



# **LCC and the New Kanku Model**

## **- NKIAC's Challenge -**

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# 1. Kansai - Our Home Land



Gateway to World Heritage sites and other popular destinations → Prospect for Growth



Himeji-jō  
(World Heritage)



Kobe Beef



Historic Monuments of Ancient Kyoto  
and Traditional Culture  
(World Heritage)



Osaka food  
culture



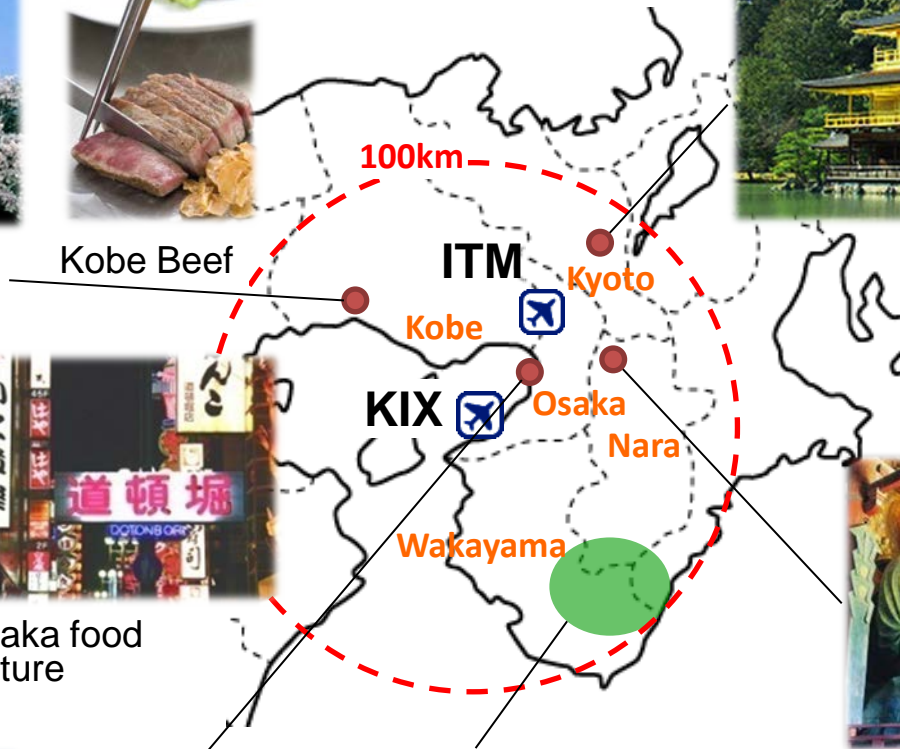
Universal  
Studios  
Japan



Sacred Sites and Pilgrimage  
Routes in the Kii Mountain Range  
(World Heritage)



Historic Monuments of Ancient Nara  
(World Heritage)



# 2. Outline of KIX and ITM



## KANSAI INTERNATIONAL AIRPORT

The airport that moves you 24/7

# KIX

KANSAI INTERNATIONAL AIRPORT

Kansai International Airport continues to work around the clock with enthusiasm to handle the endless flow of people and goods to earn the trust, affection and respect of our customers and contribute to the development of the Japanese economy and society.



### Outline of Kansai International Airport

[Location] Izumisano city, Tajiri town, Sennan city in OSAKA

[Scale] 1st Phase Island: approx. 510 ha  
2nd Phase Island: approx. 545 ha

[Runway] Runway A: 3,500m long, 60m wide  
Runway B: 4,000m long, 60m wide

[Aircraft Parking Bays] 91

[Passenger Terminal]  
Terminal 1: 303,444m<sup>2</sup>(4 storeys)  
Terminal 2: 29,660m<sup>2</sup>(1 storey, partially 2 storeys)

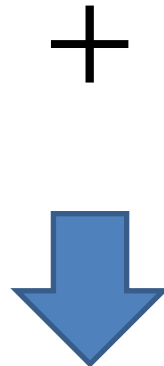
[Parking] 6,505 spaces

[Annual Aircraft Movements] approx.108,000

[Annual Passengers] approx.13,900,000

[Annual Cargo Volume] approx.710,000t

\* FY2011 operational results (Source: NKIAC).  
\* KIX is the IATA airport code for Kansai International Airport.



