

FY2019 Financial Results

– Held on June 2, 2020 –

Keio Corporation
京王電鉄株式会社

Contents

I. FY2019 Results

II. Current Situation

III. Preparing for Post-COVID-19 Situation

IV. Review of Corporate Governance Structure

V. Reference Material

President and Representative Director

Yasushi Komura

Managing Director

Shunji Ito

(in charge of Finance and Information Disclosure)

I. FY2019 Results

1. Performance Summary
2. FY2019 Management Goals Status Report
3. Operating Revenues / Operating Profit Change Factors (FY2019 Results)
4. Status of Medium-Term Management Plan
5. Impact of COVID-19 (FY2019 Results)

1. Performance Summary

FY2019 results

- Operating revenues down year-on-year to 4,336 hmy owing primarily to decreased revenue from development for selling by lots on top of the impact of COVID-19 on leisure, merchandise sales, and transportation.
- Operating profit down year-on-year to 360 hmy, and profit attributable to owners of parent also down year-on-year to 178 hmy.
- The dividend per share will be 52.5 yen, another increase following last year's, with a benchmark of 30% for the consolidated dividend ratio.

FY2020 earnings forecasts

- The spread of COVID-19 continues to have a significant impact on performance, including a decrease in passengers transported in the transportation business resulting from people voluntarily staying at home, temporary store closings affecting merchandise sales, and a substantial decline in revenue in the leisure business.
- Significant fluctuations in performance are anticipated according to how the situation develops, so based on the unpredictable situation at this time as it pertains to normal business activities, the FY2020 earnings forecasts are to be determined.

2. FY2019 Management Goals Status Report

- In FY2019 results, **revenues and profit down year-on-year due primarily to spread of COVID-19.**
- Profit attributable to owners of parent was 178 hmy due primarily to recording of impairment loss.
- Significant fluctuations in performance are anticipated according to how the situation develops, and based on the unpredictable situation at this time as it pertains to normal business activities with the spread of COVID-19, **the FY2020 earnings forecasts are TBD.**

	FY2019 result	YOY change	Change from plan	FY2020 earnings forecasts
Operating revenues	4,336 hmy	-138 hmy	-263 hmy	
Operating profit	360 hmy	-40 hmy	-72 hmy	
Profit margin	8.3%	-0.7P	-1.1P	Earnings forecasts TBD
Profit attributable to owners of parent	178 hmy	-93 hmy	-106 hmy	
ROA	3.9%	-0.5P	-0.8P	

Reference Indicators

	FY2019 result	YOY change	Change from plan	FY2020 earnings forecasts
ROE	4.8%	-2.8P	-2.8P	
EBITDA	722 hmy	-44 hmy	-78 hmy	Earnings forecasts TBD
D/E ratio	0.9	—	—	

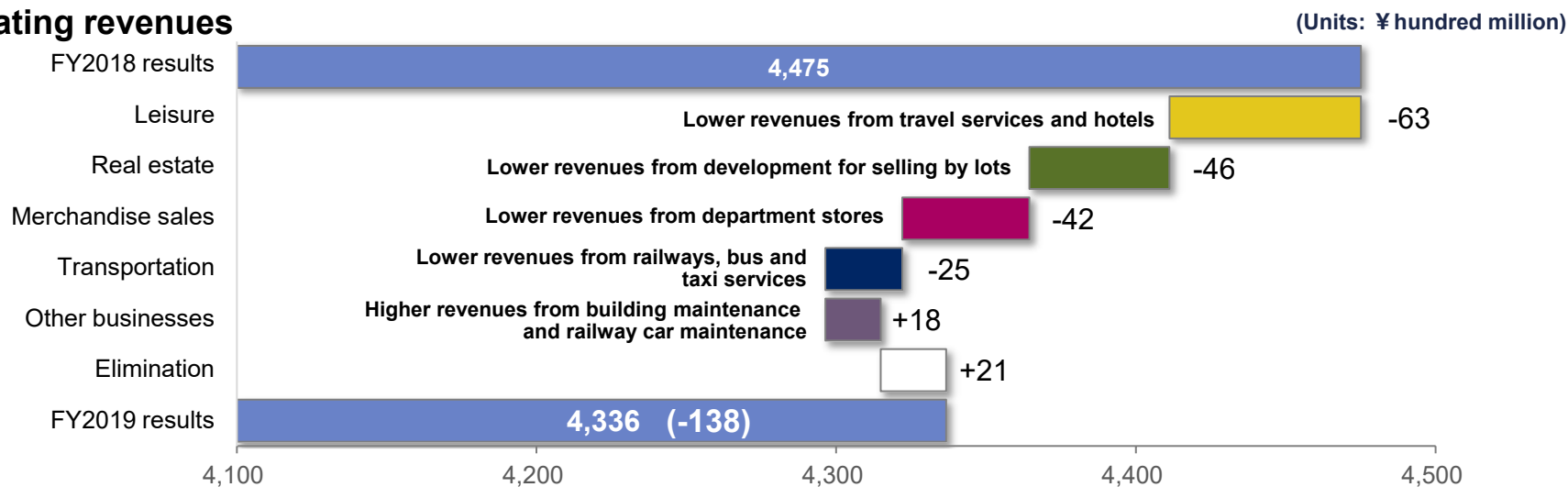
Total investment (strategic investment) FY2018: 711 hmy (162 hmy) FY2019: 759 hmy (171 hmy)

*Total investment includes real-estate and lending investments.

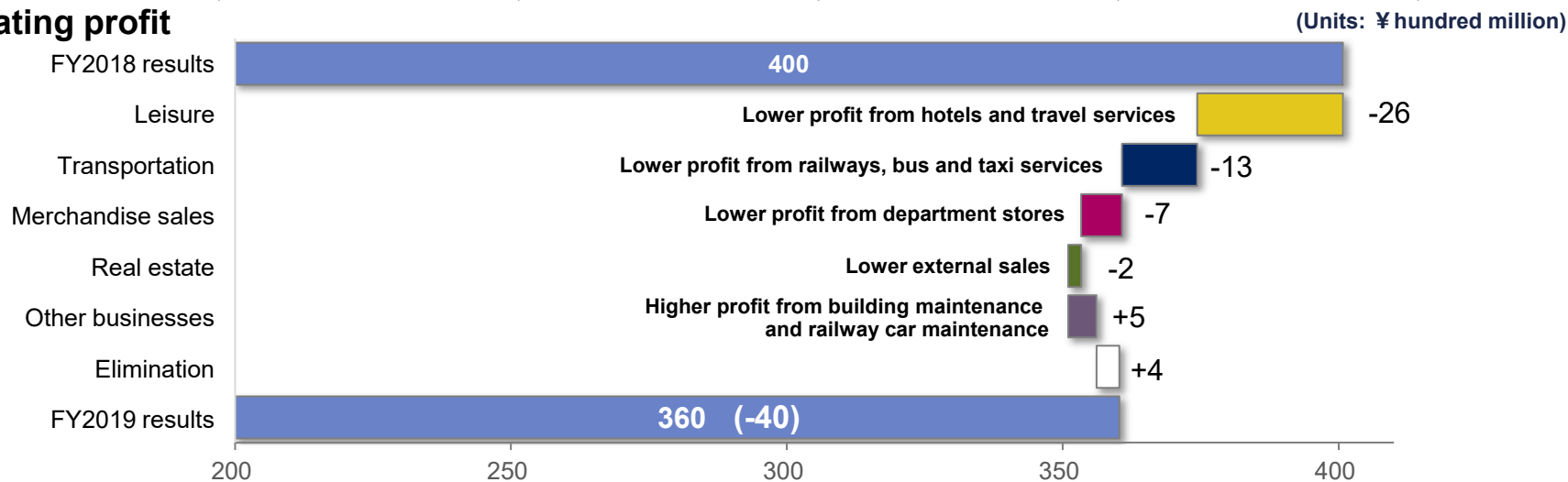
3. Operating Revenues / Operating Profit Change Factors (FY2019 Results)

- Operating revenues down 138 hmy year-on-year owing to decreased revenue in each segment except other businesses.
- Operating profit down 40 hmy year-on-year owing to decreased profit in each segment except other businesses.

