

# JAPAN AIRLINES Co., Ltd.

## Financial Results

### MAR/2016 (FY2015)



April 28<sup>th</sup>, 2016



## **OVERVIEW OF FY3/16 RESULTS**

P.1



## **DIVIDEND FOR FY3/16**

P.2



## **PROGRESS OF MEDIUM TERM MANAGEMENT PLAN & TOPICS**

P.3



## **EARNINGS FORECAST FOR FY3/17**

P.5



## **DETAILS OF FY3/16 FINANCIAL RESULTS**

P.6



## **SUPPLEMENTAL REFERENCES**

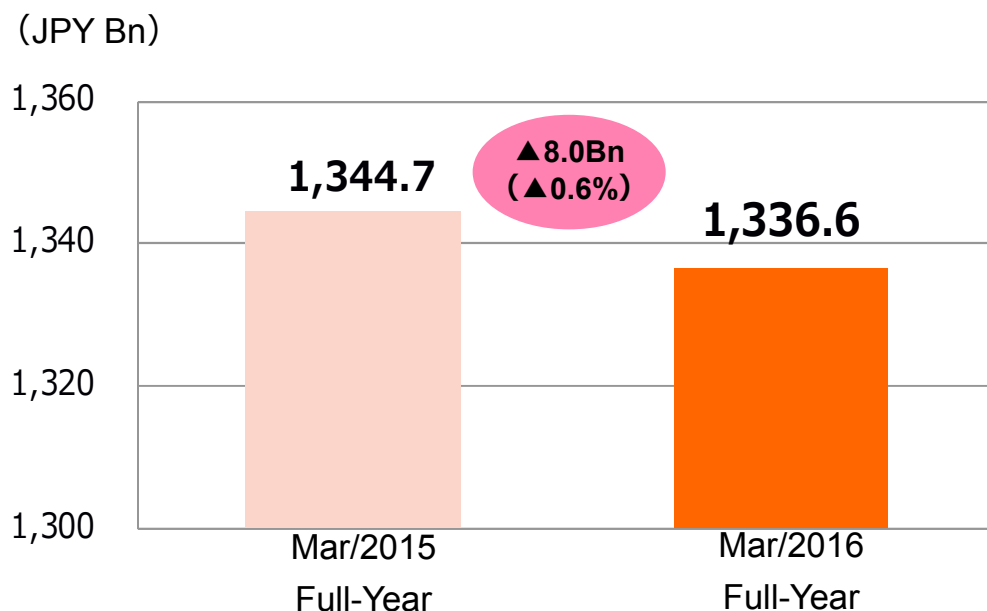
P.21

# Overview of Mar/2016 Financial Results

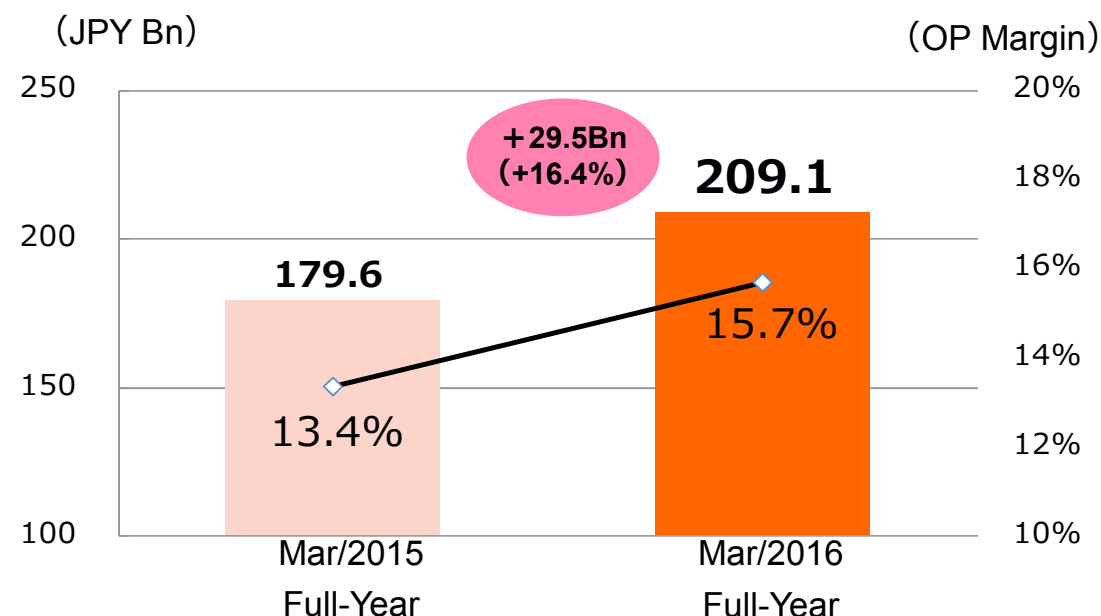


JAPAN AIRLINES

## Operating Revenue



## Operating Profit



## Operational Results · Fuel/FX Markets

	Mar/2016 y/y		Mar/2015	Mar/2016	y/y
ASK Int'l flights	+1.3%	Singapore Kerosene (USD/bbl)	103.5	60.0	▲42.0%
Dom. flights	▲1.2%	Dubai Crude Oil (USD/bbl)	87.6	47.2	▲46.1%
Total	+0.2%	FX Rate (JPY/USD)	108.4	120.5	+11.2%

- ✓ Operating profit was 209.1 billion yen due to an increase in domestic passenger and decline in fuel prices, etc.,
- ✓ The operating profit margin was 15.7%, above our target of 10% or more.

# Dividend for Mar/2016



JAPAN AIRLINES

## Dividend <sup>(1)</sup>

	Mar/2015	Mar/2016	
		New Announcement	Announcement on January 29, 2016
Net Income <sup>(2)</sup>	149.0 JPY Bn	<b>174.4 JPY Bn</b>	172.0 JPY Bn
Income Tax-Deferred	+1.3 JPY Bn	<b>▲0.4 JPY Bn</b>	—
Income available for dividend	150.3 JPY Bn	<b>174.0 JPY Bn</b>	172.0 JPY Bn
	× 25%	× 25%	× 25%
Total amount for dividend	37.7 JPY Bn	<b>43.5 JPY Bn</b>	43.1 JPY Bn
Total number of shares issued	362.704 Mn	<b>362.704 Mn</b>	362.704 Mn
Dividend per share	104.00 JPY	<b>120.00 JPY</b>	119.00 JPY
Payout ratio	25.3%	<b>24.9%</b>	—

Dividend per share for FY3/16

16.00 JPY  
increase  
(+15.4%)

FY3/16  
**120.00JPY**

FY3/15  
**104.00JPY**

### Dividend Calculation

Approx. **25%**  
of Net Income for the  
fiscal year excluding  
Income Tax-Deferred

(1) Subject to annual general meeting approval

(2) Net Income Attributable to Owners of the Parent

# Progress of Management Targets

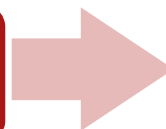


JAPAN AIRLINES

## Targets

### Flight Safety

Achieve Zero Aircraft Accidents<sup>1</sup> and Serious Incidents<sup>2</sup>

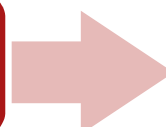


## Progress

Indicator	FY3/13 <sup>3</sup>	FY3/14	FY3/15	FY3/16 <sup>3</sup>
Aircraft Accidents	1	0	2	1
Serious Incidents	2	1	0	3

### Customer Satisfaction

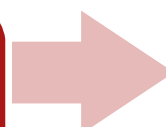
Achieve “No. 1 in Customer Satisfaction<sup>4</sup>” by Mar/2017



Indicator		FY3/13	FY3/14	FY3/15	FY3/16
Int'l	Customer Loyalty <sup>5</sup>	3 <sup>rd</sup>	1 <sup>st</sup>	1 <sup>st</sup>	1 <sup>st</sup>
	Word of Mouth <sup>6</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	2 <sup>nd</sup>
Dom.	Customer Loyalty <sup>5</sup>	6 <sup>th</sup>	6 <sup>th</sup>	3 <sup>rd</sup>	5 <sup>th</sup>
	Word of Mouth <sup>6</sup>	3 <sup>rd</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	3 <sup>rd</sup>

### Finance

Achieve “10%+ operating profit margin for 5 consecutive years and 50%+ shareholders' equity ratio at the end of Mar/2017”



Indicator	FY3/13	FY3/14	FY3/15	FY3/16
Ope. Profit Margin	15.8%	12.7%	13.4%	15.7%
Shareholders' equity ratio	46.4%	51.5%	52.7%	53.4%

1. Fatal or serious human injury as a result of aircraft operations, aircraft crash, collision or fire, damage which needs major repair works, etc.
2. An incident involving circumstances that there was a high probability of an accident, such as overrunning and emergency evacuation.
3. Cases are delisted which problems of our operations were not pointed.
4. Customer Loyalty rate, Word by Mouth rate: JCSI values (Japanese Customer Satisfaction Index) announced by Japan Productivity Center, Service Productivity and Innovation for Growth
5. Customer Loyalty: The customer's intention to receive the service next time
6. Word of Mouth: The customer's intention to share the experience with family, friends or other people through blogs, etc.

