

Financial Results

1st Quarter Mar/2016

(FY2015)

30 July, 2015





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

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

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SUPPLEMENTAL REFERENCES

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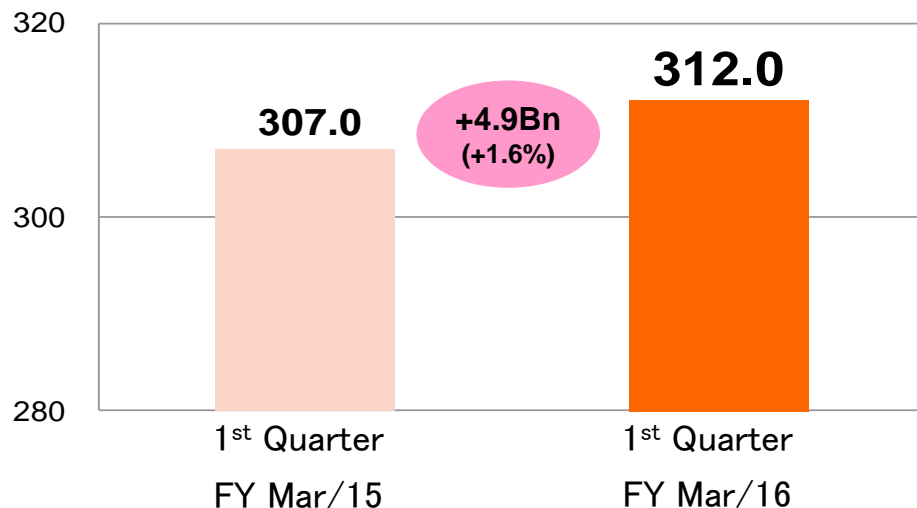
Overview of 1st Quarter FY Mar/2016 Financial Results



JAPAN AIRLINES

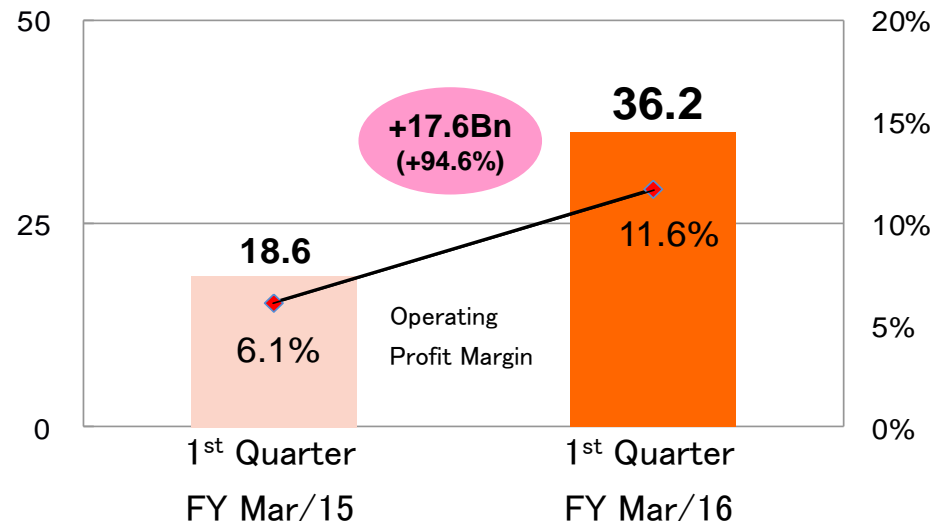
Operating Revenue

(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%+.

- Operating revenue increased by 1.6% year on year to 312 billion yen because both domestic and international passenger operations increased.
- Operating profit increased by 94.6% year on year to 36.2 billion yen due to increase in revenue and a decline in fuel prices.
- We are pressing forward steadily to achieving our operating profit forecast of 172 billion yen, and we will continuously strive to maximize operating profit.

