

Financial Report for the Third Quarter ending March 2020, Major Q and As

■FY2019 (Full-year) Forecast Revision

Q1: About Forecast Revision

A1: Breakdown of the Revision (comparison with the previous forecast disclosed on October 31, 2019) *Important Note: This forecast revision does not include the negative impact of coronavirus that started to spread in January 2020.

Operating Revenue down 30.0 JPY Bn

✓ International Passenger down 11.0 JPY Bn

Major factors as below:

1. Sluggish Japan-outbound business demand
2. Flight cancellation by Oct.2019 typhoons
3. Oversupply situation on the China and Europe route

✓ Domestic Passenger down 3.0 JPY Bn

Major factor as below:

Flight Cancellation by Oct.2019 typhoons

✓ Cargo / Mail down 5.0 JPY Bn

Major factor as below:

Sluggish International Cargo and Mail demand

✓ Other down 11.0 JPY Bn

Major factors as below:

1. Ground handling demand decrease (especially Korean airlines at local airports)
2. Maintenance outsourcing decrease

Expense No Revision

Operating Expense Forecast is unchanged because the cost reduction measures have been steadily executed and partial cost increase such as Maintenance will be absorbed.

Revenue & Expense Forecast Revised					
(JPY Bn)	FY2018	FY2019	FY2019	Diff. (y/y)	Forecast Diff.
	Results	Previous Forecast ⁽¹⁾	New Forecast		
Operating Revenue	1,487.2	1,516.0	1,486.0	▲1.2	▲30.0
International Passenger	530.6	524.0	513.0	▲17.6	▲11.0
Domestic Passenger	528.0	547.0	544.0	+15.9	▲3.0
Cargo / Mail	100.0	96.0	91.0	▲9.0	▲5.0
Other	328.4	349.0	338.0	+9.5	▲11.0
Operating Expense ⁽²⁾	1,311.1	1,346.0	1,346.0	+34.8	-
Fuel	251.2	251.0	251.0	▲0.2	-
Excluding Fuel ⁽¹⁾	1,059.8	1,095.0	1,095.0	+35.1	-
(1,085.0)			(1,085.0)	(+25.1)	-
Operating Profit ⁽¹⁾	176.1	170.0	140.0	▲36.1	▲300
(180.0)			(150.0)	(▲26.1)	
Operating Profit Margin(%) ⁽¹⁾⁽²⁾	11.8%	11.2%	9.4%	▲2.4pt	▲1.8pt
(11.9%)			(10.1%)	(▲1.8pt)	(▲1.8pt)
Ordinary Profit	165.3	171.0	145.0	▲20.3	▲26.0
Net Profit ⁽²⁾	150.8	114.0	93.0	▲57.8	▲21.0
ROIC(%) ⁽¹⁾⁽²⁾	9.5%	8.6%	7.1%	▲2.5pt	▲1.5pt
(9.1%)			(7.6%)	(▲1.9pt)	(▲1.5pt)
Dividends per share(JPY)	110	110	110	-	-
Interim Dividends	55.0	55.0	55.0	-	-
Year-End Dividends	55.0	55.0	55.0	-	-

■ Japan-outbound business demand

Q2: About the Japan-outbound business demand?

A2: Japan-outbound business demand has started to slow down since last summer but it seems to stop declining and there is a slight increase on North American Route in a future booking. However, due to the coronavirus spread, situation changes every day. We will keep a close eye and take appropriate actions in a timely manner.

■ China route

Q3: About the China Route

A3: As of January 31, 2020, the China route has been in an oversupply situation. The spread of coronavirus has started since January 2020. The revenue share of the China route in JAL's International Passenger is about 10%. We will closely monitor the impact of coronavirus on air travel demand, especially on the China route. We have started to examine possible counter-measures in case of rapid demand decrease.

End