

The President's Message

In April 2017, the JR-West Group marked the 30th year since its establishment, and in April 2018, we formulated the JR-West Group Medium-Term Management Plan 2022. This plan has renewed our determination to target growth over the next 30 years through the continual progress of the entire JR-West Group and to open up the future. We will promote the JR-West Group Medium-Term Management Plan 2022 in order to realize our corporate philosophy and management vision, which are the heart of the Company.



Tatsuo Kijima

President, Representative Director,
and Executive Officer



Review of JR-West Group Medium-Term Management Plan 2017

The Company formulated the JR-West Group Medium-Term Management Plan 2017 and the Safety Think-and-Act Plan 2017 in March 2013. In accordance with these plans, JR-West has worked to fulfill its vision of contributing to “the creation of a safe, comfortable society” as a corporate group that provides social infrastructure, centered on railway services. To that end, JR-West has identified two ideal forms — “We will become a company that coexists with local communities” and “We will fulfill Our Mission” — and worked to realize them.

Safety

In safety, following the Fuchiyama Line accident, the Group implemented a range of measures to increase safety, including both tangible and intangible initiatives. As a result, the number of railway operation accidents and transportation disruptions due to internal factors has generally been following a declining trend.

On the other hand, we did not meet our objectives in such areas as railway labor accidents. In addition, we caused a critical incident on the Shinkansen in December 2017. We view these as serious issues, and we are moving ahead rapidly with measures to enhance the level of safety management overall on the Shinkansen. Specifically, we are implementing tangible measures, such as installing systems to detect abnormalities in bogies. Moreover, in regard to governance, in January 2018 we newly appointed a Representative Director who is in charge of Shinkansen operations. Furthermore, in June 2018 we also established a Shinkansen-specific organizational unit, allowing for prompt decision making.

Business Operations

In business operations, we implemented various initiatives on a Groupwide basis, and we were able to achieve steady results.

In railway operations, we worked to increase the competitiveness of the Sanyo Shinkansen, maximize the Hokuriku Shinkansen opening effect, increase the value of railway belts in the Kansai Urban Area, and implement other initiatives. In these ways, we realized an increase in our earning power.

In non-railway businesses, we were able to expand our operations while drawing on external capabilities, such as our alliance with Seven-Eleven Japan and the acquisition of the shares of Ryoju Properties Co., Ltd. (JR West Properties Co., Ltd. from July 2018)

Moreover, together with local communities, we took steps to invigorate the western Japan area, such as developing wide-area tourism routes, capturing inbound visitor demand by improving reception systems, and starting operation of TWILIGHT EXPRESS MIZUKAZE.

As a result, for each of the KPIs related to financial indicators, we surpassed the objective by a significant margin.

Initiatives Under the JR-West Group Medium-Term Management Plan 2022

Looking ahead, we will face changes in the social structure, such as market contraction and labor shortages resulting from the decline in the population. I have to say that the JR-West Group's operating environment is extremely challenging. In this setting, we announced that under the JR-West Group Medium-Term Management Plan 2022, which was formulated in April 2018, we would contribute to the creation of a safe, comfortable society filled with meetings among people and smiles, and work to achieve long-term growth in corporate value. Specifically, as a numerical objective for our vision, we decided to aim for consolidated operating revenues of ¥2 trillion by around 2030, and we added a backcasting perspective. On that basis, we formulated the Medium-Term Management Plan 2022.

We will work to "fulfill our mission as a railway company that coexists with local communities" in order to realize our ideal vision for the future. In addition, we will strive to increase the corporate value that we create and to make progress toward dramatic growth by becoming a "company that continues to take on challenges."

In consideration of the above, we will advance the following specific initiatives.

Safety

In safety, in March 2018 we formulated the JR-West Group Railway Safety Think-and-Act Plan 2022. In accordance with our unchanging determination to "ensure that we will never again cause an accident such as that on the Fukuchiyama Line," we returned to the starting point and decided to focus on the pursuit of safety.

In particular, in regard to tangible measures, we will steadily move forward with our plans, centered on pursuing Shinkansen safety, strengthening disaster prevention / disaster damage reduction measures in response to intensifying natural disasters, and increasing safety on the platform, which is an urgent issue. In addition, with a focus on the future, we will make active use of advancing technologies. In these ways, we will work to further increase safety.

Business Operations

In business operations, we announced that "increasing regional value," "increasing the value of railway belts," and "increasing business value" were our three Groupwide strategies. Together with people in local communities, we will advance initiatives that combine our railway business and non-railway businesses.

Specifically, we will work to maximize the effect of the opening of the Kanazawa-Tsuruga segment of the Hokuriku Shinkansen; develop large-scale strategic stations, such as Osaka, Sannomiya, and Hiroshima; capture inbound tourism demand; and implement other measures. In these ways, we will aim to expand the resident and visitor populations.

In addition, as initiatives to enhance business sustainability, we will take steps to respond to labor shortages by increasing productivity, and will update aged, large-scale facilities. We will reinforce our foundation in order to ensure that our businesses continue into the future and that we realize growth over the medium to long term.



Toward Sustainable Growth of the Group

We are committed to CSR both as an invaluable part of our management foundation ensuring long-term growth and for fulfilling our responsibilities as a member of society. For the JR-West Group, CSR is a means to realize our corporate philosophy, the heart of our Company management, and therefore to fulfill the expectations of our stakeholders by achieving sustainable growth into the future with a central focus on railway business based on safety and security. In that light, we have set priority areas for CSR both in terms of expectations of society and our goals for the future. Specifically, these are safety, customer satisfaction, coexistence with communities, human resources / motivation, the global environment, and corporate governance. With the entire Group working together in these domains, we will create beneficial value for society, and contribute to sustainable growth for the Group.

Finally, as we move forward we will implement initiatives to enhance safety and increase corporate value from a medium to long term perspective. In addition, in our relationships with shareholders, we will endeavor to provide stable shareholder returns over the long term, implement appropriate information disclosure, and engage in constructive dialog.

I would like to ask our shareholders and other investors for their continued understanding and support of the JR-West Group.

September 2018

Tatsuo Kijima

Tatsuo Kijima
President, Representative Director, and Executive Officer