

# JAPAN AIRLINES

## Financial Results

### 3<sup>rd</sup> Quarter Mar / 2014(FY2013)

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Managing Executive Officer  
31 January, 2014





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## **SUPPLEMENTAL REFERENCES**

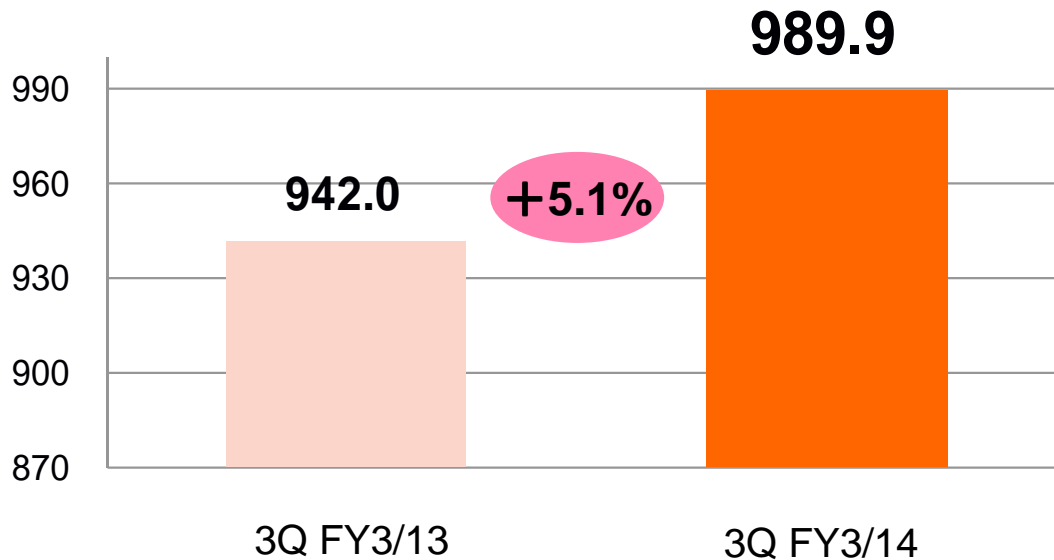
# Overview of 3<sup>rd</sup> Quarter FY3/14 Financial Results



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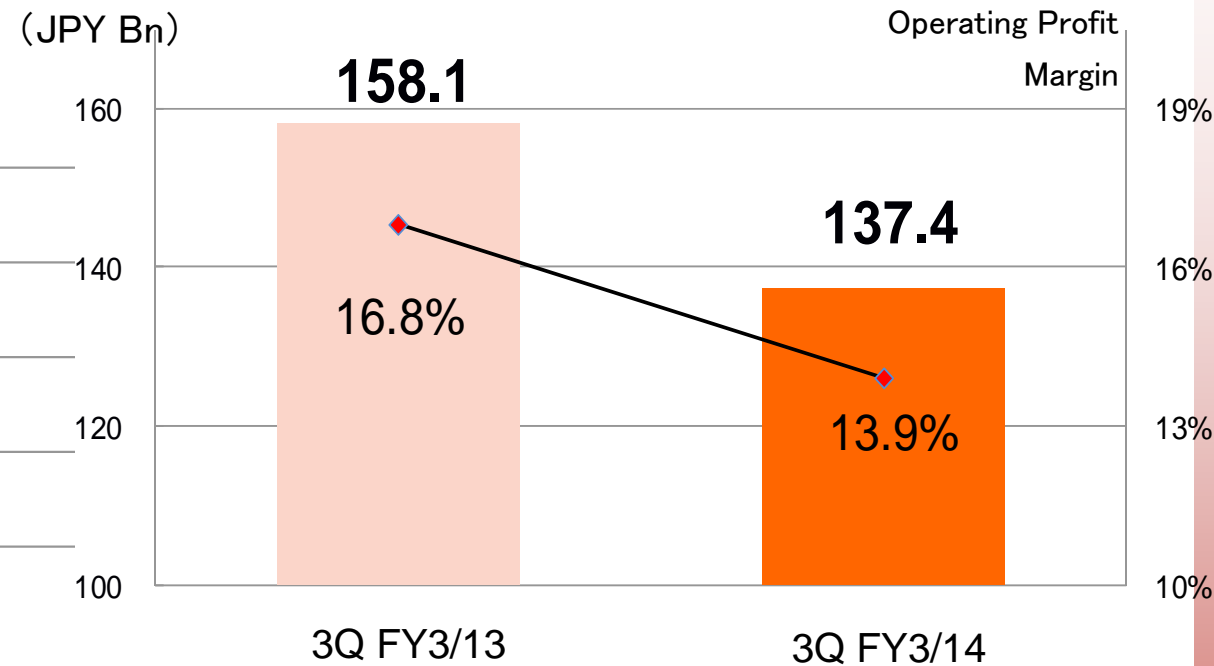
## Operating Revenue

(JPY Bn)



## Operating Profit

(JPY Bn)



## FX Markets

	3Q FY3/13	3Q FY3/14	Difference
FX(JPY/USD)	80.1	98.8	+23.3%

- ✓ Despite weak yen, operating profit was 137.4 billion yen.
- ✓ OPM was 13.9%, and we are moving towards achieving our OPM target of 10%+.

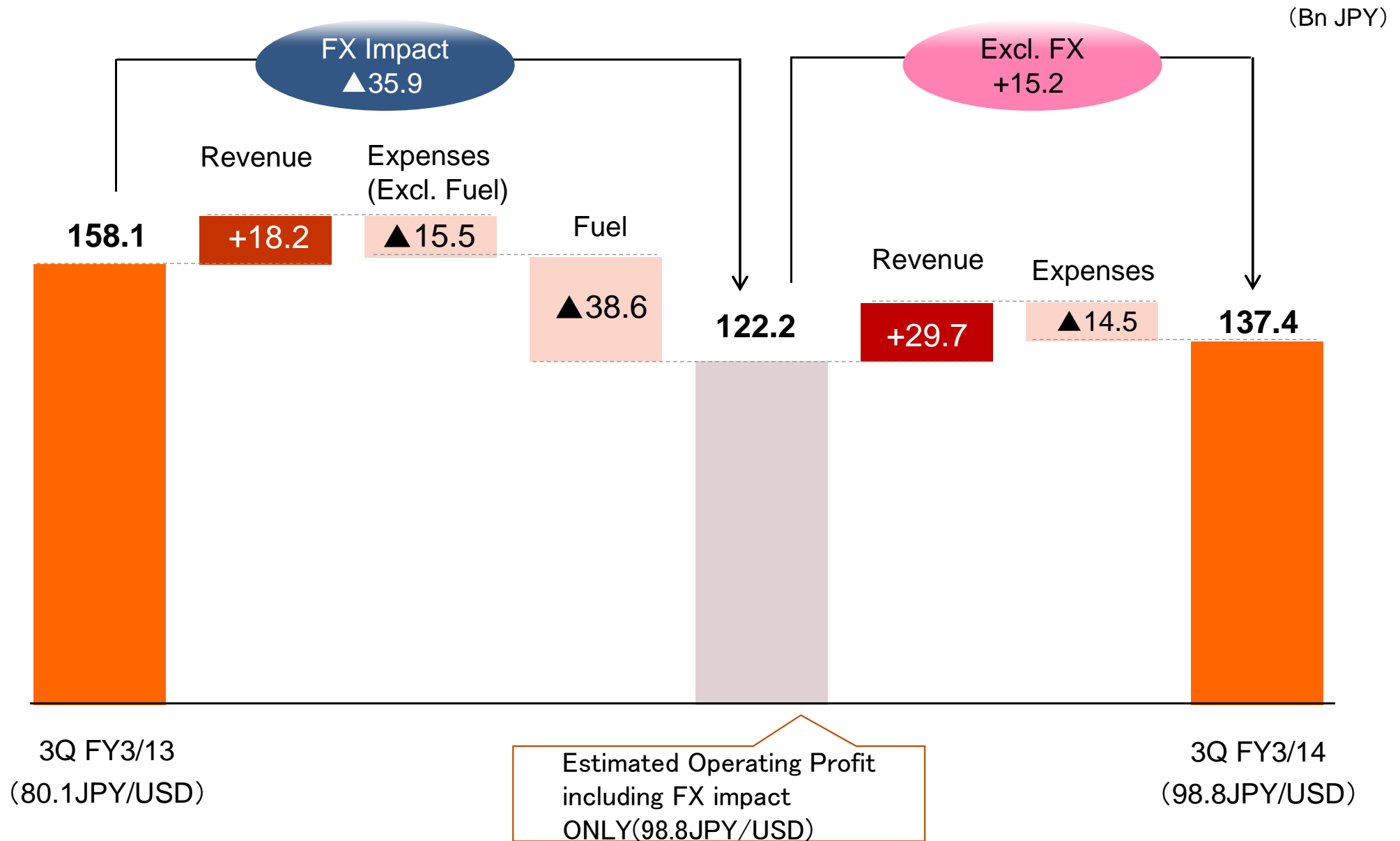
- During the reporting period, operating revenue increased by 5.1% year-on-year to 989.9 billion yen, due to an increase in international and domestic passenger revenues.
- On the other hand, operating profit declined by 20.6 billion yen from the previous year to 137.4 billion yen, owing to an increase in various cost items caused by the weaker yen. However, we achieved an operating profit margin of 13.9%, and are moving forward steadily to achieving our goal of a 10% profit margin or above.
- At this point, operating profit surpassed our previous forecast of 155 billion yen for the full year by approximately 2.5 billion yen.

