

Results in FY2018

Presentation for Investors



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Forward-looking statements

All statements contained in this document other than historical facts are forward-looking statements that reflect the judgments of the management of Tokyu Corporation based on information currently available. Actual results may differ materially from the statements.



I . Executive Summary

Financial Highlights

Results for FY2018

(P. 4 and P. 29-40)

Key initiatives and financial targets in the management plan were generally accomplished as planned.

- New train models were introduced and the number of trains increased particularly on the Den-en-toshi Line and the Oimachi Line.
- Shibuya Stream (all offices are occupied by Google) launched business as planned.
- Opened three new hotels and renewed others to increase competitiveness.

Forecast for FY2019

(P. 5 and P. 41-51)

The Company is steadily implementing large development projects with **solid progress towards the final year of the plan (FY2020)**.

- **Achieve installation of platform screen doors and platform fences at all stations** with an aim to prevent accidents resulting in injury or death.
- Open **Shibuya Scramble Square** with the largest office area in Shibuya and **Minamimachida Grandberry Park** creating a base in Tama Den-en-toshi.
- **Split the Railway Business** with an aim to achieve sustainable growth.



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First, I will introduce the highlights of fiscal 2018 and 2019.

[FY2018]

In fiscal 2018, SHIBUYA STREAM opened in September, and other key initiatives made good progress. The business results also surpassed the targets.

[FY2019]

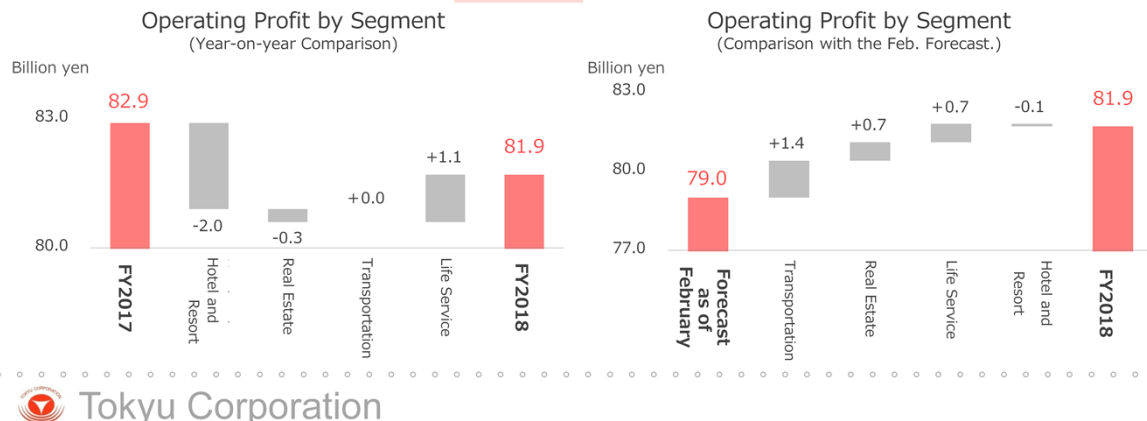
In fiscal 2019, large-scale developments commenced in Shibuya and Minamimachida. With this step, part of the project that we have been working on in recent years took form, and in fall the railway business will be splitted to launch a new management system.

Main Points in the Results for FY2018

[Year-on-year comparison] Operating profit declined due in part to the impact of highly profitable sales in the Real Estate Business in the previous year, natural disasters in the hotel business and large renovation work for some of the stores.

[Comparison to February] Operating profit increased due in part to decreased cost in the Company's Railway Operations and Real Estate Leasing.

(Unit:Billion yen)	Results	YoY Comparison	Comparison with Forecasts as of Feb.
Operating Revenue	1,157.4	+ 18.8 (+ 1.7%)	- 2.5 (- 0.2%)
Operating Profit	81.9	- 0.9 (- 1.1%)	+ 2.9 (+ 3.8%)
Recurring Profit	81.9	- 1.8 (- 2.2%)	+ 4.4 (+ 5.7%)
Profit attributable to owners of parent	57.8	- 12.2 (- 17.5%)	+ 2.8 (+ 5.1%)



I will now explain the main points in the results for fiscal 2018.

Operating revenue increased 18.8 billion yen, to 1,157.4 billion yen.

Operating profit decreased 0.9 billion yen, to 81.9 billion yen.

Net profit dropped 12.2 billion yen, to 57.8 billion yen.

- Compared with the previous fiscal year, operating profit declined in the hotel business and the real estate sales business due to the effects of natural disasters and large-scale renovations, but profit exceeded the plan, and the decrease in profit was smaller than expected.
- In terms of the comparison with the February forecast shown on the lower right of the slide, operating profit increased primarily due to reduced expenses, mainly in the transportation business, and the timing lag of accounting.

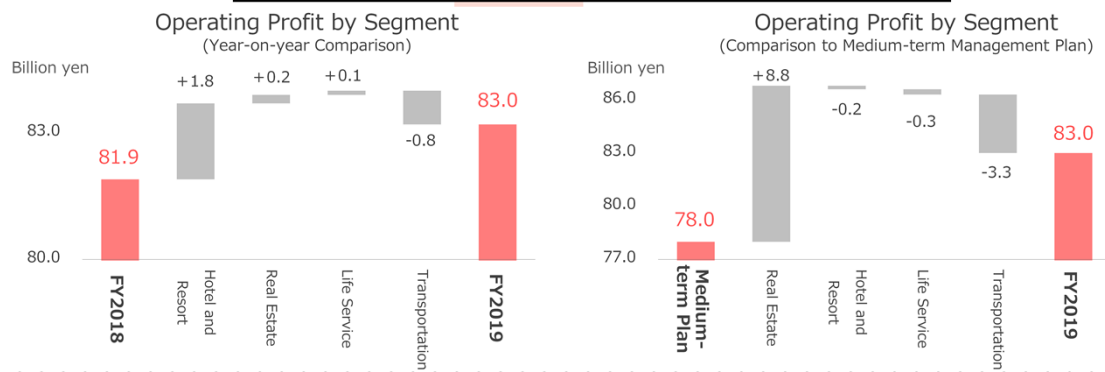
Main Points in Forecasts for FY2019

[Year-on-year comparison] Operating profit rose, mainly reflecting renovations and new openings in the hotel business, despite such factors as increased depreciation in the Railway Operations due to the introduction of a new model train.

