

Consolidated Financial Results for the Three-month Period Ended 30 June 2019 (Japanese GAAP) (Unaudited)

Nagoya Railroad Co., Ltd.

6 August 2019

Stock exchange Listing: Tokyo Nagoya
 Securities code: 9048
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Scheduled date of filing of quarterly report: 7 August 2019
 Scheduled date of dividend payment commencement: -
 Supplementary explanations of quarterly financial results: Yes
 Quarterly financial results presentation meeting: None
 * Amounts of less than ¥1 million have been rounded down.

1. Consolidated results for the three-month period ended 30 June 2019 (1 April 2019 - 30 June 2019)

(1) Consolidated operating results

(%: year-on-year)

	Operating revenues		Operating income		Ordinary income		Profit attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three-month period ended 30 June 2019	146,680	2.5	12,507	12.1	13,833	14.4	9,208	21.4
Three-month period ended 30 June 2018	143,091	0.2	11,157	(3.3)	12,094	(3.4)	7,587	(8.2)

Note: Comprehensive income - for the three-month period ended 30 June 2019 ¥6,177 million [(25.1%)]
 for the three-month period ended 30 June 2018 ¥8,249 million [(37.3%)]

	Net income per share-basic	Net income per share-diluted
	Yen	Yen
Three-month period ended 30 June 2019	46.87	43.75
Three-month period ended 30 June 2018	39.80	36.05

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
30 June 2019	1,141,560	426,033	34.5
31 March 2019	1,141,409	425,027	34.4

Reference: Shareholders' equity- as of 30 June 2019 ¥393,702 million
 as of 31 March 2019 ¥393,026 million

2. Cash dividends

	Annual dividends				
	1st quarter end	2nd quarter end	3rd quarter end	Fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended 31 March 2019	-	-	-	27.50	27.50
Fiscal year ending 31 March 2020	-				
Fiscal year ending 31 March 2020 (forecast)		-	-	27.50	27.50

Note: Revisions to the most recently disclosed dividend forecasts: None

Note: Special dividends of ¥2.50 have been included in cash dividends for the fiscal year ended 31 March 2019 and the fiscal year ending 31 March 2020 (forecast), respectively.

3. Consolidated operating results forecast for the fiscal year ending 31 March 2020

(%: year-on-year)

	Operating revenues		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six-month period ending 30 September 2019	311,000	5.2	24,000	(2.5)	24,500	(4.2)
Fiscal year ending 31 March 2020	635,000	2.0	48,000	(2.9)	49,500	(4.1)

	Profit attributable to owners of the parent		Net income per share-basic
	Millions of yen	%	yen
Six-month period ending 30 September 2019	14,000	(12.5)	71.33
Fiscal year ending 31 March 2020	29,000	(4.8)	147.75

Note: Revisions to the most recently disclosed results forecasts: None

Notes

- (1) Changes in significant consolidated subsidiaries during the period (changes in specific consolidated subsidiaries resulting in changes in the scope of consolidation): None
- (2) Application of accounting methods which are exceptional for quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of revisions
 - 1) Changes in accounting policies resulting from the revision of the accounting standards: None
 - 2) Changes in accounting policies other than the above: None
 - 3) Changes in accounting estimates: None
 - 4) Restatement of revisions: None

(4) Number of issued shares (Common stock)

	Number of issued shares including treasury stock	Number of treasury stock
As of 30 June 2019	196,581,318	24,043
31 March 2019	196,306,458	27,784

	Average number of shares outstanding during the periods
Three-month period ended 30 June 2019	196,469,584
Three-month period ended 30 June 2018	190,662,136

* This report is not subject to audit procedures.

* Explanation for appropriate use of forecasts and other notes

The forward-looking statements such as operational forecasts contained in this statements summary are based on information currently available to the Company and certain assumptions which are regarded as legitimate. Actual results may differ from such forward-looking statements for a variety of reasons.

