

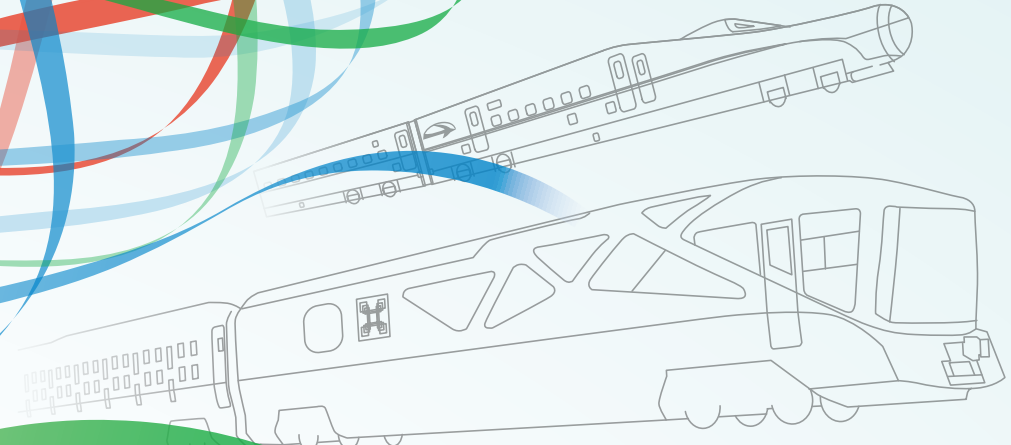
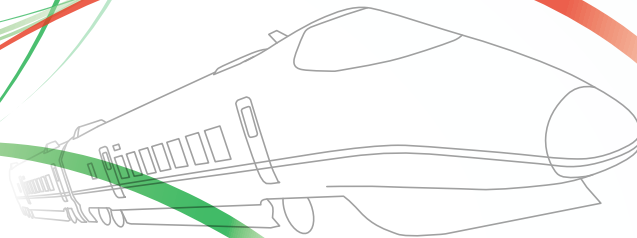
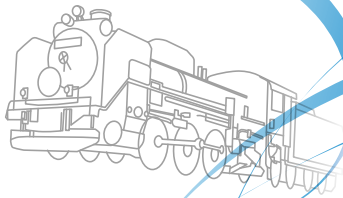
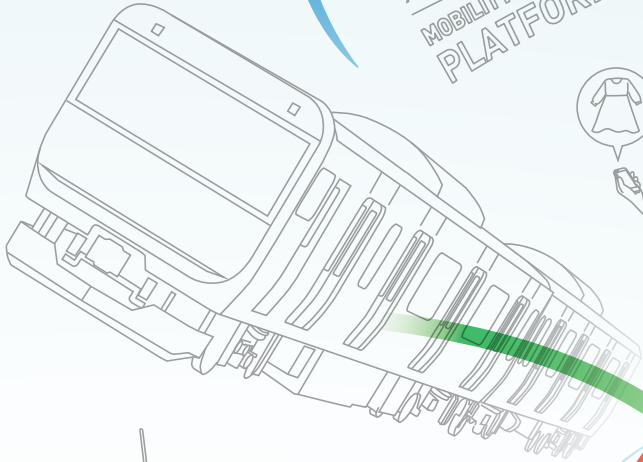


CLOUD
BIG DATA

MOBILITY LINKAGE
PLATFORM



JRE POINT



JR East Group Management Vision "Move Up" 2027

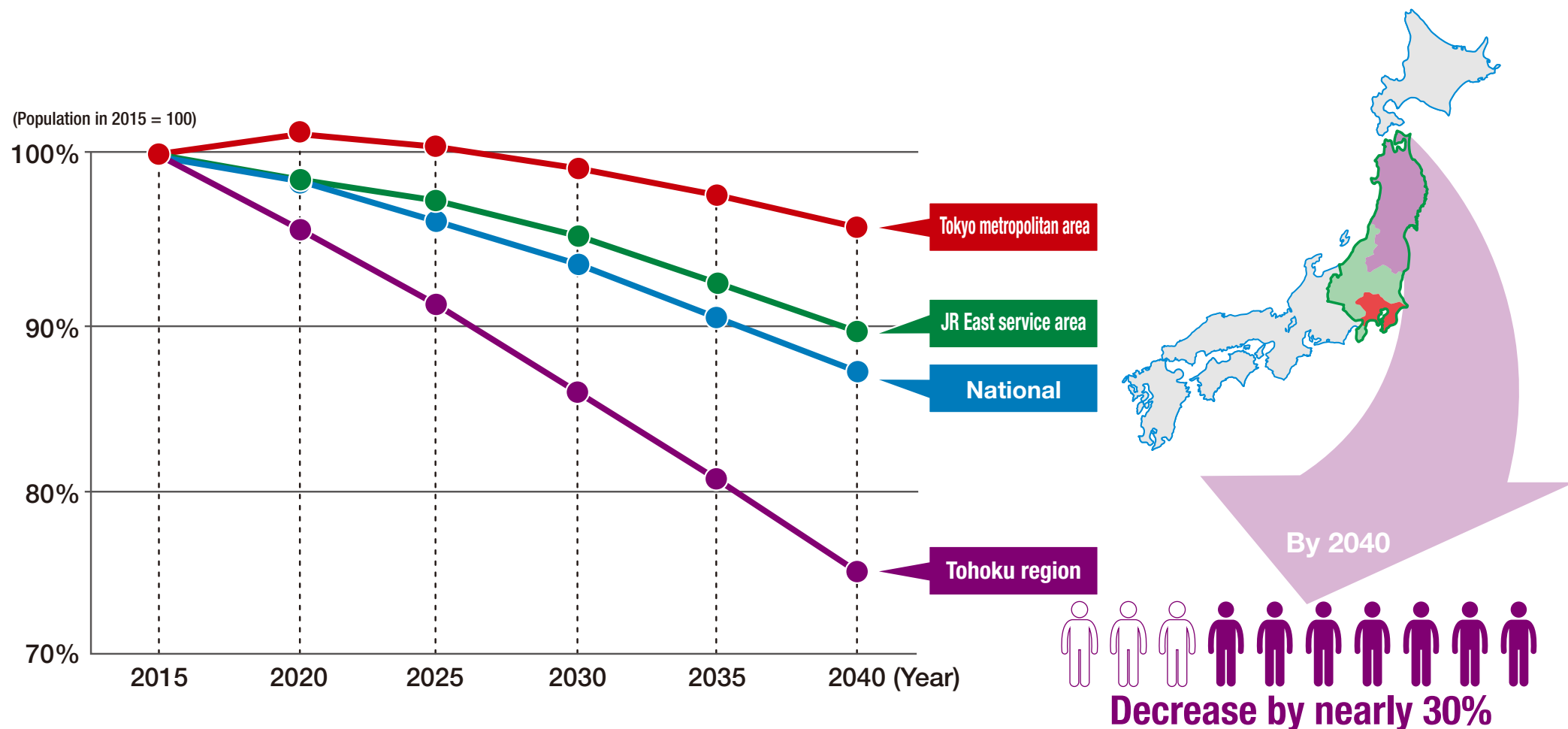
Investor Meeting
July 4, 2018

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1. Changes in the business environment: Decreasing population

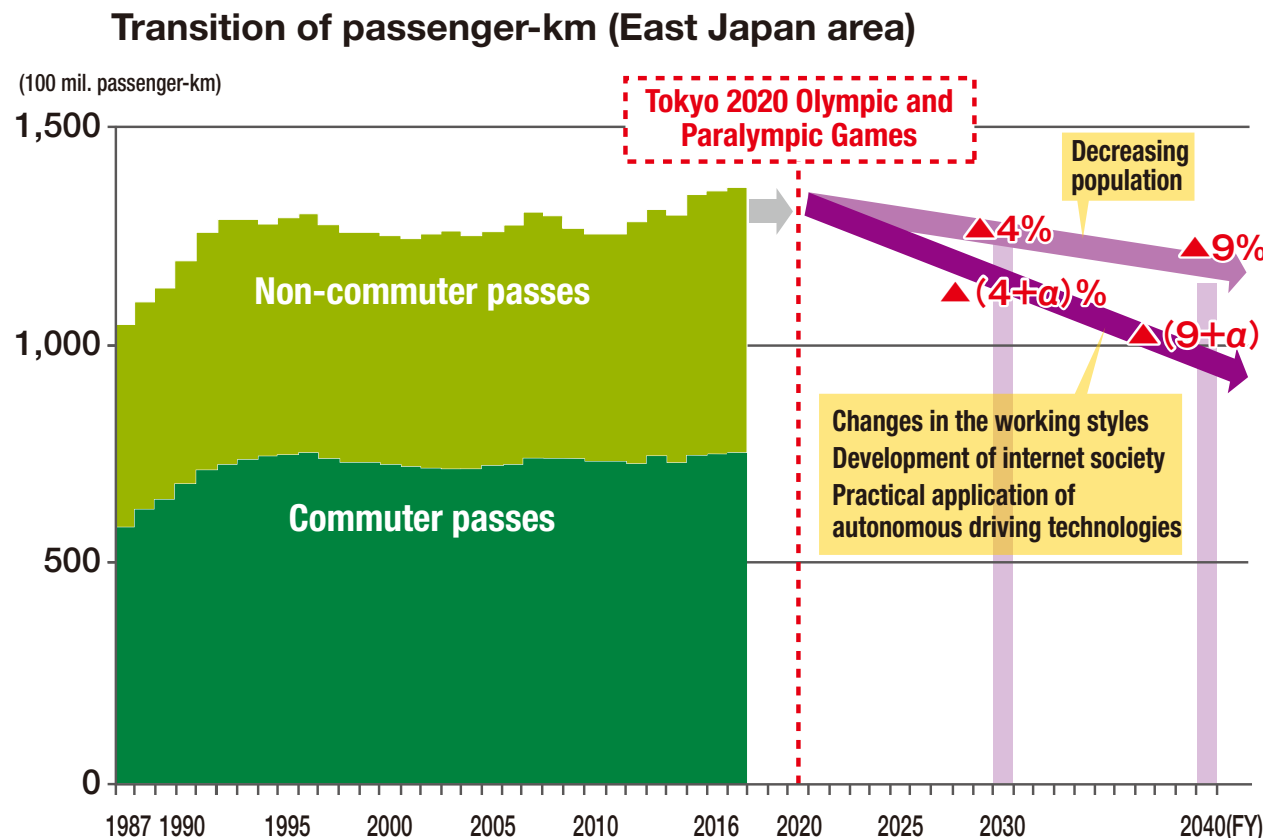
- After 2025, the population in Tokyo metropolitan area (Tokyo, Saitama, Chiba, Kanagawa) is expected to decrease gradually.
- In Tohoku region (Aomori, Iwate, Miyagi, Akita, Yamagata, Fukushima), the population is expected to decrease by nearly 30% by 2040.



