



## FY2018 Consolidated Financial Results

- Speedy recovery from typhoons helped achieve YoY revenue and profit

Kansai Airports today announced its financial results for the fiscal year ended March 31, 2019, posting operating revenues of 220.4 billion yen, operating income of 57.3 billion yen, ordinary income of 46.1 billion yen, and net profit<sup>1</sup> of 29.6 billion yen.

Despite the temporary closure of Kansai International Airport (KIX) due to Typhoon Jebi, operating revenues were up 7% and operating income up 8% compared to the previous fiscal year. The growth was mainly driven by air travel demand back on the rise after speedy recovery from the storm thanks to everyone's kind support as well as the start of Kobe Airport operations from April 2018. With the typhoon damage and insurance proceeds recorded as special gains and losses, net profit was also up 5%.

The typhoons caused a profit decrease and disaster losses totaling 8.1 billion yen<sup>2</sup> in fiscal 2018 alone.

### Consolidated Profit & Loss Statement

(in billion yen)

	Apr. 2017- Mar. 2018	Apr. 2018- Mar. 2019	Increase (Decrease)	Change (%)
Operating Revenues	206.4	220.4	14.0	+7%
Operating Expenses	(115.0)	(123.3)	(8.3)	+7%
EBITDA	91.4	97.1	5.7	+6%
Depreciation & Amortization	(38.4)	(39.8)	(1.4)	+4%
Operating Income	52.9	57.3	4.3	+8%
Ordinary Income	41.8	46.1	4.2	+10%
Net Profit <sup>1</sup>	28.3	29.6	1.3	+5%

<sup>1</sup> Net Profit Attributable to Company Shareholders

<sup>2</sup> Not represent the final impact of the typhoons

### Air Travel Demand

Despite the temporary closure due to Typhoon Jebi, aircraft movements at KIX for fiscal 2018 were the highest figure on record primarily driven by new routes and increased frequencies to China and Southeast Asian nations. On the other hand, ITAMI saw aircraft movements remain at the same level as the previous year, while Kobe Airport performed well during the reporting period. As a result, total aircraft movements—KIX, ITAMI and KOBE combined—reached 358,000.

In fiscal year 2018, a record 29.41 million passengers flew through KIX despite the impacts of the northern Osaka earthquake and the typhoon. The increase mainly reflected KIX's seventh consecutive year of record foreign passengers on international flights as well as Japanese passengers on international routes topping seven million for the first time in six years. ITAMI and KOBE both marked an all-time high in passenger traffic thanks partly to aircraft upgauging at ITAMI and traffic growth at KOBE. The combined number of passengers traveling through KIX, ITAMI and KOBE was a record 48.9 million.

	Apr. 2017 to Mar. 2018	Apr. 2018 to Mar. 2019	Increase (Decrease)	Change (%)
ATMs (in thousands)	354	358	3	+1%
KIX	188	190	1	+1%
ITAMI	138	138	0	+0%
KOBE	28	30	2	+7%
PAX (in millions)	47.62	48.90	1.28	+3%
KIX	28.81	29.41	0.60	+2%
ITAMI	15.68	16.30	0.62	+4%
KOBE	3.14	3.19	0.05	+2%

### Consolidated Balance Sheet

As of March 31, 2019, total assets decreased to 1,757.3 billion yen, and total liabilities declined to 1,663.3 billion yen, 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 Mar. 31, 2018	As of Mar. 31, 2019	Increase (decrease)
Current Assets	166.3	176.4	10.1
Non-current Assets	1,597.6	1,580.9	(16.7)
Total Assets	1,763.9	1,757.3	(6.6)
Current Liabilities	80.7	81.5	0.8
Non-current Liabilities	1,598.5	1,581.8	(16.6)
Total Liabilities	1,679.2	1,663.3	(15.9)
Shareholders' Equity	83.6	93.2	9.6
Other Comprehensive Income	0.0	(0.5)	(0.5)
Non-controlling Interests	1.1	1.3	0.2
Total Net Assets	84.7	94.0	9.2
Total Liabilities and Net Assets	1,763.9	1,757.3	(6.6)

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

### Contact Information

Corporate Communications \*The team name changed on April 1, 2019.  
Planning & Administration  
TEL: +81-72-455-2201

## **Consolidated Profit and Loss Statement**

From April 1, 2018 to March 31, 2019

(Unit: Million yen)

<b>Operating revenues</b>		<b>220,355</b>
<b>Operating expenses</b>		<b>140,164</b>
Gross operating profit		80,190
<b>Selling, general and administrative expenses</b>		22,930
<b>Operating income</b>		<b>57,260</b>
<b>Non-operating income</b>		<b>1,275</b>
Interest income and dividends	719	
Share of profit of entities accounted for using the equity method	157	
Other non-operating income	398	
<b>Non-operating expenses</b>		<b>12,448</b>
Interest expense	12,330	
Commissions	99	
Other non-operating expense	17	
<b>Ordinary income</b>		<b>46,087</b>
<b>Special gain</b>		<b>6,180</b>
Gain on sales of non-current assets	0	
Proceeds from disaster insurance	6,179	
<b>Special loss</b>		<b>9,332</b>
Loss on retirement of non-current assets	267	
Removal cost related to replacement investment	1,085	
Loss on disaster	4,756	
Provision of allowance for loss on disaster	3,222	
Impairment loss	0	
<b>Profit before income taxes</b>		<b>42,935</b>
Income taxes-current	15,862	
Income taxes-deferred	△ 2,692	
<b>Profit</b>		<b>29,765</b>
Profit attributable to non-controlling interests		178
<b>Profit attributable to owners of the parent</b>		<b>29,587</b>

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

# Consolidated Balance Sheet

As of March 31, 2019

(Unit: Million yen)

Assets		Liabilities	
<b>Current assets</b>	<b>176,363</b>	<b>Current liabilities</b>	<b>81,488</b>
Cash and deposits	131,884	Accounts payable - trade	4,207
Notes and accounts receivable-trade	11,983	Accounts payable - other	21,081
Merchandise inventories	5,529	Accrued expenses	3,886
Raw materials and supplies	1,194	Current portion of long-term loans payable	3,213
Guarantee deposits refundable within one year	13,269	Current portion of liabilities for the right to operate public facilities	29,609
Accounts receivable - other	7,321	Income taxes payable	9,788
Other	5,180	Provision for bonuses	1,054
		Provision for point card certificates	88
		Provision for loss on disaster	3,197
		Other	5,361
<b>Non-current assets</b>	<b>1,580,908</b>	<b>Non-current liabilities</b>	<b>1,581,822</b>
<b>Property, plant and equipment</b>	<b>25,590</b>	Bonds payable	4,860
Buildings and structures	3,866	Long-term loans payable	173,886
Machinery, equipment and vehicles	8,947	Liabilities for the right to operate public facilities	1,342,103
Land	604	Deferred tax liabilities	16
Construction in progress	6,742	Provision for special repairs	48,309
Other	5,430	Provision for loss on disaster	24
<b>Intangible assets</b>	<b>1,437,384</b>	Liability for retirement benefits	4,169
Right to operate public facilities	1,417,674	Other	8,452
Replacement investment assets	18,484	<b>Total liabilities</b>	<b>1,663,311</b>
Other	1,225	<b>Net assets</b>	
<b>Investments and other assets</b>	<b>117,933</b>	<b>Shareholders' equity</b>	<b>93,169</b>
Investment securities	1,681	Capital stock	25,000
Asset for retirement benefits	239	Capital surplus	25,000
Guarantee deposits	108,407	Retained earnings	43,169
Deferred tax assets	7,456	<b>Accumulated other comprehensive</b>	<b>△ 492</b>
Other	157	Valuation difference on available-for-sale securities	84
Allowance for doubtful accounts	△ 8	Deferred gains or losses on hedge	△ 576
		<b>Non-controlling interests</b>	<b>1,283</b>
		<b>Total net assets</b>	<b>93,960</b>
<b>Total assets</b>	<b>1,757,272</b>	<b>Total liabilities and net assets</b>	<b>1,757,272</b>

