



I. Financial Results for 1st 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.

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[Income Statement (Consolidated)]

- My name is Yamada, Corporate Officer and General Manager of the Finance Department. I would like to give you an overview of our consolidated financial results for the first half of the fiscal year ending March 31, 2018.
- Let me start with a summary of the consolidated financial results.
- Looking at operating revenues, our transportation revenues increased by 23.5 billion yen from a year earlier, and exceeded the initial plan thanks to the steady use of our services for both business and tourism. Furthermore, given the revenues associated with the opening of JR Gate Tower, consolidated operating revenues increased by 32.8 billion yen year-on-year.
- Operating expenses decreased by 4.3 billion yen from a year earlier, mainly due to a decrease in depreciation and amortization related to the Company's Yamanashi Maglev Line, despite an increase in expenses associated with the opening of JR Gate Tower.
- As a result, operating income rose by 37.1 billion yen year on year.
- Non-operating income (loss) worsened by 10.5 billion yen from a year earlier, due to an increase in non-operating expenses caused primarily by higher interest expenses associated with the long-term debt for the Chuo Shinkansen. However, ordinary income and net income attributable to owners of the parent increased.



(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
Transportation	685.5	709.8	+24.2
Merchandise and Other	115.2	124.3	+9.0
Real Estate	32.8	37.9	+5.0
Other	106.3	104.8	-1.5
Operating Expenses	532.0	527.6	-4.3
Operating Income	334.7	371.8	+37.1
Transportation	324.4	353.8	+29.3
Merchandise and Other	3.4	4.2	+0.8
Real Estate	9.6	9.0	-0.6
Other	-2.7	5.4	+8.1

* 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.

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[Segment Information (Consolidated)]

- Next, I will explain the year-on-year increases and decreases for each segment.
- In the transportation segment, revenues and profits expanded due mainly to increases in transportation revenues of our Company.
- In the segment of merchandise and other, revenues and profits expanded in Central Japan Railway Takashimaya Co. due primarily to rent income associated with the opening of Takashimaya Gate Tower Mall and higher sales of existing stores.
- In the real estate business, profits fell against higher revenues mainly due to an increase in depreciation and amortization for JR Gate Tower, although we posted an increase in rent income for JR Central Building associated with the opening of JR Gate Tower.
- Lastly, in the Other segment, sales at consigned companies decreased while operating expenses declined at NIPPON SHARYO, Ltd. Consequently, profits increased on lower revenues.

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)
Operating Revenues (Transportation Revenues)	685.8 (654.7)	711.5 (678.3)	+25.6 (+23.5)
Operating Expenses	359.6	356.1	-3.4
Personnel Expenses	89.7	89.6	-0.1
Non-personnel Expenses	147.8	150.4	+2.6
Energy	18.3	19.6	+1.2
Maintenance	43.9	42.8	-1.0
Others	85.5	87.9	+2.4
Taxes other than Income Taxes	19.8	20.2	+0.3
Depreciation and Amortization	102.1	95.8	-6.3
Operating Income	326.2	355.3	+29.1
Ordinary Income	298.0	317.8	+19.8
Net income	210.8	222.2	+11.3

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[Income Statement (Non-Consolidated)]

- Finally, I will explain our Company's financial results on a non-consolidated basis.
- First, operating revenues increased by 25.6 billion yen from a year earlier due to a year-on-year increase in transportation revenues of 23.5 billion yen.
- Let me move on to explaining the major items in operating expenses.
- Non-personnel expenses increased by 2.6 billion yen year-on-year, as a result of higher energy expenses due to an increase in the unit price of electricity rates and a rise in other expenses due mainly to higher sales commissions associated with favorable transportation services, although maintenance expenses decreased due to lower expenses associated with capital investment.
- Depreciation and amortization decreased by 6.3 billion yen year-on-year due mainly to a decline in depreciation and amortization relating to the Yamanashi Maglev Line.
- As a result, we achieved increases in operating income, ordinary income and net income from a year earlier also on a non-consolidated basis.
- This concludes my presentation.



