

Overview of financial results for the fiscal year ended March 31, 2018 and forecasts for the fiscal year ending March 31, 2019

May 10, 2018

Seibu Holdings Inc. (9024)
<http://www.seibuholdings.co.jp/en/>

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Financial results for the fiscal year ended March 31, 2018

billions of yen

	March 31, 2017	March 31, 2018	YoY change (Amount / %)		March 31, 2018 (forecast)	Change from forecast (Amount / %)	
Operating revenue	512.0	530.6	18.6	3.6%	542.0	(11.3)	(2.1%)
Operating profit	62.4	64.2	1.8	2.9%	63.2	1.0	1.7%
EBITDA ¹	108.1	115.5	7.4	6.9%	114.2	1.3	1.2%
Ordinary profit	57.4	55.4	(1.9)	(3.4%)	54.6	0.8	1.6%
Profit attributable to owners of parent	47.5	42.9	(4.6)	(9.8%)	40.8	2.1	5.2%

¹ EBITDA is calculated by adding depreciation and amortization of goodwill to operating profit

Key points of financial results

■ Operating revenue

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Increased due to the following: the restart of operations of Tokyo Prince Hotel and the Grand Prince Hotel Takanawa, contribution of The Prince Gallery Tokyo Kioicho which started operations in July 2016, an increase in rental revenue of Tokyo Garden Terrace Kioicho, an increase in transportation revenue, and the conversion of Yokohama Arena Co., Ltd. into a consolidated subsidiary, despite the impact of items recorded in the previous fiscal year, such as the sale of real estate of the Hawaii Business and the construction progress and completions of large-scale construction of the Construction Business.

■ Operating profit

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Increased due to the increase in revenue and the absence of recording of one-time expenses for opening of Tokyo Garden Terrace Kioicho in the previous fiscal year.

<Seibu railway/Railway operations>

Sales +1.7% YoY (Commuter passes: +1.8%, Non-commuter passes: +1.6%)

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<Hotel operations>

RevPAR 11,786yen (+7.3% YoY)

City hotels: 12,732 yen (+6.9% YoY), Resort hotels: 9,889 yen (+7.0% YoY)

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■ Ordinary profit

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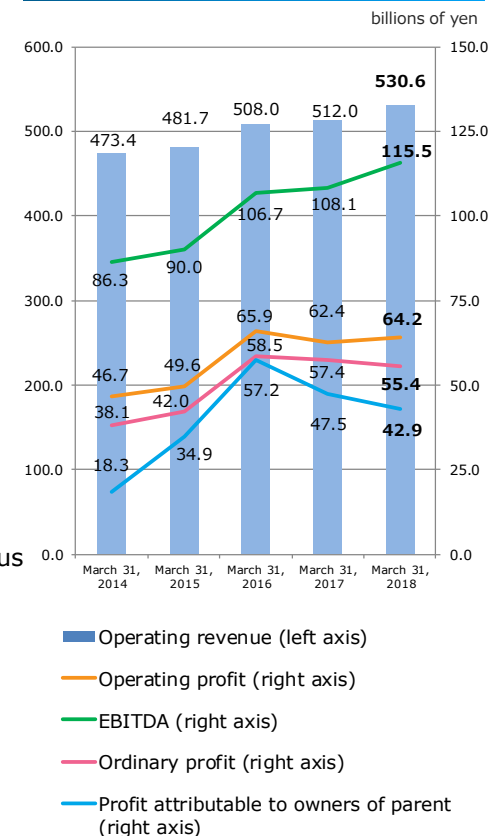
Decreased due to recording an extraordinary profit related to NW Corporation Inc. becoming an equity method associate in the previous fiscal year, and so forth.

■ Profit attributable to owners of parent

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Decreased by 4.6 billion yen on a YoY basis due to the factors above, as well as recording of gain on sales of non-current assets associated with the sales of land, and so forth.

Earnings results



Operating revenue for each segment

billions of yen

	March 31, 2017	March 31, 2018	YoY change (Amount / %)		March 31, 2018 (Forecast)	Change from forecast (Amount / %)		Details
Urban Transportation and Regional	156.4	162.0	5.5	3.6%	162.9	(0.8)	(0.5%)	Revenue increased YoY mainly due to a strong employment situation and brisk growth in both commuters and non-commuters mainly by holding events at the MetLife Dome and strengthening promotions of the Chichibu area in railway operations, and conversion of Yokohama Arena Co., Ltd. into a consolidated subsidiary. Revenue was lower than forecast, mainly due to lackluster pool operation performance caused by inclement summer weather.
Hotel and Leisure	188.5	204.8	16.3	8.7%	210.7	(5.8)	(2.8%)	Revenue increased YoY mainly due to the restart of operations at Tokyo Prince Hotel and Grand Prince Hotel Takanawa, the contribution of The Prince Gallery Tokyo Kioicho, which started operations in July 2016, and the increase in RevPAR. Revenue was lower than forecast, mainly due to RevPAR falling below plan.
Real estate	53.7	62.2	8.5	15.8%	60.9	1.3	2.3%	Revenue increased YoY mainly due to the contribution of Tokyo Garden Terrace Kioicho, which started operations in July 2016, and sales of condominiums in front of Seibu-Tachikawa station. Revenue was higher than forecast due to housing sales in front of Seibu-Tachikawa station and strong performance in Karuizawa Prince Shopping Plaza.
Construction	114.9	100.0	(14.9)	(13.0%)	107.4	(7.3)	(6.9%)	Revenue decreased mainly due to absence of items recorded in the previous fiscal year, such as progress and completions of large-scale construction. Revenue was lower than forecast mainly due to delayed progress in certain civil engineering projects and a decline in construction of standalone houses.
Hawaii Business	23.1	15.3	(7.7)	(33.6%)	19.5	(4.1)	(21.2%)	Revenue decreased after a gain on sale of real estate in the previous fiscal year, and other factors such as exchange rate fluctuations, despite the firm performance of Mauna Kea Beach Hotel. Revenue was lower than forecast mainly due to postponement of real estate sales that were initially planned in the current fiscal year.
Other	37.2	39.4	2.1	5.9%	38.2	1.2	3.2%	Revenue increased mainly due to an increase in the number of spectators, due to the execution on various sales initiatives and participation in the Climax Series (play-off games), in the Seibu Lions Business.
Adjustments	(62.1)	(53.3)	8.8	—	(57.6)	4.2	—	Mainly internal construction projects within the Group decreased.
Consolidated	512.0	530.6	18.6	3.6%	542.0	(11.3)	(2.1%)	

Operating profit and EBITDA for each segment

Operating profit

billions of yen

	March 31, 2017	March 31, 2018	YoY change (Amount / %)		March 31, 2018 (Forecast)	Change from forecast (Amount / %)		Details
Urban Transportation and Regional	26.8	27.2	0.4	1.7%	26.8	0.4	1.7%	Despite an increase in expenses such as electric power costs and repair expenses in railway operations, operating profit increased YoY mainly due to strong transportation sales in railway operations and the conversion of Yokohama Arena Co., Ltd. into a consolidated subsidiary. Operating profit was higher than forecast mainly due to brisk performance in bus operations and Yokohama Arena operations, despite lackluster pool operations due to inclement summer weather in leisure facilities along railway lines.
Hotel and Leisure	14.0	17.2	3.2	22.8%	19.0	(1.7)	(8.9%)	Operating profit increased YoY due to higher revenue, despite an increase in expenses for future growth, such as hiring staff in a strategic approach and a rise in SG&A expenses related to new businesses. Operating profit was lower than forecast due to the decrease in revenue.
Real estate	7.8	15.8	7.9	100.5%	14.2	1.6	11.4%	Operating profit increased mainly due to the increase in revenue and the absence of recording of one-time expenses for opening of Tokyo Garden Terrace Kioicho in the previous fiscal year. Operating profit was higher than forecast partly due to higher revenues and a decrease in costs in leasing operations.
Construction	9.8	4.7	(5.0)	(51.6%)	4.0	0.7	18.8%	Operating profit decreased due to the decrease in revenue. Operating profit was higher than forecast, mainly due to higher-than-expected profit margins on civil engineering projects.
Hawaii Business	4.2	(2.0)	(6.2)	—	(0.4)	(1.6)	—	Operating profit decreased YoY after a gain on sale of real estate in the previous fiscal year, and a decrease in revenue at Prince Waikiki. Operating profit was lower than forecast, mainly due to lower revenues at Prince Waikiki and a delay of real estate sales that were initially planned in the current fiscal year.
Other	0.7	1.0	0.3	45.4%	0.3	0.7	249.4%	Operating profit increased due to the increase in revenue.
Adjustments	(1.1)	0.0	1.2	—	(0.7)	0.7	—	
Consolidated	62.4	64.2	1.8	2.9%	63.2	1.0	1.7%	

