

# Supplementary Materials on Financial Results for the Fiscal Year Ended March 31, 2019 (FY2018)

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Keikyu Corporation (Securities code: 9006)

May 15, 2019

<https://www.keikyu.co.jp>



# Consolidated Statement of Income

◆ Both revenue and profit increased mainly due to favorable sales and delivery of condominium unit.

(Unit: Millions of yen)

	FY2017	FY2018	Change	Change [%]	FY2018 (November 2018 forecast)	Difference (actual – forecast)	Difference [%] (actual – forecast)
Revenue from operations	315,685	339,268	23,582	7.5	340,000	(731)	(0.2)
Operating profit	29,474	40,147	10,673	36.2	37,000	3,147	8.5
Ordinary profit	27,289	37,774	10,484	38.4	33,500	4,274	12.8
Extraordinary income	1,076	2,792	1,715	159.3	—	—	—
Extraordinary losses	3,571	9,780	6,209	173.9	—	—	—
Profit attributable to owners of parent	16,155	20,714	4,558	28.2	22,500	(1,785)	(7.9)
Amount of capital investment*	81,869	53,925	(27,944)	(34.1)	74,891	(20,965)	(28.0)
Depreciation	29,525	29,999	473	1.6	30,500	(500)	(1.6)

\* Includes contribution for construction, etc. (FY2017: 5,423 million yen, FY2018: 8,292 million yen)

\* Includes contribution for construction, etc.  
(FY2018 forecast made in November 2018:  
9,710 million yen)

Net income per share	58.66 yen	75.22 yen
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81.70 yen
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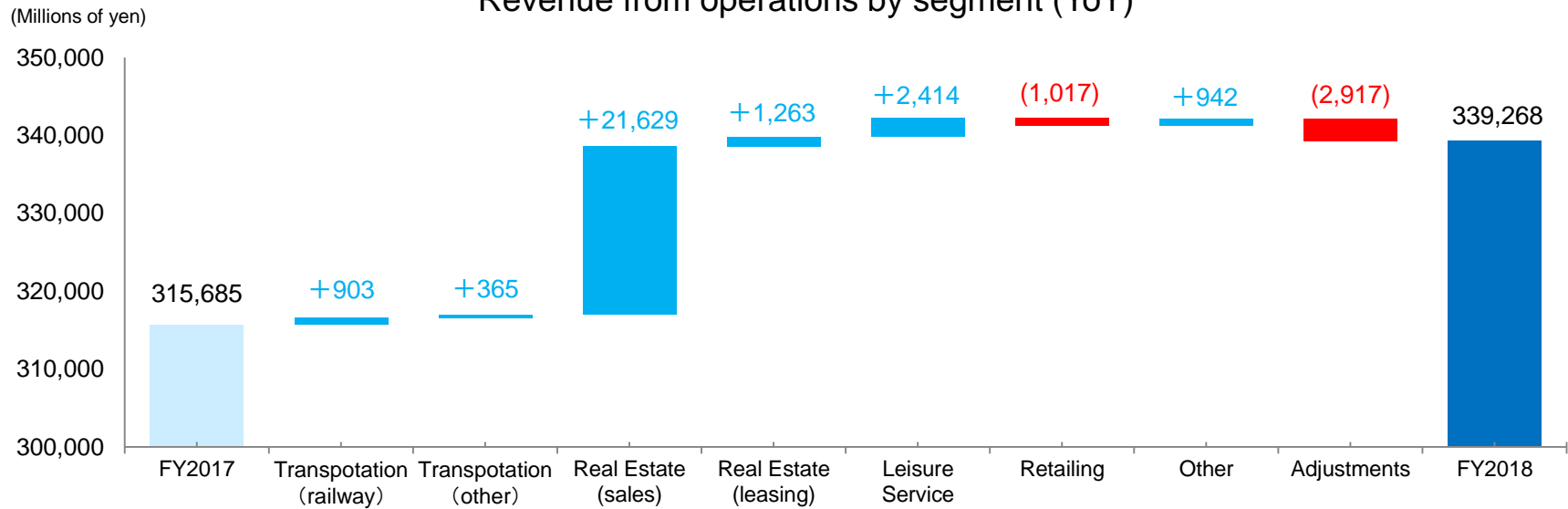
# Segment Information

(Unit: Millions of yen)

