IR Meeting(FY2018.3 2Q)

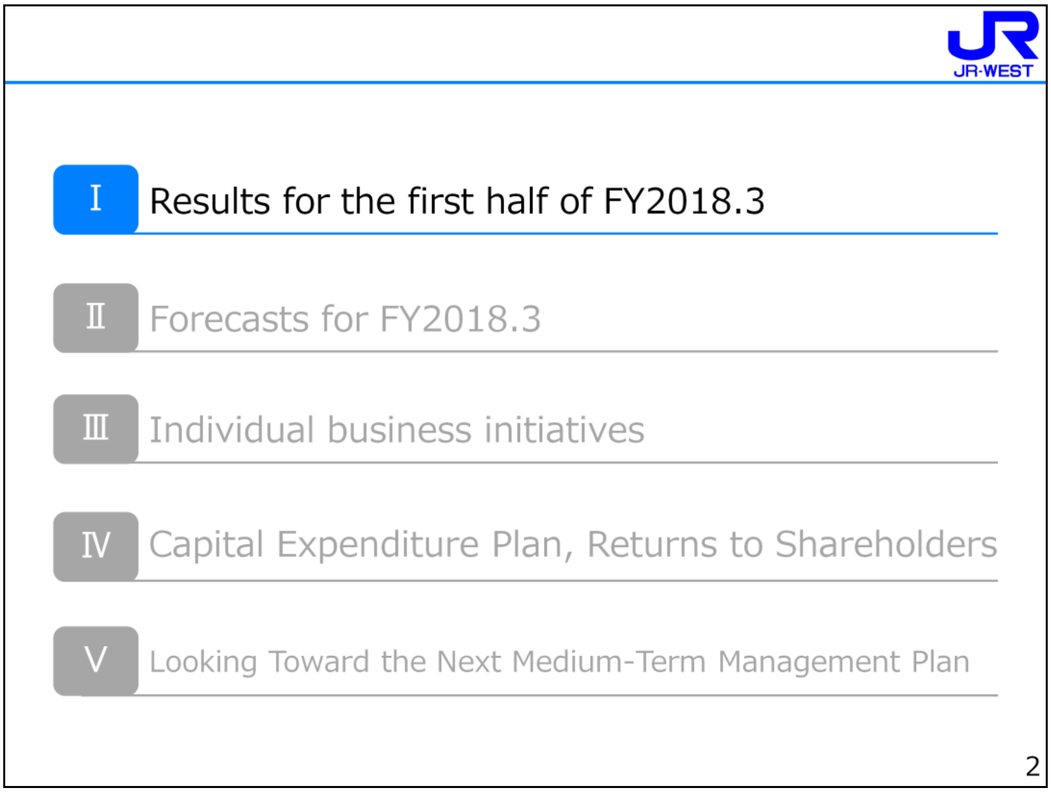
JR-WEST

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

October 31, 2017
West Japan Railway Company

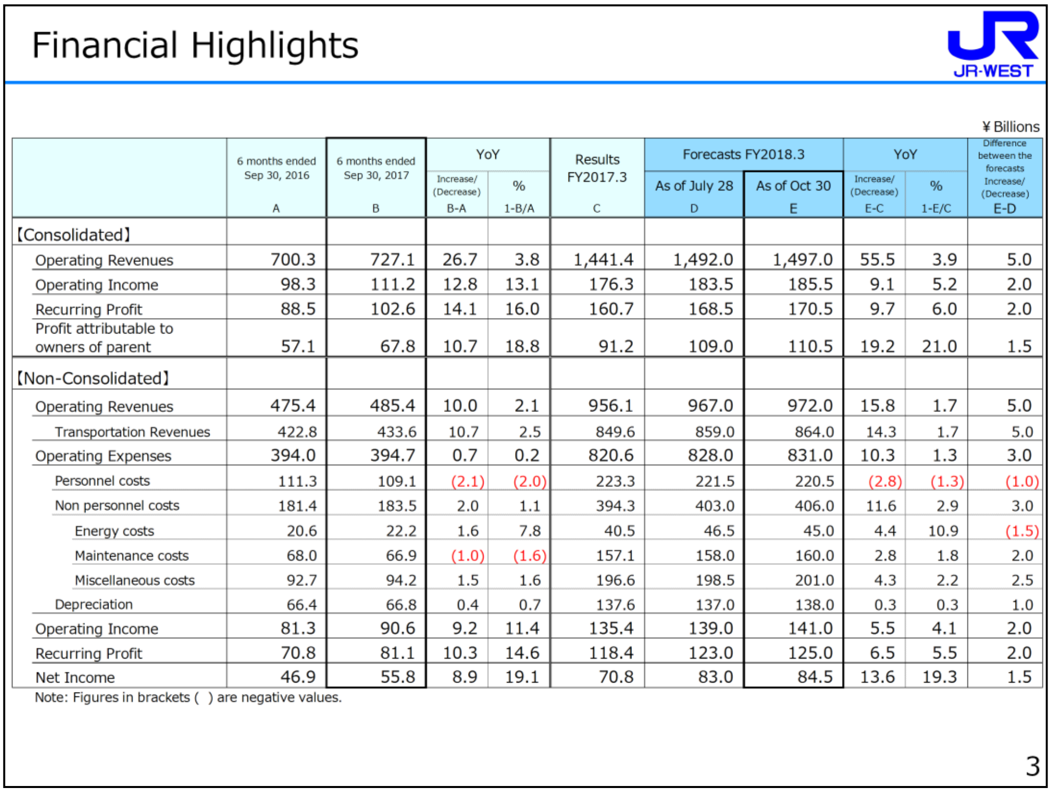
Taking the Next Step.
Working together
with communities.

Contents



- I am Nakanishi, General Manager of the Finance Department.

- First, I will provide a brief explanation of results for the first half of the fiscal year ending March 31, 2018, which were announced on October 30, as well as of the full-year forecast.



Financial Highlights

¥Billions

	6 months ended Sep 30, 2016 A	6 months ended Sep 30, 2017 B	YoY Increase/ (Decrease) B-A	YoY % 1-B/A	Results FY2017.3 C	Forecasts FY2018.3 As of July 28 D	Forecasts FY2018.3 As of Oct 30 E	YoY Increase/ (Decrease) E-C	YoY % 1-E/C	Difference between the forecasts Increase/ (Decrease) E-D
【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

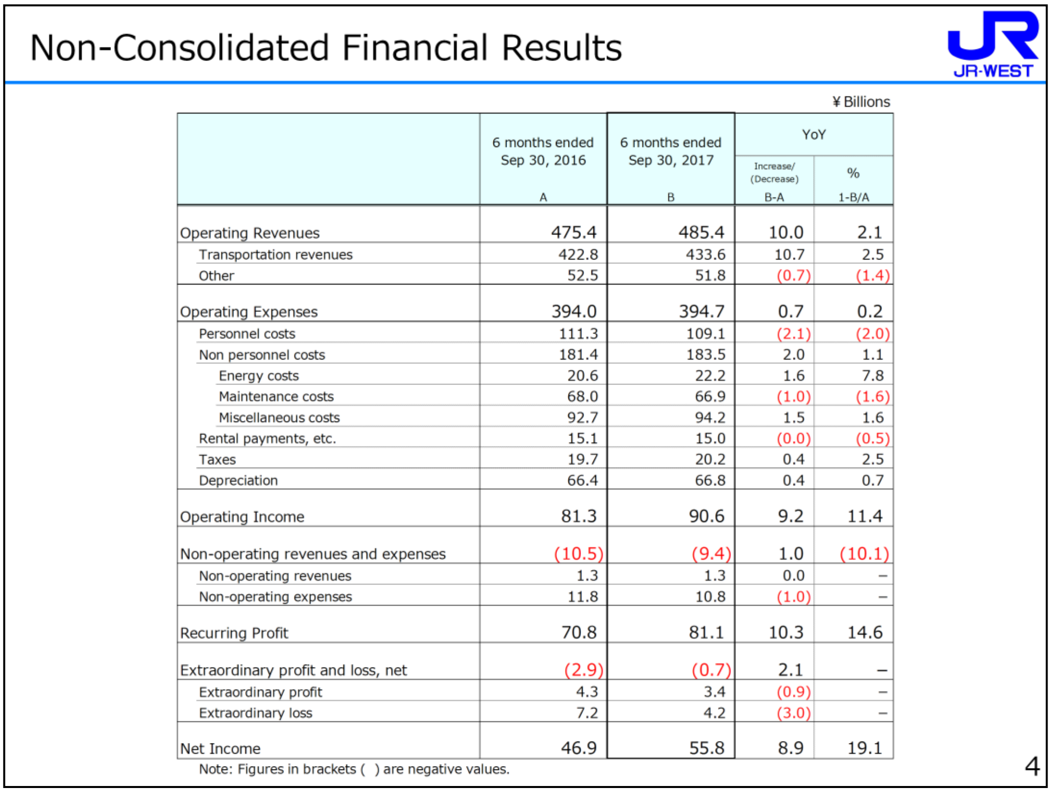
Note: Figures in brackets ( ) are negative values.

- Please turn to page 3, which discloses results for the first half of the fiscal year and a summary of the full-year forecast.

- Revenues and profits were both up year on year, on both a consolidated and non-consolidated basis. The main reason was transportation revenues, which were affected by a rebound following the Kumamoto earthquakes.

- In the first quarter, transportation revenues were high in comparison with our forecasts, reflecting a rebound from the Kumamoto earthquakes in the previous year. This impact from the earthquakes began to abate in the second quarter, causing transportation revenues to converge back to usual levels. Performance was up ¥7.7 billion year on year in the first quarter, and up ¥10.7 billion year on year in the first half. In non-transportation operations, despite some variations by business, performance was generally in line with our expectations.

- In light of these circumstances, we made upward revisions to our consolidated and non-consolidated full-year forecasts corresponding to the overage in the first half. I will provide a more detailed explanation later.



Non-Consolidated Financial Results

¥ Billions

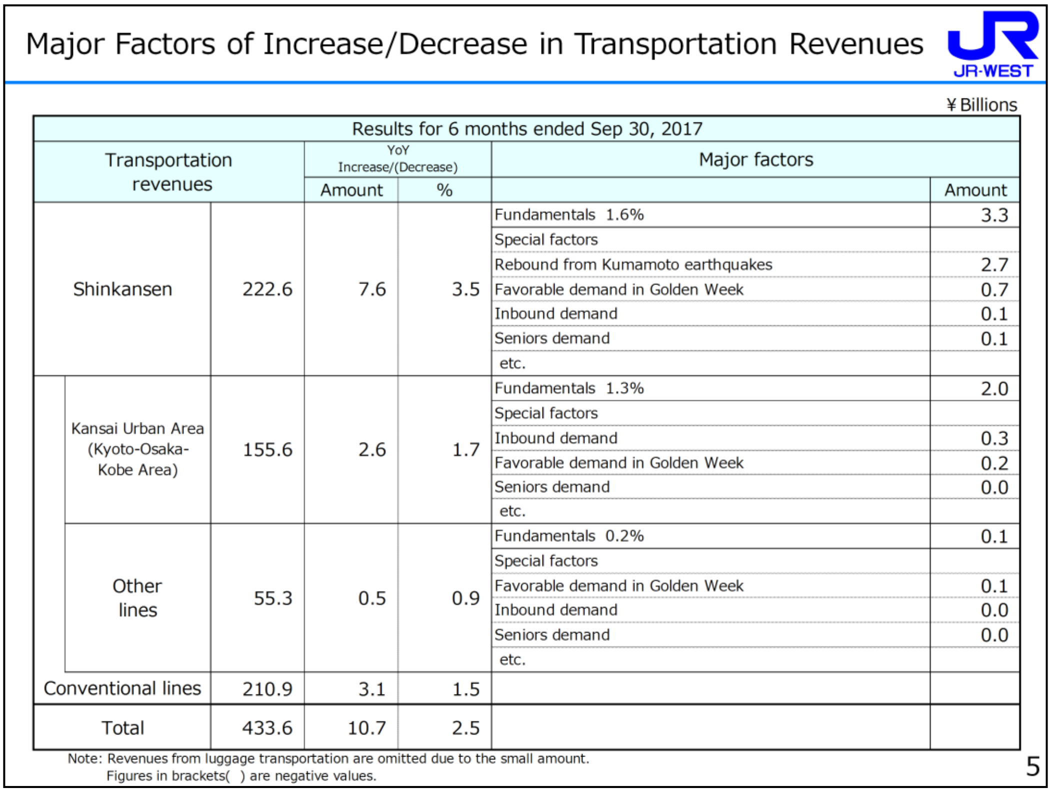
	6 months ended Sep 30, 2016 A	6 months ended Sep 30, 2017 B	YoY Increase/ (Decrease) B-A	YoY % 1-B/A
Operating Revenues	475.4	485.4	10.0	2.1
Transportation revenues	422.8	433.6	10.7	2.5
Other	52.5	51.8	(0.7)	(1.4)
Operating Expenses	394.0	394.7	0.7	0.2
Personnel costs	111.3	109.1	(2.1)	(2.0)
Non personnel 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.

