

First Half of FY2014

(Ended September 30, 2013)

Financial Results Presentation



November 6, 2013

Keihan Electric Railway Co., Ltd.

(Tokyo Stock 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 the First Half of FY2014

Financial Results

Consolidated Statements of Income

(Millions of yen)

	1H FY2013 Results	1H FY2014 Results	Change	Main factors of changes	April 2013 Estimate
Operating revenue	129,648	131,225	1,577 (1.2%)	Transportation -60, Real estate +1,830, Retail -811, Leisure and service +457, Others +61	129,400
Operating income	12,204	13,061	857 (7.0%)	Transportation +233, Real estate +545, Retail +172, Leisure and service -73, Others -7	10,600
Ordinary income	10,161	11,266	1,104 (10.9%)	Non-operating income +108 (Dividends income +30, Miscellaneous income +78) Non-operating expenses -139 (Interest expenses -234, Miscellaneous expenses +95)	8,500
Net income	6,566	7,737	1,170 (17.8%)	Extraordinary income +503 (Gain on sales of investment securities +616, Contribution for construction -36) Extraordinary loss +79 (Loss on sale of fixed assets +96)	5,300

EBITDA	20,594	21,307	712 (3.5%)	EBITDA : Operating income + Depreciation	—
Depreciation	8,389	8,245	-144 (-1.7%)		—

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

Consolidated subsidiaries: 37 companies (No changes)

Equity method affiliates: 2 companies (No changes)

Consolidated Balance Sheets

(Millions of yen)

		FY2013 Results	1H FY2014 Results	Change	Main factors of changes
	Current assets	134,596	137,225	2,629	Land and buildings for sale +12,128 Cash and deposit -7,133 Notes and accounts receivable -5,004
	Fixed assets	518,866	515,444	-3,421	Investments in capital -3,257
Total assets		653,462	652,670	-791	
	Current liabilities	176,940	167,012	-9,928	Accounts payable -10,116 Short-term bonds -1,000 Short-term loans +2,998
	Long-term liabilities	318,400	319,013	613	Long-term loans +1,629 Long-term accounts payable -1,387
Total liabilities		495,340	486,025	-9,315	
Net assets		158,121	166,645	8,523	Retained earnings +5,470 Valuation difference on available-for-sale securities +2,091 * Equity capital ratio 25.1% (+1.3pt)
Total liabilities and net assets		653,462	652,670	-791	
Interest-bearing debt at end of interim period		327,880	329,979	2,098	Loans payable +4,628 Short-term bonds -1,000 Long-term accounts payable -1,319 Bonds -210

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

Consolidated Statements of Cash Flows

(Millions of yen)

	1H FY2013 Results	1H FY2014 Results	Change	Main factors of changes
Operating cash flows	16,777	2,208	-14,569	Changes in inventories -9,327 Changes in income taxes paid -2,434 Changes in notes and accounts receivable -1,813
Investing cash flows	-11,064	-9,068	1,996	Sales of investment securities +2,502 Purchase of fixed assets -990
Financing cash flows	-5,849	-273	5,575	Changes in loans payable +6,887 Decrease in bonds -1,065
Net increase (decrease) in cash and cash equivalents	-136	-7,133	-6,997	
Increase in cash and cash equivalents from newly consolidated subsidiary	204	—	-204	
Cash and cash equivalents at end of interim period	19,195	15,669	-3,526	

Segment Information

(Millions of yen)

	1H FY2013 Results	1H FY2014 Results	Change	Change (%)
Operating revenue	129,648	131,225	1,577	1.2%
Transportation	45,117	45,056	-60	-0.1%
Real estate	29,983	31,814	1,830	6.1%
Retail	46,589	45,777	-811	-1.7%
Leisure and service	13,577	14,035	457	3.4%
Others	740	801	61	8.3%
Elimination	-6,360	-6,260	99	—
Operating income	12,204	13,061	857	7.0%
Transportation	4,379	4,613	233	5.3%
Real estate	5,889	6,434	545	9.3%
Retail	956	1,128	172	18.0%
Leisure and service	927	853	-73	-7.9%
Others	1	-5	-7	—
Elimination	49	36	-13	—

Note: Effective from 1Q FY2014, Keihan Engineering Service Co., Ltd. has been transferred from the transportation segment to the real estate segment due to a change in segment classification.

