

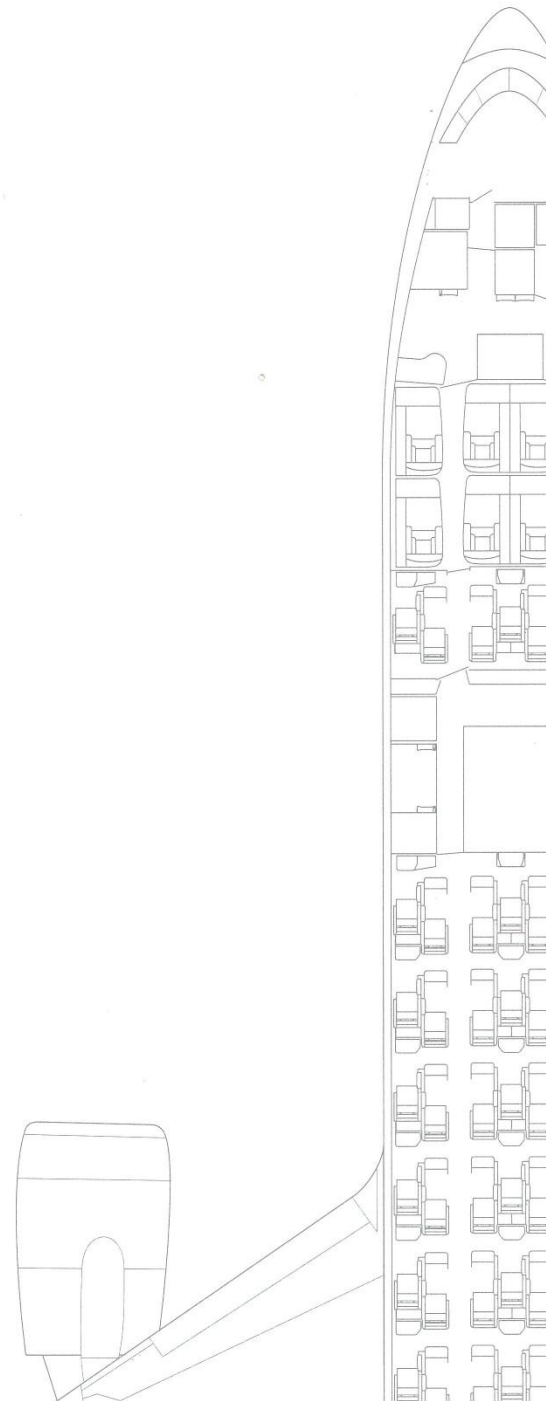


JAPAN AIRLINES

Financial Results

1st Quarter Mar / 2014 (FY2013)

31 July, 2013





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OPERATIONS OF BOEING 787

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SUPPLEMENTAL REFERENCES

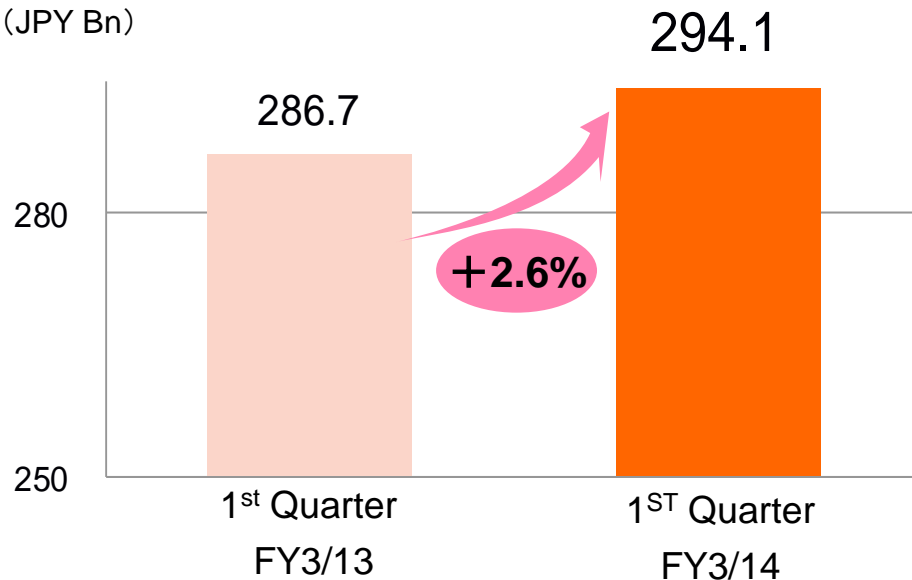
Overview of 1st Quarter FY3/14 Financial Results



