July 30, 2020
East Japan Railway Company

Summary of Telephone Interviews about Financial Results in the First Quarter of Fiscal 2021

［Cost Reductions］

Q： It is said that the Company will aim to reduce costs by approximately 100 billion yen (approximately 54 billion yen in capital expenditures and approximately 50 billion yen in operating expenses). What are the details?

A： Investment needed for the continuous operation of business will be partially revised, premised on ensuring safety. Furthermore, rather than reducing the capital expenditures amount by approximately 54 billion compared with the fiscal 2020 amount, the reduction will be from the figure we had been examining internally. As for operating expenses, cost reductions of approximately 50 billion yen will be targeted, in addition to the initially forecast increases and decreases. The expected breakdown comprises cost reductions of approximately 25 billion yen for non-personnel expenses (other), such as security and advertising expenses, approximately 11 billion yen for this summer’s bonus, and approximately 3 billion for construction supplementary maintenance due to the decrease in capital expenditures.

［Expectations of Business Results Recovery］

Q： What are your thoughts on the status of business results recovery in each segment?

A： As Retail & Services is significantly affected by railway passenger numbers, it is thought that this business will recover at the same pace as railway use. In Real Estate & Hotels, it is thought that the sales of shopping centers will become better because they were closed for a while in the first quarter but hotels will struggle, in part because there is not expected to be any inbound demand.

［Fund Raising］

Q： What is the approach to fund-raising?

A： We conduct fund-raising that looks ahead two to three months and have a sufficient deposit balance in hand. We pay attention to the accumulation of interest-bearing debt and will conduct fund-raising flexibly while carefully assessing revenue trends going forward.