

**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): November 8, 2019

Planned start of dividend payments: December 4, 2019

Quarterly supplemental explanatory material prepared: Yes

Quarterly results briefing held: Yes

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

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

Six months ended September 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	762,035	3.4	128,873	13.7	121,649	14.9	80,483	42.5
2018	736,989	1.4	113,306	1.9	105,835	3.1	56,483	(16.7)

(Note) Comprehensive Income: Six months ended September 30, 2019: ¥81,603 million, 39.6%;

Six months ended September 30, 2018: ¥58,455 million, (16.7%)

	Profit attributable to owners of parent per share	Profit attributable to owners of parent per share after dilution
	Yen	Yen
2019	419.89	—
2018	292.70	—

**(2) Financial position**

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
September 30, 2019	3,213,518	1,235,999	35.3
March 31, 2019	3,237,596	1,179,861	33.3

(Reference) Total shareholders' equity: September 30, 2019: ¥1,133,754 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	—	95.00			
2020 (Forecast)			—	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	%
Fiscal year	1,570,000	2.7	202,000	2.6	189,500	3.4

	Profit attributable to owners of parent		Profit attributable to owners of parent per share
	Millions of yen	%	Yen
Fiscal year	120,000	16.8	626.82

(Note) Revision of earnings forecast for this period: Yes

#### 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)

	Six months ended September 30, 2019	Year ended March 31, 2019
1) Number of shares issued and outstanding (including treasury stock):	191,334,500	192,481,400
2) Number of treasury stock	129,792	129,794
		Six months ended September 30, 2018
3) Average number of shares outstanding for each period (cumulative term):	191,677,960	192,976,407

\* Financial results are not subject to auditing.

#### Notes

1. The forward-looking statements in this document, including forecasts, etc., are based on information available to the Company at the time of this document's release and on certain assumptions considered reasonable. Actual results, etc., might differ significantly due various factors. Regarding the forecast of financial results, please refer to "Qualitative Information on Consolidated Forecasts" on page 7.
2. Supplementary materials for the financial statements are posted on our homepage. The Company plans to hold a presentation for analysts on October 29, 2019. The Company plans to post the presentation materials on its homepage after the presentation.

**(Reference) FLASH REPORT (NON-CONSOLIDATED BASIS)**

**Forecasts for the 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	%
Fiscal year	1,005,000	2.5	155,500	3.2	142,500	4.4

	Net income		Net income per share
	Millions of yen	%	Yen
Fiscal year	96,500	19.7	503.73

(Note) Revision of earnings forecast for this period: Yes

## 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 September 30, 2019), operating revenues rose 3.4% from the same period of the previous fiscal year, to ¥762.0 billion, due to favorable transportation revenues, including during holidays and other busy periods. Operating income was up 13.7% to ¥128.8 billion, recurring profit was up 14.9% to ¥121.6 billion, and profit attributable to owners of parent was up 42.5% to ¥80.4 billion.

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

#### Consolidated Results for the Six Months Ended September 30, 2019 (April – September 2019)

Operating revenues:	¥762.0 billion
Operating income:	¥128.8 billion
Recurring profit:	¥121.6 billion
Profit attributable to owners of parent:	¥80.4 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
  - Commenced use of platform gates for certain tracks at Kyobashi Station and Sannomiya Station (October)
  - Advanced installation of platform gates at Okayama Station (Shinkansen), 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 (in stages from June)

#### 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
  - Began to handle "e5489" Internet reservations for stations in the JR-Central area (April)
  - Encouraged customers to travel to Kyushu through the "Kumamoto Destination Campaign" (July~September)
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 after destination campaign in San-in region (July~September)
  - Operated "Setouchi Island Tour Cruise" (May~)
4. Providing assistance for overseas visitors
  - Began to handle exclusive products for visitors to Japan through the "JR-WEST ONLINE TRAIN RESERVATION" service (May)

