



FY2018 Mid-year Consolidated Financial Results

-YoY revenue grows but profit decreases due to typhoon

Kansai Airports today announced its financial results for the six months ended September 30, 2018, posting operating revenues of 104.9 billion yen, operating income of 26.6 billion yen, ordinary income of 20.9 billion yen, and net profit¹ of 11.4 billion yen.

Despite the temporary closure of Kansai International Airport (KIX) due to Typhoon Jebi, operating revenues were up 6% compared to the same period last year, mainly driven by continued strong demand for air travel through August as well as the start of Kobe Airport operations this past April. Operating income, however, was down 2% mainly due to amortization of Kobe operating right from this April and an increase in depreciation of buildings and facilities refurbished in ITAMI renovation and other projects. Eventually, net profit fell 23% mainly attributable to the typhoon damages recorded in special loss. In the first half of 2018, Typhoon Jebi resulted in profit decrease and disaster loss, totaling 9.9 billion yen².

Consolidated Profit & Loss Statement

(in billion yen)

	Apr. 2017- Sept. 2017	Apr. 2018- Sept. 2018	Increase (Decrease)	Change (%)
Operating Revenues	99.3	104.9	5.7	+6%
Operating Expenses	(52.9)	(58.6)	(5.7)	+11%
EBITDA	46.4	46.4	(0.0)	-0%
Depreciation & Amortization	(19.2)	(19.7)	(0.6)	+3%
Operating Income	27.2	26.6	(0.6)	-2%
Ordinary Income	21.5	20.9	(0.6)	-3%
Net Profit ¹	14.8	11.4	(3.3)	-23%

¹ Net Profit: Net Profit Attributable to Company Shareholders

² Not represent the final impact of the typhoon

Air Travel Demand

Despite the temporary shutdown of KIX due to Typhoon Jebi, aircraft movements at KIX in the first half of fiscal 2018 (April to September) were the second highest figure after the record high marked in the same period of the previous year. This was primarily driven by an increase in international passenger flights to Korea, Hawaii and Southeast Asian nations. On the other hand, ITAMI saw aircraft movements slightly decrease year-on-year mainly due to flight cancellations caused by aircraft inspections. Kobe Airport, which joined us this fiscal year, performed well during the period. As the result, total aircraft movements—KIX, ITAMI and KOBE combined—reached 174,000.

Total passenger traffic at KIX fell year over year partly attributable to the impact of the typhoon despite its international passenger traffic hitting a record high during the period. ITAMI and KOBE both marked an all-time high in passenger traffic partly due to aircraft upgauging at ITAMI and the start of new flights between KOBE and Sendai from July last year. The combined number of passengers going through KIX, ITAMI and KOBE was 23.72 million.

	Apr. 2017 to Sept. 2017	Apr. 2018 to Sept. 2018	Increase (Decrease)	Change (%)
ATMs (in thousands)	177	174	(3)	-2%
KIX	93	90	(4)	-4%
ITAMI	70	69	(1)	-1%
KOBE	14	15	1	+7%
PAX (in millions)	23.57	23.72	0.14	+1%
KIX	14.13	13.91	(0.21)	-2%
ITAMI	7.87	8.19	0.32	+4%
KOBE	1.58	1.61	0.04	+2%

Consolidated Balance Sheet

As of September 30, 2018, assets and liabilities decreased partly due to reductions in account payable and income taxes payable from the end of the previous fiscal year. Total assets were 1,738.8 billion yen, with total liabilities amounting to 1,662.1 billion yen.

(in billion yen)

	As of Mar. 31, 2018	As of Sept. 30, 2018	Increase (decrease)
Current Assets	166.3	142.0	(24.3)
Non-current Assets	1,597.6	1,596.8	(0.8)
Total Assets	1,763.9	1,738.8	(25.1)
Current Liabilities	80.7	62.8	(17.9)
Non-current Liabilities	1,598.5	1,599.3	0.9
Total Liabilities	1,679.2	1,662.1	(17.1)
Shareholders' Equity	83.6	75.0	(8.6)
Other Comprehensive Income	0.0	0.4	0.4
Non-controlling Interests	1.1	1.2	0.1
Total Net Assets	84.7	76.7	(8.0)
Total Liabilities and Net Assets	1,763.9	1,738.8	(25.1)

*In line with the partial revision of "Accounting standard for tax effect accounting", the consolidated balance sheets have been reclassified as of the end of fiscal 2017.

[Contact information for inquires]

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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 : <http://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 44 airports located in France, Portugal (including the hub of Lisbon), United-Kingdom, Sweden, Cambodia, Japan, United States of America, Dominican Republic, Costa Rica, Chile and Brazil. Served by more than 250 airlines, VINCI Airports’ network handled 180 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 Profit and Loss Statement

From April 1, 2018 to September 30, 2018

(Unit: Million yen)

Operating revenues		104,919
Operating expenses		67,110
Gross operating profit		37,809
Selling, general and administrative expenses		11,194
Operating income		26,614
Non-operating income		559
Interest income and dividends	367	
Share of profit of entities accounted for using the equity method	35	
Other non-operating income	156	
Non-operating expenses		6,278
Interest expense	6,217	
Commissions	50	
Other non-operating expense	10	
Ordinary income		20,895
Special gain		0
Gain on sales of non-current assets	0	
Donations received	0	
Special loss		4,268
Loss on retirement of non-current assets	109	
Removal cost related to replacement investment	617	
Loss on disaster	819	
Provision of allowance for loss on disaster	2,722	
Impairment loss	0	
Profit before income taxes		16,627
Income taxes-current	6,748	
Income taxes-deferred	△ 1,705	
Profit		11,584
Profit attributable to non-controlling interests		142
Profit attributable to owners of the parent		11,442

