

FY2016 Financial Results Summary

The Medium – Term Management Plan (FY2017~FY2019)

May 22, 2017

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- Monetary amounts have been calculated and rounded down to the nearest indicated unit, while ratios are calculated and rounded off to the nearest decimal place.
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Consolidated Statement of Income (Compared to Previous FY)



[Million Yen]

	FY16 (Actual)	FY15 (Actual)	Change	Percent Change
Net Sales	81,834	91,561	(9,726)	(11%)
Operating Income	2,132	8,793	(6,661)	(76%)
Ordinary Income	1,285	8,245	(6,959)	(84%)
Income Before Taxes	1,261	8,230	(6,968)	(85%)
Net Income Attributable to Shareholders of Parent Company	1,014	5,169	(4,155)	(80%)
Net Income per Share (Yen)	37.82	192.72	—	—
Exchange Rate (Yen/US\$)	109.06	120.22	—	—

Net Sales by Segment (Compared to Previous FY)



[Million Yen]

	FY16 (Actual)	FY15 (Actual)	Change	Percent Change
Net Sales	81,834	91,561	(9,726)	(11%)
Total	67,867	77,023	(9,155)	(12%)
Aircraft Interiors Segment	55,311	—	—	—
Aircraft Seat Segment	12,556	—	—	—
Aircraft Components Segment	6,349	6,366	(17)	(0%)
Aircraft Maintenance Segment	7,617	8,170	(553)	(7%)

(Note) FY15 Aircraft Interiors and Seats results have not been calculated and are represented by a "-".

Point

- A decline in foreign currency denominated net sales due to the appreciation of the yen.
- Net sales for Aircraft Seats increased compared with the previous period.
- Aircraft Interiors saw reduced galley sales due to a transition period of 777X development and reduced spare parts sales.
- Aircraft Components saw an increase in engine part production, but a decrease in production of CFRP structure parts for the Airbus A380.
- Aircraft Maintenance saw a reduction in construction of contracts completed compared with the positive trend of the previous period.

Ordinary Income by Segment (Compared to Previous FY)



[Million Yen]

	FY16 (Actual)	FY15 (Actual)	Change	Percent Change
Gross Profit	11,002	18,916	(7,914)	(42%)
Selling, General and Administrative Expenses	8,870	10,123	(1,252)	(12%)
Non-Operating Income and Expenses	(846)	(547)	(298)	—
Ordinary Income	1,285	8,245	(6,959)	(84%)
Total	1,129	7,866	(6,736)	(86%)
Aircraft Interiors Segment	4,676	—	—	—
Aircraft Seat Segment	(3,547)	—	—	—
Aircraft Components Segment	96	215	(118)	(55%)
Aircraft Maintenance Segment	64	166	(102)	(62%)
Others	(4)	(2)	(2)	—

(Note 1) FY15 Aircraft Interiors and Seats results have not been calculated and are represented by a "-".

(Note 2) "Others" include amounts for Orange JAMCO Corporation and JAMCO Technical Center.

Point

■ Selling, General and Administrative Expenses ■ Non-Operating Income and Expenses

- Reduced warranty repair and R&D costs.
- Foreign exchange losses
- Compensation expenses

■ Ordinary Income

- Reduction in net sales due to the appreciation of the yen.
- Aircraft Interiors saw a reduction in ordinary income due to reduced sales of galleys and spare parts.
- Aircraft Seats experienced losses due to delays in cost reduction efforts and the cancellation of some program.
- Aircraft Components saw a reduction in ordinary income due to an increase in initial costs for CFRP structure parts for the Airbus A350.
- A reduction in both the Aircraft Maintenance's Net Sales and ordinary income were experienced.

Consolidated Statement of Income (Compared to the Revised Plan)



[Million Yen]

	FY16 (Actual)	FY16 (Revised Plan)	Change	Percent Change
Net Sales	81,834	83,400	(1,565)	(2%)
Operating Income	2,132	1,800	332	18%
Ordinary Income	1,285	500	785	157%
Net Income Attributable to Shareholders of Parent Company	1,014	300	714	238%
Net Income per Share (Yen)	37.82	11.18	—	—
Exchange Rate (Yen/US\$)	109.06	105.00	—	—

(Note) The Revised Plan refers to performance forecasts based on the revised full-year estimated exchange rate of ¥105 to US\$1.00 as announced at the Second Quarter Financial Results Presentation.

