



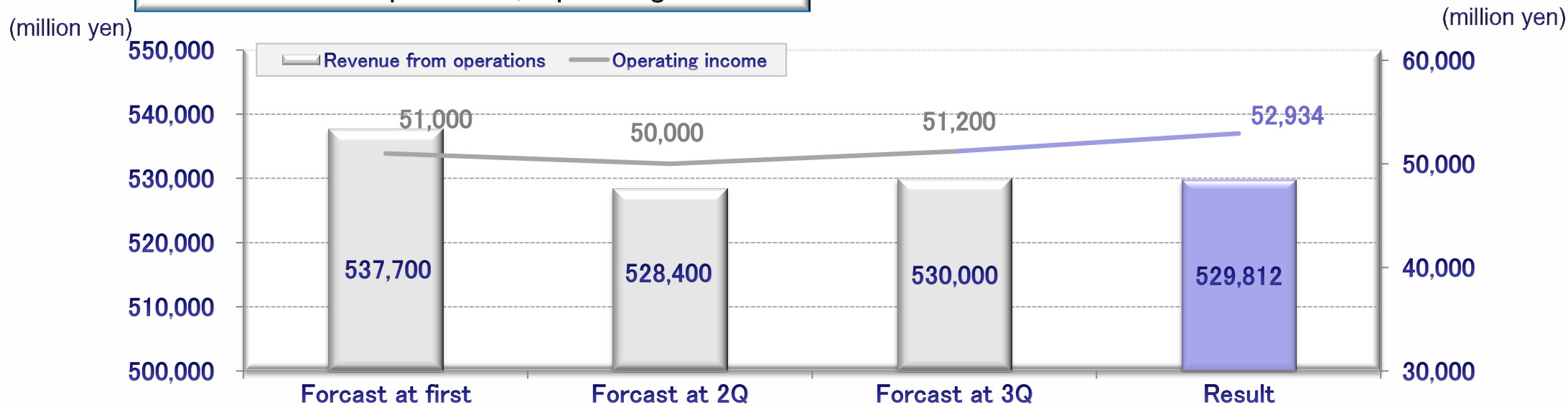
# Progress with the Group Medium-Term Management Plan (FY2015-2017)

April 28, 2016

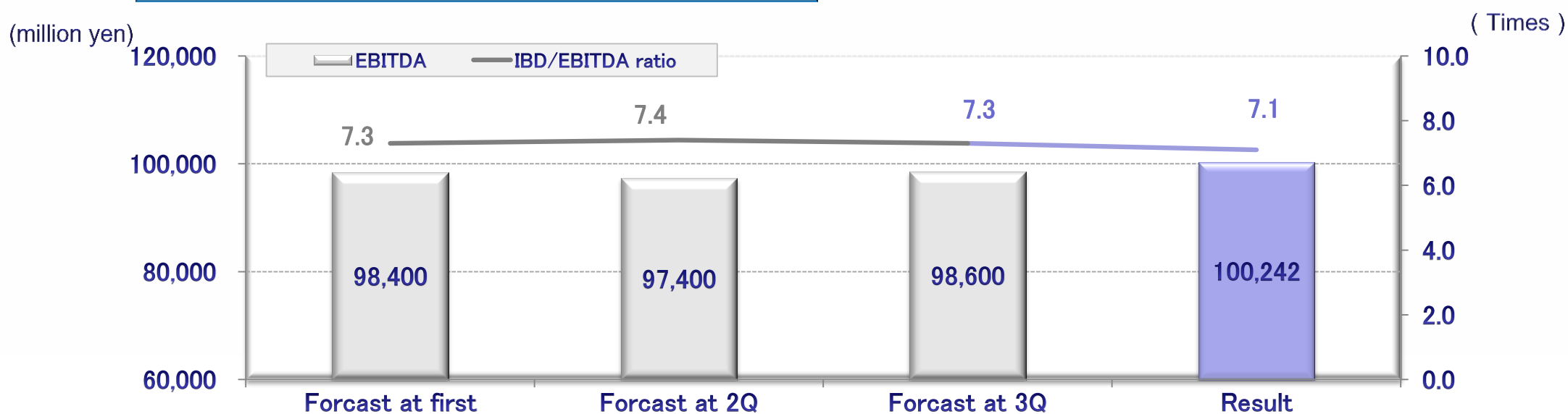
# Summary of Financial Results for the Fiscal Year Ended March 31, 2016

# Summary of Financial Results for the Fiscal Year Ended March 31, 2016

## Revenue from operations, Operating income



## EBITDA, Interest-bearing debt/EBITDA ratio



# Overview of businesses related to the Hakone area

Decrease the amount affected by volcanic activity activation in the vicinity of Hakone Owakudani