# Integrated July 2012 under NKIAC

## OSAKA INTERNATIONAL AIRPORT

Osaka International Airport is conveniently located at the heart of the Kansai region and is used by many customers each day as a key domestic airport of the Kansai region.

# ITM



### Outline of Osaka International Airport

[Location] Toyonaka city, Ikeda city, in OSAKA, Itami city in HYOGO

[Scale] approx. 317 ha

[Runway] Runway A: 1,828m long, 45m wide  
Runway B: 3,000m long, 60m wide

[Aircraft Parking Bays] 50

[Passenger Terminal]  
South terminal: 18,990m<sup>2</sup>(4 storeys)  
North terminal: 21,598m<sup>2</sup>(4 storeys)

[Parking] 2,450 spaces

[Annual Aircraft Movements ] approx.123,000

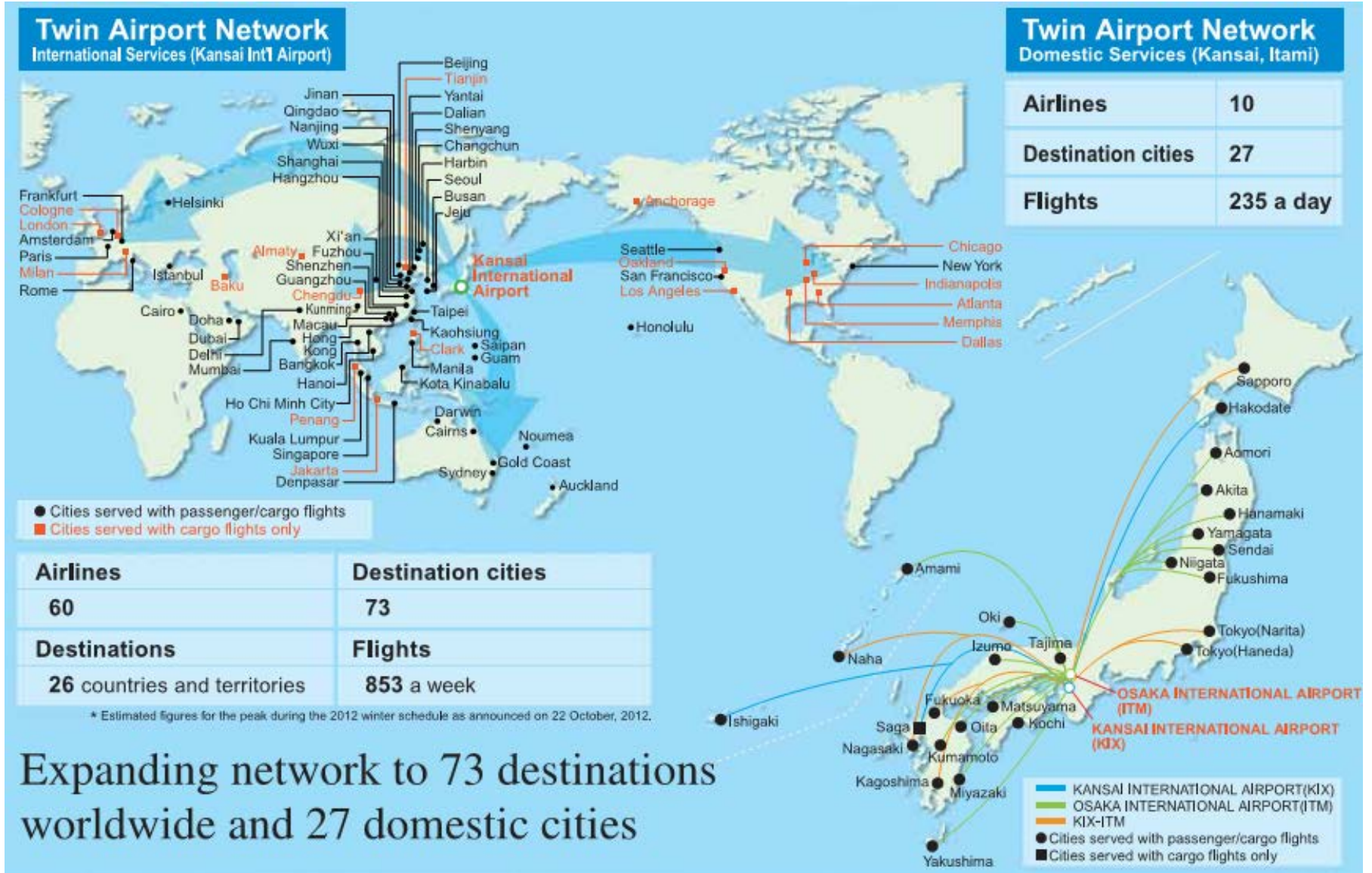
[Annual Passengers] approx.12,910,000

[Annual Cargo Volume] approx.113,000t

\* FY2011 operational results (Source: NKIAC).  
\* ITM is the IATA airport code for Osaka International Airport.



# 3. Extensive Network of KIX and ITM



# 4. Challenge of NKIAC①



Points of Strategic Growth Program (Med-term Management Plan; 2012-14)

## “New Kanku Model”

Our goal is to realize growth to become the leading airport in Asia with an original Japanese airport business model.

～Taking off to “Transform airports. Japan transforms.”～

## National Strategic Project (First attempt in Japan)

Private-sector-led management in the basic national infrastructure and utilization of private funds through concession.

- Separation of land holding and operation
- Management by private-sector
- Operation of multi-airports
- Integration of aeronautical and non-aeronautical (commercial) business
- Concession transaction (operation rights for public facility)

# 5. Challenge of NKIAC②



## Points of Strategic Growth Program (Medium Term Management Plan) —

### “New Kanku Model”

Customer's Eye

- Pricing strategy that meets customers' needs
- Pursuing of convenience to enhance customer satisfaction

Pricing Strategy

- Reduction of basic international landing charges
- Multi-year discount for additional flights to facilitate growth
- ~~Introduction of incentives to promote silent aircraft at Itami~~

LCC Terminal

- Opening of Japan's first LCC terminal
- Planning of Terminal 3 to facilitate further growth of LCCs

Cargo Hub

- Construction of FedEx North Pacific Cargo Hub Terminal
- Further promotion of freight forwarders' base

Low Cost Operation

- Cost reduction by private initiatives and integration synergy
- Reform of operation (e.g. Introduction of multi-operation)

Environmentally Friendly Airport

- Utilization of clean and renewable energy
- Promoting utilization of environmentally friendly aircraft

