

JAPAN AIRLINES Co., Ltd.

Financial Results

MAR/2016 (FY2015)



April 28th, 2016



OVERVIEW OF FY3/16 RESULTS

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SUPPLEMENTAL REFERENCES

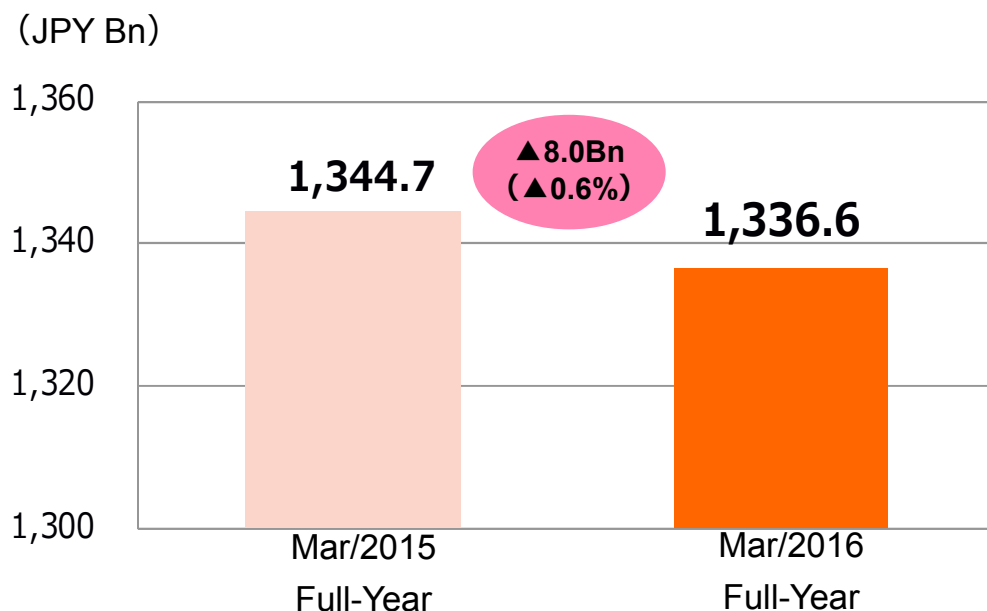
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Overview of Mar/2016 Financial Results

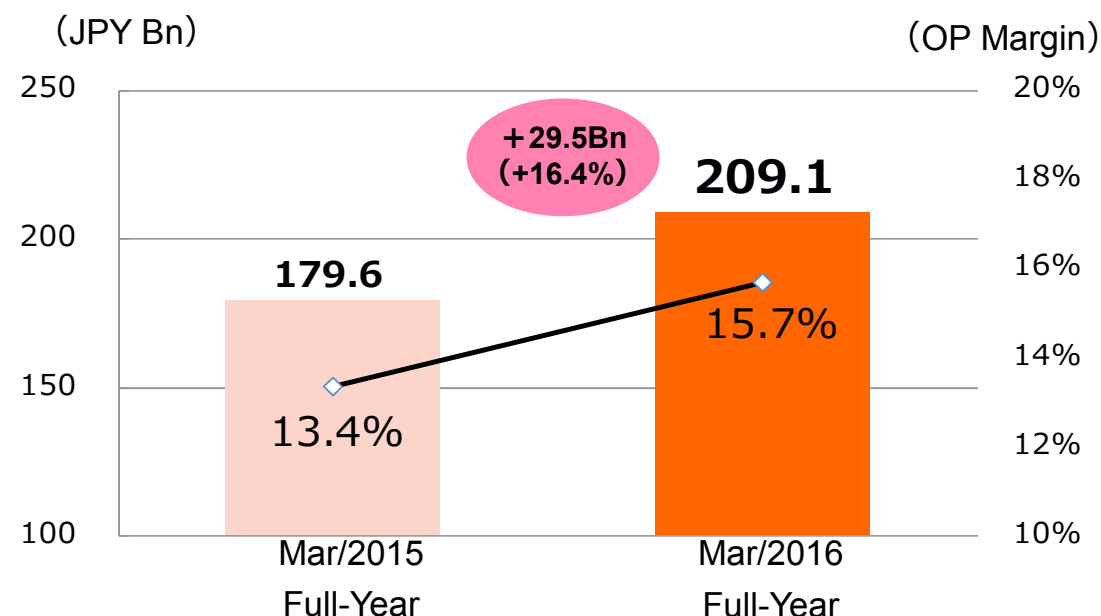


JAPAN AIRLINES

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.

- Operating revenue decreased by 0.6% year-on-year to 1 trillion 336.6 billion yen.
Operating profit increased by 16.4% year-on-year to 209.1 billion yen.
- When we announced our second-quarter financial results and Medium Term Management Plan, we had forecast an operating profit of 204 billion yen for fiscal 2015, but we were able to achieve an additional 5.1 billion yen in operating profit above our forecast owing to lower fuel prices and by increasing revenues and lowering costs.
- The operating profit margin was 15.7%, and we achieved our financial target of 10% or more for last fiscal year, too.

Dividend for Mar/2016



JAPAN AIRLINES

Dividend ⁽¹⁾

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

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

- As mentioned earlier, we will allocate approximately 25% of total net income attributable to owners of parent after deducting income tax deferred as the total dividend amount. Therefore, we will pay 120 yen per share for fiscal 2015, which is an increase of 16 yen from the previous fiscal year.

Progress of Management Targets

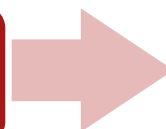


JAPAN AIRLINES

Targets

Flight Safety

Achieve Zero Aircraft Accidents¹ and Serious Incidents²

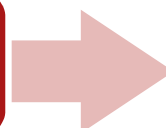


Progress

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

Customer Satisfaction

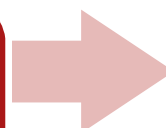
Achieve “No. 1 in Customer Satisfaction⁴” by Mar/2017



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

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.

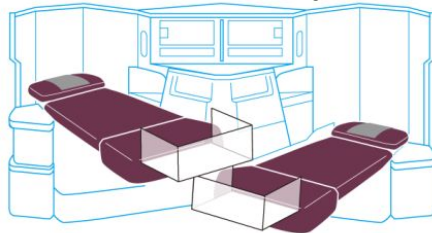
- I will explain the progress we have made with the three management targets set out in the Medium Term Management Plan.
- As for safety, we had one aircraft accident and three serious incidents in fiscal 2015.
In fiscal 2016, we aim for zero aircraft accident and zero serious incident and will maintain flight safety, which is the foundation for the JAL Group.
- Regarding customer satisfaction, our international passenger service ranked first in the Repeat Intention Rate for the third consecutive year, but it could not maintain its ranking in the Recommendation Intention Rate. Our domestic passenger service could not elevate its ranking in neither the Repeat Intention Rate nor the Recommendation Intention Rate. In fiscal 2016, we will do our best to improve our services and rank No. 1 in customer satisfaction.
- Our financial targets are to achieve an operating profit margin of 10% or above for five consecutive years and an equity ratio of 50% or above by the end of fiscal 2016.

