

# Fiscal 2016 Financial Results

[Fiscal 2016 Earnings and Fiscal 2017 Earnings Forecasts]

—May 9, 2017—

**Keio Corporation**  
**京王電鉄株式会社**

## I. Fiscal 2016 Full-Year Earnings



## II. Fiscal 2017 Initiatives



## III. Fiscal 2017 Earnings Forecasts



# I. Fiscal 2016 Full-Year Earnings

1. Consolidated Statements of Income
2. Consolidated Balance Sheets
3. Consolidated Statements of Cash Flows
4. Segment Information

# 1. Consolidated Statements of Income

(Units: ¥ millions)

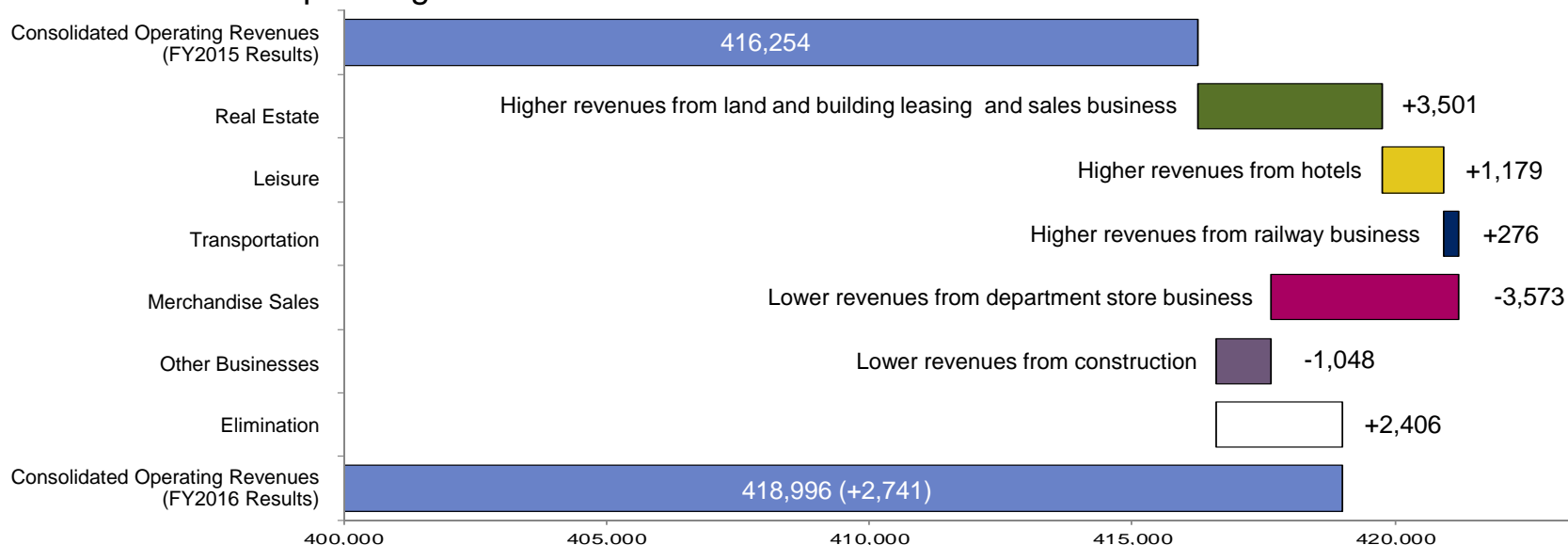
	FY2015 Results	FY2016 Results	Change (%)
Consolidated Operating Revenues	416,254	418,996	2,741 ( 0.7 )
Consolidated Operating Income	37,758	37,976	218 ( 0.6 )
Consolidated Ordinary Income	35,066	35,285	218 ( 0.6 )
Net Income Attributable to Parent Company Shareholders	19,468	21,168	1,699 ( 8.7 )
Consolidated EBITDA	73,740	73,063	-677 ( -0.9 )
Consolidated and Amortization Depreciation	35,577	34,681	-895 ( -2.5 )
Capital Expenditures	46,397	61,793	15,396 ( 33.2 )

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

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

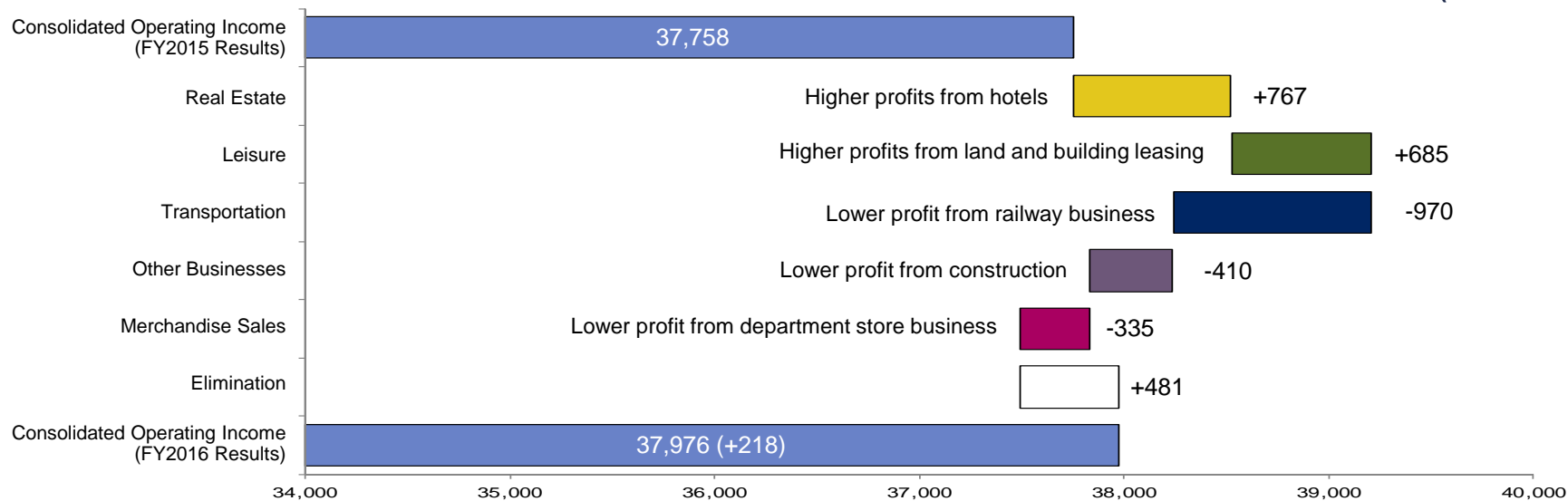
## 1. Consolidated Operating Revenues

(Units: ¥ millions)



## 2. Consolidated Operating Income

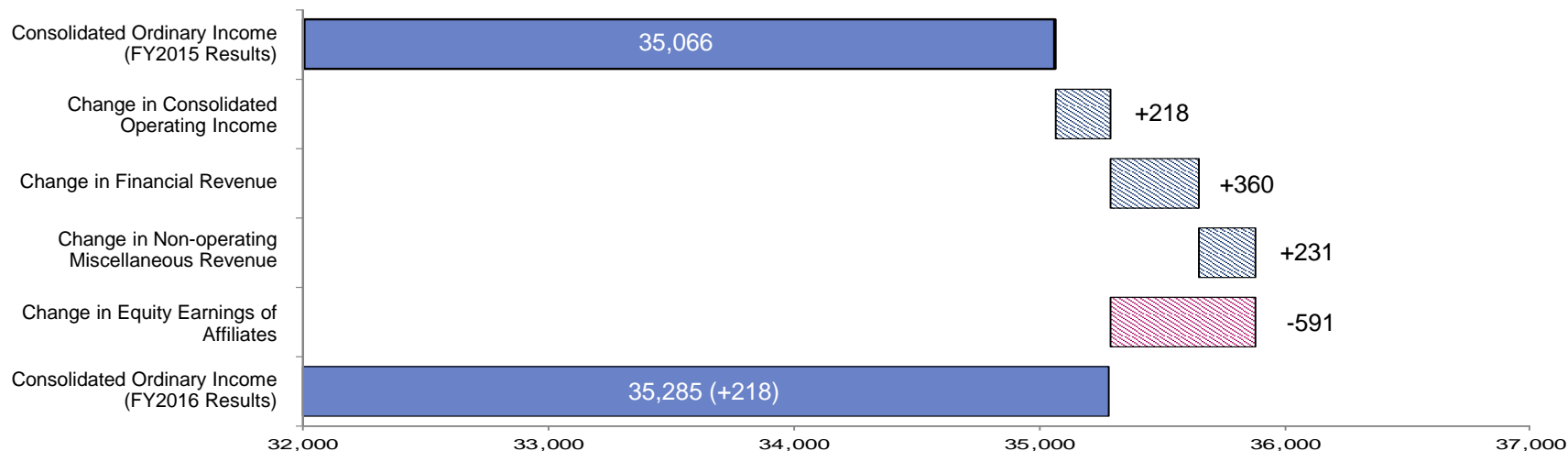
(Units: ¥ millions)



