

JAPAN AIRLINES Co., Ltd.

Financial Results

2nd Quarter Mar/2020 (FY2019)



October 31, 2019

JAL Supports Japan National Rugby Team and Japan National Wheelchair Rugby Team.



JAPAN AIRLINES

OVERVIEW OF FINANCIAL RESULTS FOR 1ST HALF MAR/20

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REVISED CONSOLIDATED FINANCIAL FORECAST FOR MAR/20

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FlightStats
The best on-time
Asia-Pacific Airline



2019
健康経営優良法人
Health and productivity
ホワイト500

Health and Productivity
Management Brand



SKYTRAX
The World's Best Economy Class
The Best Economy Class Seat



FTE
Accessibility Leadership Award



2019 Award for Excellence
in Corporate Disclosure

— Industries —



The Securities Analysts
Association of Japan

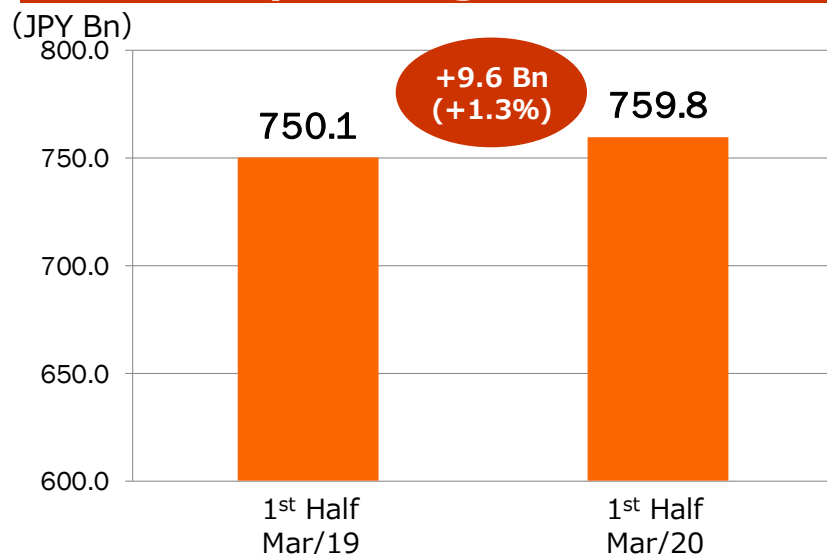


SKYTRAX
5-Star Airline

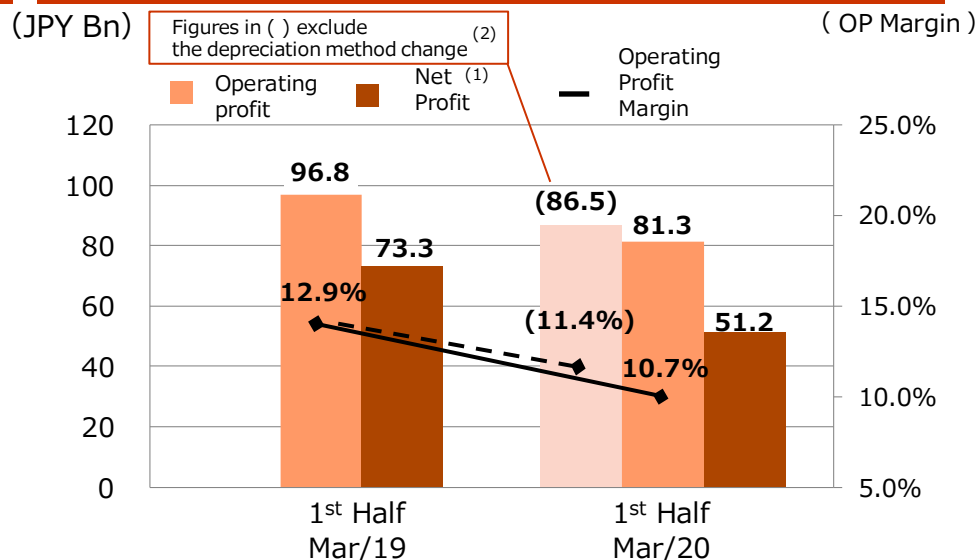
Overview of Financial Results for 1st Half Mar/20

- ✓ Combined with increase in Domestic Business and decrease in International Passenger and Cargo revenue altogether, Operating Profit decreased

Operating Revenue



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



Fuel/FX Markets

	1 st Half Mar/19	1 st Half Mar/20	y/y
Singapore Kerosene (USD/bbl)	85.9	78.6	▲8.5%
Dubai Crude Oil (USD/bbl)	70.8	65.2	▲7.9%
FX Rate (JPY/USD)	109.5	109.2	▲0.3%

Operational Precondition/ASK

1 st Half Mar/20 (y/y)		
International Routes	Domestic Routes	Total
+2.5%	+1.7%	+2.2%

(1) Net profit attributable to owners of the parent

(2) 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.

Recent Topics

- ✓ Allocation of Haneda Slots
- ✓ Toward Sustainable Development
- ✓ Environmentally friendly aircraft for domestic routes
- ✓ More accessible services for all passengers

Air Transport

Haneda Int'l slot allocation

- ✓ **12 Slots Allocated** (※)Including late night slot
US (6)、China (2)、Finland (1)、Russia (1)、India (1^(※))、Australia (1)

New Routes

- ✓ **Narita = Vladivostok Route**
(2020.2.28～)
- ✓ **Narita = Bengaluru Route**
(2020.3.29～)
- ✓ **Narita = San Francisco Route**
(2020.3.29～)

Codeshare Expansion

- ✓ **Cathay Dragon**
(2019.5.29～)



- ✓ **Xiamen Airlines**
(2019.6.3～)



- ✓ **Aircalin**
(2019.12.3～)



Increasing codeshare flights with the existing partner airlines as well

A350・787 Launch

- ✓ **Launch of state-of-the-art and comfortable aircrafts**

〈A350-900〉

- Haneda = Fukuoka (2019.9.1～)
- Haneda = Sapporo (2019.10.27～)
- Haneda = Naha (2020.2.1～)

〈787-8〉

- Haneda = Itami (2019.10.27～)
- Haneda = Fukuoka (2019.12.20～)

Sustainable Aviation Fuel

- Invested in a world-leading SAF developer, Fulcrum, and plans to use on scheduled flights from FY21
- Aims to make SAF available at more overseas airports

13 気候変動に具体的な対策を



More fuel-efficient aircraft

- A350 reduces about 25% of CO2 compared with 777
- Actively introduces environmentally friendly aircraft with less noise and more fuel efficiency that also reduces operating cost



14 海の豊かさを守ろう



Plastic Waste Reduction

- Plastic straws and stir sticks are replaced with other material ones

Accessibility Improvement

- FTE Accessibility Leadership Award for JAL's effort to provide stress free services for its passengers
- Improved accessibility through "smart airport" including Narita and Haneda for smooth airport procedures, together with enhanced JAL Special Assistance Counter



3 すべての人に健康と福祉を



10 人や国の不平等をなくそう



11 住み続けられるまちづくりを



Regional Airline LLP

- To make islands or similar regional lifeline routes sustainable, 5 airlines from different groups cooperate to form a LLP



Dividends and Share Repurchases

Share Repurchases

Total 20 Billion Share Repurchases and its Cancellation Considering the Current Share Price Level

- ✓ Aims for fair valuation on the equity capital market

Resolution Date	April 26, 2019	October 31, 2019
Duration	May 7, 2019 to September 20, 2019	November 1, 2019 to February 28, 2020
Number of Stocks	5,818,100	Up to 8,000,000
Amounts	20 Billion Yen	Up to 20 Billion Yen
All Cancellation	Resolved on October 23, 2019	Resolved on October 31, 2019

