



# Progress with the Group Medium-Term Management Plan (FY2015–2017)

November 6, 2017

# Summary of Financial Results for FY2017 (Ending March 31, 2018)

# Consolidated financial results for the first half of FY2017 (Ending March 31, 2018)



Millions of yen	First half of FY2016	First half of FY2017	Change	Forecast at April 2017	Change
Revenue from operations	252,146	254,704	+2,557 (+1.0%)	255,100	△395 (△ 0.2%)
Operating income	27,558	30,278	+2,720 (+9.9%)	27,600	+2,678 (+9.7%)
Ordinary income	26,340	29,035	+2,695 (+10.2%)	25,900	+3,135 (+12.1%)
Net income attributable to owners of parent	17,828	19,205	+1,376 (+7.7%)	16,600	+2,605 (+15.7%)

# Forecast of consolidated financial results for FY2017 (Ending March 31, 2018)

Millions of yen	FY2016	FY 2017	Change	Forecast at April 2017	Change
Revenue from operations	523,031	525,100	+2,068 (+0.4%)	525,100	— (0.0%)
Operating income	49,946	51,000	+1,053 (+2.1%)	50,200	+800 (+1.6%)
Ordinary income	46,638	46,600	△ 38 (△ 0.1%)	45,500	+1,100 (+2.4%)
Net income attributable to owners of parent	26,067	30,000	+3,932 (+15.1%)	29,000	+1,000 (+3.4%)
Interest-bearing debt	702,578	737,900	+35,321	737,900	—

# Progress with the Group Medium-Term Management Plan (November 2017)

# Outline of Long-Term Vision 2020

Group Management Principle

## Basic Policy

### Our challenge

To achieve the Group's management principle of helping customers create "irreplaceable times" and "rich and comfortable lifestyles," we will aspire to become a dynamic corporate group by further strengthening the business infrastructure and **sewing and nurturing seeds of growth** by FY2020.

## Group Growth Strategy

- Theme I** Maximize Group revenue along the Odakyu Line after completion of multiple double tracks.  
**Theme II** Sew and nurture seeds of growth by FY2020.

Long-Term Vision 2020

- Mission ① Selective strengthening of existing businesses  
 Mission ② Promotion of redevelopment around core stations

- Mission ③ Penetration of existing businesses beyond the Odakyu Line  
 Mission ④ Development of new businesses

## Consolidated Numerical Targets

\*Interest-bearing debt to EBITDA ratio

Revenue from Operations

EBITDA

IBD/EBITDA Ratio\*

600.0 billion yen

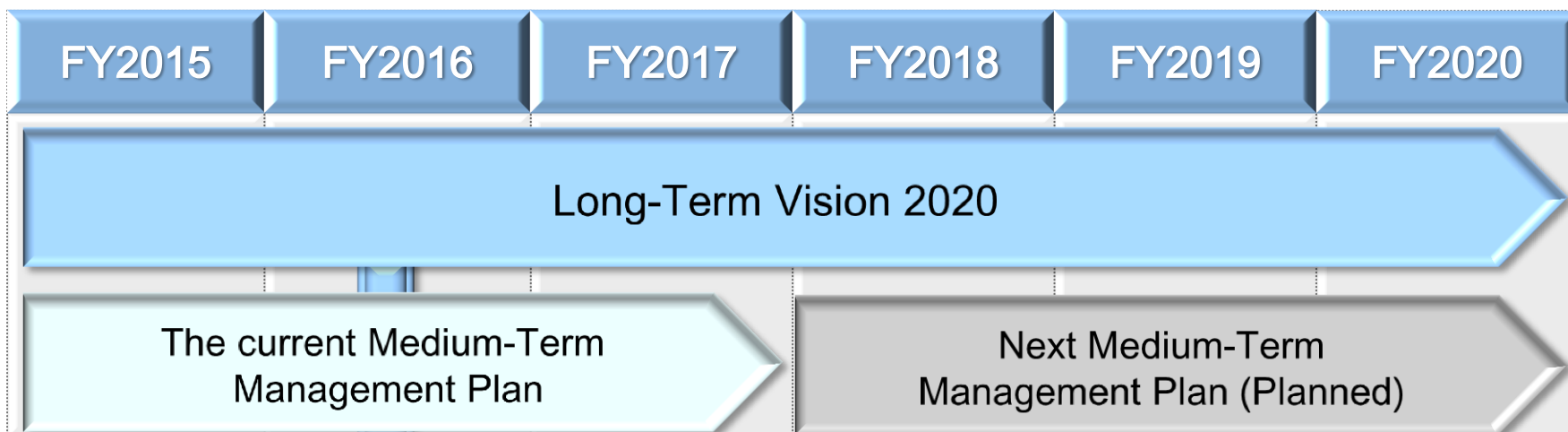
100.0 billion yen

7.0 times (maximum)

- Set a growth investment budget of 40.0 billion yen (an extent not to exceed an IBD/EBITDA ratio of 7.0 times).
- Strive for efficient management by setting consolidated revenue from operations, EBITDA, and IBD/EBITDA ratio as management indicators and closely watching ROA and ROE.

