

Results for the first half ended September 30, 2015 and Future Initiatives



November 2, 2015

West Japan Railway Company

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I . Results for the first half of FY2016.3

Financial Highlights

¥ Billions

	6 months ended Sep 30, 2014	6 months ended Sep 30, 2015	YoY		Results FY2015.3	Forecasts FY2016.3		YoY		Difference between the forecasts Increase/ (Decrease) E-D
			Increase/ (Decrease) B-A	% 1-B/A		As of July 30 D	As of Oct 30 E	Increase/ (Decrease) E-C	% 1-E/C	
	A	B			C					
【Consolidated】										
Operating Revenues	651.5	709.4	57.8	8.9	1,350.3	1,411.5	1,437.0	86.6	6.4	25.5
Operating Income	82.1	110.5	28.3	34.5	139.7	162.0	171.5	31.7	22.7	9.5
Recurring Profit	72.4	99.7	27.2	37.6	121.9	143.5	153.0	31.0	25.4	9.5
Profit attributable to owners of parent	54.4	66.0	11.6	21.3	66.7	90.5	96.0	29.2	43.9	5.5
【Non-Consolidated】										
Operating Revenues	440.7	478.7	38.0	8.6	890.9	937.5	949.0	58.0	6.5	11.5
Transportation Revenues	394.8	427.7	32.8	8.3	797.0	836.0	847.0	49.9	6.3	11.0
Operating Expenses	371.5	388.2	16.7	4.5	778.9	808.0	814.0	35.0	4.5	6.0
Personnel costs	116.9	115.2	(1.7)	(1.5)	233.0	233.0	233.0	(0.0)	(0.0)	—
Non personnel costs	166.2	178.3	12.0	7.2	369.0	384.5	390.5	21.4	5.8	6.0
Energy costs	22.7	22.7	0.0	0.1	45.3	47.0	46.5	1.1	2.6	(0.5)
Maintenance costs	62.0	65.7	3.6	5.9	146.7	149.5	153.5	6.7	4.6	4.0
Miscellaneous costs	81.5	89.8	8.3	10.2	176.9	188.0	190.5	13.5	7.7	2.5
Depreciation	61.1	63.1	1.9	3.2	126.0	132.0	132.0	5.9	4.7	—
Operating Income	69.1	90.4	21.2	30.7	112.0	129.5	135.0	22.9	20.5	5.5
Recurring Profit	57.5	78.9	21.3	37.1	92.1	111.0	116.5	24.3	26.5	5.5
Net Income	39.0	53.4	14.4	36.9	47.3	72.5	76.0	28.6	60.4	3.5

Note: Figures in brackets () are negative values.

Non-Consolidated Financial Results

¥ Billions

	6 months ended Sep 30, 2014	6 months ended Sep 30, 2015	YoY	
			Increase/ (Decrease) B-A	% 1-B/A
	A	B		
Operating Revenues	440.7	478.7	38.0	8.6
Transportation revenues	394.8	427.7	32.8	8.3
Other	45.8	51.0	5.1	11.3
Operating Expenses	371.5	388.2	16.7	4.5
Personnel costs	116.9	115.2	(1.7)	(1.5)
Non personnel costs	166.2	178.3	12.0	7.2
Energy costs	22.7	22.7	0.0	0.1
Maintenance costs	62.0	65.7	3.6	5.9
Miscellaneous costs	81.5	89.8	8.3	10.2
Rental payments, etc.	9.2	13.4	4.2	45.8
Taxes	17.8	18.1	0.2	1.5
Depreciation	61.1	63.1	1.9	3.2
Operating Income	69.1	90.4	21.2	30.7
Non-operating revenues and expenses	(11.6)	(11.5)	0.0	(0.7)
Non-operating revenues	1.5	1.4	(0.0)	—
Non-operating expenses	13.1	13.0	(0.1)	—
Recurring Profit	57.5	78.9	21.3	37.1
Extraordinary profit and loss, net	(2.7)	0.7	3.4	—
Extraordinary profit	3.7	5.8	2.1	—
Extraordinary loss	6.4	5.1	(1.3)	—
Net Income	39.0	53.4	14.4	36.9

Note: Figures in brackets () are negative values.

Major Factors of Increase/Decrease in Transportation Revenues

¥ Billions

Results for 6 months ended Sep 30, 2015					
Transportation revenues		YoY Increase/(Decrease)		Major factors	
		Amount	%		Amount
Shinkansen	220.5	35.9	19.5	Fundamentals 4.0%	7.3
				Special factors	
				Hokuriku Shinkansen	24.0
				Silver Week (a five-day holiday in September)	2.3
				Golden Week	0.8
				The mid-summer Obon holidays	0.5
				Inbound demand	0.1
				Seniors demand	0.1
			etc.		
Kansai Urban Area (Kyoto-Osaka-Kobe Area)	151.9	3.8	2.6	Fundamentals 1.2%	1.7
				Special factors	
				Inbound demand	0.7
				The mid-summer Obon holidays	0.5
				Golden Week	0.4
				Silver Week (a five-day holiday in September)	0.2
			etc.		
Other lines	55.1	(7.0)	(11.3)	Fundamentals 0.8%	0.4
				Special factors	
				Separation of management of the conventional lines between Kanazawa and Naoetsu parallel to Hokuriku Shinkansen	(8.7)
				Silver Week (a five-day holiday in September)	0.3
				The mid-summer Obon holidays	0.3
			etc.		
Conventional lines	207.1	(3.1)	(1.5)		
Total	427.7	32.8	8.3		

Note: Revenues from luggage transportation are omitted due to the small amount.

Figures in brackets () are negative values.

Transportation Revenues and Passenger-Kilometers



Transportation Revenues

¥ Billions

	Results for 6 months ended Sep 30 (4/1~9/30)			3 months (2Q) (7/1~9/30)		
	FY2015.3	FY2016.3	YoY	FY2015.3	FY2016.3	YoY
Total	394.8	427.7	32.8 8.3%	204.0	221.8	17.8 8.8%
Shinkansen	184.6	220.5	35.9 19.5%	96.2	116.2	19.9 20.8%
Commuter Passes	4.6	5.0	0.4 9.2%	2.2	2.5	0.2 11.0%
Non-Commuter Passes	179.9	215.4	35.5 19.7%	93.9	113.7	19.7 21.0%
Conventional Lines	210.2	207.1	(3.1) (1.5%)	107.7	105.6	(2.1) (2.0%)
Commuter Passes	72.4	71.7	(0.7) (1.0%)	35.9	35.6	(0.3) (0.8%)
Non-Commuter Passes	137.8	135.4	(2.4) (1.8%)	71.7	69.9	(1.8) (2.6%)
Kansai Urban Area (Kyoto-Osaka-Kobe Area)	148.0	151.9	3.8 2.6%	74.9	76.6	1.7 2.3%
Commuter Passes	58.4	58.7	0.2 0.4%	29.1	29.2	0.0 0.3%
Non-Commuter Passes	89.6	93.2	3.6 4.1%	45.7	47.4	1.6 3.6%
Other Lines	62.1	55.1	(7.0) (11.3%)	32.8	28.9	(3.8) (11.8%)
Commuter Passes	13.9	13.0	(0.9) (6.8%)	6.8	6.4	(0.3) (5.5%)
Non-Commuter Passes	48.2	42.1	(6.0) (12.6%)	25.9	22.4	(3.4) (13.4%)

Passenger-Kilometers

Millions of passenger-kilometers

	Results for 6 months ended Sep 30 (4/1~9/30)			3 months (2Q) (7/1~9/30)		
	FY2015.3	FY2016.3	YoY	FY2015.3	FY2016.3	YoY
Total	28,027	29,526	1,499 5.3%	14,343	15,149	805 5.6%
Shinkansen	8,885	10,256	1,371 15.4%	4,680	5,439	758 16.2%
Commuter Passes	371	409	37 10.1%	191	202	10 5.5%
Non-Commuter Passes	8,513	9,846	1,333 15.7%	4,488	5,236	748 16.7%
Conventional Lines	19,142	19,270	128 0.7%	9,663	9,709	46 0.5%
Commuter Passes	11,551	11,746	195 1.7%	5,643	5,759	116 2.1%
Non-Commuter Passes	7,590	7,523	(66) (0.9%)	4,020	3,950	(69) (1.7%)
Kansai Urban Area (Kyoto-Osaka-Kobe Area)	14,519	15,017	497 3.4%	7,268	7,513	244 3.4%
Commuter Passes	9,360	9,625	265 2.8%	4,587	4,726	138 3.0%
Non-Commuter Passes	5,159	5,391	232 4.5%	2,681	2,786	105 3.9%
Other Lines	4,622	4,252	(369) (8.0%)	2,394	2,196	(197) (8.3%)
Commuter Passes	2,191	2,120	(70) (3.2%)	1,055	1,033	(22) (2.1%)
Non-Commuter Passes	2,431	2,132	(299) (12.3%)	1,338	1,163	(175) (13.1%)

Note: Figures in brackets () are negative values.