- Please turn now to page 4, for our non-consolidated financial results.

- In the first half, transportation revenues were up ¥10.7 billion year on year, to ¥433.6 billion, due to a rebound following the Kumamoto earthquakes. On the other hand, costs edged up ¥0.7 billion, to ¥394.7 billion. As a result, operating income grew ¥9.2 billion year on year, to ¥90.6 billion.

- Net extraordinary profit and loss improved by ¥2.1 billion, reflecting such factors as an absence of the ¥2.5 billion impairment loss regarding fixed assets for railway operations on the Sanko Line, which were recorded in the previous fiscal year.



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	0.1
					etc.	
	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.

- Turning to page 5, I will now explain the major factors behind changes in transportation revenues.

- As for Shinkansen operations, a rebound from the impact of the Kumamoto earthquakes in the previous year and favorable usage during the Golden Week holidays caused revenues to rise ¥7.6 billion. The fundamentals were up 1.6% year on year. Breaking this figure down, revenues on the Sanyo Shinkansen were ¥201.6 billion, up ¥8.0 billion year on year, while revenues on the Hokuriku Shinkansen were ¥21.0 billion, down ¥0.4 billion.

- In the Kansai Urban Area, we strove to enhance the value of railway belts by renovating stations, inviting a college along our railway, and development of a commercial facility and engaged in initiatives capturing inbound demand. These efforts pushed up revenues ¥2.6 billion. The fundamentals were up 1.3% year on year.

Transportation Revenues and Passenger-Kilometers

Transportation Revenues

¥ Billions

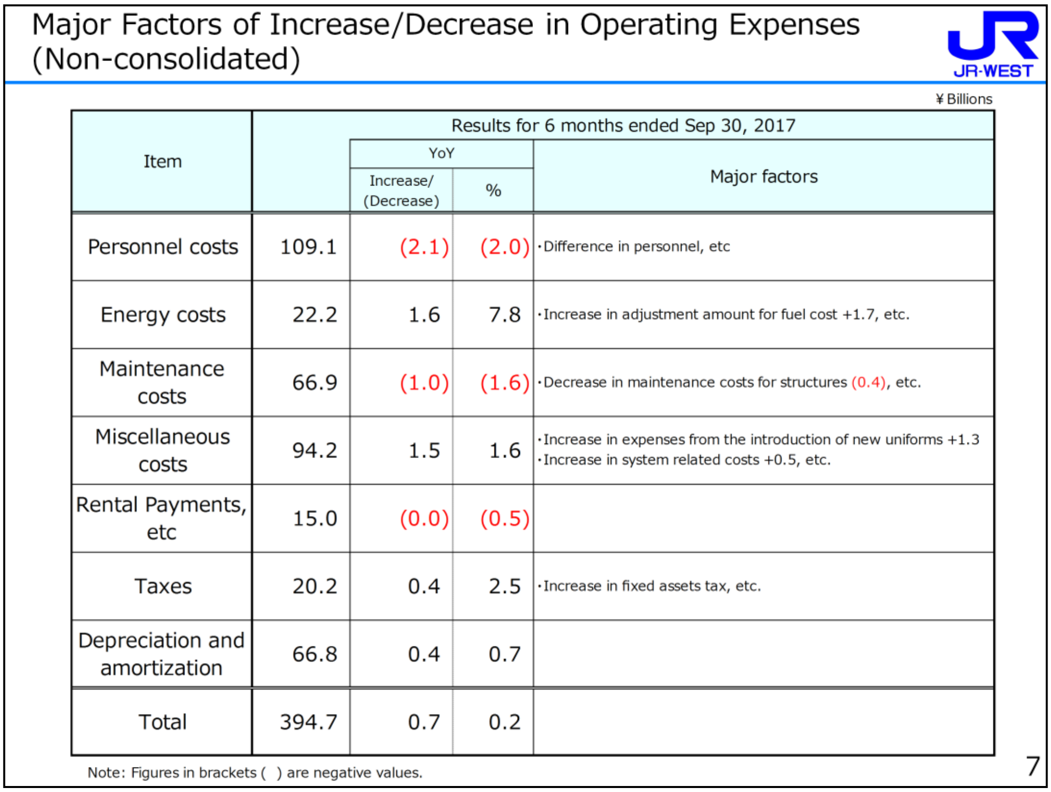
	Results for 6 months ended Sep 30 (4/1～9/30)			3 months (2Q) (7/1～9/30)		
	FY2017.3	FY2018.3	YoY	FY2017.3	FY2018.3	YoY
Total	422.8	433.6	10.7 *2.5%*	219.5	222.5	3.0 *1.4%*
Shinkansen	215.0	222.6	7.6 *3.5%*	113.8	115.3	1.4 *1.3%*
Commuter Passes	5.1	5.4	0.3 *6.3%*	2.6	2.7	0.1 *4.6%*
Non-Commuter Passes	209.9	217.2	7.2 *3.5%*	111.2	112.6	1.3 *1.2%*
Conventional Lines	207.8	210.9	3.1 *1.5%*	105.6	107.2	1.5 *1.5%*
Commuter Passes	72.0	72.2	0.1 *0.3%*	35.4	35.9	0.5 *1.4%*
Non-Commuter Passes	135.7	138.6	2.9 *2.2%*	70.2	71.3	1.0 *1.5%*
Kansai Urban Area (Kyoto-Osaka-Kobe Area)	152.9	155.6	2.6 *1.7%*	76.9	78.2	1.2 *1.6%*
Commuter Passes	59.1	59.4	0.2 *0.4%*	29.0	29.5	0.4 *1.6%*
Non-Commuter Passes	93.8	96.2	2.4 *2.6%*	47.9	48.6	0.7 *1.7%*
Other Lines	54.8	55.3	0.5 *0.9%*	28.6	28.9	0.3 *1.1%*
Commuter Passes	12.9	12.8	(0.0) *(0.4%)*	6.3	6.3	0.0 *0.8%*
Non-Commuter Passes	41.8	42.4	0.5 *1.4%*	22.3	22.6	0.2 *1.1%*

Passenger-Kilometers

Millions of passenger-kilometers

	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
Total	29,281	29,881	599 *2.0%*	15,038	15,214	176 *1.2%*
Shinkansen	10,004	10,407	403 *4.0%*	5,345	5,408	62 *1.2%*
Commuter Passes	415	431	15 *3.8%*	205	215	9 *4.7%*
Non-Commuter Passes	9,588	9,976	388 *4.0%*	5,140	5,193	52 *1.0%*
Conventional Lines	19,277	19,473	195 *1.0%*	9,692	9,806	113 *1.2%*
Commuter Passes	11,733	11,803	69 *0.6%*	5,756	5,800	44 *0.8%*
Non-Commuter Passes	7,544	7,670	126 *1.7%*	3,936	4,005	69 *1.8%*
Kansai Urban Area (Kyoto-Osaka-Kobe Area)	15,043	15,211	168 *1.1%*	7,515	7,599	84 *1.1%*
Commuter Passes	9,616	9,678	62 *0.6%*	4,725	4,764	38 *0.8%*
Non-Commuter Passes	5,427	5,532	105 *1.9%*	2,790	2,835	45 *1.6%*
Other Lines	4,234	4,261	27 *0.7%*	2,177	2,206	29 *1.4%*
Commuter Passes	2,116	2,124	7 *0.4%*	1,030	1,036	5 *0.6%*
Non-Commuter Passes	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)

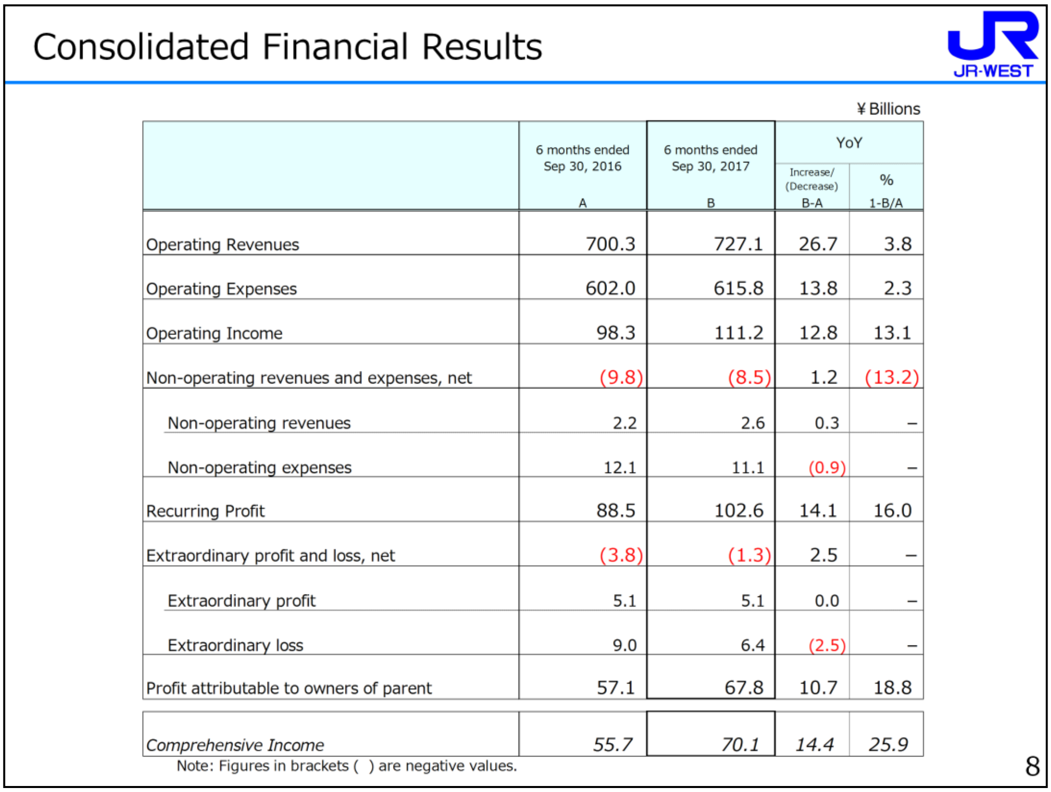
¥ Billions

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.

- Please turn to page 7, which indicates non-consolidated operating expenses.

- Personnel costs decreased ¥2.1 billion year on year due to a higher number of people retiring and a slight reduction in maintenance costs stemming from differences in the state of progress. However, energy costs grew, due to a rise in the price of crude oil and an increase in the renewable energy power promotion surcharge. Miscellaneous costs increased the introduction of new uniforms. Overall operating expenses consequently increased ¥0.7 billion, to ¥394.7 billion.



