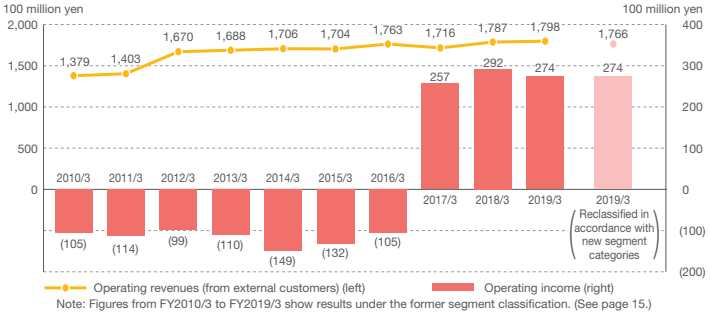
Transportation Segment — Overview



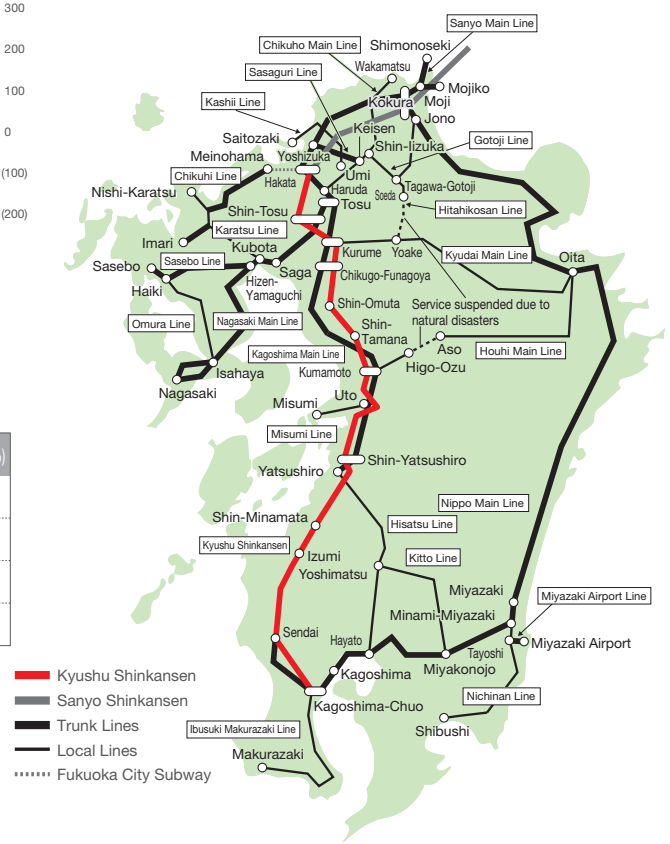
Note: Figures from FY2010/3 to FY2019/3 show results under the former segment classification. (See page 15.)

Railway Services

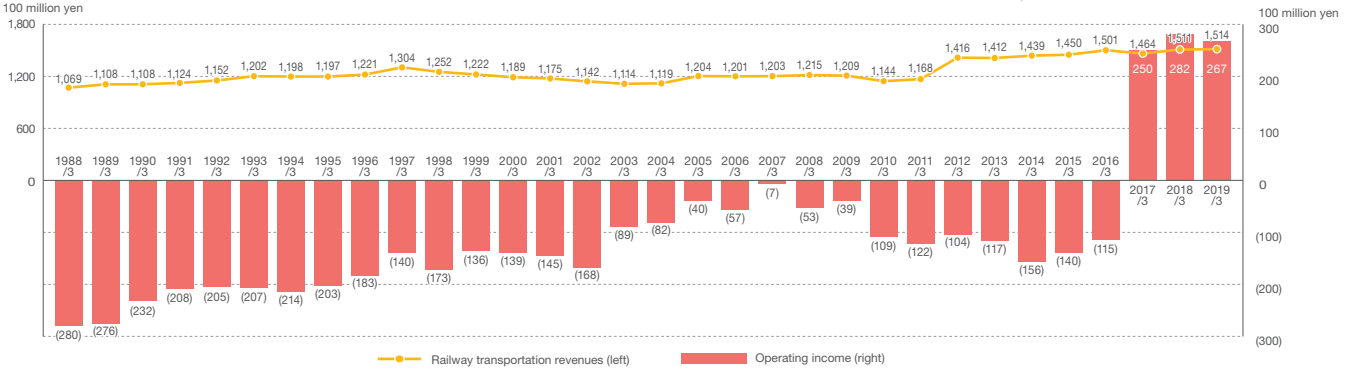
Route Summary
(as of March 31, 2019)