Source: IPSS (National Institute of Population and Social Security Research)
Population Projections by Prefecture (2018)

1. Changes in the business environment: Decreasing need for railway transportation

- After 2020, due to decreasing population, changes in the working style, development of internet society and practical application of autonomous driving technologies, the need for railway transportation is expected to decline. Since our railway business has large fixed costs, **we face a high risk of a drastic profit loss.**

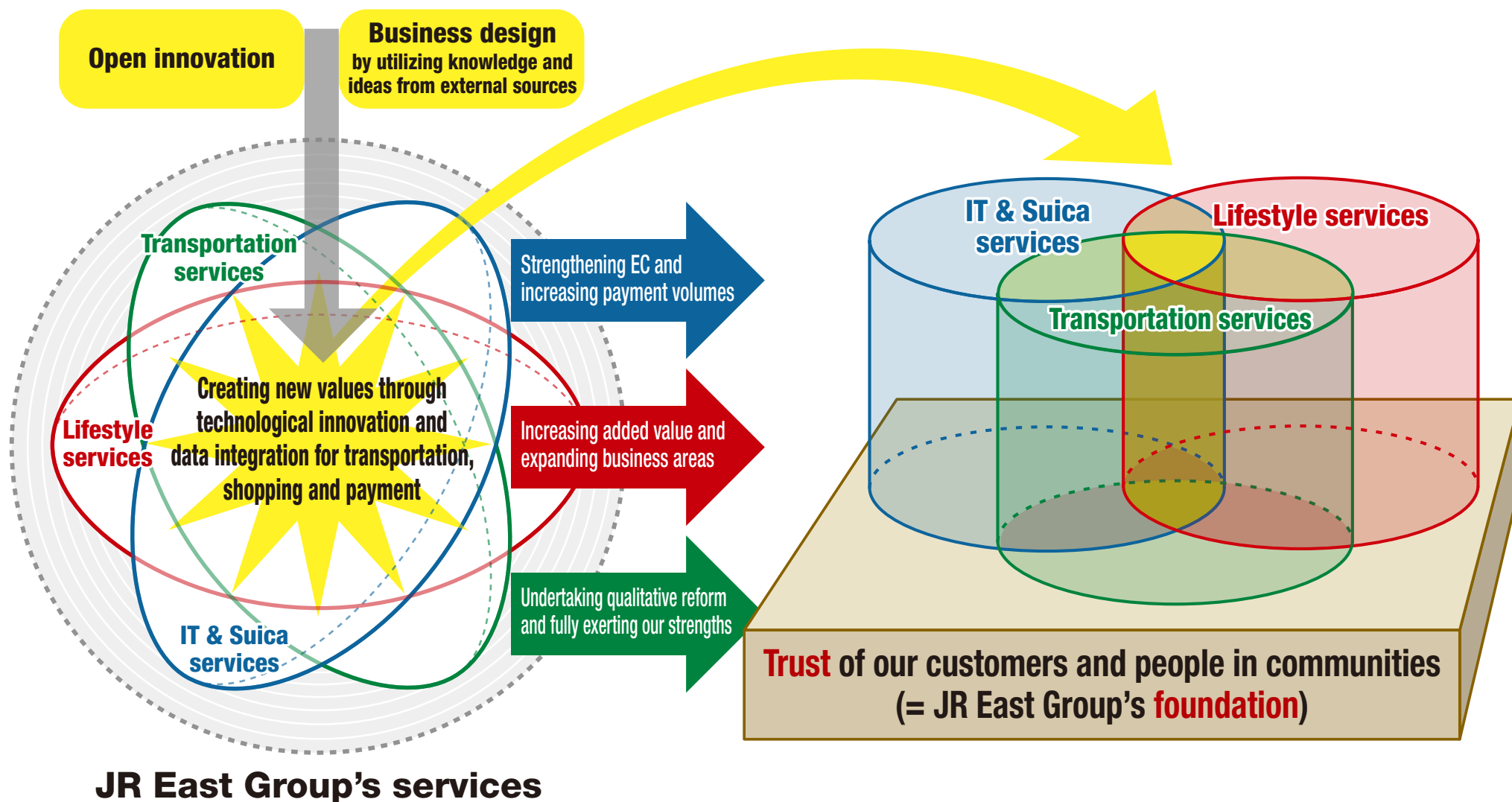


Based on the 5th Tokyo metropolitan area person trip survey (Tokyo Toshiken Kotsu Keikaku Kyogikai, 2008), the no. of passenger-km is calculated by multiplying the expected population in 2030 and 2040 by the no. of trips/person by age group.



2. JR East Group's strengths

- While utilizing JR East Group's strengths, we will continue to create new values through technological innovation and data integration for transportation, shopping and payment.



3. Basic Policies of “Move Up” 2027 ①

Environmental
change

Group
strengths

“Move Up” 2027
Basic Policies

Overview

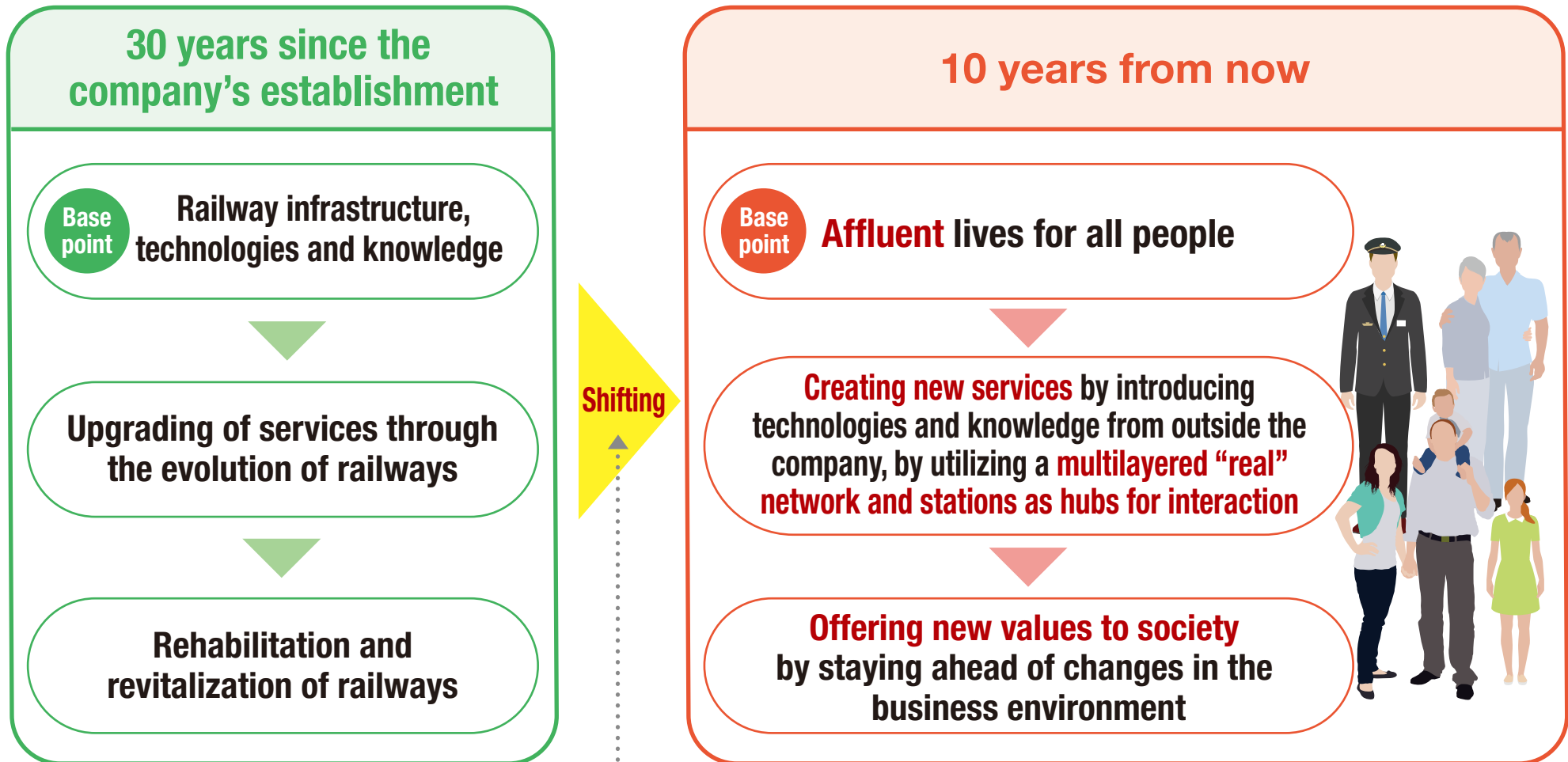
Urban cities

Regional areas

World

Targets

- **Stories to create values:** From the provision of services with railway infrastructure as our basis to the introduction of new values to society, focusing on the affluence of everyone in their daily lives.



① Drastic changes and diversification in social structures due to the decreasing birth rate and population and aging of the population

② Changes and diversification in values related to what it means to work and be affluent

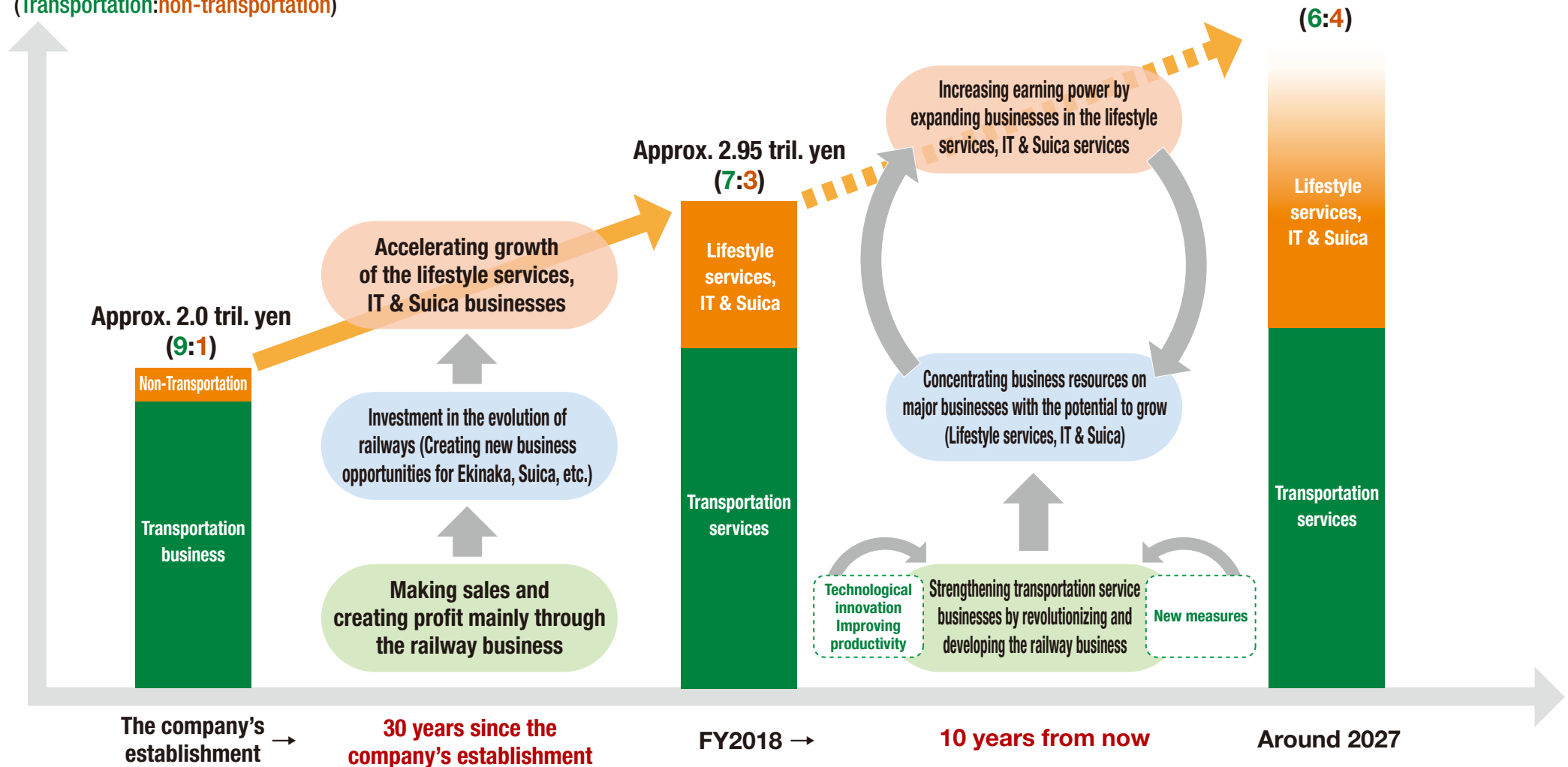
③ Changes in our living environment due to technological innovations such as AI and IoT