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)

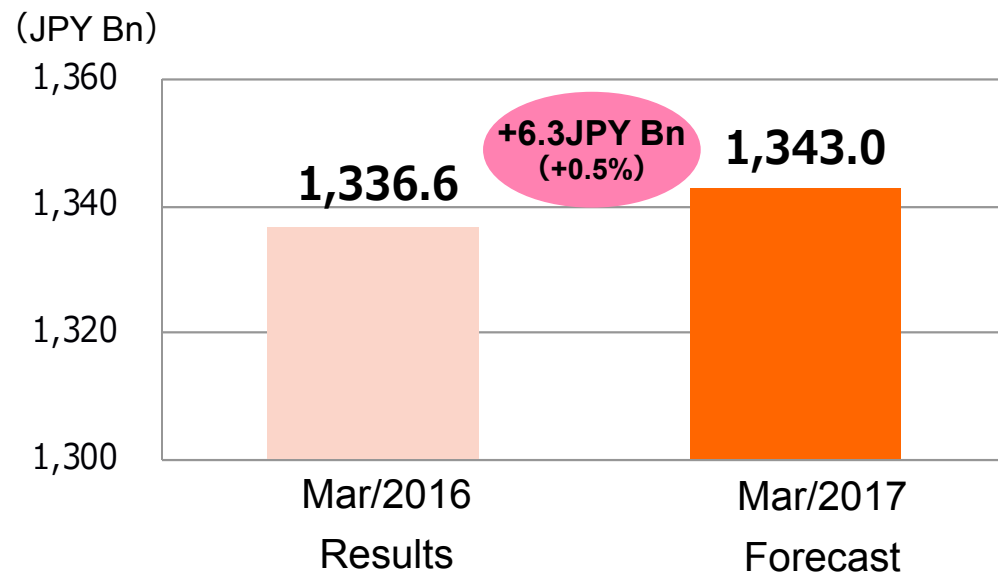
- In our route network, products and services, we revamped our international 777-200ER aircraft into the SKY SUITE Ⅲ (three), and will progressively introduce them on Bangkok, Singapore and Honolulu routes from July 2016. As a result, flights on almost all of our medium- and long-haul routes will be operated with SKY SUITE aircraft. Also, JAL Express Tag Service will be available for use at Sapporo, Osaka, Fukuoka and Okinawa airports, following Haneda airport.
- In recognition of contributing to career development of female staff, we were selected as a Health and Productivity Management Brand 2016 and Nadeshiko Brand by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange, as in the previous year.
- We have been cooperating in supporting victims of the 2016 Kumamoto Earthquake, which struck Kyushu Area on April 14.

Mar/2017 Earnings Forecast

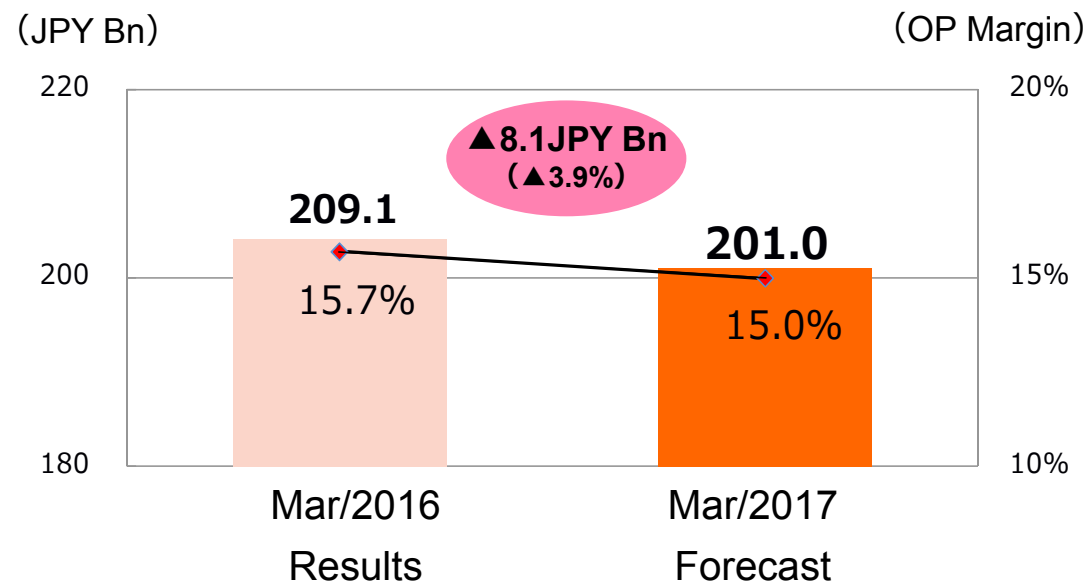


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Operating Revenue



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)	60.0	50.0	▲16.7%
	Dom. Flights	▲0.0%	Dubai Crude Oil (USD/bbl)	47.2	36.0	▲23.7%
	Total	▲0.3%	FX Rate (JPY/USD)	120.5	123.0	+2.1%

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

- We forecast operating revenue to increase by 6.3 billion yen to 1 trillion 343 billion yen, and operating profit to decrease by 8.1 billion yen to 201 billion yen. We project lower earnings on higher revenues, but will put forth group-wide efforts to achieve higher earnings led by higher revenues.
- The operating profit margin is estimated at 15.0%, and we expect to achieve our financial target of 10% or above again in the fiscal year ending March 31, 2017.
- We have not changed our earnings forecast for the fiscal year ending March 31, 2017 from the one announced on February 18, 2016.

