

Results for the first half ended September 30, 2016 and Future Initiatives



November 1, 2016

West Japan Railway Company

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I . Results for the first half of FY2017.3

Financial Highlights

¥ Billions

	6 months ended Sep 30, 2015	6 months ended Sep 30, 2016	YoY		Results FY2016.3	Forecasts FY2017.3		YoY		Difference between the forecasts Increase/ (Decrease) E-D
			Increase/ (Decrease)	%		As of July 27	As of Oct 27	Increase/ (Decrease)	%	
			B-A	1-B/A				E-C	1-E/C	
	A	B			C	D	E			
【Consolidated】										
Operating Revenues	709.4	700.3	(9.0)	(1.3)	1,451.3	1,450.0	1,445.5	(5.8)	(0.4)	(4.5)
Operating Income	110.5	98.3	(12.1)	(11.0)	181.5	175.5	173.0	(8.5)	(4.7)	(2.5)
Recurring Profit	99.7	88.5	(11.1)	(11.2)	162.2	159.5	157.0	(5.2)	(3.2)	(2.5)
Profit attributable to owners of parent	66.0	57.1	(8.9)	(13.5)	85.8	106.5	102.5	16.6	19.4	(4.0)
【Non-Consolidated】										
Operating Revenues	478.7	475.4	(3.3)	(0.7)	954.2	952.5	951.0	(3.2)	(0.3)	(1.5)
Transportation Revenues	427.7	422.8	(4.8)	(1.1)	850.0	848.5	846.0	(4.0)	(0.5)	(2.5)
Operating Expenses	388.2	394.0	5.7	1.5	817.0	816.5	817.5	0.4	0.1	1.0
Personnel costs	115.2	111.3	(3.8)	(3.4)	233.3	223.0	223.0	(10.3)	(4.4)	—
Non personnel costs	178.3	181.4	3.1	1.7	392.4	390.5	390.5	(1.9)	(0.5)	—
Energy costs	22.7	20.6	(2.1)	(9.3)	44.1	42.0	41.0	(3.1)	(7.1)	(1.0)
Maintenance costs	65.7	68.0	2.3	3.6	152.8	153.0	154.0	1.1	0.7	1.0
Miscellaneous costs	89.8	92.7	2.8	3.2	195.4	195.5	195.5	0.0	0.0	—
Depreciation	63.1	66.4	3.2	5.2	132.3	137.5	138.5	6.1	4.7	1.0
Operating Income	90.4	81.3	(9.0)	(10.0)	137.2	136.0	133.5	(3.7)	(2.7)	(2.5)
Recurring Profit	78.9	70.8	(8.0)	(10.2)	116.7	119.0	116.5	(0.2)	(0.2)	(2.5)
Net Income	53.4	46.9	(6.5)	(12.3)	61.1	82.0	78.0	16.8	27.6	(4.0)

Note: Figures in brackets () are negative values.

Non-Consolidated Financial Results

¥ Billions

	6 months ended Sep 30, 2015	6 months ended Sep 30, 2016	YoY	
			Increase/ (Decrease)	%
			A	B
Operating Revenues	478.7	475.4	(3.3)	(0.7)
Transportation revenues	427.7	422.8	(4.8)	(1.1)
Other	51.0	52.5	1.5	3.0
Operating Expenses	388.2	394.0	5.7	1.5
Personnel costs	115.2	111.3	(3.8)	(3.4)
Non personnel costs	178.3	181.4	3.1	1.7
Energy costs	22.7	20.6	(2.1)	(9.3)
Maintenance costs	65.7	68.0	2.3	3.6
Miscellaneous costs	89.8	92.7	2.8	3.2
Rental payments, etc.	13.4	15.1	1.6	12.5
Taxes	18.1	19.7	1.5	8.7
Depreciation	63.1	66.4	3.2	5.2
Operating Income	90.4	81.3	(9.0)	(10.0)
Non-operating revenues and expenses	(11.5)	(10.5)	0.9	(8.6)
Non-operating revenues	1.4	1.3	(0.1)	—
Non-operating expenses	13.0	11.8	(1.1)	—
Recurring Profit	78.9	70.8	(8.0)	(10.2)
Extraordinary profit and loss, net	0.7	(2.9)	(3.6)	—
Extraordinary profit	5.8	4.3	(1.5)	—
Extraordinary loss	5.1	7.2	2.0	—
Net Income	53.4	46.9	(6.5)	(12.3)

Note: Figures in brackets () are negative values.

Major Factors of Increase/Decrease in Transportation Revenues



¥ Billions

Results for 6 months ended Sep 30, 2016					
Transportation revenues		YoY Increase/(Decrease)		Major factors	
		Amount	%		Amount
Shinkansen	215.0	(5.4)	(2.5)	Fundamentals 0.4%	0.9
				Special factors	
				Kumamoto earthquake	(2.7)
				Rebound decline from the opening of Hokuriku Shinkansen	(2.5)
				Rebound decline from the last year's Silver Week (a five-day holiday last September), etc.	(1.8)
				Inbound demand	0.1
				Seniors demand	0.1
				etc.	
Kansai Urban Area (Kyoto-Osaka-Kobe Area)	152.9	1.0	0.7	Fundamentals (0.0%)	(0.0)
				Special factors	
				Inbound demand	0.5
				Kyoto Railway Museum	0.1
				Seniors demand	0.0
				Rebound decline from the last year's Silver Week (a five-day holiday last September), etc.	(0.3)
				etc.	
Other lines	54.8	(0.3)	(0.6)	Fundamentals (0.7%)	(0.3)
				Special factors	
				Rebound decline from the last year's Silver Week (a five-day holiday last September), etc.	(0.2)
				Inbound demand	0.0
				Seniors demand	0.0
etc.					
Conventional lines	207.8	0.6	0.3		
Total	422.8	(4.8)	(1.1)		

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

Passenger-Kilometers

Millions of passenger-kilometers

	Results for 6 months ended Sep 30 (4/1~9/30)			3 months (2Q) (7/1~9/30)		
	FY2016.3	FY2017.3	YoY	FY2016.3	FY2017.3	YoY
Total	427.7	422.8	(4.8) (1.1%)	221.8	219.5	(2.3) (1.1%)
Shinkansen	220.5	215.0	(5.4) (2.5%)	116.2	113.8	(2.3) (2.1%)
Commuter Passes	5.0	5.1	0.0 0.3%	2.5	2.6	0.0 3.0%
Non-Commuter Passes	215.4	209.9	(5.5) (2.6%)	113.7	111.2	(2.4) (2.2%)
Conventional Lines	207.1	207.8	0.6 0.3%	105.6	105.6	0.0 0.1%
Commuter Passes	71.7	72.0	0.3 0.5%	35.6	35.4	(0.2) (0.8%)
Non-Commuter Passes	135.4	135.7	0.2 0.2%	69.9	70.2	0.3 0.5%
Kansai Urban Area (Kyoto-Osaka-Kobe Area)	151.9	152.9	1.0 0.7%	76.6	76.9	0.3 0.4%
Commuter Passes	58.7	59.1	0.4 0.8%	29.2	29.0	(0.1) (0.5%)
Non-Commuter Passes	93.2	93.8	0.5 0.6%	47.4	47.9	0.4 1.0%
Other Lines	55.1	54.8	(0.3) (0.6%)	28.9	28.6	(0.2) (0.9%)
Commuter Passes	13.0	12.9	(0.0) (0.6%)	6.4	6.3	(0.1) (2.2%)
Non-Commuter Passes	42.1	41.8	(0.2) (0.6%)	22.4	22.3	(0.1) (0.6%)

	Results for 6 months ended Sep 30 (4/1~9/30)			3 months (2Q) (7/1~9/30)		
	FY2016.3	FY2017.3	YoY	FY2016.3	FY2017.3	YoY
Total	29,526	29,281	(245) (0.8%)	15,149	15,038	(110) (0.7%)
Shinkansen	10,256	10,004	(252) (2.5%)	5,439	5,345	(93) (1.7%)
Commuter Passes	409	415	6 1.6%	202	205	3 1.6%
Non-Commuter Passes	9,846	9,588	(258) (2.6%)	5,236	5,140	(96) (1.8%)
Conventional Lines	19,270	19,277	7 0.0%	9,709	9,692	(17) (0.2%)
Commuter Passes	11,746	11,733	(13) (0.1%)	5,759	5,756	(3) (0.1%)
Non-Commuter Passes	7,523	7,544	20 0.3%	3,950	3,936	(13) (0.4%)
Kansai Urban Area (Kyoto-Osaka-Kobe Area)	15,017	15,043	25 0.2%	7,513	7,515	2 0.0%
Commuter Passes	9,625	9,616	(9) (0.1%)	4,726	4,725	(1) (0.0%)
Non-Commuter Passes	5,391	5,427	35 0.7%	2,786	2,790	3 0.1%
Other Lines	4,252	4,234	(18) (0.4%)	2,196	2,177	(19) (0.9%)
Commuter Passes	2,120	2,116	(4) (0.2%)	1,033	1,030	(2) (0.2%)
Non-Commuter Passes	2,132	2,117	(14) (0.7%)	1,163	1,146	(17) (1.5%)

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, 2016			
		YoY		Major factors
		Increase/ (Decrease)	%	
Personnel costs	111.3	(3.8)	(3.4)	· Decrease in amortization of accumulated unrecognized actuarial differences of retirement benefits obligation (3.5), etc.
Energy costs	20.6	(2.1)	(9.3)	· Decrease in adjustment amount for fuel cost (2.2), etc.
Maintenance costs	68.0	2.3	3.6	· Allowance reserve for the large-scale renovation +2.0, etc.
Miscellaneous costs	92.7	2.8	3.2	· Increase in system related costs +0.6 · Kumamoto earthquake related costs +0.5, etc.
Rental Payments, etc	15.1	1.6	12.5	· Increase in amount equivalent to fixed asset tax for Hokuriku Shinkansen infrastructure
Taxes	19.7	1.5	8.7	· Increase in business tax +0.7, etc.
Depreciation and amortization	66.4	3.2	5.2	· Depreciation of Sanyo Shinkansen rolling stock, etc.
Total	394.0	5.7	1.5	

Note: Figures in brackets () are negative values.

