

Supplementary Materials on Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2020 (FY2019)

Keikyu Corporation (Securities code: 9006)

August 7, 2019

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



- ◆ In real estate operations, both revenue and profit increased mainly due to the sale of a condominium business project site in addition to steady sales and transfer of condominiums.

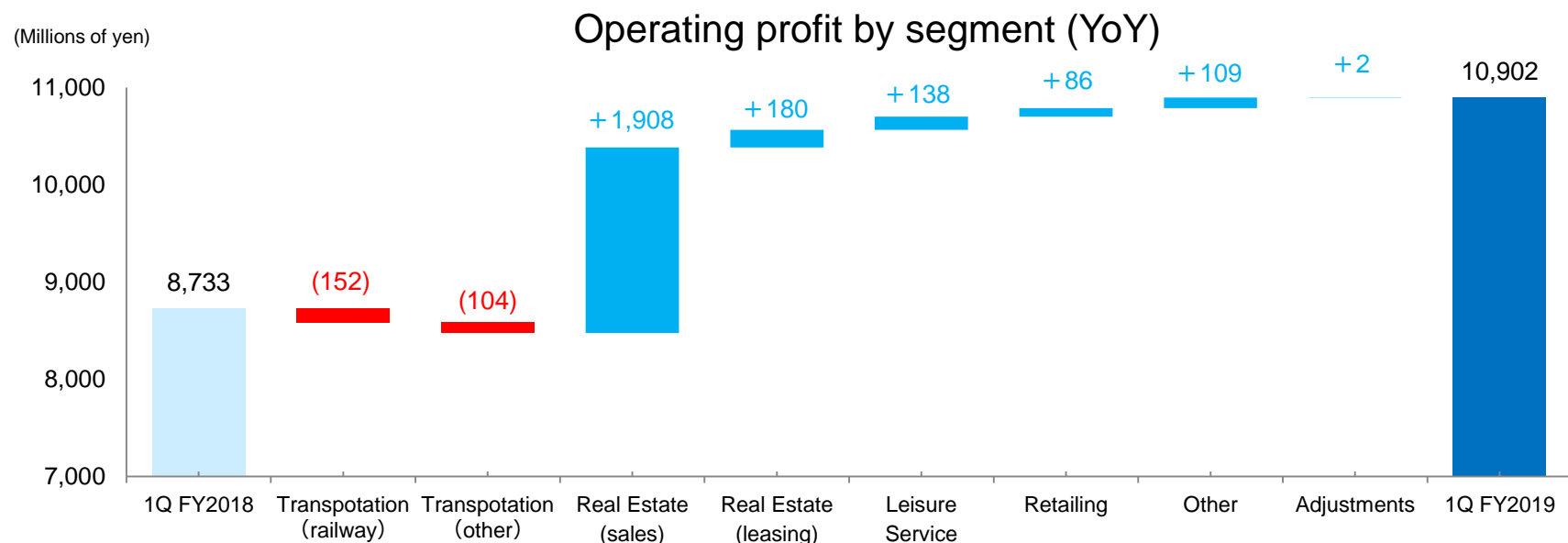
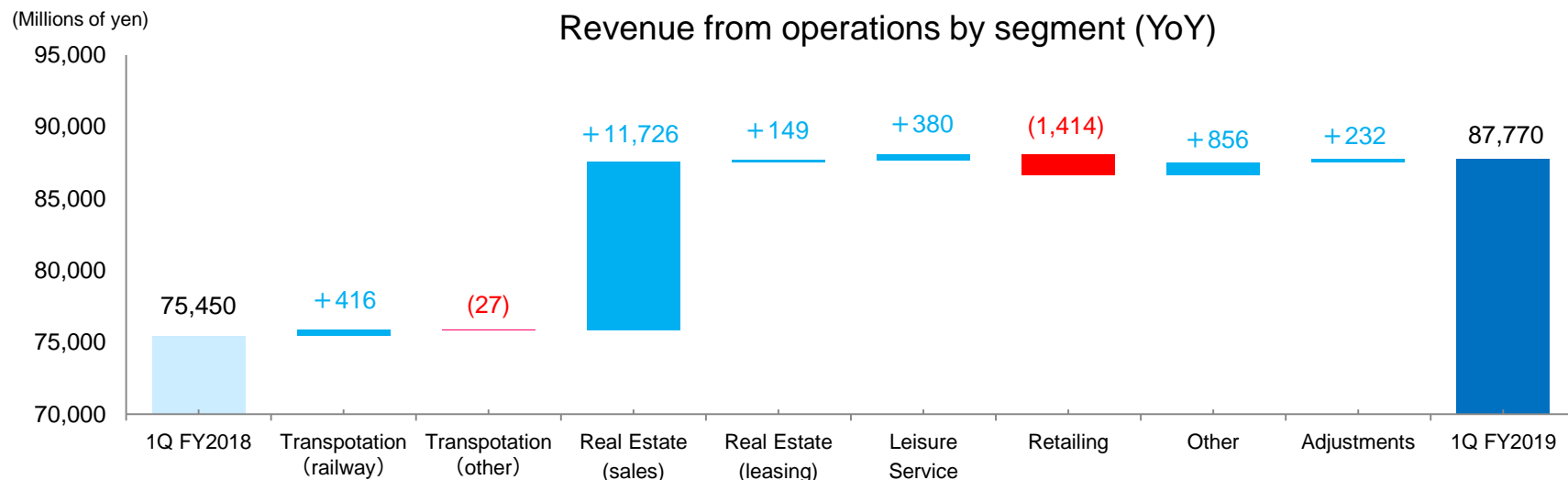
(Unit: Millions of yen)