Overview of Consolidated Financial Results



JAPAN AIRLINES

Consolidated Financial Results

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

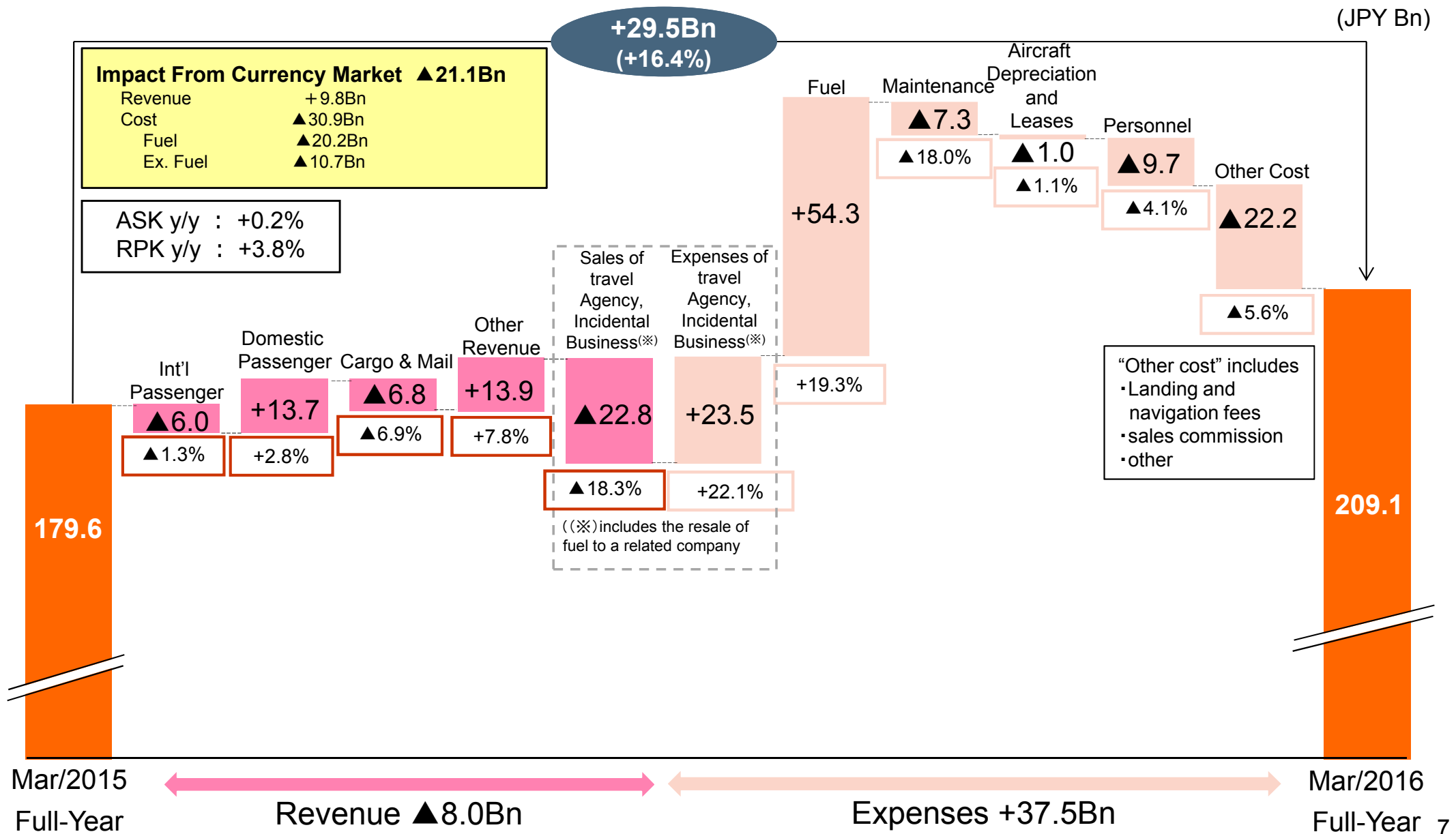
- Operating revenue decreased by 0.6% year-on-year to 1 trillion 336.6 billion yen.
- Operating expense decreased by 3.2% year-on-year to 1 trillion 127.4 billion yen, mainly due to a sharp drop in fuel prices. We will continuously strive to maximize revenues and minimize expenses.
- As a result, operating profit for fiscal 2015 was 209.1 billion yen, operating profit margin was 15.7%, and EBITDAR margin was 24.0%.

Changes in Operating Profit



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Mar/2016 Full-Year



- In revenue, domestic passenger operations enjoyed strong demand, but both international passenger and international cargo revenues decreased to result in a decline of total 8 billion yen revenue from the previous year.
- International passenger revenue decreased by 6 billion yen due to the decrease in fuel surcharge revenue, though passenger numbers grew due to strong inbound demand. Domestic passenger revenue increased by 13.7 billion yen year-on-year, as passenger numbers grew due to changes in customer mix through revenue management and measures to stimulate demand.
- Expenses declined by 37.5 billion yen year-on-year due to a sharp drop in fuel prices.

International Passenger Operations (Operating Results)



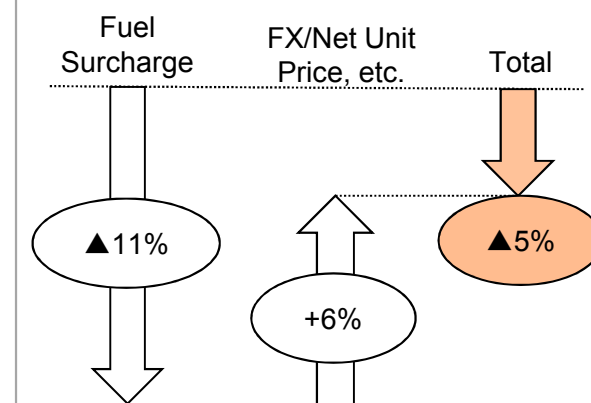
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International Passenger

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

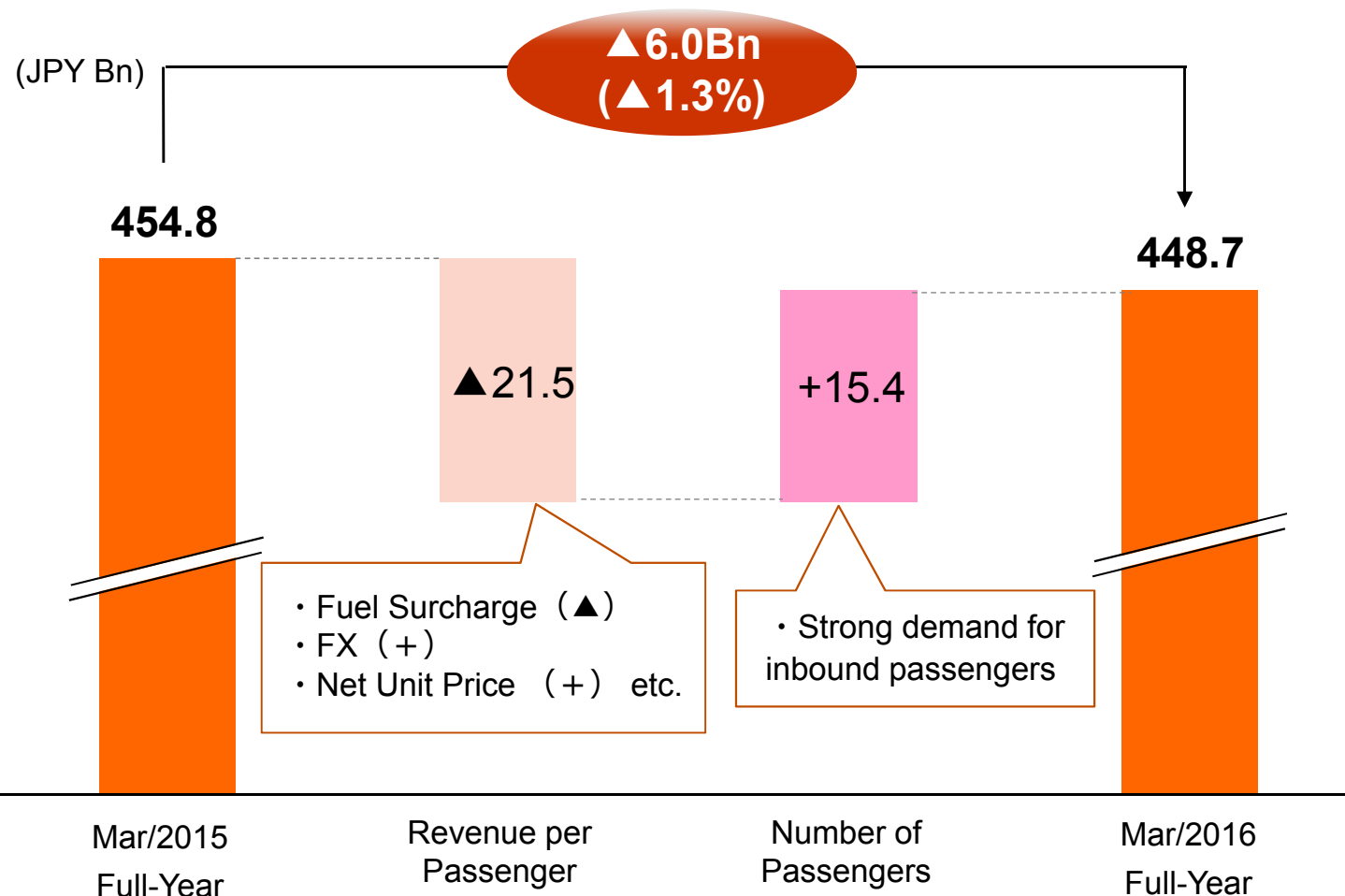
- ASK on international routes increased by 1.3% year-on-year and RPK increased by 5.4%.
As a result, the load factor rose by 3.1 percentage points to 78.8%.
- Revenue per passenger decreased by 4.8%, but as seen in the chart in the lower right corner, taking into account that unit revenue declined by approximately 11% due to the decrease in fuel surcharge revenue, unit revenue is calculated to have risen around 6% excluding fuel surcharge.