Dividend

No change in Dividend Forecast with 55 Yen of Interim Dividend

- ✓ Dividend Forecast for FY2019 is 110 Yen per share and Payout Ratio⁽¹⁾ will be 33.1%

Interim Dividend : 55 yen per share Year-end Dividend : 55 yen per share

(No change from the previous forecast)

Total Return Ratio⁽²⁾·Total Shareholder Return on Equity Ratio⁽³⁾

**Total Return Ratio will be 50.6% and
Total Shareholder Return on Equity Ratio will be 4.9% for FY2019**

(1) Dividend payout ratio=Total dividends/Base profit for dividends calculation⁽⁴⁾

(2) Total return ratio= (Total amount of dividends + Amount of share repurchase) /
Base profit for dividends calculation⁽⁴⁾

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

(4) Base profit for dividends calculation = (Net profit attributable to owners of the parent + income tax deferred) (*From FY2019, income tax deferred is no longer excluded)

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Consolidated Financial Results

(JPY Bn)	1 st Half Mar/19	1 st Half Mar/20	Diff.	y/y	2 nd Quarter (Jul-Sep) ⁽⁶⁾	Diff.	y/y
Operating Revenue	750.1	759.8	+9.6	+1.3%	404.1	▲3.9	▲1.0%
International Passenger	269.2	266.0	▲3.1	▲1.2%	138.1	▲6.2	▲4.3%
Domestic Passenger	268.1	276.8	+8.7	+3.3%	152.8	+2.0	+1.3%
Cargo / Mail	49.7	45.1	▲4.6	▲9.3%	22.4	▲3.1	▲12.3%
Other	163.0	171.7	+8.7	+5.4%	90.6	+3.3	+3.8%
Operating Expense ⁽¹⁾	653.3	678.5 (673.3)	+25.1 (+19.9)	3.9% (+3.1%)	343.8 (341.9)	+7.6 (+5.8)	+2.3% (+1.7%)
Fuel	125.3	127.7	+2.3	+1.9%	64.0	▲0.9	▲1.4%
Excluding Fuel ⁽¹⁾	527.9	550.7 (545.5)	+22.8 (+17.5)	+4.3% (+3.3%)	279.7 (277.9)	+8.5 (+6.7)	+3.2% (+2.5%)
Operating Profit ⁽¹⁾	96.8	81.3 (86.5)	▲15.5 (▲10.3)	▲16.0% (▲10.6%)	60.2 (62.1)	▲11.6 (▲9.7)	▲16.2% (▲13.6%)
Operating Profit Margin ⁽¹⁾ (%)	12.9%	10.7% (11.4%)	▲2.2pt (▲1.5pt)	-	14.9% (15.4%)	▲2.7pt (▲2.3pt)	-
Ordinary Profit	94.2	82.5	▲11.7	▲12.5%	61.2	▲9.9	▲13.9%
Net Profit ⁽²⁾	73.3	51.2	▲22.1	▲30.2%	39.2	▲16.5	▲29.6%
ASK (MN seat km)	45,476	46,459	+983	+2.2%	23,545	+537	+2.3%
RPK (MN passenger km)	35,609	36,377	+768	+2.2%	18,748	+273	+1.5%
EBITDA Margin (%) ⁽³⁾	21.2%	19.6%	▲1.5pt	-	23.2%	▲2.1pt	-
EBITDAR Margin (%) ⁽⁴⁾	22.5%	21.0%	▲1.5pt	-	24.5%	▲2.0pt	-
Unit Cost (JPY) ^{(1) (5)}	10.3	10.5 (10.4)	+0.2 (+0.1)	+2.1% (+1.0%)	10.5 (10.4)	+0.1 (+0.0)	+1.2% (+0.5%)

(1) Figures in () do not include the depreciation method change (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+ Aircraft Leases

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

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

Changes in Operating Profit (Revenues / Expenses)

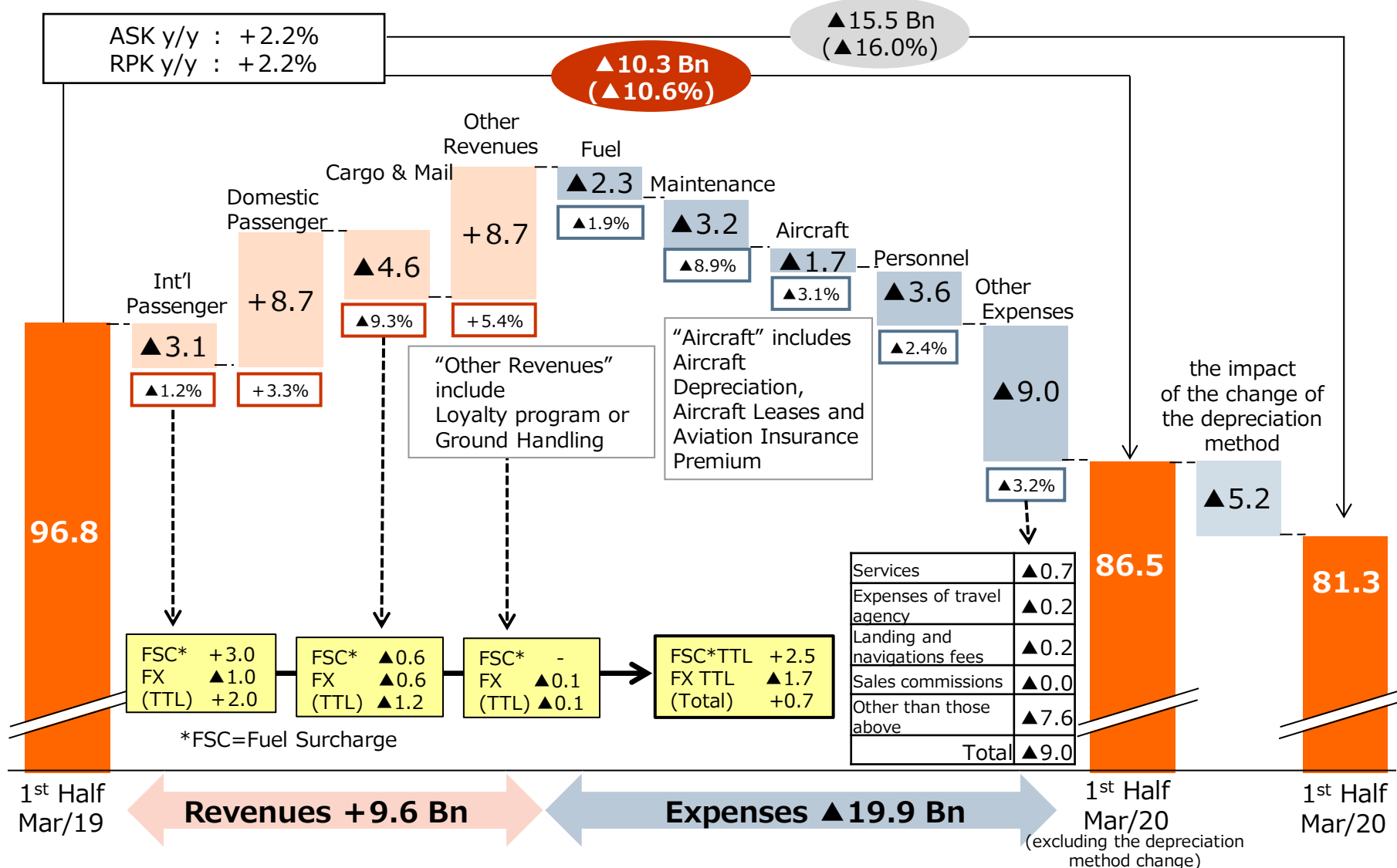


JAPAN AIRLINES

1st Half Mar/20

(JPY Bn)

