

Semi-Annual Investors Meeting  
FY2016.3 (Fiscal Year Ending March 31, 2016)

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I. Financial Results for 1<sup>st</sup> Half of FY2016.3

Tatsuhiko Yamada

General Manager of Finance Department



Central Japan Railway Company

October 29, 2015 1

## Summary of Financial Results for 1<sup>st</sup> Half of FY2016.3 (Consolidated)

(Billions of Yen)

	1 <sup>st</sup> Half of FY2015.3 (Apr-Sep) Results A	1 <sup>st</sup> Half of FY2016.3 (Apr-Sep) Results B	Change (B-A)
Operating Revenues	817.2	860.2	+ 43.0
Operating Expenses	538.3	536.2	- 2.0
Operating Income	278.9	324.0	+ 45.0
Non-operating Income (Loss)	- 33.7	- 31.1	+ 2.6
Ordinary Income	245.1	292.9	+ 47.7
Net Income Attributable to Owners of the Parent	167.0	195.7	+ 28.6

Long-term debt and payables at the end of 1<sup>st</sup> half of FY2016.3 :  
2,149.9 billion yen ( -0.5 billion yen compared to the end of FY2015.3 )

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### [Financial Results Summary (Consolidated)]

- I would like to give you an overview of our consolidated financial results for the first half of FY2016.3.

- Firstly, thanks to steady increases in use by business people and tourists, transportation revenues increased by 34.2 billion yen year-on-year. Group companies also experienced increases in revenue and total consolidated operating revenues increased by 43.0 billion yen year-on-year.

- Operating expenses increased in some group companies, but total consolidated operating expenses decreased by 2.0 billion yen year-on-year thanks to a decrease in depreciation costs associated with the Yamanashi Maglev Line at our company.

- Non-operating income (loss) improved year-on-year by 2.6 billion yen due to decreases in paid interest, etc.

- As a result, we achieved increases in revenues and profits with respect to any of operating income, ordinary income, and net income attributable to owners of the parent company.

## Summary of Financial Results for 1<sup>st</sup> Half of FY2016.3 (By Segment)

(Billions of Yen)			
	1 <sup>st</sup> Half of FY2015.3 (Apr-Sep) Results A	1 <sup>st</sup> Half of FY2016.3 (Apr-Sep) Results B	Change (B-A)
Operating Revenues	817.2	860.2	+ 43.0
Transportation	644.0	678.4	+ 34.4
Merchandise and Other	112.8	116.9	+ 4.0
Real Estate	32.9	32.8	- 0.1
Other	96.1	101.3	+ 5.1
Operating Expenses	538.3	536.2	- 2.0
Operating Income (Loss)	278.9	324.0	+ 45.0
Transportation	263.1	312.3	+ 49.2
Merchandise and Other	4.0	4.1	+ 0.0
Real Estate	8.5	7.5	- 0.9
Other	2.4	- 0.3	- 2.8

\* Figures by segment for operating revenues and operating income are values without offsetting and eliminating intersegment transactions.  
 \* Total values of segment for operating revenues and operating income are not equal to Operating Revenues and Operating Income (Loss) indicated above. 3

### [Financial Results Summary (Consolidated by Segment)]

- I will next explain the year-on-year increases and decreases for each segment.

- In regard to transportation, we experienced increases in revenues and profits due to increases in transportation revenues, etc.

- We saw increases in revenues for merchandise and other due to sales increases at JR Tokai Corporation and Tokai Kiosk Company, etc.

- We saw decreases in revenues and profits for real estate due to decreases in sales revenues at JR Tokai Real Estate, etc.

- Lastly in the other segment, whereas there is an increase in sales of rolling stock by NIPPON SHARYO, we experienced increases in revenues and decreases in profits due to increases in sales costs of NIPPON SHARYO and loss provision for the rolling stock sales to the USA, etc.

