



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

November 2, 2016

# Summary of Financial Results for FY2016 (ending March 31, 2017)

# Consolidated financial results for the first half of FY2016 (ending March 31, 2017)



Million of yen	First half of FY2016	First half of FY2015	Change	Forecast at Apr. 2016	Change
Revenue from operations	252,146	256,763	△ 4,616 ( △ 1.8% )	257,700	△ 5,553 ( △ 2.2% )
Operating income	27,558	28,821	△ 1,262 ( △ 4.4% )	26,500	+ 1,058 ( + 4.0% )
Ordinary income	26,340	26,701	△ 361 ( △ 1.4% )	24,100	+ 2,240 ( + 9.3% )
Net income attributable to owners of parent	17,828	17,571	+ 256 ( + 1.5% )	16,200	+ 1,628 ( + 10.1% )

# Forecast of Consolidated Financial Results for FY2016 (ending March 31, 2017)



Million of yen	FY2016	FY 2015	Change	Forecast at Apr. 2016	Change
Revenue from operations	523,900	529,812	△ 5,912 ( △ 1.1% )	537,900	△ 14,000 ( △ 2.6% )
Operating income	47,500	52,934	△ 5,434 ( △ 10.3% )	49,000	△ 1,500 ( △ 3.1% )
Ordinary income	42,900	45,695	△ 2,795 ( △ 6.1% )	43,400	△ 500 ( △ 1.2% )
Net income attributable to owners of parent	27,400	27,497	△ 97 ( △ 0.4% )	28,400	△ 1,000 ( △ 3.5% )
Interest-bearing debt	709,700	715,876	△ 6,176	709,700	—

# Progress with the Group Medium-Term Management Plan (November 2016)

# 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 business  
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

# Key Measures in the Medium-Term Management Plan

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

Group  
Management  
Principle

Long-Term  
Vision  
2020

Group  
Medium-Term  
Management  
Plan

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

## Mission ① Selective strengthening of existing business

- (1) Maximization of the benefits of multiple double tracks and transportation network improvement

**Target: Increase of approx. 5.0 billion yen in transportation revenue in FY2020  
(compared to FY2015)**

- (2) Attraction of inbound foreign tourists and capturing of tourism demand

**Target: Inbound-related revenue from operations of 23.0 billion yen in FY2018  
(FY2015: 15.0 billion yen)**

- (3) Expansion of measures to realize a highly livable railway line

## Mission ② Promotion of redevelopment around core stations

- (4) Consideration and Promotion of redevelopment plans for areas around Odakyu Line core stations
- (5) Consideration of a redevelopment plan for a Shinjuku Station West Exit area that will prevail in intercity competition

Theme II Sew and nurture seeds of growth by FY2020.

# Progress with Key Measures

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

## (1) Maximization of the benefits of multiple double tracks and transportation network improvement

Transportation improvement benefits due to completion of multiple double tracks as a result of a March 2018 (planned) diagram revision announced in April 2016

### I Provision of a pleasant transportation environment through alleviation of congestion

- Increased frequency from the current 27 trains per peak hour to **36 trains\* after completion**
  - Congestion rate reduction from 191% to **approx. 160% after completion**
- \*The number of trains operated in the congested section (Setagaya-Daita → Shimo-Kitazawa)

Dispel the image that the Odakyu Line is crowded.

### II Improved access to the city center through shortening of travel times

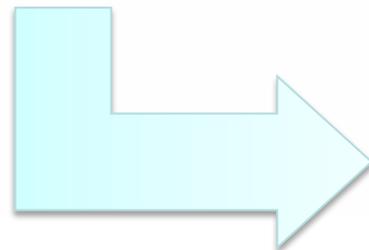
- Increase rapidity and shorten travel times, mainly during rush hour periods.
- Example: Shortening of travel time from Machida to Shinjuku by **10 min. from 48 min. to 38 min.** (Trains arriving in Shinjuku at approx. 08:30 on weekdays)

Enhance Odakyu's status as the railway line chosen by customers.

