

Financial Results

1st Quarter Mar/2016
(FY2015)

30 July, 2015





**OVERVIEW OF FINANCIAL RESULTS FOR
1ST QUARTER MAR/16 (FY2015)**

P.2



**DETAILS OF FINANCIAL RESULTS FOR
1ST QUARTER MAR/16 (FY2015)**

P.3



SUPPLEMENTAL REFERENCES

P.15

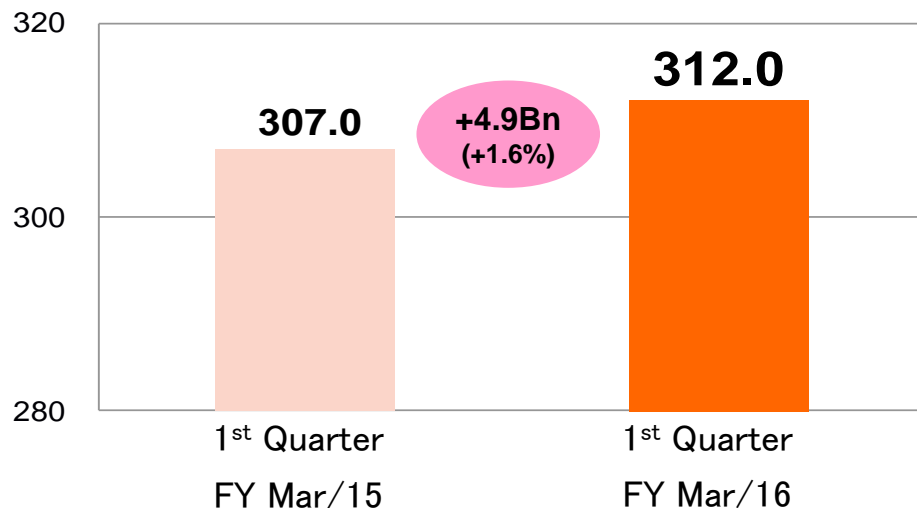
Overview of 1st Quarter FY Mar/2016 Financial Results



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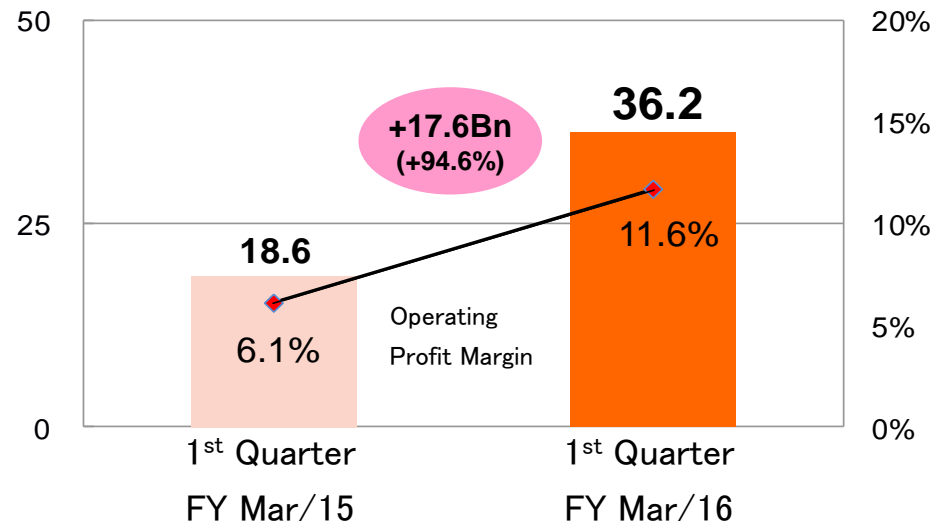
Operating Revenue

(JPY Bn)



Operating Profit

(JPY Bn)



Oil·FX Markets

	1 st Quarter FY Mar/15	1 st Quarter FY Mar/16	y/y
FX (JPY/USD)	102.0	120.3	+17.9%
Singapore Kerosene (USD/bbl)	120.1	73.3	▲39.0%
Dubai Crude Oil (USD/bbl)	104.9	58.9	▲43.9%

- ✓ Higher revenues and profits over the previous year, Operating profit was 36.2 billion yen.
- ✓ Operating profit margin was 11.6%, we keep our Operating profit margin target of 10%+.

