

FY2012
(Fiscal year ended March 31, 2012)
Financial Results Presentation



May 16, 2012

Keihan Electric Railway Co., Ltd.

(Tokyo Stock Exchange 1st/Osaka Securities Exchange 1st

Securities Code: 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.

Overview of FY2012

Financial Results

Consolidated Statements of Income

(Millions of yen)

	FY2011	FY2012	Change	Main factors of changes	2011/11 Estimate
Operating revenue	259,511	265,629	6,118 (2.4%)	Transportation -2,746, Real estate +4,640, Retail +1,576, Leisure and service +2,289, Others -12	260,600
Operating income	16,269	18,160	1,891 (11.6%)	Transportation -26, Real estate +1,365, Retail +315, Leisure and service +44, Others +71	15,400
Ordinary income	11,846	13,580	1,734 (14.6%)	Non-operating income -130 (Dividends income -24, Amortization of negative goodwill -116) Non-operating expenses +27 (Interest expenses -193, Miscellaneous expenses +168)	10,500
Net income	6,478	7,005	526 (8.1%)	Extraordinary income -479 (Gain on sales of fixed assets -265, Compensation income for expropriation -157) Extraordinary loss +88 (Impairment loss +1,222, Loss on revision of retirement benefit plan -1,074)	6,500

ROA	2.7%	2.9%	0.2pt	ROA: Operating income to total assets	-
ROE	4.9%	5.1%	0.2pt	ROE: Net income to shareholders' equity	-
EBITDA	33,985	36,269	2,284 (6.7%)	EBITDA: Operating income +depreciation	33,600
Depreciation	17,715	18,109	393 (2.2%)		18,200
Capital expenditures	29,781	32,487	2,705 (9.1%)		33,800

[Changes in scope of consolidation and application of the equity method (from the previous fiscal year end)]

Consolidated subsidiaries: 36 companies (No change):

New: 3 companies

KB Enterprise Co., Ltd. (absorbed Keihan Bus Service Co., Ltd.), Kyoto Century Hotel Co., Ltd. (shares acquired by Keihan

Electric Railway Co., Ltd.),

Eastern Kogyo Co., Ltd. (shares acquired by Keihan Electric Railway Co., Ltd.)

Eliminated: 3 companies Keihan Bus Service Co., Ltd. (merged with KB Enterprise Co., Ltd.), Keihan Financial Management Co., Ltd. (merged with Keihan Electric Railway Co., Ltd.),

Keihan Travel Service Co., Ltd. (liquidated)

Equity method affiliates: 2 companies (No changes)

Consolidated Balance Sheets

(Millions of yen)

	FY2011	FY2012	Change	Main factors of changes
Current assets	132,791	137,064	4,272	Land and buildings for sale +9,302 Notes and accounts receivable +4,447 Cash and deposit -8,227
Fixed assets	473,437	505,438	32,000	Property, plant and equipment (Newly-purchased buildings, etc.) +27,375
Total assets	606,229	642,502	36,273	
Current liabilities	176,890	184,947	8,056	Short-term loans +16,244 Current portion of bonds -9,867
Long-term liabilities	292,985	311,767	18,781	Bonds +20,309 Long-term loans +3,464 Deferred tax liabilities for land revaluation -5,109
Total liabilities	469,876	496,714	26,838	
Net assets	136,352	145,788	9,435	Retained earnings +4,321 Revaluation reserve for land +5,088 *Equity capital ratio 22.3% (0.2pt)
Total liabilities and net assets	606,229	642,502	36,273	
Interest-bearing debt at end of fiscal period	310,269	335,864	25,595	Loans payable +19,709 Bonds +10,442 Long-term accounts payable -2,555 Short-term bonds payable -2,000
Interest-bearing debt / EBITDA multiple (Times)	9.1	9.3	0.2	

*Interest-bearing debt: Loans payable + bonds + short-term bonds payable + accounts payable for Japan Railway Construction, Transport and Technology Agency (JR TT)

Consolidated Statements of Cash Flows

(Millions of yen)

	FY2011	FY2012	Change	Main factors of changes
Operating cash flows	27,558	14,818	-12,739	Changes in inventories -6,638 Income taxes paid -3,906 Changes in notes and accounts receivable -3,276
Investing cash flows	-26,044	-40,872	-14,827	Purchase of investments in subsidiaries resulting in change in scope of consolidation -9,475 Purchase of fixed assets -6,327
Financing cash flows	-3,776	18,420	22,196	Proceeds from long-term loans 14,893 Proceeds from issuance of bonds 9,967 Changes in short-term loans 9,749 Redemption of bonds -9,696
Net increase (decrease) in cash and cash equivalents	-2,262	-7,633	-5,370	
Increase in cash and cash equivalents resulting from merger with non-consolidated subsidiaries	12	13	1	
Cash and cash equivalents at end of fiscal period	26,746	19,127	-7,619	

Segment Information

(Millions of yen)

	FY2011	FY2012	Change	Change (%)	2011/11 Estimate
Operating revenue	259,511	265,629	6,118	2.4	260,600
Transportation	94,605	91,858	-2,746	-2.9	90,900
Real estate	56,801	61,442	4,640	8.2	59,500
Retail	96,060	97,637	1,576	1.6	96,900
Leisure and service	22,641	24,931	2,289	10.1	24,500
Others	1,339	1,327	-12	-0.9	1,300
Elimination	-11,937	-11,566	370	-	-12,500

Operating income	16,269	18,160	1,891	11.6	15,400
Transportation	5,766	5,740	-26	-0.5	4,900
Real estate	8,820	10,186	1,365	15.5	8,800
Retail	1,604	1,919	315	19.7	1,400
Leisure and service	368	413	44	12.0	400
Others	-279	-207	71	-	-100
Elimination	-11	109	120	-	0

Results of Transportation

(Millions of yen)

	FY2011	FY2012	Change	Change (%)	Main factors of changes	2011/11 Estimate
Operating revenue	94,605	91,858	-2,746	-2.9	Railway operation 78,894 (-1,056) Bus 25,379 (+1,007) Taxi - (-2,071)	90,900
Operating income	5,766	5,740	-26	-0.5	Railway operation 5,461 (-269) Bus 91 (+30) Taxi - (+64)	4,900
Depreciation	11,846	12,019	172	1.5		-
Capital expenditures	13,730	9,321	-4,409	-32.1		-