### III More convenient access to central Tokyo through increased frequency of Chiyoda Line through trains

- Increased frequency from the current 5 trains per peak hour to **12 trains\* after completion**
- \*Shinjuku-bound trains: Current 22 trains → 24 trains after completion

Publicize the highly convenient access to central Tokyo via the Tokyo Metro Network, as well as to Shinjuku.



**Target**  
 Increase of  
**approx. 5.0 billion yen**  
 in transportation revenue in FY2020  
 (compared to FY2015)

\*Travel times and numbers of trains operated are estimates that are subject to change.

# Progress with Key Measures

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

## (1) Maximization of the benefits of multiple double tracks and transportation network improvement

### Transportation improvement benefits in Limited Express Romancecar service (March 2018 (planned) diagram revision)

#### ■ Increased frequency of Limited Express Romancecar trains during commuting hours

##### Increased frequency during weekday morning rush hours

Increase of 4 trains from the 7 trains currently in operation

7 of the 11 trains will arrive in Shinjuku and Otemachi between 07:00 and 08:59.

##### Increased frequency during weekday nighttime hours

Increase of 1 train during late night hours from the current 23 trains in operation

Provision of comfortable commuting service by Limited Express Romancecar to greater numbers of customers

#### ■ Renewal of the Limited Express Romancecar EXEα (Type 30000)



#### ■ Overview of Renewal

Rail cars to be renewed	One ten-car train in FY2016
Passenger capacity	578 passengers (all reserved seats)
Investment amount	Approx. 1.3 billion yen (amount for the first train renewed)
Start of commercial operation	March 2017 (planned)

\*Travel times and numbers of trains operated are estimates that are subject to change.

# Progress with Key Measures

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

## (2) Attraction of inbound foreign tourists and capturing of tourism demand

Transportation improvement benefits in Limited Express Romancecar service (March 2018 (planned) diagram revision)

### ■ Upgrading of Hakone tourist transportation

#### Production of a new Limited Express Romancecar model

Start of commercial operation of the **new Type 70000 Limited Express Romancecar** equipped with an observation car

#### Departure of trains equipped with an observation car at easy-to-remember times

Departure on the hour of highly popular Super Hakone trains (non-stop service between Shinjuku and Odawara), which operate from Shinjuku Station **on Saturday, Sunday, and holiday mornings**

Trains departing **at 09:00, 10:00, 11:00 (new type, VSE)**

#### Shortening of travel time

Fastest travel time from Shinjuku to Hakone Yumoto by Limited Express Romancecar shortened from under **90 minutes** to **under 80 minutes**

Making excursions to Hakone by Limited Express Romancecar more enjoyable

### ■ Manufacturing of the new Type 70000 Limited Express Romancecar

#### ■ Overview of the new Type 70000 Limited Express Romancecar

Concept	A Romancecar for Traveling to Hakone in Elegance and Comfort
Number of carriages manufactured	Two trains, total of 14 carriages
Passenger capacity	400 passengers (all reserved seats)
Investment amount	Approx. 4.0 billion yen (two-train total)
Start of commercial operation	March 2018 (planned)



\*Travel times and numbers of trains operated are estimates that are subject to change.

# Progress with Key Measures

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

- (3) Expansion of measures to realize a highly livable railway line
- (4) Consideration and Promotion of redevelopment plans for areas around Odakyu Line core stations
- (5) Consideration of a redevelopment plan for a Shinjuku Station West Exit area that will prevail in intercity competition

**Shinjuku**

Shinjuku Station West Exit area redevelopment plan

- Promotion of plan consideration
- Promotion of stakeholder discussions

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

**Shimo-Kitazawa**

Implementation of Shimo-Kitazawa area a boveground land use project Opening of Resia Daita Terrace (January 2016)

