



I. Summary of Financial Results for 1st Half of FY2019.3

Corporate Officer and
General Manager of the
Finance Department

Tatsuhiko Yamada



Central Japan Railway Company

October 30, 2018

Income Statement (Consolidated)

(Billions of Yen)

	1st Half of FY2018.3 (Apr. - Sep.) Results A	1st Half of FY2019.3 (Apr. - Sep.) Results B	Changes (B-A)
Operating Revenues	899.5	918.1	+18.5
Operating Expenses	527.6	527.1	-0.5
Operating Income	371.8	390.9	+19.1
Non-operating Income (Loss)	-38.5	-39.1	-0.5
Ordinary Income	333.2	351.8	+18.5
Net Income Attributable to Owners of the Parent	220.8	244.7	+23.8

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- I am Yamada, General Manager of the Finance Department. I will explain the summary of the financial results for the first half of the year ending March 31, 2019.
- First is an overview of consolidated financial results.
- Under operating revenues, transportation revenues increased 14.9 billion yen year on year, and exceeded the initial plan thanks to active use of our services by customers for both business and tourism. Given also an increase in operating revenues for JR Gate Tower, total consolidated operating revenues increased 18.5 billion yen from the previous fiscal year.
- Operating expenses for the entire Group declined slightly by 0.5 billion year on year mainly because JR Central posted lower depreciation and amortization.
- As a result, we marked record-high results for all items: Operating income of 390.9 billion yen, ordinary income of 351.8 billion yen and net income attributable to owners of the parent of 244.7 billion yen.

Segment Information (Consolidated)

(Billions of Yen)

	1st Half of FY2018.3 (Apr. - Sep.) Results A	1st Half of FY2019.3 (Apr. - Sep.) Results B	Changes (B-A)
Operating Revenues	899.5	918.1	+18.5
Transportation	709.8	725.1	+15.3
Merchandise and Other	124.3	127.5	+3.2
Real Estate	37.9	38.9	+1.0
Other	104.8	95.6	-9.2
Operating Expenses	527.6	527.1	-0.5
Operating Income	371.8	390.9	+19.1
Transportation	353.8	371.6	+17.8
Merchandise and Other	4.2	4.3	+0
Real Estate	9.0	10.6	+1.5
Other	5.4	4.1	-1.2

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

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- Next, I will describe the year on year fluctuations in figures for each segment.
- In the transportation segment, we posted higher revenues and income due primarily to the increase in JR Central's transportation revenues.
- The merchandise and other segment posted higher revenues due to the growth in sales in the department store at JR Tokai Takashimaya and higher rent income from operating Takashimaya Gate Tower Mall throughout the year.
- In the real estate segment, we posted higher revenues due to an increase in rent income from JR Central Building in connection with recording rent income from tenants at JR Gate Tower for the full year. In addition, the fact that this fiscal year, we did not record expenses related to the opening of JR Gate Tower as in last fiscal year contributed to higher income among other factors.
- Finally, in the other segment, we posted lower revenues and income due mainly to a decline in sales of rolling stock in Japan by NIPPON SHARYO, Ltd.

Income Statement (Non-Consolidated)

(Billions of Yen)

	1st Half of FY2018.3 (Apr. - Sep.) Results A	1st Half of FY2019.3 (Apr. - Sep.) Results B	Changes (B-A)
Operating Revenues (Transportation Revenues)	711.5 (678.3)	727.0 (693.2)	+15.5 (+14.9)
Operating Expenses	356.1	353.5	-2.5
Personnel Expenses	89.6	90.4	+0.8
Non-personnel Expenses	150.4	149.1	-1.3
Energy	19.6	21.0	+1.3
Maintenance	42.8	40.3	-2.4
Others	87.9	87.7	-0.2
Taxes other than Income Taxes	20.2	20.8	+0.6
Depreciation & Amortization	95.8	93.0	-2.7
Operating Income	355.3	373.4	+18.0
Ordinary Income	317.8	333.9	+16.1
Net Income	222.2	234.6	+12.4