- Opened "Travel Service Center SHIN-OSAKA" at Shin-Osaka Station (August)
- Promoted sales of products in collaboration with leading platforms (KLOOK, Alibaba) etc. (September~)

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 the Transportation Operations segment, in addition to these measures, the segment benefited from such factors as active use during holidays and other busy periods. Operating revenues rose 4.2% from the same period of the previous fiscal year to ¥491.0 billion, with operating income up 17.4% to ¥103.1 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, from May to August JR-West opened 4 VIA INN hotels (Kyotoeki Hachijoguchi, Hakataguchi Ekimae, Shinsaibashi Yotsubashi, Nihonbashi Ningyocho).

In the Retail Business segment, due to a change in the contracts of tenant stores in stations, etc., operating revenues were down 2.5% from the previous fiscal year to ¥116.5 billion. However, sales of goods and food services, including sales at Seven Eleven Japan (SEJ) allied stores, were firm, and operating income increased 5.1% to ¥3.1 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 July, JR West Japan Shopping Center Development Company, which operates LUCUA osaka, merged with Tennoji Shopping Center Development Co., Ltd., which operates "Tennoji MIO." The management resources of the two companies, such as their know-how and human resources, have been unified and are being utilized for all Group shopping centers, and moving forward their specialized skills will be enhanced.

In addition, in September we launched JR West Group shopping center shared points and WESPO, a smartphone application. We also advanced preparations for the grand opening of the Hiroshima

Station commercial facility "ekie" in October.

In the Real Estate Business segment, due to favorable real estate sales, etc., operating revenues increased 7.1% from the previous fiscal year to ¥74.0 billion, and operating income increased 4.9% to ¥19.1 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, 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.

In the Other Businesses segment, due to the effect of hotels opened in the previous fiscal year, etc., operating revenues increased 4.6% from the previous fiscal year to ¥80.3 billion. However, there was a decrease in orders in the construction business, and as a result operating income decreased 20.5% to ¥2.3 billion.

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

JR-West's total assets at the end of the second quarter cumulative period of the subject fiscal year (September 30, 2019) amounted to ¥3,213.5 billion, a decrease of ¥24.0 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 ¥1,977.5 billion, a decrease of ¥80.2 billion from the end of the previous fiscal year. This was due mainly to a decrease in accounts payable.

Total net assets amounted to ¥1,235.9 billion, an increase of ¥56.1 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**

In regard to the consolidated results forecasts for the fiscal year ending March 31, 2020, from the forecasts announced on July 30, 2019, the Company has made upward revisions to the forecasts for operating revenues, operating income, recurring profit, and profit attributable to owners of parent. Although "typhoon No. 19" in October 2019 had the effect of reducing transportation revenues due to the suspension of service on the Hokuriku Shinkansen, etc., and resulted in losses related to the rolling stock damaged by flooding, transportation revenues have been favorable due to firm usage during the Golden Week period, etc. Due to this and other factors, the Company implemented the upward revisions.

While the business environment for the JR-West Group remains uncertain, including the consumption tax increase, during the second half of the fiscal year JR-West will steadily implement necessary measures, based on safety as the highest priority. Further, to achieve the targets of the "JR-West Group Railway Safety Think-and-Act Plan 2022" and the "JR-West Group Medium-Term Management Plan 2022," the Company will strive to strengthen management foundations and achieve sustainable growth.

