

NAA Group Mid- to Long-Term Management Plan



Narita International Airport Corporation



Narita Airport

Connecting Japan to the World

- 1. Summary of the Previous Mid-term Management Plan (FY2016 – 2018)**
- 2. Business Environment Surrounding Narita Airport**
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 - Strategic Policies & Key Strategies**
- 4. Our Vision for the Narita Airport's next stage**
 - Long-Term Management Plan**
- 5. Management Targets**

Summary of the Previous Mid-term Management Plan (FY2016-2018)

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➔ Major Initiatives under the 5 Strategic Policies in the Previous Mid-term Management Plan

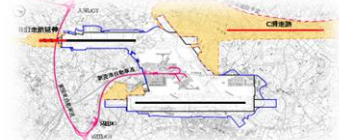
I. In pursuit of World's Highest Standards in Safety and Stability of the Overall Airport Operation

- ➔ Opening of "Narita Airport Operations Center" to establish a organizational structure for the Crisis Management and Operational Safety Management.
- ➔ Strengthen aviation security by deploying Advanced Imaging Technologies (AIT) devices and others to detect threat objects carried on persons entering airport sterile areas.
- ➔ Towards achieving the Triple Zero (no aircraft accidents, no fatal facility and system failure, no terrorism). Prevention of runway incursions and collapse of facility ceiling panels, etc.



II. Develop Airport Capacity Enhancements in harmony for the Prosperous Coexistence with the Local Communities.

- ➔ Reaching agreement in the "Four Party Council on Narita Airport" to further enhance capacity. Commitment for the agreed items.
- ➔ Optimizing the position of Rapid Exit Taxiways to suit the aircraft mix at Narita Airport to increase the hourly runway movements to 72 before the 2020 Summer schedule season.
- ➔ Steady progress in the reduction of greenhouse gases to achieve 7% reduction in 2020.



III. Strengthen the Flight Service Network Expansion

- ➔ Strengthen marketing activities to attract new routes and flight frequency utilizing the Marketing and Hub Promotional Incentives.
 - I: Connected with 115 international and 22 domestic destinations. Achieved the target for domestic destinations.
 - II: Achieve to reach 30% LCC flight share at Narita Airport.
 - III: Expected to achieve 43 million annual (fiscal) year passenger target. Achieved 2.1 million tonnes of cargo target



IV. Pursue to improve Customer Satisfaction by offering the World's Highest Standards of Service Quality and by Creating Attractive Retail Sales Spaces.

- ➔ Implementing Fast Travel Initiatives : Realigning Common Use Self-Service (CUSS) kiosk, deploying Common Use Bag-Drop (CUBD). Deploy Smart Security Lanes by the end of FY2019.
- ➔ Towards the Olympic and Paralympic Games Tokyo 2020: Promote use of the Universal Design concept. Improve passenger terminals functionalities.
- ➔ Other: Arrival concourse atmosphere improvements, Japanese cultural experience zone, installation of information terminals Visitor Service Center etc.



V. Increase Competitiveness and Strengthen Management Vitality as a Corporate Group.

- ➔ Strengthen Earnings Capacity foundation of the Retail Sales Business: Reallocation of new retail shops and stores area and expansion of the commercial facility space has greatly contributed to the incremental revenue of the NAA's Retail Sales Business.
- ➔ Reorganization and Consolidation of NAA Group companies: Consolidating Narita Airport Logistics Co. (NAAL) with Green Port Agency Co., etc. to reorganize the NAA Group companies to streamline corporate group management.



Summary of the Previous Mid-term Management Plan

Major outputs for Fiscals 2016 to 2018 period

- ➔ Regarding the handling volume, the Total Passenger Traffic is expected to meet our targets, however the flight volume in number of annual Aircraft Movement (slot usage) is to remain at 256,000 movements in FY2018 which is below our expectation due to a more number of international flights has shifted its operation to Haneda Airport after the second round of allocation of the newly available international slots.
- ➔ Regarding the Operating Results, the revenue from the Airport Duty-Free, Merchandising and Food and Beverage Sales Business will be little below the 150 billion yen target but with the favorable steady inbound tourism, we expect to achieve our targets for consolidated operating income of 51.5 billion yen and 6.3% consolidated ROA.
- ➔ As a result of a committed pursuit of management efficiency with emphasis on cashflow management, we expect to achieve the targeted consolidated long-term debt to consolidated operating cash flow ratio of 5.6.

Management Target Achievements

Category		Target	FY2018 Forecast	
Handling Volume	Aircraft movements	270,000 flts.	256,000	(Up to February are actual and estimate for March)
	Passenger numbers	43 million	43.09 million	(As above)
Management targets	Consolidated ROA	5.5% or higher	6.3%	(Through year estimate upon FY2018 interim result)
	Consolidated operating income	JPY49 billion or more	JPY51.5 billion	(As above)
	Consolidated long term debt balance	Lower JPY450 billion range	JPY392.0 billion	(As above)
	Consolidated long term debt balance/consolidated operating CF ratio	6.2 or less	5.6	(As above)
	Revenue from airport duty-free shops, merchandise outlets and restaurants	JPY150 billion	JPY143.8 billion	(As above)
Facility investment	Capital Investment Plan (accumulative total for fiscals 2016 to 2018)	JPY160 billion	JPY113.7 billion	(As above)

Business Environment Surrounding Narita Airport

Economic & Social Trends

Global Economic Risk Factors

- Intensifying trade friction
- Political unrest in Europe
- Chinese economic deceleration
- Situation in the Middle East
- Rising oil prices
- Emerging economy concerns

Rising demand for travel to Japan

- Increase in inbound demand from Asia
- Enthronement Ceremony
- Rugby World Cup
- Olympic and Paralympic Games Tokyo 2020

Environmental and social governance sought of corporations

- Rising resource and environmental constraints
- Practice of ESG management



※ SDG-conscious sustainable growth: Sustainable Development Goals



Increasing Natural Disaster Risks

Greater than expected increase in major disasters

Typhoon 21: Kansai Airport damaged

Hokkaido earthquake: New Chitose Airport damaged

- Major earthquakes expected under Tokyo, in the Nankai trough, etc.

Risk preparation and response

Streamlined inbound processing

Environmental and social governance requirements

New stage in disaster response

Securing labor

Challenge next generation innovation

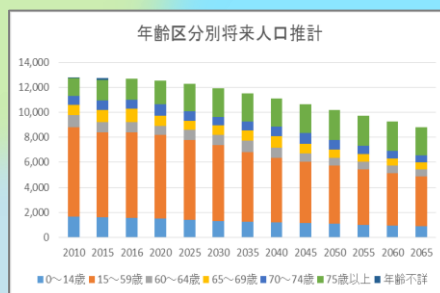
Population decline

- Low birthrate and aging society

- Nationwide decrease in working-age population
- Consumer stagnation due to shrinking domestic markets

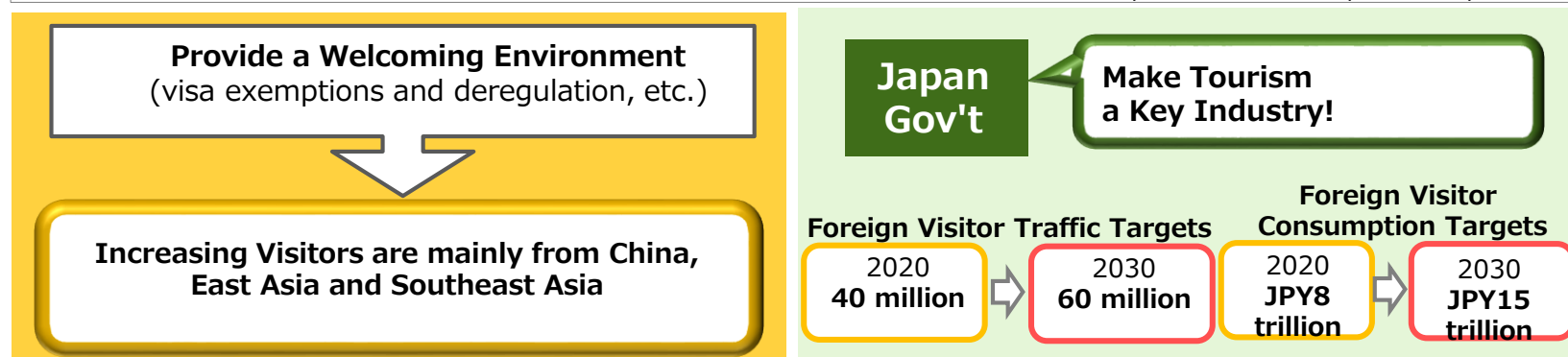
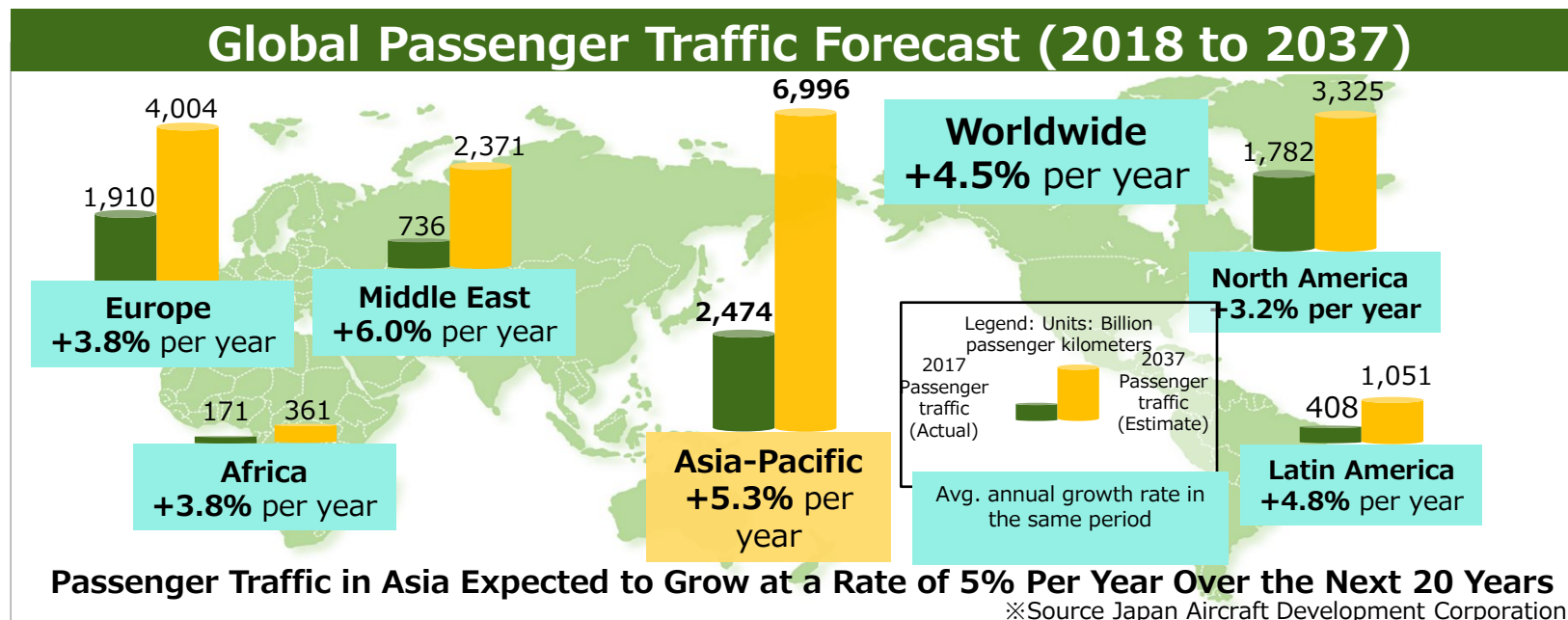
* ESG stands for Environment, Social and Governance, factors that should be emphasized by companies for sustainable growth

* Sustainable development goals are common goals for a sustainable international community



Compiled from Cabinet Office survey:

Global Air Passenger Traffic and Rising Demand for Tourism to Japan



Continued Growth in Tourism to Japan

Diversifying Airline Business Model

Diversification of corporate strategies (FSC)

LCC growth

Alliance partners make use of ATI (antitrust immunity)

Increased partnerships across alliances and between FSCs and LCCs

Shift towards non-stop direct flight services on Asia-Transpacific Routes

Introduction of greenhouse gas emission regulations by ICAO

① Growth in LCCs as the mainstay on short-haul Asian routes

At Narita, Domestic LCCs expanding flight service network to cover short-haul Asian routes.