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Operating Revenue

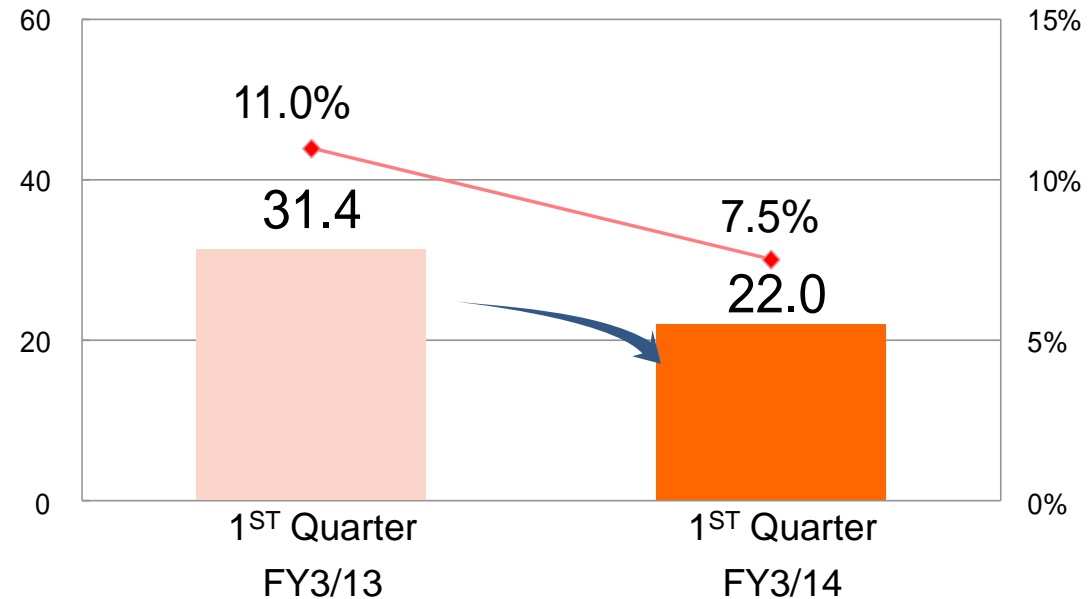
(JPY Bn)



Operating Profit

(JPY Bn)

