

## I. Management Policy and Outlook of Key Measures

President and  
Representative Director  
Shin Kaneko



Central Japan Railway Company  
April 27, 2018

# JR Central's Management Philosophy

Contribute to the development of Japan's **main transportation artery** and **social infrastructure**



**Capability to safely  
proceed with  
business activities**

**Capability to  
provide even better  
services**

**Capability to work  
efficiently at low  
cost**

# Establishment of Firm Management Platform

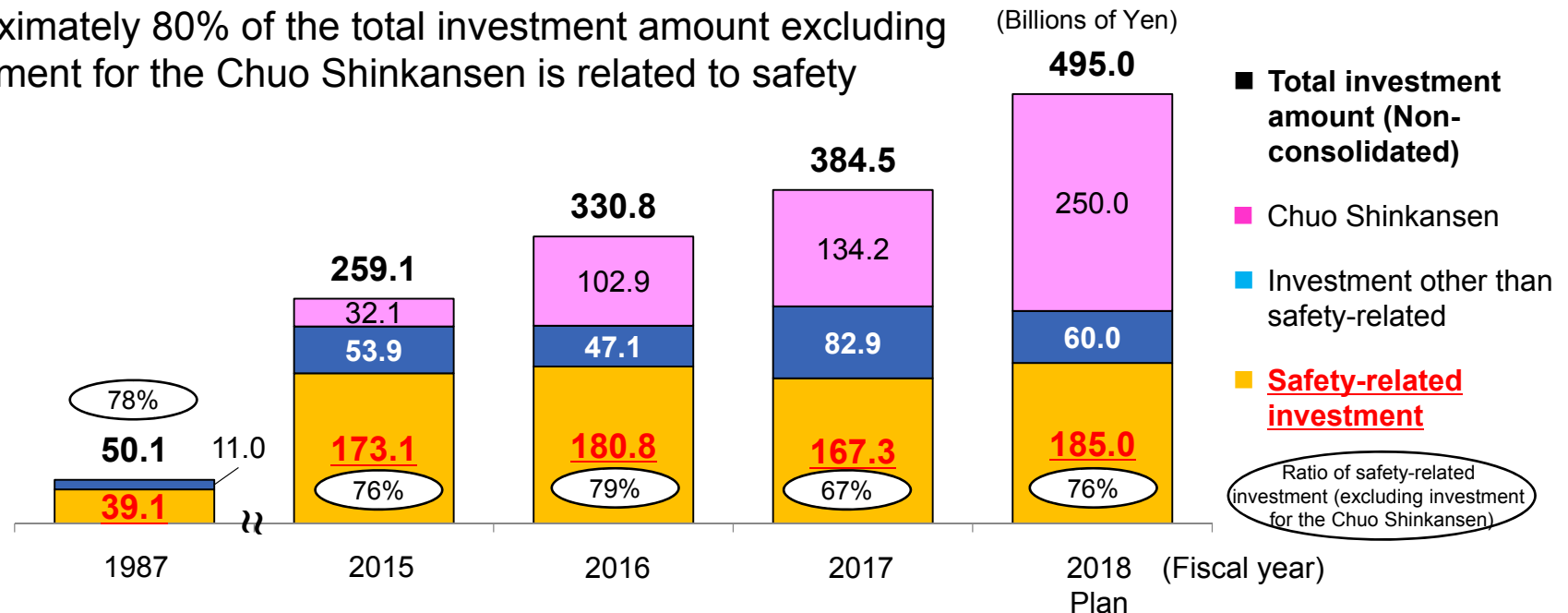
		FY 1987	FY 2017	Note
Railroad accidents (Number of accidents/Year)		60	<b>18</b>	Greatly Reduced
Tokaido Shinkansen	Passenger volume (10,000 persons/Day)	27.9	<b>46.6</b>	1.7 times
	Number of services (Number/Day) (Maximum number of services/Day)	231 (274)	<b>368</b> (433)	1.6 times
	Maximum operating speed (km/h)	220	<b>285</b>	+65 km/h
Non-consolidated	Operating revenues (billion yen)	874.6	<b>1,427.4</b>	1.6 times
	Operating income (billion yen)	71.5	<b>625.2</b>	8.7 times
	Ordinary income (billion yen)	60.7	<b>547.6</b>	9.0 times
	Long-term debt (trillion yen)	5.5 <sup>*2</sup>	<b>1.9<sup>*4</sup></b>	- 3.6
Operating revenues of consolidated subsidiaries (billion yen) <sup>*1</sup>		52.6 <sup>*3</sup>	<b>617.1</b>	11.7 times

\*1 Simple aggregation; \*2 Figure for FY1991; \*3 Figure for FY1989; \*4 Excluding long-term debt for construction of the Chuo Shinkansen

# Strengthening our Capability to Safely Proceed with Business Activities

## Continue to make investments necessary to ensure safe and reliable transportation

- Approximately 80% of the total investment amount excluding investment for the Chuo Shinkansen is related to safety



## Take initiatives to improve the reliability for safety in terms of both facilities and people

- Large-scale renovation: Implement measures to inhibit aging damage of civil engineering structures



**FY 2018 plan:  
¥37.0 billion**

\* Capital investment amount

- Conducting practical training: Carry out practical training to prepare for unforeseen circumstances

