

# Fiscal 2014 Year-end Financial Results and Keio Group Three- Year Medium-Term Management Plan (FY2015-2017)

— May 8, 2015 —

**Keio Corporation**  
**京王電鉄株式会社**

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# I. Fiscal 2014 Full-Year Earnings

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# 1. Consolidated Statements of Income

(Units: ¥ millions)

	FY2013 Results	FY2014 Results	Change (%)
Consolidated Operating Revenues	407,985	408,039	54 ( 0.0)
Consolidated Operating Income	33,073	33,845	771 ( 2.3)
Consolidated Ordinary Income	30,244	31,390	1,146 ( 3.8)
Consolidated Net Income	16,197	17,248	1,051 ( 6.5)
Consolidated EBITDA	67,420	69,171	1,750 ( 2.6)
Consolidated Depreciation and Amortization	33,942	34,921	979 ( 2.9)
Capital Expenditures	38,891	44,909	6,018 ( 15.5)

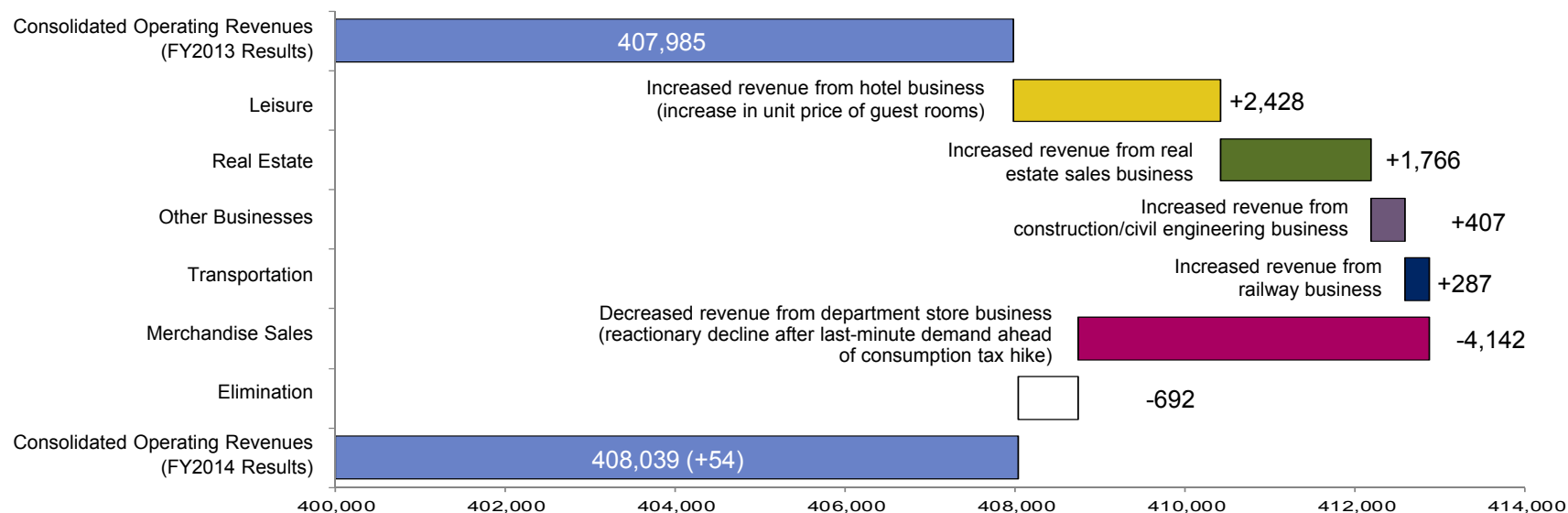
(Note) 1 EBITDA is calculated as operating income + depreciation and amortization + amortization of goodwill.

2 FY2014 forecasts are those announced on February 2nd, 2015.

## 1-2. Consolidated Operating Revenues/Operating Income Change Factors (vs. PY)

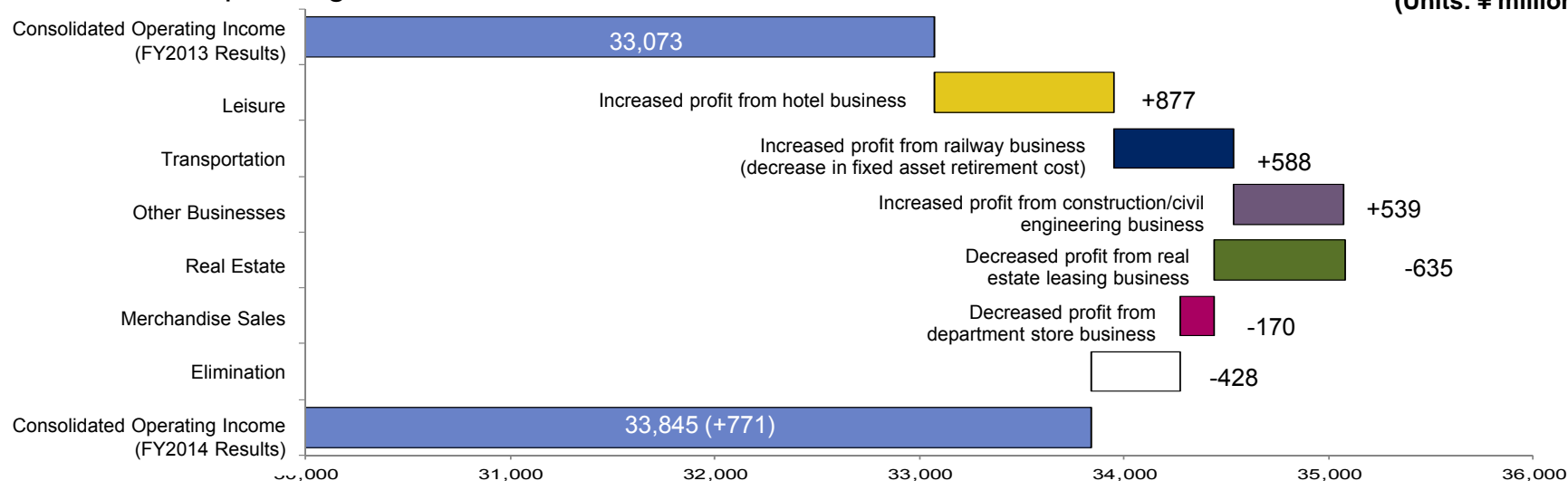
### 1. Consolidated Operating Revenues

(Units: ¥ millions)



### 2. Consolidated Operating Income

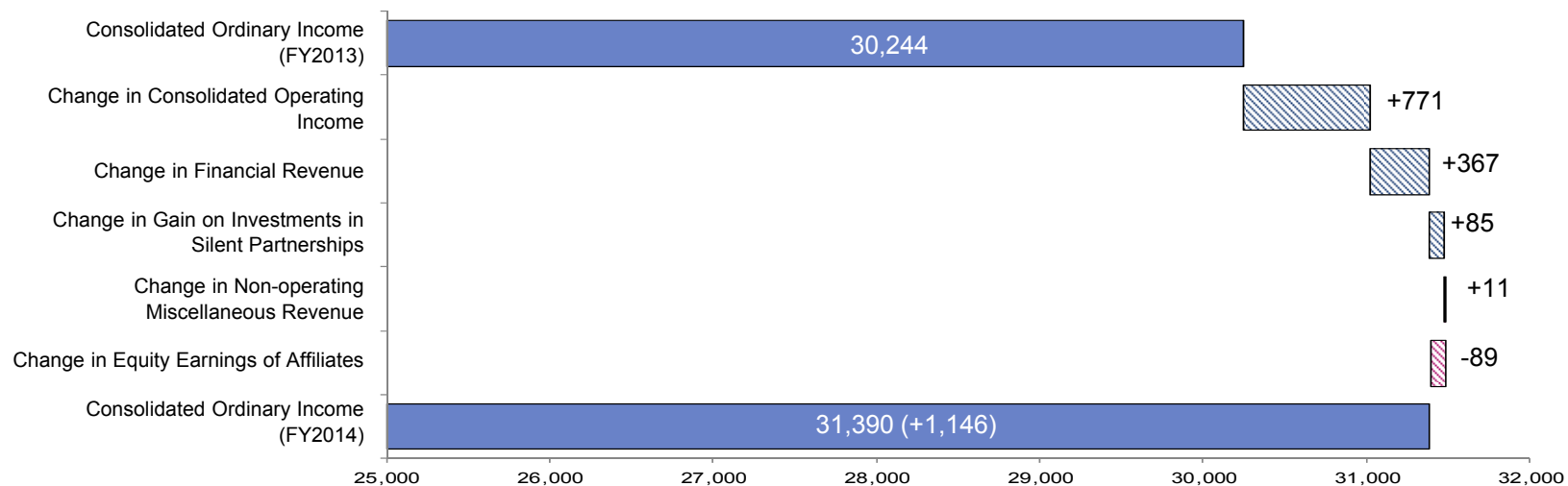
(Units: ¥ millions)



### 1-3. Consolidated Ordinary Income/Net Income Change Factors (vs. PY)

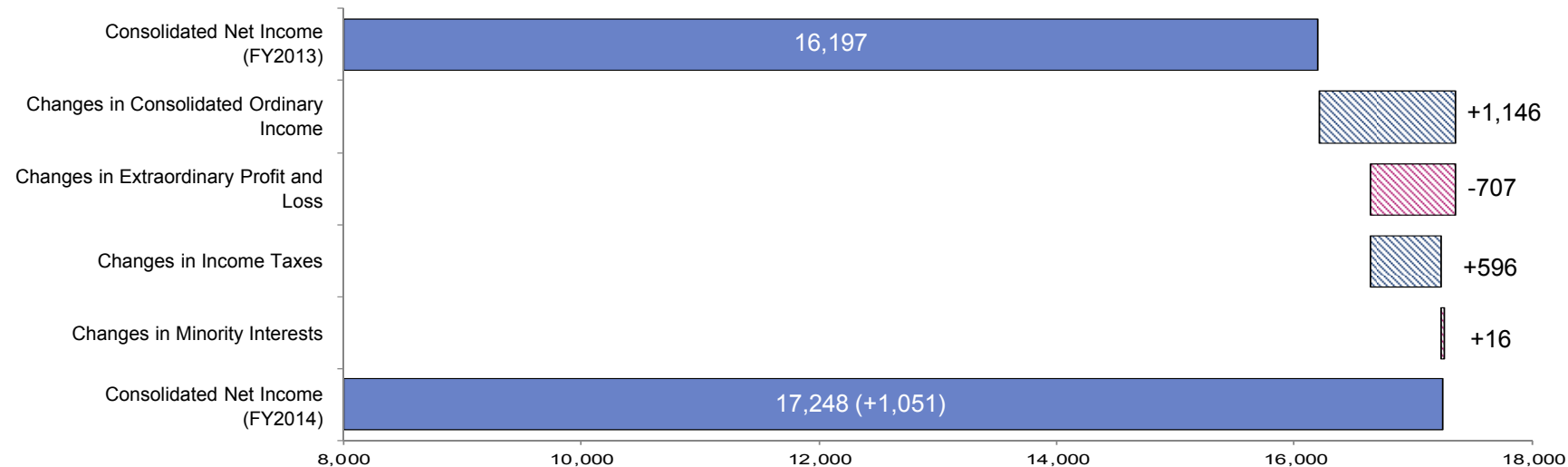
#### 1. Consolidated Ordinary Income

(Units: ¥ millions)



#### 2. Consolidated Net Income

(Units: ¥ millions)



## 2. Consolidated Balance Sheets

(Units: ¥ millions)

	FY2013 Results	FY2014 Results	Change	Change Factors
<b>Total Assets</b>	<b>787,825</b>	<b>782,422</b>	<b>-5,402</b>	Redemption of investment securities
<b>Liabilities</b>	<b>495,218</b>	<b>474,696</b>	<b>-20,521</b>	Redemption of corporate bonds
<b>Net Assets</b>	<b>292,607</b>	<b>307,726</b>	<b>15,118</b>	Posting of consolidated net income
<b>Total Liabilities and Net Assets</b>	<b>787,825</b>	<b>782,422</b>	<b>-5,402</b>	
<b>Interest-Bearing Debt</b>	<b>328,941</b>	<b>308,157</b>	<b>-20,784</b>	

(Note) Interest-bearing debt is calculated as Loans payable + Bonds payable + Long-term accounts payable to Japan railway construction, transport and technology agency.

