

FY2017 Financial Results (2)

[FY2017 Earnings and 3-Year Medium-Term Management Plan]

— May 8, 2018 —

Keio Corporation
京王電鉄株式会社

Contents

I. Fiscal 2017 Full-Year Earnings



II. 3-Year Medium-Term Management Plan (FY2018–2020)



III. Forecast for FY2018 Earnings



I. Fiscal 2017 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)

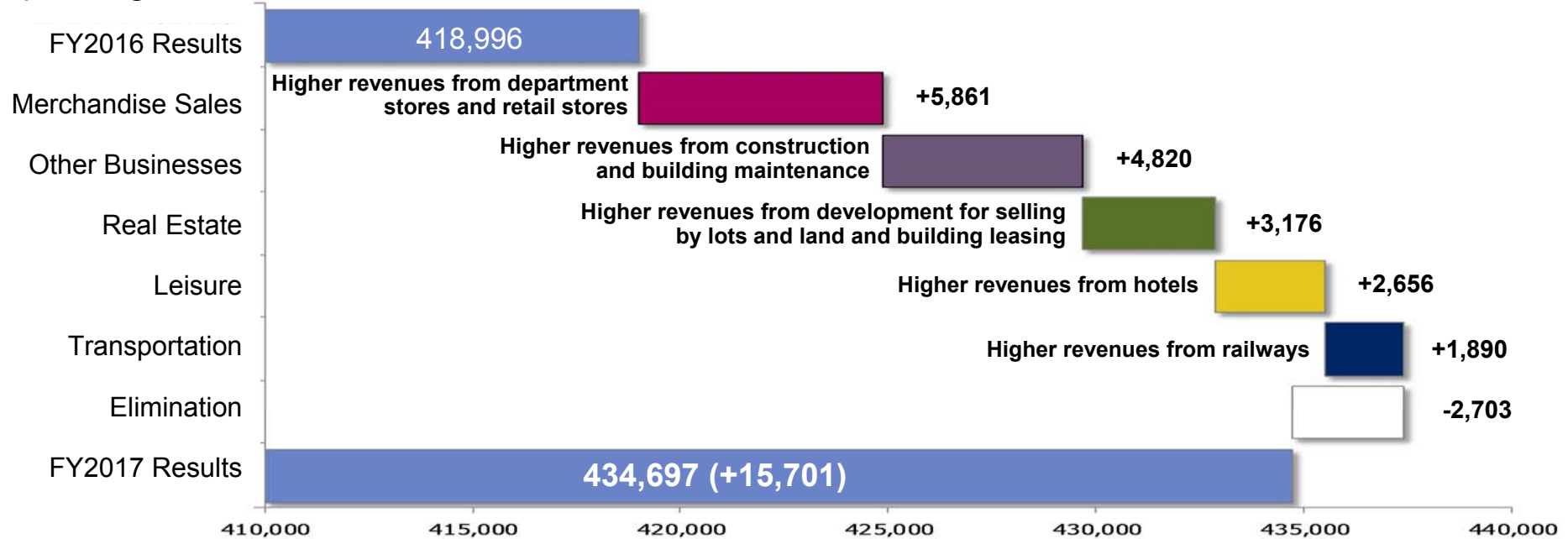
	FY2016 Results	FY2017 Results	Change (%)
Operating Revenues	418,996	434,697	15,701 (3.7)
Operating Profit	37,976	38,537	560 (1.5)
Ordinary Profit	35,285	35,728	443 (1.3)
Profit Attributable to Owners of Parent	21,168	23,897	2,729 (12.9)
EBITDA	73,063	74,802	1,739 (2.4)
Depreciation and Amortization	34,681	35,860	1,178 (3.4)
Capital Expenditures	61,793	72,621	10,828 (17.5)

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

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

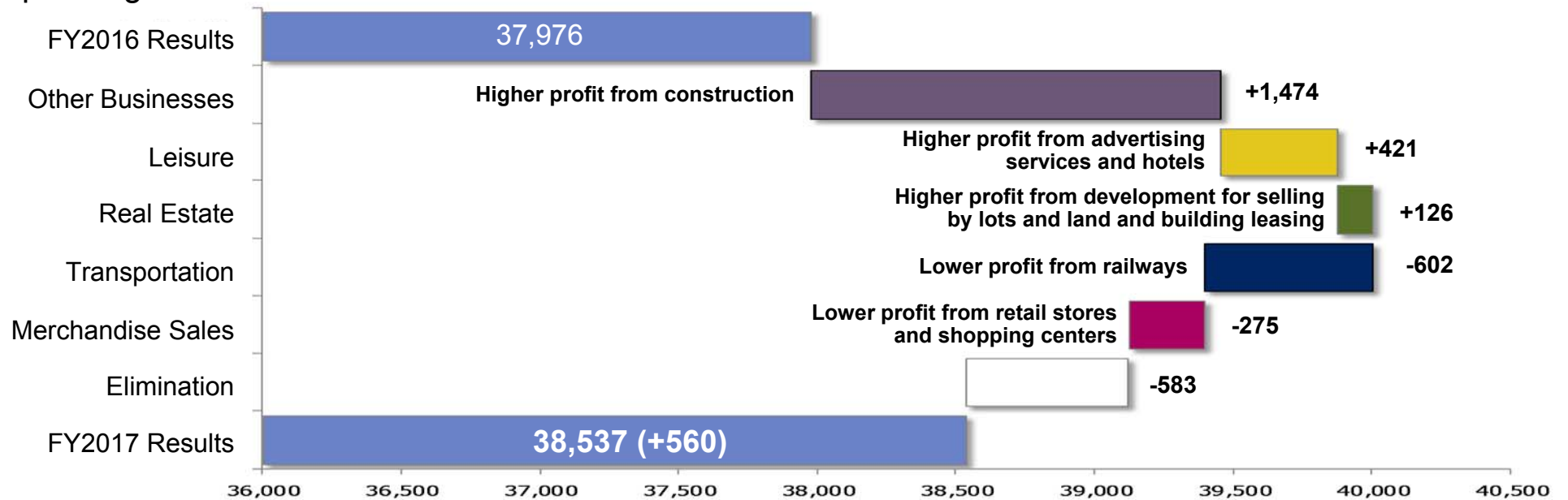
1. Operating Revenues

(Units: ¥ millions)



2. Operating Profit

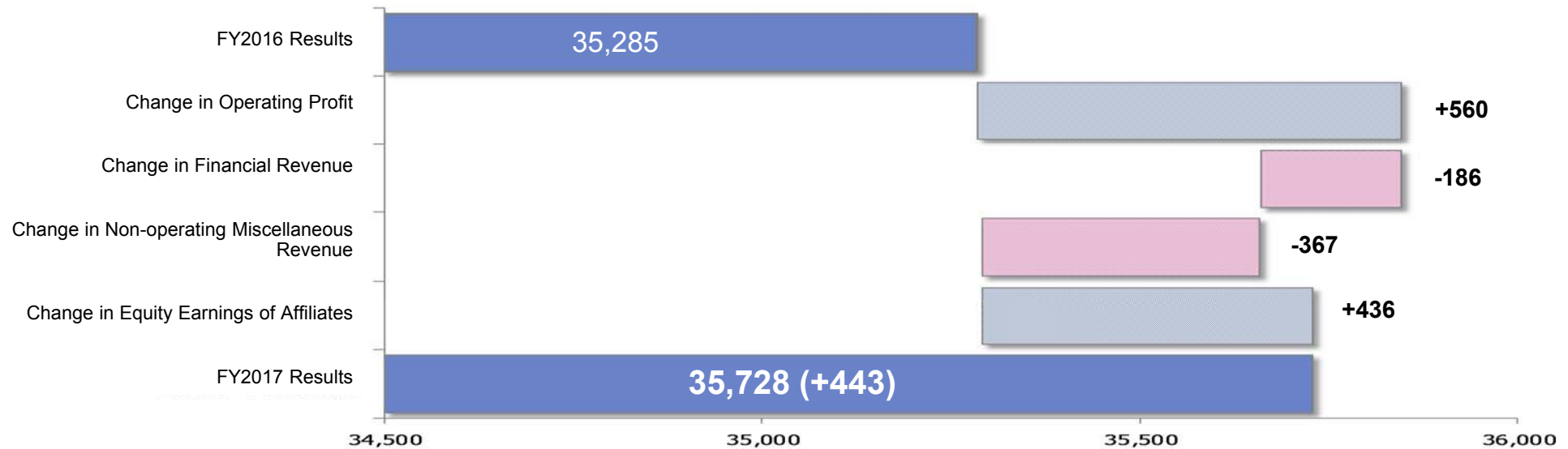
(Units: ¥ millions)



1-3. Ordinary Profit/Profit Change Factors (vs. PY)