4. Quarterly consolidated financial statements

(1) Quarterly Consolidated Balance Sheets (Unaudited)

	Millions of yen	
	31 March 2019	30 June 2019
ASSETS		
Current assets		
Cash and deposits	20,870	21,353
Trade notes and accounts receivable	63,297	54,378
Short-term loans receivable	2,425	2,328
Land and buildings for sale	61,670	65,323
Merchandise and finished goods	9,074	9,512
Work in process	904	1,815
Raw materials and supplies	4,000	4,010
Others	20,635	24,419
Allowance for doubtful accounts	(212)	(212)
Total current assets	182,665	182,929
Non-current assets		
Property and equipment		
Buildings and structures, net	292,470	290,688
Machinery, equipment and vehicles, net	85,311	84,765
Land	362,296	366,414
Lease assets, net	10,449	10,753
Construction in progress	46,168	46,619
Other properties, net	8,231	8,223
Total property and equipment	804,926	807,466
Intangible assets		
Right of using facilities	6,060	5,776
Goodwill	1,567	1,478
Lease assets	171	157
Other intangible assets	2,979	2,990
Total intangible assets	10,779	10,402
Investments and other assets		
Investment securities	112,082	108,097
Long-term loans receivable	605	585
Deferred tax assets	14,900	15,956
Others	15,845	16,513
Allowance for doubtful accounts	(395)	(390)
Total investments and other assets	143,038	140,763
Total non-current assets	958,744	958,631
Total assets	1,141,409	1,141,560

(1) Quarterly Consolidated Balance Sheets (Unaudited)

	Millions of yen	
	31 March 2019	30 June 2019
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Notes and accounts payable	77,694	57,450
Short-term loans payable	52,763	55,678
Current portion of bonds payable	10,000	10,000
Lease obligations	2,470	2,537
Income taxes payable	7,277	2,882
Deposits received from employees	19,440	19,746
Provision for bonuses	5,935	3,137
Provision for loss on liquidation	478	456
Allowance for loss on collection of gift certificates outstanding	1,827	1,822
Others	82,073	95,366
Total current liabilities	<u>259,960</u>	<u>249,078</u>
Non-current liabilities		
Bonds payable	165,880	175,340
Long-term loans payable	158,299	158,869
Lease obligations	9,118	9,361
Deferred tax liabilities	4,068	3,927
Deferred tax liabilities for land revaluation	56,571	56,567
Accrued retirement benefits for directors	1,363	1,398
Provision for loss on liquidation	10,009	9,858
Allowance for loss on collection of gift certificates outstanding	393	381
Employee retirement benefit liability	31,406	31,535
Others	19,311	19,208
Total non-current liabilities	<u>456,421</u>	<u>466,448</u>
Total liabilities	<u>716,381</u>	<u>715,526</u>
Net assets		
Shareholders' equity		
Common stock	100,778	101,043
Capital surplus	34,939	35,203
Retained earnings	142,912	146,727
Treasury stock	(30)	(20)
Total shareholders' equity	<u>278,600</u>	<u>282,954</u>
Accumulated other comprehensive income		
Net unrealised gains on available-for-sale securities	25,224	21,668
Deferred gains and losses on hedges	81	(5)
Land revaluation increment	88,052	88,042
Foreign currency translation adjustments	(24)	(23)
Retirement benefit adjustments	1,092	1,065
Total accumulated other comprehensive income	<u>114,426</u>	<u>110,748</u>
Non-controlling interests	<u>32,001</u>	<u>32,331</u>
Total net assets	<u>425,027</u>	<u>426,033</u>
Total liabilities and net assets	<u>1,141,409</u>	<u>1,141,560</u>

(2) Quarterly Consolidated Statements of Income (Unaudited)

