

Tokyu Corporation

Consolidated Financial Statements First Half of the Fiscal Year Ending March 31, 2020

(April 1, 2019 – September 30, 2019)

This document has been translated from the original Japanese as a guide for non-Japanese investors. It contains forward-looking statements based on a number of assumptions and beliefs made by management in light of information currently available. Actual financial results may differ materially depending on a number of factors, including changing economic conditions, legislative and regulatory developments, delay in new product and service launches, and pricing and product initiatives of competitors.



**SUMMARY OF FINANCIAL STATEMENTS [Japanese Accounting Standards] (Consolidated)
For the First Half of Fiscal Year Ending March 31, 2020**

Tokyu Corporation

November 11, 2019

Stock Code:	9005	Listed exchanges:	Tokyo Stock Exchange First Section
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Planned date for submission of quarterly financial reports:	November 11, 2019		
Scheduled date of commencement of dividend payment:	December 3, 2019		
Supplementary documents for quarterly results	YES		
Quarterly results briefing (for institutional investor and analysts)	YES		

* Amounts of less than ¥1 million have been rounded down.

**1. Consolidated Financial Results for the First Half of Fiscal Year Ending March 31, 2020
(April 1, 2019 to September 30, 2019)**

*(Figures in percentages denote the year-on-year change)
Million yen*

1) Consolidated Operating Results

	Six months ended September 30, 2019		Six months ended September 30, 2018	
		Change (%)		Change (%)
Operating revenue.....	580,197	1.4	572,099	1.2
Operating profit.....	44,839	0.0	44,819	-12.9
Recurring profit.....	46,099	2.1	45,164	-12.5
Profit attributable to owners of parent	32,233	-3.1	33,276	-10.0
Net income per share (¥).....	53.01		54.76	
Net income per share (diluted) (¥).....	-		-	

Note: Comprehensive Income: Six months ended September 30, 2019: ¥34,033 million [-4.0%]

Six months ended September 30, 2018: ¥35,435 million [-7.6%]

2) Consolidated Financial Position

Million yen

	As of September 30, 2019	As of March 31, 2019
Total assets	2,472,552	2,412,876
Net assets	825,140	796,164
Equity ratio (%).....	31.3	30.9

Reference: Shareholders' equity: As of September 30, 2019: ¥773,649 million

As of March 31, 2019: ¥745,233 million

2. Dividends

	FY ending March 31, 2020 (forecast)	FY ending March 31, 2020	FY ended March 31, 2019
Dividend per share – end of first quarter (¥)		-	-
Dividend per share – end of first half (¥)		12.00	10.00
Dividend per share – end of third quarter (¥)	-		-
Dividend per share – end of term (¥)	11.00		10.00
Dividend per share – annual (¥)	23.00		20.00

Note: Revisions to dividend forecasts published most recently: Yes

(Note)The interim dividend of ¥ 12.0 for the fiscal year ending March 31, 2020 includes a commemorative dividend of ¥ 2.0.

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

*(Figures in percentages denote the year-on-year change)
Million yen*

	Full year	
		Change (%)
Operating revenue.....	1,198,900	3.6
Operating profit.....	83,000	1.3
Recurring profit.....	82,800	1.1
Profit attributable to owners of parent	58,000	0.3
Net income per share (¥).....	95.41	

Note: Revision to consolidated business performance forecasts published most recently: No

*** Notes**

- (1) Changes in important subsidiaries during the consolidated quarter (cumulative) under review (changes in specified subsidiaries resulting in changes in the scope of consolidation): No
- (2) Application of specific accounting treatment to the preparation of quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of revisions
- 1) Changes in accounting policies with revision of accounting standards, etc.: No
 - 2) Changes in accounting policies other than 1): No
 - 3) Changes in accounting estimates: No
 - 4) Restatement of revisions: No
- (4) Number of shares issued (common stock)
- 1) Number of shares issued at the end of the term (including treasury stock) (shares)
As of September 30, 2019: 624,869,876 As of March 31, 2019: 624,869,876
 - 2) Number of treasury stock at the end of the term (shares)
As of September 30, 2019: 16,579,724 As of March 31, 2019: 16,939,824
 - 3) Average numbers of shares issued during the terms (quarterly consolidated accumulation periods)
Six months ended September 30, 2019: 608,108,646
Six months ended September 30, 2018: 607,714,861