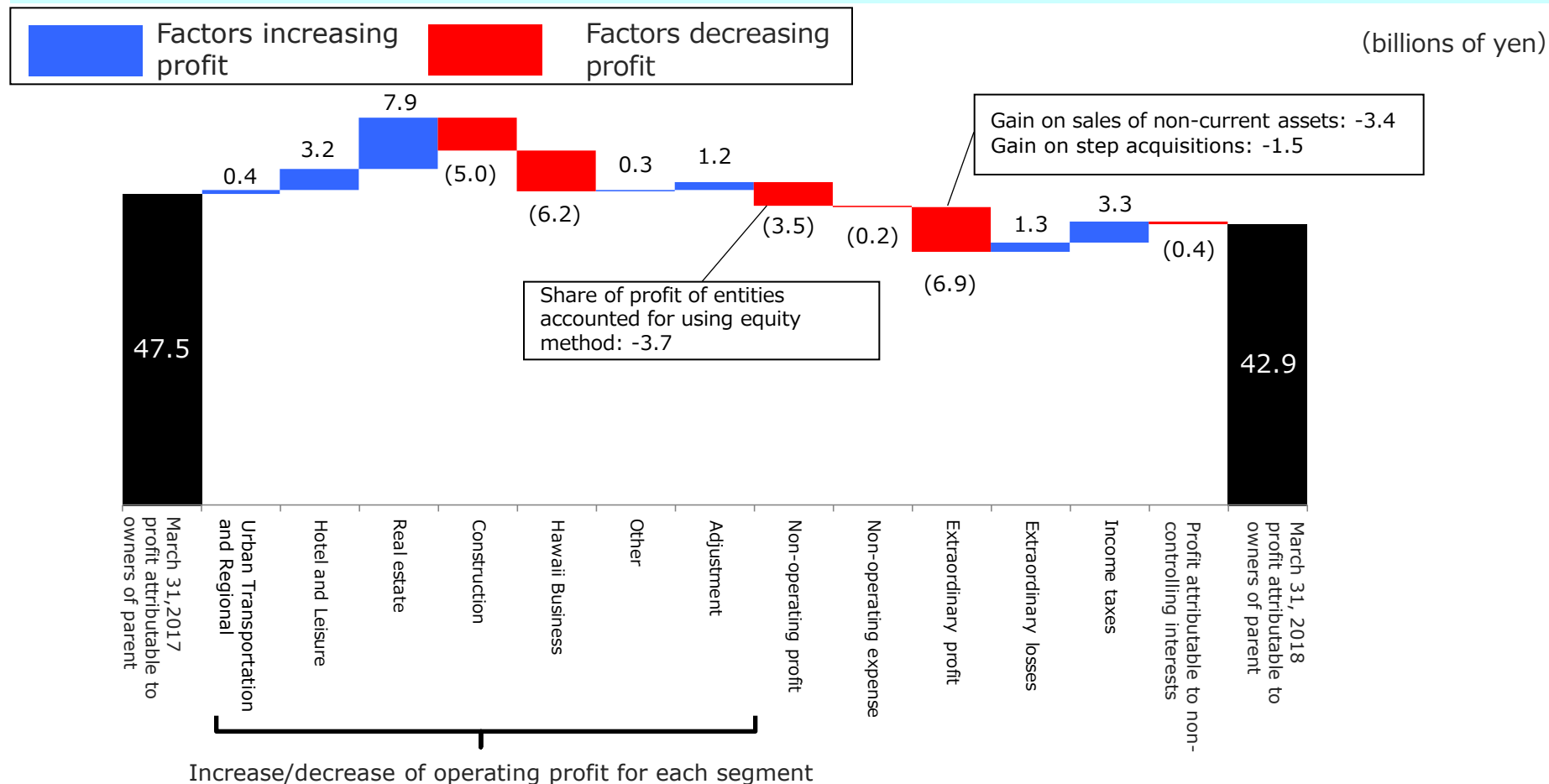
EBITDA

billions of yen

	March 31, 2017	March 31, 2018	YoY change (Amount / %)		March 31, 2018 (Forecast)	Change from forecast (Amount / %)		Details
Urban Transportation and Regional	47.4	49.0	1.5	3.3%	48.4	0.6	1.4%	
Hotel and Leisure	26.9	32.7	5.7	21.4%	34.2	(1.4)	(4.3%)	
Real estate	16.2	25.0	8.8	54.8%	23.5	1.5	6.7%	
Construction	10.2	5.1	(5.0)	(49.5%)	4.5	0.6	14.5%	
Hawaii Business	6.0	0.0	(5.9)	(98.4%)	1.8	(1.7)	(94.6%)	
Other	3.3	3.9	0.5	17.6%	3.2	0.7	23.8%	
Adjustments	(2.1)	(0.5)	1.6	—	(1.4)	0.8	—	
Consolidated	108.1	115.5	7.4	6.9%	114.2	1.3	1.2%	

Profit attributable to owners of parent: Factors increasing/decreasing profit

Operating profit increased by 1.8 billion yen. On the other hand, profit attributable to owners of parent declined by 4.6 billion yen (down 9.8%) YoY. The decline mainly reflects items recorded in the previous fiscal year, such as share of profit of entities accounted for using the equity method in relation to NW Corporation Inc. and gain on sale of non-current assets related to sales of land.



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Key initiatives of the fiscal year ended March 31, 2018

Overall

- Established Seibu Laboratory within Seibu Holdings for creating new business areas. Seibu Laboratory participated in the open innovation program, "Biz Lab Accelerator 2017."
- Launched a PRINCE POINT adding service for the member service program "SEIBU PRINCE CLUB emi" for overseas visitors (Feb. 1, 2018).

Urban Transportation and Regional

- Completed the renewal construction at Seibu-Chichibu Station, opened Seibu-Chichibu Ekimae Onsen Matsurinoyu (a hot spring complex located in front of the station) (Apr. 24, 2017).
- Decided basic design for new Limited Express train sets (planned to start operation in spring 2019).
- Started operation of extra-fare reserved seating train HAIJIMA LINER for the Seibu-Shinjuku to Haijima route (outward journey only) (Mar. 10, 2018).
- 40000 series rolling stock won the Prime Minister's Award (Grand Award) in Kids Design Award 2017.
- Started construction of the "Seibu Takeyama Solar Power Station" as parts of the solar power generation business (scheduled to come on line in Feb. 2019)

Hotel and Leisure

- Renewal opening of Tokyo Prince Hotel, The Prince Park Tower Tokyo, Grand Prince Hotel Kyoto and Oiso Prince Hotel, etc.
- Decided on "Prince Smart Inn" as the brand name for limited service hotels and added to three existing brand statements (Prince Smart Inn Ebisu to start operation around summer 2020)
- Entered into a membership hotel business, and decided to name it "PRINCE VACATION CLUB" (Membership applications opened in April 2018)
- Completed to acquire business of StayWell Hospitality Group Pty Ltd and started to operate (Oct. 4, 2017).
- Opened "Nagoya Prince Hotel Sky Tower" (Oct. 2, 2017).

