

# Presentation Handout

May 22, 2007

Investors meeting



Tokyu Corporation

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**(9005)**

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

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# I. Summary of Results for Fiscal Year Ended March 31, 2007



# Summary of Financial Results for FY03/2007 (Consolidated)



## Statement of Income (Consolidated)

(Billions of yen)

|                   | FY03/2007<br>Actual | FY03/2006<br>Actual | Change |
|-------------------|---------------------|---------------------|--------|
| Operating Revenue | 1,381.9             | 1,388.5             | -6.5   |
| Operating Profit  | 80.0                | 85.6                | -5.5   |
| Recurring Profit  | 81.2                | 74.0                | +7.1   |
| Net Income        | 58.7                | 41.9                | +16.7  |

## Non-consolidated Railways Performance

<FY03/2007 year on year change>

|              | Volume of passengers<br>Thousand | (Ratio) | Revenue from fares<br>Millions of Yen | (Ratio) |
|--------------|----------------------------------|---------|---------------------------------------|---------|
| Commuter     | +13,470                          | (+2.3%) | +1,488                                | (+2.8%) |
| Non-commuter | +9,361                           | (+2.3%) | +1,517                                | (+2.2%) |
| Total        | +22,831                          | (+2.3%) | +3,006                                | (+2.5%) |

## Statement of Cash Flow (Consolidated)

(Billions of yen)

|   | FY03/2007<br>Actual | FY03/2006<br>Actual | Change |
|---|---------------------|---------------------|--------|
| From Operating activities                     | 156.1               | 160.8               | -4.7   |
| From Investing activities                     | -88.7               | -49.1               | -39.5  |
| From Financing activities                     | -75.1               | -128.4              | +53.2  |
| Cash and cash equivalents<br>at end of period | 29.9                | 49.0                | -19.0  |

## Effect of Exclusion in consolidation

(Billions of yen)

| [Excluded]          | Operating<br>Revenue | Operating<br>Profit | Total<br>Asset | Interest-<br>bearing Debt |
|---------------------|----------------------|---------------------|----------------|---------------------------|
| TC Properties       | -11.5                | +2.9                | -38.2          | -2.1                      |
| Nihon Kamotsu Kyuso | -2.5                 | 0.0                 | ---            | ---                       |
| Izu Kamotsu Kyuso   | -0.8                 | 0.0                 | ---            | ---                       |

## Dividend

|           | Interim | End of period | Total   |
|-----------|---------|---------------|---------|
| FY03/2006 | 2.5 yen | 2.5 yen       | 5.0 yen |
| FY03/2007 | 3.0 yen | 3.0 yen       | 6.0 yen |

## Balance Sheet (Consolidated)

(Billions of yen)

|                | FY03/2007<br>Actual | YoY   |
|----------------|---------------------|-------|
| Current Assets | 359.3               | -14.5 |
| Fixed Assets   | 1,589.9             | -57.3 |
| Total Assets   | 1,949.3             | -71.9 |

|                                     | FY03/2007<br>Actual | YoY    |
|-------------------------------------|---------------------|--------|
| Interest-bearing Debt               | 1,008.8             | -98.0  |
| Total liabilities                   | 1,586.0             | -130.3 |
| Minority interests                  | *---                | -46.1  |
| Total net assets                    | 363.2               | +104.5 |
| Total liabilities and net<br>assets | 1,949.3             | -71.9  |

Existing  
--95.8  
Excluded  
-2.1

\* Minority interests as of FY03/2007 actual are included total net assets.

Equity ratio

16.9 %

+4.1 P

# Key Points in Results for Fiscal Year Ended March 31, 2007



- **Number of passengers carried: 1,018.48 million (a record)**
- **Increase in disposal cost of fixed assets with completion of construction to switch the Meguro Line to underground operation**
- **Operating profit was ¥80 billion (down ¥5.5 billion from the preceding fiscal year)**
- **Improvement in investment gains from equity method (rising ¥10.9 billion)**
- **Recurring profit was ¥81.2 billion (increasing of ¥7.1 billion)**
- **Net income was ¥58.7 billion (up ¥16.7 billion)**
- **Interest-bearing debt was ¥1,008.8 billion (declining ¥98.0 billion)**
- **The D/E ratio improved to 3.1 (4.3 for the previous term)**
- **Dividend per share was ¥6.0 (a rise of ¥1.0)**