(Note)The number of treasury stock includes shares of the Company held by a group of shareholding employees in trust and compensation for Directors in trust, as follows:

As of September 30, 2019: 764,500 shares As of March 31, 2019: 1,129,000 shares

* The summary of financial statements is not subject to audit.

* Explanations about the proper use of financial forecasts and other important notes
(Notes on forecast results)

The forecast results presented above are based on information available as of the date of this announcement and assumptions considered reasonable. Actual results may differ materially from forecasts depending on a number of factors. For details on the forecast results, please see the statement under the heading of "1. Qualitative Information on Consolidated Financial Results, etc. for the First Half of FY2019, (3) Explanation about the future outlook, including forecast for consolidated earnings" in the accompanying materials.

(Method of acquiring supplementary documents for quarterly results)

The "Summary of Results for the First Half of FY2019" will be disclosed on our IR website and TDnet (Timely Disclosure network) today (November 11, 2019).

(Method of acquiring supplementary documents for quarterly results)

Tokyu Corporation will hold a results briefing for institutional investors and analysts on November 12, 2019.

The material used in that briefing will be promptly published on our IR website and TDnet (Timely Disclosure network) on the same day.

○ Accompanying Materials – Contents

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1. Qualitative Information on Consolidated Financial Results, etc. for the First Half Ended September 30, 2019

(1) Explanation about Consolidated Financial Results

Tokyu Corporation (the “Company”) and its consolidated subsidiaries (collectively, the “Group”) are promoting a medium-term business plan for three years from fiscal 2018 dubbed “Make the Sustainable Growth.” This plan is aimed at sustainable growth by bolstering the existing business/projects and actively moving into new areas where the Group can utilize its strengths. By working in conjunction with the plan, the Group is seeking to achieve a big leap in the future.

Operating revenue for the first half of the fiscal year under review increased 1.4% year on year, to ¥580,197 million yen, operating profit increased 0.0% to ¥44,839 million yen, mainly reflecting the effect of a rise in commuter pass purchases prior to the consumption tax hike in the Company’s railway operations and the solid performance of its real estate leasing business. Recurring profit increased 2.1% year on year, to ¥46,099 million, mainly due to a rise in investment gains from the equity method, and profit attributable to owners of parent decreased 3.1% year on year, to ¥32,233 million, chiefly reflecting the absence of gain on sales of investment securities in the previous fiscal year.

Operating results on a segmental basis are as follows. The results for individual segments include inter-segment internal revenues or transfers where applicable. The Company presents operating profit for each reported segment as segment profit in this document.

(i) Transportation

In the Company’s railway operations, the number of commuters carried grew 3.2% and the number of non-commuters carried grew 3.0%, mainly reflecting the effect of a rise in commuter pass purchases prior to the consumption tax hike. Overall, the number of passengers carried climbed 3.1%.

As a result, operating revenue for the Transportation segment increased 3.1% year on year, to ¥107,586 million. Partly due to a rise in expenses, operating profit for the segment increased 0.6% year on year, to ¥17,917 million.

