



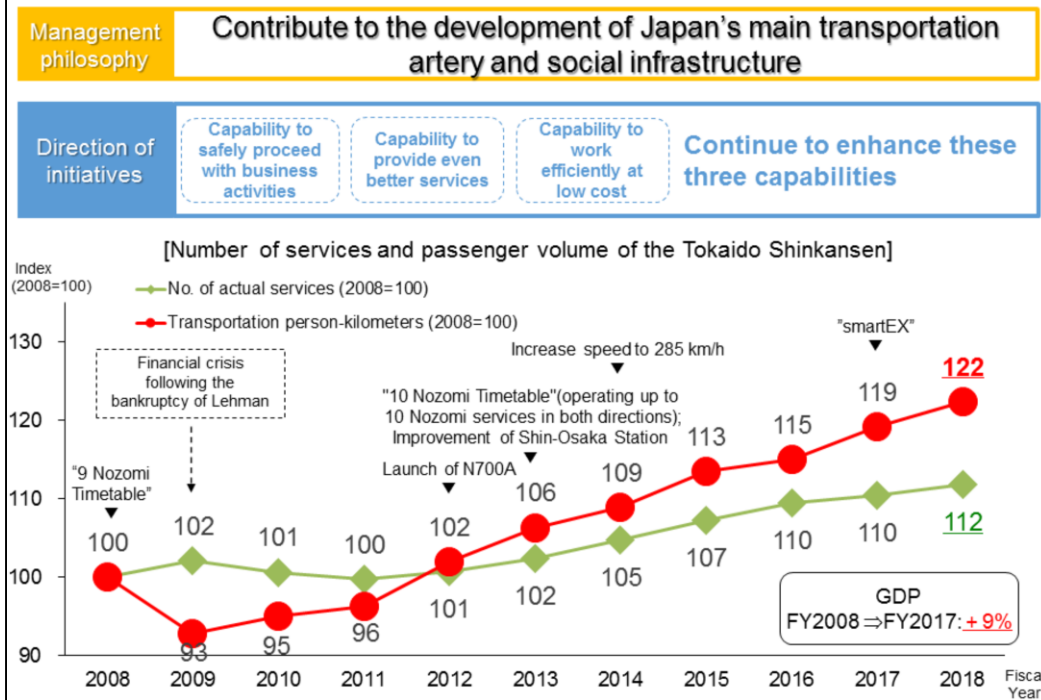
## I. Management Policy and Outlook of Key Measures

President and  
Representative Director  
Shin Kaneko

**Central Japan Railway Company**

April 26, 2019

○ I am Kaneko, President of Central Japan Railway Company. I would like to present the Company's management policy and outlook on key measures.



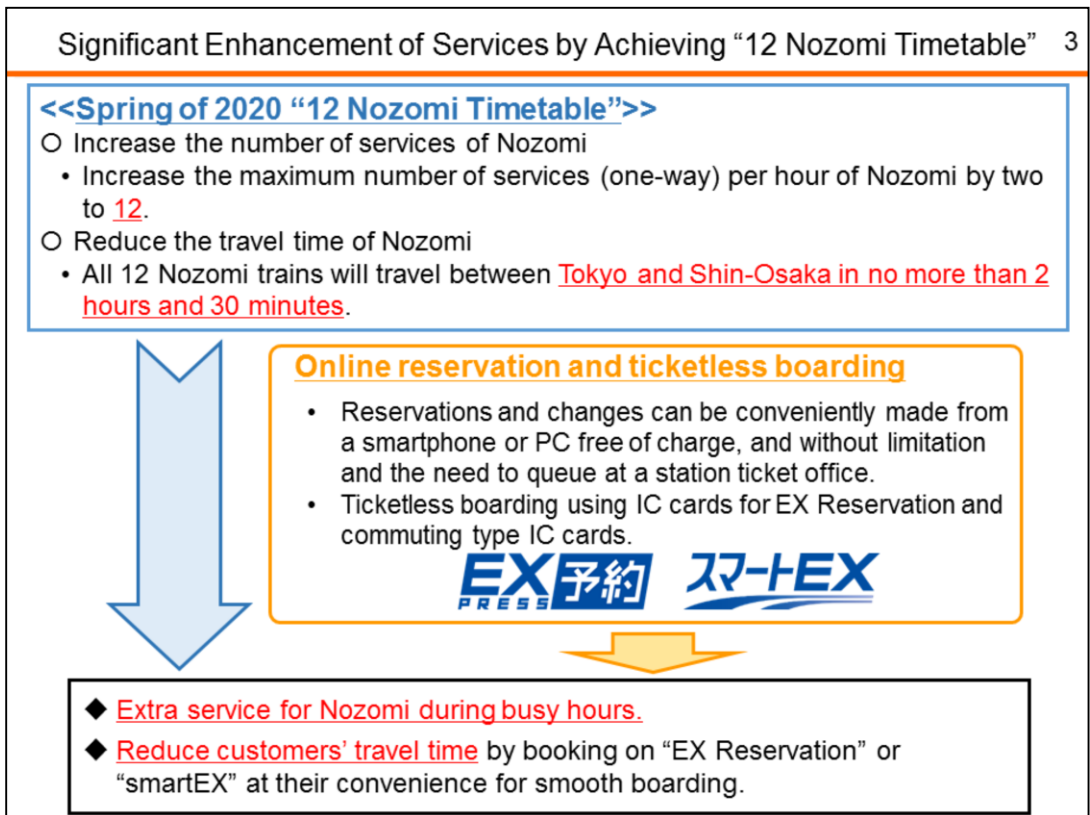
○ The basic management policy will remain the same as before, and in FY2019, we will continue to work on the measures necessary to realize our management philosophy to “Contribute to the development of Japan’s main transportation artery and social infrastructure” at a higher level.

○ In order to achieve higher goals, it is necessary to improve our corporate capabilities accordingly. In belief that three capabilities are essential, namely, “Capability to safely proceed with business activities,” “Capability to provide even better services,” and “Capability to work efficiently at low cost,” we will continue to further brush up on them in FY2019.

○ Please see the graph at the bottom of the slide. The red line represents passenger volume of the Tokaido Shinkansen, and the green line represents the number of services, showed by setting FY2008 as 100. While increasing the passenger capacity by 12%, we have increased the passenger volume by 22% through several initiatives. For example, we have developed our transportation service, focusing on “Nozomi”, by launching new model rolling stock and renovating Shin-Osaka station. We have also improved our service through sales initiatives such as promotion of online reservation and ticketless boarding. During this period up to FY2017, the rate of growth achieved significantly exceeded the GDP growth, which was 9%.

○ The Chuo Shinkansen, which is currently under construction, is also intended to further strengthen this main transportation artery. We will continue to fulfill the Company's Mission by improving convenience through groundbreaking speed up and dualizing the main transportation arteries.