### 3. Consolidated Statements of Cash Flows

(Units: ¥ millions)

	FY2013 Results	FY2014 Results	Change	Change Factors
Net Cash Provided by (Used in) Operating Activities	58,772	51,858	-6,913	
Net Cash Provided by (Used in) Investing Activities	-37,939	-32,325	5,613	Increased revenue from sale and redemption of investment securities
Net Cash Provided by (Used in) Financing Activities	-33,158	-26,281	6,876	Decrease in expenditures resulting from redemption of corporate bonds
Year-end Balance for Cash and Cash Equivalents	71,473	64,724	-6,749	



## 4. Segment Information (Corporate Composition)

### Consolidated

### 39 Companies as of the end of Mar. 2015

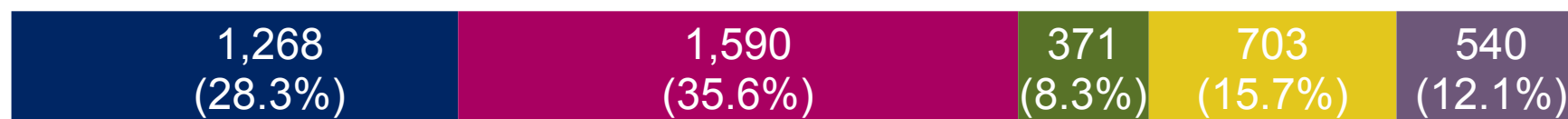
(Keio Corporation and Keio Juuki Seibi overlap multiple business segments)

Transportation	Merchandise Sales	Real Estate	Leisure	Other Businesses
Keio Corporation Keio Dentetsu Bus Keio Jidousha Six others	Keio Department Store Keio Store Keio Shoseki Hanbai Six others	Keio Corporation Keio Realty and Development ReBITA Two others	Keio Plaza Hotel Keio Travel Agency Keio Agency Four others	Keio Setsubi Service Keio Juuki Seibi Keio Kensetsu Nine others

### Operating Revenues

FY2014: 4,080 hundred million yen

<Unit: Hundred millions of yen>



### Operating Income

FY2014: 338 hundred million yen

<Unit: Hundred millions of yen>



(Note) Segment figures include intersegment amounts and ratios.

## 4. Segment Information (Transportation-1)

(Units: ¥ millions)

	FY2013 Results	FY2014 Results	Change (%)	Change Factors
(Railways)	81,748	81,908	160 ( 0.2)	See next page
(Bus services)	33,955	34,547	592 ( 1.7)	
(Taxi services)	12,909	12,655	-253 ( -2.0)	
(Other)	2,529	2,728	199 ( 7.9)	
(Elimination)	-4,541	-4,952	-411 —	
Operating Revenues	126,600	126,887	287 ( 0.2)	
Operating Income	11,690	12,279	588 ( 5.0)	
Depreciation and Amortization	23,560	23,828	267 ( 1.1)	
Capital Expenditures	21,148	23,215	2,067 ( 9.8)	
EBITDA	35,251	36,107	856 ( 2.4)	

## 4. Segment Information (Transportation-2 [Railways Transportation Results])

		FY2013 Results	FY2014 Results	Change (%)	Change Factors
Passengers Transported (thousands of people)	Commuter-Pass	368,582	369,922	1,340 ( 0.4)	
	(Business)	273,274	277,935	4,661 ( 1.7)	
	(Students)	95,308	91,987	-3,321 ( -3.5)	
	Non-Commuter-Pass	263,305	262,806	-499 ( -0.2)	
	Total	631,887	632,728	841 ( 0.1)	
Passenger Revenues (¥ millions)	Commuter-Pass	33,593	33,479	-113 ( -0.3)	
	(Business)	29,833	29,872	39 ( 0.1)	
	(Students)	3,759	3,607	-152 ( -4.1)	
	Non-Commuter-Pass	44,707	44,801	94 ( 0.2)	
	Total	78,301	78,281	-19 ( -0.0)	

## 4. Segment Information (Merchandise Sales)

(Units: ¥ millions)

	FY2013 Results	FY2014 Results	Change (%)	Change Factors
(Department Stores)	92,714	86,977	-5,737 ( -6.2)	
(Retail Stores)	37,027	38,060	1,032 ( 2.8)	
(Retail Stores – Books)	9,842	9,087	-754 ( -7.7)	
(Retail Stores – in Stations)	7,989	7,639	-349 ( -4.4)	
(Shopping Centers)	10,548	12,424	1,875 ( 17.8)	
(Other)	11,577	11,751	174 ( 1.5)	
(Elimination)	-6,460	-6,842	-382 –	
<b>Operating Revenues</b>	<b>163,239</b>	<b>159,097</b>	<b>-4,142 ( -2.5)</b>	
<b>Operating Income</b>	<b>4,980</b>	<b>4,809</b>	<b>-170 ( -3.4)</b>	
<b>Depreciation and Amortization</b>	<b>3,068</b>	<b>4,029</b>	<b>961 ( 31.3)</b>	
<b>Capital Expenditures</b>	<b>4,017</b>	<b>5,063</b>	<b>1,045 ( 26.0)</b>	
<b>EBITDA</b>	<b>8,048</b>	<b>8,839</b>	<b>791 ( 9.8)</b>	

## 4. Segment Information (Real Estate)

(Units: ¥ millions)

	FY2013 Results	FY2014 Results	Change (%)	Change Factors
(Land and Building Leasing)	30,211	30,240	29 ( 0.1)	
(Development for Selling by Lots)	12,432	14,371	1,939 ( 15.6)	
(Other)	1,078	1,370	291 ( 27.0)	
(Elimination)	-8,346	-8,841	-494 –	
<b>Operating Revenues</b>	<b>35,375</b>	<b>37,141</b>	<b>1,766 ( 5.0)</b>	
<b>Operating Income</b>	<b>10,251</b>	<b>9,616</b>	<b>-635 ( -6.2)</b>	
<b>Depreciation and Amortization</b>	<b>3,863</b>	<b>3,723</b>	<b>-140 ( -3.6)</b>	
<b>Capital Expenditures</b>	<b>8,611</b>	<b>3,415</b>	<b>-5,195 ( -60.3)</b>	
<b>EBITDA</b>	<b>14,520</b>	<b>13,744</b>	<b>-775 ( -5.3)</b>	

Ref.: Real Estate Operating Income Details

(Units: ¥ hundred millions)

<b>Land and Building Leasing</b>	<b>93</b>	<b>88</b>	<b>-4 ( -4.6)</b>	
<b>Development for Selling by Lots</b>	<b>8</b>	<b>10</b>	<b>1 ( 22.4)</b>	

## 4. Segment Information (Leisure)

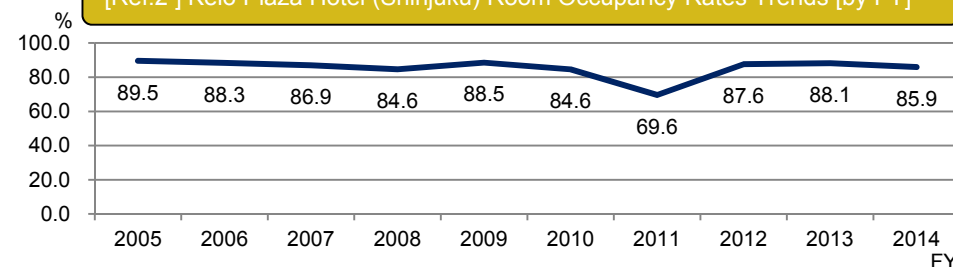
(Units: ¥ millions)

	FY2013 Results	FY2014 Results	Change (%)	Change Factors
(Hotels)	44,281	45,389	1,107 ( 2.5)	
(Travel Services)	16,273	16,615	342 ( 2.1)	
(Advertising Services)	11,100	11,954	853 ( 7.7)	
(Other)	5,911	6,032	120 ( 2.0)	
(Elimination)	-9,685	-9,681	4 -	
Operating Revenues	67,882	70,310	2,428 ( 3.6)	
Operating Income	4,763	5,641	877 ( 18.4)	
Depreciation and Amortization	3,275	3,125	-149 ( -4.6)	
Capital Expenditures	5,208	5,124	-84 ( -1.6)	
EBITDA	8,039	8,766	727 ( 9.0)	

[Ref.1] Keio Plaza Hotel (Shinjuku) Room Occupancy Rates [cumulative]

Room Occupancy Rates	88.1%	85.9%	-2.2P
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[Ref.2] Keio Plaza Hotel (Shinjuku) Room Occupancy Rates Trends [by FY]



## 4. Segment Information (Other Businesses)

(Units: ¥ millions)

	FY2013 Results	FY2014 Results	Change (%)	Change Factors
(Building Maintenance)	22,511	21,614	-896 ( -4.0)	
(Railway Car Maintenance)	8,322	8,939	616 ( 7.4)	
(Construction)	19,247	20,238	991 ( 5.2)	
(Other)	6,156	6,516	359 ( 5.8)	
(Elimination)	-2,573	-3,236	-662 —	
Operating Revenues	53,664	54,072	407 ( 0.8)	
Operating Income	1,755	2,295	539 ( 30.7)	
Depreciation and Amortization	356	405	48 ( 13.6)	
Capital Expenditures	590	8,813	8,222 ( 1,392.2)	
EBITDA	2,112	2,700	588 ( 27.8)	



## **II. Reflection on Five-Year Medium-Term Management Plan (FY2010-2014)**

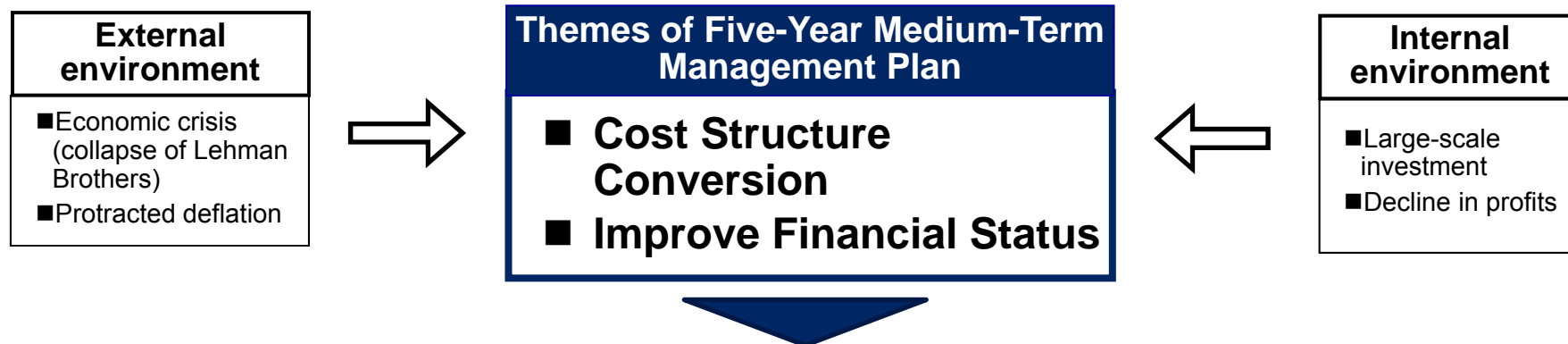


1. Background and Progress on Target Indicators
2. Five-Year Medium-Term Performance Trends
3. Strategic Investment Details