Major Factors of Increase/Decrease in Operating Expenses (Non-consolidated)

¥ Billions

Item	Results for 6 months ended Sep 30, 2015			
		YoY		Major factors
		Increase/ (Decrease)	%	
Personnel costs	115.2	(1.7)	(1.5)	• Decrease in retirement allowance (0.5), etc.
Energy costs	22.7	0.0	0.1	
Maintenance costs	65.7	3.6	5.9	• Increase in removal costs +1.3 • Increase in maintenance costs for structures +0.9, etc.
Miscellaneous costs	89.8	8.3	10.2	• Increase in payments for other JR companies +3.4 • Increase in advertising expenses +1.1 • Increase in sales charge +0.7, etc.
Rental Payments, etc	13.4	4.2	45.8	• Hokuriku Shinkansen
Taxes	18.1	0.2	1.5	
Depreciation and amortization	63.1	1.9	3.2	• Depreciation of Hokuriku Shinkansen rolling stock, etc.
Total	388.2	16.7	4.5	

Note: Figures in brackets () are negative values.

Consolidated Financial Results

¥ Billions

	6 months ended Sep 30, 2014	6 months ended Sep 30, 2015	YoY	
			Increase/ (Decrease) B-A	% 1-B/A
	A	B		
Operating Revenues	651.5	709.4	57.8	8.9
Operating Expenses	569.3	598.8	29.4	5.2
Operating Income	82.1	110.5	28.3	34.5
Non-operating revenues and expenses	(9.7)	(10.8)	(1.1)	11.5
Non-operating revenues	3.7	2.3	(1.3)	-
Non-operating expenses	13.4	13.1	(0.2)	-
Recurring Profit	72.4	99.7	27.2	37.6
Extraordinary profit and loss, net	3.1	0.5	(2.6)	-
Extraordinary profit	10.9	6.6	(4.2)	-
Extraordinary loss	7.7	6.1	(1.6)	-
Profit attributable to owners of parent	54.4	66.0	11.6	21.3
<i>Comprehensive Income</i>	55.5	67.6	12.0	21.7

Note: Figures in brackets () are negative values.

Consolidated Financial Results (Segment Information)

¥ Billions

	6 months ended Sep 30, 2014	6 months ended Sep 30, 2015	YoY	
			Increase/ (Decrease)	%
			B-A	1-B/A
Operating Revenues* ¹	651.5	709.4	57.8	8.9
Transportation	429.3	466.1	36.8	8.6
Retail	111.3	114.2	2.9	2.7
Sales of goods and food services	65.9	72.2	6.2	9.5
Department Stores	41.1	38.0	(3.0)	(7.5)
Real estate	42.9	53.3	10.4	24.3
Shopping center	24.9	28.3	3.4	13.7
Real estate lease and sale* ³	17.1	24.1	6.9	40.9
	[2.7]	[9.4]	6.6	247.5
Other businesses	68.0	75.6	7.6	11.2
Hotel	16.7	17.7	1.0	6.0
Nippon Travel Agency	19.5	18.8	(0.7)	(3.6)
Operating Income* ²	82.1	110.5	28.3	34.5
Transportation	63.1	84.2	21.1	33.5
Retail	1.9	3.0	1.1	59.4
Sales of goods and food services	2.7	2.9	0.2	10.0
Department stores	(0.9)	(0.0)	0.9	-
Real estate	14.0	17.6	3.6	26.0
Shopping center	3.8	4.7	0.9	24.7
Real estate lease and sale	5.0	7.3	2.2	45.8
Other businesses	2.2	5.0	2.7	122.1
Hotel	0.8	1.3	0.5	66.1
Nippon Travel Agency	(0.2)	(0.4)	(0.1)	-

Note: Figures in brackets () are negative values.

*¹ Operating revenues are the revenues from third parties (= customers).

The breakdowns of operating revenues by each segment are the sums of revenues of major subsidiaries.

*² The breakdowns of operating income by each segment are the sums of incomes of major subsidiaries before eliminating internal transactions.

*³ Figures in brackets [] are the sales of condominiums. (Revenues from third parties) (Included in Real estate lease and sale)

Consolidated Financial Situation and Statements of Cash Flows

¥ Billions

	As of March 31, 2015 A	As of Sep 30, 2015 B	Difference increase/ (decrease) B-A
Assets	2,786.4	2,779.6	(6.8)
Liabilities	1,939.7	1,877.7	(62.0)
Net assets	846.7	901.9	55.2
Balance of Long-term Debt and Payables	1,004.2	1,020.6	16.4
【Average interest rate(%)】	【2.40】	【2.33】	【(0.07)】
Shinkansen Purchase Liability	167.6	152.5	(15.1)
【Average interest rate(%)】	【6.05】	【6.14】	【0.09】
Bonds	479.9	494.9	15.0
【Average interest rate(%)】	【2.08】	【2.05】	【(0.03)】
Equity ratio (%)	28.8	30.8	2.0
Net assets per share (¥)	4,138.65	4,417.99	279.34

	6 months ended Sep 30, 2014 A	6 months ended Sep 30, 2015 B	YoY increase/ (decrease) B-A
Cash flows from operating activities	61.7	88.2	26.4
Cash flows from investing activities	(77.9)	(76.6)	1.3
Free cash flows	(16.1)	11.6	27.7
Cash flows from financing activities	(10.1)	3.2	13.3
Change in cash and cash equivalents, net	(26.3)	14.8	41.1
Cash and cash equivalents at the end of the period	46.6	100.1	53.5

Note: Figures in brackets () are negative values.

Ⅱ . Forecasts for FY2016.3

Non-Consolidated Financial Forecasts

¥ Billions

	Results FY2015.3 A	Forecasts FY2016.3		YoY		Difference between the forecasts Increase/ (Decrease) C-B
		As of July 30 B	As of Oct 30 C	Increase/ (Decrease) C-A	% 1-C/A	
Operating Revenues	890.9	937.5	949.0	58.0	6.5	11.5
Transportation revenues	797.0	836.0	847.0	49.9	6.3	11.0
Other	93.9	101.5	102.0	8.0	8.6	0.5
Operating Expenses	778.9	808.0	814.0	35.0	4.5	6.0
Personnel costs	233.0	233.0	233.0	(0.0)	(0.0)	—
Non personnel costs	369.0	384.5	390.5	21.4	5.8	6.0
Energy costs	45.3	47.0	46.5	1.1	2.6	(0.5)
Maintenance costs	146.7	149.5	153.5	6.7	4.6	4.0
Miscellaneous costs	176.9	188.0	190.5	13.5	7.7	2.5
Rental payments, etc.	18.7	26.5	26.5	7.7	41.1	—
Taxes	32.0	32.0	32.0	(0.0)	(0.0)	—
Depreciation	126.0	132.0	132.0	5.9	4.7	—
Operating Income	112.0	129.5	135.0	22.9	20.5	5.5
Non-operating revenues and expenses	(19.8)	(18.5)	(18.5)	1.3	(7.0)	—
Non-operating revenues	6.5	6.6	6.6	0.0	—	—
Non-operating expenses	26.4	25.1	25.1	(1.3)	—	—
Recurring Profit	92.1	111.0	116.5	24.3	26.5	5.5
Extraordinary profit and loss, net	(4.5)	(3.0)	(3.0)	1.5	—	—
Extraordinary profit	60.6	—	—	—	—	—
Extraordinary loss	65.1	—	—	—	—	—
Net Income	47.3	72.5	76.0	28.6	60.4	3.5

Note: Figures in brackets () are negative values.

Transportation Revenue Forecasts

¥ Billions

	Results FY2015.3 A	Forecasts FY2016.3		YoY		Difference between the forecasts Increase/ (Decrease) C-B
		As of July 30 B	As of Oct 30 C	Increase/ (Decrease) C-A	% 1-C/A	
Shinkansen	375.9	424.9	434.6	58.7	15.6	9.7
Kansai Urban Area (Kyoto-Osaka-Kobe Area)	296.2	300.7	301.9	5.6	1.9	1.2
Other lines	124.8	110.3	110.4	(14.4)	(11.5)	0.0
Conventional lines	421.0	411.0	412.3	(8.7)	(2.1)	1.2
Transportation revenues	797.0	836.0	847.0	49.9	6.3	11.0

Note: Revenues from luggage transportation are omitted due to the small amount.