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- Lastly, I will explain the Company's non-consolidated financial results.
- First of all, operating revenues increased 15.5 billion yen from the previous fiscal year mainly due to an increase in transportation revenues of 14.9 billion yen year on year.
- Next, I will talk about the major components of operating expenses.
- Non-personnel expenses declined 1.3 billion from a year earlier due to lower maintenance expenses caused mainly by a decline in expenses relating to capital investments for large-scale renovation projects, despite posting higher energy expenses in connection with hikes in electricity charges.
- Depreciation and amortization decreased 2.7 billion from the previous fiscal year due to a decline in depreciation and amortization associated with the Yamanashi Maglev Line, among other factors.
- As a result, operating income, ordinary income and net income all also increased on a non-consolidated basis.
- This completes my presentation.

**II. Performance Forecast for FY2019.3
III. Key Initiatives**

Executive Vice President and
Representative Director,
Director General of the
Corporate Planning Division
Yoshiki Suyama

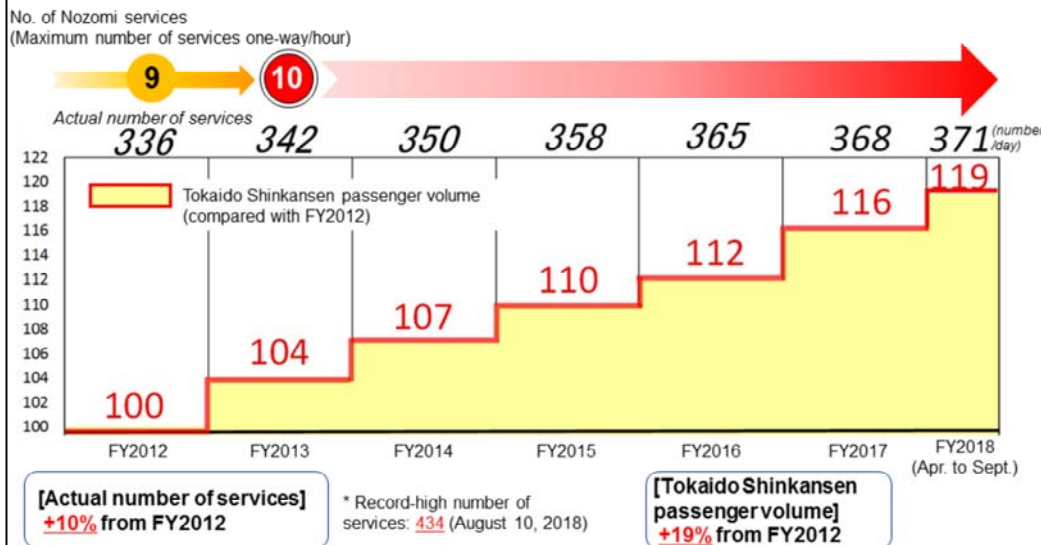


Central Japan Railway Company

October 30, 2018

Transportation Status

- Made efforts to set flexible timetables in line with the levels of demand by leveraging the “10 Nozomi Timetable” and managed to service a great number of customers.



- Considering setting a timetable that would further increase convenience and stability in operating all trains at the highest speed of 285 km/h starting in the spring of 2020.

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○ I am Suyama, Executive Vice President. I will start by explaining the transportation status of the Tokaido Shinkansen.

○ Also, during the first six months of FY2018, we worked to schedule trains flexibly in line with the levels of demand by leveraging the "10 Nozomi Timetable" (operating up to 10 Nozomi services in both directions). Consequently, we were able to provide services for a large number of customers. On the upper part of the graph on this page, we have the maximum number of Nozomi train services per hour and the number of Tokaido Shinkansen trains operated per day for each fiscal year. It was in FY2013 that we adopted the “10 Nozomi Timetable” to reinforce transportation capacity. Even since then, we have continued to increase transportation capacity year after year by flexibly operating extra trains during peak periods and hours. And for FY2018, as of the end of the first half of the year, we operated a daily average of 371 trains, which was the highest ever.

