



FY2019 Consolidated Financial Results

Decline in operating revenues and operating income due to COVID-19

Kansai Airports today announced its consolidated financial results for the fiscal year ended March 31, 2020, posting operating revenues of 215.8 billion yen, operating income of 52.4 billion yen, ordinary income of 41.2 billion yen, and net profit of 33.5 billion yen.

Despite a rebound from the impact of Typhoon Jebi that hit KIX in 2018, the operating revenues and operating income decreased by 2% and 8%, respectively, from a year earlier, amid the COVID-19 crisis that started to escalate in February this year. Extraordinary profit and loss, meanwhile, improved by 10.6 billion yen compared with the previous fiscal year, and net profit increased by 13% year on year; this is because disaster-related losses were recorded in the previous fiscal year, and substantial insurance proceeds related to typhoon damage are included in this fiscal year's results.

In fiscal 2018, operating revenues and operating income were offset by typhoon-related losses of 8.2 billion yen and 6.4 billion yen, respectively. In this fiscal year, operating revenues and operating income were negatively impacted by the COVID-19 pandemic, losing 19.2 billion yen and 13.0 billion yen, respectively.

Consolidated Profit and Loss Statement

(in billion yen)

Item	Apr. 2018- Mar. 2019	Apr. 2019- Mar. 2020	Increase (Decrease)	Change (%)
Operating Revenues	220.4	215.8	(4.6)	-2%
Operating Expenses	(123.3)	(122.8)	0.5	-0%
EBITDA	97.1	93.0	(4.1)	-4%
Depreciation & Amortization	(39.8)	(40.6)	(0.8)	+2%
Operating Income	57.3	52.4	(4.9)	-8%
Ordinary Income	46.1	41.2	(4.9)	-11%
Net Profit ¹	29.6	33.5	3.9	+13%

¹ Net Profit: Net Profit Attributable to Company Shareholders

Aviation Demand

Although KIX was greatly affected by the coronavirus outbreak, fiscal 2019 marked a record-high aircraft movements, reflecting new flight launches and increased frequencies, especially on China and Southeast Asia routes, coupled with launches of long-haul flights. Aircraft traffic at ITAMI slightly decreased, while KOBE's traffic increased following deregulation. As a result, total aircraft movements at all three airports combined amounted to 366,000.

At KIX, passenger traffic was strong through January 2020. Due to the impact of COVID-19, however, the number of passengers during the fiscal year fell below the level of the previous year. ITAMI's passenger numbers also dropped below the previous fiscal year. At KOBE, passengers increased by 3% over the previous year thanks to deregulation, despite the coronavirus pandemic. Total passenger traffic at the three airports was 47.82 million, falling below the previous fiscal year.

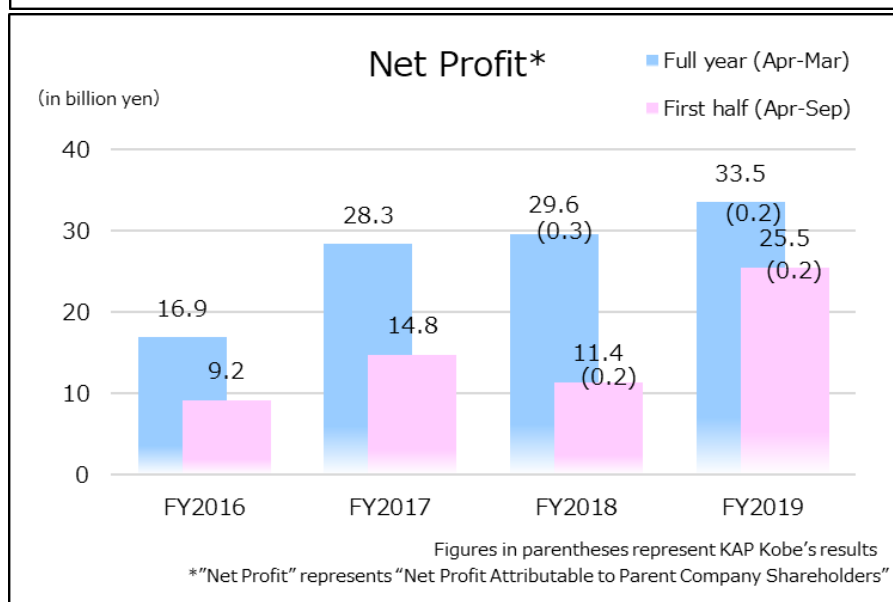
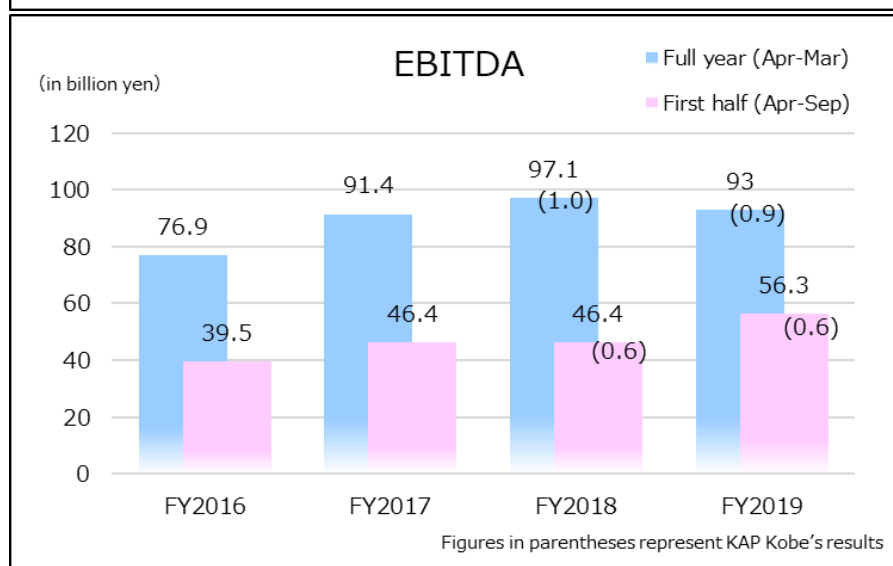
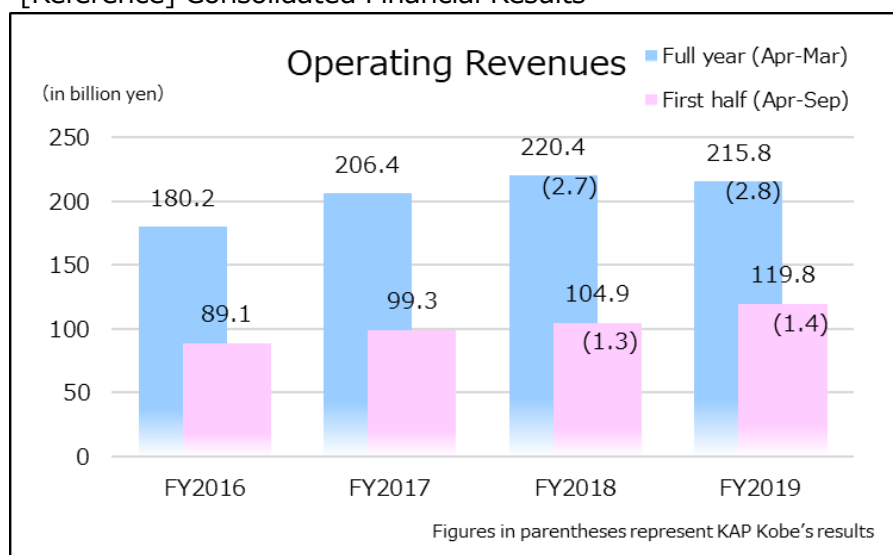
Item	Apr. 2018- Mar. 2019	Apr. 2019- Mar. 2020	Increase (Decrease)	Change (%)
ATMs (in thousands)	358	366	8	+2%
KIX	190	196	6	+3%
ITAMI	138	137	(1)	-1%
KOBE	30	33	3	+11%
PAX (in millions)	48.90	47.82	(1.08)	-2%
KIX	29.41	28.77	(0.64)	-2%
ITAMI	16.30	15.77	(0.53)	-3%
KOBE	3.19	3.29	0.10	+3%

