

FY2009 Financial Results Presentation

Overcome the Recession and Go for Growth Again



May 19, 2009

Keihan Electric Railway Co., Ltd.

(Tokyo Stock Exchange 1st/ Osaka Securities Exchange 1st 9045 <http://www.keihan.co.jp/>)

[Notes on forecasts]

Descriptions of business forecasts and future prospects are based on current information and certain assumptions about factors that may affect future business. The actual results of operating performance may differ from these forecasts.

General Overview of Previous Medium-term Management Plan "Jump 21"



< Consolidated Results >

(Billions of yen, %, times)

	Jump21			Jump21 Numeric Targets
	FY2007	FY2008	FY2009	
Operating revenue	267.2	261.9	260.7	264.8
Operating income	21.2	17.4	14.6	19.8
Net income	7.8	8.3	7.4	8.0
ROA (Return on asset)	1.4	1.5	1.3	1.4
ROE (Return on equity)	5.7	6.2	5.7	5.0
Interest-bearing debt	267.0	272.2	292.8	-
Interest-bearing debt / EBITDA multiple	7.2	7.9	9.2	7.6
Equity Ratio	23.8	23.2	22.6	-
Capital investment	15.8	17.1	39.4	-

The numeric targets were not attained in the final year.

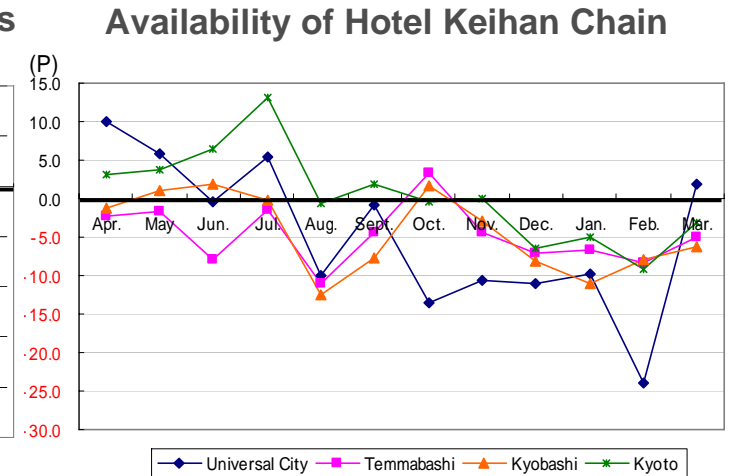
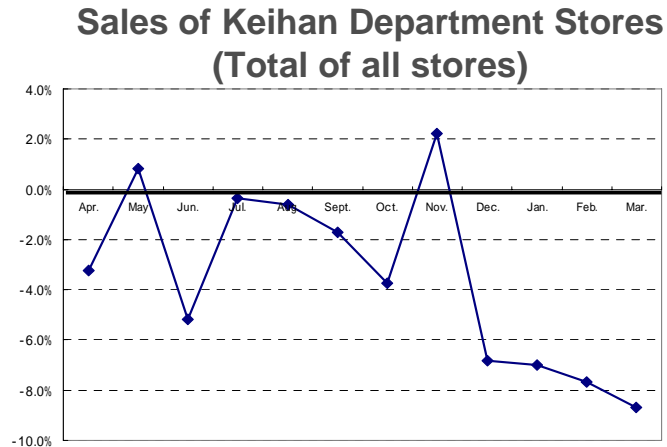
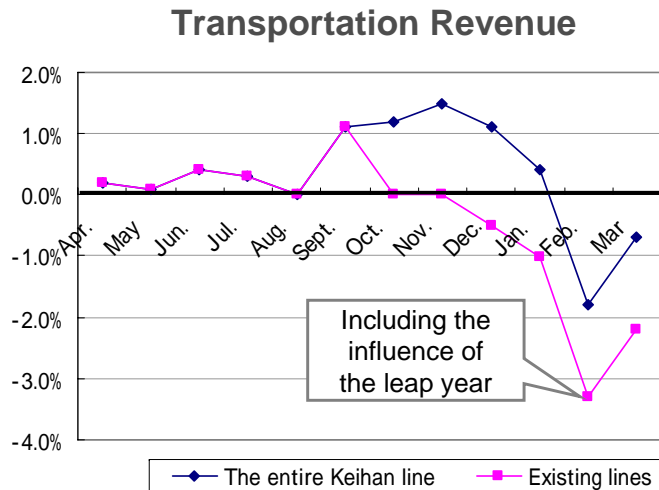
Nakanoshima line was successfully opened. However, the number of the passengers fell below our expectation.

