



The progress of Mid-term Management Plan  
'Next Stage 2020' May 29<sup>th</sup>, 2019

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## Policy

### **“Contributing to Tomorrow”**

Your Best Partner to create the happiness by bringing to the people, society and environment a bright future.

## Culture

### **“Challenge & Change”**

## Business concept

We will create high-quality, innovative business, products and services founded in safety and security cultivated in the aviation field.

## 【Establishment of Long-term vision】

A business leader creating 'JALUX-VALUE' with partners  
all over the world

## Mid-term management plan “Next Stage 2020”

New challenge for sustainable growth

~ To become a global corporate group with its own strengths  
in the aviation & airport business domains ~

### External environment

- Increase of the airline demand ·  
Expansion of the aviation industry
- Deregulation/Increase of inbound demand
- Diversification of consumption market
- Decrease of domestic population  
Change of generation structure
- Economic growth of Asian countries

### Internal environment

- Expansion of the existing business  
performance (Organic growth)
- Making profit by the activity of overseas  
strategic locations
- Continuous strive to create a core business
- Termination of a non-profitable business
- Maintenance of healthy financial condition and  
investment allowance

# Key Strategy

Long-term vision  
( For 2030 )

Mid-term management plan / Target of management  
( For 2020 )

- 1 Expand our revenue base
- 2 Create and develop a new core business
- 3 Optimize the business portfolio

Significant strategy · Overseas significant area

Overseas key area

ASEAN region

U.S.A

Foundation of the promotion of strategies

Cultivate HR and enhance our organizational power

Achieve strong funding capacity and sound financial standing

Deepen the Group management

# 4 Business segments

4 Business units have started to meet each segment since FY2017



# Road Map for the Achievement of the Target

## [Long-term vision]

A business leader creating "JALUX-VALUE" with partners all over the world

Next  
Stage  
2020

## [Mid-term management plan]

New challenges for sustainable growth

~ A global corporate group with its own strengths in the aviation & airport business domain ~

### [Second Step]

2019

- ① Expand our revenue base
- ② Establish the new core business
- ③ Optimize the business portfolio

- ① Making steady progress mainly in the aviation & airport segment
- ② Increasing overseas business profitability
- ③ Selling off unprofitable business

### [First Step]

2018

Enhance our revenue base

2017

Create and develop a new core business

2016

Scrap & build

## Strategy

Enhance the coordination of domestic and overseas locations

Develop the aviation-related asset business

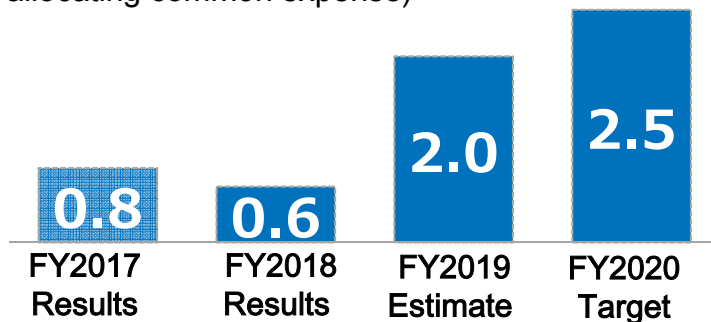
Expand the airport operation business and associated areas

FY2020 Segment profit 2.5bn  
(unchanged)

### Segment profit

(Operational profit before allocating common expense)

( JPY bn )



#### ◆ Outlook from FY2017 to FY2020

- Write-down of used aircraft for sale caused temporary losses in FY2018
- Growth of aircraft components-supply business with increase in global aircraft demand
- Expansion of the aircraft and aircraft engine lease business

# Strategic Initiatives: Aviation & Airport Segment

## ① Enhance the coordination of the domestic and overseas locations

- Expand the aircraft components-supply and related business by enhancing local cooperation (Japan, U.S.A, Europe, and ASEAN region)
- Reinforce the sales structure in the Nagoya Chukyo area
- Expand the aircraft components-supply business in the mass production phase of the new line of aircraft engines



