

JAPAN AIRLINES Co., Ltd.

Financial Results

3rd Quarter Mar/2017 (FY2016)



January 31st, 2017



OVERVIEW OF 3RD QUARTER FY2016 RESULTS

P.1



DIVIDEND FORECAST

P.3



RECENT TOPICS

P.6



DETAILS OF 3RD QUARTER MAR/17 FINANCIAL RESULTS

P.7~



REFERENCES

From the first quarter of this fiscal year, figures for Revenue Passengers Carried, ASK, RPK and Load Factor include “Marketing Carriers’ on code-sharing flights operated by JAL”. As a result, second-quarter ASK, RPK and Load Factor of the previous year reflect values after this change.



JPX-NIKKEI 400

2016年度選定



2016
攻めのIT経営銘柄
Competitive IT Strategy Company



健康経営銘柄 2016
Health and Productivity

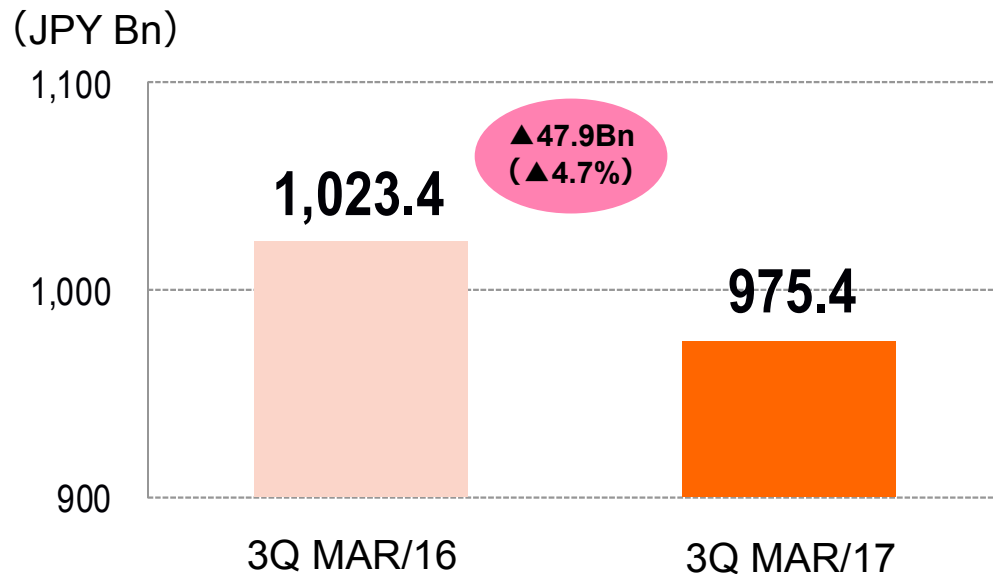
2016
Institutional Investor
ALL-JAPAN EXECUTIVE TEAM
MOST HONORED COMPANY

Overview of 3rd quarter FY FY2016 Results

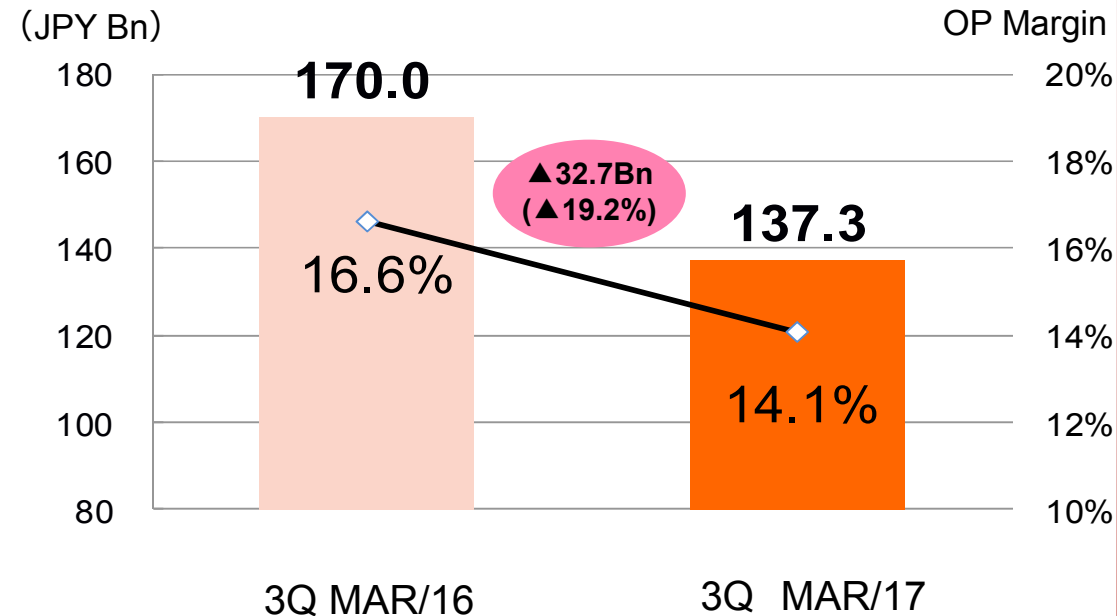


JAPAN AIRLINES

Operating Revenue



Operating Profits



Fuel/FX Markets

	3Q MAR/16	3Q MAR/17	y/y
FX Rate (JPY/USD)	121.6	106.4	▲12.4%
Singapore Kerosene (USD/bbl)	65.9	54.5	▲17.2%
Dubai Crude Oil (USD/bbl)	52.8	43.0	▲18.6%

- ✓ Operating profit declined 19.2% year-on-year to 137.3 billion yen due to a decrease in domestic passenger revenue caused by the Kumamoto earthquakes, rising maintenance costs and an increase in personnel costs for focused investments in human resources to strengthen the foundations of growth.
- ✓ The operating margin was 14.1%, which exceeds our operating margin target of at least 10%.

FY2016 Consolidated Earnings Forecast(Not Changed)



JAPAN AIRLINES

✓ Maximizing the profit to achieve the target rather than revising the forecast

Aforementioned on October 31st,2016

Consolidated Financial Results & Forecasts

(JPY Bn)	FY2015 Results	FY2016 Forecast
Revenue	1,336.6	1,280.0
Int'l Passenger	448.7	413.0
Dom. Passenger	501.2	496.0
Cargo & Mail	91.5	76.0
Other	295.0	295.0
Expenses	1,127.4	1,110.0
Fuel	228.1	193.0
Other Costs	899.3	917.0
Operating Profit	209.1	170.0
Operating Profit Margin(%)	15.7%	13.3%
Ordinary Income	209.2	163.0
Net Income ⁽¹⁾	174.4	161.0⁽³⁾
Unit Cost (JPY) ⁽²⁾⁽⁴⁾	9.1	9.3

Operational Preconditions

	FY2015 Result	FY2016 Forecast
ASK ⁽⁴⁾ Int'l	+1.3%	+0.4%
Doms	▲1.2%	▲0.7%
TOTAL	+0.2%	▲0.0%
RPK ⁽⁴⁾ Int'l	+5.4%	+0.9%
Doms	+1.5%	+0.3%
TOTAL	+3.8%	+0.7%
Singapore Kerosene(USD/bbl)	60.0	54.5 (2 nd H 56.0)
Dubai Crude Oil (USD/bbl)	47.2	42.9 (2 nd H 44.0)
FX (JPY/USD)	120.5	106.4 (2 nd H 106.0)

1. Net income attributable to owners of the parent

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

3. 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.