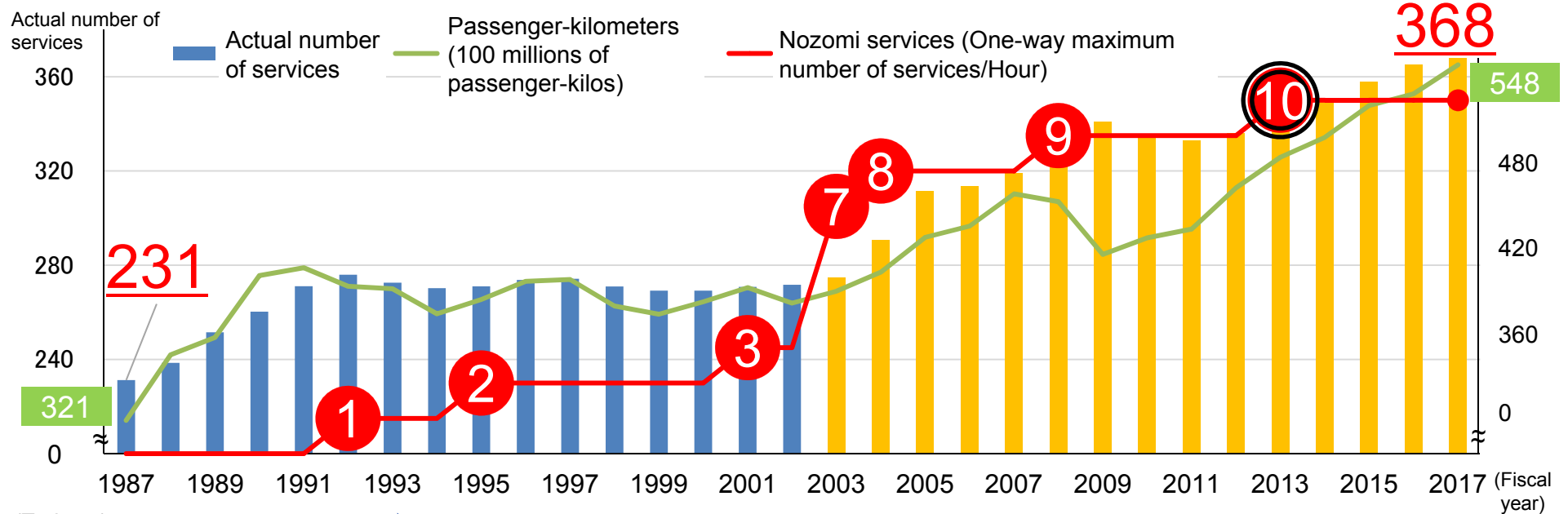


\* Conducted on November 29, 2017

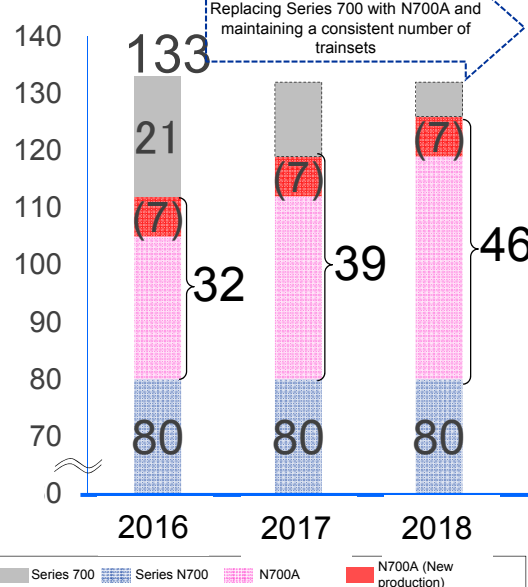
# Strengthening our Capability to Provide Even Better Services (Services)

## Enhance convenience by increasing frequency

Passenger-kilometers (100 millions of passenger-kilos)



(Trainset)



## Reinforce competitiveness by continuous renewal of rolling stock

“Standardized train model”



- Can travel at a maximum speed of 285 km/h
- High safety, reliability and comfort

Launch of “N700S”



*N700 Supreme*

End of FY 2019

FY 2020 (Prospect)

