



Consolidated Results for Fiscal Year Ending March 2018: YoY growth achieved in both revenue and profit

Kansai Airports today announced its financial results for the fiscal year ending March 2018, posting operating revenue of 206.4 billion yen, operating income of 52.9 billion yen, ordinary income of 41.8 billion yen and net profit¹ of 28.3 billion yen, due partly to strong aviation demand continuing from the previous term.

Operating revenues were up 15%, operating income up 40% and net profit up 67% from the previous year, delivering strong revenue and profit growth.

Kansai Airports CEO Yoshiyuki Yamaya and Co-CEO Emmanuel Menanteau released a statement: "We are delighted to report continued year-on-year growth in both revenue and profit for fiscal 2017, serving a growing number of travelers. With operations at Kobe Airport beginning on April 1, 2018 under a concession agreement with the City of Kobe, we aim to build an integrated management system for the three airports in Kansai so that we can contribute to further development of the entire region."

Consolidated Profit & Loss Statement

(in billion yen)

	Apr. 2016- Mar. 2017	Apr. 2017- Mar. 2018	Increase (decrease)	Change (%)
Operating Revenues	180.2	206.4	26.2	+15%
Operating Expenses	103.3	115.0	11.7	+11%
EBITDA	76.9	91.4	14.5	+19%
Depreciation & Amortization	39.1	38.4	(0.7)	-2%
Operating Income	37.8	52.9	15.2	+40%
Ordinary Income	26.2	41.8	15.6	+60%
Net Profit ¹	16.9	28.3	11.3	+67%

¹ Net Profit: Net Profit Attributable to Parent Company Shareholders

Air Travel Demand

KIX achieved a record aircraft movements for a fiscal year mainly due to an increase in international passenger flights to Korea, Hong Kong and Southeast Asian nations. Total aircraft movements, combining KIX and ITAMI, stood at 327,000, again marking a record high for a fiscal year.

Passenger traffic at KIX continued to rise year-on-year to an all-time high of 28.8 million thanks to strong growth in international passengers with 21.9 million, topping the 20 million mark for the first time for a fiscal year. ITAMI also saw growth in passenger traffic over the previous year partly due to aircraft upgauging. The combined number of passengers going through KIX and ITAMI was 44.48 million.

	Apr. 2016 to Mar. 2017	Apr. 2017 to Mar. 2018	Increase (Decrease)	Change (%)
ATMs (in thousands)	317	327	9	+3%
KIX	178	188	10	+6%
ITAMI	139	138	(0)	-0%
PAX (in millions)	40.82	44.48	3.66	+9%
KIX	25.72	28.80	3.08	+12%
ITAMI	15.10	15.68	0.58	+4%

Consolidated Balance Sheet

As of March 31, 2018, total assets decreased by 112.6 billion yen to 1,763.9 billion yen, and total liabilities were 1,679.2 billion yen, a decrease of 131.2 billion, both compared with the previous fiscal year, partly due to progress on payments for the Right to Operate Public Facilities and its amortization.

(in billion yen)			
	As of March 31, 2017	As of March 31, 2018	Increase (decrease)
Current Assets	240.2	167.7	(72.5)
Non-current Assets	1,636.3	1,596.3	(40.0)
Total Assets	1,876.5	1,763.9	(112.6)
Current Liabilities	63.6	80.7	17.1
Non-current Liabilities	1,746.8	1,598.5	(148.3)
Total Liabilities	1,810.4	1,679.2	(131.2)
Shareholders' Equity	65.1	83.6	18.5
Other Comprehensive Income	0.1	0.0	(0.1)
Non-controlling Interests	0.9	1.1	0.2
Total Net Assets	66.1	84.7	18.7
Total Liabilities and Net Assets	1,876.5	1,763.9	(112.6)

【Contact information for inquiries】

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Consolidated Profit and Loss Statement

From April 1, 2017 to March 31, 2018

(Unit: Million yen)

Operating revenues		206,371
Operating expenses		131,043
Gross operating profit		75,328
Selling, general and administrative expenses		22,383
Operating income		52,944
Non-operating income		1,528
Interest income and dividends	789	
Share of profit of entities accounted for using the equity method	236	
Compensation income	251	
Other non-operating income	251	
Non-operating expenses		12,632
Interest expense	12,522	
Commissions	99	
Other non-operating expense	9	
Ordinary income		41,840
Special gain		377
Gain on sales of non-current assets	7	
Subsidy income	28	
Gain on transfer of business	341	
Special loss		697
Loss on retirement of non-current assets	278	
Loss on sales of non-current assets	0	
Loss on reduction of non-current assets	37	
Removal cost related to replacement investment	379	
Profit before income taxes		41,521
Income taxes-current	14,279	
Income taxes-deferred	Δ1,270	13,008
Profit		28,512
Profit attributable to non-controlling interests		232
Profit attributable to owners of the parent		28,279

Figures under one million yen are rounded down to the nearest million.

