

Results for the first half ended September 30, 2017 and Future Initiatives



October 31, 2017
West Japan Railway Company



I	Results for the first half of FY2018.3	...	2
II	Forecasts for FY2018.3	...	11
III	Individual business initiatives	...	18
IV	Capital Expenditure Plan, Returns to Shareholders	...	28
V	Looking Toward the Next Medium-Term Management Plan	...	31

I Results for the first half of FY2018.3

II Forecasts for FY2018.3

III Individual business initiatives

IV Capital Expenditure Plan, Returns to Shareholders

V Looking Toward the Next Medium-Term Management Plan

Financial Highlights

¥ Billions

	6 months ended Sep 30, 2016 A	6 months ended Sep 30, 2017 B	YoY		Results FY2017.3 C	Forecasts FY2018.3		YoY		Difference between the forecasts Increase/ (Decrease) E-D
			Increase/ (Decrease) B-A	% 1-B/A		As of July 28 D	As of Oct 30 E	Increase/ (Decrease) E-C	% 1-E/C	
【Consolidated】										
Operating Revenues	700.3	727.1	26.7	3.8	1,441.4	1,492.0	1,497.0	55.5	3.9	5.0
Operating Income	98.3	111.2	12.8	13.1	176.3	183.5	185.5	9.1	5.2	2.0
Recurring Profit	88.5	102.6	14.1	16.0	160.7	168.5	170.5	9.7	6.0	2.0
Profit attributable to owners of parent	57.1	67.8	10.7	18.8	91.2	109.0	110.5	19.2	21.0	1.5
【Non-Consolidated】										
Operating Revenues	475.4	485.4	10.0	2.1	956.1	967.0	972.0	15.8	1.7	5.0
Transportation Revenues	422.8	433.6	10.7	2.5	849.6	859.0	864.0	14.3	1.7	5.0
Operating Expenses	394.0	394.7	0.7	0.2	820.6	828.0	831.0	10.3	1.3	3.0
Personnel costs	111.3	109.1	(2.1)	(2.0)	223.3	221.5	220.5	(2.8)	(1.3)	(1.0)
Non personnel costs	181.4	183.5	2.0	1.1	394.3	403.0	406.0	11.6	2.9	3.0
Energy costs	20.6	22.2	1.6	7.8	40.5	46.5	45.0	4.4	10.9	(1.5)
Maintenance costs	68.0	66.9	(1.0)	(1.6)	157.1	158.0	160.0	2.8	1.8	2.0
Miscellaneous costs	92.7	94.2	1.5	1.6	196.6	198.5	201.0	4.3	2.2	2.5
Depreciation	66.4	66.8	0.4	0.7	137.6	137.0	138.0	0.3	0.3	1.0
Operating Income	81.3	90.6	9.2	11.4	135.4	139.0	141.0	5.5	4.1	2.0
Recurring Profit	70.8	81.1	10.3	14.6	118.4	123.0	125.0	6.5	5.5	2.0
Net Income	46.9	55.8	8.9	19.1	70.8	83.0	84.5	13.6	19.3	1.5

Note: Figures in brackets () are negative values.

Non-Consolidated Financial Results

¥ Billions

	6 months ended Sep 30, 2016	6 months ended Sep 30, 2017	YoY	
			Increase/ (Decrease) B-A	% 1-B/A
	A	B		
Operating Revenues	475.4	485.4	10.0	2.1
Transportation revenues	422.8	433.6	10.7	2.5
Other	52.5	51.8	(0.7)	(1.4)
Operating Expenses	394.0	394.7	0.7	0.2
Personnel costs	111.3	109.1	(2.1)	(2.0)
Non personnel costs	181.4	183.5	2.0	1.1
Energy costs	20.6	22.2	1.6	7.8
Maintenance costs	68.0	66.9	(1.0)	(1.6)
Miscellaneous costs	92.7	94.2	1.5	1.6
Rental payments, etc.	15.1	15.0	(0.0)	(0.5)
Taxes	19.7	20.2	0.4	2.5
Depreciation	66.4	66.8	0.4	0.7
Operating Income	81.3	90.6	9.2	11.4
Non-operating revenues and expenses	(10.5)	(9.4)	1.0	(10.1)
Non-operating revenues	1.3	1.3	0.0	—
Non-operating expenses	11.8	10.8	(1.0)	—
Recurring Profit	70.8	81.1	10.3	14.6
Extraordinary profit and loss, net	(2.9)	(0.7)	2.1	—
Extraordinary profit	4.3	3.4	(0.9)	—
Extraordinary loss	7.2	4.2	(3.0)	—
Net Income	46.9	55.8	8.9	19.1

Note: Figures in brackets () are negative values.

Major Factors of Increase/Decrease in Transportation Revenues



¥ Billions

Results for 6 months ended Sep 30, 2017					
Transportation revenues		YoY Increase/(Decrease)		Major factors	
		Amount	%		Amount
Shinkansen	222.6	7.6	3.5	Fundamentals 1.6%	3.3
				Special factors	
				Rebound from Kumamoto earthquakes	2.7
				Favorable demand in Golden Week	0.7
				Inbound demand	0.1
				Seniors demand etc.	0.1
Kansai Urban Area (Kyoto-Osaka-Kobe Area)	155.6	2.6	1.7	Fundamentals 1.3%	2.0
				Special factors	
				Inbound demand	0.3
				Favorable demand in Golden Week	0.2
				Seniors demand	0.0
				etc.	
Other lines	55.3	0.5	0.9	Fundamentals 0.2%	0.1
				Special factors	
				Favorable demand in Golden Week	0.1
				Inbound demand	0.0
				Seniors demand	0.0
				etc.	
Conventional lines	210.9	3.1	1.5		
Total	433.6	10.7	2.5		

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)			Results for 6 months ended Sep 30 (4/1~9/30)			3 months (2Q) (7/1~9/30)		
	FY2017.3	FY2018.3	YoY	FY2017.3	FY2018.3	YoY	FY2017.3	FY2018.3	YoY	FY2017.3	FY2018.3	YoY
Total	422.8	433.6	10.7 2.5%	219.5	222.5	3.0 1.4%	29,281	29,881	599 2.0%	15,038	15,214	176 1.2%
Shinkansen	215.0	222.6	7.6 3.5%	113.8	115.3	1.4 1.3%	10,004	10,407	403 4.0%	5,345	5,408	62 1.2%
Commuter Passes	5.1	5.4	0.3 6.3%	2.6	2.7	0.1 4.6%	415	431	15 3.8%	205	215	9 4.7%
Non-Commuter Passes	209.9	217.2	7.2 3.5%	111.2	112.6	1.3 1.2%	9,588	9,976	388 4.0%	5,140	5,193	52 1.0%
Conventional Lines	207.8	210.9	3.1 1.5%	105.6	107.2	1.5 1.5%	19,277	19,473	195 1.0%	9,692	9,806	113 1.2%
Commuter Passes	72.0	72.2	0.1 0.3%	35.4	35.9	0.5 1.4%	11,733	11,803	69 0.6%	5,756	5,800	44 0.8%
Non-Commuter Passes	135.7	138.6	2.9 2.2%	70.2	71.3	1.0 1.5%	7,544	7,670	126 1.7%	3,936	4,005	69 1.8%
Kansai Urban Area (Kyoto-Osaka-Kobe Area)	152.9	155.6	2.6 1.7%	76.9	78.2	1.2 1.6%	15,043	15,211	168 1.1%	7,515	7,599	84 1.1%
Commuter Passes	59.1	59.4	0.2 0.4%	29.0	29.5	0.4 1.6%	9,616	9,678	62 0.6%	4,725	4,764	38 0.8%
Non-Commuter Passes	93.8	96.2	2.4 2.6%	47.9	48.6	0.7 1.7%	5,427	5,532	105 1.9%	2,790	2,835	45 1.6%
Other Lines	54.8	55.3	0.5 0.9%	28.6	28.9	0.3 1.1%	4,234	4,261	27 0.7%	2,177	2,206	29 1.4%
Commuter Passes	12.9	12.8	(0.0) (0.4%)	6.3	6.3	0.0 0.8%	2,116	2,124	7 0.4%	1,030	1,036	5 0.6%
Non-Commuter Passes	41.8	42.4	0.5 1.4%	22.3	22.6	0.2 1.1%	2,117	2,137	20 1.0%	1,146	1,170	23 2.1%

