



FY2018/3 Annual Investors Meeting

May 11, 2018

Kyushu Railway Company



KYUSHU RAILWAY COMPANY



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I Financial results for FY2018/3

Consolidated Financial Highlights for FY2018/3 【Year on Year】

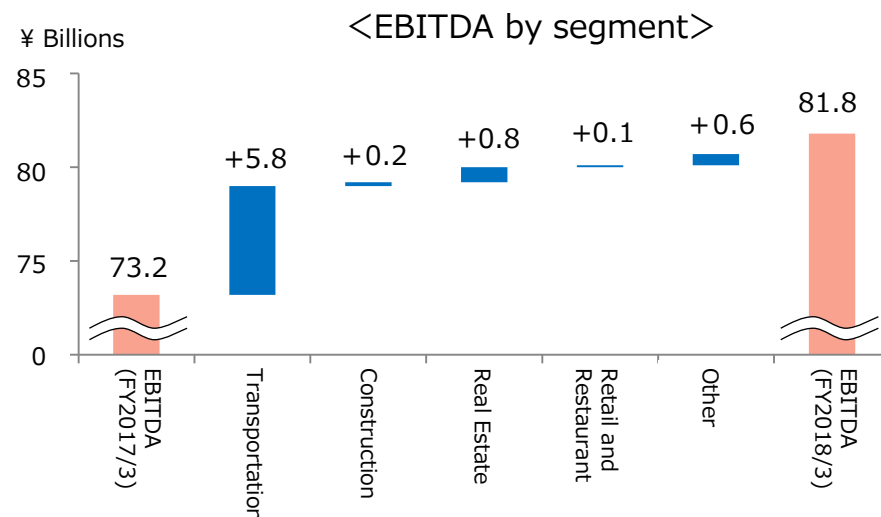
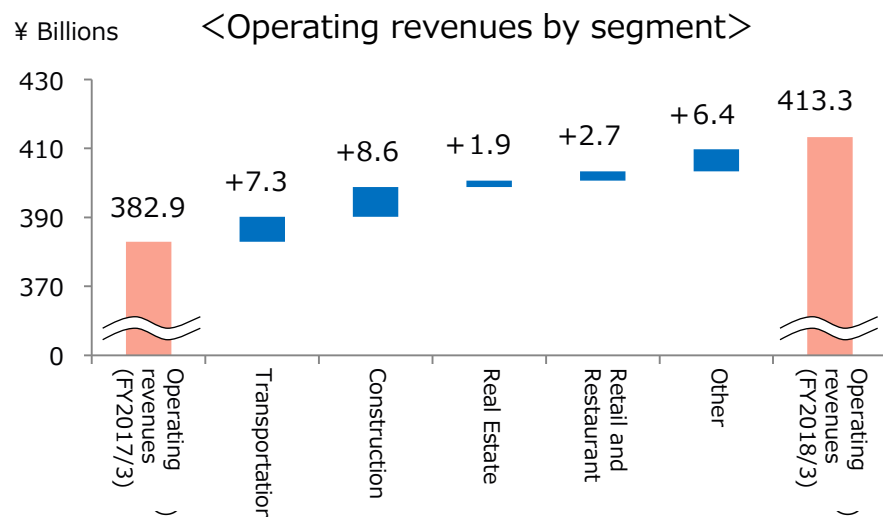


- Operating revenues **up** for the 8th consecutive year (**set new record**)
- Net income attributable to owners of the parent **up** for the 2nd consecutive year (**set new record**)
- EBITDA **up** for the 5th consecutive year (**set new record**)

(Billions of yen)

	FY2017/3	FY2018/3	YoY	
Operating revenues	382.9	413.3	30.4	108.0%
Operating income	58.7	63.9	5.2	108.9%
Ordinary income	60.5	67.0	6.4	110.7%
Net income attributable to owners of the parent	44.7	50.4	5.6	112.6%
EBITDA	73.2	81.8	8.5	111.7%

Note: EBITDA = operating income + cost of depreciation (excluding depreciation of leased assets held for subleasing purposes)
The same applies hereafter.



Note: Figures for changes in operating revenues and EBITDA by segment are prior to eliminating intersegment transactions and therefore do not coincide with consolidated figures.

Consolidated Income Statements



(Billions of yen)

	FY2017/3	FY2018/3	YoY		Major factors
			Increase/ (decrease)	%	
Operating revenues	382.9	413.3	30.4	108.0%	Railway transportation revenues +4.6 Consolidation of Caterpillar Kyushu, Ltd +7.3
Operating expenses	324.1	349.4	25.2	107.8%	Depreciation cost (JR Kyushu) +2.6 Taxes +1.5
Operating income	58.7	63.9	5.2	108.9%	-
Non-operating income and expenses	1.8	3.0	1.2	169.1%	Gains on investment securities + 0.8
Ordinary income	60.5	67.0	6.4	110.7%	-
Extraordinary gains and losses	(4.9)	(2.2)	2.7	-	Decrease in disaster expenses due to the 2016 Kumamoto earthquakes +9.0 Increase in disaster expenses due to heavy rain in northern Kyushu and typhoon No. 18 (3.8) Decrease in gain on sales of trusts (3.0)
Net income attributable to owners of the parent	44.7	50.4	5.6	112.6%	-
EBITDA	73.2	81.8	8.5	111.7%	Railway transportation revenues +4.6

Segment Information (Summary)



(Billions of yen)

	FY2017/3	FY2018/3	YoY	
			Increase / (decrease)	%
Operating revenues	382.9	413.3	30.4	108.0%
Transportation	176.4	183.7	7.3	104.2%
Construction	79.3	88.0	8.6	110.9%
Real Estate	67.4	69.4	1.9	102.9%
(Real Estate Lease)	46.3	49.0	2.6	105.8%
Retail and Restaurant	100.4	103.1	2.7	102.7%
Other	60.9	67.4	6.4	110.6%
Operating income	58.7	63.9	5.2	108.9%
Transportation	25.7	29.2	3.4	113.6%
Construction	5.9	6.2	0.3	105.4%
Real Estate	22.6	23.2	0.5	102.4%
(Real Estate Lease)	19.7	20.6	0.9	104.6%
Retail and Restaurant	3.4	3.6	0.1	105.0%
Other	2.5	2.4	(0.1)	94.8%
EBITDA	73.2	81.8	8.5	111.7%
Transportation	28.5	34.3	5.8	120.5%
Construction	6.7	7.0	0.2	104.4%
Real Estate	31.1	32.0	0.8	102.9%
(Real Estate Lease)	28.2	29.4	1.2	104.4%
Retail and Restaurant	5.1	5.3	0.1	102.8%
Other	3.3	3.9	0.6	118.3%

Note: Figures by segment are prior to eliminating intersegment transactions.

The same applies hereafter.

Financial Position and Status of Cash Flows (consolidated)



(Billions of yen)

Consolidated balance sheets	As of March 31,2017	As of March 31,2018	Increase/ (decrease)
Assets	676.6	749.5	72.9
Current assets	198.6	206.7	8.1
Non-current assets	478.0	542.8	64.7
Liabilities	328.2	366.3	38.1
Current liabilities	134.9	164.7	29.7
Non-current liabilities	193.2	201.6	8.3
Net assets	348.4	383.2	34.7
Equity ratio	50.7%	50.3%	(0.4%)
Net assets per share (¥)	2,144.00	2,357.27	213.28

(Billions of yen)

Consolidated statements of cash flows	FY2017/3	FY2018/3	Increase/ (decrease)
Net cash provided by operating activities	28.5	87.6	59.1
Net cash provided by (used in) investing activities	(18.3)	(68.3)	(50.0)
Free cash flows	10.2	19.3	9.0
Net cash used in financing activities	(0.6)	(9.1)	(8.5)
Change in cash and cash equivalents	9.5	10.1	0.5
Cash and cash equivalents, end of year the period	54.2	64.3	10.1

Nonconsolidated Income Statements



(Billions of yen)

	FY2017/3	FY2018/3	YoY		Major factors
			Increase/ (decrease)	%	
Operating revenues	212.2	219.7	7.5	103.5%	Revenues from real estate leases +1.6
(Railway transportation revenues)	146.4	151.1	4.6	103.2%	Rebound from impacts of the 2016 Kumamoto earthquakes, etc. +4.6
Operating expenses	168.7	172.9	4.2	102.5%	-
Personnel costs	53.1	51.3	(1.7)	96.7%	Decrease in employee numbers, etc.
Non-personnel costs	102.5	104.3	1.7	101.8%	-
Energy costs	8.0	8.8	0.8	110.1%	-
Maintenance costs	37.8	36.3	(1.4)	96.2%	-
Other	56.6	59.0	2.4	104.3%	-
Taxes	6.0	7.5	1.5	125.9%	Increased taxes on non-current assets, etc
Depreciation costs	7.0	9.6	2.6	137.3%	-
Operating income	43.4	46.7	3.2	107.5%	-
Non-operating income and expenses	4.0	5.5	1.4	136.7%	-
Ordinary income	47.5	52.2	4.7	110.0%	-
Extraordinary gains and losses	(4.2)	(2.3)	1.9	-	Decrease in disaster expenses due to the 2016 Kumamoto earthquakes +9.2 Increase in disaster expenses due to heavy rain in northern Kyushu and typhoon No. 18 (4.0) Decrease in gain on sales of trusts (3.0)
Net income	37.6	41.6	4.0	110.7%	-

Nonconsolidated Income Statements 【Reprint】



(Billions of yen)

		FY2017/3	FY2018/3	YoY	
				Increase/ (decrease)	%
Railway business	Operating revenues	164.9	171.3	6.3	103.8%
	Operating expenses	139.8	143.0	3.1	102.3%
	Operating income	25.0	28.2	3.1	112.5%
Related businesses	Operating revenues	47.2	48.4	1.1	102.5%
	Operating expenses	28.8	29.9	1.0	103.7%
	Operating income	18.4	18.5	0.1	100.6%

Railway Transportation Revenues and Performance of Transportation Volume



(Billions of yen)

Railway transportation revenues	FY2017/3	FY2018/3	YoY		Major factors
			Increase/ (decrease)	%	
Total	146.4	151.1	4.6	103.2%	
Shinkansen	50.1	54.1	4.0	108.0%	Rebound from impacts of the 2016 Kumamoto earthquakes +2.3
Commuter pass	2.6	2.6	(0.0)	99.7%	
Noncommuter pass	47.4	51.4	4.0	108.5%	
Conventional Lines	96.3	97.0	0.6	100.7%	Rebound from impacts of the 2016 Kumamoto earthquakes +1.1
Commuter pass	29.4	29.6	0.1	100.6%	
Noncommuter pass	66.8	67.3	0.4	100.7%	

(Millions of passenger-kilometers)

Passenger-Kilometers	FY2017/3	FY2018/3	YoY	
			Increase/ (decrease)	%
Total	9,191	9,336	145	101.6%
Shinkansen	1,852	2,004	152	108.2%
Commuter pass	196	195	(1)	99.4%
Noncommuter pass	1,655	1,809	153	109.3%
Conventional Lines	7,339	7,331	(7)	99.9%
Commuter pass	4,018	4,011	(6)	99.8%
Noncommuter pass	3,320	3,319	△0	99.9%