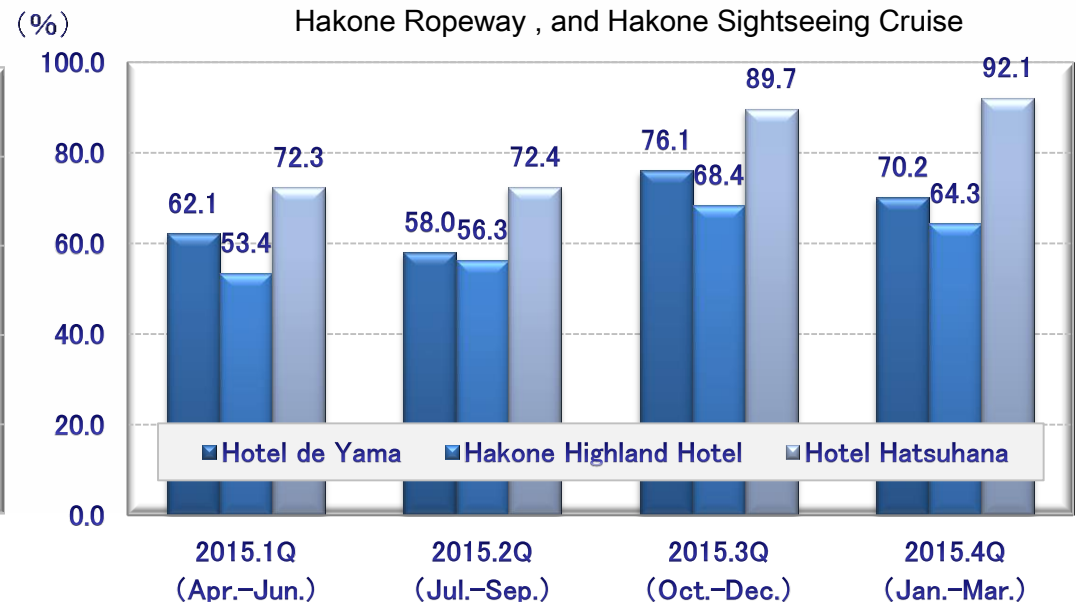
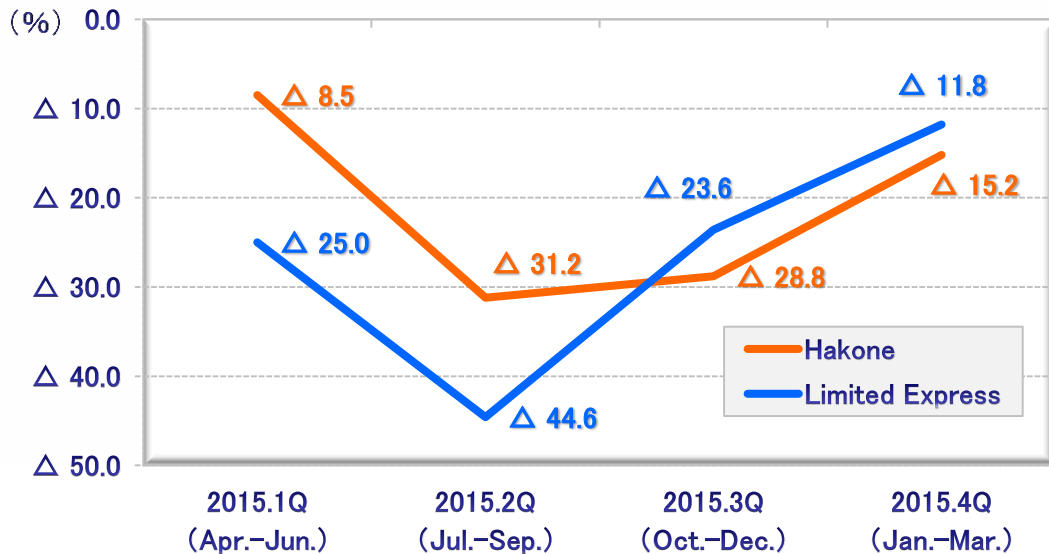
Unit : million yen	Main businesses affected	Main breakdown (FY2015 total, Year on Year)
Transportation	Railway	Odakyu Electric Railway(Non-commuter*1) $\Delta$ 706 Hakone Tozan Railway $\Delta$ 1,427
	Bus	Hakone Tozan Bus $\Delta$ 291
	Others	Hakone Ropeway $\Delta$ 1,618 Hakone Sightseeing Cruise $\Delta$ 549
Other Businesses	Hotels	Odakyu Resorts (Hotel de Yama,Hakone Highland Hotel ,Hotel Hatsuhana) $\Delta$ 372
Total (FY2015 total, Year on Year)		$\Delta$ 4,964

\*1 Sum of the non-commuter fare (Each station - Hakone Tozan line direct use) and limited express fare (Each station - Hakone Yumoto station)

Changes in transport personnel \* 2  
Resort hotel occupancy rate

\*2 Limited express (Shinjuku station - Hakone Yumoto station)

Hakone : Sum of Hakone Tozan Railway , Hakone Tozan Bus, Hakone Ropeway , and Hakone Sightseeing Cruise



# Progress with Key Measures

# Outline of 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.

- 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)

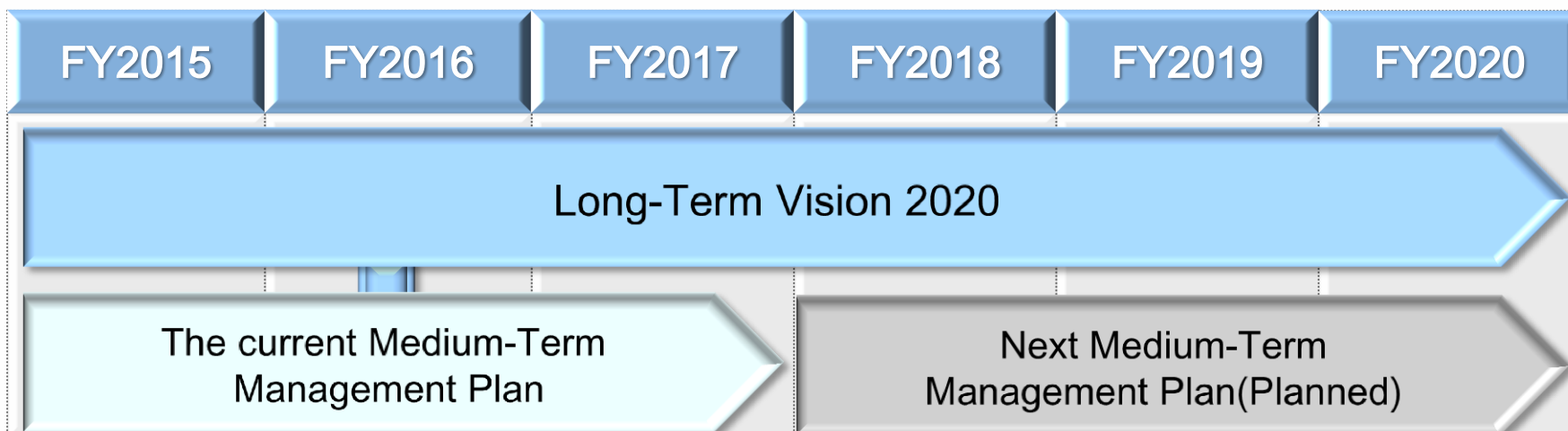
- Set a growth investment budget of 40.0 billion yen (an extent not to exceed an IBD/EBITDA ratio of 7.0 times).
- Strive for efficient management by setting consolidated revenue from operations, EBITDA, and IBD/EBITDA ratio as management indicators and closely watching ROA and ROE.

