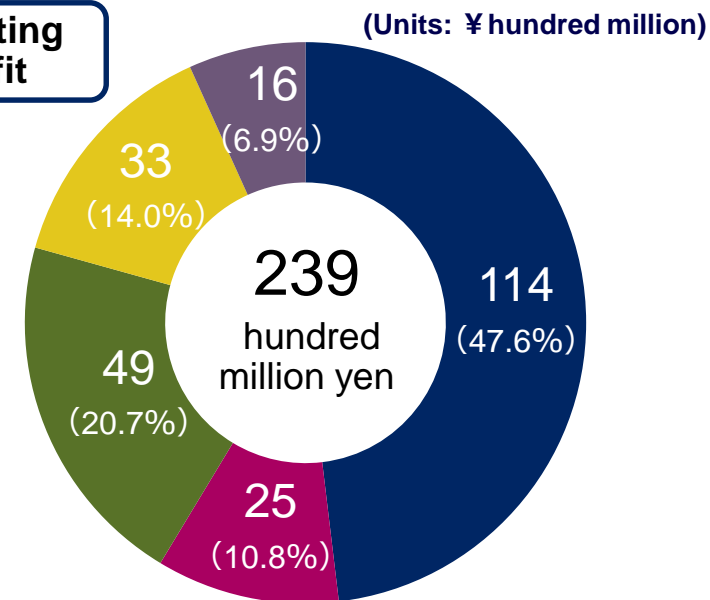
Transportation	Merchandise Sales	Real Estate	Leisure	Other Businesses
Keio Corporation Keio Dentetsu Bus Keio Jidousha 13 others	Keio Department Store Keio Store Keio Shoseki Hanbai 5 others	Keio Corporation Keio Realty & Development ReBITA 3 others	Keio Plaza Hotel Keio Travel Agency Keio Agency 6 others	Keio Setsubi Service Keio Juuki Seibi Keio Construction 9 others

FY2019 2nd Quarter

Operating revenues



Operating profit



Note: Segment figures include intersegment amounts and ratios.

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5. Segment Information: Transportation

(Units: ¥ hundred million)

	FY2018 2Q result	FY2019 2Q result	Change (%)	FY2019 2Q plan <small>(as announced on April 26, 2019)</small>	Difference from plan (%)
(Railways)	431	441	9 (2.2)	435	5 (1.2)
(Bus Services)	185	188	2 (1.3)	185	2 (1.4)
(Taxi Services)	64	61	-2 (-4.0)	62	-0 (-0.9)
(Other)	12	12	-0 (-1.6)	13	-0 (-1.8)
(Elimination)	-29	-29	-0 —	-28	-0 —
Operating Revenues	665	675	9 (1.4)	668	6 (0.9)
(Railways)	81	85	4 (5.7)	81	4 (5.4)
(Bus Services)	20	25	4 (23.6)	21	4 (22.0)
Operating Profit	105	114	9 (8.7)	108	5 (5.3)
Profit Margin	15.8	16.9	1.1P —	16.2	0.7P —
EBITDA	217	223	6 (2.8)		
Depreciation and Amortization	112	109	-3 (-2.8)		
Capital Expenditures	63	64	1 (1.9)		

- Railways: Passenger revenue up owing to better employment rates and larger line-side populations as well as last-minute buying of commuter passes ahead of consumption tax hike and increased income from the Keio Liner (reserved seat) surcharge helped push revenues up year on year.
- Bus services: Earnings improved year on year in local routes and expressways (expressway) services.

5. Segment Information: Transportation [Railways Transportation Results]

(Units: Thousands of people, ¥ million)

