



FY2019/3 Financial Results Overview, First Quarter

August 6, 2018

Kyushu Railway Company



KYUSHU RAILWAY COMPANY



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I Financial results for the first quarter of FY2019/3

Consolidated Financial highlights for the First Quarter of FY2019/3 【Year on Year】

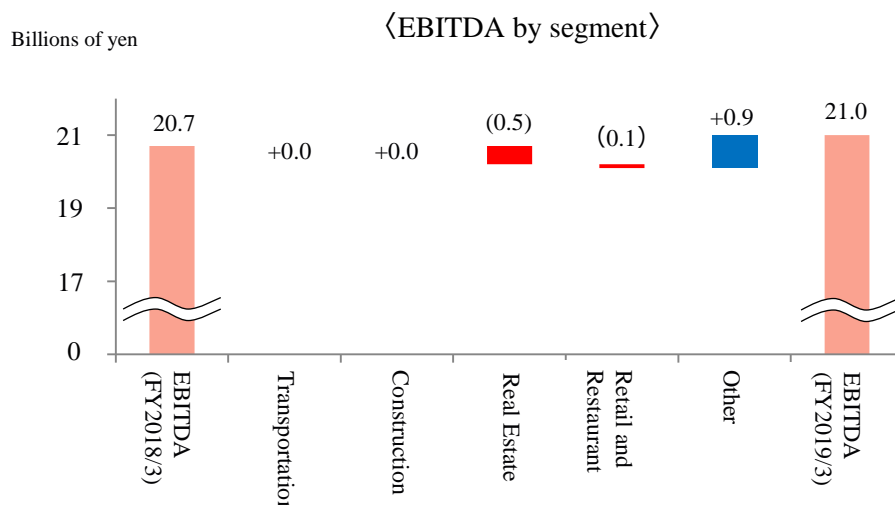
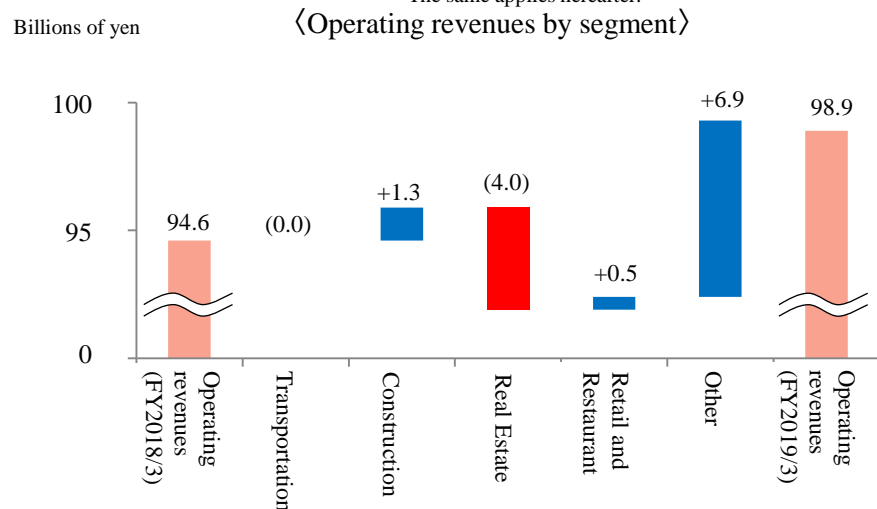


- Operating revenues increased for the second consecutive period (reaching a record high).
- Operating income declined for the first time in five periods.
- Net income attributable to owners of the parent was down for the first time in two periods.
- EBITDA increased for the second consecutive period.