Consolidated Balance Sheet

As of March 31, 2018

(Unit: Million yen)

Assets		Liabilities	
Current assets	167,668	Current liabilities	80,703
Cash and deposits	123,020	Accounts payable - trade	3,996
Accounts receivable - trade	10,857	Accounts payable - other	22,937
Merchandise inventories	4,588	Accrued expenses	2,121
Raw materials and supplies	1,216	Current portion of long-term loans payable	3,127
Guarantee deposits refundable within one year	13,199	Current portion of liabilities for the right to operate public facilities	29,042
Accounts receivable - other	11,379	Income taxes payable	13,522
Deferred tax assets	1,363	Provision for bonuses	981
Other	2,042	Provision for point card certificates	81
Allowance for doubtful accounts	△0	Other	4,893
Non-current assets	1,596,261	Non-current liabilities	1,598,505
Property, plant and equipment	24,915	Bonds payable	4,860
Buildings and structures	3,714	Long-term loans payable	184,338
Machinery, equipment and vehicles	7,793	Liabilities for the right to operate public facilities	1,353,906
Land	604	Deferred tax liabilities	45
Construction in progress	8,496	Provision for special repairs	44,157
Other	4,306	Liability for retirement benefits	3,853
Intangible assets	1,444,539	Other	7,343
Right to operate public facilities	1,433,850	Total liabilities	1,679,208
Replacement investment assets	8,960	Net assets	
Right to operate public facilities in progress	497	Shareholders' equity	83,581
Other	1,230	Capital stock	25,000
Investments and other assets	126,805	Capital surplus	25,000
Investment securities	1,614	Retained earnings	33,581
Asset for retirement benefits	235	Accumulated other comprehensive	34
Guarantee deposits	121,683	Valuation difference on available-for-sale securities	49
Deferred tax assets	3,196	Deferred gains or losses on hedge	△ 14
Other	83	Non-controlling interests	1,105
Allowance for doubtful accounts	△ 8	Total net assets	84,721
Total assets	1,763,930	Total liabilities and net assets	1,763,930

Figures under one million yen are rounded down to the nearest million.



Kansai Airports was established by a consortium made up of VINCI Airports and ORIX Corporation as its core members. Kansai Airports took over the operations of Kansai International Airport ("KIX") and Osaka International Airport ("ITAMI") from New Kansai International Airport Company ("NKIAC") and has been operating the two airports since April 1, 2016.

Kansai Airports Kobe, Kansai Airports' wholly-owned subsidiary, took over the operations of Kobe Airport ("KOBE") from Kobe City and started its business as an operating company on April 1, 2018.

Under the concept of "One Kansai Airports Group", Kansai Airports group strives to continuously improve its services for all airport guests through appropriate investments and efficient operations, with safety and security being the top priority. Kansai Airports group aims to maximize the potential of the three airports, for the benefit of the communities they serve.

For more information, please visit : www.kansai-airports.co.jp/en/

Kansai Airports

Location	1-banchi, Senshu-kuko kita, Izumisano-shi, Osaka	Shareholders	ORIX 40%, VINCI Airports 40%, Other investors 20% ¹
Company Representatives	Representative Director and CEO:Yoshiyuki Yamaya Representative Director and Co-CEO: Emmanuel Menanteau		
Business Scope	Operation and management services, etc. of Kansai International Airport and Osaka International Airport		

Kansai Airports Kobe

Location	1-ban, Kobe-kuko, Chuo-ku, Kobe-shi, Hyogo	Shareholder	Kansai Airports 100%
Company Representatives	Representative Director and CEO: Yoshiyuki Yamaya Representative Director and Co-CEO: Emmanuel Menanteau		
Business Scope	Operation and management services, etc. of Kobe Airport		



ORIX Corporation (TSE: 8591; NYSE: IX) is an opportunistic, diversified, innovation-driven global powerhouse with a proven track record of profitability. Established in 1964, ORIX at present operates a diverse portfolio of businesses in the operations, financial services, and investment spaces. ORIX's highly complementary business activities span industries including: energy, private equity, infrastructure, automotive, ship and aircraft, real estate and retail financial services. ORIX has also spread its business globally by establishing locations in a total of 38 countries and regions across the world. Through its business activities, ORIX has long been committed to corporate citizenship and environmental sustainability. For more details, please visit our website:

<http://www.orix.co.jp/grp/en/>



VINCI Airports, a top 5 global player in the international airport sector, manages the development and operations of 36 airports located in France, Portugal (including the hub of Lisbon), Cambodia, Japan, Dominican Republic, Chile and Brazil. Served by more than 200 airlines, VINCI Airports' network handled 156.6 million passengers in 2017.

