

Earnings Explanatory Meeting
April 1, 2011 to March 31, 2012

Earnings Presentation Material

(May 18, 2012)

* This document has been translated from the Japanese original, for reference purposes only.
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Japan Airport Terminal Co., Ltd.

<http://www.tokyo-airport-bldg.co.jp/>

Earnings Explanatory Meeting

April 1, 2011 to March 31, 2012

1. Review of Consolidated Financial Results for FY11
2. Consolidated Financial Forecast for FY12
3. Issues and Efforts which JAT Needs to Address
4. Current Status and Prospects of Haneda-International
5. Summary of JAT Group Business

Isao Takashiro, President

1. Review of Consolidated Financial Results for FY11

(1) Consolidated Financial Results

Business Environment

Though movement toward a gradual recovery from the severe economic conditions brought on by the Great East Japan Earthquake and other causes was seen, the future remains clouded by factors like downturns in overseas economies and yen appreciation.

As a result, passenger volume, which declined sharply at the beginning of the fiscal year but later began to steadily recover, was down for the full year, except for international traffic at Haneda.

Passenger Volume

Rate of change (with respect to previous period)

Airport	FY11 1H (%)	FY11 2H (%)	FY11 (%)	No. of passenger volume (thousands)
Haneda – Domestic	-10.1	2.3	-4.2	56,340
Haneda – International	104.7	21.3	50.5	7,240
Narita	-23.1	-0.2	-12.7	26,920
Kansai	-10.7	5.5	-2.9	10,100

Principal Measures

- Increase in the Haneda Domestic Passenger Facility Charge (PFC)
- Changes in store development, and holding of food fair and other events
- Strengthening of strong-yen-inspired sales promotions targeting Japanese travelers
- Implementation of urgent PL improvement and electricity-saving measures

(2) Consolidated Financial Results

1) Difference from FY10

- Lower net sales and earnings due largely to the impact of disaster-caused passenger volume decline

2) Difference from adjusted forecast

- Net sales were slightly lower than expected, but operating income/loss was higher due to efforts to cut repair expenses and other costs.

Ordinary income was also higher than expected (vs. an expected loss), with lower-than-projected investment loss on equity method, but net income/loss came in below forecast because of the recording of impairment losses by subsidiaries.

(Billions of yen)

Items	1 H			2H			FY			Adjusted forecast*1	Difference
	FY11	FY10	Change	FY11	FY10	Change	FY11	FY10	Change		
Operating revenues	62.5	65.0	-2.4	66.8	69.6	-2.8	129.3	134.7	-5.3	131.7	-2.3
Operating income/loss	-0.2	3.3	-3.6	1.1	0.7	0.3	0.8	4.1	-3.3	0.5	0.3
Ordinary income/loss	-0.7	3.1	-3.9	0.9	-0.0	1.0	0.1	3.1	-2.9	-0.8	0.9
Net income/loss	-0.9	1.2	-2.1	-1.7	-0.3	-1.3	-2.6	0.9	-3.5	-2.4	-0.2

*1 Adjusted financial forecast announced in December 2011

(3) Consolidated Balance Sheets

(Billions of yen)

Items	FY11 (Results)	FY10 (Results)	Change
Total assets	189.1	199.0	-9.8
Total liabilities	89.7	96.4	-6.7
Net assets	99.4	102.5	-3.1
Total liabilities and net assets	189.1	199.0	-9.8
[Reference]			
Equity ratio	51.7%	50.6%	1.1P

(4) Capital Expenditures and Depreciation Expenses

(Billions of yen)

Items	FY11 (Results)	FY10 (Results)	Change
Capital expenditures	8.1	13.4	-5.2
Depreciation expenses	13.9	13.2	0.7

2. Consolidated Financial Forecast for FY12

(1) Summary of Consolidated Financial Forecast for FY12

Business Environment

While the weak overseas economy remains a risk factor, the general economic recovery trend is expected to continue;
Against the backdrop of this projected outlook, expectations are high for a substantial positive turnaround in passenger volume during the first half of FY12 reflecting the rebound from the impact of the previous period's earthquake disaster.

Passenger Volume Forecast

Rate of change (with respect to previous period)

Airport	FY12 1H (%)	FY12 2H (%)	FY12 (%)	No. of passenger volume (thousands)
Haneda – Domestic	10.1	1.3	5.6	59,500
Haneda – International	15.8	2.8	9.0	7,900
Narita	16.5	6.7	11.4	30,000
Kansai	17.6	0.9	8.8	11,000

Principal Measures

- Measures for addressing vacant building space
- Measures for food and beverage business
- Efforts to improve cost management for terminal operations, etc.
- Development of new revenue sources

(2) Consolidated Financial Forecast for FY12

1) Difference from Prior-Year Results

- With recovering passenger volume expected to drive increases in merchandise sales and the Haneda Domestic Passenger Facility Charge (PFC), higher sales are seen resulting from various sales initiatives. Combined with declines in depreciation and repair expenses, the performance outlook calls for higher net sales and earnings.