Real estate

- Promoted redevelopment projects; Grand Emio Tokorozawa (phase I opened on Mar. 2, 2018, phase II scheduled to open in summer 2020), (Provisional) Seibu railway Ikebukuro Building (scheduled to open in spring 2019), etc.
- Seibu Properties Inc. was selected as project partner for development of station-front plaza at west exit of Shinagawa Station on Route 15 (Sep. 8, 2017).
- Tenants started moving into "emilive Saginomiya" rental apartment (March 23, 2018)

Hawaii Business

- Completed full renovation of Hawaii Prince Hotel Waikiki and renamed the hotel "Prince Waikiki" (Apr. 1, 2017).
- Hapuna Beach Prince Hotel became a Westin Brand affiliate. The hotel will be rebranded as "Westin Hapuna Beach Resort." Full renovation is scheduled to be completed in Jun. 2018.

Other

- Started renovation works of the MetLife Dome area (scheduled to be completed in Mar. 2021).
- Ohmi Railway Building in front of Moriyama station "cocotto MORIYAMA" grand opening (Aug. 1, 2017).



40000 series rolling stock



Oiso Prince Hotel infinity pool



Grand Emio Tokorozawa



MetLife Dome area renovation ballpark complex (conceptual image)

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Urban Transportation and Regional Overview

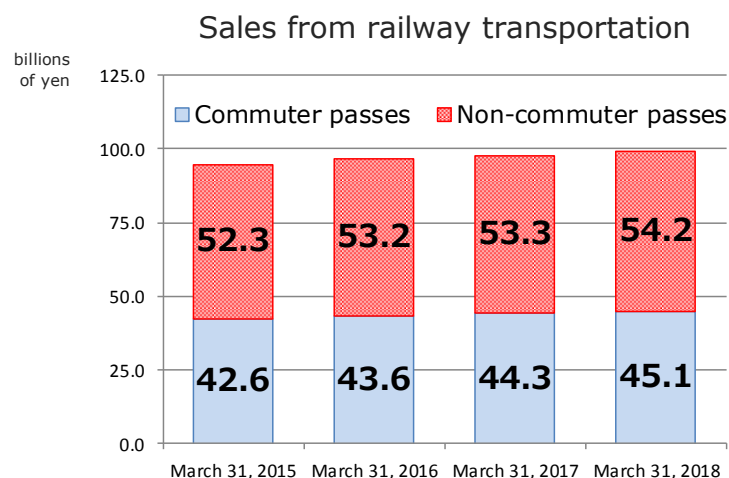
					millions of yen
	March 31, 2017	March 31, 2018	YoY change (Amount / %)		Details
Operating revenue	156,494	162,056	5,562	3.6%	
Railway operations	105,123	106,354	1,231	1.2%	Revenue increased due to a strong employment situation and brisk growth in both commuters and non-commuters mainly by holding events at the MetLife Dome and strengthening promotions of the Chichibu area.
Bus operations	25,531	25,937	406	1.6%	Revenue increased mainly due to strong performance in IC commuter passes on route buses.
Leisure facilities along railway lines	20,798	22,095	1,296	6.2%	Revenue increased mainly with the start of operations at Seibu-Chichibu Ekimae Onsen Matsurinoyu (a hot spring complex located in front of the station) and an increase in ticket prices at Toshimaen.
Others	5,041	7,668	2,627	52.1%	Revenue increased due to conversion of Yokohama Arena Co., Ltd. into a consolidated subsidiary.
Operating profit	26,804	27,254	450	1.7%	Operating profit increased mainly due to strong transportation sales in railway operations and conversion of Yokohama Arena Co., Ltd. into a consolidated subsidiary, despite an increase in expenses such as electric power costs and repair expenses in railway operations.
EBITDA	47,489	49,062	1,572	3.3%	

Urban Transportation and Regional

Key operating data of Railway operations

Number of passengers and sales from railway transportation (Seibu Railway Co., Ltd.)

		thousands of passengers, millions of yen						
		March 31, 2015	March 31, 2016	YoY change	March 31, 2017	YoY change	March 31, 2018	YoY change
Number of passengers	Commuter passes	390,084	399,516	2.4%	405,526	1.5%	412,680	1.8%
	Non-commuter passes	238,411	243,176	2.0%	242,893	(0.1%)	245,969	1.3%
	Total	628,496	642,693	2.3%	648,420	0.9%	658,650	1.6%
Sales from railway transportation	Commuter passes	42,673	43,683	2.4%	44,333	1.5%	45,137	1.8%
	Non-commuter passes	52,374	53,286	1.7%	53,356	0.1%	54,211	1.6%
	Total	95,048	96,969	2.0%	97,690	0.7%	99,348	1.7%
Other revenue		4,098	4,160	1.5%	4,021	(3.3%)	4,097	1.9%
Total net sales		99,147	101,130	2.0%	101,711	0.6%	103,445	1.7%



- Commuter passes
Increased due to the strong employment situation
- Non-commuter passes
Increased due to holding events at the MetLife Dome and strengthening promotion of the Chichibu area

Hotel and Leisure Overview

millions of yen

	March 31, 2017	March 31, 2018	YoY change (Amount / %)		Details
Operating revenue	188,544	204,854	16,309	8.7%	
City hotel operations	105,319	119,776	14,456	13.7%	Revenue increased due to the restart of operations at Tokyo Prince Hotel and Grand Prince Hotel Takanawa, the contribution of The Prince Gallery Tokyo Kioicho, which started operations in July 2016.
Resort hotel operations	38,826	40,677	1,850	4.8%	Revenue increased with an increase in RevPAR due to higher occupancy rates and a strong performance in the restaurants division, despite the impact of halting operations at some sites for renovation.
Golf course operations	12,266	12,575	309	2.5%	Revenue increased as a result of acquiring competitions and attracting individual customers.
Others	32,132	31,825	(306)	(1.0%)	
Operating profit	14,092	17,299	3,207	22.8%	Operating profit increased due to higher revenue, despite an increase in expenses for future growth, such as hiring staff in a strategic approach and a rise in SG&A expenses related to new businesses.
EBITDA	26,969	32,739	5,770	21.4%	