# Strengthening our Capability to Provide Even Better Services (Sales)

## Expansion of online reservation/ticketless boarding services

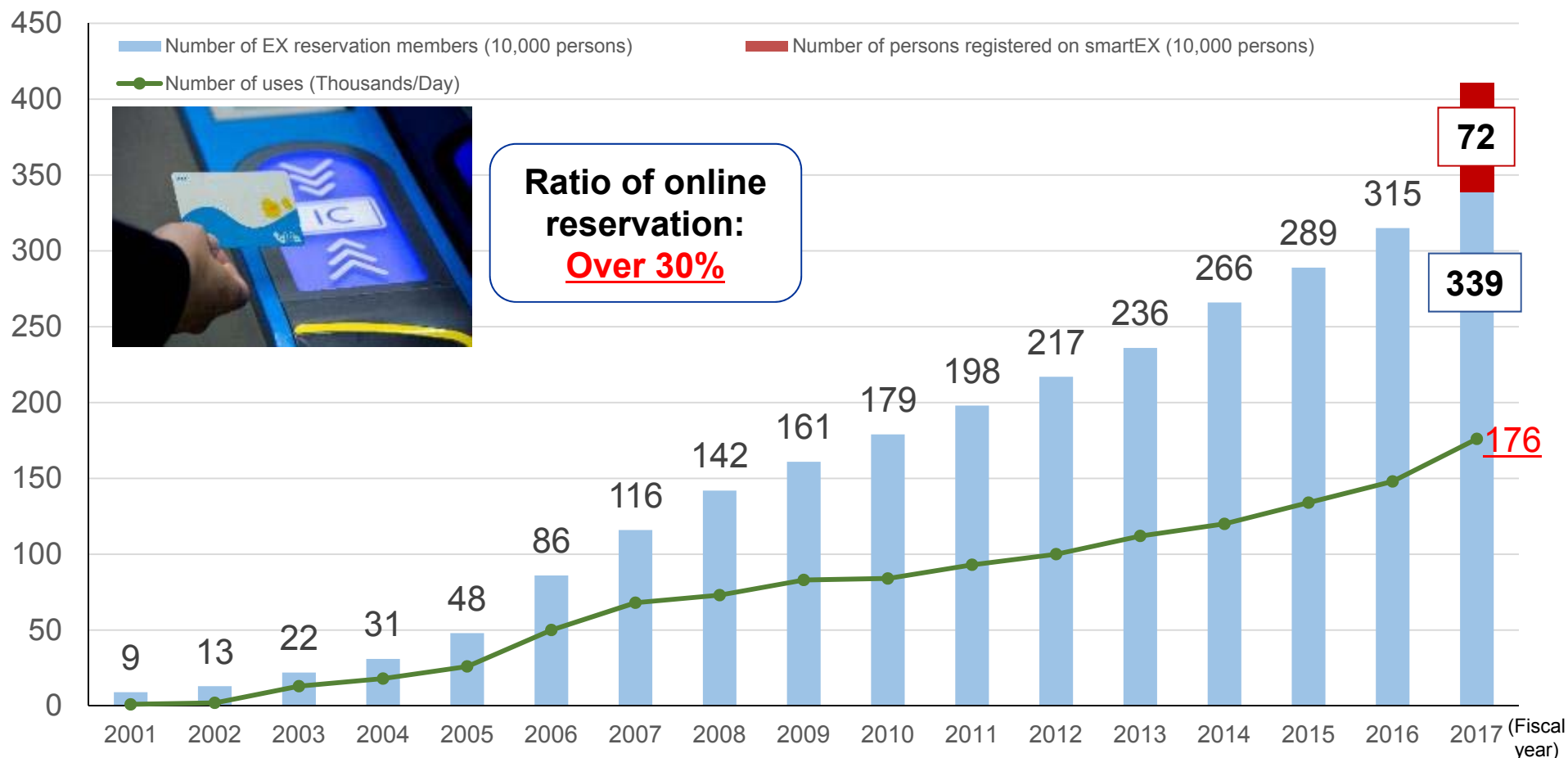
**EX予約**  
PRESE  
Heavy users

+

**スマートEX**  
Light users/Visitors to Japan

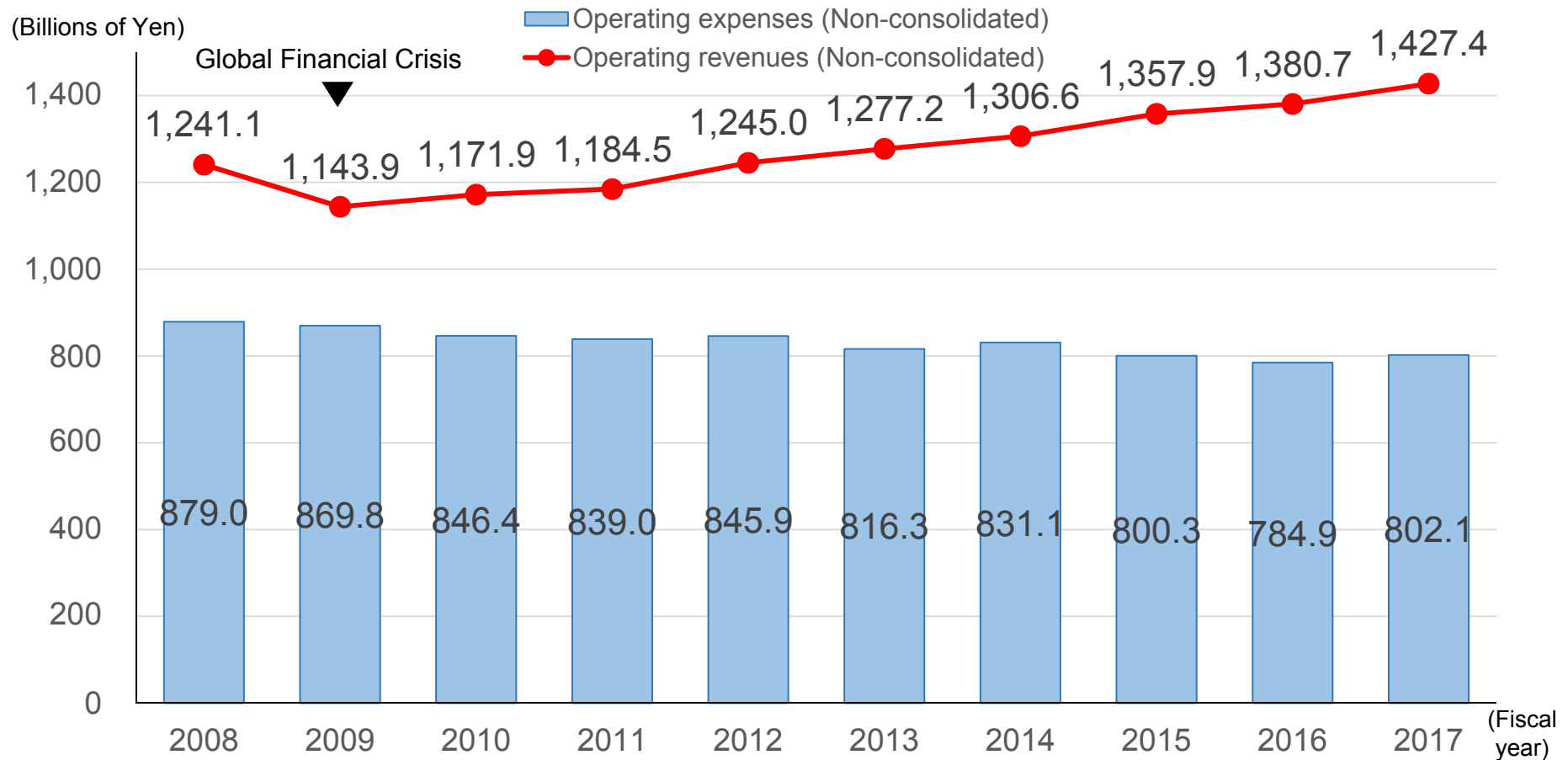


Expansion of online reservation/  
ticketless boarding



# Reinforcement of Management Platform by Efficient Business Operations at Low Cost

**Keep expenses low against the growth in revenues**



**Efficient business operations**

- Initiatives to promote low costs
  - Expand use of online reservation/ticketless boarding
- Introduction of the centralized passenger service system (Taketojo Line)
  - Revision of long-interval inspection
  - Renewal of Hamamatsu Workshop

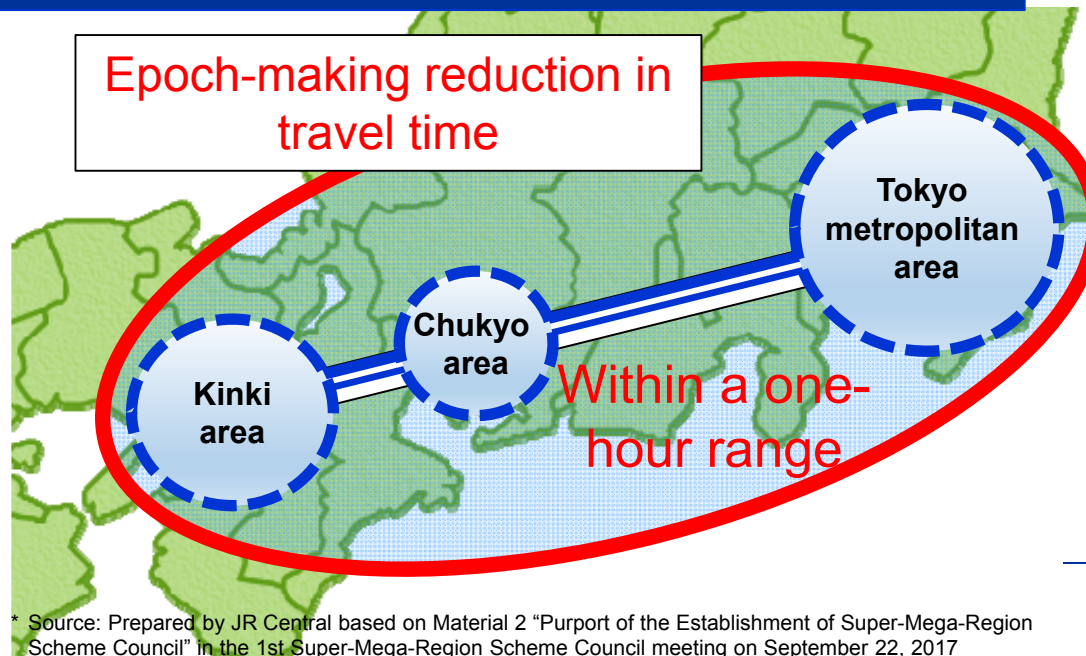
# Chuo Shinkansen Project - Move Forward While Ensuring Sound Management & Stable Dividends