Consolidated Financial Results

¥ Billions

	6 months ended Sep 30, 2015	6 months ended Sep 30, 2016	YoY	
			Increase/ (Decrease) B-A	% 1-B/A
	A	B		
Operating Revenues	709.4	700.3	(9.0)	(1.3)
Operating Expenses	598.8	602.0	3.1	0.5
Operating Income	110.5	98.3	(12.1)	(11.0)
Non-operating revenues and expenses, net	(10.8)	(9.8)	0.9	(9.2)
Non-operating revenues	2.3	2.2	(0.0)	-
Non-operating expenses	13.1	12.1	(1.0)	-
Recurring Profit	99.7	88.5	(11.1)	(11.2)
Extraordinary profit and loss, net	0.5	(3.8)	(4.3)	-
Extraordinary profit	6.6	5.1	(1.5)	-
Extraordinary loss	6.1	9.0	2.8	-
Profit attributable to owners of parent	66.0	57.1	(8.9)	(13.5)
<i>Comprehensive Income</i>	67.6	55.7	(11.9)	(17.6)

Note: Figures in brackets () are negative values.

Consolidated Financial Results (Segment Information)

¥ Billions

	6 months ended Sep 30, 2015 A	6 months ended Sep 30, 2016 B	YoY	
			Increase/ (Decrease) B-A	% 1-B/A
Operating Revenues* ¹	709.4	700.3	(9.0)	(1.3)
Transportation	466.1	461.7	(4.4)	(0.9)
Retail	114.2	114.9	0.6	0.5
Sales of goods and food services	72.2	75.8	3.6	5.0
Department Stores	38.0	35.0	(2.9)	(7.9)
Real estate	53.3	50.4	(2.9)	(5.5)
Shopping center	28.3	30.1	1.7	6.2
Real estate lease and sale* ³	24.1	19.3	(4.7)	(19.6)
	【9.4】	【4.0】	【(5.3)】	【(57.3)】
Other businesses	75.6	73.3	(2.3)	(3.1)
Hotel	17.7	17.8	0.0	0.5
Nippon Travel Agency	18.8	19.4	0.6	3.3
Operating Income* ²	110.5	98.3	(12.1)	(11.0)
Transportation	84.2	74.5	(9.7)	(11.5)
Retail	3.0	2.5	(0.5)	(17.5)
Sales of goods and food services	2.9	2.8	(0.1)	(3.5)
Department stores	(0.0)	(0.4)	(0.4)	-
Real estate	17.6	16.8	(0.8)	(4.8)
Shopping center	4.7	5.2	0.4	10.1
Real estate lease and sale	7.3	5.7	(1.5)	(21.7)
Other businesses	5.0	4.1	(0.8)	(17.6)
Hotel	1.3	1.3	0.0	0.7
Nippon Travel Agency	(0.4)	(0.3)	0.0	-

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 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, 2016 A	As of Sep 30, 2016 B	Difference increase/ (decrease) B-A
Assets	2,843.1	2,806.9	(36.2)
Liabilities	1,916.8	1,838.4	(78.3)
Net assets	926.3	968.4	42.0
Balance of Long-term Debt and Payables	1,001.8	1,011.9	10.1
【Average interest rate(%)】	【2.25】	【2.16】	【(0.09)】
Shinkansen Purchase Liability	134.6	119.8	(14.8)
【Average interest rate(%)】	【6.28】	【6.39】	【0.11】
Bonds	494.9	504.9	10.0
【Average interest rate(%)】	【2.00】	【1.98】	【(0.02)】
Equity ratio (%)	30.9	32.8	1.9
Net assets per share (¥)	4,534.29	4,748.64	214.35

	6 months ended Sep 30, 2015 A	6 months ended Sep 30, 2016 B	YoY increase/ (decrease) B-A
Cash flows from operating activities	88.2	56.4	(31.7)
Cash flows from investing activities	(76.6)	(79.9)	(3.3)
Free cash flows	11.6	(23.5)	(35.1)
Cash flows from financing activities	3.2	(2.1)	(5.3)
Change in cash and cash equivalents, net	14.8	(25.6)	(40.5)
Cash and cash equivalents at the end of the period	100.1	55.0	(45.1)

Note: Figures in brackets () are negative values.

Ⅱ . Forecasts for FY2017.3

Non-Consolidated Financial Forecasts

¥ Billions

	Results FY2016.3 A	Forecasts FY2017.3		YoY		Difference between the forecasts Increase/ (Decrease) C-B
		As of July 27 B	As of Oct 27 C	Increase/ (Decrease) C-A	% 1-C/A	
Operating Revenues	954.2	952.5	951.0	(3.2)	(0.3)	(1.5)
Transportation revenues	850.0	848.5	846.0	(4.0)	(0.5)	(2.5)
Other	104.1	104.0	105.0	0.8	0.8	1.0
Operating Expenses	817.0	816.5	817.5	0.4	0.1	1.0
Personnel costs	233.3	223.0	223.0	(10.3)	(4.4)	—
Non personnel costs	392.4	390.5	390.5	(1.9)	(0.5)	—
Energy costs	44.1	42.0	41.0	(3.1)	(7.1)	(1.0)
Maintenance costs	152.8	153.0	154.0	1.1	0.7	1.0
Miscellaneous costs	195.4	195.5	195.5	0.0	0.0	—
Rental payments, etc.	26.9	30.5	30.5	3.5	13.2	—
Taxes	31.9	35.0	35.0	3.0	9.5	—
Depreciation	132.3	137.5	138.5	6.1	4.7	1.0
Operating Income	137.2	136.0	133.5	(3.7)	(2.7)	(2.5)
Non-operating revenues and expenses, net	(20.4)	(17.0)	(17.0)	3.4	(17.0)	—
Non-operating revenues	6.3	6.5	6.5	0.1	—	—
Non-operating expenses	26.8	23.5	23.5	(3.3)	—	—
Recurring Profit	116.7	119.0	116.5	(0.2)	(0.2)	(2.5)
Extraordinary profit and loss, net	(15.5)	(1.0)	(3.5)	12.0	—	(2.5)
Extraordinary profit	19.5	—	—	—	—	—
Extraordinary loss	35.0	—	—	—	—	—
Net Income	61.1	82.0	78.0	16.8	27.6	(4.0)

Note: Figures in brackets () are negative values.

Transportation Revenue Forecasts

¥ Billions

	Results FY2016.3 A	Forecasts FY2017.3		YoY		Difference between the forecasts Increase/ (Decrease) C-B
		As of July 27 B	As of Oct 27 C	Increase/ (Decrease) C-A	% 1-C/A	
Shinkansen	437.2	435.5	432.2	(5.0)	(1.2)	(3.2)
Kansai Urban Area (Kyoto-Osaka-Kobe Area)	302.2	302.9	303.5	1.3	0.4	0.6
Other lines	110.5	110.0	110.2	(0.3)	(0.3)	0.1
Conventional lines	412.7	412.9	413.7	1.0	0.2	0.7
Transportation revenues	850.0	848.5	846.0	(4.0)	(0.5)	(2.5)

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

Operating Expenses Forecasts (Non-Consolidated)

¥ Billions

Item	Forecasts FY2017.3				
		YoY		Major factors (YoY)	Difference from the previous forecast Increase/(Decrease)
		Increase/ (Decrease)	%		
Personnel costs	223.0	(10.3)	(4.4)	<ul style="list-style-type: none"> Decrease in amortization of accumulated unrecognized actuarial differences of retirement benefits obligation Difference in personnel, etc 	-
Energy costs	41.0	(3.1)	(7.1)	<ul style="list-style-type: none"> Decrease in adjustment amount for fuel cost, etc. 	(1.0)
Maintenance costs	154.0	1.1	0.7	<ul style="list-style-type: none"> Allowance reserve for the large-scale renovation Decrease in maintenance costs for structures, etc. 	1.0
Miscellaneous costs	195.5	0.0	0.0	<ul style="list-style-type: none"> Increase in system related costs Decrease in advertising expenses, etc. 	-
Rental Payments, etc	30.5	3.5	13.2	<ul style="list-style-type: none"> Increase in amount equivalent to fixed asset tax for Hokuriku Shinkansen infrastructure 	-
Taxes	35.0	3.0	9.5	<ul style="list-style-type: none"> Increase in business tax, etc. 	-
Depreciation and amortization	138.5	6.1	4.7	<ul style="list-style-type: none"> Increase in facilities 	1.0
Total	817.5	0.4	0.1		1.0

Note: Figures in brackets () are negative values.