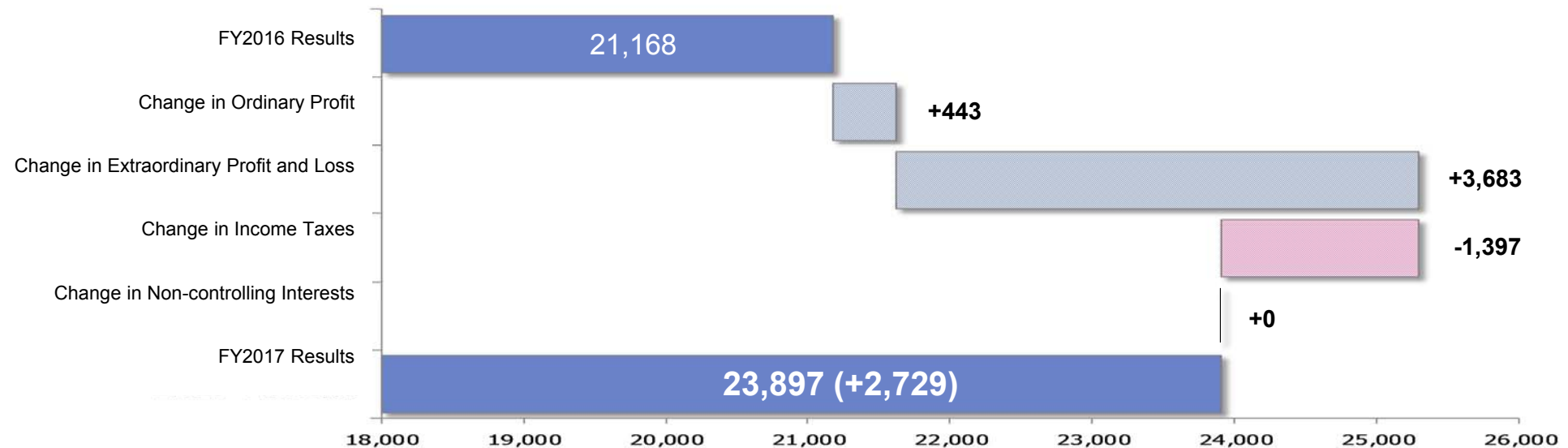
3. Ordinary Profit

(Units: ¥ millions)



4. Profit Attributable to Owners of Parent

(Units: ¥ millions)



2. Consolidated Balance Sheets

(Units: ¥ millions)

	FY2016 Results	FY2017 Results	Change	Change Factors
Total Assets	834,682	889,162	54,480	Increase in property, plant and equipment, etc.
Liabilities	502,661	536,920	34,259	Issuance of bonds (¥40 billion), etc.
Net Assets	332,020	352,241	20,221	Booking of Profit Attributable to Owners of Parent, etc.
Total Liabilities and Net Assets	834,682	889,162	54,480	
Interest-Bearing Debt	328,584	352,181	23,597	

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

3. Consolidated Statements of Cash Flows

(Units: ¥ millions)

	FY2016 Results	FY2017 Results	Change	Change Factors
Net Cash Provided by (used in) Operating Activities	49,440	62,713	13,273	Increase in income before income taxes and minority interests, etc.
Net Cash Provided by (used in) Investing Activities	-65,908	-71,267	-5,359	Cash used in property, plant and equipment, and in intangible assets, etc.
Net Cash Provided by (used in) Financing Activities	-16,642	17,384	34,026	Cash provided by issuance of bonds, etc.
Cash and Cash Equivalents at End of Period	56,067	64,469	8,402	

4. Segment Information (Corporate Composition)

Consolidated

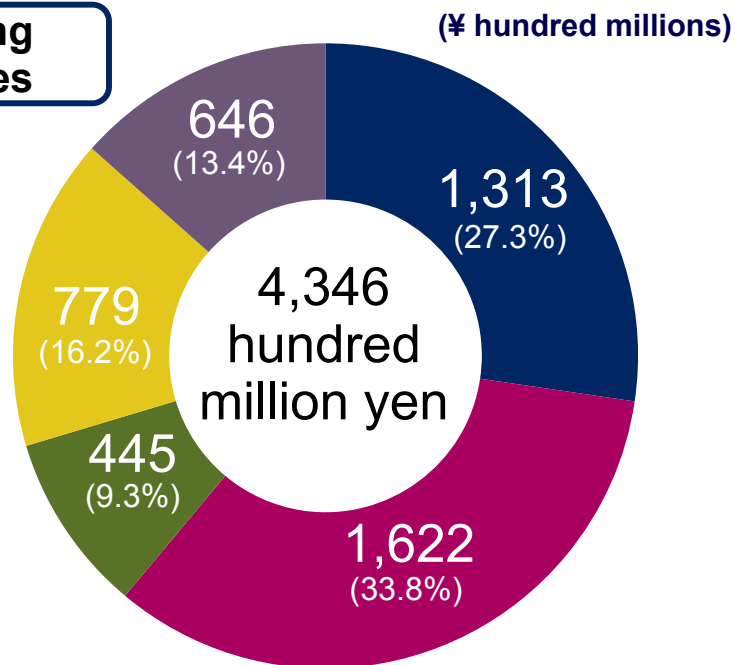
48 Companies as of the end of Mar. 2018

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

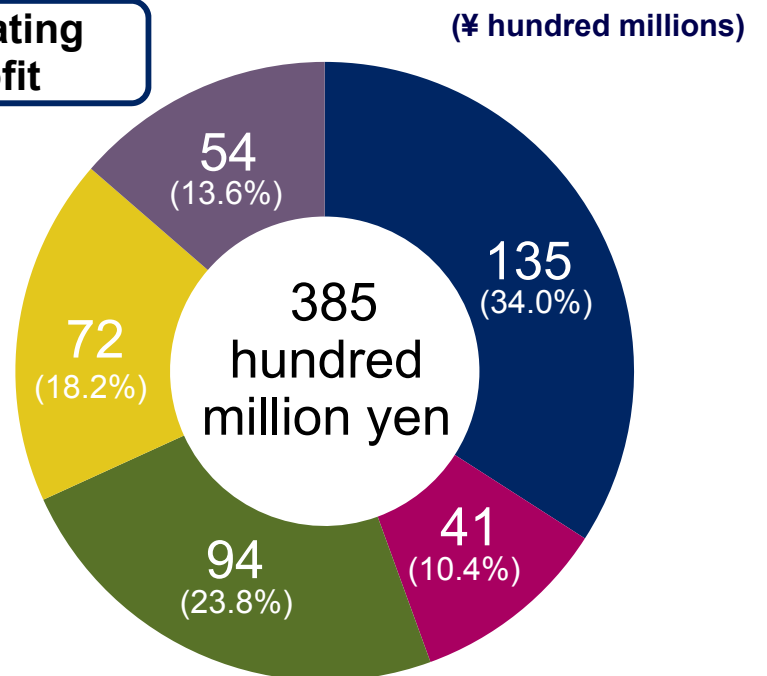
Transportation	Merchandise Sales	Real Estate	Leisure	Other Businesses
Keio Corporation Keio Dentetsu Bus Keio Jidousha 14 others	Keio Department Store Keio Store Keio Shoseki Hanbai Five others	Keio Corporation Keio Realty & Development ReBITA Three others	Keio Plaza Hotel Keio Travel Agency Keio Prelia Hotel Kyoto Five others	Keio Setsubi Service Keio Juuki Seibi Keio Construction Nine others

FY2017

Operating Revenues



Operating Profit



Note: Segment figures include intersegment amounts and ratios.

4. Segment Information (Transportation-1)

(Units: ¥ millions)

	FY2016 Results	FY2017 Results	Change (%)	Change Factors
(Railways)	84,558	86,057	1,499 (1.8)	See next page
(Bus services)	35,035	35,667	631 (1.8)	Higher revenue from local routes, charter services, etc.
(Taxi services)	13,185	12,926	-259 (-2.0)	
(Others)	2,641	2,599	-41 (-1.6)	
(Elimination)	-5,933	-5,873	60 —	
Operating Revenues	129,487	131,378	1,890 (1.5)	
(Railways)	11,196	10,634	-562 (-5.0)	See below
(Bus services)	2,232	2,308	75 (3.4)	
Operating Profit	14,118	13,516	-602 (-4.3)	
Depreciation and Amortization	22,372	23,313	941 (4.2)	
Capital Expenditures	22,730	32,829	10,099 (44.4)	
EBITDA	36,491	36,829	338 (0.9)	

- Railways change factors:
While revenue increased, profit declined because of an increase in depreciation and amortization and repairs expenses

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

(Units: Thousands of people, ¥ millions)

		FY2016 Results	FY2017 Results	Change (%)		Change Factors
Passengers Transported (thousands of people)	Commuter-pass	390,503	396,434	5,931	(1.5)	Increase resulting from improvement in employment conditions, etc.
	(Business)	296,359	302,563	6,204	(2.1)	
	(Student)	94,144	93,871	-273	(-0.3)	
	Non-Commuter-Pass	269,824	273,808	3,984	(1.5)	Increase in visitors to facilities along rail lines, etc. (see below)
	Total	660,327	670,242	9,915	(1.5)	
Passenger Revenues (¥ millions)	Commuter-Pass	35,146	35,782	636	(1.8)	
	(Business)	31,449	32,099	649	(2.1)	
	(Student)	3,696	3,683	-12	(-0.3)	
	Non-Commuter-Pass	46,071	46,751	680	(1.5)	
	Total	81,217	82,534	1,317	(1.6)	