2) Forecast vs. Medium-Term Business Plan

- Given the impact of the divergence of passenger volume forecasts from the original projections forming the basis of the figures in the Medium-Term Business Plan, and the impact of negative factors like the return of office space by airline companies and a hike in land lease expense, which came into play in 2H FY2010, Medium-Term Business Plan targets will not be achieved.

(Billions of yen)

Items	FY12 (Forecast)	FY11 (Results)	Change	Rate of change (%)	Medium-term business plan*1	Difference
Operating revenues	135.0	129.3	5.6	4.3	152.1	-17.1
Operating income	3.8	0.8	2.9	-	6.3	-2.5
Ordinary income	3.0	0.1	2.8	-	5.1	-2.1
Net income	1.4	-2.6	4.0	-	2.5	-1.1

Capital expenditures	8.8	8.1	0.7
Depreciation expenses	13.0	13.9	-0.9

[Reference]

Passenger volume forecasts reflected in the Medium-term Business Plan (Projection for FY12)

Haneda domestic traffic:	62.20 million
Haneda international traffic:	8.60 million
Narita traffic:	34.50 million
(including international and domestic)	
Kansai international traffic:	9.54 million

Annual dividend	¥7	¥7
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*1 Medium-term business plan announced in May 2010

(3) Forecast of Operating Revenues by Segment

(Billions of yen)

Items	FY12 (Forecast)	FY11 (Results)	Change	Rate of change (%)
Facilities management	42.6	42.5	0.0	0.1
Rent revenue	13.4	14.1	-0.7	-5.4
Facility user charges revenue	15.9	15.4	0.4	3.1
Other revenues	13.3	12.9	0.3	2.4
Merchandise sales	77.2	72.9	4.2	5.8
Sales at domestic terminal stores	31.5	29.4	2.0	7.0
Sales at international terminal stores	16.5	13.2	3.2	24.2
Other sales	29.2	30.2	-1.0	-3.4
Food and beverage	15.2	13.8	1.3	9.6
Sales from restaurants	9.0	8.2	0.7	9.0
Sales from in-flight meals	4.8	4.1	0.6	15.8
Other sales	1.4	1.4	-0.0	-5.1

3 . Issues and Efforts which JAT Needs to Address

(1) Measures for Addressing Vacant Building Space

- Opening of the “Isetan Haneda Store” on the 2nd floor of Terminal 1: Approx. 850m²
- Opening of “First Cabin Haneda Terminal 1” on the 1st floor of Terminal 1: Approx. 1,600m²
- Negotiations underway with potential renters for other new uses (other than office space for airport-related and other businesses)
- Start discussions of rent and agreement terms and conditions with airline companies to avoid further vacancies among spaces they currently use for offices

(2) Measures for Food and Beverage Facilities

Background

Operating loss in the food and beverage segment: Further deterioration in the Company’s consolidated performance (net income/loss) due to such factors as the drop into an operating loss caused by the decline in passengers as a result of the earthquake disaster and other incidents in FY10 as well as impairment losses brought to account and the reversal of deferred tax assets

Basic Restructuring

- Restaurants: Revamping of store strategy, reduction of fixed cost, changes in procurement of food supplies, improvements in store operation efficiency, and other measures
- In-flight meals: Aggressive strengthening of sales efforts to gain new customers, and comprehensive efforts to boost operational efficiency through various measures including the reduction of costs

(3) Review of Cost Management for Terminal and Other Operations

- Cut costs related to subcontracting agreements with group companies and group outsourcing
- Organizational and HR system reforms, integration of the HR and accounting departments
- Cost reductions
 - [Domestic terminal stores] • Scheduled to switch to no-return procurement with development of private-brand products
 - [Duty-free stores] • Strengthening of sales promotions of high-margin products (main brands) and procurement rebates for sales increases under negotiation

(4) Development of New Revenue Sources

- Haneda — domestic
 - Opening of the “Isetan Haneda Store” and “First Cabin Haneda — Terminal 1”
 - Attraction of other types of business also under consideration
- Haneda — international
 - JAT, Mitsubishi Estate, and Royal Park Hotels & Resorts will partner in hotel operations
 (“Royal Park Hotel Haneda (assumed name)” is scheduled to open in autumn 2014)
- Business outside Haneda
 - Domestic**
 - Opening of a “Tokyo’s Tokyo” store on the 5th floor of Tokyu Plaza Omotesando Harajuku
 - 【Overseas】**
 - Scheduled to open in July 2012 a “Tabi no Kahin” store (store No. 2) on the 2nd floor of Domestic Terminal 2 of Chengdu Shuangliu International Airport in China
- Others
 - Startup of “Japan Airport Delica,” a joint venture with JALUX
 - Planning and sales of tour cruises and other services at the Haneda boat landing through tie-ups that include an airport hotel and travel agents

