

MIRA INFORM REPORT

Report No. :	543575
Report Date :	14.12.2018

IDENTIFICATION DETAILS

Name :	JAPAN AIRLINES CO LTD
Registered Office :	Nomura Fudosan Tennoji Bldg, 2-4-11 Higashi-Shinagawa Shinagawaku Tokyo
Country :	Japan
Financials (as on) :	31.03.2018
Date of Incorporation :	December 1952
Com. Reg. No.:	0107-01-007666
Legal Form :	Limited Company
Line of Business :	Airline operator, providing scheduled & non-scheduled air transport services, air cargo transport services, aircraft maintenance services, and the related services; air transportation, others
No. of Employees :	12,127

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

MIRA's Rating :	A
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Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

Maximum Credit Limit :	Yen 49,806.5 million
Status :	Satisfactory
Payment Behaviour :	Slow but Correct
Litigation :	Clear

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NOTES :

Any query related to this report can be made on e-mail : infodept@mirainform.com while quoting report number, name and date.

ECGC Country Risk Classification List

Country Name	Previous Rating (30.06.2018)	Current Rating (30.09.2018)
Japan	A1	A1

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

JAPAN - ECONOMIC OVERVIEW

Over the past 70 years, government-industry cooperation, a strong work ethic, mastery of high technology, and a comparatively small defense allocation (slightly less than 1% of GDP) have helped Japan develop an advanced economy. Two notable characteristics of the post-World War II economy were the close interlocking structures of manufacturers, suppliers, and distributors, known as keiretsu, and the guarantee of lifetime employment for a substantial portion of the urban labor force. Both features have significantly eroded under the dual pressures of global competition and domestic demographic change.

Measured on a purchasing power parity basis that adjusts for price differences, Japan in 2017 stood as the fourth-largest economy in the world after first-place China, which surpassed Japan in 2001, and third-place India, which edged out Japan in 2012. For three postwar decades, overall real economic growth was impressive - averaging 10% in the 1960s, 5% in the 1970s, and 4% in the 1980s. Growth slowed markedly in the 1990s, averaging just 1.7%, largely because of the aftereffects of inefficient investment and the collapse of an asset price bubble in the late 1980s, which resulted in several years of economic stagnation as firms sought to reduce excess debt, capital, and labor. Modest economic growth continued after 2000, but the economy has fallen into recession four times since 2008.

Japan enjoyed an uptick in growth since 2013, supported by Prime Minister Shinzo ABE's "Three Arrows" economic revitalization agenda - dubbed "Abenomics" - of monetary easing, "flexible" fiscal policy, and structural reform. Led by the Bank of Japan's aggressive monetary easing, Japan is making modest progress in ending deflation, but demographic decline - a low birthrate and an aging, shrinking population - poses a major long-term challenge for the economy. The government currently faces the quandary of balancing its efforts to stimulate growth and institute economic reforms with the need to address its sizable public debt, which stands at 235% of GDP. To help raise government revenue, Japan adopted legislation in 2012 to gradually raise the consumption tax rate. However, the first such increase, in April 2014, led to a sharp contraction, so Prime Minister ABE has twice postponed the next increase, which is now scheduled for October 2019. Structural reforms to unlock productivity are seen as central to strengthening the economy in the long-run.

Scarce in critical natural resources, Japan has long been dependent on imported energy and raw materials. After the complete shutdown of Japan's nuclear reactors following the earthquake and tsunami disaster in 2011, Japan's industrial sector has become even more dependent than before on imported fossil fuels. However, ABE's government is seeking to restart nuclear power plants that meet strict new safety standards and is emphasizing nuclear energy's importance as a base-load electricity source. In August 2015, Japan successfully restarted one nuclear reactor at the Sendai Nuclear Power Plant in Kagoshima prefecture, and several other reactors around the country have since resumed operations; however, opposition from local governments has delayed several more restarts that remain pending. Reforms of the electricity and gas sectors, including full liberalization of Japan's energy market in April 2016 and gas market in April 2017, constitute an important part of Prime Minister Abe's economic program.

Under the Abe Administration, Japan's government sought to open the country's economy to greater foreign competition and create new export opportunities for Japanese businesses, including by joining 11 trading partners in the Trans-Pacific Partnership (TPP). Japan became the first country to ratify the TPP in December 2016, but the United States signaled its withdrawal from the agreement in January 2017. In November 2017 the remaining 11 countries agreed on the core elements of a modified agreement, which they renamed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Japan also reached agreement with the European Union on an Economic Partnership Agreement in July 2017, and is likely seek to ratify both agreements in the Diet this year.