Through its expertise as a comprehensive integrator and the professionalism of its 12,000 employees, VINCI Airports develops, finances, builds and operates airports, leveraging its investment capability, international network and know-how to optimize the management and performance of existing airport infrastructure, facility extensions and new construction. In 2017, its annual revenue for managed activities amounted to €3.2 bn, for a consolidated revenue of €1.4 bn.

More comprehensive information is available on www.vinci-airports.com

¹ ASICS Corporation; Iwatani Corporation; Osaka Gas Co., Ltd.; Obayashi Corporation; OMRON Corporation; The Kansai Electric Power Company, Incorporated; Kintetsu Group Holding Co., Ltd.; Keihan Holdings Co., Ltd.; Suntory Holdings Limited; JTB Corp.; Sekisui House, Ltd.; Daikin Industries, Ltd.; Daiwa House Industry Co., Ltd.; Takenaka Corporation; Nankai Electric Railway Co., Ltd.; NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION; Panasonic Corporation; Hankyu Hanshin Holdings, Inc.; Rengo Co., Ltd.; The Senshu Ikeda Bank, Ltd.; Kiyo Holdings, Inc.; The Bank of Kyoto, Ltd.; THE SHIGA BANK, LTD.; The Nanto Bank, Ltd.; Nippon Life Insurance Company; Mizuho Bank, Ltd.; Sumitomo Mitsui Trust Bank, Limited; MUFG Bank, Ltd.; Resona Bank, Limited; and the Private Finance Initiative Promotion Corporation of Japan.

Consolidated Results for Fiscal Year Ended March 2018

June 7, 2018



Shaping a New Journey



Agenda



Highlights



Revenue Drivers



Investment Plan



Overview of Consolidated Results



Highlights

Revenue and Profit Growth for the Second Consecutive Year

(in ¥ billion)

1. Strong inbound demand

→ Notable increase in passenger traffic, particularly international passengers at KIX

2. Positive impacts of our measures

→ The direct management revenue (e.g. duty-free and retail shops) drove total revenues, outpacing the growth of passenger traffic.

	FY 2016	FY 2017	Increase (decrease)	Change %
Operating Revenues	180.2	206.4	26.2	+15%
EBITDA	76.9	91.4	14.5	+19%
Operating Income	37.8	52.9	15.2	+40%
Ordinary Income	26.2	41.8	15.6	+60%
Net Profit ¹	16.9	28.3	11.3	+67%



Revenue Drivers

[Aero] Growth Factor 1: Record-breaking ATMs & Passenger Traffic

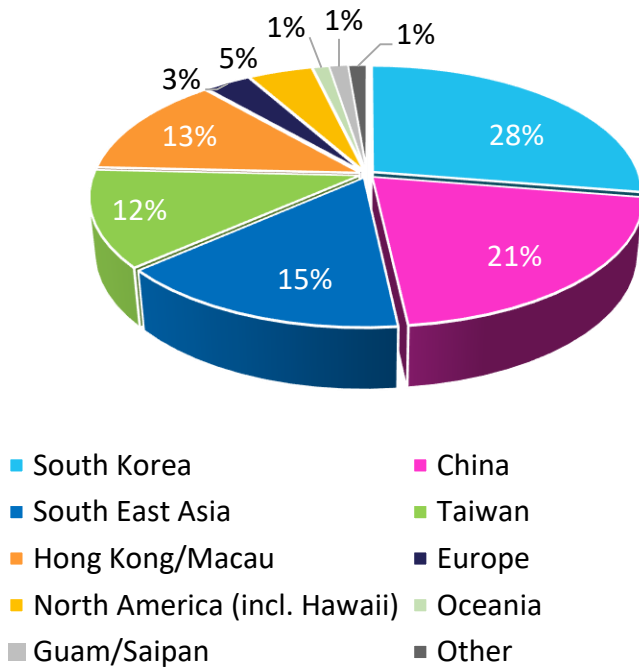
- International traffic: Surpassed the **20 million mark for the first time**
- Foreign passengers on international flights: **Record-breaking 15.01 million**
- ITAMI Passenger traffic: **4% YoY growth**