Operating revenues



Operating profit

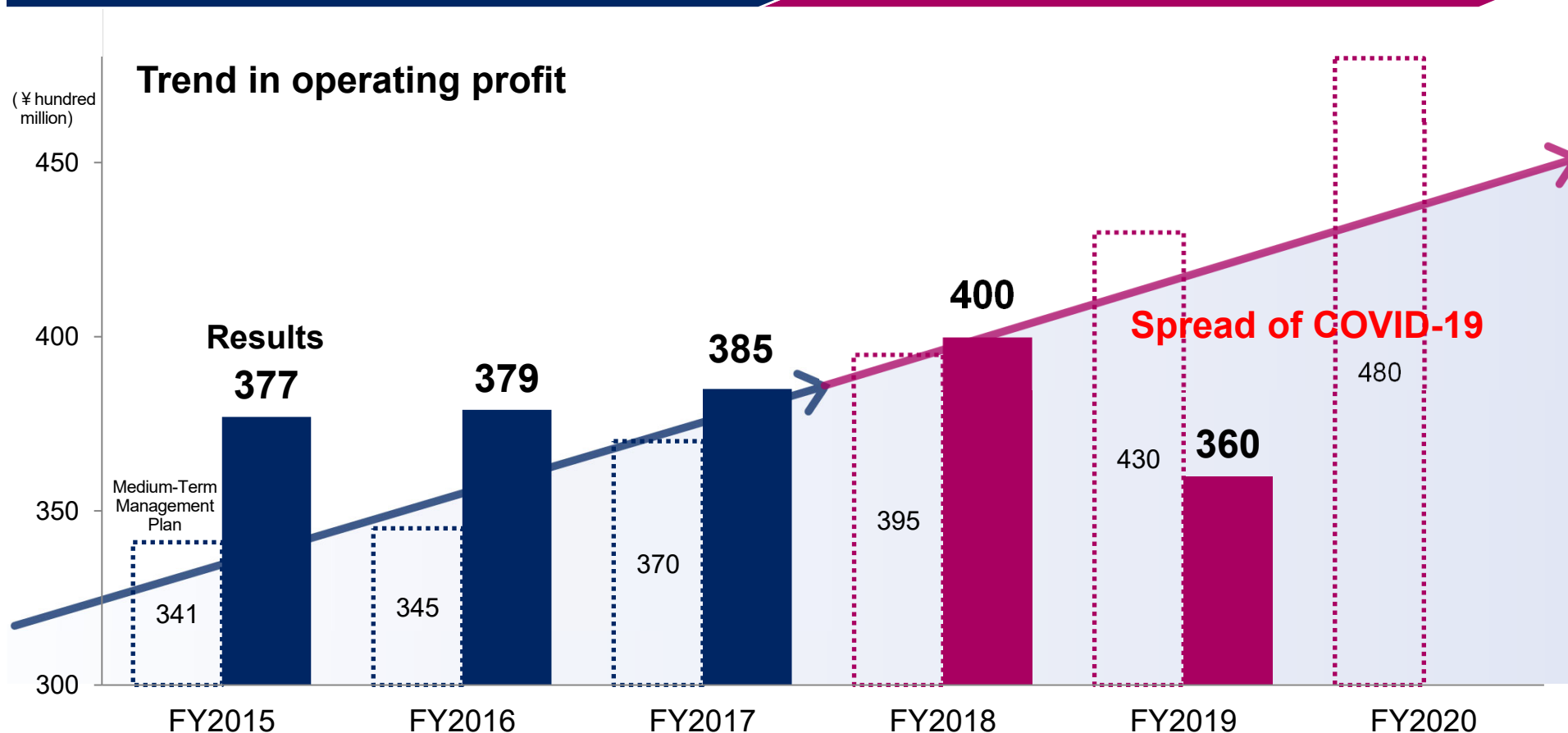


4. Status of Medium-Term Management Plan

- By promoting “Setting the stage for growth” in the first three years and measures for “Achieving growth” in the second three years, steady progress was made through FY2018, exceeding the plan heading toward FY2020, the final year of the plan.

Setting stage for growth

Achieving growth



5. Impact of COVID-19 (FY2019 Results)

- Spread of COVID-19 has been felt in each segment except other businesses.
- Both revenues and profit decreased YoY because of **decreased revenue in department stores and hotels due to substantial decrease in foreign tourists to Japan, and sluggish consumer spending and fewer passengers transported due to voluntary social distancing.**

(Units: ¥ hundred million)

January - March 2020 results (YOY change)			
	Operating revenues (change)	Operating profit (change)	Impact of spread of COVID-19
Transportation	293 (-28)	-23 (-17)	Decrease in passengers transported due to stay at home requests and closings of facilities along railways (railways) Decrease in number of local route buses and substantial decline in highway bus revenue (bus services)
Merchandise sales	370 (-39)	4 (-3)	Decrease in store visits due to fewer foreign tourists to Japan and customers voluntarily staying home (department stores) Shorter operating hours and event cancellations (department stores/shopping centers)
Real estate	139 (-6)	15 (-0)	
Leisure	149 (-48)	-17 (-25)	Substantial decrease in revenue due to decrease in foreign tourists to Japan and cancellations (hotels) Many cancellations by groups and individuals alike (travel services)
Other businesses	263 (+6)	27 (+1)	
Total	1,036 (-107)	-1 (-45)	




II. Current Situation

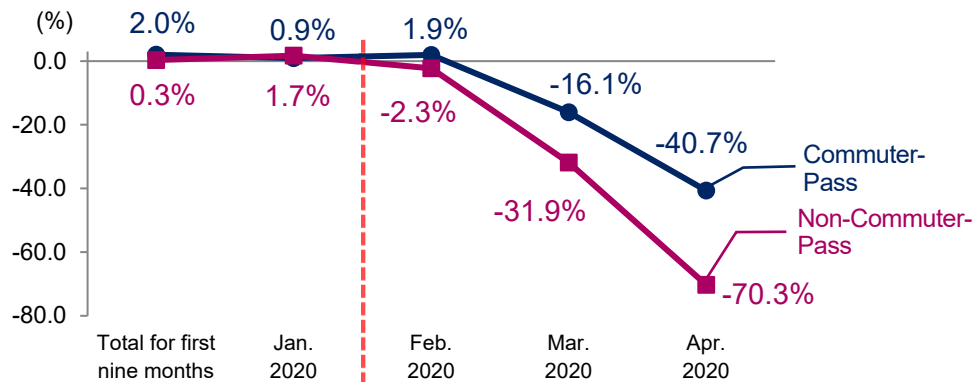


1. Most recent trends in main businesses
2. Most recent status of operations

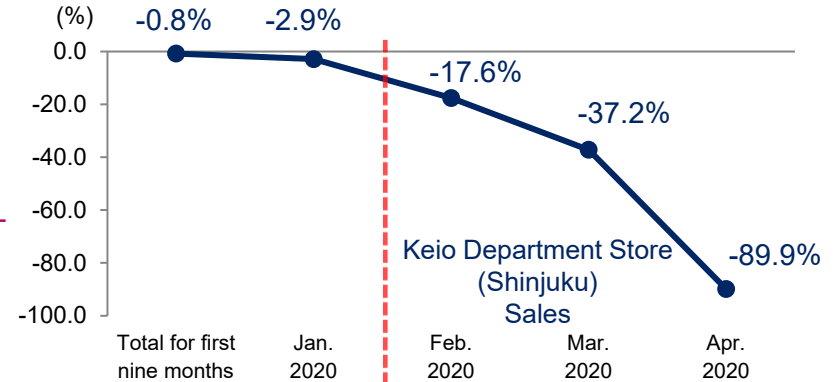
1. Most recent trends in main businesses

■ Spread of COVID-19 has impacted business since February 2020, **and situation remains difficult.**

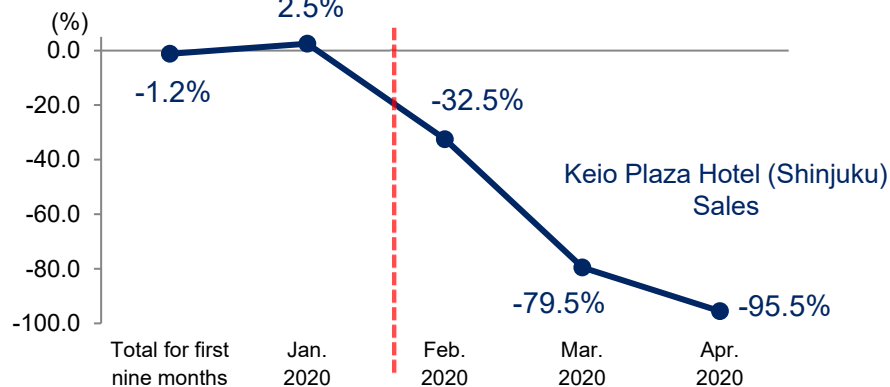
YoY trend in railways business 
(Passengers transported)