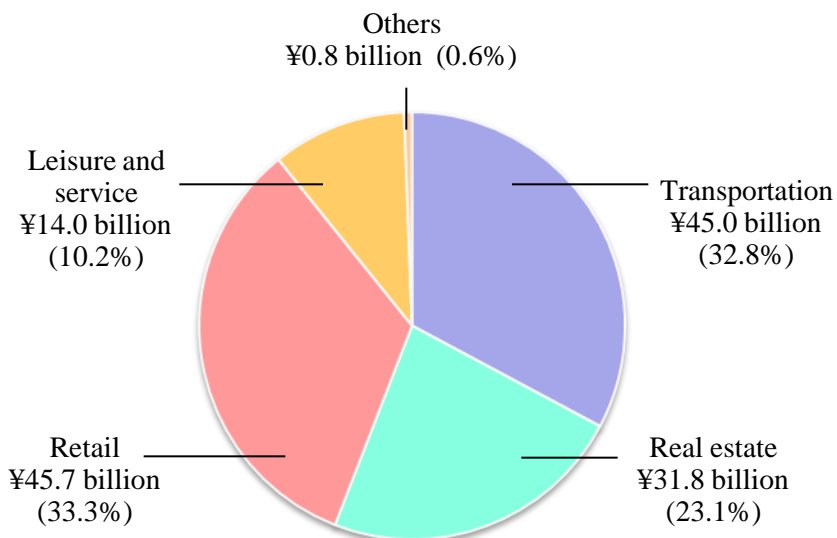
Figures for 1H FY2013 (ended September 2012) have been adjusted to reflect this change in segment classification in order to facilitate comparison.

Segment Information (Breakdown)

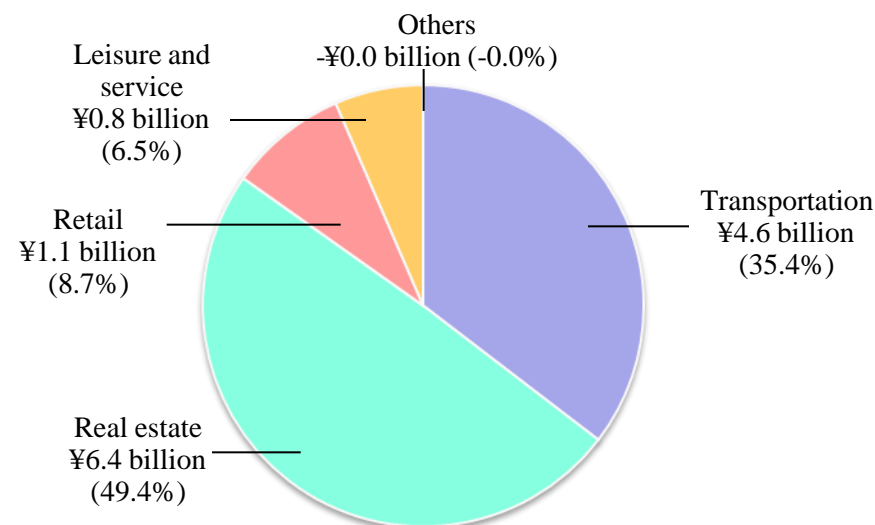
[Consolidated subsidiaries] 38 companies (Keihan Electric Railway covers both the transportation business and the real estate business) [Equity method affiliates] 2 companies

Transportation	Keihan Electric Railway Co., Ltd., Keifuku Electric Railroad Co., Ltd., Keihan Bus Co., Ltd., and 12 other companies
Real estate	Keihan Electric Railway Co., Ltd., Keihan Dentetsu Real Estate Co., Ltd., Eastern Kogyo Co., Ltd., and 5 other companies
Retail	Keihan Department Stores Co., Ltd., Keihan The Store Co., Ltd., Keihan Ryutsu Systems Co., Ltd., and 2 other companies
Leisure and service	Hotel Keihan Co., Ltd., Kyoto Tower Co., Ltd., Kyoto Century Hotel Co., Ltd., Biwako Kisen Steamship Co., Ltd., and 6 other companies
Others	Keihan Card Co., Ltd.

<Operating revenue by segment>



<Operating income by segment>



Note: Breakdown of operating revenue and operating income by segment, including intersegment transactions.