Operating Expenses Forecasts (Non-Consolidated)

¥ Billions

Item	Forecasts FY2016.3				
		YoY		Major factors (YoY)	Difference from the previous forecast Increase/(Decrease)
		Increase/ (Decrease)	%		
Personnel costs	233.0	(0.0)	(0.0)		—
Energy costs	46.5	1.1	2.6	· Rise in fuel costs and renewable energy power promotion surcharge, etc.	(0.5)
Maintenance costs	153.5	6.7	4.6	· Increase in maintenance costs for structures, etc.	4.0
Miscellaneous costs	190.5	13.5	7.7	· Increase in payments for other JR companies · Increase in advertising expenses · Rise in fuel costs and renewable energy power promotion surcharge, etc.	2.5
Rental Payments, etc	26.5	7.7	41.1	· Hokuriku Shinkansen	—
Taxes	32.0	(0.0)	(0.0)		—
Depreciation and amortization	132.0	5.9	4.7	· Depreciation of Hokuriku Shinkansen rolling stock, etc.	—
Total	814.0	35.0	4.5		6.0

Note: Figures in brackets () are negative values.

Consolidated Financial Forecasts

¥ Billions

	Results FY2015.3 A	Forecasts FY2016.3		YoY		Difference between the forecasts Increase/ (Decrease) C-B
		As of July 30 B	As of Oct 30 C	Increase/ (Decrease) C-A	% 1-C/A	
Operating Revenues	1,350.3	1,411.5	1,437.0	86.6	6.4	25.5
Operating Expenses	1,210.5	1,249.5	1,265.5	54.9	4.5	16.0
Operating Income	139.7	162.0	171.5	31.7	22.7	9.5
Non-operating revenues and expenses	(17.7)	(18.5)	(18.5)	(0.7)	4.1	-
Non-operating revenues	9.0	7.6	7.6	(1.4)	-	-
Non-operating expenses	26.8	26.1	26.1	(0.7)	-	-
Recurring Profit	121.9	143.5	153.0	31.0	25.4	9.5
Extraordinary profit and loss, net	0.7	(5.5)	(5.5)	(6.2)	-	-
Extraordinary profit	69.5	-	-	-	-	-
Extraordinary loss	68.7	-	-	-	-	-
Profit attributable to owners of parent	66.7	90.5	96.0	29.2	43.9	5.5
Net income per share(¥)	344.58	467.45	495.85	-	-	-

Note: Figures in brackets () are negative values.

Consolidated Financial Forecasts (Segment Information)

¥ Billions

	Results FY2015.3 A	Forecasts FY2016.3		YoY		Difference between the forecasts Increase/ (Decrease) C-B
		As of July 30 B	As of Oct 30 C	Increase/ (Decrease) C-A	% 1-C/A	
Operating Revenues* ¹	1,350.3	1,411.5	1,437.0	86.6	6.4	25.5
Transportation	868.4	913.6	925.1	56.6	6.5	11.5
Retail	220.1	229.0	231.0	10.8	4.9	2.0
Sales of goods and food services	133.6	141.2	143.2	9.5	7.2	2.0
Department Stores	78.2	80.2	80.2	1.9	2.5	-
Real estate	87.2	102.6	106.6	19.3	22.2	4.0
Shopping center	50.6	56.2	57.2	6.5	12.9	1.0
Real estate lease and sale* ²	34.7	44.7	47.7	12.9	37.1	3.0
	[5.8]	[15.3]	[18.4]	12.5	215.7	3.0
Other businesses	174.4	166.3	174.3	(0.1)	(0.1)	8.0
Hotel	34.8	35.3	35.8	0.9	2.6	0.5
Nippon Travel Agency	42.5	42.9	41.4	(1.1)	(2.6)	(1.5)
Operating Income	139.7	162.0	171.5	31.7	22.7	9.5
Transportation	100.6	116.3	121.8	21.1	21.0	5.5
Retail	1.5	4.6	5.1	3.5	219.2	0.5
Real estate	25.1	30.3	31.8	6.6	26.2	1.5
Other businesses	15.6	14.0	16.0	0.3	2.3	2.0

Note: Figures in brackets () are negative values.

*¹ Operating revenues are the revenues from third parties (= customers).

The breakdowns of operating revenues by each segment are the sums of revenues of major subsidiaries.

*² Figures in brackets [] are the sales of condominiums. (Revenues from third parties) (Included in Real estate lease and sale)

Other Data

Persons, ¥Billions

	6 months ended Sep 30, 2014		6 months ended Sep 30, 2015		Results FY2015.3		Forecasts FY2016.3 As of Oct 30	
ROA (% , Consolidated)	3.1		4.0		5.1		6.1	
ROE (% , Consolidated)	6.9		8.0		8.4		11.5	
EBITDA (Consolidated) *1	154.4		185.4		289.3		330.0	
Depreciation (Consolidated)	72.2		74.8		149.5		158.5	
Capital Expenditures (Consolidated, own fund)	73.7		79.2		225.6		231.0	
Capital Expenditures (Non-consolidated, own fund)	58.3		67.5		186.4		199.0	
Safety related capital expenditure	22.4		44.5		90.2		123.0	
Dividends per share (¥)	60		65		125		135	

*1 EBITDA = Operating Income + Depreciation

	6 months ended Sep 30, 2014		6 months ended Sep 30, 2015		Results FY2015.3		Forecasts FY2016.3 As of Oct 30	
	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated
No. of employees at the end of period	48,203	27,362	47,750	26,616	47,565	26,886	-	-
Financial Expenses, net	(12.5)	(12.1)	(11.9)	(11.3)	(24.9)	(24.3)	(24.0)	(23.1)
Interest and dividend income	0.5	0.9	0.3	0.9	0.9	1.4	0.6	1.3
Interest expenses	13.0	13.0	12.3	12.3	25.8	25.7	24.6	24.5

Note: Figures in brackets () are negative values.

Ⅲ. Future Initiatives

Three Key Growth Themes

Three key growth themes

① Hokuriku Shinkansen and Invigoration of Hokuriku Region (1)

First-half initiatives

○ Strengthening competitiveness

- Increasing frequency
- Shortening travel time
- Highly convenient Internet reservation service

○ Fostering tourism demand

- Establishing wide-area tourism routes (operating sightseeing tour buses, etc.)

○ Aggressively implementing promotions

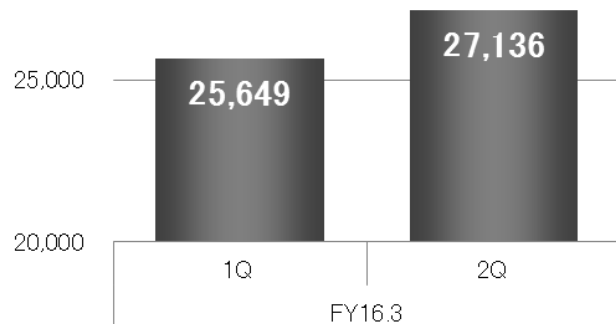
- Providing basic information, such as frequency and travel time
- Identifying and promoting tourist attractions, such as through “Hokuriku College”

⇒ **Increase in both size of market and market share**

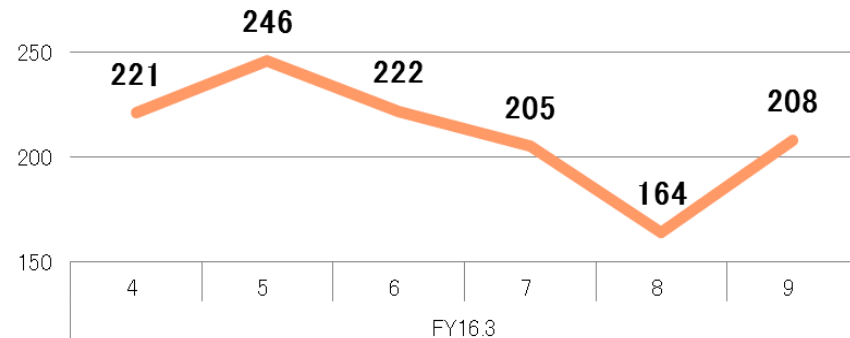


Usage trends (passenger volume between Joetsu Myoko and Itoigawa)

○ Number of passengers (person / day)



○ YoY comparison (%)



In addition to excitement surrounding the opening, achieving success with the Company's aggressive promotions to maximize the opening effect

Three key growth themes

①Hokuriku Shinkansen and Invigoration of Hokuriku Region (2)