○ In this way, with safety as a major prerequisite, we will expand revenue by improving the convenience of the main transportation artery and thereby provide services to more customers. At the same time, we will ensure ongoing stable dividends and create a long-term, stable employment environment through efficient management and securing profits. The Company will contribute to the prosperity of the Japanese economy. At the same time, we hope to further build on the trust of all stakeholders, including shareholders, customers, employees, and business partners so that it leads to sustainable corporate growth.



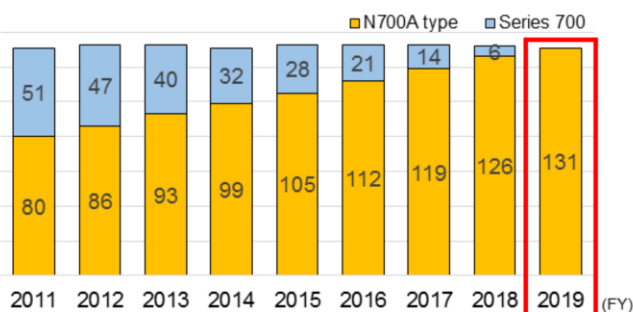
- Next, I will explain the major improvements to the Tokaido Shinkansen service scheduled for the spring of 2020, which was announced the other day.
- In order to enhance transportation services of Tokaido Shinkansen, in 1992, the Company began operating the Series 300 Nozomi at a maximum speed of 270 km/h. In 2003, with the opening of Shinagawa Station and achieving the highest speed at 270 km/h of all trains, the timetable shifted to focus on Nozomi. Since then, we have continued to brush up on the timetable, and now, we are meeting customer needs with the "10 Nozomi Timetable"(operating up to 10 Nozomi services in both directions). Furthermore, in 2015, the speed of Tokaido Shinkansen was raised for the first time in 23 years to the highest speed of 285 km/h.
- By standardizing the highest speed of all trains at 285 km/h with the unification of the model to the N700A Type, and improving facilities, the revision to “12 Nozomi Timetable,” scheduled for the spring of 2020, will take place so that we can greatly enhance our services.
- There are two points with regard to the new timetable.
- The first point is an increase in the number of Nozomi services. The maximum number of one-way services per hour for Nozomi will be increased to 12 from 10 services per hour. Nozomi can be operated at average intervals of 5 minutes during busy hours.
- The second point is the reduction of travel time required for Nozomi. Under the current "10 Nozomi Timetable", there are 7 services of Nozomi operating between Tokyo and Shin-Osaka in 2 hours 33 minutes to 2 hours 37 minutes. Under the "12 Nozomi Timetable," all Nozomi will connect Tokyo and Shin-Osaka within 2 hours and 30 minutes.
- With this "12 Nozomi Timetable," additional Nozomi services will be provided during busy hours. Customers can make reservation online at their own convenience, and use Nozomi at a faster speed to reduce travel time to the destination. This will offer more convenience to the passengers of Tokaido Shinkansen.

# Realize "12 Nozomi Timetable" through Integrated Measures

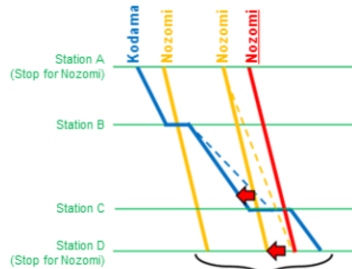
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## ◆ Unification of models (to the 285 km/h model)

○ No. of trainsets held at the end of fiscal year



○ Effects (conceptual image) of the unified model



The combination of high-speed and high-acceleration trains makes it possible to increase the number of trains by closing gaps between them.

## ◆ Reduction of turnaround time

- (1) Improvement of ATC brake (Tokyo Station)
  - Renovate vehicle and ground devices to reduce the time they take to stop when arriving at Tokyo Station.
- (2) Improvement of station facilities (Tokyo Station)
  - Improve facilities for station staff to reduce turnaround time.
- (3) Reduction of cleaning time (Tokyo Station, Shin-Osaka Station)
  - Review work items and reduce work time by about 2 minutes.

## ◆ Capital improvement required to increase the number of services

- (1) Improvement of power equipment
  - In preparation for the increase in the number of train services, improve power facilities along the railway to reinforce the power output.
- (2) Improvement of the operation management system
  - Improve the operation management system at the control center, etc. to increase the manageable amount of operation data.

○ Next, I would like to talk about the initiatives taken by the Company to realize the "12 Nozomi Timetable."

○ First, the vehicles are going to be unified to a type capable of running at a speed of 285 km/h. By the spring of 2020, all trains traveling on the Tokaido Shinkansen will be N700A, including the rolling stock for through-service trains to the Tokaido and Sanyo rolling stock owned by JR West. The effects are shown in the image at the top right of the slide. In the figure, the horizontal line represents stations, and the diagonal line represents trains. By speeding up Kodama and Nozomi, shown by dashed lines, Nozomi in a red line can be added.

○ "12 Nozomi Timetable" will be realized through integrated efforts by our entire networks and Group companies. Please see the lower left of the slide.

○ First, in order to shorten the turnaround time at Tokyo Station, which has been one of the constraints for increasing the number of trains, we will improve the ATC brakes and station facilities and review the cleaning work. Next, moving to the lower right of the slide, we will upgrade the power facilities and improve the operation management system as facility enhancements that enable an increase in the number of services. In this way, we will greatly improve convenience by working on both hardware (infrastructure) and software (skills) aspects.

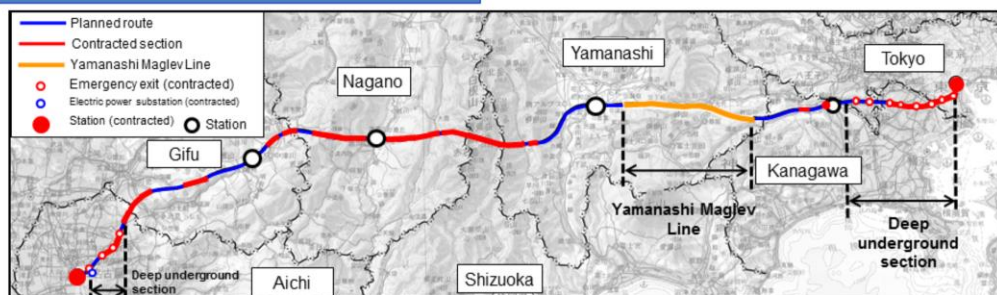
○ From a long-term perspective, the Company will continue to improve transportation services to be offered to as many customers as possible, and thereby enhance the profitability.

