

# Presentation Handout

29 May 2003  
Investors Meeting



**Tokyu Corporation**

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**(9005)**

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

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# Scope of Consolidated Accounting

**Scope : 361**  
( A+B+C+D+E )

**Consolidated or accounted for by equity-method : 282** ( B+C+D )

**Number of companies**  
(as of 31 Mar. 2002)

**Tokyu Corporation A**

<b>Subsidiaries : 248</b>	<b>Consolidated Subsidiaries :</b>	<b>247</b>	<b>B</b>
	<b>Company subject to equity-method :</b>	<b>1</b>	<b>C</b>

<b>Affiliated Companies : 36</b>	<b>Companies subject to equity method</b>	<b>34</b>	<b>D</b>
	<b>Company not subject to equity method :</b>	<b>2</b>	

Companies reflected in consolidated financial statements of the companies which are subject to Tokyu Corp's equity-method : **78 E**

**Tokyu Group : 356 companies and 9 non-profit corporations**

# Major Companies of Tokyu Group



Tokyu Group : 356 companies and 9 public entities

(as of 31 Mar. 2003)

## Tokyu Corporation

Consolidated Subsidiaries	Scope of Consolidated Accounting	Ratio of Shareholding (Tokyu Corp./Consol.)	Ratio of Shareholding (Tokyu Group)	Value on Tokyu Corp. Book
Tokyu Construction	13 companies	79.6%	83.8%	103,154 million yen
Tokyu Tourist	12 companies	69.1%	72.0%	7,170 million yen
Izukyu	22 companies	51.2%	57.6%	1,262 million yen
Tokyu Logistic *1	5 companies	53.9%	58.3%	2,486 million yen
Tokyu Store Chain *2	9 companies	40.2%	40.5%	8,140 million yen

Affiliated Companies subject to equity method	Scope of Consolidated Accounting	Ratio of Shareholding (Tokyu Corp./Consol.)	Ratio of Shareholding (Tokyu Group.)	Value On Tokyu Corp. Book
Tokyu Land	50 companies	18.5%	20.3%	8,708 million yen
Tokyu Community	7 companies	15.4%	65.2%	2,333 million yen
Tokyu Livable	10 companies	11.6%	65.9%	1,044 million yen
Tokyu Department Store	17 companies	25.4%	26.1%	5,815 million yen
Nagano Tokyu Dept. Store	2 companies	0.1%	54.3%	-
Tokyu Recreation	5 companies	25.5%	31.7%	2,304 million yen
Seiki Tokyu Kogyo	7 companies	29.1%	29.2%	559 million yen
Shiroki	14 companies	28.6%	29.7%	4,157 million yen

\*1 Changed the company name from “Sotetsu Transportation” and became a consolidated subsidiary of Tokyu Corp. in April 2002.

\*2 Became a consolidated subsidiary of Tokyu Corp. in April 2002.

# Summary of Consolidated Financial Results (FY3/2003)



## < Consolidated Statement of Income >

(¥ billion)

	Actual	vs. Prior Year	Forecast (as of 27 Nov. 2002)
Operating Rev.	1,385.4	+ 327.2	1,400.0
Operating Income	76.9	+ 24.2	75.1
Recurring Income	51.9	+ 33.6	53.6
Net Income	3.4	- 8.4	2.0

## Effect of Newly consolidated Companies

(¥ billion)	Operating Revenue	Operating Income
Tokyu Store	274.1	4.6
Tokyu Logistics	18.4	0.3
Tokyu Hotel	24.8	1.4
Tokyu Car	28.9	1.3
<b>Total</b>	<b>346.3</b>	<b>7.7</b>

## < Consolidated Balance Sheet >

(¥ billion)

	Actual	vs. Prior Year End		Actual	vs. Prior Year End
Current assets	590.3	- 60.5	Interest-bearing Debt	1,466.2	- 71.4
			Total Liabilities	2,317.9	- 0.8
Fixed assets	1,920.8	+ 74.6	Minority interests	41.4	+ 19.3
			Total Shareholders' Equity	151.7	- 4.3
Total Assets	2,511.1	+ 14.1	Liabilities, Minority interests and Shareholders' equity	2,511.1	+ 14.1

Equity Ratio

6.0%

- 0.3P

# Achieved Group Financial Target



< A Quantitative Summary of the Mid-term Management Plan >

## ■ Benchmark Target

( from April 2000 through March 2003 )