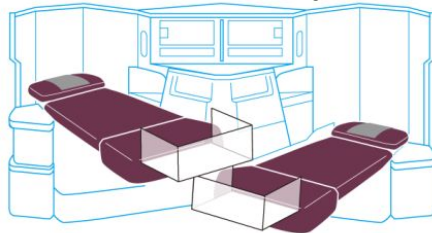


## Route Network, Products and Services

- ✓ Int'l : Boeing 777-200ER revamped with "JAL SKY SUITE Ⅲ" from July 2016 to be introduced on the route in order Tokyo/Haneda=Bangkok, Singapore, Honolulu
- ✓ Dom. : Introduction of our new products "JAL SKY NEXT" will be completed during FY3/17



(JAL SKY SUITE Ⅲ Boeing 777-200ER)



- ✓ JAL Express Tag Service for domestic flights will be introduced at Sapporo, Osaka, Fukuoka and Okinawa airport following Haneda.



## Promoting Women's Active Participation, CSR Activities

- ✓ JAL was selected as "Health and Productivity Brand 2016" and "Nadeshiko Brand 2016" by the Ministry of Economy Trade and Industry, and Tokyo Stock Exchange for 2 consecutive years.



※announced on 21/01/2016



※announced on 16/03/2016



- ✓ JAL and Aeon signed an agreement of emergency transportation.
- ✓ Support victims of The 2016 Kumamoto Earthquake.



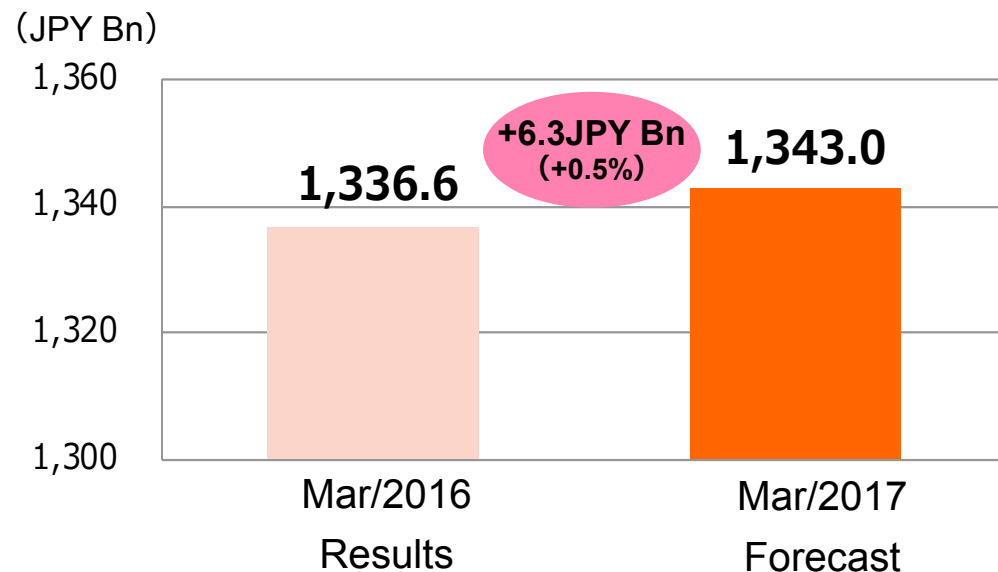
(Special designed aircraft operated from 29 April to support Kumamoto and Oita area struck by the earthquake )

# Mar/2017 Earnings Forecast

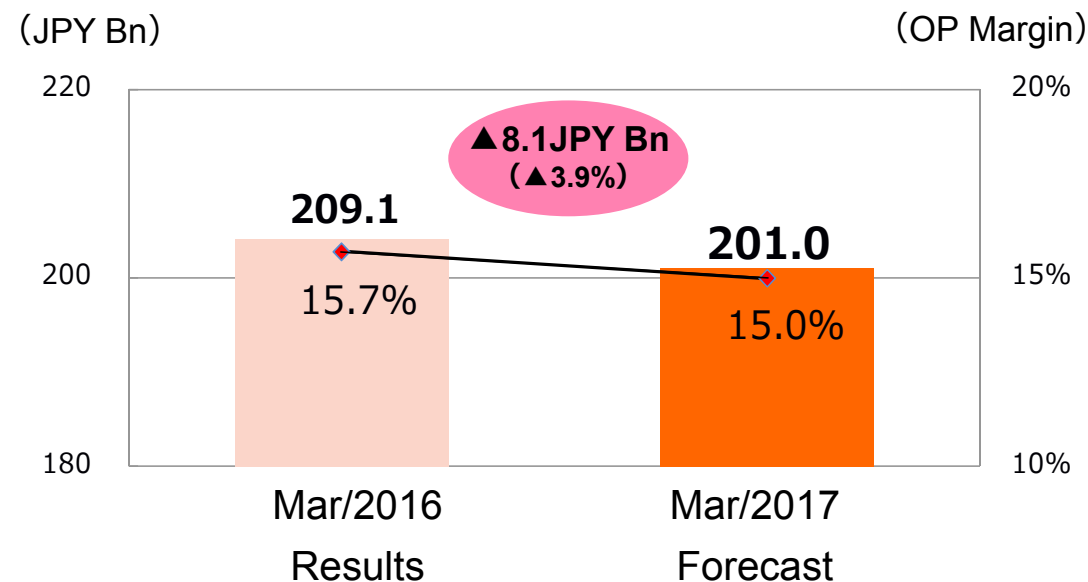


JAPAN AIRLINES

## Operating Revenue



## Operating Profit



## Operational Preconditions · Fuel/FX Markets

		Mar/2017 Forecast y/y			
			Mar/2016 Results	Mar/2017 Forecast	y/y
ASK	Int'l flights	▲0.6%	Singapore Kerosene (USD/bbl)		
	Dom. Flights	▲0.0%	Dubai Crude Oil (USD/bbl)		
	Total	▲0.3%	FX Rate (JPY/USD)		
			60.0	50.0	▲16.7%
			47.2	36.0	▲23.7%
			120.5	123.0	+2.1%

※FY3/17 Forecast is not changed from an announcement on 18 Feb .



JAPAN AIRLINES

INTENTIONALLY LEFT BLANK



# Overview of Consolidated Financial Results



JAPAN AIRLINES

## Consolidated Financial Results

(JPY Bn)	Mar/2015	Mar/2016	y/y	4Q (Jan-Mar) Mar/2016 <sup>(5)</sup>	y/y
<b>Operating Revenue</b>	1,344.7	<b>1,336.6</b>	▲0.6%	313.2	▲2.8%
Air Transportation Segment	1,196.2	<b>1,205.2</b>	+0.7%	281.9	▲1.5%
<b>Operating Expense</b>	1,165.0	<b>1,127.4</b>	▲3.2%	274.0	▲2.4%
Air Transportation Segment	1,034.6	<b>1,014.3</b>	▲2.0%	246.7	▲0.8%
<b>Operating Profit</b>	179.6	<b>209.1</b>	+16.4%	39.1	▲5.5%
Air Transportation Segment	161.5	<b>190.8</b>	+18.1%	35.2	▲6.5%
<b>Operating Profit Margin(%)</b>	13.4%	<b>15.7%</b>	+2.3pt	12.5%	▲0.3pt
<b>Ordinary Income</b>	175.2	<b>209.2</b>	+19.4%	38.7	+2.5%
<b>Net Income<sup>(1)</sup></b>	149.0	<b>174.4</b>	+17.1%	30.7	+4.8%
<b>ASK (MN seat km)</b>	84,003	<b>84,196</b>	+0.2%	20,682	+0.4%
<b>RPK (MN passenger km)</b>	60,103	<b>62,411</b>	+3.8%	15,190	+2.9%
<b>EBITDA Margin (%)<sup>(2)</sup></b>	19.8%	<b>22.3%</b>	+2.5pt	19.8%	+0.3pt
<b>EBITDAR Margin (%)<sup>(3)</sup></b>	21.8%	<b>24.0%</b>	+2.3pt	21.5%	▲0.3pt
<b>UNIT COST (Yen)<sup>(4)</sup></b>	8.9	<b>9.3</b>	+0.5	9.6	+0.5
<b>Incl. Fuel</b>	12.3	<b>12.0</b>	▲0.3	11.9	▲0.1

- ✓ Operating revenue was 1,336.6 billion yen, ▲0.6% y/y.
- ✓ Operating profit was 209.1 billion yen, +16.4% y/y.
- ✓ The operating profit margin was 15.7%.
- ✓ Ordinary income was 209.2 billion yen, +19.4% y/y.
- ✓ Net income was 174.4 billion yen, +17.1% y/y.

