

# Semi-Annual Investor Meeting FY2018.3 (Fiscal Year Ending March 31, 2018)

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## I. Financial Results for 1<sup>st</sup> Half of FY2018.3

Tatsuhiko Yamada

Corporate Officer and  
General Manager of  
Finance Department



Central Japan Railway Company  
October 30, 2017

Revised

# Income Statement (Consolidated)



(Billions of Yen)

	1st Half of FY2017.3 (Apr. - Sep.) Results A	1st Half of FY2018.3 (Apr. - Sep.) Results B	Change (B - A)
Operating Revenues	866.7	899.5	+32.8
Operating Expenses	532.0	527.6	-4.3
Operating Income	334.7	371.8	+37.1
Non-operating Income (Loss)	-28.0	-38.5	-10.5
Ordinary Income	306.6	333.2	+26.6
Net income attributable to owners of the parent	214.9	220.8	+5.8

On page 2 and 3, highlighted are figures which are corrected according to the amendment of the Summary of Consolidated Financial Report for the Six Months Ended September 30, 2017, caused by the occurrence of adjusting events after the reporting period (loss accounting etc. related to order receipts) with respect to NIPPON SHARYO, LTD., a consolidated subsidiary of the Company.

Revised

# Segment Information (Consolidated)



(Billions of Yen)

		1st Half of FY2017.3 (Apr. - Sep.) Results A	1st Half of FY2018.3 (Apr. - Sep.) Results B	Change (B - A)
<b>Operating Revenues</b>		<b>866.7</b>	<b>899.5</b>	<b>+32.8</b>
	<b>Transportation</b>	<b>685.5</b>	<b>709.8</b>	<b>+24.2</b>
	<b>Merchandise and Other</b>	<b>115.2</b>	<b>124.3</b>	<b>+9.0</b>
	<b>Real Estate</b>	<b>32.8</b>	<b>37.9</b>	<b>+5.0</b>
	<b>Other</b>	<b>106.3</b>	<b>104.8</b>	<b>-1.5</b>
<b>Operating Expenses</b>		<b>532.0</b>	<b>527.6</b>	<b>-4.3</b>
<b>Operating Income</b>		<b>334.7</b>	<b>371.8</b>	<b>+37.1</b>
	<b>Transportation</b>	<b>324.4</b>	<b>353.8</b>	<b>+29.3</b>
	<b>Merchandise and Other</b>	<b>3.4</b>	<b>4.2</b>	<b>+0.8</b>
	<b>Real Estate</b>	<b>9.6</b>	<b>9.0</b>	<b>-0.6</b>
	<b>Other</b>	<b>-2.7</b>	<b>5.4</b>	<b>+8.1</b>

\* Figures in the breakdown by segment are those prior to offsetting and eliminating intersegment transactions. The totals of breakdown figures do not match the operating revenues and operating income above.

# Income Statement (Non-Consolidated)



(Billions of Yen)

	1st Half of FY2017.3 (Apr. - Sep.) Results A	1st Half of FY2018.3 (Apr. - Sep.) Results B	Change (B - A)
<b>Operating Revenues</b> (Transportation Revenues)	<b>685.8</b> <b>(654.7)</b>	<b>711.5</b> <b>(678.3)</b>	<b>+25.6</b> <b>(+23.5)</b>
<b>Operating Expenses</b>	<b>359.6</b>	<b>356.1</b>	<b>-3.4</b>
<b>Personnel Expenses</b>	<b>89.7</b>	<b>89.6</b>	<b>-0.1</b>
<b>Non-personnel Expenses</b>	<b>147.8</b>	<b>150.4</b>	<b>+2.6</b>
<b>Energy</b>	<b>18.3</b>	<b>19.6</b>	<b>+1.2</b>
<b>Maintenance</b>	<b>43.9</b>	<b>42.8</b>	<b>-1.0</b>
<b>Others</b>	<b>85.5</b>	<b>87.9</b>	<b>+2.4</b>
<b>Taxes other than Income Taxes</b>	<b>19.8</b>	<b>20.2</b>	<b>+0.3</b>
<b>Depreciation and Amortization</b>	<b>102.1</b>	<b>95.8</b>	<b>-6.3</b>
<b>Operating Income</b>	<b>326.2</b>	<b>355.3</b>	<b>+29.1</b>
<b>Ordinary Income</b>	<b>298.0</b>	<b>317.8</b>	<b>+19.8</b>
<b>Net income</b>	<b>210.8</b>	<b>222.2</b>	<b>+11.3</b>