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 : <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% <sup>1</sup>
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, as the leading private airport operator in the world, manages the development and operation of 46 airports located in France, Portugal, the United Kingdom, Sweden, Serbia, Cambodia, Japan, the United States, Dominican Republic, Costa Rica, Chile and Brazil. Served by around 250 airlines, VINCI Airports' network handled 240 million passengers in 2018.

Through its expertise as a comprehensive integrator, 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-build construction projects. In 2018, its annual revenue for managed activities amounted to €3.6 billion, for consolidated revenue of €1.6 billion.

More comprehensive information is available on [www.vinci-airports.com](http://www.vinci-airports.com)

<sup>1</sup> 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 2019

June 4, 2019



Shaping a New Journey



# Agenda

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**Highlights**

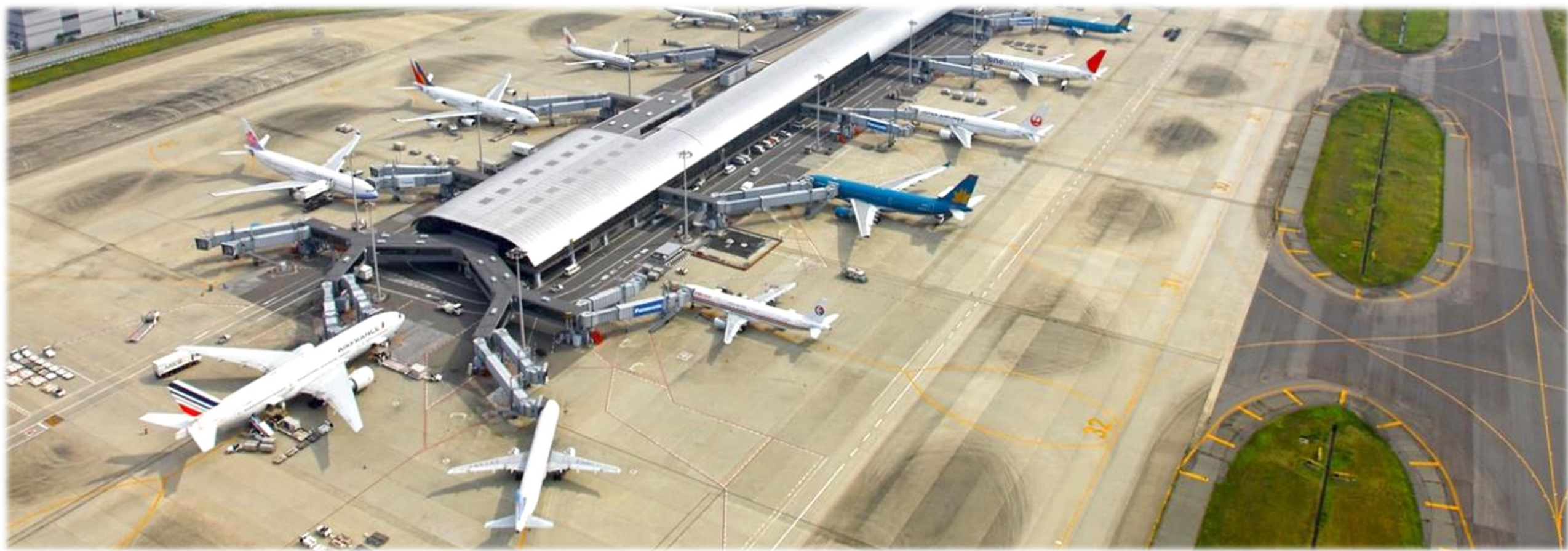


**Revenue Drivers**



**Investment Plan**





# Highlights



# YoY Revenue and Profit Growth Despite Typhoon Impact

(in billion yen)

## 1. Air Traffic Demand back on Growth Track after Typhoon Jebi

- Passenger numbers rose at all 3 airports
- Non-aero revenues outpaced passenger traffic growth

## 2. Impact of Typhoons

- • Decrease in operating revenues
- Disaster recovery costs
- Provision of allowance for loss on disaster
- Disaster insurance proceeds

	Apr. 2017 – Mar. 2018	Apr. 2018 – Mar. 2019	Change	%
Operating Revenues	206.4	<b>220.4</b>	14.0	+7%
EBITDA	91.4	<b>97.1</b>	5.7	+6%
Operating Income	52.9	<b>57.3</b>	4.3	+8%
Ordinary Income	41.8	<b>46.1</b>	4.2	+10%
Net Profit <sup>1</sup>	28.3	<b>29.6</b>	1.3	+5%

# Typhoon Impact

➔ Typhoon-related profit decrease and losses in FY 2018 alone totaled 8.1 billion yen\*

	(in billion yen )		
Operating Revenues	-8.2	}	-6.3
<i>Aero</i>	-3.6		
<i>Non-aero</i>	-4.5		
Cost of Sales	+1.9	}	
Loss on disaster	-4.8	}	-8.0
Provision of allowance for loss on disaster	-3.2		
Proceeds from disaster insurance	+6.2		
Total	-8.1		