Consolidated Balance Sheet

Both assets and liabilities as of March 31, 2020 decreased from the end of the previous fiscal year as progress was made in the payment of liabilities for the operating rights as well as the amortization of the operating rights. As a result, total assets and liabilities were 1,732.5 billion yen and 1,623.0 billion yen, respectively.

(in billion yen)			
Item	As of Mar. 31, 2019	As of Mar. 31, 2020	Increase (Decrease)
Current Assets	176.4	169.0	(7.4)
Non-current Assets	1,580.9	1,563.5	(17.4)
Total Assets	1,757.3	1,732.5	(24.7)
Current Liabilities	81.5	79.9	(1.6)
Non-current Liabilities	1,581.8	1,543.1	(38.8)
Total Liabilities	1,663.3	1,623.0	(40.3)
Shareholders' Equity	93.2	108.7	15.5
Other Comprehensive Income	(0.5)	(0.6)	(0.1)
Non-controlling Interests	1.3	1.5	0.2
Total Net Assets	94.0	109.6	15.6
Total Liabilities and Net Assets	1,757.3	1,732.5	(24.7)

[Reference] Consolidated Financial Results



Contact Information
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Consolidated Profit and Loss Statement

From April 1, 2019 to March 31, 2020

(Unit: Million yen)

Operating revenues		215,775
Operating expenses		139,312
Gross operating profit		76,462
Selling, general and administrative expenses		24,062
Operating income		52,400
Non-operating income		1,037
Interest income and dividends	670	
Share of profit of entities accounted for using the equity method	125	
Other non-operating income	241	
Non-operating expenses		12,206
Interest expense	12,049	
Commissions	100	
Other non-operating expense	57	
Ordinary income		41,230
Special gain		12,502
Gain on sales of non-current assets	0	
Subsidies received	505	
Insurance claims for disaster	11,996	
Special loss		5,052
Loss on retirement of non-current assets	205	
Loss on sales of non-current assets	0	
Non-current assets advanced depreciation deduction	623	
Removal cost related to replacement investment	696	
Loss on disaster	1,814	
Provision of allowance for loss on disaster	1,030	
Loss on branch closings	196	
Loss on valuation of merchandise inventories	484	
Profit before income taxes		48,680
Income taxes-current	15,233	
Income taxes-deferred	△ 309	
Profit		33,755
Profit attributable to non-controlling interests		230
Profit attributable to owners of the parent		33,525

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

Consolidated Balance Sheet

As of March 31, 2020

(Unit: Million yen)

Assets		Liabilities	
Current assets	169,010	Current liabilities	79,895
Cash and deposits	128,038	Accounts payable - trade	632
Notes and accounts receivable-trade	6,556	Accounts payable - other	26,003
Merchandise inventories	5,763	Accrued expenses	3,166
Raw materials and supplies	1,219	Current portion of long-term loans payable	3,310
Guarantee deposits refundable within one year	13,341	Current portion of liabilities for the right to operate public facilities	29,786
Accounts receivable - other	7,299	Income taxes payable	7,916
Other	7,129	Provision for bonuses	1,078
Allowance for doubtful accounts	△ 337	Provision for point card certificates	94
		Provision for loss on disaster	1,078
		Other	6,827
Non-current assets	1,563,535	Non-current liabilities	1,543,072
Property, plant and equipment	49,789	Bonds payable	4,860
Buildings and structures	3,934	Long-term loans payable	162,690
Machinery, equipment and vehicles	10,410	Liabilities for the right to operate public facilities	1,312,316
Tools, furniture and fixtures	7,380	Provision for special repairs	47,675
Land	603	Provision for loss on disaster	358
Construction in progress	27,306	Liability for retirement benefits	4,683
Other	154	Other	10,488
Intangible assets	1,409,054		
Right to operate public facilities	1,382,620	Total liabilities	1,622,967
Replacement investment assets	25,244	Net assets	
Other	1,188	Shareholders' equity	108,694
Investments and other assets	104,692	Capital stock	25,000
Investment securities	1,458	Capital surplus	25,000
Asset for retirement benefits	218	Retained earnings	58,694
Guarantee deposits	95,019	Accumulated other comprehensive	△ 630
Deferred tax assets	7,810	Valuation difference on available-for-sale securities	27
Other	193	Deferred gains or losses on hedge	△ 657
Allowance for doubtful accounts	△ 8	Non-controlling interests	1,514
		Total net assets	109,578
Total assets	1,732,546	Total liabilities and net assets	1,732,546

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 45 airports located in Brazil, Cambodia, Chile, Costa Rica, the Dominican Republic, France, Japan, Portugal, Serbia, Sweden, the United Kingdom and the United States. Served by more than 250 airlines, VINCI Airports’ network handled 255 million passengers in 2019. 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 optimise the management and performance of airports and to carry out airport expansions and upgrades. In 2019, its annual revenue for managed activities amounted to €4.9 billion, for a consolidated revenue of €2.6 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 Consolidated Financial Results