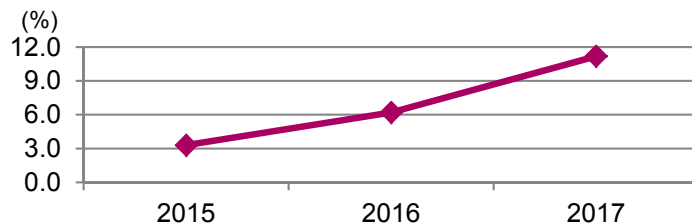
- The main line-side facilities that contributed to the increase in non-commuter-pass passengers
Trie Keio Chofu (Chofu Station, opened in Sep 2017), Ajinomoto Stadium (Tobitakyu Station), Musashino Forest Sport Plaza (Tobitakyu Station, opened in Nov 2017)

4. Segment Information (Merchandise Sales)

(Units: ¥ millions)

	FY2016 Results	FY2017 Results	Change (%)	Change Factors
(Department Stores)	84,854	88,356	3,501 (4.1)	Favorable inbound sales, etc. (see below)
(Retail Stores)	46,389	48,462	2,073 (4.5)	Contributions of newly opened and re-opened stores, etc. (see below)
(Retail Stores for Books)	7,224	6,609	-614 (-8.5)	
(Shopping Centers)	12,553	13,478	924 (7.4)	Impact of opening Trie Keio Chofu, etc.
(Others)	11,603	11,618	14 (0.1)	
(Elimination)	-6,251	-6,290	-38 —	
Operating Revenues	156,373	162,235	5,681 (3.7)	
(Department Stores)	840	1,020	180 (21.5)	
(Retail Stores)	736	466	-270 (-36.7)	
Operating Profit	4,389	4,113	-275 (-6.3)	
Depreciation and Amortization	3,918	3,943	25 (0.6)	
Capital Expenditures	9,274	11,795	2,520 (27.2)	
EBITDA	8,308	8,057	-250 (-3.0)	

Keio Department Store
(Shinjuku store)
Trends in tax-free sales rate



Rate of change in operating revenues among retails stores(vs. PY)

Supermarkets	+4.2%
(existing stores)	-0.5%
Convenience stores / retail stores	+4.8%

4. Segment Information (Real Estate)

(Units: ¥ millions)

	FY2016 Results	FY2017 Results	Change (%)	Change Factors
(Land and Building Leasing)	33,951	34,743	791 (2.3)	Increase in building leasing, etc.
(Development for selling by lots)	13,973	16,451	2,477 (17.7)	Increase in renovated property sales, etc. (see below)
(Others)	1,823	2,113	289 (15.9)	
(Elimination)	-8,359	-8,742	-382 —	
Operating Revenues	41,389	44,565	3,176 (7.7)	
(Land and Building Leasing)	8,999	9,280	281 (3.1)	
(Development for selling by lots)	642	1,038	396 (61.8)	
Operating Profit	9,318	9,445	126 (1.4)	
Depreciation and Amortization	4,529	4,502	-27 (-0.6)	
Capital Expenditures	10,064	19,061	8,996 (89.4)	
EBITDA	14,253	14,352	99 (0.7)	

Property sold in development for selling by lots business (unit: housing units)

Property type/Year	FY2016	FY2017	Change
Renovated Property	222	263	+ 41
Investment Condo	20	4	- 16
Other (detached house, apartment building)	12	—	- 12

4. Segment Information (Leisure)

(Units: ¥ millions)

	FY2016 Results	FY2017 Results	Change (%)	Change Factors
(Hotels)	48,955	51,428	2,472 (5.1)	See below
(Travel Services)	17,244	17,865	621 (3.6)	Increase in group travel orders, etc.
(Advertising Services)	12,283	12,500	216 (1.8)	
(Others)	6,533	6,634	100 (1.5)	
(Elimination)	-9,758	-10,513	-755 —	
Operating Revenues	75,258	77,914	2,656 (3.5)	
(Hotels)	5,964	6,062	98 (1.7)	
Operating Profit	6,784	7,206	421 (6.2)	
Depreciation and Amortization	3,752	4,014	262 (7.0)	
Capital Expenditures	18,416	9,546	-8,870 (-48.2)	
EBITDA	10,536	11,221	684 (6.5)	

Contributions from Keio Plaza Hotel (Shinjuku)

- Room unit price improved again this year

(Full-year contribution of Premier Grand, a premium club floor opened in Dec 2016)

Contributions from Keio Presso Inn

- Existing locations (9): Room occupancy rates improved alongside room unit price
- New locations (2): Tokyo Station Yaesu (from Aug 2017), Hamamatsucho (from Dec 2017)

4. Segment Information (Other Businesses)

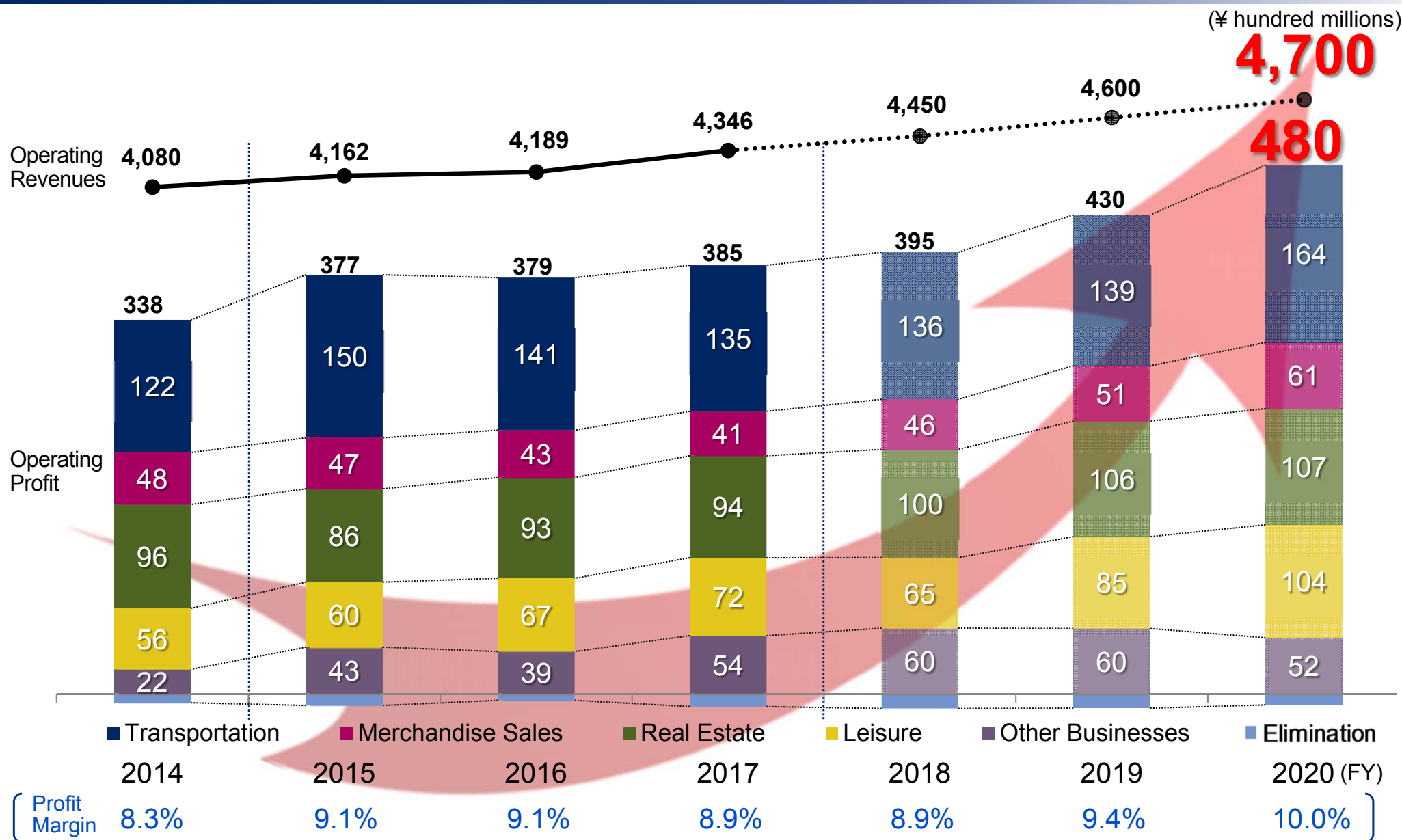
(Units: ¥ millions)