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

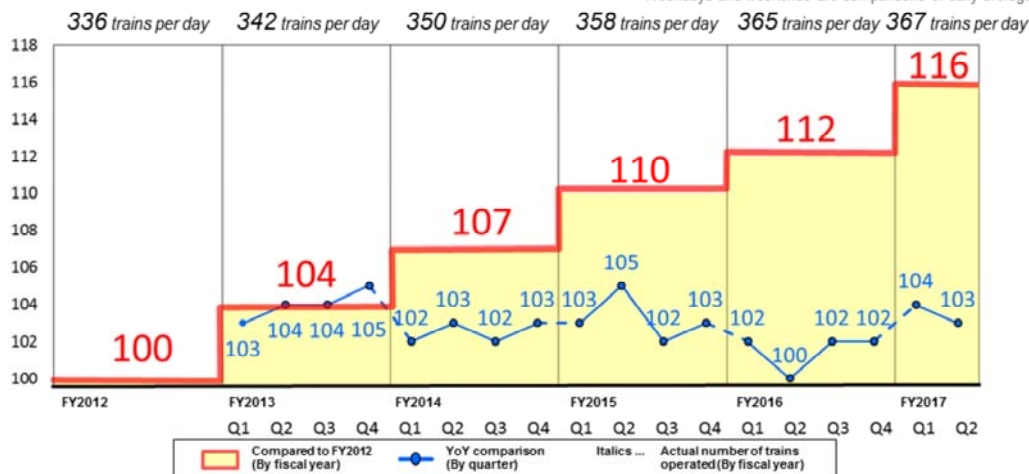
Tokaido Shinkansen Passenger Volume (Tokyo Area)



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%)

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[Tokaido Shinkansen Passenger Volume]

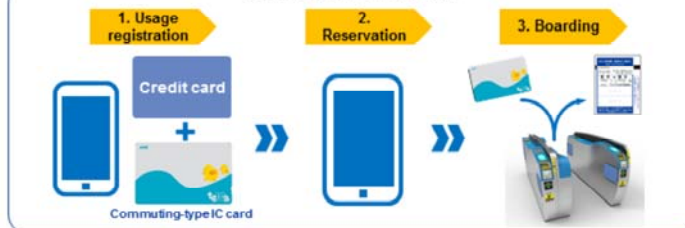
- My name is Suyama, Director General of the Corporate Planning Division. I will first give a status report on the transportation service of the Tokaido Shinkansen using the data on passenger volume in the Tokyo area.
- In the first half of the 2017 fiscal year, passenger volume posted a record high of 103% compared to the level of the previous year, thanks to the steady use of our services for both business and tourism. Passenger volume on weekends and holidays, when the number of users for tourism rises, was high at 105% compared to the level of the previous year, supported by active use of our services by a large number of customers during the “Golden Week” holidays and summer holidays.
The number of services per day saw a record high of 367 as of the end of the first half of the fiscal year. We feel that utmost efforts made to attract demand, as well as our activities to promote sales of tourist products targeting Express reservation members and their families, contributed to this result.
- The stepped graph in red signifies the yearly passenger volume for fiscal 2012 and thereon by using an indexation that assumes the volume of fiscal 2012, when we managed to get out of the slump following the bankruptcy of Lehman Brothers, as 100. The passenger volume up to the first half of fiscal 2017 on a cumulative basis reached 116%, reflecting a considerably high level.
- In the latter half of fiscal 2017, we will aim to record passenger volume comparable to the level of the previous fiscal year through implementing a flexible train setting using the “10 Nozomi Timetable”, continuing to take initiatives in promoting sales of tourist products, expanding the use of the “smartEX” service, which will be explained in the next slide, and taking other steps. Our full-year forecast indicates that passenger volume will be at 102% compared to the level of the year before.
- According to the preliminary figure up until October 29, passenger volume for the month of October is at 102%, despite the impact of typhoons and other factors. Looking into the coming month, we anticipate that favorable transportation will continue for some time, considering the number of reservations received, which is above the number of a year earlier.
- We will remain committed to making efforts to welcome a greater number of customers using our services.

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



Increase in the ratio of online reservations

[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

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[Launch of “smartEX” service]

