

[TRANSLATION]

[Supplemental Material 1]

Summary of the Consolidated Financial Results for the Six Months Ended September 30, 2018

October 29, 2018  
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 **slightly 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 will upwardly revise the forecasted results of revenues and profits for the fiscal year ending March 31, 2019 to reflect the actual results for the six months ended September 30, 2018.** 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 Six Months Ended September 30, 2018

### **(1) Operating revenues (918.1 billion yen; an 18.5 billion yen or a 2.1% increase)**

- The Company's **transportation revenues increased by 14.9 billion yen (2.2%) to 693.2 billion yen in the six months ended September 30, 2018, as compared with the six months ended September 30, 2017.**
  - 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." We operated 434 services on August 10, a record-high number of services per day, and welcomed approximately 505,000 passengers (Tokyo exit), which was the highest number of passengers serviced ever. In addition to promoting "Express Reservation" and "Smart EX," the Company also put effort into spurring demand by offering tourist products such as "EX Hayatoku-Family NOZOMI."
  - 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 any increases in demand. In addition, the Company worked to promptly recover the Takayama Line which was affected by heavy rain in July 2018, and resumed services with the exception of part of the segment north of Takayama.
  - As a result, transportation revenues from the Tokaido Shinkansen increased by 15.8 billion yen (2.5%) to 640.7 billion yen in the six months ended September 30, 2018, as compared with the six months ended September 30, 2017. Transportation revenues from the conventional lines decreased by 0.8 billion yen (1.7%) to 52.5 billion yen in the six months ended September 30, 2018, as compared with the six months ended September 30, 2017.
- As for the non-railway business, the Company has conducted an integral management of JR GATE TOWER along with JR CENTRAL TOWERS and carried out active sales and advertising promotion. The overall operating revenues on a consolidated basis increased, mainly due to higher operating revenues of JR GATE TOWER.

### **(2) Operating expenses (527.1 billion yen; a 0.5 billion yen or a 0.1% decrease)**

- The expenses on a consolidated basis decreased slightly, mainly due to a decrease in depreciation and amortization of the Company.

### **(3) Operating income (390.9 billion yen; a 19.1 billion yen or a 5.1% increase)**

### **(4) Non-operating income/loss (-39.1 billion yen; a 0.5 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 (351.8 billion yen; a 18.5 billion yen or a 5.6% increase)**

### **(6) Net income attributable to owners of the parent (244.7 billion yen; a 23.8 billion yen or a 10.8% increase)**

## **2. Forecasted Results of Operations for the fiscal year ending March 31, 2019**

- Reflecting actual results for the six months ended September 30, 2018, the Company will revise the forecasted results for the fiscal year ending March 31, 2019 as follows — operating revenues: 1,855.0 billion yen (1.8% increase compared with the fiscal year ended March 31, 2018), operating income: 673.0 billion yen (1.7% increase compared with the fiscal year ended March 31, 2018), ordinary income: 594.0 billion yen (1.8% increase compared with the fiscal year ended March 31, 2018), and net income attributable to owners of parent: 411.0 billion yen (3.9% increase compared with the fiscal year ended March 31, 2018).

## **3. Interim Dividends and Forecasted Year-end Dividends for the fiscal year ending March 31, 2019 (of the Company)**

- Interim dividends 70 yen per share  
(as forecasted at the beginning of this fiscal year; same as the amount of dividends paid for interim period of the fiscal year ended March 31, 2018)
- Forecasted year-end dividends 70 yen per share

(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 Six Months Ended September 30, 2017	For the Six Months Ended September 30, 2018	Increase (Decrease)	%
<b>Operating revenues</b>	<b>899.5</b>	<b>918.1</b>	<b>18.5</b>	<b>102.1</b>
Transportation	703.9	719.1	15.1	102.2
Merchandise and other	117.5	121.9	4.3	103.7
Real estate	22.2	22.9	0.6	103.0
Other	55.7	54.0	(1.6)	97.0
<b>Operating expenses</b>	<b>527.6</b>	<b>527.1</b>	<b>(0.5)</b>	<b>99.9</b>
<b>Operating income</b>	<b>371.8</b>	<b>390.9</b>	<b>19.1</b>	<b>105.1</b>
<b>Non-operating income (loss)</b>	<b>(38.5)</b>	<b>(39.1)</b>	<b>(0.5)</b>	<b>101.5</b>
Non-operating income	2.7	4.2	1.4	152.1
Non-operating expenses	41.3	43.4	2.0	104.9
<b>Ordinary income</b>	<b>333.2</b>	<b>351.8</b>	<b>18.5</b>	<b>105.6</b>
<b>Extraordinary gain (loss)</b>	<b>(17.9)</b>	<b>(1.0)</b>	<b>16.9</b>	<b>5.8</b>
<b>Income before income taxes</b>	<b>315.3</b>	<b>350.7</b>	<b>35.4</b>	<b>111.2</b>
Income taxes	101.9	103.6	1.6	101.6
<b>Net income</b>	<b>213.3</b>	<b>247.1</b>	<b>33.7</b>	<b>115.8</b>
Net income (loss) attributable to noncontrolling interests	(7.4)	2.4	9.9	-
<b>Net income attributable to owners of the parent</b>	<b>220.8</b>	<b>244.7</b>	<b>23.8</b>	<b>110.8</b>
<b>Comprehensive income</b>	<b>225.1</b>	<b>249.1</b>	<b>23.9</b>	<b>110.6</b>