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

Consolidated Balance Sheet

As of September 30, 2018

(Unit: Million yen)

Assets		Liabilities	
Current assets	142,040	Current liabilities	62,782
Cash and deposits	102,417	Accounts payable - trade	2,571
Accounts receivable - trade	7,011	Accounts payable - other	8,238
Merchandise inventories	5,530	Accrued expenses	4,930
Raw materials and supplies	1,145	Current portion of long-term loans payable	3,170
Guarantee deposits refundable within one year	13,236	Current portion of liabilities for the right to operate public facilities	29,532
Accounts receivable - other	7,666	Income taxes payable	5,660
Other	5,031	Provision for bonuses	1,067
Allowance for doubtful accounts	△ 0	Provision for point card certificates	85
		Provision for loss on disaster	2,722
		Other	4,802
Non-current assets	1,596,773	Non-current liabilities	1,599,322
Property, plant and equipment	20,884	Bonds payable	4,860
Buildings and structures	3,652	Long-term loans payable	179,157
Machinery, equipment and vehicles	7,688	Liabilities for the right to operate public facilities	1,356,929
Land	604	Deferred tax liabilities	15
Construction in progress	4,388	Provision for special repairs	46,861
Other	4,550	Liability for retirement benefits	4,101
Intangible assets	1,452,332	Other	7,395
Right to operate public facilities	1,435,200	Total liabilities	1,662,104
Replacement investment assets	15,912	Net assets	
Other	1,219	Shareholders' equity	75,024
Investments and other assets	123,556	Capital stock	25,000
Investment securities	1,574	Capital surplus	25,000
Asset for retirement benefits	228	Retained earnings	25,024
Guarantee deposits	115,053	Accumulated other comprehensive	438
Deferred tax assets	6,056	Valuation difference on available-for-sale securities	94
Other	652	Deferred gains or losses on hedge	343
Allowance for doubtful accounts	△ 8	Non-controlling interests	1,247
		Total net assets	76,710
Total assets	1,738,814	Total liabilities and net assets	1,738,814

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

FY2018 Mid-year Consolidated Financial Results

Presented Dec. 10, 2018

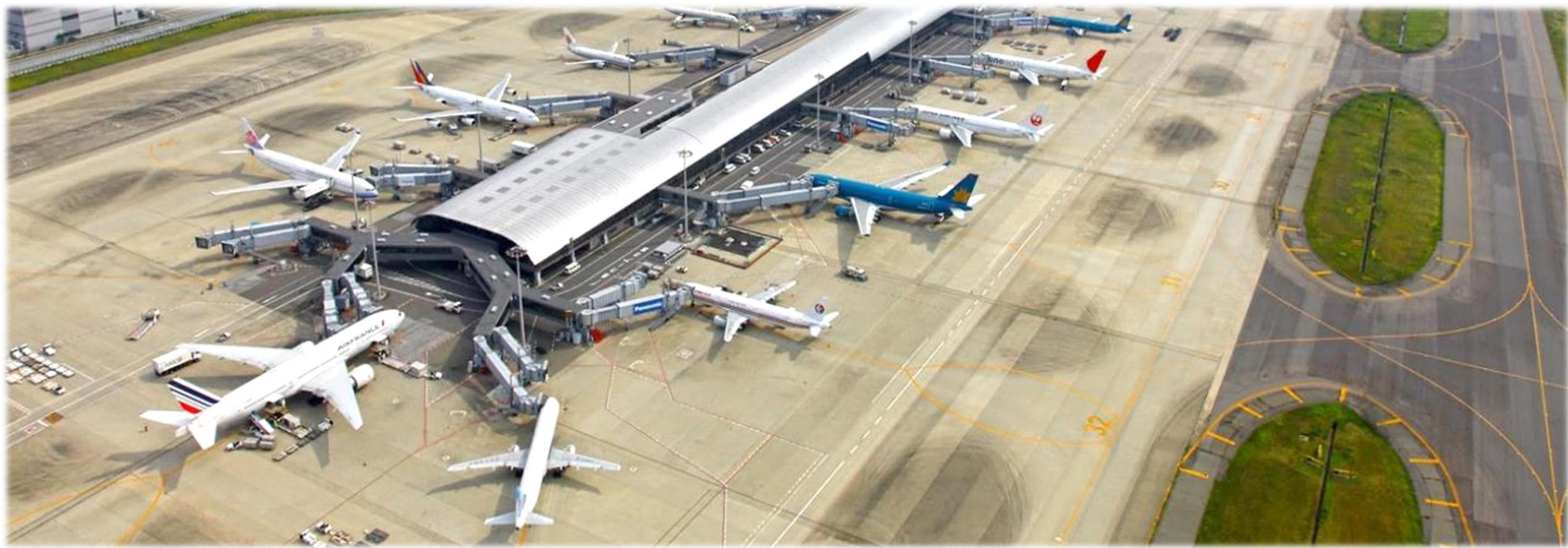


Shaping a New Journey



Agenda

-  **Overview of Mid-year Consolidated Results**
-  **Revenue Drivers**
-  **Recovery Status Following Typhoon Jebi**



Overview of Mid-year Consolidated Results

Revenues increase YoY, but overall profit decreases due to typhoon damage

(in billion yen)

1. Strong air traffic growth through Aug.

- Air passengers increased, mainly for KIX Int'l
- Non-aero revenues outpaced passenger traffic growth

2. Impact of Typhoon Jebi

- Passenger numbers & operating revenues decreased by around 50% in Sept., but H1² revenues posted positive growth thanks to strong performance through Aug.