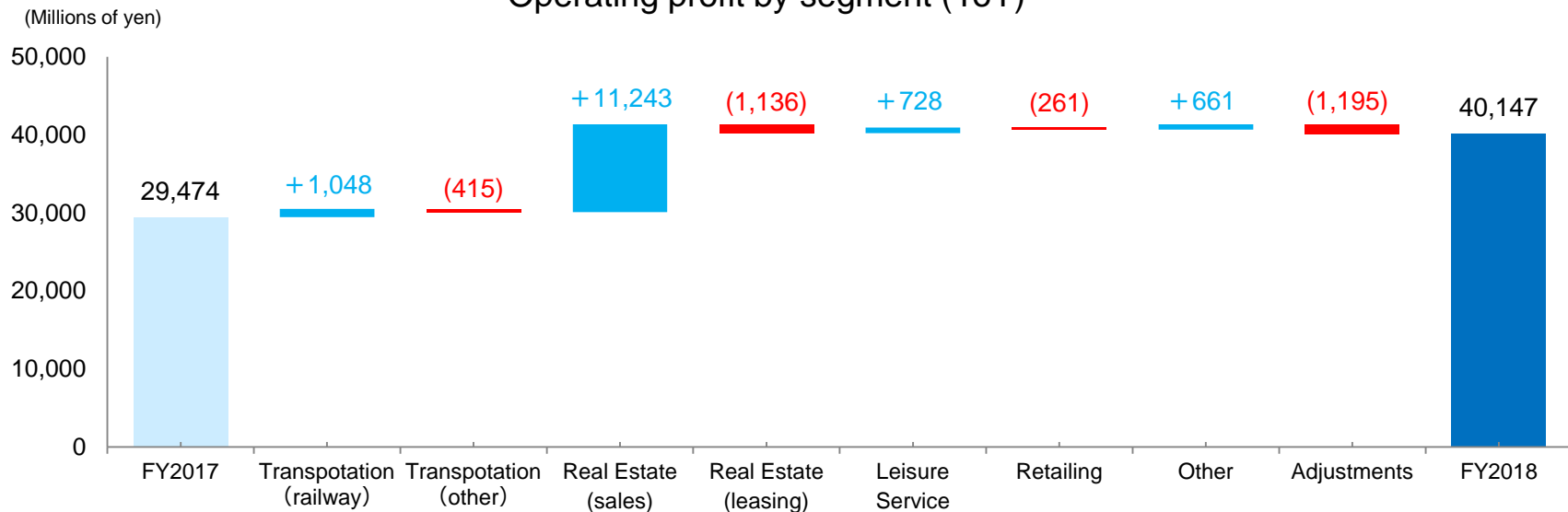
		FY2017	FY2018	Change	Change [%]	FY2018 (November 2018 forecast)	Difference (actual – forecast)	Difference [%] (actual – forecast)
Transportation	Revenue from operations	123,479	124,748	1,268	1.0	124,200	548	0.4
	Operating profit	20,187	20,819	632	3.1	19,000	1,819	9.6
Real Estate	Revenue from operations	47,035	69,927	22,892	48.7	70,900	(972)	(1.4)
	Operating profit	(1,657)	8,449	10,107	–	7,800	649	8.3
Leisure Services	Revenue from operations	35,595	38,009	2,414	6.8	36,600	1,409	3.9
	Operating profit	5,615	6,343	728	13.0	6,000	343	5.7
Retailing	Revenue from operations	107,605	106,588	(1,017)	(0.9)	107,600	(1,011)	(0.9)
	Operating profit	2,622	2,361	(261)	(10.0)	2,400	(38)	(1.6)
Other	Revenue from operations	54,920	55,863	942	1.7	56,100	(236)	(0.4)
	Operating profit	3,360	4,022	661	19.7	2,900	1,122	38.7
Total	Revenue from operations	368,636	395,137	26,500	7.2	395,400	(262)	(0.1)
	Operating profit	30,127	41,996	11,868	39.4	38,100	3,896	10.2
Adjustments	Revenue from operations	(52,950)	(55,868)	(2,917)	–	(55,400)	(468)	–
	Operating profit	(653)	(1,848)	(1,195)	–	(1,100)	(748)	–
Figures on Consolidated Statement of Income	Revenue from operations	315,685	339,268	23,582	7.5	340,000	(731)	(0.2)
	Operating profit	29,474	40,147	10,673	36.2	37,000	3,147	8.5

# (Reference) Increases/Decreases in Revenue from Operations and Operating Profit by Segment

## Revenue from operations by segment (YoY)



## Operating profit by segment (YoY)



# Transportation (1)

- ◆ Highest ever results in railway operations for number of passengers carried from railway operations.
- ◆ Both revenue and profit increased, largely due to increase in the number of passengers carried to central Tokyo and to the Haneda Airport in railway operations, despite increases in operating costs such as labor costs in bus operations.

(Unit: Millions of yen)

	Revenue from operations				Operating profit			
	FY2017	FY2018	Change	Change [%]	FY2017	FY2018	Change	Change [%]
Transportation	123,479	124,748	1,268	1.0	20,187	20,819	632	3.1
Railway	85,050	85,953	903	1.1	17,816	18,865	1,048	5.9
Bus	33,958	34,421	462	1.4	2,326	1,948	(378)	(16.3)
Taxi	4,470	4,373	(97)	(2.2)	43	6	(37)	(86.1)

	FY2017	FY2018	Change	Change [%]
Amount of capital investment*	33,495	38,249	4,754	14.2
Depreciation	21,740	22,102	362	1.7

\* Includes contribution for construction, etc.  
(FY2017: 5,423 million yen, FY2018: 8,292 million yen)

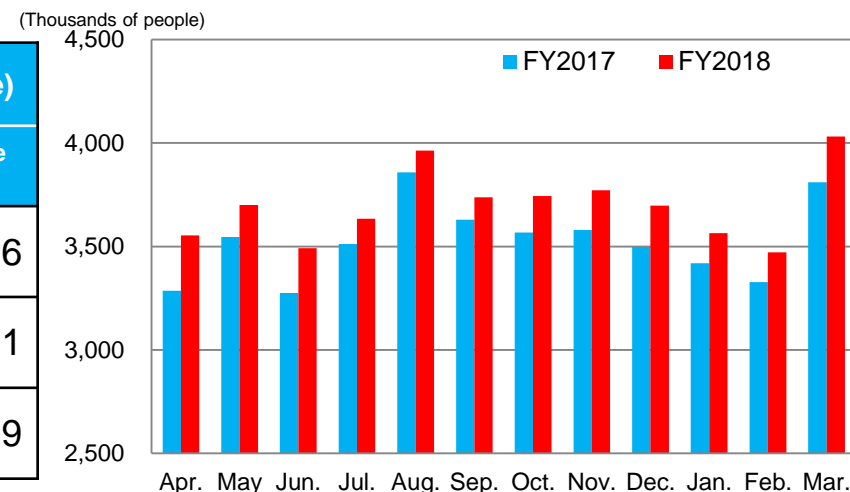
<Results in railway operations: number of passengers carried & revenue from railway operations>