# Progress in Chuo Shinkansen Project - 1

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## Main construction contract areas

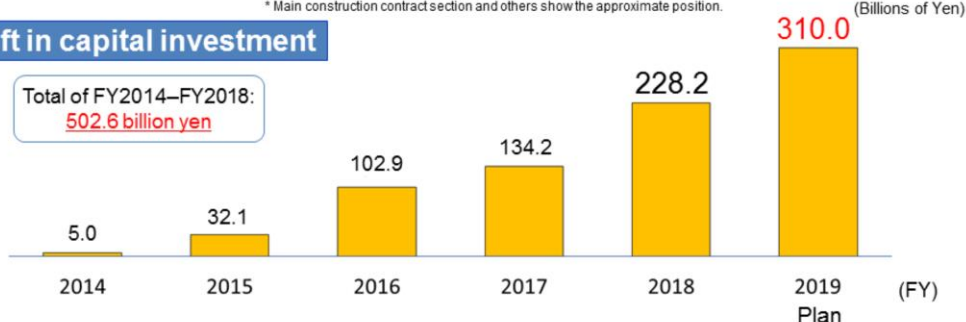
(as of March 31, 2019)



\* This map is a copy of the 1,000,000:1 scale map of Japan issued by the Geospatial Information Authority of Japan approved by Director General. Authorization number: H25 Jo Fuku, 310

\* Main construction contract section and others show the approximate position.

## Shift in capital investment



○ Next, I would like to explain the progress in our contracts and construction of the Chuo Shinkansen Project.

○ The map on this slide shows the state of the construction contract, where blue refers to a planned route, red refers to a contracted section, and orange refers to the Yamanashi Maglev Line. Construction contracts are concluded centering on difficult work areas with a long construction period, such as the Southern Alps Tunnel, Shinagawa and Nagoya terminals, and emergency exits, which serve as starting points for a shield machine to drill the main line tunnels in urban areas.

○ A Shift in the capital investment amount is shown in the lower part of the slide. The result for FY2018 was 228.2 billion yen, and the accumulated total from FY2014 to FY2018 was 502.6 billion yen.

○ The capital investment amount for a long-term construction, as in the case of the Chuo Shinkansen Project, is the amount to be paid to construction companies in accordance with the progress of construction. It indicates that the construction is in progress in the areas of tunnels, emergency exits, terminal stations, etc., and will continue to steadily build up.

○ On the other hand, some of you have shown a concern about a construction cost that may be affected by the recent rise in labor costs and material prices. In the embodiment of the project, for example, some construction costs are higher due to the geological condition being worse than originally anticipated, and conversely, there are cases where the cost is reduced by improvements and innovation. So it is hard to generalize, but the Company intends to complete the project by securing safety first, and then thoroughly reducing construction and other costs in all areas to maintain sound management and stable dividends.

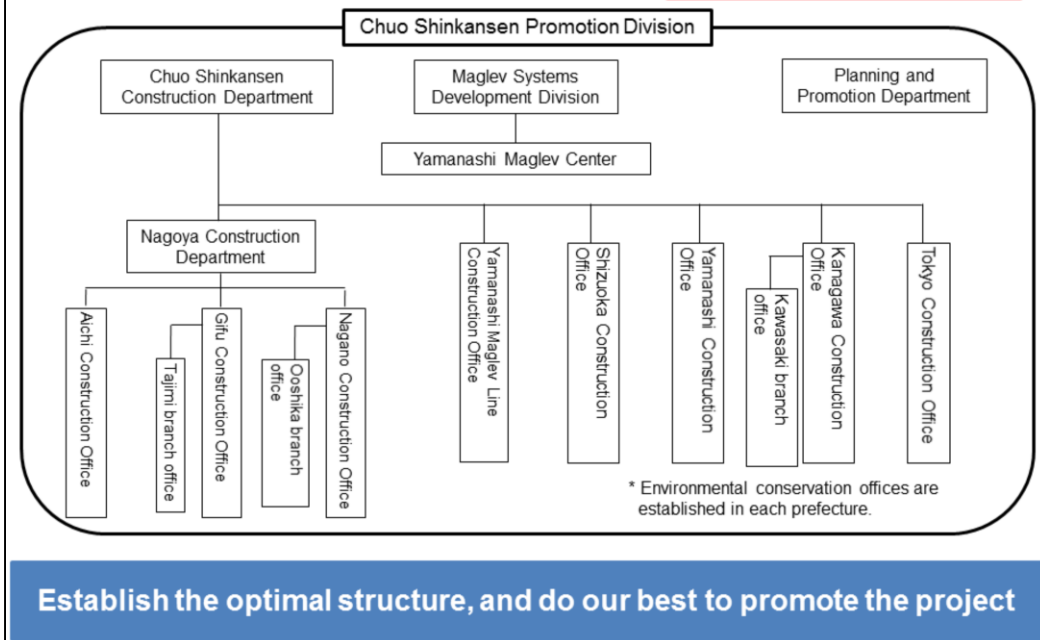


- Construction works along the route are also making steady progress.
- At Nagoya Station, in the conventional line section, construction of beams to support the railway tracks started in November, in addition to removing obstacles in the ground and casting piles to support the construction beams. In the Shinkansen section, shown in the upper left of the slide, the underground diaphragm wall work, which is carried out before underground drilling, started in June last year, and the underpass structure of the Shinkansen was completed at the end of March. Now there are preparations for the underground diaphragm wall works in the west section of the underpass structure below the Shinkansen. At Shinagawa Station, while continuing with the underground diaphragm wall works, construction of beams to support the railway tracks is also in progress, shown in the upper right of the slide.
- Moving onto the photographs at the lower half of the slide. In the Nagano construction area of the Southern Alps Tunnel, inclined shafts are being drilled. In FY2019, we plan to start drilling a pilot tunnel. In the Yamanashi construction area, drilling of a main pit that will be the main line tunnel started in March last year.
- In the Shizuoka construction area of the Southern Alps Tunnel, a construction contract has been concluded, and preparatory works to start drilling a tunnel, such as maintenance of roads used for the construction, started in September last year. Consultation with Shizuoka Prefecture continues regarding water resources of the Oi River. We plan to proceed with the construction plan while giving consideration to safety and the environment and avoiding any construction risks. Capital investment has been budgeted for the current fiscal year to ensure that drilling work on the tunnel can start in FY2019.
- In addition to receiving approval for the use of deep underground areas in October last year, we are also manufacturing shield machines for drilling urban tunnels. For example, the Kita Shinagawa emergency exit shown in the photo at the bottom right of the slide will be a starting point for the shield machine.

## Structure for Promoting the Chuo Shinkansen Project 7

As of July 1, 2018

Approx. 1,260 members in total



○ Next, I would like to present the structure for promoting the Chuo Shinkansen Project.

○ We are fully committed to the construction of the Chuo Shinkansen. Under the Chuo Shinkansen Promotion Division, three departments are established, Planning and Promotion Department, Maglev Systems Development Division, and Chuo Shinkansen Construction Department. They consist of approximately 1,260 employees who are mainly specialist engineers.