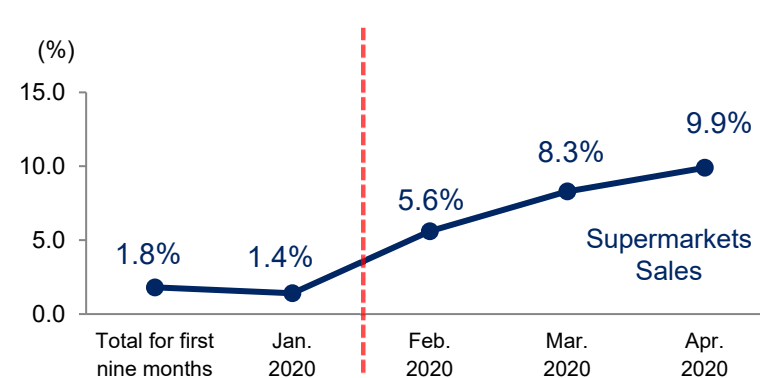
YoY trend in department stores 
(Sales)



YoY trend in hotels business 
(Sales)



YoY trend in retail stores business 
(Sales)



2. Most recent status of operations

- Operations were suspended in many businesses in April 2020 due to the spread of COVID-19, but with the lifting of the state of emergency, **operations have gradually begun to resume recently.**

		Most recent status of operations*	
Transportation	Railways	<ul style="list-style-type: none"> Keio Liner (weekdays): Three trains added in morning, two late night trains eliminated (for time being from June 1) Keio Liner (weekends and holidays): Operations suspended all day (for time being from April 29) No change to number of regular trains 	
	Bus Services	<ul style="list-style-type: none"> Except for some local route buses, operations to be resumed with regular timetable from June 1 More highway bus operations resumed 	
Merchandise Sales	Department Stores	<ul style="list-style-type: none"> Food sales floor reopened on May 18, and whole building to be reopened on June 1 (Shinjuku) Food sales floor reopened on April 20, and whole building to be reopened on June 1 (Seiseki Sakuragaoka) 	
	Retail Stores	<ul style="list-style-type: none"> All stores continuing operations in supermarkets business (Shortened hours of operation) 	
	Shopping Centers	<ul style="list-style-type: none"> Operations resumed at some shopping centers on May 21 Operations resumed at all shopping centers on June 1 	
Leisure	Hotels	Keio Plaza Hotel	<ul style="list-style-type: none"> Lodging facilities continuing operations Operations resumed at some restaurant facilities on May 25 (Shinjuku)
		Keio Presso Inn	<ul style="list-style-type: none"> Eight locations temporarily closed will resume operations gradually beginning in mid-June
		Other	<ul style="list-style-type: none"> Takayama Green Hotel operations to be resumed on June 1
	Travel Services	<ul style="list-style-type: none"> Operations gradually resumed at some locations beginning on May 11 Operations to be resumed at all individual travel desks and all group travel branches on June 1 	

*Most recent status of operations current as of May 28, 2020.

III. Preparing for Post-COVID-19 Situation

1. Action Policy
2. Our COVID-19 Response
3. Changes in External Environment
4. Preparing for Post-COVID-19 Situation

1. Action Policy

Spread of COVID-19 has severely impacted performance

Phase 1 (Immediate Action)

Protect customers, employees, etc. in response to declaration of state of emergency

Phase 2 (FY2020 Action)

Implement various measures to secure profits in FY2020 while promoting processes to gain control (of COVID-19 situation)

Social lives and values could change drastically as result of COVID-19

Phase 3 (Post-COVID-19)

Consider transitioning to new strategy to survive in changing business environment

2. Our COVID-19 Response

Spread of COVID-19 has severely impacted performance

Rapid decline in number of foreign tourists to Japan
Sluggish domestic consumer spending due to voluntarily staying at home

Substantial decline in revenue in transportation, merchandise sales, and leisure businesses

Top priority on safe and reliable business operations

Phase 1 (Immediate Action)

“Protect customers, employees, etc. in response to declaration of state of emergency”

Secure lifelines

Operate railways, bus services, and other important social infrastructure businesses as well as retail stores and other businesses essential for daily life with proper measures to prevent spread of infection and secure daily life of customers

Strengthen crisis management system

Some changes made to operational organization (General Affairs/Crisis Management Dept.) to ensure swift response to serious crises affecting business management such as spread of COVID-19

Fundraising

In addition to issuance of 140 hmy in commercial paper and 400 hmy in corporate bonds*, cash on hand increased from usual 200 hmy to around 900 hmy through borrowings

*AA rating obtained from JCR

Phase 2 (FY2020 Action)

“Implement various measures to secure profits in FY2020 while promoting processes to gain control (of COVID-19 situation)”

Reduction of nonessential, nonurgent costs

Appropriate cost control implemented, including review of nonessential, nonurgent costs

3. Changes in External Environment

Social lives and values could change drastically as result of COVID-19

Changes in social lives

Fewer opportunities to travel and shift to mobile-oriented lifestyle with spread of social distancing

Changes in values

Values prioritizing safety and security

Changes in spending styles

Prolonged nest-dweller consumption and spread of mobile orders

Changes in business

Transition to telecommuting, small offices, and distributed offices from large, one-floor offices in downtown areas

Phase 3 (Post-COVID-19)

Address “new normal” where impact becomes prolonged, social lives and values change, and things do not return to pre-COVID-19 conditions

Consider business strategy that addresses change for Post-COVID-19 conditions

All businesses

Review of service standard addressing “new normal” post-COVID-19

Steady work on medium- to long-term issues

Necessary investment for future

Construction of grade and elevated sections along Keio Line Redevelopment project in Shinjuku Station area

Review of corporate governance structure

Transition to a company with an audit and supervisory committee, etc.

4. Preparing for Post-COVID-19 Situation

Consider business strategy that addresses change for Post-COVID-19 conditions

All businesses

Review of service standard addressing “new normal” post-COVID-19

Transportation

- Further promotion of staggered working hours and off-peak commuting in response to social changes (number of morning Keio Liner trains increased)
- Flexible timetables based on lifestyles
- Transportation services with lifestyle support as added value
- MaaS initiatives

Merchandise sales

- Focus on products to prevent spread of infection
- Enhancement of home delivery and e-commerce
- Addressing of trend toward eating at home

Real estate

- Incorporation of new work and living needs in suburbs
- Addressing of telecommuting and multiple residences in housing-related business
- Promotion of IT in customer contact points

Leisure

- Promotion of operations based on domestic business demand
- Uncovering of leisure demand in nearby prefectures
- Incorporation of telecommuting demand, including day use plans
- Promotion of systemization of operations

Aim for sustainable growth of Keio Group, coming together to overcome this difficulty

IV. Review of Corporate Governance Structure

1. Review of Corporate Governance Structure
2. Transition to a Company with an Audit and Supervisory Committee and Introduction of a Stock-based Compensation Plan

1. Review of Corporate Governance Structure

- Ensuring the transparency and fairness of the Board of Directors, making decisions speedily and boldly, thereby facilitating the improvement and enhancement of corporate governance while ensuring safety and business continuity as a railway operator.
- We plan to **transition to a company with an audit and supervisory committee** in June 2020 and continue upgrading the corporate governance structure to **promote the sustainable growth and medium- to long-term improvement to the corporate value.**

Review of corporate governance structure (June 2020)

Transition to a company with an audit and supervisory committee

Introduction of executive officer system

Introduction of a stock-based compensation plan

Endeavor to continue upgrading our corporate governance structure

Improvement of transparency and fairness of Board of Directors

Directors who are also the members of the Audit and Supervisory Committee will have voting rights at the Board of Directors as Board members, while being entrusted with the audit function and endeavoring to raise the effectiveness of the Board's supervision function of business execution.

Further improvement of internal control system

The Audit and Supervisory Committee will closely cooperate with the Internal Audit Department, which constitutes the Company's internal audit section, in carrying out organizational audits, and request and instruct the Internal Audit Division to conduct an investigation when it deems necessary.

Enhancing medium- to long-term performance and maximizing shareholder value

We will introduce a stock-based compensation plan to raise the motivation of Directors to contribute to enhancing medium- to long-term performance and maximizing shareholder value.

