

JAPAN AIRLINES Co., Ltd.

Financial Results

2nd Quarter Mar/2018 (FY2017)

October 31, 2017





OVERVIEW OF FINANCIAL RESULTS FOR 1ST HALF MAR/18

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REVISED CONSOLIDATED FINANCIAL FORECAST AND DIVIDEND FORECAST FOR MAR/18

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Overview of Financial Results for 1st Half Mar/18

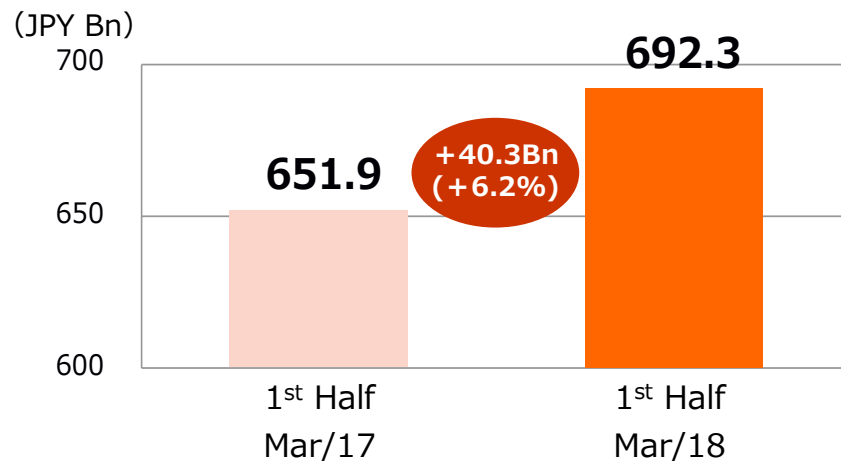


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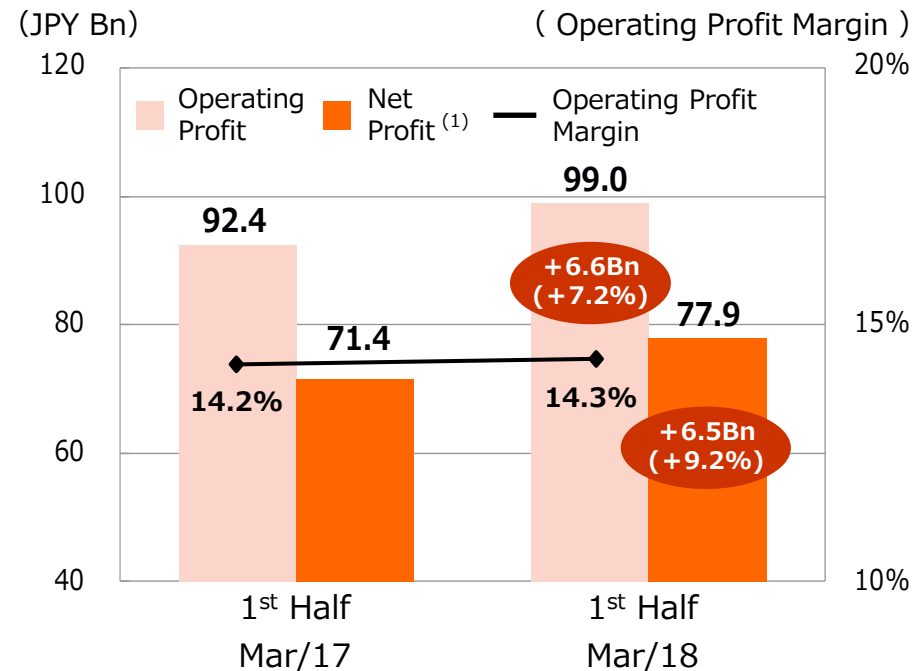
1st Half Mar/18 (FY2017)

✓ 1st half resulted in an increase in both revenue and profit compared to the previous year.

Operating Revenue



Operating profit · Net profit



Fuel/FX Markets

	1 st Half Mar/17	1 st Half Mar/18	y/y
Singapore Kerosene (USD/bbl)	53.1	61.1	+15.0%
Dubai Crude Oil (USD/bbl)	41.8	49.7	+18.9%
FX Rate (JPY/USD)	106.8	111.0	+3.9%

1 Profit attributable to owners of parent.

- Now, I will present an overview of the 1st half financial results for the fiscal year ending March 31, 2018.
- Operating revenue increased 40.3 billion yen, up 6.2% year-on-year, to 692.3 billion yen.
- Operating profit increased 6.6 billion yen, up 7.2% year-on-year, to 99.0 billion yen, and net profit was 77.9 billion yen, up 9.2% from a year ago. Thus, operating profit margin was 14.3%.

Revised Consolidated Financial Forecast for Mar/18

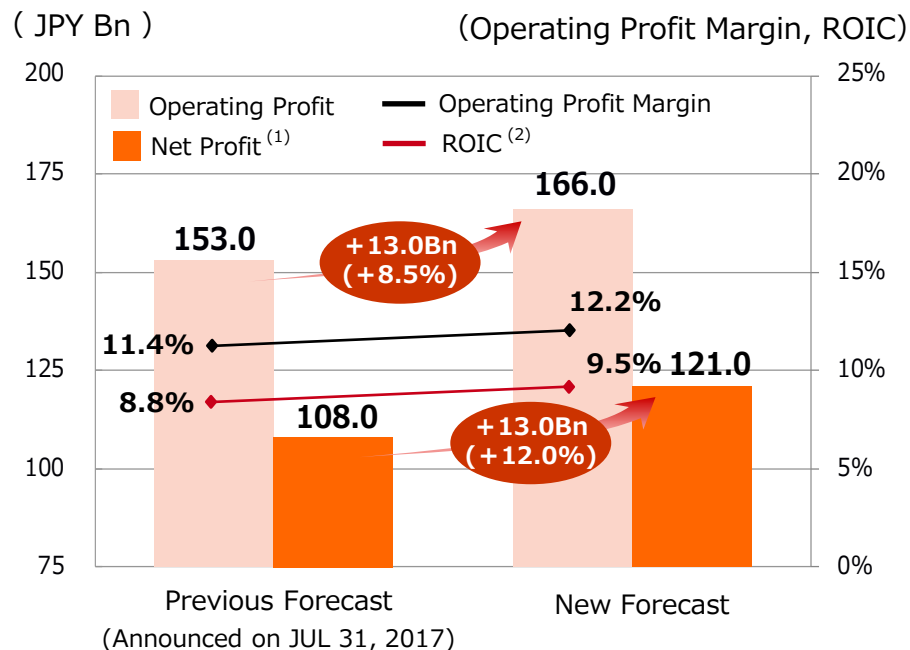


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Upward Revision for Operating Profit & Net Profit Forecast

✓ An upward revision for the financial forecast for FY17 has been made on the 1st half result.

Operating profit · Net profit



(JPY Bn)	Previous Forecast (JUL 31)	New Forecast	Diff.
Operating Revenue	1,348.0	1,366.0	+ 18.0
Operating Profit	153.0	166.0	+ 13.0
Net Profit ⁽¹⁾	108.0	121.0	+ 13.0

Fuel/FX Markets Preconditions

	Mar/17 Results	Mar/18 Previous Forecast	Mar/18 New Forecast
Singapore Kerosene (USD/bbl)	57.2	65.1	60.5 (2 nd half 60.0)
Dubai Crude Oil (USD/bbl)	45.6	52.6	49.4 (2 nd half 49.0)
FX Rate (JPY/USD)	108.6	114.0	113.0 (2 nd half 115.0)

1 Profit attributable to owners of parent.

2 $ROIC(\%) = \frac{NOPAT}{\text{Fixed Asset}}$
(incl. Future Rental Expenses under Operating Leases)

- Given our 1st half results, exchange rate and fuel price projections, we have revised FY2017 earnings forecast to announce today.
- We have revised upward operating revenue by 18 billion yen to 1,366 billion yen, operating profit by 13 billion yen to 166 billion yen, and net profit by 13 billion yen to 121 billion yen, respectively.