○ Regarding construction, the Chuo Shinkansen Construction Department is in charge of the acquisition of land, consultation, contracts, design, construction, environmental assessment, and other matters related to the construction of civil engineering structures and electrical facilities. The Nagoya Construction Department is established to manage constructions in Nagano, Gifu, and Aichi prefectures.

○ Furthermore, under the Chuo Shinkansen Construction Department, construction offices and branch offices, and environmental conservation offices are established in seven prefectures along the route in order to engage in consultation with and thoroughly respond to inquiries on construction and environmental matters from the local communities.

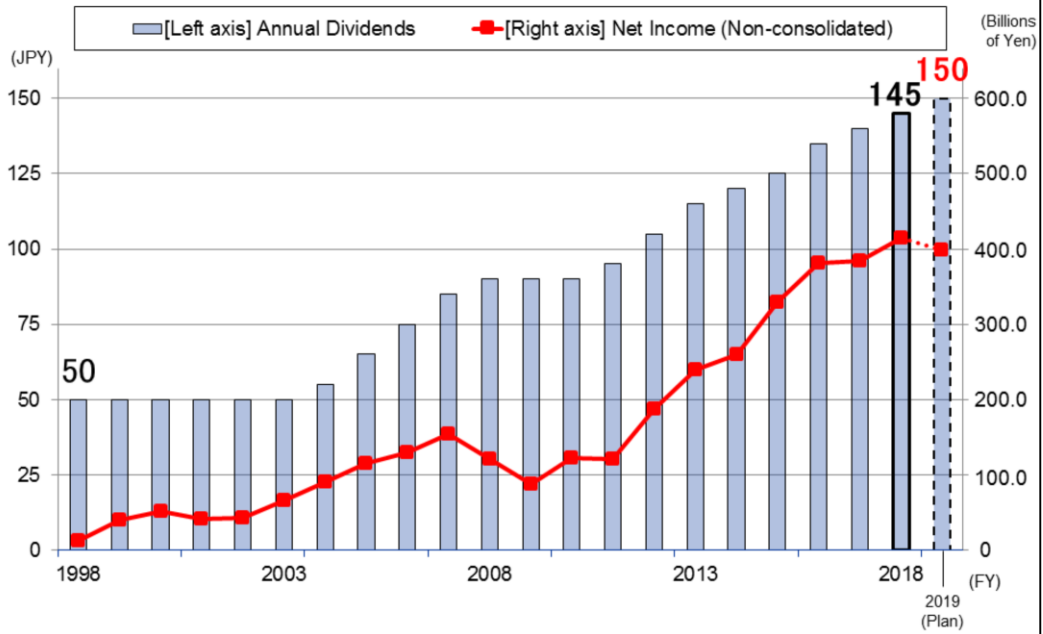
○ The Maglev Systems Development Division is responsible for further enhancing the Superconducting Maglev technology, which is completed as practical technology, and technology development for reducing the costs of construction, operation, and maintenance. The Planning and Promotion Department is responsible for internal and external coordination and taking the necessary procedures and investigations in compliance with laws and regulations.

○ The Company shall continue to promote our project with all-out efforts by establishing the optimal structure focusing on safety of construction, conservation of the environment, and cooperation with the local communities.

# Shareholder Returns

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Maintain stable dividends even during the Chuo Shinkansen construction period



- Lastly, I would like to talk about the shareholder returns.
- Due to the nature of the railway business, which operates from a long-term perspective, a specific dividend amount is determined considering the business environment and results of each fiscal year based on the Company's consistent and basic policy for the continuation of stable dividends.
- Based on this policy, the year-end dividend for FY2018 will be increased by 5 yen per share from the forecast of 70 yen per share, which was announced in January this year, boosted by consistent progress in the passenger volume in both areas of business and tourism. We plan to submit a proposal for 75 yen per share to the general shareholders' meeting .
- In addition, the dividend forecast for FY2019 is planned to be 75 yen per share for both the interim and year-end, in accordance with the aforementioned basic policy.
- The basic policy will not change during the construction period of the Chuo Shinkansen, and we intend to maintain stable dividends.





## II. Summary of Financial Results for FY2019.3

Corporate Officer and  
General Manager of  
Finance Department  
Tatsuhiko Yamada  
Central Japan Railway Company  
April 26, 2019

# Income Statement (Consolidated)

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(Billions of Yen)

	FY 2018.3 Result A	FY 2019.3 Result B	Changes (B-A)
Operating Revenues	1,822.0	1,878.1	+56.0
Operating Expenses	1,160.0	1,168.3	+8.3
Operating Income	662.0	709.7	+47.7
Non-operating Income (Loss)	-78.4	-77.1	+1.3
Ordinary Income	583.5	632.6	+49.0
Net Income Attributable to Owners of the Parent	395.5	438.7	+43.2

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

	Balance as of year-end	Changes	Excluding the "Chuo"	
			Balance as of year-end	Changes
Consolidated	4,851.1	-5.0	1,851.1	-5.0
Non-consolidated	4,851.1	-5.0	1,851.1	-5.0

## ■ Actual capital investment (Billions of Yen)

Consolidated	Non-consolidated		
		Safety-related investment	Chuo Shinkansen
467.3	448.8	170.1	228.2

- I am Yamada, General Manager of the Finance Department. I would like to present the summary of the financial results for the fiscal year ended March 2019.
- Let us start with an overview of the consolidated financial results. In the Group as a whole, we were able to consistently expand our business, resulting in increased revenues and incomes.
- With regard to operating revenues, the Company's transportation revenues increased by 38.3 billion yen year-on-year to reach 1,396.6 billion yen, marking a record high, as a result of active use of our services by customers in both business and tourism. Consolidated operating revenues increased by 56.0 billion yen to a record high of 1,878.1 billion yen, boosted by the increase in operating revenues from JR Gate Tower.
- Operating expenses increased by 8.3 billion yen due to an increase in cost of sales accompanying increased sales by Group companies, despite the decline in depreciation & amortization of the Company.
- As a result, operating income was 709.7 billion yen, ordinary income was 632.6 billion yen, and net income attributable to owners of the parent was 438.7 billion yen, all marking a record high.
- In making steady progress in the construction of the Chuo Shinkansen, it is extremely meaningful that we have been able to further strengthen our management capabilities with good financial results by carrying out measures according to the plan.
- The balance of long-term debt at the end of the fiscal year under review was 4,851.1 billion yen on both a consolidated and non-consolidated basis. In addition, other long-term debts excluding the long-term debt for the Chuo Shinkansen construction declined by 5.0 billion yen to 1,851.1 billion yen.
- In general, the capital investment was achieved as planned. The results were 467.3 billion yen on a consolidated basis, and 448.8 billion yen on a non-consolidated basis.