Operating Profit Margin



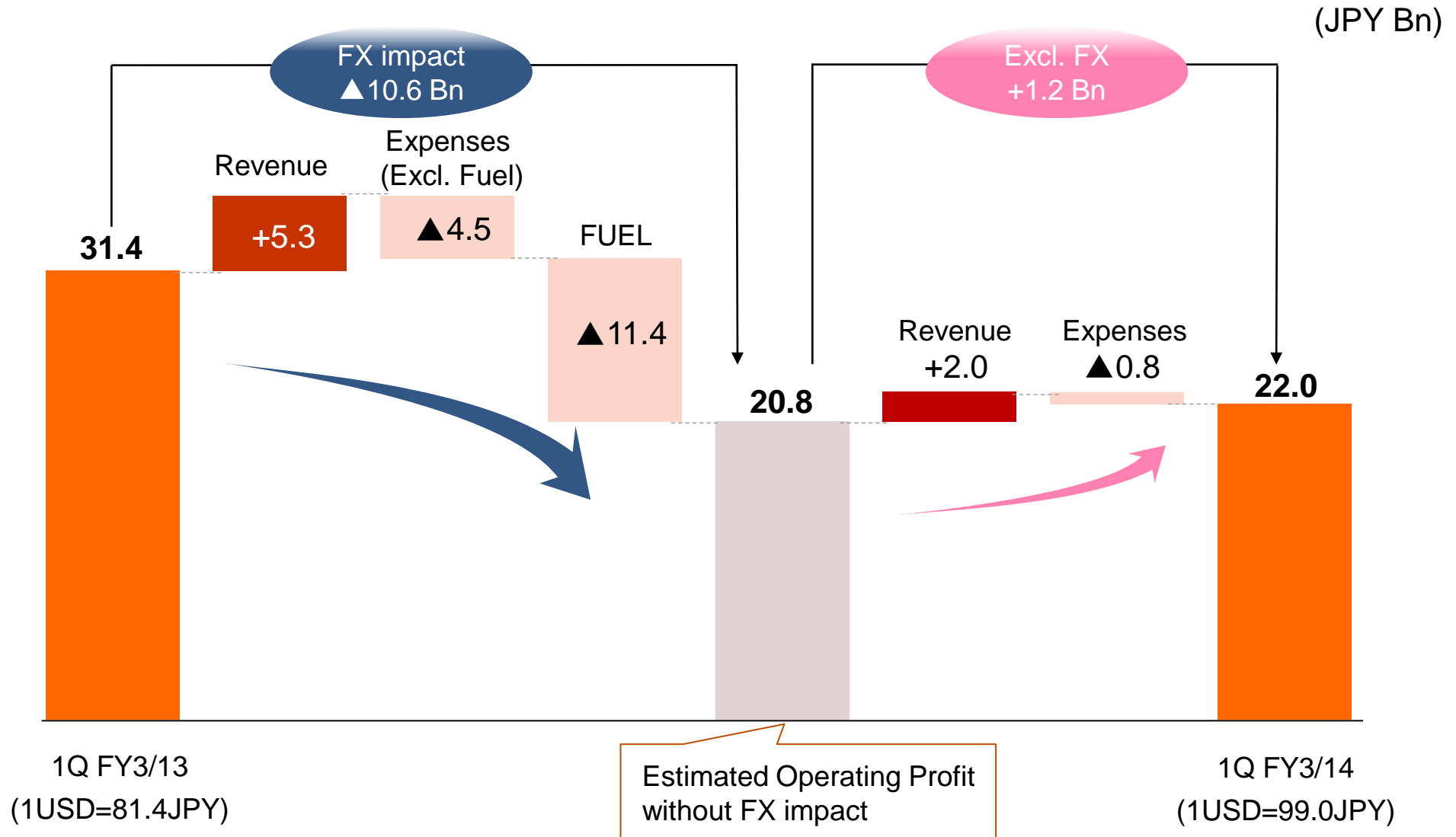
FX Markets

	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.

- In the first quarter, operating revenue was 294.1 billion yen due to the growth in both international and domestic passenger revenue.
- On the other hand, our Operating Profit declined by 9.3 billion yen to 22 billion yen because of the cost increase for the weak Yen and the suspension of Boeing 787 operations.
- We are moving forward steadily towards not only achieving our operating profit target of 140 billion yen but also trying to exceed the target.

Breakdown of the Impact on Our Operating Profit



- This page shows the breakdown of the impact from the current foreign exchange market on our operating profit of the 1st quarter.
- The weak Yen made a 5.3 billion yen raise on our revenue, 4.5 billion yen impact on our fuel excluded cost, and 11.4 billion yen on our fuel cost. Our operating profit without the impact was estimated as 20.8 billion yen for the 1st quarter.
- We assume that our revenue increased by 2.0 billion yen and our cost increased by 0.8 billion yen without the FX impact.
- As a result, our operating profit was 22 billion yen.

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

- June 1st, we resumed 787 operations, and now we are operating 787s to 7 cities over 8 routes.
- On July 1st, we launched a new service using Boeing 787 between Narita and Helsinki, building our network to boost our customers' convenience, with Helsinki as a gateway bridging Japan and Europe.
- The number of reservation of our 787 operating routes are growing steadily.

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.

- Operating revenue for the first quarter increased by 2.6% year-on-year to 294.1 billion yen, mainly due to an increase in revenue per passenger on international flights, and an increase in the number of passengers on domestic flights.
- Operating expense increased by 6.5% from the previous year to 272.0 billion yen, mainly due to an increase in fuel costs caused by an increase in supply and the weak yen. We will continuously strive to minimize the expenses by increasing profit consciousness through our divisional profitability management system.
- Our Unit Cost remained 8.5 yen without fuel costs.
- As a result, the operating profit was 22.0 billion yen, the operating profit margin was 7.5%, and the EBITDAR margin remained at 16.8%.

