

JAPAN AIRLINES Co., Ltd.
Financial Results
MAR/2019 (FY2018)
April 26th, 2019





OVERVIEW OF FINANCIAL RESULTS FOR MAR/19

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※The Award for Passenger Service System Project



2018 Award for Excellence in Corporate Disclosure

— Industries —



The Securities Analysts Association of Japan

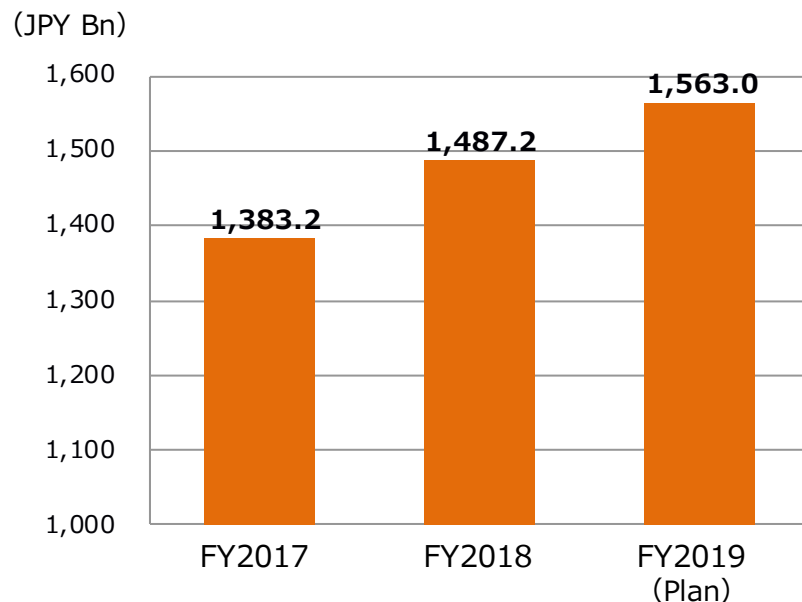
Overview of Financial Results for Mar/19



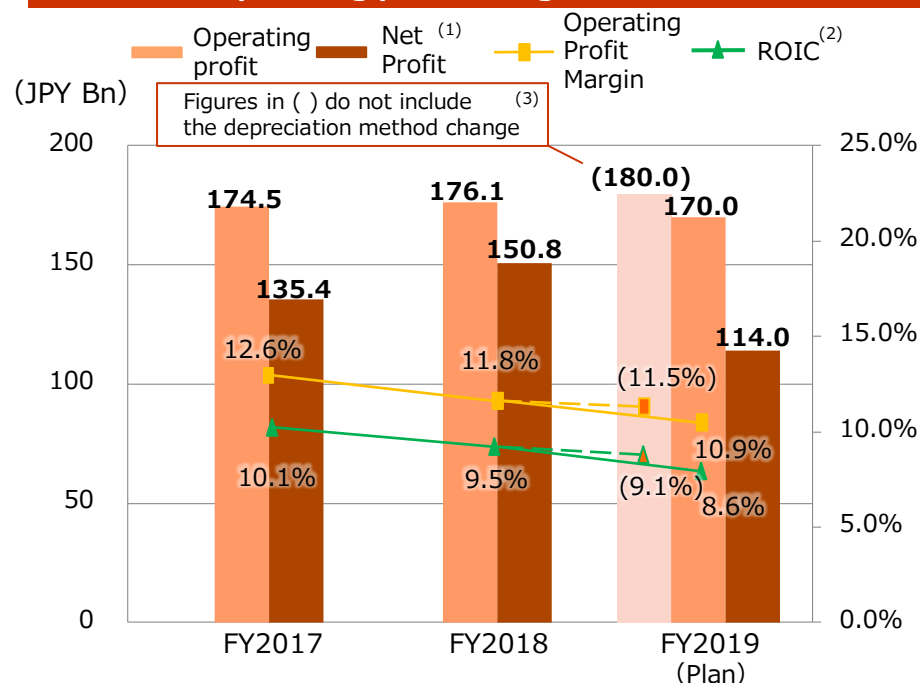
JAPAN AIRLINES

- ✓ Resulted in an increase both in revenue and net profit compared to the previous year.
- ✓ Aim to achieve year-over-year growth in both revenue and profit in FY2019.

Operating Revenue



Operating profit · Net profit ⁽¹⁾ Operating profit margin · ROIC ⁽²⁾



Fuel/FX Markets		FY2017	FY2018	FY2019 (Plan)
Singapore Kerosene	(USD/bbl)	67.8	83.9	90.0
Dubai Crude Oil	(USD/bbl)	54.9	69.0	70.0
FX Rate	(JPY/USD)	111.2	110.5	115.0

Operational Precondition /ASK	FY2018	FY2019 (Plan)
Int'l	+6.0%	+2.5%
Doms	+1.1%	+2.6%
Total	+4.0%	+2.5%

(1) Net profit attributable to owners of parent

(2) NOPAT/Average Fixed Asset (incl. Future Rental Expenses under Operating Leases) at beginning and end of a fiscal year

(3) Before the depreciation method change, all components attached to aircraft were depreciated altogether with aircraft. With the new method, assets are classified to each components, based on economic lives of components such as engines and cabin interiors, and depreciated separately.

※y/y

Shareholder Return Policy

Dividends

- ✓ Focuses on continuity, stability and predictability
 - ✓ From FY2019, **approximately 35%** will be a benchmark for payout ratio
- ➔ Dividends per share will remain unchanged in spite of the effective tax rate increase

Focus on Total Return

- ✓ Return will be made through the combination of dividends and share repurchase
 - ✓ Aims for **a range of approximately 35% to 50% of total return ratio⁽¹⁾**
 - ✓ Aims for **approximately 3% or above of total shareholder return on equity ratio⁽²⁾**
- ➔ Works on improving capital efficiency through monitoring a return level in comparison with a certain portion of equity capital

(1) Total Return Ratio =

$$\frac{\text{Total dividends} + \text{Total share repurchases}}{\text{Net profit attributable to owners of the parent}}$$

(2) Total Return on Equity Ratio =

$$\frac{\text{Total dividends} + \text{Total Share repurchases}}{\text{Average shareholders' equity at beginning and end of a fiscal year}}$$

Shareholder Return Results and Forecast

Dividends

- ✓ FY2018 : **110 yen per annum (year-end dividends 55yen)**
(Benchmark payout ratio: approximately 30%)
 - ✓ FY2019 Forecast: **110 yen per annum (interim dividends 55yen, year-end dividends 55yen)**
(Benchmark payout ratio: approximately 35%)
 - ✓ Income tax deferred is no longer excluded from 2019, except an extraordinary case, because no special factors in income taxes* exist any more.
- * Income taxes current + income taxes deferred

Share Repurchase

- ✓ Decided to conduct share repurchase up to **20 billion yen** (From May 7, 2019 to September 30, 2019)
- ✓ **All shares will be cancelled**

Shareholder returns②

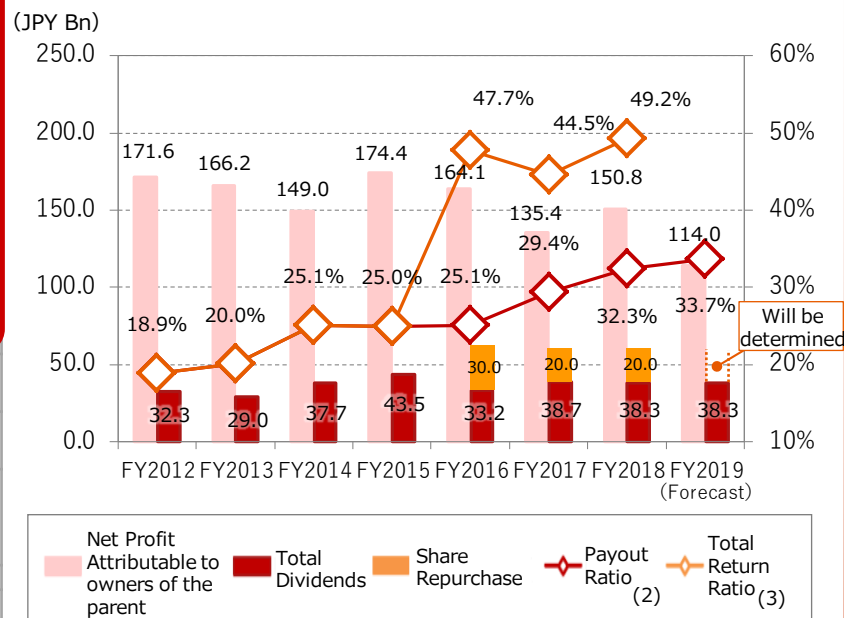


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Shareholder Return Result and Forecast

	FY2017 (Result)	FY2018 (Result)	FY2019 (Forecast)
Dividends per share (JPY)	110	110	110
Interim Dividend	52.5	55	55
Year-End Dividend	57.5	55	55
Share Repurchase ⁽¹⁾ (JPY Bn)	20.0	20.0	Will be determined
Payout Ratio ⁽²⁾	29.4%	32.3%	33.7% ⁽⁷⁾
Total Return Ratio ⁽³⁾	44.5%	49.2%	-
Total Return on Equity Ratio ⁽⁴⁾	5.8%	5.2%	-
Net Profit ⁽⁵⁾ (JPY Bn)	135.4	150.8	114.0
Income Tax Deferred (JPY Bn)	▲3.4	▲32.1	
Base Profit for Dividends Calculation ⁽⁶⁾ (JPY Bn)	131.9	118.6	114.0
Total Dividends	38.7	38.3	38.3 ⁽⁷⁾