## II. Three-Year Medium-term Management Plan



# Three-Year Medium-Term Management Plan (Consolidated Financial Summary)



(Billions of yen)

|                                    | FY03/2006 |         |       |                                   | FY03/2007             |       |                                   | Forecast as of Nov 15, 2006 |           | Medium term management plan |
|------------------------------------|-----------|---------|-------|-----------------------------------|-----------------------|-------|-----------------------------------|-----------------------------|-----------|-----------------------------|
|                                    | Actual    | Actual  | YoY   | Change from forecast as of Nov 15 | Forecast as of May 15 | YoY   | Change from forecast as of Nov 15 | FY03/2007                   | FY03/2008 | FY03/2008                   |
| Operating Revenue                  | 1,388.5   | 1,381.9 | -6.5  | 1.9                               | 1,382.0               | 0.0   | -5.0                              | 1,380.0                     | 1,387.0   | 1,520.0                     |
| Operating Profit                   | 85.6      | 80.0    | -5.5  | 0.6                               | 78.5                  | -1.5  | -3.5                              | 79.4                        | 82.0      | 76.0                        |
| Recurring Profit                   | 74.0      | 81.2    | 7.1   | 5.2                               | 72.0                  | -9.2  | -4.0                              | 76.0                        | 76.0      | 63.0                        |
| Net Income                         | 41.9      | 58.7    | 16.7  | 15.7                              | 45.0                  | -13.7 | 0.0                               | 43.0                        | 45.0      | 39.0                        |
| Shareholders' Equity               | 258.7     | 328.5   | 69.7  | 11.3                              | 366.2                 | 37.6  | 11.3                              | 317.1                       | 354.8     | 285.0                       |
| Interest-bearing Debt              | 1,106.9   | 1,008.8 | -98.0 | -19.1                             | 1,010.0               | 1.1   | 12.0                              | 1,028.0                     | 998.0     | 1,120.0                     |
| Tokyu EBITDA *1                    | 157.3     | 163.8   | 6.5   | 4.1                               | 153.7                 | -10.1 | -4.4                              | 159.7                       | 158.1     | 153.0                       |
| Equity Ratio                       | 12.8%     | 16.9%   | 4.1P  | 0.5P                              | 18.4%                 | 1.5P  | 0.3P                              | 16.3%                       | 18.1%     | 13.2%                       |
| D/E Ratio                          | 4.3x      | 3.1x    | -1.2  | -0.2                              | 2.8x                  | -0.3  | -0.1                              | 3.2x                        | 2.8x      | 3.9x                        |
| Interest-bearing Debt/Tokyu EBITDA | 7.0x      | 6.2x    | -0.9  | -0.3                              | 6.6x                  | 0.4   | 0.3                               | 6.4x                        | 6.3x      | 7.3x                        |

\*1 Tokyu EBITDA= Operating Profit + Depreciation and Amortization cost + Amortization of goodwill (Amortization of consolidation adjustment account) + Disposal cost of fixed assets\*2

\*2 Majority of disposal of fixed assets consists of that of temporary structures for construction of new railroads and relating facilities over or under previously operated railroads upon completion. Rest of it is other properties and equipment on book.

# Three-Year Medium-Term Management Plan (Operating Profit/Tokyu EBITDA)



(Billions of yen)

