



FY2020 Half-year Consolidated Financial Results

YoY decline in revenue and profit due to COVID-19

Kansai Airports today announced its half-year consolidated financial results for the fiscal year ended March 31, 2021, posting operating revenues of 26.6 billion yen, operating loss of 22.5 billion yen, ordinary loss of 26.0 billion yen, and net loss of 17.8 billion yen.

In this fiscal year, operating revenue decreased by 78% compared to the previous fiscal year due to the impact of the spread of the COVID-19 infection. Although we worked to reduce expenses including staff costs, the burden of fixed expenses was large, and operating income decreased by 58.6 billion yen, ordinary income decreased by 56.8 billion yen, and net income decreased by 43.2 billion yen.

Consolidated Profit and Loss Statement

(in billion yen)

Item	Apr. 2019- Sep. 2019	Apr. 2020- Sep. 2020	Increase (Decrease)	Change (%)
Operating Revenues	119.8	26.6	(93.2)	-78%
Operating Expenses	(63.5)	(28.4)	35.1	-55%
EBITDA	56.3	(1.8)	(58.1)	-
Depreciation & Amortization	(20.2)	(20.6)	(0.5)	+2%
Operating Income	36.2	(22.5)	(58.6)	-
Ordinary Income	30.8	(26.0)	(56.8)	-
Net Profit ¹	25.5	(17.8)	(43.2)	-

¹ Net Profit: Net Profit Attributable to Company Shareholders

Aviation Demand

Due to the worldwide spread of COVID-19, the aircraft movements at the three airports combined was 76 thousand and the number of passengers was 3.5 million, which were decreased by 60% and 87% respectively compared to previous year. In particular, with regard to international passengers continued to be extremely severe, less than 1% of the previous year, for the first six months, partly due to the expansion and continued immigration restrictions of each country and the Japanese government. Domestic flights are still in a difficult situation, but after the emergency declaration in May, there is a gradual recovery trend, and as of September, it has recovered to about 30-40% compared to the previous year. On the other hand, cargo flights increased due to tight cargo space due to suspension of passenger flights.

Item	Apr. 2019- Sep. 2019	Apr. 2020- Sep. 2020	Increase (Decrease)	Change (%)
ATMs (in thousands)	191	76	(116)	-60%
KIX	106	28	(78)	-74%
ITAMI	70	37	(33)	-47%
KOBE	16	10	(5)	-34%
PAX (in millions)	26.44	3.50	(22.95)	-87%
KIX	16.35	0.88	(15.47)	-95%
ITAMI	8.39	2.20	(6.20)	-74%
KOBE	1.70	0.43	(1.28)	-75%

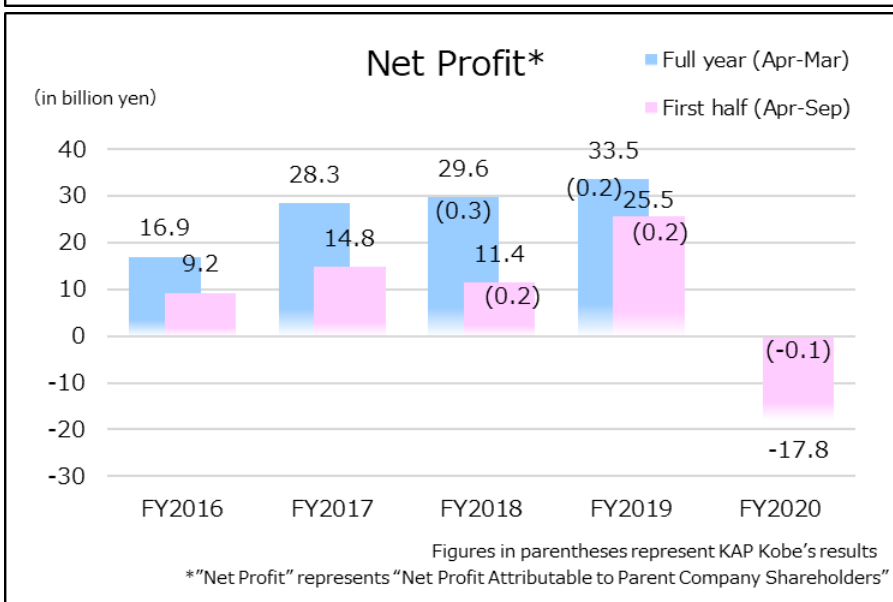
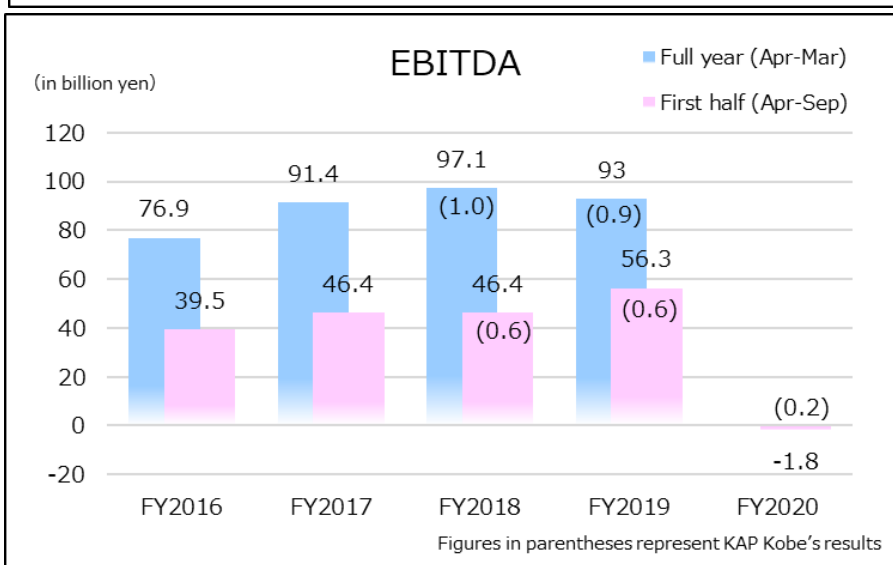
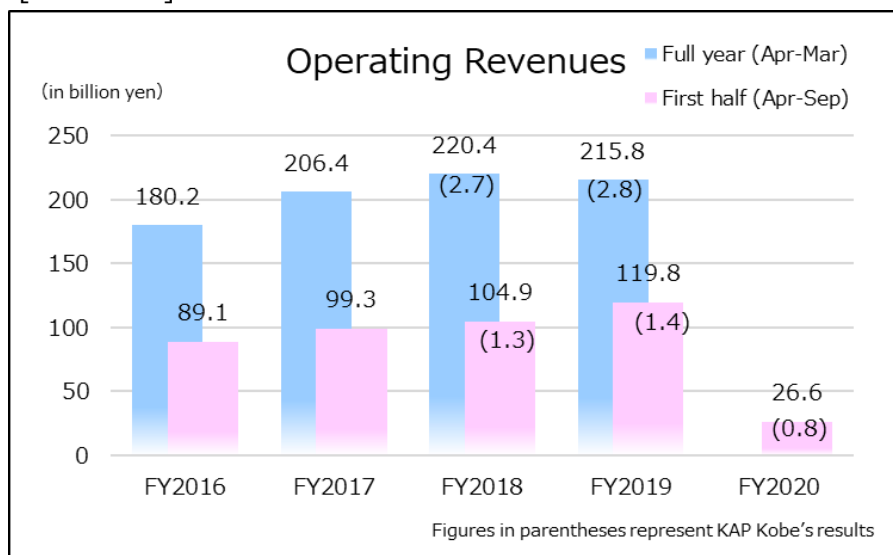
Consolidated Balance Sheet