	First Quarter of FY2018	First Quarter of FY2019	Change	Change [%]
Revenue from operations	75,450	87,770	12,319	16.3
Operating profit	8,733	10,902	2,169	24.8
Ordinary profit	8,362	10,407	2,044	24.5
Extraordinary income	607	353	(253)	(41.8)
Extraordinary losses	806	702	(104)	(12.9)
Profit attributable to owners of parent	5,588	7,032	1,443	25.8

(Unit: Millions of yen)

		First Quarter of FY2018	First Quarter of FY2019	Change	Change [%]
Transportation	Revenue from operations	31,212	31,600	388	1.2
	Operating profit	5,479	5,222	(256)	(4.7)
Real Estate	Revenue from operations	10,045	21,922	11,876	118.2
	Operating profit	1,044	3,133	2,088	200.0
Leisure Services	Revenue from operations	8,842	9,223	380	4.3
	Operating profit	1,614	1,753	138	8.6
Retailing	Revenue from operations	26,420	25,005	(1,414)	(5.4)
	Operating profit	615	701	86	14.0
Other	Revenue from operations	8,125	8,981	856	10.5
	Operating profit	(4)	105	109	—
Total	Revenue from operations	84,646	96,733	12,087	14.3
	Operating profit	8,749	10,915	2,166	24.8
Adjustments	Revenue from operations	(9,195)	(8,963)	232	—
	Operating profit	(16)	(13)	2	—
Figures on Consolidated Statement of Income	Revenue from operations	75,450	87,770	12,319	16.3
	Operating profit	8,733	10,902	2,169	24.8

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



- ◆ In railway operations, revenue increased due to such factors as an increase in the number of passengers carried to central Tokyo and to the Haneda Airport.
- ◆ In railway operations, profit decreased due to such factors as increases in retirement benefit expenses and depreciation.
- ◆ In bus operations, profit decreased due to such factors as increases in depreciation and labor costs.

(Unit: Millions of yen)

	Revenue from operations				Operating profit			
	First Quarter of FY2018	First Quarter of FY2019	Change	Change [%]	First Quarter of FY2018	First Quarter of FY2019	Change	Change [%]
Transportation	31,212	31,600	388	1.2	5,479	5,222	(256)	(4.7)
Railway	21,464	21,881	416	1.9	4,913	4,761	(152)	(3.1)
Bus	8,657	8,677	20	0.2	581	483	(97)	(16.8)
Taxi	1,089	1,041	(47)	(4.4)	(16)	(23)	(6)	—