- Taxi business sold on October 1, 2010
- Bus business: Effect of revenue increase resulting from merger with non-consolidated subsidiary 837 million yen

<< Operating results for transportation (Keihan Electric Railway) >>

	Number of passengers (Thousands of people)				Passenger transportation revenue (Millions of yen)			
	FY2011	FY2012	Change	Change (%)	FY2011	FY2012	Change	Change (%)
Non-commuter passes	144,395	144,826	431	0.3	33,866	33,757	-109	-0.3
Commuter passes	136,204	134,568	-1,636	-1.2	16,015	15,798	-216	-1.4
Total	280,599	279,394	-1,205	-0.4	49,881	49,555	-326	-0.7

Results of Real Estate

(Millions of yen)

	FY2011	FY2012	Change	Change (%)	Main factors of changes	2011/11 Estimate
Operating revenue	56,801	61,442	4,640	8.2	Real estate 48,532 (+3,403) Construction 13,379 (+1,347)	59,500
Operating income	8,820	10,186	1,365	15.5	Real estate 10,089 (+1,414) Construction 262 (+150)	8,800
Depreciation	3,798	3,844	45	1.2		-
Capital expenditures	11,309	21,382	10,073	89.1	FY2012 : New leasing properties, etc.	-

<<Results by business>>

(Millions of yen)

	Operating revenue				Operating income			
	FY2011	FY2012	Change	Change (%)	FY2011	FY2012	Change	Change (%)
Real estate sales	31,487	33,404	1,917	6.1	1,617	2,910	1,293	80.0
Real estate leasing service	13,641	15,127	1,485	10.9	7,057	7,178	121	1.7
Total	45,128	48,532	3,403	7.5	8,674	10,089	1,414	16.3

<<Main condominium buildings for sale>>

(Millions of yen)

Name	Sales amount	Number of units sold	Location
Grand First Senri Momoyamadai	5,126	207	Suita city, Osaka
Bijours Biwako	3,348	119	Otsu city, Shiga
Fine Residence Mita	2,988	51	Minato ward, Tokyo
La Breise Keihan-Makino	2,919	118	Hirakata city, Osaka
Fine Residence Nishiarai	1,356	41	Adachi ward, Tokyo

<<New leasing properties>>

Name	Acquired date	Location
Eastern Building	January 2012	Minato ward, Tokyo
Toranomon 5 Mori Building	August 2011	Minato ward, Tokyo
Mikami Building	June 2011	Setagaya ward, Tokyo
Eishin Building	April 2011	Chiyoda ward, Tokyo
Keihan Midosuji Building	September 2010	Chuo ward, Osaka city

Eastern Building became part of the portfolio following the acquisition of shares in the building's owner, Eastern Kogyo Co., Ltd.

Results of Retail

(Millions of yen)

	FY2011	FY2012	Change	Change (%)	Main factors of changes	2011/11 Estimate
Operating revenue	96,060	97,637	1,576	1.6	Department store 54,320 (+2,362) Store 28,179 (-1,094) Shopping mall management 11,463 (+452) Restaurant 6,561 (-247)	96,900
Operating income	1,604	1,919	315	19.7	Department store 365 (-6) Store 628 (+137) Shopping mall management 853 (+127) Restaurant 53 (+59)	1,400
Depreciation	1,182	1,219	37	3.2		-
Capital expenditures	3,721	922	-2,798	-75.2	FY2011: Keihan Department Suminodo Store, etc.	-

• Shopping mall management: Oct 1, 2010 Attraction of FOREVER 21 (Commercial building in Shibuya ward, Tokyo / Previous HMV Shibuya)

<< Major New Properties >>

Name	Opening date	Location
SWEETS BOX LUCUA Osaka Store	May 1, 2011	Kita ward, Osaka City
Keihan Department Suminodo Store	October 8, 2010	Daito city, Osaka
SWEETS BOX Tambabashi Store	September 24, 2010	Fushimi ward, Kyoto city
Hakodate Ichiba AEON Mall Kyoto Hana Store	April 21, 2010	Ukyo ward, Kyoto city

<< Main Stores Closed >>

Name	Closing date	Location
UNIQLO Tennouji Subway Station Store	December 31, 2011	Abeno ward, Osaka city
FREST Owada	October 22, 2010	Kadoma city, Osaka

<< Sales of Department Store >>

(Millions of yen)

Store	Sales amount	Change
Moriguchi Store	24,510	-283
Kuzuha Store	10,194	258
Kyobashi Store	7,487	-181
Hirakata Store	6,637	249
Suminodo Store	4,873	2,321
Miscellaneous revenue	616	-1
Total	54,320	2,362

<< Sales of Store >>

(Millions of yen)

Division	Sales amount	Change
Store	12,252	-542
Convenience store	5,873	13
Kiosk	876	-103
Station business	8,145	-490
Miscellaneous revenue	1,030	28
Total	28,179	-1,094

Results of Leisure and Service

(Millions of yen)

	FY2011	FY2012	Change	Change (%)	Main factors of changes	2011/11 Estimate
Operating revenue	22,641	24,931	2,289	10.1	Hotel 20,312 (+2,208) Leisure 4,771 (+29)	24,500
Operating income	368	413	44	12.0	Hotel 389 (+168) Leisure 190 (+51)	400
Depreciation	886	1,023	136	15.4		-
Capital expenditures	1,031	835	-196	-19.0		-

<< Hotel occupancy rates >>

		FY2011	FY2012	Change	Number of rooms	Remarks
Hotel Keihan	Kyobashi	89.4%	93.1%	3.7pt	214	
	Temmabashi	75.2%	82.0%	6.8pt	317	
	Kyoto	91.5%	92.5%	1.0pt	286	
	Universal City	77.1%	78.0%	0.9pt	330	
	Universal Tower	69.8%	78.3%	8.5pt	641	
	Asakusa	85.7%	87.8%	2.1pt	178	
	Sapporo	79.5%	90.8%	11.3pt	200	
Biwako Hotel		73.2%	79.1%	5.9pt	171	
Kyoto Tower		87.9%	90.0%	2.1pt	583	
Kyoto Century Hotel		-	89.0%	-	220	July 25, 2011 Acquisition of shares
Total		-	-	-	3,140	