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



Changes in Operating Profit (Market / Others)

1st Half Mar/20

(JPY Bn)

Impact From Currency Market ▲0.0 Bn

Revenues	▲1.7 Bn
Expenses	+1.6 Bn
Fuel	+0.6 Bn
Ex. Fuel	+1.1 Bn

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

▲15.5 Bn
(▲16.0%)

▲10.3 Bn
(▲10.6%)

(Excl. Market Impact)

Fuel Volume	+0.1
Maintenance	▲3.4
Services	▲0.9
Aircraft	▲1.7
Personnel	▲3.8
Other than those above	▲8.7
Total	▲18.5

the impact
of the change of
the depreciation
method

▲5.2

96.8

Revenues	▲1.7
Cost excl. Fuel	+1.1
Total	▲0.6

Int'l Passenger	+3.0
Int'l Cargo	▲0.6
Total	+2.5

FX	+0.6
Market	+6.0
Total	+6.6

Hedging

▲9.2

FSC*
+2.5

Fuel
(excl. Hedging)
+6.6

FX excl.
Fuel
▲0.6

Revenue
Increase
+8.9

Cost
Increase
▲18.5

96.1

Int'l Passenger	▲5.1
Domestic Passenger	+8.7
Cargo/Mail	▲3.3
Other	+8.8
Total	+8.9

86.5

81.3

1st Half
Mar/19

Market Impact ▲0.7 Bn

Others ▲9.5 Bn

1st Half
Mar/20

1st Half
Mar/20

(excluding the depreciation
method change)

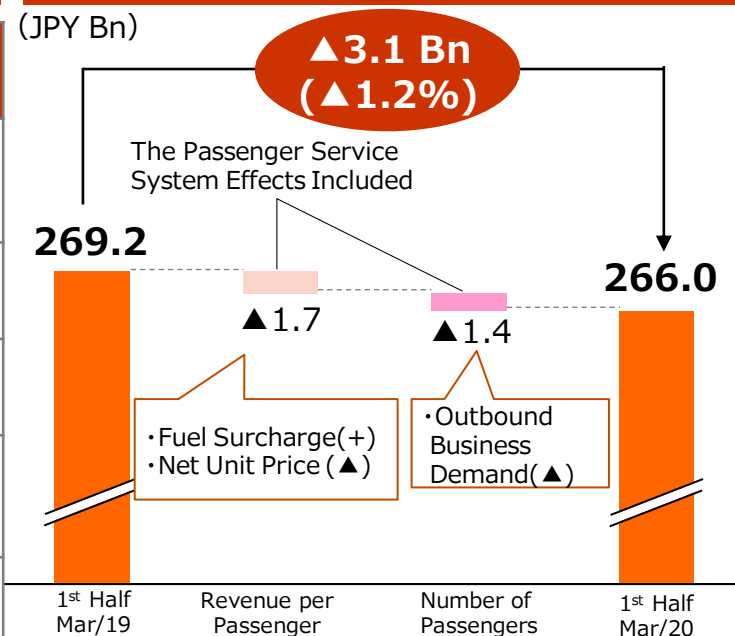
*FSC=Fuel Surcharge

International Passenger Operations

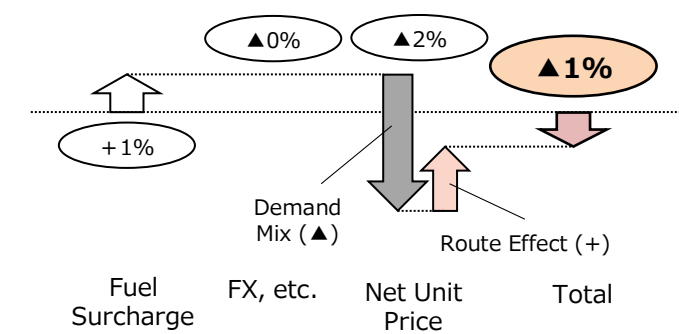
International Passenger

	1st Half Mar/19	1st Half Mar/20	y/y	2nd Quarter (Jul-Sep) ⁽⁴⁾	y/y
Passenger Revenue (JPY Bn)	269.2	266.0	▲1.2%	138.1	▲4.3%
Passengers ('000)	4,605	4,582	▲0.5%	2,319	▲1.4%
ASK (MN seat km)	27,399	28,072	+2.5%	14,180	+2.1%
RPK (MN passenger km)	22,572	22,768	+0.9%	11,627	+0.3%
L/F (%)	82.4%	81.1%	▲1.3pt	82.0%	▲1.4pt
Revenue per Passenger ⁽¹⁾ (JPY)	58,459	58,061	▲0.7%	59,565	▲2.9%
Yield ⁽²⁾ (JPY)	11.9	11.7	▲2.0%	11.9	▲4.6%
Unit Revenue ⁽³⁾ (JPY)	9.8	9.5	▲3.5%	9.7	▲6.2%

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

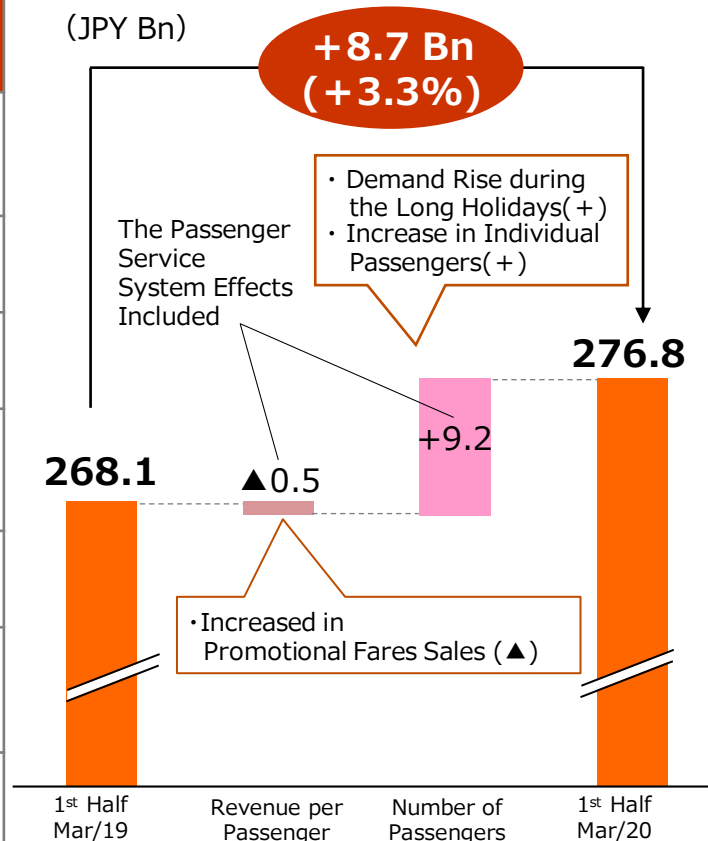
(4) The results for 2Q (July to September) is calculated by deducting the results of 1Q (April to June) from 1H (April to September)