○ In line with our initiatives to reinforce transportation capacity, we are seeing steady growth in passengers using our services. The step graph in red on this slide illustrates passenger volume by fiscal year by means of an index that sets the result for FY2012, after bottoming out of the downturn triggered by the bankruptcy of Lehman Brothers, as 100. In the first six months of FY2018, we have reached a considerably high level of 119%.

○ Compared to the state in FY2012, the actual number of services (i.e. the supply level) increased by 10% while the passenger volume of the Tokaido Shinkansen rose 19%, reflecting a higher pace of growth in demand over supply. On August 10, the peak day during the *Obon* summer holiday season, we operated a record-high 434 trains and welcomed also a record-high number of approximately 505,000 passengers.

○ We will continue to examine and work so as to be able to set timetables that will further enhance convenience and stability when we begin operating all trains at the highest speed of 285 km/h in the spring of 2020.

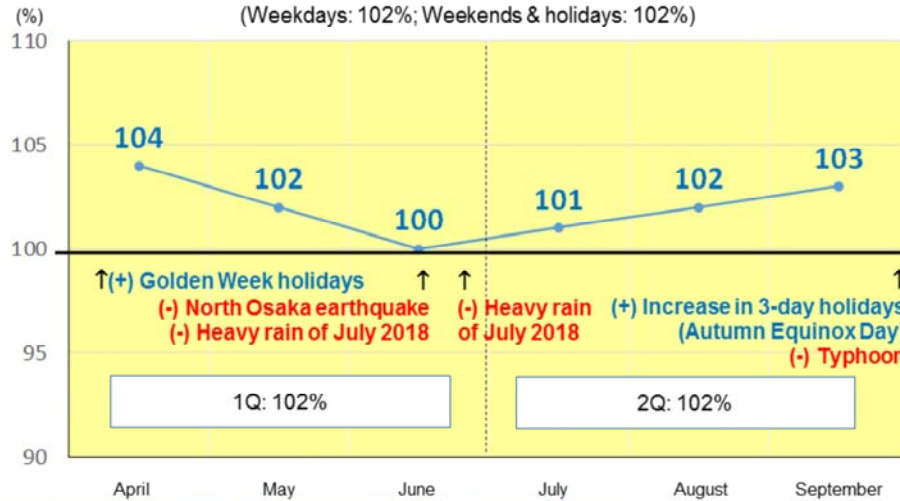
Transportation Status

Steady for both business and tourism

*Passenger volume (Tokaido Shinkansen, Tokyo area)

Results for 1st Half of FY2018: **102%** year on year

(Weekdays: 102%; Weekends & holidays: 102%)



Upward revision of the full-year forecast to reflect the results of the 1st half

*Transportation revenues (Total for Shinkansen and conventional lines)

FY2018 (Forecast) **101.4%** year on year (1st-half results 102.2%, 2nd-half forecast 100.5%)

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- Next, I will explain in detail the current transportation status.
- Passenger volume for the Tokaido Shinkansen for the first half of FY2018 was 102% compared to the year before, thanks to favorable use by customers both on weekdays, when many passengers traveled on business, and on weekends and holidays when many passengers traveled for tourism. Looking at the monthly passenger volume for the Tokaido Shinkansen, there were various factors underlying the fluctuations in volume. While, on the downside, natural disasters disrupted services, the calendar was in our favor with numerous consecutive holidays.
- As for the growth factor, during the first half of the “Golden Week” Holidays this year there was a three-day holiday that resulted in having one extra holiday compared to the year before. This contributed to serving a high number of customers and our passenger volume in April was 104% compared to a year earlier. Then, in September, the holiday commemorating the Autumnal Equinox Day turned out to be a three-day holiday this year instead of the normal two-day holiday. This also contributed to increasing passenger volume.
- On the other hand, the downside factor was the disruption caused by many natural disasters during the first half of the year, including typhoons No. 21 and 24 on September 4 and 30, respectively, in addition to the earthquake that hit northern Osaka on June 18 and the heavy rain that continued from late June to early July.
- Given the results of the first half of the fiscal year after all these factors, we have revised the full-year forecast for transportation revenues to 101.4% year on year by adding 8.0 billion yen to reflect the higher revenues achieved compared to the previous forecast.
- The preliminary figure on passenger volume for this October up to the 29th of the month is 103% despite the impact of typhoons and other factors.
- We will continue to take initiatives towards servicing an even higher number of customers.