Net Sales by Segment (Compared to the Revised Plan)



[Million Yen]

	FY16 (Actual)	FY16 (Revised Plan)	Change	Percent Change
Net Sale	81,834	83,400	(1,565)	(2%)
Aircraft Interiors Segment	55,311	55,700	(388)	(1%)
Aircraft Seat Segment	12,556	13,300	(743)	(6%)
Aircraft Components Segment	6,349	6,400	(50)	(1%)
Aircraft Maintenance Segment	7,617	8,100	(482)	(6%)

(Note) The Revised Plan refers to performance forecasts based on the revised full-year estimated exchange rate of ¥105 to US\$1.00 as announced at the Second Quarter Financial Results Presentation.

Point

- An increase in foreign currency denominated net sales due to depreciation of the yen.
- Net sales decreased for Aircraft Interiors as a result of the galley delivery being delayed until next period.
- Net sales decreased for Aircraft Seats as a result of deliveries being delayed until next period.
- For the most part, Aircraft Components is performing as planned.
- There has been a decrease in completed construction contracts for Aircraft Maintenance.

Consolidated Balance Sheets

[Million Yen]

Items of an Account	End of FY16 (As of March 31, 2017)	End of FY15 (As of March 31, 2016)	Change
ASSETS			
Current Assets			
Cash and Deposits	2,277	3,479	(1,201)
Notes and Accounts Receivable - Trade	23,158	20,232	2,925
Inventories	41,360	42,209	(848)
Other Current Assets	5,952	6,710	(757)
Total Current Assets	72,748	72,631	117
Non-Current Assets			
Property, Plant and Equipment	14,356	14,496	(140)
Intangible Assets	1,562	1,213	348
Investments and Other Assets	3,892	3,942	(49)
Total Non-Current Assets	19,811	19,652	158
Total Assets	92,559	92,284	275

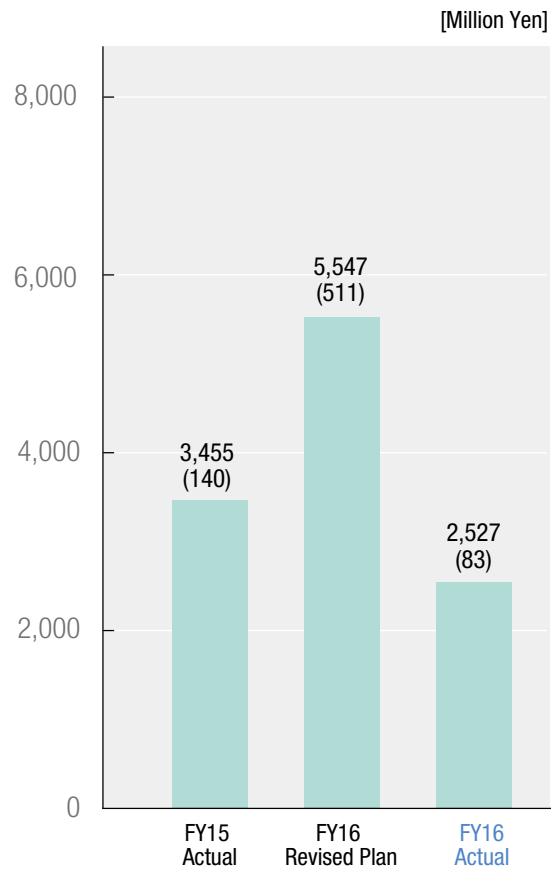
Items of an Account	End of FY16 (As of March 31, 2017)	End of FY15 (As of March 31, 2016)	Change
LIABILITIES			
Current Liabilities			
Notes and Accounts Payable - Trade	15,979	15,216	763
Short-Term Loans Payable	23,441	22,374	1,067
Other Current Liabilities	12,824	14,152	(1,328)
Total Current Liabilities	52,245	51,742	502
Non-Current Liabilities			
Long-Term Loans Payable	4,700	5,100	(400)
Other Non-Current Liabilities	7,610	7,239	371
Total Non-Current Liabilities	12,310	12,339	(28)
Total Liabilities	64,556	64,082	474
NET ASSETS			
Total Net Assets	28,003	28,202	(198)
Total Liabilities and Net Assets	92,559	92,284	275