2020.06.10

Shaping a New Journey



Agenda

 **Overview of Consolidated Financial Results**

 **Revenue Drivers**

 **Q&A**





Overview of Consolidated Financial Results

Operating revenues and operating income decline due to the impact of COVID-19

(in billion yen)

1. Favorable performance until January 2020 thanks to new flights and increased frequencies on China, Southeast Asia, and long-haul routes, as well as deregulation of Kobe Airport

2. Operating revenues and operating income decreased from the previous year due to the impact of the novel coronavirus outbreak

3. Impact of Typhoon Jebi (2018)
-> Net profit increased due to an increase in insurance proceeds and a decrease in disaster-related losses

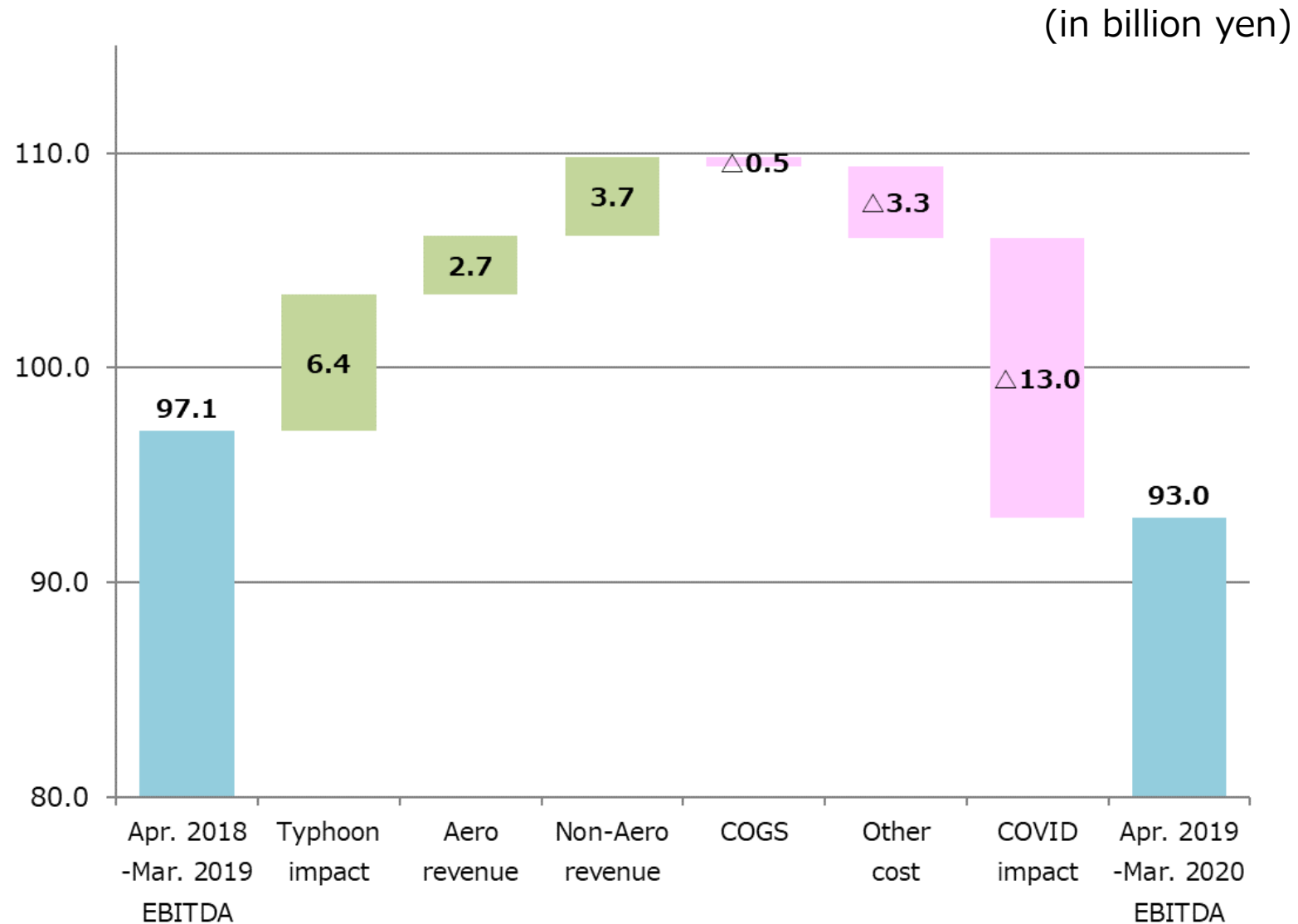
	Apr. 2018- Mar. 2019	Apr. 2019- Mar. 2020	Change	%
Operating Revenues	220.4	215.8	(4.6)	-2%
EBITDA	97.1	93.0	(4.1)	-4%
Operating Income	57.3	52.4	(4.9)	-8%
Ordinary Income	46.1	41.2	(4.9)	-11%
Net Profit*	29.6	33.5	3.9	+13%

Operating Results

(in billion yen)

	Apr. 2018 - Mar. 2019	Apr. 2019 - Mar. 2020	Increase (Decrease)	Change %	COVID-19 impact	Typhoon impact	Excl. COVID-19 & typhoon ²
Operating Revenues	220.4	215.8	(4.6)	-2%	(19.2)	8.2	6.4
Aero	90.2	89.3	(0.9)	-1%	(7.3)	3.6	2.7
Non-Aero	130.1	126.4	(3.7)	-3%	(12.0)	4.6	3.7
Operating Expenses (excl.D&A)	(123.3)	(122.8)	0.5	-0%	6.2	(1.9)	(3.8)
EBITDA	97.1	93.0	(4.1)	-4%	(13.0)	6.4	2.5
Depreciation & Amortization	(39.8)	(40.6)	(0.8)	+2%			(0.8)
Operating Income	57.3	52.4	(4.9)	-8%	(13.0)	6.4	1.7
Non-operating Profit and Loss	(11.2)	(11.2)	0.0	-0%			0.0
Ordinary Income	46.1	41.2	(4.9)	-11%	(13.0)	6.4	1.7
Extraordinary Profit and Loss	(3.2)	7.4	10.6	-336%		11.0	(0.4)
Income Taxes, Profit Attributable to Non-controlling Interests	(13.3)	(15.2)	(1.8)	+14%	4.0	(5.3)	(0.5)
Net Profit ¹	29.6	33.5	3.9	+13%	(9.0)	12.0	0.9