Total Return History (FY2012~FY2019)



(5) Net profit attributable to owners of the parent

(6) Base profit for dividend calculation = (Net profit attributable to owners of parent + income tax deferred)
 (From 2019, income tax deferred is no longer excluded)

(7) In the FY2019 total dividends and the payout ratio calculation, the number of shares issued at the end of FY2018, excluding treasury stock, is used

(1) Share repurchase of a particular fiscal year includes ones determined before the approval of financial reports of that fiscal year

(2) Payout Ratio = Total amounts of dividends / Base profit for dividends calculation

(3) Total return ratio = (Total dividends + Share repurchase) / Base profit for dividend calculation

(4) Total return on equity ratio = (Total dividends + Share repurchase) / Average shareholders' equity at beginning and end of a fiscal year



OVERVIEW OF FINANCIAL RESULTS FOR MAR/19



SHAREHOLDER RETURN



DETAILS OF FINANCIAL RESULTS FOR MAR/19



EARNINGS FORECAST FOR MAR/20



REFERENCES

Consolidated Financial Results Mar/19



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(JPY Bn)	FY2017	FY2018	Diff.	y/y	4th Quarter (Jan-Mar) ⁽⁶⁾	Diff.	y/y
Operating Revenue	1,383.2	1,487.2	+104.0	+7.5%	356.1	+18.9	+5.6%
International Passenger ⁽¹⁾	462.9	530.6	+67.7	+14.6%	127.1	+10.7	+9.2%
Domestic Passenger ⁽¹⁾	518.2	528.0	+9.8	+1.9%	123.3	+3.6	+3.1%
Cargo / Mail	92.0	100.0	+7.9	+8.6%	22.7	▲0	▲0.3%
Other	310.0	328.4	+18.4	+5.9%	82.8	+4.6	+5.9%
Operating Expense	1,208.6	1,311.1	+102.4	+8.5%	325.5	+17.6	+5.7%
Fuel	215.2	251.2	+35.9	+16.7%	59.4	+2.1	+3.8%
Excluding Fuel	993.4	1,059.8	+66.4	+6.7%	266.0	+15.5	+6.2%
Operating Profit	174.5	176.1	+1.5	+0.9%	30.6	+1.3	+4.5%
Operating Profit Margin (%)	12.6%	11.8%	▲0.8pt	-	8.6%	▲0.1pt	-
Ordinary Profit	163.1	165.3	+2.1	+1.3%	26.7	+5.7	+27.5%
Net Profit ⁽²⁾	135.4	150.8	+15.4	+11.4%	44.2	+22.9	+107.7%
ASK (MN seat km)	87,550	91,042	+3,492	+4.0%	22,646	+821	+3.8%
RPK (MN passenger km)	67,656	70,855	+3,198	+4.7%	17,338	+559	+3.3%
EBITDA Margin (%) ⁽³⁾	20.6%	20.2%	▲0.4pt	-	17.4%	▲0.2pt	-
EBITDAR Margin (%) ⁽⁴⁾	22.1%	21.5%	▲0.6pt	-	18.8%	▲0.3pt	-
Unit Cost (JPY) ⁽⁵⁾	10.1	10.4	+0.3	+3.1%	10.5	+0.3	+2.9%
Incl. Fuel	12.5	13.1	+0.6	+4.9%	13.1	+0.3	+2.3%

(1) Including the effect of a change of settlement adjustment method for domestic sectors on international itineraries (INT + 6.2Bn, DOM▲6.2Bn)

(2) Net profit attributable to owners of the parent

(3) EBITDA Margin = EBITDA / Operating Revenue EBITDA=Operating Profit + Depreciation and Amortization

(4) EBITDAR Margin = EBITDAR / Operating Revenue EBITDAR=Operating Profit + Depreciation and Amortization + Aircraft Leases

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

(6) The results for 4Q (January to March) are calculated by deducting the results of 3Q (April to December) from full-year (April to March)

Changes in Operating Profit (Revenues / Expenses)



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Mar/19 (FY2018)

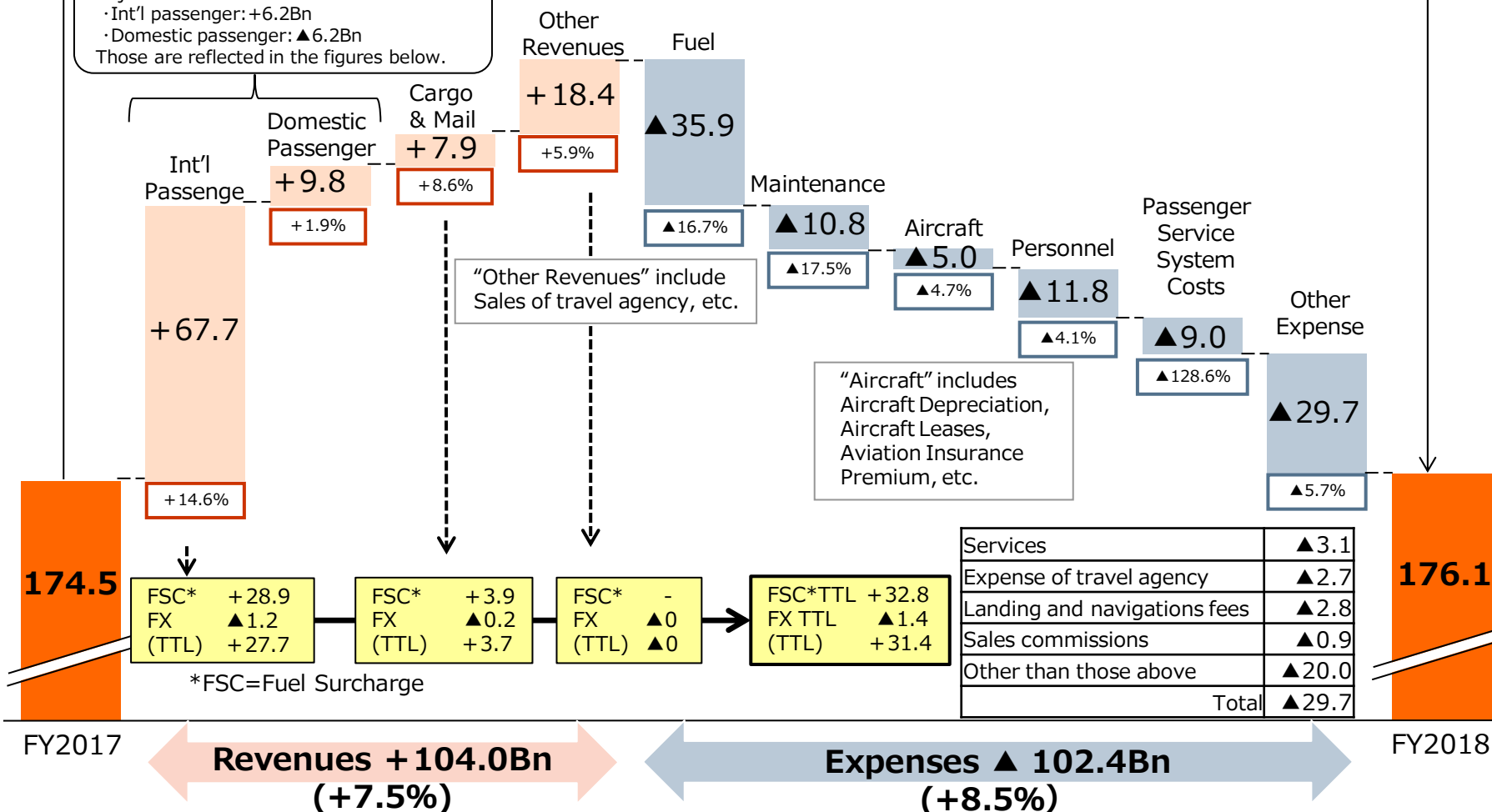
(JPY Bn)

ASK y/y : +4.0%
RPK y/y : +4.7%

**+1.5Bn
(+0.9%)**

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

The effect of the change of the settlement
Adjustment method are as follows:
· Int'l passenger: +6.2Bn
· Domestic passenger: ▲6.2Bn
Those are reflected in the figures below.



Changes in Operating Profit (Market / Others)



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Mar/19 (FY2018)

(JPY Bn)

