

FY2019 CFO Small Meetings (three meetings), December 17, 2019

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CFO KIKUYAMA commenced his presentation as the followings:

1. The Updates of recent International Passenger Business and Domestic Passenger Business

For International Passenger Business, outbound business demand from Japan to Europe/US seems to stop declining, however, the difficult situation on China route is still continuing. Overall, the current situation does not look good.

For Domestic Passenger Business, there is no change in the good situations.

2. FY20 Supply/Demand Outlook in International Passenger Business and FY20 Performance Outlook

The supply/demand situation after the capacity expansion at Haneda Airport for international flights seems better than the initial expectation, yet the temporary oversupply situation is unavoidable. As a result, profit increase in FY20 is not easy.

3. About New Medium Term Management Plan

We will disclose our new medium term management plan in the end of March. It should contain our growth story including new business domains such as airline-related business. The plan will be a stepping stone toward the Grand Design Targets.

4. Future capital policy and financial strategy

The current basic OPM/ROIC-oriented stance will remain unchanged despite minor adjustment with IFRS transition. The current shareholder return policy of total return with stable dividends and flexible buyback will continue.

Major Q&As:

Q International Capacity Expansion at Narita Airport in FY2020

A Narita is also important as growth driver because of inbound and transit demand. However, our capacity expansion at Narita will be adjusted with latest demand situations.

Q CAPEX for aircraft

A Aircraft investment remained at high level for the last several years but it will drop in FY20. Then, it will rise again due to large aircraft renewal for international routes. Our CAPEX plan will be shown in our medium term management plan.

Q Business environment and Prospect of ZIPAIR

A There exists a large chunk of new demand for ZIPAIR, in addition to full-service airline demand for JAL.

The equipment such as seats is as good as full-service airline. Aircraft turnover will be very high. Customized service will be provided to individual needs. All of those will bring enough revenue. For costs, ZIPAIR is in an outstandingly advantageous position in maintenance costs by using JAL assets, when compared with independent LCCs. Thus, ZIPAIR will be very prospective.