



九州旅客鉄道株式会社

KYUSHU RAILWAY COMPANY



FACT SHEETS 2019



Contents

1. Company Overview

- p1 Company Overview
Major Business Activities by
Consolidated Segment
- p2 Consolidated Financial
Highlights
- p3 Management Plan

2. Business Activities (Transportation Segment)

- p4 Transportation Segment
— Overview
- p5 Current Status of Railway
Business
- p6 Build Sustainable Railway
Services through
Improvement in Earnings

3. Business Activities

(Real Estate and Hotels Segment)

- p7-8 Real Estate and Hotels Segment
— Overview and Current Status
- p9 Real Estate and Hotels Segment
— Major Development Plans

4. Business Activities (The Other Segment)

- p10 The Other Segment — Current Status

5. Data

- p11-12 Financial Results
- p13 Capital Investment Amounts
- p14 Employees

6. Other

- p15 Further Strengthen Our
Management Foundation
— Implement Segment Classification
Changes, etc.
- p16 Changes in Cost Structure
Changes in Capital Structure

1. Company Overview

2. Business Activities (Transportation Segment)

3. Business Activities (Real Estate and Hotels Segment)

4. Business Activities (The Other Segment)

5. Data

6. Other

Company Overview(as of April 1, 2019)

Date established ----- April 1, 1987

Head office ----- 3-25-21 Hakata-ekimae, Hakata-ku, Fukuoka

Issued capital ----- ¥16 billion

Total number of issued shares
----- 160,000,000

Number of subsidiaries
and affiliates

----- Subsidiaries: 48
(including 41 consolidated subsidiaries)

Affiliates: 5
(including 1 affiliate accounted for under
the equity method)



Major Business Activities by Consolidated Segment

Transportation

Railway Services, Bus Services, Hydrofoil Ferry Services, etc.

- Consolidated subsidiaries,5
- Holding Company for Houhi Main Line, JR Kyushu Bus Company, JR Kyushu Jet Ferry Inc., JR Kyushu Service Support Co., Ltd., JR Kyushu Linen Co., Ltd.



Construction

Construction, Rolling stock mechanical equipment engineering, Electrical work, etc.

- Consolidated subsidiaries,6
- KYUTETSU CORPORATION, Sanki Construction Co., Ltd., JR Kyushu Housing Company, JR Kyushu Engineering, Ltd., Kyushu Electric System Company, JR Kyushu Consultants Company



Retail and Restaurant

Retailing, Restaurants, Agriculture

- Consolidated subsidiaries,7
- JR Kyushu Retail, Inc., JR KYUSHU DRUG ELEVEN CO., LTD., JR Kyushu Food Service Inc., JR Kyushu Fast Foods Inc., Inc Train D'or, Shanghai JR Kyushu Food Service Inc., JR Kyushu Farm Co., Ltd.



Other

Construction machinery sales and rental, Leasing of movable properties, Advertising, Golf course operation, etc.

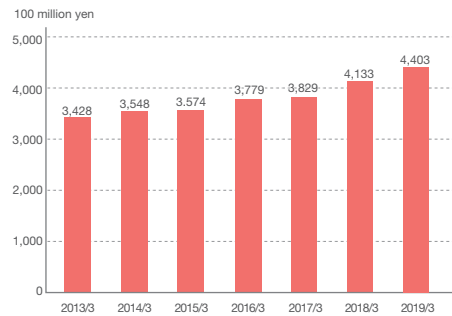
- Consolidated subsidiaries,7
- Caterpillar Kyushu Ltd., JR Kyushu Financial Management Company, JR Kyushu Agency Co., Ltd., JR Kyushu Resort Development Co., Ltd., JR Kyushu Trading Co., Ltd., JR Kyushu System Solutions Inc., JR Kyushu Life Service Co., Ltd.
- Affiliate accounted for under the equity method,1
- JR Kyushu Secom Inc.



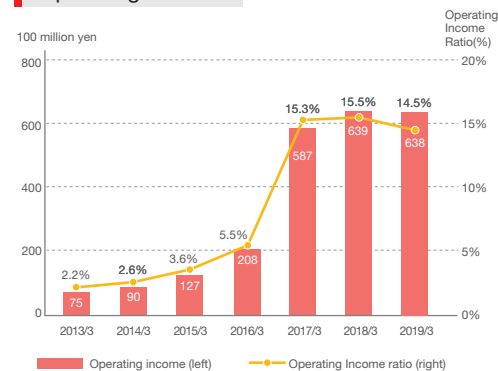
Consolidated Financial Highlights

Financial Highlights (Consolidated)

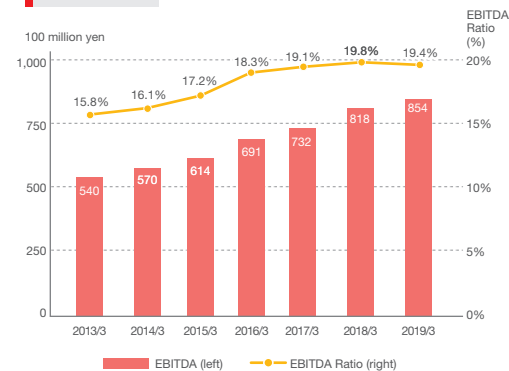
Operating Revenues



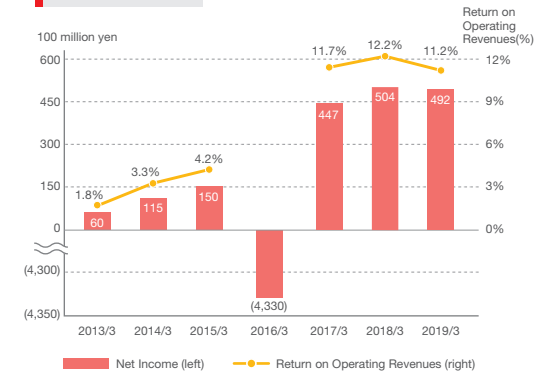
Operating Income^{*1}



EBITDA^{*1,2}



Net Income

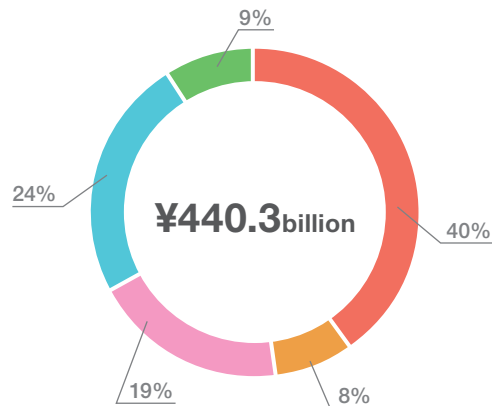


*1: Prior to FY2013/3, adjustments for expenses related to seconded employees were subtracted, as they were included in operating expenses.

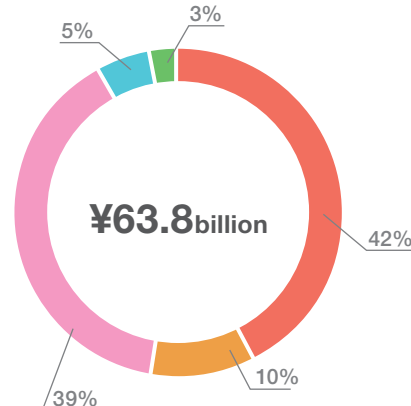
*2: EBITDA = Operating income + Depreciation costs + Earnings from use of the management stabilization fund (after elimination of inter-segment transactions, excluding depreciation of leased assets held for subleasing purposes)
EBITDA ratio = EBITDA ÷ Consolidated operating revenues

Revenues Composition (FY2019/3, consolidated)

Operating Revenues (From External Customers)

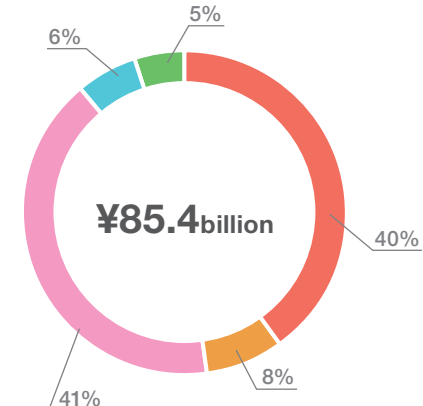


Operating Income



EBITDA

EBITDA = Operating income + Cost of depreciation (after elimination of inter-segment transactions, excluding depreciation of leased assets held for subleasing purposes)



■ Transportation
 ■ Construction
 ■ Real Estate and Hotels
 ■ Retail and Restaurant
 ■ Other

Notes: 1. Reclassified in accordance with new segment categories. (See page 15.)

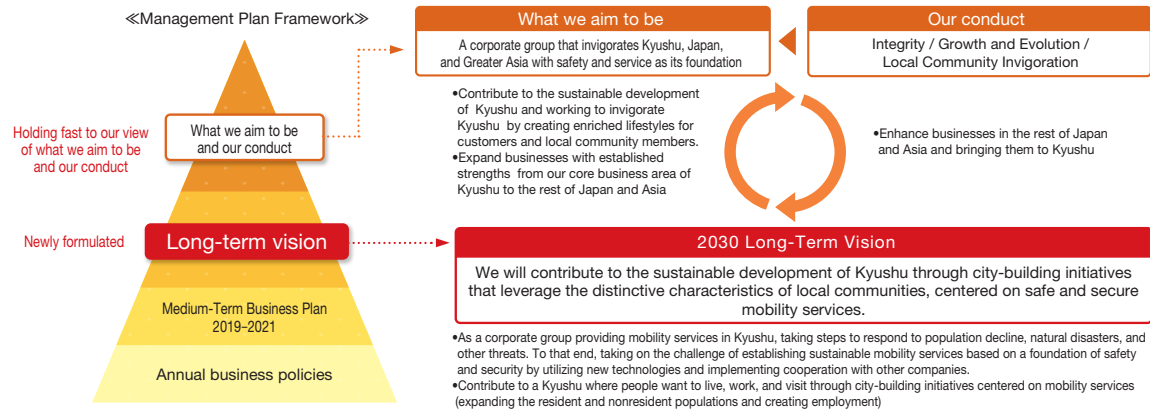
2. Segment shares for operating income and EBITDA are calculated based on figures before elimination of inter-segment transactions.