		FY2018 2Q result	FY2019 2Q result	Change (%)	FY2019 2Q plan <small>(as announced on April 26, 2019)</small>	Difference from plan (%)
Passengers Transported	Commuter-Pass	205,947	212,689	6,742 (3.3)	207,912	4,777 (2.3)
	(Business)	155,368	160,081	4,713 (3.0)	157,407	2,674 (1.7)
	(Student)	50,579	52,608	2,029 (4.0)	50,505	2,103 (4.2)
	Non-Commuter-Pass	136,966	139,226	2,260 (1.7)	137,270	1,956 (1.4)
	Total	342,913	351,915	9,002 (2.6)	345,182	6,733 (2.0)
Passenger Revenues	Commuter-Pass	18,171	18,655	483 (2.7)	18,377	278 (1.5)
	(Business)	16,231	16,643	411 (2.5)	16,439	203 (1.2)
	(Student)	1,940	2,012	72 (3.7)	1,937	74 (3.9)
	Non-Commuter-Pass	23,087	23,404	316 (1.4)	23,127	276 (1.2)
	Total	41,259	42,059	800 (1.9)	41,505	554 (1.3)

6. Segment Information: Merchandise Sales

(Units: ¥ hundred million)

	FY2018 2Q result	FY2019 2Q result	Change (%)	FY2019 2Q plan <small>(as announced on April 26, 2019)</small>	Difference from plan (%)
(Department Stores)	420	439	18 (4.4)	444	-5 (-1.3)
(Retail Stores)	250	252	2 (0.8)	255	-3 (-1.2)
(Retail Stores for Books)	31	29	-2 (-6.5)	28	0 (2.4)
(Shopping Centers)	72	73	1 (1.7)	71	1 (2.3)
(Other)	57	59	1 (3.3)	60	-0 (-0.3)
(Elimination)	-32	-33	-0 -	-33	0 -
Operating Revenues	799	820	20 (2.6)	827	-6 (-0.8)
(Department Stores)	1	2	1 (173.7)	4	-1 (-40.2)
(Retail Stores)	4	4	-0 (-6.5)	3	0 (11.3)
Operating Profit	24	25	1 (4.5)	27	-1 (-5.9)
Profit Margin	3.1	3.2	0.1P -	3.3	-0.1P -
EBITDA	44	45	0 (1.9)		
Depreciation and Amortization	20	19	-0 (-1.3)		
Capital Expenditures	6	12	5 (86.4)		

■ Department stores: Earnings increased year on year thanks to favorable inbound sales as well as last-minute demand ahead of consumption tax hike.

■ Retail stores: Earnings increased year on year thanks to contribution of locations opened last year.

7. Segment Information: Real Estate

(Units: ¥ hundred million)

	FY2018 2Q result	FY2019 2Q result	Change (%)	FY2019 2Q plan (as announced on April 26, 2019)	Difference from plan (%)
(Land and Building Leasing)	174	184	10 (5.9)	182	1 (1.0)
(Development for Selling by Lots)	91	75	-15 (-17.0)	121	-45 (-37.3)
(Other)	11	13	1 (11.5)	14	-0 (-6.4)
(Elimination)	-43	-65	-21 —	-45	-19 —
Operating Revenues	233	208	-25 (-10.9)	272	-63 (-23.4)
(Land and Building Leasing)	52	54	2 (4.3)	51	2 (5.5)
(Development for Selling by Lots)	4	6	2 (56.9)	10	-3 (-35.1)
Operating Profit	52	49	-3 (-6.0)	55	-6 (-10.8)
Profit Margin	22.6	23.9	1.3P —	20.5	3.4P —
EBITDA	76	74	-1 (-2.4)		
Depreciation and Amortization	21	22	1 (6.1)		
Capital Expenditures	14	29	15 (102.9)		

- Land and Building Leasing: Earnings increased year on year owing primarily to contribution of properties acquired in previous fiscal year.
- Development for Selling by Lots: Revenue down year on year due primarily to decreased sales of for-investment condos and renovated properties.
- Operating Profit: Profit down year on year due primarily to decrease in external sales.