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

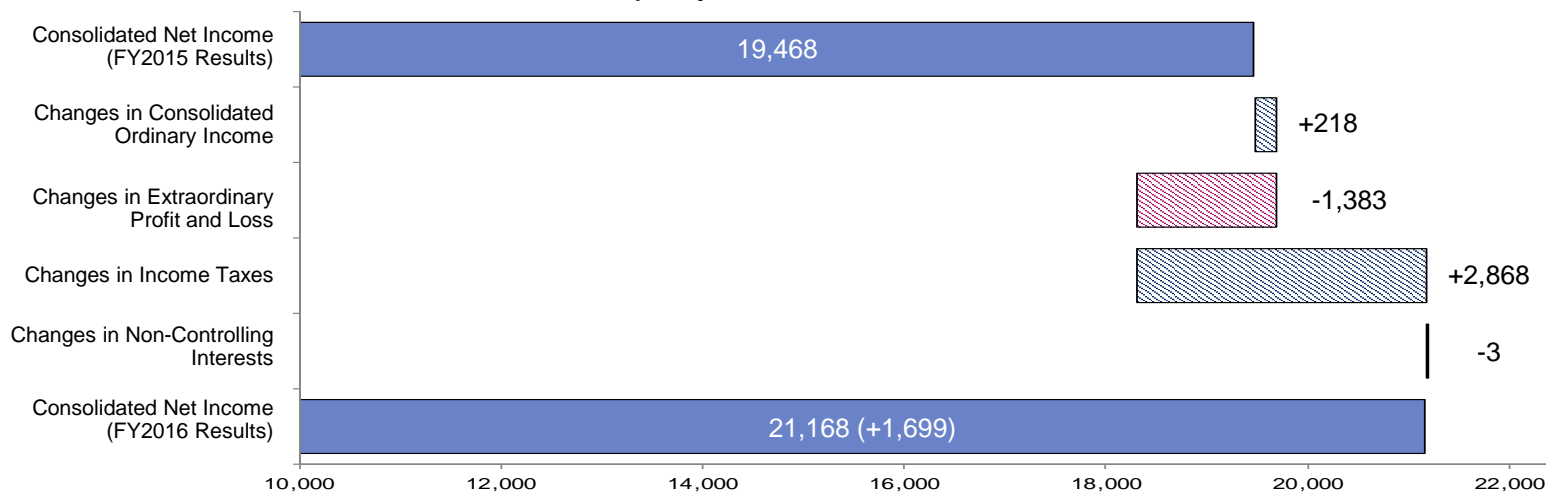
## 1. Consolidated Ordinary Income

(Units: ¥ millions)



## 2. Net Income Attributable to Parent Company Shareholders

(Units: ¥ millions)



## 2. Consolidated Balance Sheets

(Units: ¥ millions)

	FY2015 Results	FY2016 Results	Change	Change Factors
<b>Total Assets</b>	<b>820,177</b>	<b>834,682</b>	<b>14,504</b>	Increase in property, plant and equipment, etc.
<b>Liabilities</b>	<b>508,358</b>	<b>502,661</b>	<b>-5,696</b>	Redemption of 24th unsecured discount corporate bonds, etc.
<b>Net Assets</b>	<b>311,818</b>	<b>332,020</b>	<b>20,201</b>	Booking of net income attributable to parent company shareholders, etc.
<b>Total Liabilities and Net Assets</b>	<b>820,177</b>	<b>834,682</b>	<b>14,504</b>	
<b>Interest-Bearing Debt</b>	<b>339,306</b>	<b>328,584</b>	<b>-10,721</b>	

### 3. Consolidated Statements of Cash Flows

(Units: ¥ millions)

	FY2015 Results	FY2016 Results	Change	Change Factors
Net Cash Provided by (Used in) Operating Activities	54,247	49,440	-4,807	Increase in income taxes paid, etc.
Net Cash Provided by (Used in) Investing Activities	-55,323	-65,908	-10,585	Purchases of property, plant and equipment and intangible assets, etc.
Net Cash Provided by (Used in) Financing Activities	25,530	-16,642	-42,172	Expenditures from redemption of bonds, etc.
Balance for Cash and Cash Equivalents at End of Period	89,180	56,067	-33,113	



## 4. Segment Information (Corporate Composition)

### Consolidated

### 47 Companies as of the end of Mar. 2017

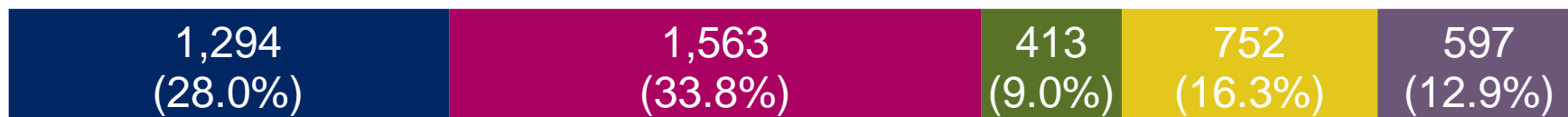
(Keio Corporation and Keio Juuki Seibi overlap multiple business segments)

Transportation	Merchandise Sales	Real Estate	Leisure	Other Businesses
Keio Corporation Keio Dentetsu Bus Keio Jidousha 14 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 Four others	Keio Setsubi Service Keio Juuki Seibi Keio Construction Nine others

### Operating Revenues

FY2016: 4,189 hundred million yen

<Units: Hundred millions of yen>



### Operating Income

FY2016: 379 hundred million yen

<Units: Hundred millions of yen >



Note: Segment figures include intersegment amounts and ratios.

## 4. Segment Information (Transportation-1)

(Units: ¥ millions)

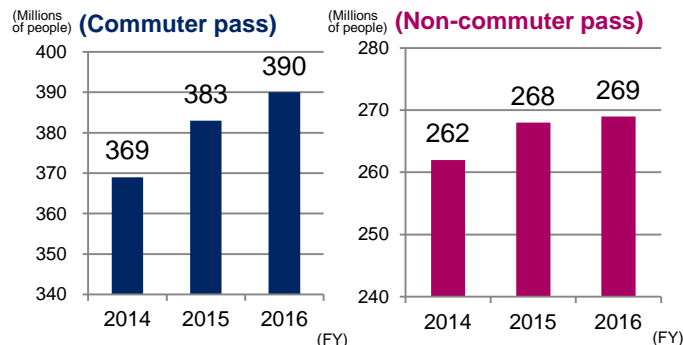
	FY2015 Results	FY2016 Results	Change (%)	Change Factors
(Railways)	83,776	84,558	782 ( 0.9 )	See next page.
(Bus services)	35,327	35,035	-291 ( -0.8 )	Decrease in terminal charges from closing of Shinjuku highway bus terminal, etc.
(Taxi services)	12,500	13,185	684 ( 5.5 )	
(Other)	2,763	2,641	-122 ( -4.4 )	
(Elimination)	-5,156	-5,933	-776 —	
Operating Revenues	129,210	129,487	276 ( 0.2 )	
Operating Income	15,089	14,118	-970 ( -6.4 )	Increase in cost of retirement benefits in railway business, etc.
Depreciation and Amortization	23,392	22,372	-1,020 ( -4.4 )	
Capital Expenditures	22,181	22,730	549 ( 2.5 )	
EBITDA	38,482	36,491	-1,991 ( -5.2 )	

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

(Units: Thousands of people, ¥ millions)

