

# Second Quarter of FY17

# Earnings Presentation Material

(November 20, 2017)

\* This document has been translated from the Japanese original, for reference purposes only.  
If there is any discrepancy between this translated document and the Japanese original, the original shall prevail.

## **Second Quarter of FY17 (FY17 2Q)**

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# Earnings Presentation Material Second Quarter of FY17 (FY17 2Q)

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3. Third-party Allocation of Shares by Tokyo International Air Terminal Corp. to Increase Capital
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# 1. FY17 2Q Consolidated Summary

## (1) Business Environment

**Continued Increase in Visitors to Japan and Dramatic Growth in Travel Consumption For Haneda International Flights, Continued Growth Trend in Airline Passengers Atop More U.S. Flights and Other Factors**

### Business Environment

- Continued increase in passenger numbers, reflecting recovery from last year's Kumamoto Earthquake and increase in visitors to Japan
- Travel consumption by non-Japanese passengers up 19.9% year on year, with cumulative results for first half of FY17 surpassing ¥2 trillion for the first time  
By category, spending on shopping rose 20.0%. Similarly, per person shopping spending for Chinese passengers increased 4.7%
- For Haneda international flights, along with increases in U.S. flights from the second half of the previous year, there was also an increase in late-night flights
- In the exchange rate market, continuation of a weaker yen from the second half of the previous year

### Number of Passengers (YoY comparison)

- Haneda domestic flights up 5.0% year on year, reflecting recovery from last year's Kumamoto Earthquake and ongoing growth in domestic and international connecting passengers
- Haneda international flights up 11.6% year on year, lifted by dramatic growth in U.S. and Southeast Asia passengers due to increased flights
- Narita flights up 2.0% year on year, the result of growth in Korean passenger volume due mainly to new routes and increased flights

### ■ First-half passenger volumes (YoY comparison)

Airport	First-half passenger volume			Initial forecasts	
	FY17 (ten thousands)	FY16 (ten thousands)	Rate of change (%)	Rate of change (%)	Difference (P)
Haneda – Domestic	3,427	3,263	5.0	1.0	4.0
Haneda – International	844	756	11.6	6.9	4.7
<b>Total Haneda</b>	<b>4,272</b>	<b>4,019</b>	<b>6.3</b>	<b>2.1</b>	<b>4.2</b>
<b>Narita</b>	<b>1,669</b>	<b>1,636</b>	<b>2.0</b>	<b>2.7</b>	<b>-0.7</b>
<b>Kansai</b>	<b>1,059</b>	<b>949</b>	<b>11.5</b>	<b>4.5</b>	<b>7.0</b>



# 1. FY17 2Q Consolidated Summary

## (2) Consolidated Financial Results

**Sales Growth in All Segments and Record Profits Atop Increases in Domestic and International Passenger Volume and Further Expansion in Inbound Demand**

### Main Factors Behind Changes

- Differences from previous fiscal year results
  - Increased revenues from facility management operations, mainly atop growth in facility usage fees
  - Growth in merchandise sales, food and beverage sales, and wholesale of duty-free goods from growth in Haneda domestic and international flight passengers
  - Sales from urban duty-free stores rose dramatically, reflecting measures to adopt consumption tax-exempt sales spaces, among other efforts
- Differences from initial forecasts
  - Sales increased, supported mainly by product sales at airport and urban duty-free stores
  - Profits also increased from shifting occurrence of some expenses, notably commissioned management fees and repair expenses, to the second half of the year, coupled with effects of return on investment by the equity method

### Consolidated financial results for FY17 1H

Note: Figures shown are rounded down to the nearest 100 million yen. (Billions of yen)

Items	1H Results	LY Results	Change amount	Rate of change (%)	Initial forecasts *1	Difference
<b>Operating revenues</b>	108.0	99.8	8.2	8.2	103.4	4.6
(Facilities management)	( 28.3 )	( 26.6 )	1.6	6.0	( 27.6 )	0.7
(Merchandise sales)	( 69.8 )	( 63.7 )	6.1	9.7	( 66.5 )	3.3
(Food and beverage)	( 9.8 )	( 9.4 )	0.4	4.7	( 9.3 )	0.5
<b>Operating income</b>	6.7	4.4	2.2	51.2	5.2	1.5
<b>Ordinary income</b>	8.7	6.2	2.5	40.3	6.6	2.1
<b>Net income</b>	6.1	4.2	1.8	44.2	4.7	1.4

\*1 Financial forecast announced in May 2017.



## 2. Consolidated Financial Forecast for FY17

### (1) Business Environment

**While Chinese Passenger Trends Require Close Monitoring, Continued Growth in Visitors to Japan Expected Continued Recovery Trend in Per-unit Purchasing among Tax-exempt Sales**

#### Business Environment

- Accompanying growth in visitors to Japan, continued increase in passenger volume itself expected
- While no impact noted in the first half, we will continue working to gather information regarding travel restrictions enacted by Chinese authorities
- Recovery trend in per-unit purchasing at duty-free stores at Haneda Airport and Narita Airport from first half of FY16 to continue
- Continuation of a weaker yen in the exchange rate market expected

#### Number of Passengers (YoY comparison)

- Projected growth of 3.5% for Haneda domestic flights, with increases in domestic and international connecting passengers, business trips and individual travel anticipated
- Projected growth of 10.0% for Haneda international flights atop anticipated increases in late-night flights and further embarkation rate growth
- Projected growth at Narita Airport and Kansai Airport of 3.9% and 10.8%, respectively, from anticipated continuation of passenger growth in Asia from more LCC flights and other factors

■ The number of passengers forecast for FY17 (YoY comparison)

Airport	FY17 1H (%)	FY17 2H (%)		FY17 (%)	Full-year forecasts (%)	Difference (P)	Revised forecast (10,000 people)
Haneda – Domestic	5.0	2.0	( 1.0 )	3.5	1.0	2.5	6,841
Haneda – International	11.6	8.5	( 5.2 )	10.0	6.0	4.0	1,720
<b>Total Haneda</b>	<b>6.3</b>	<b>3.3</b>	<b>( 1.8 )</b>	<b>4.8</b>	<b>2.0</b>	<b>2.8</b>	<b>8,562</b>
<b>Narita</b>	<b>2.0</b>	<b>5.8</b>	<b>( 5.3 )</b>	<b>3.9</b>	<b>4.0</b>	<b>-0.1</b>	<b>3,366</b>
<b>Kansai</b>	<b>11.5</b>	<b>10.0</b>	<b>( 4.5 )</b>	<b>10.8</b>	<b>4.5</b>	<b>6.3</b>	<b>2,121</b>

\* Figures in ( ) are initial forecasts



## 2. Consolidated Financial Forecast for FY17

### (2) Consolidated Financial Forecast for FY17

**As Previously, We Will to Continue to Grow Sales of Goods, Food and Beverages, Centered on Tax-exempt Sales, While Strengthening Upfront Investment, Including Safety Measures, in Haneda Airport Facility Upgrade and Expansion**

#### Main Factors Behind Changes

- In facility management operations, increases in office space rentals, international flight terminal maintenance and upkeep operations, parking revenues
- Increase in expenses for internationalization construction of domestic flight terminal 2 and upfront investment in safety measures
- Shift of some commissioned management fees and repair expenses expected in the first half to the second half of the year
- For urban duty-free, upward revision of full-year sales targets and early realization of profitability on an individual store basis
- In merchandise sales, meet purchasing demand centered on airport and urban duty-free stores and take steps for further sales growth

#### Financial forecast for FY17

Note: Figures shown are rounded down to the nearest 100 million yen. (Billions of yen)

Items	FY17 1H			FY17 2H			FY17			Previous fiscal year results (FY16)	Change
	Results	Initial forecasts	Change	Revised forecasts	Initial forecasts	Change	Revised forecasts (*2)	Initial forecasts	Change		
Operating revenues	108.0 (*1)( 99.8)	103.4	4.6	110.9 ( 105.1)	105.2	5.7	219.0 ( 204.9)	208.6	10.4	204.9	14.0
Operating income	6.7 ( 4.4)	5.2	1.5	4.9 ( 5.0)	5.3	-0.3	11.7 ( 9.4)	10.5	1.2	9.4	2.2
(Operating income ratio)	6.2%	5.0%	1.2P	4.5%	5.0%	-0.5P	5.3%	5.0%	0.3P	4.6%	0.7P
Ordinary income	8.7 ( 6.2)	6.6	2.1	5.8 ( 6.6)	6.2	-0.3	14.6 ( 12.8)	12.8	1.8	12.8	1.7
Net income	6.1 ( 4.2)	4.7	1.4	4.1 ( 2.5)	4.2	-0.0	10.3 ( 6.8)	8.9	1.4	6.8	3.4

\*1 Figures in ( ) are results for the previous fiscal year

Annual dividend	¥20.0	¥18.0	¥20.0	¥18.0	¥40.0	¥36.0	¥33.0
Payout ratio	26.2%	31.1%			31.5%	32.9%	38.9%

\*2 Revised financial forecast announced in November 2017

Capital expenditures	29.2	32.4
Depreciation expenses	10.7	10.7
EBITDA	22.4	21.2





## 2. Consolidated Financial Forecast for FY17

### (3) Forecast of Operating Revenues by Segment

Note: Figures shown are rounded down to the nearest 100 million yen. (Billions of yen)

Items	FY17					Previous fiscal year results (FY16)	Change	Rate of change (%)	Previous fiscal year results *1 composition ratio (%)
	Revised forecasts	Initial forecasts	Change	Rate of change (%)	Revised forecasts *1 composition ratio (%)				
<b>Facilities management</b>	57.6	55.8	1.8	3.2	26.3	54.9	2.6	4.8	26.8
Rent revenue	13.3	13.2	0.1	0.8	( 23.1 )	13.0	0.2	1.7	( 23.8 )
Facility user charges revenue	18.7	18.3	0.4	2.2	( 32.5 )	18.1	0.5	2.8	( 33.1 )
Other revenues *2	25.6	24.3	1.3	5.3	( 44.4 )	23.7	1.8	8.0	( 43.1 )
<b>Merchandise sales</b>	141.8	134.1	7.7	5.7	64.7	131.0	10.7	8.2	64.0
Sales at domestic terminal stores	35.0	34.3	0.7	2.0	( 24.7 )	33.8	1.1	3.5	( 25.8 )
Sales at international terminal stores	33.2	32.2	1.0	3.1	( 23.4 )	32.9	0.2	0.6	( 25.2 )
Other sales *2	73.6	67.6	6.0	8.9	( 51.9 )	64.2	9.3	14.5	( 49.0 )
<b>Food and beverage</b>	19.6	18.7	0.9	4.8	8.9	18.8	0.7	3.8	9.2
Sales from restaurants	9.8	9.5	0.3	3.2	( 50.0 )	9.6	0.1	1.5	( 51.2 )
Sales from in-flight meals	6.5	6.4	0.1	1.6	( 33.2 )	6.4	0.0	1.5	( 33.9 )
Other sales *2	3.3	2.8	0.5	17.9	( 16.8 )	2.8	0.4	17.2	( 14.9 )

\*1 Figures in ( ) denote composition percentage for each segment

\*2 Main item for "Other Revenues"/"Other Sales" in each segment

- Facilities management: Income from contract work to manage facility maintenance, income from hotel business, income from advertising and lounges, income from parking lots, etc.
- Merchandise sales: Income from wholesaling (other duty-free stores), etc.
- Food and beverage: Income from contract work to run TIAT restaurants, income from catering airline lounges, etc.

### 3. Third-party Allocation of Shares by Tokyo International Air Terminal Corp. to Increase Capital

## (1) Background

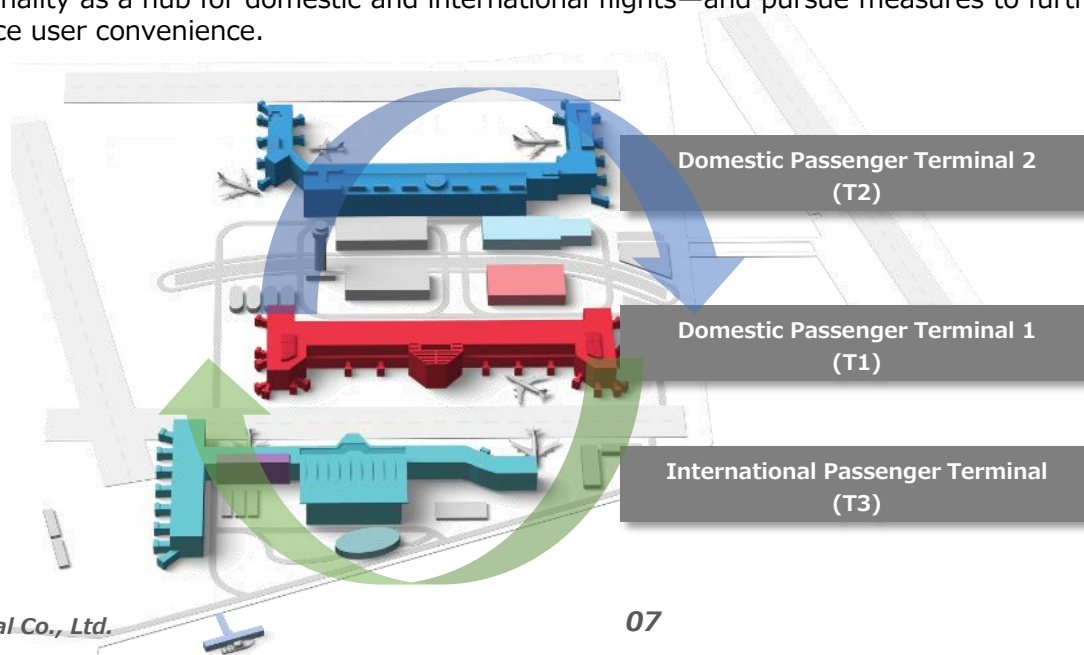
- Proper information provision has taken place via Japan's Ministry of Land, Infrastructure, Transport and Tourism, including through explanatory meetings to gain the understanding of as many residents as possible, regarding efforts to strengthen the functionality of airports (e.g., increase international departures and arrivals) in the Tokyo metropolitan area.
- Given these conditions, TIAT (Tokyo International Air Terminal Corp.) has developed plans to expand and upgrade its terminal buildings to cope with projected growth in international flight passengers, and will procure a portion of required capital through the issue of new shares.
- To fulfill its duty as TIAT's representative company, Japan Airport Terminal Co., Ltd. will acquire additional shares to cooperate more fully in efforts to definitively further and implement this project.
- Once payment procedures are complete, Japan Airport Terminal Co., Ltd.'s shareholding will be 51%, switching TIAT from an equity-method affiliate to a consolidated subsidiary.