II Forecasts for FY2019/3

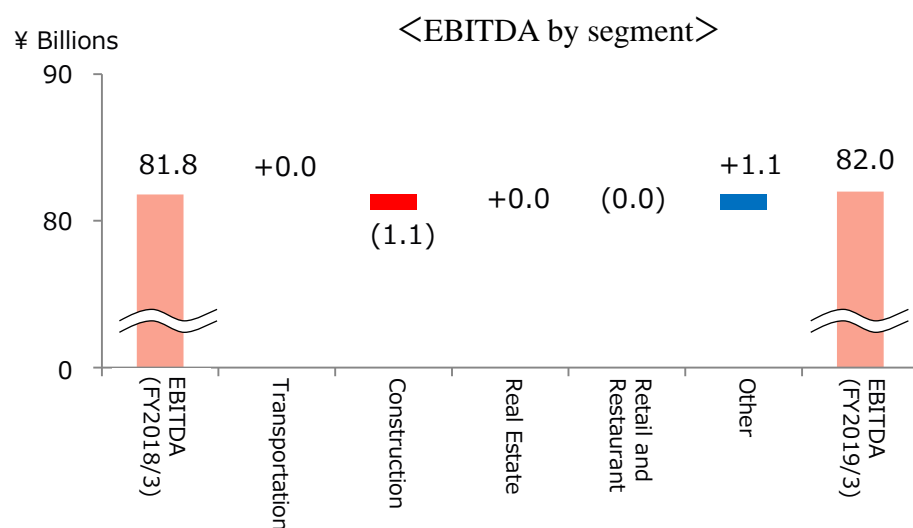
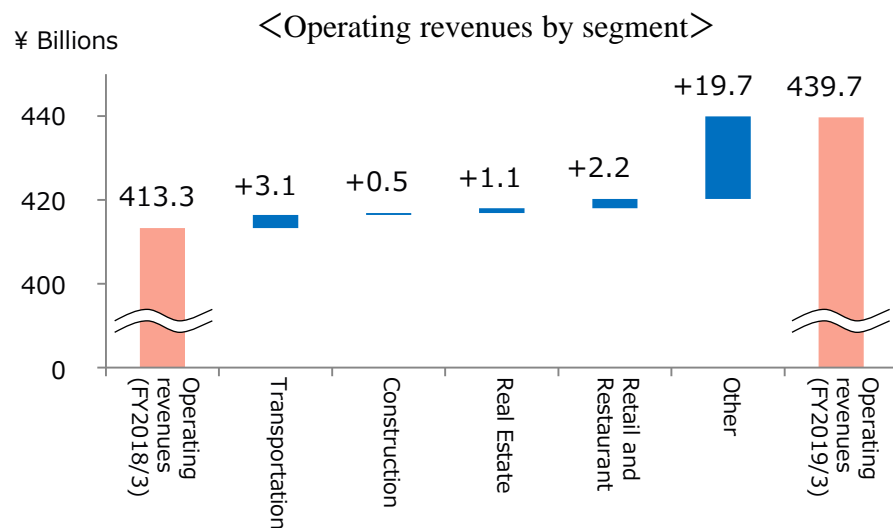
Consolidated Financial Highlights for FY2019/3 【Year on Year】



- Operating revenues forecast to **increase**
- Net income attributable to owners of the parent forecast to **decrease**
- EBITDA forecast to **increase**

(Billions of yen)

	Results FY2018/3	Forecasts FY2019/3	YoY	
Operating revenues	413.3	439.7	26.3	106.4%
Operating income	63.9	60.7	(3.2)	94.9%
Ordinary income	67.0	62.6	(4.4)	93.4%
Net income attributable to owners of the parent	50.4	47.5	(2.9)	94.2%
EBITDA	81.8	82.0	0.1	100.2%



Note: Figures for changes in operating revenues and EBITDA by segment are prior to eliminating intersegment transactions and therefore do not coincide with consolidated figures.

Consolidated Financial Forecasts



(Billions of yen)

	Results FY2018/3	Forecasts FY2019/3	YoY	
			Increase/ (decrease)	%
Operating revenues	413.3	439.7	26.3	106.4%
Operating income	63.9	60.7	(3.2)	94.9%
Ordinary income	67.0	62.6	(4.4)	93.4%
Net income attributable to owners of the parent	50.4	47.5	(2.9)	94.2%
Net income per share(¥)	315.07	296.88	(18.19)	94.2%
EBITDA	81.8	82.0	0.1	100.2%

Consolidated Financial Forecasts 【By segment】

(Billions of yen)



	Results FY2018/3	Forecasts FY2019/3	YoY	
			Increase/ (decrease)	%
Operating revenues	413.3	439.7	26.3	106.4%
Transportation	183.7	186.9	3.1	101.7%
Construction	88.0	88.6	0.5	100.7%
Real Estate	69.4	70.6	1.1	101.7%
Retail and Restaurant	103.1	105.4	2.2	102.2%
Other	67.4	87.2	19.7	129.3%
Operating income	63.9	60.7	(3.2)	94.9%
Transportation	29.2	27.5	(1.7)	94.1%
Construction	6.2	5.1	(1.1)	81.3%
Real Estate	23.2	22.6	(0.6)	97.4%
Retail and Restaurant	3.6	3.6	(0.0)	98.6%
Other	2.4	2.7	0.2	112.0%
EBITDA	81.8	82.0	0.1	100.2%
Transportation	34.3	34.4	0.0	100.0%
Construction	7.0	5.9	(1.1)	83.4%
Real Estate	32.0	32.1	0.0	100.2%
Retail and Restaurant	5.3	5.3	(0.0)	99.3%
Other	3.9	5.1	1.1	128.8%

Nonconsolidated Financial Forecasts



(Billions of yen)

	Results FY2018/3 A	Forecasts FY2019/3 B	YoY	
			Increase/ (decrease) B-A	% B/A
Operating revenues	219.7	222.8	3.0	101.4%
(Railway transportation revenues)	151.1	151.5	0.3	100.2%
Operating expenses	172.9	178.0	5.0	102.9%
Personnel costs	51.3	49.8	(1.5)	96.9%
Nonpersonnel costs	104.3	108.0	3.6	103.5%
Energy costs	8.8	9.0	0.1	101.5%
Maintenance costs	36.3	38.9	2.5	106.9%
Other	59.0	60.1	1.0	101.7%
Taxes	7.5	8.2	0.6	108.1%
Depreciation costs	9.6	12.0	2.3	123.8%
Operating income	46.7	44.8	(1.9)	95.8%
Nonoperating income and expenses	5.5	5.5	(0.0)	99.6%
Ordinary income	52.2	50.3	(1.9)	96.2%
Extraordinary gains and losses	(2.3)	-	2.3	-
Net income	41.6	41.7	0.0	100.1%

Nonconsolidated Financial Forecasts 【Reprint】



(Billions of yen)

		Results FY2018/3	Forecasts FY2019/3	YoY	
				Increase/ (decrease)	%
Railway business	Operating revenues	171.3	174.0	2.6	101.6%
	Operating expenses	143.0	147.5	4.4	103.1%
	Operating income	28.2	26.5	(1.7)	93.9%
Related businesses	Operating revenues	48.4	48.8	0.3	100.8%
	Operating expenses	29.9	30.5	0.5	102.0%
	Operating income	18.5	18.3	(0.2)	98.8%

III Business Initiatives Under Medium-Term Business Plan

Position of the Medium-Term Business Plan 2016–2018



Aiming to be a kind and robust corporate group involved in comprehensive city-building

- Actively promoting city-building through strong railway construction and diverse businesses and further solidifying business foundations in Kyushu
- Steadily moving forward with preparations for developing the areas surrounding Kumamoto and Nagasaki Stations, with a focus on invigorating the Kyushu area
- Examining ways to earnestly take on the challenge of invigorating Japan and Asia

Tsukuru 2016 **(2012–2016)**

Realizing the listing of our stocks

Prepare for all the terms and conditions regarding the listing of our stocks while building a management foundation suitable for a listed company.

**<FY2016/3 Consolidated
Operating Revenue>
¥377.9 billion**

Medium-Term Business Plan 2016–2018 (2016–2018)

A corporate group involved in comprehensive city- building

Further accelerate the creation of a strong management foundation that enables long-term, continuous business activities that contribute to local development

**<FY 2019/3 Consolidated
Operating Revenues>
¥400 billion**

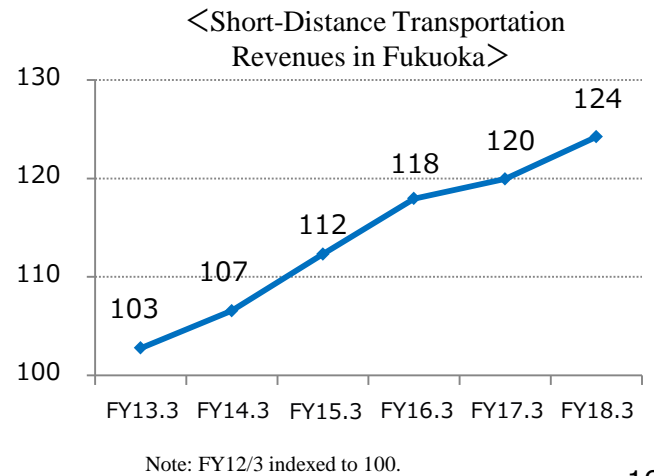
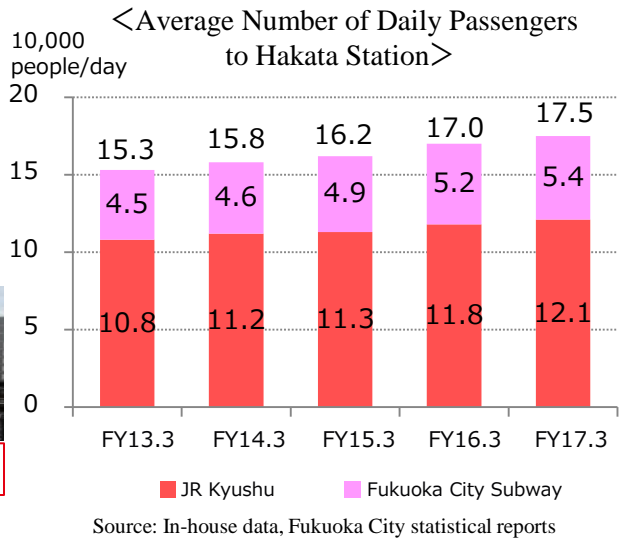
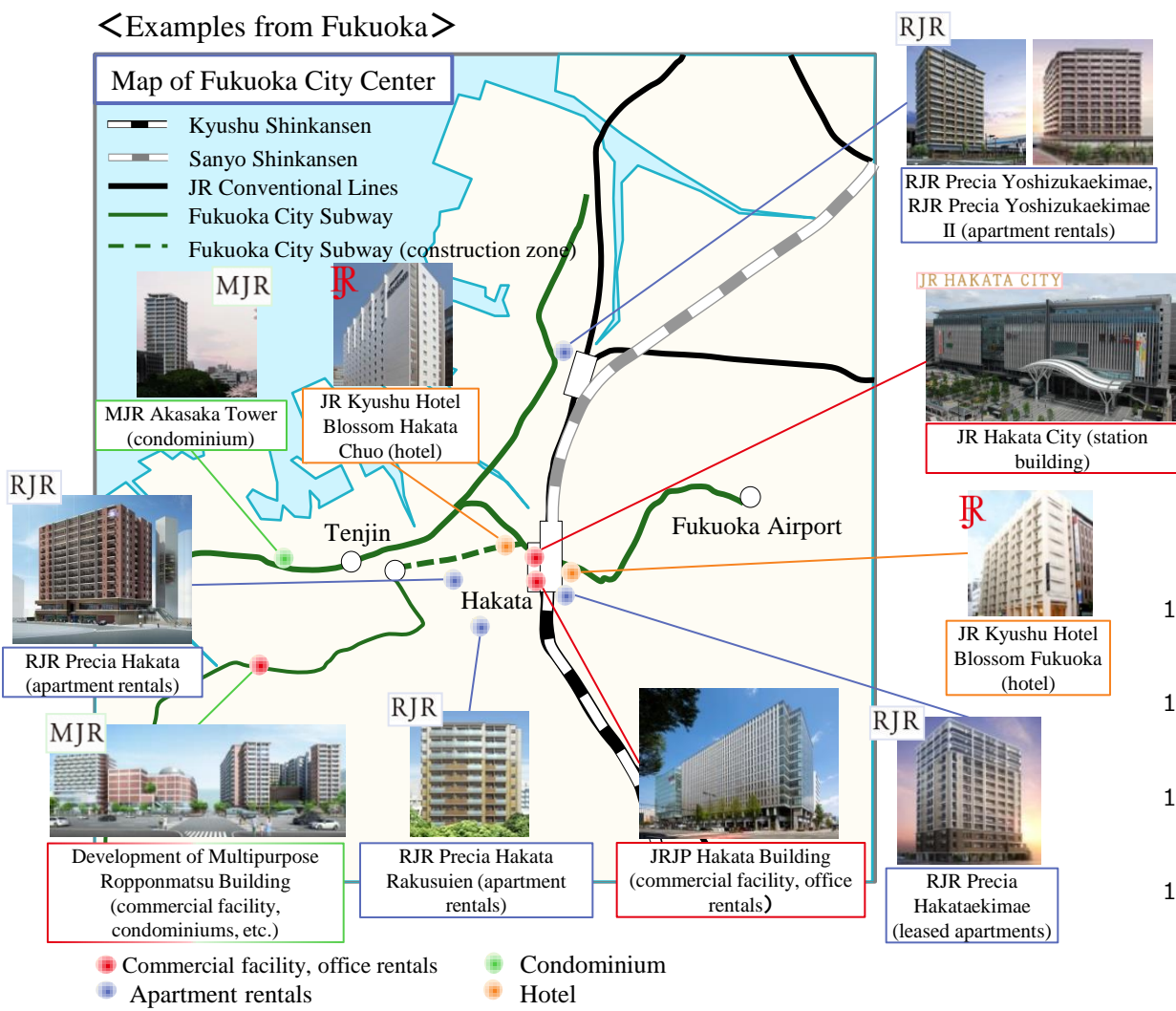
Future

