

# Presentation Handout

May 19, 2005

Investors meeting



**Tokyu Corporation**

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**(9005)**

<http://www.tokyu.co.jp/>

# Contents



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|   |       |   |
|---|-------|---|
| ◇ Summary of Financial Results  | ..... | 1 |
| ◇ Results of Two-year Mid-term Management Plan (FY2003-FY2004)          | ..... | 2 |
| ◇ Forecast of Financial Summary   | ..... | 3 |
| ◇ Acquired Tokyu Department Store Co., Ltd as a wholly owned subsidiary | ..... | 4 |
| ◇ Transfer Shares of Tokyu Air Cargo Co.,Ltd                            | ..... | 5 |
| ◇ Transfer Shares of Tokyu Logistic Co.,Ltd                             | ..... | 6 |
| ◇ Tokyu Land Corporation  | ..... | 7 |
| ◇ Tokyu Construction Co.,Ltd  | ..... | 8 |
| ◇ Seiki Tokyu Kogyo Co.,Ltd.  | ..... | 9 |

# Summary of Financial Results



## <Statement of Income (Consolidated)> (Billions on Yen)

|                   | FY03/2005<br>Actual | FY03/2004<br>Actual | Change        |
|-------------------|---------------------|---------------------|---------------|
| Operating Revenue | <b>1,055.5</b>      | <b>1,223.4</b>      | <b>-167.8</b> |
| Operating Profit  | <b>77.0</b>         | <b>58.1</b>         | <b>+18.8</b>  |
| Recurring Profit  | <b>67.0</b>         | <b>52.9</b>         | <b>+14.0</b>  |
| Net Income        | <b>35.4</b>         | <b>-12.3</b>        | <b>+47.7</b>  |

## <Statement of Cash Flow (Consolidated)> (Billions of Yen)

|  | FY03/2005<br>Actual | FY03/2004<br>Actual | Change       |
|--|---------------------|---------------------|--------------|
| From Operating activities                  | <b>129.5</b>        | <b>105.8</b>        | <b>+23.7</b> |
| From investing activities                  | <b>9.5</b>          | <b>-6.3</b>         | <b>+15.8</b> |
| From financial activities                  | <b>-116.7</b>       | <b>-91.5</b>        | <b>-25.2</b> |
| Cash and cash equivalents at end of period | <b>65.5</b>         | <b>42.6</b>         | <b>+22.8</b> |

## < Balance Sheet (Consolidated) >

|                | FY03/2005<br>Actual | YoY change    |  | FY03/2005<br>Actual | YoY change    |
|----------------|---------------------|---------------|--|---------------------|---------------|
| Current Assets | <b>418.3</b>        | <b>+26.8</b>  | Interest-bearing Debt                                    | <b>1,243.4</b>      | <b>-1.3</b>   |
| Fixed Assets   | <b>1,694.8</b>      | <b>+76.1</b>  | Total Liabilities  | <b>1,850.9</b>      | <b>+72.1</b>  |
| Total Assets   | <b>2,113.2</b>      | <b>+103.0</b> | Minority Interests                                       | <b>77.1</b>         | <b>+6.8</b>   |
|                |                     |               | Total Shareholders' Equity                               | <b>185.0</b>        | <b>+24.0</b>  |
|                |                     |               | Liabilities, Minority Interests and Shareholders' Equity | <b>2,113.2</b>      | <b>+103.0</b> |

Equity Ratio **8.8%** **+0.8P**

## Non-consolidated Railways Performance (FY03/2005 Year on Year Change>

|              | Volume of passengers<br>Thousand | (Ratio) | Revenue from fares<br>Millions of Yen | (Ratio) |
|--------------|----------------------------------|---------|---------------------------------------|---------|
| Commuter     | +9,181                           | (+1.6%) | +738                                  | (+1.4%) |
| Non-commuter | -9,212                           | (-2.2%) | -1,584                                | (-2.3%) |
| Total        | -31                              | (-0.0%) | -845                                  | (-0.7%) |