3. % figures are rounded to the nearest percentage point. (In some cases, the total might not equal 100%.)

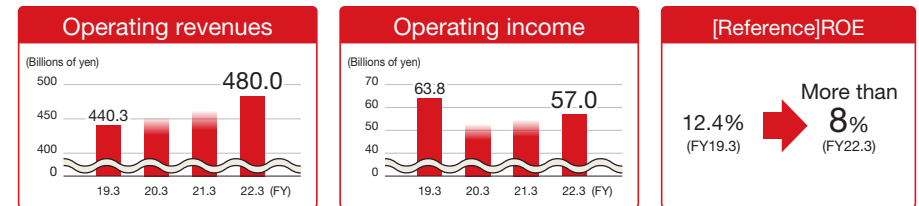
Management Plan

Management Plan Framework and 2030 Long-Term Vision

We created the 2030 Long-Term Vision to achieve “What the JR Kyushu Group aims to be” in a management environment undergoing dramatic change.



Target Management Indicators (Consolidated)*1



Unit: Ybil; figures in parentheses show change vs. FY19.3

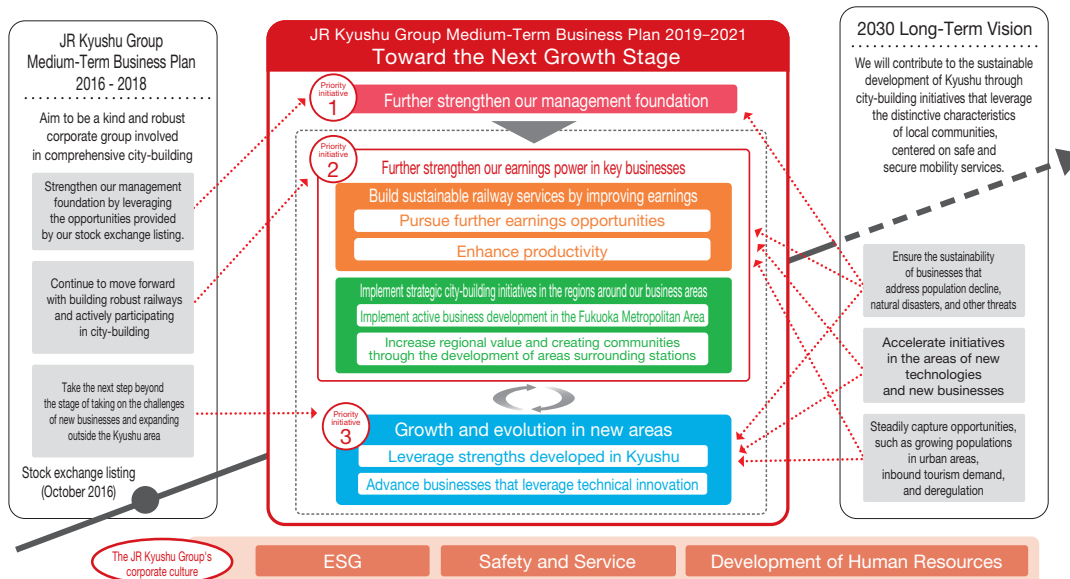
Segment name	Operating revenues*2		Operating income*2		Major factors
	FY19.3	FY22.3	FY19.3	FY22.3	
Transportation	181.8	184.0 (+2.1)	27.4	21.0 (-6.4)	Higher revenues due to increase in revenues from railway transportation Lower profit due to higher expenses accompanying elimination of special tax measures, increase in depreciation, etc.
Construction	93.8	98.0 (+4.1)	6.2	6.0 (-0.2)	Higher revenue due to Shinkansen-related construction work, etc. Lower profit due to increase in personnel costs and other expenses
Real Estate and Hotels	90.0	113.0 (+22.9)	25.4	24.0 (-1.4)	Higher revenues due to operating of Kumamoto Station Building, Miyazaki Station Building Lower profits due to increase in expenses accompanying revision of revenue/expense classification
Retail and Restaurant	104.0	115.0 (+10.9)	3.4	4.0 (+0.5)	Higher revenues and profits due to new store openings
Other	72.6	76.0 (+3.3)	2.2	2.5 (+0.2)	Higher revenues and profit due to higher sales outside the Group, etc.
Total	440.3	480.0 (+39.6)	63.8	57.0 (-6.8)	

*1 Figures for FY19.3 have been reclassified in accordance with the new segment categories. (See page 15.)

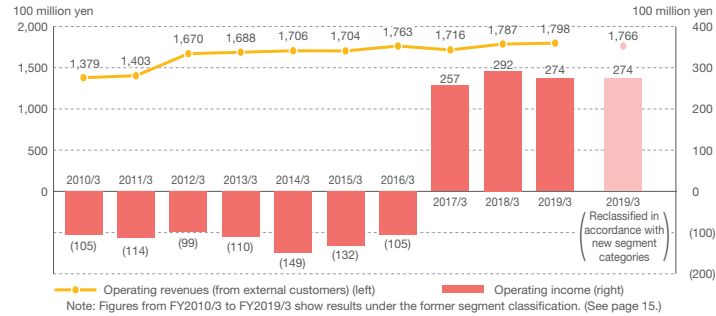
*2 Segment operating revenues and operating income are prior to elimination of inter-segment transactions.

Position and Priority Initiatives of the JR Kyushu Group Medium-Term Business Plan 2019-2021

With consideration for the issues carried over from the previous medium-term business plan and for backcasting from the long-term vision, the following three points have been positioned as priority initiatives under the new medium-term business plan.



Transportation Segment — Overview



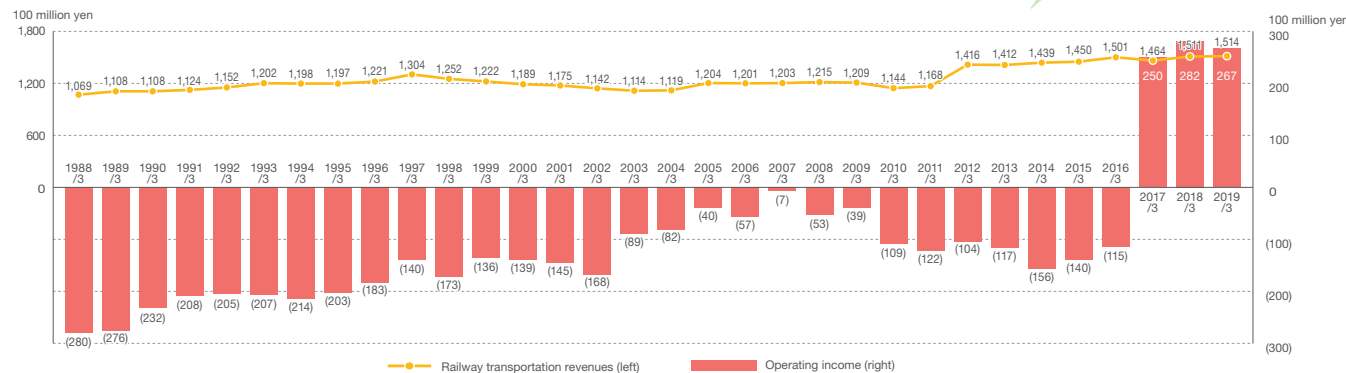
Railway Services

Route Summary
(as of March 31, 2019)

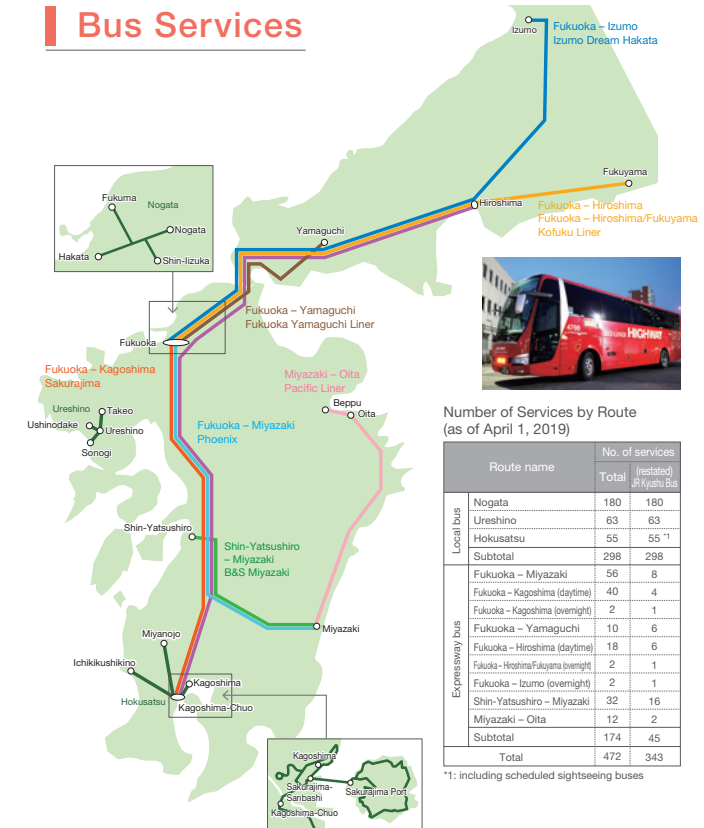
	Number of train lines	Operating Kilometers	No. of Stations	Electrification Ratio(%)
Shinkansen	1	288.9	4(11)	100
Trunk Lines	8	1,042.9	297	95
Local Lines	13	941.2	267	7
Total	22	2,273.0	568	59

Notes: Number of stations in parentheses represent the number of stations including stations served by both Shinkansen and conventional lines.

