

# JAPAN AIRLINES Co., Ltd.

## Financial Results

### 2<sup>nd</sup> 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 1<sup>ST</sup> HALF MAR/20

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## DETAILS OF FINANCIAL RESULTS FOR 1<sup>ST</sup> HALF MAR/20

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## REVISED CONSOLIDATED FINANCIAL FORECAST FOR MAR/20

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## REFERENCES

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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

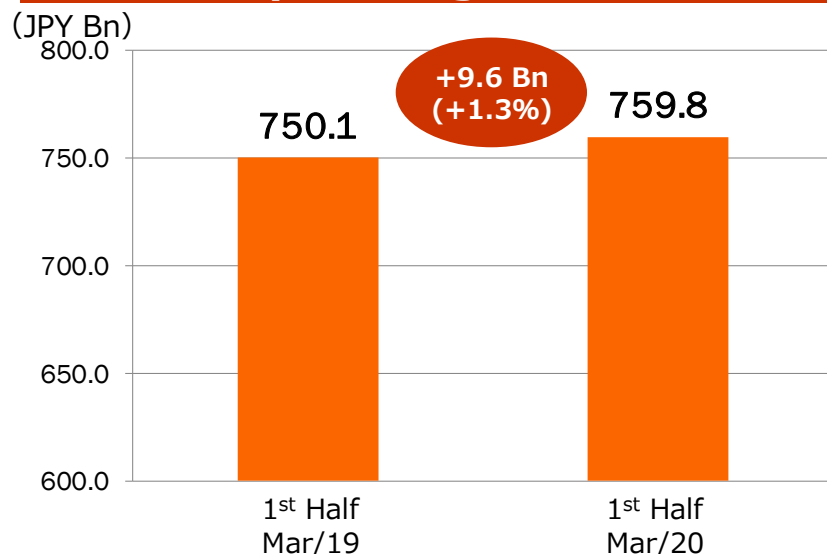


SKYTRAX  
5-Star Airline

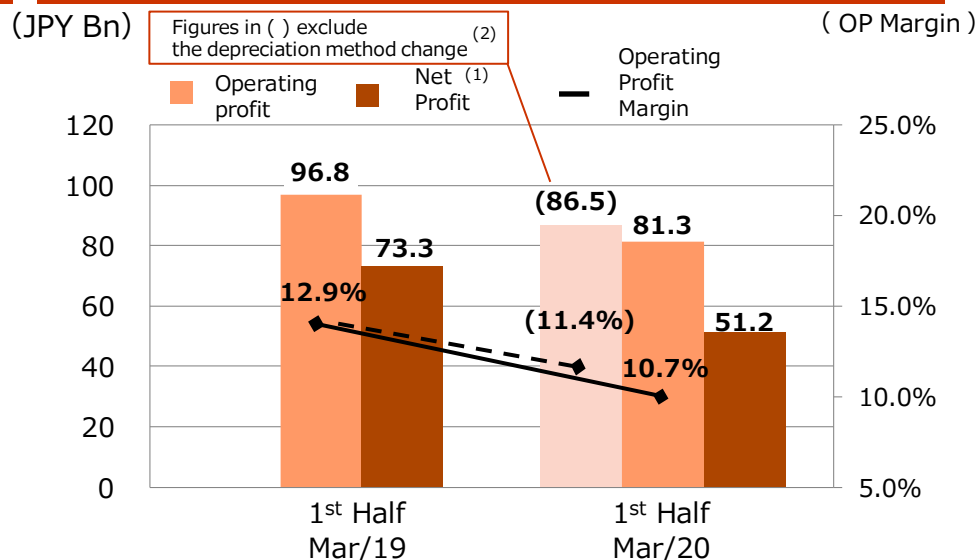
# Overview of Financial Results for 1<sup>st</sup> Half Mar/20

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

## Operating Revenue



## Operating profit · Net profit <sup>(1)</sup> · Operating profit margin



## Fuel/FX Markets

	1 <sup>st</sup> Half Mar/19	1 <sup>st</sup> 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 <sup>st</sup> 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.

- I will explain the overview of the financial result of the first half of the fiscal year 2019, ending March 2020.
- Due to the world economy slowdown, International Passenger Demand was not strong. International Cargo Demand dropped largely year-on-year. Domestic Passenger Demand continued to be strong. As a result, Operating revenue was up 9.6 billion yen, just 3.1% increase year-on-year to 759.8 billion yen.
- Operating Profit was down 10.3 billion yen, 10.6% down to 86.5 billion yen, excluding the depreciation method change.
- Net Profit was down 30.2% year-on-year to 51.2 billion yen due to tax increase.

# 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<sup>(※)</sup>)、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



- On this page, I will explain our recent topics.
- For International Passenger Business, Haneda slot allocation was determined and JAL was given 11.5 slots. Even though our allocation was 2 slots less than another Japanese airline, in fact, all slots we requested were given to us, so this is a very satisfactory result. We will use them to grow further.
- New routes from Haneda will be disclosed soon. To/from Narita, we will start new routes. Other routes will be disclosed when they become ready.
- For Domestic Passenger Business, Airbus 350 and Boeing 787 has been launched.
- They will increase our competitiveness as well as environmental friendliness. Together with sustainable aviation fuel, so-called biofuel, reduction of plastic waste, we will aim for sustainable development.
- Smart airport will be introduced at Narita and Haneda. Together with JAL Special Assistance Counter, we will realize stress-free travel and better accessibility for every one of our customer.