Present LCC ratio

Over 30%

LCC ratio at 500,000 flights per year

About 50%

② Expansion of LCCs into new markets on medium to long-haul routes

- JAL establishes medium to long-haul international LCC, ZIPAIR
- Peach Aviation and Vanilla Air integrate and launch into medium to long-haul routes
- Increased range and lower fuel consumption with improved aircraft performance

Growth in Air Freight

Global Trade will continue growing trend. (WTO Survey)

Need for speed and stability underscores growth in air-freight shipments of automobile parts, electronic components and chemicals, etc.

Increasing cargo traffic between production centers in Asia and consumer centers in Europe and America

Airport & Airline Industry Trends

① Competition Between Airports

Key Asian airports have major expansion projects underway with plans for extremely large handling capacity

➔ **Intensifying competition**
Opportunity to capture growing passenger market

China Beijing Daxing International Airport

24-hour Operation

- 2019: Opening of airport (4 runways)

	Planned (initial)	Planned (Long term)
Aircraft movements per year	62 slots	880,000
Passengers per year	72 million	100 million
No. of runways	4	6

- 2017: 5th runway completed
- 2019: Satellite terminal in service
- 2025: Terminal 3 completed

	Present	Planned (2025)
Aircraft movements per year	500,000	76 slots
Passengers per year	74 million	120 million
No. of runways	4	5

China Shanghai Pudong Airport

24-hour Operation



South Korea Incheon Airport

24-hour Operation



- 2018: Terminal 2 in service
- 2023: Expansion of Terminal 2, 4th runway in service

	Present	Estimated
Aircraft movements per year	390,000	79 slots
Passengers per year	68 million	100 million
No. of runways	3	5

Singapore Changi Airport

24-hour Operation



- 2019: Jewel complex open
- Early 2020s: Extension of 3rd Runway (currently military) and completion of dual military-civilian purpose specifications

	Present	Planned
Aircraft movements per year	390,000	Unknown
Passengers per year	65.63 million	135 million
No. of runways	2	3

24-hour Operation

China Hong Kong Airport



- 2024: North runway extended, 3rd Runway in service, Terminal 2 extended, Terminal 3 in service

	Present	Planned
Aircraft movements per year	430,000	102 per hour
Passengers per year	74.70 million	100 million
No. of runways	2	3

◎ Further expansion of capacity at metropolitan airports

Haneda Airport

24-hour Operation



- 2020: International slot increase

	Present	Planned
Aircraft movements per year	447,000 flts.	Approx. 487,000
Passengers per year	85.67 million	—
No. of runways	4	4

+ Combined with capacity enhancement at Narita Airport
⇒ 1 million slots per year at Tokyo's metropolitan airports

Fiscals 2019 to 2021
NAA Group Mid-term Management Plan –
Leap Forward to 2021



Mid-term Management Plan (FY2019 - FY2021) (Strategic Policies & Key Strategies)

Essential Component of the Mid-term Management Plan

The New Mid-term Management Plan comprises 6 strategic policies under 3 principal themes



1. In Pursuit of World's Highest Standards in Safety, Stability and Efficiency in Airport Operations. (1 of 2)

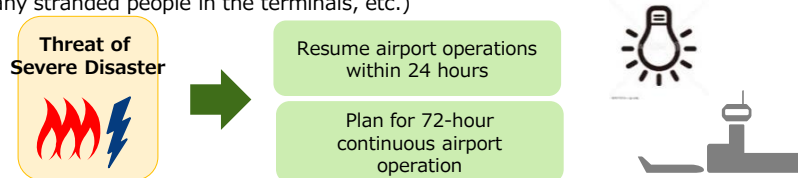
1. Pursuing the World's Highest Standards in Safety and Stability of Airport Operations

As a part of the national transport infrastructure responsible for moving people and goods, Narita Airport must remain totally committed to bolstering its preparedness for unexpected natural disasters and pursuing the world's highest standards in safety and stability in the airport operations into the future.

Direction of Initiatives to FY2021

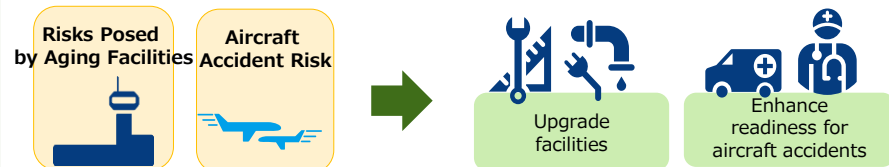
Preparedness for Unexpected Natural Disasters

- Compile Narita Airport BCP(Business Continuity Plan) to establish a contingency plan to resume the airport operation within 24 hours after any occurrence of disasters.
- Plan for Narita Airport's 72 hours continuous operational readiness to keep the airport open to support initial response to a crisis in times of severe natural disaster in the metropolitan area.
- Establish a mechanism for real-time information gathering and sharing system to quickly respond to a situation.
- Reinforce disaster response systems (providing alternative airport access and looking after any stranded people in the terminals, etc.)



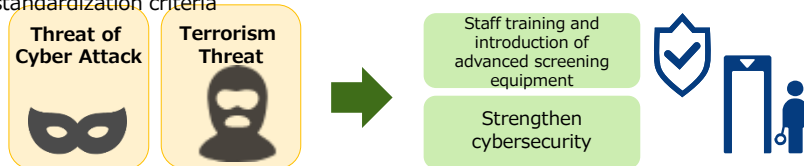
Commitment to Safe and Stable Airport Operations

- Make use of IoT(Internet of Things), etc. for appropriate facility renovation etc.
- Improve aircraft accident response capabilities and systems
 - Introduce disaster response robots
 - Strengthen cooperation with airlines, medical institutions and other related organizations
- Promote safety management with PDCA cycle
- Ensure smooth handling of VIP flights and the VIPs for the Enthronement Ceremony in October 2019



Improve Crisis Management Systems

- Anti-terrorism measures
 - Install advanced screening equipment (CT scanners, etc.) at security checkpoints
 - Compile manuals for terrorism of CBRN(Chemical, Biological, Radiological and Nuclear) attacks.
- Utilize IoT(Internet of Things) function of communication to strengthen security (introduce innovative technology for management in key areas, etc.)
- Strengthen cybersecurity measures and achieve compatibility with government standardization criteria



FY2021 Target

- Achieve Triple Zero and adhere to airport safety and security.
 - Ensure zero aircraft accidents associated with airport operations or facilities
 - Ensure zero serious impact on operations from facility malfunctions
 - Ensure zero serious impact on operations from failure of security measures
- Achieving State Aeronautical Safety Program (SSP) Goals
 - Airside accidents must be below 3.12 cases per 10,000 aircraft movements.
 - Incidents on runway, taxiway and apron requiring a NOTAM(Notice to Airmen) must be kept below 1 case per year.
 - Aeronautical lighting electrical facility shutdowns requiring NOTAM(Notice to Airmen) must be kept below 2 cases per year.
 - Radio navigation aid facility shutdowns requiring NOTAM be kept to zero.

1. In Pursuit of World's Highest Standards in Safety, Stability and Efficiency in Airport Operations. (2 of 2)

2. Achieve Stable, Highly Efficient Airport Operations to meet the Increasing Demand

Strive to manage facility constraints resulting from the increasing demand for air travel by optimizing utilization of the existing passenger terminals to maximize handling capabilities to achieve stable and highly efficient airport operations while maintaining highest global standard in safety.

Direction of Initiatives to FY2021

Increasing Handling Capacity and Operation with High Efficiency

Shortage of Capacity with the Aircraft & Passenger Traffic Growth.



Increase Handling Capacity

- Increase hourly aircraft runway movement to 72 with realigning the rapid exit taxiways to suit the aircraft mix at Narita Airport.
- Construct additional 23 aircraft parking stands (Runway B south end, Terminal 2 South end, Terminal 3 North end)
- Construct holding bay at north end of Runway A (FY2022)



Operational Efficiency & Optimization of Existing Facilities



Optimize Airport Operations

- Enhance airport operational capacity by implementing Airport Collaborative Decision Making(CDM)*1 to share information in timely manner for optimized airport use.
- Increase handling capacity by implementing Fast Travel initiatives and utilizing passenger flow management (PFM)*2
- Optimize Total Airport Management (TAM) *3 by sharing necessary data among airport operation stake-holders on real-time basis.



Optimal Use of Facilities

- Monitor facility operations and achieve optimum efficiency on facility operations under NAA leadership
- Improve aircraft parking stands utilization across different alliance zones.
- Promote use of off-peak hour slots with strategic charging system.

To Accommodate the Growing Demand

*1 Airport Collaborative Decision Making (CDM): An initiative designed to work in collaboration with stakeholders to enhance airport operational capacity by sharing airline flight information and airport operations information in a timely manner.

*2 Fast Travel: An IATA (International Air Transport Association) program promoting the automation of passenger procedures (self-service) and the introduction of common-use facilities.

*3 Total Airport Management (TAM): An initiative designed to optimize the airport overall by sharing operational data in real time and working in conjunction with stakeholders in order to achieve efficiency in the allocation of management resources, etc.

2. Develop Airport Capacity Enhancements in harmony for the Prosperous Coexistence with the Local Communities.

■ Develop Airport Capacity Enhancements in harmony for the Prosperous Coexistence with the Local Communities.

We will adhere to the agreements achieved in the Four Party Council in striving for sustainable growth of Narita Airport while working to achieve further increases in airport capacity, enhancements of airport functionalities and promoting environment and regional development initiatives aimed at coexistence and mutual prosperity with local communities.