## Significance of the Chuo Shinkansen Project and anticipated effects

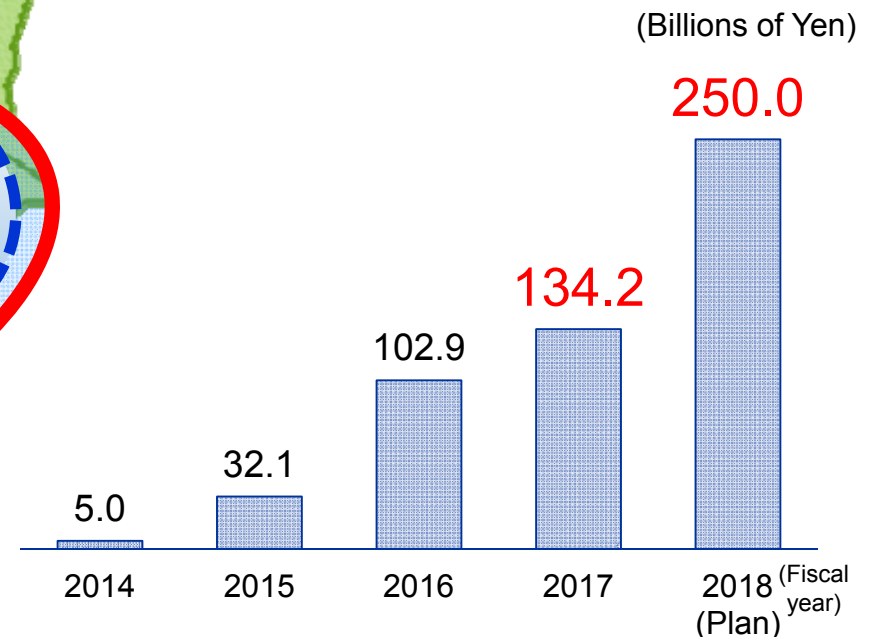
- Prepare for risks
  - Given that over 50 years have passed since the launch of the Tokaido Shinkansen, there is a need to fundamentally prepare for aging and large-scale disasters going forward
- Significant change(\*) in land structure due to the advancement of high-speed transportation infrastructure
  - Characteristics of the three major metropolitan areas will be integrated, driving new value creation and innovation
  - New lifestyles and business styles will emerge, bringing diversity and enrichment to people's living and work styles

\*Source: Reference material for the "Establishment of Super-Mega-Region Scheme Council" dated August 25, 2017 from the Ministry of Land, Infrastructure, Transport and Tourism

## Super-Mega-Region with a population of 70 million



## Steady increase in capital investment



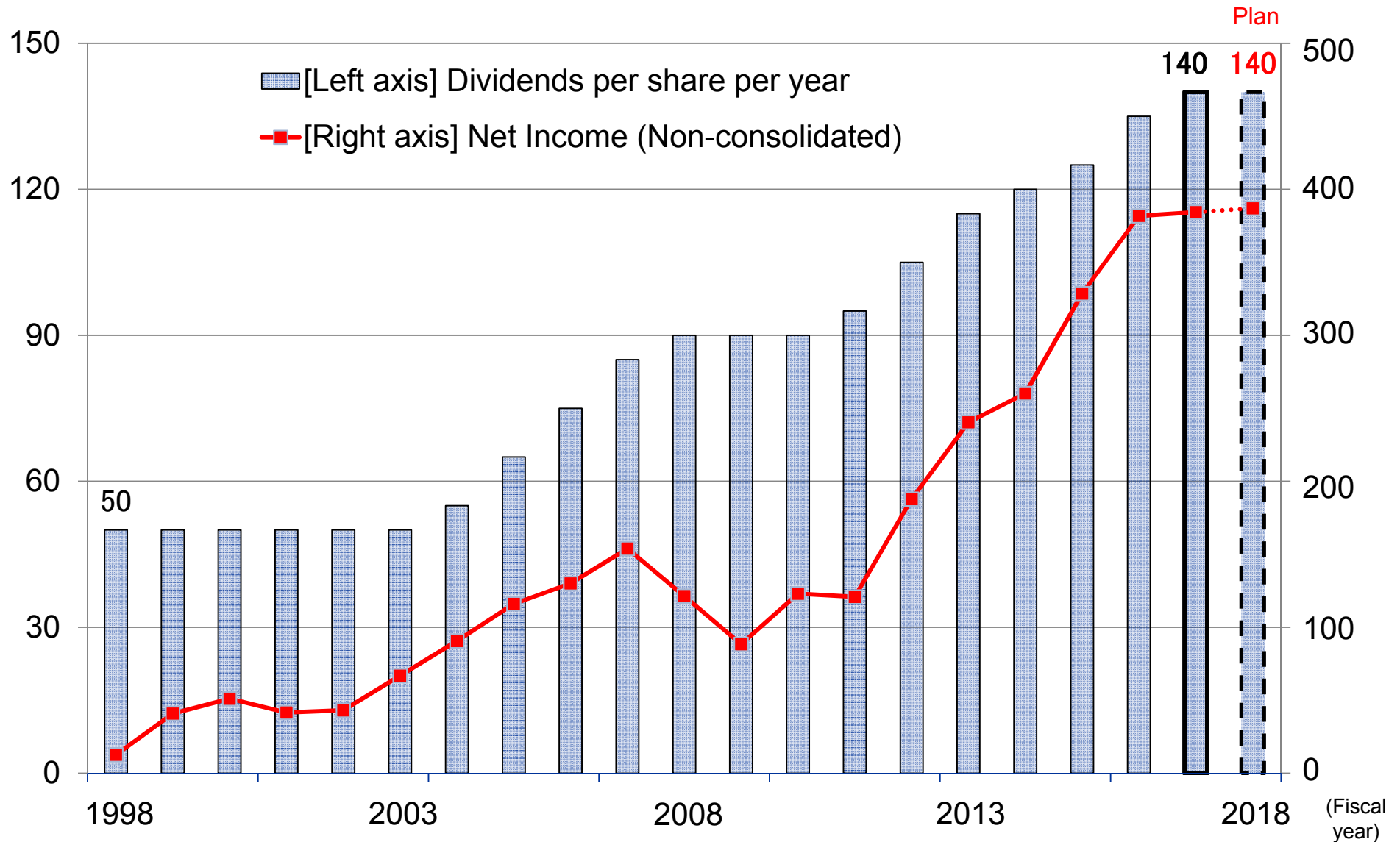


# Shareholder Returns

Continue providing stable dividends even during the Chuo Shinkansen construction period