Results of Transportation

(Millions of yen)

	1H FY2013 Results	1H FY2014 Results	Change	Change (%)	Summary
Operating revenue	45,117	45,056	-60	-0.1%	Railway operation 36,282 (+2) Bus 13,172 (+66) Elimination -4,398 (-129)
Operating income	4,379	4,613	233	5.3%	Railway operation 4,232 (+109) Bus 358 (+126)

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

	Number of passengers (Thousands of people)				Passenger transportation revenue (Millions of yen)			
	1H FY2013 Results	1H FY2014 Results	Change	Change (%)	1H FY2013 Results	1H FY2014 Results	Change	Change (%)
Non-commuter passes	72,081	71,694	-387	-0.5	16,717	16,608	-108	-0.6
Commuter passes	69,051	69,139	87	0.1	7,992	7,984	-7	-0.1
Total	141,133	140,833	-299	-0.2	24,709	24,593	-116	-0.5

Results of Real Estate

(Millions of yen)

	1H FY2013 Results	1H FY2014 Results	Change	Change (%)	Summary
Operating revenue	29,983	31,814	1,830	6.1%	Real estate 24,524 (-9) Construction 9,116 (+52) Elimination -1,827 (+1,787)
Operating income	5,889	6,434	545	9.3%	Real estate 6,480 (+561) Construction -60 (-0)

<<Results by business>>

(Millions of yen)

	Operating revenue				Operating income			
	1H FY2013 Results	1H FY2014 Results	Change	Change (%)	1H FY2013 Results	1H FY2014 Results	Change	Change (%)
Real estate sales	15,208	15,374	166	1.1%	1,477	2,282	804	54.5%
Real estate leasing service	8,246	8,020	-225	-2.7%	4,421	4,136	-285	-6.5%
Real estate management	1,080	1,129	49	4.6%	21	62	41	196.0%
Total	24,534	24,524	-9	-0.0%	5,919	6,480	561	9.5%

<<Main condominium buildings for sale>>

Name	Sales amount (Millions of yen)	Number of units sold	Location
Fine City osaka-jo koen	6,008	191	Chuo ward, Osaka city
A-standard Hongo Sanchome	2,436	56	Bunkyo ward, Tokyo
Fine Flats Kyoto Saiin the Residence	1,256	41	Ukyo ward, Kyoto city
A-standard Shibuya Sakuragaoka	361	6	Shibuya ward, Tokyo

Results of Retail

(Millions of yen)

	1H FY2013 Results	1H FY2014 Results	Change	Change (%)	Summary
Operating revenue	46,589	45,777	-811	-1.7%	Department store 25,857 (-25) Store 12,693 (-426) Shopping mall management 5,344 (-297) Restaurant 3,356 (-33)
Operating income	956	1,128	172	18.0%	Department store 108 (-8) Store 402 (+154) Shopping mall management 511 (+18) Restaurant 98 (+7)

<< Major New Stores >>

Name	Opening date	Location
SWEETS BOX SEIBU SHINJUKU PePe Store	September 26, 2013	Shinjuku ward, Tokyo
Juicer Bar Tokyu Minami-machida Store	April 10, 2013	Machida city, Tokyo
Juicer Bar Tokyu Nagatsuta Store	April 10, 2013	Midori ward, Yokohama city
Juicer Bar Keisei-Tsudanuma Store	March 7, 2013	Narashino city, Chiba
Juicer Bar Meieki TERMINA, Meieki Taikodori Street North Exit Store	February 20, 2013	Nakamura ward, Nagoya city
SWEETS BOX Shin-Akitsu Store	November 1, 2012	Higashimurayama city, Tokyo
Juicer Bar, SWEETS BOX Shapo Ichikawa Store	October 23, 2012	Ichikawa city, Chiba

<< Main Stores Closed >>

Name	Closing date	Location
Hakodate Ichiba Katsura Store	July 28, 2013	Nishikyo ward, Kyoto city
FREST Komagawa Store	June 30, 2013	Higashisumiyoshi ward, Osaka city
Keihan The Store Makino Store	January 31, 2013	Hirakata city, Osaka
Ashikari Hilton Plaza East Store	July 21, 2012	Kita ward, Osaka city

<< Sales of Department Store >>

(Millions of yen)

Store	Sales amount	Change
Moriguchi Store	11,373	-70
Hirakata Store	3,365	29
Kyobashi Store	3,513	6
Kuzuha Store	4,806	-53
Suminodo Store	2,504	69
Miscellaneous revenue	293	-5
Total	25,857	-25