Direction of Initiatives to FY2021

Promote Further Capacity Enhancement

- Realization of the changes in night-time flight operation effective 2019 Winter schedule.
 - Create system for extended night-time airport operations
 - Ensure access to and from central Tokyo for passengers and local access for airport workers.
 - Installation of inner double windows (for Runway A noise prevention zones)
 - Step up cooperation with environment measures and regional development carried out by relevant local government bodies
- Formulate and add depth to airport development plan.
- Make steady progress for Runway C construction and Runway B extension etc.,
 - Prepare for the "Procedures for Approval of Changes in Airport Development Plan" under the Civil Aeronautics Law
 - Proceed with items agreed to in the Four Party Council Memorandum of Confirmation (process of installing inner windows, etc.)
 - Prompt acquisition of land
- Preparations for 72 flight/hour capacity (construction of rapid exist taxiways and aprons, etc.)



※本図は概略図であり、実際の地形や施設の詳細を示すものではありません。また、本図は、本図の作成に当たっては、関係機関との協議を経て作成されています。

Contribute to Improvements in Region-focused Coexistence Coprosperity and Environment Policies and Regional Development

- Proceed with regional coexistence and coprosperity on the fundamental principle of "Airport Development Means Regional Development"
- Cooperate with the "Implementation Plan" (provisional name) led by the Chiba Prefectural government and preceding matters
- Work closely with the Ministry of Land, Infrastructure, Transport and Tourism to ensure total compliance by the airlines with Standards for Prevention of Falling Objects
- Promote the region as a tourism hub through the 30th Anniversary reconstruction of the Museum of Aeronautical Sciences
- Promote Eco-Airport Vision 2030



FY2021 Environmental Target

- Manage Greenhouse Gas (CO₂) Emissions (per each aircraft movement compared to benchmark year FY2015)
 - 7% reduction on FY2015 level (per aircraft movement by end of FY2020)
 - 30% reduction on FY2015 level (per aircraft movement by end of FY2030)

Strengthen the Flight Service Network Expansion which is the Foundation of the Airport Competitiveness. (1 of 2)

■ Promote Network Expansion to offer more options for Inbound Tourism, Diversification and Transfers.

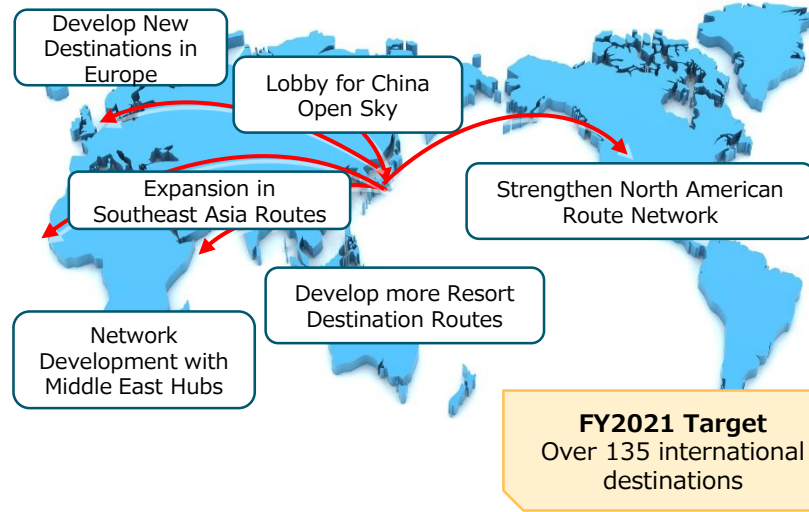
Create a multilateral, intricate, diverse network to contribute to the development of the global air transport industry in our role as an international hub airport.

Direction of Initiatives to FY2021

Expand routes in response to increases in inbound passengers, creation of diverse network and improved convenience for flight connections

International

- Expand routes to accommodate increasing inbound passenger traffic (China, Southeast Asia, etc.)
- Attract more resort routes and explore potential new route to the airlines for South Asia, Northern Europe and Eastern Europe destinations
- Develop networks to Europe, Africa and South America through other transit hubs in the Middle East and North America, etc.



To offer more transfer flight options and comfort.

- Strengthen North American Route Flight Network by approaching the airlines. Capture “domestic to international” and “international to domestic” flight transfer travel demand.
 - Increase flight handling capacity during peak hours
 - Improve services at NAA’s air-side lounge “Narita Travelounge”
 - Plan to offer Flight Connection Guarantee and Assistance.
 - Plan for implementing “One Stop Security”
 - Improve Transit Stay Experience (introducing “Narita Transit Program”)
 - Discuss with FSCs, attract medium to long-haul LCCs
 - Increase flights on existing domestic routes

Domestic

- Improve incentives to attract airlines on routes from Narita to unserved regions (Hokkaido, Tohoku, San-in)
 - Operate promotion campaigns and web marketing



International & Domestic

- Approach airlines to utilize the newly made available slots with the Change for night time flight operations.
- Expand networks using new incentives and promote use of the “Early Morning Departure Bonus”.
- Consider strategic charging mechanism incorporating more depth in incentive plans.

3. Strengthen the Flight Service Network Expansion which is the Foundation of the Airport Competitiveness.(2 of 2)



■ Strengthen Flight Service Hub Network and Freight Logistic functionalities.

We will promote attracting airlines which would utilize our airport as their base hub and logistics center by listening to the needs of passengers, airlines and cargo forwarders to create a multilateral, intricate and diverse network.

Direction of Initiatives to FY2021

Promote to become Airline's Hub Airport

Airport Development Plan

- Plan for Narita Airport's future design with the Airline Alliances, LCCs and Freight outlook and utilization of 500,000 annual aircraft movement capacity.

Correspond to Airlines' Business Strategy Diversifications

- Diversifying airline relationships overriding conventional partnership framework.
- Construct additional upper deck boarding bridge facility for A380 (Gate 54)

Support for LCC's Hub Operations

- Expansion Construction Project for Terminal 3 arrival lobby (increase handling capacity from 7.5 million to 9 million passengers) and introduce in-line baggage screening and Smart Security concept facility (FY2019)
- Expansion Construction Project for Terminal 3 check-in floor and gates (increase handling capacity from 0.9 million to 1.5 million passengers) and construction of curbside bus-stop facilities.
- Promote attracting medium to long-haul LCCs

Air Freight Logistic Center Functionalities

High Value-Added Cargo

- Increase handling capability of high value-added cargo (obtain CEIV Pharma certification)

Improve Efficiency

- Achieve Med-term facility development with efficient layout plan.
- Review "Transshipment Cargo" handling facility and operational plan to improve operational efficiency.
- Utilize Digital Technology to facilitate Operational Efficiency of the Cargo Facility Operations.(truck management system, digital cargo documents)

Promote more Narita Airport use

- Tie-up with cargo-forwarders, Japanese Government and Local Government etc., to add more value for Narita Airport as a Air Freight Logistic center.
- Utilize newly made available night time slots with the Change in Night-time Flight Restrictions. (More over-night cargo shipment potential)

4. Create more Value Added “Customer Experience” of the Highest Global Standard with our commitment for putting “Customer First” Principle (1 of 3)

■ Offer an Airport Experience Tailored to Travelers Diverse Needs

.In an market environment where more inbound tourism to Japan is growing, the passenger mix and their needs (wants) are ever diversifying and we will aim to meet the travelers needs, reach for the Five Star in SKYTRAX Airport Rating and achieve to become an airport to offer Customer Experience with an extra touch to reach one’s heart in their airport experience at Narita Airport

Direction of Initiatives to FY2021

Design airport passenger services to suit the changing travelers-mix and offer comfort and happy feeling before and after their air travel.



Understanding Customer Needs and Expectations (Precise and Potential)

- Introduce real-time feedback systems
- Step up target-based promotions and marketing with digital marketing methods



Offer Services Tailored to Individual Needs

- New services for the elderly and disabled.
- Create pleasant spaces in the terminals.
- Offer travel information through the “TOKYO-NARITA JAPAN EXPLORER” tourism information platform.
- Place multifunctional designer furnitures in the passenger terminals waiting area.



Deploy Facility and Functionalities to meet the Desire and Interests of the Inbound Travelers

- Events and exhibits that showcase the attraction and culture of Japan.
 - Provide unique services utilizing Japanese “Anime” and Game Contents.
 - Deploy multilingual, interactive, digital signage at all passenger terminals.
 - Open more “Visitor Service Centers” (Terminal 2)
 - Convey NAA’s welcome and hospitality using the digital signages.
 - Integrate bus ticket service counters, deploy ticket vending machines.
 - Renovate restrooms in Terminal 1 and Terminal 3.
- At the terminal waiting areas, increase power outlets, provide hot water servers, replace old seats with new, increase Chinese language speaking service staff, etc.

Support Airlines “On Time Performance” Aim for World’s Top Level Punctual Airport

- Introduce Narita Airport CDM(Collaborative Decision Making)^{*1} for timely information sharing
- Continue Fast Travel introduction and improve passenger processing capacity with the Passenger Flow² Management (PFM) system

FY2021 Target

- World Airport Rating:
Achieve SKYTRAX 5 Star rating and maintain
- World Best Airports: Top 5 (Passenger votes)

^{*1} Airport Collaborative Decision Making (CDM): An initiative designed to work in collaboration with stakeholders to enhance airport operational capacity by sharing airline flight

^{*2} information and airport operations information in a timely manner.

Fast Travel: An IATA (International Air Transport Association) program promoting the automation of passenger procedures (self-service) and the introduction of common-use facilities.

4. Create more Value Added “Customer Experience” of the Highest Global Standard with our commitment for putting “Customer First” Principle (2 of 3)

■ Smooth Departure Passenger Process

Improve the Quality of Passenger Experience by streamlining the passenger process flow with implementing “Fast Travel” initiatives and technologies, through preparations for the Olympic and Paralympic Games Tokyo 2020 traffic and improving convenience of the airport access to strive for a stress free airport experience.

Direction of Initiatives to FY2021

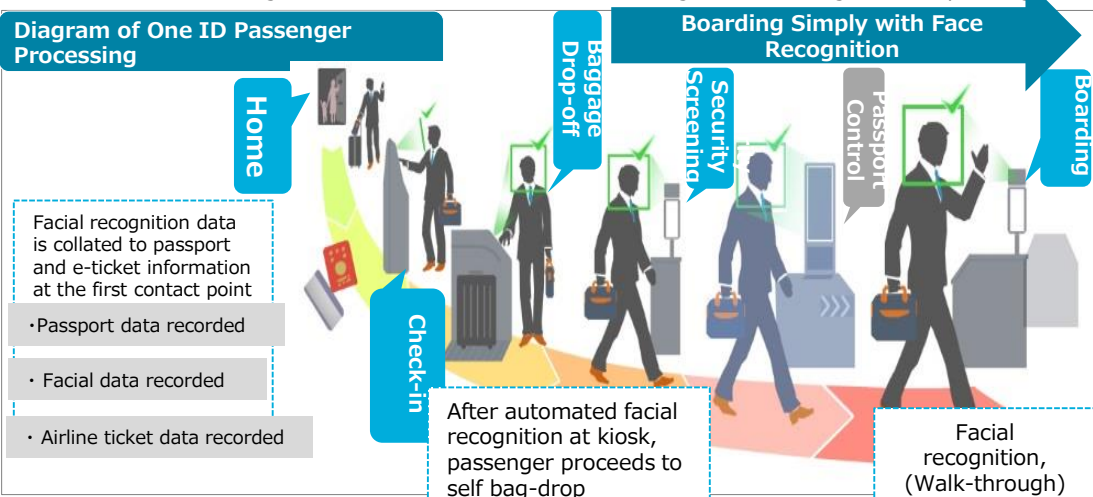
Fast Travel Initiatives

*1

*1 Fast Travel: An IATA (International Air Transport Association) program promoting the automation of passenger procedures (self-service) and the introduction of common-use facilities.