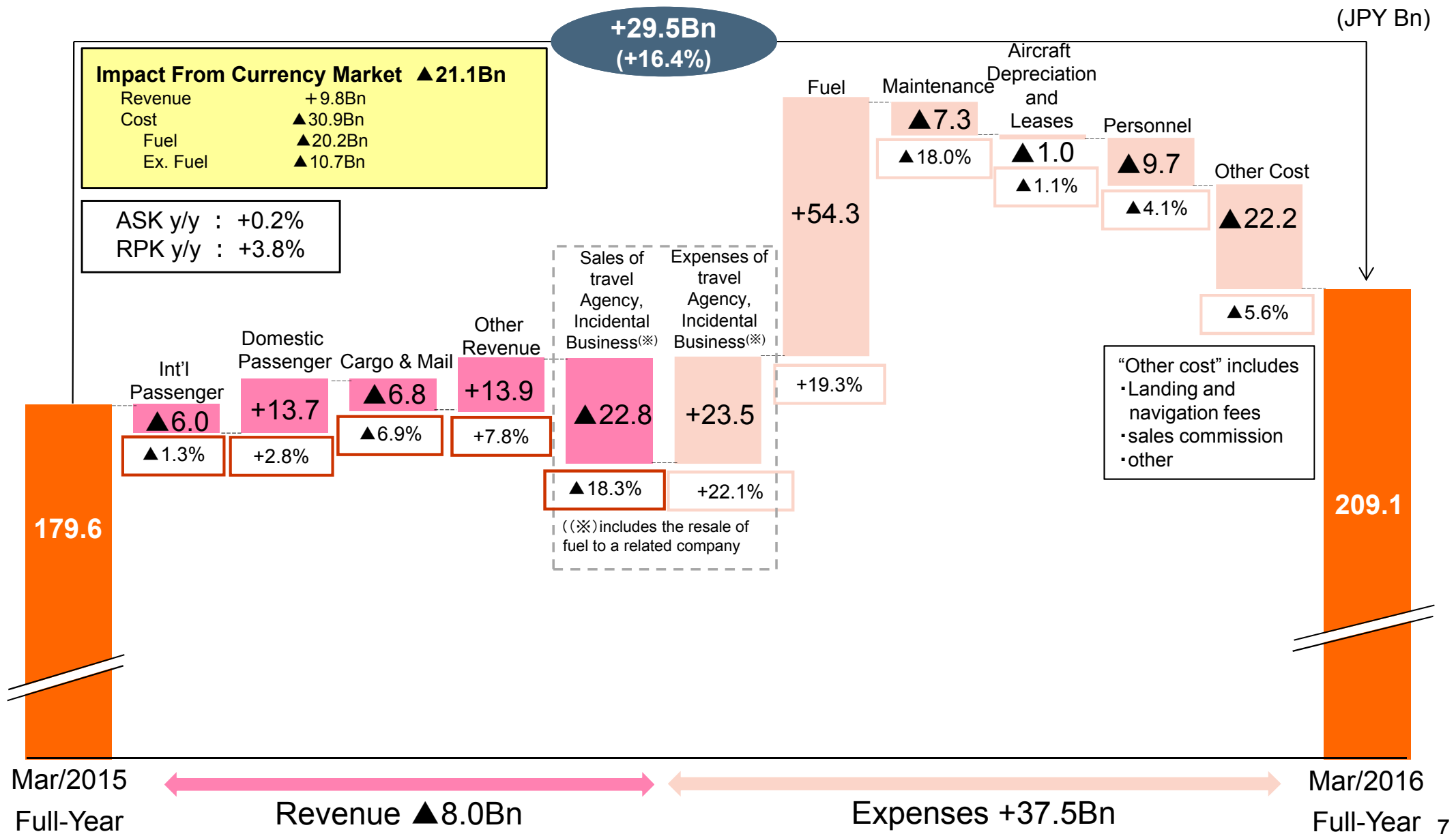
Notes: 1. Net income attributable to owners of the parent  
 2. EBITDA Margin = EBITDA / Revenue EBITDA=Operating Profit + Depreciation  
 3. EBITDAR Margin = EBITDAR / Revenue EBITDAR=Operating Profit + Depreciation+ Aircraft Leases  
 4. Unit Cost = Air Transportation Segment Operating Cost (excluding fuel costs, transactions (revenues / expenses) with a related company)/ASK  
 5.. The results for 4Q (January to March) are calculated by deducting the results of 3Q (April to December) from full-year(April to March)

# Changes in Operating Profit



JAPAN AIRLINES

## Mar/2016 Full-Year



# International Passenger Operations (Operating Results)



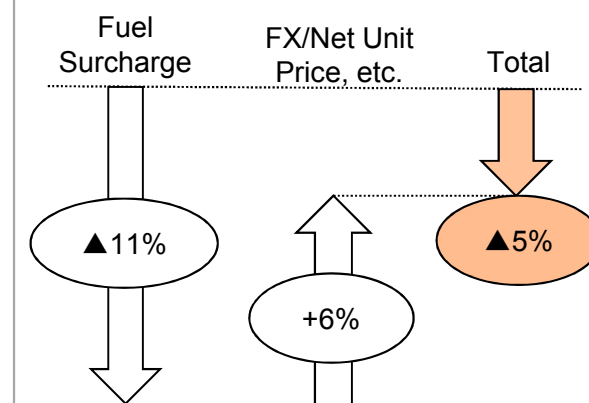
JAPAN AIRLINES

## International Passenger

	Mar/2015	Mar/2016	y/y	4Q(Jan-Mar) Mar/2016 <sup>(1)</sup>	y/y
Passenger Revenue (JPY Bn)	454.8	<b>448.7</b>	▲ 1.3%	102.7	▲ 5.6%
ASK (MN seat km)	47,696	<b>48,327</b>	+1.3%	11,979	+1.9%
RPK (MN passenger km)	36,109	<b>38,069</b>	+5.4%	9,318	+3.5%
Passengers ('000)	7,793	<b>8,080</b>	+3.7%	2,013	+1.4%
L/F (%)	75.7%	<b>78.8%</b>	+3.1pt	77.8%	+1.1pt
Yield (JPY) <sup>(2)</sup>	12.6	<b>11.8</b>	▲ 6.4%	11.0	▲ 8.7%
Unit Revenue (JPY) <sup>(3)</sup>	9.5	<b>9.3</b>	▲ 2.6%	8.6	▲ 7.4%
Revenue per Passenger (JPY) <sup>(4)</sup>	58,362	<b>55,537</b>	▲ 4.8%	51,042	▲ 6.9%

- ✓ Passenger Revenue was 448.7 billion yen, 6.0 billion yen declined y/y basis.
- ✓ ASK was up 1.3% and RPK was up 5.4% y/y, resulting in L/F 78.8%, up 3.1pt.

### Factors of changes in Revenue per Passenger (estimate)



#### Notes:

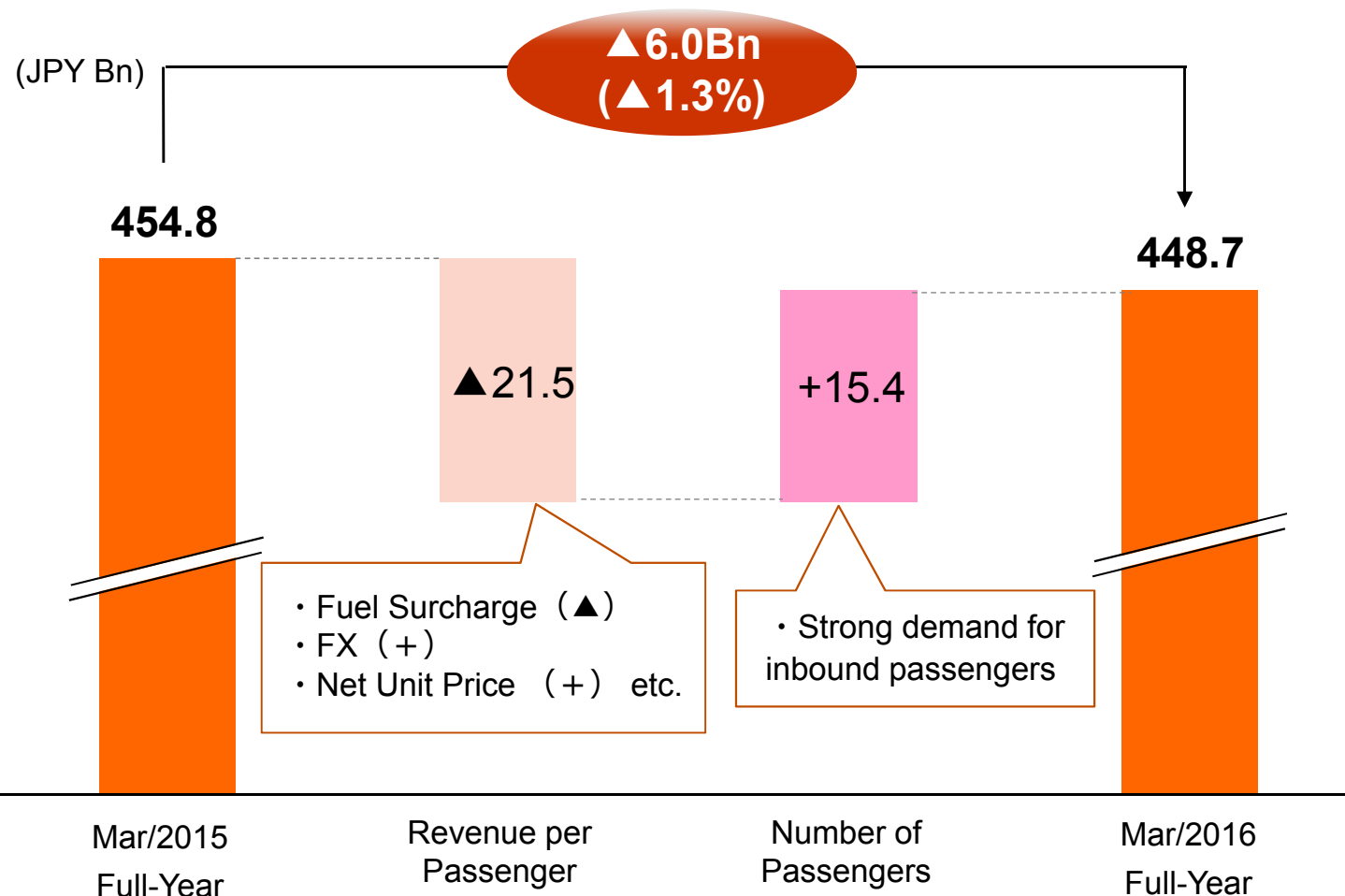
1. The results for 4Q (January to March) are calculated by deducting the results of 3Q (April to December) from Full-Year (April to March)
2. Yield = Passenger Revenue / RPK
3. Unit Revenue=Passenger Revenue / ASK
4. Revenue per Passenger = Passenger Revenue / Passengers

