

# East Japan Railway Company

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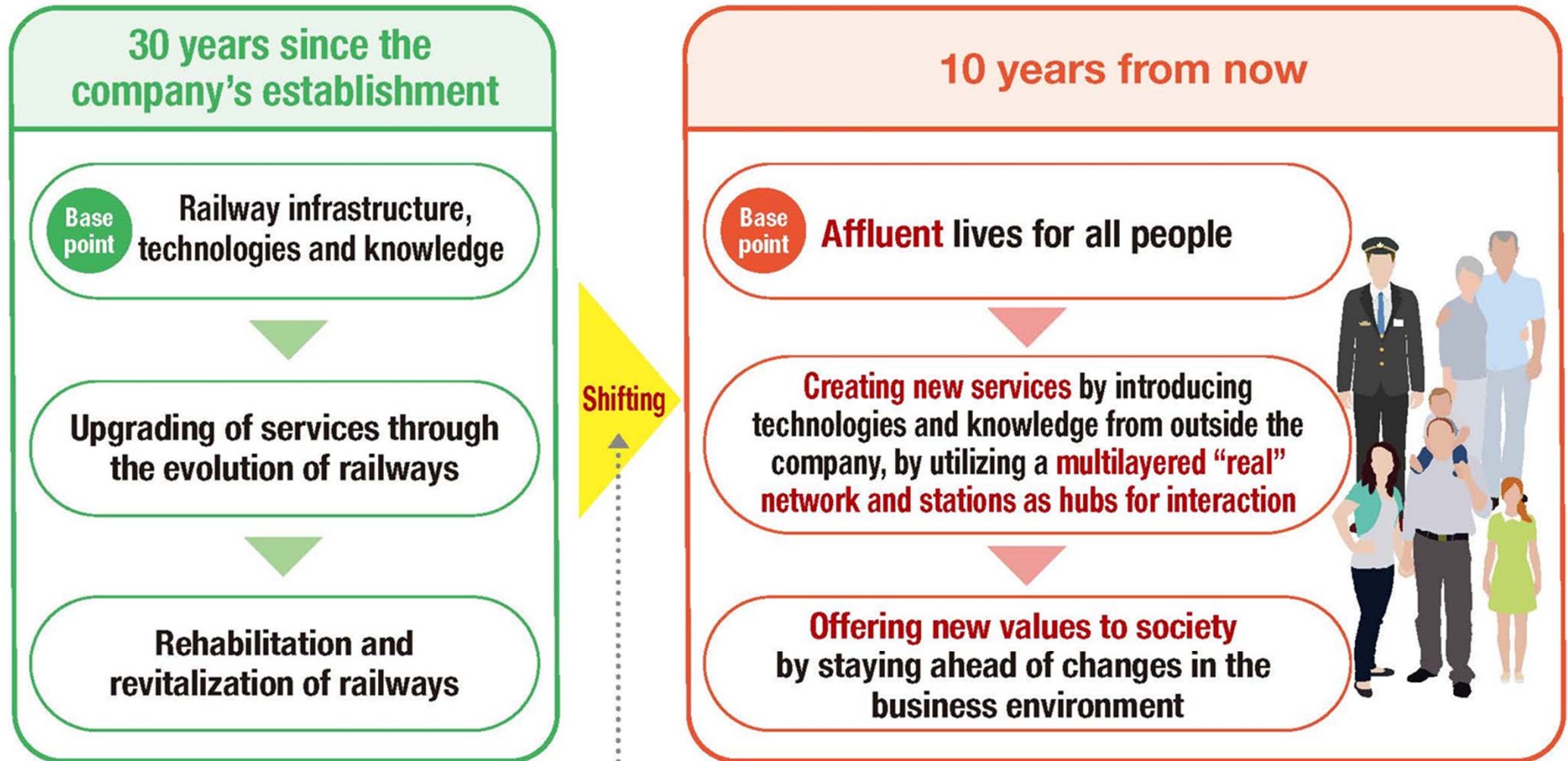
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# **I. JR East Group Management Vision “Move Up” 2027**



# Basic Policies of “Move Up” 2027

- **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.

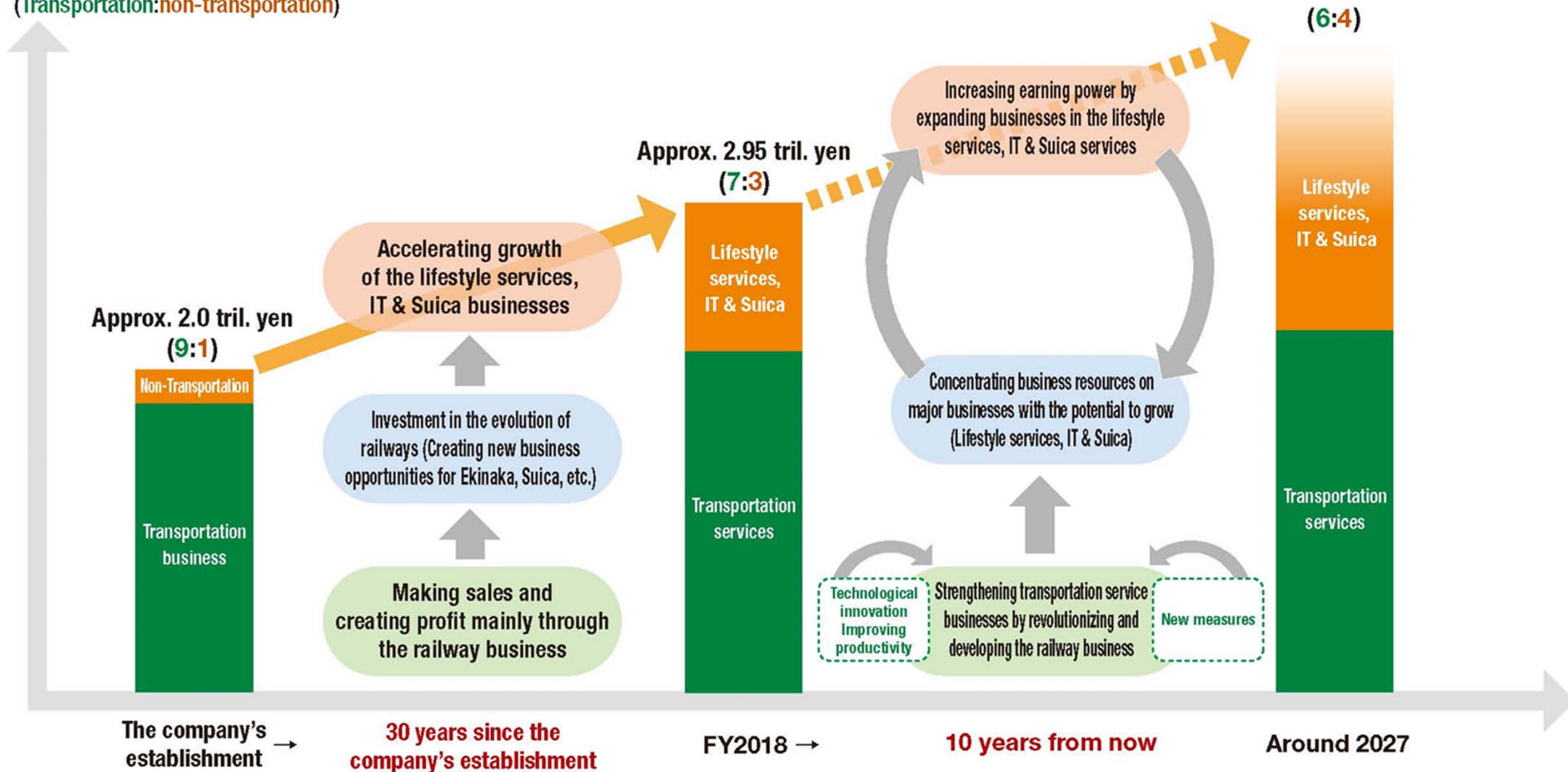


- ① Drastic changes and diversification in social structures due to the decreasing birth rate and population and aging of the population
- ② Changes and diversification in values related to what it means to work and be affluent
- ③ Changes in our living environment due to technological innovations such as AI and IoT
- ④ Acceptance of new values through globalization of economy and society

# Basic Policies of “Move Up” 2027

- 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**.

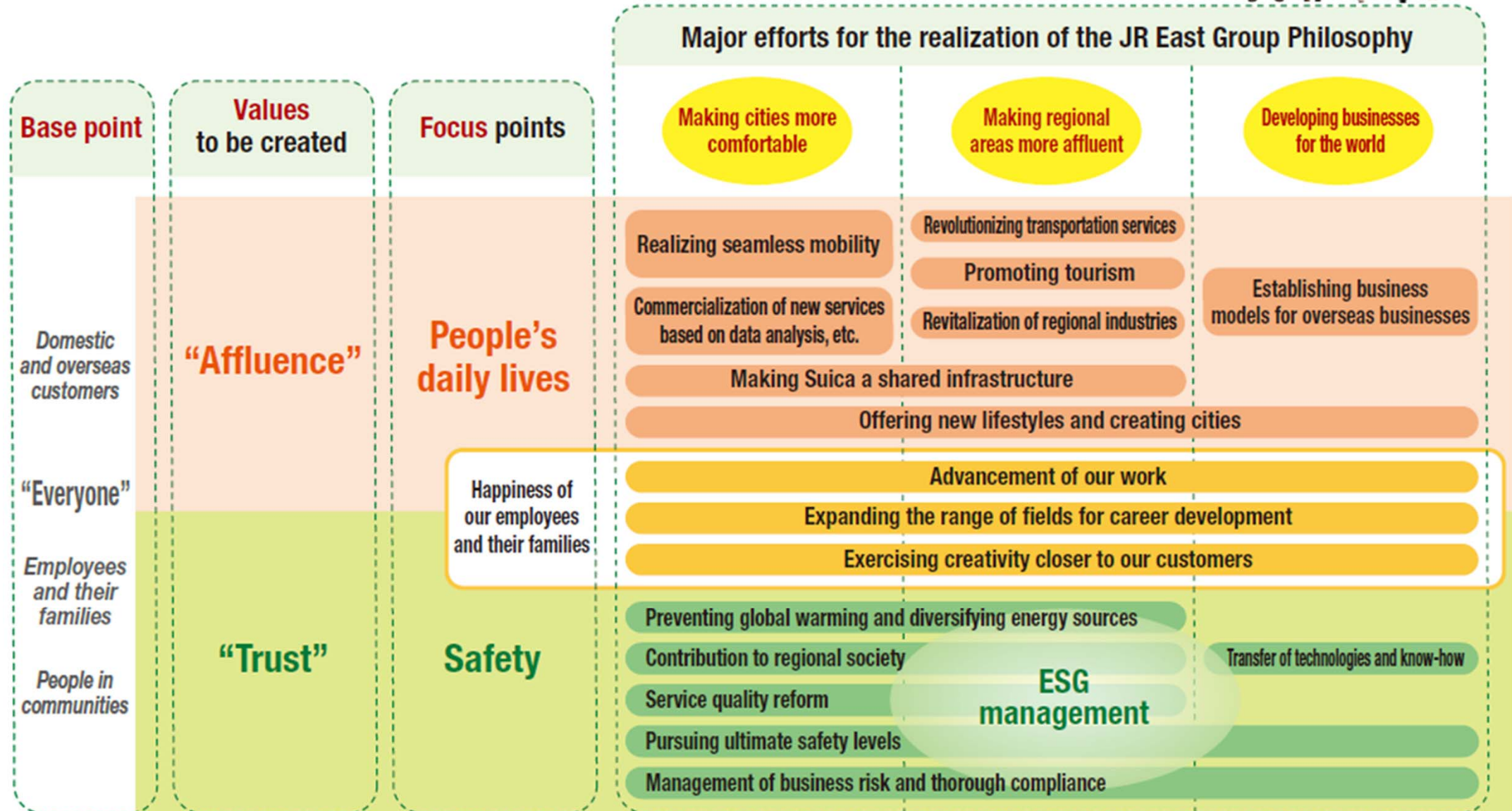
Consolidated operating revenues  
(Transportation:non-transportation)





# Overview of “Move Up” 2027

- With people (“everyone”) as our base point, and with “Safety,” “People's daily lives,” and “Happiness of our employees and their families” as keywords, we will continue to create values of “Trust” and “Affluence” in cities, regional areas, and around the world.