# 1. Background and Progress on Target Indicators

## ■ Background of Five-Year Medium-Term Management Plan (FY2010-2014)



Target Indicators	FY2014 Target	FY2014 Results
Consolidated Operating Revenues	¥410 billion	¥408 billion
Consolidated Net Income	¥16 billion	¥17.2 billion
Consolidated EBITDA	¥70 billion	¥69.1 billion
Consolidated Interest-bearing Debt	¥330 billion	¥308.1 billion

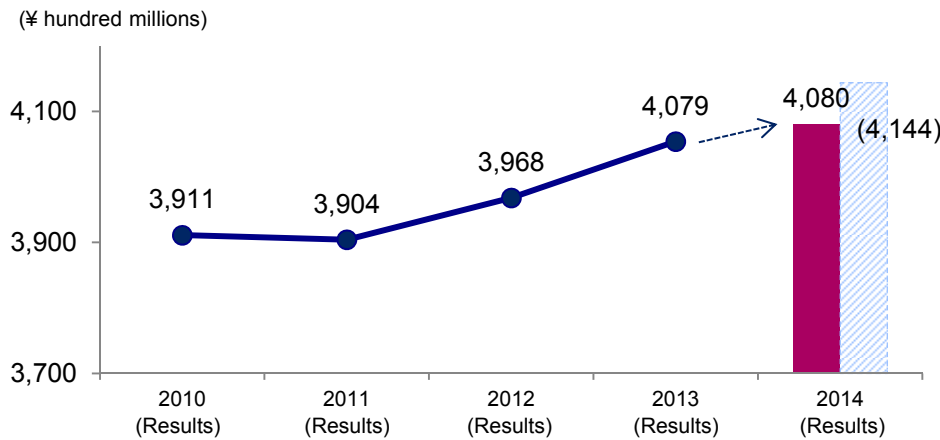
**Initial goal of securing profits through low cost management was attained for the most part**

## 2. Five-Year Medium-Term Performance Trends

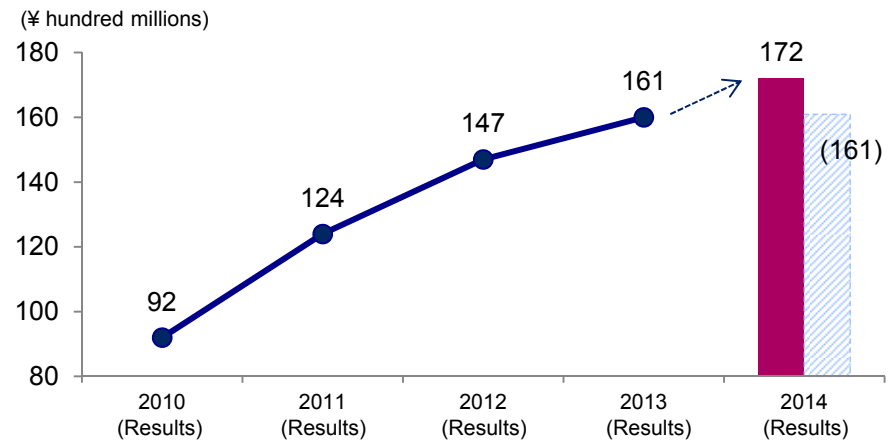
The fiscal 2014 forecast (announced on May 8, 2012) calculated based on the five-year medium-term targets from the previous slide and subsequent performance trends along with the performance trends during the period of the five-year medium-term plan are provided.

■ : FY2014 Results      ▨ : FY2014 Forecasts (2012.5.8 announced)

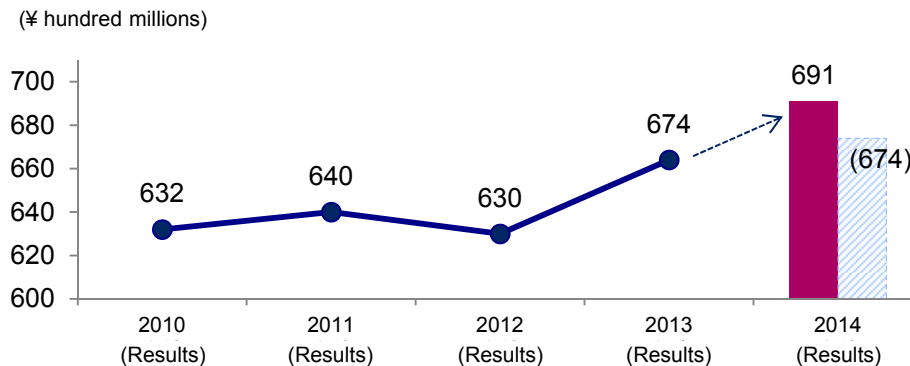
### Transitions in Consolidated Operating Revenues



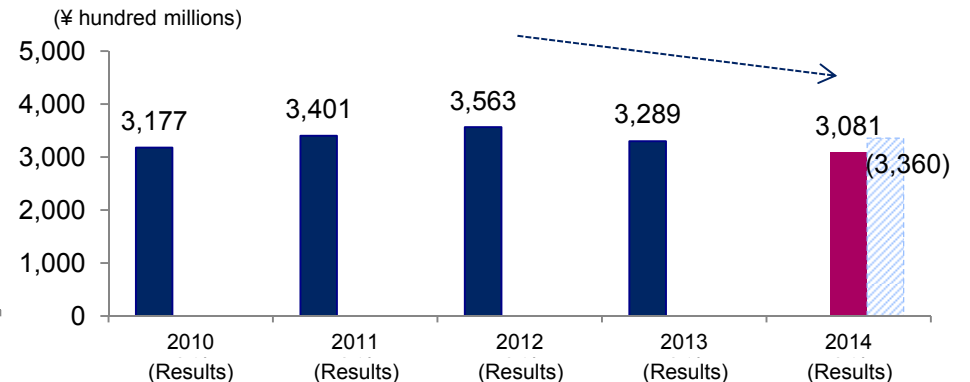
### Transitions in Consolidated Net Income



### Transitions in Consolidated EBITDA

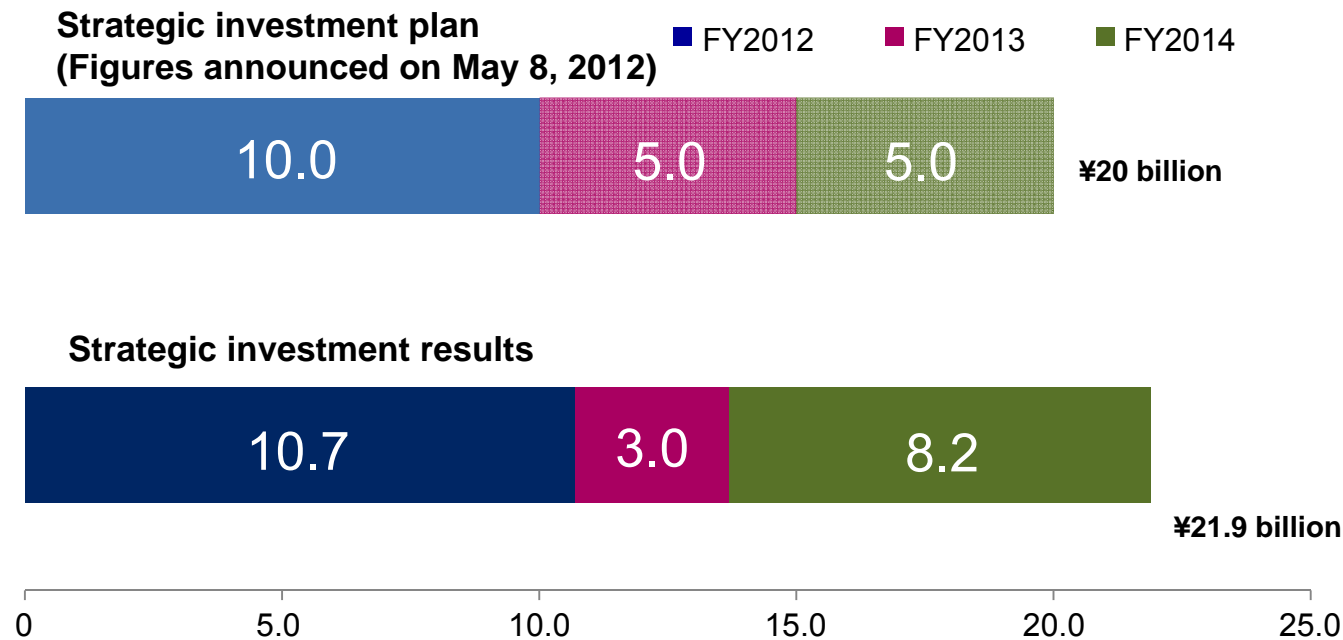


### Consolidated Interest-bearing Debt Levels



### 3. Strategic Investment Details

- Aggressive strategic investments were made from FY2012 to 2014 within the scope of our target for interest-bearing debt.



