



FY2019 Mid-year Consolidated Financial Results

YoY growth achieved in both revenue and profit

Kansai Airports today announced its consolidated financial results for the six months ended September 30, 2019, posting operating revenues of 119.8 billion yen, operating income of 36.2 billion yen, ordinary income of 30.8 billion yen, and net profit of 25.5 billion yen.

Despite weak demand for air travel to and from South Korea and Hong Kong, the operating revenues and operating income grew 14% and 36% respectively from last year driven by strong air travel demand—particularly to and from China—coupled with a rebound from the impact of last year's Typhoon Jebi. In addition, because typhoon-related insurance claims received were recorded in extraordinary gains and losses, net profit rose significantly by 122%.

Last year's operating revenues and operating income were weighted down by a loss of 8.2 billion yen and 6.4 billion yen respectively due to the impact of the typhoon. Even when excluding the typhoon effect, the first half of fiscal 2019 saw year-on-year growth in both revenues and profits.

Consolidated Profit and Loss Statement

(in billion yen)

Item	Apr. 2018- Sep. 2018	Apr. 2019- Sep. 2019	Increase (Decrease)	Change (%)
Operating Revenues	104.9	119.8	14.9	+14%
Operating Expenses	(58.6)	(63.5)	(4.9)	+8%
EBITDA	46.4	56.3	10.0	+22%
Depreciation & Amortization	(19.7)	(20.2)	(0.4)	+2%
Operating Income	26.6	36.2	9.6	+36%
Ordinary Income	20.9	30.8	9.9	+47%
Net Profit ¹	11.4	25.5	14.0	+122%

¹ Net Profit: Net Profit Attributable to Company Shareholders

Aviation Demand

Aircraft movements at KIX reached a record high for the first half-year period due primarily to an increase in new and additional services to and from China and Southeast Asia, offsetting a decrease in the number of flights to and from South Korea. Aircraft traffic at ITAMI slightly grew, and KOBE's traffic also edged up, aided by deregulation. As a result, total aircraft movements for the three airports amounted to 191,000.

Passenger traffic at KIX for the first half of fiscal 2019 reached a record high of 16.34 million, with foreign passengers on international flights hitting an all-time high for the eighth consecutive year and Japanese passengers on international flights exceeding the previous year's record for four years in a row. Passenger numbers at ITAMI recorded a year-on-year increase for the fourth straight year, while KOBE marked a 6% increase over the previous year due mainly to the effects of deregulation. The total number of passengers for the three airports combined stood at a record 26.44 million for the first half of the year.

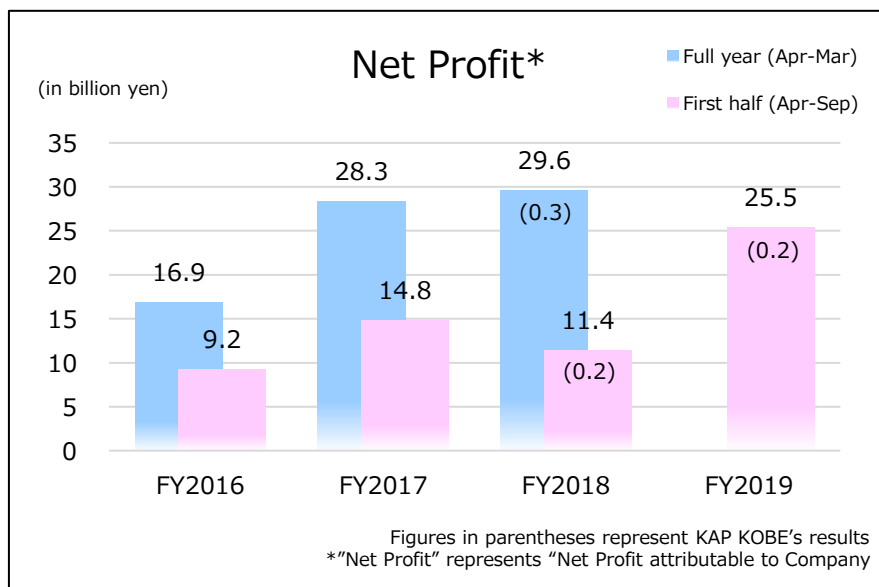
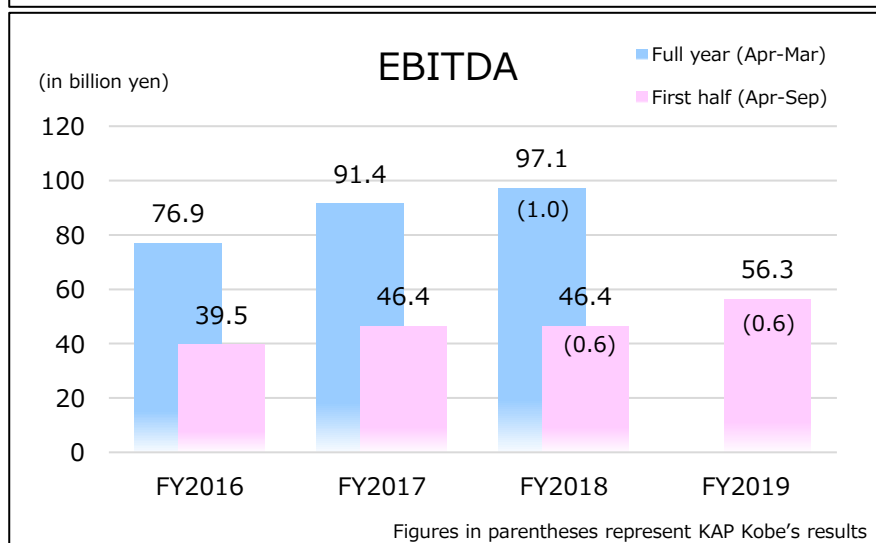
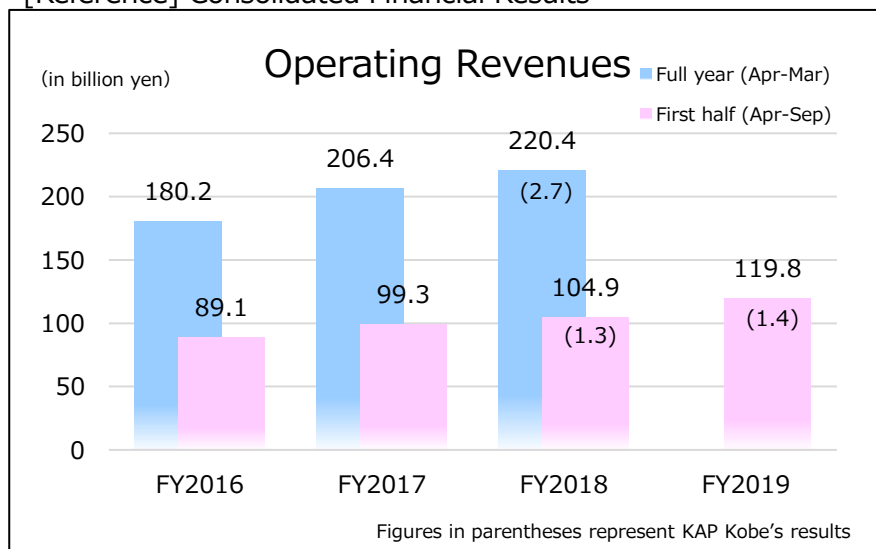
Item	Apr. 2018- Sep. 2018	Apr. 2019- Sep. 2019	Increase (Decrease)	Change (%)
ATMs (in thousands)	174	191	17	+10%
KIX	90	106	16	+18%
ITAMI	69	70	1	+1%
KOBE	15	16	1	+6%
PAX (in millions)	23.72	26.44	2.72	+11%
KIX	13.91	16.34	2.43	+17%
ITAMI	8.19	8.39	0.20	+2%
KOBE	1.61	1.70	0.09	+6%