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, 2017			
		YoY		Major factors
		Increase/ (Decrease)	%	
Personnel costs	109.1	(2.1)	(2.0)	•Difference in personnel, etc
Energy costs	22.2	1.6	7.8	•Increase in adjustment amount for fuel cost +1.7, etc.
Maintenance costs	66.9	(1.0)	(1.6)	•Decrease in maintenance costs for structures (0.4), etc.
Miscellaneous costs	94.2	1.5	1.6	•Increase in expenses from the introduction of new uniforms +1.3 •Increase in system related costs +0.5, etc.
Rental Payments, etc	15.0	(0.0)	(0.5)	
Taxes	20.2	0.4	2.5	•Increase in fixed assets tax, etc.
Depreciation and amortization	66.8	0.4	0.7	
Total	394.7	0.7	0.2	

Note: Figures in brackets () are negative values.

Consolidated Financial Results

¥ Billions

	6 months ended Sep 30, 2016	6 months ended Sep 30, 2017	YoY	
			Increase/ (Decrease) B-A	% 1-B/A
	A	B		
Operating Revenues	700.3	727.1	26.7	3.8
Operating Expenses	602.0	615.8	13.8	2.3
Operating Income	98.3	111.2	12.8	13.1
Non-operating revenues and expenses, net	(9.8)	(8.5)	1.2	(13.2)
Non-operating revenues	2.2	2.6	0.3	—
Non-operating expenses	12.1	11.1	(0.9)	—
Recurring Profit	88.5	102.6	14.1	16.0
Extraordinary profit and loss, net	(3.8)	(1.3)	2.5	—
Extraordinary profit	5.1	5.1	0.0	—
Extraordinary loss	9.0	6.4	(2.5)	—
Profit attributable to owners of parent	57.1	67.8	10.7	18.8
<i>Comprehensive Income</i>	<i>55.7</i>	<i>70.1</i>	<i>14.4</i>	<i>25.9</i>

Note: Figures in brackets () are negative values.

Consolidated Financial Results (Segment Information)

¥ Billions

	6 months ended Sep 30, 2016 A	6 months ended Sep 30, 2017 B	YoY	
			Increase/ (Decrease) B-A	% 1-B/A
Operating Revenues ^{*1}	700.3	727.1	26.7	3.8
Transportation	461.7	472.7	10.9	2.4
Retail	114.9	117.5	2.6	2.3
Sales of goods and food services	75.8	80.2	4.4	5.9
[Accommodation-oriented budget hotels](restated) ^{*2}	[5.4]	[5.6]	[0.2]	[4.2]
Department stores	35.0	33.0	(1.9)	(5.6)
Real estate	50.4	68.7	18.2	36.3
Shopping center	30.1	29.1	(0.9)	(3.1)
Real estate lease and sale	19.3	38.5	19.1	99.0
[Real estate sale](restated)	[4.0]	[17.1]	[13.1]	[328.1]
Other businesses	73.3	68.1	(5.1)	(7.0)
Hotel	17.8	17.6	(0.2)	(1.3)
Nippon Travel Agency	19.4	19.3	(0.1)	(1.0)
Operating Income ^{*1}	98.3	111.2	12.8	13.1
Transportation	74.5	83.5	8.9	12.1
Retail	2.5	3.3	0.8	31.9
Sales of goods and food services	2.8	3.2	0.3	13.0
Department stores	(0.4)	(0.0)	0.3	—
Real estate	16.8	19.8	3.0	18.1
Shopping center	5.2	4.4	(0.8)	(16.1)
Real estate lease and sale	5.7	10.3	4.6	81.7
Other businesses	4.1	3.2	(0.9)	(22.4)
Hotel	1.3	0.8	(0.5)	(38.0)
Nippon Travel Agency	(0.3)	(0.7)	(0.4)	—

Note: Figures in brackets () are negative values.

*1 The breakdowns of operating revenues and operating income by each segment are the sums of those of major subsidiaries.

*2 Figures in brackets [] are the sales of accommodation-oriented budget hotel, "VIA INN", sales, excluding Shimonoseki (non-consolidated), Asakusa (other business segment), and Hiroshima Kanayamacho (other business segment) locations.

Consolidated Financial Situation and Statements of Cash Flows

¥ Billions

	As of March 31, 2017 A	As of Sep 30, 2017 B	Difference increase/ (decrease) B-A
Assets	3,007.8	3,011.5	3.7
Liabilities	1,975.2	1,922.6	(52.5)
Net assets	1,032.6	1,088.9	56.3
Balance of Long-term Debt and Payables	1,037.9	1,061.1	23.1
【Average interest rate (%)】	【1.97】	【1.94】	【(0.03)】
Shinkansen Purchase Liability	104.6	104.2	(0.4)
【Average interest rate (%)】	【6.55】	【6.55】	【-】
Bonds	534.9	554.9	20.0
【Average interest rate (%)】	【1.75】	【1.73】	【(0.02)】
Equity ratio (%)	31.3	33.0	1.7
Net assets per share (¥)	4,857.50	5,141.03	283.53

	6 months ended Sep 30, 2016 A	6 months ended Sep 30, 2017 B	YoY increase/ (decrease) B-A
Cash flows from operating activities	56.4	99.6	43.2
Cash flows from investing activities	(79.9)	(62.7)	17.2
Free cash flows	(23.5)	36.9	60.4
Cash flows from financing activities	(2.1)	(23.7)	(21.5)
Change in cash and cash equivalents, net	(25.6)	14.0	39.6
Cash and cash equivalents at the end of the period	55.0	77.3	22.3

Note: Figures in brackets () are negative values.

I Results for the first half of FY2018.3

II Forecasts for FY2018.3

III Individual business initiatives

IV Capital Expenditure Plan, Returns to Shareholders

V Looking Toward the Next Medium-Term Management Plan

Non-Consolidated Financial Forecasts

¥ Billions

	Results FY2017.3 A	Forecasts FY2018.3		YoY		Difference between the forecasts Increase/ (Decrease) C-B
		As of July 28 B	As of Oct 30 C	Increase/ (Decrease) C-A	% 1-C/A	
Operating Revenues	956.1	967.0	972.0	15.8	1.7	5.0
Transportation revenues	849.6	859.0	864.0	14.3	1.7	5.0
Other	106.4	108.0	108.0	1.5	1.5	—
Operating Expenses	820.6	828.0	831.0	10.3	1.3	3.0
Personnel costs	223.3	221.5	220.5	(2.8)	(1.3)	(1.0)
Non personnel costs	394.3	403.0	406.0	11.6	2.9	3.0
Energy costs	40.5	46.5	45.0	4.4	10.9	(1.5)
Maintenance costs	157.1	158.0	160.0	2.8	1.8	2.0
Miscellaneous costs	196.6	198.5	201.0	4.3	2.2	2.5
Rental payments, etc.	30.2	30.5	30.5	0.2	0.7	—
Taxes	34.9	36.0	36.0	1.0	2.9	—
Depreciation	137.6	137.0	138.0	0.3	0.3	1.0
Operating Income	135.4	139.0	141.0	5.5	4.1	2.0
Non-operating revenues and expenses, net	(17.0)	(16.0)	(16.0)	1.0	(5.9)	—
Non-operating revenues	6.1	6.0	6.0	(0.1)	—	—
Non-operating expenses	23.1	22.0	22.0	(1.1)	—	—
Recurring Profit	118.4	123.0	125.0	6.5	5.5	2.0
Extraordinary profit and loss, net	(16.5)	(3.0)	(3.0)	13.5	—	—
Extraordinary profit	18.3	—	—	—	—	—
Extraordinary loss	34.9	—	—	—	—	—
Net Income	70.8	83.0	84.5	13.6	19.3	1.5

Note: Figures in brackets () are negative values.