- Open the West Kyushu Route of the Kyushu Shinkansen
- Develop the areas surrounding Kumamoto and Nagasaki Stations
- Participate further in city-building outside of city centers and urban areas
- Establish businesses outside the Kyushu area

**<Target 10-Year Consolidated
Operating Revenue>
¥500 billion**

Creating Synergies Between Businesses through City-Building

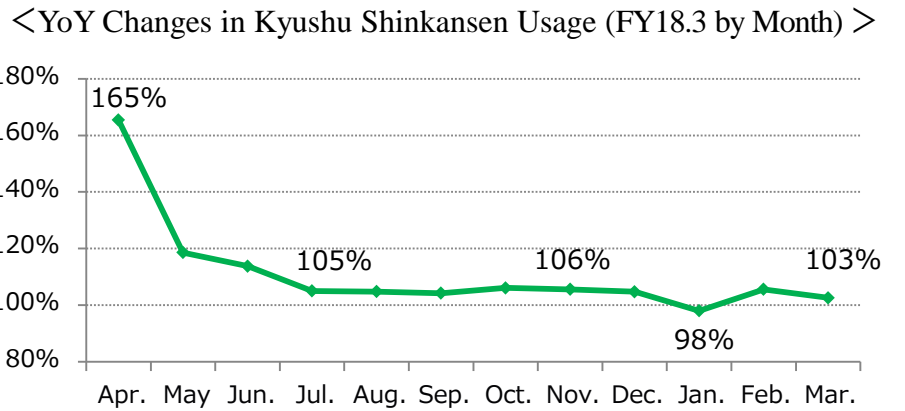
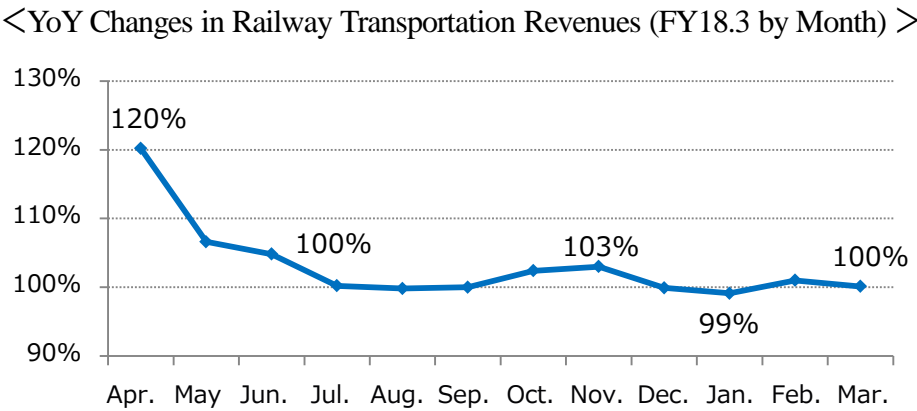
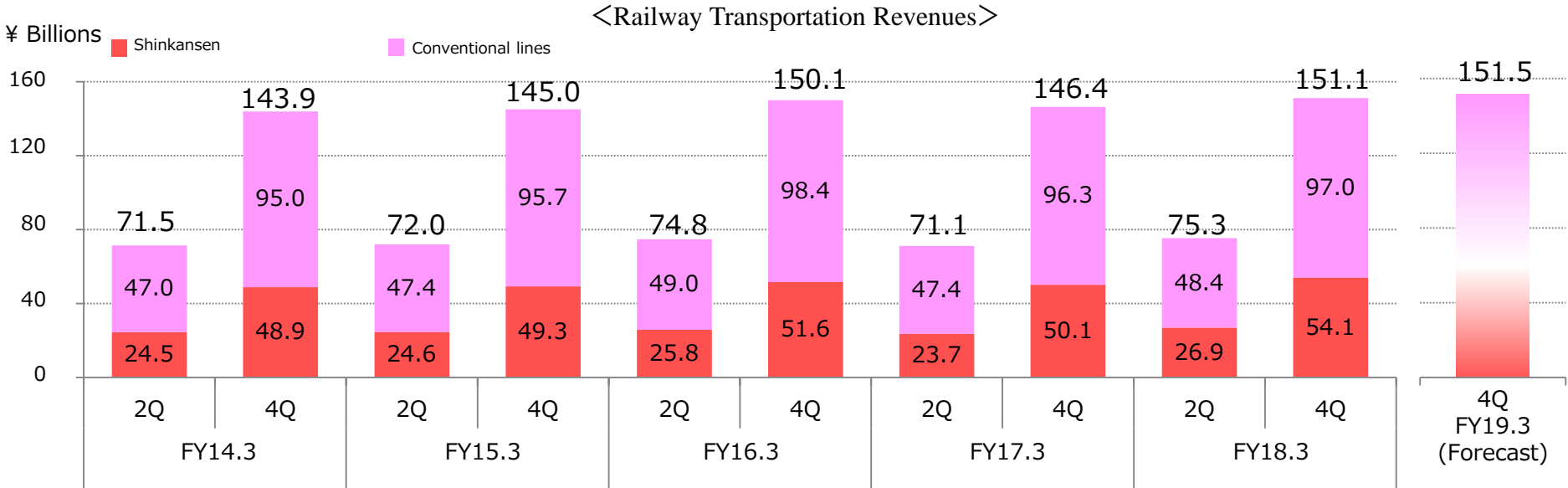
- Development of versatile businesses that leverages the security and trust and customer attraction capabilities cultivated in the railway business
- Contribution of city-building to increased ridership and short-distance transportation in railway business



Strong Railway Business as the Foundation for All Business



- Stable railway transportation revenues following establishment of position as an important transportation method connecting all of Kyushu
- Strong JR Kyushu brand known for safety and reliability in Kyushu to be cultivated by operating safe and reliable railway business and fostering trusting relationships with communities



Note: Figures above represent YoY changes in aggregate monthly railway passenger traffic volume from Hakata Station to Kumamoto Station.

Initiatives in the Railway Business—Bolstering Profitability



- Further increase train usage and bolster profitability by encouraging the use of the “JR Kyushu Internet Reservation Service” and actively promoting policies focused on inbound demand

<Internet Strategy>

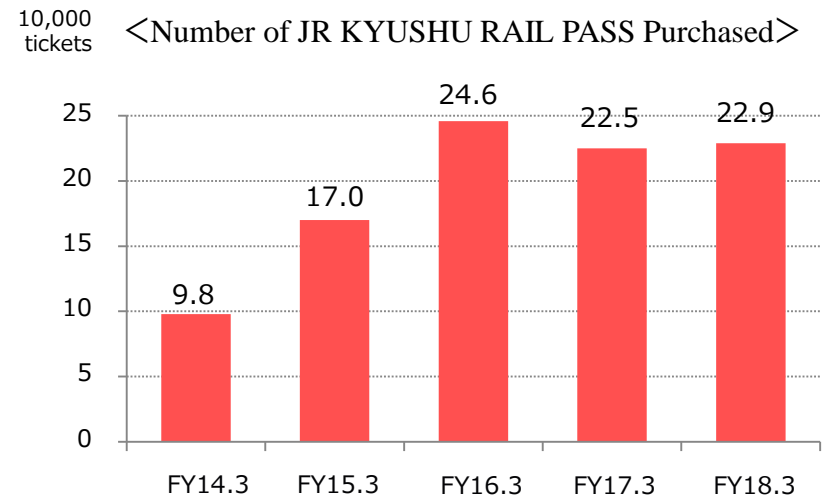
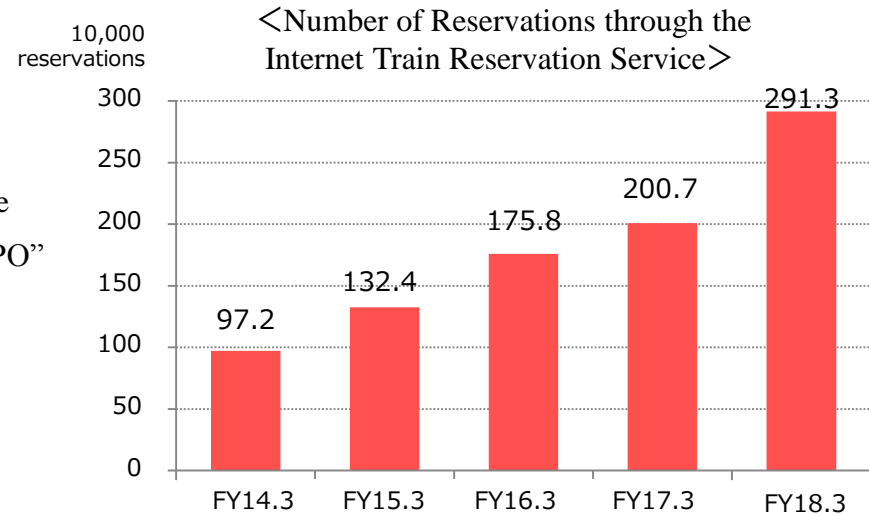
- ✓ Accelerate shift toward Internet reservations
 - May 2017: Introduction of payment service at convenience stores and other locations
⇒ Enhancing convenience and encouraging use of online booking service
 - July 2017: Commencement of the JR Kyushu Point System “JR KYUPO” Points
⇒ Enhancing the attractiveness of accruing points through an integrated point and campaign, encouraging use of online booking service
- ✓ Bolster profitability by promoting yield management

<Inbound Demand Initiatives>

- ✓ Promote sales of the JR KYUSHU RAIL PASS
 - Coordinate with overseas travel agencies and airlines
- ✓ Improve convenience through introduction of online booking service
 - Launch JR KYUSHU RAIL PASS Online Booking site exclusively for rail pass holders
⇒ Provision of rail pass purchase and advanced seat reservation services

<JR KYUSHU RAIL PASS results for FY18.3>

	FY18.3	Compared with last year	Compared with two years ago
Number of passes issued	229,605	101.9%	93.1%
Revenues (millions of yen)	2,216	100.5%	94.2%



Initiatives in the Railway Business —Pursuing Efficient Business Operations



- Pursue technological innovation and efficient business operations to respond flexibly to rapidly changing operating environment and diversifying customer needs

<Development of Next-Generation Rolling Stock>

- ✓ Develop suburban-type rolling stock that utilize new technologies to support JR Kyushu's future

【JR Kyushu's No. 1 Energy-Saving Rolling Stock】

■ 821 series AC suburban-type rolling stock

- Reduced electricity consumption achieved by utilizing cutting-edge full SiC technologies
- Safe and reliable transportation realized by installing system redundancy with regard to main transformers (CI) and backup power suppliers (SIV)