		Number of passengers carried (Thousands of people)				Revenue from railway operations (Millions of yen)			
		FY2017	FY2018	Change	Change [%]	FY2017	FY2018	Change	Change [%]
	Commuter	263,944	267,354	3,410	1.3	31,538	31,917	379	1.2
	Non commuter	212,912	216,065	3,153	1.5	50,081	50,913	832	1.7
	Total	476,856	483,419	6,563	1.4	81,620	82,831	1,211	1.5

<Number of passengers carried: Total of Haneda Airport Domestic/International Terminal Stations>

		Number of passengers carried (Thousands of people)			
		FY2017	FY2018	Change	Change [%]
	Commuter	7,000	7,601	601	8.6
	Non commuter	35,305	36,759	1,454	4.1
	Total	42,305	44,360	2,055	4.9

Number of passengers carried per month: Total of Haneda Airport Domestic/International Terminal Stations



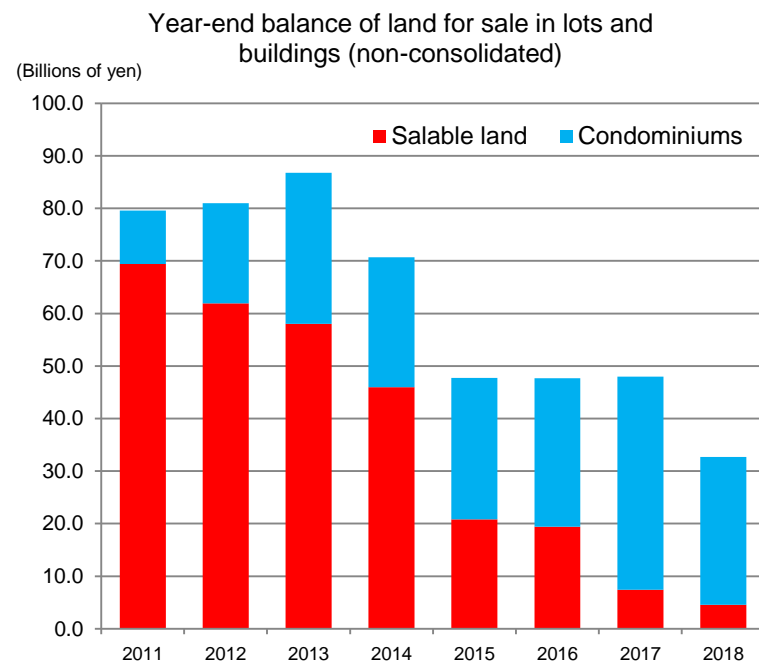
- ◆ Revenue increased amid factors such as sales of condominiums and the full-year operation of rental office buildings that were acquired in the previous period.
- ◆ Profit increased partially due to the absence of the loss on valuation of inventories recorded in the previous fiscal year, in addition to the above.  
(Unit: Millions of yen)

	Revenue from operations				Operating profit			
	FY2017	FY2018	Change	Change [%]	FY2017	FY2018	Change	Change [%]
Real Estate	47,035	69,927	22,892	48.7	(1,657)	8,449	10,107	—
Real estate sales	27,582	49,211	21,629	78.4	(7,031)	4,212	11,243	—
Real estate leasing	19,453	20,716	1,263	6.5	5,373	4,236	(1,136)	(21.2)

	FY2017	FY2018	Change	Change [%]
Amount of capital investment	40,734	8,941	(31,793)	(78.1)
Depreciation	4,192	4,289	97	2.3

Number of units or plots sold:  
condominium and residential land/homes (Number of units/plots)

	FY2017	FY2018	Change
Condominiums	311	1,481	1,170
(After conversion for ownership share)	209	690	481
Residential land/homes	147	89	(58)



- ◆ In business hotel operations, both revenue and profit increased due to factors such as the full-year operation of new buildings that were opened in the previous period and each building performing favorably.

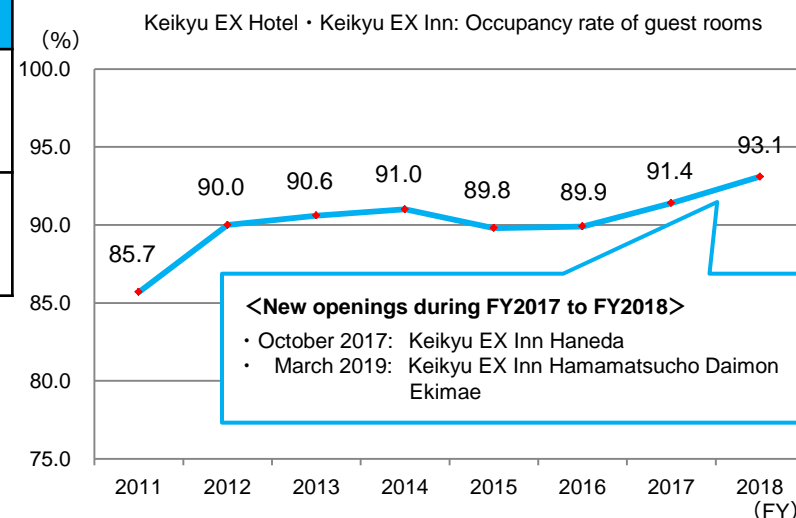
(Unit: Millions of yen)

