

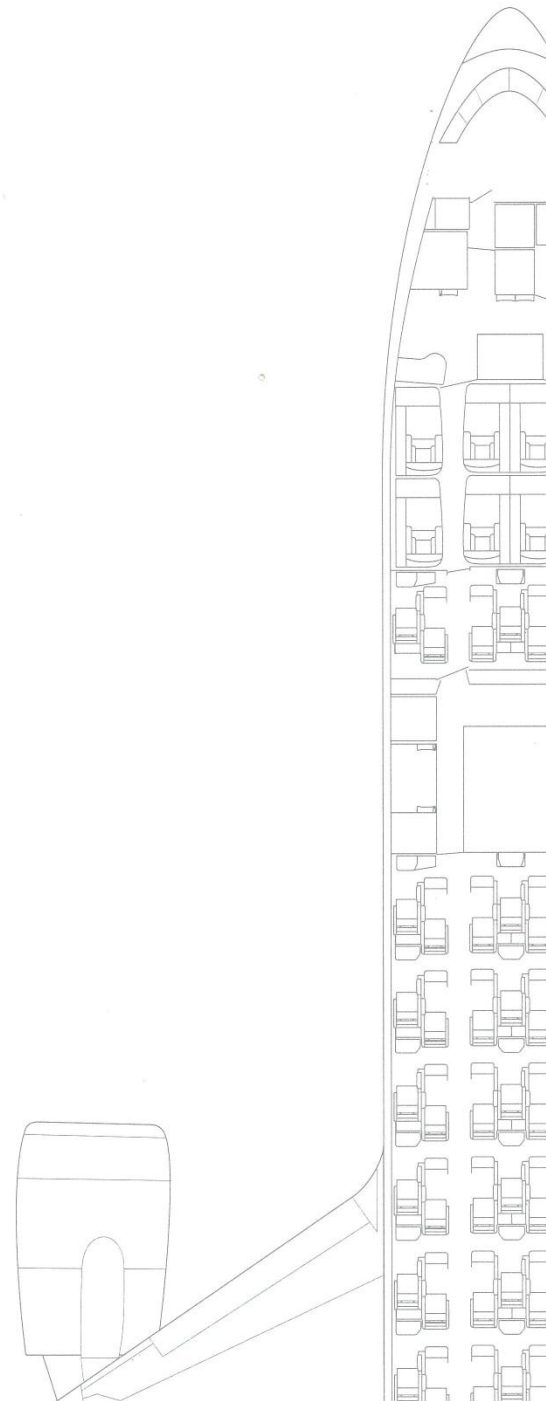


JAPAN AIRLINES

Financial Results

1st Quarter Mar / 2014 (FY2013)

31 July, 2013





OVERVIEW OF 1ST QUARTER FY3/14 FINANCIAL RESULTS

P.2



OPERATIONS OF BOEING 787

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DETAILS OF 1ST QUARTER FY3/14

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SUPPLEMENTAL REFERENCES

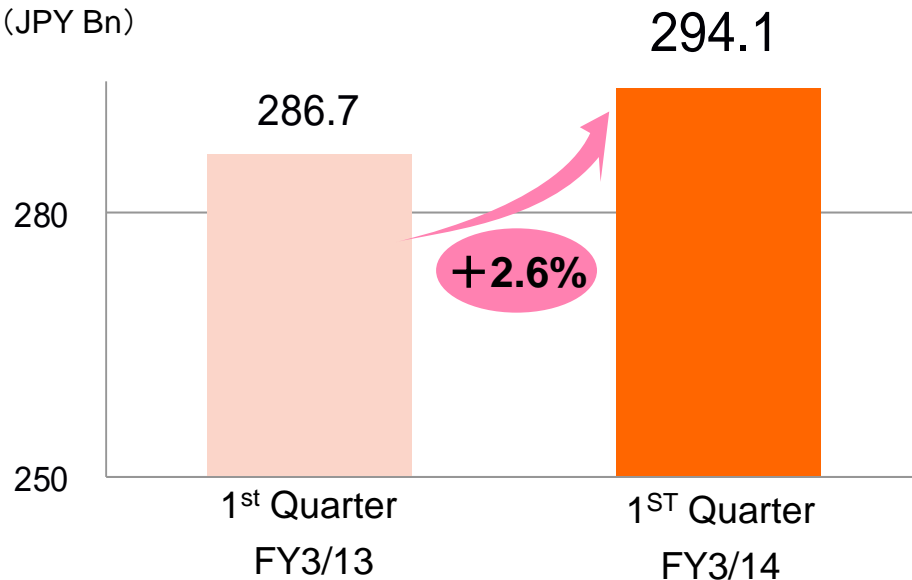
Overview of 1st Quarter FY3/14 Financial Results