Revenues from Railway Transportation and Operating Income in the Railway Business



Bus Services



Hydrofoil Ferry Services



Current Status of Railway Business

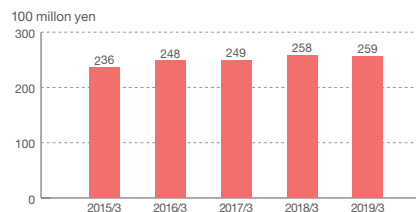
Railway Transportation Revenues

		2010 /3	2011 /3	2012 /3	2013 /3	2014 /3	2015 /3	2016 /3	2017 /3	2018 /3	2019 /3
Shinkansen	Passes	7	8	20	23	24	25	26	26	26	27
	Other	94	123	477	459	464	467	490	474	514	522
	Subtotal	102	131	498	482	489	493	516	501	541	549
Conventional Lines	Passes	284	286	288	291	296	293	295	294	296	297
	Other	758	750	630	637	654	663	688	668	673	668
	Subtotal	1,042	1,037	918	929	950	957	984	963	970	965
Total	Passes	291	294	309	314	320	319	322	321	323	324
	Other	852	874	1,107	1,097	1,118	1,131	1,179	1,143	1,188	1,190
	Subtotal	1,144	1,168	1,416	1,412	1,439	1,450	1,501	1,464	1,511	1,514
Index (FY1988/3=100)		107	109	132	132	135	136	140	137	141	142

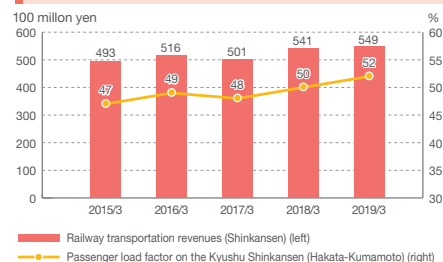
100 million yen

Railway Transportation Revenues(Short Distance*)

* Within 50 km



Railway Transportation Revenues (Shinkansen), Passenger Load Factor on the Kyushu Shinkansen (Hakata-Kumamoto)



— Railway transportation revenues (Shinkansen) (left)
 — Passenger load factor on the Kyushu Shinkansen (Hakata-Kumamoto) (right)

Number of Rolling Stocks

Number of Rolling Stocks by Type(as of March 31, 2019)

Type	SL Steam locomotive	EL Electric locomotive	DL Internal combustion locomotive	TEC Shinkansen	EC Electric railcars	DC Internal combustion railcars	PC Passenger cars	Other	Total
No. of rolling stocks	1	0	9	136	1,178	304	10	31	1,669

cars

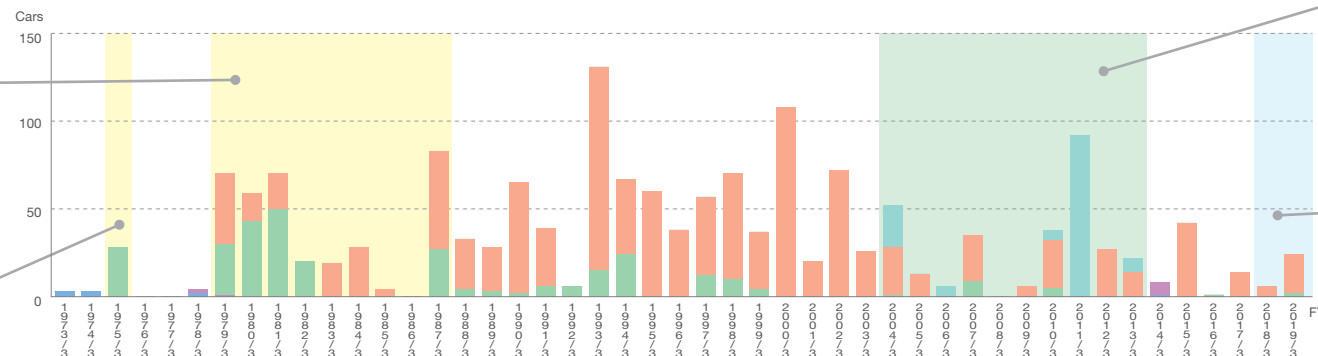
Rolling Stock Fiscal Year of Manufacture (as of March 31, 2019)

Internal combustion locomotive Shinkansen Electric railcars Internal combustion railcars Passenger cars

Conventional lines (electric railcars) 415 Series
 Fiscal year of manufacture: FY1979/3 to FY1987/3



Conventional lines (internal combustion railcars) KH66/KH67
 Fiscal year of manufacture: FY1975/3



Note: Excluding steam locomotives and other rolling stock

Transportation Data

Passenger-kilometers

		2010 /3	2011 /3	2012 /3	2013 /3	2014 /3	2015 /3	2016 /3	2017 /3	2018 /3	2019 /3
Shinkansen	Passes	58	66	157	176	186	188	194	196	195	199
	Other	325	423	1,666	1,605	1,639	1,674	1,735	1,655	1,809	1,832
	Subtotal	384	489	1,823	1,782	1,825	1,863	1,929	1,852	2,004	2,032
Conventional Lines	Passes	3,820	3,870	3,915	3,943	4,069	3,946	4,026	4,018	4,011	4,015
	Other	3,698	3,714	3,149	3,198	3,287	3,329	3,421	3,320	3,319	3,237
	Subtotal	7,518	7,585	7,064	7,141	7,357	7,275	7,448	7,339	7,331	7,252
Total	Passes	3,879	3,936	4,073	4,119	4,256	4,134	4,221	4,214	4,207	4,214
	Other	4,023	4,137	4,815	4,804	4,926	5,003	5,156	4,976	5,129	5,070
	Subtotal	7,902	8,074	8,888	8,924	9,182	9,138	9,378	9,191	9,336	9,285

Million passenger-km

Number of Passengers

		2010 /3	2011 /3	2012 /3	2013 /3	2014 /3	2015 /3	2016 /3	2017 /3	2018 /3	2019 /3
Total	Passes	193	196	201	203	211	206	212	213	215	217
	Other	99	101	108	110	112	113	118	118	121	121
	Subtotal	292	297	310	314	323	319	330	331	337	338
Shinkansen	Passes	0	1	2	2	2	2	2	2	2	2
	Other	2	3	9	9	10	10	10	10	11	11
	Subtotal	3	4	11	12	12	12	13	13	14	14

Million

Note: Numbers of Shinkansen passengers have been restated.

Train-kilometers, Car-kilometers

		2010 /3	2011 /3	2012 /3	2013 /3	2014 /3	2015 /3	2016 /3	2017 /3	2018 /3	2019 /3
Train-kilometers											
Shinkansen		3	3	9	10	10	10	10	9	9	9
Conventional Lines		66	65	61	61	61	61	61	60	60	56
Total		69	69	71	71	72	71	71	69	69	65
Car-kilometers											
Shinkansen		19	23	68	72	72	71	71	64	70	68
Conventional Lines		273	271	248	248	250	250	250	247	243	230
Total		292	295	317	320	322	322	322	311	314	299

Million-km

Shinkansen 800 Series
 Fiscal year of manufacture: FY2004/3 to FY2011/3



Shinkansen N700 Series
 Fiscal year of manufacture: FY2011/3 to FY2013/3



Conventional lines (electric railcars) 821 Series
 Fiscal year of manufacture: FY2018/3 and thereafter



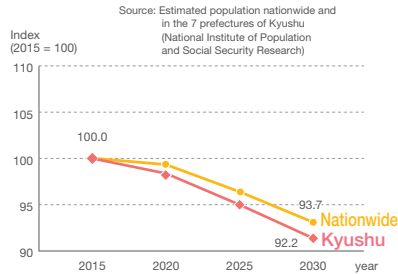
Conventional lines (internal combustion railcars) YC1 Series
 Fiscal year of manufacture: FY2019/3 and thereafter



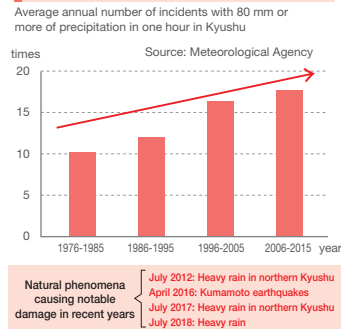
Build Sustainable Railway Services through Improvement in Earnings

Background

Declining population in Kyushu, where the pace of the decline exceeds that in the nationwide population



Increasing natural disasters in Kyushu



Countermeasures for aging facilities

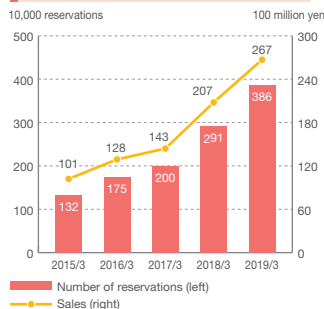


JR Kyushu will pursue earnings opportunities and work to increase future productivity in order to address market contraction due to a declining population, a decrease in the working population due to a declining birth rate and an aging population, the frequent occurrence / increased severity of natural disasters, and aging facilities.

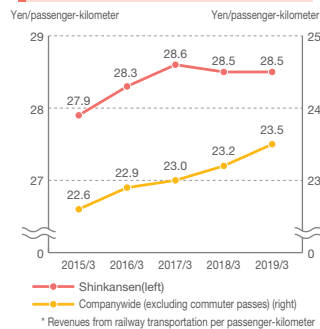
Pursuing Further Earnings Opportunities

- Increase online sales ratio by enhancing convenience of online train reservation system
- Increasing urban area earning power
- Bolster yield management
- Expand sales routes for JR Kyushu Rail Pass in cooperation with overseas travel agents and airlines
- Discovering tourism resources that utilize "Design & Story" trains

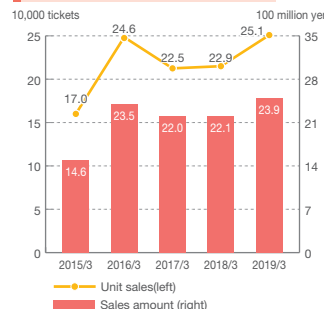
Internet Train Reservation Services:
Number of Reservations, Sales



Yield* (Companywide (excluding commuter passes), Shinkansen)



Sales Amount and Unit Sales of JR Kyushu Rail Pass



Improve Productivity

Service

- Expansion of the Smart Support Station
Providing guidance to customers from support center operators using camera and intercom equipment installed in stations
- Introduction of Assist Mars
Providing customer support from remote operators using ticket sales machines equipped with intercoms and remote operation functions