Transportation Revenue Forecasts

¥ Billions

	Results FY2017.3 A	Forecasts FY2018.3		YoY		Difference between the forecasts Increase/ (Decrease) C-B
		As of July 28 B	As of Oct 30 C	Increase/ (Decrease) C-A	% 1-C/A	
Shinkansen	434.6	441.7	444.6	10.0	2.3	2.9
Kansai Urban Area (Kyoto-Osaka-Kobe Area)	305.0	306.2	308.2	3.2	1.1	2.0
Other lines	110.0	111.0	111.0	0.9	0.9	(0.0)
Conventional lines	415.0	417.2	419.3	4.2	1.0	2.0
Transportation revenues	849.6	859.0	864.0	14.3	1.7	5.0

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

Operating Expenses Forecasts (Non-Consolidated)

¥ Billions

Item	Forecasts FY2018.3				
		YoY		Major factors (YoY)	Difference from the previous forecast Increase/(Decrease)
		Increase/ (Decrease)	%		
Personnel costs	220.5	(2.8)	(1.3)	•Difference in personnel, etc	(1.0)
Energy costs	45.0	4.4	10.9	•Increase in adjustment amount for fuel cost, etc.	(1.5)
Maintenance costs	160.0	2.8	1.8	•Increase in externally funded constructions, etc.	2.0
Miscellaneous costs	201.0	4.3	2.2	•Increase in system related costs •Increase in adjustment amount for fuel cost, etc.	2.5
Rental Payments, etc	30.5	0.2	0.7		—
Taxes	36.0	1.0	2.9	•Increase in fixed assets tax, etc.	—
Depreciation and amortization	138.0	0.3	0.3		1.0
Total	831.0	10.3	1.3		3.0

Note: Figures in brackets () are negative values.

Consolidated Financial Forecasts

¥ Billions

	Results FY2017.3 A	Forecasts FY2018.3		YoY		Difference between the forecasts Increase/ (Decrease) C-B
		As of July 28 B	As of Oct 30 C	Increase/ (Decrease) C-A	% 1-C/A	
Operating Revenues	1,441.4	1,492.0	1,497.0	55.5	3.9	5.0
Operating Expenses	1,265.0	1,308.5	1,311.5	46.4	3.7	3.0
Operating Income	176.3	183.5	185.5	9.1	5.2	2.0
Non-operating revenues and expenses, net	(15.6)	(15.0)	(15.0)	0.6	(3.9)	—
Non-operating revenues	8.0	7.2	7.2	(0.8)	—	—
Non-operating expenses	23.7	22.2	22.2	(1.5)	—	—
Recurring Profit	160.7	168.5	170.5	9.7	6.0	2.0
Extraordinary profit and loss, net	(23.0)	(4.0)	(4.0)	19.0	—	—
Extraordinary profit	19.6	—	—	—	—	—
Extraordinary loss	42.6	—	—	—	—	—
Profit attributable to owners of parent	91.2	109.0	110.5	19.2	21.0	1.5
Net income per share(¥)	471.52	563.00	570.75	—	—	—

Note: Figures in brackets () are negative values.

Consolidated Financial Forecasts (Segment Information)



¥ Billions

	Results FY2017.3 A	Forecasts FY2018.3		YoY		Difference between the forecasts Increase/ (Decrease) C-B
		As of July 28 B	As of Oct 30 C	Increase/ (Decrease) C-A	% 1-C/A	
Operating Revenues* ¹	1,441.4	1,492.0	1,497.0	55.5	3.9	5.0
Transportation	929.1	939.0	946.5	17.3	1.9	7.5
Retail	233.9	240.8	240.8	6.8	2.9	–
Sales of goods and food services	152.5	164.2	162.2	9.6	6.3	(2.0)
[Accommodation-oriented budget hotels](restated)* ²	【10.8】	【11.7】	【11.7】	【0.9】	【8.5】	【–】
Department stores	73.4	68.6	70.6	(2.8)	(3.9)	2.0
Real estate	109.5	138.7	138.7	29.1	26.6	–
Shopping center	60.5	59.1	59.1	(1.4)	(2.4)	–
Real estate lease and sale	47.2	77.7	77.7	30.4	64.6	–
[Real estate sale](restated)	【16.1】	【34.9】	【34.9】	【18.8】	【117.1】	【–】
Other businesses	168.8	173.5	171.0	2.1	1.3	(2.5)
Hotel	36.2	35.9	35.9	(0.3)	(0.8)	–
Nippon Travel Agency	42.0	43.5	41.0	(1.0)	(2.5)	(2.5)
Operating Income* ¹	176.3	183.5	185.5	9.1	5.2	2.0
Transportation	121.7	125.1	127.1	5.3	4.4	2.0
Retail	5.2	7.0	7.0	1.7	33.3	–
Real estate	32.2	35.5	35.5	3.2	10.2	–
Other businesses	20.4	19.0	19.0	(1.4)	(7.2)	–

Note: Figures in brackets () are negative values.

*1 The breakdowns of operating revenues and operating income by each segment are the sums of those of major subsidiaries.

*2 Figures in brackets [] are the sales of accommodation-oriented budget hotel, "VIA INN", sales, excluding Shimonoseki (non-consolidated), Asakusa (other business segment), and Hiroshima Kanayamacho (other business segment) locations.

Other Data

Persons, ¥ Billions

	6 months ended Sep 30, 2016	6 months ended Sep 30, 2017	Results FY2017.3	Forecasts FY2018.3 As of Oct 30
ROA (% , Consolidated)	3.5	3.7	6.0	6.2
ROE (% , Consolidated)	6.4	7.0	10.0	11.3
EBITDA (Consolidated) *1	176.8	191.6	339.1	351.7
Depreciation (Consolidated)	78.5	79.8	162.7	165.0
Capital Expenditures (Consolidated, own fund)	72.4	59.3	192.4	166.0
Capital Expenditures (Non-consolidated, own fund)	57.7	41.7	159.8	130.0
Safety related capital expenditure	40.5	28.4	105.0	79.0
Dividends per share (¥)	70	80	140	160

*1 EBITDA = Operating Income + Depreciation + Amortization of goodwill

	6 months ended Sep 30, 2016		6 months ended Sep 30, 2017		Results FY2017.3		Forecasts FY2018.3 As of Oct 30	
	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated
No. of employees at the end of period	47,303	25,905	47,814	25,381	47,382	25,821	–	–
Financial Expenses, net	(11.1)	(10.6)	(10.1)	(9.6)	(21.6)	(21.0)	(20.3)	(19.6)
Interest and dividend income	0.3	0.8	0.3	0.8	0.6	1.1	0.7	1.2
Interest expenses	11.4	11.4	10.5	10.4	22.3	22.2	21.0	20.8

Note: Figures in brackets () are negative values.