Changes of Operating Profit

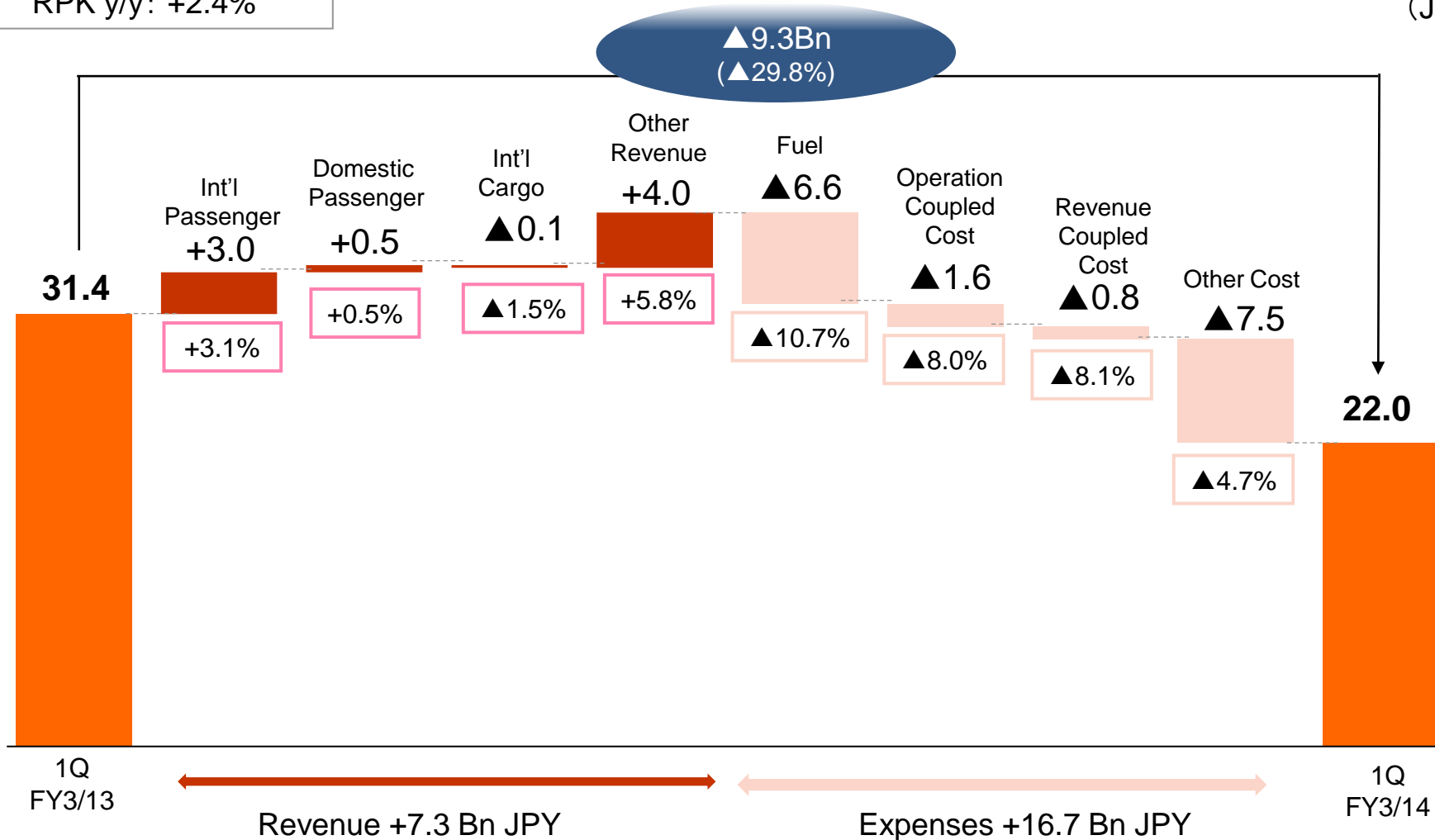


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1st Quarter FY3/14

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

(JPY Bn)



- Compared to the same period last year, revenue of international passenger and domestic passenger operations increased by 3.0 billion yen and 0.5 billion yen respectively. The aggregate revenues, including other revenues, increased by 7.3 billion yen.
- As for expenses, fuel costs increased significantly year-on-year due to an increase in supply and the weak yen. Despite an increase in expenditures for new products and services, we were able to minimize the increase in other expenses.
- Through these efforts, operating profit declined by 9.3 billion yen year-on-year to 22.0 billion yen.