	Apr. 2017 – Sept. 2017	H1 ² Apr. 2018 – Sept. 2018	Change	%
Operating Revenues	99.3	104.9	5.7	+6%
EBITDA	46.4	46.4	(0.0)	-0%
Operating Income	27.2	26.6	(0.6)	-2%
Ordinary Income	21.5	20.9	(0.6)	-3%
Net Profit ¹	14.8	11.4	(3.3)	-23%

¹“Net Profit” represents “Net Profit Attributable to Parent Company Shareholders.”

² “H1” = First half of FY2018, the period of Apr. – Sept. 2018

Typhoon Impact

→ Typhoon Jebi resulted in profit decrease and disaster loss, totaling 9.9 billion yen*.

	(in billion yen)
Operating Revenues	-8.2
<i>Aero</i>	-3.6
<i>Non-aero</i>	-4.6
Cost of Sales	+1.9
Loss on disaster	-0.8
Provision of allowance for loss on disaster	-2.7
Total	-9.9

Example

- Building repair (roof, eaves of cargo warehouse)
- Additional shuttle bus operation
- Repairs to facilities related to disaster prevention and machinery
- Temporary restoration of power supply equipment, and rental, installation and removal of generators

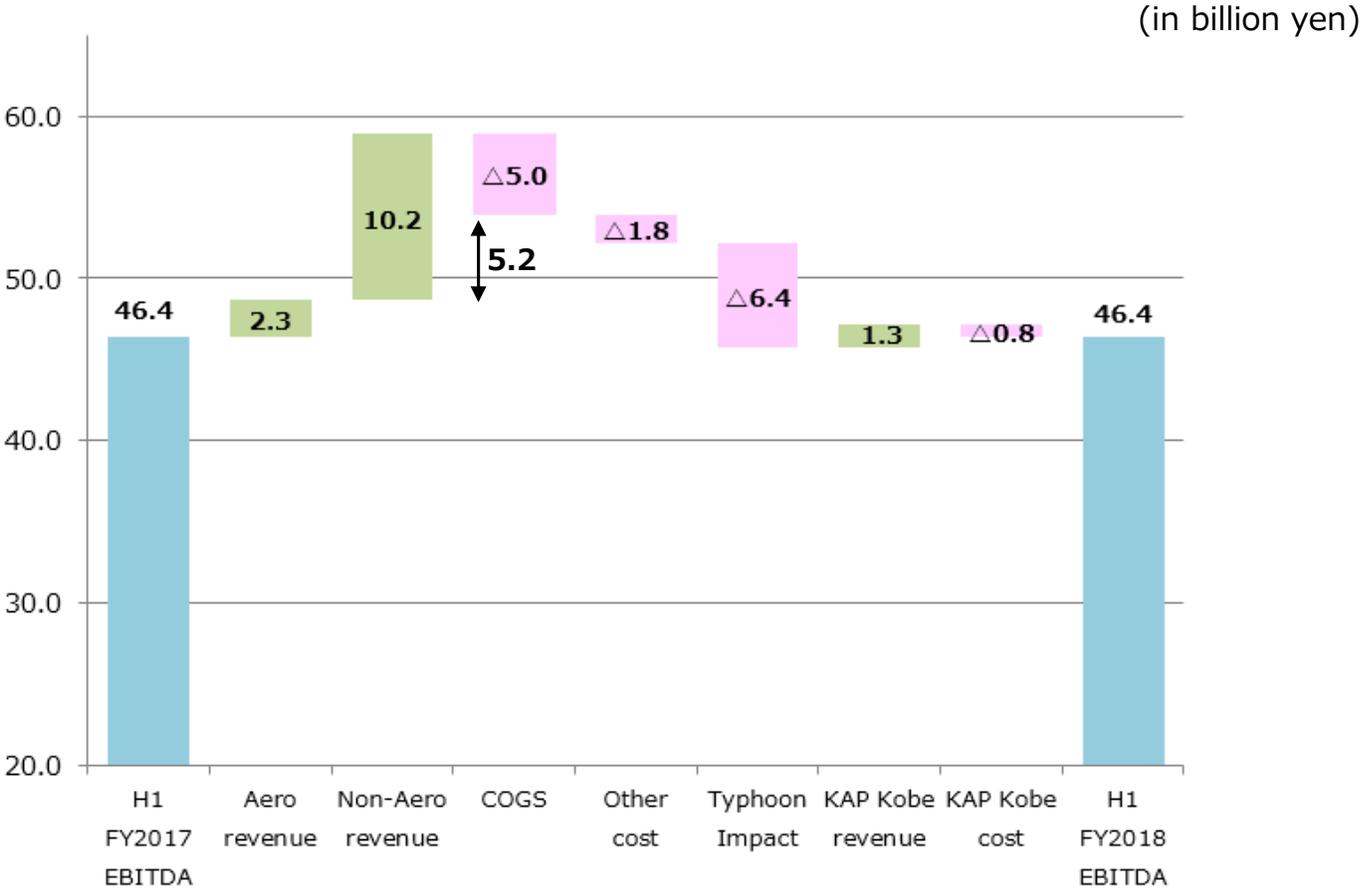
Business growth driven by strong non-aero revenue through August

(in billion yen)