**Shin-Yurigaoka...P12**

Serviced apartments for the elderly  
Opening of Reoda Shin-Yurigaoka



**Shinjuku ↔ Ebina and elsewhere ...P13**

Start of a renovated housing subleasing business

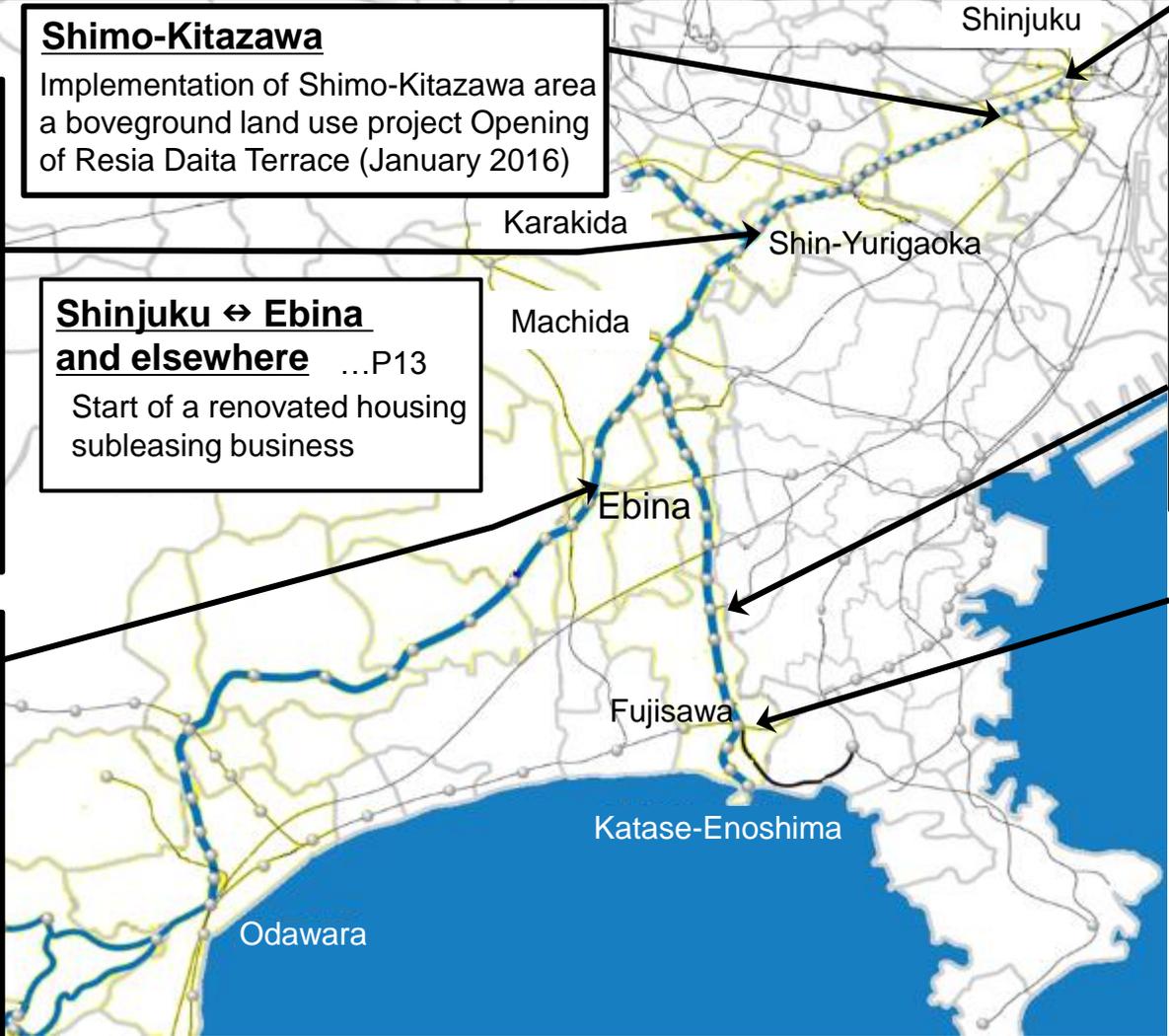
**Shonandai...P12**

Development of a student residence



**Ebina...P14**

Implementation of development plan of the district between stations in Ebina

**Fujisawa...P12**

Serviced apartments for the elderly opening of Reoda Fujisawa



# Progress with Key Measures

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

## (3) Expansion of measures to realize a highly livable railway line

### Development of a student residence in Shonandai

- Inflow of young people along the Odakyu Line
- Creation of opportunities for interaction between students and neighborhood residents at a residence that serves as a local community hub