International Passenger Operations (Change in Revenue)



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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.

- When examining international passenger revenue by factor, the decrease in fuel surcharge revenue drove down revenue by 21.5 billion yen, but net unit revenue increased through revenue management as shown by the arrow on the right on page 8.
- Passenger numbers uplifted revenue by 15.4 billion yen due to thriving inbound demand, mainly on North America, Southeast Asia and China routes.
- As a result, international passenger revenue decreased by 6 billion yen year-on-year to 448.7 billion yen.

Domestic Passenger Operations (Operating Results)



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Domestic Passenger

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

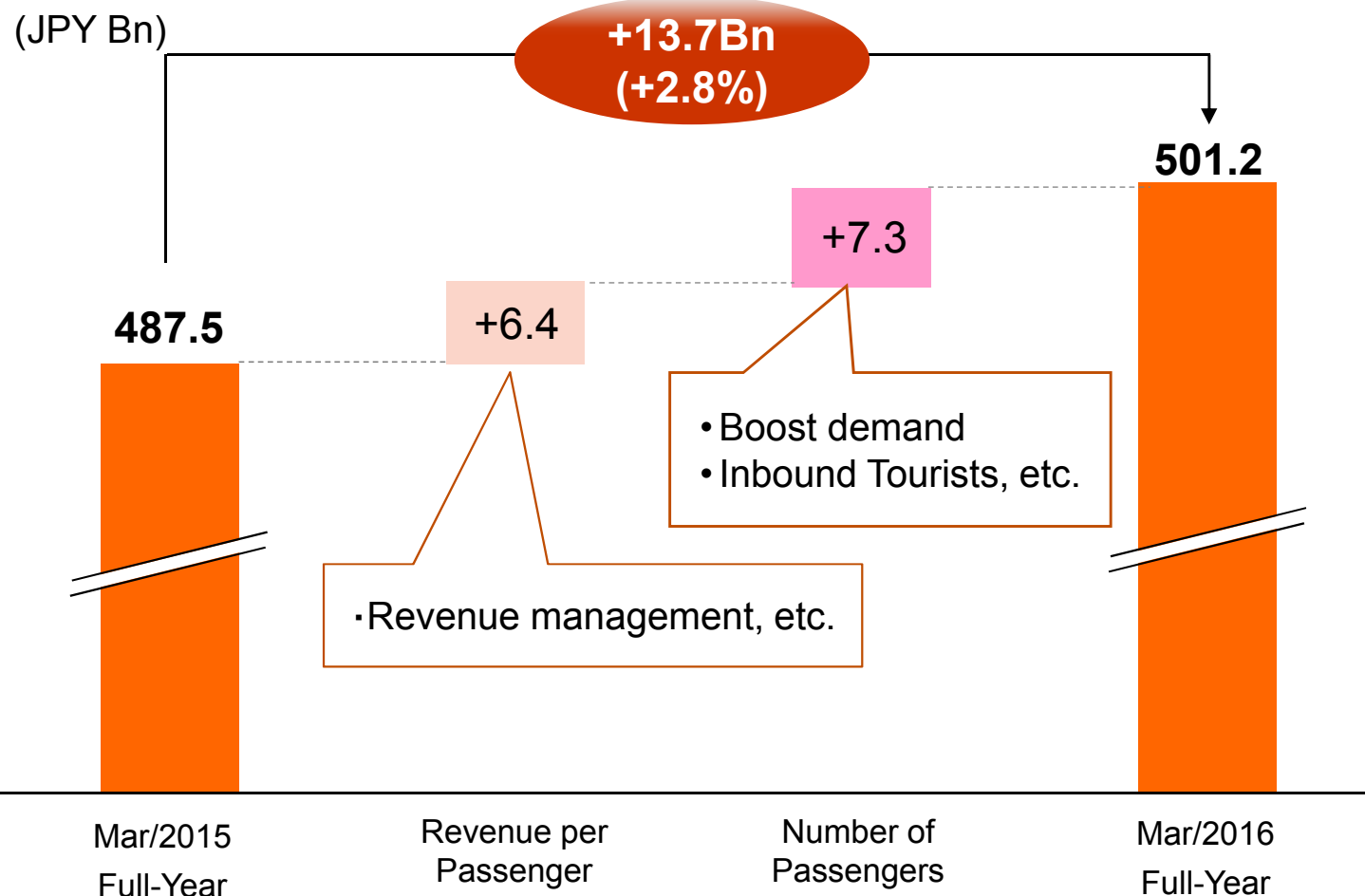
- ASK on domestic routes decreased by 1.2% year-on-year, but RPK increased by 1.5%.
As a result, the load factor increased by 1.8 percentage points year-on-year to 67.9%.
- Through revenue management and measures to boost demand, yield increased by 1.3% year-on-year and unit revenue increased by 1.3%. As a result, domestic passenger revenue increased by 2.8% year-on-year to 501.2 billion yen.

Domestic Passenger Operations (Change in Revenue)



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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.

- By factor, revenue per passenger uplifted revenue by 6.4 billion yen year-on-year due to changes in customer mix through revenue management.
- Passenger numbers uplifted revenue by 7.3 billion yen year-on-year due to the new Ultra Sakitoku discount fare and increasing inbound passengers demand, although ASK decreased by 1.2% year-on-year.