## Effect of Inclusion and Exclusion in consolidation

| [ Exclusion ]                      | Operating Revenue | Operating Profit | Total Interest-bearing Asset | Debt  |
|------------------------------------|-------------------|------------------|------------------------------|-------|
| Tokyu Construction                 | -195.2            | -2.7             | —                            | —     |
| Tokyu Tourist                      | -23.5             | -1.1             | —                            | —     |
| Tokyu Air Cargo*1                  | —                 | —                | -19.0                        | -4.3  |
| *1: included their 14 subsidiaries |                   |                  |                              |       |
| [ Inclusion ]                      | Operating Revenue | Operating Profit | Total Interest-bearing Asset | Debt  |
| Tokyu Dept. Store                  | —                 | —                | +187.2                       | +99.7 |
| Tokyu Agency*2                     | —                 | —                | +56.0                        | +10.9 |
| *2: included their 7 subsidiaries  |                   |                  |                              |       |

Detail of change  
 - by present members:  
 -107.7  
 - Effect of Exclusion:  
 -4.3  
 - Effect of Inclusion:  
 +110.7

# Results of Two-year Mid-term Management Plan (FY2003-FY2004)



| History of Consolidated Results                              | FY03/2003 | FY03/2004 | FY03/2005 | (Billions of Yen) |
|--|-----------|-----------|-----------|-------------------|
|  | Actual    | Actual    | Actual    | (Change to plan)  |
| Operating Revenue  | 1,385.4   | 1,223.4   | 1,055.5   | (+15.5)           |
| Operating Profit   | 76.9      | 58.1      | 77.0      | (+7.0)            |
| Recurring Profit   | 51.9      | 52.9      | 67.0      | (+17.0)           |
| Net Income   | 3.4       | -12.3     | 35.4      | (+5.4)            |
| Shareholders' Equity   | 151.7     | 160.9     | 185.0     | (+30.0)           |
| Interest-bearing Debt  | 1,466.2   | 1,244.8   | 1,243.4   |                   |
| [Before consolidation of Tokyu Dept. Store and Tokyu Agency] |           |           | [1,132.7] | (-67.3)           |
| Operating Cash Flow  | 104.2     | 105.8     | 129.5     | (+14.5)           |
| Return on Equity: ROE(%)                                     | 2.2       | -7.9      | 20.5      | (-0.3)            |
| Net IBD/ Operating CF (times)                                | 13.6      | 11.4      | 9.1       |                   |
| [Before consolidation of Tokyu Dept. Store and Tokyu Agency] |           |           | [8.3]     | (-1.7)            |

|                                    |  |                  |           |          |
|------------------------------------|--|------------------|-----------|----------|
| Target of Two-Year Management Plan | Net consolidated IBD/ Operating CF Multiple  | 10 times or less | 8.3 times | Achieved |
|                                    | Consolidated Return on Equity (ROE)          | 10% and above    | 20.5%     | Achieved |
|                                    | Group Interest-bearing Debt /EBITDA Multiple | 9 times or less  | 7.7 times | Achieved |

# Forecast of Financial Summary



(Billions of Yen)

| Consolidated Financial Summary | FY03/2006 Forecast | Year on Year      |         | Compared to plan |        | FY03/2007 Plan | FY03/2008 Plan |
|--------------------------------|--------------------|-------------------|---------|------------------|--------|----------------|----------------|
|                                |                    | FY03/2005 Actual  | Change  | FY03/2006 Plan   | Change |                |                |
|                                |                    | Operating Revenue | 1,390.0 | 1,055.5          | +334.4 |                |                |
| Operating Profit               | 80.4               | 77.0              | +3.3    | 78.5             | +1.9   | 71.5           | 76.0           |
| Recurring Profit               | 63.3               | 67.0              | -3.7    | 66.0             | -2.7   | 62.0           | 63.0           |
| Net Income                     | 29.6               | 35.4              | -5.8    | 31.0             | -1.4   | 31.5           | 39.0           |
| Shareholders' Equity           | 227.0              | 185.0             | +42.0   | 227.0            | 0.0    | 252.0          | 285.0          |
| Interest-bearing Debt          | 1,180.0            | 1,243.4           | -63.4   | 1,226.0          | -46.0  | 1,177.0        | 1,120.0        |
| Tokyu EBITDA*                  | 147.5              | 142.5             | +5.0    | 147.0            | +0.5   | 151.0          | 153.0          |
| Equity Ratio                   | 11.0%              | 8.8%              | +2.2P   | 10.3%            | +0.7P  | 11.6%          | 13.2%          |
| D/E Ratio                      | 5.2x               | 6.7x              | -1.5    | 5.4x             | -0.2   | 4.7x           | 3.9x           |
| IBD/Tokyu EBITDA Multiple      | 8.0x               | 8.7x              | -0.7    | 8.3x             | -0.3   | 7.8x           | 7.3x           |