【First JR Kyushu Rolling Stock of its Type】

■ YC1 series storage battery-equipped diesel-electric (hybrid) rolling stock

- JR Kyushu's first diesel-electric rolling stock equipped with state-of-the-art energy-saving technologies that effectively use power from storage batteries
- Efficient operation realized through storage battery assist



【YC1 series storage battery-equipped diesel-electric (hybrid) rolling stock】

【821 series AC suburban-type rolling stock】



<Streamlining of Business Operation System>

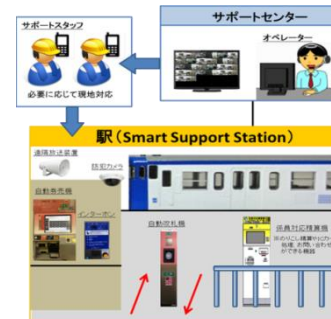
- ✓ Expand Smart Support Station

【Overview】

- Provides customers with ideal services based on usage opportunities
- Entails installing cameras, intercoms, and other equipment in stations to enable support center operators to conduct remote surveillance to ensure safety and provide guidance to customers over intercoms

【Introduction Schedule】

- March 2015: Stations between Saitozaki Station and Umi Station (14 stations excluding Kashii Station and Chojabaru Station)
- March 2017: Stations between Wakamatsu Station and Shinnyu Station (11 stations excluding Orio Station)
- March 2018: Oita area (3 stations)

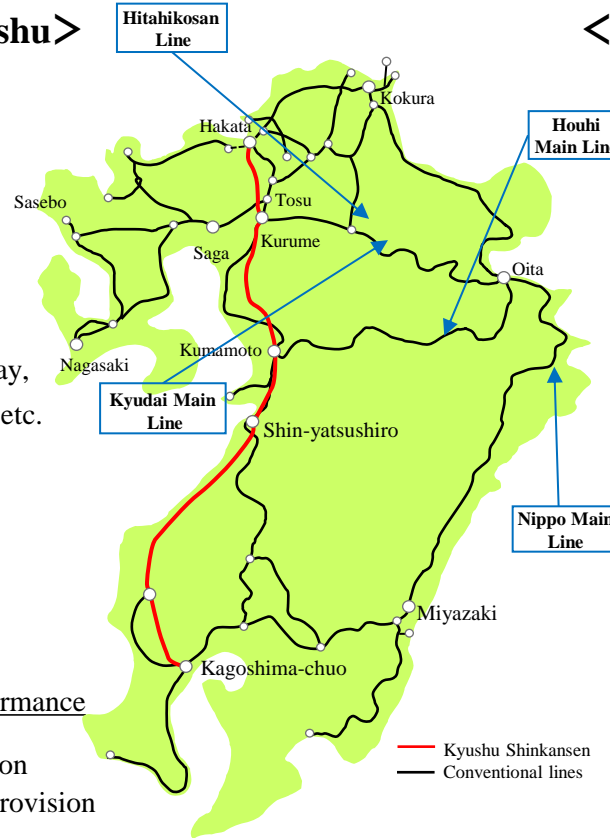


Recovery from Natural Disasters

(Heavy Rain in Northern Kyushu and Typhoon No. 18)



<Heavy rain in northern Kyushu>



- ✓ Time of occurrence
 - July 2017
- ✓ Details on major damages
 - Kyudai Main Line
Bridge wash away, etc.
 - Hitahikosan Line
Bridge deformations, track wash away, damaged railway crossing facilities, etc.
- ✓ Recovery details
 - Kyudai Main Line
(segment between Teruoka and Hita)
Scheduled to resume train service on July 14, 2018
- ✓ Impact on FY2018/3 business performance
 - Disaster-damage losses of ¥1.7 billion
(¥1.3 billion of which recorded as provision for loss on disaster)

<Typhoon No. 18>

- ✓ Time of occurrence
 - September 2017
- ✓ Details on major damages
 - Nippo Main Line
Rock and debris influx between Usuki Station and Tsukumi Station, flooding, ballast wash away, and fractured power poles
 - Houhi Main Line
Fallen trees, rock and debris influx, ballast wash away, collapsed embankments, etc.
- ✓ Recovery details
 - Nippo Main Line: Resumed train service in December 2017
 - Houhi Main Line: Resumed train service in October 2017
- ✓ Impact on FY2018/3 business performance
 - Disaster-damage losses of ¥2.1 billion
(¥1.3 billion of which recorded as provision for loss on disaster)



■ Washed away Kagetsugawa Bridge between Teruoka Station and Hita Station, Kyudai Line (left) and reconstructed site in April 2018 (right)



■ Rocks and debris on the Nippo Main Line between Tsukumi Station and Hishiro Station (left) and reconstructed site in March 2018 (right)

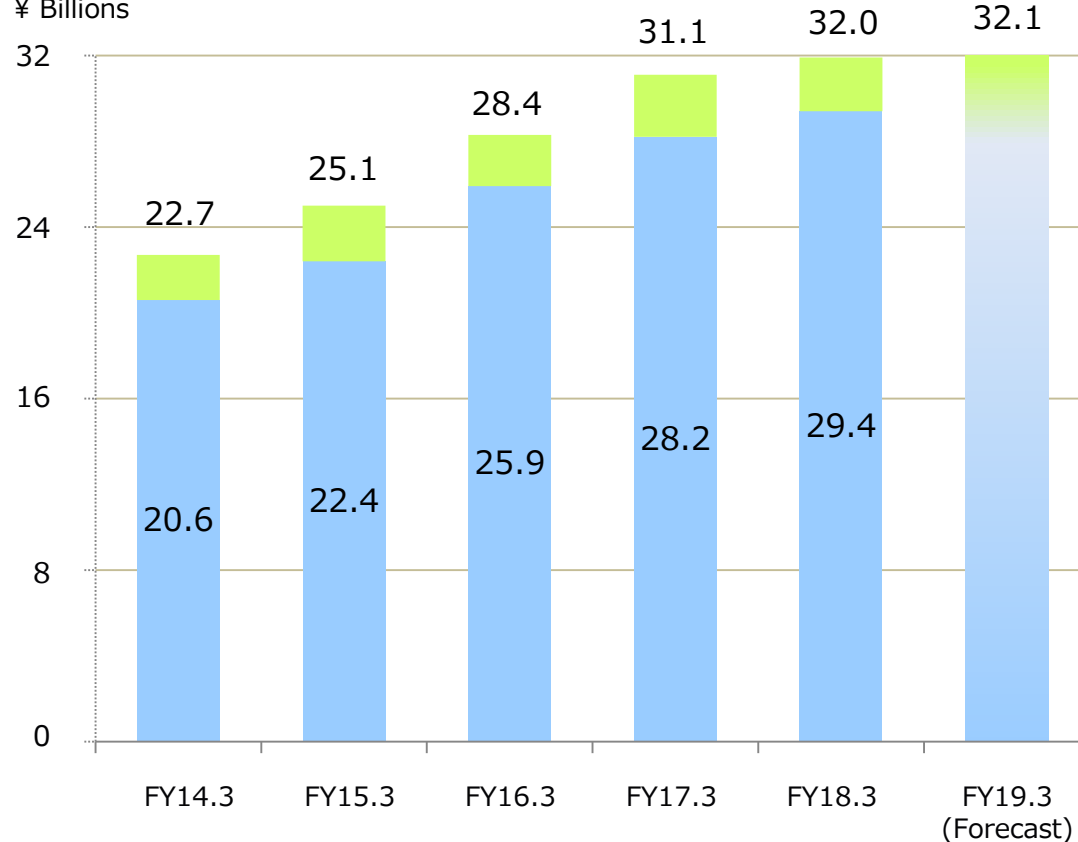
Real Estate Segment Driving Growth and Evolution



- Important segment comprising real estate lease and sales operations and accounting for approximately 40% of consolidated EBITDA
- Develops operations focused on station buildings and other commercial facilities, office buildings, and condominiums in Kyushu and other areas
- Generates approximately 90% of segment EBITDA through real estate lease business

<EBITDA of Real Estate Segment>

¥ Billions



Note: Figures by segment are prior to eliminating intersegment transactions.

Real Estate Sale

<Condominiums>



Real Estate Lease

<Station and office buildings>



<Rental apartments>

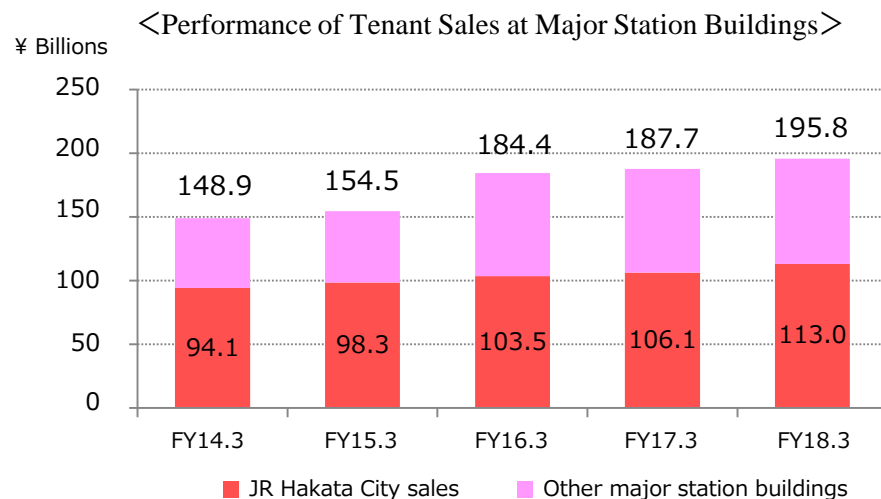
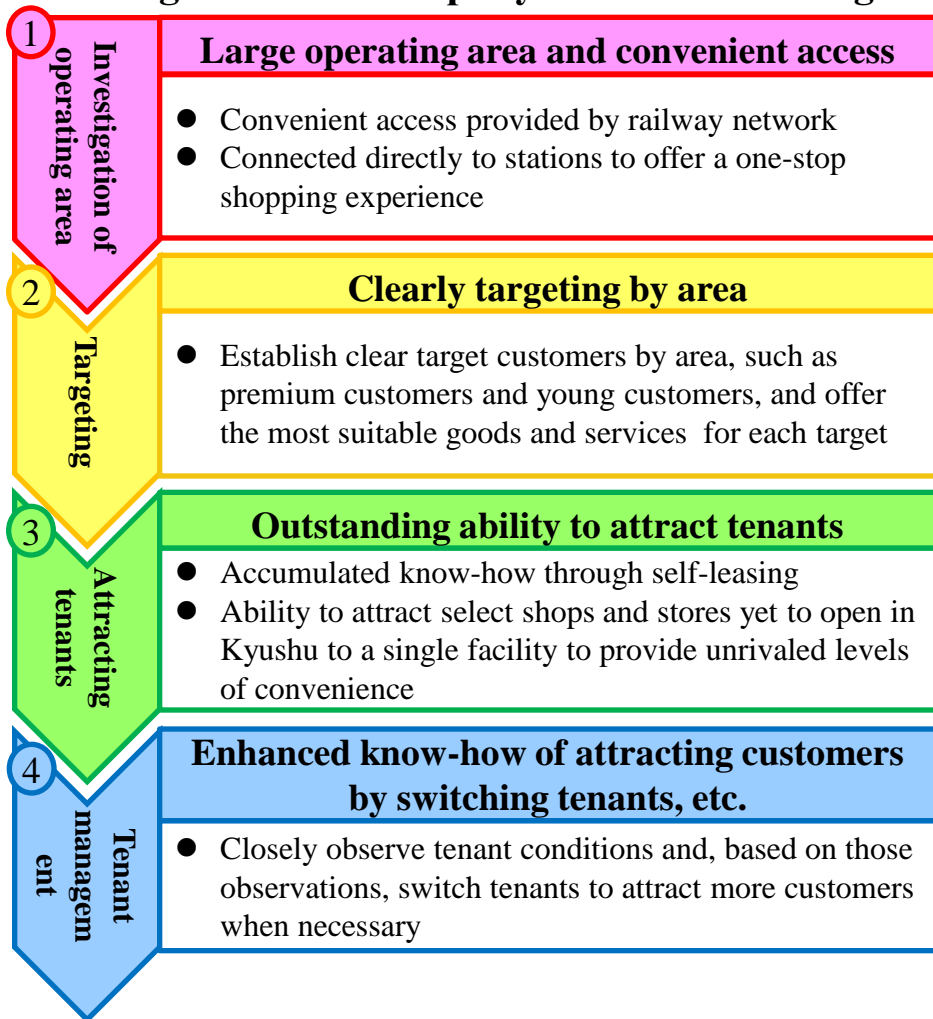