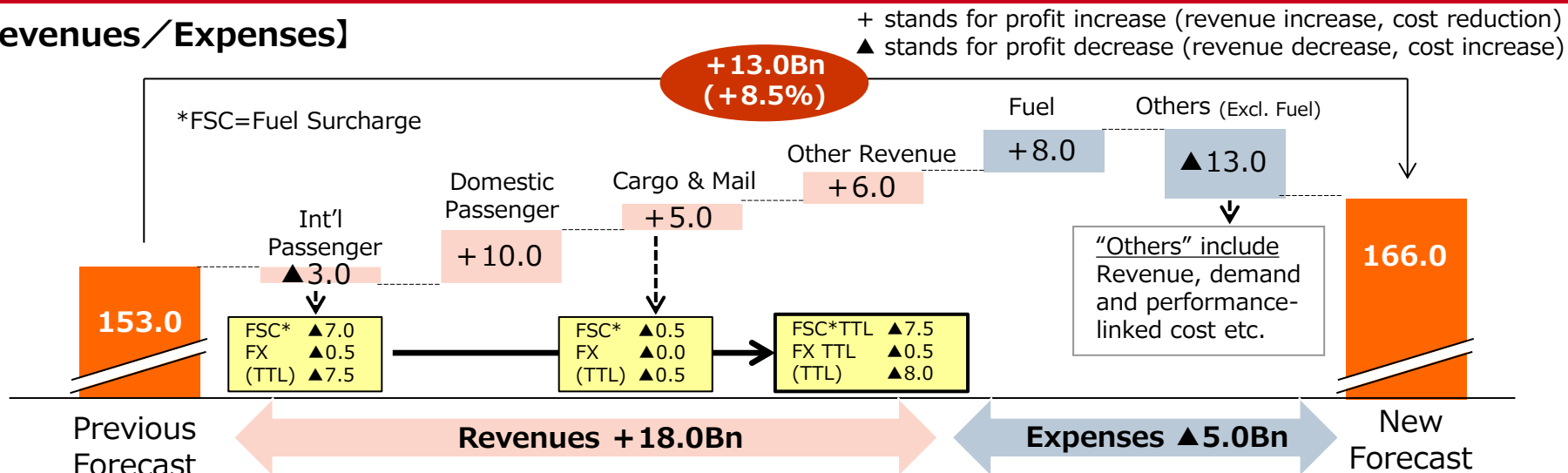
Revised Consolidated Financial Forecast for Mar/18



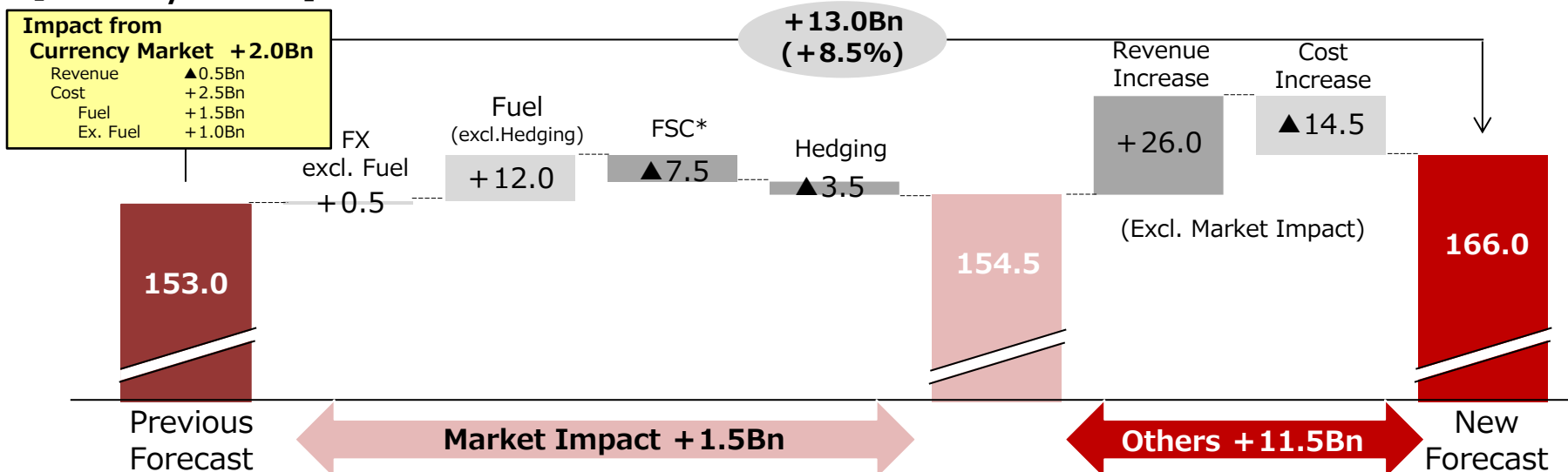
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Changes in Operating Profit

【Revenues/Expenses】



【Market/Others】



- Now, I would like to explain changes in our operating profit forecast.
- Revenues are expected to increase 18 billion yen. This is because international passenger revenue declines 3 billion yen in total, including the effects of fuel surcharge and exchange rates. Domestic passenger revenue is increased 10 billion yen because an increase in number of passengers is expected.
- Expenses are expected to be up 5 billion yen from the previous forecast. While we expect an 8 billion yen decline in fuel costs, reflecting the impact of revisions of fuel price assumptions, a 13 billion yen increase in costs linked to revenue and demand is expected.
- On reflecting these projections, we expect operating profit to end 13 billion yen higher than the previous forecast. We will make further efforts to increase profits.

Revised Dividend Forecast

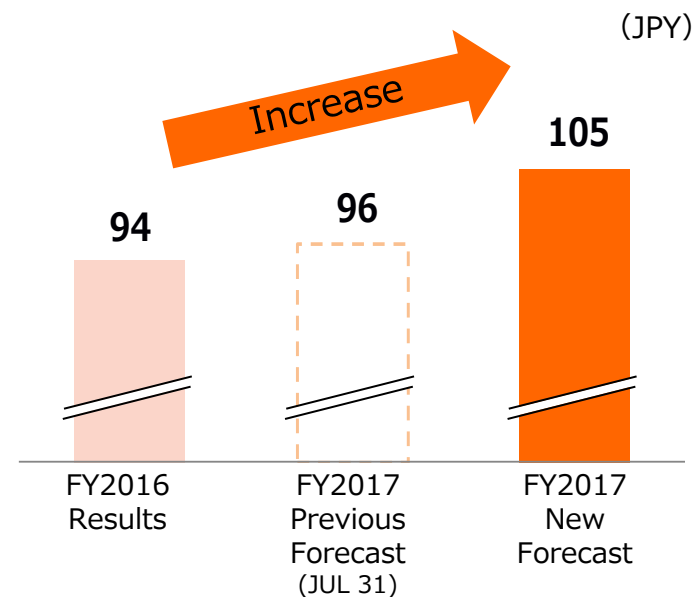


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Dividend forecast

	FY2016 Results	Previous Forecast (JUL 31)	New Forecast
Net Profit ⁽¹⁾ (JPY Bn)	164.1	108.0	121.0
Income Tax-Deferred (JPY Bn)	▲31.6	5.0	2.0
Income available for dividends (JPY Bn)	132.5	113.0	123.0
Payout Ratio	× 25%	× 30%	× 30%
Total amount for dividends (JPY Bn)	33.2	33.9	37.1
Total number of shares issued(excl. Treasury shares) (‘000)	353,579	353,579	353,579
Dividends per share (JPY)	94	(Total) 96	(Total) 105
Interim Dividends	—	48	52.5
Year-End Dividends	94	48	52.5

Dividends per share



1 Profit attributable to owners of parent.

- On the basis of the upward revision in earnings forecast, we have also revised the annual dividend forecast for the fiscal year ending March 31, 2018 to 105 yen per share.
- Regarding the interim dividend, it was resolved at the Board of Directors meeting on October 31, 2017 that the Company pay an interim dividend of 52.50 yen per share.
- We plan to pay interim dividends on December 4.
- We will continue our best efforts to further increase the dividends.

