KEIO
あなたと あたらしい あしたへ —— 京王グループ

FASF

FY2018 Financial Results

– May 8, 2019 –

Keio Corporation
京王電鉄株式会社

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President and Representative Director
Yasushi Komura

1. Performance Summary

FY2018 results

- Operating revenues rose year-on-year to 4,475 hmy, thanks to brisk performance in the development for selling by lots and hotels businesses. Operating profit increased to 400 hmy, and profit attributable to owners of parent reached a record high of 272 hmy.
- Profit margin and ROA were as anticipated, at 9.0% and 4.4%.
- We continued investing in ongoing projects from the previous 3-year plan.

FY2019 forecasts

- Buoyed by the hotels (new openings) and development for selling by lots, operating revenues will reach 4,600 hmy and operating profit will reach a record high of 433 hmy.
- Profit margin will reach 9.4% and ROA 4.7%, bringing us a step closer to the FY2020 targets of 10% and 5%.
- We are on course to hitting the FY2020 targets. We will continue strategic investment over the medium to long term.

2. Actions Taken

- In FY2018, we made headway in key actions.
- In FY2019, **we will continue working on the key policies** (see below) to achieve growth.

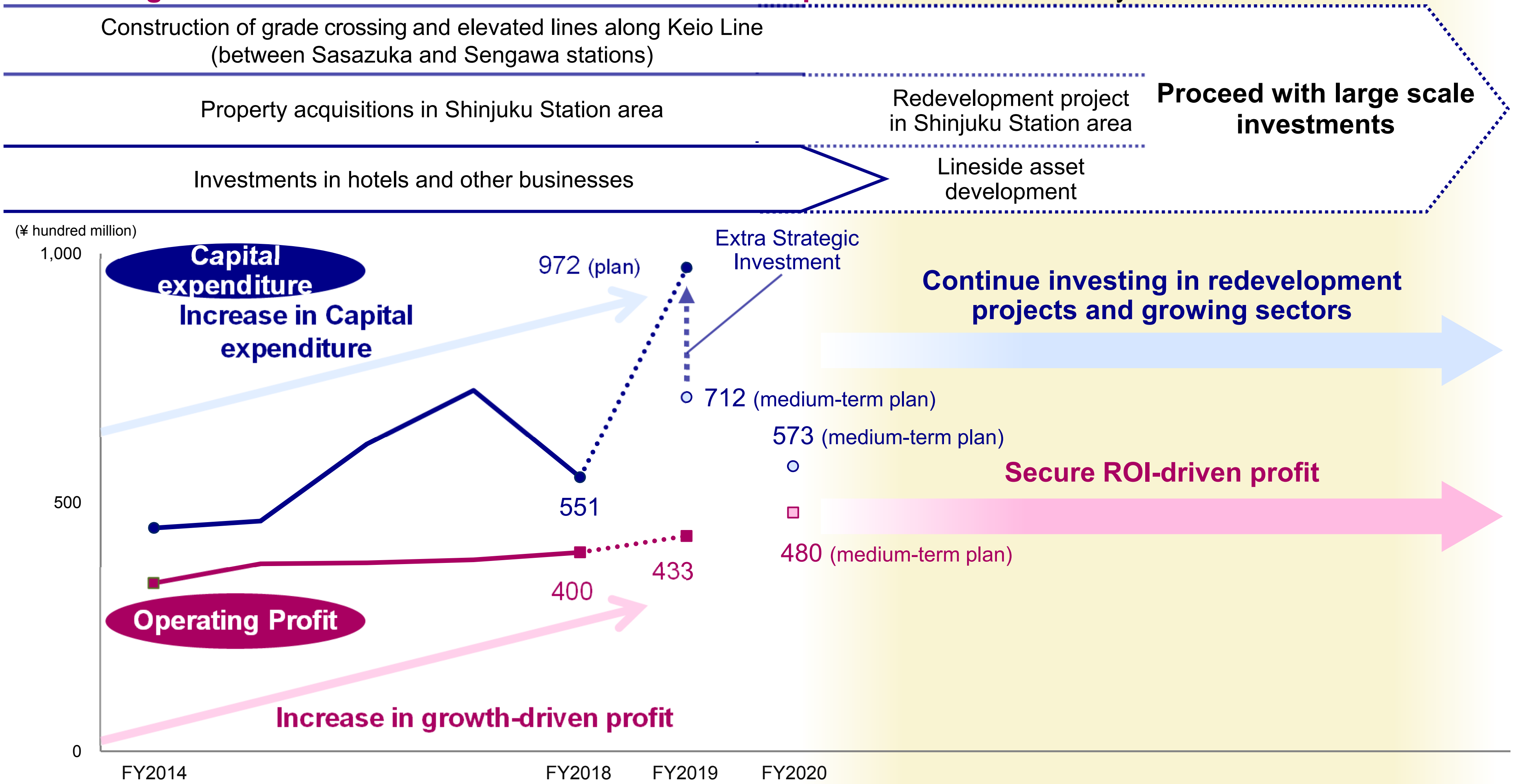
Basic approach	Obtain returns on the Strategic Investment made in first-half plan and thus achieve the growth necessary to prepare a solid foundation for the coming era of depopulation and large-scale investment

Key policies

	Actions taken in FY2018	Actions for FY2019
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)	
	Expanded Keio Liner services	Explore further service expansion
Revitalize line-side areas	Renovated commercial facilities	(Redevelopment project in Shinjuku Station area)
Selection and concentration of businesses	Consolidated (closed under-performing businesses)	
Establish Revenue Base in Growth Fields		
Strengthen profitability of existing hotels	Keio Plaza Hotel opened more rooms on Premier Grand floor	Renovate rooms
Develop hotels business	Keio Prelia Hotel Kyoto Karasuma-Gojo	Open new Keio Prelia Hotel Sapporo
		Complete new wing of Takayama Green Hotel
	"The Share Hotels" opened its fifth location (Kyoto)	Open three new locations (Kyoto, Hiroshima, Tokyo)
Develop renovation business	Acquired Opus Arisugawa Terrace and Residence	Further develop the business

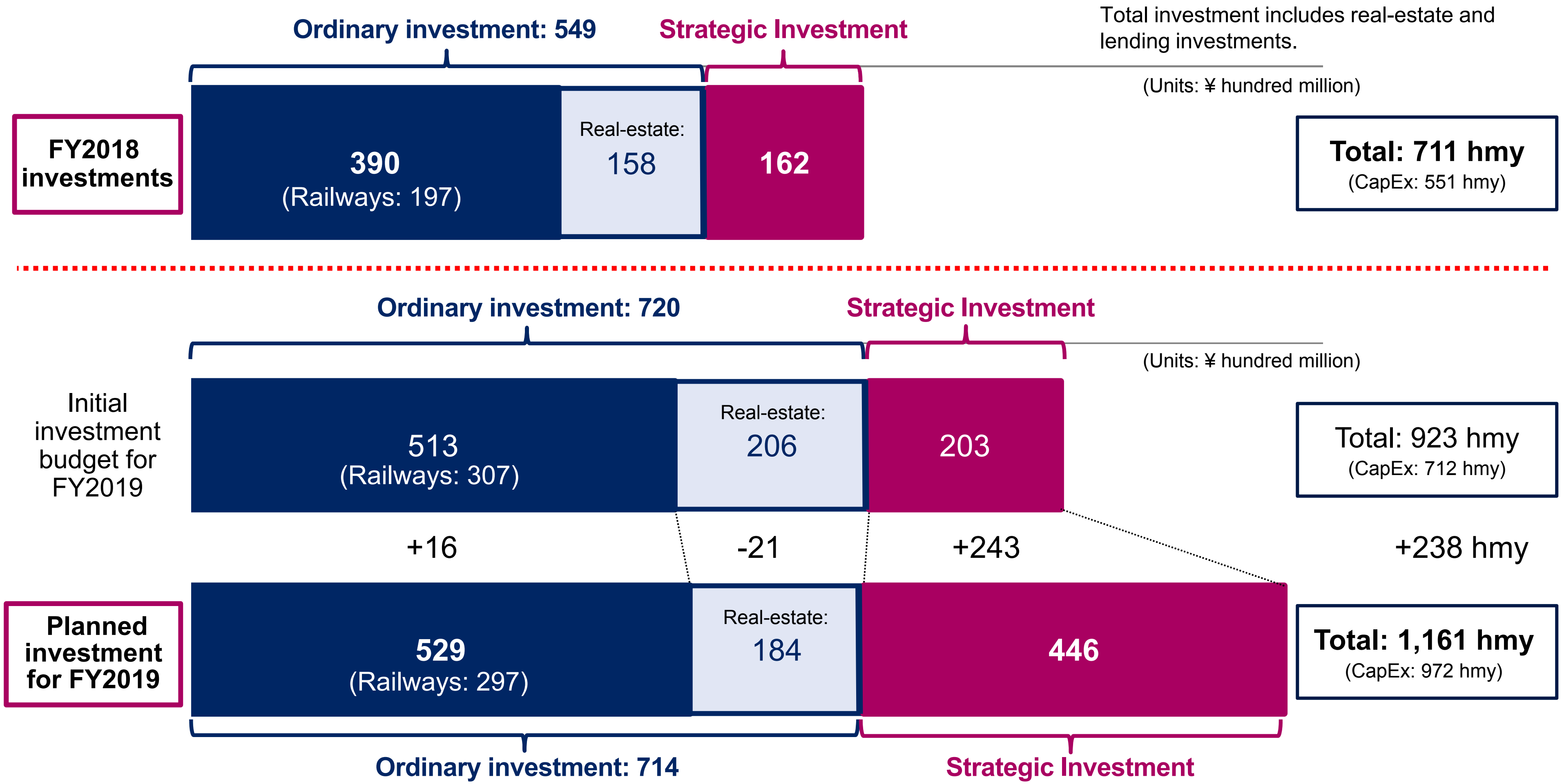
3. 3-Year Business Projections

- With ROI-driven growth, **FY2020 will see record high operating profit**.
- In the longer term, we will increase the scale of investment in railway infrastructure (Drive forward Construction of grade and elevated sections) and lineside development (redevelopment project in Shinjuku Station area).
- **Strategic Investment will continue secure ROI-driven profit** in FY2021 and beyond.