	Apr. 2017 - Sept. 2017	Apr. 2018 - Sept. 2018	Change	%	Notes
Operating revenues	99.3	104.9	5.7	+6%	Typhoon impact: -8.2bn
Aero	43.4	42.8	(0.6)	-1%	Typhoon impact: -3.6bn
Non-aero	55.9	62.1	6.2	+11%	Typhoon impact: -4.6bn
Operating expenses (excl. D&A)	(52.9)	(58.6)	(5.7)	+11%	Typhoon impact: +1.9bn
EBITDA	46.4	46.4	(0.0)	-0%	
Depreciation & amortization	(19.2)	(19.7)	(0.6)	+3%	
Operating income	27.2	26.6	(0.6)	-2%	
Non-operating profit and loss	(5.7)	(5.7)	0.0	-0%	
Ordinary income	21.5	20.9	(0.6)	-3%	
Special gain and loss	0.2	(4.3)	(4.4)	-	Typhoon impact: -3.5bn
Income taxes, profit attributable to non-controlling interests	(6.9)	(5.2)	1.7	-24%	
Net profit ¹	14.8	11.4	(3.3)	-23%	

¹"Net Profit" represents "Net Profit Attributable to Company Shareholders."

EBITDA Analysis: Achieves 46.4 billion yen, the same level as H1 FY2017



Balance Sheet

(in billion yen)

	As of Mar. 31, 2018	As of Sept. 30, 2018	Change
Current assets	166.3	142.0	(24.3)
Non-current assets	1,597.6	1,596.8	(0.8)
TOTAL ASSETS	1,763.9	1,738.8	(25.1)
Current liabilities	80.7	62.8	(17.9)
Non-current liabilities	1,598.5	1,599.3	0.9
TOTAL LIABILITIES	1,679.2	1,662.1	(17.1)
Shareholders' equity	83.6	75.0	(8.6)
Other comprehensive income	0.0	0.4	0.4
Non-controlling interests	1.1	1.2	0.1
TOTAL NET ASSETS	84.7	76.7	(8.0)
TOTAL LIABILITIES AND NET ASSETS	1,763.9	1,738.8	(25.1)

Right to Operate
Public Facilities

Debts concerning
Right to Operate
Public Facilities



Revenue Drivers

Aero: Record-high H1 passenger traffic at 3 airports combined

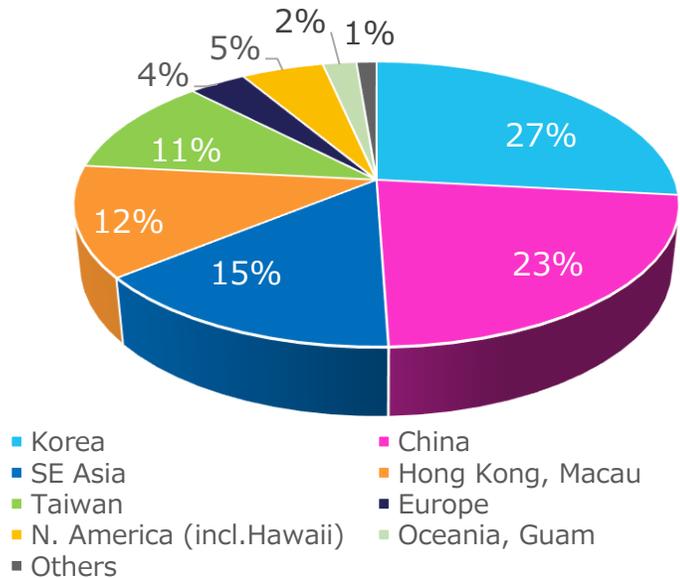
- Posted **record passenger traffic** at all three airports combined for the H1 period despite the typhoon and earthquake. However, total aircraft movements declined **2% YoY**.
- Posted **record-high** H1 performance for non-Japanese passengers on int'l flights
- ITAMI passengers: **Up 4% YoY**
- KOBE passengers: **Record-high** H1 performance

	Apr. 2017- Sept. 2017	Apr. 2018- Sept. 2018	Change	%
ATMs (in thousands)	177	174	(3)	-2%
KIX	93	90	(4)	-4%
ITAMI	70	69	(1)	-1%
KOBE	14	15	1	+7%
Passengers (in millions)	23.57	23.72	0.14	+1%
KIX	14.13	13.91	(0.21)	-2%
International passengers	10.60	10.76	0.16	+1%
Japanese	3.24	3.25	0.01	+0%
Non-Japanese	7.26	7.41	0.15	+2%
ITAMI	7.87	8.19	0.32	+4%
KOBE	1.58	1.61	0.04	+2%