Consolidated Financial Results

¥Billions

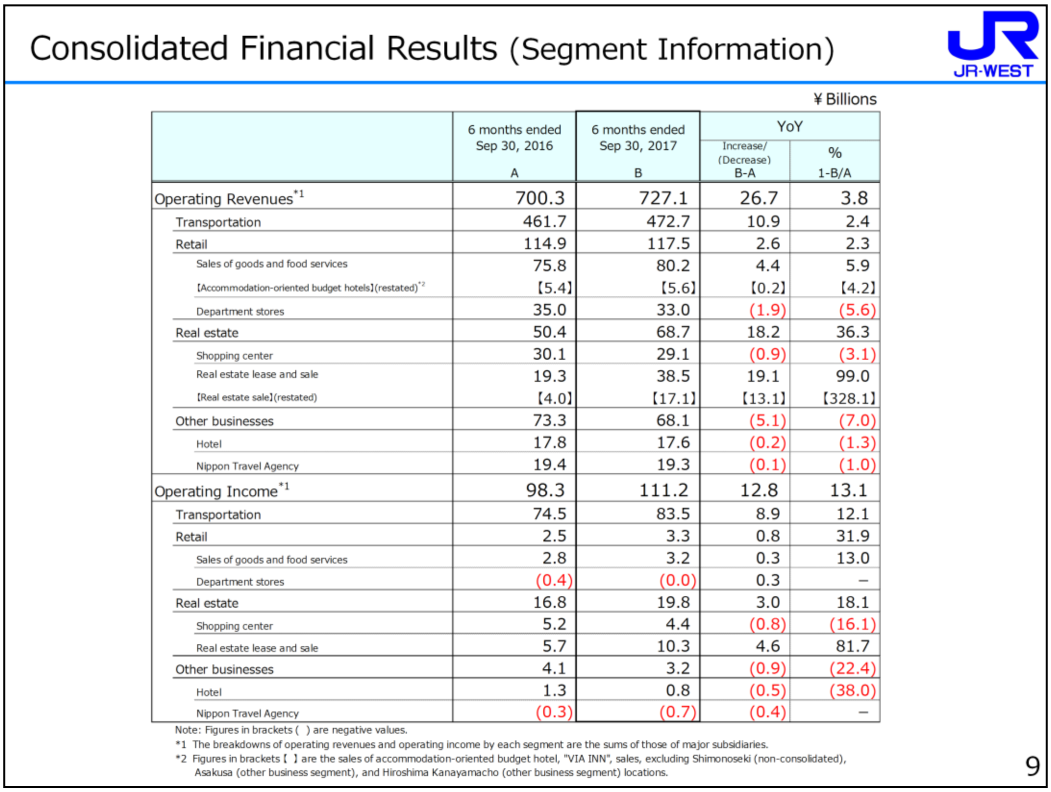
	6 months ended Sep 30, 2016 A	6 months ended Sep 30, 2017 B	YoY	
			Increase/ (Decrease) B-A	% 1-B/A
Operating Revenues	700.3	727.1	26.7	3.8
Operating Expenses	602.0	615.8	13.8	2.3
Operating Income	98.3	111.2	12.8	13.1
Non-operating revenues and expenses, net	(9.8)	(8.5)	1.2	(13.2)
Non-operating revenues	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
Comprehensive Income	*55.7*	*70.1*	*14.4*	*25.9*

Note: Figures in brackets ( ) are negative values.

- Now, I’d like to look at consolidated financial results on page 8.

- With regard to operating revenue, in addition to higher transportation revenues on a non-consolidated basis, revenue increased in the retail business and the real estate business, pushing up operating revenue ¥26.7 billion year on year, to ¥727.1 billion.

- Operating expenses rose ¥13.8 billion year on year, to ¥615.8 billion, and operating income increased ¥12.8 billion, to ¥111.2 billion.



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.

- Turning to page 9, I will explain performance by business segment.

- In the Retail Business segment, department store revenues were down due to the suspension of operations on the B1 and B2 floors of the Osaka store, but in retail goods and food service operations, performance of Seven-Eleven Japan allied stores was favorable. As a result, operating revenue grew ¥2.6 billion year on year, to ¥117.5 billion. Operating income grew ¥0.8 billion, to ¥3.3 billion, thanks to favorable performance at Seven-Eleven Japan allied stores and increased selling efficiency due to the suspension of operations on the B1 and B2 floors of the Osaka department store.

- In the Real Estate Business segment, revenues from shopping centers declined, reflecting a rebound from the upswing of opening a store in the Kyoto Railway Museum and the closure of some directly operated stores. At the same time, performance was favorable in real estate lease and sale operations, due to the new consolidation of Ryoju Properties and accelerated condominium sales. Consequently, operating revenue rose ¥18.2 billion, to ¥68.7 billion, and operating income increased ¥3.0 billion, to ¥19.8 billion.

- In the Other Businesses segment, revenue from the construction business was down, reflecting the absence in the current period of a major project—a logistics warehouse—received in the preceding fiscal year. In hotel operations, operating revenue was down, due to lower revenues from restaurants. Revenues from travel agency operations also decreased, reflecting a fall in domestic travel and a decline reflecting an absence in the current period of contract orders for the regional revitalization business in the previous fiscal year. Due to these factors, segment operating revenue fell ¥5.1 billion year on year, to ¥68.1 billion, and operating income was down ¥0.9 billion, to ¥3.2 billion.

Consolidated Financial Situation and Statements of Cash Flows

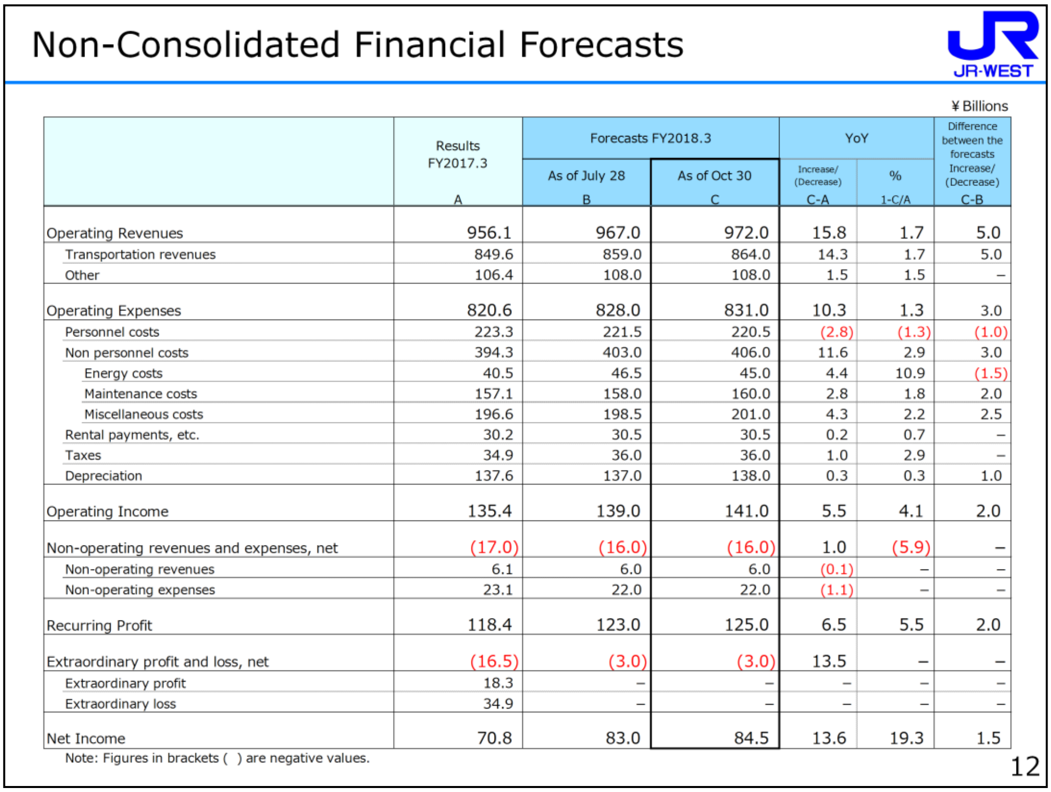
JR-WEST

¥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.



Non-Consolidated Financial Forecasts

¥ Billions

	Results FY2017.3	Forecasts FY2018.3		YoY		Difference between the forecasts
	A	As of July 28 B	As of Oct 30 C	Increase/ (Decrease) C-A	% 1-C/A	Increase/ (Decrease) C-B
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

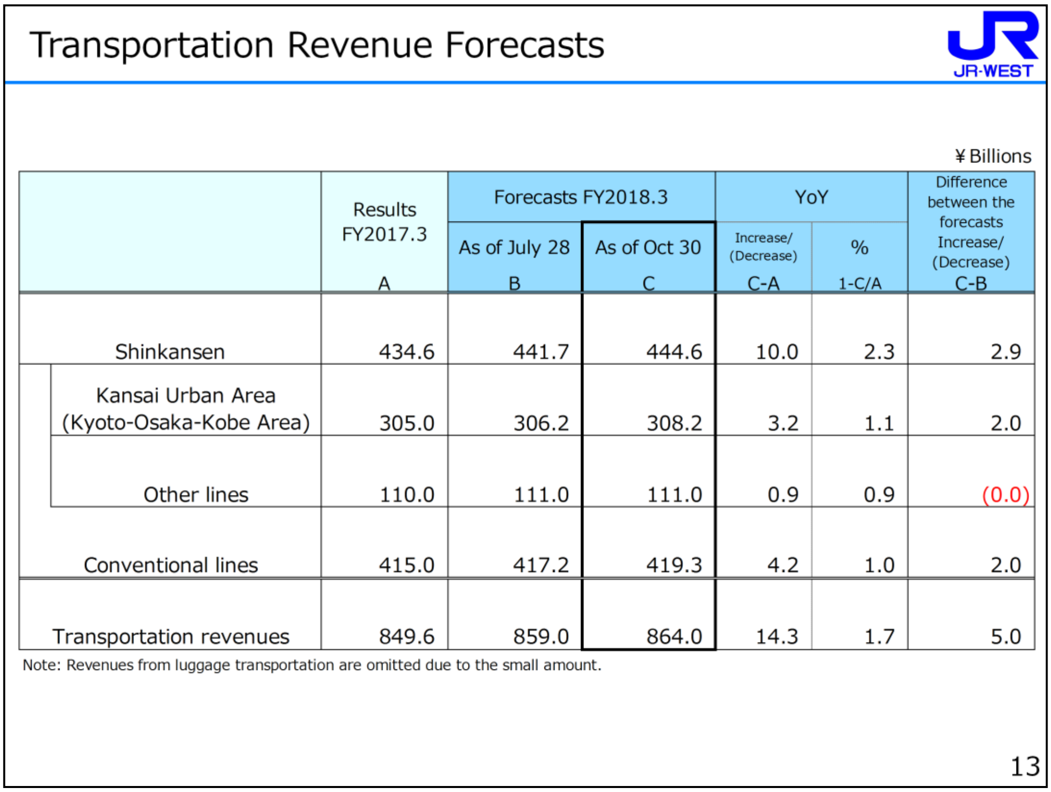
Note: Figures in brackets ( ) are negative values.

- Turning to page 12, I will explain the non-consolidated financial forecast.

- We have revised upward our forecast for transportation revenues, corresponding to the overage in the first half reflecting a rebound following the Kumamoto earthquakes. Accordingly, we forecast a ¥5.0 billion increase in operating revenue compared to our previous forecast, to ¥972.0 billion.

- On the cost front, taking first-half performance into account we have revised downward our forecast for personnel costs and energy costs. However, we plan to spend more on maintenance costs and miscellaneous costs on items that will help lower the cost burden in future fiscal years. As a result, we forecast a ¥3.0 billion increase in overall operating expenses, to ¥831.0 billion.

- As a result of these factors, we forecast a ¥2.0 billion increase in operating income, to ¥141.0 billion.