No. 1 Passenger Terminal: Information booth concerning measures to increase international departures and arrivals located on the third floor north terrace

## (2) Anticipated Outcomes

- Through partnership with TIAT, take full advantage of Haneda Airport's greatest feature—functionality as a hub for domestic and international flights—and pursue measures to further enhance user convenience.





# 4. Progress under the Medium-Term Business Plan

## (1) Progress of Business Strategies

“To be a World Best Airport 2020”

“Create business and earnings opportunities in pursuit of our ‘Vision’ for Haneda Airport and redevelop earnings base by staking out a competitive position”

### Three Core Strategies

Expand Business Domains that Leverage Strengths and Diversify Earnings

- **Increasing Performance of Urban Duty-Free Stores**
- Participation in Palau International Airport operations
- Participation in Zone 1 operations at former Haneda site
- Development of joint business with BIC CAMERA (Air BIC)
- Start of directly managed stores at Chubu International Airport
- Promotion of arrival duty-free stores
- Borderless EC business initiatives

Pursue ‘Vision’ for Haneda Airport

- **Promotion of domestic/international shared use terminal plan (T2 internationalization)**
- Construction of T2 north-side domestic flights facility (Office space expansion and upgrade)
- Expansion of P4 parking structure
- Promote readiness for Tokyo Olympics/Paralympics
- Acquire SKYTRAX 5 Star rating for fourth consecutive year
- Incorporate robotics and other cutting-edge technologies

Redevelop Earnings Base and Establish Competitive Position

- **Development of a Business Mall**
- Vacant space utilization measures
- Lounge renovation
- Procurement cost reduction project



● Conceptual rendering of Zone 1 of former Haneda site after prep work completion



● Award reception ceremony at Haneda Airport



● Terminal 1 POWER LOUNGE NORTH



## 4. Progress under the Medium-Term Business Plan

### (2) Expand Business Domains that Leverage Strengths and Diversify Earnings

#### (i) Urban Duty-free Business Progress

##### ■ First-half Results and Full-year Forecasts

Items	1H Results	LY Results	Change amount	Rate of change (%)	Full-year Forecasts	Initial forecasts *1	Difference
Operating revenues (billion yen)	3.6	2.2	1.3	61.2	7.6	7.0	0.6
Operating income (billion yen)	0.0	-0.9	1.0	-	0.1	-0.0	0.1
Per-unit purchases (thousand yen)	32	33			33	33	
No. of purchasing customers (people/day)	613	390			642	572	

\*1 Financial forecast announced in May 2017.

##### ■ Key Factors in Improved Performance (2017 Initiatives)

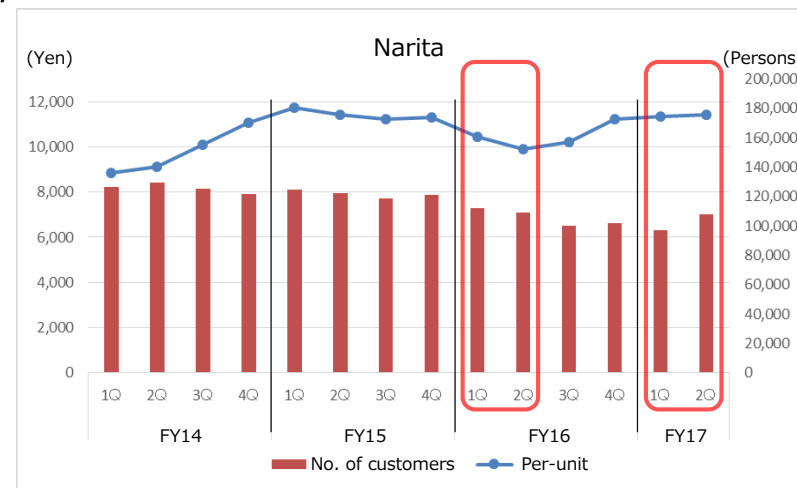
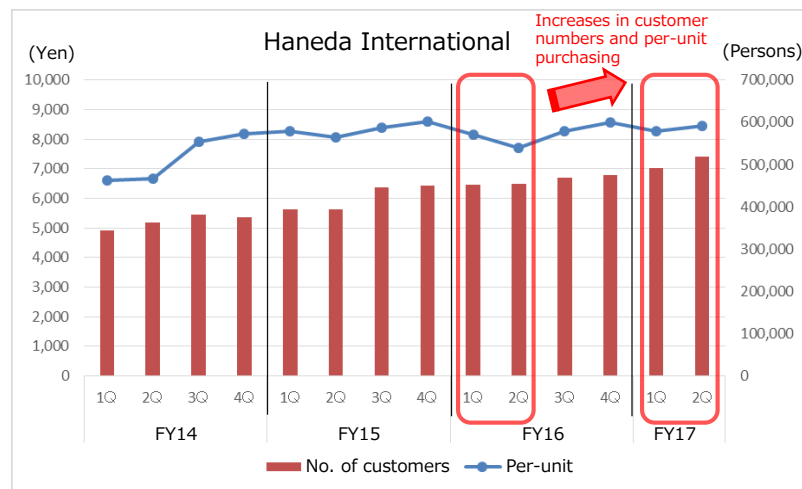
(Operating revenues)

- Start of sales to same-day departure customers (from January)
- Sale of JDF GINZA exclusive cosmetics (from June)
- Adoption of consumption tax-exempt sales spaces (from July)
- Stronger tie-ups with airlines (coupon distribution)
- Enactment of promotions featuring Japan brand cosmetics

(Operating income)

- Profit growth through aforementioned sales strategies
- Enactment of sales-linked shareholder support
- Smaller depreciation burden through impairment at previous fiscal year-end

#### (ii) Per-unit Purchasing at Duty-free Stores, Number of Customers



##### ■ Key Points

- At Haneda International, sales growth from higher customer numbers and per-unit purchasing
- At Narita, signs of recovery in per-unit purchasing despite lower customer numbers



## 4. Progress under the Medium-Term Business Plan

### (3) Pursue 'Vision' for Haneda Airport

#### 1. Role as Hub for 48 Domestic Routes and 31 Cities Worldwide

- Convenience for visitors to Japan (inbound)
- Convenient connections to regional airports

#### 2. Effect of Strengthening Domestic/International Hub Function

- Rippling of economic effects out to regions, revitalization of regional airports
- Outbound promotion

#### 3. Improved Evaluation of Connection Convenience (Dom./Intl.: Intl./Dom. MCT)

- Haneda (70 min.: 80 min.) • Narita (45 min.: 75 min.)
- Kansai (55 min.: 60 min.) • Chubu (60 min.: 60 min.)

Total Business Cost—Investment of ¥75.0 billion  
Total for T2 south-side internationalization and boarding facilities for domestic flights



International flights exterior view (image)



Domestic flights satellite exterior view (image)

Haneda Airport strengths

Future of Haneda Airport

User needs

Domestic flights

International flights



Improved international/domestic connection convenience

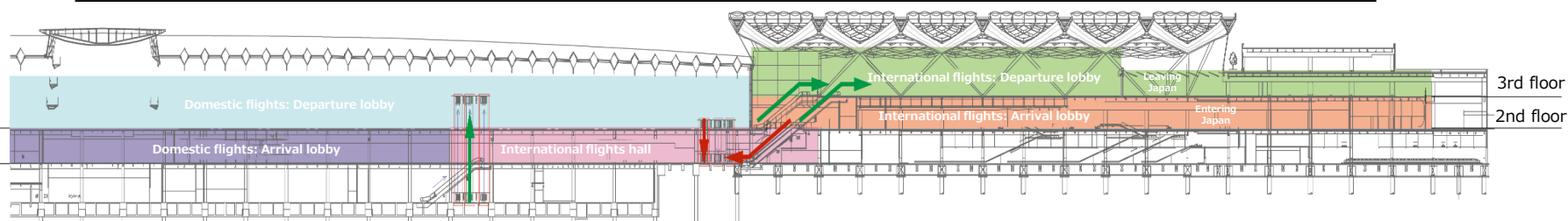
Departures: 2nd floor

Departures: 3rd floor

Arrivals: 2nd floor (domestic departures)

Arrivals: 1st floor

International flights hall: 1st floor (domestic arrivals)







## 4. Progress under the Medium-Term Business Plan

### (4) Redevelop Earnings Base and Establish Competitive Position

- THE HANEDA HOUSE (approx. 4,200 m<sup>2</sup>) Scheduled grand opening in December 2018  
“Spend time at Haneda”—Transform from a transit spot to a place to stay

Commence Phase 1 operations (May 31, 2017 opening)  
Rental office “Regus express” (approx. 500 m<sup>2</sup>)



Phase 2 (scheduled opening in summer 2018)  
Golf studio (approx. 370 m<sup>2</sup>)



Image

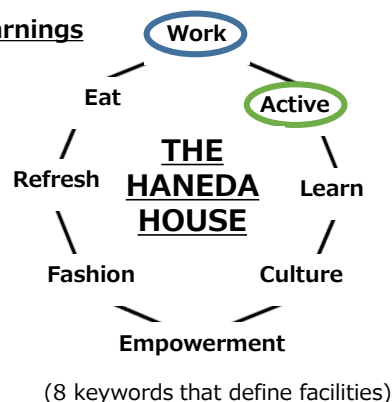
Phase 3 (scheduled opening in winter 2018)  
Group of residential tenants (approx. 2,000 m<sup>2</sup>)



Image

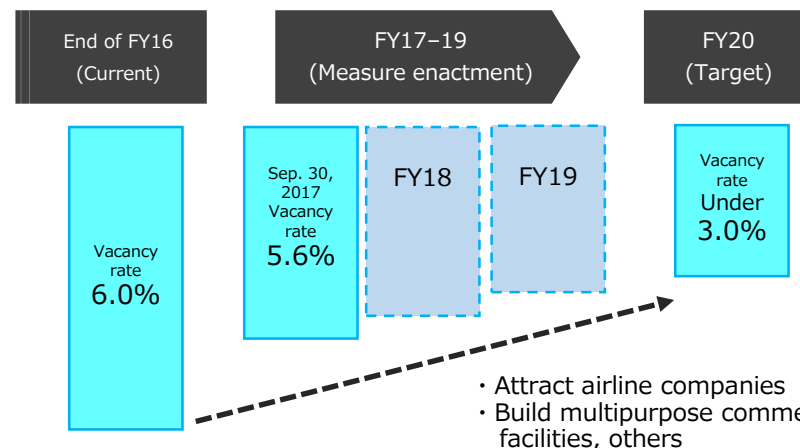
#### Effective Asset Utilization to Maximize Earnings

As part of a three-phase plan scheduled for enactment through winter 2018, Phase 1 operation “Regus express,” a rental office enterprise, opened on May 31, 2017. The new airport functionality made possible with this move—designed to encourage spending time at the airport—is also having a positive impact on the surrounding area.



Phase 2 will see the opening of a golf studio in summer 2018, followed in winter 2018 by the scheduled start of operations at an area comprised of a new group of residential tenants that can propose options for spending time at the airport. The total development area for all three phases will cover approximately 4,200 m<sup>2</sup>.

#### ■ Vacant space utilization measures





## 5. Safety Management Initiatives at Haneda Airport

### Disaster Reduction Measures at the Terminal

《No danger of passenger terminal collapse even in massive earthquakes of intensity 6 or greater》

#### ■ Improve structure durability

- Reinforce passenger terminal ceiling (including atrium) and others—Prevent falling debris
- Switch fire barrier wall from glass-based to film-based—Prevent flying glass



Film-based fire barrier

#### ■ Install evacuation guidance equipment for disasters

- Adopt system to promptly display urgent earthquake and tsunami bulletins, J Alerts and other alert information on flight monitors in the building and monitors inside gates (Future Vision)



- Enact measures to prevent falling debris in connecting corridors



- Install select escape routes in the building with guide lights equipped with flashing lights and audio guidance functions

#### ■ Adopt megaphones with four-language capabilities as evacuation guidance tools for foreign visitors



Gate lounge (FV monitor)  
<FV monitors can be switched to NHK>



Second Quarter of FY17

# Supplementary Material

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2. Details of Consolidated Financial Forecast for FY17
3. Other Information

