



# FY2018/3 Financial Results Overview, First Quarter

August 10, 2017

Kyushu Railway Company



KYUSHU RAILWAY COMPANY





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# I Financial results for the first quarter of FY2018/3

# Consolidated Financial highlights for the First Quarter of FY2018/3 (Year on Year)

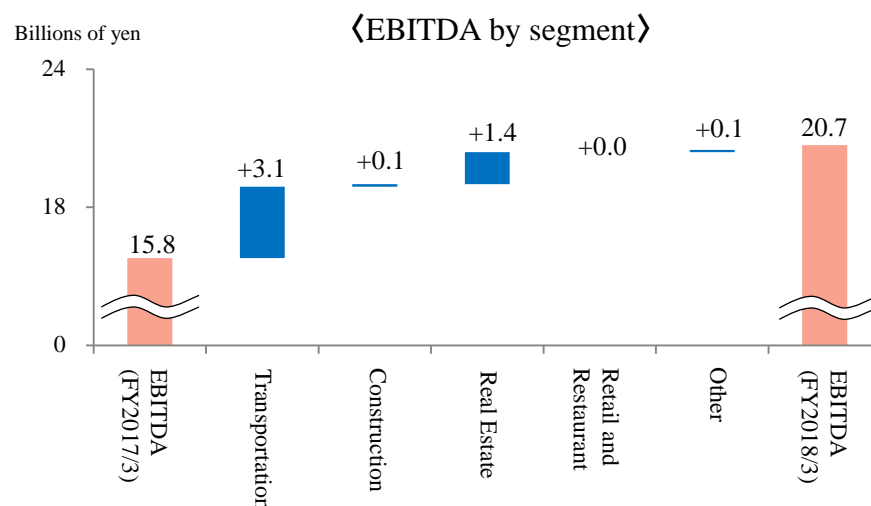
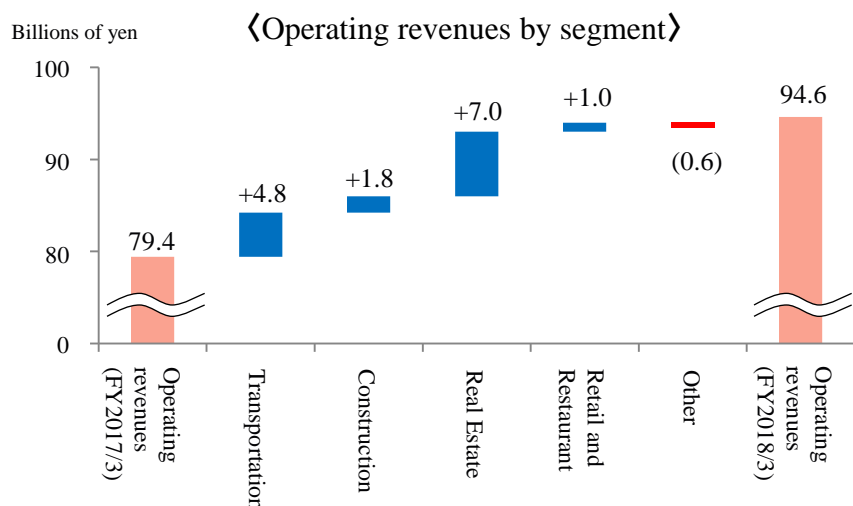


- Operating revenues increased due to a rise in railway transportation revenues owing to such factors as the dissipating impact from the 2016 Kumamoto earthquakes, in addition to higher revenues from condominium sales.
- Net income attributable to owners of the parent increased due to a decline in extraordinary losses associated with the 2016 Kumamoto earthquakes.
- EBITDA increased due to a rise in railway transportation revenues.