2. Transition to a Company with an Audit and Supervisory Committee and Introduction of a Stock-based Compensation Plan

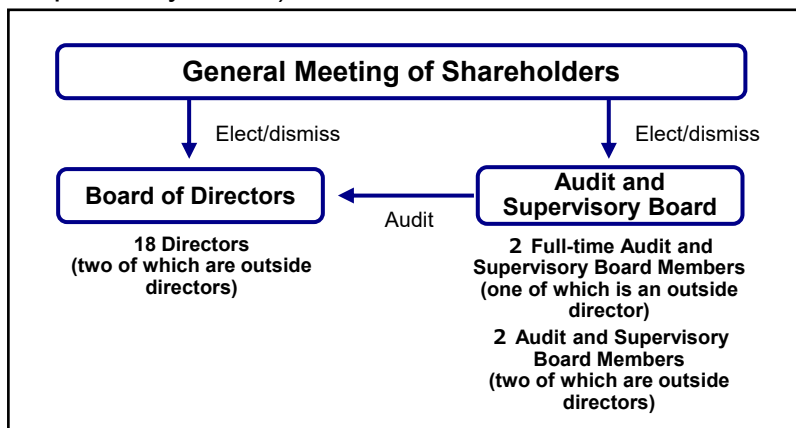
- We plan to **transition to a company with an audit and supervisory committee** and **introduce an executive officer system** on June 26, 2020.
- After we transition to a company with an audit and supervisory committee, compensation for our Directors will be classified and organized into base salary and annual performance-linked compensation that is linked to the Company's performance in each business year, and **a stock-based compensation plan will be introduced.**

* The transition to a company with an audit and supervisory committee and introduction of a stock-based compensation plan require approval at the Ordinary General Meeting of Shareholders to be held on June 26, 2020.

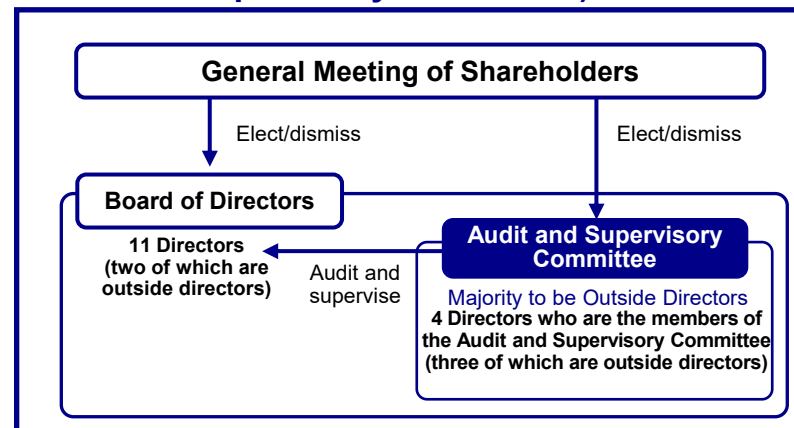
Transition to a company with an audit and supervisory committee

- Establish an Audit and Supervisory Committee (the majority of which are Outside Directors) to audit and supervise the execution of business by the Board of Directors
- Decrease the size of the Board of Directors and increase the percentage of Outside Directors

Current structure (company with an Audit and Supervisory Board)



Structure after transition (company with an Audit and Supervisory Committee)



Introduction of executive officer system

- Establish structure allowing swift response to changes in business environment
- Facilitate flexible decision-making and execution of business

Introduction of a stock-based compensation plan

- Deliver company shares to Directors through trust
- * Introduction of a stock-based compensation plan excludes Outside Directors and Directors who are members of the Audit and Supervisory Committee.

V. Reference Material

1. Consolidated Statements of Income
2. Segment Composition
3. Segment Information: Transportation
4. Segment Information: Merchandise Sales
5. Segment Information: Real Estate
6. Segment Information: Leisure
7. Segment Information: Other Businesses
8. Trends in Net Income and Dividends
9. Consolidated Balance Sheets and Consolidated Statements of Cash Flows
10. Remaining a Sustainable Company

1. Consolidated Statements of Income

(Units: ¥ hundred million)

	Full-Year FY2019 Earnings				
	FY2018 result	FY2019 result	Change (%)	FY2019 plan <small>(as announced on April 26, 2019)</small>	Difference from plan (%)
Operating Revenues	4,475	4,336	-138 (-3.1)	4,600	-263 (-5.7)
Operating Profit	400	360	-40 (-10.1)	433	-72 (-16.8)
Profit Margin	9.0	8.3	-0.7P —	9.4	-1.1P —
Ordinary Profit	392	346	-45 (-11.7)	419	-72 (-17.2)
Profit Attributable to Owners of Parent	272	178	-93 (-34.3)	285	-106 (-37.3)
EBITDA	767	722	-44 (-5.8)	801	-78 (-9.7)
Depreciation and Amortization	362	358	-3 (-1.1)	363	-4 (-1.2)
Capital Expenditures	551	566	14 (2.7)	972	-406 (-41.8)

2. Segment Composition

Consolidated

48 companies as of the end of Mar, 2020

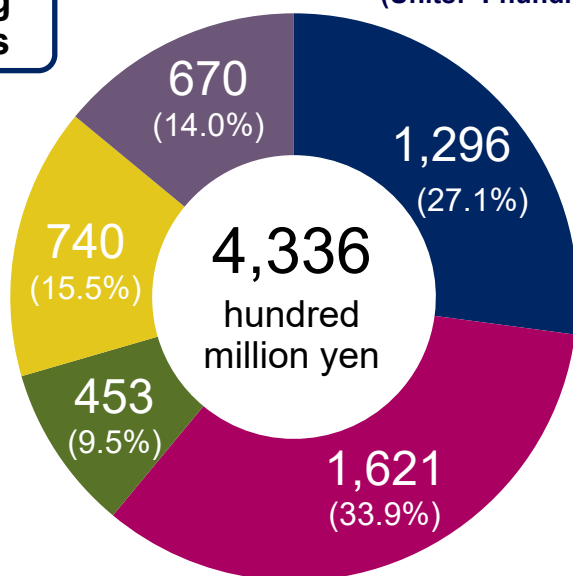
(Keio Corporation and Keio Juuki Seibi overlap multiple business segments)

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

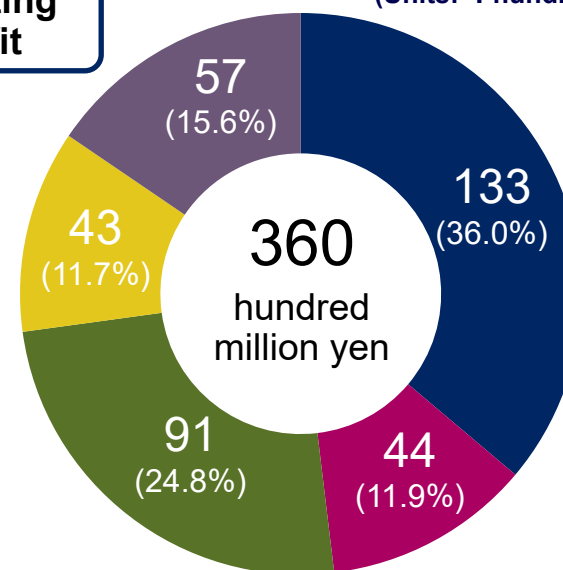
Operating revenues

(Units: ¥ hundred million)



Operating profit

(Units: ¥ hundred million)



Note: Segment figures include intersegment amounts and ratios.

Copyright 2020 Keio Corporation All Rights Reserved

3. Segment Information: Transportation

(Units: ¥ hundred million)

	Full-Year FY2019 Earnings				
	FY2018 result	FY2019 result	Change (%)	FY2019 plan (as announced on April 26, 2019)	Difference from plan (%)
Operating Revenues	1,322	1,296	-25 (-1.9)	1,325	-28 (-2.1)
(Railways)	861	848	-13 (-1.5)	866	-18 (-2.1)
(Bus Services)	365	362	-3 (-0.9)	364	-2 (-0.7)
(Taxi Services)	130	121	-8 (-6.8)	126	-5 (-4.2)
(Other)	26	25	-0 (-3.4)	26	-0 (-2.3)
(Elimination)	-61	-61	0 (—)	-58	-2 (—)
Operating Profit	147	133	-13 (-9.3)	149	-15 (-10.4)
(Railways)	116	104	-12 (-10.4)	114	-10 (-9.4)
(Bus Services)	25	24	-0 (-1.6)	24	0 (0.0)
Profit Margin	11.1	10.3	-0.8P —	11.3	-1.0P —
EBITDA	379	356	-23 (-6.1)	374	-17 (-4.8)
Depreciation and Amortization	232	222	-9 (-4.1)	224	-1 (-0.6)
Capital Expenditures	243	268	24 (10.2)	348	-80 (-23.0)