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Operating Revenue

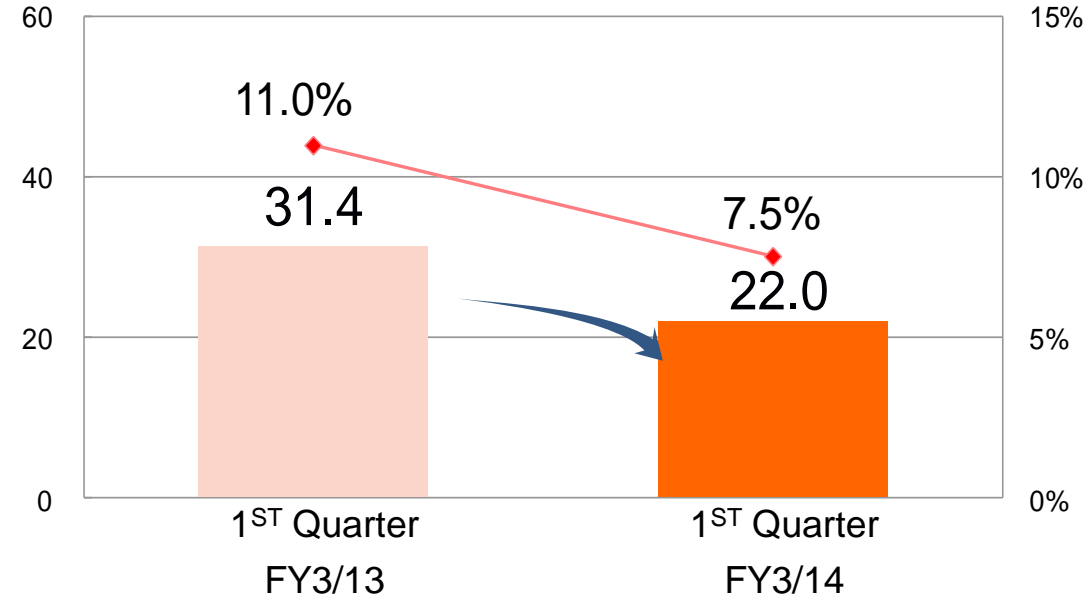
(JPY Bn)



Operating Profit

(JPY Bn)