# 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<sup>(1)</sup> 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<sup>(2)</sup>·Total Shareholder Return on Equity Ratio<sup>(3)</sup>

**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<sup>(4)</sup>

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

(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)

- Now I will explain shareholder return.
- Today we decided to conduct buyback of up to 20 billion yen. All stocks will be cancelled. We believe the current stock price does not reflect our company value properly.
- Our action to conduct additional buyback today, and the measures toward growth and their implementation, and finally if we are able to show good results, then we believe the equity capital market will value us properly.
- There is no change in dividend forecast. Interim dividend has been determined as 55 yen per share.



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# Consolidated Financial Results

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

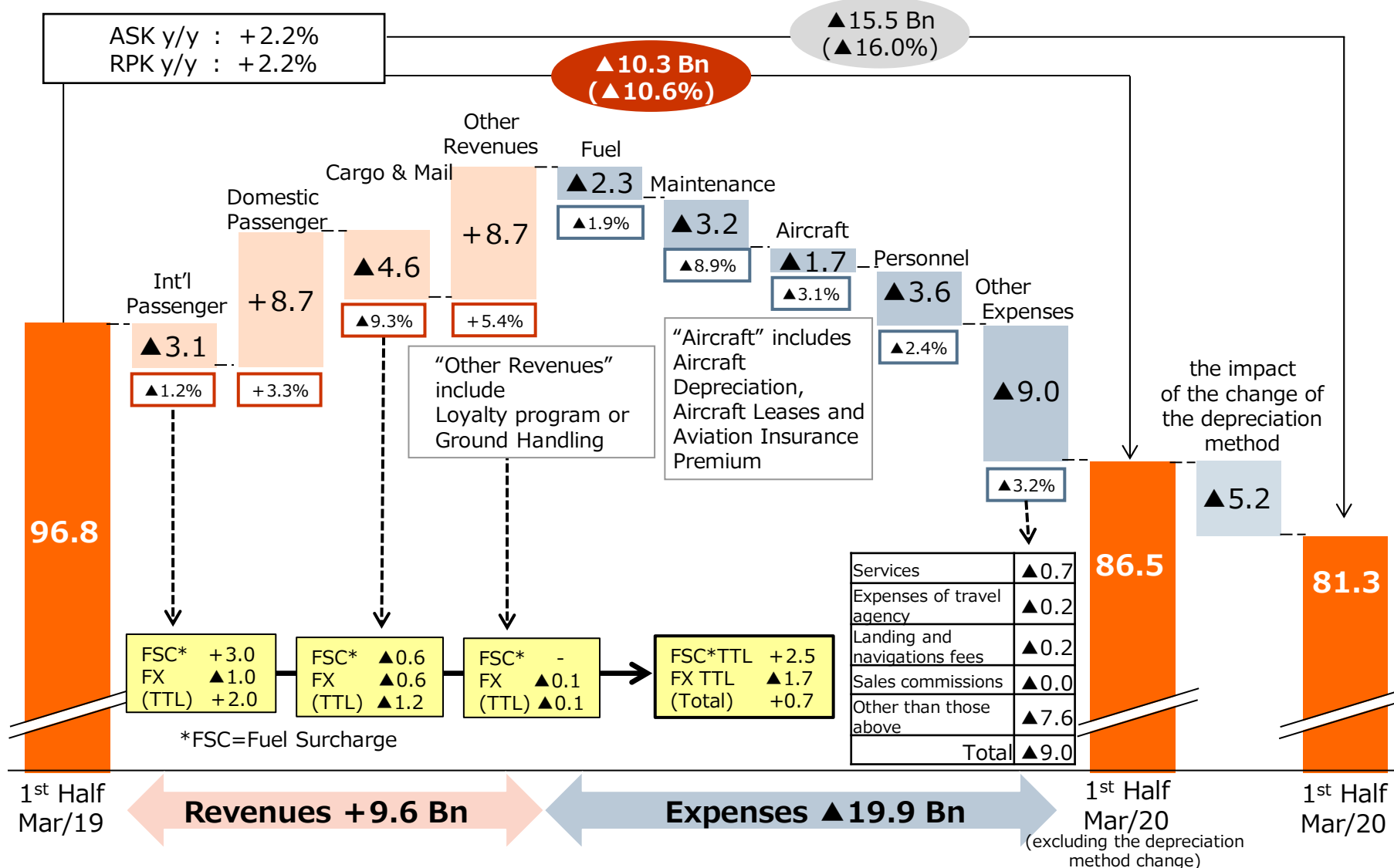


JAPAN AIRLINES

## 1st Half Mar/20

(JPY Bn)

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



- For Revenue side, Domestic Passenger Business and Mileage Revenue raised Operating Revenue, up 9.6 billion yen year-on-year.
- Operating Expense was up 19.9 billion yen, 3.1% increase year-on-year to 673.3 billion yen because of preparation for airport capacity expansion next year.
- As a result, Operating Profit decreased by 10.3 billion yen, excluding the depreciation method change, to 86.5 billion yen. This is 8.5 billion yen below than our plan. Costs other than fuel is within our plan, however, Operating Revenue did not reach our plan. That is why our profit decreased.
- The effect of the depreciation method change was 5.2 billion yen.