Major Operating Expense Items



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Operating Expenses

(JPY Bn)	Mar/2015	Mar/2016	difference	y/y	4Q (Jan-Mar) Mar/2016 ⁽¹⁾	difference	y/y
Fuel	282.5	228.1	▲54.3	▲19.3%	47.4	▲12.0	▲20.2%
Landing and navigation fees	81.6	82.2	+0.6	+0.7%	20.0	▲0.2	▲1.4%
Maintenance	40.6	47.9	+7.3	+18.0%	10.3	+0.5	+5.5%
Sales Commissions (Air Transport)	24.3	24.4	+0.1	+0.7%	5.9	▲0.2	▲4.8%
Aircraft Depreciation	67.4	72.2	+4.7	+7.1%	18.4	+1.3	+7.7%
Aircraft Leases	27.2	23.4	▲3.7	▲13.7%	5.5	▲2.0	▲27.3%
Personnel	240.2	249.9	+9.7	+4.1%	62.9	+1.6	+2.7%
Expenses of travel agency / Incidental business etc ⁽²⁾	106.6	83.1	▲23.5	▲22.1%	19.0	▲5.4	▲22.2%
Other	294.3	315.8	+21.4	+7.3%	84.3	+9.7	+13.1%
Total Operating Expenses	1,165.0	1,127.4	▲37.5	▲3.2%	274.0	▲6.8	▲2.4%

✓ Although increase in some cost items due to the weak yen and service enhancements, we will maintain cost reduction initiatives.

✓ 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).

✓ Increase in maintenance costs due to the weak yen.

✓ Personnel costs increased by 9.7 billion yen, due to increase in wages, bonuses and exchange rates, etc.

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

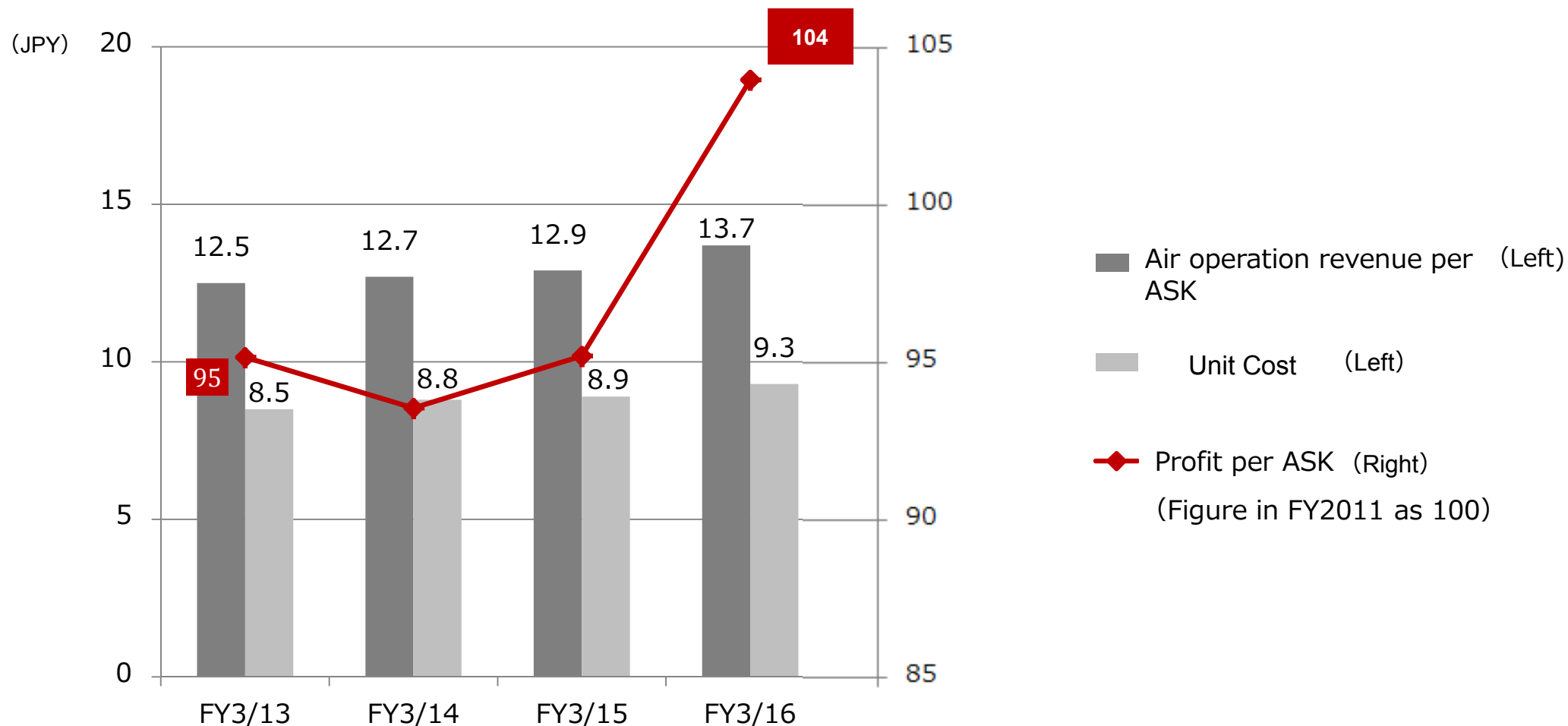
- Fuel costs decreased by 54.3 billion yen to 228.1 billion yen. We will explain in detail on page 14.
Maintenance costs increased, mainly due to the weaker yen.
Personnel costs increased by 9.7 billion yen year-on-year due to increases in basic wage and bonuses, exchange rates, and such.
- The decrease in costs relating to travel agency and trading is attributed to a significant decrease in trading of aircraft parts by a maintenance subsidiary, and the change to net accounting last fiscal year for reselling of fuel to a related airline. For FY2016 onwards, there would be no such changes.
- Other costs increased by 21.4 billion yen, mainly due to cost increases for service enhancements and the weaker yen.
- Operating expenses on the whole decreased by 3.2% year-on-year to 1 trillion 127.4 billion yen.
We will continue our efforts to reduce costs.

Maximizing Profit per ASK



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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)