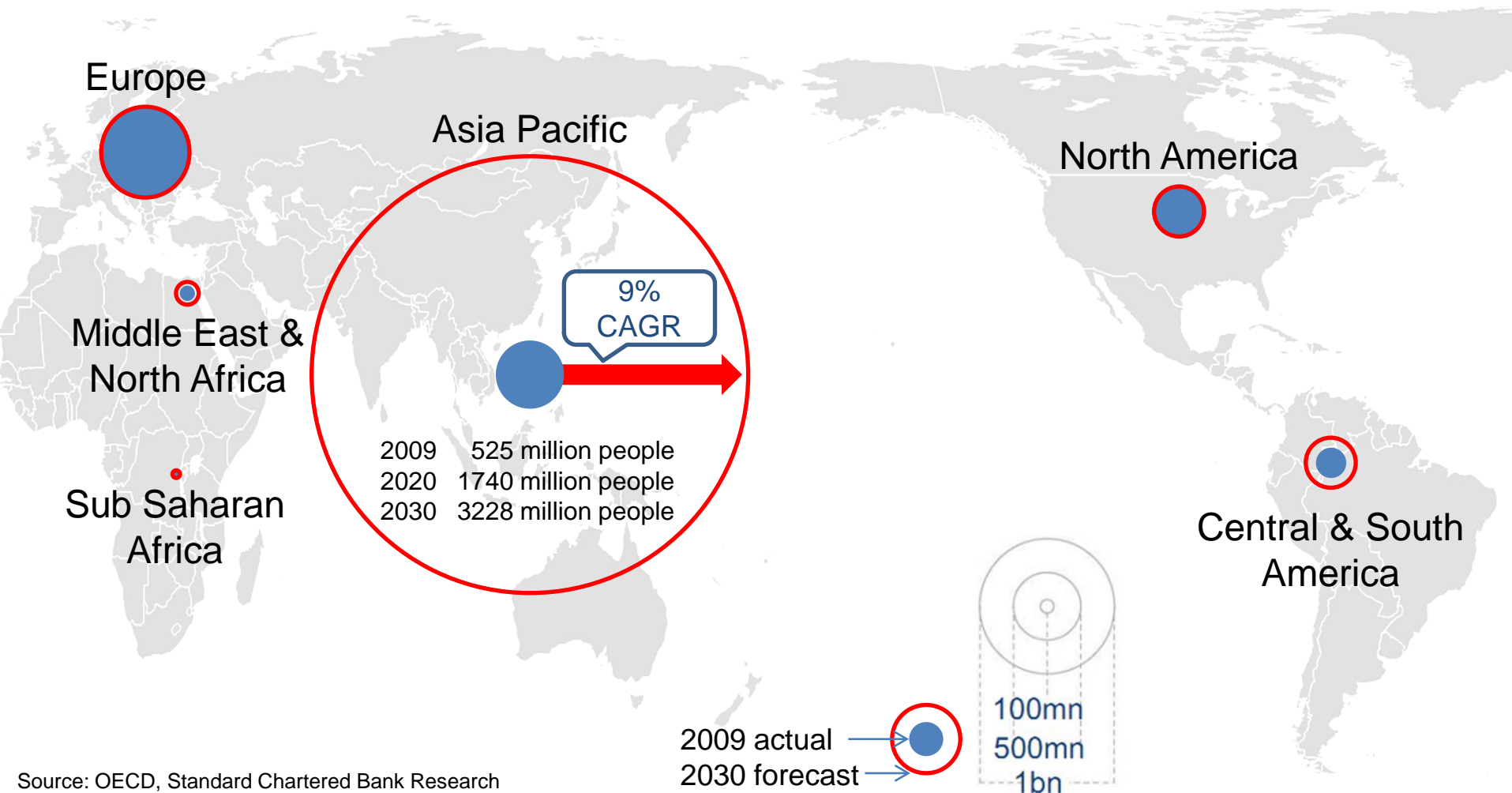
International Business

- Effective communication of “New Kanku Model”
- Conducting airport consulting business abroad