3. Segment Information: Transportation

Railways Transportation Results

- In FY2019, there was improvement in the employment situation, an increase in the population along railway lines, and increased revenue from expanded Keio Liner operations, but due to the impact of lowering the fare surcharge **and the spread of COVID-19, operating revenues were down year-on-year.**
- In April 2020, due to the impact of stay-at-home requests and suspended operations of facilities along railway lines, **the number of passengers transported decreased substantially year-on-year.**

(Units: Thousands of People, ¥ million)

		Full-Year FY2019 Results				
		FY2018 result	FY2019 result	Change (%)	FY2019 plan <small>(as announced on April 26, 2019)</small>	Difference from plan (%)
Passengers Transported	Commuter-Pass	402,729	404,751	2,022 (0.5)	406,065	-1,314 (-0.3)
	(Business)	309,170	312,585	3,415 (1.1)	312,586	-1 (-0.0)
	(Student)	93,559	92,166	-1,393 (-1.5)	93,479	-1,313 (-1.4)
	Non-Commuter-Pass	275,259	267,814	-7,445 (-2.7)	276,830	-9,016 (-3.3)
	Total	677,988	672,565	-5,423 (-0.8)	682,895	-10,330 (-1.5)
Passenger Revenues	Commuter-Pass	35,852	35,866	14 (0.0)	36,008	-141 (-0.4)
	(Business)	32,264	32,356	92 (0.3)	32,452	-95 (-0.3)
	(Student)	3,587	3,510	-77 (-2.2)	3,555	-45 (-1.3)
	Non-Commuter-Pass	46,407	44,801	-1,605 (-3.5)	46,425	-1,623 (-3.5)
	Total	82,259	80,668	-1,590 (-1.9)	82,433	-1,765 (-2.1)

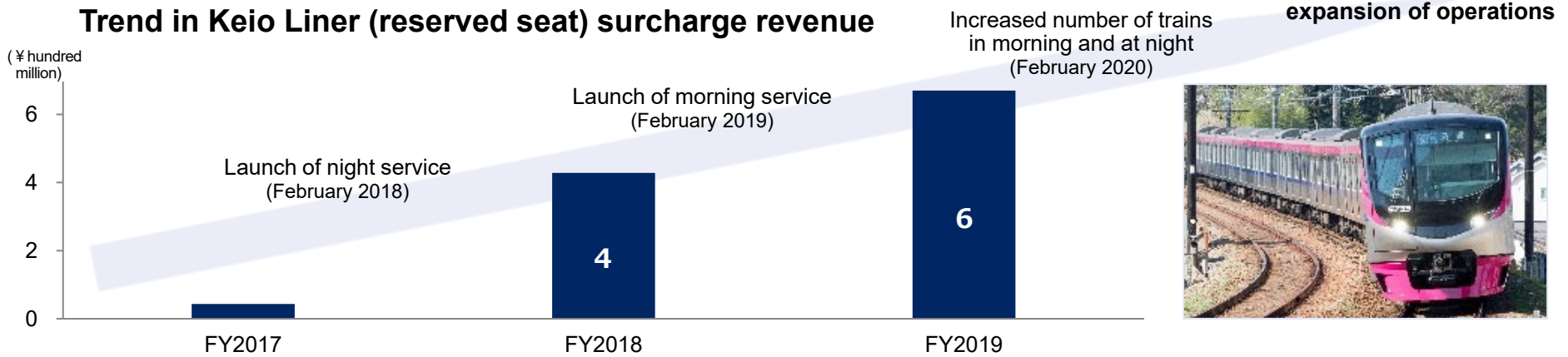
Fare surcharge for the Sagami-hara line lowered

Implemented in October 2019 (FY2019 impact: Approx. 4 hmy decrease in revenue)

3. Segment Information: Transportation

Keio Line timetable revision/increase in number of Keio Liner trains (Railways)

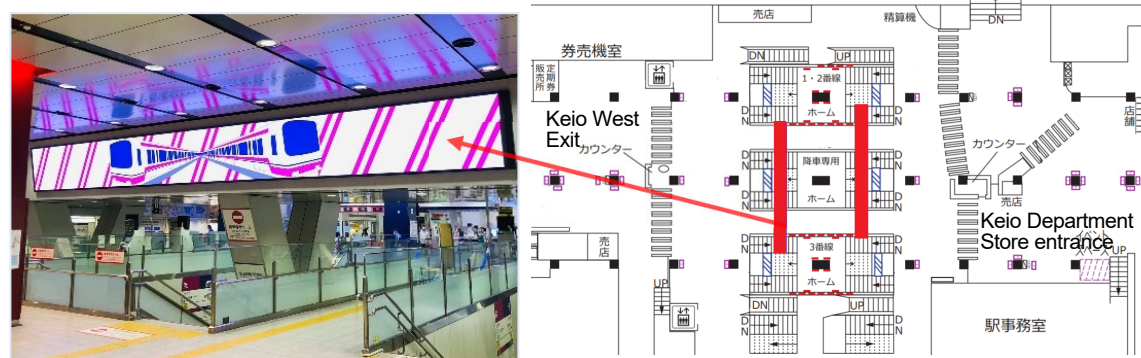
- **Profits reinforced with increase in Keio Liner trains, etc.** as part of Keio Line timetable revision. (February 2020)
- Promoted greater convenience by **adding earlier and later trains on Takao Line.**



Keio Liner average ridership (FY2019 results) Morning hours (weekdays): Almost full; Evening hours (weekdays): Approx. 80%
 * Keio Liner operations may be changed depending on the COVID-19 situation.

Improved profitability of transit advertising at Shinjuku Station (Railways)

- Increased pillar wrap digital signage in FY2019.
- Two large digital signs added at Shinjuku Station inside ticket gate in FY2020 to increase advertising revenue.

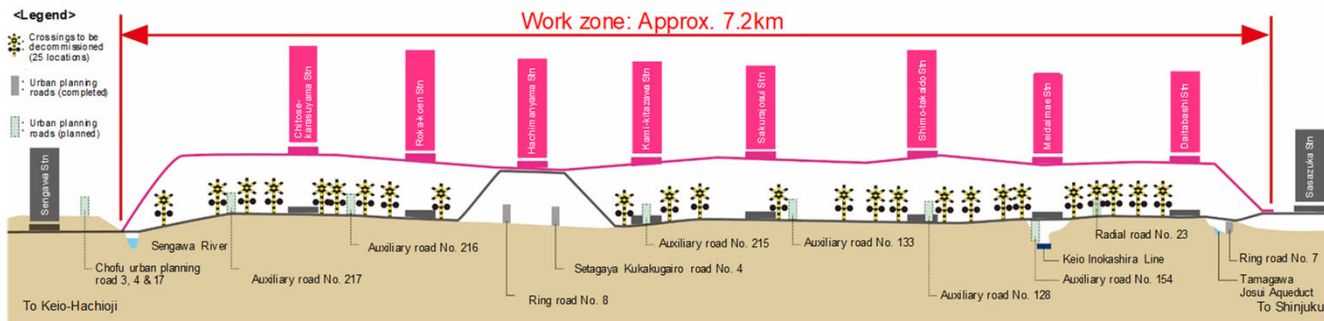


Added new approx. 15-meter wide “Shinjuku K-DG King Wall” digital signage

3. Segment Information: Transportation

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

- Elevating roughly 7.2km section of Keio Line between Sasazuka and Sengawa stations and removing grade crossings in 25 places.
- Purchasing land and building elevated sections in FY2020.