# Impact from Currency Market



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## Breakdown of the Impact on Our Operating Profit





- The positive impact of foreign exchange rates on revenue was 18.2 billion yen, against our operating profit of 158.1 billion yen last year.
- The impact of foreign exchange rates on expenses excluding fuel costs was 15.5 billion yen and also 38.6 billion yen was on fuel cost. Operating profit for the reporting period, including the impact of foreign exchange rates only, is estimated to be 122.2 billion yen.
- Excluding the impact of foreign exchange rates on revenue and expenses during the reporting period, revenue and expenses increased by 29.7 billion yen and 14.5 billion yen respectively, which is an increase in profit of 15.2 billion yen, and operating profit of 137.4 billion yen.

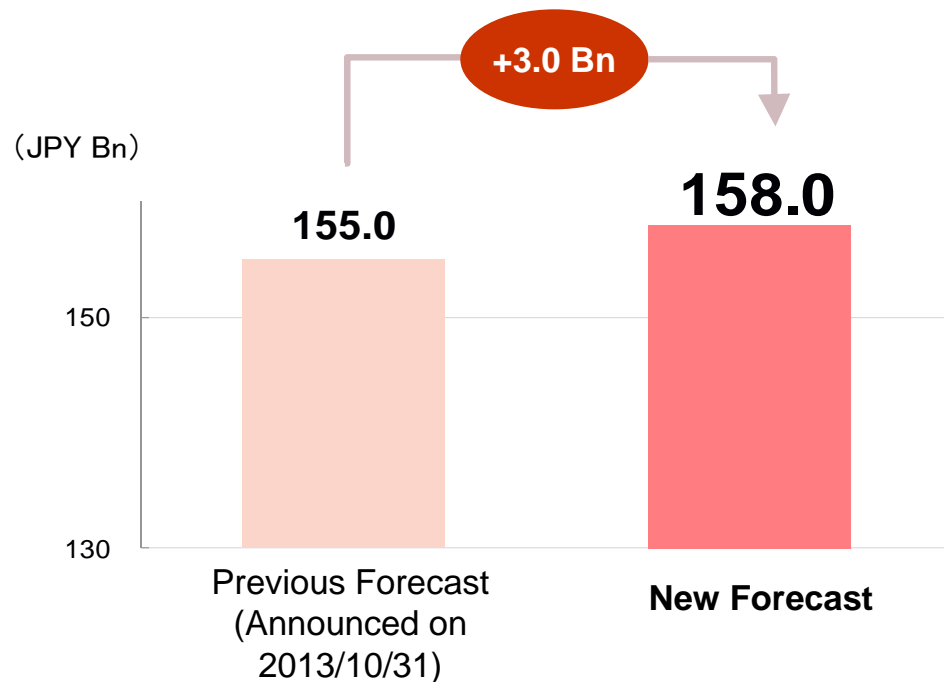
# Revised Consolidated Financial Forecast for FY3/14



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## Upward Revision of Operating Profit Forecast

- ✓ Based on 3<sup>rd</sup> quarter FY3/14 results, we revised our operating profit forecast.
- ✓ Operating Profit 158 Bn yen, Operating Profit Margin 12.2%
- ✓ Continue our effort to maximize the profit.



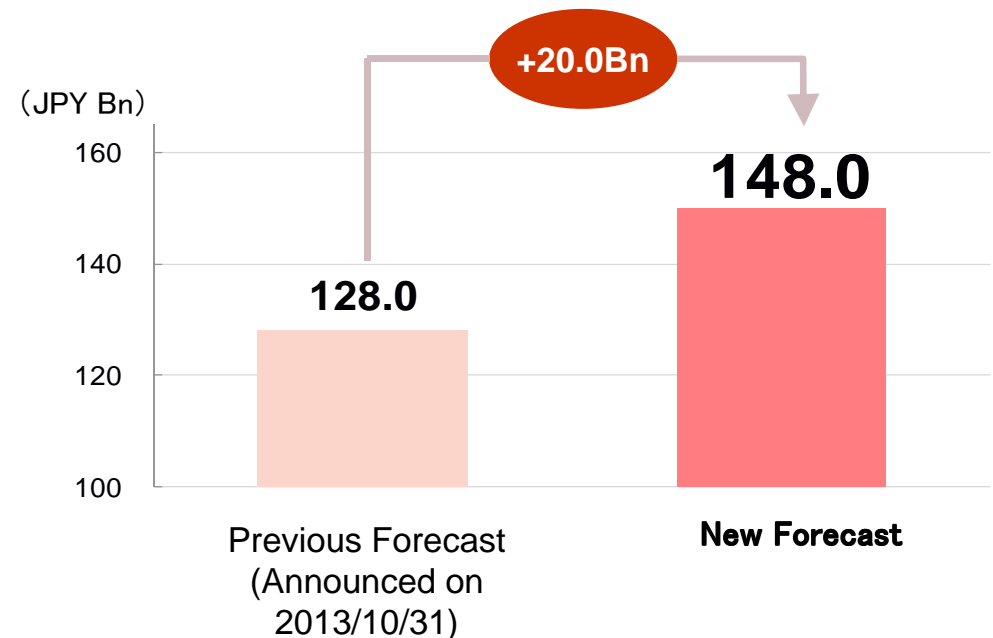
Operating Profit  
Margin 12.1%



Operating Profit  
Margin 12.2%

## Upward Revision of Net Income

- ✓ In addition to a 3.0 Bn yen increase in Operating Profit, 2.0 Bn yen in Extraordinary Income and 15 Bn yen in Income Tax-Deferred are expected.
- ✓ Net Income for the full year to 148.0 Bn yen.



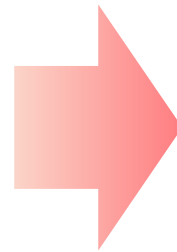
- Taking into account financial results for the third quarter, we revised our operating profit forecast upward by 3 billion yen from the previous forecast of 155 billion yen announced on last October 31 to 158 billion yen. As a result, our operating profit margin is expected to be 12.2%.
- Compared to last year, the yen weakness continues in foreign exchange markets, and though the operating environment remains severe, we will continue to do our best to maximize profit.
- We also revised our net income forecast upward by 20 billion yen from the previous forecast of 128 billion yen to 148 billion yen.
- This forecast reflects the 3 billion yen increase in operating profit, an increase of 2 billion yen in extraordinary income, and also 15 billion yen in Income Tax-Deferred.



## Change in our Dividend Calculation Policy

### Before

Dividend Payout Ratio  
approx. 20% of our  
Consolidated Net Income



### FY3/14 and After

Approx. 20% of Consolidated  
Net Income for the fiscal year  
excluding Income Tax-  
Deferred

### Background

- ✓ From the end of FY3/14, Net Income will fluctuate significantly due to including the large amount of Income Tax-Deferred based on Tax-Effect Accounting.
- ✓ As Tax-Effect Accounting depends on forecasts and estimates of future phenomena, the amount of Income Tax-Deferred may be volatile.
- ✓ We have decided not to include them in the calculation on dividends.

- We have announced that our dividend payout ratio would be approximately 20% of our consolidated net income, taking into account our basic policy to proactively return benefits to our shareholders.
- From this fiscal year onwards, we decided to exclude Income Tax-Deferred from consolidated net income when calculating the dividends.
- For the background of this decision, on the end of this fiscal year, a large amount of Income Tax-Deferred based on Tax-Effect accounting will be added on account.
- We expect that net income for this fiscal year will fluctuate significantly.
- Due to the nature of Tax-effect accounting, we must depend on forecasts and estimates of future phenomena, and as Deferred Tax Asset(DTA) may fluctuate because of changes in the situation, we have intended not to include Income Tax-Deferred in the calculation of dividends.