4. Investments

- **In FY2018, a total of 711 hmy** was invested (549 hmy in regular investments, and 162 hmy in strategic investment).
- **In FY2019, a total of 1,161 hmy will be invested (including in hotels, inbound tourist services, and lineside assets).**
- In view of steady investment performance, **we raised the level of expenditure**, aiming for further ROI in the medium to long term.



5. 3-Year Cash Flow Projections

- In FY2019, extra investment will result in a net outflow.
- **We will continue to base shareholder dividends upon stable profits.**
- **The D/E ratio will remain at the 1.0 level**, among the best in the industry.

Operating cash flow
FY2019: 638 hmy
(FY2018: 606 hmy)

Int. bearing debt
FY2019: 129 hmy
(FY2018: -138 hmy)

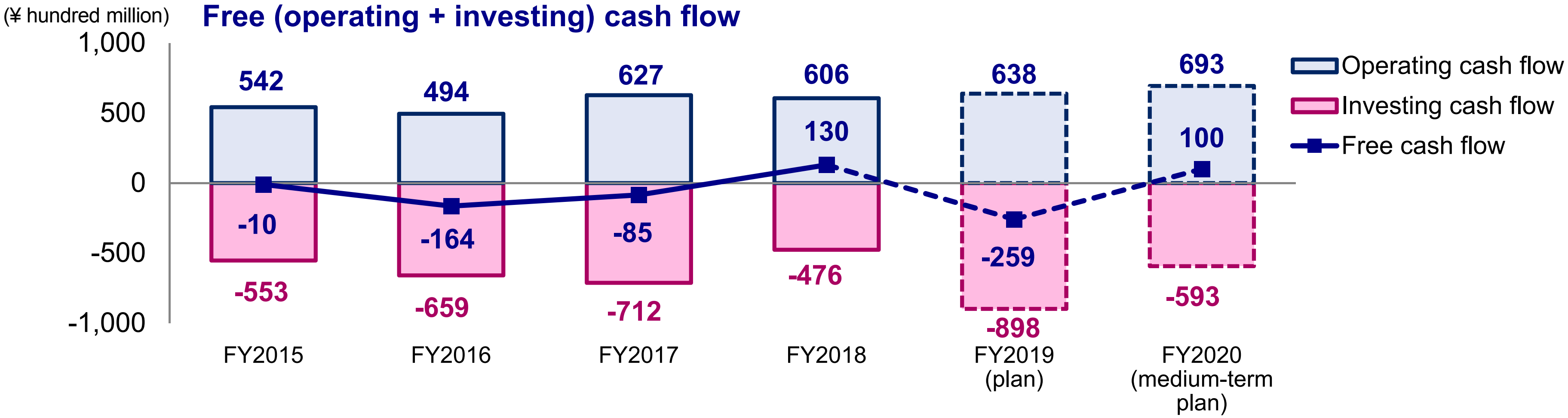
Other cash flows

Investing cash flow
FY2019: -898 hmy
(FY2018: -476 hmy)

Shareholder dividend
FY2019: -61 hmy
(FY2018: -61 hmy)

Reference
Free (operating + investing) cash flow
FY2019: -259 hmy
(FY2018: 130 hmy)

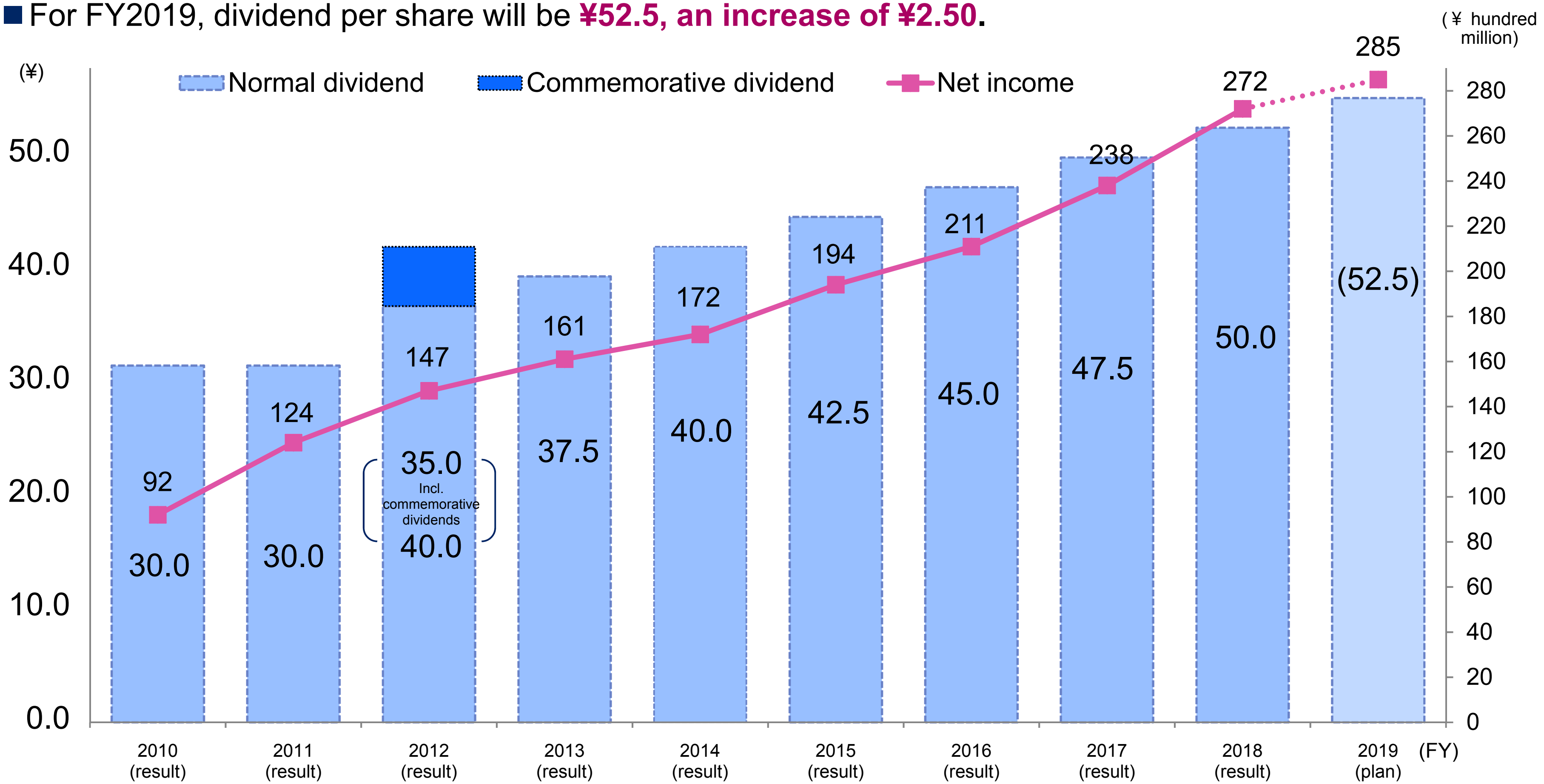
Free (operating + investing) cash flow



	FY2015	FY2016	FY2017	FY2018	FY2019 (plan)	FY2020 (medium-term plan)
D/E ratio	**1.1**	**1.0**	**1.0**	**0.9**	**0.9**	**1.0**

6. 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**.



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

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

1. Management Goals Status Report

- Profit and revenue increased and hit the FY2018 targets.
- In the Medium-Term Management Plan of any major change, profit margin is set to hit FY2019 target of 9.4%.
- Profit margin and ROA are a step closer to the FY2020 targets of 10% and 5%.

	FY2018 result	YOY change	Change from forecast	**FY2019 forecast**	YOY change	Change from initial target
Operating revenues	**4,475 hmy**	+128 hmy	+25 hmy	**4,600 hmy**	+124 hmy	—
Operating profit	**400 hmy**	+15 hmy	+5 hmy	**433 hmy**	+32 hmy	+3 hmy
Profit margin	**9.0%**	+0.1P	+0.1P	**9.4%**	+0.4P	—
Profit attributable to owners of parent	**272 hmy**	+33 hmy	+15 hmy	**285 hmy**	+12 hmy	+5 hmy
ROA	**4.4%**	+0.3P	+0.1P	**4.7%**	+0.3P	

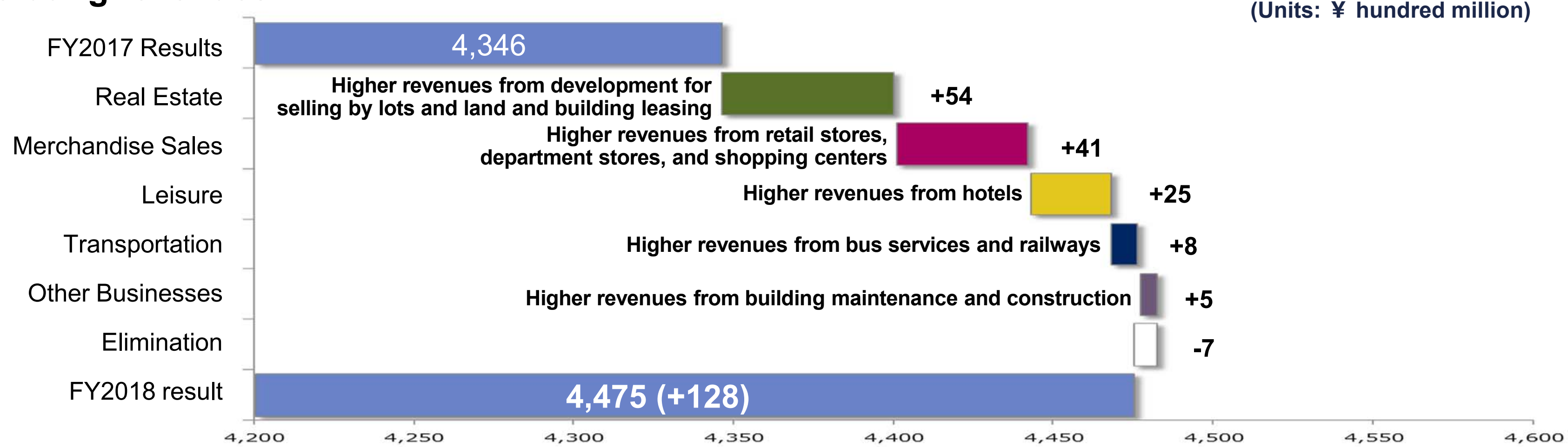
Reference Indicators

	FY2018 result	YOY change	FY2019 forecast	YOY change
ROE	7.6%	+0.6P	7.6%	—
EBITDA	767 hmy	+19 hmy	801 hmy	+33 hmy
D/E ratio	0.9	-0.1P	0.9	—