|                                    | FY03/2006 |        | FY03/2007 |                                   | FY03/2008             |         |                                   | Forecast as of Nov 15, 2006 |           |
|------------------------------------|-----------|--------|-----------|-----------------------------------|-----------------------|---------|-----------------------------------|-----------------------------|-----------|
|                                    | Actual    | Actual | YoY       | Change from forecast as of Nov 15 | Forecast as of May 15 | YoY     | Change from forecast as of Nov 15 | FY03/2007                   | FY03/2008 |
| Operating Profit                   | 85.6      | 80.0   | -5.5      | 0.6                               | 78.5                  | -1.5    | -3.5                              | 79.4                        | 82.0      |
| Transportation                     | 38.9      | 25.6   | -13.2     | -2.7                              | 34.0                  | 8.3     | 0.9                               | 28.4                        | 33.1      |
| Railway of Tokyu Corp.             | 35.7      | 23.1   | -12.6     | -3.3                              | 32.5                  | 9.4     | 1.4                               | 26.4                        | 31.1      |
| (Disposal cost of fixed assets*)   | (7.2)     | (21.2) | (14.0)    | (3.4)                             | (10.4)                | (-10.8) | (-2.6)                            | (17.8)                      | (13.0)    |
| Real Estate                        | 21.8      | 26.0   | 4.2       | 1.7                               | 18.9                  | -7.1    | -2.3                              | 24.3                        | 21.2      |
| Sales of Tokyu Corp.               | 14.2      | 15.4   | 1.2       | 2.1                               | 7.1                   | -8.3    | -2.8                              | 13.3                        | 9.9       |
| Retail                             | 14.4      | 16.1   | 1.6       | 0.0                               | 14.0                  | -2.1    | -2.6                              | 16.1                        | 16.6      |
| Leisure and Services               | 2.8       | 3.2    | 0.3       | 0.5                               | 3.3                   | 0.0     | 0.2                               | 2.7                         | 3.1       |
| Hotel                              | 3.9       | 3.7    | -0.1      | -0.3                              | 4.0                   | 0.2     | -0.2                              | 4.1                         | 4.2       |
| Other                              | 2.4       | 4.9    | 2.5       | 1.1                               | 4.1                   | -0.8    | 0.3                               | 3.8                         | 3.8       |
| Elimination                        | 1.3       | 0.3    | -0.9      | 0.3                               | 0.2                   | -0.1    | 0.2                               | 0.0                         | 0.0       |
| Depreciation and Amortization cost | 56.3      | 54.5   | -1.7      | -0.2                              | 57.6                  | 3.0     | 1.4                               | 54.8                        | 56.2      |
| Amortization of goodwill           | 7.5       | 6.9    | -0.6      | 0.4                               | 6.6                   | -0.3    | 0.1                               | 6.5                         | 6.5       |
| Disposal cost of fixed assets      | 7.7       | 22.2   | 14.5      | 3.2                               | 11.0                  | -11.2   | -2.4                              | 19.0                        | 13.4      |
| Tokyu EBITDA                       | 157.3     | 163.8  | 6.5       | 4.1                               | 153.7                 | -10.1   | -4.4                              | 159.7                       | 158.1     |

\* Majority of disposal of fixed assets consists of that of temporary structures for construction of new railroads and relating facilities over or under previously operated railroads upon completion. Rest of it is other properties and equipment on book.

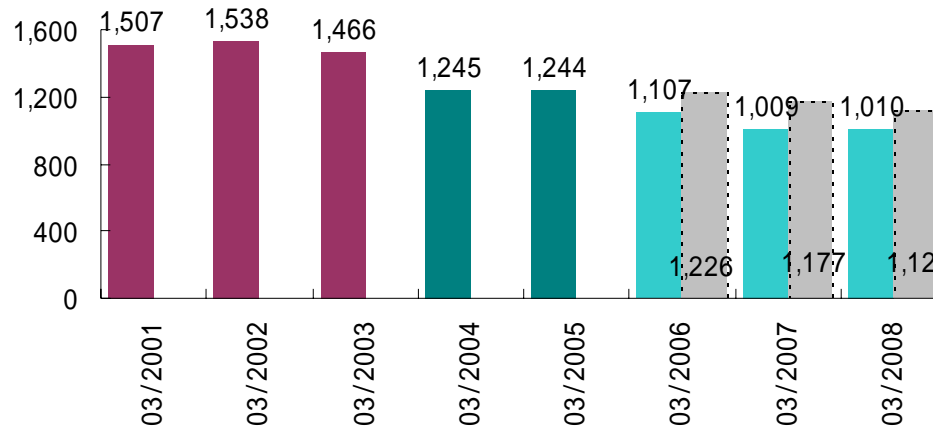


# Changes in Target Management Indexes

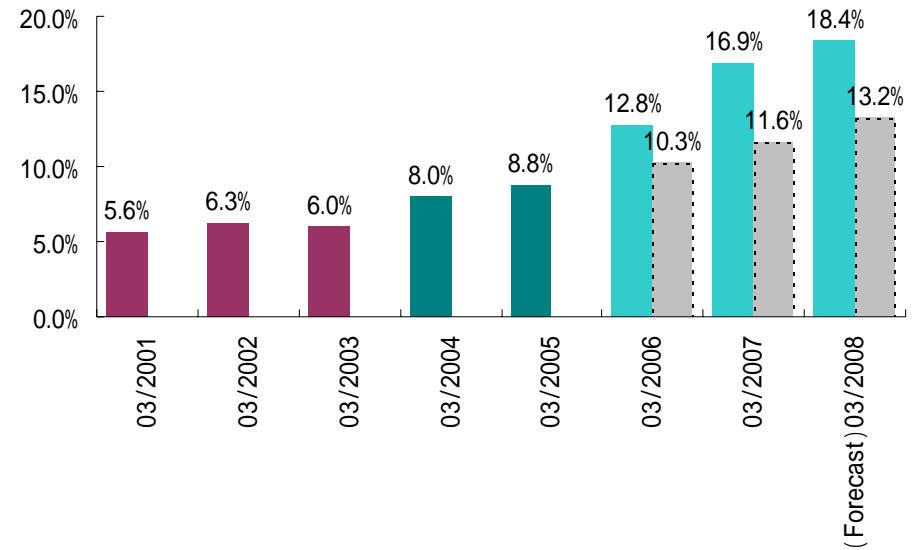


(Billions of yen)