[Comparison to Medium-term Management Plan]

Operating profit increased due in part to the steady performance from properties in the Real Estate Business, despite increased cost in the Company's Railway Operations.

(Unit:Billion yen)	Full Year Forecast	YoY Comparison	Comparison with Management Plan
Operating Revenue	1,198.9	+ 41.4 (+ 3.6%)	+ 5.4 (+ 0.5%)
Operating Profit	83.0	+ 1.0 (+ 1.3%)	+ 5.0 (+ 6.4%)
Recurring Profit	82.8	+ 0.8 (+ 1.1%)	+ 5.7 (+ 7.4%)
Profit attributable to owners of parent	58.0	+ 0.1 (+ 0.3%)	+ 4.0 (+ 7.4%)



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Next, I will explain the main points of the forecasts for fiscal 2019.

Operating revenue is expected to increase 41.4 billion yen, to 1,198.9 billion yen.

Operating profit is expected to rise 1.0 billion yen, to 83.0 billion yen.

Net profit is expected to increase 0.1 billion yen, to 58.0 billion yen.

○ Compared with the previous fiscal year, operating profit will increase 1.0 billion yen, mainly due to the effects of renovations and new store openings in the hotel business, although operating profit will decrease in the railway business because of rising depreciation expenses for new vehicles.

○ The bar graph on the lower right shows the comparison with the medium-term management plan.

In the railway business, “disposal cost” accompanying construction progress and “power cost” due to high crude oil prices will rise above expectations, but we do not expect a significant change in the business environment.

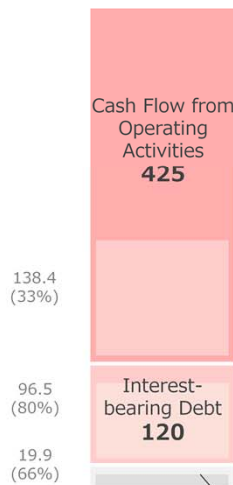
Overall, the real estate leasing business will remain strong, with a profit increase of 5.0 billion yen.

Cash Flow and Capital Expenditures and Investments

(Unit: Billion yen)

Total Cash flow for FY2018-2020

Cash In flow
575 billion yen

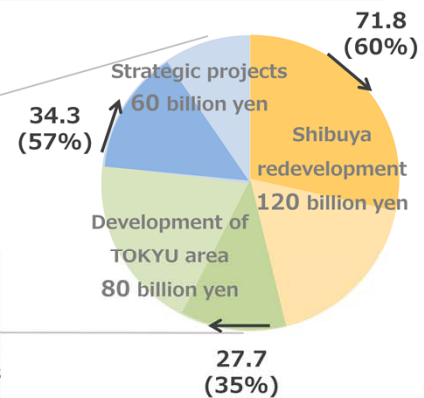


Cash Out flow
-575 billion yen



Capital Expenditures and Investments for FY2018-2020

520 billion yen



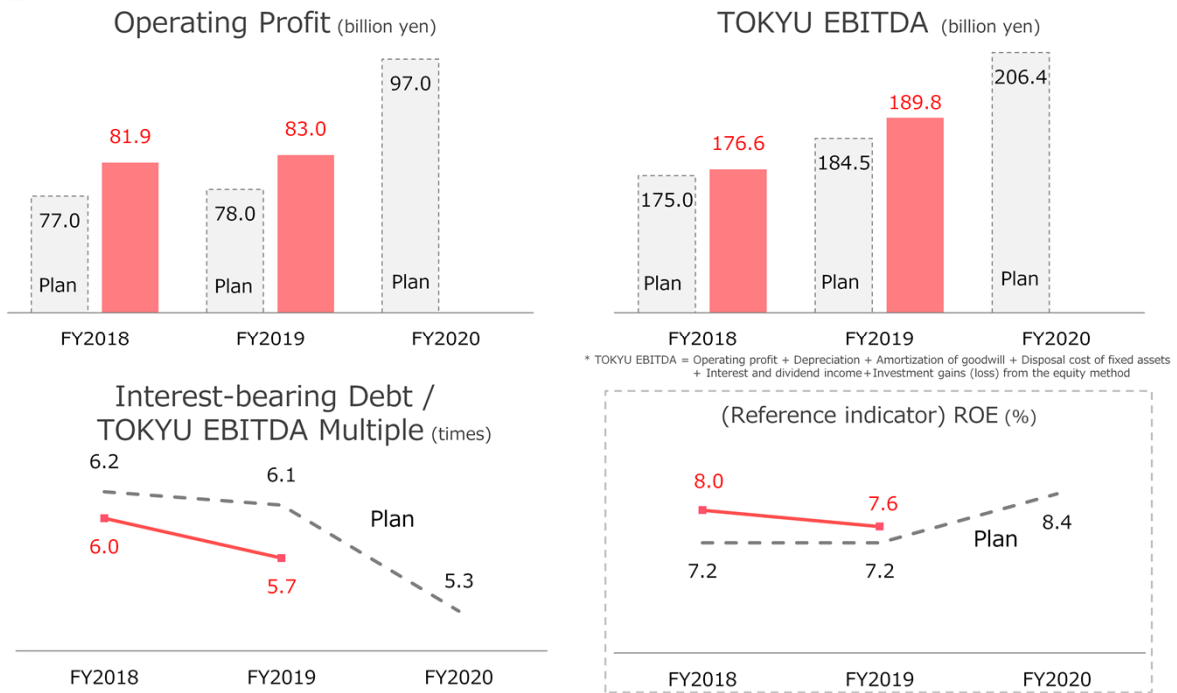
Breakdown of growth investments

* The figures shown outside the graph are the results for fiscal 2018.

* Progress of Capital expenditures has made some reclassifications that might be different from figures in the statements of cash flow.

- The next slide shows the progress of cash flow and capital expenditures and investments.
- This three-year period of the medium-term management plan can be considered to be an aggressive investment period. However, as the pie chart on the right shows, in terms of the growth investment limit of 260 billion yen, we have already finished about 60% of our investment in the Shibuya redevelopment and are making steady progress.