	Revenue from operations				Operating profit			
	FY2017	FY2018	Change	Change [%]	FY2017	FY2018	Change	Change [%]
Leisure Services	35,595	38,009	2,414	6.8	5,615	6,343	728	13.0
Business hotels	9,628	10,781	1,153	12.0	2,325	2,775	450	19.4
Leisure-related facilities	12,169	12,558	389	3.2	1,797	1,954	157	8.8
Leisure, other	13,797	14,669	871	6.3	1,492	1,613	120	8.1

	FY2017	FY2018	Change	Change [%]
Amount of capital investment	5,251	3,574	(1,676)	(31.9)
Depreciation	2,109	2,219	109	5.2

Keikyu EX Hotel • Keikyu EX Inn: Occupancy rate of guest rooms

	FY2017	FY2018	Change
Occupancy rate of guest rooms	91.4%	93.1%	1.7pt





- ◆ Revenue decreased in retail stores mainly due to closing of stores (Motmachi Union Kugenuma and others).
- ◆ Profit decreased mainly due to suspension of business operations to perform seismic retrofitting work on the shopping mall Wing Shimbashi (in retailing, other).

(Unit: Millions of yen)

	Revenue from operations				Operating profit			
	FY2017	FY2018	Change	Change [%]	FY2017	FY2018	Change	Change [%]
Retailing	107,605	106,588	(1,017)	(0.9)	2,622	2,361	(261)	(10.0)
Department store	33,481	33,600	119	0.4	462	266	(195)	(42.4)
Supermarkets	53,460	51,969	(1,491)	(2.8)	355	432	77	21.8
Merchandise sales	17,127	17,518	391	2.3	1,248	1,377	128	10.3
Retailing, other	3,536	3,499	(37)	(1.1)	556	284	(272)	(48.9)

	FY2017	FY2018	Change	Change [%]
Amount of capital investment	1,889	2,400	511	27.1
Depreciation	1,143	1,037	(106)	(9.3)

- ◆ Both revenue and profit increased mainly due to the constructions for safety measures implemented by Keikyu Construction Co., Ltd. and Keikyu Electric Engineering Co., Ltd.

(Unit: Millions of yen)

	Revenue from operations				Operating profit			
	FY2017	FY2018	Change	Change [%]	FY2017	FY2018	Change	Change [%]
Other	54,920	55,863	942	1.7	3,360	4,022	661	19.7

	FY2017	FY2018	Change	Change [%]
Amount of capital investment	499	759	260	52.2
Depreciation	339	350	11	3.3

# Non-operating/Extraordinary Income and Losses

(Unit: Millions of yen)

	FY2017	FY2018	Change	Change[%]
Operating profit	29,474	40,147	10,673	36.2
Non-operating profit	3,079	2,383	(695)	(22.6)
Interest income	70	72	1	2.4
Dividend income	801	784	(17)	(2.2)
Equity in earnings of affiliates	1,038	703	(335)	(32.3)
Compensation income	357	—	(357)	(100.0)
Other	810	823	13	1.7
Non-operating expenses	5,264	4,757	(507)	(9.6)
Interest expenses	4,489	4,382	(107)	(2.4)
Other	774	374	(400)	(51.7)
Ordinary profit	27,289	37,774	10,484	38.4
Extraordinary income	1,076	2,792	1,715	159.3
Contribution for construction	657	1,750	1,093	166.3
Gain on sales of investment securities	—	607	607	—
Gain on sales of non-current assets	419	333	(85)	(20.5)
Other	—	100	100	—
Extraordinary losses	3,571	9,780	6,209	173.9
Impairment loss	2,271	6,219	3,948	173.8
Loss on reduction of non-current assets	657	1,748	1,091	166.0
Compensation expenses	—	741	741	—
Loss on valuation of investment securities	—	424	424	—
Provision for loss on disaster	—	290	290	—
Loss on retirement of non-current assets	275	194	(81)	(29.5)
Loss on store closings	189	—	(189)	(100.0)
Other	177	162	(14)	(8.2)
Profit before income taxes	24,795	30,786	5,990	24.2

# Consolidated Balance Sheet (Condensed)

(Unit: Millions of yen)

	As of March 31, 2018	As of March 31, 2019	Change
Current assets	128,189	126,731	(1,458)
Cash and deposits	43,862	45,742	1,880
Notes and accounts receivable - trade	15,303	26,229	10,926
Land and buildings for sale in lots	59,304	44,606	(14,697)
Non-current assets	748,489	765,113	16,624
Property, plant and equipment	614,968	627,399	12,430
Investments and other assets	125,799	131,886	6,086
Investment securities	71,370	77,849	6,478
Net defined benefit asset	25,109	24,593	(516)
Total assets	876,679	891,844	15,165
Total liabilities	623,314	622,005	(1,309)
Outstanding interest-bearing debt*	438,576	429,849	(8,727)
Total net assets	253,365	269,839	16,474
Total liabilities and net assets	876,679	891,844	15,165