I Results for the first half of FY2018.3

II Forecasts for FY2018.3

III Individual business initiatives

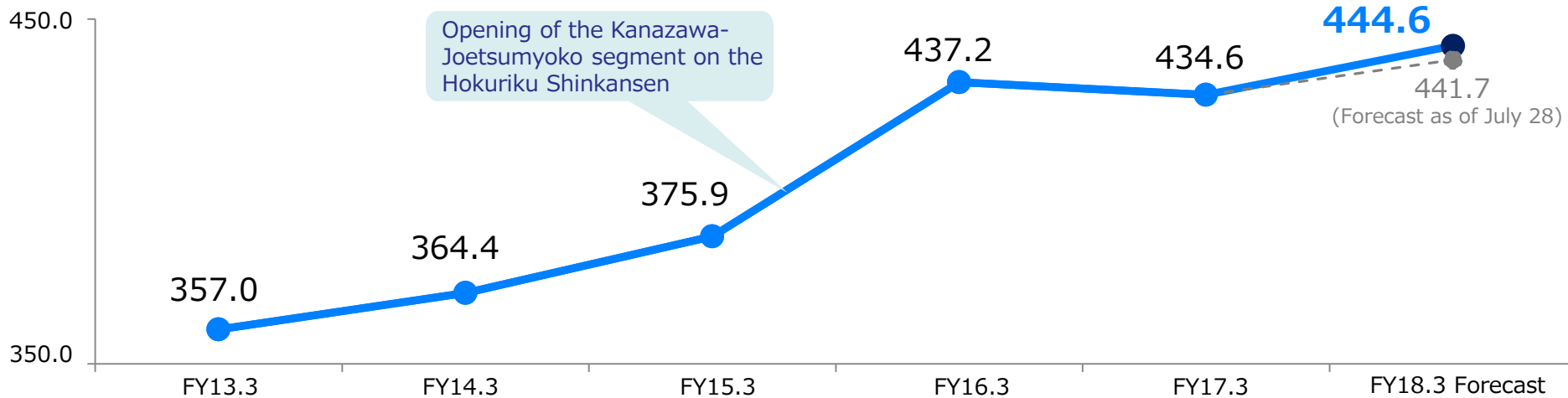
IV Capital Expenditure Plan, Returns to Shareholders

V Looking Toward the Next Medium-Term Management Plan

Transportation: Shinkansen ①

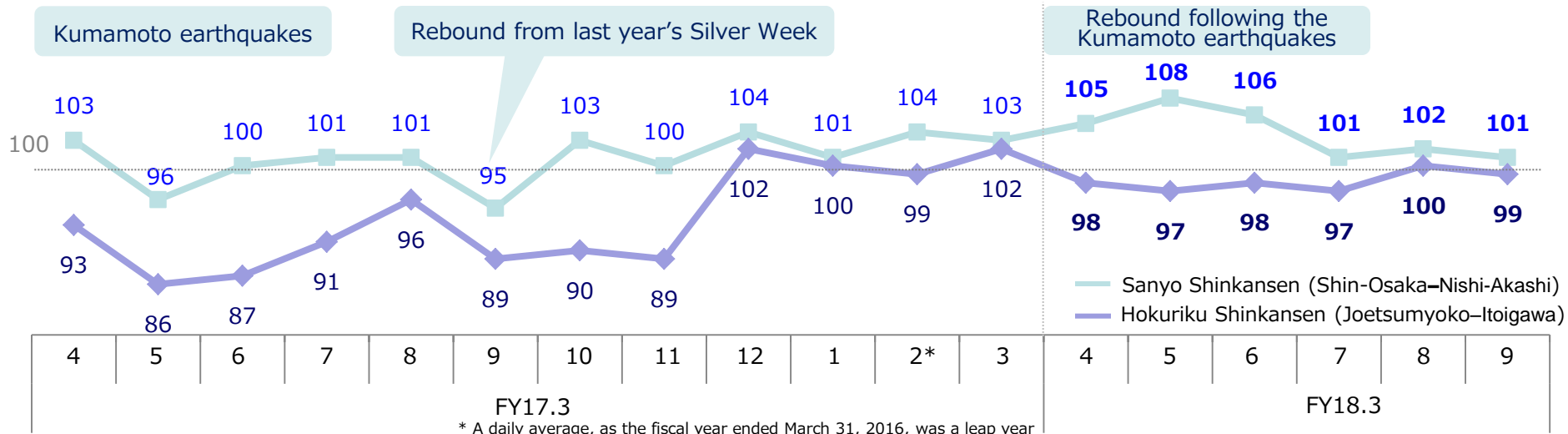
Trend in transportation revenues (Full year)

(Billions of yen)



Monthly usage trends (YoY)

(%)



Performance on the Sanyo Shinkansen was firm, due in part to a rebound following the Kumamoto earthquakes. Performance on the Hokuriku Shinkansen was down year on year.

Transportation: Shinkansen ②

Major initiatives

	1H FY2018.3	2H FY2018.3	After FY2019.3
Heightening competitiveness	Sanyo Shinkansen		
	Internet reservations	e5489 renovation	Start of "Smart EX"
	Introduction of new rolling stock	N700A (3 trains)	
	Hokuriku Shinkansen		
	Business demand	"Business Travel Support Campaign"	
	Increasing Convenience		Reducing mobile phone no-service areas (between Kanazawa Station and the west side of Shin-Oyashirazu Tunnel)
Line extension		Extension to Tsuruga	
Stimulating tourism demand	Sanyo Shinkansen		
	Tourism campaigns	"Late Edo Period-Meiji Restoration Yamaguchi Destination Campaign," "Kumamoto and Oita Campaign"	"Joint Tourism Promotion Declaration" with Yamaguchi Prefecture (effort to maximize effects of Yamaguchi After Destination Campaign)
	Hokuriku Shinkansen		
	Tourism campaigns	"Japan's Beauty is in Hokuriku" "The Beauty in the Four Seasons, Five-Star"	「Japanese Beauty Hokuriku」 「JR Snow Resort 2017-2018」
	Common		
	Inbound	(→P.27)	
Seniors	Expansion in number of "Otonabi" members (1.06 million registered members as of September 30, 2017), establishment of exclusive products for members		
Ties with local communities	Establishment of Fukui Branch		

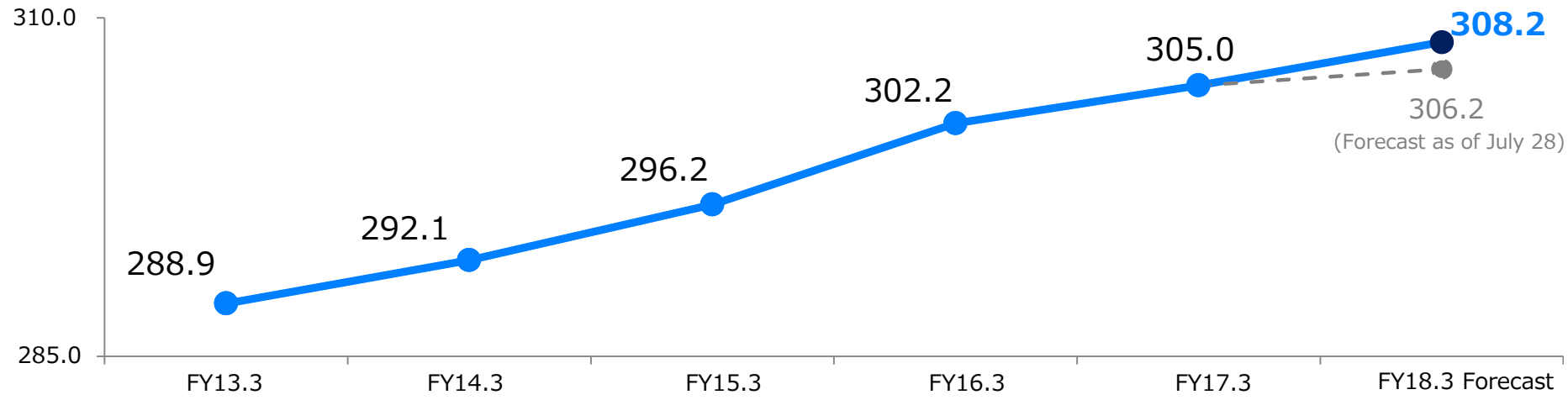


We will work to expand usage by both increasing competitiveness and stimulating tourism demand.