4. From the first quarter, ASK and RPK include "JAL operated code-share flights marketed by other airlines" in calculations. Therefore, the figures of the result of the previous year and the previous forecast are adjusted.

FY2016 Dividend Forecast



JAPAN AIRLINES

Dividend forecast for FY2016

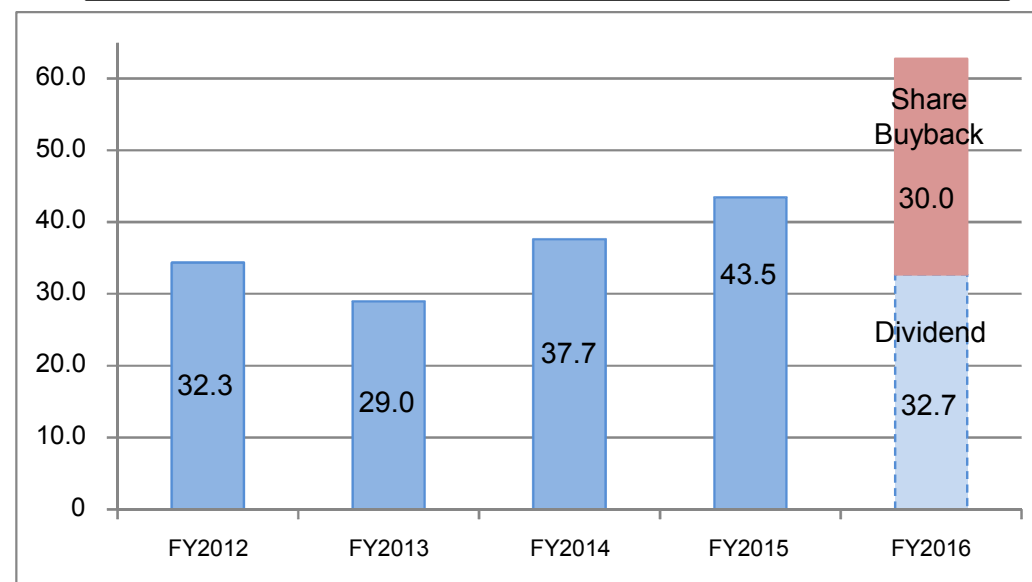
Appx. 25% of Net Income*¹ for the fiscal year excluding Income Tax-Deferred

	FY2015 Results	FY2016 Forecast
Net Income* ¹ (JPY Bn)	174.4	161.0
Income Tax-Deferred (JPY Bn)	▲0.4	▲30.0
	174.0	131.0
	× 25%	× 25%
Total amount for dividends (JPY Bn)	43.5	32.7
Total number of shares issued(exc. Treasury stock) ('000)* ²	362,567	356,328*²
Dividends per share (JPY)	120	92

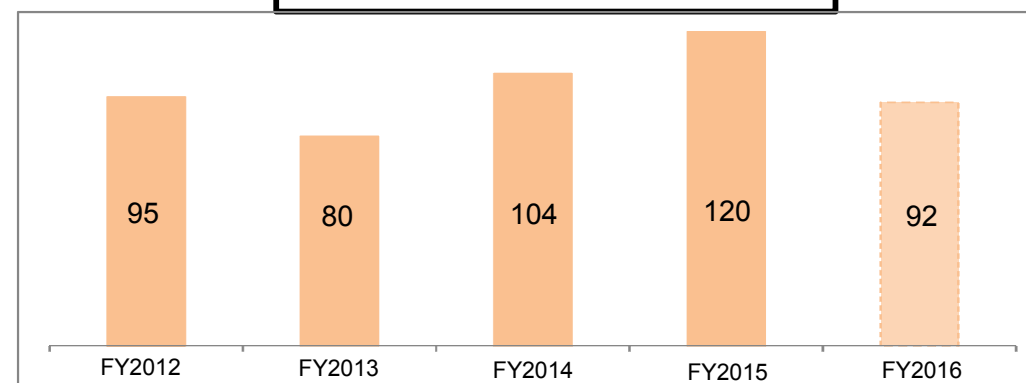
*1 Net Income Attributable to owners of the parent

*2 excluding share buyback completed as of the end of December 2016 only.

Total amount for shareholder's return (JPY Bn)



Dividends per share (JPY)



Progress of measures to improve profitability



JAPAN AIRLINES

Reinforce Divisional Profitability Management System and maximize profits

Measures to increase revenue

		FY2016Q2	FY2016 2 nd Half
Int'l Passenger	Increase unscheduled flights		Increase flights on Honolulu and Bangkok routes
	Implement measures to boost demand		Boost demand for Premium Economy
Domestic Passenger	Measures to increase revenue	Boost demand through Sakitoku, Dynamic Package Capture corporate demand through JAL SKY NEXT, capture inbound demand	
	Balance demand and supply	Flexible aircraft assignment according to demand	
Other Revenue	Incidental Business		Increase ground handling services, etc.
	Increase travel sales turnover	Capture "Fukko Discount" program demand	

Measures to increase cost-effectiveness

		FY2016Q2	FY2016 2 nd Half
Sales promotion	Reduce mileage costs	Promote redemption of miles through award tickets	
Maintenance	Review maintenance costs		Reduce maintenance costs by improving quality
Administration	Reduce facility related costs		Change repair scheduling, etc.
General	—	Review entrusted service costs	

Business Direction from FY2017

※Reprints of CRP2016 Material



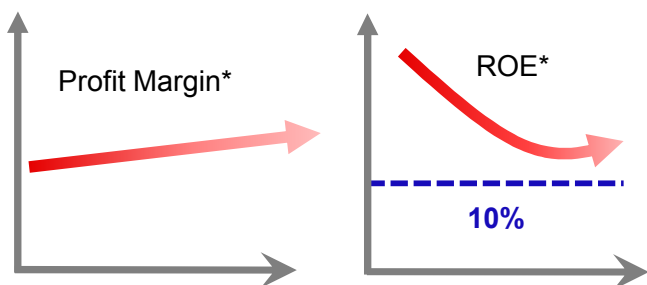
JAPAN AIRLINES

Medium and long term Management Targets from FY2017 ~To increase corporate value~

We will appropriately respond to passenger demand growth and continue to grow based on profitability and stability, and thus increase corporate value

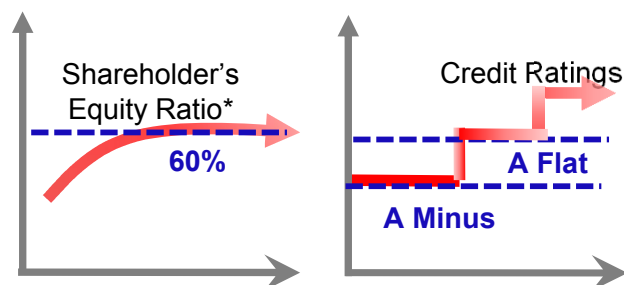
Profitability

- Pursue profitability, not merely business scale
- Review asset efficiency and capital efficiency



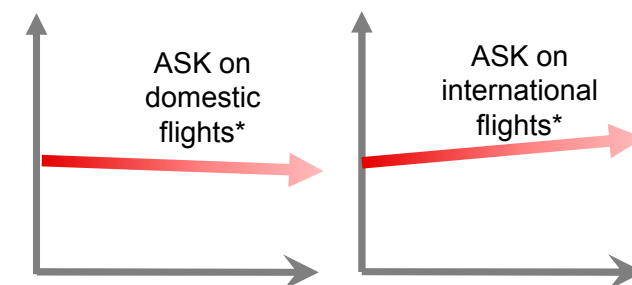
Stability

- Maintain shareholder's equity ratio at appropriate level to balance financial stability and capital efficiency
- Improve credit rating



Growth

- Capacity strategy with maintaining profitability
- Introduce fuel-efficient next generation aircraft



*Will be announced around the end of April, 2017.

