



30 MAY, 2018
AIRDO Co., Ltd.

Announcement of 「AIRDO Medium-term Corporate Strategy Rolling Plan FY 2018-2020」

We would like to announce here the newly formulated Medium-term Corporate Strategy Rolling Plan FY 2018-2020 (hereinafter “Rolling Plan”) of AIRDO Co., Ltd.

In March 2016, AIRDO established the Medium-term Corporate Strategy FY 2015-2018 (hereinafter the “Medium-term Corporate Strategy”). In FY 2017, to be an unrivaled airline suited to be called the Wings of Hokkaido, we endeavored to maintain safe flight operation (continuing our Zero Accidents, Zero Serious Incidents record since the formation of the company), while working cross-departmentally with the aim of becoming Japan’s most popular airline. Such efforts involved various activities to improve operations quality including on-time performance rates as well as to establish the Customer Satisfaction Policy for the further increase of customer satisfaction. Meanwhile, the shortage of flight crews from their retirement necessitated the abolishment of the service between New Chitose – Hiroshima and New Chitose – Okayama, reduction of flights between New Chitose – Sendai and New Chitose – Chubu, and the revision of the route and flight frequency plan. We took this situation seriously and, as our top-priority management goal, have been devoting ourselves to secure and train personnel including flight crews.

In this Rolling Plan, we will continue to focus on the efforts included in the Medium-term Corporate Strategy. At the same time, with respect to the plans and activities subject to changes, we will review those on the basis of stable production planning, and will make steady progress.

■ Outline of Medium-term Corporate Strategy Rolling Plan

1. Safety

In pursuit of safety as our unquestioned mission, we will act based on Safety Action Guidelines.

2. Corporate Brand and Corporate Social Responsibility

With the objective of achieving a brand that can get a nod from customers, we will create such emotional scenes as to necessarily induce customer satisfaction improvements and offer consistent services placing importance on our company’s strengths.

3. Network Plan

【Domestic】

In an attempt to stabilize the production base, we will effectively utilize aircraft in possession and allocate equipment according to route demand. We will also work on increasing throughput and profitability, as well as maintaining and developing a network that leads to the improvement of the convenience of customers.

【International】

We will consider implementing international charter flights in East and Southeast Asia, to further assess the operation of international scheduled flights on the basis of achievements and experiences in international operation.

4. Fleet Plan

While postponing the withdrawal of two mid-sized aircrafts, we will promptly formulate the implementation plan of future new aircrafts and withdrawal plan of aging aircrafts. We will also make use of equipment in a way that contributes to stable flight operation and improved operations quality.

5. Products and Service

In pursuit of strategically attractive services, we will keep trying to achieve higher numerical goals and endeavor to enhance products and improve service quality in accordance with the customer segment.

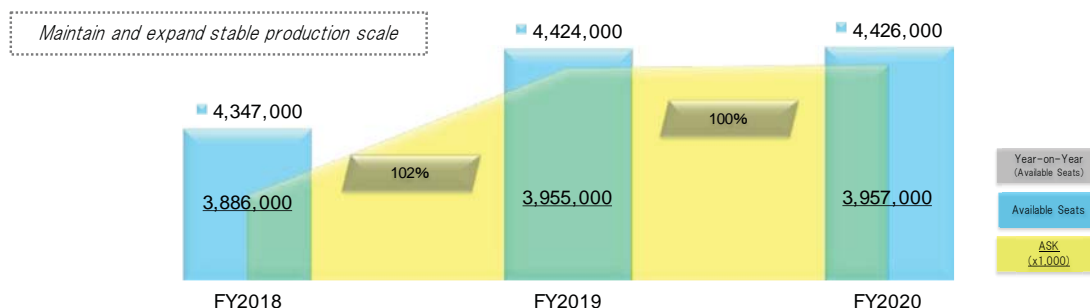
6. Human Resources and Organizations

We will focus our energy on securing and developing human resources that will support the continuous development of our company's business. In addition, we will promote the revitalization of workplaces to cultivate such corporate culture as to provide each employee with job satisfaction. Moreover, we will endeavor to develop human resources having desire to take on new challenges and having the ability to successfully deal with global environments and new challenges.

7. Medium Term Profit & Loss Targets

We will develop corporate infrastructures that provide returns to stakeholders from reliably generated profit, by working on improving profitability and reducing costs while investing in future growth in a timely and appropriate manner.

8. Image of plan (Reference)



(Unit: Million JPN Yen)

Profit & Loss Target	FY2018	FY2019	FY2020
Operating Income	43,500	44,000	44,200
Operating Costs	42,300	42,300	42,100
Operating Profit	1,200	1,700	2,100
Ordinary Income	500	1,200	1,600
Net Income	300	800	1,100
Net Sales (%)	2.8%	3.9%	4.8%

Crude Oil Price(US\$/bbl)	60	60	60
Exchange Rate(¥/US\$)	110	110	110

