

Summary of Consolidated Financial Report for the Nine Months Ended December 31, 2018 [under Japanese GAAP] (Unaudited)

English translation from the original Japanese-language document

January 30, 2019

Company Name	Central Japan Railway Company
Stock Exchange Listings	Tokyo and Nagoya
Code Number	9022
URL	http://jr-central.co.jp
Representative	Shin Kaneko, President and Representative Director
Contact Person	Shunsuke Niwa, Corporate Officer, General Manager of the Public Relations Department (Tel +81-52-564-2549)
Expected Date of Presentation of Quarterly Financial Statement Reports	February 6, 2019
Expected Date of Dividend Payment Commencement	—
Supplementary Information	Attached
Briefing of Financial Results of 3rd Quarter	None

1. Results for the nine months ended December 31, 2018

(1) Consolidated financial results (Figures less than one million yen, except for per share information, have been rounded down.)

	Operating revenues		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2019 3rd Quarter	1,407,716	2.4	597,647	6.4	539,872	7.1	375,685	10.6
Fiscal 2018 3rd Quarter	1,374,385	4.2	561,884	9.1	503,924	6.5	339,767	2.6

Note 1. Comprehensive income : Fiscal 2019 3rd Quarter 368,299 million yen, 4.0%. Fiscal 2018 3rd Quarter 354,163 million yen, 3.9%.

2. Percentages for operating revenues, operating income, ordinary income, net income attributable to owners of the parent and comprehensive income represent the changes from the corresponding nine-month period of the previous year.

	Net income per share - basic	Net income per share - diluted
	Yen	Yen
Fiscal 2019 3rd Quarter	1,917.62	-
Fiscal 2018 3rd Quarter	1,730.19	-

(2) Consolidated financial position (Figures less than one million yen have been rounded down.)

	Total assets	Equity	Net worth ratio
	Millions of yen	Millions of yen	%
Fiscal 2019 3rd Quarter	9,141,375	3,429,432	37.2
Fiscal 2018	8,908,682	3,084,739	34.3

Note Net worth : Fiscal 2019 3rd Quarter 3,396,341 million yen. Fiscal 2018 3,055,410 million yen.

2. Cash dividends

	Cash dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2018	-	70.00	-	70.00	140.00
Fiscal 2019	-	70.00	-	-	-
Fiscal 2019 (Forecast)	-	-	-	70.00	140.00

Note Changes in the previous forecast of cash dividends for Fiscal 2019 : none

3. Consolidated forecast for Fiscal 2019 (Year ending March 31, 2019)

	Operating revenues		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share - basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal 2019	1,855,000	1.8	673,000	1.7	594,000	1.8	411,000	3.9	2,097.84

Note 1. Percentages for operating revenues, operating income, ordinary income and net income attributable to owners of the parent represent the changes from the corresponding period of the previous year.

2. Changes in the previous consolidated forecast for Fiscal 2019 : none

※Notes to Consolidated Financial Information

- (1) Changes in scope of significant consolidated subsidiaries : none
 (2) Adoption of simplified accounting methods or accounting methods used specifically for quarterly consolidated financial statements : adopted
 (3) Changes in accounting policies, changes in accounting estimates and error corrections
 ① Changes in accounting policies due to revision of accounting standard : none
 ② Other changes in accounting policies : none
 ③ Changes in accounting estimates : none
 ④ Error corrections : none

(4) Number of common shares issued and outstanding at the end of each period

① Number of shares outstanding at the end of period
 (Including treasury stocks)

Fiscal 2019 3rd Quarter	206,000,000 shares	Fiscal 2018	206,000,000 shares
Fiscal 2019 3rd Quarter	9,960,859 shares	Fiscal 2018	10,173,749 shares
Fiscal 2019 3rd Quarter	195,912,625 shares	Fiscal 2018 3rd Quarter	196,375,343 shares

② Number of treasury stocks at the end of period

③ Average number of shares outstanding for the period

Note The number of treasury stocks at the end of the period and treasury stocks that are deducted from calculation of the average number of shares outstanding for the period include the Company's shares held by the employee stock ownership plan trust account, as follows.

Number of treasury stocks at the end of period : Fiscal 2019 3rd Quarter 760,000 shares. Fiscal 2018 972,900 shares.

Average number of shares outstanding for the period : Fiscal 2019 3rd Quarter 886,525 shares. Fiscal 2018 3rd Quarter 423,778 shares.

