



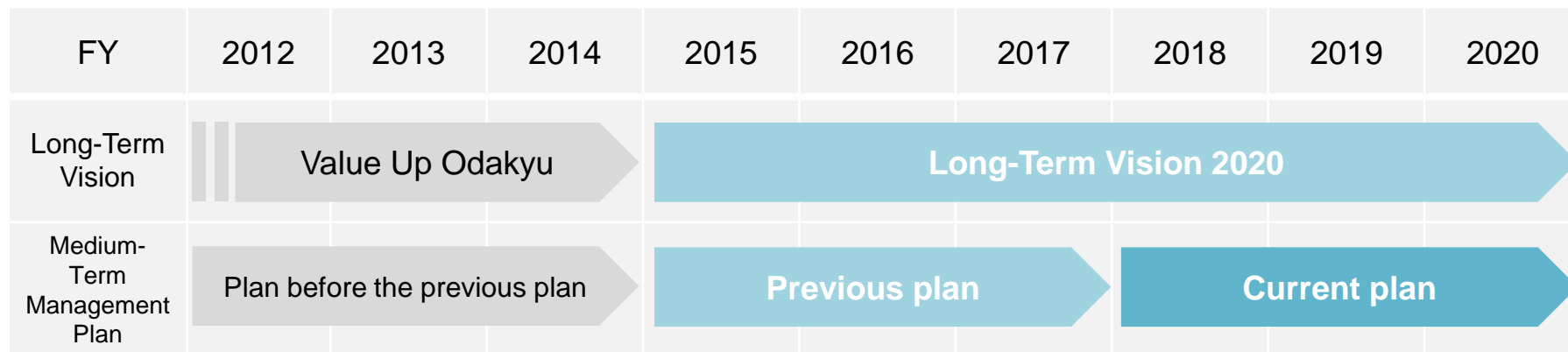
Long-Term Vision 2020 Revision and Medium-Term Management Plan (FY2018-FY2020)

April 27, 2018

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I Review of the Previous Plan (FY2015-FY2017)

- The three-year first half of Long-Term Vision 2020, which is strongly oriented toward business growth, has been completed.
- The current management plan is the baseline plan for the three-year second half of Long-Term Vision 2020.



Long-Term Vision 2020

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.

• Odakyu Group companies implemented growth measures based on Long-Term Vision 2020.

Theme I

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

Completion of multiple double tracks and transportation environment value enhancement

- Completion of multiple double tracks and start of operation using a new diagram
- Start of operation of new type Limited Express Romancecar GSE

Promotion of community development in areas along the Odakyu Line

- Property acquisition along the Odakyu Line
- Promotion of development in areas around stations in the Ebina, Shimo-Kitazawa, and other areas
- Conclusion of partnership agreements with Kawasaki City and Hadano City and an agreement concerning information distribution cooperation with Machida City

Enhancement of appeal in tourist areas and strengthening of attraction of inbound foreign tourists

- Opening of Overseas Representative Offices (Bangkok, Paris)
- Renewal and reopening of Odakyu Sightseeing Service Center
- Opening of INBOUND LEAGUE
- Start of operation of new type Oyama cable cars



Active implementation of promotions to publicize the benefits of multiple double tracks



Conclusion of a partnership agreement with Hadano City concerning promotion of community development in areas along the Odakyu Odawara Line



INBOUND LEAGUE, where organizations and people involved with inbound tourism gather

Theme II

Sew and nurture seeds of growth by FY2020.

Penetration of existing business beyond the Odakyu Line

- Development and opening of new formats in the Merchandising business
- Opening of new outlets in the restaurant business

Expansion of the hotel business

- Implementation of the hotel opening plan in Gotemba and other areas
- HOTEL KANRA KYOTO expansion, renewal, and reopening
- Opening of new hotel in Miyakojima

Development of new businesses, utilization of M&As

- Entry into the agribusiness
- Entry into the renovated housing subleasing business
- Pursuit of M&As
- Promotion of the e-commerce business



Odakyu OX MART, a new format that fuses a convenience store and a supermarket



HOTEL LOCUS, a new hotel in Miyakojima



SHIROHATO

GENERIC
CORPORATION

Acquisition of shares of Shirohato and Generic Corporation and their consolidation as subsidiaries

- **The Group responded to changes in the business environment and actively implemented business structure reforms.**

Fundamental management
structure reform

- Conversion of Odakyu Department Stores into a new type of commercial facility through renewal and realization of low-cost operation



Collaboration with outside companies

- Conclusion of a basic agreement concerning an operating alliance with Seven & i Holdings Co., Ltd. by Odakyu Electric Railway and Odakyu Shoji



Business transfers

- Transfer of the after-school daycare business to the Kinoshita Group Holdings Co., Ltd. (current name) and transfer of the nursing care business to Nichii Gakkan Co., Ltd.
- Transfer of the home center business to Kohnan Shoji Co., Ltd.

Progress against Consolidated Numerical Targets

- Revenue from operations fell short of the initial plan due to the impact of business transfers and other factors.

FY2014: 518.7 billion yen → FY2017: 524.6 billion yen (22.1 billion yen below the initial plan)

- The initial plan for EBITDA was achieved.

FY2014: 96.5 billion yen → FY2017: 96.8 billion yen (2.2 billion yen above the initial plan)

- The initial plan for interest-bearing debt/EBITDA ratio was achieved.

FY2014: 7.6 times → FY2017: 7.4 times (0.2 points above the initial plan)

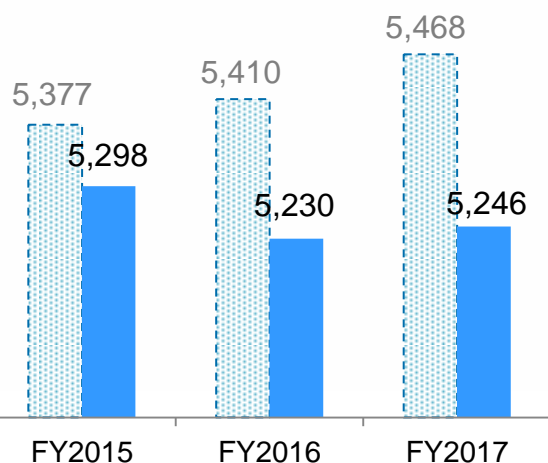
Reference information: ROA FY2014: 4.1% → FY2017: 4.2%

ROE FY2014: 11.9% → FY2017: 9.4%

ROA: Operating income / Total assets (excluding net unrealized gain on securities)

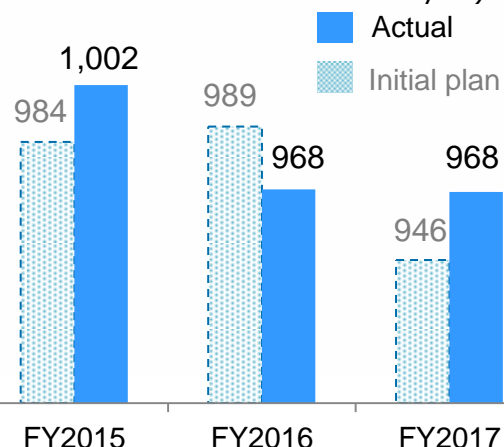
ROE: Net income attributable to the owners of parent / Net assets (excluding net unrealized gain on securities)

