



JAL Group Announces Consolidated Financial Results for First Quarter of Fiscal Year 2015

TOKYO July 30, 2015: JAL Group (JAL) today announced the consolidated financial results for first quarter of fiscal year 2015 - the period from April 1 to June 30, 2015. For the details, please refer to attached [Consolidated Financial Results for the Three Months Ended June 30, 2015].

During the reporting period of consolidated financial results for the first quarter of the fiscal year (April 1 to June 30, 2015) (hereinafter referred to as the “first quarter”), the Japanese economy has been recovering at a moderate pace with consumer spending showing signs of improvement. The global economy is recovering in general, though some economy has shown weakness. Due to robust inbound demand, the number of international visitors to Japan has increased significantly from the previous year. Fuel prices, which greatly affect our fuel purchasing costs, have been low compared to the year before. On the other hand the Japanese yen depreciated in the foreign exchange market.

Under these economic conditions, JAL Group strived to increase management efficiency and provide unparalleled service to the customers, anchored in its strong commitment to flight safety, and thus achieve the targets in JAL Group Medium Term Management Plan Rolling Plan 2015 announced on February 18, 2015.

As a result of the above, consolidated operating revenue increased by 1.6% year-on-year to 312.0 billion yen and operating expense declined by 4.4% to 275.7 billion yen, while operating profit increased by 94.6% from the previous year to 36.2 billion yen and ordinary income increased by 131.7% to 39.2 billion yen. Net income attributable to owners of parent for the first quarter was 32.6 billion yen, up 120.7% from a year ago.

(1) JAL Group Consolidated Results for the Period April 1 – June 30, 2015

Unit: Billions of yen	Fiscal Year 2014 (April 1 – June 30, 2014)	Fiscal Year 2015 (April 1 – June 30, 2015)	Difference vs. prior year	% vs. prior year
Operating Revenues	307.0	312.0	+ 4.9	101.6
International Passenger	107.2	109.4	+ 2.2	102.1
Domestic Passenger	105.7	109.9	+ 4.1	103.9
Int. and Dom. Cargo	19.8	20.5	+ 0.6	103.5
Others	74.2	72.1	- 2.1	97.1
Operating Expenses	288.4	275.7	- 12.6	95.6
Operating Income	18.6	36.2	+ 17.6	194.6
Operating Margin	6.1%	11.6%	+ 5.6 points	-
Ordinary Income	16.9	39.2	+ 22.2	231.7
Net Income attributable to owners of parent	14.7	32.6	+ 17.8	220.7

Figures are rounded down to the nearest tenth of a billion yen while percentages are rounded off to the first decimal place.

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**(2) Air Transportation Segment****International Passenger**

In international passenger operations, we attracted robust inbound demand especially on China and Southeast Asian routes, while outbound business demand remained steady. As a result, passenger traffic results increased significantly, contributing to an increase in international passenger revenue over the previous year.

On the product side, following the Boeing 777-300ER and Boeing 767-300ER, we have introduced the “New Spacious Economy” seats on the Boeing 787 since FY2014 with services available on Tokyo (Narita) =New York (JL004/003), Paris, Helsinki and Delhi routes. While the industry norm is a 9-abreast economy layout, JAL’s Boeing 787 Economy Class offers 8-abreast seating and spacious seats, which have won excellent customer reviews.

As a result of the above, international capacity in the first quarter when measured in Available Seat Kilometers (ASK) increased by 2.4% year-on-year, demand when measured in Revenue Passenger Kilometers (RPK) increased by 8.9% year-on-year, the Load Factor (L/F) was 77.9%, up 4.6 percentage points year-on-year, and international passenger revenue came to 109.4 billion yen, up 2.1% from the previous year.

Domestic Passenger

In route operations, we increased flights between Tokyo (Haneda) = Sapporo (New Chitose), Tokyo (Haneda) = Okinawa (Naha) and between Osaka (Itami) = Sapporo (New Chitose) routes. Services by JAL SKY NEXT with new cabin interiors, launched in FY2014, were progressively expanded to routes bridging Osaka (Itami) and regional cities, in addition to routes flying in and out of Tokyo (Haneda). And from April, JAL started code-sharing with Amakusa Airlines on three routes; Amakusa=Fukuoka, Amakusa= Kumamoto and Kumamoto=Osaka (Itami), aiming to increase the customers’ convenience and contribute to the regional economy.

Sales-wise, we offered a new discount called “Ultra Sakitoku” to reserve flights 75 days prior to the boarding date. During the Golden Week holidays, we increased flights usable at discount fares. These flights were in great demand by many customers for flying home or vacationing.

As a result of the above, domestic supply during the reporting period decreased by 1.0% year-on-year when measured in Available Seat Kilometers (ASK), demand increased by 0.1% in terms of Revenue Passenger Kilometers (RPK), while the Load Factor (L/F) increased by 0.7 point year-on-year to 63.1%. Domestic passenger revenue increased by 3.9% year-on-year to 109.9 billion yen.

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International and Domestic Cargo

In international cargo operations, as special shipments from Japan to North America owing to the U.S. west coast port strike showed signs of settling down, we improved revenue management to efficiently capture transit shipments in order to steadily secure shipments and maximize revenues.

As a result, the volume of international cargo in terms of Revenue Cargo Ton Kilometers (RCTK) in the first quarter increased by 9.4% year-on-year, and international cargo revenue increased by 5.1% to 14.7 billion yen.

In domestic cargo operations, shipments of parcels were steady and strong. As a result, the volume of domestic cargo during the reporting period when measured in Revenue Cargo Ton Kilometers (RCTK) increased by 9.7% from the year, but domestic cargo revenue was 5.7 billion yen, or decreased by 0.5% from the previous year, due to intensifying competition.

(3) JAL Group Consolidated Financial Position

	FY2014 As of March 31, 2015	1 st Quarter FY2015 As of June 30, 2015	Difference
Total assets (billion yen)	1,473.3	1,479.3	+ 6.0
Net assets (billion yen)	800.7	800.6	- 0.0
Equity ratio ^{*1} (%)	52.7	52.6	- 0.1 points
Interest-bearing debt (billion yen)	100.5	91.8	- 8.7
Debt/Equity Ratio ^{*2}	0.1	0.1	- 0.0

Figures are rounded down to the nearest tenth of a billion yen while percentages are rounded off to the first decimal place.

Note: 1. Shareholders' equity is total net assets excluding minority interests.

2. Debt-to-equity ratio is interest-bearing debt divided by shareholders equity.

(4) Forecast of JAL Group Consolidated Financial Results

There are no changes in the forecast of consolidated financial results for the full fiscal year ending March 31, 2016, announced in "Consolidated Financial Results for the year ended March 31, 2015" disclosed on April 30, 2015.

[Reference]

Unit: Billions of yen	Operating Revenues	Operating Income	Ordinary Income	Net Income attributable to owners of parent
Forecast for the full fiscal year ending March 31, 2016	1,328.0	172.0	169.0	144.0

Note: The forecast above represents estimates of future results based on the information available at the time of release and the company's reasonable judgment on this information. They are inherently subject to risks which may result in a divergence in the actual result from the forecasts and estimates contained herein.

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