

JAL Group Announces First Quarter Results for FY2009

Tokyo, August 7, 2009: The JAL Group today announced consolidated financial results for the first quarter of the fiscal year 2009, from April 1 through to June 30, 2009. With the pandemic threat of the H1N1 influenza occurring within this reporting period which is also the first April-June period since the economic downturn, operating conditions compared to a year before are starkly harsher. Reflecting these circumstances, first and business class traffic were significantly down due to cutbacks in the number of business trips or downgrades to economy class business travel, and leisure demands were weak especially after the outbreak of the influenza in May. Correspondingly, the operating revenue of JAL's core business segment - the air transportation segment, was a year-on-year decline of 137.2 billion yen at 290.9 billion yen. Consequently, in contrast to the 3.4 billion yen income achieved in this business category the same period last year, an operating loss of 84.2 billion yen is posted this quarter.

The air-related and travel-related business segments of the JAL Group too, suffered from the effects of the world economy and outbreak of the swine flu and both segments posted a combined operating loss of 2.7 billion yen. The credit card and leasing companies of the Group showed deteriorated earnings versus previous year due to slow growth in transaction volume, but achieved an operating income of 1.3 billion yen brought about by an increase of 60,000 cardholders. On the overall, JAL's operating revenue for the three-month period is 334.8 billion yen, 155.4 billion yen down from the year before.

All operating cost categories in the air transportation segment were reduced through the Group's rigorous implementation of cost cutting measures, with the exception of aircraft depreciation which remained close to the year before due to the introduction of more fuel-efficient aircraft. Major reductions were seen in the areas of fuel costs and commissions which were respectively down by 10.6 billion yen and 11.3 billion yen. As a combined result of cost cuts in other business segments, the Group managed an overall reduction of 65.4 billion yen in operating expense from 486.4 billion yen last year to 421 billion yen.

The respective operating and ordinary loss reported for this quarter is 86.1 billion yen and 93.9 billion yen. Comparing to the same period last year, this represents 90 billion yen down from the 3.9 billion yen operating income, and 94.7 billion yen down from the 0.7 billion yen ordinary income posted. The ensuing loss for this quarter is 99 billion yen, 95.6 billion yen more than the loss incurred last quarter.



1. JAL Group First Quarter Consolidated Results for FY09

Units: billions of yen	1st Quarter FY09 (Apr 1 - Jun 30, 2009)	1st Quarter FY08 (Apr 1 - Jun 30, 2008)	Previous Year Comparison	Previous Year % Comparison
Total operating revenue	334.8	490.3	- 155.4	68.3%
International passenger	97.3	180.4	- 83.1	53.9%
Domestic passenger	131.1	153.7	- 22.5	85.3%
International cargo	19.9	45.4	- 25.5	43.8%
Other	86.4	110.7	- 24.2	78.1%
Total operating expenses	421.0	486.4	- 65.4	86.6%
Operating income (loss)	- 86.1	3.9	- 90.0	-
Ordinary income (loss)	- 93.9	0.7	- 94.7	-
1st quarter net income (loss)	- 99.0	- 3.4	- 95.6	-

International Passenger Operations

Measured by available seat kilometers, a year-on-year reduction of 10.4% in passenger capacity on JAL's international network was achieved through aircraft downsizing and adjustments to route operations. However, not yet recovered from the impact of the economic meltdown at the end of FY2008, demands sank further in this reporting quarter in the wake of the global outbreak of the swine flu in May, which dampened business and leisure travel plans despite large cuts in fuel surcharge and the strength of the Japanese yen. Leisure demand in particular, had matched capacity in April but fell off from May, causing a widened gap between supply and demand. Overall demand, measured by revenue passenger kilometers, and passenger load factors declined by 18.6% and 6.1 percentage points respectively year-on-year, with load factors for international flights this quarter being 60.2%.

The reduction in fuel surcharge and decline in the number of premium travelers led to a 33.7% decrease in yield compared to the year earlier, further contributing to the 46.1% drop in revenue from international passengers to 97.3 billion yen.

Domestic Passenger Operations

On the domestic front, capacity measured in available seat kilometers was reduced by 2.8% as a result of route restructuring and aircraft downsizing, the latter attested by the introduction of the small-sized Embraer 170 regional jets into JAL's domestic fleet. Demand fell by 12.4% in terms of revenue passenger kilometers compared to a year earlier owing to individual travelers, in particular business travelers, cutting back on trips in light of the economic downturn, and to group travelers whose numbers may have receded due to poor economic times and the swine flu. Accordingly, passenger load factors dropped 6.0 percentage points against last year, to 54.6%.