**Target - Restoring Financial Health**

**Group Interest-Bearing Debt / EBITDA Multiples  $\leq$  10 times**

## ■ Recovery from FY3/1999

	Interest Bearing Debt (A)	EBITDA (B)	(A) / (B)
<b>FY 3/1999 Actual</b>	<b>3,039 billion yen</b>	<b>188 billion yen</b>	<b>16.1</b>
<b>FY 3/2003 Actual</b>	<b>2,116 billion yen</b>	<b>228 billion yen</b>	<b>9.3</b>

# Results of 'Selection and Concentration'



< Performance summary of Tokyu Group Publicly Traded Companies Combined >

	Actual FY3/2000	Actual FY3/2003	Change
Number of Group Companies	479 companies	356 companies	-123 companies
Operating Revenue	3,070.9 B yen	2,546.5 B yen	-524.3 B yen
Operating Income	106.3 B yen	127.1 B yen	20.7 B yen
Recurring Income	43.1 B yen	84.4 B yen	41.3 B yen
Net Income	-5.4 B yen	23.0 B yen	28.4 B yen
Total Asset	4,927.5 B yen	3,844.3 B yen	-1,083.2 B yen
Interest-bearing Debt (A)	2,977.8 B yen	2,116.7 B yen	-861.1 B yen
Interest Expenses	76.4 B yen	49.3 B yen	-27.0 B yen
EBITDA (B)	218.4 B yen	228.3 B yen	9.0 B yen
(A) / (B)	13.6 times	9.3 times	-4.3 points

**“Achieved”**



# Forecast FY2004

## of Consolidated Financial Performance – No.1

### Forecast of Consolidated Financial Performance

(¥ billion)

	<u>FY 3/2003 Actual</u>	<u>FY 3/2004 Forecast</u>	<u>FY 3/2005 Forecast</u>
Operating Revenue	1,385.4	1,210.0	1,040.0
Operating Income	76.9	52.9	70.0
Recurring Income	51.9	33.3	50.0
Net Income	3.4	- 15.0	30.0
Shareholder's equity	151.7	133.0	155.0

**1 Early Application of Impairment Accounting for FY2004**


**Appraisal Loss of Fixed Asset and others**  
**150 billion yen**

<b>Tokyu Construction</b>	<b>100 B yen</b>
<small>(Capital loss of assets assigned in Company Separation)</small>	
<b>Tokyu Corporation</b>	<b>35 B yen</b>
<b>Others</b>	<b>15 B yen</b>

**2 Change of Scope of Consolidated Accounting**

(¥ billion)	Operating Revenue	Operating Income
<b>Tokyu Construction (1)</b>	<b>-179.0</b>	<b>-8.4</b>
<b>Tokyu Car (2)</b>	<b>19.3</b>	<b>0.3</b>

- (1) Company Separation on 1 Oct. 2003  
Out of scope from FY3/2004
- (2) Scope of Consolidated Accounting  
since the last half FY3/2002



# Forecast FY3/2004



## of Consolidated Financial Performance – No.2

### Quantitative Target

(¥ billion)

	Actual FY3/2003	Forecast FY3/2004	Forecast FY3/2005
Shareholder's equity	151.7	133.0	155.0
ROE(%)	2.2	-10.5	20.8
Interest-Bearing Debt	1,466.2	1,270.0	1,200.0
Cash	47.0	51.0	50.0
Net Interest-Bearing Debt (a)	1,419.1	1,219.0	1,150.0
Operating Cash Flow (b)	104.2	102.0	115.0
( Payment of Income Tax etc.)	-18.1	-22.0	-9.0
(a) / (b)	13.6	12.0	10.0

### All Segment in the Black

(¥ billion)

	Actual FY3/2003	Forecast FY3/2004	Forecast FY3/2005
Transportation	36.6	27.3	39.5
Real Estate	27.8	13.3	12.0
Retail	5.5	6.9	7.5
Leisure and Service	-1.7	-0.7	3.0
Hotel	-2.6	2.2	3.0
Construction	9.5	1.9	0.5
Others	2.6	2.5	5.0
Total	77.7	53.4	70.5
Offset	-0.8	-0.5	-0.5
Operating Income	76.9	52.9	70.0
Equity in income of affiliates	2.5	3.1	6.2

