

# Supplementary Materials on Financial Results for the Fiscal Year Ended March 31, 2020 (FY2019)

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Keikyu Corporation (Securities code: 9006)

May 12, 2020

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

# Consolidated Statement of Income

- ◆ Every segment was significantly affected by the spread of infections of the novel coronavirus (COVID-19).
- ◆ In the Real Estate business, revenue decreased primarily due to the absence of sales of large condominiums in the previous fiscal year.
- ◆ In addition to the decrease from the absence of those sales, profit decreased due to higher personnel expenses relating to an increase in retirement benefit expenses, and increases in depreciation and advertising expenses in the Transportation business.

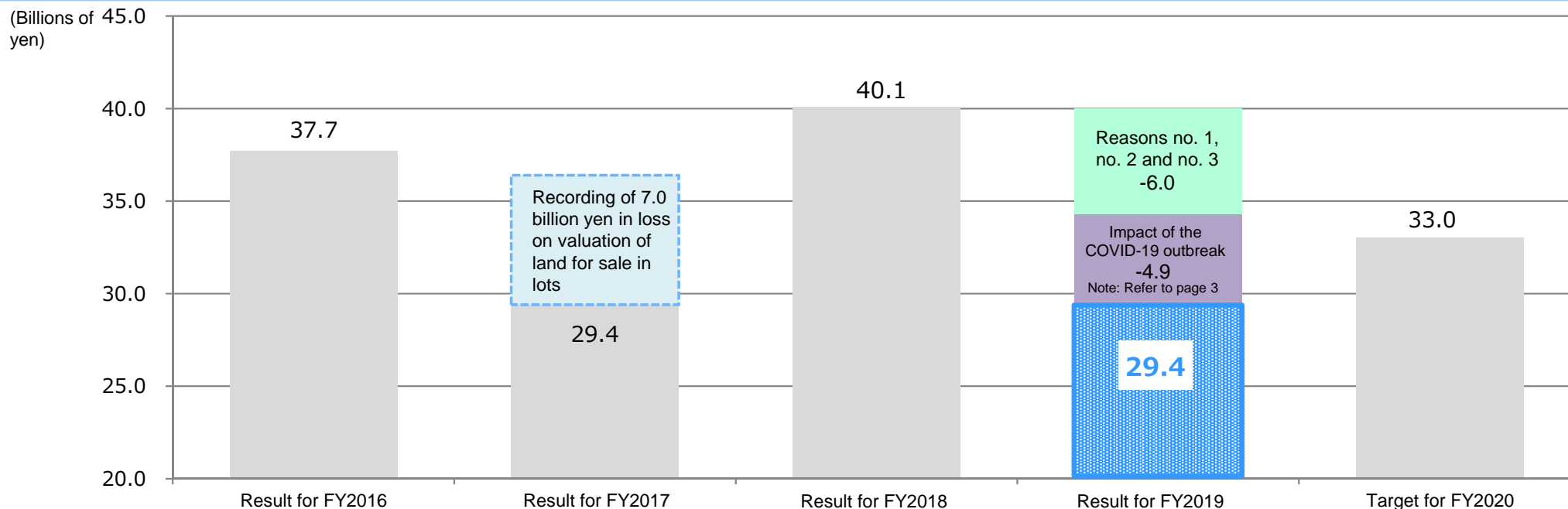
(Unit: Millions of yen)

	FY2018	FY2019	Change	Change [%]	FY2019 (May 2019 forecast)	Difference (actual – forecast)	Difference [%] (actual – forecast)
Revenue from operations	339,268	312,751	(26,516)	(7.8)	325,000	(12,248)	(3.8)
Operating profit	40,147	29,489	(10,658)	(26.5)	28,500	989	3.5
Ordinary profit	37,774	26,834	(10,939)	(29.0)	25,500	1,334	5.2
Extraordinary income	2,792	1,438	(1,353)	(48.5)	—	—	—
Extraordinary losses	9,780	4,423	(5,357)	(54.8)	—	—	—
Profit attributable to owners of parent	20,714	15,650	(5,063)	(24.4)	16,000	(349)	(2.2)

Net income per share	75.22 yen	56.83 yen
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58.10 yen
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# Operating Profit and Expenses on FY2019 Financial Results



<Status of incurred expenses, etc. and amount incurred (Numbers within parentheses are expenses planned for FY2019)>

Reason no. 1 (Continuous factor)	Reason no. 2 (Temporary factor only for FY2019)
Reduction in the additional fares (-1.5) ⇒ Incurred in line with initial forecast. Note: It is difficult to verify due to the impact of the novel coronavirus disease (COVID-19) outbreak.	Favorable sales of PRIME PARKS Shinagawa Seaside THE TOWER in FY2018, etc. (-3.0) ⇒ Approx. -2.5 billion yen incurred. Note: Differences, etc. between FY2018 and FY2019.
Depreciation for platform gates, the new head office building, etc. (-1.5) ⇒ Incurred in line with initial forecast.	Expenses for advertisements regarding reduction in additional fares (-1.0) ⇒ Approx. 1/3 incurred.
Retirement benefit expenses (-1.5) ⇒ Incurred in line with initial forecast.	Head office transfer expenses (-1.0) ⇒ Approx. half incurred.
Expenses for development study survey (-1.0) ⇒ Approx. 1/3 incurred.	Other expenses (+0.5) ⇒ Approx. +1.0 billion yen due to decreases in expenses, etc.
Other expenses (-1.5) ⇒ Approx. less than 1.0 billion yen incurred.	
Total: -7.0 ⇒ Approx. -6.0 billion yen incurred.	Total: -4.5 ⇒ Approx. less than -2.0 billion yen incurred.