	FY2016 Results	FY2017 Results	Change (%)	Change Factors
(Building Maintenance)	23,758	25,367	1,609 (6.8)	Increase in maintenance orders
(Railway Car Maintenance)	10,264	10,499	234 (2.3)	
(Construction)	21,479	23,335	1,855 (8.6)	Increase in construction revenue, etc.
(Others)	7,526	7,838	311 (4.1)	
(Elimination)	-3,231	-2,422	808 —	
Operating Revenues	59,796	64,616	4,820 (8.1)	
Operating Profit	3,936	5,410	1,474 (37.5)	
Depreciation and Amortization	330	346	15 (4.8)	
Capital Expenditures	1,055	500	-554 (-52.6)	
EBITDA	4,266	5,756	1,490 (34.9)	

II. 3-Year Medium-Term Management Plan (FY2018–2020)

1. Management Targets
2. Key Policies
 - (1) Strengthen Profitability of Existing Businesses
 - (2) Establish Revenue Base in Growth Fields
3. Investment Projects
4. Projections (FY2020 vs. FY2017)

1. Management Targets



Operating Revenues and Operating Profit to reach **record level** by **fiscal 2020**

2-(1) Strengthen Profitability of Existing Businesses: Railways (Operating Revenues)

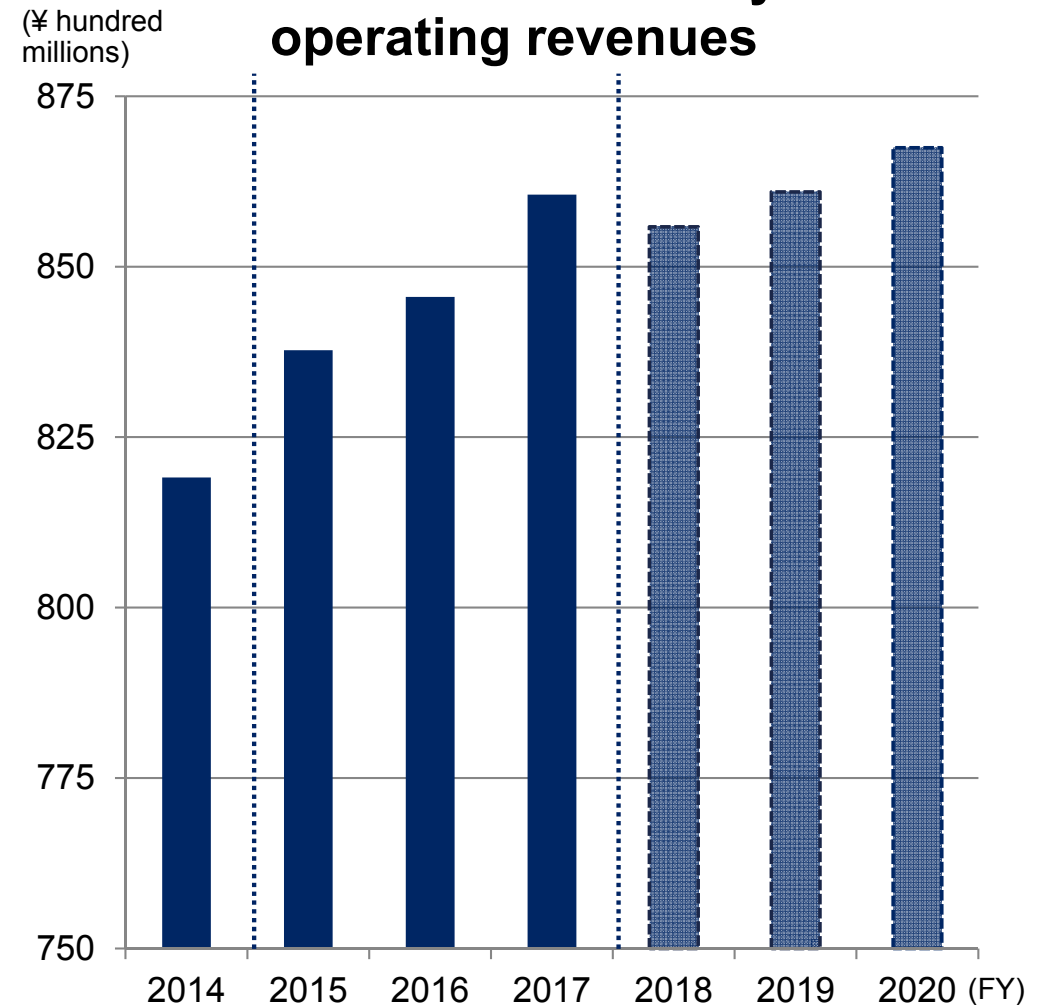
Conditions underpinning railway operating revenues (ridership)

- Larger neighborhood populations (especially in the 23 wards)
- Better employment conditions
- Revised timetable (as of Feb 2018)
- New Keio Liner train with reserved seating (introduced in Feb 2018)
- New facilities along rail lines
- Lower surcharges for the Sagami Line (reduced in Mar 2018)



FY2020 will see record high railway operating revenues

Forecasts for railway operating revenues



2-(1) Strengthen Profitability of Existing Businesses: Railways (Keio Liner, Revised Timetable)

New Keio Liner train with reserved seating starts services

Outline

- Date of service start: Feb 22, 2018
- Reserved seating surcharge: ¥400
- Seats per car: 438
- Trains in service: 10 5-car trains
- Capital invested: Approx. ¥10 billion

Stop-stations



➔ Expand service hours to achieve further revenue

Keio Line timetable revised (Feb 22, 2018)

Weekday mornings

- More inbound semi-special express services



Shorter travel times

Weekday evenings

- More outbound semi-special express services



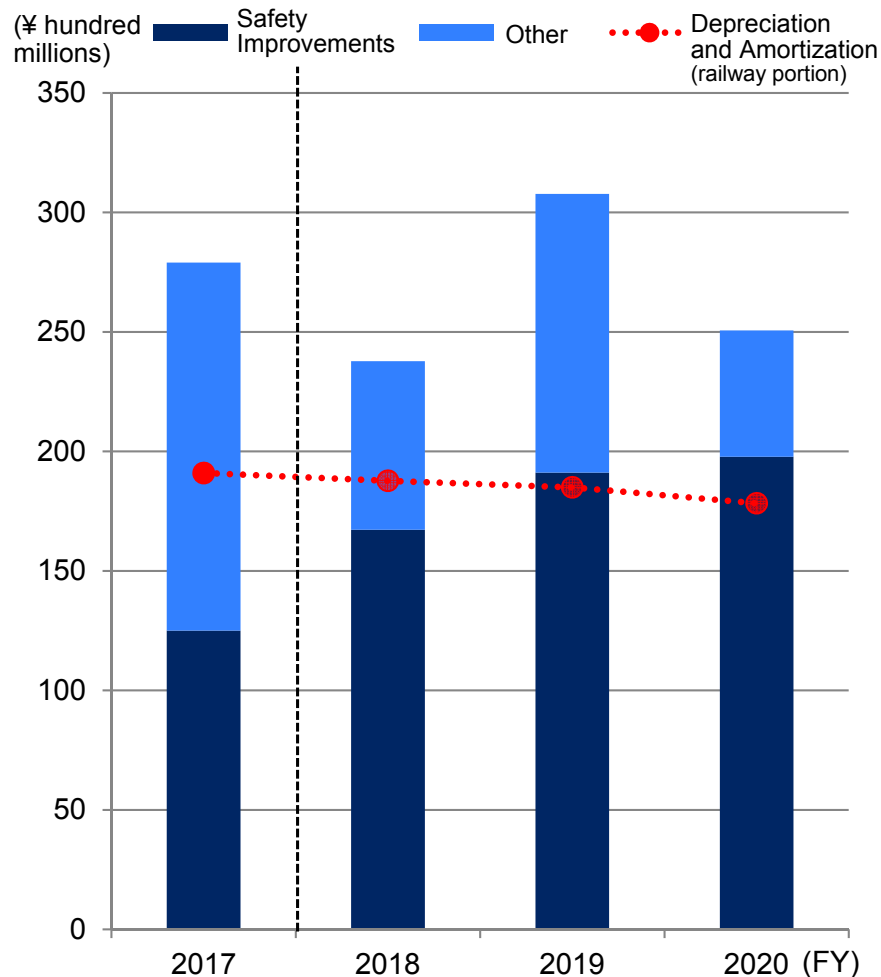
Easier to transfer from
Toei Shinjuku Line

➔ Make travel quicker and easier to further increase ridership

2-(1) Strengthen Profitability of Existing Businesses: Railways (Investment Plan)

Ensuring railway safety is our greatest duty as well as our greatest service. Guided by this principle, we are constructing grade crossings and elevated lines along the Keio Line (between Sasazuka and Sengawa stations) while working to **improve safety**, such as by enacting measures against natural disasters and terrorist incidents.