Operating Profit Margin

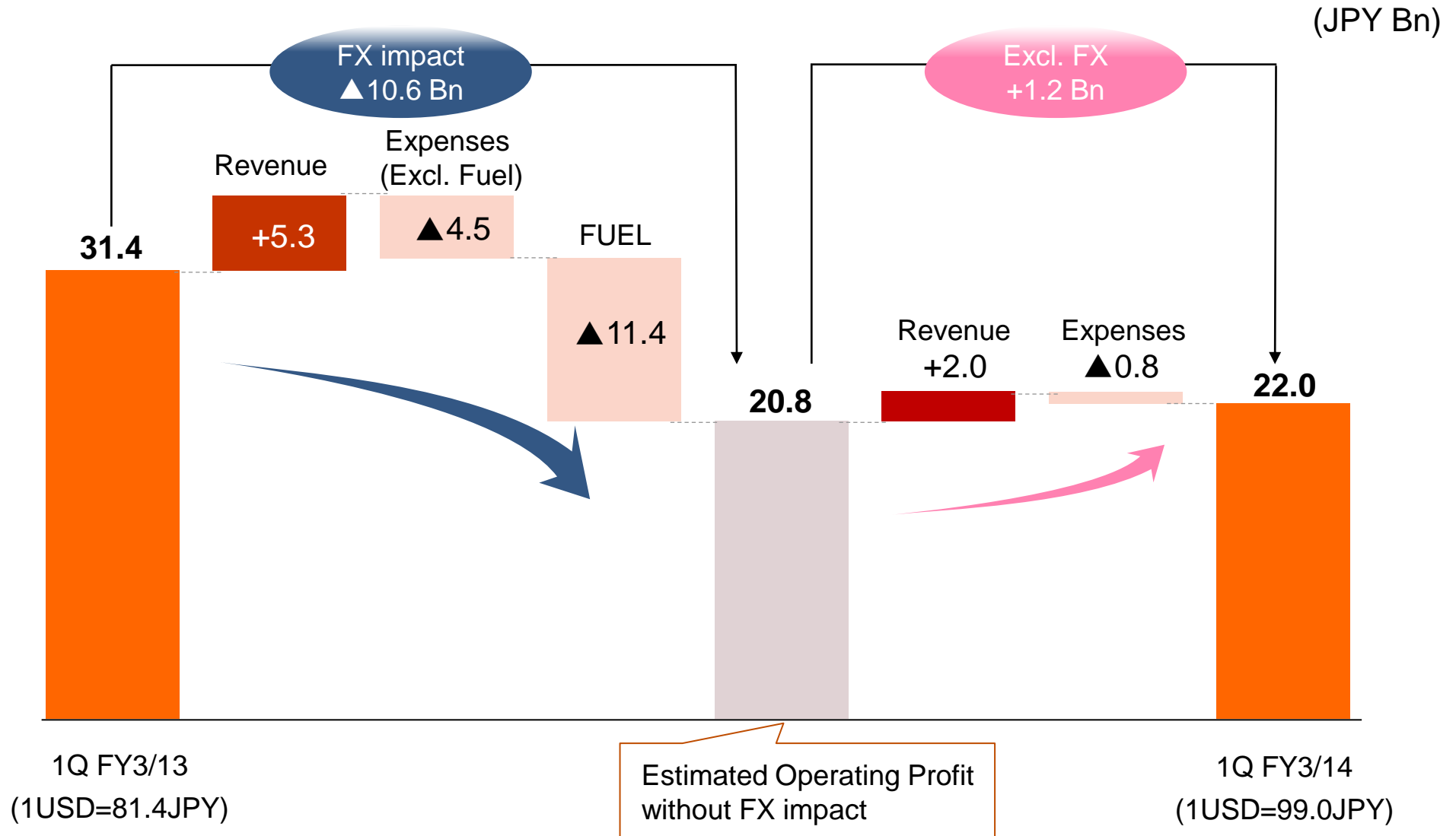


FX Markets

	1Q FY3/13	1Q FY3/14	Difference
FX (JPY/USD)	81.4	99.0	+21.6%

- ✓ Despite weak Yen, Operating Profit for 1st Quarter FY3/14 was 22.0 Bn JPY.
- ✓ Moving steadily towards achieving our target OP of 140.0 Bn JPY, and also trying to exceed the target.

Breakdown of the Impact on Our Operating Profit



Operations of Boeing 787



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Boeing 787 Operations

- ✓ Operations of Boeing 787 resumed from June 1, 2013.
- ✓ Narita-Helsinki Routes operation newly started from July 1.
- ✓ The reservation is growing steadily.



Current Reservations (as of 25JUL) (**)

	JUL	AUG
Newly Launched Routes (*)	82%	83%
All 787 Routes	79%	78%
All Int'l Routes	83%	78%

(*) Boston, San Diego, Helsinki (**) Incl. Non-Revenue Passengers

Impact of grounded Boeing 787

- ✓ The financial impact remained as assumed.

Financial Impact (Bn JPY)

Revenue	Expenses	Profit
▲4.8	2.2	▲2.6

Consolidated Financial Results



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Consolidated Financial Results 1st Quarter FY3/14

JPY Bn	1 st Quarter FY3/13	1 ST Quarter FY3/14	% y/y
Revenue	286.7	294.1	+2.6%
Air transportation segment	259.1	262.9	+1.5%
Operating Expense	255.3	272.0	+6.5%
Air transportation segment	230.8	244.4	+5.9
Operating Profit	31.4	22.0	▲29.8%
Air transportation segment	28.3	18.4	▲34.8%
Operating Profit Margin(%)	11.0%	7.5%	▲3.5pt
Ordinary Income	30.7	19.6	▲35.9%
Net Income	26.9	18.3	▲31.9%
ASK(MN seat km)	19,951	20,705	+3.8%
RPK(MN passenger km)	13,386	13,711	+2.4%
EBITDA Margin (%) ⁽¹⁾	18.0%	14.2%	▲3.8pt
EBITDAR Margin (%) ⁽²⁾	20.7%	16.8%	▲3.9pt
Unit Cost (yen) ^{(3) (4)}	8.5	8.5	+0.0
Incl. Fuel	11.6	11.8	+0.2

- ✓ Revenue:
294.1Bn JPY, y/y +2.6%
- ✓ Operating Profit:
22.0 Bn JPY, y/y ▲29.8%
- ✓ Operating Profit Margin:
7.5%

- Notes:
1. EBITDA Margin = EBITDA / Revenue EBITDA=Operating Profit + Depreciation
 2. EBITDAR Margin = EBITDAR / Revenue EBITDAR=Operating Profit + Depreciation+ Aircraft Leases
 3. Unit Cost = Air Transportation Segment Operating Cost (excluding fuel cost) / ASK
 4. Unit Costs are calculated based on 32 consolidated companies for both previous and current year.