EBITDA analysis



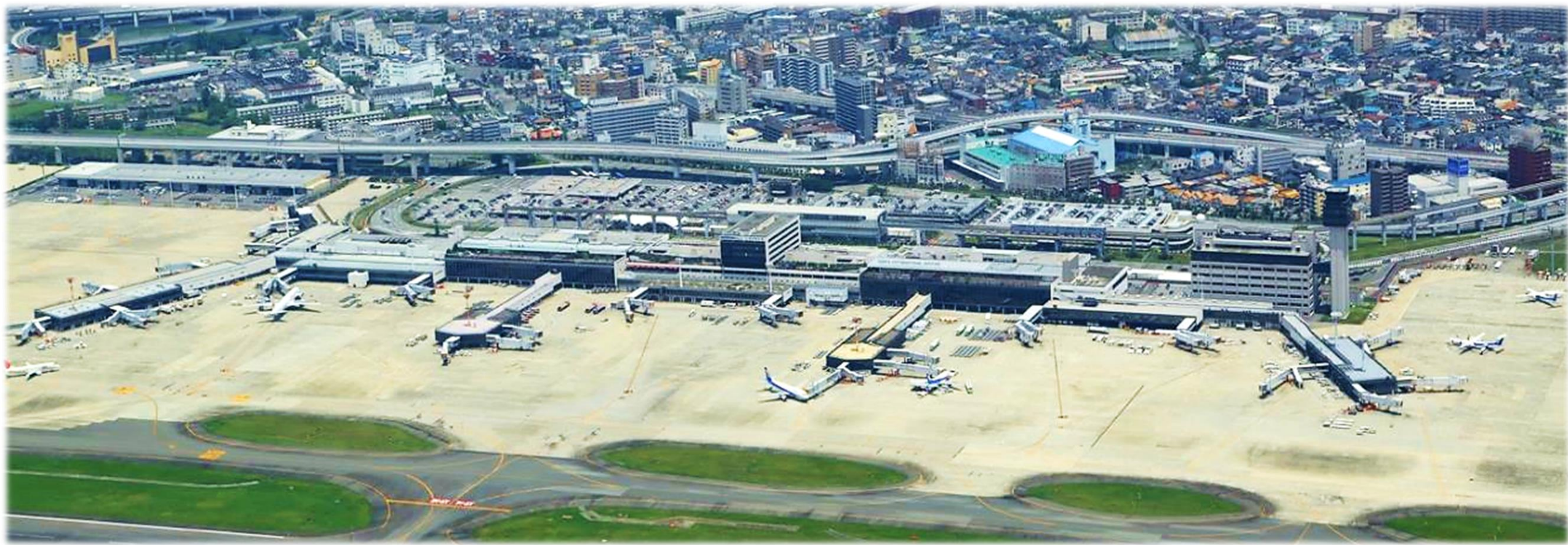
Balance sheet

(in billion yen)

	As of Mar. 31, 2019	As of Mar. 31, 2020	Increase (Decrease)
Current Assets	176.4	169.0	(7.4)
Non-current Assets	1,580.9	1,563.5	(17.4)
TOTAL ASSETS	1,757.3	1,732.5	(24.7)
Current Liabilities	81.5	79.9	(1.6)
Non-current Liabilities	1,581.8	1,543.1	(38.8)
TOTAL LIABILITIES	1,663.3	1,623.0	(40.3)
Shareholders' Equity	93.2	108.7	15.5
Other Comprehensive Income	(0.5)	(0.6)	(0.1)
Non-controlling Interests	1.3	1.5	0.2
TOTAL NET ASSETS	94.0	109.6	15.6
TOTAL LIABILITIES AND NET ASSETS	1,757.3	1,732.5	(24.7)

Right to Operate
Public Facilities, etc.

Debts concerning
Right to Operate
Public Facilities, etc.



Revenue Drivers

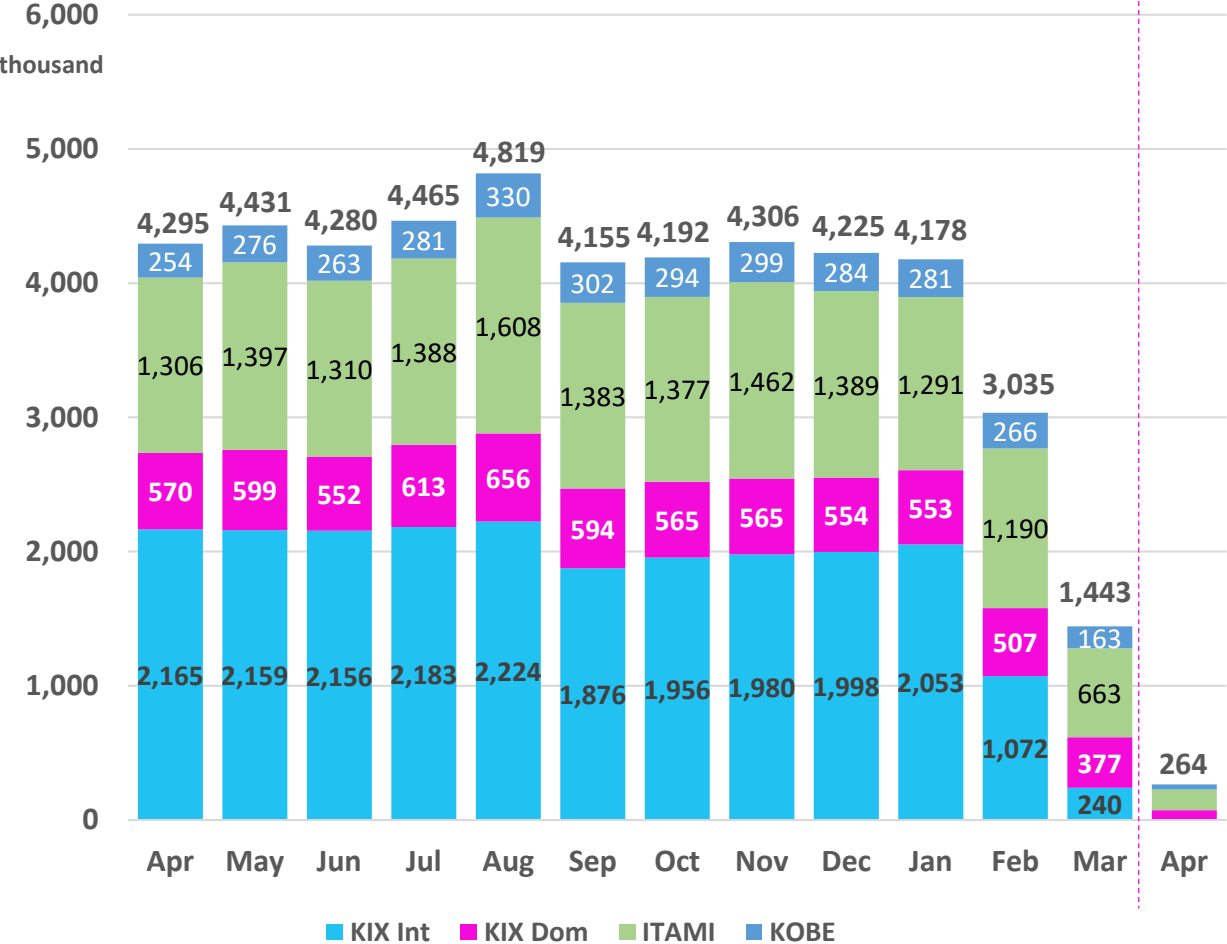
[Aero] Record-high aircraft movements at 3 airports combined