	FY 2016	FY 2017	Increase (Decrease)	Change %
ATMs (in thousands)	317	327	9	+3%
KIX	178	188	10	+6%
ITAMI	139	138	(0)	-0%
Passenger (in millions)	40.82	44.48	3.66	+9%
KIX	25.72	28.80	3.08	+12%
International	19.15	21.90	2.75	+14%
Japanese	6.51	6.70	0.19	+3%
Foreigners	12.43	15.01	2.58	+21%
ITAMI	15.10	15.68	0.58	+4%

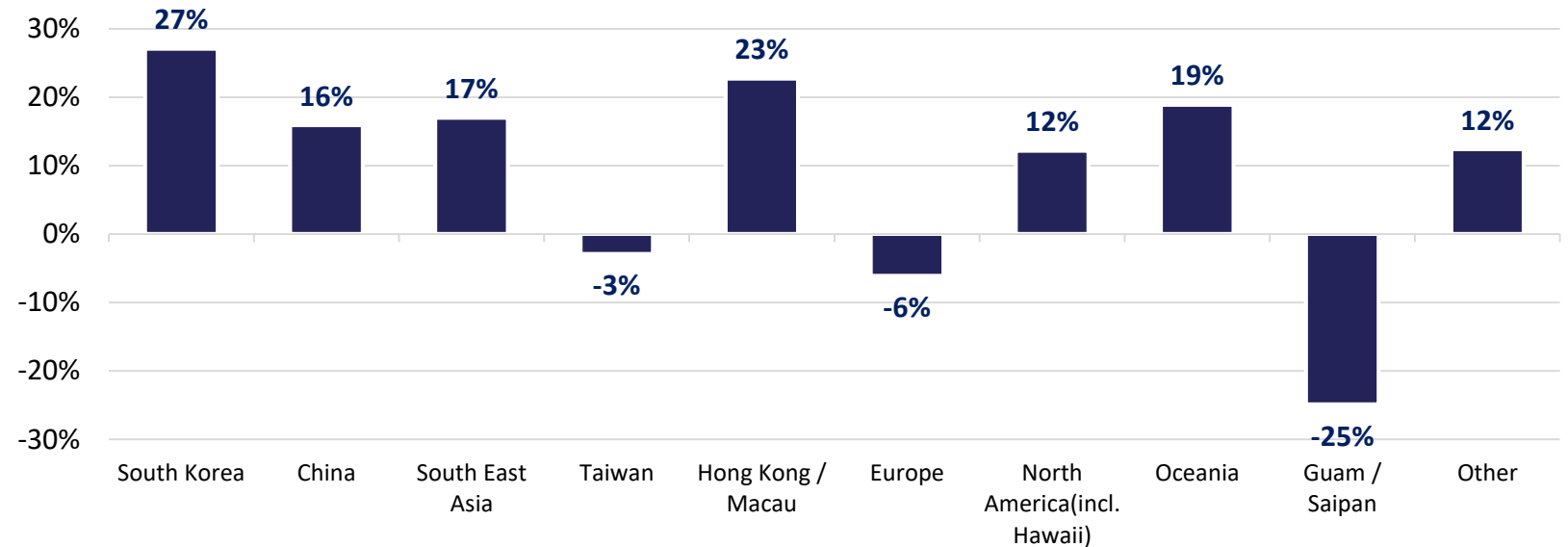
[Aero] Growth Factor 2: Strong Growth in Traffic from East Asian Countries

- South Korean and Chinese markets remain key drivers.
- YoY international traffic growth: +27% South Korean, +16% Chinese