Domestic Passenger Operations

Domestic Passenger

	1st Half Mar/19	1st Half Mar/20	y/y	2nd Quarter (Jul-Sep) ⁽⁴⁾	y/y
Passenger Revenue (JPY Bn)	268.1	276.8	+3.3%	152.8	+1.3%
Passengers ('000)	17,408	18,006	+3.4%	9,351	+2.6%
ASK (MN seat km)	18,076	18,387	+1.7%	9,365	+2.7%
RPK (MN passenger km)	13,037	13,609	+4.4%	7,120	+3.4%
L/F (%)	72.1%	74.0%	+1.9pt	76.0%	+0.5pt
Revenue per Passenger ⁽¹⁾ (JPY)	15,403	15,375	▲0.2%	16,345	▲1.3%
Yield ⁽²⁾ (JPY)	20.6	20.3	▲1.1%	21.5	▲2.0%
Unit Revenue ⁽³⁾ (JPY)	14.8	15.1	+1.5%	16.3	▲1.4%

Change in Revenue



(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)

Major Operating Expense Items

Operating Expenses

(JPY Bn)	1 st Half Mar/19	1 st Half Mar/20	Diff.	y/y	2 nd Quarter (Jul-Sep) ⁽⁴⁾	Diff.	y/y
Fuel	125.3	127.7	+2.3	+1.9%	64.0	▲0.9	▲1.4%
Landing and navigation fees	43.2	43.5	+0.2	+0.6%	22.0	+0.1	+0.7%
Maintenance	36.7	39.9	+3.2	+8.9%	20.7	+2.5	+14.3%
Sales commissions (Air Transport)	9.4	9.5	+0.0	+0.5%	4.8	+0.1	+3.1%
Aircraft ⁽¹⁾⁽²⁾	55.6	62.5 (57.3)	+6.9 (+1.7)	+12.4% (+3.1%)	31.0 (29.1)	+2.8 (+1.0)	+10.2% (+3.6%)
Services ⁽³⁾	22.6	23.4	+0.7	+3.5%	12.1	+0.3	+2.9%
Personnel	150.3	153.9	+3.6	+2.4%	76.4	▲0.1	▲0.1%
Expenses of travel agency	45.7	46.0	+0.2	+0.6%	25.6	▲0.8	▲3.3%
Other	164.1	171.8	+7.6	+4.7%	86.8	+3.4	+4.2%
Total Operating Expenses ⁽²⁾	653.3	678.5 (673.3)	+25.1 (+19.9)	+3.9% (+3.1%)	343.8 (341.9)	+7.6 (+5.8)	+2.3% (+1.7%)

ASK y/y : +2.2%

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

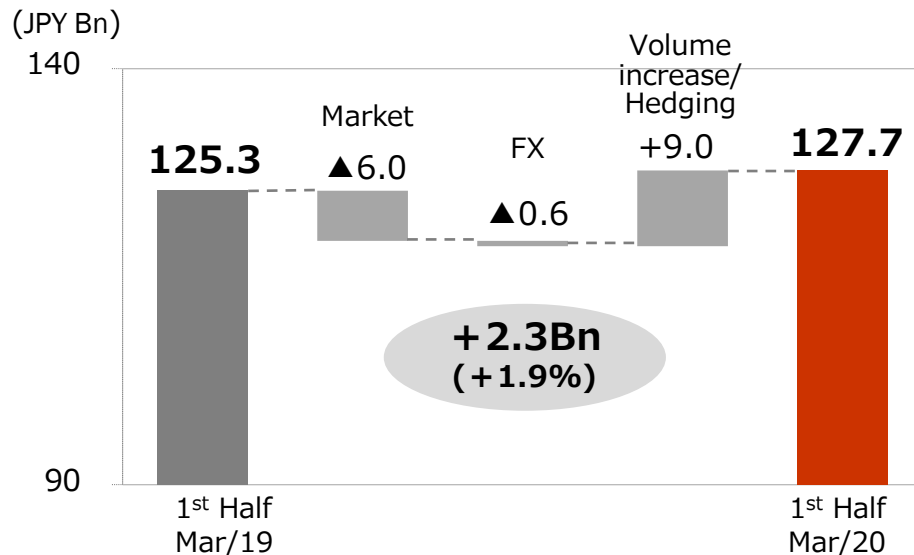
(2) Figures in() do not include the depreciation method change

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

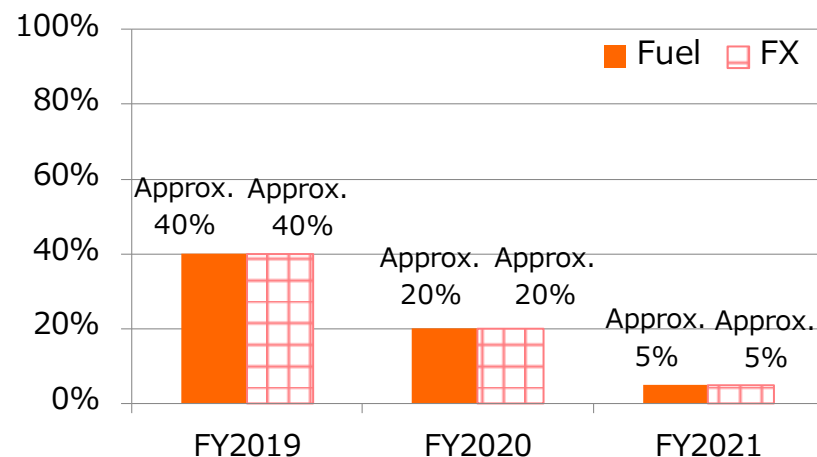
(4) The results for 2Q (July to September) is calculated by deducting the results of 1Q (April to June) from 1H (April to September)

Impact of Fuel and FX Markets

Fuel Cost Breakdown by Factors



Hedge Ratio (As of End of Sep/2019)



Profit Impact by Fuel and FX Markets From FY2019 3rd Quarter (Inc. Hedging, Fuel Surcharge)

Singapore Kerosene (USD/bbl) FX(JPY/USD)	USD 70	USD 75	USD 80	USD 85
JPY 115	+0.5Bn	▲2.0Bn	▲3.5Bn	▲6.0Bn
JPY 110	+2.0Bn	Forecast 0.0Bn	▲2.0Bn	▲3.5Bn
JPY 105	+4.5Bn	+2.0Bn	+1.0Bn	▲1.5Bn

Preconditions/ International Passenger Fuel Surcharge

	October 1, 2019 ~ January 31, 2020	February 1, 2020 ~ March 31, 2020
Outbound	Zone JPY 8,000	Zone JPY 8,000
Inbound	Zone USD 70	Zone USD 70
Remarks	Already Determined	Depends on the market conditions of Oct. to Nov.

↓
If fuel price and exchange rate remain at "USD 75 per barrel of Singapore kerosene and JPY 110 per USD" level, we expect fuel surcharge to be at "outbound Zone JPY 8,000 and inbound Zone USD 70".