(Yen/Year)

(Billions of Yen)



## II. Summary of Financial Results for FY2018.3 (Fiscal Year Ended March 31, 2018)

Corporate Officer and  
General Manager of  
Finance Department  
Tatsuhiko Yamada



Central Japan Railway Company  
April 27, 2018

# Income Statement (Consolidated)

(Billions of Yen)

	FY2017.3 Results A	FY2018.3 Results B	Changes (B-A)
Operating Revenues	1,756.9	1,822.0	+65.0
Operating Expenses	1,137.4	1,160.0	+22.5
Operating Income	619.5	662.0	+42.4
Non-operating Income	-55.5	-78.4	-22.8
Ordinary Income	563.9	583.5	+19.5
Net Income Attributable to Owners of the Parent	392.9	395.5	+2.5

## ■ Actual long-term debt (Billions of Yen)

	Balance as of year-end	Changes	Excluding the "Chuo"	
			Balance as of year-end	Changes
Consolidated	4,856.2	1,460.7	1,856.2	-39.2
Non- consolidated	4,856.2	1,487.1	1,856.2	-12.8

## ■ Actual capital investment (Billions of Yen)

Consolidated	Non- consolidated		
		Safety-related investment	Chuo Shinkansen
379.6	384.5	167.3	134.2

# Segment Information (Consolidated)

(Billions of Yen)

		FY2017.3 Results A	FY2018.3 Results B	Changes (B-A)
<b>Operating Revenues</b>		<b>1,756.9</b>	<b>1,822.0</b>	<b>+65.0</b>
	<b>Transportation</b>	<b>1,380.4</b>	<b>1,424.0</b>	<b>+43.6</b>
	<b>Merchandise and Other</b>	<b>237.0</b>	<b>255.3</b>	<b>+18.3</b>
	<b>Real Estate</b>	<b>68.6</b>	<b>78.0</b>	<b>+9.3</b>
	<b>Other</b>	<b>253.9</b>	<b>261.6</b>	<b>+7.6</b>
<b>Operating Expenses</b>		<b>1,137.4</b>	<b>1,160.0</b>	<b>+22.5</b>
<b>Operating Income</b>		<b>619.5</b>	<b>662.0</b>	<b>+42.4</b>
	<b>Transportation</b>	<b>593.1</b>	<b>623.0</b>	<b>+29.8</b>
	<b>Merchandise and Other</b>	<b>7.5</b>	<b>8.2</b>	<b>+0.7</b>
	<b>Real Estate</b>	<b>18.1</b>	<b>18.5</b>	<b>+0.3</b>
	<b>Other</b>	<b>1.6</b>	<b>13.2</b>	<b>+11.5</b>

\* Breakdown by segment shows figures prior to intersegment offsetting and elimination. The sum of breakdown figures does not agree with operating revenues and operating income.

# Statement of Cash Flows (Consolidated)

(Billions of Yen)

	FY2017.3 Results A	FY2018.3 Results B	Changes (B-A)
<b>Net cash provided by operating activities (A)</b>	<b>580.5</b>	<b>609.5</b>	<b>+29.0</b>
<b>Net cash used in investment activities</b>	<b>-1,909.5</b>	<b>-1,676.4</b>	<b>+233.0</b>
Payments for purchases of property, plants and equipment, and intangible assets (B)	-330.1	-306.9	+23.1
Proceeds/Payments for money held in trust for the Chuo Shinkansen construction	-1,472.7	-1,368.1	+104.5
Proceeds/Payments from funds management	-106.7	-1.3	+105.4
<b>Net cash used in financing activities</b>	<b>1,425.1</b>	<b>1,434.7</b>	<b>+9.5</b>
of which proceeds from long-term debt for the Chuo Shinkansen construction	1,500.0	1,500.0	-
Net increase in cash and cash equivalents	96.2	367.8	+271.6
Cash and cash equivalents, beginning of year	318.3	414.5	+96.2
Cash and cash equivalents, end of year	414.5	782.4	+367.8
<b>Substantial free cash flow ((A) + (B))</b>	<b>250.4</b>	<b>302.5</b>	<b>+52.1</b>

# Income Statement (Non-consolidated)

(Billions of Yen)

	FY2017.3 Results A	FY2018.3 Results B	Changes (B-A)
Operating Revenues (Transportation Revenues)	1,380.7 (1,315.8)	1,427.4 (1,358.3)	+46.6 (+42.4)
Operating Expenses	784.9	802.1	+17.2
Personnel Expenses	179.2	179.6	+0.3
Non-personnel Expenses	354.9	382.0	+27.0
Energy	35.7	39.1	+3.3
Maintenance	134.6	145.4	+10.8
Others	184.5	197.3	+12.7
Taxes other than Income Taxes	39.6	41.8	+2.1
Depreciation & Amortization	210.9	198.6	-12.3
Operating Income	595.8	625.2	+29.4
Ordinary Income	541.2	547.6	+6.3
Net Income	381.8	384.4	+2.5

