



## JAL Group Announces Consolidated Financial Results - First Quarter of Fiscal Year 2018 -

**Tokyo, July 31, 2018:** The JAL Group (JAL) today announced the consolidated financial results for the first quarter of FY2018. During the first three months of the fiscal year, ending March 31, 2019, air travel demand remained strong for international flights due to the moderate economic recovery trends seen in Japan and the overseas market. Crude oil prices continued to increase as OPEC agreed to maintain oil production cuts, which affected JAL's fuel costs and international passenger/cargo revenues. Through the first three months, the value of the Japanese yen against the US dollar appreciated when compared to the previous year.

Under these economic conditions, the company continued to implement profit conscious management strategies based on the principles of JAL Philosophy and the divisional profitability management system. In order to reach the goals set out in the [FY2017-2020 JAL Group Medium Term Management Plan](#), the company will strive to realize greater management efficiencies and provide unparalleled service to customers, while committing to provide a safe and comfortable travel experience.

As a result of the above, the operating revenue for the consolidated fiscal year increased by 8.7% to 342.1 billion yen, while operating expenses also increased 9.3% to 317.1 billion yen. Operating profit increased 0.7% year-over-year to reach 24.9 billion yen and ordinary profit decreased by 5.9% to 23.1 billion yen. Profit attributable to owners of parent for the first quarter was 17.5 billion yen, down 10.3% year-over-year.

### (1) JAL Group Consolidated Results for the Period April 1, 2018 – June 30, 2018

Unit: Billions of yen	Fiscal Year 2017 (4/1/2017 – 6/30/2017)	Fiscal Year 2018 (4/1/2018 – 6/30/2018)	Difference vs. Prior Year	% vs. Prior Year
<b>Operating Revenue</b>	314.8	342.1	+ 27.2	108.7
International Passenger	105.5	124.8	+ 19.2	118.2
Domestic Passenger	116.1	117.2	+ 1.1	101.0
Cargo (Inter/Dom)	17.8	20.9	+ 3.1	117.5
Other	75.2	78.9	+ 3.7	105.0
<b>Operating Expense</b>	290.0	317.1	+ 27.1	109.3
<b>Operating Profit</b>	24.7	24.9	+ 0.1	100.7
<b>Operating Profit Margin</b>	7.9%	7.3%	- 0.6 points	-
<b>Ordinary Profit</b>	24.5	23.1	- 1.4	94.1
<b>Profit attributable to owners of parent</b>	19.5	17.5	- 2.0	89.7

Figures have been truncated and percentages are rounded off to the first decimal place.



## (2) Air Transportation Segment

### International Operations

In the international passenger operations sector, passenger traffic increased by 10.5% and the revenue passenger load factor reached a record high of 81.3%, attributed to strong outbound and inbound demand.

In route operations, JAL launched seasonal flights on Osaka (Kansai) = Honolulu, Tokyo (Narita) = Bangkok and Tokyo (Narita) = Guam routes catering to the increased travel demand in these markets. In March 2018, JAL and Hawaiian Airlines launched a codeshare partnership that enhanced the ease and comfort of travel for passengers traveling between the two island chains. In addition, the two airlines filed an application with Japan's Ministry of Land, Infrastructure, Transport and Tourism and the US Department of Transportation, seeking immunity from antitrust laws to create a joint venture that promises significant advantages for consumers. For products and services, First Class and Sakura lounges at Tokyo (Narita/Haneda) airports were renewed to deliver and meet the needs of diversified customer groups around the world.

As a result of the above, capacity on international routes measured in Available Seat Kilometers (ASK) increased by 7.3% year-over-year and international passenger revenue was 124.8 billion yen, up 18.2% from the year before.

### Domestic Operations

In route operations, in order to improve the convenience and comfort level on regional routes, the Embraer 190 aircraft were further introduced on flights to/from Osaka (Itami) airport. Services by the 737-800 aircraft, retrofitted with JAL SKY NEXT cabin interiors, were added on routes to/from Okinawa (Naha) operated by Japan Transocean Air to provide passengers with enhanced convenience and comfort on its regional network.

On the product side, the carrier celebrated its one year anniversary since launching complimentary Wi-Fi service offered on Japan domestic routes operated with the JAL SKY NEXT aircraft.

The well-received JMB award ticket service 'Dokokani Mile' launched in December 2016. Since then, routes in Okinawa (Naha) and remote island routes in Kagoshima were added to the lineup to provide more travel options. JAL also collaborated with Shikoku Railway Co. to provide unlimited train rides when combined with air, as a travel option through the 'Dokokani Mile' program. The carrier participates in the 'ALL-Japan Tourism-Oriented Country Fund' which was founded to support the tourism industry in Japan. JAL is collaborating with various organizations engaged in tourism to help stimulate the industry and revitalize regional economies.

As a result of the above, the capacity on domestic routes measured in Available Seat Kilometers (ASK) increased by 1.6% year-over-year, and domestic passenger revenue was 117.2 billion yen, up 1.0% from the year before.

**(3) JAL Group Consolidated Financial Position**

	FY2017 As of March 31, 2018	FY2018 As of March 31, 2019	Difference
<b>Total Assets (billion yen) *1</b>	1,853.9	1,878.6	+ 24.6
<b>Net Assets (billion yen)</b>	1,094.1	1,095.1	+ 1.0
<b>Equity Ratio (%) *2</b>	57.2	56.6	- 0.6 point
<b>Interest-bearing Debt (billion yen)</b>	125.7	121.7	- 4.0
<b>Debt/Equity Ratio *3</b>	0.1x	0.1x	- 0.0x

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

**Note:**

1. The Company applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Corporate Accounting Standard No. 28, February 16, 2018), from the beginning of the first three months of the consolidated financial statements. The figure as of March 31, 2018 is based on a retroactive application.
2. Shareholders' equity is total net assets excluding minority interests.
3. Debt-to-equity ratio is interest-bearing debt divided by shareholders equity.

**(4) Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2019 and Dividends**

Unit: Billions of yen	Operating Revenue	Operating Profit	Ordinary Profit	Profit attributable to owners of the parent
<b>Entire Fiscal Year</b>	1,455.0	167.0	156.0	110.0

**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.

	Dividends per Share		
	2nd Quarter End	Fiscal Year End	Total
<b>FY2018 (Forecast)</b>	55 yen	55 yen	110 yen

Note: Revisions to the most recently disclosed dividend forecasts: No

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