④ Acceptance of new values through globalization of economy and society

3. Basic Policies of “Move Up” 2027 ②

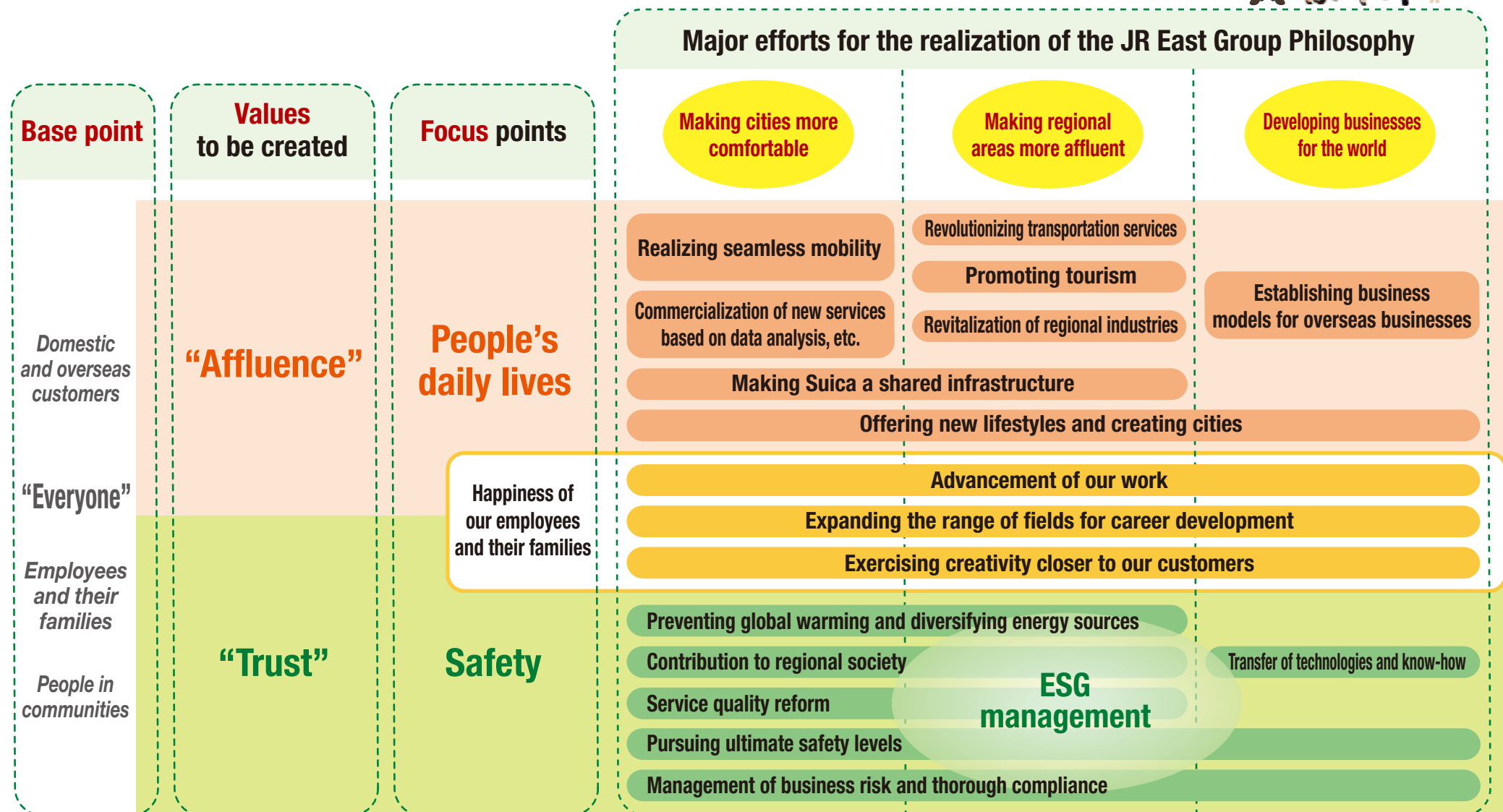
- There is an urgent need to **qualitatively reform**, revolutionize and develop transportation services mainly by railways.
- Further allocate management resources to lifestyle services and IT & Suica businesses, developing them as our **new growth engine**.

Consolidated operating revenues
(Transportation:non-transportation)



Environmental change Group strengths “Move Up” 2027 “Move Up” 2027

Basic Policies Overview Urban cities Regional areas World Targets



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4. (1)【Focus point】 Safety

- **Safety is the top priority of JR East Group’s management.** This awareness needs to be shared thoroughly with all of our employees. We take concrete measures to further improve our ultimate safety levels through the concerted efforts of all group companies.

Completely eliminating accidents due to internal causes

Tangible measure

- Proper maintenance, management, strategic renewal and strengthening of facilities and rolling stock



Intangible measure

- Strengthening practical safety education and training
- Not only learning from failures, but also recognizing things that go well



- Understanding the true nature of each task, voluntarily and thoroughly searching for potential risks, and promptly responding to them

Advancing safety capabilities of each one of our employees

Evolution of safety management

- Efforts to further advance our safety culture
- Efforts to detect new risks and advance rules and systems
- Training personnel to respond to environmental change

Strategic and positive maintenance of safety equipment

- Properly responding to new risks by actively utilizing new technologies

Realization of safer station platforms and level crossings

Improving safety levels at station platforms

- By the end of FY2033, the introduction of platform doors at all stations (330 stations) for major conventional lines in Tokyo metropolitan area
- Development of high-precision Image Processing Type Fallen Passenger Detecting System



Improving safety levels at level crossings

- Warning road users (drivers) by using the Intelligent Transportation System
- Introduction of highly functional 3D level crossing obstacle detectors
- Installation of crossing gates or alarms to class 4 level crossings



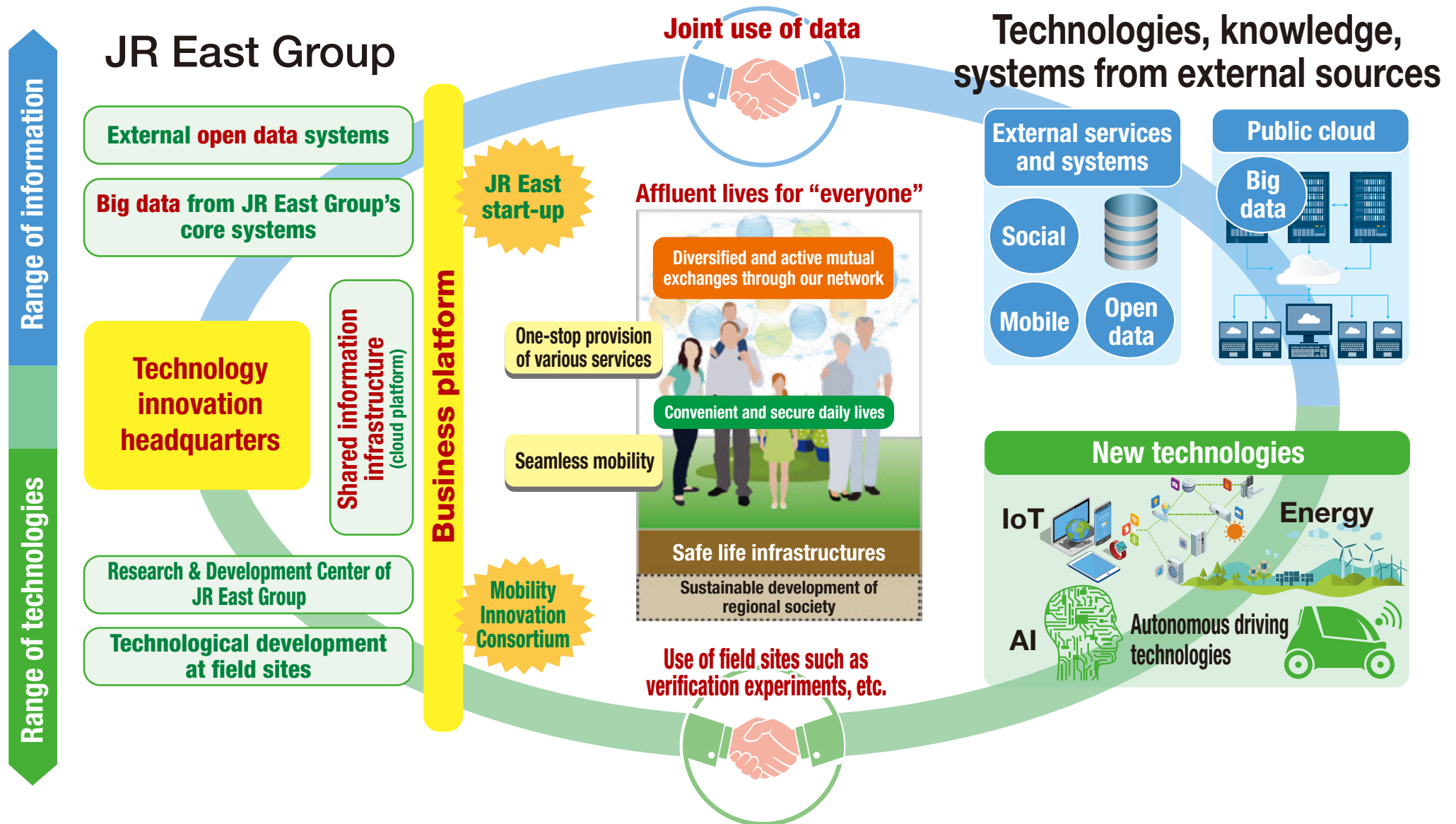
Reducing risk of disasters and terrorist incidents

- Accelerating plans for further seismic reinforcement against large-scale earthquakes
- Improving prediction accuracy for abnormal weather and serious disasters (wind gusts, heavy rain, etc.)
- Strengthening security against new threats such as terrorism, etc.



4. (1) 【Focus point】 People's daily lives

- By further expanding the range of coalitions with external networks by joint use of data and use of field sites such as verification experiments, we will realize affluent lives for “everyone”.