# International Passenger Operations (Change in Revenue)



JAPAN AIRLINES

## Mar/2016 Full-Year



- ✓ Although revenue per passenger declined due to a decrease in fuel surcharge, revenue management and expansion of JAL SKY SUITE contributed to an increase in L/F and net unit price.
- ✓ Inbound demand grew, mainly on North America, South East Asia and China routes.

# Domestic Passenger Operations (Operating Results)



JAPAN AIRLINES

## Domestic Passenger

	Mar/2015	Mar/2016	y/y	4Q (Jan-Mar) Mar/2016 <sup>(1)</sup>	y/y
Passenger Revenue (JPY Bn)	487.5	<b>501.2</b>	+2.8%	117.1	+2.3%
ASK (MN seat km)	36,306	<b>35,869</b>	▲ 1.2%	8,702	▲ 1.6%
RPK (MN passenger km)	23,993	<b>24,341</b>	+1.5%	5,872	+2.1%
Passengers ('000)	31,644	<b>32,114</b>	+1.5%	7,736	+2.0%
L/F (%)	66.1%	<b>67.9%</b>	+1.8pt	67.5%	+2.5pt
Yield (JPY) <sup>(2)</sup>	20.3	<b>20.6</b>	+1.3%	19.9	+0.1%
Unit Revenue (JPY) <sup>(3)</sup>	13.4	<b>14.0</b>	+4.1%	13.5	+4.0%
Revenue per Passenger (JPY) <sup>(4)</sup>	15,407	<b>15,609</b>	+1.3%	15,135	+0.3%

- ✓ Passenger revenue was 501.2 billion yen, up 2.8% y/y.
- ✓ ASK was ▲ 1.2% while RPK was +1.5% y/y resulting in L/F 67.9%, up 1.8pt.
- ✓ Yield and revenue per passenger increased by 1.3% y/y.

Notes:

1. The results for 4Q (January to March) are calculated by deducting the results of 3Q (April to December) from Full-Year (April to March)
2. Yield = Passenger Revenue / RPK
3. Unit Revenue=Passenger Revenue / ASK
4. Revenue per Passenger = Passenger Revenue / Passengers

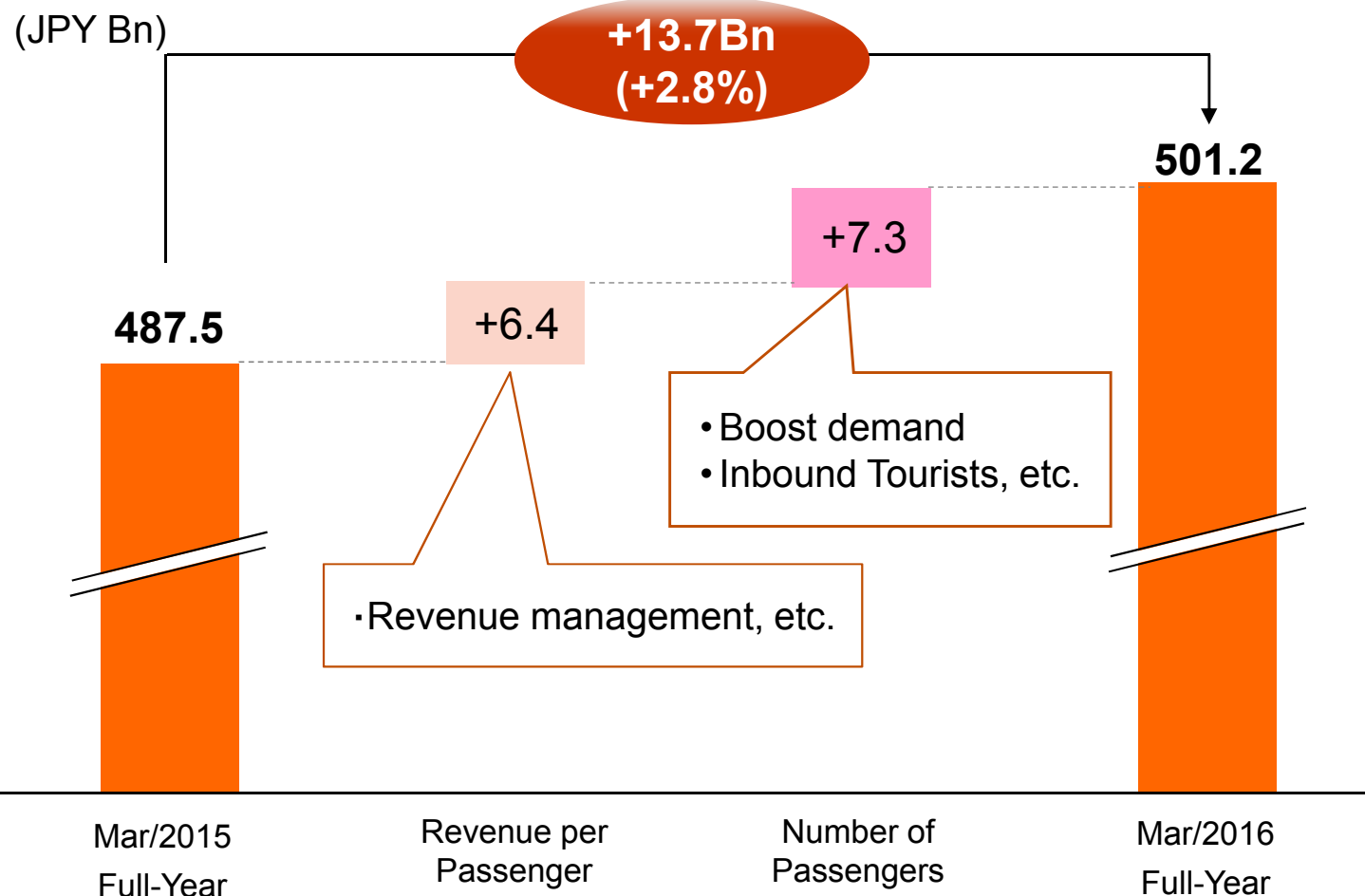


# Domestic Passenger Operations (Change in Revenue)



JAPAN AIRLINES

Mar/2016 Full-Year



- ✓ Changes in customer mix through revenue management
  - Well-reputed JAL SKY NEXT
  - Increase of individual passengers
- ✓ High-yield passenger percentage increased in holiday season
- ✓ Increase in passenger numbers through measures to boost demand etc..
  - New Ultra Sakitoku, special discount fare (Apr. 2015~)
  - Increase in non Japanese tourists visiting Japan.