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

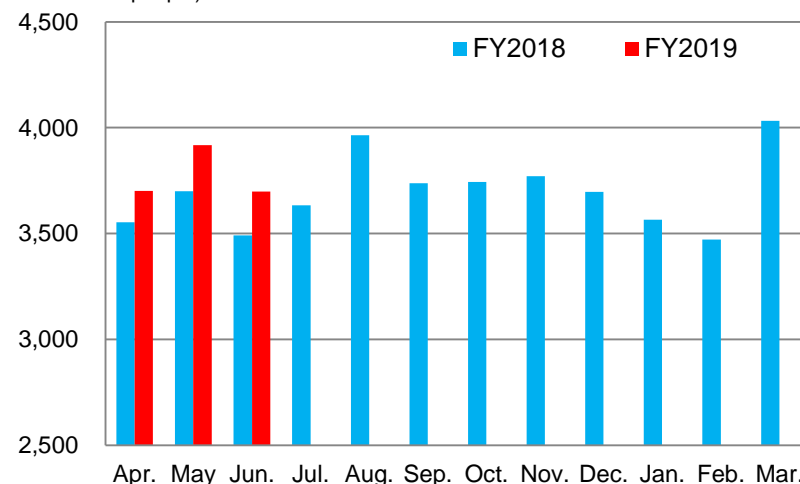
		Number of passengers carried (Thousands of people)				Revenue from railway operations (Millions of yen)			
		First Quarter of FY2018	First Quarter of FY2019	Change	Change [%]	First Quarter of FY2018	First Quarter of FY2019	Change	Change [%]
	Commuter	68,873	68,869	(4)	(0.0)	8,108	8,092	(16)	(0.2)
	Non commuter	53,588	55,103	1,515	2.8	12,595	12,968	372	3.0
	Total	122,461	123,972	1,511	1.2	20,704	21,061	356	1.7

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

		Number of passengers carried (Thousands of people)			
		First Quarter of FY2018	First Quarter of FY2019	Change	Change [%]
	Commuter	1,924	2,050	126	6.5
	Non commuter	8,820	9,266	446	5.1
	Total	10,744	11,316	572	5.3

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

(Thousands of people)



- ◆ Both revenue and profit increased mainly due to the full-year contribution from the dividend income of the trust beneficiary right in Shiba Park Building, etc., in addition to recording the sales of condominiums and the sale of a condominium business project site.

(Unit: Millions of yen)

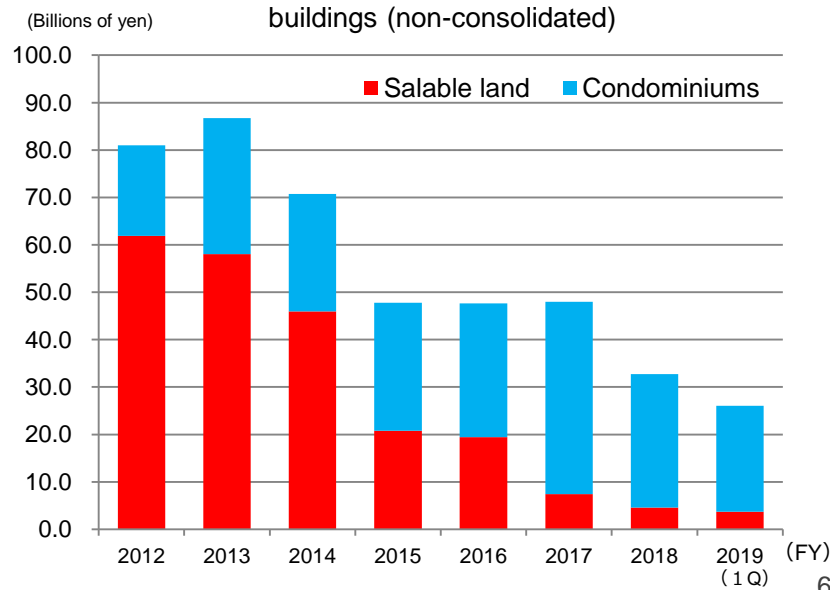
	Revenue from operations				Operating profit			
	First Quarter of FY2018	First Quarter of FY2019	Change	Change [%]	First Quarter of FY2018	First Quarter of FY2019	Change	Change [%]
Real Estate	10,045	21,922	11,876	118.2	1,044	3,133	2,088	200.0
Real estate sales	4,978	16,705	11,726	235.5	(275)	1,633	1,908	—
Real estate leasing	5,067	5,217	149	3.0	1,320	1,500	180	13.6

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

(Number of units/plots)

	First Quarter of FY2018	First Quarter of FY2019	Change
Condominiums	259	132	(127)
(After conversion for ownership share)	68	68	0
Residential land/homes	8	80	72