Revenue from Operations

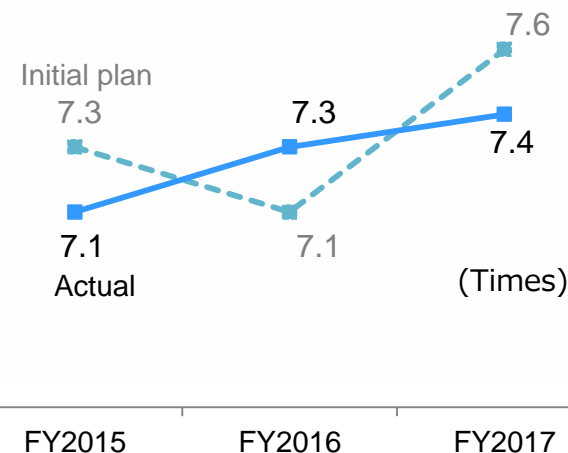


EBITDA

(Hundred million yen)



Interest-Bearing Debt/EBITDA Ratio



II Long-Term Vision 2020 Revision

- **Amid advancing obsolescence of existing businesses and formation of new business domains resulting from structural changes in the business environment, uncertainties will increase at an accelerated pace.**

■ Structural changes in the business environment

Declining birthrate and aging population

- Increases in the senior population / double-income households / vacant house rate / percentage of unmarried people
- Labor shortage

Changes in consumer spending

- Decrease in disposable income
- Changes in lifestyles and values
- Shift from consumption of tangibles to intangibles
- Health consciousness

Increase in inbound foreign tourists

- Increase in the number of individual tourists
- Changes in consumption behavior
- Spread of private lodging services
- Increase in the number of tourists visiting outlying areas

Spread of smart devices

- Expansion of the e-commerce market
- The sharing economy
- Development of SNS

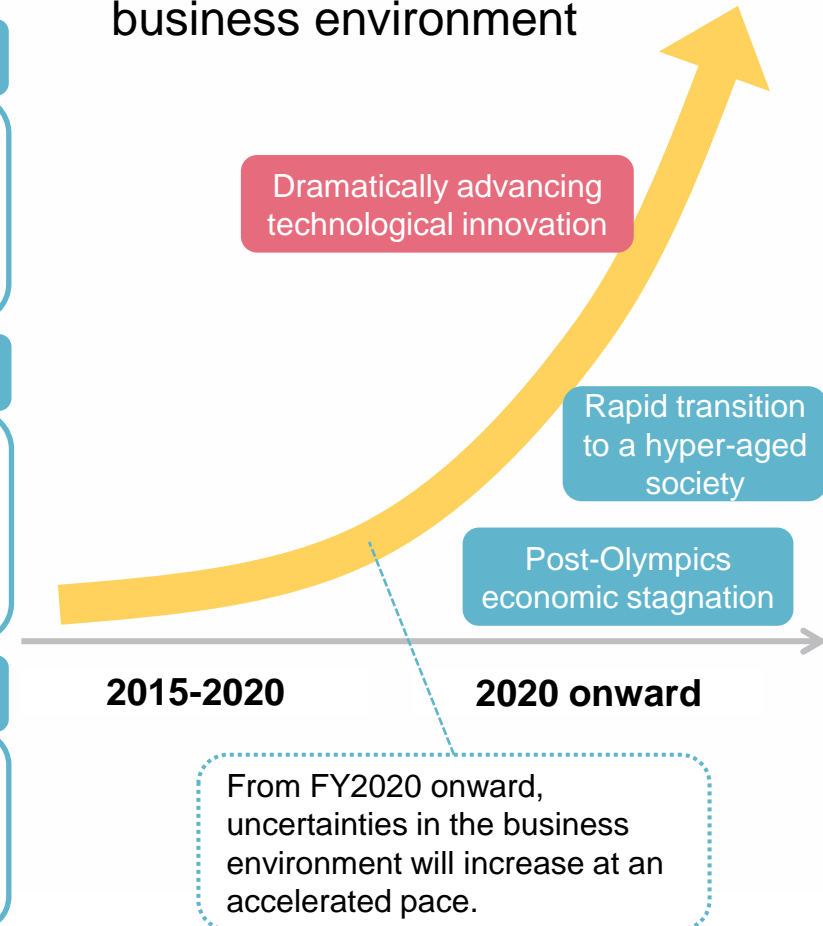
Intensification of interregional competition