**Reason no. 3 (Decreases in expenses for the entire Company): Approx. +2.0 billion yen**  
**Note: Repair expenses, loss on retirement of non-current assets, etc.**

## ◆ Impact amount and main factors

(Unit: Billions of yen)

Segment	Impact amount		Main factors
	Revenue from operations	Operating profit	
Transportation	<b>(3.6)</b>	<b>(3.5)</b>	
Railway	(2.5)	(2.5)	Decrease in the number of plane passengers and decrease in the number of passengers carried due to persons voluntarily refraining from going outside
Bus	(1.0)	(0.9)	Decrease in the number of plane passengers and decrease in the number of passengers carried due to persons voluntarily refraining from going outside
Taxi	(0.1)	(0.1)	Decrease in the number of passengers due to persons voluntarily refraining from going outside
Leisure Services	<b>(1.6)</b>	<b>(1.3)</b>	
Business hotels	(0.9)	(0.8)	Decrease in occupancy rate and daily rates due to reservation cancellations and decrease in daily rates of nearby hotels
Leisure-related facilities	(0.5)	(0.4)	<ul style="list-style-type: none"> <li>Decrease in the number of persons using Natural Hot Spring Heiwajima</li> <li>Decrease in the number of customers in the boat racing business due to races without spectators</li> </ul>
Leisure, other	(0.2)	(0.1)	Decrease in the number of customers due to stagnant demand for eating out
Real Estate/Retailing	<b>(0.4)</b>	<b>(0.1)</b>	Real Estate: Decrease in tenant rent Department store/SC: Decrease in the number of customers due to persons voluntarily refraining from going outside, businesses closing temporarily, etc. Store business: Increase in the number of users due to stockpiling and higher demand for eating in
Total	<b>(5.6)</b>	<b>(4.9)</b>	

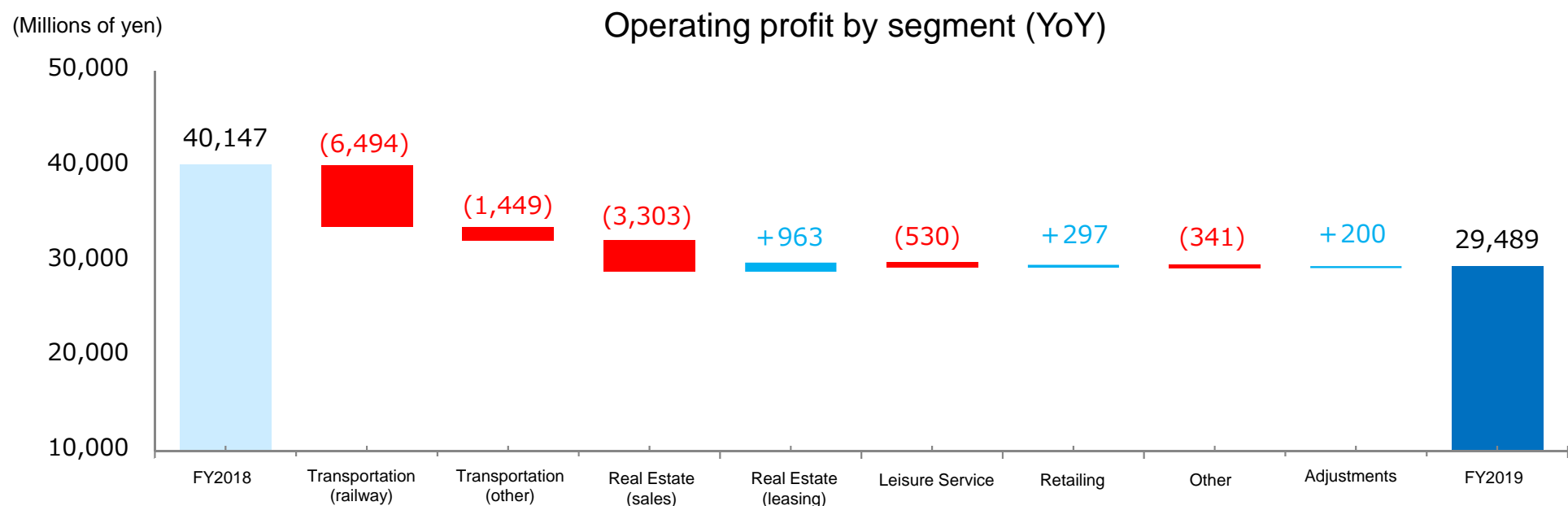
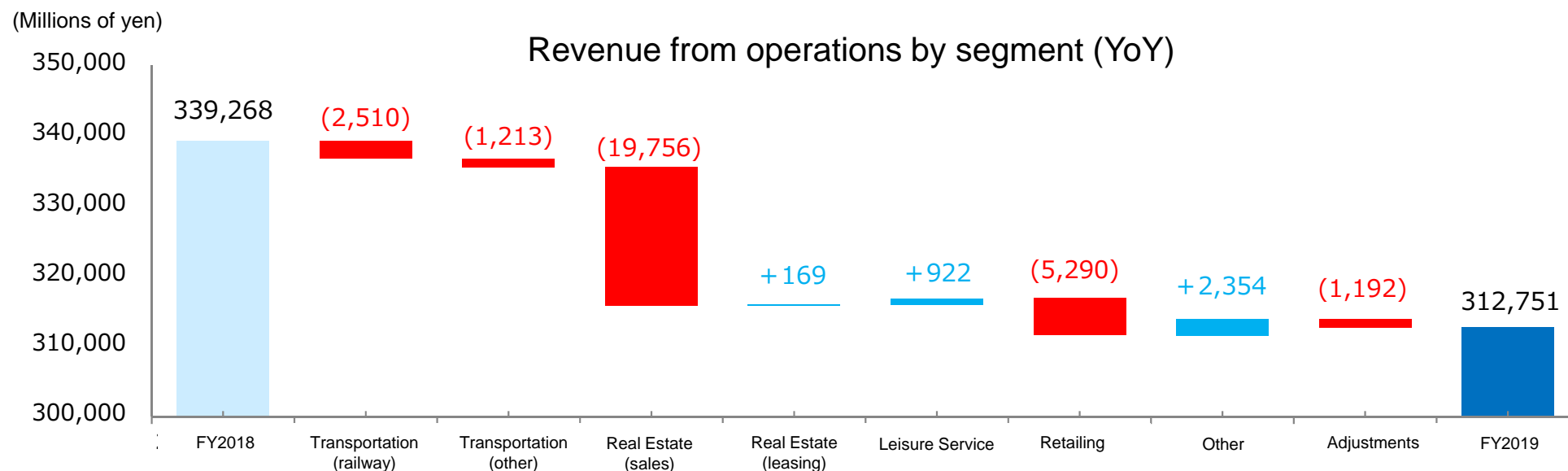
Note: The above impact amounts are only estimates. The impact amounts for operating profit are only the expected decreases in expenses directly related to decreases in profit and therefore may decrease.