Group Medium-Term Management Plan

# Outline of Group Medium-Term Management Plan (FY2015-FY2017)



## < Key Measures of the current Medium-Term Management Plan >

### Theme I Maximize Group revenue along the Odakyu Line after completion of multiple double tracks.

- |   |  |
|---|--|
| <p>Mission ① Selective strengthening of existing businesses</p> <ul style="list-style-type: none"> <li>■ Maximization of the benefits of multiple double tracks and transportation network improvement</li> <li>■ Attraction of inbound foreign tourists and capturing of tourism demand</li> <li>■ Expansion of measures to realize a highly liveable railway line*</li> </ul> | <p>Mission ② Promotion of redevelopment around core stations</p> <ul style="list-style-type: none"> <li>■ Consideration and Promotion of redevelopment plans for areas around Odakyu Line core stations</li> <li>■ Consideration of a redevelopment plan for a Shinjuku Station West Exit area that will prevail in intercity competition</li> </ul> |
|---|--|

### Theme II Sew and nurture seeds of growth by FY2020.

- |   |   |
|---|---|
| <p>Mission ③ Penetration of existing businesses beyond the Odakyu Line</p> <ul style="list-style-type: none"> <li>■ Expansion of the hotel business*</li> <li>■ Stepping up of supermarket openings</li> <li>■ Expansion of restaurant openings, including overseas</li> <li>■ Tie-ups with outside partners and M&amp;As, real estate acquisitions, etc. utilizing the growth investment budget</li> </ul> | <p>Mission ④ Development of new businesses</p> <ul style="list-style-type: none"> <li>■ Deployment of a new real estate supply model</li> <li>■ Deployment of a coordination business utilizing real estate</li> <li>■ Opening of department stores and supermarkets in new formats</li> <li>■ Development of e-commerce</li> </ul> |
|---|---|

# Completion of multiple double tracks and transportation environment value enhancement

## March 2018 (planned) diagram revision

\*Figures are for Shinjuku-bound trains arriving in Yoyogi-Uehara from 06:00 to 09:30.  
\*Travel times and numbers of trains operated are subject to change.

### Four key points of the new diagram

#### ■ Alleviation of congestion due to substantially increased frequency of trains

Rush hour peak period (Trains per hour arriving in Shimo-Kitazawa at approx. 08:00)

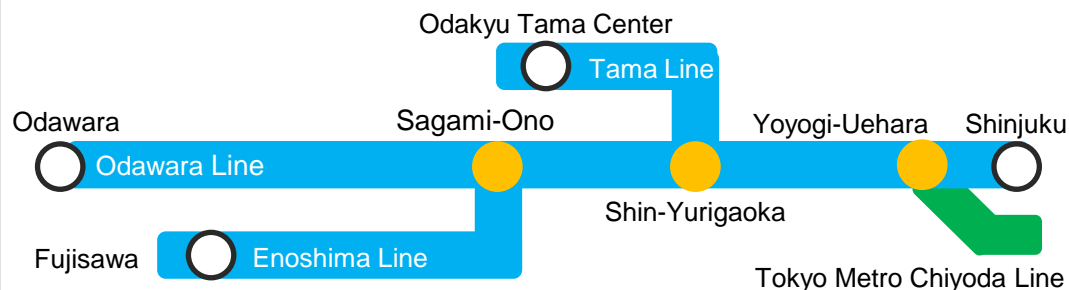
Number of trains: Increase from 27 trains to 36 trains

Congestion rate: Alleviation from 192% to approx. 150%  
(after diagram revision)

#### ■ Shortening of travel times

Machida	→ Shinjuku	37 min. (shortened by up to 12 min.)
Noborito	→ Shinjuku	18 min. (shortened by up to 9 min.)
Odakyu Tama Center	→ Shinjuku	40 min. (shortened by up to 14 min.)
Kyodo	→ Otemachi	27 min. (shortened by up to 6 min.)

#### ■ Travel to central Tokyo without changing trains (improved access)



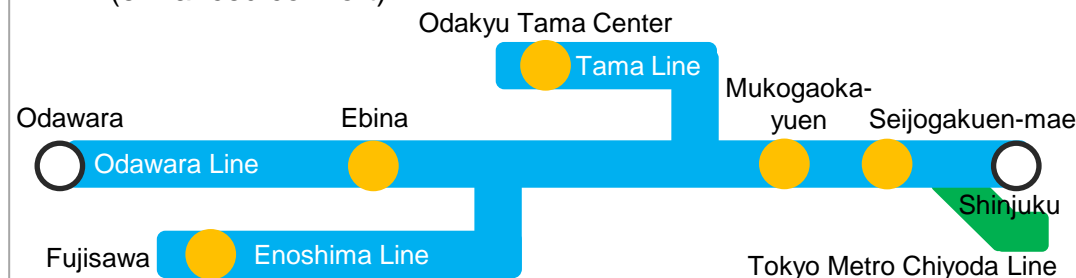
Trains bound for Omote-sando and Otemachi

Number of Tokyo Metro Chiyoda Line through trains:  
Increase from 11 trains to 28 trains  
(Excluding Limited Express Romancecar trains)

Trains from the Tama and Shonan areas bound for Shinjuku

Increased frequency of high-rapidity through trains to Shinjuku from the Tama Line and Enoshima Line