		FY2015 Results	FY2016 Results	Change (%)	Change Factors
Passengers Transported (thousands of people)	Commuter-Pass	383,728	390,503	6,775 ( 1.8 )	Increase resulting from improvement in employment conditions and effects of timetable revision, etc.
	(Business)	289,730	296,359	6,629 ( 2.3 )	
	(Students)	93,998	94,144	146 ( 0.2 )	
	Non-Commuter-Pass	268,612	269,824	1,212 ( 0.5 )	Increase resulting from effects of timetable revision, etc.
	Total	652,340	660,327	7,987 ( 1.2 )	
Passenger Revenues (¥ millions)	Commuter-Pass	34,480	35,146	665 ( 1.9 )	
	(Business)	30,792	31,449	657 ( 2.1 )	
	(Students)	3,688	3,696	8 ( 0.2 )	
	Non-Commuter-Pass	45,832	46,071	238 ( 0.5 )	
	Total	80,313	81,217	903 ( 1.1 )	

Trend in Passengers Transported (FY2014-FY2016)



- Commuter passes and non-commuter passes trended favorably owing to continued **improvements in employment conditions and effects of timetable revision**

### [Main Details of Timetable Revisions]

Feb 2015: Increase in number of express trains in early morning and late at night and later last trains on Inokashira Line

Sep 2015: Increase in number of stops for higher category trains, increase in number of higher category trains in early morning on Keio Line and increase in number of through trains on Toei Shinjuku Line

## 4. Segment Information (Merchandise Sales)

(Units: ¥ millions)

	FY2015 Results	FY2016 Results	Change (%)	Change Factors
(Department Stores)	87,456	84,854	-2,602 ( -3.0 )	Sluggish sales, etc.
(Retail Stores)	46,282	46,389	106 ( 0.2 )	(Note)
(Retail Stores – Books)	8,198	7,224	-973 ( -11.9 )	Effects of closing unprofitable stores, etc.
(Shopping Centers)	12,973	12,553	-420 ( -3.2 )	
(Other)	11,730	11,603	-127 ( -1.1 )	
(Elimination)	-6,694	-6,251	443 —	
Operating Revenues	159,946	156,373	-3,573 ( -2.2 )	
Operating Income	4,724	4,389	-335 ( -7.1 )	
Depreciation and Amortization	4,131	3,918	-212 ( -5.1 )	
Capital Expenditures	4,931	9,274	4,342 ( 88.1 )	
EBITDA	8,855	8,308	-547 ( -6.2 )	

(Note) Beginning in FY2016, Retail Stores – in Stations have been included in Retail Stores in conjunction with the merger of Keio Store, which runs the Retail Stores, and Keio Retail Service, which runs the Retail Stores – in Stations, in April 2016. Figures for previous years have been converted accordingly.

# (Reference) Measures to Improve Sales at Keio Department Stores

**Expansion of customer base**

×

**Expansion of market**



**Strengthening of revenue base**

## Remodeling of Shinjuku Store

- Rolex boutique opened at entrance of Shinjuku store (largest selection/sales area among department stores in Tokyo)
- Women's clothing, food and cosmetics floors remodelled



- Increase in sales from expansion of favorable areas
- Improved capturing of new customers
- Improved image of Shinjuku store



Rolex boutique



Ainz & Tulpe  
(Cosmetics and sundries)

## Expansion of Satellite Stores

- 4<sup>th</sup> satellite store (Akishima Moritown) opened (Oct 2016)



Akishima Moritown Store

★ Addresses area characteristics and customer needs



Increased customer contact

## Acquisition of Selecture Shares

- Internet mail order business operator Selecture made a subsidiary (Oct 2016)

★ Creating new business opportunities in E-commerce business



Expansion of customer base

## 4. Segment Information (Real Estate)

(Units: ¥ millions)

	FY2015 Results	FY2016 Results	Change (%)		Change Factors
(Land and Building Leasing)	31,966	33,951	1,985 (	6.2 )	Increase in building leasing, etc.
(Development for Selling by Lots)	12,116	13,973	1,857 (	15.3 )	Increase in renovated property sales, etc.
(Other)	1,483	1,823	340 (	22.9 )	
(Elimination)	-7,678	-8,359	-681	—	
<b>Operating Revenues</b>	<b>37,888</b>	<b>41,389</b>	<b>3,501 (</b>	<b>9.2 )</b>	
<b>Operating Income</b>	<b>8,633</b>	<b>9,318</b>	<b>685 (</b>	<b>7.9 )</b>	
<b>Depreciation and Amortization</b>	<b>4,592</b>	<b>4,529</b>	<b>-63 (</b>	<b>-1.4 )</b>	
<b>Capital Expenditures</b>	<b>11,604</b>	<b>10,064</b>	<b>-1,539 (</b>	<b>-13.3 )</b>	
<b>EBITDA</b>	<b>13,630</b>	<b>14,253</b>	<b>622 (</b>	<b>4.6 )</b>	

Ref.: Real Estate Operating Income Details

(Units: ¥ hundred millions)

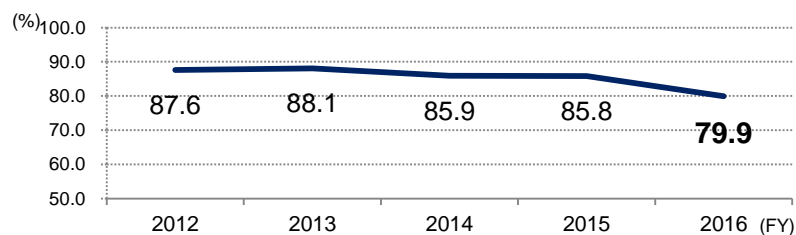
<b>Land and Building Leasing</b>	<b>82</b>	<b>89</b>	<b>7 (</b>	<b>9.2 )</b>	
<b>Development for Selling by Lots</b>	<b>11</b>	<b>7</b>	<b>-3 (</b>	<b>- 33.7 )</b>	

## 4. Segment Information (Leisure)

(Units: ¥ millions)

	FY2015 Results	FY2016 Results	Change (%)	Change Factors
(Hotels)	48,407	48,955	548 ( 1.1 )	Contribution from Keio Presso Inn Akasaka (opened in July 2015), etc.
(Travel Services)	16,948	17,244	295 ( 1.7 )	Increase in group travel orders, etc.
(Advertising Services)	12,091	12,283	192 ( 1.6 )	
(Other)	6,275	6,533	257 ( 4.1 )	
(Elimination)	-9,643	-9,758	-114 —	
Operating Revenues	74,079	75,258	1,179 ( 1.6 )	
Operating Income	6,016	6,784	767 ( 12.8 )	
Depreciation and Amortization	3,342	3,752	409 ( 12.3 )	
Capital Expenditures	7,683	18,416	10,733 ( 139.7 )	
EBITDA	9,359	10,536	1,177 ( 12.6 )	

[Ref.] Trend in Keio Plaza Hotel (Shinjuku) Room Occupancy Rates by Year





# (Reference) Measures to Increase Sales at Keio Plaza Hotel

- Improvement of product appeal through **remodeling of guest rooms**
- Rollout of web-based **PR measures**
- Holding of events and workshops** for foreign guests



**Promotions targeting foreign guests**

## Remodeling of Guest Rooms



- In December 2016, guest rooms on the top floors of the main building were fully renovated and opened as **“Premier Grand” luxury club floors**
- Club Lounge with full-time concierge opened**



**Increase in room unit prices**



Premier Grand (37F-41F in main building)



One of largest exclusive Club Lounges in Tokyo

## Rollout of PR Measures



Utilization of own website (Japanese and foreign languages) and SNS



**Communication of hotel's attractive characteristics**

Own website (English)

## Holding of Events and Workshops

Rollout of popular programs allowing foreign guests to **experience Japanese culture** and measures to allow guests to enjoy an extraordinary hotel stay



Tea ceremony in tea room



## 4. Segment Information (Other Businesses)

(Units: ¥ millions)

	FY2015 Results	FY2016 Results	Change (%)	Change Factors
(Building Maintenance)	22,498	23,758	1,259 ( 5.6 )	
(Railway Car Maintenance)	9,468	10,264	796 ( 8.4 )	
(Construction)	24,222	21,479	-2,742 ( -11.3 )	Decrease in construction revenue, etc.
(Other)	7,140	7,526	385 ( 5.4 )	
(Elimination)	-2,484	-3,231	-746 —	
Operating Revenues	60,845	59,796	-1,048 ( -1.7 )	
Operating Income	4,347	3,936	-410 ( -9.4 )	
Depreciation and Amortization	309	330	20 ( 6.7 )	
Capital Expenditures	605	1,055	450 ( 74.4 )	
EBITDA	4,656	4,266	-390 ( -8.4 )	