Consolidated Balance Sheet

Both assets and liabilities as of September 30, 2019 decreased from the previous fiscal year-end as we made progress in the payment of liabilities for the operating rights as well as the amortization of the operating rights. As a result, the total assets and liabilities were 1,731.2 billion yen and 1,630.0 billion yen, respectively.

(in billion yen)			
Item	As of Mar. 31, 2019	As of Sep. 30, 2019	Increase (Decrease)
Current Assets	176.4	169.9	(6.5)
Non-current Assets	1,580.9	1,561.4	(19.5)
Total Assets	1,757.3	1,731.2	(26.0)
Current Liabilities	81.5	69.2	(12.3)
Non-current Liabilities	1,581.8	1,560.8	(21.0)
Total Liabilities	1,663.3	1,630.0	(33.3)
Shareholders' Equity	93.2	100.6	7.5
Other Comprehensive Income	(0.5)	(0.8)	(0.3)
Non-controlling Interests	1.3	1.5	0.2
Total Net Assets	94.0	101.3	7.3
Total Liabilities and Net Assets	1,757.3	1,731.2	(26.0)

[Reference] Consolidated Financial Results



Contact Information
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Consolidated Profit and Loss Statement

From April 1, 2019 to September 30, 2019

(Unit: Million yen)

Operating revenues		119,806
Operating expenses		71,726
Gross operating profit		48,079
Selling, general and administrative expenses		11,915
Operating income		36,164
Non-operating income		723
Interest income and dividends	355	
Share of profit of entities accounted for using the equity method	83	
Other non-operating income	284	
Non-operating expenses		6,124
Interest expense	6,064	
Commissions	50	
Other non-operating expense	9	
Ordinary income		30,763
Special gain		9,182
Gain on sales of non-current assets	0	
Subsidies received	339	
Insurance claims for disaster	8,842	
Special loss		3,006
Loss on retirement of non-current assets	58	
Loss on sale of fixed assets	0	
Fixed asset advanced depreciation deduction	330	
Removal cost related to replacement investment	372	
Loss on disaster	678	
Provision of allowance for loss on disaster	1,386	
Loss on branch closings	179	
Profit before income taxes		36,939
Income taxes-current	10,882	
Income taxes-deferred	437	
Profit		25,618
Profit attributable to non-controlling interests		168
Profit attributable to owners of the parent		25,450

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

Consolidated Balance Sheet

As of September 30, 2019

(Unit: Million yen)

Assets		Liabilities	
Current assets	169,884	Current liabilities	69,208
Cash and deposits	123,636	Accounts payable - trade	4,114
Notes and accounts receivable-trade	10,871	Accounts payable - other	7,786
Merchandise inventories	6,003	Accrued expenses	3,976
Raw materials and supplies	1,195	Current portion of long-term loans payable	3,267
Guarantee deposits refundable within one year	13,304	Current portion of liabilities for the right to operate public facilities	29,687
Accounts receivable - other	10,518	Income taxes payable	10,537
Other	4,354	Provision for bonuses	1,147
		Provision for point card certificates	92
		Provision for loss on disaster	1,741
		Other	6,857
Non-current assets	1,561,363	Non-current liabilities	1,560,773
Property, plant and equipment	27,122	Bonds payable	4,860
Buildings and structures	3,927	Long-term loans payable	166,619
Machinery, equipment and vehicles	10,008	Liabilities for the right to operate public facilities	1,327,242
Land	603	Provision for special repairs	47,530
Construction in progress	6,346	Provision for loss on disaster	448
Other	6,236	Liability for retirement benefits	4,437
Intangible assets	1,423,569	Other	9,636
Right to operate public facilities	1,400,147		
Replacement investment assets	22,153	Total liabilities	1,629,982
Other	1,268	Net assets	
Investments and other assets	110,671	Shareholders' equity	100,620
Investment securities	1,418	Capital stock	25,000
Asset for retirement benefits	219	Capital surplus	25,000
Guarantee deposits	101,740	Retained earnings	50,620
Deferred tax assets	7,141	Accumulated other comprehensive	△ 806
Other	159	Valuation difference on available-for-sale securities	28
Allowance for doubtful accounts	△ 8	Deferred gains or losses on hedge	△ 835
		Non-controlling interests	1,451
		Total net assets	101,265
Total assets	1,731,247	Total liabilities and net assets	1,731,247