For real estate, retail and hotel, advance preparation for future growth has begun.

Influence of Worldwide Recession



FY2009 Results (year-on-year)



Review management from both aspects of "Defense" and "Offense" and select what should be done to break out of the recession as early as possible.

First, review the "ATTACK 2011" plan

The Keihan Group Medium-term Management Plan

From FY2010 to FY2012

Review “ATTACK 2011”

Basic Concept

"Build up a Robust Management Base"
capable of conquering the difficulties and
"Realize the Growth for Our Vision" as early as possible.

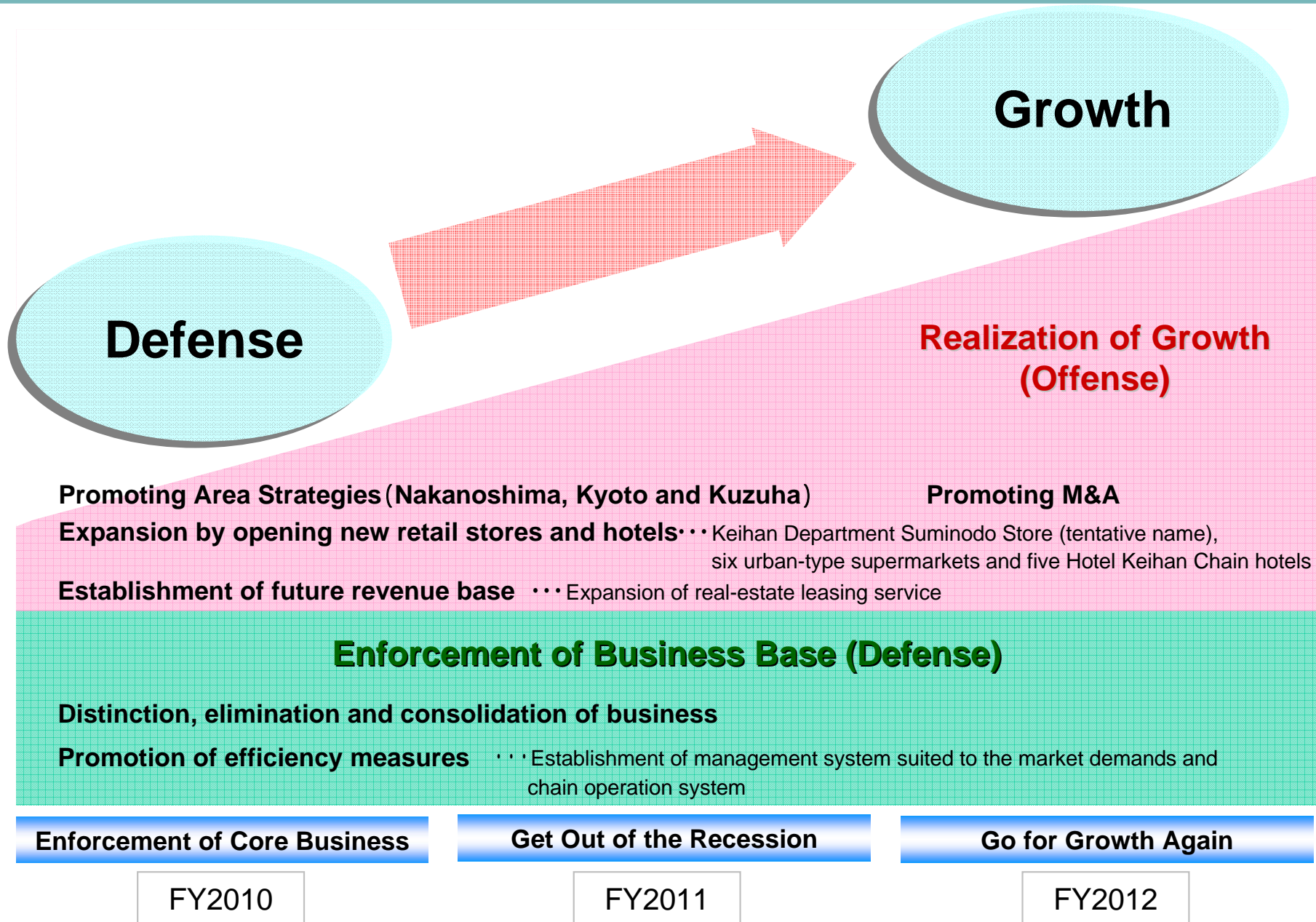
Enforcement of Business Base (Defense)