#### ■ Increased frequency of trains from an intermediate origin station (enhanced comfort)



Increased frequency of trains from an intermediate origin station  
Odakyu Tama Center: Newly inaugurated service (six trains)

### Transportation revenue in FY2020

**Aim for an operating revenue increase of approx. 5.0 billion yen.(Compared to FY2015)**

#### ■ Increased frequency of Limited Express Romancecar trains (enhanced comfort)

Number of limited express trains: Increase from 7 trains to 11 trains



# Promotion of community development in areas along the Odakyu Line

## Main projects during the current medium-term management plan

Collaboration with municipalities in areas along the Odakyu Line concerning community development

### [Kawasaki City]

- Comprehensive partnership agreement concerning community development along the Odakyu Line
- (1) Strengthening of community development and public transportation centering on train stations
- (2) Development of livable communities
- (3) Development of prosperous communities utilizing local resources
- (4) Appeal enhancement and vitalization of the area along the railway

### [Hadano City]

- Comprehensive partnership agreement concerning promotion of community development along the Odakyu Odawara Line
- (1) Station function enhancement and community development centering on stations
- (2) Community vitalization and publicizing and promotion of Hadano's appeal

### [Ebina] ...P10

Implementation of the development plan of the district between stations in Ebina

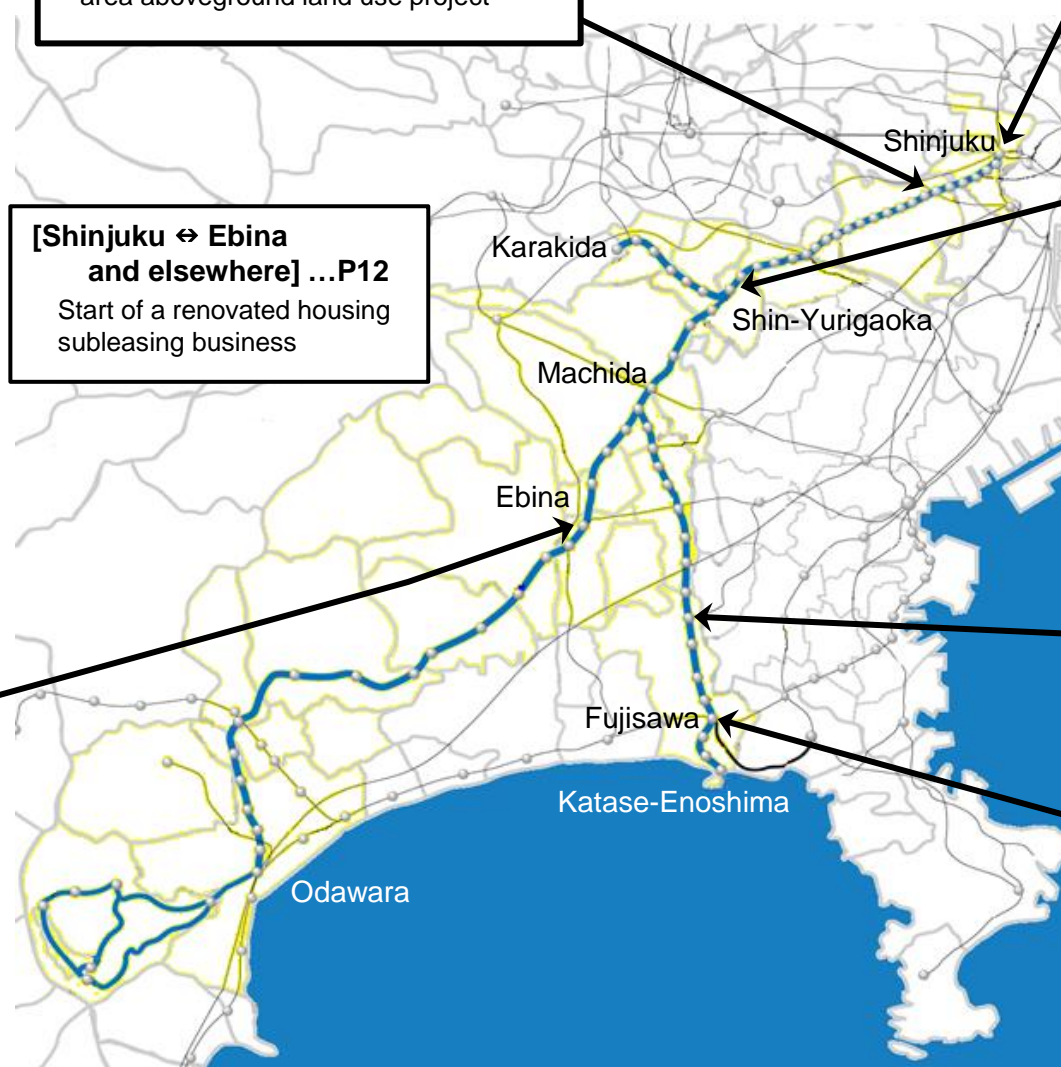


### [Shimo-Kitazawa] ...P11

Implementation of the Shimo-Kitazawa area aboveground land use project

### [Shinjuku ↔ Ebina and elsewhere] ...P12

Start of a renovated housing subleasing business



### [Shinjuku]

Shinjuku Station West Exit area redevelopment plan

- Deepening of plan consideration