Changes of Operating Profit

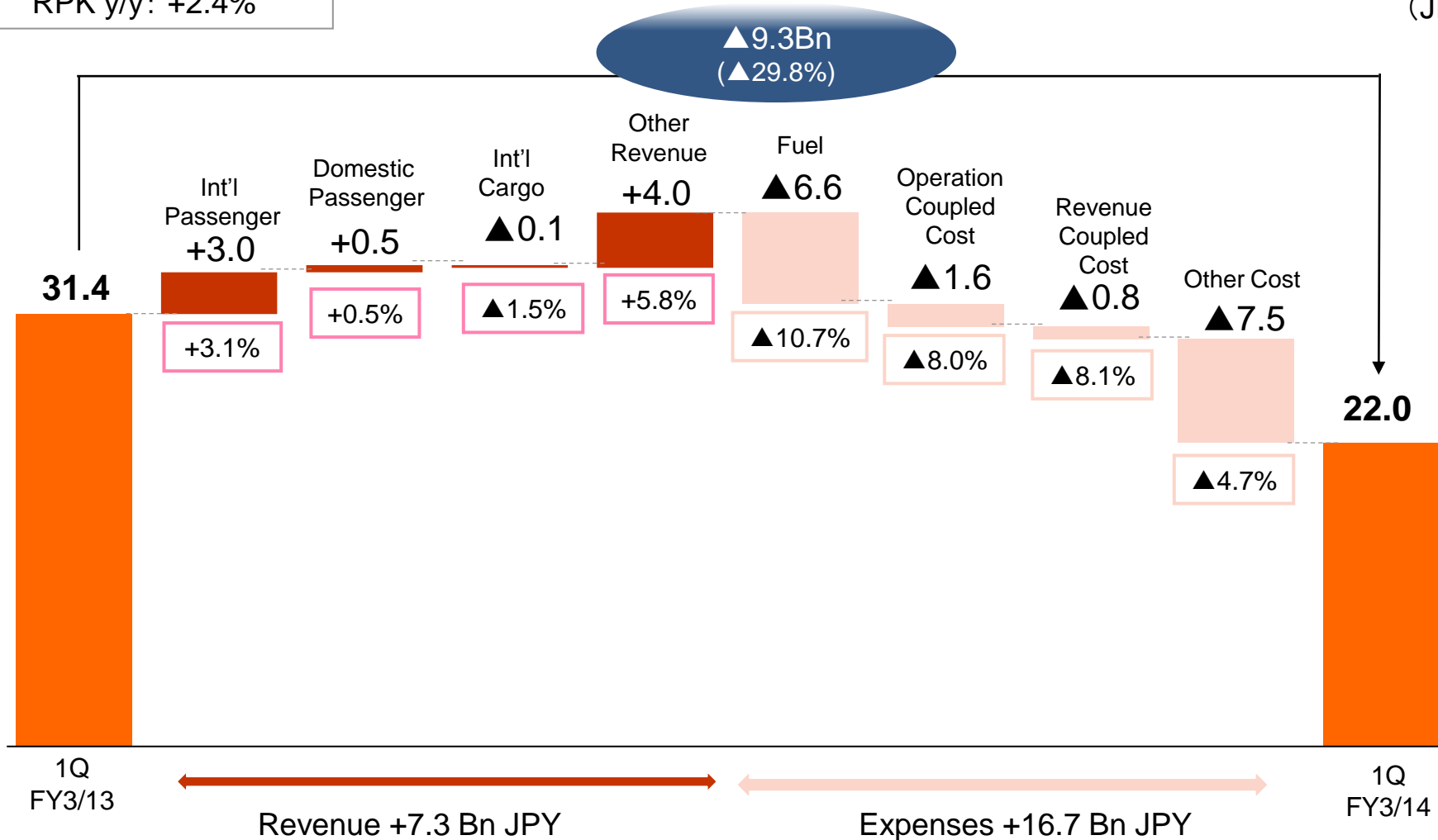


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1st Quarter FY3/14

ASK y/y: +3.8%
RPK y/y: +2.4%

(JPY Bn)



International Passenger Operations (Operating Results)



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International Passenger

	1Q FY3/13	1Q FY3/14	% y/y
Passenger Revenue (JPY Bn)	95.9	98.9	+3.1%
ASK (MN seat km)	10,853	11,260	+3.7%
RPK (MN passenger km)	7,961	8,180	+2.8%
Passengers ('000)	1,803	1,781	▲1.2%
L/F (%)	73.4%	72.6%	▲0.7pt
Yield (JPY)⁽¹⁾	12.0	12.1	+0.4%
Unit Revenue (JPY)⁽²⁾	8.8	8.8	▲0.6%
Revenue per passenger (JPY)⁽³⁾	53,187	55,543	+4.4%

✓ International Passenger Revenue:
JPY98.9Bn, y/y +3.1%

✓ Load Factor:
72.6%, y/y ▲0.7pt

✓ Revenue per passenger:
y/y +4.4 %

Notes:

1. Unit Revenue=Passenger Revenue / ASK

2. Yield = Passenger Revenue / RPK

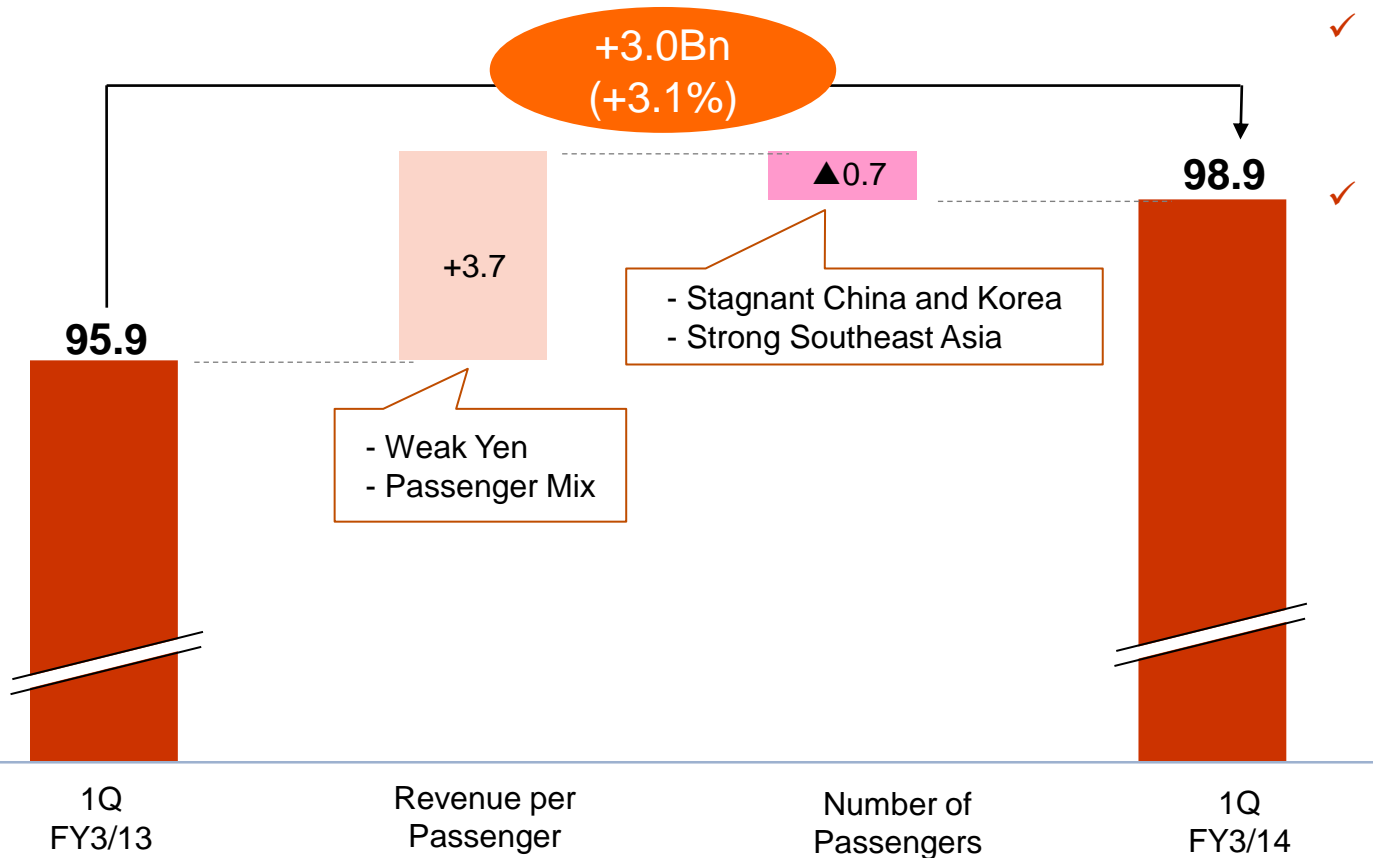
3. Revenue per Passenger = Passenger Revenue / Passengers

International Passenger Operations (Changes of Revenue)



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1st Quarter FY3/14



- ✓ Strong Demand on Southeast Asia: Load Factor 71.9% (y/y +3.3%)
- ✓ JAL SKY SUITE 777: Deployed on Narita=New York route following ongoing services to London

Domestic Passenger Operations (Operating Results)



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Domestic Passenger

	1Q FY3/13	1Q FY3/14	% y/y
Passenger Revenue (JPY Bn)	108.2	108.8	+0.5%
ASK (MN seat km)	9,097	9,444	+3.8%
RPK (MN passenger km)	5,425	5,531	+2.0%
Passengers ('000)	7,112	7,360	+3.5%
L/F (%)	59.6%	58.6%	▲1.1pt
Yield (JPY)⁽¹⁾	20.0	19.7	▲1.4%
Unit Revenue (JPY)⁽²⁾	11.9	11.5	▲3.2%
Revenue per passenger (JPY)⁽³⁾	15,224	14,783	▲2.9%

- ✓ Domestic Passenger Revenue :
108.8 Bn JPY, y/y +0.5%
- ✓ Revenue per passenger:
y/y ▲2.9%
- ✓ Number of passenger: y/y
+3.5%

Notes:

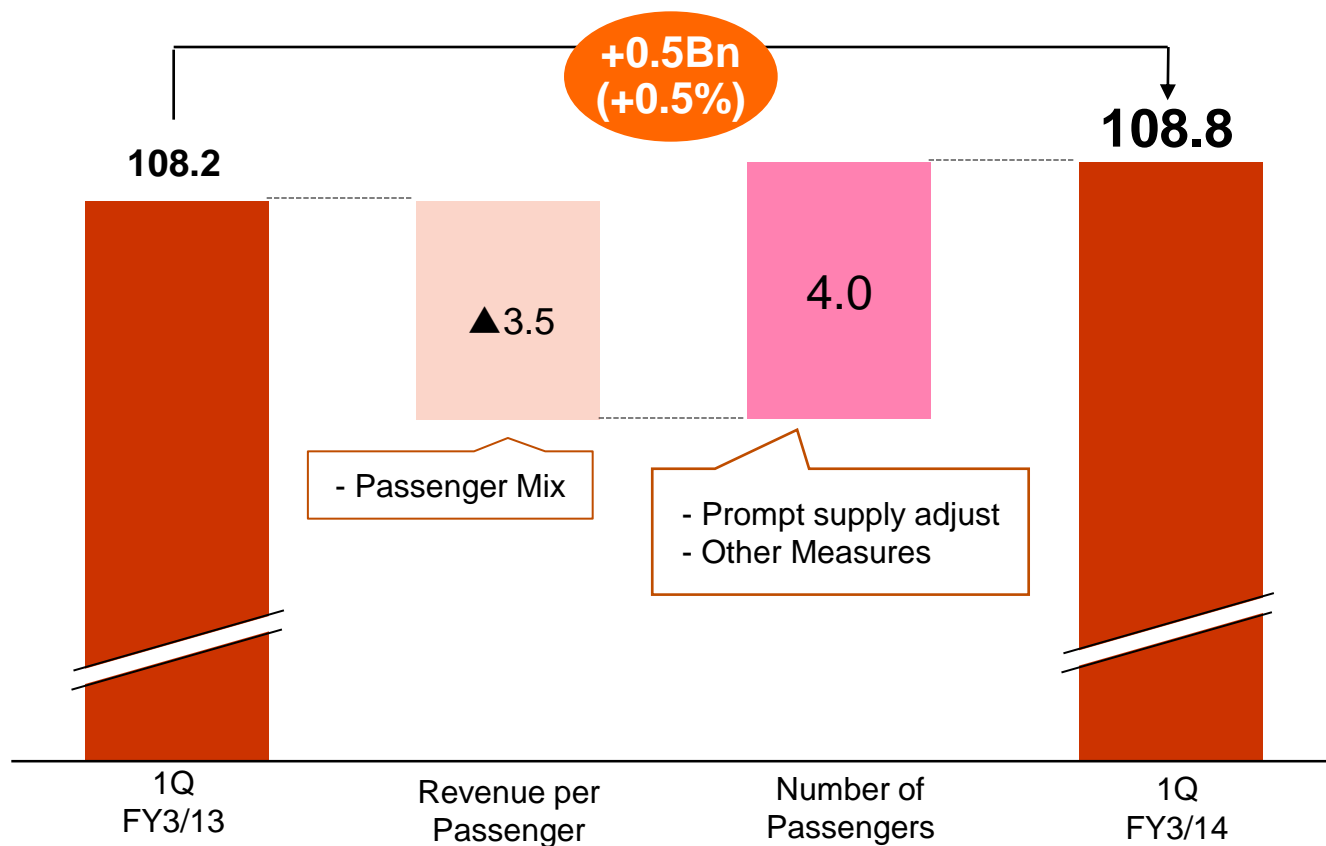
1. Unit Revenue=Passenger Revenue / ASK
2. Yield = Passenger Revenue / RPK
3. Revenue per Passenger = Passenger Revenue / Passengers

Domestic Passenger Operations (Changes of Revenue)



JAPAN AIRLINES

1st Quarter FY3/14



✓ Network Expansion:

New Route	Tokyo (Haneda)= Nagoya (Chubu)
Resumed	Osaka (Itami) = Misawa, Hakodate, Matsuyama Sapporo=Niigata
Frequency Increase	Osaka (Itami) = Fukuoka, Hanamaki, Sendai, Oita, Niigata, Miyazaki etc.

✓ Group Passenger Growth:

Tie-up with Tokyo Disney Resort® 30th anniversary

Major Operating Expense Items



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Breakdown of Operating Expenses

(JPY Bn)	1Q FY3/13	1Q FY3/14	Difference	% y/y
Fuel	61.6	68.3	+6.6	+10.7%
Landing fees	18.6	20.0	+1.4	+7.6%
Maintenance	6.9	9.6	+2.7	+39.3%
Sales Commissions (Air Transport)	5.0	5.4	+0.4	+7.9%
Aircraft Depreciation	15.0	14.6	▲0.3	▲2.4%
Aircraft Leases	7.8	7.7	▲0.0	▲0.5%
Personnel	56.4	58.4	+1.9	+3.4%
Other	83.7	87.7	+4.0	+4.8%
Total Operating Expenses	255.3	272.0	+16.7	+6.5%

✓ Fuel cost increased by 6.6 Bn JPY due to an increase in supply and weak Yen

✓ Maintenance cost increased by 2.7 Bn JPY due to an increase in outsourcing for interior renovation, and weak Yen.