# Numerical targets (FY2023)

## 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》

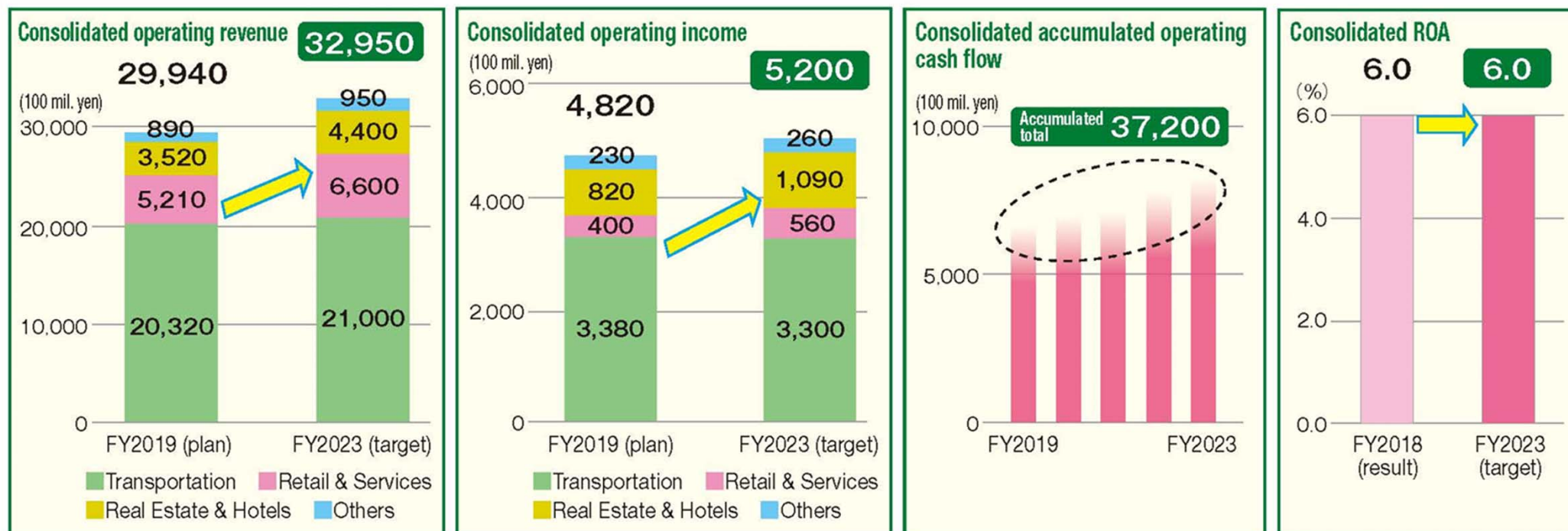
○ The balance of consolidated interest-bearing debt should correspond to the consolidated operating revenue and profit.    ○ Total return ratio is targeted to be 40%. Dividend payout ratio is targeted to be 30%.

Net interest-bearing debt / EBITDA should be about 3.5 times.



# 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	○Mobility Linkage Platform: Service usage: 30 mil. transactions/month	○No. of shared offices: 30 locations in total
		○Ticketless service usage rate for JR East Shinkansen: 50%	○No. of JRE MALL members: 700,000 persons
Trust	Safety	○No. of childcare support facilities: 150 locations in total	○No. of JRE POINT members: 16 mil. persons
		○Accidents due to internal causes: 0	○E-money usage such as Suica: 300 mil. transactions/month
		○Serious incidents: 0	○Transportation disruptions due to internal causes (from FY2018 level) Conventional lines within 100-km range of Tokyo: 50% reduction JR East Shinkansen: 75% reduction
		○Railway accidents: 20% reduction (from FY2018 level) Of which accidents on platforms involving personal injuries: 30% reduction (from FY2018 level)	○Total delay time for conventional lines in Tokyo metropolitan area: 20% reduction (from FY2018 level)



# Main "Move Up" 2027 Topics (Safety)

## 【Progress】

### Seismic reinforcement measures



### Enhancement of security within railcars

#### Security cameras within Shinkansen railcars



### Advance of automatic platform gate installation (Tokyo metropolitan area)



### Expansion of education and training facilities



## 【Going forward】

Accelerating plans for further seismic reinforcement against large-scale earthquakes

The introduction of platform doors at all stations(330 stations) for major conventional lines in Tokyo metropolitan area (By the end of FY2033)

Strengthening security against new threats such as terrorism, etc.

Strengthening practical safety education and training

# Main “Move Up” 2027 Topics (ESG management・Technology)

## ESG management

### 【Progress】

Enhancement of railcars' environmental performance



Self-consumption of renewable energy



Oga station

Hydrogen-based mobility partnership



Service quality reform for the aim of being number one for passenger satisfaction in the Japanese railway industry

Joint recognition of all employees in JR EAST Group that safety is the top priority of JR EAST Group's management

Renewal of the Railway Museum



Childcare support facilities



### 【Going forward】

**Environment**

(Prevention of global warming, Diversification of energy)

**Society**

(Service quality reform, Responding to social issues, Supporting cultural activities)

**Governance**

(Ultimate safety levels, Risk management, Compliance)

## Technology

### 【Progress】

New way of riding Shinkansen

タッチでGo! 新幹線

Development of the next-generation Shinkansen, ALFA-X



Full-scale introduction of track facilities monitoring device



Verification of autonomous driving technology for BRT buses



Medium-size bus for autonomous driving tests

Development of highly functional 3D level crossing obstacle detectors



Verification experiments (Unmanned store)



Akabane station

### 【Going forward】

Realization of next-generation ticketing systems

Realization of next-generation Shinkansen (360km/h)

Realization of smart maintenance

Realization of driver-less operations

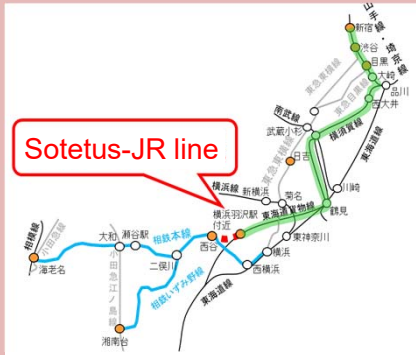
Open innovation



# Main “Move Up” 2027 Topics (Making cities more comfortable)

## 【Progress】

Preparations for opening of direct Sotetsu-JR line



Introduction of *Green Cars* to Chuo Line Rapid Service, etc



Consideration of early construction commencement of Haneda Airport Access Line



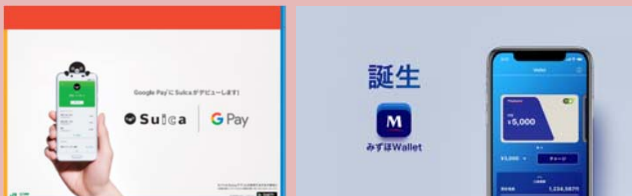
New development project

Yokohama Station West Exit Station Development Building (provisional name), Shibuya Station Development, and Shinagawa Development, etc

Verification experiments  
Mobility and information service by smartphone application *Ringo Pass*.



Expanding of transaction by *Suica*



Integration of *Suica* points and *View-thanks* points to *JRE POINT*



## 【Going forward】

Qualitative reform of transportation services

Realization of seamless mobility by utilizing mobility linkage platform, reduction in total travel time

Promotion of offering new lifestyles and creating cities

*Suica* as a shared infrastructure

Offering multi-faceted services tailored to individual needs via *JRE POINT*

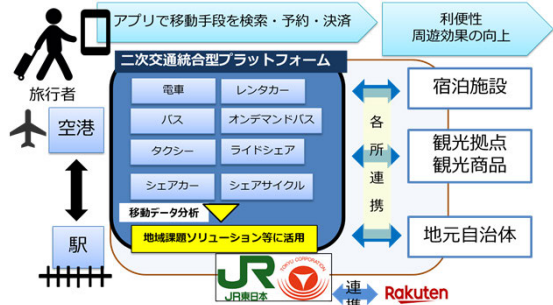
# Main “Move Up” 2027 Topics

(Making regional areas more affluent / Developing businesses for the world)

Making regional areas more affluent

## 【Progress】

Verification tests of tourism-type MaaS in Izu area through external collaboration



● 第三者参画もオープンに受け入れ、地域課題解決にともに取り組み

Northern Station Gate Akita



Launching “Fukushima peach series” (Sixtic industrialization)



Revitalization of community by Japan Post and JR EAST

Tachikawa Station (third floor of eCute) store image

\*This is the projected image at the current time. It is subject to change based on future considerations.



Promoting inbound tourism strategies



International Travel Expo Hong Kong

Regionally linked IC cards



## 【Going forward】

Establishing safe and seamless regional transportation networks

Expanding tourism interaction among regions and also inside each region

Urban development around regional core stations

Establishment of sustainable supply chains, regeneration of regional economies

Connection between *Suica* and various regional services

## 【Progress】

Indian high-speed rail project



Provided by Indian government

UK passenger rail franchise



LUMINE SINGAPORE



## 【Going forward】

Developing personnel through overseas projects and utilizing acquired overseas technologies and knowledge for domestic markets

Creating more affluent lifestyles

Controlling the risk and profit over the long time

Developing businesses for the world



## **II. FY2019.3 Second Quarter Financial Results and FY2019.3 Plan**

# FY2019.3 Second Quarter Financial Results and FY2019.3 Plan (non-consolidated)

(¥ billion)	2017.9 Results	2018.9 Results [Apr. plan]	2018.9/2017.9		2018.3 Results	2019.3 [Apr. plan]	2019.3/2018.3	
			Increase / decrease	(%)			Increase / decrease	(%)
Operating revenues	1,056.0	1,063.2 [1,063.0]	+7.1	100.7	2,093.2	2,107.0	+13.7	100.7
Passenger revenues	931.7	937.4	+5.6	100.6	1,836.7	1,852.0	+15.2	100.8
Others	124.3	125.8	+1.5	101.2	256.5	255.0	-1.5	99.4
Operating expenses	800.9	815.0	+14.1	101.8	1,698.1	1,720.0	+21.8	101.3
Personnel expenses	226.3	226.5	+0.2	100.1	456.2	452.0	-4.2	99.1
Non-Personnel expenses	335.6	344.5	+8.9	102.7	764.3	787.0	+22.6	103.0
Energy	27.8	30.1	+2.2	108.1	60.8	67.0	+6.1	110.1
Maintenance	126.7	127.5	+0.8	100.7	297.7	300.0	+2.2	100.8
Other	181.0	186.8	+5.8	103.2	405.7	420.0	+14.2	103.5
Usage fees to JR TT, etc.	43.5	42.7	-0.8	98.1	87.4	85.0	-2.4	97.2
Taxes	52.5	55.7	+3.2	106.2	94.3	98.0	+3.6	103.9
Depreciation	142.9	145.3	+2.4	101.7	295.7	298.0	+2.2	100.8
Operating income	255.1	248.2 [246.0]	-6.9	97.3	395.1	387.0	-8.1	97.9
Ordinary income	238.9	231.7 [228.0]	-7.1	97.0	358.9	349.0	-9.9	97.2
Profit	168.4	165.2 [157.0]	-3.2	98.1	247.0	240.0	-7.0	97.1



# Passenger Revenues

## - 1st half Results and Main Positive and Negative Factors

(YoY, ¥ billion, %)	Increase / decrease	( % )
<b>Passenger revenues</b>	+5.6	100.6
<b>Commuter passes (Seasonal tickets)</b>	+1.6	100.6
<b>Non-commuter passes (Ordinary tickets)</b>	+4.0	100.6
<b>Shinkansen Network</b>	+4.4	101.6
<b>Kanto Area Network of Conventional Lines</b>	-0.2	99.9
<b>Other Network of Conventional Lines</b>	-0.2	99.2

(YoY, ¥ billion)	Positive and Negative Factors	Increase / Decrease
Passenger revenues		+5.6
Commuter passes revenues (Seasonal Tickets)		+1.6
Non-commuter passes revenues (Ordinary Tickets)		+4.0
<b>Shinkansen (+4.4)</b>	Three-day autumnal equinox	+1.0
	Inbound tourism	+1.0
	Golden Week, Obon festival travel	+0.5
	Absence of previous year's natural disasters	+0.5
	"Otona no Kyujitsu Club"	-0.5
	Natural disasters (Typhoon etc.)	-1.0
	Basic Trend	+2.5
<b>Kanto Area Network (-0.2)</b>	Natural disasters (Typhoon etc.)	-3.0
	Golden Week	+0.5
	Inbound tourism	+0.5
	Three-day autumnal equinox	+0.5
	Absence of previous year's natural disasters	+1.5
	Basic Trend	-
<b>Other Network (-0.2)</b>	Basic Trend	-

# Passenger Revenues

## - 1st half Results and Full-term Plan

(YoY, ¥ billion)	Total		Main factors behind change	Basic Trend
	1st half [Results]	2nd half		
Passenger revenues +15.2 billion	100.8%			100.6%
	100.7% [100.6%]	101.0%		
Commuter passes (Seasonal tickets) +4.2 billion	100.9%			100.8%
	101.0% [100.6%]	100.7%		
Non-commuter passes (Ordinary tickets) +10.9 billion	100.8%			100.5%
	100.6% [100.6%]	101.1%		
Shinkansen Network +5.5 billion	101.0%		<ul style="list-style-type: none"> <li>· Inbound tourism: +1.5</li> <li>· Increase of three consecutive holidays: +0.5</li> <li>· “Otona no Kyujitsu Club” : +0.5</li> </ul>	100.6%
	100.4% [101.6%]	101.5%		
Kanto Area Network of Conventional Lines +5.4 billion	100.8%		<ul style="list-style-type: none"> <li>· Inbound tourism: +1.5</li> <li>· Increase in the frequency of trains on Ueno-Tokyo Line (October 2017 timetable revision): +0.5</li> </ul>	100.5%
	100.7% [99.9%]	100.8%		
Other Network of Conventional Lines +0.0 billion	100.1%			99.6%
	100.2% [99.2%]	100.0%		