\* Total figure for corporate bonds, debt and commercial paper

Net interest-bearing debt outstanding	394,714	384,106	(10,607)
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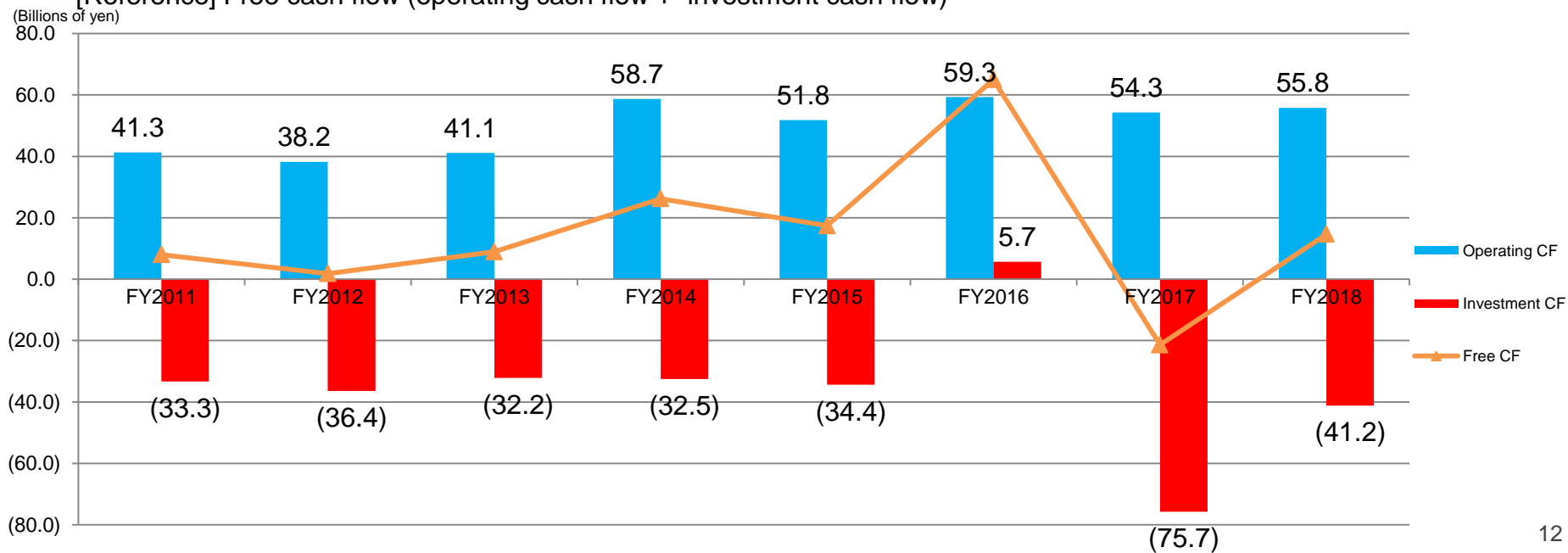
# Consolidated Statement of Cash Flows

- ◆ Cash used in investing activities decreased partially due to the absence of growth investment made earlier than planned in the previous period.

(Unit: Millions of yen)

	FY2017	FY2018	Change
Cash flows from operating activities	54,388	55,875	1,486
Cash flows from investing activities	(75,715)	(41,297)	34,417
Cash flows from financing activities	21,018	(12,696)	(33,715)
Net increase (decrease) in cash and cash equivalents	(308)	1,880	2,188
Cash and cash equivalents at end of the year	43,712	45,592	1,880

[Reference] Free cash flow (operating cash flow + investment cash flow)



# Consolidated Statement of Income (Business Forecasts)

- ◆ Revenue is expected to decrease mainly due to the absence of sales of large condominiums in previous fiscal year and closing of stores of Keikyu Store.
- ◆ Profit is expected to decrease mainly due to the increase in railway expenses and the reduction in additional fares, as well as due to the reversal effect of having recorded profit from large condominiums in the previous fiscal year.

(Unit: Billions of yen)

	FY2018	FY2019	Change	Change[%]
Revenue from operations	339.2	325.0	(14.2)	(4.2)
Operating profit	40.1	28.5	(11.6)	(29.0)
Ordinary profit	37.7	25.5	(12.2)	(32.5)
Profit attributable to owners of parent	20.7	16.0	(4.7)	(22.8)
Amount of capital Investment*	53.9	81.3	27.4	50.9
Depreciation	29.9	32.9	2.9	9.8

\* Includes contribution for construction, etc. (FY2018: 8.2 billion yen, FY2019 (forecast): 1.0 billion yen)

Net income per share	75.22 yen	58.10 yen
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# Segment Information (Business Forecasts)

(Unit: Billions of yen)

		FY2018	FY2019	Change	Change [%]
Transportation	Revenue from operations	124.7	123.9	(0.8)	(0.7)
	Operating profit	20.8	13.6	(7.2)	(34.7)
Real Estate	Revenue from operations	69.9	57.7	(12.2)	(17.5)
	Operating profit	8.4	4.7	(3.7)	(44.4)
Leisure Services	Revenue from operations	38.0	38.3	0.2	0.8
	Operating profit	6.3	6.3	0.0	(0.7)
Retailing	Revenue from operations	106.5	104.4	(2.1)	(2.1)
	Operating profit	2.3	2.8	0.4	18.6
Other	Revenue from operations	55.8	56.0	0.1	0.2
	Operating profit	4.0	2.6	(1.4)	(35.4)
Total	Revenue from operations	395.1	380.3	(14.8)	(3.8)
	Operating profit	41.9	30.0	(11.9)	(28.6)
Adjustments	Revenue from operations	(55.8)	(55.3)	0.5	—
	Operating profit	(1.8)	(1.5)	0.3	—
Figures on Consolidated Statement of Income	Revenue from operations	339.2	325.0	(14.2)	(4.2)
	Operating profit	40.1	28.5	(11.6)	(29.0)

# Transportation (Business Forecasts)

- ◆ Both revenue and profit decreased mainly due to increase of expenses and reduction of additional fares in railway operations.  
(Unit: Billions of yen)