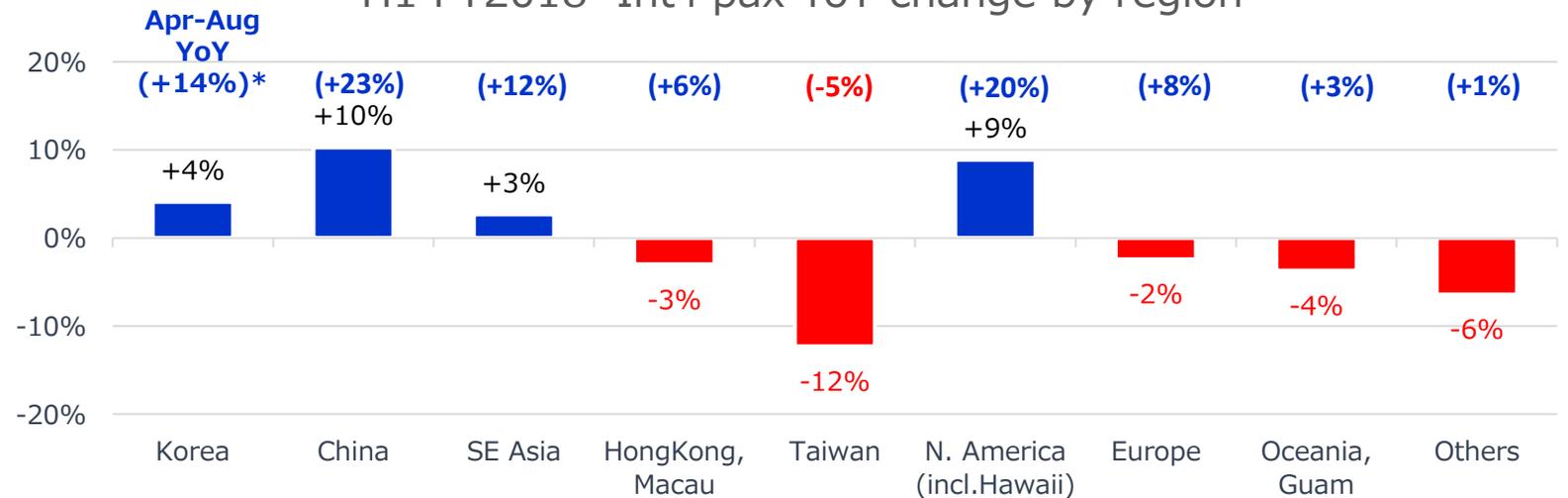
Aero: KIX achieves strong int'l passenger gains through August

- ✈ Exceeded YoY growth rate through August in all regions except Taiwan.
- ✈ Increased passenger traffic on routes to China by 10% YoY, which drove strong growth. South Korea and Hong Kong routes were affected by the northern Osaka earthquake in June, slowing growth.

H1 FY2018 Int'l pax share by region



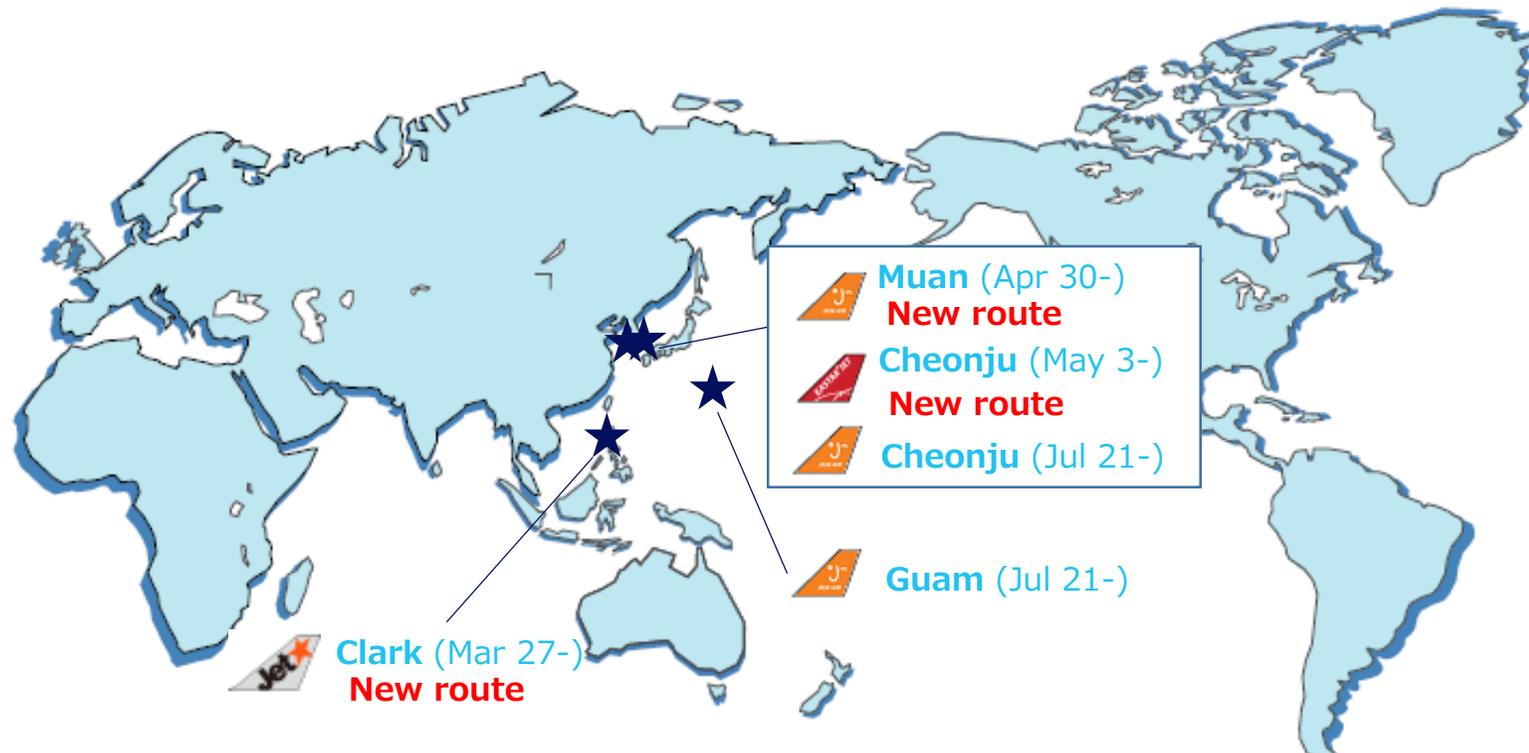
H1 FY2018 Int'l pax YoY change by region