- Deepening of stakeholder discussions

### [Shin-Yurigaoka] ...P12

Opening of Reoda Shin-Yurigaoka serviced apartments for the elderly

### [Shonandai]

Student residence currently under development



Planned completion: February 2018

### [Fujisawa] ...P12

Opening of Reoda Fujisawa serviced apartments for the elderly

# Promotion of community development in areas along the Odakyu Line

## Consideration and implementation of redevelopment plans near stations

### Development plan of the district between stations in Ebina (ViNA GARDENS)

Construction period (planned): Start in FY2016, completion in FY2025

Site area: Approx. 35,000 m<sup>2</sup>

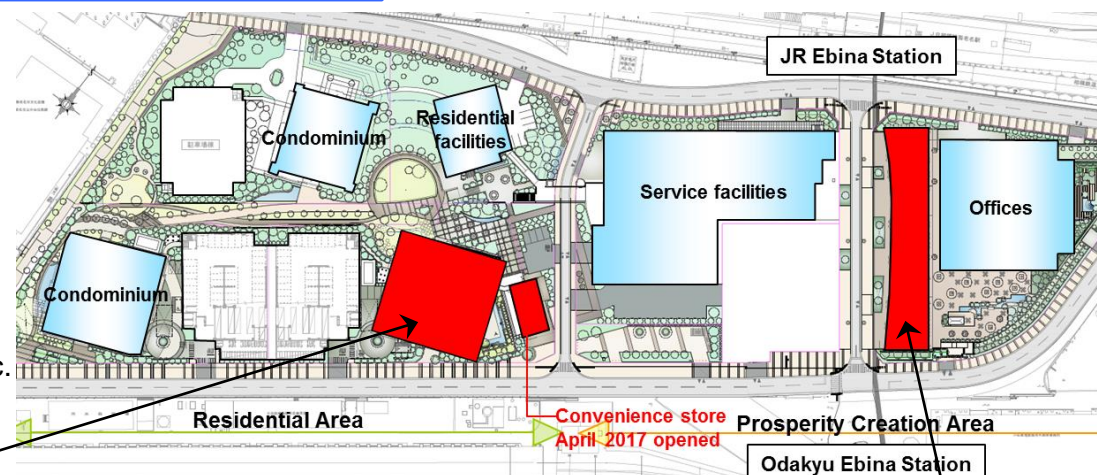
Floor area: Approx. 175,000 m<sup>2</sup>

Investment Amount: Approx. 32.2 billion yen

(Odakyu Electric Railway portion)

Residential Area: High-rise condominiums, residential facilities, childcare facilities, etc.

Prosperity Creation Area: Office buildings, commercial facilities, fitness club, etc.



#### Leafia Tower Ebina Across Court

Planned delivery: Late January 2020

Site area: 5,035.77 m<sup>2</sup>

Number of floors: 31 aboveground floors

Number of units: 304 units

Layouts: 1LDK to 4LDK



#### TERRACE

Planned opening: November 15, 2017

Floor area: Approx. 5,000 m<sup>2</sup>

Number of floors: 4 aboveground floors

Tenant composition: 2F to 4F Restaurants

1F Nursery school\*,  
real estate office, etc.

\*Planned opening in spring 2018

# Promotion of community development in areas along the Odakyu Line

## Consideration and implementation of redevelopment plans near stations

\*Land in Setagaya Ward and Shibuya Ward associated with the continuous grade separation project and multiple double tracks project

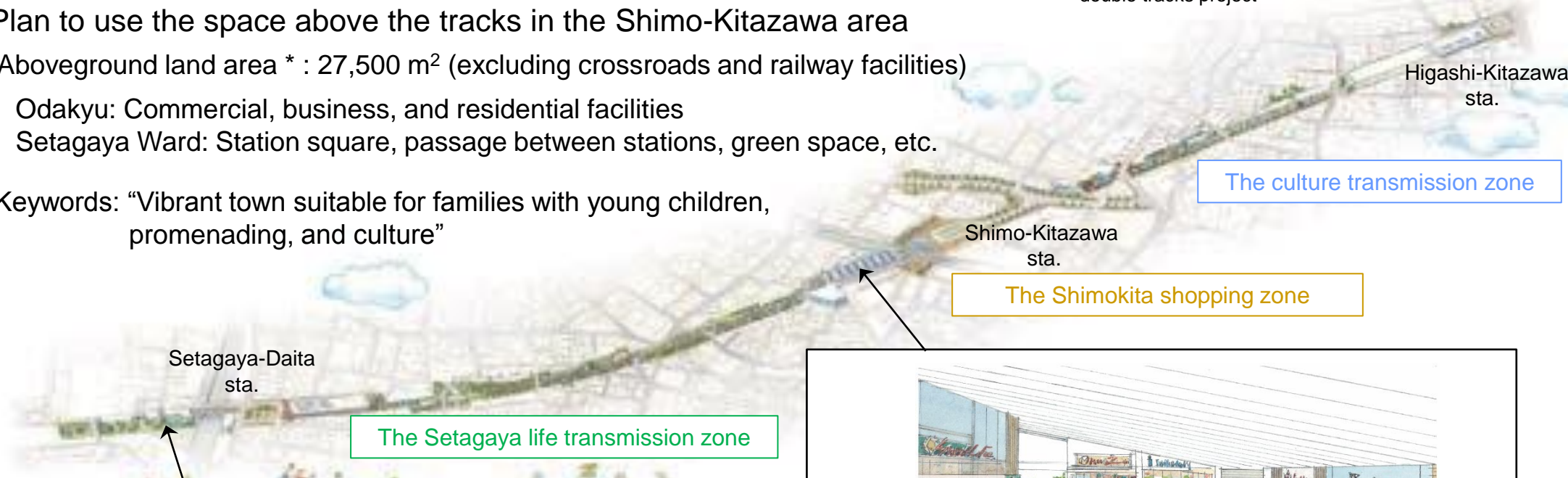
Plan to use the space above the tracks in the Shimo-Kitazawa area