Transportation Revenue Forecasts

¥Billions

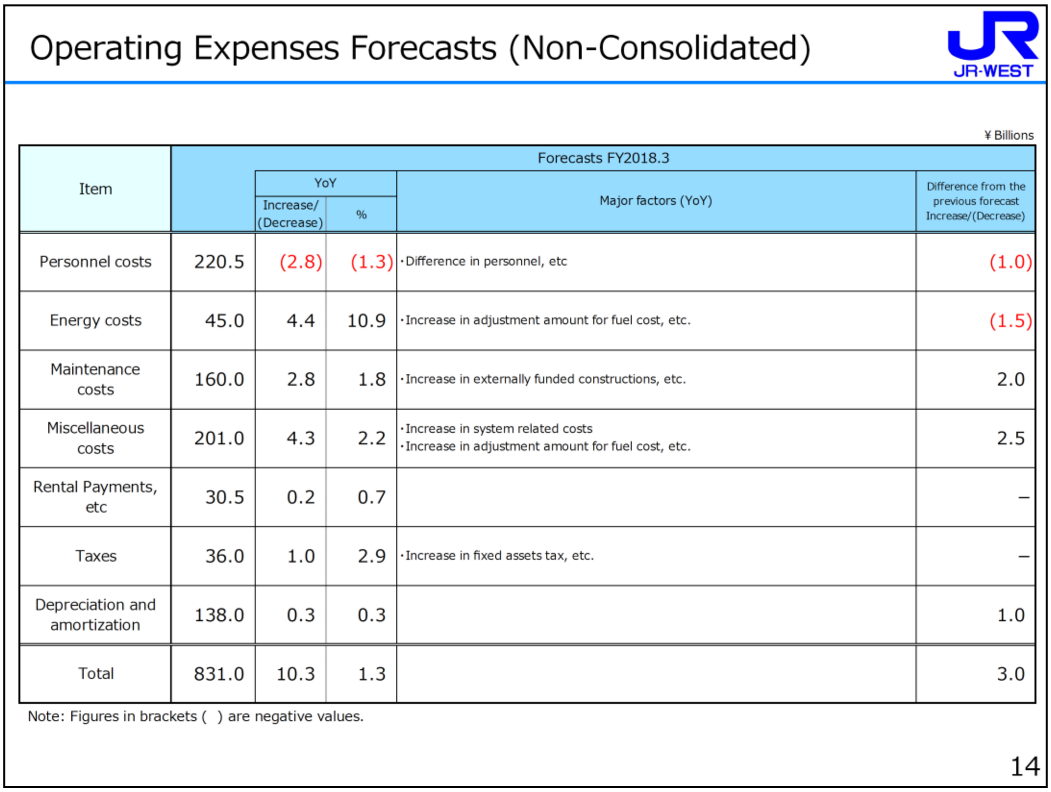
	Results FY2017.3 A	Forecasts FY2018.3		YoY		Difference between the forecasts Increase/(Decrease) C-B
		As of July 28 B	As of Oct 30 C	Increase/(Decrease) C-A	% 1-C/A	
Shinkansen	434.6	441.7	444.6	10.0	2.3	2.9
Kansai Urban Area (Kyoto-Osaka-Kobe Area)	305.0	306.2	308.2	3.2	1.1	2.0
Other lines	110.0	111.0	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.

- Now, please turn to page 13.

- We have revised upward our full-year forecast for transportation revenues by ¥5.0 billion, to ¥864.0 billion.

- The thinking behind this revision is that although performance in the first quarter was robust, rebounding from the impact of the Kumamoto earthquakes in the preceding year, performance in the second quarter converged, progressing generally in line with our initial expectations. Therefore, we have revised our forecast to reflect this first-half increase, but left our initial forecast for the second half unchanged.



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.

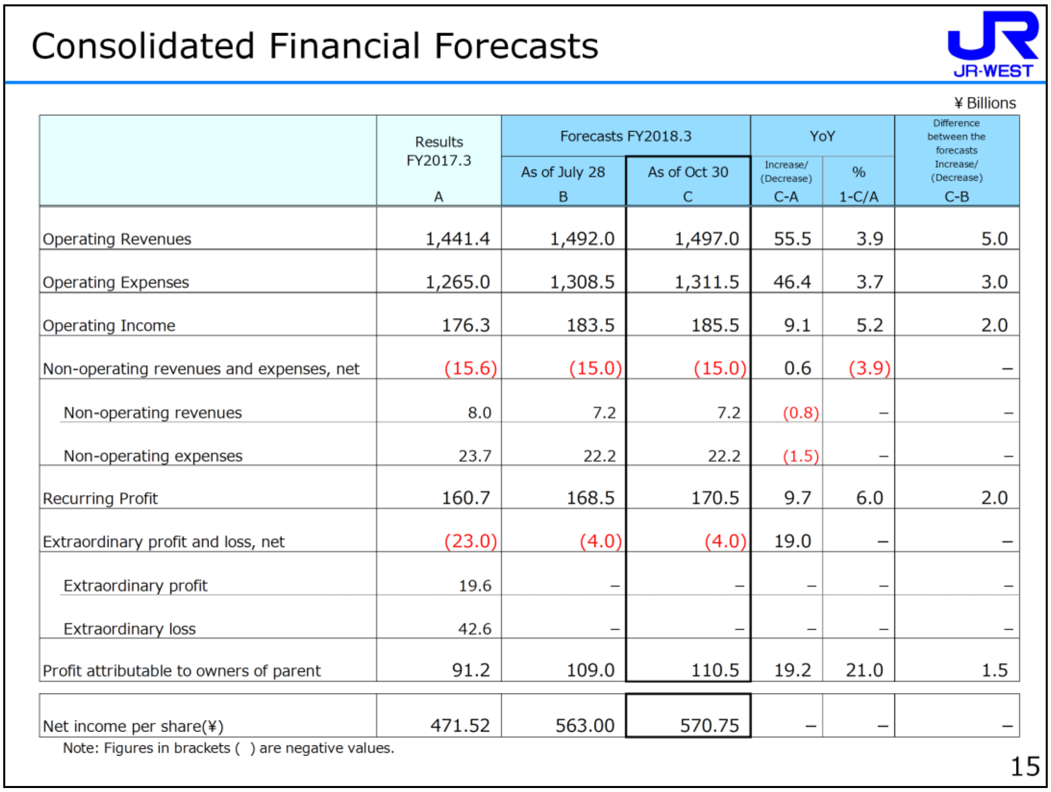
- Turning to page 14, I will explain the non-consolidated operating expense forecast.

- Compared with our previous forecast, we have increased the forecasts of maintenance costs and miscellaneous costs by ¥2.0 billion and ¥2.5 billion, respectively. These revisions reflect items that will lower the cost burden in future fiscal years.

- We have lowered our forecast for energy costs by ¥1.5 billion, due to rate reductions from Kansai Electric Power that were introduced in August and the fact that crude oil prices are trending lower than we had expected.

- In light of first-half performance, we have revised our forecast for personnel costs downward by ¥1.0 billion and the forecast for depreciation upward by ¥1.0 billion.

- Consequently, we forecast a ¥3.0 billion increase in overall operating expenses, to ¥831.0 billion.



Consolidated Financial Forecasts

¥ Billions

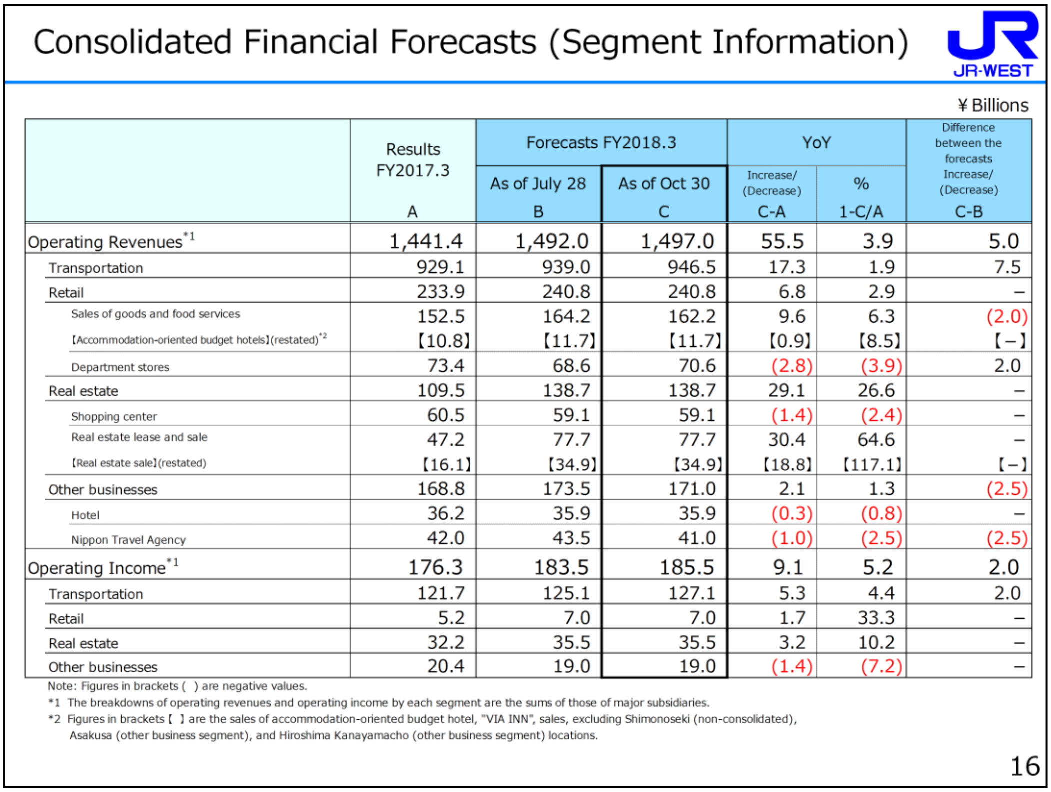
	Results FY2017.3	Forecasts FY2018.3		YoY		Difference between the forecasts
		As of July 28	As of Oct 30	Increase/ (Decrease)	%	Increase/ (Decrease)
	A	B	C	C-A	1-C/A	C-B
Operating Revenues	1,441.4	1,492.0	1,497.0	55.5	3.9	5.0
Operating Expenses	1,265.0	1,308.5	1,311.5	46.4	3.7	3.0
Operating Income	176.3	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.

- Turning to page 15, I will explain the consolidated financial forecast.

- We have revised our forecast for operating revenue upward by ¥5.0 billion, to ¥1,497.0 billion, and the forecast for operating income upward by ¥2.0 billion, to ¥185.5 billion.

- In non-transportation operations, we have revised our operating revenue forecasts for some businesses, taking into account the fact that this differs by business. Overall, however, in non-transportation operations our forecasts for operating revenue and operating income remain unchanged.



Consolidated Financial Forecasts (Segment Information)

¥ Billions

	Results FY2017.3	Forecasts FY2018.3		YoY		Difference between the forecasts Increase/(Decrease)
		As of July 28	As of Oct 30	Increase/(Decrease)	%	
	A	B	C	C-A	1-C/A	C-B
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.

- Turning to page 16, I will now explain the full-year forecast by business segment.

- In the transportation business, we are revising our operating revenue forecast upward by ¥7.5 billion, due to the revision on a non-consolidated basis and the impact of a change in the method of accounting for exclusive products for inbound tourism handled by Nippon Travel Agency. This change in accounting method impacts only operating revenue; operating income is not affected. In the past, we employed simplified accounting treatment, as the amount was small. However, as revenues have increased in line with robust inbound demand, we have adopted regular accounting treatment.

- In the retail business, our overall forecast remains unchanged. However, we have revised downward by ¥2.0 billion our forecast for operating revenue from retail goods and food service operations, which had been set at a high level due to the favorable long-term performance of Seven-Eleven Japan allied stores. At the same time, we have revised upward by ¥2.0 billion our forecast for department store revenues, due to firm duty-free and other sales.

- In the real estate business, condominium sales were favorable in the first half, but we do not expect the number of properties provided to change for the full year, so we have left our forecast unchanged.

- In other businesses, performance in both overseas and domestic travel has been weak since entering the third quarter, so we have revised our forecast for operating revenue from travel agency operations downward by ¥2.5 billion.

- Our operating income forecast remains unchanged.

- This concludes my portion of the presentation.

