

Summary of the Consolidated Financial Results for the Three Months Ended June 30, 2017

July 28, 2017
Central Japan Railway Company

- **Non-consolidated transportation revenues of the Central Japan Railway Company (the “Company”) exceeded the results of the previous fiscal year** because the use of the Company’s services for business as well as tourism maintained their high levels. **The Company’s overall operating revenues on a consolidated basis also increased due to an increase in revenues of the group companies.**
- **Operating expenses decreased due to a decrease in depreciation and amortization, etc. of the Company.**
- As a result, **the Company recorded increases in both consolidated revenues and profits** (operating income, ordinary income and net income attributable to owners of the parent).
- **The Company does not revise the forecasted results for the fiscal year ending March 31, 2018 from the previous numbers released on April 27, 2017.** The Company will seek, as the entire group, to enhance its management vitality through working towards growing the earning capability and pursuing efficiency and cost reduction in the operation of its business at all levels including capital investments, while giving top priority to ensuring safe and reliable transportation.

1. Summary of Consolidated Results for the Three Months Ended June 30, 2017

(1) Operating revenues (437.2 billion yen; a 14.0 billion yen or a 3.3% increase)

- The Company's **transportation revenues increased by 14.1 billion yen (4.5%) to 330.9 billion yen in the three months ended June 30, 2017, as compared with the three months ended June 30, 2016.**
 - As for the Tokaido Shinkansen, the Company sought to enhance transportation services by, among others, adding extra trains flexibly to respond to demand by leveraging the "10 Nozomi Timetable". The Company also spurred demand by, among others, promoting tourist product offerings for Express Reservation members and their family.
 - As for the conventional lines, for limited express trains such as "Shinano" and "Hida," the Company made efforts to increase passengers by increasing the frequency or the number of cars of train flexibly to respond to demand.
 - As a result, transportation revenues from the Tokaido Shinkansen increased by 13.5 billion yen (4.7%) to 304.6 billion yen in the three months ended June 30, 2017, as compared with the three months ended June 30, 2016. Transportation revenues from the conventional lines increased by 0.5 billion yen (2.2%) to 26.2 billion yen in the three months ended June 30, 2017, as compared with the three months ended June 30, 2016. Total transportation revenues increased by 14.1 billion yen (4.5%) to 330.9 billion yen in the three months ended June 30, 2017, as compared with the three months ended June 30, 2016.
- As for the non-railway business, the Company worked towards the enhancement of existing businesses. The Company has conducted an integral management of the JR GATE TOWER, which was fully opened in April 2017, along with the JR CENTRAL TOWERS and carried out active sales and advertising promotion. Even though revenues of NIPPON SHARYO, LTD. decreased, sales increased from the opening of JR GATE TOWER and the overall operating revenues on a consolidated basis increased.

(2) Operating expenses (255.0 billion yen; a 1.9 billion yen or a 0.7% decrease)

- Despite the increase in expenses from the opening of the JR GATE TOWER, the expenses on a consolidated basis decreased, mainly due to a decrease in depreciation and amortization associated with the Yamanashi Maglev Line of the Company.

(3) Operating income (182.1 billion yen; a 15.9 billion yen or a 9.6% increase)

(4) Non-operating income/loss (-17.9 billion yen; a 4.3 billion yen decrease)

- Non-operating expenses of the Company increased due to an increase in interest expense from the long-term debt for the Chuo Shinkansen construction.

(5) Ordinary income (164.1 billion yen; an 11.5 billion yen or a 7.6% increase)

(6) Net income attributable to owners of the parent (118.1 billion yen; an 11.7 billion yen or an 11.1% increase)

2. Forecasted Results of Operations for the fiscal year ending March 31, 2018

- The Company does not revise the forecasted results for the fiscal year ending March 31, 2018 from the previous numbers released on April 27, 2017.