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

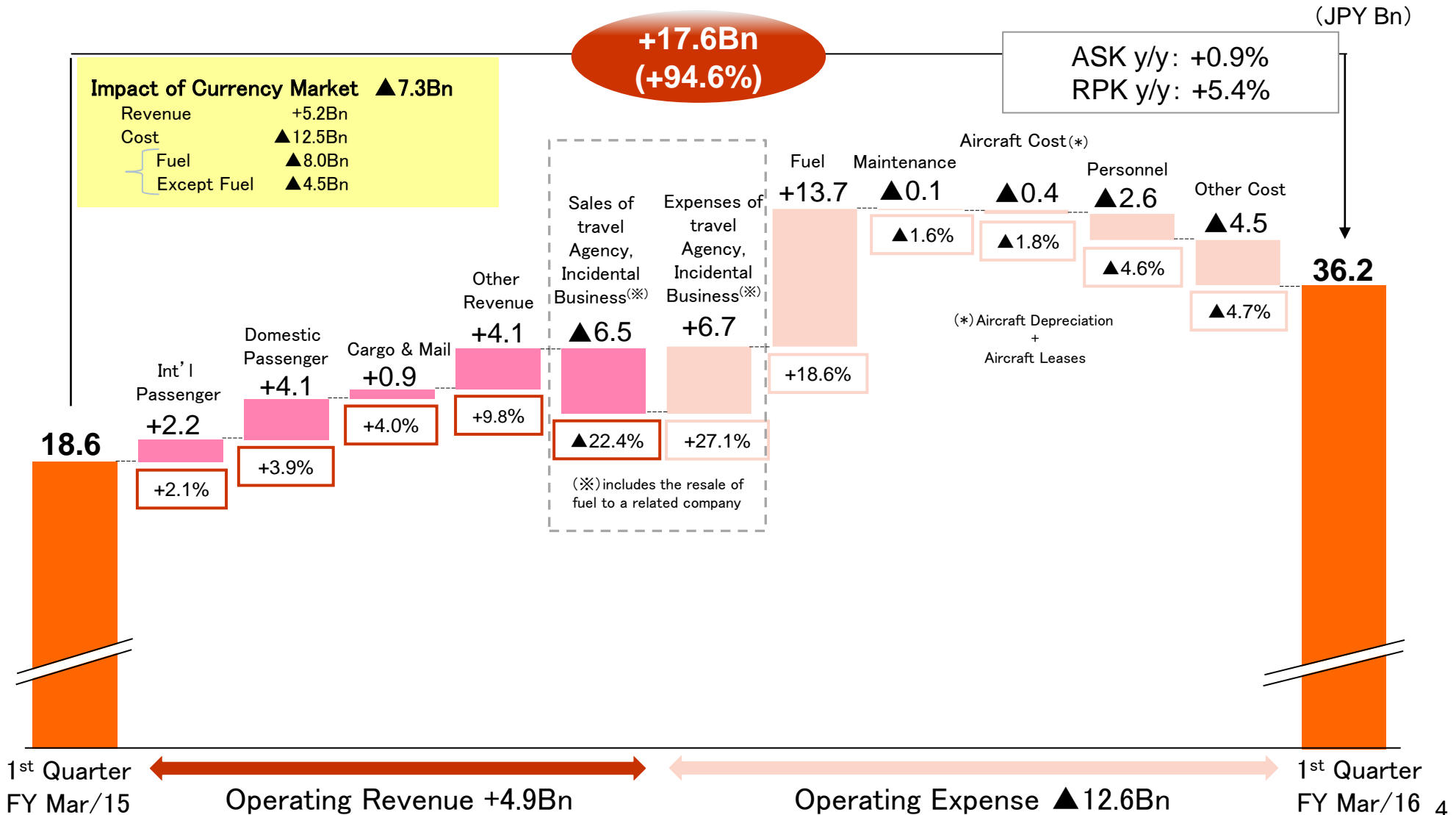
- Operating revenue increased by 1.6% year on year to 312 billion yen, due to an increase in inbound passengers on international flights and an increase in our revenue per passenger on domestic flights.
- Operating expenses decreased by 4.4% year on year to 275.7 billion yen, due to a decline in fuel costs.
- As a result, operating profit came to 36.2 billion yen, operating profit margin was 11.6%
- Unit Cost excluding fuel costs was 9.1 yen, up 0.3 yen year on year, but we will continue to rigorously control costs.