\*Tokyu EBITDA= Operating Profit + Depreciation and Amortization cost + Amortization of the consolidation adjusting account + Disposal cost of fixed assets

# Acquired Tokyu Department Store Co., Ltd as a wholly owned subsidiary



## ( i ) T e n d e r O f f e r

◇Period Sep. 28, 2004 - Nov. 4, 2004 Date of settlement: Nov.11, 2004

◇Change of number of shares owned  
 (Before Tender Offer) 67,483,580 shares (ownership rate: 24.37%)  
 (Number of purchased shares) 96,360,790 shares  
 (After Tender offer) 163,844,370 shares (ownership rate: 59.18%)

◇Tender Offer Price 175 yen per share Funds required for Tender Offer: 16,863 million yen

◇Information regarding the companies became subsidiaries <Change of Shareholding Ratio (Tokyu Corp. consol.)> Before After  
 Tokyu Dept. Store: 25.43% >>> 59.18%  
 Tokyu Agency : 37.07% >>> 46.29%

### Financial Statements of FY03/2005

- Tokyu Dept. Store, Tokyu Agency

P/L: Post as an investment gains from equity method

B/S: Consolidate as of Mar.31, 2005

| (Billions of Yen)     | Tokyu Dept. Store (Consolidated)<br>FY01/2005 | Tokyu Agency (non-consolidated)<br>FY03/2005 |
|-----------------------|---|--|
| Operating Revenue     | 339.5   | 133.7  |
| Operating Profit      | 9.5   | 1.0  |
| Recurring Profit      | 6.4   | 1.2  |
| Net Income            | 2.5   | -1.3   |
| Interest-bearing Debt | 99.7  | 9.6  |

## ( ii ) S h a r e E x c h a n g e

◇Rate of Exchange Tokyu Corp. : Tokyu Dept. Store = 1 : 0.32

◇Date of Exchange Apr.1, 2005 Issue new shares 36,164 thousand shares

◇Change of Total number of issued shares (Tokyu Corp.) Mar.31, 2005 1,145,047 thousand shares  
 Apr. 1, 2005 1,181,211 thousand shares

◇Change of Other Capital Surplus +18.3 billion yen ( 506 yen per share x 36,164 thousand shares )

**Consolidation Adjustment Account: 24.6 billion Yen**

- Tender Offer: 12.5 billion yen (FY03/2005)
- Share Exchange: 12.1 billion yen (FY04/2005)
- Equal depreciation for 5 years from FY03/2006
- Plan to post 4.9 billion yen on SG&A expenses in Retail Business

# Transfer Shares of Tokyu Air Cargo Co., Ltd

◇ Purpose Tokyu Air Cargo Co., Ltd aims to develop as a general logistic company by co-operation with VANTEC. They will complement strength each other.

◇ Transferee Vantec Holdings II Corporation (A company that will conduct the buyout. It was established by MBO Fund which has been managed by Mizuho Capital Partners Co., Ltd)

◇ Number of shares transferred Before      After  
 369,600 shares (Change of shareholding Ratio: 57.75% >>> 0%)  
 Total number of issued shares: 640,000 shares