Year-end balance of land for sale in lots and buildings (non-consolidated)



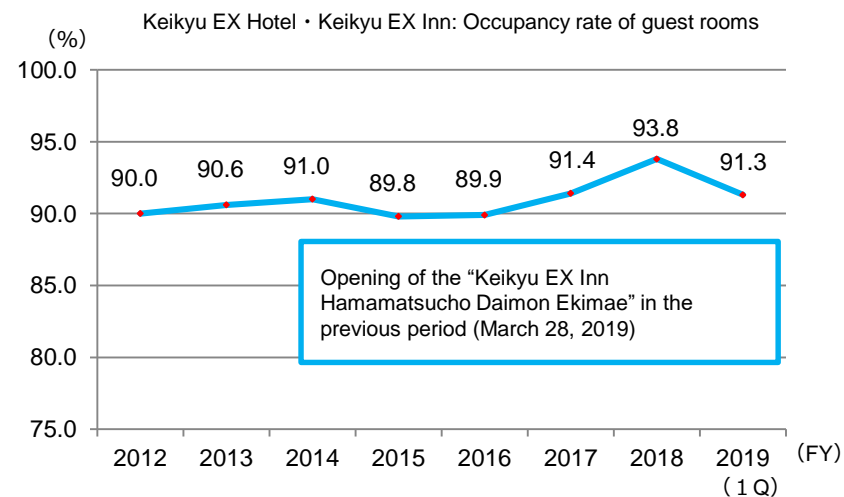
- ◆ In business hotel operations, revenue increased due to factors such as the full-year operation of the new building that was opened in the previous period and each building performing steadily.
- ◆ In leisure-related facility operations, both revenue and profit increased mainly due to strong sales in boat racing business.

(Unit: Millions of yen)

	Revenue from operations				Operating profit			
	First Quarter of FY2018	First Quarter of FY2019	Change	Change [%]	First Quarter of FY2018	First Quarter of FY2019	Change	Change [%]
Leisure Services	8,842	9,223	380	4.3	1,614	1,753	138	8.6
Business hotels	2,707	2,827	119	4.4	773	766	(7)	(1.0)
Leisure-related facilities	3,017	3,328	311	10.3	452	618	166	36.8
Leisure, other	3,117	3,067	(49)	(1.6)	389	368	(20)	(5.3)

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

	First Quarter of FY2018	First Quarter of FY2019	Change
Occupancy rate of guest rooms	93.8%	91.3%	(2.5pt)



- ◆ Revenue decreased in supermarkets mainly due to closing of stores (Keikyu Store Sunny Mart and others) in the previous period.
- ◆ Profit increased in SC business due to factors such as the full-year operation of the shopping mall (Wing Shimbashi) that was suspended from business operations to perform seismic retrofitting work in the previous period.

(Unit: Millions of yen)

	Revenue from operations				Operating profit			
	First Quarter of FY2018	First Quarter of FY2019	Change	Change [%]	First Quarter of FY2018	First Quarter of FY2019	Change	Change [%]
Retailing	26,420	25,005	(1,414)	(5.4)	615	701	86	14.0
Department store / SC	8,630	8,596	(34)	(0.4)	118	232	114	97.3
Department store	7,922	7,690	(232)	(2.9)	21	65	44	210.7
SC * Former Retailing, other	708	906	198	28.0	96	167	70	72.7
Store business	17,789	16,409	(1,380)	(7.8)	497	468	(28)	(5.8)
Supermarkets	13,988	12,725	(1,263)	(9.0)	113	128	15	13.5
Convenience store / Merchandise sales, etc. * Former Merchandise sales	3,800	3,683	(117)	(3.1)	383	339	(43)	(11.4)

- ◆ Both revenue and profit increased mainly due to the increased construction work ordered at Keikyu Construction Co., Ltd. and Keikyu Electric Engineering Co., Ltd.