# Revised Dividend Forecast for FY3/14 -2-



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## Dividend Forecast

- ✓ Estimated DPS for FY3/14 based on NEW dividend payout policy

Dividends per share

**147.00JPY**

### Calculating simulation

(JPY Bn)	FY3/13 (A)	FY3/14(E)	
		New Forecast	Announced on 2013/10/31
Consolidated Net Income	171.6 JPY Bn	<b>148.0JPY Bn</b>	128.0JPY Bn
—) Income Tax-Deferred	—	<b>15.0JPY Bn</b>	—
	171.6 JPY Bn	<b>133.0JPY Bn</b>	128.0JPY Bn
Total amount for dividends (x approx. 20%)	34.4 JPY Bn	<b>26.6JPY Bn</b>	—(*)
Total number of shares issued	181,352 Mn	<b>181,352 Mn</b>	181,352 Mn
Dividends per share	190.00JPY	<b>147.00JPY</b>	—

(\*)approx. 20% of consolidated net income full year

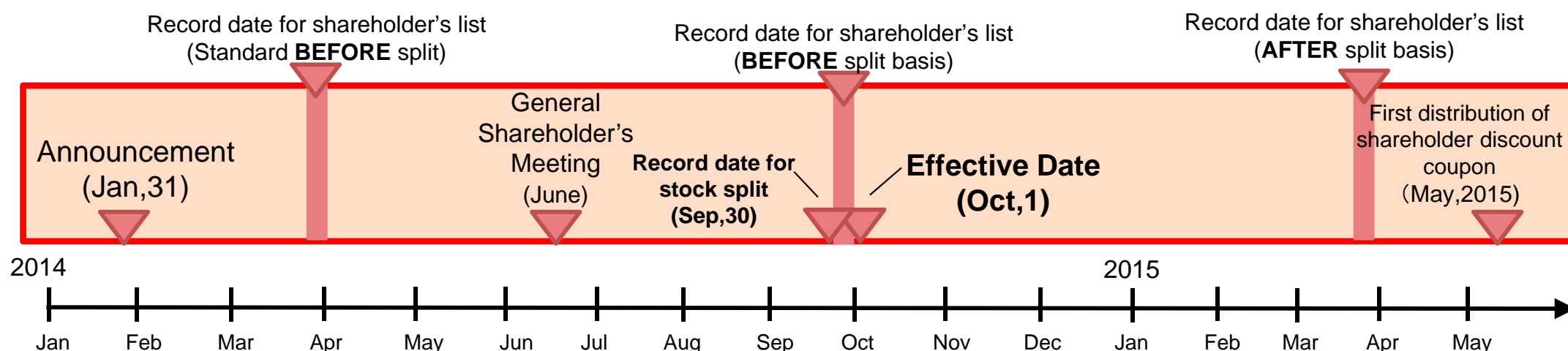
- DPS for this fiscal year is estimated 147yen based on calculation with our new dividends policy.
- We must apologize for announcing the forecast of reducing dividends
- The operating environment remains severe, but we will continue to do our best to maximize profit.

## Summary

- ✓ Two for One common stock split (1:2) Total numbers of share issued: 181,352Mn  $\Rightarrow$  362,704Mn
- ✓ Shares which JAL refused to register in the shareholder's list(\*) pursuant to provisions of the Civil Aeronautics Law will also be split (\*)adjusted shares held by foreigners

## Schedule

- ✓ Record date for the stock split: September 30, 2014 (Tue), Effective Date: October 1, 2014 (Wed)
- ✓ Subject to approval of partial amendments of our Articles of Incorporation at the General Shareholder's meeting Scheduled in June 2014



## Shareholder Discount Coupon

- ✓ The standard for distribution of shareholder discount coupons will remain the same even after the stock split
- ✓ The first distribution of shareholder discount coupons after stock split is expected to be in late May 2015 based on the record date of March 31, 2015

- The Board of Directors has approved at a meeting on January 31, 2014 a stock split of our common shares.
- We are aware of general price range of a shareholder's investment in companies listed on the first section of the Tokyo Stock Exchange, and will undertake a two-for-one stock split to develop an environment to make its common shares more affordable to a broader range of investors including individual investors and increase JAL's shareholder base.
- Shares which we refused to register in the shareholders list pursuant to provisions of the Civil Aeronautics Law will also be split.
- This is subject to an approval of amendments of our Articles of Incorporation at the General Shareholders Meeting scheduled in June 2014.
- The record date and effective date of stock split will be on September 30, 2014 and October 1, 2014 respectively.
- Concerning shareholders' discount coupon, the standard of distribution will remain the same after the stock split.
- The first distribution of coupon is expected to be in late May 2015.



# Details of 3<sup>rd</sup> Quarter FY3/14 Financial results





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# Consolidated Financial Results



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## Consolidated Financial Results 3<sup>rd</sup> Quarter FY3/14

(JPY Bn)	3Q FY3/13	3Q FY3/14	y/y	3rd Quarter (Oct-Dec) <sup>(1)</sup>	y/y
<b>Revenue</b>	942.0	989.9	+5.1%	330.6	+7.4%
Air Transportation Segment	848.9	883.6	+4.1%	294.5	+6.2%
<b>Operating Expense</b>	783.8	852.4	+8.7%	288.9	+10.4%
Air Transportation Segment	704.0	759.7	+7.9%	256.8	+9.1%
<b>Operating Profit</b>	158.1	137.4	▲13.1%	41.6	▲9.4%
Air Transportation Segment	144.8	123.8	▲14.5%	37.6	▲9.7%
<b>Operating Profit Margin(%)</b>	16.8%	13.9%	▲2.9pt	12.6%	▲2.3pt
<b>Ordinary Income</b>	154.2	1,312	▲14.9%	41.0	▲5.0%
<b>Net Income</b>	140.6	1,235	▲12.2%	41.5	+1.6%
<b>ASK (MN seat km)</b>	61,075	63,255	+3.6%	20,936	+3.2%
<b>RPK (MN passenger km)</b>	43,009	44,652	+3.8%	15,044	+4.0%
<b>EBITDA Margin (%) <sup>(2)</sup></b>	23.3%	20.1%	▲3.2pt	19.1%	▲2.7pt
<b>EBITDAR Margin (%) <sup>(3)</sup></b>	25.8%	22.5%	▲3.3pt	21.5%	▲2.8pt
<b>UNIT COST (Yen) <sup>(4) (5)</sup></b>	8.5	8.7	+1.9%	8.9	+3.3%
<b>Incl. Fuel</b>	11.5	12.0	+4.2%	12.3	+5.7%

- ✓ Revenue:  
989.9Bn JPY,  
y/y +5.1%
- ✓ Operating Profit:  
137.4 Bn JPY  
y/y ▲13.1%
- ✓ Operating Profit  
Margin: 13.9%

Notes: 1. The results for 3Q (October to December ) is calculated by deducting the results of 3Q (April to December ) from 1H (April to September)

2. EBITDA Margin = EBITDA / Revenue EBITDA=Operating Profit + Depreciation

3. EBITDAR Margin = EBITDAR / Revenue EBITDAR=Operating Profit + Depreciation+ Aircraft Leases

4. Unit Cost = Air Transportation Segment Operating Cost (excluding fuel cost) / ASK

5. Unit Costs are calculated based on 32 consolidated companies for both previous and current year.

- During the reporting period, operating revenue increased by 5.1% year-on-year to 989.9 billion yen, mainly due to an increase in international and domestic passenger revenues.
- Operating expense increased by 8.7% year-on-year to 852.4 billion yen, largely due to an increase in supply and various cost items, primarily fuel costs, due to the weaker yen. We will continue to keep costs down as much as possible.
- Unit cost excluding fuel costs was 8.7 yen, up 0.2 yen from last year, due to the weaker yen. We will continue to rigidly control costs.
- As a result, operating profit for the reporting period was 137.4 billion yen, operating profit margin was 13.9%, and EBITDAR margin was 22.5%.