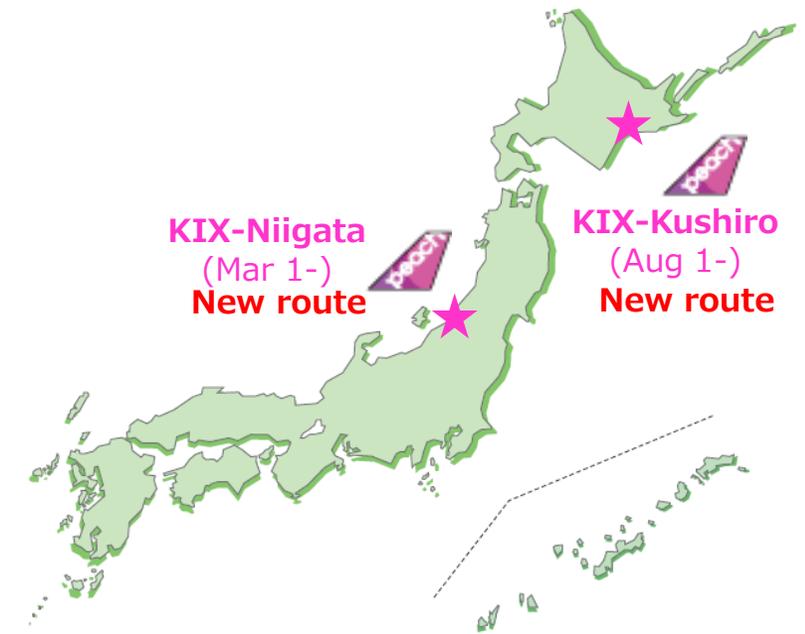
*YoY change for the Apr-Aug period in brackets