Operations

- Experiment with new train control systems
Implementing verification testing for a new train control system that streamlines ground equipment with the use of wireless communications
- Experimentations involving automatic driving systems
Implementing verification testing targeting the realization of self-driving trains, with a train crew member in the front of the train, but no train driver on duty
- Expanding one-person operation
Advancing one-person operation while securing safety through the introduction of platform monitoring equipment and platform detection devices

Maintenance

- Maintenance and inspections utilizing drones and robots
- Scheduled removal of unnecessary assets
- Monitoring of railways for trains in operation
Promoting inspection laborsaving with the installation of monitoring equipment on trains used to carry passengers

Energy

- Development and introduction of energy-saving train cars
Reducing energy expenses and maintenance expenses through the introduction of rolling stock with high energy efficiency
- Utilization of storage battery technology
Reducing electricity consumption through the effective use of regenerative electric power

Smart Support Station



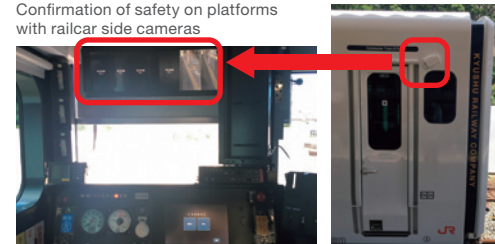
Safety confirmation Guidance



Automated rail welding machines



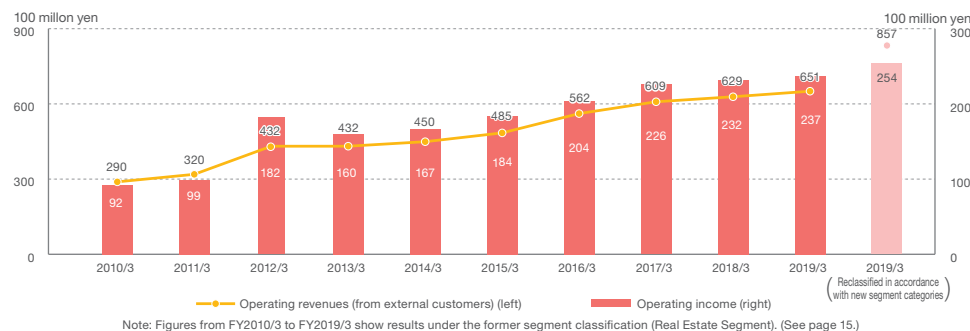
Platform monitoring equipment (railcar side cameras)
Confirmation of safety on platforms with railcar side cameras



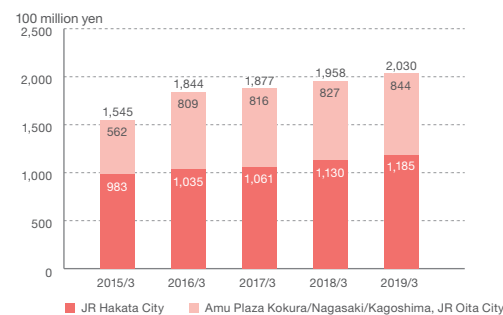
Energy-saving train cars (dual energy charge trains)



Real Estate and Hotels Segment — Overview and Current Status



Station Building Tenant Sales



① Amu Plaza Kokura



② Amu Plaza Nagasaki



③ Amu Plaza Kagoshima



④ JR Hakata City



⑤ JR Oita City



Station Buildings

Business area: Kyushu

Major Station Buildings

Building name	Date opened	Floor area (m ²)	No. of visitors (10,000) FY2019/3	Tenant sales (100 million yen) FY2019/3
① Amu Plaza Kokura	March 14, 1998	48,500	1,494	125
② Amu Plaza Nagasaki	September 21, 2000	58,500	1,172	210
③ Amu Plaza Kagoshima	September 17, 2004	64,700	1,837	268
④ JR Hakata City	March 3, 2011	240,000 <small>*incl. Hakata Hankyu</small>	7,257	1,185
⑤ JR Oita City	April 16, 2015	144,500	2,369	241

Office Leasing

Business area: Kyushu, extended to Tokyo metropolitan area

Overview of Office Leasing

	Name	Acquired	Floor area(m ²)
①	Akasaka Sanno Center Building	March, 2011	5,000
②	Kojimachi Nibancho Center Building	March, 2014	44,000
③	JRJP Hakata Building	April, 2016	44,000
④	Hirakawacho Center Building	September, 2016	8,000
⑤	Shinkawa East Building	January, 2019	10,000

JRJP Hakata Building
(Commercial facilities, Office leasing)

Real Estate and Hotels Segment — Overview and Current Status

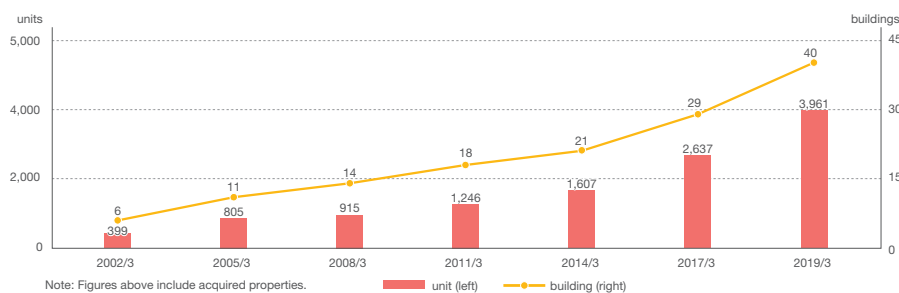
Residential Buildings

Business overview: Apartment leasing, condominium sales

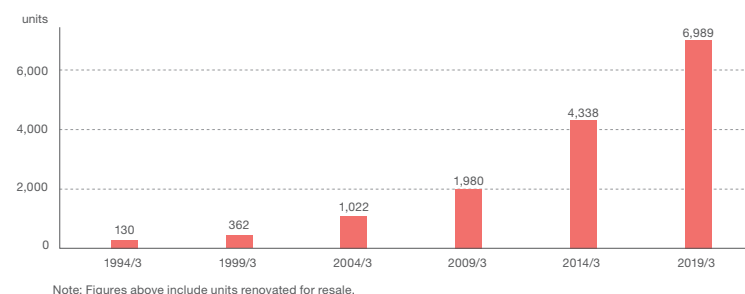
Business area: Centered on Kyushu, also extended to major urban areas in Japan

Brands: RJR (apartment leasing), MJR (condominiums)

Apartment Leasing: Number of Completed Units and Buildings (Cumulative)



Condominium Sales: Number of Delivered Units (Cumulative)



RJR Precia Yoshizukaekimae
RJR Precia Yoshizukaekimae II
(Apartment leasing)



MJR Akasaka Tower
(Condominium)

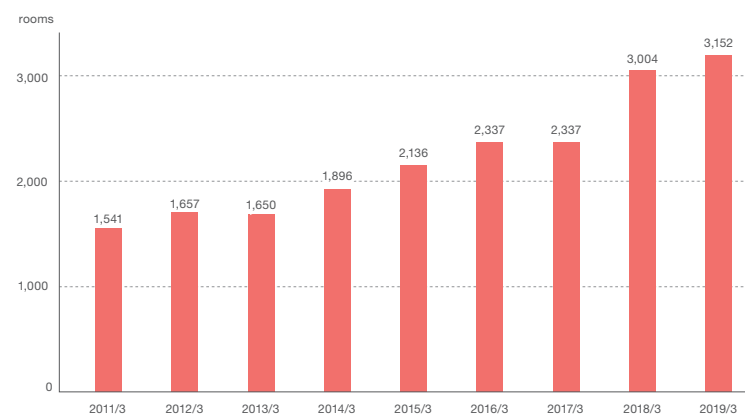
Hotels

Business area: Centered on Kyushu, also extended to Tokyo metropolitan area and Thailand

Number of Guest Rooms/Opening

	Hotel name	Location	Number of rooms	Year of Opening
1	JR Kyushu Hotel Blossom Fukuoka	Fukuoka City, Fukuoka Prefecture	90	December, 1992 Rebranded and reopened on July, 2011
2	Hotel Okura JR Huis Ten Bosch	Sasebo City, Nagasaki Prefecture	320	June, 1995 Rebranded and reopened on April, 2012
3	Station Hotel Kokura	Kitakyushu City, Fukuoka Prefecture	294	April, 1998
4	JR Kyushu Hotel Nagasaki	Nagasaki City, Nagasaki Prefecture	144	September, 2000
5	JR Kyushu Hotel Kagoshima	Kagoshima City, Kagoshima Prefecture	247	South wing: Aug, 2001/North wing: Mar, 2010
6	Okuhita Onsen Umehibiki	Hita City, Oita Prefecture	32	November, 2002 Rebranded and reopened on Nov, 2017
7	Hana Beppu Ryokan	Beppu City, Oita Prefecture	30	September, 2003 Rebranded and reopened on April, 2012
8	JR Hotel Yakushima	Kumage District, Kagoshima Prefecture	46	October, 2005
9	JR Kyushu Hotel Kokura	Kitakyushu City, Fukuoka Prefecture	187	September, 2007
10	JR Kyushu Hotel Miyazaki	Miyazaki City, Miyazaki Prefecture	141	November, 2011
11	JR Kyushu Hotel Blossom Hakata Chuo	Fukuoka City, Fukuoka Prefecture	247	April, 2013
12	JR Kyushu Hotel Blossom Shinjuku	Shibuya-ku, Tokyo	239	August, 2014
13	JR Kyushu Hotel Blossom Oita	Oita City, Oita Prefecture	190	April, 2015
14	JR Kyushu Hotel Blossom Naha	Naha City, Okinawa Prefecture	218	June, 2017
15	Shama Lakeview Asoke Bangkok	Bangkok, Thailand	429	1999 Rebranded and reopened on April, 2018
16	Aloft Bangkok Sukhumvit 11	Bangkok, Thailand	298	2011

Number of Guest Rooms at JR Kyushu Group Hotels (Cumulative)



JR Kyushu Hotel
Blossom Hakata Chuo
(Hotel)



Okuhita Onsen
Umehibiki

Real Estate and Hotels Segment — Major Development Plans

Development in Areas Surrounding Stations

Hakata Station Area Development

《Hakata Eki-mae 2-Chome Complex》

Location: 2-172 Hakata-ekimae,
Hakata-ku, Fukuoka City,
Fukuoka Prefecture.