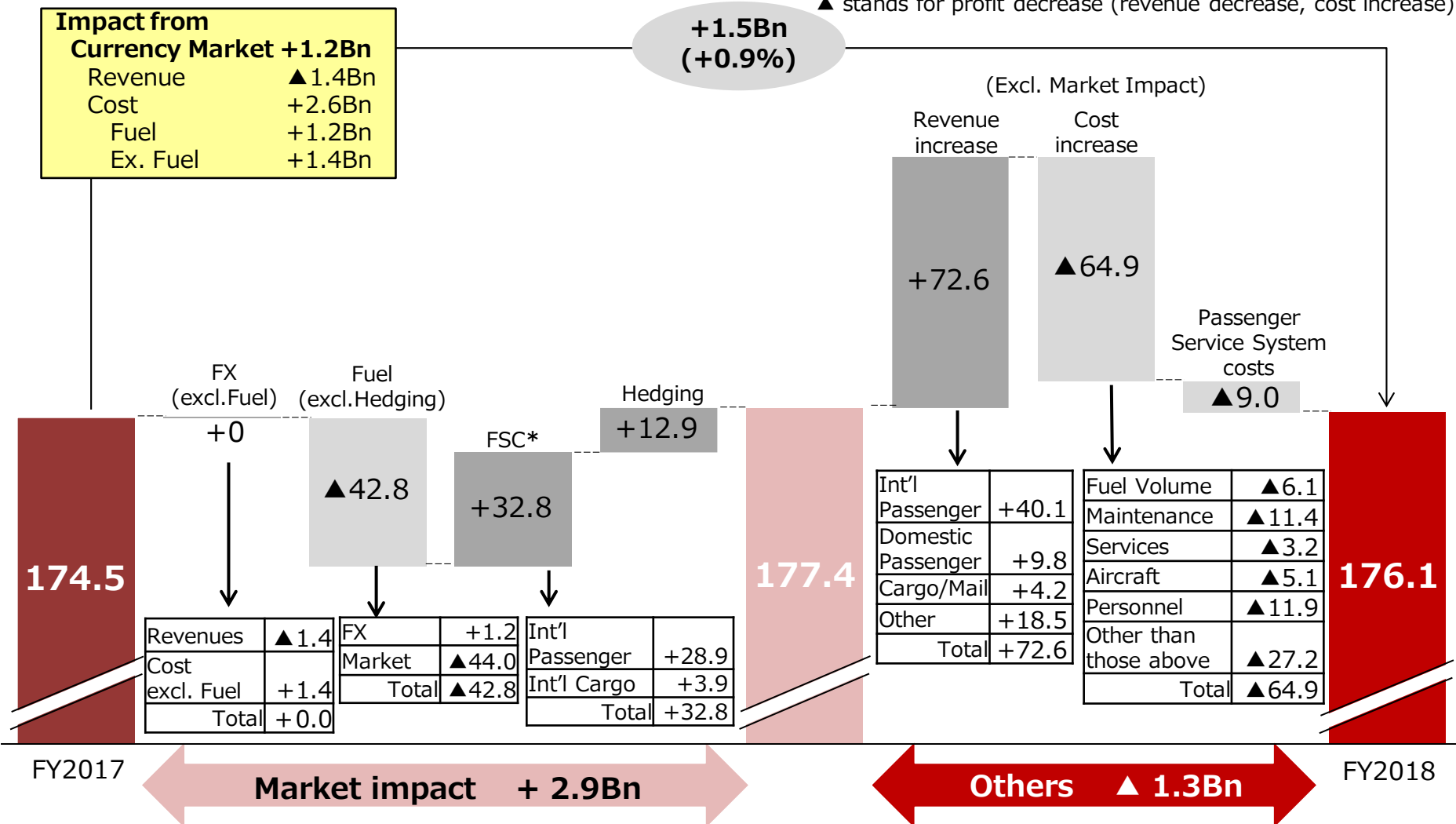
Impact from Currency Market +1.2Bn

Revenue	▲1.4Bn
Cost	+2.6Bn
Fuel	+1.2Bn
Ex. Fuel	+1.4Bn

+1.5Bn
(+0.9%)

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

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



*FSC=Fuel Surcharge

International Passenger Operations

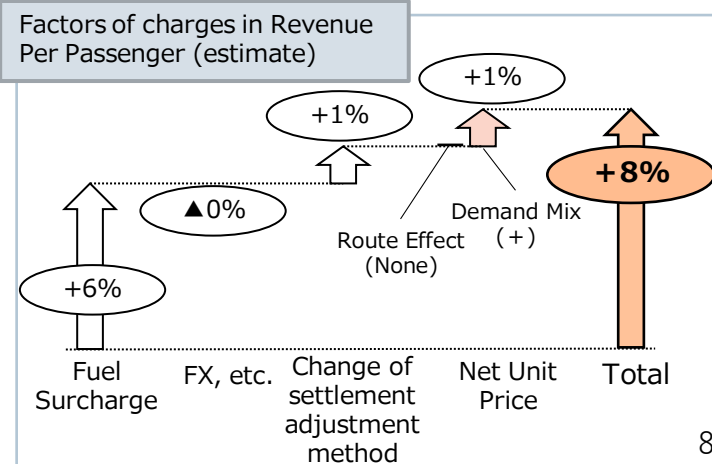
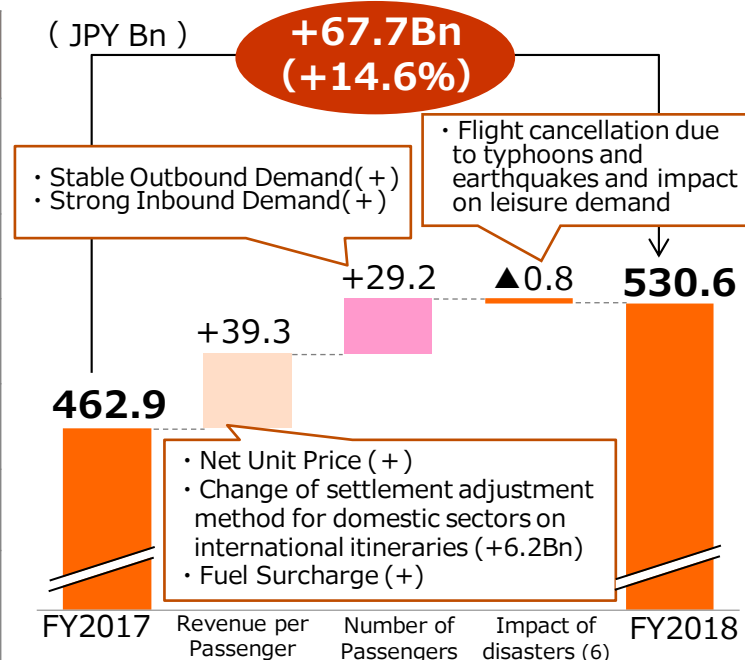


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International Passenger

	FY2017	FY2018	y/y ratio	4th Quarter (Jan-Mar) ⁽⁵⁾	y/y ratio
Passenger Revenue ⁽¹⁾ (JPY Bn)	462.9	530.6 (524.4)	+14.6% (+13.3%)	127.1 (125.4)	+9.2% (+7.7%)
Passengers ('000)	8,585	9,128	+6.3%	2,255	+2.0%
ASK (MN seat km)	51,836	54,925	+6.0%	13,714	+5.3%
RPK (MN passenger km)	42,013	44,659	+6.3%	10,960	+3.0%
L/F (%)	81.0%	81.3%	+0.3pt	79.9%	▲1.8pt
Revenue per Passenger ⁽¹⁾⁽²⁾ (JPY)	53,919	58,136 (57,453)	+7.8% (+6.6%)	56,399 (55,621)	+7.1% (+5.6%)
Yield ⁽¹⁾⁽³⁾ (JPY)	11.0	11.9 (11.7)	+7.8% (+6.6%)	11.6 (11.4)	+6.0% (+4.5%)
Unit Revenue ⁽¹⁾⁽⁴⁾ (JPY)	8.9	9.7 (9.5)	+8.2% (+6.9%)	9.3 (9.1)	+3.7% (+2.3%)

Change in Revenue



- (1) The effect of the change of the settlement adjustment method for domestic sectors on international itineraries is excluded in the figures in parentheses
- (2) Revenue per Passenger = Passenger Revenue / Passengers
- (3) Yield = Passenger Revenue / RPK
- (4) Unit Revenue = Passenger Revenue / ASK
- (5) The results for 4Q (January to March) are calculated by deducting the results of the cumulative 3Q (April to December) from the FY2018 full year results (April to March)
- (6) Effects arising out of heavy rain in July in Western Japan, typhoons from July to September and the earthquakes in Hokkaido in September

Domestic Passenger Operations

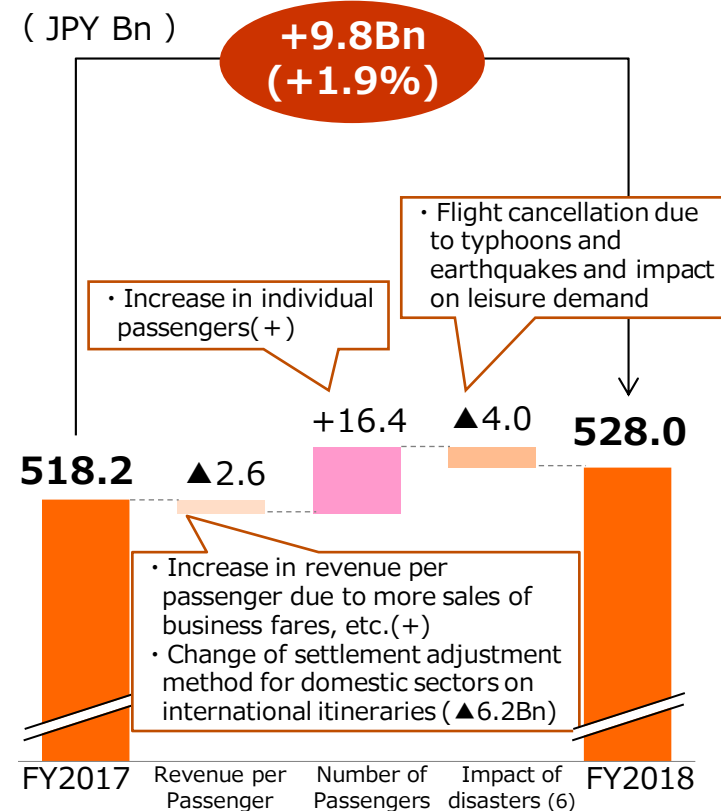


JAPAN AIRLINES

Domestic Passenger

	FY2017	FY2018	y/y ratio	4th Quarter (Jan-Mar) ⁽⁵⁾	y/y ratio
Passenger Revenue ⁽¹⁾ (JPY Bn)	518.2	528.0 (534.3)	+1.9% (+3.1%)	123.3 (125.1)	+3.1% (+4.6%)
Passengers ('000)	34,033	34,859	+2.4%	8,421	+3.8%
ASK (MN seat km)	35,714	36,116	+1.1%	8,932	+1.5%
RPK (MN passenger km)	25,643	26,195	+2.2%	6,378	+3.9%
L/F (%)	71.8%	72.5%	+0.7pt	71.4%	+1.7pt
Revenue per Passenger ^{(1) (2)} (JPY)	15,227	15,149 (15,328)	▲0.5% (+0.7%)	14,651 (14,859)	▲0.7% (+0.7%)
Yield ⁽¹⁾⁽³⁾ (JPY)	20.2	20.2 (20.4)	▲0.2% (+0.9%)	19.3 (19.6)	▲0.7% (+0.7%)
Unit Revenue ⁽¹⁾⁽⁴⁾ (JPY)	14.5	14.6 (14.8)	+0.8% (+2.0%)	13.8 (14.0)	+1.6% (+3.1%)