Consolidated Financial Results



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Consolidated Financial Results 1st Quarter FY Mar/16

(JPY Bn)	1 st Quarter FY Mar/15	1 st Quarter FY Mar/16	y/y
Operating Revenue	307.0	312.0	+1.6%
Air Transportation Segment	274.1	282.4	+3.0%
Operating Expense	288.4	275.7	▲4.4%
Air Transportation Segment	258.9	250.1	▲3.4%
Operating Profit	18.6	36.2	+94.6%
Air Transportation Segment	15.2	32.2	+112.1%
Operating Profit Margin (%)	6.1%	11.6%	+5.6pt
Ordinary Income	16.9	39.2	+131.7%
Net Income ⁽¹⁾	14.7	32.6	+120.7%
ASK (MN seat km)	20,796	20,981	+0.9%
RPK (MN passenger km)	14,251	15,021	+5.4%
EBITDA Margin (%) ⁽²⁾	13.0%	18.5%	+5.5pt
EBITDAR Margin (%) ⁽³⁾	15.2%	20.5%	+5.3pt
Unit Cost (JPY) ⁽⁴⁾	8.8	9.1	+0.3
Incl. Fuel	12.5	11.9	▲0.5

- ✓ Operating revenue increased by 1.6% to 312.0 billion yen.
- ✓ Operating profit increased by 94.6% to 36.2 billion yen.
- ✓ Operating profit margin was 11.6%.
- ✓ Ordinary income increased by 131.7% to 39.2 billion yen.
- ✓ Net income for the 1st quarter increased by 120.7% to 32.6 billion yen.

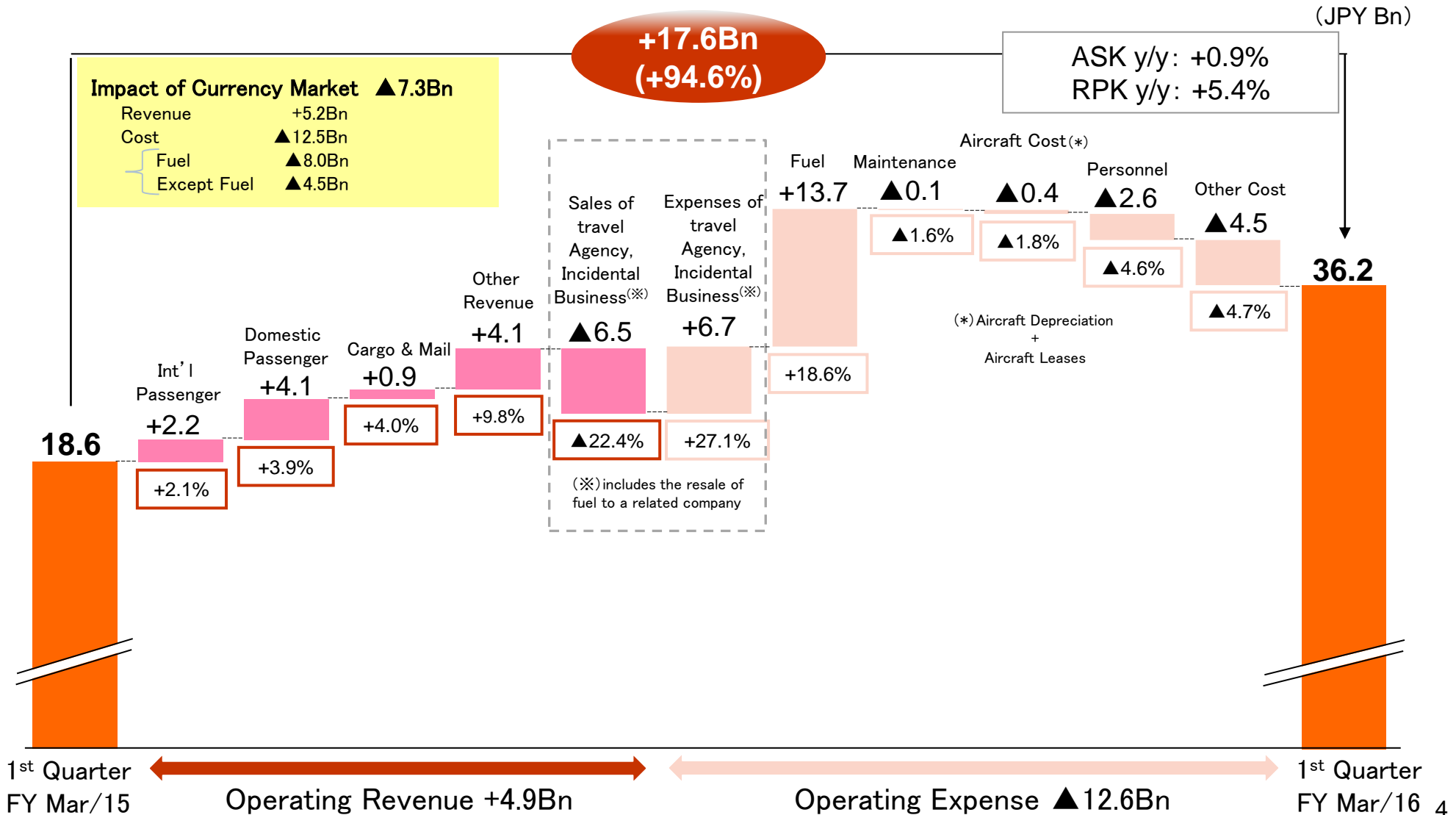
- Notes:**
1. Net Income Attributable to Japan Airlines
 2. EBITDA Margin=EBITDA / Operating Revenue EBITDA=Operating Profit + Depreciation and Amortization
 3. EBITDAR Margin=EBITDAR / Operating Revenue EBITDAR=Operating Profit + Depreciation and Amortization + Aircraft Leases
 4. Unit Cost=Air Transportation Segment Operating Expenses (excl. fuel costs, transactions (revenues / expenses) with a related company) / ASK