# 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

FX excl.  
Fuel  
▲0.6

+6.6

Fuel  
(excl. Hedging)

+2.5

FSC\*

Hedging

▲9.2

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

FX	+0.6
Market	+6.0
Total	+6.6

96.1

Revenue  
Increase  
+8.9

Cost  
Increase  
▲18.5

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

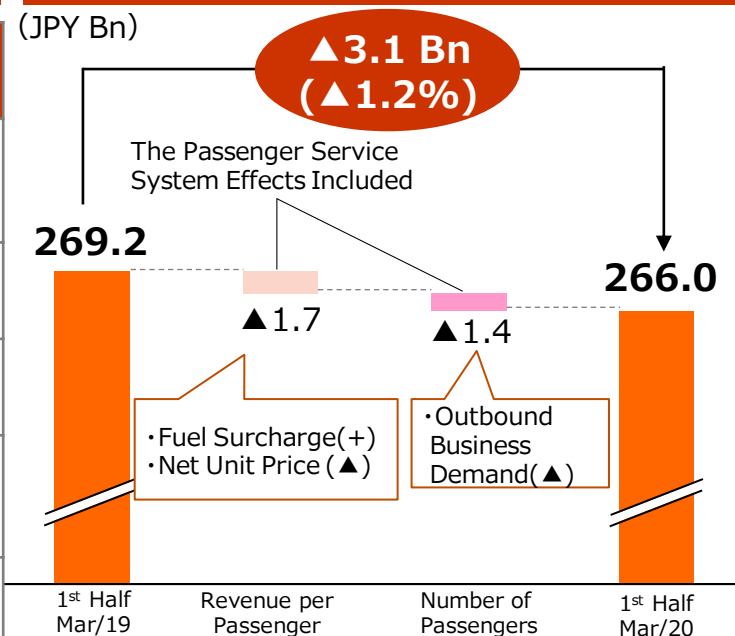
- On this page, the market impact is negative 0.7 billion yen due to decrease of hedging gain.
- For the other effect, the increase of the revenue was not sufficient to recover the increase of the expenses. As a result, without the depreciation method change, it was negative 9.5 billion yen.

# International Passenger Operations

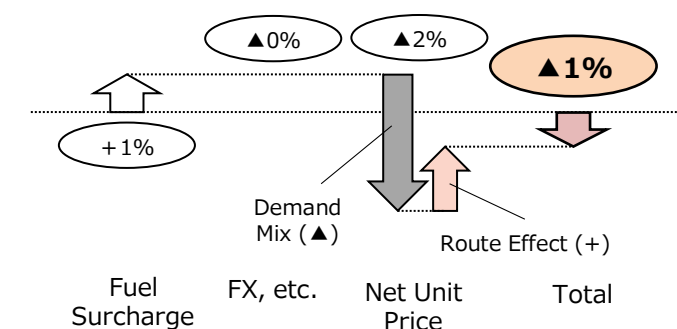
## International Passenger

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

- On this page, I will explain International Passenger Business.
- We increased capacity however, Japan-outbound business demand did not grow as much as our capacity increased. Also, because of the supply-demand imbalance on European route, China route capacity expansion since July or ex-China inbound demand dropped from July, the passenger number decreased by 0.5% year-on-year.
- Revenue per Passenger also decreased by 0.7% year-on-year. In the downturn trend, net unit price is decreasing because of yield management to maximize revenue.
- As a result, International Passenger Revenue decreased by 1.2% year-on-year to 266 billion yen.