Trends in railway investment



Key safety-improving investments

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

Expected effects

- Scrapping of 25 crossings
 - No more crossing = **Better road and rail safety**
 - No more waiting at crossing = **Helps ease congestion**

■ Anti-disaster measures

- Ongoing anti-earthquake strengthening work in elevated sections, embankment sections, and Shinjuku tunnel
- Measures against torrential rain and lightning

■ Platform safety

- Installation of platform doors (Shinsen Shinjuku, Shibuya, and Tobitakyu stations)

Ongoing investments to ensure high safety levels

Other investments

■ Service improvements

- Installation of elevators, escalator enhancement

■ Energy efficiency

- Renewal of 8kw and 1kw inverters

2-(1) Strengthen Profitability of Existing Businesses: Merchandise Sales

Future business environment

E-commerce and other structural change in distribution

Lifestyles more diverse

Harder to secure workforce

Lower neighborhood population

Decreasing birthrate and aging population

More visitors from overseas

Basic strategy for overall distribution network in run-up to FY2020

- ✓ Fully capitalize on local station needs
- ✓ Strengthen food and drink sales, catering to new lifestyles
- ✓ Streamline management of existing businesses and stores

Key actions in each business

Department stores

- Renovate sales spaces to increase competitiveness
- Take steps to expand inbound sales
- Expand e-commerce, satellite, and apparel businesses



NEWYORK PERFECT CHEESE (department store debut)

Large-scale renovation of food floor from spring to autumn, 2018

Shopping centers

- Full-year contribution of Trie Keio Chofu
- Press ahead with renovation of Seiseki Sakuragaoka Shopping Center, Keio Fuchu Shopping Center, and Kirarina Keio Kichijoji, etc.



Keio Fuchu Shopping Center

Phased opening from January to autumn, 2018

Retail stores

- Develop new business format, restructure business
- Boost productivity to compensate for labor shortfall
- Open new stores



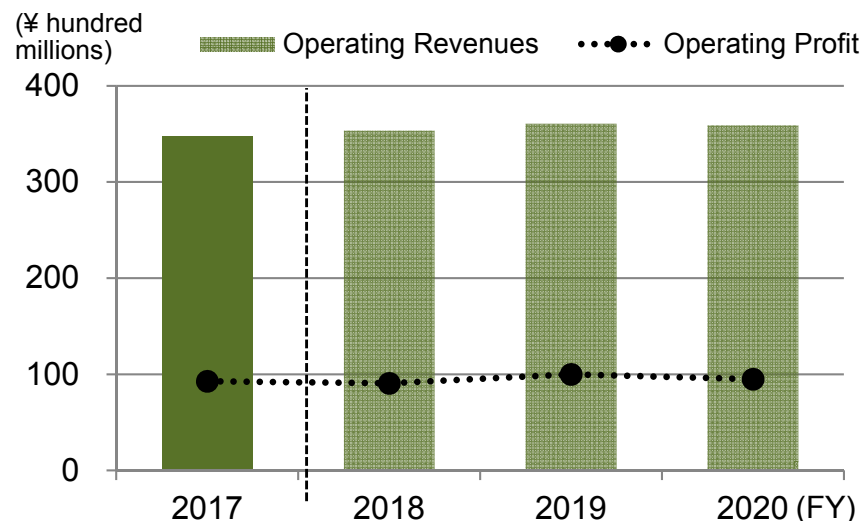
Keio Store Express Meidaimae

Opened in November 2017, mini-supermarket model established

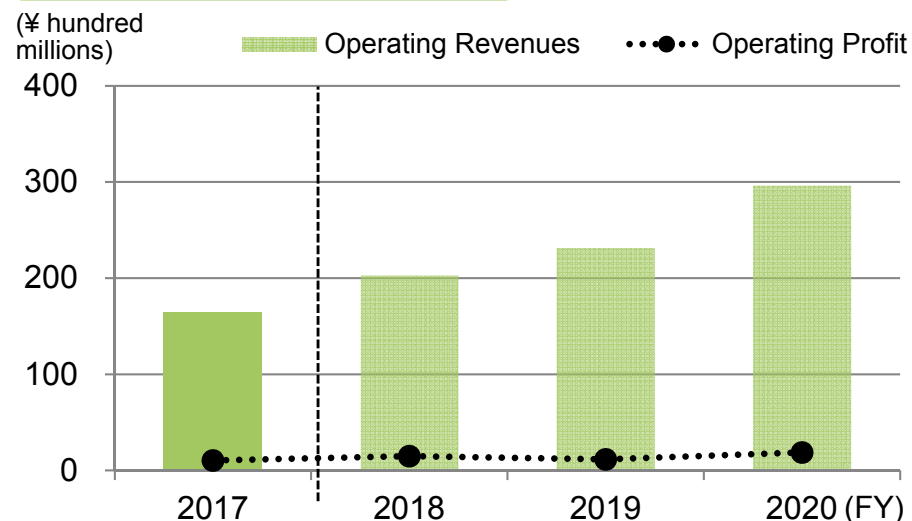
2-(1) Strengthen Profitability of Existing Businesses: Real Estate (Overall)

The land and building leasing business will boost profitability among its existing businesses while expanding the revenue base of development for selling by lots

Land and building leasing



Development for selling by lots



Key actions in each business

Land and building leasing

<Using existing assets>

- Improve asset's product value by changing its use or renovating it
- Improve occupancy rates in existing properties
- Analyze lifecycle costs with view to increasing efficiency

<Other actions>

- Develop vacation rentals
- Promote Compact City

Development for selling by lots

<Renovated property>

- Expand detached house sales while also focusing on condominium and unit sales
- Strengthen sales of high-price and value-added properties
- Restructure products to reflect new family structures and lifestyles

<Investment condominiums>

- Acquire commercial land and in-use property quicker. Expand customer base by establishing a business foundation for targeting wealthy segment.

<Other actions>

- Make use of under-used corporation-owned land

2-(2) Establish Revenue Base in Growth Fields: Real Estate (Vacation Rental Businesses)

We will use vacation rentals to develop new lodging options that cater to diversified lodging styles.



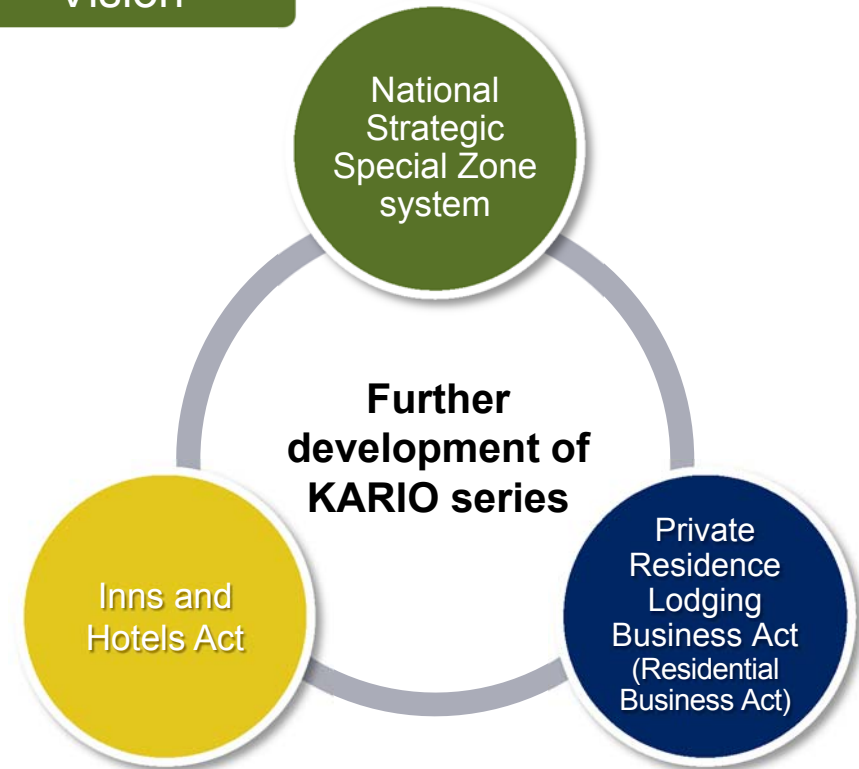
KARIO KAMATA (Kamata Ota City)

KARIO has proved popular among inbound tourists

From April this year, it started offering 2-night stays

➡ Even better occupancy rates

Vision



Develop vacation rental zones encompassing line-side rental property, taking into consideration local features and legislation.

Vacation rentals will help solve the problem of vacant properties and thus further enliven line-side communities.