Changes in Operating Profit



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1st Quarter FY Mar/16



International Passenger Operations (Operating Results)

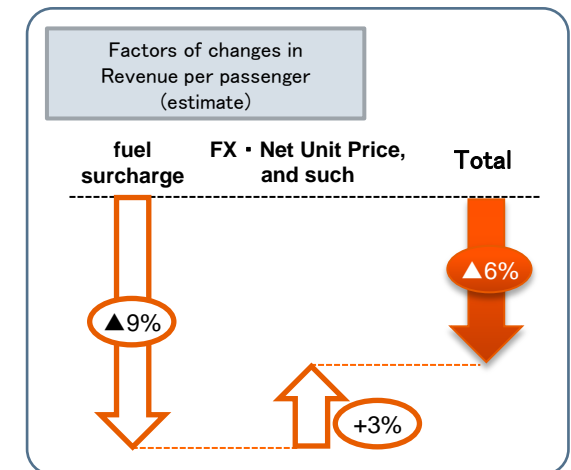


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International Passenger

	1st Quarter FY Mar/15	1st Quarter FY Mar/16	y/y
Passenger Revenue (JPY Bn)	107.2	109.4	+2.1%
ASK (MN seat km)	11,728	12,007	+2.4%
RPK (MN passenger km)	8,596	9,358	+8.9%
Passengers ('000)	1,844	2,007	+8.8%
L/F (%)	73.3%	77.9%	+4.6pt
Yield ⁽¹⁾ (JPY)	12.5	11.7	▲6.2%
Unit Revenue ⁽²⁾ (JPY)	9.1	9.1	▲0.3%
Revenue per Passenger (JPY) ⁽³⁾	58,132	54,539	▲6.2%

- ✓ Passenger revenue increased by 2.1% to 109.4 Bn.
- ✓ ASK and RPK increased by 2.4% and by 8.9% respectively, and L/F increased by 4.6pt to 77.9%.
- ✓ Yield and Revenue per passenger were ▲6.2% respectively year on year.