# Changes of Operating Profit



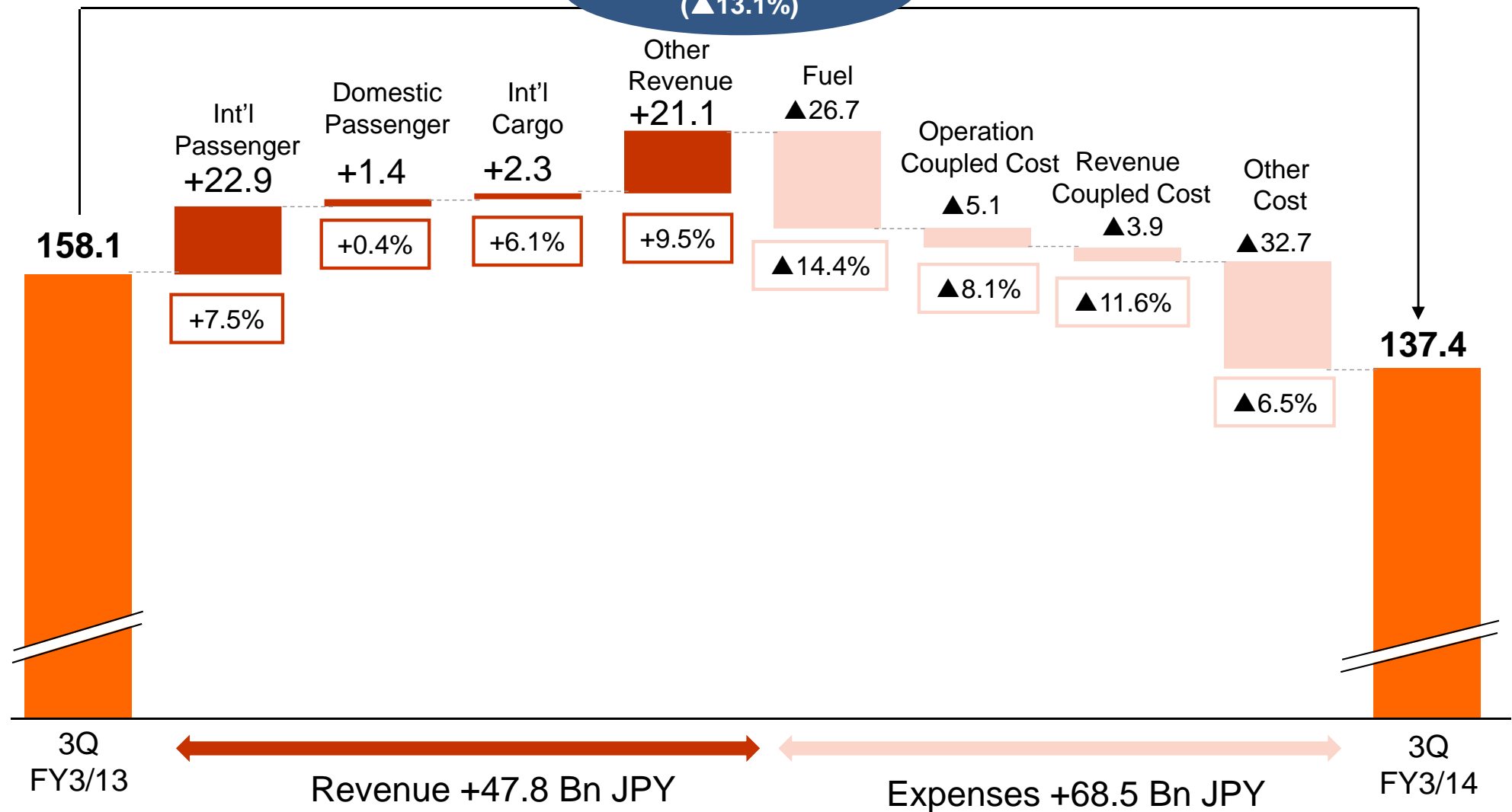
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3Q FY3/2014

ASK y/y: +3.6%  
RPK y/y: +3.8%

▲20.6Bn  
(▲13.1%)

(JPY:Bn)





- As for revenues, international passengers and domestic passengers reported an increase in revenue of 22.9 billion yen, and 1.4 billion yen respectively. As a result, revenues including other revenues increased by 47.8 billion yen.
- As for expenses, in addition to an increase in supply, fuel costs increased significantly year-on-year due to the weaker yen from the year before. Other expenses include an increase in maintenance costs due to an increase in outsourced maintenance because of improvements in aircraft cabins, an increase in bonus standards, and an increase in personnel costs due to the weaker yen. We will continue to work on our cost reduction initiatives.
- As a result, operating profit declined by 20.6 billion yen year-on-year to 137.4 billion yen.



# International Passenger Operations (Operating Results)



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## International Passenger

	3Q FY3/13	3Q FY3/14	y/y	3rd Quarter (Oct-Dec) <sup>(1)</sup>	y/y
Passenger Revenue (JPY Bn)	308.3	<b>331.3</b>	<b>+7.5%</b>	<b>109.1</b>	<b>+11.3%</b>
ASK (MN seat km)	33,387	<b>34,842</b>	<b>+4.4%</b>	<b>11,752</b>	<b>+4.4%</b>
RPK (MN passenger km)	25,430	<b>26,557</b>	<b>+4.4%</b>	<b>8,949</b>	<b>+4.3%</b>
Passengers ('000)	5,618	<b>5,786</b>	<b>+3.0%</b>	<b>1,939</b>	<b>+5.4%</b>
L/F (%)	76.2	<b>76.2</b>	<b>+0.1pt</b>	<b>76.2</b>	<b>▲0.0pt</b>
Yield (JPY) <sup>(2)</sup>	12.1	<b>12.5</b>	<b>+2.9%</b>	<b>12.2</b>	<b>+6.7%</b>
Unit Revenue (JPY) <sup>(3)</sup>	9.2	<b>9.5</b>	<b>+3.0%</b>	<b>9.3</b>	<b>+6.7%</b>
Revenue per passenger (JPY) <sup>(4)</sup>	54,878	<b>57,255</b>	<b>+4.3%</b>	<b>56,268</b>	<b>+5.6%</b>

✓ International Passenger Revenue:

JPY 331.3 Bn  
y/y +7.5%

✓ Load Factor:  
76.2%, y/y

✓ Revenue per passenger  
+4.3%

### Notes:

1. The results for 3Q (October to December ) is calculated by deducting the results of 3Q (April to December ) from 1H (April to September)
2. Yield = Passenger Revenue / RPK
3. Unit Revenue=Passenger Revenue / ASK
4. Revenue per Passenger = Passenger Revenue / Passengers

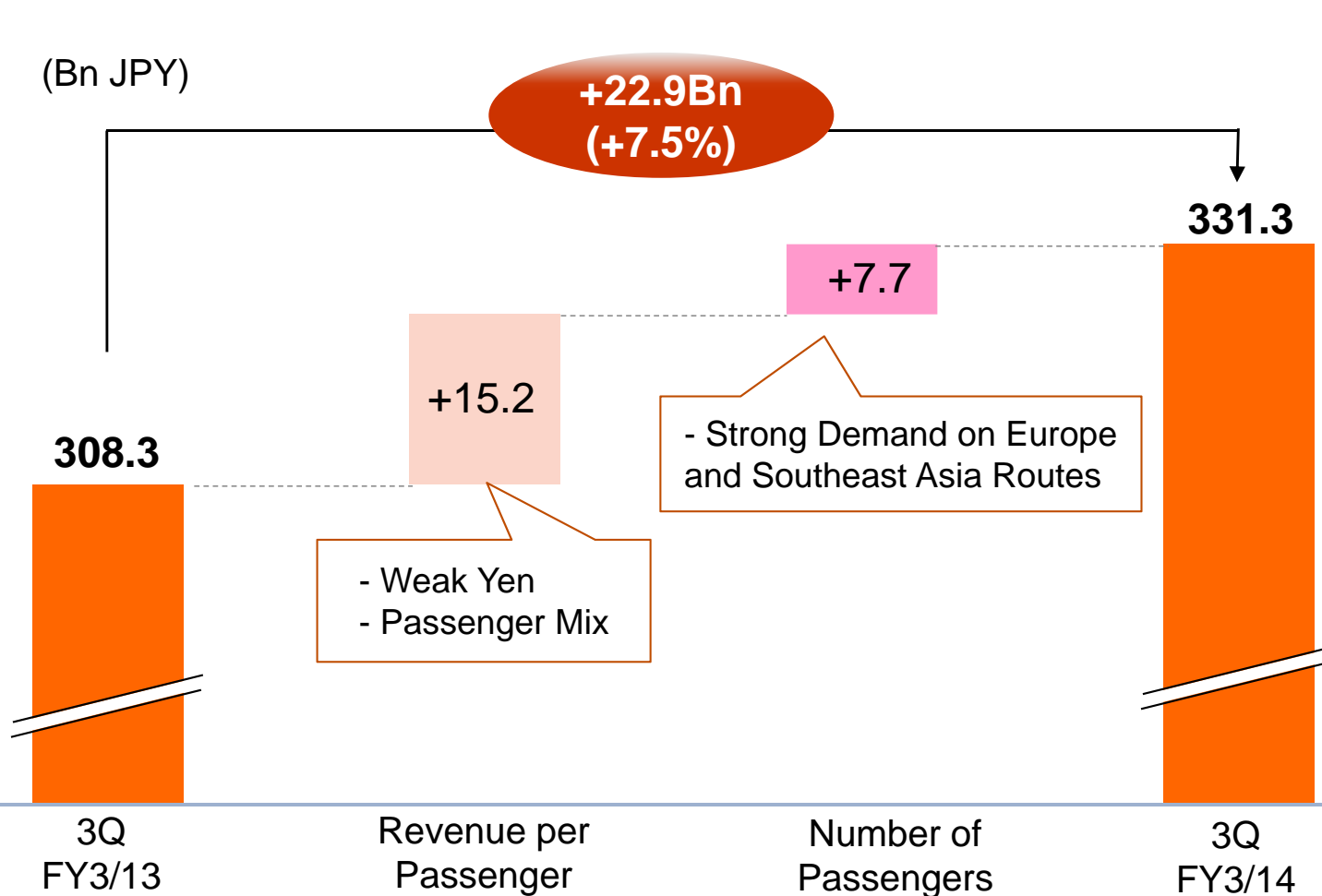
- Both ASK and RPK on international routes increased by 4.4% from the previous year, and the load factor as at 76.2%.
- In addition to positive demand of business trips, due to an increase in passenger traffic on mid- and long distances routes such as to Europe and Southeast Asia, as well as an increase in unit price of inbound passengers from overseas spurred by the weaker yen, yield and unit price increased by 2.9% and 4.3% respectively. As a result, passenger revenue increased by 7.5% to 331.3 billion yen.