## II. Fiscal 2017 Initiatives

1. Medium to Long-Term Investment Schedule
2. FY2017 Measures
  - (1) Improvement of Safety/Profitability
    - 1) Measures to improve safety and convenience  
[Keio Line (between Sasazuka and Sengawa Stations) grade crossings/elevated lines,etc.]
    - 2) Introduction of cars with reserved seating
  - (2) Business Expansion
    - 1) Expansion of hotel business
    - 2) Rollout of upper-middle grade hotels specialized in lodging
    - 3) Expansion of ReBITA renovation business
    - 4) Entry into vacation rental business
    - 5) Expansion of inbound business
  - (3) Success of Facilities along Rail Lines
    - 1) Development of area around Chofu Station
    - 2) Revitalization of Takaosan area
  - (4) Adding Value along our Rail Lines  
Multifaceted development of lifestyle support services

# 1. Schedule for Medium to Long-Term Measures

	FY2015	FY2016	FY2017	Later
<b>(1) Improvement of safety/profitability</b>				
Keio Line (between Sasazuka and Sengawa stations) grade crossings/elevated lines	Development land acquisition and design operations			
Overhaul of timetable	September 2015 Keio/Inokashira lines	September 2016 Keio/Inokashira lines	Scheduled for spring of 2018	
Introduction of cars with reserved seating	Decision for implementation	Design/manufacture of new cars	Launch scheduled for spring of 2018	
<b>(2) Business expansion</b>				
Expansion of hotel business	<New hotel formats>		Keio Prelia Hotel Kyoto Karasuma Gojo (tentative name) to be opened in autumn 2018	
	<Keio Presso Inn> Keio Presso Inn Akasaka to open in July 2015		Keio Presso Inn Tokyo Yaesu to be opened in August 2017 Keio Presso Inn Hamamatsucho to be opened in December 2017	Expansion of Keio Presso Inn openings
Expansion of renovation business	Shared-type hotel complex No. 1 to open in March 2016 (Kanazawa)	Shared-type hotel complex No. 2 to open in March 2017 (Tokyo Kiyosumi)	Shared-type hotel complex Locations 3 and 4 to be opened (Hakodate, Kanazawa)	Expansion of sharing community market
Expansion of inbound business	Acquisition of shares in vacation rental businesses	Development of new wide-area tourism route Creation of new open tickets Establishment of facilities in Shinjuku	Vacation rental condominium to open in February 2017	Ongoing review /implementation of inbound business
Expansion of overseas business	Opening of Taiwanese tea café No. 1 Opening of Curry restaurant No. 1 in China	Opening of multiple Taiwanese tea cafés and Curry restaurants in China	Ongoing review/implementation of overseas-related businesses	
<b>(3) Development of facilities along rail lines</b>				
Development of area around Chofu Station	Commencement of work in April 2016		Scheduled to open in fall of 2017	
Revitalization of facilities along rail lines in Shinjuku, etc.	Ongoing development discussions			
Efforts to improve appeal of area around Tama Zoological Park			Construction of indoor amusement facilities for children To be opened in spring 2018	
<b>(4) Improvement or neighborhood value</b>				
Multifaceted development of lifestyle support services	<Child-rearing support business> Rental condominium with child-rearing support to be completed in March 2016		Consideration of new day care facilities, etc.	
	<Senior citizens business>	Paid nursing home to open in May 2016	Elderly housing with supportive services to open in February 2017	Ongoing consideration and implementation of projects for senior citizens
	<Funeral business>	Keio Memorial Chofu to open in June 2016	Keio Memorial Tama Center To be opened in June 2017	Consideration of new openings

## 2. FY2017 Measures

### (1) Improvement of Safety/Profitability

#### 1) Measures to Improve Safety and Convenience

##### ■ Promotion of Keio Line (between Sasazuka and Sengawa Stations) grade crossings/elevated lines

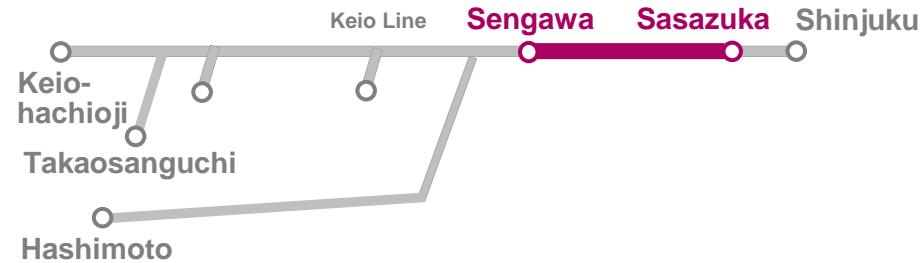
###### [Project Outline]

Elevation of approx. 7.2 km stretch between Sasazuka and Sengawa

**Elimination of 25 grade crossings**

###### [Anticipated Benefits of the Project]

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



##### ■ Installation of platform doors

- **Installation complete at five stations**, including Shinjuku and Kichijoji
- Stations with **at least 100,000 daily users** (average) will be prioritized for installation
- Work will begin on Keio New Line Shinjuku Station and Shibuya Station in fiscal 2017  
⇒ Aim is for use to begin in fiscal 2018



Kichijoji Station

##### ■ Station renovation

- Renovate dilapidated stations to improve service
- To be implemented at Keio-yomiuri-land Station and Fuchu Station in fiscal 2017



Keio-yomiuri-land Station (Illustration)

# 2. FY2017 Measures

## (1) Improvement of Safety/Profitability

### 2) Introduction of cars with reserved seating

- **Address needs of customers** using trains for long-distance travel ➔ **Improvement of service**
- Charge for reserved ➔ **Improvement of profitability**



Exterior (illustration)



Interior (illustration)

Seats can be converted from cross seats to long seats  
 Cross seats when operated as reserved seating car, long seats otherwise

#### Overview of reserved seating service (tentative)

- Launch **Spring 2018** (in conjunction with timetable revision)
- Destinations (1) Trains bound for Keio Hachioji from Shinjuku, (2) Trains bound for Hashimoto from Shinjuku
- Hours **Late hours** on weekdays and weekends when commuters go home
- Cars 50 cars in new 5000 series
- Investment Approx. ¥10,000 million

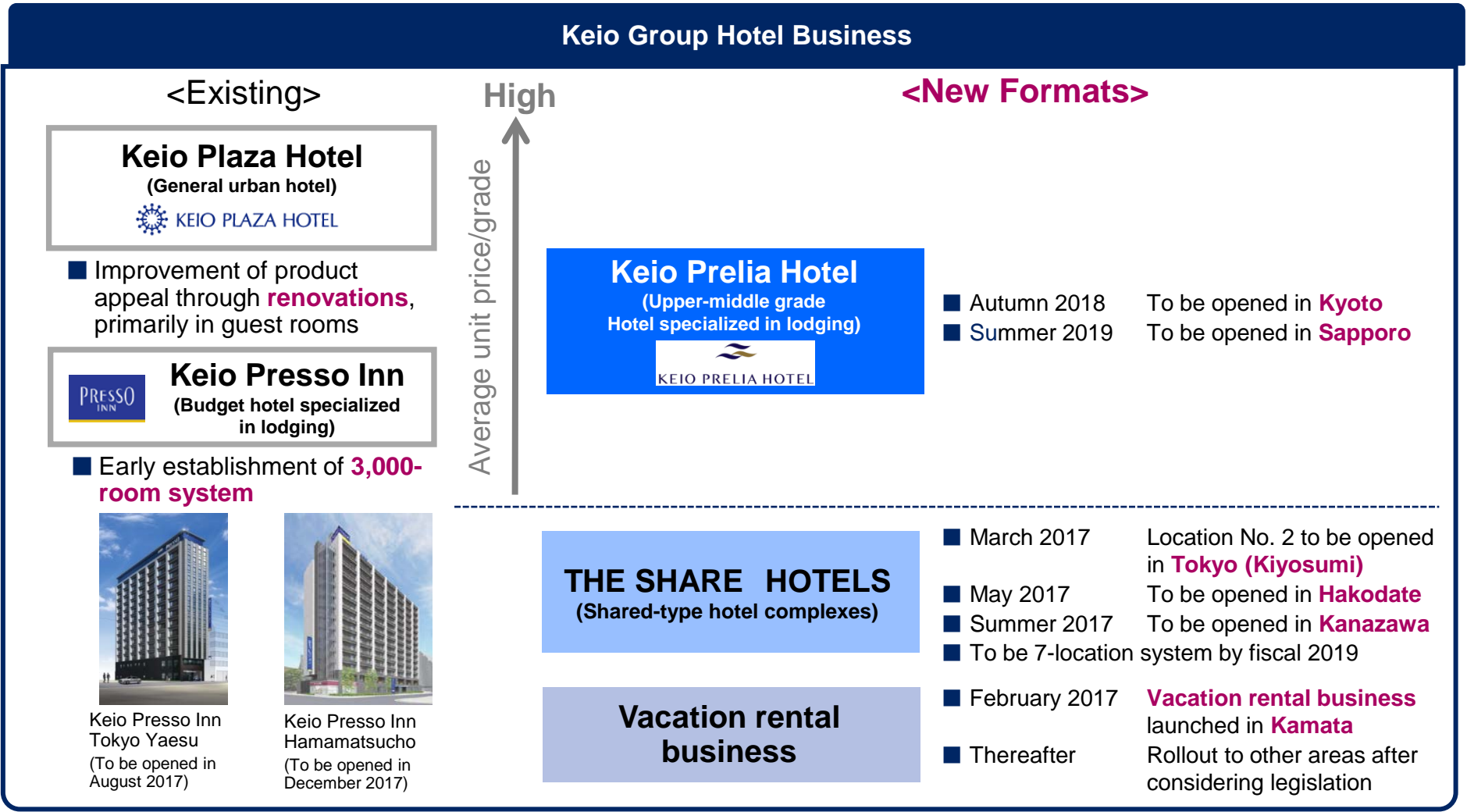
- April 27-May 19, 2017 **Voting** underway for **nickname** (nickname to be decided in January 2018)
- From September 2017 **Operation** of new 5000 series cars **to be launched** using long seats (scheduled)