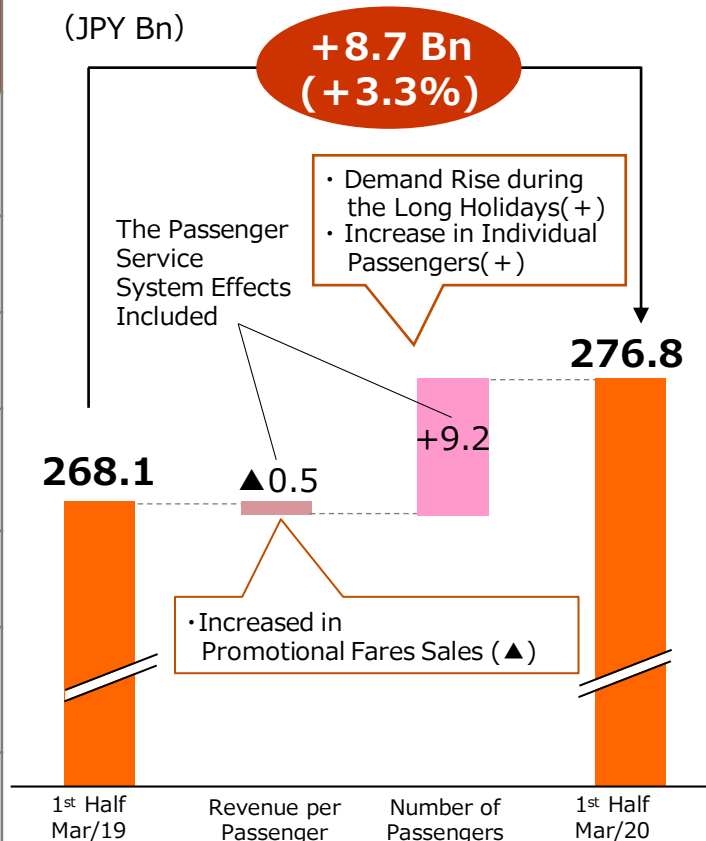


# Domestic Passenger Operations

## Domestic Passenger

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

- On this page, I will explain about Domestic Passenger Business.
- Passenger number grew by 3.4% year-on-year because consumer pattern is shifting from goods to experience, so our promotional fare sales increased.
- For Revenue per Passenger decreased by 0.2% year-on-year because of the demand mix effect due to the increase of promotional fare sales.
- The outlook of the future demand is good, so we would like to increase yield and passenger number at the same time through yield-management system.
- As a result, Domestic Passenger Revenue increased by 3.3% to 276.8 billion yen.

# Major Operating Expense Items

## Operating Expenses

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

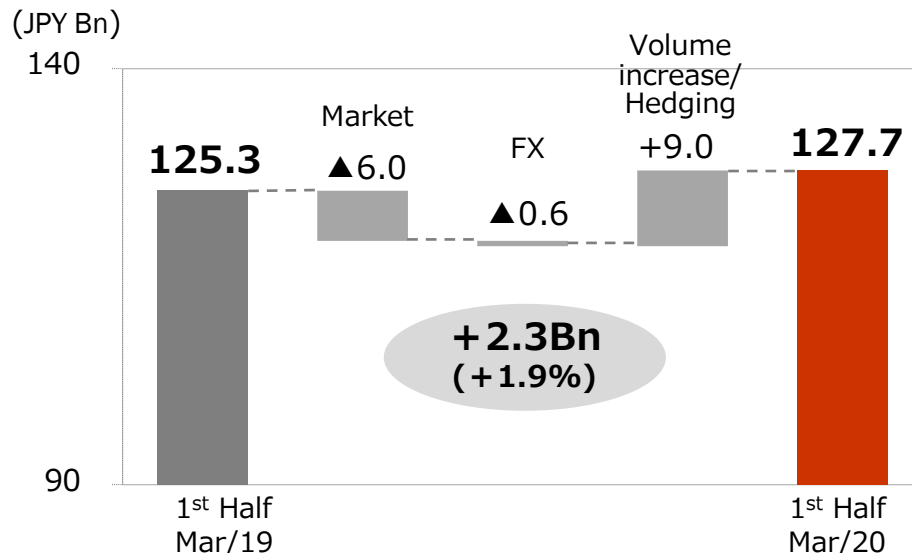
(3) Services= Expenses regarding inflight services, airport lounges, cargo equipment, etc.

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

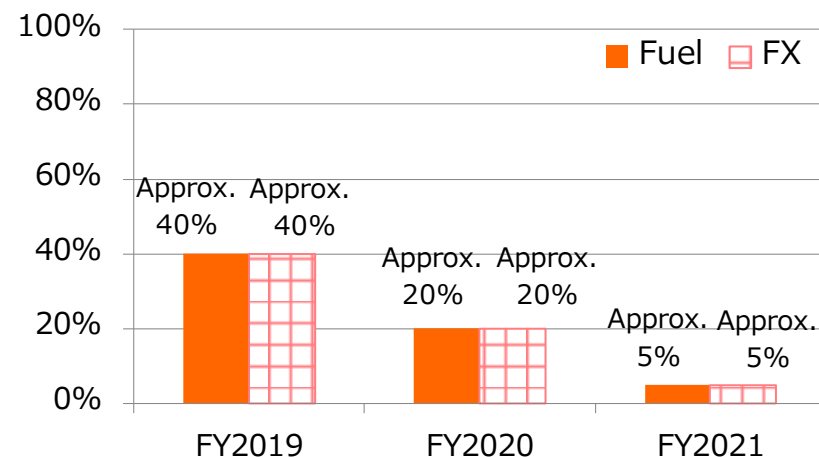
- On this page, I will explain Major Operating Expenses. Numbers in brackets do not include the depreciation method change effect. Expenses other than fuel increased by 3.3% year-on-year, without the depreciation method change.
- It is larger than our capacity increase of 2.2%, however, without front-loaded costs of next year's expansion and revenue-linked expenses in non-aviation business, the increase of the expenses are in line with our capacity growth rate.
- Maintenance Cost is on our plan. Other costs are below our plan. We will continue to work on reducing our cost further.

# 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

- Fuel Cost slightly increased because of hedging.
- The left bottom chart shows the future market impact on Operating Profit.

# Major Balance Sheet Items and Cash Flow Items

## Consolidated Balance Sheet

(JPY Bn)	End of Mar/19	End of 1 <sup>st</sup> 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 <sup>st</sup> 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	

- On this page, Consolidated Balance sheet and Cash Flow are shown.
- As we disclosed in the mid-term rolling plan, we injected 82.7 billion yen in September to our corporate pension fund to mitigate future financial risk.
- Excluding the cash injection to pension, Free Cash Flow is still positive.