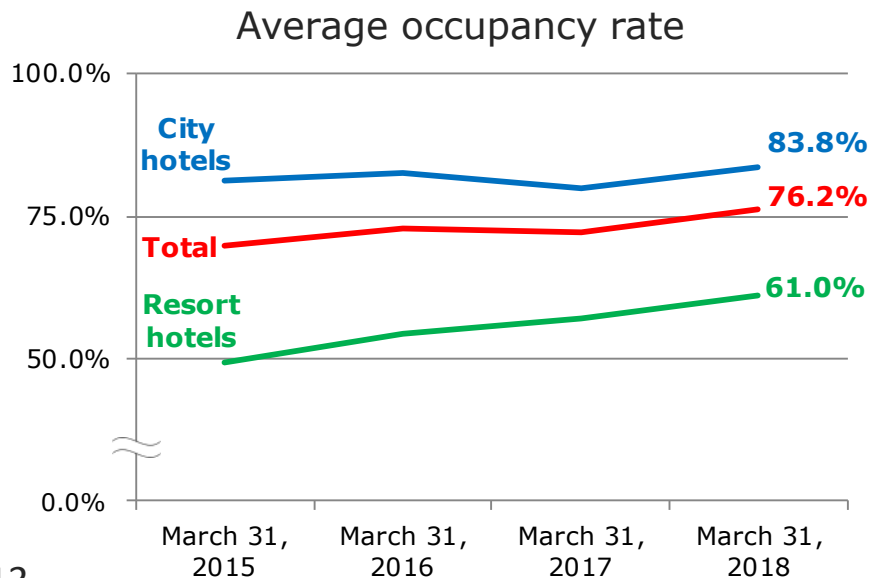
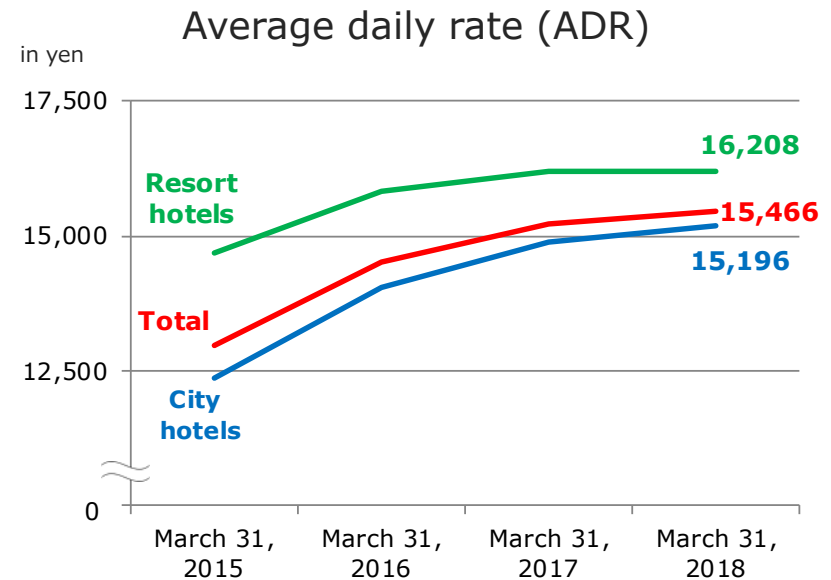
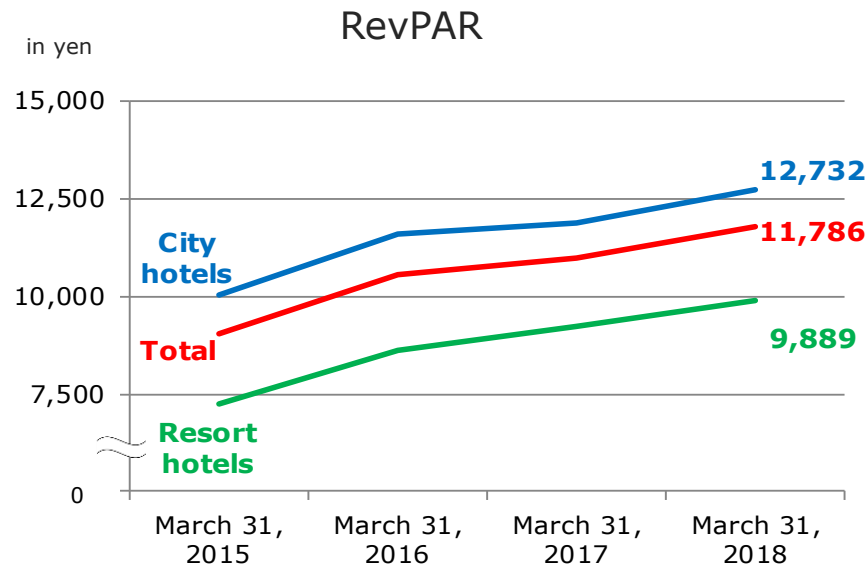
Hotel and Leisure Indicators of hotel operations

Indicators of hotel operations (Prince Hotels, Inc.)

RevPAR, room rates in yen

		March 31, 2015	March 31, 2016	YoY change	March 31, 2017	YoY change	March 31, 2018	YoY change
RevPAR	City hotels	10,056	11,588	15.2%	11,911	2.8%	12,732	6.9%
	Takanawa and Shinagawa area	10,543	12,500	18.6%	12,873	3.0%	13,354	3.7%
	Resort hotels	7,245	8,626	19.1%	9,243	7.1%	9,889	7.0%
	Karuizawa area	16,432	18,824	14.6%	19,376	2.9%	20,980	8.3%
	Total	9,045	10,562	16.8%	10,980	4.0%	11,786	7.3%
Average daily rate (ADR)	City hotels	12,370	14,054	13.6%	14,873	5.8%	15,196	2.2%
	Takanawa and Shinagawa area	12,427	14,429	16.1%	14,808	2.6%	14,830	0.1%
	Resort hotels	14,694	15,824	7.7%	16,198	2.4%	16,208	0.1%
	Karuizawa area	30,512	31,619	3.6%	30,894	(2.3%)	31,713	2.7%
	Total	12,960	14,513	12.0%	15,239	5.0%	15,466	1.5%
Average occupancy rate	City hotels	81.3%	82.5%	1.2pt	80.1%	(2.4pt)	83.8%	3.7pt
	Takanawa and Shinagawa area	84.8%	86.6%	1.8pt	86.9%	0.3pt	90.0%	3.1pt
	Resort hotels	49.3%	54.5%	5.2pt	57.1%	2.5pt	61.0%	4.0pt
	Karuizawa area	53.9%	59.5%	5.7pt	62.7%	3.2pt	66.2%	3.4pt
	Total	69.8%	72.8%	3.0pt	72.1%	(0.7pt)	76.2%	4.2pt

Hotel and Leisure Indicators of hotel operations

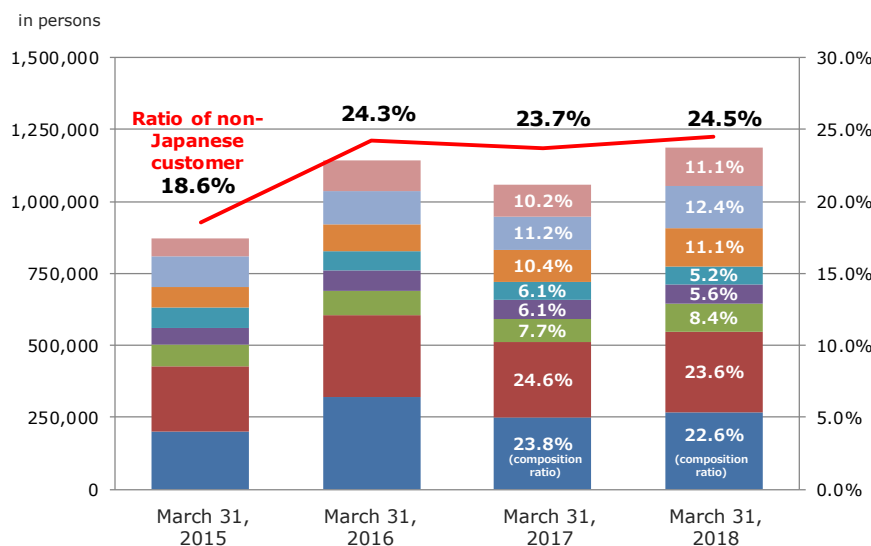


Hotel and Leisure Inbound trends (Number of customers, Room revenue)

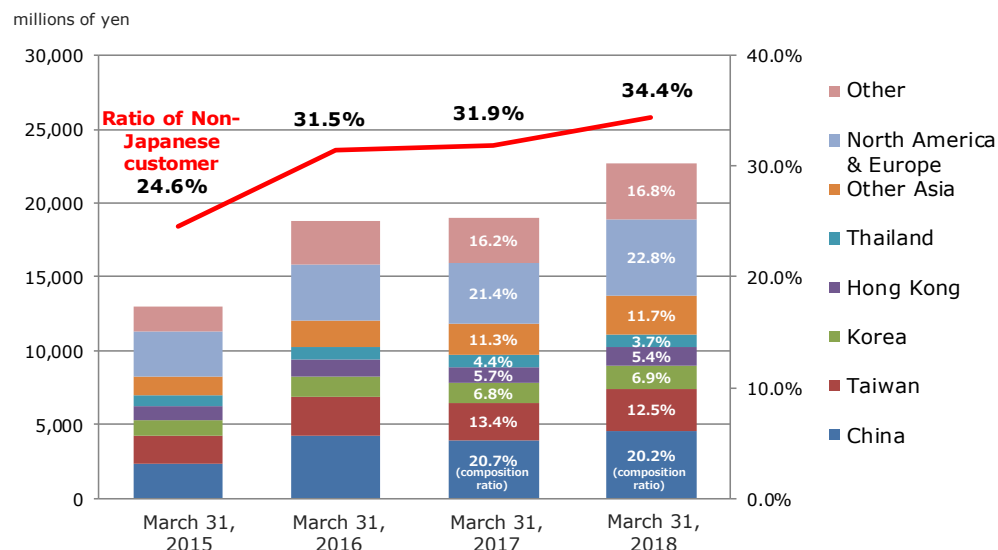
in persons, millions of yen

		March 31, 2015	March 31, 2016	YoY change	March 31, 2017	YoY change	March 31, 2018	YoY change
Breakdown of our customers	Japanese customers	3,816,942	3,565,316	(251,626)	3,401,013	(164,303)	3,652,410	251,397
	Non-Japanese customers	871,174	1,142,633	271,459	1,056,658	(85,975)	1,186,777	130,119
	Total	4,688,116	4,707,949	19,833	4,457,671	(250,278)	4,839,187	381,516
Room revenue	Non-Japanese customers	13,007	18,777	5,769	18,999	222	22,742	3,742