(Billions of yen)

	FY2017/3	FY2018/3	YoY	
Operating revenues	79.4	94.6	15.1	119.1%
Operating income	12.3	16.7	4.3	135.3%
Ordinary income	12.9	17.1	4.2	132.4%
Net income attributable to owners of the parent	7.1	13.5	6.3	188.5%
<b>EBITDA</b>	<b>15.8</b>	<b>20.7</b>	<b>4.9</b>	<b>131.4%</b>

Note: EBITDA = operating income + cost of depreciation  
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 Jun 30, 2016	3 months ended Jun 30, 2017	YoY		Major factors
			Increase/ (decrease)	%	
	A	B	B-A	B/A	
Operating revenues	79.4	94.6	15.1	119.1%	Railway transportation revenues +4.1 Revenue from condominium sales +6.3
Operating expenses	67.0	77.8	10.7	116.1%	Condominium selling costs +5.2 Depreciation cost (JR Kyushu) +0.5
Operating income	12.3	16.7	4.3	135.3%	—
Non-operating income and expenses	0.6	0.4	(0.1)	73.7%	—
Ordinary income	12.9	17.1	4.2	132.4%	—
Extraordinary gains and losses	(5.0)	0.1	5.2	—	Decrease in disaster expenses due to the 2016 Kumamoto earthquakes +8.8 Decrease in gain on sales of trusts (3.0)
Net income attributable to owners of the parent	7.1	13.5	6.3	188.5%	—
EBITDA	15.8	20.7	4.9	131.4%	Railway transportation revenues +4.1

# Segment Information (Summary)



(Billions of yen)

	3 months ended Jun 30, 2016  A	3 months ended Jun 30, 2017  B	YoY	
			Increase/ (decrease)  B-A	%  B/A
Operating revenues	79.4	94.6	15.1	119.1%
Transportation	38.8	43.6	4.8	112.6%
Construction	9.2	11.0	1.8	119.5%
Real Estate	11.4	18.5	7.0	161.3%
(Real Estate Lease)	10.9	11.6	0.6	106.1%
Retail and Restaurant	23.8	24.9	1.0	104.6%
Other	13.9	13.3	(0.6)	95.4%
EBITDA	15.8	20.7	4.9	131.4%
Transportation	7.7	10.9	3.1	140.7%
Construction	(0.2)	(0.0)	0.1	—
Real Estate	6.9	8.4	1.4	121.2%
(Real Estate Lease)	7.1	7.5	0.3	105.4%
Retail and Restaurant	1.1	1.2	0.0	106.7%
Other	0.3	0.4	0.1	128.9%

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

# Segment Information ①



## ◆ Transportation Segment

(Billions of yen)

	3 months ended Jun 30, 2016 A	3 months ended Jun 30, 2017 B	YoY	
			Increase/ (decrease) B-A	% B/A
Operating revenues	38.8	43.6	4.8	112.6%
Operating income	7.2	9.7	2.5	135.7%
EBITDA	7.7	10.9	3.1	140.7%

## ◆ Construction Segment

(Billions of yen)

	3 months ended Jun 30, 2016 A	3 months ended Jun 30, 2017 B	YoY	
			Increase/ (decrease) B-A	% B/A
Operating revenues	9.2	11.0	1.8	119.5%
Operating income	(0.4)	(0.2)	0.1	—
EBITDA	(0.2)	(0.0)	0.1	—

# Segment Information ②



## ◆ Real Estate Segment

(Billions of yen)

	3 months ended Jun 30, 2016 A	3 months ended Jun 30, 2017 B	YoY	
			Increase/ (decrease) B-A	% B/A
Operating revenues	11.4	18.5	7.0	161.3%
Operating income	4.8	6.3	1.4	130.6%
EBITDA	6.9	8.4	1.4	121.2%

## (Reprint) Real Estate Lease

(Billions of yen)

	3 months ended Jun 30, 2016 A	3 months ended Jun 30, 2017 B	YoY	
			Increase/ (decrease) B-A	% B/A
Operating revenues	10.9	11.6	0.6	106.1%
Operating income	5.0	5.3	0.3	107.7%
EBITDA	7.1	7.5	0.3	105.4%



# Segment Information ③



## ◆ Retail and Restaurant Segment

(Billions of yen)

	3 months ended Jun 30, 2016 A	3 months ended Jun 30, 2017 B	YoY	
			Increase/ (decrease) B-A	% B/A
Operating revenues	23.8	24.9	1.0	104.6%
Operating income	0.7	0.8	0.0	112.7%
EBITDA	1.1	1.2	0.0	106.7%

## ◆ Other Segments

(Billions of yen)