# Segment Information

(Unit: Millions of yen)

		FY2018	FY2019	Change	Change [%]	FY2019 (May 2019 forecast)	Difference (actual – forecast)	Difference [%] (actual – forecast)
Transportation	Revenue from operations	124,748	121,024	(3,723)	(3.0)	123,900	(2,875)	(2.3)
	Operating profit	20,819	12,875	(7,944)	(38.2)	13,600	(724)	(5.3)
Real Estate	Revenue from operations	69,927	50,341	(19,586)	(28.0)	57,700	(7,358)	(12.8)
	Operating profit	8,449	6,109	(2,340)	(27.7)	4,700	1,409	30.0
Leisure Services	Revenue from operations	38,009	38,931	922	2.4	38,300	631	1.6
	Operating profit	6,343	5,813	(530)	(8.4)	6,300	(486)	(7.7)
Retailing	Revenue from operations	106,588	101,297	(5,290)	(5.0)	104,400	(3,102)	(3.0)
	Operating profit	2,361	2,658	297	12.6	2,800	(141)	(5.1)
Other	Revenue from operations	55,863	58,217	2,354	4.2	56,000	2,217	4.0
	Operating profit	4,022	3,680	(341)	(8.5)	2,600	1,080	41.6
Total	Revenue from operations	395,137	369,812	(25,324)	(6.4)	380,300	(10,487)	(2.8)
	Operating profit	41,996	31,137	(10,859)	(25.9)	30,000	1,137	3.8
Adjustments	Revenue from operations	(55,868)	(57,061)	(1,192)	—	(55,300)	(1,761)	—
	Operating profit	(1,848)	(1,647)	200	—	(1,500)	(147)	—
Figures on Consolidated Statement of Income	Revenue from operations	339,268	312,751	(26,516)	(7.8)	325,000	(12,248)	(3.8)
	Operating profit	40,147	29,489	(10,658)	(26.5)	28,500	989	3.5

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



- ◆ In railway operations, revenue decreased mainly from a drop in the number of passengers carried due to the impact of the COVID-19 outbreak.  
Profit decreased due to such factors as increases in retirement benefit expenses, depreciation and advertising expenses.
- ◆ In bus operations, revenue decreased mainly from a drop in the number of passengers carried due to the impact of the COVID-19 outbreak.  
Profit decreased due to such factors as an increase in depreciation.
- ◆ In taxi operations, revenue and profit decreased mainly from a drop in the number of passengers due to the impact of the COVID-19 outbreak.

(Unit: Millions of yen)

	Revenue from operations				Operating profit			
	FY2018	FY2019	Change	Change [%]	FY2018	FY2019	Change	Change [%]
Transportation	124,748	121,024	(3,723)	(3.0)	20,819	12,875	(7,944)	(38.2)
Railway	85,953	83,443	(2,510)	(2.9)	18,865	12,371	(6,494)	(34.4)
Bus	34,421	33,404	(1,016)	(3.0)	1,948	640	(1,307)	(67.1)
Taxi	4,373	4,176	(197)	(4.5)	6	(136)	(142)	—

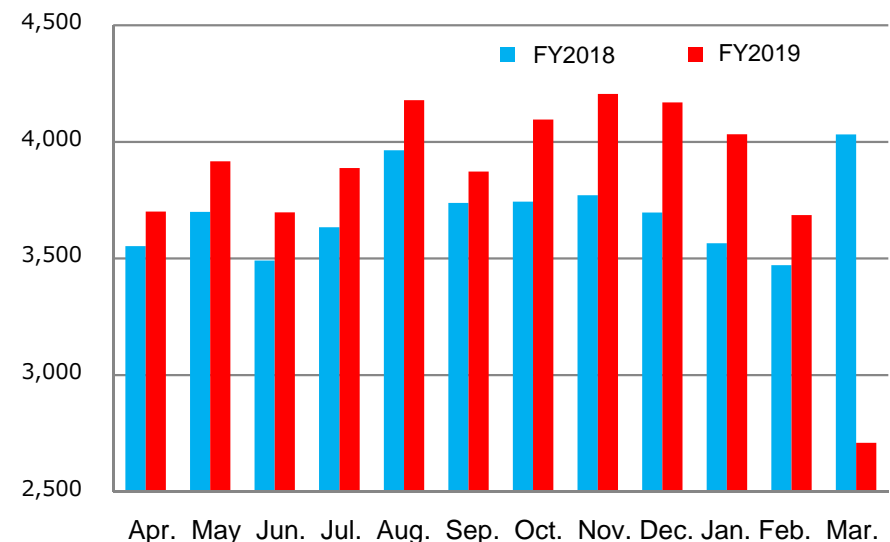
<Results in railway operations: number of passengers carried & revenue from railway operations>