## Summary of Financial Results for 1<sup>st</sup> Half of FY2016.3 (Non-Consolidated)

(Billions of Yen)			
	1st Half of FY2015.3 (Apr-Sep) Results A	1st Half of FY2016.3 (Apr-Sep) Results B	Change (B-A)
Operating Revenues (Transportation Revenues)	644.5 (613.7)	678.5 (647.9)	+ 34.0 ( + 34.2)
Operating Expenses	379.6	365.8	- 13.7
Personnel Expenses	87.7	89.6	+ 1.8
Non-personnel Expenses	151.3	148.6	- 2.6
Energy	22.8	21.7	- 1.1
Maintenance	44.7	41.0	- 3.7
Others	83.7	85.9	+ 2.1
Tax other than income taxes	16.2	17.4	+ 1.1
Depreciation & Amortization	124.2	110.1	- 14.1
Operating Income	264.8	312.6	+ 47.8
Ordinary Income	231.3	281.7	+ 50.3
Net Income	161.7	193.1	+ 31.4

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### [Financial Results Summary (Non-Consolidated) ]

-Next, let me explain our company's financial results on a non-consolidated basis.

-Firstly, operating revenues increased year-on-year by 34.0 billion yen due to a year-on-year increase in transportation revenues of 34.2 billion yen.

- Moving on to operating expenses.

- Personnel expenses saw a year-on-year increase of 1.8 billion yen due to increases in retirement benefit expenses, etc.

- Energy expenses decreased year-on-year by 1.1 billion yen due to decreases in fuel prices, etc., although there was an increase in the levy on renewable energy.

- Maintenance expenses decreased year-on-year by 3.7 billion yen thanks to an approximately 7.5 billion decrease in expenses associated with the Maglev train such as manufacturing costs of Series L0 rolling stock, even though expenses for large-scale renovations increased by 3.7 billion yen.

- Other expenses saw a year-on-year increase of 2.1 billion yen due to increases in sales charges associated with increases in transportation revenues, etc.

- Depreciation and amortization decreased year-on-year by 14.1 billion yen due to decreases in depreciation costs associated with the Yamanashi Maglev Line, rolling stock and ground facilities, etc.

- As a result, operating income increased year-on-year by 47.8 billion yen, and ordinary income increased year-on-year by 50.3 billion yen. Net income increased year-on-year by 31.4 billion yen due to increases in corporate tax brought upon by an increase in profits.

- This concludes my presentation, thank you.

# Semi-Annual Investors Meeting FY2016.3 (Fiscal Year Ending March 31, 2016)

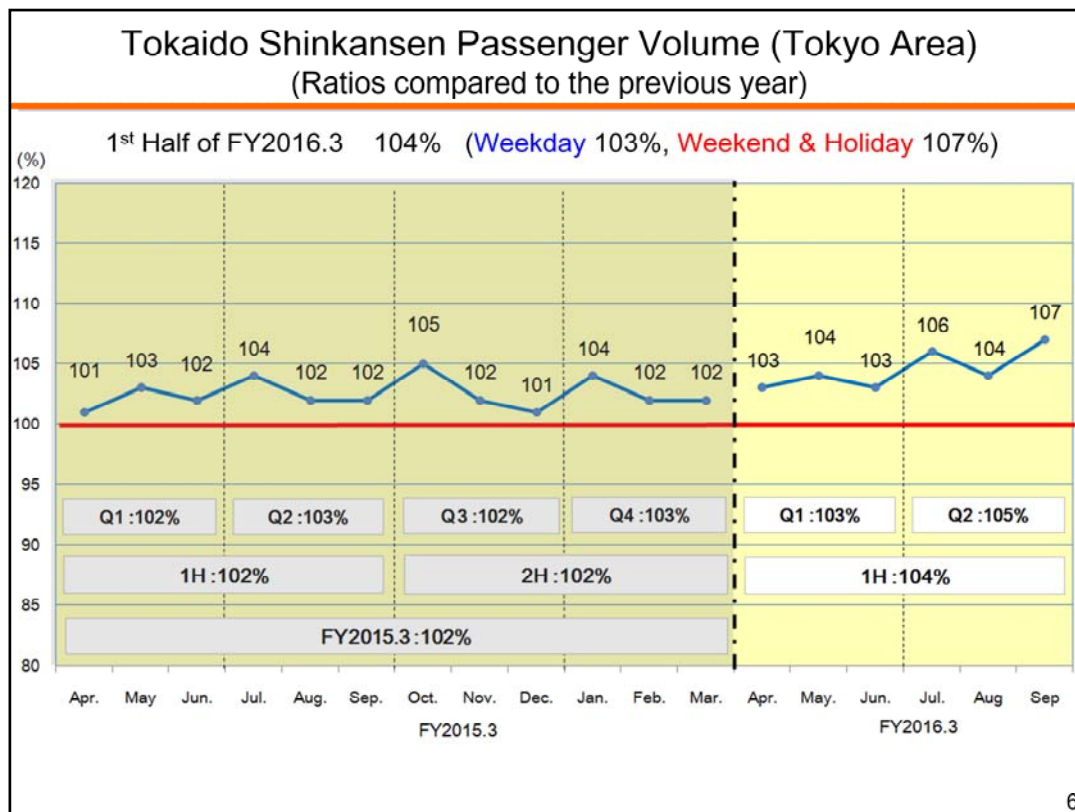
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## II. Performance Forecast for FY2016.3 and Key Policy Developments



