

(Translation)

July 31, 2018
West Japan Railway Company

FY 3/19 1Q Financial Results Briefing
Summary of Question and Answer Session

Q1

What is the basis for the calculation of the effect of the torrential rains in July 2018 on transportation revenues? Also, what will the effect be in the next fiscal year?

A1

For the Sanyo Shinkansen and the Kansai Urban Area, the calculation shows the direct reduction in revenue resulting from the significant suspension of service for a few days. For other conventional lines, we estimated the amounts of effects in the event that current restoration forecasts proceed according to plan. The total effect is calculated as the total of those estimates. In regard to the next fiscal year, we believe the effect will be minimal because the suspended sections are limited.

Q2

There are local railway belts on which restoration from the torrential rains in July 2018 will require more than one year. What is the Company's approach to the restoration?

A2

The damage extends over an extremely wide range, and accordingly the damage conditions vary. We will do our utmost to achieve restoration at an early stage. However, there are locations that will require some time for restoration because consultations with municipal governments are needed, such as for afforestation and river improvement initiatives in response to the threat of intensifying natural disasters.

Q3

How do you evaluate the fundamentals of 99.9% year on year in the Kansai Urban Area?

A3

At the beginning of this fiscal year, we were planning for fundamentals of 100.0%. Results in the first quarter were 99.9%, and accordingly we think results are basically in line with plans. In the Kansai Urban Area, there is an influence from earthquakes, heavy rains, etc. However, the fundamentals are basically in line with expectations.

Q4

Is progress with maintenance costs in line with plans?

A4

Progress is in line with plans. There is a tendency for maintenance costs to be registered in the second half of the year, so the trend is the same as in an ordinary year.

Q5

What is the reason for the decline in operating income in the real estate business despite the higher profits in the real estate lease and sale sub-segment and the shopping center sub-segment?

A5

The sub-segments show the simple sum of operating income on an individual company basis, the total of which is not the same as operating income in the real estate business segment, which shows results after consolidation adjustments, such as the elimination of inter-segment transactions and the amortization of goodwill.

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