Interest-bearing Debt

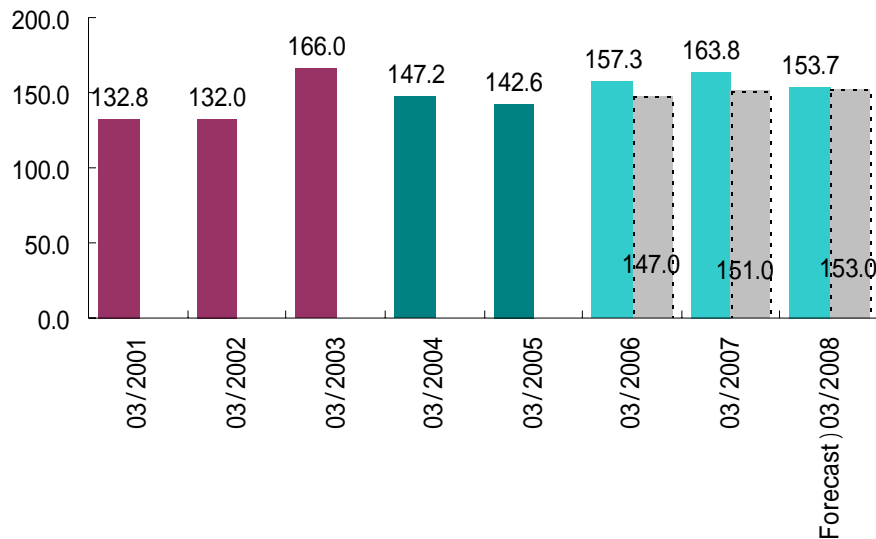


Equity Ratio



(Billions of yen)

Tokyu EBITDA



[legend]



Actual, Forecast

Three-Year Medium-term

Management Plan

(May 2005)

### III. Highlights of Each Business Line



# Business of Railway and Tramway



Sep.2000 Inaugurated to operate mutual direct train service in Meguro line

Mar.2001 Inaugurated to operate limited express in Toyoko line

Jan. 2004 Discontinued from Yokohama to Sakuragi-cho in Toyoko line  
Feb. 2004 inaugurated Minatomirai line of Yokohama Minatomirai railway company

Mar.2005 Fare revised.

Sep. 2006 Rapid train started in Meguro Line.