**Katsumi Miyazawa**

Director, Senior Corporate Executive Officer and  
Director General of Corporate Planning Division



#### [Passenger Volume Trends]

- I will take over with an explanation of passenger volume for the Tokaido Shinkansen.

- In the Tokaido Shinkansen, we were able to provide transportation service enhanced more than ever thanks to an increase in the maximum speed to 285km/h which was implemented this spring and flexible setting of train services based on the "10 Nozomi timetable".

- Use of the Tokaido Shinkansen continues to increase at a pace that will exceed last year's favorable numbers, posting at 104% year-on-year for the entire first half.

- Viewing weekdays and weekends separately, use on weekdays, which is accounted for by primarily businesses, was 103% compared with the previous year, indicating that business use continued to be favorable.

- Use on weekends, which is accounted for by mainly tourism, was also good, 107% compared with the previous year. In addition to the fact that use for tourism continued favorable, consecutive holidays in September this year were five consecutive holidays for the first time in six years, making many customers go on a trip.

- Also, even compared with the levels seen prior to the bankruptcy of Lehman Brothers, the use stably increases beyond such levels.

- Foreigners visiting Japan are said to have increased by 40 to 50%. The same levels of increase are seen in our products for inbound visitors. However, since the Tokaido Shinkansen is mainly used for businesses and tourism by domestic customers, we understand that the ratio of inbound visitors to the total use remains small.

- Furthermore, for October in the second half, passenger volume was 103% year-on-year as of October 27, thereby showing that this steadily increasing trend continues.

Revised Performance Forecast for FY2016.3 (Non-Consolidated)			
(Billions of Yen)			
	FY2016.3 Previous Forecast (A)	FY2016.3 Revised Forecast (B)	Change (B-A)
Operating Revenues (Transportation Revenues)	1,307.0 (1,243.2)	1,341.0 (1,277.4)	+ 34.0 (+ 34.2)
Operating Expenses	820.0	816.0	- 4.0
Personnel Expenses	180.0	180.0	-
Non-personnel Expenses	374.0	372.0	- 2.0
Energy	45.0	43.0	- 2.0
Maintenance	141.0	140.0	- 1.0
Others	188.0	189.0	+ 1.0
Tax other than income taxes	36.0	36.0	-
Depreciation & Amortization	230.0	228.0	- 2.0
Operating Income	487.0	525.0	+ 38.0
Non-Operating Income (Loss)	- 69.0	- 69.0	-
Ordinary Income	418.0	456.0	+ 38.0
Net Income	288.0	314.0	+ 26.0

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[Revised Performance Forecast (Non-Consolidated)]

- I would now like to introduce our revised performance forecast on a nonconsolidated basis.

- In the first half year, transportation revenues increased year-on-year by 34.2 billion yen. With this number for the first half year taken into consideration, we forecast that the performance for the whole year will be 1,277.4 billion yen.

- As a result, we forecast that operating revenues will be 1,341.0 billion yen, 34.0 billion yen higher than the previous forecast.