Group Management Principle

Long-Term Vision 2020

Group Medium-Term Management Plan

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



< Key Measures of the current Medium-Term Management Plan > \* Recent changes

**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> |
|---|---|

# Progress with the Medium-Term Management Plan

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

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

Completion of multiple double tracks and realization of a diagram that maximizes the benefits of multiple double tracks\*

<Three major rush hour period transportation improvements from completion of multiple double tracks >

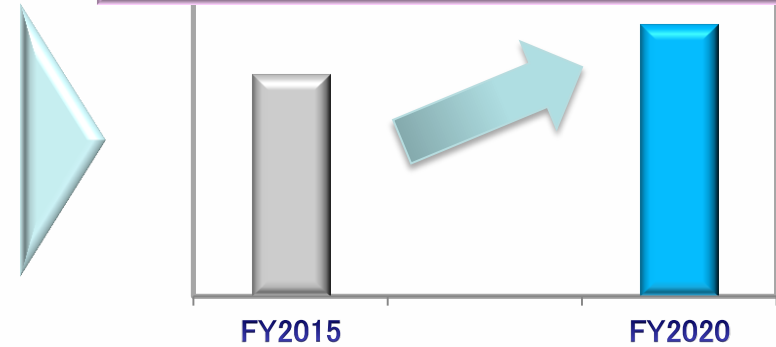
I Provision of a pleasant transportation environment through alleviation of congestion

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

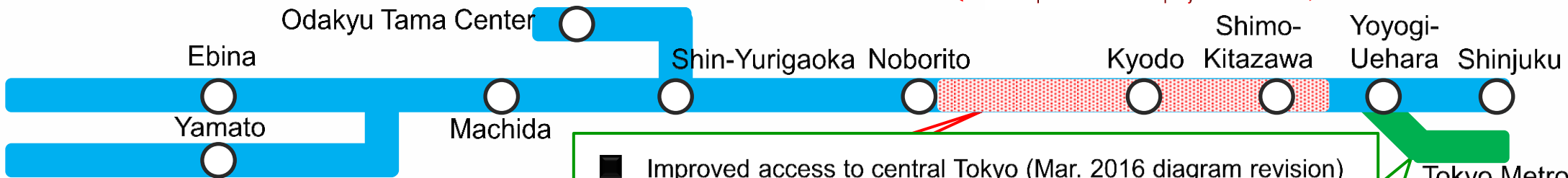
III More convenient access to central Tokyo through increased frequency of Chiyoda Line through trains

\*Refer to the separate document "Benefits of Completion of Multiple Double Tracks".

Aim for **an operating revenue increase of approx. 5.0 billion yen in FY2020** compared to current revenues.



← Multiple double track project section →



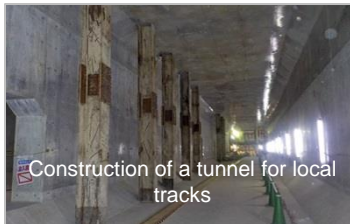
■ Improved access to central Tokyo (Mar. 2016 diagram revision)

- Increased frequency of Chiyoda Line through trains
- Increased frequency of Metro Homeway trains



Tokyo Metro Chiyoda Line

■ Progress with multiple double track construction



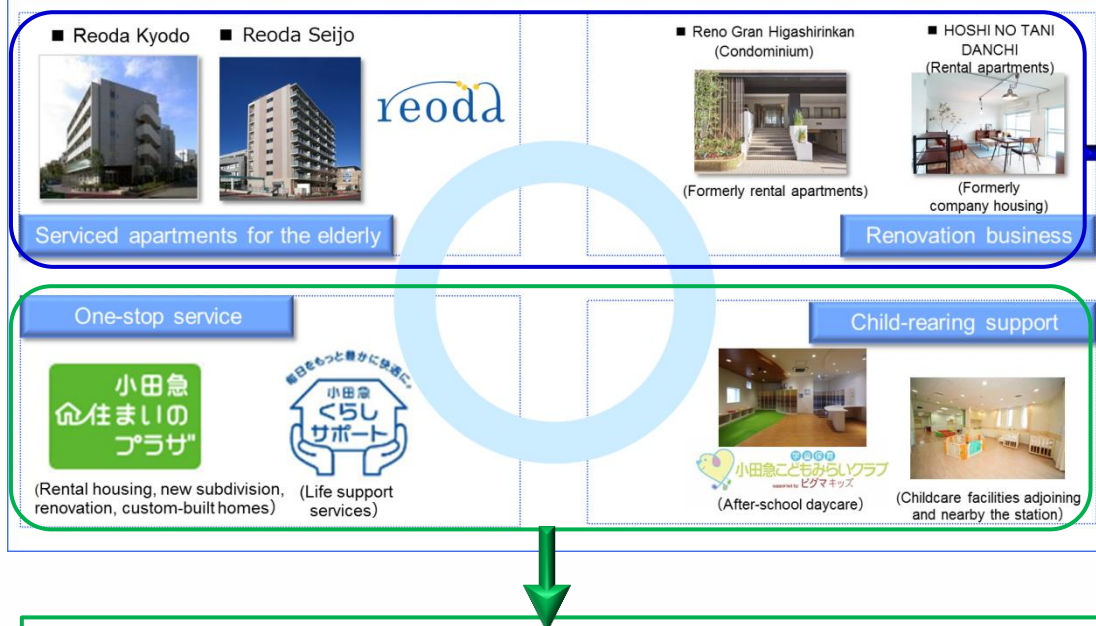


# Progress with the Medium-Term Management Plan

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

## Expansion of measures to realize a highly liveable railway line

### Promotion of relocation in areas along the Odakyu Line



### ■ Serviced apartments for the elderly

- Opening of two properties planned in FY2016

Dec. 2016 Reoda Shin-Yurigaoka  
Feb. 2017 Reoda Fujisawa



### ■ Renovation business

- Completion of two properties in FY2015

Jun. 2015 HOSHI NO TANI DANCHI  
Sept. 2015 Reno Gran Higashirinkan



### ■ One-stop service

#### ➢ Start of the Odakyu Line Residential Support Project

Project start: Apr. 2015

Major details: Setting up of a residential consulting center  
Vacant home management service in collaboration with a security company  
Consulting service through personal visits, etc.