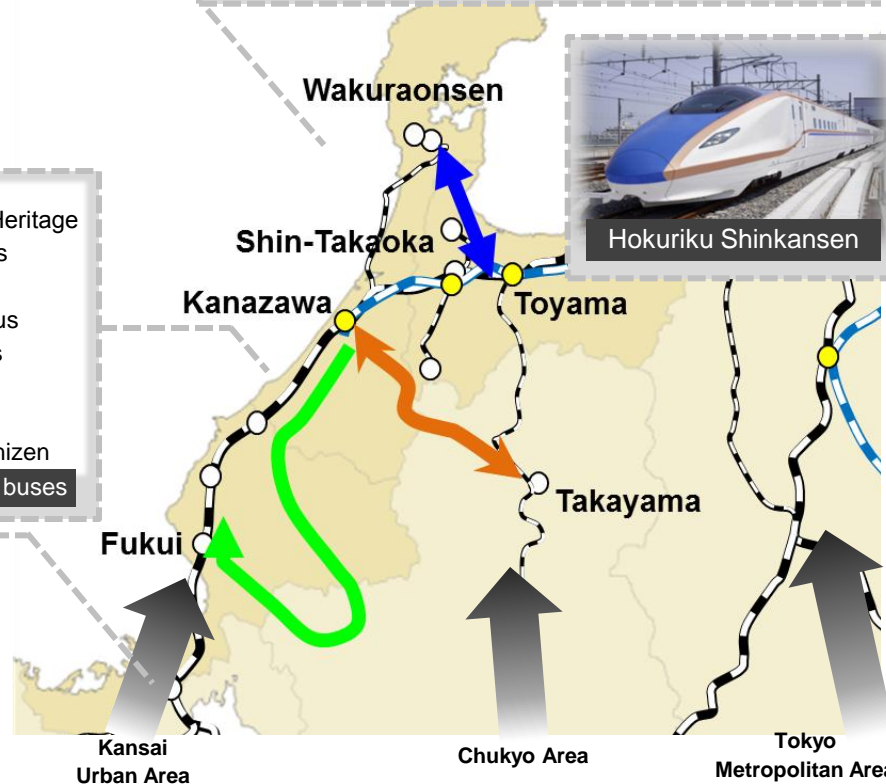
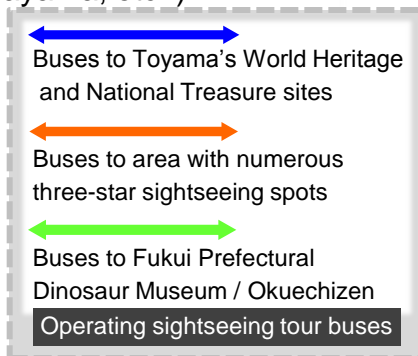
Future initiatives

○ Expanding market share through strengthening competitiveness

- Expanding use of highly convenient Internet reservation service
 - Implementing “e5489 Hokuriku Shinkansen Early Morning Business Trip Support” campaign

○ Expanding market size through fostering tourism demand

- Leveraging Destination Campaign (tourism promotion campaign) as an opportunity to foster tourism demand
 - Operating sightseeing trains “Hanayome Noren” and “Belles montagnes et mer” (Oct. 2015 ~)
 - Preparing secondary access (operating sightseeing tour buses between Kanazawa and Takayama, etc.)
 - Creating travel packages, etc.



○ Advancing non rail business and coexistence with communities in the Hokuriku region

- Maximizing effects from commercial facilities that have been opened/renewed
 - Appealing to local customers through implementation of members-only sales, etc.

Three key growth themes

② New LUCUA osaka

First-half initiatives

○ Renovating the West Wing of the North Gate Building as LUCUA 1100

- Grand opening of LUCUA 1100 (Apr. 2)
- Opening high-profile shops in stages
 - Wolfgang's Steakhouse (Apr. 27)
 - UMEDA TSUTAYA BOOKS (May. 8)

○ Continuing to attract new tenants

- Opening total of five new shops (Aug. 26)
(four in LUCUA (East Wing),
one in LUCUA 1100 (West Wing))
- Relocating one shop in LUCUA (East Wing) and
reopening it in a larger space (Sep. 14)



First-half results

- ① Tenant sales: approx. 30% increase YoY
- ② Visitor number: approx. 40% increase YoY

Targets for first fiscal year after opening

- ① Tenant sales target: Total of ¥77.0 billion for LUCUA 1100 and LUCUA
- ② Visitor number target : 70.0 million

Continued implementation of adjustment initiatives regardless of achievement of results in line with planned levels through the integrated management of the East Wing and West Wing

Future initiatives

- Implementation of adjustment initiatives in accordance with usage conditions
 - Continued strengthening of merchandising in consideration of conditions for each floor and each shop
- Implementation of promotions
 - Implementing large-scale promotions, such as increased point days and New Year's sales, with effectively timed TV commercials and advertising

Three key growth themes

③ Capturing Inbound Visitor Demand (1)

First-half initiatives

○ Enhancing western Japan tourism routes

- Leveraging opportunities presented by the Hokuriku Shinkansen and the 40th anniversary of the Sanyo Shinkansen to enhance the lineup of products for the Hokuriku and Chugoku regions (March 2015 ~)

○ Enhancing ability to cater to the needs of inbound visitors

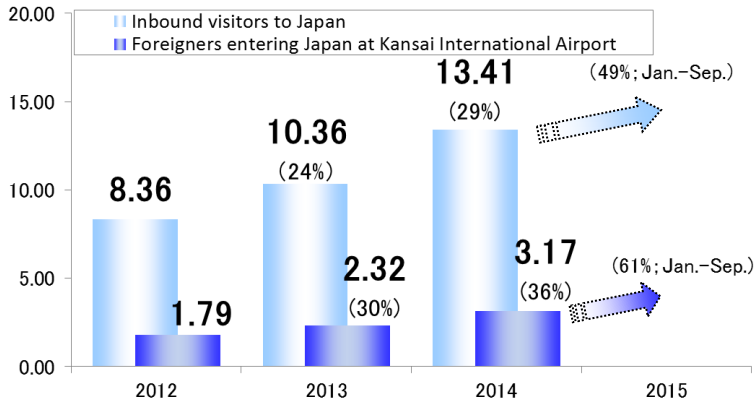
- Luggage checking and delivery service at Hiroshima station (April 2015 ~)

○ Implementing promotions

- Communicating appeal of western Japan area in Southeast Asia through the establishment of the Singapore Office (July 2015)

▼ Number of inbound visitors to Japan, number of foreigners entering Japan at Kansai International Airport (calendar years)

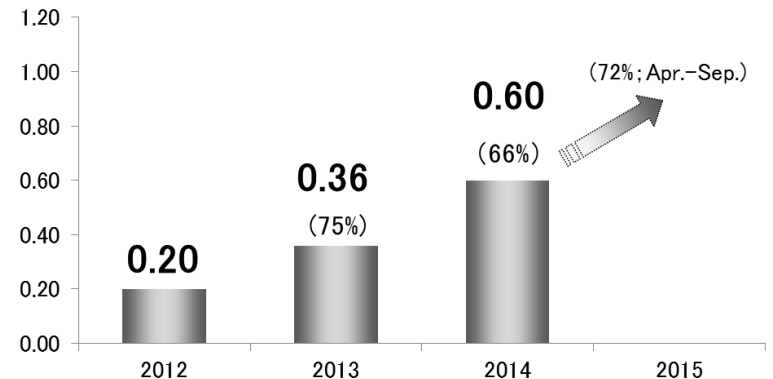
Millions, figures in brackets () are YoY figures



Sources: Japan National Tourism Organization (JNTO), Immigration Bureau, Ministry of Justice

▼ Usage of railway travel products for inbound visitors ※ (fiscal years)

Millions, figures in brackets () are YoY figures



First-half results

- ① Usage of railway travel products for inbound visitors: 450 thousand
- ② Consolidated operating revenues: ¥5.7 billion increase in comparison to FY2013.3

FY2018.3 target (in comparison to FY2013.3)

- ① Usage of railway travel products for inbound visitors: 400% increase (1 million)
- ② Consolidated operating revenues: ¥10.0 billion increase