◇ Price 4,124 million yen

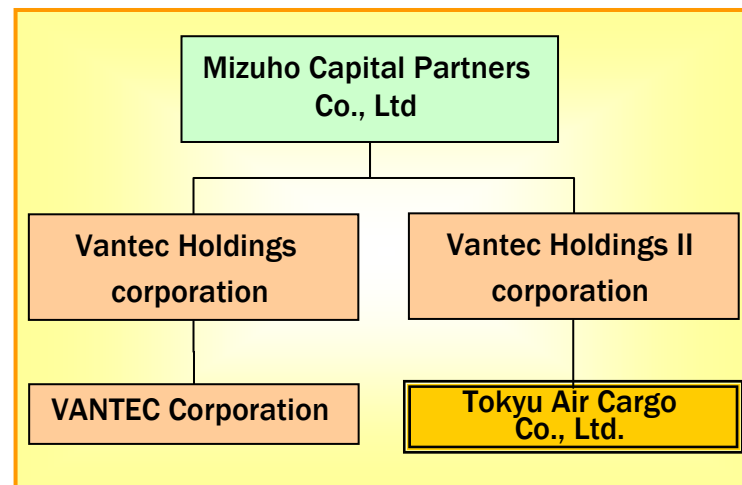
◇ Gain on transfer 3,052 million yen (Non-Consol.)  
 2,624 million yen (Consol.)

\*Tokyu transferred due to aggregate and acquired shares of Tokyu Air Cargo hold by Tokyu Dept. Store Co., Ltd., Tokyu Logistic Co., Ltd. and Tokyu Car Corp.  
 Each number of shares: 61,600 shares, Total number of shares: 184,800 shares

◇ Date of Transfer Dec. 15, 2004

◇ Financial Statement of Tokyu Air Cargo FY12/2004  
 (Non-Consol.) (Millions of Yen)

|                   |        |
|-------------------|--------|
| Operating Revenue | 24,458 |
| Operating Profit  | 1,324  |
| Recurring Profit  | 1,325  |
| Net Income        | 463    |
| IBD               | 3,190  |



### VANTEC corporation

1954 Established as a subsidiary of Nissan to provide transportation and packing service.

2001 Separated by MBO

FY2003 Operating Revenue: 75,353 million yen

Feb 1,2005 Changed corporate name from "Tokyu Air Cargo Co.,Ltd" to "Vantec World Transport Co.,Ltd"

# Transfer Shares of Tokyu Logistic Co.,Ltd



- ◇ Purpose                      Tokyu Logistic Co., Ltd will join SBS group in order to survive and grow up in logistic market. As a result, they will improve their attraction of business through complementation with each other.

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- ◇ Transferee                    SBS Co.,Ltd  
(Main businesses: Logistic service, Human resources outsourcing and Marketing service, etc.)

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- ◇ Number of shares transferred      13,886 thousand shares (Change of shareholding ratio 49.46% to 0.0%)  
Total number of shares issued: 28,078 thousand shares

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- ◇ Schedule of transfer      Plan to apply to Tender offer by SBS of Tokyu Logistics' shares  
- Period of Tender Offer: from May 17,2005 to Jun. 14, 2005  
- Date of settlement (plan) : Jun.21, 2005

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- ◇ Price                              8,234 million yen (Tender Offer Price: 593 Yen per share)

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- ◇ Gain on transfer                5,747 million yen (Non-Consol.) , -1,221 million yen (Consol.)

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- ◇ Financial Statement of Tokyu Logistic FY03/2005 (Consolidated)

(Millions of Yen)

|                   |        |
|-------------------|--------|
| Operating Revenue | 33,203 |
| Operating Profit  | 1,175  |
| Recurring Profit  | 1,207  |
| Net Income        | 1,048  |
| IBD               | 4,392  |

## SBS Co., Ltd

1987 Established

FY12/2004    Operating Revenue :  
45,123 million yen (consol.)



# Tokyu Land Corporation



## New Mid-term Management Plan [ Grow Value 2007 ]

■ Period FY2005 - FY2007 (for three Years)

■ Policy Create higher corporate value through achieving sustainable profitability and establishing stable financial basis.

■ Target of FY03/2008 (Consolidated)

|                       |                             |                 |                 |
|-----------------------|-----------------------------|-----------------|-----------------|
| Operating Profit      | 52.0 billion yen            | D / E Ratio     | 4.0 or less     |
| Recurring Profit      | 40.0 billion yen            | R O A           | 6.0 % and above |
| Interest-bearing Debt | 420.0 billion yen           | EBITDA Multiple | 7.0x or less    |
| Shareholders' Equity  | 110.0 billion yen and above |                 |                 |

■ Financial statement (consol.)