#### ➢ Expansion of the Odakyu Kurashi Support service area

Timing: Apr. 2016

Expansion area: Parts of the Machida/Sagami-Ono/Yamato area

Completed areas: Setagaya area, Kawasaki/Tama area

### ■ Child-rearing support

#### ➢ Inauguration of Odakyu Child-Rearing Information Portal Site

Launch date: Jun.2015

Major details: Site to announce and accept applications for parent-child events

Topics about Odakyu Group's child-rearing support  
Q&A about child-rearing and advice from professionals

Links to Odakyu Group company sites



# Progress with the Medium-Term Management Plan

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

Consideration and implementation of redevelopment plans near core stations, consideration of redevelopment of the Shinjuku Station West Exit area to prevail in competition among cities

## Development plan of the district between stations in Ebina

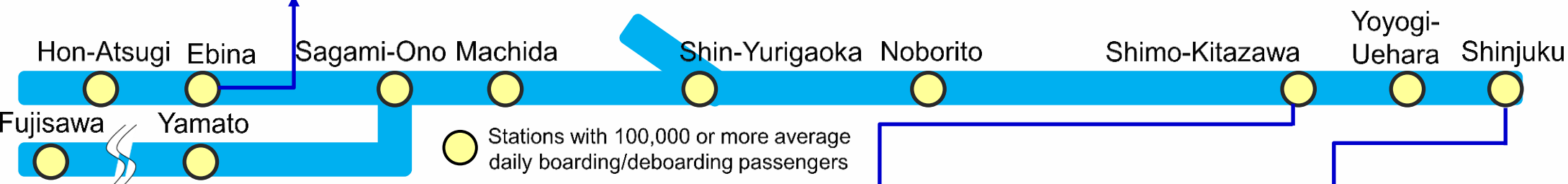
■ Development of an appealing community divided into a Residential Area and

### Prosperity Creation Area

- Site area: Approx. 35,000 m<sup>2</sup>
- Start: Second half FY2016 (planned)
- Completion: FY2025 (planned)



## Overall site plan



## Shimo-Kitazawa area aboveground land use project

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

- Community bustle and ease of getting around, community suitable for families with small children, culture
- Railway upper area : Approx. 27,500 m<sup>2</sup> (excluding cross streets and railway facilities)\*



Resia Daita Terrace completed Jan. 2016



## Shinjuku West Exit redevelopment plan

- Promotion of plan consideration
- Promotion of stakeholder discussions



# Progress with the Medium-Term Management Plan

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

## Capturing of demand from inbound foreign tourists and tourism demand

### Reinforcement of measures to capture demand from inbound tourists

\*1 Solid boxes indicate future initiatives.

\*2 Dotted boxes indicate results.

#### Enhancement of product competitiveness

- Enhancement of products / construction of sales floors and shops for foreigners at department store
- Enhancement of products and services for foreigners in the Hakone area
- Product creation by travel agency invitation
- Opening of new hotels

##### Recent key initiatives

- Start of sale of Limousine and Hakone FreePass
- Renewal of Fuji Hakone Pass, etc.

#### Strengthening of promotion

- Strengthening of promotion activities by means such as media invitations and ad placement
- Information dissemination on the Web and SNS

##### Recent key initiatives

- Participation in overseas international travel fairs
- Conclusion of friendship agreement between Enoshima Electric Railway and Taiwan Railways Administration
- Information dissemination to Muslim tourists
- Website and SNS Thai language support, etc.

#### Preparation of a reception structure

- Further enhancement of information signs, etc. in the Hakone and Enoshima/Kamakura areas
- Expansion of tax-free service at commercial facilities (employee education, hiring of foreign national employees)

##### Recent key initiatives

- Odakyu Sightseeing Service Center, Odawara
- Multilingualization of Hakone Freepass
- Start of acceptance of the Shinhan Card (a Korean card) at department stores, etc.

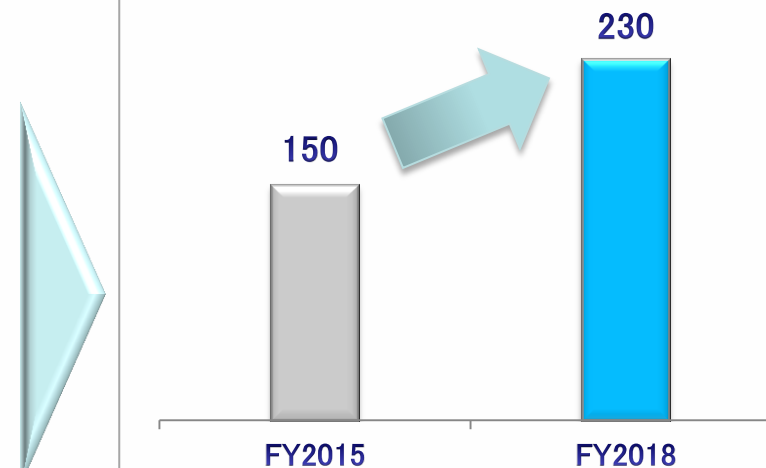
#### Sales channel expansion

- Strengthening of sales activities targeting overseas local travel agencies, etc.
- Development of overseas sales bases

##### Recent key initiatives

- Launch on Hong Kong Express flights (Limousine and Hakone Free Pass)
- Additional languages on e-Romancecar
- Mutual customer referral with Jiu-Guang Department Store (China), etc.

Aim for **revenue from operations of 23.0 billion yen** from inbound tourists in FY2018.