Revised Full-Year Performance Forecast for FY2019.3 (Non-Consolidated)

(Billions of Yen)

	FY2018.3 Results A	FY2019.3 Previous Forecast B	FY2019.3 Revised Forecast C	Results vs. Forecast (C-A)	Change in Forecast (C-B)
Operating Revenues (Transportation Revenues)	1,427.4 (1,358.3)	1,438.0 (1,369.0)	1,446.0 (1,377.0)	+18.5 (+18.6)	+8.0 (+8.0)
Operating Expenses	802.1	807.0	807.0	+4.8	—
Personnel Expenses	179.6	180.0	180.0	+0.3	—
Non-personnel Expenses	382.0	391.0	391.0	+8.9	—
Energy	39.1	43.0	43.0	+3.8	—
Maintenance	145.4	149.0	149.0	+3.5	—
Others	197.3	199.0	199.0	+1.6	—
Taxes other than Income Taxes	41.8	42.0	42.0	+0.1	—
Depreciation & Amortization	198.6	194.0	194.0	-4.6	—
Operating Income	625.2	631.0	639.0	+13.7	+8.0
Ordinary Income	547.6	552.0	560.0	+12.3	+8.0
Net Income	384.4	386.0	392.0	+7.5	+6.0

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- Next, I would like to talk about the revisions to our non-consolidated full-year performance forecast.
- In terms of transaction revenues, as previously mentioned, we revised the forecast upward to reflect the results of the first half of the year, which exceeded the initial plan, thanks to the steady use of our services by customers for both business and tourism. We will make no change to the forecast for the second half of the year and retain the previous forecast, which is expected to exceed the considerably high results of the year before.
- As a result, we expect operating revenues to be 1.446 trillion yen, up 8.0 billion yen from the previous forecast.
- The forecast for operating expenses will remain unchanged at 807.0 billion yen.
- As a result, we have revised upward our previous forecasts for operating income, ordinary income and net income.

Revised Full-Year Performance Forecast for FY2019.3 (Consolidated)

(Billions of Yen)

	FY2018.3 Results A	FY2019.3 Previous Forecast B	FY2019.3 Revised Forecast C	Results vs. Forecast (C-A)	Change in Forecast (C-B)
Operating Revenues	1,822.0	1,844.0	1,855.0	+32.9	+11.0
Transportation	1,424.0	1,435.0	1,443.0	+18.9	+8.0
Merchandise and Other	255.3	258.0	259.0	+3.6	+1.0
Real Estate	78.0	81.0	81.0	+2.9	—
Other	261.6	259.0	261.0	-0.6	+2.0
Operating Expenses	1,160.0	1,181.0	1,182.0	+21.9	+1.0
Operating Income	662.0	663.0	673.0	+10.9	+10.0
Transportation	623.0	629.0	637.0	+13.9	+8.0
Merchandise and Other	8.2	8.0	8.0	-0.2	—
Real Estate	18.5	18.0	18.0	-0.5	—
Other	13.2	8.0	10.0	-3.2	+2.0
Non-operating Income (Loss)	-78.4	-79.0	-79.0	-0.5	—
Ordinary Income	583.5	584.0	594.0	+10.4	+10.0
Net Income Attributable to Owners of the Parent	395.5	404.0	411.0	+15.4	+7.0