Total floor area: 15,299m²

Uses: Hotel (F4-14)

Community center (F3)

Commercial facilities (F1-2)

No. of guest rooms: 238

Scheduled opening: September 2019



《Plan for utilizing the space above the tracks at Hakata Station》

Plan for “a new city” that utilizes the space above the Hakata Station tracks in a three-dimensional manner



Kyushu Shinkansen
Nagasaki Route
(Takeo-onsen-Nagasaki)
Scheduled to
open in FY2023/3

Nagasaki Station Area Development

Uses: Commercial areas, office buildings,
hotels, etc.



Kumamoto Station Area Development

Lot area: Approx.70,000m² (including area below elevated tracks)

Total floor space: Approx. 109,000m² (station building)

Uses: Commercial areas (station building, etc.), hotels,
residential areas, office buildings, etc.

Scheduled opening: Winter 2020 (office buildings)

Spring 2021 (station building, hotels)



Kagoshima-Chuo Station West Entrance Development

Uses: commercial areas, office
buildings, residential areas, etc.

Miyazaki Station West Entrance Development

《JR Miyako Twin Building (joint development with Miyakohgroup)》

Commercial facility name: AMU PLAZA Miyazaki

Lot area: Approx. 7,300m²

Total floor space: Approx. 37,700m²

Uses: Commercial areas (station building, etc.), office buildings, etc.

Scheduled opening: Fall 2020



Hotel

《THE BLOSSOM HIBIYA》

Location: 1-1-13 Shimbashi, Minato-ku, Tokyo

Total floor area: 10,400m²

Floors: 18 to 27

No. of guest rooms: 255

Scheduled opening: August 2019



Residential Buildings

Apartment Leasing

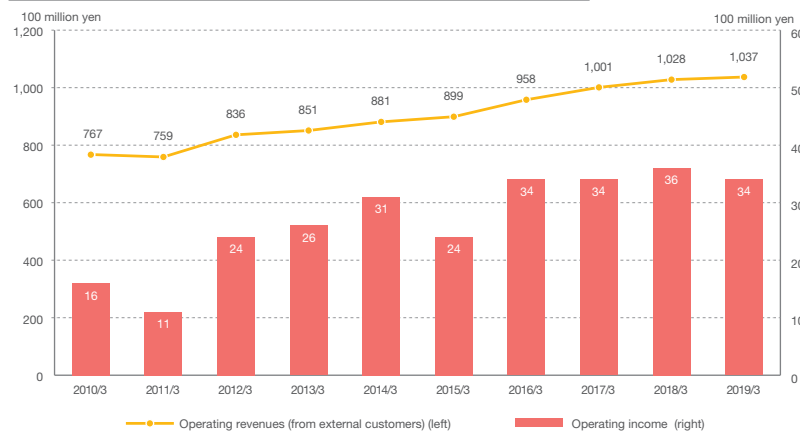
Name	Location	No. of total units (provisional)	Fiscal year of completion (acquisition) (provisional)
RJR Precia Befuekimae	Fukuoka City, Fukuoka Prefecture	41	2020/3
RJR Precia Takeshita II	Fukuoka City, Fukuoka Prefecture	72	2020/3
RJR Precia Ropponmatsu	Fukuoka City, Fukuoka Prefecture	94	2020/3
RJR Precia Tenjin South	Fukuoka City, Fukuoka Prefecture	202	2021/3
RJR Sakaisuji Hommachi Tower	Osaka City, Osaka Prefecture	144	2021/3

Condominium Sales

Name	Location	No. of total units (provisional)	Fiscal year of delivery (provisional)
MJR The Garden Miyazakiekimae	Miyazaki City, Miyazaki Prefecture	182	2020/3
MJR The Garden Kami-Kumamotoekimae	Kumamoto City, Kumamoto Prefecture	188	2020/3
MJR Shin-Oe	Kumamoto City, Kumamoto Prefecture	28	2020/3
Marks City Futsukaichi	Chikushino City, Fukuoka Prefecture	164	2020/3
MJR Meinhamaekiminami	Fukuoka City, Fukuoka Prefecture	46	2020/3
MJR Chihaya Branchera	Fukuoka City, Fukuoka Prefecture	182	2021/3
MJR Sakaisuji Hommachi Tower	Osaka City, Osaka Prefecture	296	2021/3

The Other Segment — Current Status

Retail and Restaurant Segment



Major Stores(as of April 1, 2019)

Retail	FamilyMart (198 stores) Drug Eleven (198 stores, of which 4 stores outside Kyushu)
Food and beverage	Umayu (24 stores, of which 11 stores outside Kyushu) Kentucky Fried Chicken (39 stores) Seattle's Best Coffee (46 stores, of which 10 stores outside Kyushu)

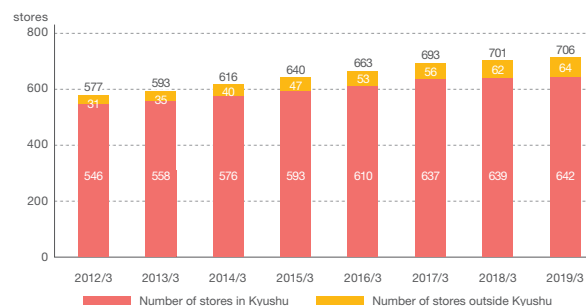


Drug Eleven and Family Mart shared store

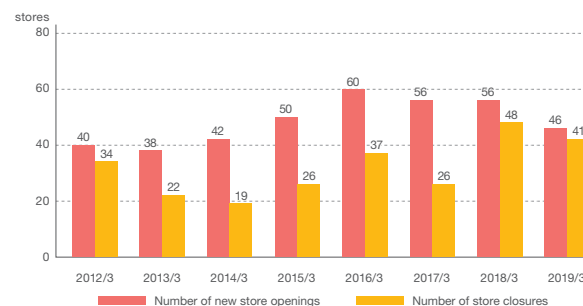


Akasaka-Umayu Shanghai Middle Huaihai Road

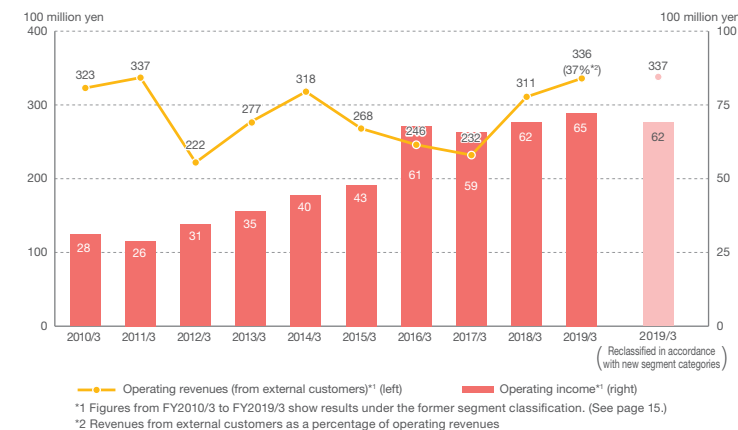
Number of Stores in the Retail and Restaurant Segment (Cumulative)



Number of Store Openings and Closures in the Retail and Restaurant Segment



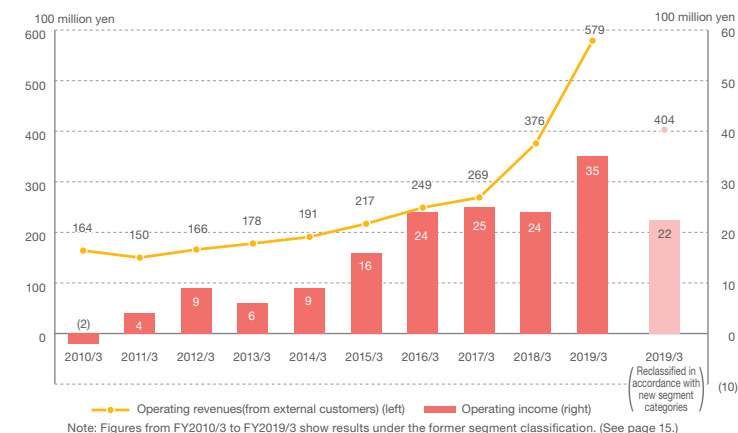
Construction Segment



Major Project Orders Received Recently

- Hokuriku Shinkansen related work (design, track work)
- Kyushu Shinkansen (Nagasaki route) related work (design, track work, civil engineering work)

Other Segment



- Caterpillar Kyushu Ltd. became a consolidated subsidiary in October 2017
- From April 1, 2019, the hotel business and the seniors business were consolidated into the Real Estate and Hotels Segment.