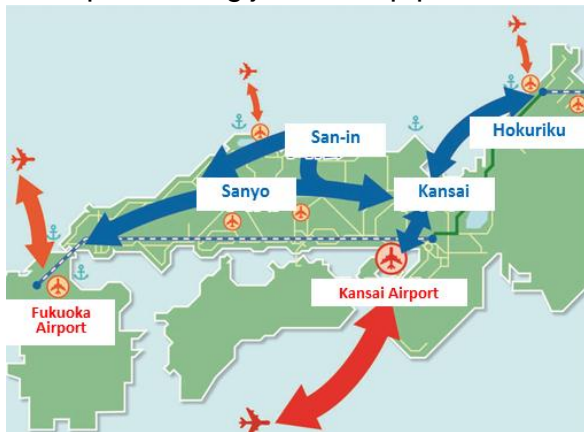
While growth in number of users exceeds growth in the number of inbound visitors to Japan and growth in the number of foreigners entering Japan at Kansai International Airport, there is still room for JR-West to secure further growth

Three key growth themes

③ Capturing Inbound Visitor Demand (2)

Future initiatives for inviting more customers to “western Japan area” and expanding use of “JR-West Group” in Kansai Urban Area

- **Developing and enhancing wide-area tourism routes through collaborating with local partners, enhancing the lineup of railway products, etc.**
 - Promoting sales of newly created Saiyu Kiko (enjoyable travel in western Japan) Setouchi Area Pass (July 2015 ~)
- **Improving ability to cater to needs of inbound visitors at terminal stations and commercial facilities that are frequented by such customers (guidance, free public Wi-Fi services, delivery, duty free, etc.)**
 - Establishing service center at Osaka Station for inbound visitors (parcel delivery service, ATM, etc.) (Oct. 2015 ~)
 - Establishing specialized sightseeing tour bus subsidiary to increase speed at which we address tourist bus demand (planning start of operations in early 2016)
 - Developing budget hotels that are prepared to be used by inbound tourists (Tennoji in spring 2017, Umeda in summer 2017)
 - Attracting tenants that are also popular with inbound tourists to in-station facilities (Osaka Station “EKIDONKI,” Oct. 2015)
- **Further communicating the appeal of the entire Group and the “towns” that encompass the entire Group and the areas surrounding terminal stations**
 - Implementing joint Group promotions to expand usage for the JR-West Group overall



Expanding products for inbound tourists, expanding usage from airports to western Japan area



Establishing service center for inbound visitors



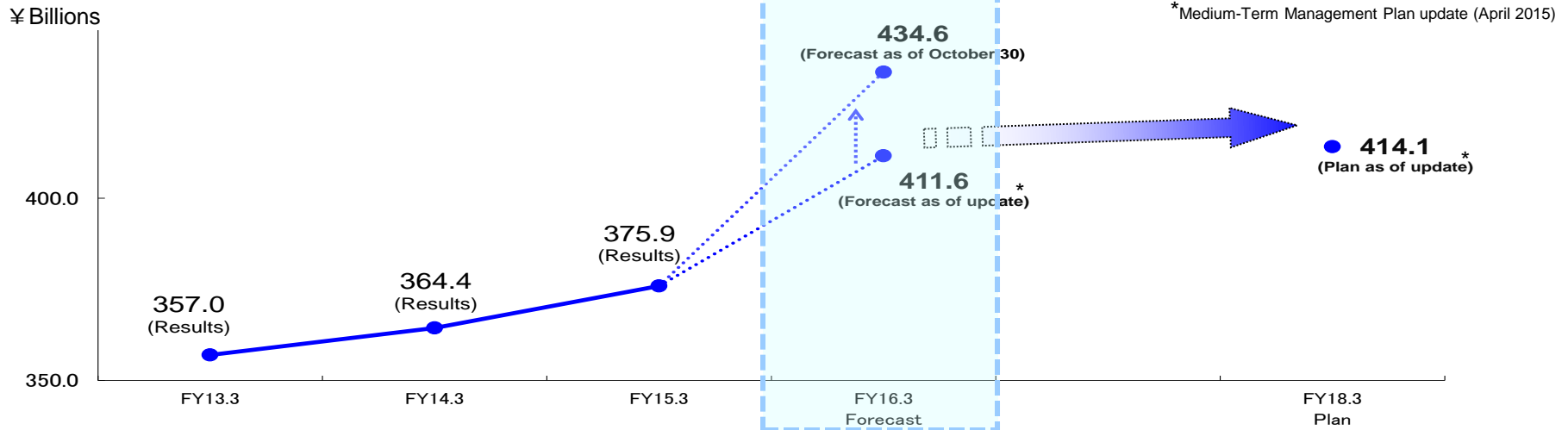
Joint Group promotions

Initiatives in each business strategy

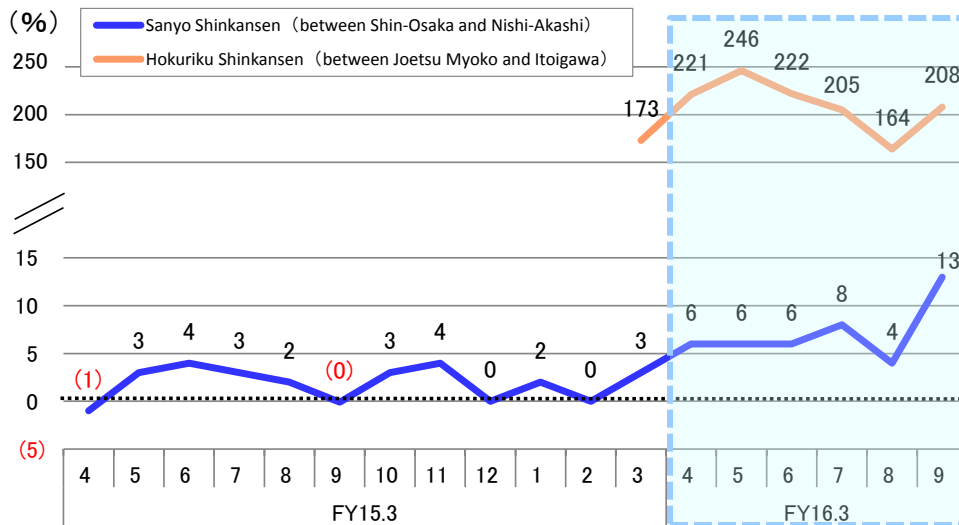
~ Shinkansen, Kansai Urban Area,
Business Development (Non Rail Business) ~

Business Strategy: Shinkansen ①

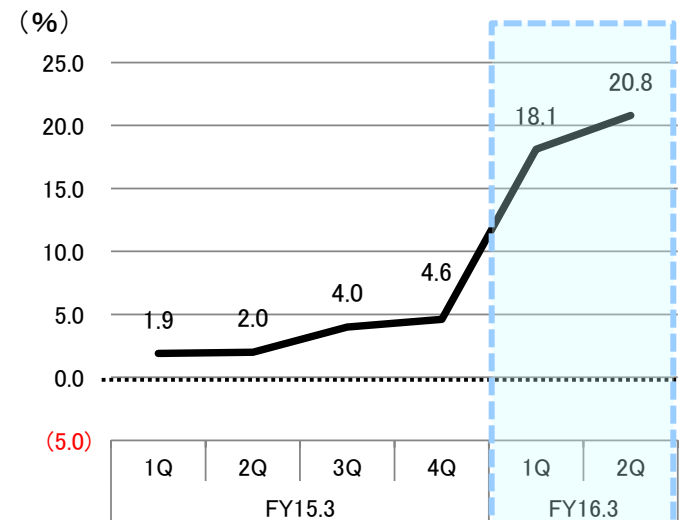
Trend in transportation revenues



Monthly usage trends (segment passenger volume, YoY)



Quarterly transportation revenues (YoY)



In addition to favorable economic conditions, initiatives to expand usage of Internet reservation services were successful and business and tourism demand were both favorable

Future initiatives

Heightening competitiveness

○ Enhancing safety, comfort and convenience

- Introducing new rolling stock with enhanced safety and comfort
 - Introducing four sets of N700A on the Sanyo Shinkansen (FY2016.3)
- Reducing mobile phone no-service areas
 - between Kokura and Hakata (in 2015)

【Major initiatives in next fiscal year and thereafter】

- Further introducing four sets of N700A on the Sanyo Shinkansen (FY2017.3)
- Reducing mobile phone no-service areas (between Shin-Yamaguchi and Kokura)

○ Strengthening Internet marketing

- Promoting usage of Internet reservation service
 - “Sanyo ~ Tokyo metropolitan area business trip support campaign,” etc.

○ Enhancing convenience, appeal of stations and in-station facilities

- Eki Marché Shin-Osaka (Full opening in Dec. 2015)



Sanyo Shinkansen N700A



Eki Marché Shin-Osaka (in-station stores)

Stimulating tourism demand

○ Fostering tourism demand among seniors

- Expanding membership for “Otonabi” membership service for senior customers
 - Enhancing products exclusively for members, etc.