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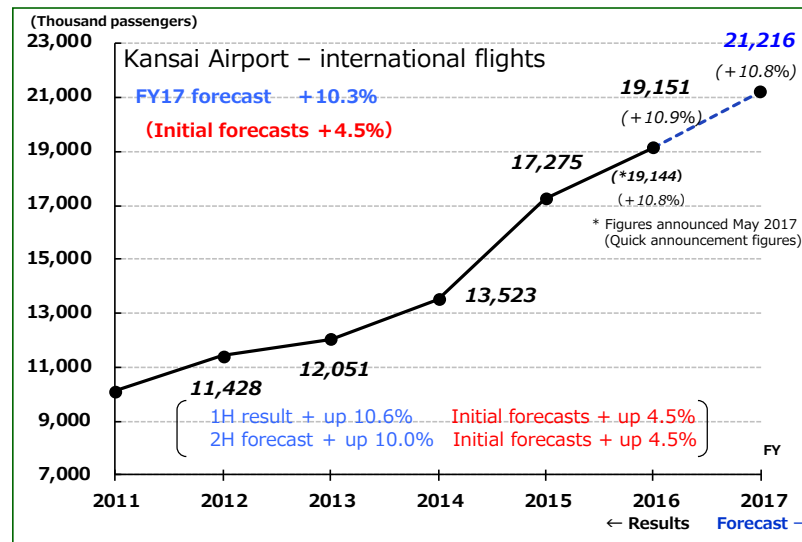
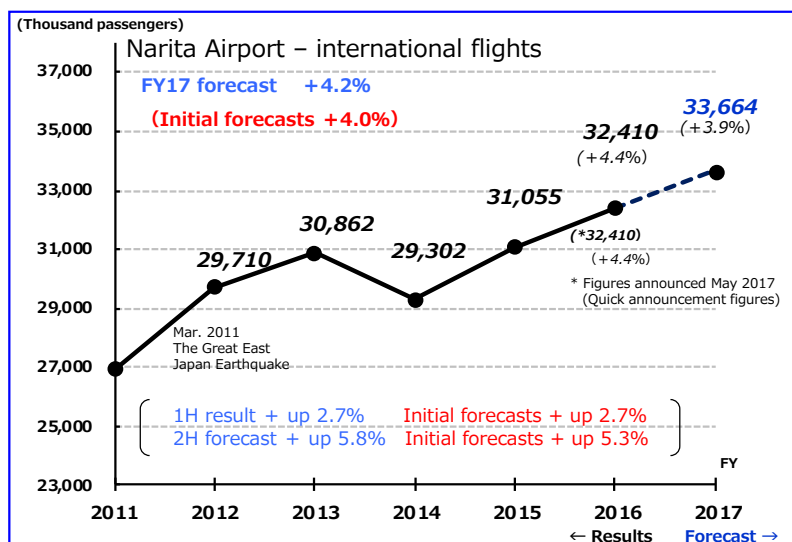
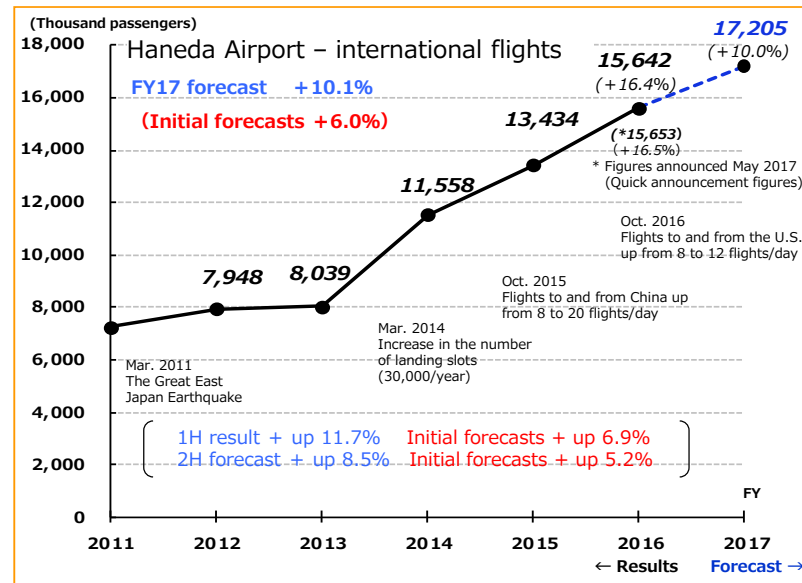
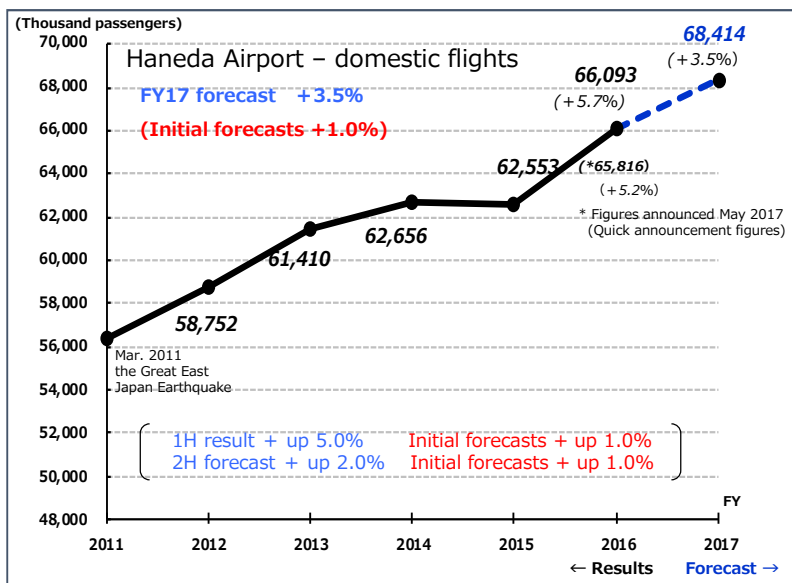
**Japan Airport Terminal Co., Ltd.**

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



# 1. Details of Consolidated Financial Results for FY17 2Q

## (1) Changes in Passenger Volume (Haneda, Narita and Kansai)



\* Passenger volume  
Results: Figures published by Minister of Land, Infrastructure, Transport and Tourism, Narita International Airport Corporation and Kansai International Airport Co., Ltd.  
Forecast: Created by the Company



# 1. Details of Consolidated Financial Results for FY17 2Q

## (2) Consolidated Financial Results for FY17 2Q

Items	FY17 2Q (Results)		FY16 2Q (Results)		Change	Rate of change	Initial forecast (May 2017)		Difference
	Millions of yen	Ratio	Millions of yen	Ratio			Millions of yen	Ratio	
		%		%	Millions of yen	%		%	Millions of yen
Operating revenues	<b>108,066</b>	100.0	99,840	100.0	8,225	8.2	103,400	100.0	4,666
Facilities management	28,305	26.2	26,698	26.8	1,606	6.0	27,600	26.6	705
Merchandise sales	69,895	64.7	63,721	63.8	6,173	9.7	66,500	64.3	3,395
Food and beverage	9,866	9.1	9,420	9.4	445	4.7	9,300	9.0	566
Cost of sales	<b>58,047</b>	53.7	53,051	53.1	4,996	9.4	55,000	53.2	3,047
Cost of sales of merchandise (Ratio)	52,573 ( 75.2%)	48.6	47,738 ( 74.9%)	47.8	4,835 ( 0.3P)	10.1	49,700 ( 74.7%)	48.1	2,873 ( 0.5P)
Cost of sales of food and beverage (Ratio)	5,473 ( 55.5%)	5.1	5,312 ( 56.4%)	5.3	161 ( - 0.9P)	3.0	5,300 ( 57.0%)	5.1	173 ( - 1.5P)
Gross profit	<b>50,019</b>	46.3	46,789	46.9	3,229	6.9	48,400	46.8	1,619
Selling, general and administrative expenses	43,270	40.1	42,324	42.4	945	2.2	43,200	41.8	70
Operating income	<b>6,748</b>	6.2	4,464	4.5	2,283	51.2	5,200	5.0	1,548
Non-operating income/loss	1,999	1.9	1,772	1.7	227	12.8	1,400	1.4	599
Ordinary income	<b>8,748</b>	8.1	6,237	6.2	2,511	40.3	6,600	6.4	2,148
Extraordinary income/loss	-11	-0.0	-0	-0.0	-11	-	-	-	-
Net income attributable to owners of parent	<b>6,193</b>	5.7	4,296	4.3	1,897	44.2	4,700	4.5	1,493

\* Ratio: Cost of sales of merchandise / Operating revenues of merchandise

Ratio: Cost of sales of food and beverage / Operating revenues of food and beverage



# 1. Details of Consolidated Financial Results for FY17 2Q

## (3) Financial Results by Segment

### (i) Facilities management

Items	FY17 2Q (Results)		FY16 2Q (Results)		Change	Rate of change	Initial forecast (May 2017)		Difference
		Ratio		Ratio				Ratio	
Sales to external customers	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen
Rent revenues	<b>6,639</b>	22.7	6,494	23.5	144	2.2	6,600	23.1	39
Facility user charges revenues	<b>9,448</b>	32.2	9,009	32.6	438	4.9	9,100	31.8	348
Other revenues	<b>12,217</b>	41.7	11,193	40.6	1,023	9.1	11,900	41.6	317
Subtotal	<b>28,305</b>	96.6	26,698	96.7	1,606	6.0	27,600	96.5	705
Intersegment sales	989	3.4	921	3.3	68	7.4	1,000	3.5	-10
Total	29,294	100.0	27,619	100.0	1,675	6.1	28,600	100.0	694
Operating expenses	<b>25,507</b>	87.1	24,270	87.9	1,237	5.1	25,400	88.8	107
Operating income	<b>3,787</b>	12.9	3,349	12.1	437	13.1	3,200	11.2	587
(Ratio)	( 12.9%)		( 12.1%)		( 0.8P)		( 11.2%)		( 1.7P)

- Rent revenues: Increase in space leased to airline companies, etc. +¥0.1 billion
- Facility user charges revenues: Increase in income from PSFC +¥0.4 billion
- Other revenues: Increase in commissioned facility management revenues for Haneda international flights +¥0.4 billion  
Increase in domestic flight parking revenue +¥0.1 billion  
Increase in subcontracted work revenues +¥0.2 billion



# 1. Details of Consolidated Financial Results for FY17 2Q

## (3) Financial Results by Segment

### (ii) Merchandise sales

Items	FY17 2Q (Results)		FY16 2Q (Results)		Change	Rate of change	Initial forecast (May 2017)		Difference
	Ratio		Ratio				Ratio		
Sales to external customers	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen
Domestic terminal stores	<b>17,564</b>	25.0	16,786	26.2	778	4.6	17,200	25.7	364
International terminal stores	<b>16,903</b>	24.0	16,294	25.4	609	3.7	16,200	24.2	703
Other sales	<b>35,427</b>	50.4	30,641	47.8	4,786	15.6	33,100	49.5	2,327
Subtotal	<b>69,895</b>	99.4	63,721	99.4	6,173	9.7	66,500	99.4	3,395
Intersegment sales	415	0.6	391	0.6	23	6.0	400	0.6	15
Total	70,310	100.0	64,113	100.0	6,197	9.7	66,900	100.0	3,410
Operating expenses	<b>65,095</b>	92.6	60,803	94.8	4,291	7.1	62,400	93.3	2,695
Operating income	<b>5,215</b>	7.4	3,310	5.2	1,905	57.6	4,500	6.7	715
(Ratio)	( 7.4%)		( 5.2%)		( 2.2P)		( 6.7%)		( 0.7P)

- Domestic terminal stores: Increase in sales of directly managed stores at Haneda domestic terminal, etc. +¥0.7 billion
- International terminal stores: Increase in sales of directly managed stores at Haneda international terminal +¥0.3 billion  
Increase in sales of directly managed stores at Narita Airport +¥0.3 billion  
Decrease in sales of boutique store at Kansai Airport -¥1.5 billion  
Increase in sales accompanying full-year operation of urban duty-free stores +¥1.3 billion
- Other sales: Increase in wholesales to Haneda international flight duty-free stores +¥2.5 billion  
Increase in wholesales to Narita Airport, regional airports and others +¥2.1 billion



# 1. Details of Consolidated Financial Results for FY17 2Q

## (3) Financial Results by Segment

### (iii) Food and beverage

Items	FY17 2Q (Results)		FY16 2Q (Results)		Change	Rate of change	Initial forecast (May 2017)		Difference
		Ratio		Ratio				Ratio	
Sales to external customers	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen
Sales from restaurants	<b>5,011</b>	44.9	4,892	45.7	119	2.4	4,700	43.9	311
Sales from in-flight meals	<b>3,277</b>	29.3	3,168	29.6	109	3.4	3,200	29.9	77
Other sales	<b>1,577</b>	14.1	1,360	12.7	216	15.9	1,400	13.1	177
Subtotal	<b>9,866</b>	88.3	9,420	88.0	445	4.7	9,300	86.9	566
Intersegment sales	1,303	11.7	1,280	12.0	22	1.7	1,400	13.1	-96
Total	11,169	100.0	10,701	100.0	467	4.4	10,700	100.0	469
Operating expenses	<b>10,727</b>	96.0	10,331	96.5	396	3.8	10,500	98.1	227
Operating income	<b>441</b>	4.0	370	3.5	71	19.2	200	1.9	241
(Ratio)	( 4.0%)		( 3.5%)		( 0.5P)		( 1.9%)		( 2.1P)

- Sales from restaurants:
- Sales from in-flight meals:
- Other sales:

Increase in sales tracking passenger growth  
 Increase in sales of new customer contracts  
 Increase in commissioned facility management revenues  
 for Haneda international flight stores

+¥0.1 billion  
 +¥0.1 billion  
 +¥0.2 billion



# 1. Details of Consolidated Financial Results for FY17 2Q

## (4) Breakdown of Selling, General and Administrative Expenses

Items	FY17 2Q (Results)		FY16 2Q (Results)		Change	Rate of change
		Ratio		Ratio		
	Millions of yen	%	Millions of yen	%	Millions of yen	%
<b>Operating revenues</b>	<b>108,066</b>	100.0	99,840	100.0	8,225	8.2
<b>Selling, general and administrative expenses</b>	<b>43,270</b>	40.1	42,324	42.4	945	2.2
Salaries and wages	4,571	4.2	4,334	4.3	237	5.5
Provision for employees' bonuses	1,462	1.4	1,274	1.3	188	14.8
Provision for directors' bonuses	114	0.1	112	0.1	2	1.8
Expenses for retirement benefits	493	0.5	502	0.5	-9	-1.9
Rent expenses	6,105	5.7	6,240	6.3	-134	-2.2
Business consignment expenses	12,621	11.7	11,602	11.6	1,018	8.8
Depreciation expenses	5,233	4.8	5,714	5.7	-481	-8.4
Other costs and expenses	12,668	11.7	12,542	12.6	126	1.0