## II. Performance Forecast for FY2018.3 and Key Policies

Yoshiki Suyama

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



Central Japan Railway Company  
October 30, 2017

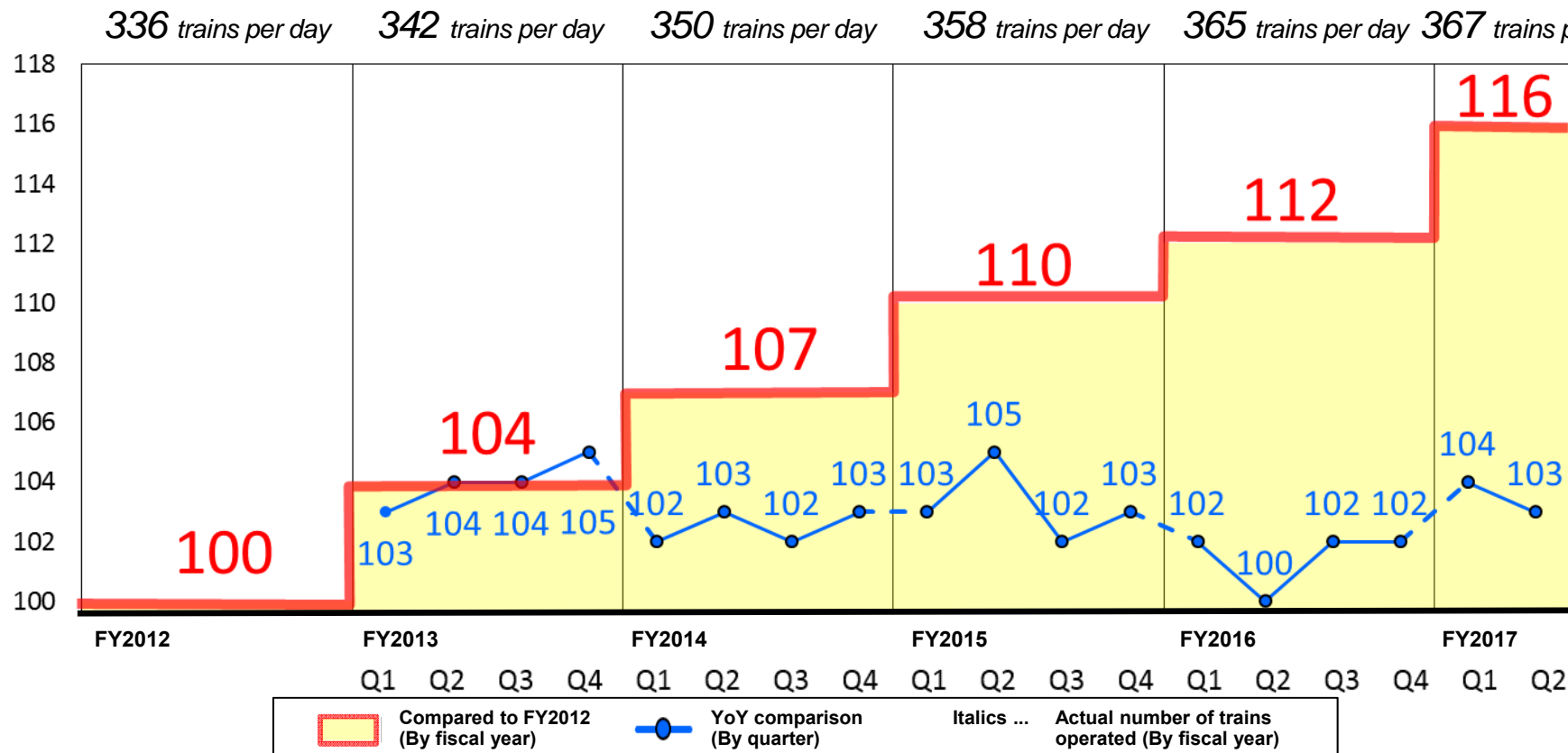
# Tokaido Shinkansen Passenger Volume (Tokyo Area)