Non-consolidated Statements of Income

(Millions of yen)

	FY2011	FY2012	Change	Change (%)	Main factors of changes
Operating revenue	74,936	78,809	3,872	5.2	
Railway operation	53,188	52,821	-367	-0.7	Number of passengers -0.4% Passenger transportation revenue -0.7%
Subsidiary business	21,748	25,987	4,239	19.5	
Real estate sales	5,627	8,974	3,347	59.5	Condominium buildings for sale +4,869 (Grand First Senri Momoyamadai +5,126)
Real estate leasing service	13,641	14,785	1,143	8.4	New leasing properties and others
Leisure	2,479	2,228	-251	-10.1	Number of visitors in Hirakata Park -15.0%
Operating income	12,537	12,847	310	2.5	
Railway operation	5,807	5,773	-33	-0.6	
Subsidiary business	6,729	7,073	344	5.1	
Real estate sales	-113	456	569	-	
Real estate leasing service	7,057	7,019	-37	-0.5	
Leisure	-213	-402	-188	-	
Ordinary income	8,897	9,237	339	3.8	Non-operating income +379 (Interest and dividends income +263) Non-operating expenses +349 (Provision of allowance for doubtful accounts +283)
Net income	4,107	4,469	361	8.8	Extraordinary income +258 (Gain on sales of investment securities +281) Extraordinary loss -1,029 (Loss on revision of retirement benefit plan -1,074, Loss on valuation of stocks of subsidiaries and affiliates -374, Impairment loss +595)

FY2013 Forecasts

Forecast of Consolidated Business Results (1)

(Millions of yen)

	FY2012 Results	FY2013 Forecast	Change	Change (%)	Main factors of changes
Operating revenue	265,629	268,900	3,270	1.2	Transportation +441, Real estate +4,257, Retail -1,737, Leisure and service +568
Operating income	18,160	17,600	-560	-3.1	Transportation -140, Real estate -386, Retail -519, Leisure and service +86
Ordinary income	13,580	12,200	-1,380	-10.2	Non-operating income -582 Non-operating expenses +238
Net income	7,005	7,400	394	5.6	Extraordinary income -1,151 Extraordinary loss -2,850
Capital expenditure	32,487	24,800	-7,687	-23.7	[Breakdown of capital expenditures]
Depreciation	18,109	17,300	-809	-4.5	Transportation 12,400 (+3,078)
EBITDA	36,269	34,900	-1,369	-3.8	Real estate 9,800 (-) 11,582
Interest-bearing debt	335,864	343,300	7,435	2.2	Retail 1,000 (+77)
					Leisure and service 1,400 (+564)
					Corporate, etc. 200 (+175)
Interest-bearing debt / EBITDA multiple (Times)	9.3	9.8	0.5	-	<<Main capital expenditures for FY2013>> (Transportation) Investment on our railway 7,671 (Real estate) Investment on our real estate 9,699

Forecast of Consolidated Business Results (2)

<< By segment >>

(Millions of yen)

	FY2012 Results	FY2013 Forecast	Change	Change (%)	Main factors of changes
Operating revenue	265,629	268,900	3,270	1.2	
Transportation	91,858	92,300	441	0.5	Bus +153, Railway operation -343
Real estate	61,442	65,700	4,257	6.9	Real estate management +2,106 Real estate sales +1,205 Real estate leasing service +1,051 Construction -261
Retail	97,637	95,900	-1,737	-1.8	Store -661 Shopping mall management -572 Department store -399
Leisure and service	24,931	25,500	568	2.3	Hotel +574
Others	1,327	1,500	172	13.0	
Elimination	-11,566	-12,000	-433	-	

Operating income	18,160	17,600	-560	-3.1	
Transportation	5,740	5,600	-140	-2.4	Bus -72, Railway operation +49
Real estate	10,186	9,800	-386	-3.8	Real estate sales -707 Construction -276 Real estate leasing service +349 Real estate management +15
Retail	1,919	1,400	-519	-27.1	Shopping mall management -217 Department store -159 Store -100
Leisure and service	413	500	86	21.0	Hotel +246
Others	-207	0	207	-	
Elimination	109	300	190	-	

Forecast of Non-Consolidated Business Results

(Millions of yen)

	FY2012 Results	FY2013 Forecast	Change	Change (%)	Main factors of changes
Operating revenue	78,809	83,000	4,190	5.3	
Railway operation	52,821	52,200	-621	-1.2	Number of passengers -1.2% Passenger transportation revenue -1.1%
Subsidiary business	25,987	30,800	4,812	18.5	
Operating income	12,847	12,940	92	0.7	
Railway operation	5,773	5,590	-183	-3.2	
Subsidiary business	7,073	7,350	276	3.9	
Ordinary income	9,237	8,990	-247	-2.7	Non-operating income -120 Non-operating expenses +219
Net income	4,469	5,750	1,280	28.7	Extraordinary income -1,115 Extraordinary loss -2,383

<< Forecast of operating results for transportation (Keihan Electric Railway) >>

	Number of passengers (Thousands of people)				Passenger transportation revenue (Millions of yen)			
	FY2012 Results	FY2013 Forecast	Change	Change (%)	FY2012 Results	FY2013 Forecast	Change	Change (%)
Non-commuter passes	144,826	144,040	-786	-0.5	33,757	33,554	-203	-0.6
Commuter passes	134,568	131,869	-2,699	-2.0	15,798	15,480	-318	-2.0
Total	279,394	275,909	-3,485	-1.2	49,555	49,034	-521	-1.1

TOPICS

Keihan Group's Medium-term Management Plan (FY2013-2015)

The Previous Medium-term Management Plan (FY2010-2012) Summary of ATTACK 2011



(Billions of yen)

Numeric targets (consolidated basis)	FY2012 Targets	FY2012 Results	Vs. Targets
Operating income	20.7	18.1	-2.6
EBITDA	42.0	36.2	-5.8
ROA (Operating income to total assets)	3.2%	2.9%	-0.3 pt
Net income	8.0	7.0	-1.0
ROE (Net income to shareholders' equity)	5.8%	5.1%	-0.7 pt
Interest-bearing debt /EBITDA multiple (Times)	8.5	9.26	0.76 pt

[Issues to be addressed in Medium-term Management Plan (FY2013–2015)]

Build an operating structure strong enough to counter a shrinking market due to population decline, intensifying competition, and sudden deterioration in the operating environment.

