

Tokyu Corporation

Consolidated Financial Statements First Quarter of the Fiscal Year Ending March 31, 2020

(April 1, 2019 – June 30, 2019)

This document has been translated from the original Japanese as a guide for non-Japanese investors. It contains forward-looking statements based on a number of assumptions and beliefs made by management in light of information currently available. Actual financial results may differ materially depending on a number of factors, including changing economic conditions, legislative and regulatory developments, delay in new product and service launches, and pricing and product initiatives of competitors.



SUMMARY OF FINANCIAL STATEMENTS [Japanese Accounting Standards] (Consolidated)
For the First Quarter of Fiscal Year Ending March 31, 2020

Tokyu Corporation

August 8, 2019

Stock Code:	9005	Listed exchanges:	Tokyo Stock Exchange First Section
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Planned date for submission of quarterly financial reports:	August 8, 2019		
Scheduled date of commencement of dividend payment:	—		
Supplementary documents for quarterly results	YES		
Quarterly results briefing (for institutional investor and analysts)	NO		

* Amounts of less than ¥1 million have been rounded down.

1. Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 31, 2020
(April 1, 2019 to June 30, 2019)

(Figures in percentages denote the year-on-year change)
Million yen

1) Consolidated Operating Results

	Three months ended June 30, 2019		Three months ended June 30, 2018	
		Change (%)		Change (%)
Operating revenue.....	280,116	2.4	273,613	-3.5
Operating profit.....	23,156	6.5	21,748	-24.6
Recurring profit.....	23,460	11.6	21,027	-27.9
Profit attributable to owners of parent	16,380	20.9	13,545	-33.4
Net income per share (¥).....	26.94		22.29	
Net income per share (diluted) (¥).....	—		—	

Note: Comprehensive Income: Three months ended June 30, 2019: ¥17,209 million [44.1%]
Three months ended June 30, 2018: ¥11,940 million [-41.5%]

2) Consolidated Financial Position

	As of June 30, 2019	As of March 31, 2019
Total assets	2,423,015	2,412,876
Net assets	807,872	796,164
Equity ratio (%).....	31.2	30.9

Reference: Shareholders' equity: As of June 30, 2019: ¥756,252 million
As of March 31, 2019: ¥745,233 million

2. Dividends

	FY ending March 31, 2020 (forecast)	FY ending March 31, 2020	FY ended March 31, 2019
Dividend per share – end of first quarter (¥)	—	—	—
Dividend per share – end of first half (¥)	10.00	—	10.00
Dividend per share – end of third quarter (¥)	—	—	—
Dividend per share – end of term (¥)	11.00	—	10.00
Dividend per share – annual (¥)	21.00	—	20.00

Note: Revisions to dividend forecasts published most recently: No

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(Figures in percentages denote the year-on-year change)
Million yen

	Full year	
		Change (%)
Operating revenue.....	1,198,900	3.6
Operating profit.....	83,000	1.3
Recurring profit.....	82,800	1.1
Profit attributable to owners of parent	58,000	0.3
Net income per share (¥).....	95.41	

Note: Revision to consolidated business performance forecasts published most recently: No

*** Notes**

- (1) Changes in important subsidiaries during the consolidated quarter (cumulative) under review (changes in specified subsidiaries resulting in changes in the scope of consolidation): No
- (2) Application of specific accounting treatment to the preparation of quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of revisions
- 1) Changes in accounting policies with revision of accounting standards, etc.: No
 - 2) Changes in accounting policies other than 1): No
 - 3) Changes in accounting estimates: No
 - 4) Restatement of revisions: No
- (4) Number of shares issued (common stock)
- 1) Number of shares issued at the end of the term (including treasury stock) (shares)
As of June 30, 2019: 624,869,876 As of March 31, 2019: 624,869,876
 - 2) Number of treasury stock at the end of the term (shares)
As of June 30, 2019: 16,794,853 As of March 31, 2019: 16,939,824
 - 3) Average numbers of shares issued during the terms (quarterly consolidated accumulation periods)
Three months ended June 30, 2019: 608,004,253
Three months ended June 30, 2018: 607,615,599

(Note)The number of treasury stock includes shares of the Company held by a group of shareholding employees in trust and compensation for Directors in trust, as follows:

As of June 30, 2019: 982,400 shares As of March 31, 2019: 1,129,000 shares

* The summary of financial statements is not subject to audit.