※Sensitivity for Fuel Costs (hedging excluded)

Crude Oil (Change in 1 USD/bbl) about JPY 2.7 Bn Per Year
FX (Change in 1 JPY/USD) about JPY 1.9 Bn Per Year

Major Balance Sheet Items and Cash Flow Items

Consolidated Balance Sheet

(JPY Bn)	End of Mar/19	End of 1 st Half Mar/20	Diff.	Remarks
Total Assets	2,030.3	1,928.8	▲101.4	
Cash and Deposits	522.0	395.9	▲126.0	Certificate of Deposits etc. included Including cash out of 82.7 bil. yen to Corporate Pension Fund in September
Balance of Interest-bearing Debt	142.3	133.9	▲8.4	
Future Rental Expenses under Operating Leases	81.1	74.9	▲6.2	
Shareholders' Equity	1,165.1	1,172.3	+7.2	
Shareholders' Equity Ratio (%)	57.4%	60.8%	+3.4pt	
D/E Ratio (x)	0.1x	0.1x	▲0.0x	On-balance sheet Interest-bearing Debt / Shareholders' Equity

Consolidated Cash Flow

(JPY Bn)	End of Mar/19	1 st Half Mar/20	Diff.	Remarks
Cash Flow from Operating Activities	150.2	28.7	▲121.5	Including one time cash out of 82.7 bil. yen to Corporate Pension Fund in September
Depreciation and Amortization	61.8	67.8	+6.0	
Cash Flow from Investing Activities	▲118.0	▲106.4	+11.5	
Capital Investment	▲128.4	▲109.9	+18.5	
Free Cash Flow	32.2	▲77.7	▲109.9	Cash Flow from Operating Activities +Cash Flow from Investing Activities
Cash Flow from Financing Activities	▲30.5	▲48.4	▲17.9	
Total Cash Flow	1.7	▲126.2	▲127.9	Cash flow from Operating Activities + Cash Flow from Investing Activities+ Cash Flow from Financing Activities
EBITDA	158.6	149.1	▲9.4	
EBITDAR	168.4	159.4	▲9.0	

FY2019 Earnings Forecast

Only revenue forecast has been revised
Future economic trends and air transport demand will be closely monitored
under the recent unforeseeable circumstances

- ✓ Market assumption has been revised
- ✓ Actual results up to Q2, full-year ASK, and the recent trend of passenger and cargo demand have been reflected

Revenue & Expense Forecast Revised						Fuel/FX Market and ASK/Operational Preconditions Revised			
(JPY Bn)	FY2018	FY2019	FY2019	Diff.	y/y	Fuel/FX Markets	FY2018	FY2019	
		Previous Forecast(3)	New Forecast				Result	Previous Forecast(3)	New Forecast
Operating Revenue	1,487.2	1,563.0	1,516.0	+28.7	▲47.0	Singapore Kerosene (USD/bbl)	83.9	90.0	76.8 (2nd half 75.0)
International Passenger	530.6	575.0	524.0	▲6.6	▲51.0	Dubai Crude Oil (USD/bbl)	69.0	70.0	62.1 (2nd half 59.0)
Domestic Passenger	528.0	539.0	547.0	+18.9	+8.0	FX Rate (JPY/USD)	110.5	115.0	109.6 (2nd half 110.0)
Cargo / Mail	100.0	106.0	96.0	▲4.0	▲10.0	FY2019 (y/y)			
Other	328.4	343.0	349.0	+20.5	+6.0				
Operating Expense ⁽¹⁾	1,311.1	1,393.0 (1,383.0)	1,346.0 (1,336.0)	+34.8 (+24.8)	▲47.0	ASK		Previous Forecast(3)	New Forecast
Fuel	251.2	284.0	251.0	▲0.2	▲33.0				
Excluding Fuel ⁽¹⁾	1,059.8	1,109.0 (1,099.0)	1,095.0 (1,085.0)	+35.1 (+25.1)	▲14.0	Int'l		+2.5%	+2.0%
Operating Profit ⁽¹⁾	176.1	170.0 (180.0)	170.0 (180.0)	▲6.1 (+3.8)	-	Doms.		+2.6%	+2.3%
Ordinary Profit	165.3	171.0	171.0	+5.6	-	Total		+2.5%	+2.1%
Net Profit ⁽²⁾	150.8	114.0	114.0	▲36.8	-	RPK	Int'l	+4.3%	+1.8%
							Doms.	+1.3%	+3.6%
							Total	+3.2%	+2.5%

《 Reference 》 FY2019 Earnings Forecast

Consolidated Balance Sheet

(JPY Bn)	End of FY2018	End of FY2019		Diff.
	Results	Previous Forecast ⁽¹⁾	New Forecast	
Total Assets	2,030.3	2,040.0	2,010.0	▲30.0
Balance of Interest-bearing debts	142.3	167.0	171.0	+4.0
Shareholders' Equity	1,165.1	1,192.0	1,174.0	▲18.0
Shareholders' Equity Ratio (%)	57.4%	58.4%	58.4%	▲0.0pt
ROIC (%) ⁽²⁾⁽³⁾	9.5%	8.6%	8.6%	+0.0pt
		(9.1%)	(9.1%)	(+0.0pt)
ROE (%) ⁽⁴⁾	13.6%	9.7%	9.7%	+0.1pt
ROA (%) ^{(3) (5)}	9.1%	8.4%	8.4%	+0.1pt
		(8.8%)	(8.9%)	(+0.1pt)

(1) Disclosed on April 26, 2019

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

(3) Figures in () do not include the depreciation method change

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

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

Consolidated Cash Flow

(JPY Bn)	FY2018	FY2019		Diff.
	Results	Previous Forecast ⁽¹⁾	New Forecast	
Cash Flow from Operating Activities ⁽⁶⁾	296.7	219.0	204.0	▲15.0
Cash Flow from Investing Activities	▲186.3	▲259.0	▲234.0	+25.0
Free Cash Flow ^{(6) (7)}	110.3	▲40.0	▲30.0	+10.0
Cash Flow from Financing Activities	▲37.0	▲47.0	▲50.0	▲3.0
EBITDA	300.2	309.0	307.0	▲2.0
EBITDAR	320.1	327.0	328.0	+1.0

Investment

(JPY Bn)	FY2018	FY2019		Diff.
	Results	Previous Forecast ⁽¹⁾	New Forecast	
Fleet	175.4	189.0	185.0	▲4.0
Ground · IT, etc	50.8	75.0	73.0	▲2.0
Total	226.2	264.0	258.0	▲6.0

Growth Investment ⁽⁸⁾	192.0
Replacement investment ⁽⁹⁾	66.0



(6) Including cash out to Corporate Pension Fund (JPY 80.0 bil. in Previous Forecast, JPY 82.7 bil. (result) in New Forecast)

(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.

FY2019 Earnings Forecast (Air transportation Segment)

International Passenger Operations	FY2018	FY2019	y/y (%)		
			Full-year (Forecast)	1 st Half (Result)	2 nd Half (Forecast)
Passenger Revenue (JPY Bn)	530.6	524.0	▲1.3%	▲1.2%	▲1.4%
Passengers ('000)	9,128	9,165	+0.4%	▲0.5%	+1.3%
ASK (MN seat km)	54,925	56,027	+2.0%	+2.5%	+1.6%
RPK (MN passenger km)	44,659	45,449	+1.8%	+0.9%	+2.7%
L/F (%)	81.3%	81.1%	81.1%	81.1%	81.1%
Revenue per Passenger ⁽¹⁾ (JPY)	58,136	57,166	▲1.7%	▲0.7%	▲2.7%
Yield ⁽²⁾ (JPY)	11.9	11.5	▲3.0%	▲2.0%	▲3.9%
Unit Revenue ⁽³⁾ (JPY)	9.7	9.4	▲3.2%	▲3.5%	▲2.9%

Domestic Passenger Operations	FY2018	FY2019	y/y (%)		
			Full-year (Forecast)	1 st Half (Result)	2 nd Half (Forecast)
Passenger Revenue (JPY Bn)	528.0	547.0	+3.6%	+3.3%	+3.9%
Passengers ('000)	34,859	36,031	+3.4%	+3.4%	+3.3%
ASK (MN seat km)	36,116	36,959	+2.3%	+1.7%	+3.0%
RPK (MN passenger km)	26,195	27,145	+3.6%	+4.4%	+2.9%
L/F (%)	72.5%	73.4%	73.4%	74.0%	72.9%
Revenue per Passenger ⁽¹⁾ (JPY)	15,149	15,179	+0.2%	▲0.2%	+0.6%
Yield ⁽²⁾ (JPY)	20.2	20.1	▲0.1%	▲1.1%	+1.0%
Unit Revenue ⁽³⁾ (JPY)	14.6	14.8	+1.2%	+1.5%	+0.9%