Change in Revenue



- (1) The effect of the change of the settlement adjustment method for domestic sectors on international itineraries is excluded in the figures in parentheses
- (2) Revenue per Passenger = Passenger Revenue / Passengers
- (3) Yield = Passenger Revenue / RPK
- (4) Unit Revenue= Passenger Revenue / ASK
- (5) The results for 4Q (January to March) are calculated by deducting the results of cumulative 3Q (April to December) from the FY2018 full-year results (April to March)
- (6) Effects arising out of heavy rain in July in Western Japan, typhoons from July to September and the earthquakes in Hokkaido in September

The New Passenger Service System



JAPAN AIRLINES

The Effect during FY18
20 billion yen (estimated as maximum)

International flights : 10.0 Bn yen

Domestic flights : 10.0 Bn yen

**Improvement
of Load Factor**

Y/Y

**International:
+0.3pt
Domestic:
+0.7pt**

**Improvement
of Yield⁽¹⁾**

Y/Y

**International:
+1%
Domestic:
+1%**

**Improvement of
Unit Revenue ⁽¹⁾**

Y/Y

**International:
+2%
Domestic:
+2%**

The New Passenger Service System

**Main functional
enhancements**

Major Improvements

**Improved
Functions of
Overseas
Websites**

- Fare/Class Display
- Multilingual services

**Revenue Increase from
Inbound Business Class and
Premium Economy Class Sales**

Ref. Total revenue of above
classes purchased at overseas
websites
(Excluding fuel surcharge)

**FY17:100
FY18:134**

INT

**Reservation
Control on
Itinerary Basis,
instead of a
Single Flight
Basis**

**Captured more transit
passengers**

Ref. Revenue through overall
transit passengers
(Excluding fuel surcharge)

**FY17:100
FY18:122**

DOM

**More Precise and
Advanced
Revenue
Management**

**Reservation Forecasts
with Greater Precision**

Ref. Revenue from high-yield
business fares⁽²⁾
in domestic passenger

**FY17:100
FY18:103**

(1) Fuel surcharge, FX, the effect of the change of settlement adjustment method for domestic sectors on international itineraries and etc. are excluded.

(2) Business Fares: Normal Fares, Round-trip Discount, Coupon Tickets, Business Kippu and Tokubin Waribiki

Major Operating Expense Items



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Operating Expenses

(JPY Bn)	FY2017	FY2018	Diff.	y/y	4th Quarter (Jan-Mar) ⁽³⁾	Diff.	y/y
Fuel	215.2	251.2	+35.9	+16.7%	59.4	+2.1	+3.8%
Landing and navigation fees	83.5	86.3	+2.8	+3.4%	21.4	+0.4	+2.0%
Maintenance	62.0	72.9	+10.8	+17.5%	17.8	+7.1	+67.1%
Sales commissions (Air Transport)	17.9	18.9	+0.9	+5.5%	4.8	▲0.0	▲0.6%
Aircraft ⁽¹⁾	107.1	112.2	+5.0	+4.7%	28.3	+1.3	+4.9%
Services ⁽²⁾	42.2	45.3	+3.1	+7.5%	10.9	+0.5	+5.6%
Personnel	290.3	302.1	+11.8	+4.1%	76.1	+0.5	+0.7%
Expenses of travel agency	83.8	86.6	+2.7	+3.3%	20.2	+0.2	+1.5%
Other	306.1	335.2	+29.0 ⁽⁴⁾	+9.5%	86.1	+5.2	+6.5%
Total operating expenses	1,208.6	1,311.1	+102.4	+8.5%	325.5	+17.6	+5.7%

ASK y/y : +4.0%

(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 4Q (January to March) are calculated by deducting the results of 3Q (April to December) from the FY2018 full-year results (April to March)

(4) Includes Passenger Service System related expenses (+9.0Bn)

Major Balance Sheet Items and Cash Flow Items



JAPAN AIRLINES

Balance Sheet (JPY Bn)	End of FY2017	End of FY2018	Diff.
Total Assets ⁽¹⁾	1,853.9	2,030.3	+176.3
Cash and Deposits ⁽²⁾	448.8	522.0	+73.2
Balance of Interest-bearing Debt ⁽³⁾	125.7	142.3	+16.5
Future Rental Expenses under Operating Leases	67.4	81.1	+13.7
Shareholders' Equity	1,060.3	1,165.1	+104.7
Shareholders' Equity Ratio (%)	57.2%	57.4%	+0.2pt
D/E Ratio (x) ⁽⁴⁾	0.1x	0.1x	+0.0x
ROIC (%) ⁽⁵⁾	10.1%	9.5%	▲0.6pt
ROE (%) ⁽⁶⁾	13.3%	13.6%	+0.2pt
ROA (%) ⁽⁷⁾	9.7%	9.1%	▲0.7pt

(1) Total Assets amount as of the end of March, 2018 has been changed due to the revision of the accounting standards and other regulations regarding indication of deferred tax assets and liabilities from FY2018 (It was 1,854.2Bn when disclosed on April 27, 2018)

(2) Certificate of Deposits etc. included

(3) Accounts Payable-installment Purchase included

(4) On-balance sheet Interest-bearing Debt / Shareholders' Equity

(5) NOPAT/Average Fixed Asset (incl. Future Rental Expenses under Operating Leases) at beginning and end of a fiscal year

(6) (Net income attributable to owners of the parent) / (Average of shareholder's equity at beginning and end of a fiscal year)

(7) (Operating profit) / (Average of total assets at beginning and end of a fiscal year)

Cash Flow (JPY Bn)	FY2016	FY2017	Diff.
Cash Flow from Operating Activities	281.5	296.7	+15.1
Depreciation and Amortization	110.8	124.1	+13.2
Cash Flow from Investing Activities ⁽⁸⁾	▲180.1	▲186.3	▲6.2
Capital Investment ⁽⁹⁾	▲211.9	▲226.2	▲14.3
Free Cash Flow ⁽¹⁰⁾	101.3	110.3	+8.9
Cash Flow from Financing Activities	▲55.8	▲37.0	+18.8
Total Cash Flow ⁽¹¹⁾	45.5	73.2	+27.7
EBITDA	285.4	300.2	+14.8
EBITDAR	305.4	320.1	+14.7

(8) Excluding deposits and withdrawals from deposit accounts

(9) Investment, capital contribution or etc.

(10) Cash Flow from Operating Activities + Cash Flow from Investing Activities

(11) Cash flow from Operating Activities + Cash Flow from Investing Activities + Cash Flow from Financing Activities

Revenue of International Routes by Geographic Segment

Passenger Revenue

(%)	FY2018 y/y	4Q 3Months y/y	Component Ratio		4Q Component Ratio
			FY2017	FY2018	
America	+13.4%	+21.4%	26%	26%	25%
Europe	+12.8%	▲2.0%	16%	16%	13%
Asia/Oceania	+11.5%	+3.2%	33%	33%	35%
China	+24.4%	+7.7%	11%	11%	12%
Hawaii/Guam	+19.2%	+19.1%	14%	14%	15%
Total	+14.6%	+9.2%	100%	100%	100%

ASK

(MN seat km)	4Q (Cumulative)			4Q (3Months)	
	FY2017	FY2018	y/y	FY2018	y/y
America	14,971	15,581	+4.1%	3,866	+5.1%
Europe	7,962	7,790	▲2.2%	1,857	▲2.9%
Asia/Oceania	18,042	19,322	+7.1%	4,944	+3.7%
China	3,292	3,422	+4.0%	854	+3.4%
Hawaii/Guam	7,569	8,808	+16.4%	2,191	+19.4%
Total	51,836	54,925	+6.0%	13,714	+5.3%

Revenue Passengers Carried

('000)	4Q (Cumulative)			4Q (3Months)	
	FY2017	FY2018	y/y	FY2018	y/y
America	1,230	1,332	+8.4%	327	+10.3%
Europe	733	734	+0.1%	166	▲4.7%
Asia/Oceania	4,146	4,270	+3.0%	1,085	▲1.4%
China	1,409	1,554	+10.3%	373	▲0.5%
Hawaii/Guam	1,066	1,236	+15.9%	303	+14.5%
Total	8,585	9,128	+6.3%	2,255	+2.0%

RPK

(MN passenger km)	4Q (Cumulative)			4Q (3Months)	
	FY2017	FY2018	y/y	FY2018	y/y
America	11,735	12,714	+8.3%	3,113	+10.5%
Europe	6,571	6,580	+0.1%	1,500	▲4.7%
Asia/Oceania	14,936	15,661	+4.9%	3,978	▲1.2%
China	2,610	2,870	+10.0%	692	▲0.1%
Hawaii/Guam	6,158	6,831	+10.9%	1,674	+9.8%
Total	42,013	44,659	+6.3%	10,960	+3.0%