* Explanations about the proper use of financial forecasts and other important notes
(Notes on forecast results)

The forecast results presented above are based on information available as of the date of this announcement and assumptions considered reasonable. Actual results may differ materially from forecasts depending on a number of factors. For details on the forecast results, please see the statement under the heading of "1. Qualitative Information on Consolidated Financial Results, etc. for the First Quarters of FY2019, (3) Explanation about the future outlook, including forecast for consolidated earnings" in the accompanying materials.

(Method of acquiring supplementary documents for quarterly results)

The "Summary of Results for the First Quarter of FY2019" will be disclosed on our IR website and TDnet (Timely Disclosure network) today(August 8, 2019).

○ Accompanying Materials – Contents

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1. Qualitative Information on Consolidated Financial Results, etc. for the First Quarter Ended June 30, 2019

(1) Explanation about Consolidated Financial Results

Tokyu Corporation (the “Company”) and its consolidated subsidiaries (collectively, the “Group”) are promoting a medium-term business plan for three years dubbed “Make the Sustainable Growth.” This plan is aimed at sustainable growth by bolstering the existing business/projects and actively moving into new areas where the Group can utilize its strengths. By working in conjunction with the plan, the Group is seeking to achieve a big leap in the future.

Operating revenue for the first quarter of the consolidated fiscal year under review increased 2.4% year on year, to ¥280,116 million, reflecting the strong performance of the real estate sales business and real estate leasing business of the Group, among other factors. Operating profit rose 6.5% year on year, to ¥23,156 million. Recurring profit increased 11.6% year on year, to ¥23,460 million, mainly due to a rise in investment gains from the equity method, and profit attributable to owners of parent increased 20.9% year on year, to ¥16,380 million.

Operating results on a segmental basis are as follows. The results for individual segments include inter-segment internal revenues or transfers where applicable. The Company presents operating profit for each reported segment as segment profit in this document.

(i) Transportation

In the Company’s railway operations, the number of commuters carried in the first quarter under review declined 0.0% year on year, and the number of non-commuters carried increased 2.5%. Overall, the number of passengers carried climbed 1.0%. This was primarily attributable to the longer Golden Week holidays and well-received events held in the areas served by the Tokyu lines.

As a result, operating revenue for the Transportation segment increased 0.5% year on year, to ¥52,378 million. Partly due to increases in depreciation and amortization and power expenses, operating profit for the segment decreased 2.1% year on year, to ¥8,774 million.

(Operation results of Tokyu Corporation's railway operations)

Categories		Units	First quarter of the previous fiscal year	First quarter of the previous fiscal year
			April 1, 2018 to June 30, 2018	April 1, 2019 to June 30, 2019
Number of operating days		Days	91	91
Operating distance		Kilometers	104.9	104.9
Operating distance of passenger trains		Thousand kilometers	37,838	37,806
Number of passengers carried	Non-commuter	Thousand passengers	117,845	120,762
	Commuter	Thousand passengers	185,914	185,907
	Total	Thousand passengers	303,759	306,669
Passenger revenue	Non-commuter	Million yen	19,261	19,758
	Commuter	Million yen	16,489	16,489
	Total	Million yen	35,750	36,247
Miscellaneous income from railway operations		Million yen	3,574	3,571
Total revenues		Million yen	39,324	39,818
Average passenger revenue per day		Million yen	393	398
Operating efficiency		%	52.4	53.0

(Note) Calculation method of the operating efficiency

$$\text{Operating efficiency} = \frac{\text{Number of passengers carried}}{\text{Operating distance of passenger trains}} \times \frac{\text{Average service distance}}{\text{Average transportation capacity}} \times 100$$

(ii) Real Estate

In the Real Estate Business, operating revenue and operating profit increased to ¥45,282 million (up 3.7% year on year) and ¥9,470 million (up 20.9% year on year), respectively, mainly due to a rise in property sales revenue in the Company's real estate sales business and sales growth in the real estate leasing business after the opening of Shibuya Stream in September 2018.

(iii) Life Service

In the Life Service Business, operating revenue grew 2.3% year on year, to ¥171,718 million, thanks mainly to new customers acquired by Tokyu Power Supply Co., Ltd., an electric power retailer. Operating profit increased to ¥3,978 million (up 10.4% year on year).