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

(3) Unit Revenue=Passenger Revenue / ASK

Revenue of International Routes by Geographic Segment

Passenger Revenue

(%)	1 st Half y/y	2 nd Quarter y/y	Proportion of whole Int'l		
			Mar/19 1 st Half	Mar/20 1 st Half	2 nd Quarter
America	+9.8%	+4.0%	26%	29%	28%
Europe	▲5.7%	▲8.1%	18%	17%	18%
Asia/Oceania	▲2.7%	▲4.2%	30%	30%	29%
China	▲2.1%	▲6.5%	12%	11%	11%
Hawaii/Guam	▲11.3%	▲11.9%	14%	13%	14%
Total	▲1.2%	▲4.3%	100%	100%	100%

ASK

(MN seat km)	1 st Half			2 nd Quarter	
	Mar/19	Mar/20	y/y	Mar/20	y/y
America	7,779	8,564	+10.1%	4,342	+10.8%
Europe	4,004	4,128	+3.1%	2,115	+2.0%
Asia/Oceania	9,558	9,822	+2.8%	4,924	+2.2%
China	1,711	1,815	+6.1%	902	+5.1%
Hawaii/Guam	4,345	3,740	▲13.9%	1,895	▲14.6%
Total	27,399	28,072	+2.5%	14,180	+2.1%

Revenue Passengers Carried

('000)	1 st Half			2 nd Quarter	
	Mar/19	Mar/20	y/y	Mar/20	y/y
America	678	750	+10.7%	382	+10.3%
Europe	386	388	+0.3%	203	▲0.7%
Asia/Oceania	2,102	2,106	+0.2%	1,052	▲0.5%
China	810	809	▲0.1%	403	▲3.2%
Hawaii/Guam	626	526	▲15.9%	277	▲15.2%
Total	4,605	4,582	▲0.5%	2,319	▲1.4%

RPK

(MN passenger km)	1 st Half			2 nd Quarter	
	Mar/19	Mar/20	y/y	Mar/20	y/y
America	6,471	7,078	+9.4%	3,613	+9.1%
Europe	3,456	3,420	▲1.0%	1,788	▲1.6%
Asia/Oceania	7,691	7,738	+0.6%	3,894	+0.2%
China	1,497	1,512	+1.0%	754	▲2.3%
Hawaii/Guam	3,455	3,018	▲12.6%	1,578	▲12.4%
Total	22,572	22,768	+0.9%	11,627	+0.3%

Load Factor for Revenue Passengers

(%)	1 st Half			2 nd Quarter	
	Mar/19	Mar/20	y/y	Mar/20	y/y
America	83.2%	82.6%	▲0.5pt	83.2%	▲1.3pt
Europe	86.3%	82.9%	▲3.5pt	84.5%	▲3.1pt
Asia/Oceania	80.5%	78.8%	▲1.7pt	79.1%	▲1.5pt
China	87.5%	83.3%	▲4.2pt	83.6%	▲6.3pt
Hawaii/Guam	79.5%	80.7%	+1.2pt	83.3%	+2.1pt
Total	82.4%	81.1%	▲1.3pt	82.0%	▲1.4pt

Number of Aircraft

	End of Mar/19 (March 31, 2019)			End of 1st Half Mar/20 (September 30, 2019)			Diff.
	Owned	Leased	Total	Owned	Leased	Total	
Airbus A350-900	0	0	0	3	0	3	+3
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	43	0	43	+3
Boeing 787-8	25	0	25	25	0	25	-
Boeing 787-9	14	3	17	14	3	17	-
Boeing 767-300	6	0	6	6	0	6	-
Boeing 767-300ER	29	0	29	29	0	29	-
Middle-sized Total	74	3	77	74	3	77	-
Boeing 737-400	3	0	3	0	0	0	▲3
Boeing 737-800	42	20	62	43	19	62	-
Small-sized Total	45	20	65	43	19	62	▲3
Embraer 170	18	0	18	18	0	18	-
Embraer 190	14	0	14	14	0	14	-
Bombardier D8-400	1	0	1	0	0	0	▲1
Bombardier D8-400CC	5	0	5	5	0	5	-
SAAB340B	8	0	8	6	0	6	▲2
ATR42-600	5	1	6	5	1	6	-
ATR72-600	1	0	1	2	0	2	+1
Regional Total	52	1	53	50	1	51	▲2
Total	211	24	235	210	23	233	▲2

INTENTIONALLY LEFT BLANK

ESG Management towards achievement of SDGs

※Originally disclosed on February 25,2019

In this Medium Term Management Plan,
we look to identify priority issues from the viewpoint of ESG management.
And strive to solve social issues through to achieve SDGs*1 in 2030.



2030



2020

Medium Term Management Plan

View of ESG Management

Fields	Priority Issues
Environmental	<ul style="list-style-type: none">• Reduce greenhouse gas• Reduce wastes• Lower noise
Social Customer & Region	<ul style="list-style-type: none">• Lead safe operation in aviation industry• Provide Air travel for all customers• Promote initiatives to increase inbound visitors as a tourism nation• Revitalize all regions in Japan• Products and services trusted by customers
Social Human Rights D&I*2	<ul style="list-style-type: none">• Diversity & Inclusion, health management• Develop female leaders• Establish healthy*3 supply chains
Governance	<ul style="list-style-type: none">• Obey compliance• Disclose information positively and keep accountability• Robust risk management

*1 Aiming to realize a sustainable society, SDGs consist of 17 targets that the international community should be solved by 2030.

*2 To take advantage of different experiences and perspectives, accepting the difference, and create new things.

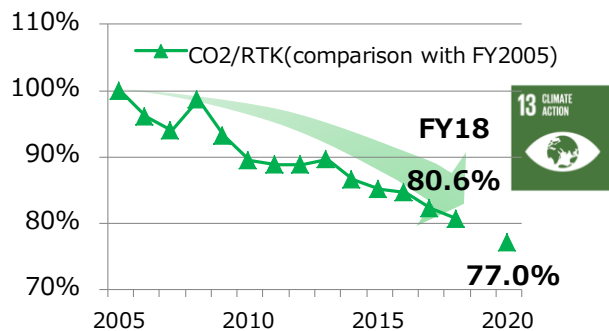
*3 Condition which realize close attention to environment, fair business process, respect of human right etc.