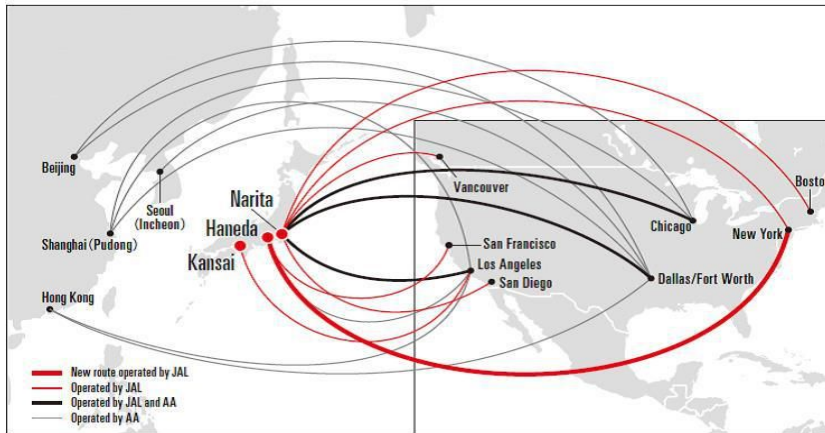
What to plan in Medium Term Management Plan* from FY2017

- Build business operation structure to respond to expected slot increase at Tokyo metropolitan airports
- Consider and take action to medium and long term management issues
- Smoothly introduce next generation aircraft (787, A350, MRJ, etc.)

Route Networks & Services

INT

- ✓ Tokyo(Haneda)=New York(J.F. Kennedy) route will be in service from April 1st,2017



DOM

- ✓ **JAL SKY NEXT is expanding onto more routes**
 - Installment of JAL SKY NEXT has been completed on all 77 aircraft.
 - Additional installment on Japan Transocean Air(JTA)is now in progress
- ✓ **Routes operated by Embraer190 with class J is expanding**
 - Mainly on routes from/to Osaka(Itami)
- ✓ **ATR42-600 is now in operation**
 - Mainly operated within inter-islands routes in Kagoshima prefecture.



Other

~JAL is the World's Best Airline for On-time Flights~

- ✓ Asia-Pacific Major Airlines: 1st



- ✓ Airline Alliance: 1st (oneworld Alliance)

~JAL is ranked No.1 for "Loyalty" for 4 consecutive years and No.1 for "Customer Satisfaction" in JCSI* Survey~

*Japan Customer Satisfaction Index

(shows previous year)	International	Domestic
Loyalty(repeat intention)	1st(1st)	3rd(5th)
Recommendation Intention	1st(2nd)	3rd(3rd)



- ✓ **JAL started joint business with IBERIA**

• IBERIA joined JAL, British Airways and Finn Air in joint business on flights between Europe and Japan

- ✓ **"Dokokani Mile" is now available**

• Random free trip out of four possible destinations is offered with only 6,000miles



Consolidated Financial Results



JAPAN AIRLINES

Consolidated Financial Results 3rd Quarter Mar/17

(JPY Bn)	3Q FY2015	3Q FY2016	Diff.	y/y ratio	3 rd Quarter (Oct-Dec) ⁽⁵⁾	Diff.	y/y ratio
Revenue	1023.4	975.4	▲47.9	▲4.7%	323.5	▲11.9	▲3.6%
Air Transportation Segment	923.2	877.2	▲46.0	▲5.0%	291.5	▲11.4	▲3.8%
Operating Expense	853.3	838.1	▲15.2	▲1.8%	278.6	▲6.7	▲2.4%
Air Transportation Segment	767.6	753.4	▲14.2	▲1.9%	251.2	▲5.5	▲2.2%
Operating Profit	170.0	137.3	▲32.7	▲19.2%	44.8	▲5.1	▲10.3%
Air Transportation Segment	155.5	123.8	▲31.7	▲20.4%	40.2	▲5.8	▲12.7%
Operating Profit Margin (%)	16.6%	14.1%	▲2.5pt	-	13.9%	▲1.0pt	-
Ordinary Income	170.4	136.0	▲34.4	▲20.2%	46.2	▲1.5	▲3.3%
Net Income⁽¹⁾	143.6	108.2	▲35.4	▲24.6%	36.8	▲3.4	▲8.5%
ASK (MN seat km)	65,182	64,948	▲233	▲0.4%	21,562	▲44	▲0.2%
RPK (MN seat km)	48,888	49,033	+145	+0.3%	16,473	+168	+1.0%
EBITDA Margin (%) ⁽²⁾	23.0%	21.3%	▲1.7pt	-	21.3%	▲0.3pt	-
EBITDAR Margin(%) ⁽³⁾	24.8%	22.9%	▲1.9pt	-	22.8%	▲0.5pt	-
Unit Cost(JPY) ⁽⁴⁾	9.0	9.3	+0.3	+3.5%	9.4	+0.2	+2.1%
Incl. Fuel	11.8	11.6	▲0.2	▲1.5%	11.7	▲0.2	▲2.0%