Consolidated Forecasts for the Year Ending March 31, 2020

Operating revenues:	¥1,570.0 billion (up 2.7% YoY)
Operating income:	¥202.0 billion (up 2.6% YoY)
Recurring profit:	¥189.5 billion (up 3.4% YoY)
Profit attributable to owners of parent:	¥120.0 billion (up 16.8% YoY)

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	September 30, 2019
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash	109,327	72,545
Notes and accounts receivable-trade	32,521	28,871
Railway fares receivable	43,552	48,500
Accounts receivable	72,287	56,150
Securities	27,500	21,542
Inventories	104,827	142,355
Other current assets	65,623	68,631
Less allowance for doubtful accounts	(705)	(656)
Total current assets	454,934	437,940
<b>Non-current assets:</b>		
<b>Property, plant and equipment:</b>		
Buildings and structures	1,175,279	1,171,542
Machinery and transport equipment	376,995	369,274
Land	767,908	771,622
Construction in progress	73,496	79,749
Other property, plant and equipment	60,207	61,098
Total property, plant and equipment	2,453,887	2,453,287
<b>Intangible assets</b>	39,361	34,727
<b>Investments and other assets:</b>		
Investments in securities	101,010	105,557
Net defined benefit asset	2,170	2,313
Deferred tax assets	140,749	133,830
Other investments and assets	49,359	49,812
Less allowance for doubtful accounts	(3,876)	(3,951)
Total investments and other assets	289,413	287,562
Total non-current assets	2,782,661	2,775,577
<b>Total assets</b>	<b>3,237,596</b>	<b>3,213,518</b>

	Millions of yen	
	March 31, 2019	September 30, 2019
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Notes and accounts payable-trade	70,771	48,818
Short-term loans payable	20,713	23,725
Current portion of bonds	35,000	35,000
Current portion of long-term loans payable	38,832	38,902
Current portion of long-term payables for acquisition of railway properties	1,642	1,658
Accounts payable	126,024	70,386
Accrued consumption tax	6,583	12,170
Accrued income tax	28,068	33,179
Prepaid railway fares received	41,280	57,949
Advances received	33,785	55,062
Allowance for bonuses	37,408	36,776
Provision for loss on disaster	11,100	10,448
Allowance for point program	2,081	2,320
Other current liabilities	155,261	154,656
Total current liabilities	608,554	581,055
<b>Non-current liabilities:</b>		
Bonds payable	534,984	519,985
Long-term loans payable	350,828	336,021
Long-term payables for acquisition of railway properties	102,728	101,894
Deferred tax liabilities	1,528	1,431
Allowance for the Large Scale Renovation of Shinkansen Infrastructure	12,500	14,583
Allowance for environmental safety measures	11,587	10,620
Provision for loss on liquidation of railway belts	9,594	9,316
Provision for unredeemed gift certificates	2,382	2,217
Net defined benefit liability	285,843	261,858
Other long-term liabilities	137,203	138,531
Total non-current liabilities	1,449,180	1,396,463
<b>Total liabilities</b>	<b>2,057,734</b>	<b>1,977,518</b>

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	Millions of yen	
	March 31, 2019	September 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	965,591
Treasury stock, at cost	(483)	(483)
Total shareholders' equity	1,067,220	1,121,736
<b>Valuation and translation adjustments:</b>		
Net unrealized holding gain on securities	3,837	4,040
Deferred gains or losses on hedges	(54)	(99)
Remeasurements of defined benefit plans	8,594	8,076
Total Valuation and translation adjustments	12,378	12,017
<b>Non-controlling interests</b>	100,262	102,245
<b>Total net assets</b>	1,179,861	1,235,999
<b>Total liabilities and net assets</b>	3,237,596	3,213,518