		Number of passengers carried (Thousands of people)				Revenue from railway operations (Millions of yen)			
		FY2018	FY2019	Change	Change [%]	FY2018	FY2019	Change	Change [%]
	Commuter	267,354	269,333	1,979	0.7	31,917	31,882	(34)	(0.1)
	Non-commuter	216,065	212,854	(3,211)	(1.5)	50,913	48,189	(2,724)	(5.4)
	Total	483,419	482,187	(1,232)	(0.3)	82,831	80,072	(2,759)	(3.3)

<Number of passengers carried: Total of Haneda Airport Terminal 1, Terminal 2 and Terminal 3>

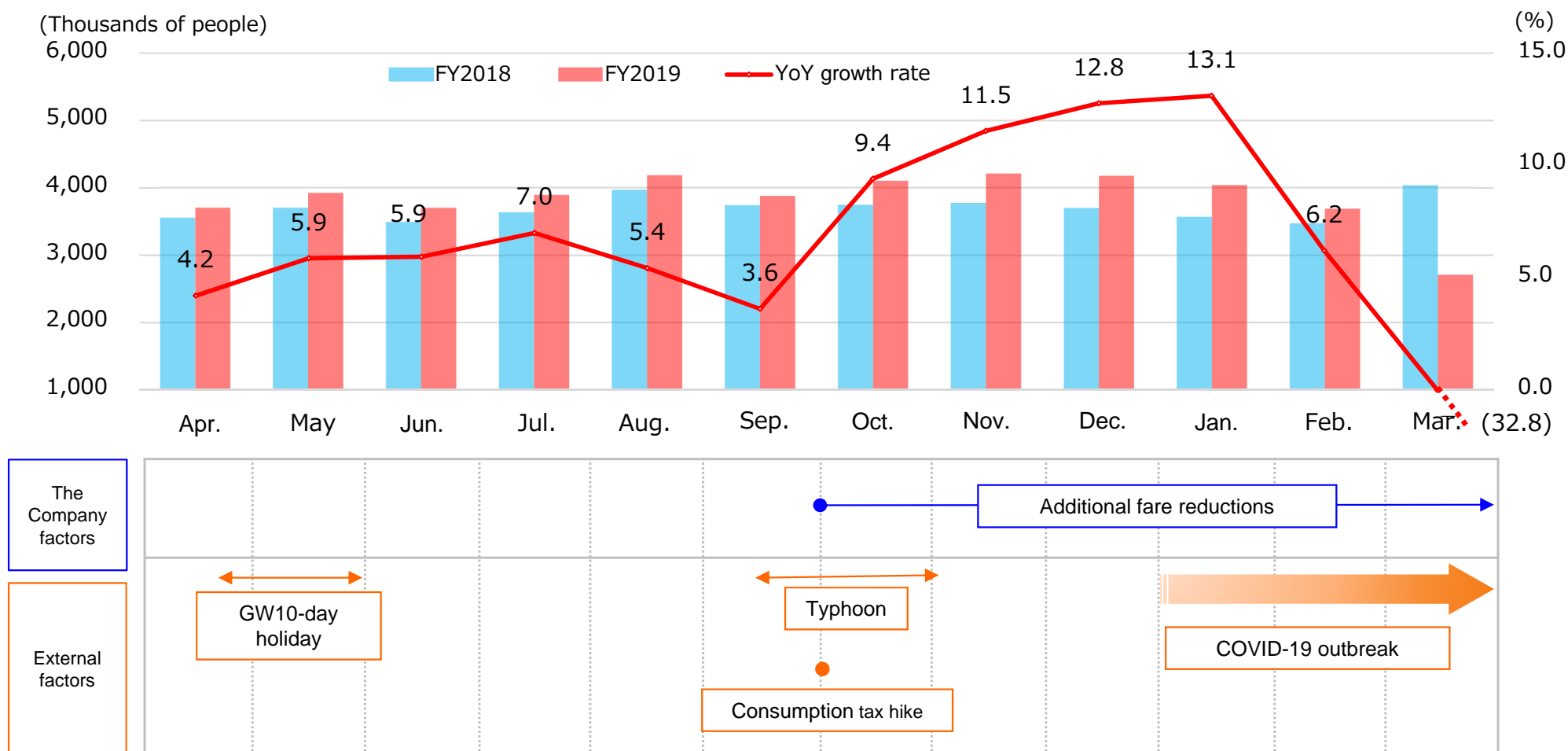
		Number of passengers carried (Thousands of people)			
		FY2018	FY2019	Change	Change [%]
	Commuter	7,601	8,680	1,079	14.2
	Non-commuter	36,759	37,476	717	2.0
	Total	44,360	46,156	1,796	4.0

Number of passengers carried per month: Total of Haneda Airport Terminal 1, Terminal 2 and Terminal 3  
(Thousands of people)





## ◆Trend in number of passengers carried after reduction in the additional fares of the two Haneda Airport stations



## ◆Effect from additional fare reductions

### <Year on year>

The average rise in the number of non-commuter passengers from April to September was 5.3 % but from October to January, it was 11.7 % (boost of 6.4 pt), showing a clear impact from additional fare reductions. The impact of the COVID-19 outbreak started to become noticeable from February, and there was a significant drop in March.