| MONTH/YEAR                                       |                         | 03/2001 |           | 03/2002 |           | 03/2003 |           | 03/2004 |           | 03/2005 |           | 03/2006 |           | 03/2007   |           | 03/2008   |           |
|--|-------------------------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|-----------|-----------|-----------|-----------|
| Revenue from fare<br>(millions of yen)           | Total                   | Actual  | change(%) | Actual  | change(%) | Actual  | change(%) | Actual  | change(%) | Actual  | change(%) | Actual  | change(%) | Actual    | change(%) | Forecast  | change(%) |
|  | Commuter                | 113,612 | 2.3       | 117,181 | 3.1       | 118,503 | 1.1       | 120,806 | 1.9       | 119,960 | -0.7      | 122,076 | 1.8       | 125,082   | 2.5       | 127,605   | 2.0       |
|  | Non-commuter            | 50,706  | 0.4       | 50,867  | 0.3       | 50,987  | 0.2       | 51,414  | 0.8       | 52,153  | 1.4       | 53,607  | 2.8       | 55,095    | 2.8       | 56,708    | 2.9       |
| Passenger volume<br>(thousand of people)         | Total                   | 62,905  | 3.8       | 66,313  | 5.4       | 67,515  | 1.8       | 69,392  | 2.8       | 67,807  | -2.3      | 68,469  | 1.0       | 69,987    | 2.2       | 70,897    | 1.3       |
|  | Commuter                | 946,854 | 1.3       | 963,447 | 1.8       | 968,745 | 0.5       | 984,750 | 1.7       | 984,719 | 0.0       | 995,657 | 1.1       | 1,018,489 | 2.3       | 1,040,018 | 2.1       |
|  | Non-commuter            | 571,715 | -0.2      | 570,294 | -0.2      | 569,089 | -0.2      | 573,380 | 0.8       | 582,561 | 1.6       | 588,800 | 1.1       | 602,270   | 2.3       | 618,142   | 2.6       |
|  | Passenger volume Toyoko | 375,139 | 3.6       | 393,153 | 4.8       | 399,656 | 1.7       | 411,370 | 2.9       | 402,158 | -2.2      | 406,857 | 1.2       | 416,219   | 2.3       | 421,876   | 1.4       |
|  | Meguro                  | 381,444 | -0.3      | 387,797 | 1.7       | 392,036 | 1.1       | 395,552 | 0.9       | 390,497 | -1.3      | 392,163 | 0.4       | 399,737   | 1.9       |           |           |
|  | Den-en toshi            | 71,769  | 11.7      | 84,642  | 17.9      | 84,929  | 0.3       | 87,769  | 3.3       | 90,035  | 2.6       | 92,017  | 2.2       | 95,573    | 3.9       |           |           |
|  | Oimachi                 | 380,815 | 2.4       | 387,149 | 1.7       | 390,023 | 0.7       | 399,272 | 2.4       | 404,263 | 1.3       | 412,223 | 2.0       | 424,050   | 2.9       |           |           |
|  | Ikegami                 | 116,360 | 1.2       | 118,007 | 1.4       | 119,383 | 1.2       | 125,402 | 5.0       | 128,963 | 2.8       | 131,396 | 1.9       | 136,487   | 3.9       |           |           |
|  | Tamagawa                | 75,699  | 0.1       | 75,734  | 0.0       | 75,654  | -0.1      | 75,744  | 0.1       | 75,031  | -0.9      | 75,266  | 0.3       | 76,938    | 2.2       |           |           |
|  | Tamagawa                | 49,510  | 1.3       | 48,403  | -2.2      | 48,221  | -0.4      | 48,735  | 1.1       | 49,601  | 1.8       | 50,281  | 1.4       | 50,930    | 1.3       |           |           |
| Population in Tokyu area<br>(thousand of people) | Total                   | 4,614   | 1.1       | 4,670   | 1.2       | 4,724   | 1.2       | 4,771   | 1.0       | 4,814   | 0.9       |         |           |           |           |           |           |
|  | Shibuya/Yamanote area   | 1,216   | 0.8       | 1,224   | 0.7       | 1,232   | 0.7       | 1,240   | 0.6       | 1,246   | 0.5       |         |           |           |           |           |           |
|  | Den-en toshi area       | 1,552   | 1.9       | 1,582   | 1.9       | 1,609   | 1.7       | 1,630   | 1.3       | 1,648   | 1.1       |         |           |           |           |           |           |
|  | Toyoko area             | 156     | 4.2       | 162     | 3.3       | 166     | 2.8       | 170     | 2.5       | 174     | 2.3       |         |           |           |           |           |           |
|  | Ikegami/Tamagawa area   | 886     | 0.9       | 899     | 1.5       | 910     | 1.2       | 922     | 1.3       | 932     | 1.1       |         |           |           |           |           |           |

Calculated by Tokyu Corp.

(based on "Basic Resident Register directory" of Japan Geographic Data Center.)

## Future large improvement works

- (1) Improvement of Hatanodai station (Fiscal year ending March 2008)
- (2) Express service on the Oimachi Line (Oimachi to Futagotamagawa) (Fiscal year ending March 2008)
- (3) Extension of the Meguro Line (Musashikosugi to Hiyoshi) (Fiscal year ending March 2008)
- (4) Extension of the Oimachi Line (Futagotamagawa to Mizonoguchi) (Fiscal year ending March 2009)
- (5) Line linking the area around JR Yokohamahazawa station, the area around Shinyokohama station and Toyoko Line Hiyoshi station (Fiscal year ending March 2020)

|                        |   |
|------------------------|---|
| SHIBUYA/ Yamanote area | Shibuya-ku, Setagaya-ku and Meguro-ku   |
| Den-en toshi area      | Kawasaki-shi Takatsu-ku/Miyamae-ku, Yokohama-shi Aoba-ku/Tsuzuki-ku/Midori-ku, Machida-shi and Yamato-shi |
| Toyoko area            | Kawasaki-shi Nakahara-ku, Yokohama-shi Kohoku-ku, Kanagawa-ku, Nishi-ku and Naka-ku                       |
| Ikegami/ Tamagawa area | Shinagawa-ku and Oota-ku  |