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

### Consolidated Statements of Income

Six months ended September 30

	Millions of yen	
	2018	2019
<b>Operating revenues</b>	736,989	762,035
<b>Operating expenses:</b>		
Transportation, other services and cost of sales	525,347	527,595
Selling, general and administrative expenses	98,335	105,567
Total operating expenses	623,682	633,162
<b>Operating income</b>	113,306	128,873
<b>Non-operating revenues:</b>		
Interest income	8	19
Dividend income	785	365
Transfer from administrative fee of contracted construction	113	91
Equity in earnings of affiliates	1,376	1,238
Other	1,082	1,274
Total non-operating revenues	3,366	2,990
<b>Non-operating expenses:</b>		
Interest expense	9,960	9,779
Other	876	434
Total non-operating expenses	10,836	10,213
<b>Recurring profit</b>	105,835	121,649
<b>Extraordinary profits:</b>		
Gain on contributions received for construction	8,581	3,314
Other	655	665
Total extraordinary profits	9,236	3,979
<b>Extraordinary losses:</b>		
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	8,024	3,186
Provision for loss on disaster	21,500	—
Other	2,466	3,201
Total extraordinary losses	31,990	6,388
<b>Profit before income taxes</b>	83,081	119,240
<b>Income taxes- Current</b>	17,183	29,858
<b>Income taxes- Deferred</b>	7,804	7,409
<b>Total income taxes</b>	24,987	37,267
<b>Profit</b>	58,093	81,972
<b>Profit attributable to non-controlling interests</b>	1,609	1,488
<b>Profit attributable to owners of parent</b>	56,483	80,483

## Consolidated Statements of Comprehensive Income

Six months ended September 30

	Millions of yen	
	2018	2019
Profit	58,093	81,972
Other comprehensive income:		
Valuation difference on available-for-sale securities	1,085	(125)
Deferred gains or losses on hedges	(188)	(56)
Remeasurements of defined benefit plans, net of tax	(579)	(504)
Share of other comprehensive income of associates accounted for using equity method	44	318
Total other comprehensive income	361	(368)
Comprehensive income	58,455	81,603
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	56,853	80,123
Comprehensive income attributable to non-controlling interests	1,601	1,480

## Business Segment Information

Six months ended September 30

		Billions of yen		
		2018	2019	Change from the same period of the previous period
Transportation	Operating revenues	471.3	491.0	4.2
	Operating income	87.8	103.1	17.4
Retail	Operating revenues	119.6	116.5	(2.5)
	Operating income	2.9	3.1	5.1
Real Estate	Operating revenues	69.2	74.0	7.1
	Operating income	18.2	19.1	4.9
Other Businesses	Operating revenues	76.8	80.3	4.6
	Operating income	2.9	2.3	(20.5)

Note: Revenues by each segment are from third parties.

### (3) Consolidated Statements of Cash Flows

Six months ended September 30

	Millions of yen	
	2018	2019
<b>Cash flows from operating activities</b>		
Profit before income taxes	83,081	119,240
Depreciation and amortization	78,123	82,467
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	8,024	3,186
Loss on disposal of property, plant and equipment	1,411	2,483
Increase (decrease) in net defined benefit liability	(23,909)	(25,281)
Increase (decrease) in allowance for doubtful accounts	29	8
Increase (decrease) in provision for bonuses	(2,804)	(824)
Increase (decrease) in allowance for the large-scale renovation of Shinkansen infrastructure	2,083	2,083
Increase (decrease) in other provision	21,012	(1,967)
Interest and dividend income	(793)	(385)
Interest expenses	9,960	9,779
Equity in earnings of affiliates	(1,376)	(1,238)
Proceeds from contribution for construction	(8,581)	(3,314)
Decrease (increase) in notes and accounts receivable-trade	26,077	17,638
Decrease (increase) in inventories	(28,517)	(35,423)
Increase (decrease) in notes and accounts payable-trade	(16,263)	(25,937)
Increase (decrease) in accrued consumption taxes	(530)	5,542
Other	(19,311)	(8,174)
Subtotal	127,716	139,883
Interest and dividends income received	792	385
Interest paid	(9,739)	(9,661)
Income taxes paid	(25,206)	(22,807)
<b>Net cash provided by operating activities</b>	<b>93,563</b>	<b>107,800</b>
<b>Cash flows from investing activities</b>		
Payments for time deposits with a maturity of more than three months	(81)	(81)
Proceeds for time deposits with a maturity of more than three months	81	81
Purchases of property, plant and equipment	(94,282)	(101,369)
Proceeds from sales of property, plant and equipment	107	819
Contributions received for constructions	18,770	14,421
Increase in investments in securities	(4,854)	(6,423)
Net decrease (increase) in loans receivable	501	(43)
Other	(1,294)	(776)
<b>Net cash used in investing activities</b>	<b>(81,052)</b>	<b>(93,372)</b>