# Operating Expenses (non-consolidated) - FY2019.3 Second Quarter Results

(¥ billion)	2017.9 Results	2018.9 Results	2018.9/2017.9		Main factors behind change
			Increase / decrease	(%)	
Operating expenses	800.9	815.0	+14.1	101.8	
Personnel expenses	226.3	226.5	+0.2	100.1	<ul style="list-style-type: none"> <li>· Increase regarding revision of elder employee system</li> <li>· Decrease in number of employees</li> </ul>
Non-personnel expenses	335.6	344.5	+8.9	102.7	
Energy	27.8	30.1	+2.2	108.1	· Increase in fuel costs of thermal power plants: +1.5
Maintenance	126.7	127.5	+0.8	100.7	· Railcar maintenance expenses: +0.7
Other	181.0	186.8	+5.8	103.2	· Outsourcing expenses: +5.5
Usage fees to JRTT, etc.	43.5	42.7	-0.8	98.1	
Taxes	52.5	55.7	+3.2	106.2	· Increase in property tax, etc.: +3.4
Depreciation	142.9	145.3	+2.4	101.7	· Increase due to capital expenditures



# FY2019.3 Second Quarter Financial Results and FY2019.3 Plan (consolidated)

(¥ billion)	2017.9 Results	2018.9 Results [Apr. plan]	2018.9/2017.9		2018.3 Results	2019.3 Apr. plan	2019.3/2018.3	
			Increase / decrease	(%)			Increase / decrease	(%)
Operating revenues	1,464.8	1,486.9 [1,483.0]	+22.1	101.5	2,950.1	2,994.0	+43.8	101.5
Transportation	1,015.4	1,021.9	+6.4	100.6	2,017.8	2,032.0	+14.1	100.7
Retail & Services	252.6	256.4	+3.8	101.5	514.9	521.0	+6.0	101.2
Real Estate & Hotels	165.9	170.8	+4.8	102.9	340.1	352.0	+11.8	103.5
Others	30.7	37.7	+6.9	122.6	77.1	89.0	+11.8	115.3
Operating income	292.3	292.2 [287.0]	-0.1	100.0	481.2	482.0	+0.7	100.1
Transportation	222.1	219.8	-2.2	99.0	340.4	338.0	-2.4	99.3
Retail & Services	19.3	19.7	+0.3	102.0	38.9	40.0	+1.0	102.6
Real Estate & Hotels	42.6	43.2	+0.6	101.5	80.9	82.0	+1.0	101.3
Others	7.5	8.5	+1.0	113.9	22.5	23.0	+0.4	101.8
Adjustment	0.6	0.7	+0.1	117.3	-1.6	-1.0	+0.6	59.2
Ordinary income	265.6	266.4 [259.0]	+0.7	100.3	439.9	440.0	+0.0	100.0
Profit attributable to owners of parent	178.5	178.9 [169.0]	+0.3	100.2	288.9	289.0	+0.0	100.0

# Transportation - Results and Plan

(¥ billion)	2017.9	2018.9	2018.9/ 2017.9
Operating revenues	1,015.4	1,021.9	+6.4 100.6%
Operating income	222.1	219.8	-2.2 99.0%

2018.3	2019.3 Plan	2019.3/ 2018.3
2,017.8	2,032.0	+14.1 100.7%
340.4	338.0	-2.4 99.3%

## Operating revenues

- main positive and negative factors in 1st-half (FY2019.3)  
(¥ billion)

JR East	+6.7	Increase in passenger revenues
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Tochigi Destination Campaign (poster)

タッチでGo! 新幹線

Touch de Go! Shinkansen services (logo)

## FY2019.3 Topics

- *Tochigi* Destination Campaign (Apr. to Jun. 2018)
- Beginning of *Touch de Go! Shinkansen* services (Apr. 2018)
- *Niigata prefecture - Shonai Pre* Destination Campaign (Oct. to Dec. 2018)
- Continue the introduction of Series E7 to the Joetsu Shinkansen and Series E353 to the Chuo Line



Series E7

[Notes] Operating revenues: operating revenues from outside customers

Operating income: operating revenues from outside customers + operating revenues inside group - purchases from outside suppliers - purchases inside group

# Retail & Services - Results and Plan

(¥ billion)	2017.9	2018.9	2018.9/ 2017.9	2018.3	2019.3 Plan	2019.3/ 2018.3
Operating revenues	252.6	256.4	+3.8 101.5%	514.9	521.0	+6.0 101.2%
Operating income	19.3	19.7	+0.3 102.0%	38.9	40.0	+1.0 102.6%

Operating revenues  
- main positive and negative factors in 1st-half (FY2019.3)  
(¥ billion)

Tetsudo Kaikan	+1.9	Increase in sales of Marunouchi underground area
Kinokuniya	+1.1	Increase due to full-period contribution from new stores
JR East Retail Net* (J-Retail)	+0.6	Opening of new stores

\*Removing the effect of reorganization

FY2019.3 Topics  
(FY2018.3 opening is in *italics*)

- *Gransta Marunouchi, Gransta New Area*  
(fully opened in Aug. 2017)
  - Reorganization of the JR East Group's Businesses\* (Apr. 2018)
- \*Merger of JR East Retail Net Co., Ltd., and JR East Station Retailing Co., Ltd. (surviving company: JR East Retail Net Co., Ltd.), JR East Water Business Co., Ltd., has become a wholly owned subsidiary of JR East Retail Net Co., Ltd.

[Reference] Monthly trends (comparison with same month of previous year, %)

	Apr.	May	Jun.	Jul.	Aug.	Sep.	1st-half total
Retails & Restaurant Total	103.8	101.1	102.5	101.1	102.6	101.4	102.1
J-Retail (existing stores)	99.9	100.0	100.6	99.3	101.1	101.1	100.3
NRE (existing stores)	100.5	98.8	100.4	99.1	99.9	98.5	99.5

[Notes] Operating revenues : operating revenues from outside customers

Operating income : operating revenues from outside customers + operating revenues inside group - purchases from outside suppliers - purchases inside group



# Real Estate & Hotels - Results and Plan

(¥ billion)	2017.9	2018.9	2018.9/ 2017.9	2018.3	2019.3 Plan	2019.3/ 2018.3
Operating revenues	165.9	170.8	+4.8 102.9%	340.1	352.0	+11.8 103.5%
Operating income	42.6	43.2	+0.6 101.5%	80.9	82.0	+1.0 101.3%

Operating revenues  
- main positive and negative factors in 1st-half (FY2019.3) (¥ billion)

Nippon Hotel	+1.1	Full-period contribution from <i>Hotel Metropolitan Saitama-Shintoshin</i>
Chiba Station Building	+1.1	Increase in full opening of <i>Perie Chiba</i> (Shopping Center)
JR East Urban Development	+1.1	Renewal opening of <i>Shapo Funabashi</i>

## FY2019.3 Topics

(FY2018.3 opening is in italics)

- *JR Saitama-Shintoshin Building* (May and Jun. 2017 Opened)
- *Hotel Metropolitan Sendai East* (Jun. 2017 Opened)
- *Perie Chiba (Ekinaka)* (Apr. and Jun. 2017 Opened)
- *Hotel Dream Gate Maihama Annex* (Dec. 2017 Opened)
- *Shapo Funabashi South* • *Hotel Mets Funabashi* (Feb. 2018 Opened)
- Increase in floor space of *atré Kawasaki* (Feb. 2018 Opened)
- *JR Urawa Station West Exit Building* (Mar. 2018 Opened)
- *Perie Chiba (Shopping Center)* (Sep. 2017 begin operation in advance, Jun. 2018 fully Open)

[Reference] Monthly trends (comparison with same month of previous year, %)

	Apr.	May	Jun.	Jul.	Aug.	Sep.	1st-half total
Shopping Centers Total	102.2	101.2	105.1	101.1	104.6	104.5	103.3
LUMINE (existing stores)	100.2	99.4	104.0	99.8	101.2	103.5	101.3
atré (existing stores)	99.4	99.5	102.0	98.7	104.5	103.7	101.2
Hotel	107.4	105.4	106.3	102.2	103.8	103.8	104.8

[Notes] Operating revenues : operating revenues from outside customers

Operating income : operating revenues from outside customers + operating revenues inside group - purchases from outside suppliers - purchases inside group 21

# Others - Results and Plan

(¥ billion)	2017.9	2018.9	2018.9/ 2017.9	2018.3	2019.3 Plan	2019.3/ 2018.3
Operating revenues	30.7	37.7	+6.9 122.6%	77.1	89.0	+11.8 115.3%
Operating income	7.5	8.5	+1.0 113.9%	22.5	23.0	+0.4 101.8%

## Operating revenues - main positive and negative factors in 1st-half (FY2019.3) (¥ billion)

JR East Information Systems	+3.1	Increase in systems contract revenues
JR East Mechatronics	+0.9	Increase in sales of IC-related equipment

## FY2019.3 Topics

- Integration of *View-thanks points* to *JRE POINT*
- Debut of *JRE CARD*
- Japan International Consultants for Transportation (General Consultancy of The Mumbai - Ahmedabad High Speed Railway Project)

## IT & Suica operating results in 1st-half (FY2019.3)

Operating revenues: ¥24.6 billion (111.1%)  
(operating revenues from outside customers)\*

Operating income: ¥5.1 billion (118.4%)

\*Operating revenues: ¥55.6 billion (106.3%)  
(including revenues inside group)

[Notes] Operating revenues : operating revenues from outside customers

Operating income : operating revenues from outside customers + operating revenues inside group - purchases from outside suppliers - purchases inside group

# Summary of Non-operating Income / Expenses and Extraordinary Gains / Losses (consolidated)

(¥ billion)	2017.9 Results	2018.9 Results	Increase/ decrease	2018.3 Results	2019.3 Plan	Increase/ decrease
Operating income	292.3	292.2	-0.1	481.2	482.0	+0.7
Non-operating income or expenses	-26.6	-25.7	+0.8	-41.3	-42.0	-0.6
Non-operating income	8.6	8.2	-0.4			
Insurance proceeds and dividends	3.2	0.3	-2.9			
Dividend income	2.9	3.1	+0.1			
Equity in net income of affiliated companies	0.4	2.1	+1.6			
Other	1.9	2.6	+0.6			
Non-operating expenses	35.2	34.0	-1.2			
Interest expense	32.7	31.5	-1.2	Interest expense : 16.8 (-0.0) Bond interest : 14.6 (-1.2)		
Other	2.5	2.4	-0.0			
Ordinary income	265.6	266.4	+0.7	439.9	440.0	+0.0
Extraordinary gains or losses	-4.6	-6.4	-1.7	-18.3	-19.0	-0.6
Extraordinary gains	8.8	41.1	+32.3			
Construction grants received	2.8	32.9	+30.0			
Other	5.9	8.2	+2.2			
Extraordinary losses	13.4	47.5	+34.1			
Losses on reduction entry for construction grants	2.7	32.8	+30.0			
Provision for allowance for point card certificates	-	6.0	+6.0			
Provision for allowance for partial transfer costs	2.7	-	-2.7			
Other	7.9	8.6	+0.6			
Income before income taxes	261.0	260.0	-1.0			



# Summary of Cash Flows (consolidated)

(¥ billion)	2017.9	2018.9	Increase/ decrease
<b>Cash Flows from Operating Activities (I)</b>	340.0	290.3	-49.7
	Decrease in payments of income taxes: -11.5		
<b>Cash Flows from Investing Activities (II)</b>	-283.8	-266.0	+17.8
	Increase in proceeds from construction grants: +5.2		
<b>Free Cash Flows (I) + (II)</b>	56.2	24.3	-31.8
<b>Cash Flows from Financing Activities (III)</b>	-106.5	-80.7	+25.8
	Increase in proceeds from procurements with interest-bearing debt: +54.5		
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents ( )</b>	-	-0.0	-0.0
<b>Net Change in Cash and Cash Equivalents (I) + (II) + (III) + ( )</b>	-50.3	-56.4	-6.1
<b>Cash and Cash Equivalents at Beginning of the Period</b>	287.1	314.9	+27.8
<b>Increase in Cash and Cash Equivalents from Newly Consolidated Subsidiary</b>	0.5	0.0	-0.4
<b>Increase in Cash and Cash Equivalents Resulting from Absorption-Type Demerger</b>	0.0	-	-0.0
<b>Cash and Cash Equivalents at End of the Period</b>	237.3	258.5	+21.2

# Change in Capital Expenditures (consolidated)

(¥ billion)		2015.3 (Results)	2016.3 (Results)	2017.3 (Results)	2018.3 (Results)	(¥ billion)		2018.9 (Results)	2019.3 (Plan)
Transportation	Growth investment	65.2	47.0	54.8	97.4	Transportation Services	Growth investment	102.4	112.0
	Investment needed for the continuous operation of business	336.5	345.2	328.3	326.9		Investment needed for the continuous operation of business		326.0
							Priority budget allocation (Investment in innovation, etc.)		42.0
	<b>Total</b>	<b>401.8</b>	<b>392.2</b>	<b>383.1</b>	<b>424.4</b>		<b>Total</b>		<b>480.0</b>
Non-Transportation	Growth investment	111.9	136.4	115.1	120.8	Lifestyle services, IT & Suica Businesses	Growth investment	62.6	136.0
	Investment needed for the continuous operation of business	8.3	13.3	8.4	5.1		Investment needed for the continuous operation of business		22.0
							Priority budget allocation (Investment in innovation, etc.)		7.0
	<b>Total</b>	<b>120.2</b>	<b>149.7</b>	<b>123.5</b>	<b>126.0</b>		<b>Total</b>		<b>165.0</b>
	Growth investment	177.1	183.4	169.9	218.3		Growth investment	—	248.0
	Investment needed for the continuous operation of business	344.9	358.5	336.7	332.0		Investment needed for the continuous operation of business	—	348.0
	(Priority budget allocation)	(16.6)	(18.1)	(23.5)	(25.3)		(Depreciation)	180.1	365.0
	(Depreciation)	353.2	359.5	364.1	367.9		Priority budget allocation (Investment in innovation, etc.)	—	49.0
	<b>Total</b>	<b>522.1</b>	<b>541.9</b>	<b>506.7</b>	<b>550.4</b>		<b>Total</b>	<b>165.0</b>	<b>645.0</b>

\* The results show investment amounts for transportation and non-transportation based on the previous segment before FY2017.3.