4. (1) Practicing ESG management

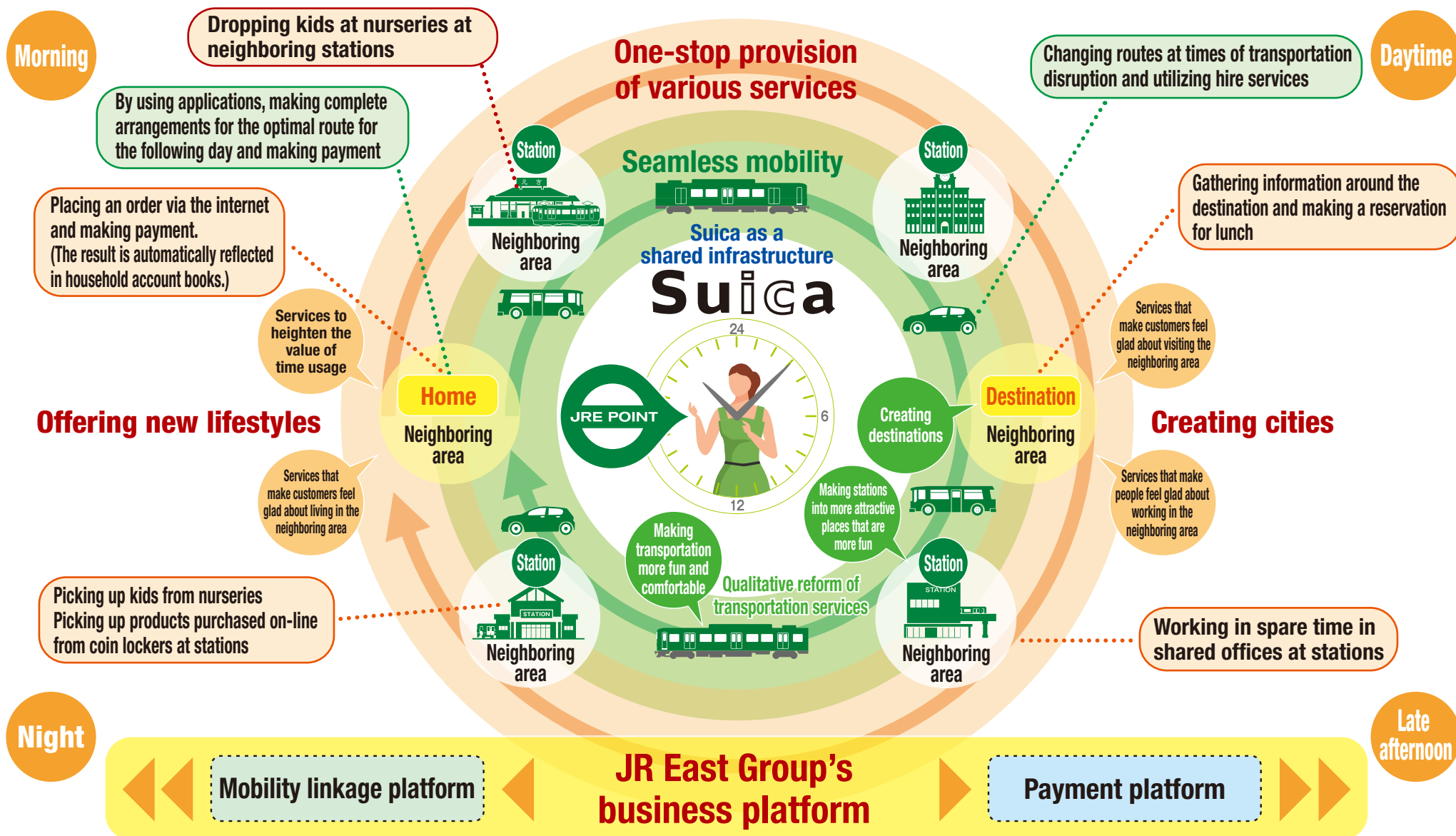
- JR East Group will strive to solve social issues through our businesses, contribute to the development of regional society, and **deepen the trust that people in communities and customers have in us**, leading to the sustainable growth of JR East Group.



SUSTAINABLE DEVELOPMENT GOALS: 17 Sustainable Development Goals the world agreed upon for 2030

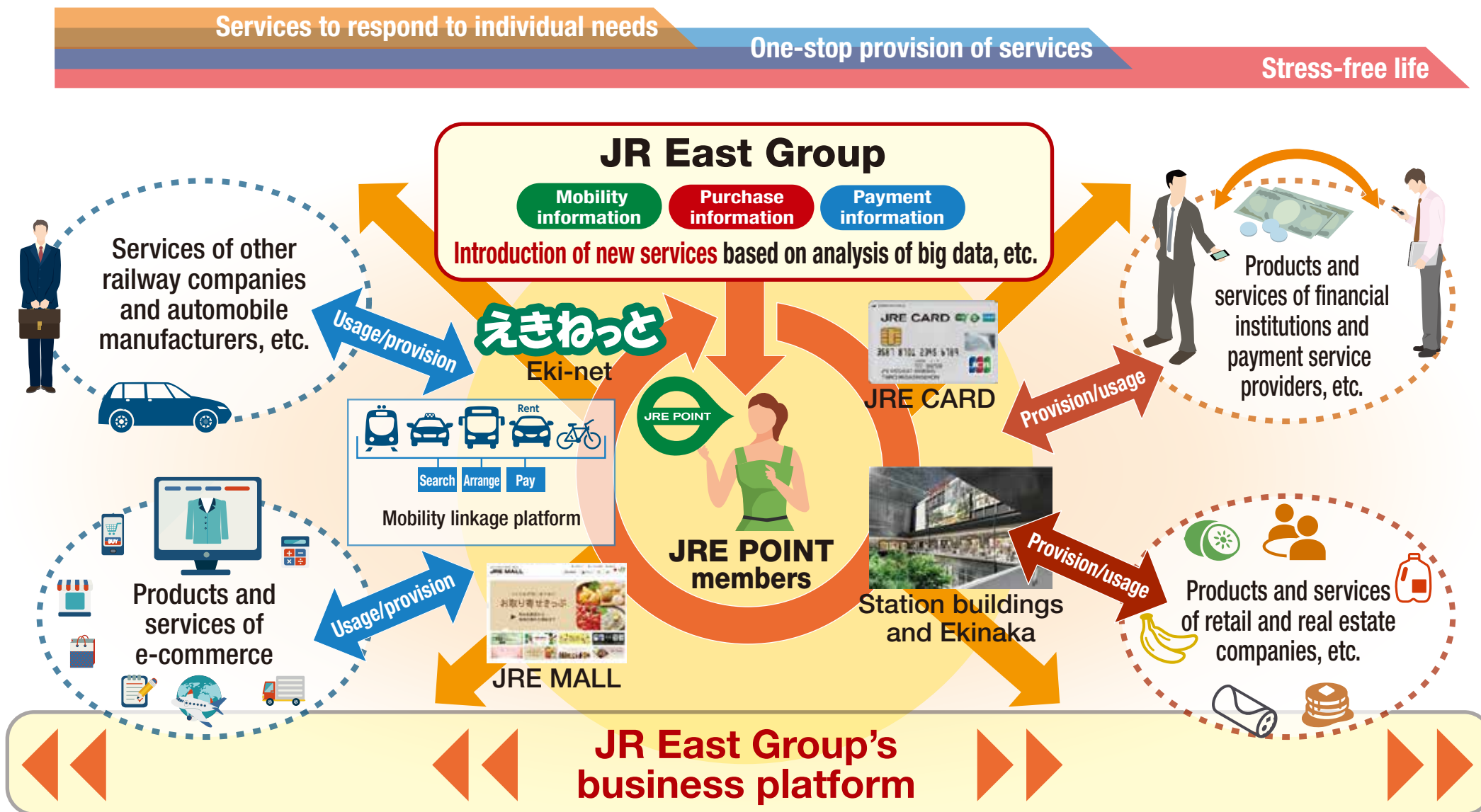
4. (2) 【Making cities more comfortable】 Targets

- By delivering seamless transportation and various services as part of our “one-stop” offering, we will provide an environment where customers can choose the optimal transportation, purchasing and payment services for their daily lives 24 hours a day.



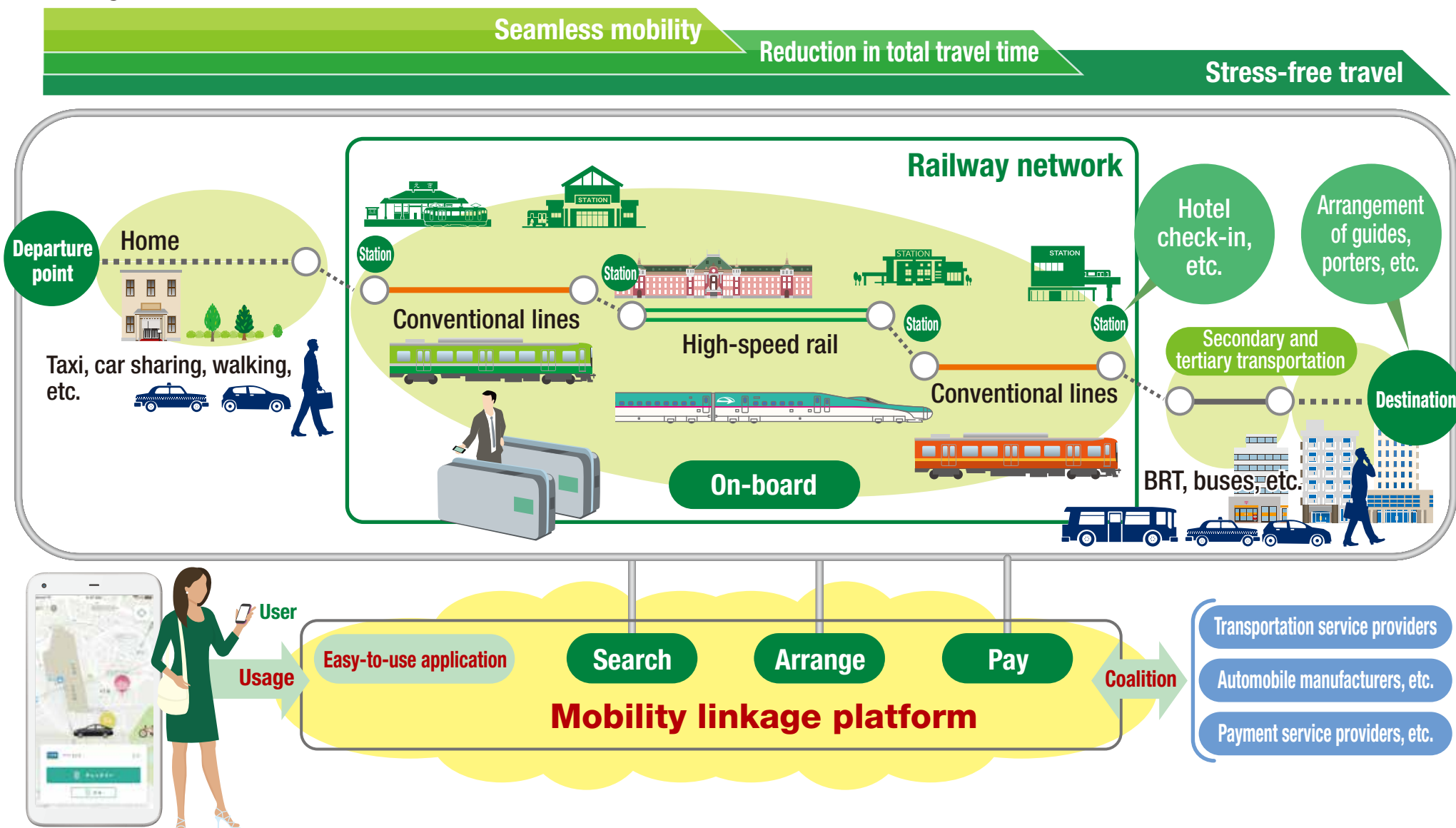
4. (2) 【Making cities more comfortable】 One-stop provision of various services

- By widely connecting various services by JRE POINT, we will expand and accelerate the introduction of new services. At the same time, by carefully responding to individual needs and providing one-stop convenience for a variety of services, we help to create a stress-free living environment for customers.