# International Passenger Operations (Changes of Revenue)



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3Q FY3/2014



✓ **Strong Demand on Europe and Southeast Asia Routes**

➤ **Load Factor**

Europe 78.0% (y/y +1.2%)

Southeast Asia 76.5% (y/y +3.1%)

✓ **Expansion of SKY SUITE 777**

➤ **Improved Load Factor and Yield**

Aircraft	Route (~December, 2013)
SKY SUITE 777	Narita=London, New York, Paris, Los Angeles
SKY SUITE 767	Narita=Vancouver

- During the reporting period, demand on Korea route was stagnant, but European and Southeast Asia routes saw a high load factor and unit price.
- By expanding operating routes of the SKY SUITE 777 and 767, offering upgrades in comfort and functionality , load factor and yield have increased on these routes.
- As a result, the increase in unit price and passenger traffic impacted revenue by plus 15.2 billion yen and plus 7.7 billion yen respectively. As a result, international passenger revenue increased by 7.5% year-on-year to 331.3 billion yen.

# Domestic Passenger Operations (Operating Results)



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## Domestic Passenger

	3Q FY3/13	3Q FY3/14	y/y	3 <sup>rd</sup> Quarter (Oct-Dec) <sup>(1)</sup>	y/y
<b>Passenger Revenue</b> (JPY Bn)	373.4	<b>374.9</b>	<b>+0.4%</b>	<b>123.2</b>	<b>+0.2%</b>
<b>ASK</b> (MN seat km)	27,687	<b>28,413</b>	<b>+2.6%</b>	<b>9,184</b>	<b>+1.8%</b>
<b>RPK</b> (MN passenger km)	17,579	<b>18,095</b>	<b>+2.9%</b>	<b>6,095</b>	<b>+3.5%</b>
<b>Passengers</b> ('000)	22,946	<b>23,841</b>	<b>+3.9%</b>	<b>8,057</b>	<b>+4.4%</b>
<b>L/F</b> (%)	63.5	<b>63.7</b>	<b>+0.2pt</b>	<b>66.4</b>	<b>+1.1pt</b>
<b>Yield</b> (JPY) <sup>(2)</sup>	21.2	<b>20.7</b>	<b>▲2.5%</b>	<b>20.2</b>	<b>▲3.2%</b>
<b>Unit Revenue</b> (JPY) <sup>(3)</sup>	13.5	<b>13.2</b>	<b>▲2.2%</b>	<b>13.4</b>	<b>▲1.6%</b>
<b>Revenue per passenger</b> (JPY) <sup>(4)</sup>	16,276	<b>15,726</b>	<b>▲3.4%</b>	<b>15,293</b>	<b>▲4.0%</b>

- ✓ Domestic Passenger Revenue:  
374.9 Bn JPY, y/y +0.4%
- ✓ Revenue per Passenger  
y/y ▲3.4% due to competitive environment and passenger mix
- ✓ Number of Passenger:  
y/y +3.9%

### Notes:

1. The results for 3Q (October to December ) is calculated by deducting the results of 3Q (April to December ) from 1H (April to September)
2. Yield = Passenger Revenue / RPK
3. Unit Revenue=Passenger Revenue / ASK
4. Revenue per Passenger = Passenger Revenue / Passengers

- ASK and RPK on domestic routes increased by 2.6% and 2.9% from the previous year, and the load factor was 63.7%.
- On the other hand, as there was strong demand of group passengers, yield and unit price dropped by 2.5% and 3.4% respectively. However, the growth of revenue passengers was greater than the growth in supply, and consequently, domestic passenger revenue increased by 0.4% year-on-year to 374.9 billion yen.



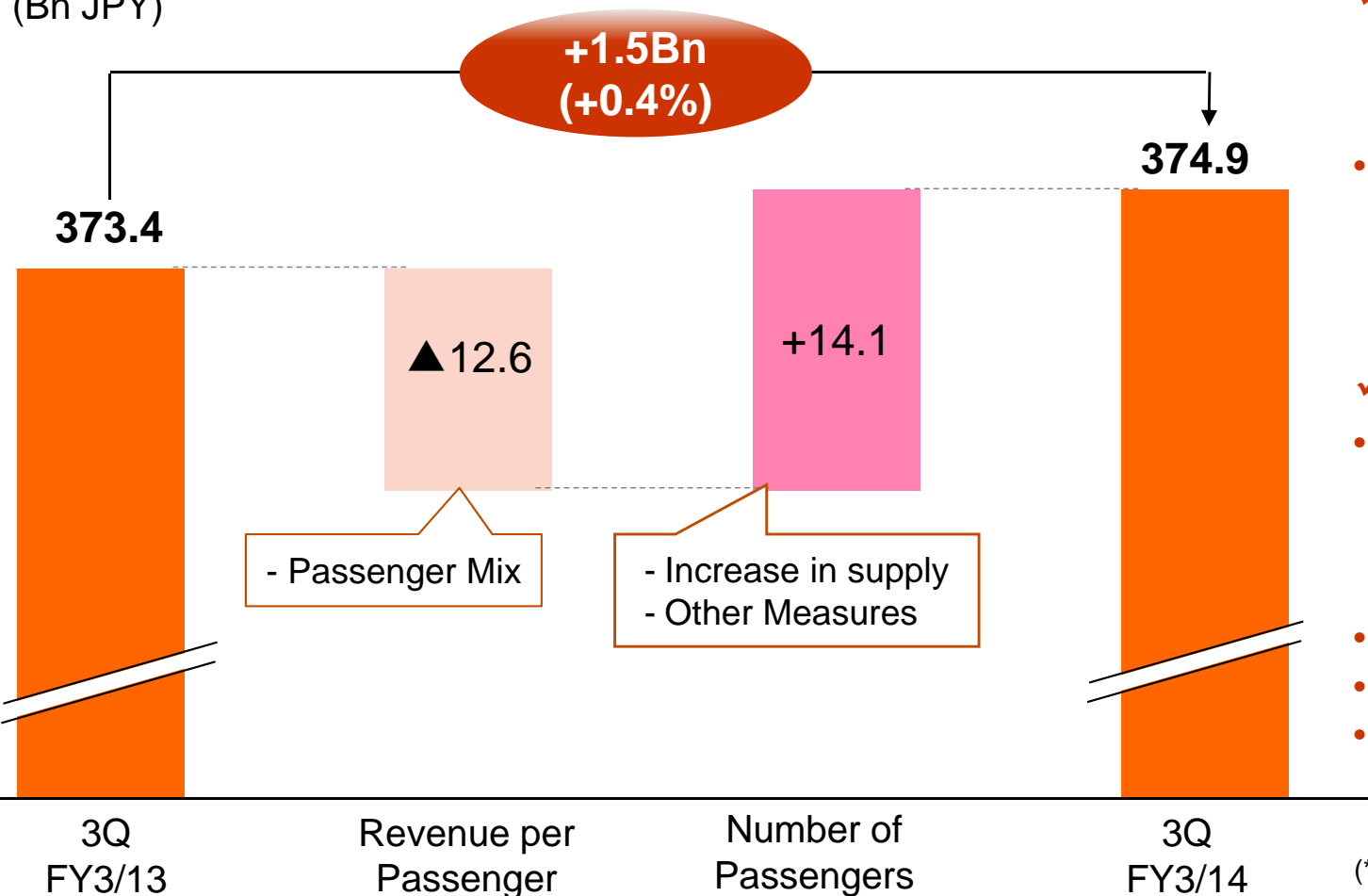
# Domestic Passenger Operations (Changes of Revenue)



JAPAN AIRLINES

3Q FY3/2014

(Bn JPY)



## ✓ Robust demand of group passengers

- The Sengu Ceremony of Izumo Taisha Shrine attracted many passengers to the Sanin district.