# 1. Details of Consolidated Financial Results for FY17 2Q

## (5) Changes in Non-Operating Income/Expenses and Extraordinary Income/Loss

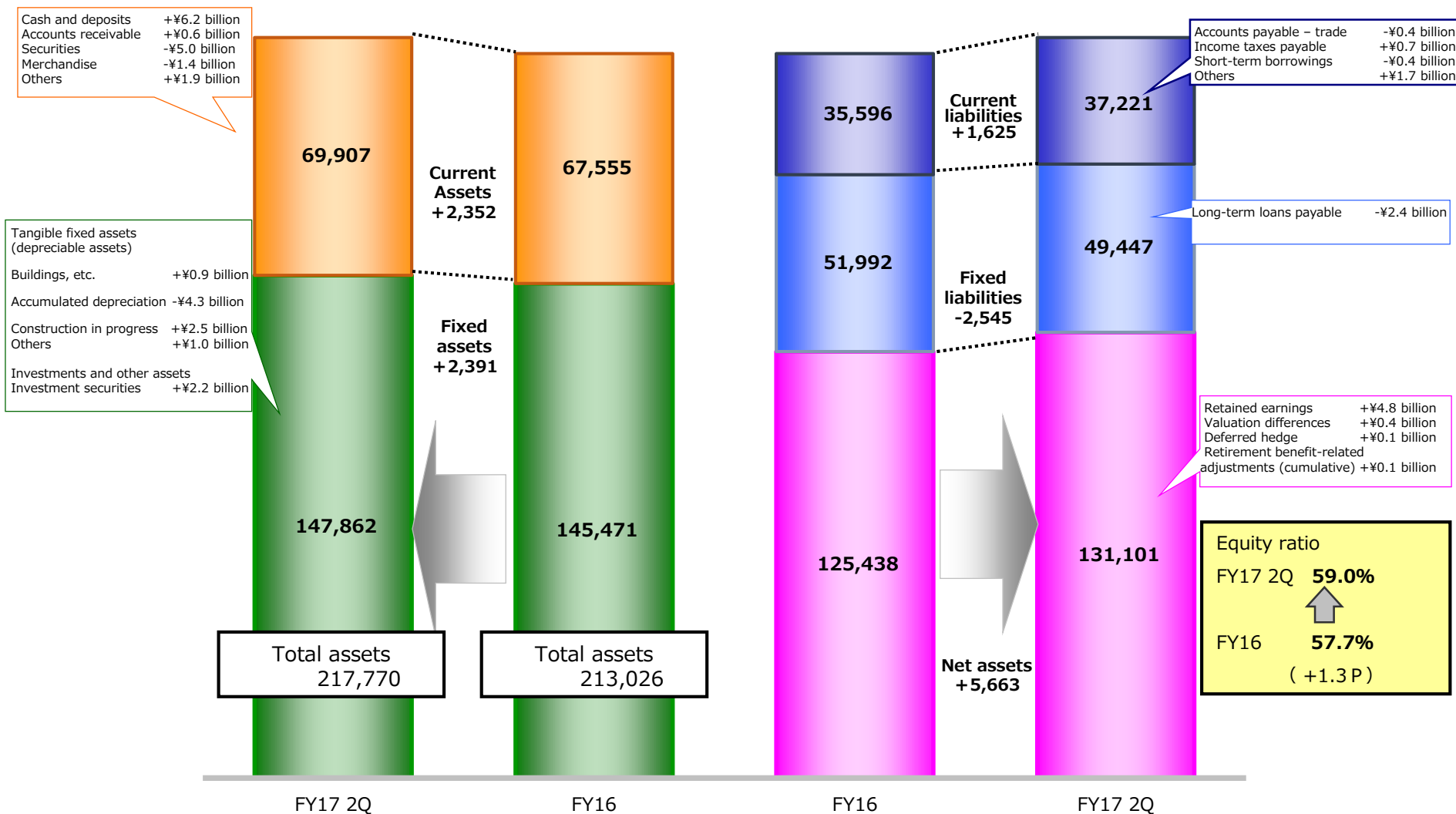
Items	FY17 2Q (Results)		FY16 2Q (Results)		Change	Rate of change
	Millions of yen	Ratio	Millions of yen	Ratio		
Operating revenues	<b>108,066</b>	100.0	99,840	100.0	8,225	8.2
Operating income	<b>6,748</b>	6.2	4,464	4.5	2,283	51.2
Non-operating income	<b>2,212</b>	2.1	2,051	2.0	160	7.8
Interest income and dividend	<b>541</b>	0.5	536	0.5	4	0.9
Return on investment by the equity method	<b>1,371</b>	1.3	1,202	1.2	168	14.0
Others	<b>300</b>	0.3	312	0.3	-12	-4.0
Non-operating expenses	<b>212</b>	0.2	279	0.3	-66	-23.9
Interest expenses	<b>159</b>	0.1	228	0.2	-68	-30.2
Miscellaneous expenses	<b>53</b>	0.1	50	0.1	2	4.4
Ordinary income	<b>8,748</b>	8.1	6,237	6.2	2,511	40.3
Extraordinary income	<b>1</b>	0.0	-	-	1	-
Extraordinary loss	<b>12</b>	0.0	0	0.0	12	-
Income taxes	<b>2,454</b>	2.3	1,890	1.9	564	29.8
Net income attributable to owners of parent	<b>6,193</b>	5.7	4,296	4.3	1,897	44.2



# 1. Details of Consolidated Financial Results for FY17 2Q

## (6) Consolidated Balance Sheets

(Millions of yen)







# 1. Details of Consolidated Financial Results for FY17 2Q

## (7) Consolidated Statements of Cash Flows

Items	FY17 2Q (Results)	FY16 2Q (Results)	Change
	Millions of yen	Millions of yen	Millions of yen
Cash flows from operating activities	11,116	2,315	8,801
Income before income taxes and minority interests	8,736	6,236	2,499
Depreciation and amortization	5,269	5,754	-485
Other current assets	-1,969	-2,233	263
Other current liabilities	1,299	-5,143	6,443
Other fixed liabilities	-15	-233	218
Others	-842	353	-1,195
Income and other taxes paid	-1,361	-2,418	1,056
Cash flows from investing activities	-5,356	-7,389	2,032
Purchase of tangible fixed assets	-4,945	-6,603	1,657
Purchase of intangible fixed assets	-274	-811	537
Others	-137	25	-163
Cash flows from financing activities	-4,492	-6,773	2,280
Short-term borrowings	200	-	200
Repayment of long-term loans payable	-3,120	-5,206	2,086
Dividends payment	-1,380	-1,462	81
Others	-192	-104	-87
Effect of exchange rate change on cash and cash equivalents	-2	-2	-0
Increase (decrease) in cash and cash equivalents	1,263	-11,849	13,113
Cash and cash equivalents at beginning of period	39,108	43,565	-4,456
Cash and cash equivalents at end of period	40,372	31,715	8,656



# 1. Details of Consolidated Financial Results for FY17 2Q

## (8) Capital Expenditure and Depreciation Expenses

Items	FY13 2Q (Results)	FY14 2Q (Results)	FY15 2Q (Results)	FY16 2Q (Results)	FY17 2Q (Results)
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Capital expenditure	1,845	1,489	1,591	3,548	5,284
Depreciation expenses	6,258	5,847	5,525	5,714	5,233

### • Breakdown of major capital expenditures

#### FY17 2Q (Results)

Building 2 internationalization construction (Domestic flight boarding facilities)	¥2.0 billion
Lounge renovation construction	¥1.0 billion
International flight terminal PBB outdoor advertising panel construction	¥0.4 billion
Construction of dormitory for single employees	¥0.2 billion

### • Breakdown of main depreciation expenses

	FY13 2Q (Results)	FY14 2Q (Results)	FY15 2Q (Results)	FY16 2Q (Results)	FY17 2Q (Results)
	Billions of yen	Billions of yen	Billions of yen	Billions of yen	Billions of yen
Terminal 1	1.9	1.9	1.9	2.1	2.1
Terminal 2	2.6	2.4	2.2	2.0	1.9
P4 Parking	0.2	0.2	0.2	0.1	0.1

# 1. Details of Consolidated Financial Results for FY17 2Q

## [Reference] Purchasing Trends of Non-Japanese Passengers by Nationality (1)

(1) The number of departing non-Japanese visitors by airport (monthly average)

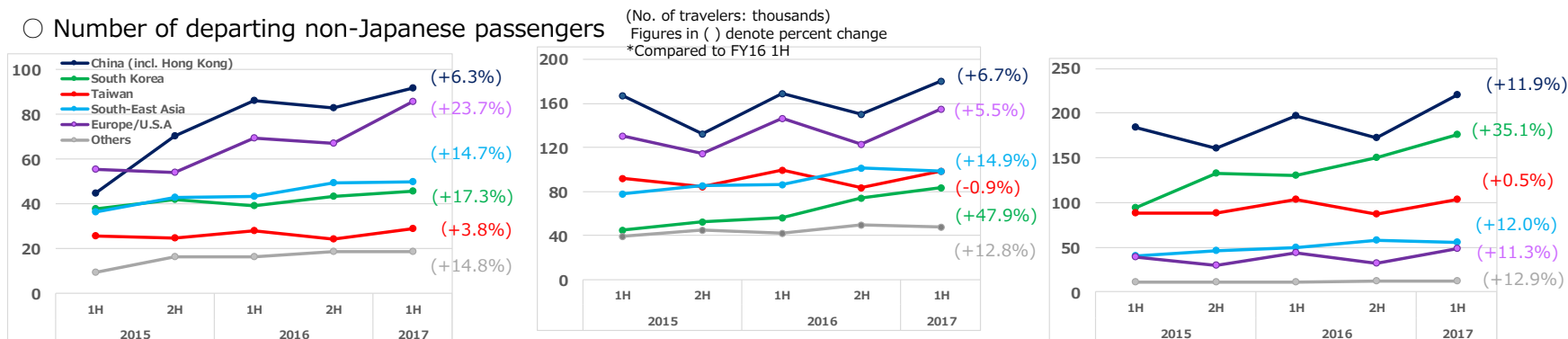
	Japan		Haneda		Narita		Kansai		Other	
	No. of passenger volume (person)	Composition ratio (%)	No. of passenger volume (person)	Composition ratio (%)	No. of passenger volume (person)	Composition ratio (%)	No. of passenger volume (person)	Composition ratio (%)	No. of passenger volume (person)	Composition ratio (%)
FY16	1,973,826	100.0%	280,047	14.2%	583,965	29.6%	514,683	26.1%	595,131	30.2%
FY17	2,347,824	100.0%	320,448	13.6%	664,566	28.3%	617,373	26.3%	745,438	31.8%

(2) The number of departing non-Japanese visitors by airport and nationality (monthly average)

○ Volume ranking and change in departing passengers by nationality for FY17 1H

<<Haneda Airport>>				<<Narita Airport>>				<< Kansai Airport >>			
	No. of passenger volume (person)	Composition ratio (%)	Change (%)		No. of passenger volume (person)	Composition ratio (%)	Change (%)		No. of passenger volume (person)	Composition ratio (%)	Change (%)
China (incl. Hong Kong)	91,642	28.6%	6.3%	China (incl. Hong Kong)	180,670	27.2%	6.7%	China (incl. Hong Kong)	220,629	35.7%	11.9%
South Korea	45,722	14.3%	17.3%	Taiwan	98,483	14.8%	-0.9%	South Korea	176,450	28.6%	35.1%
U.S.A	33,160	10.3%	47.3%	South Korea	83,567	12.6%	47.9%	Taiwan	103,566	16.8%	0.5%
Taiwan	28,851	9.0%	3.8%	U.S.A	70,147	10.6%	1.1%	Thailand	18,521	3.0%	0.8%
	No. of passenger volume (person)	Composition ratio (%)	Change (%)		No. of passenger volume (person)	Composition ratio (%)	Change (%)		No. of passenger volume (person)	Composition ratio (%)	Change (%)
Non-Japanese	320,448	45.8%	13.6%	Non-Japanese	664,566	54.7%	10.7%	Non-Japanese	617,373	70.1%	15.4%
Japanese	378,478	54.2%	8.5%	Japanese	551,302	45.3%	1.4%	Japanese	262,958	29.9%	1.6%
Total	698,926	100.0%	10.8%	Total	1,215,868	100.0%	6.2%	Total	880,330	100.0%	10.9%

○ Number of departing non-Japanese passengers



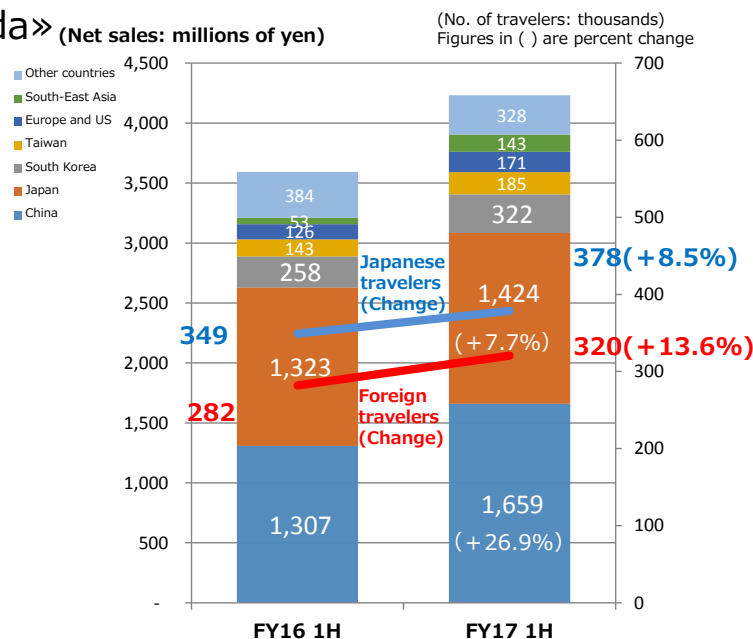
Notes: Passenger data has been aggregated by the company using immigration statistics from the Ministry of Justice.  
Passenger numbers utilize April to August data from the first half of FY15, FY16 and FY17, respectively; passenger numbers do not include connecting passengers.

# 1. Details of Consolidated Financial Results for FY17 2Q

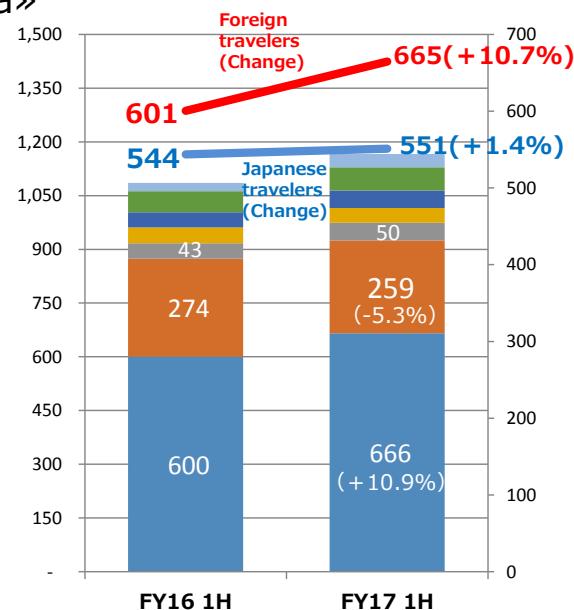
## [Reference] Purchasing Trends of Non-Japanese Passengers by Nationality (2)

(3) Company duty-free store sales and number of departing passengers by airport and nationality (monthly average)

### «Haneda» (Net sales: millions of yen)



### «Narita»



Notes: "Net sales" denote all store sales (excluding taxable stores). Haneda: all duty-free stores; Narita: directly managed stores and boutiques. Sales by nationality include estimates. Passenger numbers utilize April to August data from the first half of FY16 and FY17, respectively.

## (4) Main factors in the fluctuation of sales of duty-free stores and purchasing trends

### «Haneda»

- Increase in passenger volume among Americans, as well as from Indonesia, Vietnam and other sites in Southeast Asia. While the increase in Chinese passengers is robust, the growth rate is slowing.
- Sales from Chinese nationals up over 20% atop higher purchasing customer volume and growth in purchases per customer. Elsewhere, significant growth in sales from Taiwanese nationals outpacing extent of passenger volume growth; similarly, for sales from Japanese passengers, while the percentage of sales composition has fallen, sales are increasing.

### «Narita»

- Passenger volume experiencing increases in Korean and Chinese nationals, reflecting new routes and more flights.
- By nationality, while sales from Japanese and Taiwanese nationals declined, sales from Chinese nationals were up, lifting overall sales.

