### Strategy

# Revision of the JR-West Group Medium-Term Management Plan 2022

#### Operating Environment Changes and Future Strategic Direction

# Operating Environment Changes and **Assumptions**

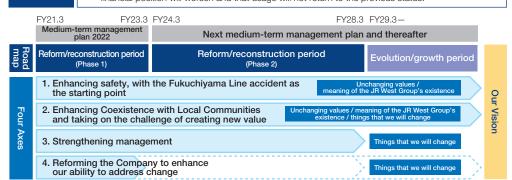
✓ Dramatic changes in the external environment due to the spread of the novel coronavirus infection (changes in behavior, such as telework and online meetings; diversification of values)

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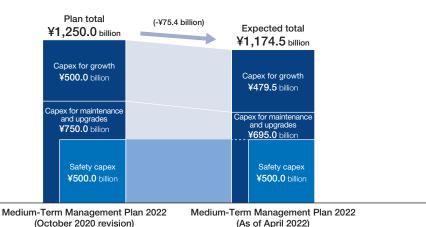
- We are assuming transportation revenues, our mainstay, will return only to approximately 90% of the level before the coronavirus.
- Focusing on the circumstances regarding the resolution of the coronavirus situation. Flexibly adding revisions to the medium-term management plan

Direction of revisions

- Indication of our future direction, with consideration for our understanding of current circumstances. in which we cannot predict the details of the changes in society in the period after the coronavirus. (The period until the next medium-term management plan (FY2028.3) has been positioned as a time for reform and restoration.)
- Reconfirmation of our "unchanging values" and the "meaning of the JR West Group's existence," even in the midst of change
- On that basis, our understanding of "things that we will change," with the assumptions that the financial position will worsen and that usage will not return to the previous status.



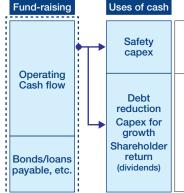
#### Capital Expenditure Plan



## **Financial Strategy**

O At the end of the reform/reconstruction period (end of FY2028.3), aim for recovery to D/E ratio of approximately 1 time.

Priority ranking for uses of cash (~ FY2028.3)



#### [Priority ranking (1)]

- Safety is the highest priority. Steadfastly maintain the "Railway Safety Think-and-Act Plan 202
- We will control the total amount of investment to a certain extent, but we will steadily advance investment necessary to enhance safety.

#### [Priority ranking (2)]

- Working to rapidly restore our financial foundation
- Advancing investment with a focus on projects that contribute to increases in future corporate value, and taking steps to create new value, such as providing services that utilize digital technologies
- Basic policy of <u>stable dividends over the long term</u>. During the current medium-term management plan, aiming for a dividend payout ratio of approximately 35% in FY2023.3
- →We withdraw our policy of making our yardstick total return ratio of approximately 40% over the period of this plan, and making flexible acquisitions of treasury stock.

#### **Business Performance Targets**

(Rillions of ven)

	Results for FY2018.3	Targets for FY2023.3 (October 2020 revision)	Forecast for FY2023.3
Operating Revenues	1,500.4	1,450.0	1,309.0
Transportation	950.8	855.0	739.0
Retail business	239.8	230.0	168.0
Real estate business	139.6	185.0	162.0
Other	170.0	180.0	240.0
Operating Income	191.3	140.0	30.0
Transportation	130.3	83.0	-11.0
Retail business	7.2	5.0	2.0
Real estate business	35.7	39.0	35.0
Other	19.9	18.0	7.0
Recurring Profit	177.7	125.0	13.5
Profit attributable to owners of parent	110.4	80.0	58.5
Consolidated EBITDA	356.1	330.0	193.0
Consolidated ROA	6.3%	Approx. 4%	Approx. 0.8%
(Reference) Consolidated ROE	11.3%	Approx. 9%	Approx. 5.9%
Transportation revenues	867.8	775.0	673.0

<sup>\*</sup> In regard to the reform/restoration period (phase 2), while taking this policy into account, we will consider this \* Anticipated uses of cash to FY2028.3 once again in conjunction with specific plan formulated with next medium-term management plan.