Q2 FY2018
Financial Results (1)

Management Goals Status Report

– November 7, 2018 –

Keio Corporation
京王電鉄株式会社

Management Goals Status Report

- Operating revenues and profit improved YOY. Earnings are generally in line with plan, although operating profit was a little lower than expected.
- The business environment will remain largely unchanged in second half. Therefore, we have not changed our full-year projections.
- We are still aiming for our FY2020 goals: Profit margin of 10% and ROA of 5%

(¥ hundred million)

	Q2 FY2018 results	YOY change	Change from plan	Ref: FY2018 forecast	YOY change
Operating Revenues	2,176	+87	+16	4,450	+103
Operating Profit	236	+9	-3	395	+9
Profit Margin	10.9%	–	-0.2P	8.9%	–
Profit Attributable to Owners of Parent	151	+4	+2	257	+18
ROA	–	–	–	4.3%	+0.2P

Reference

FY2018 EBITDA forecast: 765 hundred million yen (FY2017 result: 748 hundred million yen)

Key Policy Status Report

- We are making headway with our key policies for the 3-Year Medium-Term Management Plan.
- In the second half, we will continue making existing businesses more profitable and shoring up our revenue base in growth fields. At the same time, we will monitor business conditions.

Basic approach

Obtain returns on the investments made in First-Half Plan and thus achieve the growth necessary to prepare a solid foundation for the coming era of depopulation and large-scale investment

Key policies

Q2 FY2018 results	Business conditions to monitor in H2
(1) Strengthen profitability of existing businesses ・**Railways: Ridership remains strong despite intensifying competition between areas (favorable employment environment has helped). Keio Liner is proceeding as planned.** ・**Merchandise Sales: Benefitting from contribution of new retail store and shopping center locations** ・**Real Estate: Higher revenue from sales business**	• Ridership trends • Increase in fuel costs (impact on expenses) • Merchandise sales performance among existing stores • Trends in real-estate and construction markets
(2) Establish revenue base in growth fields ・**Keio Plaza Hotel and other hotels are performing well (thanks to a higher unit price and other factors)** ・**The 2 Keio Presso Inn locations that opened last year have contributed to revenue**	• Inbound tourism trends • Performance of new hotel location (Kyoto)

Investment Projects

	FY2018	FY2019	FY2020	Later
Improve safety/profitability				
Construct grade crossings and elevated lines along Keio Line (between Sasazuka and Sengawa stations)	Acquire development-land and conduct construction work	Acquire development-land and conduct construction work		
Improve safety	Platform door installation in Shinsen Shinjuku Station	Conduct anti-earthquake strengthening work and other anti-disaster measures Improve platform safety		
Improve profitability	Reserved-seating surcharge (introduced in February 2018)	Expand reserved-seating services Prepare environment to accommodate overseas visitors		
Revitalize line-side areas				
Revitalize 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	Renovate Sengawa Station Building and Keio Fuchu Shopping Center	Develop revenue-boosting strategies reflecting commercial composition (trading businesses, offices, etc.) Renovate 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 services 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 to open in November 2018	Keio Prelia Hotel Sapporo (tentative name) to open in summer 2019	Develop plans to open more Keio Prelia Hotels	
	Open RAKURO 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 spring 2020	Develop hotels and serviced apartments in Myanmar	
Capital Expenditures	(713 hundred million yen)	(712 hundred million yen)	(573 hundred million yen)	3-year total (1,999 hundred million yen)

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.