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

(1) Figures in ( ) do not include the depreciation method change (2) Net profit attributable to owners of the parent (3) Disclosed on April 26, 2019

- On this page, I will explain our Performance Forecast.
- International Passenger Business and Cargo Business are becoming more unforeseeable as the world economy slows down and uncertainty rises.
- We have revised our revenue forecast of International Passenger, Domestic Passenger and Cargo, in accordance with the actual result, recent demand trends and market conditions.
- Thus, the future outlook of International Passenger is unclear. Also, the negative impacts of Typhoon Hagibis in October is not included in this forecast. Therefore, our revenue outlook is not easy. We recognize that it is not easy to achieve the initial profit forecast of 170 billion yen, however, we will strive to improve our performance mainly through cutting our cost further to achieve the forecast profit of 170 billion yen.
- Page 16 shows the full-year Balance Sheet forecast, Cash Flow and Investment.

# 《 Reference 》 FY2019 Earnings Forecast

## Consolidated Balance Sheet

(JPY Bn)	End of FY2018	End of FY2019		Diff.
	Results	Previous Forecast <sup>(1)</sup>	New Forecast	
Total Assets	2,030.3	2,040.0	<b>2,010.0</b>	▲30.0
Balance of Interest-bearing debts	142.3	167.0	<b>171.0</b>	+4.0
Shareholders' Equity	1,165.1	1,192.0	<b>1,174.0</b>	▲18.0
Shareholders' Equity Ratio (%)	57.4%	58.4%	<b>58.4%</b>	▲0.0pt
ROIC (%) <sup>(2)(3)</sup>	9.5%	8.6%	<b>8.6%</b>	+0.0pt
		(9.1%)	<b>(9.1%)</b>	(+0.0pt)
ROE (%) <sup>(4)</sup>	13.6%	9.7%	<b>9.7%</b>	+0.1pt
ROA (%) <sup>(3) (5)</sup>	9.1%	8.4%	<b>8.4%</b>	+0.1pt
		(8.8%)	<b>(8.9%)</b>	(+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 <sup>(1)</sup>	New Forecast	
Cash Flow from Operating Activities <sup>(6)</sup>	296.7	219.0	<b>204.0</b>	▲15.0
Cash Flow from Investing Activities	▲186.3	▲259.0	<b>▲234.0</b>	+25.0
Free Cash Flow <sup>(6) (7)</sup>	110.3	▲40.0	<b>▲30.0</b>	+10.0
Cash Flow from Financing Activities	▲37.0	▲47.0	<b>▲50.0</b>	▲3.0
EBITDA	300.2	309.0	<b>307.0</b>	▲2.0
EBITDAR	320.1	327.0	<b>328.0</b>	+1.0

## Investment

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

Growth Investment <sup>(8)</sup>	192.0
Replacement investment <sup>(9)</sup>	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 <sup>st</sup> Half (Result)	2 <sup>nd</sup> 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 <sup>(1)</sup> (JPY)	58,136	57,166	▲1.7%	▲0.7%	▲2.7%
Yield <sup>(2)</sup> (JPY)	11.9	11.5	▲3.0%	▲2.0%	▲3.9%
Unit Revenue <sup>(3)</sup> (JPY)	9.7	9.4	▲3.2%	▲3.5%	▲2.9%

Domestic Passenger Operations	FY2018	FY2019	y/y (%)		
			Full-year (Forecast)	1 <sup>st</sup> Half (Result)	2 <sup>nd</sup> 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 <sup>(1)</sup> (JPY)	15,149	15,179	+0.2%	▲0.2%	+0.6%
Yield <sup>(2)</sup> (JPY)	20.2	20.1	▲0.1%	▲1.1%	+1.0%
Unit Revenue <sup>(3)</sup> (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 <sup>st</sup> Half y/y	2 <sup>nd</sup> Quarter y/y	Proportion of whole Int'l		
			Mar/19 1 <sup>st</sup> Half	Mar/20 1 <sup>st</sup> Half	2 <sup>nd</sup> 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 <sup>st</sup> Half			2 <sup>nd</sup> 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 <sup>st</sup> Half			2 <sup>nd</sup> 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 <sup>st</sup> Half			2 <sup>nd</sup> 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 <sup>st</sup> Half			2 <sup>nd</sup> 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

- Page 18 shows International Revenues by Routes. In the second quarter period, from July to September, mainly Japan-outbound demand slowed down and the supply-demand imbalance became clearer, so load factor dropped in many routes. This is not an easy situation but we will capture demand by using the passenger service system.
- Then, I would like to move on to ZIPAIR explanation.

# 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
<b>Total</b>	<b>211</b>	<b>24</b>	<b>235</b>	<b>210</b>	<b>23</b>	<b>233</b>	<b>▲2</b>

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

\*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.

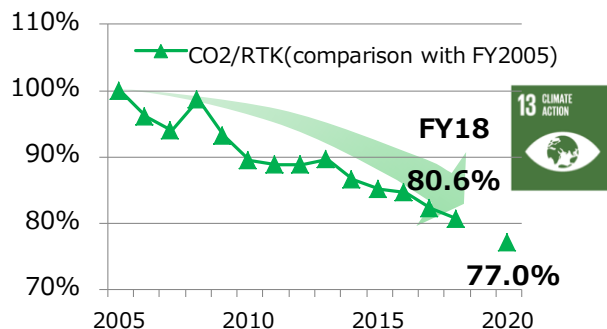
\*3 Condition which realize close attention to environment, fair business process, respect of human right etc.