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% ¹
Company Representatives	Representative Director and CEO: Yoshiyuki Yamaya Representative Director and Co-CEO: Benoit Rulleau		
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: Benoit Rulleau		
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 37 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

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.

FY2019 Mid-year Consolidated Financial Results

December 10, 2019



Shaping a New Journey

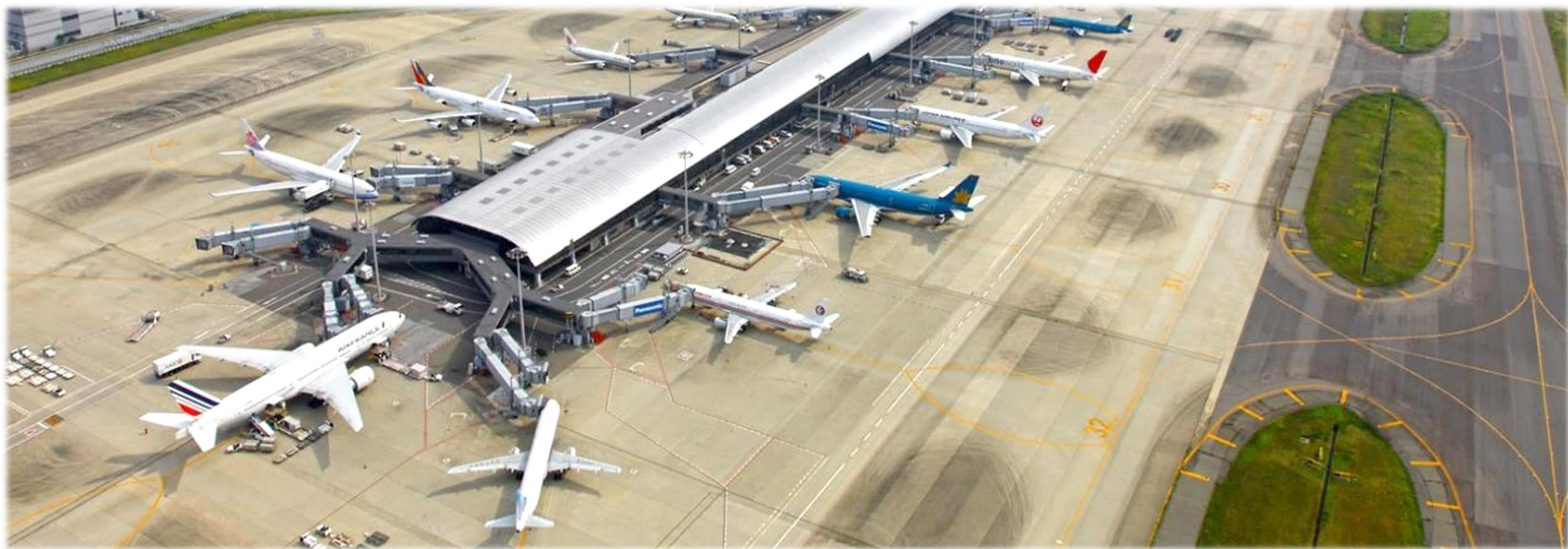


Agenda

 **Overview of Mid-year Consolidated Results**

 **Revenue Drivers**





Overview of Mid-year Consolidated Results

YoY Growth Achieved in Both Revenue and Profit

(in billion yen)

1. Increase in demand for international air transportation in all regions except South Korea

2. Growth in domestic aviation demand partly fueled by deregulation at Kobe Airport

3. Impact of Typhoon Jebi
⇒ Revenues and profit increased, even when excluding the effect of the rebound from the typhoon impact*

*Typhoon impact: 6.4 billion yen decrease in operating income
⇒ Net profit increased significantly due to insurance claims received

	Apr. 2018- Sep. 2018	Apr. 2019- Sep. 2019	Change	%
Operating Revenues	104.9	119.8	14.9	+14%
EBITDA	46.4	56.3	10.0	+22%
Operating Income	26.6	36.2	9.6	+36%
Ordinary Income	20.9	30.8	9.9	+47%
Net Profit ¹	11.4	25.5	14.0	+122%

Operating Results

(in billion yen)