Recent Topics (Innovation of Passenger Service System)

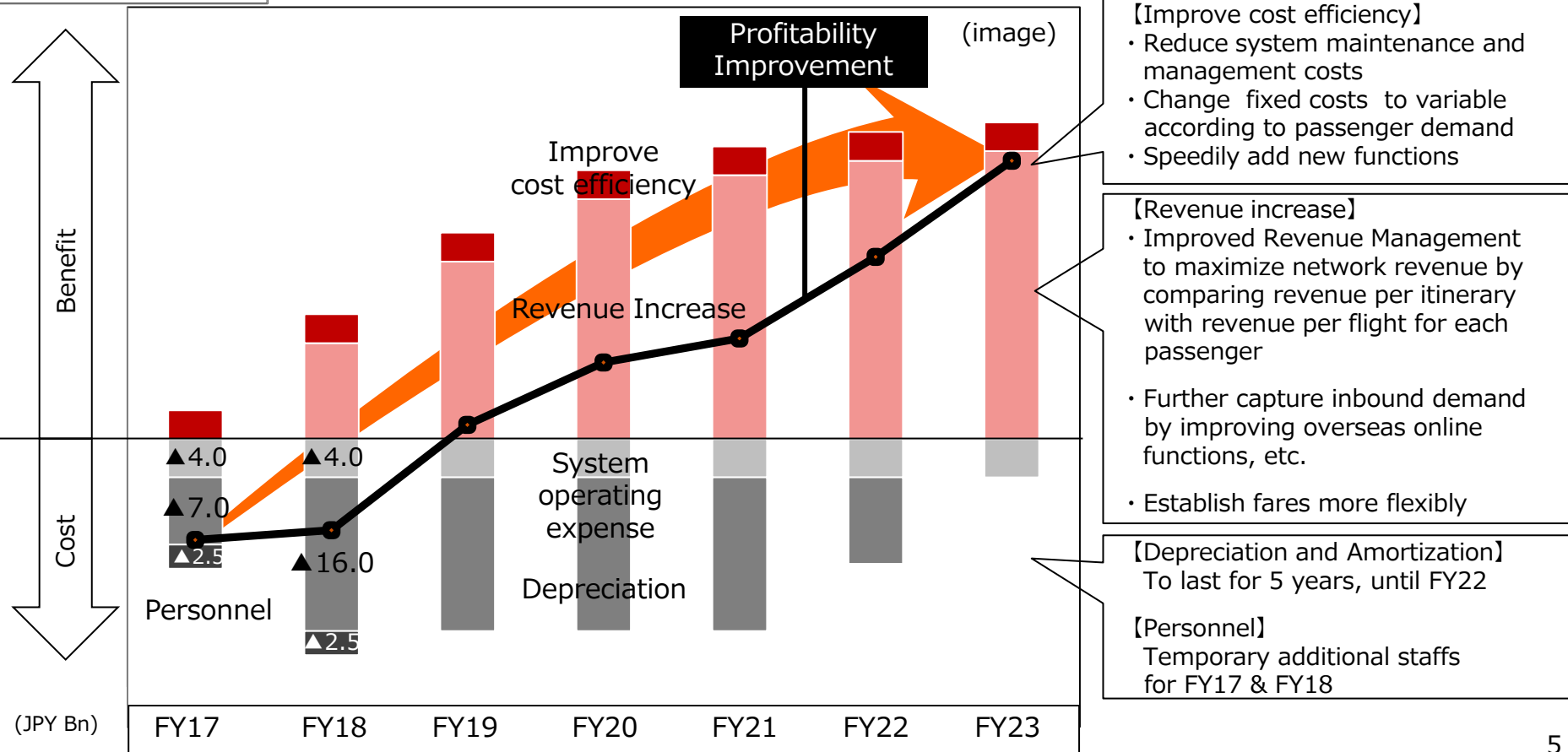
New system* will go live on Nov 16, 2017

Aim to increase our passenger revenue by 1% or more as early as possible.

As from FY19, the Benefit will exceed the Cost to contribute to our profitability.

Total Investment:
Approx. 80 bn JPY

* Reservation, ticketing system (Int'l and Doms) and Boarding system (Int'l)
(Domestic boarding system will go live in or after 2nd half of 2018)



- This page shows an image of the impact of migration to the new passenger service system, shown in our first-quarter earnings announcement material, on profitability improvement.
- Preparations to launch the new system are going smoothly. We will do our best to ensure a successful go-live for our stakeholders.

Progress of Strategic Expenditures



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※Reproduce, announced on April 28, 2017

Strategic Expenditures (y/y +21.5Bn)

- ✓ IT upgrade : as planned
- ✓ Others : Slightly higher than the plan due to higher utilization ratio of free Wi-Fi services

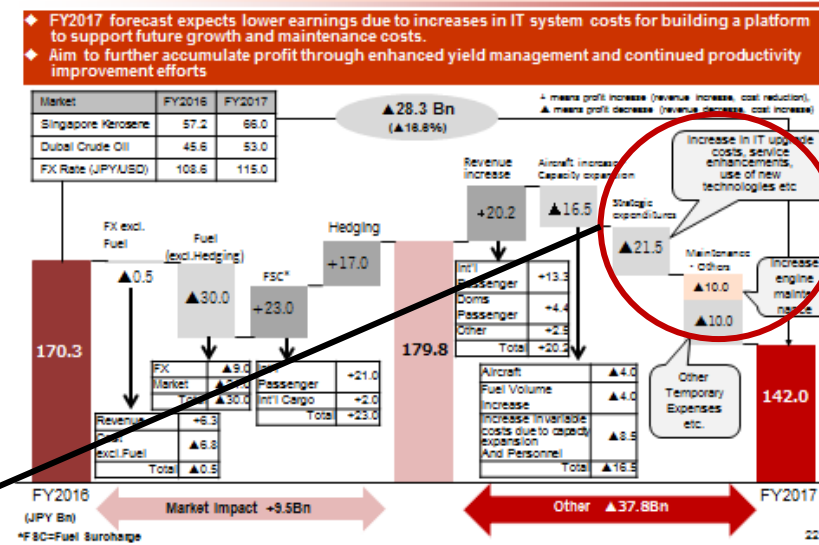
Maintenance (y/y +10.0Bn)

- ✓ As planned

Others (y/y +10.0Bn)

- ✓ As planned

FY2017 Changes Forecast in Operating Profit



(Bn)		FY17 vs FY16	1st H (Result)	2nd H (Forecast)	Total (Forecast)	Diff. vs. Plan
Strategic	IT upgrade	13.5	2.2	11.3	13.5	0.0
	Depreciation/Operating Cost	11.0	1.0	10.0	11.0	0.0
	Training Cost	2.5	1.2	1.3	2.5	0.0
	Others	8.0	4.0	4.5	8.5	0.5
	Services enhancement(free Wi-Fi)	1.0	1.0	1.0	2.0	1.0
	Personnel(wage system for ground staff)	3.0	1.5	1.5	3.0	0.0
	New maintenance technology	1.5	0.3	0.7	1.0	-0.5
	Others	2.5	1.2	1.3	2.5	0.0
	Total	21.5	6.2	15.8	22.0	0.5
Maintenance	Total	10.0	5.5	4.5	10.0	0.0
Others	Total	10.0	5.0	5.0	10.0	0.0

- This page shows the progress we have made with respect to “strategic expenditures” that we presented at our briefing on April 28th. These “strategic expenditures” are expenses for future growth and one of the reasons for cost increases this fiscal year.
- Strategic expenditures, engine maintenance costs and other costs are running as planned, with no unexpected increases or decreases.