	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

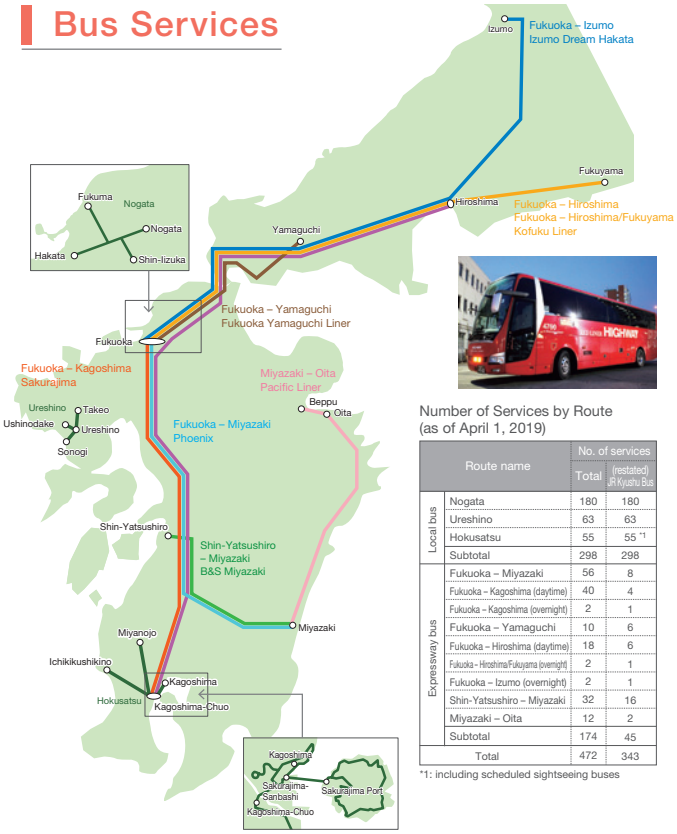
Notes: Number of stations in parentheses represent the number of stations including stations served by both Shinkansen and conventional lines.



Revenues from Railway Transportation and Operating Income in the Railway Business



Bus Services

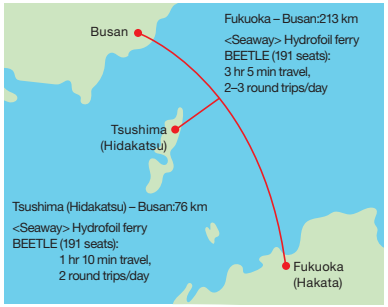


Number of Services by Route
(as of April 1, 2019)

	Route name	No. of services Total	(restated) JR Kyushu Bus
Local bus	Nogata	180	180
	Ureshino	63	63
	Hokusatsu	55	55 *1
	Subtotal	298	298
Expressway bus	Fukuoka – Miyazaki	56	8
	Fukuoka – Kagoshima (daytime)	40	4
	Fukuoka – Kagoshima (overnight)	2	1
	Fukuoka – Yamaguchi	10	6
	Fukuoka – Hiroshima (daytime)	18	6
	Fukuoka – Hiroshima/Fukuyama (overnight)	2	1
	Fukuoka – Izumo (overnight)	2	1
	Shin-Yatsushiro – Miyazaki	32	16
	Miyazaki – Oita	12	2
	Subtotal	174	45
	Total	472	343

*1: including scheduled sightseeing buses

Hydrofoil Ferry Services



Port terminal

Fukuoka: Hakata Port International Terminal
Tsushima: Hidakatsu Port International Terminal
Busan: Busan Port International Passenger Terminal

No. of services

Fukuoka – Busan: 2–3 round trips/day
Tsushima – Busan: 2 round trips/day

Current Status of Railway Business

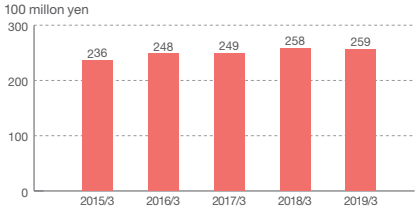
Railway Transportation Revenues

100 millon yen

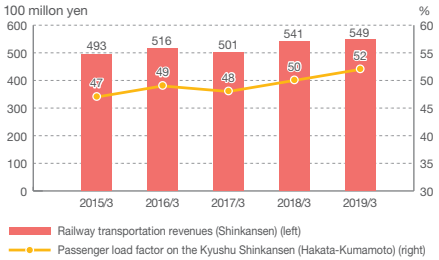
		2010/3	2011/3	2012/3	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3
Shinkansen	Passes	7	8	20	23	24	25	26	26	26	27
	Other	94	123	477	459	464	467	490	474	514	522
	Subtotal	102	131	498	482	489	493	516	501	541	549
Conventional Lines	Passes	284	286	288	291	296	293	295	294	296	297
	Other	758	750	630	637	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

Railway Transportation Revenues(Short Distance*)

