May 2, 2017
East Japan Railway Company

Summary of Telephone Interviews about Fiscal 2017 Financial Results

[Hokkaido Shinkansen Line]

Q. For the Hokkaido Shinkansen Line, the plan for the fiscal year ending March 31, 2018, is – ¥1 billion. What is the basis for this?

A. In its second year, the fiscal year ended March 31, 2017, the Hokuriku Shinkansen Line decreased about 13%. Therefore, using this as a reference, we also anticipate a decrease of about 13% for the Hokkaido Shinkansen Line. As a monetary amount, this is – ¥1 billion.

Also, we took into consideration the fact that, although the Hokkaido Shinkansen Line surpassed the plan for the fiscal year ended March 31, 2017, by quite a margin, the margin of increase versus the plan became smaller in the fourth quarter.

[Passenger Revenues]

Q. In the fiscal year ending March 31, 2018, you plan + ¥5 billion year on year for the basis of Shinkansen network non-commuter passes (ordinary tickets). How did you arrive at this projection?

A. We expect a 0.9% year-on-year trend in the basis of Shinkansen network non-commuter passes (ordinary tickets). We calculated this with reference to the outlook for real GDP growth and by taking into consideration rule-of-thumb sensitivity.

[IT & *Suica* Business]

Q. Regarding the operating revenues and operating income of the newly established IT & *Suica* business, what were the results in the fiscal year ended March 31, 2017, and what is the plan for the fiscal year ending March 31, 2018?

A. From now on, we will disclose information about the IT & *Suica* business as an in-house management segment at investor-relations briefings. In the fiscal year ended March 31, 2017, regarding operating revenues, external sales were ¥44.4 billion, and operating income was ¥8.5 billion.

Further, we have not disclosed the plan for the fiscal year ending March 31, 2018.

[Growth Investment]

Q. You plan growth investment of ¥700 billion over three years. Can you break down what this has been earmarked for?

A. Breaking down growth investment of ¥700 billion over three years, approximately 34% is earmarked for the transportation segment and approximately 66% is earmarked for non-transportation operations. In non-transportation operations, we will mainly use growth investment to develop large-scale terminal stations, including Chiba Station, Yokohama Station, Tokyo Station, Sendai Station, and Shibuya Station. Further, capital expenditures will be required for development on the former site of the JR Shinagawa Depot railway yard, although this project is not at the stage of building construction. In the current fiscal year, capital expenditures will also be required for Saitama-Shintoshin Building.

In the transportation segment, meanwhile, we plan to steadily introduce Series E235 railcars to the Yamanote Line, on which only one train comprising these railcars has been introduced at present. The portion of the investment for these introductions that is classified as growth investment will represent the main use of growth investment in the transportation segment.