Load Factor

(%)	4Q (Cumulative)			4Q (3Months)	
	FY2017	FY2018	y/y	FY2018	y/y
America	78.4%	81.6%	+3.2pt	80.5%	+3.9pt
Europe	82.5%	84.5%	+1.9pt	80.8%	▲1.5pt
Asia/Oceania	82.8%	81.1%	▲1.7pt	80.5%	▲4.0pt
China	79.3%	83.9%	+4.6pt	81.1%	▲2.8pt
Hawaii/Guam	81.4%	77.6%	▲3.8pt	76.4%	▲6.7pt
Total	81.0%	81.3%	+0.3pt	79.9%	▲1.8pt

《 Reference 》 Number of Aircraft



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	End of Mar/18			End of Mar/19			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	10	1	11	14	3	17	+6
Boeing 767-300	6	0	6	6	0	6	-
Boeing 767-300ER	28	1	29	29	0	29	-
Middle-sized Total	69	2	71	74	3	77	+6
Boeing 737-400	8	0	8	3	0	3	▲5
Boeing 737-800	34	23	57	42	20	62	+5
Small-sized Total	42	23	65	45	20	65	-
Embraer 170	17	0	17	18	0	18	+1
Embraer 190	12	0	12	14	0	14	+2
Bombardier D8-400	5	1	6	1	0	1	▲5
Bombardier D8-400CC	5	0	5	5	0	5	-
SAAB340B	10	0	10	8	0	8	▲2
Bombardier D8-300	1	0	1	0	0	0	▲1
ATR42-600	4	0	4	5	1	6	+2
ATR72-600	0	0	0	1	0	1	+1
Regional Total	54	1	55	52	1	53	▲2
Total	205	26	231	211	24	235	+4



OVERVIEW OF FINANCIAL RESULTS FOR MAR/19



SHAREHOLDER RETURN



DETAILS OF FINANCIAL RESULTS FOR MAR/19



EARNINGS FORECAST FOR MAR/20



REFERENCES

FY2019 Earnings Forecast



JAPAN AIRLINES

Revenue and Expenditure Plan (JPY Bn)	FY2018	FY2019 (Plan)	Diff.	y/y
Operating Revenue	1,487.2	1,563.0	+75.7	+5.1%
International Passenger	530.6	575.0	+44.3	+8.4%
Domestic Passenger	528.0	539.0	+10.9	+2.1%
Cargo / Mail	100.0	106.0	+5.9	+6.0%
Other	328.4	343.0	+14.5	+4.4%
Operating Expense ⁽¹⁾	1,311.1	1,393.0 (1,383.0)	+81.8 (+71.8)	+6.2% (+5.5%)
Fuel	251.2	284.0	+32.7	+13.0%
Excluding Fuel ⁽¹⁾	1,059.8	1,109.0 (1,099.0)	+49.1 (+39.1)	+4.6% (+3.7%)
Operating Profit ⁽¹⁾	176.1	170.0 (180.0)	▲6.1 (+3.8)	▲3.5% (+2.2%)
Operating Profit Margin (%) ⁽¹⁾	11.8%	10.9% (11.5%)	▲1.0pt (▲0.3pt)	-
Ordinary Profit	165.3	171.0	+5.6	+3.4%
Net Profit ⁽²⁾	150.8	114.0	▲36.8	▲24.4%
Unit Cost (JPY) ^{(1) (3)}	10.4	10.6 (10.5)	+0.2 (+0.1)	-
ROIC ^{(1) (4)}	9.5%	8.6% (9.1%)	▲1.0pt (▲0.5pt)	-
EBITDA Margin (%) ⁽⁵⁾	20.2%	19.8%	▲0.4pt	-
EBITDAR Margin (%) ⁽⁶⁾	21.5%	20.9%	▲0.6pt	-

Operational Preconditions ※y/y	FY2018	FY2019 (Plan)
ASK Int'l	+6.0%	+2.5%
Doms	+1.1%	+2.6%
Total	+4.0%	+2.5%
RPK Int'l	+6.3%	+4.3%
Doms	+2.2%	+1.3%
Total	+4.7%	+3.2%

Fuel/FX Markets	FY2018	FY2019 (Plan)
Singapore Kerosene (USD/bbl)	83.9	90.0
Dubai Crude Oil (USD/bbl)	69.0	70.0
FX Rate (JPY/USD)	110.5	115.0

- (1) Figures in() in FY2019 plan, Diff, and y/y do not include the depreciation method change
 (2) Net profit attributable to owners of the parent
 (3) Unit Cost = Air Transportation Segment Operating Cost (excluding fuel cost) / ASK (including ZIPAIR)
 (4) NOPAT/Average Fixed Asset (incl. Future Rental Expenses under Operating Leases) at beginning and end of a fiscal year
 (5) EBITDA Margin = EBITDA / Operating Revenue
 EBITDA=Operating Profit + Depreciation and Amortization
 (6) EBITDAR Margin = EBITDAR / Operating Revenue
 EBITDAR=Operating Profit + Depreciation and Amortization + Aircraft Leases

FY2019 Changes in Operating Profit (Revenues / Expenses)



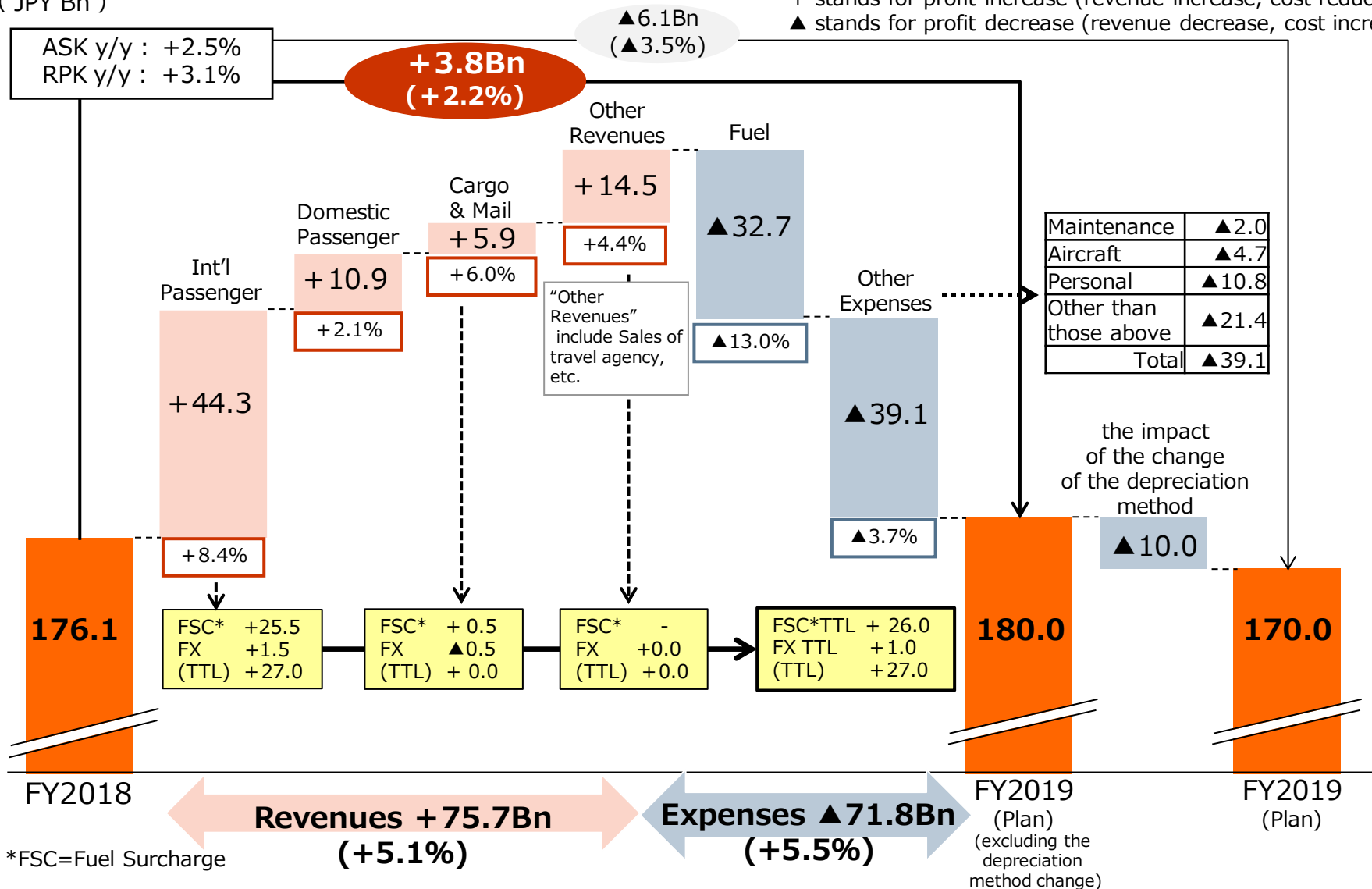
JAPAN AIRLINES

Mar/20 (FY2019)

(JPY Bn)

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

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



FY2019 Changes in Operating Profit (Market / Others)



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Mar/20 (FY2019)

(JPY Bn)