Consolidated Financial Forecasts



¥ Billions

	Results FY2016.3 A	Forecasts FY2017.3		YoY		Difference between the forecasts Increase/ (Decrease) C-B
		As of July 27 B	As of Oct 27 C	Increase/ (Decrease) C-A	% 1-C/A	
Operating Revenues	1,451.3	1,450.0	1,445.5	(5.8)	(0.4)	(4.5)
Operating Expenses	1,269.7	1,274.5	1,272.5	2.7	0.2	(2.0)
Operating Income	181.5	175.5	173.0	(8.5)	(4.7)	(2.5)
Non-operating revenues and expenses, net	(19.2)	(16.0)	(16.0)	3.2	(17.0)	-
Non-operating revenues	7.8	7.5	7.5	(0.3)	-	-
Non-operating expenses	27.1	23.5	23.5	(3.6)	-	-
Recurring Profit	162.2	159.5	157.0	(5.2)	(3.2)	(2.5)
Extraordinary profit and loss, net	(17.1)	(2.5)	(5.0)	12.1	-	(2.5)
Extraordinary profit	21.5	-	-	-	-	-
Extraordinary loss	38.6	-	-	-	-	-
Profit attributable to owners of parent	85.8	106.5	102.5	16.6	19.4	(4.0)
Net income per share(¥)	443.53	550.09	529.43	-	-	-

Note: Figures in brackets () are negative values.

Consolidated Financial Forecasts (Segment Information)

¥ Billions

	Results FY2016.3 A	Forecasts FY2017.3		YoY		Difference between the forecasts Increase/ (Decrease) C-B
		As of July 27 B	As of Oct 27 C	Increase/ (Decrease) C-A	% 1-C/A	
Operating Revenues* ¹	1,451.3	1,450.0	1,445.5	(5.8)	(0.4)	(4.5)
Transportation	928.7	925.7	924.2	(4.5)	(0.5)	(1.5)
Retail	232.0	241.8	235.8	3.7	1.6	(6.0)
Sales of goods and food services	144.9	152.1	152.1	7.1	4.9	-
Department Stores	79.1	80.7	74.7	(4.4)	(5.6)	(6.0)
Real estate	108.8	104.4	107.4	(1.4)	(1.4)	3.0
Shopping center	57.8	59.9	60.9	3.0	5.2	1.0
Real estate lease and sale* ²	49.2	42.7	44.7	(4.5)	(9.3)	2.0
	【19.5】	【11.6】	【13.6】	【(5.8)】	【(30.1)】	【2.0】
Other businesses	181.5	178.1	178.1	(3.4)	(1.9)	-
Hotel	36.5	36.6	36.6	0.0	0.1	-
Nippon Travel Agency	41.6	42.8	42.8	1.1	2.8	-
Operating Income	181.5	175.5	173.0	(8.5)	(4.7)	(2.5)
Transportation	125.1	122.3	119.8	(5.3)	(4.3)	(2.5)
Retail	5.3	5.4	4.9	(0.4)	(7.9)	(0.5)
Real estate	32.7	31.4	31.9	(0.8)	(2.5)	0.5
Other businesses	22.4	19.9	19.9	(2.5)	(11.3)	-

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, 2015		6 months ended Sep 30, 2016		Results FY2016.3		Forecasts FY2017.3 As of Oct 27	
	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated
ROA (% Consolidated)	4.0		3.5		6.4		6.1	
ROE (% Consolidated)	8.0		6.4		10.2		11.2	
EBITDA (Consolidated) *1	185.4		176.8		338.1		337.0	
Depreciation (Consolidated)	74.8		78.5		156.6		164.0	
Capital Expenditures (Consolidated, own fund)	79.2		72.4		233.1		193.0	
Capital Expenditures (Non-consolidated, own fund)	67.5		57.7		198.7		163.0	
Safety related capital expenditure	44.5		40.5		126.0		104.5	
Dividends per share (¥)	65		70		135		140	

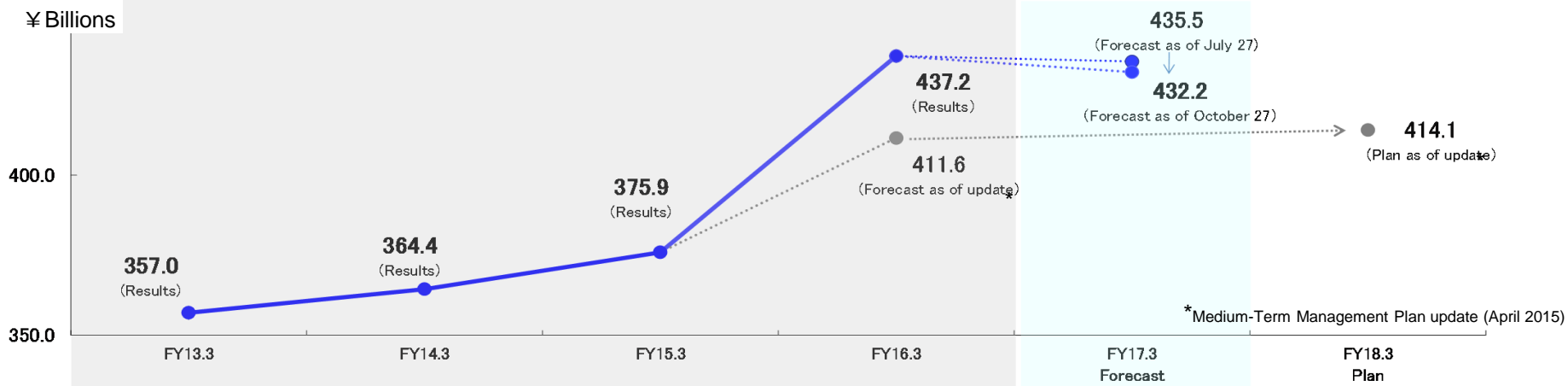
*1 EBITDA = Operating Income + Depreciation

	6 months ended Sep 30, 2015		6 months ended Sep 30, 2016		Results FY2016.3		Forecasts FY2017.3 As of Oct 27	
	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated
No. of employees at the end of period	47,750	26,616	47,303	25,905	47,456	26,555	-	-
Financial Expenses, net	(11.9)	(11.3)	(11.1)	(10.6)	(23.3)	(22.6)	(21.8)	(21.1)
Interest and dividend income	0.3	0.9	0.3	0.8	0.7	1.5	0.6	1.1
Interest expenses	12.3	12.3	11.4	11.4	24.1	24.1	22.4	22.3

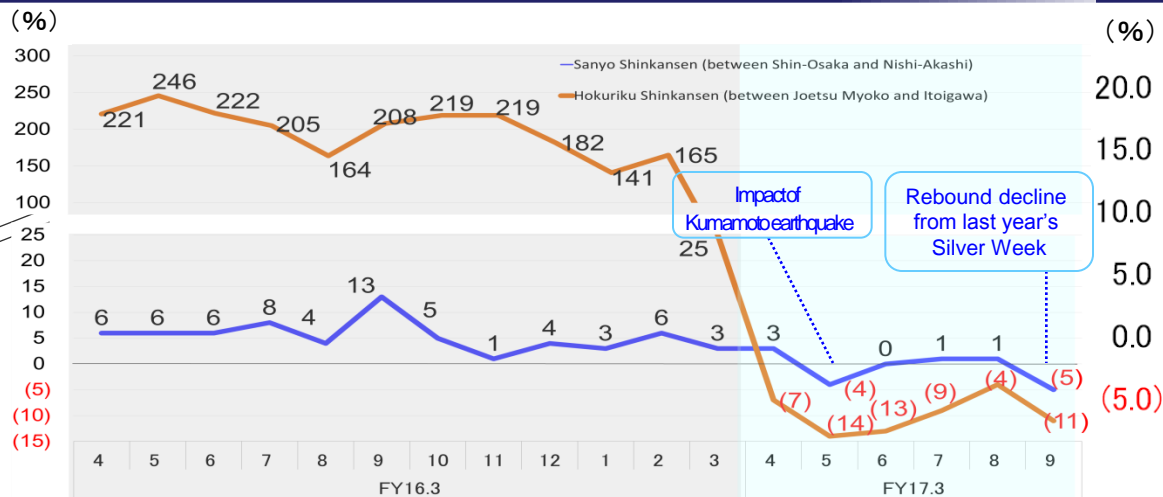
Note: Figures in brackets () are negative values.

Ⅲ. Individual business initiatives

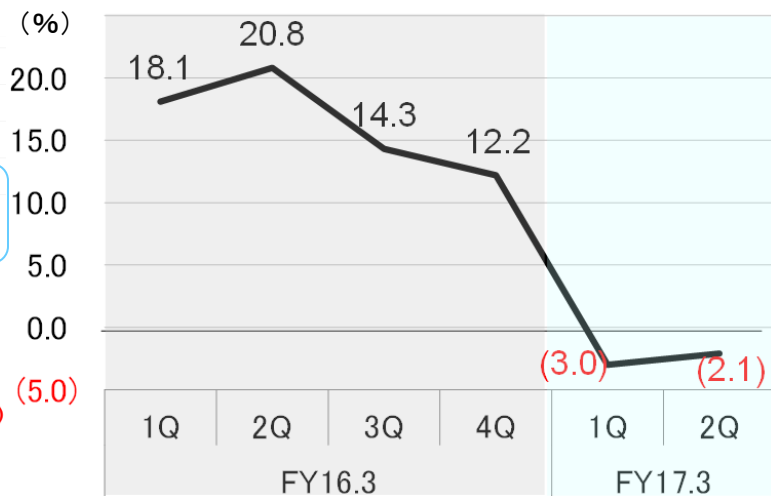
Trend in transportation revenues



Monthly usage trends (segment passenger volume, YoY)



Quarterly transportation revenues (YoY)



•Sanyo Shinkansen: Ignoring the effects of extraordinary factors, such as the Kumamoto earthquakes, performance this year was as robust as last year at historically high levels.