### <Against the plan>

Up to January 2020, the results were within the scope of the forecast and generally in line with the plan. However, the results for February and thereafter were significantly below the initial estimates for the total fiscal year figures due to the COVID-19 outbreak.

- ◆ Both revenue and profit decrease primarily due to the absence of sales of large condominiums in the previous fiscal year in real estate sales business.
- ◆ In the real estate leasing operations, revenue increased, mainly reflecting steady operation of buildings for leasing and profit increased, mainly due to the absence of repair work expenses recorded in the second half of the previous fiscal year.

(Unit: Millions of yen)

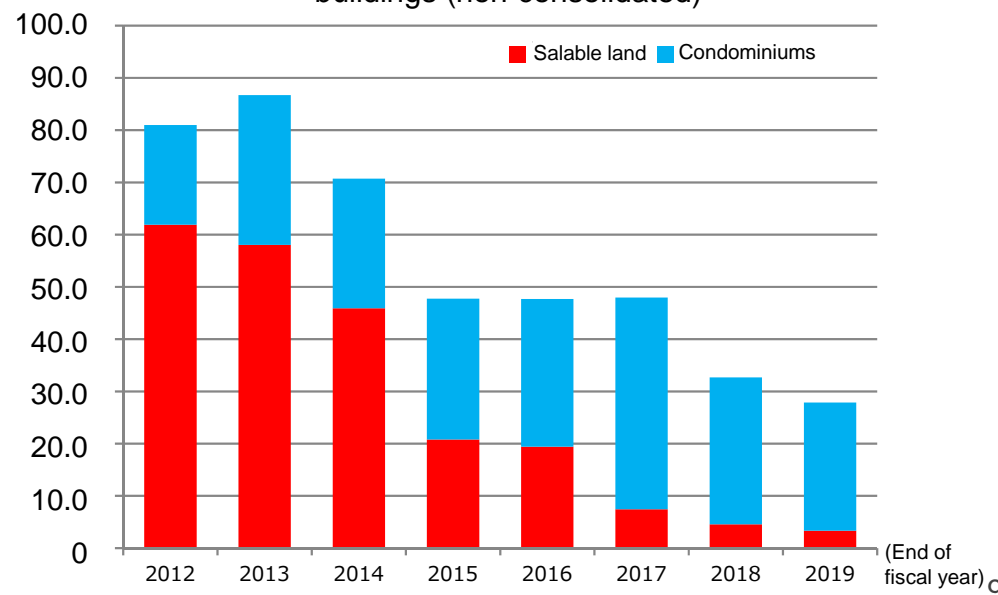
	Revenue from operations				Operating profit			
	FY2018	FY2019	Change	Change [%]	FY2018	FY2019	Change	Change [%]
Real Estate	69,927	50,341	(19,586)	(28.0)	8,449	6,109	(2,340)	(27.7)
Real estate sales	49,211	29,454	(19,756)	(40.1)	4,212	908	(3,303)	(78.4)
Real estate leasing	20,716	20,886	169	0.8	4,236	5,200	963	22.7

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

(Number of units/plots)

	FY2018	FY2019	Change
Condominiums	1,481	355	(1,126)
(After conversion for ownership share)	690	193	(497)
Residential land/homes	89	151	62

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



- ◆ In business hotel operations, revenue decreased mainly from a drop in the number of hotel guests due to the impact of the COVID-19 outbreak. In addition, profit decreased from higher expenses related to opening new buildings and other factors.
- ◆ In leisure-related facility operations, both revenue and profit increased mainly due to strong sales from Natural Hot Spring Heiwajima, which carried out renovations in the previous fiscal year.
- ◆ In leisure, other, both revenue and profit increased mainly due to such factors as increases in advertisement orders.

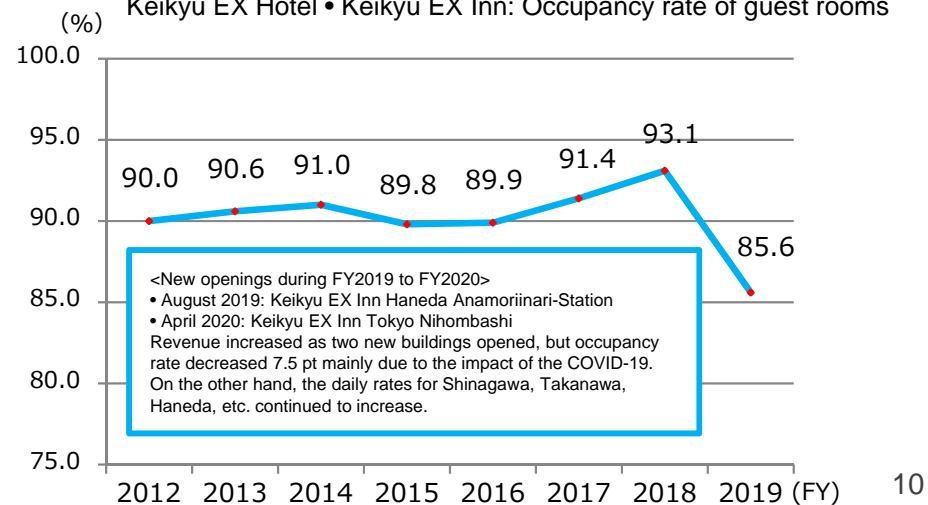
(Unit: Millions of yen)