### III. Performance Forecast for FY2019.3 (Fiscal Year Ending March 31, 2019); Deployment of Key Measures

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



Central Japan Railway Company  
April 27, 2018

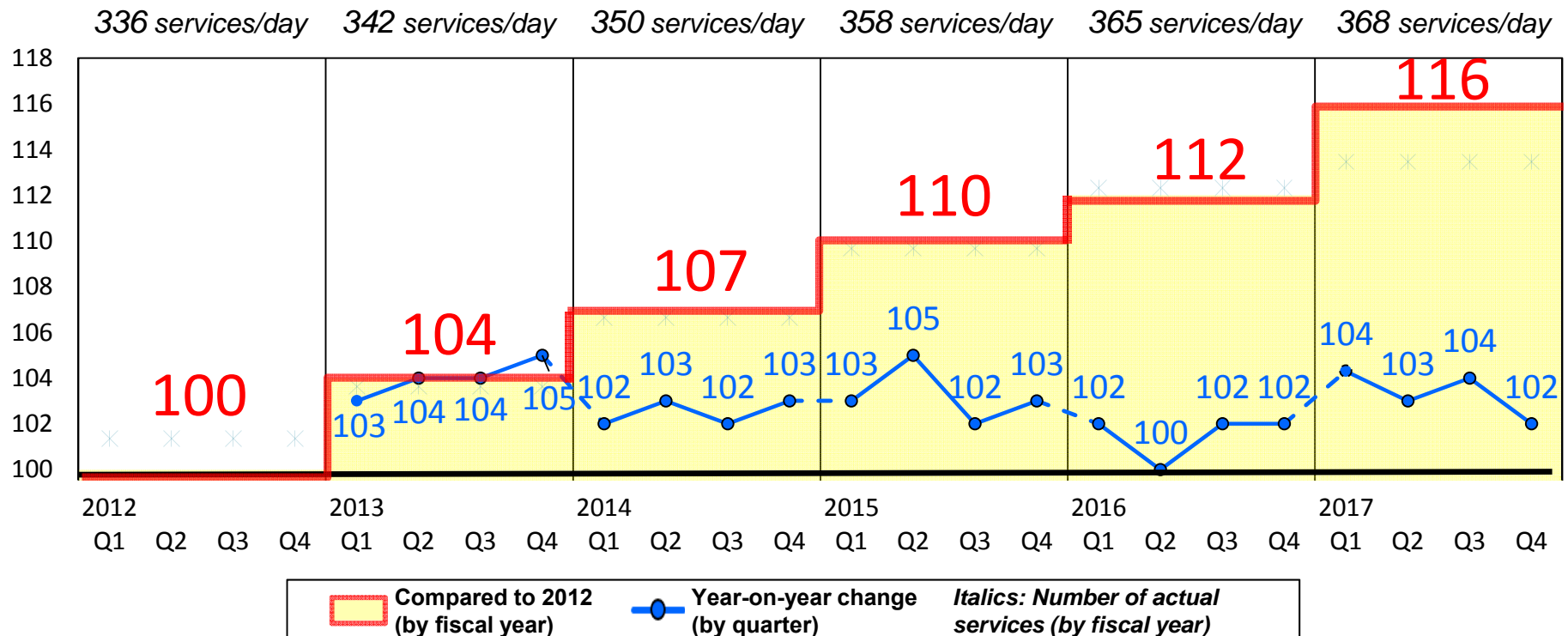
# Transportation Status

## Transportation Status of the Tokaido Shinkansen (passenger volume at Tokyo)

- Steady performance for both business and tourism in Fiscal 2017

FY 2017 results: Up **103%** year on year (Weekdays 103%, Weekends and holidays 104%\*)

\* For weekdays, weekends and holidays, comparison of daily average



## Passenger volume (Shinkansen, Conventional line; passenger-kilos)

- Expecting steady performance for both business and tourism also in Fiscal 2018

FY 2018 (Forecast): **100.8%** year on year (1st half: 101.0%, 2nd half: 100.5%)



# Full-Year Performance Forecast (Non-consolidated)

(Billions of Yen)

	<b>FY2018.3 Results A</b>	<b>FY2019.3 Forecast B</b>	<b>Changes (B-A)</b>
<b>Operating Revenues (Transportation Revenues)</b>	<b>1,427.4 (1,358.3)</b>	<b>1,438.0 (1,369.0)</b>	<b>+10.5 (+10.6)</b>
<b>Operating Expenses</b>	<b>802.1</b>	<b>807.0</b>	<b>+4.8</b>
<b>Personnel Expenses</b>	<b>179.6</b>	<b>180.0</b>	<b>+0.3</b>
<b>Non-personnel Expenses</b>	<b>382.0</b>	<b>391.0</b>	<b>+8.9</b>
<b>Energy</b>	<b>39.1</b>	<b>43.0</b>	<b>+3.8</b>
<b>Maintenance</b>	<b>145.4</b>	<b>149.0</b>	<b>+3.5</b>
<b>Others</b>	<b>197.3</b>	<b>199.0</b>	<b>+1.6</b>
<b>Taxes other than Income Taxes</b>	<b>41.8</b>	<b>42.0</b>	<b>+0.1</b>
<b>Depreciation &amp; Amortization</b>	<b>198.6</b>	<b>194.0</b>	<b>-4.6</b>
<b>Operating Income</b>	<b>625.2</b>	<b>631.0</b>	<b>+5.7</b>
<b>Ordinary Income</b>	<b>547.6</b>	<b>552.0</b>	<b>+4.3</b>
<b>Net Income</b>	<b>384.4</b>	<b>386.0</b>	<b>+1.5</b>

# Full-Year Performance Forecast (Consolidated)

(Billions of Yen)

	<b>FY2018.3 Results A</b>	<b>FY2019.3 Forecast B</b>	<b>Changes (B-A)</b>
<b>Operating Revenues</b>	<b>1,822.0</b>	<b>1,844.0</b>	<b>+21.9</b>
<b>Transportation</b>	<b>1,424.0</b>	<b>1,435.0</b>	<b>+10.9</b>
<b>Merchandise and Other</b>	<b>255.3</b>	<b>258.0</b>	<b>+2.6</b>
<b>Real Estate</b>	<b>78.0</b>	<b>81.0</b>	<b>+2.9</b>
<b>Other</b>	<b>261.6</b>	<b>259.0</b>	<b>-2.6</b>
<b>Operating Expenses</b>	<b>1,160.0</b>	<b>1,181.0</b>	<b>+20.9</b>
<b>Operating Income</b>	<b>662.0</b>	<b>663.0</b>	<b>+0.9</b>
<b>Transportation</b>	<b>623.0</b>	<b>629.0</b>	<b>+5.9</b>
<b>Merchandise and Other</b>	<b>8.2</b>	<b>8.0</b>	<b>-0.2</b>
<b>Real Estate</b>	<b>18.5</b>	<b>18.0</b>	<b>-0.5</b>
<b>Other</b>	<b>13.2</b>	<b>8.0</b>	<b>-5.2</b>
<b>Non-operating Income</b>	<b>-78.4</b>	<b>-79.0</b>	<b>-0.5</b>
<b>Ordinary Income</b>	<b>583.5</b>	<b>584.0</b>	<b>+0.4</b>
<b>Net Income Attributable to Owners of the Parent</b>	<b>395.5</b>	<b>404.0</b>	<b>+8.4</b>

\* Breakdown by segment shows figures prior to intersegment offsetting and elimination. The sum of breakdown figures does not agree with operating revenues and operating income.

