

**FLASH REPORT [JAPANESE GAAP] (CONSOLIDATED BASIS)**Company name: **West Japan Railway Company**

Stock listings: Tokyo Stock Exchange, Nagoya and Fukuoka Stock Exchanges

Code number: 9021

URL: <https://www.westjr.co.jp>

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Quarterly report filing date (Planned): August 9, 2019 Planned start of dividend payments: —

Quarterly supplemental explanatory material prepared: Yes

Quarterly results briefing held: None

(Figures less than ¥1 million have been omitted.)

**1. Results for the Three Months Ended June 30, 2019 (from April 1, 2019 to June 30, 2019)****(1) Operating results**

Three months ended June 30

Percentages indicate year-on-year increase/ (decrease).

|      | Operating revenues |     | Operating income |      | Recurring profit |      | Profit attributable to owners of parent |      |
|------|--------------------|-----|------------------|------|------------------|------|---|------|
|      | Millions of yen    | %   | Millions of yen  | %    | Millions of yen  | %    | Millions of yen                         | %    |
| 2019 | 365,772            | 1.3 | 66,028           | 9.5  | 62,288           | 10.4 | 42,510                                  | 10.3 |
| 2018 | 361,116            | 2.4 | 60,293           | 10.0 | 56,412           | 11.7 | 38,547                                  | 11.0 |

(Note) Comprehensive Income: Three months ended June 30, 2019: ¥42,048 million, 8.2%;

Three months ended June 30, 2018: ¥38,863 million, 7.9%

|      | Profit attributable to owners of parent per share | Profit attributable to owners of parent per share after dilution |
|------|---|--|
|      | Yen   | Yen  |
| 2019 | 221.26  | —  |
| 2018 | 199.19  | —  |

**(2) Financial position**

|                | Total assets    | Net assets      | Equity ratio |
|----------------|-----------------|-----------------|--------------|
|                | Millions of yen | Millions of yen | %            |
| June 30, 2019  | 3,161,919       | 1,198,720       | 34.7         |
| March 31, 2019 | 3,237,596       | 1,179,861       | 33.3         |

(Reference) Total shareholders' equity: June 30, 2019: ¥1,097,528 million, March 31, 2019: ¥1,079,598 million

**2. Dividends**

Year ended / ending March 31

|                 | Dividends per share |              |             |          |        |
|-----------------|---------------------|--------------|-------------|----------|--------|
|                 | June 30             | September 30 | December 31 | Year-end | Total  |
|                 | Yen                 | Yen          | Yen         | Yen      | Yen    |
| 2019            | —                   | 87.50        | —           | 87.50    | 175.00 |
| 2020            | —                   |              |             |          |        |
| 2020 (Forecast) |                     | 95.00        | —           | 95.00    | 190.00 |

(Note) Revision of dividends forecast for this period: None

### 3. Forecasts for Fiscal Year ending March 31, 2020

Percentages indicate year-on-year increase / (decrease).

|                | Operating revenues |     | Operating income |       | Recurring profit |       |
|----------------|--------------------|-----|------------------|-------|------------------|-------|
|                | Millions of yen    | %   | Millions of yen  | %     | Millions of yen  | %     |
| Interim period | 746,500            | 1.3 | 109,000          | (3.8) | 102,000          | (3.6) |
| Fiscal year    | 1,557,500          | 1.8 | 198,000          | 0.5   | 184,500          | 0.6   |

|                | Profit attributable to owners of parent |      | Profit attributable to owners of parent per share |
|----------------|---|------|---|
|                | Millions of yen                         | %    | Yen   |
| Interim period | 67,500                                  | 19.5 | 352.15  |
| Fiscal year    | 118,500                                 | 15.3 | 618.99  |

(Note) Revision of earnings forecast for this period: None

#### Notes

- (1) Significant changes in subsidiaries during the subject period (Transfer of particular subsidiaries following a change in the scope of consolidation): None
- (2) Adoption of simplified accounting practices and special accounting policy for quarterly financial reporting: None
- (3) Changes in accounting policies, changes in accounting estimates, restatements
  - 1) Changes based on revision of accounting standards: None
  - 2) Changes other than 1) above: None
  - 3) Changes in Accounting Estimates: None
  - 4) Restatements: None
- (4) Number of shares outstanding (Common stock)

|  | Three months ended<br>June 30, 2019 | Year ended<br>March 31, 2019        |
|--|-------------------------------------|-------------------------------------|
| 1) Number of shares issued and outstanding (including treasury stock):     | 192,481,400                         | 192,481,400                         |
| 2) Number of treasury stock  | 1,013,794                           | 129,794                             |
|  |                                     | Three months ended<br>June 30, 2018 |
| 3) Average number of shares outstanding for each period (cumulative term): | 192,128,198                         | 193,522,862                         |

\* Financial results are not subject to auditing.