### <Duty-free Store Per-unit Purchasing>

	FY17 1H		
	Amount per customer	Change	Rate of change
Haneda	8,359	425	5.4%
Narita	11,383	1,204	11.8%



## 2. Details of Consolidated Financial Forecast for FY17

### (1) Consolidated Financial Forecast for FY17

Items	FY17 (Forecast)		FY16 (Results)		Change	Rate of change	Initial forecast (May 2017)		Difference
	Millions of yen	Ratio	Millions of yen	Ratio			Millions of yen	Ratio	
Operating revenues	<b>219,000</b>	100.0	204,953	100.0	14,046	6.9	208,600	100.0	10,400
Facilities management	57,600	26.3	54,975	26.8	2,624	4.8	55,800	26.7	1,800
Merchandise sales	141,800	64.7	131,098	64.0	10,701	8.2	134,100	64.3	7,700
Food and beverage	19,600	9.0	18,879	9.2	720	3.8	18,700	9.0	900
Cost of sales	<b>117,300</b>	53.6	109,477	53.4	7,822	7.1	110,700	53.1	6,600
Cost of sales of merchandise	106,600	48.7	99,000	48.3	7,599	7.7	100,300	48.1	6,300
(Ratio)	( 75.2%)		( 75.5%)		( - 0.3P)		( 74.8%)		( 0.4P)
Cost of sales of food and beverage	10,700	4.9	10,477	5.1	222	2.1	10,400	5.0	300
(Ratio)	( 54.6%)		( 55.5%)		( - 0.9P)		( 55.6%)		( - 1.0P)
Gross profit	<b>101,700</b>	46.4	95,475	46.6	6,224	6.5	97,900	46.9	3,800
Selling, general and administrative expenses	90,000	41.1	85,978	42.0	4,021	4.7	87,400	41.9	2,600
Operating income	<b>11,700</b>	5.3	9,497	4.6	2,202	23.2	10,500	5.0	1,200
Non-operating income/loss	2,900	1.3	3,346	1.6	-446	-13.4	2,300	1.1	600
Ordinary income	<b>14,600</b>	6.6	12,843	6.2	1,756	13.7	12,800	6.1	1,800
Extraordinary income/loss	-	-	-1,613	-0.8	1,613	-	-100	-0.0	100
Net income attributable to owners of parent	<b>10,300</b>	4.7	6,886	3.4	3,413	49.6	8,900	4.3	1,400

\* Preconditions: Forecast of number of passengers

Haneda domestic (full-year)	+3.5% YoY
Haneda international (full-year)	+10.0% YoY
Narita international (full-year)	+3.9% YoY
Kansai international (full-year)	+10.8% YoY

\* Ratio: Cost of sales of merchandise / Operating revenues of merchandise

Ratio: Cost of sales of food and beverage / Operating revenues of food and beverage

Note: Figures shown are rounded down to the nearest million yen.



## 2. Details of Consolidated Financial Forecast for FY17

### (2) Financial Forecast by Segment

#### (i) Facilities management

Items	FY17 (Forecast)		FY16 (Results)		Change	Rate of change	Initial forecast (May 2017)		Difference
		Ratio		Ratio				Ratio	
Sales to external customers	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen
Rental revenues	<b>13,300</b>	22.3	13,078	23.0	221	1.7	13,200	22.8	100
Facility user charges revenues	<b>18,700</b>	31.4	18,194	32.1	505	2.8	18,300	31.7	400
Other revenues	<b>25,600</b>	42.9	23,703	41.7	1,896	8.0	24,300	42.0	1,300
Subtotal	<b>57,600</b>	96.6	54,975	96.8	2,624	4.8	55,800	96.5	1,800
Intersegment sales	2,000	3.4	1,825	3.2	174	9.5	2,000	3.5	-
Total	59,600	100.0	56,801	100.0	2,798	4.9	57,800	100.0	1,800
Operating expenses	<b>53,200</b>	89.3	50,331	88.6	2,868	5.7	51,900	89.8	1,300
Operating income	<b>6,400</b>	10.7	6,470	11.4	-70	-1.1	5,900	10.2	500
(Ratio)	( 10.7%)		( 11.4%)		( - 0.7P)		( 10.2%)		( 0.5P)

- Rent revenues: Increase in space leased to airline companies, etc. +¥0.2 billion
- Facility user charges revenues: Increase in income from PSFC +¥0.5 billion
- Other revenues: Increase in commissioned facility management revenues for Haneda international flights +¥1.6 billion  
Increase in parking fee revenues +¥0.2 billion

Note: Figures shown are rounded down to the nearest million yen.



## 2. Details of Consolidated Financial Forecast for FY17

### (2) Financial Forecast by Segment

#### (ii) Merchandise sales

Items	FY17 (Forecast)		FY16 (Results)		Change	Rate of change	Initial forecast (May 2017)		Difference
		Ratio		Ratio				Ratio	
Sales to external customers	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen
Domestic terminal stores	<b>35,000</b>	24.5	33,829	25.7	1,170	3.5	34,300	25.4	700
International terminal stores	<b>33,200</b>	23.3	32,991	25.0	208	0.6	32,200	23.8	1,000
Other sales	<b>73,600</b>	51.6	64,277	48.7	9,322	14.5	67,600	50.1	6,000
Subtotal	<b>141,800</b>	99.4	131,098	99.4	10,701	8.2	134,100	99.3	7,700
Intersegment sales	900	0.6	813	0.6	86	10.7	900	0.7	-
Total	142,700	100.0	131,911	100.0	10,788	8.2	135,000	100.0	7,700
Operating expenses	<b>132,800</b>	93.1	124,657	94.5	8,142	6.5	125,700	93.1	7,100
Operating income	<b>9,900</b>	6.9	7,254	5.5	2,645	36.5	9,300	6.9	600
(Ratio)	( 6.9%)		( 5.5%)		( 1.4P)		( 6.9%)		-

- Domestic terminal stores:
- International terminal stores:

Increase in sales of directly managed stores at Haneda domestic terminal, etc.  
 Increase in sales of directly managed stores at Haneda international terminal  
 Increase in sales of directly managed stores at Narita Airport  
 Decrease in sales from change in contract format for boutique stores at Kansai Airport  
 Increase in sales of urban duty-free stores  
 Sales from new directly managed stores at Chubu Airport  
 Growth in wholesales to Haneda international flight duty-free stores  
 Growth in wholesales to Narita Airport, regional airports and others

+¥1.1 billion  
 +¥0.5 billion  
 +¥0.4 billion  
 -¥3.4 billion  
 +¥2.4 billion  
 +¥0.2 billion  
 +¥4.9 billion  
 +¥4.3 billion

Note: Figures shown are rounded down to the nearest million yen.



## 2. Details of Consolidated Financial Forecast for FY17

### (2) Financial Forecast by Segment

#### (iii) Food and beverage

Items	FY17 (Forecast)		FY16 (Results)		Change	Rate of change	Initial forecast (May 2017)		Difference
		Ratio		Ratio				Ratio	
Sales to external customers	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen
Sales from restaurants	<b>9,800</b>	43.9	9,657	45.1	142	1.5	9,500	44.4	300
Sales from in-flight meals	<b>6,500</b>	29.2	6,405	29.9	94	1.5	6,400	29.9	100
Other sales	<b>3,300</b>	14.8	2,816	13.2	483	17.2	2,800	13.1	500
Subtotal	<b>19,600</b>	87.9	18,879	88.2	720	3.8	18,700	87.4	900
Intersegment sales	2,700	12.1	2,516	11.8	183	7.3	2,700	12.6	-
Total	22,300	100.0	21,395	100.0	904	4.2	21,400	100.0	900
Operating expenses	<b>21,500</b>	96.4	20,638	96.5	861	4.2	20,900	97.7	600
Operating income	<b>800</b>	3.6	757	3.5	42	5.6	500	2.3	300
(Ratio)	( 3.6%)		( 3.5%)		( 0.1P)		( 2.3%)		( 1.3P)

• Sales from restaurants:

Increased sales accompanying passenger volume growth

+¥0.1 billion

• Other sales:

Increase in commissioned facility management revenues  
for Haneda international flight stores

+¥0.4 billion





### 3. Other Information

#### (1) Capital Expenditure and Depreciation Expenses

Items	FY12 (Results)	FY13 (Results)	FY14 (Results)	FY15 (Results)	FY16 (Results)	FY17 (Forecast)
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Capital expenditure	7,215	5,765	4,830	8,379	6,853	29,220
Depreciation expenses	12,865	12,680	11,872	11,232	11,609	10,736

##### • Breakdown of major capital expenditures

###### FY16 (Results)

Acquired land for dormitory for single employees	¥0.8 billion
PBB step-less conversion construction for Building 1	¥0.7 billion
Central surveillance room system update construction	¥0.3 billion
Building 1 north side toilet upgrade	¥0.3 billion
New construction of North Pier lounge for Building 2	¥0.3 billion

###### FY17 (Forecast)

Building 2 internationalization construction	¥19.7 billion
Lounge renovation construction	¥1.2 billion
Dormitory for single employees	¥0.9 billion
International flights terminal PBB outdoor advertising panel construction	¥0.4 billion

##### • Breakdown of main depreciation expenses

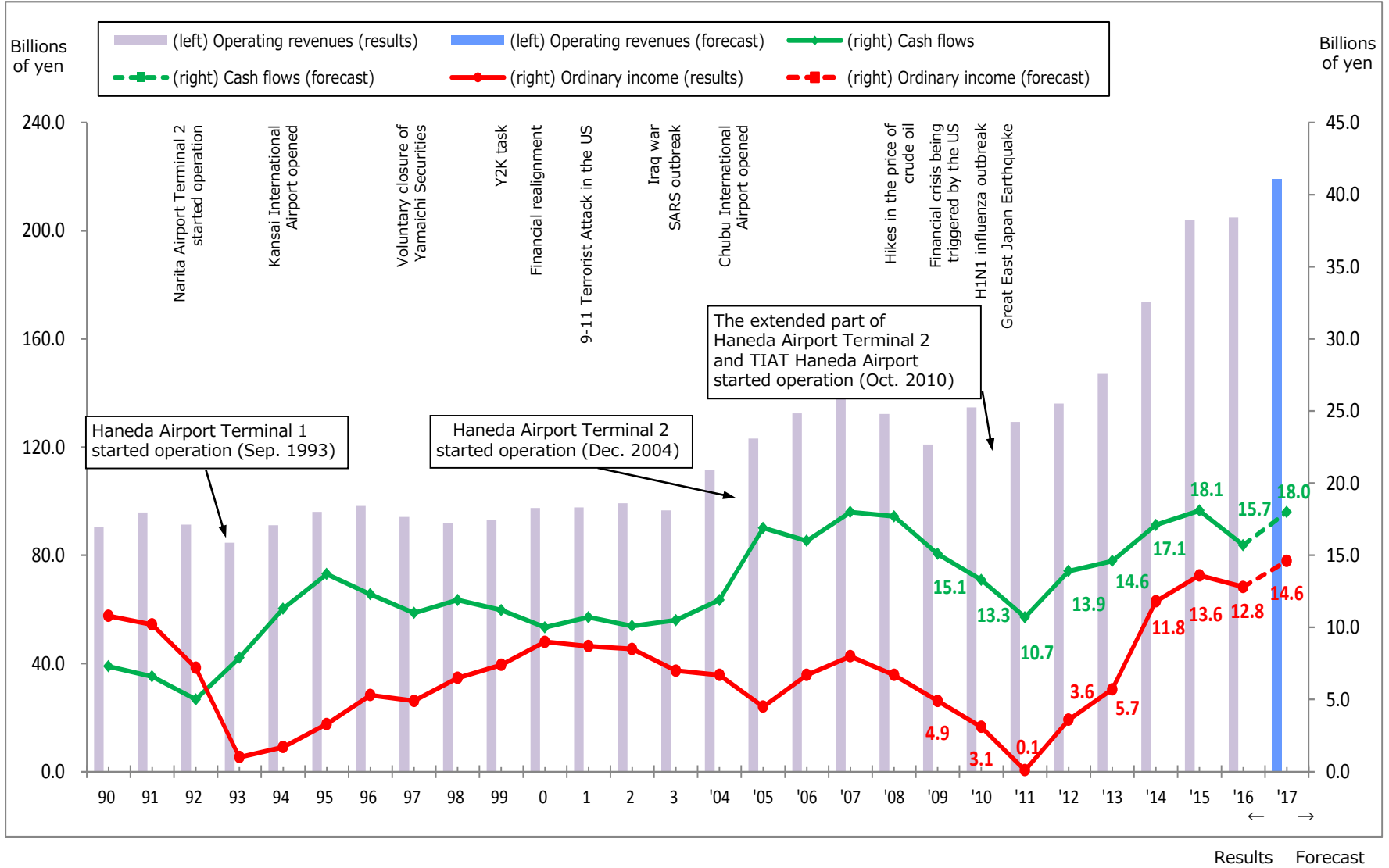
	FY12 (Results)	FY13 (Results)	FY14 (Results)	FY15 (Results)	FY16 (Results)	FY17 (Forecast)
	Billions of yen	Billions of yen	Billions of yen	Billions of yen	Billions of yen	Billions of yen
Terminal 1	4.2	4.0	3.9	4.0	4.4	4.2
Terminal 2	5.2	5.4	5.0	4.4	4.1	3.8
P4 Parking	0.5	0.5	0.4	0.4	0.3	0.3

Note: Figures shown are rounded down to the nearest million yen.



### 3. Other Information

## (2) Changes in Operating Revenues/Ordinary Income/Cash Flows



(Cash flows = Net income + Depreciation expenses - Dividends)



## Second Quarter of FY17

# Reference Material

1. Outline of the Company
2. Summary of Tokyo International Airport (Haneda)



\* This document has been translated from the Japanese original, for reference purposes only.