FY 2017 International Passengers by Geographical Segment

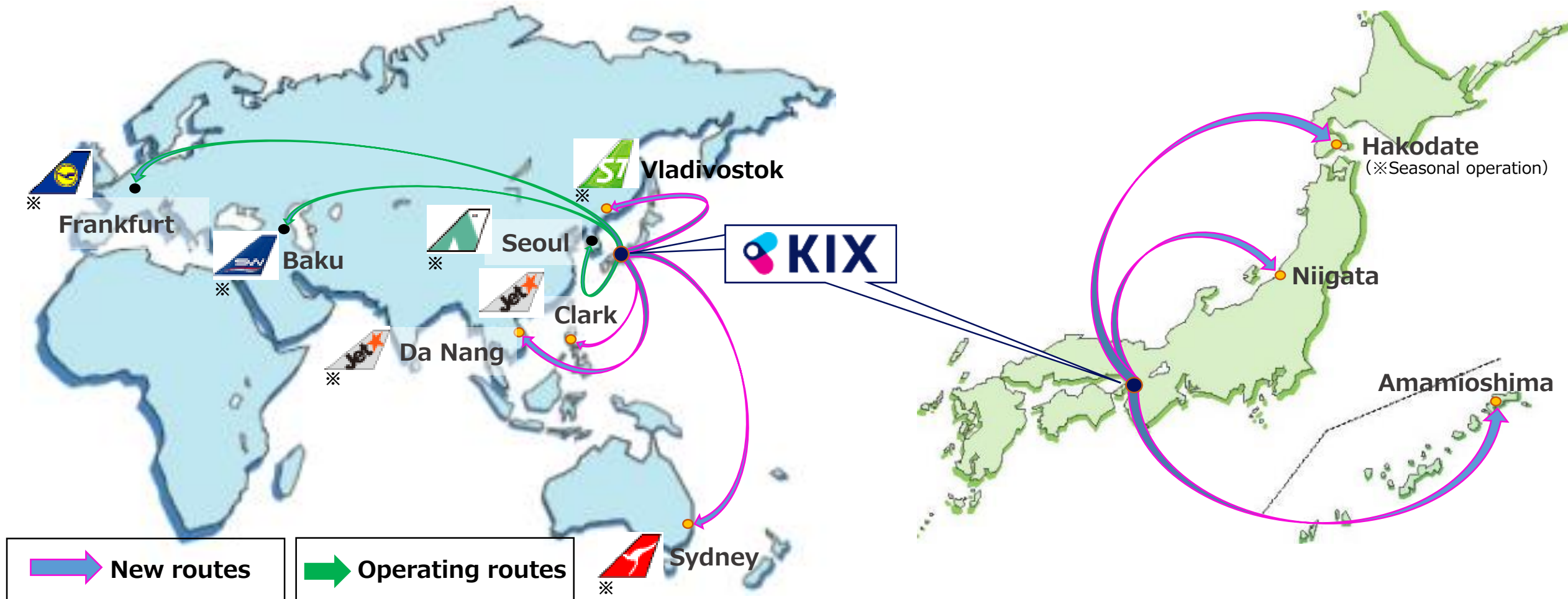


FY 2017 International Traffic Growth by Geographical Segment (YoY comparison)



