

# Medium-Term Management Plan 2017

## Outline of Medium-Term Management Plan

To give shape to our management vision, the JR-West Group has announced "Our Future Direction — The Ideal Form for JR West." We will implement the Priority Strategies, which comprise the Three Basic Strategies and the Four Business Strategies. In addition, we will proceed with Building Management and Operational Foundations, fulfill our responsibilities as a member of society, and take the Next Step as we work to realize the New JR-West Group for the next era.

## The "Form of the New JR-West Group" for the next era.



## Financial Benchmarks

| Consolidated operating revenues |                  | Consolidated EBITDA  |                | Consolidated ROA     |             |
|---------------------------------|------------------|----------------------|----------------|----------------------|-------------|
| Fiscal 2018 forecast            | Fiscal 2013      | Fiscal 2018 forecast | Fiscal 2013    | Fiscal 2018 forecast | Fiscal 2013 |
| ¥1,306.0 billion                | ¥1,298.9 billion | ¥292.5 billion       | ¥290.3 billion | 4.7 %                | 4.9 %       |

Note: Because this plan does not include the increases in revenues and railway usage fees accompanying the beginning of operations on the Hokuriku Shinkansen Line to Kanazawa (End of fiscal 2015 (fiscal year ending March 2015), plan), it will be revised as required.  
 Note: Fiscal 2013 (fiscal year ended March 2013)  
 Fiscal 2018 (fiscal year ended March 2018)

## Three Basic Strategies

### Safety

We will launch the Safety Think-and-Act Plan 2017.

#### Objectives for the Five-Year Period through fiscal 2018 (Fiscal Year Ending March 31, 2018)

No railway accidents that result in casualties among our customers

0  
Affair

No labor accidents that result in fatalities among our employees

0  
Affair

#### Objectives for fiscal 2018

30% reduction in railway accidents with casualties on the platform

30% reduction

40% reduction in accidents at level crossings

40% reduction

50% reduction in transport disorders due to internal factors

50% reduction

#### Establishment of JR-West Group safety management

- Continual effort to realize safe, reliable transport service
- Increase level of risk assessment
- Increasing safety awareness and implementing think-and-act initiatives with the highest priority on human life
- Investment in safety

#### Medium-term Management Plan, Safety Think-and-Act Plan: Measures to Build Management and Operational Foundations

- Enhance technological capabilities and skills
- Improve communications
- Understand and utilize the human factor
- Improve front-line capabilities
- Recruit and nurture human resources and enhance motivation
- Foster Group unity
- Cooperate with customers and society

### Customer Satisfaction

We will implement customer-based initiatives to increase the value that we provide.

#### Objectives for fiscal 2018

Develop "fans" of JR-West ⇒ Customer satisfaction survey result of 4.0 or above (five levels, in-house survey)

4.0 or above

#### Key Measures

- Grasp customer expectations and work to meet diverse needs
- Build a railway with high transport quality
- Seek out customer feedback and work to enhance and improve services
- Actively provide customers and society with information about the measures that we implement

### Technologies

We will strive for continuous innovation.

#### Objectives for fiscal 2018

Set target for practical implementation of on-board oriented train control system (wireless)

Complete battery-powered train performance testing

Complete verification of next-generation total operation control system

Produce gauge change testing trains, implement running testing

#### Key Measures

- Promote technical development aimed at fostering a railway operations system change
- Take on the challenge of technical development of gauge change trains
- Nurture engineers deeply versed in each field of railway technology, and strive to resolve issues with technology
- Promote reductions in energy consumption and diversification of energy supply sources

# Medium-Term Management Plan 2017

## Four Business Strategies

### Shinkansen

We will Enhance the Potential of the Shinkansen and Promote Exchange.

#### Objectives for fiscal 2018

10% increase in number of senior customers traveling for leisure purposes

**10** % increase

Threefold increase in number of passengers using railway travel package for visitors from overseas

**Threefold** increase

Maximize the effects of the opening of the Hokuriku Shinkansen

#### Key Measures

- Further increase the safety and reliability of the Shinkansen
- Work to provide competitive transport services and to expand usage of those services
- Create new demand through enhancement of services for seniors and visitors to Japan
- Expand Shinkansen network

#### Major investments

- Related to opening of Hokuriku Shinkansen
- New ATC
- Establishment of new maintenance bases and improvement of existing bases
- Earthquake countermeasures
- Countermeasures for mobile phone no-service areas
- Station facility refurbishment (Hiroshima)
- Introduction of N700A new model

### Development of the Hokuriku Shinkansen

#### Nagano-to-Kanazawa Section.....① (Approx. 230km)

Currently, the Japan Railway Construction, Transport and Technology Agency (JR-TT) is constructing the Nagano-Kanazawa segment of the Hokuriku Shinkansen Line. East Japan Railway Company (JR-East) plans to operate services between Tokyo and Joetsu-Myoko in Niigata Prefecture, while JR-West plans to operate services between Joetsu-Myoko and Kanazawa. Both companies will pay JR-TT usage charges, which will not exceed the corresponding benefits of the applicable lines. Although specific timetables are still under consideration, the beginning of services promises to heighten convenience by shortening the travel time from Kanazawa and Toyama to Tokyo considerably.

