

(Translation)

January 31, 2020  
West Japan Railway Company

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

**Q1**

What were the transportation revenues for the Sanyo Shinkansen and the Hokuriku Shinkansen?

**A1**

For the nine-month period, revenues on the Sanyo Shinkansen increased by ¥8.6 billion year on year, to ¥323.8 billion, while revenues on the Hokuriku Shinkansen were down by ¥1.2 billion, to ¥31.7 billion. Looking at the ¥8.6 billion increase on the Sanyo Shinkansen, the fundamentals were up 0.6%, or ¥1.8 billion; and special factors were up ¥6.7 billion. For the three-months ended December 31, 2019, excluding busy periods, passenger volume on weekdays was up 1%, while passenger volume on holidays was down 2%. Business demand was firm. Looking at the ¥1.2 billion decline on the Hokuriku Shinkansen, the fundamentals were down 1.5%, or ¥0.4 billion, and special factors were down ¥0.7 billion.

**Q2**

What effect is the novel coronavirus having at this point?

**A2**

In the railway business, at this point we have not seen a decline in usage due to businesses limiting trips or to people refraining from going out. On the other hand, looking at non-railway businesses, we have seen a certain degree of cancellations in the hotel and travel businesses. We will carefully monitor the spread of the new coronavirus going forward and track any effects on our results.

**Q3**

What are your thoughts about market conditions in the hotel business?

**A3**

In Osaka and Kyoto, the hotel supply has increased, centered on business hotels, and this has had a slight negative effect on the Group's hotel operations. We will continue to thoroughly focus on location and to strengthen efforts to retain members through wide-ranging area development. In these ways, we will work to secure earnings.

**Q4**

What is the outlook for the next fiscal year?

**A4**

We will formulate the plan for next fiscal year as we move forward from this point. Accordingly, for the numbers please wait for the year-end results and forecasts.

In transportation revenues, in consideration of the influence of the novel coronavirus and other factors, we will need to maintain a continued focus on trends in passenger volume. Next year, special factors will include factors supporting gains as well as downward rebounds from this year.

Total non-consolidated operating expenses are expected to remain at a high level. Maintenance costs are expected to be at a high level, and in addition depreciation costs will continue to increase due to the high level of capital expenditure. Security costs and system-related costs are also expected to increase.

Looking at non-railway operations, there will be an increase due to full-year contributions from development projects opened during this fiscal year and other factors. On the other hand, we also anticipate declines due to such factors as the closing of the Hiroshima Station building ASSE as we commence full-scale construction on our Big Three Projects.

End