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

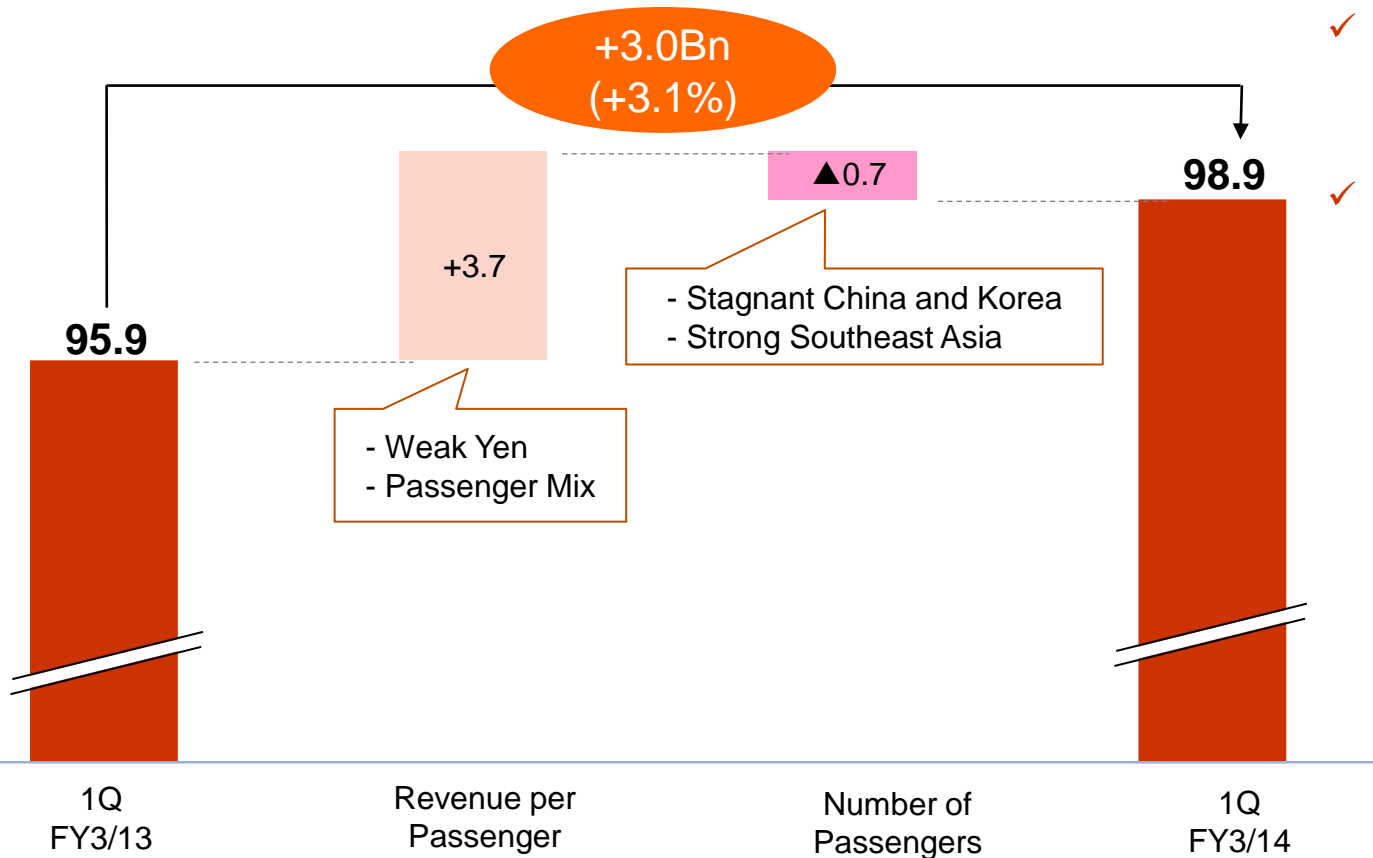
- ASK and RPK of international flights increased by 3.7% and by 2.8% respectively from last year. As a result, load factor declined slightly to 72.6%, but remains strong as last year.
- On the other hand, due to an increase in passengers on mid to long haul routes such as Southeast Asia, as well as an increase in revenue per passenger of overseas passengers to Japan due to the weak yen, yield and revenue per passenger increased by 0.4% and 4.4% respectively year-on-year. Consequently, passenger revenue increased by 3.1% to 98.9 billion yen.