- Opening of an overseas representative office
  - Timing: During FY2016 (planned)
  - Location: Bangkok, Thailand

##### Examples of Main Initiatives

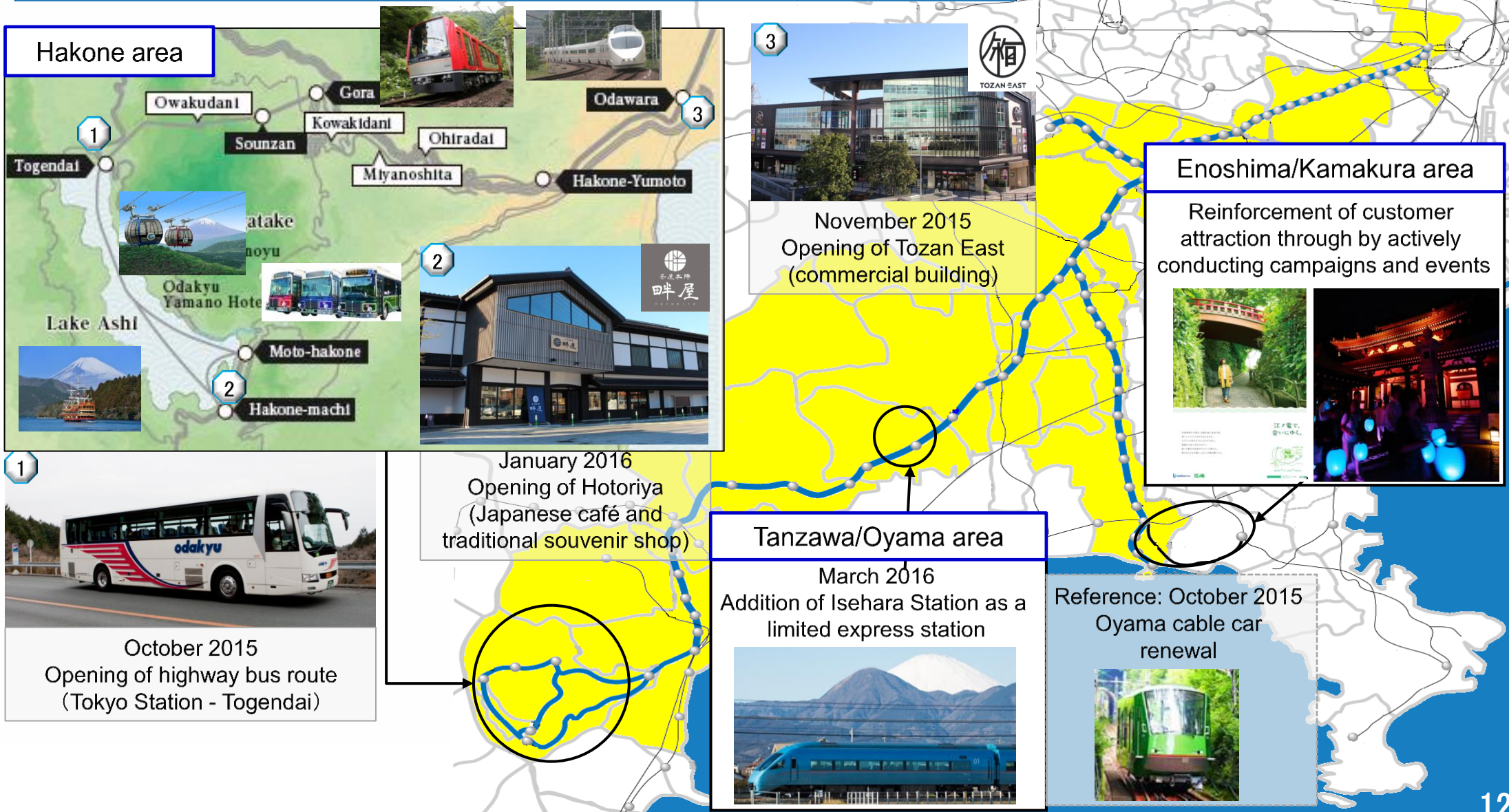
- Strengthening of collaboration with local travel agents
- Information gathering locally and in nearby countries

# Progress with the Medium-Term Management Plan

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

## Capturing of demand from inbound foreign tourists and tourism demand

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



**Hakone area**

- 1. October 2015: Opening of highway bus route (Tokyo Station - Togendai)
- 2. January 2016: Opening of Hotoriya (Japanese café and traditional souvenir shop)
- 3. November 2015: Opening of Tozan East (commercial building)

**Enoshima/Kamakura area**

- Reinforcement of customer attraction through by actively conducting campaigns and events
- Reference: October 2015 Oyama cable car renewal

**Tanzawa/Oyama area**

- March 2016: Addition of Isehara Station as a limited express station

Map labels: Togendai, Owakudani, Sounzan, Gora, Kowakidani, Ohtradal, Miyanoshita, Odawara, Hakone-Yumoto, Moto-hakone, Hakone-machi, Lake Ashi, Odakyu Yamano Hotel, Atake, noyu.

## Expansion of the hotel business

### Future direction

Growth in the number of inbound tourists and domestic and foreign tourism demand

### Business opportunities

Change in motivation to consume from tangible things to intangible services

Consolidation of UDS Ltd. (Expertise in hotel planning, design, and operation)

### Principal hotels operated by UDS Ltd.



HOTEL KANRA KYOTO



HOTEL EDIT YOKOHAMA

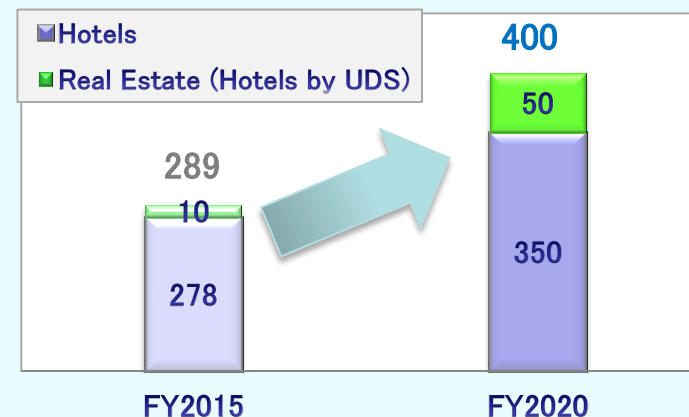
Utilization of expertise

Aim for approximately 10 store opening and operating income of 40.0 billion yen 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 locations : Areas where a certain measure of demand is 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.