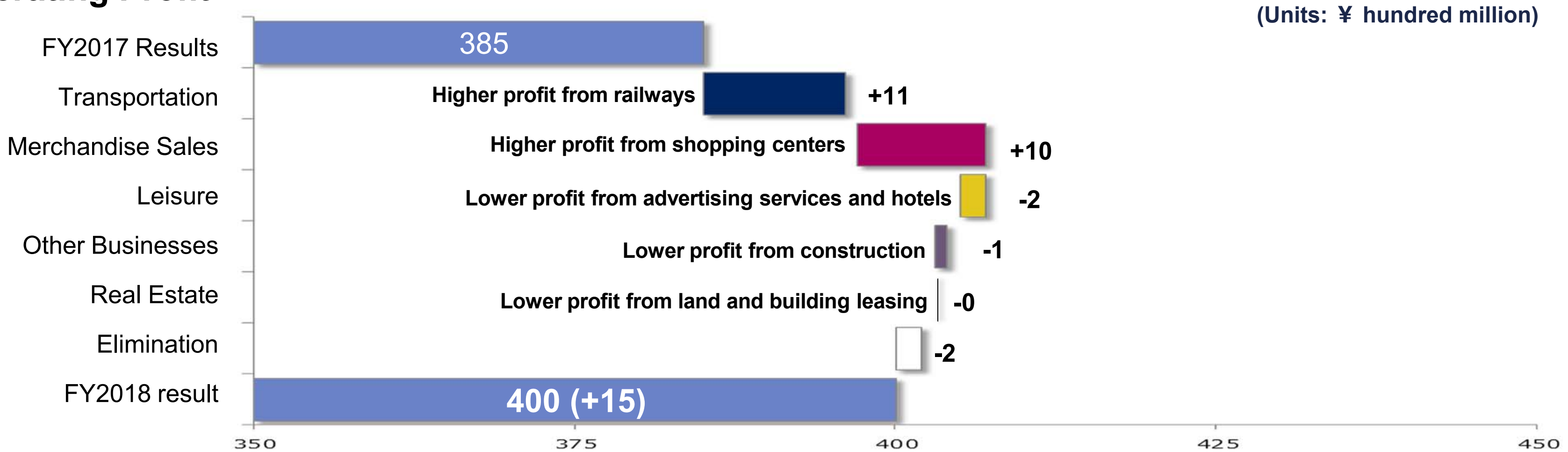
2. Operating Revenues / Operating Profit Change Factors (FY2018 Earnings Report)

- Operating revenue rose 128 hmy, with each segment posting a revenue increase.
- Operating profit rose 15 hmy, with the main increases in transportation and merchandise sales.

Operating revenues



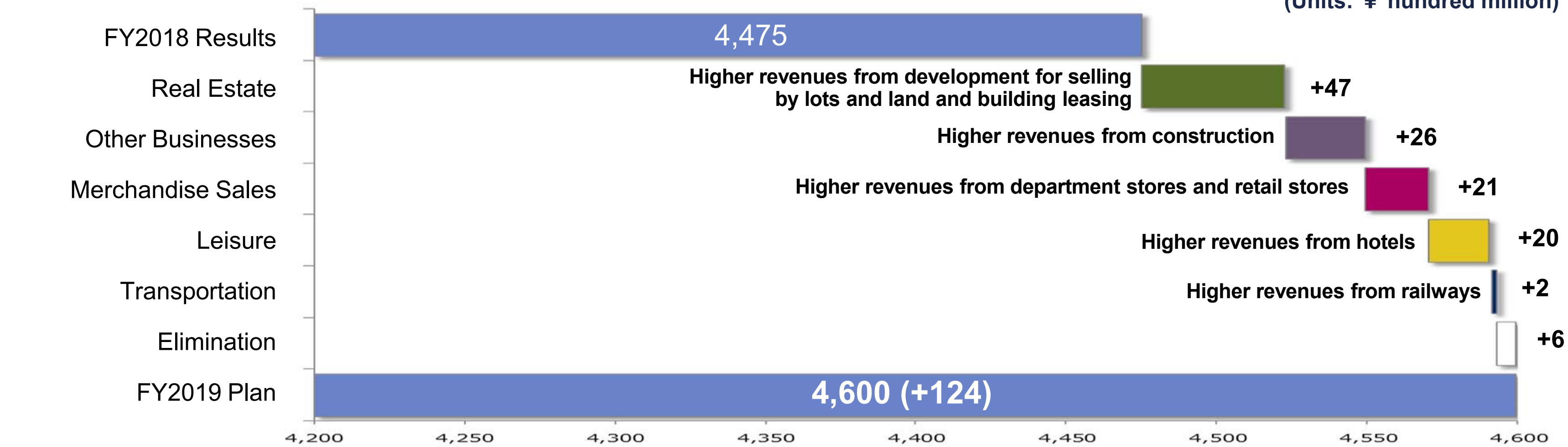
Operating Profit



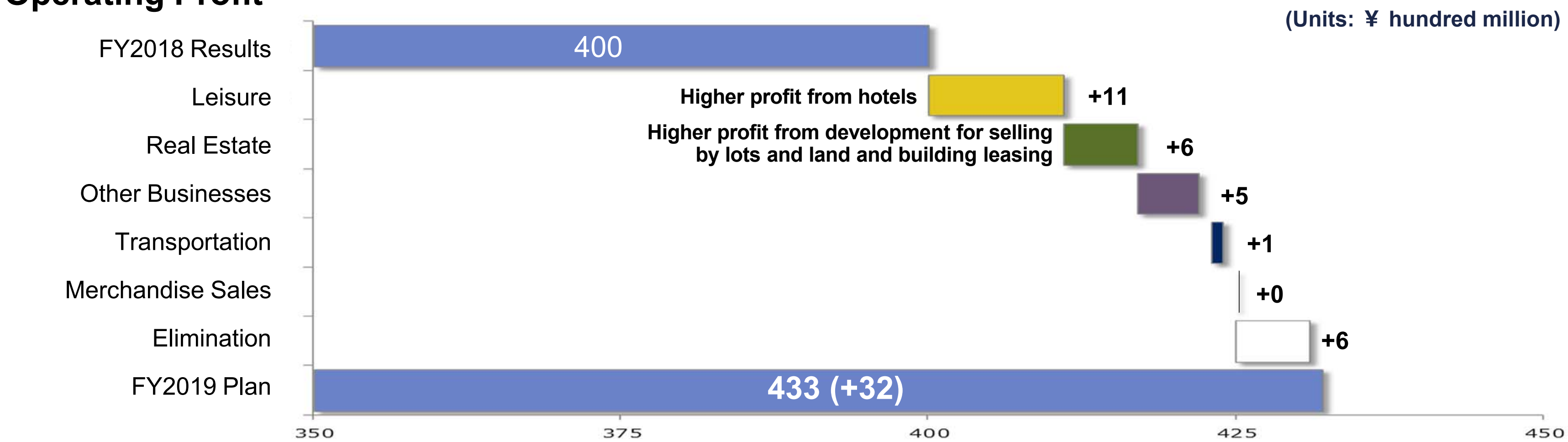
3. Operating Revenues / Operating Profit Change Factors (FY2019 Earnings Forecasts)

- Operating revenue will rise 124 hmy, with each segment posting a revenue increase.
- Operating profit will rise 32 hmy, with each segment posting a profit increase.

Operating Revenues



Operating Profit



4. Railways

Strengthen profitability of existing businesses

(1) FY2018 Report, FY2019 Forecasts

FY2018 results

- Passengers transported increased thanks to **better improvement in employment conditions and larger line-side populations**.
- Operating revenue increased. Although passenger revenue was down **due to a lower fare surcharge**, this was offset by **increased income from the Keio Liner (reserved seat) surcharge**.

FY2019 forecasts

- Despite a decrease in fare surcharge scheduled for October, passenger revenue will be driven up by an increased passengers transported.
- Operating revenue will increase. **Income from the reserved seating surcharge will increase as Keio Liner services expand.**

(Units: Thousands of people, ¥ million)

		FY2018 results	Y/y change	Change from target	FY2019 target	Y/y change	Change from initial target
Passengers Transported	Commuter-Pass	402,729	+ 1.6%	+ 1.0%	406,065	+ 0.8%	—
	Non-Commuter-Pass	275,259	+ 0.5%	- 0.0%	276,830	+ 0.6%	—
	Total	677,988	+ 1.2%	+ 0.6%	682,895	+ 0.7%	+ 0.5%
Passenger revenue	Commuter-Pass	35,852	+ 0.2%	+ 1.3%	36,008	+ 0.4%	—
	Non-Commuter-Pass	46,407	- 0.7%	+ 0.2%	46,425	+ 0.0%	—
	Total	82,259	- 0.3%	+ 0.7%	82,433	+ 0.2%	+ 0.5%
Railways Operating Revenues (includes reserved-seat surcharge)		86,179	+ 0.1%	+ 0.7%	86,662	+ 0.6%	+ 0.7%

4. Railways

Strengthen profitability of existing businesses

(2) Keio Liner's expanded services

- In FY2018, Keio Liner saw **strong (evening) weekday ridership, at over 80%**.
- A **morning service to Shinjuku** begun in February 2019, **bringing the weekday ridership to over 90%.**
- Revenue from reserved seating was **4 hmy** in FY2018. The target for FY2019 is **6 hmy**.