- Large-scale development of urban centers
- Commercial development of suburbs

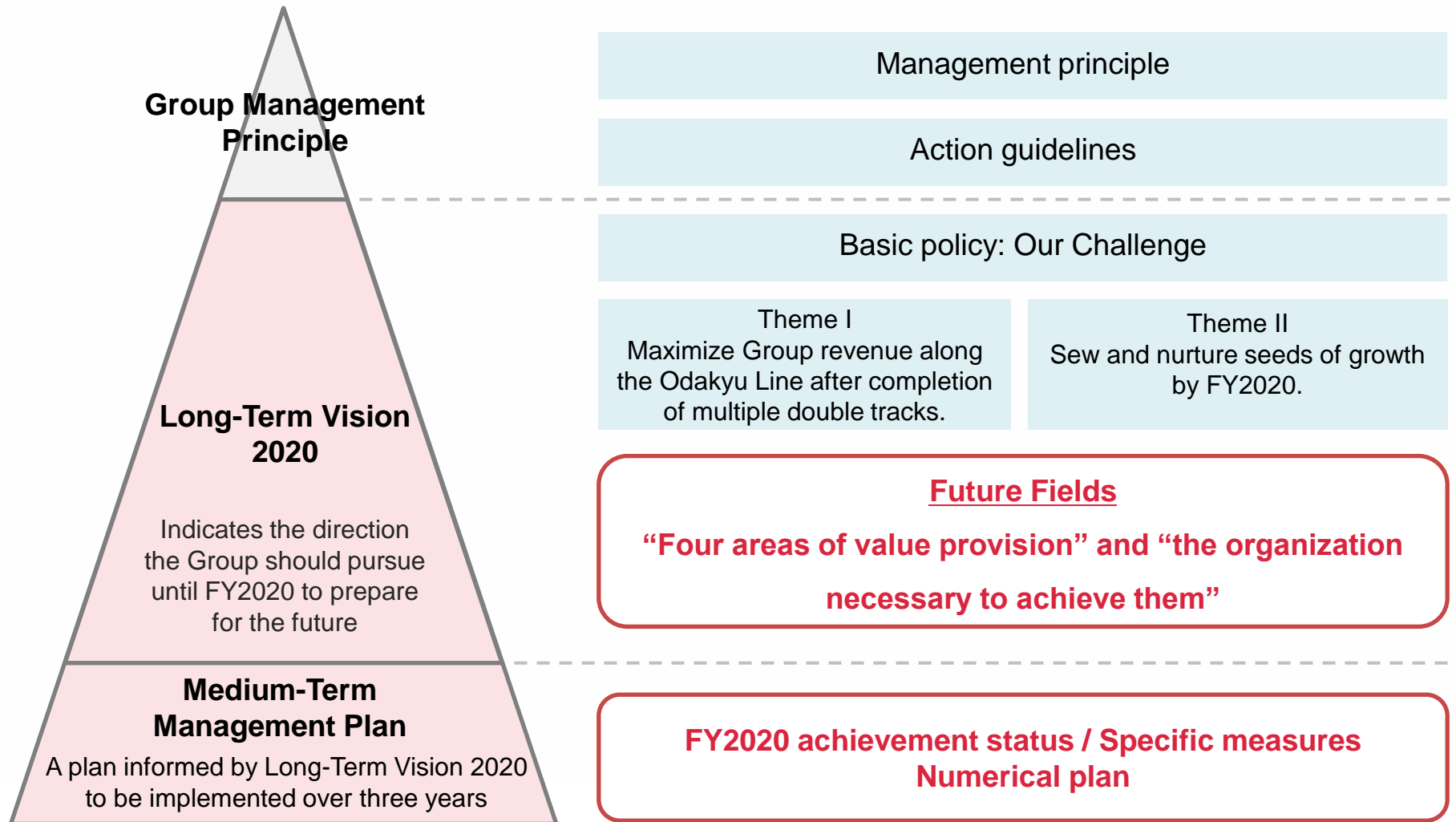
Advancement of AI and the IoT

- Advancement of self-driving technology
- Advancement of robotics
- Utilization of big data

■ Speed of change in the business environment



- In Long-Term Vision 2020, we newly determined “future fields”* as the Odakyu Group’s vision. (*See the next page for details.)
- The Medium-Term Management Plan is a three-year action plan for realizing the future fields.

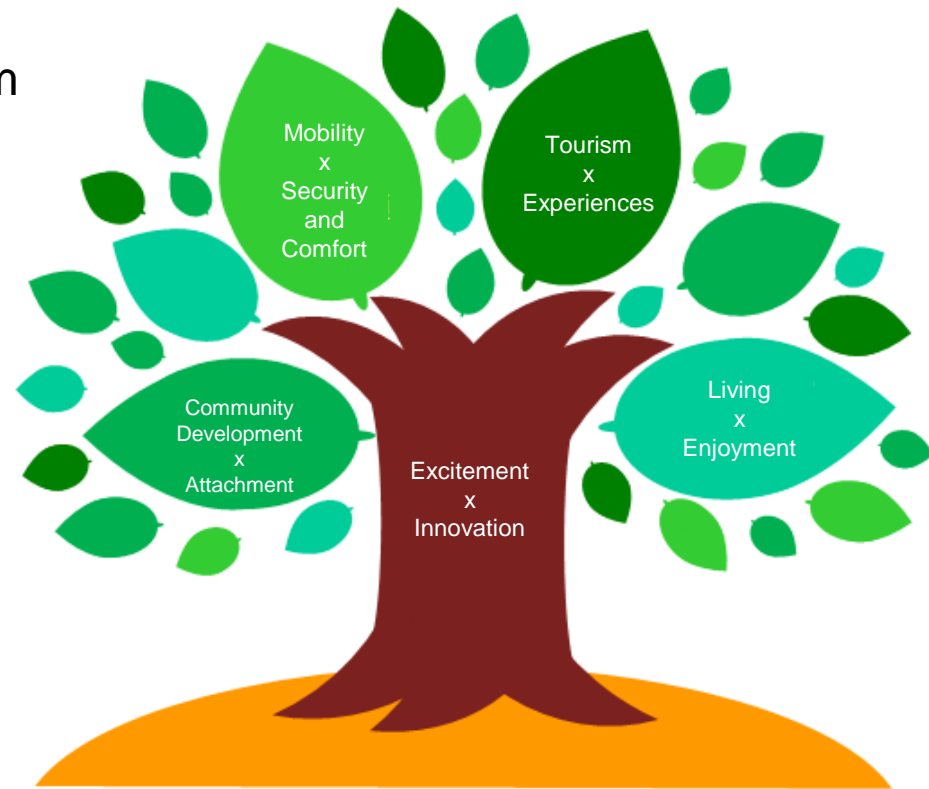


Future Fields

The seeds of growth that the Odakyu Group will sew and nurture going forward will eventually grow into a mighty trunk from which many leaves grow.

The leaves represent the type of value we want to create for customers and society and the trunk represents the type of organization we aspire to become to achieve this.

The illustration to the right indicates our vision for the Odakyu Group of the future, which we have named “Future Fields.”



Mobility x Security and Comfort

Creating a new mobility life for communities



While making universal value in the form of security and comfort accumulated over 90 years an unshakable foundation, we will apply future technologies to create a next-generation mobility life for communities that will enable people to get around and meet people they want to meet when they want to meet them.

Community Development x Attachment

Creating a new narrative for communities



We will create occupational, residential, commercial, academic, and recreational settings that take advantage of the individuality and characteristics of communities and foster attachment to and pride in communities together with customers.

Through resolution of issues facing customers and local communities, we will create a new narrative for communities.

Living x Enjoyment

Producing emotionally moving moments in
uneventful everyday life



We will produce emotionally moving moments that go beyond a sense of security by speedily identifying changing trends and diversifying customer wants and by co-creating together with various partners times and spaces that bring color and charm to uneventful everyday life.

Tourism x Experiences

Providing special memories from experiences found nowhere else



We will contribute to the development of Japan, regions, and communities by discovering ways for people to spend time and enjoy themselves unique to specific localities together with local residents and assisting in providing guests from Japan and around the world with experiences that remain as special memories.

Excitement x Innovation

Providing excitement to customers at all times



Each employee will make excitement the source of ideas by unleashing their independence, creativity, and enthusiasm. To deliver new value to customers, we will at all times embrace change and continue to challenge the unknown.

III Medium-Term Management Plan (FY2018-FY2020) –FY2020 Achievement Status and Specific Measures–

**FY2020
Achievement
Status 1**

Continuance of a safe railway system and construction of mechanisms that contribute to long-term safe stable management

Leading up to the 100th anniversary of the start of operation, aim for a further increase in railway use, strengthen robust and flexible response capabilities, and realize greater sophistication and laborsaving from advanced technologies.

1) Increase in railway use

(An operating revenue increase of approx. 5.0 billion yen+ in FY2020)

- Implementation of measures to increase revenue in keeping with the benefits of multiple double tracks
- Strengthening of business planning capabilities that contribute to an increase in railway use

2) Strengthening of robust and flexible response capabilities

- Installation of platform doors at stations with at least 100,000 users per day
- Removal of railroad crossings
- Installation of barrier-free facilities
- Strengthening of emergency response systems and facilities
- Provision of stress-free services for foreign tourists

3) Greater sophistication and laborsaving from advanced technologies

- Utilization of the IoT and AI in railway maintenance
- Realization of low-cost operation in the railway business from a long-term perspective

**April 2027
100th
anniversary**



**March 2018
Completion of multiple
double tracks**

**April 2017
90th anniversary**

FY2020 Achievement Status 2

Construction of a network that utilizes next-generation mobility

Utilizing next-generation technology, aim to realize a way of life that enables people to enjoy the benefits of mobility services through seamless linkage of diverse transportation modes.