	Revenue from operations				Operating profit			
	FY2018	FY2019	Change	Change [%]	FY2018	FY2019	Change	Change [%]
Leisure Services	38,009	38,931	922	2.4	6,343	5,813	(530)	(8.4)
Business hotels	10,781	10,620	(160)	(1.5)	2,775	2,049	(726)	(26.2)
Leisure-related facilities	12,558	13,075	516	4.1	1,954	2,088	134	6.9
Leisure, other	14,669	15,235	566	3.9	1,613	1,675	62	3.9

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

	FY2018	FY2019	Change
Occupancy rate of guest rooms	93.1%	85.6%	(7.5) pt

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



- ◆ In the department store operations, operating profit stayed roughly the same year on year despite poor results for foods and ladies' wear and lower revenue due to a reduction in out-of-store sales.
- ◆ Revenue and profit increased in the SC operations 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 fiscal year.
- ◆ Profit increased in supermarkets mainly due to reduced amortization of goodwill arising from the previous fiscal year's recognition of the impairment of goodwill for Keikyu Store, despite a fall in revenue due to the closing of stores (Keikyu Store Sunny Mart and others) in the previous fiscal year.
- ◆ In convenience store/merchandise sales, revenue and profit declined, mainly due to the suspension of operations of a Seven Eleven store to perform seismic retrofitting work at Heiwajima Station.

(Unit: Millions of yen)

	Revenue from operations				Operating profit			
	FY2018	FY2019	Change	Change [%]	FY2018	FY2019	Change	Change [%]
Retailing	106,588	101,297	(5,290)	(5.0)	2,361	2,658	297	12.6
Department store/SC	36,535	35,342	(1,193)	(3.3)	551	687	135	24.5
Department store	33,603	31,811	(1,791)	(5.3)	185	203	18	9.8
SC * Former Retailing, other	2,932	3,530	598	20.4	366	483	117	32.0
Store business	70,052	65,955	(4,097)	(5.8)	1,809	1,971	161	8.9
Supermarkets	54,991	51,572	(3,418)	(6.2)	349	789	440	126.0
Convenience store/Merchandise sales, etc. * Former Merchandise sales	15,061	14,382	(679)	(4.5)	1,459	1,181	(278)	(19.1)

- ◆ Revenue increased mainly due to the increased construction performed by Keikyu Construction Co., Ltd. and Keikyu Electric Engineering Co., Ltd., but profit decreased mainly due to a lower profit margin of construction work ordered from Keikyu Construction Co., Ltd.

(Unit: Millions of yen)

	Revenue from operations				Operating profit			
	FY2018	FY2019	Change	Change [%]	FY2018	FY2019	Change	Change [%]
Other	55,863	58,217	2,354	4.2	4,022	3,680	(341)	(8.5)

# Non-operating/Extraordinary Income and Losses

(Unit: Millions of yen)

	FY2018	FY2019	Change	Change [%]
Operating profit	40,147	29,489	(10,658)	(26.5)
Non-operating profit	2,383	2,349	(34)	(1.4)
Interest income	72	72	0	0.8
Dividend income	784	824	40	5.1
Equity in earnings of affiliates	703	653	(50)	(7.2)
Other	823	799	(24)	(3.0)
Non-operating expenses	4,757	5,004	247	5.2
Interest expenses	4,382	4,111	(271)	(6.2)
Other	374	893	519	138.6
Ordinary profit	37,774	26,834	(10,939)	(29.0)
Extraordinary income	2,792	1,438	(1,353)	(48.5)
Contribution for construction	1,750	1,126	(624)	(35.7)
Gain on sales of non-current assets	333	277	(56)	(16.8)
Gain on sales of investment securities	607	8	(599)	(98.6)
Other	100	26	(74)	(73.8)
Extraordinary losses	9,780	4,423	(5,357)	(54.8)
Impairment loss	6,219	1,714	(4,505)	(72.4)
Loss on reduction of non-current assets	1,748	1,126	(622)	(35.6)
Compensation expenses	741	796	54	7.4
Loss on retirement of non-current assets	194	736	542	279.1
Loss on valuation of investment securities	424	—	(424)	(100.0)
Provision for loss on disaster	290	—	(290)	(100.0)
Other	162	50	(112)	(69.1)
Profit before income taxes	30,786	23,850	(6,935)	(22.5)

# Consolidated Balance Sheet (Condensed)

(Unit: Millions of yen)

	As of March 31, 2019	As of March 31, 2020	Change
Current assets	126,731	101,179	(25,551)
Cash and deposits	45,742	35,555	(10,186)
Notes and accounts receivable - trade	26,229	12,591	(13,637)
Land and buildings for sale in lots	44,606	41,016	(3,589)
Non-current assets	765,113	787,232	22,119
Property, plant and equipment	627,399	662,085	34,686
Investments and other assets	131,886	117,756	(14,130)
Investment securities	77,849	68,051	(9,797)
Retirement benefit asset	24,593	19,192	(5,401)
Total assets	891,844	888,412	(3,432)
Total liabilities	622,005	620,756	(1,248)
Outstanding interest-bearing debt*	429,849	444,735	14,886
Total net assets	269,839	267,655	(2,184)
Total liabilities and net assets	891,844	888,412	(3,432)