Maintain both strong financial structure and high capital efficiency

Financial structure

Capital efficiency

Shareholders' equity ratio

- Equity ratio reached approx. 60%. Having built strong financial structure, we will work to maintain the current level.

Credit rating

- Aim to achieve and maintain "A flat" or above credit rating by improving cash flows and securing fruits from our growth strategies

Decrease cost of capital · Utilize debt

- Decrease cost of equity through comprehensive information disclosure, IR, etc.
- Utilize debt with discipline based on adequate debt repaying capacity with sufficient cash flow from operating activities

Liquidity

- Maintain appropriate levels of cash in preparation for event risks and focus on asset efficiency(ROA)

Further increase our corporate value by decreasing cost of capital, and implement our shareholders return initiatives

Shareholders return

Policy of shareholders return

Dividend

- Aim for stable and more predictable dividends
- Strive to maintain dividend levels even after the effective tax rate hike

Share repurchase

- Consider share repurchase based on appropriate levels of cash and deposits, the future growth investment, free cash flow outlook, stock price, etc.

- In this page, I will explain our way of thinking so that we may hold constructive and interactive dialogues with our shareholders and investors concerning our financial strategy.
- In order to strike a balance between building a strong financial structure and improving capital efficiency, we will press forward with our financial strategies based on the four points as follows.
- The first point is the equity ratio. Our equity ratio has already reached approximately 60%. We are aware that we have built a strong financial structure, and will maintain the current level.
- The second point is improving our credit rating. We aim to achieve and maintain a credit rating of “A flat” or above by improving cash flows and steadily linking our growth strategies to profit.
- The third point is reducing cost of capital and promoting utilization of debt. We will do our best to improve earnings predictability through comprehensive disclosure, IR and other means, and reduce cost of equity. We will also promote orderly utilization of debts, on the premise of adequate debt repayment capacity through cash flow from operating activities.
- The fourth point is liquidity. We will focus on asset efficiency, while securing adequate liquidity with risk tolerance for adverse events.
- We will implement our shareholders return based on these conditions, and strive to improve predictability of dividends.

JAL Focus

Refine our full service carrier business and Expand business domains

Route Network

- ✓ **Launch Narita – Melbourne**
(2017.9.1~)
- ✓ **Launch Narita – Kona (Hawaii)**
(2017.9.15~)
- ✓ **Haneda – Heathrow Increase**
(2017.10.29~)
- ✓ **Narita – Bangkok Increase**
(2017.10.29~2018.3.24)



Alliances

- ✓ **JAL×Hawaiian Airlines** 
 • Signed a comprehensive new partnership agreement. (2017.9)
 • The agreement provides for extensive code sharing, reciprocal lounge access and frequent flyer program.
- ✓ **JAL×Vietjet** (2017.7) 
- ✓ **JAL×VISTARA** (2017.9) 
- ✓ **JAL×Aeromexico** (2017.10) 

Fleet

- ✓ **Increasing No. of 787-9s for international routes**
- ✓ **Introduce 787-8 Dreamliner on domestic routes** (2019~)

Service

- ✓ **JAL×TripAdvisor**
 • Collaborate to increase inbound tourists. (2017.9)



New Domain

- ✓ **JAL SBI Fintech**
 • Establish a joint venture with SBI Holdings, Inc. and enter the international brand prepaid card business in FY2018 (2017.10)



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Regional Revitalization

- ✓ **JAL×Nousouken Corporation×Global Ichiba**
 • Utilize “NIPPON ICHIBA,” a market platform built by Global Ichiba Corp., to export farm products grown in Japan to world markets through J-Link service provided by JAL CARGO. (2017.8)



- In this page, I will explain about recent topics in core business domain and new business domain which we announced in our medium term management plan.
- In our core business domain, we will work to improve and expand our route network by opening new routes, increasing flight frequency, and joining partnerships with other airlines.
- In new business domains, we plan to establish a joint venture with SBI Holdings, and will enter the international brand prepaid card business in fiscal year 2018.

Consolidated Financial Results



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Consolidated Financial Results 1st Half Mar/18

(JPY Bn)	1 st Half Mar/17	1 st Half Mar/18	Diff.	y/y	2 nd Quarter (Jul-Sep) ⁽⁵⁾	Diff.	y/y
Operating Revenue	651.9	692.3	+40.3	+6.2%	377.5	+22.7	+6.4%
Air Transportation Segment	585.6	627.3	+41.6	+7.1%	341.4	+24.1	+7.6%
Operating Expense	559.4	593.2	+33.7	+6.0%	303.1	+18.8	+6.6%
Air Transportation Segment	502.1	536.1	+34.0	+6.8%	272.2	+18.9	+7.5%
Operating Profit	92.4	99.0	+6.6	+7.2%	74.3	+3.9	+5.6%
Air Transportation Segment	83.5	91.1	+7.5	+9.1%	69.2	+5.1	+8.1%
Operating Profit Margin (%)	14.2%	14.3%	+0.1pt	-	19.7%	▲0.1pt	-
Ordinary Profit	89.8	97.6	+7.8	+8.8%	73.1	+3.0	+4.3%
Net Profit ⁽¹⁾	71.4	77.9	+6.5	+9.2%	58.3	+1.7	+3.0%
ASK (MN seat km)	43,385	43,600	+214	+0.5%	22,192	+240	+1.1%
RPK (MN passenger km)	32,560	33,710	+1,150	+3.5%	17,593	+530	+3.1%
EBITDA Margin (%) ⁽²⁾	21.4%	21.8%	+0.4pt	-	26.6%	+0.1pt	-
EBITDAR Margin (%) ⁽³⁾	22.9%	23.2%	+0.3pt	-	27.9%	+0.0pt	-
Unit Cost (JPY) ⁽⁴⁾	9.3	10.0	+0.7	+7.2%	9.9	+0.7	7.2%
Incl. Fuel	11.6	12.3	+0.7	+6.3%	12.3	+0.7	6.3%

1 Net Income Attributable to owners of parent

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

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

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

5 The results for 2Q (July to September) are calculated by deducting the results of 1Q (April to June) from 1H (April to September)



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Changes in Operating Profit (Revenues / Expenses)