- Total and domestic aircraft movements at the 3 airports combined marked a **record-high**
- Although the total passenger traffic at the 3 airports combined showed a stable growth until January 2020, due to the impact of the global COVID-19 pandemic, the full-year result was down by 2% YoY
- KIX ATMs: **Record-high** for both total and international aircraft movements
- ITAMI passengers: Down by 3% YoY affected by COVID-19
- KOBE ATMs and passengers: **Record-high** for a fiscal year thanks to the deregulation of aircraft movements introduced in August 2019 and associated launches of new flights and increased frequencies

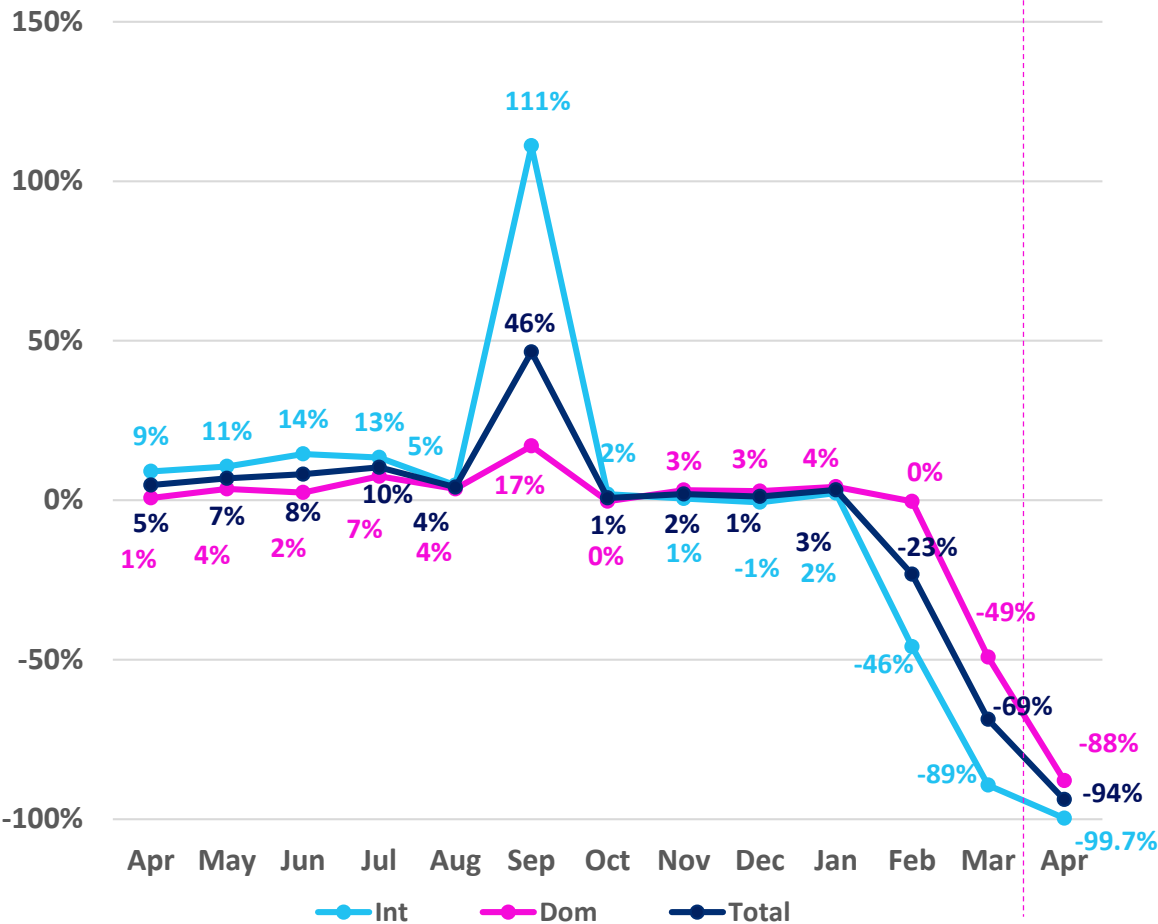
	FY2018	FY2019	Change	%
ATMs (in thousands)	358	366	8	+2%
KIX	190	196	6	+3%
ITAMI	138	137	(1)	-1%
KOBE	30	33	3	+11%
Passengers (in millions)	48.90	47.82	(1.08)	-2%
KIX	29.41	28.77	(0.64)	-2%
Int'l flight passengers	22.90	22.06	(0.84)	-4%
Japanese	7.18	7.17	(0.01)	-0%
Non-Japanese	15.52	14.69	(0.83)	-5%
ITAMI	16.30	15.77	(0.53)	-3%
KOBE	3.19	3.29	0.1	+3%