# Change in Interest-bearing Debt Balance (consolidated)

(¥ billion)	2014.3 (Results)	2015.3 (Results)	2016.3 (Results)	2017.3 (Results)	2018.3 (Results)	2018.9 (Results)
Bonds	1,719.7 (1.90%)	1,764.8 (1.84%)	1,809.9 (1.83%)	1,839.9 (1.73%)	1,770.1 (1.68%)	1,745.1 (1.66%)
Long-term loans	899.8 (1.43%)	965.4 (1.30%)	993.7 (1.23%)	1,030.1 (1.14%)	1,072.9 (1.10%)	1,092.9 (1.07%)
Long-term liabilities incurred for purchase of railway facilities	666.4 (5.78%)	545.2 (5.97%)	438.3 (6.18%)	340.9 (6.45%)	336.5 (6.47%)	334.2 (6.48%)
Other interest-bearing debt	2.3 (1.27%)	-	-	-	-	-
Total	3,288.4 (2.56%)	3,275.5 (2.37%)	3,241.9 (2.23%)	3,211.0 (2.04%)	3,179.6 (1.99%)	3,172.3 (1.97%)

Top : Balance  
Bottom: Average interest rate



# Plan for the use of cash in FY2019.3

## Plan for FY2019.3

<b>Capital expenditures</b>	¥645.0 billion
<i>Investment needed for the continuous operation of business</i> (Safety practice and transportation stability)	¥348.0 billion
<i>Growth investment</i>	¥248.0 billion
<i>Priority budget allocation</i> (Investment in innovation, etc.)	¥49.0 billion
<b>Shareholder returns</b>	¥150 / share dividend ¥40.9 billion / Share buybacks
<b>Debt reduction</b>	-

## **III. Reference Materials**

# FY2019.3 Traffic Volume and Passenger Revenues - Plan

Commuter Passes: Seasonal Tickets Non-commuter Passes: Ordinary Tickets		
Shinkansen		Commuter Passes
		Non-commuter Passes
		Total
Conventional Lines	Kanto Area Network	Commuter Passes
		Non-commuter Passes
		Total
	Other Network	Commuter Passes
		Non-commuter Passes
		Total
	Total	Commuter Passes
		Non-commuter Passes
		Total
Total		Commuter Passes
		Non-commuter Passes
		Total

Traffic Volume (million passenger kilometers)			
2018.3 Results	2019.3 Plan	Increase / decrease	(%)
1,781	1,796	+14	100.8
21,590	21,801	+211	101.0
23,371	23,597	+226	101.0
70,800	71,404	+603	100.9
36,696	36,973	+277	100.8
107,497	108,377	+880	100.8
3,070	3,096	+26	100.9
2,547	2,548	+1	100.1
5,617	5,645	+27	100.5
73,871	74,501	+629	100.9
39,243	39,522	+278	100.7
113,114	114,023	+908	100.8
75,653	76,297	+644	100.9
60,833	61,323	+490	100.8
136,486	137,621	+1,134	100.8

Passenger Revenues (¥ billion)			
2018.3 Results	2019.3 Plan	Increase / decrease	(%)
24.2	24.4	+0.1	100.8
563.8	569.4	+5.5	101.0
588.1	593.8	+5.7	101.0
460.3	464.2	+3.9	100.9
718.9	724.3	+5.4	100.8
1,179.2	1,188.6	+9.3	100.8
18.4	18.6	+0.1	100.9
50.8	50.8	+0.0	100.1
69.2	69.4	+0.1	100.3
478.7	482.8	+4.0	100.9
769.7	775.2	+5.4	100.7
1,248.5	1,258.0	+9.5	100.8
503.0	507.3	+4.2	100.9
1,333.6	1,344.6	+10.9	100.8
1,836.6	1,851.9	+15.2	100.8



# Breakdown of Shinkansen and Conventional Lines

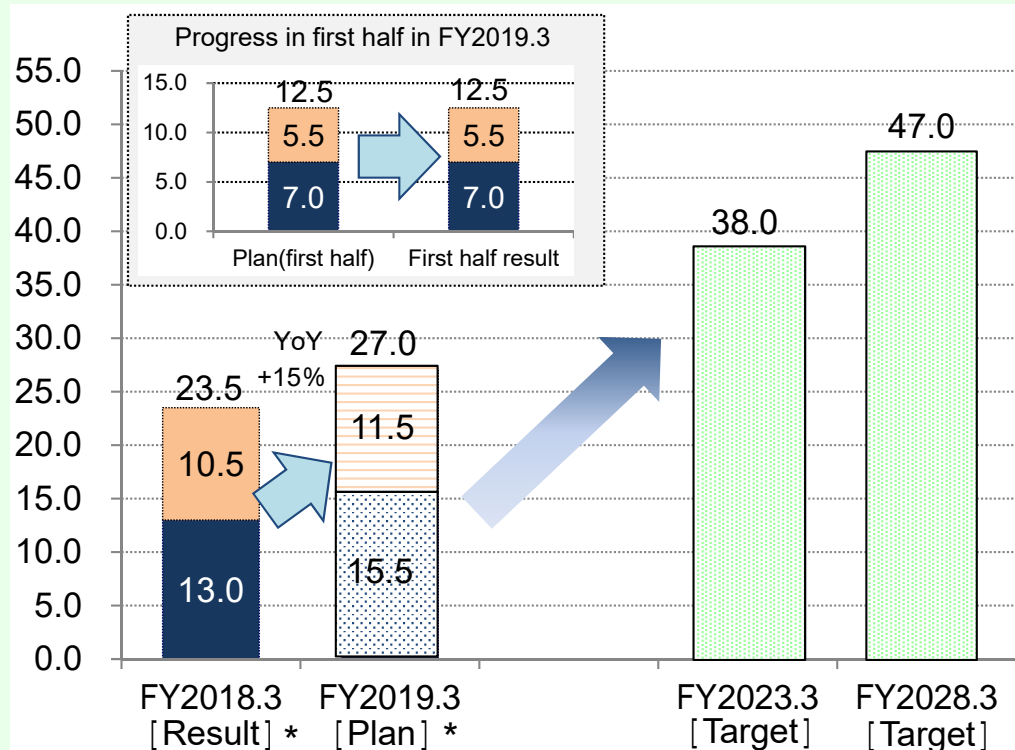
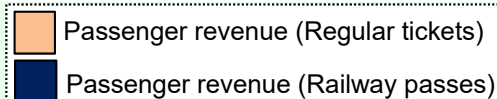
## FY2018.3 Operating Performance

(¥ billion)	Shinkansen			Conventional Lines		
	2017.3	2018.3	2018.3/2017.3 (%)	2017.3	2018.3	2018.3/2017.3 (%)
Operating kilometers (km)	1,194	1,194	100.0	6,263	6,263	100.0
Passenger kilometers (million)	23,176	23,371	100.8	111,921	113,114	101.1
Operating revenues A	597.4	602.6	100.9	1,349.1	1,366.9	101.3
Operating expenses	384.0	383.9	100.0	1,214.5	1,230.9	101.3
Operating income B	213.3	218.7	102.5	134.5	135.9	101.0
Fixed assets C	1,989.3	1,969.6	99.0	2,788.4	2,888.7	103.6
Depreciation	80.3	76.9	95.8	198.7	202.8	102.1
B / A	35.7%	36.3%	-	10.0%	9.9%	-
B / C	10.7%	11.1%	-	4.8%	4.7%	-

# Inbound Tourism

## Railway business

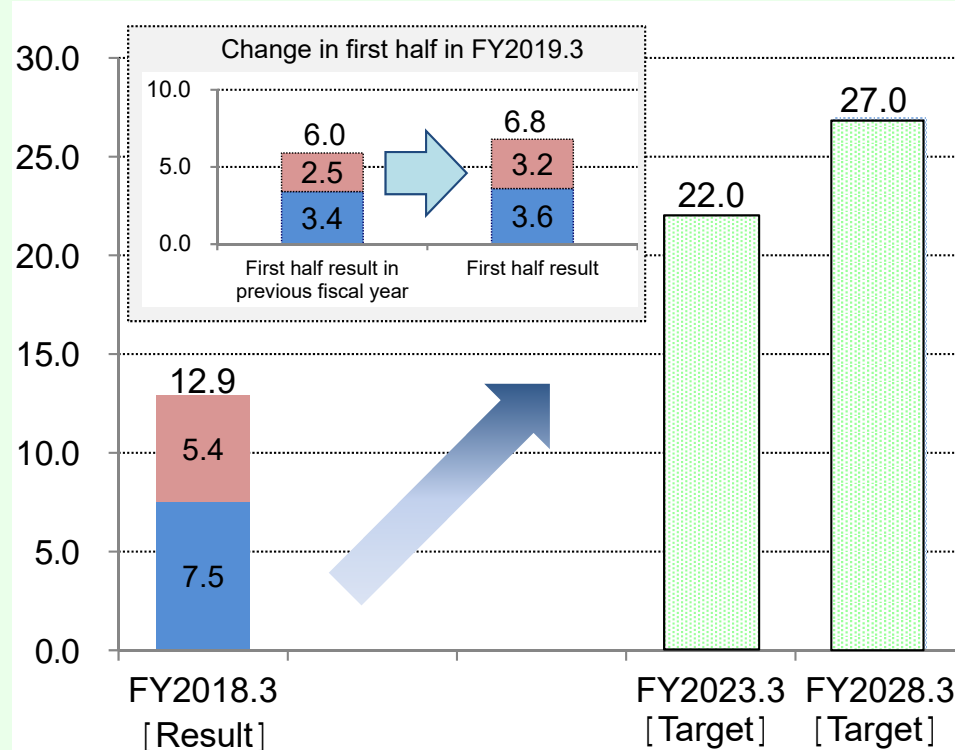
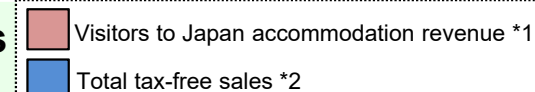
(¥ billion)



\* In addition to the above, a revision of the commission paid to overseas sales agents who sell JAPAN RAIL PASS resulted in an approximately ¥0.5 billion increase in earnings in FY2018.3. In FY2019.3, an increase in earnings of approximately ¥1.0 billion is expected.

## Life-style service business

(¥ billion)



\*1 Aggregate of visitors to Japan accommodation revenue from Metropolitan Hotels and HOTEL METS

\*2 Aggregate of total sales volume at tax-free counters and tax-free sales at stores (In tax-free sales, the amounts corresponding to rent, etc., are the Company's earnings.)

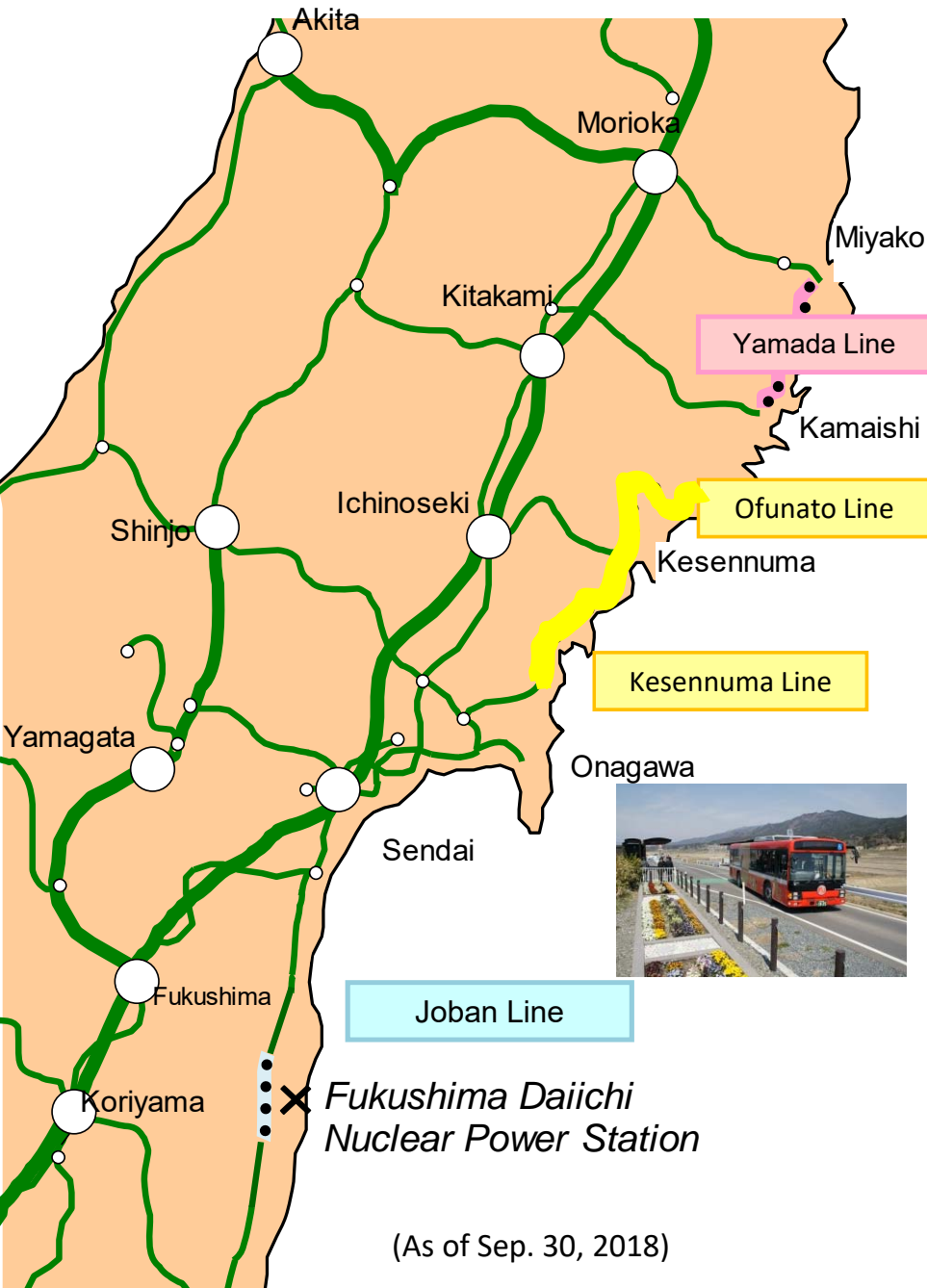
## [Promoting inbound tourism strategies]

Construction of overseas sales network that uses JR East Sales Office for Southeast Asia, etc.