- Operating expenses are expected to be 4.0 billion yen less than originally forecasted, considering decreases in non-personnel expenses associated with unit price decreases in energy expenses and the margin of error in depreciation costs.

- As a result, we forecast that operating income will be 525.0 billion yen, 38.0 billion yen higher than the previous forecast.

- As for non-operating income (loss), there is no change from the previous forecast.

- As a result, our ordinary income forecast has increased 38.0 billion yen to 456.0 billion yen while our net income forecast has increased 26.0 billion yen to 314.0 billion yen.



Revised Performance Forecast for FY2016.3 (By Segment)			
	FY2016.3 Previous Forecast (A)	FY2016.3 Revised Forecast (B)	Change ( B-A )
Operating Revenues	1,674.0	1,715.0	+ 41.0
Transportation	1,307.0	1,341.1	+ 34.1
Merchandise and Other	232.4	236.2	+ 3.8
Real Estate	65.1	65.5	+ 0.4
Other	231.7	238.5	+ 6.8
Operating Expenses	1,159.0	1,170.0	+ 11.0
Operating Income (Loss)	515.0	545.0	+ 30.0
Transportation	484.9	523.1	+ 38.2
Merchandise and Other	7.6	8.5	+ 0.9
Real Estate	15.0	15.4	+ 0.4
Other	6.3	- 2.0	- 8.3
Non-Operating Income (Loss)	- 70.0	- 70.0	-
Ordinary Income	445.0	475.0	+ 30.0
Net Income Attributable to Owners of the Parent	303.0	321.0	+ 18.0

(Billions of Yen)

Estimated Reduction in Long-term Debt and Payables (Billions of Yen)

FY2016.3	
Amount at the end of FY2016.3	Annual Reduction
Consolidated	
1,996.5	- 154.0
Non-Consolidated	
1,966.3	- 170.0

\* Figures by segment for operating revenues and operating income are values without offsetting and eliminating intersegment transactions.  
\* Total values of segment for operating revenues and operating income are not equal to Operating Revenues and Operating Income (Loss) indicated above. 8

#### [Revised Performance Forecast (Consolidated by Segment)]

- Next, I will explain our consolidated forecast.

- We have upwardly revised our forecast for operating revenues on a total consolidated basis to 1,715.0 billion yen, 41.0 billion yen higher than the previous forecast, considering transportation revenues in the first half year and performances of group companies.

- Operating expenses are forecasted to be 1,170.0 billion yen on a total consolidated basis, 11.0 billion yen higher than the previous forecast. This has resulted from an increase in sales costs associated with sales increase in merchandise and other at JR Tokai Takashimaya, etc, and an increase in operating expenses associated with loss provision for the rolling stock sales to the USA by NIPPON SHARYO, while taking into account the previously mentioned decrease in operating expenses at our company.

- As a result, forecasts for operating income (loss), ordinary income, and net income attributable to owners of the parent company have been revised upward.

- As for long-term debt and payables, we expect that they will decrease by 154.0 billion yen, about the same as the original forecast, and that the outstanding balance at the fiscal year end will be below 2,000.0 billion yen as planned.