Number of non-Japanese customers by
country and ratio of non-Japanese customers



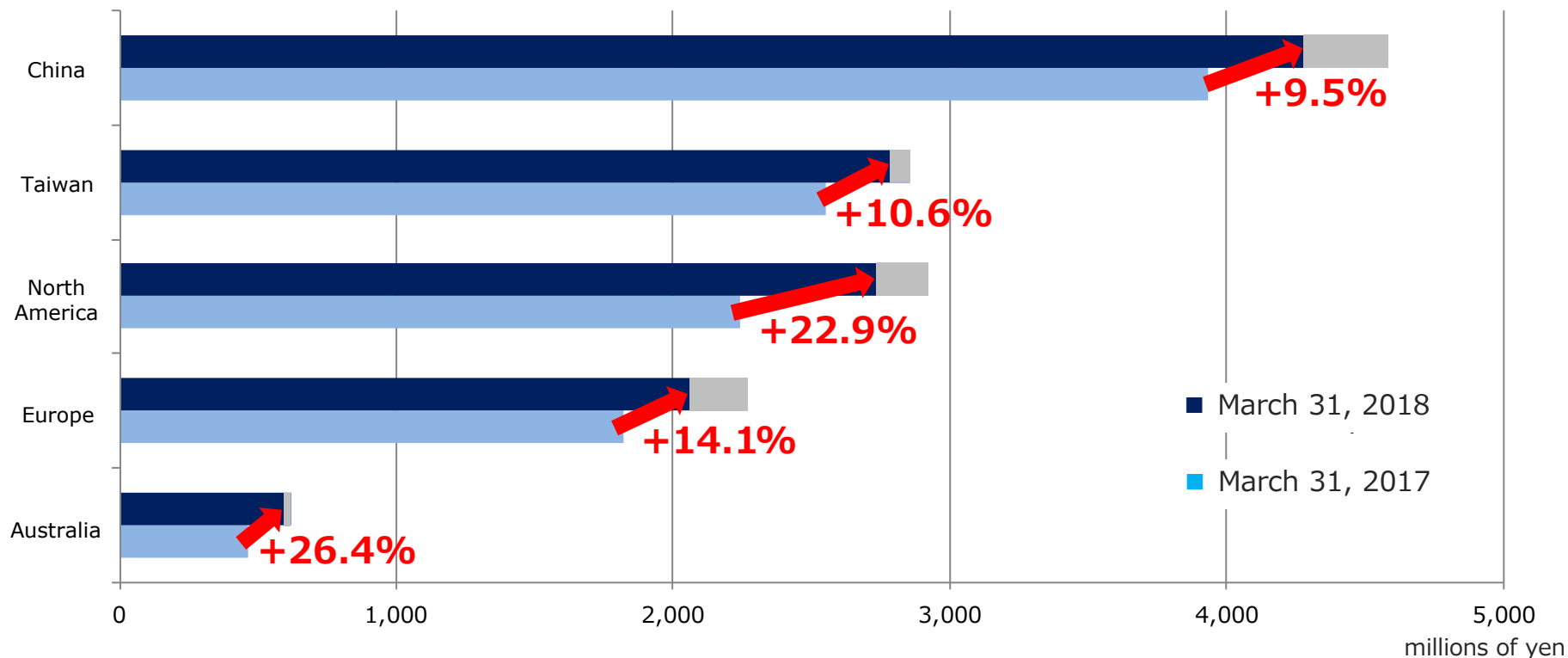
Room revenue of non-Japanese customers by
country and ratio of non-Japanese customers



Hotel and Leisure

Status of initiative to change target market

■ Inbound room revenue by major country, etc.*



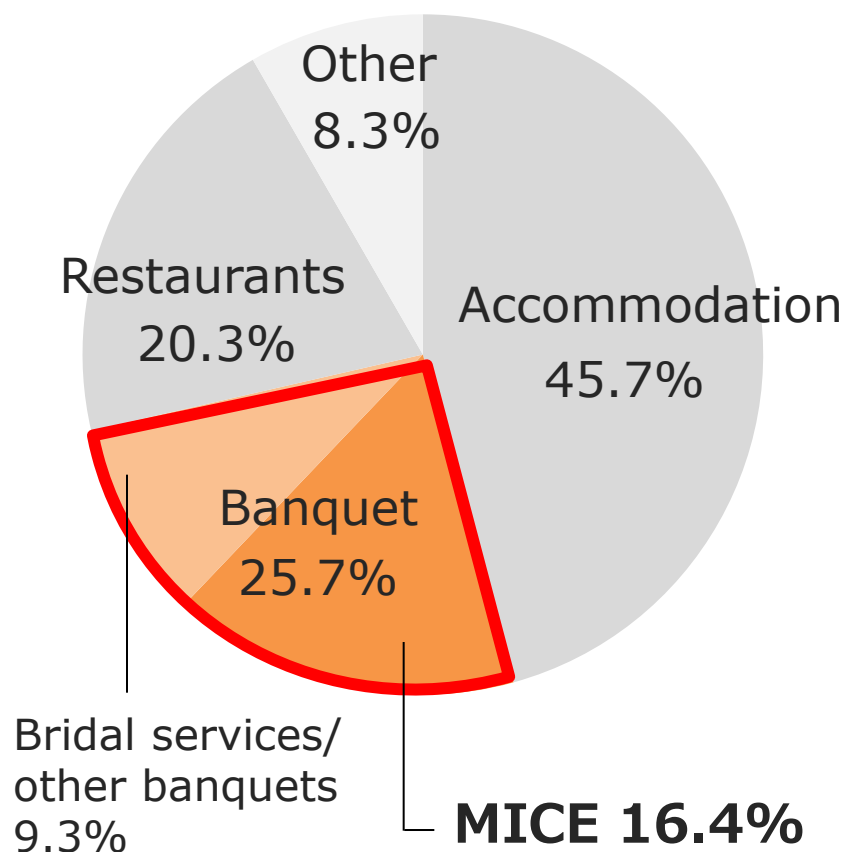
*Basis omitting effect of operations halted for seismic reinforcement work( in graph)

Revenue increased steadily from areas with higher unit prices such as North America, Europe, and Australia.