**Passenger volume was favorable for both business and tourism**

Results for the 1st half of FY2018.3: **103%** year-on-year (weekdays 103%; weekends 105%\*)

\* Weekdays and weekends are comparisons of daily average.



**Passenger volume in the 2nd half is expected to be at a high level, comparable to that of the previous fiscal year**

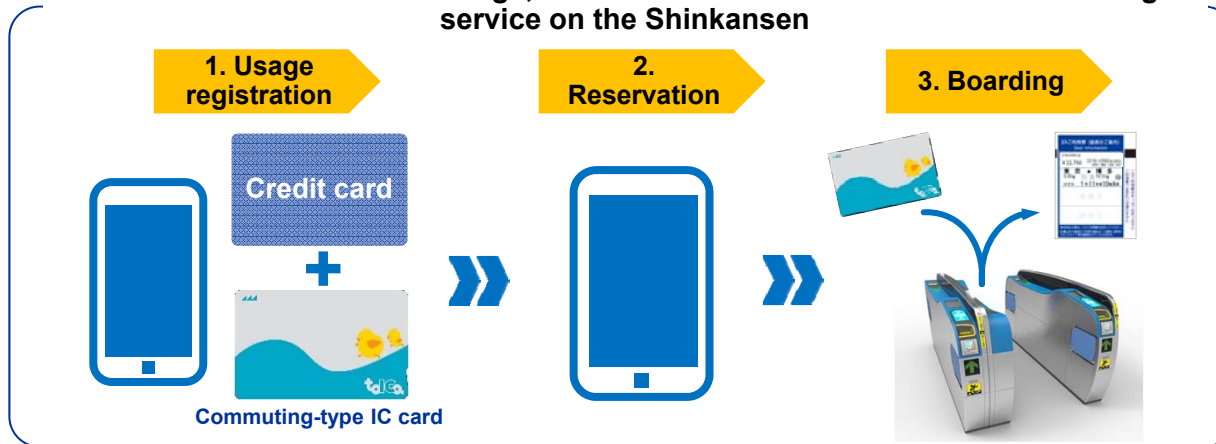
Projections for FY2018.3: **102%** year-on-year (results for the 1st half 103%; forecast for the 2nd half: 100%)

# Launch of “smartEX” service (for Japan: Sept. 30; for overseas: Oct. 30)



## Domestic service was rolled out smoothly; begin providing the service overseas

Illustration of “smartEX” usage, a new online reservation/ticketless boarding service on the Shinkansen



## Outline of service for foreign tourists visiting Japan

Exclusive smartphone application is used  
Complete reservation and settlement before departure

### Languages available on application

English

### Countries covered

U.S.A., Australia, Singapore, Hong Kong  
(Expansion of coverage to countries and regions other than the above is planned)



## Shinkansen is entering an era of online reservation & ticketless boarding



## [Anticipated medium- and long-term effects]

Greater customer satisfaction/  
enhanced competitiveness through  
stepping up the service level

Deployment of effective sales  
promotion activities toward  
narrowed-down targets

Cost reduction through greater  
efficiency of sales structure/increased  
ratio of direct sales