Aero: New passenger routes for H1 FY2018

KIX international



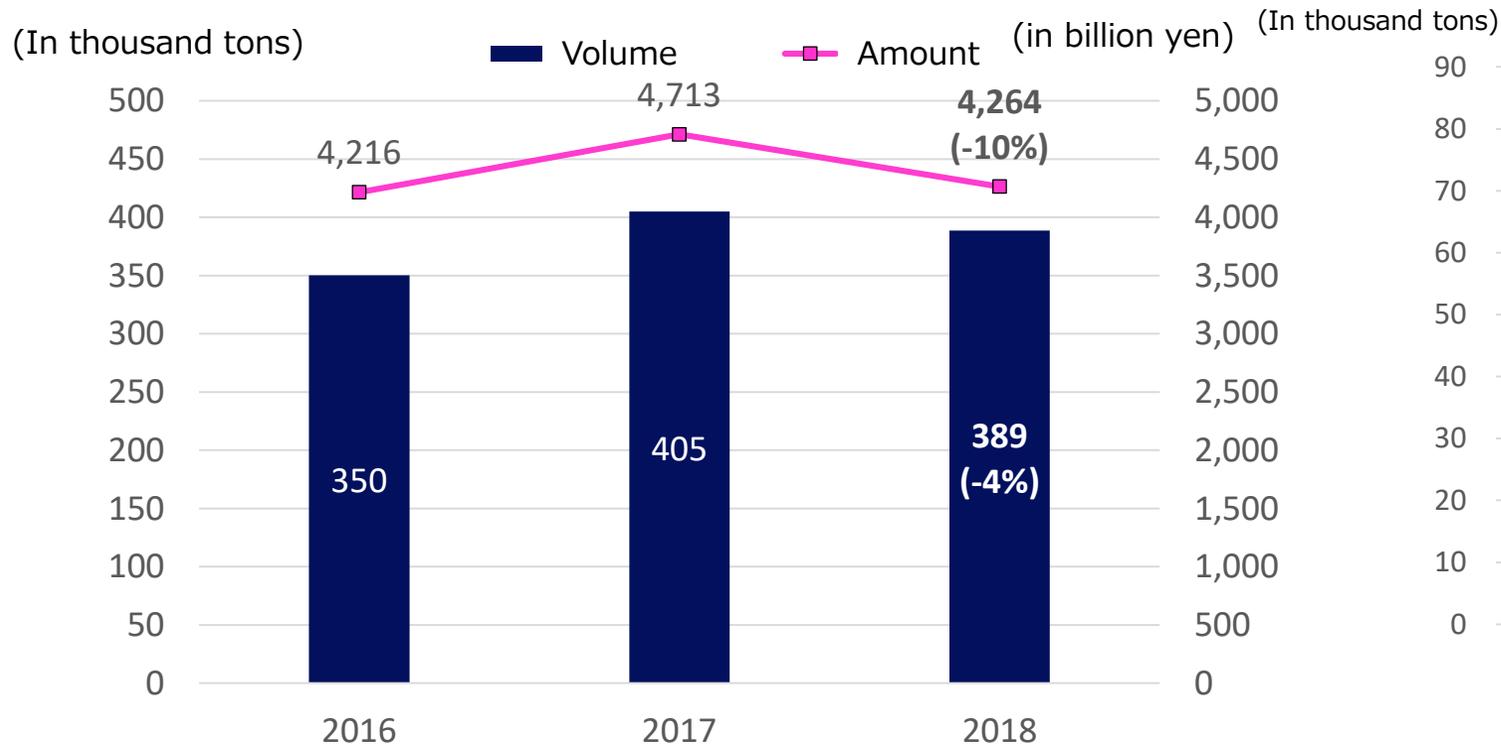
Domestic



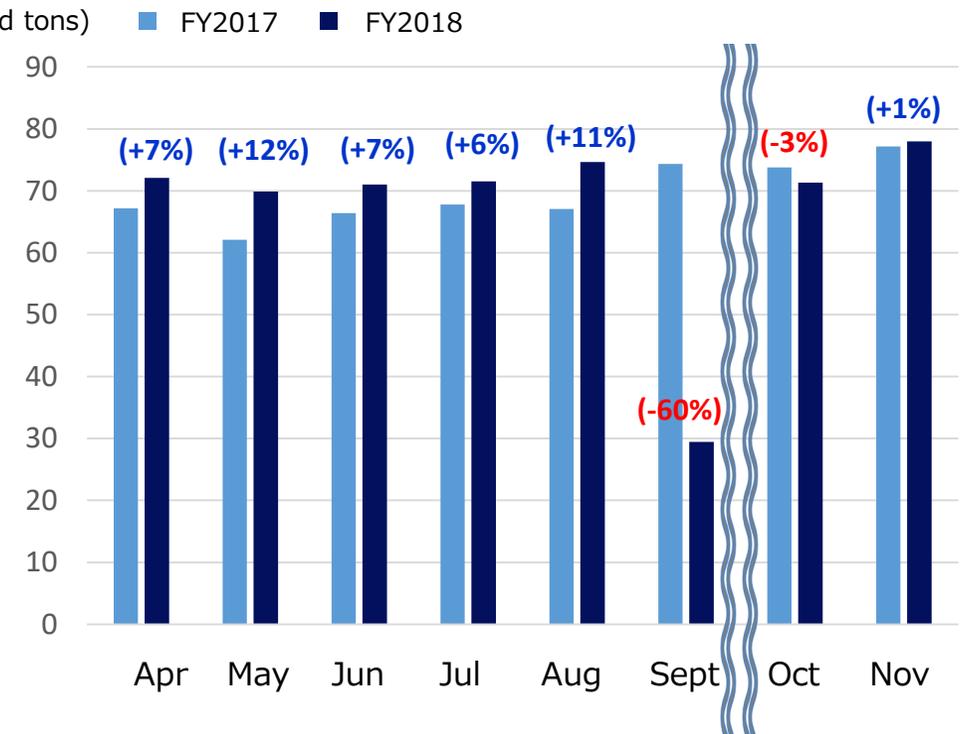
International Cargo: 25 consecutive months of growth

At 390,000 tonnes in H1, KIX int'l cargo volume was down 4% YoY due to the impact of Typhoon Jebi. However, through August, it marked 25 consecutive months of YoY increase.

Cargo volume in H1 FY16 – FY18



KIX Int'l cargo volume YoY in FY18 Apr-Nov period

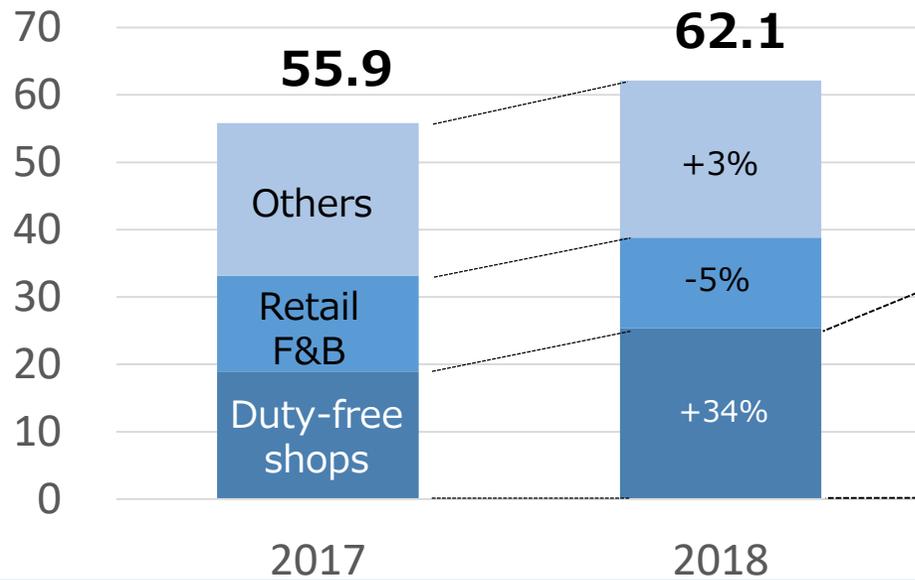


Non-Aero: Duty-free sales drive record-high revenue

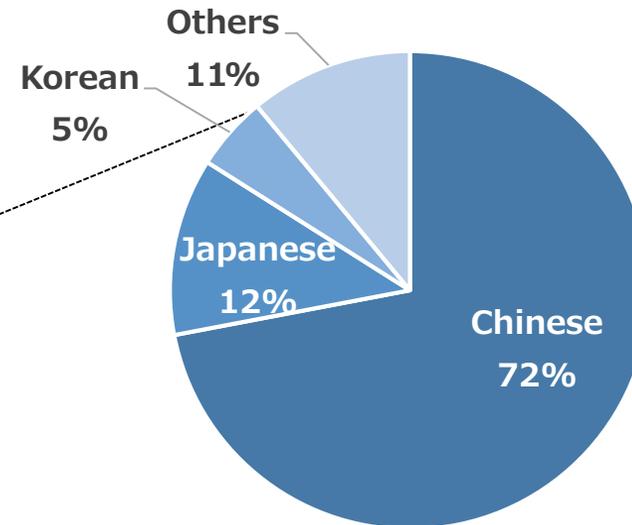
- Posted record ¥62.1bn in revenue, up 11% YoY (outstripped YoY traffic growth of 1%)
- Duty-free sales rose 34% YoY, driving strong Non-aero revenue growth
- Doubled sales at shops in renovated ITAMI central area following its reopening in April