Progress of Projected Figures



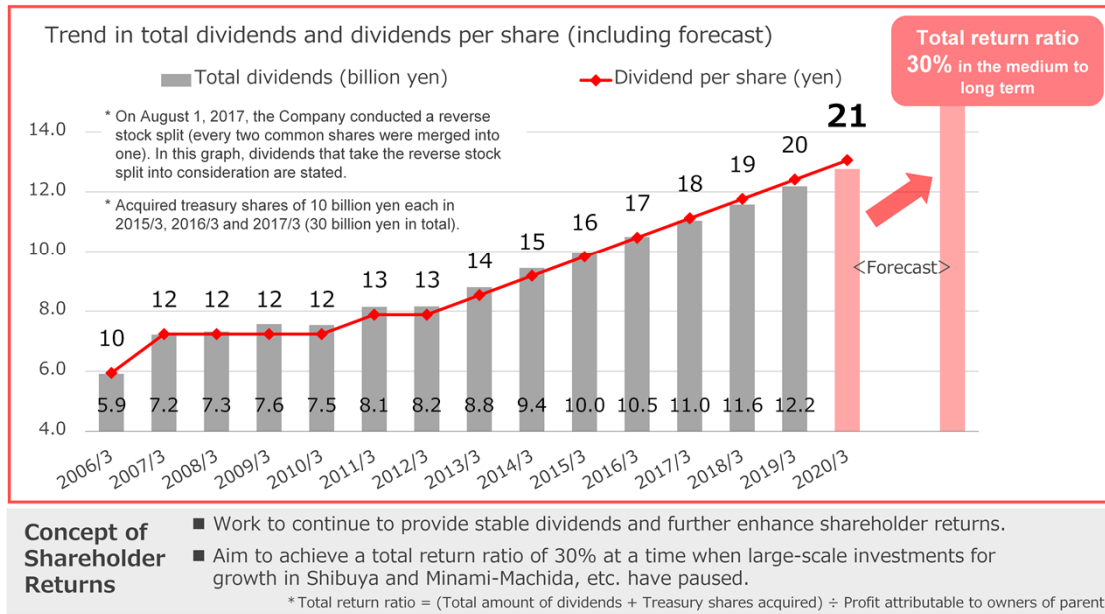
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- This shows the progress of the management indicators. Each indicator exceeded the plan.

Shareholder Returns

The annual dividend for the FY ending March 31, 2020 is expected to be 21 yen/share as a result of the consecutive increases in dividends for the eight FYs.

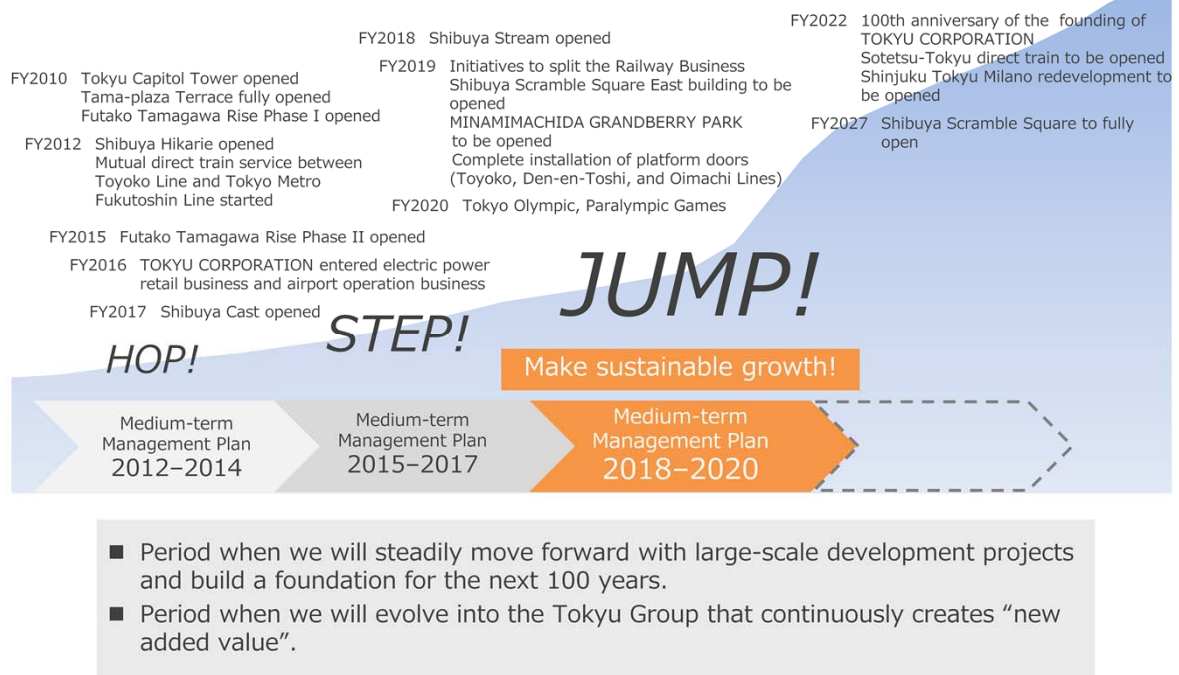


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- Regarding shareholder returns, we plan to pay an annual dividend of 21 yen, a consecutive increase for the eighth year under our policy of aiming to continue to provide stable dividends and increase dividends.
- With regard to return to shareholders, as announced previously, we plan to achieve a total return ratio of 30% at a time when large-scale developments in Shibuya and Minamimachida, etc. have paused. We aim to launch projects without fail and contribute to revenues, while also improving shareholder returns.

II . Status of Management Plan Initiatives

Position of the FY2018-2020 Management Plan



- Next, I will explain the businesses one by one.
- As you can see, we have forged ahead with large-scale development and other projects. I will explain our current progress while reflecting on our past steps.
- Please turn to page 12.