- ✓ Contribute to achieve SDGs, through our business activities, toward the realization of a sustainable society and corporate value increase
- ✓ Established The JAL Group Code of Conduct “Commitment to Society”

Environmental

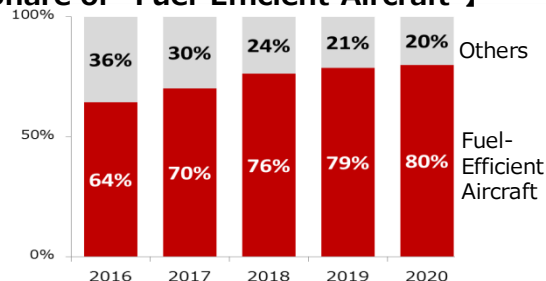
- Low-Carbon Initiatives:
Introduce fuel-efficient aircraft and aim for eco-friendly operation
- Promote usage of Biofuel :
Invested in *Fulcrum BioEnergy, Inc.* a Biofuel manufacturer

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

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

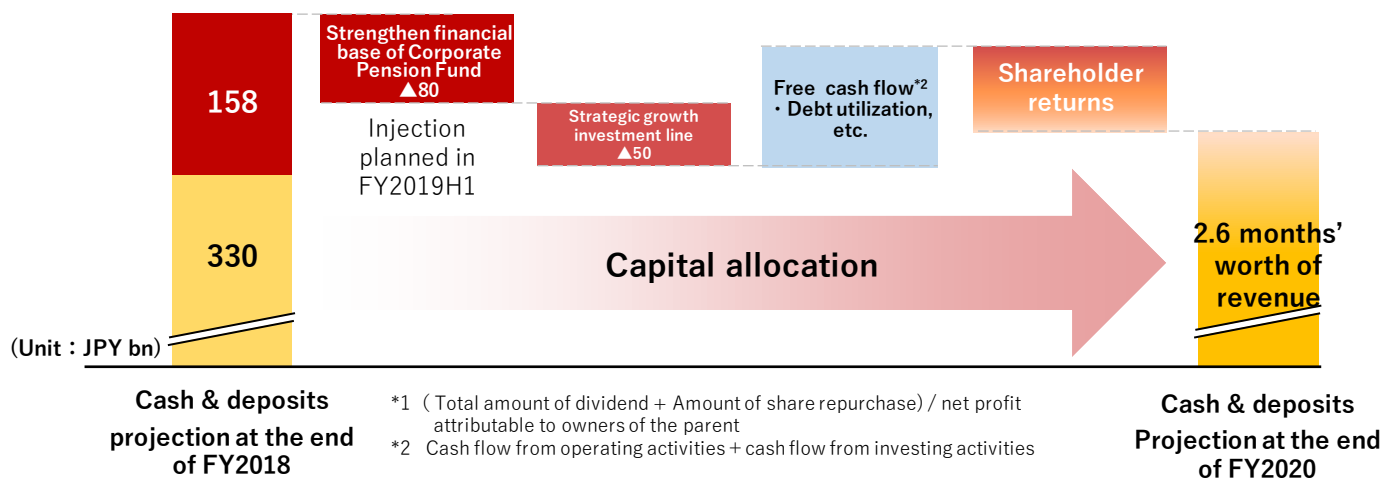
- Due to investments and preparatory costs for “development at Haneda and Narita” in FY2020, together with temporary supply-demand imbalance, ROE and ROIC will decline temporarily. However we aim to maintain or increase ROE from 10% and further increase ROIC through sustainable profit growth.

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

※Updated

Dividends with focuses on continuity, stability and predictability

- Approximately 35% is a benchmark for payout ratio.
- Income tax deferred is no longer excluded from 2019, except an extraordinary case.

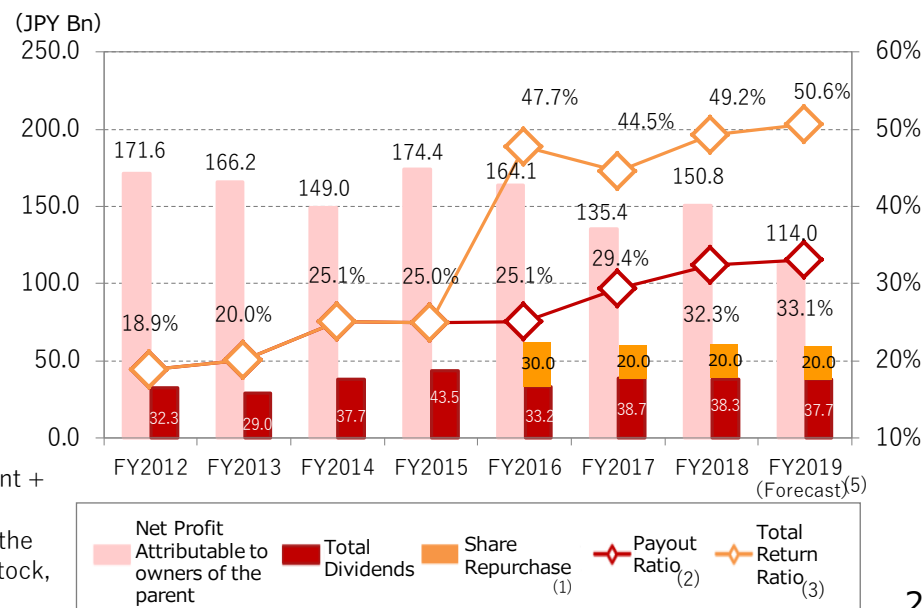
Total return will be focused

- Return will be made through the combination of dividends and share repurchase, aiming for a range of approximately 35% to 50% of total return ratio

- Amount of share repurchases include those whose resolutions were passed before the closing of accounts for the current fiscal year
- Dividend payout ratio = Total dividends / Base profit for dividends calculation⁽⁴⁾
- Total return ratio = (Total amount of dividend + Amount of share repurchase) / Base profit for dividends calculation⁽⁴⁾
- Base profit for dividend calculation = (Net profit attributable to owners of the parent + income tax deferred) (From FY2019, income tax deferred is no longer excluded)
- In the FY2019 total dividends, the payout ratio and Total Return Ratio calculation, the number of shares issued at the end of the 1st half of FY2019, excluding treasury stock, is used.

Total Shareholder Return History (FY2012~FY2019)

※Updated



Fly into tomorrow.



JAPAN AIRLINES

ZIPAIR Presentation for Investors Meeting



ZIPAIR Tokyo Inc.

2019/10/31

Progress of Preparation for Launching

Routes

Narita = Bangkok May 14, 2020 (Plan)
Narita = Seoul July 1, 2020(Plan)

Aircraft

787-8 (290 Seats)
The first two aircrafts are ones used by JAL
Newly painted aircraft arrived at Narita on 27 October

IT System

LCC-specialized Passenger Service System (PSS, different from JAL's one) will be introduced
Other system is under development (on schedule)

Air Crew

The first set of air crew recruiting has been completed
Flight crew and Cabin crew are on training

Designators

IATA 2-Letter Designator: ZG
ICAO 3-Letter Designator: TZP
Call Sign: "Zippy"

Profit making structure = Basic Structure =

Topline

Toward destinations where there is no LCC competitors (ex. Transpacific)

⇒ Superior competitive position (no competing LCC)

⇒ Demand capturing with low fares



Cost
Structure

High Productivity

Productivity will be doubled
(vs. JAL)