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	Millions of yen	
	2018	2019
<b>Cash flows from financing activities</b>		
Change in short-term loans	5,287	2,753
Proceeds from long-term loans	5,000	—
Repayment of long-term debt	(2,513)	(15,550)
Proceeds from issuance of bonds	40,000	10,000
Redemption of bonds	—	(25,000)
Repayment of long-term payables for acquisition of railway properties	(784)	(817)
Purchase of treasury stock	(9,999)	(9,999)
Cash dividends paid	(15,490)	(16,834)
Dividends paid to non-controlling interests	(114)	(333)
Other	(128)	(801)
<b>Net cash used in financing activities</b>	<b>21,257</b>	<b>(56,584)</b>
<b>Change in cash and cash equivalents, net</b>	<b>33,768</b>	<b>(42,157)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>101,448</b>	<b>136,581</b>
<b>Increase in cash and cash equivalents from newly consolidated subsidiary</b>	<b>—</b>	<b>1,110</b>
<b>Decrease in cash and cash equivalents from exclusion of consolidated subsidiary</b>	<b>—</b>	<b>(1,736)</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>135,216</b>	<b>93,798</b>

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

Not applicable

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

In accordance with a resolution at a meeting of the Board of Directors held on April 26, 2019, from May 7, 2019, to July 12, 2019, through market purchases on the Tokyo Stock Exchange, the Company acquired 1,146,900 shares of its own stock at an aggregate acquisition price of ¥9,999 million, thereby converting these shares to treasury stock.

Also, based on a resolution at a meeting of the Board of Directors held on July 30, 2019, on August 15, 2019, the Company canceled 1,146,900 shares of treasury stock. The book value of this treasury stock was ¥9,999 million, and retained earnings was reduced by that amount.

#### **(6) Other**

(Material subsequent events)

Influence of typhoon No. 19 (October 2019) on the Company's financial position and business results

In the Hokuriku Shinkansen Nagano area, typhoon No. 19 caused flooding of rolling stock at a rolling stock base and damage to operating tracks. As a result, direct operation between Kanazawa and Tokyo was temporarily suspended, and currently the number of trains being operated has been reduced. As a result, in the next quarter and thereafter, the Company expects a decline in transportation revenues and losses related to the rolling stock damaged by flooding. The book value of the rolling stock that was damaged by flooding (acquisition cost less accumulated depreciation) is approximately ¥3.0 billion.



## Reference Materials

### 1. NON-CONSOLIDATED BALANCE SHEETS

	March 31, 2019	<b>September 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	247.3	(47.6)
<b>Non-current assets:</b>			
Non-current assets for railway operations	1,900.6	1,872.3	(28.3)
Construction in progress	59.2	65.4	6.1
Investments and other assets	527.5	537.2	9.7
Total non-current assets	2,487.4	2,475.0	(12.3)
<b>Total assets</b>	2,782.3	2,722.3	(60.0)

	March 31, 2019	<b>September 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	73.6	0.0
Accounts payable	602.8	555.8	(46.9)
Total current liabilities	676.4	629.4	(46.9)
<b>Non-current liabilities:</b>			
Bonds and long-term debt	987.9	956.8	(31.1)
Accrued retirement benefits	272.6	246.7	(25.9)
Other long-term liabilities	45.4	45.9	0.4
Total non-current liabilities	1,306.1	1,249.4	(56.6)
<b>Total liabilities</b>	1,982.5	1,878.9	(103.5)
<b>Total shareholders' equity:</b>			
Common stock	100.0	100.0	—
Capital surplus	55.0	55.0	—
Retained earnings	642.0	685.7	43.7
Treasury stock, at cost	(0.0)	(0.0)	(0.0)
Total shareholders' equity	797.0	840.7	43.7
<b>Valuation and translation adjustments</b>	2.7	2.5	(0.1)
<b>Total net assets</b>	799.7	843.3	43.5
<b>Total liabilities and net assets</b>	2,782.3	2,722.3	(60.0)