Aboveground land area \* : 27,500 m<sup>2</sup> (excluding crossroads and railway facilities)

Odakyu: Commercial, business, and residential facilities

Setagaya Ward: Station square, passage between stations, green space, etc.

Keywords: “Vibrant town suitable for families with young children, promenading, and culture”



Resia Daita Terrace

Opened : January 2016  
 Operating status : 100% (as of September 2017)



Shimo-Kitazawa station commercial facilities

Planned opening : During FY2019  
 Store area : Approx. 1,000m<sup>2</sup>  
 Number of floors : 2 aboveground floors  
 Tenant composition : Food shops, etc.

# Promotion of community development in areas along the Odakyu Line

## Promotion of relocation in areas along the Odakyu Line

### ■ Serviced residences for the elderly

	Opened	Number of apartments	Occupancy rate (September 30, 2017)
Reoda Kyodo	Nov. 2014	40	87.5%
Reoda Seijo	Jan. 2015	30	90.0%
Reoda Shin-Yurigaoka	Dec. 2016	38	65.8%
Reoda Fujisawa	Feb. 2017	50	98.0%

#### Enhancement of services for seniors

- Provision of senior residences
- Senior care services
- Support for inheritance measures

#### Town maintenance and renewal

- Renovation of aged properties
- Utilization of unused land

#### Promotion of residency by families with small children and young people

- Provision of renovated properties
- Condominiums for rent and sale
- Daycare and after-school daycare

### ■ Renovated housing subleasing business “Odakyu Anshin Sublease” (launched in October 2016)



### ■ Partnership with LEGO Japan Ltd. (operation of LEGO® schools)

# Further enhancement of appeal in tourist areas along the Odakyu Line

## Content enhancement and improved convenience and ease of movement

### Initiative in the Hakone area



- Increase in the number of new-type carriages on the Tozan Railway (May 2017)

Year-on-year percentage change in Hakone Freepass unit sales  
April-September 2017: +38.8%

### Initiative in the Tanzawa-Oyama area

- Reinforcement of promotion using transit advertising (July–August 2017)

Year-on-year percentage change in Tanzawa-Oyama Freepass unit sales  
April-September 2017: +2.1%

### Initiatives in the Enoshima-Kamakura area



- Implementation of a promotional campaign (Since July 2015)
- Enoden carriage renewal (December 2016)

Year-on-year percentage change in Enoshima-Kamakura Freepass unit sales  
April-September 2017: +8.3%

### Initiative in Odawara

- Collaboration with Odawara City Tourist

Publicizing and promotion of the appeal of Odawara and further efforts to attract tourists by holding events and other means



## Expansion of duty-free sales (Odakyu Department Store)

### Securing repeat customers, increasing the purchasing rate

- Preferred customer membership services for inbound tourists (from September 2016)

(Service Content)

- Interpreting reservation priority
- Duty-free procedures priority
- Short-term storage of purchases
- Free-of-charge hotel delivery service
- Complimentary tickets

Duty-free sales at Odakyu Department Store, Shinjuku Store (year-on-year comparison)

	Mar.–Aug. 2017
Number of purchasers	+20.0%
Spending per customer	+16.7%
Duty-free sales	+40.1%

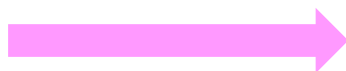
## Promotion of businesses that utilize e-commerce

### Accumulation of e-commerce expertise utilizing M&As

- Capital and business tie-up with Shirohato Co., Ltd. (Oct. 2016)



E-commerce expertise



- Utilization of expertise concerning the e-commerce business through personnel exchanges and other means
- Mutual customer referral and mutual utilization of marketing information



...Growth investment budget utilization project

- Acquisition of shares in Generic Corporation Co., Ltd. (July 2017)



E-commerce expertise



Practical application of accumulated expertise

**GENERIC CORPORATION**

- Proactive involvement in management by Odakyu Electric Railway personnel and direct acquisition of e-commerce-related expertise

# Greater efforts to attract inbound foreign tourists, expansion of the revenue base

## Publicizing of tourist areas on the Odakyu Line

### ■ Opening of the Bangkok Overseas Representative Office

Opened: September 2016

Strengthening of collaboration with local travel agents

Information gathering locally and in nearby countries

Number of Thai users of Odakyu Sightseeing Service Center (year-on-year comparison)