(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 Six Months Ended September 30, 2017	For the Six Months Ended September 30, 2018	Increase (Decrease)	%
<b>Operating revenues</b>	<b>711.5</b>	<b>727.0</b>	<b>15.5</b>	<b>102.2</b>
Transportation revenues	678.3	693.2	14.9	102.2
Other services	33.2	33.7	0.5	101.6
<b>Operating expenses</b>	<b>356.1</b>	<b>353.5</b>	<b>(2.5)</b>	<b>99.3</b>
Personnel expenses	89.6	90.4	0.8	100.9
Non-personnel expenses	150.4	149.1	(1.3)	99.1
Taxes other than income taxes	20.2	20.8	0.6	103.1
Depreciation and amortization	95.8	93.0	(2.7)	97.2
<b>Operating income</b>	<b>355.3</b>	<b>373.4</b>	<b>18.0</b>	<b>105.1</b>
<b>Non-operating income (loss)</b>	<b>(37.5)</b>	<b>(39.4)</b>	<b>(1.9)</b>	<b>105.1</b>
Non-operating income	2.8	3.8	1.0	136.5
Non-operating expenses	40.3	43.2	2.9	107.3
<b>Ordinary income</b>	<b>317.8</b>	<b>333.9</b>	<b>16.1</b>	<b>105.1</b>
<b>Extraordinary gain (loss)</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.0)</b>	<b>61.3</b>
<b>Income before income taxes</b>	<b>317.8</b>	<b>334.0</b>	<b>16.1</b>	<b>105.1</b>
Income taxes	95.6	99.3	3.7	103.9
<b>Net income</b>	<b>222.2</b>	<b>234.6</b>	<b>12.4</b>	<b>105.6</b>

Comparison of Passenger-kilometers and Transportation Revenues  
for the Six Months Ended September 30, 2018

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

			For the Six Months Ended September 30, 2017	For the Six Months Ended September 30, 2018	Increase (Decrease)	%	(Reference) From July to September , 2018	Vs. From July to September , 2017 (%)
Passenger-kilometers	Shinkansen	Commuter	751	773	21	102.8	385	103.3
		Others	26,538	27,129	590	102.2	13,938	102.6
		Subtotal	27,289	27,901	612	102.2	14,324	102.6
	Conventional lines	Commuter	2,892	2,899	7	100.2	1,449	100.2
		Others	1,919	1,876	(43)	97.7	944	96.0
		Subtotal	4,810	4,774	(36)	99.2	2,393	98.5
	Subtotal	Commuter	3,643	3,671	28	100.8	1,834	100.9
		Others	28,457	29,004	547	101.9	14,882	102.2
		Subtotal	32,100	32,675	576	101.8	16,716	102.0
Transportation revenues	Shinkansen	Commuter	8.9	9.2	0.2	103.0	4.5	103.5
		Others	615.9	631.5	15.5	102.5	323.6	102.5
		Subtotal	624.8	640.7	15.8	102.5	328.2	102.5
	Conventional lines	Commuter	17.9	17.9	0.0	100.3	8.9	100.3
		Others	35.5	34.5	(0.9)	97.4	17.2	94.8
		Subtotal	53.4	52.5	(0.8)	98.3	26.2	96.6
	Subtotal	Commuter	26.8	27.1	0.3	101.2	13.5	101.3
		Others	651.4	666.1	14.6	102.2	340.9	102.1
		Subtotal	678.3	693.2	14.9	102.2	354.4	102.0
Total (including parcel fare)		678.3	693.2	14.9	102.2	354.4	102.0	