Both assets and liabilities as of September 30, 2020 decreased from the end of the previous fiscal year. Assets decreased as decrease of cash and deposits due to a decrease in operating cash flow because of the impact of the COVID-19 despite of striving to control cash spending. Liabilities decreased due to payment of accounts payable and operating rights for public facilities, etc.. As a result, total assets and liabilities were 1,680.4 billion yen and 1,588.7 billion yen, respectively.

(in billion yen)

Item	As of Mar. 31, 2019	As of Sep. 30, 2020	Increase (Decrease)
Current Assets	169.0	120.8	(48.2)
Non-current Assets	1,563.5	1,559.7	(3.9)
Total Assets	1,732.5	1,680.4	(52.1)
Current Liabilities	79.9	60.7	(19.2)
Non-current Liabilities	1,543.1	1,528.0	(15.0)
Total Liabilities	1,623.0	1,588.7	(34.2)
Shareholders' Equity	108.7	90.9	(17.8)
Other Comprehensive Income	(0.6)	(0.9)	(0.2)
Non-controlling Interests	1.5	1.6	0.1
Total Net Assets	109.6	91.7	(17.9)
Total Liabilities and Net Assets	1,732.5	1,680.4	(52.1)

[Reference] Consolidated Financial Results



Contact Information

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Consolidated Profit and Loss Statement

From April 1, 2020 to September 30, 2020

(Unit: Million yen)

Operating revenues		26,617
Operating expenses		42,179
Gross operating loss		15,562
Selling, general and administrative expenses		6,894
Operating loss		22,457
Non-operating income		2,472
Interest income and dividends	297	
Subsidies for employment adjustment	1,973	
Other non-operating income	201	
Non-operating expenses		6,060
Interest expense	5,931	
Commissions	50	
Share of loss of entities accounted for using the equity method	57	
Other non-operating expense	21	
Ordinary loss		26,045
Special gain		3,988
Gain on sales of non-current assets	4	
Subsidies received	1,651	
Gain on sales of investment securities	30	
Insurance claims for disaster	2,302	
Special loss		3,407
Loss on retirement of non-current assets	19	
Loss on sales of non-current assets	2	
Non-current assets advanced depreciation deduction	1,475	
Removal cost related to replacement investment	1,872	
Loss on disaster	70	
Provision of allowance for loss on disaster	△ 34	
Loss on branch closings	0	
Loss before income taxes		25,464
Income taxes-current	316	
Income taxes-deferred	△ 8,126	
Loss		17,653
Profit attributable to non-controlling interests		129
Loss attributable to owners of the parent		17,783

Figures under one million yen are rounded down to the nearest million.

Consolidated Balance Sheet

As of September 30, 2020

(Unit: Million yen)

Assets		Liabilities	
Current assets	120,767	Current liabilities	60,703
Cash and deposits	92,324	Accounts payable - trade	600
Notes and accounts receivable-trade	4,907	Accounts payable - other	8,786
Merchandise inventories	5,705	Accrued expenses	3,347
Raw materials and supplies	1,189	Current portion of long-term loans payable	3,353
Guarantee deposits refundable within one year	7,804	Current portion of liabilities for the right to operate public facilities	29,876
Accounts receivable - other	2,083	Income taxes payable	7,712
Other	6,781	Provision for bonuses	982
Allowance for doubtful accounts	△ 29	Provision for point card certificates	80
		Other	5,963
Non-current assets	1,559,651	Non-current liabilities	1,528,024
Property, plant and equipment	43,292	Bonds payable	4,860
Buildings and structures	3,883	Long-term loans payable	161,000
Machinery, equipment and vehicles	10,577	Liabilities for the right to operate public facilities	1,297,366
Tools, furniture and fixtures	7,053	Provision for special repairs	47,709
Land	603	Provision for loss on disaster	1,014
Construction in progress	21,034	Liability for retirement benefits	4,988
Other	140	Other	11,085
Intangible assets	1,404,824		
Right to operate public facilities	1,365,094		
Replacement investment assets	38,307	Total liabilities	1,588,727
Other	1,422	Net assets	
Investments and other assets	111,534	Shareholders' equity	90,911
Investment securities	1,171	Capital stock	25,000
Asset for retirement benefits	250	Capital surplus	25,000
Guarantee deposits	93,895	Retained earnings	40,911
Deferred tax assets	16,040	Accumulated other comprehensive	△ 864
Other	473	Deferred gains or losses on hedge	△ 864
Allowance for doubtful accounts	△ 297	Non-controlling interests	1,643
		Total net assets	91,690
Total assets	1,680,418	Total liabilities and net assets	1,680,418

Figures under one million yen are rounded down to the nearest million.



Kansai Airports was established by a consortium made up of VINCI Airports and ORIX Corporation as its core members. Kansai Airports took over the operations of Kansai International Airport (“KIX”) and Osaka International Airport (“ITAMI”) from New Kansai International Airport Company (“NKIAC”) and has been operating the two airports since April 1, 2016.

Kansai Airports Kobe, Kansai Airports’ wholly-owned subsidiary, took over the operations of Kobe Airport (“KOBE”) from Kobe City and started its business as an operating company on April 1, 2018.

Under the concept of “One Kansai Airports Group”, Kansai Airports group strives to continuously improve its services for all airport guests through appropriate investments and efficient operations, with safety and security being the top priority. Kansai Airports group aims to maximize the potential of the three airports, for the benefit of the communities they serve.