- “smartEX” is a newly introduced, extremely convenient, simple and free-of-charge service that enables customers to simply use their smartphone and commuter-type IC card to board the Tokaido Shinkansen and the Sanyo Shinkansen ticketless, without the need to line up at the ticket sales counter.
- About a month has passed since we introduced this service. Looking at the actual use of the service up until October 29, over 170,000 people have registered and the number of uses including reservations and changes amounted to approximately 230,000 over the past 30 days. We hope to see more customers use this service going forward as opportunities to travel increase during the outing season amid the autumn foliage, and the winter holidays when people visit their hometowns.
- In addition, effective today, we are launching a service for foreign tourists visiting Japan. By using the dedicated smartphone application and following the instructions in English on screens, customers can reserve seats on the Shinkansen from overseas.
- By adding “smartEX” to our lineup of services, we offer “Express Reservation” - a service offering discount prices to those who become members by paying an annual membership fee - for frequent travelers while offering “smartEX” for light users and foreign tourists visiting Japan, in an effort to attract more customers to utilize our convenient online reservation services and experience ticketless boarding.
- In the medium-to-long term, we believe that smartEX will offer considerably enhanced convenience for customers, increase customer satisfaction levels given reduced congestion at ticket sales counters in stations, and reduce the total travel time. These factors will reinforce our competitiveness. In addition, we can send information on travel products to the registered e-mail addresses of members in an effort to deploy effective sales promotion activities toward a group of customers with a certain degree of interest in the Shinkansen.
- Furthermore, we anticipate that by enhancing the efficiency of our sales structures at stations and increasing the ratio of direct sales, we can reduce sales commissions to be paid to other companies, thereby reducing costs. This will also allow us to consider reallocating management resources, including our staff members.
- Ideally, we hope to increase as much as possible the ratio of online reservations for reserved seating on the Tokaido Shinkansen, which is currently 30%, and to have as many customers as possible experience ticketless boarding on the Shinkansen. We will continue to take initiatives in this regard as part of our efforts in tackling medium- and long-term management issues.

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

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[Revised Performance Forecast for FY2018.3 (Non-Consolidated)]

- Next, I would like to talk about the non-consolidated full-year performance forecast.
- We project that transportation revenues in the second half of the fiscal year will be the same as that of the last fiscal year, similar to the projection for passenger volume, and forecast 1,339.4 billion yen, which includes the portion of increase posted in the first half.
- Given this, we expect operating revenues to be 1,408 billion yen, up 25 billion yen from the previous forecast.
- In terms of operating expenses, we are projecting a decrease of 8 billion yen from the previous forecast, in consideration of the actual results in the first half of the fiscal year, and other factors. The forecast, however, is 29 billion higher than the results of the previous fiscal year. This is primarily because, as we announced at the beginning of the fiscal year, we are expecting to incur expenses for future growth, which include expenses associated with technological development and capital investment. The majority of these expenses, including those associated with validation test vehicles for the N700S, scheduled to be completed in March 2018, will be posted in the latter half of the fiscal year.
- In consideration of the above factors, our forecast continues to indicate lower profits compared to the results of the previous fiscal year, although we made upward adjustments to our previous forecasts for operating income, ordinary income and net income.
- Now, I would like to talk about future expense projections of our Company, which is a topic of high interest for those of you related to the stock markets.
- First, costs associated with the operation of the Tokaido Shinkansen and conventional lines do not change considerably from year to year.
- In addition, since expenditures related to the Chuo Shinkansen are posted to capital investment as a general rule, they do not largely impact profit and loss even when construction progresses to a full scale going forward.
- Meanwhile, expenses related to technology development and capital investment may change considerably from year to year depending on the content of implementation since each project involves a large amount of money. During the fiscal year ending March 31, 2018, we are implementing major projects involving large amounts of money, such as the N700S project mentioned earlier. As such, we are projecting increases in the expense categories of Maintenance and Others to which related expenses are posted.
- While it is difficult to be affirmative about future projections, we do not expect our expenses to continue increasing at the level we are experiencing this year in the next fiscal year and thereafter.

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)
Operating Revenues	1,756.9	1,760.0	1,791.0	+34.0	+31.0
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
Operating Expenses	1,137.4	1,177.0	1,173.0	+35.5	-4.0
Operating Income	619.5	583.0	618.0	-1.5	+35.0
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
Non-operating Income (Loss)	-55.5	-84.0	-81.0	-25.4	+3.0
Ordinary Income	563.9	499.0	537.0	-26.9	+38.0
Net income attributable to owners of the parent	392.9	348.0	374.0	-18.9	+26.0

* 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.

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

- Next, I will explain the revisions made to our consolidated performance forecast.
- As mentioned earlier, our revised forecast continues to indicate lower profits compared to the results of the previous fiscal year, although in light of the upward adjustments to our non-consolidated performance, we made upward adjustments to operating revenues, operating income, ordinary income, and net income attributable to owners of the parent.
- The interim dividend is 70 yen per share as per our initial forecast announced at the beginning of the fiscal year.
- Due to technical problems, it has become difficult for NIPPON SHARYO, LTD., a consolidated subsidiary of the Company, to carry out the contract, received in November 2012, to manufacture large rolling stock for the U.S. as planned. Therefore, NIPPON SHARYO, LTD. entered into a settlement agreement with the prime contractor, including Sumitomo Corporation, to entirely resolve the issue on November 6, 2017, with the result that another rolling stock manufacturer will replace NIPPON SHARYO, LTD.
- The effect of the settlement agreement on our consolidated financial results is negligible.