#### Notes

1. The forward-looking statements made in this document, including the aforementioned forecasts, are based on all information available to the management at the time of this document's release. Actual results may differ from the results anticipated in the statements.
2. The average number of shares during the subject period, the basis for calculating profit attributable to owners of parent per share in the consolidated results forecasts, reflects the 1,146,900 shares of treasury stock acquired from May 7, 2019 (announced on July 16, 2019).
3. Supplementary materials for the financial statements are posted on our homepage.

## 1. QUALITATIVE INFORMATION ON THE RESULTS FOR THE SUBJECT PERIOD

Based on the “JR-West Group Medium-Term Management Plan 2022” and the “JR-West Group Railway Safety Think-and-Act Plan 2022,” the core component of the plan, the JR-West Group steadily implemented various measures to enhance its corporate value over the medium to long term.

As a result, in the subject period (April 1, 2019 to June 30, 2019), operating revenues rose 1.3% from the same period of the previous fiscal year, to ¥365.7 billion, due to favorable transportation revenues, including during holidays and other busy periods. Operating income was up 9.5% to ¥66.0 billion, recurring profit was up 10.4% to ¥62.2 billion, and profit attributable to owners of parent was up 10.3% to ¥42.5 billion.

### (1) Qualitative Information on Consolidated Business Results

#### Consolidated Results for the Three Months Ended June 30, 2019 (April – June 2019)

|  |                |
|--|----------------|
| Operating revenues:                      | ¥365.7 billion |
| Operating income:                        | ¥66.0 billion  |
| Recurring profit:                        | ¥62.2 billion  |
| Profit attributable to owners of parent: | ¥42.5 billion  |

### Results by Business Segment

#### a. Transportation Operations

##### Safety Enhancements

On April 25, 2005, JR-West caused an extremely serious accident when one of its trains derailed between Tsukaguchi and Amagasaki stations on the Fukuchiyama Line, resulting in 106 fatalities and more than 500 injuries to passengers. JR-West remains firm in its resolve to never again cause an accident such as that on the Fukuchiyama Line, and will continue to make concerted efforts to face with sincerity all persons affected by the accident, and enhance its diligent efforts to improve safety. On that basis, we formulated the “JR-West Group Railway Safety Think-and-Act Plan 2022.” We promoted initiatives to enhance safety from tangible and intangible perspectives and worked to advance the establishment of frameworks for safety management.

On the Shinkansen, we are moving ahead with the introduction of new rolling stock that offers enhanced safety and reliability. In addition, we are moving forward with the installation of equipment for detecting abnormalities in bogies during operation.

As a measure to enhance platform safety, we continued to advance the installation of platform gates at major stations on the Sanyo Shinkansen and at frequently used stations on conventional lines.

To address intensifying natural disasters, we continued to implement measures for reinforcement of slopes and other countermeasures to heavy rains. In addition, for earthquakes, we installed derailment prevention guards on the Sanyo Shinkansen and advanced earthquake resistance reinforcement measures, such as for buildings and elevated bridges.

We also advanced crime prevention measures on trains.

(Main specific measures)

1. Shinkansen safety measures
  - Replaced the 700 series rolling stock used in direct operation between the Tokaido Shinkansen and the Sanyo Shinkansen with new rolling stock (N700A)
  - Advanced installation of ground-based bogie temperature detectors for the Sanyo Shinkansen
  - Advanced installation of bogie abnormality detectors on N700 series rolling stock
2. Platform / railroad crossing safety measures
  - Advanced installation of platform gates at Okayama Station (Shinkansen), Kyobashi Station, etc.
3. Natural disaster countermeasures
  - Moved forward with slope reinforcement work, mainly along railway segments used by limited express and special rapid service trains on the Biwako Line and JR Kyoto Line
4. Onboard crime prevention measures
  - Installed crime prevention equipment, etc., onboard Haruka limited express trains, expanded deployment of protective shields in stations

### Marketing Initiatives

In regard to marketing initiatives, increasing customer satisfaction (CS) is one of the basic strategies of the railway business. JR-West pursued measures to meet the diverse needs of customers, while working to capture and create business and tourism demand, including from inbound customers.

Along with various measures to increase customer satisfaction, JR-West continued to work to increase transport service quality on the Shinkansen, enhance the value of the railway belts in the Kansai Urban Area, promote tourism in collaboration with local communities in the Other West Japan Area, etc.