# Capital Increase – Tokyu Tourist

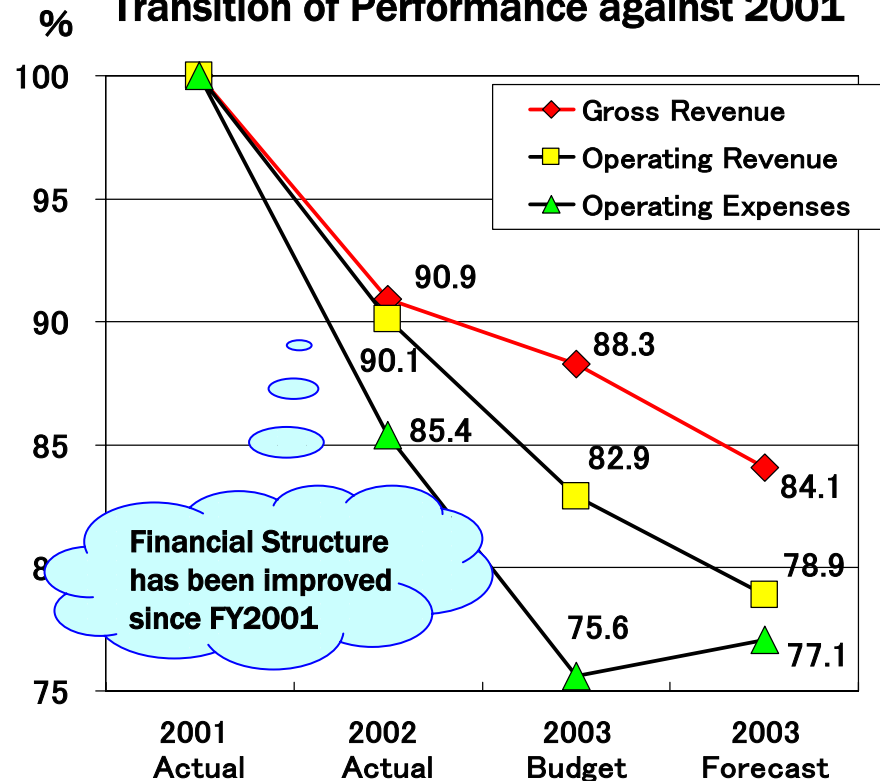


## FY2003 Forecast

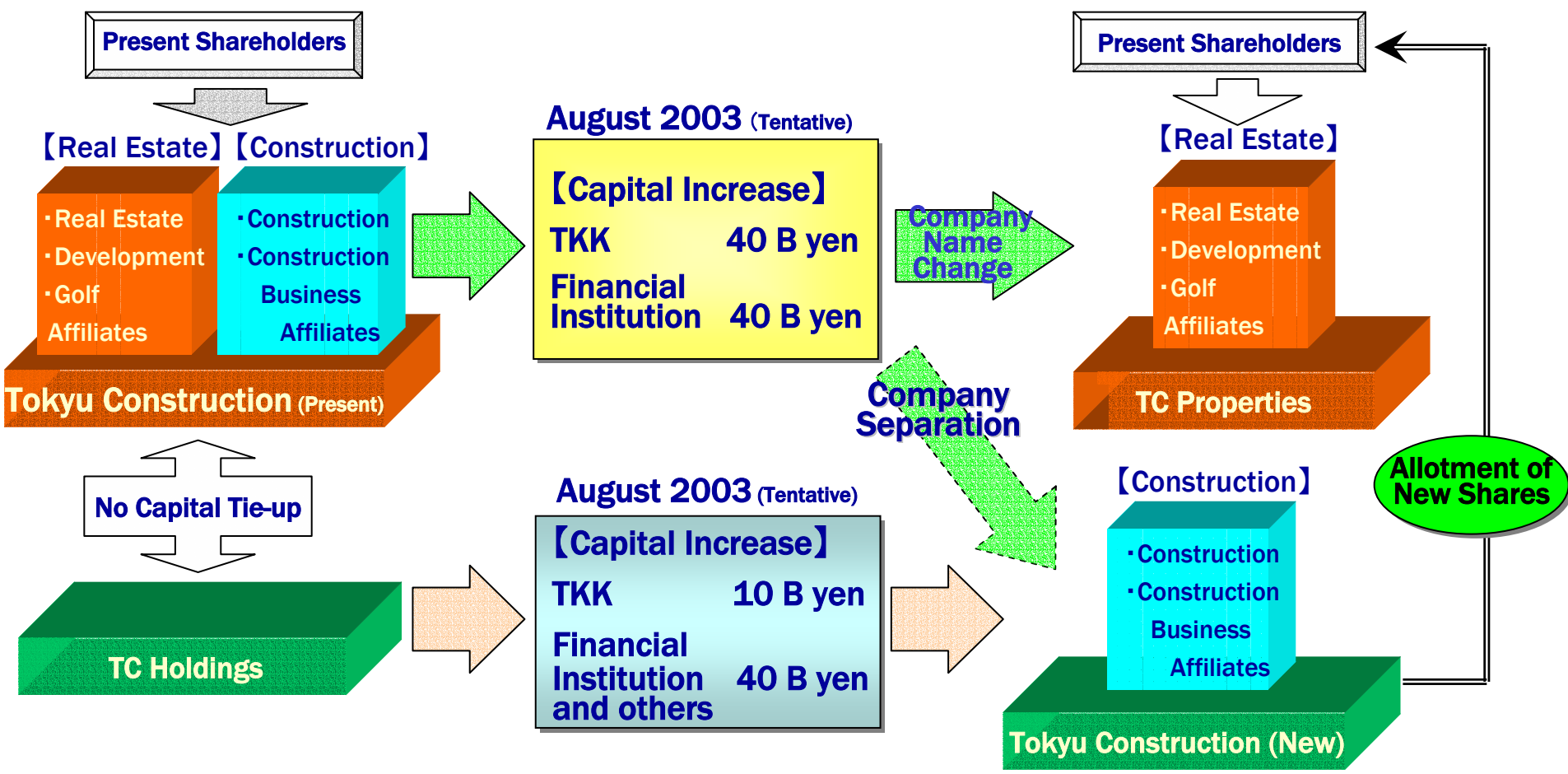
(Consolidated) (¥ million)