## Segment Information (Consolidated)

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(Billions of Yen)

	FY 2018.3 Result A	FY 2019.3 Result B	Changes (B-A)
<b>Operating Revenues</b>	1,822.0	1,878.1	+56.0
<b>Transportation</b>	1,424.0	1,461.3	+37.2
<b>Merchandise and Other</b>	255.3	264.9	+9.5
<b>Real Estate</b>	78.0	82.1	+4.1
<b>Other</b>	261.6	261.0	-0.5
<b>Operating Expenses</b>	1,160.0	1,168.3	+8.3
<b>Operating Income</b>	662.0	709.7	+47.7
<b>Transportation</b>	623.0	664.8	+41.8
<b>Merchandise and Other</b>	8.2	9.6	+1.4
<b>Real Estate</b>	18.5	20.2	+1.7
<b>Other</b>	13.2	16.1	+2.8

\* Breakdown by segment is before offsetting transactions between segments. The total of the figures in the breakdown does not match Operating Revenues and Operating Income.

- Next, I would like to explain the year-on-year changes in each segment.
- In Transportation, revenues and incomes increased boosted by an increase in transportation revenues of the Company.
- In Merchandise and Other, revenues and incomes increased, boosted by JR Tokai Takashimaya with increased sales at department stores and rent income increased with full-year operation of Takashimaya Gate Tower Mall.
- In Real Estate, revenues and incomes increased boosted by an increase in the sales of condominiums by JR Tokai Real Estate and office rent income by JR Central Building.
- Finally, in the Other segment, revenues were on a par with the previous year. NIPPON SHARYO increased incomes due to a robust performance by each business.

## Statement of Cash Flows (Consolidated)

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(Billions of Yen)

	FY 2018.3 Result A	FY 2019.3 Result B	Changes (B-A)
<b>Net cash provided by operating activities</b>	609.5	600.3	-9.2
<b>Net cash used in investment activities</b>	-1,676.4	-597.5	+1,078.9
Payments for purchases of property, plant and equipment and intangible assets	-306.9	-397.8	-90.8
Proceeds/payments for money held in trust for the Chuo Shinkansen construction	-1,368.1	170.3	+1,538.5
Proceeds/payments from funds management	-1.3	-370.0	-368.7
<b>Net cash used in financing activities</b>	1,434.7	-33.6	-1,468.4
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	367.8	-30.8	-398.7
Cash and cash equivalents, beginning of year	414.5	782.4	367.8
Cash and cash equivalents, end of year	782.4	751.6	-30.8

- Next, I would like to present the consolidated statement of cash flows.
- Net cash provided by operating activities showed decline in cash inflow due to increase in corporate tax paid, even though our transportation revenue increased because of active use of our transportation service by customers in both business and tourism.
- Net cash used in investment activities showed a significant decline in cash outflow compared with the previous year when long-term debt for the Chuo Shinkansen construction of 1,500.0 billion yen was entrusted.
- Cash outflow due to capital investment on the construction of Chuo Shinkansen is recorded as “payments for purchases of property, plant and equipment and intangible assets.” Meanwhile, cash inflow due to reversal based on the results in the second half of the previous fiscal year and the first half of the current fiscal year is recorded as “proceeds for money held in trust for the Chuo Shinkansen construction.”
- Net cash used in financing activities resulted in a cash outflow of 33.6 billion yen, compared with the previous year when we secured 1,500.0 billion yen through the long-term debt for the Chuo Shinkansen.

## Income Statement (Non-consolidated)

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(Billions of Yen)

	FY 2018.3 Result A	FY 2019.3 Result B	Changes (B-A)
<b>Operating Revenues (Transportation Revenues)</b>	1,427.4 (1,358.3)	1,464.8 (1,396.6)	+37.4 (+38.3)
<b>Operating Expenses</b>	802.1	797.1	-5.0
<b>Personnel Expenses</b>	179.6	179.7	+0.0
<b>Non-personnel Expenses</b>	382.0	381.7	-0.2
<b>Energy</b>	39.1	43.1	+3.9
<b>Maintenance</b>	145.4	140.5	-4.9
<b>Others</b>	197.3	198.0	+0.6
<b>Taxes other than Income Taxes</b>	41.8	42.2	+0.3
<b>Depreciation &amp; Amortization</b>	198.6	193.4	-5.2
<b>Operating Income</b>	625.2	667.7	+42.4
<b>Ordinary Income</b>	547.6	590.1	+42.4
<b>Net Income</b>	384.4	414.0	+29.6

- Finally, I would like to present the Company's non-consolidated financial results.
- First, transportation revenues increased by 38.3 billion yen year-on-year, and operating revenues increased by 37.4 billion yen.
- Next, I would like to explain the main items of operating expenses.
- Of non-personnel expenses, energy increased by 3.9 billion yen year-on-year, mainly due to a rise in fuel prices. Maintenance decreased by 4.9 billion yen compared with the previous fiscal year, when technological development expenses for the new N700S validation test vehicles were recorded. Others increased by 0.6 billion yen year-on-year due to increases in system development expenses with the change of the *genjo* (name of era) and electricity charges, while sales commission paid to other JR Group companies and travel agencies declined. As a result of these factors, overall non-personnel expenses decreased by 0.2 billion yen year-on-year.
- Furthermore, depreciation & amortization decreased by 5.2 billion yen year-on-year due to reduced depreciation of the Yamanashi Maglev Line and other factors.
- As a result of these factors, operating income, ordinary income, and net income increased also on a non-consolidated basis, where the results marked the highest record ever.
- This concludes my presentation.

III. Performance Forecast for FY2020.3

IV. Deployment of Key Measures



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

Yoshiki Suyama

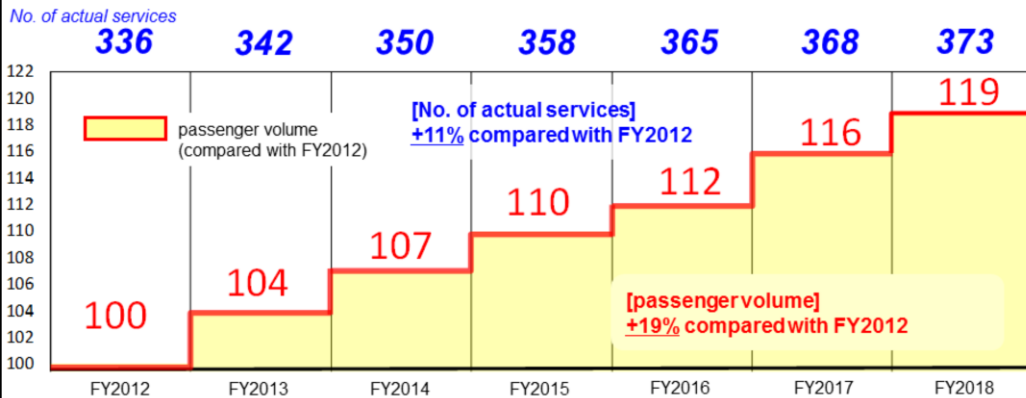
Central Japan Railway Company

April 26, 2019

### Sound progress both in business and tourism

FY2018 Result: **103%** year-on-year (Weekdays: 102%; Weekends/holidays: 104%\*)

\* Weekdays, weekends and holidays are compared based on average per day.