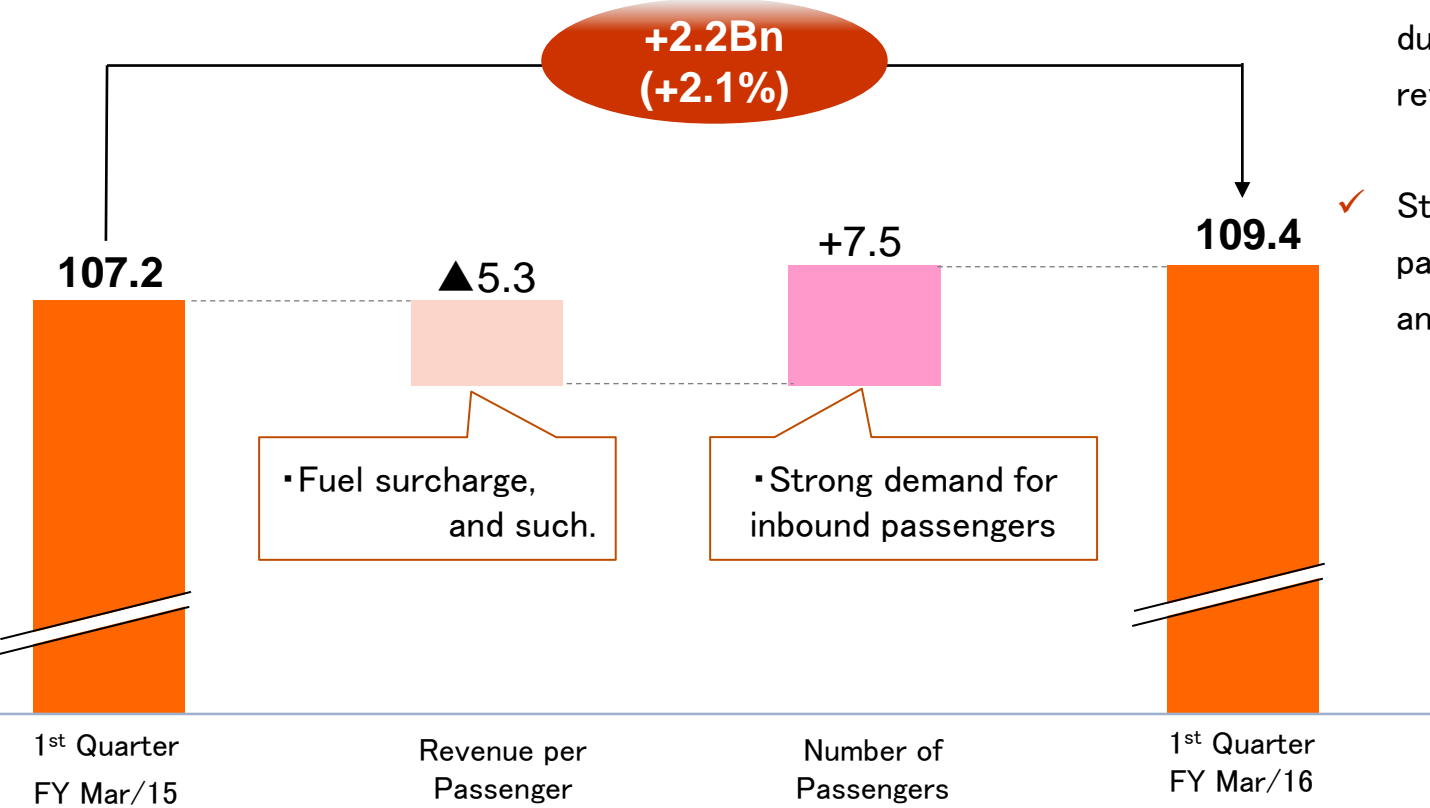
- Notes:
1. Yield = Passenger Revenue / RPK
 2. Unit Revenue = Passenger Revenue / ASK
 3. Revenue per Passenger = Passenger Revenue / Passengers

International Passenger Operations (Changes in Revenue)



1st Quarter FY Mar/16

(JPY Bn)



- ✓ Revenue per passenger declined due to a decrease in fuel surcharge revenue.
- ✓ Strong demand for inbound passengers, primarily from China and Southeast Asia.

Domestic Passenger Operations (Operating Results)



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Domestic Passenger

	1 st Quarter FY Mar/15	1 st Quarter FY Mar/16	y/y
Passenger Revenue (JPY Bn)	105.7	109.9	+3.9%
ASK (MN seat km)	9,067	8,973	▲1.0%
RPK (MN passenger km)	5,654	5,663	+0.1%
Passengers ('000)	7,515	7,538	+0.3%
L/F (%)	62.4%	63.1%	+0.7pt
Yield ⁽¹⁾ (JPY)	18.7	19.4	+3.7%
Unit Revenue ⁽²⁾ (JPY)	11.7	12.2	+5.0%
Revenue per Passenger (JPY) ⁽³⁾	14,075	14,578	+3.6%

- ✓ Passenger revenue was 109.9 billion yen, +3.9% year on year.
- ✓ ASK was ▲1.0% and RPK slightly increased year on year, and L/F increased by 0.7pt to 63.1%.
- ✓ Yield was +3.7% and Revenue per passenger was +3.6% year on year.