## 2. NON-CONSOLIDATED STATEMENTS OF INCOME

Six months ended September 30

	2018	2019	Change from the same period of the previous period	
	Billions of yen	Billions of yen	Billions of yen	%
<b>Operating revenues:</b>				
Transportation	431.7	452.9	21.2	4.9
Transportation incidentals	8.6	8.5	(0.1)	(1.6)
Other operations	14.3	14.8	0.5	3.8
Miscellaneous	29.8	28.0	(1.8)	(6.1)
	484.6	504.4	19.8	4.1
<b>Operating expenses:</b>				
Personnel costs	108.1	107.5	(0.6)	(0.6)
Non personnel costs:				
Energy costs	22.1	23.5	1.3	6.3
Maintenance costs	63.2	64.2	0.9	1.5
Miscellaneous costs	97.9	97.0	(0.9)	(1.0)
	183.4	184.8	1.3	0.8
Rental payments, etc	13.5	14.0	0.5	3.8
Taxes	20.2	21.0	0.8	4.2
Depreciation	64.3	66.9	2.6	4.1
	389.6	394.4	4.7	1.2
<b>Operating income</b>	94.9	110.0	15.0	15.9
<b>Non-operating revenues and expenses, net:</b>				
Non-operating revenues	2.4	2.7	0.2	—
Non-operating expenses	10.3	9.8	(0.5)	—
	(7.8)	(7.1)	0.7	(10.0)
<b>Recurring profit</b>	87.0	102.9	15.8	18.2
<b>Extraordinary profit and loss, net:</b>				
Extraordinary profit	8.8	3.3	(5.5)	—
Extraordinary loss	31.0	5.0	(26.0)	—
	(22.1)	(1.6)	20.5	—
<b>Income before income taxes</b>	64.8	101.2	36.4	56.1
<b>Income taxes</b>	18.9	30.7	11.8	62.4
<b>Net income</b>	45.9	70.5	24.5	53.5

## Passenger-Kilometers and Transportation Revenues

	Millions of Passenger-Kilometers				Billions of yen			
	Passenger-Kilometers				Transportation Revenues			
	Six months ended September 30		Change		Six months ended September 30		Change	
	2018	2019	Amount	%	2018	2019	Amount	%
<b>Shinkansen</b>								
Commuter Passes	447	468	21	4.7	5.6	5.7	0.1	2.2
Non-Commuter Passes	10,101	10,507	406	4.0	221.5	229.6	8.0	3.6
Total	10,548	10,976	427	4.1	227.2	235.3	8.1	3.6
<b>Conventional Lines</b>								
Commuter Passes	11,751	12,037	285	2.4	72.0	72.0	(0.0)	(0.1)
Non-Commuter Passes	7,442	7,971	528	7.1	132.4	145.5	13.1	9.9
Total	19,194	20,008	814	4.2	204.5	217.6	13.0	6.4
<b>Kansai Urban Area</b>								
Commuter Passes	9,661	9,891	229	2.4	59.4	59.4	(0.0)	0.0
Non-Commuter Passes	5,418	5,750	332	6.1	92.7	101.7	8.9	9.6
Total	15,079	15,642	562	3.7	152.2	161.1	8.9	5.9
<b>Other Lines</b>								
Commuter Passes	2,089	2,145	55	2.7	12.6	12.6	(0.0)	(0.3)
Non-Commuter Passes	2,024	2,221	196	9.7	39.6	43.8	4.2	10.6
Total	4,114	4,366	252	6.1	52.2	56.4	4.1	8.0
<b>Total</b>								
Commuter Passes	12,198	12,505	306	2.5	77.7	77.7	0.0	0.1
Non-Commuter Passes	17,544	18,479	935	5.3	354.0	375.1	21.1	6.0
Total	29,742	30,984	1,241	4.2	431.7	452.9	21.2	4.9

Note: Luggage revenues are not included.