Other Data

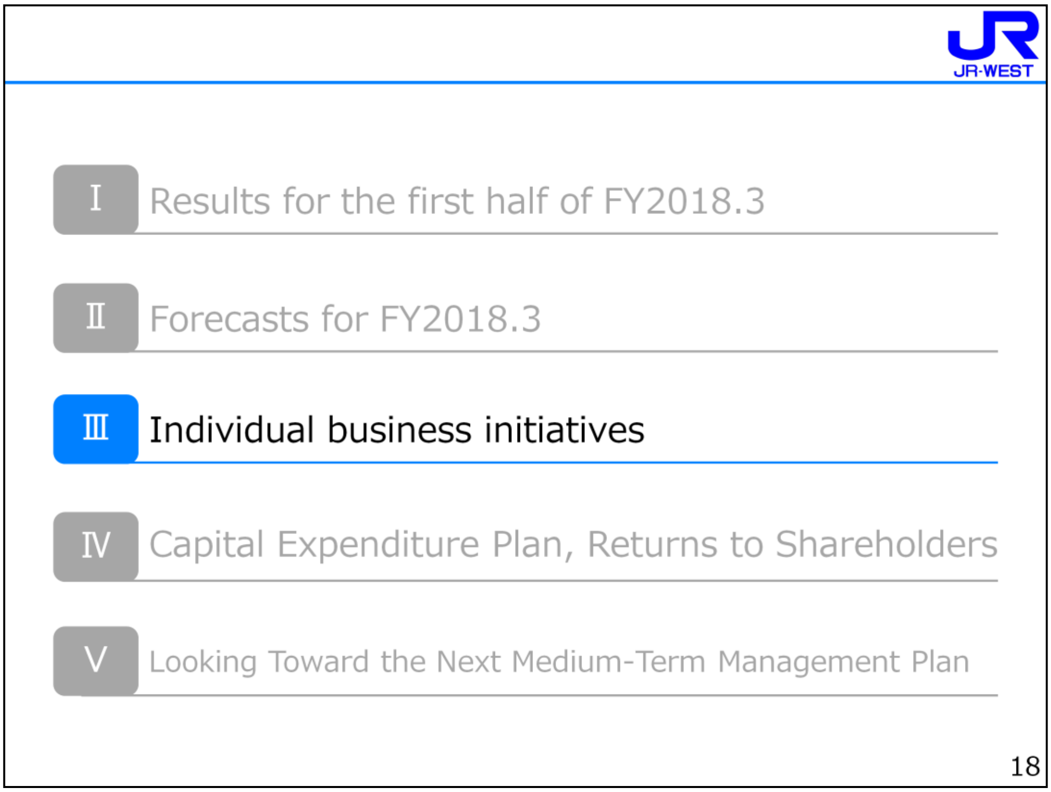
Persons, ￥Billions

	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

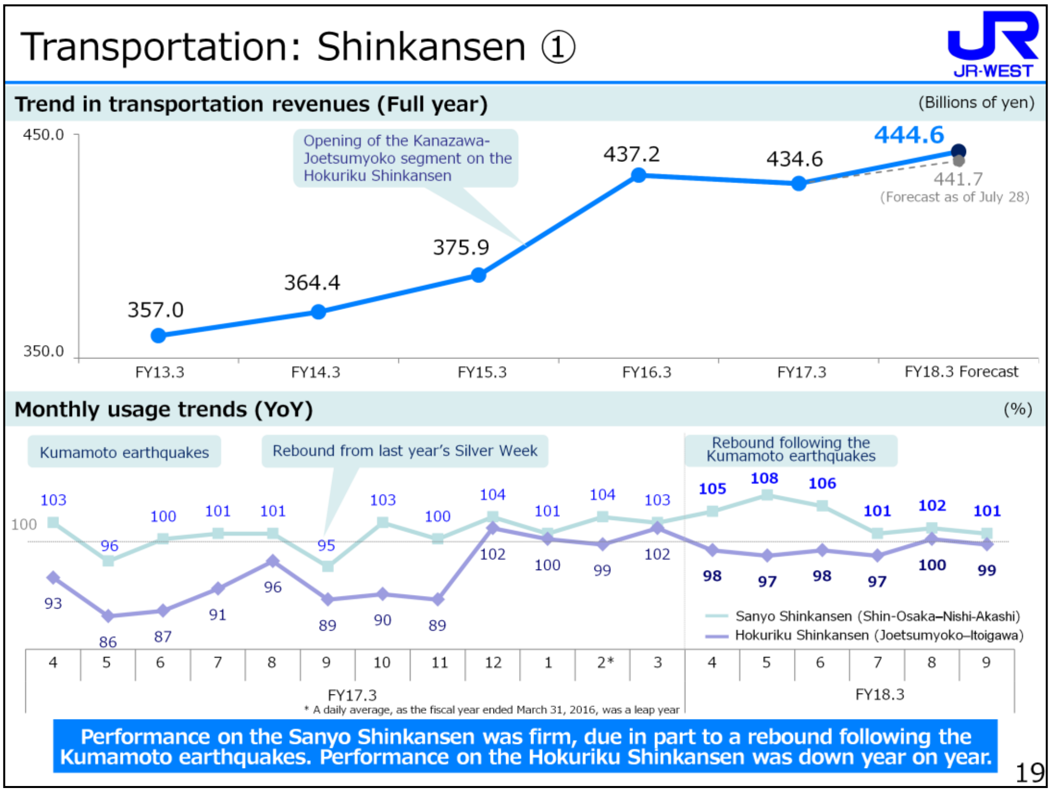
Note: Figures in brackets ( ) are negative values.



- My name is Ogata, Director, Senior Executive Officer, and Senior General Manager of the Corporate Planning Headquarters.

- Only a half year remains in the period of our medium-term management plan. To date, we have made steady progress toward enhancing corporate value over the medium to long term through efforts to increase the competitiveness of Shinkansen operations, commence service on the Hokuriku Shinkansen, the decision to cease operations on the Sanko Line, and the conversion to Seven-Eleven Japan allied stores. In the remaining half-year, we will continue working assiduously on these measures and move forward with discussions leading toward the next medium-term management plan.

- I will now explain initiatives going forward in each business in light of first-half results.



Transportation: Shinkansen ①

JR-WEST

Trend in transportation revenues (Full year)

(Billions of yen)

Opening of the Kanazawa-Joetsumyoko segment on the Hokuriku Shinkansen

Monthly usage trends (YoY)

(%)

Kumamoto earthquakes

Rebound from last year's Silver Week

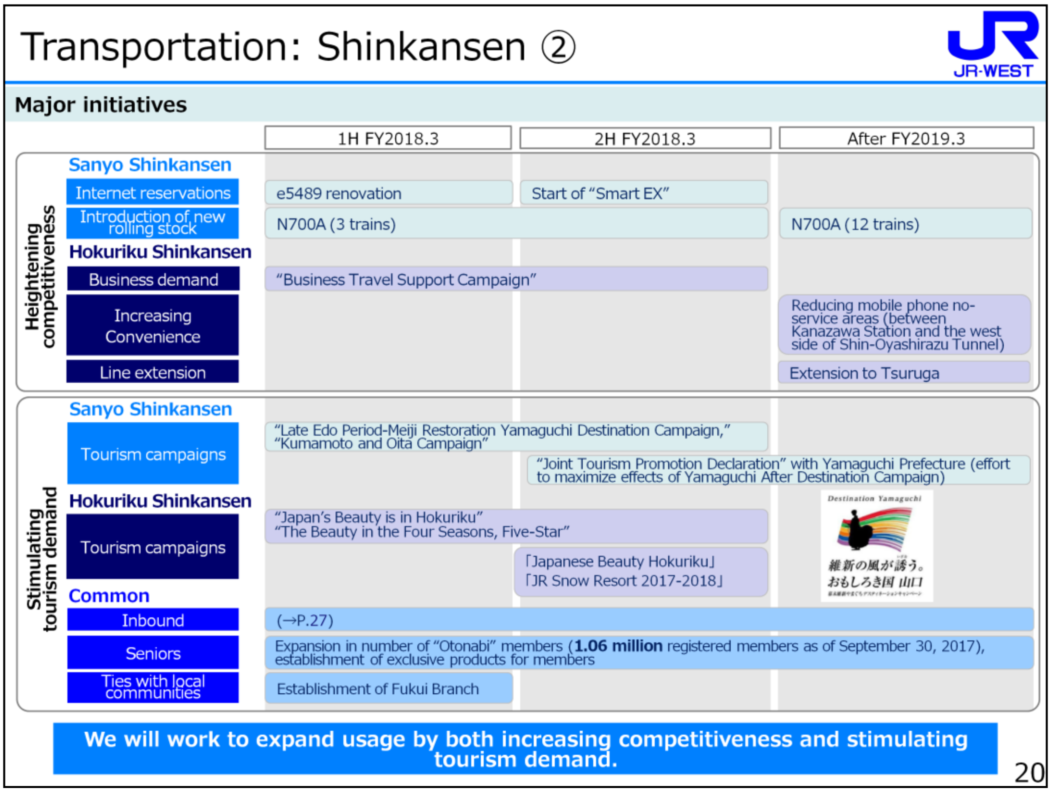
Rebound following the Kumamoto earthquakes

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

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.

- First, I will address Shinkansen operations. Please turn to page 19.

- Looking at usage in the first half, levels on the Sanyo Shinkansen were high in the first quarter, reflecting the impact of the Kumamoto earthquakes one year earlier. However, the usage level generally converged back to typical levels in the second quarter. Overall, I believe usage remained firm in the second quarter, considering the impact of unseasonable weather and typhoons during this period. Although performance trended upward on the Hokuriku Shinkansen from the first through second quarters, performance continued to be down year on year in a number of months. Although shrinkage in the size of the overall pie was limited, we believe one reason for this situation was a slight increase in the share of travel accounted for by airlines, due to municipal bodies' introduction of subsidies to regional airports.



Transportation: Shinkansen ②

Major initiatives

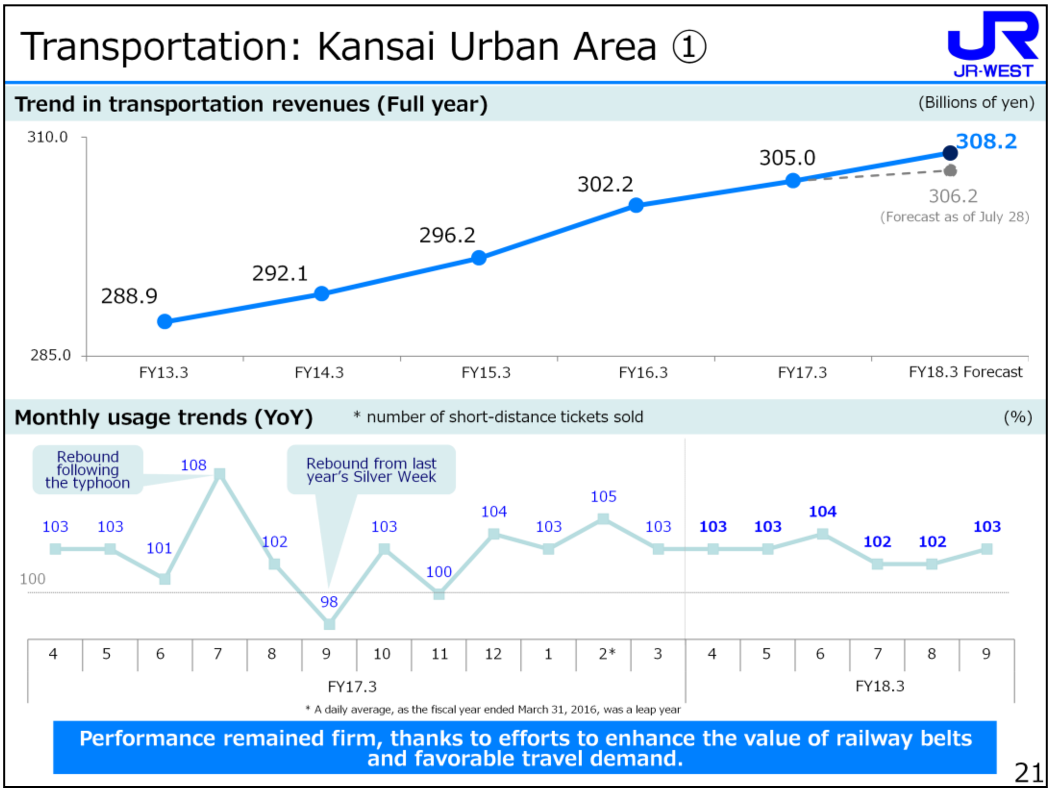
			1H FY2018.3	2H FY2018.3	After FY2019.3
Heightening competitiveness	**Sanyo Shinkansen**	Internet reservations	e5489 renovation	Start of "Smart EX"	
		Introduction of new rolling stock	N700A (3 trains)		N700A (12 trains)
	Hokuriku Shinkansen	Business demand	"Business Travel Support Campaign"		
		Increasing 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.