Source : CIA

COMPANY SUMMERY

JAPAN AIRLINES CO LTD

REGD NAME: KK Nihon Kohku (Kohku means airways) International

MAIN OFFICE: Nomura Fudosan Tennoji Bldg, 2-4-11 Higashi-Shinagawa Shinagawaku Tokyo
140-0002 JAPAN

Tel: 03-5460-3121 Fax: 03-5460-3936

URL: <http://www.jal.com/>

E-Mail address: info@jal.com

ACTIVITIES: Airline operator (domestic & international)

BRANCHES: Domestic (46), overseas (60)

EXECUTIVES: YUJI AKASAKA, PRES Yoshiharu Ueki, ch
Naoshi Fujita, v pres Norikazu Saito, s/mgn dir
Hideki Kikuyama, s/mgn dir Toshinori Susumu, s/mgn dir

Yen Amount: In million Yen, unless otherwise stated

SUMMARY:	FINANCES	FAIR	A/SALES	Yen 1,283,257 M
	PAYMENTS	SLOW BUT CORRECT	CAPITAL	Yen 181,352 M
	TREND	STEADY	WORTH	Yen 1,060,335 M
	STARTED	1953	EMPLOYES	12,127

COMMENT

AIRLINE OPERATOR. FINANCIAL SITUATION CONSIDERED FAIR AND GOOD FOR ORDINARY BUSINESS ENGAGEMENTS.

MAX CREDIT LIMIT: YEN 49,806.5 MILLION, ON 30 DAYS NORMAL TERMS

HIGHLIGHTS

The subject company is an airline company, in the second place in international flights by being overtaken by ANA in the number of passengers & others in Mar 2016 term. Also ranked second in domestic flights. Went bankrupt (filed for protection under the Corporation Rehabilitation Law in Jan 2010), hit by both of excessive flight routs expansion & weaker demand due to terrorist attacks on the US in 200s. Completed the rehabilitation in Mar 2011 & relisted in the Sept 2012. Became a member firm of the oneworld alliance & began joint businesses with American Airlines on Japan-US routes as well as British Airways & Finnair on Japan-Europe routes. Runs Jetstar Japan, an LCC JV, with Australian Qantas Airways & other.

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FINANCIAL INFORMATION

Financials for Mar/2018 fiscal term amounted to 1,383.257 million, a 7.32% up from Yen 1,288,967 million in the previous term. The recurring profit was posted at Yen 163,180 million and the net profit at Yen 135,406 million, respectively, compared with Yen 165,013 million recurring profit and Yen 164,171 million net profit, respectively, a year ago.

For the current term ending Mar 2019 the recurring profit is projected at Yen 156,000 million and the net profit at Yen 110,000 million, respectively, on a 5.19% rise in turnover, to Yen 1,455,000 million.

The financial situation is considered FAIR and good for ORDINARY business engagements. Max credit limit is estimated at Yen 49,806.5 million, on 30 days normal terms.

REGISTRATION

Date Registered: Dec 1952
Regd No.: 0107-01-007666 (Tokyo-Shinagawaku)
Legal Status: Limited Company (Kabushiki Kaisha)
Authorized: 750 million shares
Issued: 349,028,700 shares
Sum: Yen 181,352 million
Major shareholders (%): Master Trust Bank of Japan T (5.3), Japan Trustee Services T (4.3), Kyocera Corp (2.1), Japan Trustee Services T9 (2.1), others; foreign owners (24.9)
No. of shareholders: 121,894

Nothing detrimental is known as to the commercial morality of executives.

OPERATION

Activities: Airline operator, providing scheduled & non-scheduled air transport services, air cargo transport services, aircraft maintenance services, and the related services; air transportation (82%), others (18%)

Overseas Sales Ratio (39%)

Clients: Passengers, American Airlines, JTB, Jal Pack, Japan Transocean Airways, Government, other
No. of accounts: Unavailable
Domestic areas of activities: Nationwide

Suppliers: JXTG Energy, Showa Shell Sekiyu, Japan Transocean Airways, JAL Engineering, J Air, JTB, other

Payment record: Slow but Correct

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Location: Business area in Tokyo. Office premises at the caption address are leased and maintained satisfactorily.

Bank References:

Mizuho Bank (H/O)
MUFG (H/O)
Relations: Satisfactory

FINANCES

(In Million Yen)

Terms Ending:	31/03/2019	31/03/2018	31/03/2017	31/03/2016
Annual Sales	1,455,000	1,383,257	1,288,967	1,336,661
Recur. Profit	156,000	163,180	165,013	209,219
Net Profit	110,000	135,406	164,174	174,468
Total Assets		1,854,227	1,728,777	1,578,927
Current Assets		686,069	626,332	629,242
Current Liabs		396,846	364,601	368,552
Net Worth		1,060,335	972,065	843,100
Capital, Paid-Up		181,352	181,352	181,352
Div.P.Share(¥)		57.50	52.50	94.00
<Analytical Data>	(%)	(%)	(%)	(%)
S.Growth Rate	5.19	7.32	-3.57	-0.60
Current Ratio	..	172.88	171.79	170.73
N.Worth Ratio	..	57.18	56.23	53.40
R.Profit/Sales	10.72	11.80	12.80	15.65
N.Profit/Sales	7.56	9.79	12.74	13.05
Return On Equity	..	12.77	16.89	20.69

Notes: Forecast (or estimated) for the 31/03/2019 fiscal term.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 71.54
UK Pound	1	INR 90.31
Euro	1	INR 81.34
YEN	1	INR 0.63

Note : Above are approximate rates obtained from sources believed to be correct

INFORMATION DETAILS

Analysis Done by :	PRI
Report Prepared by :	TRU

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RATING EXPLANATIONS

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)