(Billions of yen)

	3 months ended June 30, 2017	3 months ended June 30, 2018	YoY	
Operating revenues	94.6	98.9	4.2	104.5%
Operating income	16.7	16.0	(0.6)	96.0%
Ordinary income	17.1	17.2	0.1	100.6%
Net income attributable to owners of the parent	13.5	13.4	(0.0)	99.5%
EBITDA	20.7	21.0	0.3	101.4%

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)

	3 months ended June 30, 2017	3 months ended June 30, 2018	YoY		Major factors
			Increase/ (decrease)	%	
Operating revenues	94.6	98.9	4.2	104.5%	Consolidation of Caterpillar Kyushu, Ltd., etc.
Operating expenses	77.8	82.8	4.9	106.4%	Consolidation of Caterpillar Kyushu, Ltd., Increase in depreciation cost (JR Kyushu), etc.
Operating income	16.7	16.0	(0.6)	96.0%	
Non-operating income and expenses	0.4	1.2	0.7	268.9%	Gain on investment securities (JR Kyushu), etc.
Ordinary income	17.1	17.2	0.1	100.6%	
Extraordinary gains and losses	0.1	(0.0)	(0.1)	-	
Net income attributable to owners of the parent	13.5	13.4	(0.0)	99.5%	
EBITDA	20.7	21.0	0.3	101.4%	

Segment Information 【Summary】



(Billions of yen)

	3 months ended June 30, 2017	3 months ended June 30, 2018	YoY		Major factors
			Increase / (decrease)	%	
Operating revenues	94.6	98.9	4.2	104.5%	
Transportation	43.6	43.6	(0.0)	99.9%	
Construction	11.0	12.4	1.3	112.7%	Increase in Shinkansen-related construction work, etc.
Real Estate	18.5	14.4	(4.0)	78.1%	Decrease in revenues from condominium sales, etc.
(Real Estate Lease)	11.6	12.5	0.9	108.1%	Increase in revenues from real estate leases (Ropponmatsu 421 and others),
Retail and Restaurant	24.9	25.4	0.5	102.3%	Opening of new stores (drugstores and convenience stores), etc.
Other	13.3	20.2	6.9	152.2%	Consolidation of Caterpillar Kyushu, Ltd., etc.
Operating income	16.7	16.0	(0.6)	96.0%	
Transportation	9.7	9.3	(0.4)	95.3%	Decrease in railway transportation revenues, Increase in depreciation cost (JR Kyushu), etc.
Construction	(0.2)	(0.2)	0.0	-	
Real Estate	6.3	5.6	(0.6)	89.1%	Decrease in revenues from condominium sales, etc.
(Real Estate Lease)	5.3	5.5	0.1	103.7%	
Retail and Restaurant	0.8	0.7	(0.1)	83.6%	Increase in personnel expenses, etc.
Other	0.1	0.8	0.6	413.2%	
EBITDA	20.7	21.0	0.3	101.4%	
Transportation	10.9	10.9	0.0	100.2%	
Construction	(0.0)	(0.0)	0.0	-	
Real Estate	8.4	7.8	(0.5)	93.6%	
(Real Estate Lease)	7.5	7.8	0.3	104.6%	
Retail and Restaurant	1.2	1.1	(0.1)	89.2%	
Other	0.4	1.3	0.9	301.7%	

Note: Figures by segment are prior to eliminating intersegment transactions.
The same applies hereafter.

Financial Position (consolidated)



(Billions of yen)

	As of March 31, 2018	As of June 30, 2018	Increase/ (decrease)
Assets	749.3	732.2	(17.1)
Current assets	200.4	174.7	(25.6)
Non-current assets	548.9	557.5	8.5
Liabilities	366.1	340.6	(25.5)
Current liabilities	164.7	141.6	(23.0)
Non-current liabilities	201.4	198.9	(2.5)
Net assets	383.2	391.5	8.3
Equity ratio	50.3%	52.7%	2.3%
Net assets per share (yen)	2,357.27	2,409.96	52.69

Non-consolidated Income Statements



(Billions of yen)