#### ■ Plan overview

Site area	799.83 m <sup>2</sup>
Floor area	Approx. 3,500 m <sup>2</sup>
Purpose of use	Residence with meals
Number of rooms	Residence area: 158 rooms / Cafeteria: 1 location
Planned completion	February 2018
Features	Cafeteria open and services available to the general public



Responsibility for planning, design, and operation

### Opening of new serviced apartments for the elderly

- Opening of the first Reoda serviced apartments for the elderly in Kanagawa Prefecture



#### Reoda Shin-Yurigaoka

##### ■ Plan overview

Site area	793.20 m <sup>2</sup>
Floor area	2,607.01 m <sup>2</sup>
Number of floors	6 aboveground floors
Number of apartments	38 units
Planned opening	December 2016

#### Reoda Fujisawa

##### ■ Plan overview

Site area	661.70 m <sup>2</sup>
Floor area	2,627.52 m <sup>2</sup>
Number of floors	8 aboveground floors
Number of apartments	50 units
Planned opening	Around February 2017

\*Total of four properties including Reoda Kyodo and Reoda Seijo (already in operation)

# Progress with Key Measures

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

## (3) Expansion of measures to realize a highly livable railway line

### Start of Odakyu Anshin Sublease, a renovated housing subleasing business

#### Business scheme

- A subleasing business in which Odakyu Electric Railway rents properties on the condition of renovation by the owners and rents them to tenants
- Odakyu Real Estate Co., Ltd. is responsible for owner recruitment and rental management. Real estate venture company Haptic Co., Ltd. renovates properties with natural designs, and goodroom Co., Ltd. recruits tenants through its goodroom rental property information site.

#### Business area

- For a time, the business will focus mainly on the Odakyu Line and JR Yamanote Line.