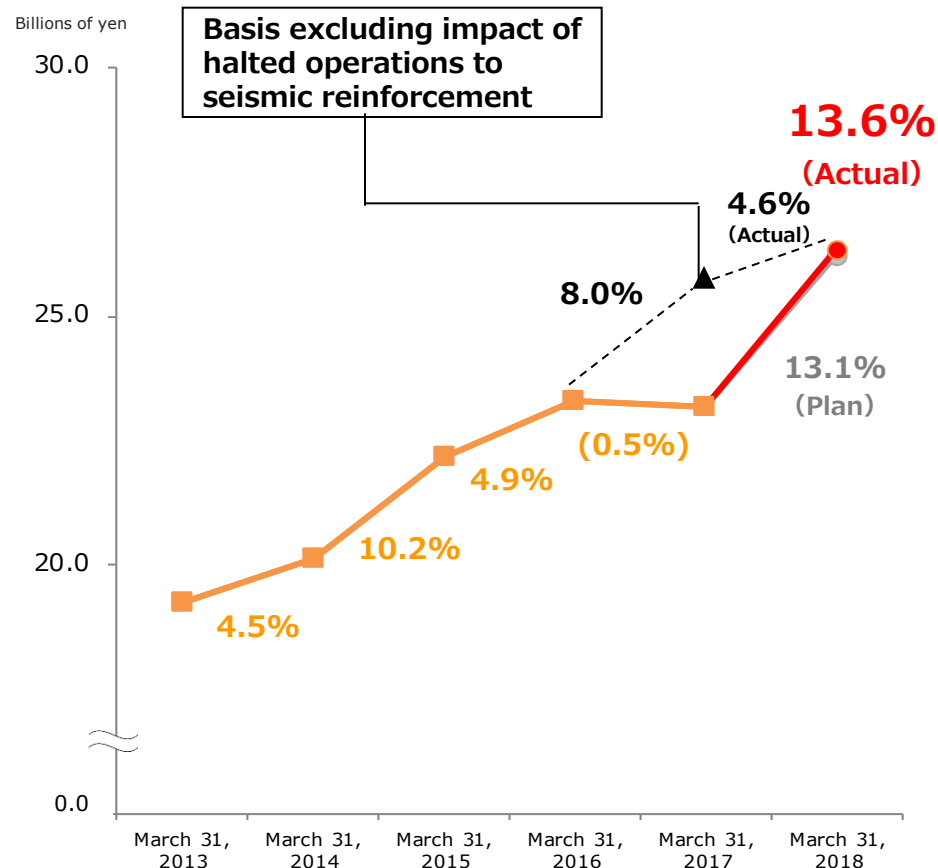
Hotel and Leisure Status of MICE

■ The breakdown of the hotel revenue

(March 31, 2018)



■ Change in MICE Sales



MICE sales is continuing an upward trend due to strong demand for corporate meetings, and restart of the two major banquet hotels (Tokyo Prince Hotel and Grand Prince Hotel Takanawa).

Real estate Overview

millions of yen

	March 31, 2017	March 31, 2018	YoY change (Amount / %)		Details
Operating revenue	53,771	62,292	8,521	15.8%	
Leasing operations	35,447	42,506	7,059	19.9%	Revenue increased due to the contribution of Tokyo Garden Terrace Kioicho, which started operations in July 2016, and strong performance in apartment rents and Karuizawa Prince Shopping Plaza.
Others	18,323	19,785	1,462	8.0%	Revenue increased due to sales of condominiums in front of Seibu-Tachikawa station.
Operating profit	7,889	15,818	7,929	100.5%	Operating profit increased mainly due to the increase in revenue and the absence of recording of one-time expenses for opening of Tokyo Garden Terrace Kioicho in the previous fiscal year.
EBITDA	16,201	25,077	8,876	54.8%	

in thousands of square meters

		March 31, 2015	March 31, 2016	YoY change	March 31, 2017	YoY change	March 31, 2018	YoY change
Leasing space as of March, 31	commercial retail	229	234	5	239	4	244	4
	office/residential	60	60	0	166	106	172	5
Vacancy rate for leasable space as of March, 31	commercial retail	1.1%	1.0%	(0.1pt)	0.7%	(0.3pt)	1.1%	0.4pt
	office/residential	10.0%	14.0%	4.0pt	3.1%	(10.9pt)	1.9%	(1.2pt)

Construction Overview

					millions of yen
	March 31, 2017	March 31, 2018	YoY change (Amount / %)		Details
Operating revenue	114,996	100,002	(14,993)	(13.0%)	
Construction operations	88,578	74,054	(14,524)	(16.4%)	Revenue decreased mainly due to absence of items recorded in the previous fiscal year, such as progress and completions of large-scale construction.
Others	26,417	25,947	(469)	(1.8%)	Revenue decreased mainly due to a decrease in landscaping contract work.
Operating profit	9,825	4,752	(5,073)	(51.6%)	Operating profit decreased due to the decrease in revenue.
EBITDA	10,206	5,152	(5,054)	(49.5%)	

Status of orders received by the Construction operations

						millions of yen	
	March 31, 2015	March 31, 2016	YoY change	March 31, 2017	YoY change	March 31, 2018	YoY change
Orders carried over from the previous fiscal year	62,321	84,335	22,014	99,069	14,733	89,755	(9,313)
Orders received during the period	92,037	94,045	2,007	79,080	(14,964)	84,599	5,518
Orders carried over to the next period	84,335	99,069	14,733	89,755	(9,313)	100,542	10,787

Hawaii Business Overview

millions of yen

	March 31, 2017	March 31, 2018	YoY change (Amount / %)		Details
Operating revenue	23,167	15,375	(7,792)	(33.6%)	Revenue decreased after a gain on sale of real estate in the previous fiscal year, and exchange rate fluctuations, despite the firm performance of Mauna Kea Beach Hotel.
Operating profit	4,250	(2,002)	(6,252)	—	Operating profit decreased after a gain on sale of real estate in the previous fiscal year, and a decrease in revenue at Prince Waikiki.
EBITDA	6,044	97	(5,947)	(98.4%)	

Average occupancy rate and average dairy rate of Hotel

	Mrach 31, 2015	Mrach 31, 2016	YoY change	March 31, 2017	YoY change	March 31, 2018	YoY change
RevPAR (¥)	17,136	21,384	4,248	19,247	(2,137)	18,465	(782)
RevPAR (\$)	168.00	178.50	10.50	174.97	(3.53)	175.86	0.89
Average daily rate (¥)	23,610	29,146	5,536	27,815	(1,331)	30,539	2,724
Average daily rate (\$)	231.47	243.29	11.82	252.86	9.57	290.85	37.99
Average occupancy rate	72.6%	73.4%	0.8pt	69.2%	(4.2pt)	60.5%	(8.7pt)

Other Business Overview

millions of yen

	March 31, 2017	March 31, 2018	YoY change (Amount / %)		Details
Operating revenue	37,228	39,427	2,198	5.9%	Revenue increased mainly due to an increase in the number of spectators, due to the execution on various sales initiatives and participation in the Climax Series (play-off games), in the Seibu Lions Business.
Operating profit	720	1,048	327	45.4%	Operating profit increased due to the increase in revenue.
EBITDA	3,366	3,960	593	17.6%	

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Summary of consolidated statement of income

	millions of yen			
	March 31, 2017	March 31, 2018	YoY change	Details
Operating revenue	512,009	530,631	18,622	Urban Transportation and Regional: +5.5 billion yen, Hotel and Leisure: +16.3 billion yen, Real estate: +8.5 billion yen, Construction: -14.9 billion yen, Hawaii Business: -7.7 billion yen, Other: +2.1 billion yen
Operating profit	62,456	64,259	1,803	Urban Transportation and Regional: +0.4 billion yen, Hotel and Leisure: +3.2 billion yen, Real estate: +7.9 billion yen, Construction: -5.0 billion yen, Hawaii Business: -6.2 billion yen, Other: +0.3 billion yen
Non-operating income	6,871	3,290	(3,581)	Share of profit of entities accounted for using equity method: -3.7 billion yen
Non-operating expenses	11,856	12,060	204	
Ordinary profit	57,472	55,490	(1,982)	
Extraordinary income	9,066	2,156	(6,909)	Gain on sales of non-current assets: -3.4 billion yen Gain on step acquisitions: -1.5 billion yen
Extraordinary losses	8,005	6,695	(1,309)	
Profit before income taxes	58,533	50,951	(7,582)	
Income taxes	10,898	7,511	(3,387)	Income taxes - current: +0.9 billion yen Income taxes - deferred: -4.3 billion yen (Current fiscal year: -3.0 billion yen due to a review of scheduling, -1.2 billion yen due to a change in tax-effect category, and -1.0 billion yen due to a change in tax rates following U.S. tax reform. Previous fiscal year: -4.0 billion yen due to a change in tax-effect category)
Profit	47,634	43,439	(4,194)	
Profit attributable to non-controlling interests	70	531	461	Increase from conversion of Yokohama Arena Co., Ltd. into a consolidated subsidiary
Profit attributable to owners of parent	47,564	42,908	(4,656)	