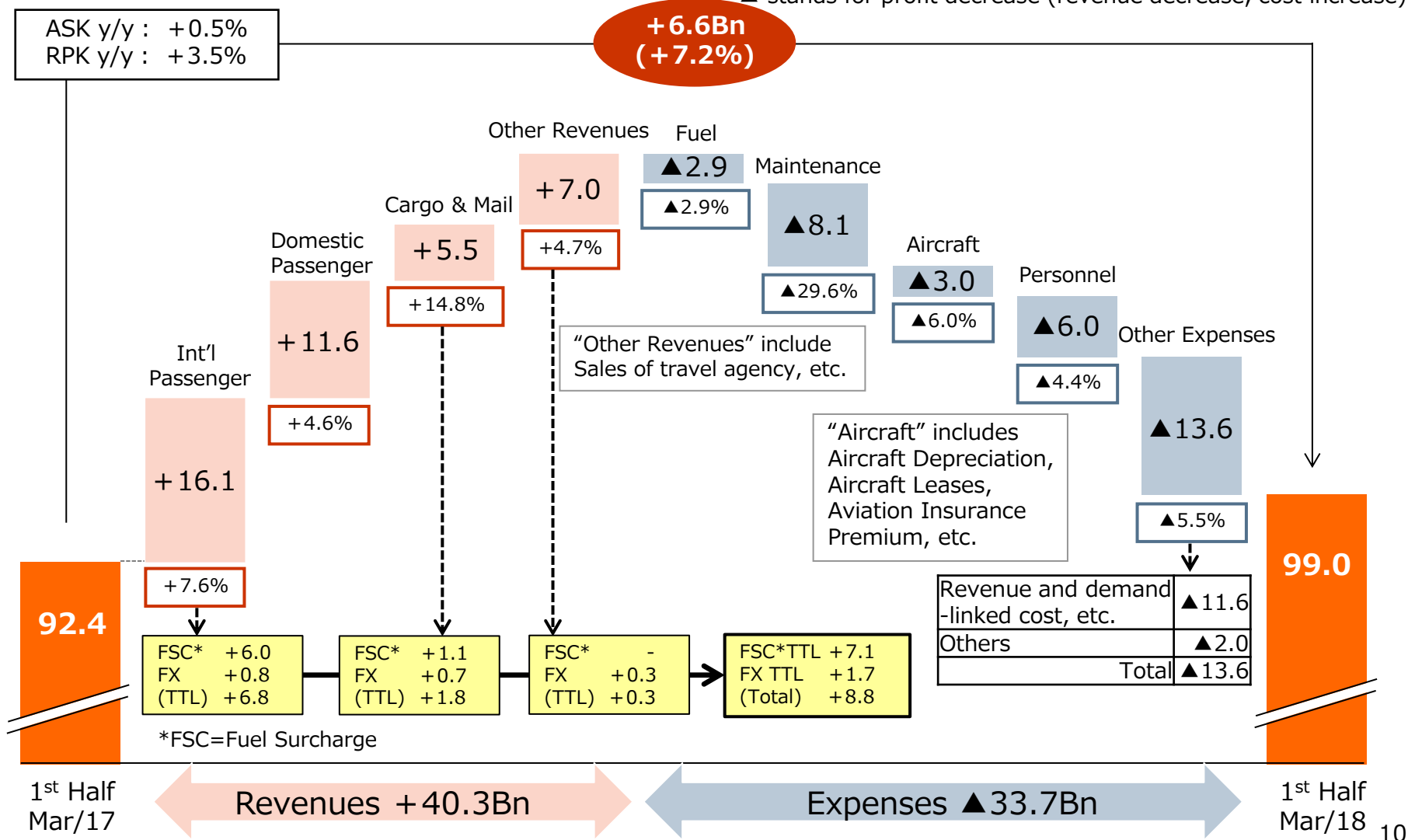


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1st Half Mar/18

(JPY Bn)

+ stands for profit increase (revenue increase, cost reduction)
 ▲ stands for profit decrease (revenue decrease, cost increase)



- Now, I will explain the changes in operating profit.
- Revenues from International Passenger increased by 16.1 billion yen due to strong high yield demand out of Japan as well as more fuel surcharge revenues and such. Revenues from Domestic Passenger increased 11.6 billion yen year on year, because passenger demand surged thanks to free inflight Wi-Fi services while revenue per passenger declined due to price competitions with other airlines as well as increased demand for promotional fares.
- Revenues from International cargo increased due to strong demand.
- As for expenses, maintenance costs increased 8.1 billion yen compared to the previous year due to an increase in mainly engine maintenance and personnel costs also increased 6.0 billion yen due to advanced staffing for introducing the new passenger system. In addition, costs linked to revenue and demand also increased. Expenses in total rose by 33.7 billion yen compared to the year earlier.
- As a result, Operating Profit increased 6.6 billion yen compared to the previous year.

Changes in Operating Profit (Market / Others)



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1st Half Mar/18

(JPY Bn)

Impact from Currency Market ▲4.7Bn

Revenue	+1.7Bn
Cost	▲6.4Bn
Fuel	▲3.4Bn
Ex. Fuel	▲3.0Bn

+6.6Bn
(+7.2%)

+ stands for profit increase (revenue increase, cost reduction)
▲ stands for profit decrease (revenue decrease, cost increase)

(Excl. Market Impact)

Revenue Increase

+31.5

Cost increase

▲30.0

99.0

97.5

92.4

FX excl. Fuel

▲1.3

Fuel (excl. Hedging)

▲12.8

FSC*

+7.1

Hedging

+12.1

FX	▲3.4
Market	▲9.4
Total	▲12.8

Int'l Passenger	+6.0
Int'l Cargo	+1.1
Total	+7.1

Revenues	+1.7
Cost excl. Fuel	▲3.0
Total	▲1.3

Int'l Passenger	+9.4
Domestic Passenger	+11.6
Cargo/Mail	+3.8
Other	+6.7
Total	+31.5

Fuel Volume	▲2.2
Maintenance	▲6.8
Services	▲2.0
Aircraft	▲2.9
Personnel	▲5.8
Expenses of travel agency	▲1.5
Other	▲8.8
Total	▲30.0

1st Half Mar/17

Market impact +5.1Bn

Others +1.5Bn

1st Half Mar/18

*FSC=Fuel Surcharge

- This page explains changes in operating profit from the viewpoints of market impact and others.
- Despite fuel cost increase for higher fuel prices, fuel surcharge revenue and the hedging effect also contributed to increase operating profit by 5.1 billion yen compared to the previous year.
- Apart from Market impact, operating profit rose by 1.5 billion yen, year on year, because revenue increase outpaced cost increase.

International Passenger Operations

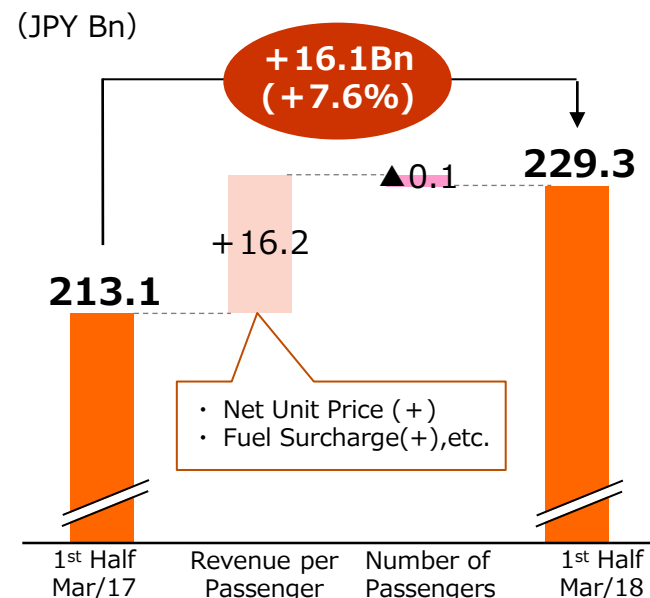


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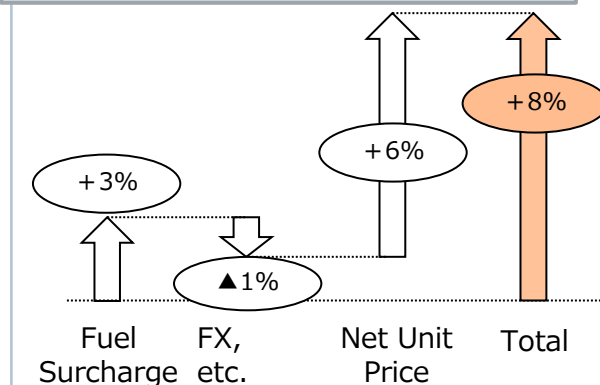
International Passenger