8. Segment Information: Leisure

(Units: ¥ hundred million)

	FY2018 2Q result	FY2019 2Q result	Change (%)	FY2019 2Q plan <small>(as announced on April 26, 2019)</small>	Difference from plan (%)
(Hotels)	264	274	10 (3.9)	286	-12 (-4.3)
(Travel Services)	99	78	-21 (-21.5)	87	-9 (-11.1)
(Advertising Services)	53	56	3 (5.6)	53	2 (5.4)
(Other)	35	34	-0 (-2.0)	35	-0 (-1.9)
(Elimination)	-50	-55	-4 —	-55	-0 —
Operating Revenues	401	388	-12 (-3.2)	408	-19 (-4.9)
(Hotels)	37	31	-6 (-18.3)	33	-2 (-6.8)
Operating Profit	42	33	-8 (-21.1)	39	-5 (-14.3)
Profit Margin	10.6	8.6	-2.0P —	9.6	-1.0P —
EBITDA	63	56	-6 (-10.3)		
Depreciation and Amortization	20	23	2 (11.7)		
Capital Expenditures	75	27	-47 (-63.2)		

■ Hotels: Earnings improved year on year thanks to the contribution of Keio Prelia Hotel Kyoto Karasuma-Gojo, which was opened last year, and Keio Prelia Hotel Sapporo, which was opened in May of this year, despite a decrease in banquet orders at Keio Plaza Hotel (Shinjuku).

■ Travel Services: Earnings down year on year due mainly to decreased transaction volume.

■ The segment's operating profit was negatively affected by expenses in the hotels business associated with new openings.

9. Segment Information: Other Businesses

(Units: ¥ hundred million)

	FY2018 2Q result	FY2019 2Q result	Change (%)	FY2019 2Q plan <small>(as announced on April 26, 2019)</small>	Difference from plan (%)
(Building Maintenance)	108	115	7 (6.6)	111	3 (3.3)
(Railway Car Maintenance)	40	40	-0 (-0.6)	39	1 (3.4)
(Construction)	57	66	9 (17.1)	87	-20 (-23.7)
(Other)	37	44	6 (17.3)	38	5 (14.9)
(Elimination)	-5	-9	-3 —	-11	1 —
Operating Revenues	237	257	19 (8.2)	265	-8 (-3.1)
Operating Profit	10	16	5 (55.5)	13	3 (27.3)
Profit Margin	4.5	6.5	2.0P —	4.9	1.6P —
EBITDA	12	18	6 (50.0)		
Depreciation and Amortization	1	2	0 (17.2)		
Capital Expenditures	1	0	-1 (-70.8)		

■ Building Maintenance: Earnings improved year on year thanks to higher-than-last-year maintenance orders.

■ Construction: Earnings improved year on year thanks to an increase in construction completed.

10. Consolidated Balance Sheets

(Units: ¥ hundred million)

	FY2018 result	FY2019 2Q result	Change	Change factors
Total Assets	8,893	8,823	-70	Decrease in property, plant and equipment with progression of depreciation and amortization
Liabilities	5,213	5,016	-196	Construction payment, etc.
Net Assets	3,680	3,806	126	Booking of Profit Attributable to Owners of Parent, etc.
Total Liabilities and Net Assets	8,893	8,823	-70	
Interest-Bearing Debt	3,383	3,331	-52	

Note: Interest-bearing debt is loans payable + bonds payable.

11. Consolidated Statements of Cash Flows

(Units: ¥ hundred million)

	FY2018 2Q result	FY2019 2Q result	Change	Notes
Net Cash Provided by (used in) Operating Activities	361	300	-61	
Net Cash Provided by (used in) Investing Activities	-295	-209	85	Decrease in expenditure following purchase of property, plant and equipment and intangible assets
Net Cash Provided by (used in) Financing Activities	-73	-85	-11	Long-term borrowings, etc.
Cash and Cash Equivalents at End of Period	645	584	-60	

Reference 2: Detailed Earnings Forecasts for FY2019

1. Consolidated Statements of Income
(FY2019 Full-Year Earnings Forecasts)
2. Segment Information: Transportation
3. Segment Information: Merchandise Sales
4. Segment Information: Real Estate
5. Segment Information: Leisure
6. Segment Information: Other Businesses

1. Consolidated Statements of Income (FY2019 Full-Year Earnings Forecasts)

- Operating revenues forecast revised in light of 2nd quarter results (79 hmy short of plan).
- Forecast for income at each stage under operating profit left as-is despite changes in each segment in light of 2nd quarter results and 2nd half forecast.