(iv) Hotel and Resort

Operating revenue for the Hotel and Resort segment increased 5.2% year on year, to ¥25,734 million, mainly reflecting the high occupancy maintained by Tokyu Hotels Co., Ltd. in hotel operations and a rise in average daily rates. Operating profit for the segment declined 30.5% year on year, to ¥890 million, chiefly due to a rise in expenses.

(2) Explanation about Consolidated Financial Position

Assets

Total assets at the end of the first quarter under review increased ¥10,139 million from the end of the previous fiscal year, to ¥2,423,015 million, largely due to an increase in tangible fixed assets at the Company.

Liabilities

Liabilities decreased ¥1,568 million year on year, to ¥1,615,142 million, largely attributable to a decrease in accounts payable-other for capital investment, despite growth in interest-bearing debt (*) of ¥15,284 million year on year, to ¥1,081,706 million.

Net assets

Net assets at the end of the first quarter of the fiscal year under review rose ¥11,708 million from the end of the previous fiscal year, to ¥807,872 million, reflecting the posting of a profit attributable to owners of parent.

* Interest-bearing debt: the sum of debt, corporate bonds, and commercial papers

(3) Explanation about the Future Outlook, Including Forecast for Consolidated Earnings

The consolidated forecast for the fiscal year ending March 31, 2020 announced on May 13, 2019 has not changed.

* The forecast results presented above are based on information available as of the date of this announcement and assumptions considered reasonable. Actual results may differ materially from forecasts depending on a number of factors.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

Million yen

Item	As of March 31, 2019	As of June 30, 2019
Assets		
Current Assets		
Cash and deposits	34,229	43,893
Trade notes & accounts receivable	165,465	153,121
Merchandise and products	14,068	14,925
Land and buildings for sale	47,811	48,301
Work in progress	5,152	8,430
Raw materials and supplies	7,803	7,673
Others	40,952	37,842
Allowance for doubtful accounts	(1,239)	(1,263)
Total current assets	314,244	312,924
Fixed Assets		
Tangible fixed assets		
Buildings & structures (net)	788,980	782,685
Rolling stock & machinery (net)	70,270	68,407
Land	710,176	714,481
Construction in progress	196,508	211,631
Others (net)	28,013	27,754
Total tangible fixed assets	1,793,950	1,804,960
Intangible fixed assets	37,843	39,054
Investments & others		
Investment securities	174,150	174,153
Net defined benefit asset	6,349	6,356
Deferred tax assets	17,851	15,976
Others	69,153	70,342
Allowance for doubtful accounts	(667)	(751)
Total investments and others	266,838	266,077
Total fixed assets	2,098,632	2,110,091
Total Assets	2,412,876	2,423,015

Million yen

Item	As of March 31, 2019	As of June 30, 2019
Liabilities		
Current Liabilities		
Trade notes & accounts payable	98,811	96,675
Short-term debt	334,796	328,432
Commercial papers	–	14,000
Current portion of corporate bonds	23,138	33,138
Accrued income taxes	14,607	5,549
Provision	12,351	8,477
Advances received	39,074	44,249
Others	124,981	115,358
Total current liabilities	647,760	645,881
Long-Term Liabilities		
Corporate bonds	220,090	200,090
Long-term debt	488,397	506,046
Provision	2,757	2,790
Net defined benefit liability	43,401	43,937
Long-term deposits from tenants and club members	134,953	136,255
Deferred tax liabilities	14,962	15,059
Deferred tax liabilities from revaluation	9,170	9,170
Others	40,157	41,479
Total long-term liabilities	953,890	954,829
Special Legal Reserves		
Urban railways improvement reserve	15,060	14,432
Total Liabilities	1,616,711	1,615,142
Net Assets		
Shareholders' Equity		
Common stock	121,724	121,724
Capital surplus	133,763	133,764
Retained income	495,343	505,729
Treasury stock	(28,506)	(28,263)
Total shareholders' equity	722,325	732,955
Accumulated Other Comprehensive Income		
Net unrealized gains (losses) on available-for-sale securities, net of taxes	16,735	16,432
Net unrealized gains (losses) on hedging instruments, net of taxes	(179)	(140)
Land revaluation reserve	8,404	8,404
Foreign currency translation adjustment account	3,764	3,841
Remeasurements of defined benefit plans	(5,816)	(5,241)
Total accumulated other comprehensive income	22,907	23,296
Non-Controlling Interests	50,930	51,620
Total Net Assets	796,164	807,872
Total Liabilities and Net Assets	2,412,876	2,423,015