- Expand the deployment of automatic self-check-in kiosks (CUSS: Common Use Self-Service); commence full-scale deployment of automated bag drops (CUBD), upgrade and streamline passenger security screening (full-scale implementation of Smart Security); smoothen passenger flow with the introduction of Passenger Flow Management (PFM) systems.
- Develop a “common use” shared equipment and facility use environment to smoothly implement Fast Travel initiatives and introduce a charging scheme that will encourages common use system.
- Introduce the next-general of Fast Travel “One ID”, with digital facial recognition for passenger identification and boarding process on a practical level.

Diagram of One ID Passenger Processing



FY2021 Target

■ Processing Time (Departures)

Check in: Self-service, no more than 7 minutes
 Staffed check-in, no more than 20 minutes
 Passenger screening: no more than 10 minutes
 * Target figures are averages during late afternoon peak hours.

■ Processing time (arrivals)

Immigration: Waiting time for foreign passport holders, no more than 20 minutes
 Baggage claim: From the first bag delivery to the last baggage
 Wide body aircraft, no more than 20 minutes
 Smaller (narrow body) aircraft, no more than 15 minutes

Improved Airport Access Convenience

- Adapt to increasing passenger traffic and diverse needs
 - Raise transport capacity to accommodate increasing numbers of passengers generated by greater airport capacity
 - Expand passenger terminal curbside facilities and optimize traffic operations
 - Introduce seamless connections from the airport to means of access and improve convenience (eliminate the dual JR turnstiles at the Airport Terminal 2 Station and improve the passenger flow to Terminal 3)
 - Expand customer car parking (opening of P2 multistory car park; capacity increased from 2,400 vehicles to 3,100)
 - Ensure access for customers on late night flights resulting from the easing of night curfew
 - Expand customer car parking (opening of P2 multistory car park; capacity increased from 2,400 vehicles to 3,100)



4. Create more Value Added “Customer Experience” of the Highest Global Standard with our commitment for putting “Customer First” Principle (3 of 3)

■ Our Preparedness for the Olympic and Paralympic Games Tokyo 2020 Movement will become our Legacy for service standards.

As the gateway of Japan, Narita's objective is to provide a safe and smooth avenue for the athletes, officials and spectators of the Rugby World Cup in 2019 and the Olympic and Paralympic Games Tokyo 2020, and to view these as opportunities for further progress and growth for our airport, and use the facility and service initiatives as a legacy of those events with which to add value to our airport.

Direction of Initiatives to FY2021

Our Preparedness for the Olympic and Paralympic Games Tokyo 2020 Movement will become our Legacy for service standards.

Safe and Smooth Handling of the Olympic and Paralympic Games Tokyo 2020 Participants

Total Operational Safety and Reliability

- Strengthen security screening system (installation of body scanners (AIT))
- Introduce Smart Security

Ensuring safety and smooth movement of athletes and officials

- Secure smooth passage for the athletes and officials including the use of the Temporary Dedicated Facilities for check-in and arrival luggage and equipment.
- Handling of oversize and special cargo (very large equipment, horses, guns, etc.)
- Assistance for wheelchair users
- Accommodating VIPs on corporate and government aircraft, etc.

Further Improvements with Universal Design concept

- Further facility improvements on the Narita Airport Master Plan with Universal Design concept.

Extending Warm Welcome

- Utilize digital signages to create pleasant welcoming spaces



Legacy of Olympic and Paralympic Games Tokyo 2020 Movement Handling

Facility and Service Initiatives for the Olympic and Paralympic Games Tokyo 2020 Movement will Remain as Legacy to Improve Airport's Added Value



Terminal 1: Satellite 1 gate lounge



Elevators for wheelchairs, etc. (Illustration)



Creating Enjoyable Spaces with Digital Signage

5. Create Attractive Retail Shops and Restaurant Space that Adapt Quickly to Changes in Customer Needs

■ Create Attractive Retail Shops and Restaurant Space that Adapt Quickly to Changes in Customer Needs

We will create attractive retail space that can adapt quickly to changes in customer needs amid dramatic changes in markets brought about by increasing visitors to Japan from Asia and other countries to improve customer satisfaction and optimize profitability.

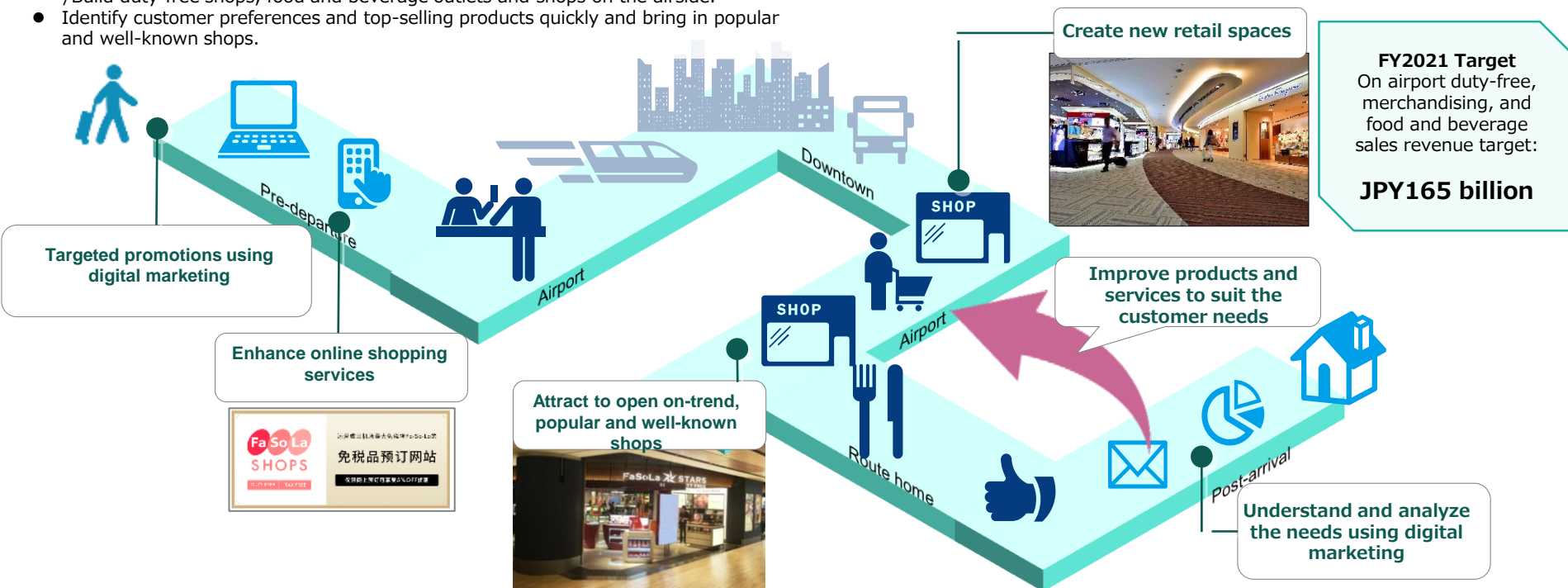
Direction of Initiatives to FY2021

Create Attractive Retail Shops and Restaurant Space that can Adapt to Changes in Passenger Composition & Needs

- Expand, improve and upgrade retail facilities at the airside in the terminals.
T2: Extend Narita 5th Avenue.
T1: Renew duty-free shops, etc. and reorganize merchandizing stores mix. *1
- Create new retail spaces suited to increasing LCC customer needs.
T3: Open Delivery Service Baggage Counters upon building 1st floor arrival lobby.
T3: Add food and beverage outlets and shops, expand food court upon floor expansion.
/Build duty-free shops, food and beverage outlets and shops on the airside.
- Identify customer preferences and top-selling products quickly and bring in popular and well-known shops.

Maximize Profitability with Further Improvements in Digital Marketing

- Step up targeted promotions and marketing based on in-depth digital information relating to Narita Airport users and people planning their travel.
- Continue with the introduction of increasingly popular cashless transactions
- Expand and improve online shopping services and attract customers to real shops through the advance ordering site

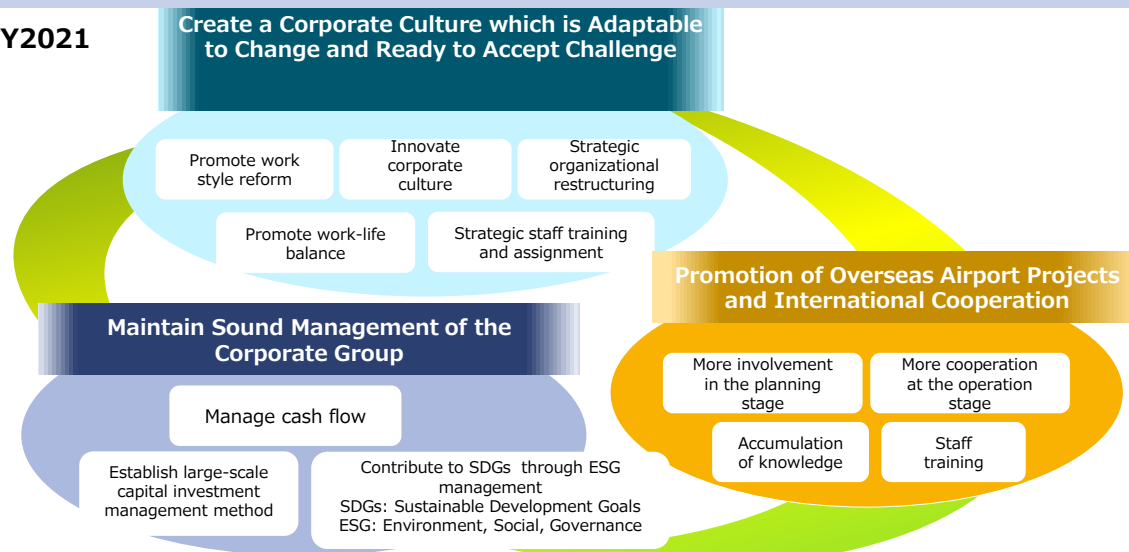


5. Reinforce Airport Competitiveness to Achieve Sustainable Growth (1 of 3)

■ Maintain Sound Management of the Corporate Group and Consolidate Foundations for Growth

Exercise a total commitment to sound management in the face of increasing investment in capacity building by maintaining and improving on profitability and achieving greater investment efficiency while striving to build a company than can use task efficiency and work innovation to respond to changes.