#### Start of operation

- October 17, 2016

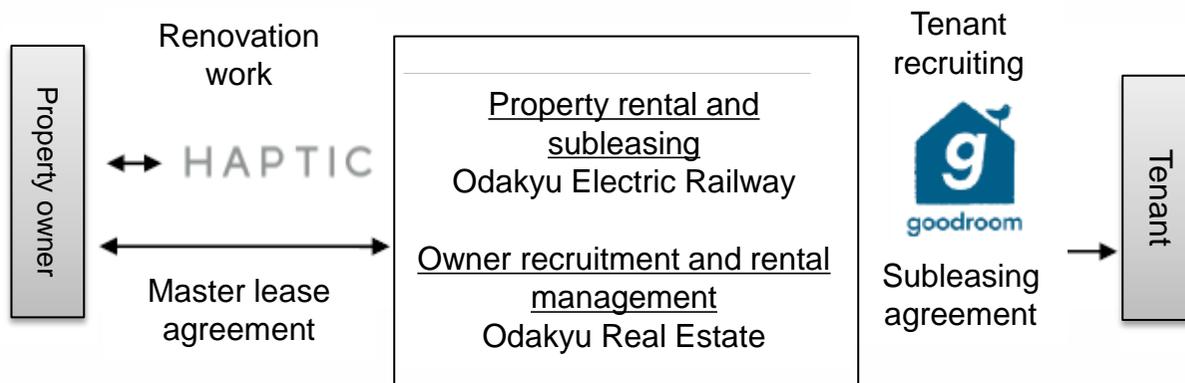


Post-renovation depiction

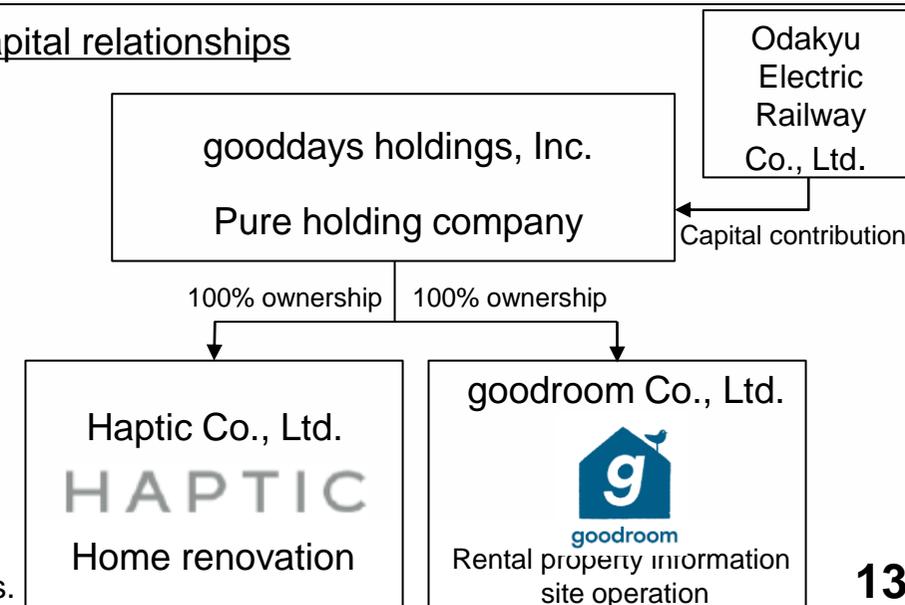
Contribution to alleviation of the problem of vacant houses accompanying Population decline / the declining birthrate and aging population

Invigoration of the area along the Odakyu Line through relocation support and promotion of population inflow

#### Business scheme



#### Capital relationships



- Establishment of a new earnings model in collaboration with a real estate venture company with competitive strength in rental of properties for young people
- Aim to enter new business sectors through further collaboration with venture companies.

# Progress with Key Measures

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

## (4) Consideration and Promotion of redevelopment plans for areas around Odakyu Line core stations

### Development plan of the district between stations in Ebina

Artist's perspective



#### ■ Plan overview

Site area	Approx. 35,000 m <sup>2</sup>	Investment amount	Approx. 32.2 billion yen
Floor area	Approx. 175,000 m <sup>2</sup>	Construction schedule (planned)	FY2016 construction start FY2025 completion

#### Residential Area

High-rise condominiums, serviced apartments for the elderly, childcare facilities, etc.

#### Prosperity Creation Area

Office buildings, commercial facilities, fitness club, etc.

#### Progress with Development

##### Overview

Construction of convenience store (A), commercial facilities (B)

##### Start of construction

Start of construction in October 2016

##### Planned completion of construction

Spring 2017 Convenience store  
Autumn 2017 Commercial facilities

# Key Measures in the Medium-term Management Plan

Theme II Sew and nurture seeds of growth by FY2020.



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.

Mission ③ Penetration of existing businesses beyond the Odakyu Line

(1) Expansion of the hotel business

**Target: Opening of approx. 10 stores and revenue from operations of 40.0 billion by FY2020**

(2) Stepping up of supermarket openings

(3) Expansion of restaurant openings, including overseas

(4) Tie-ups with outside partners and M&As, real estate acquisitions, etc. utilizing the growth investment budget

Mission ④ Development of new businesses

(5) Deployment of a new real estate supply model

(6) Deployment of a coordination business utilizing real estate

(7) Opening of department stores and supermarkets in new formats

(8) Development of e-commerce

# Progress with Key Measures

Theme II Sew and nurture seeds of growth by FY2020.

## (1) Expansion of the hotel business

### Target

Opening of approx. 10 stores and revenue from operations of 40.0 billion by FY2020

#### ■ Urban hotels

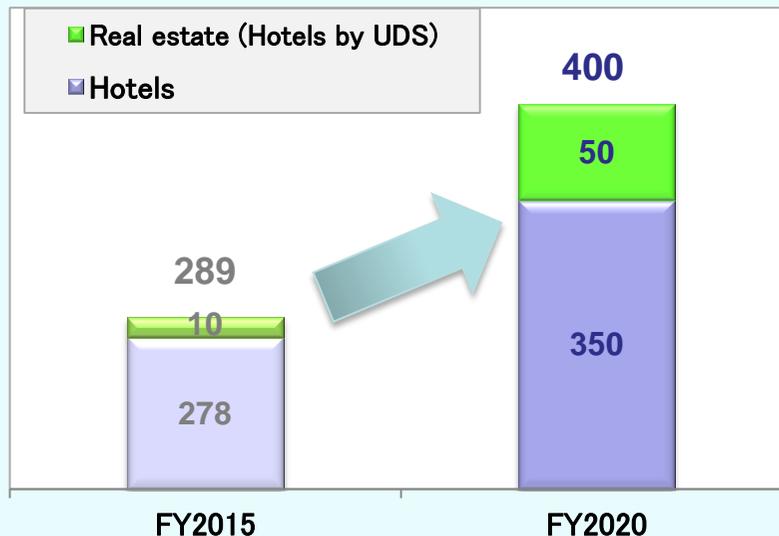
- Focus on opening of hotels by renovating medium-size buildings
- Mid-priced hotels specializing in lodging