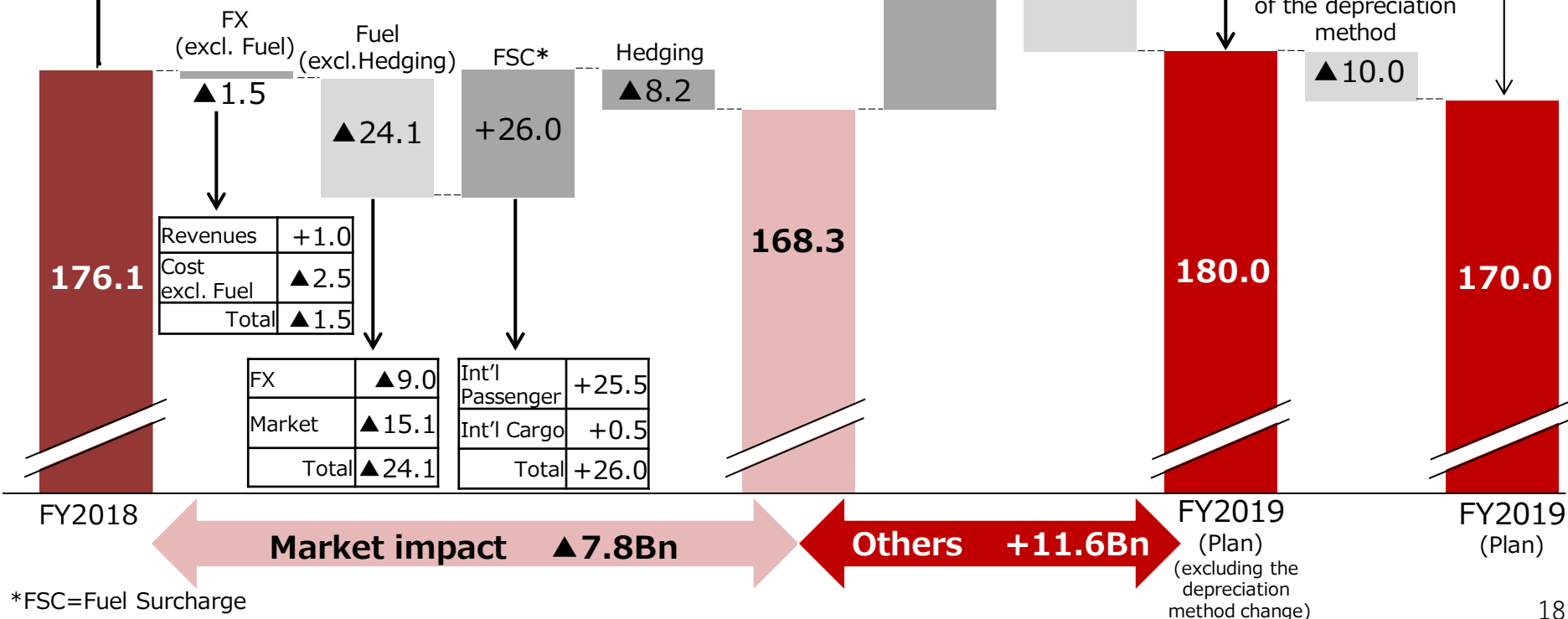
+ stands for profit increase (revenue increase, cost decrease)

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

Fuel/FX Markets	FY18	FY19
Singapore Kerosene	83.9	90.0
Dubai Crude Oil	69.0	70.0
FX Rate	110.5	115.0

**+3.8Bn
(+2.2%)**

**▲6.1Bn
(▲3.5%)**

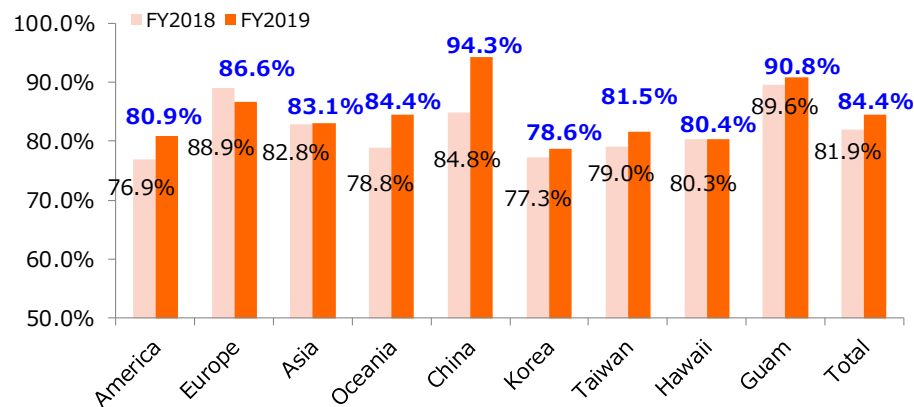


Reservations in the long holidays "Golden Week" *

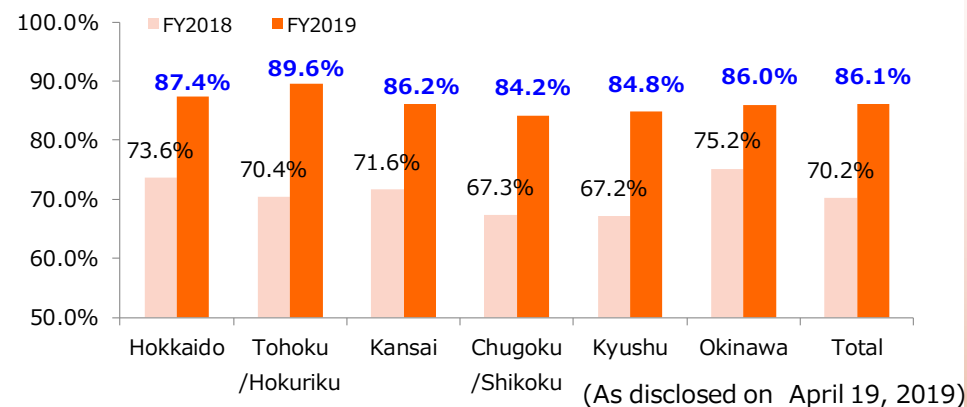
- ✓ Large Increase in Reservation Rate year on year in both International and Domestic Passenger

*From April 27 to May 6

International Passenger



Domestic Passenger



Demand Outlook for April to June 2019

INT'L

- ◆ Japan-Outbound - Strong business demand - Good outlook on America routes
- Leisure demand in line with expectation
- ◆ Japan-Inbound - China, temporarily slowed down in 4th Q FY18, is recovering

Domestic

- ◆ Individuals - Robust demand in both business and promotional fares will continue throughout 1st Q FY19
- ◆ Groups - Strong demand especially with increasing last-minute demand

FY2019 Earnings Forecast



JAPAN AIRLINES

Balance Sheet

(JPY Bn)	End of FY2018	End of FY2019 (Plan)	Diff.
Total Assets	2,030.3	2,040.0	+9.6
Balance of Interest-bearing debts	142.3	167.0	+24.6
Shareholders' Equity	1,165.1	1,192.0	+26.8
Shareholders' Equity Ratio (%)	57.4%	58.4%	+1.0pt
ROIC (%) ^{(1) (2)}	9.5%	8.6% (9.1%)	▲1.0pt (▲0.5pt)
ROE (%) ⁽³⁾	13.6%	9.7%	▲3.9pt
ROA (%) ^{(2) (4)}	9.1%	8.4% (8.8%)	▲0.7pt (▲0.2pt)

- (1) NOPAT/Average Fixed Asset (incl. Future Rental Expenses under Operating Leases) at beginning and end of a fiscal year
- (2) Figures in () in End of FY2019 Plan and Diff do not include the depreciation method change
- (3) (Net profit attributable to owners of the parent) / (Average of shareholder's equity at beginning and end of a fiscal year)
- (4) (Operating profit) / (Average of total assets at beginning and end of a fiscal year)
- (5) Including approximately JPY 80billion yen injection to Corporate Pension Fund scheduled in the first half of FY2019
- (6) Exclude deposits and withdrawals from deposit accounts
- (7) Cash Flow from Operating Activities + Cash Flow from Investing Activities
- (8) Growth investments=i.e., Introduction of aircraft that will contribute route expansion, flight frequency increase, or operational efficiency improvement, improvement of quality, service or efficiency, or development of new business domains.
- (9) Replacement investments=i.e., Replacement of old regional prop aircraft or aircraft parts, replacement of existing old facilities, or for compliance to laws and regulations.

Cash Flow

(JPY Bn)	FY2018	FY2019 (Plan)	Diff.
Cash Flow from Operating Activities	296.7	219.0 ⁽⁵⁾	▲77.7
Cash Flow from Investing Activities ⁽⁶⁾	▲186.3	▲259.0	▲72.6
Free Cash Flow ⁽⁷⁾	110.3	▲40.0 ⁽⁵⁾	▲150.3
Cash Flow from Financing Activities	▲37.0	▲47.0	▲9.9
EBITDA	300.2	309.0	+8.7
EBITDAR	320.1	327.0	+6.8

Investment

(JPY Bn)	FY2018	FY2019 Plan	Diff.
Fleet	175.4	189.0	+13.5
Ground · IT, etc	50.8	75.0	+24.1
Total	226.2	264.0	+37.7