In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

***Japan Airport Terminal Co., Ltd.***

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



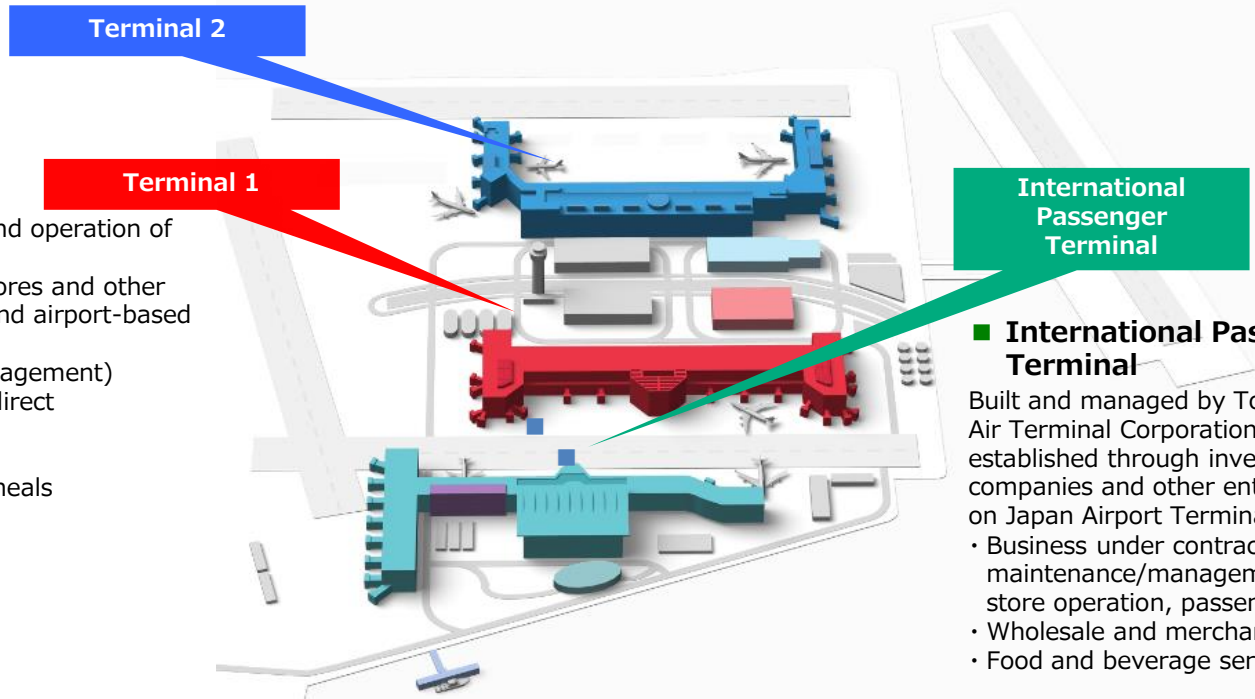
# 1. Outline of the Company

## (1) Business Details

A company responsible for construction, maintenance and operation of Haneda Airport passenger terminals

### ■ Terminal 1 ■ Terminal 2

- Construction, management, and operation of terminal buildings
- Real estate leasing (offices, stores and other spaces for airline companies and airport-based businesses)
- Merchandise sales (direct management)
- Food and beverage services (direct management)
- Passenger services
- Preparation/sales of in-flight meals
- Management of parking lots



### ■ International Passenger Terminal

- Built and managed by Tokyo International Air Terminal Corporation (TIAT), established through investment with airline companies and other entities and centered on Japan Airport Terminal Co., Ltd.
- Business under contract (facilities maintenance/management, duty-free store operation, passenger services, etc.)
  - Wholesale and merchandise sales
  - Food and beverage services

Offering high-quality services at domestic airports Narita, Kansai and Chubu, and at airports outside of Japan, leveraging expertise honed at Haneda Airport.

#### Narita International Airport

- Merchandise sales (duty-free stores, etc.)
- Wholesale, commissioned management of duty-free stores
- Food and beverage service
- Travel accident insurance agency business
- Preparation/sales of in-flight meals

#### Kansai International Airport

- Commissioned management of duty-free stores
- Merchandise sales
- Wholesale

#### Central Japan International Airport

- Wholesale

#### Chengdu Shuangliu International Airport (Sichuan Province, China)

- Merchandise sales



# 1. Outline of the Company

## (2) Basic Philosophy and Management Policy

### Basic philosophy

## “Balancing Public Good and Business Success”

Passenger terminal buildings serve as public infrastructure of enormous importance. Utilizing private-sector business approaches to properly achieve this highly public mission is our basic management philosophy.

### Management policy

- Establish absolute safety in passenger terminals
- Operate passenger terminals for the benefit of customers (convenience, comfort and functionality)
- Operate passenger terminals stably and efficiently
- Reinforce corporate structure and improve the combined competence of the Group companies

### Our Business Model Since Establishment

- Since its establishment, Japan Airport Terminal has optimally leveraged private-sector knowledge and financing to build, manage and operate passenger terminal buildings, which have enormously important public value, as a purely private enterprise spanning nearly 60 years.
- Based on the Japanese government's policies governing airports and airlines, Japan Airport Terminal is engaged in facilities installation, including expansion, the provision of appropriate services, and measures to insure the safety and stability of passenger terminal buildings.
- Japan Airline Terminal contributes to the development of the airline industry, guided by a consistent dedication to shared prosperity with airline companies.

# 1. Outline of the Company

## (3) Company History

Haneda Airport was re-launched as Japanese air gateway after being returned by the U.S. in 1952. However, on account of a lack of financial resources after the war, only the costs for paving the taxiway and apron were included in the national budget. Therefore, **it was decided to build the terminal with private funds** (cabinet approved), and in 1953 **the Company was founded with the cooperation of major institutions (with capital 150 million yen)**, and the terminal was opened in May 1955.

1953	(July)	Established with private sector capital of 150 million yen.
1955	(May)	The terminal building opened and launched operation.
1964	(April)	Separate domestic arrival terminal building completed in time with the Tokyo Olympic Games.
	(October)	Duty-free sales operations commenced.
1978	(May)	Commenced merchandise sales including duty-free articles, hotel reservation services and other operations with the opening of Narita International Airport.
1990	(February)	Listed on second section of the Tokyo Stock Exchange.
1991	(September)	Listed on first section of the Tokyo Stock Exchange.
1993	(September)	Haneda Airport Terminal 1 (Big Bird) started operation.
1994	(September)	Launched commissioned operation of duty-free stores and wholesale of duty-free goods accompanying opening of the Kansai Airport.
1998	(March)	The temporary international terminal at Haneda Airport started operation.
2001	(February)	International charter flights commenced at Haneda Airport.
2002	(April)	Terminated periodic international flights from Haneda Airport (transfer of China Airlines and the EVA Airways to Narita).
2003	(November)	International charter flights between Haneda and Seoul (Gimpo) commenced.
2004	(December)	Terminal 2 at Haneda Airport started operation.
2005	(February)	Wholesale of duty-free goods commenced with the opening of Central Japan International Airport.
2006	(April)	Participated in the project of the maintenance and operation of terminal at international flight area of the Tokyo International Airport.
	(June)	Invested in the special purpose company (SPC) "Tokyo International Air Terminal Corporation."
2007	(February)	South Pier in Terminal 2 at Haneda Airport started operation.
	(September)	International charter flights between Haneda and Shanghai (Hongqiao Airport) commenced.
2008	(April)	International charter flights between Haneda and Hong Kong commenced (during specific hours).
2009	(April)	Designated as an Airport Facilities Operator under the revised Airport Act.
	(October)	International charter flights between Haneda and Beijing commenced.
2010	(August)	P4 multi-story parking main building started operation (full-scale operation in October).
	(October)	The extended part of Terminal 2, Haneda Airport started operation. The new International Passenger Terminal (TIAT) started operation.
2011	(January)	Established Japan Airport Terminal Trading (Chengdu) Co., Ltd.
	(November)	Renewal of Terminal 1 building, Haneda Airport completed.
2013	(April)	The extended part of South Pier in Terminal 2 at Haneda Airport started operation.
2014	(March)	Start of usage of international passenger terminal building expansion.



Haneda Airport Terminal when opened



Haneda Airport Terminal 1



Haneda Airport Terminal 2



# 1. Outline of the Company

## (4) Group Companies



### Facilities management operations 6 companies

- Japan Airport Techno Co., Ltd.  
Installation, upkeep and management of passenger terminal facilities and environmental and sanitation management of facilities
- Haneda Airport Security Co., Ltd.  
Security services and parking lot service management
- Sakura Shokai Co., Ltd.  
Airport cleaning center management and waste treatment
- BIG WING Co., Ltd.  
Advertising agency business, event planning and management
- Haneda Passenger Service Co., Ltd.  
Passenger services operations
- Japan Airport Ground Handling Co., Ltd.  
Passenger handling services

### Food and beverage operations 4 companies

- Tokyo Airport Restaurant Co., Ltd.  
Restaurant business, light meal production and sales, paid waiting room management
- Cosmo Enterprise Co., Ltd.  
Preparation and loading of in-flight meals, production and sale of frozen food
- CTT Co., Ltd.  
Cleaning of in-flight goods and eating utensils
- KAIKAN KAIHATSU Co., Ltd.  
Restaurant business, management and operation of lodging, halls and meeting rooms

### Merchandise sales operations 7 companies

- International Trade Inc.  
Wholesale business and merchandise sales to Japanese airport retail stores and other clients
- Japan Airport Logitem Co., Ltd.  
Merchandise transport, delivery and inspection
- Haneda Airport Enterprise Co., Ltd.  
Store operation business
- Hamashin Co., Ltd.  
Wholesale and retail sales of marine products
- Japan Airport Terminal Trading (Chengdu) Co., Ltd.  
Merchandise sales and wholesale business at Chengdu Shuangliu International Airport
- Japan Duty Free Fa-So-La Isetan Mitsukoshi Co., Ltd.  
Development of airport duty-free stores (bonded stores) in urban areas
- Air BIC INC. Retail sales of home appliances

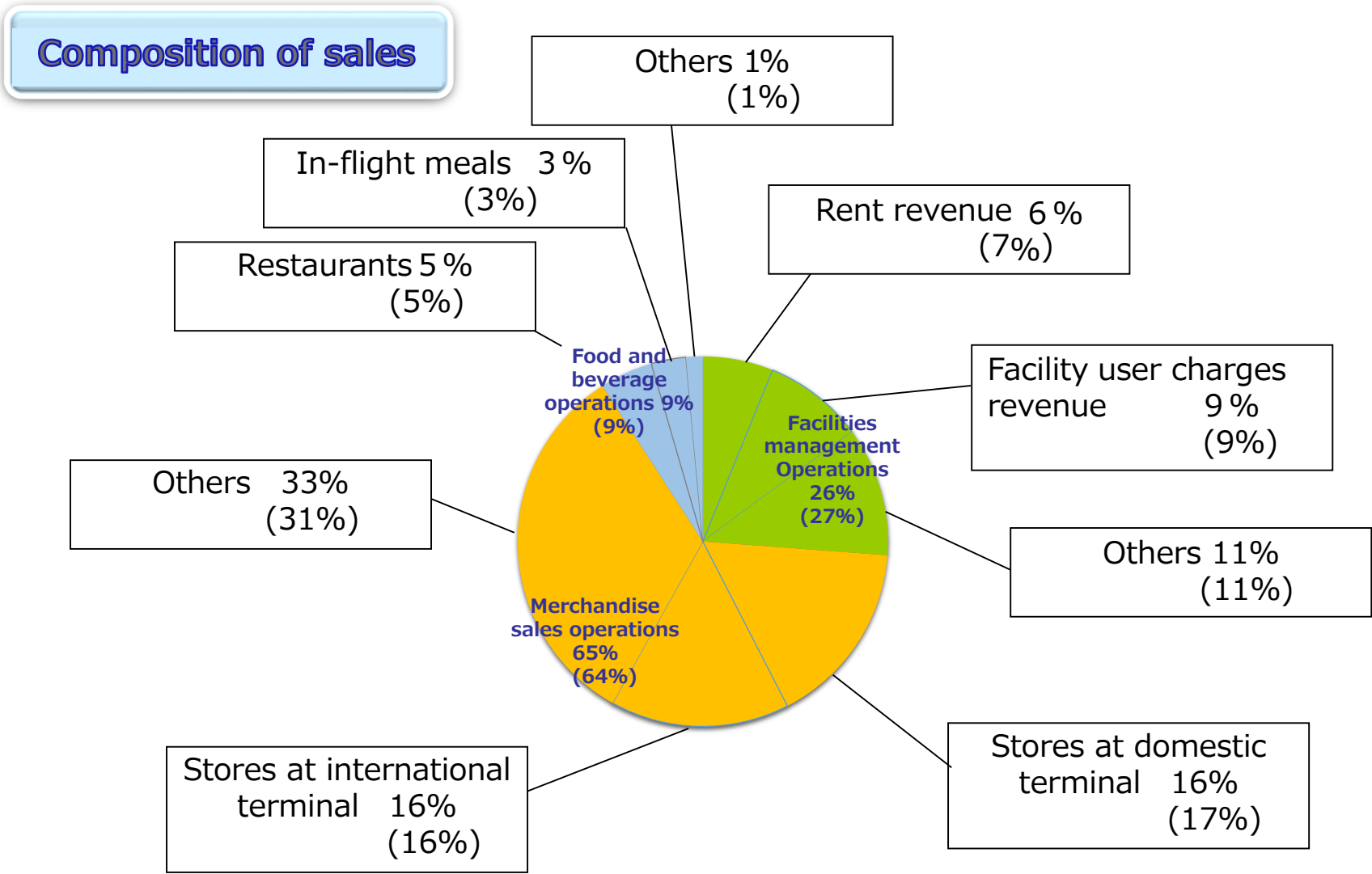




# 1. Outline of the Company

## (5) Revenue Composition/Composition by Segment

FY17 2Q



\* Figures in ( ) are FY16 2Q results

# 1. Outline of the Company

## (6) Revenue Composition/Details by Segment

Category		Revenue details	Expenses details
Facilities management operations	Rent revenue	Office lease (fixed rent); store lease (fixed rent + percentage commission)	Depreciation; water, heating, energy expenses; repairs expenses; lease fee (such as national property usage fee); taxes and public charges; cleaning expenses; outsourcing fees
	Facility user charges revenue	Fees for use of passenger facilities (domestic flights: PSFC)	
	Others	Commissioned facility management revenues for Haneda international flights, parking fee revenue, advertising revenue; Sales from paid waiting room (Airport Lounge), revenue from subcontracted work	Lease fee (such as national property usage fee); taxes and public charges (fixed asset tax); outsourcing fees
Merchandise sales operations	Stores at domestic terminal	Merchandise sales for stores at Haneda Airport	Cost of sales; supply expenses
	Stores at international terminal	Merchandise sales for lobby stores at Haneda Airport Merchandise sales for stores such as duty-free stores at Narita International Airport and Kansai International Airport Merchandise sales for duty-free stores in town	Cost of sales; supply expenses; percentage of business
	Others	Wholesale to Haneda Airport, Narita International Airport, Kansai International Airport, and Central Japan International Airport commissioned management fee of Haneda Airport, Narita International Airport, and Kansai International Airport	Cost of sales and agent service fee
Food and beverage operations	Restaurants	Restaurant sales at Haneda Airport and Narita International Airport	Food expenses (cost of sales for food and beverage), percentage of business
	In-flight meals	Production and sales of in-flight meals	Food expenses (cost of sales for food and beverage)
	Others	Commissioned management fee of Haneda Airport international flights Wholesale of products such as frozen foods and box meals	Food expenses (cost of sales for food and beverage), outsourcing costs