<< Sales of Store >>

(Millions of yen)

Division	Sales amount	Change
Store	5,528	-346
Convenience store	2,847	-57
Kiosk	338	-19
Station business	3,384	-91
Miscellaneous revenue	595	89
Total	12,693	-426

Results of Leisure and Service

(Millions of yen)

	1H FY2013 Results	1H FY2014 Results	Change	Change (%)	Summary
Operating revenue	13,577	14,035	457	3.4%	Hotel 11,562 (+508) Leisure 2,550 (-52)
Operating income	927	853	-73	-7.9%	Hotel 696 (-65) Leisure 267 (-8)

<< Hotel occupancy rates >>

		1H FY2013 Results	1H FY2014 Results	Change	Number of rooms
Hotel Keihan	Kyobashi	91.6%	87.7%	-3.9pt	214
	Temmabashi	81.0%	93.0%	12.0pt	317
	Kyoto	96.8%	99.3%	2.5pt	286
	Universal City	82.5%	82.9%	0.4pt	330
	Universal Tower	84.5%	88.4%	3.9pt	641
	Asakusa	95.4%	95.8%	0.4Pt	178
	Sapporo	93.1%	95.8%	2.7pt	200
Biwako Hotel		83.5%	81.6%	-1.9pt	171
Kyoto Tower	Kyoto Tower Hotel	94.6%	83.7%	-10.9pt	158
	Kyoto Dai-ni Tower Hotel	86.4%	89.7%	3.3pt	303
	Kyoto Tower Hotel Annex	96.4%	95.6%	-0.8pt	122
Kyoto Century Hotel		91.1%	89.1%	-2.0pt	220
Total		—	—	—	3,140

Non-consolidated Statements of Income

(Millions of yen)

	1H FY2013 Results	1H FY2014 Results	Change	Change (%)	Summary	April 2013 Estimate
Operating revenue	39,032	42,978	3,946	10.1%		42,300
Railway operation	26,275	26,217	-57	-0.2%	Number of passengers -0.2% Passenger transportation revenue -0.5%	
Subsidiary business	12,756	16,760	4,004	31.4%		
Real estate sales	3,648	8,012	4,364	119.6%		
Real estate leasing service	7,562	7,339	-222	-2.9%		
Leisure	1,545	1,408	-136	-8.9%	Number of visitors in Hirakata Park -1.8%	
Operating income	8,182	9,432	1,250	15.3%		8,210
Railway operation	3,675	3,851	175	4.8%		
Subsidiary business	4,506	5,581	1,074	23.8%		
Real estate sales	370	1,780	1,410	380.3%		
Real estate leasing service	4,007	3,716	-290	-7.3%		
Leisure	127	83	-44	-34.9%		
Ordinary income	7,214	8,798	1,583	21.9%	Non-operating income +165 (Dividends income +262, Reversal of allowance for doubtful accounts -104) Non-operating expenses -168 (Interest expenses -186)	7,510
Net income	4,756	6,417	1,660	34.9%	Extraordinary income +581 (Gain on sales of investment securities +616, Contribution for construction -36) Extraordinary loss -27 (Reduction entry of land contribution for construction -32)	5,000

FY2014 Forecasts

Forecast of Consolidated Business Results

(Millions of yen)

	FY2013 Results	FY2014 Forecast	Change	Change (%)	Main factors of changes	April 2013 Estimate
Operating revenue	279,156	280,500	1,343	0.5%	Transportation -528, Real estate +2,151, Retail -1,224, Leisure and service +618	274,400
Operating income	23,289	21,100	-2,189	-9.4%	Transportation -598, Real estate -1,336, Retail -152, Leisure and service -90	19,700
Ordinary income	18,933	17,700	-1,233	-6.5%	Non-operating income +646, Non-operating expenses -310	15,700
Net income	11,077	11,300	222	2.0%	Extraordinary income +18,274, Extraordinary loss +17,841	9,200

Capital expenditure	19,977	32,000	12,022	60.2%	[Breakdown of capital expenditure] Transportation 10,400 (-2,212) Real estate 17,700 (+12,915) Retail 2,100 (+1,084) Leisure and service 1,400 (-240) Corporate, etc. 400 (+475) <<Main capital expenditure for FY2014>> (Transportation) Investment on our railway 6,416 (Real estate) Investment on our real estate 17,559	34,600
Depreciation	17,071	16,600	-471	-2.8%		16,800
EBITDA	40,361	37,700	-2,661	-6.6%		36,500
Interest-bearing debt	327,880	330,900	3,019	0.9%		341,000
Interest-bearing debt / EBITDA multiple (Times)	8.1	8.8	0.7	—		9.3