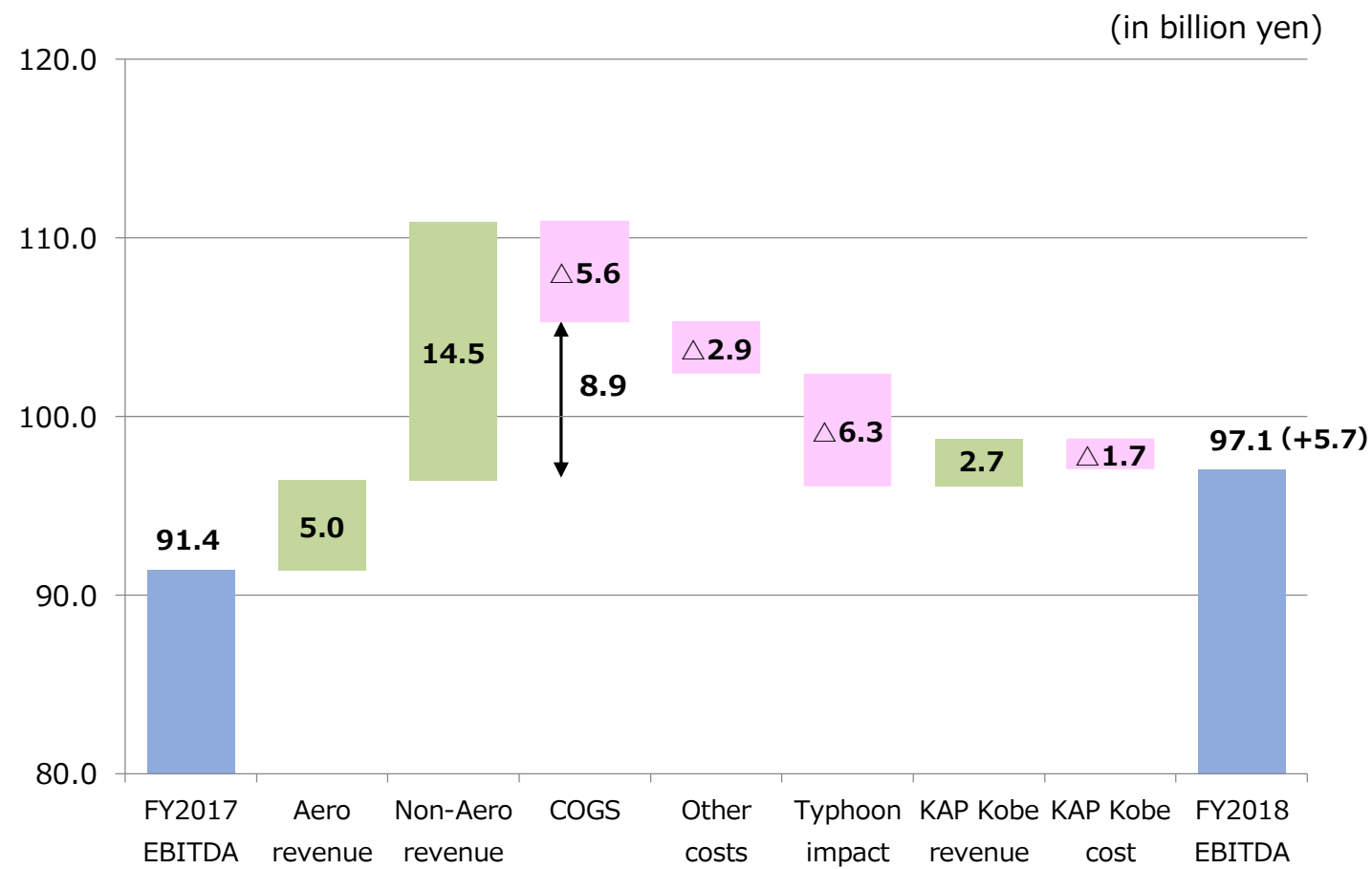
- Building repairs (roofs, eaves of cargo warehouse)
- Additional shuttle bus operation
- Repairs to disaster prevention, machinery and power supply facilities
- Loss of inventory due to flood, etc.

# Higher Net Profit Driven by Operating Revenues Growth Offsetting Impacts of Typhoons

(in billion yen)

	Apr. 2017 - Mar. 2018	Apr. 2018 - Mar. 2019	Change	%	Notes
Operating revenues	206.4	220.4	14.0	+7%	Typhoon impact: -8.2bn
Aero	87.3	90.2	2.9	+3%	Typhoon impact: -3.6bn
Non-aero	119.0	130.1	11.1	+9%	Typhoon impact: -4.5bn
Operating expenses (excl. D&A)	(115.0)	(123.3)	(8.3)	+7%	Typhoon impact: +1.9bn
EBITDA	91.4	97.1	5.7	+6%	
Depreciation & amortization	(38.4)	(39.8)	(1.4)	+4%	
Operating income	52.9	57.3	(4.3)	+8%	
Non-operating profit and loss	(11.1)	(11.2)	(0.1)	+1%	
Ordinary income	41.8	46.1	4.2	+10%	
Special gain and loss	(0.3)	(3.2)	(2.8)	+886%	Typhoon impact:-1.8bn
Income taxes, profit attributable to non-controlling interests	(13.2)	(13.3)	(0.1)	+1%	
Net profit <sup>1</sup>	28.3	29.6	1.3	+5%	

# EBITDA Analysis: Growth Mainly Driven by Non-Aero Revenues



# Balance Sheet

(in billion yen)

		As of Mar. 31, 2018	As of Mar. 31, 2019	Change
Right to Operate Public Facilities	Current assets	166.3	176.4	10.1
	Non-current assets	1,597.6	1,580.9	(16.7)
	<b>TOTAL ASSETS</b>	<b>1,763.9</b>	<b>1,757.3</b>	<b>(6.6)</b>
Debts concerning Right to Operate Public Facilities	Current liabilities	80.7	81.5	0.8
	Non-current liabilities	1,598.5	1,581.8	(16.6)
	<b>TOTAL LIABILITIES</b>	<b>1,679.2</b>	<b>1,663.3</b>	<b>(15.9)</b>
	Shareholders' equity	83.6	93.2	9.6
	Other comprehensive income	0.0	(0.5)	(0.5)
	Non-controlling interests	1.1	1.3	0.2
	<b>TOTAL NET ASSETS</b>	<b>84.7</b>	<b>94.0</b>	<b>9.2</b>
	<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>1,763.9</b>	<b>1,757.3</b>	<b>(6.6)</b>