Non-operating income and expenses and extraordinary income and losses

millions of yen

	March 31, 2017	March 31, 2018	YoY change	Details
Operating profit	62,456	64,259	1,803	
Non-operating income	6,871	3,290	(3,581)	
Interest and dividend income	757	888	130	
Subsidy to keep a bus on a regular route	842	901	59	
Share of profit of entities accounted for using equity method	3,729	—	(3,729)	(Previous fiscal year) Recorded non-operating income in relation to NW Corporation becoming an equity method associate
Other	1,541	1,500	(41)	
Non-operating expenses	11,856	12,060	204	
Interest expenses	10,693	10,595	(97)	
Share of loss of entities accounted for using equity method	—	62	62	
Other	1,162	1,402	240	
Ordinary profit	57,472	55,490	(1,982)	
Extraordinary income	9,066	2,156	(6,909)	
Gain on sales of non-current assets	3,543	123	(3,419)	(Previous fiscal year) Sales of land (Shin Sugita)
Contribution for construction	2,891	750	(2,140)	
Subsidy income	343	160	(183)	
Gain on sales of investment securities	21	144	122	
Compensation income	—	895	895	
Gain on step acquisition	1,501	—	(1,501)	(Previous fiscal year) Valuation difference on existing shareholdings associated with conversion of Yokohama Arena Co., Ltd. into a consolidated subsidiary
Other	765	81	(683)	
Extraordinary losses	8,005	6,695	(1,309)	
Impairment loss	760	2,076	1,316	
Loss on sales of non-current assets	17	165	147	
Loss on retirement of non-current assets	3,166	2,804	(362)	
Reduction entry of land contribution for construction	2,739	678	(2,060)	
Loss on reduction of non-current assets	323	145	(178)	
Loss on sales of investment securities	0	16	16	
Loss on valuation of investment securities	0	—	(0)	
Other	997	809	(188)	
Profit before income taxes	58,533	50,951	(7,582)	

Summary of consolidated balance sheet

millions of yen

	March 31, 2017	March 31, 2018	YoY change	Details
Total assets	1,627,868	1,671,977	44,108	
Current assets	126,702	119,709	(6,992)	Notes and accounts receivable - trade: -4,659 Other: -3,793 (Consumption taxes refund receivable, etc.)
Non-current assets	1,501,166	1,552,267	51,101	Property, plant and equipment and intangible assets: +41,577 Investment securities: +6,654 Deferred tax assets: +2,717
Total liabilities	1,267,735	1,277,029	9,293	
Current liabilities	366,590	328,782	(37,807)	Short-term loans payable: -47,107 Advances received: +7,916
Non-current liabilities	901,144	948,246	47,101	Long-term loans payable: +40,409 Bonds payable: +10,000 Long-term accounts payable to Japan railway construction, transport and technology agency: -5,091
Total net assets	360,133	394,947	34,814	
Equity	355,322	389,510	34,187	Retained earnings: +34,358 Valuation difference on available-for-sale securities: +3,435 Remeasurements of defined benefit plans: -2,536 Foreign currency translation adjustment: -1,482
Interest-bearing debt	909,104	905,091	(4,012)	
Net interest-bearing debt	880,032	875,147	(4,885)	
Equity-to-asset ratio	21.8%	23.3%	1.5pt	
D/E ratio (times)	2.6	2.3	(0.3)	
Net interest-bearing debt / EBITDA (times)	8.1	7.6	(0.5)	

Consolidated cash flows

millions of yen

	March 31, 2017	March 31, 2018	YoY change	Details
Operating activities	92,418	103,772	11,354	Increase in EBITDA and decrease in notes and accounts receivable -trade and accounts receivable - other, etc.
Investing activities	(133,931)	(88,083)	45,848	
Purchase of property plant and equipment and intangible assets	(135,318)	(91,524)	43,793	(Previous fiscal year) Completion of Tokyo Garden Terrace Kioicho, seismic reinforcement works for hotels, etc.
Proceeds from sales of property, plant and equipment and intangible assets	4,537	601	(3,936)	
Proceeds from contribution received for construction	6,560	8,865	2,305	
Financing activities	48,162	(13,549)	(61,712)	Decrease in loans payable, etc.
Cash and cash equivalents at beginning of the period	21,085	27,551	6,466	
Cash and cash equivalents at the end of the period	27,551	29,628	2,076	
Free cash flow	(41,513)	15,689	57,202	
Interest-bearing debt	909,104	905,091	(4,012)	

Capital investment in each segment

millions of yen

	March 31, 2017	March 31, 2018	YoY change	List of main investments
Urban Transportation and Regional	27,342	32,002	4,660	• Project on a continuous grade-separation work between Nakai and Nogata stations (ongoing) • Project on a continuous grade-separation work on Higashi-Murayama station area (ongoing) • Introduced new commuter train 40000 series
Hotel and Leisure	32,567	23,542	(9,025)	• Building hot spring spa facilities at Oiso Prince Hotel • Renovation of guestrooms and Lobby lounge at The Prince Park Tower Tokyo • Construction of new club house at Hokkaido Country Club • Renovation of Karuizawa Prince Hotel East
Real estate	73,107	27,018	(46,089)	• Grand Emio Tokorozawa phase I • Emilive Saginomiya • (provisional) Seibu Railway Ikebukuro Building (ongoing)
Construction	441	473	31	
Hawaii Business	7,453	5,296	(2,156)	• Full renovation of Prince Waikiki • Full renovation of Hapuna Beach Prince Hotel (ongoing)
Other	3,090	4,160	1,070	• Ohmi Railway Building in front of Moriyama station "cocotto MORIYAMA"
Adjustments	(5,087)	(2,590)	2,497	Adjustment of transactions between Group Companies
Total capital investment	138,915	89,903	(49,012)	

Depreciation in each segment

millions of yen

	March 31, 2017	March 31, 2018	YoY change	Details
Urban Transportation and Regional	20,684	21,807	1,122	Increased primarily due to the conversion of Yokohama Arena Co., Ltd. into a consolidated subsidiary, and the opening of the Seibu-Chichibu Ekimaeonsen Maturinoyu (a hot spring complex located in front of the station).
Hotel and Leisure	12,876	15,439	2,563	Increased due to hotel renewals.
Real estate	8,312	9,259	947	Increased mainly due to the year-round operation of Tokyo Garden Terrace Kioicho and emilive Shakujii-koen.
Construction	381	399	18	
Hawaii Business	1,794	2,099	305	
Other	2,645	2,912	266	
Adjustments	(1,036)	(917)	118	
Total depreciation	45,658	51,000	5,342	

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Consolidated earnings forecasts for the fiscal year ending March 31, 2019

billions of yen

	March 31, 2018	March 31, 2019 (forecasts)	YoY change	September 30, 2017	September 30, 2018 (forecasts)	YoY change
Operating revenue	530.6	569.9	7.4%	266.3	282.6	6.1%
Operating income	64.2	67.0	4.3%	37.8	39.4	4.1%
EBITDA	115.5	120.9	4.6%	62.6	65.5	4.6%
Ordinary income	55.4	58.1	4.7%	33.1	34.8	4.9%
Profit attributable to owners of parent	42.9	43.6	1.6%	23.2	26.2	12.6%

■ Operating revenue ¥569.9 billion

Operating revenue to increased mainly due to the following: In the Urban Transportation and Regional business, an increase in railway transportation revenue; in the Hotel and Leisure business, manifestation of the effects of investments to increase value and increase in RevPAR due to enhanced revenue management; in the Real estate business, an increase in rental revenue of Tokyo Garden Terrace Kioicho and a sale of apartment buildings; in Construction business, an increase in projects carried over; and in Hawaii business, manifestation of the effects of investments to increase value.

■ Operating profit ¥67.0 billion

Operating profit to increase due to higher revenue, despite increased expenses for new businesses, large-scale redevelopments, and operational reforms.

■ Ordinary profit ¥58.1 billion

Ordinary profit to increase due to increased operating profit.

■ Profit attributable to owners of parent ¥43.6 billion

The size of the increase in profit attributable to owners of parent to be smaller than for ordinary profit, mainly due to deferred tax assets being recorded in the fiscal year ended March 31, 2018.

Note: The consolidated earnings forecasts are based on information available to the company at the announcement. Actual earnings results may differ from the forecast figures due to various factors going forward.