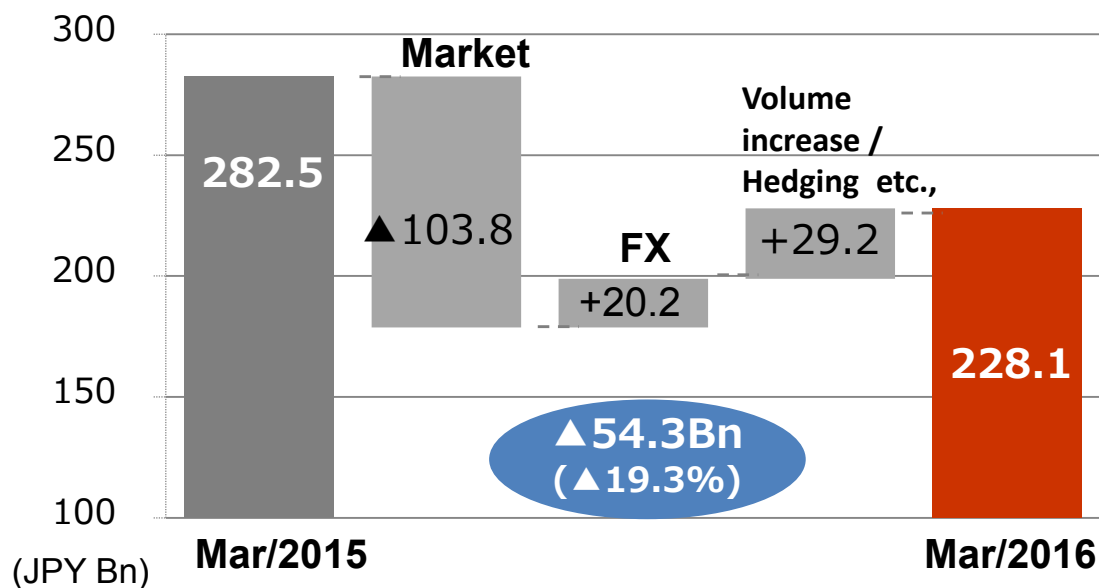
- As we have emphasizing service quality (as we have not been increasing ASK so much), we have focused on expenditures to improve services for the customers, and Unit Cost has increased. However, we will pursue efforts to improve cost-efficiency.
- Air transport revenue per ASK excluding fuel surcharge revenue and fuel reselling revenue increased beyond the increase in Unit Cost, and we achieved an increase in profit per ASK. Profit per ASK for the fiscal year ended March 31, 2016 is 104, with the index set to 100 in fiscal 2011.

Impact of Fuel and FX Markets



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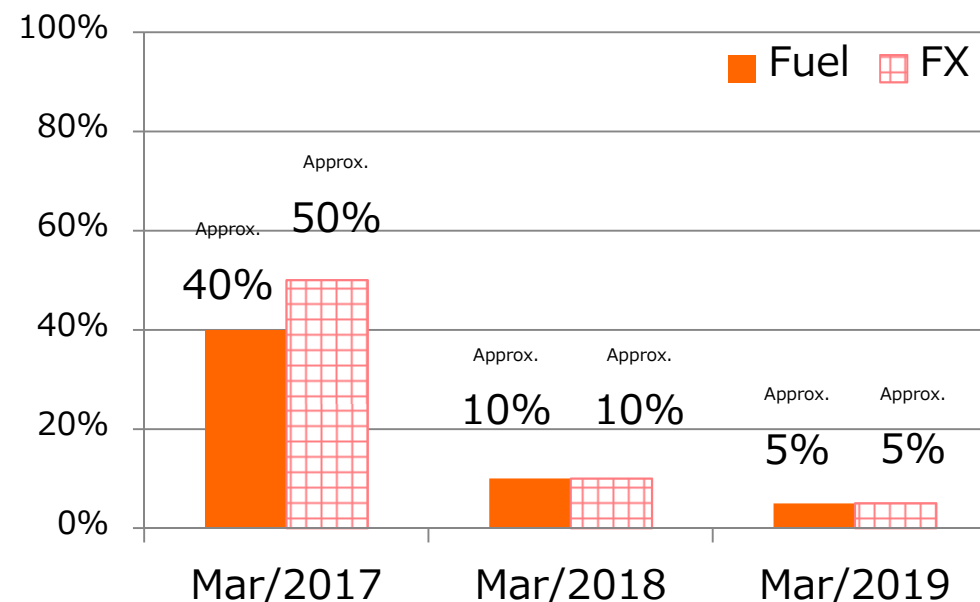
Transition of Fuel Cost by factors



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

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

- The chart in the upper left corner shows the factors for decrease in fuel costs. Although the fuel costs decreased by 103.8 billion yen year-on-year due to lower fuel prices, the weaker yen drove fuel costs upward by 20.2 billion yen, and loading volume and gains and losses on hedging, by 29.2 billion yen. As a result, fuel costs decreased by 54.3 billion yen from the previous year.
- The hedging ratio of fuel costs is shown in the chart in the upper right corner.
- The hedging ratio of foreign currency for fuel costs for fiscal 2016 was estimated to be 60% when we announced the Medium Term Management Plan, but as a result of recalculation, it is estimated to be 50%.

Major Balance Sheet Items



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Consolidated Balance Sheet Summary as of Mar/2016

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

- The balance of interest-bearing debt decreased by 7.9 billion yen from the previous fiscal year-end to 92.6 billion yen after repaying long-term loans and lease obligations.
- Off balance unexpired lease fees decreased by 28.1 billion yen from the previous year to 96.9 billion yen.
- The equity ratio was 53.4%, up 0.7 percentage points from the previous year, as a result of posting net profit. As we changed the preconditions of calculating projected benefit obligations, retirement benefit obligations increased by approximately 50 billion yen, and net assets decreased accordingly.

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
Cash Flow from Operating Activities	261.1	312.3	+51.2
Capital Expenditure ⁽¹⁾	▲198.6	▲210.6	▲12.0
Other	▲0.6	3.4	+4.0
Cash Flow from Investing Activities ⁽²⁾	▲199.2	▲207.2	▲7.9
Free Cash Flow⁽³⁾	61.8	105.1	+43.2
Repayment of Interest-bearing Debt ⁽⁴⁾	▲51.1	▲33.3	+17.7
Cash Dividend, Other	▲16.2	▲16.2	▲0.0
Cash Flow from Financing Activities	▲67.3	▲49.6	+17.6
Total Cash Flow ⁽⁵⁾	▲5.4	55.5	+60.9
EBITDA	265.5	297.7	+32.1
EBITDAR	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

- Cash flow from operating activities increased by 51.2 billion yen year-on-year to 312.3 billion yen.
- Cash flow from investing activities shows a cash outflow of 207.2 billion yen, resulting in an increase of 7.9 billion yen year-on-year.
- Cash flow from financing activities shows a cash outflow of 49.6 billion yen for repaying interest-bearing debt and paying dividends, to result in a cash inflow of 55.5 billion yen in total.

Mar/2017 Earnings Forecast (Consolidated)