Point

- At the end of FY16, Notes and accounts receivable-trade experienced an increase due to an increase in sales.
- Among other current liabilities, advances received decreased, while provision for loss on construction contracts increased.
- Equity ratio 29.7% ->29.4% (0.3 point drop)

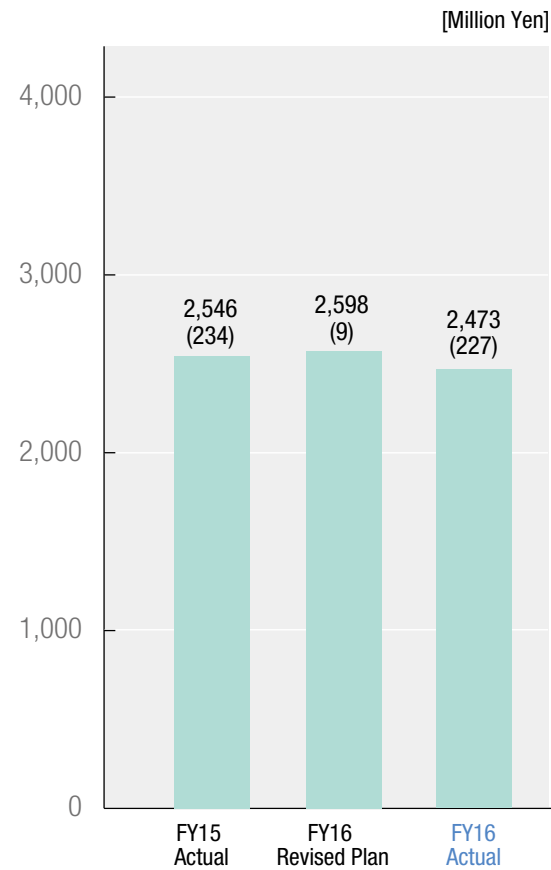
Consolidated Investment in Plant and Equipment/ Depreciation/ Research and Development

Consolidated Investment in Plant and Equipment



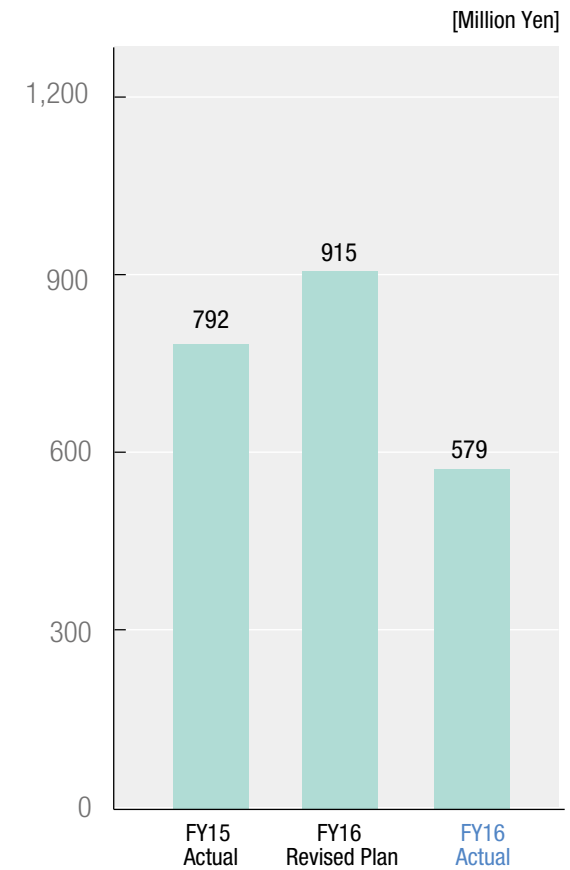
*Capital expenditure includes all lease properties' amounts in parenthesis

Consolidated Depreciation



*Amounts in parenthesis are for lease assets

Consolidated Research and Development



(Note) The Revised Plan refers to performance forecasts based on the revised full-year estimated exchange rate of ¥105 to US\$1.00 as announced at the Second Quarter Financial Results Presentation.