(Main specific measures)

1. Shinkansen
  - Implemented the “Remember Kyushu Tabisaki Girls” campaign (April~)
  - Implemented the “Beauty of Japan Is in Hokuriku” campaign (April~)
2. Kansai Urban Area
  - Implemented the “Beginning, Connecting, Travel to Nara ~ Commemorating the Full Opening of the Osaka Higashi Line” campaign (March~June)
  - Completed introduction of new rolling stock 323 series” on the Osaka Loop Line (June)
3. Other West Japan Area
  - Implemented the “YAMAGUCHI MAGIC! Start-Up Campaign” (April~)
  - Operated “Setouchi Island Tour Cruise” (May~)
4. Enhancing customer satisfaction, providing assistance for overseas visitors
  - Began to handle “e5489” Internet reservations for stations in the JR-Central area (April)
  - Began to handle exclusive products for visitors to Japan through the “JRWEST ONLINE TRAIN RESERVATION” service (May)

In bus and ferry (the Miyajima Line) services, with a basis in safe transportation, JR-West worked to enhance convenience through such measures as implementing transportation improvements based on customer usage patterns.

In addition to these measures, the Transportation Operations segment benefited from such factors as active use during holidays and other busy periods. Segment operating revenues rose 3.8% from the same period of the previous fiscal year to ¥241.7 billion, with operating income up 14.9% to ¥56.1 billion.

#### **b. Retail Business**

For the Retail Business, JR-West worked to strengthen managerial capabilities for directly-operated stores, enhance convenience inside stations, expand to areas outside stations, and establish a competitive brand.

In department stores, to further enhance the appeal of JR Kyoto Isetan, we moved forward in stages with a major renovation of floors 2 to 5, with a target for completion of spring 2020.

Further, for the accommodation-oriented hotels included in the Retail Business segment, JR-West opened VIA INN Kyoto Station Hachijoguchi in May and VIA INN Hakataguchi Ekimae in June.

Nonetheless, due to a change in the contracts of tenant stores in stations, VIA INN opening expenses, etc., segment revenue was down 3.6% from the previous fiscal year to ¥56.5 billion, and operating income declined 15.5% to ¥1.4 billion.

#### **c. Real Estate Business**

For the Real Estate Business, in recognition that the real estate business has a high degree of affinity with the railway business in terms of utilizing the portfolio assets of the corporate group to improve customer convenience and enhance the value of railway belts, JR-West pursued such businesses as the development and management of shopping centers, as well as sales of residential and other properties.

Furthermore, JR-West pursued real estate sales and the leasing business in promising markets, including those outside of areas along railway lines and railway service areas.

In May, in cooperation with Hanshin Electric Railway Co., Ltd., we opened Fukumaru Dori 57, which combines a building integrating a hotel and a food supermarket and stores under elevated JR tracks. VIERRA Ibaraki Shinchujo, which combines a food supermarket and other commercial facilities with rental apartments and social apartments, also opened in May.

However, due to a decline in real estate sales, etc., revenues in the Real Estate Business segment declined 5.4% from the previous fiscal year to ¥31.9 billion, and operating income was down 4.9% to ¥9.1 billion.

#### **d. Other Businesses**

In the Hotel Business, to meet firm accommodation demand and respond to the diverse needs of customers, JR-West strengthened operational capabilities, including structures and facilities for the reception system for overseas visitors to Japan, and worked to expand openings of new hotels.

In May, we opened Hotel Vischio Kyoto by GRANVIA, a high class accommodation oriented hotel.

Going forward, together with its GRANVIA brand of city hotels and VIA-INN brand of accommodation-oriented hotels, JR-West will develop its hotel businesses by utilizing a diverse brand structure, including in areas outside of its railway belts and railway service area.

In travel agency operations, JR-West strengthened marketing to overseas visitors to Japan, and made efforts to expand corporate sales, and sales of products for individuals such as web-only products.

Nonetheless, despite the effect of hotels opened in the previous fiscal year, etc., there was a decrease in orders in the construction business. As a result, operating revenues for the Other Businesses segment declined 0.6% from the previous fiscal year to ¥35.5 billion, and an operating loss of ¥1.3 billion was recorded.

## **(2) Qualitative Information on the Consolidated Financial Position**

JR-West's total assets at the end of the first quarter of the subject fiscal year (June 30, 2019) amounted to ¥3,161.9 billion, a decrease of ¥75.6 billion from the end of the previous fiscal year (March 31, 2019). This was due mainly to a decrease in cash.

Total liabilities amounted to ¥1,963.1 billion, a decrease of ¥94.5 billion from the end of the previous fiscal year. This was due mainly to a decrease in accounts payable.