JAPAN AIRLINES

Consolidated Financial Results

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

Operational Preconditions

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

* y/y

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

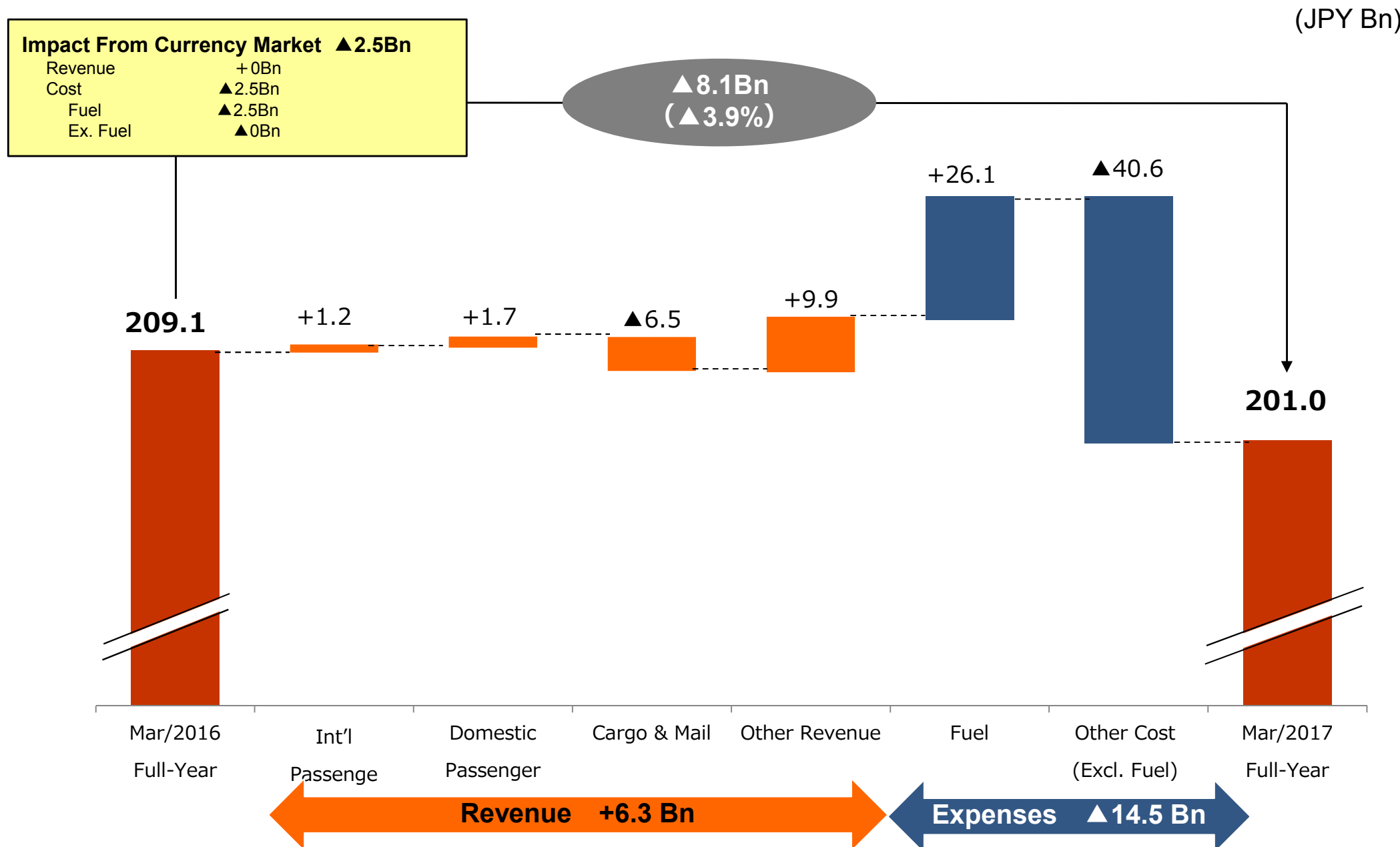
4. Due to application of new tax effect accounting guideline, we expect to report about 30.0 billion yen of income tax deferred at the end of Mar/2017. However, income tax deferred to be deducted from the calculation of dividend.

- As explained earlier, we estimate operating revenue to increase by 6.3 billion yen to 1 trillion 343 billion yen for the fiscal year ending March 31, 2017.
- Operating profit is estimated to decrease by 8.1 billion yen to 201 billion yen, and ordinary income to decrease by 16.2 billion yen to 193 billion yen. However, we will continuously put in efforts throughout the JAL Group to achieve higher earnings on higher revenues.
- Net income is projected to increase by 17.5 billion yen to 192 billion yen by posting income tax deferred.
- Regarding market assumptions, we expect 50 U.S. dollars per barrel for Singapore kerosene, and an exchange rate of 123 yen per U.S. dollar.

Changes in Operating Profit/ Forecast Mar/2017



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- We will strive to increase revenues by raising unit revenue of international and domestic passengers, although we may see a decrease in fuel surcharge revenue.
- As for expenses, fuel costs are expected to decrease by 26.1 billion yen, but personnel costs are projected to increase by 21 billion yen year-on-year, as we will make focused investments to strengthen our basis for growth to achieve sustainable growth. As a result, costs excluding fuel costs are expected to increase by 40.6 billion yen.
- Operating profit for the fiscal year ending March 31, 2017 is estimated to decrease by 8.1 billion yen year-on-year to 201 billion yen, but we will continue to strive to improve our earnings.

Mar/2017 Earnings Forecast (Consolidated Balance Sheet)



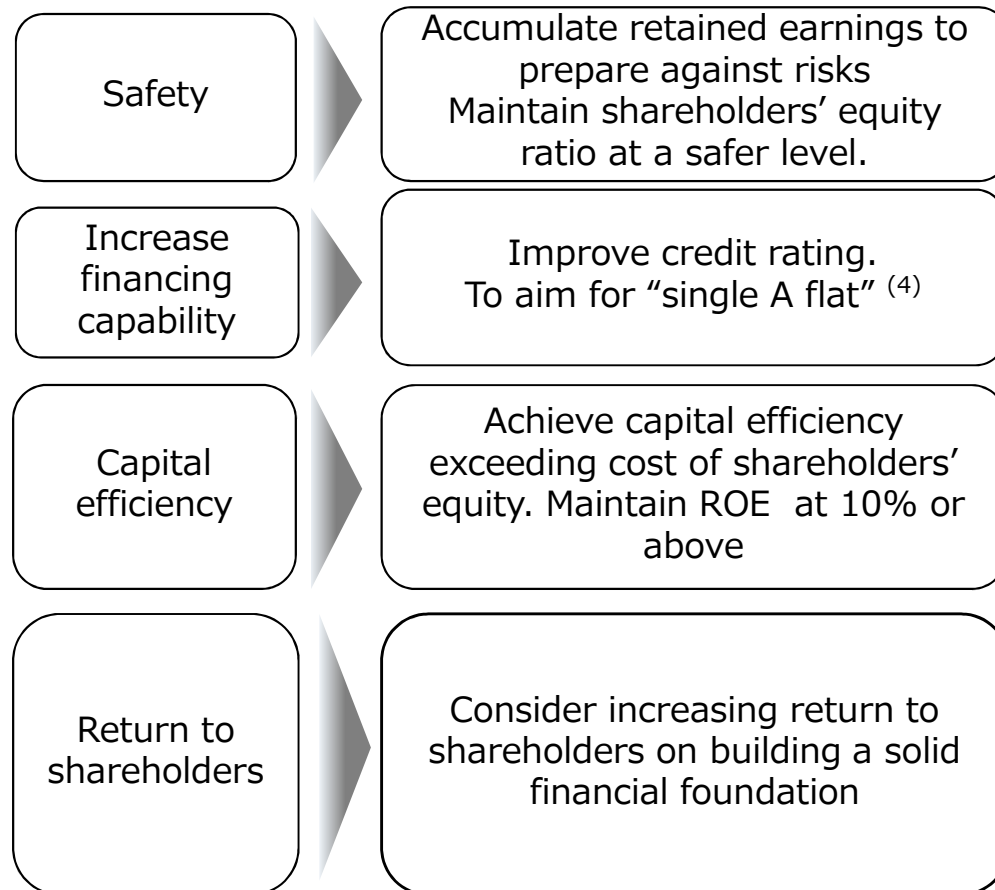
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We aim to improve our credit rating, maintain shareholder's equity ratio of 50% or above, and increase financial stability.