Initiatives in the Station Building Business



- Carry out attractive and lively city-building centered on train stations and rooted in local communities
- Maximize synergistic effects with the railway business with the aim of improving the value of our stations and station buildings

<Strengths of the Company's Station Buildings>



* Major station buildings: AMU PLAZA Kokura, AMU PLAZA Nagasaki, AMU PLAZA Kagoshima, JR Oita City



Artist rendition of completed Kumamoto Station Building

◆ Overview of Plan for Kumamoto Station Building

- Lot area: 19,000 m²
- Total floor space: 107,000 m²
- Commercial space : 37,000 m²
- Number of floors : 1 belowground, 12 aboveground
- Uses: Commercial facilities, multiplexes, hotels, etc.
- Schedule (tentative): Commence construction of station building in spring of 2019
Open station building in spring of 2021

Initiatives in the Apartment Business

<Rental Apartments>

- Secure stable profits by promoting new business development

RJR Series

- High-grade apartments capitalizing on JR Kyushu's condominium expertise
- Steady growth of 400–500 units a year

Name	Grand Precia Shibaura
Location	Shibaura, Minato Ward, Tokyo
Total number of units	234
Access	10-minute walk from Tamachi Station
Total floor space	Approx. 11,800 m ²
Start of move-in availability (tentative)	December 2018



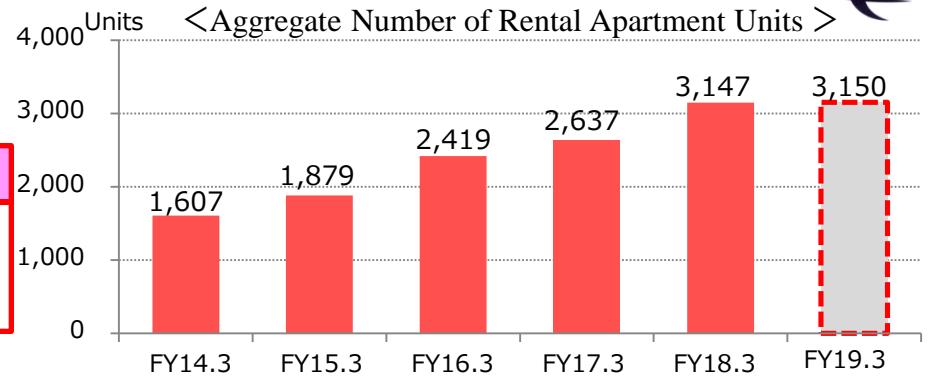
<Condominiums>

- Proactively advance business and steadily develop large-scale properties

MJR Series

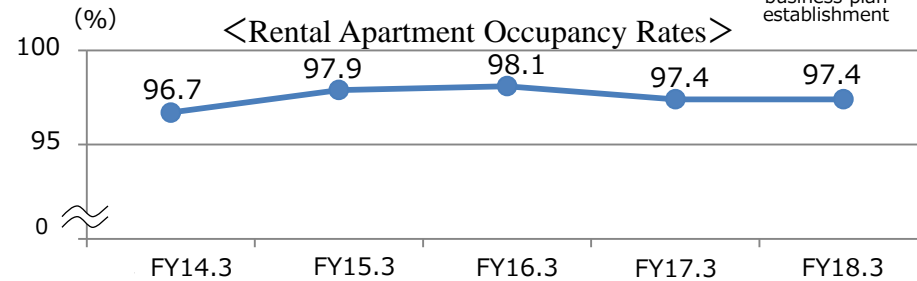
- Established position in Kyushu as popular brand of quickly selling out condominiums
- Steady turnover numbers of approximately 500 units a year planned

Name	MJR The Garden Kagoshima-Chuo
Location	Kagoshima City, Kagoshima Prefecture
Total number of units	472



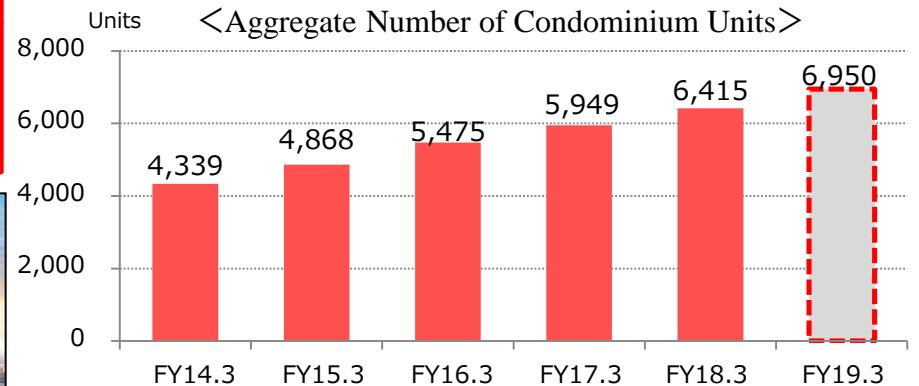
Notes: Figures are as of March 31 of each fiscal year

Target at time of medium-term business plan establishment



Notes: 1. Figures are averages as of the end of each month.

2. Figures exclude new properties in the first year after opening and newly acquired properties.



Notes: Figures are as of March 31 of each fiscal year

Target at time of medium-term business plan establishment

Other Business Initiatives



< Hotel Business >

- Expand chain through development of hotels mainly consisting of guest rooms for overnight stays

J.D. Power, 2017 Japan Hotel Guest Satisfaction Index Study, 9,000 to less than 15,000 yen per night segment

JR Kyushu Hotels rated No. 1 in customer satisfaction

JR九州ホテル
Blossom JR Kyushu Hotels
JR九州ホテル

《About J.D. Power》

J.D. Power is an international customer satisfaction survey and consulting specialist headquartered in Costa Mesa, California in the United States. Each year, J.D. Power administers quality and customer satisfaction surveys to millions of consumers and businesses around the world.

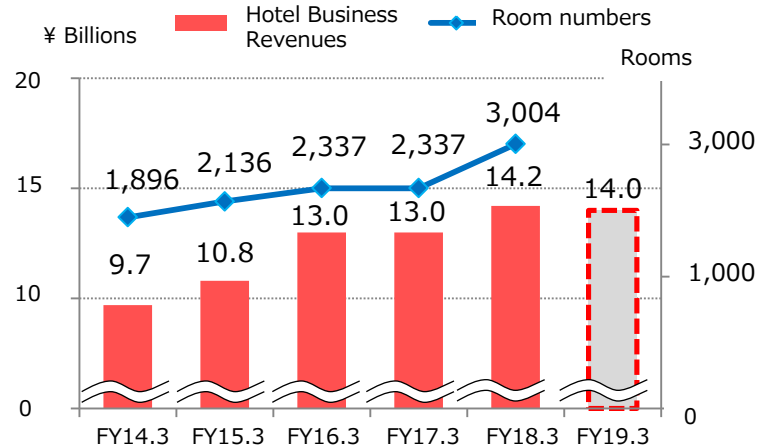
JR Kyushu Hotels rated No. 1 in customer satisfaction in the 9,000 to less than 15,000 yen per night segment of J.D. Power's 2017 Japan Hotel Guest Satisfaction Index Study



<Blossom Shinjuku>

JR Kyushu Hotel Blossom Shinjuku granted 2 Pavilion rating in hotel section of MICHELIN GUIDE Tokyo 2018

<Hotel (Ryokan) Business Revenues and Room Numbers>



<Seniors Business>

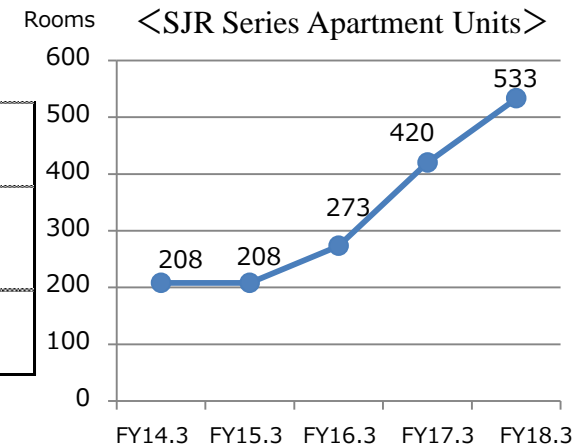
- Development of residences for seniors while pursuing undeniable safety and security
- SJR series of condominiums for seniors utilizing comprehensive strength of JR Kyushu Group

SJR



<SJR Ropponmatsu>

Start of move-in availability	September 2017
Number of units	113 92 standard rooms 21 care service rooms
Total floor space	Approx. 9,643 m ²



Major Development Pipeline



- Continue to strengthen profitability through large-scale developments
- Without being limited to areas surrounding train stations, actively pursue development in urban areas as a “city-building” company
- Promote expansion outside of the Kyushu area, including Tokyo and Okinawa



Ropponmatsu Development Project

(Eastern area) Opened in September 2017
Total floor space: Approx. 37,000 m²
Uses: Commercial facilities
(Western area) Turnover completed in April 2017
Uses: Condominiums, etc.
Number of units: 351



Shama Lakeview Asoke Bangkok
Acquired in December 2017
Total floor space: Approx. 51,000 m²
Units: 429

Today



Shinbashi 1-chome hotel project

Slated to open in Fall 2019
Total floor space: Approx. 10,400m²
Total number of rooms: 267



Hakata Ekimae 2-Chome Complex (provisional name)

Scheduled for opening in fall 2019
Total floor space: Approx. 1,590 m²
Units: 238

MJR / RJR Sakaisuji Honmachi Tower

Scheduled for completion at end of February 2021
Total floor space: Approx. 47,470 m²
Uses: Condominiums, apartments
Number of floors: 37 aboveground
Units: 296 condominium units, 144 apartment units



Nagasaki Station area development project
Lot area: Approx. 48,000 m²
(including area below elevated tracks)

Others

◆ RJR Precia Tenjin South

Scheduled for completion in February 2020
Total floor space: Approx. 15,500 m²
Uses: Integrated apartment building
Units: 202

◆ Minami Kyushu Development Projects (schedule undecided)

- Kagoshima-Chuo Station West Exit
- Area surrounding Kagoshima Station
- Miyazaki Station West Exit
- Area surrounding Kagoshima Rolling Stock Depot



Kumamoto Station Building

Scheduled to commence construction of station building in spring of 2019
Scheduled to open station building in spring of 2021

Total floor space: Approx. 107,000 m²
Number of floors : 1 belowground, 12 aboveground
Uses: Commercial facilities, multiplexes, hotels, etc.

Note: Schedules are subject to change.

New Businesses and Tackling Challenges Outside of the Kyushu Area

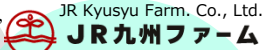


<New Business Initiatives>

- ✓ Conversion of Caterpillar Kyushu, Ltd into subsidiary in October 2017
- ✓ Expansion of operations founded on the safety and services fostered in the Group's railway business in new, non-railway business fields
- ✓ Creation of synergies in construction, machinery maintenance, finance, and other fields through coordination with existing Group businesses



Usage of CAT construction equipment in railway construction, track elevation, and other projects

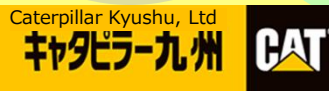


Use of conveyance equipment, etc.