Total net assets amounted to ¥1,198.7 billion, an increase of ¥18.8 billion from the end of the previous fiscal year. This was due mainly to an increase in retained earnings.

## **(3) Qualitative Information on Consolidated Forecasts**

Because at this point consolidated earnings for the subject fiscal year are generally in line with expectations, there is no change to the consolidated earnings forecasts from those announced on April 26, 2019.

Note: Forecasts are based on certain assumptions considered reasonable at the time of this announcement, and are subject to change.

## 2. CONSOLIDATED FINANCIAL STATEMENTS

### (1) Consolidated Balance Sheets

|                                       | Millions of yen  |                  |
|---------------------------------------|------------------|------------------|
|                                       | March 31, 2019   | June 30, 2019    |
| <b>ASSETS</b>                         |                  |                  |
| <b>Current assets:</b>                |                  |                  |
| Cash                                  | 109,327          | 75,675           |
| Notes and accounts receivable-trade   | 32,521           | 25,225           |
| Railway fares receivable              | 43,552           | 34,057           |
| Accounts receivable                   | 72,287           | 47,928           |
| Securities                            | 27,500           | —                |
| Inventories                           | 104,827          | 133,404          |
| Other current assets                  | 65,623           | 72,964           |
| Less allowance for doubtful accounts  | (705)            | (705)            |
| Total current assets                  | 454,934          | 388,550          |
| <b>Non-current assets:</b>            |                  |                  |
| <b>Property, plant and equipment:</b> |                  |                  |
| Buildings and structures              | 1,175,279        | 1,176,303        |
| Machinery and transport equipment     | 376,995          | 369,439          |
| Land                                  | 767,908          | 769,870          |
| Construction in progress              | 73,496           | 72,397           |
| Other property, plant and equipment   | 60,207           | 58,786           |
| Total property, plant and equipment   | 2,453,887        | 2,446,797        |
| <b>Intangible assets</b>              | 39,361           | 37,393           |
| <b>Investments and other assets:</b>  |                  |                  |
| Investments in securities             | 101,010          | 104,408          |
| Net defined benefit asset             | 2,170            | 2,243            |
| Deferred tax assets                   | 140,749          | 136,631          |
| Other investments and assets          | 49,359           | 49,700           |
| Less allowance for doubtful accounts  | (3,876)          | (3,806)          |
| Total investments and other assets    | 289,413          | 289,177          |
| Total non-current assets              | 2,782,661        | 2,773,368        |
| <b>Total assets</b>                   | <b>3,237,596</b> | <b>3,161,919</b> |

|   | Millions of yen  |                  |
|---|------------------|------------------|
|   | March 31, 2019   | June 30, 2019    |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                                 |                  |                  |
| <b>Current liabilities:</b>   |                  |                  |
| Notes and accounts payable-trade  | 70,771           | 50,273           |
| Short-term loans payable  | 20,713           | 28,510           |
| Current portion of bonds  | 35,000           | 25,000           |
| Current portion of long-term loans payable                                  | 38,832           | 23,905           |
| Current portion of long-term payables for acquisition of railway properties | 1,642            | 1,642            |
| Accounts payable  | 126,024          | 72,452           |
| Accrued consumption tax   | 6,583            | 13,551           |
| Accrued income tax  | 28,068           | 15,625           |
| Prepaid railway fares received  | 41,280           | 42,032           |
| Advances received   | 33,785           | 56,937           |
| Allowance for bonuses   | 37,408           | 18,954           |
| Provision for loss on disaster  | 11,100           | 10,878           |
| Allowance for point program   | 2,081            | 2,202            |
| Other current liabilities   | 155,261          | 164,808          |
| Total current liabilities   | 608,554          | 526,774          |
| <b>Non-current liabilities:</b>   |                  |                  |
| Bonds payable   | 534,984          | 519,985          |
| Long-term loans payable   | 350,828          | 351,556          |
| Long-term payables for acquisition of railway properties                    | 102,728          | 102,728          |
| Deferred tax liabilities  | 1,528            | 1,528            |
| Allowance for the large scale renovation of Shinkansen infrastructure       | 12,500           | 13,541           |
| Allowance for environmental safety measures                                 | 11,587           | 11,170           |
| Provision for loss on liquidation of railway belts                          | 9,594            | 9,594            |
| Provision for unredeemed gift certificates                                  | 2,382            | 2,317            |
| Net defined benefit liability   | 285,843          | 287,314          |
| Other long-term liabilities   | 137,203          | 136,687          |
| Total non-current liabilities   | 1,449,180        | 1,436,424        |
| <b>Total liabilities</b>  | <b>2,057,734</b> | <b>1,963,199</b> |