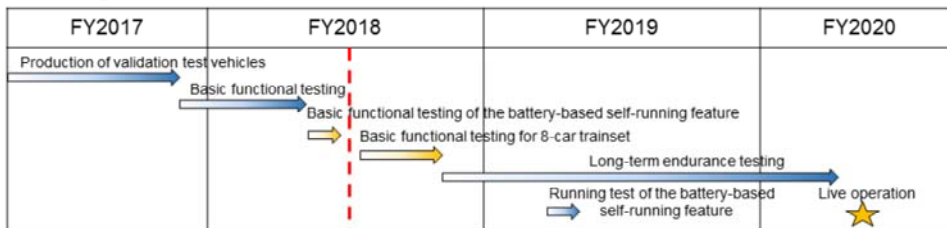
* Figures in the breakdown by segment are those prior to offsetting and eliminating intersegment transactions. The total of breakdown figures do not match the operating revenues and operating income above.

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- Next, I would like to talk about the revisions to our consolidated full-year performance forecast.
- We have revised our forecast for consolidated operating revenues upward by 11.0 billion yen from the previous forecast in consideration of higher sales by NIPPON SHARYO and JR Tokai Takashimaya in addition to the expected increase in operating revenues at JR Central.
- Meanwhile, for operating expenses, we have revised our consolidated forecast upward by 1.0 billion yen from the previous forecast mainly due to the expected increase in the cost of sales at JR Tokai Takashimaya.
- As a result, we have made upward revisions also to our consolidated forecasts for operating revenues, operating income, ordinary income and net income attributable to owners of the parent.
- As for the interim dividend, we are retaining the forecast announced at the beginning of the year of 70 yen per share.

Running Tests using N700S Validation Test Vehicles

Running test schedule



Basic functional testing of the battery-based self-running feature → **Implemented**

- Self-running at low speed is possible even in the event of a long-term power outage caused by an earthquake



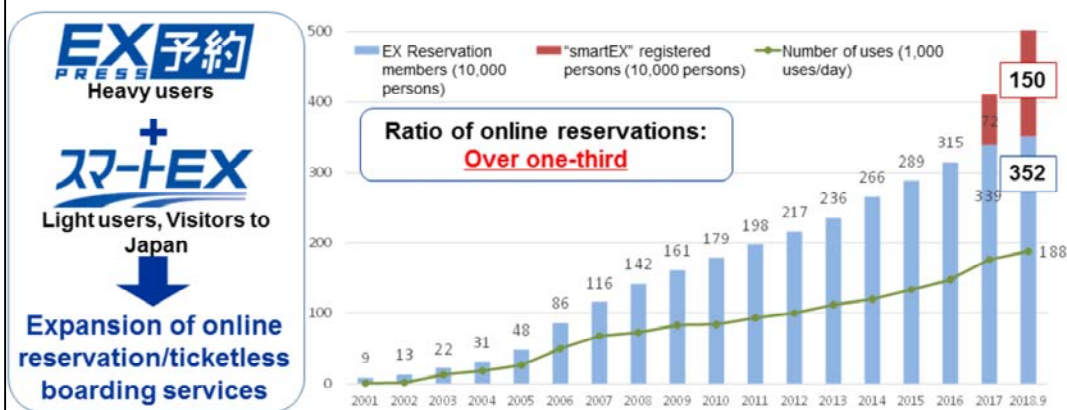
Basic functional testing for 8-car trainset → **Implemented starting from October**

- Currently confirming performance as “standard rolling stock” that can be converted to various trainsets

Plan to launch the new N700S rolling stock in FY2020

- Next, I would like to explain our key initiatives.
- Regarding the new N700S rolling stock, which we plan to launch in FY2020, we have been steadily moving forward with testing. Specifically, we began testing basic functions, such as acceleration, braking and passing by, from March 2018 using the validation test vehicles developed in FY2017. We also conducted testing of basic functions using the new “battery-based self-running” technology. This battery-based, self-running technology enables us to evacuate a train from inside a tunnel or from a bridge even in the advent of a power outage for many hours caused by an earthquake or other disasters and move the train to a safe location.
- In addition, this N700S rolling stock has a “standard rolling stock” feature that allows us to set the trainset with different numbers of cars. From this October, we began the testing of basic functions for the 8-car trainset, different from the normal 16-car trainset. We will continue to make thorough preparations toward live operation in FY2020.