# 2. FY2017 Measures

## (2) Business Expansion

### 1) Expansion of hotel business

- Promote development/rollout of new hotel formats to strengthen and promote hotel business, which is expected to grow as a result of an increase in the number of foreign tourists, etc.





# 2. FY2017 Measures

## (2) Business Expansion

### 2) Rollout of upper-middle grade hotels specialized in lodging

- Rollout of **Keio Prelia Hotel**, new upper-middle grade hotel specialized in lodging
- To be opened in **Kyoto** in autumn 2018 and **Sapporo** in summer 2019



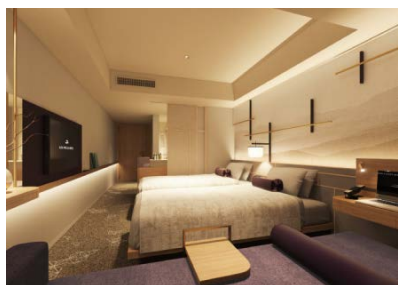
#### [Hotel Characteristics]

- Envisioned for **business** use and for **tourism/leisure use, including by foreign guests**
- Guest room configuration that caters to diverse needs of guests

#### Keio Prelia Hotel Kyoto Karasuma Gojo [tentative name] (To be opened in autumn 2018)



Exterior (illustration)



Guest room (illustration)

Guest rooms	<b>305</b> (tentative)
Adjoining facilities	<ul style="list-style-type: none"> <li>• Restaurant</li> <li>• Large communal bath, etc.</li> </ul>
Operating company	Keio Prelia Hotel Kyoto*

\*To be established in May 2017 as new company operating hotels in Kyoto

#### Keio Prelia Hotel Sapporo [tentative name] (To be opened in summer 2019)



Exterior (illustration)



Lobby/front desk (illustration)

Guest rooms	<b>359</b> (tentative)
Adjoining facilities	<ul style="list-style-type: none"> <li>• Restaurant</li> <li>• Large communal bath</li> <li>• Parking lot, etc.</li> </ul>
Operating company	Keio Plaza Hotel Sapporo

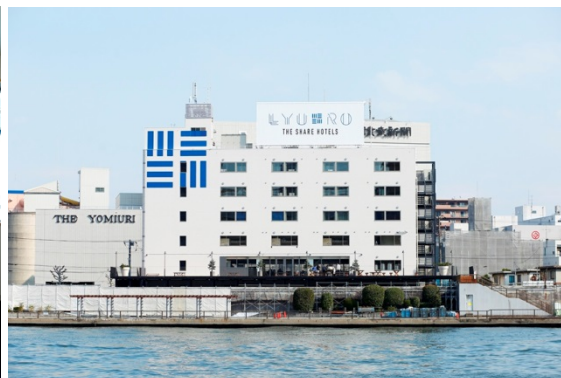
# 2. FY2017 Measures

## (2) Business Expansion

### 3) Expansion of ReBITA renovation business

- **THE SHARE HOTELS** (shared-type hotel complex) **2<sup>nd</sup> location opened in Tokyo (Kiyosumi)** in March 2017
- 3<sup>rd</sup> location to be opened in **Hakodate** in May 2017, 4<sup>th</sup> location to be opened in **Kanazawa** in summer 2017
- To be 7-location system by fiscal 2019

#### 2<sup>nd</sup> Location: LYURO Tokyo Kiyosumi (Opened in March 2017)



Location	Koto-ku, Tokyo
Building size	6 above-ground floors (renovation of 28-year old building)
Guest rooms	Dormitory type: 30 beds, Private type: 23 rooms
Capacity	102 people



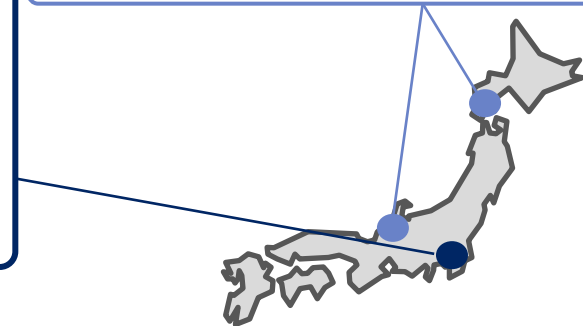
\* "Kawaterasu" multipurpose space to be opened, effectively utilizing Sumida River riverbed

#### Future Openings



Current photographs

- (Left) **HakoBA Hakodate:** To be opened in late May 2017
- (Right) **Kanazawa No. 2:** To be opened in summer 2017



#### \*THE SHARE HOTELS (Shared-type Hotel Complexes )

- Renovate dilapidated idle **real estate** (office buildings, etc.) all over Japan, **changing their use**  
 ⇒ Reborn as shared-type hotel complex comprised of lodging facilities, restaurants, shared spaces, etc.  
 Engage in everything from planning and production to operations
- Utilization of ReBITA's renovation expertise, concept of sharing, community development planning and operational expertise



# 2. FY2017 Measures

## (2) Business Expansion

### 4) Entry into vacation rental business

- **Legally compliant vacation rental condominium opened in Kamata**, Ota-ku in February 2017 (first for railway industry)
- **Focus on vacation rentals as new growth market** bringing together revitalization of real estate and robust lodging demand

Compatibility with Group's real estate business and inbound demand, etc. → **Expansion of Group business opportunities**

### KARIO KAMATA Vacation Rental Condominium (opened in February 2017)



Location	Ota-ku, Tokyo
Guest rooms/floor plans	<b>14 rooms</b> 1K (approx. 25m <sup>2</sup> )/ 3-person capacity, 9 rooms 1LDK (approx. 42m <sup>2</sup> )/ 4-person capacity, 3 rooms 2DK (approx. 48m <sup>2</sup> )/ 5-person capacity, 2 rooms
Management	Keio Realty and Development Co., Ltd.
Interior design	ReBITA
Facilities/furnishings	Free Wi-Fi, built-in kitchen, air conditioning, bathroom dryer, appliances, cooking utensils, dishes, towels, etc.