Most recent initiatives

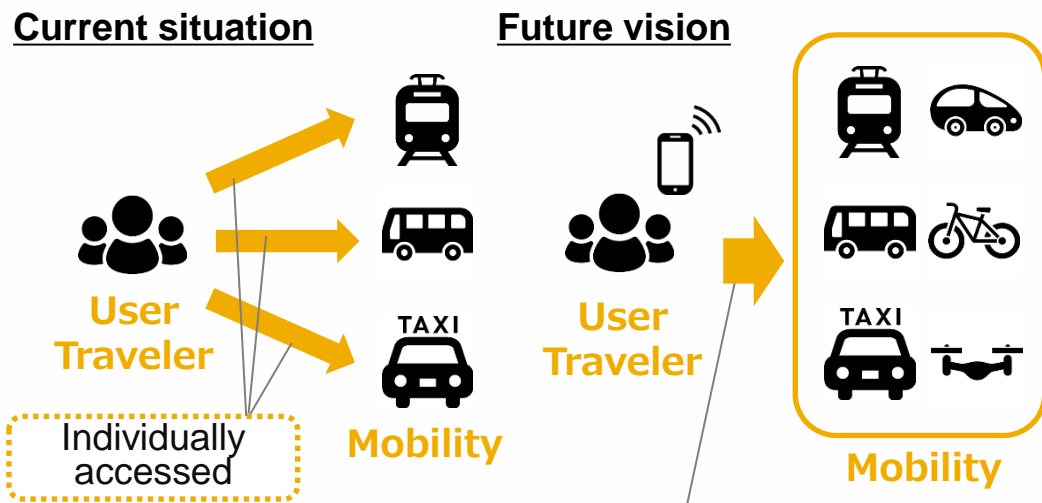
- Self-driving bus demonstration experiment (planned for FY2018)
- Collaboration with external partners



Collaboration agreement with Keio University (December 2017)

Future vision

Provision to users of a variety of mobility services as a single service (MaaS)



As Mobility-as-a-Service (MaaS)
 Basic services (route information, operating information, booking, payment)
 +
 Additional services (Information on and arrangement of hotels, commerce, etc.)

**FY2020
 Achievement
 Status 1**

Realization of community development along the Odakyu Line that takes advantage of the individuality and characteristics of communities

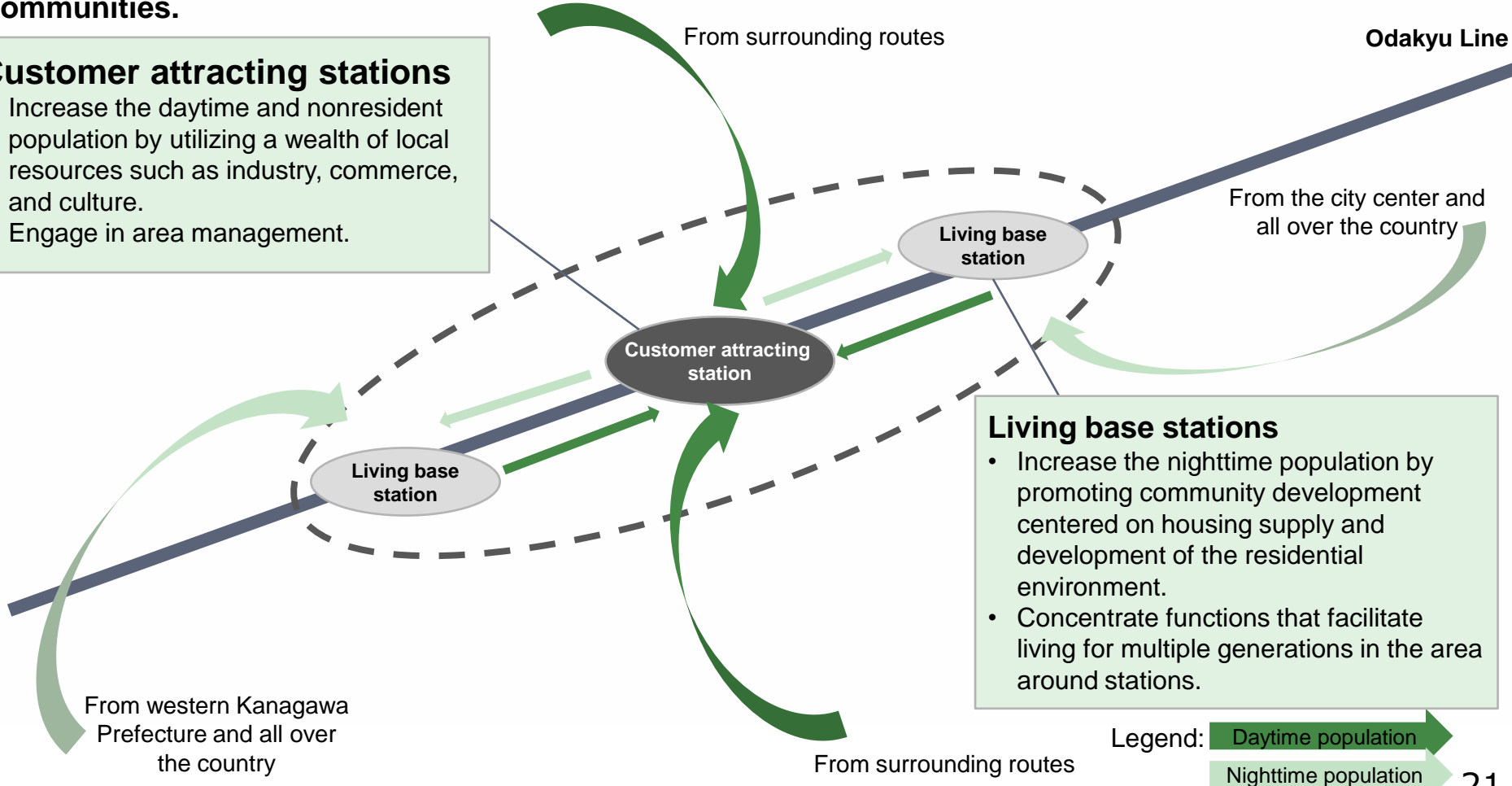
Divide stations according to their roles into two types—“customer attracting stations” that drive the appeal of areas along the Odakyu Line and “living base stations” for increasing the nighttime population—and make investments and devise measures that accentuate the individuality of communities.

Customer attracting stations

- Increase the daytime and nonresident population by utilizing a wealth of local resources such as industry, commerce, and culture.
- Engage in area management.

Living base stations

- Increase the nighttime population by promoting community development centered on housing supply and development of the residential environment.
- Concentrate functions that facilitate living for multiple generations in the area around stations.