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

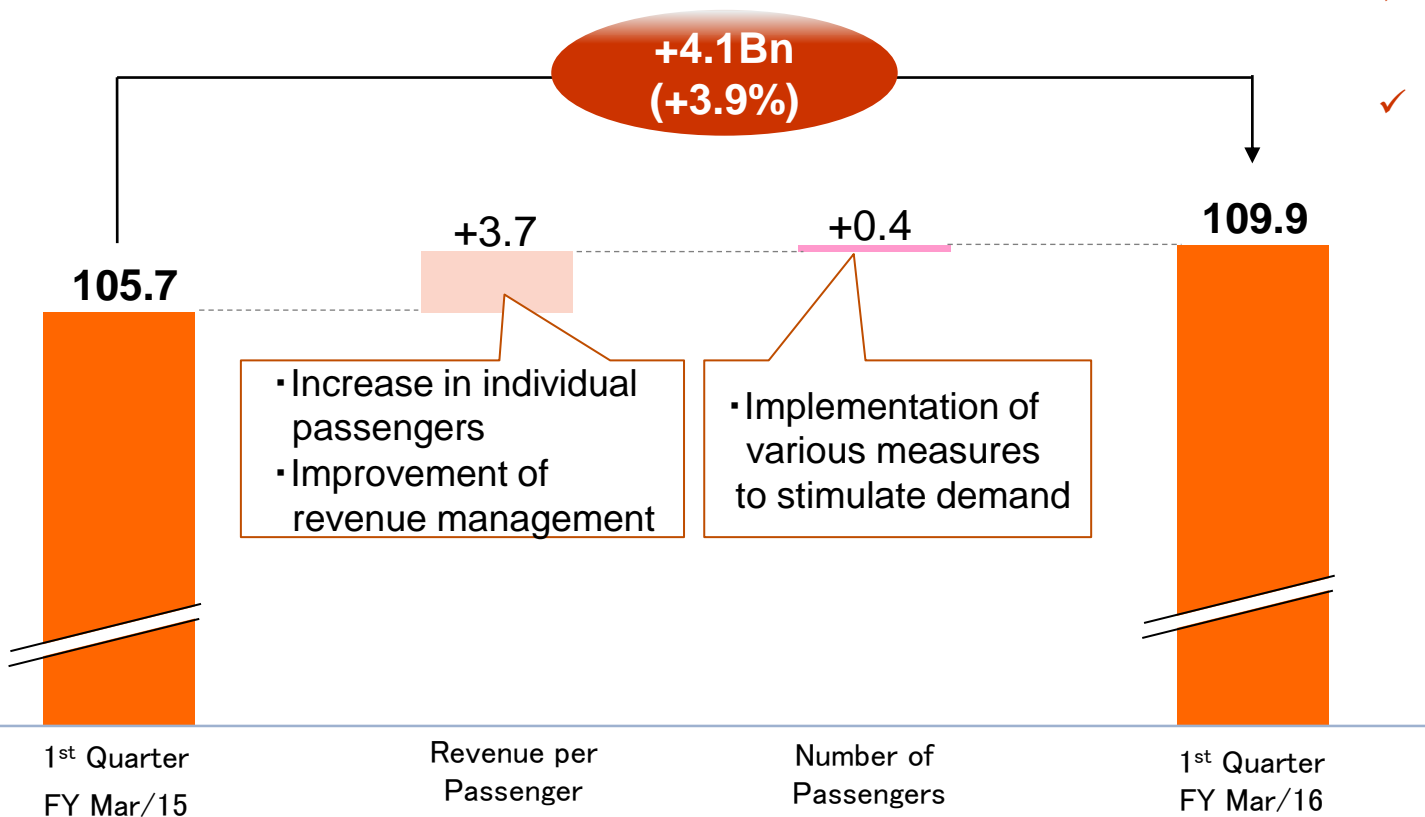
Domestic Passenger Operations (Changes in Revenue)



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1st Quarter FY Mar/16

(JPY Bn)



- ✓ JAL SKY NEXT of highly reputed.
- ✓ Increase in passengers due to implementation of various measures to stimulate demand.
 - introduction of New discount fare “Ultra Sakitoku.”
 - Popular JAL Dynamic Package
 - Increase in inbound passengers etc.