	FY2001 Actual	FY2002 Actual	FY2003 Budget	FY2003 Forecast
Gross Revenue	236,719	215,140	209,072	199,015
Operating Revenues	32,707	29,455	27,100	25,822
Operating Expense	34,151	29,181	25,810	26,326
Operating Income	△ 1,444	274	1,290	△ 504
Recurring Income	△ 1,238	242	1,250	△ 492
Net Income	△ 1,008	△ 234	1,100	△ 574
Total Shareholder's Equity for the prior year	1,498	476	395	395
Capital Increase				765
Total Shareholder's Equity	476	395	1,371	535

## Transition of Performance against 2001



# Tokyu Construction – Company Separation (1)



- TC Holdings absorbs Construction business after Company Separation.  
 TC Holdings => Tokyu Corporation (New) , Tokyu Corporation (Present) => TC Properties
- Trade rights are included in Tokyu Corporation (New), Gains from the assignment in TC Properties.
- New shares of Tokyu Corporation (New) are allotted to present shareholders

# Tokyu Construction – Company Separation (2)



## Schedule Hereafter

May 2003

Execution of Company Separation Agreement

◆ Allotment Ratio of New Shares

TC Holdings 1 : Tokyu Construction (Present) 0.25



June 2003

Shareholders Meeting



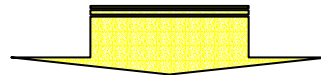
August 2003  
(Tentative)

Capital Increase -TC Holdings, Tokyu Construction (present)



1 October 2003

Company Separation - Tokyu Construction (New), TC Properties



Secured Capital Increase as planned ⇒ Implement Company Separation in Oct.

