

***JAL Group Announces Consolidated Financial Results for Full Fiscal Year 2016***

TOKYO April 28, 2017: JAL Group (JAL) today announced the consolidated financial results for the full fiscal year of 2016 - the period from April 1, 2016 to March 31, 2017. For the details, please refer to attached [Consolidated Financial Results for the Year Ended March 31, 2017].

During the fiscal year ended March 31, 2017, the Japanese economy maintained its moderate recovery, with employment and income environments showing improvement. However, growth of personal spending and capital investment lacked strength. In overseas economies, weakness was observed in new emerging markets and resource-rich countries in Asia, such as China's economic slowdown.

Fuel purchasing costs and crude oil prices, which affect our international passenger and international cargo revenues, were low compared to the previous year, but increased from December 2016 as OPEC agreed to reduce oil production. As for exchange rates, the Japanese yen grew stronger than the US dollar from the previous year, but weakened from December 2016 due to expectations that the US Federal Open Market Committee (FOMC) would raise interest rates.

Under these economic conditions, we worked to increase profit consciousness of all our employees through efforts based on the JAL Philosophy and the divisional profitability management system, realize greater management efficiencies, and provide unparalleled service to customers, anchored in our firm commitment to flight safety, in order to reach the targets set out in Rolling Plan 2016 for the JAL Group Medium Term Management Plan announced on February 18, 2016.

As a result of the above, operating revenue for the consolidated fiscal year was 1 trillion 288.9 billion yen (down 3.6% y-o-y), operating expenses were 1 trillion 118.6 billion yen (down 0.8% y-o-y), operating profit was 170.3 billion yen (down 18.6% y-o-y), ordinary profit was 165.0 billion yen (down 21.1% y-o-y), and net profit attributable to owners of parent was 164.1 billion yen (down 5.9% y-o-y).

(1) JAL Group Consolidated Results for the Period April 1, 2016 – March 31, 2017

Unit: Billions of yen	Fiscal Year 2015 (Apr. 1, 2015 – Mar. 31, 2016)	Fiscal Year 2016 (Apr. 1, 2016 – Mar. 31, 2017)	Difference vs. prior year	% vs. prior year
Operating Revenues	1,336.6	1,288.9	- 47.7	96.4
International Passenger	448.7	415.2	- 33.5	92.5
Domestic Passenger	501.2	498.6	- 2.6	99.5
Int. and Dom. Cargo	77.6	65.5	+ 0.6	100.8
Others	308.9	309.5	- 12.1	96.1
Operating Expenses	1,127.5	1,118.6	- 8.8	99.2
Operating Profit	209.1	170.3	- 38.8	81.4
Operating Margin	15.6%	13.2%	- 2.4 points	-
Ordinary Profit	209.2	165.0	- 44.2	78.9
Net Profit attributable to owners of the parent	174.4	164.1	- 10.3	94.1

Note: 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 route operations, JAL increased flights on the Tokyo (Narita) = Honolulu, Osaka (Kansai) = Honolulu, and Tokyo (Narita) = Bangkok routes during specific periods to cater to robust demand. In alliances, following the inclusion of Iberia in its joint business routes between Japan and Europe, JAL started code-sharing on the Tokyo (Narita) = Madrid route operated by Iberia, expanded code-sharing of all flights between Japan and Taiwan operated by China Airlines, and started code-sharing on routes between Moscow (DME) and Novosibirsk, Tyumen, Kaliningrad, and Omsk, operated by S7, in order to improve its network.

On the product side, JAL are expanding routes operated with JAL SKY SUITE configured aircraft, installed with fully-flat seats in Business Class and the New Spacious Economy in Economy Class.

On the marketing and service front, JAL was named the most punctual major airline in the Asia-Pacific of both domestic and international flights in both mainline and network categories for calendar year 2016 by FlightStats.

As a result of the above, capacity on international routes when measured in ASK (available seat kilometers) increased 0.1% from the previous year, and international passenger revenue ended at 415.2 billion yen (down 7.5% y-o-y) due to lower fuel surcharge revenue, the stronger yen, and so on.

Domestic Passenger

In route operations, JAL introduced the Embraer 190 on domestic routes, the first regional jet configured with Class J. JAL expanded services operated with this aircraft on the Osaka (Itami) = Sendai, Osaka (Itami) = Fukuoka, and Osaka (Itami) = Nagasaki routes in addition to the Osaka (Itami) = Kagoshima route in an effort to provide greater comfort when flying to and from Osaka (Itami).

On the product side, JAL completed installation of JAL SKY NEXT cabin interiors on all 77 aircraft. The airline conducted a Stay Connected for Free Campaign on all flights equipped with Inflight Wi-Fi Service to deliver great comfort in air travel.

On the marketing and service front, JAL introduced a new service called “Dokokani Mairu” (Travel Somewhere with Miles) aimed at generating and attracting new demand to regional Japan and further revitalizing domestic air travel. Sakura Lounge at Sapporo (New Chitose), Okinawa (Naha), Fukuoka, and Hiroshima airports underwent a complete renovation, and Diamond Premier Lounge was newly opened at Sapporo (New Chitose), Osaka (Itami), and Fukuoka airports to offer top class lounge service for domestic flight passengers.

As a result of the above, capacity on domestic routes when measured in ASK (available seat kilometers) decreased 1.2% from the previous year and domestic passenger revenue was 498.6 billion yen (down 0.5% y-o-y).

(3) JAL Group Consolidated Financial Position

	FY2015 (as of Mar. 31, 2016)	FY2016 (as of Mar. 31, 2017)	Difference
Total assets (billion yen)	1,578.9	1,728.7	+ 149.8
Net assets (billion yen)	870.5	1,003.3	+ 132.8
Equity ratio ^{*1} (%)	53.4	56.2	+ 2.8 points
Interest-bearing debt (billion yen)	92.6	116.0	+ 23.4
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.

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**(4) Dividend Policy**

The Company regards shareholder returns as one of our most important management issues. Our fundamental policy is to actively implement shareholder returns based on continuous and stable dividends, while securing internal reserves for make investments for corporate growth in the future and changing managing environments and to build a strong financial structure.

The Company plans to amend the Articles of Incorporation by a resolution of the General Meeting of Shareholders on June 22, 2017 to allow the Board of Directors to make a resolution to pay interim dividends, with September 30 each year as the record date.

The Company's dividend policy for this fiscal year is to pay 94 yen per share by allotting roughly 25% of net profit attributable to owners of parent before income tax deferred, and from next fiscal year roughly 30% of the same, as dividends to shareholders. In the next fiscal year, the year-end dividend is expected to be 90 yen per share, with the interim dividend at 45 yen per share.

	Dividends per Share		
	Second Quarter End	Year-end	Annual
Fiscal Year 2017 (Forecast)	45.00 yen	45.00 yen	90.00 yen
Fiscal Year 2016	-	94.00 yen	94.00 yen
Fiscal Year 2015	-	120.00 yen	120.00 yen

(5) Forecast of JAL Group Consolidated Financial Results for FY 2017

Unit: Billions of yen	Operating Revenues	Operating Profit	Ordinary Profit	Net Profit attributable to owners of the parent
Forecast for the full fiscal year ending March 31, 2018	1,339.0	142.0	137.0	100.0

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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