- Review and restructure **by distinction and concentration of business and assets**
- Aggressively reorganize and integrate the business for efficient management
- **Raise profitability and efficiency to the fullest**

Realization of Growth (Offense)

- Fortify competitiveness and **maximize cash flow** with autonomous management in respective business groups
- Prioritize the business of **real estate, retail and hotel**, and **concentrate our management resources on such business areas**
- Expand the area to be developed

Especially Focused Measures During the "ATTACK 2011"



Area Strategies

Improve Attractiveness of Keihan Area

To "Improvement of added value of domain area = 'Keihan (domain area) as First Choice' for Customers"

Most Important Areas :
Nakanoshima, Kyoto and Kuzuha



Improve area value



Promote town-developing,
continuing to be selected



Improve
Keihan Brand



- Form a sightseeing base by developing the front of the stations (Sanjo, Arashiyama, and Kyoto Tower)
- Expand the traffic network

· Promote KUZUHA MALL second stage plan



Value-improving measures are also promoted for Temmabashi, Kyobashi, HIRAKATA PARK and KORIEN as important area.

Area Strategies

Nakanoshima

Nakanoshima line opened on October 19

- The number of passengers fell below the initial expectation.



- (Factors)
 - Extension of sphere of train station to Nakanoshima peripheral area
 - Transition from existing lines (Yodoyabashi station and Kitahama station)
- } Fell below expectations



(Short-term) Promote PR activities to raise awareness of Nakanoshima line and create demand in collaboration with various events

(Medium-to-long term) Increase demand through raising residential population in Keihan domain area, including attractiveness improvement through development of the domain area

• Effect of the events held

Hikari-Renaissance : 28.9% increase in average number of Nakanoshima line passengers during the event period

Number of visitors: 1,380,500 (+20% year-on-year)

Also, the number of passengers at Nakanoshima station increased 1.5 to 1.8 times due to the opening of concerts at the Osaka International Construction Center etc.



Area Strategies

Nakanoshima

Expansion of Nakanoshima area

Cooperative development by Keihan and Obayashi in Nakanoshima

Construction of complex high-rise buildings containing a luxury hotel, offices, and commercial stores is planned.
 Development area: 5,480m²
 Scheduled opening: FY2013