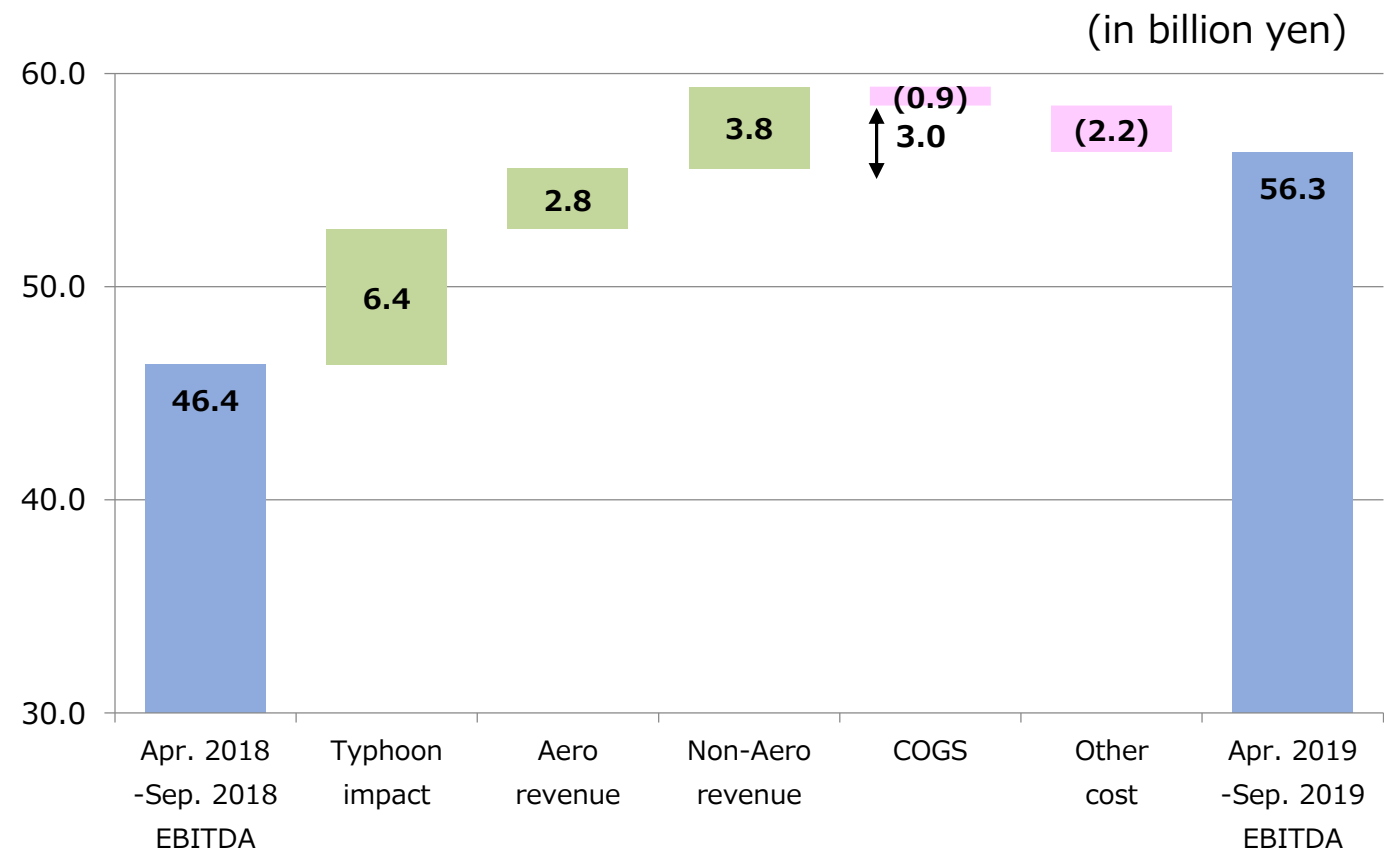
	Apr. 2018 - Sep. 2018	Apr. 2019 Sep. 2019	Increase (Decrease)	Change %	Typhoon impact
Operating Revenues	104.9	119.8	14.9	+14%	+8.2
Aero	42.8	49.3	6.5	+15%	+3.6
Non-Aero	62.1	70.5	8.4	+14%	+4.6
Operating Expenses (excl. D&A)	(58.6)	(63.5)	(4.9)	+8%	(1.9)
EBITDA	46.4	56.3	10.0	+22%	+6.4
Depreciation & Amortization	(19.7)	(20.2)	(0.4)	+2%	
Operating Income	26.6	36.2	9.6	+36%	+6.4
Non-operating Profit and Loss	(5.7)	(5.4)	0.3	(6%)	
Ordinary Income	20.9	30.8	9.9	+47%	+6.4
Extraordinary Profit and Loss	(4.3)	6.2	10.4	(245%)	+10.3
Income Taxes, Profit/Loss Attributable to Non-controlling Interests	(5.2)	(11.5)	(6.3)	+122%	(5.1)
Net Profit ¹	11.4	25.5	14.0	+122%	+11.6

(Reference) Typhoon Impact

(in billion yen)

Item	2018 Apr-Sep (1)	2019 Apr-Sep (2)	(2) - (1)
Operating Revenues	(8.2)	-	8.2
Aero	(3.6)	-	3.6
Non-Aero	(4.6)	-	4.6
Cost of Sales	1.9	-	(1.9)
Subtotals (EBITDA/Operating Income)	(6.4)	-	6.4
Proceeds from Disaster Insurance	0.0	8.8	8.8
Loss on Disaster/Allowance for Loss on Disaster	(3.5)	(2.1)	1.5
Total (Before Tax)	(9.9)	6.8	16.7