(Units: ¥ hundred million)

	FY2018 result	FY2019 forecast	Change (%)	FY2019 plan (as announced on April 26, 2019)	Change from plan
Operating Revenues	4,475	4,521	45 (1.0)	4,600	-79
Operating Profit	400	433	32 (8.0)	433	—
Profit Margin	9.0	9.6	0.6P —	9.4	0.2P
Ordinary Profit	392	419	26 (6.7)	419	—
Profit Attributable to Owners of Parent	272	285	12 (4.7)	285	—
EBITDA	767	801	33 (4.4)	801	—
Depreciation and Amortization	362	363	1 (0.4)	363	—
Capital Expenditures	551	972	420 (76.3)	972	—

Note: EBITDA is operating profit + depreciation and amortization + amortization of goodwill

2. Segment Information: Transportation

(Units: ¥ hundred million)

	FY2018 result	FY2019 forecast	Change (%)	Change factors	FY2019 plan (as announced on April 26, 2019)	Change from plan (%)
(Railways)	861	867	6 (0.7)		866	1 (0.2)
(Bus Services)	365	367	1 (0.5)		364	2 (0.7)
(Taxi Services)	130	124	-6 (-4.7)	Transfer of Keio Jidousha Keihin's stock	126	-2 (-1.9)
(Other)	26	25	-0 (-2.4)		26	-0 (-1.3)
(Elimination)	-61	-61	0 —		-58	-2 —
Operating Revenues	1,322	1,325	2 (0.2)		1,325	— —
(Railways)	116	115	-0 (-0.7)		114	0 (0.4)
(Bus Services)	25	26	0 (3.8)		24	1 (5.5)
Operating Profit	147	151	3 (2.6)		149	2 (1.3)
Profit Margin	11.1	11.4	0.3P —		11.3	0.1P —
EBITDA	379	376	-3 (-0.9)		374	2 (0.5)
Depreciation and Amortization	232	224	-8 (-3.5)		224	— —
Capital Expenditures	243	348	105 (43.2)		348	— —

2. Segment Information: Transportation [Railways Transportation Results]

(Units: Thousands of people, ¥ million)

		FY2018 result	FY2019 forecast	Change (%)	FY2019 plan (as announced on April 26, 2019)	Change from plan (%)
Passengers Transported	Commuter-Pass	402,729	405,452	2,723 (0.7)	406,065	-613 (-0.2)
	(Business)	309,170	312,320	3,150 (1.0)	312,586	-266 (-0.1)
	(Student)	93,559	93,132	-427 (-0.5)	93,479	-347 (-0.4)
	Non-Commuter-Pass	275,259	278,438	3,179 (1.2)	276,830	1,608 (0.6)
	Total	677,988	683,890	5,902 (0.9)	682,895	995 (0.1)
Passenger Revenues	Commuter-Pass	35,852	35,916	64 (0.2)	36,008	-91 (-0.3)
	(Business)	32,264	32,376	112 (0.3)	32,452	-75 (-0.2)
	(Student)	3,587	3,540	-47 (-1.3)	3,555	-15 (-0.4)
	Non-Commuter-Pass	46,407	46,657	249 (0.5)	46,425	231 (0.5)
	Total	82,259	82,573	314 (0.4)	82,433	140 (0.2)

3. Segment Information: Merchandise Sales

(Units: ¥ hundred million)

	FY2018 result	FY2019 forecast	Change (%)	Change factors	FY2019 plan (as announced on April 26, 2019)	Change from plan (%)
(Department Stores)	895	908	13 (1.5)	Favorable inbound sales, etc.	915	-6 (-0.7)
(Retail Stores)	503	510	7 (1.4)		513	-2 (-0.6)
(Retail Stores for Books)	64	59	-4 (-7.4)		58	1 (2.5)
(Shopping Centers)	143	145	1 (1.2)		143	2 (1.4)
(Other)	121	120	-0 (-0.4)		122	-1 (-1.4)
(Elimination)	-64	-64	-0 -		-66	2 -
Operating Revenues	1,664	1,680	15 (0.9)		1,686	-6 (-0.4)
(Department Stores)	11	13	2 (19.9)		13	- -
(Retail Stores)	6	6	0 (6.5)		6	-0 (-0.7)
Operating Profit	51	54	2 (5.1)		52	2 (3.8)
Profit Margin	3.1	3.2	0.1P -		3.1	0.1P -
EBITDA	92	96	3 (3.8)		94	2 (2.1)
Depreciation and Amortization	41	42	0 (2.2)		42	- -
Capital Expenditures	31	55	23 (73.4)		55	- -