# Initiatives for Ensuring Safe and Reliable Transportation

## Tokaido Shinkansen large-scale renovation

	2013 to 2015 Plan			2016 to 2019 Plan: 145.0 billion yen				
	2013	2014	2015	2016	2017	2018	2019	2020 –
Investment result/plan (Billions of Yen)	9.5	30.2	35.5	34.0	36.3	<b>37.0</b>	37.0 remaining	TBD
of which amount posted to P/L	6.9	19.5	24.1	23.3	24.6	*	TBD	TBD

\* Figure for 2018 is plan. Figure for 2019 is an estimate calculated by (4-year Plan - 2016-2018 Plan).

Plan for 2019 will be disclosed under the key measures for next year, in consideration of the progress of construction and the status of discussions.

## Tokaido Shinkansen derailment and deviation countermeasures

	2009 to 2019 Plan : 646 km				2020 to 2028 Plan 426 km	
Installation of derailment prevention guards	2009 to 2016	2017	2018	2019	2020 to 2028	Total
Extension of tracks	427 km	75 km ↓ 0.4 km	<b>99 km</b>	120 km remaining	426 km	1,072 km
Investment amount	85.8 billion yen	15.0 billion yen ↓ 10.2 billion yen	<b>18.0 billion yen</b>	TBD	TBD	Approximately 210.0 billion yen

\*Figure for 2018 is plan. Figures for 2019 and thereon are calculated by [Overall Plan - (2009-2018 results + 2019 Plan)].

\* Investment amount includes expenses associated with measures for civil engineering structures and derailment prevention stoppers.

# Steadily Promoting Affiliated Businesses

## Gate Tower plan

- Steady performance driven by synergistic effects through operating Gate Tower and Central Towers in a unified manner



Unified management of two complexes (Christmas 2017)

## [Impact of key businesses (\*) on consolidated operating revenues]

\* Department store business, hotel business, building management business

FY2017 Results	FY2018 Plan
Approximately 13.0 billion yen	Approximately 15.0 billion yen

## [Status following the Gate Tower opening] \*April 17 to end of March

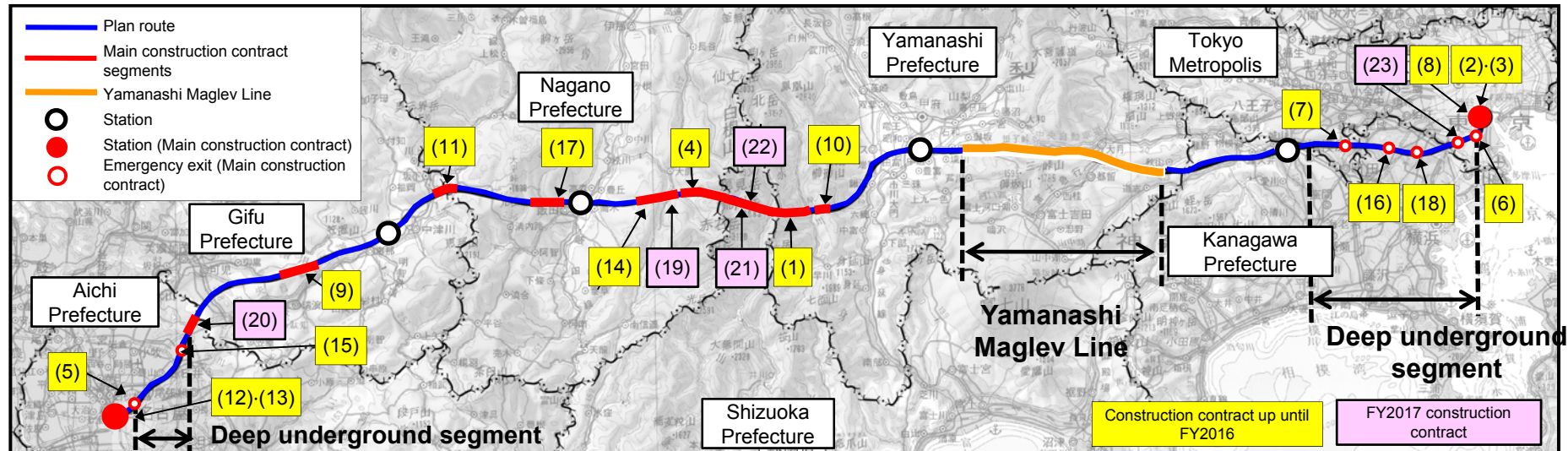
[Gate Tower]  
Number of visitors:  
**Approximately 28.5 million**

[Gate Tower Hotel]  
Occupancy rate:  
**Average 90.2%**

[Building management business]  
Occupancy status: **Almost full**

# Chuo Shinkansen Project - Status of Construction Progress

(As of March 31, 2018)



\* This map is a copy of the one-millionth map of Japan issued by the Geospatial Information Authority of Japan (GSI) with the approval of the Director-General of GSI. (Approval number: 2013 copy No. 310)

\* Main construction contract segments reflect approximate positions.

## Names of the main construction contracts concluded through Fiscal 2016

- (1) Southern Alps Tunnel (Yamanashi construction section) [Yamanashi Prefecture] (August 2015)
- (2) Shinagawa Station (North construction section) [Tokyo Metropolis] (September 2015)
- (3) Shinagawa Station (South construction section) [Tokyo Metropolis] (October 2015)
- (4) Southern Alps Tunnel (Nagano construction section) [Nagano Prefecture] (February 2016)
- (5) Meijo Emergency Exit [Aichi Prefecture] (April 2016)
- (6) Kita-Shinagawa Emergency Exit and Substation Facilities (Underground) [Tokyo Metropolis] (April 2016)
- (7) Onoji Emergency Exit, etc. [Tokyo Metropolis] (April 2016)\*
- (8) Shinagawa Station (Non-excavation construction section) [Tokyo Metropolis] (May 2016)
- (9) Hiyoshi Tunnel (Minamigaito construction section) [Gifu Prefecture] (June 2016)

- (10) No. 4 Minami-Koma Tunnel (West construction section) [Yamanashi Prefecture] (July 2016)
- (11) Central Alps Tunnel (Yamaguchi) [Nagano & Gifu Prefectures] (August 2016)\*
- (12) Nagoya Station (Central east construction section) [Aichi Prefecture] (September 2016)
- (13) Nagoya Station (Central west construction section) [Aichi Prefecture] (September 2016)
- (14) Ina Mountains Tunnel (Sakashima construction section) [Nagano Prefecture] (September 2016)
- (15) Sakashita Emergency Exit [Aichi Prefecture] (October 2016)
- (16) Higashi-Yurigaoka Emergency Exit [Kanagawa Prefecture] (November 2016)
- (17) Central Alps Tunnel (Matsukawa) outer [Nagano Prefecture] (December 2016)\*
- (18) Kajigaya Emergency Exit and material loading area [Kanagawa Prefecture] (February 2017)