1. Net Income Attributable to owners of parent

2. EBITDA Margin = EBITDA / Revenue EBITDA=Operating Profit + Depreciation and Amortization

3. EBITDAR Margin = EBITDAR / Revenue EBITDAR=Operating Profit + Depreciation+ Aircraft Leases

4. Unit Cost = Air Transportation Segment Operating Cost (excluding fuel cost etc.) / ASK

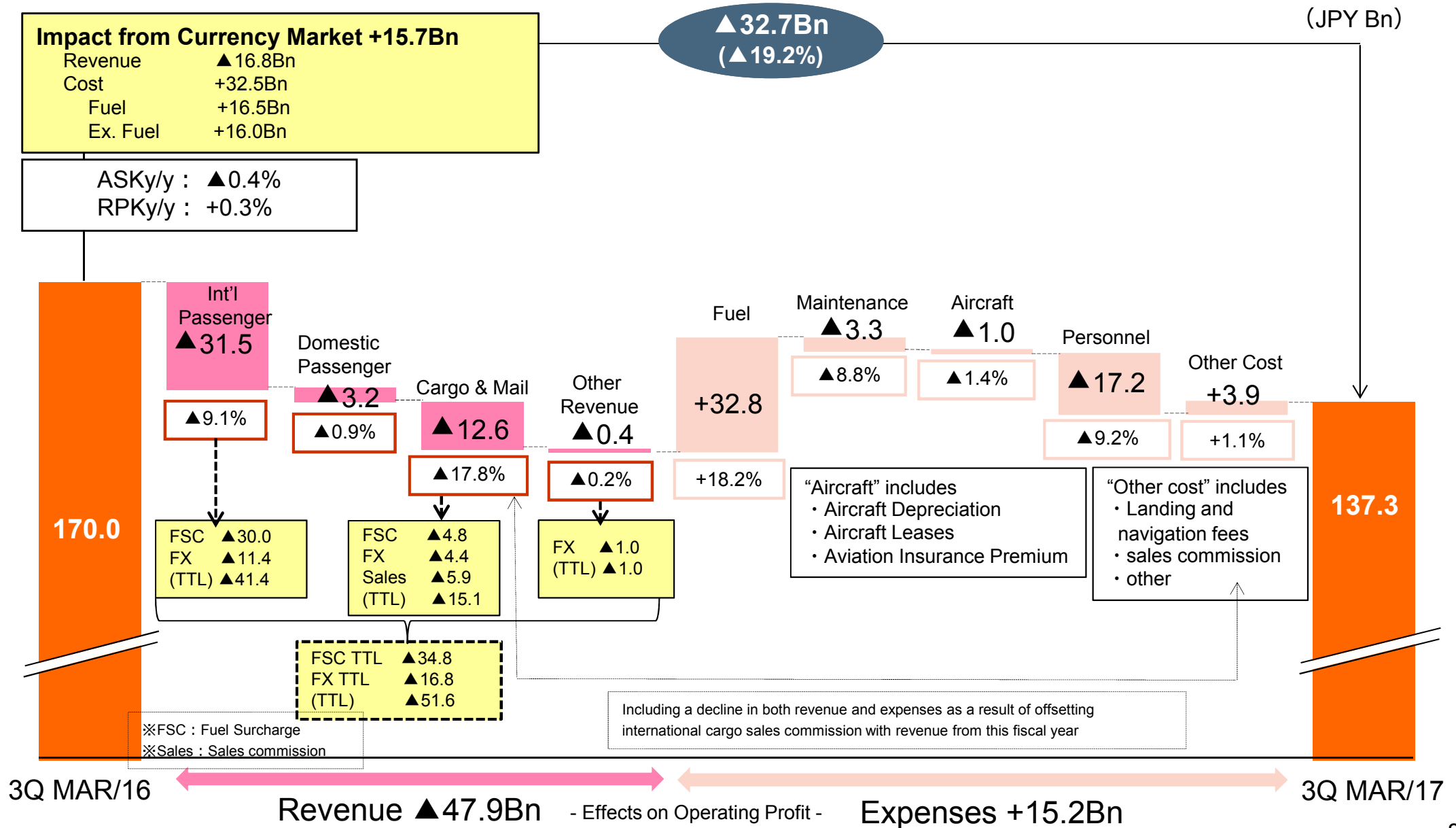
5. The results for 3Q (October to December) are calculated by deducting the results of 1H (April to September) from 3Q (April to December)

Changes in Operating Profit



JAPAN AIRLINES

3Q FY MAR/17



International Passenger Operations(Operating Results)



JAPAN AIRLINES

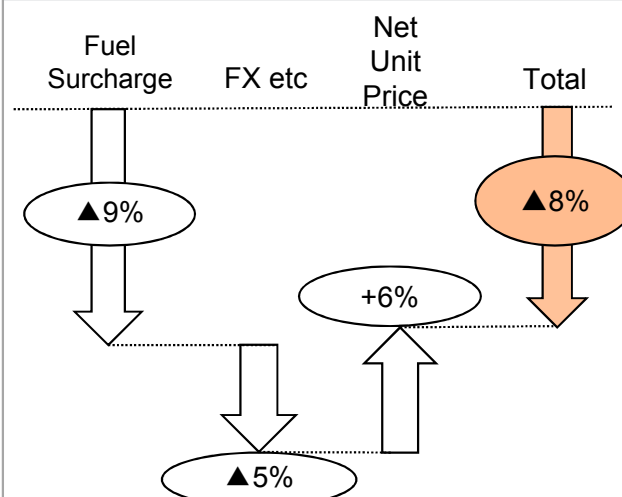
International Passenger

※Figures exclude mileage travelers.	3Q FY2015	3Q FY2016	y/y ratio	3rd Quarter (Oct-Dec) ⁽⁴⁾	y/y ratio
Passenger Revenue (JPY Bn)	345.9	314.4	▲9.1%	101.2	▲8.2%
ASK (MN seat km)	38,015	38,203	+0.5%	12,702	▲0.0%
RPK (MN seat km)	30,418	30,508	+0.3%	10,102	+0.6%
Passengers ('000)	6,352	6,279	▲1.1%	2,066	▲0.3%
L/F (%)	80.0%	79.9%	▲0.2pt	79.5%	+0.5pt
Yield ⁽¹⁾ (JPY)	11.4	10.3	▲9.4%	10.0	▲8.7%
Unit Revenue ⁽²⁾ (JPY)	9.1	8.2	▲9.6%	8.0	▲8.2%
Revenue per Passenger ⁽³⁾ (JPY)	54,463	50,072	▲8.1%	49,016	▲7.9%

✓ Passenger Revenue was 314.4 billion yen, declined by 31.5 billion yen y/y.

✓ L/F for the 3Q (Oct-Dec) marked an all-time high of 79.5%

Factors of changes in Revenue per Passenger (estimate)