4. (2) 【Making cities more comfortable】 Realization of seamless mobility

- JR East will undertake initiatives for the realization of seamless mobility by utilizing its mobility linkage platform, providing all-in-one-services that offer the necessary transportation information as well as purchasing and payment options to customers, enabling stress-free travel and a reduction in total travel time.



4. (2) 【Making cities more comfortable】Qualitative reform of transportation services

Environmental
change

Group
strengths

“Move Up” 2027
Basic Policies

Overview

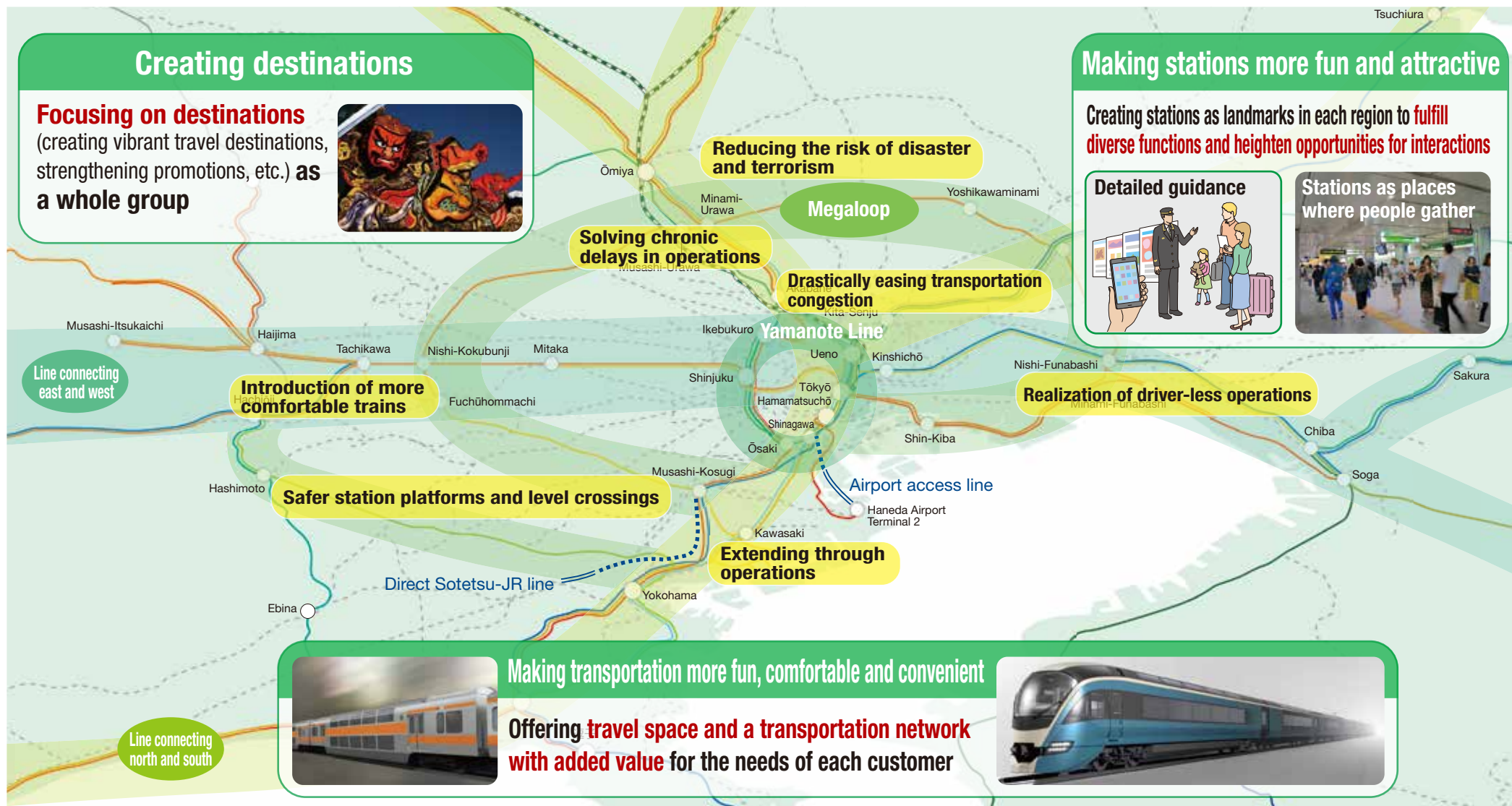
Urban cities

Regional areas

World

Targets

- With the improvement of the safety and reliability of transportation as our foundation, **we will qualitatively reform our transportation services** by creating destinations for our customers, making stations more fun and attractive, and making transportation more fun, comfortable and convenient.



Increasing safety and reliability of transportation

■ Introduce Smart trains by qualitatively reforming railways from various perspectives including operations and services.

Services

- Realization of **next-generation ticketing systems** and **touch-less and gate-less ticketing**
- Realization of **next-generation Shinkansen** (360 km/h)



Safety

- **Improving security and safety** by utilizing **sensor technologies** for platforms and level crossings



Smart trains



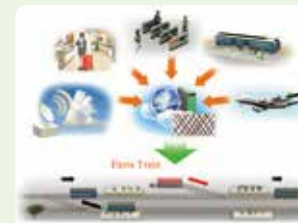
Environment

- Development of **fuel-cell railcars** using hydrogen as energy



Train operations

- Realization of **driver-less operations**
- **Speedy recovery of train service delays** by ICT at times of transportation disorder



Maintenance

- Introduction of **robots** for maintenance
- Utilization of **drones** to understand situations at disaster and accident sites
- Realization of **smart maintenance** to respond to the condition of facilities and rolling stock



【Topics】 Promotion of Haneda Airport Access Line concept

Major effects

- Realization of seamless mobility by offering **direct access from multiple directions** (reduction in travel time and elimination of transfers)
- Responding to a further increase in transportation needs (between each section of the Tokyo metropolitan area and the airport) by **reinforcing transportation capacity** (by approx. 1.8 times the current level) and **increasing redundancy** to offer multiple options



Between Shinjuku and Haneda Airport	Time required	No. of transfer
Via Tokyo Monorail	Approx. 48 min.	1 (Hamamatsu-cho)
Via Keikyu	Approx. 43 min.	1 (Shinagawa)

	Time required	No. of transfer
West Yamanote route	Approx. 23 min.	N/A

Between Tokyo and Haneda Airport	Time required	No. of transfer
Via Tokyo Monorail	Approx. 28 min.	1 (Hamamatsu-cho)
Via Keikyu	Approx. 33 min.	1 (Shinagawa)

	Time required	No. of transfer
East Yamanote route	Approx. 18 min.	N/A

Between Shin-Kiba and Haneda Airport	Time required	No. of transfer
Via Tokyo Monorail	Approx. 41 min.	1 (Tennozu Isle)

	Time required	No. of transfer
Coastal area route	Approx. 20 min.	N/A

4. (2) 【Making cities more comfortable】 Offering new lifestyles and creating cities

Environmental
change

Group
strengths

“Move Up” 2027
Basic Policies

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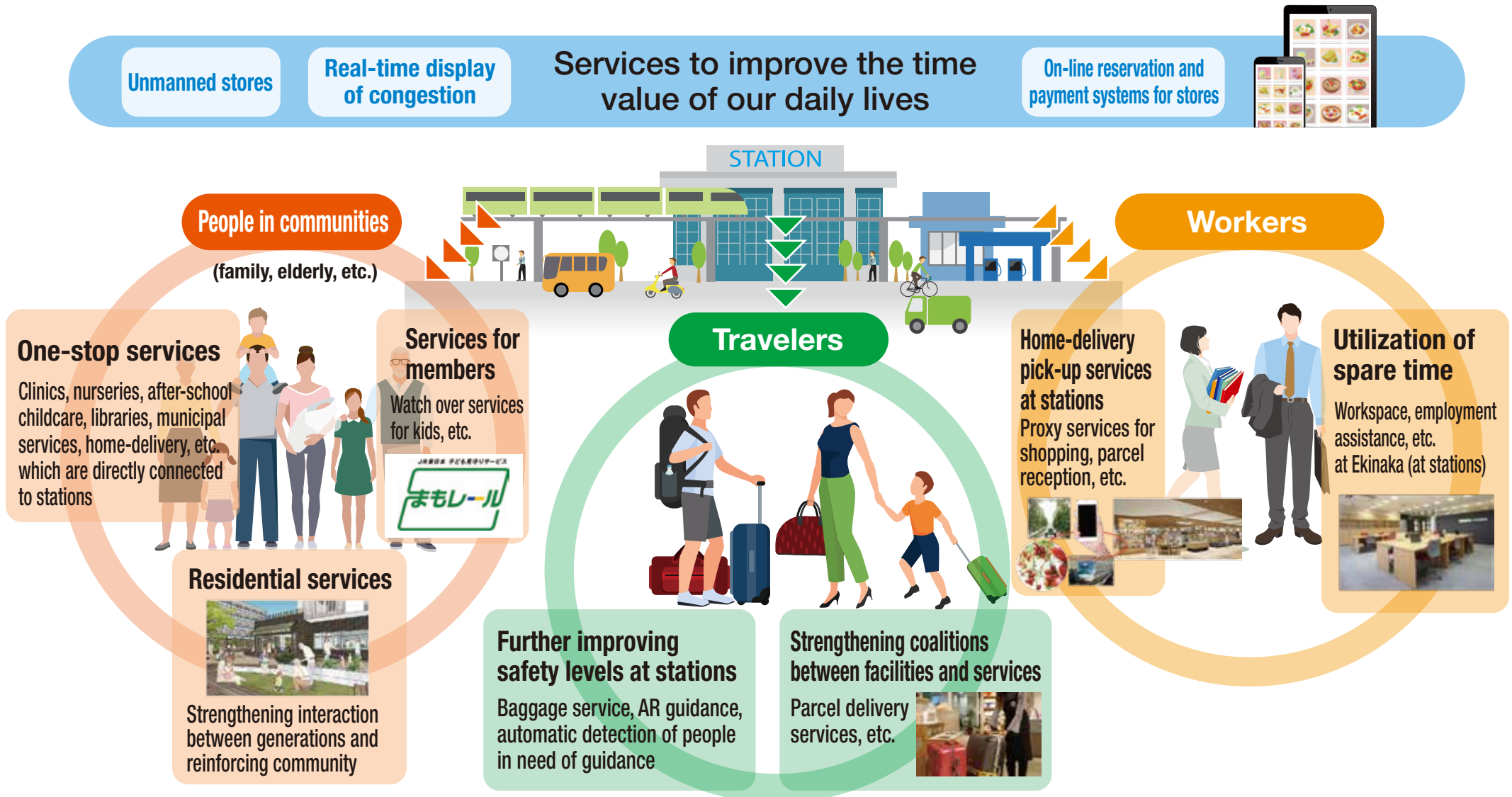
“Move Up” 2027
Urban cities