Feb 2018

Keio Liner launched (evening service only)

- Services per day: 10
  Shinjuku → Keio Hachioji ×5
  Shinjuku → Hashimoto ×5

Nov 2018

Mt. Takao special reserved service launched

Feb 2019

Morning services launched

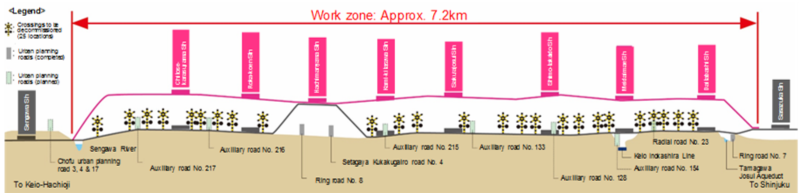
- Morning services: 4
  Keio Hachioji → Shinjuku ×2
  Hashimoto → Shinjuku ×2
- Three more evening services at weekends

2019 and beyond

Introduce further services

(3) Drive forward Construction of grade and elevated sections along Keio Line

- In FY2018, we started construction in part of the work zone.
- In FY2019, we will continue obtaining land in the work zone, developing construction plans, and laying foundations for elevated sections.



Construction around Meidaimae Station

Lower fare surcharge for Sagamihara Line

- Surcharge lowered in March 2018
  FY2018: 12 hmy less revenue
- **Further decrease in October 2019**
  FY2019: 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)

5. Merchandise Sales

Strengthen profitability of existing businesses

(1) Merchandise Sales Performance

- Department stores: There were **strong cosmetic sales underpinned by inbound tourist demand**, and the share of tax-free sales increased.
- Retail stores, shopping centers: **Locations that opened in FY2017 contributed to revenue in FY2018.**
- In FY2019, operating revenue will be hit slightly by renovation work in shopping centers.

YOY change in operating revenues

	FY2018 results	FY2019 target
Department stores	+1.3%	+2.2%
Retail stores	+3.8%	+2.0%
(supermarkets)	+4.4%	+2.5%
Shopping centers	+6.7%	-0.2%
(existing stores*)	-0.3%	

* Existing stores = Stores opened before FY2017

Trie Keio Chofu (opened in September 2017)

(2) Renovation of Keio Department Store (Shinjuku)

- Each floor is being renovated incrementally to attract more, and a wider variety of, customers.
- The renovation work in FY2018 included the cosmetics area (floor 1) and food area (lower level).
- The renovation work in April 2019 will include the cosmetics area. New outlets will be introduced too.

Cosmetics area (floor 1)

Floor	FY2018 Major rennovations	FY2019 Major rennovations
8	Heartful Plaza	
6	Jewelry, watches	
4	Handbags	Ladieswear
3	Ladieswear	Ladieswear
2	Accessories	
1	Cosmetics	Cosmetics
Lower Level	Confectionery, deli	Deli

6. Real Estate

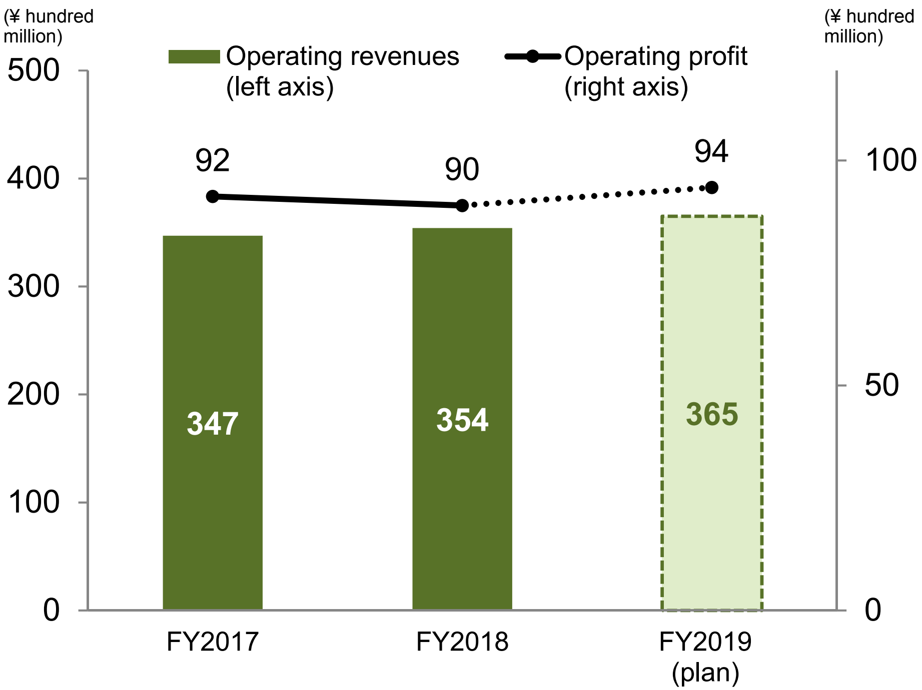
Strengthen profitability of existing businesses

Establish revenue base in growth fields

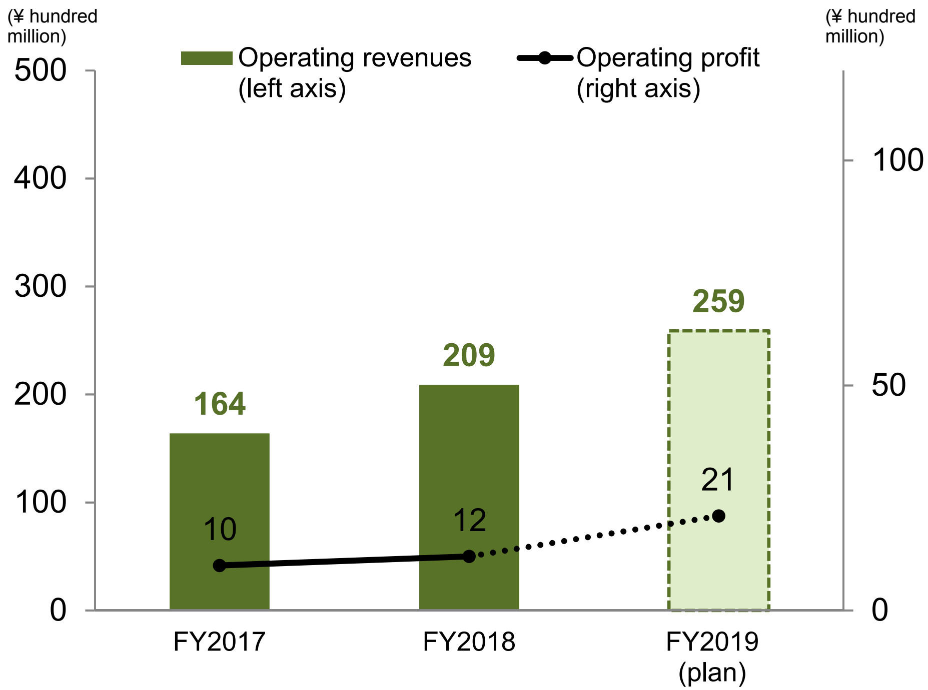
(1) Leasing and Sales Performance

- In FY2018, earnings from development for selling by lots rose markedly. **Much of the sales increase was in for-investment condos and renovated properties.**
- In FY2019, segment earnings will increase with improved renovated apartment sales and the full-year operation of building leasing.
- We will make ongoing efforts to **improve the earning power of existing assets**. We will also promote brand recognition of our **high-end renovated homes business** among wealthy demographics.

Performance of land and building leasing



Performance of development for selling by lots



6. Real Estate

Strengthen profitability of existing businesses

Establish revenue base in growth fields

(2) Strategic Property Acquisitions

- In November 2018, we acquired part of Opus Arisugawa Terrace and Residence.
- The "Residence" consists of high-end units for lease. **The acquisition will help increase our leasing earnings.**
- The "Terrace" consists of second-hand units. **The acquisition will help increase our profile in the renovated apartment market.** The renovation work is performed by ReBITA's "R100 Tokyo" business, which specializes in renovating city center apartments over 100 m^2 in size.

Opus Arisugawa Terrace and Residence
Location: Minami-Azabu, Minato-ku, Tokyo
Completed: 2004

	Residence	Terrace
Average apartment size	90 m^2	210 m^2
Layouts	Layouts range from studio apartments to two-bedroom apartments	Layouts range from two-bedroom apartments to four-bedroom apartments
No. of units	40	33 (condo units)
Accounting	Recorded under land and building leasing from FY2018	Will be recorded under development for selling by lots in FY2018–2021

(3) Kario Sasazuka Terrace

- Kario Sasazuka Terrace consists of apartments for medium or long term stays. The property opened in March 2019.
- **The apartments cater to inbound visitors and Japan's increasingly diverse accommodation market.**
- The apartments emphasize connectivity with the local neighborhood, **encouraging residents (many of whom are inbound visitors) to use Keio rail lines and contribute to the local economy.**

Kario Sasazuka Terrace	
Location	Floors 4 to 6 of Sasazuka Terrace, 1 minute from Keio Sasazuka Station (Sasazuka Terrace was originally built in 1971 and renovated in November 2018)
No. of units	18 (12 two-bedroom apartments, 5 studio apartments with kitchen, 1 studio apartment)

KARIO
SASAZUKA TERRACE

7. Hotels

Establish revenue base in growth fields

(1) Business Expansion

- We are diversifying our hotel assets and opening hotels in locations where accommodation demand will rise.
- In FY2018, segment profit declined due to **expenses associated with new openings**.
- In FY2019, **segment profit will increase with contributions from existing hotels and the full-year operation of new openings**.