#### Scheduled Completion:

End of fiscal 2015 (fiscal year ending March 2015)

#### JR-West Service Area:

Joetsu-Myoko to Kanazawa (Approx. 170km)

#### Travel Time\*:

Kanazawa to Tokyo 2hr 36min. (71min. faster than current service)

Toyama to Tokyo 2hr 17min. (54min. faster than current service)

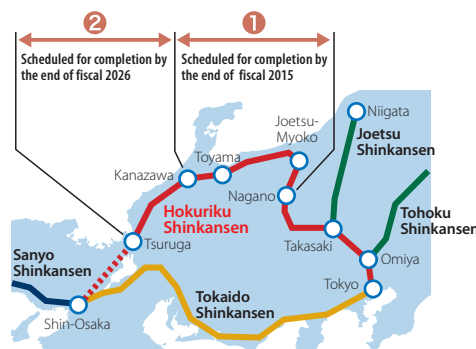
\*Based on a Shinkansen average speed of 190km/h and the fastest conventional line travel time to Tokyo as of March 2012.

#### Kanazawa-to-Tsuruga Section.....② (Approx. 130km)

Furthermore, on June 29, 2012, the Japanese government authorized the beginning of construction of the Kanazawa-Tsuruga segment. JR-West's basic position is to seek the establishment of a complete Shinkansen line to Osaka as early as possible. For the time being, however, this segment will link the Kansai / Chukyo region and the Hokuriku region. Therefore, we consider the extension to Tsuruga, which promises to generate some benefits, as steady progress toward the establishment of a complete Shinkansen line.

In addition, to heighten convenience for passengers when changing between conventional lines and the Shinkansen at Tsuruga Station, after Shinkansen services begin there, the Japanese government has proposed introducing gauge change trains\*. JR-West intends to study this proposal with a view to practical application.

\*Gauge change trains: Gauge change trains will be able to change the distance between left- and right-side wheels simply by passing through a gauge changer, so that they can operate on both Shinkansen and conventional line tracks, which are of different widths.



## Kansai Urban Area

We will improve the Value of the Kansai Urban Area.

### Objectives for fiscal 2018

50% reduction in transport disorders due to internal factors

**50** % reduction

No. of IC card users\* : 2.2 million/day (+300,000)  
\*Including Okayama/Hiroshima

**2.2** million/day

Increase resident satisfaction

### Key Measures

- Build a railway that offers high-quality transport and is used repeatedly by customers
- Build sustainable railway system through appropriate maintenance
- Increase the value of railway belts, create areas adjacent to railway lines that people want to reside in and are easy to use
- Take steps to create an appealing Kansai Urban Area, such as enhancing the Osaka Loop Line
- Open new railway museum in the Kyoto Umekoji area, establish railway culture base (spring 2016)

### Major investments

- Rolling stock replacement
- New safety system
- Increase facilities for turn back operation
- Increase safety at level crossings
- Disaster countermeasures (lightning, etc.)
- New stations (Maya (provisional name), Sojiji (provisional name))
- Station improvement (Sannomiya, Shin-Osaka, Tennoji, Amagasaki)
- Station building development (Takatsuki, Koshienguchi, Zeze)
- New railway museum building

## Other West Japan Area

We will invigorate the strengths of other West Japan areas.

### Objectives for fiscal 2018

10% increase in number of users during destination campaigns

**10** % increase

Ongoing progress in promoting "businesses with close ties to areas," with the entire Group working together in cooperation with local companies and other partners in each area

Ongoing progress in fostering a shared understanding between the Company and local communities in regard to the best direction for regional transport

### Key Measures

- Develop businesses with close ties to areas and move forward in tandem with communities
- Work together with local communities and strive to realize sustainable regional transport that reflects usage conditions

### Major investments

- New luxury trains
- New safety systems
- Change of rolling stock (Hiroshima region)
- New station (Hakushima (provisional name))
- Kabe Line extension
- Hiroshima Station development
- Station improvement, store development (Shimonoseki, Shin-Yamaguchi, Tokuyama)
- Relocation of Hiroshima General Hospital of West Japan Railway Company to new building
- Introduction of CTC in Okayama area

## Business Development

We will work to develop new businesses.

### Objectives for fiscal 2018

Revenues from lifestyle-related service businesses: + ¥25.0 billion

**+¥25.0** billion

Revenues from new businesses : + ¥1.0 billion

**+ ¥1.0** billion

In 10 years, share of revenues contributed by the non-transportation segments (Retail, Real estate, Other businesses): 40%

**40** %

### Key Measures

- Expand lifestyle-related operations and provide support for the realization of comfortable daily lives
- Increase the value of Group assets
- Continue to take on the challenge of new business fields
- Cultivate growth as a Group with consideration for the global market