# Revised Full-Year Performance Forecast for FY2018.3 (Non-Consolidated)



(Billions of Yen)

	FY2017.3 Results A	FY2018.3 Previous Forecast B	FY2018.3 Revised Forecast C	Results vs. Forecast (C - A)	Change in Forecast (C - B)
Operating Revenues (Transportation Revenues)	1,380.7 (1,315.8)	1,383.0 (1,315.8)	1,408.0 (1,339.4)	+27.2 (+23.5)	+25.0 (+23.5)
Operating Expenses	784.9	822.0	814.0	+29.0	-8.0
Personnel Expenses	179.2	180.0	180.0	+0.7	—
Non-personnel Expenses	354.9	400.0	393.0	+38.0	-7.0
Energy	35.7	42.0	41.0	+5.2	-1.0
Maintenance	134.6	157.0	152.0	+17.3	-5.0
Others	184.5	201.0	200.0	+15.4	-1.0
Taxes other than Income Taxes	39.6	41.0	41.0	+1.3	—
Depreciation and Amortization	210.9	201.0	200.0	-10.9	-1.0
Operating Income	595.8	561.0	594.0	-1.8	+33.0
Ordinary Income	541.2	478.0	515.0	-26.2	+37.0
Net income	381.8	335.0	360.0	-21.8	+25.0



# Revised Full-Year Performance Forecast for FY2018.3 (Consolidated)



(Billions of Yen)

	FY2017.3 Results A	FY2018.3 Previous Forecast B	FY2018.3 Revised Forecast C	Results vs. Forecast (C - A)	Change in Forecast (C - B)
<b>Operating Revenues</b>	<b>1,756.9</b>	<b>1,760.0</b>	<b>1,791.0</b>	<b>+34.0</b>	<b>+31.0</b>
Transportation	1,380.4	1,380.0	1,405.0	+24.5	+25.0
Merchandise and Other	237.0	245.0	249.0	+11.9	+4.0
Real Estate	68.6	78.0	78.0	+9.3	—
Other	253.9	250.0	256.0	+2.0	+6.0
<b>Operating Expenses</b>	<b>1,137.4</b>	<b>1,177.0</b>	<b>1,173.0</b>	<b>+35.5</b>	<b>-4.0</b>
<b>Operating Income</b>	<b>619.5</b>	<b>583.0</b>	<b>618.0</b>	<b>-1.5</b>	<b>+35.0</b>
Transportation	593.1	558.0	591.0	-2.1	+33.0
Merchandise and Other	7.5	8.0	8.0	+0.4	—
Real Estate	18.1	17.0	18.0	-0.1	+1.0
Other	1.6	1.0	2.0	+0.3	+1.0
<b>Non-operating Income (Loss)</b>	<b>-55.5</b>	<b>-84.0</b>	<b>-81.0</b>	<b>-25.4</b>	<b>+3.0</b>
<b>Ordinary Income</b>	<b>563.9</b>	<b>499.0</b>	<b>537.0</b>	<b>-26.9</b>	<b>+38.0</b>
<b>Net income attributable to owners of the parent</b>	<b>392.9</b>	<b>348.0</b>	<b>374.0</b>	<b>-18.9</b>	<b>+26.0</b>

\* Figures in the breakdown by segment are those prior to offsetting and eliminating intersegment transactions. The totals of breakdown figures do not match the operating revenues and operating income above.