Regional areas

World

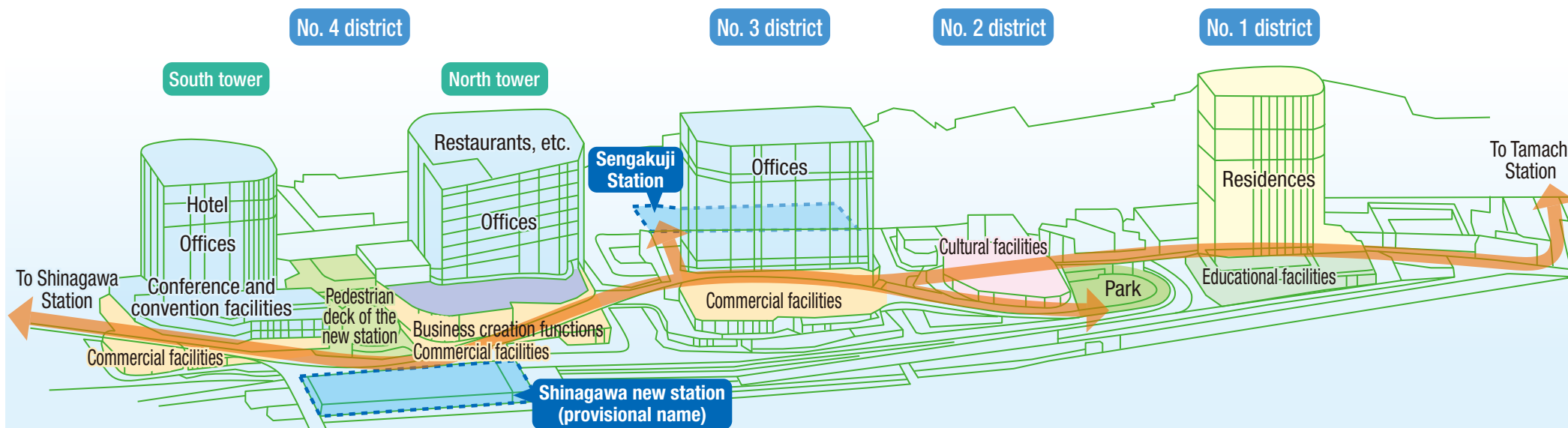
Targets

- Offering new lifestyles and creating cities that people feel are good to live in, good to work in, and good to visit.
- By further improving services, we will enhance convenience and comfort levels for citizens, workers, and travelers, etc.



【Topics】 GLOBAL GATEWAY SHINAGAWA

- **Creating a new international hub** where leading-edge companies and people from around the world come together, and new businesses and cultures are created through diverse interaction.



Urban development of global standards

The latest urban infrastructures, functions, and environments attracting attention from the world



Vibrant plaza and pedestrian network



Unique and quality space



MICE and offices



Commercial and cultural facilities



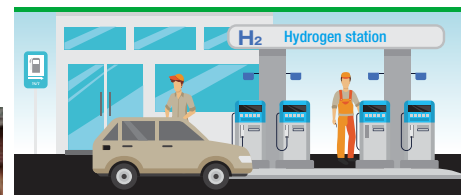
Hotels and residences



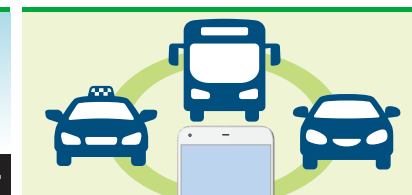
Connections to neighboring communities

Showcasing JR East's new challenges

Utilizing JR East's resources and making various proposals to cope with social change



Efforts to realize a hydrogen society



Transfer between railways and secondary transportation modes at the new station



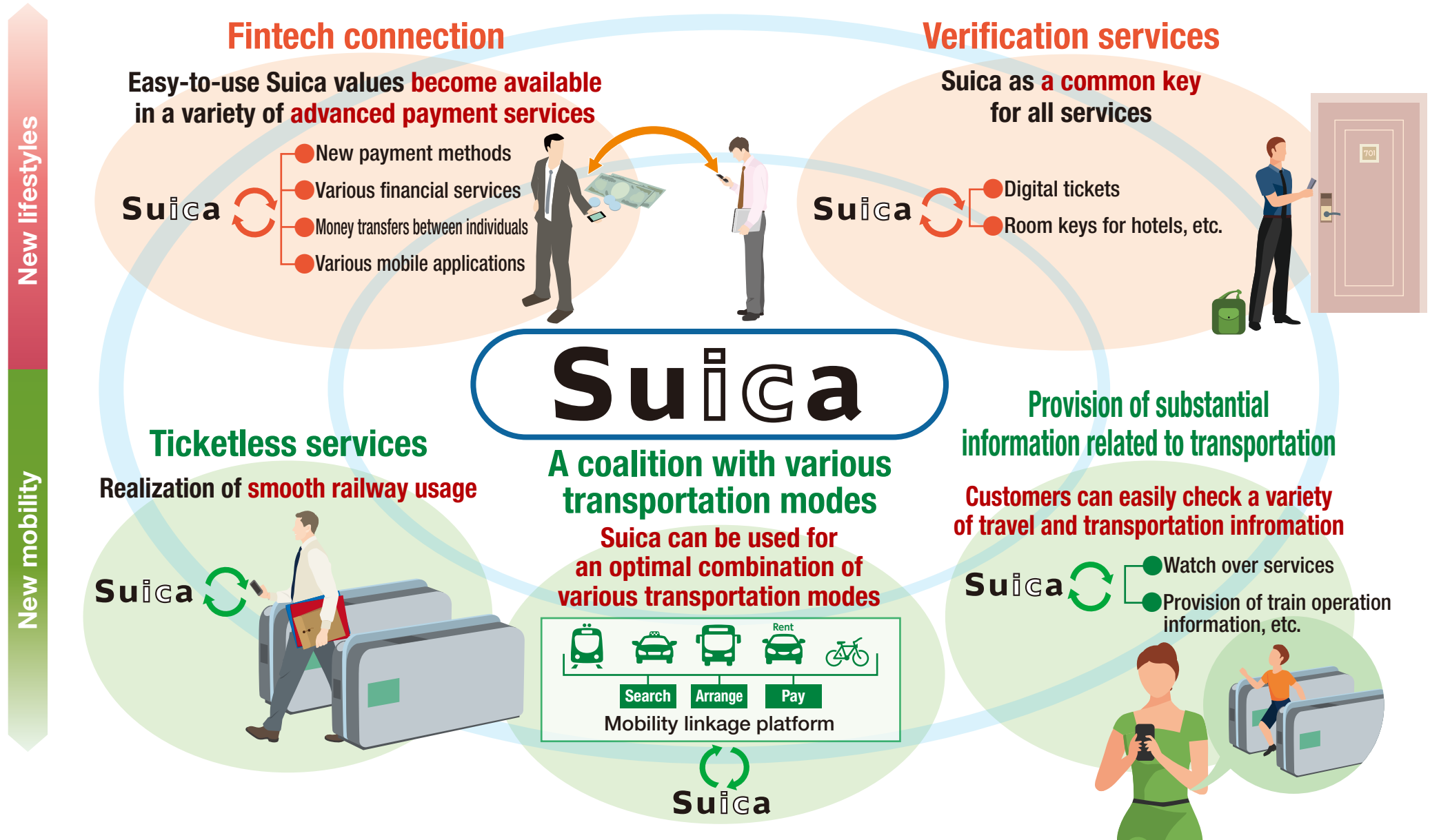
Support for start-ups



Laboratory functions to try new ideas

4. (2) 【Making cities more comfortable】 Making Suica a shared infrastructure

- Making Suica a shared infrastructure by linking Suica with various other payment methods and applications so that Suica can be used in a full range of activities in our daily lives.



4. (3) 【Making regional areas more affluent】 Targets

Environmental
change

Group
strengths

“Move Up” 2027
Basic Policies

Overview

Urban cities

Regional areas

World

Targets

- By promoting tourism, revitalizing communities, reforming transportation services, and undertaking town planning projects, **we will achieve compact cities and networking.**

Network to respond to characteristics of each region

Active interaction both between regions and inside regions

Affluent living

【Reformation of transportation services】



Switching to transportation modes depending on characteristics of each region

Realization of seamless
and safe mobility

Coalitions with
other networks

【Promoting tourism】

Finding new regional tourism resources and
promoting the attractiveness of each region

Development of sightseeing
routes covering large areas

Operating Joyful Trains

Responding to inbound travel
demand from overseas



Regional areas

Making Suica a
shared infrastructure

Suica

Station

Toward
compact cities
and networking



Development of quality lifestyle
services near stations

Participation in revitalization
of central urban districts

As hubs (community, energy,
disaster prevention)

Strengthening gateway
functions of stations

【Town planning around stations】



Promoting the sextic industrialization of
agriculture, forestry and fisheries including
processing, logistics and marketing



Expanding sales channels and distributing
information on regional specialties

Supporting regional
cultural projects

Promoting renewable energy

【Revitalization of regions】

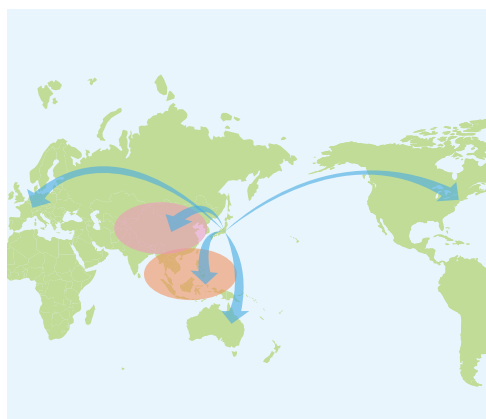
4. (3)【Making regional areas more affluent】 Promoting inbound tourism strategies

■ With the Tokyo metropolitan area as the base point, we aim to revitalize regional cities by expanding inbound travel demand and encouraging tourists to visit regional cities.