[Millions Yen]

	JAMCO	Niigata JAMCO	Miyazaki JAMCO	Nakajo JAMCO	JAMCO AMERICA, INC.	JAMCO AERO DESIGN & ENGINEERING PTE LTD.	JAMCO SINGAPORE PTE LTD.	JAMCO PHILIPPINES, INC.	JAMCO AERO MANUFACTURING CO., LTD.	Tokushima JAMCO	JAMCO AEROTECH CO., LTD.	Orange JAMCO	SINGAPORE JAMCO SERVICES PTE LTD.
Net sales	68,271	3,574	2,680	776	26,083	1,097	4,528	619	1,198	710	387	90	3,402
Operating income	2,231	90	(10)	70	(533) (729)	129	242	55	27	20	8	1	207
Ordinary income	1,673	103	8	84	(672) (856)	138	226	47	46	20	8	1	207
Net income	1,285	77	5	56	(415) (532)	114	204	35	30	13	4	1	187

(Note 1) Singapore JAMCO Services is an equity method affiliate of JAMCO Group.

(Note 2) JAMCO America accounts for amortization of 787-related development costs using the same standards as JAMCO Corporation. Amounts in parenthesis are based on US accounting standards.

- **Due to the concern of a slowdown of growth in the economies such as China and other emerging countries, economic trends in the US remain stable, Japan and the Euro Zone continue to show a gradual recovery, while the overall global economy remains optimistic. However, due to growing geopolitical risks, prospects for financial markets remain uncertain with the possibility of sudden fluctuations in the foreign exchange rates.**
- **While lower crude oil prices and an increase in passenger demand are contributing to improvements in profitability for airlines, competition remains intense.**
- **Orders/production of primarily small-sized aircraft remains strong for commercial aircraft manufacturers.**
- **Production remains stable even for mid-sized aircraft such as the Boeing 787 and Airbus A350. However, production of large-sized aircraft is expected to decline in the midterm due to a decrease in orders from emerging countries.**
- **The reduction in aircraft sales prices is an important issue for manufacturers. As a result, their demands related to suppliers' prices are intensifying.**

Medium - Term Vision

- JAMCO's objective is to position itself as the foremost aircraft-related company in its field to focus its primary business on the aircraft interiors segment with capabilities in both component production and aircraft maintenance.

Medium - Term Management Index

- Profitability indicator: Consolidated ordinary income ratio of 7% or more.
- Efficiency indicator: Consolidated ROA of 7% or more.
- Dividend policy: Consolidated dividend payout ratio of 20-30% will be set as a guideline.

Aircraft Interiors Segment

- 1 To further strengthen our cost competitiveness, we have accelerated manufacturing technology innovation, while working to dramatically improve productivity.**
- 2 By enhancing our supply chain, we are further improving quality, cost, and lead times.**
- 3 To maintain our No. 1 market share globally, we need to continue to strengthen competitiveness through innovative technologies and products, and further solidify the partnerships with our customers.**

Aircraft Seat Segment

- 1 Accelerate cost reductions across design, development, procurement, and production as a whole.**
- 2 Encourage orders/sales by developing appealing products.**
- 3 Increase production efficiency by working to optimize the group supply chain.**