Consolidated earnings forecasts for the fiscal year ending March 31, 2019

billions of yen

Operating revenue for each segment	March 31, 2018	March 31, 2019 (forecasts)	YoY change	September 30, 2017	September 30, 2018 (forecasts)	YoY change
Urban Transportation and Regional	162.0	163.3	0.8%	81.7	82.6	1.1%
Hotel and Leisure	204.8	221.8	8.3%	101.5	110.8	9.1%
Real estate	62.2	67.3	8.0%	29.5	31.4	6.2%
Construction	100.0	109.5	9.5%	47.3	47.5	0.3%
Hawaii Business	15.3	21.1	37.2%	7.9	9.5	20.2%
Other	39.4	39.6	0.4%	23.9	24.8	3.7%
Adjustments	(53.3)	(52.7)	—	(25.6)	(24.0)	—
Operating profit for each segment	March 31, 2018	March 31, 2019 (forecasts)	YoY change	September 30, 2017	September 30, 2018 (forecasts)	YoY change
Urban Transportation and Regional	27.2	26.0	(4.6%)	17.3	16.4	(5.5%)
Hotel and Leisure	17.2	19.9	15.0%	8.8	10.1	13.9%
Real estate	15.8	17.0	7.5%	7.6	9.4	23.2%
Construction	4.7	4.6	(3.2%)	2.3	1.4	(40.2%)
Hawaii Business	(2.0)	0.0	—	(0.7)	(0.3)	—
Other	1.0	0.0	(100.0%)	2.4	2.1	(15.9%)
Adjustments	0.0	(0.5)	—	(0.1)	0.3	—
EBITDA for each segment	March 31, 2018	March 31, 2019 (forecasts)	YoY change	September 30, 2017	September 30, 2018 (forecasts)	YoY change
Urban Transportation and Regional	49.0	47.7	(2.8%)	27.8	26.9	(3.5%)
Hotel and Leisure	32.7	36.2	10.6%	16.2	18.1	11.1%
Real estate	25.0	27.0	7.7%	12.1	14.3	17.4%
Construction	5.1	5.1	(1.0%)	2.5	1.6	(36.6%)
Hawaii Business	0.0	2.7	—	0.2	0.9	246.2%
Other	3.9	3.1	(21.7%)	3.8	3.6	(7.4%)
Adjustments	(0.5)	(0.9)	—	(0.4)	0.1	—

Capital investment in each segment for the fiscal year ending March 31, 2019

millions of yen

	March 31, 2018	March 31, 2019 (forecast)	YoY change	List of main investments
Urban Transportation and Regional	32,002	35,300	3,297	• Project on a continuous grade-separation work between Nakai and Nogata stations (ongoing) • Project on a continuous grade-separation work on Higashi-Murayama station area (ongoing) • New Limited Express train
Hotel and Leisure	23,542	22,000	(1,542)	• Renovation of guestrooms at Sunshine City Prince Hotel • Renovation of guestrooms at Shinagawa Prince Hotel Annex Tower • Renovation of guestrooms at Grand Prince Hotel New Takanawa
Real estate	27,018	31,100	4,081	• (provisional) Seibu Railway Ikebukuro Building (ongoing) • Grand Emio Tokorozawa phase II (ongoing) • (provisional) Higashi-Nagasaki station south plan
Construction	473	600	126	
Hawaii Business	5,296	4,200	(1,096)	• Full renovation of Hapuna Beach Prince Hotel (ongoing)
Other	4,160	5,400	1,239	• Renovation of MetLife Dome area
Buffer for strategic investments	—	15,000	15,000	
Adjustments	(2,590)	2,600	5,190	
Total capital investment	89,903	116,200	26,296	

Key railway operating data forecasts

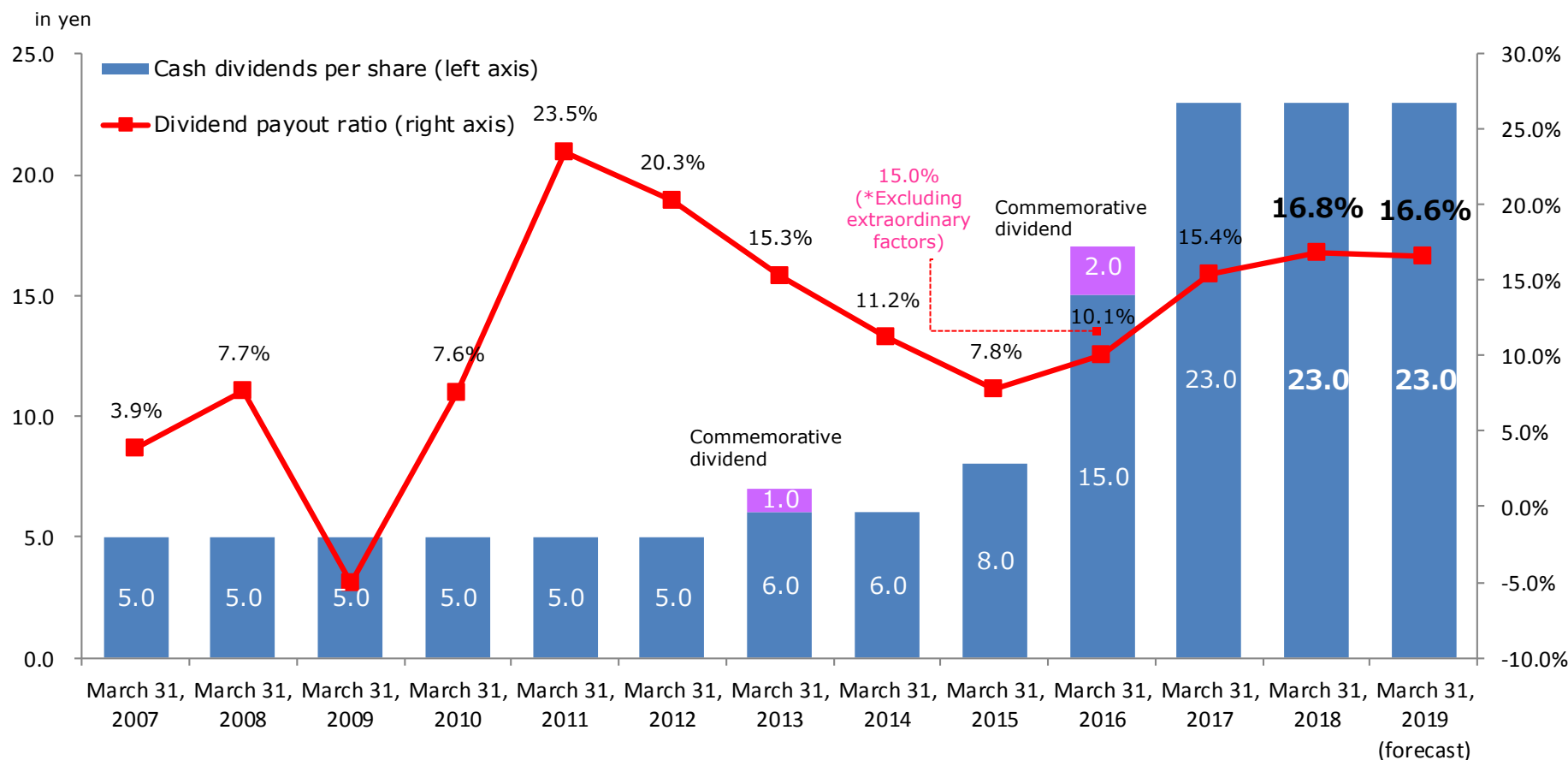
(thousands of passengers, millions of yen)

Railway operations (Seibu Railway Co., Ltd.)		March 31, 2018	March 31, 2019 (forecast)	YoY change
Number of passengers	Commuter passes	412,680	416,388	0.9%
	Non-commuter passes	245,969	247,459	0.6%
	Total	658,650	663,847	0.8%
Sales from railway transportation	Commuter passes	45,137	45,691	1.2%
	Non-commuter passes	54,211	55,100	1.6%
	Total	99,348	100,792	1.5%

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Dividends for the current period and the following period

Make stable, continuous dividend payments (dividend payout ratio around 15%)



*Extraordinary factors: Impairment loss associated with the decision to cancel the development plan for Ahina railway yard, profit upon recognition of indemnification claims, and tax rate changes