- ✓ 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

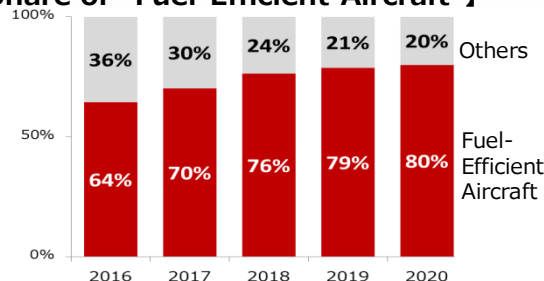
- Low-Carbon Initiatives:  
Introduce fuel-efficient aircraft and aim for eco-friendly operation
- Promote usage of Biofuel :  
Invested in *Fulcrum BioEnergy, Inc.* a Biofuel manufacturer

### 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.**



# Financial Strategy and Capital policy②

※Originally disclosed on February 25, 2019

**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

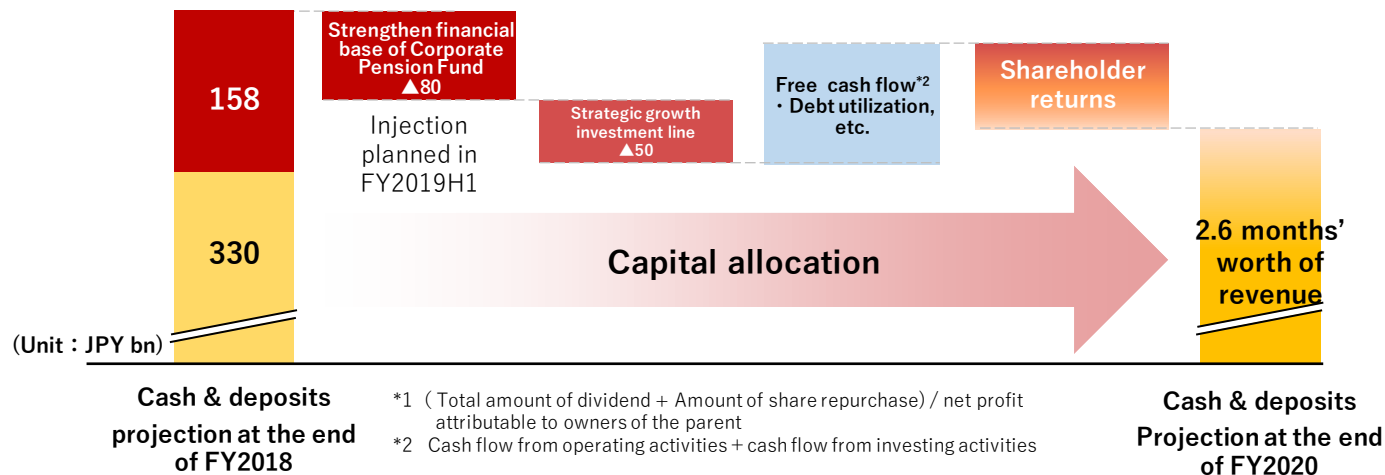
- Due to investments and preparatory costs for “development at Haneda and Narita” in FY2020, together with temporary supply-demand imbalance, ROE and ROIC will decline temporarily. However we aim to maintain or increase ROE from 10% and further increase ROIC through sustainable profit growth.

## 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 <sup>\*1</sup>.



## 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.

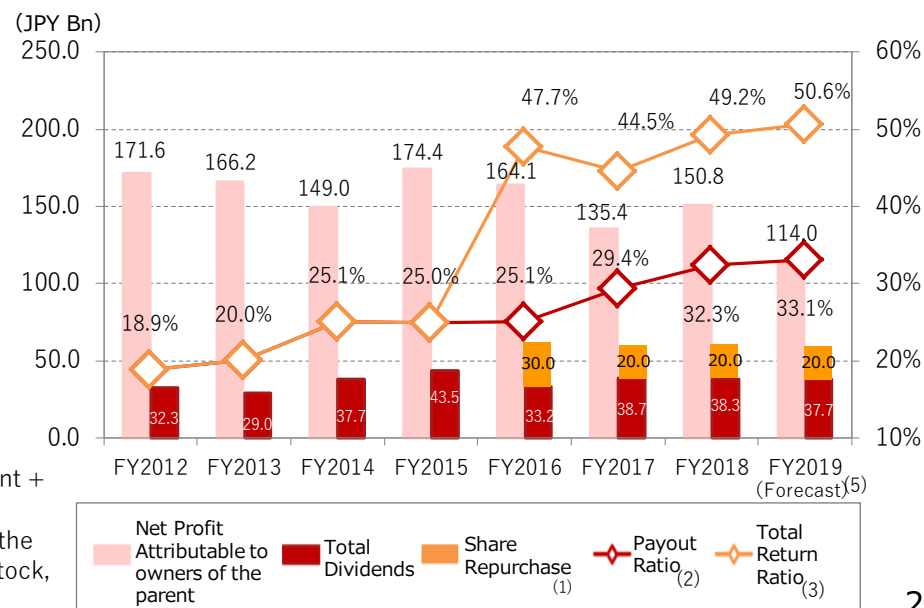
##### Total return will be focused

- 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<sup>(4)</sup>
- Total return ratio = (Total amount of dividend + Amount of share repurchase) / Base profit for dividends calculation<sup>(4)</sup>
- 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 1<sup>st</sup> 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

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## 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"

- We would like to update the progress of ZIPAIR preparation tonight.
- ZIPAIR will fly to Bangkok, Suvarnabhumi Airport, from May 2020 next year and Seoul, Incheon Airport, from July 2020 next year. Both fly to/from Narita.
- ZIPAIR will use 787-8 with capacity of 290 seats.
- It will use a passenger service system specialized for LCC. Other system is under development smoothly.