For more information, please visit : <http://www.kansai-airports.co.jp/en/>

Kansai Airports

Location	1-banchi, Senshu-kuko kita, Izumisano-shi, Osaka	Shareholders	ORIX 40%, VINCI Airports 40%, Other investors 20% ¹
Company Representatives	Representative Director and CEO: Yoshiyuki Yamaya Representative Director and Co-CEO: Benoit Rulleau		
Business Scope	Operation and management services, etc. of Kansai International Airport and Osaka International Airport		

Kansai Airports Kobe

Location	1-ban, Kobe-kuko, Chuo-ku, Kobe-shi, Hyogo	Shareholder	Kansai Airports 100%
Company Representatives	Representative Director and CEO: Yoshiyuki Yamaya Representative Director and Co-CEO: Benoit Rulleau		
Business Scope	Operation and management services, etc. of Kobe Airport		



ORIX Corporation (TSE: 8591; NYSE: IX) is an opportunistic, diversified, innovation-driven global powerhouse with a proven track record of profitability. Established in 1964, ORIX at present operates a diverse portfolio of businesses in the operations, financial services, and investment spaces. ORIX’s highly complementary business activities span industries including: energy, private equity, infrastructure, automotive, ship and aircraft, real estate and retail financial services. ORIX has also spread its business globally by establishing locations in a total of 37 countries and regions across the world. Through its business activities, ORIX has long been committed to corporate citizenship and environmental sustainability. For more details, please visit our website:

<http://www.orix.co.jp/grp/en/>



VINCI Airports, as the leading private airport operator in the world, manages the development and operation of 45 airports located in Brazil, Cambodia, Chile, Costa Rica, the Dominican Republic, France, Japan, Portugal, Serbia, Sweden, the United Kingdom and the United States. Served by more than 250 airlines, VINCI Airports’ network handled 255 million passengers in 2019. Through its expertise as a comprehensive integrator, VINCI Airports develops, finances, builds and operates airports, leveraging its investment capability, international network and know-how to optimise the management and performance of airports and to carry out airport expansions and upgrades. In 2019, its annual revenue for managed activities amounted to €4.9 billion, for a consolidated revenue of €2.6 billion.

More comprehensive information is available on www.vinci-airports.com

¹ ASICS Corporation; Iwatani Corporation; Osaka Gas Co., Ltd.; Obayashi Corporation; OMRON Corporation; The Kansai Electric Power Company, Incorporated; Kintetsu Group Holding Co., Ltd.; Keihan Holdings Co., Ltd.; Suntory Holdings Limited; JTB Corp.; Sekisui House, Ltd.; Daikin Industries, Ltd.; Daiwa House Industry Co., Ltd.; Takenaka Corporation; Nankai Electric Railway Co., Ltd.; NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION; Panasonic Corporation; Hankyu Hanshin Holdings, Inc.; Rengo Co., Ltd.; The Senshu Ikeda Bank, Ltd.; Kiyo Holdings, Inc.; The Bank of Kyoto, Ltd.; THE SHIGA BANK, LTD.; The Nanto Bank, Ltd.; Nippon Life Insurance Company; Mizuho Bank, Ltd.; Sumitomo Mitsui Trust Bank, Limited; MUFG Bank, Ltd.; Resona Bank, Limited; and the Private Finance Initiative Promotion Corporation of Japan.

FY2020 Half-year Consolidated Financial Results




2020.12.10



Shaping a New Journey



Agenda

-  **Overview of Consolidated Financial Results**
-  **Revenue Drivers**
-  **Initiatives in H1 FY2020**





Overview of Consolidated Financial Results

Operating revenues and operating income decline due to the impact of COVID-19

1. Due to the worldwide spread of COVID-19, the flights has been reduced and suspended, mainly for passenger flights. As a result, the number of aircraft movements and passengers have decreased significantly. In particular, international passengers is less than 1% of the last year.

2. Due to a decrease in the number of aircraft movements and passengers, operating revenues decreased significantly compared to the previous year.

3. Although efforts are being made to reduce costs, including staff costs, the burden of fixed costs is large, resulting in a significant decrease in profits.

(in billion yen)

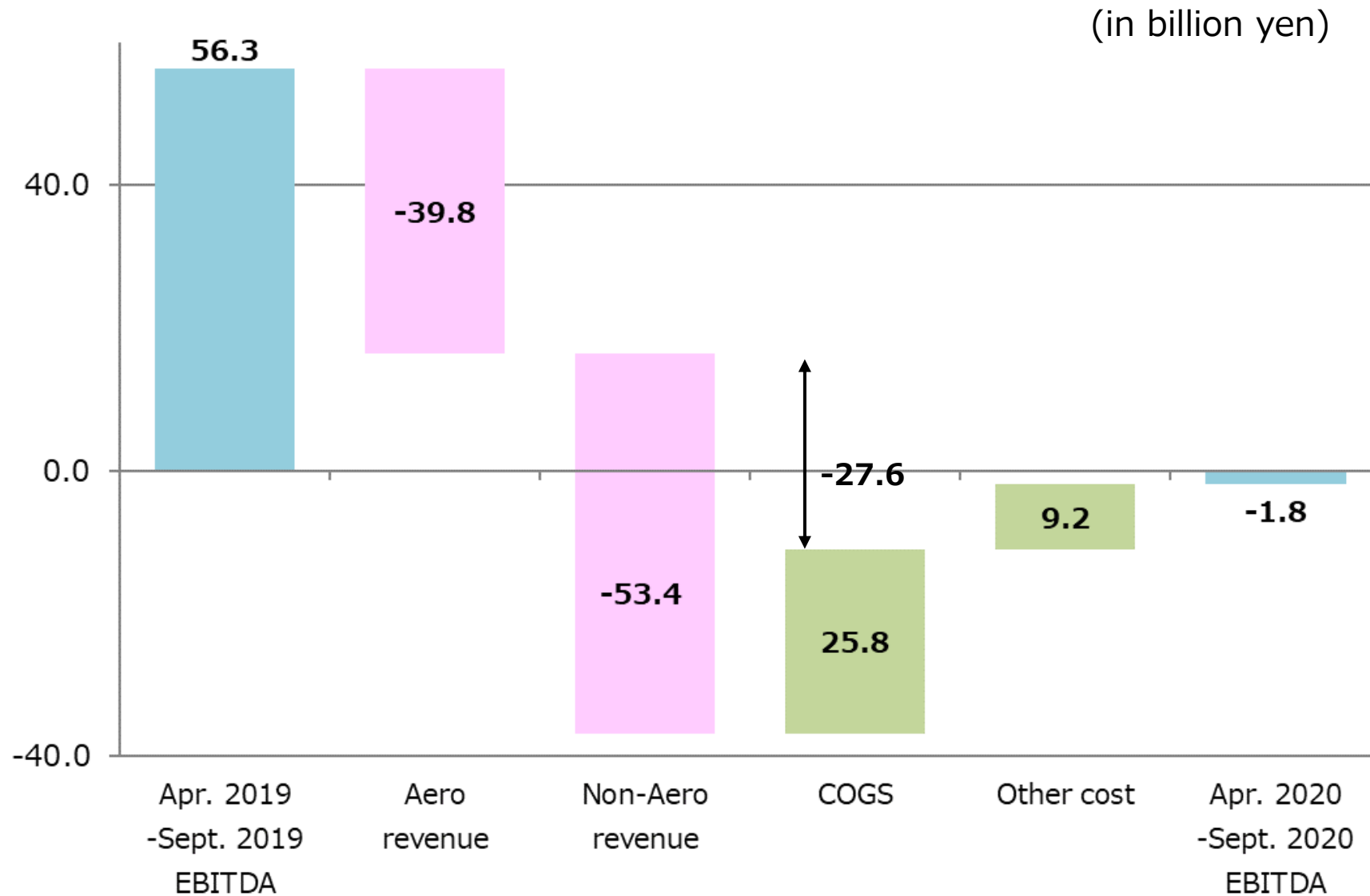
	Apr. 2019- Sept. 2019	Apr. 2020- Sept. 2020	Change	%
Operating Revenues	119.8	26.6	(93.2)	-78%
EBITDA	56.3	(1.8)	(58.1)	-
Operating Income	36.2	(22.5)	(58.6)	-
Ordinary Income	30.8	(26.0)	(56.8)	-
Net Profit*	25.5	(17.8)	(43.2)	-