## ② Develop the aviation-related asset business

- Expand the aircraft and engine-lease business
- Consult on purchase & sale of aircraft and engines



## ③ Expand the airport operation business and around the business

- Expand the business in our existing operating airports with the JAL group (Laos, Myanmar)
- Participate in new airport operation





## ▶ Strategy

Develop real estate around airports/  
Promote the seniors business

Deepen and broaden insurance business

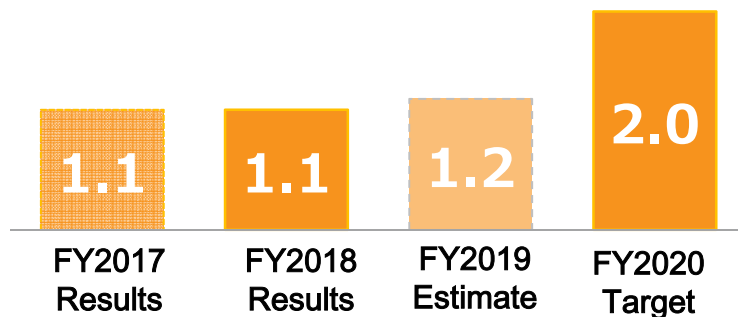
Enhance production and sale of environmentally friendly materials and machinery

FY2020 Segment profit 2.0 bn  
(unchanged)

## Segment profit

(Operational profit before allocating common expense)

( JPY bn )



### ◆ Outlook from FY2017 to FY2020

- Accelerating real estate development around airports for FY2020
- Making a profit from the BPO (Business Process Outsourcing) service in the insurance business
- Expanding overseas sales of environmentally friendly products

# Strategic Initiatives: Life Service Segment

## ① Develop real estate around airports/ Promote the seniors business

- Expand real estate business centered on roads to airports
- Purchase and develop valuable new property



## ② Deepen and broaden the insurance business

- Broaden operations in BPO\* and improve efficiency

\*BPO (Business Process Outsourcing)



## ③ Enhance production and sale of environmentally friendly machinery

- Construct sales network for Aqua patch\* in the U.S.A and expand to other areas such as Asia and Europe
- Develop other new road-related materials and equipment such as Aqua black\*\*



\*AQUA PATCH : Road repair materials formed with only water

\*\*AQUA BLACK : Plant facility of warm mix asphalt

## ▶ Strategy

Improve MD & service to meet a variety of customer needs

Develop global retail business

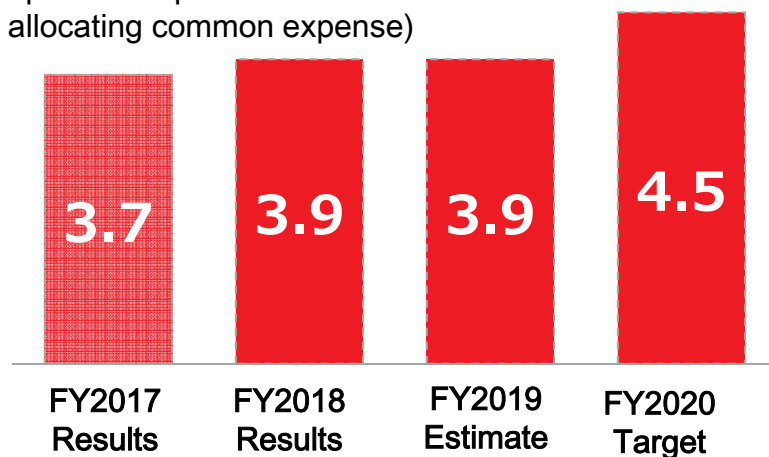
Plan & develop original products and brands

FY2020 Segment profit 4.5bn  
(updated +0.5)

### Segment profit

( JPY bn )