# 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)

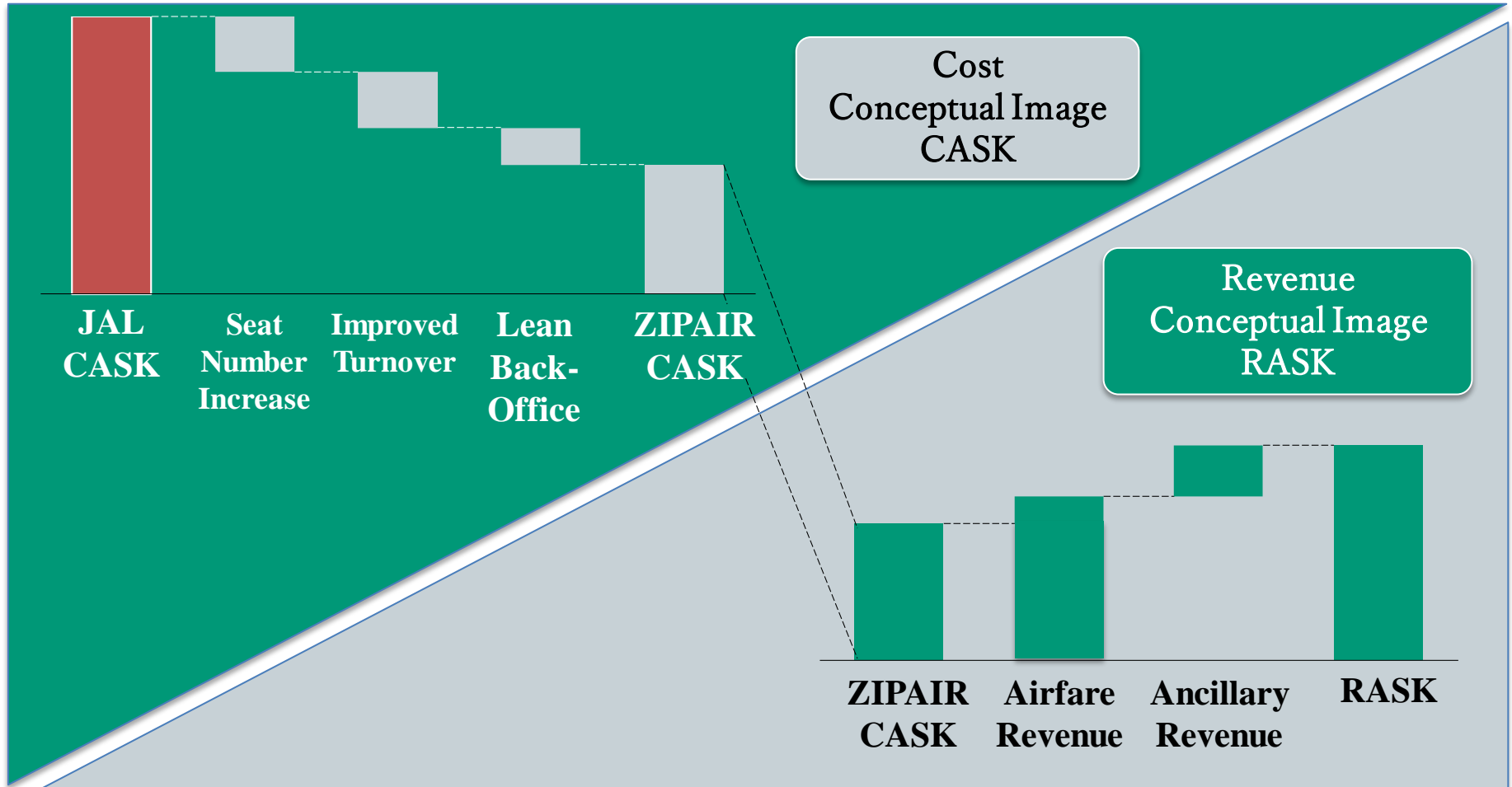


Cost Reduction through Joint  
Procurement  
(Aircraft · Fuel · Insurance)

- ZIPAIR will fly to long-haul destinations where there is less LCC competitors. By doing so, it can attract more demand because of its lower fare level than competing full-service carriers.
- Then, you may want to know why ZIPAIR has low-cost structure. I will explain four points. First, its asset turnover is double than JAL's turnover by combining larger number of seats and better aircraft utilization.
- Second, its indirect cost will be minimum, using IT system.
- Third, JAL's support for long-haul flight is essential. For traditional LCC for short-haul flights, they do not have to construct worldwide maintenance system with distant locations because many malfunction can carry over to their home ground airport. On the other hand, For long-distance flight, they have to fix malfunction at overseas. At this point, ZIPAIR can use JAL's resources.
- Fourth, Joint procurement with JAL will save a lot of cost such as fuel.