# 6. Asia Pacific outgrowing rest of the world



Global Middle Class shifts from Europe and North America to Asia Pacific



Source: OECD, Standard Chartered Bank Research





# 7. Typical Classification of Airline Business Model



## FSC

Cover wide range of market segment with emphasis on business trips



Low price, no-frills

## LCC

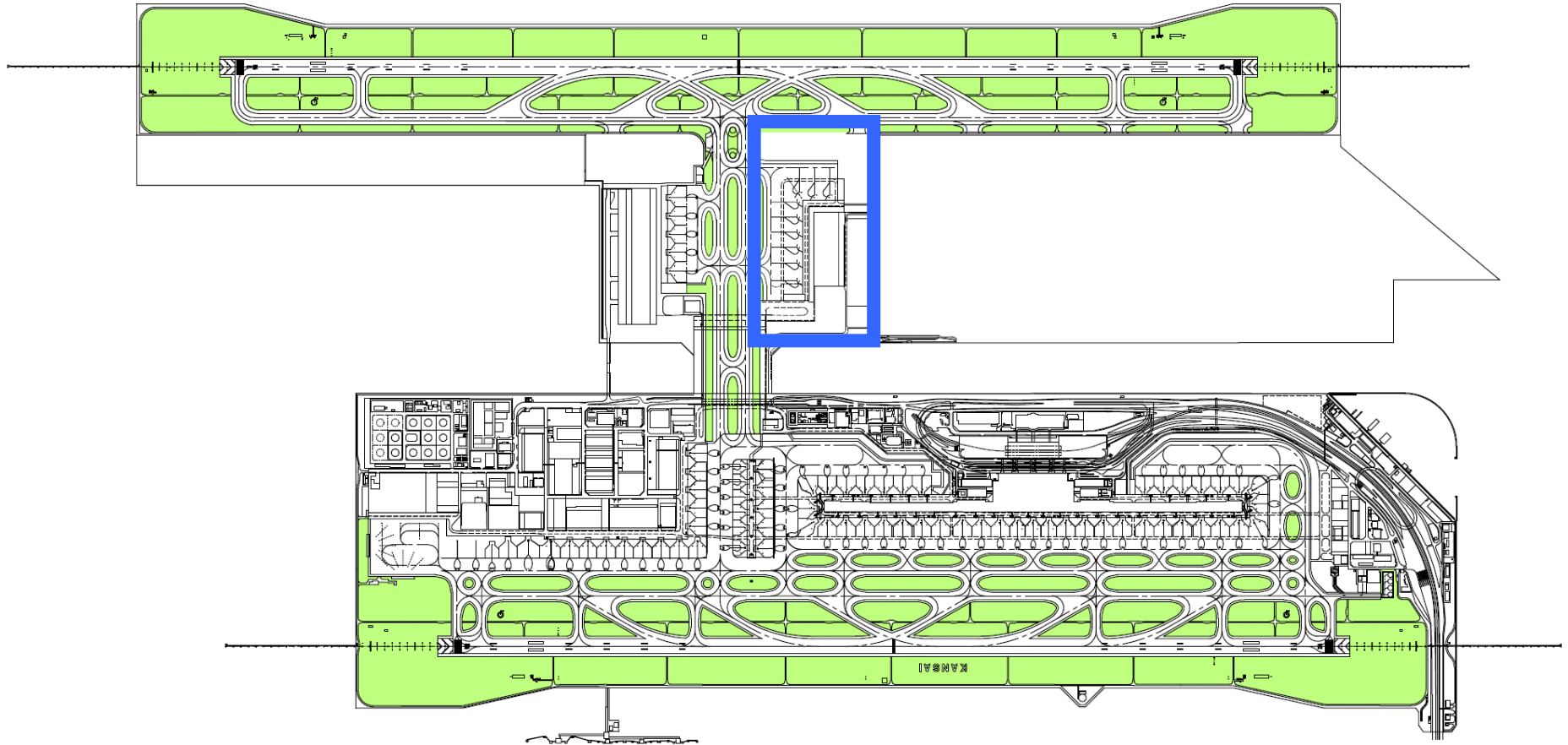
Focus on leisure and personal trips

What can we do to facilitate inauguration of KIX- based national LCC?





# 9. Location of LCC Terminal (T2)



# 10. Concept of Terminal 2



## The concept: “Functionality; Economic Efficiency; and Safety and Security”

- Total floor area of approx. 30,000 m<sup>2</sup>
- Single-story building (partly two-story)
- Used for both international and domestic flights with inter-operable gates
- No passenger boarding bridges and passengers walk to/from aircraft directly



- 9 new spots, 8 of which is for small aircraft
- Small aircraft can move without a towing vehicle



