FY2017-2020 JAL Group Medium Term Management Plan and the Financial Results for the Year Ended March 2017

Principal Q&A

■ International Passengers

Q1：What is the anticipated unit price for FY2017?

A1：We anticipate an 8.5% increase compared to FY2016. This is due to an increase in fuel surcharges and further introducing “JAL SKY SUITE” products.

Q2：What about capturing overseas demand?

A2：We will proactively capture higher yield in-bound demand that is expected to increase. We aim to increase the number of in-bound passengers up to roughly 50% in our total international services in FY2020.

■ Expenses

Q3：Your strategic expenditures in the FY2017 include innovative expenses related to the passenger service system (PSS). Would this PSS increase the FY2018 expenses as well?

A3：We are planning a cutover of our New PSS this November, which will cover more than half of our 21.5 billion yen expenses. Its depreciation in next fiscal year will increase simply because of longer depreciating period, but an increase in personnel expenses to facilitate this cutover would only be seen for this fiscal year.

Q4：What are the reasons for the increase in maintenance expenses for FY2017?

A4：The increase in engine maintenance expenses for Boeing 787 and other aircraft will be roughly 10 billion yen. On the other hand, it is expected that the maintenance expenses for FY2020 will be almost the same level as FY2017 by best utilizing IT.

■ Unit Costs

Q5：What are your expected unit costs in the future?

A5：By realizing maximum revenue, minimum expenses, and a lean management, endeavors will be made to maximize the unit profits as much as possible. After FY2018 it is expected that both the maintenance expenses other than for engines and the personnel costs required for PSS transition will decrease. The increase in ASK, the denominator of the unit cost, will also contribute to control the unit costs.