(continued on page 9)



|   | Millions of yen |               |
|---|-----------------|---------------|
|   | March 31, 2019  | June 30, 2019 |
| <b>NET ASSETS</b>                             |                 |               |
| <b>Total shareholders' equity:</b>            |                 |               |
| Common stock                                  | 100,000         | 100,000       |
| Capital surplus                               | 56,171          | 56,629        |
| Retained earnings                             | 911,532         | 937,574       |
| Treasury stock, at cost                       | (483)           | (8,164)       |
| Total shareholders' equity                    | 1,067,220       | 1,086,038     |
| <b>Valuation and translation adjustments:</b> |                 |               |
| Net unrealized holding gain on securities     | 3,837           | 3,213         |
| Deferred gains or losses on hedges            | (54)            | (59)          |
| Remeasurements of defined benefit plans       | 8,594           | 8,335         |
| Total Valuation and translation adjustments   | 12,378          | 11,489        |
| <b>Non-controlling interests</b>              | 100,262         | 101,191       |
| <b>Total net assets</b>                       | 1,179,861       | 1,198,720     |
| <b>Total liabilities and net assets</b>       | 3,237,596       | 3,161,919     |

## (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

### Consolidated Statements of Income

Three months ended June 30

|  | Millions of yen |         |
|--|-----------------|---------|
|  | 2018            | 2019    |
| <b>Operating revenues</b>  | 361,116         | 365,772 |
| <b>Operating expenses:</b>   |                 |         |
| Transportation, other services and cost of sales   | 252,278         | 247,418 |
| Selling, general and administrative expenses   | 48,544          | 52,324  |
| Total operating expenses   | 300,822         | 299,743 |
| <b>Operating income</b>  | 60,293          | 66,028  |
| <b>Non-operating revenues:</b>   |                 |         |
| Interest income  | 4               | 6       |
| Dividend income  | 648             | 227     |
| Transfer from administrative fee of contracted construction  | 19              | 49      |
| Equity in earnings of affiliates   | 330             | 342     |
| Other  | 517             | 683     |
| Total non-operating revenues   | 1,521           | 1,308   |
| <b>Non-operating expenses:</b>   |                 |         |
| Interest expense   | 4,921           | 4,878   |
| Other  | 481             | 170     |
| Total non-operating expenses   | 5,403           | 5,049   |
| <b>Recurring profit</b>  | 56,412          | 62,288  |
| <b>Extraordinary profits:</b>  |                 |         |
| Gain on contributions received for construction  | 4,287           | 1,985   |
| Other  | 478             | 396     |
| Total extraordinary profits  | 4,765           | 2,381   |
| <b>Extraordinary losses:</b>   |                 |         |
| Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment | 4,215           | 1,941   |
| Other  | 1,046           | 911     |
| Total extraordinary losses   | 5,262           | 2,852   |
| <b>Profit before income taxes</b>  | 55,915          | 61,817  |
| <b>Income taxes- Current</b>   | 11,023          | 14,103  |
| <b>Income taxes- Deferred</b>  | 5,845           | 4,782   |
| <b>Total income taxes</b>  | 16,868          | 18,886  |
| <b>Profit</b>  | 39,047          | 42,931  |
| <b>Profit attributable to non-controlling interests</b>  | 499             | 420     |
| <b>Profit attributable to owners of parent</b>   | 38,547          | 42,510  |

## Consolidated Statements of Comprehensive Income

Three months ended June 30

|   | Millions of yen |        |
|---|-----------------|--------|
|   | 2018            | 2019   |
| Profit  | 39,047          | 42,931 |
| Other comprehensive income:   |                 |        |
| Valuation difference on available-for-sale securities                               | 357             | (564)  |
| Deferred gains or losses on hedges  | (280)           | (7)    |
| Remeasurements of defined benefit plans, net of tax                                 | (289)           | (252)  |
| Share of other comprehensive income of associates accounted for using equity method | 29              | (58)   |
| Total other comprehensive income  | (183)           | (882)  |
| Comprehensive income  | 38,863          | 42,048 |
| Comprehensive income attributable to:   |                 |        |
| Comprehensive income attributable to owners of the parent                           | 38,439          | 41,621 |
| Comprehensive income attributable to non-controlling interests                      | 424             | 426    |

## Business Segment Information

Three months ended June 30

|                  |                    | Billions of yen |       |  |
|------------------|--------------------|-----------------|-------|--|
|                  |                    | 2018            | 2019  | Change from the same period of the previous period |
| Transportation   | Operating revenues | 232.9           | 241.7 | 8.7  |
|                  | Operating income   | 48.9            | 56.1  | 7.2  |
| Retail           | Operating revenues | 58.5            | 56.5  | (2.0)  |
|                  | Operating income   | 1.7             | 1.4   | (0.2)  |
| Real Estate      | Operating revenues | 33.8            | 31.9  | (1.8)  |
|                  | Operating income   | 9.6             | 9.1   | (0.4)  |
| Other Businesses | Operating revenues | 35.7            | 35.5  | (0.2)  |
|                  | Operating income   | (0.9)           | (1.3) | (0.3)  |

Note: Revenues by each segment are from third parties.