# JR Gate Tower After its Full Opening



Business is moving favorably toward achieving synergistic effects with Towers under uniform management

Consolidated operating revenues from key Gate Tower businesses\*:

FY2017 (Forecast) Approximately **13.0** billion yen

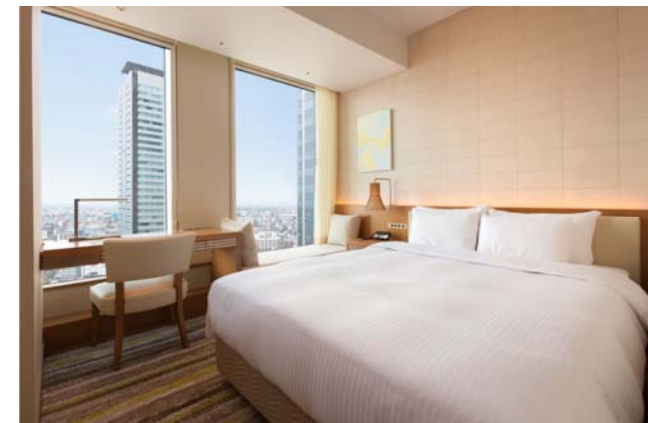
\* Department store, hotel, office building businesses



JR Gate Tower (left) and JR Central Towers (center, right)