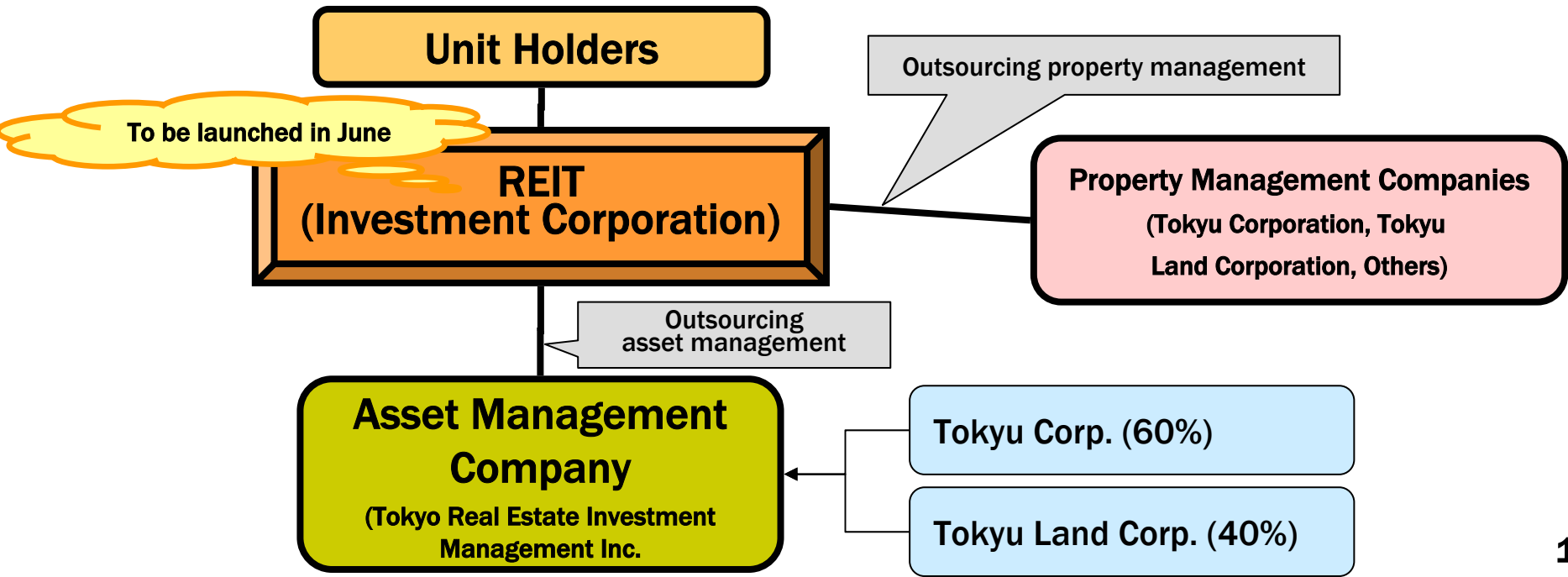
Apply impairment loss scheme early and Accelerate selling assets  
⇒ Solve impairment loss problems

# Progress in REIT Business

**Aiming for REIT IPO in the first half FY2003**

<Approval of Discretionary Investment Managers from MLIT\* > – Received on 3 April 2003  
 <Approval of Management Business of Investment Trust from FSA\* > – Being requested  
 <Properties of about 80 billion yen to be secured for REIT >  
 (Q-FRONT Building, Tokyu Corporation Headquarters building and other properties contributed by Tokyu Group )  
 \* MLIT: Ministry of Land, Infrastructure, and transportation FSA: Financial Service Agency

(Image of property management relationship)