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

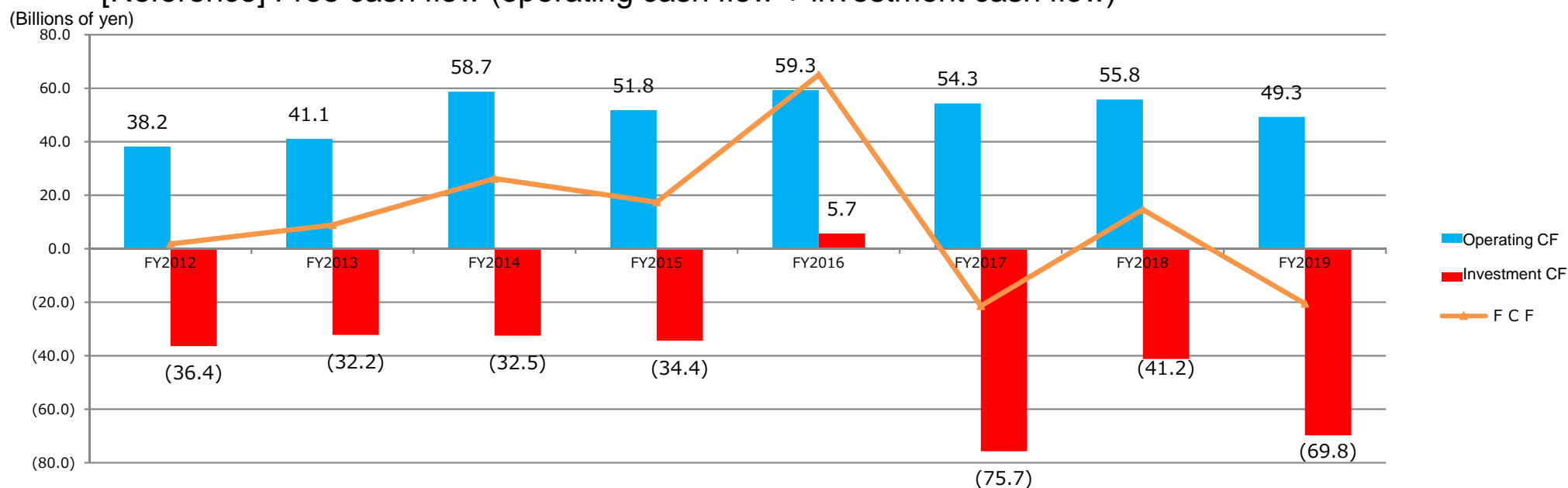
Net interest bearing debt outstanding	384,106	409,179	25,072
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- ◆ Cash flows from investing activities increased mainly due to constructing the new head office building and manufacturing, refurbishment, etc. of railcars.

(Unit: Millions of yen)

	FY2018	FY2019	Change
Cash flows from operating activities	55,875	49,343	(6,531)
Cash flows from investing activities	(41,297)	(69,871)	(28,573)
Cash flows from financing activities	(12,696)	10,338	23,035
Net increase (decrease) in cash and cash equivalents	1,880	(10,186)	(12,067)
Cash and cash equivalents at end of the year	45,592	35,405	(10,186)

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





# Amount of capital investment and Depreciation

(Unit: Millions of yen)

	Amount of capital investment				Depreciation			
	FY2018	FY2019	Change	Change [%]	FY2018	FY2019	Change	Change [%]
Transportation	38,249	41,362	3,113	8.1	22,102	24,066	1,963	8.9
Real Estate	8,941	22,194	13,253	148.2	4,289	4,343	54	1.3
Leisure Services	3,574	9,146	5,571	155.9	2,219	2,265	46	2.1
Retailing	2,400	1,651	(749)	(31.2)	1,037	1,115	77	7.5
Other	759	477	(282)	(37.2)	350	359	8	2.5
Total	53,925	74,831	20,906	38.8	29,999	32,150	2,150	7.2

\* Includes contribution for construction, etc. in the Transportation business.  
FY2018: 8,292 million yen, FY2019: 4,017 million yen

The Japanese government declared a state of emergency over the growing spread of infections of the novel coronavirus disease (COVID-19). As people continue to voluntarily refrain from going out, the number of users of the facilities and services in each segment is expected to drop significantly and the Company has temporarily closed facilities, shortened the operating hours and taken other measures.

At this point in time, there is no forecast regarding when the spread of infections will be contained, but the spread of infections is having a tremendous impact and is expected to have a significant negative effect on business performance. While the Company is examining the effects of the spread of injections, because it is difficult to reasonably calculate the business forecasts, the business forecasts for the fiscal year ending March 31, 2021 and dividend forecast are yet to be determined.

The Company will promptly disclose the business forecasts once it is possible to calculate the forecasts.

For reference, the business conditions in each segment from April 1 to May 6, 2020 are shown on the following pages. In light of these conditions, it will be difficult to achieve the targets (see page 2) for FY2020, which is the final year of the management plan.

# Business Conditions in Each Segment From April 1 to May 6 (1)

Segment			Year on year		Remarks
			April 1 to 30	May 1 to 6	
Transportation					
Railway	Number of passengers carried	All lines Number of passengers carried	Approx. (60)%	Approx. (70)%	Decrease in the number of passengers carried due to persons voluntarily refraining from going outside following the declaration of a state of emergency
		Portion using Haneda Airport stations	Approx. (70)%	Approx. (90)%	Decrease in the number of passengers carried due to persons voluntarily refraining from going outside following the declaration of a state of emergency
Bus					
Keikyu Bus	Billings		Approx. (70)%	Approx. (80)%	Decease in the number of plane passengers and decrease in the number of passengers carried due to persons voluntarily refraining from going outside
Kawasaki Tsurumi Rinko Bus	Billings		Approx. (50)%	Approx. (70)%	Decrease in the number of passengers carried due to persons voluntarily refraining from going outside
Real Estate					
Real estate sales	Reduction of condominium sales activities (closing of condominium showroom)				
Real estate leasing	Decrease in revenue from tenant rent				

Note: The above figures are the trend values (year on year) that could be determined as of May 6 and may be different from the actual figures disclosed as the monthly business results.

(The Company plans to disclose the April figures at the end of May and the May figures at the end of June.)