○ Capturing inbound visitor demand

(→ Three key growth themes ③)

○ Tourism promotion campaigns

- Campaign commemorating 40th anniversary of opening Sanyo Shinkansen
 - Operating “500 TYPE EVA” (Nov. 2015 ~)
 - Creating travel packages
- Destination Campaign (DC)
 - Hokuriku DC (fall 2015) (→ Three key growth themes ①)
 - Leveraging Okayama DC as an opportunity to identify and communicate the regional appeal

【DC held in JR-West’s service area in next fiscal year and thereafter】

- Okayama DC (spring 2016)
- Yamaguchi DC (fall 2017)

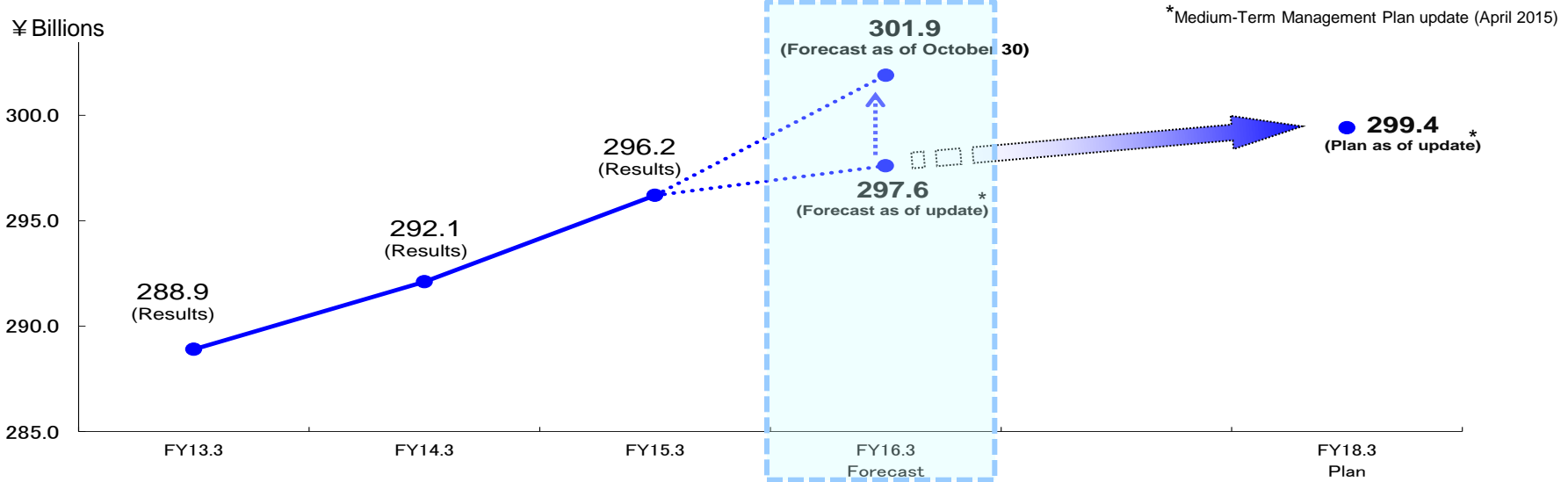


500 TYPE EVA



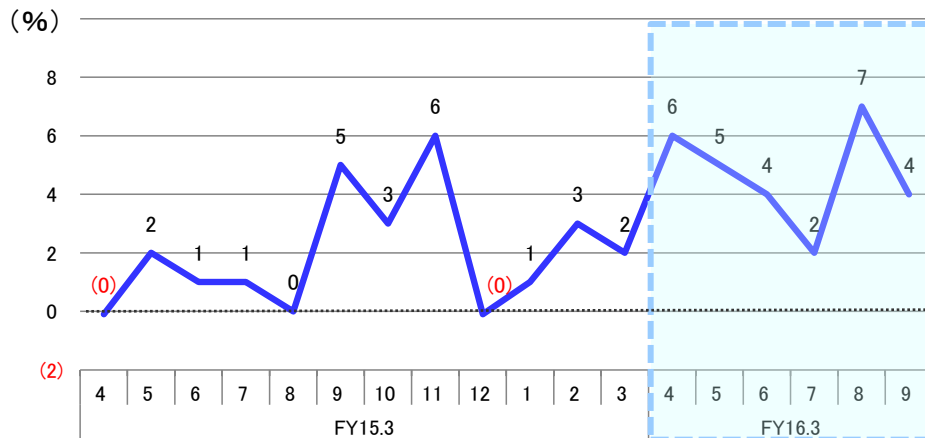
Pop-up shop inside Okayama Station ticket gates

Trend in transportation revenues

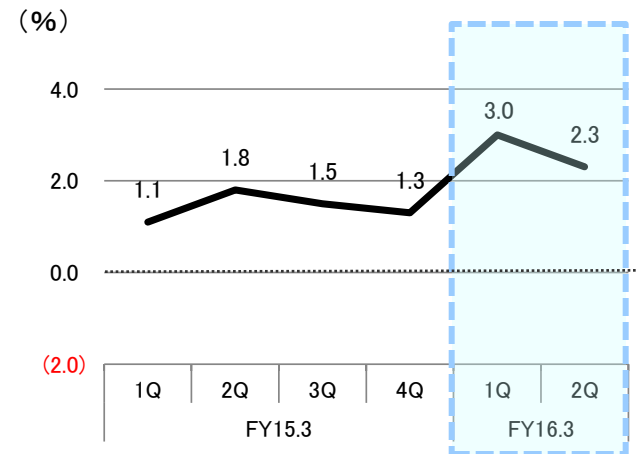


Monthly usage trends

(number of short-distance tickets sold, YoY)



Quarterly transportation revenues (YoY)



In addition to the opening of tourist facilities, etc., along our railway lines, initiatives to enhance the value of JR-West's railway belts have been successful, and revenue has been steady

Future initiatives

Enhancing the value of railway belts

- **Creating railway belts that people want to reside in and are easy to use**
 - Opening new stations
 - Maya, Higashi-Himeji (spring 2016)
 - **【Planned new stations in next fiscal year and thereafter】 (names are provisional)**
 - JR Soujiji, Kizuri (spring 2018), JR Shichijo (spring 2019)
 - Enhancing convenience, appeal of stations and surrounding areas
 - Leveraging opening of Ritsumeikan University's new campus as an opportunity to improve Ibaraki Station (renewal starts in March 2015)
 - Advancing renewal of stations and in-station facilities (Shin-Osaka, etc.)
- **Osaka Loop Line Renovation Project**
 - Promoting renewal of stations and in-station development
 - Following up Morinomiya Station (completed in May 2015) with start of renewal of Momodani Station (planning for completion in summer 2016)
 - **【Major initiatives in next fiscal year and thereafter】**
 - Introducing 168 new rolling stock (FY2017.3 – 19.3)
- **Promoting more-seamless service**
 - Expanding ICOCA area
 - Following up Wakayama area expansion (August 2015) with start of Hyogo area expansion (planning for March 2016)

Promoting urban tourism

- **Expanding usage through collaboration with tourism facilities along our railways**
 - Himeji Castle completes “Heisei Era Large-Scale Repair Initiative”
 - OSAKA STATION CITY (LUCUA osaka), etc.
- **Advancing preparations for opening of Kyoto Railway Museum**
 - Invigorating Kyoto Umekoji area through collaboration with the local partners
- **Capturing inbound visitor demand**
(→ Three key growth themes ③)



New station “Maya”