Operating Results

(in billion yen)

	Apr. 2019 - Sept. 2019	Apr. 2020 - Sept. 2020	Increase (Decrease)	Change %	Typhoon impact
Operating Revenues	119.8	26.6	(93.2)	-78%	
Aero	49.3	9.5	(39.8)	-81%	
Non-Aero	70.5	17.1	(53.4)	-76%	
Operating Expenses (excl. D&A)	(63.5)	(28.4)	35.1	-55%	
EBITDA	56.3	(1.8)	(58.1)	-	
Depreciation & Amortization	(20.2)	(20.6)	(0.5)	+2%	
Operating Income	36.2	(22.5)	(58.6)	-	
Non-operating Profit and Loss	(5.4)	(3.6)	1.8	-	
Ordinary Income	30.8	(26.0)	(56.8)	-	
Extraordinary Profit and Loss	6.2	0.6	(5.6)	-91%	(4.5)
Income Taxes, Profit Attributable to Non-controlling Interests	(11.5)	7.7	19.2	-	1.4
Net Profit ¹	25.5	(17.8)	(43.2)	-	(3.1)

EBITDA (vs Previous year)



Balance sheet

(in billion yen)

	As of Mar. 31, 2020	As of Sept. 30, 2020	Increase (Decrease)
Current Assets	169.0	120.8	(48.2)
Cash and deposits	128.0	92.3	(35.7)
Non-current Assets	1,563.5	1,559.7	(3.9)
TOTAL ASSETS	1,732.5	1,680.4	(52.1)
Current Liabilities	79.9	60.7	(19.2)
Non-current Liabilities	1,543.1	1,528.0	(15.0)
TOTAL LIABILITIES	1,623.0	1,588.7	(34.2)
Shareholders' Equity	108.7	90.9	(17.8)
Other Comprehensive Income	(0.6)	(0.9)	(0.2)
Non-controlling Interests	1.5	1.6	0.1
TOTAL NET ASSETS	109.6	91.7	(17.9)
TOTAL LIABILITIES AND NET ASSETS	1,732.5	1,680.4	(52.1)

Right to Operate
Public Facilities, etc.

Debts concerning
Right to Operate
Public Facilities, etc.



Revenue Drivers

Aero: YoY Decline in ATMs and Passenger Traffic due to COVID-19

→ Due to the worldwide pandemic, aircraft movements and passenger traffic at the three airports combined decreased by 60% and 87% from last year, respectively.

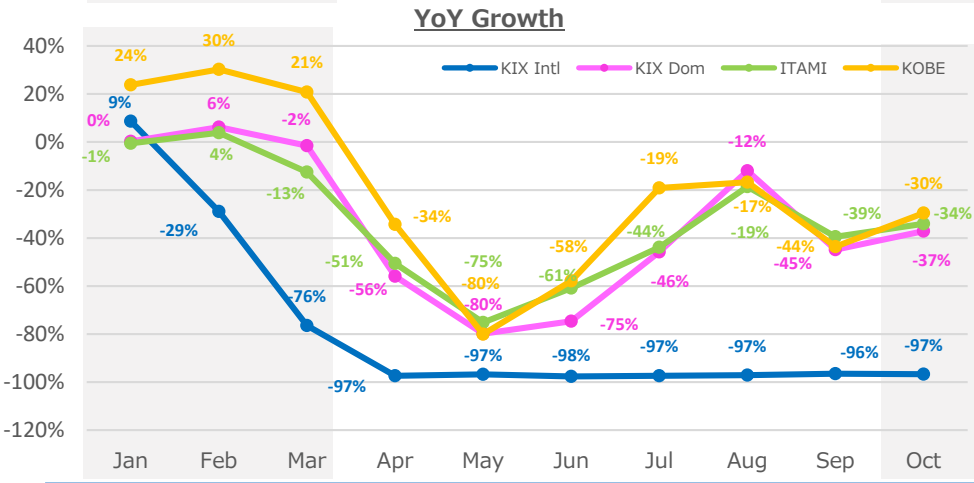
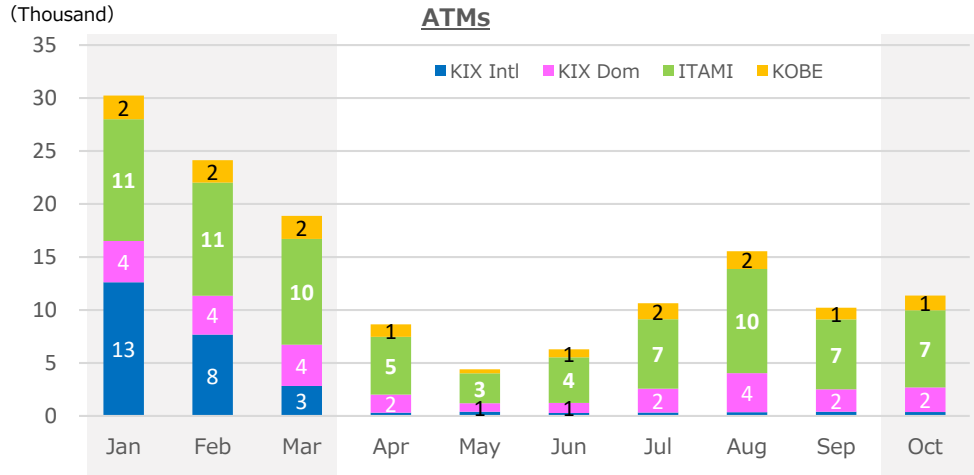
→ International passenger flights (KIX):
The majority of flights were reduced and suspended with extensive border controls introduced by governments including Japan. Air travel demand fell to a minimum throughout the first half of FY2020 with a limited number of people travelling mainly for repatriation.