Keio Presso Inn Akasaka

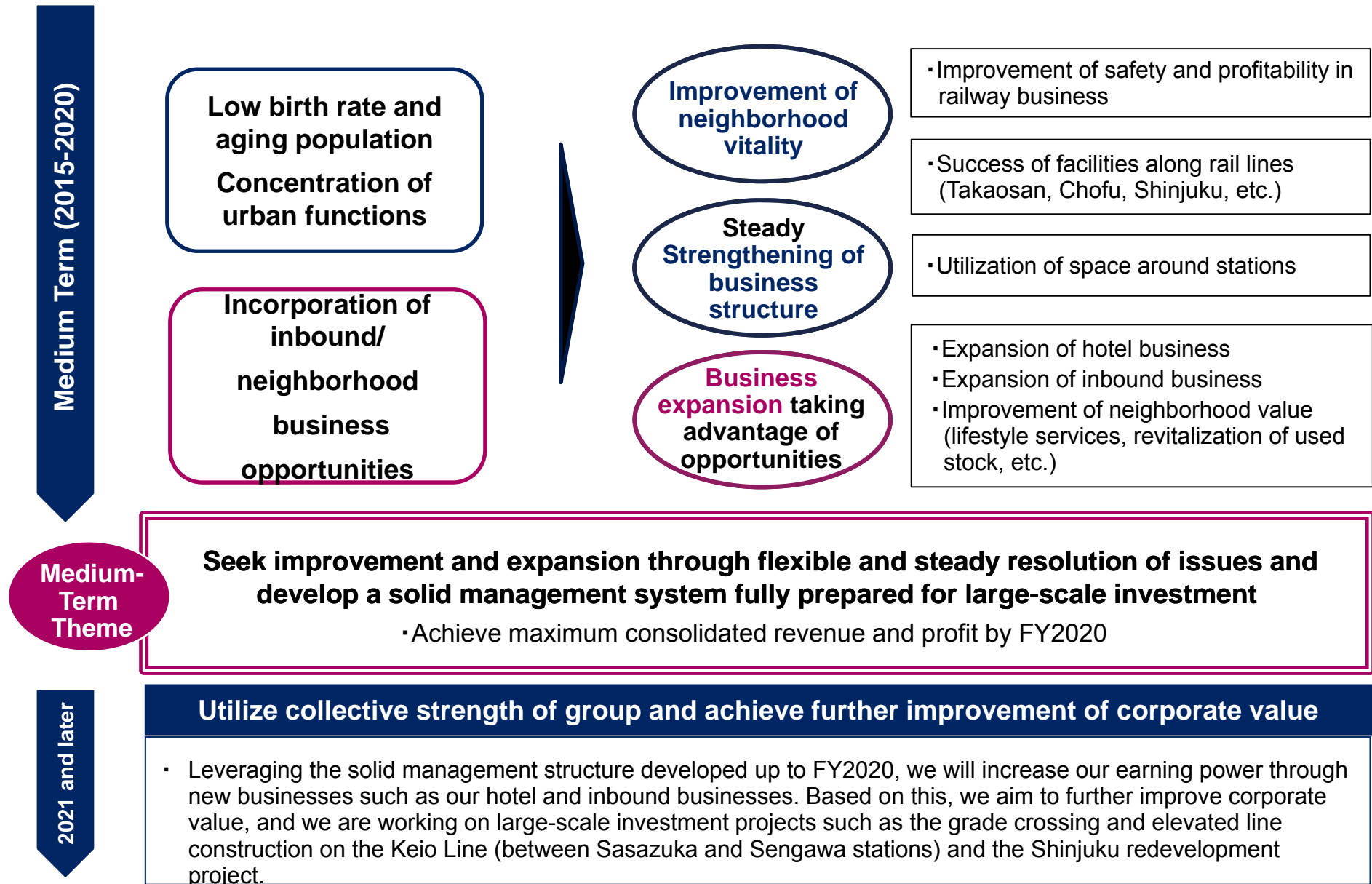
- Main items carried out

Rental housing property new acquisitions, new acquisition of land for Keio Presso Inn, new acquisition of land for development, etc.

### **III. Overview of Three-Year Medium-Term Management Plan (FY2015-2017) Looking Ahead to FY2020**

1. Executive Summary: Overview of Medium-Term Management Plan Looking Ahead to FY2020
2. Changes in Business Environment Up to FY2020
3. Ideal to Achieve by FY2020
  - (1) Positioning of plan
  - (2) Story and picture of growth
4. Management Targets for Three-Year Medium-Term Management Plan (FY2015-2017) Looking Ahead to FY2020

# 1. Executive Summary: Overview of Medium-Term Management Plan Looking Ahead to FY2020



## 2. Changes in Business Environment Up to FY2020

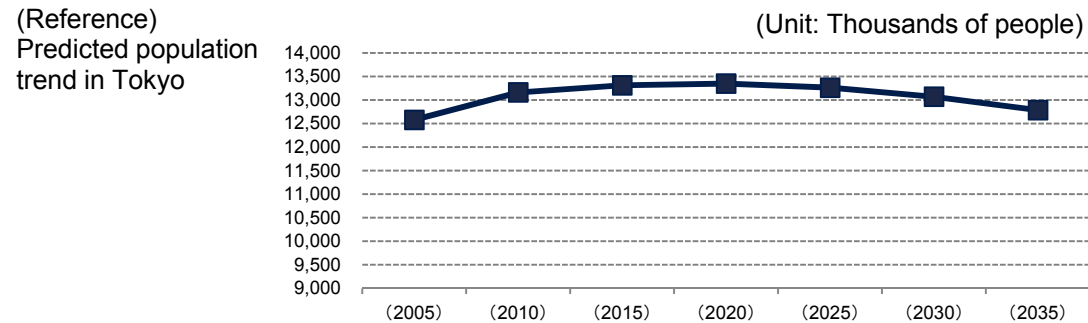
### Changes in external environment

- **Hosting of 2020 Tokyo Olympics/Paralympics**

Response to increasing inbound demand as new market ahead of growth

- **Decrease in neighborhood population**

A crossroads for our group, which has grown with railway and lifestyle services in conjunction with population increases



<Source: "Statistics of Tokyo" by Statistics Division, Tokyo Metropolitan Government Bureau of General Affairs  
<http://www.toukei.metro.tokyo.jp/kyosoku/ky-data.htm>>

- **Expansion of senior market**

New room for neighborhood growth

### Changes in internal environment

- **Large-scale investments continuing in FY2020 and beyond**

Full-scale implementation of grade crossing and elevated line construction on Keio Line (between Sasazuka and Sengawa stations) and Shinjuku redevelopment

- **Consideration of revitalization measures for Hashimoto area in conjunction with opening of Ken-O Expressway and launch of Linear construction**

### 3. Ideal to Achieve by FY2020 (1) Positioning of plan

Medium-Term Management Plan

#### Ideal for 2020s

**Utilize collective strength of group and achieve further improvement of corporate value**

- Leveraging the solid management structure developed up to FY2020, we will increase our earning power through new businesses such as our hotel and inbound businesses. Based on this, we aim to further improve corporate value, and we are working on large-scale investment projects such as the grade crossing and elevated line construction on the Keio Line (Sasazuka Station-Sengawa Station) and the Shinjuku redevelopment project.

#### Undertakings Up to FY2020

**Setting the stage for developing a solid system in preparation for future population decreases and a large-scale investment phase and achieving growth**

##### Phase 1 (FY2015-2017)

##### Phase 2 (FY2018-2020)

##### Setting stage for growth

**-In aims of improvement and expansion-**

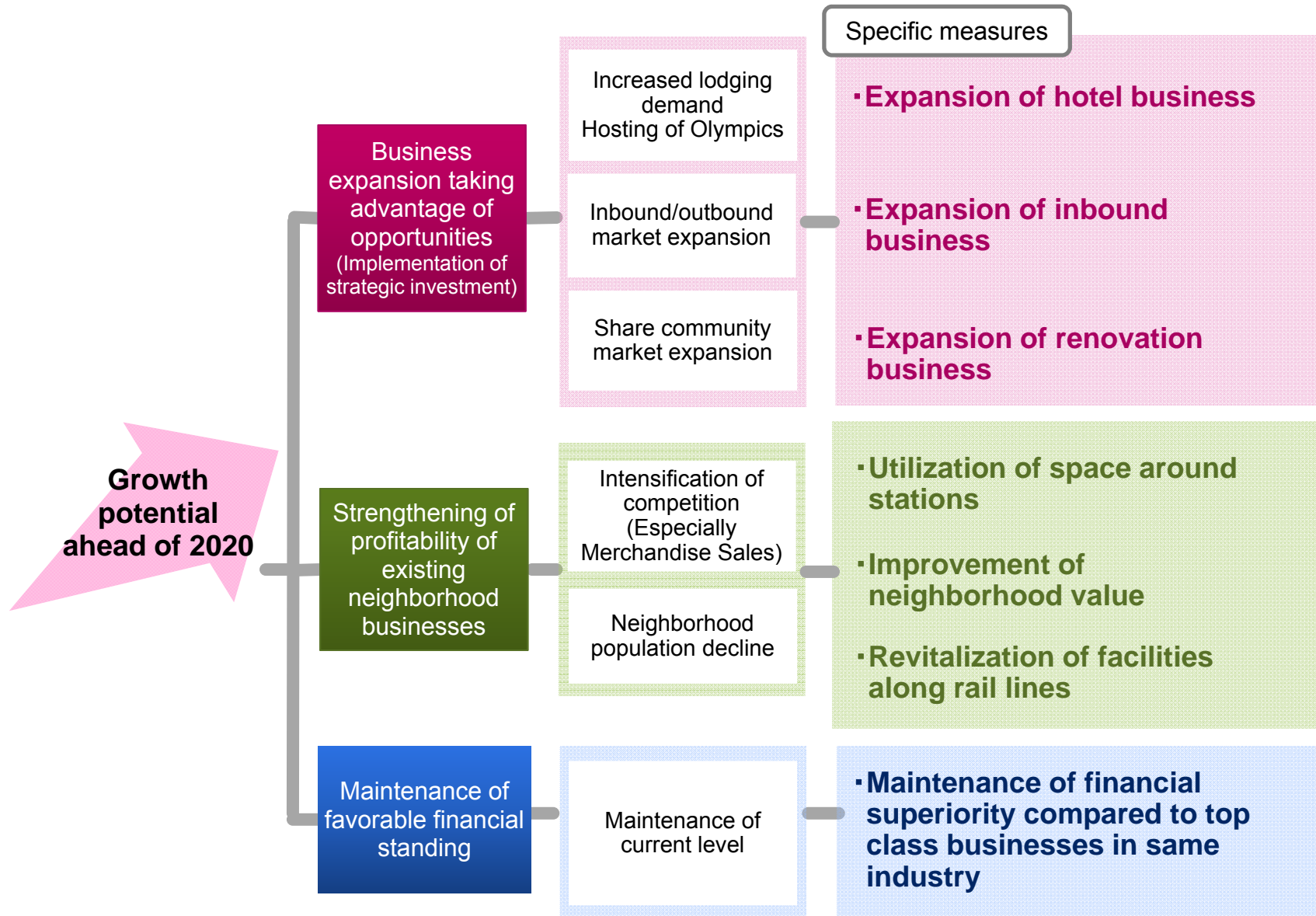
- Active investment in growth fields
- Selection and concentration of existing businesses

##### Achieving growth

- Achievement of growth from stage set during Phase 1
- Creation of virtuous cycle through further expansion of investment

**Improvement of safety/profitability of railway business and maintenance/improvement of neighborhood vitality**

### 3. Ideal to Achieve by FY2020 (2) Story and picture of growth





### 4. Management Targets for Three-Year Medium-Term Management Plan (FY2015-2017) Looking Ahead to FY2020

#### Targets Ahead of 2020

Maintain current level of financial discipline while actively making strategic investments on top of constant investments like equipment upgrades and achieve maximum consolidated revenue and profits by FY2020

#### Target indicators

	FY2015 Plan	FY2016 Plan	FY2017 Target
Consolidated Operating Revenues	¥411 billion	¥420.3 billion	¥430 billion
Consolidated Operating Income	¥34.1 billion	¥34.5 billion	¥37 billion
Consolidated EBITDA	¥69.4 billion	¥69.3 billion	¥72 billion
Consolidated Net Income*	¥18.4 billion	¥19.4 billion	¥20 billion

Achieve maximum consolidated revenue and profits by FY2020

Total Investment	¥65.8 billion	¥76.6 billion	¥77.1 billion
Strategic Investment	¥15 billion	¥15 billion	¥15 billion

\*Starting with this slide, "net income attributable to parent company shareholders" is labeled "consolidated net income."

#### ■ FY2017 forecast (reference indicators)

D/E ratio of around 1.0

ROE of 6.0% or higher (ROE of around 8.0% excluding special reserves)

Special reserves\*: ¥75 billion (forecast); Net assets: ¥330 billion (forecast)

\* We have special reserves for the purpose of ensuring business continuity in the event of contingencies such as disasters.