•Hokuriku Shinkansen: Performance was below forecasts, due mainly to a decline compared with the impact of the line opening in the previous fiscal year.

Future initiatives

Heightening competitiveness

○ Enhancing safety and comfort

- New N700A: Additional introduction of 4 sets (FY2017.3)
- Reducing mobile phone no-service areas
 - Completed on all lines (planned at the end of FY2017.3)
- Renewal of ATC system (completion planned for spring 2017)

○ Increase in convenience, due to advances in self-service ticket purchasing and ticketless boarding

- Introduction of new ticketless services (planned for summer 2017)
- Promotion of Internet reservations
 - Expansion of Internet products, such as “WEB Haya-toku 3”



Stimulating tourism demand

○ Rolling out tourism campaigns

- Five-year anniversary campaign of direct service between Sanyo and Kyushu Shinkansen services
- Yamaguchi DC pre-campaign (October-December)
- Contribution to invigoration of Kyushu by participating in the Kyushu Tourism Revival Campaign (July–December)

○ Developing tourism materials

- Regularized the Setouchi expansive area touring route (Ran the “Setouchi Campaign” in July-September)

○ Expanding membership for “Otonabi” membership service for senior customers

○ Capturing inbound visitor demand (→P.27)

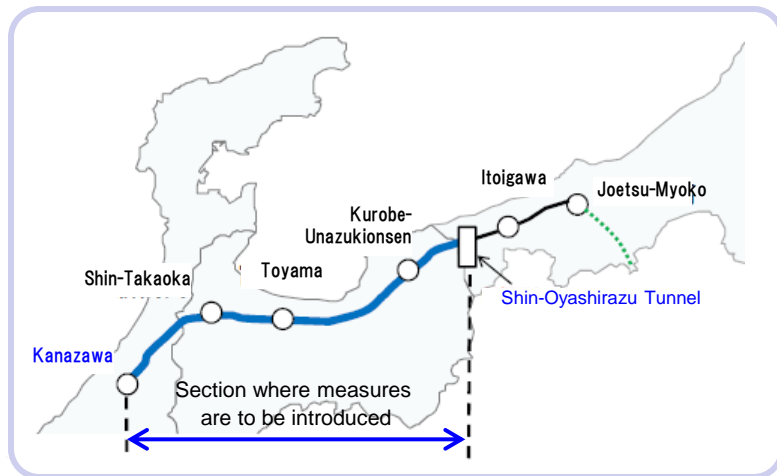


Future initiatives

Heightening competitiveness

○ Enhancing comfort and convenience

- Enhancing schedules (from March 2016)
 - Decreasing time required on certain Hakutaka trains on Hokuriku Shinkansen
 - Increasing departures of Thunderbird limited express: increasing transportation capacity, expanding the amount of time that can be spent in Hokuriku and Shinetsu when traveling from Kansai
- Advancing rolling stock renewal for Thunderbird limited express
- Reducing mobile phone no-service areas (between Kanazawa Station and the west side of Shin-Oyashirazu Tunnel)



Reducing mobile phone no-service areas

Stimulating tourism demand

○ Rolling out tourism campaigns

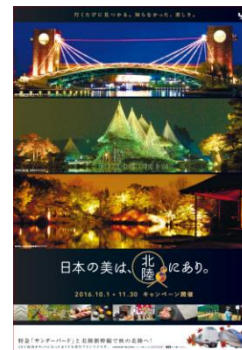
- After DC “The beauty of Japan is in Hokuriku” (October-November)
- Japanese Beauty Hokuriku Campaign (December-March)
- Oishisa Itsutsuboshi, Hokuriku Shinkansen Campaign (October-December)
- JR Snow Resort 2016-17 Campaign (November-March)

○ Fostering tourism demand among seniors

- Offering members-only products: “return trip tickets with four-day pass in the Tokyo metropolitan area”

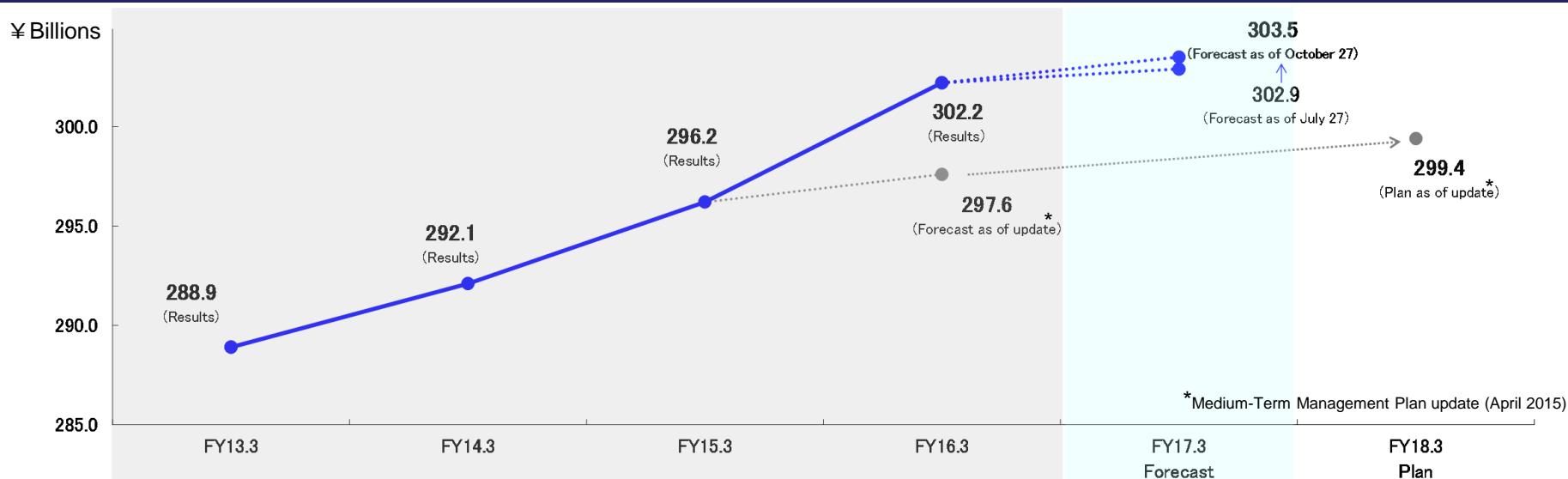
○ Capturing inbound visitor demand (→P.27)

- Offering “Osaka-Tokyo Hokuriku Arch Pass”



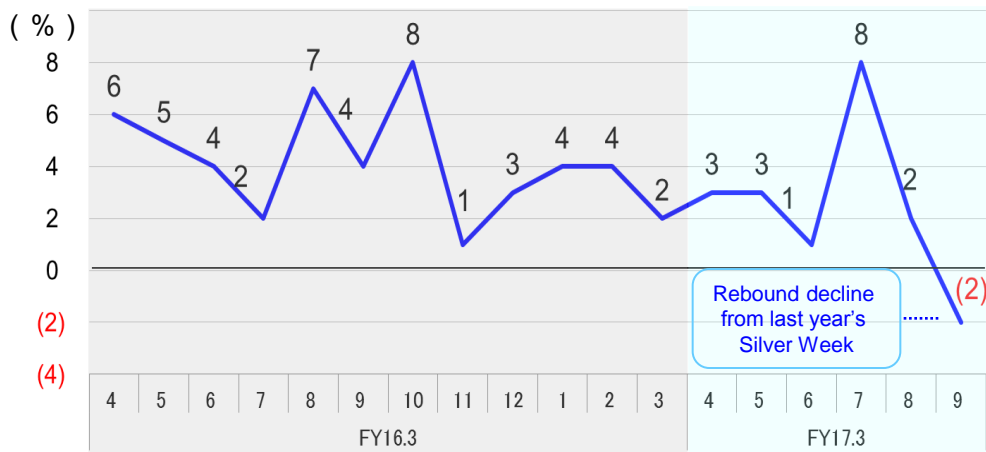
After DC “The beauty of Japan is in Hokuriku” (Campaign logo and promotional poster)

Trend in transportation revenues

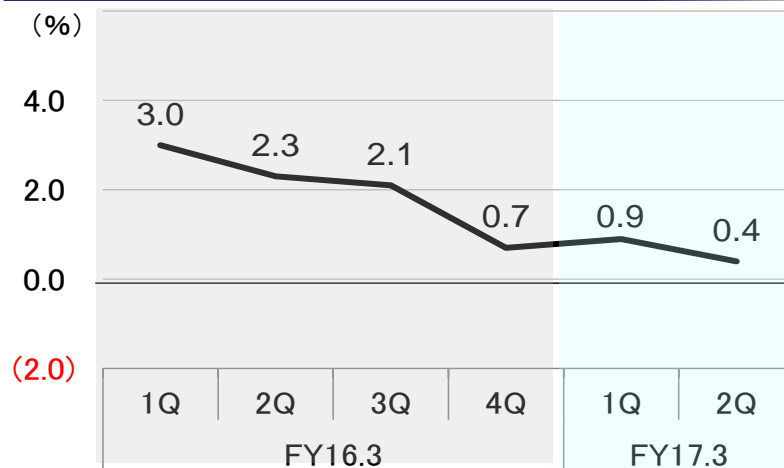


Monthly usage trends

(number of short-distance tickets sold, YoY)



Quarterly transportation revenues (YoY)



Thanks to the success of efforts to enhance the value of railway belts, such as by opening new stations, performance was favorable, outpacing the previous year's levels