Entrance of the Terminal building

Passenger Waiting Area inside the Terminal building



**Opened on 28th October, 2012**

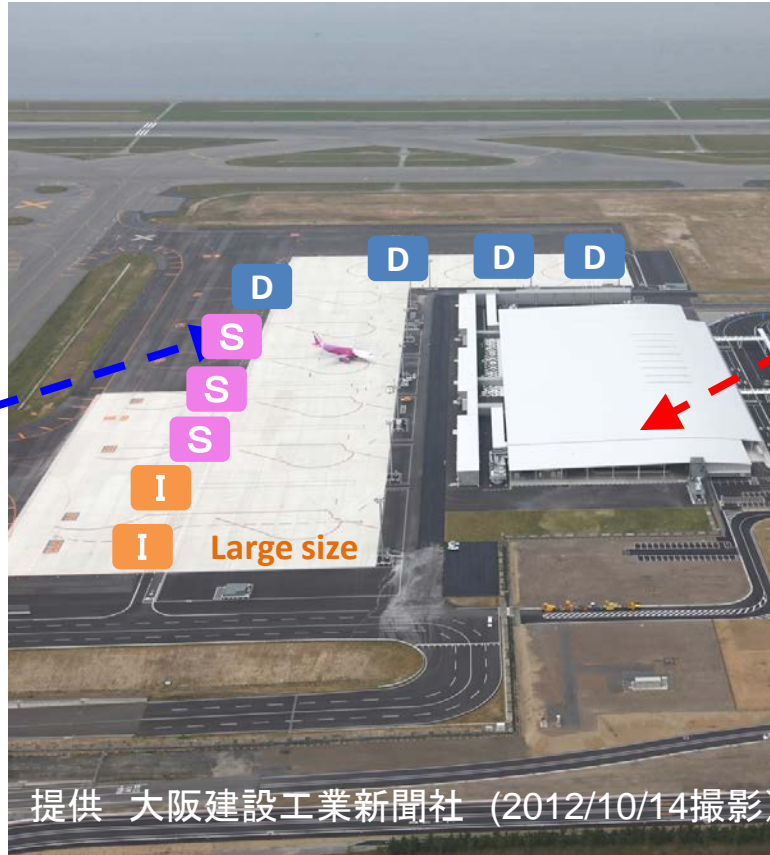


# 11. Various cost reduction measures



## Ramp-side

- Layout to allow self spot-in/out
- Number of parking spots
- Size of the parking spots
- Height of the illumination pole



## Terminal

- One-story building except concourse
- Slope used to eliminate EV/ES
- No PBBs (Passenger Boarding Bridges)
- Adaptable swing gates for international and domestic

**D** : domestic    **S** : swing    **I** : international



# 12. Dramatic growth of LCC at KIX



Peach Aviation, based at Kansai International Airport, has been established.  
We built **the first-ever terminal dedicated to LCC flights in Japan.**

## Overview of LCC business based at KIX

The brand name of “**Peach**” was announced in May 2011.

◎ **Based at Kansai International Airport, LCC business in domestic and international flight services** are promoted.

◎ The operation started in March 2012.

- Domestic: Fukuoka, Sapporo, and Nagasaki (March 2012); Kagoshima (April 2012); and Okinawa (October 2012).
- International: Incheon (May 2012), Hong Kong (July 2012), and Taipei (September 2012)



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Expected to have 10 aircraft and annual passengers of 4 million in two years' time.

Expected to have 15 to 20 aircraft and annual passengers of 6 million within five years.

**Jetstar Japan started operation in July 2012.**

- Domestic: Narita (July 2012); Sapporo and Fukuoka (August 2012); and Okinawa (November 2012)
- International: Singapore (November 2012)