(Operational profit before allocating common expense)



#### ◆ Outlook from FY2017 to FY2020

- Growth of airport retail business due to increasing demand from air passengers, especially in inbound tourism
- Change of ownership (51%→49%) in subsidiary operating duty-free shops in Vietnam in FY2019

# Strategic Initiatives: Retail Segment

## ① Increase MD & service to meet a variety of customer needs

- Develop attractive stores to meet customers' expectations
- Create contents titled "Travel, Gourmet"



## ② Develop global retail business

- Develop new duty-free shops in the ASEAN region
- Develop the overseas market for confectionery shops



## ③ Plan & develop original products and brands

- Plan original products and enhance manufacturer structure through an alliance of cooperating factories and groups
- Promote original products such as the private brand TABITUS
  - \*Enhance marketing capability by consolidating our two subsidiaries in May 2019



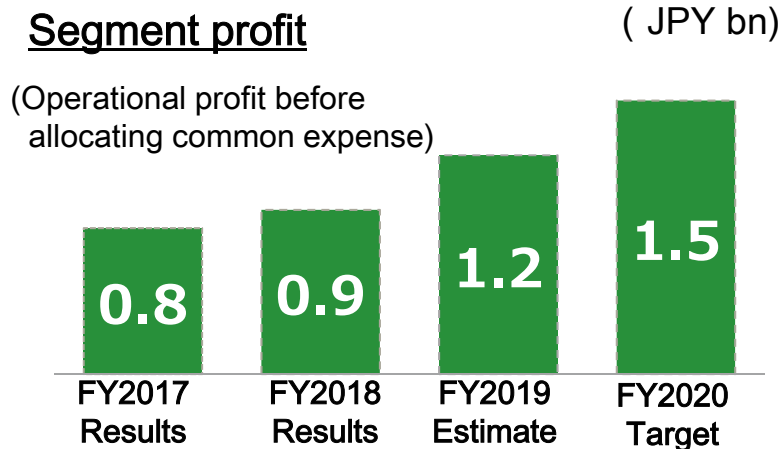
## ► Strategy

Expand imports and sales of global high quality food

Export high value foods overseas

Enhance the processing and manufacturing fields

FY2020 Segment profit 1.5bn  
(updated ▲0.5)



### ◆ Outlook from FY2017 to FY2020

- Growth in sales of original souvenir sweets
- Making a profit on export business such as the Japanese fresh wholesale market in Thailand
- Rebuilding the agricultural business model

# Strategic Initiatives: Food & Beverage Segment

## ① Expand imports and sales of global high quality food

- Create a highly evaluated wine list and enhance distribution channels
- Develop new products and growth areas in the agricultural business



## ② Export high value foods overseas

- Export & sale of Japanese fresh fish to overseas markets
- Export of high-quality sake



## ③ Enhance the processing and manufacturing fields

- Develop highly processed marine products
- Develop original products such as souvenir sweets, lunchboxes (sora-ben) and frozen dishes