Future initiatives

Enhancing the value of railway belts

- **Creating railway belts that people want to reside in**
 - Opening new stations: JR Sojiji, Kizuri (Spring 2018, plan)
 - Introducing new rolling stock: Osaka Loop Line★, Hanwa Line
 - Promoting renewal of stations: Tennoji Station East Exit★, Ibaraki Station

★: Osaka Loop Line Renovation Project
- **Railway network expansion**
 - Osaka Higashi Line, Northern Part (Spring 2018, plan)
 - New underground station accompanying Umekita development (Spring 2023, plan)
- **Advancing more-seamless services**
 - Expanding ICOCA area: Kusatsu Line (area to the east of Kibukawa Station scheduled for spring 2018)

Promoting urban tourism

- **Expanding usage through collaboration with tourism facilities along our railways**
 - Implementing joint PR activities in conjunctions with the 15th anniversary of Universal Studios Japan
- **Maximizing the impact of opening the Kyoto Railway Museum**
 - Increasing access due to the establishment of JR Shichijo Station (Spring 2019, plan)
 - Encourage further activity in areas collaborated with the Umekoji section
- **Capturing inbound visitor demand (→P.27)**

Osaka Higashi Line Project

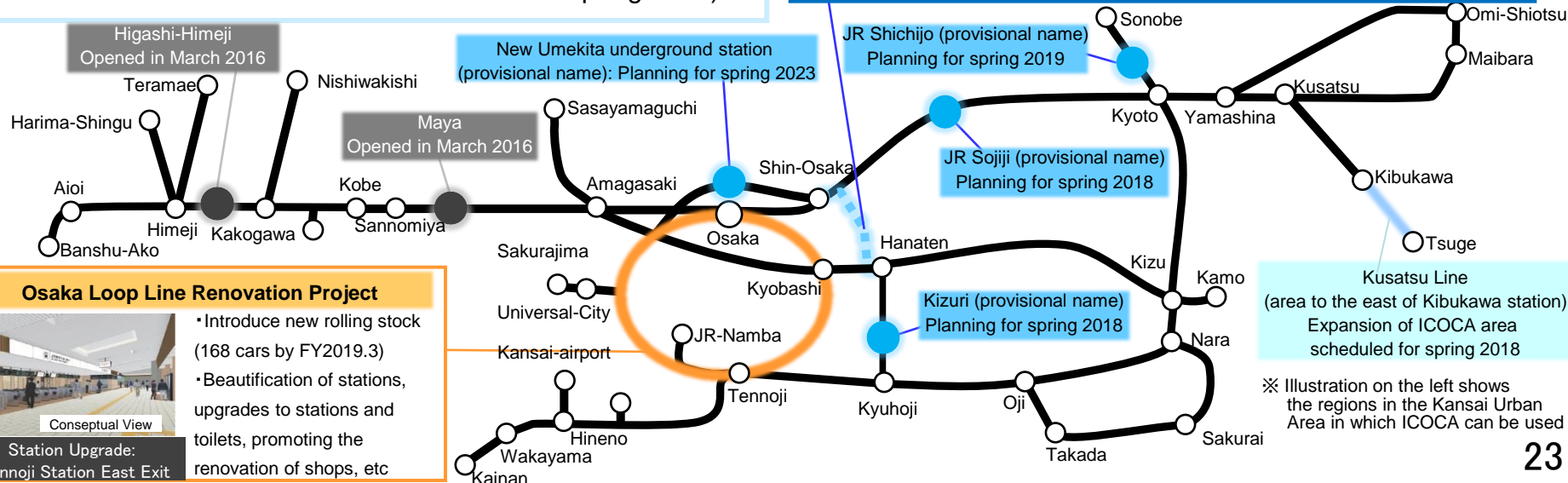
【Overview】

2008: Opened southern section (Hanaten-Kyuhoji)

2019 Spring: Northern section (Shin-Osaka-Hanaten)

【Objective】

Expand the railway network in the eastern Osaka area



Osaka Loop Line Renovation Project

- Introduce new rolling stock (168 cars by FY2019.3)
- Beautification of stations, upgrades to stations and toilets, promoting the renovation of shops, etc



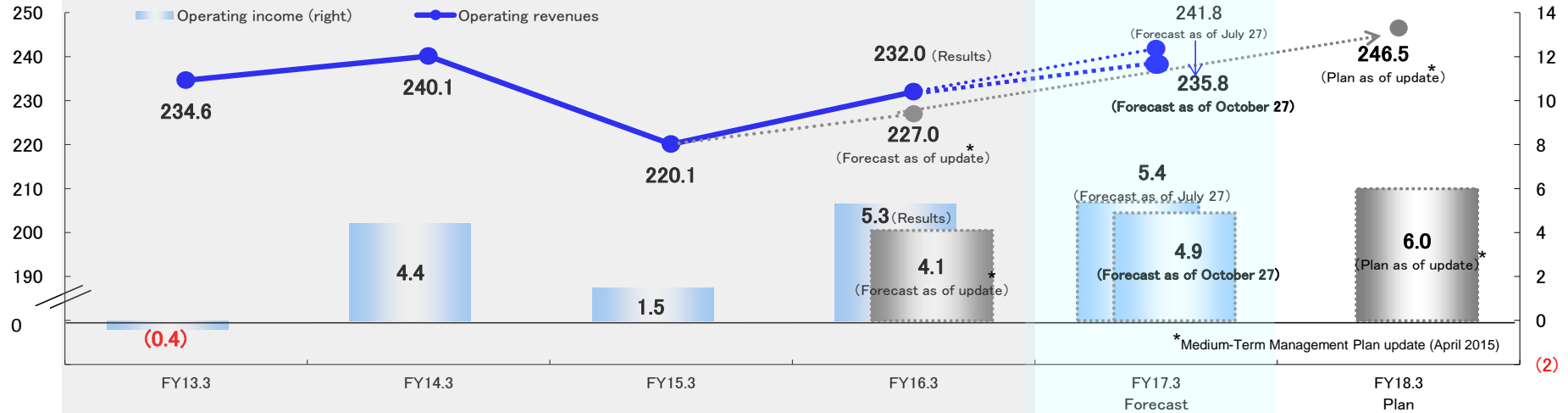
Station Upgrade: Tennoji Station East Exit

Non Rail Business: Retail and Real Estate



(¥ Billions)

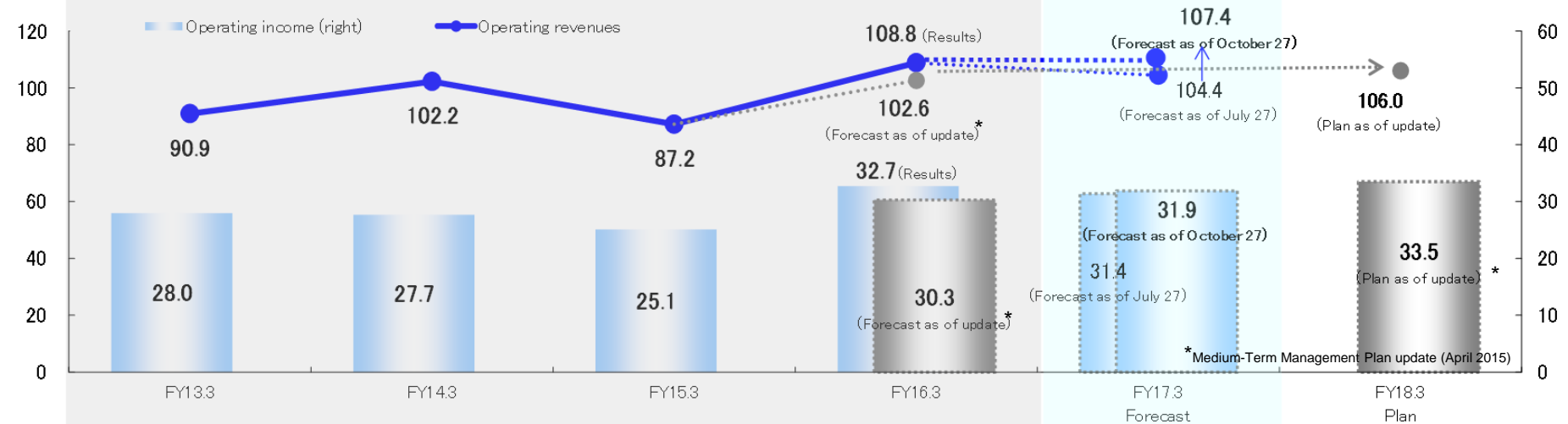
Retail business



Favorable performance of conversions to Seven-Eleven Japan franchised stores and budget hotels, but soft department store performance

(¥ Billions)

Real Estate business



Robust performance from renovated shopping centers and condominium sales

Future initiatives

Sales of goods and food services (Kiosk・Conveniences stores)

○ Converting stores to Seven-Eleven Japan franchised stores

- Favorable sales increase of approximately 50% compared with pre-conversion stores



Franchised store offering largest selling area (approximately 260㎡) of the three prefectures in the Hokuriku region
Seven-Eleven Heart Inn JR Kanazawa Station Store (opened July 11)

【Original plan overview】

Approximately 500 stores over a five-year period (including new-store openings)

【State of progress】

Total number of stores as of September 30, 2016: 274 (including newly opened stores)

【Revised plan】

〔Existing stores〕 Accelerate conversion, generally plan to complete in current fiscal year

〔New stores〕 Continue to expand from next fiscal year
⇒ Aim for approximately 500 stores