	Revenue from operations			Operating profit		
	FY2018	FY2019	Change	FY2018	FY2019	Change
Transportation	124.7	123.9	(0.8)	20.8	13.6	(7.2)
Railway	85.9	84.9	(1.0)	18.8	12.1	(6.7)
Bus	34.4	34.4	0.0	1.9	1.4	(0.5)
Taxi	4.3	4.4	0.1	0.0	0.0	0.0

<Results and forecasts in railway operations: number of passengers carried & revenue from railway operations>

	Number of passengers carried (Millions of people)				Revenue from railway operations (Billions of yen)			
	FY2018	FY2019	Change	Change [%]	FY2018	FY2019	Change	Change [%]
Commuter	267	268	1	0.6	31.9	31.7	(0.1)	(0.4)
Non commuter	216	220	4	1.9	50.9	49.9	(0.9)	(2.0)
Total	483	489	5	1.2	82.8	81.7	(1.1)	(1.4)

<Number of passengers carried: Total of Haneda Airport Domestic/International Terminal Stations>

	Number of passengers carried (Millions of people)			
	FY2018	FY2019	Change	Change [%]
Commuter	7	8	0	6.4
Non commuter	36	39	2	6.6
Total	44	47	2	6.6



- ◆ Both revenue and profit are expected to decrease primarily due to the absence of sales of large condominiums in the previous fiscal year in real estate sales business.

(Unit: Billions of yen)

	Revenue from operations			Operating profit		
	FY2018	FY2019	Change	FY2018	FY2019	Change
Real Estate	69.9	57.7	(12.2)	8.4	4.7	(3.7)
Real estate sales	49.2	37.1	(12.0)	4.2	0.5	(3.7)
Real estate leasing	20.7	20.5	(0.1)	4.2	4.2	(0.0)

- ◆ Revenue is likely to increase given the prospect of full-year operation of new buildings and occupancy rates on par with the previous period in business hotel operations.

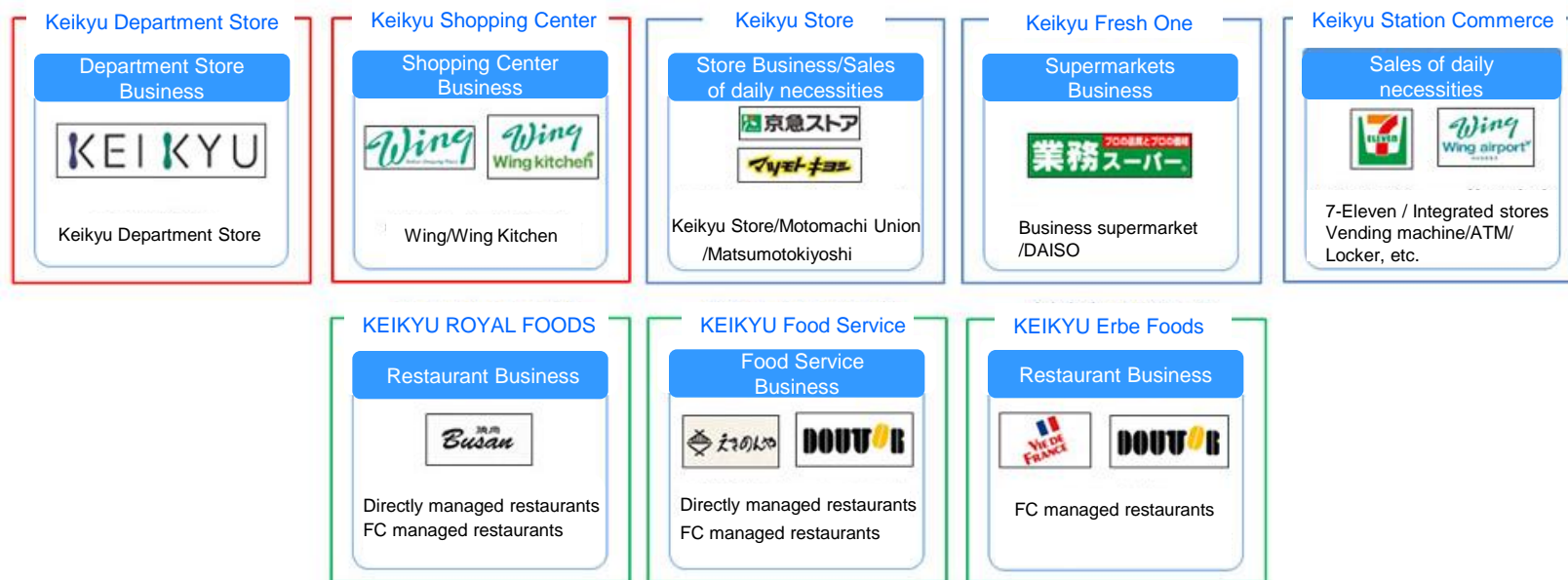
(Unit: Billions of yen)

	Revenue from operations			Operating profit		
	FY2018	FY2019	Change	FY2018	FY2019	Change
Leisure Services	38.0	38.3	0.2	6.3	6.3	(0.0)
Business hotels	10.7	11.4	0.6	2.7	2.9	0.1
Leisure-related facilities	12.5	12.9	0.4	1.9	2.0	0.0
Leisure, other	14.6	13.8	(0.7)	1.6	1.3	(0.2)

◆ Restructuring and integration of retailing business, etc.

As of April 1, 2019, we restructured and integrated the retailing business.