- Page 20 outlines our measures to enhance competitiveness, taking airlines into account, and initiatives to stimulate tourism demand.

- Efforts to enhance competitiveness center on medium- to long-term initiatives. We launched "Smart EX," an Internet reservation service, in September. This service increases convenience, allowing even relatively infrequent travelers to more easily use the Internet for reservations. On the Hokuriku Shinkansen, we will pursue measures to reduce mobile phone no-service areas, similar to those we have completed for the Sanyo Shinkansen. We will also accelerate preparations for the opening of service to Tsuruga in spring 2023.

- To stimulate tourism demand, on the Sanyo Shinkansen we will work to collaborate with Yamaguchi Prefecture on the development and promotion of wide-area tourism routes in the run-up to the 150th anniversary of the Meiji Restoration in January 2018 to maximize the impact of our current Yamaguchi Destination Campaign. On the Hokuriku Shinkansen, we are endeavoring to expand the economic pie through tourism campaigns. We are also setting up new group travel products in an effort to expand our share of the market vis-à-vis airlines. To date, we have set up collaborative locations, such as the Yamaguchi branch, to build positive relationships with local communities. In June 2017, we established the new Fukui branch. We will work with local communities to develop tourism materials in anticipation of the extension of the Hokuriku Shinkansen to Tsuruga.



Transportation: Kansai Urban Area ①

Trend in transportation revenues (Full year) (Billions of yen)

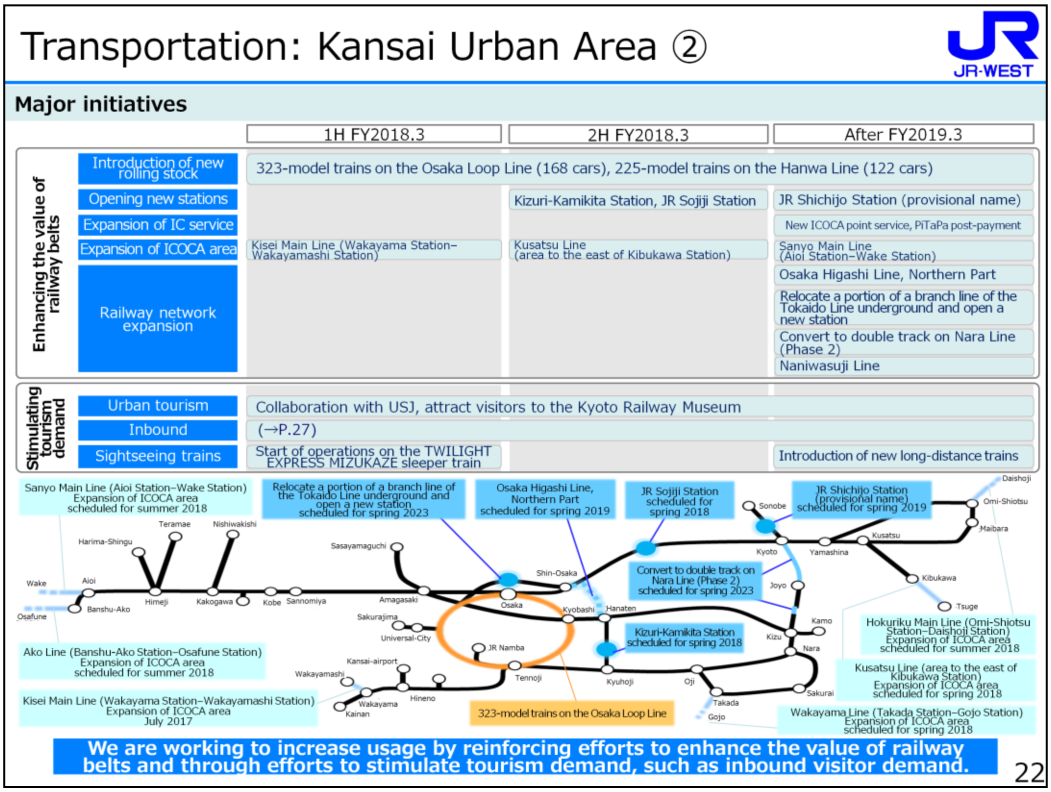
Monthly usage trends (YoY) ＊ number of short-distance tickets sold (%)

＊ 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.

- Please turn to page 21, which pertains to the Kansai Urban Area.

- Usage in the Kansai Urban Area remains firm, and this trend continued during the first half of the fiscal year. In addition to favorable economic performance and employment conditions, we expect usage in this reason to remain strong, as we are also benefiting from our efforts to enhance the value of railway belts through station renovations and urban development integrating train stations, demand for travel in the suburbs, and positive inbound use.



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)	Sanyo Main Line (Aioi Station–Wake Station)
	Railway network expansion			Osaka Higashi Line, Northern Part 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

Sanyo Main Line (Aioi Station–Wake Station)
Expansion of ICOCA area
scheduled for summer 2018

Relocate a portion of a branch line of the Tokaido Line underground and open a new station
scheduled for spring 2023

Osaka Higashi Line, Northern Part
scheduled for spring 2019

JR Sojiji Station
scheduled for spring 2018

JR Shichijo Station (provisional name)
scheduled for spring 2019

Convert to double track on Nara Line (Phase 2)
scheduled for spring 2023

Kizuri-Kamikita Station
scheduled for spring 2018

Hokuriku Main Line (Omi-Shiotsu Station–Daishoji Station)
Expansion of ICOCA area
scheduled for summer 2018

Kusatsu Line (area to the east of Kibukawa Station)
Expansion of ICOCA area
scheduled for spring 2018

Ako Line (Banshu-Ako Station–Osafune Station)
Expansion of ICOCA area
scheduled for summer 2018

Kisei Main Line (Wakayama Station–Wakayamashi Station)
Expansion of ICOCA area
July 2017

323-model trains on the Osaka Loop Line

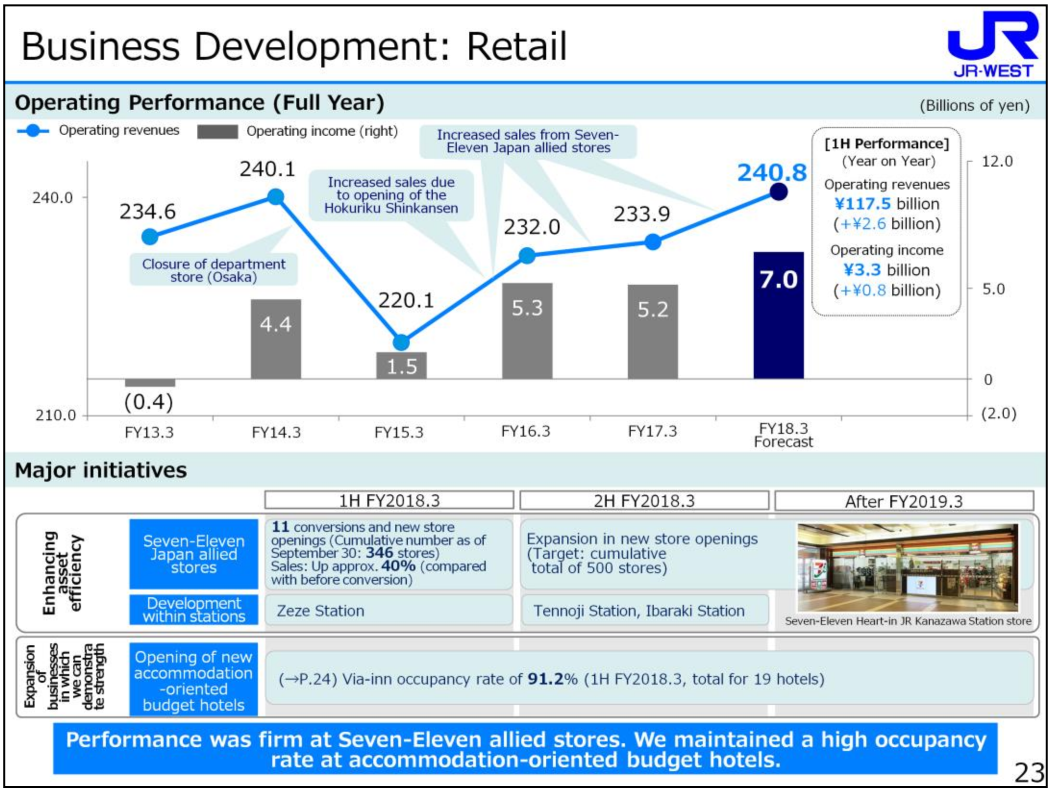
Wakayama Line (Takada Station–Gojo Station)
Expansion of ICOCA area
scheduled for spring 2018

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.

- Page 22 describes efforts to enhance the value of railway belts in the Kansai Urban area and other locations, as well as initiatives for stimulating tourism demand.

- We are undertaking numerous initiatives to enhance the value of railway belts. One involves establishing two stations on the Osaka Higashi Line and the JR Kyoto Line. In IC card services, we are introducing a new ICOCA point service that grants points according to usage in a bid to promote a shift toward using IC cards and realize seamless travel. We are also increasing convenience by expanding the ICOCA service area and connecting three areas that are currently separate: the Kansai Urban Area, Kanazawa, Okayama and Hiroshima. To expand the railway network, we are preparing to open the northern part of the Osaka Higashi Line.

- To stimulate tourism demand, in June we began operating the TWILIGHT EXPRESS MIZUKAZE sleeper train. We are also working to attract inbound demand.



Business Development: Retail

Operating Performance (Full Year)

(Billions of yen)

Closure of department store (Osaka)

Increased sales due to opening of the Hokuriku Shinkansen

Increased sales from Seven-Eleven Japan allied stores

[1H Performance]
(Year on Year)
Operating revenues
¥117.5 billion
(+¥2.6 billion)
Operating income
¥3.3 billion
(+¥0.8 billion)

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)		

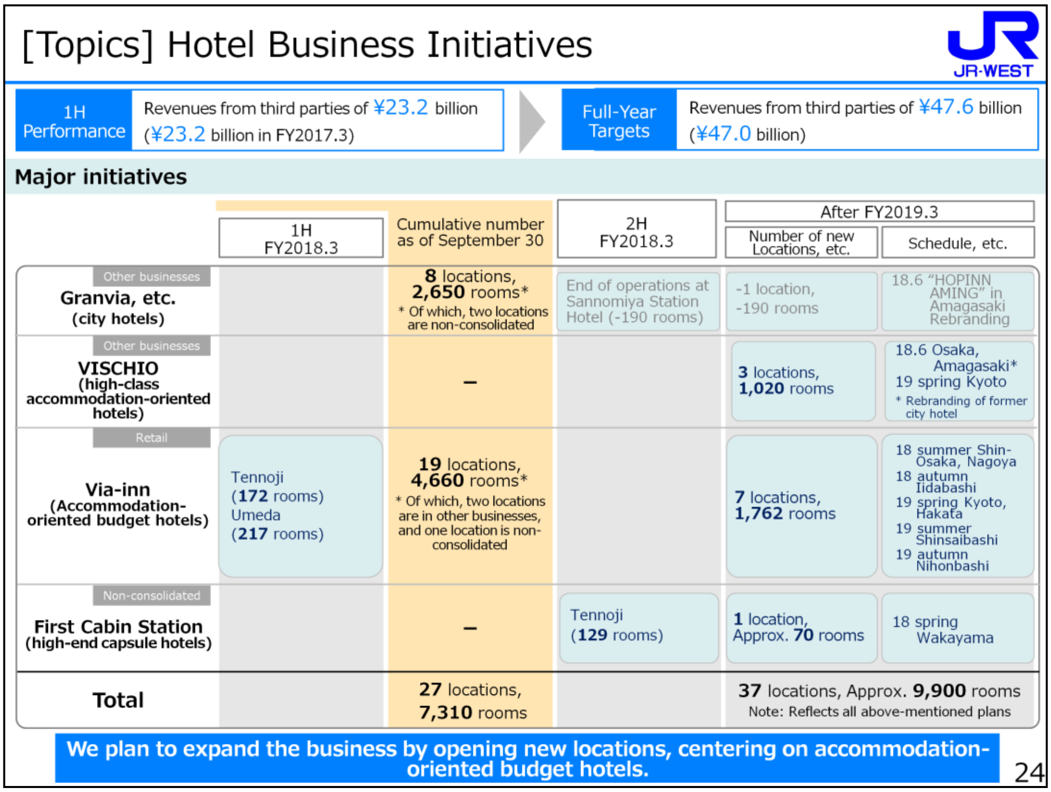
Performance was firm at Seven-Eleven allied stores. We maintained a high occupancy rate at accommodation-oriented budget hotels.