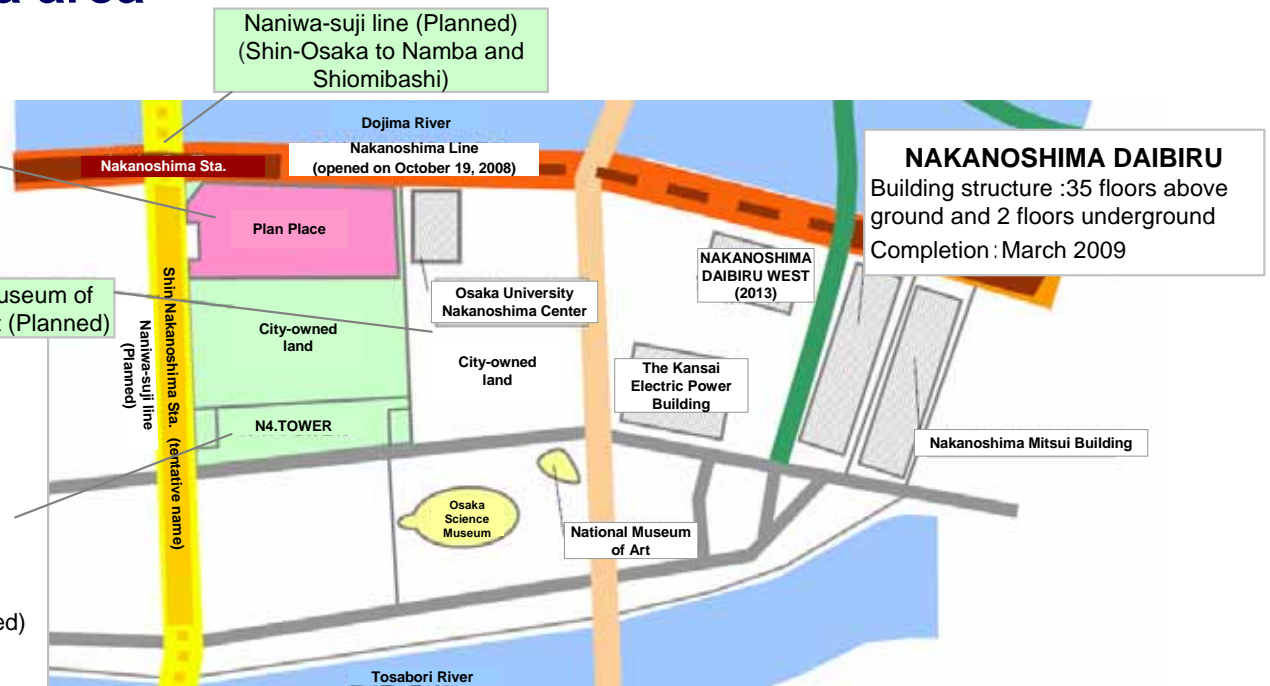


N4.TOWER

Cooperative development by Keihan Dentetsu Real Estate Co., Ltd. and Daikyo Incorporated
 Building structure: 34 floors above ground
 Number of units for sale: 343
 Number of residents: approx. 600
 Move-in day: September 2009 (Planned)

Osaka Museum of Modern Art (Planned)

Naniwa-suji line (Planned)
 (Shin-Osaka to Namba and Shiomibashi)



NAKANOSHIMA DAIBIRU

Building structure: 35 floors above ground and 2 floors underground
 Completion: March 2009



Aqua Metropolis Osaka 2009

Collaboration with events

SWATCH FIVE WORLD TOUR 2009 KEIHAN / SMFG JAPAN OPEN
 (From May 20 to 24)

The Louvre Museum Exhibition (From June 23 to September 23)

Cirque Du Soleil "Corteo" (July 29 to October 18)

Aqua Metropolis Osaka 2009 (August 22 to October 12) etc.

Area Strategies



Nakanoshima

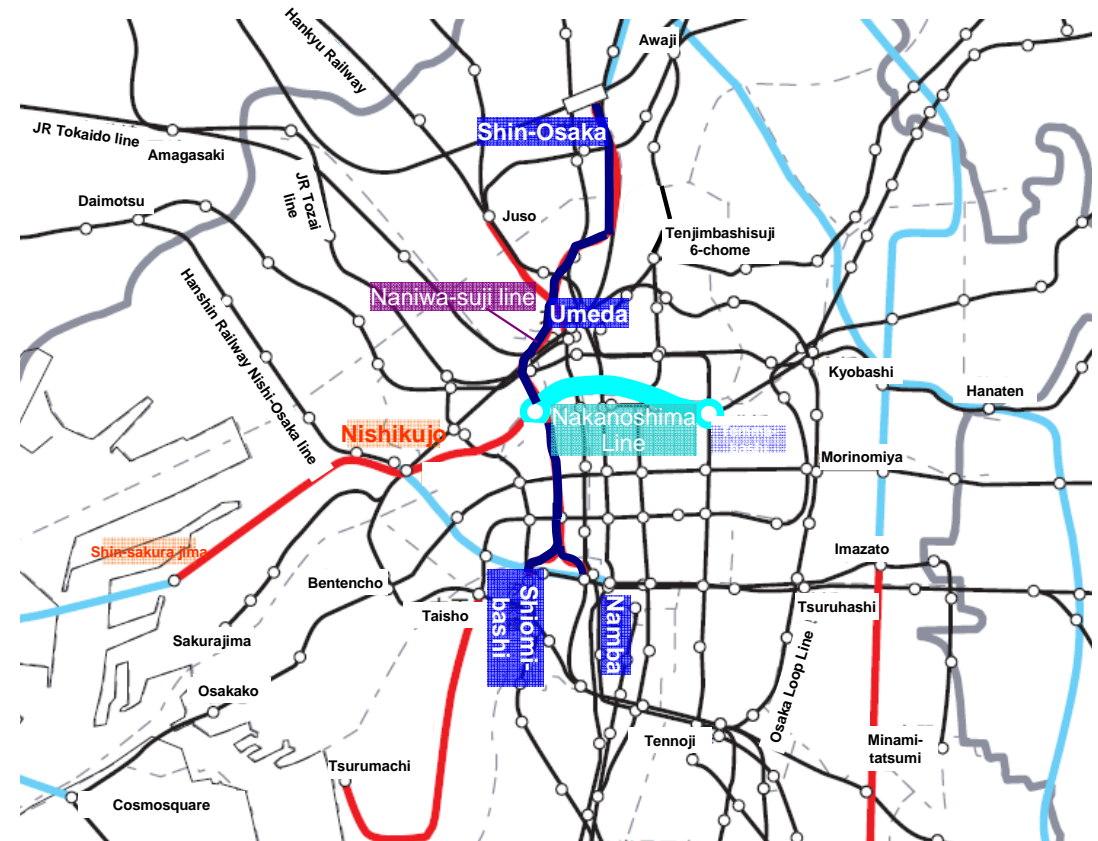
Induction effect from opening Nakanoshima line