EBITDA Analysis



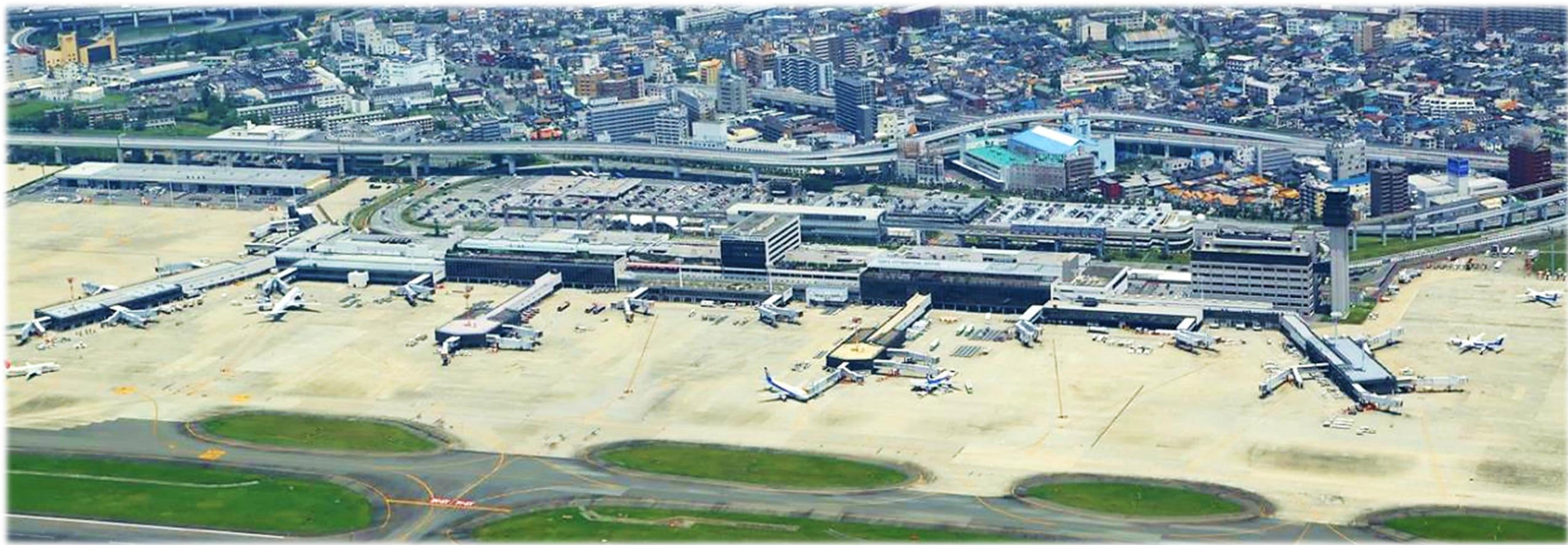
Balance Sheet

(in billion yen)

	As of Mar. 31,2019	As of Sep. 30,2019	Increase (Decrease)
Current Assets	176.4	169.9	(6.5)
Non-current Assets	1,580.9	1,561.4	(19.5)
TOTAL ASSETS	1,757.3	1,731.2	(26.0)
Current Liabilities	81.5	69.2	(12.3)
Non-current Liabilities	1,581.8	1,560.8	(21.0)
TOTAL LIABILITIES	1,663.3	1,630.0	(33.3)
Shareholders' Equity	93.2	100.6	7.5
Other Comprehensive Income	(0.5)	(0.8)	(0.3)
Non-controlling Interests	1.3	1.5	0.2
TOTAL NET ASSETS	94.0	101.3	7.3
TOTAL LIABILITIES AND NET ASSETS	1,757.3	1,731.2	(26.0)

Right to Operate
Public Facilities

Debts Concerning
Right to Operate
Public Facilities



Revenue Drivers

[Aero] H1 Record-high Aircraft & Passenger Traffic for 3 Airports Combined

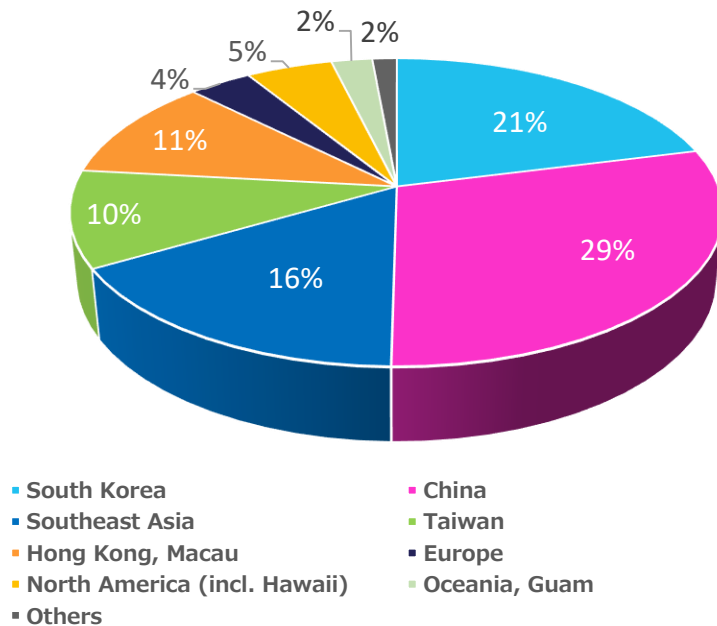
- Aircraft movements and passenger traffic for all three airports combined marked a **record high** for the first half-year period (H1) boosted by the rebound from last year's disaster events.
- KIX: **Record-breaking** passenger traffic for H1. Aircraft movements **exceeded 100,000** for the first time in H1.
- ITAMI passengers: **Up 2% YoY**
- KOBE passengers: **All-time high** for H1 with **6% YoY increase**

	Apr. 2018-Sep. 2018	Apr. 2019-Sep. 2019	Change	%
ATMs (in thousands)	174	191	17	+10%
KIX	90	106	16	+18%
ITAMI	69	70	1	+1%
KOBE	15	16	1	+6%
Passengers (in millions)	23.72	26.44	2.72	+11%
KIX	13.91	16.34	2.43	+17%
Int'l flight pax	10.76	12.76	2.00	+19%
Japanese	3.25	3.98	0.73	+22%
Non-Japanese	7.41	8.67	1.26	+17%
ITAMI	8.19	8.39	0.20	+2%
KOBE	1.61	1.70	0.09	+6%