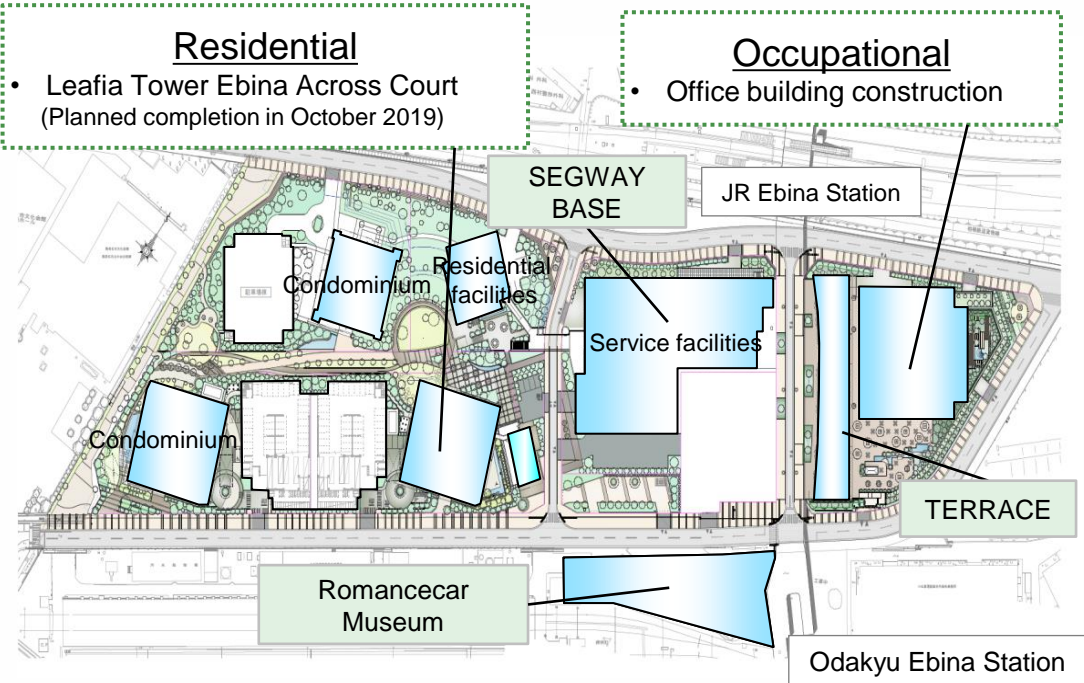


FY2020 Achievement Status 1

Realization of community development along the Odakyu Line that takes advantage of the individuality and characteristics of communities

At customer attraction stations, the Group is proceeding with community development that contributes to attracting customers to areas along the Odakyu Line through development that contributes to occupational, residential, commercial, academic, and recreational settings in daily life.

Ebina



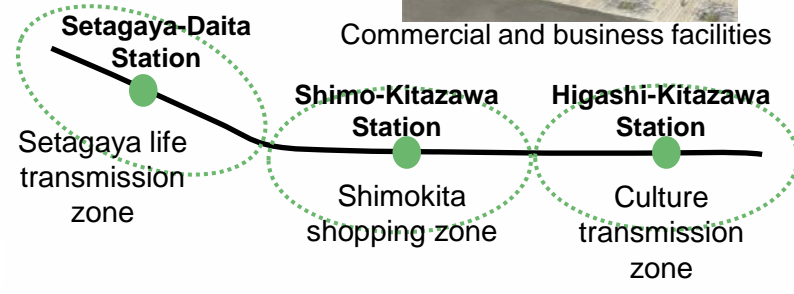
- Academic and Recreational**
- Romancecar Museum (Planned opening in spring 2021)
 - SEGWAY BASE (Approx. one year beginning in March 2018)

- Commercial**
- TERRACE (commercial facility) (Opened November 2017)
 - Vitalization of ViNAWALK (existing commercial facility)

Shimo-Kitazawa



Resia Daita Terrace rental housing (Opened January 2016)



Actively promote community interaction and enhance community value by taking advantage of the close linkage between the local way of life and culture, a feature of the area.

**FY2020
 Achievement
 Status 1**

Realization of community development along the Odakyu Line that takes advantage of the individuality and characteristics of communities

At living base stations, proceed with community development linked to future generations through the resolution of issues related to community continuity, revitalization, and creation and to living.

Local community revitalization



HOSHI NO TANI DANCHI (Zama) (Opened in 2015)
 Rental housing that creates local prosperity and interaction through the provision of rental farmland and holding of events

Attraction of young people through community cooperation



NODE GROWTH SHONANDAI (Opened March 2018)
 A student residence integrated with the community that holds events at which non-residents can participate

Enhanced convenience from expansion and upgrading of station functions

Community remodeling that utilizes local assets



Installation of new ticket gates and preparation of a childcare center at Chuo-Rinkan Station
 Expansion and upgrading of station functions and enhancement of living convenience in conjunction with public facilities development by Yamato City

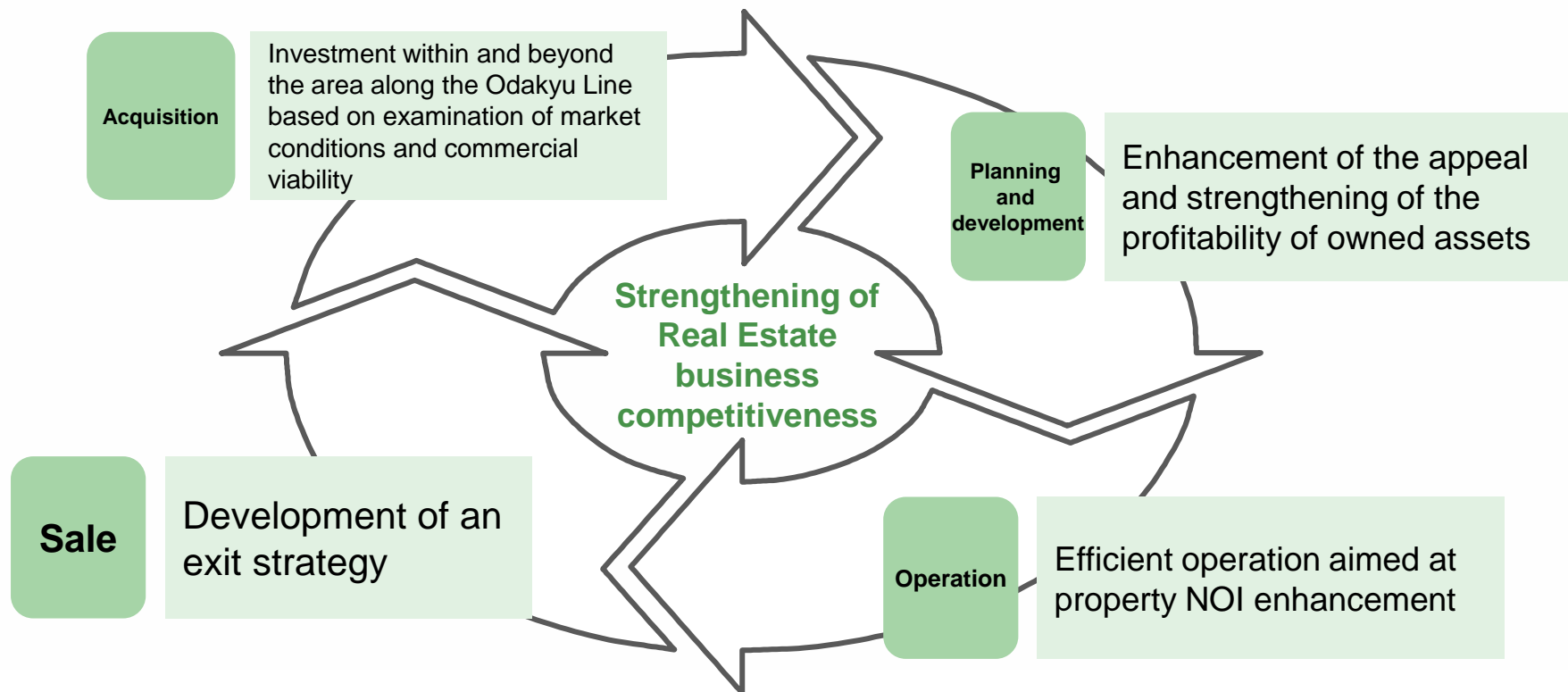
Activities base for the Yomiuri Nippon Symphony Orchestra (Kurokawa)
 Vitalization of a previously developed area around the station through the introduction of a facility attuned to local characteristics

**FY2020
Achievement
Status 2**

Quantitative expansion and enhancement of organizational capabilities in the Real Estate business

Within and beyond the area along the Odakyu Line, pursue business scale expansion by enhancing organizational capabilities pertaining to 1) acquisition, 2) planning and development, 3) operation and management, and 4) sale.