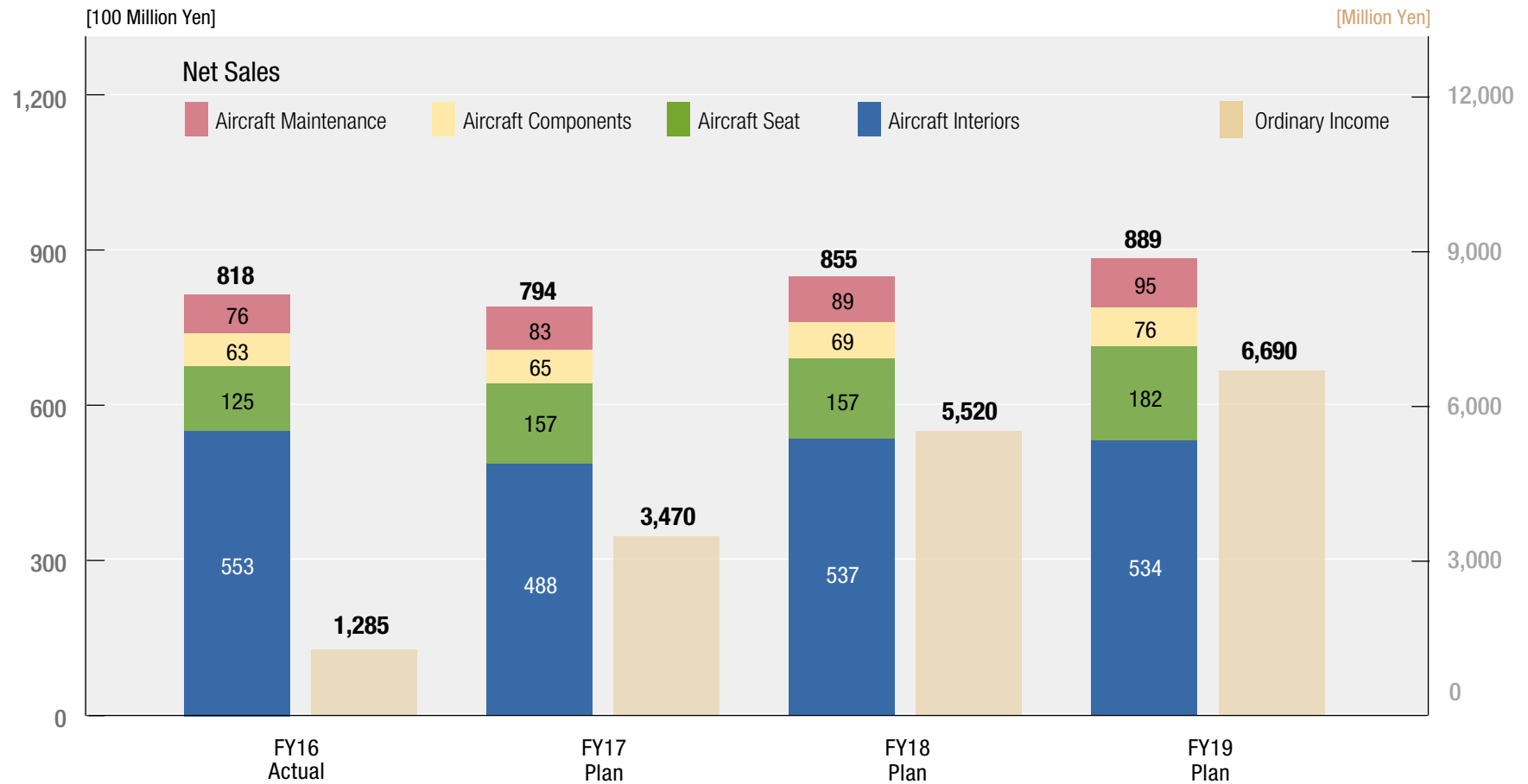
Aircraft Components Segment

- 1 Improve profitability by pursuing better quality and production efficiency together with affiliated companies.**
- 2 Increase orders by encouraging new development of customers in Japan and overseas.**
- 3 Capture orders for new products through participation in the development of new projects.**
- 4 Apply carbon fiber molding and other manufacturing technologies to interior products and seats.**