1. Yield = Passenger Revenue / RPK

2. Unit Revenue= Passenger Revenue / ASK

3. Revenue per Passenger = Passenger Revenue / Passengers

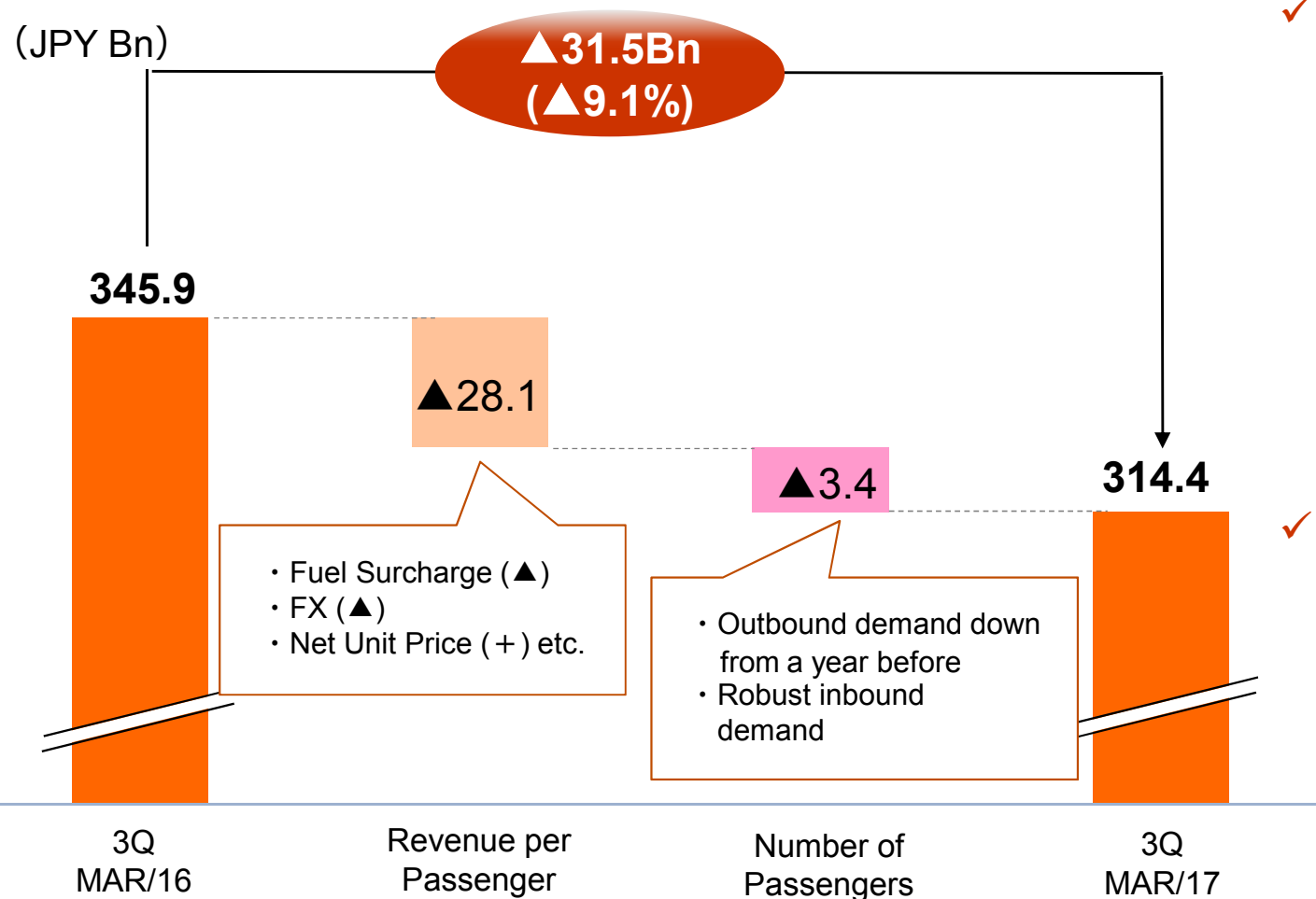
4. The results for 3Q (October to December) are calculated by deducting the results of 1H (April to September) from 3Q (April to December)

International Passenger Operations(Change in Revenue)



JAPAN AIRLINES

3Q FY MAR/17



- ✓ Although net revenue per passenger increased through revenue management and the expansion of JAL SKY SUITE operated routes, revenue per passenger declined due to zero fuel surcharge from April.
- ✓ Inbound demand was strong mainly on Southeast Asia and Mainland China routes.

Domestic Passenger Operations (Operating Results)



JAPAN AIRLINES

Domestic Passenger

※Figures exclude mileage travelers.	3Q FY2015	3Q FY2016	y/y ratio	3 rd Quarter (Oct-Dec) ⁽⁴⁾	y/y ratio	
Passenger Revenue (JPY Bn)	384.1	380.8	▲0.9%	127.5	+0.1%	✓ Passenger revenue was 380.8 billion yen, down 3.2 billion yen y/y.
ASK (MN seat km)	27,166	26,744	▲1.6%	8,859	▲0.4%	✓ ASK was ▲1.6% y/y while RPK was +0.3% resulting in L/F 69.3%, up 1.3pt.
RPK (MN seat km)	18,469	18,525	+0.3%	6,370	+1.7%	
Passengers ('000)	24,377	24,623	+1.0%	8,492	+2.4%	✓ L/F for the 3Q (Oct-Dec) marked an all-time high of 71.9%
L/F (%)	68.0%	69.3%	+1.3pt	71.9%	+1.5pt	
Yield ⁽¹⁾ (JPY)	20.8	20.6	▲1.2%	20.0	▲1.6%	✓ Yield decreased by 1.2% y/y and revenue per passenger by 1.8% respectively.
Unit Revenue ⁽²⁾ (JPY)	14.1	14.2	+0.7%	14.4	+0.6%	
Revenue per Passenger ⁽³⁾ (JPY)	15,759	15,469	▲1.8 %	15,015	▲2.2%	

1. Yield = Passenger Revenue / RPK

2. Unit Revenue= Passenger Revenue / ASK

3. Revenue per Passenger = Passenger Revenue / Passengers

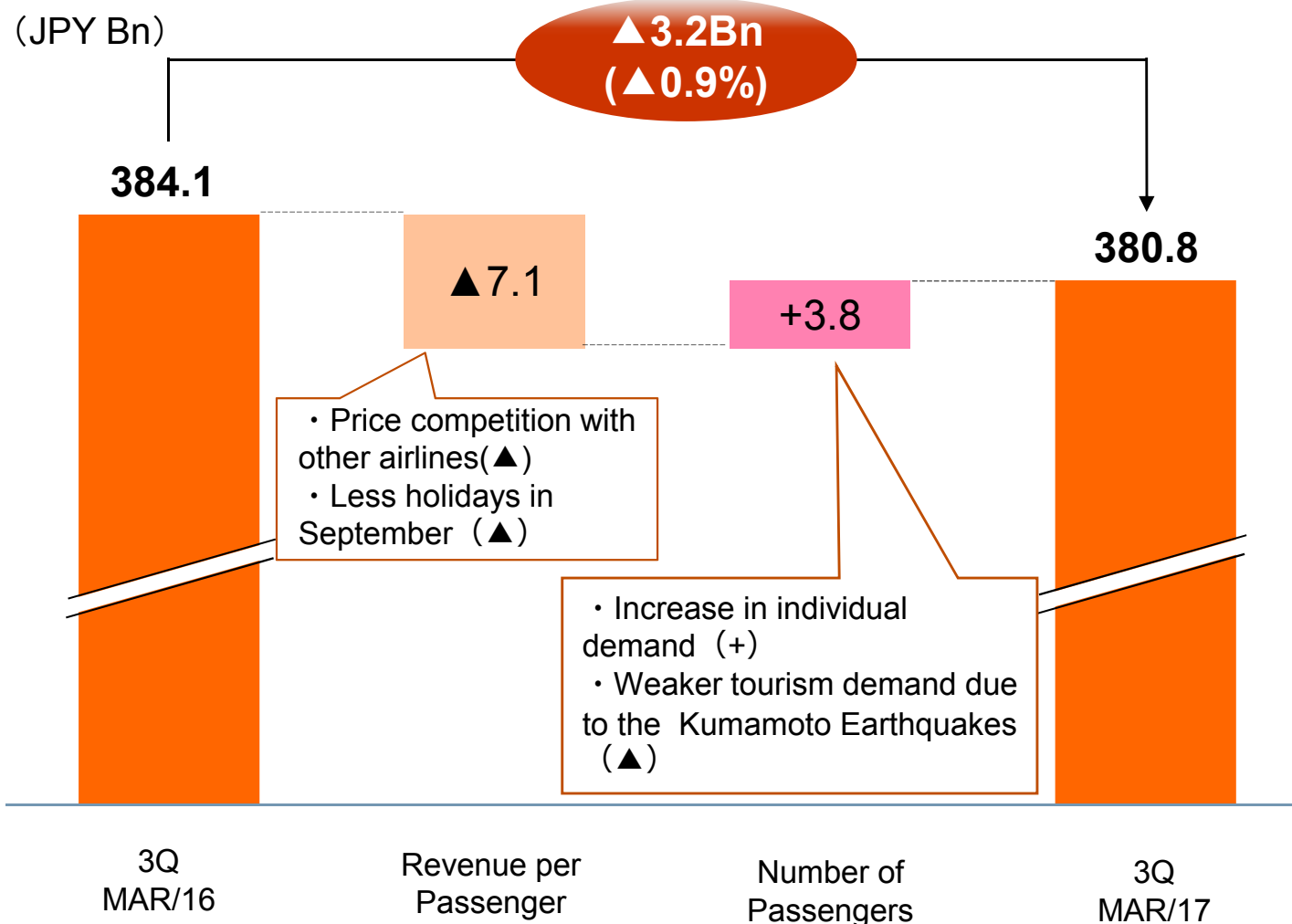
4. The results for 3Q (October to December) are calculated by deducting the results of 1H (April to September) from 3Q (April to December)