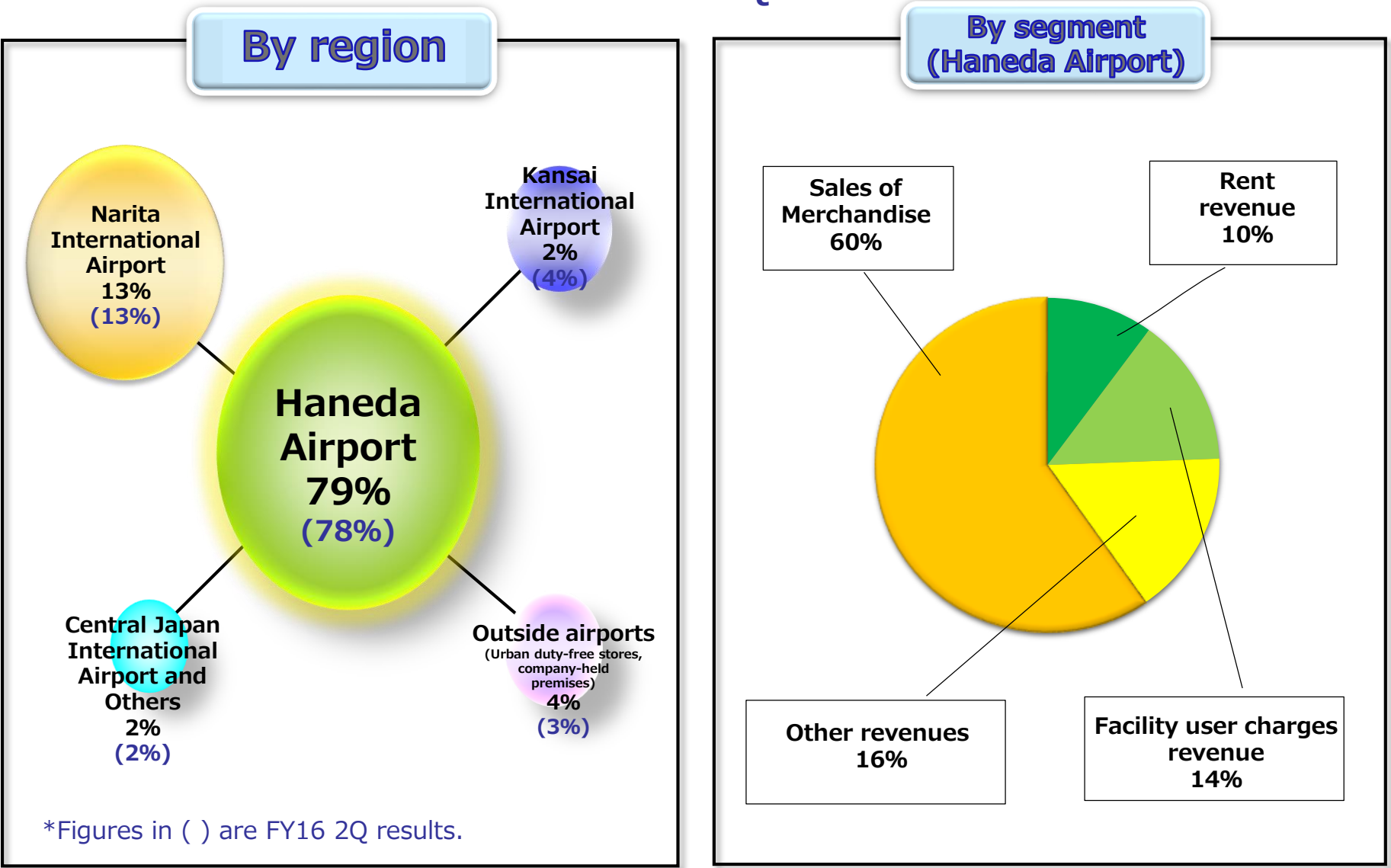
Factors behind changes in earnings:

- Environment the airline industry operates in (such as changes in the number of passengers on both international and domestic flights)
- Government measures, etc. (such as the government's and regulating authority's airport management policy and revisions to and changes to the system of usage fees for national assets)
- Changes in facility user charges (domestic flights)



# 1. Outline of the Company

## (7) Revenue Composition by Region and Segment FY17 2Q



\*Figures in ( ) are FY16 2Q results.



# 1. Outline of the Company

## (8) Changes in Capital Investment

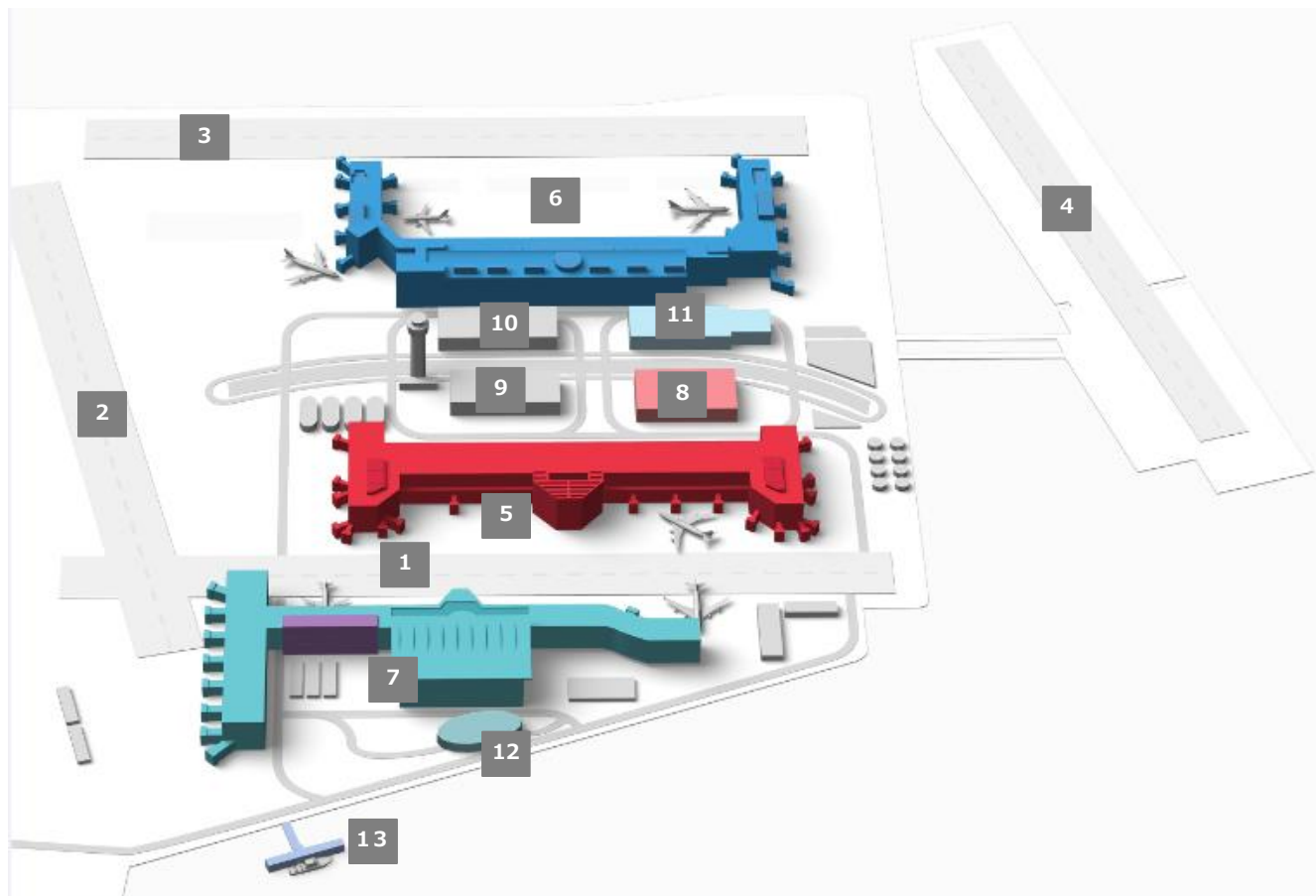
FY	Details	Investment (at time of construction)
1955	Construction of former terminal building	¥1.0 billion
1963	Major expansion and renovation (Measures for jet aircraft and the Olympics)	¥3.5 billion
1970	Construction for accommodating jumbo jets (domestic and international terminal buildings)	¥3.2 billion
1977	Construction for disaster safety measures	¥8.0 billion
1978-1981	Construction to repurpose domestic terminal accompanying shift to international flights at Narita Airport	¥11.5 billion
1984	Construction for domestic terminal redeployment	¥15.0 billion
1993	Construction to build Terminal 1 building Construction to remove old terminal building	¥130.0 billion ¥6.0 billion
1997	Expansion construction to build South/North Bus Lounge in Terminal 1 building New construction of boarding station	¥1.0 billion ¥1.0 billion
1998	Construction to build international terminal building	¥1.5 billion
1999-2002	Renovation of Terminal 1 building (barrier-free measures)	¥3.4 billion
2002	Expansion and renovation of international terminal building	¥1.0 billion
2004	Construction to build Terminal 2 building	¥67.0 billion
2004-2005	Renovation of Terminal 1 building (including marketplace revitalization) International terminal building expansion and renovation	¥15.0 billion ¥0.6 billion
2006	Construction for expansion of Terminal 2 building (Second Stage of the Plan)	¥11.5 billion
2007	International terminal building expansion and renovation	¥2.1 billion
2007	Construction to build P4 simplified parking structure	¥2.0 billion
2008	International terminal building expansion and renovation	¥1.5 billion
2008-2010	Terminal 2 building expansion (Third Stage of the Plan) Construction to convert P4 parking lot to multi-story parking lot	¥19.0 billion ¥6.0 billion
2011	Terminal 1 building renovation (departure lobby, departure lounge, observation deck, etc.)	¥7.0 billion
2013	Terminal 2 building expansion (Fourth Stage of the Plan) Expansion in 3 spots	¥7.6 billion
2017-2020	Construction of international flight facility for Terminal 2 building (expansion, renovation of existing building)	¥75.0 billion
		Total ¥400.4 billion



## 2. Summary of Tokyo International Airport (Haneda)

### (1) Location Map

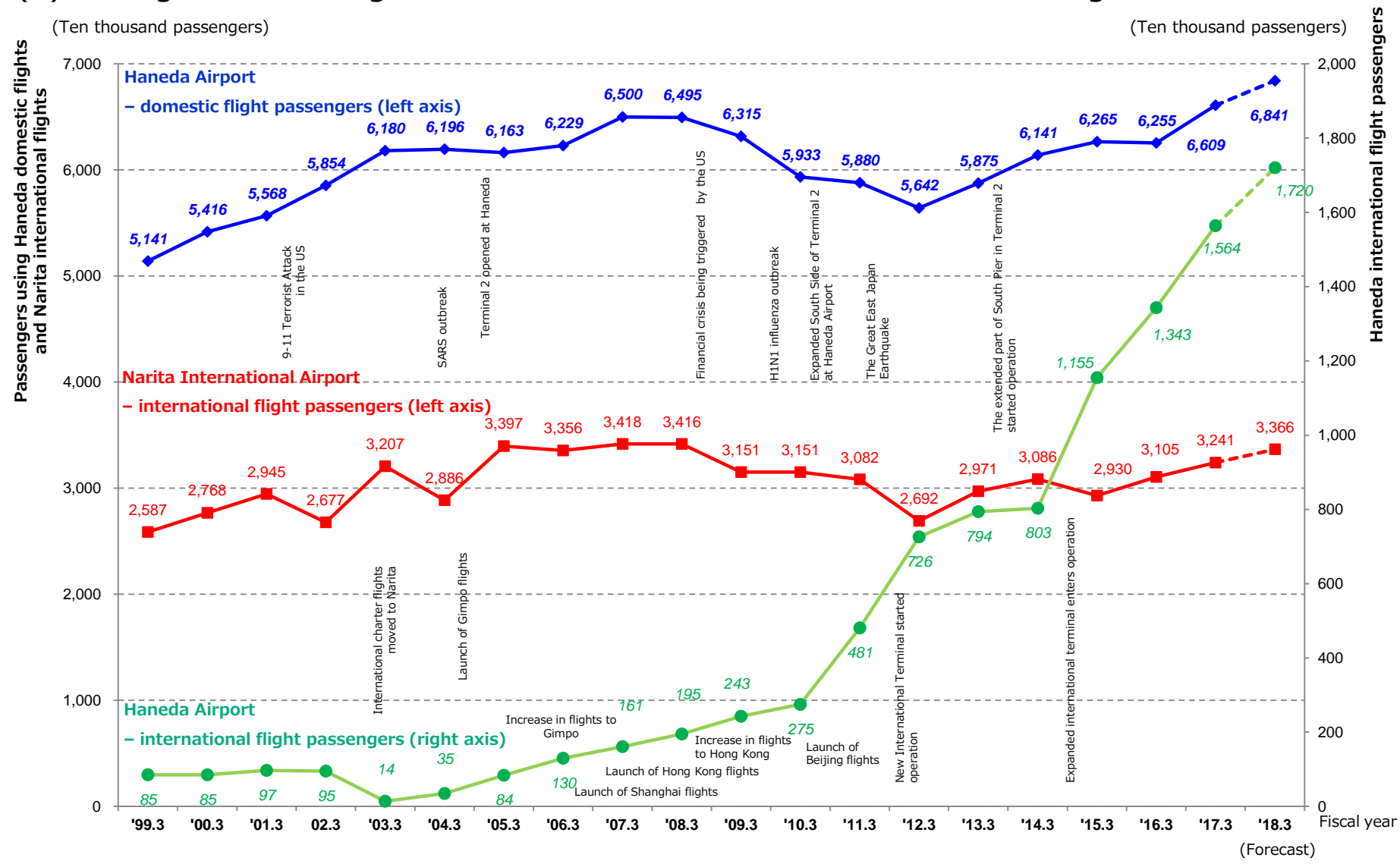
- Total area of airport 1,522 ha
- Apron Total area/268 ha Spots/222
- Runway
  - Runway A 3,000 m×60 m 1
  - Runway B 2,500 m×60 m 2
  - Runway C 3,360 m×60 m 3
  - Runway D 2,500 m×60 m 4Runway capacity Approx. 407,000 flights/year
- Terminal building
  - Terminal building 1 5
    - Floor space/292,400 m<sup>2</sup>
    - Spots (stationary boarding bridge present)/24 locations
  - Terminal building 2 6
    - Floor space/255,600 m<sup>2</sup>
    - Spots (stationary boarding bridge present)/23 locations
  - International terminal building 7
    - Floor space/approx. 236,000 m<sup>2</sup>
    - Spots (stationary boarding bridge present)/18 locations
- Parking lot
  - P1 Capacity/2,350 vehicles 8
  - P2 Capacity/2,343 vehicles 9
  - P3 Capacity/2,450 vehicles 10
  - P4 Capacity/2,425 vehicles (includes 2 microbus spaces) 11
  - Parking lot for international flights 12
    - Capacity/approx. 3,000 vehicles
- Haneda airport wharf 13





## 2. Summary of Tokyo International Airport (Haneda)

### (2) Changes in Passenger Volume on Domestic and International Flights



Source: Created by the Company based on material from the Ministry of Land, Infrastructure, Transport and Tourism and the Narita International Airport Corporation



## 2. Summary of Tokyo International Airport (Haneda)

### (3) Comparison of Passenger Volume

Japan Airport Passenger Volume Ranking (FY16)