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

- In the first quarter, demand on China and Korea routes was stagnant, while demand on Southeast Asia routes was strong in terms of both load factor and unit revenue.
- In May, we launched JAL SKY SUITE 777, which offers greater comfort and amenities in every Class, to New York, following ongoing services to London. This contributed to improving demand and yield of our Business Class.
- As a result, international passenger revenue for the first quarter increased by 3.1% year-on-year to 98.9 billion yen.

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

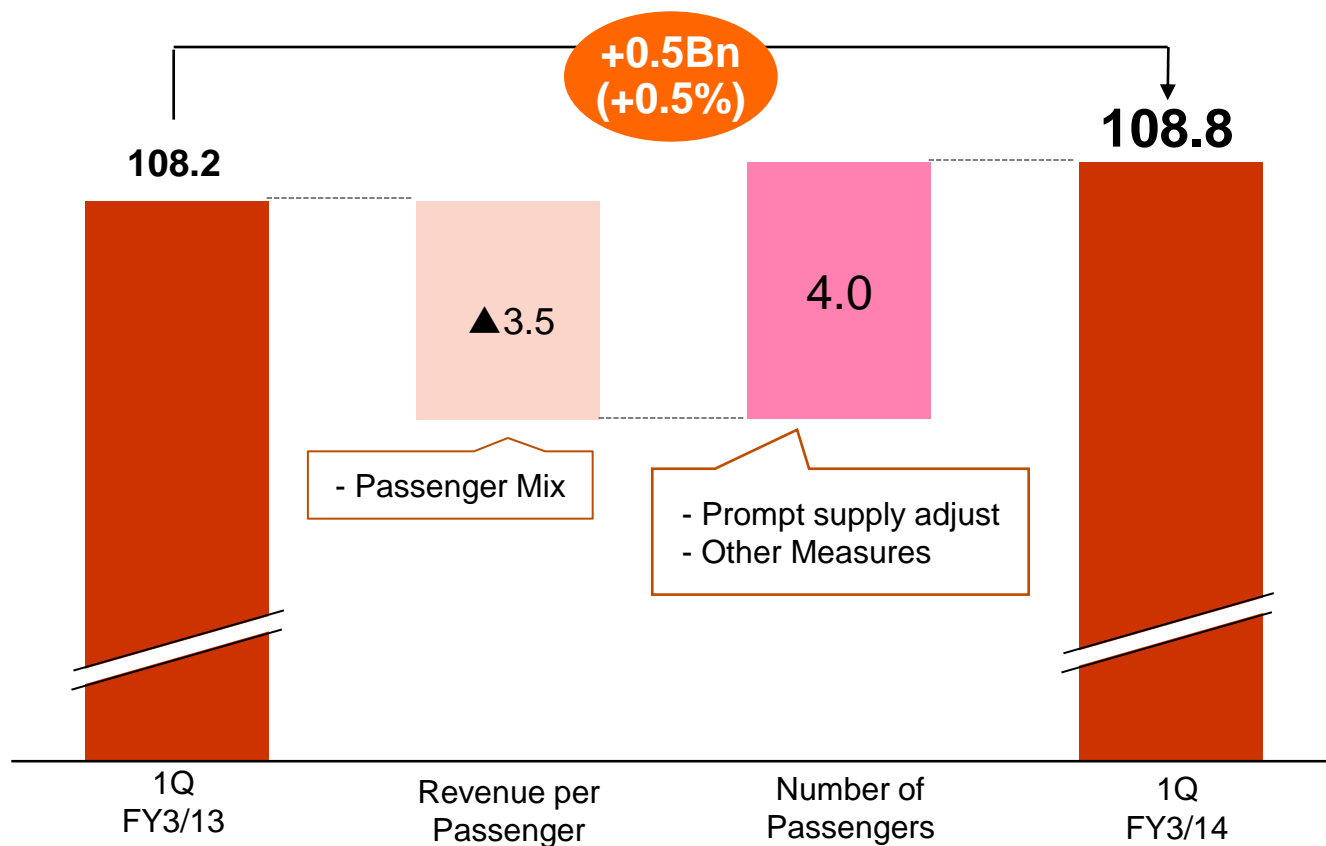
- ASK and RPK increased by 3.8% and 2.0% respectively year-on-year. As a result, load factor declined slightly from the previous year to 58.6%.
- Meanwhile, due to a strong demand of group passengers, yield and revenue per passenger declined by 1.4% and 2.9% respectively. However, the number of revenue passengers increased along with the increase in supply, and consequently, domestic passenger revenue increased by 0.5% year-on-year to 108.8 billion yen.