# Revenue Drivers



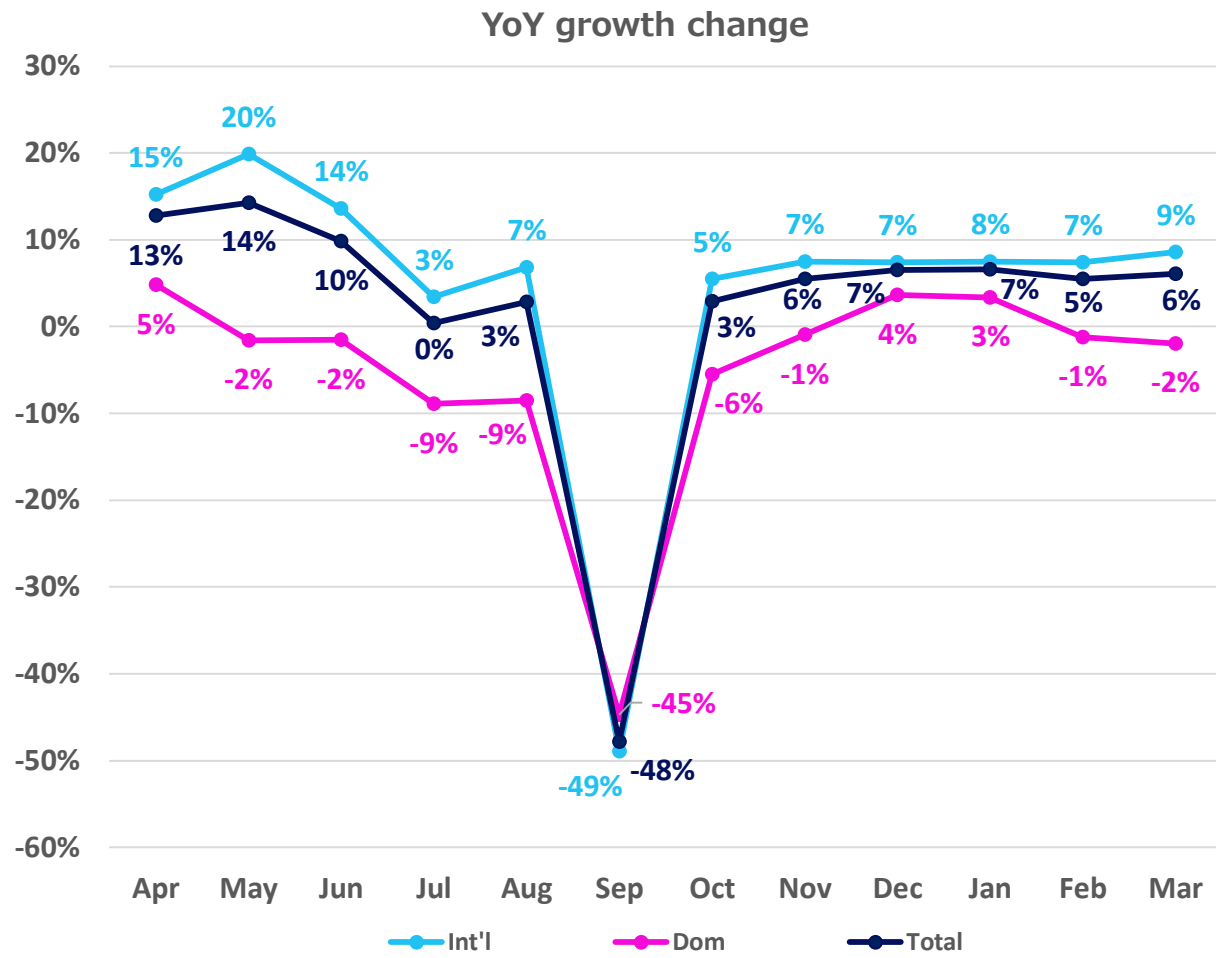
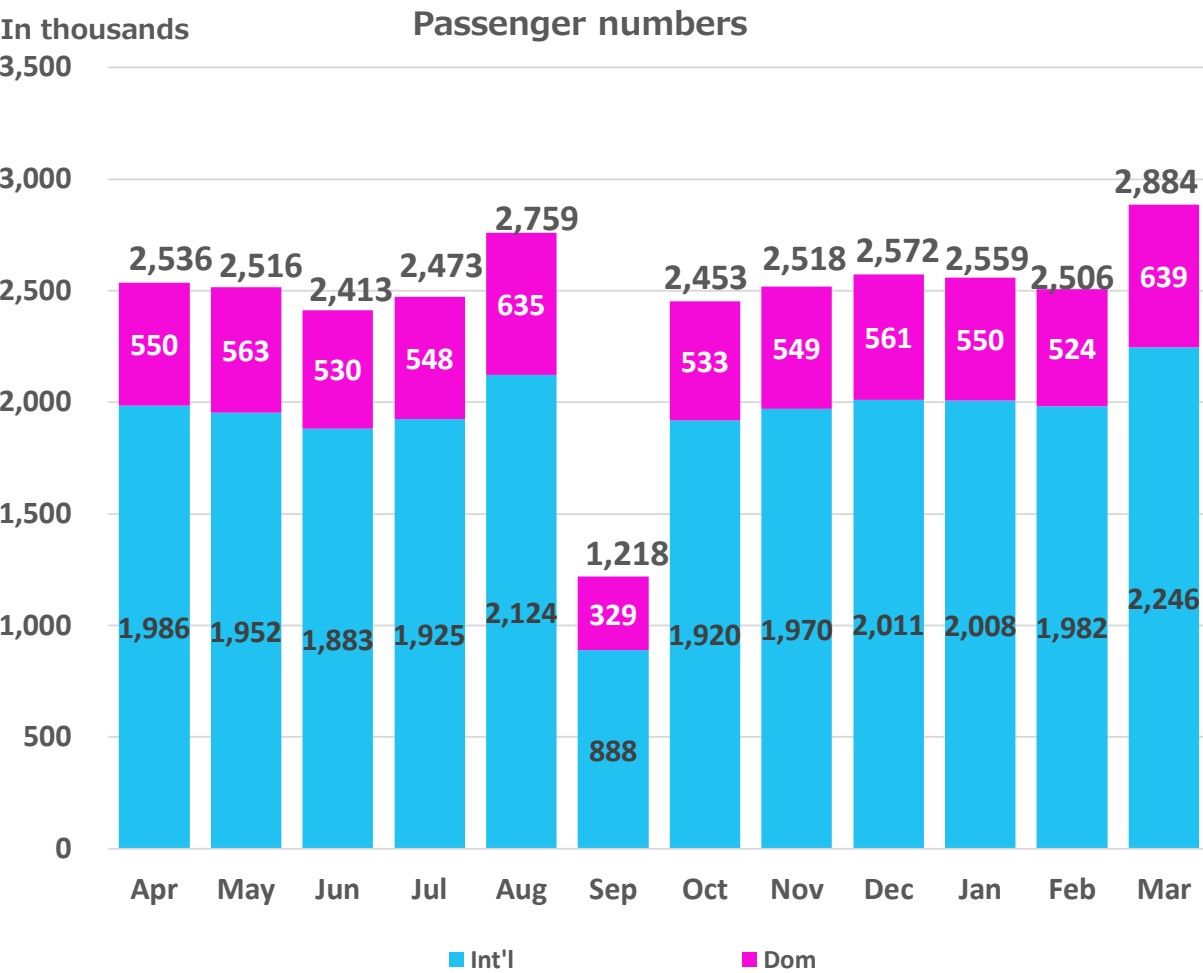
# [Aero] Record-High Passenger Traffic at 3 airports combined

- Total passenger traffic and domestic flight passengers of 3 airports combined: **Record-High**
- Total aircraft movements of 3 airports combined: **1% YoY growth**
- KIX non-Japanese passengers on int'l flights: **Record-High**
- KIX Japanese passengers on int'l flights: **Exceeded 7 million** for the first time in 6 years
- ITAMI passengers: **Up 4% YoY**
- KOBE passengers: **Record-breaking**

	Y2017	FY2018	Change	%
<b>ATMs (in thousands)</b>	<b>354</b>	<b>358</b>	<b>3</b>	<b>+1%</b>
KIX	188	190	1	+1%
ITAMI	138	138	0	-0%
KOBE	28	30	2	+7%
<b>Passengers (in millions)</b>	<b>47.62</b>	<b>48.90</b>	<b>1.28</b>	<b>+3%</b>
KIX	28.81	29.41	0.6	+2%
International passengers	21.91	22.89	0.99	+5%
Japanese	6.70	7.18	0.47	+7%
Non-Japanese	15.01	15.52	0.5	+3%
ITAMI	15.68	16.30	0.62	+4%
KOBE	3.14	3.19	0.05	+2%