(Unit: Millions of yen)

	Revenue from operations				Operating profit			
	First Quarter of FY2018	First Quarter of FY2019	Change	Change [%]	First Quarter of FY2018	First Quarter of FY2019	Change	Change [%]
Other	8,125	8,981	856	10.5	(4)	105	109	—

Non-operating/Extraordinary Income and Losses

(Unit: Millions of yen)

	First Quarter of FY2018	First Quarter of FY2019	Change	Change [%]
Operating profit	8,733	10,902	2,169	24.8
Non-operating profit	806	761	(44)	(5.5)
Interest income	18	19	1	8.7
Dividend income	437	438	1	0.3
Equity in earnings of affiliates	191	181	(9)	(5.1)
Other	159	121	(37)	(23.8)
Non-operating expenses	1,177	1,256	79	6.8
Interest expenses	1,116	1,045	(71)	(6.4)
Other	60	211	151	250.1
Ordinary profit	8,362	10,407	2,044	24.5
Extraordinary income	607	353	(253)	(41.8)
Contribution for construction	467	234	(233)	(49.9)
Gain on sales of non-current assets	58	119	60	102.9
Other	81	—	(81)	(100.0)
Extraordinary losses	806	702	(104)	(12.9)
Loss on retirement of non-current assets	22	438	416	—
Loss on reduction of non-current assets	467	234	(233)	(49.9)
Loss on valuation of investment securities	317	—	(317)	(100.0)
Other	—	29	29	—
Profit before income taxes	8,163	10,058	1,895	23.2

Consolidated Balance Sheet (Condensed)

(Unit: Millions of yen)

	As of March 31, 2019	As of June 30, 2019	Change
Current assets	126,731	112,396	(14,334)
Cash and deposits	45,742	51,465	5,722
Notes and accounts receivable - trade	26,229	12,680	(13,548)
Land and buildings for sale in lots	44,606	36,518	(8,087)
Non-current assets	765,113	764,337	(776)
Property, plant and equipment	627,399	629,158	1,758
Investments and other assets	131,886	129,569	(2,316)
Investment securities	77,849	74,759	(3,089)
Total assets	891,844	876,733	(15,110)
Total liabilities	622,005	604,165	(17,839)
Outstanding interest-bearing debt*	429,849	413,303	(16,545)
Total net assets	269,839	272,568	2,728
Total liabilities and net assets	891,844	876,733	(15,110)

* Total figure for corporate bonds, debt and commercial paper

Net interest-bearing debt outstanding	384,106	361,838	(22,268)
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As the business forecasts for FY2019 have not changed since the business forecasts were announced in May, the business forecasts from the Supplementary Materials on Financial Results for the Fiscal Year Ended March 31, 2019 (announced on May 10, 2019) have been provided again.

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.

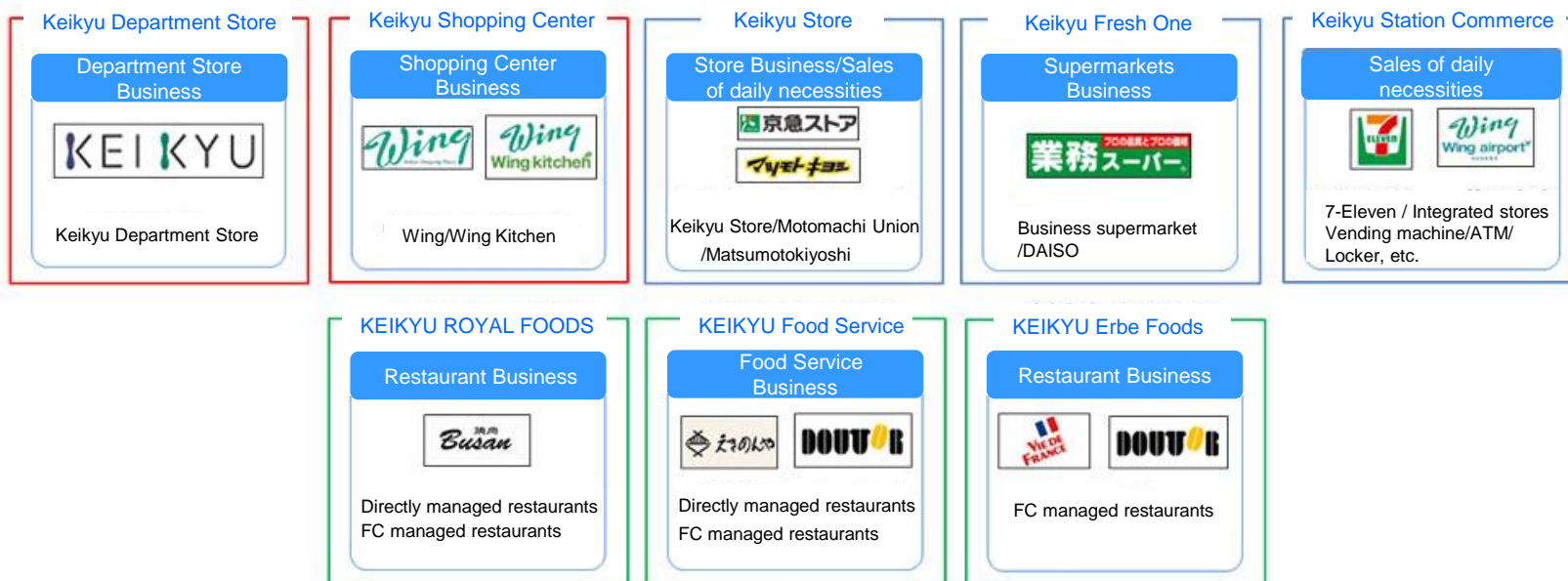
(Unit: Billions of yen)