Aircraft Maintenance Segment

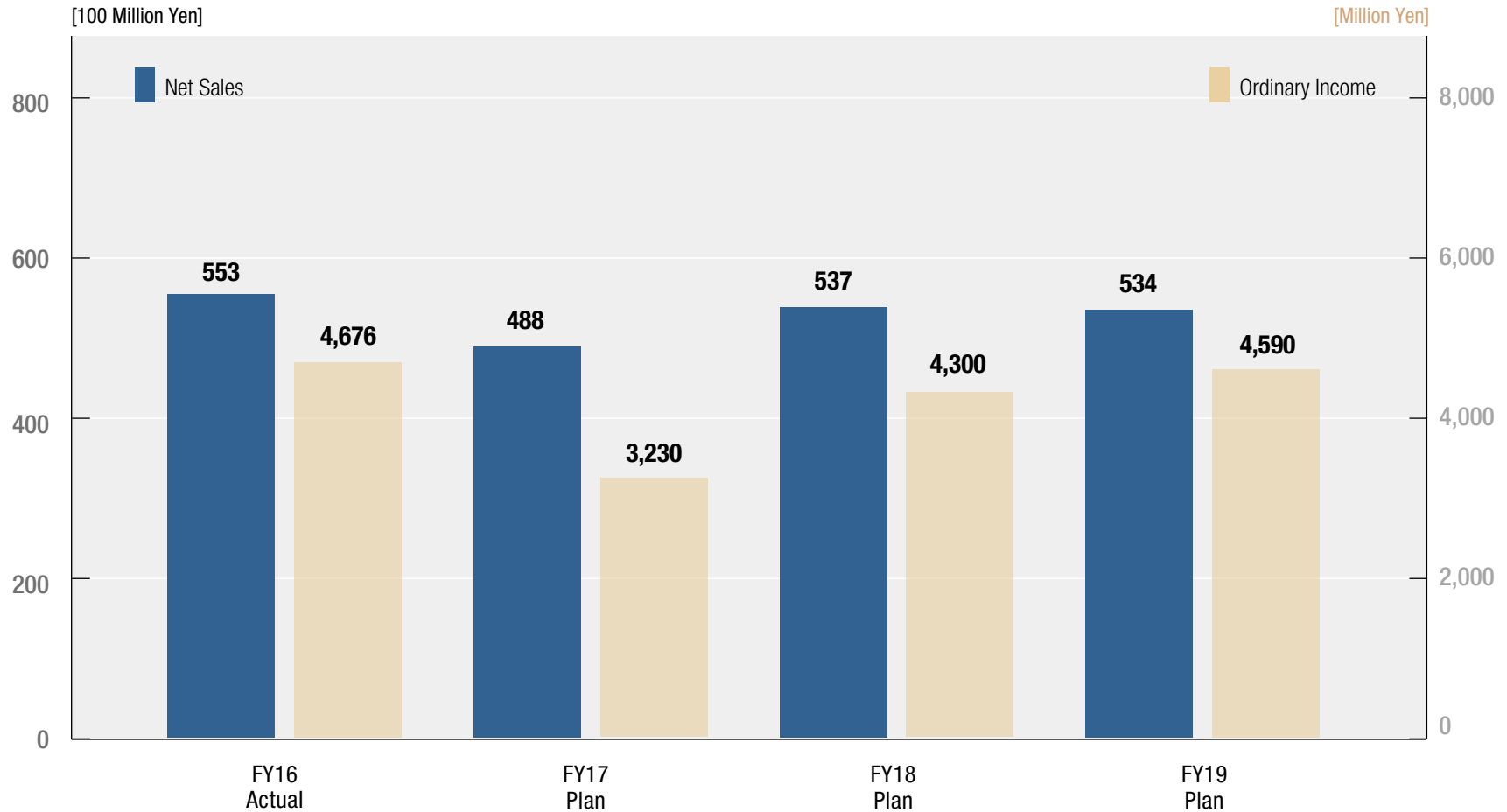
- 1 Ensure flight safety and continually enhance our quality assurance system.**
- 2 Strengthen initiatives related to new business with high added value.**
- 3 Expand into overseas markets and strengthen collaborative partnerships with overseas manufacturers.**
- 4 Step up preparations for participation in MRO Japan Co., Ltd. (an aircraft maintenance, repair, and overhaul company scheduled to expand its operations to Okinawa).**