## Expansion of the hotel business

### Example of utilization of the growth investment budget

#### ■ Acquisition of real estate in Kyoto

##### ➤ Overview of acquired properties

	Education facility	HOTEL KANRA KYOTO
Site area	1,086 sq m.	842 sq m.
Total floor area	6,627 sq m.	3,091 sq m.
Building completed	1988	1989 (2010 conversion)
No. of floors	5 aboveground, 3 underground floors	5 aboveground, 1 underground floors
Purchase price	Approx. 5.0 billion yen (including conversion investment)	

#### ■ Conversion into a hotel

##### ➤ Post-conversion facility overview (planned)

Name: HOTEL KANRA KYOTO

Opening: November 2016

Facilities: 68 guestrooms

(\*Currently 29 guestrooms)

Two restaurants

Café lounge

Site area: 1,928 m<sup>2</sup>

Total floor area: 9,718 m<sup>2</sup>



Main entrance



Current KANRA guestroom  
(Artist's impression of renovation)



Hotel front desk



## Opening of shops in new formats at department stores and supermarkets

### Opening of small stores (department stores)

#### ■ Additional store openings

- Aim to **open approximately 10 stores** by FY2018.

#### ■ FY2015 results

- Satellite stores (1 store)



Odakyu Department Store Oasis Atsugi

- Original merchandising shops (2 shops)



Desk my Style  
Futako-Tamagawa Store

#### ■ Development of a new original merchandising shop

- Planned opening of permanent stores after trial store opening and verification

Store name: at/7o (Atelier Nanamaru)

Store opening: March 2016

(trial opening at Odakyu Department Store Shinjuku)

Characteristics: A brand original merchandising shop that offers women's wear, fashion sundries, accessories, and cosmetic sundries



### Optimization of in-station businesses (supermarkets)

#### ■ Development in accordance with the different needs of each station

- A new store format with a product selection

Store name: Odakyu OX MART Shin-Yurigaoka Store

Store opening: Apr. 2016

Sales floor area: Approx. 192 m<sup>2</sup>

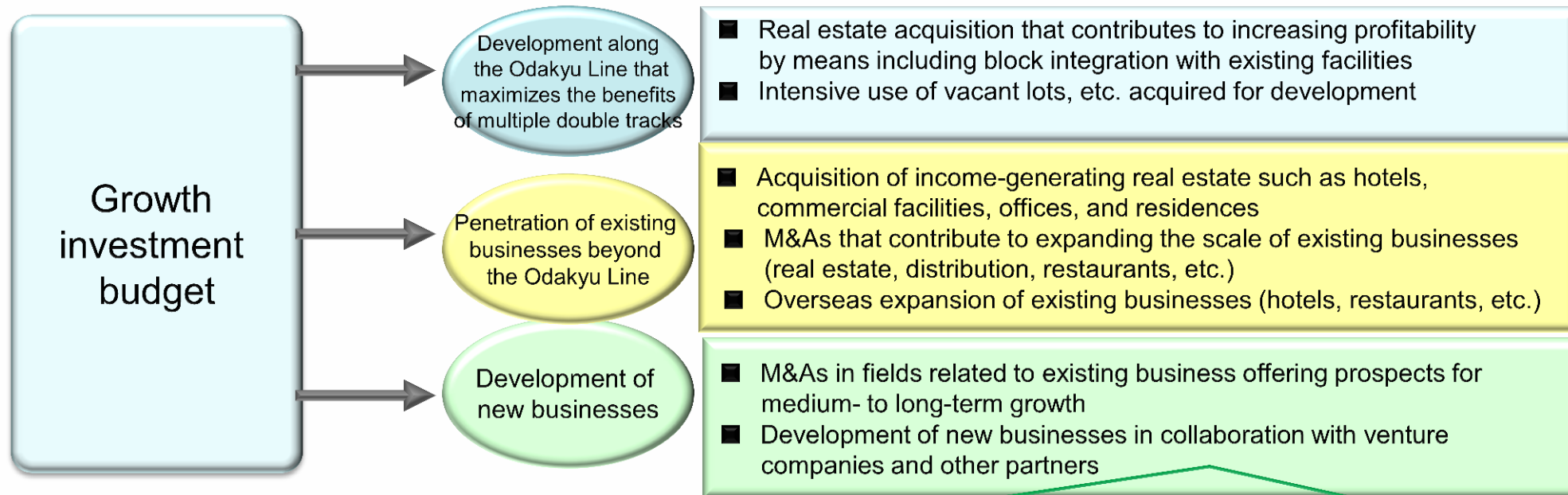


# Progress with the Medium-Term Management Plan

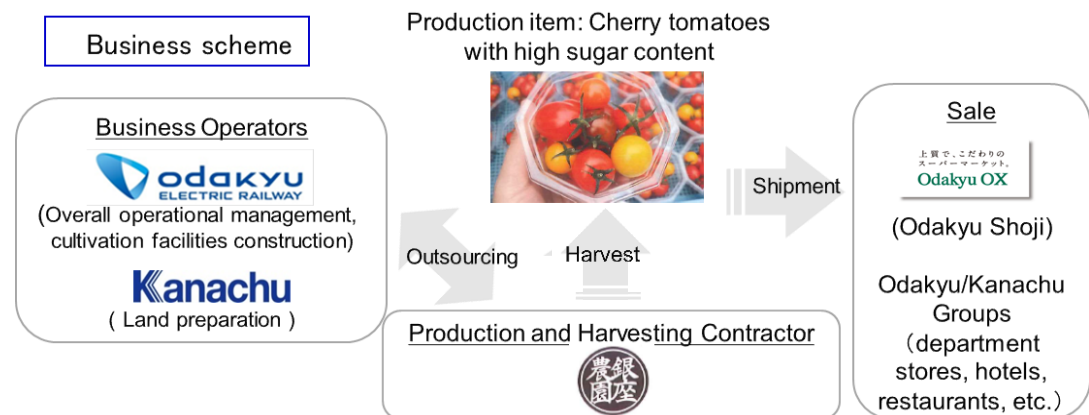
Theme II Sew and nurture seeds of growth by FY2020.

## Mergers and acquisitions and real estate acquisition through utilization of the growth investment budget

### Growth investment budget applications



### Entry into agribusiness



### Investment in a venture company

#### Investment in GINZA FARM Co., Ltd. and conclusion of a capital and business tie-up agreement

- Odakyu ownership ratio after investment: 8.1%
- Overview of capital and business tie-up
  - Agribusiness promotion
  - Direct sales business along the Odakyu Line, etc.