## IV. Specific Measures of Three-Year Medium-Term Management Plan (FY2015-2017) Looking Ahead to FY2020

1. Schedule for Medium to Long-Term Measures
2. Measures in Three-Year Medium-Term Management Plan (FY2015-2017)
  - (1) Improvement of safety/profitability
    - Keio Line (between Sasazuka and Sengawa stations) grade crossings/elevated lines
  - (2) Business expansion
    - 1) Keio Presso Inn development
    - 2) Expansion of renovation business in ReBITA
  - (3) Success of facilities along rail lines
    - 1) Takaosan area development initiative to improve area appeal
    - 2) Development of area around Chofu Station
  - (4) Adding value along our rail lines
    - 1) Multifaceted development of lifestyle support services
    - 2) Expanded projects for senior citizens
    - 3) Entry into funeral business
  - (5) Reference: Development of facilities along rail lines (recently launched project)
    - Opening of Merkmal Keio Sasazuka

# 1. Schedule for Medium to Long-Term Measures

■ In the aim of achieving growth, we will engage in efforts to improve safety and profitability, which is essential for the railway business as part of the public transport system, while working on the medium to long-term measures laid out on Page 23.

	Up to FY2014	FY2015	FY2016	FY2017	Later
<b>Improvement of safety/profitability</b>					
Keio Line (between Sasazuka and Sengawa stations) grade crossings/elevated lines	Acquired urban planning permit				Complete project in FY2022 (planned)
Improve revenue potential in railway business	Feb 2015 <Timetable revision> Inokashira Line	Ongoing consideration of measures to further improve profitability			
<b>Business expansion (strategic investments)</b>		Consideration of measures to incorporate a wider range of customers			
Expansion of hotel business	<Keio Presso Inn>	Keio Presso Inn Akasaka to open in July 2015		Keio Presso Inn Tokyo Yaesu (tentative name) to be opened in summer 2017	Expansion of store openings
Expansion of inbound business		Ongoing review /implementation of inbound business			
Expansion of renovation business	SHARE PLACE Seiseki-sakuragaoka completion	Expansion of share community market, etc.			
<b>Development of facilities along rail lines</b>					
Takaosan area development initiative to improve area appeal	<Takaosanguchi spa facility> <Takaosanguchi Station/station front improvements>	To be opened in autumn 2015 Complete			
Development of area around Chofu Station				To be completed in FY2017	
Revitalization of facilities along rail lines in Shinjuku, etc.		Ongoing development discussions			
<b>Improvement of neighborhood value</b>	<Housing for elderly with services/paid nursing homes> <Funeral business> Keio Memorial Kitano opening	<Child-rearing measures>	To be opened in FY2016 Consideration of new day care facility		
Multifaceted development of lifestyle support services	<Housing for child-rearing generation>	Construction of condominium oriented toward child-rearing in Kokuryo			

## 2. Measures in Three-Year Medium-Term Management Plan (FY2015-2017) (1) Improvement of safety/profitability

Medium-Term Management Plan

### Keio Line (between Sasazuka and Sengawa stations) grade crossings/elevated lines

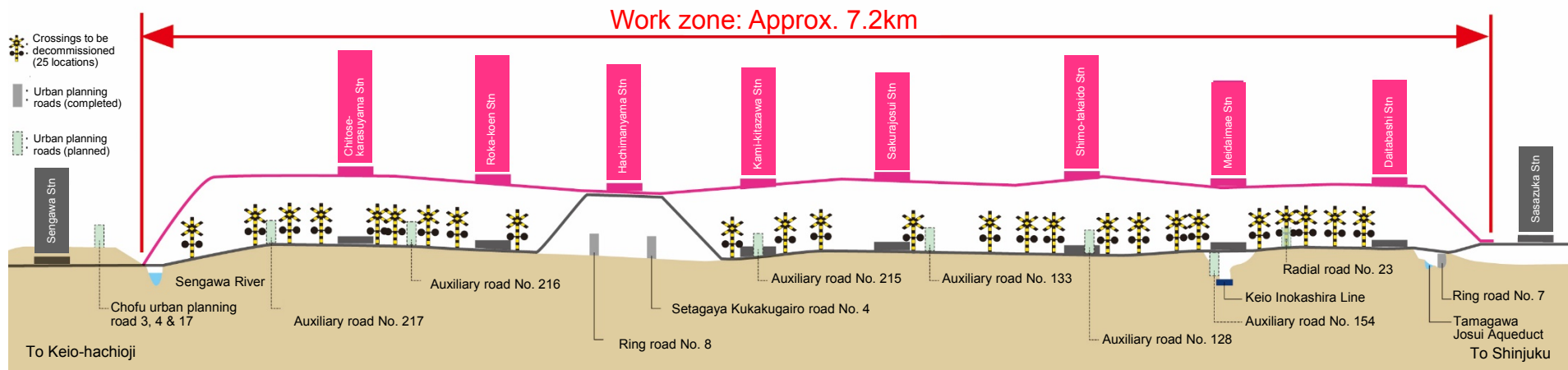
Up to FY2014

FY2015 and later

FY2012 Urban Planning Decided  
FY2013 Urban Planning Permit

FY2022 Planned completion of project

#### [Project Outline]



#### [Anticipated Benefits of the Project]

- Improvement in safety ⇒ Through elimination of grade crossing, **improve both road and railway safety.**
- Facilitation of roadway traffic ⇒ **Relieve traffic congestion** caused by waiting at grade crossings.
- Regional development ⇒ **Reunite neighborhoods** once divided by a rail line.

(See Slide 30 for details on land use after grade crossing/elevated line construction around Chofu Station)

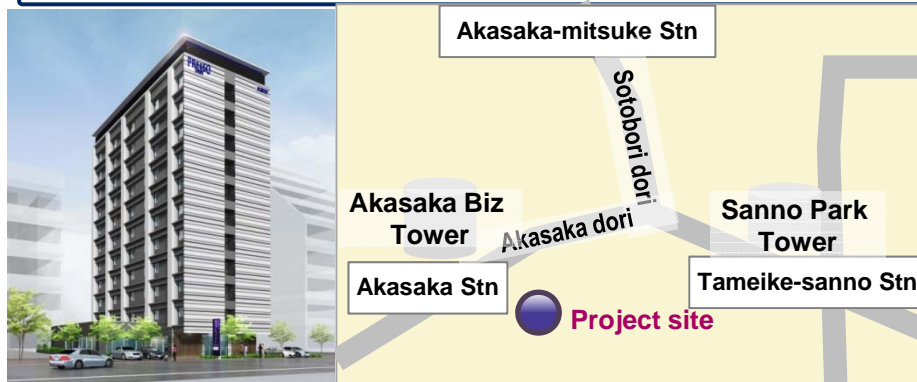
## 2. Measures in Three-Year Medium-Term Management Plan (FY2015-2017) (2) Business expansion

### 1) Keio Presso Inn development

- New openings in **Akasaka** and **Yaesu**, aiming for early realization of transition from current 2,000 to 3,000 rooms
- Akasaka new hotel name and opening date decided.

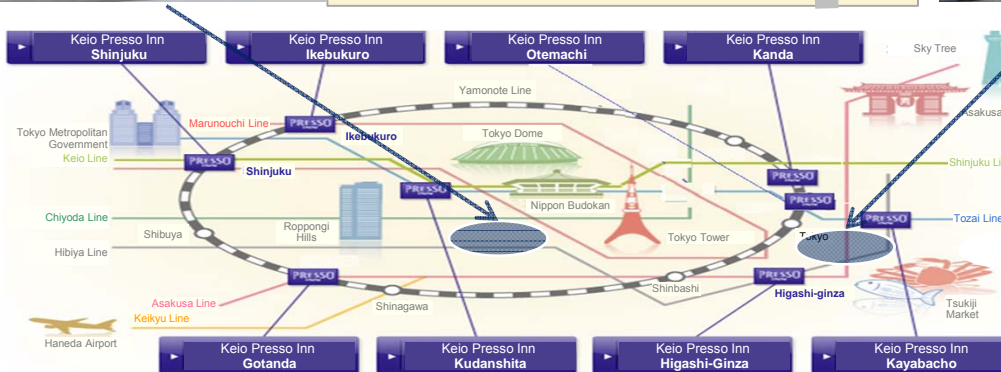
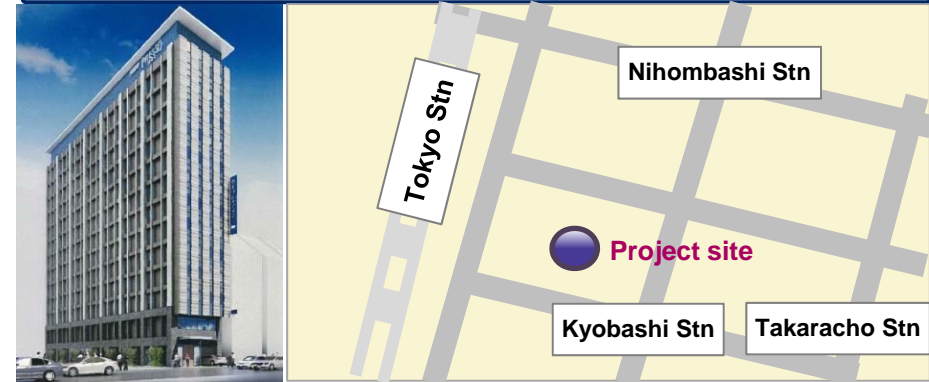
#### Keio Presso Inn Akasaka

- **Open on July 14, 2015**
- Total rooms: 157



#### Keio Presso Inn Tokyo Yaesu (provisional name)

- Open in summer of 2017 (planned)
- Total rooms: Approx. 240 (planned)



8 hotels/approx. 2,000 rooms

+ Akasaka and Yaesu

10 hotels/approx. 2,400 rooms

Continuation of new openings

To 3,000 rooms

- In addition to the above two projects, we will continue to evaluate candidate sites for new projects.

**2. Measures in Three-Year Medium-Term Management Plan (FY2015-2017) (2) Business expansion**

**2) Expansion of renovation business in ReBITA**

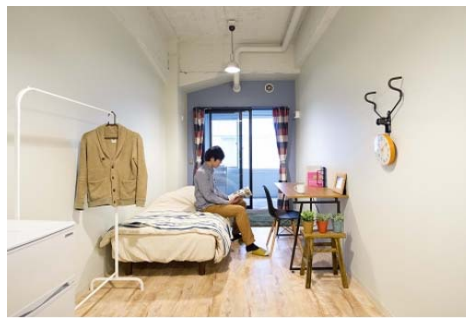
- We will propose the creation of new living spaces and communities through renovation and strengthen our competitiveness in the building/unit/rental business, which is the core business of ReBITA.

**(Examples of completed projects)**

**Shared Rental Housing**

the C

We converted a 53-year old office building in Chiyoda-ku into a facility that merges shared office and shared space functions with shared rental housing.



**Renovated Condominium**

ReNOA Higashinihonbashi

We renovated an entire existing building after conducting a building diagnosis. This condominium features a flexible design that allows personalization to enjoy life in the downtown area.



**“Share Place” Seiseki Sakuragaoka**

Utilizing a former employee dormitory, we constructed the largest-class housing facility for workers and students in the Tama area with a total of 108 rooms. Promoting an influx of young people to the area along rail lines, we are working to improve neighborhood value.



## 2. Measures in Three-Year Medium-Term Management Plan (FY2015-2017) (3) Success of facilities along rail lines

### 1) Takaosan area development initiative to improve area appeal

- The number of visitors to the Takaosan area is increasing and we expect to see increases in foreign visitors and visitor traffic generated by the opening of the Ken-O Expressway south of the Takaosan IC. → **Takaosan is a vital tourism resource along rail lines and we will work to improve area appeal**

#### Opening of Day-Trip Hot Spring Facility

- Hot spring discovered after excavation
- Aiming for autumn 2015 opening



[Outline]

- Gross floor area: Approx. 1,775 m<sup>2</sup>
- Structure: 2-floor building
- Menu: Public bath, food & beverage, sales

#### Takaosanguchi Station (gateway role) Development

- Renewal of station and station grounds
- Station building designed by famous Japanese architect Kengo Kuma



#### Initiative to improve area appeal

(Example)

- Acquired portion of Ukai Co., Ltd. stock (5.7%) in March 2014
- In March and April, we held a bus tour for foreign visitors to Japan – “Spring Takaosan Pleasant Hiking & Visit to Takaosan Yakuoin Temple with a gourmet meal!”