2-(2) Establish Revenue Base in Growth Fields: Real Estate (Shared-Type Hotel Complex)

To respond to lodging needs and expanded price ranges, we will diversify the hotel menu, leveraging our expertise in the renovation business



Location 5: RAKURO Kyoto (opened in May 2018)

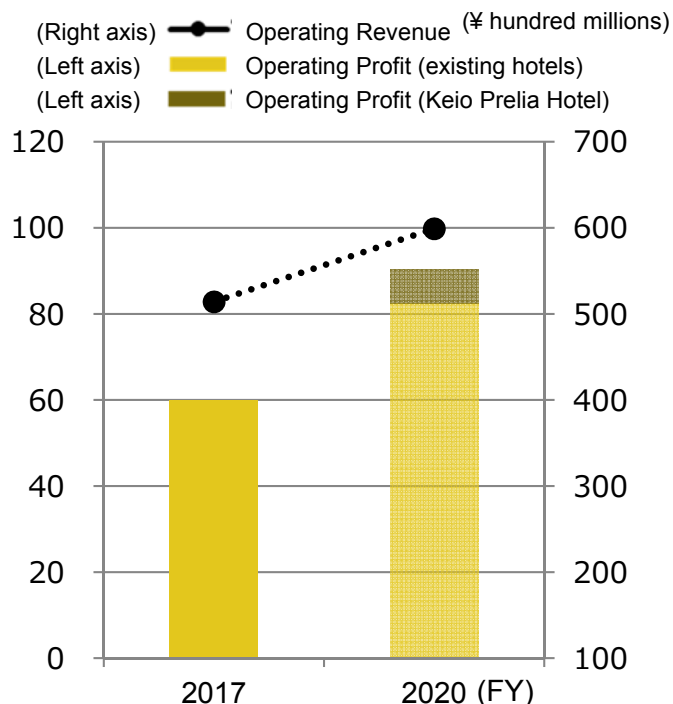


Location	Kyoto City
Total rooms	Private type: 56 rooms
Capacity	166 persons
Access	2 minute walk from Marutamachi Station (Karasuma Line, Kyoto subway)

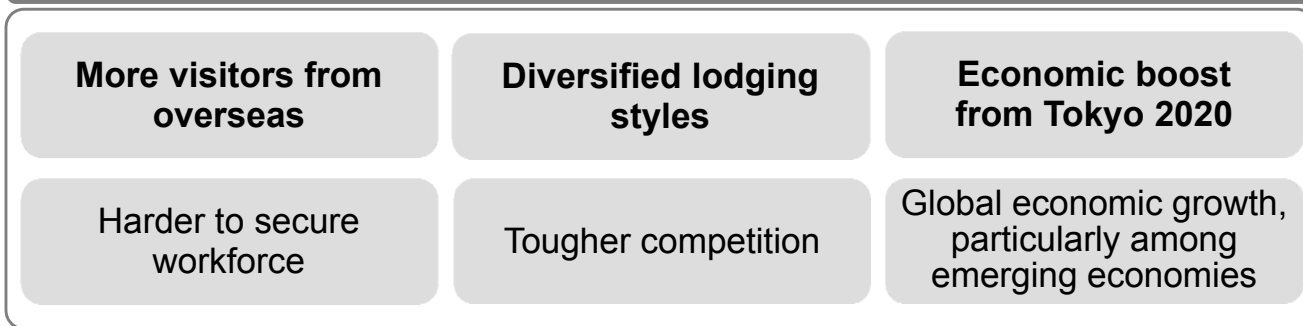


2-(2) Establish Revenue Base in Growth Fields: Hotels

<Outlook for Hotel Operating Profit>



Future business environment



Basic strategy for hotels as a whole in run-up to FY2020

- ✓ Cater to diversified needs by offering a more diverse hotel menu for all price bands
- ✓ Develop new business formats in promising markets including Kyoto, Sapporo, Takayama, and Myanmar

Key actions in each hotel brand

Keio Plaza Hotel (General urban hotel)

- Renovate rooms of main building
- Attract visitors from Europe, America, and Australia, and wealthy visitors from emerging economies

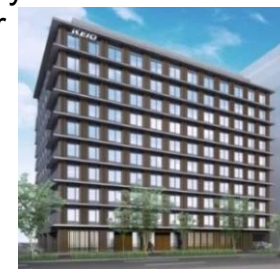
- Maximize revenue by capitalizing on 2019 Rugby World Cup and Tokyo 2020

Keio Presso Inn (Budget hotel specialized in lodging)

- Renovate rooms to enhance their appeal
- Attract overseas visitors

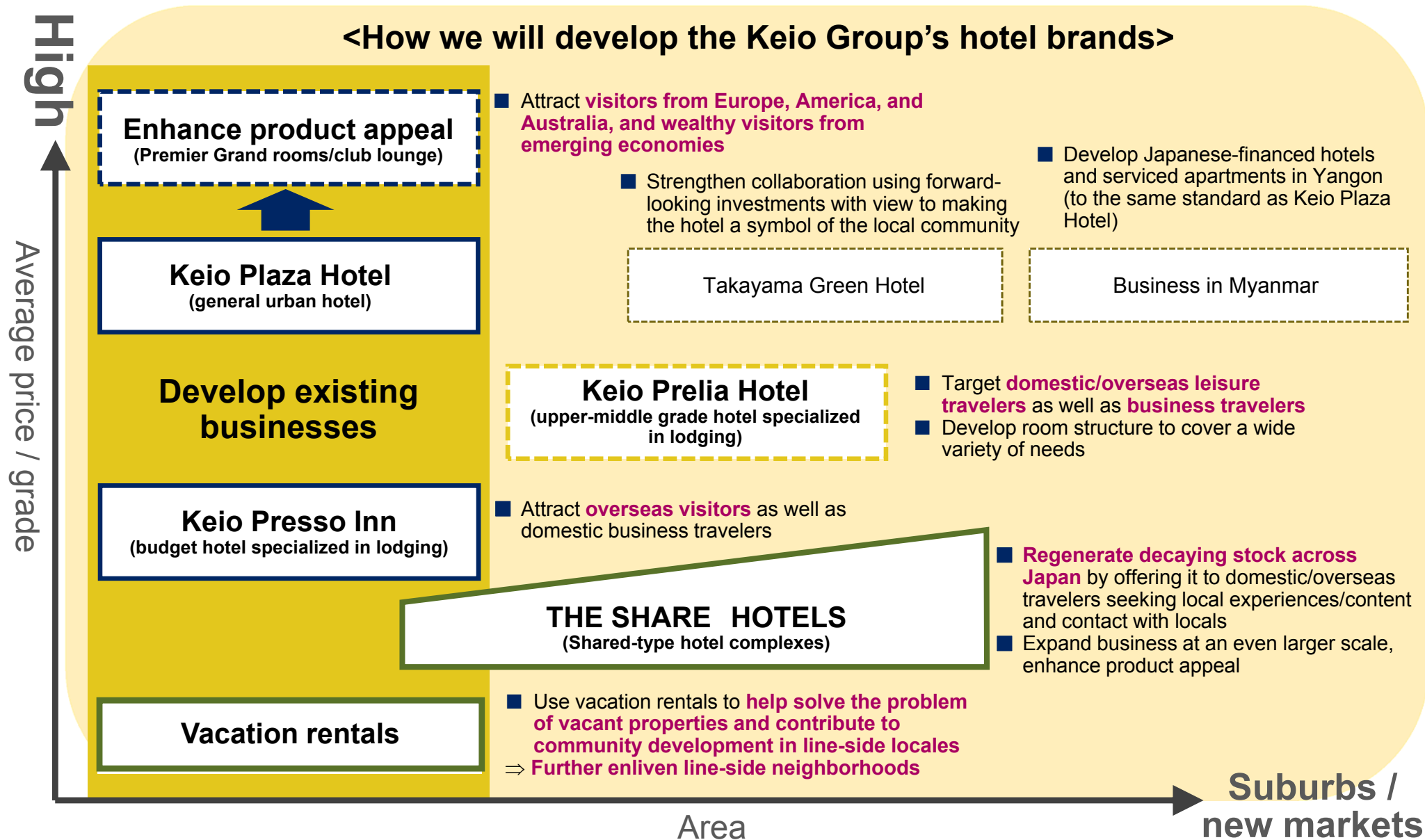
Keio Prelia Hotel (Upper-middle grade hotel specialized in lodging)

- Open location in Kyoto in autumn 2018, and another in Sapporo in summer 2019
- Develop plans to open more hotels



Keio Prelia Hotel Kyoto Karasuma Gojo (tentative name): Exterior image

2-(2) Establish Revenue Base in Growth Fields: Hotels



3. Investment Projects

	FY2018	FY2019	FY2020	Later
Improve safety/profitability				
Keio Line (between Sasazuka and Sengawa stations) grade crossings/elevated lines	Acquire development-land and conduct construction work			
Improve safety	Conduct anti-earthquake strengthening work and other anti-disaster measures Improve platform safety			
Improve profitability	Expand reserved-seating services Prepare environment to accommodate overseas visitors			
Revitalize line-side areas				
Success of Facilities along Rail Lines	<Redevelopment of Shinjuku Station area> Continue developing future plans			
	<Development of other station areas>		Develop elevated section at Shimokitazawa	
Improve profitability of existing businesses	Develop revenue-boosting strategies reflecting commercial composition (trading businesses, offices, etc.) Renovate Keio Fuchu Shopping Center and Kirarina Keio Kichijoji			
Improve profitability of services for users in line-side neighborhoods	Develop satellite offices	Continue to develop and execute plans for parenting/senior-citizen businesses Expand and increase profitability of home-cleaning service, mobile shop, etc.		
Establish revenue base in growth fields				
Develop hotel brands	Keio Prelia Hotel Kyoto Karasuma Gojo (tentative name) to open in autumn 2018	Keio Prelia Hotel Sapporo (tentative name) to open in summer 2019	Develop plans to open more Keio Prelia Hotels	
	New Shared-type hotel complex (location 5) (May, Kyoto) Expand vacation rentals	Expand shared-type hotel complexes (10 new locations by FY 2020)		
		Takayama Green Hotel to be renovated and re-opened in March 2020	Develop hotels and serviced apartments in Myanmar	
Capital Expenditures	(713 hundred millions of yen)	(712 hundred millions of yen)	(573 hundred millions of yen)	3-year total (1,999 hundred millions of yen)