Expansion of Online Reservation/Ticketless Boarding Services



“smartEX” one year anniversary campaign

- “EX Hayatoku 21” special price - 1,000 off the regular price! *Sale completed
 - A product offering the best price for reserved seating on a regular car of the Nozomi if reserved up to 21 days prior to the boarding date.
- “smartEX THE Sekikujji”
 - A campaign for members who reserve a seat via “smartEX” for a section priced 5,000 yen or more (one-way per person) during the campaign period and the seat is entered into a lottery and eligible to win a luxurious prize.

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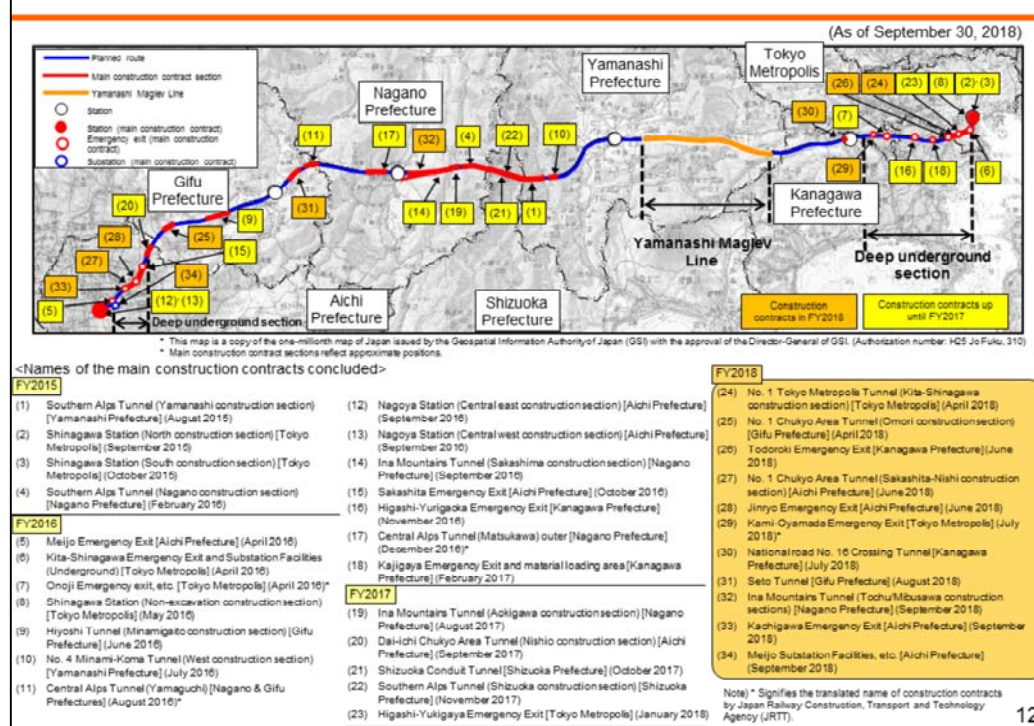
○ From the perspective of sales, we continued to expand online reservation and ticketless boarding services.

○ On this page, the bar graph reflects the number of Express Reservation members and the number of persons registered on “smartEX” at each fiscal year-end, while the line graph illustrates the number of uses per day of such services. As of September 30, the number of persons registered on “smartEX” was approximately 1.5 million. Combined with the roughly 3.52 million members of the conventional Express Reservation service, the number of registered persons has topped 5 million. The use of online services is steadily growing and the combined number of uses of both services amounts to approximately 188,000 per day. Online reservation services now account for over one-third of all reserved-seat reservations.

○ Expanding online reservations and ticketless boarding contributes to reducing total travel time for passengers, and has the same effect as the speeding up of trains. At the same time, we hope to shift the focus of our ticket sales structure from the conventional over-the-counter sales to online reservations so that we can establish a more convenient and efficient sales structure as we head toward the launch of the Chuo Shinkansen.