Development plan controlled by government is progressing.

Planning of Osaka Museum of Modern Art

Planning of Naniwa-suji line
(Providing direct access between Umeda, Nakanoshima and Namba)

Also, development of Nakanoshima eastern district including Nakanoshima Park renewal, Hachikenyahama Nigiwai (crowded with people) facility plan, is progressing.



"New lines configuring the railway network are desirable for the medium and long term in Keihanshin area"
from Kinki Council for Regional Transport's report No. 8 (October 2004)

Recognizing that contribution to town-developing is a social mission for railway operating company, we will endeavor to intensively commit to this contribution in future.

Business Strategies



Transportation

Increase revenue and pursue efficient management based on safe and secure public traffic service



- Configure efficient management system with a view to the declining population in the future
- Configure convenient traffic networks through cooperation of railway, bus and taxi services
- Enrich the functions at the stations and services to increase revenue

(Billions of yen)

	FY2009 Results	FY2010 Forecast	FY2011 Plan	FY2012 Plan
Operating revenue	86.6	86.2	87.2	87.7
Operating income	6.7	6.0	6.2	7.5

**Go for a strong railway
in both management
and operation**

Business Strategies



Real Estate

Go for growth in leasing, short-term turnover and urban development, and establish a stable revenue base



Keihan Otemachi Building
(To be renamed in June 2009)

< Leasing service >

Acquire new favorably evaluated leasing buildings

Increase the value of retained properties by fortifying the asset and property and facility business

< Sales >

Reduce the stock of short-term turnover business and select next business sites



Fine Garden Square

(Billions of yen)

	FY2009 Results	FY2010 Forecast	FY2011 Plan	FY2012 Plan
Operating revenue	33.4	37.0	41.2	44.8
Sales	18.7	21.1	24.1	25.4
Leasing service	15.7	16.9	19.2	21.6
Operating income	7.3	7.0	7.5	9.0
Sales	1.4	0.4	0.4	1.1
Leasing service	5.8	6.4	6.9	7.8

**Fortification of managerial base
to achieve the vision**

Business Strategies



Retail

Expand the scale and go for highly profitable corporate group

Expand the sales scale and improve the gross margin rate
 Open new shops and promote M&A and business tie-ups
 Expand commercial property management business

Opening plan

Keihan Department Suminodo Store (tentative name)
 (To be opened in Autumn 2010)
 Urban-type supermarket ; six stores in total for three years



Keihan Department Suminodo Store (tentative name)

(Billions of yen)

	FY2009 Results	FY2010 Forecast	FY2011 Plan	FY2012 Plan
Operating revenue	103.9	102.5	133.1	140.0
Operating income	0.9	0.8	1.4	2.2
Operating income margin	0.9%	0.8%	1.1%	1.6%

Expand the scale and promote profitability for further growth

Business Strategies



Leisure and Service

Organizing the management structure and base to extend "Superior Business Hotel" market



Hotel Keihan Asakusa

Aiming at

"Ten hotels and 3,000 rooms."