# Major Operating Expense Items



JAPAN AIRLINES

## Operating Expenses

(JPY Bn)	Mar/2015	Mar/2016	difference	y/y	4Q (Jan-Mar) Mar/2016 <sup>(1)</sup>	difference	y/y	
Fuel	282.5	<b>228.1</b>	▲54.3	▲19.3%	47.4	▲12.0	▲20.2%	✓ Although increase in some cost items due to the weak yen and service enhancements, we will maintain cost reduction initiatives.
Landing and navigation fees	81.6	<b>82.2</b>	+0.6	+0.7%	20.0	▲0.2	▲1.4%	
Maintenance	40.6	<b>47.9</b>	+7.3	+18.0%	10.3	+0.5	+5.5%	✓ Fuel costs decreased by 54.3 billion yen due to lower fuel prices(including increase of 20.2 billion yen due to the weak yen).
Sales Commissions (Air Transport)	24.3	<b>24.4</b>	+0.1	+0.7%	5.9	▲0.2	▲4.8%	
Aircraft Depreciation	67.4	<b>72.2</b>	+4.7	+7.1%	18.4	+1.3	+7.7%	
Aircraft Leases	27.2	<b>23.4</b>	▲3.7	▲13.7%	5.5	▲2.0	▲27.3%	✓ Increase in maintenance costs due to the weak yen.
Personnel	240.2	<b>249.9</b>	+9.7	+4.1%	62.9	+1.6	+2.7%	
Expenses of travel agency / Incidental business etc <sup>(2)</sup>	106.6	<b>83.1</b>	▲23.5	▲22.1%	19.0	▲5.4	▲22.2%	✓ Personnel costs increased by 9.7 billion yen, due to increase in wages, bonuses and exchange rates, etc.
Other	294.3	<b>315.8</b>	+21.4	+7.3%	84.3	+9.7	+13.1%	
Total Operating Expenses	1,165.0	<b>1,127.4</b>	▲37.5	▲3.2%	274.0	▲6.8	▲2.4%	

ASK y/y : +0.2%

Notes:.

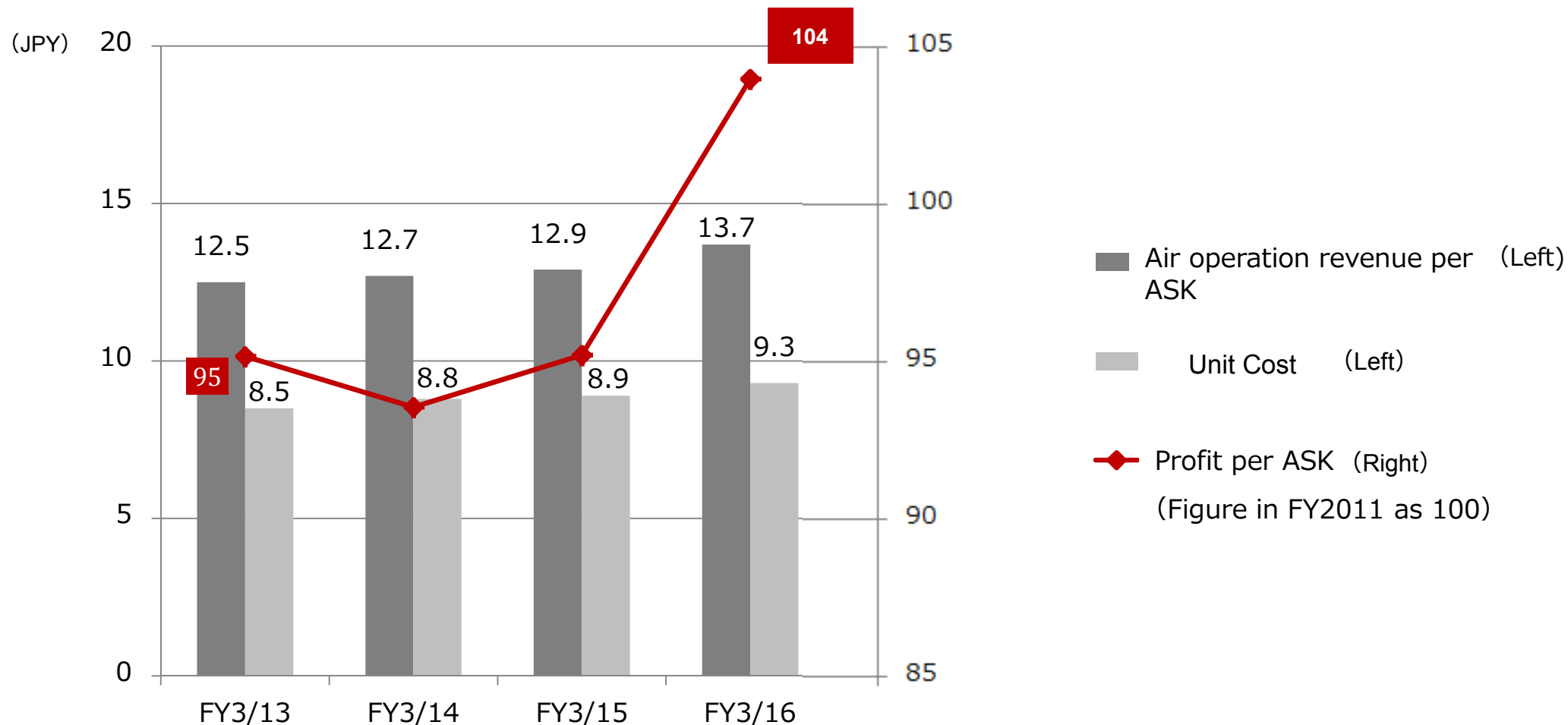
1. The results for 4Q (January to March) is calculated by deducting the results of 3Q (April to December) from full year (April to March)
2. Includes the resale of fuel to a related company

# Maximizing Profit per ASK



JAPAN AIRLINES

To build the foundation for stable business operations in the medium and long term and enhance services and products, we will proactively assign resources to human resources and products and services to maximize profit per ASK



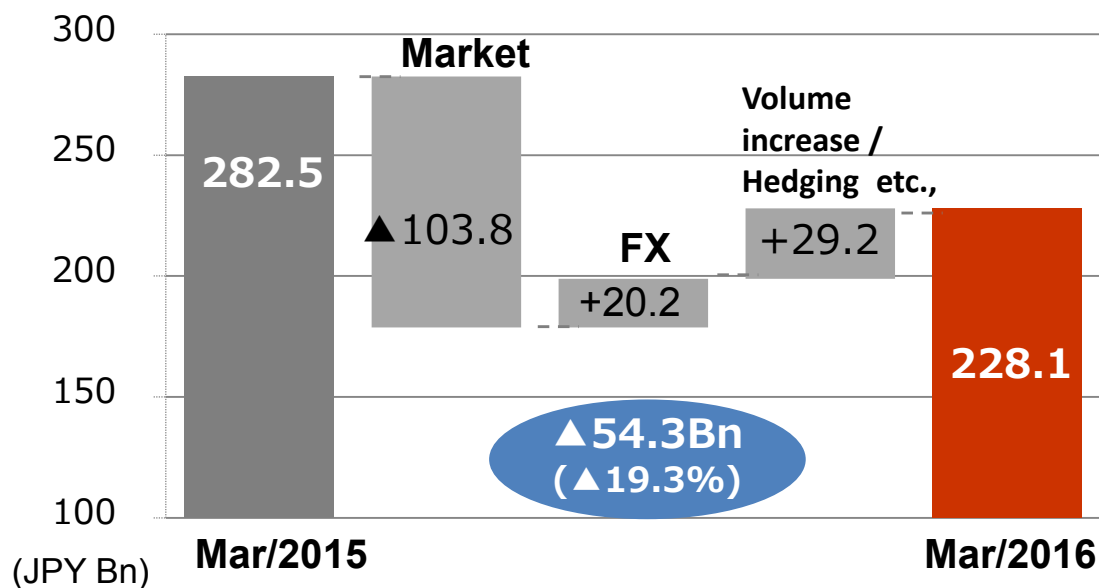
Air operation revenue per ASK = (Air operation revenue – Fuel surcharge – Revenue from fuel resale to a related company) / ASK  
 Unit Cost = (Air operation expenses – Fuel costs – Fuel costs for resale to a related company) / ASK  
 Profit per ASK = (Air operation revenue per ASK) – (Unit Cost)

# Impact of Fuel and FX Markets



JAPAN AIRLINES

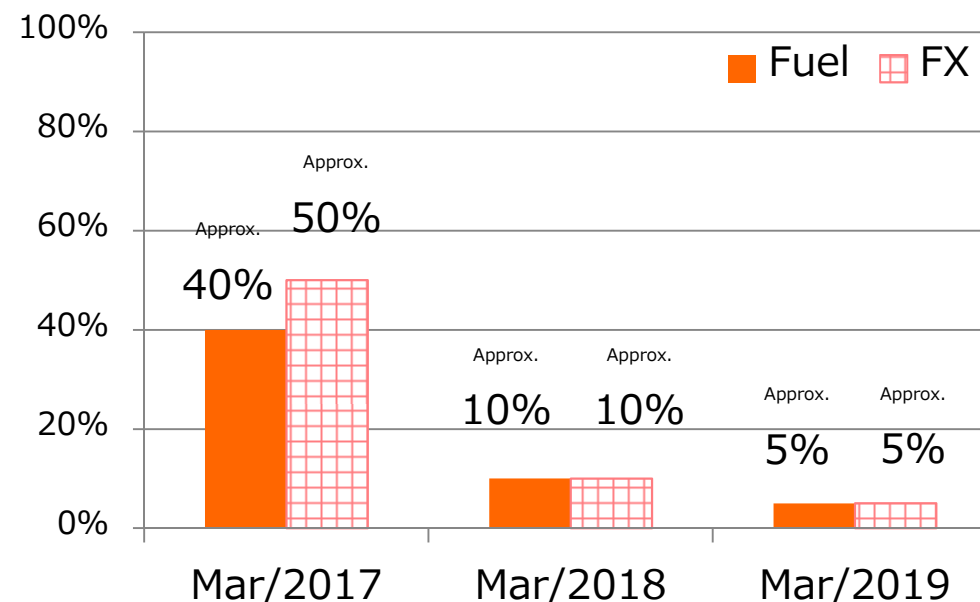
## Transition of Fuel Cost by factors



## Fuel / FX Markets

	Mar/2015	Mar/2016	y/y	Mar/2017 Forecast
Singapore Kerosene (USD/bbl)	103.5	60.0	▲42.0%	50.0
Dubai Crude Oil (USD/bbl)	87.6	47.2	▲46.1%	36.0
FX Rate (JPY/USD)	108.4	120.5	+11.2%	123.0