# Development of Key areas based on Area Strategy

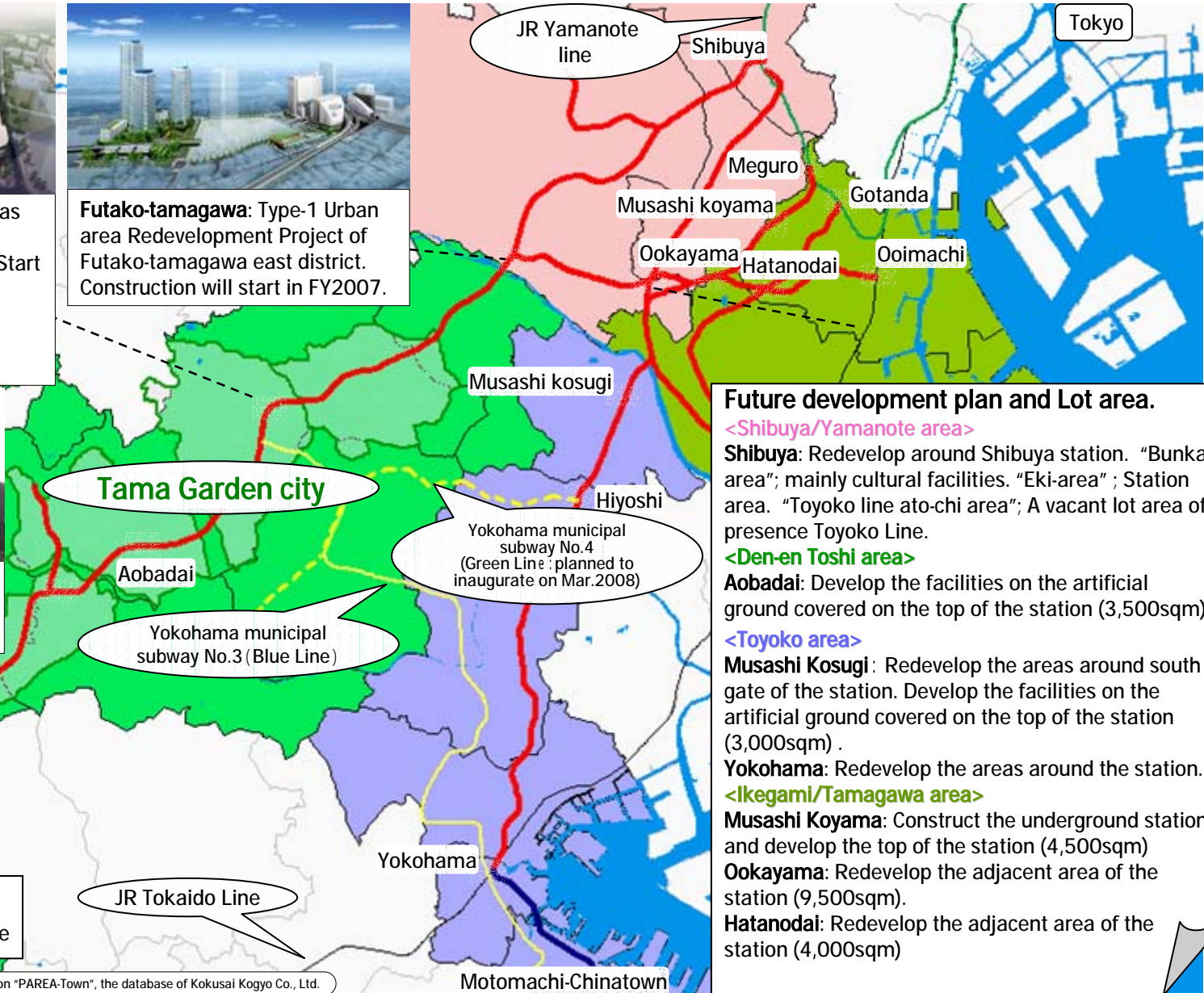


**Tama-plaza:** Redevelop the areas around the station.  
 < Tama-plaza TERRACE > will Start South Plaza on Jan.2007  
 Gate Plaza on Nov.2007  
 Gate Plaza in 2009  
 Grand Open in 2010

**Futako-tamagawa:** Type-1 Urban area Redevelopment Project of Futako-tamagawa east district. Construction will start in FY2007.