Work to halt the decline in the number of passengers and implement measures to stimulate growth.

Improve the consolidated interest-bearing debt/EBITDA multiple by driving a recovery in earnings power.

1. Basic Policy in Medium-term Management Plan

Over the next three years, we will implement measures to counter the shrinking market due to population decline and any sudden deterioration in the operating environment, and to support the future development of the Keihan Group.



Basic Policy

**Building the foundations for a strong Keihan
for the next 100 years**

2. Issues to be Addressed

(1) Ensure safety and increase risk management capabilities

1. Improve safety on the railways
2. Increase the Group's crisis response capabilities for an event such as a major natural disaster

(2) Expand the business by reviving railways via development along the Keihan Railway lines and utilizing related expertise

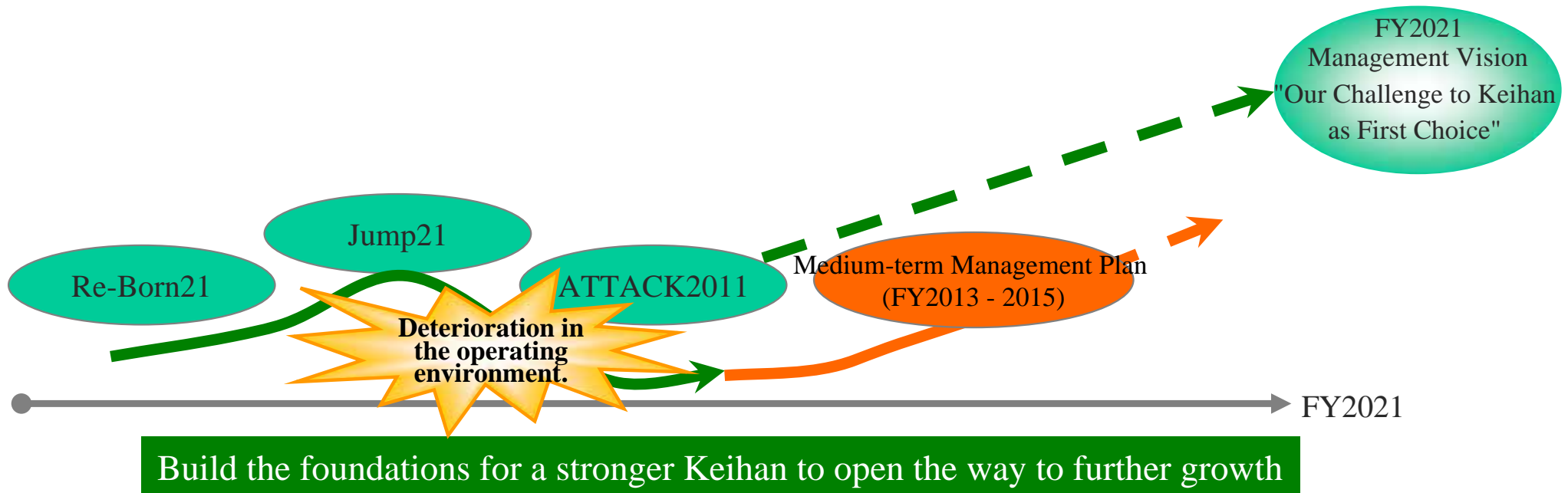
1. Revitalize areas along the Keihan Railway lines
2. Develop a future vision for the transportation business, including stronger links with other modes of transport
3. Establish new businesses using expertise built up over many years

(3) Strengthen the operating structure

1. Create a structure that maximizes profits
2. Deliver extensive efficiency gains

Positioning of Medium-term Management Plan (FY2013- 2015)

Re-Born21 (FY2003 – FY2006)	Jump21 (FY2007 – FY2009)	ATTACK 2011 (FY2010 – FY2012)	Medium-term Management Plan (FY2013 – 2015)
The Keihan Group Rebirth Plan Go for profitable growth	Reinforcement of profitability for growth Improve management quality and set our business on the road to growth as early as possible	“Build up a Robust Management Base” capable of conquering the difficulties and “Realize the Growth towards Our Vision” as early as possible.	Build the foundations for a strong Keihan for the next 100 years



3. Corporate Strategy

(1)

Strengthen the operating structure through extensive efficiency gains

1. Operating divisions

Create an efficient operating system through a radical review of the business structure

Overhaul business approaches

Restructure and integrate businesses in the Group

Exit unprofitable businesses or businesses with limited potential

2. Administrative divisions

Achieve extensive efficiency gains through cost control

Create a lean head office at Keihan Electric Railway by reducing the size of administrative divisions

Reduce costs in administrative divisions at Group companies

3. Corporate Strategy

(2)

Revitalize areas along the Keihan Railway lines

1. Push ahead with site development

Push ahead with the creation of highly livable areas by developing strategic sites such as the KUZUHA MALL second-stage development plan in order to ensure areas along our lines continue to be chosen by the public well into the future

2. Implement our Kyoto strategy

Establish a position as the leading company in Kyoto so that customers always associate Keihan with Kyoto

3. Promote new businesses to develop areas along rail lines

Promote lifecycle support businesses to create areas along rail lines with better environments for families with young children and senior citizens

3-(2) Revitalize Areas along the Keihan Railway Lines - Push ahead with site development -

KUZUHA MALL second-stage development plan

Based on the development concept “Towards Kuzuha we can be proud of ,” we will develop KUZUHA MALL into one of the best regional shopping centers in Japan in terms of size and quality by increasing the number of high-quality fashion, interior and general goods stores, and by offering greater entertainment and home living content, which is currently lacking.