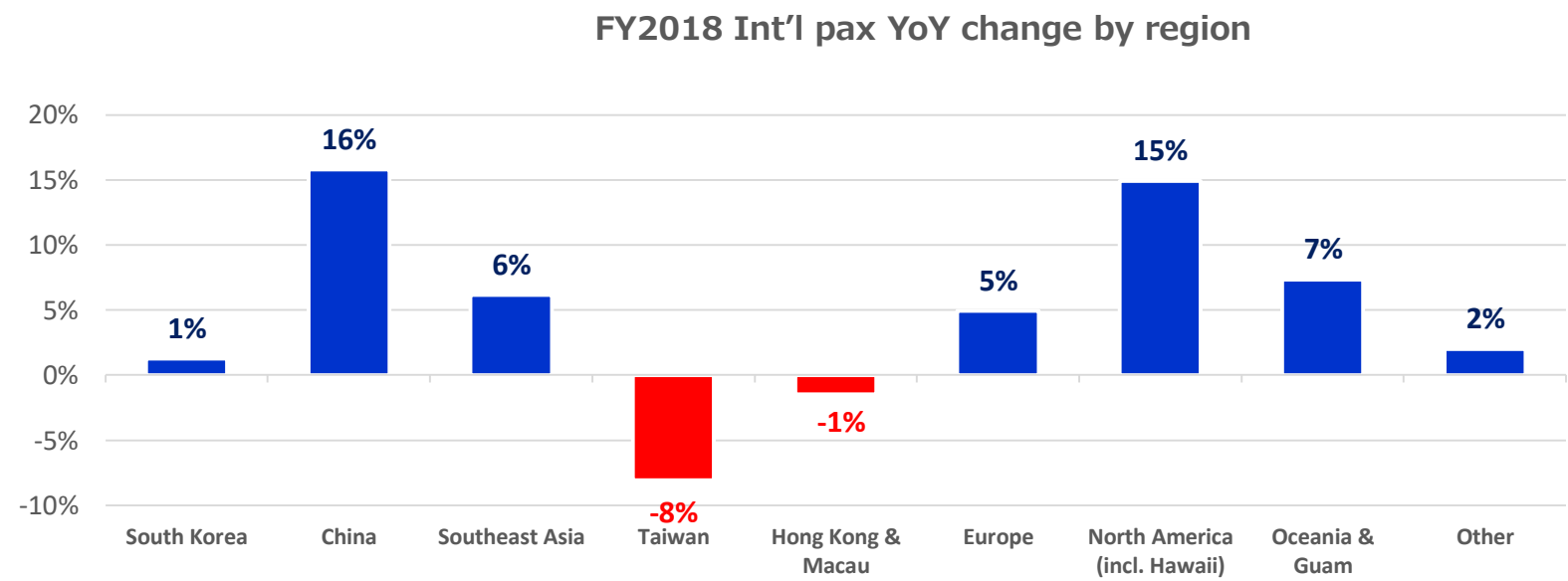
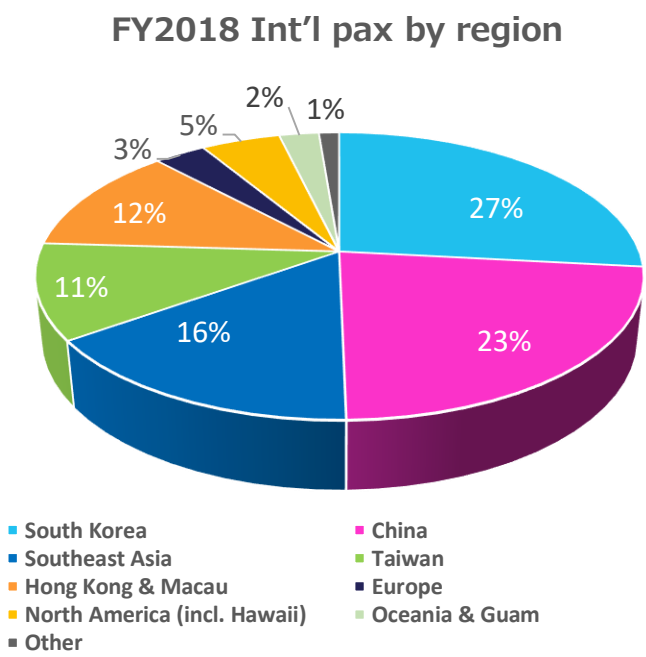
\* Infants are not included in ITAMI's FY2017 passenger number.

# FY2018 KIX Passenger Traffic



# [Aero] KIX Achieves Strong Performance on China and Southeast Asia Routes

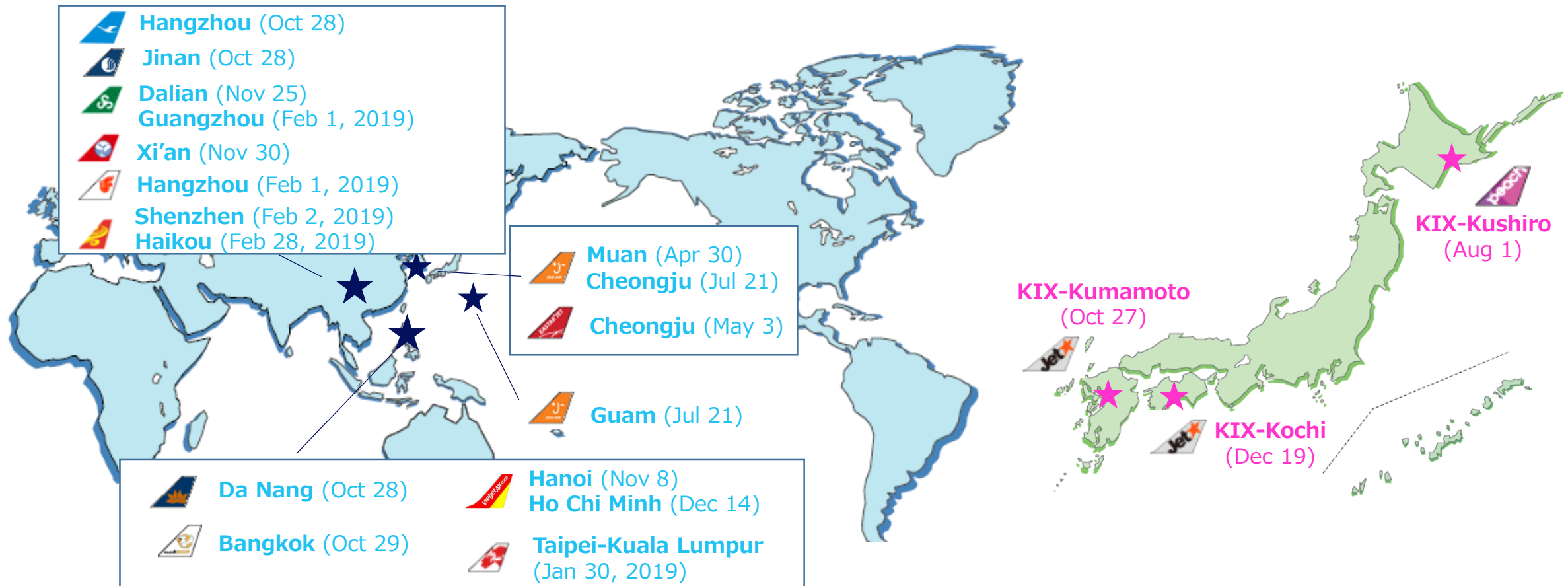
- ✈ With increasing flight frequencies on the China and Southeast Asia routes, passenger traffic to/from China and Southeast Asia grew 16% and 6% YoY, respectively
- ✈ Long-haul flights to/from Europe, Hawaii, Oceania and Guam also maintained an upward trend