Changes in Operating Profit



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1st Quarter FY Mar/16



- Operating profit increased by 17.6 billion yen year on year, the breakdown of which is an increase in operating revenue of 4.9 billion yen and a decrease in operating expense of 12.6 billion yen.
- As operating revenue, international passenger revenue increased by 2.2 billion yen due to an increase in inbound passengers, the impact of weaker yen, and such. And domestic passenger revenue increased by 4.1 billion yen year on year due to an increase in passengers as a result of implementation of various measures to stimulate demand.
- Operating expense was largely decreased due to the decline in fuel prices.

International Passenger Operations (Operating Results)

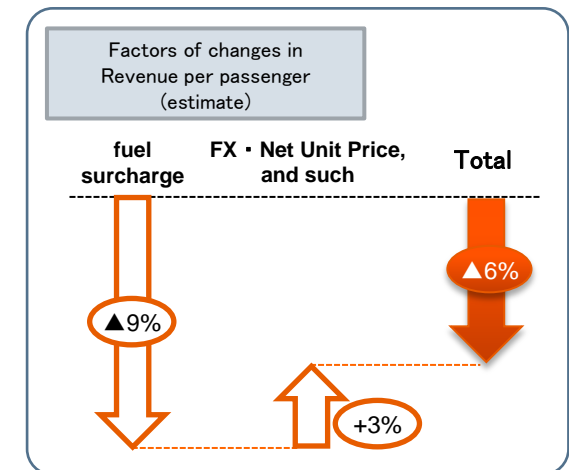


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International Passenger

	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

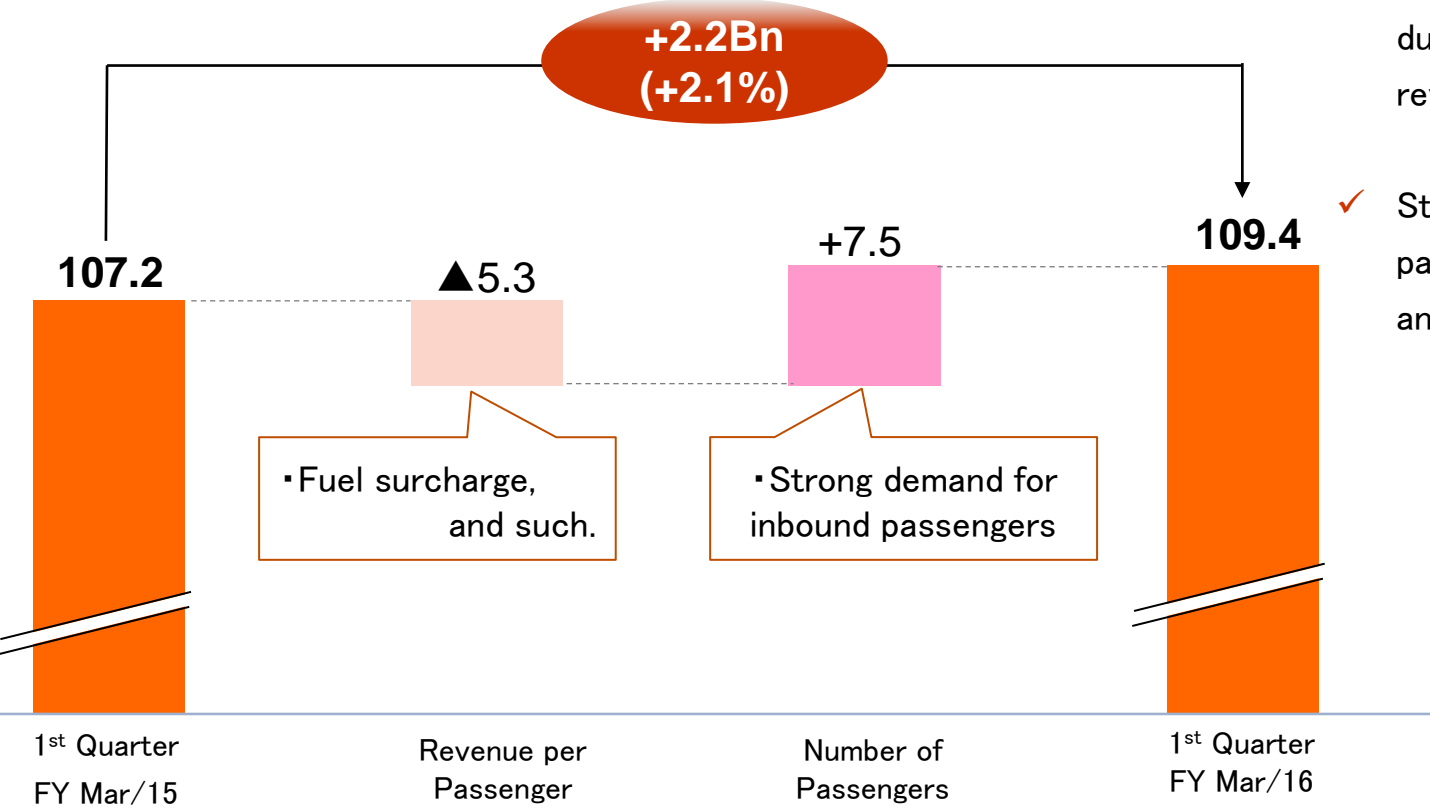
- RPK increased by 8.9% with robust inbound passengers while ASK increased by 2.4%. As a result, the load factor rose by 4.6 points to 77.9%.
- Yield and revenue per passenger decreased by 6.2% respectively. As shown in the bottom right chart, it is estimated that revenue per passenger and such, excluding fuel surcharge increased by approximately 3%, considering about 9% of the decrease in revenue per passenger was caused by the decrease in fuel surcharge revenue.

