

”Financial Results for the 1<sup>st</sup> quarter of FY2016”

Principal Q&A

◆International Passenger

Q1: What is the reason why FX / Net Unit Price contributed to a 3% increase in Revenue per Passenger? Is this as projected?

A1: Revenue per Passenger declined by 7% from the previous year. Considering Fuel Surcharge revenue contributed to a 10% decrease in Revenue per Passenger, Revenue per Passenger excluding Fuel Surcharge was estimated to rise by 3%, which was as projected.

Q2: Why did the factor of “Number of Passengers” decrease International Passenger Revenue by 2.0 JPY billion?

A2: Because the outbound passenger demand from Japan stood below the previous year level while the inbound passenger demand continued to be strong mainly on the Southeast Asian routes.

◆Changes in Operating Profit

Q3: What was the effect by FX out of 14.8 JPY billion decrease y/y in Operating Revenue?

A3: It was 3.7 JPY billion decrease owing to the stronger JPY.

Q4: What is the reason why the Maintenance & Personnel Costs increased?

A4: Maintenance costs increased by 2.6 JPY billion because the engine maintenance increased. Personnel costs increased by 6.3 JPY billion due to the focused expenditures to strengthen our basis of growth.

◆Future measures to improve our profitability

Q5: What will be further actions to take to accomplish the financial target?

A5: We will aim to reach our target of Operating Profit with the following measures:

- a. Increase non-scheduled additional flights for International Passenger
- b. Allocate larger aircraft on higher demand domestic routes to increase revenue
- c. Review expenses for outsourced services, etc.
- d. Cost reductions through pursuing Divisional Profitability Management System