FY2019 passengers at 3 airports

FY2019 KAP Passengers

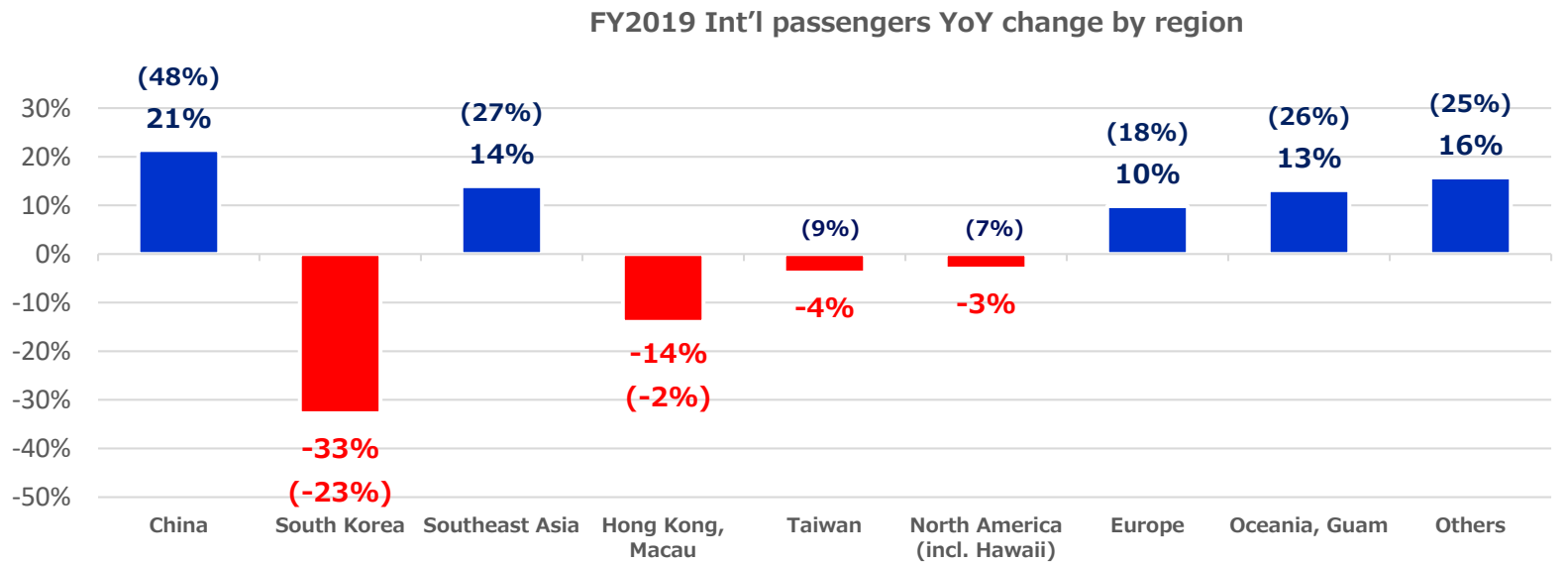
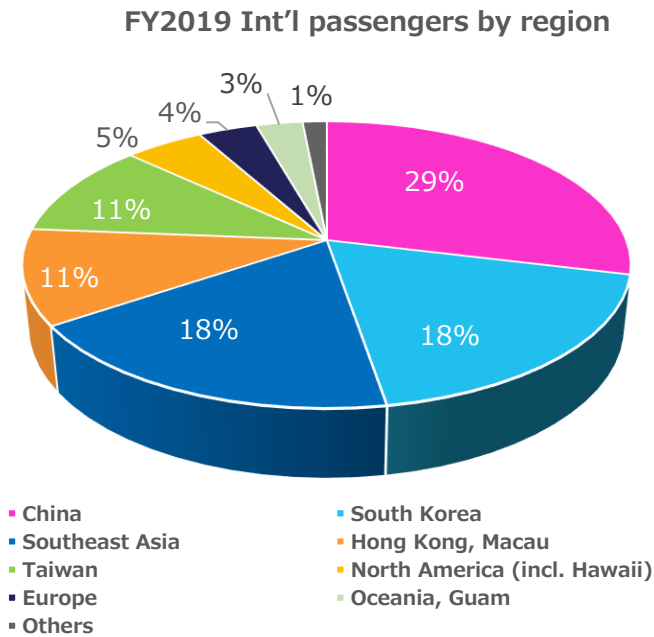


FY2019 YOY



[Aero] KIX international passenger traffic achieves strong performance on China and Southeast Asia routes

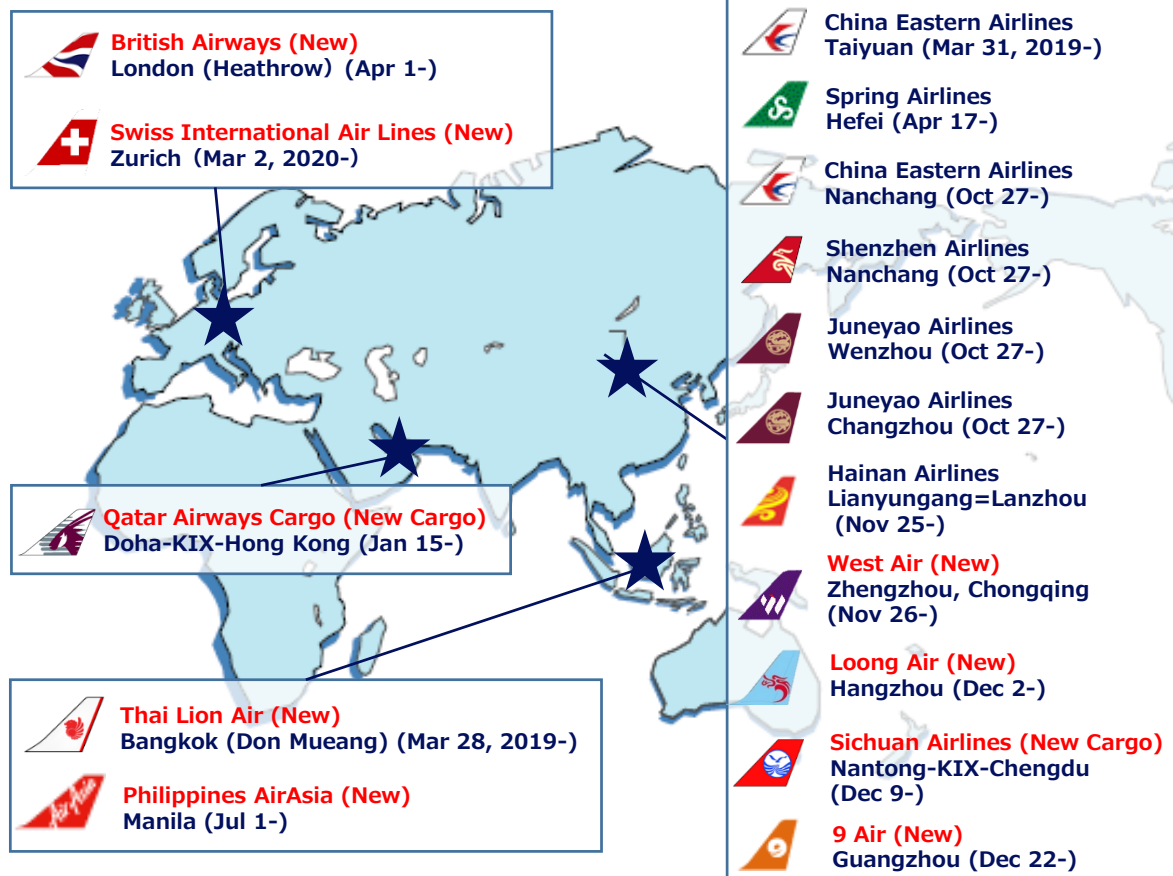
- ✈ With increased flight frequencies on China and Southeast Asia routes, passenger traffic to/from China and Southeast Asia rose by 21% and by 14% YoY, respectively
- ✈ Passenger numbers for South Korea and Hong Kong, which were affected by diplomatic issues and protests, showed a negative trend
- ✈ The cumulative passenger traffic from April 2019 to January 2020, before the impact of COVID-19, remained positive YoY for regions other than South Korea and Hong Kong