Sales of goods and food services (Budget hotels)

○ Two new locations (389 rooms)

⇒ Total of 19 locations (4,661 rooms)

- (Provisional name) Via-inn Tennoji (Spring 2017, plan)

Guest rooms: 172

- (Provisional name) Via-inn Umeda (Summer 2017, plan)

Guest rooms: 217



(Provisional name)
Via-inn Tennoji



(Provisional name)
Via-inn Umeda

Department stores

○ Promoting renovations

- isetan shops in LUCUA 1100

Future initiatives

Shopping center (SC)

○ Promoting renovation

- Grand opening of Shin-Osaka Station shopping center “arde!” (spring 2017, plan)

Real estate lease

○ Developing former station and company housing sites

- Otsu Station renewal “VIERRA Otsu” (Opened in October 2016)
- Multipurpose facility for health promotion constructed on site of former company housing in Kanazawa (April 2017, plan)

○ Implement aggressive development outside of railway

belts and non-JR-WEST areas

- Nagoya Meieki South Hotel development (Autumn 2017, plan)
- Hiroshima Hacchobori NK Building development (Winter 2017, plan)



VIERRA Otsu



Multipurpose facility for health promotion constructed on site of former company housing in Kanazawa

Real estate sale

○ Advancing sales of condominiums

- New condominiums for sales from April 2016 and after

Name	Location	Handover	Houses
GRACIA CITY KAWASAKI DAISHIGAWARA※	Kawasaki, Kanagawa	June 2016	558
BRANZ CITY TENJIMBASHISUJI 6-CHOME※	Osaka, Osaka	March 2017	420
PROUD CITY TSUKAGUCHI MARK FOREST※	Amagasaki, Hyogo	March 2017	587
KYOTO KATSURAGAWA TSUMUGI NO MACHI BRIGHT SQUARE※	Kyoto, Kyoto	March 2017	404
J.GRAN THE HONOR SHIMOGAMO TADASU NO MORI	Kyoto, Kyoto	June 2017	99
J. GRAN KOSHIENGUCHI RESIDENCE※	Nishinomiya, Hyogo	August 2017	16
INISHIABRAN SUMINOE KOEN※	Osaka, Osaka	September 2017	160

※Joint projects with other companies

Transfers are scheduled timing, total number of units is before taking share into account



GRACIA CITY KAWASAKI
DAISHIGAWARA



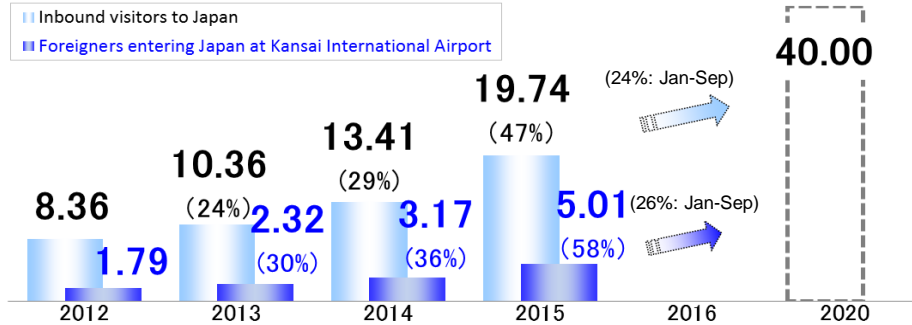
J.GRAN THE HONOR
SHIMOGAMO TADASU NO MORI

○ Initiatives targeting medium to long-term growth in the real estate lease and sale business (→P.32)

Initiatives Extending Across Business Fields : Capturing Inbound Visitor Demand

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

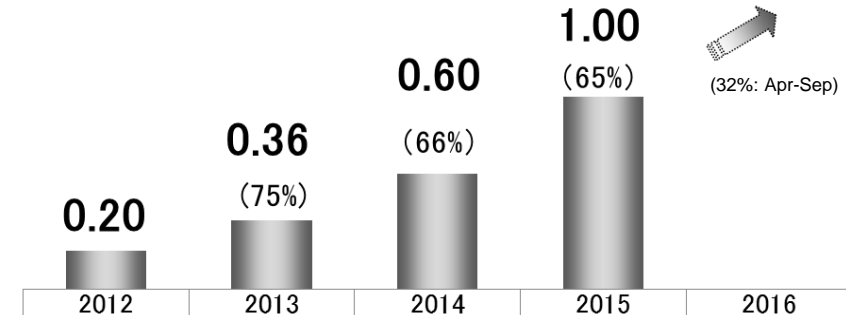
Millions, figures in brackets () are YoY figures



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

FY2017.3 target

- ① Number of inbound tourism users (*) 600,000 (+150,000 year on year)
- ② Consolidated operating revenues +¥1.1 billion (year on year)

- ① Number of inbound tourism users(*) 1.25 million (+250,000 year on year)
- ② Consolidated operating revenues +¥2.5 billion (year on year)

Future initiatives

Inviting more customers to Western Japan area and expanding use of JR-West Group

○ Developing and enhancing wide-area tourism routes

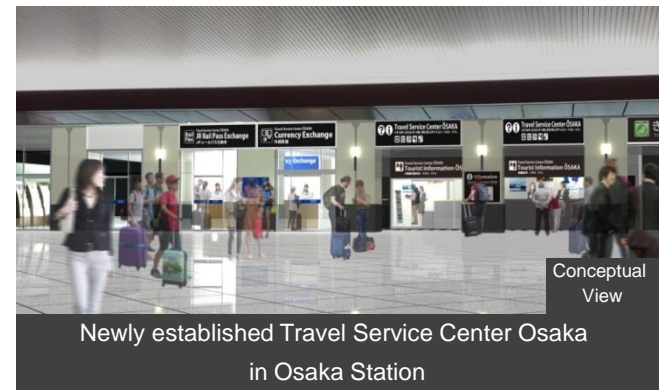
- Sales of “Osaka–Tokyo Hokuriku Arch Pass,” “Setouchi Area Pass,” others
- Enhancing access to Kansai International Airport :
Increasing departures of Haruka limited express, etc.

○ Improving ability to cater to needs of inbound visitors at terminal stations and commercial facilities

- Establishment of Travel Service Center Osaka in Osaka Station (March 2017, plan)
- Reinforcement of Kansai Airport Station sales functions (March 2017, plan)

○ Reinforcing promotion

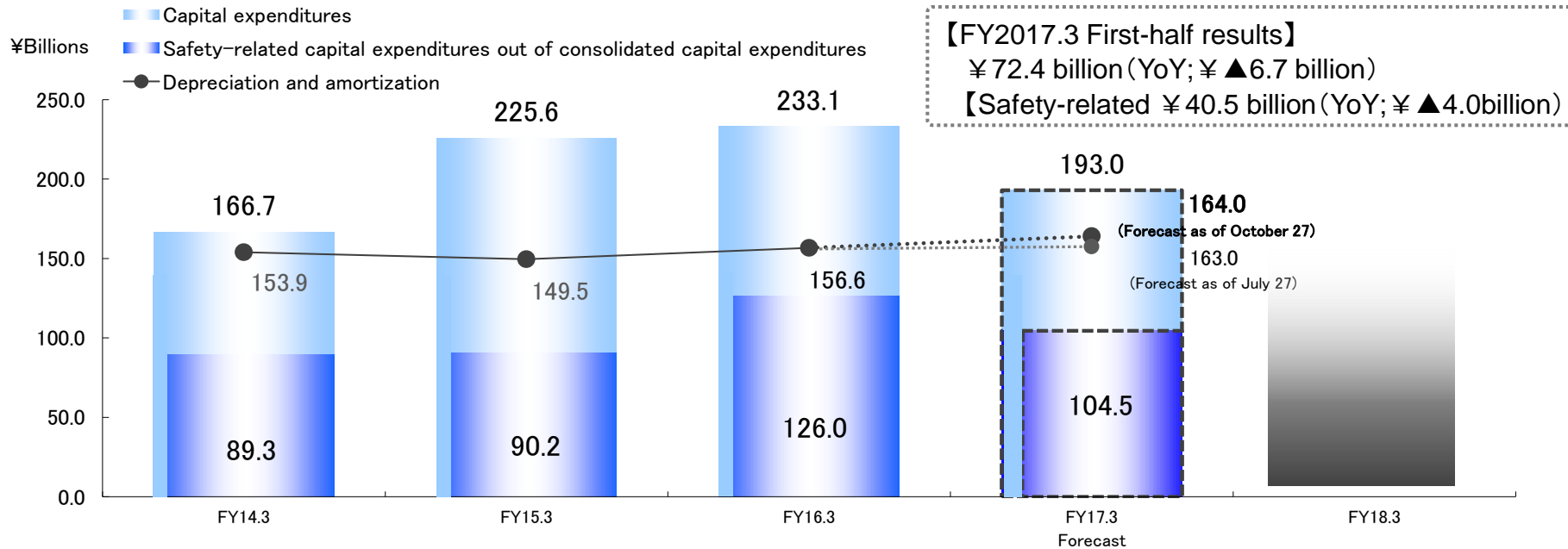
- Expanding targets utilizing local offices (Shanghai, Singapore), etc



※ Usage of railway travel products for inbound visitors : Indicates number of users of exclusive products for inbound tourism (amount of sales and exchange in the JR-West service area).