Direction of Initiatives to FY2021



Create a Corporate Culture which is Adaptable to Change Through Innovation in Work Methods

- Adopt work flexibility and reduce total working hours by promoting a work-life balance
- Utilize RPA(Robotic Process Automation) to achieve task efficiency and improved task processes and improve productivity
- Undertake a flexible organizational restructuring and rational staff deployment in line with key strategies

Maintain Sound Management of the Corporate Group

- Establish new evaluation criteria and management methods for investment in further capacity enhancement while emphasizing cash-flow management
- Total compliance
- Contribute to SDG with ESG management practices

Promotion and International Cooperation on Airport Projects Overseas Using Expertise in Airport Construction and Operation

- Planning stage: Step up involvement in exploring projects and creating master plans, etc. through more extensive collaboration with companies with overseas business expertise and with partner airports
- Operation stage: More collaboration with potential sponsor companies
- We will develop human resources to undertake the operation of airports overseas. Also utilize management resources of group companies

Public Listing

- Continue with ground work for public listing while monitoring government's position

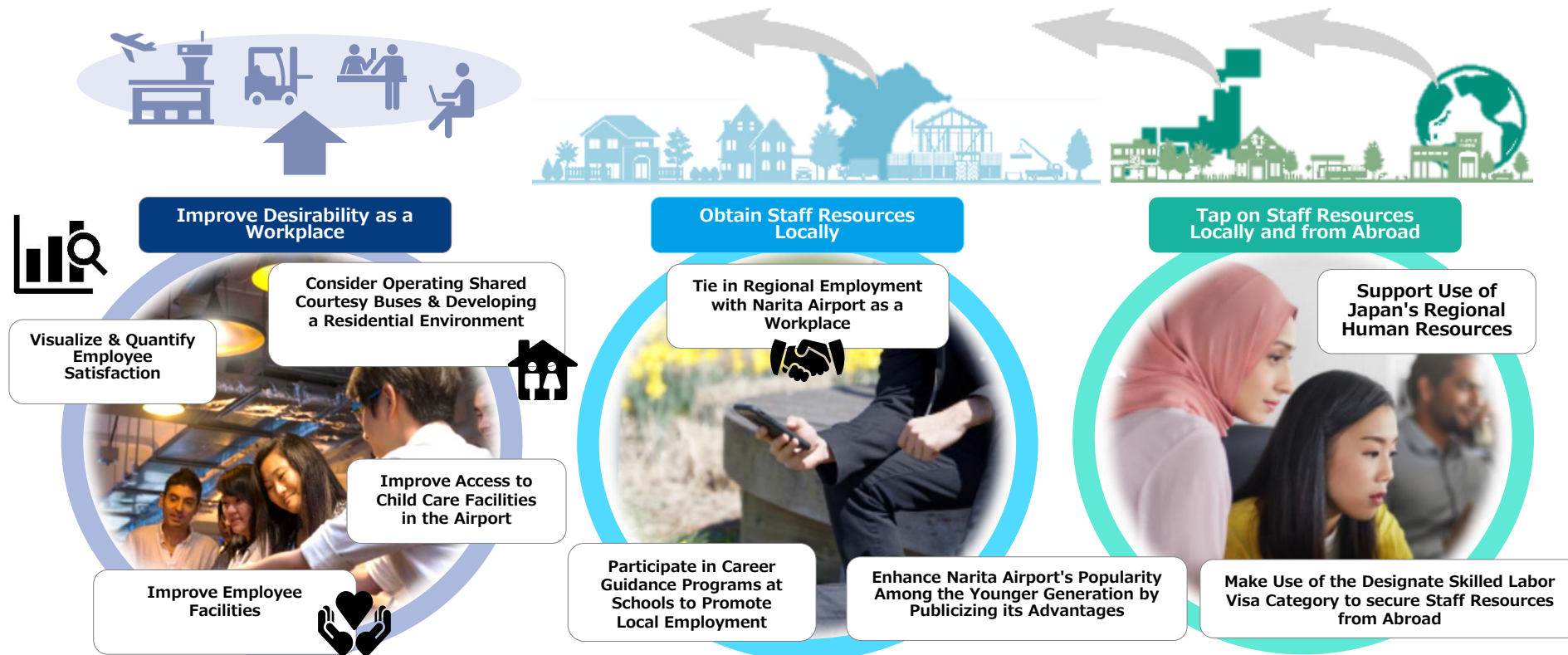
6. Reinforce Airport Competitiveness to Achieve Sustainable Growth (2 of 3)

■ Secure Future Staff Resource by Offering an Appealing Working Environment

We will capture our needed high-quality staff resources despite the shortage of working age generation by improving Narita Airport's appeal as a workplace and strive to employ personnel from the local area, regional areas in Japan and countries overseas.

Direction of Initiatives to FY2021

Attract Staff Resources by Offering an Appealing Working Environment



Support Training & Education / Support the Development of a Platform for Utilizing Staff Resources

5. Reinforce Airport Competitiveness to Achieve Sustainable Growth (3 of 3)

■ Revolutionize Productivity with Innovation

We will utilize digitization and cutting-edge technology to move forward with innovation in the intensifying competition between major airports in Asia and provide more efficient allocation of management resources and new added value with the aim of becoming Asia's leading airport.

Direction of Initiatives to FY2021

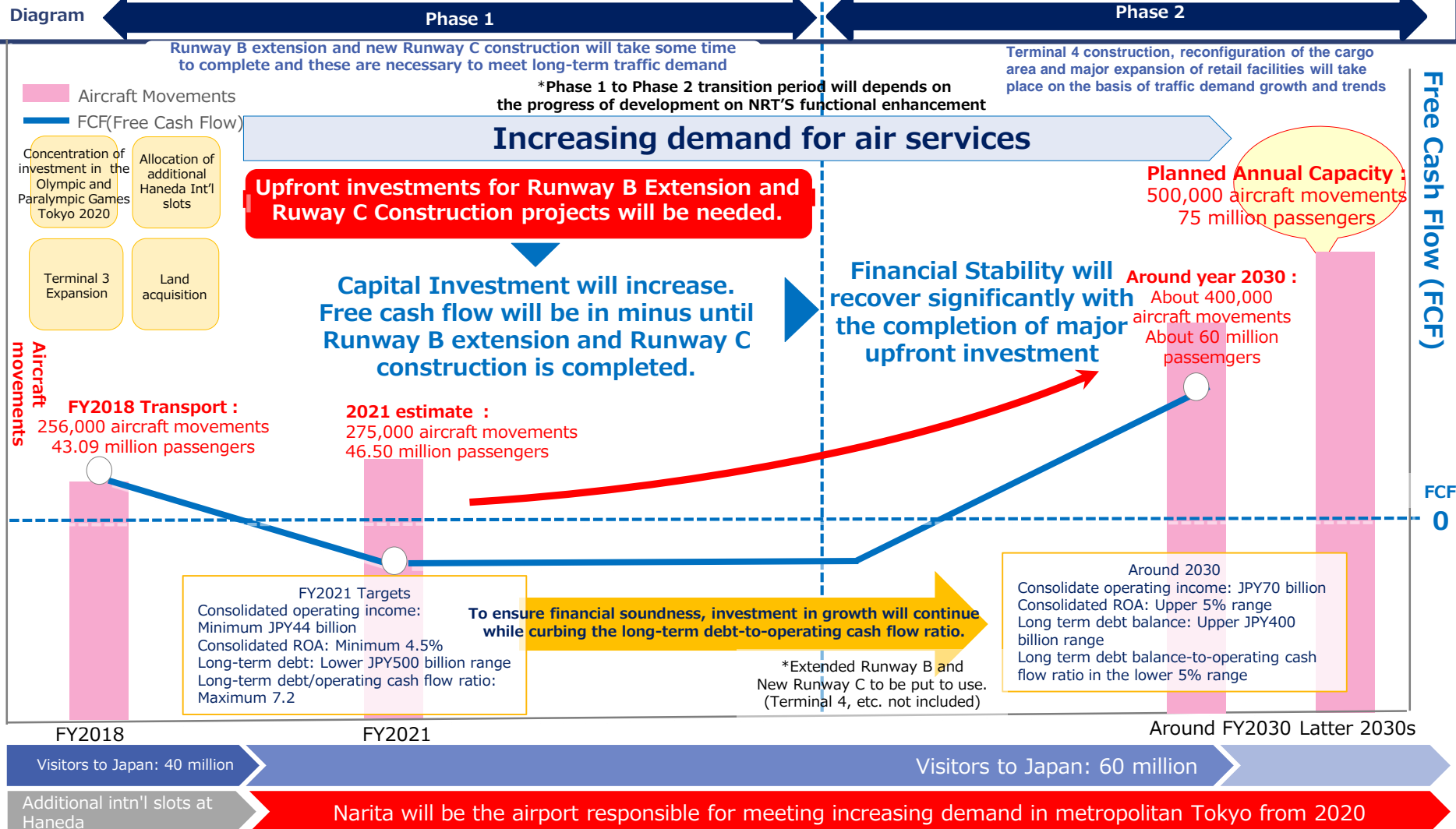
Revolutionize Productivity with Innovation



Our Vision for Narita Airport's Next Stage (Long-Term Management Plan)

Business Environment Surrounding Narita Airport

In FY2020, where there will be an allocation of newly available international slots at Haneda Airport, we expect there will be a temporary drop in international flight volume at Narita with the expected shift of operation, however the general growing trend in the Asia region for air services shall bring about a steady increase in operating cash flow commencing in FY2021 for Narita Airport.



NAA's Concentrated Area of Growth and Strategies.

**Mid-term Management Plan Period
FY2019~FY2021**

Around FY2030

Strategic Policy 1

Pursue the World's Highest Standards in Safety, Stability and Efficiency in the Airport Operations

- Pursue thorough safety and stability in the airport operations
- Increase handling capacity and improve efficiency

Maintain the World's Highest Level in Safety and Stability and Achieve High Quality and Efficiency in the Airport Operations

Strategic Policy 2

Enhance Airport Handling Capacity and Functionality in harmony for Coexistence and Mutual Prosperity with the Local Resident Community

- Steadily increase capacity and enhance functionalities.
- Enhance coexistence and mutual prosperity with the local resident community

Continue to Meet the Growing Tourism Demand into the 2020s for the Metropolitan and Grow with the Local Community

Strategic Policy 3

Aim at Expanding Flight Service Network, as the Attractive Choices of Routes are Strength in Airport Competition

- Capture inbound demand
- Develop air logistics hub
- Pursue transit convenience and comfort

Become Japan's Key Gateway Airport with Finely Balanced Extensive Flight Service Network and offer Variety of Choices (FSCs and LCCs) to meet the Diversifying Travelers Needs.

Strategic Policy 4

Offer Customer Experience of Global Highest Standards

- Provide services tailored to customer needs to create customer experience with value of Global Top Standards.

Become an Airport that leaves impression on Travelers by pursuing Value in the Airport Customer Experience

Strategic Policy 5

Create Attractive Retail Spaces that meets the Travelers Purchase Trends in timely manner

- Create an attractive retail spaces
- Step up digital marketing

Maximize Retail Business Profitability by pursuing Customer Satisfaction

Strategic Policy 6

Strengthen Airport Competitiveness to secure Sustainable Growth

- Promote innovation with digitalization
- Maintain sound management and promote Work Style Reform
- Secure human resources by improving NRT's attractiveness

Establish a Name as an Airport Innovator, Achieve a Sustainable Growth Cycle

Strengthen our foundation for a Significant Growth ahead

Achieve Significant Growth

1. Pursue the World's Highest Standards in Safety, Stability and Efficiency in the Airport Operations

“Safety” takes precedence over everything in the Airport Operation and NAA will pursuit our airport’s “Safety” and “Reliability” into the future.