Transportation: Kansai Urban Area ①

Trend in transportation revenues (Full year)

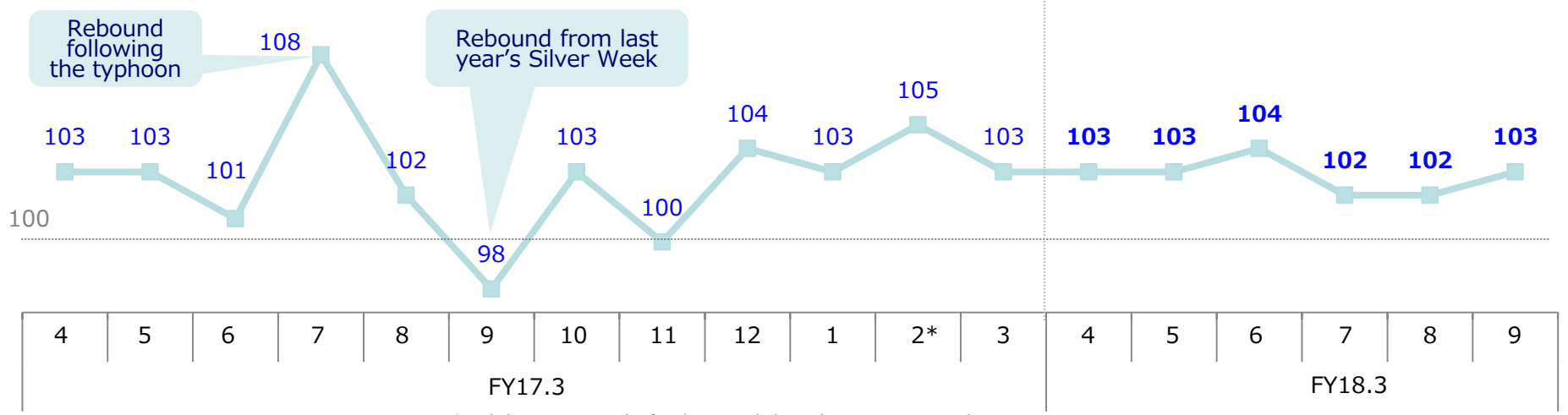
(Billions of yen)



Monthly usage trends (YoY)

* number of short-distance tickets sold

(%)



* A daily average, as the fiscal year ended March 31, 2016, was a leap year

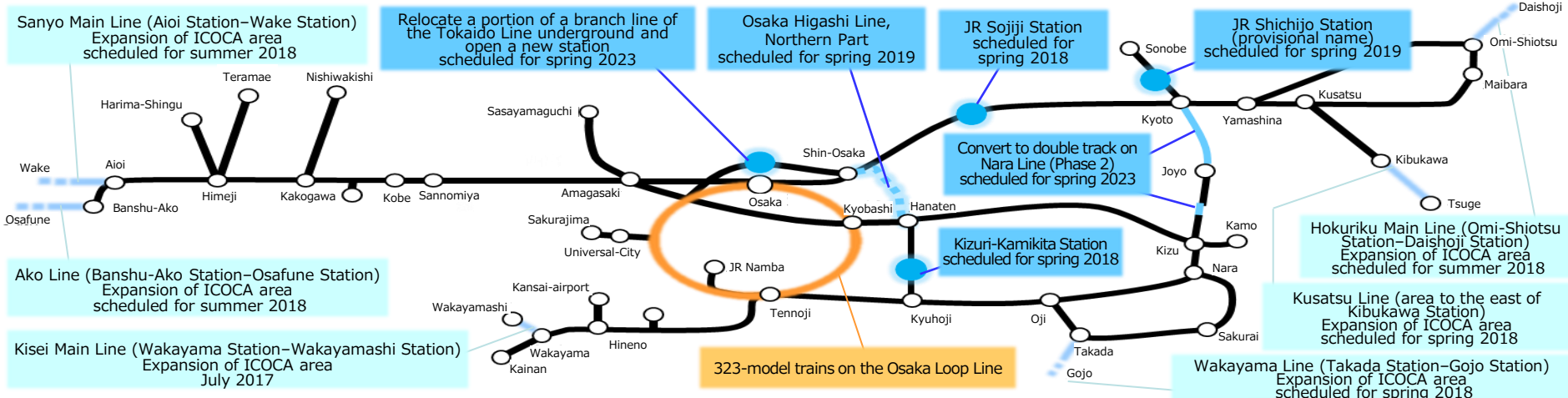
Performance remained firm, thanks to efforts to enhance the value of railway belts and favorable travel demand.

Transportation: Kansai Urban Area ②

Major initiatives

	1H FY2018.3	2H FY2018.3	After FY2019.3
Enhancing the value of railway belts	Introduction of new rolling stock	323-model trains on the Osaka Loop Line (168 cars), 225-model trains on the Hanwa Line (122 cars)	
	Opening new stations	Kizuri-Kamikita Station, JR Sojiji Station	JR Shichijo Station (provisional name)
	Expansion of IC service		New ICOCA point service, PiTaPa post-payment
	Expansion of ICOCA area	Kisei Main Line (Wakayama Station-Wakayamashi Station)	Kusatsu Line (area to the east of Kibukawa Station)
Railway network expansion			Relocate a portion of a branch line of the Tokaido Line underground and open a new station Convert to double track on Nara Line (Phase 2) Naniwasuji Line

Stimulating tourism demand	Urban tourism	Collaboration with USJ, attract visitors to the Kyoto Railway Museum	
	Inbound	(→P.27)	
	Sightseeing trains	Start of operations on the TWILIGHT EXPRESS MIZUKAZE sleeper train	Introduction of new long-distance trains

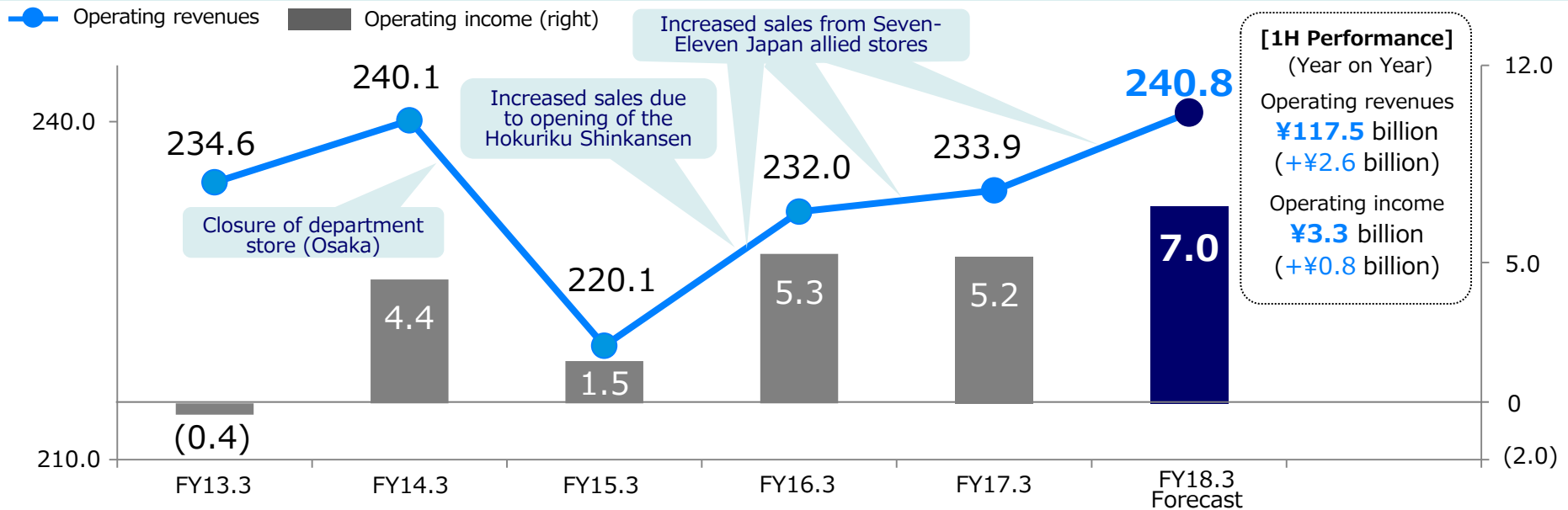


We are working to increase usage by reinforcing efforts to enhance the value of railway belts and through efforts to stimulate tourism demand, such as inbound visitor demand.