# Business Conditions in Each Segment From April 1 to May 6 (2)

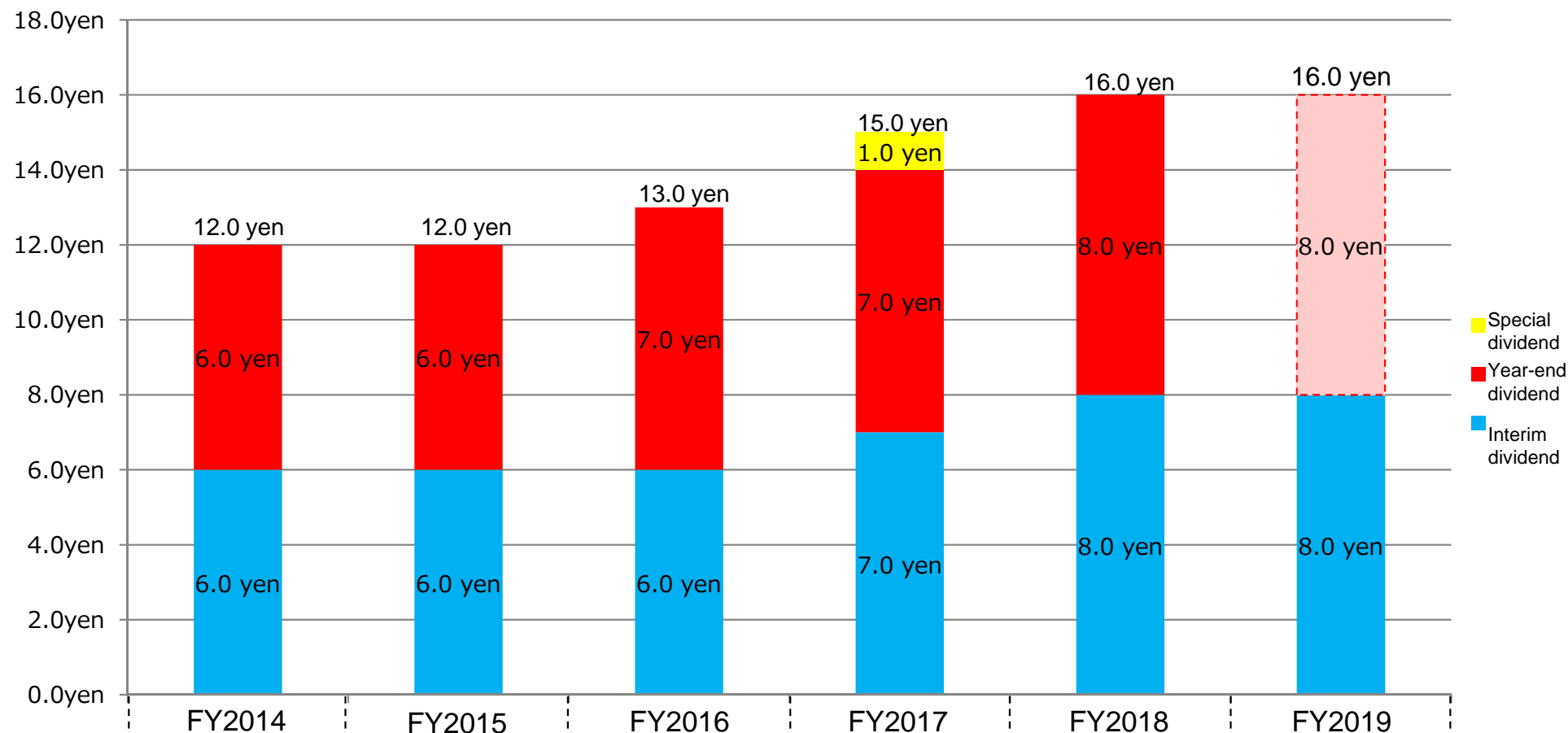
Segment		Year on year		Remarks
		April 1 to 30	May 1 to 6	
Leisure Services				
Business hotels	Sales	Approx. (90)%	Approx. (90)%	Stagnant demand for accommodations due to persons voluntarily refraining from going outside and decrease in occupancy rate and daily rates
	Occupancy rate (actual results)	Approx. 10%	Approx. 10%	
Leisure-related facilities	Races without spectators in boat racing business, as well as the temporary closing of Natural Hot Spring Heiwajima and other leisure facilities			
Leisure, other	Temporary closings and shortened operating hours in the restaurant business			
Retailing				
Keikyu Department Store (Department store business)	Sales	Approx. (60)%	Approx. (80)%	Decrease in sales due to temporary closing of areas except the food area
Keikyu Store (Supermarket business)	Sales (existing stores)	Approx. +5%	Approx. (2)%	April: Increase in sales due to higher demand for eating in May: Voluntary reductions in sales promotion activities and decrease in the number of leisure customers
Remarks	SC business and convenience store/merchandise sales business: Temporary closings and shortened operating hours of some stores following the declaration of a state of emergency. In addition, decrease in duty-free sales at drug stores due to a drop in inbound demand.			

Note: The above figures are the trend values (year on year) that could be determined as of May 6 and may be different from the actual figures disclosed as the monthly business results.

(The Company plans to disclose the April figures at the end of May and the May figures at the end of June.)

**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.



Dividend payout ratio (consolidated)	30.7%	—	15.9%	25.6%	21.3%	28.2%
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<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.

<Contact information>

In charge of Equities and IR,  
Corporate and Legal Affairs Section, General Affairs Department  
Phone: +81-45-225-9311  
E mail: [ir-keikyu\\_t7z@keikyu-group.jp](mailto:ir-keikyu_t7z@keikyu-group.jp)