## ✓ Robust demand at year-end

- Offered new discount fare called Tokubin 21 and Increased flights applicable to Sakitoku discount fares.
  - Load factor (\*)
  - Total of inbound and outbound
  - **69%** (prev. year: 65%)
- Period 20DEC2013~31DEC2013

(\*) including non-revenue passengers

- During the reporting period, domestic routes enjoyed robust demand of group passengers.
- In addition to strong demand from regional cities around Japan, the Sengu Ceremony of Izumo Taisha Shrine attracted many passengers to the Sanin district such as Izumo.
- We also offered a new discount fare called Tokubin 21, which was in great demand by passengers traveling home and leisure passengers, and increased year-end flights applicable to Sakitoku discount fares.
- As a result, though unit price fell because of tough competition and the comparatively higher growth of group passengers, we increased flights and allocated aircraft efficiently, and successfully increased passenger traffic. As a result, domestic passenger revenue increased by 0.4% year-on-year to 374.9 billion yen.

# Major Operating Expense Items



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## Operating Expenses

(JPY Bn)	3Q FY3/13	3Q FY3/14	difference	% y/y	3 <sup>rd</sup> Quarter (Otc-Dec)	difference
<b>Fuel</b>	185.6	<b>212.3</b>	+26.7	+14.4%	71.2	+9.7
<b>Landing fees</b>	56.6	<b>60.8</b>	+4.2	+7.4%	20.0	+1.3
<b>Maintenance</b>	23.6	<b>31.7</b>	+8.0	+34.2%	11.0	+2.3
<b>Sales Commissions (Air Transport)</b>	15.3	<b>16.9</b>	+1.5	+10.2%	5.7	+0.6
<b>Aircraft Depreciation</b>	45.7	<b>46.5</b>	+0.8	+1.9%	16.0	+0.5
<b>Aircraft Leases</b>	23.4	<b>23.7</b>	+0.3	+1.3%	7.9	+0.3
<b>Personnel</b>	169.3	<b>176.4</b>	+7.0	+4.1%	59.3	+2.9
<b>Other</b>	264.0	<b>283.8</b>	+19.7	+7.5%	97.4	+9.2
<b>Total Operating Expenses</b>	783.8	<b>852.4</b>	+68.5	+8.7%	288.9	+27.1

- ✓ Fuel cost increased by 26.7 Bn JPY due to an increase in supply and weak yen
- ✓ Maintenance cost increased by 8.0 Bn JPY due to an increase in outsourcing for interior renovation and weak yen
- ✓ Personnel Costs increased by 7.0 Bn JPY for the employee bonus level and weak yen.
- ✓ As an impact of weak yen, operating expenses increased by 54.1 Bn JPY

ASK y/y: :+3.6%

**Notes:** The results for 3Q (October to December ) is calculated by deducting the results of 3Q (April to December ) from 1H (April to September)

- Fuel costs increased by 26.7 billion yen, up 14.4%, landing fees increased by 4.2 billion yen, up 7.4% from last year, due to the weaker yen and an increase in supply.
- The breakdown of this increase of the fuel cost consists of an increase of 38.6billion yen due to the weaker yen, an increase of 8.4billion yen due to an increase in consumption owing to a 3.6% increase in ASK, and a decrease of 20.2billion yen due to falling fuel prices and so on.
- Maintenance costs increased by 8.0billion yen due to the weaker yen, and an increase in outsourcing costs for regular maintenance due to cabin modifications.
- Personnel costs increased by 4.1% from last year due to such as improved bonus standards and weaker yen.
- Operating expenses totaled 852.4 billion yen, up 68.5 billion yen from last year. However, 54.1billion yen was attributed to the impact of foreign exchange rates. Excluding this impact, expenses increased by 14.4 billion yen.

# Major Balance Sheet Items



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## Consolidated Balance Sheet Summary as of End of 3<sup>rd</sup> Quarter FY3/14

(JPY Bn)	End of FY2012 2013/3/31	End of 3 <sup>rd</sup> Quarter FY3/14 2013/12/31	difference
<b>Total Assets</b>	1,216.6	<b>1,305.1</b>	+88.5
<b>Cash and Deposits</b>	347.9	<b>366.5</b>	+18.5
<b>Balance of Interest-bearing Debt <sup>(1)</sup></b>	160.1	<b>128.2</b>	▲31.9
<b>Off-balance Sheet Lease Payments</b>	207.1	<b>187.0</b>	▲20.1
<b>Shareholder's Equity</b>	565.0	<b>668.3</b>	+103.2
<b>Shareholder's Equity Ratio(%)</b>	46.4%	<b>51.2%</b>	+4.8pt
<b>D/E Ratio (x) <sup>(2)</sup></b>	0.3x	0.2x	▲0.1x

- ✓ The balance of interest-bearing debt is reduced to 128.2 Bn JPY after repayment
- ✓ Shareholders' equity ratio increased by 4.8pt to 51.2% for the 3rd Quarter Net Profit

### Notes:

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

- Outstanding interest-bearing debts decreased by 31.9 billion yen from the previous fiscal year to 128.2 billion yen, as we repaid lease obligations and long-term loans.
- Our equity ratio increased by 4.8 points to 51.2%, as we reported a net income for the reporting period.





OVERVIEW OF 3<sup>RD</sup> QUARTER FY3/14  
FINANCIAL RESULTS



REVISED CONSOLIDATED FINANCIAL AND  
DIVIDEND FORECAST FOR FY3/14



STOCK SPLIT



DETAILS OF 3<sup>RD</sup> QUARTER FY3/14 (3Q FY13)  
FINANCIAL RESULTS



**SUPPLEMENTAL REFERENCES**

# 《Supplemental Reference》

## Flight Frequency and Fleet Plans for FY2014 (International)

announced on January 22, 2014



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### New services, flight frequency increase and flight schedule changes at Tokyo (Haneda) Airport (March 30,2014~)

【New services and flight frequency increase】			【Flight schedule and aircraft type changes】			
Route	Aircraft	Change	Route	Aircraft	Dep.Time	Arr.Time
Haneda = Singapore	777-200ER 767-300ER(*1)	7 weekly ⇒ 14 weekly	Haneda =Paris (*3)	777-200ER ⇒ <b>777-300ER</b>	00:40 to 10:35	06:20 to 16:10
Haneda = Bangkok	777-200ER 767-300ER(*1)	7 weekly ⇒14 weekly	Paris = Haneda		11:30 to 21:00	06:30+1 to 15:55+1
Haneda =London	777-300ER(*2)	0 weekly ⇒7 weekly	(*1) Operated by SKY SUITE767 (*2) Operated by SKY SUITE777 (*3) Haneda=Paris (midnight Haneda departure) continued by code-share flight s operated by Air France. (*4) From March 30 to October 25,2014			
Haneda = Ho Chi Minh City	767-300ER(*1)	0 weekly ⇒7 weekly				

### Flight frequency, flight schedule and aircraft type changes at Tokyo (Narita) Airport (March 30,2014~)

【Flight frequency increase】		【Flight schedule and aircraft type changes】		
Route	Change	Route	Aircraft	Updated Flight Schedule
	Aircraft	Narita = Paris	<b>787-8</b>	Dep. Narita14:35-Arr.Paris20:10 / Dep. Paris 22:20-Arr.Narita16:55+1
【Service suspension ・Flight frequency decrease】				
Route	Change	Details		
Narita= New York	7 weekly ⇒14 weekly	JAL maintains code-share flights (operated by BA) with BA at Narita Airport.		
	777-300ER(*2) 787-8			
Narita =Moscow	3weekly ⇒ 4 weekly (*4)	Narita =London	7 weekly ⇒0	Dep. Narita18:10-Arr. Singapore 00:30 Dep. Singapore 08:10-Arr. Narita 16:20
	787-8	Narita =Singapore	14 weekly ⇒ 7 weekly	Dep. Narita 18:05-Arr. Bangkok 23:00 Dep. Bangkok 08:10-Arr. Narita 16:15
		Narita=Bangkok	14 weekly⇒ 7 weekly	

※The above plan and schedule are subject to approval of related authorities.