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.

- Though fuel surcharge revenue decreased, we were able to partially recover the decrease in revenue per passenger thanks to an increase in net revenue per passenger, and such.
- Regarding the number of passenger, demand for inbound passengers was greatly increased owing to the weaker yen and the relaxation of visa requirements.
- As a result, international passenger revenue increased by 2.1% to 109.4 billion yen.

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

- RPK increased by 0.1% while ASK decreased by 1.0%. As a result, the load factor increased by 0.7 points to 63.1%.
- Yield and revenue per passenger increased by 3.7% and 3.6% respectively. Consequently, domestic passenger revenue increased by 3.9% to 109.9 billion yen.

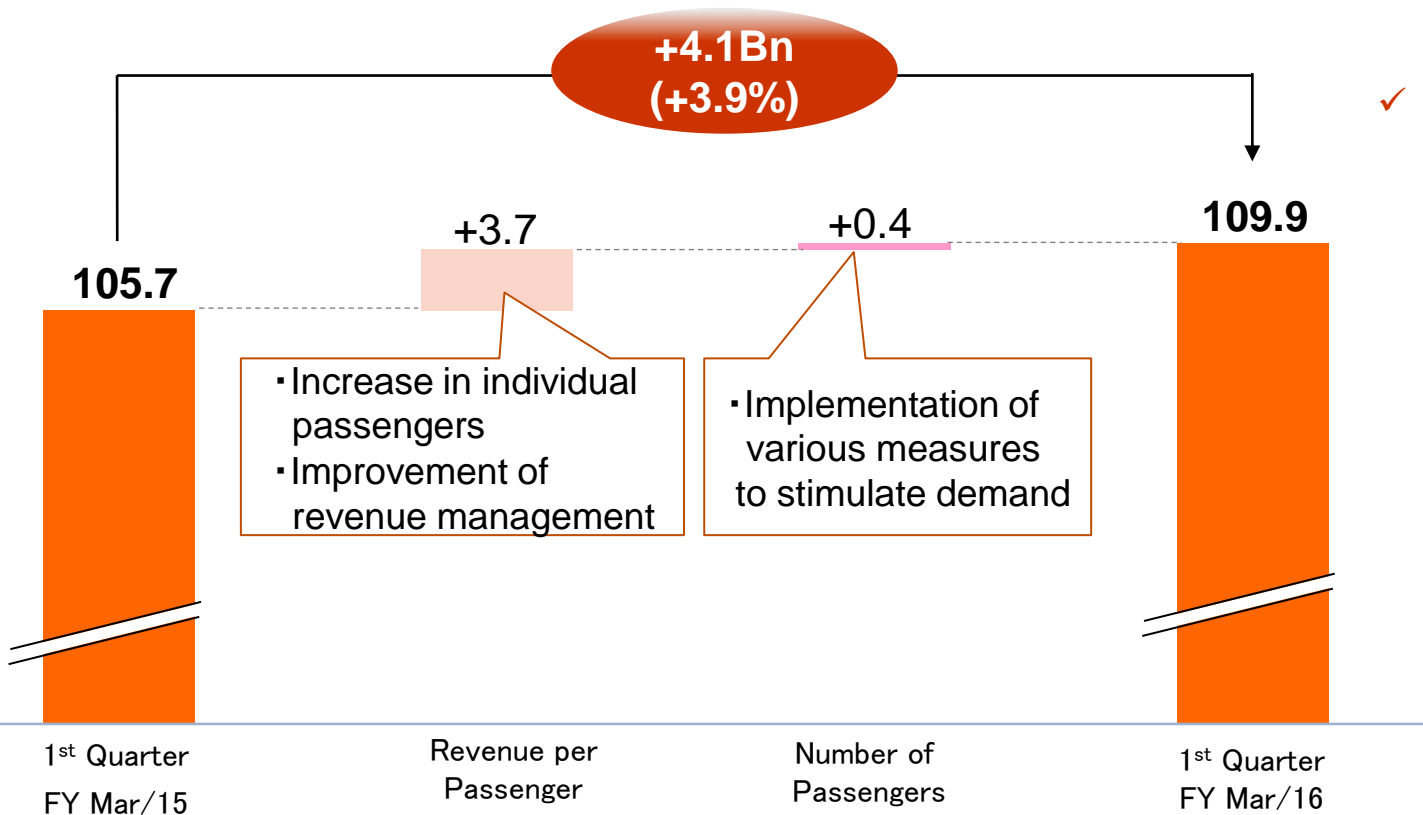
Domestic Passenger Operations (Changes in Revenue)