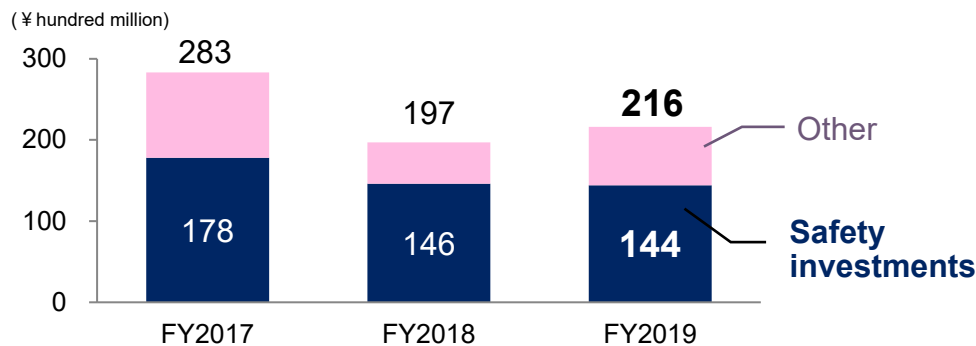


Construction progress

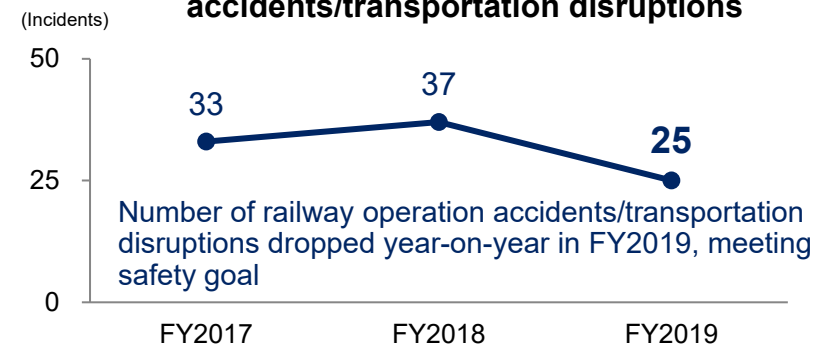
Safety Initiatives (Railways)

- Work on further safety and service improvements to realize Japan's safest railway with the best service.
- In FY2019, we invested 144 hmy in safety (216 hmy in railways overall).
- Promote anti-disaster measures for typhoons, earthquakes, etc. as well as tangible and intangible safety measures, such as utilization of hazard maps.

Trend in railways capital expenditure



Trend in number of railway operation accidents/transportation disruptions



Number of railway operation accidents/transportation disruptions dropped year-on-year in FY2019, meeting safety goal

4. Segment Information: Merchandise Sales

(Units: ¥ hundred million)

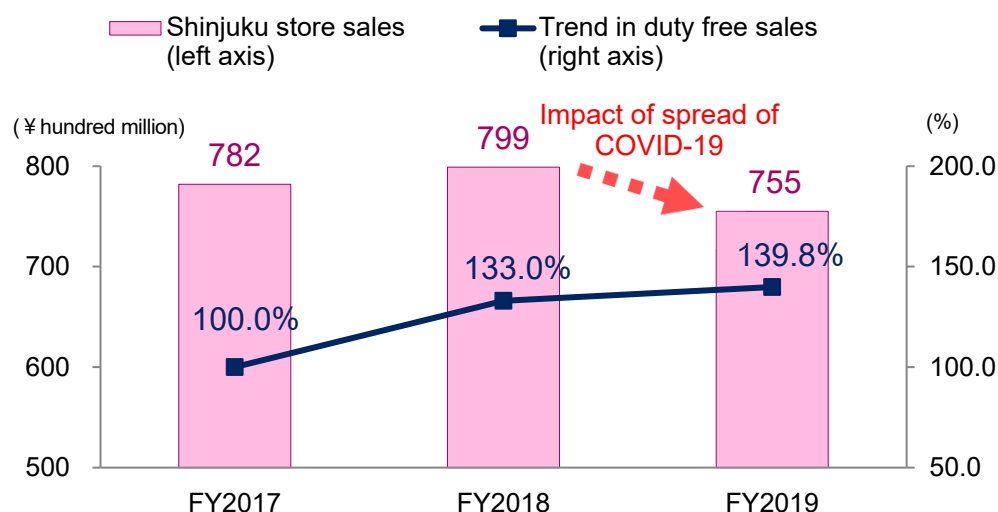
	Full-Year FY2019 Earnings				
	FY2018 result	FY2019 result	Change (%)	FY2019 plan <small>(as announced on April 26, 2019)</small>	Difference from plan (%)
Operating Revenues	1,664	1,621	-42 (-2.5)	1,686	-64 (-3.8)
(Department Stores)	895	847	-47 (-5.3)	915	-67 (-7.4)
(Retail Stores)	503	511	8 (1.7)	513	-1 (-0.3)
(Retail Stores for Books)	64	60	-3 (-5.6)	58	2 (4.6)
(Shopping Centers)	143	146	2 (1.6)	143	2 (1.8)
(Other)	121	118	-2 (-2.0)	122	-3 (-3.1)
(Elimination)	-64	-63	0 (—)	-66	3 (—)
Operating Profit	51	44	-7 (-14.4)	52	-7 (-15.4)
(Department Stores)	11	1	-9 (-89.2)	13	-12 (-91.0)
(Retail Stores)	6	8	2 (38.5)	6	1 (29.0)
Profit Margin	3.1	2.7	-0.4P —	3.1	-0.4P —
EBITDA	92	84	-8 (-8.7)	94	-9 (-10.2)
Depreciation and Amortization	41	40	-0 (-1.7)	42	-1 (-3.8)
Capital Expenditures	31	32	0 (2.2)	55	-22 (-41.1)

4. Segment Information: Merchandise Sales

Situation at Department Stores

- Revenue and profit down in FY2019 in department stores business (tax-free sales up year-on-year) due to **impact of poor weather conditions, consumption tax hike**, and **spread of COVID-19**.
- Keio Department Store (Shinjuku) temporarily closed on April 8, 2020, but operations resumed on June 1.

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



Keio Department Store (Shinjuku) Our COVID-19 Response

Action *2	Period
Cancellation of events at event halls	February 2020-
Shortened hours of operation Voluntary weekend closing (except for food sales floor)	March - April 2020
Temporary suspension of operations in response to declaration of state of emergency	April 8, 2020-
Operations resumed on food sales floor only	May 18, 2020-
All operations resumed	June 1, 2020-

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

* Status of operations, including temporary suspension of operations, current as of May 28, 2020.

Situation at Retail Stores

- Revenue and profit up year-on-year in FY2019 in retail stores business owing to effect of sales promotions and **increased sales of hygiene and food products**.
- **Fully incorporate demand near and around stations** and improve profitability.



Ticket gate and store directly connected with station building renovation

Keio Store Sengawa Station Building (to be remodelled in summer 2020)

5. Segment Information: Real Estate

(Units: ¥ hundred million)

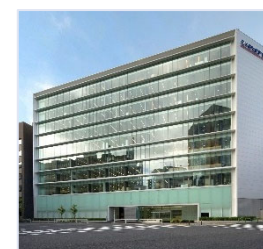
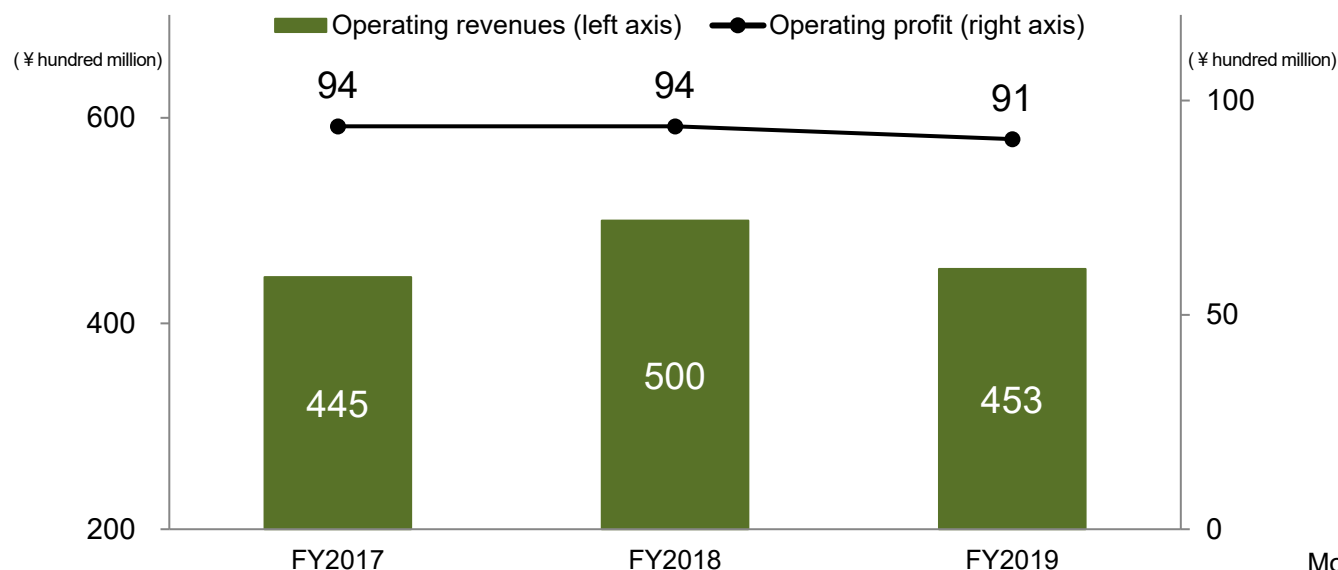
	Full-Year FY2019 Earnings				
	FY2018 result	FY2019 result	Change (%)	FY2019 plan (as announced on April 26, 2019)	Difference from plan (%)
Operating Revenues	500	453	-46 (-9.3)	548	-94 (-17.3)
(Land and Building Leasing)	354	369	14 (4.2)	365	4 (1.1)
(Development for Selling by Lots)	209	172	-37 (-17.7)	259	-86 (-33.4)
(Other)	24	27	3 (13.7)	29	-1 (-5.7)
(Elimination)	-89	-116	-27 (—)	-105	-11 (—)
Operating Profit	94	91	-2 (-2.5)	101	-9 (-8.9)
(Land and Building Leasing)	90	97	7 (8.6)	94	3 (3.3)
(Development for Selling by Lots)	12	12	0 (3.9)	21	-9 (-42.4)
Profit Margin	18.9	20.3	1.4P —	18.5	1.8P —
EBITDA	143	142	-0 (-0.5)	152	-9 (-6.2)
Depreciation and Amortization	44	46	1 (3.7)	46	0 (1.2)
Capital Expenditures	116	176	60 (52.2)	347	-170 (-49.1)