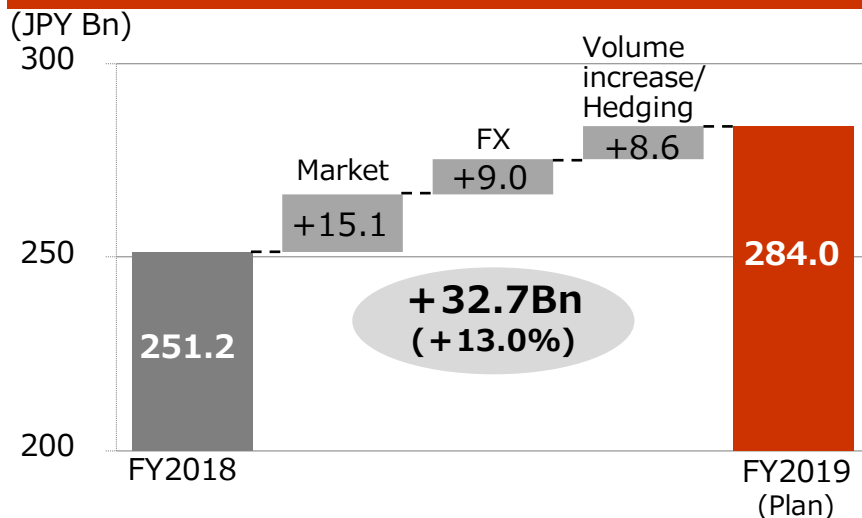
Growth Investments ⁽⁸⁾	195.0
Replacement investments ⁽⁹⁾	69.0

FY2019 Impact of Fuel and FX Markets

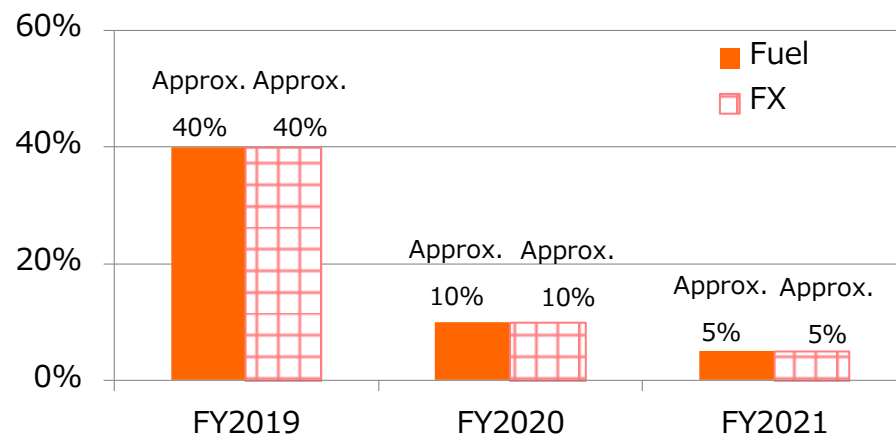


JAPAN AIRLINES

Fuel Cost Breakdown by Factors



Hedge Ratio (As of End of Mar/2019)



Fuel / FX Markets

	FY2018	FY2019 Plan
Singapore Kerosene (USD/bbl)	83.9	90.0
Dubai Crude Oil (USD/bbl)	69.0	70.0
FX Rate (JPY/USD)	110.5	115.0

Profit Impact by Fuel and FX Markets (Inc. Hedging, Fuel Surcharge)

Singapore Kerosene FX Rate (JPY/USD)	USD75	USD80	USD90	USD95
JPY 115	+ 3.0Bn	+5.0Bn	0.0Bn	▲6.5Bn
JPY 110	+ 9.0Bn	+5.5Bn	+1.5Bn	+ 1.0Bn
JPY 105	+10.0Bn	+12.5Bn	+9.0Bn	+ 2.5Bn

The fuel surcharge applicable from April to July 2019 has been already determined as below:
 ※April-May: Japan outbound/ Zone JPY7,000, others excluding Japan outbound/ Zone USD70
 June-July: Japan outbound/ Zone JPY8,000, others excluding Japan outbound/ Zone USD70
 With the fuel surcharges above, the recent fuel prices and the exchange rates from April to May, the impact on profit will be approximately negative 7.0 billion yen (not included in the profit impact matrix chart above)

FY2019 (Mar/20) Earnings Forecast (Air transportation Segment)



JAPAN AIRLINES

International Passenger	FY2018	FY2019	y/y(%)		
			Full-year (Forecast)	1H (Forecast)	2H (Forecast)
Passenger Revenue (JPY Bn)	530.6	575.0	+8.5%	+8.5%	+8.5%
Passengers ('000)	9,128	9,490	+4.0%	+3.1%	+4.8%
ASK (MN seat km)	54,925	56,284	+2.5%	+3.1%	+1.8%
RPK (MN passenger km)	44,659	46,559	+4.3%	+3.7%	+4.8%
L/F (%)	81.3%	82.7%	82.7%	82.8%	82.6%
Revenue per Passenger (JPY) ⁽¹⁾	58,136	60,672	+4.4%	+5.2%	+3.5%
Yield (JPY) ⁽²⁾	11.9	12.4	+4.1%	+4.6%	+3.5%
Unit Revenue(JPY) ⁽³⁾	9.7	10.2	+5.9%	+5.2%	+6.6%

Domestic Passenger	FY2018	FY2019	y/y(%)		
			Full-year (Forecast)	1H (Forecast)	2H (Forecast)
Passenger Revenue (JPY Bn)	528.0	539.0	+2.2%	+2.1%	+2.3%
Passengers ('000)	34,859	35,400	+1.6%	+1.7%	+1.4%
ASK (MN seat km)	36,116	37,060	+2.6%	+2.0%	+3.2%
RPK (MN passenger km)	26,195	26,547	+1.3%	+1.8%	+0.9%
L/F (%)	72.5%	71.6%	71.6%	71.9%	71.3%
Revenue per Passenger(JPY) ⁽¹⁾	15,149	15,246	+0.6%	+0.4%	+0.8%
Yield (JPY) ⁽²⁾	20.2	20.3	+0.8%	+0.4%	+1.3%
Unit Revenue(JPY) ⁽³⁾	14.6	14.6	▲0.4%	+0.1%	▲0.9%

(1) Revenue per Passenger = Passenger Revenue / Passengers (2) Yield = Passenger Revenue / RPK

(3) Unit Revenue = Passenger Revenue / ASK



OVERVIEW OF FINANCIAL RESULTS FOR MAR/19



SHAREHOLDER RETURN



DETAILS OF FINANCIAL RESULTS FOR MAR/19



EARNINGS FORECAST FOR MAR/20

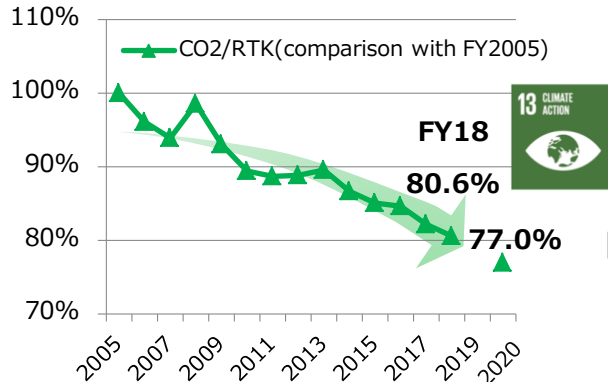


REFERENCES

Environmental

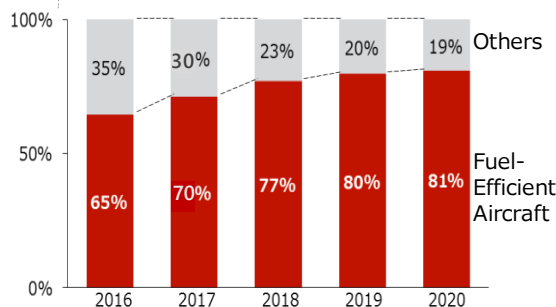
- Low-Carbon Initiatives:
Introduce fuel-efficient aircraft and aim for eco-friendly operation
- Promote usage of Biofuel :
Invested in *Fulcrum BioEnergy, Inc.* a Biofuel manufacturer

【 CO2 Emissions 】



Steadily striving toward the goal of the CO2 emissions reduction by 23% from the FY2005 emission level

【Share of “Fuel-Efficient Aircraft”】



Applicable Aircraft : A350,787,777,737-800,E170/190
~2018 : Result, 2019~: Plan

Social

- Diversity promotion initiatives
- Build a sustainable supply chain
- Contribute to regional revitalization through tourism and promote inbound tourism

【Diversity promotion initiatives】

- Reemployment support for women
Implemented the “Work Again Program”
- Awarded a second prize in the Advanced Category at the J-Win Diversity Award's Corporate Awards Division



【Building a Sustainable Supply Chain】

- Joined to “Global membership” of Sedex
- Formulate a JAL Group Supplier Code of Conduct
- Comply to the Tokyo 2020 Olympic and Paralympic Games Sustainable Sourcing Code
- Conduct CSR audit to suppliers



【Contribute to Regional Revitalization through Tourism and Promote Inbound Tourism】

- Invested in ALL JAPAN Tourism Oriented Country Fund
- Named as Japan's best airline for the third consecutive year in the 2019 TripAdvisor® Travelers' Choice™ awards for Airlines



Governance

- High transparency and strict management oversight :
 - 3 Independent External Directors with extensive management experience
 - 3 Independent External Auditors with legal and accounting expertise
 - Voluntarily set up various committees, in which the majority of members of each committee are External Directors
 - The members are publicly disclosed
 - Chairpersons are all External Directors excluding the Personnel Committee, which supervises personnel affairs of Executive Officers