→ Domestic passenger flights (KIX, ITAMI, and KOBE):
The spread of infections and travel restrictions led to a significant year-on-year decline in aircraft movements and passenger traffic. We saw a modest recovery after demand bottomed out in May under the state of emergency. But the upward trend temporarily slowed down due to a resurgence of COVID-19 cases in Japan from late July to early August. However, thanks to resumed flights during the long holidays in September, passenger traffic is picking up again.

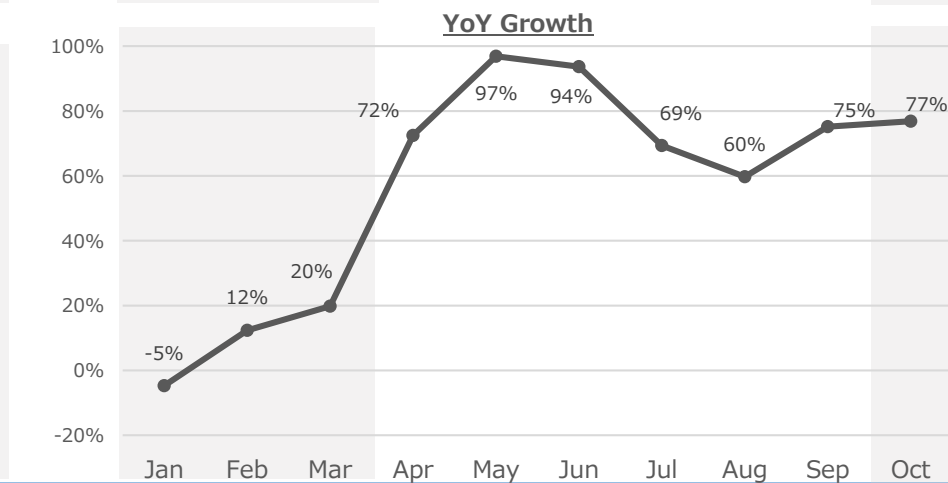
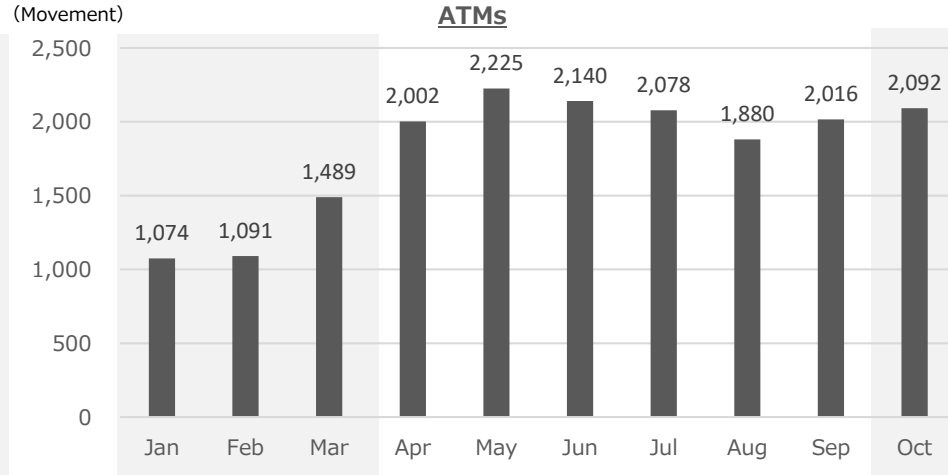
	H1 FY2019	H1 FY2020	Change	%
ATMs (in thousands)	191	76	(116)	-60%
KIX	106	28	(78)	-74%
ITAMI	70	37	(33)	-47%
KOBE	16	10	(5)	-34%
Passengers (in millions)	26.44	3.50	(22.95)	-87%
KIX	16.35	0.88	(15.47)	-95%
International passengers	12.76	0.06	(12.70)	-99.5%
Japanese	3.98	0.02	(3.96)	-99.4%
Non-Japanese	8.67	0.03	(8.64)	-99.6%
Domestic	3.59	0.82	(2.77)	-77%
ITAMI	8.39	2.20	(6.20)	-74%
KOBE	1.70	0.43	(1.28)	-75%

Aero: ATMs at 3 Airports

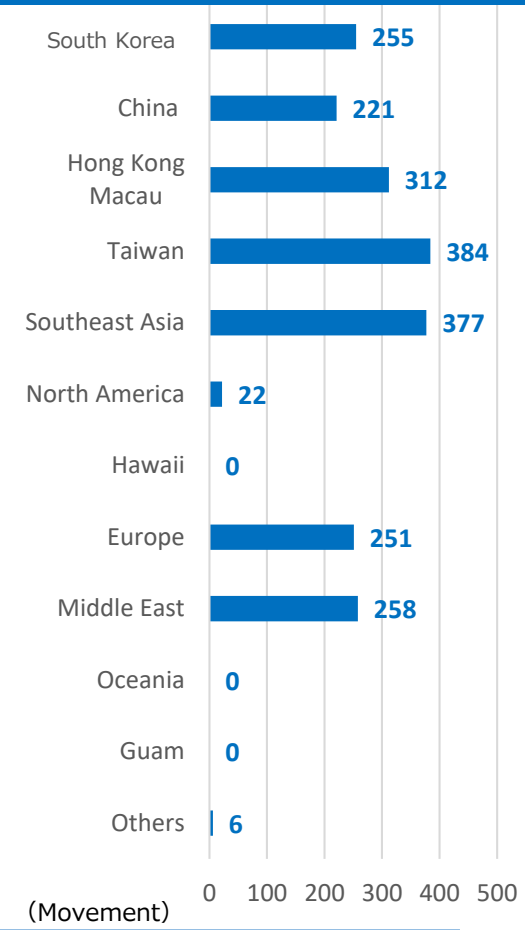
Passenger Flights (January - October 2020)