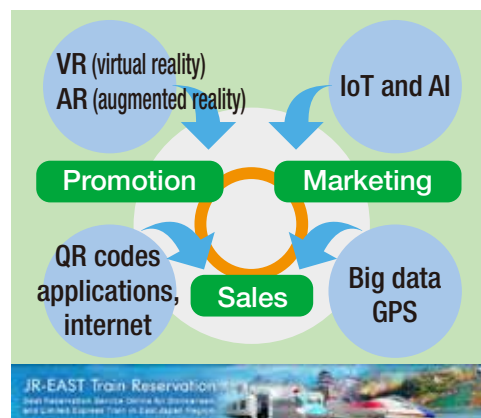
Inbound travel revenue forecast (plan)		FY2019	FY2023	FY2028
	Railway Business	27 bil. yen	38 bil. yen	47 bil. yen
	Lifestyle Business	15 bil. yen	22 bil. yen	27 bil. yen

Strengthening promotions mainly for private travelers from Asia

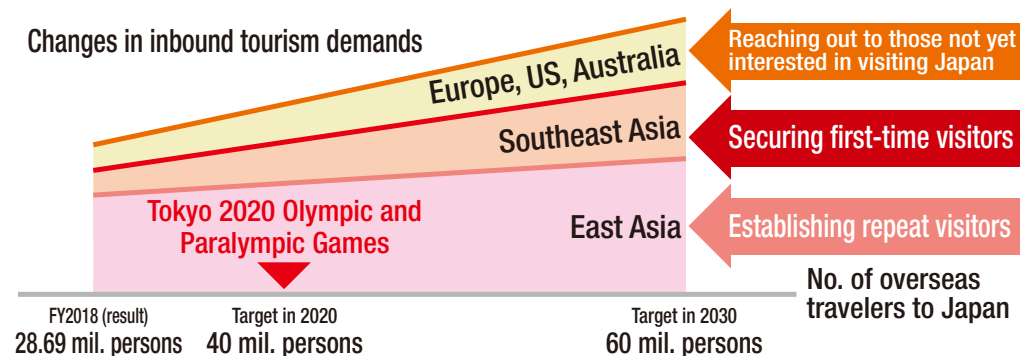
Expanding hubs and networks



Strengthening and expanding digital marketing and direct sales via the internet



Changes in inbound tourism demands



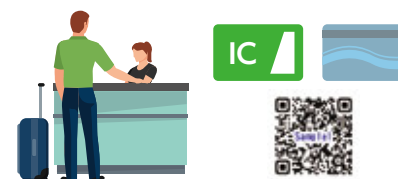
From Tokyo metropolitan area to Tohoku and Shinetsu regions

Improving stress-free environment to welcome guests

Free Wi-Fi in Shinkansen, etc.



Responding to various payment services



Providing easy-to-use Suica services



Creating opportunities to experience customs and cultures

Increasing experience-type products

Regional materials

Experience-type products

Finding new raw materials

Destination Campaign and inbound

Providing various accommodation services

Accommodation

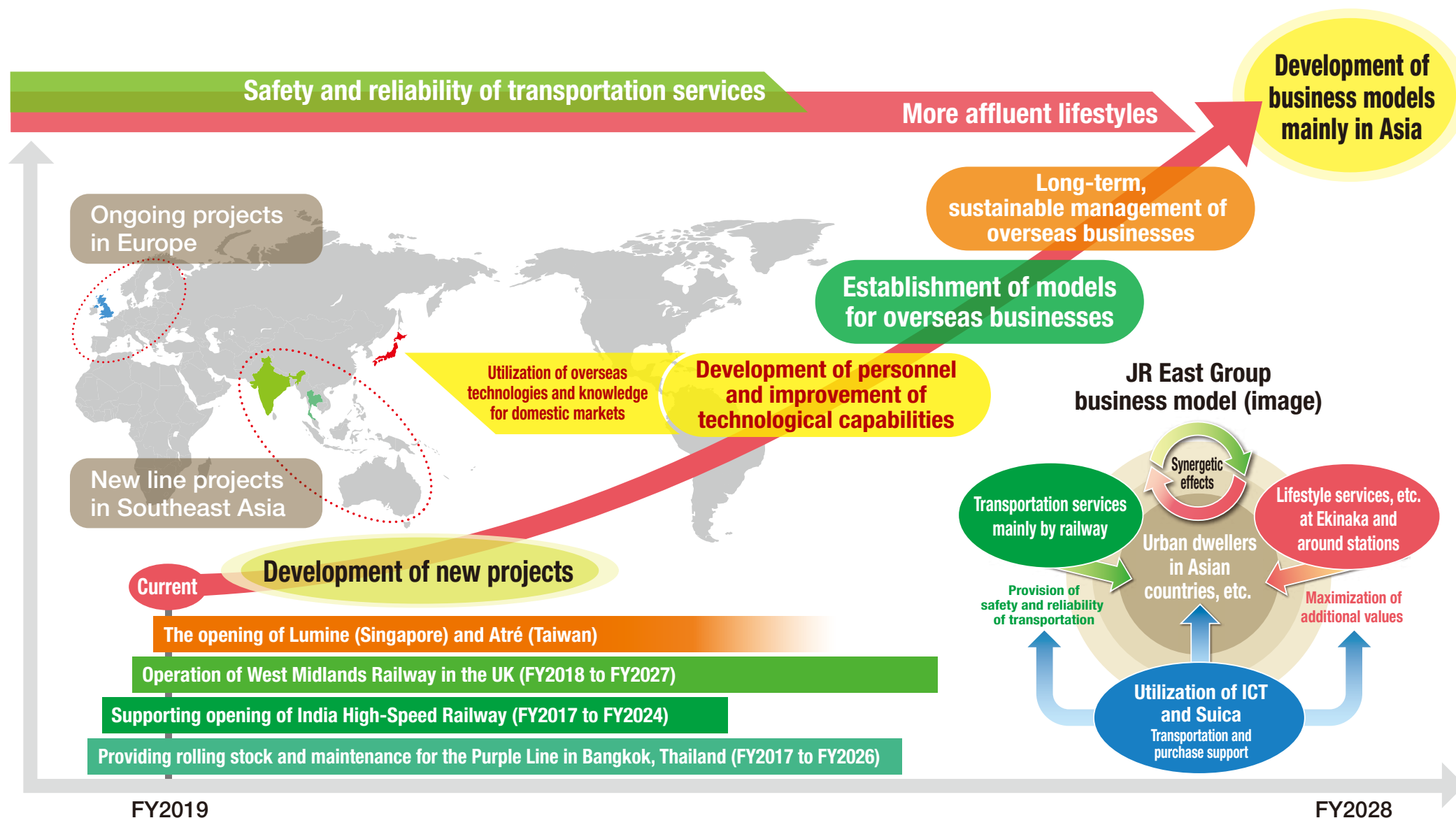
Staying at old folk houses/farmhouses

Eating

Local restaurants

4. (4)【Developing businesses for the world】Targets

- By packaging our transportation services, lifestyle services, etc. to match the needs of each country we will offer more affluent lifestyles for global markets.



4. (5) Numerical targets (FY2023)

Environmental
change

Group
strengths

"Move Up" 2027
Basic Policies

Overview

Urban cities

Regional areas

World

Targets

Financing

【Consolidated operating cash flow】

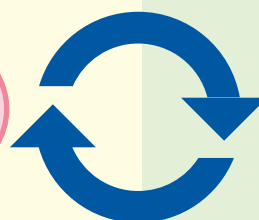
- With safety and reliability of transportation as our foundation, we will increase operating cash flow by offering new services to respond to needs of customers.
- We aim to expand the scale of our operating revenues.

Corporate bonds,
loans, etc.

Consolidated
accumulated
operating cash flow
3.72 tril. yen

Deposit balance, etc.

Investing the
generated cash



By utilizing assets
efficiently,
maximizing profits

Priority budget
allocation
400 bil. yen

Growth
investment
1.44 tril. yen

Total capital
expenditures
3.75 tril. yen

Investment
needed for the
continuous
operation of
business
1.91 tril. yen

Shareholder
returns

Money usage

【Priority budget allocation (investment for innovation, etc.)】

- Promoting investment for technological innovation (5 years)

【Growth investment】

- Based on new criteria for the judgement of investments, we actively invest for future growth.

【Investment needed for the continuous operation of business】

- We flexibly invest at or close to an amount equal to consolidated depreciation expense.

《Management index targets》

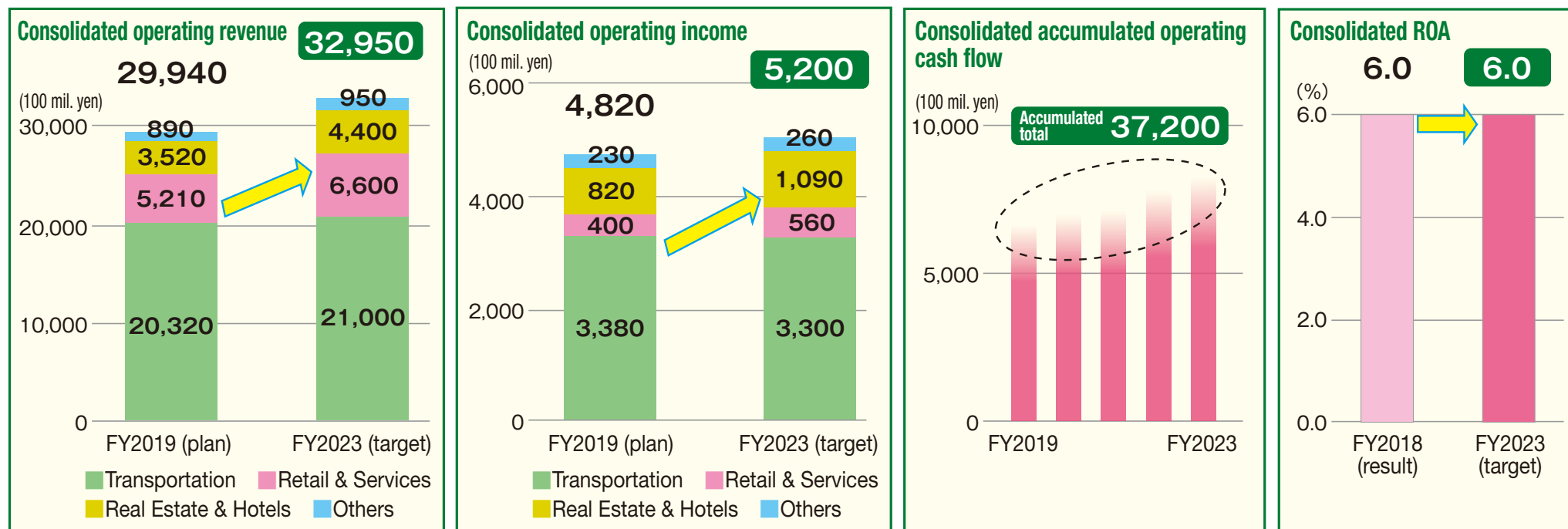
○ Consolidated accumulated operating cash flow ○ Consolidated ROA (operating income rate for total assets = operating income ÷ total assets)

《Mid- to long-term mindset》

○ The balance of consolidated interest-bearing debt should correspond to the consolidated operating revenue and profit. ○ Total return ratio is targeted to be 40%. Dividend payout ratio is targeted to be 30%.

4. (5) Numerical targets (FY2023), etc.

- To achieve our reforms in the coming 10 years, we will set **numerical targets for the first 5 years (FY2023)**, i.e. for the first half of the period.



