

Summary of Consolidated Financial Report for the Six Months Ended September 30, 2019 [under Japanese GAAP] (Unaudited)

English translation from the original Japanese-language document

October 28, 2019

Company Name	Central Japan Railway Company
Stock Exchange Listings	Tokyo and Nagoya
Code Number	9022
URL	https://jr-central.co.jp
Representative	Shin Kaneko, President and Representative Director
Contact Person	Kentaro Takeda, Corporate Officer, General Manager of the Public Relations Department (Tel +81-52-564-2549)
Expected Date of Presentation of Quarterly Financial Statement Reports	November 6, 2019
Expected Date of Dividend Payment Commencement	December 2, 2019
Supplementary Information	Attached
Briefing of Financial Results of 2nd Quarter	To be held

1. Results for the six months ended September 30, 2019

(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 2020 2nd Quarter	955,611	4.1	406,873	4.1	369,215	4.9	257,533	5.2
Fiscal 2019 2nd Quarter	918,127	2.1	390,998	5.1	351,840	5.6	244,727	10.8

Note 1. Comprehensive income : Fiscal 2020 2nd Quarter 262,129 million yen, 5.2%. Fiscal 2019 2nd Quarter 249,115 million yen, 10.6%.

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 six-month period of the previous year.

	Net income per share - basic	Net income per share - diluted
	Yen	Yen
Fiscal 2020 2nd Quarter	1,313.04	-
Fiscal 2019 2nd Quarter	1,249.37	-

(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 2020 2nd Quarter	9,388,495	3,757,904	39.6
Fiscal 2019	9,295,745	3,508,065	37.3

Note Net worth : Fiscal 2020 2nd Quarter 3,718,405 million yen. Fiscal 2019 3,471,294 million yen.

2. Cash dividends

	Cash dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2019	-	70.00	-	75.00	145.00
Fiscal 2020	-	75.00			
Fiscal 2020 (Forecast)			-	75.00	150.00

Note Changes in the previous forecast of cash dividends for Fiscal 2020 : none

3. Consolidated forecast for Fiscal 2020 (Year ending March 31, 2020)

	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 2020	1,902,000	1.3	690,000	(2.8)	614,000	(2.9)	426,000	(2.9)	2,171.55

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 2020 : changed

※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 2020 2nd Quarter	206,000,000 shares	Fiscal 2019	206,000,000 shares
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② Number of treasury stocks at the end of period

Fiscal 2020 2nd Quarter	9,788,369 shares	Fiscal 2019	9,923,059 shares
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③ Average number of shares outstanding for the period

Fiscal 2020 2nd Quarter	196,135,669 shares	Fiscal 2019 2nd Quarter	195,881,391 shares
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Note The number of treasury stocks at the end of 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 2020 2nd Quarter 587,500 shares. Fiscal 2019 722,200 shares.

Average number of shares outstanding for the period : Fiscal 2020 2nd Quarter 663,463 shares. Fiscal 2019 2nd Quarter 917,760 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) 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 determined based on the estimated annual tax provision and the estimated annual income before income taxes of the current year.

(Reference) Nonconsolidated forecast for Fiscal 2020 (Year ending March 31, 2020)

	Operating revenues		Operating income		Ordinary income		Net income		Net income per share - basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal 2020	1,490,000	1.7	659,000	(1.3)	582,000	(1.4)	408,000	(1.5)	2,077.65

Note 1. Percentages for operating revenues, operating income, ordinary income and net income represent the change from the corresponding period of the previous year.
 2. Changes in the previous nonconsolidated forecast for Fiscal 2020 : changed