- (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, 2018	As of September 30, 2018	Increase (Decrease)
<b>Current assets</b>	<b>3,804.7</b>	<b>3,758.5</b>	<b>(46.1)</b>
Money held in trust for the Chuo Shinkansen construction	2,840.9	2,737.0	(103.9)
<b>Noncurrent assets</b>	<b>5,103.9</b>	<b>5,307.9</b>	<b>204.0</b>
Property, plant and equipment • Intangible assets	4,600.3	4,623.9	23.5
Investments and other assets	503.5	683.9	180.4
<b>Total assets</b>	<b>8,908.6</b>	<b>9,066.4</b>	<b>157.8</b>
<b>Current liabilities</b>	<b>602.8</b>	<b>560.6</b>	<b>(42.1)</b>
<b>Noncurrent liabilities</b>	<b>5,221.1</b>	<b>5,183.4</b>	<b>(37.6)</b>
<b>Total liabilities</b>	<b>5,823.9</b>	<b>5,744.1</b>	<b>(79.8)</b>
<b>Total equity</b>	<b>3,084.7</b>	<b>3,322.3</b>	<b>237.6</b>
<b>Total liabilities and equity</b>	<b>8,908.6</b>	<b>9,066.4</b>	<b>157.8</b>
<b>Breakdown of long-term debts</b>	<b>4,856.2</b>	<b>4,882.3</b>	<b>26.1</b>
Long-term debt for the Chuo Shinkansen construction	3,000.0	3,000.0	-
Bonds payable	734.2	773.2	38.9
Long-term loans payable	572.8	562.5	(10.3)
Long-term accounts payable-railway facilities	549.0	546.4	(2.5)

## Comparative Quarterly Statements of Cash Flows (Consolidated)

(Unit: Billions of yen)

Classifications	For the Six Months Ended September 30, 2017	For the Six Months Ended September 30, 2018	Increase (Decrease)
<b>Net cash provided by (used in) operating activities</b>	<b>331.5</b>	<b>276.2</b>	<b>(55.2)</b>
<b>Net cash provided by (used in) investing activities</b>	<b>(1,465.7)</b>	<b>(245.6)</b>	<b>1,220.0</b>
Expenditures from the purchase of property, plant and equipment and intangible assets, etc.	(139.8)	(169.3)	(29.4)
Proceeds/payments from money held in trust for the Chuo Shinkansen construction (net)	(1,398.8)	103.9	1,502.7
Revenue/expenditure from fund management (net)	73.0	(180.2)	(253.2)
<b>Net cash provided by (used in) financing activities</b>	<b>1,477.4</b>	<b>18.3</b>	<b>(1,459.0)</b>
Proceeds from the long-term debt for the Chuo Shinkansen construction	1,500.0	-	(1,500.0)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>343.2</b>	<b>49.0</b>	<b>(294.2)</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>414.5</b>	<b>782.4</b>	<b>367.8</b>
<b>Cash and cash equivalents, end of the period</b>	<b>757.8</b>	<b>831.4</b>	<b>73.6</b>



## Forecasted Results of Operations for the Fiscal Year Ending March 31, 2019 (Consolidated)

(Unit: Billions of yen, %)

Classifications	For the Year Ended March 31, 2018 (Actual Results) A	For the Year Ending March 31, 2019 (Previous Forecast) B	For the Year Ending March 31, 2019 (Current Forecast) C	Previous Forecast vs. Current Forecast		For the Year Ended March 31, 2018 (Actual Results) vs. For the Year Ending March 31, 2019 (Current Forecast)	
				Increase (Decrease) C - B	% C/B	Increase (Decrease) C - A	% C/A
<b>Operating revenues</b>	<b>1,822.0</b>	<b>1,844.0</b>	<b>1,855.0</b>	<b>11.0</b>	<b>100.6</b>	<b>32.9</b>	<b>101.8</b>
<b>Operating expenses</b>	<b>1,160.0</b>	<b>1,181.0</b>	<b>1,182.0</b>	<b>1.0</b>	<b>100.1</b>	<b>21.9</b>	<b>101.9</b>
<b>Operating income</b>	<b>662.0</b>	<b>663.0</b>	<b>673.0</b>	<b>10.0</b>	<b>101.5</b>	<b>10.9</b>	<b>101.7</b>
<b>Ordinary income</b>	<b>583.5</b>	<b>584.0</b>	<b>594.0</b>	<b>10.0</b>	<b>101.7</b>	<b>10.4</b>	<b>101.8</b>
<b>Net income attributable to owners of the parent</b>	<b>395.5</b>	<b>404.0</b>	<b>411.0</b>	<b>7.0</b>	<b>101.7</b>	<b>15.4</b>	<b>103.9</b>