## Hedge Ratio of Fuel Costs (As of End of FY Mar/2017)



## Sensitivity for Fuel Costs

### (Without Hedging) Mar/2017

<b>Crude Oil</b> (Change in 1 USD/bbl)	2.7 JPY Bn Per Year
<b>FX</b> (Change in 1 JPY/USD)	1.0 JPY Bn Per Year

# Major Balance Sheet Items



JAPAN AIRLINES

## Consolidated Balance Sheet Summary as of Mar/2016

(JPY Bn)	End of Mar/2015	End of Mar/2016	difference
Total Assets	1,473.3	<b>1,578.9</b>	+105.5
Cash and Deposits	364.9	<b>420.3</b>	+55.3
Balance of Interest-bearing Debt <sup>(1)</sup>	100.5	<b>92.6</b>	▲7.9
Future Rental Expenses under Operating Leases	125.0	<b>96.9</b>	▲28.1
Shareholders' Equity	776.4	<b>843.0</b>	+66.6
Shareholders' Equity Ratio(%)	52.7%	<b>53.4%</b>	+0.7pt
D/E Ratio (x) <sup>(2)</sup>	0.1x	<b>0.1x</b>	▲0.0x
ROE (%) <sup>(3)</sup>	20.3%	<b>21.5%</b>	+1.2pt
ROA (%) <sup>(4)</sup>	12.8%	<b>13.7%</b>	+0.9pt

- ✓ The balance of interest-bearing debt decreased by 7.9 billion yen to 92.6 billion yen as a result of repayment.
- ✓ Shareholders' Equity Ratio was 53.4%.

Notes:

1. Accounts Payable-installment Purchase included
2. On-balance sheet Interest-bearing Debt / Shareholders' Equity
3. (Net Income Attributable to owners of the parent) / (average of shareholder's equity at beginning and end of fiscal year)
4. (Operating Profit) / (Average of Total Assets at beginning and end of fiscal year)



# Major Cash Flow Items (Results)



JAPAN AIRLINES

(JPY Bn)	Mar/2015	Mar/2016	Difference
Net Income Before Income Taxes and Non-controlling Interests	169.9	207.3	+37.4
Depreciation and Amortization	85.8	88.5	+2.6
Other	5.3	16.4	+11.1
<b>Cash Flow from Operating Activities</b>	261.1	312.3	+51.2
Capital Expenditure <sup>(1)</sup>	▲198.6	▲210.6	▲12.0
Other	▲0.6	3.4	+4.0
<b>Cash Flow from Investing Activities <sup>(2)</sup></b>	▲199.2	▲207.2	▲7.9
<b>Free Cash Flow<sup>(3)</sup></b>	61.8	105.1	+43.2
Repayment of Interest-bearing Debt <sup>(4)</sup>	▲51.1	▲33.3	+17.7
Cash Dividend, Other	▲16.2	▲16.2	▲0.0
<b>Cash Flow from Financing Activities</b>	▲67.3	▲49.6	+17.6
<b>Total Cash Flow <sup>(5)</sup></b>	▲5.4	55.5	+60.9
<b>EBITDA</b>	265.5	297.7	+32.1
<b>EBITDAR</b>	292.7	321.1	+28.4

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



JAPAN AIRLINES

INTENTIONALLY LEFT BLANK

# Mar/2017 Earnings Forecast (Consolidated)



JAPAN AIRLINES

## Consolidated Financial Results

(JPY Bn)	Mar/2016 Results	Mar/2017 Forecast	difference	y/y
<b>Revenue</b>	1,336.6	<b>1,343.0</b>	+6.3	+0.5%
Int'l Passenger	448.7	<b>450.0</b>	+1.2	+0.3%
Dom. Passenger	501.2	<b>503.0</b>	+1.7	+0.3%
Cargo and Mail	91.5	<b>85.0</b>	▲6.5 <sup>(3)</sup>	▲7.2%
Other	295.0	<b>305.0</b>	+9.9	+3.4%
<b>Expenses</b>	1,127.4	<b>1,142.0</b>	+14.5	+1.3%
FUEL	228.1	<b>202.0</b>	▲26.1	▲11.5%
Other Costs	899.3	<b>940.0</b>	+40.6	+4.5%
<b>Operating Profit</b>	209.1	<b>201.0</b>	▲8.1	▲3.9%
<b>Operating Profit Margin(%)</b>	15.7%	<b>15.0%</b>	▲0.7pt	-
<b>Ordinary Income</b>	209.2	<b>193.0</b>	▲16.2	▲7.8%
<b>Net Income <sup>(1)</sup></b>	174.4	<b>192.0</b>	+17.5 <sup>(4)</sup>	+10.0%
<b>Unit Cost (JPY) <sup>(2)</sup></b>	9.3	<b>9.8</b>	+0.5	-

## Operational Preconditions

	Mar/2016 Results	Mar/2017 Forecast
<b>ASK* Int'l</b>	+1.3%	▲0.6%
<b>Doms</b>	▲1.2%	▲0.0%
<b>TOTAL</b>	+0.2%	▲0.3%
<b>RPK* Int'l</b>	+5.4%	+1.2%
<b>Doms</b>	+1.5%	▲0.6%
<b>TOTAL</b>	+3.8%	+0.5%

\* y/y

	Mar/2016 Results	Mar/2017 Forecast
<b>Singapore Kerosene (USD/bbl)</b>	60.0	50.0
<b>Dubai Crude Oil (USD/bbl)</b>	47.2	36.0
<b>FX (JPY/USD)</b>	120.5	123.0

Note: 1. Net income attributable to owners of the parent

2. Unit Cost = Air Transportation Segment Operating Cost (excluding fuel costs etc.) / ASK

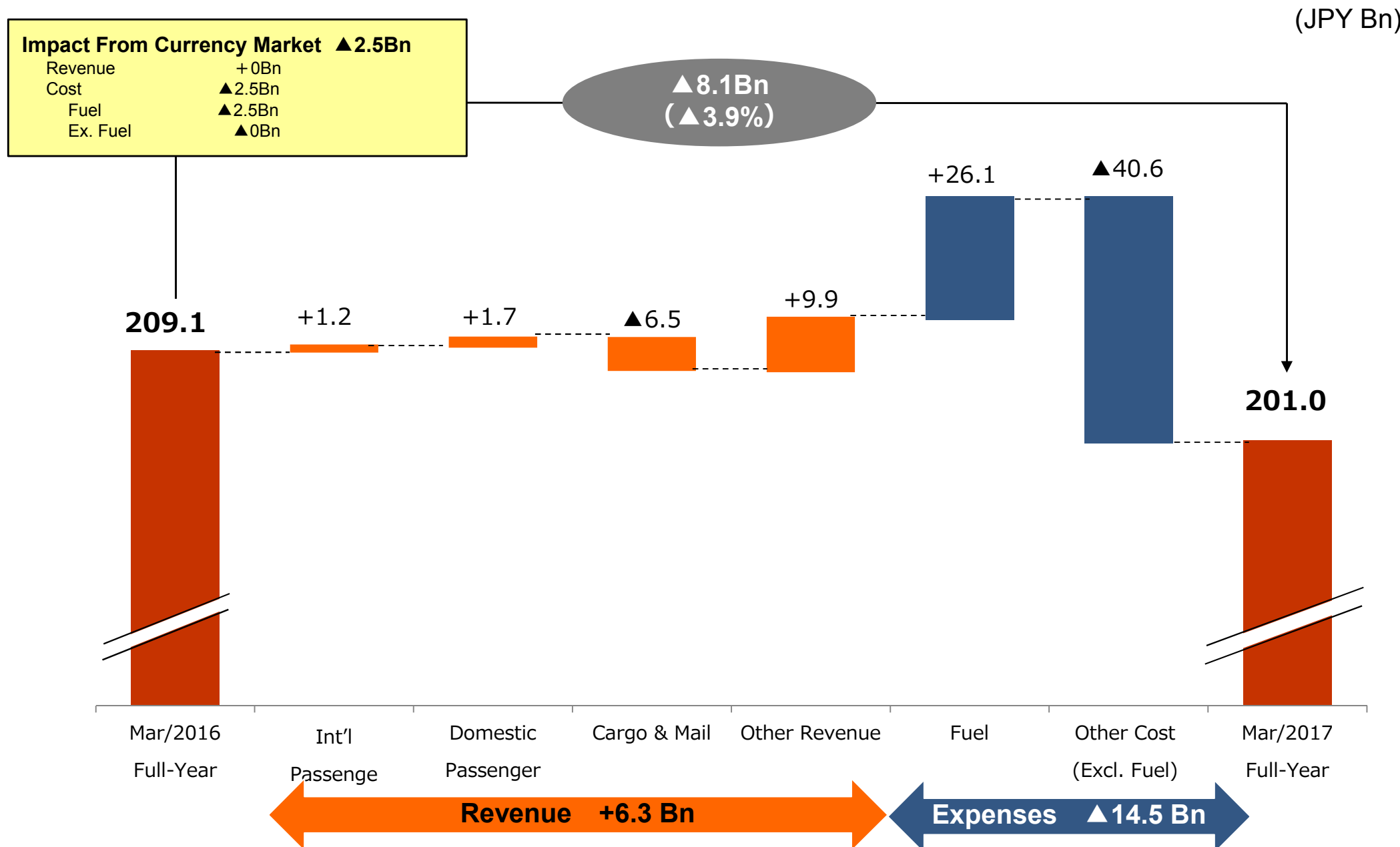
3. Includes the 8.0 billion yen decrease by offsetting international cargo sales commissions