H1 FY2018 Non-Aero Revenue Growth (%)

(in billion yen)

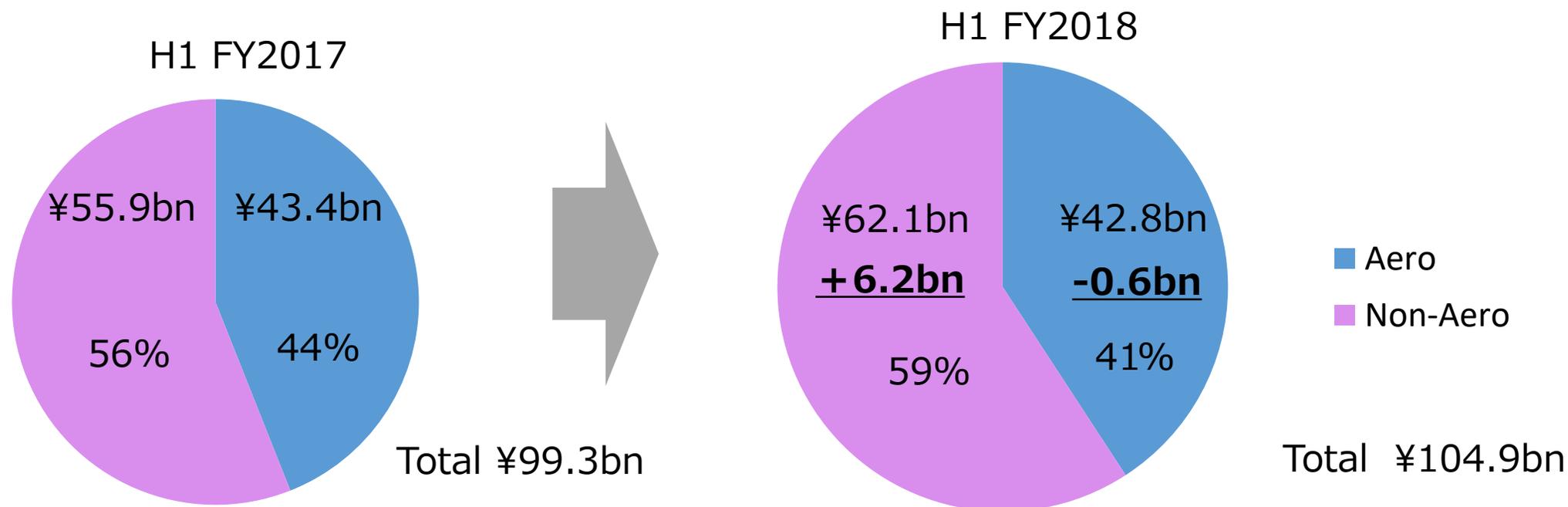


H1 FY2018 Duty-Free Sales by Nationality (%)



Non-aero Revenue Share Grows

- Non-aero revenue share increased **3% YoY to 59%**
- Aero: **¥0.6 billion decrease** due to typhoon impact, despite increased revenue from the start of Kobe Airport operations
- Non-aero: **¥6.2 billion increase** driven by revenue growth from duty-free shops



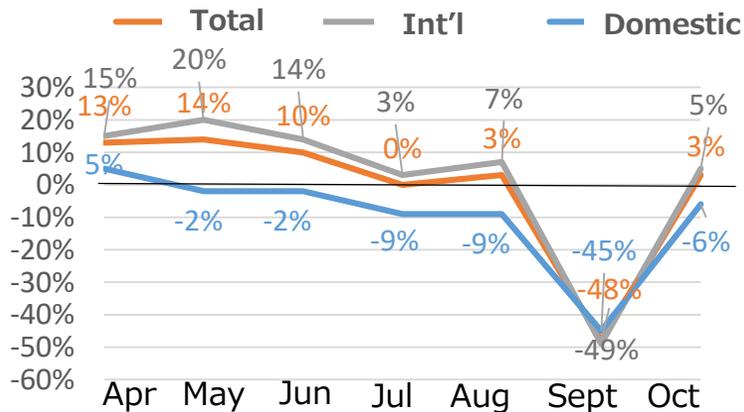


Recovery Status Following Typhoon Jebi

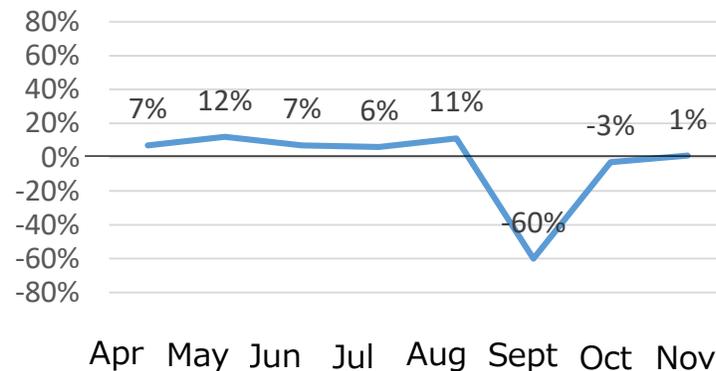
KIX passenger and cargo volume have normalized

- Number of passengers: Increased 3% YoY from October
- International cargo: Volume handled in October was down 3% from the previous year, but rose 1% YoY in November. All international freight flights have resumed.
- Number of flights: Scheduled international flights for the winter season reached a record high in 2018.

Number of passengers (YoY)



Int'l cargo volume (YoY)



Scheduled int'l flights (winter season)