## Forecasted Results of Operations for the Fiscal Year Ending March 31, 2019 (Non-Consolidated)

(Unit: Billions of yen, %)

Classifications	For the Year Ended March 31, 2018 (Actual Results) A	For the Year Ending March 31, 2019 (Previous Forecast) B	For the Year Ending March 31, 2019 (Current Forecast) C	Previous Forecast vs. Current Forecast		For the Year Ended March 31, 2018 (Actual Results) vs. For the Year Ending March 31, 2019 (Current Forecast)	
				Increase (Decrease) C - B	% C/B	Increase (Decrease) C - A	% C/A
<b>Operating revenues</b>	<b>1,427.4</b>	<b>1,438.0</b>	<b>1,446.0</b>	<b>8.0</b>	<b>100.6</b>	<b>18.5</b>	<b>101.3</b>
[Transportation revenues]	1,358.3	1,369.0	1,377.0	8.0	100.6	18.6	101.4
<b>Operating expenses</b>	<b>802.1</b>	<b>807.0</b>	<b>807.0</b>	<b>-</b>	<b>100.0</b>	<b>4.8</b>	<b>100.6</b>
<b>Operating income</b>	<b>625.2</b>	<b>631.0</b>	<b>639.0</b>	<b>8.0</b>	<b>101.3</b>	<b>13.7</b>	<b>102.2</b>
<b>Ordinary income</b>	<b>547.6</b>	<b>552.0</b>	<b>560.0</b>	<b>8.0</b>	<b>101.4</b>	<b>12.3</b>	<b>102.3</b>
<b>Net income</b>	<b>384.4</b>	<b>386.0</b>	<b>392.0</b>	<b>6.0</b>	<b>101.6</b>	<b>7.5</b>	<b>102.0</b>

## Reference: Actual Results According to Reportable Segments

(Unit: Billions of yen, %)

Classifications		For the Six Months Ended September 30, 2017	For the Six Months Ended September 30, 2018	Increase (Decrease)	%
<b>Operating revenues</b>	Transportation	709.8	725.1	15.3	102.2
	Merchandise and other	124.3	127.5	3.2	102.6
	Real estate	37.9	38.9	1.0	102.7
	Other	104.8	95.6	(9.2)	91.2
	Reconciliations	(77.4)	(69.1)	8.2	89.3
	Total	899.5	918.1	18.5	102.1
<b>Segment profit (Operating income)</b>	Transportation	353.8	371.6	17.8	105.0
	Merchandise and other	4.2	4.3	0.0	101.8
	Real estate	9.0	10.6	1.5	117.2
	Other	5.4	4.1	(1.2)	76.3
	Reconciliations	(0.6)	0.2	0.9	-
	Total	371.8	390.9	19.1	105.1

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

## Reference: Forecasted Results According to Reportable Segments

(Unit: Billions of yen, %)

Classifications		For the Year Ended March 31, 2018 (Actual Results) A	For the Year Ending March 31, 2019 (Previous Forecast) B	For the Year Ending March 31, 2019 (Current Forecast) C	Previous Forecast vs. Current Forecast		For the Year Ended March 31, 2018 (Actual Results) vs. For the Year Ending March 31, 2019 (Current Forecast)	
					Increase (Decrease) C - B	% C/B	Increase (Decrease) C - A	% C/A
<b>Operating revenues</b>	Transportation	1,424.0	1,435.0	1,443.0	8.0	100.6	18.9	101.3
	Merchandise and other	255.3	258.0	259.0	1.0	100.4	3.6	101.4
	Real estate	78.0	81.0	81.0	-	100.0	2.9	103.8
	Other	261.6	259.0	261.0	2.0	100.8	(0.6)	99.8
	Reconciliations	(197.0)	(189.0)	(189.0)	-	100.0	8.0	95.9
	Total	1,822.0	1,844.0	1,855.0	11.0	100.6	32.9	101.8
<b>Segment profit (Operating income)</b>	Transportation	623.0	629.0	637.0	8.0	101.3	13.9	102.2
	Merchandise and other	8.2	8.0	8.0	-	100.0	(0.2)	97.3
	Real estate	18.5	18.0	18.0	-	100.0	(0.5)	97.1
	Other	13.2	8.0	10.0	2.0	125.0	(3.2)	75.7
	Reconciliations	(1.0)	-	-	-	-	1.0	-
	Total	662.0	663.0	673.0	10.0	101.5	10.9	101.7

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