- Page 23 describes the retail business.

- In sales of goods and food services, favorable performance at Seven-Eleven Japan allied stores is contributing substantially to higher revenues. Department store revenues were down due to the closure of our store in Osaka, but duty-free sales were favorable.

- As of September 30, the number of new or converted Seven-Eleven Japan allied stores numbered 346. Sales at these stores are strong, being about 40% higher than before conversion. Going forward, we plan to increase the number of new stores, eventually bringing the total number to 500 stores.

- Within the retail business, Via-inn, accommodation-oriented budget hotels, maintained a high 91.2% occupancy rate during the first half. To enhance this business, which is a area of strength, we are endeavoring to expand our hotel business, including accommodation-oriented budget hotels. This is explained further on page 24.



[Topics] Hotel Business Initiatives

1H Performance Revenues from third parties of ¥23.2 billion (¥23.2 billion in FY2017.3)

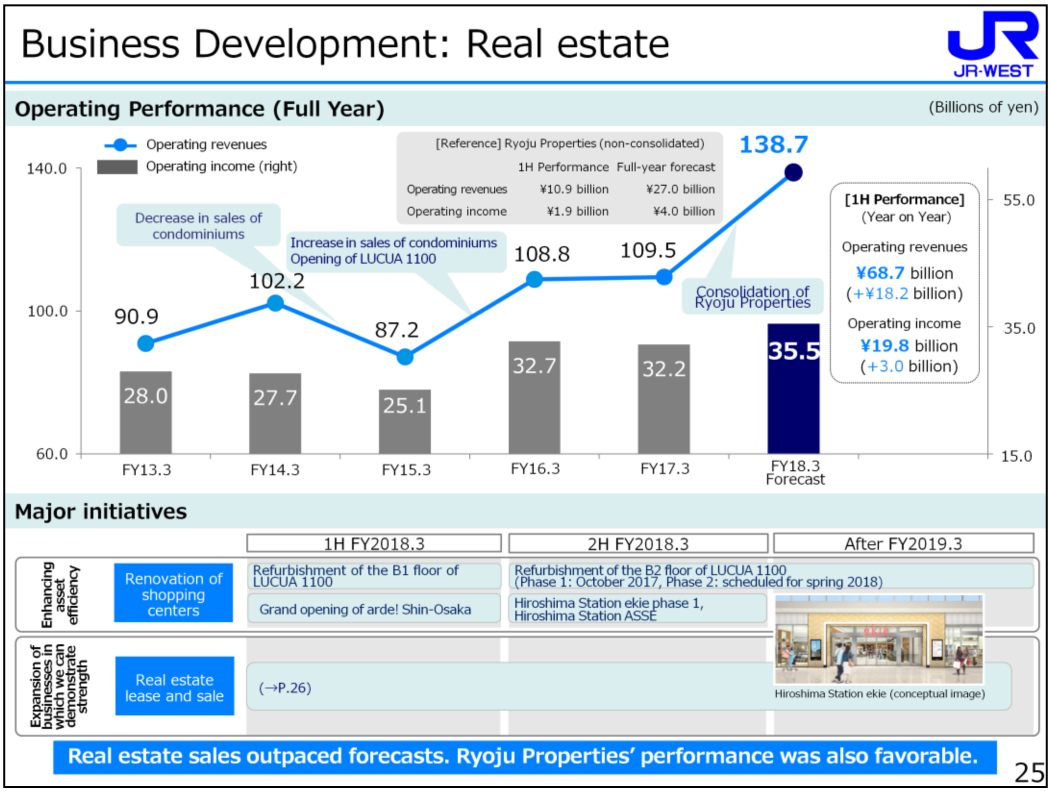
Full-Year Targets Revenues from third parties of ¥47.6 billion (¥47.0 billion)

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.

- In the first half, we opened two Via-inn hotels, Tennoji and Umeda. Since opening, performance at both has exceeded our expectations. Including these two, as of September 30, 2017, JR-West Group hotels number 27, with 7,310 rooms. On October 28, 2017, we opened a high-end capsule hotel, First Cabin Station, in Tennoji. Meanwhile, we will cease operations at our hotel in Sannomiya, Kobe, at the end of December, in preparation for future reconstruction. From next fiscal year, we will continue opening new properties, centering on accommodation-oriented budget hotels. Including properties currently announced, we plan to expand to 37 hotels, with 9,900 rooms.



Business Development: Real estate

Operating Performance (Full Year)

(Billions of yen)

[Reference] Ryoju Properties (non-consolidated)

	1H Performance	Full-year forecast
Operating revenues	¥10.9 billion	¥27.0 billion
Operating income	¥1.9 billion	¥4.0 billion

[1H Performance]
(Year on Year)

Operating revenues
¥68.7 billion
(+¥18.2 billion)

Operating income
¥19.8 billion
(+3.0 billion)

Major initiatives

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

Hiroshima Station ekie (conceptual image)

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

- Page 25 describes our initiatives in the real estate business. Performance in this business, including Ryoju Properties, was favorable in the first half.

- In shopping center renovations, in September we reopened the B1 floor of LUCUA 1100 which had been closed after the closure of our department store. In December, we plan to reopen the first stage of the B2 food floor, following renovation. Last week, on October 29, we opened the area above the Hiroshima Station tracks, and we reopened the station building, following renovation.

- Please turn to page 26 for details of efforts to expand our real estate lease and sale operations.

[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. 15,000㎡

* 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. 29,000㎡

* 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. 6,500㎡	Multipurpose facility including Clinic, etc.
	Hiroshima Hacchobori NK Building*	Hiroshima, Hiroshima	Winter 2017	Approx. 8,850㎡	Hotel, etc.
	Osaka Kita NK Building	Osaka, Osaka	June 2018	Approx. 14,000㎡	Hotel, etc.
	(Provisional name) JR Kishibe Station Building	Suita, Osaka	Autumn 2018	Approx. 27,019㎡	Retail, food and beverage, clinics, etc.
outside our service area	**VIERRA Court Musashi Urawa**	Saitama, Saitama	Acquired in May 2017	Approx. 4,031㎡	Condominium
	Nagoya Station South Development	Nagoya, Aichi	October 2017	Approx. 3,818㎡	Hotel
	Nagoya Naka-ku Sakae san-Chome Development	Nagoya, Aichi	end-2017	Approx. 2,823㎡	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

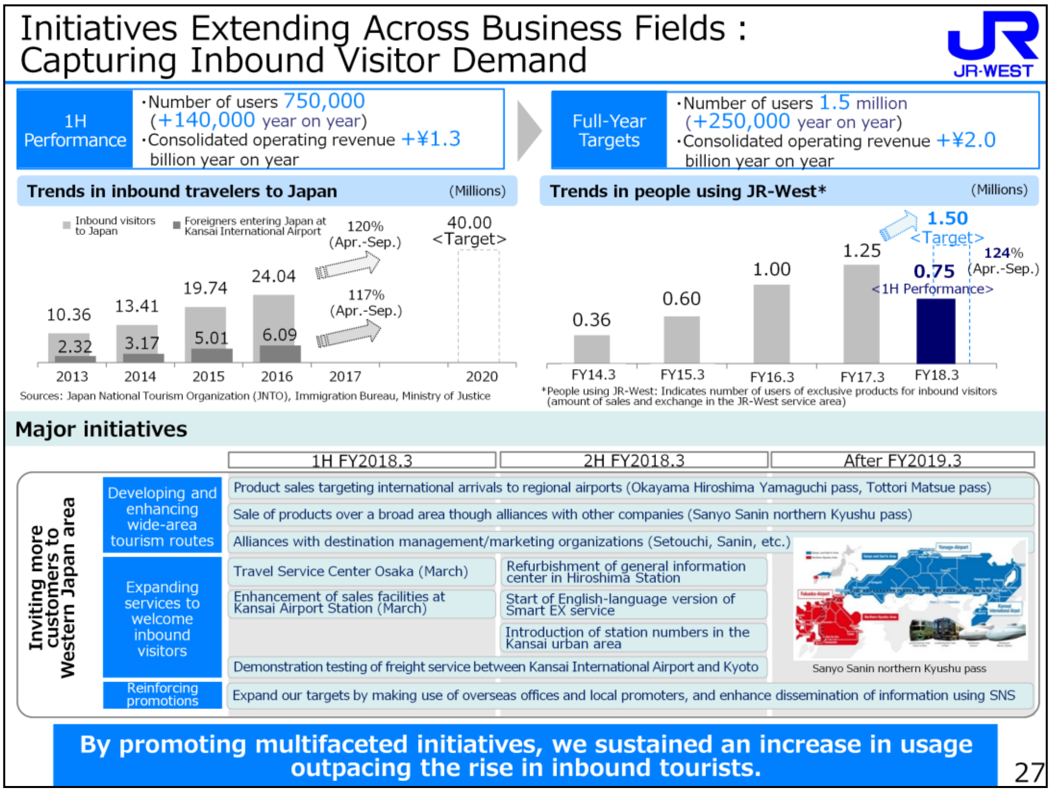
J.GRAN THE HONOR SHIMOGAMO TADASU NO MORI

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.

- Our full-year targets are to achieve unit sales of approximately 700 residences and a lease development area of around 29,000 square meters. In the first half, unit sales numbered 256 residences, and the lease development area came to 15,000 square meters. Sales of condominiums were favorable, running ahead of schedule. Meanwhile, the handover of properties at Ryoju Properties is concentrated in the second half.

- This page also shows key development projects from this fiscal year. By acquiring Ryoju Properties, we are also aggressively developing our business in areas other than the Western Japan area. We aim to achieve operating revenue of ¥100.0 billion from real estate lease and sale operations in fiscal 2023.



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.)

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
- Demonstration testing of freight service between Kansai International Airport and Kyoto

Sanyo Sanin northern Kyushu pass

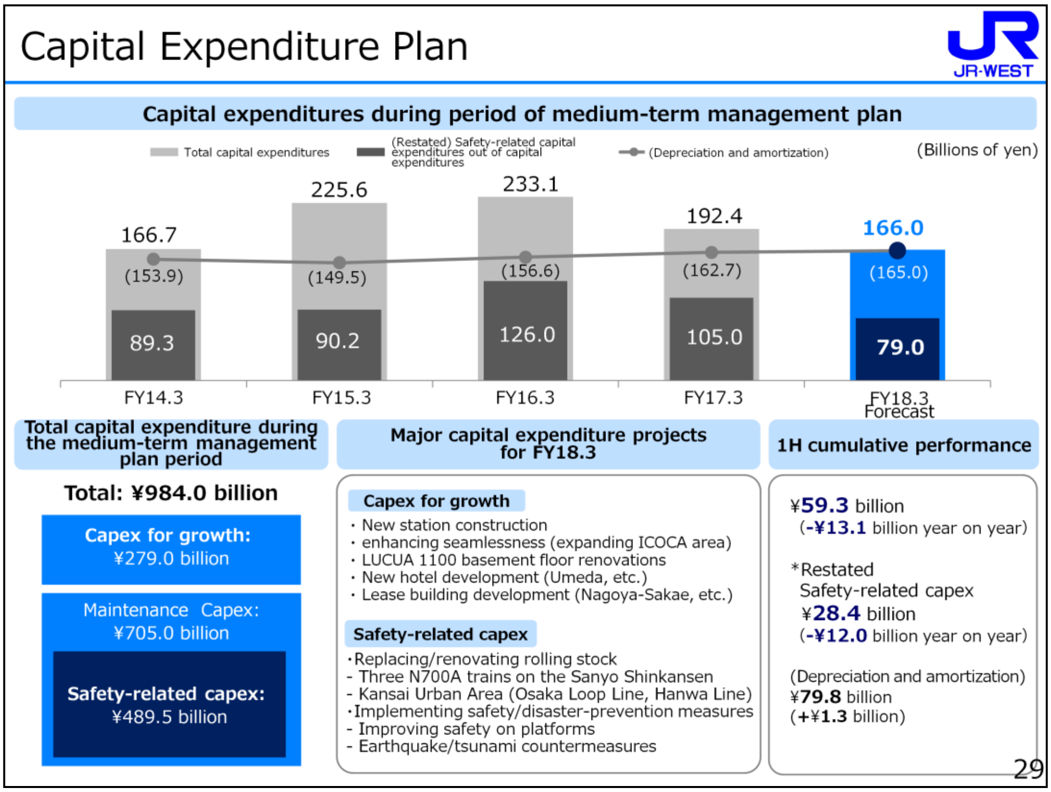
Reinforcing promotions
- Expand our targets by making use of overseas offices and local promoters, and enhance dissemination of information using SNS

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

- Next, I will discuss the capturing of inbound visitor demand, as shown on page 27.