Financial Results (Consolidated)

100 million yen

	2003/3	2004/3	2005/3	2006/3	2007/3	2008/3	2009/3	2010/3	2011/3	2012/3	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3
Total assets	9,978	9,760	9,746	9,695	9,869	9,777	9,478	9,756	10,166	10,086	10,398	11,062	11,409	6,466	6,766	7,495	8,014
Total liabilities	3,457	3,185	3,061	3,001	3,035	2,929	2,680	2,858	3,256	3,061	3,099	3,659	3,697	3,409	3,282	3,663	3,807
Total shareholders' equity	6,455	6,502	6,611	6,621	—	—	—	—	—	—	—	—	—	—	—	—	—
Non-controlling interests*	66	72	72	73	(73)	(60)	(54)	(58)	(61)	(67)	(75)	(77)	(47)	(54)	(54)	(60)	(58)
Total net assets	—	—	—	—	6,834	6,848	6,798	6,897	6,910	7,024	7,298	7,403	7,712	3,057	3,484	3,832	4,207
Operating revenues (from external customers)	2,348	2,516	2,547	2,564	2,658	3,112	2,999	2,926	2,971	3,328	3,428	3,548	3,574	3,779	3,829	4,133	4,403
Transportation	1,377	1,376	1,465	1,474	1,490	1,505	1,477	1,379	1,403	1,670	1,688	1,706	1,704	1,763	1,716	1,787	1,798
Construction	181	341	238	202	243	294	222	323	337	222	277	318	268	246	232	311	336
Real Estate	191	193	227	247	261	248	228	290	320	432	432	450	485	562	609	629	651
Retail and Restaurant	391	393	404	408	411	804	817	767	759	836	851	881	899	958	1,001	1,028	1,037
Other	207	213	210	232	251	259	253	164	150	166	178	191	217	249	269	376	579
Operating income (loss)	(3)	15	40	50	74	82	76	19	20	147	120	90	127	208	587	639	638
Transportation	(84)	(83)	(39)	(57)	(0)	(43)	(36)	(105)	(114)	(99)	(110)	(149)	(132)	(105)	257	292	274
Construction	8	29	12	10	14	15	7	28	26	31	35	40	43	61	59	62	65
Real Estate	64	71	62	95	45	96	95	92	99	182	160	167	184	204	226	232	237
Retail and Restaurant	6	5	4	8	11	20	16	16	11	24	26	31	24	34	34	36	34
Other	2	(0)	0	(2)	2	(0)	(1)	(2)	4	9	6	9	16	24	25	24	35
Adjustments	(0)	(6)	(1)	(3)	1	(5)	(4)	(10)	(6)	(0)	1	(8)	(9)	(9)	(16)	(7)	(8)
Non-operating income (expenses)	86	86	87	81	94	94	69	69	65	55	52	121	127	111	18	30	26
Non-operating income	18	15	8	7	10	13	12	10	8	8	7	7	8	7	29	39	38
Non-operating expenses	79	71	71	68	67	60	63	54	54	54	52	6	6	7	11	8	11
Earnings from use of the management stabilization fund	147	142	149	143	151	141	120	113	111	101	97	120	125	111	—	—	—
Ordinary income	83	102	127	132	169	177	146	88	86	202	173	212	255	320	605	670	665
Extraordinary gains (losses)	4	17	22	(117)	52	(8)	(99)	(20)	(26)	(6)	(46)	11	21	(4,764)	(49)	(22)	(21)
Extraordinary gains	264	184	220	128	205	153	207	112	184	213	104	112	363	697	306	166	185
Extraordinary losses	259	166	197	245	153	161	307	132	211	219	151	101	342	5,462	355	188	206
Net income (loss) attributable to owners of the parent	38	52	110	(10)	133	92	18	22	21	67	60	115	150	(4,330)	447	504	492
Net cash provided by operating activities	324	384	352	407	511	305	197	361	387	484	446	396	461	634	285	876	414
Net cash provided by (used in) investing activities	(220)	(176)	(277)	(225)	(500)	(312)	(141)	(507)	(798)	(485)	(445)	(590)	(692)	90	(183)	(683)	(746)
Free cash flow	103	208	74	182	11	(6)	55	(146)	(410)	(1)	1	(194)	(231)	724	102	193	(331)
Net cash provided by (used in) financing activities	(161)	(134)	(18)	(82)	(58)	(95)	(155)	9	387	(5)	(9)	221	198	(400)	(6)	(91)	56
Net increase (decrease) in cash and cash equivalents	(58)	75	56	100	(46)	(103)	(99)	(136)	(23)	(5)	(7)	26	(30)	324	95	101	(275)

Notes: 1."Shareholders' equity" has been replaced by "Total net assets" pursuant to the Companies Act of Japan, which came into force on May 1, 2006. The display methods of related figures and items have been adjusted to reflect this change. Non-controlling interests (previously minority interests) are included in net assets in FY2007/3 and beyond, and restated figures are displayed in parentheses.

2.For FY2013/3 and prior, adjustments for expenses related to seconded employees are included in non-operating expenses. For FY2014/3 and beyond, adjustments for expenses related to seconded employees are included in operating expenses.

3.Figures for operating revenues (from external customers) and operating income show results under the former segment classification. (See page 15.)

Financial Results(Non-Consolidated)

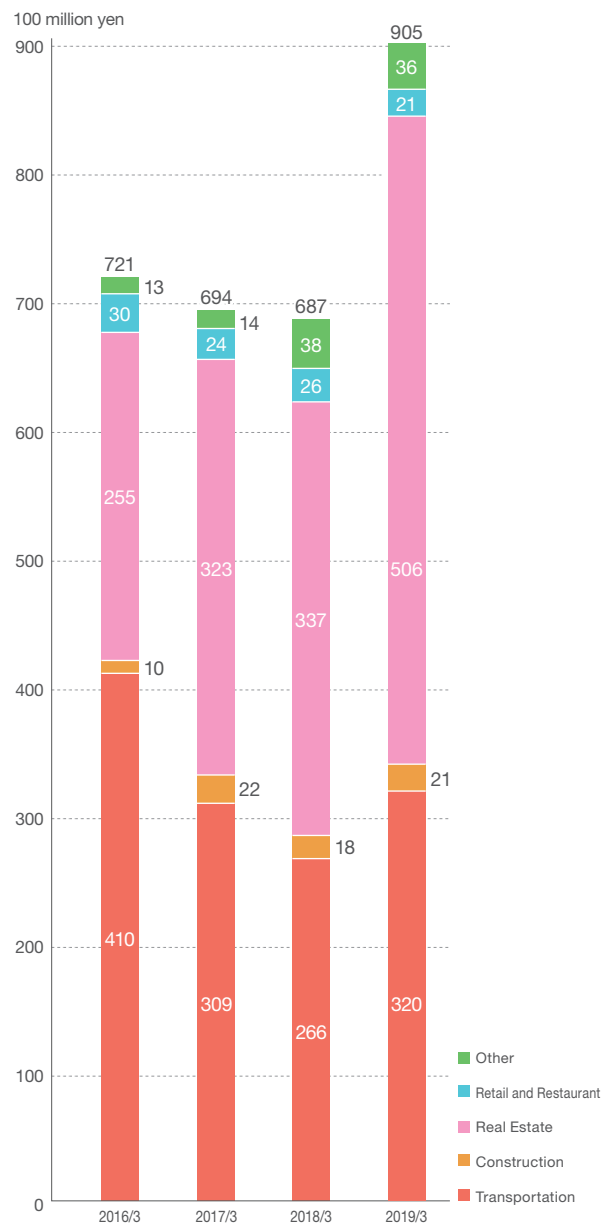
100 million yen

	1988 /3	2000 /3	2001 /3	2002 /3	2003 /3	2004 /3	2005 /3	2006 /3	2007 /3	2008 /3	2009 /3	2010 /3	2011 /3	2012 /3	2013 /3	2014 /3	2015 /3	2016 /3	2017 /3	2018 /3	2019 /3
Total assets	7,801	9,262	9,416	9,133	9,070	8,988	8,921	8,941	9,093	8,979	8,819	9,032	9,345	9,279	9,574	10,157	10,482	5,369	5,555	5,813	6,329
Total liabilities	801	2,866	2,860	2,658	2,610	2,507	2,411	2,402	2,456	2,323	2,209	2,338	2,635	2,494	2,563	3,032	3,079	2,745	2,580	2,549	2,742
Total shareholders' equity	6,999	6,395	6,555	6,475	6,460	6,481	6,509	6,539	—	—	—	—	—	—	—	—	—	—	—	—	—
Total net assets	—	—	—	—	—	—	—	—	6,637	6,655	6,610	6,694	6,710	6,785	7,010	7,125	7,402	2,623	2,975	3,263	3,587
Operating revenues	1,298	1,611	1,605	1,529	1,497	1,503	1,602	1,606	1,620	1,611	1,570	1,543	1,584	1,907	1,930	1,961	2,001	2,111	2,122	2,197	2,219
Railway services	1,266	1,388	1,379	1,346	1,308	1,311	1,391	1,399	1,410	1,410	1,387	1,298	1,329	1,599	1,610	1,625	1,632	1,691	1,649	1,713	1,722
Revenues from transportation	1,069	1,189	1,175	1,142	1,114	1,119	1,204	1,201	1,203	1,215	1,209	1,144	1,168	1,416	1,412	1,439	1,450	1,501	1,464	1,511	1,514
Other revenues	197	199	203	204	194	191	187	197	207	194	178	154	160	183	198	186	182	190	185	201	207
Revenues from related businesses	32	221	225	181	188	191	210	207	210	201	182	245	255	307	319	335	368	419	472	484	497
Operating expenses	1,587	1,740	1,729	1,652	1,531	1,529	1,597	1,591	1,599	1,583	1,527	1,568	1,615	1,864	1,914	1,980	1,982	2,056	1,687	1,729	1,761
Personnel expenses	768	838	801	782	671	624	596	569	558	561	553	533	535	533	543	582	557	542	531	513	497
Non-personnel expenses	559	655	662	606	602	657	740	767	795	764	713	764	798	969	1,027	1,062	1,085	1,162	1,025	1,043	1,065
Energy expenses	73	71	69	68	66	68	69	65	62	64	68	61	62	75	79	94	97	88	80	88	94
Repair expenses	218	202	217	202	203	217	244	301	281	302	268	279	293	322	329	340	365	389	378	363	372
Operating expenses	267	380	374	335	332	371	426	400	451	397	375	424	442	571	618	627	623	684	566	590	598
Taxes and dues	17	34	36	36	39	37	42	43	42	42	42	43	43	44	51	50	51	58	60	75	80
Depreciation costs	241	212	229	226	217	210	218	210	203	214	217	226	238	317	292	284	287	293	70	96	118
Operating income (loss)	(288)	(129)	(123)	(122)	(34)	(26)	4	15	21	27	42	(24)	(31)	42	15	(19)	18	54	434	467	457
From railway services	(280)	(139)	(145)	(168)	(89)	(82)	(40)	(57)	(7)	(53)	(39)	(109)	(122)	(104)	(117)	(156)	(140)	(115)	250	282	267
From non-railway services	(7)	9	22	45	55	56	45	73	28	81	81	84	91	147	132	137	159	169	184	185	189
Non-operating income (expenses)	303	182	180	177	91	88	89	83	97	101	74	73	78	59	60	135	145	128	40	55	80
Non-operating income	21	18	11	10	14	12	5	4	9	12	13	12	19	11	15	22	25	24	51	62	96
Non-operating expenses	1	1	1	2	70	66	66	64	63	52	59	53	51	52	53	7	5	6	10	6	15
Earnings from use of the management stabilization fund	283	165	170	169	147	142	149	143	151	141	120	113	111	101	97	120	125	111	—	—	—
Ordinary income	15	52	56	55	57	62	93	99	118	129	117	48	46	102	75	116	163	182	475	522	537
Extraordinary gains (losses)	20	0	0	0	(9)	(3)	(47)	(45)	46	1	(92)	(9)	(4)	8	(41)	7	9	(4,819)	(42)	(23)	(9)
Extraordinary gains	39	58	33	117	256	177	213	121	197	141	187	98	152	207	103	103	342	694	302	153	183
Extraordinary losses	18	58	33	117	265	181	261	166	150	140	279	108	156	199	144	95	332	5,513	345	177	193
Net income (loss)	9	28	30	11	12	26	29	9	89	77	16	18	28	33	20	72	95	(4,444)	376	416	442

Notes: 1. "Shareholders' equity" has been replaced by "Total net assets" pursuant to the Companies Act of Japan, which came into force on May 1, 2006. The display methods of related figures and items have been adjusted to reflect this change.