New openings in FY2018

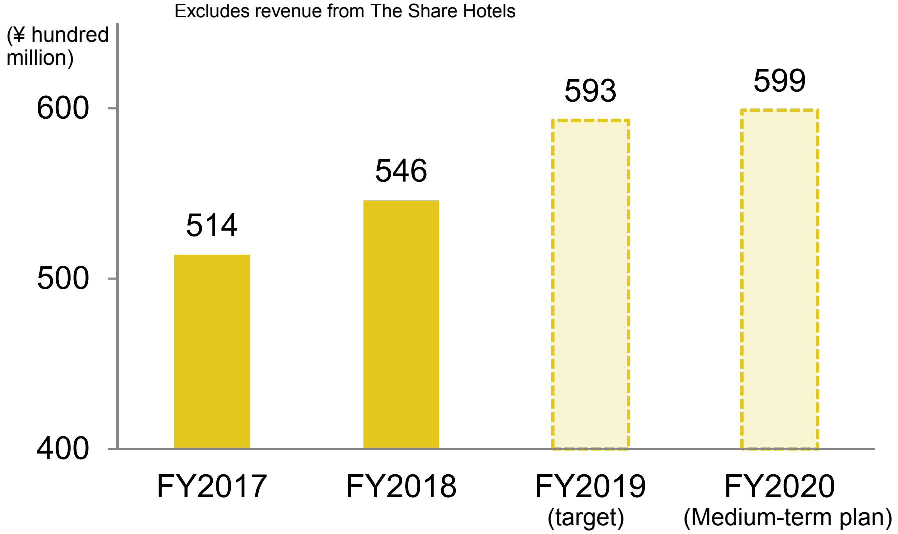
Opening	No. of rooms	Opening date
RAKURO Kyoto Fifth "The Share Hotels"	56	May 2018
Keio Prelia Hotel Kyoto Karasuma-Gojo	305	November 2018

New openings in and after FY2019

(table shows confirmed openings as of May 2019)

Opening	No. of rooms	Opening date
Keio Prelia Hotel Sapporo	359	May 2019
Sixth "The Share Hotels" opening (TSUGU Kyoto Sanjo)	49	May 2019
Seventh "The Share Hotels" opening (Hiroshima)	49	Autumn 2019
Eighth "The Share Hotels" opening (Tokyo)	73	Spring 2020
New wing at Takayama Green Hotel	101	Spring 2020

Segment revenue



Total locations	FY2017	FY2018		FY2020
	19	21	→	26 (Spring 2020)

Our growing hotel network

7. Hotels

Establish revenue base in growth fields

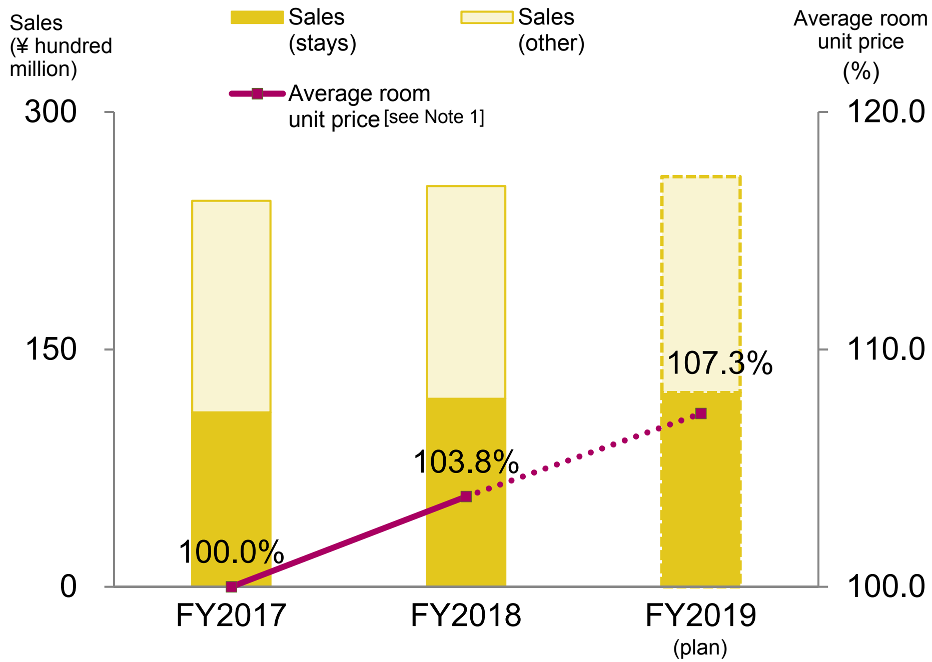
(2) Strengthen profitability of existing hotels

Keio Plaza Hotel

KEIO PLAZA HOTEL

- In FY2018, Keio Plaza Hotel **increased its earnings thanks to improved room unit prices.**
- In FY2019, the hotel chain will renovate rooms to increase merchandisability. It will also increase room unit prices on the Premier Grand floor and elsewhere.

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



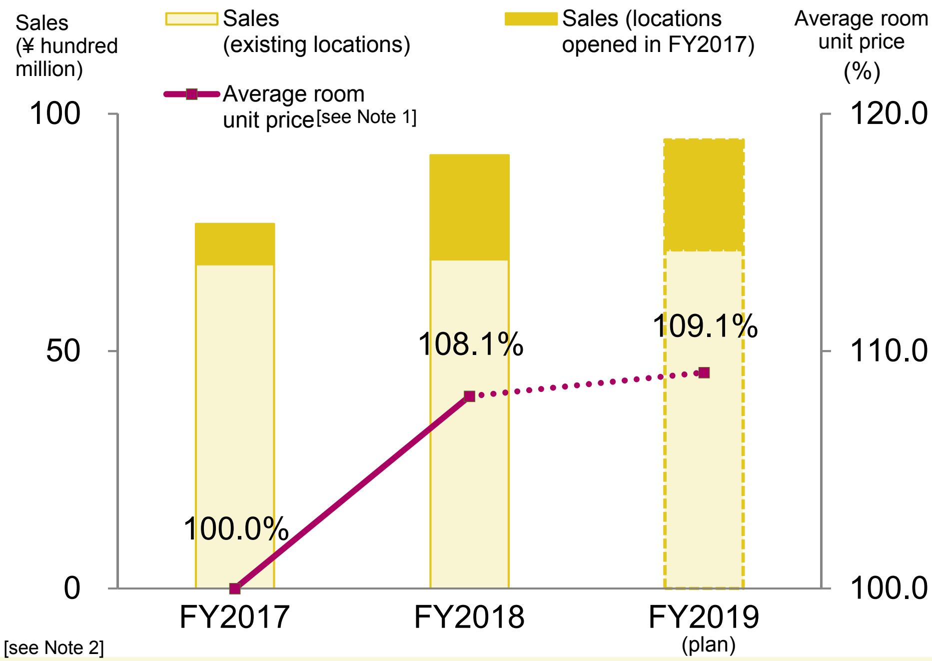
Note 1: FY2017 average is scaled at 100%.
Note 2: As of March 31 in that year

Keio Presso Inn

PRESSO INN

- In FY2018, Keio Presso Inn **increased its earnings thanks in part to the contribution of locations opened in FY2017**. Another factor was **brisk performance in existing locations**.
- The hotel chain will continue pursuing an adaptive sales strategy.

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



[see Note 2]	FY2017	FY2018	FY2019 (plan)
Total guest rooms	2,792	2,792	2,792
Change during the period	+587	±0	±0

7. Hotels

Establish revenue base in growth fields

(3) Keio Prelia Hotel (upper-middle grade hotels specialized in lodging)

Keio Prelia Hotel KEIO PRELIA HOTEL

- In November 2018, **Keio Prelia Hotel made its debut in Karasuma-Gojo, Kyoto**.
- **On May 24, 2019, it will open** a second location **in Sapporo. The Sapporo location will synergize with Keio Plaza Hotel Sapporo to maximize earnings**.
- We will continue exploring new locations with a view to further developing our revenue base in this growing sector.

Keio Prelia Hotel Kyoto Karasuma-Gojo

Exterior

Opening date:	Nov 27, 2018
Floors:	10 above-ground
Rooms:	305
Room composition:	89 double, 207 twin, 9 triple
Amenities:	Restaurant, communal baths
Total project cost:	12.8 billion yen

・4 minute walk from Gojo Station (Karasuma Subway Line)

Guest room

Communal bath

Keio Prelia Hotel Sapporo

Exterior (illustration)

Opening date:	May 24, 2019 (planned)
Floors:	1 basement, 17 above-ground
Rooms:	359
Room composition:	42 double, 317 twin (120 of which can also be triple)
Amenities:	Breakfast hall, communal baths
Total project cost:	10.3 billion yen

・3 minute walk from north exit of JR Sapporo Station

How the front lobby will look

How the guest rooms will look

8. Other Policies

Strengthen profitability of existing businesses

Establish revenue base in growth fields

(1) Preparations for the 2019 Rugby World Cup, etc.

- To help ensure the success of the 2019 Rugby World Cup (September – November 2019) and other international sporting events, we are **enhancing the safety, convenience, and stability of our rail services.**
- In FY2018, we upgraded Tobitakyu Station, the closest station to the stadium, by installing an extra elevator and refurbishing the toilets. We will make more improvements to the station in FY2019, including the installation of platform edge doors.

These sliding platform doors went into service on platform 2 of Tobitakyu Station in March 2019

A new elevator opened at Tobitakyu Station in March 2019

(2) Selection and concentration of businesses

- We are drastically reforming our taxi services by selecting and concentrating business units and operation areas.
- In March 2019, we **ended taxi services in the Kawasaki & Yokohama area** and transferred the entire stock of Keio Jidousha Keihin outside the group.
- In the Merchandise Sales segment, we have consolidated under-performing stores.