# Tokyu Corporation's Railroad Network Strategy



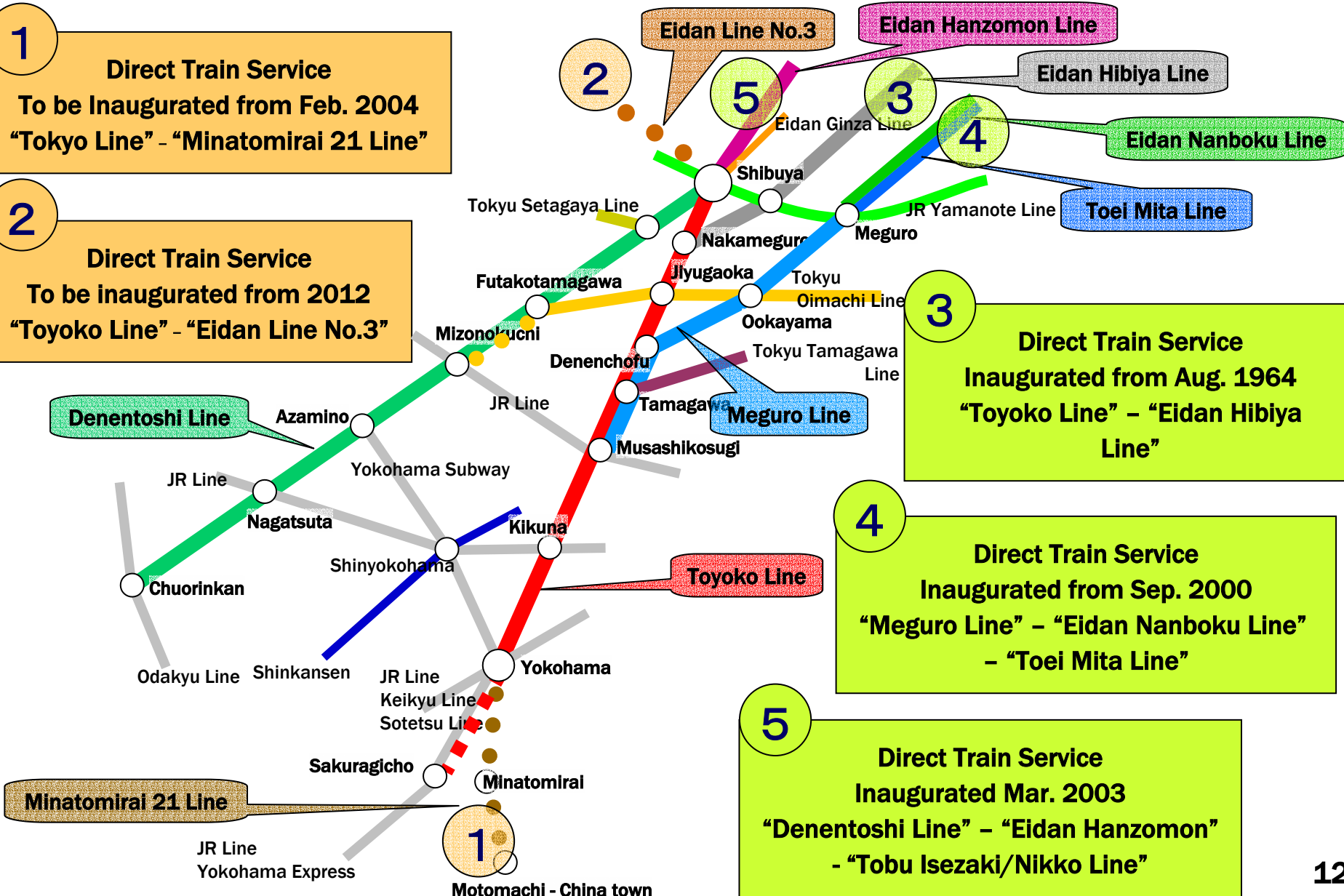
**1**  
**Direct Train Service**  
 To be Inaugurated from Feb. 2004  
 "Tokyo Line" - "Minatomirai 21 Line"

**2**  
**Direct Train Service**  
 To be inaugurated from 2012  
 "Toyoko Line" - "Eidan Line No.3"

**3**  
**Direct Train Service**  
 Inaugurated from Aug. 1964  
 "Toyoko Line" - "Eidan Hibiya Line"

**4**  
**Direct Train Service**  
 Inaugurated from Sep. 2000  
 "Meguro Line" - "Eidan Nanboku Line"  
 - "Toei Mita Line"

**5**  
**Direct Train Service**  
 Inaugurated Mar. 2003  
 "Denentoshi Line" - "Eidan Hanzomon"  
 - "Tobu Isezaki/Nikko Line"



# Common Stock Repurchase



## Under the Article 210 of the Commercial Code of Japan

Applying for the purchase authorization of 20 million stocks of 10 billion yen as in the previous year.

- Measure for the unbalance of market due to likely unwinding of cross-shareholding.

## Under the Article 211-3 of the Commercial Code of Japan

Planning to purchase Tokyu Corp.'s common stock of 5.87 million from Tokyu Car Corp.

- Negotiated transaction avoiding insider trading



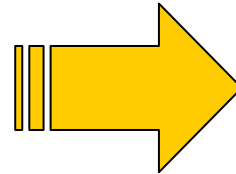
Implementing prompt capital measurement and providing additional common stocks to shareholders of companies subsidized through the share for share transactions