(5) Quarterly Consolidated Balance Sheet

Money held in trust for the Chuo Shinkansen construction and Long-term debt for the Chuo Shinkansen construction

The Company has received loans from the Japan Railway Construction, Transport and Technology Agency for promoting the construction of the Chuo Shinkansen, and the money is placed in the trust fund to segregate it from other money.

(6) Quarterly Consolidated Statement of Income

Settlement of railway rolling stock production business

For the nine months ended December 31, 2017, as for NIPPON SHARYO, LTD., a consolidated subsidiary of the Company, the large railway rolling stock project for the U.S.A. was taken over by another manufacturer. Accordingly, NIPPON SHARYO, LTD. suffered a loss resulted from concluding the contract to pay the settlement money to Sumitomo Corporation and Sumitomo Corporation of Americas.

(7) Adoption of simplified accounting methods or accounting methods used specifically for quarterly consolidated financial statements

Computation of income taxes

The Company computed income taxes by multiplying quarterly income before income taxes by estimated effective rate, which is applicable to annual tax provision to annual income before income taxes of the current year.

- Note 1. Quarterly consolidated financial information is not subject to audit procedures.
 2. The forward-looking statements in this report are based on estimates and assumptions that reflect information available as of the day of release of this report. The accuracy of forecasts above, therefore, is inherently uncertain because it is affected by future economic trends and environment. This forecast has not been changed from the previous forecast at October 29, 2018.
 3. English supplementary information will be announced on our website later.

QUARTERLY CONSOLIDATED BALANCE SHEET (Unaudited)

(Figures less than one million yen have been rounded down.)

	Millions of yen	
	As of March 31, 2018	As of December 31, 2018
ASSETS		
Current assets:		
Cash and deposits	469,863	617,610
Money held in trust for the Chuo Shinkansen construction	2,840,931	2,670,591
Notes and accounts receivable-trade	55,774	51,854
Railway fares receivables	46,246	53,856
Marketable securities	308,500	165,900
Inventories	38,116	54,010
Other	45,349	52,913
Allowance for doubtful accounts	(13)	(18)
Total current assets	3,804,768	3,666,719
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures, net	1,499,397	1,437,536
Machinery, rolling stock and vehicles, net	252,386	234,454
Land	2,354,570	2,354,698
Construction in progress	401,234	520,072
Other, net	37,142	31,350
Total property, plant and equipment	4,544,732	4,578,113
Intangible assets	55,659	58,045
Investments and other assets		
Investment securities	306,937	640,137
Deferred tax assets	166,438	170,156
Other	35,610	33,884
Allowance for doubtful accounts	(5,463)	(5,680)
Total investments and other assets	503,522	838,497
Total noncurrent assets	5,103,914	5,474,656
Total assets	8,908,682	9,141,375

QUARTERLY CONSOLIDATED BALANCE SHEET (Unaudited)

(Figures less than one million yen have been rounded down.)

	Millions of yen	
	As of March 31, 2018	As of December 31, 2018
LIABILITIES		
Current liabilities:		
Notes and accounts payable-trade	81,240	62,091
Short-term loans payable	27,509	27,336
Current portion of long-term loans payable	82,047	120,525
Current portion of long-term debt of the employee stock ownership plan trust	5,400	5,400
Current portion of long-term accounts payable-railway facilities	5,126	5,283
Income taxes payable	109,783	70,517
Provision for bonuses	28,218	14,797
Other	263,498	235,783
Total current liabilities	602,823	541,735
Noncurrent liabilities:		
Bonds payable	734,295	773,278
Long-term loans payable	490,838	439,120
Long-term debt for the Chuo Shinkansen construction	3,000,000	3,000,000
Long-term debt of the employee stock ownership plan trust	15,100	10,600
Long-term accounts payable-railway facilities	543,897	541,214
Provision for large-scale renovation of the Shinkansen infrastructure	175,000	148,750
Liability for retirement benefits	201,006	197,984
Other	60,980	59,259
Total noncurrent liabilities	5,221,118	5,170,207
Total liabilities	5,823,942	5,711,942
EQUITY		
Shareholders' equity:		
Common stock	112,000	112,000
Capital surplus	53,498	53,497
Retained earnings	2,976,434	3,324,540
Treasury stock	(121,687)	(117,632)
Total shareholders' equity	3,020,245	3,372,404
Accumulated other comprehensive income:		
Unrealized gain on available-for-sale securities	38,011	24,368
Deferred loss on hedges	(3)	—
Remeasurements of defined benefit plans	(2,842)	(431)
Total accumulated other comprehensive income	35,164	23,936
Noncontrolling interests	29,329	33,091
Total equity	3,084,739	3,429,432
Total liabilities and equity	8,908,682	9,141,375

QUARTERLY CONSOLIDATED STATEMENT OF INCOME (Unaudited)

(Figures less than one million yen have been rounded down.)