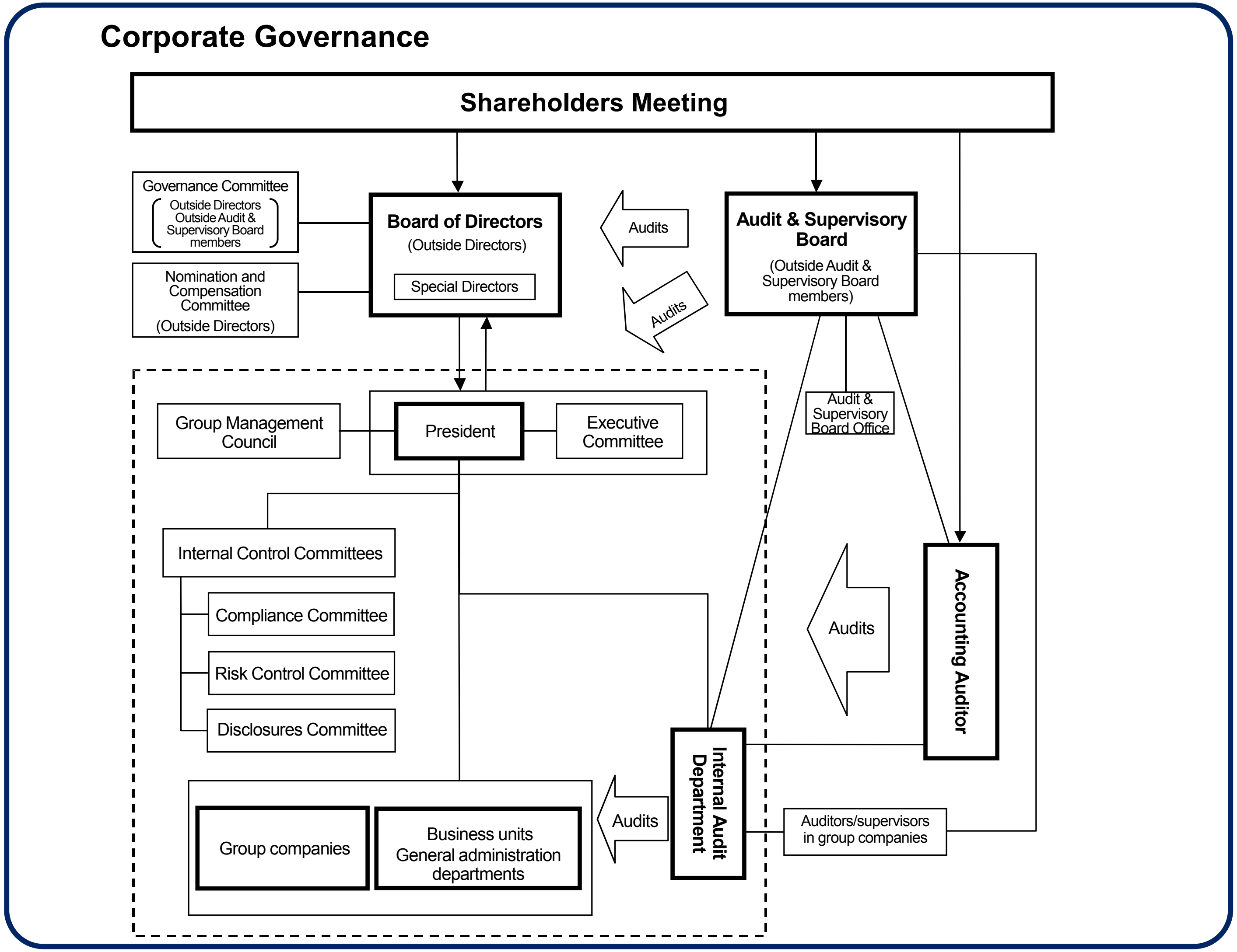
9. Investment Plan

■ We will continue to invest in our two strategies for achieving growth: Strengthen profitability of existing businesses, and 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 (Seiseki Sakuragaoka & Kichijoji)	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 services 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	
		Construct new wing at Takayama Green Hotel (to be completed in spring 2020)		
	Open RAKURO Kyoto Expand accommodation/ vacation rentals	Open three "The Share Hotels" locations (Kyoto, Hiroshima, Tokyo)	Expand The Share Hotels (10 new locations by FY2020)	
Develop renovated homes business	Acquire Opus Arisugawa Terrace and Residence	Further develop the renovated homes business		
Capital expenditure	551 hmy (results)	972 hmy (plan)	573 hmy (medium-term plan)	

10. Corporate Governance

■ We are continuing to strengthen supervision of the group by further integrating Keio Corporation's audit and supervisory functions with that of group companies.



Memo

Reference 1: Detailed Earnings Report for FY2018

1. Consolidated Statements of Income (Full-Year FY2018 Earnings)
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5. Segment Information: Merchandise Sales
6. Segment Information: Real Estate
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1. Consolidated Statements of Income (Full-Year FY2018 Earnings)

- Operating revenues rose year-on-year to 4,475 hmy, thanks to brisk performance in the development for selling by lots and hotels businesses. Operating profit increased to 400 hmy, and profit attributable to owners of parent reached a record high of 272 hmy.
- Profit margin and ROA were as anticipated, at 9.0% and 4.4%.
- We continued investing in ongoing projects from the previous 3-year plan.

(Units: ¥ hundred million)

	FY2017 result	FY2018 result	Change (%)	FY2018 plan (as announced on April 27, 2018)	Difference from forecast (%)
Operating Revenues	4,346	4,475	128 (2.9)	4,450	25 (0.6)
Operating Profit	385	400	15 (4.0)	395	5 (1.5)
Profit Margin	8.9	9.0	0.1P –	8.9	0.1P –
Ordinary Profit	357	392	35 (9.9)	378	14 (3.9)
Profit Attributable to Owners of Parent	238	272	33 (13.9)	257	15 (5.9)
EBITDA	748	767	19 (2.6)		
Depreciation and Amortization	358	362	3 (1.1)		

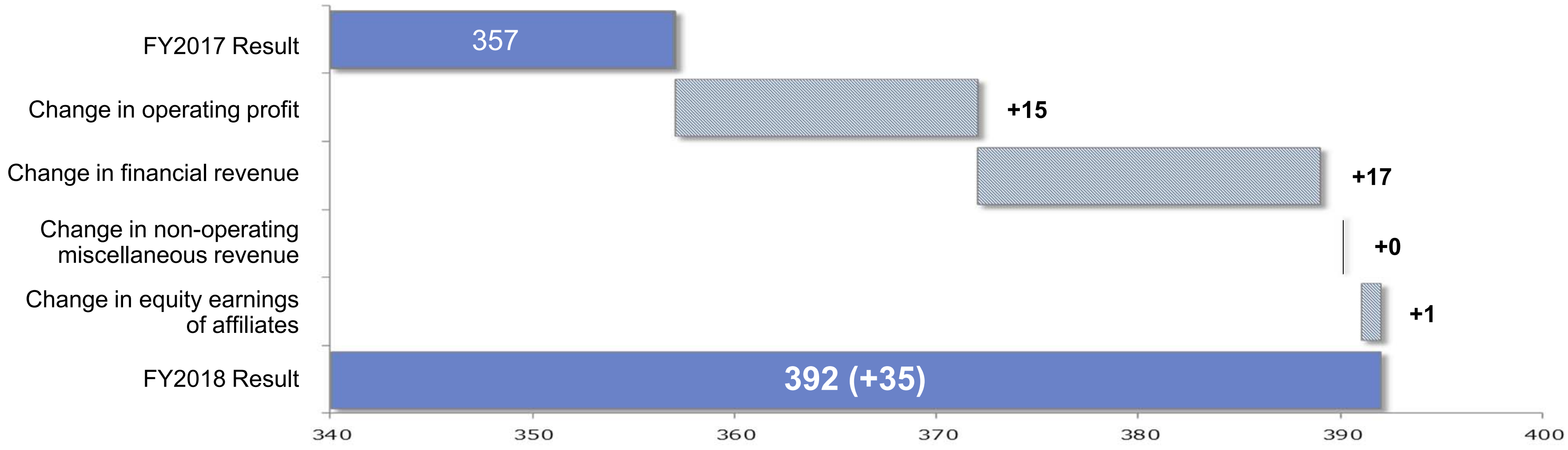
Capital Expenditures	726	551	-174 (-24.1)

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

2. Ordinary Profit / Profit Change Factors (vs. PY) (Full-Year FY2018 Earnings)

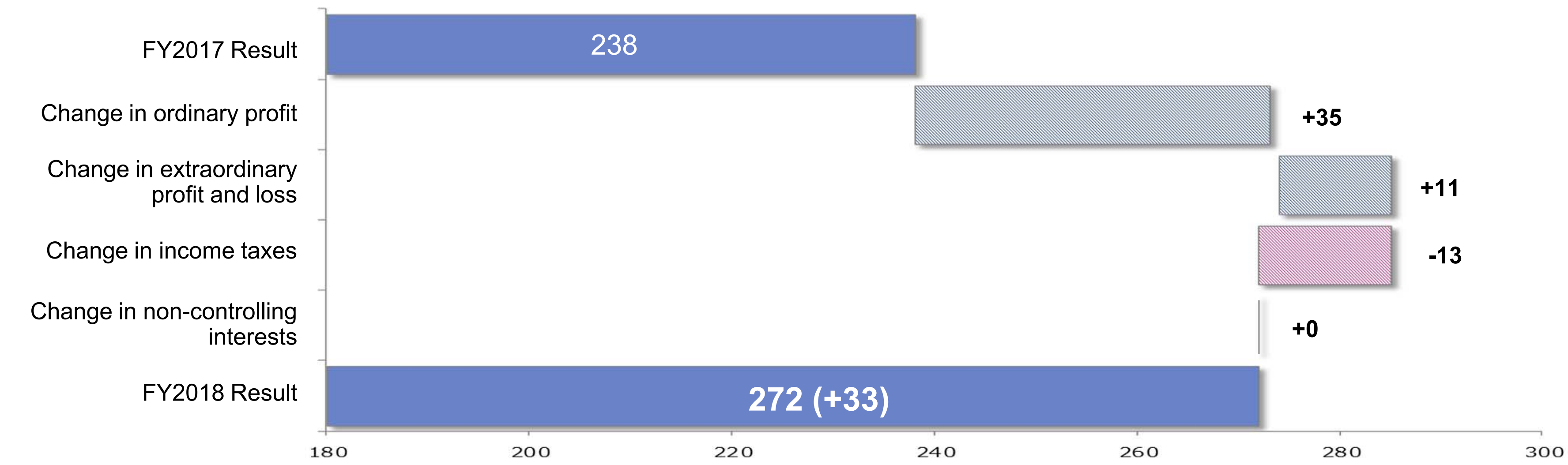
Ordinary profit

(Units: ¥ hundred million)