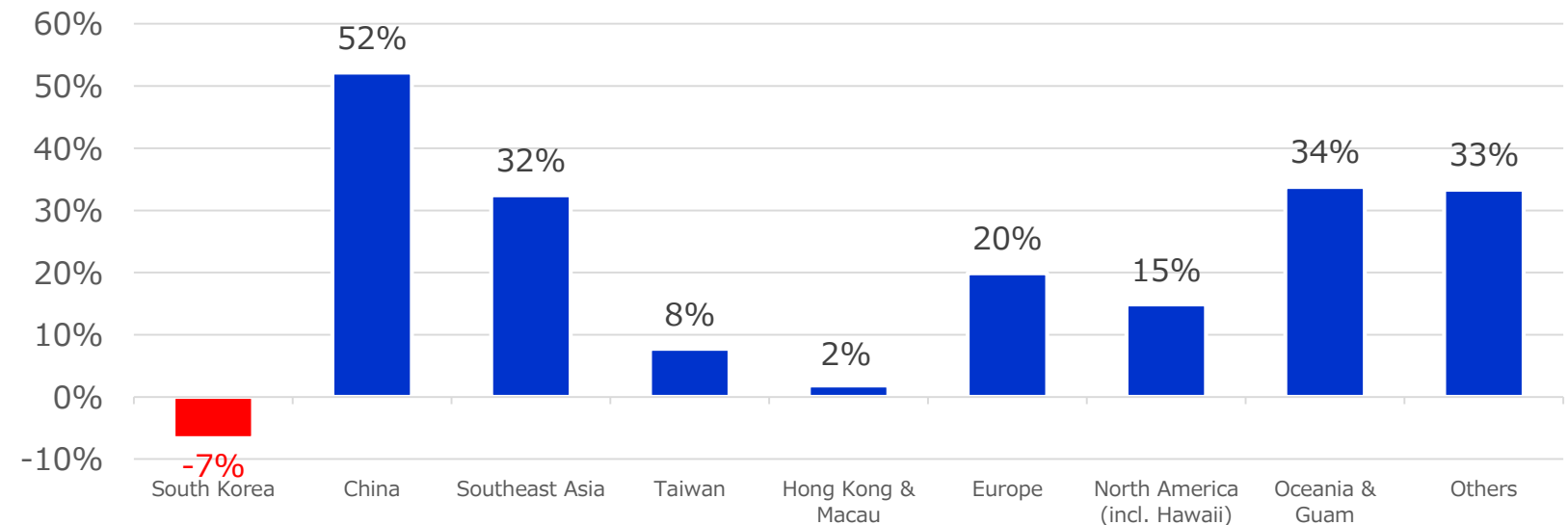
[Aero] KIX Achieves Strong Int'l Passenger Gains

- ✈ Demand for travel from China and Southeast Asia to Japan remained strong, offsetting weak demand for flights to/from South Korea.
- ✈ Long-haul flights maintained an upward trend with new services and increased flight frequencies to Europe and North America.

H1 FY2019 int'l pax share by region



H1 FY2019 int'l pax YoY change by region

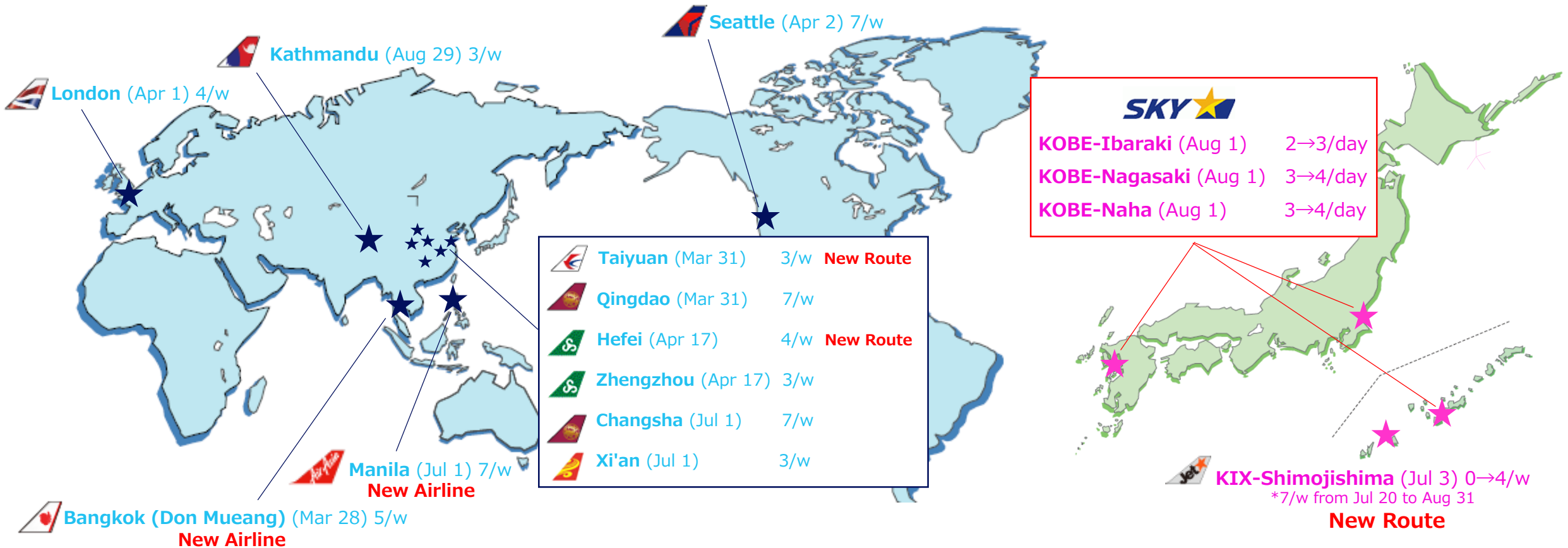


*Others include India, Nepal, the Middle East, and Far East Asia

[Aero] New Routes & Flight Increases in H1 FY2019

International (New routes)

Domestic (New routes & flight increases)



*The dates in parentheses represent the launch dates of new and increased services.