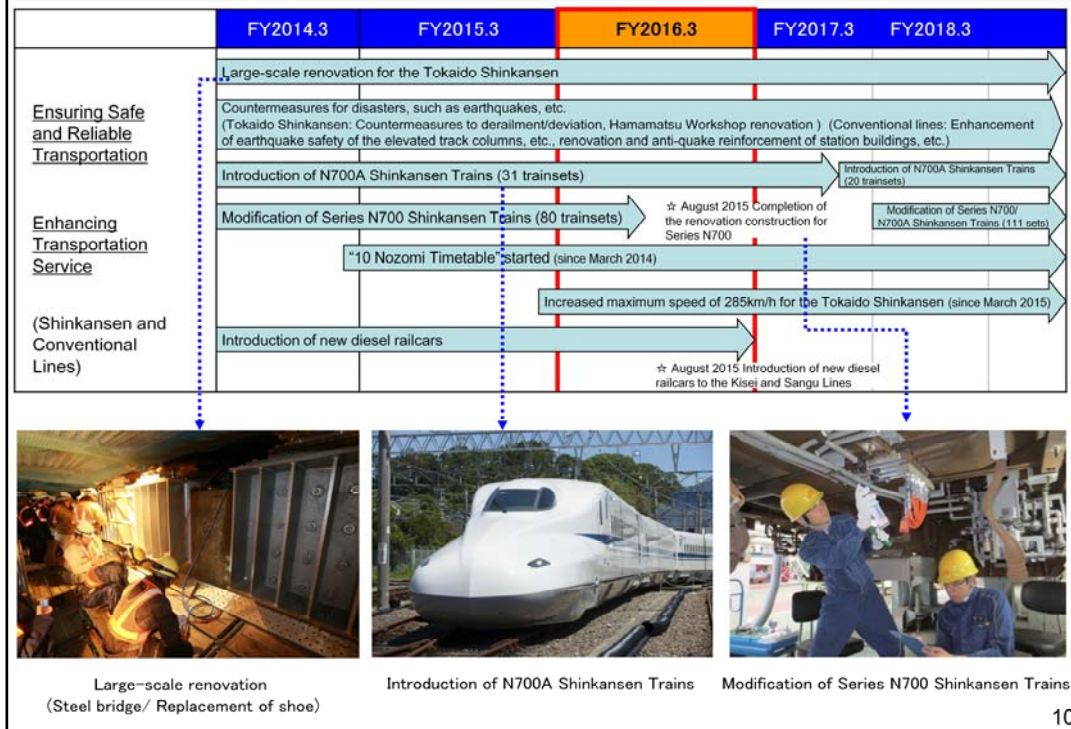
# Key Measures on FY2016.3

	FY2014.3	FY2015.3	FY2016.3	FY2017.3	FY2018.3
<u>Ensuring Safe and Reliable Transportation</u>	Large-scale renovation for the Tokaido Shinkansen				
	Countermeasures for disasters, such as earthquakes, etc. (Tokaido Shinkansen: Countermeasures to derailment/deviation, Hamamatsu Workshop renovation ) (Conventional lines: Enhancement of earthquake safety of the elevated track columns, etc., renovation and anti-quake reinforcement of station buildings, etc.)				
	Introduction of N700A Shinkansen Trains (31 trainsets)				
<u>Enhancing Transportation Service</u>	Modification of Series N700 Shinkansen Trains (80 trainsets)				
	*10 Nozomi Timetable* started (since March 2014)				
	Increased maximum speed of 285km/h for the Tokaido Shinkansen (since March 2015)				
(Shinkansen and Conventional Lines)	Introduction of new diesel railcars				
<u>Enhancing Sales and Marketing</u>	Promotion of sales and marketing to increase revenues (Various campaigns utilizing permanent tourism resources, such as Kyoto and Nara, etc.)				
<u>Chuo Shinkansen Project (Maglev)</u>	Promotion of the Chuo Shinkansen Project using the Superconducting Maglev System				
<u>Developing Affiliated Businesses</u>	Promotion of the "JR Gate Tower" project at Nagoya Station				
<u>Pursuit of Overseas Projects</u>	Marketing activities, etc. with the aim of establishing projects targeting certain lines				

## [Key Measures 1]

- Moving on I would like to explain the progress of our key measures currently underway along the items in the left.

## Key Measures on FY2016.3



### [Key Measures 2]

- Firstly, we have entered the third year of large-scale renovations on the Tokaido Shinkansen. In regard to measures to inhibit aging deterioration, the total amount for construction for this fiscal year will be approximately 35.0 billion yen, of which approximately 23.0 billion yen will be included as expenses. Construction has been going smoothly in this fiscal year, and for the first half of the year, the total amount of construction was 12 billion, of which 7.6 billion yen was included as maintenance expenses.

- In regard to rolling stock for the Tokaido Shinkansen, new trains of the new type rolling stock N700A have been introduced, and the renovation of Series N700, which had been promoted since FY2014.3, was completed in August this year.




- Also, as announced the other day, 20 trainsets of N700A will be additionally introduced from FY2017.3 to FY2020.3. In addition, with respect to the currently operating Series N700 and N700A, new modification will be applied one by one from FY2018.3 to FY2020.3 to incorporate the features of the new rolling stock.