5. Segment Information: Real Estate

Overview of Leasing and Sales

- In FY2019, revenues down in development for selling by lots due primarily to decrease in sales of renovated properties and investment condominiums.
- In land and building leasing, we promoted continuous acquisition of building leasing to raise profit levels.

Trend in Real Estate operating revenues and profit



Akebono Nihonbashi Building
(Partially acquired in March 2020)



Morita Building (acquired in January 2020)

THE SHARE HOTELS Development (Real Estate and Other)

- Renovated hotel serving as both a place to bring locals together with travelers and a place of lodging.
Two THE SHARE HOTELS locations opened in FY2019 (Kyoto and Hiroshima).
- Location No. 8 (KAIKA Tokyo) grand opening to be held in FY2020.



KAIKA Tokyo bar and lounge

6. Segment Information: Leisure

(Units: ¥ hundred million)

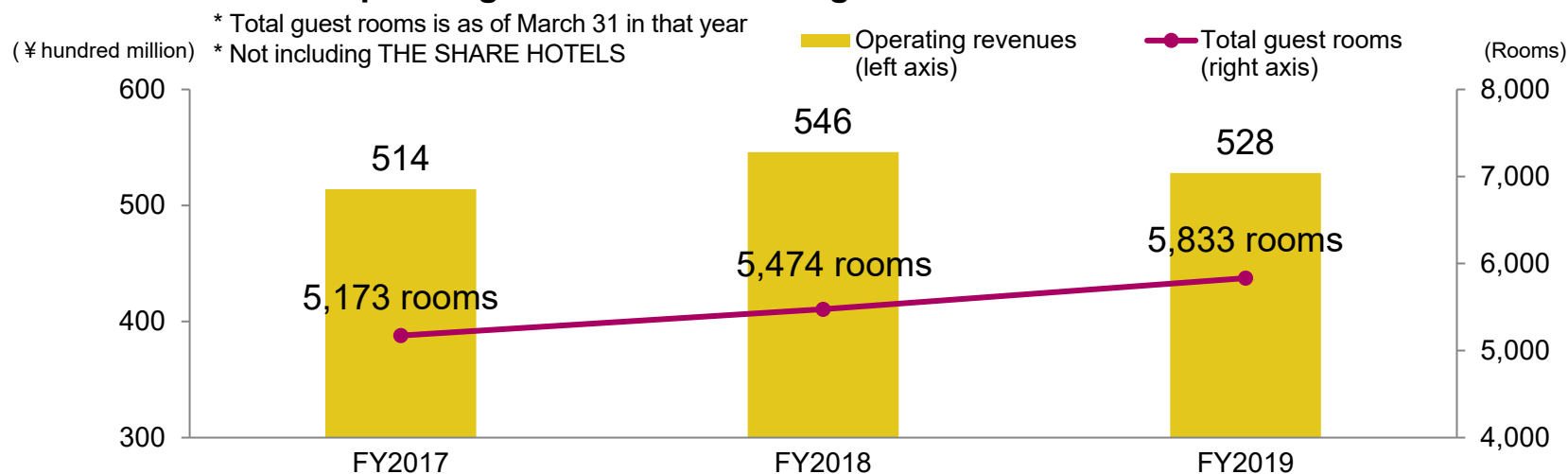
	Full-Year FY2019 Earnings				
	FY2018 result	FY2019 result	Change (%)	FY2019 plan <small>(as announced on April 26, 2019)</small>	Difference from plan (%)
Operating Revenues	804	740	-63 (-7.9)	825	-84 (-10.2)
(Hotels)	546	528	-18 (-3.3)	593	-64 (-10.9)
(Travel Services)	176	131	-45 (-25.4)	160	-28 (-17.8)
(Advertising Services)	125	131	6 (4.8)	127	3 (2.9)
(Other)	68	63	-4 (-6.6)	67	-3 (-5.3)
(Elimination)	-112	-114	-2 (—)	-122	8 (—)
Operating Profit	69	43	-26 (-37.8)	81	-37 (-46.4)
(Hotels)	59	42	-16 (-28.3)	72	-30 (-41.3)
Profit Margin	8.7	5.9	-2.8P —	9.9	-4.0P —
EBITDA	113	90	-22 (-20.0)	130	-39 (-30.2)
Depreciation and Amortization	43	47	3 (8.4)	48	-0 (-1.5)
Capital Expenditures	162	86	-75 (-46.6)	219	-133 (-60.5)

6. Segment Information: Leisure

Hotels Overview

- In FY2019, **new locations** contributed, but revenue and profits were down year-on-year due to **the impact of COVID-19**.
- In April 2020, Takayama Green Hotel was made a consolidated subsidiary, and new wing Ohrinkaku (101 rooms) will be opened in June 2020.

Trend in Hotels operating revenues and total guest rooms



Keio Prelia Hotel
Kyoto Karasuma-Gojo
(Opened in November 2018)



Keio Prelia Hotel Sapporo
(Opened in May 2019)



Takayama Green Hotel
(Made a consolidated subsidiary in April 2020)



Illustration of guest room
in new wing Ohrinkaku
(To be opened in June 2020)

6. Segment Information: Leisure

Status of Keio Plaza Hotel and Keio Presso Inn

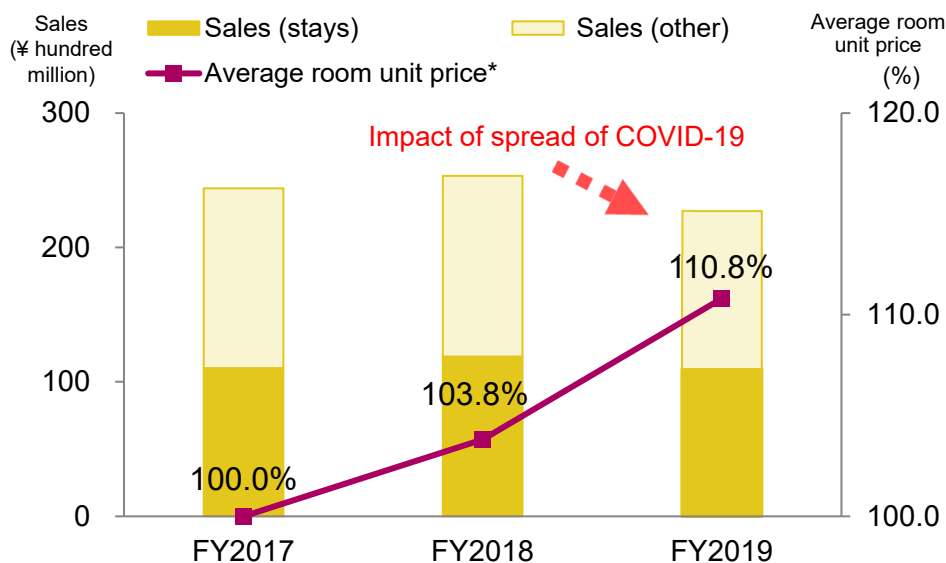
*Status of operations, including temporary suspension of operations, current as of May 28, 2020

Keio Plaza Hotel KEIO PLAZA HOTEL

- Revenues and profit down year-on-year in FY2019 due to **impact of COVID-19**.
- Room occupancy rate dropped substantially, but average room unit price increased as a result of Rugby World Cup 2019™ and other events.