## 《Before restructuring》



## 《After restructuring》



Functions proposed for fashion & lifestyle

Functions proposed for daily convenience

Functions proposed for food services

# Retailing (Business Forecasts) (2)

- ◆ Revenue is expected to decrease in retail stores mainly due to closing of stores.
- ◆ Profit of the department store / SC business is expected to increase due to such factors as restructuring and integration, efforts to reinforce the sales capabilities and increase management efficiency, as well as absence of a suspension of business operations to perform seismic retrofitting work on the shopping mall (Wing Shimbashi) in the previous fiscal year.

(Unit: Billions of yen)

	Revenue from operations			Operating profit		
	FY2018	FY2019	Change	FY2018	FY2019	Change
Retailing	106.5	104.4	(2.1)	2.3	2.8	0.4
Department store / SC	36.5	36.8	0.2	0.5	0.9	0.4
Department store	33.6	33.4	(0.1)	0.1	0.3	0.1
SC * Former Retailing, other	2.9	3.4	0.4	0.3	0.6	0.3
Store business	70.0	67.4	(2.6)	1.8	1.8	(0.0)
Supermarkets	52.5	51.3	(1.1)	0.4	0.4	(0.0)
Convenience store/ Merchandise sales * Former Merchandise sales	17.5	16.1	(1.3)	1.3	1.3	0.0

\* As of April 1, 2019, due to restructuring and integration of retailing business, etc., we have reclassified the sub-segments breakdown. As part of these changes, we deleted "Former Merchandise sales" and "Former Retailing, other" and added "SC" and "Convenience store / Merchandise sales."

We also moved Keikyu Hautsu Co., Ltd. and Keikyu Station Commerce Co., Ltd. from "Former Merchandise sales" to "Convenience store / Merchandise sales," Keikyu Fresh One Co., Ltd. from "Former Merchandise sales" to "Supermarkets," Keikyu Shopping Center Co., Ltd. from "Former Retailing, other" to "SC," Keikyu Tomonokai Co., Ltd. from "Former Retailing, other" to "Department store," Keikyu Marine Foods Co., Ltd. from "Former Merchandise sales" to "Supermarkets."

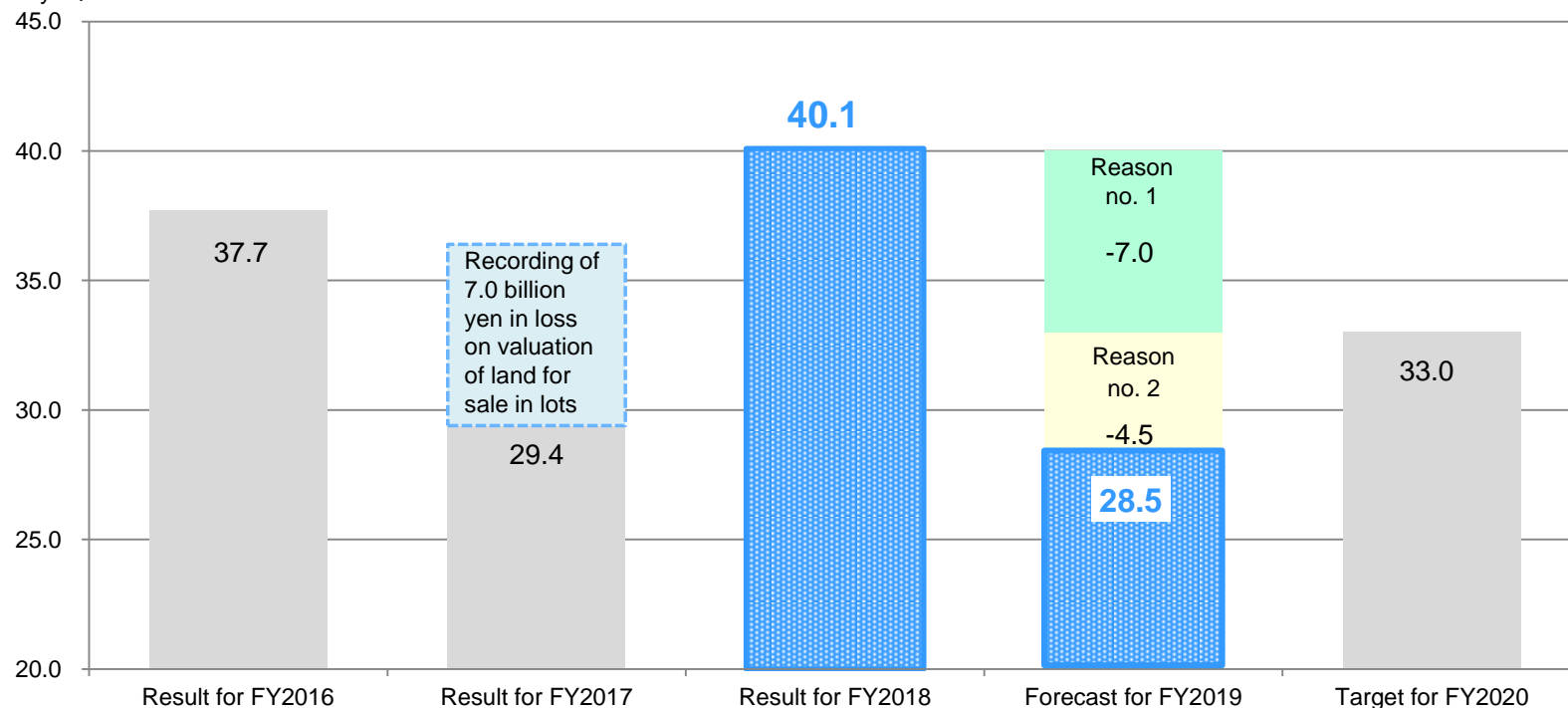
- ◆ Both revenue and income are expected to decrease due to a decline in construction work, etc.