Profit attributable to owners of parent

(Units: ¥ hundred million)



3. Segment Composition

Consolidated

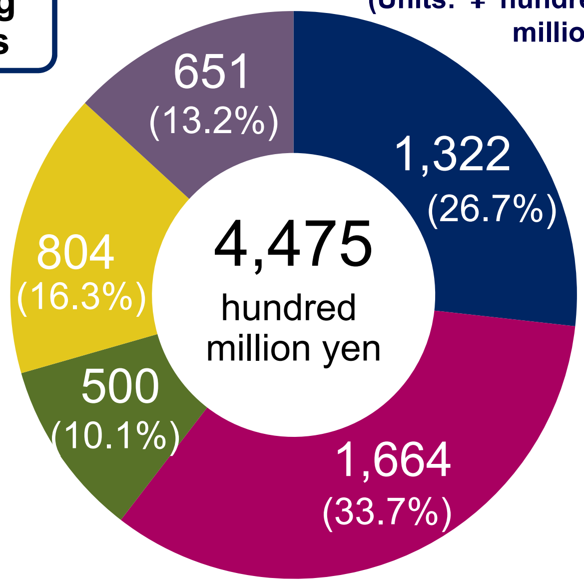
48 companies as of the end of Mar, 2019
(Keio Corporation and Keio Juuki Seibi overlap multiple business segments)

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 Five others	Keio Corporation Keio Realty & Development ReBITA Three others	Keio Plaza Hotel Keio Travel Agency Keio Agency Six others	Keio Setsubi Service Keio Juuki Seibi Keio Construction Nine others

FY2018

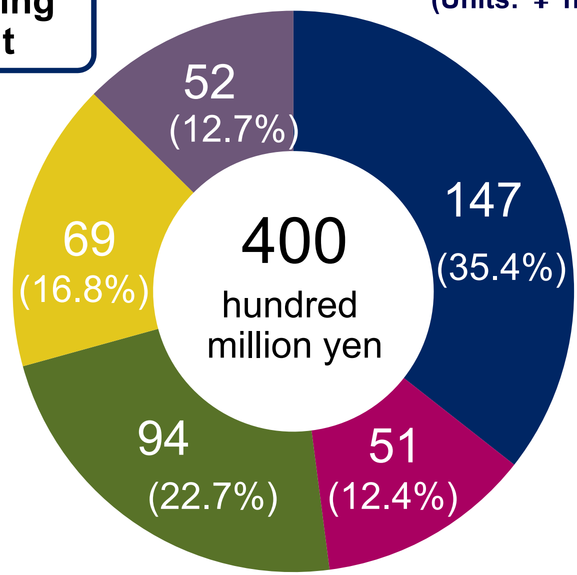
Operating revenues

(Units: ¥ hundred million)



Operating profit

(Units: ¥ hundred million)



Note: Segment figures include intersegment amounts and ratios.

4. Segment Information: Transportation

(Units: ¥ hundred million)

	FY2017 result	FY2018 result	Change (%)		Change factors	FY2018 plan (as announced on April 27, 2018)	Difference from forecast (%)	
(Railways)	860	861	1	(0.1)	See next page	855	5	(0.7)
(Bus Services)	356	365	8	(2.5)		358	7	(2.1)
(Taxi Services)	129	130	0	(0.7)		131	-0	(-0.6)
(Other)	25	26	0	(1.8)		25	0	(3.3)
(Elimination)	-58	-61	-2	–		-58	-2	–
Operating Revenues	1,313	1,322	8	(0.6)		1,311	11	(0.9)
(Railways)	106	116	9	(9.3)		109	6	(6.0)
(Bus Services)	23	25	2	(9.6)		16	8	(53.8)
Operating Profit	135	147	11	(8.8)		136	11	(8.2)
Profit Margin	10.3	11.1	0.8P	–		10.4	0.7P	–
EBITDA	368	379	10	(3.0)				
Depreciation and Amortization	233	232	-1	(-0.4)				
Capital Expenditures	328	243	-84	(-25.8)				

- Railways: Passengers transported increased thanks to better employment rates and larger line-side populations. Operating revenues increased too; although passenger revenue was down due to a lower fare surcharge, this was offset by increased income from the Keio Liner (reserved seat) surcharge.
- Bus services: Earnings improved in local voutes and expressways (expressway) services

4. Segment Information: Transportation

(Units: Thousands of people, ¥ million)

		FY2017 result	FY2018 result	Change (%)	Change factors
Passengers Transported	Commuter-Pass	396,434	402,729	6,295 (1.6)	
	(Business)	302,563	309,170	6,607 (2.2)	
	(Student)	93,871	93,559	-312 (-0.3)	
	Non-Commuter-Pass	273,808	275,259	1,451 (0.5)	
	Total	670,242	677,988	7,746 (1.2)	
Passenger Revenue	Commuter-Pass	35,782	35,852	69 (0.2)	
	(Business)	32,099	32,264	165 (0.5)	
	(Student)	3,683	3,587	-96 (-2.6)	
	Non-Commuter-Pass	46,751	46,407	-344 (-0.7)	
	Total	82,534	82,259	-275 (-0.3)	

5. Segment Information: Merchandise Sales

(Units: ¥ hundred million)

	FY2017 result	FY2018 result	Change (%)		Change factors	FY2018 plan (as announced on April 27, 2018)	Difference from forecast (%)	
(Department Stores)	883	895	11	(1.3)		907	-12	(-1.3)
(Retail Stores)	484	503	18	(3.8)		505	-2	(-0.4)
(Retail Stores for Books)	66	64	-1	(-2.5)		60	4	(7.2)
(Shopping Centers)	134	143	9	(6.7)		141	2	(1.6)
(Other)	116	121	5	(4.4)		121	-0	(-0.3)
(Elimination)	-62	-64	-1	–		-70	6	–
Operating Revenues	1,622	1,664	41	(2.6)		1,665	-0	(-0.0)
(Department Stores)	10	11	0	(8.7)		12	-1	(-13.3)
(Retail Stores)	4	6	1	(29.7)		3	2	(52.8)
Operating Profit	41	51	10	(24.9)		46	5	(11.7)
Profit Margin	2.5	3.1	0.6P	–		2.8	0.3P	–
EBITDA	80	92	11	(14.8)				
Depreciation and Amortization	39	41	1	(4.2)				
Capital Expenditures	117	31	-86	(-72.9)				

- Department stores: Earnings increased thanks to favorable inbound sales.
- Retail stores, shopping centers: Earnings increased thanks to the contribution of locations opened last year.

6. Segment Information: Real Estate

(Units: ¥ hundred million)

	FY2017 result	FY2018 result	Change (%)		Change Factors	FY2018 plan (as announced on April 27, 2018)	Difference from forecast (%)	
(Land and Building Leasing)	347	354	7	(2.2)		353	1	(0.4)
(Development for Selling by Lots)	164	209	45	(27.4)		202	6	(3.4)
(Other)	21	24	3	(16.6)		25	-0	(-2.3)
(Elimination)	-87	-89	-1	–		-102	12	–
Operating revenues	445	500	54	(12.2)		479	21	(4.4)
(Land and Building Leasing)	92	90	-2	(-2.9)		90	-0	(-0.5)
(Development for Selling by Lots)	10	12	1	(16.0)		14	-2	(-19.1)
Operating profit	94	94	-0	(-0.1)		100	-5	(-5.7)
Profit margin	21.2	18.9	-2.3P	–		20.9	-2.0P	–
EBITDA	143	143	-0	(-0.2)				
Depreciation and Amortization	45	44	-0	(-0.3)				
Capital Expenditures	190	116	-74	(-39.1)				

- Land and Building Leasing: Earnings increased thanks to a rise in building leasing.
- Development for Selling by Lots: Earnings increased thanks to higher sales of for-investment condos and renovations of sales spaces.
- The segment’s operating profit was negatively affected by higher operating expenses in Land and Building Leasing.

7. Segment Information: Leisure

(Units: ¥ hundred million)

	FY2017 result	FY2018 result	Change (%)	Change factors	FY2018 plan (as announced on April 27, 2018)	Difference from forecast (%)
(Hotels)	514	546	32 (6.2)		538	7 (1.5)
(Travel Services)	178	176	-1 (-1.0)		185	-8 (-4.5)
(Advertising Services)	125	125	0 (0.5)		124	1 (1.0)
(Other)	66	68	1 (3.0)		67	0 (1.1)
(Elimination)	-105	-112	-7 –		-113	1 –
Operating Revenues	779	804	25 (3.3)		801	3 (0.5)
(Hotels)	60	59	-1 (-1.8)		51	8 (15.9)
Operating Profit	72	69	-2 (-3.1)		65	4 (7.4)
Profit Margin	9.2	8.7	-0.5P –		8.1	0.6P –
EBITDA	112	113	1 (1.1)			
Depreciation and Amortization	40	43	3 (8.7)			
Capital Expenditures	95	162	67 (70.5)			

- Hotels: Earnings improved thanks to the contribution of 2 Keio Presso Inn locations (one in Tokyo Station Yaesu and Hamamatsucho), which opened last year. Another factor was improved room unit prices in Keio Plaza Hotel (Shinjuku).
- The segment's operating profit was negatively affected by expenses in the hotels business associated with new openings.