Usage of generators

Enhancement of coordination in rolling stock, machinery, equipment, and other manufacturing and maintenance fields



Use of machinery in railway, apartment, and condominium businesses

Expansion of rental operations by leveraging financial subsidiaries



<Business Initiatives Outside the Kyushu Area>

- ✓ Entry into service apartment business in Thailand to expand operations in Asia

Location	Bangkok, Thailand
Lot area	Approx. 5,200 m ²
Structure / Scale	Reinforced concrete / 32 aboveground floors (Tower A) Reinforced concrete / 27 aboveground floors (Tower B)
Units	429 (TowerA: 230, TowerB: 199)
Floor space	Approx. 51,000 m ²



<Shama Lakeview Asoke Bangkok>

- ✓ Operations commenced under Shama brand in April 2018 through business alliance with ONYX



shama
lakeview asoke

IV Progress of the Medium-Term Business Plan

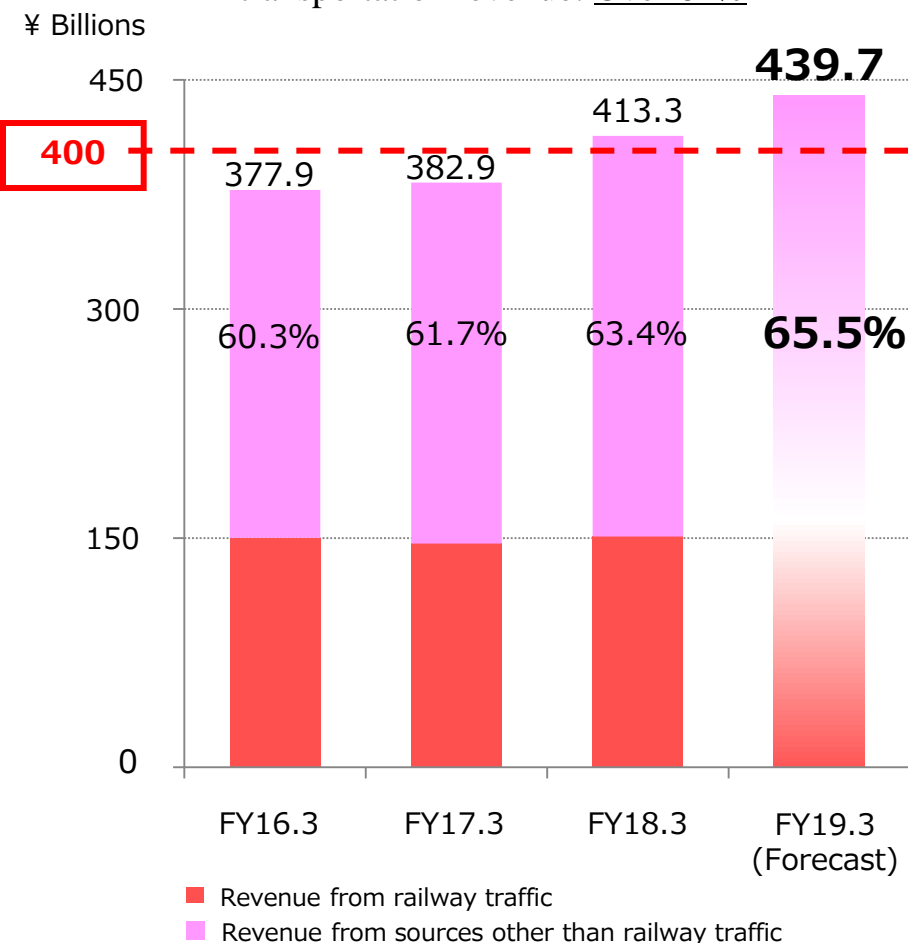
Target Management Indicators



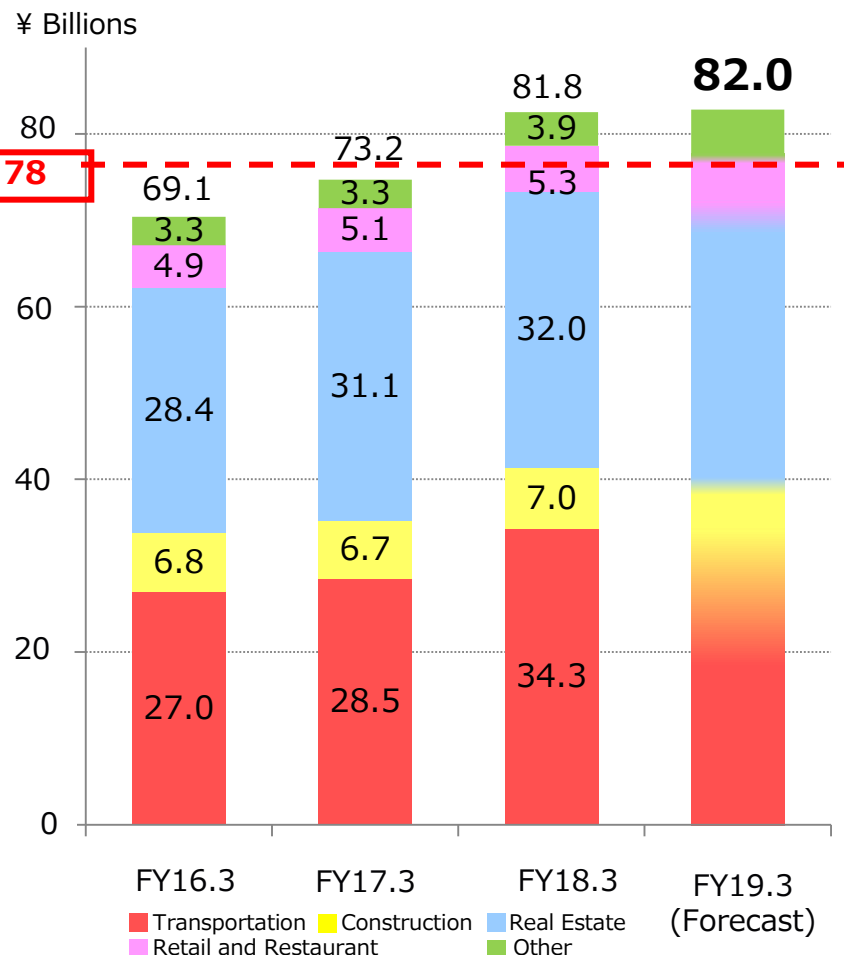
◆ Target Indicators (FY 2019/3)

<Operating Revenues: ¥400.0 billion>

Share of operating revenues not from railway transportation revenue: Over 62%



<EBITDA: ¥78.0 billion>



Notes: The FY2016/3 figure for EBITDA in the Transportation segment includes earnings from use of the Management Stabilization Fund (¥11.1 billion)
 EBITDA figures by segment are prior to eliminating intersegment transactions and therefore do not coincide with consolidated EBITDA figures.

Target Management Indicators

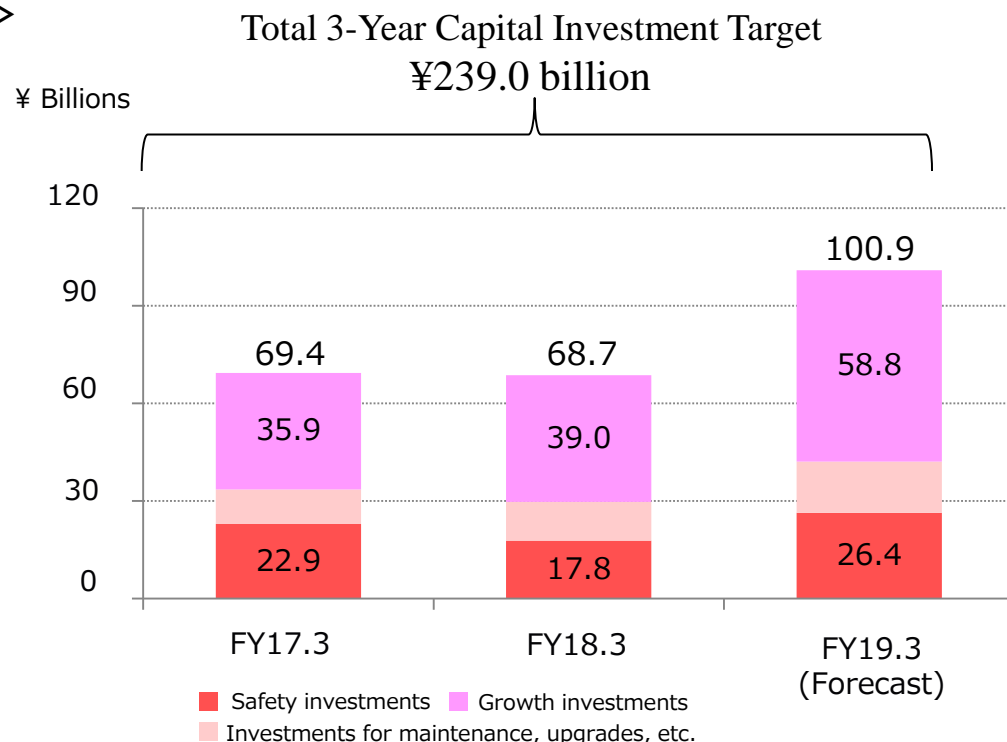


<Capital Investment Amounts[Reference]>

¥190 billion
(FY 2017/3–2019/3 totals)

(Main details)

- Investments to improve safety in the railway business ¥65 billion
- Growth investments ¥80 billion



<Major Growth Investments under Medium-Term Business Plan>

- Ropponmatsu development project
- JR Kyushu Hotel Blossom Naha
- Shinbashi 1-chome hotel project
- Hakata Ekimae 2-Chome Complex (provisional name)
- Apartment rentals
RJR Oita Ekimae II
Grand Precia Shibaura, etc.



■ Ropponmatsu development project



■ Hakata Ekimae 2-Chome Complex (provisional name)



■ Shinbashi 1-chome hotel project

Returns to Shareholders



◆ Dividend Policy

Until FY 2019/3, we will aim for stable dividends per share with a consolidated payout ratio at a level of approximately 30% as the standard guideline.

◆ Annual Dividend Amount per Share and Payout Ratio

- Planned dividend of **¥83.00 per share** for FY2018/3
- Planned dividend of **¥83.00 per share** for FY2019/3