**GINZA FARM Co., Ltd. Company Profile**

Established: October 2007  
 Capitalization: 75 million yen  
 Sales: 370 million yen (FY2014)

**Business lines:**

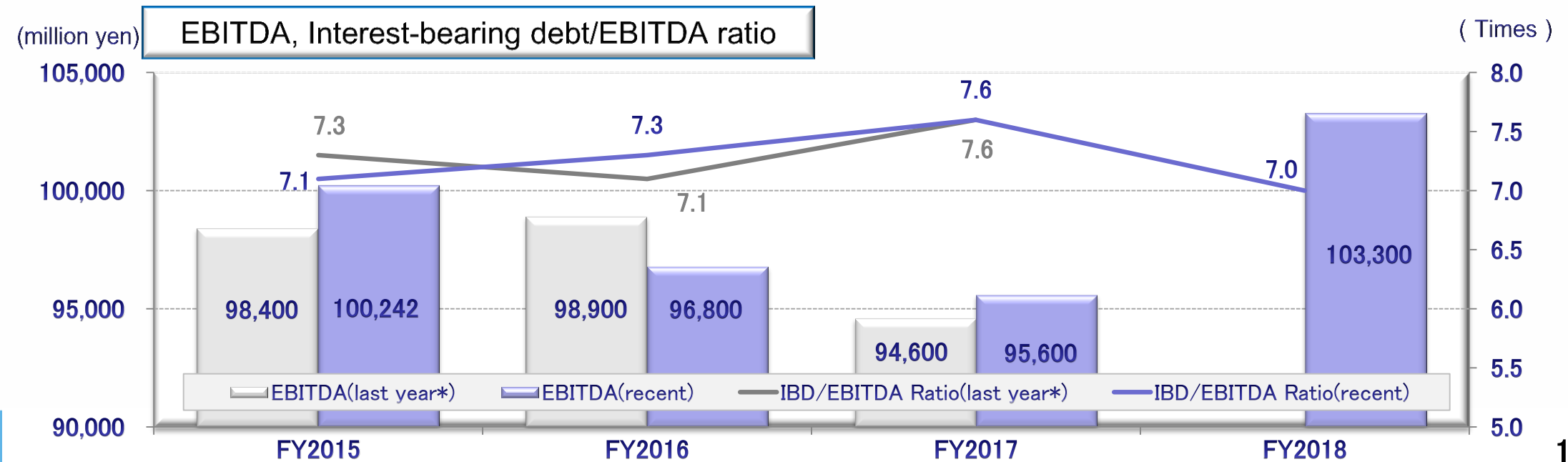
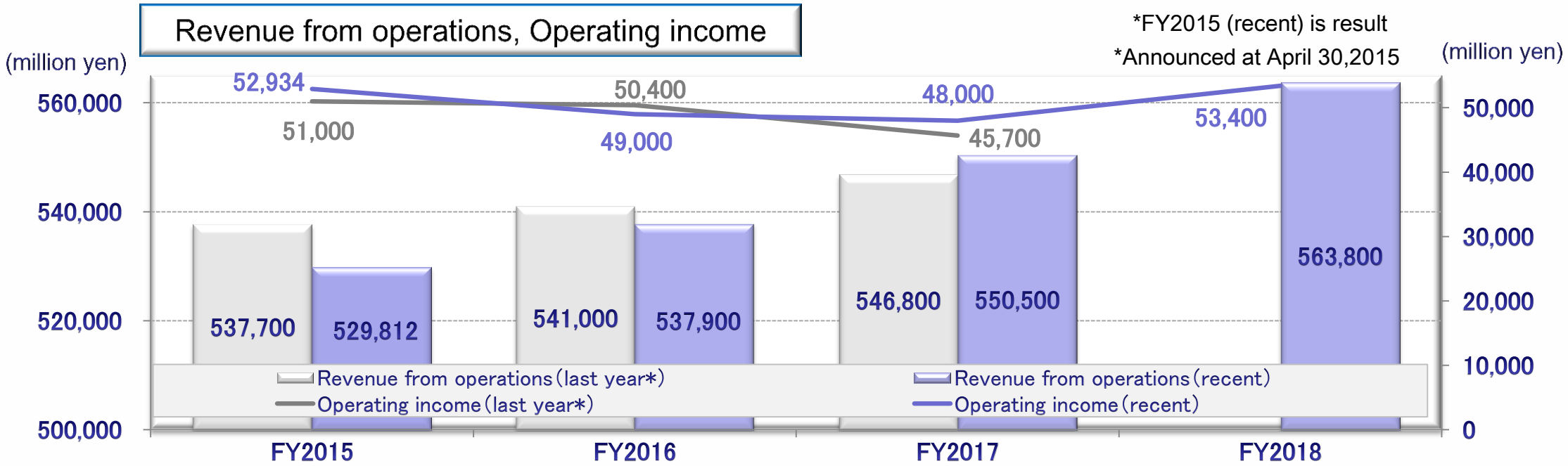
- Agricultural development
- Agricultural distribution
- Agricultural consulting