Domestic Passenger Operations (Change in Revenue)



JAPAN AIRLINES

3Q FY MAR/17



- ✓ Revenue per passenger mainly of demand boosting fares decreased, due to price competition with other airlines
- ✓ Revenue per passenger decreased due to the way the days of Holidays in September fell on the calendar.
- ✓ Increase in individual passengers mainly with demand boosting fares
- ✓ Group passengers decreased due to the Kumamoto earthquakes

Major Operating Expense Items



JAPAN AIRLINES

Operating Expenses

(JPY Bn)	3Q FY2015	3Q FY2016	Diff.	y/y ratio	3rd Quarter (Oct-Dec) ⁽⁴⁾	Diff.	y/y ratio
Fuel	180.7	147.8	▲32.8	▲18.2%	48.7	▲9.3	▲16.1%
Landing and navigation fees	62.2	60.9	▲1.2	▲2.0%	20.3	▲0.3	▲1.6%
Maintenance	37.5	40.9	+3.3	+8.8%	13.2	+0.8	+7.1%
Sales Commissions (Air Transport) ⁽¹⁾	18.5	11.6	▲6.8	▲37.0%	3.8	▲2.2	▲36.8%
Aircraft ⁽²⁾	73.7	74.7	+1.0	+1.4%	24.9	+0.3	+1.3%
Services ⁽³⁾	27.3	27.9	+0.5	+2.2%	9.6	+0.1	+1.9%
Personnel	187.0	204.2	+17.2	+9.2%	68.5	+4.2	+6.7%
Expenses of travel agency	63.4	61.7	▲1.6	▲2.6%	19.5	▲0.9	▲4.5%
Other	202.7	207.9	+5.2	+2.6%	69.8	+0.4	+0.6%
Total Operating Expenses	853.3	838.1	▲15.2	▲1.8%	278.6	▲6.7	▲2.4%

✓ Fuel costs dropped due to the stronger yen and lower fuel prices, but rising personnel costs led to operating expenses of 838.1 billion yen, down 15.2 billion yen from the previous year.

✓ Fuel costs fell 32.8 billion yen due to lower fuel prices (including 16.5 billion yen decrease owing to the stronger yen)

✓ Personnel costs rose 17.2 billion yen as a result of priority investments in human resources to strengthen the foundation for growth

✓ Maintenance costs rose 3.3 billion yen for engine maintenance, and such.

ASK y/y : ▲0.4%

1. From FY Mar/17, sales commissions for International Cargo are to be offset by its revenues.

2. Aircraft = Aircraft Depreciation+ Aircraft Leases+ Aviation Insurance Premium, etc.

3. Services = Expenses regarding inflight services, airport lounges, cargo equipment, etc.

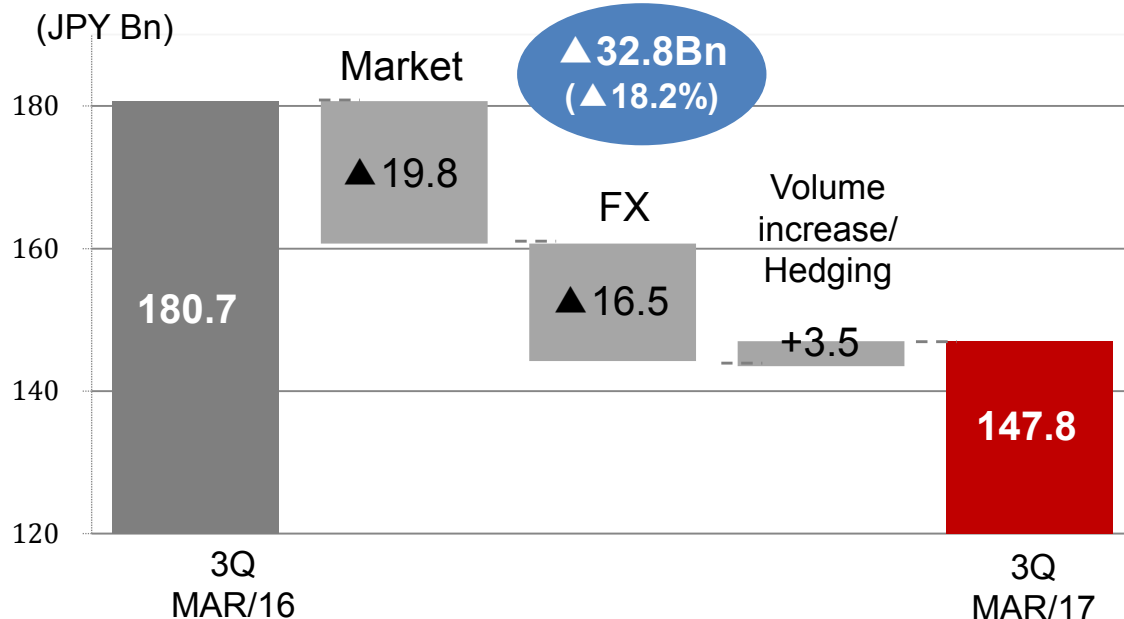
4. The results for 3Q (October to December) are calculated by deducting the results of 1H (April to September) from 3Q (April to December)