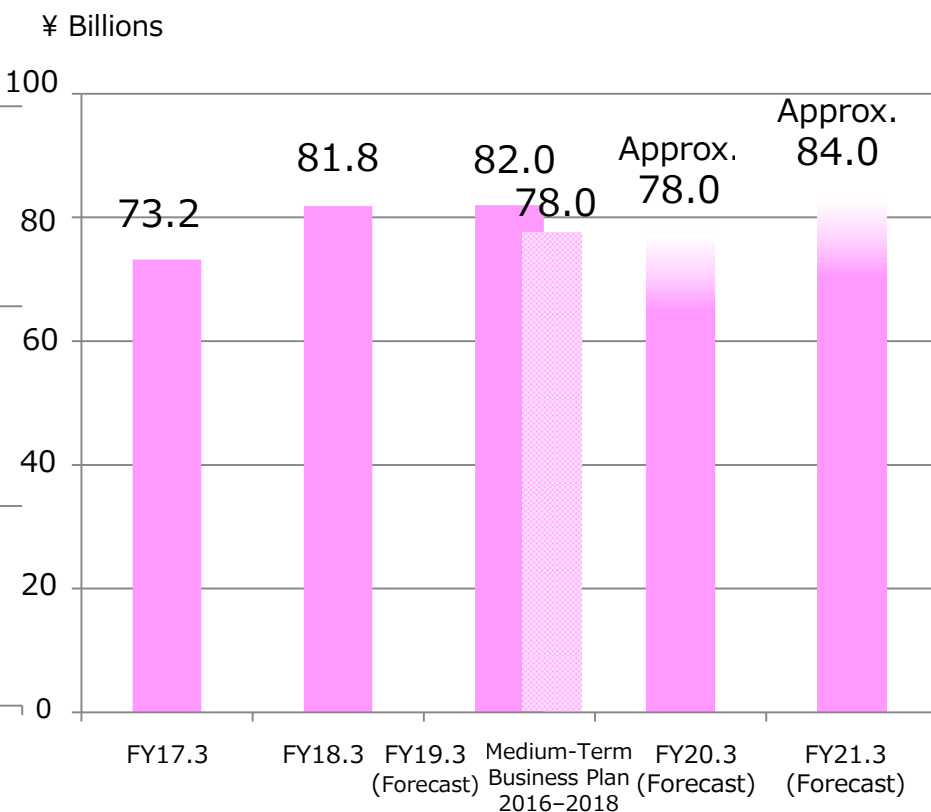
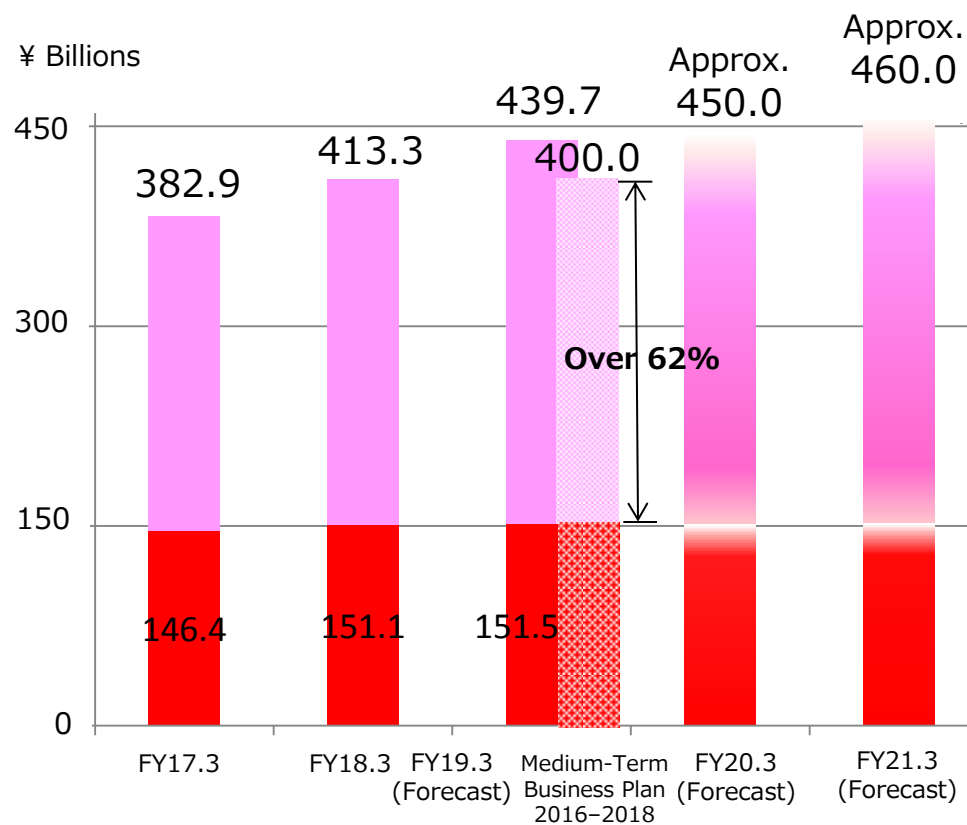
	Annual dividend amount per share	Consolidated dividend payout ratio
FY2017/3 * For half fiscal year	¥38.50	13.8%
FY2018/3	¥83.00 (Interim: ¥39.00, Year-end: ¥44.00)	26.3%
FY2019/3 (Forecast)	¥83.00	28.0%

Medium-Term Outlook (Reference)



<Consolidated Operating Revenues>

<Consolidated EBITDA>



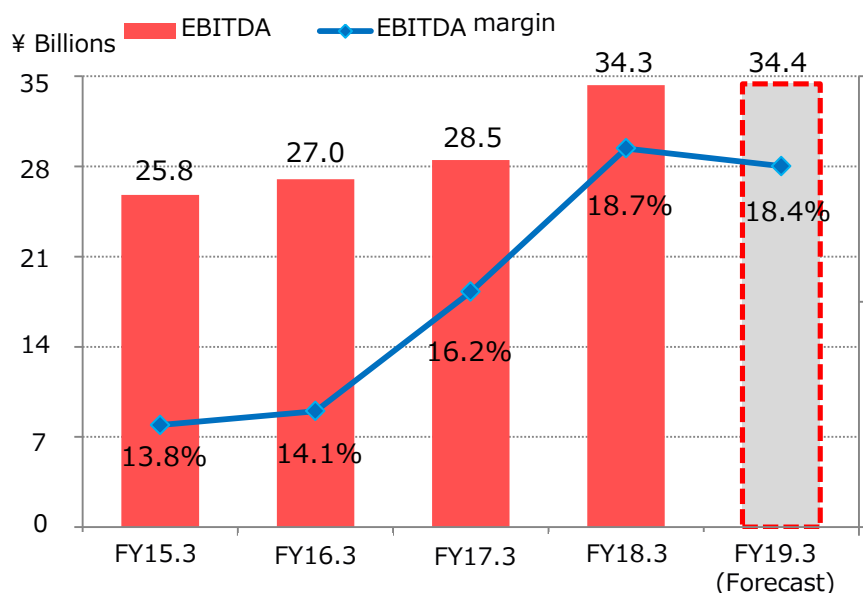
- Revenue from railway traffic
- Revenue from sources other than railway traffic

Appendix

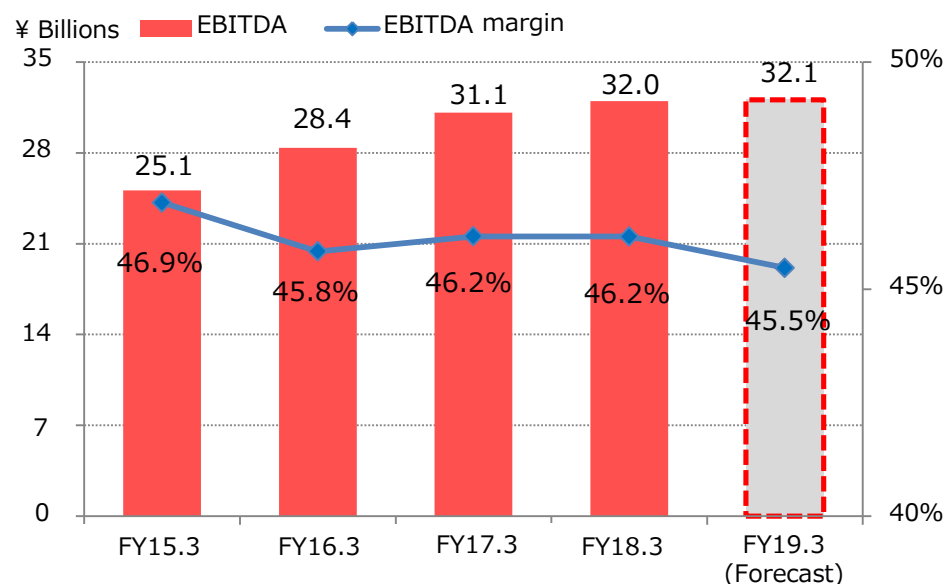
EBITDA by Segment



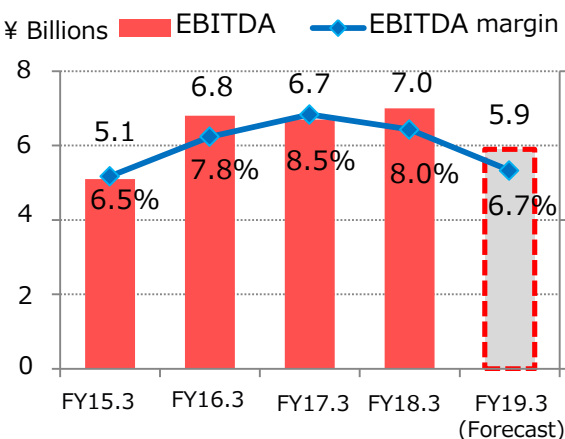
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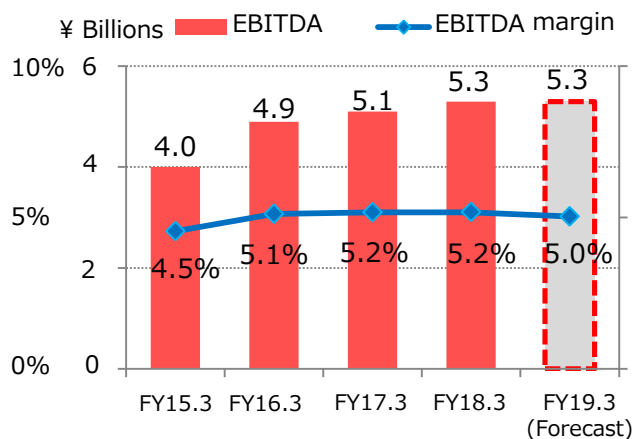
< Real Estate >



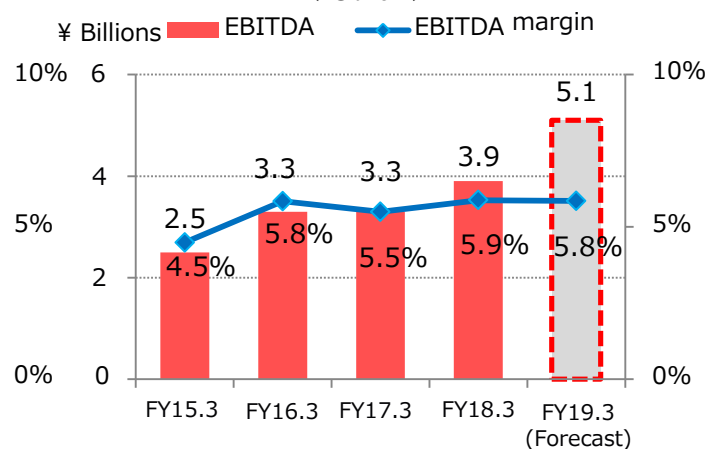
< Construction >



< Retail and Restaurant >



< Other >



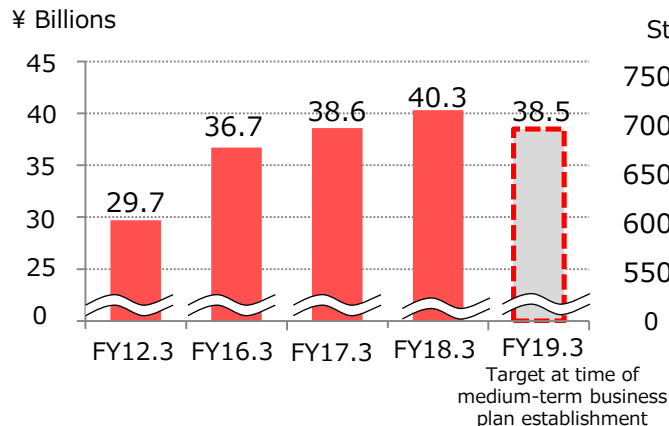
Notes: Figures for the Transportation segment EBITDA up to and including FY2016/3 contain earnings from use of the Management Stabilization Fund (¥12.5 billion in FY2015/3, and ¥11.1 billion in FY2016/3).

Figures by segment are prior to eliminating intersegment transactions.