	Millions of yen	
	For the nine months ended December 31, 2017	For the nine months ended December 31, 2018
Operating revenues	1,374,385	1,407,716
Operating expenses:		
Transportation, other services and cost of sales	676,611	673,700
Selling, general and administrative expenses	135,889	136,368
Total operating expenses	812,500	810,069
Operating income	561,884	597,647
Non-operating income:		
Interest income	149	1,049
Dividend income	2,688	3,049
Insurance income	192	115
Other	2,115	2,688
Total non-operating income	5,146	6,903
Non-operating expenses:		
Interest expense	31,606	34,126
Interest on long-term accounts payable-railway facilities	26,897	26,598
Other	4,602	3,952
Total non-operating expenses	63,106	64,678
Ordinary income	503,924	539,872
Extraordinary gain:		
Contribution for construction	3,764	1,610
Other	10,552	191
Total extraordinary gain	14,316	1,802
Extraordinary loss:		
Loss on reduction of noncurrent assets	3,671	1,596
Loss on retirement of noncurrent assets	1,177	1,136
Settlement of railway rolling stock production business	26,445	—
Other	5,664	453
Total extraordinary loss	36,957	3,186
Income before income taxes	481,283	538,488
Income taxes	147,355	158,918
Net income	333,928	379,570
Net income (loss) attributable to noncontrolling interests	(5,839)	3,884
Net income attributable to owners of the parent	339,767	375,685

QUARTERLY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

(Figures less than one million yen have been rounded down.)

	Millions of yen	
	For the nine months ended December 31, 2017	For the nine months ended December 31, 2018
Net income	333,928	379,570
Other comprehensive income:		
Unrealized (loss) gain on available-for-sale securities	17,670	(13,541)
Deferred gain on hedges	3	7
Remeasurements of defined benefit plans	2,441	2,256
Share of other comprehensive income in affiliates	119	6
Total other comprehensive (loss) income	20,234	(11,270)
Comprehensive income	354,163	368,299
(breakdown)		
Total comprehensive income (loss) attributable to		
Owners of the parent	359,108	364,457
Noncontrolling interests	(4,945)	3,841

SEGMENT INFORMATION (Unaudited)

I Fiscal 2018 3rd Quarter (For the nine months ended December 31, 2017)

Information about operating revenues and profit (loss)

(Figures less than one million yen have been rounded down.)

	Millions of yen						
	Transportation	Merchandise and Other	Real Estate	Other	Total	Reconciliations	Consolidated
Operating revenues:							
External customers	1,073,576	178,449	34,783	87,575	1,374,385	—	1,374,385
Intersegment transactions or transfers	8,895	9,484	23,484	81,949	123,814	(123,814)	—
Total	1,082,472	187,933	58,268	169,525	1,498,199	(123,814)	1,374,385
Segment profit	532,306	5,841	15,011	9,932	563,092	(1,207)	561,884

- Note 1. Other includes business in hotel, travel, advertising, rolling stock production, construction and etc. which are not included in reportable segments.
 2. The reconciliations amount of (1,207) million yen for segment profit is the elimination of intersegment transactions.
 3. Segment profit is reconciled to operating income in the quarterly consolidated statement of income.

II Fiscal 2019 3rd Quarter (For the nine months ended December 31, 2018)

Information about operating revenues and profit (loss)

(Figures less than one million yen have been rounded down.)

	Millions of yen						
	Transportation	Merchandise and Other	Real Estate	Other	Total	Reconciliations	Consolidated
Operating revenues:							
External customers	1,100,619	185,648	35,304	86,144	1,407,716	—	1,407,716
Intersegment transactions or transfers	9,126	8,555	23,946	70,986	112,615	(112,615)	—
Total	1,109,745	194,203	59,251	157,131	1,520,331	(112,615)	1,407,716
Segment profit	566,305	7,055	15,987	8,474	597,822	(175)	597,647

- Note 1. Other includes business in hotel, travel, advertising, rolling stock production, construction and etc. which are not included in reportable segments.
 2. The reconciliations amount of (175) million yen for segment profit is the elimination of intersegment transactions.
 3. Segment profit is reconciled to operating income in the quarterly consolidated statement of income.