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

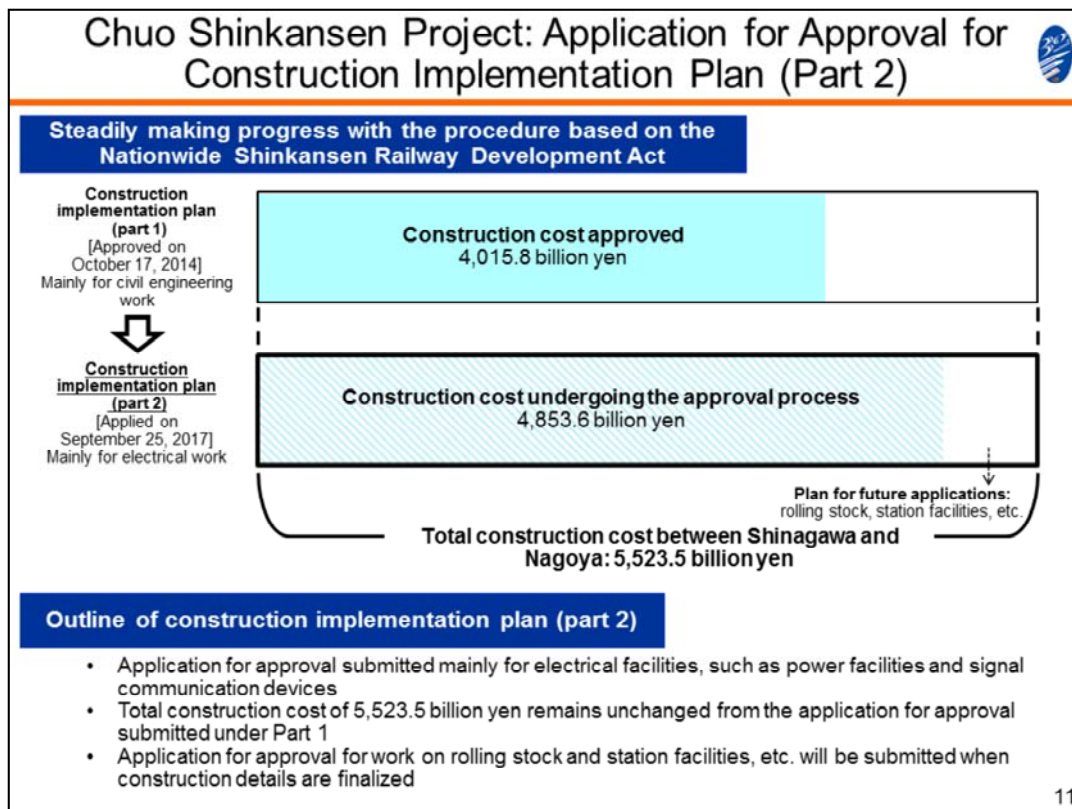


Nagoya JR Gate Tower Hotel

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[JR Gate Tower After its Full Opening]