\* Names of construction contracts by Japan Railway Construction, Transport and Technology Agency (JRRT)

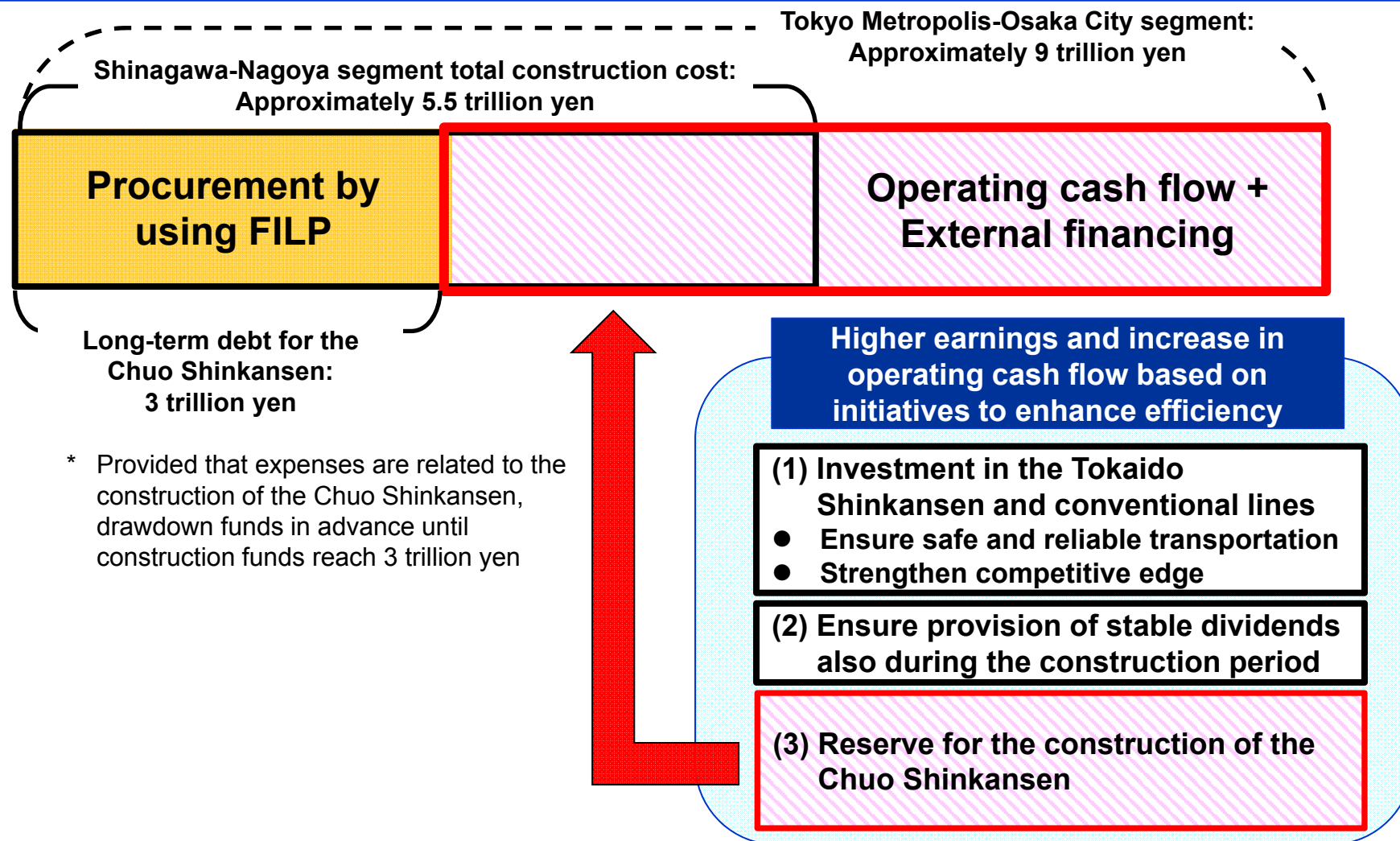
## FY2017 construction contract

- (19) Ina Mountains Tunnel (Aoki River construction section) [Nagano Prefecture] (August 2017)
- (20) Dai-ichi Chukyo Area Tunnel (Saio construction section) [Aichi Prefecture] (September 2017)
- (21) Shizuoka Conduit Tunnel [Shizuoka Prefecture] (October 2017)

- (22) Southern Alps Tunnel (Shizuoka construction section) [Shizuoka Prefecture] (November 2017)
- (23) Higashi-Yukigaya Emergency Exit [Tokyo Metropolis] (January 2018)

# Securing Funds for the Chuo Shinkansen Project

Make efforts to secure the funds necessary to accomplish the plan by strengthening the management platform



Promote construction of the Chuo Shinkansen while ensuring sound management and stable dividends

# Long-term Debt Forecast

**Continue to properly control the total amount of long-term debt**

(Billions of Yen)

	FY 2017		FY 2018	
	Balance as of year-end (Result)	Actual change	Balance as of year-end (Forecast)	Estimated change
<b>Long-term debt balance (Consolidated)</b>	<b>4,856.2</b>	<b>+1,460.7</b>	<b>4,851.2</b>	<b>-5.0</b>
<b>Long-term debt balance (Non-consolidated)</b>	<b>4,856.2</b>	<b>+1,487.1</b>	<b>4,851.2</b>	<b>-5.0</b>
<b>Long-term debt for the Chuo Shinkansen</b>	<b>3,000.0</b>	<b>+1,500.0</b>	<b>3,000.0</b>	<b>-</b>
<b>Other long-term debt</b>	<b>1,856.2</b>	<b>-12.8</b>	<b>1,851.2</b>	<b>-5.0</b>

- Properly control the total amount of long term debt at a level that sound management and stable dividends can be ensured

Forward-looking statements and forecasts, etc. contained in this document are future prospects based on information available at the time of preparation of this document and include risks and uncertainties. Examples of latent risks and uncertainties include; economic conditions, business environment, consumer trends, status of competition between the Company and its subsidiaries and other firms. Changes, etc. to laws and regulations, etc. may also be cited.