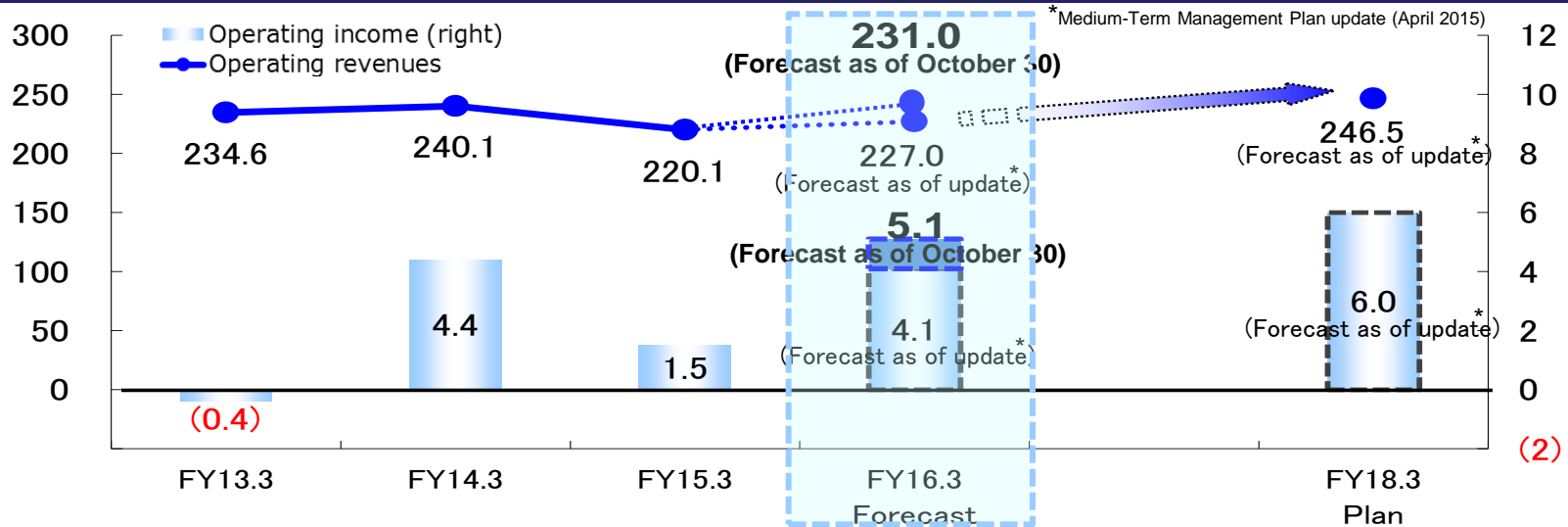


Renewal of Momodani Station

Business Strategy: Non Rail Business ① (Retail and Real Estate)

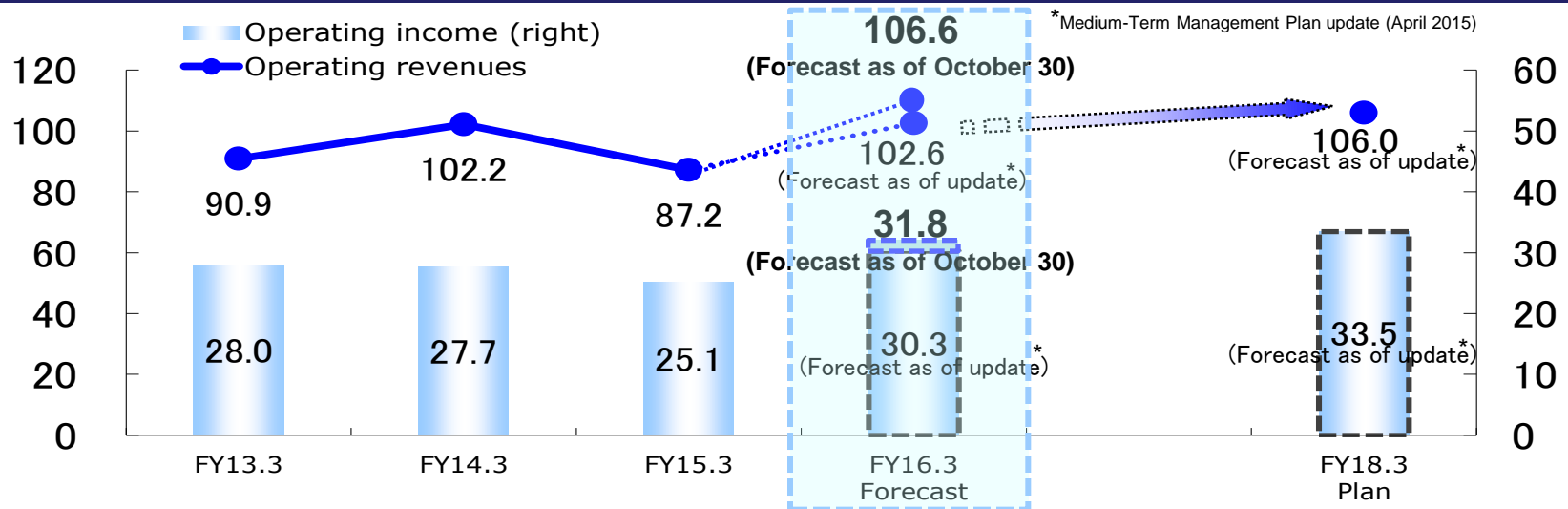
Trend in retail business

(¥ Billions)



Trend in real estate business

(¥ Billions)



Favorable business performance due to increased railway usage, facility openings after renewal, effect of alliance with Seven-Eleven, etc.

Business Strategy: Non Rail Business ② (Retail and Real Estate)

Future initiatives

Qualitative improvements realized by increasing product/service quality and strengthening operating capabilities

○ Convert stores to Seven-Eleven Japan franchised stores and maximize benefits

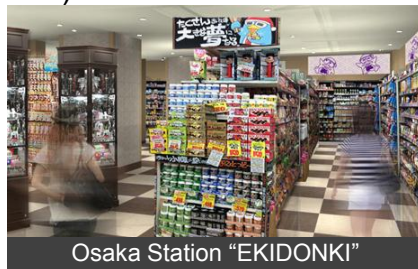
- Approx. 500 stores in five years
- Approx. 190 at the end of FY2016.3 (plan), 110 stores as of the end of September
- ⇒ 50% increase in sales from period before conversion (Sep. 2015)

○ Developing and renewing commercial facilities, and maximizing their opening effects

- Retail
 - “Eki Marché Shin-Osaka” (Full opening in Dec. 2015)
 - Osaka Station “EKIDONKI” (Oct. 2015)
- Shopping center
 - “LUCUA osaka” (→ **Three key growth themes ②**)
 - “Anto” in Kanazawa Station, “Toya Marché” in Toyama Station, etc. (→ **Three key growth themes ①**)
 - Akashi Station SC renewal “piole Akashi” (scheduled for February 2016)



Eki Marché Shin-Osaka (in-station stores)



Osaka Station “EKIDONKI”

Actively developing businesses in cities outside our railways in fields where we have strengths

○ Budget hotel

- Currently, 17 hotels in operation (5 in Tokyo metropolitan area, 1 in Chukyo area, 11 in western Japan area)
- Future openings in areas where JR-West currently does not operate budget hotels
 - Tennoji (scheduled for spring 2017)
 - Umeda (scheduled for summer 2017)

○ Shopping center

- Developing SC on site of company housing in Suita City (scheduled for spring 2016)

○ Sales of goods and food services

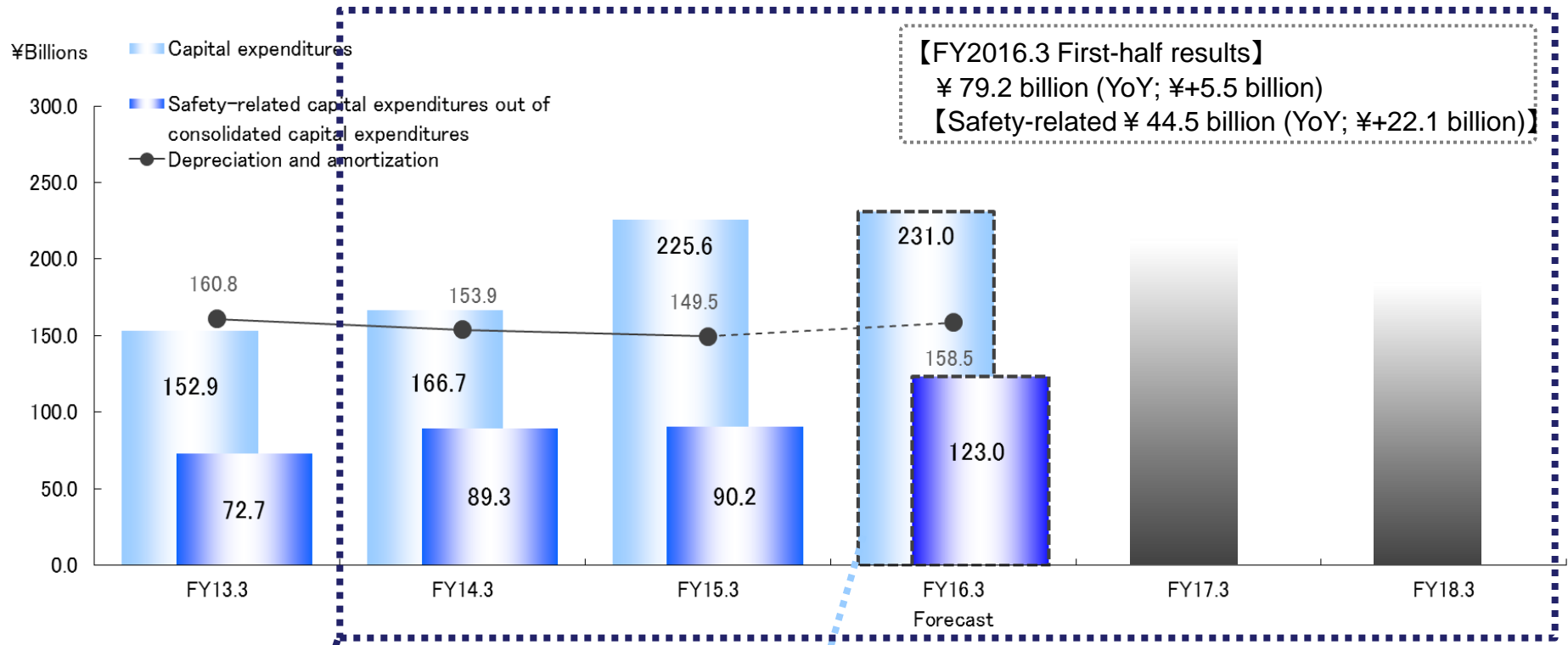
- Acquisition of shares of Karufuneya Coffee (Aug. 2015)
- ⇒ Use as content for business development initiatives in cities