IV. Capital Expenditure Plan, Returns to Shareholders

Capital Expenditures during Period of Medium-Term Management Plan (FY2014.3 – FY2018.3)



【FY2017.3 First-half results】
 ¥72.4 billion (YoY; ¥▲6.7 billion)
【Safety-related ¥40.5 billion (YoY; ¥▲4.0billion)】

Total CAPEX during the Plan

(¥ Billions)	Current plan (as of April 2015)
Consolidated	960.0
CAPEX for growth	260.0
CAPEX for ongoing operations	700.0
Safety-related CAPEX	480.0
Non-Consolidated	820.0

Capital expenditure plan for FY2017.3 (Major projects)

○ CAPEX for growth

- New station construction
 - New Umekita underground station, etc.
- Enhancing seamlessness
 - Expanding ICOCA area
- Expansion of lifestyle-related operations
 - Conversion to Seven-Eleven Japan franchised stores
 - Development of SUITA GREEN PLACE, etc.

○ CAPEX for ongoing operations

▼ Safety-related CAPEX

- Replacing / renovating rolling stock
 - Sanyo Shinkansen N700A
 - Kansai Urban Area (Osaka Loop Line, Hanwa Line)
- Implementing safety / disaster prevention measures, replacing above-ground facilities
 - Earthquake / tsunami countermeasures
 - Complete replacement of Sanyo Shinkansen ATC system
 - New safety system on conventional lines

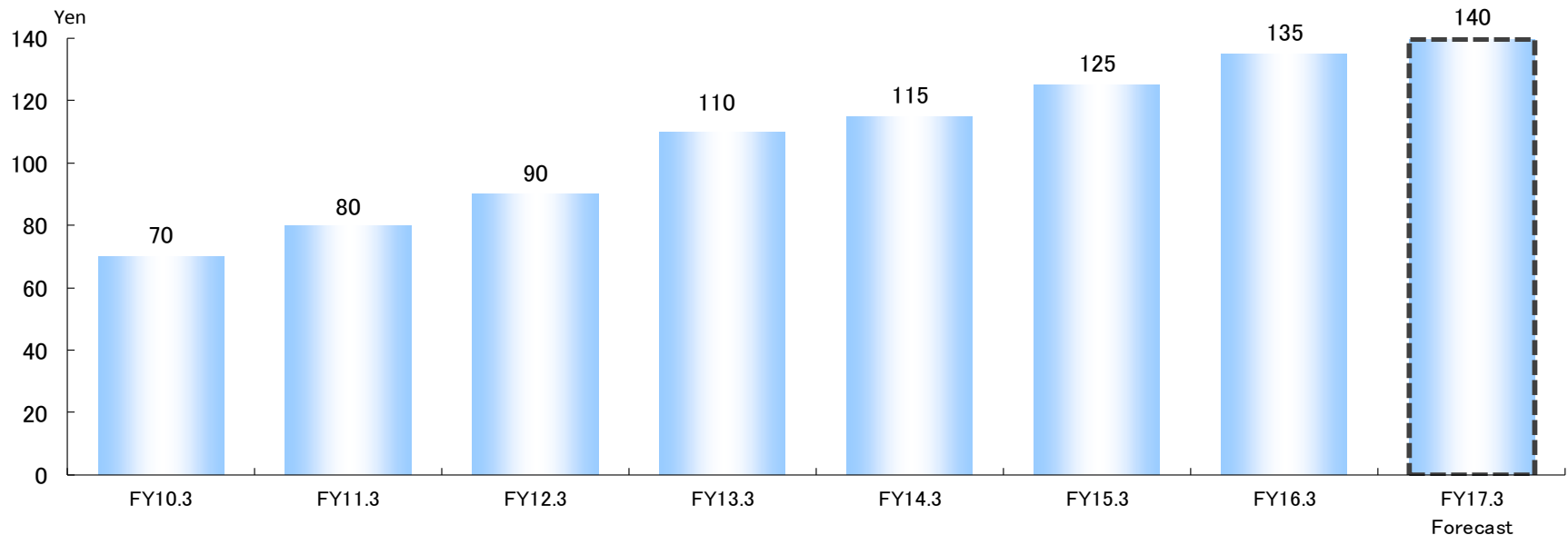
- ▼ **Others** Enhancing customer satisfaction, barrier-free, etc. **29**

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)



Seven consecutive years of higher dividends (including forecast), steadily enhancing return to achieve 3% rate of total distribution on net assets in final fiscal year

Financial Results and Forecasts

*Medium-Term Management Plan update ¥ Billions

	FY2016.3		FY2017.3		FY2018.3
	Update (as of April, 2015)	Results [*]	Forecasts (as of July, 2016)	Forecasts (as of October, 2016)	Update [*] (as of April, 2015)
Operating Revenues	1,391.5	1,451.3	1,450.0	1,445.5	1,423.0
Transportation	895.6	928.7	925.7	924.2	902.5
Retail	227.0	232.0	241.8	235.8	246.5
Real Estate	102.6	108.8	104.4	107.4	106.0
Other businesses	166.3	181.5	178.1	178.1	168.0
Operating Income	148.5	181.5	175.5	173.0	157.0
Transportation	103.3	125.1	122.3	119.8	105.0
Retail	4.1	5.3	5.4	4.9	6.0
Real Estate	30.3	32.7	31.4	31.9	33.5
Other businesses	14.0	22.4	19.9	19.9	14.0
Recurring Profit	130.0	162.2	159.5	157.0	141.0
Net Income	81.5	85.8	106.5	102.5	91.5
Transportation Revenues	818.0	850.0	848.5	846.0	820.5
ROA	5.3%	6.4%	6.1%	6.1%	5.5%
ROE	9.8%	10.2%	11.6%	11.2%	9.8%
EBITDA	307.0	338.1	338.5	337.0	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.

V . Acquisition of shares in Ryoju Properties Co., Ltd.

Project Overview

Target company

Ryoju Properties Co., Ltd.

Shareholder: Ryoju Facility and Properties Co., Ltd. (Ryoju F&P), 100%

Acquisition price

¥97.0 billion

Overview

- JR-West has concluded a share transfer agreement to acquire 70% of total shares outstanding in Ryoju Properties Co., Ltd. (hereinafter, “Ryoju Properties”) from Ryoju Facility and Properties Co., Ltd. (hereinafter, “Ryoju F&P”), which is wholly owned by Mitsubishi Heavy Industries, Ltd. (hereinafter, “MHI”). Going forward, MHI and JR-West will cooperate in an effort to enhance the business value of Ryoju Properties.
- A company split will be conducted on January 1, 2017, with regard to the real estate business of Ryoju F&P, which Ryoju F&P as the splitting company and Ryoju Properties as the succeeding company in the corporate split. As of that date, Ryoju F&P will hold 70% of the shares in Ryoju Properties, with 30% held by MHI. Thereafter, on February 1, 2017, JR-West will acquire the 70% of shares in Ryoju Properties held by Ryoju F&P.

Schedule

October 31: Conclusion of share transfer agreement

February 1, 2017: Share acquisition date

Key financial indicators* (FY2016.3)

Net sales: About ¥25.0 billion
Operating income: About ¥4.0 billion

※The Assumed value of the target company’s business to be spun off from F&P

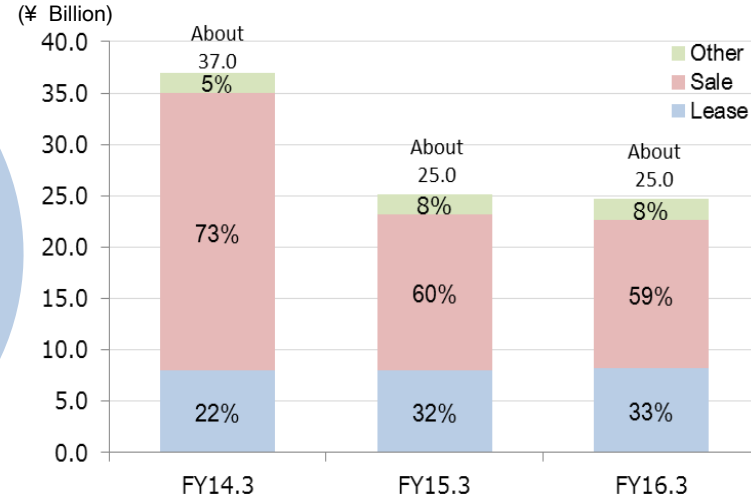
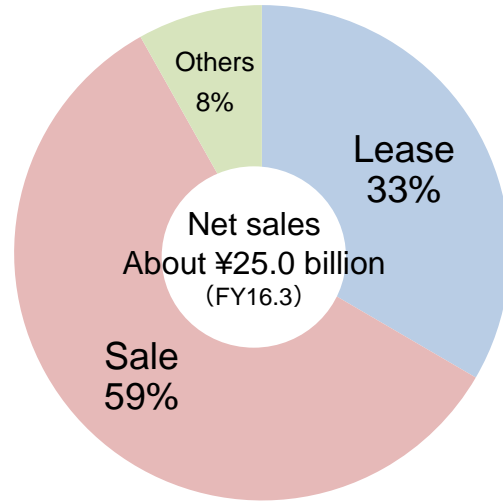
Company Profile

Overview

Name	Ryoju Properties Co., Ltd.
Share holder	Ryoju Facility and Properties Co., Ltd. 100%
Head office	Minato-ku, Tokyo
Established	July 15, 2016
Businesses	Real estate lease, Real estate sale, etc.