Impact of Fuel and FX Markets

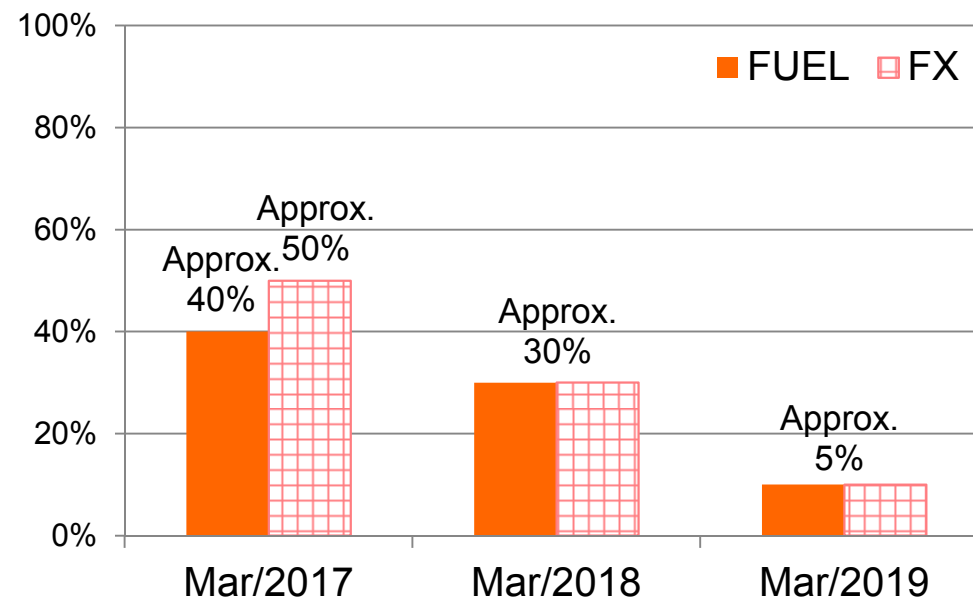


JAPAN AIRLINES

Transition of Fuel Cost by Factors



Hedging Ratio of Fuel Costs (As of End of 3Q FY2016)



Fuel / FX Markets

	3Q FY2015	3Q FY2016	y/y ratio	3rd Quarter (Oct-Dec)	y/y
FX Rate (JPY/USD)	121.6	106.4	▲ 12.4%	105.7	▲ 12.7%
Singapore Kerosene (USD/bbl)	65.9	54.5	▲ 17.2%	57.5	▲ 1.8%
Dubai Crude Oil (USD/bbl)	52.8	43.0	▲ 18.6%	45.4	+2.5%

Sensitivity for Fuel Costs

(Without Hedging) Mar/2017

Crude Oil (Change in 1 USD/bbl)	2.4 JPY Bn Per Year
FX (Change in 1 JPY/USD)	1.2 JPY Bn Per Year

Major Balance Sheet Items



JAPAN AIRLINES

Consolidated Balance Sheet Summary as of End of Q3 FY2016

(JPY Bn)	End of FY2015 2016/3/31	End of Q3 FY2016 2016/12/31	Diff.	
Total Assets	1,578.9	1,625.3	+46.3	✓ Straight Bond was issued in order to diversify funding methods.
Cash and Deposits ⁽¹⁾	420.3	372.6	▲47.6	
Balance of Interest-bearing Debt ⁽²⁾	92.6	96.2	+3.6	
Future Rental Expenses under Operating Leases	96.9	83.2	▲13.6	
Shareholders' Equity	843.0	923.8	+80.7	
Shareholders' Equity Ratio (%)	53.4%	56.8%	+3.4pt	December 20 th , 2016 Amount Interests #1 10yrs 10Bn 0.47% #2 5yrs 10Bn 0.17%
D/E Ratio (x) ⁽³⁾	0.1x	0.1x	▲0.0x	✓ Shareholder's Equity Ratio was 56.8%

1. Certificate of deposits included
2. Accounts Payable-installment Purchase included
3. D/E ratio = On-balance sheet Interest-bearing Debt / Shareholders' Equity

(Reference) ※As of End of Q3 FY2016
D/E ratio including Future Rental Expenses under Operating Leases: 0.2x

Major Cash Flow Items



JAPAN AIRLINES

(JPY Bn)	3Q FY2015	3Q FY2016	Diff.
Net income before income taxes and minority interests	172.3	134.3	▲38.0
Depreciation and Amortization	65.8	70.9	+5.1
Other	▲14.1	▲24.2	▲10.0
Cash Flow from Operating Activities	223.9	181.0	▲42.9
Capital Expenditure ⁽¹⁾	▲160.6	▲177.5	▲16.8
Other	0.1	11.9	+11.7
Cash Flow from Investing Activities ⁽²⁾	▲160.4	▲165.6	▲5.1
Free Cash Flow ⁽³⁾	63.5	15.4	▲48.0
Repayment of Interest-bearing Debt ⁽⁴⁾	▲22.6	▲21.0	+1.6
Cash dividend, and Other	▲39.7	▲42.4	▲2.7
Cash Flow from Financing Activities	▲62.3	▲63.4	▲1.1
Total Cash Flow ⁽⁵⁾	1.1	▲48.0	▲49.1
EBITDA	235.8	208.2	▲27.5
EBITDAR	253.7	223.3	▲30.3

1. Expenditures due to purchases of fixed assets

2. Exclude deposits and withdrawals from deposit accounts and certificate of deposits

3. Cash Flow from Operating Activities + Cash Flow from Investing Activities

4. Repayment of Loans + Repayment of Lease Debt

5. Cash flow from Operating Activities + Cash Flow from Investing Activities + Cash Flow from Financing Activities

Fly into tomorrow.



JAPAN AIRLINES

《Supplemental Reference》

Revenue of International Routes by Geographic Segment



JAPAN AIRLINES

Passenger Revenue

(%)	Q3 Cumulative y/y	Q3 3Months y/y	Component Ratio		
			Q3 FY2015	Q3 FY2016	Q3 3 Months
America	▲4.2%	▲9.1%	25%	26%	25%
Europe	▲9.7%	▲3.7%	15%	16%	14%
Asia/Oceania	▲12.6%	▲12.3%	35%	33%	35%
China	▲18.0%	▲10.5%	11%	10%	10%
Hawaii/Guam	▲1.4%	+1.7%	14%	15%	16%
Total	▲9.1%	▲8.2%	100%	100%	100%

- From the first quarter of this fiscal year, figures for Revenue Passengers Carried, ASK, RPK and Load Factor include "Marketing Carriers" on code-sharing flights operated by JAL". The year-earlier third quarter also shows the figures after reflecting this change. Also, figures exclude mileage travelers.

- Route categories have been changed as below.
 · "Trans Pacific" routes of the previous year have been changed to "America" routes after removing Hawaii routes.
 · "Asia/Oceania" routes have removed Guam routes.
 · Hawaii and Guam routes above have been combined as "Hawaii/Guam" routes.

