# Strategy

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

(October 2020 revision)

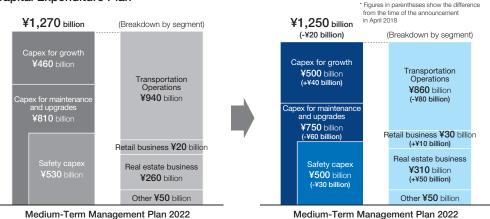
## Operating Environment Changes and Future Strategic Direction

### ✓ Dramatic changes in the external environment due to the spread of the novel coronavirus infection Operating (changes in behavior, such as telework and online meetings; diversification of values) Environment We are assuming transportation revenues, our mainstay, will return only to approximately 90% of Changes and the level before the coronavirus. **Assumptions** Focusing on the circumstances regarding the resolution of the coronavirus situation. Flexibly adding revisions to the medium-term management plan 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. Direction of (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," revisions even in the midst of change.



On that basis, our understanding of "things that we will change," with the assumptions that the

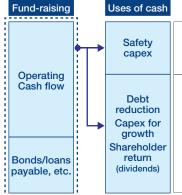
### Capital Expenditure Plan



# **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**

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	Results for FY2018.3	Objectives for FY2023.3 (As of April 2018)	Objectives for FY2023.3 (October 2020 revision)
Operating Revenues	1,500.4	1,630.0	1,450.0
Transportation	950.8	977.5	855.0
Retail business	239.8	281.0	230.0
Real estate business	139.6	168.5	185.0
Other	170.0	203.0	180.0
Operating Income	191.3	210.0	140.0
Transportation	130.3	139.5	83.0
Retail business	7.2	10.0	5.0
Real estate business	35.7	41.5	39.0
Other	19.9	23.0	18.0
Recurring Profit	177.7	197.0	125.0
Profit attributable to owners of parent	110.4	128.0	80.0
Consolidated EBITDA*	356.1	400.0	330.0
Consolidated ROA	6.3%	Mid-6% range	Approx. 4%
(Reference) Consolidated ROE	11.3%	Approx. 10%	Approx. 9%
Transportation revenues	867.8	890.0	775.0

<sup>\*</sup> EBITDA = Operating Income + Depreciation Expense + Amortization of goodwil

(At time of announcement in April 2018)

<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.