Basic Policies and Key Initiatives

“Make the Sustainable Growth”

Basic Policies

- Sustainable urban development
- Sustainable corporate development
- Sustainable HR development

Key Initiatives

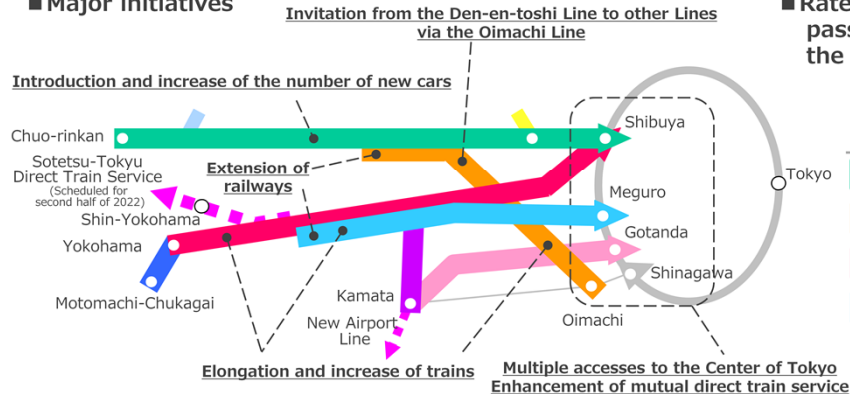
- (i) **Tirelessly pursue safety, security and comfort.** (Strengthen core railway business.)
- (ii) **Increase Shibuya’s global appeal.** (Realize “Entertainment City Shibuya.”)
- (iii) **Continuously improve the Tokyu area’s value and life value.** (Demonstrate Group’s all-around strength.)
- (iv) **Expand business through strategic alliances.** (Pursue collaborative creation with partners both inside and outside the Group.)
- (v) **Make progress on workstyle innovation.** (Deploy Tokyu workstyle reforms.)



Expansion of Railway Network and Promotion of Dispersed Boarding

- Continuously promoting enhancement of transportation force and dispersed boarding (such as bypass functions) to respond to the increased population in the rail service areas
- Started train elongation of Meguro Line (from six cars to eight cars) in view of the expansion of demands due to the development of new lines

Major initiatives



Rate of increase of the number of passengers carried during the period from 2000 to 2017

Major Lines	Passengers Carried
Den-en-toshi Line	+22%
Oimachi Line	+58%
Toyoko Line	+18%
Meguro Line	+93%

(All Tokyu lines)

Passengers carried +24%
Rail service area population +15%

Future Plans

- Further develop infrastructure and service to reduce delays and congestion
- Further increase transportation capacity to open Sotetsu-Tokyu Direct Train Service



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- First, I will explain the railway business.
- As you can see, we have worked to provide multiple means of access to the center of Tokyo and enhance the mutual direct train service by including Shibuya, Meguro and Gotanda, as well as Shinagawa via the JR Line.
- The number of passengers carried since 2000 has increased 24% on the entire Tokyu Line. Particularly in recent years, increases on the Meguro Line and the Oimachi Line, which serve to provide a bypass function to the Den-en-toshi Line, have been notable, along with the trend of returning to urban areas.
- In addition, through-train services to the Sotetsu Line and for the Shin-Yokohama area are scheduled to commence in the second half of fiscal 2022. To meet the increased demand, we are preparing to add two train cars to the current six on the Meguro Line.

Reduction of Disruption of Transportation and Pursuit of Early Recovery

Implement early maintenance of facilities and cars with an aim to minimize accidents and breakdowns

Reduce accidents and breakdowns

- **Installation of platform screen doors**
 - **Installation ratio of 100%** in FY2019 in line with the management plan
 - Number of people who fell from a platform in FY2018 **decreased 39%** year on year
- **Replacement of obsolete cars**
 - Replacement of old-model cars will be **completed by FY2022**

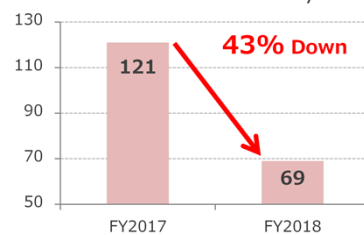


FY2018: 78 cars
FY2019: 60 cars

Accelerate recovery

- **Quick arrival at location of malfunction**
 - **Place multiple** technical support offices in the underground section of the Den-en-toshi Line
- **Accelerate information sharing in the case of disruption**
 - Improve cooperation between stations and the technical division

Average time (minutes) required for recovery of all lines in the case of facility failure



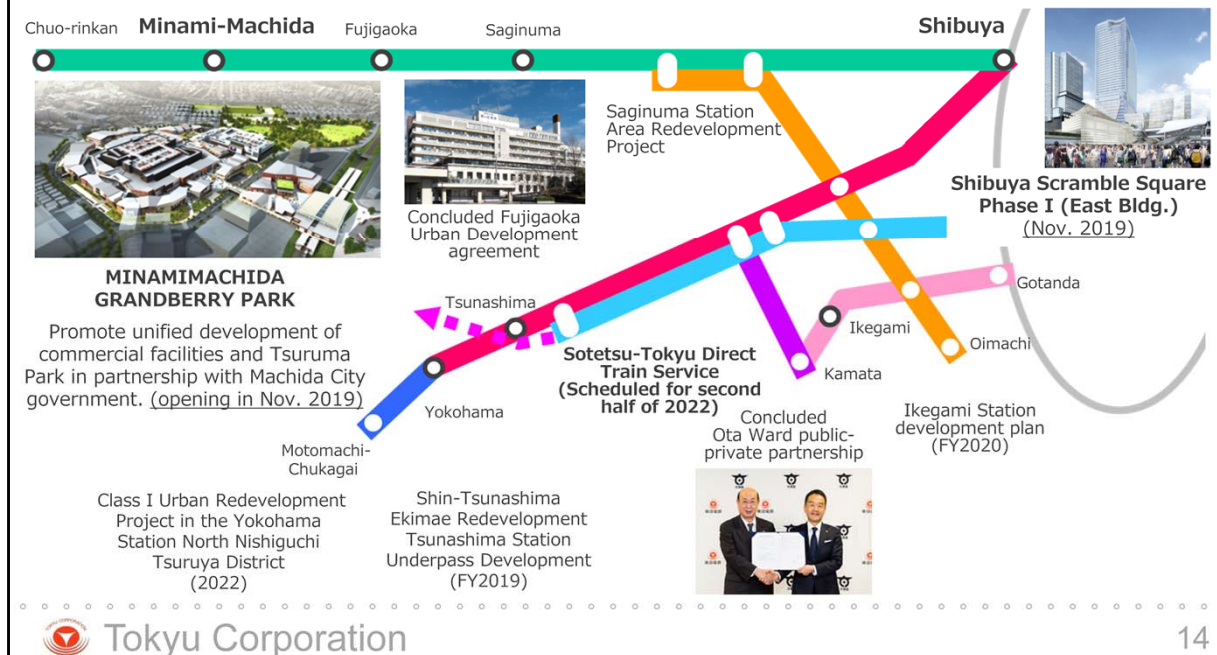
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- The issue of reducing delays and congestion is becoming increasingly important as the number of passengers carried increases. As announced previously, we will install platform doors by the end of fiscal 2019 and introduce a new model train car in order to strengthen our transportation capacity and improve comfort.
- In addition, we are focusing on the prevention of transport failure. If it should occur, we will seek to minimize the impact through measures such as establishing a system that enables engineers to hasten to the site.