### 3. CAPITAL EXPENDITURES

#### Consolidated Basis

	Six months ended September 30		Change from the same period of the previous period		Plan for fiscal year ending March 31, 2020
	2018	2019	Billions of yen	%	
	Billions of yen	Billions of yen			
Capital expenditures	84.4	80.3	(4.0)	(4.8)	—
Capital expenditures, excluding contributions received for constructions	79.4	77.0	(2.4)	(3.1)	261.0
Contributions received for constructions	5.0	3.3	(1.6)	(33.0)	—

#### Non-Consolidated Basis

	Six months ended September 30		Change from the same period of the previous period		Plan for fiscal year ending March 31, 2020
	2018	2019	Billions of yen	%	
	Billions of yen	Billions of yen			
Capital expenditures	65.4	51.6	(13.8)	(21.1)	—
Capital expenditures, excluding contributions received for constructions	60.4	48.3	(12.1)	(20.1)	192.0
[Safety-related capital expenditures]	[38.4]	[30.0]	[(8.3)]	[(21.7)]	[120.0]
Contributions received for constructions	5.0	3.3	(1.6)	(33.0)	—

#### Major Capital Expenditures

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

#### 4. REVISION TO FORECASTS FOR THE FISCAL YEAR ENDING MARCH 31, 2020

	Year ended March 31, 2019	Year ending March 31, 2020		Change		
		Previous forecasts (July 30)	Current forecasts (Oct. 28)			
	A	B	C	C-A	C/A	C-B
	Billions of yen	Billions of yen	Billions of yen	Billions of yen	%	Billions of yen
<b>Consolidated-basis:</b>	<1.56>	<1.56>	<1.56>			
Operating revenues	1,529.3	1,557.5	1,570.0	40.6	2.7	12.5
Operating income	196.9	198.0	202.0	5.0	2.6	4.0
Recurring profit	183.3	184.5	189.5	6.1	3.4	5.0
	<1.27>	<1.25>	<1.24>			
Profit attributable to owners of parent	102.7	118.5	120.0	17.2	16.8	1.5
<b>Non-consolidated- basis:</b>						
Operating revenues	980.9	1,001.0	1,005.0	24.0	2.5	4.0
Transportation operations	873.4	895.0	899.0	25.5	2.9	4.0
Operating expenses	830.1	849.5	849.5	19.3	2.3	—
Operating income	150.7	151.5	155.5	4.7	3.2	4.0
Recurring profit	136.4	137.5	142.5	6.0	4.4	5.0
Net income	80.6	95.0	96.5	15.8	19.7	1.5

Note: Figures in brackets < > are the consolidated/non-consolidated ratio.

		Year ended March 31, 2019	Year ending March 31, 2020		Change	
			Previous forecasts (July 30)	Current forecasts (Oct. 28)		
		A	B	C	C-A	C-B
		Billions of yen	Billions of yen	Billions of yen	Billions of yen	Billions of yen
Transportation	Operating revenues	953.9	974.2	978.2	24.2	4.0
	Operating income	136.2	136.7	140.7	4.4	4.0
Retail	Operating revenues	245.5	237.7	237.7	(7.8)	—
	Operating income	6.1	6.4	6.4	0.2	—
Real Estate	Operating revenues	148.5	162.3	164.3	15.7	2.0
	Operating income	35.6	36.3	36.3	0.6	—
Other Businesses	Operating revenues	181.3	183.3	189.8	8.4	6.5
	Operating income	21.2	21.6	21.6	0.3	—

Note: Revenues by each segment are from third parties.

## **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 October 2019 based on information available to JR-West as of October 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.