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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.

- Revenue per passenger contributed to a revenue increase of 3.7 billion yen as a result of changes in customer mix due to increased individual passengers, and such.
- Although ASK decreased by 1.0% year on year, the number of passenger led to a revenue increase of 0.4 billion yen owing to the introduction of new discount fare “Ultra Sakitoku”, an increase in JAL Dynamic Package users, and an increase in inbound passengers.

Major Operating Expense Items



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Operating Expenses

(JPY Bn)	1st Quarter FY Mar/15	1st 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%

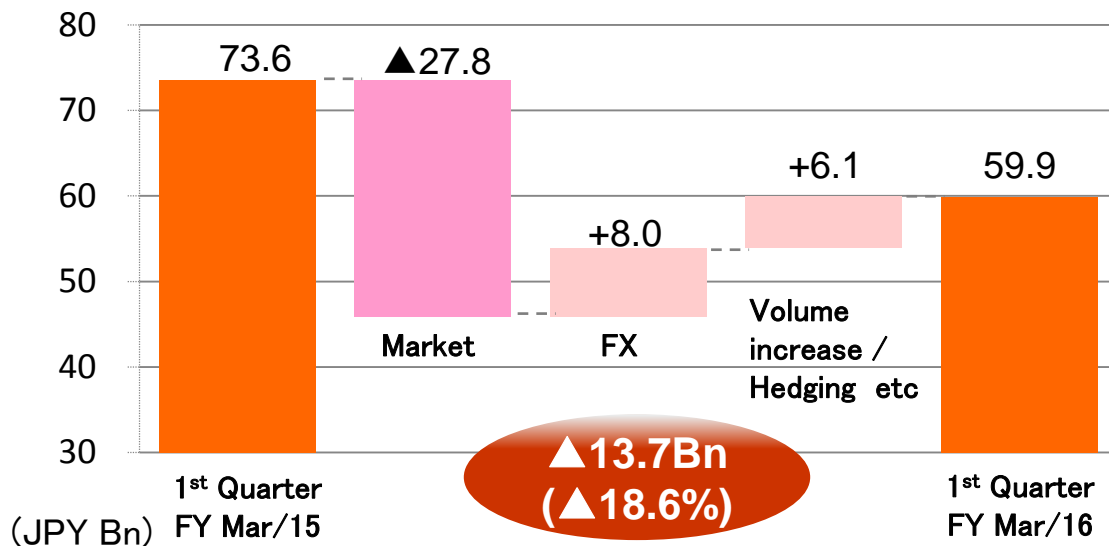
- ✓ Though some items of Operating Expenses increased due to the weaker yen and the expenses for service enhancement, we have continuously been trying best effort to control costs.
- ✓ Due to the decline in fuel prices, fuel costs decreased by 18.6% to 59.9 billion yen.
- ✓ Personnel costs increased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