Seat Number × Aircraft
Turnover



Minimized Indirect Cost

Efficient Operation

- Lean Back-office
- High-Technology
- JAL Assets

The Economy of Scale by JAL Group

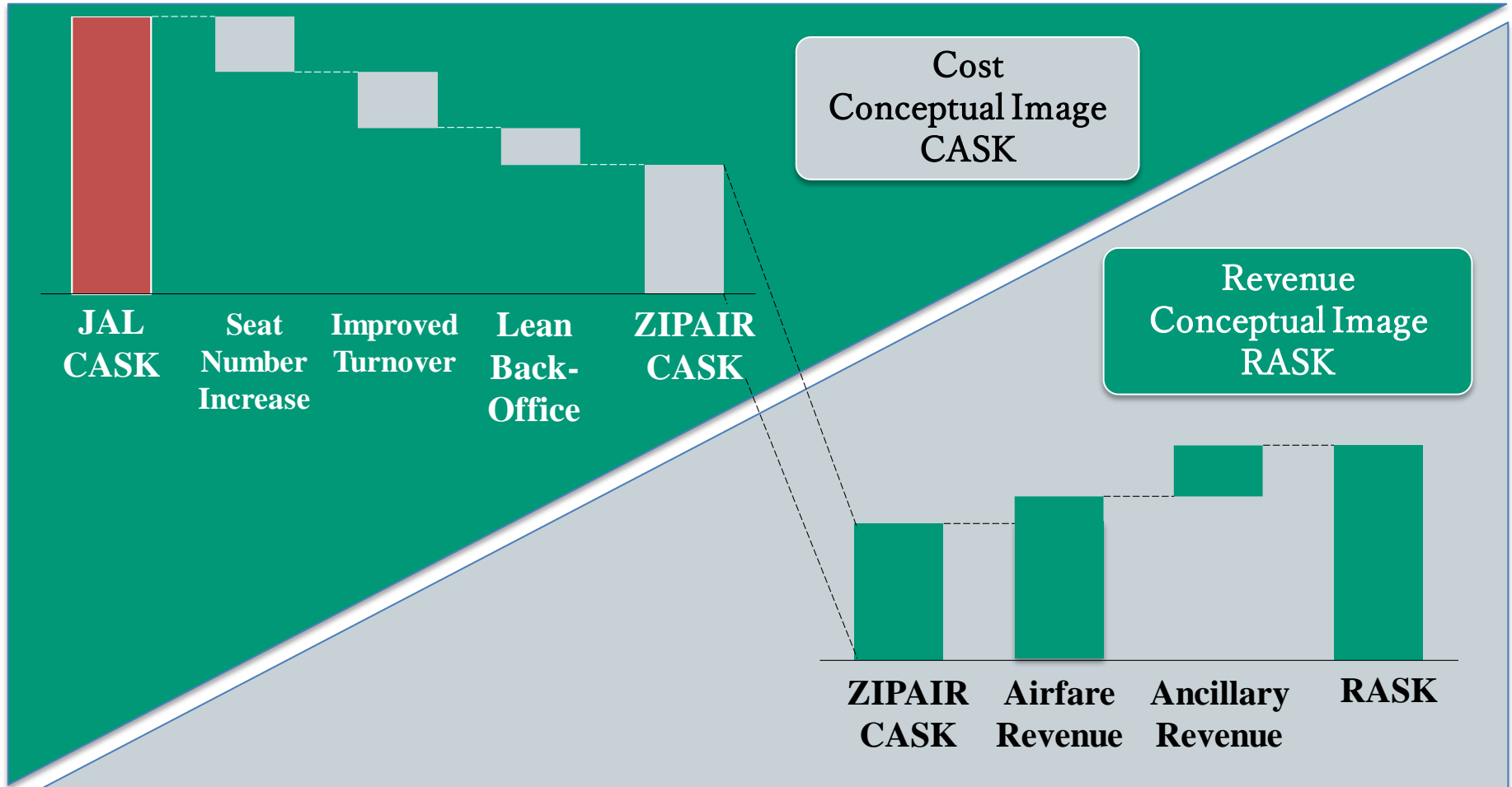
Long-haul Flight Operation
Know-How (787)
(Maintenance and
Operation Support)



Cost Reduction through Joint
Procurement
(Aircraft · Fuel · Insurance)

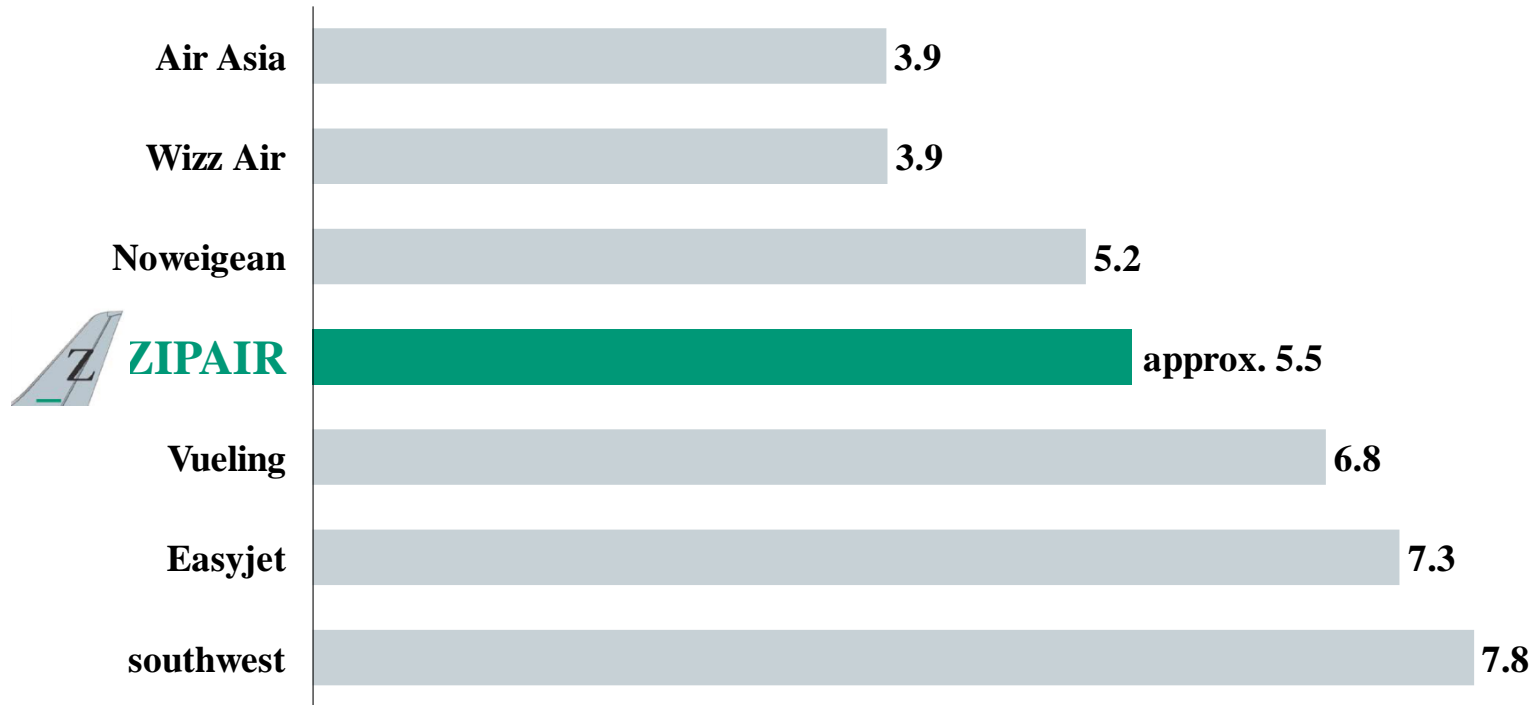
Revenue/Cost Structure (Conceptual Image)

- ① Airfare Revenue (Fare multiplied by Passenger Number) covers operating cost
- ② Ancillary Revenue brings profits



CASK Comparison (EBIT used, ZIPAIR Fifth year forecast, fuel cost included) ZIPAIR will be at competitive level with other LCCs

Japanese Yen



※Source: Each Airlines' Annual Report 2018 FX/ GBP-JPY: 140.05, USD-JPY:108.64, EUR-JPY: 120.90, NOK-JPY: 11.92, MYR-JPY25.96

ZIPAIR will use JAL's Know-how for 787 long-haul flight operations such as maintenance and flight operation

787 Operators		
Delivered Aircrafts		894
Ranking	ANA	74
	United	46
	JAL	42
	American	42
	Air Canada	37

Disclaimer

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