[Aero] Long-haul Network Expansion

Network has been expanding with launches of long-haul flights

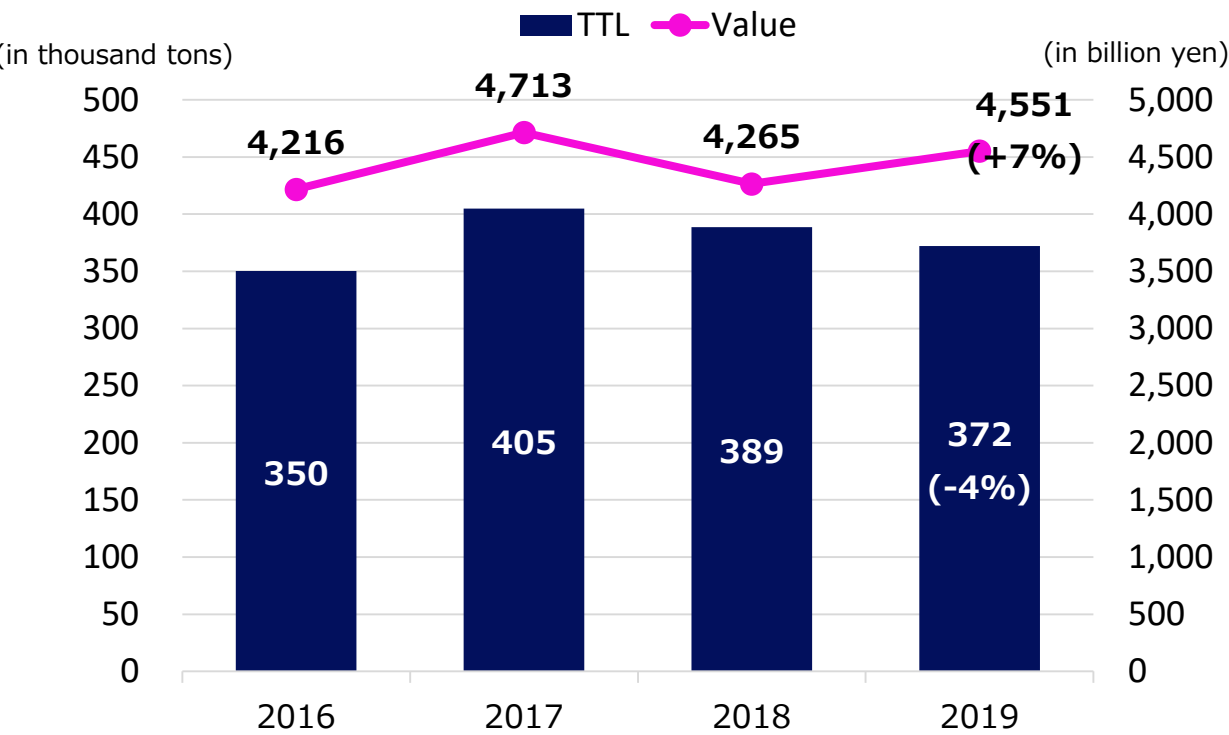
📍 2017 S/W ✈️	📍 2018 S/W ✈️	📍 2019 S/W ✈️	📍 2020 S/W ✈️
 <p>AirAsia X launched service to Honolulu</p>	 <p>Emirates introduced A380</p>	 <p>British Airways launched service to London</p>	 <p>Qatar Airways to launch service to Doha</p>
 <p>Qantas Airways launched service to Sydney</p>		 <p>Delta Air Lines launched service to Seattle</p>	 <p>Turkish Airlines to launch service to Istanbul</p>
		 <p>Swiss International Air Lines to launch service to Zurich</p>	

[Aero] KIX Int'l Cargo Volume and Trade Value Outperforming Last Year with Strong Pharmaceutical Handling

KIX int'l cargo volume for H1 down 4% YoY to 370,000 tons

Initiatives to improve pharmaceutical cargo handling

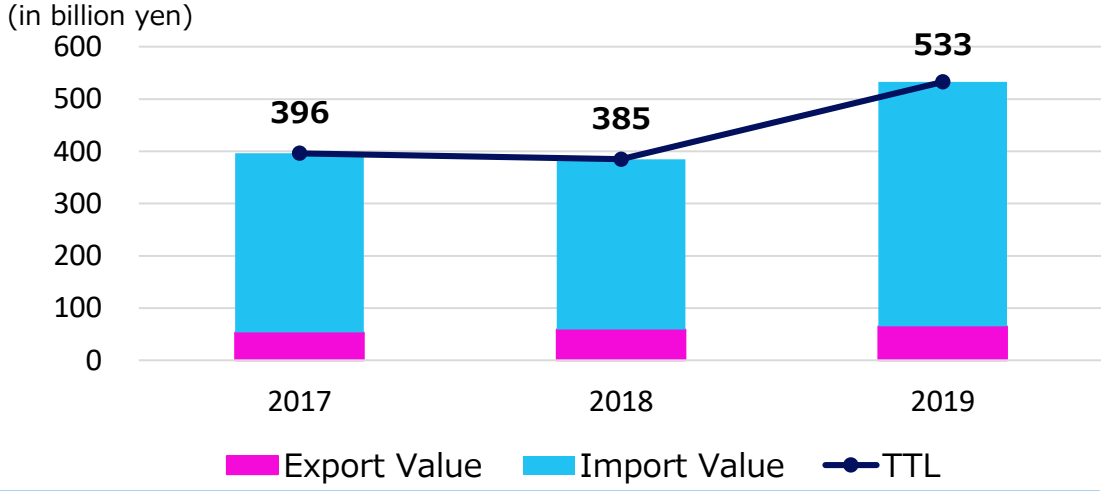
Cargo volume in H1 FY16 – FY19



KIX Pharma Community acquired CEIV Pharma certification (Jun. 2019)