Business Development: Retail

Operating Performance (Full Year)

(Billions of yen)



Major initiatives

	1H FY2018.3	2H FY2018.3	After FY2019.3
Enhancing asset efficiency	Seven-Eleven Japan allied stores 11 conversions and new store openings (Cumulative number as of September 30: 346 stores) Sales: Up approx. 40% (compared with before conversion)	Expansion in new store openings (Target: cumulative total of 500 stores)	 Seven-Eleven Heart-in JR Kanazawa Station store
	Development within stations Zeze Station	Tennoji Station, Ibaraki Station	
Expansion of businesses in which we can demonstrate strength	Opening of new accommodation-oriented budget hotels (→P.24) Via-inn occupancy rate of 91.2% (1H FY2018.3, total for 19 hotels)		

Performance was firm at Seven-Eleven allied stores. We maintained a high occupancy rate at accommodation-oriented budget hotels.

[Topics] Hotel Business Initiatives

1H
Performance

Revenues from third parties of **¥23.2** billion
(¥23.2 billion in FY2017.3)

Full-Year
Targets

Revenues from third parties of **¥47.6** billion
(¥47.0 billion)

Major initiatives

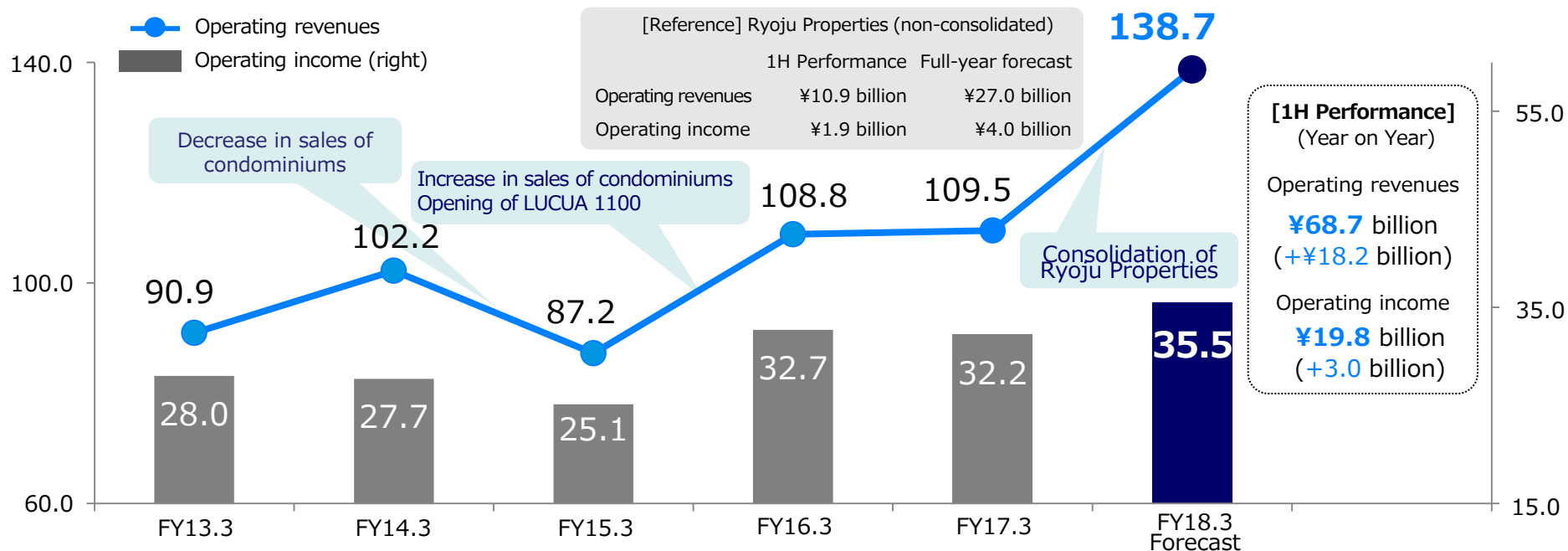
	1H FY2018.3	Cumulative number as of September 30	2H FY2018.3	After FY2019.3	
				Number of new Locations, etc.	Schedule, etc.
Other businesses Granvia, etc. (city hotels)		8 locations, 2,650 rooms* * Of which, two locations are non-consolidated	End of operations at Sannomiya Station Hotel (-190 rooms)	-1 location, -190 rooms	18.6 "HOPINN AMING" in Amagasaki Rebranding
Other businesses VISCHIO (high-class accommodation-oriented hotels)		—		3 locations, 1,020 rooms	18.6 Osaka, Amagasaki* 19 spring Kyoto * Rebranding of former city hotel
Retail Via-inn (Accommodation- oriented budget hotels)	Tennoji (172 rooms) Umeda (217 rooms)	19 locations, 4,660 rooms* * Of which, two locations are in other businesses, and one location is non- consolidated		7 locations, 1,762 rooms	18 summer Shin- Osaka, Nagoya 18 autumn Iidabashi 19 spring Kyoto, Hakata 19 summer Shinsaibashi 19 autumn Nihonbashi
Non-consolidated First Cabin Station (high-end capsule hotels)		—	Tennoji (129 rooms)	1 location, Approx. 70 rooms	18 spring Wakayama
Total		27 locations, 7,310 rooms		37 locations, Approx. 9,900 rooms Note: Reflects all above-mentioned plans	

We plan to expand the business by opening new locations, centering on accommodation-oriented budget hotels.

Business Development: Real estate

Operating Performance (Full Year)

(Billions of yen)



Major initiatives

	1H FY2018.3	2H FY2018.3	After FY2019.3
Enhancing asset efficiency	<p>Renovation of shopping centers</p> <p>Refurbishment of the B1 floor of LUCUA 1100</p> <p>Grand opening of arde! Shin-Osaka</p>	<p>Refurbishment of the B2 floor of LUCUA 1100 (Phase 1: October 2017, Phase 2: scheduled for spring 2018)</p> <p>Hiroshima Station ekie phase 1, Hiroshima Station ASSE</p>	<p>Hiroshima Station ekie (conceptual image)</p>
Expansion of businesses in which we can demonstrate strength	<p>Real estate lease and sale</p> <p>(→P.26)</p>		

Real estate sales outpaced forecasts. Ryoju Properties' performance was also favorable.