Forecast of Consolidated Business Results (Segment Information)



(Millions of yen)

	FY2013 Results	FY2014 Forecast	Change	Change (%)	Main factors of changes	April 2013 Estimate
Operating revenue	279,156	280,500	1,343	0.5%		274,400
Transportation	89,328	88,800	-528	-0.6%	Railway operation -376	88,200
Real estate	78,948	81,100	2,151	2.7%	Real estate sales +578 Real estate leasing service -382 Elimination +2,041	76,300
Retail	96,224	95,000	-1,224	-1.3%	Store -811 Shopping mall management -283 Department store +14	94,900
Leisure and service	26,081	26,700	618	2.4%	Hotel +863 Leisure -188	26,200
Others	1,487	1,600	112	7.6%		1,600
Elimination	-12,914	-12,700	214	—		-12,800

Operating income	23,289	21,100	-2,189	-9.4%		19,700
Transportation	6,398	5,800	-598	-9.3%	Railway operation -612	5,700
Real estate	13,936	12,600	-1,336	-9.6%	Real estate sales -1,204 Real estate leasing service +70	11,400
Retail	2,052	1,900	-152	-7.4%	Shopping mall management -362 Department store -204 Store +444	1,800
Leisure and service	890	800	-90	-10.2%	Leisure -117 Hotel +48	800
Others	-31	0	31	—		0
Elimination	43	0	-43	—		0

Note: Effective from 1Q FY2014, Keihan Engineering Service Co., Ltd. has been transferred from the transportation segment to the real estate segment due to a change in segment classification.

Figures for 1H FY2013 (ended September 2012) have been adjusted to reflect this change in segment classification in order to facilitate comparison.

Forecast of Non-Consolidated Business Results

(Millions of yen)

	FY2013 Results	FY2014 Forecast	Change	Change (%)	Main factors of changes
Operating revenue	86,254	84,300	-1,954	-2.3%	
Railway operation	52,558	52,220	-338	-0.6%	Number of passengers -0.4% Passenger transportation revenue -0.6%
Subsidiary business	33,696	32,080	-1,616	-4.8%	
Operating income	15,544	13,400	-2,144	-13.8%	
Railway operation	6,326	5,600	-726	-11.5%	
Subsidiary business	9,218	7,800	-1,418	-15.4%	
Ordinary income	12,609	11,300	-1,309	-10.4%	Non-operating income +652 Non-operating expenses -183
Net income	7,687	7,300	-387	-5.0%	Extraordinary income +18,514 Extraordinary loss +18,219

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

	Number of passengers (Thousands of people)				Passenger transportation revenue (Millions of yen)			
	FY2013 Results	FY2014 Forecast	Change	Change (%)	FY2013 Results	FY2014 Forecast	Change	Change (%)
Non-commuter passes	144,753	143,805	-948	-0.7	33,637	33,393	-244	-0.7
Commuter passes	133,805	133,719	-86	-0.1	15,654	15,615	-39	-0.3
Total	278,558	277,524	-1,034	-0.4	49,292	49,008	-284	-0.6

TOPICS

Progress of FY2014 Initiatives

Basic Policy

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

Corporate Strategy

Strengthen the operating structure through extensive efficiency gains

◆ 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

◆ 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

Revitalize areas along the Keihan Railway lines

◆ 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

◆ Implement our Kyoto strategy

- Establish a position as the leading company in Kyoto
- Customers always associate Keihan with Kyoto