- By the end of FY2020.3 when this introduction is completed, all rolling stock will become the "N700A type" that is superior in comfortableness and environmental performance and the maximum speed will be unified to 285km/h. This will further promote safe and reliable transportation.

## Key Measures on FY2016.3

	FY2014.3	FY2015.3	FY2016.3	FY2017.3	FY2018.3
<b>Enhancing Sales and Marketing</b>	Promotion of sales and marketing to increase revenues (Various campaigns utilizing permanent tourism resources, such as Kyoto and Nara, etc.)				
<b>Chuo Shinkansen Project (Maglev)</b>	Promotion of the Chuo Shinkansen Project using the Superconducting Maglev System				
<b>Developing Affiliated Businesses</b>	Promotion of the "JR Gate Tower" project at Nagoya Station				
<b>Pursuit of Overseas Projects</b>	Marketing activities, etc. with the aim of establishing projects targeting certain lines				

 <p>Kyoto Campaign</p>	 <p>A poster introducing "Express Reservation" and "PLUS EX"</p>	 <p>Construction of "JR Gate Tower" (as of September 29, 2015)</p>
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### [Key Measures 3]

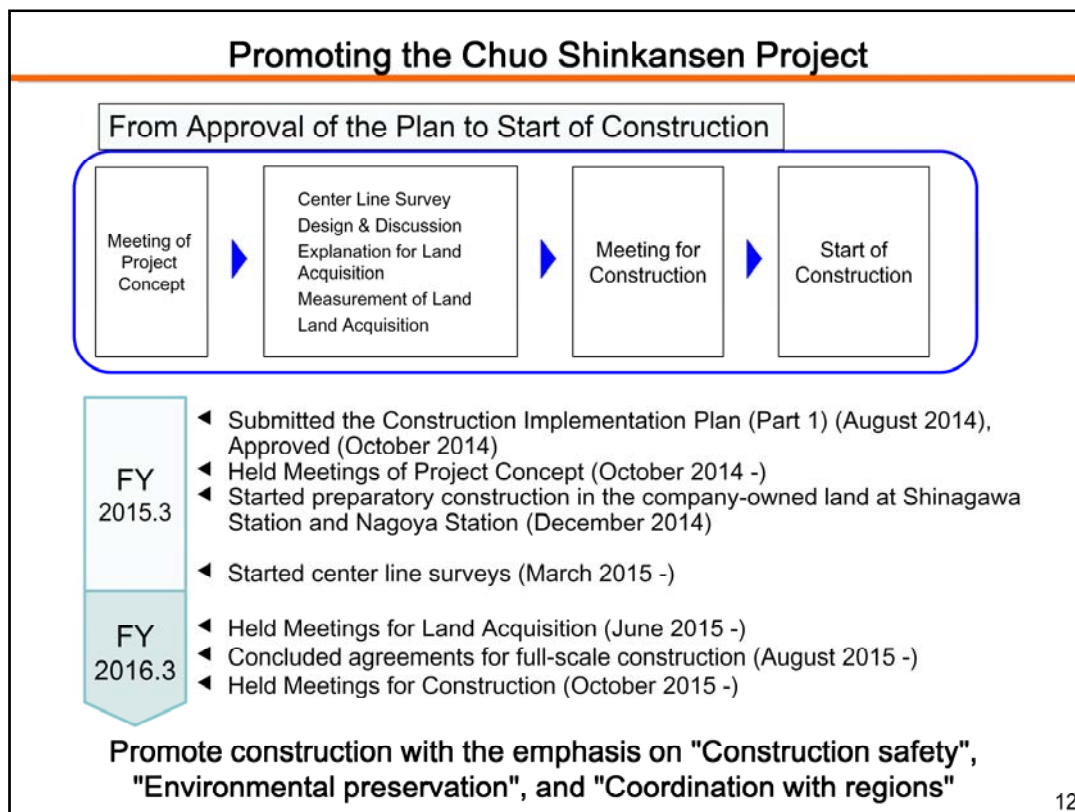
- Moving on to enhancing sales and marketing, focus is placed on the "Kyoto Campaign" even in the season of new green leaves this year, and travel products linked to this campaign were enhanced.