Increasing number of staff that can provide foreign language guidance within railway stations and opening of JR EAST Travel Service Center in Hamamatsuchō Station



# Operation Suspended Lines and Segments Damaged by Tsunami during Great East Japan Earthquake



## Current status of conventional lines along the Pacific coast damaged by tsunami

[ Restoration work underway ]

	Line segments on which operations suspended	Distance	Notes
Yamada Line	Miyako-Kamaishi	55.4km	Plan to transfer management to Sanriku Railway Company Restoration work aimed at opening in FY2019.3 underway
Joban Line	Tomioka-Namie	20.8km	Plan to resume operations by end of FY2020.3
Total		76.2km	

[ Bus Rapid Transit (BRT) systems operating  
(agreement reached on full-scale restoration) ]

	Line segments	Distance
Ofunato Line	Kesenuma-Sakari	43.7km
Kesenuma Line	Yanaizu-Kesenuma	55.3Kkm
Total		99.0km

\*Railway services have been restored on other line segments  
(approx. 224 km).

(As of Sep. 30, 2018)



# Revision of Elder Employee System

The goal of this revision is to better utilize the expertise of elder employees for operating the business of the Company, cultivating human resources, and transferring techniques.

## Main revisions

	Current	Revised
Employment format	Performance of duties based on temporary transfers to Group companies, etc. (Certain employees work at JR East for personnel development purposes, etc.)	Although the basic principle of temporary transfers to Group companies, etc., will remain unchanged, the range of duties performed in JR East will be expanded to achieve the abovementioned goal.
Full attendance allowance	¥300,000 annually (fixed amount)	Change to calculation based on end-of-period bonuses of employees (for example, basic wages × number of months)

\*The annual income of elder employees is currently less than 50% of what their salary was prior to retirement when including public pension and other income sources. The revision to the elder employee system will raise this level to less than 60%.

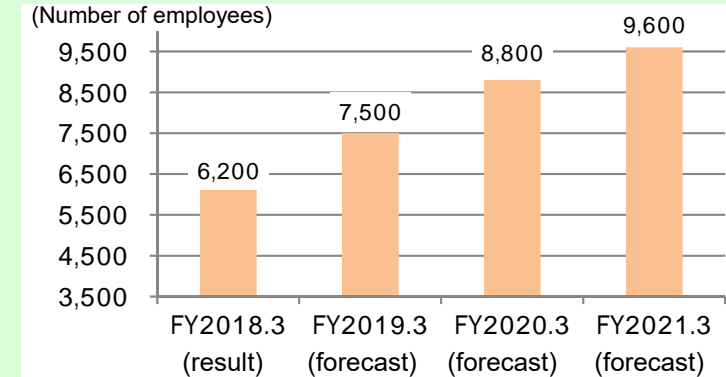
## Impact of Revision of Elder Employee System on Total Personnel Expenses (Impact on Non-consolidated personnel expenses)

- The revisions to labor conditions are anticipated to create a need for approximately ¥11.0 billion in non-consolidated personnel expenses in fiscal 2019.
- However, even if included in this amount, at the present juncture non-consolidated personnel expenses are expected to decline over the foreseeable future in and after fiscal 2019 as a result of decreases in personnel expenses due to such factors as differences between the numbers of new hires and retirees.

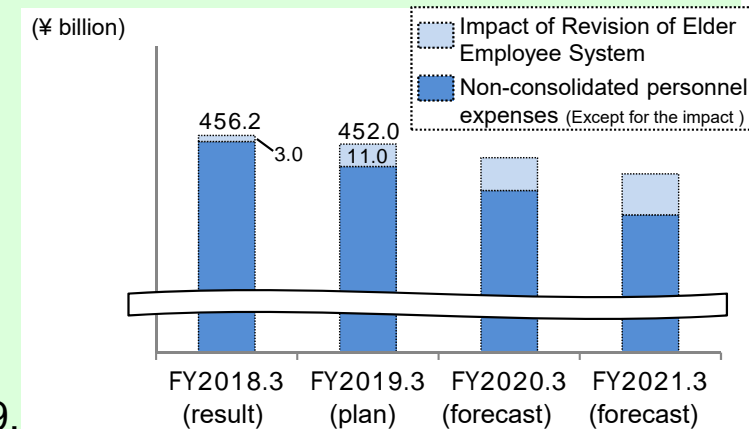
## (Impact on consolidated personnel expenses)

- Regarding total consolidated personnel expenses, although lower non-consolidated personnel expenses are expected to be a cost-decreasing factor, such cost-increasing factors as a rise in employees accompanying an increase in Group companies' business lines and higher labor unit costs are also expected.

## Average number of elder employee during the period



## Non-consolidated personnel expenses



# Major Subsidiaries - Results and Plan

(¥ billion)		2017.9 Results	2018.9 Results	2018.9/ 2017.9 (%)	2019.3 Plan	2019.3/ 2018.3 (%)
JR East Retail Net (J-Retail)	Operating revenues	98.9	114.8	116.1	229.7	116.2
	Operating income	1.9	3.3	175.4	4.2	159.2
Nippon Restaurant Enterprise (NRE)	Operating revenues	29.9	29.0	97.0	57.3	96.1
	Operating income	0.4	0.1	33.5	0.0	1.4
East Japan Marketing & Communications	Operating revenues	50.5	51.3	101.5	117.1	101.0
	Operating income	1.1	0.9	81.3	2.7	76.4
LUMINE	Operating revenues	35.9	36.6	102.0	77.9	102.8
	Operating income	6.4	6.3	98.0	14.1	105.5

\* Non-consolidated operating revenues / operating income

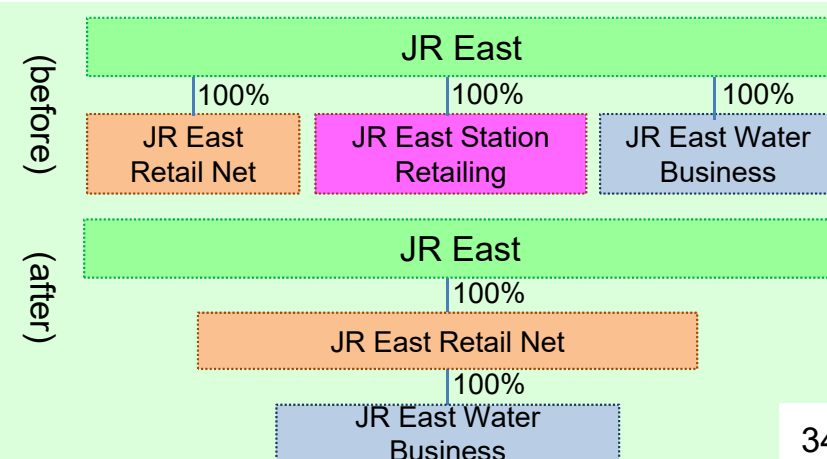
• JR East Retail Net Co., Ltd., results for 2017.9 are the results of the company on a standalone basis before company reorganization. Further, the 2018.9 results and the FY2019.3 plan are the results and plan for the company on a standalone basis after company reorganization. (For information about company reorganization, please see below.)

## Reorganization of the JR East Group's Businesses

[Objective] • Maximization of revenues and earnings through consolidation of the Group's management resources (personnel, expertise, capital, etc.)

[Reorganization method] • Merger of JR East Retail Net Co., Ltd., and JR East Station Retailing Co., Ltd. (surviving company: JR East Retail Net Co., Ltd.)  
• JR East Water Business Co., Ltd., has become a wholly owned subsidiary of JR East Retail Net Co., Ltd.

[Date of reorganization] • April 1, 2018



# Hotel Operations - Overview

Operating revenues<sup>\*1</sup>    ¥ 27.3billion (2018.9)

Operating incomes<sup>\*1</sup>    ¥ 2.7 billion (2018.9)

<sup>\*1</sup> Simple total of the revenues and expenses of the hotel businesses of Group companies and the revenues and expenses of the hotel businesses of non-consolidated JR East

## [Reference] JR East hotels at a glance

### *Metropolitan Hotels* (12 hotels, 3,471 guest rooms)

*Marunouchi, Hotel Metropolitan* (Ikebukuro), *Edmont* (Iidabashi), *Saitama Shintoshin*, *Takasaki*, *Nagano*, *Sendai*, *Sendai East*, *Yamagata*, *Morioka*, *Morioka New Wing*, and *Akita*

Operating revenues<sup>\*2</sup> : ¥ 18.3 billion (2018.9)      Occupancy rate: 83.8%

### *HOTEL METS* chain (24 hotels, 2,851 guest rooms)

*Shibuya*, *Mejiro*, *Komagome*, *Tabata*, *Koenji*, *Musashisakai*, *Kokubunji*, *Kumegawa*, *Tachikawa*, *Akabane*, *Urawa*, *Kawasaki*, *Yokohama Tsurumi* (Tsurumi), *Mizonokuchi* (Musashi-Mizonokuchi), *Kamakura Ofuna* (Ofuna), *Funabashi*, *Tsudanuma*, *Mito*, *Nagaoka*, *Niigata*, *Fukushima*, *Kitakami*, *Hachinohe*, and *Hotel R-Mets Utsunomiya*

Operating revenues<sup>\*2</sup> : ¥ 5.2 billion (2018.9)      Occupancy rate: 89.3%

<sup>\*2</sup> Simple sum of operating revenues from each hotel.

*The Tokyo Station Hotel* (150 guest rooms)

*Familio*, *Folkloro* (8 hotels, 344 guest rooms)

*Hotel Dream Gate Maihama*, *Hotel Dream Gate Maihama Annex* (160 guest rooms)

*Hotel New Grand* (240 guest rooms)

(As of Sep. 30, 2018)



# Shinagawa Development Project

## Schedule for the Formation of an International Exchange Hub

Town able to  
continue growing

- We aim to create a town that can continue growing as an international exchange hub through interim use and the subsequent opening of the town.