	3 months ended Jun 30, 2016 A	3 months ended Jun 30, 2017 B	YoY	
			Increase/ (decrease) B-A	% B/A
Operating revenues	13.9	13.3	(0.6)	95.4%
Operating income	0.1	0.1	0.0	136.0%
EBITDA	0.3	0.4	0.1	128.9%

# Financial Position (consolidated)



(Billions of yen)

	As of March 31, 2017 A	As of Jun 30, 2017 B	Increase/ (decrease) B-A
Assets	676.6	661.0	(15.6)
Current assets	198.6	176.0	(22.5)
Non-current assets	478.0	484.9	6.9
Liabilities	328.2	305.5	(22.6)
Current liabilities	134.9	114.0	(20.8)
Non-current liabilities	193.2	191.5	(1.7)
Net assets	348.4	355.4	6.9
Equity ratio	50.7%	53.0%	2.3%
Net assets per share (yen)	2,144.00	2,187.97	43.98

# Non-consolidated Income Statements



(Billions of yen)

	3 months ended Jun 30, 2016 A	3 months ended Jun 30, 2017 B	YoY		Major factors
			Increase/ (decrease) B-A	% B/A	
Operating revenues	42.8	54.2	11.3	126.5%	Revenue from condominium sales +6.3
(Railway transportation revenues)	32.9	37.0	4.1	112.5%	Dissipating impact from the 2016 Kumamoto earthquakes, etc. +4.1
Operating expenses	31.8	39.6	7.7	124.3%	—
Personnel expenses	13.2	12.8	(0.3)	97.5%	—
Non-personnel expenses	15.5	22.6	7.0	145.4%	—
Energy costs	1.8	2.1	0.2	113.4%	—
Maintenance costs	5.0	5.5	0.4	109.3%	—
Other	8.6	14.9	6.3	173.5%	Condominium selling costs +5.2
Taxes	1.4	1.9	0.4	129.0%	Abolition of Inheritance Exception, lessened level of tax reduction from Three Island Exception, etc.
Depreciation costs	1.6	2.1	0.5	135.9%	—
Operating income	11.0	14.6	3.6	133.0%	—
Non-operating income and expenses	2.8	2.7	(0.1)	94.9%	—
Ordinary income	13.9	17.4	3.4	125.1%	—
Extraordinary gains and losses	(5.0)	0.2	5.2	—	Decrease in disaster expenses due to the 2016 Kumamoto earthquakes +8.7 Decrease in gain on sales of trusts (3.0)
Net income	8.5	14.5	5.9	168.9%	—

# Non-consolidated Income Statements (Reprint)



(Billions of yen)

		3 months ended Jun 30, 2016 A	3 months ended Jun 30, 2017 B	YoY	
				Increase/ (decrease) B-A	% B/A
Railway business	Operating revenues	36.2	40.8	4.5	112.5%
	Operating expenses	28.9	31.1	2.1	107.4%
	Operating income	7.2	9.6	2.3	132.6%
Related businesses	Operating revenues	6.6	13.4	6.8	203.3%
	Operating expenses	2.8	8.4	5.5	293.6%
	Operating income	3.7	5.0	1.2	133.7%

# Railway Transportation Revenues and Performance of Transportation Volume



(Billions of yen)

Transportation Revenues	3 months ended Jun 30, 2016 A	3 months ended Jun 30, 2017 B	YoY	
			Increase/ (decrease) B-A	% B/A
Total	32.9	37.0	4.1	112.5%
Shinkansen	10.1	12.9	2.7	126.7%
Commuter pass	0.6	0.6	0.0	100.5%
Non-commuter pass	9.5	12.2	2.7	128.5%
Conventional Lines	22.7	24.1	1.3	106.1%
Commuter pass	7.5	7.6	0.0	101.1%
Non-commuter pass	15.1	16.5	1.3	108.6%

(Millions of passenger-kilometers)

Passenger-Kilometers	3 months ended Jun 30, 2016 A	3 months ended Jun 30, 2017 B	YoY	
			Increase/ (decrease) B-A	% B/A
Total	2,231	2,356	124	105.6%
Shinkansen	383	471	88	123.0%
Commuter pass	51	51	0	100.0%
Non-commuter pass	332	420	88	126.6%
Conventional Lines	1,848	1,884	35	101.9%
Commuter pass	1,079	1,080	0	100.1%
Non-commuter pass	768	803	35	104.6%