Balance Sheet

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

- Interest-bearing debt is seen to decrease by 4.6 billion yen to 88 billion yen at the end of fiscal 2017 after repaying lease obligations and long-term loans.
- Shareholders' equity is estimated to reach 1 trillion 35 billion yen, as we expect to post approximately 30 billion yen in income tax deferred at the end of fiscal 2016. As a result, the equity ratio is expected to rise up to 58.8%.

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	268.0	▲44.3
Cash Flow from Investing Activities ¹	▲207.2	▲ 243.0	▲35.7
Free Cash Flow ¹	105.1	25.0	▲80.1
Cash Flow from Financing Activities	▲49.6	▲ 50.0	▲0.3
EBITDA	297.7	298.0	+0.2
EBITDAR	321.1	318.0	▲3.1

Use of cash flows (Mar/2017)

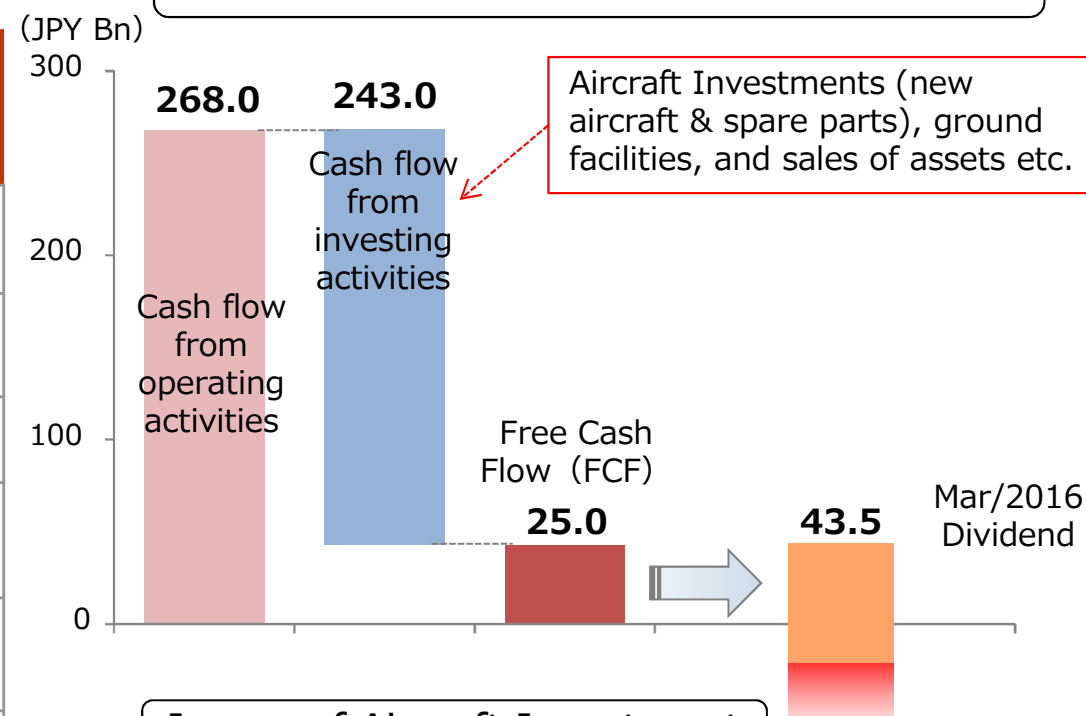
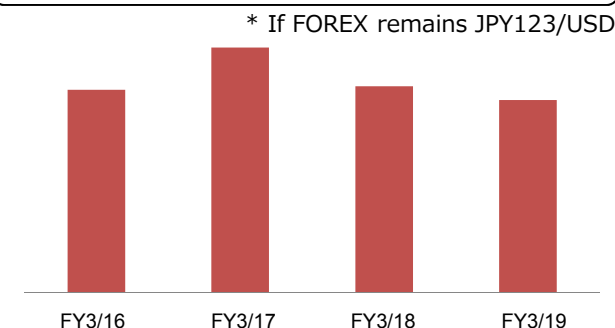


Image of Aircraft Investment



Utilization of Cash (repayment of debt etc.)

1. Exclude deposits and withdrawals from deposit accounts

- Cash flow from operating activities is seen to decrease by 44.3 billion yen year-on-year due to an increase in corporate tax payment, and shows a cash inflow of 268 billion yen. In cash flow from investing activities, we will be taking delivery of many aircraft in fiscal 2016 and expect an increase in expenditures of 35.7 billion yen year-on-year, resulting in a cash outflow of 243 billion yen.
- As a result, free cash flow is projected to decrease by 80.1 billion yen compared to the year before, and amount to 25 billion yen.
- In the fiscal year ending March 31, 2017, free cash flow will be less than total dividend. But we will strictly control cash flows so that from next fiscal year we can cover dividends, repayment of loans, and funds for strategic investments through free cash flow.
- For your reference, at the end of the material, we have provided results of international passenger revenue by major routes, a list of aircraft in our fleet, and our earnings forecast of our international and domestic passenger businesses for the fiscal year ending March 31, 2017. We would appreciate it if you could refer to the information.

Fly into tomorrow.



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《Supplemental Reference》

Revenue of International Routes by Geographic segment



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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
TOTAL	185	39	224	191	35	226	+2

《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	450.0	+0.3%	▲3.3%	+4.4%
ASK (MN seat km)	48,327	48,045	▲0.6%	▲0.1%	▲1.0%
RPK (MN passenger km)	38,069	38,517	+1.2%	▲0.0%	+2.4%
Passengers ('000)	8,080	8,053	▲0.3%	▲0.9%	+0.2%
L/F (%)	78.8%	80.2%	80.2%	79.8%	80.6%
Yield (1) (JPY)	11.8	11.7	▲0.8%	▲3.3%	+2.0%
Unit Revenue (2) (JPY)	9.3	9.4	+0.9%	▲3.2%	+5.5%
Revenue per Passenger (3) (JPY)	55,537	55,915	+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	503.0	+0.3%	+0.8%	▲0.0%
ASK (MN seat km)	35,869	35,860	▲0.0%	▲1.3%	+1.3%
RPK (MN passenger km)	24,341	24,193	▲0.6%	▲0.3%	▲0.9%
Passengers ('000)	32,114	31,962	▲0.5%	+0.2%	▲1.1%
L/F (%)	67.9%	67.5%	67.5%	67.5%	67.4%
Yield (1) (JPY)	20.6	20.8	+1.0%	+1.0%	+0.9%
Unit Revenue (2) (JPY)	14.0	14.0	+0.4%	+2.1%	▲1.3%
Revenue per Passenger (3) (JPY)	15,609	15,742	+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

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