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statements of Comprehensive Income
(Quarterly Consolidated Statements of Income) *Million yen*

Item	April 1, 2018 to June 30, 2018	April 1, 2019 to June 30, 2019
Operating Revenue	273,613	280,116
Cost of operating revenue		
Operating expenses & cost of sales (Transportation, etc.)	201,689	204,823
SG&A expenses	50,175	52,136
Total cost of operating revenue	251,864	256,960
Operating Profit	21,748	23,156
Non-operating profit		
Interest income	86	86
Dividend income	478	498
Investment gains from equity method	1,068	1,582
Dividend income of insurance	716	784
Others	650	814
Total non-operating profit	3,000	3,765
Non-operating expenses		
Interest expenses	2,327	2,289
Others	1,394	1,172
Total non-operating expenses	3,721	3,461
Recurring Profit	21,027	23,460
Extraordinary gains		
Gains on sale of fixed assets	70	15
Subsidies received for construction	170	231
Gain on reversal of Urban Railways Improvement Reserve	627	627
Others	106	115
Total extraordinary gains	975	989
Extraordinary losses		
Reduction entry of land contribution for construction	142	146
Loss on retirement of fixed assets	544	213
Loss on valuation of investment securities	618	-
Others	89	118
Total extraordinary losses	1,394	477
Income before Income Taxes	20,608	23,972
Corporate income taxes	6,703	7,196
Net Income	13,905	16,776
Profit attributable to non-controlling interests	359	395
Profit attributable to owners of parent	13,545	16,380

(Quarterly Consolidated Statements of Comprehensive Income)*Million yen*

Item	April 1, 2018 to June 30, 2018	April 1, 2019 to June 30, 2019
Net Income	13,905	16,776
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	1,100	(370)
Net unrealized gains (losses) on hedging instruments	0	(0)
Foreign currency translation adjustment account	(3,093)	76
Remeasurements of defined benefit plans, net of tax	344	564
Share of other comprehensive income of associates accounted for using equity method	(318)	163
Total other comprehensive income	(1,965)	432
Comprehensive Income	11,940	17,209
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,485	16,769
Comprehensive income attributable to non-controlling interests	(545)	439

(3) Notes to Quarterly Consolidated Financial Statements

(Notes Regarding the Premise of a Going Concern)

There is no applicable item.

(Notes If There Is a Considerable Change to Shareholders' Equity)

There is no applicable item.

(Segment Information)

I. April 1, 2018 to June 30, 2018

1. Information on operating revenue and operating profits or losses by reported segment

Million yen

	Reported segment				Total	Adjustments (Note) 1	Amount posted in the consolidated statement of income (Note) 2
	Transportation	Real Estate	Life Service	Hotel and Resort			
Operating revenue							
Outside customers	51,668	33,216	164,445	24,282	273,613	—	273,613
Inter-segment internal revenues or transfers	455	10,445	3,457	179	14,538	(14,538)	—
Total	52,124	43,662	167,902	24,462	288,152	(14,538)	273,613
Segment profit	8,960	7,834	3,603	1,280	21,680	68	21,748

Notes

1. An adjustment of ¥68 million in segment profit represents the deduction of intersegment transactions.
2. Segment profit has been adjusted with operating profit recorded in the consolidated quarterly statements of income.

II. April 1, 2019 to June 30, 2019

1. Information on operating revenue and operating profits or losses by reported segment

Million yen

	Reported segment				Total	Adjustments (Note) 1	Amount posted in the consolidated statement of income (Note) 2
	Transportation	Real Estate	Life Service	Hotel and Resort			
Operating revenue							
Outside customers	51,929	34,816	167,810	25,560	280,116	—	280,116
Inter-segment internal revenues or transfers	448	10,465	3,908	174	14,997	(14,997)	—
Total	52,378	45,282	171,718	25,734	295,114	(14,997)	280,116
Segment profit	8,774	9,470	3,978	890	23,112	44	23,156

Notes

1. An adjustment of ¥44 million in segment profit represents the deduction of intersegment transactions.
2. Segment profit has been adjusted with operating profit recorded in the consolidated quarterly statements of income.