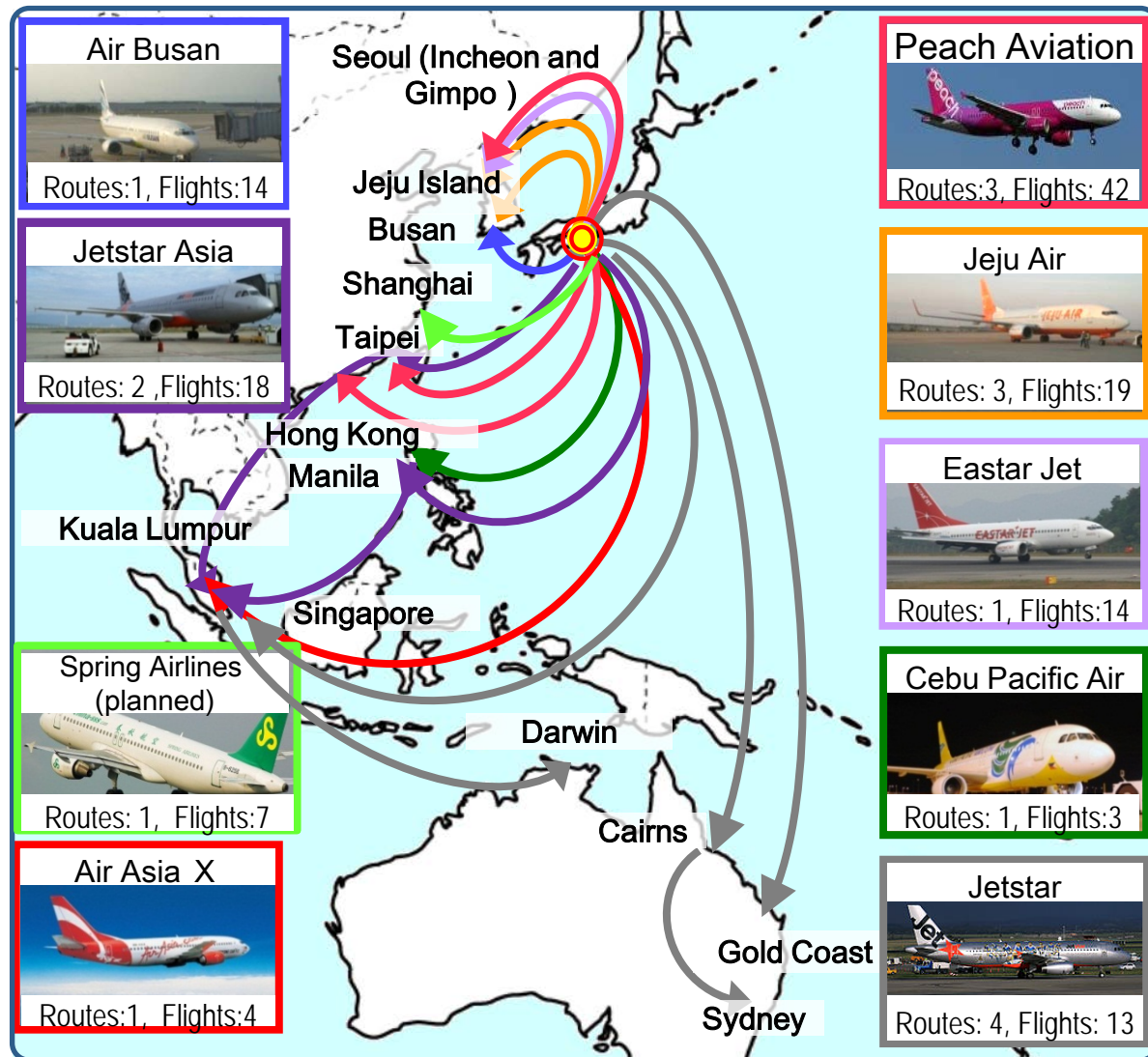
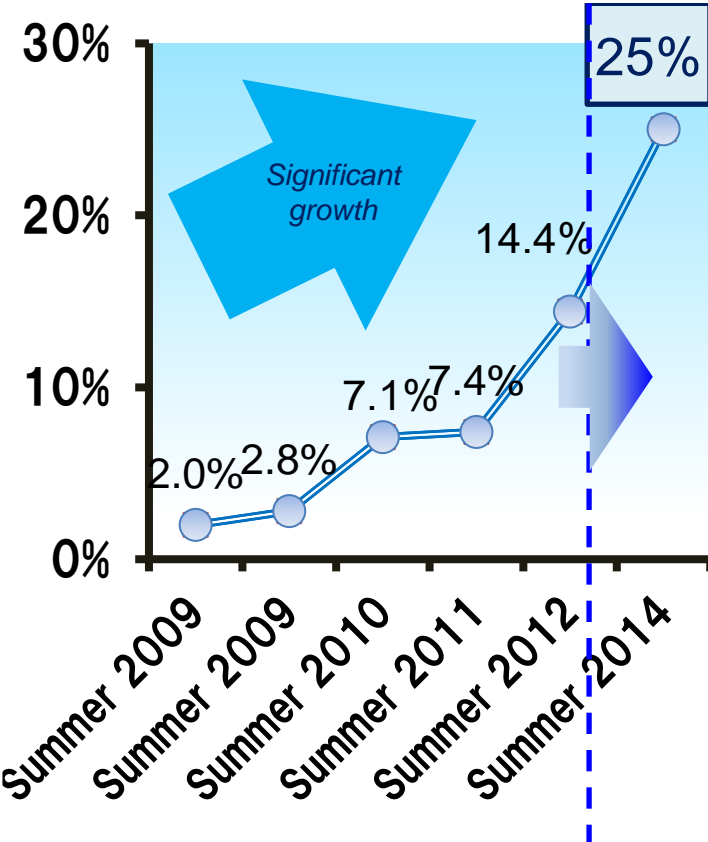
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# 13. Further LCC growth ahead at KIX



## Target

Proportion of LCC services among international flights



\* The numbers of flights are based on the Summer 2012 Flight Schedule



**Combining the advantages of Kansai and Osaka international airports,  
two of Japan's leading airports.  
New Kansai International Airport Co., Ltd. launches into action.**



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