#### ■ 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: Areas where a certain level of demand can be expected

- 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.



### 1st Hotel\*

**Gotemba** ...P17

Odakyu Gotemba Hotel  
(provisional name)

### 2nd Hotel\*

**Nihombashi Hamacho**

(**Nihombashi area in Tokyo**) ...P18

Opening of a hotel in a multipurpose building developed by Yasuda Real Estate Co., Ltd.

### 3rd and 4th Hotels\*

**Okinawa (Miyakojima area)** ...P18

Miyakojima Shimosato Hotel (provisional name)

Higashikaigan Resort (provisional name)

\*In the order announced

# Progress with Key Measures

Theme II Sew and nurture seeds of growth by FY2020.



## (1) Expansion of the hotel business

Opening of Odakyu Gotemba Hotel / Odakyu Gotemba Hot Spring (provisional names)



### Odakyu Gotemba Hotel (provisional name)

#### ■ Plan overview

Location	On the Gotemba Premium Outlet grounds
Facilities area	Approx. 9,500 m <sup>2</sup>
Operator	Odakyu Resorts Co., Ltd.
Number of floors	1 underground, 8 aboveground floors
Number of rooms	Approx. 180 rooms
Planned opening	Winter 2019

### Odakyu Gotemba Hot Spring (provisional name) (day spa hot bath facility)

#### ■ Plan overview

Location	On the Gotemba Premium Outlet grounds
Facilities area	Approx. 3,300 m <sup>2</sup>
Operator	Odakyu Resorts Co., Ltd.
Number of floors	2 aboveground floors
Hotel facilities	Hot bath facilities, restaurant, etc.
Planned opening	Winter 2019

# Progress with Key Measures

Theme II Sew and nurture seeds of growth by FY2020.

## (1) Expansion of the hotel business

### Expansion of the hotel business by UDS

- Opening of a hotel in a multipurpose building developed by Yasuda Real Estate Co., Ltd.



**UDS** Responsibility for hotel planning, design, and operation

#### ■ Plan overview

Developer	Yasuda Real Estate Co., Ltd.
Location	Nihombashi Hamacho, Chuo Ward, Tokyo
Purpose of use	Hotel (1st to 15th floors), residential complex (1st to 15th floors), restaurants (1st floor)
Number of floors	15 aboveground floors, 1 underground floor, 1 penthouse floor
Completion	December, 2018 (planned)
Business structure	UDS Ltd. will lease the building from Yasuda Real Estate Co., Ltd. and operate a hotel.

- Opening of two hotels in Miyakojima



#### Miyako Shimosato Hotel (provisional name)

Location	Miyakojima City, Okinawa
Number of floors	7 aboveground floors (including the rooftop)
Number of rooms	100 rooms
Planned opening	First half of 2018
Business structure	Okinawa UDS Ltd. will lease the building from Nikken Housing Co., Ltd. and operate a hotel.

#### Higashikaigan Resort (provisional name)

Location	Miyakojima City, Okinawa
Number of floors	Administration building and stand-alone villas
Number of rooms	41 rooms
Planned opening	First half of 2018
Business structure	Okinawa UDS Ltd. will lease the building from Nikken Housing Co., Ltd. and operate a hotel.

■ **Okinawa UDS Ltd.** (a wholly owned subsidiary of UDS Ltd.) was established in October 2016 to engage in business planning, architectural design, and operation of hotels and resort facilities in Okinawa.