3. Summary of Long-term Debt and Payables

- The balance of long-term debt and payables at the three months ended June 30, 2017 increased to 4,129.6 billion yen, mainly due to borrowing of 750.0 billion yen in long-term debt for the Chuo Shinkansen construction on May 2017.
- In July 2017, the Company also borrowed 750.0 billion yen in long-term debt for the Chuo Shinkansen construction and completed the planned borrowing of the total amount of 3 trillion yen with regard to long-term debt utilizing Fiscal Investment and Loan Program.

(Note) Any fraction less than a tenth of the unit indicated is rounded down.
(The same for Supplemental Material 2 and later.)

Comparative Quarterly Statements of Income (Consolidated)

(Unit: Billions of yen, %)

Classifications	For the Three Months Ended June 30, 2016	For the Three Months Ended June 30, 2017	Increase (Decrease)	%
Operating revenues	423.1	437.2	14.0	103.3
Transportation	328.8	343.4	14.5	104.4
Merchandise and other	55.2	58.2	3.0	105.5
Real estate	9.5	10.6	1.1	112.4
Other	29.6	24.8	(4.7)	83.8
Operating expenses	256.9	255.0	(1.9)	99.3
Operating income	166.2	182.1	15.9	109.6
Non-operating income (loss)	(13.6)	(17.9)	(4.3)	132.0
Non-operating income	1.6	1.8	0.2	113.7
Non-operating expenses	15.2	19.8	4.5	130.1
Ordinary income	152.5	164.1	11.5	107.6
Extraordinary gain (loss)	(1.0)	8.8	9.9	-
Income before income taxes	151.5	173.0	21.5	114.2
Income taxes	45.3	51.3	5.9	113.1
Net income	106.1	121.6	15.5	114.6
Net income attributable to noncontrolling interests	(0.3)	3.4	3.7	-
Net income attributable to owners of the parent	106.4	118.1	11.7	111.1
Comprehensive income	101.1	127.6	26.5	126.2

(Notes)

The breakdown of operating revenues is based on the amount of sales to external customers, according to reportable segments.

Comparative Quarterly Statements of Income (Non-consolidated)

(Unit: Billions of yen, %)

Classifications	For the Three Months Ended June 30, 2016	For the Three Months Ended June 30, 2017	Increase (Decrease)	%
Operating revenues	331.8	347.1	15.2	104.6
Transportation revenues	316.7	330.9	14.1	104.5
Other services	15.1	16.2	1.0	107.1
Operating expenses	171.4	170.1	(1.2)	99.3
Personnel expenses	46.0	45.8	(0.2)	99.5
Non-personnel expenses	64.8	66.8	2.0	103.1
Taxes other than income taxes	9.9	10.1	0.2	102.8
Depreciation and amortization	50.6	47.3	(3.2)	93.5
Operating income	160.4	176.9	16.5	110.3
Non-operating income (loss)	(13.8)	(16.8)	(3.0)	122.0
Non-operating income	1.3	1.8	0.5	141.0
Non-operating expenses	15.1	18.7	3.5	123.7
Ordinary income	146.6	160.0	13.4	109.2
Extraordinary gain (loss)	(0.0)	0.0	0.0	-
Income before income taxes	146.6	160.1	13.5	109.2
Income taxes	42.6	47.9	5.3	112.5
Net income	103.9	112.2	8.2	107.9

Comparison of Passenger-kilometers and Transportation Revenues
for the Three Months Ended June 30, 2017

(Unit: Millions of passenger-kilometers, billions of yen, %)

			For the Three Months Ended June 30, 2016	For the Three Months Ended June 30, 2017	Increase (Decrease)	%
Passenger-kilometers	Shinkansen	Commuter	370	378	8	102.3
		Others	12,377	12,956	579	104.7
		Subtotal	12,747	13,334	587	104.6
	Conventional lines	Commuter	1,432	1,446	14	101.0
		Others	912	936	24	102.6
		Subtotal	2,344	2,382	38	101.6
	Subtotal	Commuter	1,802	1,824	22	101.2
		Others	13,289	13,892	603	104.5
		Subtotal	15,091	15,716	625	104.1
Transportation revenues	Shinkansen	Commuter	4.4	4.5	0.0	101.9
		Others	286.5	300.0	13.4	104.7
		Subtotal	291.0	304.6	13.5	104.7
	Conventional lines	Commuter	8.8	8.9	0.1	101.1
		Others	16.8	17.2	0.4	102.8
		Subtotal	25.7	26.2	0.5	102.2
	Subtotal	Commuter	13.3	13.5	0.1	101.4
		Others	303.4	317.3	13.9	104.6
		Subtotal	316.7	330.9	14.1	104.5
Total (including parcel fare)			316.7	330.9	14.1	104.5