Strive to Achieve Stable, Efficient Airport Operations to Accommodate Rising Demand for Air Transport Services.

- Prepare for unexpected natural disasters (severe disasters)
- Strengthen crisis management
- Commitment for safe and stable airport operations

- Enhance handling capacity and ability
- High operational efficiency & maximum utilization of the existing facilities

Pursue Safe and Stable Airport Operations



High Operational Efficiency with Commitment for Safety

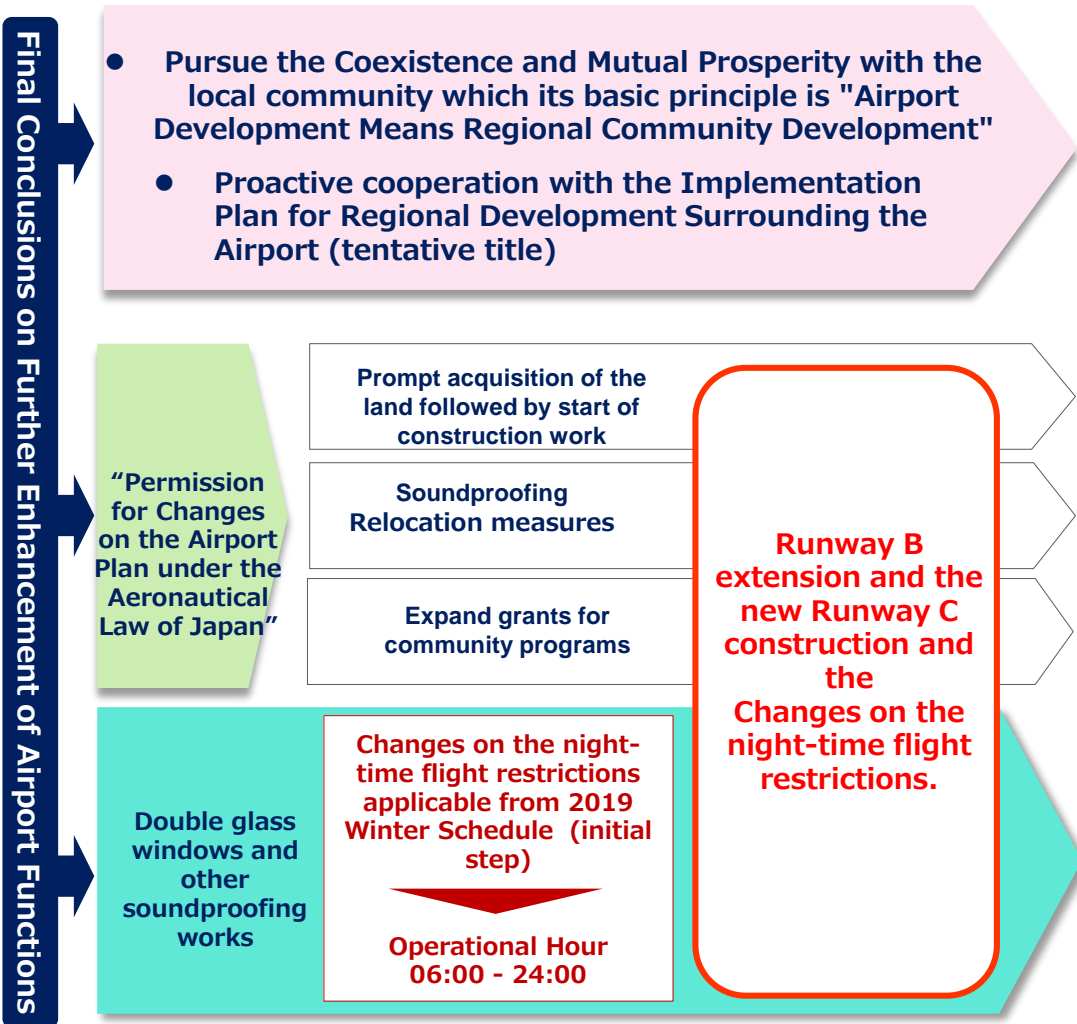
Around 2030 Future Vision of Narita Airport

Adherence to the World’s Highest Level for the Safety and Stability and achieve High Standard of Quality and Efficiency in Airport Operations

2. Enhance Airport Handling Capacity and Functionality in harmony for Coexistence and Mutual Prosperity with the Local Resident Community.



We will pursue the coexistence and mutual prosperity with the local community and together make steady progress in the capacity increase and functionality enhancement at Narita Airport and realize the Runway B extension, new Runway C construction and changing the night-time flight operational restrictions.



Around FY2030 Future Vision of Narita Airport

An airport that will meet the metropolitan area's future air transport service demand on after year 2020 and grow together with the local resident community.

Runways: 4,000m X 1; 3,500m X 2
 Operating Hours: 05:00 - 24:30 (presently 06:00 - 23:00)
 Aircraft runway movements per hour: 98 (presently 68)
 Aircraft movements per year: 400,000 (presently 256,000)
 Passengers per year: 60 million (presently 43.09 million)

Anticipated Effects for the Communities

- Local business growth
- Industrial expansion
- Growth in exports of local agricultural and marine products
- Improved transport access to and from the airport
- Improved road network
- Job opportunity
- Increased tourism

3. Aim at Expanding Flight Service Network, as the Attractive Choices of Routes are Strength in Airport Competition.

Build-up Finely Balanced Extensive Flight Service Network.

Capture Inbound Demand

- Attract (FSC & LCC) airlines to use NRT as their hub.
- Attract airline flight service to expand routes of inbound tourism traffic. (Lobby Open Sky for China, attract Southeast Asian routes in light of improved aircraft performance)
- Promote use of the new "Airline Incentive Programs" to expand network and encourage use of the early morning departure bonus.



Pursue Transit Convenience and Comfort

- Improve Transit convenience and comfort.
- Strengthen North American Route Flight Network by approaching the airlines.
- Strengthen domestic-international and international-domestic connections (LCC domestic network as strength)



Develop air logistics hub

- Develop mid-term plan for efficient layout for the cargo handling facilities.
- Promote efficient cargo facility operations with digitalization, etc.
- Promote handling of high value-added cargo.
- Improve airport's value as an air logistics hub in collaboration with the airlines, cargo forwarders, national and regional governments.

FY2021 Target

International flight service network :
More than 135 destinations
Domestic flight service network :
More than 27 destinations

Around FY2030 Future Vision of Narita Airport

- Japan's gateway with a finely balanced extensive Network for the diversifying needs.
- Attract "domestic to international" and "international to domestic" connection travel demand in addition to the International = International connections.



International flight service network :
More than 150 destinations (presently 115)

Domestic flight service network :
More than 35 Destinations (presently 22)

4. Design “Value-added Passenger Experience” that is of the Global Highest Standards with “Customers First” basic policy.

Become an attractive Airport that is chosen by Travelers by thoroughly placing “Customers First” policy as the foundation.

- Offer and arrange for variety of Japan Stay Experience Tailored to Diversifying Travelers Needs ●

- Seamless Smooth Passenger Process Experience ●

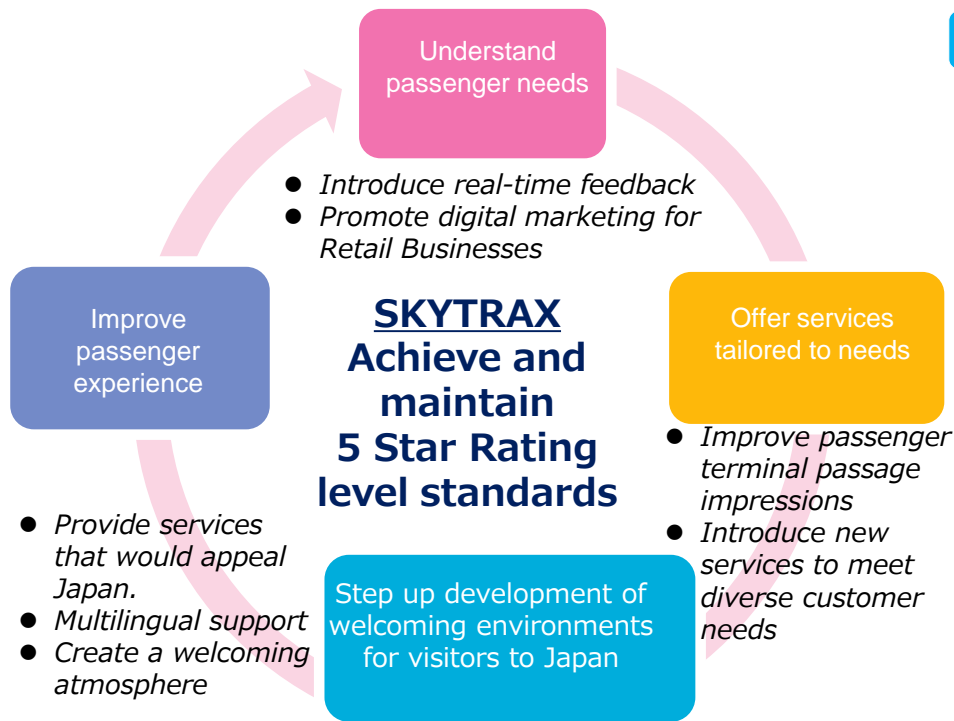


Illustration of the Next Generation “Fast Travel” Experience : Introducing “One ID” Passenger Recognition Process



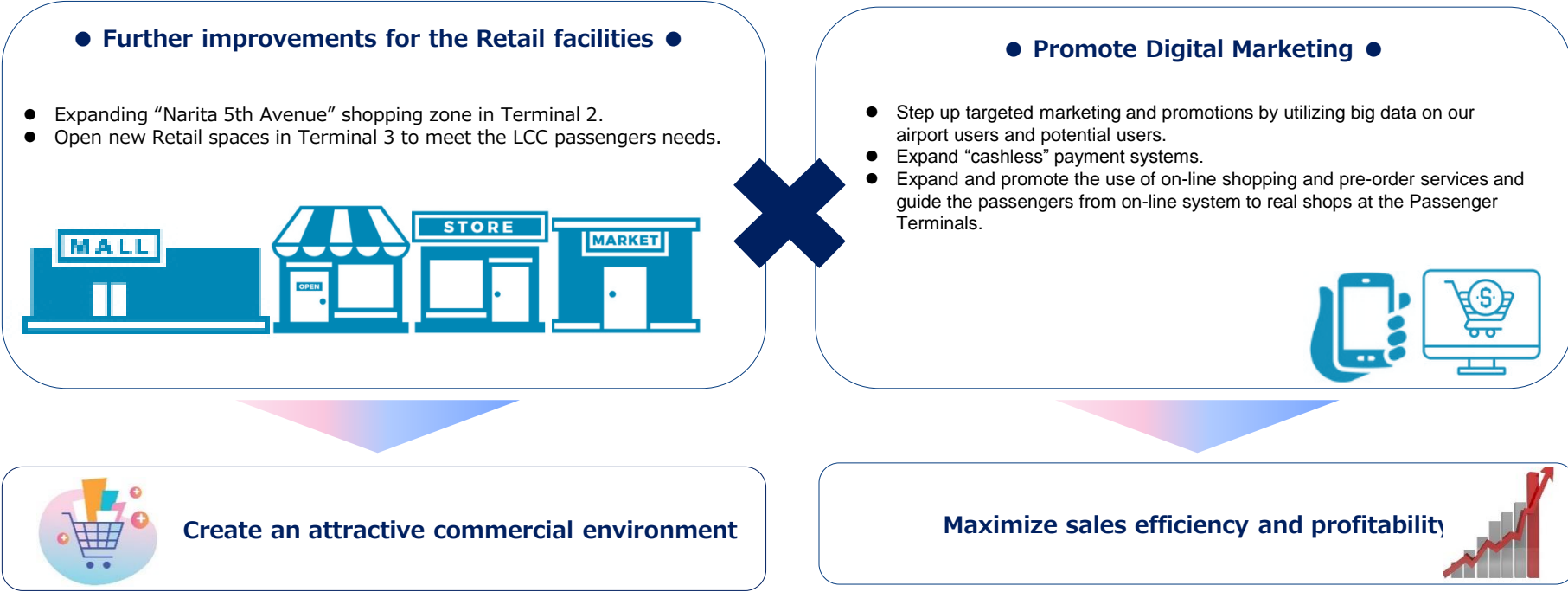
Improve Passenger Experience with Stress-free Procedures

Around FY2030 Future Vision of Narita Airport

Become an Airport that leaves impression on passenger journey by pursuing to add more value on our passenger experience offering.