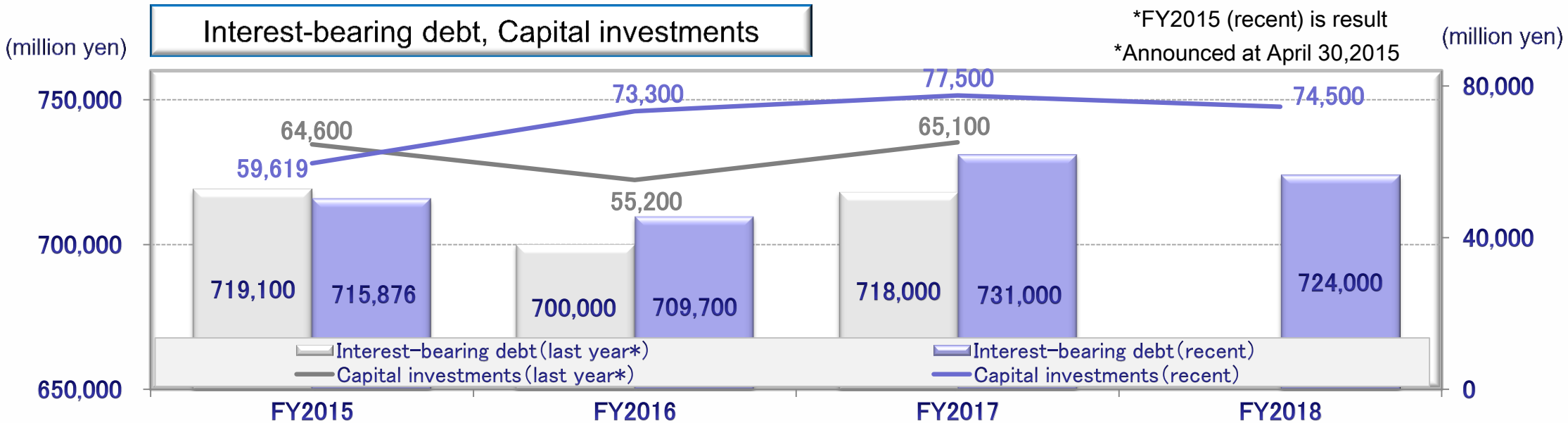


# Numerical plans in the Medium-Term Management Plan

# Numerical plans (consolidated basis)

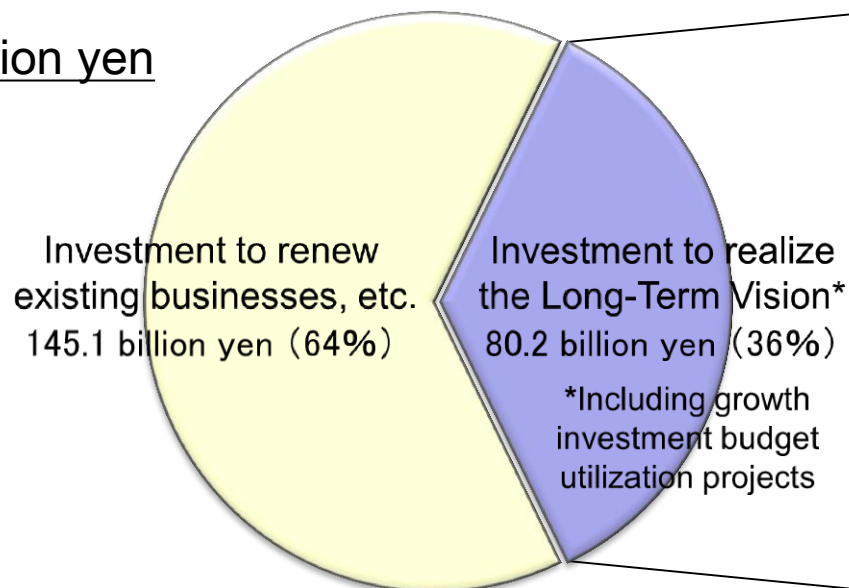


# Numerical plans (consolidated basis)

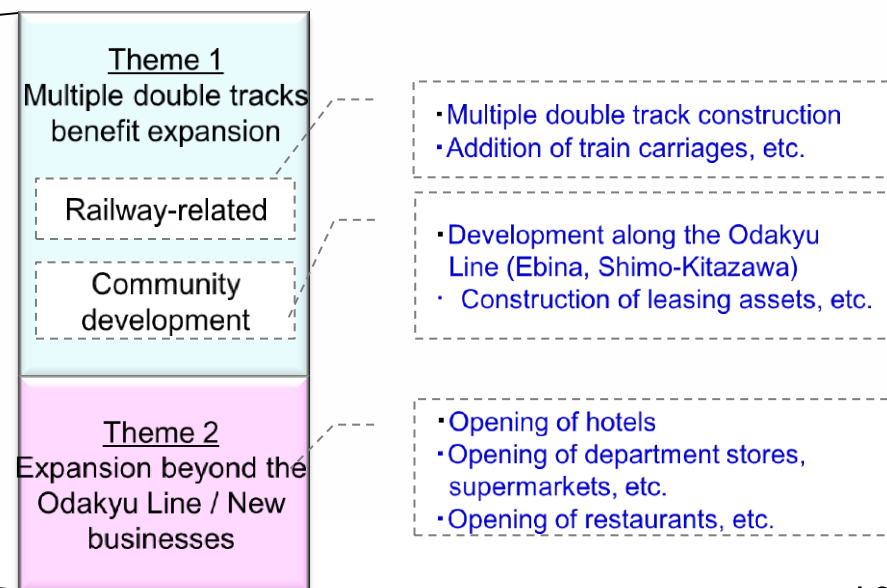


## Breakdown of capital investments (FY2016 to FY2018)

Total: 225.3 billion yen



## Breakdown of Investment to Realize the Long-Term Vision



# Numerical plans (consolidated basis)

(unit: million yen)	FY2015 (result)	FY2016 (forecast)	FY2017 (plan)	FY2018(plan)
Revenue from operations	529,812	537,900	550,500	563,800
Operating income	52,934	49,000	48,000	53,400
Ordinary income	45,695	43,400	42,300	46,400
Net income attributable to the owners of parent	27,497	28,400	27,700	30,300
Capital investments	59,619	73,300	77,500	74,500
Depreciation	47,307	47,800	47,600	49,900
EBITDA	100,242	96,800	95,600	103,300
Interest-bearing debt	715,876	709,700	731,000	724,000
Interest-bearing debt/EBITDA ratio	7.1	7.3	7.6	7.0

## [Reference\*]

ROA (%)	4.4	4.0	3.8	4.2
ROE (%)	10.1	9.8	8.9	9.1

\*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)

# Numerical plans (consolidated basis) – by segment -

(unit: million yen)

	FY2015 (result)	FY2016 (forecast)	FY2017 (plan)	FY2018(plan)
Transportation	168,303	173,000	173,600	177,900
Merchandising	225,012	228,400	233,300	238,600
Real Estate	73,002	72,300	77,900	78,700
Other Businesses	100,128	100,000	101,800	105,200
Elimination	△ 36,635	△ 35,800	△ 36,100	△ 36,600
Total revenue from operations	529,812	537,900	550,500	563,800

Transportation	29,795	27,400	25,800	28,700
Merchandising	3,911	4,100	4,300	4,900
Real Estate	13,190	12,000	11,800	13,000
Other Businesses	5,872	5,300	5,900	6,700
Elimination	164	200	200	100
Total operating income	52,934	49,000	48,000	53,400

# 小田急電鉄株式会社

## Forward-Looking Statements

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