Promotion of Development of Communities along the Rail Service Areas

Increase in the value of rail service areas through collaboration with local residents and government and development of comprehensive communities where diverse generations live.



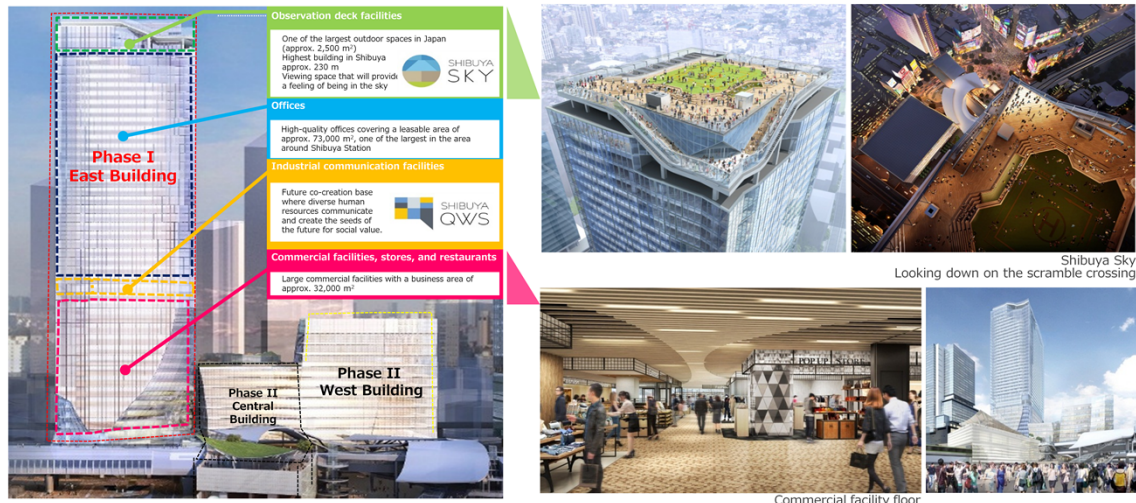
- Next, we will move on to the real estate business.
- This slide shows the initiatives that are currently underway. In fiscal 2018, we concluded an agreement with Yokohama City and Ota Ward, and in fiscal 2019, as I mentioned at the beginning, we will complete two major projects.
- MINAMIMACHIDA GRANDBERRY PARK on the upper left will open in November this year. It is larger than the development area in Futako-tamagawa.
- Created in partnership with Machida City, it is a complex facility where “nature” and “bustle” fuse together. In front of the station, there are unique outlets, experience-based facilities, parks, and so on.
- On the next slide, I will discuss Shibuya, which can be seen on the upper right.

Outline of SHIBUYA SCRAMBLE SQUARE Phase I (East Bldg.)

◆ Building overview

- Opening: **November 2019**
 - Site area: approx. 15,300 m² *
 - Floor space: approx. 181,000 m²
- *Only the site area is the area of the entire station block.

- Height: approx. 230 m
- Use: offices, stores, observation deck facilities, parking space, etc.
- Number of stories: 47 stories above ground, 7 stories below ground
- Construction expenses: 49.8 billion yen (based on financial statements)



Logos and images provided by the Shibuya Station Town Block Joint Building Operators.

○ SHIBUYA SCRAMBLE SQUARE East Building will open in November this year near Shibuya Station. It will be the tallest building in the area.

○ It consists of:

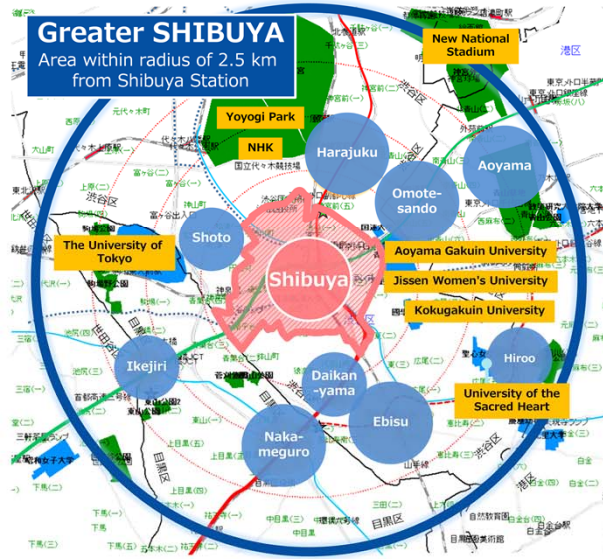
- A commercial facility connected directly to the station
- The largest office in Shibuya
- SHIBUYA QWS, a gathering place for creative people
- SHIBUYA SKY, a rooftop observation facility that offers panoramic views of Mt. Fuji and Tokyo

○ We hope you are looking forward to the opening of the new landmark in Shibuya.

○ Next, please turn to page 17.