→ Aim to increase Real Estate business operating income to a scale comparable to Transportation business operating income over the medium and long-term.



**FY2020
Achievement
Status 1**

Transformation to the commerce of the future

Undertake transformation to the commerce of the future, which will provide value even amid changes that will continue into the future, such as diversification of customer needs and the advancement of e-commerce.



- Renewal of Odakyu Department Stores
- Renewal of shopping centers



- Management structure reform at Odakyu Department Store
- Odakyu Shoji operating alliance with Seven & i Holdings Co., Ltd.

Radical renewal of commercial facilities

Implementation of business structure reforms



Promotion of the e-commerce business

Strengthening of communication with customers



- Expansion of the e-commerce business through means including the consolidation of subsidiaries



- Enhancement of living support services
- Expansion of customer contact through enhancement of digital marketing and ICT services

**FY2020
Achievement
Status 1**

Transformation to the commerce of the future

Implement the following initiatives at the two core companies of the Odakyu Group's Merchandising business.

Conversion of Odakyu Department Stores to a new type of commercial facility

Store renewal and realization of low-cost operation by means such as leasing to tenants and employment adjustment

■ Direction for renewal

Fujisawa Store

- Attract new restaurant, sundries, and other tenants from the 2nd to 7th floors and rejuvenate the store into a facility that enriches living in the Shonan area. (Planned opening in March 2019)



Machida Store

- Create new prosperity in the community by attracting large tenants with customer drawing power. (Planned opening in March 2019)

Odakyu Shoji operating alliance with Seven & i Holdings Co., Ltd.

■ Specific measures in the operating alliance

Supermarket business

- Dominant store opening strategy centered on the Setagaya and Shin-Yurigaoka area, where a population increase is expected to result from multiple double tracks
- Examination of introduction of Seven Premium

In-station store business, convenience store business

- Implement sequential conversion to Seven-Eleven franchise stores over a period of about two years.

Product procurement

- Efficiency improvement and cost reduction through mutual utilization of distribution functions

Odakyu Shoji will aim for **sales of 100.0 billion yen in FY2025**. (FY2017 sales: 63.6 billion yen)

**FY2020
Achievement
Status 2**

Creation of content that produces emotionally moving moments

Seek to create new content along the Odakyu Line and strengthen connections with local initiatives to attract customers to areas along the Odakyu Line and create community prosperity.

Shopping and food



New format development and new outlet openings in the restaurant business

WISE SONS, a new format of Giraud Restaurant System

Culture and the arts

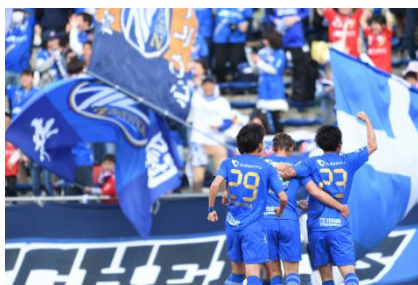


「小田急まなたび」は、大人のための「学び」と「旅」をお届けする小田急のオリジナル企画です。

Odakyu Manatabi

Increase the number of courses through collaboration with universities in the area along the Odakyu Line
Note: Mainly for OP credit card members

Sports and animation



FC Machida Zelvia

Cooperation with animation facilities popular with inbound foreign tourists and the professional football team FC Machida Zelvia.

History and nature



Romancecar Museum

Museum to publicize the history and appeal of Odakyu

FY2020 Achievement Status 1

Opening of hotels with characteristics that accentuate local appeal

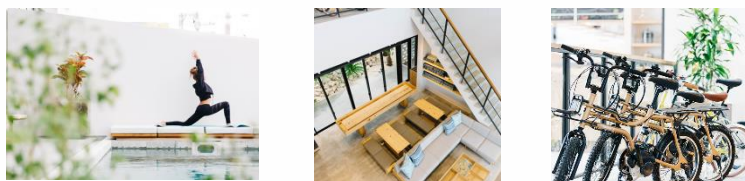
Produce appeal unique to the locality and open hotels that enhance community value.

New hotel opening strategy

	City hotels	Resort hotels
Hotel formats	Flexibly utilizing the direct management method and the lease method	
	<ul style="list-style-type: none"> Renovation of medium-size buildings or new construction Mid-priced accommodation-only hotels 	<ul style="list-style-type: none"> Renovation of hotels and Japanese inns in resort areas or construction of new hotels Consideration of luxury-class hotels
Anticipated areas	Areas along and nearby the Odakyu Line: Central Tokyo, Fuji, Hakone, Izu, Enoshima-Kamakura, etc. Beyond the Odakyu Line and overseas: Kyoto, Osaka, Kyushu, Okinawa, China, Southeast Asia, etc.	

Aim to open about 15 hotels and achieve revenue from operations of 42.0 billion yen by FY2020.
 Note: One hotel opened by FY2017, with 11 other hotels planned / FY2017 revenue from operations: 30.6 billion yen

HOTEL LOCUS in Miyakojima



- Provision of appeal unique to Miyakojima in areas such as activities, culture, and food, under a program original to the hotel

HOTEL CLAD and Ko-no-Hana-no-Yu in Gotemba



- Planned opening on the site of Gotemba Premium Outlets
- A hotel and day spa that draw on the surrounding scenery, including Mount Fuji

**FY2020
Achievement
Status 2**

Development of a world-class tourism business model

Create new products and services utilizing a variety of information and expertise gained from contact with travelers and external partners.

Measures targeting inbound foreign tourists

Overseas bases for information gathering and provision

- Public relations activities using the overseas representative offices as bases
- Public relations activities through local agencies



The Paris representative office



Odakyu Sightseeing Service Center

Tourist reception center in Japan

- Expansion and upgrading of facilities and services accompanying an increase in the number of visitors

Base for utilizing information and expertise

- Development of new products in collaboration with venture companies



INBOUND LEAGUE

Initiatives at tourist areas and facilities along the Odakyu line



Vitalization of tourist areas along the Odakyu line

Hakone area

- Start of operation of the Romancecar GSE (March 2018)
- Proposal of new excursion routes and forms of enjoyment through development of transportation nodes and transportation networks

Enoshima-Kamakura area

- Provision of appealing content through collaboration with local communities and facilities

Provision of new travel products



- Promotion of accessible tourism projects
- Development of locally planned travel products

Aim for FY2020 Group inbound tourism revenue of 23.0 billion yen.

Note: FY2017 revenue from operations: approx. 20.0 billion yen

**FY2020
 Achievement
 Status 1**

**Fostering of human resources and ideas that will generate
 new value and opportunity creation**

Develop mechanisms for fostering human resources and ideas that will lead to new business creation and innovation and create opportunities to enable employees to have dreams and take on challenges.