✓ Personnel Costs increased by 1.9 Bn JPY for the employee bonus level.

✓ As a FX impact, operating expenses increased by 15.9 Bn JPY.

ASK +3.8% y/y

Major Balance Sheet Items



JAPAN AIRLINES

Consolidated Balance Sheet Summary End of 1st Quarter FY3/14

(JPY Bn)	End of FY2012 2013/3/31	End of 1Q FY3/14 2013/6/30	Difference
Total Assets	1,216.6	1,223.7	+7.0
Cash and Deposits	347.9	340.4	▲7.5
Balance of Interest-bearing Debt ⁽¹⁾	160.1	149.2	▲10.8
Off-balance Sheet Lease Payments	207.1	203.8	▲3.3
Shareholder's Equity	565.0	551.4	▲13.5
Shareholder's Equity Ratio(%)	46.4%	45.1%	▲1.4pt
D/E Ratio (x) ⁽²⁾	0.3x	0.3x	▲0.0
Net D/E Ratio (x) ⁽³⁾	▲0.3x	▲0.3x	▲0.0

✓ The balance of interest-bearing debt is reduced to 149.2 Bn JPY after repayment

✓ Shareholders' equity ratio decreased by 1.4pt to 45.1% for the payment of dividend

Notes:

1. Accounts Payable-installment Purchase included
2. D/E Ratio = (On-balance sheet Interest-bearing Debt) ÷ (Shareholders' Equity)
3. Net D/E Ratio = (On-balance sheet Interest-bearing Debt - Cash and Cash Equivalents) ÷ (Shareholders' Equity)

Major Cash Flow Items



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(JPY Bn)	1Q FY3/13	1Q FY3/14	% y/y
Net income before income taxes and minority interests	30.4	20.9	▲9.4
Depreciation	20.1	19.6	▲0.4
Other	16.1	17.8	+1.6
Cash Flow from Operating Activities	66.6	58.4	▲8.2
Capital Expenditure ⁽¹⁾	▲25.8	▲25.8	+0.0
Other	+0.4	+1.8	+1.3
Cash Flow from Investing Activities ⁽²⁾	▲25.3	▲23.9	+1.3
Free Cash Flow ⁽³⁾	41.3	34.4	▲6.8
Repayment of Interest-bearing Debt ⁽⁴⁾	▲11.4	▲10.8	+0.5
Other	▲7.9	▲30.8	▲22.9
Cash Flow from Financing Activities	▲19.3	▲41.6	▲22.3
Total Cash Flow ⁽⁵⁾	21.9	▲7.2	▲29.1
EBITDA	51.5	41.7	▲9.7
EBITDAR	59.3	49.5	▲9.8

Notes:

1. Expense due to purchases of fixed assets
2. Exclude deposits and withdrawals from deposit accounts
3. Cash Flow from Operating Activities + Cash Flow from Investing Activities
4. Repayment of Long Term Debt + Repayment of Lease Debt
5. Cash flow from Operating Activities + Cash Flow from Investing Activities + Cash Flow from Financing Activities