	1st Half Mar/17	1st Half Mar/18	y/y	2nd Quarter (Jul-Sep) ⁽⁴⁾	y/y
Passenger Revenue (JPY Bn)	213.1	229.3	+7.6%	123.7	+8.9%
Passengers ('000)	4,213	4,210	▲0.1%	2,172	+0.5%
ASK (MN seat km)	25,500	25,619	+0.5%	13,031	+1.7%
RPK (MN passenger km)	20,405	20,766	+1.8%	10,675	+1.9%
L/F (%)	80.0%	81.1%	+1.0pt	81.9%	+0.1pt
Revenue per Passenger ⁽¹⁾ (JPY)	50,589	54,471	+7.7%	56,979	+8.4%
Yield ⁽²⁾ (JPY)	10.4	11.0	+5.7%	11.6	+6.9%
Unit Revenue ⁽³⁾ (JPY)	8.4	9.0	+7.1%	9.5	+7.1%

Change in Revenue



Factors of changes in Revenue per Passenger (estimate)



1 Revenue per Passenger = Passenger Revenue / Passengers

2 Yield = Passenger Revenue / RPK

3 Unit Revenue = Passenger Revenue / ASK

4 The results for 2Q (July to September) is calculated by deducting the results of 1Q (April to June) from 1H (April to September)

- On international routes, as demand remained strong on Europe and US routes, RPK increased 1.8% year on year despite a slight decrease in number of passenger. Revenue per passenger rose by 7.7% year on year for our revenue management initiatives and such.
- As a result, international passenger revenue stood 229.3 billion yen, up 7.6% from the previous year.

Domestic Passenger Operations



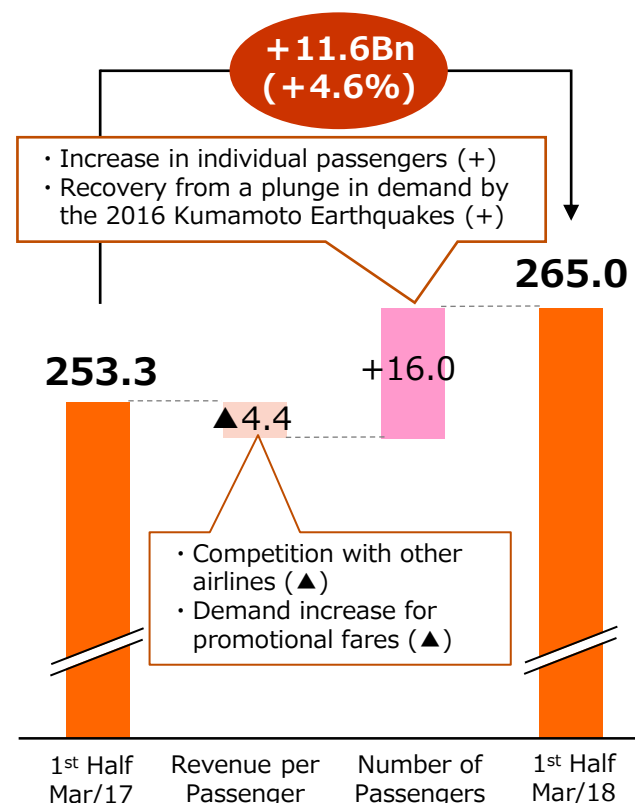
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Domestic Passenger

	1st Half Mar/17	1st Half Mar/18	y/y	2nd Quarter (Jul-Sep) ⁽⁴⁾	y/y
Passenger Revenue (JPY Bn)	253.3	265.0	+4.6%	148.8	+3.4%
Passengers ('000)	16,130	17,170	+6.4%	9,099	+5.0%
ASK (MN seat km)	17,884	17,980	+0.5%	9,160	+0.2%
RPK (MN passenger km)	12,154	12,943	+6.5%	6,918	+5.0%
L/F (%)	68.0%	72.0%	+4.0pt	75.5%	+3.5pt
Revenue per Passenger ⁽¹⁾ (JPY)	15,708	15,435	▲1.7%	16,360	▲1.5%
Yield ⁽²⁾ (JPY)	20.8	20.5	▲1.8%	21.5	▲1.5%
Unit Revenue ⁽³⁾ (JPY)	14.2	14.7	+4.0%	16.3	+3.2%

Change in Revenue

(JPY Bn)



1 Revenue per Passenger = Passenger Revenue / Passengers

2 Yield = Passenger Revenue / RPK

3 Unit Revenue= Passenger Revenue / ASK

4 The results for 2Q (July to September) is calculated by deducting the results of 1Q (April to June) from 1H (April to September)

- Next, on domestic routes.
- While number of passenger increased 6.4% as a result of increased group passengers due to the recovery from a plunge in demand by the 2016 Kumamoto Earthquakes, new demand creation through increased use of promotional fares, and positive results achieved by providing inflight Wi-Fi service free of charge, revenue per passenger decreased 1.7% year on year due to price competitions with other airlines and increased demand for promotional fares.
- As a result, domestic passenger revenue ended at 265.0 billion yen, up 4.6% from the previous year.

Major Operating Expense Items



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Operating Expenses

(JPY Bn)	1 st Half Mar/17	1 st Half Mar/18	Diff.	y/y	2 nd Quarter (Jul-Sep) ⁽³⁾	Diff.	y/y
Fuel	99.0	101.9	+ 2.9	+ 2.9%	51.6	+ 1.9	+ 3.9%
Landing and navigation fees	40.6	41.2	+ 0.6	+ 1.5%	21.1	+ 0.4	+ 2.4%
Maintenance	27.6	35.8	+ 8.1	+ 29.6%	18.0	+ 4.4	+ 32.3%
Sales commissions (Air Transport)	7.8	8.5	+ 0.7	+ 9.6%	4.4	+ 0.5	+ 14.4%
Aircraft ⁽¹⁾	49.8	52.8	+ 3.0	+ 6.0%	26.6	+ 1.5	+ 6.3%
Services ⁽²⁾	18.3	20.7	+ 2.3	+ 12.8%	10.8	+ 1.3	+ 14.5%
Personnel	135.7	141.7	+ 6.0	+ 4.4%	71.2	+ 3.0	+ 4.4%
Expenses of travel agency	42.2	43.8	+ 1.5	+ 3.7%	24.9	+ 0.3	+ 1.3%
Other	138.0	146.3	+ 8.3	+ 6.0%	74.3	+ 5.1	+ 7.4%
Total Operating Expenses	559.4	593.2	+ 33.7	+ 6.0%	303.1	+ 18.8	+ 6.6%

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

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

3 The results for 2Q (July to September) is calculated by deducting the results of 1Q (April to June) from 1H (April to September)

ASK y/y : + 0.5%

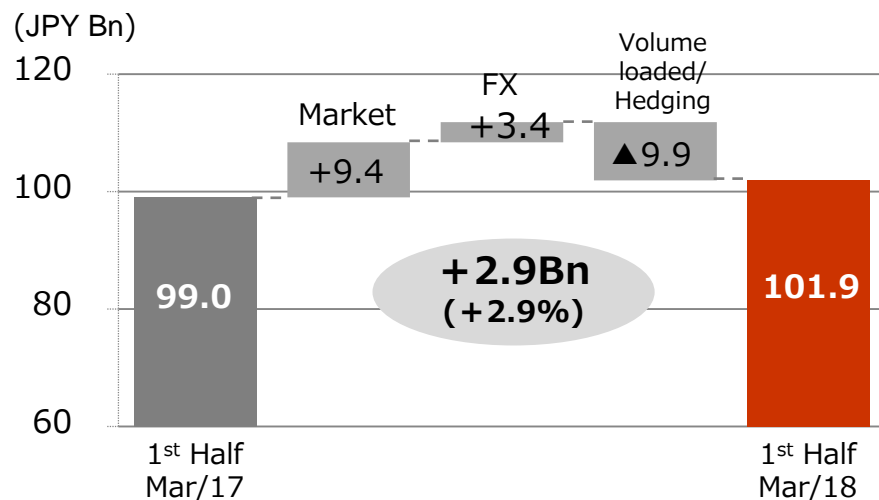
- Please refer to page 14 for major operating expense items, which stood almost as planned. We will continue to make utmost efforts to control our costs.