FY03/2005 Actual

FY03/2006 Forecast

|                   | FY03/2005 Actual | FY03/2006 Forecast | (Billions of Yen)                              |
|-------------------|------------------|--------------------|--|
| Operating Revenue | 540.3            | 535.0              |  |
| Operating Profit  | 40.3             | 44.0               |  |
| Recurring Profit  | 30.7             | 35.0               |  |
| Net Income        | 7.5              | 4.0                | Impairment accounting loss<br>29.0 billion yen |
| IBD               | 418.0            | 420.0              |  |

■ Book Value of Investment in Tokyu Land : 8.7 billion yen (Non-consol.)

(As of Mar.31, 2005)

■ Ratio of Voting Right held by Tokyu Corp. : 18.7% (Consol.)

# Tokyu Construction Co.,Ltd



## New Mid-term Management Plan [ Value-up 3 Plan ]

■ **Period** FY2005 - FY2007 (for three years)

■ **Policy** Establish TOKYU CONSTRUCTION's brand through executing "Town Value-up Management", which aims at end-user-oriented and Value-added business.

■ **Target of FY03/2008 (Consolidated)**

|                   |                   |                       |                           |
|-------------------|-------------------|-----------------------|---------------------------|
| Operating Revenue | 310.0 billion yen | Interest-bearing Debt | 19.0 billion yen or less  |
| Operating Profit  | 11.6 billion yen  | Operating CF          | 7.0 billion yen and above |
| Recurring Profit  | 10.4 billion yen  |                       |                           |

■ **Financial Statement (Consol.)**

**FY03/2005 Actual**

**FY03/2006 Forecast**

(Billions of Yen)

|                   |       |       |
|-------------------|-------|-------|
| Operating Revenue | 304.2 | 286.0 |
| Operating Profit  | 10.2  | 10.3  |
| Recurring Profit  | 8.6   | 7.1   |
| Net Income        | 5.2   | 3.0   |

■ **Book Value of Investment in Tokyu Const. : 28.7 billion yen\*** (Non-Consol.) (As of Mar.31, 2005)

■ **Ratio of Voting Right held by Tokyu Corp. : 17.1%** (Consol.)

\* Book value of common shares. Tokyu Corp. invested 5.0 billion yen of preferred shares additionally.

# Seiki Tokyu Kogyo Co., Ltd.



## Strengthen Financial Basis through executing Recapitalization

- Allocate new shares to a third party ( In order to decrease IBD and increase Shareholders' Equity )
  - Plan to allocate new shares of approx. 12.0 billion yen to a third party at the end of Sep. 2005.
  - Plan to request Phoenix Capital Management to provide additional capital of approx. 8.0 billion yen and Tokyu Construction Co., Ltd. to approx. 4.0 billion yen.
  
- Decrease Common Stock and Capital Reserve
  - Consider execution of capital decrease without decrease in the number of shares to remedy capital deficiency and improve the financial stability.
  - Plan to propose the capital decrease at the regular shareholders' meeting at Jun. 29, 2005.

### ■ Financial statement (Consol.)

(Billions of Yen)

|                   | FY03/2005 Actual | FY03/2006 Plan | FY03/2007 Plan | FY03/2008 Plan |
|-------------------|------------------|----------------|----------------|----------------|
| Operating Revenue | 70.2             | 68.3           | 68.8           | 69.1           |
| Gross Profit      | 5.5              | 6.1            | 6.0            | 6.1            |
| Operating Profit  | 0.9              | 1.6            | 1.7            | 1.9            |
| Recurring Profit  | 0.3              | 1.1            | 1.4            | 1.6            |
| Net Income        | -4.0             | -11.2          |                |                |

Adopt Impairment accounting

■ Book Value of Investment in Seiki Tokyu Kogyo : 0.5 billion yen (Non-Consol.)

(As of Mar.31, 2005)

■ Ratio of Voting Right held by Tokyu Corp. : 13.4% (Consol.)

**\*Forward-looking Statements**

**All statements contained in this document other than historical facts are forward-looking statements representing the beliefs and assumptions of Tokyu Corporation based on information currently available.**

**Tokyu wishes to caution readers that actual results may differ materially from expectations.**