Suita SC on site of company housing

Capital Expenditure Plan, Returns to Shareholders

Capital Expenditure



Total CAPEX during the Medium-Term Management Plan (FY2014.3 - FY2018.3)

(¥ Billions)

	Plan before update	Current plan
Consolidated	920	960
Growth-related	230	260
Non-Consolidated	800	820
Safety-related	470	480

Capital expenditure plan for FY2016.3 (Major projects)

○ CAPEX for growth

- Hokuriku Shinkansen (Introducing 1 set of W7 series rolling stock)
- New station construction
- Expansion of lifestyle-related operations (Investment for conversion of stores to Seven-Eleven Japan franchised stores, etc.)

○ CAPEX for ongoing operations

Safety-related CAPEX

- Shinkansen N700A introduction
- Conventional line rolling stock replacement
- Earthquake and tsunami countermeasures
- Renewal of ATC in Sanyo Shinkansen Line

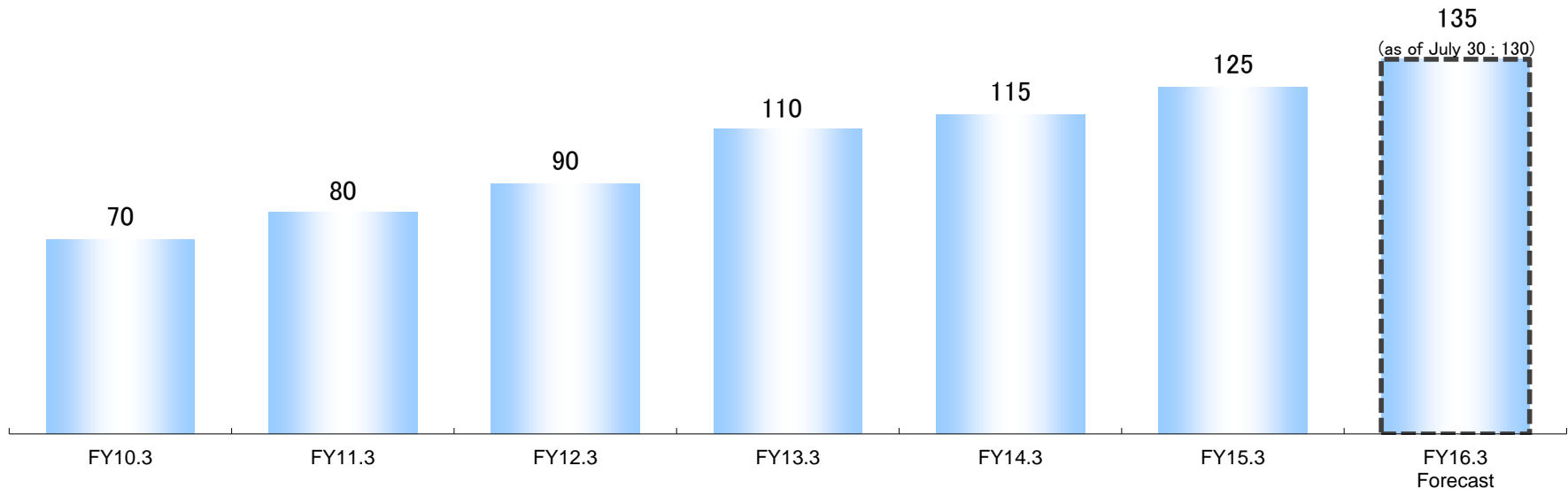
- Barrier-Free and station improvement, etc.

Shareholder Return Policy

- We recognize it important to distribute profits to our shareholders on a long-term and constant basis. Reflecting the policy, we continue providing returns to shareholders based on consideration of total shareholders' equity.
- Specifically, in light of the progress toward the achievement of the current Medium-Term Management Plan, we aim to attain **an approximately 3% “rate of total distribution on net assets”* on a consolidated basis for FY2018.3.**

*Rate of total distribution on net assets (%) = (total dividends + acquisitions of treasury stock) ÷ consolidated net assets × 100

Annual dividends per share (Yen)



Six consecutive years of higher dividends (including forecasts).

Dividend forecast increased by ¥5 in consideration of forecasts for steady progress in performance.

Financial Results and Forecasts



*Medium-Term Management Plan update Billion Yen, %

	FY2015.3	FY2016.3			FY2018.3
	Results	Update* (as of Apr, 2015)	Forecasts (as of July, 2015)	Forecasts (as of Oct, 2015)	Update* (as of Apr, 2015)
Operating Revenues	1,350.3	1,391.5	1,411.5	1,437.0	1,423.0
Transportation	868.4	895.6	913.6	925.1	902.5
Retail	220.1	227.0	229.0	231.0	246.5
Real Estate	87.2	102.6	102.6	106.6	106.0
Other businesses	174.4	166.3	166.3	174.3	168.0
Operating Income	139.7	148.5	162.0	171.5	157.0
Transportation	100.6	103.3	116.3	121.8	105.0
Retail	1.5	4.1	4.6	5.1	6.0
Real Estate	25.1	30.3	30.3	31.8	33.5
Other businesses	15.6	14.0	14.0	16.0	14.0
Recurring Profit	121.9	130.0	143.5	153.0	141.0
Net Income	66.7	81.5	90.5	96.0	91.5
Transportation Revenues	797.0	818.0	836.0	847.0	820.5
ROA	5.1%	5.3%	5.8%	6.1%	5.5%
ROE	8.4%	9.8%	10.9%	11.5%	9.8%
EBITDA	289.3	307.0	320.5	330.0	325.5

Note: All the figures are the revenues from third parties (=customers).

Operating income by segment is before eliminating internal transactions.

Transportation revenues mean the railway revenues of JR-West included in operating revenues of "transportation" segment.

Cautionary Statement Regarding Forward-looking Statements

- This presentation contains forward-looking statements that are based on JR-West's current expectations, assumptions, estimates and projections about its business, industry, and capital markets around the world.
- These forward-looking statements are subject to various risks and uncertainties. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as “may”, “will”, “expect”, “anticipate”, “plan” or similar words. These statements discuss future expectations, identify strategies, contain projections of results of operations or of JR-West's financial condition, or state other forward-looking information.
- Known or unknown risks, uncertainties and other factors could cause the actual results to differ materially from those contained in any forward-looking statements. JR-West cannot promise that the expectations expressed in these forward-looking statements will turn out to be correct. JR-West's actual results could be materially different from and worse than expectations.
- Important risks and factors that could cause actual results to be materially different from expectations include, but are not limited to:
 - expenses, liability, loss of revenue or adverse publicity associated with property or casualty losses;
 - economic downturn, deflation and population decreases;
 - adverse changes in laws, regulations and government policies in Japan;
 - service improvements, price reductions and other strategies undertaken by competitors such as passenger railway and airlines companies;
 - infectious disease outbreak and epidemic;
 - earthquake and other natural disaster risks; and
 - failure of computer telecommunications systems disrupting railway or other operations
- All forward-looking statements in this release are made as of Nov. 2, 2015 based on information available to JR-West as of Nov. 2, 2015 and JR-West does not undertake to update or revise any of its forward-looking statements or reflect future events or circumstances.
- Compensation for damages caused by the accident on Fukuchiyama Line happened on April 25, 2005 is NOT considered in this presentation.