4. Projections (FY2020 vs. FY2017)

(Units: ¥ hundred millions, %)

	Operating Revenues			Operating Profit		
	FY2017 Results	FY2020 Plan	Change (%)	FY2017 Results	FY2020 Plan	Change (%)
Transportation	1,313	1,332	18 (1.4)	135	164	29 (21.9)
Merchandise Sales	1,622	1,699	76 (4.7)	41	61	20 (48.7)
Real Estate	445	593	147 (33.1)	94	107	13 (13.9)
Leisure	779	873	94 (12.1)	72	104	32 (45.0)
Other Businesses	646	681	35 (5.4)	54	52	-1 (-3.6)
Elimination	-460	-479	-19 —	-11	-10	1 —
Total	4,346	4,700	353 (8.1)	385	480	94 (24.6)

(Units: ¥ hundred millions, %)

	FY2017 Results	FY2020 Plan	Change (%)
Profit Margin	8.9	10.0	1.1P
Attributable to Parent Company Shareholders	238	300	61 (25.5)

III. Forecast for FY2018 Earnings

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

1. Consolidated Statements of Income

(Units: ¥ hundred millions)

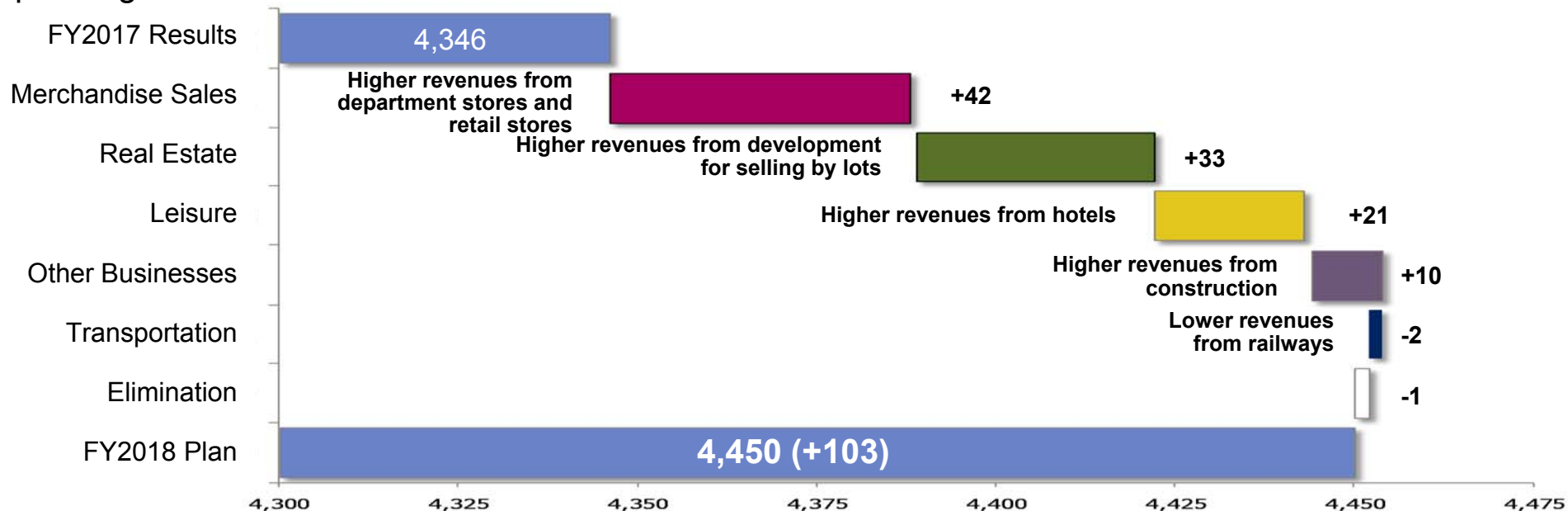
	FY2017 Results	FY2018 Plan	Change (%)
Operating Revenues	4,346	4,450	103 (2.4)
Operating Profit	385	395	9 (2.5)
Profit Attributable to Owners of Parent	238	257	18 (7.5)
EBITDA	748	765	16 (2.3)
(Depreciation and Amortization)	(358)	(364)	(6) (1.7)
Profit Margin	8.9	8.9	0.0P
ROA	4.1	4.3	0.2P
Capital Expenditures	726	713	-13 (-1.8)

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

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

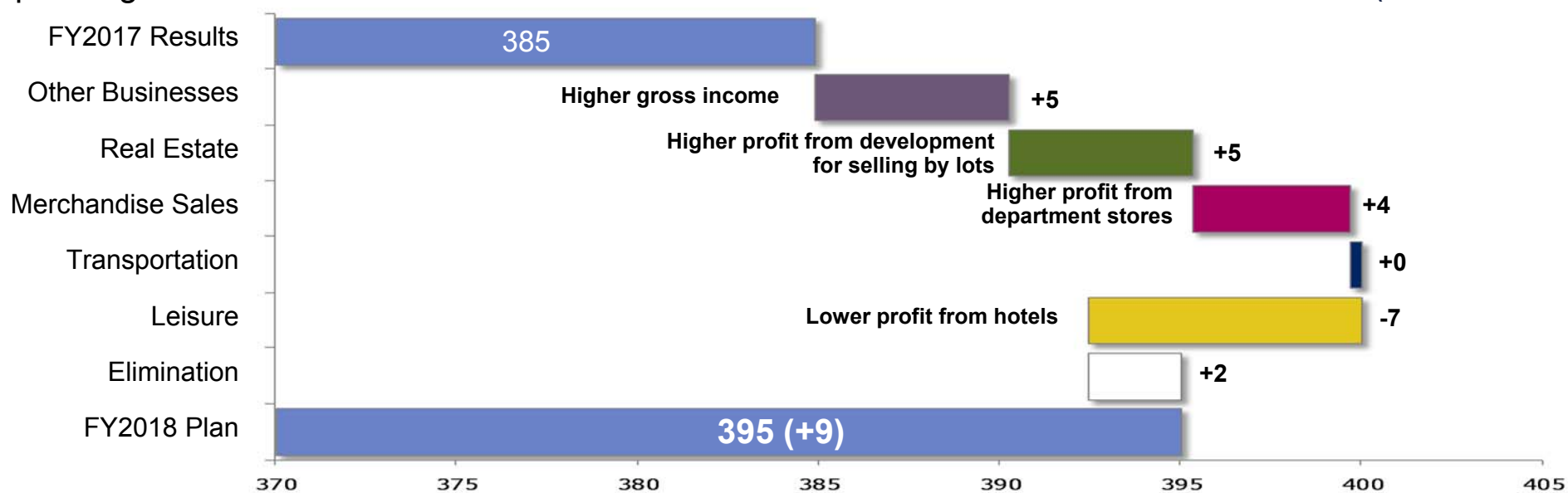
1. Operating Revenues

(¥ hundred millions)



2. Operating Profit

(¥ hundred millions)



2. Segment Information (Transportation-1)

(Units: ¥ hundred millions)

	FY2017 Results	FY2018 Plan	Change (%)	Change Factors
(Railways)	860	855	-4 (-0.5)	See next page
(Bus services)	356	358	1 (0.4)	
(Taxi services)	129	131	1 (1.4)	
(Others)	25	25	-0 (-1.5)	
(Elimination)	-58	-58	-0 —	
Operating Revenues	1,313	1,311	-2 (-0.2)	
(Railways)	106	109	3 (3.1)	Decrease in depreciation and amortization and other expenses
(Bus services)	23	16	-6 (-28.8)	Increase in fuel costs and other expenses
Operating Profit	135	136	0 (0.6)	
Profit Margin	10.3	10.4	0.1P	
Depreciation and Amortization	233	231	-1 (-0.7)	
Capital Expenditures	328	298	-30 (-9.2)	
EBITDA	368	367	-0 (-0.2)	

2. Segment Information (Transportation-2 [Railway Transportation Results])

(Units: Thousands of people, ¥ millions)

		FY2017 Results	FY2018 Plan	Change (%)		Change Factors
Passengers Transported (thousands of people)	Commuter-pass	396,434	398,567	2,133	(0.5)	Increase in neighborhood population, etc.
	(Business)	302,563	304,941	2,378	(0.8)	
	(Student)	93,871	93,626	-245	(-0.3)	
	Non-Commuter-pass	273,808	275,274	1,466	(0.5)	Increase in neighborhood population, etc.
	Total	670,242	673,841	3,599	(0.5)	
Passenger Revenues (¥ millions)	Commuter-Pass	35,782	35,394	-388	(-1.1)	
	(Business)	32,099	31,817	-281	(-0.9)	
	(Student)	3,683	3,576	-107	(-2.9)	
	Non-Commuter-Pass	46,751	46,329	-422	(-0.9)	
	Total	82,534	81,723	-810	(-1.0)	

- Ridership will generally increase thanks to a **larger neighborhood population** and improved employment conditions. However, passenger revenue will decline, reflecting the decreased **surcharges for the Sagami Line**.