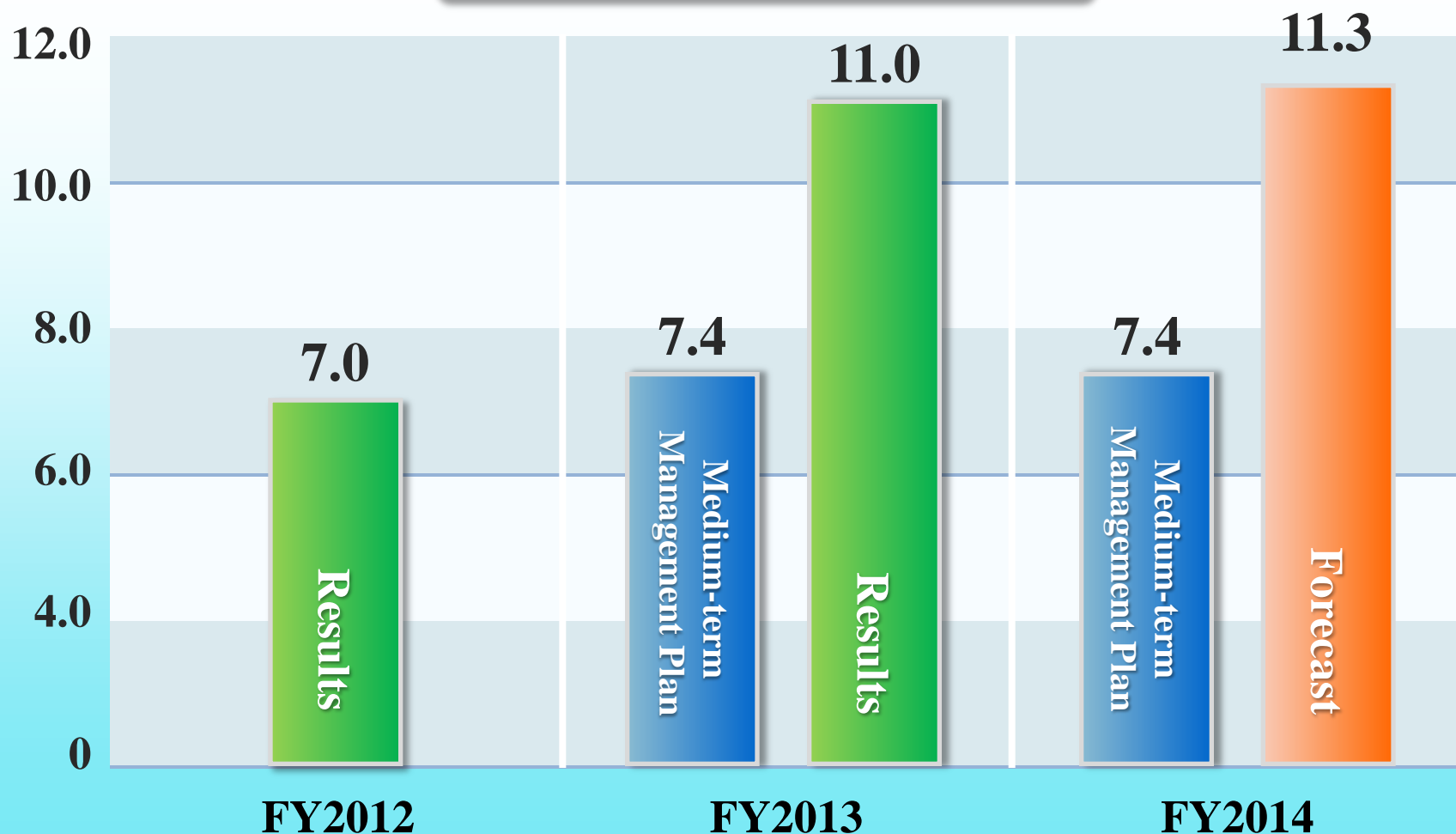
◆ Promote new businesses to develop areas along rail lines

- Promote lifecycle support businesses

Comparison of Medium-term Management Plan with FY2013 Results and FY2014 Forecast

(Billions of yen)

Net income



Revitalize areas along the Keihan Railway lines

<Kyoto and Otsu area>

- Implementing our Kyoto strategy aimed at developing, utilizing and promoting the Keihan Group's business resources by leveraging Kyoto's global brand



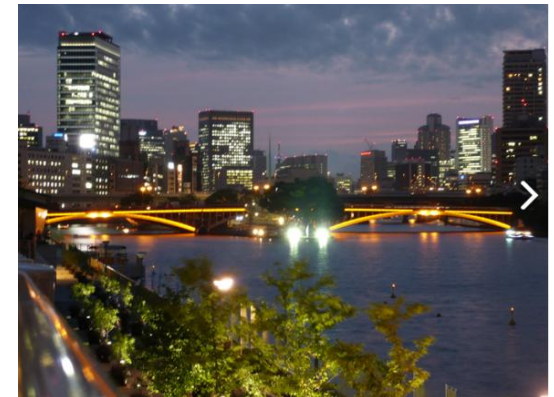
<Hirakata and Kuzuha area>

- Redevelop Kuzuha Station and the surrounding area in conjunction with the refurbishment of KUZUHA MALL