Values to create	Focus points	Numerical targets for specific actions (FY2023)	
Affluence	People's daily lives	<ul style="list-style-type: none"> ○Mobility Linkage Platform: Service usage: 30 mil. transactions/month ○Ticketless service usage rate for JR East Shinkansen: 50% ○No. of childcare support facilities: 150 locations in total 	<ul style="list-style-type: none"> ○No. of shared offices: 30 locations in total ○No. of JRE MALL members: 700,000 persons ○No. of JRE POINT members: 16 mil. persons ○E-money usage such as Suica: 300 mil. transactions/month
Trust	Safety	<ul style="list-style-type: none"> ○Accidents due to internal causes: 0 ○Serious incidents: 0 ○Railway accidents: 20% reduction (from FY2018 level) Of which accidents on platforms involving personal injuries: 30% reduction (from FY2018 level) 	<ul style="list-style-type: none"> ○Transportation disruptions due to internal causes (from FY2018 level) Conventional lines within 100-km range of Tokyo: 50% reduction JR East Shinkansen: 75% reduction ○Total delay time for conventional lines in Tokyo metropolitan area: 20% reduction (from FY2018 level)

4. (5) Numerical targets (Capital expenditures)

Environmental
change

Group
strengths

"Move Up" 2027
Basic Policies

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Urban cities

Regional areas

World

Targets

Breakdown of capital expenditures

FY2019 to FY2023
Total capital
expenditures:
3.75 tril. yen

Priority budget
allocation:
400 bil. yen

Growth
investment:
1.44 tril. yen

Investment
needed for the
continuous
operation of
business:
1.91 tril. yen

(of which,
1.2 tril. yen is for
safety measures)

Breakdown of capital expenditures

Priority budget allocation (Investment in innovation, etc.)

- Smart maintenance (CBM, etc.)
- Next-generation ticketing system
- Revolution in transportation duties in the Tokyo metropolitan area
- Training simulators for train crews, etc.



Smart maintenance (CBM, etc.)



Next-generation ticketing system

Growth investment

- Shinagawa development project
- Introduction of first-class (green) cars to Chuo line rapid service, etc.
- Oimachi development project (provisional name)
- Yokohama station west exit development building (provisional name)
- Kawasaki station west exit development project
- Takeshiba waterfront development project etc.



Shinagawa new station
(provisional name)



Introduction of first-class (green) cars
to Chuo line rapid service, etc.

Investment needed for the continuous operation of business

- Countermeasures for large-scale earthquakes
- Installation of platform doors
- Production of rolling stock for conventional lines (Series E235, etc.)
- Production of rolling stock for Shinkansen (Series E5 and E7, etc.)
- Renovation of stations (Shibuya station, etc.)



Countermeasures for large-scale earthquakes

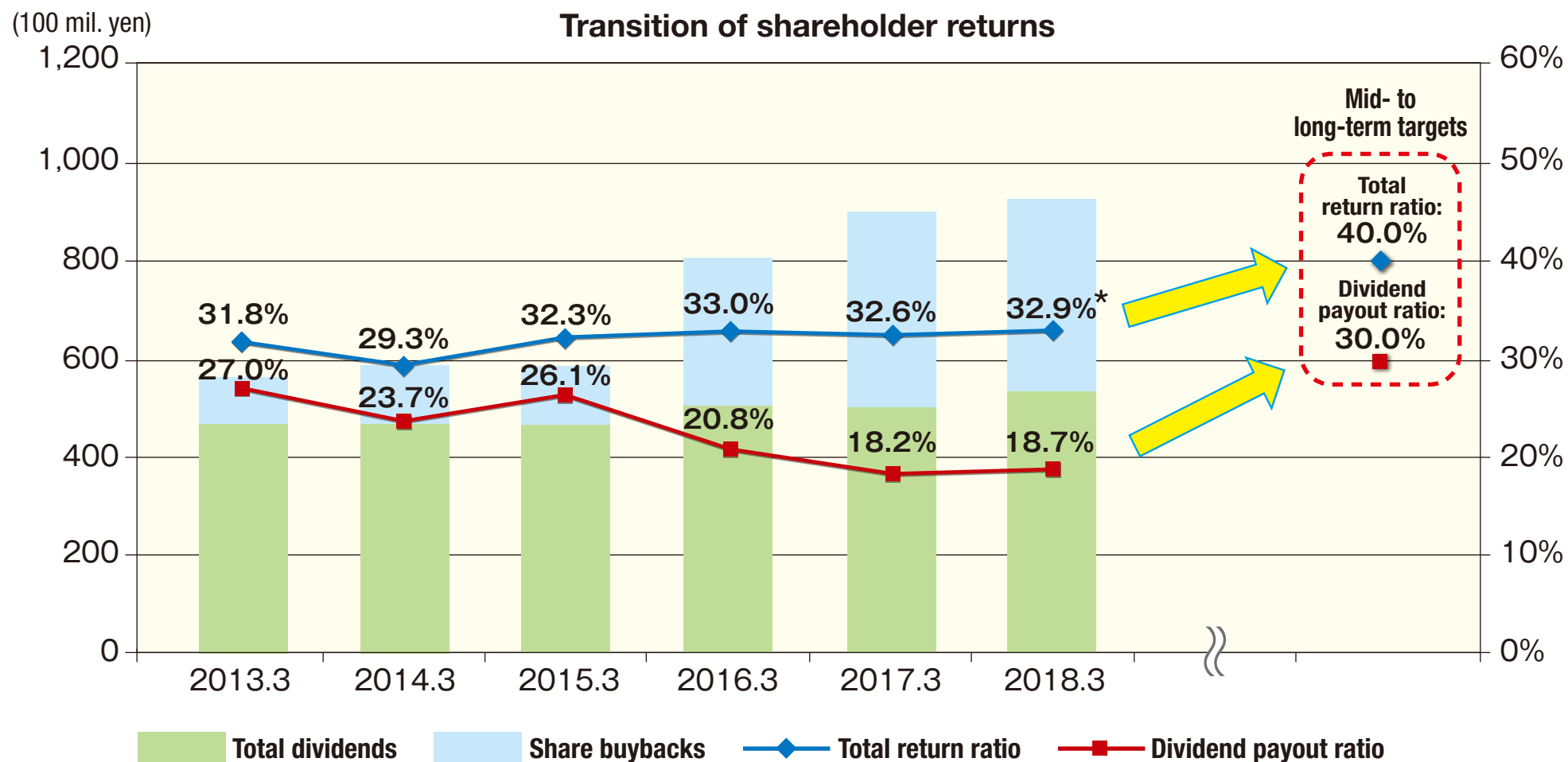


Installation of platform doors

4. (5) Numerical targets (Shareholder returns)

Shareholder returns

- ◆ In the mid- to long-term, the total return ratio is targeted to be 40%. The dividend payout ratio is targeted to be 30%.
- ◆ We will stably increase a dividend and flexibly buy back our shares consistent with trends in our business results.

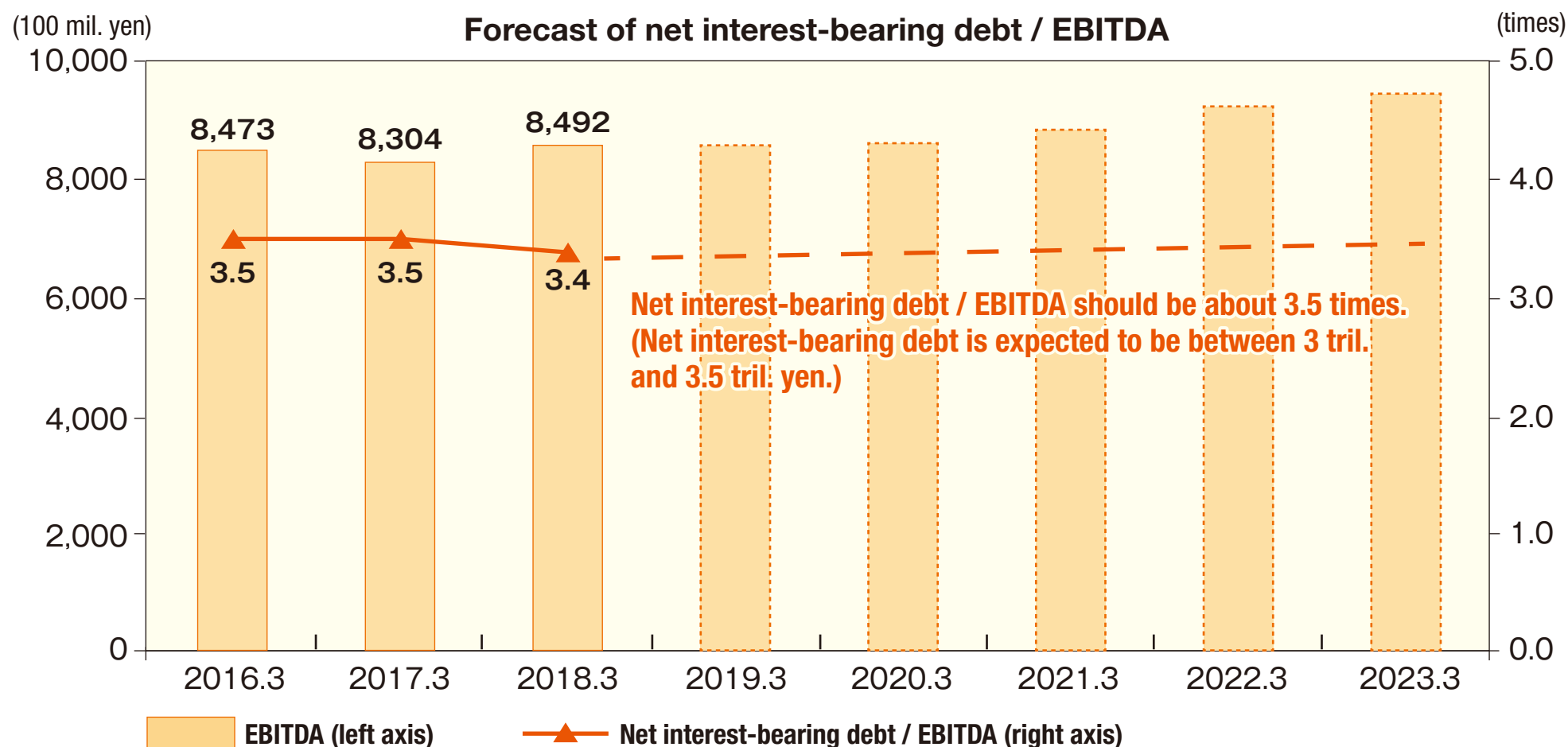


*Total return ratio for FY2018: In the case that the total 41 bil. yen of our own shares is acquired.

4. (5) Numerical targets (Interest-bearing debt)

Consolidated interest-bearing debt

- ◆ Considering ability to repay debt, the balance of consolidated interest-bearing debt should correspond to the consolidated operating revenue and profit.
- ◆ Net interest-bearing debt / EBITDA^(*) should be about 3.5 times.



(*) **Net interest-bearing debt** = Balance of consolidated interest-bearing debt – Balance of consolidated cash and cash equivalents
EBITDA = Consolidated operating income + Consolidated depreciation expense

TICKET

TO

TOMORROW



Forward-Looking Statements

Statements contained in this report with respect to JR East Group's plans, strategies and beliefs that are not historical facts are forward-looking statements about the future performance of JR East Group, which are based on management's assumptions and beliefs in light of the information currently available to it. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause JR East Group's actual results, performance or achievements to differ materially from the expectations expressed herein. These factors include, without limitation, (i) JR East Group's ability to successfully maintain or increase current passenger levels on railway services, (ii) JR East Group's ability to improve the profitability of its railway and other operations, (iii) JR East Group's ability to expand its non-transportation operations, and (iv) general changes in economic conditions and laws, regulations and government policies in Japan.