## Revenue/Cost Structure (Conceptual Image)

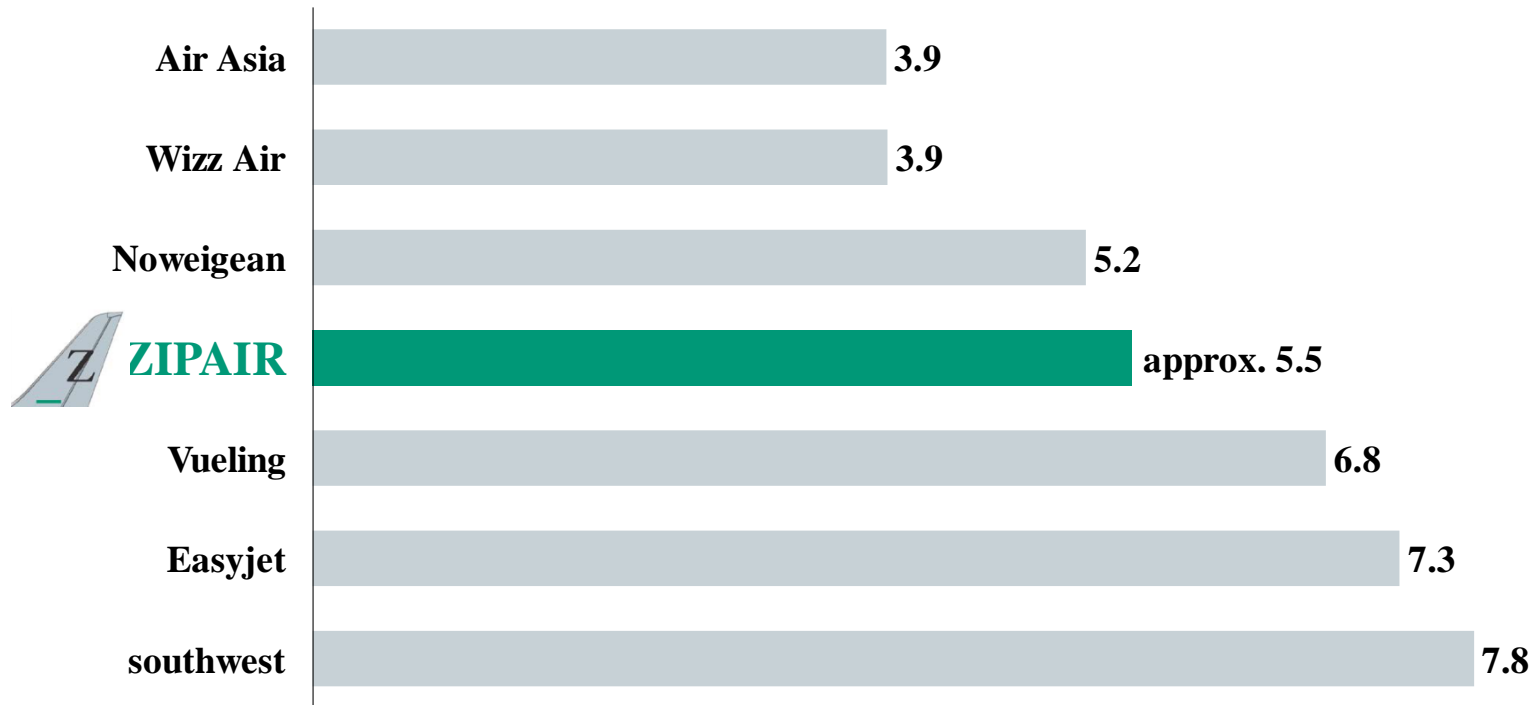
- ① Airfare Revenue (Fare multiplied by Passenger Number) covers operating cost
- ② Ancillary Revenue brings profits



- These two bar-charts show the conceptual image of ZIPAIR's cost and revenue.
- For the cost-side, which is the bar chart on top, comparing with JAL's CASK, Cost ASK, ZIPAIR can reduce it's CASK by good aircraft turnover, large number of seats and very small indirect cost. Approximately, ZIPAIR's CASK will be about 5.5 yen, half of JAL's CASK.
- For the revenue-side, which is the bar chart at bottom, ZIPAIR can offer a competitive fare equivalent or slightly higher than its CASK. Then, ancillary revenue will be ZIPAIR's profit. The ancillary revenue consists of baggage fee, in-flight meals or in-flight entertainment.
- The expected load factor in the first year is 75%. The second year is 80%.
- Please note that cargo will bring additional revenue, which will be profit as well.
- Please turn to next page for comparison of CASK.

## 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

- You will see ZIPAIR's cost structure is not bad.
- With this low-cost structure, ZIPAIR will enter a market where there is no LCC competitor. We believe it is clear that ZIPAIR will be very profitable.



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

- As I said, ZIPAIR will use 787, and its operation will be supported by JAL, who is the third biggest operator of 787 in the world.
- ZIPAIR can use JAL's resources. ZIPAIR can fly long-haul flights easily.
- This is our winning story. Thank you very much for your attention. Thank you very much.

# Disclaimer

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