## II Forecasts for FY2018/3

# Consolidated Financial Forecasts



(Billions of yen)

	Results FY2017/3  A	Forecast FY2018/3 (8/10)  B	YoY	
			Increase/ (decrease)  B-A	%  B/A
Operating revenues	382.9	396.3	13.3	103.5%
Operating income	58.7	56.2	(2.5)	95.7%
Ordinary income	60.5	57.6	(2.9)	95.1%
Net income attributable to owners of the parent	44.7	45.0	0.2	100.6%
Net income per share (yen)	279.70	281.25	1.55	100.6%
EBITDA	73.2	74.8	1.5	102.1%

Note: Forecasts for the fiscal year ending March 31, 2018, remain unchanged from those announced on May 11, 2017.  
The same applies hereafter.

# Consolidated Financial Forecasts (By segment)



(Billions of yen)

	Results FY2017/3  A	Forecast FY2018/3 (8/10)  B	YoY	
			Increase/ (decrease)  B-A	%  B/A
Operating revenues	382.9	396.3	13.3	103.5%
Transportation	176.4	181.1	4.6	102.7%
Construction	79.3	83.8	4.4	105.6%
Real Estate	67.4	66.2	(1.2)	98.1%
Retail and Restaurant	100.4	102.9	2.4	102.4%
Other	60.9	60.5	(0.4)	99.3%
Operating income	58.7	56.2	(2.5)	95.7%
Transportation	25.7	25.1	(0.6)	97.6%
Construction	5.9	4.4	(1.5)	73.9%
Real Estate	22.6	22.1	(0.5)	97.5%
Retail and Restaurant	3.4	3.6	0.1	103.6%
Other	2.5	1.5	(1.0)	59.0%
EBITDA	73.2	74.8	1.5	102.1%
Transportation	28.5	31.1	2.5	109.0%
Construction	6.7	5.1	(1.6)	75.3%
Real Estate	31.1	31.2	0.0	100.2%
Retail and Restaurant	5.1	5.4	0.2	104.1%
Other	3.3	2.7	(0.6)	80.6%



# Non-consolidated Financial Forecasts



(Billions of yen)

	Results FY2017/3  A	Forecast FY2018/3 (8/10)  B	YoY	
			Increase/ (decrease)  B-A	%  B/A
Operating revenues	212.2	215.5	3.2	101.5%
(Railway transportation revenues)	146.4	149.5	3.0	102.1%
Operating expenses	168.7	173.0	4.2	102.5%
Personnel expenses	53.1	51.3	(1.8)	96.6%
Non-personnel expenses	102.5	103.0	0.4	100.5%
Energy costs	8.0	9.1	1.0	113.0%
Maintenance costs	37.8	34.9	(2.9)	92.2%
Other	56.6	59.0	2.3	104.2%
Taxes	6.0	7.9	1.8	131.1%
Depreciation costs	7.0	10.8	3.7	153.1%
Operating income	43.4	42.5	(0.9)	97.7%
Non-operating income and expenses	4.0	3.4	(0.6)	84.2%
Ordinary income	47.5	45.9	(1.6)	96.6%
Extraordinary gains and losses	(4.2)	—	4.2	—
Net income	37.6	39.0	1.3	103.6%

# Non-consolidated Financial Forecasts (Reprint)



(Billions of yen)

		Results FY2017/3  A	Forecast FY2018/3 (8/10)  B	YoY	
				Increase/ (decrease)  B-A	%  B/A
Railway business	Operating revenues	164.9	169.0	4.0	102.4%
	Operating expenses	139.8	144.6	4.7	103.4%
	Operating income	25.0	24.4	(0.6)	97.3%
Related businesses	Operating revenues	47.2	46.5	(0.7)	98.4%
	Operating expenses	28.8	28.4	(0.4)	98.5%
	Operating income	18.4	18.1	(0.3)	98.3%

# Forward-Looking Statements

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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/](http://www.jrkyushu.co.jp/company/ir_eng/library/earnings/)