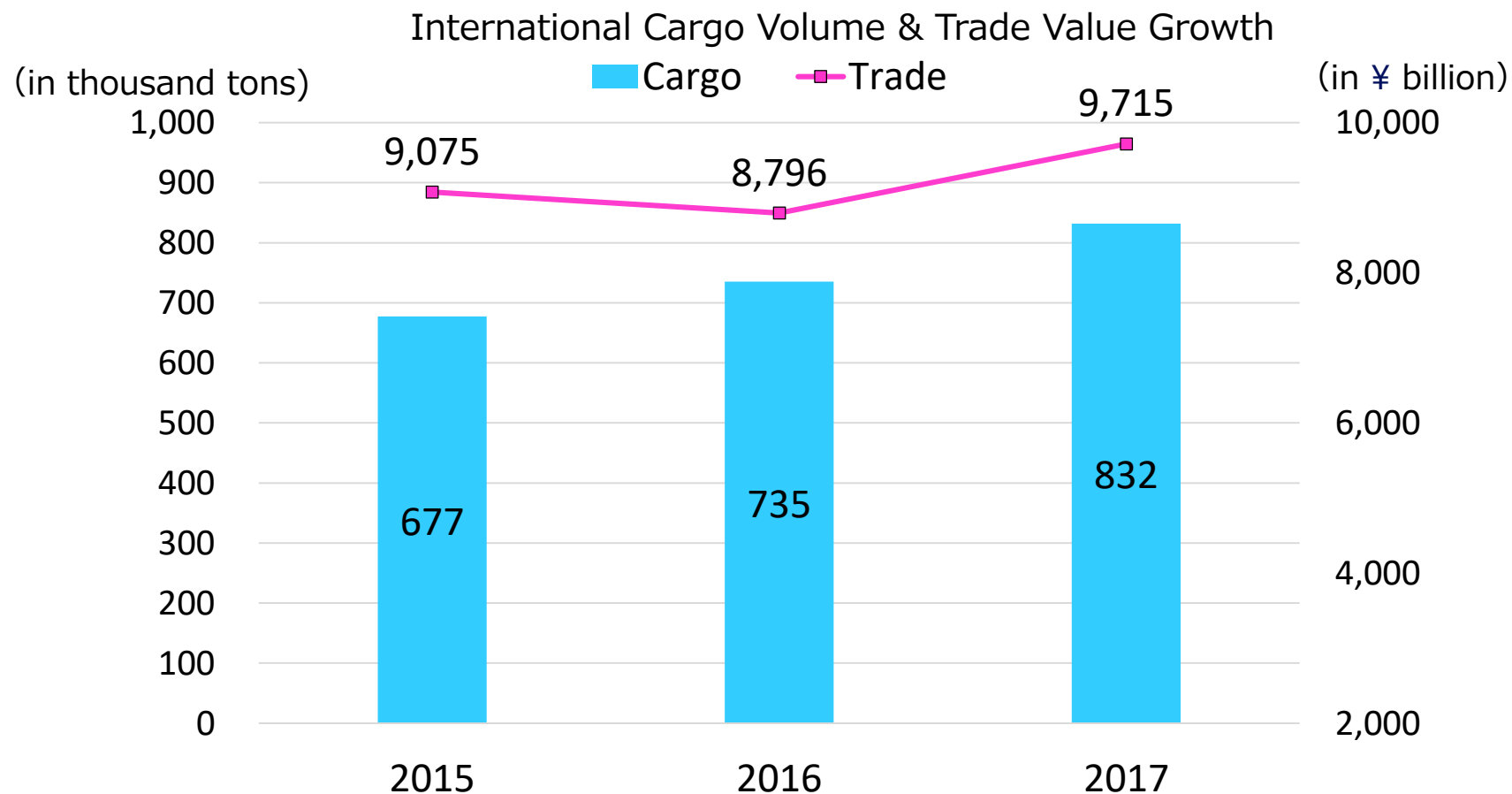
Source: Kansai Airports

[Aero] Growth Factor 3: FY2017 New Routes and Airlines



[Aero] Growth Factor 4: Strong International Cargo

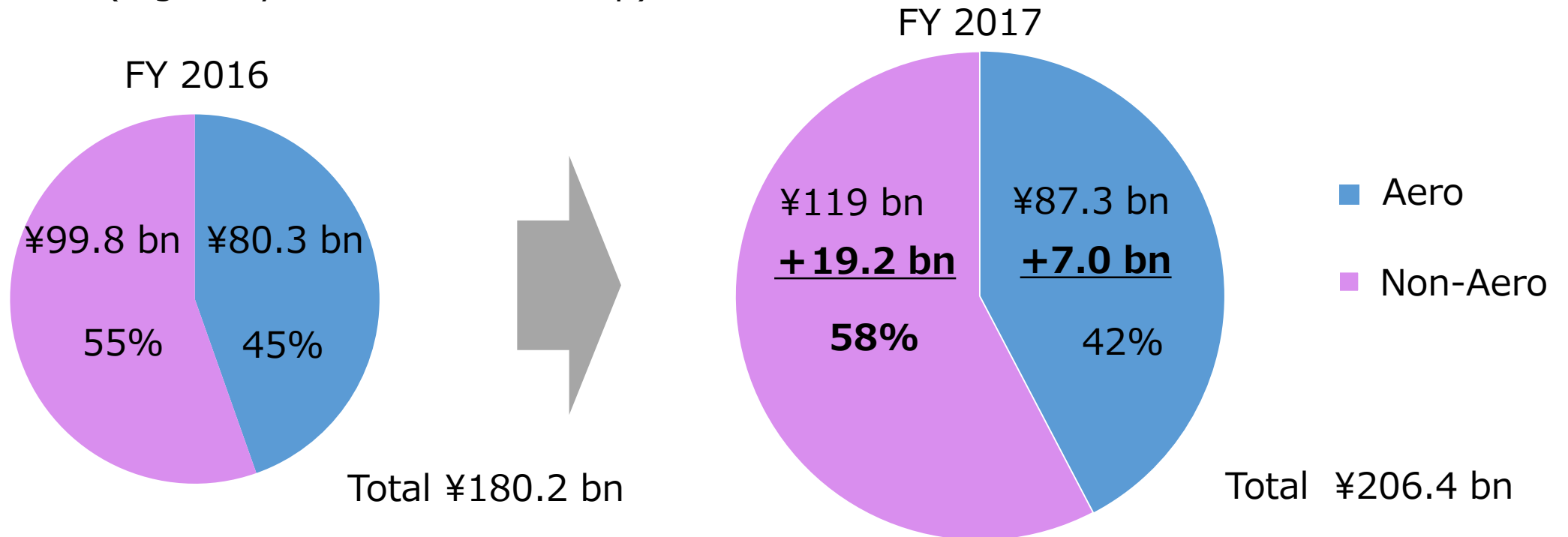
→ Robust growth in international cargo volume: 832,000 tons, up 13% YoY