(Operation results of Tokyu Corporation's railway operations)

Categories		Units	First half of the previous fiscal year	First half of the fiscal year under review
			April 1, 2018 to September 30, 2018	April 1, 2019 to September 30, 2019
Number of operating days		Days	183	183
Operating distance		Kilometers	104.9	104.9
Operating distance of passenger trains		Thousand kilometers	76,033	76,166
Number of passengers carried	Non-commuter	Thousand passengers	233,734	240,767
	Commuter	Thousand passengers	366,245	377,880
	Total	Thousand passengers	599,979	618,647
Passenger revenue	Non-commuter	Million yen	38,148	39,343
	Commuter	Million yen	32,689	33,653
	Total	Million yen	70,837	72,996
Miscellaneous income from railway operations		Million yen	7,127	7,788
Total revenues		Million yen	77,964	80,784
Average passenger revenue per day		Million yen	387	399
Operating efficiency		%	52.4	53.0

(Note) Calculation method of the operating efficiency

$$\text{Operating efficiency} = \frac{\text{Number of passengers carried}}{\text{Operating distance of passenger trains}} \times \frac{\text{Average service distance}}{\text{Average transportation capacity}} \times 100$$

(ii) Real Estate

In the Real Estate Business, operating revenue declined to ¥102,803 million (down 0.9% year on year), mainly due to the absence of larger orders received by Tokyu Geox Co., Ltd. in the previous year, despite higher sales in the real estate leasing business resulting from the opening of Shibuya Stream in September 2018 and other factors. Even so, operating profit increased 1.8% year on year, to ¥16,394 million.

(iii) Life Service

In the Life Service Business, operating revenue grew 0.7% year on year, to ¥348,037 million, thanks mainly to new customers acquired by Tokyu Power Supply Co., Ltd., an electric power retailer. Operating profit increased to ¥8,397 million (up 2.4% year on year).

(iv) Hotel and Resort

Operating revenue for the Hotel and Resort segment increased 5.5% year on year, to ¥51,300 million, mainly reflecting the high occupancy maintained by Tokyu Hotels Co., Ltd. in hotel operations and a rise in average daily rates. Operating profit for the segment declined 13.4% year on year, to ¥1,806 million, chiefly due to a rise in expenses.

(2) Explanation about Consolidated Financial Position

Assets

Total assets at the end of the second quarter of the fiscal year under review increased ¥59,676 million from the end of the previous fiscal year, to ¥2,472,552 million, largely due to an increase in tangible fixed assets at the Company.

Liabilities

Liabilities increased ¥30,699 million year on year, to ¥1,647,411 million, largely attributable to advances received, despite a decline in interest-bearing debt (*) of ¥3,031 million year on year, to ¥1,063,390 million.

Net assets

Net assets at the end of the second quarter of the fiscal year under review rose ¥28,976 million from the end of the previous fiscal year, to ¥825,140 million, reflecting the posting of a profit attributable to owners of parent.

* Interest-bearing debt: the sum of debt, corporate bonds, and commercial papers

(3) Explanation about the Future Outlook, Including Forecast for Consolidated Earnings

The consolidated forecast for the fiscal year ending March 31, 2020 announced on May 13, 2019 has not changed.

* The forecast results presented above are based on information available as of the date of this announcement and assumptions considered reasonable. Actual results may differ materially from forecasts depending on a number of factors.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

Million yen

Item	As of March 31, 2019	As of September 30, 2019
Assets		
Current Assets		
Cash and deposits	34,229	50,063
Trade notes & accounts receivable	165,465	171,881
Merchandise and products	14,068	14,325
Land and buildings for sale	47,811	46,562
Work in progress	5,152	10,676
Raw materials and supplies	7,803	7,731
Others	40,952	41,934
Allowance for doubtful accounts	(1,239)	(1,290)
Total current assets	314,244	341,885
Fixed Assets		
Tangible fixed assets		
Buildings & structures (net)	788,980	836,426
Rolling stock & machinery (net)	70,270	71,861
Land	710,176	716,415
Construction in progress	196,508	164,454
Others (net)	28,013	29,349
Total tangible fixed assets	1,793,950	1,818,507
Intangible fixed assets	37,843	38,717
Investments & others		
Investment securities	174,150	179,255
Net defined benefit asset	6,349	6,493
Deferred tax assets	17,851	17,978
Others	69,153	70,396
Allowance for doubtful accounts	(667)	(681)
Total investments and others	266,838	273,442
Total fixed assets	2,098,632	2,130,667
Total Assets	2,412,876	2,472,552