# Tokyu Department Store Performance



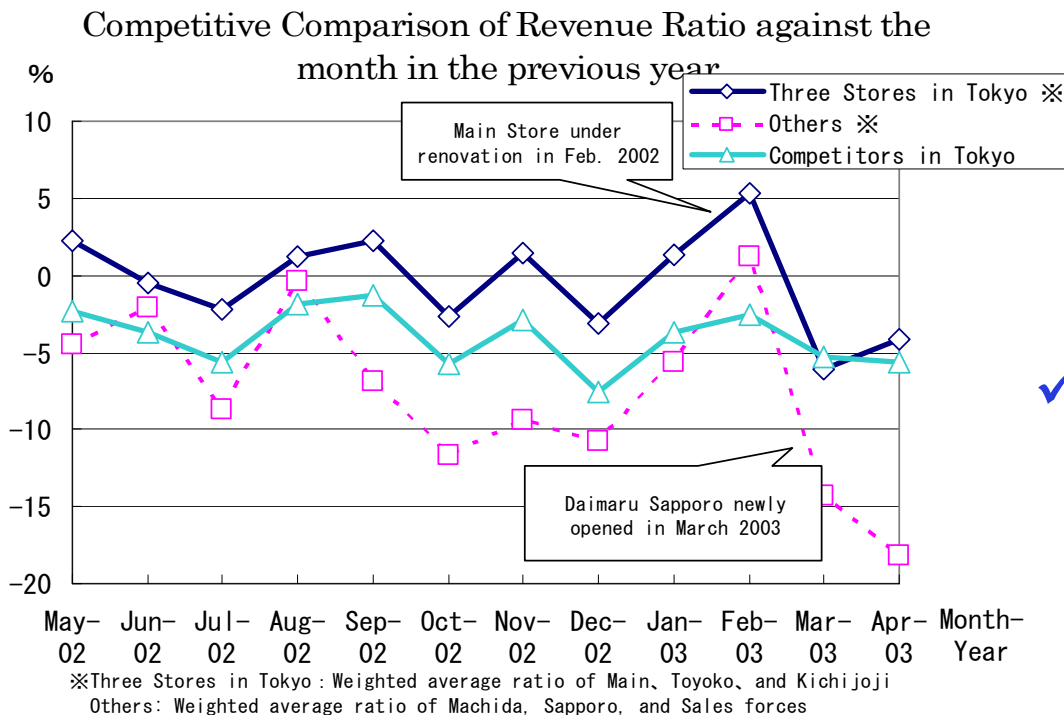
## < FY1/2003 Actual > ( as of 25 March 2003 )

	Consolidated	Non-consolidated
Revenue	Billion yen 430.7	241.0
Op. Income	9.1	5.3
Net Income	11.3	4.8



## < FY1/2005 Target > ( as of 27 February 2002 )

	Consolidated	Non-consolidated
Revenue	Billion yen 432.4	252.2
Op. Income	12.0	9.2
Net Income	3.5	2.5



### ✓ FY1/2003 Actual

- Asset Sales 43.6 billion yen
- Outsourcing indirect work such as distributions
- Realigning Subsidiaries  
( 34 to 22 companies )

### ✓ FY1/2004 Forecast

- Early retirement plan  
for 752 employees  
( Reduced payroll will be -2 billion yen )



# Tokyu Land Corp.

## “Mid-term Management Plan” Progress Situation



< Announced in Nov. 2000 >

■ Target value in the plan ( FY3/2005 )		■ FY3/2003 Actual ( as of 14 May 2003 )	
<b>&lt; Consolidated &gt;</b>			
• Operating income	31.5 B yen	• Operating income	31.1 B yen
• Recurring income	15.0 B yen	• Recurring income	20.3 B yen
• Interest-bearing debt	422.0 B yen or less	• Interest-bearing debt	461.1 B yen
• Shareholders' equity	72.0 B yen or more	• Shareholders' equity	69.9 B yen
• ROA	4% or more	• ROA	3.6%
• EBITDA multiple	10 times or less	• EBITDA multiple	10.6 times
<b>&lt; Non-Consolidated &gt;</b>			
• Operating income	21.2 B yen	• Operating income	20.5 B yen
• Recurring income	6 B yen	• Recurring income	11.0 B yen
• Interest-bearing debt	360 B yen or less	• Interest-bearing debt	391.0 B yen
• Shareholders' equity	100 B yen or more	• Shareholders' equity	80.8 B yen
• ROA	3% or more	• ROA	3.0%
• EBITDA multiple	12 times or less	• EBITDA multiple	13.6 times

\* ROA = ( Operating income + Non-operating income ) / Total Assets

EBITDA multiple = Interest-bearing debt / Operating income before depreciation and amortization

**\*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.