* Complied by Kansai Airports based on Customers Office's data

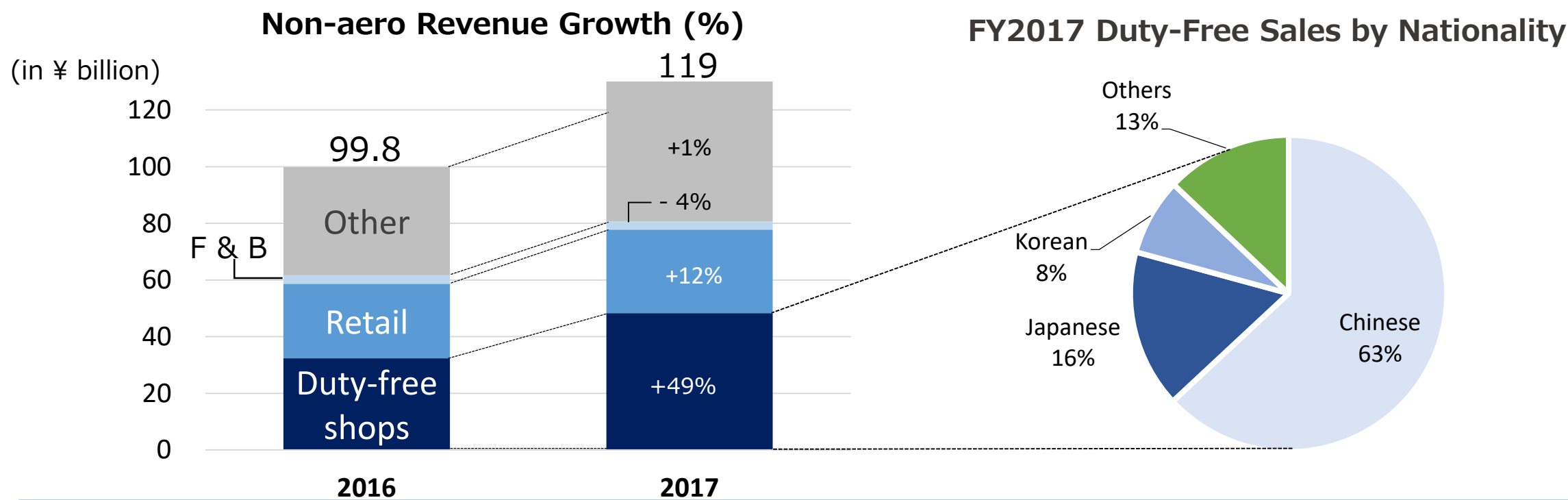
Aero and Non-aero Revenue Increases with Non-Aero Share Growing

- Non-aero revenue share: **58%, up 3% increase YoY**
- Aero revenue: **¥ 7 billion increase** primarily driven by the passenger service facility charge
- Non-Aero: **¥ 19.2 billion increase** mainly reflecting revenue growth within direct management (e.g. duty-free and retail shop)



[Non-aero] Growth factor: Revenues Outpacing Traffic Growth

- Posted a record ¥119 bn, up 19% YoY (outstripped traffic growth of 9%)
- Duty-free sales rose 49% YoY, driving a strong Non-aero revenue growth
- Chinese accounted for 63% of duty-free sales with high average transaction and high penetration rate





Investment Plan

Investment Plan

➔ Proactively invest approximately ¥100 bn in 3 airports (KIX, ITAMI, KOBE) over the next 5 years

Key projects

- ◆ Safety and security
 - Enhanced baggage screening equipment at KIX
 - Improved Earthquake-resistance of ceilings at 3 airports
 - Measures against settlement of ground (regular maintenance)
- ◆ Convenience and comfort
 - Upgrade of all PPBs at KIX & ITAMI
 - Fast Travel initiatives
 - ITAMI terminal renovation



Examples of Fast Travel Initiatives



PFM¹ (KIX)



Automatic Self-service Kiosks (KIX)



Self-service Baggage Drop (KIX)

* To be installed



Smart Lane (KIX / ITAMI)



Full Flat PBB (ITAMI)



Overview of Consolidated Results

Business Performance

(in ¥ billion)