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 been changed from the previous forecast at April 25, 2019.
 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, 2019	As of September 30, 2019
ASSETS		
Current assets:		
Cash and deposits	587,867	708,980
Money held in trust for the Chuo Shinkansen construction	2,670,591	2,509,149
Notes and accounts receivable-trade	58,085	54,057
Railway fares receivables	54,760	57,658
Marketable securities	158,300	153,700
Inventories	46,358	48,479
Other	54,792	48,509
Allowance for doubtful accounts	(61)	(30)
Total current assets	3,630,692	3,580,504
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures, net	1,447,619	1,411,454
Machinery, rolling stock and vehicles, net	240,018	229,331
Land	2,354,886	2,355,027
Construction in progress	616,395	707,539
Other, net	47,753	41,757
Total property, plant and equipment	4,706,673	4,745,110
Intangible assets	77,571	76,043
Investments and other assets		
Investment securities	676,420	781,595
Deferred tax assets	170,574	169,889
Other	39,498	38,945
Allowance for doubtful accounts	(5,685)	(3,593)
Total investments and other assets	880,807	986,836
Total noncurrent assets	5,665,052	5,807,991
Total assets	9,295,745	9,388,495

QUARTERLY CONSOLIDATED BALANCE SHEET (Unaudited)

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

	Millions of yen	
	As of March 31, 2019	As of September 30, 2019
LIABILITIES		
Current liabilities:		
Notes and accounts payable-trade	76,348	54,586
Short-term loans payable	28,392	29,366
Current portion of bonds payable	—	10,000
Current portion of long-term loans payable	110,493	69,065
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	5,444	5,612
Income taxes payable	105,698	115,488
Provision for bonuses	28,716	28,491
Other	289,767	215,440
Total current liabilities	650,260	533,451
Noncurrent liabilities:		
Bonds payable	773,293	763,318
Long-term loans payable	423,438	418,253
Long-term debt for the Chuo Shinkansen construction	3,000,000	3,000,000
Long-term debt of the employee stock ownership plan trust	9,700	7,000
Long-term accounts payable-railway facilities	538,451	535,601
Provision for large-scale renovation of the Shinkansen infrastructure	140,000	122,500
Liability for retirement benefits	194,347	193,938
Other	58,188	56,527
Total noncurrent liabilities	5,137,419	5,097,139
Total liabilities	5,787,679	5,630,590
EQUITY		
Shareholders' equity:		
Common stock	112,000	112,000
Capital surplus	53,497	53,497
Retained earnings	3,387,569	3,630,328
Treasury stock	(116,912)	(114,348)
Total shareholders' equity	3,436,154	3,681,477
Accumulated other comprehensive income:		
Unrealized gain on available-for-sale securities	33,024	34,928
Deferred loss on hedges	—	(0)
Remeasurements of defined benefit plans	2,116	2,000
Total accumulated other comprehensive income	35,140	36,928
Noncontrolling interests	36,770	39,499
Total equity	3,508,065	3,757,904
Total liabilities and equity	9,295,745	9,388,495

QUARTERLY CONSOLIDATED STATEMENT OF INCOME (Unaudited)

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

	Millions of yen	
	For the six months ended September 30, 2018	For the six months ended September 30, 2019
Operating revenues	918,127	955,611
Operating expenses:		
Transportation, other services and cost of sales	437,161	454,927
Selling, general and administrative expenses	89,967	93,810
Total operating expenses	527,128	548,737
Operating income	390,998	406,873
Non-operating income:		
Interest income	569	1,124
Dividend income	1,791	1,912
Insurance income	92	157
Other	1,800	2,070
Total non-operating income	4,254	5,264
Non-operating expenses:		
Interest expense	22,687	22,339
Interest on long-term accounts payable-railway facilities	17,808	17,650
Other	2,916	2,932
Total non-operating expenses	43,411	42,922
Ordinary income	351,840	369,215
Extraordinary gain:		
Contribution for construction	1,396	689
Reversal of provision for doubtful accounts of an unconsolidated subsidiary	—	2,082
Other	40	131
Total extraordinary gain	1,437	2,903
Extraordinary loss:		
Loss on reduction of noncurrent assets	1,391	664
Loss on retirement of noncurrent assets	885	1,102
Other	204	305
Total extraordinary loss	2,481	2,072
Income before income taxes	350,795	370,046
Income taxes	103,633	109,559
Net income	247,162	260,487
Net income attributable to noncontrolling interests	2,434	2,953
Net income attributable to owners of the parent	244,727	257,533