<<Hachioji geisha performing dance for foreigners>>



<<Ukai Toriyama>>

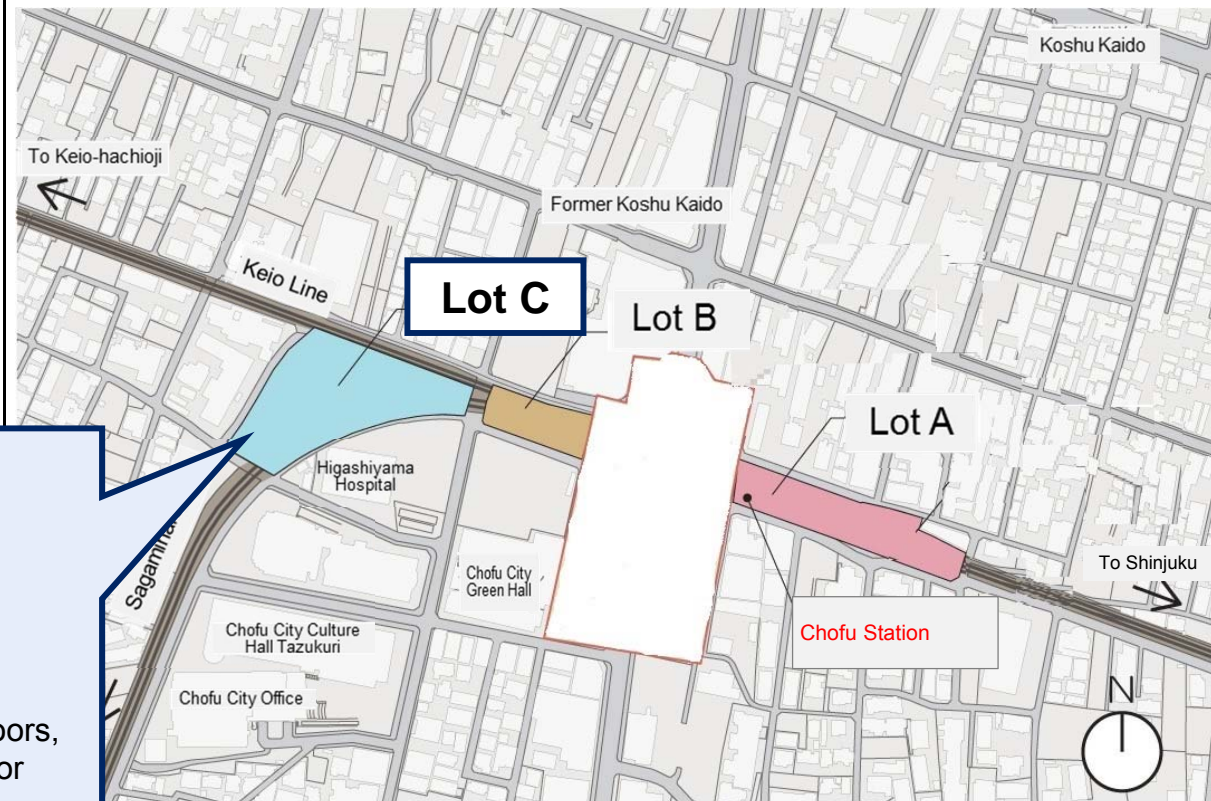
## 2. Measures in Three-Year Medium-Term Management Plan (FY2015-2017) (3) Success of facilities along rail lines

### 2) Development of area around Chofu Station

Up to FY2013	FY2014	FY2015	FY2016 and later
Grade crossing/elevated line construction for railway	Completion of grade crossing/ elevated line construction for railway	Launch of preparations for land use after completion of grade crossing/elevated line construction for railway	Scheduled to open in FY2017

■ **Decision made to invite cinema complex with 11 screens and around 2,100 seats (tentative) to Lot C.** To be opened in FY2017.

[Outline]	
[Lot A]	
Land area:	Approx. 4,000m <sup>2</sup>
Building scale:	Five above ground floors
Gross floor area:	Approx. 16,000m <sup>2</sup>
[Lot B]	
Land area:	Approx. 1,700m <sup>2</sup>
Building scale:	Four above ground floors
Gross floor area:	Approx. 6,000m <sup>2</sup>
[Lot C] → <b>Cinema complex invited</b>	
Tenant:	Aeon Entertainment
Size:	11 screens, approx. 2,100 seats (planned)
Open:	FY2017 (planned)
Land area:	Approx. 6,200 m <sup>2</sup>
Building scale:	Five above ground floors, one below ground floor
Gross floor area:	Approx. 16,000m <sup>2</sup>

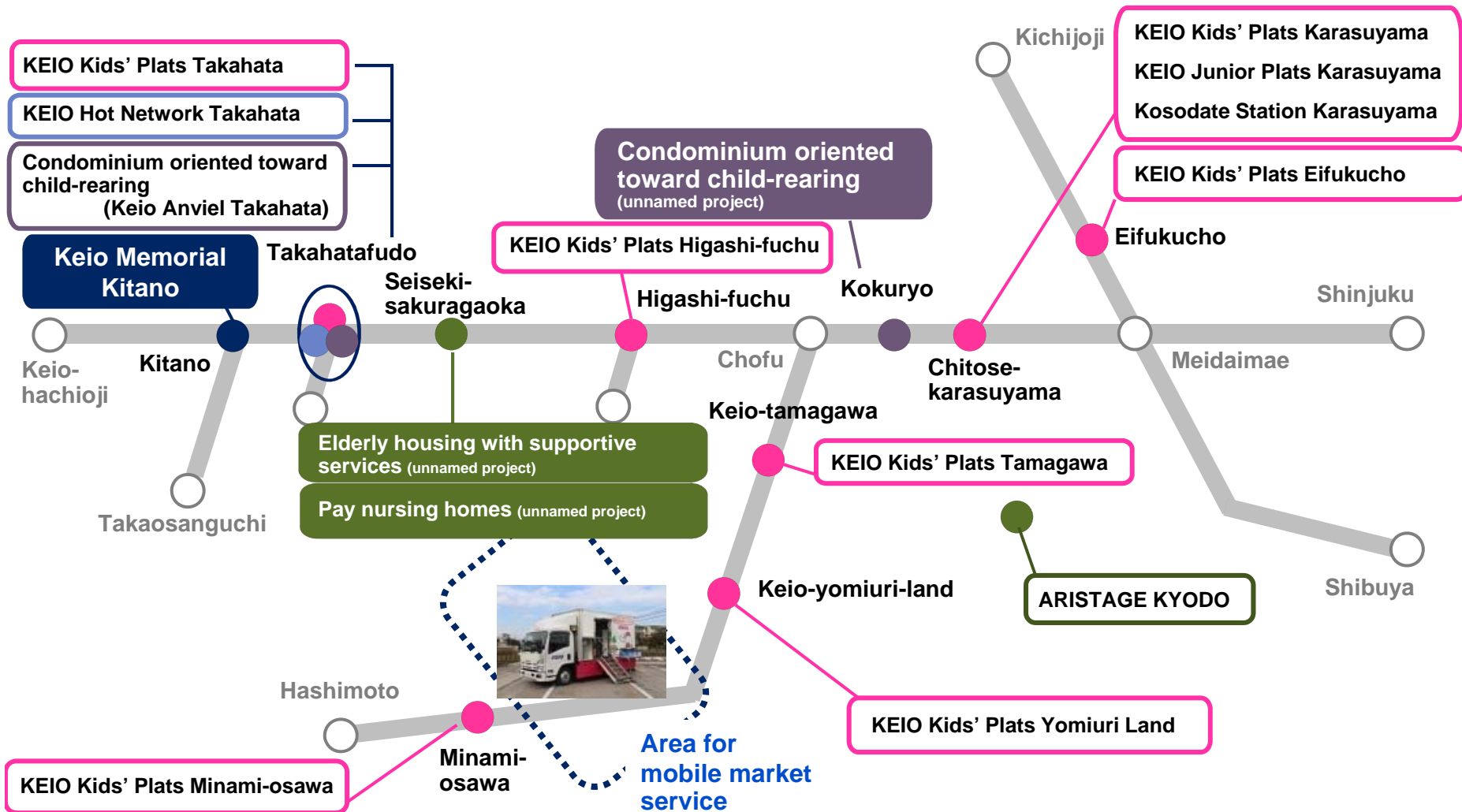




## 2. Measures in Three-Year Medium-Term Management Plan (FY2015-2017) (4) Adding value along our rail lines

### 1) Multifaceted development of lifestyle support services

- We will work toward “Being the Rail Line People Choose to Live Near” by evaluating a new service menu grounded in the needs of residents, particularly elderly generations and families with children. We also will look to expand our existing lifestyle support service menu.



**2. Measures in Three-Year Medium-Term Management Plan (FY2015-2017) (4) Adding value along our rail lines**

**2) Expanded projects for senior citizens**

- The development of elderly housing with supportive services and pay nursing homes will eliminate the concerns and inconveniences of senior citizens living along Keio Line and provide support for an active lifestyle. This will help achieve a living environment in which senior citizens can always enjoy a life filled with energy and vitality.

**Elderly housing with supportive services**

Fully equipped kitchens and bathrooms in each residence based on barrier-free designs. On-site staff 24 hours/365 days to provide nutritionally balanced food services. In addition to partnering with a medical corporation to provide nursing care, the housing will also feature a consultation desk for community medical and nursing care services.



Location: 1-2-11 Sekido, Tama city, Tokyo  
 Rooms: 53  
 Opening planned: 2016  
 Management: Keio Wealthy Stage Corporation

**Pay nursing homes**

We will create a facility that provides comfortable living to senior citizens who require continuous nursing care services. This facility will be opened in an area near the elderly housing with supportive services and feature benefits such as priority placement for residents in elderly housing with supportive services.



Location: 4-33-10 Sakuragaoka, Tama city, Tokyo  
 Rooms: 78  
 Opening planned: 2016  
 Management: Charm Care Corporation  
 (Pay nursing home specialty company)

**2. Measures in Three-Year Medium-Term Management Plan (FY2015-2017) (4) Adding value along our rail lines**

**3) Entry into funeral business**

- In March 2015, we opened Keio’s first ceremonial hall at a location one minute by foot from Kitano Station on the Keio Line.
- Through this business we will enhance neighborhood lifestyle services, providing a wide range of support to address the concerns of senior citizens living along the rail line and their families, including assistance with end-of-life preparations, inheritance preparations and funeral concerns.

Facility name

**“Keio Memorial Kitano”**



<<Logo>>



[Outline]

- Address  
331-1 Uchikoshi-machi,  
Hachioji City  
(1-minute walk from Kitano  
Station on Keio Line)
- Structure  
3-story steel construction
- Facilities  
Office, ceremonial hall,  
dining hall,  
family waiting room, etc.

## 2. Measures in Three-Year Medium-Term Management Plan (FY2015-2017)

(5) Reference: Development of facilities along rail lines (Recently completed project) Medium-Term Management Plan

### Opening of Merkmal Keio Sasazuka

- We are redeveloping a building next to Sasazuka Station owned by group company Keio Juuki Seibi Co., Ltd. Merkmal Keio Sasazuka, a complex with 21 above ground floors and 2 below ground floors consisting of commercial facilities, offices, residences, etc., was completed in March 2015, and commercial facility Frente Sasazuka opened in April 2015.