**Business idea solicitation system
 Odakyu Innovation Challenge climbers**

Aim to launch businesses that contribute to the realization of the future fields and businesses that provide new value to customers and society from the perspective of social issues.

Realization of the future fields
 Provide new value to customers and society.



Resolution of social issues
 Identify needs related to social issues, such as the SDGs.

**FY2020
Achievement
Status 2**

Creation of an environment that maximizes the power of employees

Implement programs and develop an environment to take maximum advantage of the views and capabilities of each employee as a foundation for value creation and taking on challenges.

Realization of the management principle

Cultural reform

Awareness raising

Diversity



Personnel evaluation
Human resource development

Work style reform

A foundation for working with vigor and enthusiasm

Health management

Work-life balance

1) Diversity
Creation of a corporate culture that accepts and makes use of diverse characteristics and the power of individuals

2) Personnel evaluation and human resource development
Support for individual growth / Strengthening of communication

3) Work style reform
Labor productivity improvement / Creation of an environment conducive to work

Achievements to date



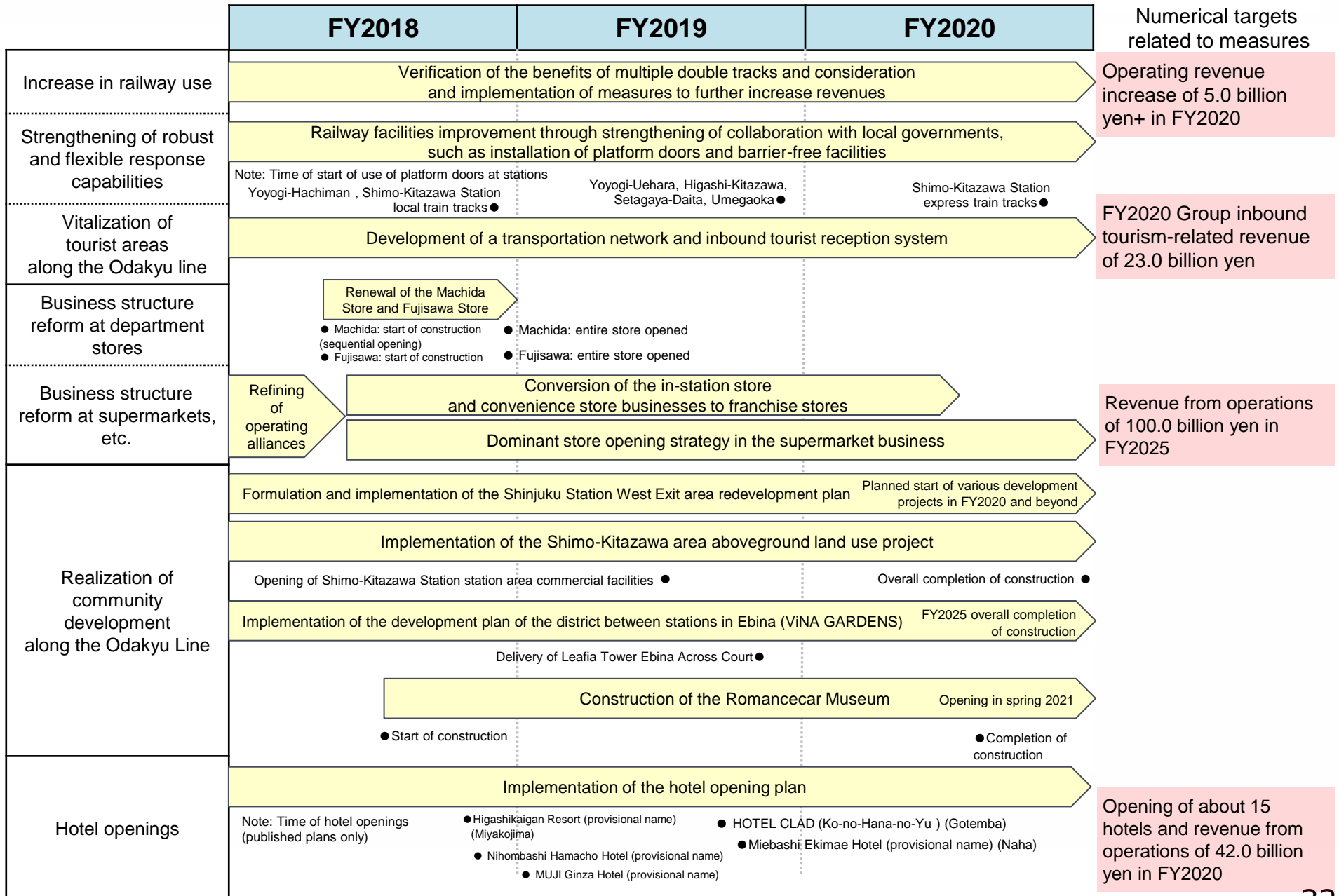
FY2016

- Received the Award for Excellence in the Tokyo Metropolitan Government Advancement of Women's Success Awards (Tokyo Metropolis)

FY2017

- Received the Health, Labour, and Welfare Minister's Award of Excellence in the Family-Friendly Company category of the Commendations for Enterprises Promoting Equal Employment/Work-Life Balance (Health, Labour and Welfare Ministry)
- Certified Health and Productivity Management Organization (White 500) (Ministry of Economy)
- Platinum Kurumin certification by the Ministry of Health, Labour, and Welfare (Health, Labour and Welfare Ministry)
- Selected for the New Diversity Management Selection 100 project (Ministry of Economy)

Main Specific Measures during the Period of the Current Plan



IV Medium-Term Management Plan (FY2018-FY2020)

–Numerical Plan–

- Although there is no change in the growth-oriented policies set out in Long-Term Vision 2020, the revenue from operations target has been withdrawn to prioritize business structure reforms.
- The initial targets for EBITDA and interest-bearing debt/EBITDA ratio have been revised upward.

■ Target performance indicators

	Long-Term Vision 2020 numerical targets for FY2020	Current management plan numerical plan for FY2020
Revenue from operations	600.0 billion yen	-- (Reference figure: 572.2 billion yen)
EBITDA	100.0 billion yen	111.5 billion yen
Interest-bearing debt/EBITDA ratio	7.0 times	6.7 times

Consolidated Numerical Plan

Million of yen	FY2017 (actual)	FY2018 (forecast)	FY2019 (plan)	FY2020 (plan)
Revenue from operations	524,660	528,600	558,400	572,200
Operating income	51,464	52,000	56,300	59,700
Ordinary income	47,891	48,700	51,900	55,000
Net income attributable to the owners of parent	29,328	31,000	34,700	38,100
Capital investments	68,288	95,400	103,000	81,300
Depreciation	45,347	46,800	50,400	51,800
EBITDA	96,811	98,800	106,700	111,500
Interest-bearing debt	719,197	736,300	752,300	747,500
Interest-bearing debt/EBITDA ratio	7.4	7.5	7.1	6.7

- Revenue from operations will trend up from FY2018 onward due to factors including conversion to multiple double tracks, structural reform of the Merchandising business, condominium sales in Ebina, and hotel openings.
- EBITDA will trend up due to the impact of the increase in revenue from operations.
- Although interest-bearing debt will increase, the interest-bearing debt/EBITDA ratio will decrease to 6.7 times in FY2020 due to an increase in EBITDA.