Million yen

Item	As of March 31, 2019	As of September 30, 2019
Liabilities		
Current Liabilities		
Trade notes & accounts payable	98,811	108,659
Short-term debt	334,796	304,885
Current portion of corporate bonds	23,138	33,138
Accrued income taxes	14,607	15,203
Provision	12,351	13,136
Advances received	39,074	49,727
Others	124,981	133,050
Total current liabilities	647,760	657,800
Long-Term Liabilities		
Corporate bonds	220,090	225,090
Long-term debt	488,397	500,277
Provision	2,757	2,727
Net defined benefit liability	43,401	43,940
Long-term deposits from tenants and club members	134,953	138,032
Deferred tax liabilities	14,962	15,049
Deferred tax liabilities from revaluation	9,170	9,168
Others	40,157	41,520
Total long-term liabilities	953,890	975,805
Special Legal Reserves		
Urban railways improvement reserve	15,060	13,805
Total Liabilities	1,616,711	1,647,411
Net Assets		
Shareholders' Equity		
Common stock	121,724	121,724
Capital surplus	133,763	134,038
Retained income	495,343	521,582
Treasury stock	(28,506)	(27,901)
Total shareholders' equity	722,325	749,444
Accumulated Other Comprehensive Income		
Net unrealized gains (losses) on investment securities, net of taxes	16,735	18,600
Net unrealized gains (losses) on hedging instruments, net of taxes	(179)	(143)
Land revaluation reserve	8,404	8,406
Foreign currency translation adjustment account	3,764	2,295
Remeasurements of defined benefit plans	(5,816)	(4,953)
Total accumulated other comprehensive income	22,907	24,204
Non-Controlling Interests	50,930	51,491
Total Net Assets	796,164	825,140
Total Liabilities and Net Assets	2,412,876	2,472,552

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statements of Comprehensive Income
(Quarterly Consolidated Statements of Income) *Million yen*

Item	April 1, 2018 to September 30, 2018	April 1, 2019 to September 30, 2019
Operating Revenue	572,099	580,197
Cost of operating revenue		
Operating expenses & cost of sales (Transportation, etc.)	424,439	428,225
SG&A expenses	102,839	107,132
Total cost of operating revenue	527,279	535,357
Operating Profit	44,819	44,839
Non-operating profit		
Interest income	143	154
Dividend income	666	697
Investment gains from equity method	3,995	4,400
Others	2,622	2,801
Total non-operating profit	7,428	8,054
Non-operating expenses		
Interest expenses	4,708	4,507
Others	2,373	2,286
Total non-operating expenses	7,082	6,794
Recurring Profit	45,164	46,099
Extraordinary gains		
Gains on sale of fixed assets	103	109
Subsidies received for construction	213	440
Gain on reversal of Urban Railways Improvement Reserve	1,255	1,255
Gain on sales of investment securities	3,505	4
Others	280	189
Total extraordinary gains	5,358	1,999
Extraordinary losses		
Reduction entry of land contribution for construction	185	350
Loss on retirement of fixed assets	824	450
Impairment loss	4	324
Loss on valuation of investment securities	610	151
Others	218	310
Total extraordinary losses	1,844	1,587
Income before Income Taxes	48,679	46,511
Corporate income taxes	14,606	13,346
Net Income	34,072	33,164
Profit attributable to non-controlling interests	795	930
Profit attributable to owners of parent	33,276	32,233

(Quarterly Consolidated Statements of Comprehensive Income)*Million yen*

Item	April 1, 2018 to September 30, 2018	April 1, 2019 to September 30, 2019
Net Income	34,072	33,164
Other comprehensive income		
Net unrealized gains (losses) on investment securities	2,406	802
Net unrealized gains (losses) on hedging instruments	0	0
Revaluation reserve for land	-	2
Foreign currency translation adjustment account	(1,822)	(1,541)
Remeasurements of defined benefit plans, net of tax	687	1,082
Share of other comprehensive income of associates accounted for using equity method	90	523
Total other comprehensive income	1,363	868
Comprehensive Income	35,435	34,033
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	35,124	33,530
Comprehensive income attributable to non-controlling interests	311	502

(3) Notes to Quarterly Consolidated Financial Statements

(Notes Regarding the Premise of a Going Concern)

There is no applicable item.