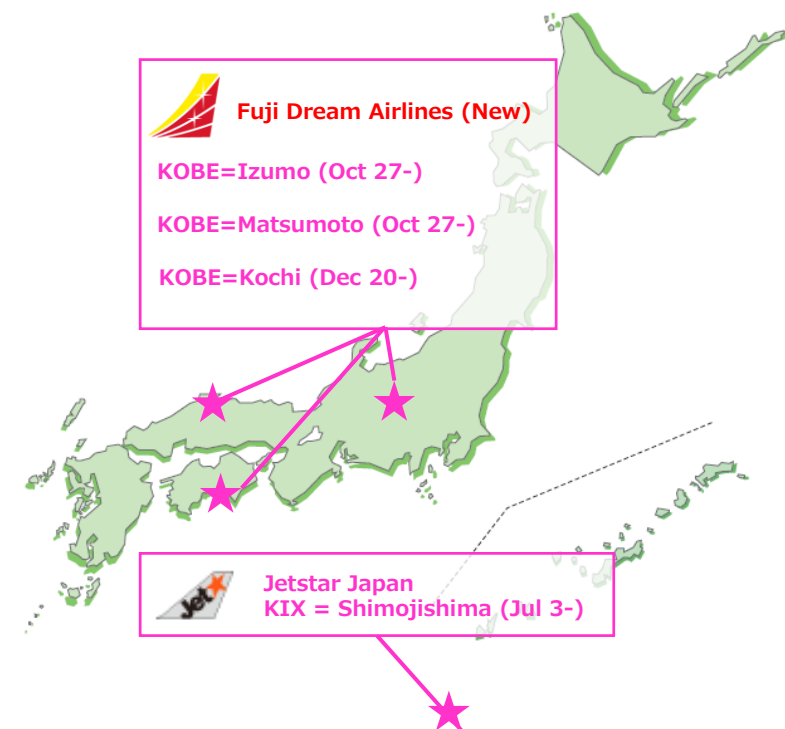
*Figures in brackets show YoY change for the period from April to January

[Aero] New Airlines/Routes for Summer/Winter 2019 (Passenger & Cargo)

KIX International New Airlines/Routes

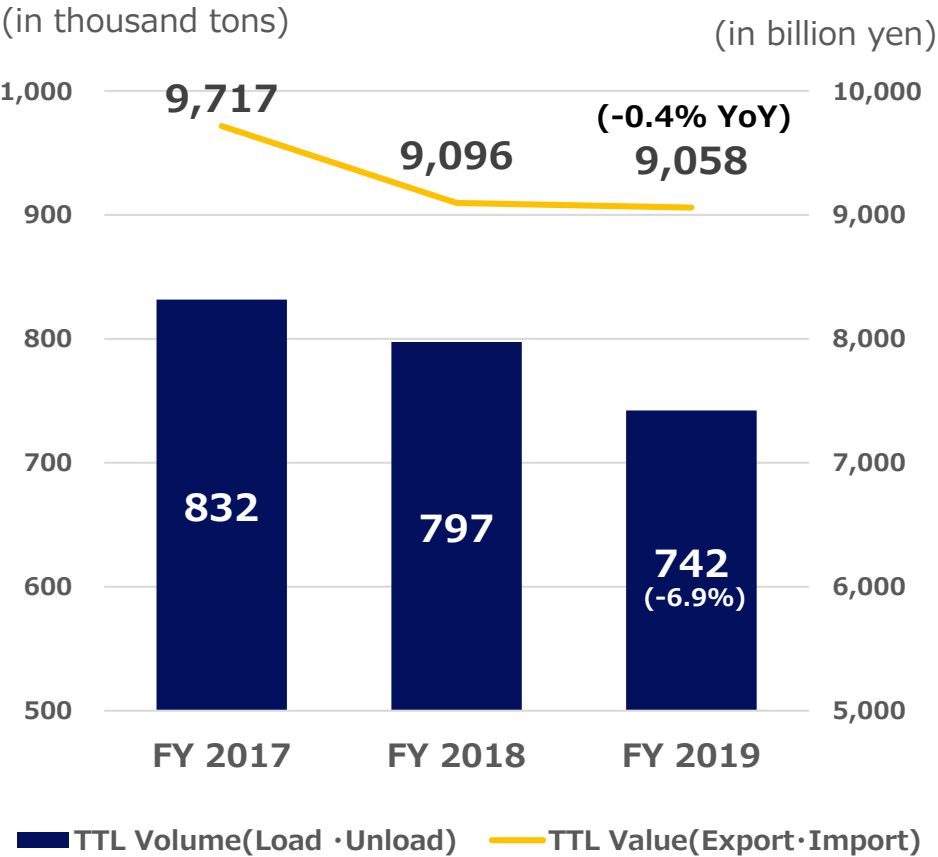


Domestic New Airlines/Routes



[International cargo] Volume & growth trend (FY2019)