Impact of Fuel and FX Markets

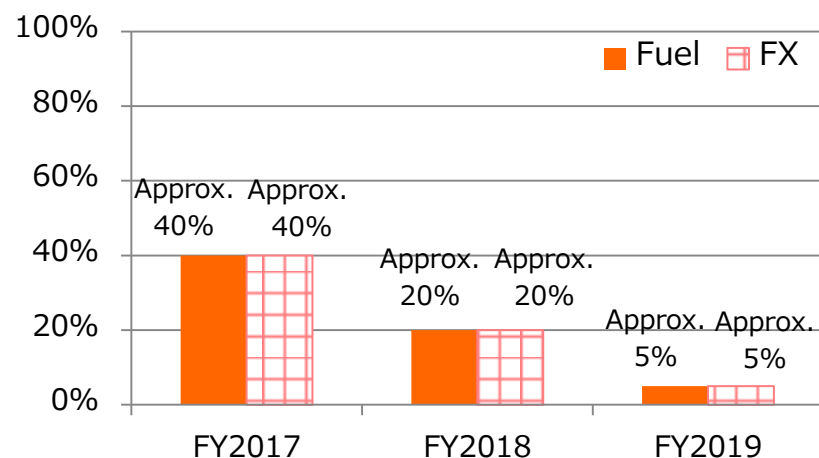


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Transition of Fuel Cost by Factors



Hedging Ratio for Fuel Costs (as of end of September 2017)



Fuel / FX Markets

	Mar/18 Plan	1st Half Mar/17	1st Half Mar/18	y/y	New Forecast
Singapore Kerosene (USD/bbl)	66.0	53.1	61.1	+15.0%	60.5 (2ndH 60.0)
Dubai Crude Oil (USD/bbl)	53.0	41.8	49.7	+18.9%	49.4 (2ndH 49.0)
FX Rate (JPY/USD)	115.0	106.8	111.0	+3.9%	113.0 (2ndH 115.0)

FY2017 2nd Half profit Impact of Fuel and FX Markets* (Inc. Hedging, Fuel Surcharge)

Singapore Kerosene (USD/bbl) \ FX(JPY/USD)	Singapore Kerosene (USD/bbl)		
	50USD	60USD	70USD
115 JPY	+3.5Bn	No Change	▲3.0Bn
110 JPY	+5.5Bn	+2.0Bn	▲1.0Bn

*Variable factors

- ①Int'l Passenger Fuel Surcharge (Feb-Mar)
- ②Int'l Cargo Fuel Surcharge (Dec - Mar)

[References] Sensitivity for Fuel Costs Mar/18

Crude Oil (Change in 1 USD/bbl)	2.6 JPY Bn Per Year
FX (Change in 1 JPY/USD)	1.5 JPY Bn Per Year

※Without hedging

Major Balance Sheet Items and Cash Flow Items



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Balance Sheet

(JPY Bn)	End of Mar/17 2017/3/31	End of 1 st Half Mar/18 2017/9/30	Diff.
Total Assets	1,728.7	1,786.9	+ 58.1
Cash and Deposits ⁽¹⁾	404.0	418.1	+ 14.1
Balance of Interest-bearing Debt ⁽²⁾	116.0	102.9	▲ 13.1
Future Rental Expenses under Operating Leases	76.4	67.0	▲ 9.3
Shareholders' Equity	972.0	1,024.1	+ 52.0
Shareholders' Equity Ratio (%)	56.2%	57.3%	+ 1.1pt
D/E Ratio (x) ⁽³⁾	0.1x	0.1x	▲ 0.0x

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

Cash Flow

(JPY Bn)	1 st Half Mar/17	1 st Half Mar/18	Diff.
Cash Flow from Operating Activities	132.4	159.1	+ 26.6
Depreciation and Amortization	46.9	51.6	+ 4.6
Cash Flow from Investing Activities ⁽⁴⁾	▲ 118.0	▲ 95.8	+ 22.1
Capital Expenditure ⁽⁵⁾	▲ 127.9	▲ 108.0	+ 19.8
Free Cash Flow ⁽⁶⁾	14.4	63.2	+ 48.7
Cash Flow from Financing Activities	▲ 64.3	▲ 49.4	+ 14.8
Total Cash Flow ⁽⁷⁾	▲ 49.9	13.7	+ 63.6
EBITDA	139.4	150.6	+ 11.2
EBITDAR	149.5	160.6	+ 11.0

- 4 Excluding deposits and withdrawals from deposit accounts 5 Expenditures for purchasing fixed assets
 6 Cash Flow from Operating Activities + Cash Flow from Investing Activities
 7 Cash flow from Operating Activities + Cash Flow from Investing Activities + Cash Flow from Financing Activities

《 References 》 FY2017 (Mar/18) Revised Earnings Forecast



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P/L

(JPY Bn)	FY2016 Result	FY2017 Previous Forecast	FY2017 New Forecast	y/y	Diff.
Operating Revenue	1,288.9	1,348.0	1,366.0	+77.1	+18.0
International Passenger	415.2	456.0	453.0	+37.8	▲3.0
Domestic Passenger	498.6	507.0	517.0	+18.4	+10.0
Cargo / Mail	78.2	83.0	88.0	+9.8	+5.0
Other	296.8	302.0	308.0	+11.2	+6.0
Operating Expense	1,118.6	1,195.0	1,200.0	+81.4	+5.0
Fuel	198.7	214.0	206.0	+7.3	▲8.0
Excluding Fuel	919.8	981.0	994.0	+74.2	+13.0
Operating Profit	170.3	153.0	166.0	▲4.3	+13.0
Operating Profit Margin(%)	13.2%	11.4%	12.2%	▲1.1pt	+0.8pt
Ordinary Profit	165.0	146.0	158.0	▲7.0	+12.0
Net Profit ⁽¹⁾	164.1	108.0	121.0	▲43.1	+13.0
Unit Cost (Yen) ⁽²⁾	9.4	9.9	10.0	+0.6	+0.1

1 Profit attributable to owners of parent

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

Operational Preconditions

	FY2017 Previous Forecast	FY2017 New Forecast
ASK* Int'l	+2.7%	+2.7%
Doms	+1.4%	+1.2%
Total	+2.1%	+2.1%
RPK* Int'l	+3.3%	+3.0%
Doms	+1.3%	+4.8%
Total	+2.5%	+3.7%

*y/y

	FY2017 Previous Forecast	FY2017 New Forecast
Singapore Kerosene (USD/bbl)	65.1	60.5
Dubai Crude Oil (USD/bbl)	52.6	49.4
FX Rate (JPY/USD)	114.0	113.0

FY2017 (Mar/18) Revised Earnings Forecast



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Balance Sheet

(JPY Bn)	End of FY2016 Results	End of FY2017 Previous Forecast	End of FY2017 New Forecast	Diff.
Total Assets	1,728.7	1,803.0	1,820.0	+17.0
Balance of Interest-bearing debts	116.0	133.0	130.0	▲3.0
Shareholders' Equity	972.0	1,038.0	1,048.0	+10.0
Shareholders' Equity Ratio (%)	56.2%	57.6%	57.6%	-
ROIC (%) ⁽¹⁾	10.7%	8.8%	9.5%	+0.7pt
ROE (%) ⁽²⁾	18.1%	10.7%	12.0%	+1.2pt
ROA (%) ⁽³⁾	10.3%	8.7%	9.4%	+0.7pt