### **(3) Note on Assumptions for Going Concern**

Not applicable

### **(4) Notes in the Event of Major Change in Shareholders' Equity**

The Company, based on a resolution at a meeting of the Board of Directors held on April 26, 2019, acquired 884,000 shares of its own stock through market purchases made through June 30, 2019.

As a result, during the subject first quarter cumulated period, treasury stock increased ¥7,681 million, to ¥8,164 million at the end of the subject period.

### **(5) Other**

(Material subsequent events)

Cancellation of treasury stock

The Company, at a meeting of its Board of Directors held on July 30, 2019, resolved to cancel treasury stock based on the provisions of Article 178 of the Companies Act.

(1) Type of shares to be cancelled: Common Stock of the Company

(2) Number of shares to be cancelled: 1,146,900 shares

(0.6% of issued shares prior to the cancellation)

(3) Scheduled date of cancellation: August 15, 2019

(Reference)

After the cancellation, the total number of shares outstanding will be 191,334,500 shares.

## Reference Materials

### 1. NON-CONSOLIDATED BALANCE SHEETS

|   | March 31, 2019  | <b>June 30, 2019</b> | Change          |
|---|-----------------|----------------------|-----------------|
|   | Billions of yen | Billions of yen      | Billions of yen |
| <b>ASSETS</b>                             |                 |                      |                 |
| <b>Current assets:</b>                    |                 |                      |                 |
| Total current assets                      | 294.9           | 209.8                | (85.1)          |
| <b>Non-current assets:</b>                |                 |                      |                 |
| Non-current assets for railway operations | 1,900.6         | 1,880.0              | (20.6)          |
| Construction in progress                  | 59.2            | 62.8                 | 3.5             |
| Investments and other assets              | 527.5           | 532.5                | 4.9             |
| Total non-current assets                  | 2,487.4         | 2,475.3              | (12.0)          |
| <b>Total assets</b>                       | 2,782.3         | 2,685.1              | (97.1)          |

|  | March 31, 2019  | <b>June 30, 2019</b> | Change          |
|--|-----------------|----------------------|-----------------|
|  | Billions of yen | Billions of yen      | Billions of yen |
| <b>LIABILITIES AND NET ASSETS</b>            |                 |                      |                 |
| <b>Current liabilities:</b>                  |                 |                      |                 |
| Current portion of long-term debt            | 73.6            | 48.6                 | (25.0)          |
| Accounts payable                             | 602.8           | 530.0                | (72.7)          |
| Total current liabilities                    | 676.4           | 578.6                | (97.7)          |
| <b>Non-current liabilities:</b>              |                 |                      |                 |
| Bonds and long-term debt                     | 987.9           | 972.9                | (14.9)          |
| Accrued retirement benefits                  | 272.6           | 272.9                | 0.3             |
| Other long-term liabilities                  | 45.4            | 45.8                 | 0.4             |
| Total non-current liabilities                | 1,306.1         | 1,291.8              | (14.2)          |
| <b>Total liabilities</b>                     | 1,982.5         | 1,870.5              | (112.0)         |
| <b>Total shareholders' equity:</b>           |                 |                      |                 |
| Common stock                                 | 100.0           | 100.0                | —               |
| Capital surplus                              | 55.0            | 55.0                 | —               |
| Retained earnings                            | 642.0           | 665.3                | 23.2            |
| Treasury stock, at cost                      | (0.0)           | (7.6)                | (7.6)           |
| Total shareholders' equity                   | 797.0           | 812.6                | 15.5            |
| <b>Valuation and translation adjustments</b> | 2.7             | 2.0                  | (0.7)           |
| <b>Total net assets</b>                      | 799.7           | 814.6                | 14.8            |
| <b>Total liabilities and net assets</b>      | 2,782.3         | 2,685.1              | (97.1)          |