Greater SHIBUYA (Wider SHIBUYA Area) Plan

Increase the appeal of Shibuya by setting the area within a 2.5 km radius of Shibuya Station as "Greater Shibuya" and horizontally developing a community with attractive neighboring towns, and aim for sustainable growth



All-in-one town that provides and blends life, work and leisure

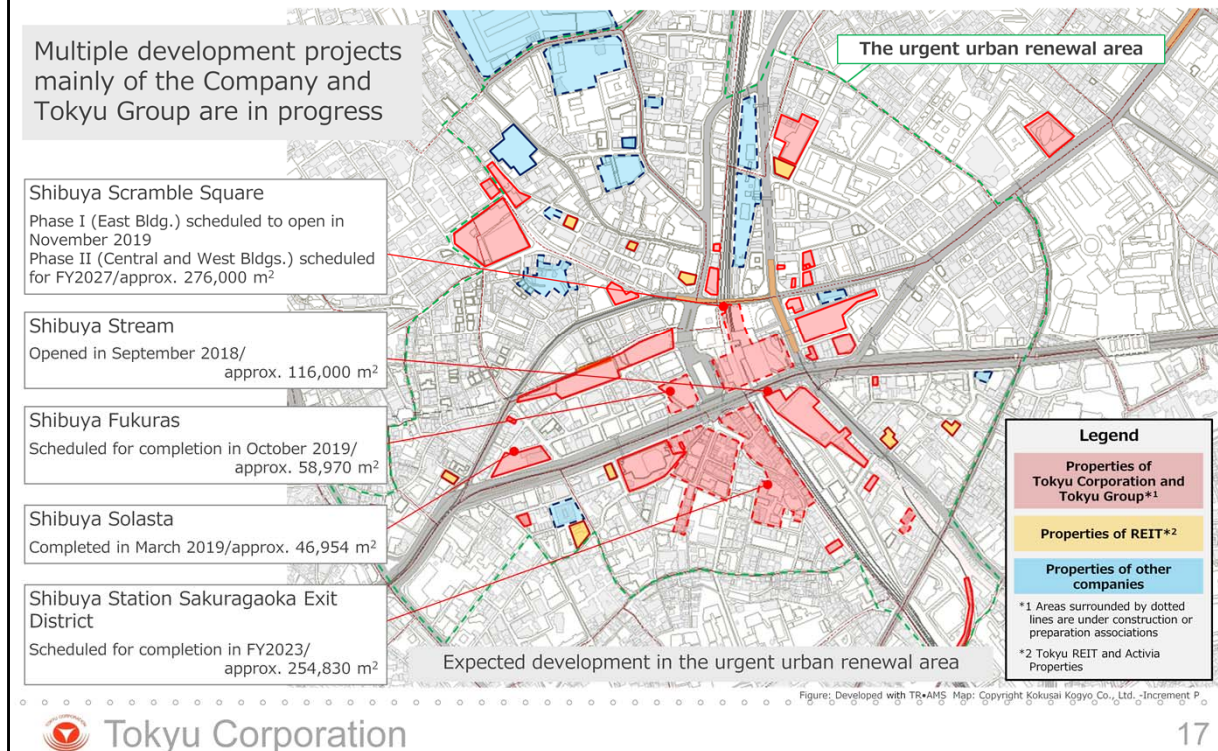
WORK ↔ PLAY ↔ LIVE

Mechanisms such as accelerator and area management

- Large redevelopment projects
- +
- Creative contents industry
- +
- Urban tourism
- +
- Cluster of appealing resources

Actively capture business opportunities by combining these points.

Active Development in the Area around Shibuya Station



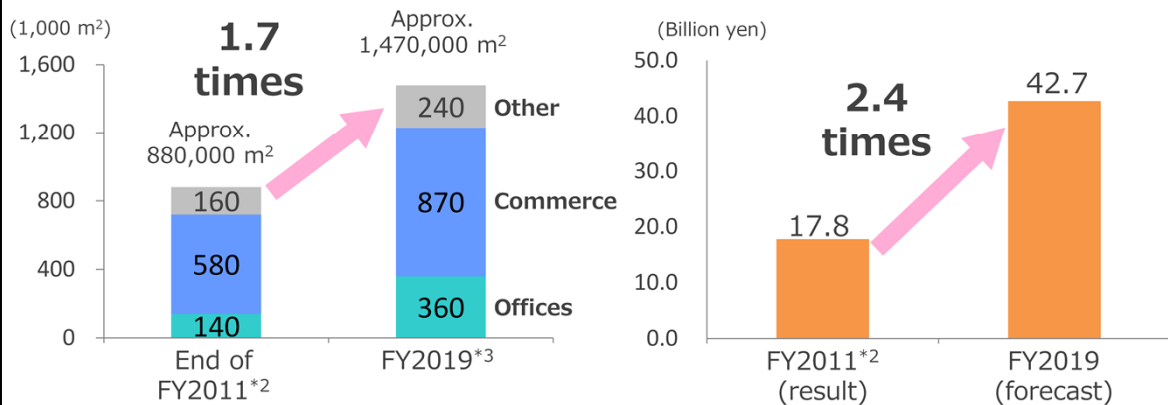
- As I have just explained, Shibuya will change dramatically this fall. From the standpoint of urban development around Shibuya, however, we believe that in a way, it will start from now.
- This map shows the central area of Shibuya, which aims to be a lively, accessible area under the development policy of the government ordinance.
- As you can see, even with the information published, you can see how the redevelopment of the Tokyu Group and other developers are so aggressive.
- In the future, we would like to enhance not only Shibuya Station, but also the entire area in partnership with businesses, the government and local residents.

Improvement of Portfolio in Leasing Business

Implement mixed-use development and continuous property acquisition in Shibuya, Futako-Tamagawa and other areas

Real estate leasing area*1

TOKYU EBITDA*1



*1. The Company's real estate leasing

*2. Before opening of Shibuya Hikarie

*3. Properties held as of the end of FY2018, including Shibuya Scramble Square (East Bldg.) and Minamimachida Grandberry Park



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- Before ending this section on the real estate business, I will touch on the effects that our past initiatives have had on our business results.
- The slide shows changes in the real estate leasing area and Tokyu EBITDA at the end of fiscal 2011 and at the end of fiscal 2019 after the opening of SHIBUYA SCRAMBLE SQUARE.
- We have moved ahead with the base development plan, mainly in the Tokyu area. As you can see, however, by promoting mixed-use development, which is designed for a range of purposes such as nurseries and rental housing, as well as offices and commerce, we now own and operate an area about twice the size of the previous leasing area, and we were able to grow our real estate leasing business into one of the pillars of profit.
- Going forward, we will aim to achieve further growth in terms of profitability through sustainable urban development as set forth in the management plan.