- Here, I would like to focus my explanation on the three major businesses associated with JR Gate Tower, which fully opened on April 17 of this year.
- Through operating JR Gate Tower and JR Central Towers in a uniform manner at Nagoya Station, which is our largest management resource in running affiliated businesses, we are working to demonstrate synergistic effects by clearly segregating the concepts of these two business sites, expand revenues mutually by promoting cooperation in marketing and sales activities, and maximize profits based on efficient management.
- Since the full opening, the number of visitors to JR Gate Tower topped 10 million in mid August. We will continue to make efforts so that JR Gate Tower and JR Central Towers will attract a wide range of customers in growing numbers.
- Takashimaya Gate Tower Mall, which is one of the key businesses at the complex, has been attracting customers of all ages, particularly young females and families with younger children. Together with the existing JR Nagoya Takashimaya, the facility welcomed 154,000 visitors per day on average up to the end of September. This number reflects a major growth in the number of visitors of approximately 1.5 times the number recorded in the same period a year before when only JR Nagoya Takashimaya was on site.
- The business of Nagoya JR Gate Tower Hotel, primarily focusing on lodging, has also been favorable, and the average occupancy rate continues to be high at roughly 90% between April and September. In addition, Nagoya Marriott Associa Hotel, which offers a full range of services, has been maintaining a steady occupancy rate comparable to that of the previous year. We believe that we have been able to accommodate the needs of customers who prefer to use a hotel located directly above the station.
- Furthermore, ever since office tenants began moving in in November of last year, we have continued to welcome tenants to the new facility, which is almost fully occupied.
- The impact of core businesses of JR Gate Tower on consolidated operating revenues in the first half of the fiscal year was roughly 6 billion yen based on actual results. We expect that in terms of our full-year forecast, the impact will be approximately 13 billion yen, after taking a close look at recent conditions.
- Going forward, we feel we need to actively operate our non-railway businesses as well to further maximize profits in order to support our Chuo Shinkansen Project, in which construction work will be implemented full scale. We will continue to make careful steps in strengthening real estate development, including station buildings, and our existing businesses centered on the distribution business.



[Chuo Shinkansen Project: Construction Implementation Plan (Part 2)]

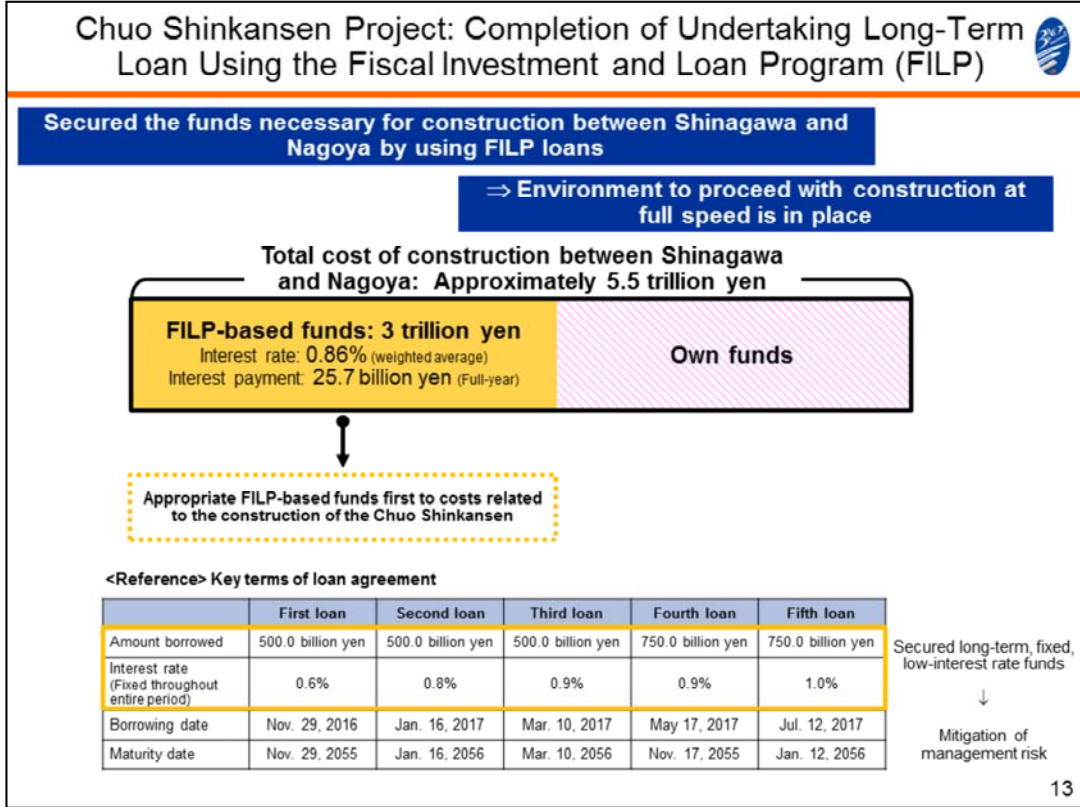
- Looking at this slide, I would like to explain our Chuo Shinkansen Project. First is regarding the procedure under the Nationwide Shinkansen Railway Development Act.
- In October 2014, we received approval from the Minister of Land, Infrastructure and Transport for our construction implementation plan (part 1), which mainly pertains to civil engineering work, and have been proceeding with the construction work. Subsequently, we submitted an application for approval for our construction implementation plan (part 2), which mainly pertains to electrical work, to the Minister of Land, Infrastructure and Transport on September 25, 2017.
- Let me explain the gist of the construction implementation plan (part 2). After completing our preparations, we submitted our application primarily concerning substations and other power facilities as well as electrical equipment such as signal communication devices to ensure safe train travel.
- Next is regarding the construction cost. The construction cost amount submitted for approval under our construction implementation plan (part 2) is 4,853.6 billion yen. Further, if we add the currently estimated cost associated with rolling stock and station buildings, regarding which we plan to submit an application for approval in the future, the total construction cost will come to 5,523.5 billion yen. There is no change from the amount indicated at the time of applying for approval of construction implementation plan (part 1).
- We plan to submit the application for approval regarding rolling stock and station facilities when the content of the associated construction work is finalized.
- The scheduled timing of work completion between Shinagawa and Nagoya stations remains unchanged from the time we submitted the construction implementation plan (part 1), which will be in 2027.