- Also, aimed at the members of "Express Reservation" and "PLUS EX", tourist products, such as "EX Family Hayatoku", "IC Hayatoku Type 21", and "Kodama ☆ Rakutabi IC Hayatoku", were enhanced to boost demand.

- As for the Chuo Shinkansen Project, I will explain in the next slide.

- In regard to developing non-railway related businesses, the JR Gate Tower project at Nagoya Station is being steadily promoted. A photograph as of September is shown. Building construction continues for the above-ground skeleton construction work and the underground skeleton construction work. Currently, the above-ground portion is completed up to the 44th floor, and for the underground portion, excavation and skeleton construction are under way.

- In view of the start of occupancy of offices in November 2016 and the opening of "Takashimaya Gate Tower Mall" and "Nagoya JR Gate Tower Hotel" in April 2017, we are working to establish the operation plan to aggressively increase revenues, and engaged in public relations and advertising activities.



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[Promoting the Chuo Shinkansen Project ]

- Next, I will explain the progress of the Chuo Shinkansen Project that employs Superconducting Maglev System.

- In October last year, we received approval from the Minister of Land, Infrastructure, Transport and Tourism regarding the Construction Implementation Plan (Part1 ) between Shinagawa and Nagoya, and we have been preparing for the full-scale construction. In principle, the meetings of project concept, center line survey, design & discussion, explanation for land acquisition, measurement of land, land acquisition, contracts for construction work, the meetings for construction will be carried out, and actual construction will be started from areas where necessary arrangements have been made.

- More specifically, after the approval of October last year, the meetings of project concept were held 252 times in total for municipalities as well as for community associations.

- As for the center line survey, which is to clarify the center position of the line, it was started in the scheduled six prefectures on the railroad, and completed in Aichi Prefecture and Tokyo Metropolis. Also, the meetings for land acquisition were held 11 times in Aichi Prefecture.

- Furthermore, construction contracts were concluded for the Yamanashi Construction Section for the Southern Alps Tunnel in August, for the North Construction Section at Shinagawa Station in September, and for the South Construction Section at Shinagawa Station in October.

- Among them, in regard to the Yamanashi Construction Section for the Southern Alps Tunnel, the meeting for construction was held in Hayakawa, Yamanashi on October 27 to explain construction overview and safety measures to people living in Hayakawa.

- We will continue to steadily promote construction with the emphasis on "Construction safety", "Environmental preservation", and "Coordination with regions"



## Refining Superconducting Maglev Technology and Reducing Costs

- ◆ Continuously making efforts to improve Superconducting Maglev technology and to reduce costs.
  - On April 14, 2015, recorded the maximum daily running distance of 4,064 km.
  - On April 21, 2015, recorded the highest speed of 603 km/h for trains, breaking its own world record.
- ◆ Continuously holding "Superconducting Maglev Test Rides" since FY2015.3.



Recorded the highest speed of 603 km/h



"Superconducting Maglev Test Ride"

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### [Refining Superconducting Maglev Technology and Reducing Costs]

- At the Yamanashi Maglev Line, we have conducted evaluations to establish a maintenance system that responds to commercial service by alternately operating 2 trainsets and conducting long distance running tests by using rolling stock and facilities in commercial line specifications. We also strove to further refine the Superconducting Maglev technology and reduce the costs for the construction/operation/maintenance of commercial lines.

- In April this year, the running distance per day reached an all-time high of 4,064km, and the maximum speed of 603km/h was recorded, which renewed the world fastest speed for trains.

- We have also been conducting "Superconducting Maglev Test Rides" since FY2015.3, and many people have experienced the high-speed travel of 500km/h.

- This concludes my presentation, thank you.

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Central Japan Railway Company  
October 29, 2015



Business plans and financial forecasts in this documentation are based on information that we can obtain at the time of writing. The accuracy of such statements, therefore, incorporates risks and uncertainties. Latent risks and uncertainties include macroeconomic trends and business environments, consumption trends, competitive situations between other companies and JR-Central/JR-Central's subsidiaries, and changes in relevant laws and legal provisions.