Facility name

**Merkmal Keio Sasazuka** — Facility that will become a symbol for a new lifestyle stage



<<Commercial part: Frente Sasazuka>>



<<Residential part: Merkmal Keio Sasazuka Residence>>



[Outline]

- Completion/opening  
Completed in March 2015  
Commercial part opening in April
- Maximum height:  
Approx. 93m
- Gross floor area:  
Approx. 38,400m<sup>2</sup>
- Structure  
Commercial 1F-3F  
Regional contribution facility 4F  
Offices 5F-8F  
Residences 10F-21F
- Total cost of project:  
Approx. ¥14 billion

## V. Fiscal 2015 Earnings Forecasts

1. Consolidated Statements of Income
2. Segment Information
3. Transitions in Consolidated Net Income and Dividends
4. [Reference] Forecast for First Half of Year

# 1. Consolidated Statements of Income

(Units: ¥ hundred millions)

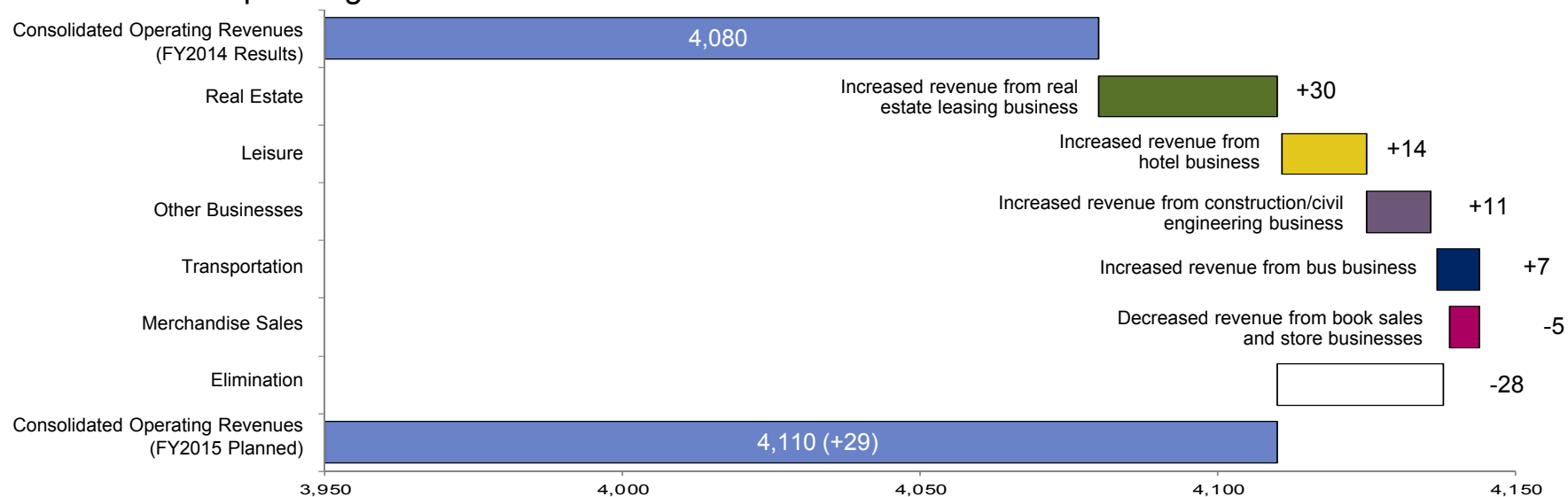
	FY2014 Results	FY2015 Planned	Change (%)
Consolidated Operating Revenues	4,080	4,110	29 ( 0.7)
Consolidated Operating Income	338	341	2 ( 0.8)
Consolidated Ordinary Income	313	309	-4 ( -1.6)
Consolidated Net Income	172	184	11 ( 6.7)
Consolidated EBITDA	691	694	2 ( 0.4)
Consolidated Depreciation and Amortization	349	349	0 ( 0.1)
Capital Expenditures	449	658	209 ( 46.6)

(Note) EBITDA is calculated as operating income + depreciation and amortization + amortization of goodwill.

## 1-2. Consolidated Operating Revenues/Operating Income Change Factors (vs. PY)

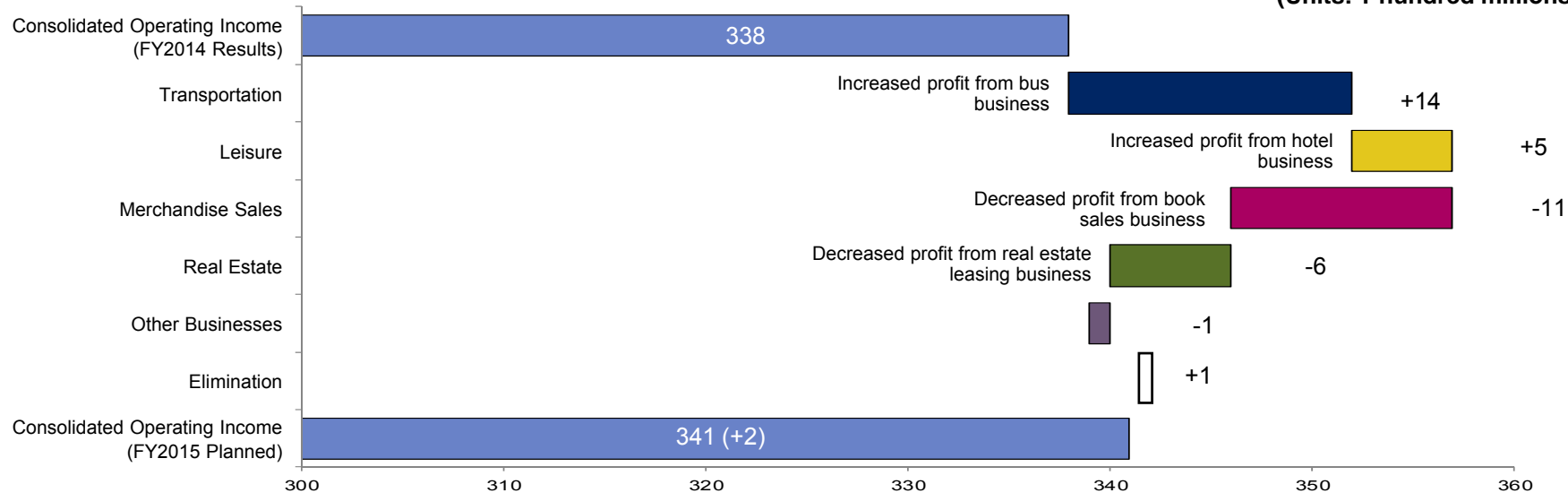
### 1. Consolidated Operating Revenues

(Units: ¥ hundred millions)



### 2. Consolidated Operating Income

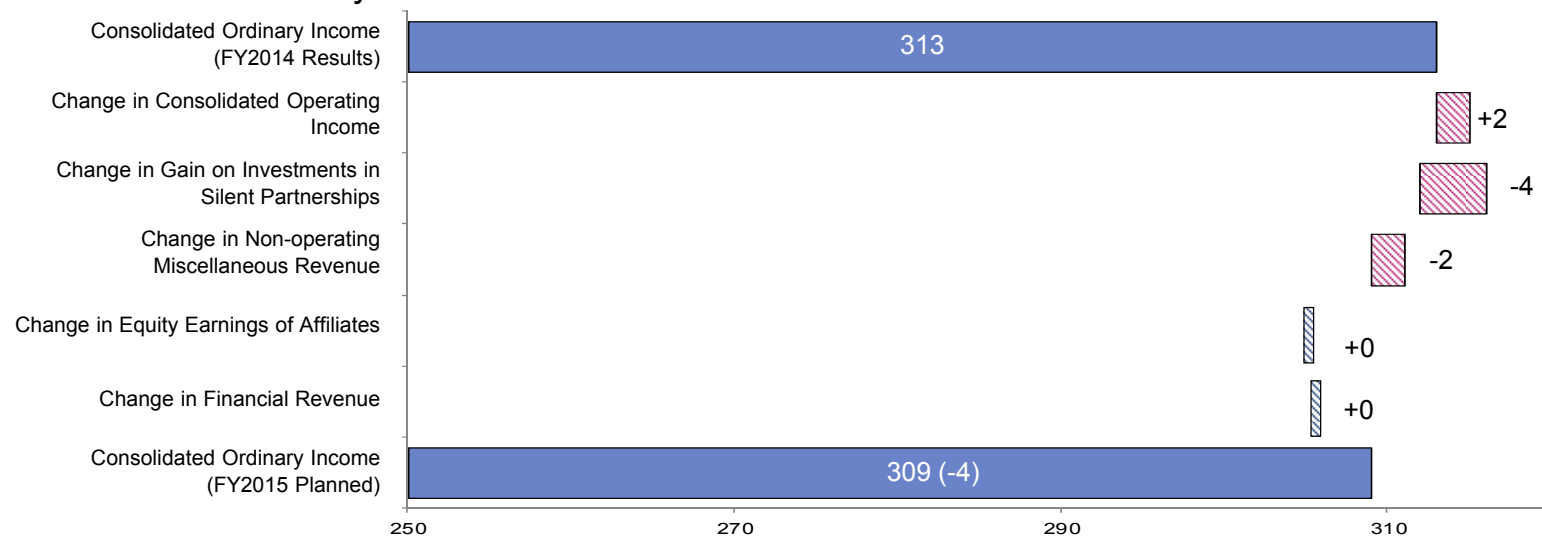
(Units: ¥ hundred millions)



### 1-3. Consolidated Ordinary Income/Net Income Change Factors (vs. PY)

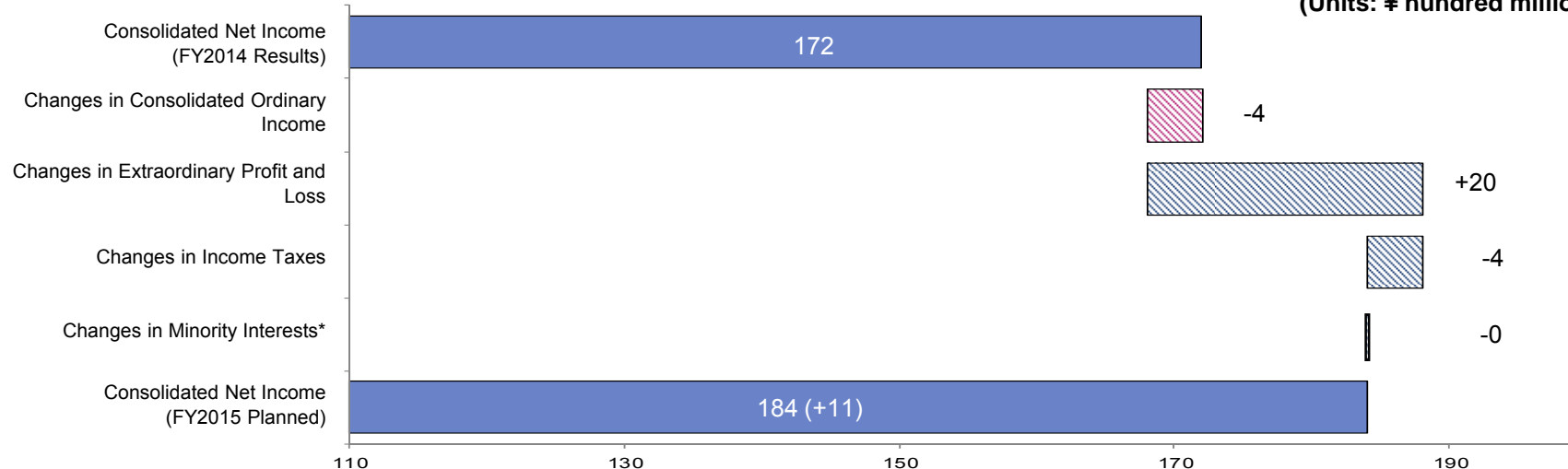
#### 1. Consolidated Ordinary Income

(Units: ¥ hundred millions)



#### 2. Consolidated Net Income

(Units: ¥ hundred millions)



\* "Net income attributable to minority interests" is labeled "minority interests."