Use and Improvement of Contact with Customers Particularly in Areas Served by Tokyu's Railway Lines

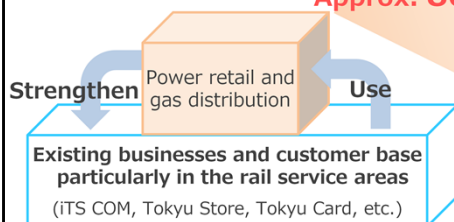
Achieve fast growth by applying the customer base from existing businesses to new businesses

Tokyu Power Supply

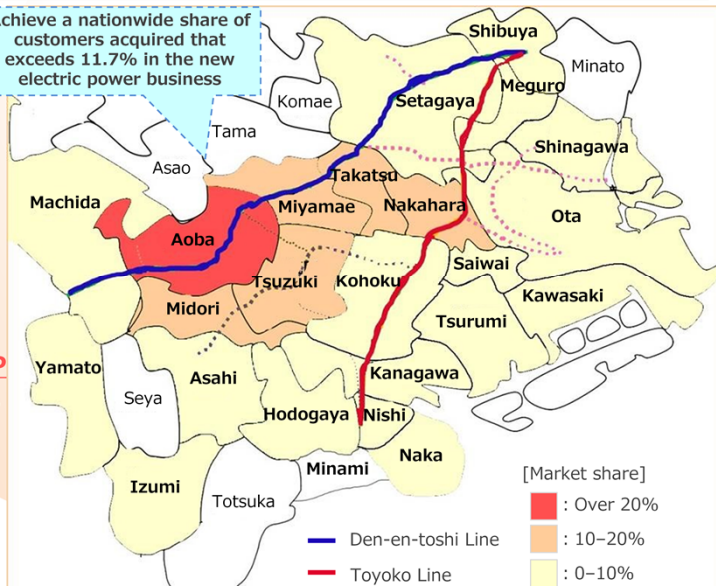
- Electric power retail (April 2016–)
- Gas distribution (October 2018–)
- Achieved single-year surplus in FY2018
- Total applications as of Mar. 31, 2019
Electric: 184,000 households
Gas: 62,000 households

Customers for electric power business acquired

through the
TOKYU GROUP
Approx. 80%



Achieve a nationwide share of customers acquired that exceeds 11.7% in the new electric power business



Source: Share of new electric power in Oct. 2018 according to Agency for Natural Resources and Energy and the Company's calculation based on public data from basic resident registers of 23 cities and wards along Tokyu Lines in Apr. 2019



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- Next, we will move on to the life service business.
- In 2016 we entered the electric power retail business, and our share has surpassed the nationwide share of new electricity, mainly in Aoba Ward, Yokohama City. Going forward, we will work to expand it to the southwestern area of Tokyo, among other locations.
- As shown in the middle of the slide, we believe that approximately 80% of our customers have joined our service via our group companies, such as its communications Inc.
- By utilizing our customer base, particularly in the rail service areas, we would like to continue to provide different combinations of our products and services to the local people in the areas.

Profit Growth in Hotel Business

Aiming at increasing our profit by large-scale refurbishing and opening new shops in view of increase of inbounds due to holding of Tokyo Olympics

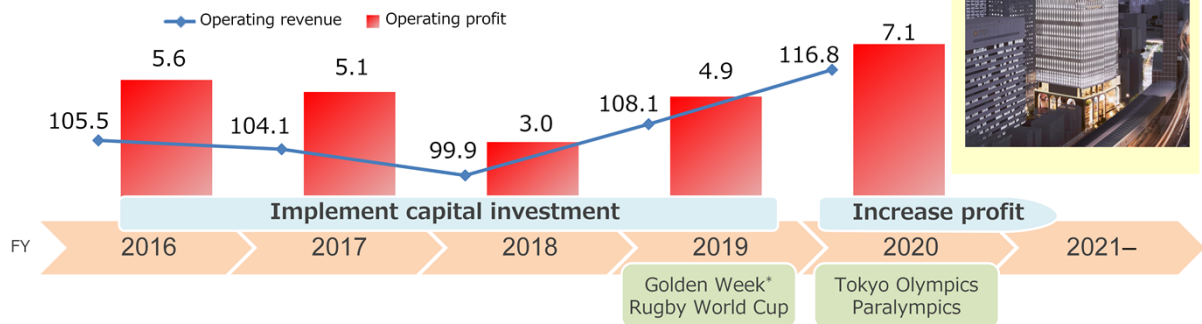
Renewal of existing stores (large renovation)



Opening of new hotels



Operating revenue and operating profit in hotel and resort segment (Billion yen)



Implement capital investment (2016-2019)

Increase profit (2020-2021)

Golden Week*
Rugby World Cup

Tokyo Olympics
Paralympics

* 10 consecutive holidays



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- Next, we will move on to the hotel business.
- In fiscal 2018, operating profit decreased, mainly due to large-scale renovations. As explained previously, however, we worked on renovating facilities and improving quality in view of the Rugby World Cup this year and the Tokyo Olympics and Paralympics next year.
- In addition, new store openings are scheduled in the Osaka and Yokohama areas, and in 2022 we plan to complete a complex building with entertainment and hotel functions in the Shinjuku TOKYU MILANO Redevelopment Plan area in Kabukicho. We will continue to aim to achieve profit increases in the future.

Activities for MaaS (First Demonstration Experiment in Japan)

Tourism MaaS (Apr. – Nov. 2019)

Major companies operating business in Izu peninsula and neighboring areas

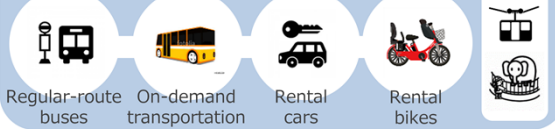
Izuky Group
Tokyu Hotels
Mt. Fuji Shizuoka
Airport etc.