<Renovation project overview>

Schedule

2012 Summer “KUZUHA MALL” start floor expansion work
(West Wing to close end-June, Kids Wing and Kuzuha Court to close end-August)
2014 Spring “KUZUHA MALL” open after floor expansion work

Facility overview

Sales area approx. 72,000m² (before expansion approx. 50,000m²)
Car parking approx. 3,000cars (before expansion approx. 2,000 cars)



Image of mall after renovation



Mall expansion plan

3-(2) Revitalize Areas along the Keihan Railway Lines - Implement our Kyoto strategy -



Enhance the presence of our transport network

Non-stop RAKU RAKU Keihan express service during the Spring tourist season

- Operate the non-stop Keihan express (Yodoyabashi – Demachiyanagi) service using 8000 series rolling stock between Kyobashi and Shichijo
- Schedule: Every Saturday, Sunday and public holiday until June 3 (Sunday)

Secure more contracts from Kyoto City Transportation Bureau

- Leverage our expertise in operational efficiency to secure more station operation contracts from Kyoto City Transportation Bureau
- Contracts secured for five stations through to FY2012; 12 new contracts to be started in FY2013

Enhance services using independently operated Kyoto Regular Tour Bus services



Rolling stock logo for the non-stop RAKU RAKU Keihan express service

Step up tourist marketing initiatives through cooperation across the Group, mainly in the hotel and transportation businesses

Enhance the appeal of Group hotels near JR Kyoto Station

Renovate Hotel Keihan Kyoto, Kyoto Tower Hotel and Kyoto Century Hotel

Strengthen cooperation across the Group

Step up tourist marketing initiatives through cooperation between the Group transportation network (Eizan Electric Railway, Keifuku Electric Railroad, Keihan Bus, Kyoto Bus, etc.) and Group hotels, and through synergies with JR West and the local community.



Kyoto Century Hotel

3-(2) Revitalize Areas along the Keihan Railway Lines

- Promote new businesses to develop areas along our lines -



Senior citizen lifestyle support business

Develop new facilities with nursing care services

Keihan Life Support, which offers nursing care services for senior citizens, is developing new facilities

Home relocation support business

Home relocation support business

Support for senior citizens to lead a comfortable life after retirement and encouragement for families raising small children to reside in our domain area



Family support business

Create areas along the Keihan Railway lines with better environments for families raising young children

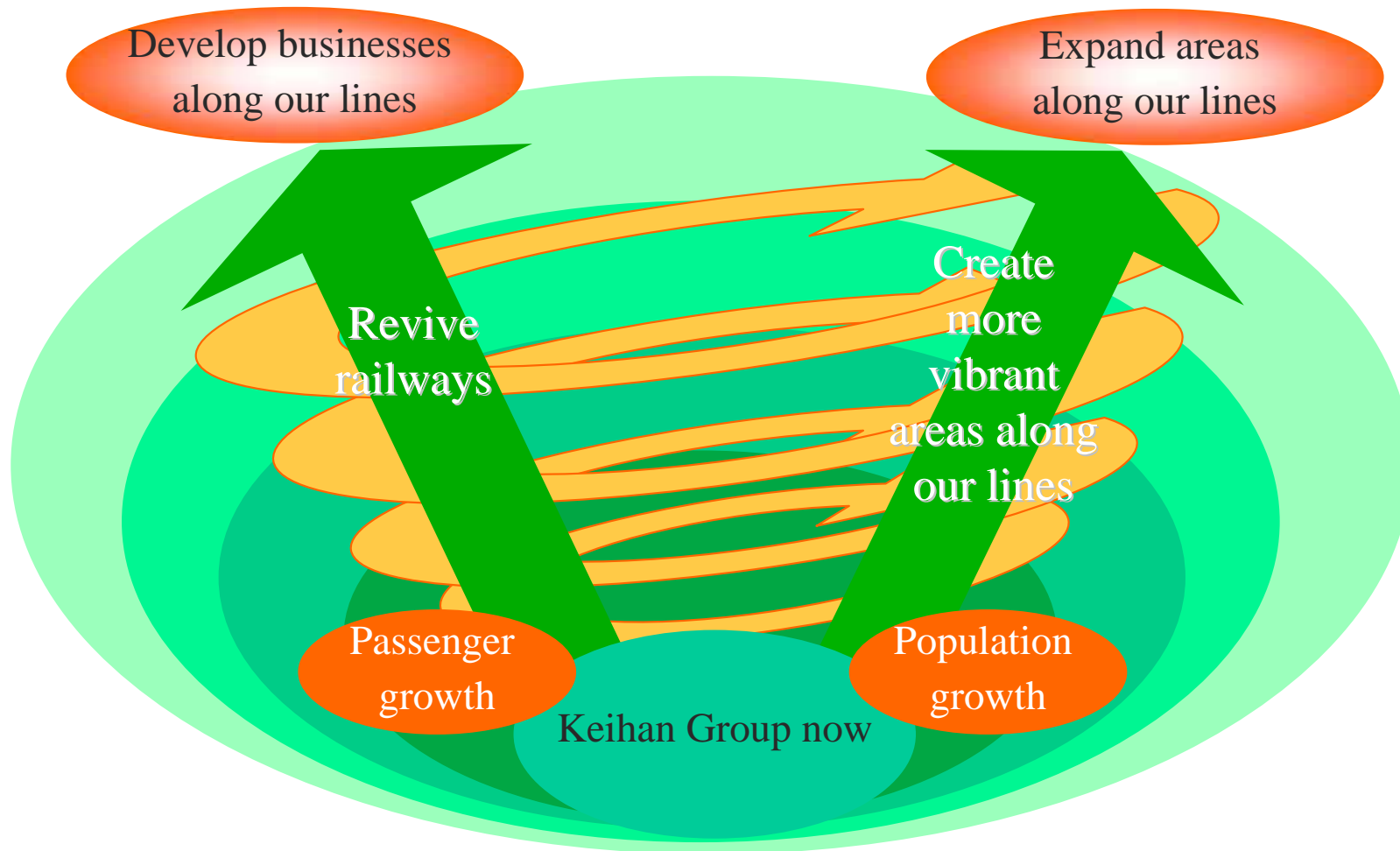
To prevent families moving out and encourage more families to move into neighborhoods along the Keihan Railway lines, we will create areas with better environments for families raising young children by starting new businesses aligned to their needs.