ASK

(MN seat km)	Q3 (Cumulative)			Q3 (3Months)	
	FY2015	FY2016	y/y	FY2016	y/y
America	9,865	10,777	+9.2%	3,615	+8.1%
Europe	5,973	5,781	▲3.2%	1,901	▲1.4%
Asia/Oceania	13,514	13,358	▲1.2%	4,437	▲1.4%
China	2,555	2,644	+3.5%	881	▲2.0%
Hawaii/Guam	6,106	5,642	▲7.6%	1,866	▲8.2%
Total	38,015	38,203	+0.5%	12,702	▲0.0%

Passengers

('000)	Q3 (Cumulative)			3Q (3Months)	
	FY2015	FY2016	y/y	FY2016	y/y
America	836	901	+7.8%	294	+5.8%
Europe	503	502	▲0.2%	164	+3.6%
Asia/Oceania	3,141	3,007	▲4.3%	1,013	▲3.9%
China	972	1,031	+6.0%	314	+13.3%
Hawaii/Guam	898	836	▲6.9%	279	▲7.8%
Total	6,352	6,279	▲1.1%	2,066	▲0.3%

RPK

(MN passenger km)	Q3 (Cumulative)			Q3 (3Months)	
	FY2015	FY2016	y/y	FY2016	y/y
America	7,895	8,565	+8.5%	2,794	+6.5%
Europe	4,559	4,546	▲0.3%	1,492	+3.9%
Asia/Oceania	10,912	10,661	▲2.3%	3,623	▲2.1%
China	1,828	1,922	+5.2%	587	+13.1%
Hawaii/Guam	5,223	4,811	▲7.9%	1,604	▲8.9%
Total	30,418	30,508	+0.3%	10,102	+0.6%

Load Factor

(%)	Q3 (Cumulative)			3Q (3Months)	
	FY2015	FY2016	Diff	FY2016	Diff
America	80.0%	79.5%	▲0.5pt	77.3%	▲1.2pt
Europe	76.3%	78.6%	+2.3pt	78.5%	+4.0pt
Asia/Oceania	80.7%	79.8%	▲0.9pt	81.6%	▲0.5pt
China	71.5%	72.7%	+1.2pt	66.7%	+8.9pt
Hawaii/Guam	85.6%	85.3%	▲0.3pt	86.0%	▲0.6pt
Total	80.0%	79.9%	▲0.2pt	79.5%	+0.5pt

《Supplemental Reference》 Number of Aircraft



JAPAN AIRLINES

	End of FY2015 2016/3/31			End of Q3 FY2016 2016/12/31			Diff.
	Owned	Leased	Total	Owned	Leased	Total	
Boeing 777-200	12	0	12	12	0	12	-
Boeing 777-200ER	11	0	11	11	0	11	-
Boeing 777-300	4	0	4	4	0	4	-
Boeing 777-300ER	13	0	13	13	0	13	-
Large-sized Total	40	0	40	40	0	40	-
Boeing 787-8	23	0	23	25	0	25	+2
Boeing 787-9	3	0	3	6	0	6	+3
Boeing 767-300	9	0	9	6	0	6	▲3
Boeing 767-300ER	28	4	32	30	2	32	-
Medium-sized Total	63	4	67	67	2	69	+2
Boeing 737-400	12	0	12	11	0	11	▲1
Boeing 737-800	22	29	51	23	29	52	+1
Small-sized Total	34	29	63	34	29	63	-
Embraer 170	17	0	17	17	0	17	-
Embraer 190	0	0	0	5	0	5	+5
Bombardier CRJ200	9	0	9	7	0	7	▲2
Bombardier D8-400	8	2	10	7	2	9	▲1
Bombardier D8-400CC	2	0	2	2	0	2	-
SAAB340B	13	0	13	12	0	12	▲1
Bombardier D8-300	1	0	1	1	0	1	-
Bombardier D8-100	4	0	4	3	0	3	▲1
Regional Total	54	2	56	54	2	56	-
Total	191	35	226	195	33	228	+2

《Supplemental Reference》

FY2016 Earnings Forecast (Consolidated Balance Sheet)

To improve financial stability, we aim to maintain the equity ratio at around 60% to improve our credit rating.

Balance Sheet

(JPY Bn)	FY2015 Results	FY2016 Forecast	Previous Forecast Announced on October 31, 2016	Diff.
Total Assets	1,578.9	1,717.0	1,679.0	+38.0
Balance of Interest-bearing debts	92.6	115.0	83.0	+32.0
Shareholder's Equity	843.0	968.0	972.0	▲4.0
Shareholder's Equity Ratio(%)	53.4%	56.4%⁽³⁾	57.9% ⁽³⁾	▲1.5pt
ROE ⁽¹⁾	21.5%	17.8%	17.7%	+0.1pt
ROA ⁽²⁾	13.7%	10.3%	10.4%	▲0.1pt

Fundamental Capital Policy

Safety	Accumulate retained earnings to prepare against risks Maintain shareholders' equity ratio at a safer level.
Increase financing capability	Improve credit rating. To aim for "single A flat" ⁽⁴⁾
Capital efficiency	Achieve capital efficiency exceeding cost of shareholders' equity. Maintain ROE at 10% or above
Return to shareholders	Consider increasing return to shareholders on building a solid financial foundation

- (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.

《Supplemental Reference》

FY2016 Earnings Forecast (Cash Flow)



JAPAN AIRLINES

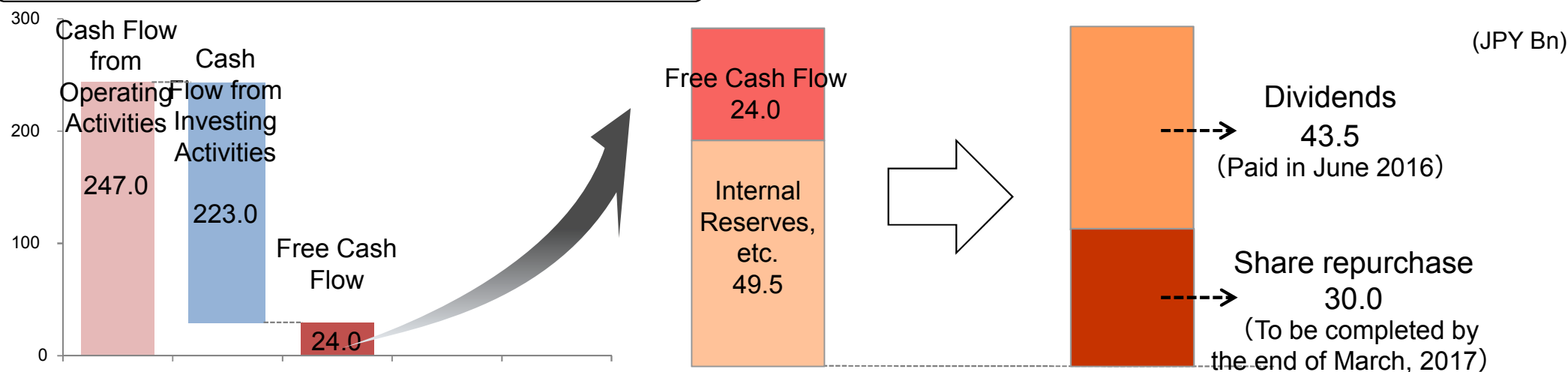
**Make relevant capital investments based on strict investment discipline.
Secure return on investment and maximize Free Cash Flow**

Cash Flow

(JPY Bn)	FY2015 Results	FY2016 New Forecast	FY2016 Previous Forecast (announced on Oct. 31, 2016)	Diff.
Cash Flow from Operating Activities	312.3	247.0	247.0	—
Cash Flow from Investing Activities ¹	▲207.2	▲223.0	▲223.0	—
Free Cash Flow ¹	105.1	24.0	24.0	—
Cash Flow from Financing Activities	▲49.6	▲53.0	▲85.0	+32.0
EBITDA	297.7	267.0	267.0	—
EBITDAR	321.1	287.0	287.0	—

1. Exclude deposits and withdrawals from deposit accounts and certificate of deposits.

Use of Cash Flows (FY2016)



Disclaimer



JAPAN AIRLINES

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.