April-September 2017	+8.7%
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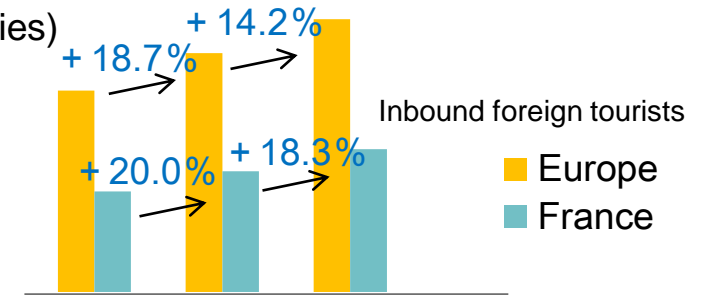
### ■ Opening of the Paris Overseas Representative Office

Opening: February 2018 (planned)

Utilize expertise developed in the Asia region to promote further acquisition of inbound foreign tourists from Europe.

Odakyu Sightseeing Service Center (Odawara) users (top five countries)

United States	13.9%
China	12.3%
Australia	8.4%
France	6.9%
Spain	6.2%

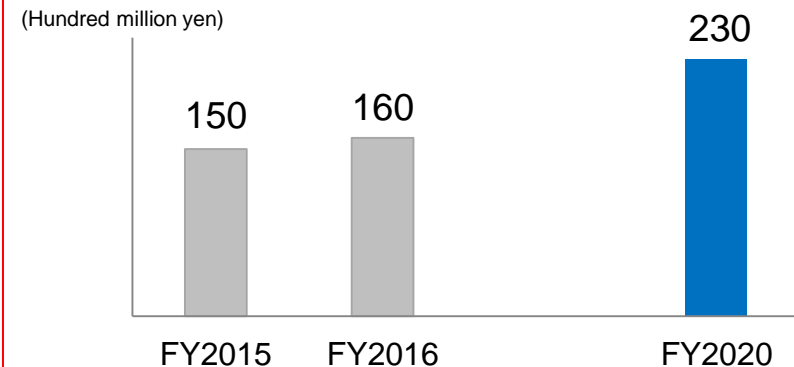


FY2014 FY2015 FY2016  
Source: Japan National Tourism Organization (JNTO)

## Product development aligned with customer needs (tourism)

- Introduction of Limousine & Hakone Freepass (June 2015)
- Renewal of Fuji Hakone Pass (April 2016)
- Introduction of Hakone Kamakura Pass (December 2017 (planned))

Aim for inbound tourist-related revenue from operations of **23.0 billion yen** in FY2020 (Total for tourism, department stores, hotels, etc.)



## Opening of distinctive hotels that maximally accentuate community appeal

### Urban hotels

- Focus on opening of hotels by renovating medium-size buildings
- Mid-priced hotels specializing in lodging

### Resort hotels

- Opening of hotels by renovating hotels and inns or new construction in resort areas
- Consideration of luxury class as a hotel grade

### Anticipated areas

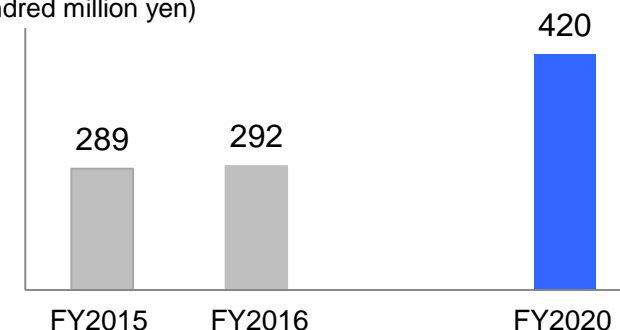
- Odakyu Line and nearby areas: Central Tokyo, Fuji, Hakone, Izu, Enoshima/Kamakura, etc.
- Other areas and overseas: Kyoto, Osaka, Kyushu, Okinawa, China, Southeast Asia, etc.

## Target for expansion of the hotel business

Number of hotel openings: **Approx. 15 hotels**

Revenue from operations: **42.0 billion yen**

(Hundred million yen)



## ■ Announcement of plan to open six new hotels

● ...Growth investment budget utilization project

	Property	Number of rooms	Planned opening	*
①	Odakyu Gotemba Hotel (provisional name) ●	182	Winter 2019	1
②	Nihombashi Hamacho (Nihombashi area in Tokyo)	171	December 2018 (planned completion)	2
③	HOTEL LOCUS (Miyakojima)	100	January 2018	2
④	Higashikaigan Resort (provisional name) (Miyakojima)	41	Beginning of 2019	2
⑤	MUJI HOTEL (provisional name) (Ginza)	To be announced	Spring 2019	2
⑥	ELILAI (Miyakojima)	5	April 2018	2



### ⑤ MUJI HOTEL (provisional name)

Owner: The Yomiuri Shimbun Tokyo Head Office

Location: Ginza, Chuo Ward, Tokyo

Purpose: Hotel (6F (partial use) to 10F)

Shops (B1F to 6F (partial use))