○ The “smartEX” service celebrated its first anniversary since it was launched in September 2017. As a token of our appreciation to customers using this service, and in our hopes to have new customers experience the convenience of this service, we are holding a campaign. We will continue to actively implement promotional activities to attract an even larger number of customers to use our online reservation and ticketless boarding services.

Chuo Shinkansen Project: Progress of Construction and Contracts Concluded



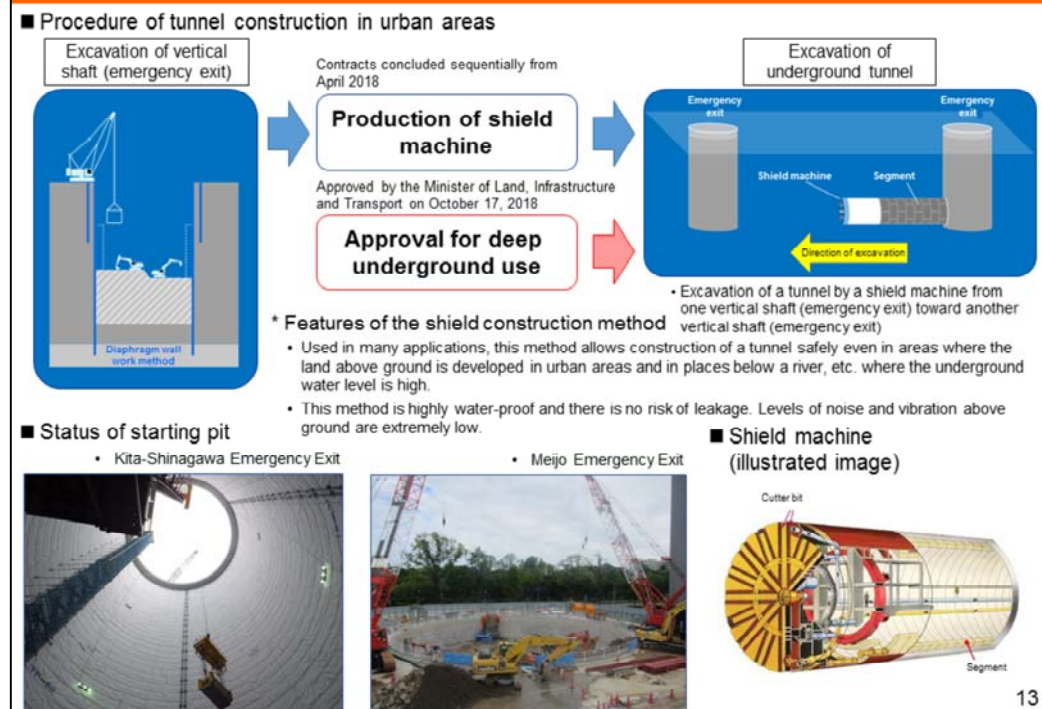
○ In this slide, parts highlighted in yellow represent the Chuo Shinkansen construction contracts concluded up to FY2017 and those in orange are contracts made in FY2018.

○ During the first six months of FY2018, we continued to work closely with local communities and proceeded with measurement, design, and acquisition of land. At the same time, we concluded contracts for tunnel excavation work to be pursued using the shield construction method for deep underground. They include construction contracts for the No. 1 Tokyo Metropolis Tunnel Kita-Shinagawa construction section and the No. 1 Chukyo Area Tunnel Sakashita West construction section.

○ Meanwhile, speaking of construction progress, we initiated civil engineering work on a full scale for the Higashi Yukigaya Emergency Exit in Tokyo Metropolis and the Todoroki Emergency Exit in Kanagawa Prefecture. At the Yamanashi construction section of the Southern Alps Tunnel where construction had already begun, we proceeded with the excavation of an inclined shaft, a pilot tunnel and the main pit. Meanwhile, at the Nagano construction section of the Southern Alps Tunnel, we've made steady progress with the excavation of an inclined shaft. In addition, we conducted construction of the underground diaphragm walls at Shinagawa and Nagoya terminal stations and carried on with the construction for mountain tunnels and emergency exits in urban areas.