Major Operating Expense Items



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Operating Expenses

(JPY Bn)	1 st Quarter FY Mar/15	1 st Quarter FY Mar/16	Difference	y/y
Fuel	73.6	59.9	▲13.7	▲18.6%
Landing and Navigation fees	19.9	20.4	+0.4	+2.2%
Maintenance	11.2	11.4	+0.1	+1.6%
Sales Commissions (Air Transport)	5.7	6.0	+0.2	+4.5%
Aircraft Depreciation	16.6	17.6	+0.9	+5.9%
Aircraft Leases	6.7	6.1	▲0.5	▲8.1%
Personnel	58.5	61.2	+2.6	+4.6%
Expenses of travel agency / Incidental business, etc. ⁽¹⁾	25.1	18.3	▲6.7	▲27.1%
Other	70.7	74.5	+3.8	+5.4%
Total Operating Expenses	288.4	275.7	▲12.6	▲4.4%

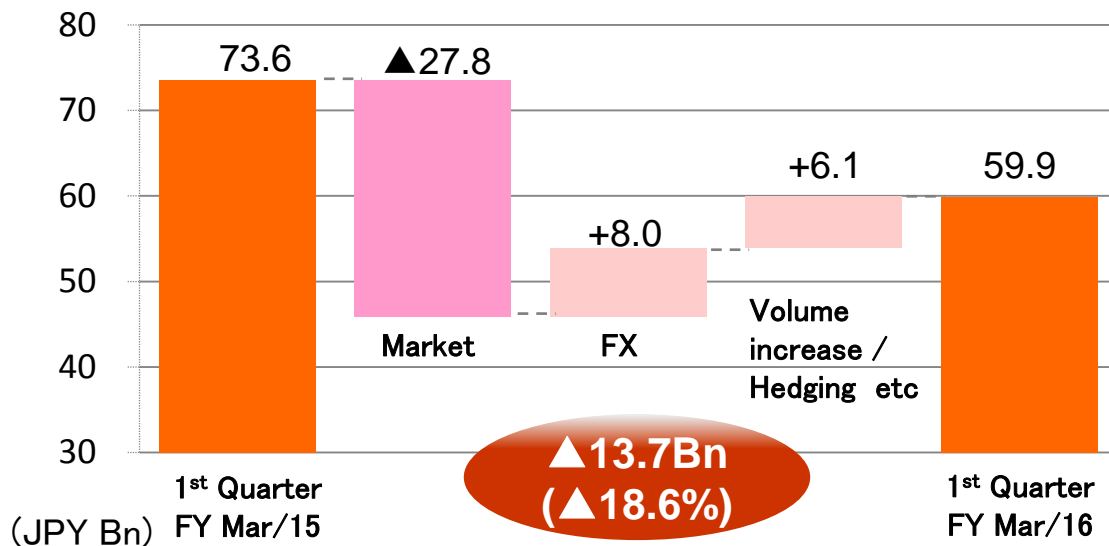
ASK y/y : +0.9%

- ✓ Though some items of Operating Expenses increased due to the weaker yen and the expenses for service enhancement, we have continuously been trying best effort to control costs.
- ✓ Due to the decline in fuel prices, fuel costs decreased by 18.6% to 59.9 billion yen.
- ✓ Personnel costs increased by 4.6% to 61.2 billion yen, due to a raise of the wage and the impact of weaker yen, and such.

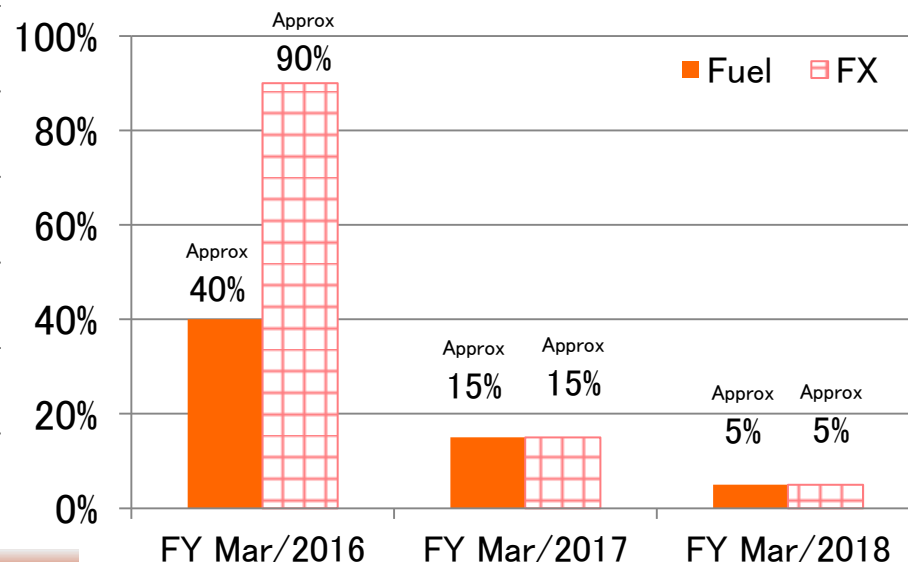
Notes:

1. Includes the resale of fuel to a related company

Transition of Fuel Cost by Factor



Hedging Ratio of Fuel Costs (As of End of 1st Quarter FY Mar/16)



Oil·FX Markets

	Mar/16 Plan	1st Quarter FY Mar/15	1st Quarter FY Mar/16	y/y
FX (JPY/USD)	118.0	102.0	120.3	+17.9%
Singapore Kerosene (USD/bbl)	80.0	120.1	73.3	▲39.0%
Dubai Crude Oil (USD/bbl)	63.0	104.9	58.9	▲43.9%

Sensitivity for Fuel Costs (Without Hedging) FY Mar/16

Crude Oil (Change in 1 USD/bbl)	2.6 Bn JPY Per Year
FX (Change in 1 JPY/USD)	1.7 Bn JPY Per Year

Major Balance Sheet Items



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Consolidated Balance Sheet Summary as of End of 1st Quarter FY Mar/16

(JPY Bn)	End of FY Mar/15 2015/3/31	End of 1 st Quarter FY Mar/16 2015/6/30	Difference
Total Assets	1,473.3	1,479.3	+6.0
Cash and Deposits	364.9	351.3	▲13.6
Balance of Interest-bearing Debt ⁽¹⁾	100.5	91.8	▲8.7
Future Rental Expenses under Operating Leases	125.0	121.7	▲3.3
Shareholder's Equity	776.4	778.2	+1.7
Shareholder's Equity Ratio(%)	52.7%	52.6%	▲0.1pt
D/E Ratio (x) ⁽²⁾	0.1x	0.1x	▲0.0x

- ✓ The balance of interest-bearing debt decreased by 8.7 billion yen to 91.8 billion yen as a result of repaying lease obligations, and such.
- ✓ Shareholders' equity ratio decreased by 0.1pt to 52.6% due to the payment of dividend, and such.

Notes:

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

(Reference) ※End of 1st Quarter FY Mar/16

D/E ratio including Future Rental Expenses under Operating Leases: 0.3x

Major Cash Flow Items



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(JPY Bn)	1 st Quarter FY Mar/15	1 st Quarter FY Mar/16	Difference
Net income before income taxes and minority interests	17.5	39.1	+21.6
Depreciation and Amortization	21.3	21.5	+0.1
Other	23.0	29.6	+6.5
Cash Flow from Operating Activities	61.9	90.3	+28.3
Capital Expenditure ⁽¹⁾	▲43.0	▲57.9	▲14.9
Other	1.6	2.4	+0.8
Cash Flow from Investing Activities ⁽²⁾	▲41.3	▲55.5	▲14.1
Free Cash Flow ⁽³⁾	20.5	34.8	+14.2
Repayment of Interest-bearing Debt ⁽⁴⁾	▲10.9	▲9.1	+1.8
Cash dividend, Other	▲29.7	▲39.7	▲9.9
Cash Flow from Financing Activities	▲40.7	▲48.8	▲8.1
Total Cash Flow ⁽⁵⁾	▲20.1	▲14.0	+6.1
EBITDA	39.9	57.7	+17.7
EBITDAR	46.7	63.9	+17.2

- Notes:**
- Expense due to purchases of fixed assets
 - Exclude deposits and withdrawals from deposit accounts
 - Cash Flow from Operating Activities + Cash Flow from Investing Activities
 - Repayment of Long Term Debt + Repayment of Lease Debt
 - Cash flow from Operating Activities + Cash Flow from Investing Activities + Cash Flow from Financing Activities

FY Mar/16 Earnings Forecast (Consolidated)



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(JPY Bn)	FY Mar/15 Results	FY Mar/16 Forecast	Difference
Revenue	1,344.7	1,328.0	▲16.7
Operating Expense	1,165.0	1,156.0	▲9.0
Operating Profit	179.6	172.0	▲7.6
Operating Profit Margin(%)	13.4%	13.0%	▲0.4pt
Ordinary Income	175.2	169.0	▲6.2
Net Income ⁽¹⁾	149.0	144.0	▲5.0