We will continue to develop businesses relevant to the lifestyles of people that live along our lines, such as support for senior citizens and families raising young children.

Strategy to Revitalize Areas along the Keihan Railway Lines

[Revive the railways]

Rebuild businesses focused on stations to further strengthen our railways by creating more vibrant areas along our lines

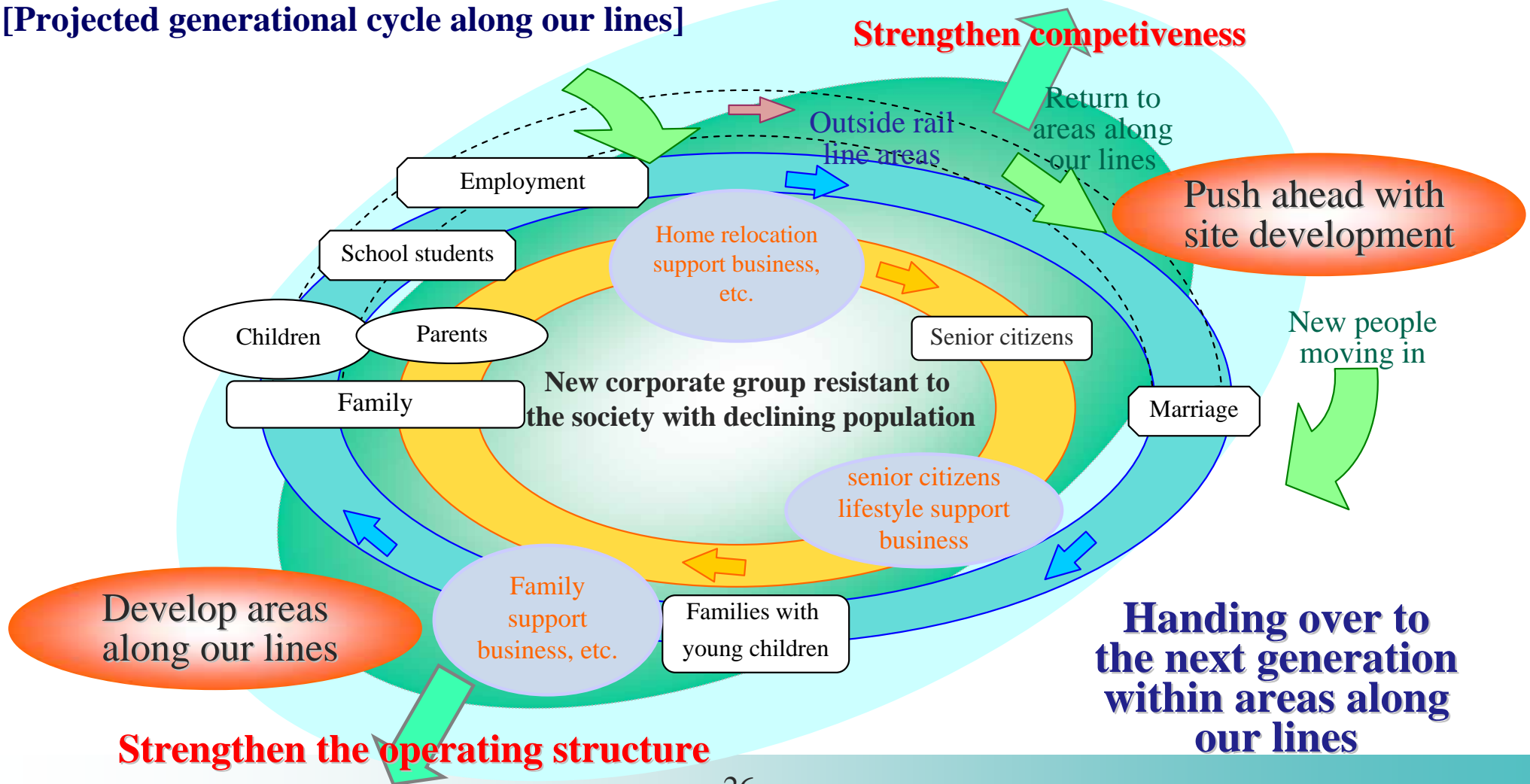


Strategy to Revitalize Areas along the Keihan Railway Lines

Create livable areas along our lines where people want to live

Population increase along our lines

[Projected generational cycle along our lines]



4- (1) Business Strategy - Transportation -

As part of efforts to ensure safety and peace of mind, we will develop services tailored to the needs of our customers while boosting the efficiency of our transport operating system.

1. Ensure safety and peace of mind

Work to ensure safety and peace of mind by steadily implementing measures to improve transport safety management

2. Improve the efficiency of the transport operating system

Reduce costs at operating and administrative divisions to create a lean head office based on efficient organizations and personnel systems

3. Develop services tailored to the needs of customers

Offer services designed to match the needs of our customers

(Billions of yen)

	FY2012 Results	FY2013 Forecast	FY2014 Plan	FY2015 Plan
Operating revenue	91.8	92.3	92.2	92.3
Operating income	5.7	5.6	6.8	7.0

4- (1) Business Strategy - Transportation -

Ensure safety and peace of mind

New 13000 series rolling stock introduced (five carriages)

1. Safety improvements
 - ・ Increase in structural strength of carriage bodies
 - ・ More handles for passengers to grab in the event of accidents and emergency braking, larger and more rounded partitions at the end of seat rows
2. Environmentally friendly
 - ・ A roughly 35% reduction in power consumption compared with the previous rolling stock model (2600 series)

Roll out new ATS technology

- ・ We started introducing the new equipment from FY2012, with a target completion date of FY2017 for all Keihan lines
- Implement initiatives to further improve safety