### Securing level on par with the high level achieved in the previous year

FY2019 Forecast: **100.7%** year-on-year

- I am Suyama, Executive Vice President. First is the transportation status of the Tokaido Shinkansen based on passenger volume counted at a certain point between Odawara and Shizuoka.
- For FY2018, we were again able to offer services to many customers in both business and tourism. This was the result of making efforts to enhance transportation services, such as a flexible train timetable exemplified by "10 Nozomi Timetable" (operating up to 10 Nozomi services in both directions) to meet customer demand.
- The number of services on the Tokaido Shinkansen per day is graphed on the slide. We have continued to increase transportation capacity every year by flexibly operating extra trains during peak periods and hours. And for the current fiscal year, we operated a daily average of 373 trains, marking a record high.
- In line with our initiatives to reinforce transportation capacity, we are seeing steady growth in customers using our services. The step graph in red of the slide illustrates passenger volumes, setting the result for FY2012 as 100 (after bottoming out in the downturn triggered by the bankruptcy of Lehman Brothers). FY2018 achieved a substantially high level at 119%.
- Compared with FY2012, the number of services (i.e., the supply level) increased by 11%, whereas the passenger volume rose by 19%, reflecting a higher pace of growth in demand over supply. In FY2019, we will continue to work on flexible train timetables such as the "10 Nozomi Timetable", and consistently prepare for the "12 Nozomi Timetable" to be launched in the spring of 2020.
- We are at the start of the Golden Week Holiday transport today, and we will continue to provide services to as many customers as possible.

## Full-Year Performance Forecast (Non-consolidated) 16

(Billions of Yen)

	FY 2019.3 Results A	FY 2020.3 Forecast B	Changes (B-A)
<b>Operating Revenues (Transportation Revenues)</b>	1,464.8 (1,396.6)	1,476.0 (1,407.0)	+11.1 (+10.3)
<b>Operating Expenses</b>	797.1	831.0	+33.8
<b>Personnel Expenses</b>	179.7	178.0	-1.7
<b>Non-personnel Expenses</b>	381.7	416.0	+34.2
<b>Energy</b>	43.1	46.0	+2.8
<b>Maintenance</b>	140.5	168.0	+27.4
<b>Others</b>	198.0	202.0	+3.9
<b>Taxes other than Income Taxes</b>	42.2	42.0	-0.2
<b>Depreciation &amp; Amortization</b>	193.4	195.0	+1.5
<b>Operating Income</b>	667.7	645.0	-22.7
<b>Ordinary Income</b>	590.1	568.0	-22.1
<b>Net Income</b>	414.0	399.0	-15.0

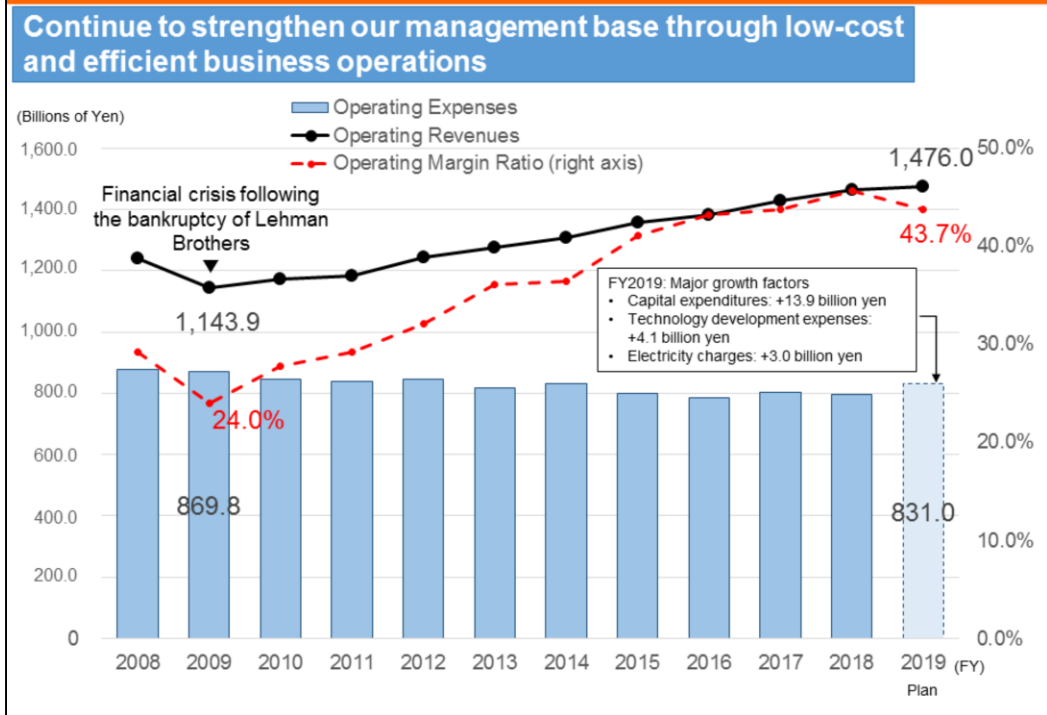
○ Next, I would like to present our non-consolidated full-year performance forecast for the fiscal year ending March 2020.

○ Regarding transportation revenues, in addition to the growing passenger volume and the 10 consecutive Golden Week Holidays, which is expected to increase transport demand, more flexible train timetables will be set in line with demand. In addition, by consistently capturing demand by expanding the online reservation services for the Shinkansen and actively working on tourism measures along the route, transportation revenues for this fiscal year are planned to be 101% in the first half, 100.5% in the second half, and 100.7% for the full fiscal year over the previous year, or an increase in revenues of 10.3 billion yen.

○ Operating Expenses are expected to increase by 33.8 billion yen year-on-year due to higher expenses related to capital investment including construction of the Chuo Shinkansen, production of the next-generation limited express vehicles for conventional lines, development of Superconducting Maglev technology, and electricity charges due to an increase in fuel prices.

○ As a result, revenues are expected to increase whereas operating income, ordinary income and net income are expected to fall.





○ While ensuring that demand is captured by increasing the number of train services and making other improvements in transportation service to expand incomes, the management base has been strengthened by low-cost and efficient business operations.

○ In the graph of the slide, the black line shows operating revenues, and blue bars show operating expenses. Since FY2009, at the bottom of a decline after the financial crisis following the bankruptcy of Lehman Brothers, while operating revenues increased along with the increase in the number of passengers, we have managed to curb operating expenses. As a result, the operating margin ratio shown by the red dotted line continues to rise, maintaining a high level at around 40%.