4. Due to application of new tax effect accounting guideline, we expect to report about 30.0 billion yen of income tax deferred at the end of Mar/2017. However, income tax deferred to be deducted from the calculation of dividend.

# Changes in Operating Profit/ Forecast Mar/2017



JAPAN AIRLINES



# Mar/2017 Earnings Forecast (Consolidated Balance Sheet)



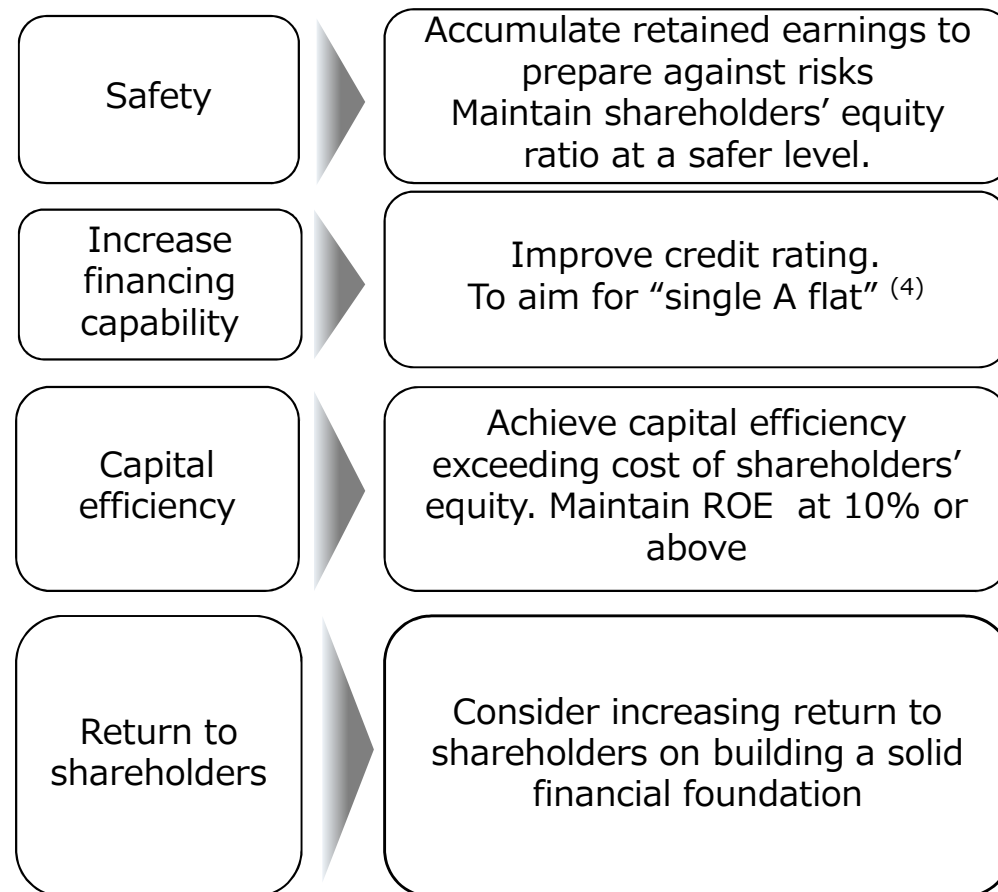
JAPAN AIRLINES

**We aim to improve our credit rating, maintain shareholder's equity ratio of 50% or above, and increase financial stability.**

## Balance Sheet

(JPY Bn)	End of Mar/2016 Results	End of Mar/2017 Forecast	Diff.
<b>Total Assets</b>	1,578.9	<b>1,761.0</b>	+182.0
<b>Balance of Interest-bearing debts</b>	92.6	<b>88.0</b>	▲4.6
<b>Shareholders' Equity</b>	843.0	<b>1,035.0</b>	+191.9
<b>Shareholders' Equity Ratio(%)</b>	53.4%	<b>58.8%<sup>(3)</sup></b>	+5.4pt
<b>ROE <sup>(1)</sup></b>	21.5%	<b>20.4%</b>	▲1.1pt
<b>ROA <sup>(2)</sup></b>	13.7%	<b>12.0%</b>	▲1.7pt

## Fundamental Capital Policy



- (Net profit attributable to owners of the parent) / (average of shareholder's equity at beginning and end of fiscal year)
- (Operating profit) / (average of total assets at beginning and end of fiscal year)
- Due to application of new tax effect accounting guideline, we expect to report about 30.0 billion yen of income tax deferred at the end of Mar/2017.
- Credit rating by Rating and Investment Information, Inc., Japan Credit Rating Agency, Ltd.



# Mar/2017 Earnings Forecast (Cash Flow)



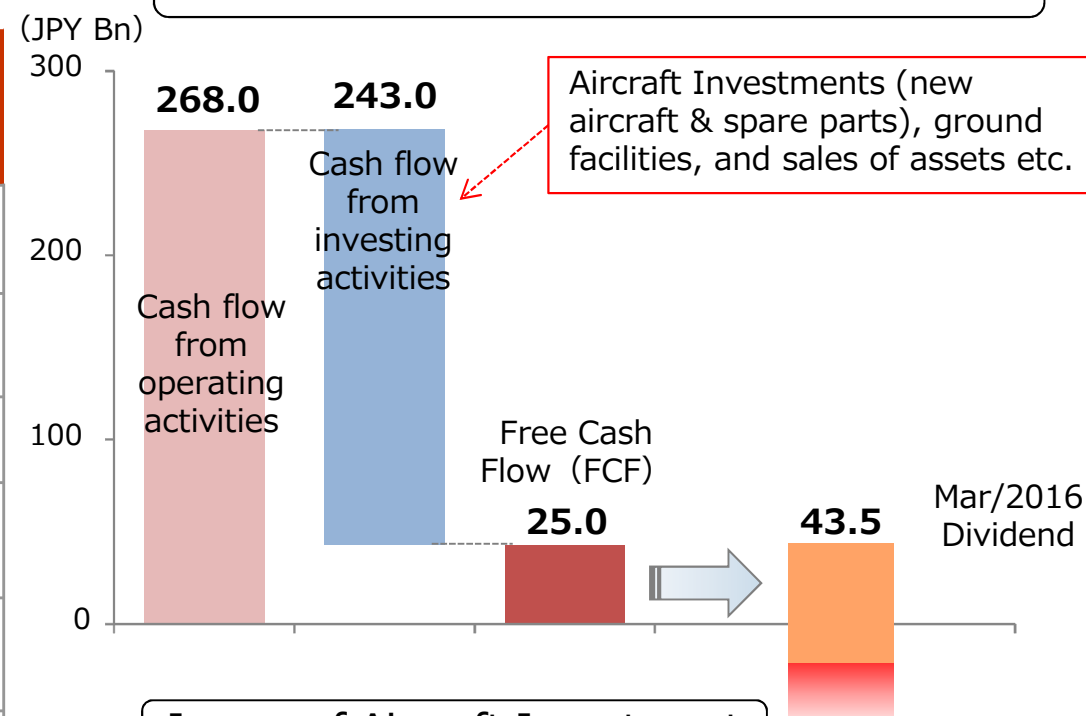
JAPAN AIRLINES

**Make relevant capital investments based on strict investment discipline.  
Secure return on investment and maximize Free Cash Flow**