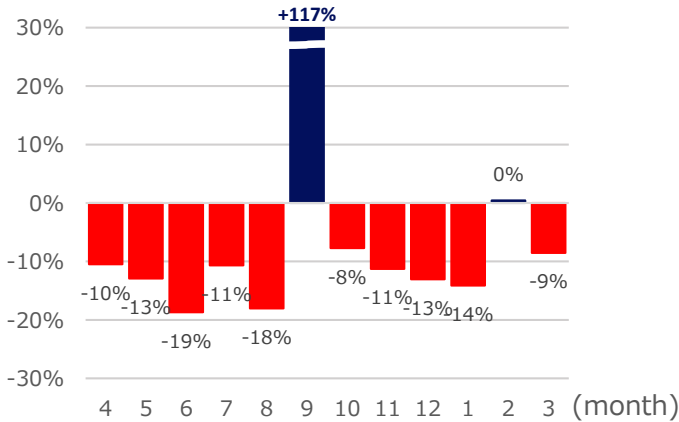
KIX Cargo Volume & Value



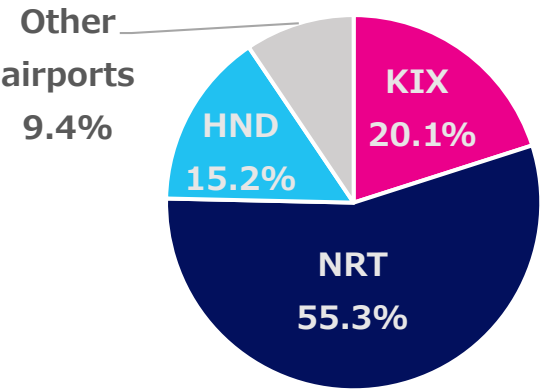
- ✈ Not only KIX but also other airports in Japan were affected by the decrease in cargo volume caused by US-China trade friction
- ✈ On the other hand, the trade value kept the level of the previous year
- ✈ Cargo flight network was expanded thanks to new operators such as Qatar Airways and Sichuan Airlines



KIX Cargo Volume & Growth

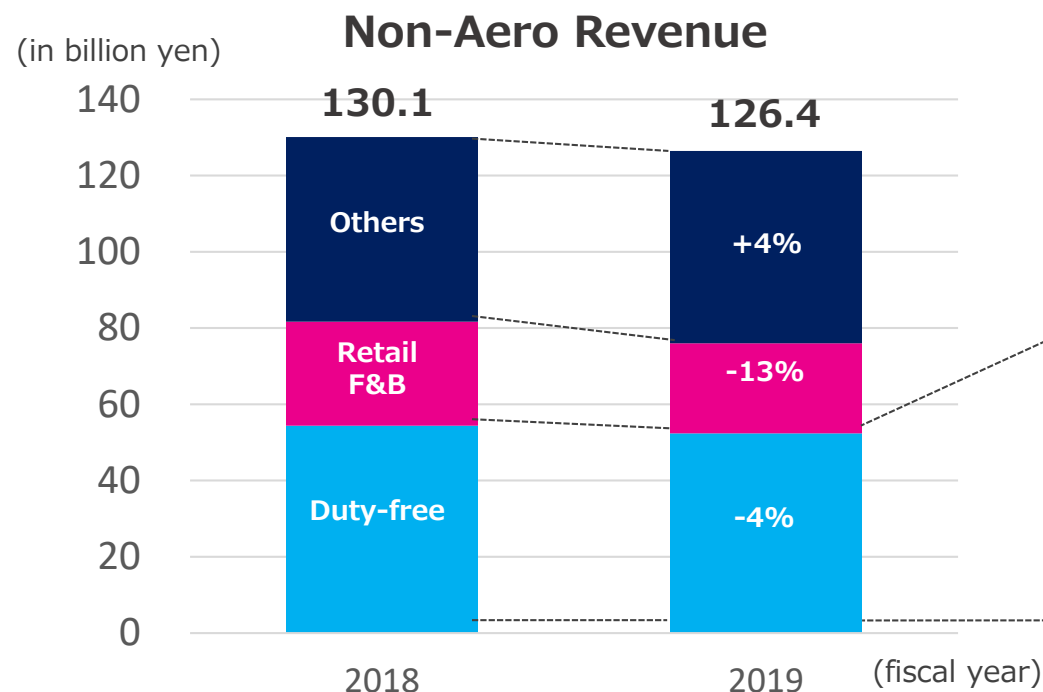


Int'l Air Cargo Volume Share (FY2019)

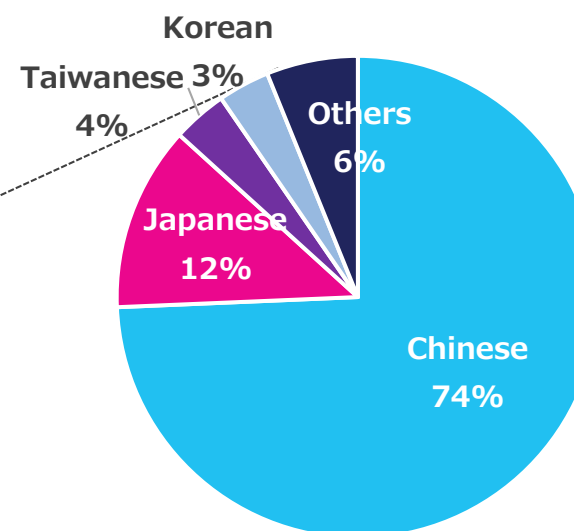


[Non-Aero] Revenue drops YoY due to COVID-19

- The revenue through January 2020 hit a record high (up 8% YoY) owing to the solid growth in spending by Chinese customers
- As the virus spreads across the globe, passenger traffic has significantly fallen since February, resulting in a decrease in annual revenue by 3.7 billion yen (down 3% YoY)
- Chinese customers accounted for 74% of duty-free sales at directly-managed shops on an annual basis, reflecting high average transaction and penetration rate before the pandemic



FY2019 Duty-Free Sales* (by Nationality)



* Directly-managed duty-free shops only

[Non-Aero] New shops and services meet high needs of customers

- ➔ At KIX, new shops including brand boutiques, restaurants, and currency exchange stores opened in pre- and post-security areas
- ➔ At ITAMI, airport access was improved with a renovated parking structure and a new car rental station

ITAMI

Apr 27, 2019
OPEN



Parking structure

July 8, 2019
OPEN



Car rental station

KIX

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

From June 1, 2019
4 shops opened in phases



Currency Exchange TRAVELEX

Sept 26, 2019
OPEN



NAKAU

Dec 1, 2019
OPEN



TORY BURCH

Mar 11, 2020
OPEN



HUGO BOSS

Percentages of Aero and Non-Aero revenues remain unchanged

- Non-Aero revenue share: **59%, same level as the previous year**
- Aero revenue: **Dropped by 0.9 billion yen** mainly due to the decrease in passenger traffic caused by COVID-19
- Non-Aero revenue: **Declined by 3.7 billion yen** mainly in duty-free business due to COVID-19