- Opening of multiple hotels and resort facilities in various areas of Okinawa
- Odakyu Electric Railway plans to make Okinawa UDS Ltd. a consolidated subsidiary.

# Progress with Key Measures

Theme II Sew and nurture seeds of growth by FY2020.

- (4) Tie-ups with outside partners and M&As, real estate acquisitions, etc. utilizing the growth investment business
- (8) Development of e-commerce

## Capital and business tie-up with Shirohato Co., Ltd.

### ■ Overview of the capital and business tie-up

#### Overview of the capital tie-up

- Odakyu Electric Railway will acquire 20% of the ordinary shares of Shirohato Co., Ltd.
- Odakyu plans to make Shirohato an equity-method affiliate.

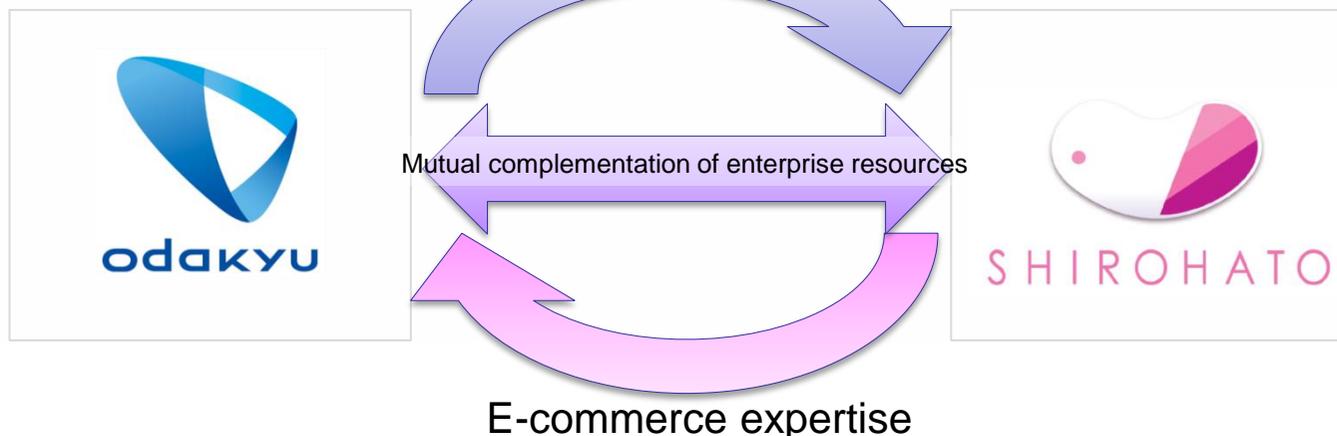
#### Overview of the operational tie-up

- ① Sales expansion through mutual complementation of enterprise resources
- ② Mutual utilization of e-commerce business expertise and the Odakyu Group's creditworthiness and brand power
- ③ Personnel and information exchanges
- ④ Cooperation and promotion in areas such as development of new business fields and new services

### ■ Overview of Shirohato Co., Ltd.

Trade name	Shirohato Co., Ltd. (listed on JASDAQ)
Established	August 20, 1974
Number of Employees	69 (as of August 31, 2016)
Capitalization	276 million yen
Business lines	Specialty innerwear e-commerce business
Sales	4,595 million yen (as of August 31, 2016)
Operating income	179 million yen (as of August 31, 2016)

**Capital tie-up**  
(acquisition of 20% of shares issued and outstanding)



Utilization of expertise relating to the e-commerce business through personnel exchanges

Mutual customer referral between the businesses of Shirohato and the Odakyu Group and mutual utilization of marketing information

# Progress with Key Measures

Theme II Sew and nurture seeds of growth by FY2020.

## (7) Opening of department stores and supermarkets in new formats

## (8) Development of e-commerce

### Initiatives at department stores and supermarkets

#### Further opening of small stores

➤ Aim to open **approx. 10 stores** by FY2018.