Airport	Code	Annual (thousand people)		Daily average (thousand people)	Share (%)
1 Haneda (Tokyo International)	HND	81,735	(66,093)	223	27.6
2 Narita International	NRT	37,249	(7,210)	102	12.6
3 Kansai International	KIX	25,613	(6,569)	70	8.6
4 Fukuoka	FUK	22,318	(17,139)	61	7.5
5 New Chitose	CTS	21,545	(18,824)	59	7.3
6 Naha	OKA	20,033	(16,954)	54	6.8
7 Osaka International	ITM	15,100	(15,100)	41	5.1
8 Chubu Centrair International	NGO	10,944	(5,728)	29	3.7
9 Kagoshima	KOJ	5,443	(5,229)	14	1.8
10 Sendai International	SDJ	3,162	(2,937)	8	1.1
81 other airports		53,217	(50,632)		18.0

Figures in parentheses are airport passenger volume for domestic flights.  
Material: Airport ranking chart for FY16, Japan Civil Aviation Bureau (MLIT)

Global Airport Passenger Volume Ranking (2016 calendar year)

City/Airport	Code	Annual (thousand people)
1 Atlanta	ATL	104,171
2 Beijing Capital International	PEK	94,393
3 Dubai	DXB	83,654
4 Los Angeles	LAX	80,921
5 Tokyo (Haneda)	HND	79,699
6 Chicago (O'Hare)	ORD	77,960
7 London (Heathrow)	LHR	75,715
8 Hong Kong	HKG	70,305
9 Shanghai (Pudong)	PVG	66,002
10 Paris (Charles De Gaulle)	CDG	65,933

Source: ACI (Airports Council International) publication  
"Annual World Airport Traffic Report 2017 EDITION"





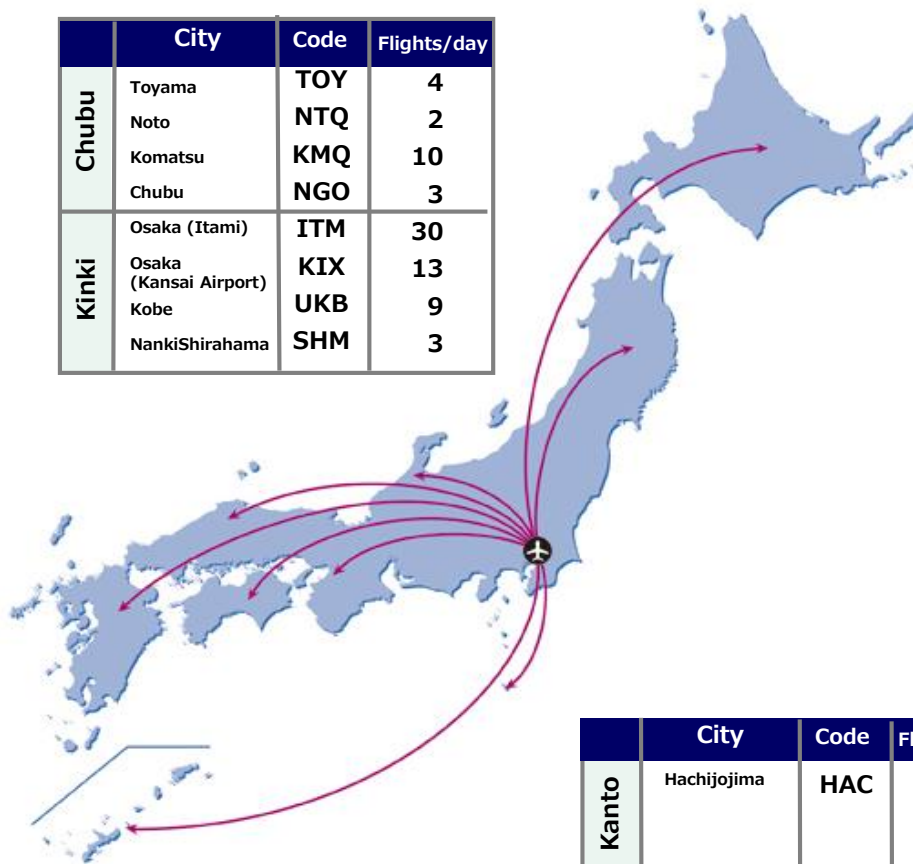
## 2. Summary of Tokyo International Airport (Haneda)

### (4) Domestic Destinations and Flights Domestic flights 48 routes

Approx. 498 flights (departures)/day  
(excluding code share flights)

	City	Code	Flights/day
Chugoku	Okayama	OKJ	10
	Hiroshima	HIJ	18
	Yamaguchi Ube	UBJ	10
	Tottori	TTJ	5
	Yonago	YGJ	6
	Izumo	IZO	5
	Iwakuni	IWK	5
	Hagi Iwami	IWJ	2
Shikoku	Takamatsu	TAK	13
	Tokushima	TKS	11
	Matsuyama	MYJ	12
	Kochi	KCZ	10
Kyushu	Fukuoka	FUK	54
	Kitakyushu	KKJ	16
	Saga	HSG	5
	Oita	OIT	14
	Kumamoto	KMJ	18
	Nagasaki	NGS	14
	Miyazaki	KMI	18
	Kagoshima	KOJ	23
	Amami Oshima	ASJ	1
Okinawa	Okinawa (Naha)	OKA	31
	Miyako	MMY	2
	Ishigaki	ISG	4

	City	Code	Flights/day
Chubu	Toyama	TOY	4
	Noto	NTQ	2
	Komatsu	KMQ	10
	Chubu	NGO	3
Kinki	Osaka (Itami)	ITM	30
	Osaka (Kansai Airport)	KIX	13
	Kobe	UKB	9
	NankiShirahama	SHM	3



	City	Code	Flights/day
Hokkaido	Sapporo (Chitose)	SPK	52
	Wakkanai	WKJ	1
	Asahikawa	AKJ	7
	Obihiro	OBO	7
	Kushiro	KUH	6
	Mombetsu	MBE	1
	Memambetsu	MMB	5
	Nakashibetsu	SHB	1
	Hakodate	HKD	8
Tohoku	Aomori	AOJ	6
	Misawa Hachinohe	MSJ	3
	Odate-Noshiro	ONJ	2
	Akita	AXT	9
	Yamagata	GAJ	2
	Shonai	SYO	4

	City	Code	Flights/day
Kanto	Hachijojima	HAC	3

(As of November 2017)



**JAPAN  
AIRLINES**



**JTA**  
JAPAN TRANSOCEAN AIR

**AIR DO**



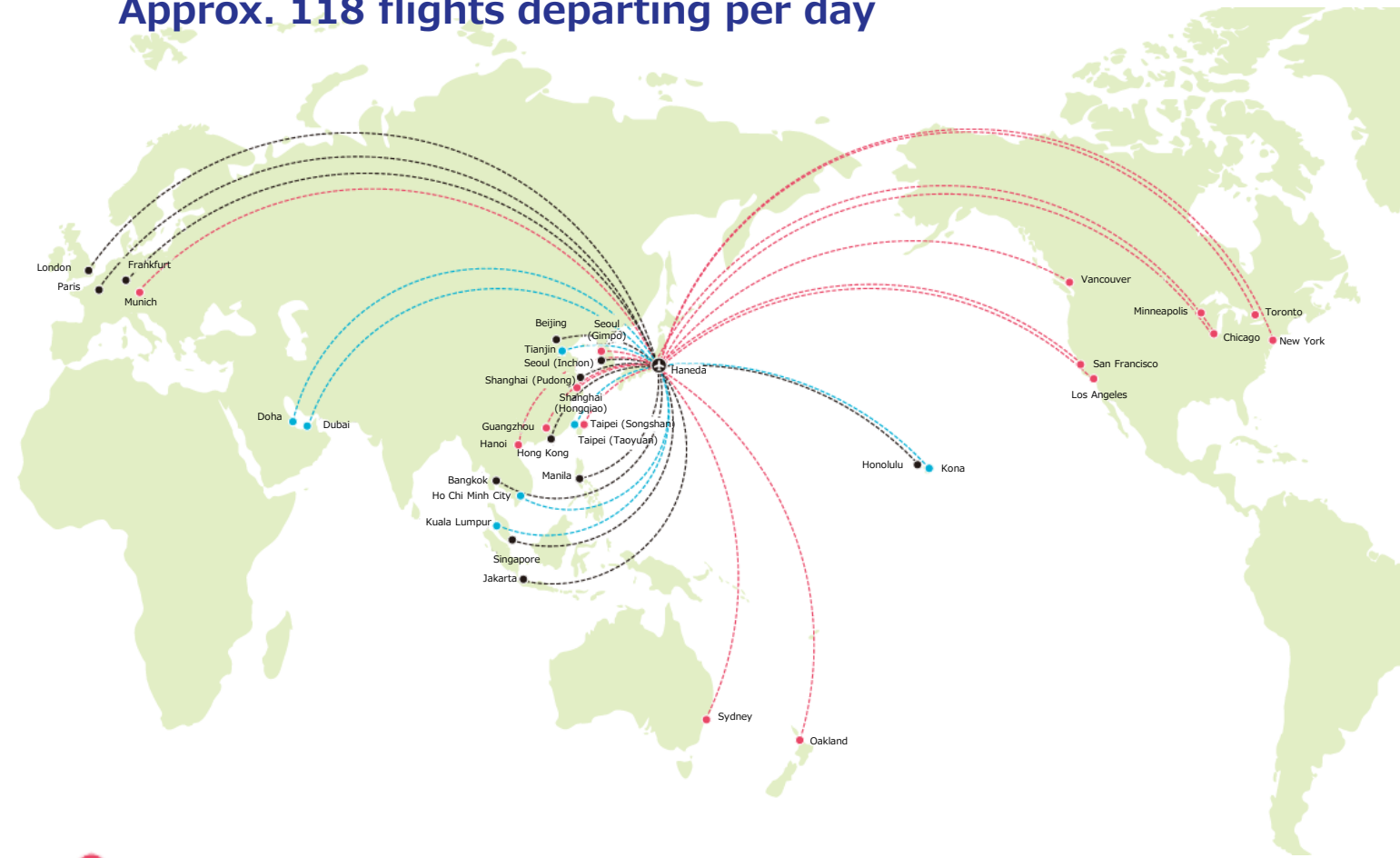




## 2. Summary of Tokyo International Airport (Haneda)

### (5) International Destinations and Flights

**International flights to 31 cities, 34 routes**  
**Approx. 118 flights departing per day**



- 6:00–23:00
- 23:00–6:00
- Both daytime flight and late night/early morning flight hours

City name		Code	Slots/day
China	Beijing	PEK	8
	Hong Kong	HKG	5
	Shanghai (Hongqiao)	SHA	3
	Shanghai (Pudong)	PVG	5
	Guangzhou	CAN	4
	Tianjin	TSN	2
Korea	Seoul (Gimpo)	GMP	12
	Seoul (Incheon)	INC	1
Taiwan	Taipei (Songshan)	TSA	8
	Taipei (Taoyuan)	TPE	2
Southeast Asia			
Vietnam	Hanoi	HAN	2
	Ho Chi Minh City	SGN	1
Singapore	Singapore	SIN	5
			2
Philippines	Manila	MNL	2
			1
Indonesia	Jakarta	CGK	2
			1
Thailand	Bangkok	BKK	3
			3
Malaysia	Kuala Lumpur	KUL	2
Oceania			
Australia	Sydney	SYD	2
New Zealand	Oakland	AKL	1
North America			
Canada	Vancouver	YVR	1
	Toronto	YYZ	1
America	Honolulu	HNL	2
			1
	Kona	KOA	1
	San Francisco	SFO	2
	Los Angeles	LAX	3
	New York	JFK	2
	Minneapolis	MSP	1
	Chicago	ORD	1
Europe			
France	Paris	CDG	3
			1
United Kingdom	London	LHR	3
			1
Germany	Frankfurt	FRA	2
	Munich	MUC	1
Middle East			
UAE	Dubai	DXB	1
Qatar	Doha	DOH	1
International departures total			118

(As of November 2017)



## 2. Summary of Tokyo International Airport (Haneda)

### (6) Summary of Tokyo International Air Terminal Corporation

Company History	
April 2005	Japanese government announced policy to launch business projects in the international flight zone of Tokyo International Airport  PFI approaches to be implemented revealed based on division of businesses in international flight zone into 3 categories: passengers, freight and apron
July 2005	Formation of “HKT Group”
April 2006	“HKT Group” selected as project candidate
June 2006	Tokyo International Air Terminal Corporation established as a special purpose company (SPC)
July 2006	Entered business contract with Japanese government
May 2008	Construction of international passenger terminal launched
October 2010	Commenced operation of Tokyo International Airport international passenger terminal
November 2012	Construction to expand international passenger terminal and other areas commenced
March 2014	Began temporary operation of expanded section of international passenger terminal building
August 2014	Began operation of “Haneda Nihonbashi Bridge” “TIAT SKY HALL” and other facilities
September 2014	Began permanent operation of expanded section of international passenger terminal building Began operation of exclusive gates for hotel wing and business jet
October 2015	Increased China flight routes during daytime hours by 12 flights
January 2016	Launched urban duty-free shop drop-off counter service
October 2016	Increased North America flight routes during daytime hours by 10 flights (including migration from late night and early morning hours)

1. Company Name	Tokyo International Air Terminal Corporation
2. Date Founded	June 20, 2006
3. Headquarters Location	Haneda Airport, Ota-ku, Tokyo
4. Capital	9.0 billion yen
5. Businesses	Maintenance and management of the terminal building in the international section of Tokyo International Airport
6. Representative	Katsuji Doi, President (Former Vice President of Japan Airport Terminal Co., Ltd.)
7. Composition of Shareholders	Japan Airport Terminal Co., Ltd. (38.78%) Japan Airlines Corporation (19.36%) ANA HOLDINGS INC. (19.36%) Narita International Airport Corporation (4.5%) TEPCO Energy Partner, Incorporated (3.5%) SECOM Co., Ltd. (3.0%) Tokyo Gas Co., Ltd. (3.0%) Keihin Electric Express Railway Co., Ltd. (2.0%) Tokyo Monorail Co., Ltd. (2.0%) NTT Data Corporation (1.5%) Development Bank of Japan Inc. (1.0%) Mizuho Bank, Ltd. (1.0%) The Bank of Tokyo-Mitsubishi UFJ, Ltd. (1.0%)
8. Corporate Philosophy	As the gateway to the nation’s capital, Tokyo, we will endeavor to continue providing cutting-edge terminal facilities and services to customers from across the world and thus contribute to the development of the international aviation network.

Note: Created by the Company based on material from the Tokyo International Air Terminal Corporation.

## 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.

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

## Contact

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