International Cargo Flights (January - October 2020)



International Passenger Flights Total ATMs by Region (April - September 2020)



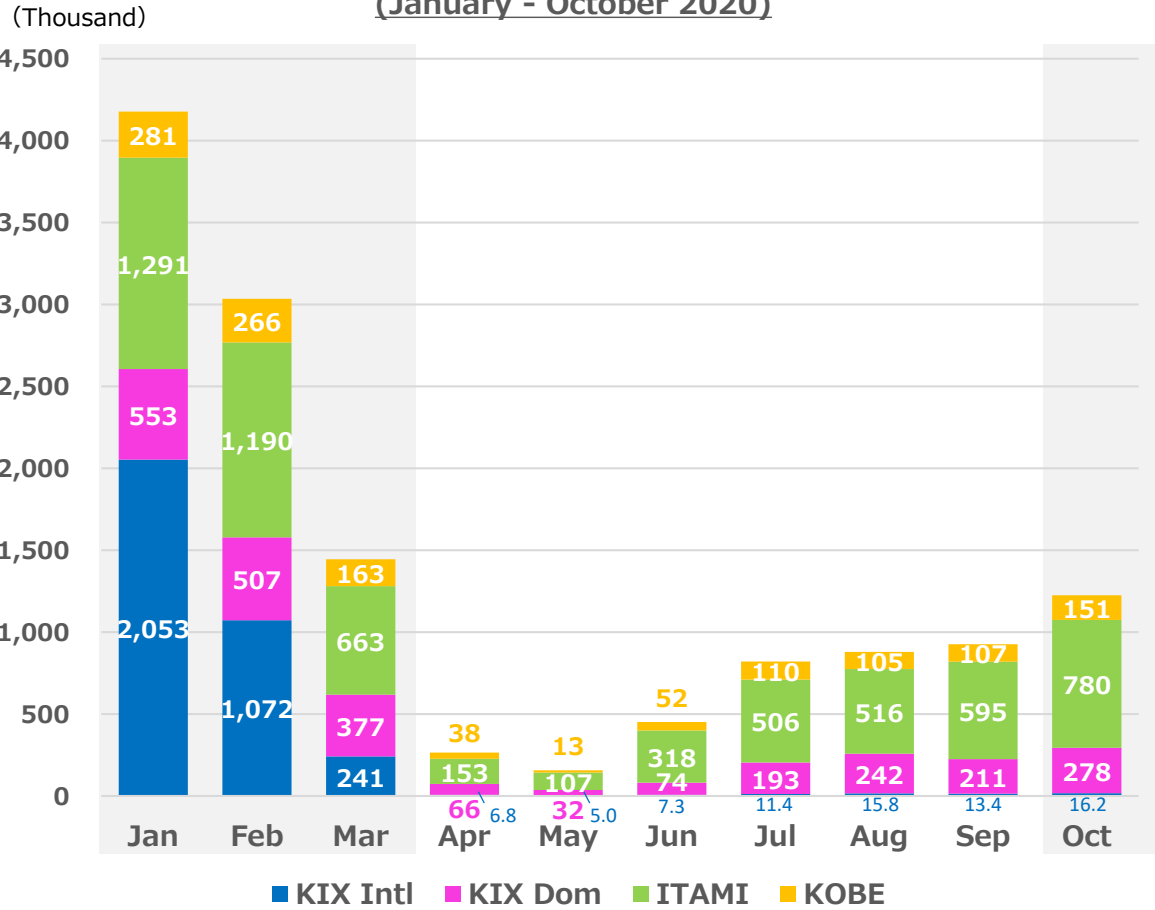
*The number of international passenger flights includes those operated for transporting cargo only



Aero: Passenger Traffic at 3 Airports

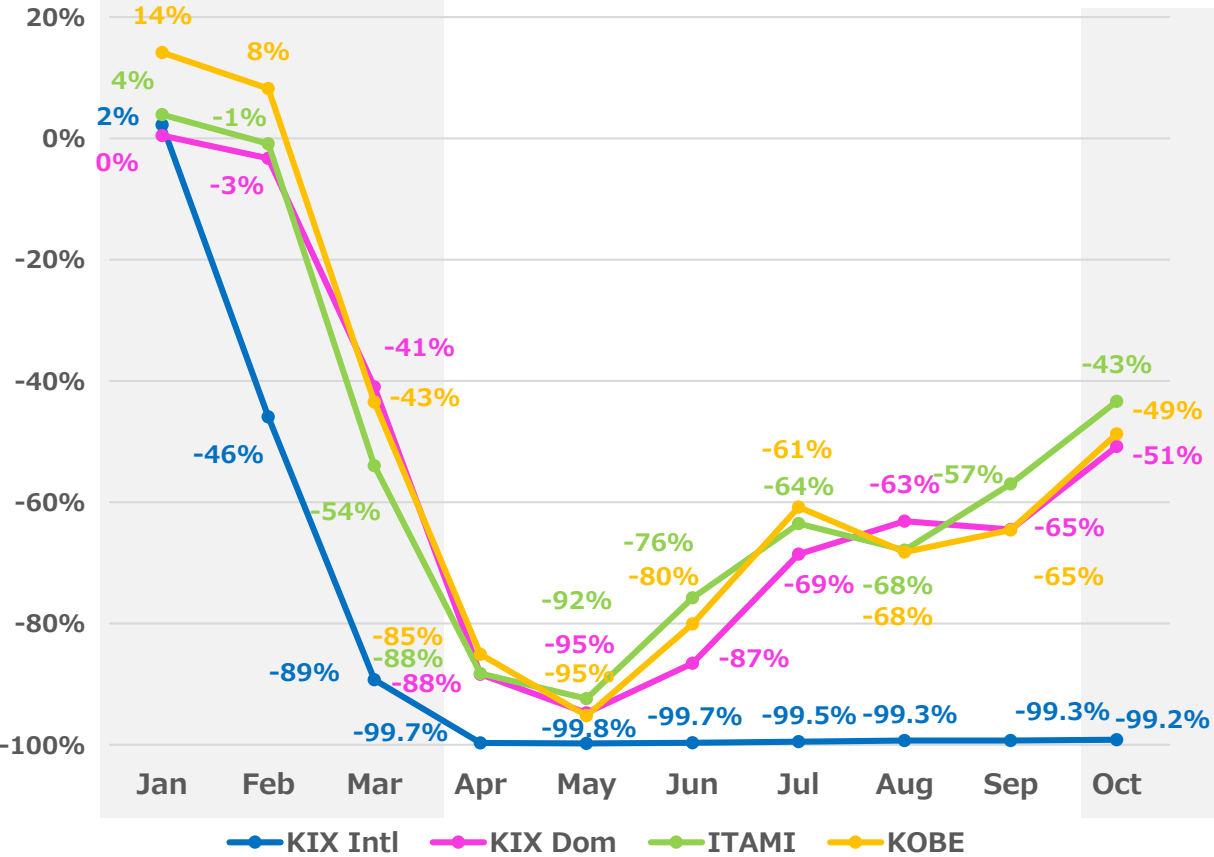
Passenger Traffic

(January - October 2020)