## 2. NON-CONSOLIDATED STATEMENTS OF INCOME

Three months ended June 30

|  | 2018            | 2019            | Change from the same period<br>of the previous period |        |
|--|-----------------|-----------------|---|--------|
|  | Billions of yen | Billions of yen | Billions of yen                                       | %      |
| <b>Operating revenues:</b>                       |                 |                 |   |        |
| Transportation                                   | 213.7           | 223.3           | 9.5   | 4.5    |
| Transportation incidentals                       | 4.3             | 4.2             | (0.0)   | (2.3)  |
| Other operations                                 | 7.1             | 7.3             | 0.2   | 3.6    |
| Miscellaneous                                    | 14.3            | 13.5            | (0.8)   | (5.8)  |
|  | 239.5           | 248.4           | 8.8   | 3.7    |
| <b>Operating expenses:</b>                       |                 |                 |   |        |
| Personnel costs                                  | 54.3            | 54.2            | (0.0)   | (0.1)  |
| Non personnel costs:                             |                 |                 |   |        |
| Energy costs                                     | 10.9            | 11.3            | 0.4   | 4.1    |
| Maintenance costs                                | 26.4            | 26.0            | (0.4)   | (1.5)  |
| Miscellaneous costs                              | 46.7            | 46.9            | 0.1   | 0.3    |
|  | 84.1            | 84.3            | 0.1   | 0.2    |
| Rental payments, etc                             | 6.7             | 7.0             | 0.2   | 4.3    |
| Taxes  | 9.6             | 9.8             | 0.2   | 2.4    |
| Depreciation                                     | 31.6            | 33.0            | 1.3   | 4.2    |
|  | 186.6           | 188.5           | 1.9   | 1.1    |
| <b>Operating income</b>                          | 52.9            | 59.9            | 6.9   | 13.1   |
| <b>Non-operating revenues and expenses, net:</b> |                 |                 |   |        |
| Non-operating revenues                           | 1.9             | 2.2             | 0.2   | —      |
| Non-operating expenses                           | 5.1             | 4.8             | (0.2)   | —      |
|  | (3.1)           | (2.6)           | 0.4   | (15.2) |
| <b>Recurring profit</b>                          | 49.8            | 57.2            | 7.4   | 14.9   |
| <b>Extraordinary profit and loss, net:</b>       |                 |                 |   |        |
| Extraordinary profit                             | 4.3             | 2.0             | (2.3)   | —      |
| Extraordinary loss                               | 4.7             | 2.4             | (2.3)   | —      |
|  | (0.4)           | (0.3)           | 0.0   | —      |
| <b>Income before income taxes</b>                | 49.3            | 56.8            | 7.4   | 15.1   |
| <b>Income taxes</b>                              | 14.4            | 16.7            | 2.3   | 16.1   |
| <b>Net income</b>                                | 34.9            | 40.0            | 5.1   | 14.6   |

## Passenger-Kilometers and Transportation Revenues

|                           | Millions of Passenger-Kilometers |        |        |       | Billions of yen               |       |        |       |
|---------------------------|----------------------------------|--------|--------|-------|-------------------------------|-------|--------|-------|
|                           | Passenger-Kilometers             |        |        |       | Transportation Revenues       |       |        |       |
|                           | Three months ended<br>June 30    |        | Change |       | Three months ended<br>June 30 |       | Change |       |
|                           | 2018                             | 2019   | Amount | %     | 2018                          | 2019  | Amount | %     |
| <b>Shinkansen</b>         |                                  |        |        |       |                               |       |        |       |
| Commuter Passes           | 225                              | 227    | 2      | 1.2   | 2.8                           | 2.8   | 0.0    | 1.9   |
| Non-Commuter Passes       | 4,850                            | 5,117  | 266    | 5.5   | 106.8                         | 112.1 | 5.2    | 4.9   |
| Total                     | 5,075                            | 5,345  | 269    | 5.3   | 109.7                         | 115.0 | 5.3    | 4.8   |
| <b>Conventional Lines</b> |                                  |        |        |       |                               |       |        |       |
| Commuter Passes           | 5,997                            | 5,937  | (60)   | (1.0) | 36.4                          | 36.0  | (0.3)  | (1.1) |
| Non-Commuter Passes       | 3,677                            | 3,876  | 199    | 5.4   | 67.6                          | 72.2  | 4.6    | 6.9   |
| Total                     | 9,674                            | 9,814  | 139    | 1.4   | 104.0                         | 108.2 | 4.2    | 4.1   |
| <b>Kansai Urban Area</b>  |                                  |        |        |       |                               |       |        |       |
| Commuter Passes           | 4,913                            | 4,879  | (33)   | (0.7) | 29.9                          | 29.7  | (0.2)  | (0.7) |
| Non-Commuter Passes       | 2,697                            | 2,844  | 147    | 5.5   | 47.5                          | 51.1  | 3.5    | 7.6   |
| Total                     | 7,610                            | 7,724  | 113    | 1.5   | 77.5                          | 80.9  | 3.3    | 4.3   |
| <b>Other Lines</b>        |                                  |        |        |       |                               |       |        |       |
| Commuter Passes           | 1,084                            | 1,057  | (26)   | (2.4) | 6.4                           | 6.2   | (0.1)  | (2.5) |
| Non-Commuter Passes       | 979                              | 1,032  | 52     | 5.3   | 20.0                          | 21.0  | 1.0    | 5.2   |
| Total                     | 2,063                            | 2,089  | 25     | 1.3   | 26.4                          | 27.3  | 0.8    | 3.3   |
| <b>Total</b>              |                                  |        |        |       |                               |       |        |       |
| Commuter Passes           | 6,222                            | 6,165  | (57)   | (0.9) | 39.2                          | 38.8  | (0.3)  | (0.8) |
| Non-Commuter Passes       | 8,527                            | 8,994  | 466    | 5.5   | 174.5                         | 184.4 | 9.8    | 5.7   |
| Total                     | 14,750                           | 15,159 | 409    | 2.8   | 213.7                         | 223.3 | 9.5    | 4.5   |