Shinagawa  
Development  
Project  
(Phase.1)

Beginning of  
town plan  
procedures

Present



Shinagawa New Station \* Rendered image  
(provisional name)

Interim  
use

Provisional opening of  
new station

Opening of  
town (partial  
opening )

Continuing growth as  
international  
exchange hub

Pedestrian deck of the new station  
(fusing station building fused with  
surrounding neighborhood) \* Rendered image



Opening of Linear Chuo Shinkansen (plan)

2018

2020

Around 2024

2027

2030s ~

# Shinagawa Development Project

## Outline of town plan

Phase 1 development: Areas 1, 2, 3, and 4 (opening of town scheduled for around 2024)

Phase 2 development: Areas 5 and 6 (full opening from 2030)

\* Rendered image

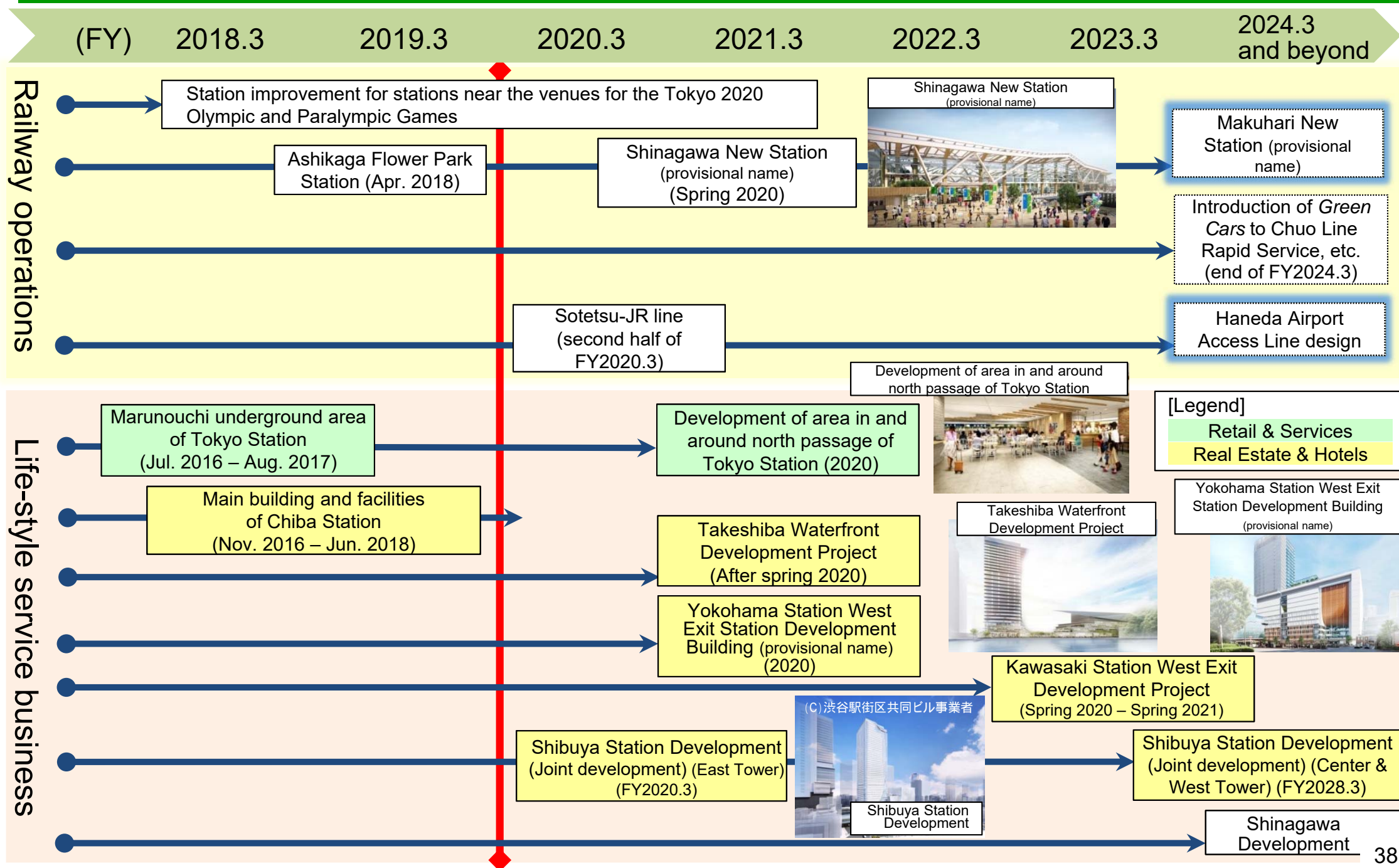


Data by district	Total	Block1	Block2	Block3	Block4
Planned floor space ratio*	Approx.960% (Approx.930%)	Approx.820% (Approx.650%)	Approx.310%	Approx.1,350%	Approx.1,020%
Lot area	Approx.72,000m <sup>2</sup>	Approx.12,700m <sup>2</sup>	Approx.8,000m <sup>2</sup>	Approx.13,000m <sup>2</sup>	Approx.38,300m <sup>2</sup>
Total floor space* (Floor space used in floor-space ratio*)	Approx.851,000m <sup>2</sup> (Approx.690,200m <sup>2</sup> )	Approx.149,000m <sup>2</sup> (Approx.103,700m <sup>2</sup> )	Approx.31,000m <sup>2</sup> (Approx.24,300m <sup>2</sup> )	Approx.211,000m <sup>2</sup> (Approx.174,500m <sup>2</sup> )	Approx.460,000m <sup>2</sup> (Approx.387,700m <sup>2</sup> )
Main purposes		Housing, educational facilities, parking lots, etc.	Culture creating facilities, parking lots, etc.	Business, commerce, lifestyle support facilities, heat source machine rooms, parking lots, etc.	Business, hotels, commerce, conventions, conferences, business support facilities, parking lots, etc.
Number of floors/ Maximum height *		45 floors above ground, 3 floors below ground /Approx. 173m	6 floors above ground, 4 floors below ground /Approx. 45m	31 floors above ground, 5 floors below ground /Approx. 167m	30 floors above ground, 3 floors below ground /Approx. 164m
Scheduled construction period	2019-2024				





\* Figures have been calculated based on standards for Tokyo Prefecture national strategic housing development projects (Article 16, Act on National Strategic Special Zones) and with floor-space ratios at their upper limits. Planned floor-space ratio figures in parentheses are the upper limits for special urban renaissance districts.



# Major Projects Going Forward



# Major Projects Going Forward

Project	Opening		Project cost (Plan)	Forecast for operating revenues (Full-year basis)
Main building and facilities of Chiba Station	Jun. 2018 Full opening		¥53.3 bn	Approx. ¥5.5 bn
Shibuya Station Development (Joint development)	[East Tower] FY2020.3 [Center & West Tower] FY2028.3	(C)渋谷駅街区共同ビル事業者 	[East Tower] ¥34.1 bn (The cost JR EAST will cover)	—
Development of area in and around north passage of Tokyo Station	FY2018.3 Begin operation in advance partially FY2021.3 Full opening		¥37.0 bn	Approx. ¥20.0 bn
Yokohama Station West Exit Station Development Building (provisional name)	2020		¥91.8 bn	Approx. ¥9.0 bn
Takeshiba Waterfront Development Project	After spring 2020		¥50.6 bn	Approx. ¥6.5 bn
Kawasaki Station West Exit Development Project (provisional name)	[Hotel] Spring 2020 [Total] Spring 2021		¥76.4 bn	Approx. ¥7.0 bn



## Number of e-money available shops

(thousand)

\* Figures include results of other affiliated stores.

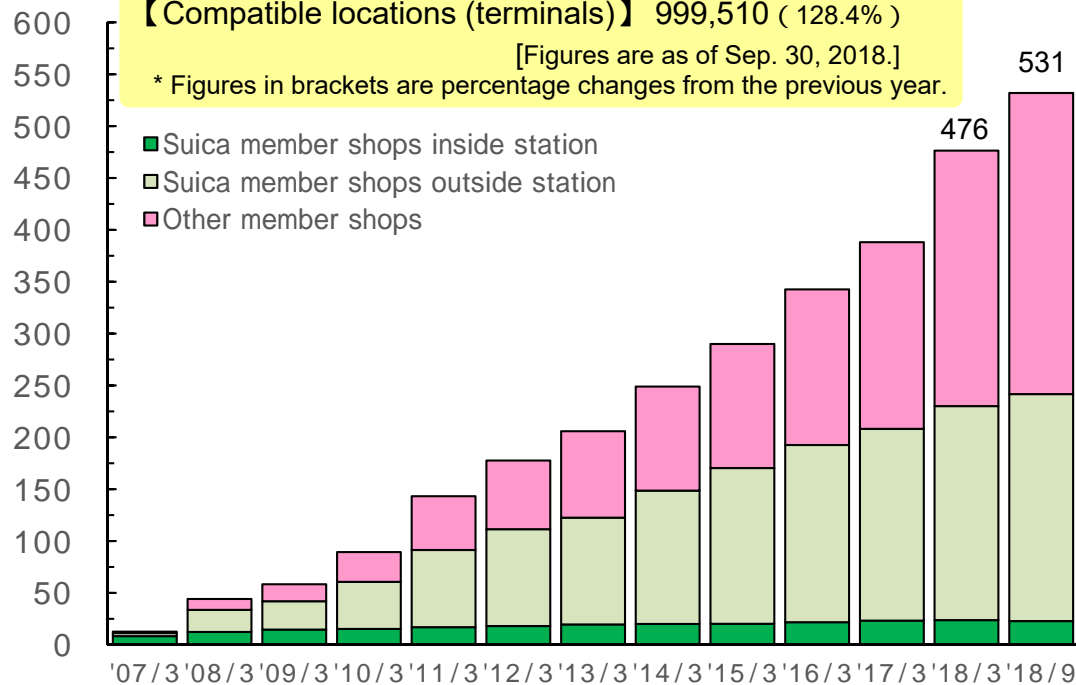
【Compatible stores】 531,880 ( 123.8% )

【Compatible locations (terminals)】 999,510 ( 128.4% )

[Figures are as of Sep. 30, 2018.]

\* Figures in brackets are percentage changes from the previous year.

- Suica member shops inside station
- Suica member shops outside station
- Other member shops



### [ Suica e-money business ]

#### Expanding of Suica member shops

- McDonald's, Mos Burger, Uniqlo etc. (FY2018.3)

#### Diversification of Suica Payment method

- Oct. 2016 Launching services of Suica for Apple Pay
- May 2018 Launching services of Suica for Google Pay
- Aug. 2018 Launching services of Mizuho Suica

## Largest number of e-money transactions in one month

( 10 million )

\* Figures include results of other affiliated stores.

【 Suica cards issued 】 72.58 million ( 108.8% )

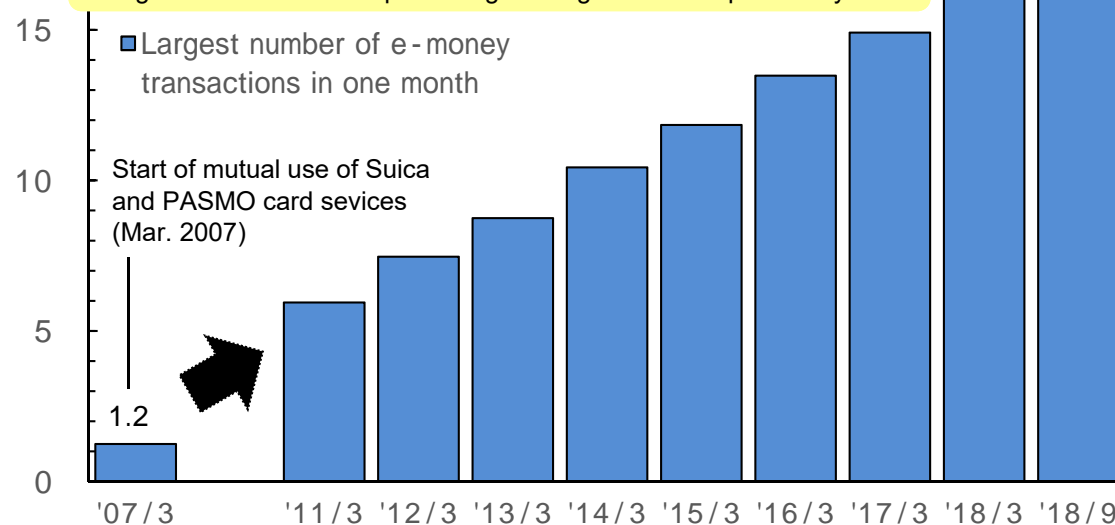
【 Mobile Suica members 】 6.24 million ( 128.7% )

【 Transaction per month(highest ever) 】 204.32 million (July. 2018)

【 Transaction per day(highest ever) 】 7.84 million (3 Aug. 2018)

[Figures are as of Sep. 30, 2018.]

\* Figures in brackets are percentage changes from the previous year.



### [ Suica data analysis utilization ]

#### Expense settlement services

- May 2017 Service offering with NISSINN FOODS HOLDINGS
- Oct. 2017 Starting verification experiments with Concur Japan, Ltd., Nihon Kotsu, Kokusai kotsu, Daiwa Motor Transportation

#### Suica data analysis utilization

- Analysis of visitors for events
- Strengthening providing information at ticket gates
- Strengthening providing information about transfers

# Initiatives in Overseas Businesses

## Railway-related

### [Purple Line in Bangkok, Thailand] (Opened August 2016)

- Local company in which JR East has stake performing maintenance of rolling stock and ground installations for 10 years
- Provision of 63 railcars by Japan Transport Engineering Company (J-TREC)



Purple Line

### [Indian High-Speed Rail Project]

- For the Mumbai-Ahmedabad line, advancing General Consultancy of The Mumbai-Ahmedabad High Speed Railway Project, which Japan International Consultants for Transportation received order from JICA through joint venture in December 2016



Provided by Indian government

Visiting simulator after commencement ceremony (September 14, 2017)

### [Winning bidder for UK passenger rail franchise]

(Commenced operations from December 2017)

- JR East, Mitsui, and Abellio UK have been collectively selected by UK Department for Transport as the winning bidder for West Midlands Franchise, a passenger rail franchise in the United Kingdom



West Midlands Trains Launch Event (December 11, 2017)

### [Technical support for overseas railway operators]

- Between 2018 and 2020, plan to transfer 336 Series 205 railcars, previously used on the Musashino Line, to railway operators in Indonesia



Series 205 railcars, previously used on the Musashino Line

## Life-style services related

### [LUMINE JAKARTA]

(Opening December 2018, Planned)

- Second overseas LUMINE
- Will offer "TOKYO STYLE" based on the unique viewpoint of LUMINE, mainly targeting independent, curious women not completely satisfied with Jakarta's market



LUMINE JAKARTA Rendering

### [Opening of first overseas atré, in Breeze NanShan (store) , Xinyi District, Taipei, in autumn 2018] (Opening scheduled for autumn 2018)

- First overseas *atré*
- *atré* and Mitsui joint venture established joint venture in Taiwan with Breeze
- Planning to open JAPAN RAIL CAFE Taiwan (provisional name) within facility



Rendering

### [Ekiben boxed lunch sale in London and Paris]

- First time Ekiben boxed lunch sale in UK in the end of September, and second time in France in the end of October as JR EAST group



Image of Ekiben boxed lunch sale in Paris



# Plan of Station Upgrades Targeting Use before the Tokyo 2020 Begin

TICKET

TO

TOMORROW

- We advance the “JR EAST 2020 Project” in preparation for the Tokyo 2020 Olympic and Paralympic Games.
- Under the “TICKET TO TOMORROW” slogan, the JR East Group will provide high-quality services in all business fields and upgrade each aspect of work to meet customers’ expectations and leave a legacy for society beyond 2020.