(Unit: Billions of yen)

	Revenue from operations			Operating profit		
	FY2018	FY2019	Change	FY2018	FY2019	Change
Other	55.8	56.0	0.1	4.0	2.6	(1.4)

# Results for FY2018 and Forecasts for FY2019 (Operating profit)

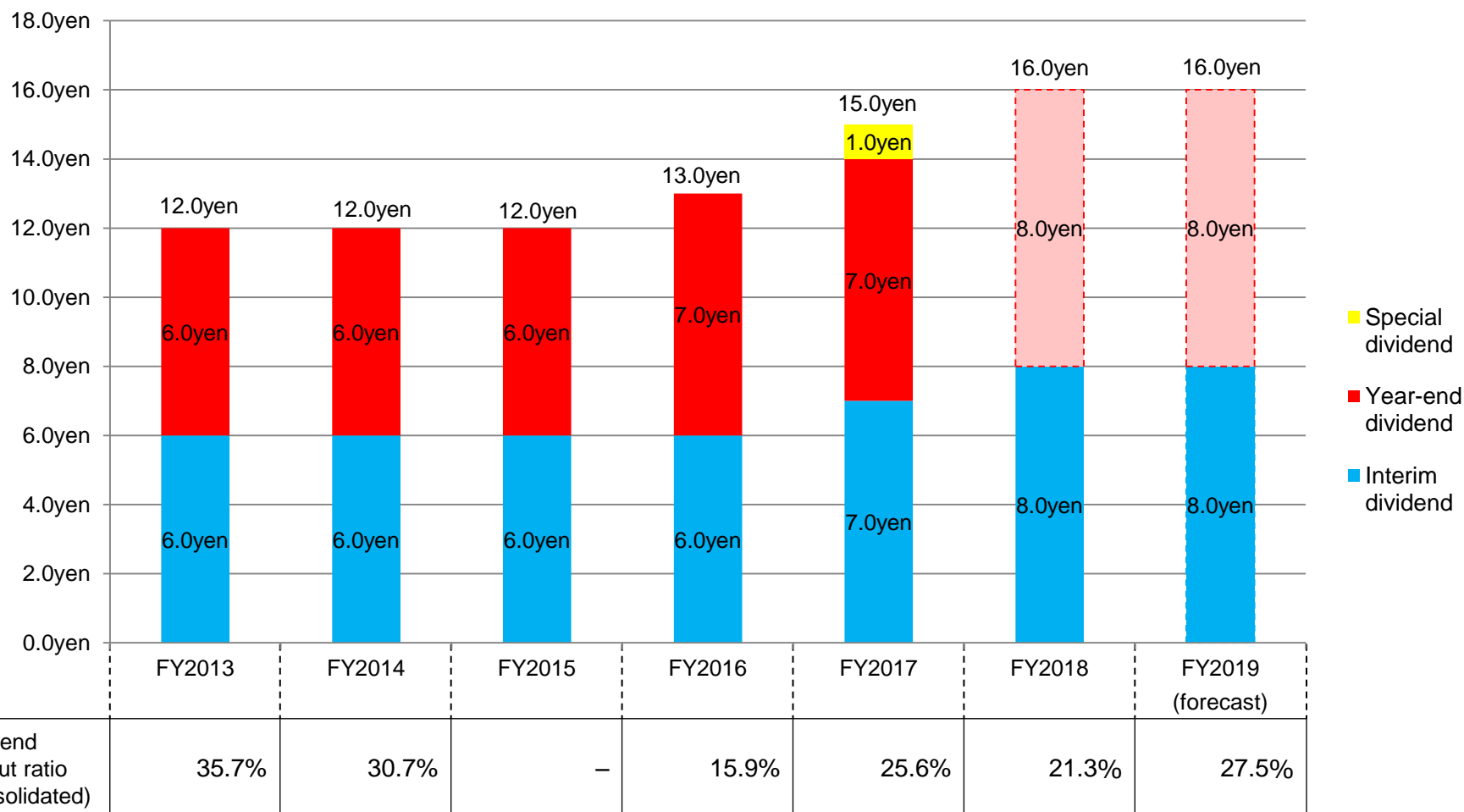
(billions of yen)



	Reason no. 1 (Continuous factor)	Reason no. 2 (Temporary factor)
	<ul style="list-style-type: none"> <li>Reduction in the additional fares (-1.5)</li> <li>Depreciation for home doors, the new head office building, etc. (-1.5)</li> <li>Retirement benefit expenses (-1.5)</li> <li>Expenses for development study survey (-1.0)</li> <li>Other expenses (-1.5)</li> </ul>	<ul style="list-style-type: none"> <li>Favorable sales of PRIME PARKS Shinagawa Seaside THE TOWER in FY2018, etc. (-3.0)</li> <li>Expenses for advertisements regarding reduction in additional fares (-1.0)</li> <li>Head office transfer expenses (-1.0)</li> <li>Other expenses (+0.5)</li> </ul>
Increase/Decrease	-7.0	-4.5

**Dividend Policy: We distribute dividends taking into account our business results, financial condition and other such factors, based on the notion of maintaining stable dividends.**

\* Figures as presented have been calculated considering the impact of the reverse split carried out on October 1, 2017.





<Note>

With the exception of historical facts, the information in these materials consists of forward-looking statements, created based on various assumptions at the time they were announced. The posting of such information is no guarantee of future results and is subject to risks and uncertainties. Actual results may differ from forward-looking statements due to various factors.

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