* Within 50 km



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



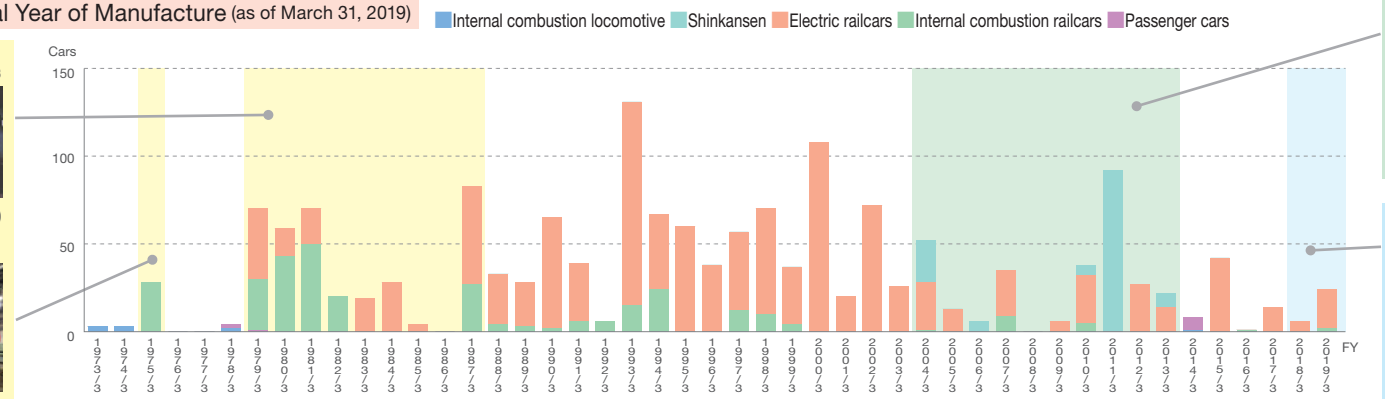
Number of Rolling Stocks

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

cars

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

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



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

Conventional lines (internal combustion railcars) KiHa66/KiHa67
Fiscal year of manufacture: FY1975/3

Note: Excluding steam locomotives and other rolling stock

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

Transportation Data

Passenger-kilometers

Million passenger-km

		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

Number of Passengers

Million

		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

Note: Numbers of Shinkansen passengers have been restated.

Train-kilometers, Car-kilometers

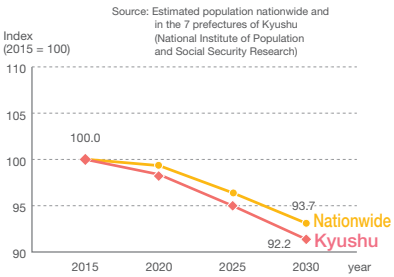
Million-km

	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

Build Sustainable Railway Services through Improvement in Earnings

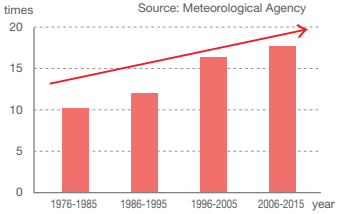
Background

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



Increasing natural disasters in Kyushu

Average annual number of incidents with 80 mm or more of precipitation in one hour in Kyushu



Natural phenomena causing notable damage in recent years
- July 2012: Heavy rain in northern Kyushu
- April 2016: Kumamoto earthquakes
- July 2017: Heavy rain in northern Kyushu
- July 2018: Heavy rain

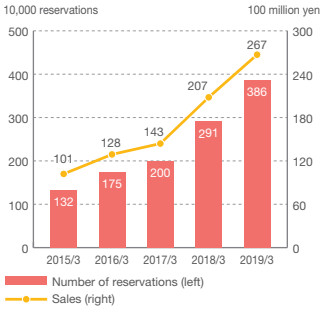
Countermeasures for aging facilities

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.

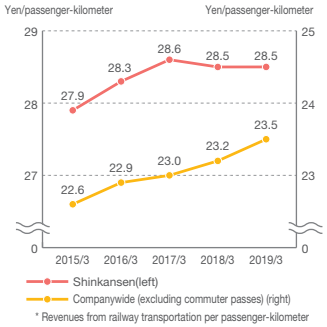
Pursuing Further Earnings Opportunities

- 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

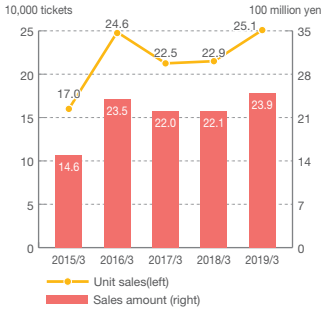


Yield* (Companywide (excluding commuter passes), Shinkansen)



* Revenues from railway transportation per passenger-kilometer

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)