Domestic Passenger Operations (Changes of Revenue)



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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

- In the first quarter, we expanded our domestic network significantly due to an increase in departure and landing slots at Tokyo-Haneda airport and Osaka-Itami airport.
- When examining passenger mix, group passengers accounted for an especially large margin mainly due to the tie-up with Tokyo Disney Resort ® 30th Anniversary.
- Meanwhile, due to the relative increase of group passengers, revenue per passenger declined. However, by increasing flights and assigning aircraft efficiently, many customers used our flights, and consequently, domestic passenger revenue increased by 0.5% year-on-year to 108.8 billion yen.

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

- Fuel costs increased by 10.7% from previous year caused by a weak yen and increase in our supply.
- Maintenance cost increased by 2.7 billion yen due to an increase in outsourcing for the cabin interior refurbishment, and weak yen.
- Personnel costs increased by 3.4%, due to an increase in bonus levels from the year before.

Major Balance Sheet Items



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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)

- As we repaid lease debts, the balance of interest-bearing debt declined by 10.8 billion yen year-on-year to 149.2 billion yen.
- The shareholder's equity ratio decreased by 1.4 points from the previous period to 45.1% due to payment of the dividend. As we posted the net profit in this quarter, we are moving forward steadily towards achieving our equity ratio target of 50%, as set out in the Mid-Term Management Plan.
- We will continue to accumulate capital in order to achieve our 50% target as quickly as possible.
- Thank you for your attention.

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

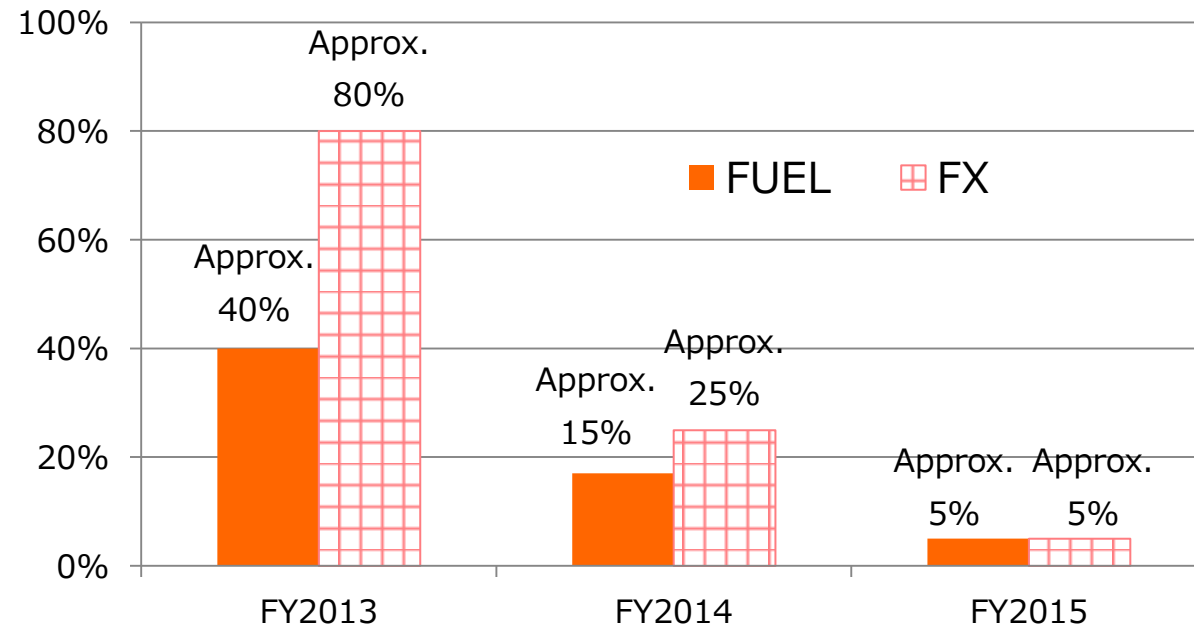
《Supplemental Reference》

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

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