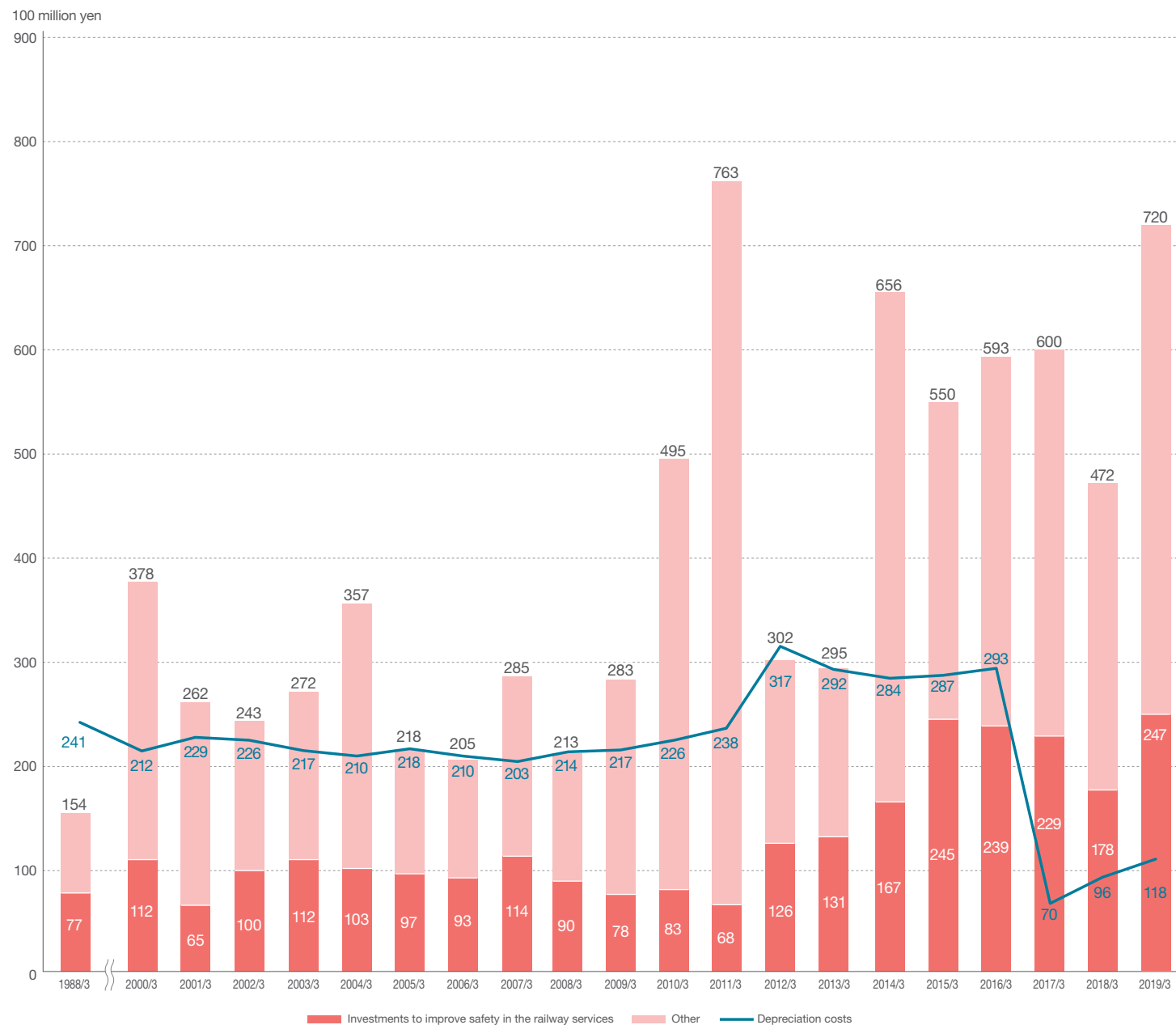
2. For FY2013/3 and prior, adjustments for expenses related to seconded employees are included in non-operating expenses. For FY2014/3 and beyond, adjustments for expenses related to seconded employees are included in operating expenses.

Capital Investment Amounts(Consolidated)



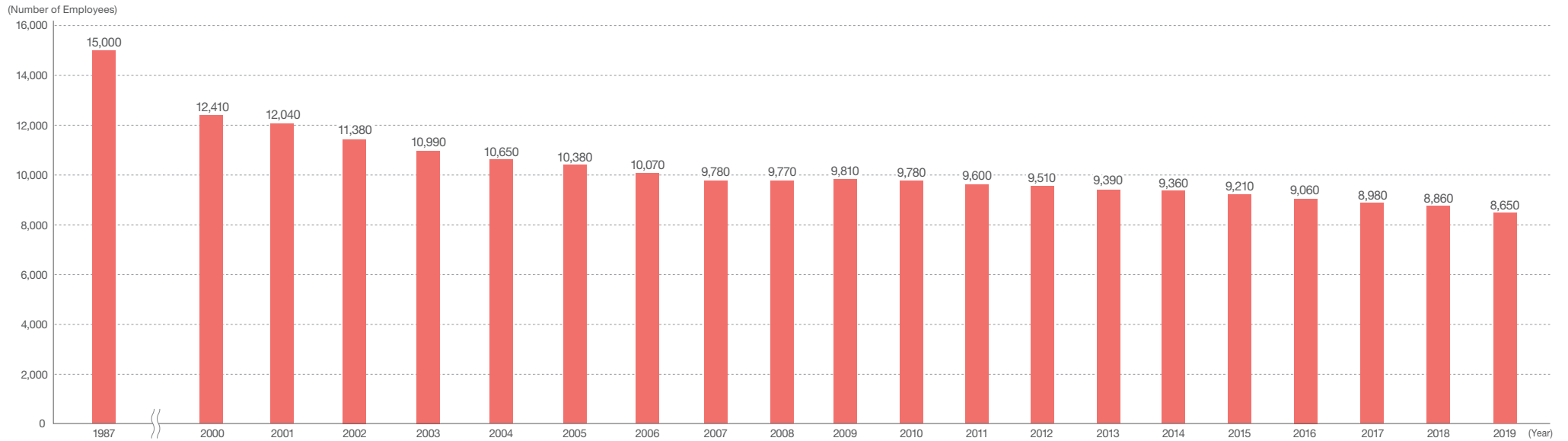
Note: Results under the former segment classification. (See page 15.)

Capital Investment Amounts(Non-Consolidated)

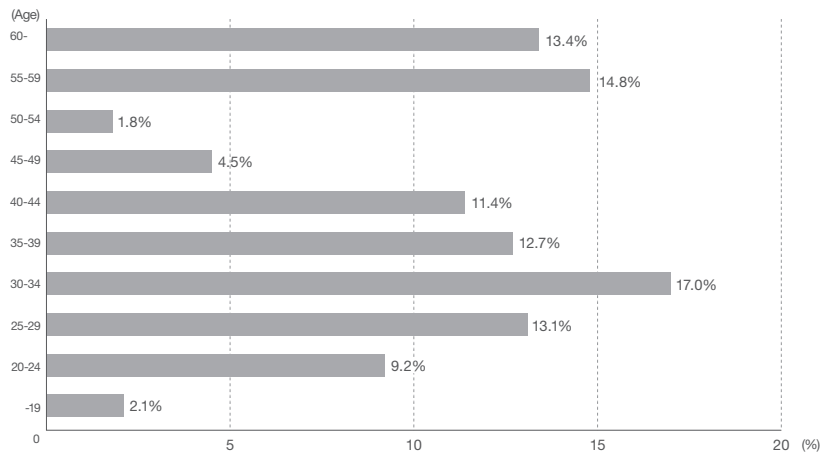


Employees

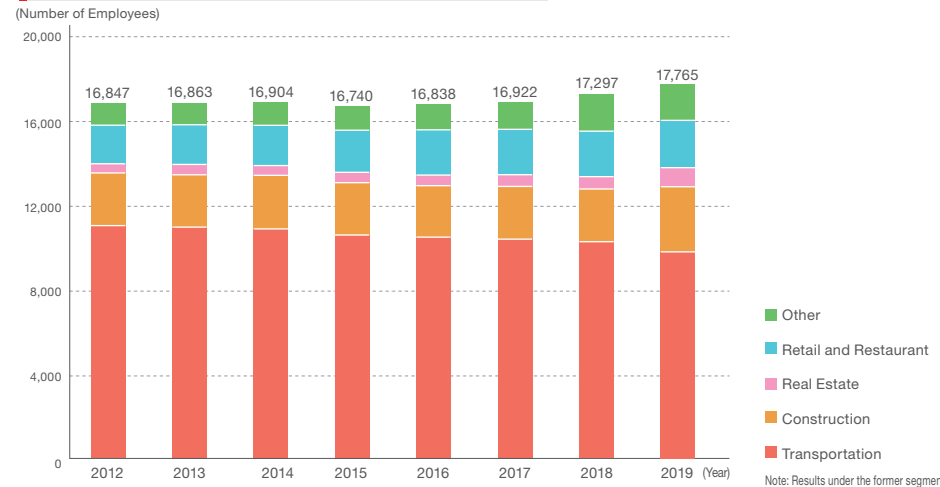
Number of Employees (Non-Consolidated) as of April 1



