

# Presentation Handout

**27 February 2002**

**Extraordinary Explanatory Meeting for Investors**



**Tokyu Corporation**

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**(9005)**

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

# Contents



■ Mutual through train service between Toyoko Line and Eidan Line No.13	1
■ Tokyu Department Store Revising of “Business Revolution Plan”	2
■ Tokyu Construction “Revival Plan”	
Forecast of Management Rebuilding Plan Prepared in December 1998 (FY 3/2000 ~ FY 3/2002)	3
Revival Plan (Profit Plan) Prepared in February 2002	4
Financial Base Revival Plan — 1	5
Financial Base Revival Plan — 2	6
■ Management after Business Restructuring	7

# Mutual through train service between Toyoko Line and Eidan Line No.13



## <Scheduled Railway Line>



## <Meaning of the Mutual through train service>

- ◇ The importance of Toyoko Line increases
  - By forming a part of the “axes which connects Yokohama to the newly emerging city center”, positioning in the wide area railway network increases
- ◇ Practical use of the existing track site accompanying the shift of Toyoko Line underground
  - By maintaining the area around Shibuya Station, the attractiveness of Shibuya will increase

## <Construction towards Mutual through train service operation>

- ◇ Construction Section: Shibuya Station ~ Daikanyama Station approx. 1.5km
- ◇ Construction Detail: Construction to go underground
- ◇ Construction Term: Start April, 2002 ~ End (Schedule) March, 2015
- ◇ Construction Cost: 76 billion yen

# Tokyu Department Store Revision of “Business Revolution Plan”

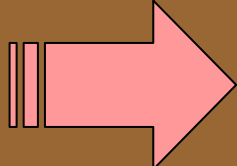


## <“Business Revolution Plan” prepared in Jan. 2000> “FY 1/2002 Plan”

	Consolidated	Non-Consolidated
Sales	457 billion yen	245.6 billion yen
Operating Income	13	6
Net Income	6.9	3.8

## < Announced on 27 Feb. 2002 >

### “FY 1/2002 Forecast”



	Consolidated	Non-Consolidated
Sales	458.3 billion yen	250.5 billion yen
Operating Income	7.3	4.8
Net Income	-10.8	-11.1

## < Revision of “Business Revolution Plan” >

- ① Reform business structure of primary department store business
- ② Drastic improvement of consolidated earning structure


- Strengthening and enriching business measures
- Execute asset disposal of approx. 35 billion yen
- Outsourcing of indirect sections such as logistics
- Reduce the number of Subsidiary to less than 25 from 34



Revision of Target Value

## FY 1/2005 Revised Target Value

	Consolidated	Non-Consolidated
Sales	432.4 billion yen	252.2 billion yen
Operating Income	12.0	9.2
Net Income	3.5	2.5



Clean carry-over deficit,  
Aim for resumption of  
dividend

## Forecast of Management Rebuilding Plan

Prepared in December 1998 (FY 3/2000 ~ FY 3/2002)



## &lt; Total Amount of 3 Years &gt;

(¥ billion)

	Target	Forecast
① Reformation of Revenue Structure		
▪ Received Order	900.0	974.9
▪ Profit of Completed Project	92.7	92.3
▪ Operating Income from Construction	33.1	33.2
② Processing of Loss	92.0	122.5
( Real Estate related )	(21.2)	(50.6)
③ Balance of Interest-bearing Debt	295.8	279.5
< ¥ 396.8 bil. at the time of preparation >	< Target at the end of March 2004 >	< Result at the end of March 2001 >

## &lt; Final Year of Plan (FY 3/2002) &gt;

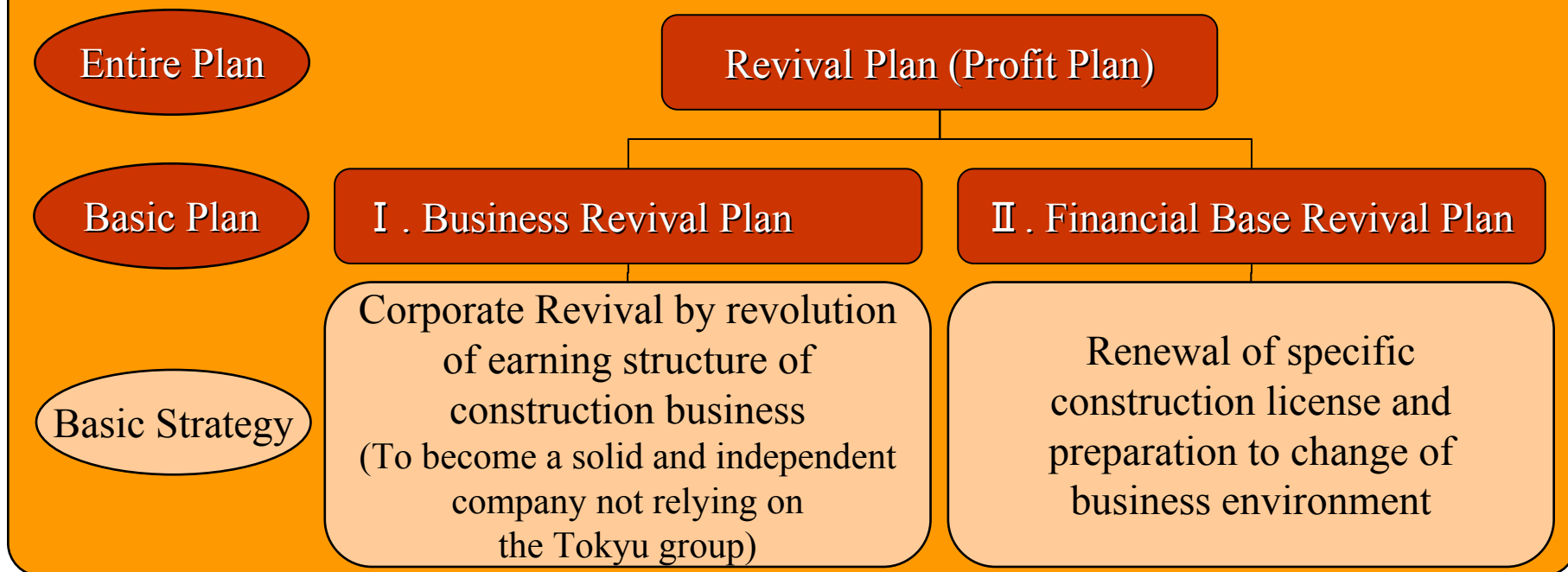
(¥ billion)