Takashimaya Gate Tower Mall

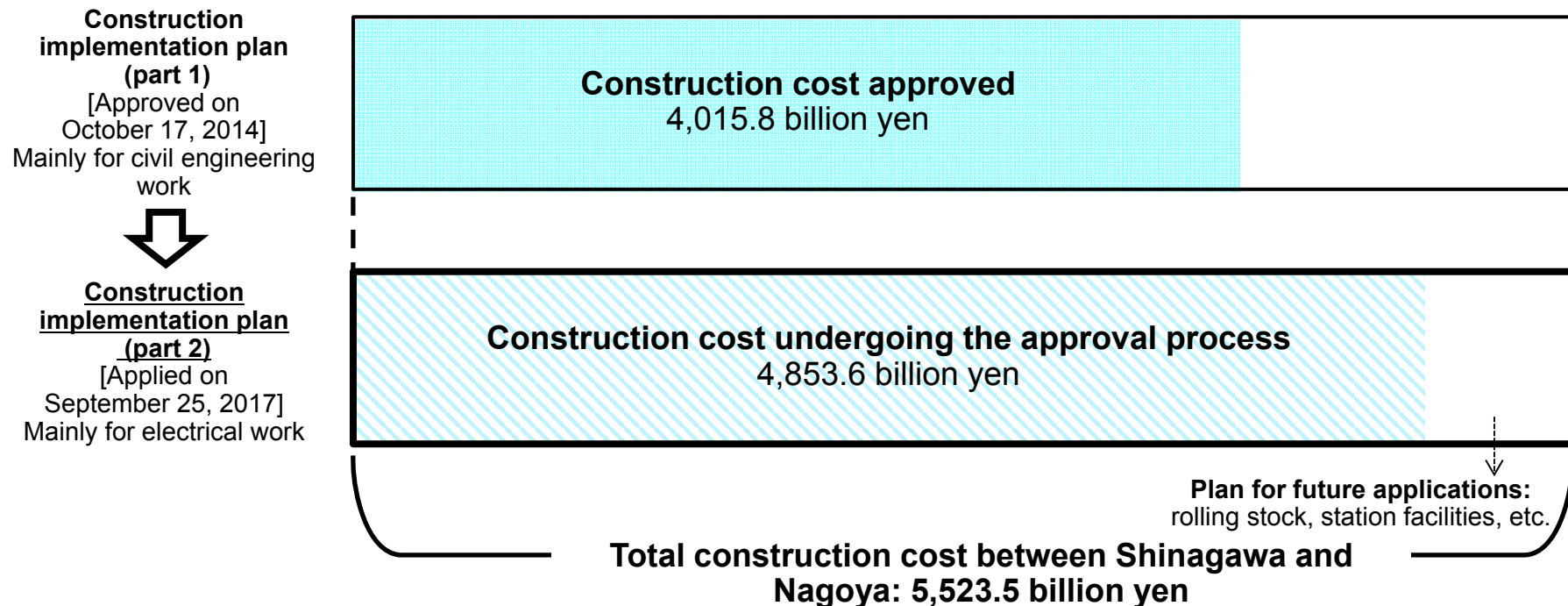


Nagoya JR Gate Tower Hotel

# Chuo Shinkansen Project: Application for Approval for Construction Implementation Plan (Part 2)



## Steadily making progress with the procedure based on the Nationwide Shinkansen Railway Development Act



## Outline of construction implementation plan (part 2)

- Application for approval submitted mainly for electrical facilities, such as power facilities and signal communication devices
- Total construction cost of 5,523.5 billion yen remains unchanged from the application for approval submitted under Part 1
- Application for approval for work on rolling stock and station facilities, etc. will be submitted when construction details are finalized



# Chuo Shinkansen Project: Progress of Construction



## Initiate construction at appropriate timing in consideration of the live operation date

\* Major construction activities shown

Construction has begun

Areas where construction is difficult and takes a long time  
(Southern Alps tunnel, Shinagawa Station, Nagoya Station, etc.)

Emergency exits in urban areas (beginning from shield machine starting vertical shafts), tunnel construction in mountainous areas, etc.

Initiated in a sequential manner

Construction for shield tunnels, bridges, viaducts, etc.

Construction for power facilities, signal communication devices, etc.

Construction for rolling stock production, station facilities, etc.

Live operation between Shinagawa and Nagoya

## Full-scale implementation of construction work along the line



Southern Alps tunnel (Yamanashi section)  
(Pilot tunnel excavation)



Shinagawa Station  
(Diaphragm wall work in underground station)



Meijo emergency exit  
(Diaphragm wall work)

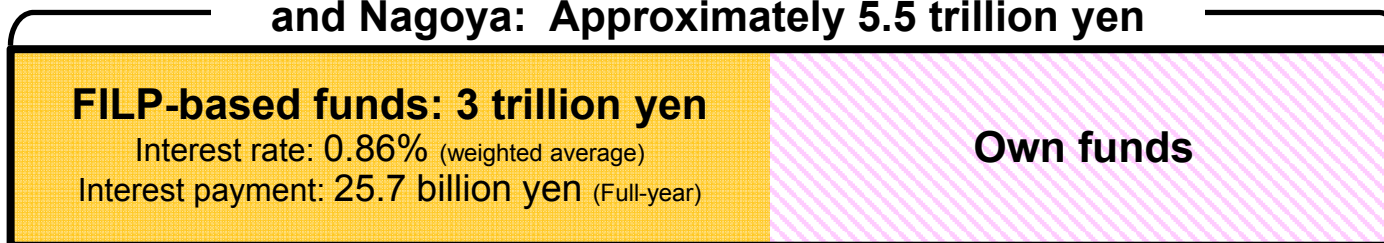
# Chuo Shinkansen Project: Completion of Undertaking Long-Term Loan Using the Fiscal Investment and Loan Program (FILP)



**Secured the funds necessary for construction between Shinagawa and Nagoya by using FILP loans**

**⇒ Environment to proceed with construction at full speed is in place**

**Total cost of construction between Shinagawa and Nagoya: Approximately 5.5 trillion yen**



**Appropriate FILP-based funds first to costs related to the construction of the Chuo Shinkansen**

## <Reference> Key terms of loan agreement

	First loan	Second loan	Third loan	Fourth loan	Fifth loan
Amount borrowed	500.0 billion yen	500.0 billion yen	500.0 billion yen	750.0 billion yen	750.0 billion yen
Interest rate (Fixed throughout entire period)	0.6%	0.8%	0.9%	0.9%	1.0%
Borrowing date	Nov. 29, 2016	Jan. 16, 2017	Mar. 10, 2017	May 17, 2017	Jul. 12, 2017
Maturity date	Nov. 29, 2055	Jan. 16, 2056	Mar. 10, 2056	Nov. 17, 2055	Jan. 12, 2056

Secured long-term, fixed, low-interest rate funds



Mitigation of management risk

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.