Efforts of station upgrades near competition venues, in addition to the main stations that will be used to transfer to competition venues in the Bay Area and to the airport access railway

【Sendagaya station】



【Harajuku station】



【Yūrakuchō station】



【Shimbashi station】



【Shin-Kiba station】



【Hamamatsuchō station】

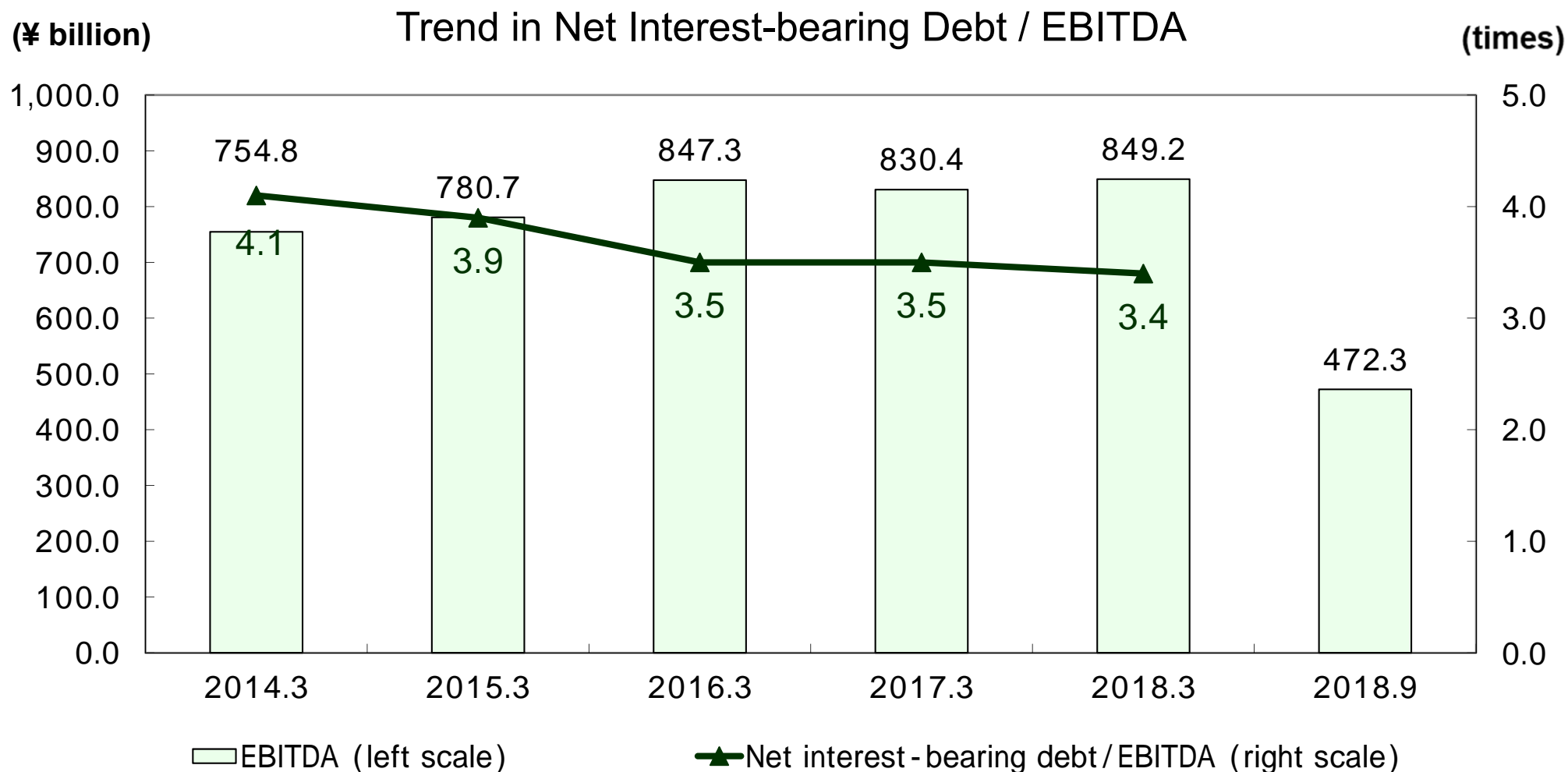


Made connecting passage mutually accessible between JR EAST and Tokyo Monorail (March 2018)

This is the projected image at the current time. It is subject to change based on future considerations.

# Key Financial Indicators(1)

Additional Information for bond Investors



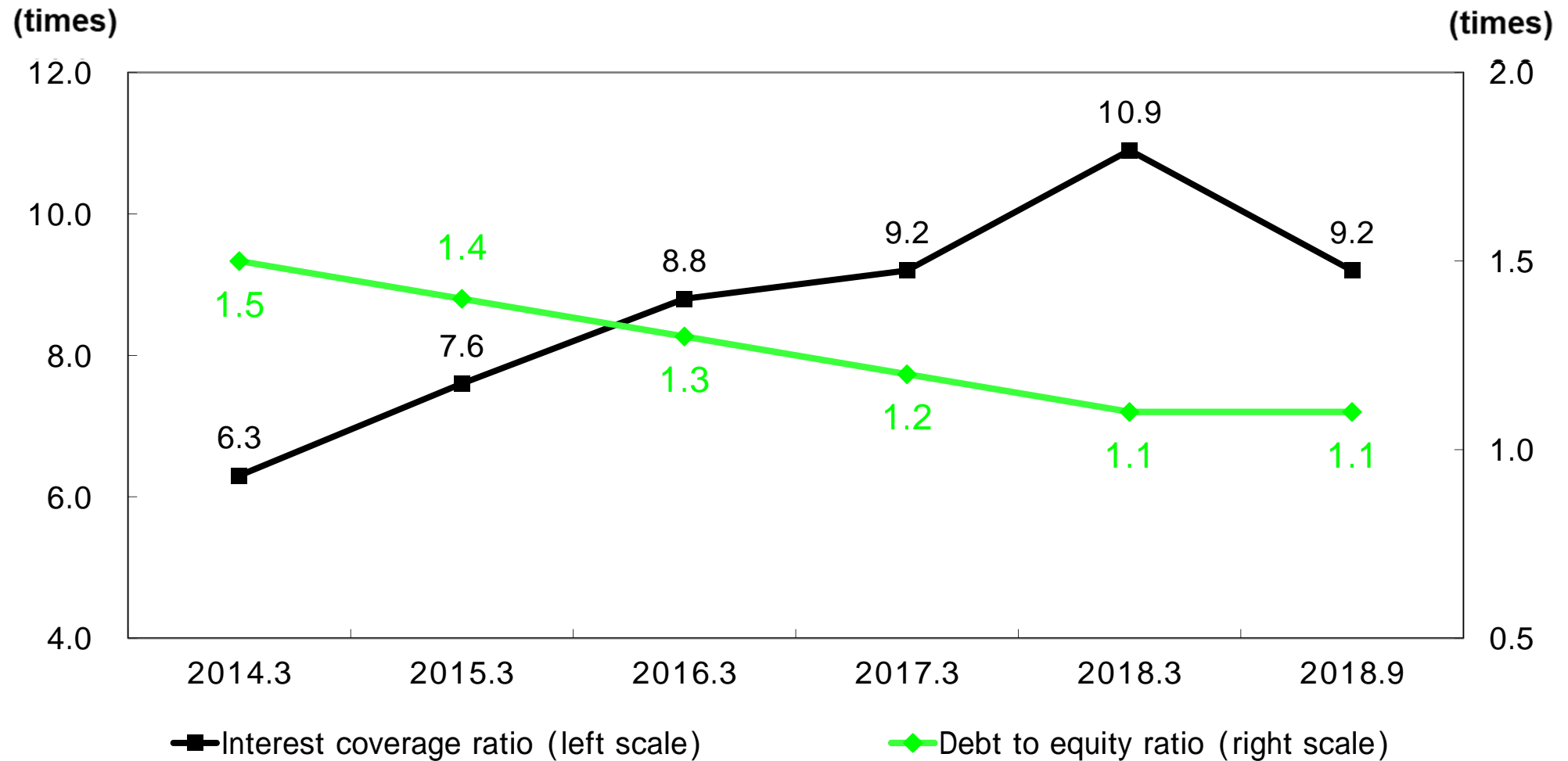
[Reference]	2014.3	2015.3	2016.3	2017.3	2018.3	2018.9
Net interest-bearing debt (¥ billion)	3,102.3	3,030.3	2,934.1	2,923.9	2,864.7	2,913.7

## [Notes]

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



## Trend in Interest Coverage Ratio and Debt to Equity Ratio



[Notes]

- 1) Interest coverage ratio = Net cash provided by operating activities / payments of interest
- 2) Debt to Equity Ratio = Interest-bearing debt / Shareholder's equity

# Interest-bearing Debt Breakdown and Maturity Outlook

Additional Information for bond Investors



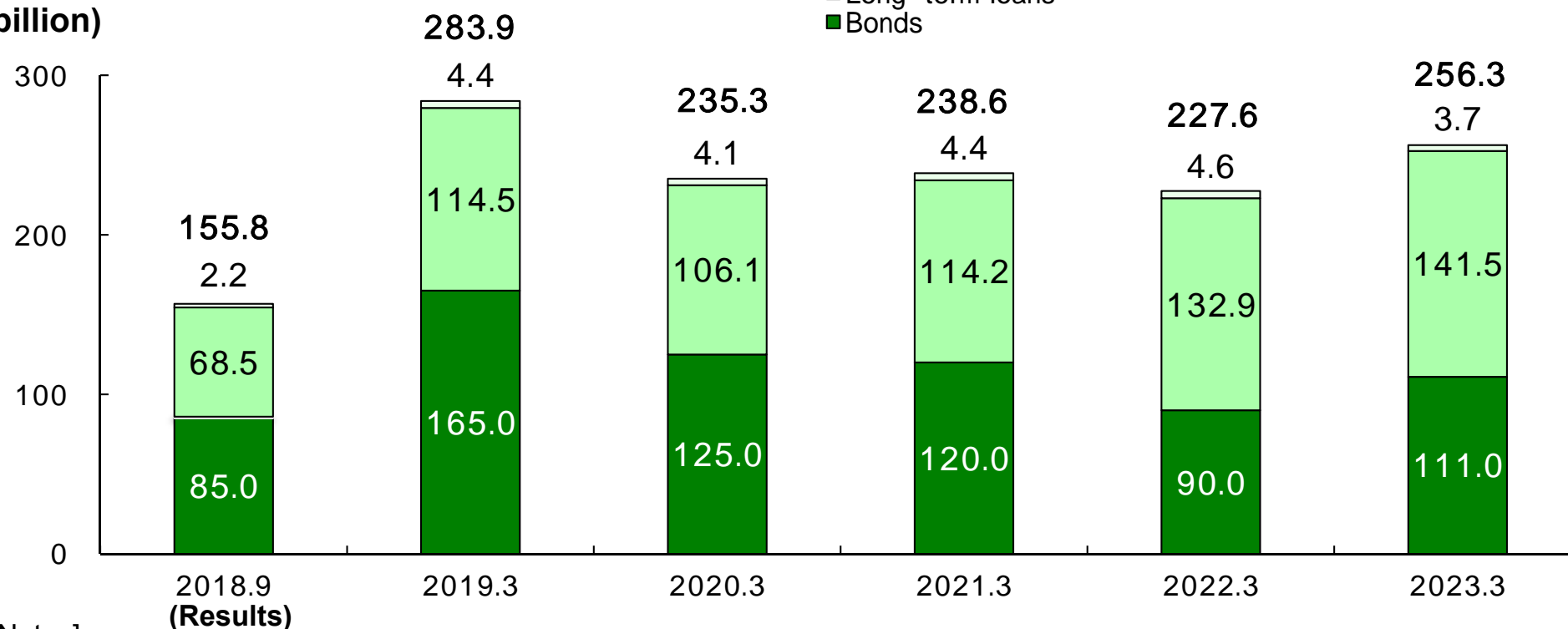
Breakdown of consolidated interest-bearing debt (As of Sep. 30, 2018)

	Balance (¥ billion)	Breakdown	Average interest rate	Average maturity
Bonds	1,745.1	55.0%	1.66%	11.29 years
Long-term loans	1,092.9	34.5%	1.07%	7.38 years
Long-term liabilities incurred for purchase of railway facilities	334.2	10.5%	6.48%	21.80 years
Total	3,172.3	100.0%	1.97%	11.05 years

Redemption ladder of interest-bearing debt (consolidated)

☐ Long - term liabilities incurred for purchase of railway facilities  
☐ Long - term loans  
☒ Bonds