# [Aero] New Routes for Summer/Winter 2018

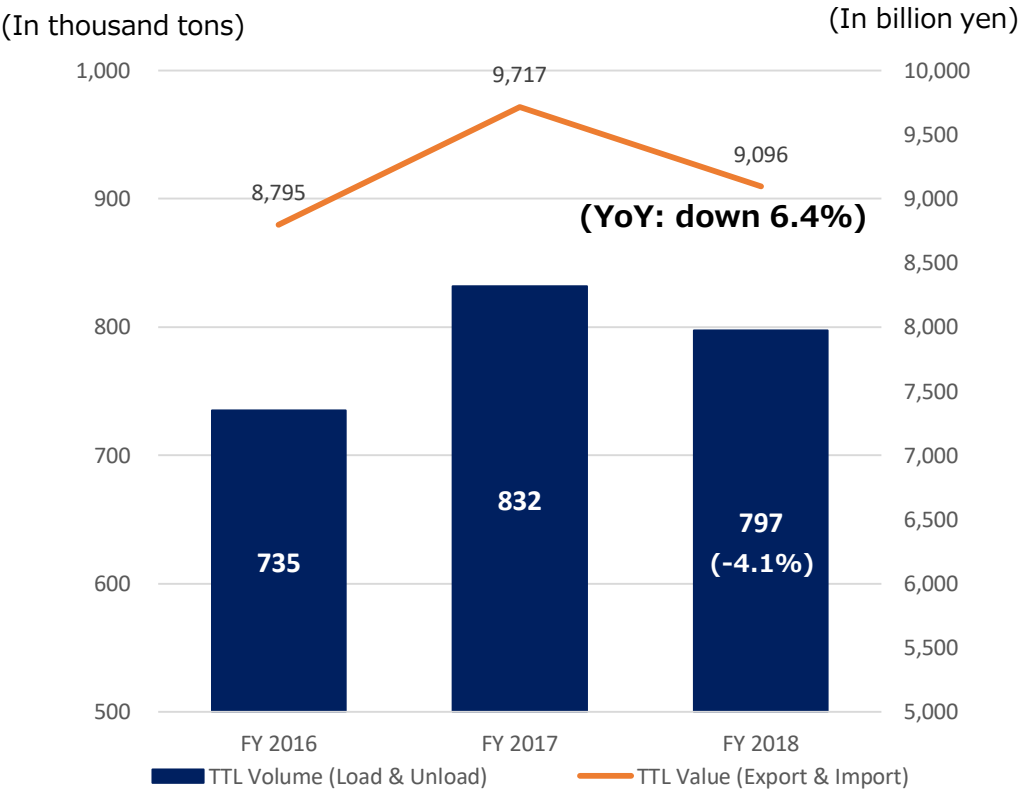
## KIX international

## Domestic

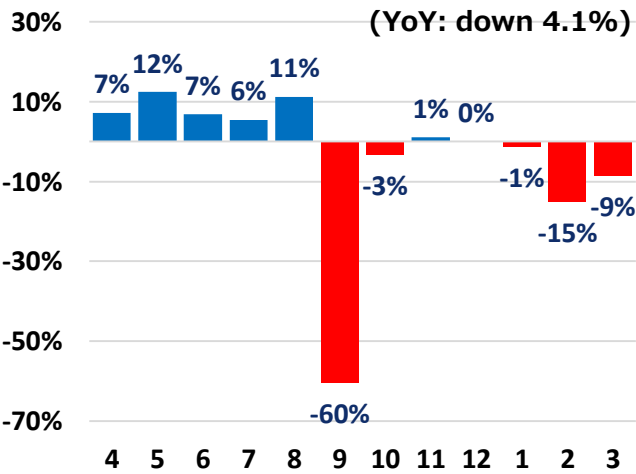


# [International Cargo] FY2018 Volume & Growth Trend

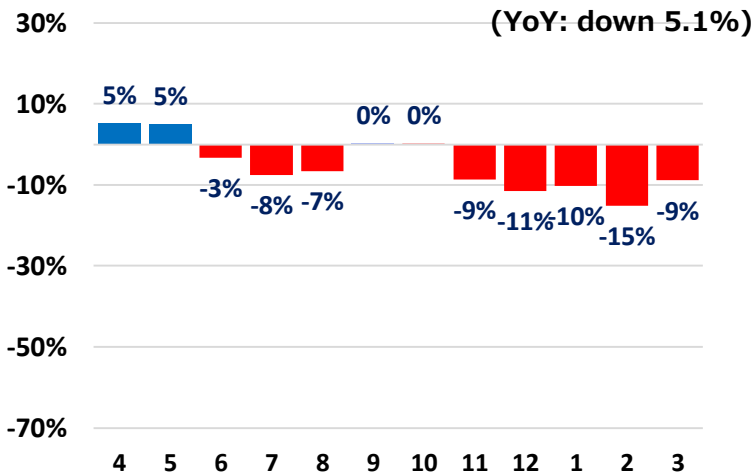
## KIX volume & value



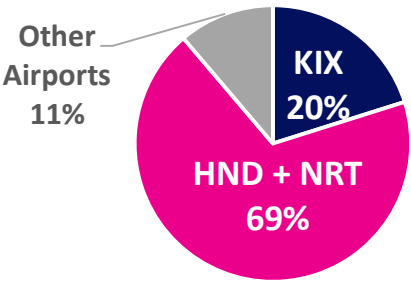
## KIX volume growth



## HND & NRT combined volume growth



## FY2017 int'l air cargo volume share in Japan

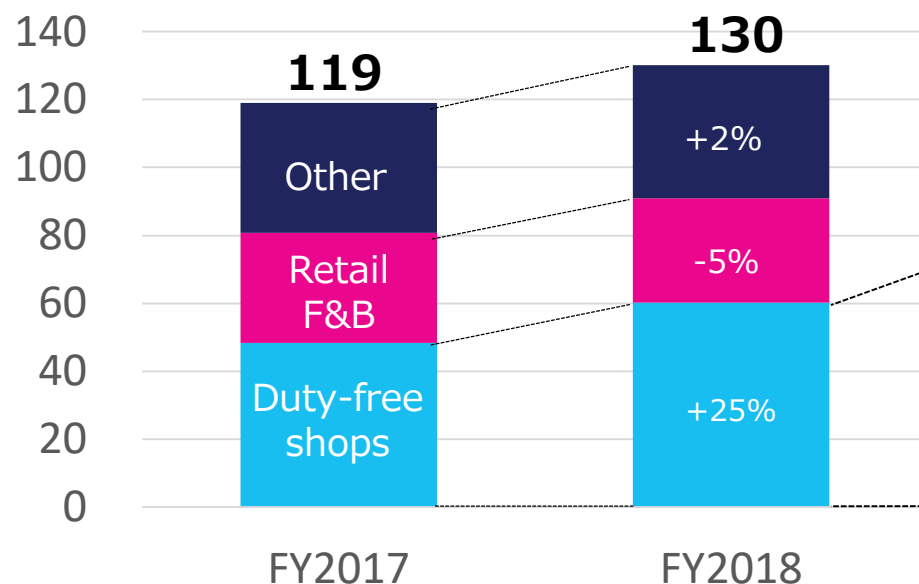


# [Non-Aero] Robust Revenue growth

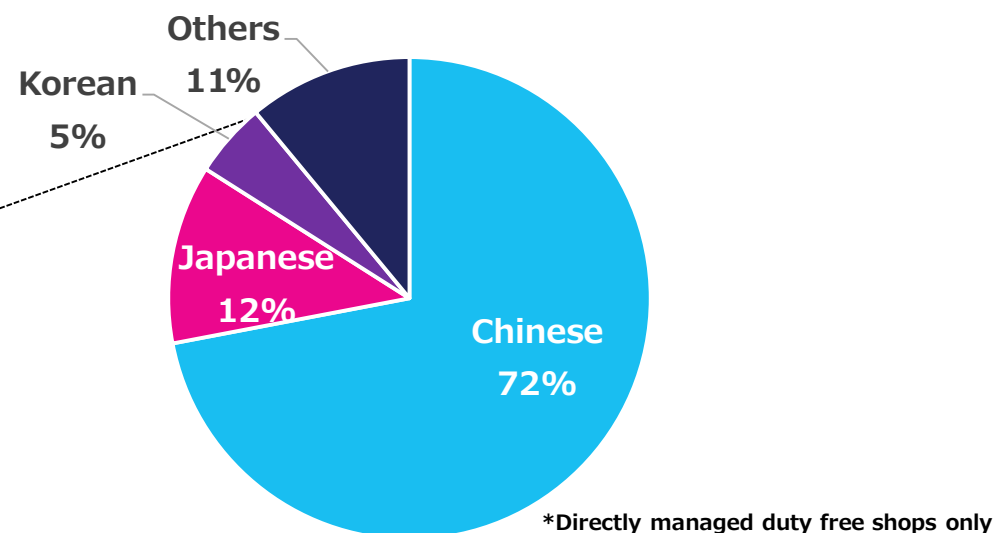
- Posted a record ¥130bn thanks to high spending by Chinese visitors despite a temporary revenue drop due to natural disasters
- Duty-free sales rose 25% YoY, driving a strong Non-Aero revenue growth
- Chinese accounted for 72% of duty-free sales with high average transaction values and penetration rate

## Non-Aero Revenue Growth (%)

(in ¥billion)