4 . Current Status and Prospects of Haneda-International

	FY11	FY12 / FY13	FY14
Landing slots	Daytime : 30 thousand/year (Approx. 80/day) Early morning and late evening : 30 thousand/year (Approx. 80/day) Total : 60 thousand/year (Approx. 160/day)	Though the number of landing slots will not increase, U.S. and European airlines (early morning and late evening) that have yet to use all of their allotted slots are expected to steadily increase their flight numbers.	Daytime : 60 thousand/year (Approx. 160/day) Night : 30 thousand/year (Approx. 80/day) Total : 90 thousand/year (Approx. 240/day)
Terminal building	Floor space : Approx. 159,000m ² Fixed spots : 10 spots	Expansion work Bidding ↓ Construction start ↓ Construction finish* * With certain exceptions	Floor space : Approx. 235,000m ² Fixed spots: 18 spots
Passenger volume	Approx. 7,250 thousand/year (Approx. 20 thousand/day)	The number of foreign tourists visiting Japan is projected to rise as the number of flights increases.	12.50 million+α/year (Approx. 34 thousand+α/day)
JAT earnings	Revenues : Approx. ¥20 billions Operating income : Approx. ¥1 billion (Operating income ratio : Approx. 5%)	<ul style="list-style-type: none"> • Increase in per-person productivity based on changes in staffing specifications for existing service provision units • Review of merchandise procurement methods and costs, etc. 	Aim to further increase revenues and operating margins with the help of increases in both travelers and stores.

Reference: Number of Flights as of May 1, 2012 (Departures lights/day)

Daytime approx. 30 thousand/year (6 am – 11 pm)

<Outbound flights 40/day>

[Destinations] [Landing slots] [No. of flights]

China	16	8	-8
South Korea	12	12	
Taiwan	8	8	
Hong Kong	4	4	
Total	40	32	-8

Time of midnight and early morning Approx. 30 thousand/year (6 am – 11 pm)

<Outbound flights 40/day>(including cargo flights)

[Destinations] [Landing slots] [No. of flights]

China	4	0	-4
South Korea	4	2	-2
Hong Kong	4	0	-4
Singapore	4	4	
Malaysia	1	1	
Thailand	2	3	+1
Indonesia	1	1	(Denpasar: Launch on Apr. 28, 2012)
France	2	1	-1
UK	2	1	-1
Germany	4	1	-3 (Frankfurt: Launch on Jan. 21 2012)
Netherlands	2	0	-2
Canada	2	0	-2
USA	8	7	-1 (Detroit: Re-launch on Apr. 28, 2012) (New York: Planned re-launch on June 3, 2012)
Total	40	21	-19

- * Prepared by the Company based on TIAT data
- * Assumes the receipt of Ministry of Land, Infrastructure, Transport and Tourism authorizations
- * Changes may be implemented without notice
- * Excludes non-scheduled charter flights

5. Summary of JAT Group Business

There has been no change in the perception of Haneda's medium-to-long term growth potential as a major business opportunity. Given the accelerating liberalization of air transport, the entrance of LCCs, as well as other factors promoting greater competition among airline companies, the movement toward unified management (of facilities and land) of national airports, and other significant changes in the Company's business environment, the current fiscal year, looking forward to the "new future of airport operations," has been positioned as one for re-examining existing operations and giving shape to what our business aspires to be.

Business Development and the Creation of Attractive, Appealing Terminal Facilities at Haneda

Domestic Terminal

- Execute Fourth Stage of the Plan for Terminal 2 Building (Expansion in 3 spots)
- Installation of the indoor "Flower Paradise" garden

International Terminal

- Collaboration with TIAT Corp. and strengthening of backup systems
- Participation in hotel development

Dormant Haneda Property

- Operation of the Haneda boat landing (for tourism and disaster-prevention purposes)
- Active development planning for dormant areas



Maximization of Haneda's Potential

UHHA



Demand Creation by the JAT Group
(Offering People, Physical Assets, and Money)



Special District for Robot Testing



Challenges outside of Haneda (Development of stores in China and central Tokyo)

★Perceptual breakthrough

★Strengthening of existing operations

Toward a New Development Stage to Achieve Continuous Growth under the Next Medium-Term Business Plan

★Assess results and potential of steps taken

Notes regarding projections

Items such as plans, targets, policies, strategies, decisions, financial forecasts, future figures and monetary amounts in this presentation that is not historical data are projections of the future. These are based on management's projections, assumptions, evaluations, judgments, and conditions on information obtainable at the present time. Realizing these items entail uncertainty and various risks and uncertainty.

This presentation material is not intended to solicit investments. We requests you to make own decision regarding investments.

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