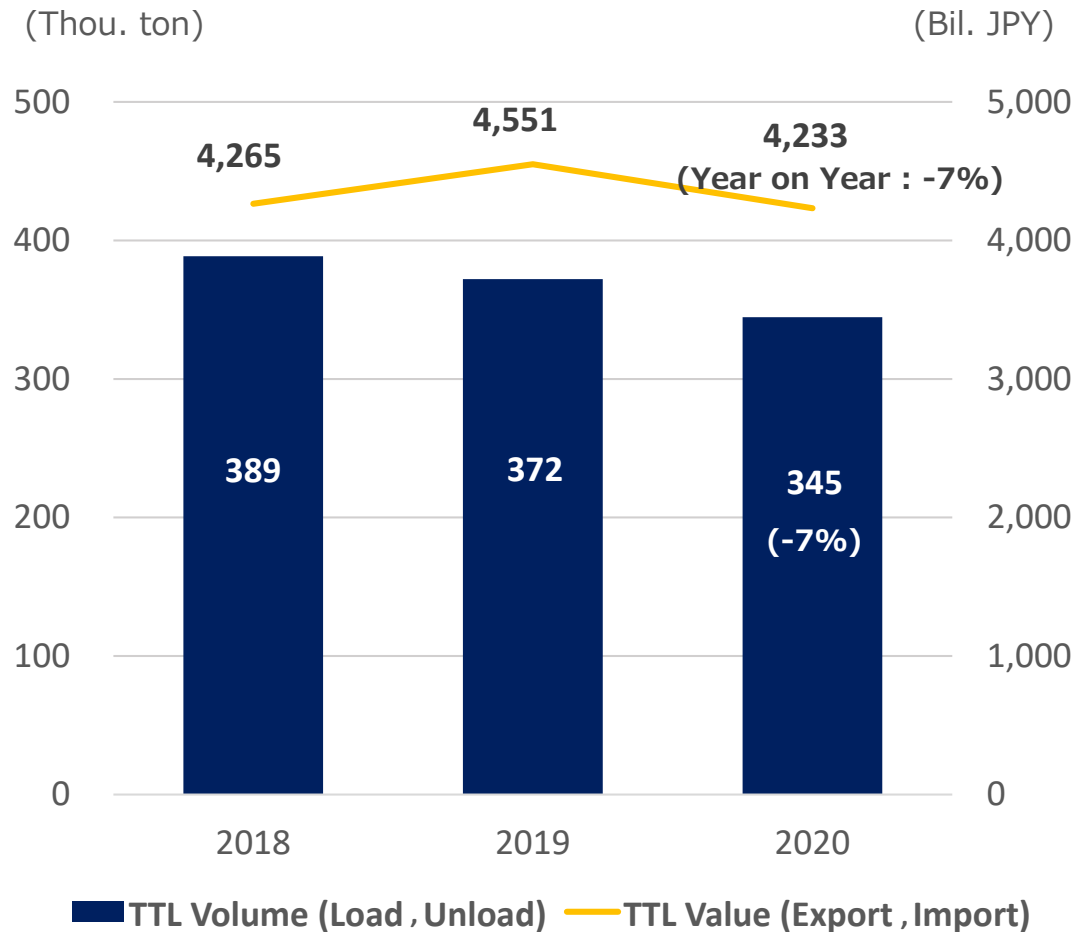
YoY Growth

(January - October 2020)



International Cargo: ATMs, Cargo Volume and Trade Value

KIX International Cargo Volume and Trade value (April - September 2020)

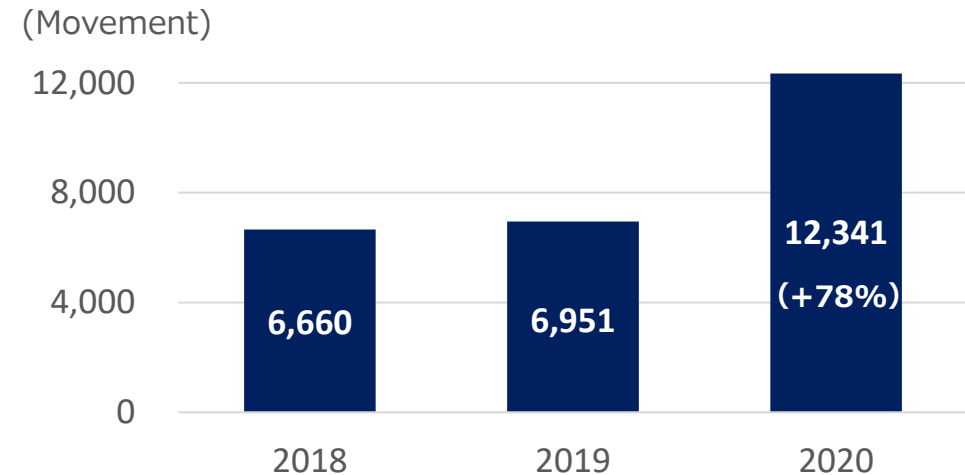


✧ Despite the drop in cargo volume, aircraft movements marked a significant growth as a result of cargo flights operated to make up for a loss of belly capacity caused by suspension of passenger flights.

✧ Aircraft movements drastically increased for FedEx and Chinese carriers such as Hangzhou YTO Express Airlines and SF Airlines. Lufthansa Cargo introduced a new fleet from the 2020 winter schedule.