8. Segment Information: Other Businesses

(Units: ¥ hundred million)

	FY2017 result	FY2018 result	Change (%)		Change factors	FY2018 plan (as announced on April 27, 2018)	Difference from forecast (%)	
(Building Maintenance)	253	258	4	(1.9)		254	3	(1.4)
(Railway car Maintenance)	104	101	-3	(-3.8)		100	0	(0.3)
(Construction)	233	237	3	(1.7)		243	-5	(-2.4)
(Other)	78	78	0	(0.4)		82	-4	(-5.1)
(Elimination)	-24	-23	0	–		-24	1	–
Operating Revenues	646	651	5	(0.9)		657	-5	(-0.8)
Operating Profit	54	52	-1	(-3.0)		60	-7	(-12.5)
Profit Margin	8.4	8.1	-0.3P	–		9.1	-1.0P	–
EBITDA	57	56	-1	(-2.4)				
Depreciation and Amortization	3	3	0	(7.4)				
Capital Expenditures	5	6	1	(32.1)				

- Building Maintenance: Earnings improved thanks to higher-than-last-year maintenance orders.
- Construction: Earnings improved thanks to higher construction revenue.
- The segment's operating profit was negatively affected by decreased gross margin in the construction.

9. Consolidated Balance Sheets

(Units: ¥ hundred million)

	FY2017 result	FY2018 result	Change	Change factors
Total Assets	**8,891**	**8,893**	**2**	Increase in property, plant and equipment
Liabilities	**5,368**	**5,213**	**-155**	Redemption of 28th debenture, decrease in advances received, etc.
Net Assets	**3,522**	**3,680**	**157**	Booking of Profit Attributable to Owners of Parent, etc.
Total Liabilities and Net Assets	**8,891**	**8,893**	**2**	

Interest-Bearing Debt	**3,521**	**3,383**	**-138**	

Note: Interest-bearing Debt is Loans Payable + Bonds Payable.

10. Consolidated Statements of Cash Flows

(Units: ¥ hundred million)

	FY2017 result	FY2018 result	Change	Change Factors
Net Cash Provided by (used in) Operating Activities	627	606	-20	
Net Cash Provided by (used in) Investing Activities	-712	-476	236	Decrease in expenditure following purchase of property, plant and equipment and intangible assets
Net Cash Provided by (used in) Financing Activities	173	-203	-377	Long-term borrowings, redemption of bonds payable, etc.
Cash and Cash Equivalents at End of Period	644	579	-65	

Reference 2: Detailed Earnings Forecasts for FY2019

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

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

- Buoyed by the hotels (new openings) and development for selling by lots, operating revenues will reach 4,600 hmy and operating profit will reach a record high of 433 hmy.
- Profit margin will reach 9.4% and ROA 4.7%, bringing us a step closer to the FY2020 targets of 10% and 5%.
- We are on course to hitting the FY2020 targets. We will continue strategically investing over the medium to long term.

(Units: ¥ hundred million)

	FY2018 result	FY2019 plan	Change (%)	FY2019 forecast (as announced on May 8, 2018)	Change from forecast
Operating Revenues	4,475	4,600	124 (2.8)	4,600	–
Operating Profit	400	433	32 (8.0)	430	3
Profit Margin	9.0	9.4	0.4P –	9.4	–
Ordinary Profit	392	419	26 (6.7)	–	–
Profit Attributable to Owners of Parent	272	285	12 (4.7)	280	5
EBITDA	767	801	33 (4.4)		
Depreciation and Amortization	362	363	1 (0.4)		

Capital Expenditures	551	972	420 (76.3)

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

2. Segment Information: Transportation

(Units: ¥ hundred million)

	FY2018 result	FY2019 plan	Change (%)	Change factors
(Railways)	861	866	4 (0.6)	See next page
(Bus Services)	365	364	-0 (-0.2)	
(Taxi Services)	130	126	-3 (-2.8)	Transfer of Keio Jidousha Keihin's stock
(Other)	26	26	-0 (-1.1)	
(Elimination)	-61	-58	2 –	
Operating Revenues	1,322	1,325	2 (0.2)	
(Railways)	116	114	-1 (-1.1)	
(Bus Services)	25	24	-0 (-1.6)	
Operating Profit	147	149	1 (1.3)	
Profit Margin	11.1	11.3	0.2P –	
EBITDA	379	374	-4 (-1.3)	
Depreciation and Amortization	232	224	-7 (-3.1)	
Capital Expenditures	243	348	105 (43.2)	

2. Segment Information: Transportation

(Units: Thousands of people, ¥ million)

		FY2018 result	FY2019 plan	Change (%)	Change Factors
Passengers Transported	Commuter-Pass	402,729	406,065	3,336 (0.8)	
	(Business)	309,170	312,586	3,416 (1.1)	
	(Student)	93,559	93,479	-80 (-0.1)	
	Non-Commuter-Pass	275,259	276,830	1,571 (0.6)	
	Total	677,988	682,895	4,907 (0.7)	
Passenger revenues	Commuter-Pass	35,852	36,008	156 (0.4)	
	(Business)	32,264	32,452	188 (0.6)	
	(Student)	3,587	3,555	-31 (-0.9)	
	Non-Commuter-Pass	46,407	46,425	17 (0.0)	
	Total	82,259	82,433	174 (0.2)	

- Passengers transported will increase as line-side populations grow.
- Despite a decrease in fare surcharge scheduled for October 2019, passenger revenue will be driven up by an increased passengers transported.
- Operating revenues will increase due to increased passengers transported. Another factor is that income from the reserved seating surcharge will increase as Keio Liner services expand.

3. Segment Information: Merchandise Sales

(Units: ¥ hundred million)

	FY2018 result	FY2019 plan	Change (%)	Change factors
(Department Stores)	895	915	19 (2.2)	Renovation of sales spaces
(Retail Stores)	503	513	10 (2.0)	
(Retail Stores for Books)	64	58	-6 (-9.7)	
(Shopping Centers)	143	143	-0 (-0.2)	
(Others)	121	122	1 (1.1)	
(Elimination)	-64	-66	-2 –	
Operating Revenues	1,664	1,686	21 (1.3)	
(Department Stores)	11	13	2 (19.9)	
(Retail Stores)	6	6	0 (7.3)	
Operating Profit	51	52	0 (1.2)	
Profit Margin	3.1	3.1	– –	
EBITDA	92	94	2 (2.6)	
Depreciation and Amortization	41	42	1 (2.4)	
Capital Expenditures	31	55	23 (73.4)	

4. Segment Information: Real Estate

(Units: ¥ hundred million)

	FY2018 result	FY2019 plan	Change (%)	Change factors
(Land and Building Leasing)	354	365	10 (3.0)	
(Development for Selling by Lots)	209	259	49 (23.6)	Increase in sales of renovated property, etc.
(Other)	24	29	5 (20.5)	
(Elimination)	-89	-105	-16 –	
Operating Revenues	500	548	47 (9.6)	
(Land and Building Leasing)	90	94	4 (5.1)	
(Development for Selling by Lots)	12	21	9 (80.6)	
Operating Profit	94	101	6 (7.1)	
Profit Margin	18.9	18.5	-0.4P –	
EBITDA	143	152	8 (6.3)	
Depreciation and Amortization	44	46	1 (3.7)	
Capital Expenditures	116	347	231 (199.2)	

5. Segment Information: Leisure

(Units: ¥ hundred million)

	FY2018 result	FY2019 plan	Change (%)	Change factors
(Hotels)	546	593	46 (8.6)	Full-year contribution of newly opened and hotels opened last year
(Travel Services)	176	160	-16 (-9.3)	
(Advertising Services)	125	127	2 (1.8)	
(Others)	68	67	-0 (-1.4)	
(Elimination)	-112	-122	-10 –	
Operating Revenues	804	825	20 (2.5)	
(Hotels)	59	72	13 (22.2)	
Operating Profit	69	81	11 (16.0)	
Profit Margin	8.7	9.9	1.2P –	
EBITDA	113	130	17 (15.0)	
Depreciation and Amortization	43	48	4 (11.3)	
Capital Expenditures	162	219	57 (35.1)	

6. Segment Information: Other Businesses

(Units: ¥ hundred million)

	FY2018 result	FY2019 plan	Change (%)	Change factors
(Building Maintenance)	258	264	5 (2.2)	
(Railway Car Maintenance)	101	102	1 (1.8)	
(Construction)	237	248	10 (4.6)	Increase in construction revenue, etc.
(Others)	78	89	10 (13.3)	
(Elimination)	-23	-25	-2 –	
Operating Revenues	651	678	26 (4.0)	
Operating Profit	52	58	5 (10.5)	
Profit Margin	8.1	8.6	0.5P –	
EBITDA	56	63	6 (12.4)	
Depreciation and Amortization	3	5	1 (37.3)	
Capital Expenditures	6	16	9 (145.9)	

7. FY2019 2nd Quarter Forecasts
(Consolidated Statements of Income, Segment Information)

(Units: ¥ hundred million)

	Operating Revenues			Operating Profit		
	FY2018 2Q result	FY2019 2Q plan	Change (%)	FY2018 2Q result	FY2019 2Q plan	Change (%)
Transportation	665	668	2 (0.4)	105	108	3 (3.3)
Merchandise Sales	799	827	27 (3.5)	24	27	2 (11.0)
Real Estate	233	272	38 (16.4)	52	55	2 (5.4)
Leisure	401	408	6 (1.7)	42	39	-3 (-7.9)
Other Businesses	237	265	27 (11.7)	10	13	2 (22.2)
Elimination	-161	-178	-17 —	0	-0	-1 —
Total	2,176	2,263	86 (4.0)	236	243	6 (2.8)

(Units: ¥ hundred million)

	FY2018 2Q result	FY2019 2Q plan	Change (%)
Ordinary Profit	237	235	-2 (-1.1)
Profit Attributable to Owners of Parent	151	161	9 (6.4)

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.