Progress of Business Initiatives Under Medium-Term Business Plan

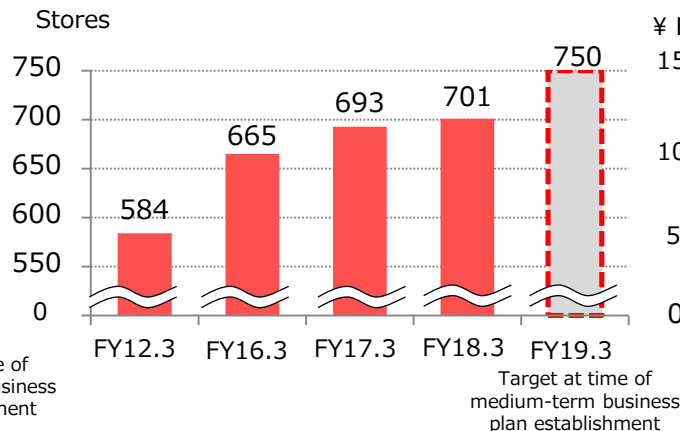


<Station Building Business Revenues>



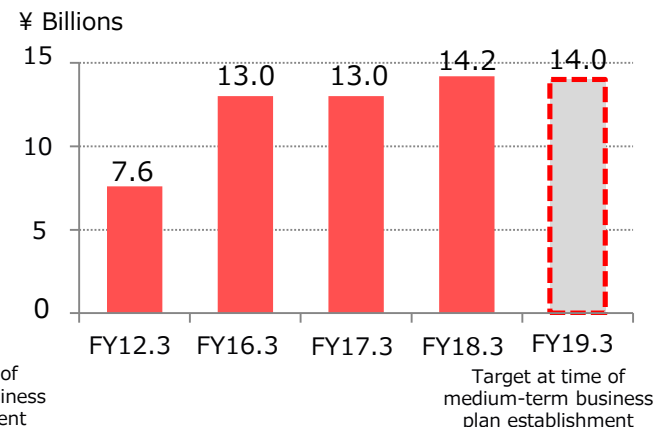
Note: Figures represent total business revenues from six station building operating subsidiaries and the JRJP Hakata Building.

<Retail and Restaurant Store Numbers>

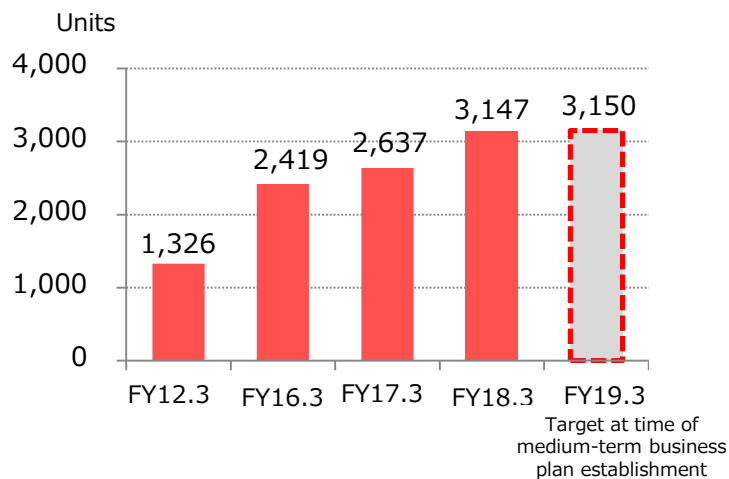


Note: Figures are as of the end of each fiscal year.

<Hotel (Ryokan) Business Revenues>

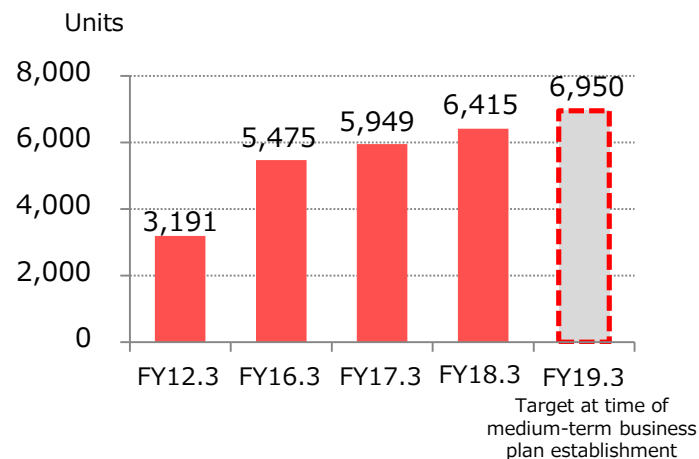


<Aggregate Number of Apartment Units>



Note: Figures are as of the end of each fiscal year.

<Aggregate Number of Condominium Units>



Note: Figures are as of the end of each fiscal year.

Peripheral Business Initiatives



< Rental Apartments >

Name	Location	Timings (Acquisition / Start of move-in availability)	Units
Higashi Jujo Rental Apartments	Kita Ward, Tokyo	June 2017	182
RJR Precia Oita Ekimae II	Oita City	February 2018	130
RJR Precia ChiyoKenchoguchi Ekimae	Hakata Ward, Fukuoka City	February 2018	132
RJR Precia Nishikoen Bayside	Chuo Ward, Fukuoka City	March 2018	45
RJR Precia Takeshita I	Hakata Ward, Fukuoka City	March 2018	21
Grand Precia Shibaura	Minato Ward, Tokyo	FY2019/3	234
RJR Precia Korimoto II	Kagoshima City	FY2019/3	142
RJR Precia Hakata Eki Minami	Hakata Ward, Fukuoka City	FY2019/3	139
RJR Precia Oita Ekimae III	Oita City	FY2019/3	78

< Condominiums >

Name	Location	Start of move-in availability	Units
MJR Kyudai-Gakkentoshi Residence	Nishi Ward, Fukuoka City	April 2017	161
MJR Akasaka Tower	Chuo Ward, Fukuoka City	November 2017	172
MJR The Garden Oe	Chuo Ward, Kumamoto City	March 2018	193
MJR Kuhonji Terrace	Chuo Ward, Kumamoto City	August 2018	64
MJR The Garden Kagoshima-Chuo	Kagoshima City	Phase I: August 2018 Phase II: March 2019	472
MJR Onojo Ekimae	Onojo City, Fukuoka Prefecture	March 2019	52
MJR Sakurazaka the Residence	Chuo Ward, Fukuoka City	March 2019	26
MJR Shimizucho	Kagoshima City	March 2019	51
MJR Oita Ekimae the Residence	Oita City	March 2019	70

Major Properties



Asset type	Name	Location	Timings (Opening / Acquisition)	Floor space / Units / Rooms	Tenant sales (FY2017/3)	Major tenants
Commercial facility (Station building)	AMU PLAZA Kokura	Kokura Kita Ward, Kita Kyusyu	Mar. 1998	Approx. 48,500㎡	¥ 12.1 billion	UNITED ARROWS, Francfranc, etc.
	AMU PLAZA Nagasaki	Onoemachi, Nagasaki City	Sep. 2000	Approx. 58,500㎡	¥ 20.9 billion	TOKYU HANDS, MUJI, UNITED CINEMAS, etc.
	AMU PLAZA Kagoshima	Chuocho, Kagoshima City	Sep. 2004	Approx. 65,000㎡	¥ 26.4 billion	TOKYU HANDS, ZARA, Cinema Kagoshima Mitte 10, etc.
	JR Hakata City	Hakata Ward, Fukuoka	Mar. 2011	Approx. 240,000㎡	¥ 113.0 billion	Hankyu Department Store, TOKYU HANDS, T-Joy Hakata, etc.
	JR Oita City	Kanamemachi, Oita City	Apr. 2015	Approx. 154,000㎡	¥ 23.3 billion	TOKYU HANDS, TOHO CINEMAS, etc. Renovation completed on March 2, 2018
Commercial facility (Inner-City)	Ropponmatsu 421, etc.	Chuo Ward, Fukuoka	Sep. 2017 * Partly opened October	Approx. 37,000㎡	—	TSUTAYA, STAR BUCKS, Kyushu University Law School, Fukuoka City Science Museum, SJR Ropponmatsu, etc.
Office buildings	Akasaka Sanno Center Building	Chiyoda Ward, Tokyo	Acquired in Mar. 2011	Approx. 5,000㎡	—	—
	Nibancho Center Building	Chiyoda Ward, Tokyo	Acquired in Mar. 2014	Approx. 44,000㎡	—	—
	JRJP Hakata Building	Hakata Ward, Fukuoka	Opened in Apr. 2016	Approx. 44,000㎡	—	—
	Hirakawacho Center Building	Chiyoda Ward, Tokyo	Acquired in Sep. 2016	Approx. 8,000㎡	—	—
Rental apartments	RJR Precia Oita Ekimae II	Oita City, Oita Prefecture	Feb. 2018	130	—	—
	RJR Precia Hakata	Hakata Ward, Fukuoka	Feb. 2017	218	—	—
	Total of 34 buildings including the above					
Hotels	JR Kyushu Hotel Blossom Hakata Chuo	Hakata Ward, Fukuoka	Apr. 2013	247	—	—
	JR Kyushu Hotel Blossom Shinjuku	Shibuya Ward, Tokyo	Jul. 2014	239	—	—
	JR Kyushu Hotel Blossom Naha	Naha City, Okinawa Prefecture	Jun. 2017	218	—	—
	Shama Lakeview Asoke Bangkok	Bangkok, Thailand	Acquired in Dec. 2017	429	—	Operations commenced under new brand in April 2018
	Total of 16 buildings including the above					

Overview of Major Development Pipelines



Name	Location	Timings	Floor space / Lot area / Units / Rooms	Additional comments (uses, etc.)
Kumamoto Station area development	Kumamoto City	March 2018: Scheduled start of operations in area under elevated tracks Spring 2019: Scheduled start of station building construction Spring 2021: Scheduled commencement of station building operations	Lot area: Approx. 70,000 m ² (including area below elevated tracks) Total floor space: Approx. 107,000 m ² (station building)	Area below elevated tracks: Commercial area Station building: Commercial area, movie theaters, hotels (200 rooms), etc. Multilayered parking lots: 2,100 parking spaces Residential areas: MJR, RJR, SJR, etc.
Nagasaki Station area development	Nagasaki City	Undecided * Scheduled for opening in FY2020/3 or later	Lot area: Approx. 48,000m ² (including area below elevated tracks)	Promotion of development in area surrounding station out of consideration for Shinkansen opening and change to elevated tracks for conventional lines; Potentially integrated development of commercial areas, hotels, office buildings, etc.
Minami Kyushu Development Projects				
Kagoshima-Chuo Station West Exit	Kagoshima City	Undecided * Scheduled for opening in FY2020/3 or later	Lot area: Approx. 8,500m ²	Potentially integrated development of commercial areas, office buildings, residential areas, etc.
Kagoshima Station area	Kagoshima City	Undecided * Scheduled for opening in FY2020/3 or later	Lot area: Approx. 14,000m ²	—
Miyazaki Station West Exit	Miyazaki City	Undecided * Scheduled for opening in FY2020/3 or later	Lot area: Approx. 7,000m ²	Potentially integrated development of commercial areas, office buildings, residential areas, etc.
Area surrounding Kagoshima Rolling Stock Depot	Kagoshima City	Undecided * Scheduled for opening in FY2020/3 or later	Lot area: Approx. 12,000m ²	—
Hakata Ekimae 2-Chome Complex (provisional name)	Hakata Ward, Fukuoka	Scheduled for opening in fall 2019	Lot area: Approx. 1,590m ²	Integrated building development centered on hotels (238 rooms)
RJR Precia Tenjin South	Chuo Ward, Fukuoka	Scheduled for completion in February 2020	Lot area: Approx. 15,000m ²	Integrated apartment building (202 units)
MJR / RJR Sakaisuji Honmachi Tower	Chuo Ward, Osaka	Scheduled for completion at end of February 2021	Lot area: Approx. 47,470m ²	Condominiums, apartments (296 condominium units, 144 apartment units)
Shinbashi 1-chome hotel project	Minato Ward, Tokyo	Scheduled for opening in fall 2019	Total number of rooms: 267 (planned) Total floor space: Approx.10,400m ²	Integrated development of office buildings and hotels, joint development projects with NTT Urban Development Hotel owner: Kyushu Railway Company Hotel operator: JR Kyushu Hotels Inc.

Forward-Looking Statements



These materials contain forward-looking statements concerning business forecasts, targets, etc. of the JR Kyushu Group.

The Company decided on these forward-looking statements based on the available information, as well as Company estimates and assumptions, at the time these materials were created. Please note that actual performance can vary greatly depending on the impact of various factors such as the economic environment in Kyushu as well as greater Japan and overseas, the condition of the real estate market, the progress of each individual project, changes in laws and regulations, and a wide range of other risks.

These materials can be viewed on our corporate website.
http://www.jrkyushu.co.jp/company/ir_eng/library/earnings/