# 《Supplemental Reference》 Flight Frequency and Fleet Plans for FY2014 (Domestic)

announced on January 22, 2014



JAPAN AIRLINES

【New services (Resumption)】			【Flight frequency decrease】		
Route	Change (round trip)	Period	Route	Change (round trip)	
Itami = Matsumoto	0 daily⇒1 daily	August 1, 2014～August 31, 2014	Haneda = Sapporo	17 daily⇒16 daily	
Itami = Memanbetsu	0 daily⇒1 daily	July 19, 2014～August 31, 2014	Haneda = Izumo	6 daily⇒5 daily	
Sapporo = Izumo	0 daily⇒4 weekly	August 1, 2014～August 31, 2014 (*) Mon., Wed., Fri., Sun.	Narita = Sapporo	3 daily⇒1 daily	
Sapporo = Tokushima	0 daily⇒3 weekly	August 1, 2014～August 31, 2014(*) Tue., Thu., Sat.	Narita = Fukuoka	3 daily⇒1 daily	
Nagoya = Kushiro	0 daily⇒3 weekly	August 1, 2014～August 31, 2014 (*) Tue., Thu., Sat.	Narita = Nagoya	3 daily⇒2 daily	
Nagoya = Obihiro	0 daily⇒4 weekly	August 1, 2014 ~ August 31, 2014 (*) Mon., Wed., Fri., Sun.	Itami = Izumo	6 daily⇒5 daily	
			Itami = Miyazaki	6 daily⇒5 daily	
			Fukuoka = Matsuyama	8 daily⇒6 daily	
【Flight frequency increase】					
Route	Change (round trip)	Period	Route	Change (round trip)	Period
Haneda = Yamagata	1 daily⇒2 daily	March 30, 2014 ~	Itami = Okinawa	1 daily⇒2 daily	March 30, 2014 ~ (*2)
Haneda = Kansai	2 daily⇒3 daily	March 30, 2014 ~ October 25, 2014	Itami = Nagasaki	3 daily⇒4 daily	March 30, 2014 ~
Haneda=Okinawa	12 daily⇒14 daily	March 30, 2014 ~ (*1)	Fukuoka = Izumo	2 daily⇒3 daily	March 30, 2014 ~
Haneda=Nagoya	1 daily⇒2 daily	March 30, 2014 ~	Sapporo = Memanbetsu	3 daily⇒4 daily	March 30, 2014 ~
Haneda=Okayama	5 daily⇒6 daily	March 30, 2014~ October 25, 2014	Fukuoka = Kochi	3 daily⇒4 daily	March 30, 2014 ~
Haneda=Tokushima	6 daily⇒7 daily	March 30, 2014~ October 25, 2014	Fukuoka = Amami-oshima	1daily⇒2 daily	March 30, 2014 ~
Haneda=Takamatsu	6 daily⇒7 daily	March 30, 2014 ~ October 25, 2014	(*1)13 daily /From July 19 to August 31		
Haneda=Kitakyushu	5 daily⇒6 daily	March 30, 2014 ~ October 25, 2014	(*2)3 daily / From April 29 to May 31		
Haneda=Ishigaki	1 daily⇒2 daily	July 18, 2014 ~ August 31, 2014			

# 《Supplemental Reference》

## Major Cash Flow Items



JAPAN AIRLINES

(JPY Bn)	3Q FY3/13	3Q FY3/14	difference
Net income before income taxes and minority interests	154.0	136.1	▲17.8
Depreciation	61.6	61.9	+0.2
Other	▲16.7	▲14.4	+2.3
<b>Cash Flow from Operating Activities</b>	<b>198.9</b>	<b>183.6</b>	<b>▲15.3</b>
Capital Expenditure <sup>(1)</sup>	▲110.6	▲97.1	+13.4
Other	▲1.0	▲1.6	▲0.6
<b>Cash Flow from Investing Activities <sup>(2)</sup></b>	<b>▲111.7</b>	<b>▲98.8</b>	<b>+12.8</b>
<b>Free Cash Flow <sup>(3)</sup></b>	<b>87.2</b>	<b>84.7</b>	<b>▲2.4</b>
Repayment of Interest-bearing Debt <sup>(4)</sup>	▲34.9	▲33.8	+1.0
Other	▲8.4	▲34.1	▲25.7
<b>Cash Flow from Financing Activities</b>	<b>▲43.4</b>	<b>▲68.0</b>	<b>▲24.6</b>
<b>Total Cash Flow <sup>(5)</sup></b>	<b>43.8</b>	<b>16.7</b>	<b>▲27.0</b>
<b>EBITDA</b>	<b>219.8</b>	<b>199.4</b>	<b>▲20.4</b>
<b>EBITDAR</b>	<b>243.2</b>	<b>223.1</b>	<b>▲20.1</b>

**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

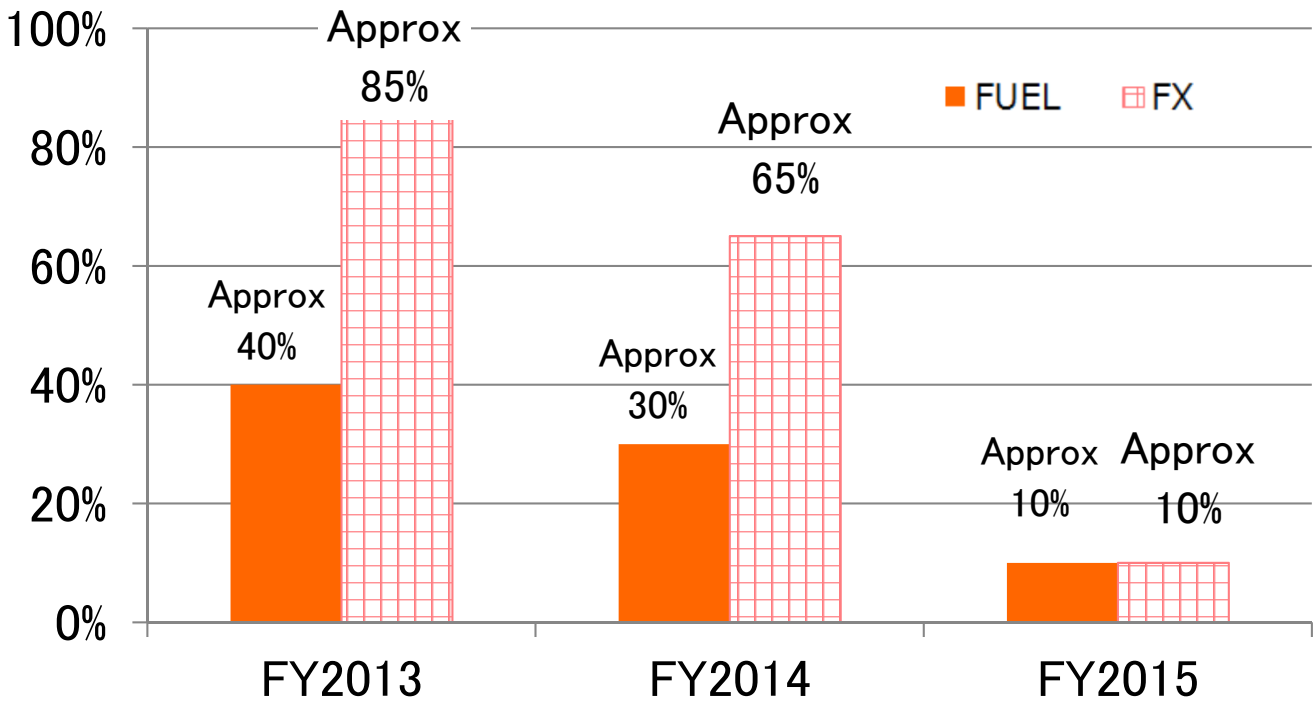
# 《Supplemental Reference》

## Impact from Fuel and Currency Markets



JAPAN AIRLINES

### Hedging Ratio for Fuel Costs (As of End of 3Q 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

### Results and Assumptions

	3Q FY3/13	3Q FY3/14	% y/y
Singapore Kerosene (USD/bbl)	126.5	120.8	▲4.5%
FX Rate (JPY/USD)	80.1	98.8	+23.3%