Reference figures

ROA (%)	4.2	4.1	4.3	4.4
ROE (%)	9.4	9.4	9.8	10.0

ROA: Operating income / Total assets excluding net unrealized gain on securities)

ROE: Net income attributable to owners of parent / Net assets (excluding net unrealized gain on securities)

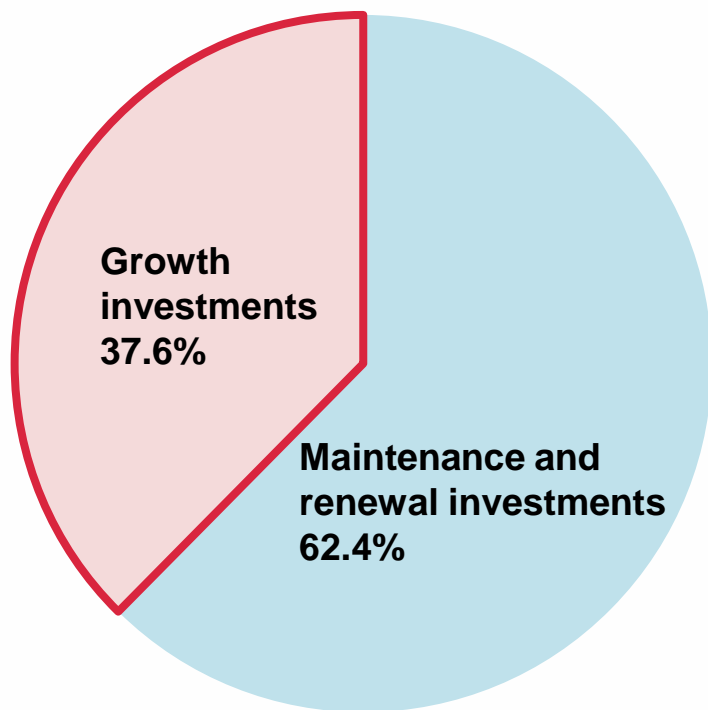
Consolidated Numerical Plan (Segments)

Million of yen		FY2017 (actual)	FY2018 (forecast)	FY2019 (plan)	FY2020 (plan)
Revenue from operations	Transportation	176,183	180,900	183,300	183,500
	Merchandising	214,479	203,700	211,700	221,000
	Real Estate	68,578	75,000	90,800	89,400
	Other businesses	105,023	106,500	112,200	118,400
	Eliminations	△ 39,603	△ 37,500	△ 39,600	△ 40,100
Total		524,660	528,600	558,400	572,200

Operating income	Transportation	28,122	31,700	30,400	31,200
	Merchandising	4,647	2,100	4,700	5,000
	Real Estate	12,538	12,800	15,700	15,800
	Other businesses	5,967	5,200	5,400	7,600
	Eliminations	189	200	100	100
Total		51,464	52,000	56,300	59,700

- Beginning with the current management plan, investments have been broadly divided into “maintenance and renewal investments” and “growth investments.”
- The Group plans to invest a total of 279.7 billion yen over three years, of which 105.3 billion yen, more than one-third of the total, will be growth investments.

■ Investment Plan — FY2018 to FY2020 Total



Use of growth investments

- Real estate acquisition
- Real estate development (Ebina, etc.)
- New business development
- Pursuit of M&As Etc.

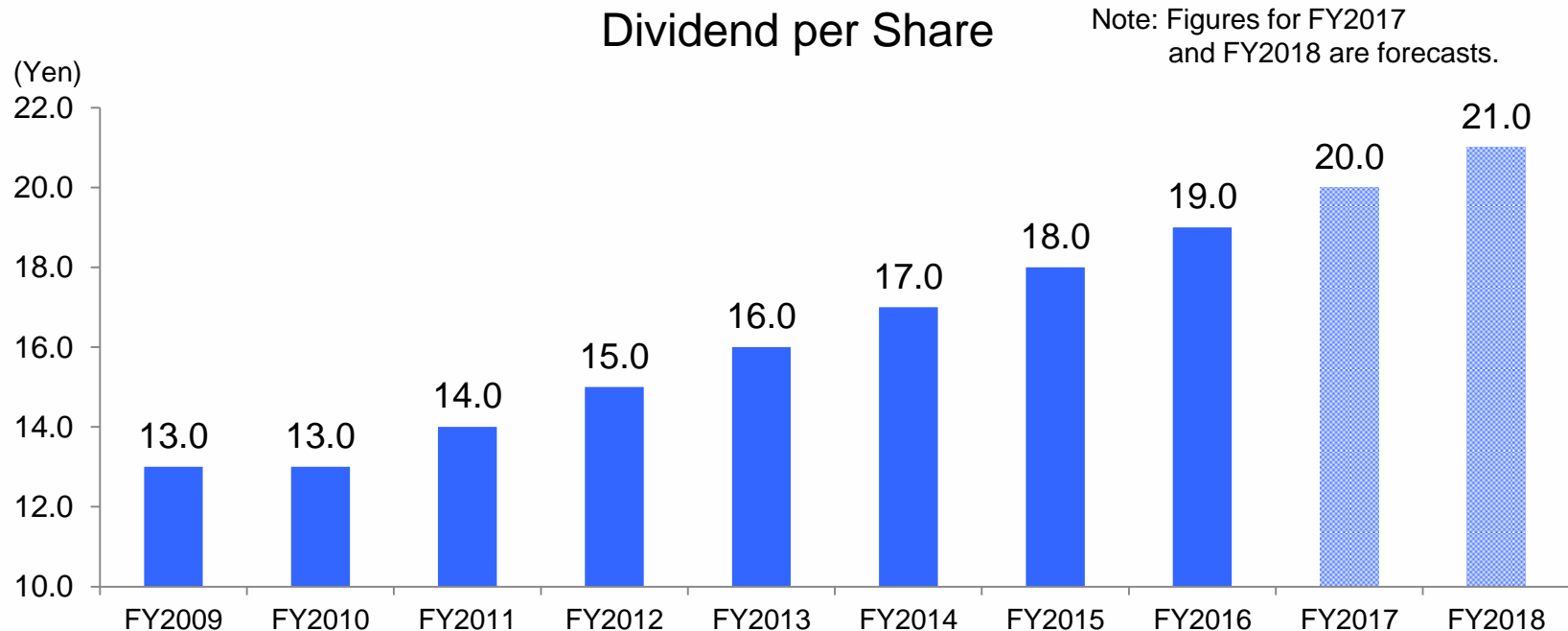
Total amount	279.7 billion yen	100.0%
Maintenance and renewal investments	174.4 billion yen	62.4%
Growth investments	105.3 billion yen	37.6%

V Dividend Policy

Dividend payout ratio (FY2013 onward)

The Company intends to use internal reserves for vigorous investment in priority fields and growth fields in an effort to improve financial performance.

The Company's basic policy for returning profits to shareholders is to maintain stable dividend payments as a result of improved performance, with a target dividend payout ratio of approximately 30%.



Note: Dividend per share figures for FY2016 and prior years reflect the impact of a reverse stock split.

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.