Opening Plan

Hotel Keihan Sapporo (Opened in June 2009)
 Hotel Keihan Asakusa (To be opened in Autumn 2009)
 Two hotels in FY2011 and one hotel in FY2012 (Planned)

(Billions of yen)

	FY2009 Results	FY2010 Forecast	FY2011 Plan	FY2012 Plan
Operating revenue	37.6	40.5	44.7	47.2
Operating income	0	0.8	1.2	1.8

Configure chain hotel system and attain the improvement of revenue and income

Numeric Targets



	FY2009 Results	FY 2012 Targets	vs. FY2009	FY2012 Targets (announced in May 2008)
Consolidated operating revenue	14.6 billion yen	20.7 billion yen	6.1 billion yen	25 billion yen
Consolidated EBITDA	31.8 billion yen	42 billion yen	10.2 billion yen	45 billion yen
ROA (Return on assets)	2.6%	3.2%	0.6P	3.6%

Profitability targeted as a result of the management plan

	FY2009 Results	FY 2012 Targets	vs. FY2009	FY2012 Targets (announced in May 2008)
Consolidated net income	7.4 billion yen	8 billion yen	0.6 billion yen	10 billion yen
ROE (Return on equity)	5.7%	5.8%	0.1P	6.6%
Interest-bearing debt / EBITDA multiple	9.2 times	8.5 times	(0.7P)	8.7 times

Forecast of Consolidated Business Results



(1) Company-wide

	ATTACK 2011			
	FY2009 Results	FY2010 Forecast	FY2011 Plan	FY2012 Plan
Operating revenue	260.7 billion yen	260 billion yen	300.8 billion yen	314.6 billion yen
Operating income	14.6 billion yen	14.5 billion yen	16.3 billion yen	20.7 billion yen
Ordinary income	10.9 billion yen	8.9 billion yen	9.9 billion yen	13.9 billion yen
Net income	7.4 billion yen	5.3 billion yen	5.7 billion yen	8.0 billion yen
Net income per share	13.1yen	9.4 yen	10.1yen	14.2yen
Interest-bearing debt at end of fiscal year	292.8 billion yen	314.0 billion yen	337.8 billion yen	357.5 billion yen
Investments	39.4 billion yen	43.0 billion yen	50.4 billion yen	42.2 billion yen
EBITDA	31.8 billion yen	32.1 billion yen	36.4 billion yen	42.0 billion yen
Interest-bearing debt / EBITDA multiple	9.2 times	9.8 times	9.3 times	8.5 times
Equality ratio	22.6%	22.3%	21.3%	21.1%

Forecast of Consolidated Business Results

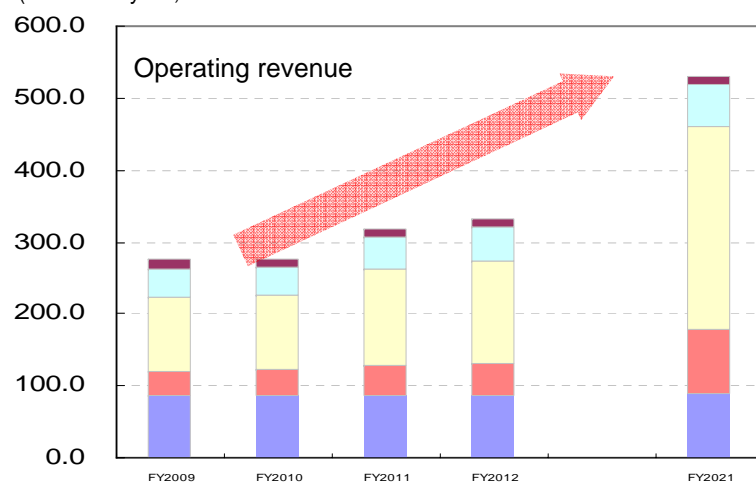


(2) Segment

(Billions of yen)

	Operating revenue				Operating income or loss			
	FY2009 Results	FY2010 Forecast	FY2011 Plan	FY2012 Plan	FY2009 Results	FY2010 Forecast	FY2011 Plan	FY2012 Plan
Transportation	86.6	86.2	87.2	87.7	6.7	6.0	6.2	7.5
Real estate	33.4	37.0	41.2	44.8	7.3	7.0	7.5	9.0
Retail	103.9	102.5	133.1	140.0	0.9	0.8	1.4	2.2
Leisure and service	37.6	40.5	44.7	47.2	0	0.8	1.2	1.8
Others	15.0	10.1	11.0	11.9	(0.1)	(0.1)	0	0.2
Elimination	(15.9)	(16.3)	(16.4)	(17.0)	(0.1)	0	0	0
Total	260.7	260.0	300.8	314.6	14.6	14.5	16.3	20.7

(Billions of yen)



(Billions of yen)