## 2. Segment Information (Transportation-1)

(Units: ¥ hundred millions)

	FY2014 Results	FY2015 Planned	Change (%)	Change Factors
(Railways)	819	820	1 ( 0.2)	See next page
(Bus services)	345	351	6 ( 1.7)	
(Taxi services)	126	124	-1 ( -1.5)	
(Other)	27	26	-0 ( -1.7)	
(Elimination)	-49	-46	2 -	
Operating Revenues	1,268	1,276	7 ( 0.6)	
Operating Income	122	136	14 ( 11.4)	
Depreciation and Amortization	238	227	-10 ( -4.5)	
Capital Expenditures	232	279	47 ( 20.6)	
EBITDA	361	364	3 ( 0.9)	

## 2. Segment Information (Transportation-2 [Railways Transportation Results])

		FY2014 Results	FY2015 Planned	Change (%)		Change Factors
Passengers Transported (thousands of people)	Commuter-Pass	369,922	374,143	4,221	( 1.1)	Increase from Docchimo full-year contribution
	(Business)	277,935	282,954	5,019	( 1.8)	
	(Students)	91,987	91,189	-798	( -0.9)	
	Non-Commuter-Pass	262,806	264,701	1,895	( 0.7)	Increase from leap year
	Total	632,728	638,844	6,116	( 1.0)	
Passenger Revenues (¥ millions)	Commuter-Pass	33,479	33,448	-31	( -0.1)	
	(Business)	29,872	29,872	-0	( -0.0)	
	(Students)	3,607	3,575	-31	( -0.9)	
	Non-Commuter-Pass	44,801	45,056	254	( 0.6)	
	Total	78,281	78,504	222	( 0.3)	

## 2. Segment Information (Merchandise Sales)

(Units: ¥ hundred millions)

	FY2014 Results	FY2015 Planned	Change (%)	Change Factors
(Department Stores)	869	879	9 ( 1.1)	
(Retail Stores)	380	373	-7 ( -2.0)	
(Retail Stores – Books)	90	80	-10 ( -11.8)	
(Retail Stores – in Stations)	76	73	-3 ( -3.9)	
(Shopping Centers)	124	129	5 ( 4.3)	
(Other)	117	119	1 ( 1.4)	
(Elimination)	-68	-69	-0 –	
Operating Revenues	1,590	1,584	-5 ( -0.4)	
Operating Income	48	36	-11 ( -23.3)	
Depreciation and Amortization	40	42	1 ( 4.5)	
Capital Expenditures	50	69	18 ( 36.3)	
EBITDA	88	78	-9 ( -10.6)	

## 2. Segment Information (Real Estate)

(Units: ¥ hundred millions)

	FY2014 Results	FY2015 Planned	Change (%)		Change Factors
(Land and Building Leasing)	302	313	11	( 3.7)	
(Development for Selling by Lots)	143	144	0	( 0.3)	
(Other)	13	14	1	( 8.4)	
(Elimination)	-88	-70	18	–	
<b>Operating Revenues</b>	<b>371</b>	<b>402</b>	<b>30</b>	<b>( 8.3)</b>	
<b>Operating Income</b>	<b>96</b>	<b>90</b>	<b>-6</b>	<b>( -6.2)</b>	
<b>Depreciation and Amortization</b>	<b>37</b>	<b>46</b>	<b>9</b>	<b>( 24.8)</b>	
<b>Capital Expenditures</b>	<b>34</b>	<b>216</b>	<b>182</b>	<b>534.1</b>	
<b>EBITDA</b>	<b>137</b>	<b>140</b>	<b>3</b>	<b>( 2.4)</b>	

Ref.: Real Estate Operating Income Details

(Units: ¥ hundred millions)

<b>Land and Building Leasing</b>	<b>88</b>	<b>74</b>	<b>-13</b>	<b>( -15.6)</b>	
<b>Development for Selling by Lots</b>	<b>10</b>	<b>7</b>	<b>-3</b>	<b>( -31.7)</b>	

## 2. Segment Information (Leisure)

(Units: ¥ hundred millions)

	FY2014 Results	FY2015 Planned	Change (%)	Change Factors
(Hotels)	453	463	10 ( 2.2)	
(Travel Services)	166	173	7 ( 4.6)	
(Advertising Services)	119	118	-1 ( -0.9)	
(Other)	60	61	1 ( 2.1)	
(Elimination)	-96	-100	-3 —	
Operating Revenues	703	717	14 ( 2.1)	
Operating Income	56	61	5 ( 9.1)	
Depreciation and Amortization	31	32	1 ( 3.3)	
Capital Expenditures	51	92	41 ( 80.6)	
EBITDA	87	93	6 ( 7.1)	

[Ref. ] Keio Plaza Hotel (Shinjuku) Room Occupancy Rates [cumulative]

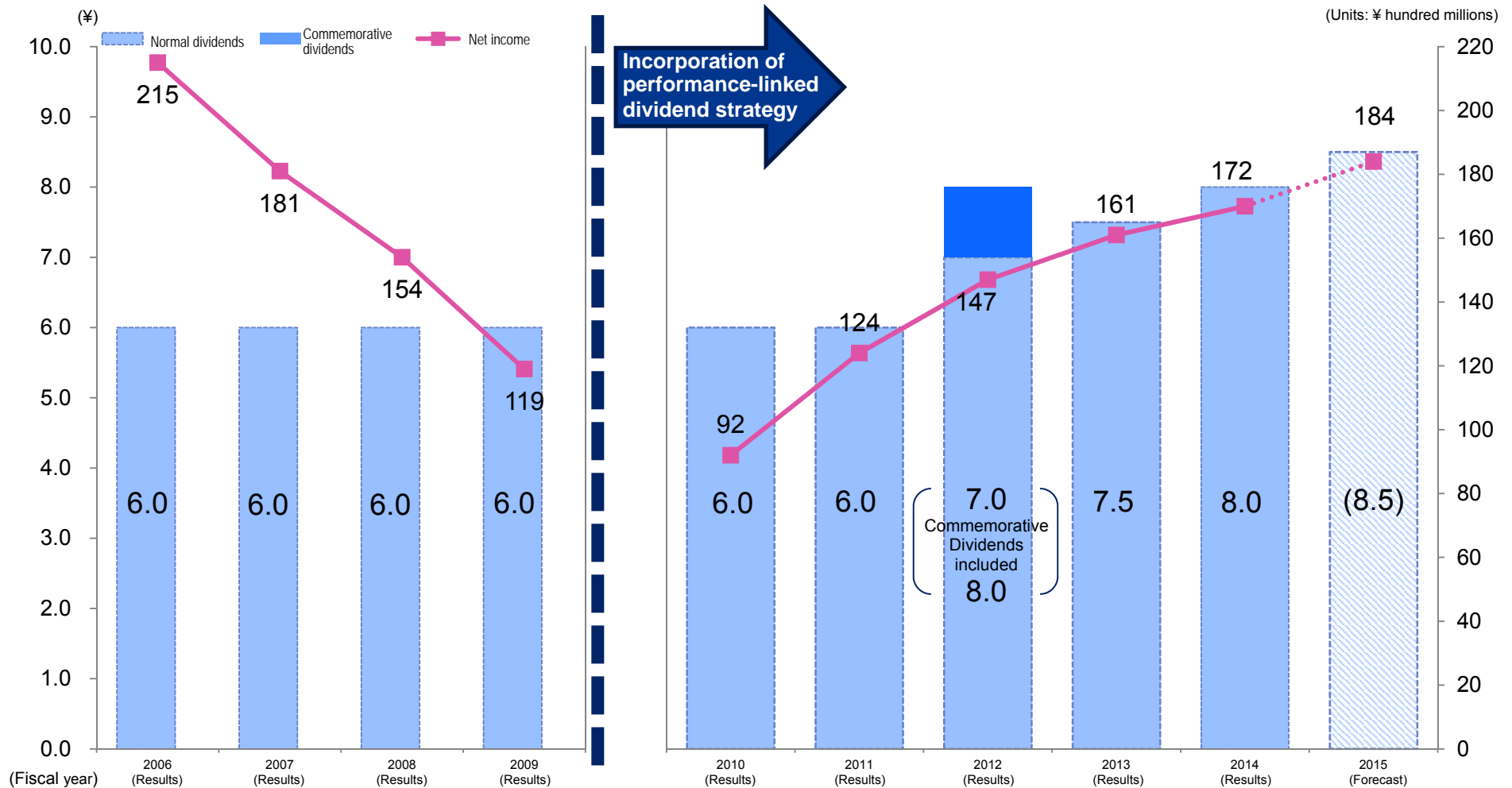
Room Occupancy Rates	85.9%	84.5%	-1.4P
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## 2. Segment Information (Other Businesses)

(Units: ¥ hundred millions)

	FY2014 Results	FY2015 Planned	Change (%)	Change Factors
(Building Maintenance)	216	210	-5 ( -2.4)	
(Railway Car Maintenance)	89	88	-1 ( -1.2)	
(Construction)	202	213	10 ( 5.3)	
(Other)	65	65	0 ( 1.1)	
(Elimination)	-32	-26	6 —	
Operating Revenues	540	551	11 ( 2.1)	
Operating Income	22	21	-1 ( -4.8)	
Depreciation and Amortization	4	3	-0 ( -20.4)	
Capital Expenditures	88	6	-82 ( -93.2)	
EBITDA	27	25	-1 ( -7.1)	

### 3. Transitions in Consolidated Net Income and Dividends



**Continuing shareholder return with target consolidated dividend ratio of 30%**

\*Planning to discuss dividends for FY2014 at the 94th Ordinary General Meeting of Shareholders planned for June of this year.

#### 4. [Reference] Forecast for First Half of Year (Consolidated statements of income, Segment Information)


(Units: ¥ hundred millions)

	Operating Revenues			Operating Income		
	FY2014 H1 Results	FY2015 H1 Planned	Change (%)	FY2014 H1 Results	FY2015 H1 Planned	Change (%)
Transportation	636	640	3 ( 0.6)	83	88	5 ( 6.7)
Merchandise Sales	764	771	7 ( 1.0)	21	20	-1 ( -8.7)
Real Estate	161	183	21 ( 13.5)	48	48	-0 ( -1.8)
Leisure	351	357	5 ( 1.6)	34	33	-1 ( -5.4)
Other Businesses	188	208	20 ( 11.0)	1	2	0 ( 24.7)
Elimination	-133	-146	-13 -	0	-1	-1 -
<b>Total</b>	<b>1,969</b>	<b>2,015</b>	<b>45 ( 2.3)</b>	<b>190</b>	<b>191</b>	<b>0 ( 0.3)</b>

(Units: ¥ hundred millions)

	FY2014 H1 Results	FY2015 H1 Planned	Change (%)
Consolidated Ordinary Income	181	175	-6 ( -3.7)
Consolidated Net Income	118	111	-7 ( -6.1)





The earnings projections 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.

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