<Nakanoshima and Kyobashi area>

- Developing and promoting a wide range of initiatives, such as redeveloping the Nakanoshima area and holding events in collaboration with other companies



Business Strategy — Transportation—

Ensure safety and peace of mind

◆ Various drills and trainings

Conducting ongoing training exercises for emergencies such as train accidents, natural disasters and terrorist incidents; strengthening our response capability

◆ Roll out new ATS technology

Began operation on some sections of the Keihan network in FY2015

Full installation on all Keihan lines scheduled for FY2017

◆ Complete installation of platform warning devices

Installation completed in FY2013 at all stations required by the authorities to have the device

Installation at all Keihan stations scheduled for completion in FY2018

(Installed at 78 stations as of November 1, 2013)



Training to respond to terrorist incidents on the rail network

Improve the efficiency of the transport operating system

◆ Introducing and expanding the use of other station support systems

In FY2015 remote station monitoring systems were installed at all Keihan stations earmarked for the system; systems will now be progressively activated



Platform warning device

Business Strategy — Transportation—

Develop services tailored to the needs of customers

◆ Building new trains and upgrading existing rolling stock

- New 13000 series train launched
- Upgraded the 6000 series
Created wheelchair spaces and installed LCD information displays; enhanced usability and comfort by introducing barrier-free design and improving access to information

◆ Refurbish Arashiyama Station on the Arashiyama line (July 13)

- Secured new tenants, introduced new and upgraded station services, and worked to create and promote a unique station space with Japanese and Kyoto themes
- Worked to attract more travelers to the station as a starting point for tourism in Kyoto and Saga Arashiyama



13000 series train



The Kimono Forest featuring Yuzen-dyed fabric designs, Hannari-Hokkori Square, Arashiyama Station

Business Strategy — Real Estate—

Continue to focus on short-term turnover business

◆ Major property sales

[The Kyoto Residence Shijo Kawaramachi]

Location : 7-318 Inari-cho, Kawaramachi-dori Shijo-sagaru
2-chome, Shimogyo ward, Kyoto city
Completion : End-February, 2015
Building scale : 11 aboveground floors, 1 underground floor;
204 apartments and 1 retail space

[Shinagawa Tower Residence]

Location : 15-422 Takanawa 3-chome, Minato ward, Tokyo
Completion : Late February 2015
Building scale : 25 aboveground floors, 125 apartments

Initiatives to enhance profitability

◆ Strategically replace portfolio assets and invest in real estate funds

◆ Expand the condominium management and property management businesses



The Kyoto Residence Shijo Kawaramachi



Shinagawa Tower Residence

Business Strategy — Retail—

Steadily implementing the KUZUHA MALL second-stage development plan

Based on the development concept “Towards Kuzuha we can be proud of,” we are implementing an integrated redevelopment plan covering the shopping mall, main station building and south wing of the station building, with a planned opening date for all facilities of spring 2014



Initiatives to enhance profitability

◆ Newly opened stores

[SWEETS BOX]

- SEIBU SHINJUKU PePe Store (September 26)
- ekimo Namba Store (October 31)

◆ Store closures

- FREST Komagawa Store (June 30)



SWEETS BOX SEIBU SHINJUKU PePe Store



SWEETS BOX ekimo Namba Store

◆ Targeting new orders in the property management business

Business Strategy — Leisure and Service —

Initiatives to target tourism-related demand

< Hotel business >

◆ Use hotel refurbishments to attract more customers

[Kyoto Century Hotel]

Upgraded comfort and décor on the Komorebi floor
as a place to enjoy Kyoto's four seasons

Improved hotel capacity with rooms that sleep three
guests

(36 rooms refurbished on June 29)



Kyoto Century Hotel “Komorebi” with improved comfort levels

[Hotel Keihan Kyobashi]

Offered even higher levels of relaxation and
comfort with a new superior floor

Expanded customer base by stepping up efforts
to attract executive business customers and
female customers

(81 rooms refurbished on July 4)



Superior floor room at Hotel Keihan Kyobashi



Security door, elevator hall on the superior floor