	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, etc. * 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.

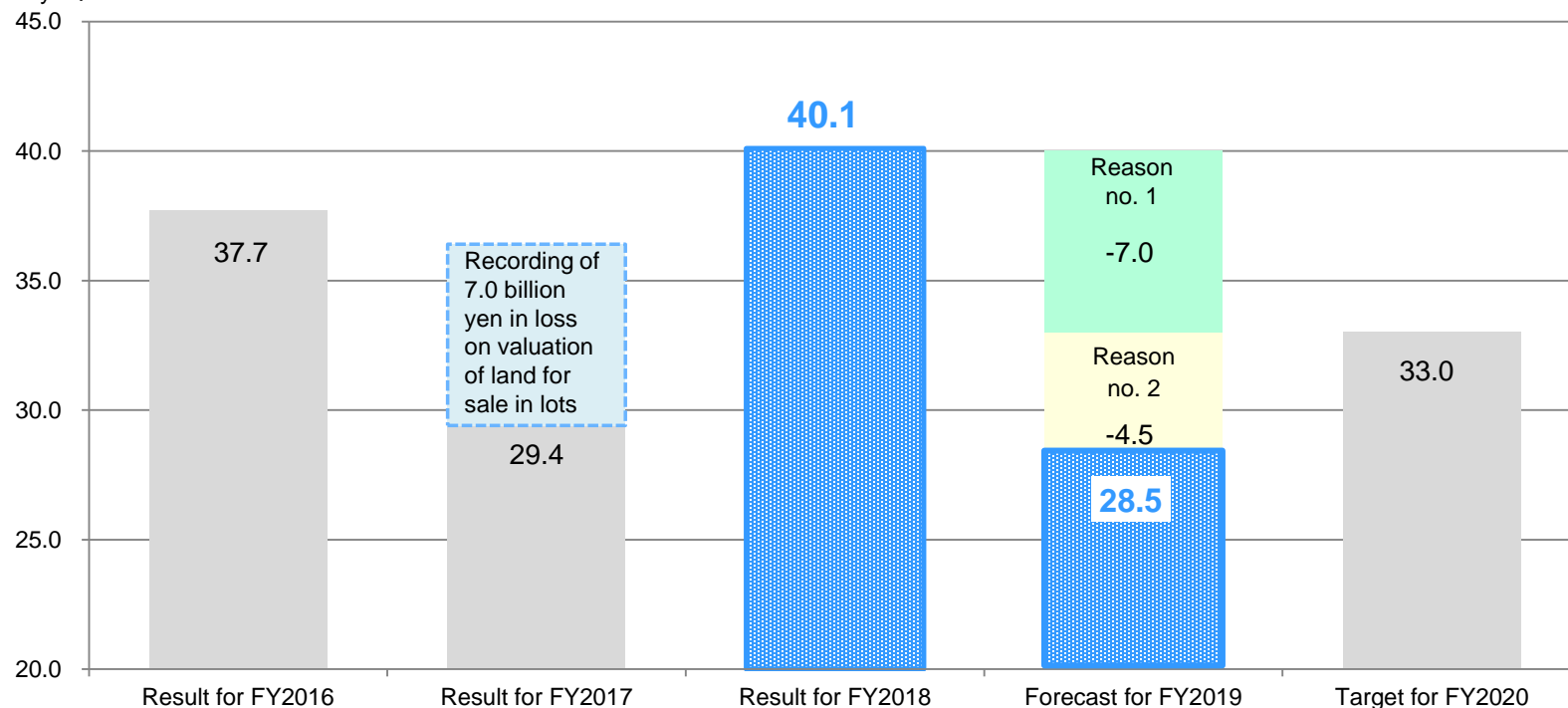
- ◆ Both revenue and income are expected to decrease due to a decline in construction work, etc.