OVERVIEW OF 1ST QUARTER FY3/14
FINANCIAL RESULTS



OPERATIONS OF BOEING 787



DETAILS OF 1ST QUARTER FY3/14



SUPPLEMENTAL REFERENCES

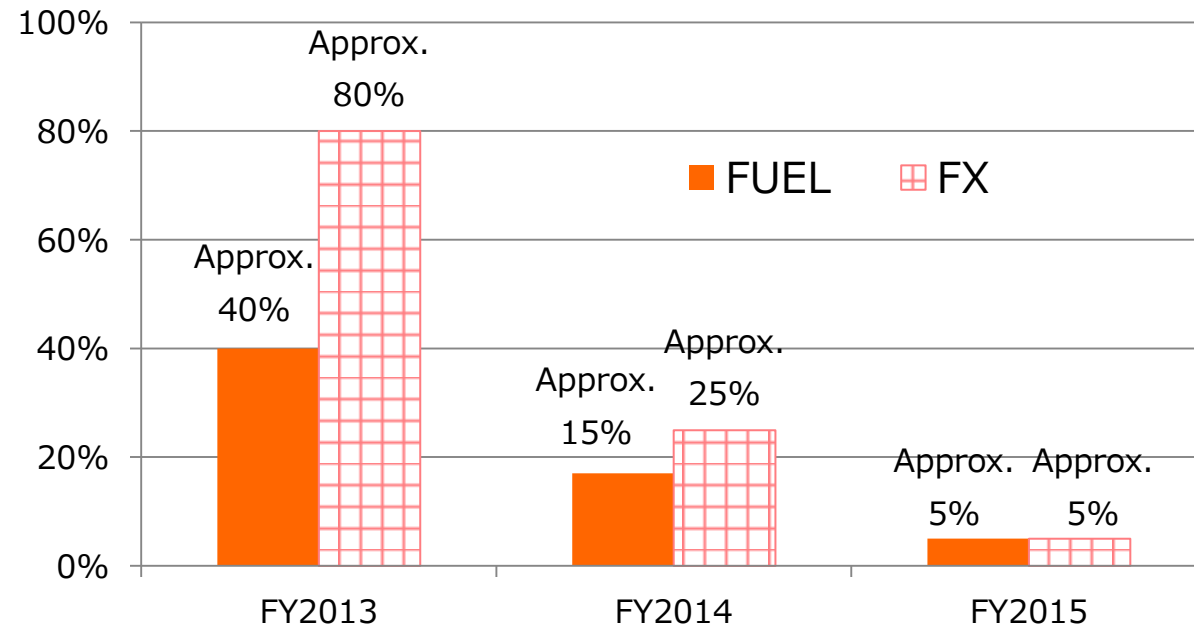
《Supplemental Reference》

Impact from Fuel and Currency Markets



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Hedging Ratio for Fuel Costs (As of End of 1Q FY3/14)



Sensitivity for Fuel Costs (Without Hedging)

Crude Oil (Change in 1 USD/bbl)	2.0 Bn JPY Per Year
FX (Change in 1 JPY/USD)	2.5 Bn JPY Per Year

Result and Assumptions

	FY13 Plan	1Q FY3/13	1Q FY3/14	% y/y
Singapore Kerosene (USD/bbl)	127	130.9	118.4	▲9.5%
CIFJ (Crude Oil) (USD/bbl)	114	124.3	111.1	▲10.6%
FX Rate (JPY/USD)	95	81.4	99.0	+21.6%

《Supplemental Reference》

Revenue of International Routes by Geographical segment



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Passenger Revenue (% of the whole int'l revenue)

(%)	1Q FY3/13	1Q FY3/14	y/y
Trans Pacific	32.5%	33.0%	+0.5pt
Europe	19.0%	19.0%	▲0.0pt
Asia/Oceania	36.0%	37.5%	+1.5pt
China	12.5%	10.5%	▲2.0pt

ASK

(MN seat km)	1Q FY3/13	1Q FY3/14	y/y
Trans Pacific	3,808	4,007	+5.2%
Europe	2,055	1,963	▲4.5%
Asia/Oceania	4,157	4,424	+6.4%
China	832	864	+3.8%

RPK

(MN passenger km)	1Q FY3/13	1Q FY3/14	y/y
Trans Pacific	3,021	3,113	+3.0%
Europe	1,521	1,477	▲2.9%
Asia/Oceania	2,854	3,124	+9.5%
China	564	465	▲17.5%

Passengers

('000)	1Q FY3/13	1Q FY3/14	y/y
Trans Pacific	396	400	+1.0%
Europe	161	157	▲2.3%
Asia/Oceania	945	976	+3.2%
China	299	247	▲17.6%

Load Factor

(%)	1Q FY3/13	1Q FY3/14	y/y
Trans Pacific	79.3%	77.7%	▲1.6pt
Europe	74.0%	75.3%	+1.2pt
Asia/Oceania	68.7%	70.6%	+1.9pt
China	67.7%	53.8%	▲13.9pt

《Supplemental Reference》

Number of Aircraft in Service



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Number of Aircraft (Consolidated)

	End of Mar/2013 2013/3/31			End of Jun/2013 2013/6/30			Changes
	Owned	Leased	Total	Owned	Leased	Total	
Boeing 777-200	15	0	15	15	0	15	-
Boeing 777-200ER	11	0	11	11	0	11	-
Boeing 777-300	7	0	7	7	0	7	-
Boeing 777-300ER	13	0	13	13	0	13	-
Large-sized Total	46	0	46	46	0	46	-
Boeing 787-8	7	0	7	9	0	9	+2
Boeing 767-300	16	0	16	16	0	16	-
Boeing 767-300ER	14	18	32	14	18	32	-
Middle-sized Total	37	18	55	39	18	57	+2
MD90	2	0	2	0	0	0	▲2
Boeing 737-400	14	2	16	12	2	14	▲2
Boeing 737-800	18	31	49	18	31	49	-
Small-sized Total	34	33	67	30	33	63	▲4
Embraer 170	12	0	12	12	0	12	-
Bombardier CRJ200	9	0	9	9	0	9	-
Bombardier D8-400	9	2	11	9	2	11	-
SAAB340B	9	2	11	9	2	11	-
Bombardier D8-300	1	0	1	1	0	1	-
Bombardier D8-100	4	0	4	4	0	4	-
Regional Total	44	4	48	44	4	48	-
TOTAL	161	55	216	159	55	214	▲2

Fly into tomorrow.



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