Number of floors: 10 aboveground, 3 underground

Planned opening: Spring 2019

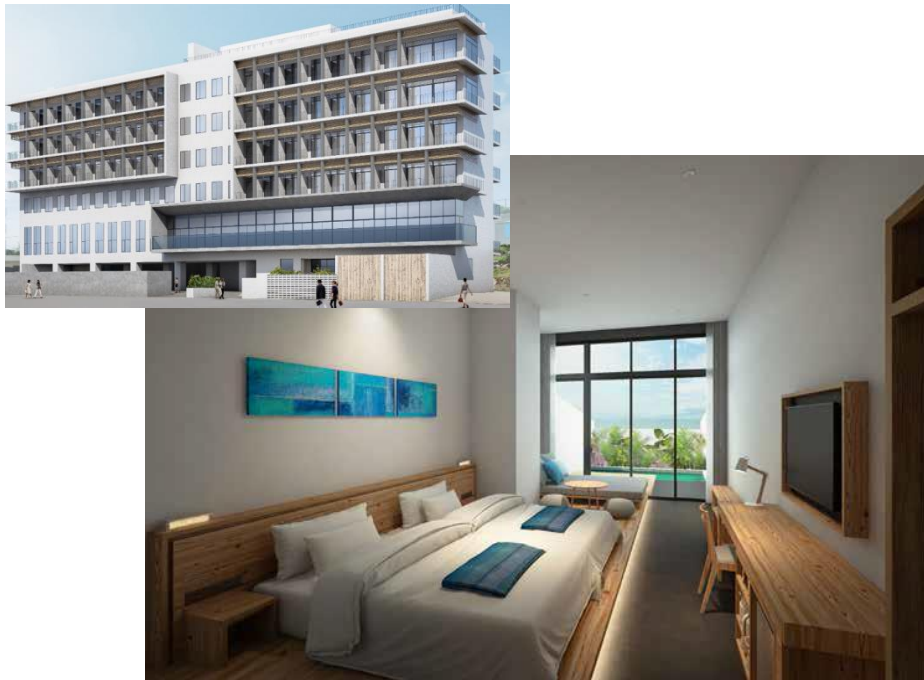
Operating structure: UDS Ltd. to lease a portion of the building from Mitsui Fudosan Co., Ltd. and operate a hotel

\*1: Leasing of land, ownership of building, hotel operation

\*2: Leasing of building, hotel operation



## Opening of distinctive hotels that maximally accentuate community appeal



### ③ HOTEL LOCUS

Location: Miyakojima-shi, Okinawa  
Number of floors: 6 aboveground  
Number of guest rooms: 100  
Planned opening: January 22, 2018  
Operating structure: Okinawa UDS Ltd. to lease the building from Nikken Housing Co., Ltd. and operate a hotel



### ⑥ ELILAI

Location: Miyakojima-shi, Okinawa  
Scale: 1 villa  
Opened: September 2017\*  
Operating structure: Okinawa UDS Ltd. to lease the building from an individual and operate a hotel

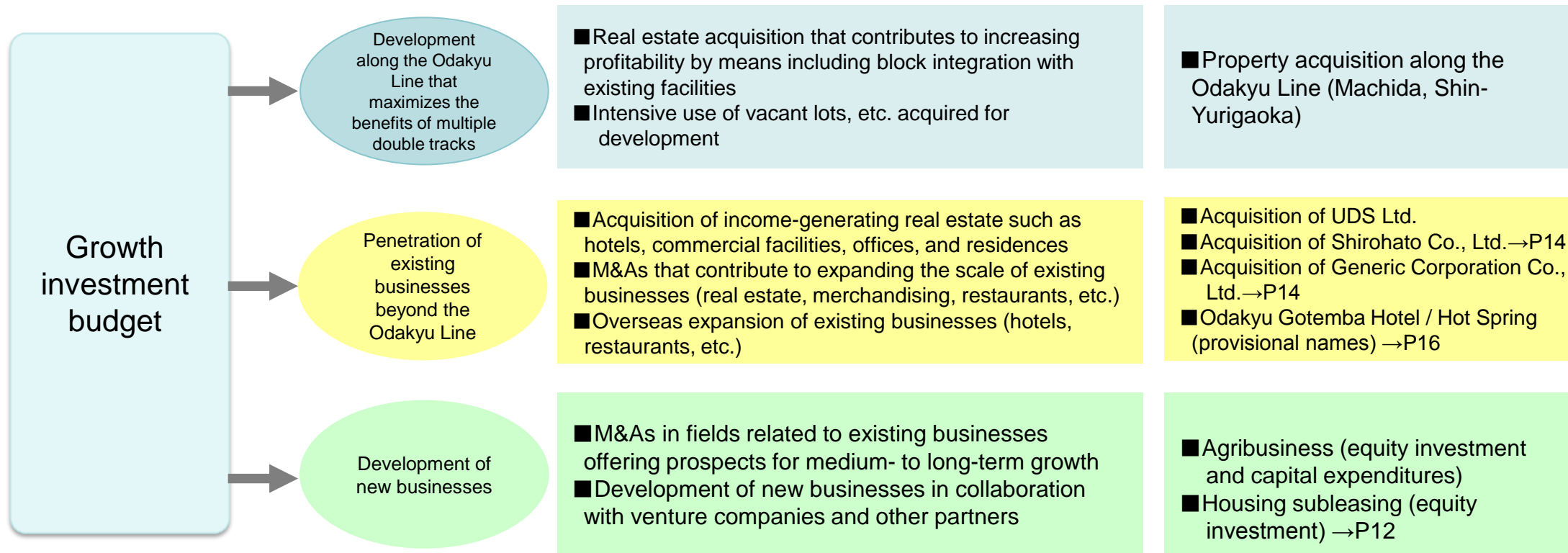
\*Operation transferred in September 2017, start of business with 1 room  
Complete opening (all 5 rooms) scheduled for April 2018