## FY2018 Duty-Free Sales\* by Nationality (%)





# [Non-Aero] New Shops in High Demand Opened at KIX

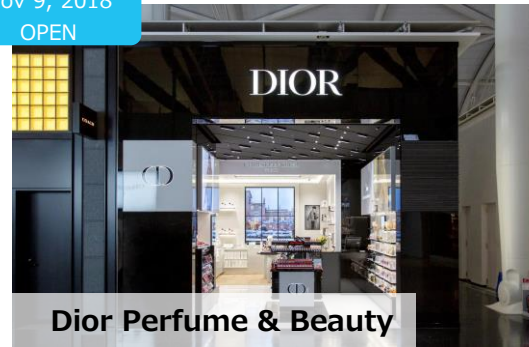
- In FY2018 new duty-free shops opened to meet customer demands
- Welcomed 4 new F&B shops into international airside to better respond to dining needs of customers
- “PLEATS PLEASE ISSEY MIYAKE / BAO BAO ISSEY MIYAKE” and “CLÉ DE PEAU BEAUTÉ” opened on April 25 and May 16, 2019, respectively

Apr 1, 2018  
OPEN



Arrival duty free shop

Nov 9, 2018  
OPEN



Dior Perfume & Beauty

Dec 1, 2018  
OPEN



iQOS shop

FY2018

Apr 24, 2019  
OPEN



È PRONTO

Apr 25, 2019  
OPEN



PLEATS PLEASE ISSEY MIYAKE  
BAO BAO ISSEY MIYAKE

May 16, 2019  
OPEN

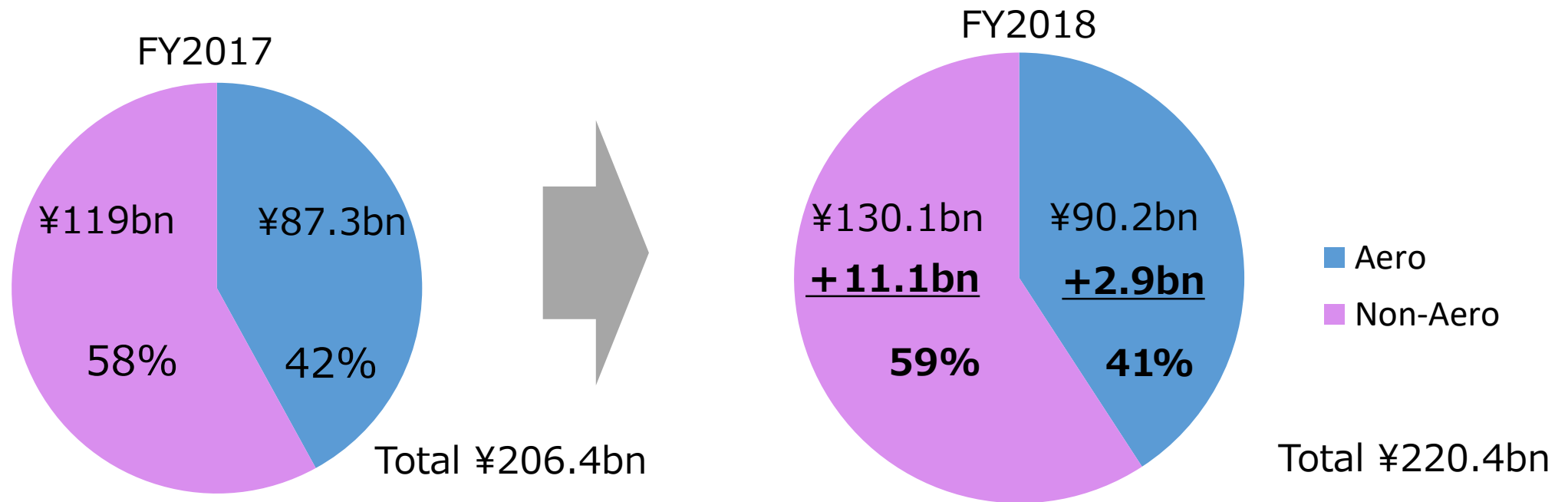


CLÉ DE PEAU BEAUTÉ

FY2019

# Non-Aero Revenue Share Growth

- Non-aero revenue share: **up 1% YoY to 59%**
- Aero: **¥2.9 billion increase** thanks mainly to revenue growth from passengers and aircraft movements
- Non-aero: **¥11.1 billion increase** mainly driven by revenue growth from duty-free shops