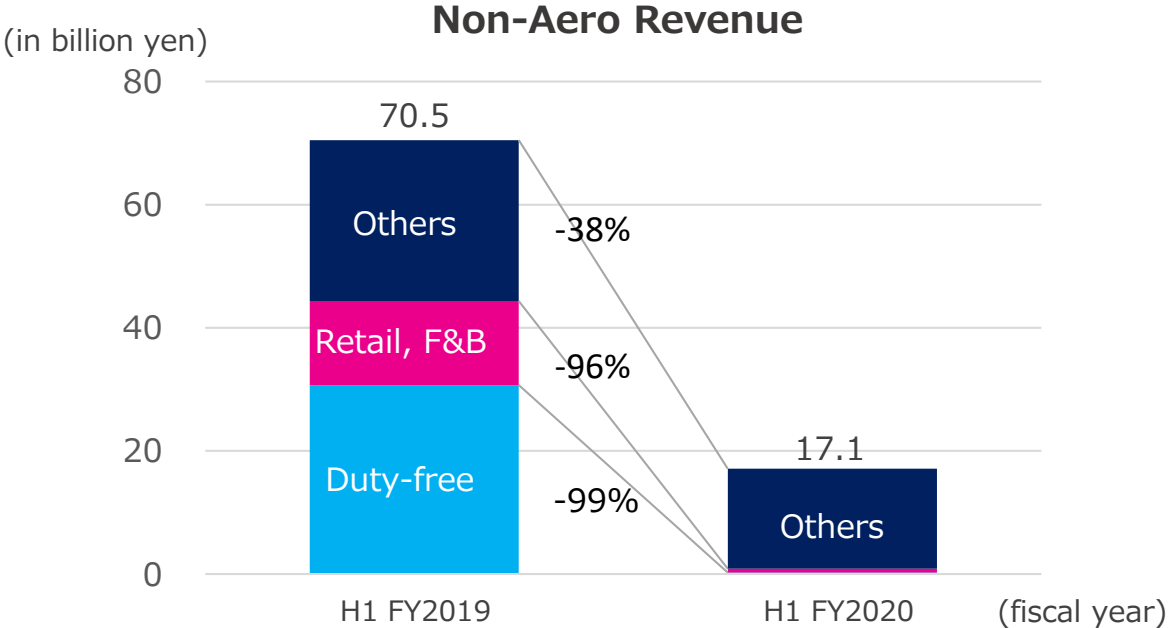


KIX International Cargo ATMs (April - September 2020)



Non-Aero: YoY Decline in Revenue due to COVID-19

- Non-Aero revenue in the first half of FY2020 fell by 53.4 billion yen (down 76%) year-on-year due to a sharp drop in passenger traffic amid the prolonged COVID-19 crisis.
- Monthly revenue is on an upward trend as passenger traffic gradually picks up thanks to partial resumption of international passenger flights and recovery of domestic services.
- Initiatives are under study to expand revenue toward the post-COVID-19 recovery in passenger numbers.



*Others: Revenue from real estate, tenant, hotel, etc.
 *Duty-free, Retail and F&B: Revenue of directly managed stores



Initiatives in H1 FY2020

Initiatives in H1 FY2020

COVID-19 safety measures at three airports

•Protection of passengers and employees

Airport staff wearing masks & gloves, and sneeze guards installed

•Health screening

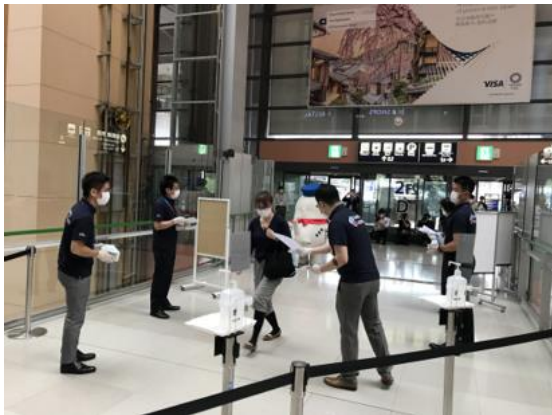
Temperature checks on airport visitors using thermo scanners

•Disinfection and cleaning

Clean and disinfect counters, security checkpoints, escalators, etc., and install hand sanitizer dispensers

•Social distancing

Ensure social distancing at security checkpoints, departure lounges, etc.



•Communication via in-terminal announcements, posters, etc.



As part of the COVID-19 prevention measures, we carried out the Wear Mask campaign on June 19, encouraging passengers traveling through the three airports to take safety precautions.

Sorayan debuted as LINE creators' sticker (Aug 5)

Kansai Airports Group's official mascot Sorayan debuted as original sticker in the communication app LINE in commemoration of the grand re-opening of ITAMI.



Light It Blue at three airports in support of healthcare workers (Sept 17)

The three airports in Kansai light up in blue until February 28, 2021, as part of the Light It Blue campaign which honors frontline healthcare workers battling COVID-19. With this, we show our gratitude for the hard work of all medical workers as well as our wish for a quick end to the pandemic and a return to normal life in which we can freely travel across the blue sky.



Three airports' joint video message to mark 2020 Sky Day (Sept 20)

KIX, ITAMI and KOBE delivered a joint video message marking the Sky Day on September 20. The video is a collaborative work with airport-related business operators to help the public learn more about aviation and to reassure travelers that COVID-19 precautions are being taken and it is safe to fly again.



Initiatives in H1 FY2020

KIX: E-gates at international departures (July 27)

The e-gates opened with an aim to further promote our Fast Travel initiative. Travelers can now self-scan their boarding pass to go through the gate and enter the security screening area. This makes the departing process more seamless for passengers.



ITAMI: Pedestrian deck connecting parking with monorail station (June 26)

We opened a new pedestrian deck connecting the North Parking Structure with the monorail station, aiming to improve accessibility for customers. This enables visitors to move to and from the terminal building without getting wet in the rain. And the barrier-free design allows increased mobility for everyone.



ITAMI: Waiting room for long-distance buses (July 1)

ITAMI unveiled a new waiting room for long-distance buses serving a total of 11 routes to and from the airport. Facility users can enjoy access to free Wi-Fi, vending machines, and digital signage showing bus timetables, flight information, and traffic information.



ITAMI: Motorcycle rental shop (Aug 1)

A motorcycle rental shop Rental 819 opened on the airport's premises, offering a total of around 50 bikes in its lineup to meet diverse customer needs including motorcycle tours, business travel, and homecomings. The shop directly connected to the airport's north terminal building enables travelers to seamlessly hit the road right after their flight.



ITAMI: Grand re-opening (Aug 5)

ITAMI re-opened on August 5 after the first major renovation in about 50 years. Post-security, we introduced Japan's first walk-through commercial space in the domestic gate area, providing a unique experience for domestic passengers that are on the increase. Variety of new stores are attracting both passengers and non-passengers.