○ As of the first half of this fiscal year, capital investments for the Chuo Shinkansen totaled 66.5 billion yen. Under the Chuo Shinkansen construction plan, we have a higher ratio of construction work to account for in the second half of this fiscal year compared to the first half. Our progress has been generally as projected against the initial plan of 250.0 billion yen.

Chuo Shinkansen Project: Progress of Construction



- Continuing on, I will provide a more specific explanation on the content of the two contracts we concluded in the first half of this fiscal year for tunnel construction in urban areas.
- For tunnels in urban areas, we plan to use deep underground area. Deep underground refers to the areas of underground normally not used, as stipulated in the Act on Special Measures concerning Public Use of Deep Underground. JR Central applied for authorization from the Minister of Land, Infrastructure and Transport in March and received approval on October 17. Given the approval, we acquired the right to use the business district.
- We plan to use the shield construction method for excavation. This method enables us to safely construct tunnels even in urban areas where the land above ground is developed. The method also is highly water-proof and prevents water leakage. In addition, it has the characteristic of keeping the levels of noise and vibration above ground extremely low.
- First, we excavate a vertical shaft at the starting base of the shield machine. For example, at the Kita-Shinagawa Emergency Exit, which is one of the starting pits in the Tokyo Metropolis, excavation of approximately 90 meters deep was completed last June and we are currently in the process of constructing the skeleton. At Meijo Emergency Exit, which is one of the starting pits in the Chubu region, we completed the construction of underground diaphragm walls and began excavation in September.
- In parallel with the excavation of the starting pit, we design and produce the shield machines. After excavating the starting pit, we unload and assemble the shield machine from the vertical shaft where we begin excavating the tunnel horizontally. For construction contracts concluded in the first half of the fiscal year, we have begun designing the shield machine and are making progress with other preparations for the tunnel excavation work.
- JR Central will continue to steadily move forward with the project by focusing on construction safety, preservation of the environment, cooperation with local communities, and seeking understanding and cooperation from related parties, while maintaining sound management and stable dividends.

Aichi Destination Campaign



Major tourist attractions



- Nagoya Castle Honmaru Palace
Special visit after regular closing



- Toyohashi Hand Tube Fireworks
special Destination Campaign (DC) event



Aichi DC Free Ticket

[Outline] A two-day ticket offering unlimited rides on all railroads and major bus routes to tourist sites within Aichi Prefecture.

[Eligibility] Customers traveling in Aichi Prefecture via a tourist package or *Hayatoku* product of EX service.

[Benefits] Discounted entrance fees to approximately 40 tourist facilities within Aichi Prefecture.

Bushotai train

- Operate tourist trains decorated with warrior images, e.g. "Rapid *Mirai* Creator Nobunaga" train

Other initiatives of the JR Central Group

- Showing special rolling stock, e.g. 300X at SCMAGLEV and Railway Park
- Sale of Aichi DC commemorating lunch boxes
- Development of Aichi DC-limited souvenirs
- Aichi fairs at various stores



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○ Finally, I would like to talk about the Aichi Destination Campaign, which was launched in October. JR Central is running this large tourist campaign jointly with Aichi Prefecture to attract tourists to Aichi.

○ The JR Central Group plans on promoting campaigns in collaboration with local governments and travel agencies. Examples of such campaigns include setting the "Free Ticket" service that allows users to go on all railroads and bus routes to major tourist sites in the prefecture and operating the *Bushotai* train decorated with images of three legendary heroes; Nobunaga Oda, Hideyoshi Toyotomi and Ieyasu Tokugawa.

○ Through running the Aichi Destination Campaign, we are striving to have many people across the country experience the alluring tourist attractions available in Aichi Prefecture.

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