Pharmaceutical handling value in H1 FY17 – FY19

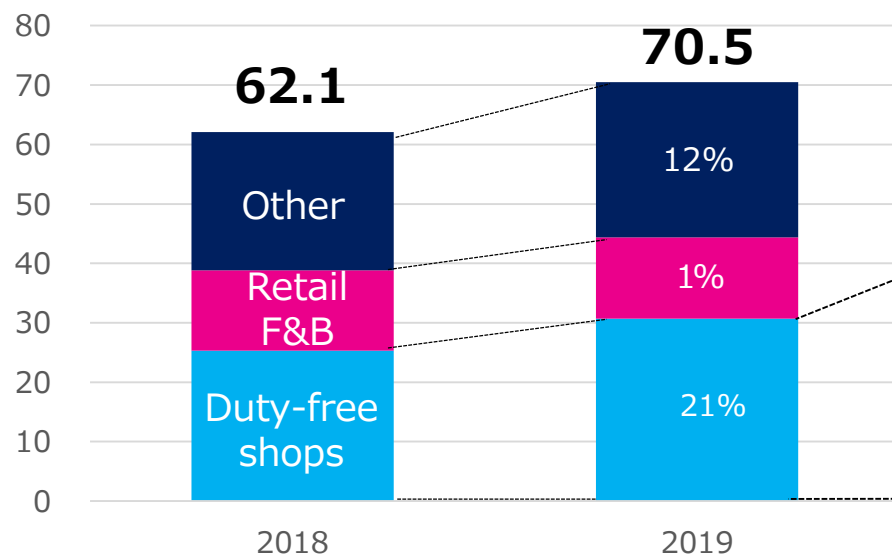


[Non-Aero] Strong Revenue Growth

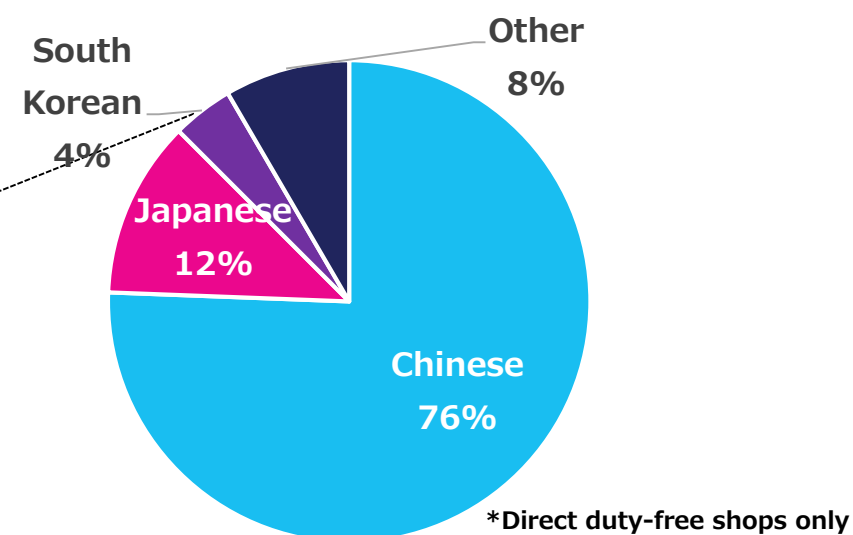
- Achieved record-high revenue of 70.5 billion yen thanks to steady growth in spending by Chinese
- Duty-free sales rose 21% YoY, a key driver for non-aero revenues
- Chinese accounted for 76% of duty-free sales with high average transaction and penetration rate

FY2019 Non-Aero Revenue Growth (%)

(in billion yen)



FY2019 Duty-Free Sales by Nationality* (%)



[Non-Aero] Opened New Shops Meeting High Customer Needs

- Opened new shops in FY2019 to meet high customer needs in KIX
 - More shopping/dining offerings in landside and airside including direct duty-free shops “PLEATS PLEASE ISSEY MIYAKE / BAO BAO ISSEY MIYAKE” and “CLÉ DE PEAU BEAUTÉ”
 - “TORY BURCH” opened on Dec 1, 2019
- At ITAMI, the multi-story parking structure was renovated in April and Rental Car Station opened in July

KIX

ITAMI

2019/4/24
OPEN



È PRONTO

2019/4/25
OPEN



PLEATS PLEASE ISSEY MIYAKE
BAO BAO ISSEY MIYAKE

2019/5/16
OPEN



CLÉ DE PEAU BEAUTÉ

2019/4/27
OPEN



North parking structure

From Jun 1, 2019
4 shops sequentially OPEN



Currency Exchange TRAVELEX

2019/9/26
OPEN



NAKAU

2019/12/1
OPEN



TORY BURCH

2019/7/8
OPEN



Rental Car Station

The Percentages of Aero and Non-Aero Revenues Remain Unchanged

- Non-Aero revenue share: **59%, same as the previous year**
- Aero: **¥6.5 billion increase** thanks mainly to increased passenger traffic and aircraft movements
- Non-Aero: **¥8.4 billion increase** mainly driven by revenue from duty-free shops