- Results during the current medium-term management plan
- Satellite shop (1 shop)



Odakyu Department Store Oasis Atsugi

➤ New merchandising shops (3 shops)



Desk my Style Yokohama Joinus

#### Start of test operation of a merchandise pickup service using coin lockers at the Shinjuku Station West Exit

- Odakyu Department Store to start the Odakyu Cosmetics Online service in November 2016
- Test operation of a service to enable customers to pick up merchandise at coin-operated lockers in Shinjuku Station as one way of receiving merchandise

### Odakyu OX MART store opening (supermarket)

- Development of stores in accordance with the different needs of each station
  - A new store format that combines a souvenir shop and a convenience store

Store name	Odakyu OX MART Odawara
Opening	July 2016
Sales floor area	Approx. 142 m <sup>2</sup>



\*The second Odakyu OX MART, following the Odakyu OX MART Shin-Yurigaoka Store.

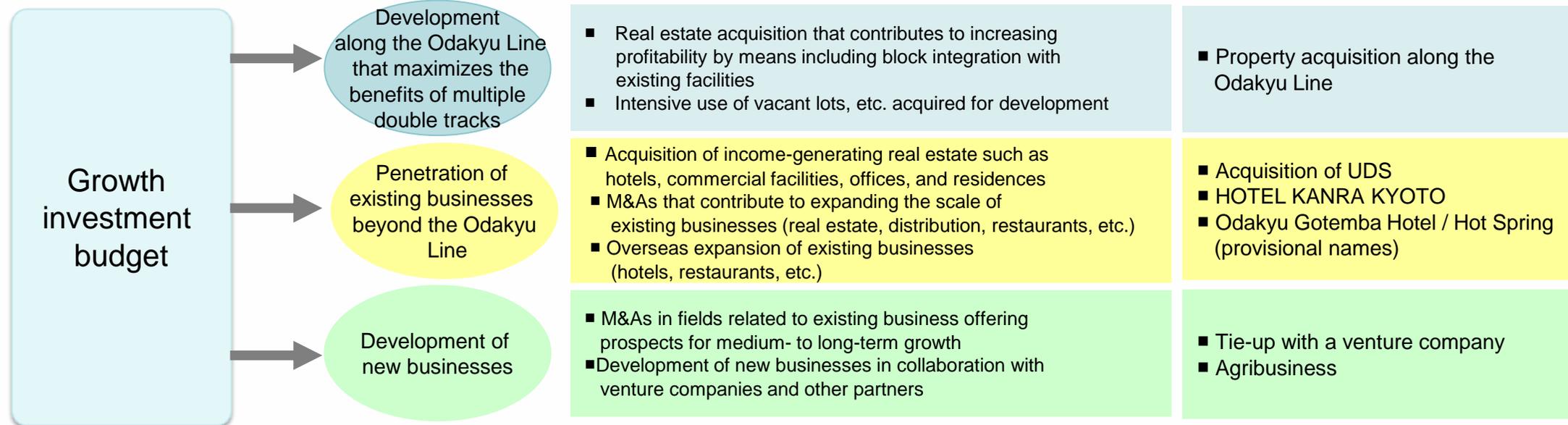
## Growth investment budget utilization status

- 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



- Growth investment budget utilization forecast

**Forecast of utilization of approx. 32.0 billion yen by FY2018**

Reference: Consolidated numerical plan

# Consolidated numerical plan

Million yen		FY2015 (actual)	FY2016 (forecast)	FY2017 (plan)	FY2018 (plan)
Revenue from operations	Transportation	168,303	172,300	173,600	177,900
	Merchandising	225,012	218,200	233,300	238,600
	Real Estate	73,002	72,300	77,900	78,700
	Other Business	100,128	98,000	101,800	105,200
	Elimination	△ 36,635	△ 36,900	△ 36,100	△ 36,600
Total revenue from operations		529,812	523,900	550,500	563,800

Operating income	Transportation	29,795	28,000	25,800	28,700
	Merchandising	3,911	2,700	4,300	4,900
	Real Estate	13,190	11,800	11,800	13,000
	Other Business	5,872	4,800	5,900	6,700
	Elimination	164	200	200	100
Total revenue from operations		52,934	47,500	48,000	53,400

Ordinary income	45,695	42,900	42,300	46,400
Net income attributable to the owners of parent	27,497	27,400	27,700	30,300

# 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.