	FY 2016	FY 2017	Increase (Decrease)	Change %
Operating Revenues	180.2	206.4	26.2	+15%
Aero	80.3	87.3	7.0	+9%
Non-Aero	99.8	119.0	19.2	+19%
Operating Expenses (excl. D&A)	103.3	115.0	11.7	+11%
EBITDA	76.9	91.4	14.5	+19%
Depreciation & Amortization	39.1	38.4	(0.7)	-2%
Operating Income	37.8	52.9	15.2	+40%
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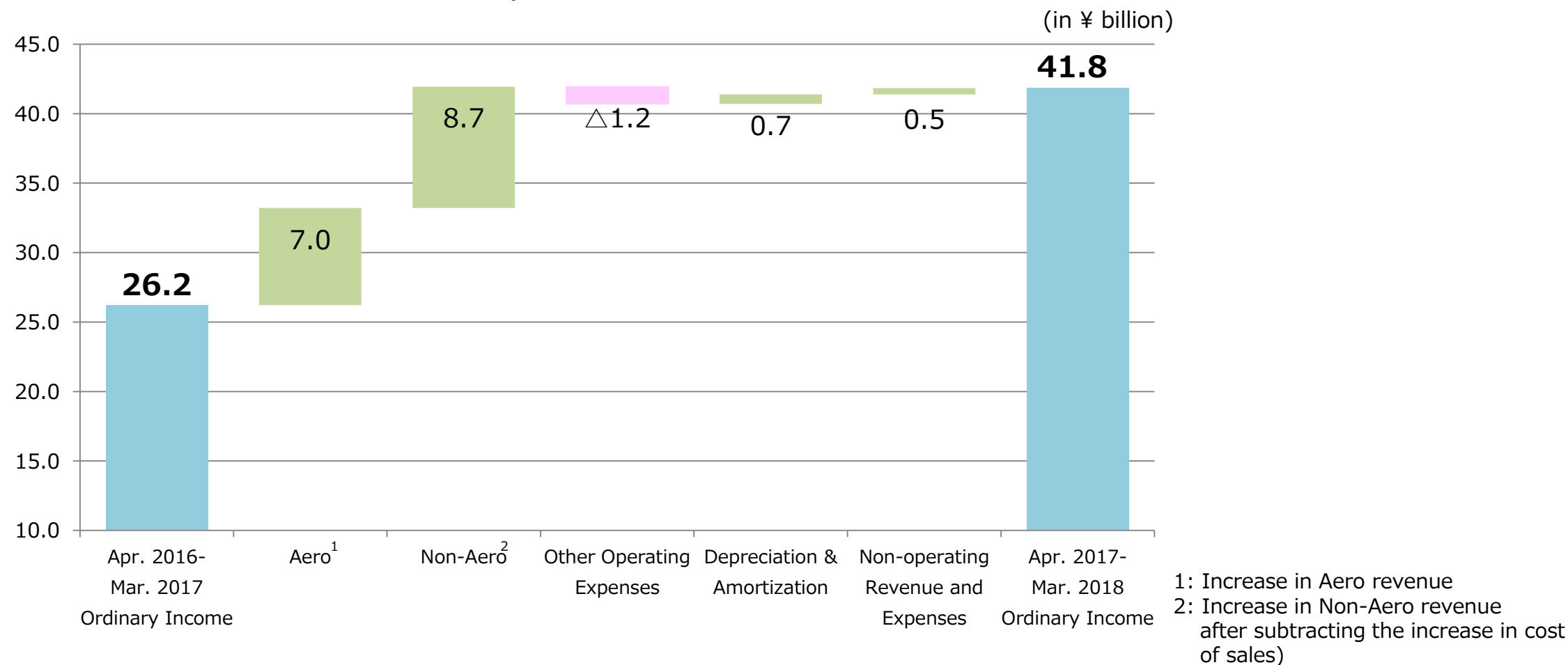
Balance Sheet

(in ¥ billion)

		As of Mar. 31, 2017	As of Mar. 31, 2018	Increase (Decrease)
Right to Operate Public Facilities	Current Assets	240.2	167.7	(72.5)
	Non-current Assets	1,636.3	1,596.3	(40.0)
	TOTAL ASSETS	1,876.5	1,763.9	(112.6)
Debts concerning Right to Operate Public Facilities	Current Liabilities	63.6	80.7	17.1
	Non-current Liabilities	1,746.8	1,598.5	(148.3)
	TOTAL LIABILITIES	1,810.4	1,679.2	(131.2)
	Shareholders' Equity	65.1	83.6	18.5
	Other Comprehensive Income	0.1	0.0	(0.1)
	Non-controlling Interests	0.9	1.1	0.2
	TOTAL NET ASSETS	66.1	84.7	18.7
	TOTAL LIABILITIES AND NET ASSETS	1,876.5	1,763.9	(112.6)

Ordinary Income Analysis

Breakdown of YoY increase in ordinary income



EBITDA Analysis

Breakdown of YoY increase in EBITDA