Age Distribution of Employees (Non-Consolidated) as of April 1, 2019



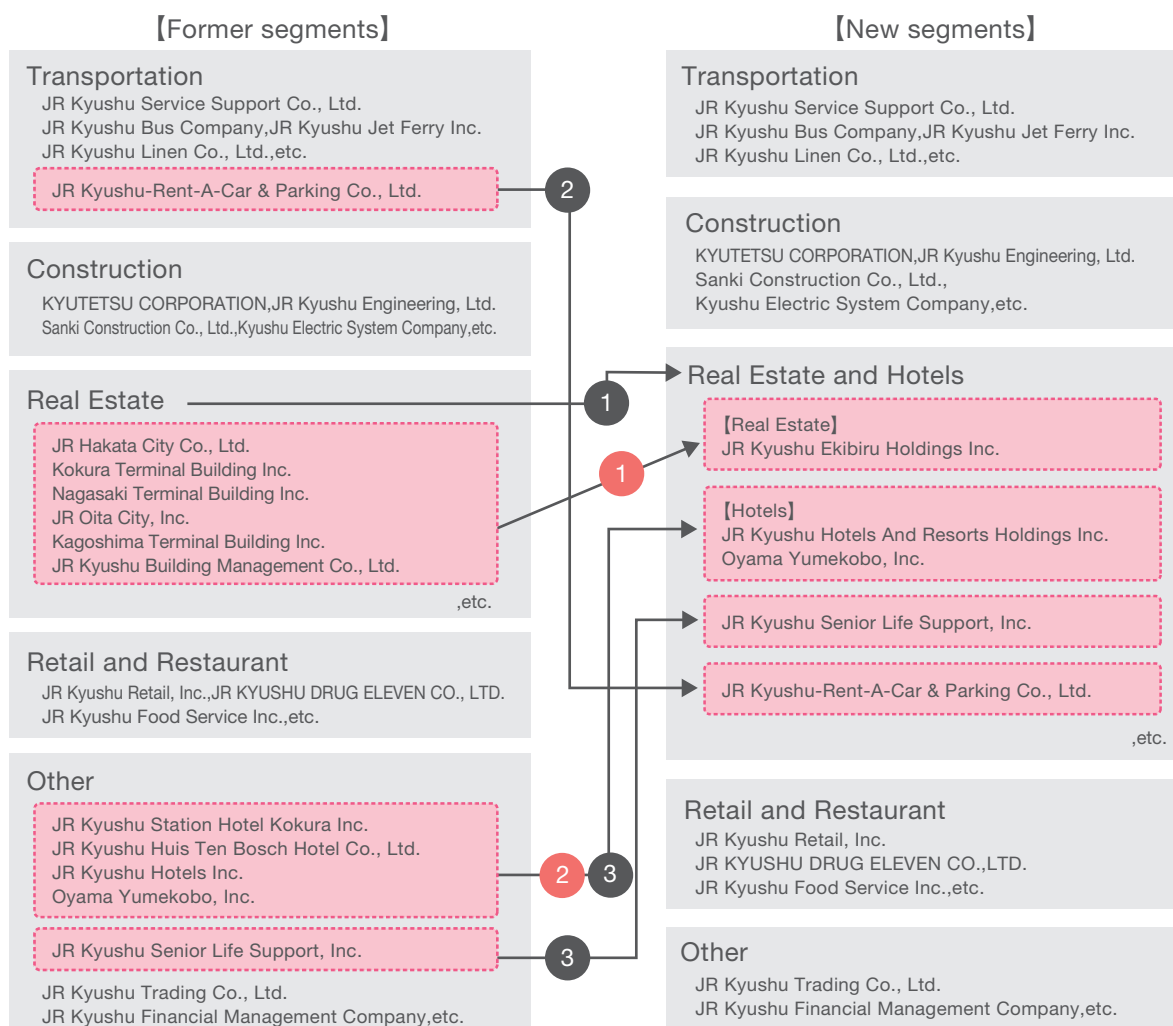
Number of Employees (Consolidated) as of March 31



Further Strengthen Our Management Foundation — Implement Segment Classification Changes, etc.

We will steadily advance segment management by establishing intermediate holding companies in the station building business and the hotel business, changing segment classifications, etc.

Overview of segment classification changes, etc. (April 1, 2019)



Points of change

- 1
 - 2
- Establish intermediate holding companies in the station building and hotel business (April 1, 2019)

Strengthen governance and achieve agile and flexible decision-making and operational execution through business management based on intermediate holding companies (JR Kyushu Hotels And Resorts Holdings Inc., JR Kyushu Ekibiru Holdings Inc.)

Change segment classifications and revenue/expense classifications (April 1, 2019)

[Segment classification changes, etc.]

- 1 Real Estate segment → Real Estate and Hotels segment**
Segment name changed in conjunction with the segment classification changes in order to seamlessly strengthen the real estate and hotel businesses
- 2 JR Kyushu-Rent-A-Car & Parking Co., Ltd.**
Aim for further growth in the core parking lot business by strengthening collaboration with the real estate business
- 3 Hotel business and JR Kyushu Senior Life Support, Inc.**
Revise the practice under which multiple segments record revenues, etc., from the hotel business and the seniors business, which are aiming for further growth by strengthening collaboration with the real estate business. Shift the hotel business and the seniors business to the Real Estate and Hotels segment

[Change in revenue/expense classification]

We will recognize business profit/loss more practically, through changing allocation criteria for station building rent (revenue) and fixed asset tax (expense) between the Transportation segment and the Real Estate and Hotels segment

Changes in Cost Structure

Elimination of Special Tax Measures

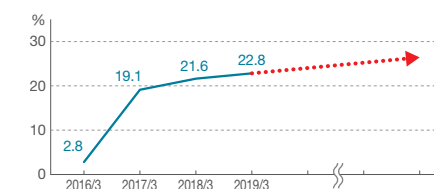
- Elimination of special tax measures (special tax breaks implemented following the privatization of Japanese National Railways and provisions extending the period of these breaks) effective March 31, 2019 (period extending provisions eliminated effective March 31, 2017)
- Inability to accurately calculate tax reduction amount as tax amounts are based on evaluations by municipal governments
- Amount of impact on performance in FY2019/3 estimated to be approximately ¥4.8 billion (to be recorded under taxes and non-personnel expenses)

Depreciation Costs of the Railway Business

- Decrease in depreciation costs in conjunction with impairment losses on fixed assets held in the railway business (approximately ¥520.0 billion) recorded on March 31, 2016
- Capital investment of between ¥25.0 billion and ¥30.0 billion a year conducted in railway business (excluding rolling stocks) after impairment losses
- Gradual increase in depreciation costs going forward due to continuation of current trends (risk for upturns stemming from rolling stock upgrades)

Corporate Tax Rate

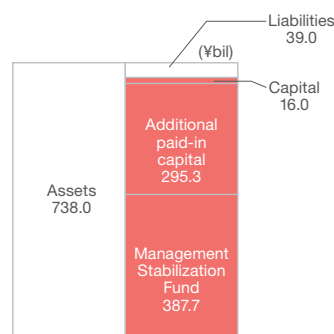
- Disparity between tax burden and effective tax rate (30.5% in FY2019/3) due to significant temporary differences associated with impairment losses (income used for taxation purposes lower than income used for accounting purposes)
- Gradual increase in tax rates as temporary differences associated with impairment losses resulted in the recording of new deferred tax assets
- Current trends to continue over foreseeable future but long-term trends undetermined



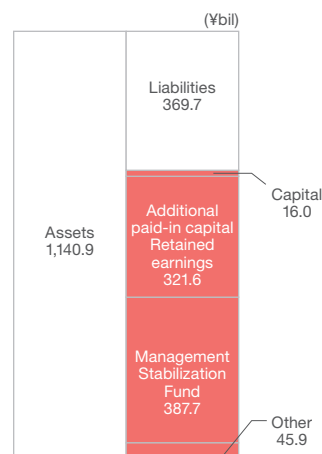
Changes in Capital Structure

- Capital calculated as difference between assets and liabilities at time of privatization of Japanese National Railways in 1987
- JR Kyushu established with excessive levels of capital (additional paid-in capital) due to low levels of liabilities
Note: The three JR companies on the Japanese mainland had limited capital due to inheriting liabilities from Japanese National Railways.
- Management Stabilization Fund (¥387.7 billion) depleted in FY2016/3 to direct funds to Shinkansen lease fees (prepaid expenses)
Impairment losses on fixed assets held in the railway business (approximately ¥520.0 billion) stemming from depletion of the Management Stabilization Fund
⇒ Capital still higher than peers, despite decrease, as a result of circumstances surrounding establishment

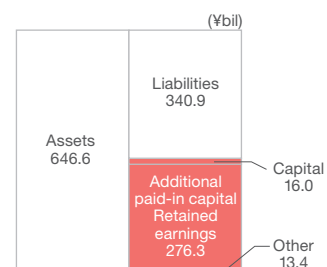
At Time of Establishment: 1987 (Non-Consolidated)



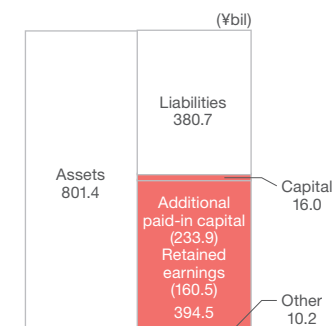
Prior to Depletion of Management Stabilization Fund: March 31, 2015 (Consolidated)



After Depletion of Management Stabilization Fund: March 31, 2016 (Consolidated)



March 31, 2019 (Consolidated)



FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements, including future outlooks and objectives of the JR Kyushu Group. These statements are judgments made by the Company based on information, projections, and assumptions available at the time of the document's creation.

Accordingly, please be advised that actual operating results could greatly differ from the contents of this document due to the effects of the economic situation inside and outside Japan, and of the Kyushu area, real estate market conditions, the progress of respective projects, changes in laws and regulations, and a wide range of other risk factors.