13000 series rolling stock
(Operation started in April 2012)

Improve the efficiency of the transport operating system

Expansion of driver-only train services

Considering increase in number of driver-only train services

Introduce additional station support systems

Install remote station monitoring systems to reduce staff numbers while maintaining station service levels

4- (1) Business Strategy - Transportation -

Develop services tailored to the needs of customers

Nationwide compatibility for transport IC cards

- As a member of the KANSAI THRU PASS group, Keihan plans to join a nationwide transport IC card compatibility project (spring 2013)
- The aim is to improve convenience for customers nationwide and enhance our own network



Transport IC card PiTaPa

Kyoto Regular Tour Bus services

- Following the start of our independently operated services, we will work to revitalize the business by continuing to attract users from overseas and using IT tools to boost sales
- Onboard foreign language guide system introduced in October 2011
English, Chinese and Korean initially offered, followed by Taiwanese from January 2012. Taiwanese language support was introduced in conjunction with stepped up efforts to attract more visitors from Taiwan

“Direct Express Choku Q Kyoto” bus services introduced on the Kyoto-Katano-Namba route

- In response to strong demand for “Direct Express Choku Q Kyoto” bus services (high-speed link to JR Kyoto Station), we launched services on the Kyoto-Katano-Namba route on April 1, 2012.
- The route follows the Second Keihan Highway and Hanshin Expressway, enabling a high speed, convenient service without city transfers



“Direct Express Choku Q Kyoto”

4- (2) Business Strategy - Real Estate -

In the real estate leasing service business, we will seek to boost the value of assets and strategically replace portfolio assets; in the real estate sales business, we will continue to focus on short-term turnover business.

1. Boost asset value and replace portfolio assets in real estate leasing business

- Flexibly reshuffle portfolio assets
- Promote investment in real estate funds

2. Continue to focus on short-term turnover business

Develop the condominium and detached housing businesses

3. Reinforce commission-based business

Strengthen the asset management and property management businesses and pursue greater scale

(Billions of yen)

	FY2012 Results	FY2013 Forecast	FY2014 Plan	FY2015 Plan
Operating revenue	61.4	65.7	65.5	64.4
Operating income	10.1	9.8	9.1	9.5

4- (2) Business Strategy - Real Estate -

Boost asset value and strategically replace portfolio assets in real estate leasing business

Expand earnings through the consolidation of Eastern Kogyo

Eastern Kogyo Co., Ltd., which manages Eastern Building, became our subsidiary on January 27, 2012

The subsidiary will contribute to the Group's portfolio strategy for leasing real estate

[Eastern Building Outline]

Location : 2-15-2 Nishi-Shinbashi, Minato ward, Tokyo

(6 minutes on foot from Tokyo Metro Toranomon Station)

Total floor space : 26,835.29 m²

Completion : April 1964

Building structure : 10 stories high steel-reinforced concrete structure with 3 stories flat-roofed building



Eastern Building

Kumiyama Shopping Town renovation

- The land and buildings are now leased to Aeon Retail Co., Ltd. and the facility is operated as AEON Mall Kumiyama
- The facility was reopened on April 5 following the renovation that increased store floor space by 50%

[Kumiyama Shopping Town Outline]

	Before renovation	After renovation
Shops	41,479m ²	60,130m ²
Multistory parking lot	15,263m ²	24,050m ²
Total	56,742m ²	84,180m ²

Location : 156-1 Mori Minami Ouchi,
Kumiyama-cho, Kuse-gun, Kyoto

Strategically replace portfolio assets and invest in real estate funds

- Appropriate management of portfolio asset risk
- Promote investment in real estate funds as a means of diversifying real estate asset holdings

4- (2) Business Strategy - Real Estate -

Continue to focus on short-term turnover business

New property sales

Dojima The Residence Mark Tower

A high-rise condominium located in the heart of Osaka in the Dojima area, midway between Nakanoshima and the Ume-Kita area currently being redeveloped

Location : 2 Doujima, Kita ward, Osaka city, Osaka

Building scale : 39 stories high, 269 units

Completion : October 2013 (planned)



Dojima The Residence Mark Tower
(Completion planned in October 2013)

Acquire and strengthen expertise in the condominium renovation business

- We are renovating existing housing stock to supply customers with residential property at a lower price than new-build properties in the same area

Reinforce commission-based business

Expand the condominium management and property management businesses

- Keihan Group company Keihan Kind Co., Ltd.* acquired a property management business (owner-occupied condominiums and other properties) in November 2011 to extend its operating base from the Kansai area into the Tokyo metropolitan area.
- All property management operations for office buildings, leasing condominiums and other Group properties are to be handled by Keihan Kind

Property management contracts transferred in deal	
Owner-occupied condominiums management	: 49 buildings, 2,513 units
Leasing condominiums management	: 10 buildings, 239 units
Locations of properties: Tokyo, Saitama, Chiba, etc.	

*Consolidated subsidiary from FY2013

4- (3) Business Strategy - Retail -

We will steadily implement the KUZUHA MALL second-stage development plan, boost competitiveness by extensively overhauling the business structure, and expand the property management business.

1. Implement the KUZUHA MALL second-stage development plan

Steadily implement the plan, drawing on the combined strengths of the Keihan Group's retailing business

2. Extensively overhaul the business structure

- Boost sales and profitability by rebuilding merchandising at the Keihan department stores in Moriguchi and Suminodo
- Reinforce the operating structure in the supermarket business to support business growth going forward

3. Expand the property management business

Use our expertise to increase the number of properties under management

(Billions of yen)

	FY2012 Results	FY2013 Forecast	FY2014 Plan	FY2015 Plan
Operating revenue	97.6	95.9	96.9	102.2
Operating income	1.9	1.4	1.7	2.8

4- (3) Business Strategy - Retail -

Implement the KUZUHA MALL second-stage development plan

Initiatives timed to coincide with the KUZUHA MALL second-stage development plan progress
Keihan Ryutsu Systems Co., Ltd.