**Minami-machida:** Established a cinema complex in Granberry Mall. Started on Mar. 2006.



**Future development plan and Lot area.**

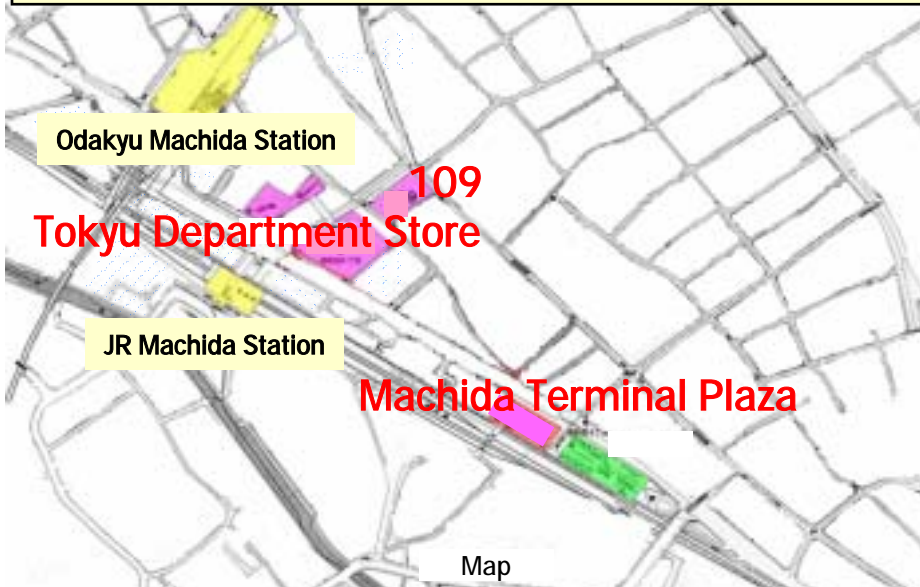
**<Shibuya/Yamanote area>**  
**Shibuya:** Redevelop around Shibuya station. "Bunka-area"; mainly cultural facilities. "Eki-area"; Station area. "Toyoko line ato-chi area"; A vacant lot area of presence Toyoko Line.

**<Den-en Toshi area>**  
**Aobadai:** Develop the facilities on the artificial ground covered on the top of the station (3,500sqm).

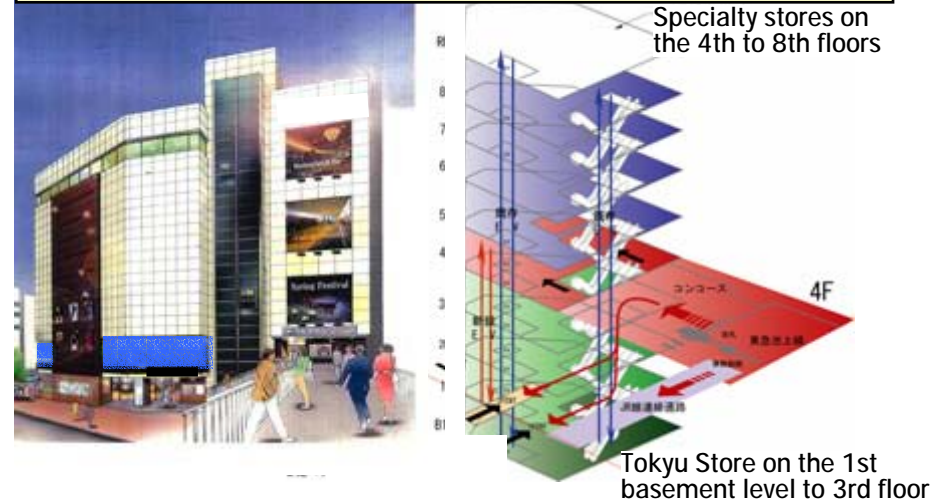
**<Toyoko area>**  
**Musashi Kosugi:** Redevelop the areas around south gate of the station. Develop the facilities on the artificial ground covered on the top of the station (3,000sqm).  
**Yokohama:** Redevelop the areas around the station.

**<Ikegami/Tamagawa area>**  
**Musashi Koyama:** Construct the underground station and develop the top of the station (4,500sqm)  
**Ookayama:** Redevelop the adjacent area of the station (9,500sqm).  
**Hatanodai:** Redevelop the adjacent area of the station (4,000sqm)