QUARTERLY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

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

	Millions of yen	
	For the six months ended September 30, 2018	For the six months ended September 30, 2019
Net income	247,162	260,487
Other comprehensive income:		
Unrealized gain on available-for-sale securities	397	1,840
Deferred (loss) gain on hedges	7	(0)
Remeasurements of defined benefit plans	1,504	(209)
Share of other comprehensive income in affiliates	43	10
Total other comprehensive income	1,953	1,642
Comprehensive income	249,115	262,129
(breakdown)		
Total comprehensive income attributable to		
Owners of the parent	245,961	259,320
Noncontrolling interests	3,154	2,808

QUARTERLY CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

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

	Millions of yen	
	For the six months ended September 30, 2018	For the six months ended September 30, 2019
Operating activities:		
Income before income taxes	350,795	370,046
Depreciation and amortization	102,215	104,899
Decrease in provision for large-scale renovation of the Shinkansen infrastructure	(17,500)	(17,500)
(Decrease) increase in liability for retirement benefits	643	(373)
Interest and dividend income	(2,360)	(3,036)
Interest expense	40,495	39,990
Proceeds from contribution for construction	(1,396)	(689)
Loss on reduction of noncurrent assets	1,391	664
Loss on retirement of noncurrent assets	1,899	1,806
Decrease in trade receivables	2,521	1,129
Increase in inventories	(11,975)	(1,917)
Decrease in trade payables	(25,015)	(21,761)
Other	(23,829)	(34,344)
Subtotal	<u>417,884</u>	<u>438,913</u>
Interest and dividend income received	2,119	2,919
Interest expense paid	(40,269)	(39,827)
Income taxes paid	(103,455)	(99,645)
Net cash provided by operating activities	<u>276,279</u>	<u>302,361</u>
Investing activities:		
Proceeds from cancellation of money held in trust for the Chuo Shinkansen construction	103,920	161,442
Purchases of property, plant and equipment	(167,590)	(190,322)
Proceeds from contribution for construction	2,694	1,877
Purchases of intangible assets	(3,073)	(3,646)
Purchases of investment securities	(180,201)	(104,101)
Other	(1,399)	3,363
Net cash used in investing activities	<u>(245,649)</u>	<u>(131,387)</u>
Financing activities:		
Net increase in short-term loans payable	1,224	974
Proceeds from long-term loans payable	10,000	12,400
Repayment of long-term loans payable	(20,300)	(59,012)
Proceeds from issuance of bonds	38,950	—
Payments for long-term accounts payable-railway facilities	(2,525)	(2,682)
Purchases of treasury stock	—	(0)
Proceeds from sales of treasury stock	2,839	2,988
Cash dividend paid	(13,790)	(14,775)
Cash dividend paid to noncontrolling shareholders	(79)	(79)
Other	2,069	2,889
Net cash (used in) provided by financing activities	<u>18,388</u>	<u>(57,296)</u>
Net increase in cash and cash equivalents	<u>49,017</u>	<u>113,676</u>
Cash and cash equivalents, beginning of year	<u>782,454</u>	<u>751,636</u>
Cash and cash equivalents, end of period	<u>831,472</u>	<u>865,313</u>

SEGMENT INFORMATION (Unaudited)

I Fiscal 2019 2nd Quarter (For the six months ended September 30, 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	719,116	121,965	22,945	54,099	918,127	—	918,127
Intersegment transactions or transfers	6,064	5,628	15,965	41,509	69,168	(69,168)	—
Total	725,181	127,594	38,910	95,608	987,295	(69,168)	918,127
Segment profit	371,651	4,330	10,649	4,122	390,753	244	390,998

Note 1. Other includes business in hotel, travel, advertising, rolling stock production, construction, etc., which are not included in a reportable segment.

2. The reconciliations amount of 244 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 2020 2nd Quarter (For the six months ended September 30, 2019)

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	742,323	125,509	24,183	63,595	955,611	—	955,611
Intersegment transactions or transfers	6,174	6,541	16,049	48,369	77,135	(77,135)	—
Total	748,497	132,050	40,232	111,965	1,032,746	(77,135)	955,611
Segment profit	387,142	4,680	11,326	3,554	406,704	168	406,873

Note 1. Other includes business in hotel, travel, advertising, rolling stock production, construction, etc., which are not included in a reportable segment.

2. The reconciliations amount of 168 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.