

(Translation)

October 29, 2019  
West Japan Railway Company

**FY3/20 2Q Financial Results Briefing**  
**Summary of Question and Answer Session**

**Q1**

What are your thoughts on the impact on earnings from Typhoon No. 19? Also, how much of an impact was there on earnings up to October 25 when the direct service between Tokyo and Kanazawa resumed?

**A1**

With regard to impact on earnings from Typhoon No. 19, we considered the actual period when services were suspended and a slight weakness in demand going forward. We cannot disclose the amount of earnings decrease during the actual suspension of services, but on the Hokuriku Shinkansen we estimate the decrease will be ¥1.9 billion.

**Q2**

In your earnings forecasts, you have factored in special losses of ¥3.0 billion as the book value for a two-carriage train that was flooded. How likely is it that the train will be written off?

**A2**

We are currently checking the status of the train. We will look at the possibility of writing it off based on detailed examination going forward.

**Q3**

What has been the impact of the slowdown in inbound tourism from South Korea?

**A3**

The number of visitors from South Korea has decreased, but we are seeing increases from China and Europe and the U.S., which is driving an overall increase in visitors to Japan. Our revenue results from inbound tourism in the first half fell somewhat short of our full-year target in year-on-year terms, but by steadily implementing our various measures, we aim to achieve the full-year target.

**Q4**

What is the background reason for revising your capital expenditure plan for this fiscal year?

**A4**

We revised our capital expenditure plan for this year downward mainly because the timing for purchase agreements on land has been shifted into the next fiscal year. However, the total amount for the medium-term management plan remains unchanged, and we aim to steadily implement the measures presented with our targets.

**Q5**

What is behind your strengthening the transportation on the JR Yumesaki Line?

**A5**

We strengthened transportation on the JR Yumesaki Line as a measure to alleviate crowding with the planned opening of a new area in a theme park on that line in 2020. With this measure, we will increase the capacity of the JR Yumesaki Line to accommodate up to 12 one-way services.

**Q6**

How will you respond to intensifying natural disasters and so forth?

**A6**

Our response to natural disasters is to advance the slope reinforcement measures that we have been carrying out, and the effects of this are steadily emerging. We are also conducting a series of earthquake resistance reinforcements, and we have seen the effect of these during the Northern Osaka Prefecture Earthquake, when there was no damage severe enough to cause a major service disruption. We will continue to carry out these measures systematically going forward.

End

(Reference)

The following is an overview of questions etc. at the press conference regarding the change of president (held October 28, 2019).

● President Kijima

I am President Tatsuo Kijima.

In preparation for the future of the JR-West Group going forward, we are hereby announcing a change of president, effective December 1, 2019. At a Board of Directors meeting held today, it was decided with regard to changes in directors' appointments that I will become vice chairman and that our vice president and representative director, Kazuaki Hasegawa, will be appointed as the new president.

I would like to explain the thinking behind this decision a little. I myself am now entering the fourth year of my appointment.

Today, we will announce our first half financial results for the fiscal year ending March 2020. Heading into the end of this fiscal year and into the next fiscal year and onward, we feel that this is a time to take further steps towards safety and growth.

Currently, we are also at the end stage of the second year of our medium-term management plan. Looking at the management environment that we initially envisaged when formulating the plan, we can see that it has changed dramatically in various ways: there are new initiatives on large projects, such as the Expo 2025 Osaka, Kansai and the Yumeshima urban development, as well as further deterioration of the labor shortage issue, which affects the foundation of our business, and even greater needs for disaster readiness measures in the face of recent intensifying natural disasters.

We believe that we need to respond swiftly to these issues and to further develop the execution plans for strategies in the aforementioned medium-term management plan. In this situation, when we look ahead five and ten years into the future, to enable the entire Group to achieve greater forward progress based on these changes in the management environment, we believe that this is the time for making a bold challenge for the future under a new structure.

More specifically, we are now heading into the year 2020, and we see the next three to five years or so up to the Expo 2025 Osaka, Kansai as an extremely important period, with the opening of the new Umekita Station and the Tsuruga extension of the Hokuriku Shinkansen in spring of 2023, and the Umekita Area-opening Phase II there. During this period there are still many issues to be addressed, and we believe it is the time to make preparations to resolve them and start implementing them.

We are also going to be announcing our first half results later on today. We are currently making strong progress on our medium-term management plan in terms of numerical results; however, I believe we must continue to pursue even higher levels of safety, and in order to promote our business from wider perspective, rather than being satisfied with the status quo we must become an organization that can respond flexibly to the changed business environment with a stronger sense of urgency. In doing so, I think we should step up another level.

Around the middle of next month, we plan to hold an explanation meeting for the victims of the accident on the Fukuchiyama Line. On this occasion, we will again explain the thinking behind my replacement and by having both the incoming and outgoing presidents attend, we plan to demonstrate that we do not intend to allow the memory of the Fukuchiyama Line accident to fade, and to have the presidents explain how we intend to continue striving to improve safety. In my role as director and vice chairman in charge of the Supporting Headquarters for the Victims of the Derailment Accident on the Fukuchiyama Line, I intend uphold my responsibilities by continuing to engage sincerely with the victims.

- Vice President Hasegawa

I am Kazuaki Hasegawa. Thank you for coming today.

In the Company's railway business, we have over 5 million customers using our services each day, and I am keenly aware of the weight of the responsibilities that I am assuming from President Kijima. Giving consideration to the three management pillars we have outlined, I will start by focusing all my efforts on steadily driving forward JR-West Group Medium-Term Management Plan 2022 and JR-West Group Safety Think-and-Act plan 2022.

Safety is the highest priority for the Company. We will tackle both the tangible and intangible aspects of this issue, and engage sincerely with the victims of the accident on the Fukuchiyama Line.

We are also making preparations for big projects such as the Expo. The environmental changes have also increased. In light of this situation, I will lead our Group companies and employees from the front driving forward our various initiatives. Thank you.

Q: Why have you changed the president in December?

- President Kijima

The fact is that our management environment has changed dramatically from that which we had envisaged two years ago at the start of our medium-term management plan. Given this management environment, as we enter the third year of our five-year plan, we have to examine how we will put our strategies into concrete action. Over the past two years we have sown various seeds, and although not all of them have borne fruit as yet, we will nevertheless look to identify further issues that are facing us and begin to address them. I think we are now at an important juncture. In that sense, we chose this December as the time to set the course for the next leap forward and next stage of development of our entire business and Group, and to embark on this challenging phase under a new structure.

Q: Why did you choose to bring forward the change of president by six months, rather than at the general meeting of shareholders? Did you have a strong sense of crisis?

- President Kijima

It was because we wanted to waste as little time as possible. While terms of office have an appointment period from one general meeting of shareholders to the next, we were thinking about the best timing from the perspective of our business for making the changeover and passing on the baton. That timing is December, and furthermore, when we look forward to that fiscal year and beyond, we felt that this is the time when the entire company can look to make preparations for our next stage under a new president.