# Investment Plan



# Investment Plan

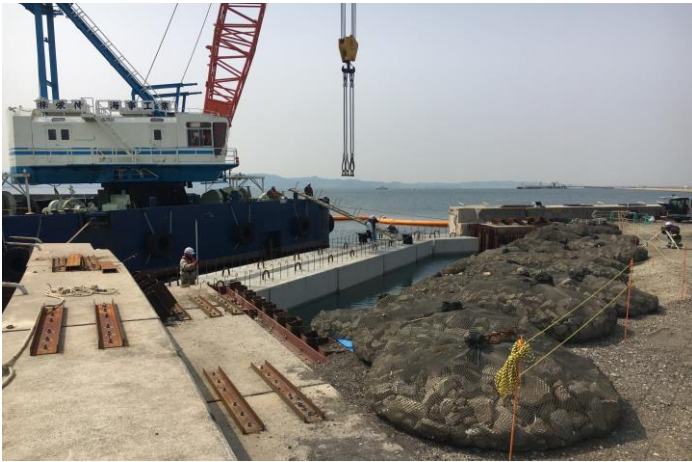
➔ Proactive investment of approx. ¥135 bn, 3 airports combined, over 5 years through FY2023

## Key projects

- ◆ Safety and security
  - BCP (relocate electrical rooms, raise seawall, etc.)
  - Repaving runways at 3 airports
  - Improve earthquake resistance of ceilings at 3 airports
- ◆ Convenience and comfort
  - ITAMI terminal renovation
  - Fast Travel
  - Renewal of all PBBs in KIX & ITAMI
  - Renovation of commercial areas in KOBE
- ◆ Airport capacity
  - Additional apron capacity in KIX
  - Renewal of BHS in KIX



# Examples of Investment Plan



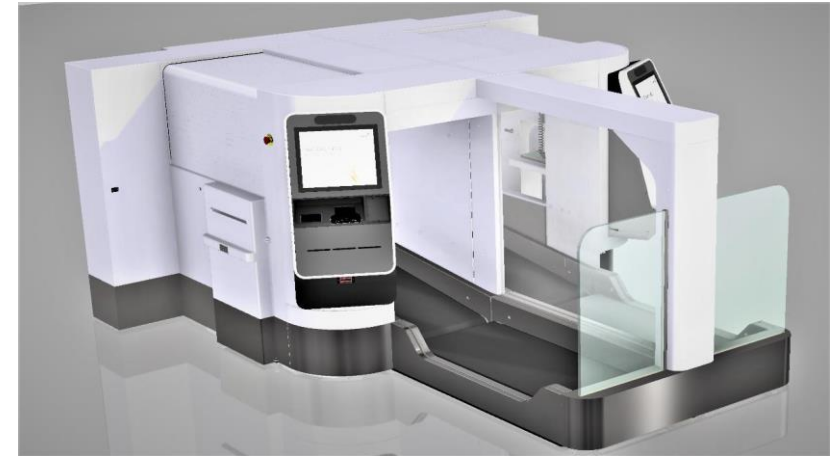
Seawall repairing & raising



ITAMI terminal renovation



Improved Earthquake-resistance of ceilings



Self bag drop





# Q & A

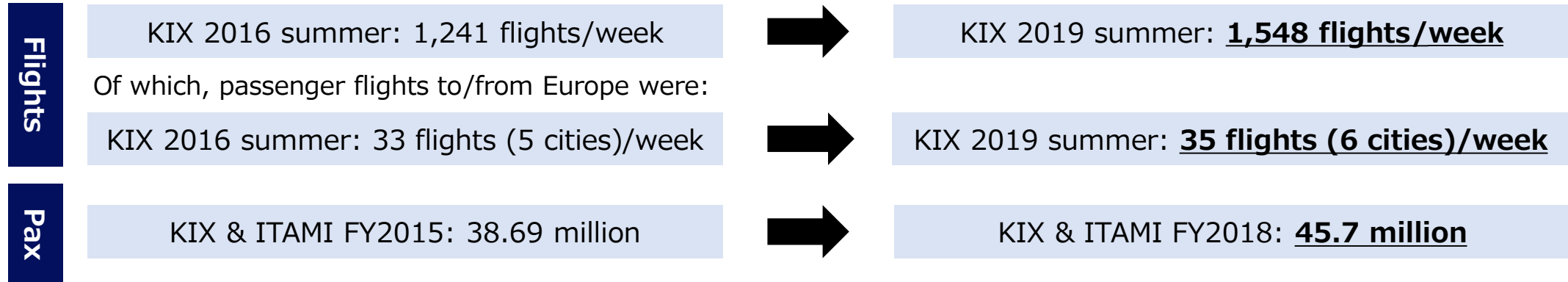




# Reference

# Achievements over the past three years

## → Flight & passenger numbers



## → Non-aero revenue



## → Initiatives taken over from New Kansai International Airport Company

Expansion of KIX T2 (international), ITAMI terminal renovation

## → Initiatives implemented after Kansai Airports started operations

New BCP, improvement of disaster preparedness,  
Fast Travel, integration of group companies, accounting system integration,  
promotion of personnel exchange, improvement of training and education programs

# Past main efforts



**AirAsia X** KIX=Honolulu  
(2017 Summer)



**Qantas Airways**  
KIX=Sydney  
(2017 Winter)



**Vietjet** KIX=Hanoi and  
KIX=Ho Chi Minh  
(2018 Winter)

**New flights**

**Apr, 2018**



**Start operation of KOBE**

**Jan, 2017**



**Terminal 2 (International)**  
**Walk-through style duty-free shops**  
**OPEN**

**Mar, 2017**



**FIRST CABIN**  
**OPEN**

**Apr, 2018**



**Arrival duty-free shops**  
**OPEN**

**Apr, 2018**



**Pre-open of the central and**  
**rooftop areas of ITAMI**

**Jun, 2018**



**Business jet facility**  
**"Premium Gate Tamayura"**  
**OPEN**



**Fast Travel**





# Major efforts for FY2019 or later



British Airways KIX=London  
(2019 Summer Schedule)



Delta Air Lines KIX=Seattle  
(2019 Summer Schedule)

**New flights**



**New BCP/Disaster Prevention**



**New Shop**



**Promotion of  
cashless transactions**



**T1 Renovation**



**Acquisition of  
CEIV Pharma certification  
By KIX Pharma community  
(Scheduled)**