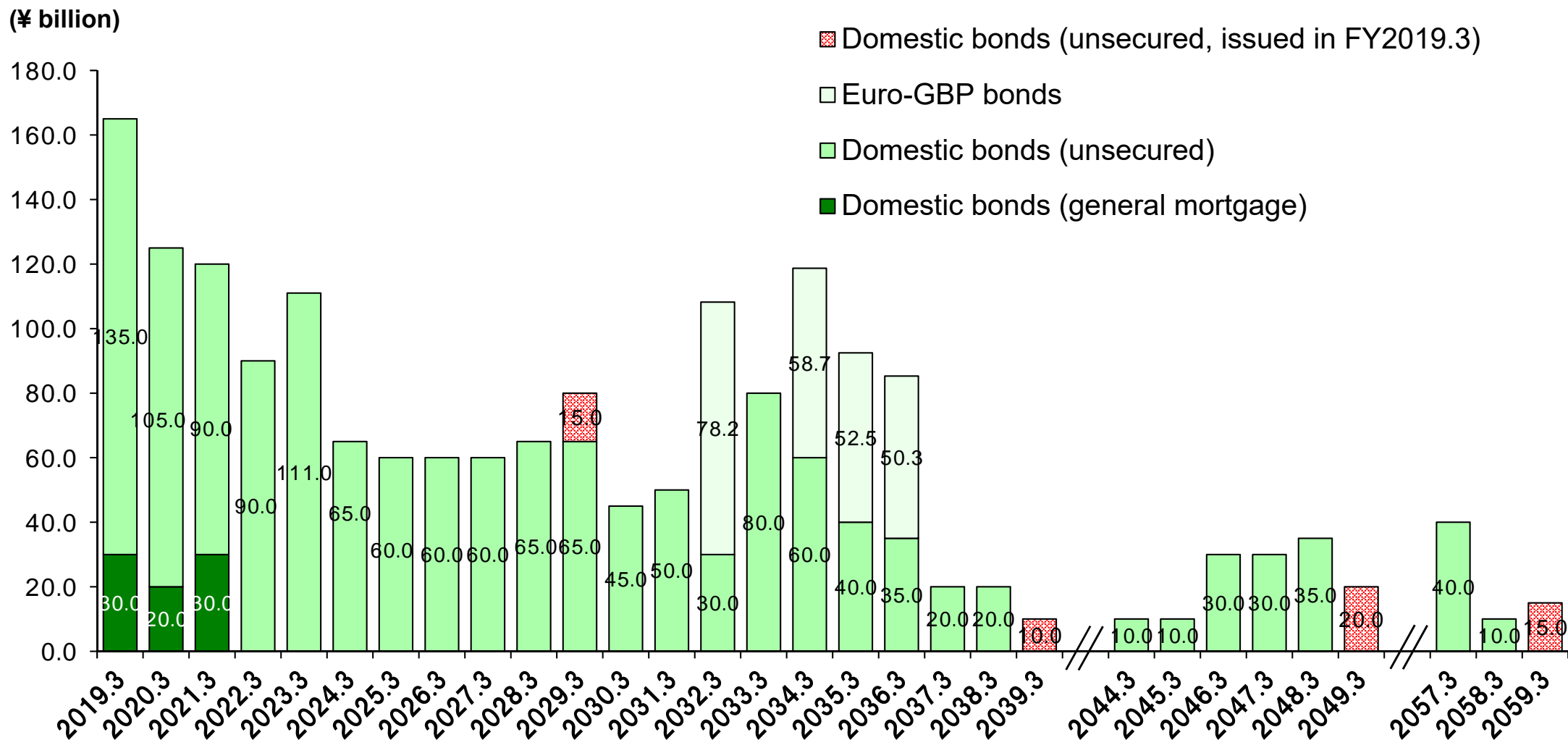
(¥ billion)



[Notes]

- 1) Outlook as of Sep. 30, 2018
- 2) Bond redemptions are at face value

## Redemption ladder of bonds(non-consolidated)



[Notes]

1) Outlook as of Sep. 30, 2018

2) Redemptions are at face value

# Bonds Issuance in FY2019.3

Additional Information for bond Investors



Series	Tenor	Total amount of issue	Coupon	Issue price	Reoffer yield	JGB spread	Issue date	Maturity date
130	10	¥ 15.0 billion	0.295%	¥100	0.295%	+18.5bp	2018.9.27	2028.9.27
131	20	¥ 10.0 billion	0.709%	¥100	0.709%	+10bp	2018.9.27	2038.9.27
132	30	¥ 20.0 billion	1.011%	¥100	1.011%	+18.5bp	2018.9.27	2048.9.25
133	40	¥ 15.0 billion	1.246%	¥100	1.246%	+29.5bp	2018.9.27	2058.9.27



## Long-term Funding

- Constraining the risks of rising interest rates by raising long-term fund at fixed interest rates and smoothing redemption ladder

### Long-term credit ratings

Rating agency	Rating
Moody's	Aa3 (Stable)
Standard & Poor's (S&P)	AA- (Stable)
Rating and Investment Information (R&I)	AA+ (Stable)

## Liquidity

- Daily cash revenues from railway operations  
(Passenger revenues were approx. ¥ 5.0 billion / day in FY2018.3)
- CP issuance facility: ¥ 150.0 billion

### Short-term credit ratings

Rating agency	Rating
Moody's	P-1
Rating and Investment Information (R&I)	a-1+

- Bank overdraft facility: ¥ 330.0 billion
- Earthquake response commitment line: ¥60.0 billion

# Numerical targets (Capital expenditures)

## 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

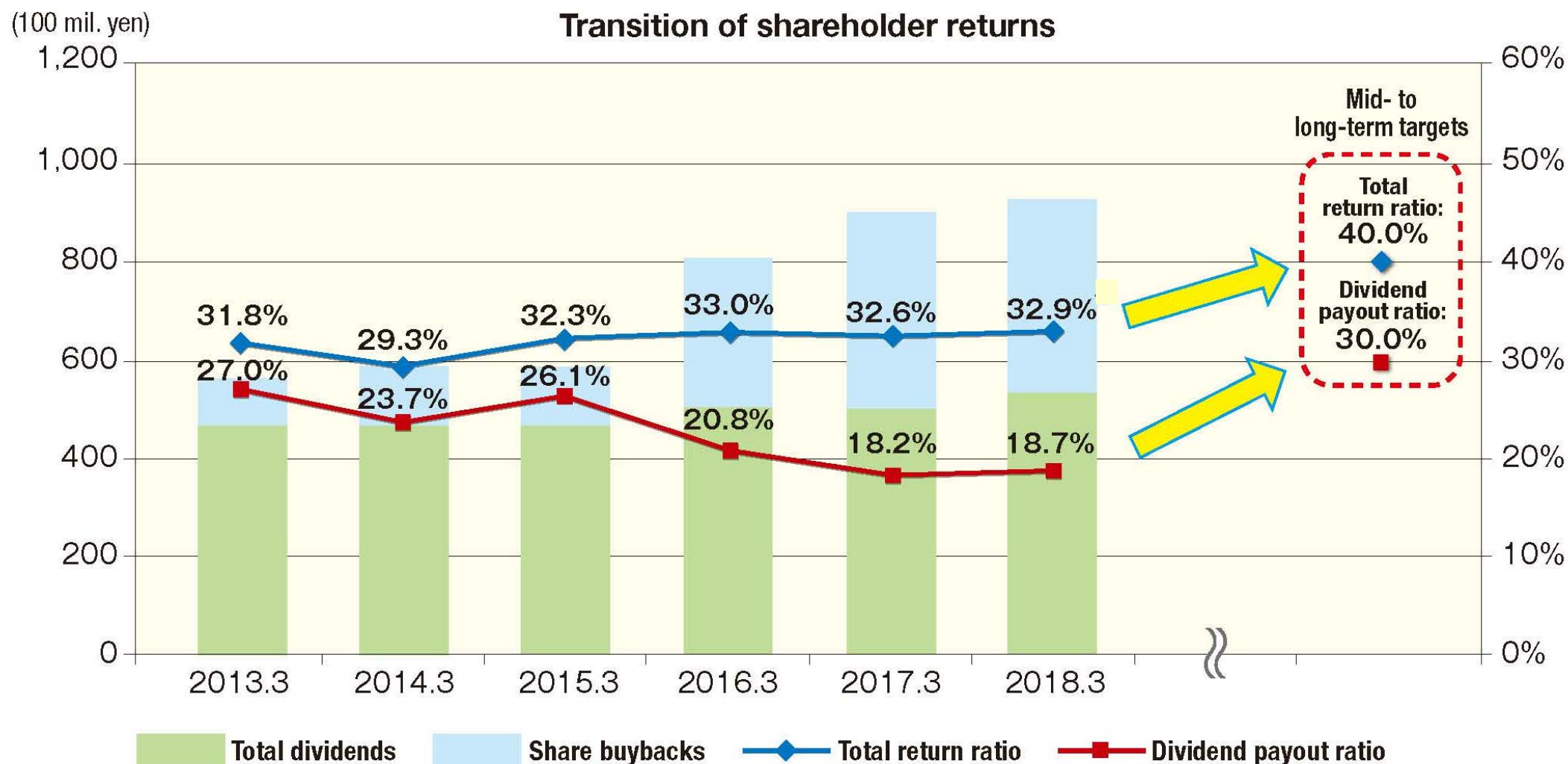


Installation of platform doors

# 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.

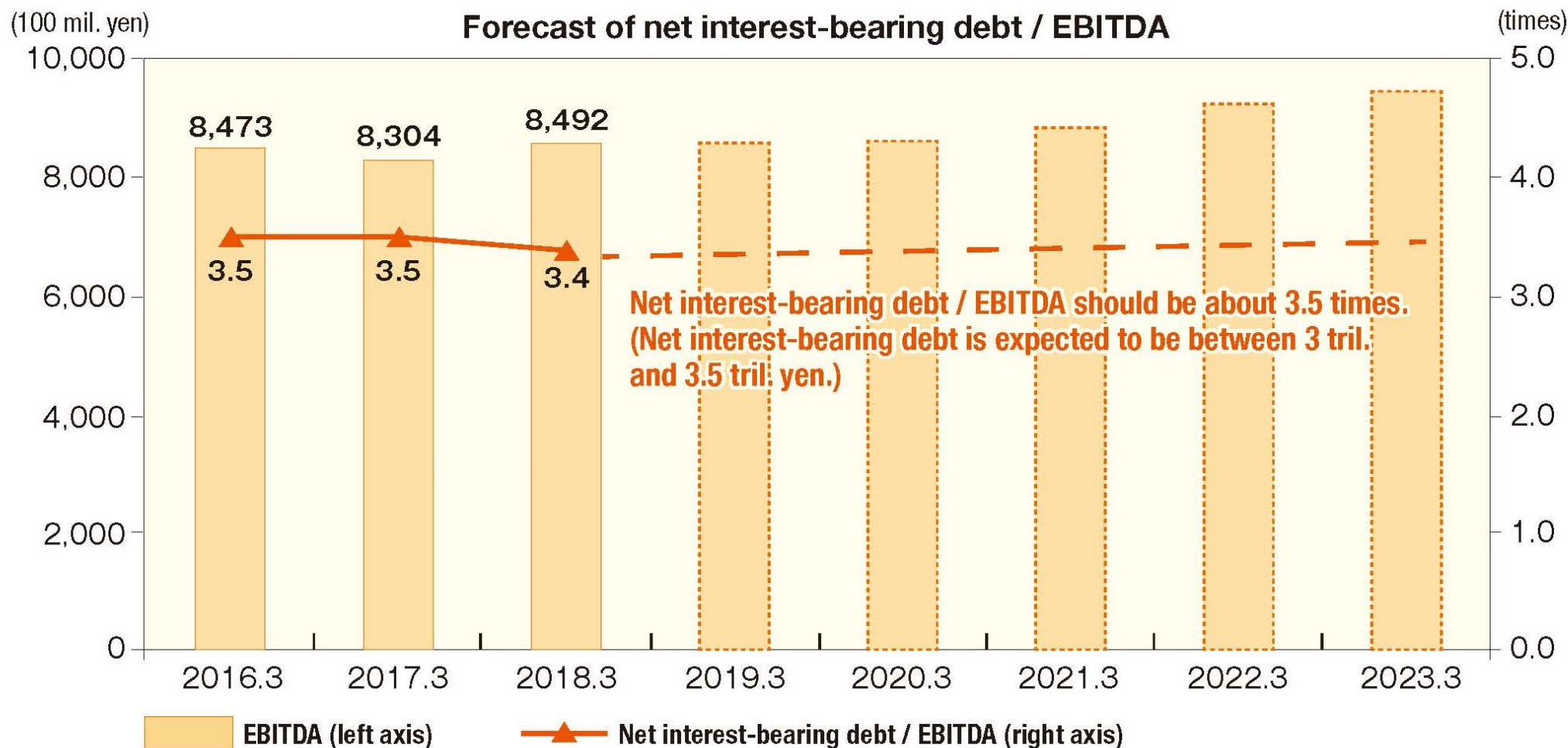




# Numerical targets (Interest-bearing debt)

## 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<sup>(\*)</sup> 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



These materials and the video of the presentation can be viewed  
at the JR East's web site.

JR East Web site, IR (Investor Relations)  
<http://www.jreast.co.jp/e/investor/index.html>

**Forward-Looking Statements**

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