(Notes If There Is a Considerable Change to Shareholders' Equity)

There is no applicable item.

(Segment Information)

I. April 1, 2018 to September 30, 2018

1. Information on operating revenue and operating profits or losses by reported segment

Million yen

	Reported segment				Total	Adjustments (Note) 1	Amount posted in the consolidated financial statements (Note) 2
	Transportation	Real Estate	Life Service	Hotel and Resort			
Operating revenue							
Outside customers	103,470	82,328	338,041	48,258	572,099	–	572,099
Inter-segment internal revenues or transfers	914	21,418	7,594	354	30,280	(30,280)	–
Total	104,384	103,747	345,635	48,612	602,380	(30,280)	572,099
Segment profit	17,814	16,100	8,198	2,086	44,198	620	44,819

Notes

1. An adjustment of ¥620 million in segment profit represents the deduction of intersegment transactions.
2. Segment profit has been adjusted with operating profit recorded in the consolidated quarterly statements of income.

II. April 1, 2019 to September 30, 2019

1. Information on operating revenue and operating profits or losses by reported segment

Million yen

	Reported segment				Total	Adjustments (Note) 1	Amount posted in the consolidated financial statements (Note) 2
	Transportation	Real Estate	Life Service	Hotel and Resort			
Operating revenue							
Outside customers	106,839	81,694	340,661	51,001	580,197	–	580,197
Inter-segment internal revenues or transfers	746	21,109	7,376	299	29,531	(29,531)	–
Total	107,586	102,803	348,037	51,300	609,728	(29,531)	580,197
Segment profit	17,917	16,394	8,397	1,806	44,516	323	44,839

Notes

1. An adjustment of ¥323 million in segment profit represents the deduction of intersegment transactions.
2. Segment profit has been adjusted with operating profit recorded in the consolidated quarterly statements of income.

(Subsequent Events)

(Acquisition of treasury shares)

At a meeting of the Board of Directors held on November 11, 2019, the Company resolved to acquire its own shares under Article 156, as applied pursuant to paragraph 3, Article 165, of the Companies Act, as follows:

(1) Reasons for the acquisition of own shares

To improve capital efficiency and executing flexible capital policies

(2) Details of acquisition

(i) Type of shares to be acquired	Shares of common stock
(ii) Total number of shares to be acquired	Up to 6,000,000 shares (Equivalent to 0.98 % of outstanding shares (Excluding treasury stock))
(iii) Total cost of acquisition	Up to 10 billion yen
(iv) Period of acquisition	From November 12, 2019 to December 30, 2019
(v) Method of acquisition	Market purchases (including acquisition through off-auction trading on the Tokyo Stock Exchange)

(Note) Own shares do not include the shares of the Company owned by a group of shareholding employees in trust and compensation for Directors in trust (764,500 shares).

(Company split of the Company's business)

The Company transferred its railway operations (including the railway business) to its wholly owned subsidiary, Tokyu Railways Co., Ltd. (the trade name was changed from *Tokyu Dentetsu Bunkatsu Junbi Kabushiki Kaisha* on September 2, 2019), through a company split on October 1, 2019.

The relevant deal will be treated as a transaction under common control pursuant to the Accounting Standards for Business Combinations (Corporate Accounting Standards No. 21, January 16, 2019), Accounting Standards for Business Divestures (Corporate Accounting Standards No.7, September 13, 2013) and Implementation Guidelines on the Standards for Business Combinations and Standards for Business Divestures (Implementation Guidelines on Corporate Accounting Standards No. 10, January 16, 2019).