Board of Directors

3 External Directors out of ten Directors(30%)

Recommendation

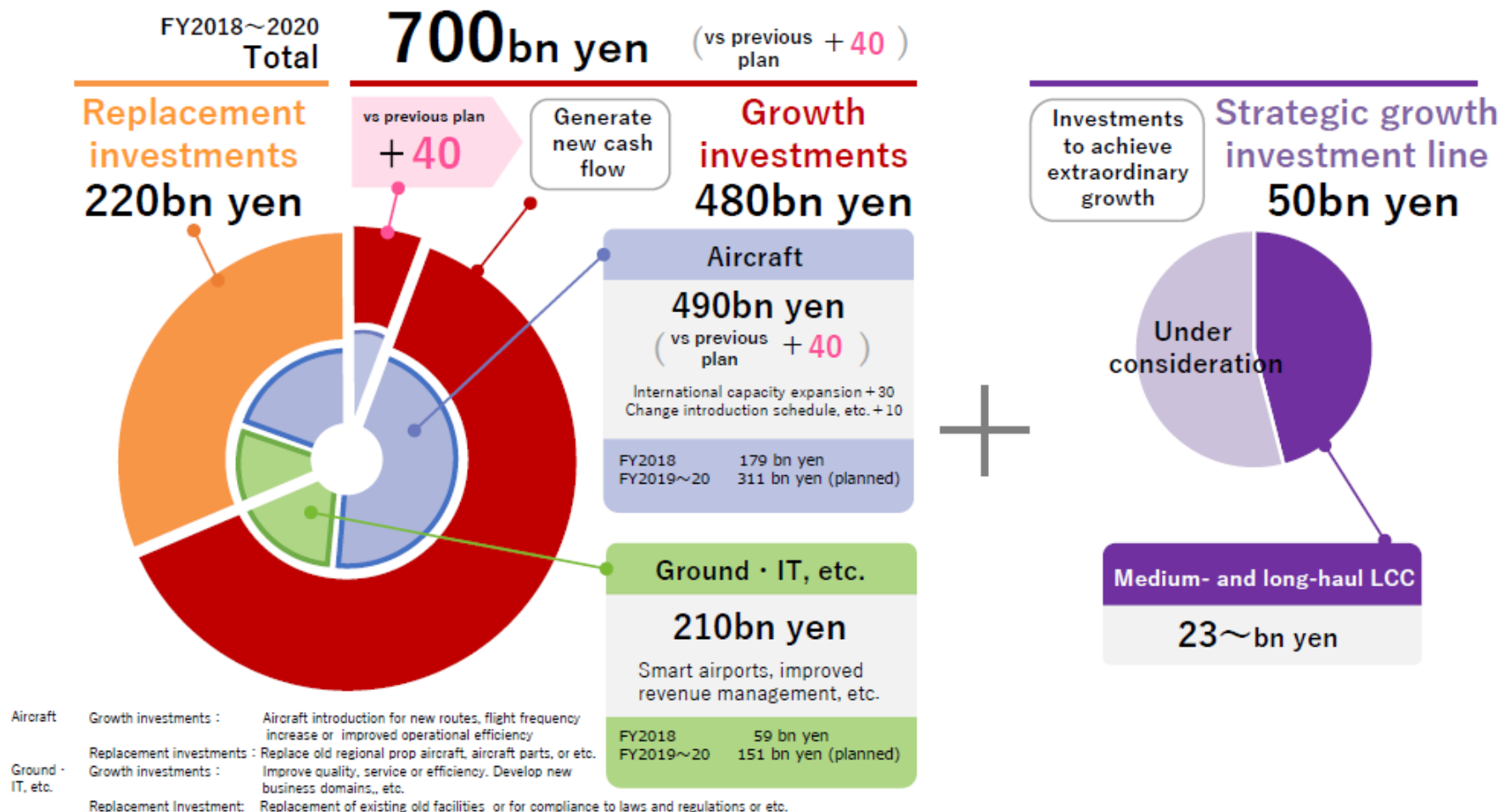
Establishment of Various Committees

- Corporate Governance Committee
- Nominating Committee
- Compensation Committee
- Personnel Committee
- Officers Disciplinary Committee

Capital investments will be made within cash flow from operating activities.

Approximately 2/3 of the total investment will be actively used for growth investment to increase corporate value.

Aircraft investments will be accelerated with the additional 40 bn yen for further growth.



We will strategically allocate capital to increase corporate value, while maintaining a firm financial structure with high capital efficiency.

Improve asset efficiency and capital efficiency

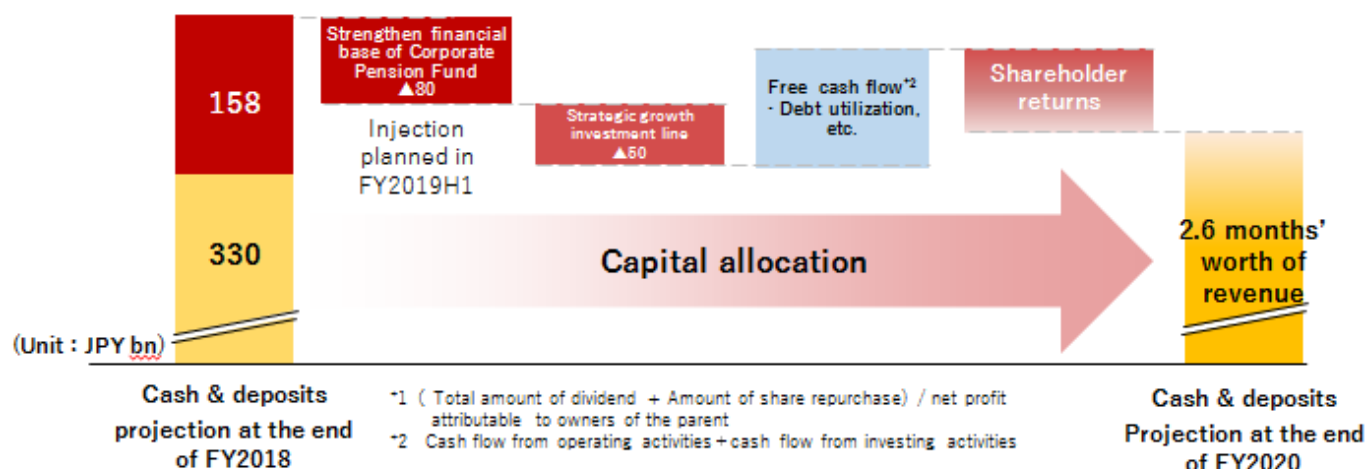
- Due to investments and preparatory costs for “development at Haneda and Narita” in FY2020, together with temporary supply-demand imbalance, ROE and ROIC will decline temporarily. However we aim to maintain or increase ROE from 10% and further increase ROIC through sustainable profit growth.

Capital allocation

- We will maintain approximately 2.6 months’ worth of revenue as cash on hand required for stable management and allocate the additional capital strategically.
- Growth investment is actively promoted with interest-bearing debt. Also, the 50-billion yen strategic growth investment line will be effectively utilized.
- By the first half of FY2019, approximately 80 billion yen will be injected to the Corporate Pension Fund for strengthening its financial base and reducing debts relating to JAL retirement benefits.

Further increase shareholder returns

- We will raise the dividend payout ratio from FY2019 to maintain the current level of dividend per share, after the effective tax rate increase, in order to stabilize dividends while referring to Dividend on Equity Ratio (DOE).
- Combining stable dividends and flexible share repurchases, we will implement shareholder return measures, taking into account a total return ratio^{*1}.



Stable financial structure with high capital efficiency

Enhancement of shareholder return and capital allocation for corporate value increases

Financial structure

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

Capital efficiency

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

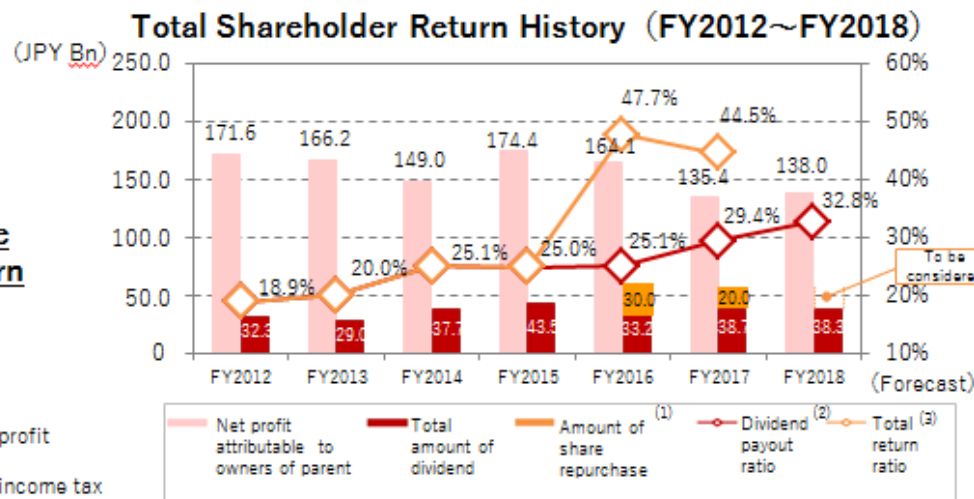
Liquidity

- Based on our current scale of business operations, standard liquidity on hand is set at approximately **2.6 months' worth of revenue (currently approx. 330 bn yen)** for sufficient event risk tolerance as well as return on assets (ROA)

Shareholders return

- To maintain dividend levels despite increase in effective tax rate, raise payout ratio from FY2019 and pay stable dividends with reference to Dividend on Equity Ratio (DOE)

- Implement shareholder return enhancement measures by combining stable dividend and active share repurchase, taking into account a total return ratio



- (1) Amount of share repurchases include those whose resolutions were passed before the closing of accounts for the current fiscal year
 (2) Dividend payout ratio=Total dividends/Net profit attributable to owners of parent*
 (3) Total return ratio= (Total amount of dividend + Amount of share repurchase) /Net profit attributable to owners of parent*

*FY2013~2018 net profit attributable to owners of parent excludes effects of deferred income tax

Fly into tomorrow.



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