Note: Luggage revenues are not included.

### 3. CAPITAL EXPENDITURES

#### Consolidated Basis

|  | Three months ended June 30 |                 | Change from the same period of the previous period |        | Plan for fiscal year ending March 31, 2019 |
|--|----------------------------|-----------------|--|--------|--|
|  | 2018                       | 2019            | Billions of yen                                    | %      |  |
|  | Billions of yen            | Billions of yen |  |        |  |
| Capital expenditures   | 38.1                       | 33.7            | (4.4)  | (11.7) | —  |
| Capital expenditures, excluding contributions received for constructions | 36.6                       | 32.8            | (3.8)  | (10.4) | 278.0                                      |
| Contributions received for constructions                                 | 1.5                        | 0.9             | (0.6)  | (42.6) | —  |

#### Non-Consolidated Basis

|  | Three months ended June 30 |                 | Change from the same period of the previous period |          | Plan for fiscal year ending March 31, 2019 |
|--|----------------------------|-----------------|--|----------|--|
|  | 2018                       | 2019            | Billions of yen                                    | %        |  |
|  | Billions of yen            | Billions of yen |  |          |  |
| Capital expenditures   | 29.0                       | 19.4            | (9.6)  | (33.1)   | —  |
| Capital expenditures, excluding contributions received for constructions | 27.4                       | 18.5            | (8.9)  | (32.6)   | 209.0                                      |
| [Safety-related capital expenditures]                                    | [18.8]                     | [12.2]          | [(6.5)]  | [(34.9)] | [120.0]                                    |
| Contributions received for constructions                                 | 1.5                        | 0.9             | (0.6)  | (42.6)   | —  |

#### Major Capital Expenditures

Capital investments included earthquake countermeasures, new rolling stock (Sanyo Shinkansen N700A trains and 227 series commuter)



## **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

- This report contains forward-looking statements that are based on JR-West's current expectations, assumptions, estimates and projections about its business, industry, and capital markets around the world.
- These forward-looking statements are subject to various risks and uncertainties. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "expect", "anticipate", "plan" or similar words. These statements discuss future expectations, identify strategies, contain projections of results of operations or of JR-West's financial condition, or state other forward-looking information.
- Known or unknown risks, uncertainties and other factors could cause the actual results to differ materially from those contained in any forward-looking statements. JR-West cannot promise that the expectations expressed in these forward-looking statements will turn out to be correct. JR-West's actual results could be materially different from and worse than expectations.
- Important risks and factors that could cause actual results to be materially different from expectations include, but are not limited to:
  - expenses, liability, loss of revenue or adverse publicity associated with property or casualty losses;
  - economic downturn, deflation and population decreases;
  - adverse changes in laws, regulations and government policies in Japan;
  - service improvements, price reductions and other strategies undertaken by competitors such as passenger railway and airlines companies;
  - infectious disease outbreak and epidemic;
  - earthquake and other natural disaster risks; and
  - failure of computer telecommunications systems disrupting railway or other operations
- All forward-looking statements in this release are made as of July 2019 based on information available to JR-West as of July 2019 and JR-West does not undertake to update or revise any of its forward-looking statements or reflect future events or circumstances.
- Compensation for damages caused by the accident on the Fukuchiyama Line that occurred on April 25, 2005, is NOT considered in this report.