”Financial Results for the second quarter of FY2016”

Principal Q&A

■Revised Consolidated Financial Forecast for FY Mar/17

Q1 : JAL has revised operating profit forecast down 31 billion yen. Would you specify its reasons?

A1 : Revenues are expected to decline 63 billion yen. This is because international passenger revenue is expected to decline 37 billion yen in total, with a breakdown of 22 billion yen attributed to fuel surcharge and exchange rates and 15 billion yen due to a decrease in number of passengers and revenue per passenger. Domestic passenger revenue is seen to decline 7 billion yen due to falling revenue per passenger, although an increase in number of passengers is expected. Cargo and mail revenue is expected to decline 9 billion yen due to effects of fuel surcharge and exchange rates. Together with the cost reductions of 32 billion yen, we expect operating profit to end 31 billion yen lower than the previous forecast.

■International Passenger

Q2 : What was the passenger demand by route like?

A2 : Inbound passenger demand was strong mainly on transpacific and Southeast Asia routes.

■Domestic Passenger

Q3 : What was the reason why revenue per passenger declined in the second quarter?

A3 : Revenue per passenger declined by 1.6% due to price competition with another airline and the way the days of holidays in September fell on the calendar.

■Shareholder returns

Q4 : Why have you just decided the share repurchase?

A4 : Our shareholders’ equity ratio at the fiscal year-end is expected to reach approximately 60%, which is our target ratio. We have decided to acquire up to 30 billion yen of our own shares with the aim to increase capital efficiency and flexibly enhance returns to our shareholders according to the needs of our shareholders and investors.

Q5 : What is the dividend forecast for this fiscal year?

A5 : We will disclose our dividend forecast when our earnings forecast becomes clearer.