### Future Plans

**Utilization in vacant house measures and town development along Keio Line**  
 → **Further neighborhood success**

(Proceed with expansion of vacation rental area in collaboration with local communities, taking legislation into account)

**[Advantages of expanding business within Company]**

- Retention of **real estate and hotel management business know-how**
- Utilization of know-how of **Hyakusenrenma**, a partner vacation rental-related company

# 2. FY2017 Measures

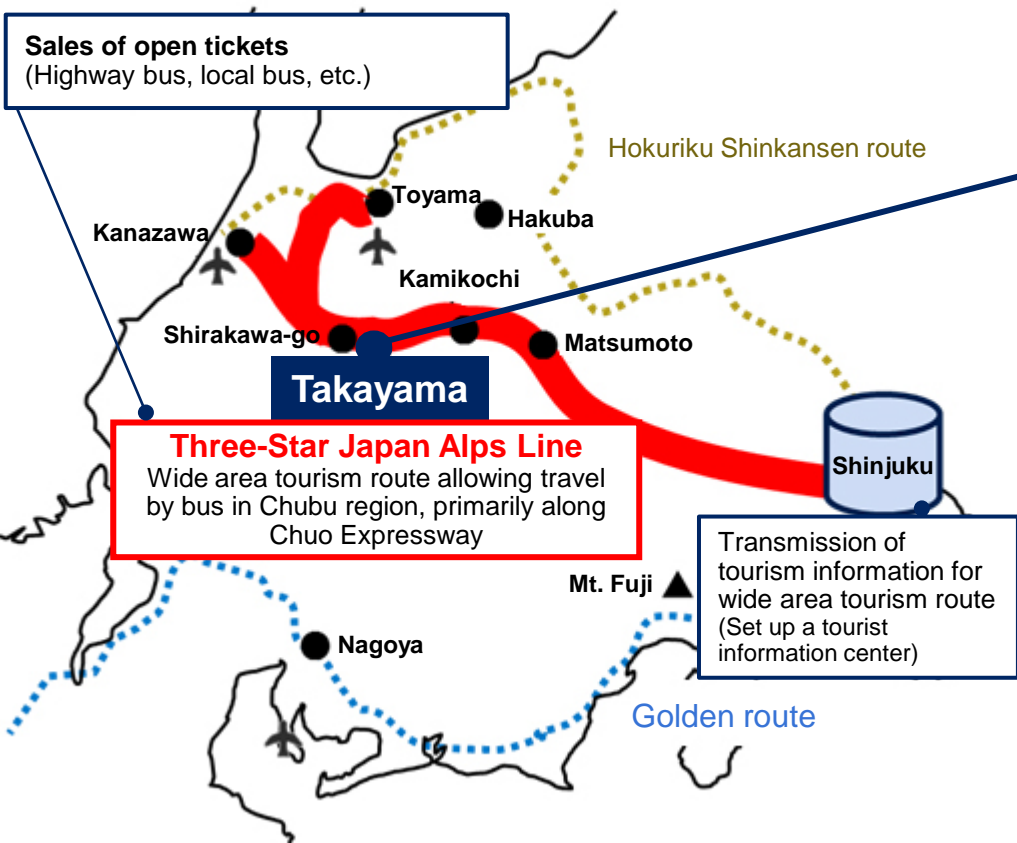
## (2) Business Expansion

### 5) Expansion of inbound business

- Basic tie-up agreement signed with Takayama Green Hotel and its shareholders for a future capital tie-up



Promote the Company's inbound strategy centered on Chuo Expressway  
Enjoy benefits brought about by Takayama area lodging/sightseeing demand



### Takayama Green Hotel (Established hotel with brand power and strong ties with community)

#### [Overview]

Location	Nishinoisshiki-machi, Takayama City, Gifu
Capital	498 million yen
Established	July 1972
Facilities	Guest rooms (207) Restaurants (7) Banquet halls (13) Souvenir shop (1) *Largest in region



### Future Plans

- Further strengthen partnership based on future capital tie-up in the aim of becoming a regional symbol
  - Construction of new facility mainly comprised of guest rooms
  - Personnel collaboration from sales and operational standpoint, etc.

# 2. FY2017 Measures

## (3) Success of Facilities along Rail Lines

### 1) Development of area around Chofu Station



- **Trie Keio Chofu** commercial facility to be opened (autumn 2017)



**Expansion of opportunities to visit facilities along rail lines/Chofu**  
**Creation of lively communities**

Stores: **72 stores** including **stores associated with Chofu**

Floor area: Approx. **38,000 m<sup>2</sup>**

Target: Women who have a relaxed, open attitude but yearn for a slightly more elegant lifestyle and those who have relationships with them

#### ■ Main tenants in each building

Building A	Building B	Building C
<p><b>Fashion, sundries, cafes, restaurants, etc.</b></p>	<p><b>Major home electronics retailer, etc.</b></p>	<p><b>Cinema complex, etc.</b></p>
<p>Keio Department Store (satellite store), Seijo Ishii (one of largest in Kanto) and others</p>	<p>Bic Camera and others</p>	<p>Aeon Cinema Theatus Chofu Sarutahiko Coffee (adjoining coffee roasting plant) and others</p>

\*Drawing is for illustrative purposes only



- **Aeon Cinema Theatus Chofu cinema complex**
  - **Large cinema complex with 11 screens and approx. 1,650 seats**
  - One of largest theaters for Tokyo cinema complexes with more than 500 seats
  - Features 4DX immersive theater experience

# 2. FY2017 Measures

## (3) Success of Facilities along Rail Lines

### 2) Revitalization of Takaosan area

■ Promote measures for revitalizing Takaosan area, including **making Takao Tozan Railway a subsidiary**

[Past Efforts]



Keio Takaosan Onsen Gokurakuyu



Renovation of Takaosanguchi Station



Takaosan Train



TAKAO 599 MUSEUM

Acquisition of Takao Tozan Railway shares (March 2017)



Project overview	Cable car, chair lift, cafeteria, etc.
Capital	100 million yen
Sales	1,550 million yen (fiscal 2016)
Number of users	2,150,000 people (fiscal 2016)

**Promotion of measures to revitalize Takaosan area**

**Increase passengers transported and improve neighborhood image**



# 2. FY2017 Measures

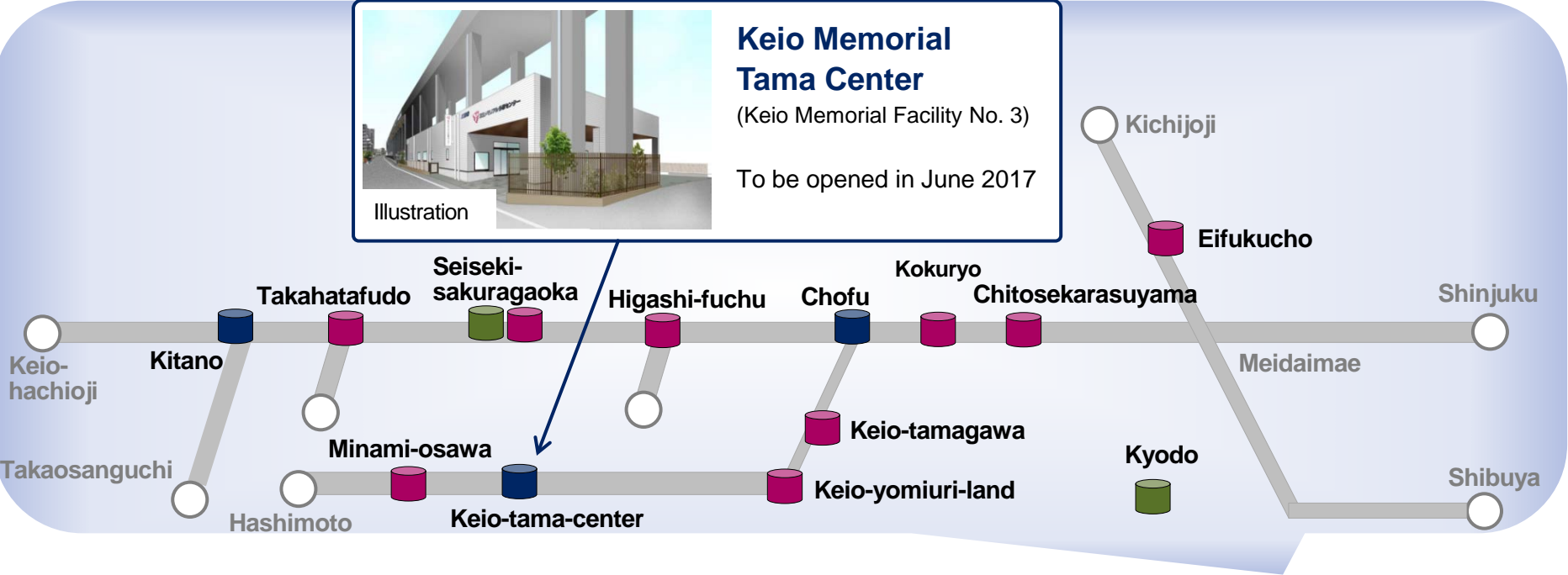
## (4) Adding Value along our Rail Lines

Multifaceted development of lifestyle support services



**Keio Memorial Tama Center**  
(Keio Memorial Facility No. 3)  
To be opened in June 2017

Illustration



**Projects for senior citizens**

- Smilus Seiseki Sakuragaoka (Elderly housing with supportive services)
- Aristage Kyodo (Pay nursing homes)