○ In FY2019, capital expenditures are expected to increase by 13.9 billion yen year-on-year due to work to remove existing facilities accompanying construction work on the Nagoya and Shinagawa stations of the Chuo Shinkansen, development of the operation management system for the launch of N700S, seismic strengthening works on station ceilings, and others. In addition, technology development expenses are expected to increase by 4.1 billion yen year-on-year due to production of test-run vehicles for the next-generation limited express trains for conventional lines, and development of Superconducting Maglev technology. Furthermore, a year-on-year increase of 3.0 billion yen is expected for electricity charges due to a rise in the fuel unit price. Among them, expenses for removal works related to the Chuo Shinkansen, launch of N700S, and the next-generation limited express vehicles for conventional lines are temporary and will not be incurred continuously at this level every year.

○ Maintenance and renewal of facilities as well as Capital investment and technological development required for enhancement of transportation services will be continued as needed while confirming our business performance every year. Expenses for maintenance and renewal of facilities and systems in each fiscal year may fluctuate depending on their timing, but they will be properly controlled by continued cost reductions.

## Full-Year Performance Forecast (Consolidated)

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	FY 2019.3 Results A	FY 2020.3 Forecast B	Changes (B-A)
<b>Operating Revenues</b>	1,878.1	1,891.0	+12.8
Transportation	1,461.3	1,471.0	+9.6
Merchandise and Other	264.9	270.0	+5.0
Real Estate	82.1	82.0	-0.1
Other	261.0	263.0	+1.9
<b>Operating Expenses</b>	1,168.3	1,215.0	+46.6
<b>Operating Income</b>	709.7	676.0	-33.7
Transportation	664.8	640.0	-24.8
Merchandise and Other	9.6	8.0	-1.6
Real Estate	20.2	20.0	-0.2
Other	16.1	9.0	-7.1
<b>Non-operating Income (Loss)</b>	-77.1	-77.0	+0.1
<b>Ordinary Income</b>	632.6	599.0	-33.6
<b>Net Income Attributable to Owners of the Parent</b>	438.7	416.0	-22.7

(Billions of Yen)

\* Breakdown by segment is before offsetting transactions between segments. The total of the figures in the breakdown does not match Operating Revenues and Operating Income.

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- Next, I would like to present our consolidated business forecasts.
- Operating revenues are expected to increase by 12.8 billion yen year-on-year to 1,891.0 billion yen on a consolidated basis.
- In addition to the Company's increase of 10.3 billion yen in transportation revenues, the Group companies are expected to increase sales in Merchandise and Other against the background of growth in passenger volume.
- Regarding operating expenses, in addition to an increase in the Company's operating expenses, cost of sales are expected to rise accompanying a sales increase in Merchandise and Other and a posting of cost of sales by NIPPON SHARYO on its rolling stock, which has a high cost rate.
- As a result, operating income, ordinary income, and net income attributable to owners of the parent are all expected to see a decline.

## ◆ Large-scale renovation

← 3-year Plan →
← 4-year Plan →
(Billions of Yen)

Fiscal Year	2013~2015 Results	2016 Results	2017 Results	2018 Results	2019 Plan	2020~
Investment results/plan	75.3	34.0	36.3	36.1	34.0	To be determined
of which, that posted to P&L	50.6	23.3	24.6	24.9	23.3	To be determined

## ◆ Installation of derailment prevention guards

← Existing plan (646 km) →

Fiscal Year	2009~2017 Results	2018 Results	2019 Plan	2020~2028	Total
Extension of tracks	427km	95km	98km	426km	1,072km
Investment amount	96.1 billion yen	17.0 billion yen	17.8 billion yen	To be determined	Approx. 210.0 billion yen

\* The investment amount includes expenses for civil structure measures and deviation prevention stoppers.

- Next, I would like to present our key measures to be promoted in FY2019. Let us start with the key initiatives in ensuring safe and reliable transportation.
- First, a large-scale renovation of the Tokaido Shinkansen, which started in FY2013, continued measures to inhibit aging damage in the last fiscal year, and the results of capital investment are as shown in the table. For FY2019, 34.0 billion yen is planned. Compared with 145.0 billion yen that we presented as an estimate for the 4-year Plan (FY2016–FY2019), construction works are progressing roughly as planned at 140.4 billion yen, including the amount planned for FY2019. So far, we have implemented measures to inhibit aging damage. As a result, there is currently no section that we have determined overall renovation is required for. Going forward, we will steadily carry out the renovation work while tirelessly continuing to work on cost reductions.
- Next, please see the bottom table of the slide for the derailment and deviation countermeasures on the Tokaido Shinkansen, which have been promoted as seismic countermeasures. The actual results for FY2018 and the planned targets for FY2019 are as described in the table. Work to lay 646 km by FY2019 has generally progressed according to plan, and, of the whole line of 1,072 km, approximately 60% of the length is expected to be completed by the end of FY2019.
- Maximum efforts shall continue to be made to secure safe and reliable transportation.

## Be prepared for the launch of N700S as a replacement for the Series N700

**Main Features**

**Enhancement of safety and reliability**

- Shortening of braking distance at the time of earthquake
- Reinforcement of snow-resistant measures
- Enhancement of state-monitoring function

**Strengthening of the coping capabilities in emergency**

- Installation of battery-propelled running system
- Addition of security cameras
- Functional enhancement of intercom
- Securing toilet function at the time of power outage

**Improvement of comfort and convenience**

- Installation of a fully active damping control system
- Addition of outlets for each seat

**Reduction of running costs**

- Reduction of power consumption
- Labor saving in inspection/repair work

**Braking distance from 285 km/h at the time of earthquake**

Type	Reduction
Series 700	Baseline
N700A	-25%
N700S	-5% (from N700A)

**Power consumption**

Type	Speed (km/h)	Reduction
Series 700	270	Baseline
N700A	285	-16%
N700S	285	-6% (from N700A)

**Use of battery-propelled running system**

Tunnel

Even during long-term power outage due to events such as natural disasters, a self-propelled running system enables the train to travel to places where the customers can evacuate, avoiding tunnels and bridges.