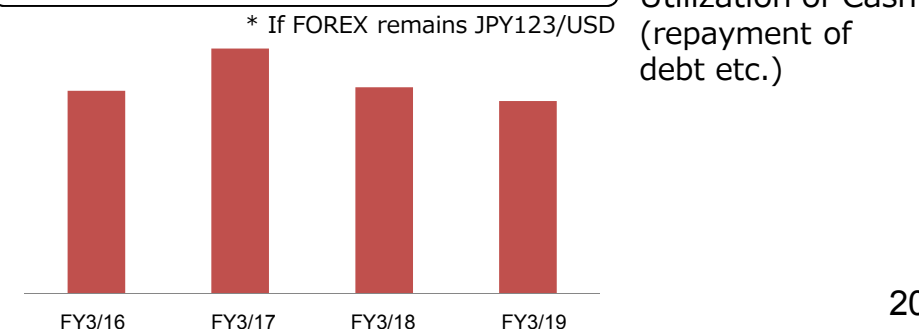
## Cash Flow

(JPY Bn)	Mar/2016 Results	Mar/2017 Forecast	Diff.
Cash Flow from Operating Activities	312.3	<b>268.0</b>	▲44.3
Cash Flow from Investing Activities <sup>1</sup>	▲207.2	▲ <b>243.0</b>	▲35.7
Free Cash Flow <sup>1</sup>	105.1	<b>25.0</b>	▲80.1
Cash Flow from Financing Activities	▲49.6	▲ <b>50.0</b>	▲0.3
EBITDA	297.7	<b>298.0</b>	+0.2
EBITDAR	321.1	<b>318.0</b>	▲3.1

## Use of cash flows (Mar/2017 )



## Image of Aircraft Investment



1. Exclude deposits and withdrawals from deposit accounts

# Fly into tomorrow.



***JAPAN AIRLINES***

# 《Supplemental Reference》

## Revenue of International Routes by Geographic segment



JAPAN AIRLINES

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

(%)	Revenue y/y		Revenue ratio		
	Mar/2016	4Q(Jan-Mar) Mar/2016	Mar/2015	Mar/2016	4Q(Jan-Mar) Mar/2016
Trans Pacific	+3.7%	+4.8%	35.5%	38.0%	37.0%
Europe	▲11.4%	▲17.4%	16.5%	15.0%	12.0%
Asia/Oceania	▲1.1%	▲8.2%	36.5%	36.0%	39.0%
China	▲3.5%	▲12.1%	11.5%	11.0%	12.0%

### Passengers

('000)	Mar/2015	Mar/2016	y/y	4Q(Jan-Mar) Mar/2016	y/y
Trans Pacific	1,868	2,015	+7.9%	495	+8.7%
Europe	635	612	▲3.7%	129	▲7.7%
Asia/Oceania	4,033	4,160	+3.1%	1,058	▲0.6%
China	1,256	1,292	+2.9%	330	+1.8%

### ASK

(MN seat km)	Mar/2015	Mar/2016	y/y	4Q(Jan-Mar) Mar/2016	y/y
Trans Pacific	18,219	19,615	+7.7%	4,941	+9.0%
Europe	7,730	7,405	▲4.2%	1,615	▲9.0%
Asia/Oceania	18,219	17,884	▲1.8%	4,533	▲1.6%
China	3,527	3,421	▲3.0%	889	+6.9%

### Load Factor

(%)	Mar/2015	Mar/2016	y/y	4Q(Jan-Mar) Mar/2016	y/y
Trans Pacific	80.0%	80.3%	+0.3pt	78.3%	+0.2pt
Europe	75.3%	74.9%	▲0.4pt	72.4%	+0.2pt
Asia/Oceania	73.4%	80.3%	+6.9pt	80.8%	+3.2pt
China	66.5%	70.8%	+4.3pt	69.3%	▲3.5pt

### RPK

(MN passenger km)	Mar/2015	Mar/2016	y/y	4Q(Jan-Mar) Mar/2016	y/y
Trans Pacific	14,574	15,742	+8.0%	3,868	+9.2%
Europe	5,819	5,545	▲4.7%	1,170	▲8.8%
Asia/Oceania	13,371	14,359	+7.4%	3,662	+2.4%
China	2,344	2,421	+3.3%	616	+1.8%

# 《Supplemental Reference》

## Number of Aircraft Mar/2016



JAPAN AIRLINES

	End of Mar/2015			End of Mar/2016			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	4	0	4	▲3
Boeing 777-300ER	13	0	13	13	0	13	-
Large-sized Total	44	0	44	40	0	40	▲4
Boeing 787-8	20	0	20	23	0	23	+3
Boeing 787-9	0	0	0	3	0	3	+3
Boeing 767-300	13	0	13	9	0	9	▲4
Boeing 767-300ER	24	8	32	28	4	32	-
Middle-sized Total	57	8	65	63	4	67	+2
Boeing 737-400	12	0	12	12	0	12	-
Boeing 737-800	21	29	50	22	29	51	+1
Small-sized Total	33	29	62	34	29	63	+1
Embraer 170	15	0	15	17	0	17	+2
Bombardier CRJ200	9	0	9	9	0	9	-
Bombardier D8-400	9	2	11	8	2	10	▲1
Bombardier D8-400CC	0	0	0	2	0	2	+2
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	54	2	56	+3
<b>TOTAL</b>	<b>185</b>	<b>39</b>	<b>224</b>	<b>191</b>	<b>35</b>	<b>226</b>	<b>+2</b>

# 《Supplemental Reference》

## Earnings Forecast Mar/2017 ( Air transportation Segment )



JAPAN AIRLINES

### International Passenger Operations

	Mar/2016 Results	Mar/2017 Forecast	y/y (%)		
			Full-year (Forecast)	1H (Forecast)	2H (Forecast)
Passenger Revenue (JPY Bn)	448.7	<b>450.0</b>	+0.3%	▲3.3%	+4.4%
ASK (MN seat km)	48,327	<b>48,045</b>	▲0.6%	▲0.1%	▲1.0%
RPK (MN passenger km)	38,069	<b>38,517</b>	+1.2%	▲0.0%	+2.4%
Passengers ('000)	8,080	<b>8,053</b>	▲0.3%	▲0.9%	+0.2%
L/F (%)	78.8%	<b>80.2%</b>	80.2%	79.8%	80.6%
Yield (1) (JPY)	11.8	<b>11.7</b>	▲0.8%	▲3.3%	+2.0%
Unit Revenue (2) (JPY)	9.3	<b>9.4</b>	+0.9%	▲3.2%	+5.5%
Revenue per Passenger (3) (JPY)	55,537	<b>55,915</b>	+0.7%	▲2.5%	+4.2%

Notes:

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



# 《Supplemental Reference》

## Earnings Forecast Mar/2017 ( Air transportation Segment )



JAPAN AIRLINES

### Domestic Passenger Operations

	Mar/2016 Results	Mar/2017 Forecast	y/y (%)		
			Full-year (Forecast)	1H (Forecast)	2H (Forecast)
Passenger Revenue (JPY Bn)	501.2	<b>503.0</b>	+0.3%	+0.8%	▲0.0%
ASK (MN seat km)	35,869	<b>35,860</b>	▲0.0%	▲1.3%	+1.3%
RPK (MN passenger km)	24,341	<b>24,193</b>	▲0.6%	▲0.3%	▲0.9%
Passengers ('000)	32,114	<b>31,962</b>	▲0.5%	+0.2%	▲1.1%
L/F (%)	67.9%	<b>67.5%</b>	67.5%	67.5%	67.4%
Yield (1) (JPY)	20.6	<b>20.8</b>	+1.0%	+1.0%	+0.9%
Unit Revenue (2) (JPY)	14.0	<b>14.0</b>	+0.4%	+2.1%	▲1.3%
Revenue per Passenger (3) (JPY)	15,609	<b>15,742</b>	+0.9%	+0.6%	+1.1%

Notes:

1. Yield = Passenger Revenue / RPK

2. Unit Revenue=Passenger Revenue / ASK

3. Revenue per Passenger = Passenger Revenue / Passengers

This contents contains descriptions of the future expectations, outlooks, objectives and plans etc. of Japan Airlines Co., Ltd. (hereafter "the company") and related Group companies (hereafter "the Group"). These are based on information available at the time when these materials were created by the company (or as otherwise specified), and are created based on the forecasts at such time. These statements were created based on certain assumptions. These statements and assumptions include the subjective projections and judgments of our management, and due to various risks and uncertainties, these may be found to be inaccurate or unrealized in the future. Therefore, the actual results, earnings and financial conditions, etc. of the Group may differ from the projections of the company. These risks and uncertainties include, but are not limited to, the economic and social conditions of Japan and other countries and regions, soaring fuel costs, changes in the exchange rates between the yen and the dollar or other currencies, terrorist attacks or wars, infectious disease outbreaks, and various other risks related to the aviation business.

Statements on this contents regarding future information are, as mentioned above, valid at the time of creation (or as otherwise specified), and our company has no obligation to ensure that this information is updated with the latest available information.

The information contained in this contents is for informational purposes only, and is not intended as a recommendation, solicitation or request for the purchase of or trade in any securities or financial products.

Although every effort has been made to ensure that the information posted on this contents regarding the Group is correct, it includes unaudited financial information for which we provide no guarantee of its accuracy, completeness, fairness or reliability. The Company does not have any responsibility for any damages resulting from the use of this contents.

It should be noted that all rights with this contents and other copyright of this material belongs to Japan Airlines Co., Ltd.