Notes:

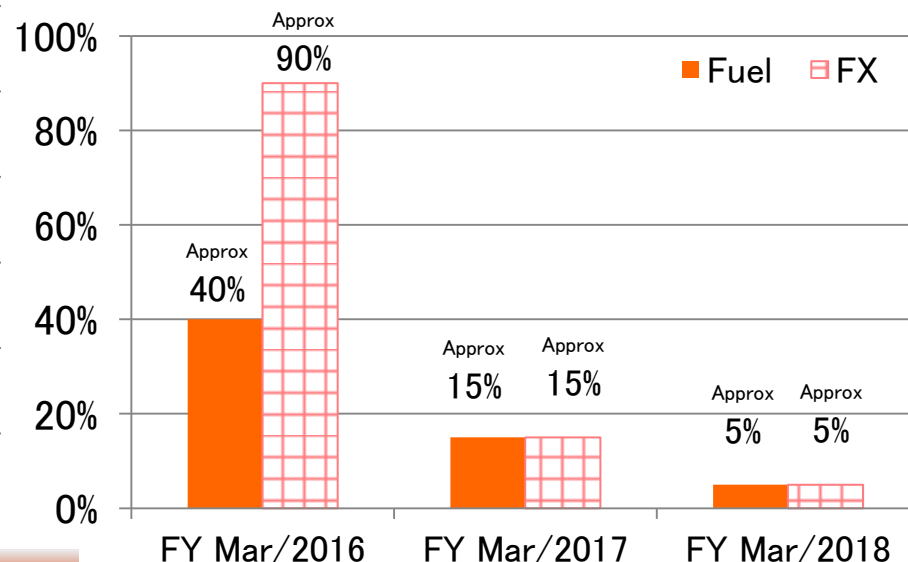
1. Includes the resale of fuel to a related company

- Some items of Operating Expenses increased due to the weaker yen and the expense for service enhancement, but we will continuously make best efforts to control our costs.
- Fuel costs decreased by 18.6% to 59.9 billion yen due to the decline in fuel prices.
- Personnel costs increased by 2.6 billion yen due to a raise of the wage, the impact of weaker yen, and such.
- Operating expenses on the whole decreased by 4.4% to 275.7 billion yen.

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

- Please look at the chart in the upper left corner.

Fuel costs declined by 13.7 billion yen year on year, the breakdown of which is a 27.8 billion yen decrease due to the falling fuel prices, but an 8 billion yen increase due to the weaker yen, and a 6.1 billion yen increase owing to an increase in loading quantity, gains or losses on hedging, and such.

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

- Outstanding interest-bearing debts decreased by 8.7 billion yen to 91.8 billion yen as we repaid lease obligations and long-term loans.
- Future Rental Expenses under Operating Leases also decreased by 3.3 billion yen to 121.7 billion yen.
- The Shareholder's Equity ratio slightly declined by 0.1 points to 52.6%, after the payment of dividend, and such.

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

- Cash flow from operating increased by 28.3 billion yen to 90.3 billion yen.
- Cash flow from investing increased by 14.9 billion yen, primarily for aircraft, and is proceeding as planned.
- Cash flow from financing totaled 48.8 billion yen due to cash outflows to repay interest-bearing debts, dividends, and such. As a result, cash flows totaled 14 billion yen (outflow).

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

- This page shows our earnings forecast for the fiscal year ending March 31, 2016.
- We will not change our forecast for the full fiscal year as the 1st quarter has just completed. We will continue to aim for both higher revenue and profit.
- Please refer to the following supplemental references.

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	--

Fly into tomorrow.



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