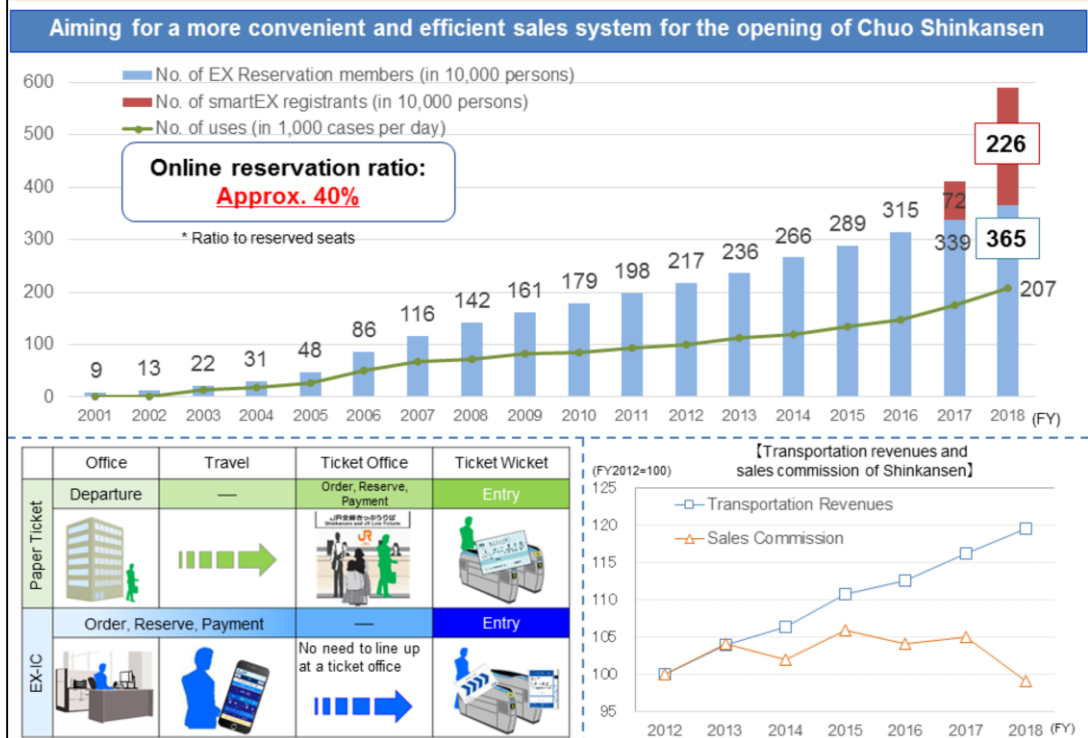
**[FY2019 Test run using validation test vehicles]**

- Long-term durability test
- Speed improvement test (360 km/h)
- Battery-propelled test run

○ Next, I would like to explain the features of the next-generation Shinkansen model, N700S, currently prepared for launch in July 2020.

○ The N700S is equipped with many new features and significant improvements, realizing improved safety and reliability by shortening the earthquake brake distance, reinforcing coping mechanisms in an emergency such as a battery-propelled running system, and reducing running costs with curbed power consumption. We will steadily prepare for the launch to provide the latest and best vehicles.

○ In FY2019, various tests will be conducted to further improve safety and enhance transportation services, including the "Long-term durability test" to confirm the durability of each vehicle device using validation test vehicles, "Speed improvement test at 360 km/h," and "Battery-based self-propelled running test" by using a battery-based self-propelled running system on the premises of the Rolling Stock Depot and the main lines.



- From the perspective of sales, we will continue to expand online reservation and ticketless boarding services.
- The graph at the top of this slide is a bar chart on the number of Express Reservation members and smartEX registrants at the end of each fiscal year, and the line graph shows the number of uses per day. As of the end of March, the number of registered smartEX users was estimated to be 2.26 million, and the number of daily uses combined with approximately 3.65 million Express Reservation members is estimated to be 210,000. The ratio of online reservations was approximately 40% of the total number of reserved seats. We believe that our services are appreciated by a large number of customers.
- With the expansion of online reservation and ticketless boarding, no time will be required to buy tickets at the station before boarding, enabling customers to reduce their travel time. We will work to further enhance the convenience of the Tokaido Shinkansen by creating the “12 Nozomi Timetable” and working to make online booking and ticket-less boarding popular.
- In addition, by shifting the focus from ticket office-based to online reservation, the efficiency of sales systems can be improved. The graph at the lower right side of the slide shows the shift of transportation revenues and sales commission of Shinkansen setting the value as of FY2012 as 100. As the direct sales ratio rose due to the expansion of online booking, etc., we can see that the commissions paid by the Company are stagnant compared with the growth in transportation revenues.
- We will continue to ensure that Express Reservation and smartEX services can be used by as many customers as possible to foster an awareness that it is common to reserve the Tokaido Shinkansen online.

■ Expand revenues via seamless operation of JR Central Towers and JR Gate Tower



**[Key businesses at Gate Tower]** \* Department stores, hotels, buildings

**[JR Tokai Takashimaya]**  
Sales (total of 2 buildings):  
**162.7 billion yen** (104.4% year-on-year)

**[Hotel occupancy rate]**  
Gate Tower: **92.4%**  
Marriott: **83.0%**

**[Building business]**  
Office tenants:  
**Almost full**

**[Impact on the performance of key businesses at Gate Tower]**

	Results for FY2018	Forecast for FY2019
Operating Revenues (Consolidated)	Approx. 15.0 billion yen (increased by approx. 2.0 billion yen year-on-year)	Approx. 15.0 billion yen
Operating income (consolidated)	Approx. 2.0 billion yen	Approx. 3.0 billion yen

■ Promote commercial development at Tokyo Station in preparation for the Tokyo 2020 Olympics and Paralympics

- Double the commercial area, renovate souvenir shops, and build new cafes, etc.
- Meet the diverse needs of customers by offering novel and popular products, etc.

**Business scheduled to start in spring of 2020**



○ Finally on our affiliated business, we will continue to further strengthen the seamless management of JR Central Towers and JR Gate Tower this fiscal year, and respond to various needs by exerting synergy effects.

○ Regarding the status of key businesses of Gate Tower at department stores, hotels, and buildings in FY2018 are as follow. JR Tokai Takashimaya attracted a wide range of customers, centering on young women and with young children families at the Gate Tower Mall. Total sales from those two towers from March to February were strong at 162.7 billion yen. As for hotels, demand for JR Gate Tower Hotel's lodging was also strong, with an average occupancy rate of 92.4% from April to March, and Marriott also secured 83.0%, exceeding the previous year. In the building business, the occupancy of office tenants was "almost full," and the restaurant areas are used by many customers both on weekdays and holidays.

○ The impact of key businesses on consolidated operating revenues was approximately 15.0 billion yen in FY2018. Regarding income, although it is difficult to separate expenses as the two Central Towers and Gate Tower are operated as one unit, the contribution to income is estimated to be 2.0 billion yen. For FY2019, it is assumed that the impact on consolidated operating revenues will be approximately 15.0 billion yen, and the contribution to income is estimated to be 3.0 billion yen.

○ In addition, we will promote commercial development at Tokyo Station with a view to the Tokyo Olympics and Paralympics, and actively work on Merchandise and Other as well as station building business to consistently promote our affiliated business.

○ This concludes my presentation.

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.