(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)

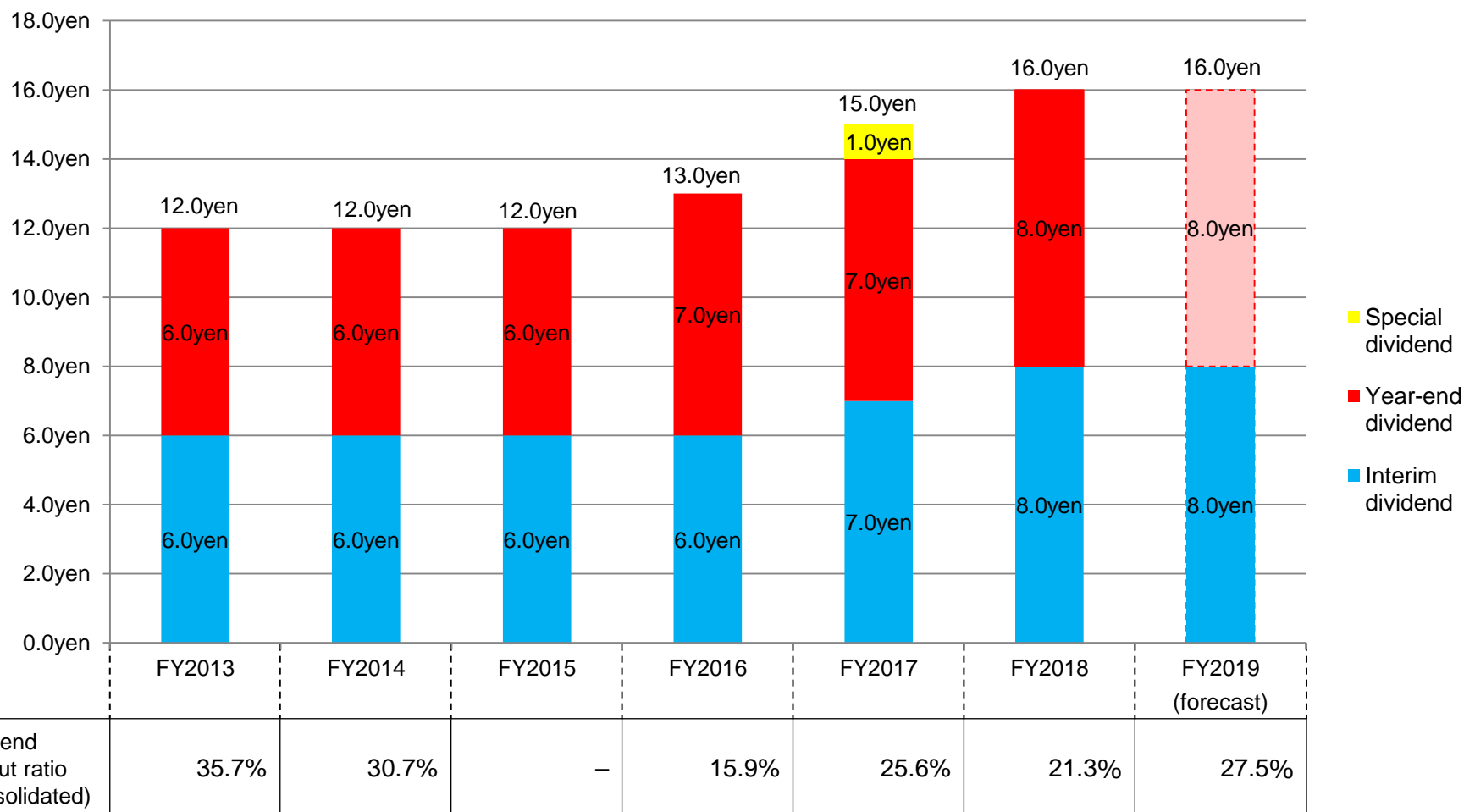
(billions of yen)



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