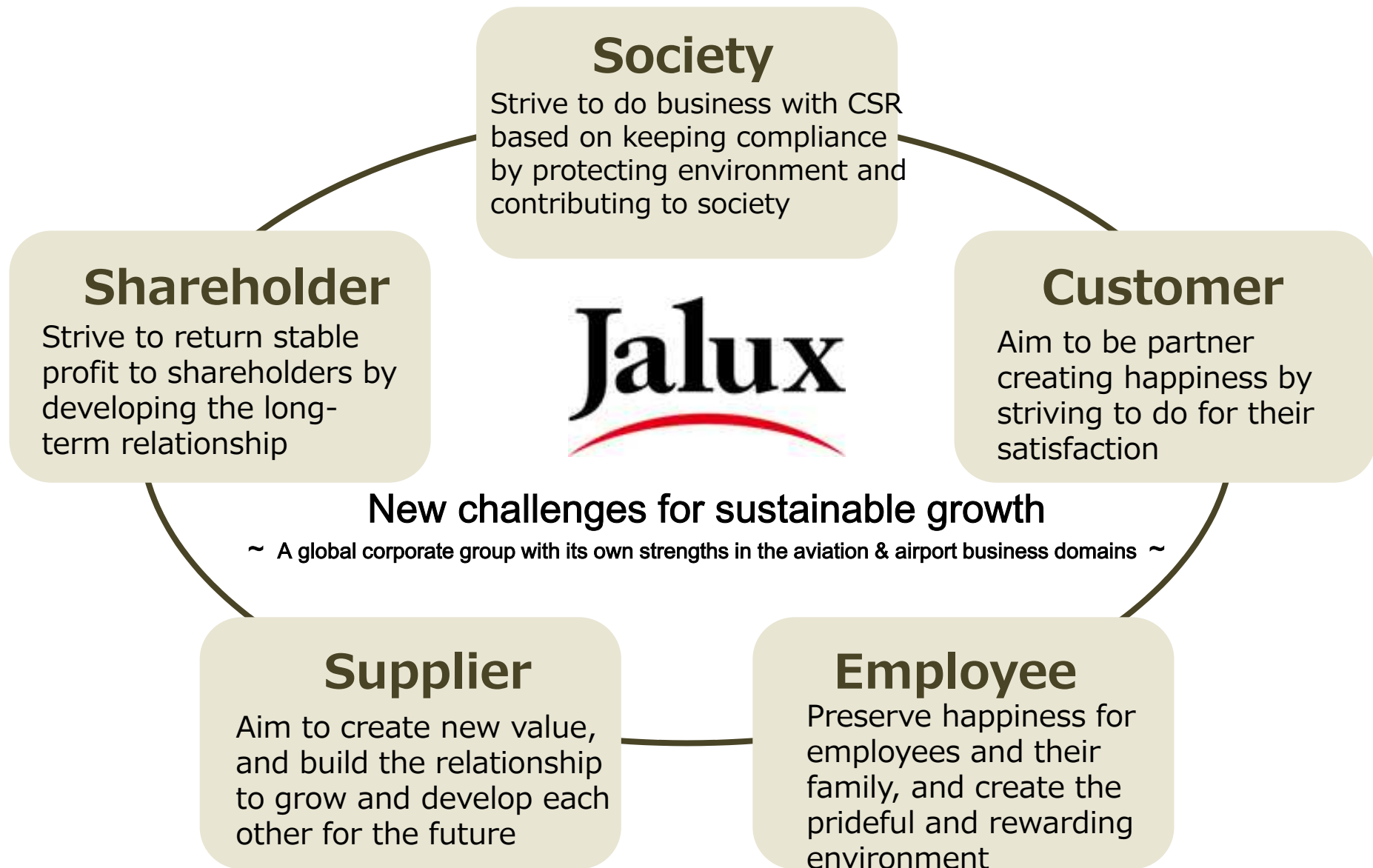


# FY2020 Target

	FY2018 Results	FY2019 Estimate	FY2020 Target
Ordinary income	JPY5.09bn	JPY6.5bn	JPY8.0bn
ROE (Net income to shareholders equity)	12.9%	13.9%	15.0%
ROA (ordinary income to total assets ratio)	9.6%	11.0%	12.0%
(FYI)			
Sales	JPY185.7bn	JPY190bn	JPY200bn
Segment profit*	JPY6.5bn	JPY8.3bn	JPY10.5bn

\* Segment profit : Total of operation profit before allocating common expense







### **Caution regarding Forward-looking Statements**

This document contains forward-looking statements based on information available to the company at the time of disclosure and certain assumptions that management believes to be reasonable.

JALUX makes no assurances as to the actual results and/or other outcomes, which may differ substantially from those expressed or implied by such forward-looking statements due to various factors including changes in economic conditions in key markets, both in and outside of Japan, and exchange rate movements.

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