2. Segment Information (Merchandise Sales)

(Units: ¥ hundred millions)

	FY2017 Results	FY2018 Plan	Change (%)	Change Factors
(Department Stores)	883	907	23 (2.7)	Renovation of sales spaces, etc.
(Retail Stores)	484	505	20 (4.3)	New openings, etc.
(Retail Stores for Books)	66	60	-5 (-9.0)	
(Shopping Centers)	134	141	6 (5.1)	Full-year contribution of Trie Keio Chofu, etc.
(Others)	116	121	5 (4.7)	
(Elimination)	-62	-70	-7 —	
Operating Revenues	1,622	1,665	42 (2.6)	
(Department Stores)	10	12	2 (25.4)	
(Retail Stores)	4	3	-0 (-15.1)	
Operating Profit	41	46	4 (11.8)	
Profit Margin	2.5	2.8	0.3P	
Depreciation and Amortization	39	42	3 (7.9)	
Capital Expenditures	117	50	-67 (-57.3)	
EBITDA	80	89	8 (10.5)	

2. Segment Information (Real Estate)

(Units: ¥ hundred millions)

	FY2017 Results	FY2018 Plan	Change (%)	Change Factors
(Land and Building Leasing)	347	353	6 (1.7)	Increase in building leasing, etc.
(Development for selling by lots)	164	202	38 (23.2)	Increase in sales of investment condos and renovated property, etc.
(Others)	21	25	4 (19.3)	
(Elimination)	-87	-102	-14 —	
Operating Revenues	445	479	33 (7.5)	
(Land and Building Leasing)	92	90	-2 (-2.4)	
(Development for selling by lots)	10	14	4 (43.5)	
Operating Profit	94	100	5 (5.9)	
Profit Margin	21.2	20.9	-0.3P	
Depreciation and Amortization	45	45	0 (0.9)	
Capital Expenditures	190	96	-93 (-49.1)	
EBITDA	143	149	6 (4.2)	

2. Segment Information (Leisure)

(Units: ¥ hundred millions)

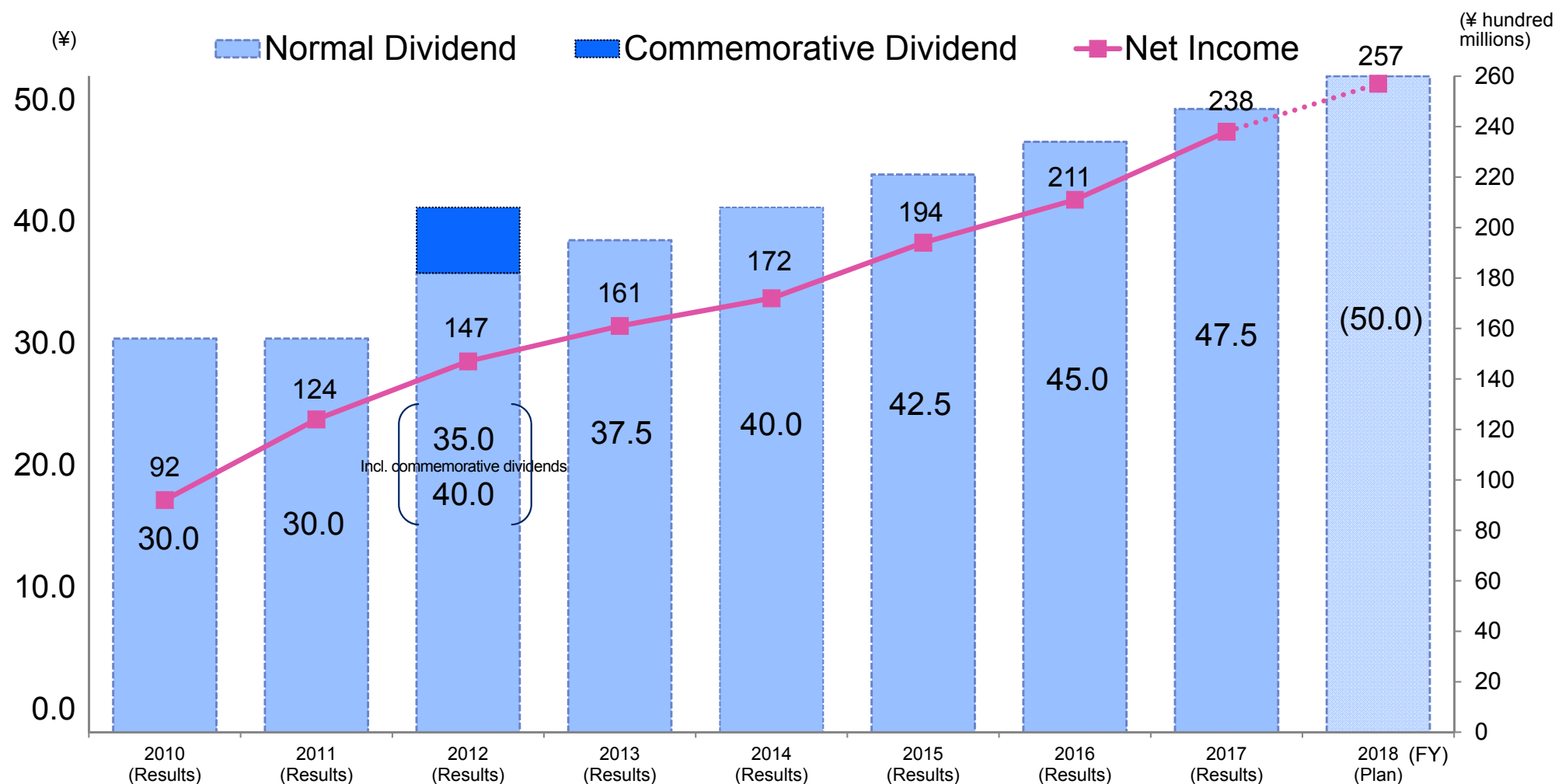
	FY2017 Results	FY2018 Plan	Change (%)	Change Factors
(Hotels)	514	538	24 (4.7)	Full-year contribution of newly opened hotels and improved room unit price
(Travel Services)	178	185	6 (3.6)	
(Advertising Services)	125	124	-0 (-0.5)	
(Others)	66	67	1 (1.9)	
(Elimination)	-105	-113	-8 —	
Operating Revenues	779	801	21 (2.8)	
(Hotels)	60	51	-9 (-15.2)	Rise in expenses associated with new openings, etc.
Operating Profit	72	65	-7 (-9.8)	
Profit Margin	9.2	8.1	-1.1P	
Depreciation and Amortization	40	44	4 (10.3)	
Capital Expenditures	95	270	175 (183.5)	
EBITDA	112	109	-2 (-2.2)	

2. Segment Information (Other Businesses)

(Units: ¥ hundred millions)

	FY2017 Results	FY2018 Plan	Change (%)	Change Factors
(Building Maintenance)	253	254	1 (0.5)	
(Railway Car Maintenance)	104	100	-4 (-4.1)	
(Construction)	233	243	9 (4.2)	Increase in construction revenue, etc.
(Others)	78	82	4 (5.9)	
(Elimination)	-24	-24	-0 —	
Operating Revenues	646	657	10 (1.7)	
Operating Profit	54	60	5 (10.9)	
Profit Margin	8.4	9.1	0.7P	
Depreciation and Amortization	3	3	0 (13.2)	
Capital Expenditures	5	9	4 (96.4)	
EBITDA	57	64	7 (12.7)	

3. Transitions in Consolidated Net Income and Dividends



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

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

4. [Reference] Forecast for Second Quarter


(Consolidated Statements of Income / Segment Information)

(Units: ¥ hundred millions)

	Operating Revenues			Operating Profit		
	FY2017 2Q Results	FY2018 2Q Plan	Change (%)	FY2017 2Q Results	FY2018 2Q Plan	Change (%)
Transportation	661	662	1 (0.2)	108	104	-4 (-4.0)
Merchandise Sales	771	801	30 (3.9)	16	20	4 (23.9)
Real Estate	188	228	40 (21.4)	49	53	3 (8.0)
Leisure	383	401	17 (4.6)	38	42	3 (10.1)
Other Businesses	260	240	-19 (-7.4)	15	19	4 (29.5)
Elimination	-175	-173	1 —	-2	-0	1 —
Total	2,089	2,160	70 (3.4)	227	240	12 (5.7)

(Units: ¥ hundred millions)

	FY2017 2Q Results	FY2018 2Q Plan	Change (%)
Ordinary Profit	217	231	13 (6.0)
Profit Attributable to Owners of Parent	146	149	2 (1.7)



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.