## About the growth investment budget

### Setting of a **40.0 billion yen\*** budget until FY2020

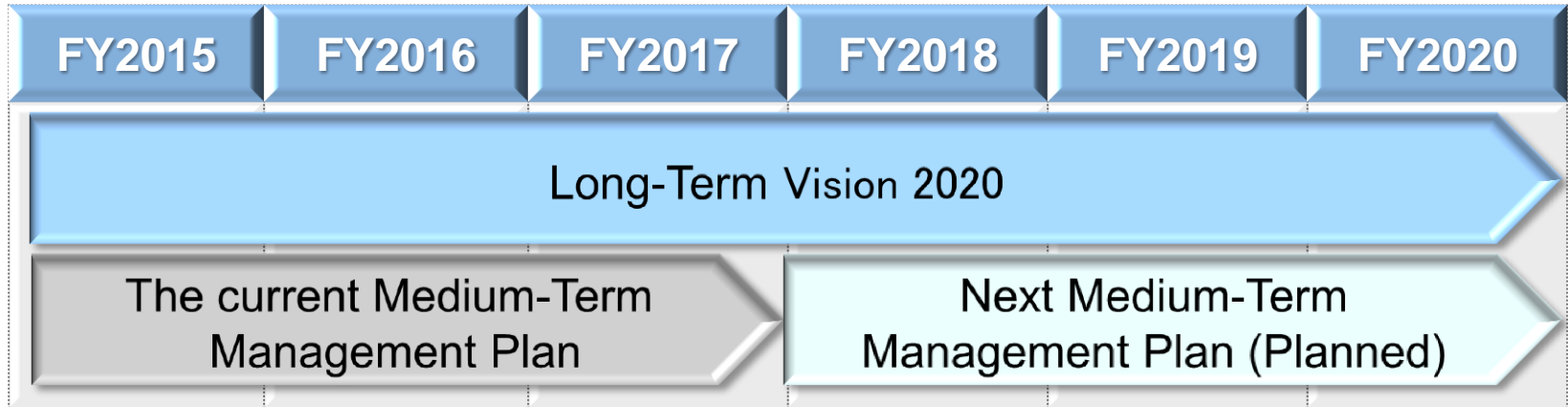
\*To an extent that does not exceed an interest-bearing debt / EBITDA multiple of 7.0 times

## Growth investment budget utilization policy



**We will also consider a budget increase to an extent that does not exceed an interest-bearing debt / EBITDA multiple of 7.0 times**

# Concept of the Next Medium-Term Management Plan (FY2018–FY2020)



Group Management Principle

Long-term Vision 2020

Group Medium-Term Management Plan

The focus of the current Medium-Term Management Plan is implementation of various growth strategies under Long-Term Vision 2020, which has a strong growth orientation.

**Post-Olympics economic slump**

**Rapid advancement toward a hyper-aged society**

**Multiplicative technology innovation**

- Until FY2020, a comparatively stable business environment is expected.
- After FY2020, uncertainties in the business environment will increase at an accelerated pace.

**To cope with change in the business environment, promote creation of new businesses and services and business model transformation by adopting a long-term perspective and engaging in high-speed management.**

Reference: Consolidated numerical plan

# Consolidated numerical plan

Millions of yen		FY2015 (actual)	FY2016 (actual)	FY2017 (forecast)	FY2018 (plan)
Revenue from operations	Transportation	168,303	172,863	175,900	179,300
	Merchandising	225,012	219,285	211,100	212,500
	Real Estate	73,002	69,910	71,500	74,100
	Other Businesses	100,128	99,511	104,700	106,400
	Elimination	△ 36,635	△ 38,539	△ 38,100	△ 37,500
	Total	529,812	523,031	525,100	534,800
Operating income	Transportation	29,795	28,601	29,800	31,900
	Merchandising	3,911	3,175	3,900	3,200
	Real Estate	13,190	12,377	11,800	12,100
	Other Businesses	5,872	5,661	5,300	5,700
	Elimination	164	131	200	200
	Total	52,934	49,946	51,000	53,100
Ordinary income		45,695	46,638	46,600	48,500
Net income attributable to owners of parent		27,497	26,067	30,000	31,300

# 小田急電鉄株式会社

## Remarks

Figures concerning the company's business plans, future forecasts and strategies other than historical facts are forward-looking statements reflecting management's view.

Please note, since the forward-looking statements are based on information currently available, the actual results may differ from these forecasts.