**Child-rearing support business**

- KEIO Kids' Plats (nursery school)
- Contracts received from municipalities
- Open workplace nursery schools to community



**Funeral business**

Keio Memorial

- Kitano
- Chofu
- Tama Center



**Keio Hotto Network**  
(Lifestyle support services)  
... Roll out throughout neighborhoods



## **III. Fiscal 2017 Earnings Forecasts**

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

# 1. Consolidated Statements of Income

(Units: ¥ hundred millions)

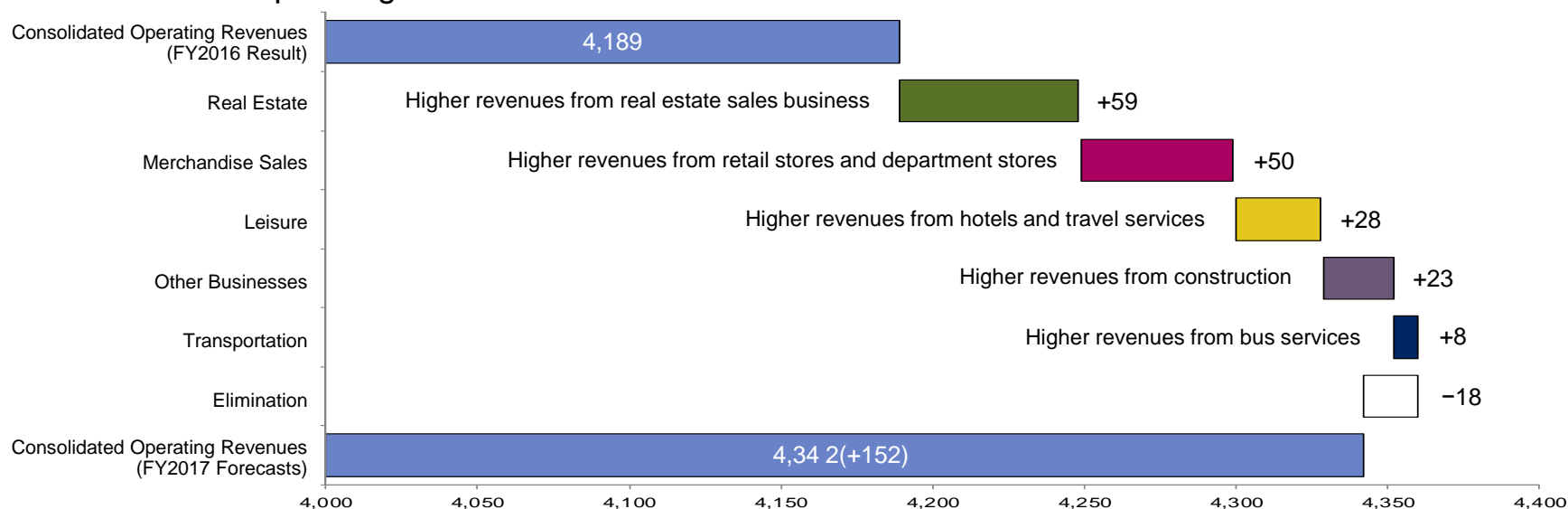
	FY2016 Results	FY2017 Forecasts	Change (%)
Consolidated Operating Revenues	4,189	4,342	152 ( 3.6 )
Consolidated Operating Income	379	389	9 ( 2.4 )
Consolidated Ordinary Income	352	367	14 ( 4.0 )
Net Income Attributable to Parent Company Shareholders	211	230	18 ( 8.7 )
Consolidated EBITDA	730	748	18 ( 2.5 )
Consolidated Depreciation and Amortization	346	355	8 ( 2.4 )
Capital Expenditures	617	845	227 ( 36.9 )

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

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

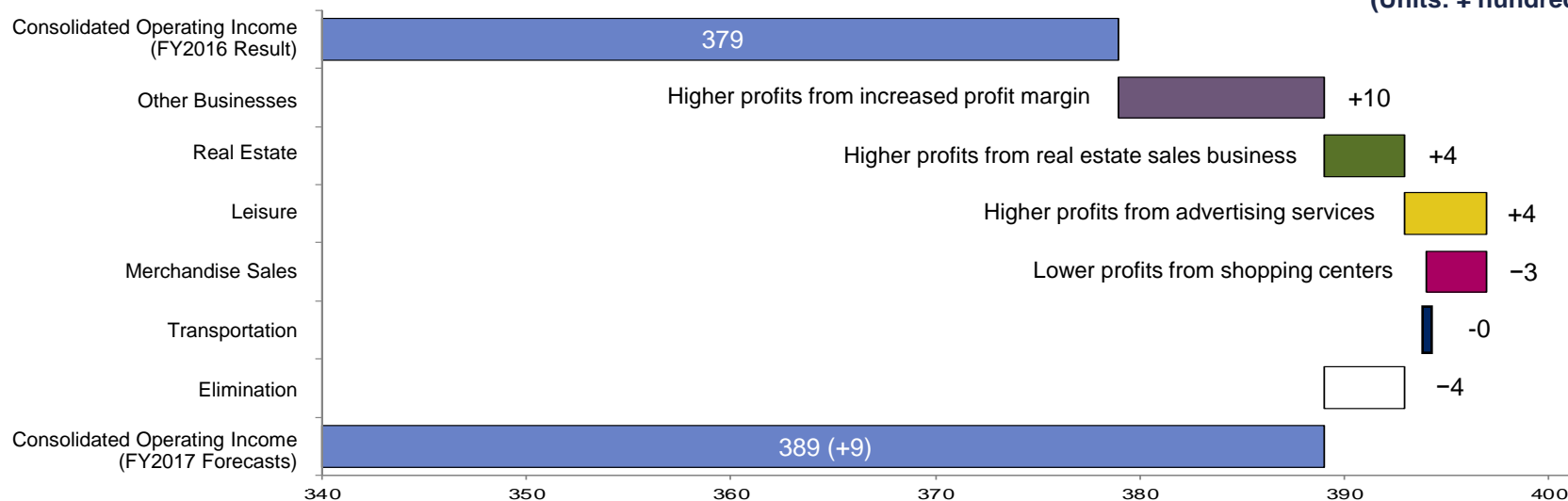
## 1. Consolidated Operating Revenues

(Units: ¥ hundred millions)



## 2. Consolidated Operating Income

(Units: ¥ hundred millions)





## 2. Segment Information (Transportation-1)

(Units: ¥ hundred millions)

	FY2016 Results	FY2017 Forecasts	Change (%)	Change Factors
(Railways)	845	849	3 ( 0.4 )	See next page.
(Bus services)	350	357	7 ( 2.0 )	
(Taxi services)	131	131	-0 ( -0.6 )	
(Other)	26	25	-1 ( -4.4 )	
(Elimination)	-59	-59	-0 —	
Operating Revenues	1,294	1,303	8 ( 0.6 )	
Operating Income	141	140	-0 ( -0.3 )	
Depreciation and Amortization	223	228	4 ( 2.0 )	
Capital Expenditures	227	360	133 ( 58.8 )	
EBITDA	364	369	4 ( 1.1 )	

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

(Units: Thousands of people, ¥ millions)

		FY2016 Results	FY2017 Forecasts	Change (%)		Change Factors
Passengers Transported (thousands of people)	Commuter-Pass	390,503	392,812	2,309	( 0.6 )	Increase from improvements in employment conditions, etc.
	(Business)	296,359	298,652	2,293	( 0.8 )	
	(Students)	94,144	94,160	16	( 0.0 )	
	Non-Commuter-Pass	269,824	270,462	638	( 0.2 )	
	Total	660,327	663,274	2,947	( 0.4 )	
Passenger Revenues (¥ millions)	Commuter-Pass	35,146	35,390	244	( 0.7 )	
	(Business)	31,449	31,692	242	( 0.8 )	
	(Students)	3,696	3,698	1	( 0.1 )	
	Non-Commuter-Pass	46,071	46,167	96	( 0.2 )	
	Total	81,217	81,557	340	( 0.4 )	

## 2. Segment Information (Merchandise Sales)

(Units: ¥ hundred millions)

