

(Translation)

July 30, 2019
West Japan Railway Company

**FY 3/20 1Q Financial Results Briefing
Summary of Question and Answer Session**

Q1

Would you discuss the results for Shinkansen revenues?

A1

Shinkansen revenues were up ¥5.3 billion year on year, to ¥115.0 billion. The principal reason was that transportation revenues during 10 consecutive holidays during this year's Golden Week period increased more than expected. Breaking this figure down, on the Sanyo Shinkansen revenues increased by ¥4.9 billion, to ¥104.6 billion; the fundamentals were up 0.6%, or ¥0.5 billion; and special factors were up ¥4.3 billion. On the Hokuriku Shinkansen revenues increased by ¥0.4 billion, to ¥10.3 billion; the fundamentals were down 0.5%, or ¥0.0 billion, and special factors were up ¥0.4 billion.

Q2

What is the current status of changes in inbound demand?

A2

Looking at the trend in the number of travelers entering the country through Kansai International Airport, there are no signs of any significant change in inbound demand. Inbound demand is one of the most important pillars of increases in revenues, and we will continue to pay attention to these trends.

Q3

What is your evaluation of the results with maintenance costs in the first quarter? Also, what is the outlook for the full fiscal year?

A3

Maintenance costs were down ¥0.4 billion year on year. This was due to a differential in the timing of construction completion. Maintenance work is proceeding in line with the plan. For the full fiscal year, we are planning for an increase of ¥6.4 billion year on year, to ¥170.5 billion. In the second quarter and thereafter, we anticipate a rebound from the work schedule adjustment implemented due to the heavy rain disaster in FY2019.3, and we are forecasting a significant increase year on year.

Q4

Would you provide an overview of the new consolidation of group companies? Also, what is the expected impact on the current year's revenues and profits?

A4

From the first quarter, Nara Hotel Co., Ltd. and TETSUDEN CO., LTD. were newly consolidated due to an increase in their significance. Nara Hotel is a hotel brand with a high historical cultural value, and TETSUDEN is a strategic subsidiary that will contribute to internal production of operation control systems, etc. In regard to the full-year consolidated results, the new consolidation of the two companies is expected to have the effect of increasing operating revenues by ¥3.6 billion and reducing operating income by ¥0.2 billion.

End