With demands flagging, heightened competition made it necessary to lower fares that caused yield to decrease by 2.5% and overall domestic passenger revenue to register at 131.1 billion yen, 14.7% lower than in FY2008.



International Cargo

In order to carefully match supply to demand, JAL endeavored to flexibly manage cargo fleet and routes by effectively scheduling large and mid-sized freighter flights, as well as utilizing cargo space available in passenger aircraft. As a result, cargo capacity for this reporting quarter, measured by available cargo ton-kilometers, was reduced by 20.5% in comparison to a year before.

While there may have been a slight respite in the decline of cargo shipments to and from China, cargo demand overall, in terms of revenue cargo ton-kilometers, was down 31.1% against last year in view of the decrease in capacity and also the continuous effects of the financial crisis that is still limiting import and export demands.

Intense sales promotion activities, expansion of the J PRODUCTS line of services, and an increase in the ratio of short-haul routes contributed to propping up cargo yield. However, the final effects of lessening fuel surcharges, fierce competition, and the yen's appreciation eventually logged cargo yields for this quarter at 36.4% down from previous year. The resulting cargo revenue is 19.9 billion yen - 56.2% or 25.5 billion yen down from last year.

Operating Expenses

With the objective of lowering fuel cost, a variety of measures were employed within safety limits to reduce fuel consumption in daily operations. In addition to that and the positive impact of the foreign exchange rate, fuel prices have been well below record-high levels compared to the same period last year, all-in-all contributing to a final reduction in fuel cost by 10.6 billion yen to 90.5 billion yen.

Severe implementations of cost-cutting measures and firm perseverance in current cost structure reforms led to an overall decline in almost all cost categories versus previous year, lowering operating expenses by 65.4 billion yen.

FY2009 Forecast

Leisure passenger demand shows sign of recovery as fear of a pandemic recedes, and also supported by the removal of fuel surcharges for travel between July and September as well as the yen's appreciation. Furthermore, Silver Week occurs this September, when there will be a string of 5 consecutive holidays comprising Japanese national holidays and a weekend. Travel during this period, which does not occur annually, is expected to help push up figures in the second half.

While business travel is projected to remain slow, JAL will persevere in the drastic adjustments to our network, down-sizing our aircraft, and implementing "nothing-off-limits" cost-cutting measures to improve profitability.

At present, the JAL Group will maintain the targets of an operating revenue of 1,748 billion yen, operating loss of 59 billion yen, ordinary loss of 108 billion yen, and an overall net loss of 63 billion yen for the consolidated financial results of FY2009 as per announced in the FY2009 Management Plan issued on May 12, 2009.



2. JAL Group Consolidated Traffic Statistics First Quarter

	First Quarter FY2009 (Apr 1 - Jun 30, 2009)	First Quarter FY2008 (Apr 1 - Jun 30, 2008)	Change % Or points
INTERNATIONAL			
Passenger number	2,423,827	2,935,698	82.6%
Revenue passenger Kilometers (000)	10,759,753	13,225,918	81.4%
Available seat Kilometers (000)	17,871,457	19,953,650	89.6%
Revenue seat load factor	60.2%	66.30%	-6.1
Revenue cargo ton Kilometers (000)	689,957	1,001,200	68.9%
Mail ton kilometers (000)	45,885	48,263	95.1%
Revenue ton Kilometers (000)	1,734,148	2,275,108	76.2%
Available ton kilometers	2,965,428	3,549,765	83.5%
Revenue weight load factor	58.5%	64.1%	-5.6
DOMESTIC			
Passenger number	8,623,762	8,276,886	104.2%
Revenue passenger Kilometers (000)	6,510,322	7,435,981	87.6%
Available seat Kilometers (000)	11,925,710	12,263,524	97.2%
Revenue seat load factor	54.6%	60.6%	-6.0
Revenue cargo ton Kilometers (000)	91,173	105,364	86.5%
Mail ton kilometers (000)	5,710	7,415	77.0%
Revenue ton Kilometers (000)	521,045	601,234	86.7%
Available ton kilometers	1,261,927	1,304,301	96.8%
Revenue weight load factor	41.3%	46.1%	-4.8
TOTAL			
Passenger number	9,509,267	11,212,584	84.8%
Revenue passenger Kilometers (000)	16,414,610	20,661,899	79.4%
Available seat Kilometers (000)	28,261,203	32,217,174	87.7%
Revenue seat load factor	58.1%	64.1%	-6
Revenue cargo ton Kilometers (000)	781,130	1,106,563	70.6%
Mail ton kilometers (000)	51,596	55,678	92.7%
Revenue ton Kilometers (000)	2,255,193	2,876,342	78.4%
Available ton kilometers	4,227,355	4,854,066	87.1%
Revenue weight load factor	53.3%	59.3%	-6

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