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

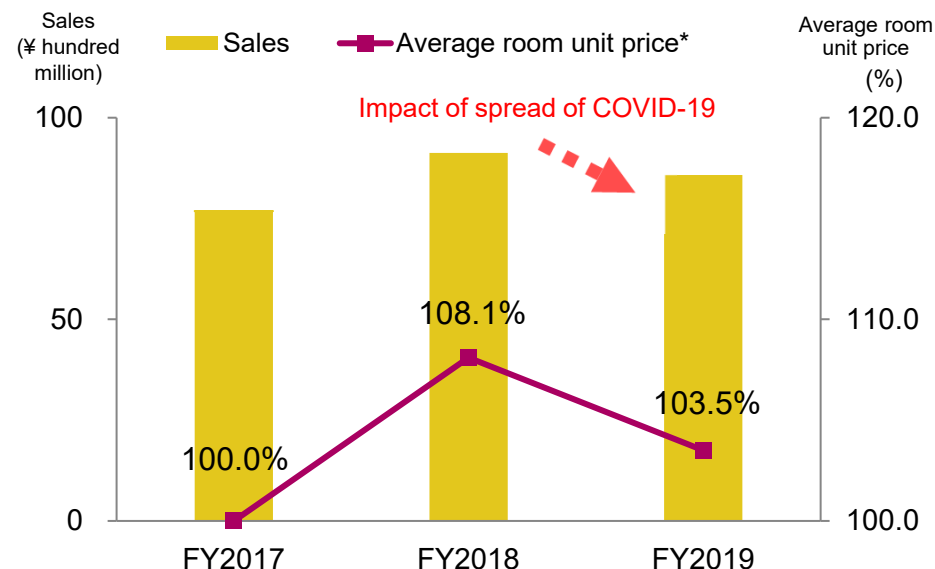
(Reference)
In recent years, foreign tourists have accounted for 70-80% of guests



Keio Presso Inn

- Percentage of foreign tourists was low, but revenue and profits were down year-on-year in FY2019 due to **impact of COVID-19**.
- In addition to substantial decrease in occupancy rate, eight locations were temporarily closed starting in mid-April 2020 (to gradually be reopened starting in mid-June).

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



*FY2017 average is scaled at 100%.

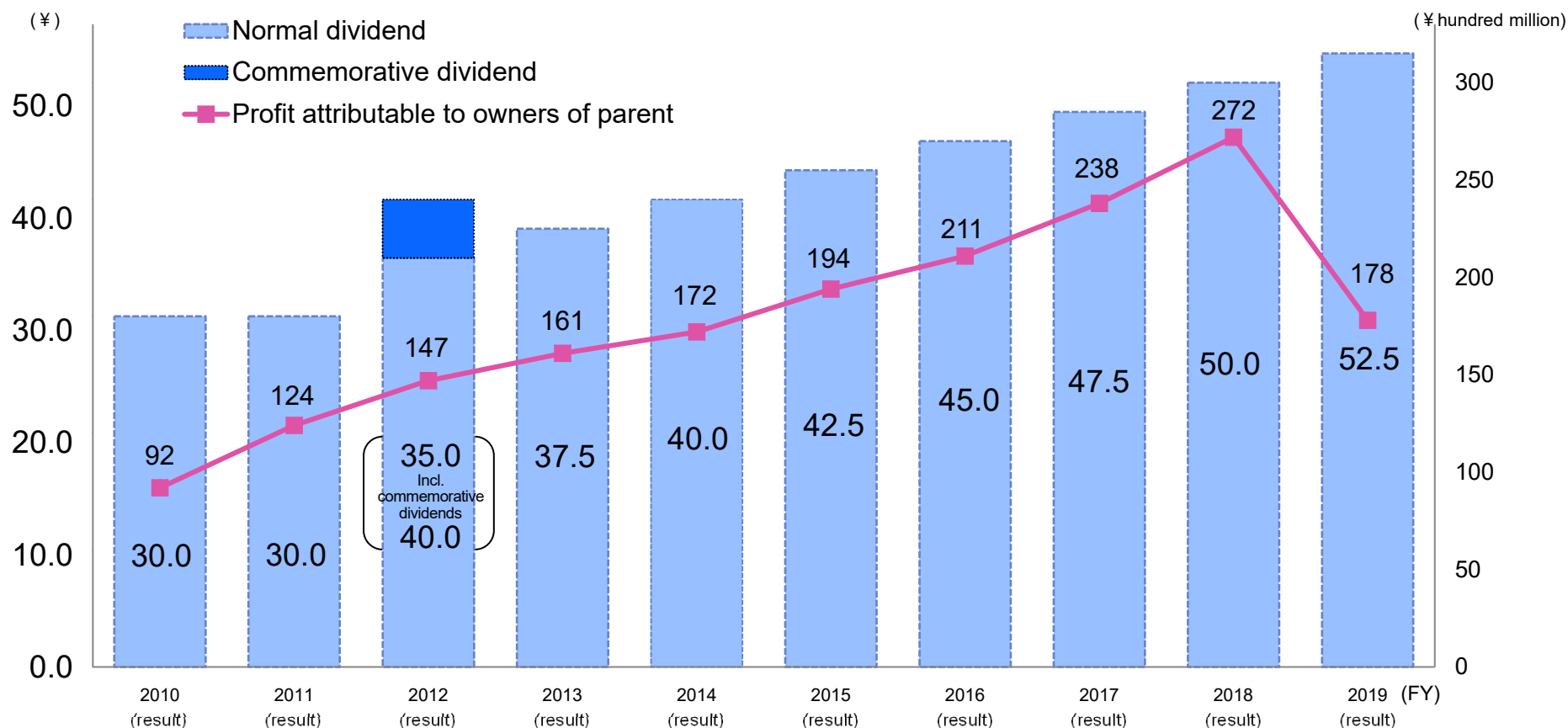
7. Segment Information: Other Businesses

(Units: ¥ hundred million)

	Full-Year FY2019 Earnings				
	FY2018 result	FY2019 result	Change (%)	FY2019 plan <small>(as announced on April 26, 2019)</small>	Difference from plan (%)
Operating Revenues	651	670	18 (2.8)	678	-7 (-1.1)
(Building Maintenance)	258	270	12 (4.7)	264	6 (2.5)
(Railway Car Maintenance)	101	106	5 (5.8)	102	4 (4.0)
(Construction)	237	226	-10 (-4.5)	248	-21 (-8.6)
(Other)	78	89	10 (13.4)	89	0 (0.1)
(Elimination)	-23	-23	0 (—)	-25	2 (—)
Operating Profit	52	57	5 (9.7)	58	-0 (-0.7)
Profit Margin	8.1	8.6	0.5P —	8.6	— —
EBITDA	56	62	6 (11.2)	63	-0 (-0.8)
Depreciation and Amortization	3	4	1 (32.3)	5	-0 (-1.6)
Capital Expenditures	6	10	4 (65.2)	16	-5 (-32.8)

8. Trends in Net Income and Dividends

- Although profits dropped in FY2019, annual dividend per share will be 52.5 yen.
- The FY2020 dividend forecast is TBD based on the unpredictable situation at this time as it pertains to normal business activities.



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

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.

9. Consolidated Balance Sheets and Consolidated Statements of Cash Flows

Consolidated Balance Sheets

(Units: ¥ hundred million)

	FY2018 result	FY2019 result	Change	Change factors
Total Assets	8,893	8,766	-126	Decrease in negotiable deposits, etc.
Liabilities	5,213	5,032	-180	Redemption of bonds, etc.
Net Assets	3,680	3,734	54	Booking of Profit Attributable to Owners of Parent, etc.
Total Liabilities and Net Assets	8,893	8,766	-126	
Interest-Bearing Debt	3,383	3,295	-88	

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






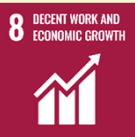














Consolidated Statements of Cash Flows


(Units: ¥ hundred million)

	FY2018 result	FY2019 result	Change	Notes
Net Cash Provided by (used in) Operating Activities	606	501	-104	Decrease in profit before income taxes, etc.
Net Cash Provided by (used in) Investing Activities	-476	-505	-29	Increase in expenditure following purchase of investment securities
Net Cash Provided by (used in) Financing Activities	-203	-156	47	Expenditures for redemption of bonds, repayment of long-term borrowings, etc.
Cash and Cash Equivalents at End of Period	579	419	-160	

10. 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	



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.