	FY2016 Results	FY2017 Forecasts	Change (%)	Change Factors
(Department Stores)	848	872	23 ( 2.8 )	Increase in sales from expansion of customer base/market, etc.
(Retail Stores)	463	489	25 ( 5.5 )	New openings, etc.
(Retail Stores – Books)	72	67	-5 ( -7.3 )	
(Retail Stores – in Stations)	125	133	7 ( 6.0 )	
(Other)	116	117	1 ( 1.4 )	
(Elimination)	-62	-65	-2 —	
Operating Revenues	1,563	1,614	50 ( 3.2 )	
Operating Income	43	40	-3 ( -8.1 )	Increase in costs associated with new openings, etc.
Depreciation and Amortization	39	41	2 ( 5.6 )	
Capital Expenditures	92	141	49 ( 52.9 )	
EBITDA	83	81	-1 ( -1.7 )	

## 2. Segment Information (Real Estate)

(Units: ¥ hundred millions)

	FY2016 Results	FY2017 Forecasts	Change (%)		Change Factors
(Land and Building Leasing)	339	342	2 (	0.9 )	
(Development for Selling by Lots)	139	192	52 (	37.5 )	Increase in renovated property sales, etc.
(Other)	18	21	3 (	19.3 )	
(Elimination)	-83	-82	0	—	
Operating Revenues	413	473	59 (	14.4 )	
Operating Income	93	97	4 (	4.7 )	
Depreciation and Amortization	45	45	0 (	0.4 )	
Capital Expenditures	100	224	123 (	122.7 )	
EBITDA	142	147	4 (	3.2 )	

Ref.: Real Estate Operating Income Details

(Units: ¥ hundred millions)

Land and Building Leasing	89	94	4 (	5.0 )	
Development for Selling by Lots	7	10	3 (	44.3 )	

## 2. Segment Information (Leisure)

(Units: ¥ hundred millions)

	FY2016 Results	FY2017 Forecasts	Change (%)	Change Factors
(Hotels)	489	513	23 ( 4.8 )	Keio Presso Inn new opening, etc.
(Travel Services)	172	185	12 ( 7.3 )	Increase in group travel, etc.
(Advertising Services)	122	123	0 ( 0.5 )	
(Other)	65	67	1 ( 2.6 )	
(Elimination)	-97	-107	-9 —	
Operating Revenues	752	781	28 ( 3.8 )	
Operating Income	67	71	4 ( 5.9 )	
Depreciation and Amortization	37	39	1 ( 4.0 )	
Capital Expenditures	184	119	-64 ( -34.9 )	
EBITDA	105	110	5 ( 5.3 )	

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

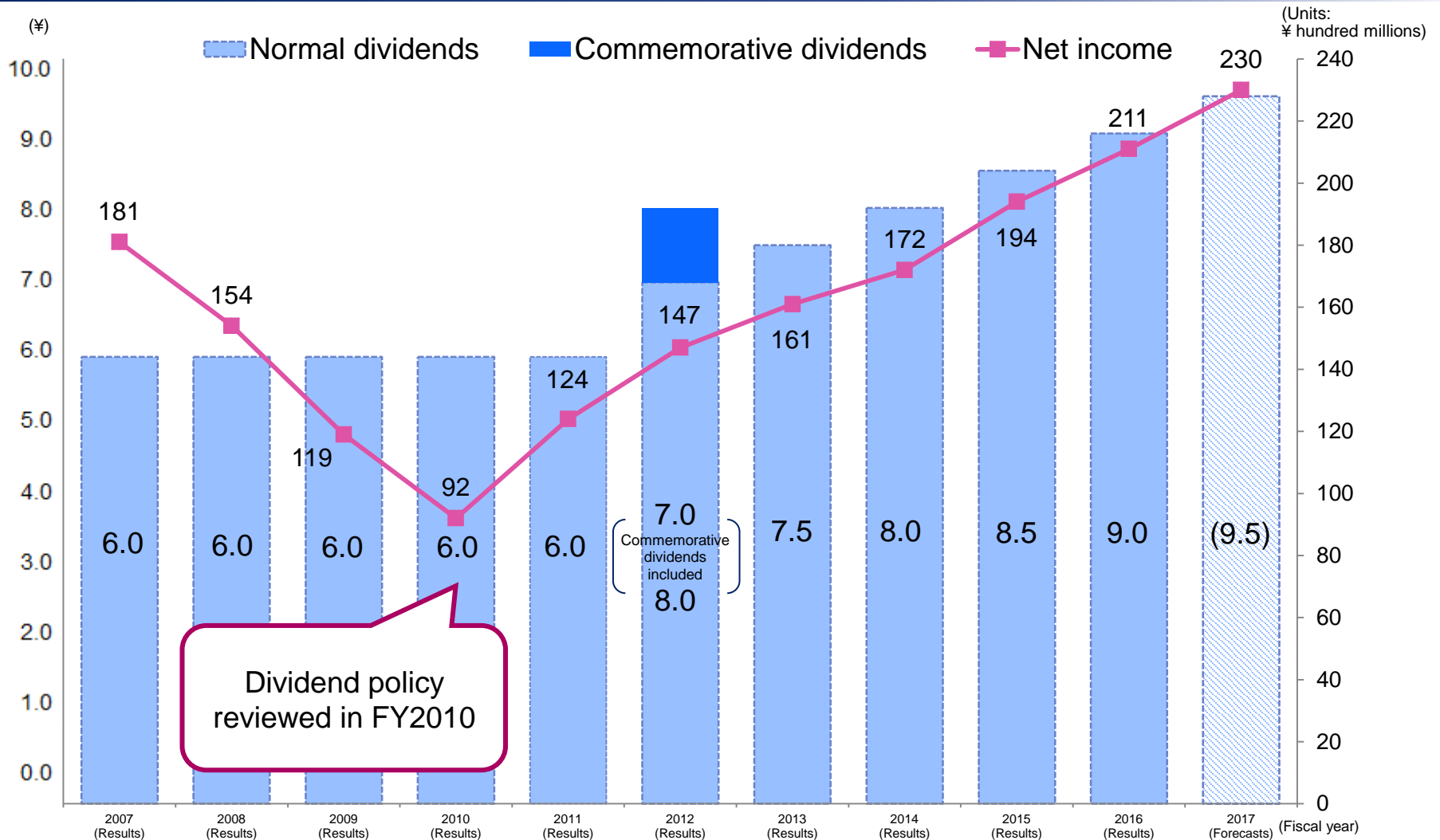
Room Occupancy Rates	79.9%	80.6%	0.7P
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## 2. Segment Information (Other Businesses)

(Units: ¥ hundred millions)

	FY2016 Results	FY2017 Forecasts	Change (%)	Change Factors
(Building Maintenance)	237	241	3 ( 1.6 )	
(Railway Car Maintenance)	102	95	-7 ( -7.2 )	
(Construction)	214	232	17 ( 8.0 )	Increase in construction revenue, etc.
(Other)	75	78	3 ( 4.8 )	
(Elimination)	-32	-26	5 —	
Operating Revenues	597	621	23 ( 3.9 )	
Operating Income	39	49	10 ( 26.0 )	
Depreciation and Amortization	3	3	0 ( 5.3 )	
Capital Expenditures	10	8	-2 ( -20.9 )	
EBITDA	42	53	10 ( 24.4 )	

# 3. Transitions in Consolidated Net Income and Dividends



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

\* Planning to discuss dividends for FY2016 at the 96th Ordinary General Meeting of Shareholders planned for June of this year.

## 4. [Reference] Forecasts for First Half of Year

(Consolidated statements of income, Segment Information)


(Units: ¥ hundred millions)

	Operating Revenues			Operating Income		
	FY2016 H1 Results	FY2017 H1 Forecasts	Change (%)	FY2016 H1 Results	FY2017 H1 Forecasts	Change (%)
Transportation	652	656	3 ( 0.6)	102	98	-4 ( -4.3)
Merchandise Sales	746	767	20 ( 2.7)	20	18	-2 ( -10.3)
Real Estates	187	214	26 ( 14.4)	51	51	0 ( 0.1)
Leisure	383	389	5 ( 1.5)	41	37	-4 ( -10.3)
Other Businesses	214	266	51 ( 24.1)	7	13	6 ( 83.6)
Elimination	-158	-162	-4 —	0	-1	-1 —
<b>Total</b>	<b>2,025</b>	<b>2,130</b>	<b>104 ( 5.1)</b>	<b>224</b>	<b>218</b>	<b>-6 ( -2.8)</b>

(Units: ¥ hundred millions)

	FY2016 H1 Results	FY2017 H1 Forecasts	Change (%)	
Consolidated Ordinary Income	213	205	-8	( -3.9)
Net Income to Parent Company Shareholder	144	136	-8	( -6.2)





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.