	Target	Forecast
▪ Received Order	300.0	329.9
▪ Profit of Completed Project (Profit Ratio)	28.6 ( 9.1%)	25.9 ( 7.6%)
Civil Engineering Works (Profit Ratio)	13.9 (13.4%)	17.5 (14.9%)
Construction (Profit Ratio)	14.7 ( 6.9%)	8.4 ( 3.8%)
▪ A & G expenses (Ratio against Completed Works) (half decreased)	17.1 ( 5.3%)	18.8 ( 5.5%)
▪ Operating Income from Construction	11.5	7.0
▪ Number of Employees (4,329 persons at the time of preparation)	2,750 persons	2,782 persons

\* Although we have set the target for the profit of completed project at 30 billion yen and A & G expenses at 16.5 billion yen at the time of Management Rebuilding Plan preparation, we have revised the target in response to actual accounting treatment such as amortization of difference arising from adoption of retirement benefit accounting.

# Revival Plan (Profit Plan) Prepared in February 2002

## < Structure of the Revival Plan >



## < Business Target >

### Business Target for FY 3/2005 are set below

- |   |  |
|---|--|
| (1) Consolidated operating income       | more than 14 billion yen                             |
| (2) Consolidated operating income ratio | more than 4%   |
| (3) Consolidated interest-bearing debt  | below 200 billion yen<br>(equal to non-consolidated) |

# Financial Base Revival Plan - 1



## < Renewal of specific construction license >

Clearing the Deficiency Ratio ⇒ Solve the deficiency by capital reduction without accompanying consolidation of shares

- ① For renewal of specific construction license, capital reduction equivalent to the deficiency as of 31 March, 2002 (34.3 billion yen at a rough estimate, excluding allocation of new shares to a third party) without reducing the number of shares is executed.
- ② Clean carry-over deficit by appropriation of legal reserve and capital reduction

## < Strengthening Financial Base >

Increase capital by allocation of new shares to a third party and prepare for the change of business environment in the future

- ① Enrichment of shareholders' equity by capital increase (Equity ratio 10.6%)
- ② Prepare for the change of business environment (Market, Accounting system) in the future



## &lt; Tokyu Construction (Non-consolidated) &gt;

(¥ million)

Shareholder's Equity	Before capital reinforcement FY 3/2002 Forecast
Capital	46,129
Legal Reserve	71,521
[Additional paid-in capital]	68,084
[Earned surplus reserve]	3,437
Accumulated Deficit	— 105,875
[Voluntary reserve]	21,078
[Unappropriated]	— 126,954
Total Shareholder's Equity	11,775

- ① Capital Reduction  
¥ 34.3 billion (Estimate)
- ② Appropriate total  
Voluntary Reserve,  
Legal Reserve
- ③ Allocation of new shares  
to a third party  
¥ 50 billion

(¥ million)

Shareholder's Equity	After capital reinforcement
Capital	36,785
Legal Reserve	—
[Additional paid-in capital]	—
[Earned surplus reserve]	—
Accumulated Deficit	—
[Voluntary reserve]	—
[Unappropriated]	—
Retained Earnings	25,010
Total Shareholder's Equity	61,795

Amount of Deficiency — 34,353

Deficiency Ratio 74.5%

**Prepare for change of future business environment  
by three years profit, full application of percentage of completion basis  
and tax effect accounting, etc.**



# Management after Business Restructuring

- Continuation of the decision-making system by “Tokyu Group Corporate Executive Committee”
- Hold fast to the governance system by Tokyu Corporation

## ■ The First Restructuring Phase (up to March 2003)

- ◇ Reorganize Tokyu Group by business segment
- ◇ Group management objective to restore sound business

< Interest-bearing Debt / EBITDA Multiple = less than 10 times >

## ■ Theme for the Second Restructuring Phase

- ◇ Business structural reform to enhance profitability, growth and shareholder value
- ◇ Management objectives to improve profitability on consolidated and segment bases

< Consolidated Objective >

- An index that enables comparison with other companies in terms of EBITDA and total market capitalization

<Segment Objective>

- An index that clearly demonstrates profitability, growth potential and business efficiency of individual segment
- Simple index that can be easily used as an incentive