

February 15, 2018
Kyushu Railway Company

Main Questions and Answers from the Financial Results Teleconference, Third Quarter, FY2018/3

Q. Revenues from conventional train lines in the third quarter were on a par with those in the same period of the previous fiscal year. With that said, could you please tell us if there were any negative impacts from natural disasters (heavy rain in northern Kyushu and typhoon No. 18) on revenues during this period?

A. There were negative impacts from natural disasters during the third quarter, and we assume that these impacts placed downward pressure on revenues totaling some hundreds of millions of yen. We also expect negative impacts on revenues in the fourth quarter, due in part to the suspended operations of the Kyudai Main Line.

Q. With regard to your full-year railway transportation revenue forecast for FY2018/3, you made an upward revision of ¥800 million. Would it be correct to say that this revision reflects growth in revenues from the Shinkansen? Are the anticipated fourth-quarter results also factored into this full-year forecast?

A. We are seeing a basic trend of nearly 100% for both conventional train lines and the Shinkansen. Also, we anticipate negative impacts from natural disasters in the fourth quarter and have revised our performance forecast accordingly.

Q. What were the reasons behind the upward revisions made to certain full-year forecasts for the Real Estate Segment?

A. Upward revisions were made to the group's forecasts for operating revenues and operating income after taking into account such factors as the strong rent revenues from our station building management company.

Q. Could you explain the “gain on negative goodwill” item, which is included under “extraordinary gains”?

A. “Gain on negative goodwill” is an item that was added following the acquisition of Caterpillar Kyushu Ltd.

Q. While an upward revision was made to the forecast for net income attributable to owners of the parent, no revision was made to the forecast for dividends. Could you outline your thought process that led to this decision?

A. We would like to adhere to our dividend policy of targeting stable dividends with a consolidated payout ratio at a level of approximately 30%, and we will give examinations to our year-end dividend amount while taking into consideration our final settlement of accounts.