# 《Supplemental Reference》

## Revenue of International Routes by Geographical segment



JAPAN AIRLINES

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

(%)	3Q FY3/13	3Q FY3/14	Y/Y	3Q FY3/14 (Oct-Dec)	Y/Y
<b>Trans Pacific</b>	34.0%	34.0%	+0.0pt	34.0%	▲0.5pt
<b>Europe</b>	19.0%	19.0%	+0.0pt	17.5%	+0.5pt
<b>Asia/Oceania</b>	36.0%	36.0%	+0.0pt	37.5%	▲1.0pt
<b>China</b>	11.0%	11.0%	▲0.0pt	11.0%	+1.0pt

### ASK

(MN seat km)	3Q FY3/13	3Q FY3/14	Y/Y	3Q FY3/14 (Oct-Dec)	Y/Y
<b>Trans Pacific</b>	11,955	12,877	+7.7%	4,421	+8.0%
<b>Europe</b>	6,221	6,222	+0.0%	2,072	+2.8%
<b>Asia/Oceania</b>	12,712	13,073	+2.8%	4,354	+0.7%
<b>China</b>	2,498	2,669	+6.8%	903	+9.5%

### RPK

(MN passenger km)	3Q FY3/13	3Q FY3/14	Y/Y	3Q FY3/14 (Oct-Dec)	Y/Y
<b>Trans Pacific</b>	9,711	10,152	+4.5%	3,445	+5.1%
<b>Europe</b>	4,781	4,855	+1.5%	1,575	+0.6%
<b>Asia/Oceania</b>	9,336	9,913	+6.2%	3,402	+3.0%
<b>China</b>	1,599	1,636	+2.3%	525	+22.3%

### Passengers

('000)	3Q FY3/13	3Q FY3/14	Y/Y	3Q FY3/14 (Oct-Dec)	Y/Y
<b>Trans Pacific</b>	1,271	1,322	+4.0%	451	+5.6%
<b>Europe</b>	506	524	+3.5%	170	+2.9%
<b>Asia/Oceania</b>	2,993	3,064	+2.4%	1,033	+1.0%
<b>China</b>	846	875	+3.4%	283	+26.9%

### Load Factor

(%)	3Q FY3/13	3Q FY3/14	Y/Y	3Q FY3/14 (Oct-Dec)	Y/Y
<b>Trans Pacific</b>	81.2%	78.8%	▲2.4pt	77.9%	▲2.1pt
<b>Europe</b>	76.9%	78.0%	+1.2pt	76.0%	▲1.7pt
<b>Asia/Oceania</b>	73.4%	75.8%	+2.4pt	78.1%	+1.7pt
<b>China</b>	64.0%	61.3%	▲2.7pt	58.2%	+6.1pt

# 《Supplemental Reference》

## Number of Aircraft in Service



JAPAN AIRLINES

	End of Mar/2013 2013/3/31			End of Dec/2013 2013/12/31			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	13	0	13	+6
Boeing 767-300	16	0	16	15	0	15	▲1
Boeing 767-300ER	14	18	32	14	18	32	-
Middle-sized Total	37	18	55	42	18	60	+5
MD90	2	0	2	0	0	0	▲2
Boeing 737-400	14	2	16	11	2	13	▲3
Boeing 737-800	18	31	49	20	30	50	+1
Small-sized Total	34	33	67	31	32	63	▲4
Embraer 170	12	0	12	14	0	14	+2
Bombardier CRJ200	9	0	9	9	0	9	-
Bombardier D8-400	9	2	11	9	2	11	-
SAAB340B	9	2	11	10	1	11	-
Bombardier D8-300	1	0	1	1	0	1	-
Bombardier D8-100	4	0	4	4	0	4	-
Regional Total	44	4	48	47	3	50	-
<b>TOTAL</b>	<b>161</b>	<b>55</b>	<b>216</b>	<b>166</b>	<b>53</b>	<b>219</b>	<b>+3</b>

# 《Supplemental Reference》

## FY3/14 Earnings Forecast (Consolidated)



JAPAN AIRLINES

(JPY Bn)	FY3/13 Results	FY3/14 New Forecast	FY3/14 Prev. Forecast (Oct 31,2013)	difference
Revenue	1,238.8	<b>1,291.0</b>	1,286.0	+5.0
Operating Expense	1,043.5	<b>1,133.0</b>	1,131.0	+2.0
Operating Profit	195.2	<b>158.0</b>	155.0	+3.0
Ordinary Income	185.8	<b>147.0</b>	144.0	+3.0
Net Income	171.6	<b>148.0</b>	128.0	+20.0

(JPY Bn)		FY3/14 New Forecast	FY3/14 Prev. Forecast (Oct 31,2013)	difference
<b>Revenue</b>	Int'l Passenger	432.0	428.0	+4.0
	Doms Passenger	486.0	487.0	▲ 1.0
	Cargo and Mail	90.0	89.0	+1.0
	Other	283.0	282.0	+1.0
<b>Expenses</b>	FUEL	282.0	281.0	+1.0
	Other Costs	851.0	850.0	+1.0
<b>Unit Cost (JPY)</b>		8.7	8.7	-

	FY3/14 New Forecast	FY3/14 Prev. Forecast (Oct 31,2013)
ASK Int'l	103.4	103.3
Doms	102.2	102.5
RPK Int'l	104.0	104.3
Doms	102.8	102.8
(FY3/13 Results = 100)		
Singapore Kerosene (USD/bbl)	120.6	119.8 (2H:120.0)
FX (JPY/USD)	99.1	99.3 (2H:100.0)



# 《Supplemental Reference》

## FY3/14 Earnings Forecast (Consolidated Balance Sheets / Cash Flow)



JAPAN AIRLINES

### Consolidated Balance Sheet

(JPY Bn)	End of FY3/13 Result	FY3/14 New Forecast	FY3/14 Prv. Forecast (Oct 31,2013)	Difference
Total Assets	1,216.6	1,310.0	1,289.0	+21.0
Interest-bearing Debt	160.1	132.0	137.0	▲5.0
Shareholders' Equity	565.0	676.0	646.0	+30.0
Shareholders' Equity Ratio (%)	46.4%	51.6%	50.1%	+1.5pt
ROA (%) <sup>(1)</sup>	16.9%	12.5%	12.4%	+0.1pt

### Consolidated Cash Flow

(JPY Bn)	End of FY3/13 Result	FY3/14 New Forecas	FY3/14 Prv. Forecast (Oct 31,2013)	Difference
Cash Flow from Operating Activities	264.8	246.0	238.0	+8.0
Cash Flow from Investing Activities <sup>(2)</sup>	▲129.0	▲171.0	▲135.0	▲36.0
Free Cash Flow <sup>(2)</sup>	135.8	75.0	103.0	▲28.0
Cash flow from Financing Activities	▲60.6	▲60.0	▲54.0	▲6.0
EBITDA	276.2	240.0	236.0	+4.0
EBITDAR	307.1	272.0	268.0	+4.0

Notes:1.ROA = Operating Profit / (Total Assets at beginning of year + Total Assets at ending of year) / 2 2.Excludes deposit and withdrawal from deposit accounts

y/y (%) (Exclude Load Factor)	International			Domestic		
	1H (Result)	2H (Forecast)	FY3/14 (Forecast)	1H (Result)	2H (Forecast)	FY3/14 (Forecast)
ASK	+4.4%	+2.4%	+3.4%	+3.0%	+1.4%	+2.2%
RPK	+4.5%	+3.6%	+4.0%	+2.7%	+2.9%	+2.8%
Passengers	+1.8%	+2.9%	+2.4%	+3.7%	+3.6%	+3.6%
Load Factor (%)	76.3	76.9	76.6	62.4	64.7	63.5
Yield	+1.1%	+3.2%	+2.1%	▲2.1%	▲2.8%	▲2.4%
Unit Revenue	+1.2%	+4.5%	+2.8%	▲2.4%	▲1.3%	▲1.9%
Revenue per Passenger	+3.8%	+3.9%	+3.8%	▲3.1%	▲3.5%	▲3.3%

# Fly into tomorrow.



***JAPAN AIRLINES***

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