Net sales[※]

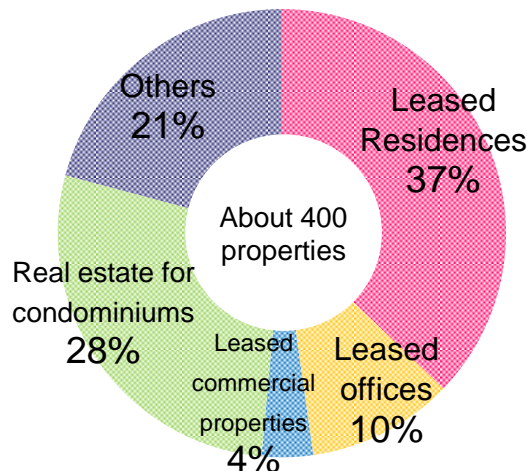
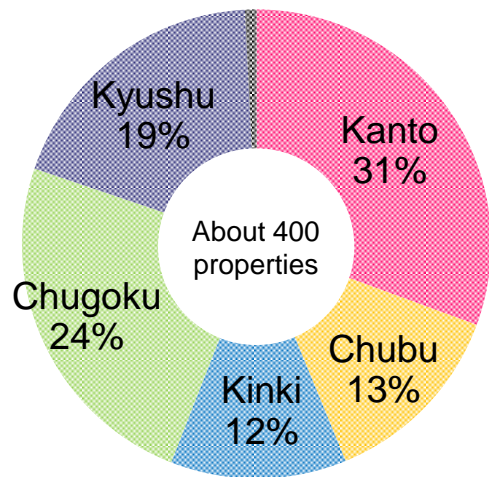
※Assumed value of the target company business to be split off from F&P



Property overview

By area

By use



Leased residence (Kanto)



Development site (Kanto)



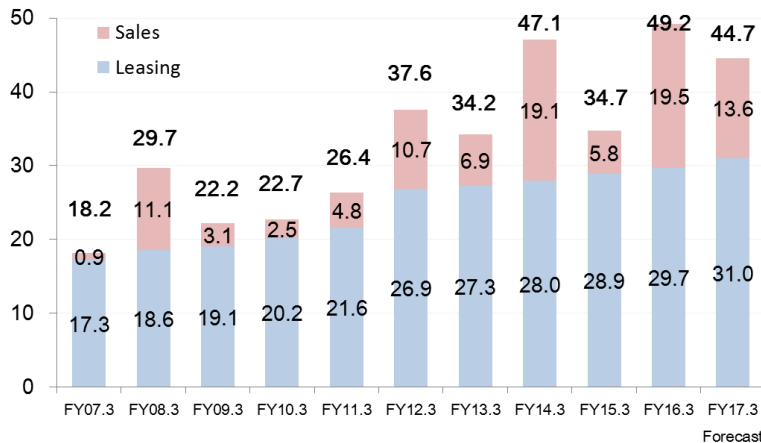
Leased office (Kanto)

Background for and objectives of the share acquisition

Initiatives to date

- Since the time of its establishment, JR-West has generated steady earnings through the development of station buildings and the areas under elevated tracks.
[Real estate lease] NK Building offices, “VIERRA” commercial facilities, clinic buildings, and other developments suited to local characteristics
- [Real estate sale] Establishment of the “J. GRAN” series as JR-West’s Group brand, with broad-based development centered on the Kansai region
- In recent years, the Company has participated in large-scale projects at station and surrounding areas that include both lease and sales. In addition, we have begun taking part in management businesses, such as property management and facility management.

Real estate lease and sale [Operating revenues (Billions of yen)]



[Example of recent initiatives:
Development in front of Tsukaguchi Station]



- Leasing: Station building “VIERRA Tsukaguchi” opening (April 2016)
- Sales: Collaborative development with other companies (some tenants began moving in in March 2016)

Future growth strategies

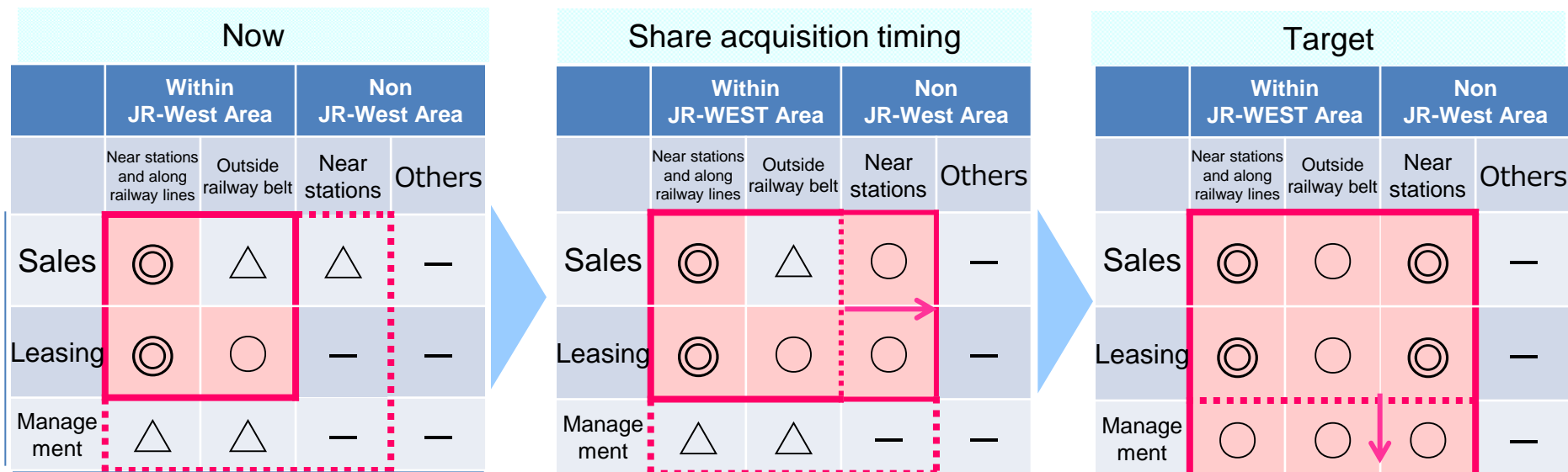
- Our basic strategy is to pursue development near stations and railway belts in the JR-West area that are expected to benefit from synergies with the railway.
- Move proactively into non-JR-West areas, such as Tokyo metropolitan area, where demand is expected to bottom out due to population influxes.
- Build a stable earnings base by expanding the lease business, and develop the real estate sale business through careful selection.
- Take advantage of management businesses that benefit from an increase in the number of development properties, thereby accelerating the overall growth from condominiums, leasing, and management businesses.

Objectives of the share acquisition

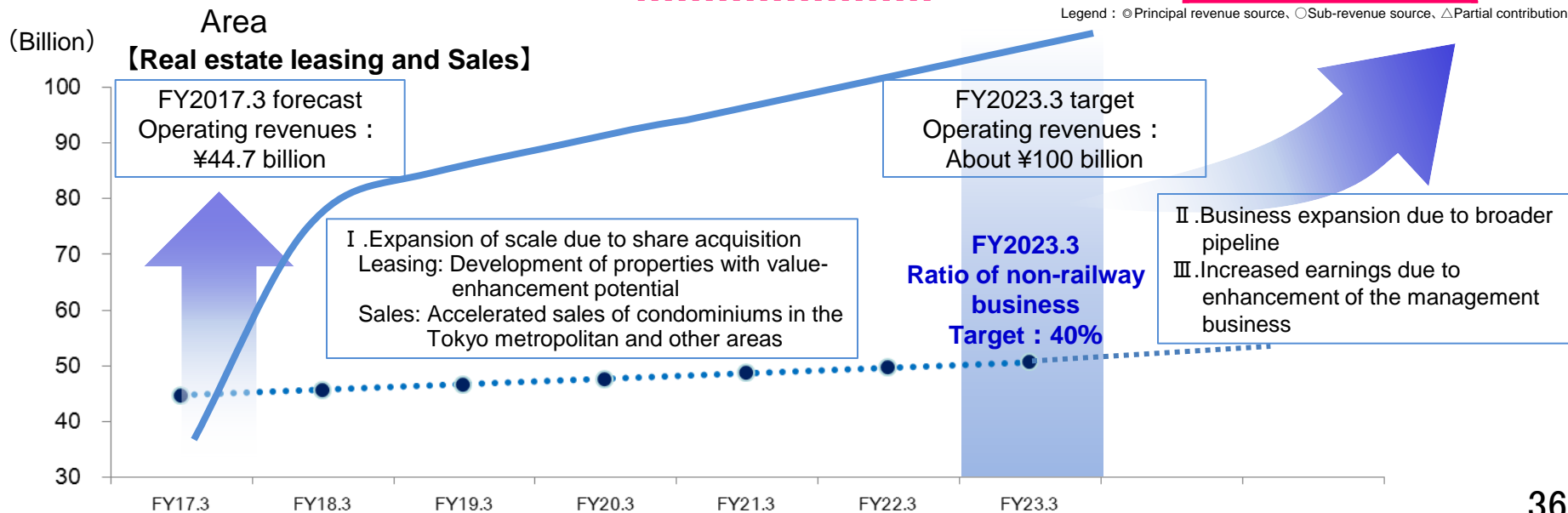
- To acquire a base that will serve as an impetus for expanding the leasing and real estate sale business in the Tokyo metropolitan and other areas
- To expand our scale of business by acquiring at once development sites and properties in the Tokyo metropolitan and other areas
- To expand the leasing and real estate sale business within the JR-West area

After the Share Acquisition

Targeted growth (portfolio, operating revenues)



Legend : ◎Principal revenue source, ○Sub-revenue source, △Partial contribution



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. 1, 2016 based on information available to JR-West as of Nov. 1, 2016 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.