- In the first half, the number of people using exclusive products for inbound tourism increased 140,000, or 24%, year on year, to 750,000. This figure exceeds the percentage rise in the number of foreigners visiting Japan. Due to strong performance in duty-free sales at department stores and inbound travel, consolidated operating revenue was up ¥1.3 billion year on year. This figure also outpaced our full-year target.

- We will continue working to develop and maintain wide-area tourism routes by developing products, such as those targeting international visitors using regional airports. At the same time, we are better preparing ourselves to welcome visitors through renovating general information centers and beginning offering English-language Smart EX services and reinforce promotions overseas.



Capital Expenditure Plan

JR-WEST

Capital expenditures during period of medium-term management plan

	FY14.3	FY15.3	FY16.3	FY17.3	FY18.3 Forecast
Total capital expenditures	166.7	225.6	233.1	192.4	166.0
(Depreciation and amortization)	(153.9)	(149.5)	(156.6)	(162.7)	(165.0)
(Restated) Safety-related capital expenditures out of capital expenditures	89.3	90.2	126.0	105.0	79.0

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

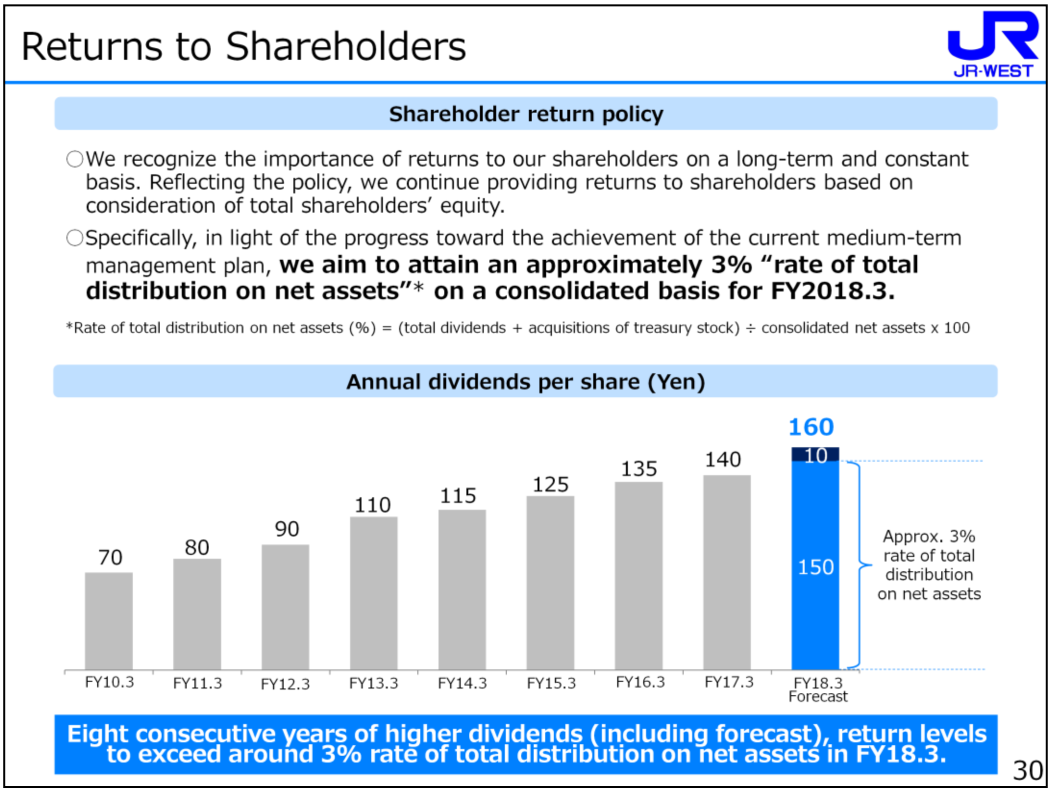
1H cumulative performance

¥**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)

- Now, please turn to page 29, which discusses capital expenditures.
- In the first half of the fiscal year, capital expenditure was ¥59.3 billion, down ¥13.1 billion year on year, due to reduced rolling stock investment and a slowdown in automatic train control system construction on the Sanyo Shinkansen.
- For the full fiscal year, we forecast capital expenditures of ¥166.0 billion on a consolidated basis. This is unchanged from our earlier forecast.



Returns to Shareholders

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.**

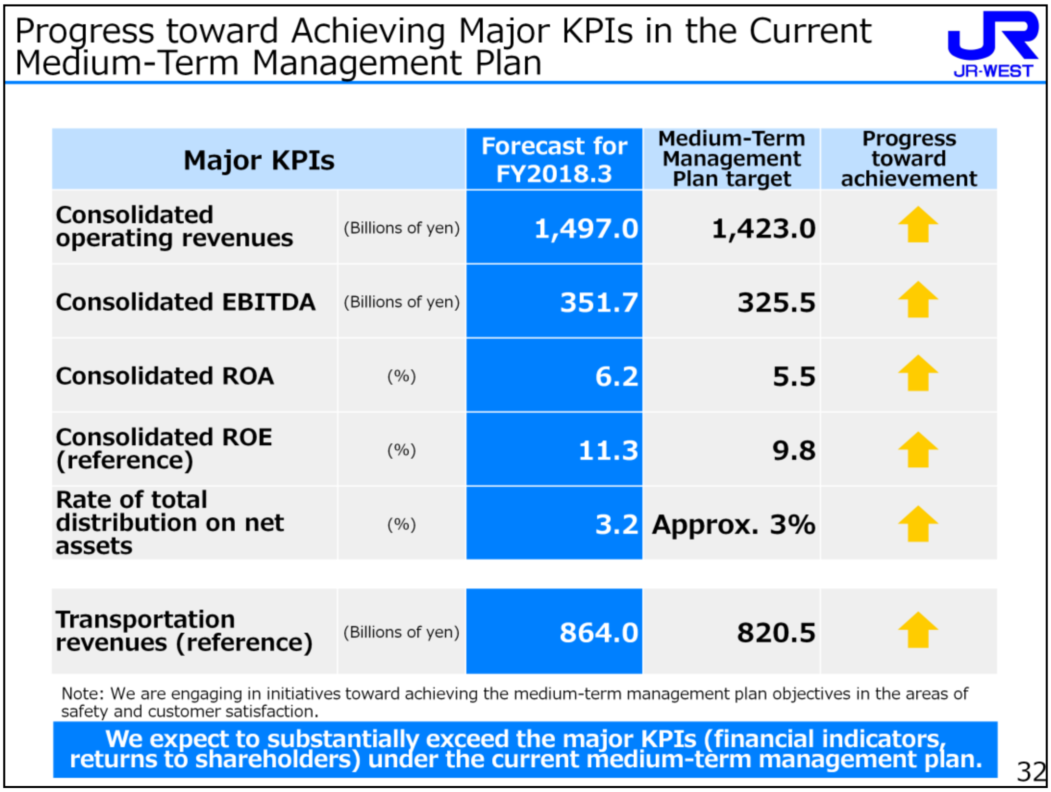
*Rate of total distribution on net assets (%) = (total dividends + acquisitions of treasury stock) ÷ consolidated net assets x 100

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.

- Page 30 describes returns to shareholders.

- As we have already announced, for the fiscal year ending March 31, 2018, we plan to pay a full-year dividend of ¥160 per share. At a Board of Directors meeting the other day, we resolved to pay an interim dividend of ¥80 per share.



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

JR-WEST

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	⬆

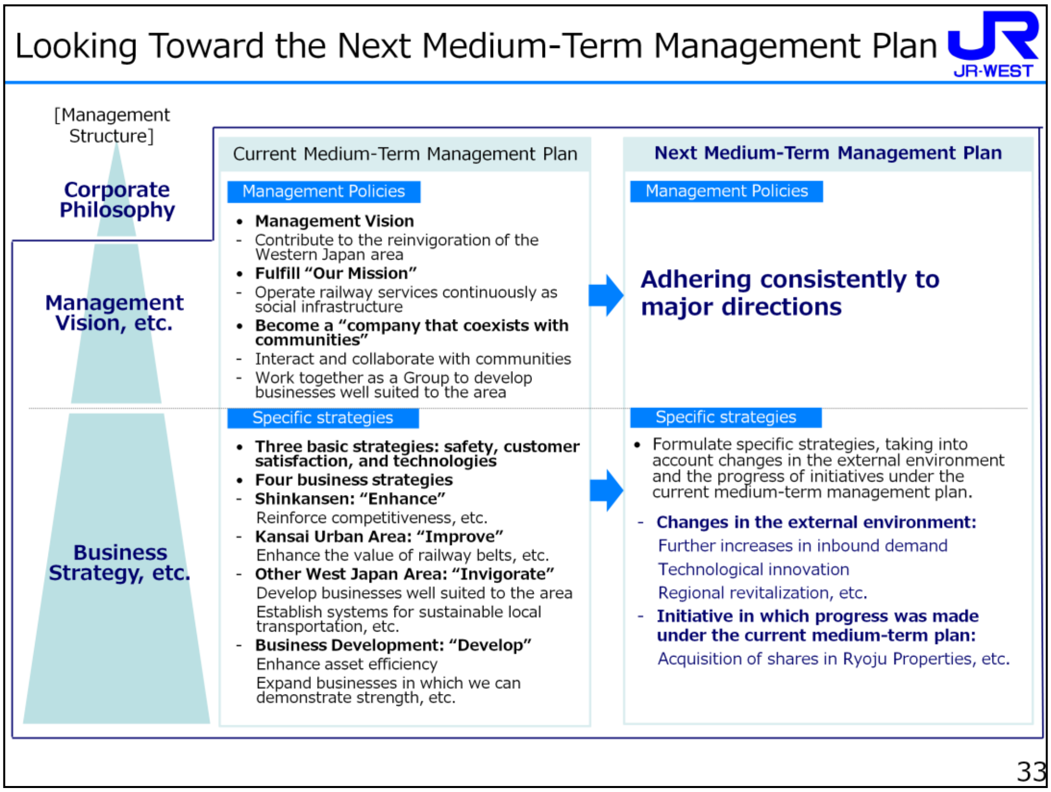
Note: We are engaging in initiatives toward achieving the medium-term management plan objectives in the areas of safety and customer satisfaction.

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

- I would like to speak briefly about our new medium-term management plan, which will go into effect next spring.

- Please look at page 32, which shows our progress toward the KPIs under our current medium-term management plan.

- Under the current medium-term plan, we have made steady progress toward enhancing corporate value over the medium to long term. As a result, this fiscal year—which marks the end of the current plan—we expect to substantially exceed all of our main KPIs.



Looking Toward the Next Medium-Term Management Plan

[Management Structure]

Corporate Philosophy

Management Vision, etc.

Business Strategy, etc.

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.

- Please look at page 33.

- Our next medium-term management plan is currently under review. We will essentially maintain the same management directions as under our current plan, which has generated substantial successes. We will create specific strategies and decide on the use of funds, while incorporating our initiatives over the past five years and changes in the social structure.

- Please be patient. We will announce the new plan next spring.

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.
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- 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.