	3 months ended June 30, 2017	3 months ended June 30, 2018	YoY		Major factors
			Increase/ (decrease)	%	
Operating revenues	54.2	49.5	(4.7)	91.3%	Decrease in revenues from condominium sales, increase in revenues from real estate leases (Roppomatsu 421 and others), etc.
(Railway transportation revenues)	37.0	36.8	(0.2)	99.5%	Impact from heavy rain in northern Kyushu in July 2017, rebound from favorable weather during the rainy season in 2017, etc.
Operating expenses	39.6	36.0	(3.5)	91.0%	
Personnel expenses	12.8	12.4	(0.3)	97.0%	Decrease in number of employees, etc.
Non-personnel expenses	22.6	18.7	(3.8)	82.8%	
Energy costs	2.1	2.2	0.1	106.2%	Increase in unit price, etc.
Maintenance costs	5.5	5.5	0.0	99.3%	
Other	14.9	10.9	(3.9)	73.5%	Decrease in cost of condominium sales, etc.
Taxes	1.9	1.9	0.0	104.1%	
Depreciation costs	2.1	2.7	0.6	127.7%	Increase in non-current assets, etc.
Operating income	14.6	13.5	(1.1)	92.3%	
Non-operating income and expenses	2.7	7.3	4.5	267.2%	Increase in dividends received, etc.
Ordinary income	17.4	20.8	3.4	119.7%	
Extraordinary gains and losses	0.2	0.0	(0.2)	5.8%	
Net income	14.5	17.8	3.3	123.2%	

Non-consolidated Income Statements 【Reprint】



(Billions of yen)

		3 months ended June 30, 2017	3 months ended June 30, 2018	YoY	
				Increase/ (decrease)	%
Railway business	Operating revenues	40.8	40.6	(0.2)	99.5%
	Operating expenses	31.1	31.3	0.2	100.8%
	Operating income	9.6	9.2	(0.4)	95.4%
Related businesses	Operating revenues	13.4	8.9	(4.5)	66.5%
	Operating expenses	8.4	4.6	(3.8)	54.8%
	Operating income	5.0	4.3	(0.6)	86.2%

Railway Transportation Revenues and Performance of Transportation Volume

(Billions of yen)

Transportation Revenues	3 months ended June 30, 2017	3 months ended June 30, 2018	YoY		Major factors
			Increase/ (decrease)	%	
Total	37.0	36.8	(0.2)	99.5%	
Shinkansen	12.9	13.1	0.2	102.0%	Increase following the NHK Taiga Drama <i>Segodon</i> , etc.
Commuter pass	0.6	0.6	0.0	101.0%	
Non-commuter pass	12.2	12.4	0.2	102.0%	
Conventional Lines	24.1	23.7	(0.4)	98.1%	Impact from heavy rain in northern Kyushu in July 2017 and rebound from favorable weather during the rainy season in 2017, etc.
Commuter pass	7.6	7.6	0.0	100.4%	
Non-commuter pass	16.5	16.0	(0.4)	97.1%	

(Millions of passenger-kilometers)

Passenger-Kilometers	3 months ended June 30, 2017	3 months ended June 30, 2018	YoY	
			Increase/ (decrease)	%
Total	235.6	234.1	(1.4)	99.4%
Shinkansen	47.1	48.4	1.2	102.6%
Commuter pass	5.1	5.1	0.0	100.1%
Non-commuter pass	42.0	43.2	1.2	102.9%
Conventional Lines	188.4	185.7	(2.6)	98.6%
Commuter pass	108.0	108.1	0.1	100.1%
Non-commuter pass	80.3	77.5	(2.7)	96.5%

II Forecasts for FY2019/3

Consolidated Financial Forecasts



(Billions of yen)

	Results FY2018/3	Forecasts FY2019/3 (8/6)	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 (yen)	315.07	296.88	(18.19)	94.2%
EBITDA	81.8	82.0	0.1	100.2%

Note: Forecasts for the fiscal year ending March 31, 2019, remain unchanged from those announced on May 10, 2018. The same applies hereafter.

Consolidated Financial Forecasts (By segment)



(Billions of yen)

	Results FY2018/3	Forecasts FY2019/3 (8/6)	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%

Non-consolidated Financial Forecasts



(Billions of yen)

	Results FY2018/3	Forecasts FY2019/3 (8/6)	YoY	
			Increase/ (decrease)	%
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 expenses	51.3	49.8	(1.5)	96.9%
Non-personnel expenses	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%
Non-operating 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%

Non-consolidated Financial Forecasts 【Reprint】



(Billions of yen)

		Results FY2018/3	Forecasts FY2019/3 (8/6)	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%

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/