- Using the renovation as an opportunity to boost shopping center value, Keihan Ryutsu Systems will attract tenants with retail formats that have been lacking so far
- Keihan Ryutsu Systems will aim to boost number of stores from around 170 to roughly 230, making the mall one of the best in Japan in terms of size and quality

Keihan Department store

Renovate store in Kuzuha Mall and improve merchandising

Keihan The Store

Renovate the existing Kuzuha Store and station store as part of the development plan



KUZUHA MALL second-stage development plan

Steadily implement the plan, drawing on the combined strengths of the Keihan Group's retailing business

Expand the property management business

Increase the number of properties under management

Rapidly increase the number of properties under management by leveraging the expertise we have accumulated in the management of Keihan Group properties, renovate properties already under management, and target major new contracts to establish a stable commission-based business.

4- (4) Business Strategy - Leisure and Service -



We will boost competitiveness by extensively overhauling the business structure, target tourism-related demand, and build the hotel brand.

1. Strengthen sales and marketing in the hotel business

- Enhance cooperation between the 13 hotels in the Keihan Group
- Improve the accuracy of revenue management
- Develop human resources

(Billions of yen)

	FY2012 Results	FY2013 Forecast	FY2014 Plan	FY2015 Plan
Operating revenue	24.9	25.5	26.2	26.5
Operating income	0.4	0.5	0.7	1.0

4- (4) Business Strategy - Leisure and Service -

Strengthen sales and marketing in the hotel business and leverage synergies

Enhance cooperation between the 13 hotels in the Keihan Group

1. Set up a shared online booking system for all Keihan Group hotels
 - The online system will enable customers to directly book rooms at any Keihan Group hotel to suit their travel area and purpose
 - Site also available in English, Chinese and Korean as part of efforts to step up support for inbound customers from overseas
2. Introduce online membership system for Keihan Group hotels
 - For users of the online booking system, offer preferential deals for members and discounts on bookings made with loyalty points
 - Use data gained from the two above systems to create customer-focused marketing and targeted revenue management
3. Set up an integrated procurement center for Keihan Group hotels
 - Integrate procurement of food ingredients, fixtures and fittings, consumables and other items to help support optimum pricing and boost customer satisfaction



Shared online booking system for all Keihan Group hotels
Booking page (planned design / partial)

Boost convenience for customers and strengthen competitiveness from a price and service perspective, attract more customers, including inbound visitors from overseas, and build the hotel brand

5. Numeric targets (Consolidated basis)

(Billions of yen)

Numeric targets	FY2012 Results	FY2015 Targets	FY2012 Results vs. Targets
Operating income	18.1	20.2	2.1
EBITDA	36.2	37.9	1.7
Interest-bearing debt / EBITDA multiple (Times)	9.26	8.98	-0.28 pt
Goals based on numeric targets	FY2012 Results	FY2015 Targets	FY2012 Results vs. Targets
Net income	7.0	8.6	1.6
ROE (Net income to shareholders' equity)	5.1%	5.6%	0.5 pt
ROA (Operating income to total assets)	2.9%	3.1%	0.2 pt

6. Keihan Group Earnings Targets and Financial Indicators

Keihan Group (Consolidated basis)

(Billions of yen)

	FY2012 Results	FY2013 Forecast	FY2014 Plan	FY2015 Plan
Operating revenue	265.6	268.9	270.8	273.7
Operating income	18.1	17.6	18.3	20.2
Ordinary income	13.5	12.2	12.2	14.2
Net income	7.0	7.4	7.4	8.6
Earnings per share (Yen)	12.5	13.2	13.2	15.3

EBITDA	36.2	34.9	35.5	37.9
Interest-bearing debt at end of fiscal period	335.8	343.3	353.8	340.1
Interest-bearing debt / EBITDA multiple (Times)	9.26	9.84	9.96	8.98
Equity capital ratio	22.3%	23.1%	23.3%	24.5%
Capital expenditure	32.4	24.8	33.7	23.3

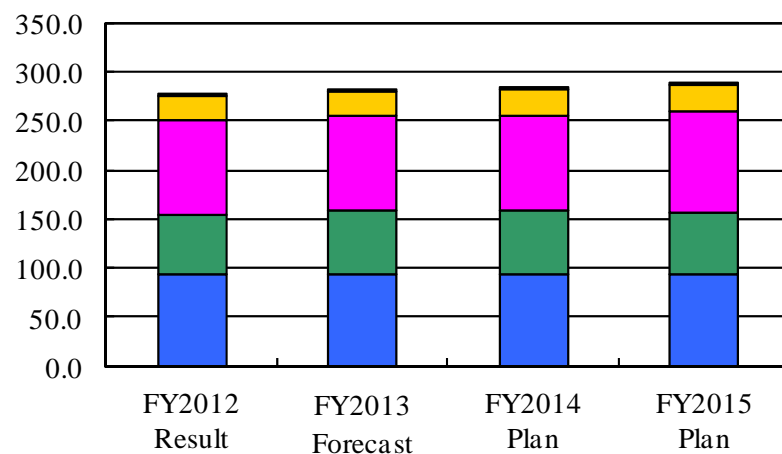
6. Keihan Group Earnings Targets and Segment Information

Keihan Group (Consolidated basis, by segment)

(Billions of yen)

	Operating revenue				Operating income			
	FY2012 Results	FY2013 Forecast	FY2014 Plan	FY2015 Plan	FY2012 Results	FY2013 Forecast	FY2014 Plan	FY2015 Plan
Transportation	91.8	92.3	92.2	92.3	5.7	5.6	6.8	7.0
Real estate	61.4	65.7	65.5	64.4	10.1	9.8	9.1	9.5
Retail	97.6	95.9	96.9	102.2	1.9	1.4	1.7	2.8
Leisure and service	24.9	25.5	26.2	26.5	0.4	0.5	0.7	1.0
Others	1.3	1.5	1.6	1.8	-0.2	0.0	0.0	0.0
Elimination	-11.5	-12.0	-11.6	-13.5	0.1	0.3	0.0	-0.1
Total	265.6	268.9	270.8	273.7	18.1	17.6	18.3	20.2

(Billion of yen) [Operating revenue by segment]



(Billions of yen) [Operating income (loss) by segment]