### Group commercial facilities around Machida Station



### Tokyu Gotanda Building



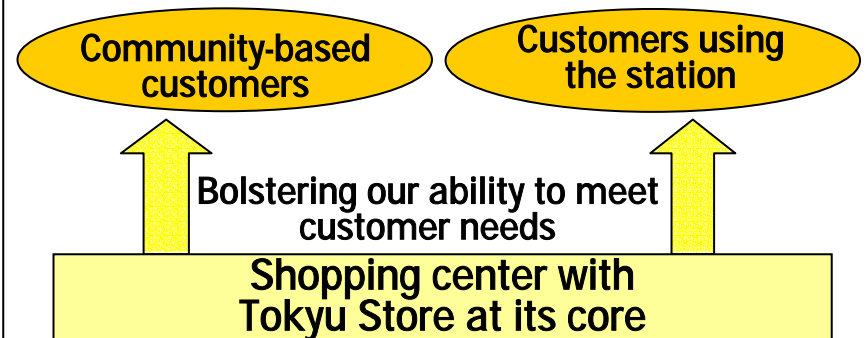
### Strategic rearrangement and remodeling of Group commercial facilities

1. Change Machida Tokyu Department Store to a shopping center.  
Department store → Shopping center  
(Tokyu Hands will be the core tenant.)
2. Change the tenant of Machida Terminal Plaza  
Tokyu Hands → FAST RETAILING CO., LTD.  
(shopping center)

A new shopping center will open in October 2007.  
A new Machida Terminal Plaza will open in the spring of 2008.

### From GMS building to shopping center

[Direct connection to a terminal station]

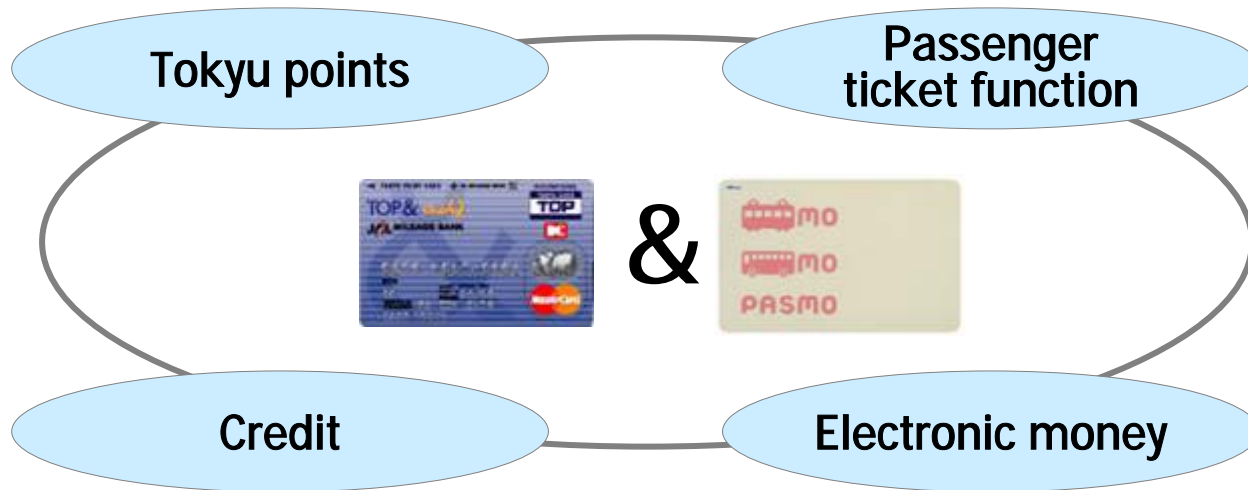


A new Tokyu Store will open in the autumn of 2007.  
The whole building will open in the spring of 2008.

# Summary of Tokyu Loyalty Card: TOP&



- Commenced a Group-wide points service in April 2006
- Commenced a PASMO IC card automatic charging service in March 2007
- Formed alliances with JAL in April 2006 and Tokyo Electric Power in April 2007



- 1,440,000 credit card members      Total membership is 2,310,000  
- 870,000 cash payment card members      (as of March 2007)

- Will issue a card with the above four functions in 2008
- Will develop businesses using IC chips and in doing so make the Tokyu Point Card the customers' main card.

# Improving Asset Efficiency



## Maximizing real estate value

- Nagatacho 2-chome Plan
- Rebuilding Tokyu Ginza Building

## Improving asset efficiency along railway lines

### ➤ Area strategies

- Developing the site of the Jiyugaoka depot ("Trainchi")
- Developing the site of the railway around Meguro station (studio)
- Artificial ground above Ookayama station (hospital above the station)
- East region of Futagotamagawa (urban area redevelopment)

### ➤ Refine-plans of retail-related business

- Remodeling the Tokyu Gotanda Building
- Refining commercial facilities around Machida station
- Developing the area around Tama Plaza station

## Selection and concentration

- Transfer the Izu-inatori area leisure business
- Close the Chikushino Tokyu Store
- Transfer shares the Company holds in its overseas hotel business
- Close Kitami Tokyu Department

\*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.