(JPY Bn)		FY Mar/15 Results	FY Mar/16 Forecast	Difference
Revenue	Int'l Passenger	454.8	445.0	▲9.8
	Doms Passenger	487.5	494.0	+6.4
	Cargo and Mail	98.3	97.0	▲1.3
	Other	303.9	292.0	▲11.9
Expenses	FUEL	282.5	265.0	▲17.5
	Other Costs	882.4	891.0	+8.5
Unit Cost (JPY) ⁽²⁾		8.9	9.0	+0.1

	FY Mar/15 Results	FY Mar/16 Forecast
ASK* Int'l	+3.2%	+3.1%
Doms	▲2.1%	+0.7%
RPK* Int'l	+2.0%	+5.9%
Doms	+1.0%	+0.8%

* y/y

Singapore Kerosene (USD/bbl)	103.5	80.0
Dubai Crude Oil (USD/bbl)	87.6	63.0
FX (JPY/USD)	108.4	118.0

- ✓ No change in the earnings forecast from the announcement of financial results for the fiscal year ended March 31, 2015.

Note: 1. Net Income Attributable to Japan Airlines

2. Unit Cost = Air Transportation Segment Operating Cost (excluding fuel costs, transactions (revenues / expenses) with a related company)//ASK

SUPPLEMENTAL REFERENCES

《Supplemental Reference》

Revenue of International Routes by Geographic Segment



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

(%)	1 ST Quarter FY Mar/15	1 ST Quarter FY Mar/16	Difference
Trans Pacific	35.0%	35.5%	+0.5pt
Europe	18.0%	16.0%	▲2.0pt
Asia/Oceania	35.0%	36.5%	+1.5pt
China	12.0%	12.0%	+0.0pt

Passengers

('000)	1 ST Quarter FY Mar/15	1 ST Quarter FY Mar/16	y/y
Trans Pacific	449	488	+8.8%
Europe	158	151	▲4.5%
Asia/Oceania	947	1,024	+8.1%
China	289	343	+18.8%

ASK

(MN seat km)	1 ST Quarter FY Mar/15	1 ST Quarter FY Mar/16	y/y
Trans Pacific	4,444	4,810	+8.3%
Europe	1,967	1,934	▲1.7%
Asia/Oceania	4,412	4,450	+0.8%
China	903	812	▲10.1%

Load Factor

(%)	1 ST Quarter FY Mar/15	1 ST Quarter FY Mar/16	Difference
Trans Pacific	79.4%	79.7%	+0.3pt
Europe	73.9%	71.1%	▲2.8pt
Asia/Oceania	69.6%	78.7%	+9.1pt
China	59.9%	79.2%	+19.3pt

RPK

(MN passenger km)	1 ST Quarter FY Mar/15	1 ST Quarter FY Mar/16	y/y
Trans Pacific	3,530	3,835	+8.6%
Europe	1,453	1,375	▲5.4%
Asia/Oceania	3,071	3,503	+14.1%
China	540	643	+18.9%

《Supplemental Reference》

Number of Aircraft in Service Jun/2015



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	End of Mar/2015			End of Jun/2015			Difference
	Owned	Leased	Total	Owned	Leased	Total	
Boeing 777-200	13	0	13	12	0	12	▲1
Boeing 777-200ER	11	0	11	11	0	11	--
Boeing 777-300	7	0	7	5	0	5	▲2
Boeing 777-300ER	13	0	13	13	0	13	--
Large-sized Total	44	0	44	41	0	41	▲3
Boeing 787-8	20	0	20	22	0	22	+2
Boeing 787-9	0	0	0	1	0	1	+1
Boeing 767-300	13	0	13	13	0	13	--
Boeing 767-300ER	24	8	32	25	7	32	--
Middle-sized Total	57	8	65	61	7	68	+3
Boeing 737-400	12	0	12	12	0	12	--
Boeing 737-800	21	29	50	21	29	50	--
Small-sized Total	33	29	62	33	29	62	--
Embraer 170	15	0	15	15	0	15	--
Bombardier CRJ200	9	0	9	9	0	9	--
Bombardier D8-400	9	2	11	9	2	11	--
SAAB340B	13	0	13	13	0	13	--
Bombardier D8-300	1	0	1	1	0	1	--
Bombardier D8-100	4	0	4	4	0	4	--
Regional Total	51	2	53	51	2	53	--
TOTAL	185	39	224	186	38	224	--

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