5. Create Attractive Retail Spaces that meets the Travelers Purchase Trends in a timely manner.

Provide Goods and Services by Understanding the Customers' Needs and Create Attractive Retail Spaces and Pursue in Improving Customer Satisfaction.



Around FY2030 Future Vision of Narita Airport

Maximize Retail Business Profitability by pursuing Customer Satisfaction and creating Attractive Retail Spaces.

6. Strengthen Airport Competitiveness to secure Sustainable Growth. (1 of 2)

We will realize “Increased Productivity” and “offer value added Passenger Experience” through Innovation.

FY2021

About FY2030

Olympic and Paralympic
Games Tokyo 2020

*1 Start off with Fast Travel

- Provide Self-Service Options : Utilize “Automatic Check-in kiosks” and deploy “Self Bag-drops”.
- Improve “Terminal Passenger Flow” by monitoring and optimization with “Passenger Flow Management (PFM)” system.

Utilize Next Generation Fast Travel Technology

- Introduce “One ID” passenger facial recognition on a practical level (planned for Spring 2020)

Airport CDM^{*2}

- Work with relevant stakeholders to improve the overall efficiency of airport operations by optimizing the use of resources and improving the predictability of events.(from January 2020)

Build and optimize a Total Airport Management ^{*3} (TAM) system

- Share operations data in real time
- Optimize the airport overall



Improve
passenger
handling capacity

Achieve High Efficiency in Airport Facility Utilization

- Grasp current status of facility utilization, monitor utilization and under NAA's leadership, maximize efficient use.

Optimize use of
existing facilities



Smart Operation

- Improve productivity with digital technology for overall airport operations.
(Use of autonomous vehicles, auto-positioning boarding bridges, automated security, robots, and AI, etc. for labor saving and accuracy, etc.)

Improve
productivity



Smart Airport

- Provide services of the global highest standard using cutting-edge ICT
(Improve customer services using AI and robots, provide guiding services and reduce labor requirements with remote-controlled humanoid robots, etc.)

Service
Improvements



Around FY2030 Future Vision of Narita Airport

Utilize Cutting-edge Technology which Japan is known for and become an Innovator of Airports. (Show Case Airport of Technologies.)

*1 Fast Travel: An IATA (International Air Transport Association) program promoting the automation of passenger procedures (self-service) and the introduction of common-use facilities.

*2 Airport Collaborative Decision Making (CDM): An initiative designed to work in collaboration with stakeholders to enhance airport operational capacity by sharing airline flight information and airport operations information in a timely manner.

*3 Total Airport Management (TAM): An initiative designed to optimize the airport overall by sharing operational data in real time and working in conjunction with stakeholders in order to achieve efficiency in the allocation of management resources, etc.

6. Strengthen Airport Competitiveness to secure Sustainable Growth. (2 of 2)



Adhere to “Sound Corporate Management”

As a corporate group, we will strive for total management soundness and to be able to adapt to changes through work place efficiency and “Work Style Reform”.

Maintain sound management by managing cash flow, establishing methods of managing large-scale investment and diversifying financing.

Contribute to SDGs with ESG management practices

Create a corporate culture that is adaptable to change through innovative work practices



Make Narita Airport a more appealing work place to attract future work force.

We will strive to improve the appeal of Narita Airport as a workplace to ensure that we can continue to secure high-quality staff resources to support capacity increase.

Maintain human resources

Training and education support and utilization of human resources

Enhance appeal as a workplace



Around FY2030 Future Vision of Narita Airport
Establish the Airport’s Sustainable Growth Cycle

Our Vision for Narita Airport (Long-term Growth Image)

**Japan's Primary Gateway and
a Leading Airport in Asia**



Our Vision for the Narita Airport's Next Stage : With 500,000 Annual Aircraft Movements

The Metropolitan Area will have total of 1 million annual slot capacity, matching the world's top level.
(500,000 at Narita and 500,000 at Haneda)

Annual Slot
Capacity
500,000 slots

Annual
Passenger Volume
75 million

Annual
International Cargo
**3 million
tonnes**

Hourly runway
movements
98

LCC flight share
Over 50%

Airport workers
70,000

Runway B
(3,500m)

Runway C
(3,500m)

Runway A
(4,000m)

* Above is our best estimation at this time and our scope of airport development will be subject to changes in our business environment and social conditions etc.,

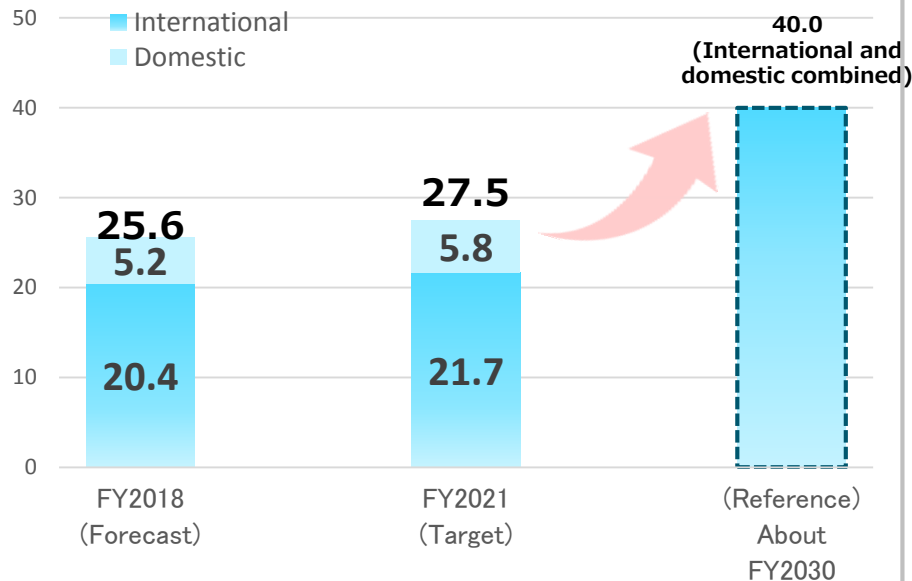
We will strive to raise our competitiveness and do the right preparation so that Narita Airport can adequately meet the increasing air service demand in the coming years for our metropolitan area and offer our services as the key gateway airport of Japan and establish ourselves as an leading hub airport of Asia.

Management Targets

Management Targets (FY2021 airport handling volume)

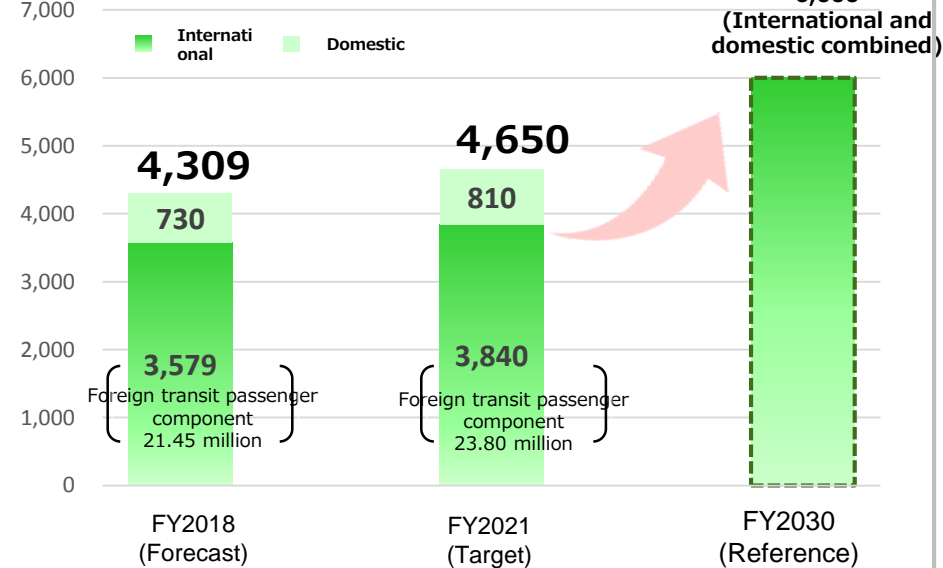
Aircraft Movements

(Units: x 10,000 aircraft movements)



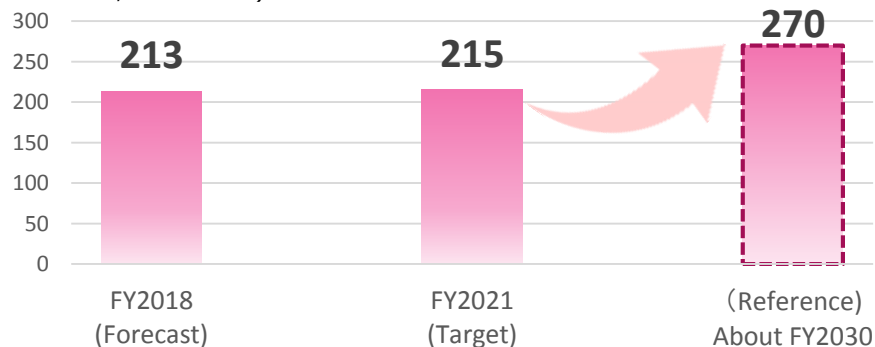
Passenger Numbers

(Units: x 10,000 passengers)



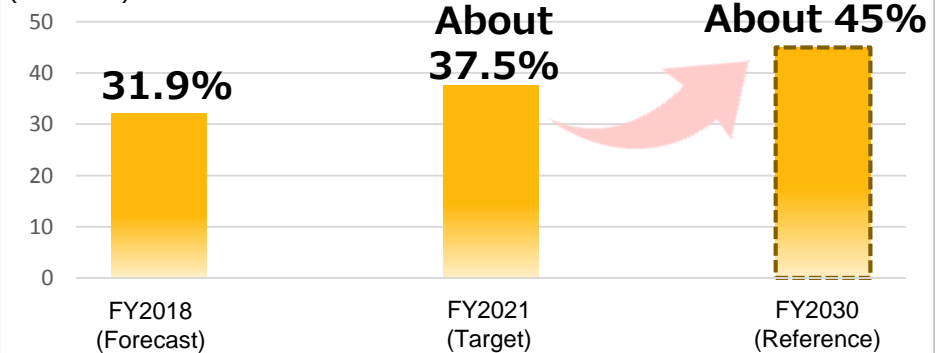
International Air Cargo

(Units: x 10,000 tonnes)