Chuo Shinkansen Project: Progress of Construction



[Chuo Shinkansen Project: Progress of Construction]

- Next, I will explain the construction progress status.
- Ever since we obtained approval for our construction implementation plan (part 1), mentioned earlier, we have proceeded with briefings on business, center line surveys, design and discussions, briefings on land and acquisition, conclusion of construction contracts, briefings on construction, etc., and we have initiated construction work starting from areas where preparations were completed.
- We have been steadily moving forward with the construction work in sections where work is challenging and construction period will be long, such as the Southern Alps tunnel and Shinagawa and Nagoya stations. We also began work on the starting shaft for excavating tunnels along the main line in urban areas where we need to start construction early, that is, the emergency exits serving as starting points of the shield machine, work in tunnels in mountainous regions, and work in other sections when ready to initiate construction.
- In the first half of fiscal 2017, we concluded two main construction contracts for tunnels in mountainous areas.
- Going forward, we will continue to proceed with the construction work where ready in a sequential manner, in consideration of the target timing of live operation. This includes work for shield tunnels in urban areas, construction of bridges, viaducts, etc., work on power facilities and signal communication devices, and construction related to rolling stock production and station facilities.
- Next, I would like to talk about specific examples of our construction work.
- First, at the Yamanashi section of the Southern Alps tunnel, subsequent to the excavation of an inclined shaft, we have been drilling a pilot tunnel, a tunnel with a small cross-section, ahead of and in parallel to the main tunnel along the train line for the purpose of surveying geological conditions, since July of this year.
- Meanwhile, for Shinagawa Station, we have generally completed the removal of center dividers on public roads as well as the test drilling and surveys to check for objects buried underground. Currently, we are carrying out underground diaphragm wall work.
- Further, at the Meijo emergency exit, which is one of the starting shafts, we are moving forward with the diaphragm wall work necessary to advance the excavation of the shaft.
- In the first half of the fiscal year, actual capital investment for the Chuo Shinkansen amounted to 30.1 billion yen. Since many of the construction results for the Chuo Shinkansen will be accounted for in the second half, we have a heavier allocation in the latter half of the year. Against the initial plan of 159 billion yen, work is generally proceeding as planned.
- We will continue to steadily move forward with our plan based on the major premise of strictly ensuring sound management and by focusing on construction safety, environmental protection, and cooperation with local communities.



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

- Finally, I would like to talk about the securing of long-term loans using the Fiscal Investment and Loan Program (FILP).
- In July of this year, we completed drawing down loans totaling 3 trillion yen as scheduled. The interest rate is fixed throughout the entire period with the weighted average interest rate coming to 0.86%. We will be paying interest of 25.7 billion per year in the coming fiscal year and thereafter.
- Of the total cost of construction between Shinagawa and Nagoya of approximately 5.5 trillion yen, we completed the procurement of 3 trillion yen using the loan under FILP. The remaining 2.5 trillion yen will basically be covered by our own funds.
- We will first appropriate the funds procured from the loan under FILP to costs associated with the construction of the Chuo Shinkansen. Therefore, we will continue to utilize the funds in accordance with the pace of capital investment.
- JR Central will strictly ensure sound management and stable dividends while securing freedom of management and autonomy of investment, and reduce management risk by taking advantage of the long-term, fixed low-interest rate loan using FILP, secured in the low-interest rate environment with a view to promptly starting the construction work of the line to Osaka right after the live operation of Nagoya in an aim to moving up live operation of the entire live by up to 8 years.
- This concludes my presentation.

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.