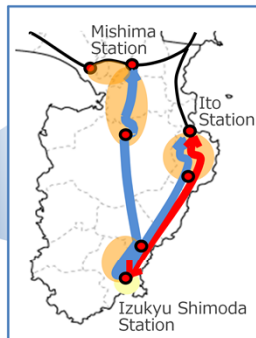
Search, reserve and pay with an exclusive app

Station

Intermodal passenger transport



Tourist facilities



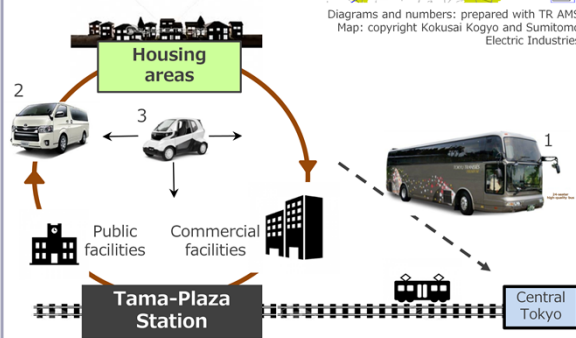
Suburban MaaS (Jan. – Mar. 2019)

- Mobility experiments based on diversifying mobility needs
- Conducted mostly in model districts for the next-generation suburban development

1. High-quality commuter buses
2. On-demand buses
3. Personal mobility



Diagrams and numbers: prepared with TR AMS
Map: copyright Kokusai Kogyo and Sumitomo Electric Industries



- I will now introduce some other themes.
- Recently, MaaS has attracted attention, and we have been conducting tourism demonstration experiments in the Izu area and suburban experiments in the Tama-plaza area of Yokohama City.
- These activities have only just begun, but in addition to providing app development and seamless transportation, we will promote unique, community-based activities in collaboration with the government and other businesses.

Activities for Material Sustainability Themes (Materiality)

Contribute to the sustainable development of society through business to keep Tokyu's rail service areas as the main focus



Further promote the Company's SDGs activities by announcing support for the United Nations Global Compact (Apr. 2019 signature)

Work-style innovation



Consecutively awarded in "Health & Productivity Stock" Selection

(Six companies have been awarded in **five consecutive years**.)

Aim to be a company in which anyone can work in a healthy way by establishing health and productivity management.

Promotion of diversity



• Consecutively awarded "NADESHIKO BRAND" (the Company is the **only one** to be awarded for **seven consecutive years**)

• Of new graduates hired for a managerial career, **54%** are women. (20 out of 37 in FY2018)

Sustainable urban development friendly to the natural environment

International environmental certification program "LEED ND (neighborhood development section)"



World's first LEED Gold certification

Futako Tamagawa Rise
(acquired in 2015)



Preliminary Gold certification

MINAMIMACHIDA GRANDBERRY PARK
(first in Japan to include a station in the certification area)



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- Next, regarding the ESG field, we have recently announced our support for the United Nations Global Compact in order to focus even more on our activities regarding important sustainability themes.
- Specifically, from an in-house perspective, we have received the Health and Productivity Management Brand award and the Nadeshiko Brand award consecutively. We have been accelerating diversity and workstyle innovations. One example is the fact that 54% of new graduates hired last year were women.
- In addition, from the perspective of "society," we will pursue neighborhood development in harmony with the environment in Futakotamagawa and Minamimachida through measures such as obtaining international environmental certification.

Aiming for Sustainable Growth

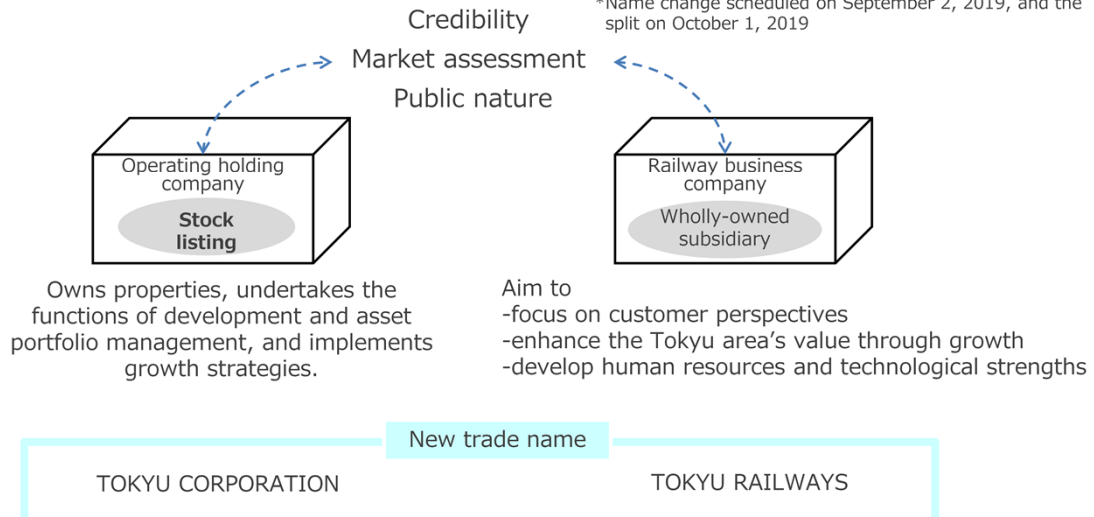
- Name Change & Split the Railway Business into a Subsidiary -

Aim to enhance management and execution performance
while continuing active alliances between businesses developed to date

■ After October 1, 2019 (plan)

*Plan on the condition of obtaining approval through the resolution of the Company's regular shareholders meeting and permissions/licenses from relevant authorities

*Name change scheduled on September 2, 2019, and the split on October 1, 2019



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- Finally, I wish to confirm the split of our railway business and some trade name changes.
- As announced previously, the split is scheduled for October, but prior to that, we will name the railway business TOKYU RAILWAYS and its parent company TOKYU CORPORATION.
- The purpose of renaming our company name TOKYU CORPORATION is not solely because of the split of the railway business, but we have implied two intentions: encouraging collaborations between companies beyond business fields and leading the Group as a Group representative. We will continue to aim to achieve an optimal management system and sustainable growth.

Thank you for your attention.