Cash Flow

(JPY Bn)	FY2016 Results	FY2017 Previous Forecast	FY2017 New Forecast	Diff.
Cash Flow from Operating Activities	253.1	242.0	259.0	+17.0
Cash Flow from Investing Activities ⁽⁴⁾	▲215.5	▲210.0	▲207.0	+3.0
Free Cash Flow ⁽⁴⁾	37.5	32.0	52.0	+20.0
Cash Flow from Financing Activities	▲53.5	▲36.0	▲41.0	▲5.0
EBITDA	266.1	265.0	276.0	+11.0
EBITDAR	286.2	282.0	294.0	+12.0

1 Return on invested capital gives a sense of how well a company is using its money to generate returns

2 (Profit attributable to owners of parent) / (average of shareholder's equity at beginning and end of fiscal year)

3 (Operating profit) / (average of total assets at beginning and end of fiscal year)

4 Excluding deposits and withdrawals from deposit accounts

$$\text{ROIC}(\%) = \frac{\text{NOPAT}}{\text{Fixed Asset (incl. Future Rental Expenses under Operating Leases)}}$$

Earnings Forecast Mar/2018 (Air transportation Segment)



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International Passenger Operations	Mar/2017 Results	Mar/2018 Forecast	y/y (%)		
			Full-year (Forecast)	1 st Half (Result)	2 nd Half (Forecast)
Passenger Revenue (JPY Bn)	415.2	453.0	+9.1%	+7.6%	+10.7%
Passengers ('000)	8,394	8,468	+0.9%	▲0.1%	+1.8%
ASK (MN seat km)	50,621	51,974	+2.7%	+0.5%	+4.9%
RPK (MN passenger km)	40,633	41,866	+3.0%	+1.8%	+4.3%
L/F (%)	80.3%	80.6%	80.6%	81.1%	80.1%
Revenue per Passenger ⁽¹⁾ (JPY)	49,461	53,491	+8.1%	+7.7%	+8.7%
Yield ⁽²⁾ (JPY)	10.2	10.8	+5.9%	+5.7%	+6.1%
Unit Revenue ⁽³⁾ (JPY)	8.2	8.7	+6.3%	+7.1%	+5.5%

Domestic Passenger Operations	Mar/2017 Results	Mar/2018 Forecast	y/y (%)		
			Full-year (Forecast)	1 st Half (Result)	2 nd Half (Forecast)
Passenger Revenue (JPY Bn)	498.6	517.0	+3.7%	+4.6%	+2.8%
Passengers ('000)	32,570	34,133	+4.8%	+6.4%	+3.2%
ASK (MN seat km)	35,423	35,861	+1.2%	+0.5%	+1.9%
RPK (MN passenger km)	24,550	25,720	+4.8%	+6.5%	+3.1%
L/F (%)	69.3%	71.7%	71.7%	72.0%	71.5%
Revenue per Passenger ⁽¹⁾ (JPY)	15,309	15,149	▲1.0%	▲1.7%	▲0.4%
Yield ⁽²⁾ (JPY)	20.3	20.1	▲1.0%	▲1.8%	▲0.3%
Unit Revenue ⁽³⁾ (JPY)	14.1	14.4	+2.4%	+4.0%	+0.8%

Revenue of International Routes by Geographic Segment



Passenger Revenue

(%)	1st Half y/y	2nd Quarter y/y	Proportion of whole Int'l		
			Mar/17 1st Half	Mar/18 1st Half	2nd Quarter
America	+11.7%	+11.2%	27%	28%	27%
Europe	+17.4%	+19.6%	16%	17%	18%
Asia/Oceania	+2.8%	+5.6%	32%	31%	29%
China	+4.8%	+8.4%	10%	10%	10%
Hawaii/Guam	+2.1%	+1.3%	15%	14%	16%
Total	+7.6%	+8.9%	100%	100%	100%

ASK

(MN seat km)	1st Half			2nd Quarter	
	Mar/17	Mar/18	y/y	Mar/18	y/y
America	7,161	7,512	+4.9%	3,784	+4.6%
Europe	3,879	4,067	+4.9%	2,104	+6.4%
Asia/Oceania	8,921	8,613	▲3.5%	4,348	▲2.4%
China	1,763	1,645	▲6.7%	823	▲8.4%
Hawaii/Guam	3,775	3,780	+0.1%	1,969	+5.8%
Total	25,500	25,619	+0.5%	13,031	+1.7%

Revenue Passengers Carried

('000)	1st Half			2nd Quarter	
	Mar/17	Mar/18	y/y	Mar/18	y/y
America	607	635	+4.6%	323	+2.4%
Europe	337	379	+12.4%	197	+10.8%
Asia/Oceania	1,994	1,980	▲0.7%	996	+0.0%
China	716	686	▲4.2%	378	▲2.4%
Hawaii/Guam	557	527	▲5.2%	276	▲2.5%
Total	4,213	4,210	▲0.1%	2,172	+0.5%

RPK

(MN passenger km)	1st Half			2nd Quarter	
	Mar/17	Mar/18	y/y	Mar/18	y/y
America	5,770	6,076	+5.3%	3,087	+3.1%
Europe	3,054	3,398	+11.3%	1,758	+9.6%
Asia/Oceania	7,038	6,984	▲0.8%	3,532	+0.0%
China	1,334	1,274	▲4.5%	699	▲2.9%
Hawaii/Guam	3,206	3,033	▲5.4%	1,597	▲1.6%
Total	20,405	20,766	+1.8%	10,675	+1.9%

Load Factor for Revenue Passengers

(%)	1st Half			2nd Quarter	
	Mar/17	Mar/18	y/y	Mar/18	y/y
America	80.6%	80.9%	+0.3pt	81.6%	▲1.2pt
Europe	78.7%	83.5%	+4.8pt	83.5%	+2.4pt
Asia/Oceania	78.9%	81.1%	+2.2pt	81.2%	+1.9pt
China	75.7%	77.4%	+1.7pt	84.9%	+4.8pt
Hawaii/Guam	84.9%	80.2%	▲4.7pt	81.1%	▲6.1pt
Total	80.0%	81.1%	+1.0pt	81.9%	+0.1pt

《 References 》

Number of Aircraft



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	End of Mar/17 (2017/3/31)			End of 1 st Half Mar/18 (2017/9/30)			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	25	0	25	25	0	25	-
Boeing 787-9	8	0	8	10	0	10	+2
Boeing 767-300	6	0	6	6	0	6	-
Boeing 767-300ER	29	2	31	29	1	30	▲1
Middle-sized Total	68	2	70	70	1	71	+1
Boeing 737-400	11	0	11	9	0	9	▲2
Boeing 737-800	26	27	53	29	26	55	+2
Small-sized Total	37	27	64	38	26	64	-
Embraer 170	17	0	17	17	0	17	-
Embraer 190	5	0	5	9	0	9	+4
Bombardier CRJ200	5	0	5	4	0	4	▲1
Bombardier D8-400	7	2	9	7	1	8	▲1
Bombardier D8-400CC	4	0	4	4	0	4	-
SAAB340B	12	0	12	11	0	11	▲1
Bombardier D8-300	1	0	1	1	0	1	-
Bombardier D8-100	2	0	2	1	0	1	▲1
ATR42-600	1	0	1	2	0	2	+1
Regional Total	54	2	56	56	1	57	+1
Total	199	31	230	204	28	232	+2

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