[Topics] Initiatives in the Real Estate Lease and Sale Business



1H Performance

- Unit sales of **256** residences (**113** residences in previous fiscal year)
- Lease development area of approx. **15,000m²**

* after taking share into account

Full-Year Targets

- Unit sales of approx. **700** residences (**435** residences in previous fiscal year)
- Lease development area of approx. **29,000m²**

* after taking share into account

Major Development Properties from FY2018.3 Onward (including joint projects)

Lease: Location, opening date (planned), total area, use
Sales: Location, transfer date (planned), units

* indicates joint projects
● indicate properties owned by Ryoju Properties

Lease Properties

Western Japan Area	JR Kanazawa Station Nishi Dai-2 NK Building	Kanazawa, Ishikawa	April 2017	Approx. 6,500m ²	Multipurpose facility including Clinic, etc.
	Hiroshima Hacchobori NK Building*	Hiroshima, Hiroshima	Winter 2017	Approx. 8,850m ²	Hotel, etc.
	Osaka Kita NK Building	Osaka, Osaka	June 2018	Approx. 14,000m ²	Hotel, etc.
	(Provisional name) JR Kishibe Station Building	Suita, Osaka	Autumn 2018	Approx. 27,019m ²	Retail, food and beverage, clinics, etc.
outside our service area	VIERRA Court Musashi Urawa	Saitama, Saitama	Acquired in May 2017	Approx. 4,031m ²	Condominium
	Nagoya Station South Development	Nagoya, Aichi	October 2017	Approx. 3,818m ²	Hotel
	Nagoya Naka-ku Sakae san-Chome Development	Nagoya, Aichi	end-2017	Approx. 2,823m ²	Hotel

Sale Properties

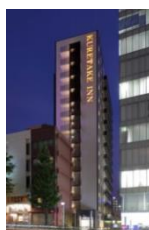
J.GRAN THE HONOR SHIMOGAMO TADASU NO MORI	Kyoto, Kyoto	June 2017	99 residences
J. GRAN KOSHIENGUCHI RESIDENCE*	Nishinomiya, Hyogo	July 2017	16 residences
● Diaesta Mio Tarumi Kaigan-dori	Kobe, Hyogo	September 2017	28 residences
● Diaesta Mio Fukumachi Urban	Osaka, Osaka	October 2017	96 residences
● DIASTA Waseda SuwaDori	Shinjuku, Tokyo	February 2017	23 residences
● DIASTA Kajigaya Hills	Kawasaki, Kanagawa	March 2017	56 residences
● FINE RESIDENCE ICHIGAO DIASTA*	Yokohama, Kanagawa	March 2018	59 residences
● Kachigawa Southern Class α*	Kasugai, Aichi	March 2018	158 residences



Hiroshima Hacchobori NK Building



Osaka Kita NK Building



Nagoya Station South Development



J.GRAN THE HONOR SHIMOGAMO TADASU NO MORI



Kachigawa Southern Class α

In addition to developing leasing and sales in our service area, we plan to grow outside our service area by leveraging our acquisition of Ryoju Properties.

Initiatives Extending Across Business Fields : Capturing Inbound Visitor Demand

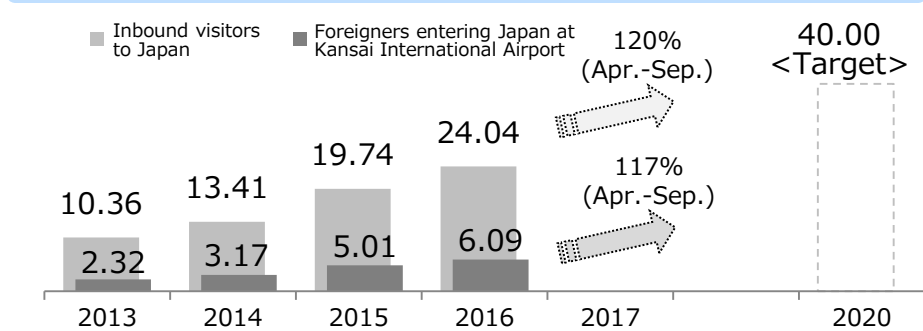
1H Performance

- Number of users **750,000** (+140,000 year on year)
- Consolidated operating revenue **+¥1.3** billion year on year

Full-Year Targets

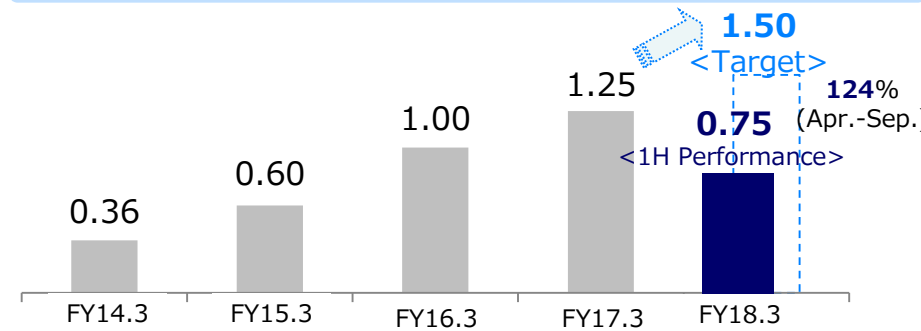
- Number of users **1.5** million (+250,000 year on year)
- Consolidated operating revenue **+¥2.0** billion year on year

Trends in inbound travelers to Japan (Millions)



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

Trends in people using JR-West* (Millions)



*People using JR-West: Indicates number of users of exclusive products for inbound visitors (amount of sales and exchange in the JR-West service area)

Major initiatives

	1H FY2018.3	2H FY2018.3	After FY2019.3
Inviting more customers to Western Japan area	Developing and enhancing wide-area tourism routes	Product sales targeting international arrivals to regional airports (Okayama Hiroshima Yamaguchi pass, Tottori Matsue pass) Sale of products over a broad area though alliances with other companies (Sanyo Sanin northern Kyushu pass) Alliances with destination management/marketing organizations (Setouchi, Sanin, etc.)	<p>Sanyo Sanin northern Kyushu pass</p>
	Expanding services to welcome inbound visitors	Travel Service Center Osaka (March) Enhancement of sales facilities at Kansai Airport Station (March) Refurbishment of general information center in Hiroshima Station Start of English-language version of Smart EX service Introduction of station numbers in the Kansai urban area	
	Reinforcing promotions	Demonstration testing of freight service between Kansai International Airport and Kyoto Expand our targets by making use of overseas offices and local promoters, and enhance dissemination of information using SNS	

By promoting multifaceted initiatives, we sustained an increase in usage outpacing the rise in inbound tourists.

I Results for the first half of FY2018.3

II Forecasts for FY2018.3

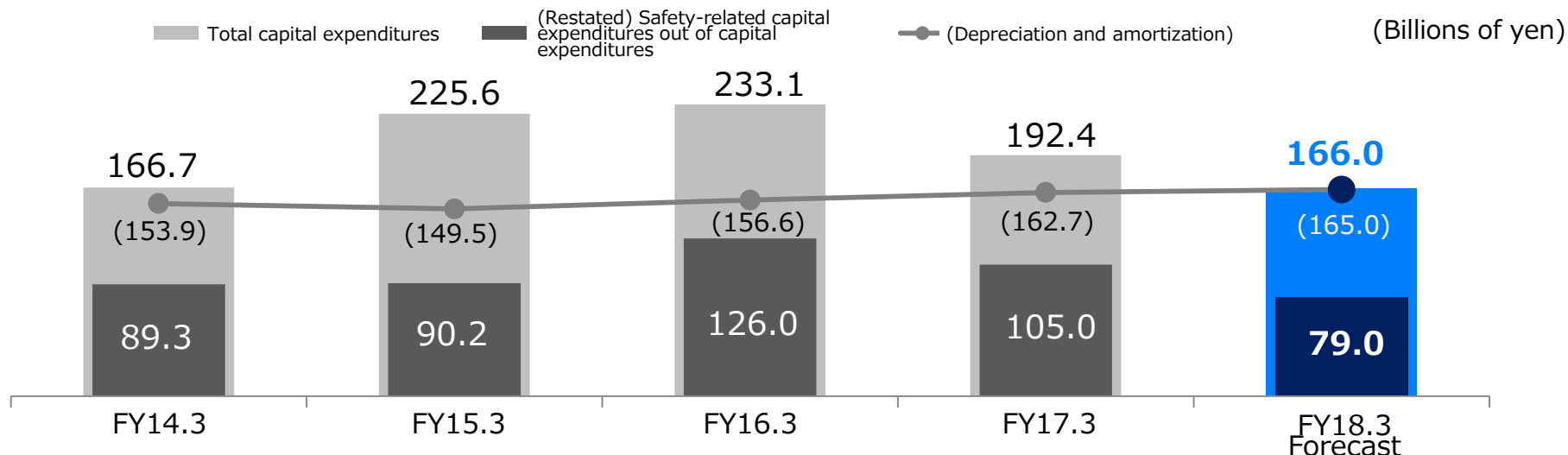
III Individual business initiatives

IV Capital Expenditure Plan, Returns to Shareholders

V Looking Toward the Next Medium-Term Management Plan

Capital Expenditure Plan

Capital expenditures during period of medium-term management plan



Total capital expenditure during the medium-term management plan period

Total: ¥984.0 billion

Capex for growth:
¥279.0 billion

Maintenance Capex:
¥705.0 billion

Safety-related capex:
¥489.5 billion

Major capital expenditure projects for FY18.3

Capex for growth

- New station construction
- enhancing seamlessness (expanding ICOCA area)
- LUCUA 1100 basement floor renovations
- New hotel development (Umeda, etc.)
- Lease building development (Nagoya-Sakae, etc.)