- (Notes)
1. The above table contains non-consolidated passenger-kilometers and transportation revenues of the Company.
 2. Any fraction in passenger-kilometers that is less than the unit indicated is rounded to the nearest unit.

Comparative Quarterly Balance Sheets (Consolidated)

(Unit: Billions of yen)

Classifications	As of March 31, 2017	As of June 30, 2017	Increase (Decrease)
Current assets	2,210.3	2,952.0	741.6
Money held in trust for the Chuo Shinkansen construction	1,472.7	2,121.5	648.8
Noncurrent assets	4,842.3	4,855.3	12.9
Property, plant and equipment • Intangible assets	4,521.1	4,517.5	(3.6)
Investments and other assets	321.1	337.7	16.6
Total assets	7,052.6	7,807.3	754.6
Current liabilities	555.3	464.5	(90.7)
Noncurrent liabilities	3,770.5	4,502.2	731.6
Long-term debt for the Chuo Shinkansen construction	1,500.0	2,250.0	750.0
Total liabilities	4,325.9	4,966.7	640.8
Total equity	2,726.7	2,840.5	113.8
Total liabilities and equity	7,052.6	7,807.3	754.6

Breakdown of long-term debts	3,395.4	4,129.6	734.1
Long-term debt for the Chuo Shinkansen construction	1,500.0	2,250.0	750.0
Bonds payable	724.2	734.2	10.0
Long-term loans payable	617.3	591.5	(25.8)
Long-term accounts payable-railway facilities	553.8	553.8	-

Estimated Reduction in Long-term Debt and Payables (Consolidated/Non-consolidated)

(Unit: Billions of yen)

Classifications	As of March 31, 2017 (Actual Results)	As of June 30, 2017 (Actual Results)	As of March 31, 2018 (Estimated)	Estimated Annual Amount of Decrease
Balance of long-term debt and payables (consolidated)	3,395.4	4,129.6	4,859.4	1,464.0
Balance of long-term debt and payables (non-consolidated)	3,369.0	4,128.1	4,859.0	1,490.0
Long-term debt for the Chuo Shinkansen construction	1,500.0	2,250.0	3,000.0	1,500.0
Other Long-term debt	1,869.0	1,878.1	1,859.0	(10.0)

Reference: Comparative Quarterly Operating Income/Loss According to
Reportable Segments

(Unit: Billions of yen, %)

Classifications	Segments	For the Three Months Ended June 30, 2016	For the Three Months Ended June 30, 2017	Increase (Decrease)	%
Operating revenues	Transportation	331.7	346.3	14.6	104.4
	Merchandise and other	57.5	61.9	4.4	107.8
	Real estate	16.1	18.2	2.1	113.3
	Other	52.1	47.4	(4.6)	91.0
	Reconciliations	(34.3)	(36.8)	(2.5)	107.4
	Total	423.1	437.2	14.0	103.3
Segment profit (Operating income)	Transportation	159.5	176.4	16.8	110.6
	Merchandise and other	1.5	1.6	0.0	105.4
	Real estate	4.8	3.9	(0.9)	79.9
	Other	(0.0)	0.0	0.0	-
	Reconciliations	0.2	0.0	(0.1)	33.1
	Total	166.2	182.1	15.9	109.6

- (Notes)
1. Operating revenues include the amount of sales to other reportable segments as well as the amount of sales to external customers.
 2. Rows entitled "Reconciliations" show amounts that are off-set among reportable segments.