4. Segment Information: Real Estate

(Units: ¥ hundred million)

	FY2018 result	FY2019 forecast	Change (%)	Change factors	FY2019 plan (as announced on April 26, 2019)	Change from plan (%)
(Land and Building Leasing)	354	368	13 (3.8)	Contribution of properties acquired in previous year, etc.	365	2 (0.8)
(Development for Selling by Lots)	209	243	34 (16.3)	Increase in sales of renovated property, etc.	259	-15 (-5.9)
(Other)	24	29	4 (19.6)		29	-0 (-0.7)
(Elimination)	-89	-122	-33 —		-105	-17 —
Operating Revenues	500	518	17 (3.6)		548	-30 (-5.5)
(Land and Building Leasing)	90	95	5 (6.0)		94	0 (0.9)
(Development for Selling by Lots)	12	19	7 (60.6)		21	-2 (-11.1)
Operating Profit	94	100	5 (6.0)		101	-1 (-1.0)
Profit Margin	18.9	19.4	0.5P —		18.5	0.9P —
EBITDA	143	151	7 (5.4)		152	-1 (-0.7)
Depreciation and Amortization	44	46	1 (2.5)		46	— —
Capital Expenditures	116	347	231 (199.2)		347	— —

5. Segment Information: Leisure


(Units: ¥ hundred million)

	FY2018 result	FY2019 forecast	Change (%)	Change factors	FY2019 plan (as announced on April 26, 2019)	Change from plan (%)
(Hotels)	546	580	34 (6.3)	Full-year contribution of newly opened and hotels opened last year	593	-12 (-2.1)
(Travel Services)	176	139	-36 (-20.9)	Decrease in transaction volume, etc.	160	-20 (-12.8)
(Advertising Services)	125	128	3 (2.5)		127	0 (0.6)
(Other)	68	65	-2 (-3.7)		67	-1 (-2.3)
(Elimination)	-112	-122	-10 —		-122	0 —
Operating Revenues	804	792	-12 (-1.6)		825	-33 (-4.0)
(Hotels)	59	68	8 (15.1)		72	-4 (-5.8)
Operating Profit	69	76	6 (8.8)		81	-5 (-6.2)
Profit Margin	8.7	9.7	1.0P —		9.9	-0.2P —
EBITDA	113	125	11 (10.2)		130	-5 (-3.8)
Depreciation and Amortization	43	48	4 (10.0)		48	— —
Capital Expenditures	162	219	57 (35.1)		219	— —

6. Segment Information: Other Businesses

(Units: ¥ hundred million)

	FY2018 result	FY2019 forecast	Change (%)	Change factors	FY2019 plan (as announced on April 26, 2019)	Change from plan (%)
(Building Maintenance)	258	265	6 (2.5)		264	0 (0.3)
(Railway Car Maintenance)	101	103	2 (2.7)		102	0 (0.9)
(Construction)	237	217	-20 (-8.5)	Decrease in construction revenue, etc.	248	-30 (-12.5)
(Other)	78	90	11 (15.2)		89	1 (1.7)
(Elimination)	-23	-23	-0 —		-25	1 —
Operating Revenues	651	652	0 (0.0)		678	-26 (-3.8)
Operating Profit	52	59	6 (12.4)		58	1 (1.7)
Profit Margin	8.1	9.1	1.0P —		8.6	0.5P —
EBITDA	56	64	7 (13.9)		63	1 (1.6)
Depreciation and Amortization	3	5	1 (34.5)		5	— —
Capital Expenditures	6	16	9 (145.9)		16	— —



The earnings forecasts and outlines on future performance noted in these materials include projections based on certain forecasts/assumptions made at the time of publication. Actual performance may differ from forecast figures due to various factors.