Safety-related capex

- Replacing/renovating rolling stock
 - Three N700A trains on the Sanyo Shinkansen
 - Kansai Urban Area (Osaka Loop Line, Hanwa Line)
- Implementing safety/disaster-prevention measures
 - Improving safety on platforms
 - Earthquake/tsunami countermeasures

1H cumulative performance

¥**59.3** billion
(-¥**13.1** billion year on year)

*Restated
Safety-related capex
¥**28.4** billion
(-¥**12.0** billion year on year)

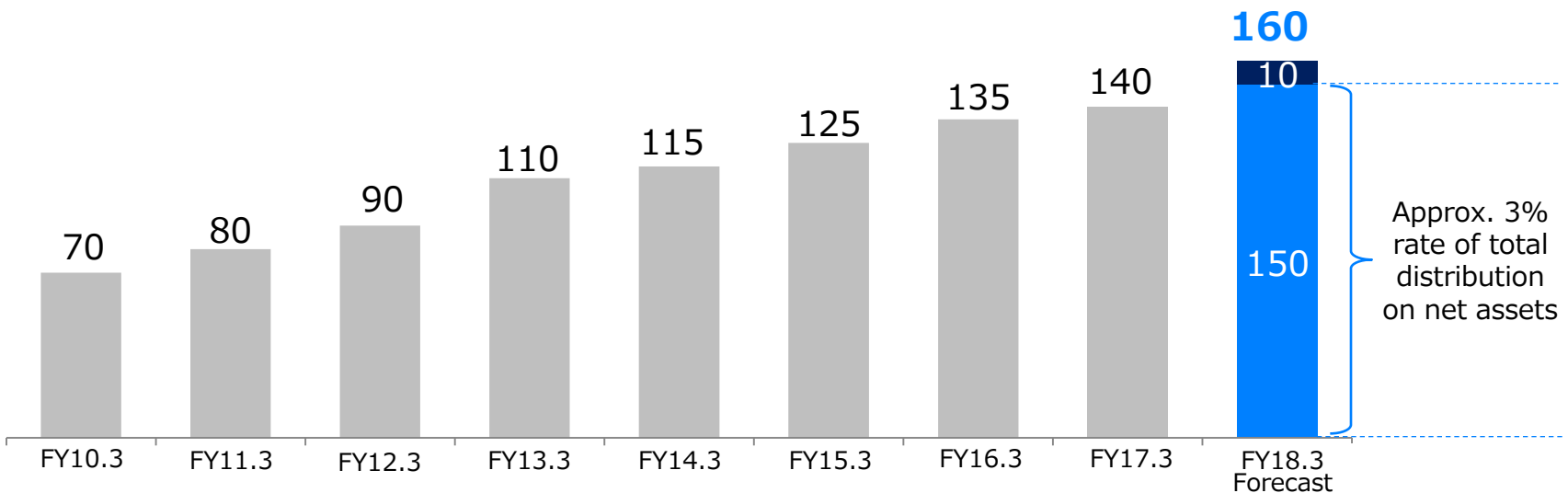
(Depreciation and amortization)
¥**79.8** billion
(+¥**1.3** billion)

Shareholder return policy

- We recognize the importance of returns 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 x 100

Annual dividends per share (Yen)



Eight consecutive years of higher dividends (including forecast), return levels to exceed around 3% rate of total distribution on net assets in FY18.3.

I Results for the first half of FY2018.3

II Forecasts for FY2018.3

III Individual business initiatives

IV Capital Expenditure Plan, Returns to Shareholders

V Looking Toward the Next Medium-Term Management Plan

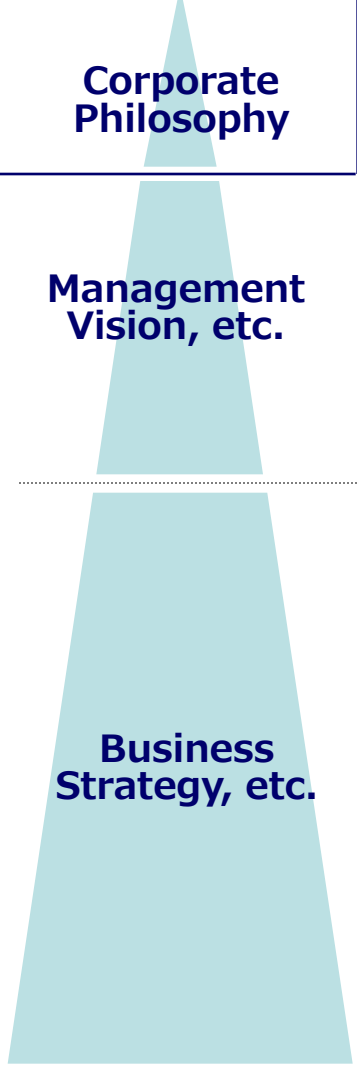
Progress toward Achieving Major KPIs in the Current Medium-Term Management Plan

Major KPIs		Forecast for FY2018.3	Medium-Term Management Plan target	Progress toward achievement
Consolidated operating revenues	(Billions of yen)	1,497.0	1,423.0	↑
Consolidated EBITDA	(Billions of yen)	351.7	325.5	↑
Consolidated ROA	(%)	6.2	5.5	↑
Consolidated ROE (reference)	(%)	11.3	9.8	↑
Rate of total distribution on net assets	(%)	3.2	Approx. 3%	↑
Transportation revenues (reference)	(Billions of yen)	864.0	820.5	↑

Note: We are engaging in initiatives toward achieving the medium-term management plan objectives in the areas of safety and customer satisfaction.

We expect to substantially exceed the major KPIs (financial indicators, returns to shareholders) under the current medium-term management plan.

[Management Structure]



Current Medium-Term Management Plan

Management Policies

- **Management Vision**
 - Contribute to the reinvigoration of the Western Japan area
- **Fulfill "Our Mission"**
 - Operate railway services continuously as social infrastructure
- **Become a "company that coexists with communities"**
 - Interact and collaborate with communities
 - Work together as a Group to develop businesses well suited to the area

Specific strategies

- **Three basic strategies: safety, customer satisfaction, and technologies**
- **Four business strategies**
 - **Shinkansen: "Enhance"**
Reinforce competitiveness, etc.
 - **Kansai Urban Area: "Improve"**
Enhance the value of railway belts, etc.
 - **Other West Japan Area: "Invigorate"**
Develop businesses well suited to the area
Establish systems for sustainable local transportation, etc.
 - **Business Development: "Develop"**
Enhance asset efficiency
Expand businesses in which we can demonstrate strength, etc.



Next Medium-Term Management Plan

Management Policies

Adhering consistently to major directions

Specific strategies

- Formulate specific strategies, taking into account changes in the external environment and the progress of initiatives under the current medium-term management plan.
- **Changes in the external environment:**
Further increases in inbound demand
Technological innovation
Regional revitalization, etc.
- **Initiative in which progress was made under the current medium-term plan:**
Acquisition of shares in Ryoju Properties, etc.

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 October 31, 2017 based on information available to JR-West as of October 31, 2017 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.