

Steps toward our vision

Toward long-term sustainable growth

Management KPIs

JR-West Group's Medium-Term Management Plan 2022 (referred to below as "MTP") essentially continues the trajectory of our previous medium-term plan, and therefore we have again incorporated all of the following management KPIs: (1) consolidated operating revenues, (2) consolidated EBITDA, and (3) consolidated ROA.

Consolidated operating revenues are the most direct representation of expansion in the scale of our operations, while consolidated EBITDA measures our ability to generate cash, which is the source of our competitive strength. In seeking to enhance our corporate value over the longer term, we employ these indicators as a measure of the growth in the scale of the Group's business.

The railway industry is an equipment industry, as it requires a large number of facilities and equipment such as rolling stock, tracks and

signaling equipment. Being mindful of how to utilize this equipment efficiently is essential to the continuation of our business, and so we employ consolidated ROA as an indicator of asset efficiency.

Progress status

Fiscal 2019 was a year in which we felt the effects of earthquakes, heavy rainfall and typhoons. However, we were able to achieve a year-on-year increase in revenues and operating income, both on a consolidated and non-consolidated basis, due to steady implementation of measures in the railway and non-railway operations, as initiatives that formed part of the first year of the MTP. We will continue working to achieve growth over the medium-to-long term, while enhancing our corporate value.

Business performance targets

	Results for FY2018 a	Results for FY2019	Objectives for FY2023 b	Increase/Decrease c=b-a
Operating Revenues	1,500.4	1,529.3	1,630.0	+129.5
Transportation	950.8	953.9	977.5	+26.6
Retail	239.8	245.5	281.0	+41.1
Real estate	139.6	148.5	168.5	+28.8
Other businesses	170.0	181.3	203.0	+32.9
Operating Income	191.3	196.9	[218.0] 210.0	[+26.6] +18.6
Transportation	130.3	136.2	139.5	+9.1
Retail	7.2	6.1	10.0	+2.7
Real estate	35.7	35.6	41.5	+5.7
Other businesses	19.9	21.2	23.0	+3.0
Recurring Profit	177.7	183.3	[205.0] 197.0	[+27.2] +19.2
Profit attributable to owners of parent	110.4	102.7	[134.0] 128.0	[+23.5] +17.5
EBITDA*	356.1	361.3	[408.0] 400.0	[+51.8] +43.8
ROA	6.3%	6.2%	Mid-6% range	-
ROE	11.3%	9.8%	Approx. 10%	-
Transportation Revenues	867.8	873.4	890.0	+22.1

\* EBITDA = Operating Income + Depreciation Expense + Amortization of goodwill. Figures in [ ] exclude expenses in preparation for Hokuriku Shinkansen opening

Capital expenditure

In the current MTP, we are planning ¥1.27 trillion in capital expenditure. Moving toward the realization of Our Vision and Ideals, we aim to achieve long-term sustainable growth through proactive investments in safety and growth.

With regard to investments in maintenance and upgrades, our priority is investment in safety, which is at the heart of our operations, and at the same time we will renovate aging facilities such as depots to improve the sustainability of our business.

With regard to investment in growth, we will commit management resources to our core railway business, while also

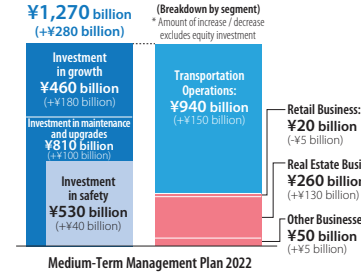
making upfront investments in large-scale projects including the development of Osaka, Sannomiya, and Hiroshima, which represents a significant opportunity for future growth.

Progress status

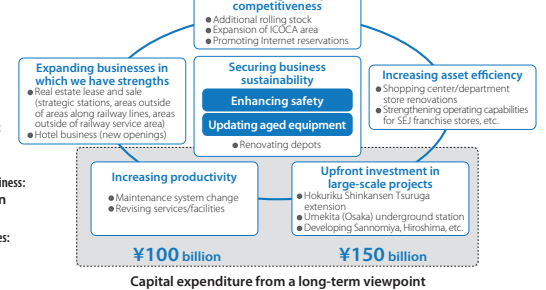
In fiscal 2019, we did not achieve our original plan due to prioritizing post-disaster recovery work, but investment in safety was carried out in line with plans. Our overall plan for the MTP period is unchanged.

Total capital expenditure in current MTP

Figures in parentheses: vs. previous medium-term management plan



Investment details



Financial strategies

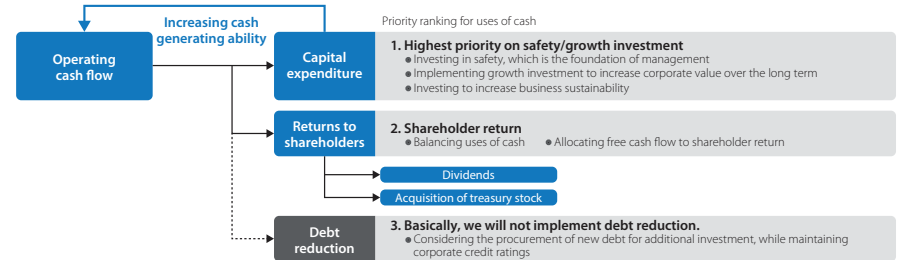
In our current MTP, we have clear priorities for the use of funds.

Reflecting on the critical incident on the Shinkansen that occurred in December 2017, investment in safety is our top priority, and safety is at the heart of our operations. We will also commit investments to achieve long-term growth, including major projects such as the extension of the Hokuriku Shinkansen to Tsuruga, and initiatives to enhance productivity. Furthermore, we will make investments to upgrade obsolete assets inherited from Japanese National Railways, etc., to improve the sustainability of our business. (1.)

Any funds that remain after implementing the necessary investments in safety and growth will essentially be returned to our shareholders. To gain our shareholders' long-term support, we will make stable dividend payments over the long term and also increase the level of shareholder returns, including through acquisitions of treasury stock. (2.)

Since we have achieved a certain level of financial soundness, basically, we will not make any debt reduction. (3.)

Through these measures, we will continue to realize our MTP commitment of leaving smiles on the faces of our stakeholders.



Note. Balance of cash and deposits: Generally maintaining current level

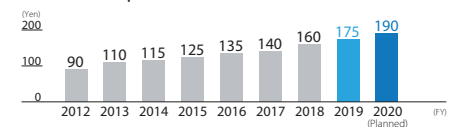
Shareholder return policy

We will implement stable dividends, aiming for a dividend payout ratio of approximately 35% in fiscal 2023.

Over the period of this plan, our yardstick will be a total return ratio of approximately 40%, and we will make flexible acquisitions of treasury stock.

- With capital expenditures expanding, we will enhance returns to shareholders. We will bolster both profit growth and shareholder return.
- We will focus on sustained profit growth and utilize return ratios.

Ref.: Dividend per share trend



Shareholder return in fiscal 2020

Planning on dividends of ¥190 per share, an increase of ¥15 (10th consecutive year of higher dividends)

Planning to acquire treasury stock, with upper limit of ¥10 billion