LCC Ratio (LCC ratio of all passenger flights)

(Units: %)

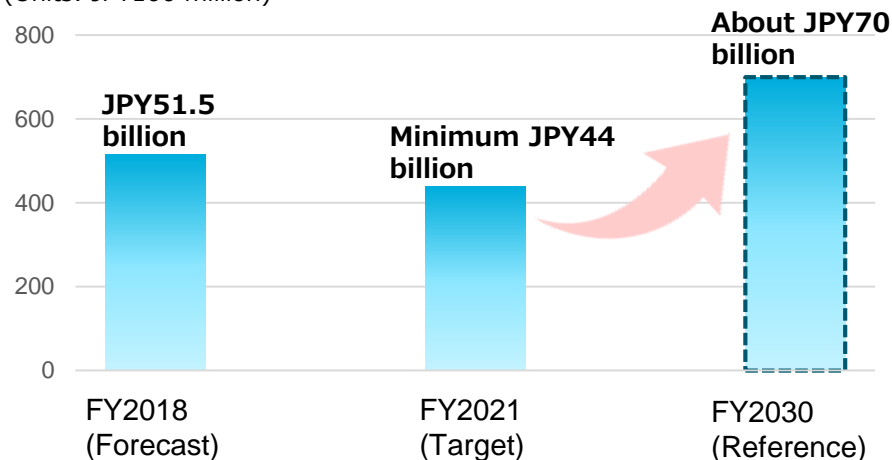


Management Targets (FY2021 Financial Targets)

* Projections for FY2018 are forecasts at release of interim financial report.

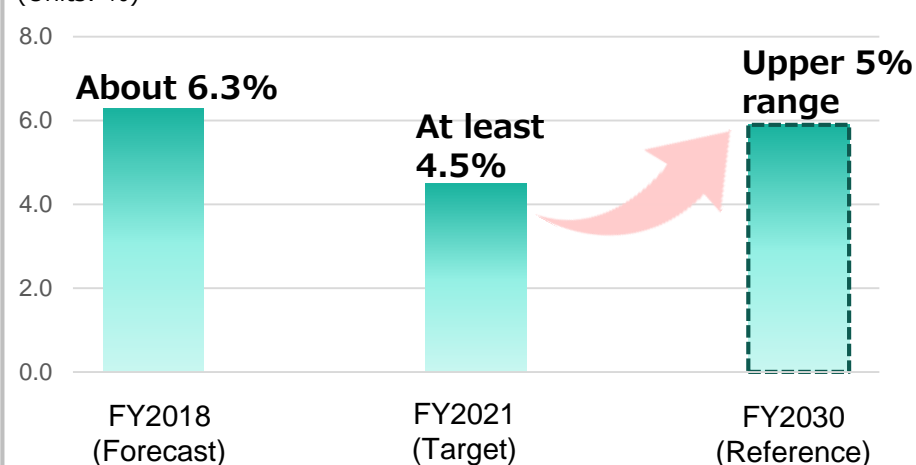
Consolidated Operating Income

(Units: JPY100 million)



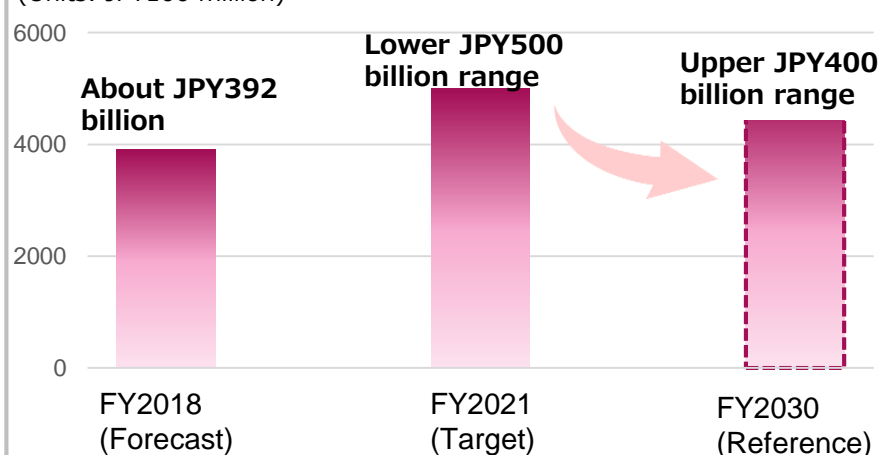
Consolidated ROA

(Units: %)



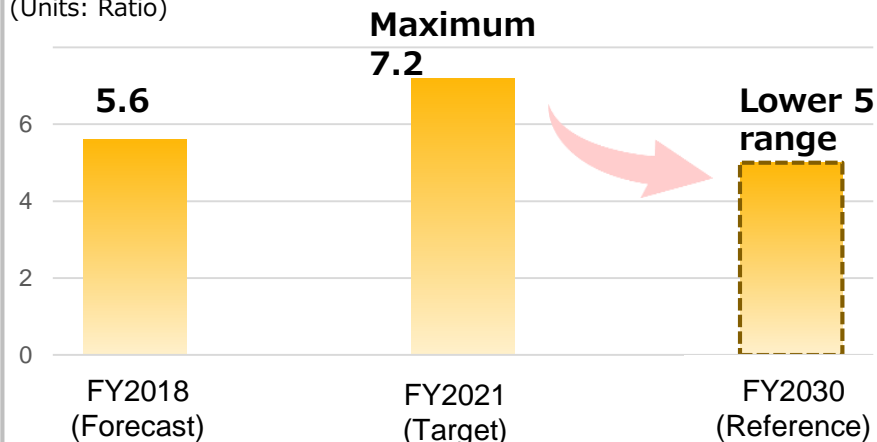
Consolidated Long Term Debt Balance

(Units: JPY100 million)



Consolidated Long-Term Debt Balance-to-Consolidated Cash Flow Ratio

(Units: Ratio)



Management Targets (FY2021)

Strategic Policy	Strategic and Financial Targets	Present	Strategic Targets (FY2021)
Pursue the World's Highest Standards in Safety, Stability and Efficiency in the Airport Operations	Maintaining Airport safety and security - Ensure zero airport operations impact -	Zero Zero Zero	Ensure zero aircraft accidents caused by airport operations or facilities Ensure zero serious impact on operations from facility malfunctions Ensure zero serious impact on operations from failure of security measures at airport
	Achieving State Aeronautical Safety Program (SSP) Targets	Number of airside accidents (per 10,000 a/c movements) 4.69	Under 3.12
		Number of inoperable runway, taxiway and apron incidents requiring NOTAM publication 0	Under 1
		Annual number of aeronautical lighting electrical facility shutdowns requiring NOTAM publication 1	Under 2
		Annual number of radio navigation aid facility shutdowns requiring NOTAM publication 0 *All SSP target values as of 4 March 2019	0
	Major disaster support	Passenger terminals: Approx. 10 hours	Ability to self-sustain airport operations (lifeline facilities, etc.): 72 hours Resumption of airport operations (flights, etc.): Within 24 hours
	Enhancement of airport functions and coexistence and mutual prosperity with the local community	Hourly runway movement in peak hours 68	72
Total expansion of the aviation network, the source of airport competitiveness	Greenhouse gas (CO2) emissions (Per flight compared to FY2015)	4.02 tonnes per aircraft movement (6.5% reduction) (actual figures for FY2017)	7% less than FY2015 (per aircraft movement by FY2020) 30% less than FY2015 (per aircraft movement by FY2030)
	Overseas destinations served	115 destinations (as of the start of the Summer 2019 schedule)	More than 135 destinations
	Japan domestic destinations served	22 destinations (as of the start of the Summer 2019 schedule)	More than 27 destinations
	Flight handling capacity	Refer Page 38	
Customer first values throughout as the focal point for the world's highest standards in passenger experience	On-time rate	82.63% (Ranked 9th in 2018 by Flight Stats under the Global Hubs category)	Highest level in the world
	SKYTRAX World Airport Rating	4 star rating (June 2018 survey)	Achieve & maintain 5 Star rating
	SKYTRAX World's Best Airport (by public vote)	-	Best 5
	Processing time (departures)	-	Check in: Self-service, no more than 7 minutes Staffed check-in, up to 20 minutes Security screening: Within 10 minutes ※ Target figures are averages during late afternoon congested hours.
	Processing time (arrivals)	-	Immigration: Waiting time for foreign passport holders, no more than 20 minutes Baggage claim: From first bag to last Wide body aircraft, no more than 20 minutes Smaller (narrow body) aircraft, no more than 15 minutes
Create attractive commercial environments that adapt quickly to changes in customer needs	Revenue from airport duty-free shops, merchandise outlets and restaurants	JPY143.8 billion (estimate in announcement of interim financial report)	JPY165 billion
Sustainable growth through consolidated airport competitiveness	Financial Targets	Refer Page 39	

Capital Investment Program (FY2019 to FY2021)

Capital Investments for the each Strategic Policy Items (Consolidated/Total JPY322 billion)

Ensure NAA's "financial soundness" through pursuing corporate management with "utmost importance on Cash Flow", maintain and improve the profitability and also the investment efficiency and steadily carry out necessary "investments for growth" to meet the increase for the metropolitan area air transport services.

1. Pursue the World's Highest Standards in Safety, Stability and Efficiency in the Airport Operations JPY60 billion

Add value for our passenger terminal facilities through renovation and upgrades, maintain functionalities for the runways and taxiways and carry out renovation work for other existing facilities, etc.

2. Airport Capacity Increase and Functional Enhancements in harmony with Coexistence and Mutual Prosperity with the Local community residents JPY194 billion

Construct additional parking stands and other facility enhancements to accommodate the increase to 72 hourly runway moments.

3. Attract new routes by the airlines to enrich the flight service network to strengthen the airport competitiveness. JPY45 billion

Enhance Terminal 3 handling capacity by expanding floor space. Build A380 passenger boarding bridges, etc.

4. Commit "Customer First" as a principle to create World's Best Standards in Customer Experience JPY11 billion

Implement Fast Travel initiatives and technologies, introduce "One ID" facial recognition system, introduction of Narita Airport CDM (Collaborative Decision Making), upgrade and streamlining of security screening, renewal of terminal restrooms, etc.

5. Create Attractive Retail Spaces by quickly respond to the changes in passenger needs. JPY8 billion

Expansion of Narita 5th Avenue retail area in Terminal 2 and develop retail space in Terminal 3, etc.

6. Strengthen Airport Competitiveness to maintain Sustainable Growth JPY4 billion

Renovate existing facilities to improve office and working area environments etc.,

* Investment spanning multiple strategic policies are consolidated under one policy for calculation purposes



Connecting Japan to the World