	Millions of yen	
	Three-month periods ended 30 June	
	2018	2019
Operating revenues	143,091	146,680
Operating expenses		
Transportation, other services and cost of sales	118,778	120,590
Selling, general and administrative expenses	13,155	13,582
Total operating expenses	131,934	134,173
Operating income	11,157	12,507
Non-operating income		
Interest income	6	7
Dividend income	1,112	1,287
Equity in net earnings of affiliates	501	549
Miscellaneous income	353	486
Total non-operating income	1,973	2,330
Non-operating expenses		
Interest expenses	868	834
Miscellaneous expenses	167	169
Total non-operating expenses	1,036	1,004
Ordinary income	12,094	13,833
Extraordinary income		
Gain on sales of fixed assets	170	81
Gain on contributions for construction	62	452
Gain on sales of investment securities	-	120
Others	14	60
Total extraordinary income	246	714
Extraordinary losses		
Loss on sales of fixed assets	65	3
Impairment loss on fixed assets	7	22
Loss on disposition of fixed assets	42	94
Provision for loss on liquidation	560	-
Loss on reduction of property and equipment	59	397
Others	-	6
Total extraordinary expenses	734	524
Profit before income taxes	11,605	14,024
Income taxes-current	3,252	3,739
Income taxes-deferred	134	386
Total income taxes	3,386	4,126
Profit	8,219	9,898
Profit attributable to:		
Non-controlling interests	632	689
Owners of the parent	7,587	9,208

(3) Quarterly Consolidated Statements of Comprehensive Income (Unaudited)

	Millions of yen	
	Three-month periods ended 30 June	
	2018	2019
Profit	8,219	9,898
Other comprehensive income		
Net unrealised gains and losses on available-for-sale securities	(97)	(3,476)
Deferred gains and losses on hedges	126	(87)
Foreign currency translation adjustments	(8)	0
Retirement benefit adjustments	43	(16)
Share of other comprehensive income of affiliates accounted for using the equity method	(34)	(141)
Total other comprehensive income	29	(3,720)
Comprehensive income	8,249	6,177
Comprehensive income attributable to:		
Owners of the parent	7,593	5,540
Non-controlling interests	655	637

(4) Notes to Quarterly Consolidated Statements (Unaudited)

Notes on going concern assumption: None

Notes on significant changes in shareholders' equity: None

5. Segment information

Information about reportable segments for the three-month period ended 30 June 2018 was as follows.

	Traffic	Transport	Real Estate	Leisure and Service	Distribution	Aviation Services	Others (*1)	Total	Adjustment (*2)	Quarterly consolidated financial statements (*3)
Operating revenues:										
External customers	41,624	33,701	16,092	12,050	29,554	5,197	4,871	143,091	—	143,091
Intersegment sales/transfer	552	102	2,684	382	3,010	—	4,070	10,803	(10,803)	—
Total	42,177	33,803	18,777	12,433	32,565	5,197	8,941	153,894	(10,803)	143,091
Segment income	7,516	1,722	2,060	26	143	(56)	(404)	11,007	149	11,157

*1) "Others" is a business segment that is not considered a reportable segment. It includes the business of equipment maintenance, information processing, insurance agency and others.

*2) Segment income adjustment amounting to ¥149 million was treated as intersegment elimination.

*3) Segment income was reconciled to operating income in the accompanying quarterly consolidated statements of income.

Information about reportable segments for the three-month period ended 30 June 2019 was as follows.

	Traffic	Transport	Real Estate	Leisure and Service	Distribution	Aviation Services	Others (*1)	Total	Adjustment (*2)	Quarterly consolidated financial statements (*3)
Operating revenues:										
External customers	41,959	34,162	16,092	12,524	31,721	5,479	4,740	146,680	—	146,680
Intersegment sales/transfer	547	86	2,638	357	3,374	—	4,543	11,547	(11,547)	—
Total	42,506	34,249	18,730	12,882	35,095	5,479	9,283	158,227	(11,547)	146,680
Segment income	8,045	1,541	2,221	210	235	116	8	12,380	127	12,507

*1) "Others" is a business segment that is not considered a reportable segment. It includes the business of equipment maintenance, information processing, insurance agency and others.

*2) Segment income adjustment amounting to ¥127 million was treated as intersegment elimination.

*3) Segment income was reconciled to operating income in the accompanying quarterly consolidated statements of income.