Consolidated Net Sales and Ordinary Income



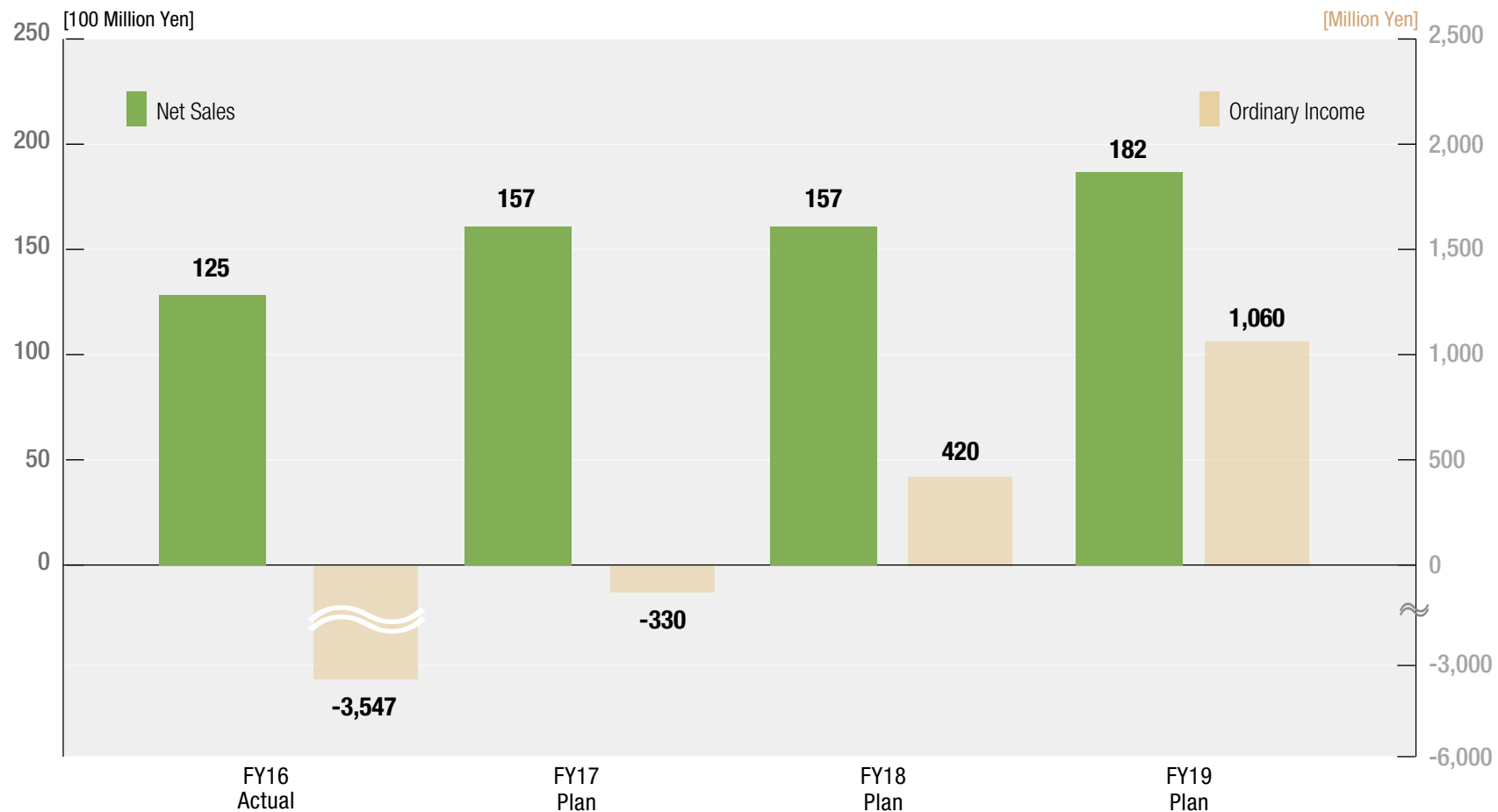
(Note) Exchange Rate for FY17-FY19 ¥110/US\$

Consolidated Net Sales and Ordinary Income of Aircraft Interiors (Plan)



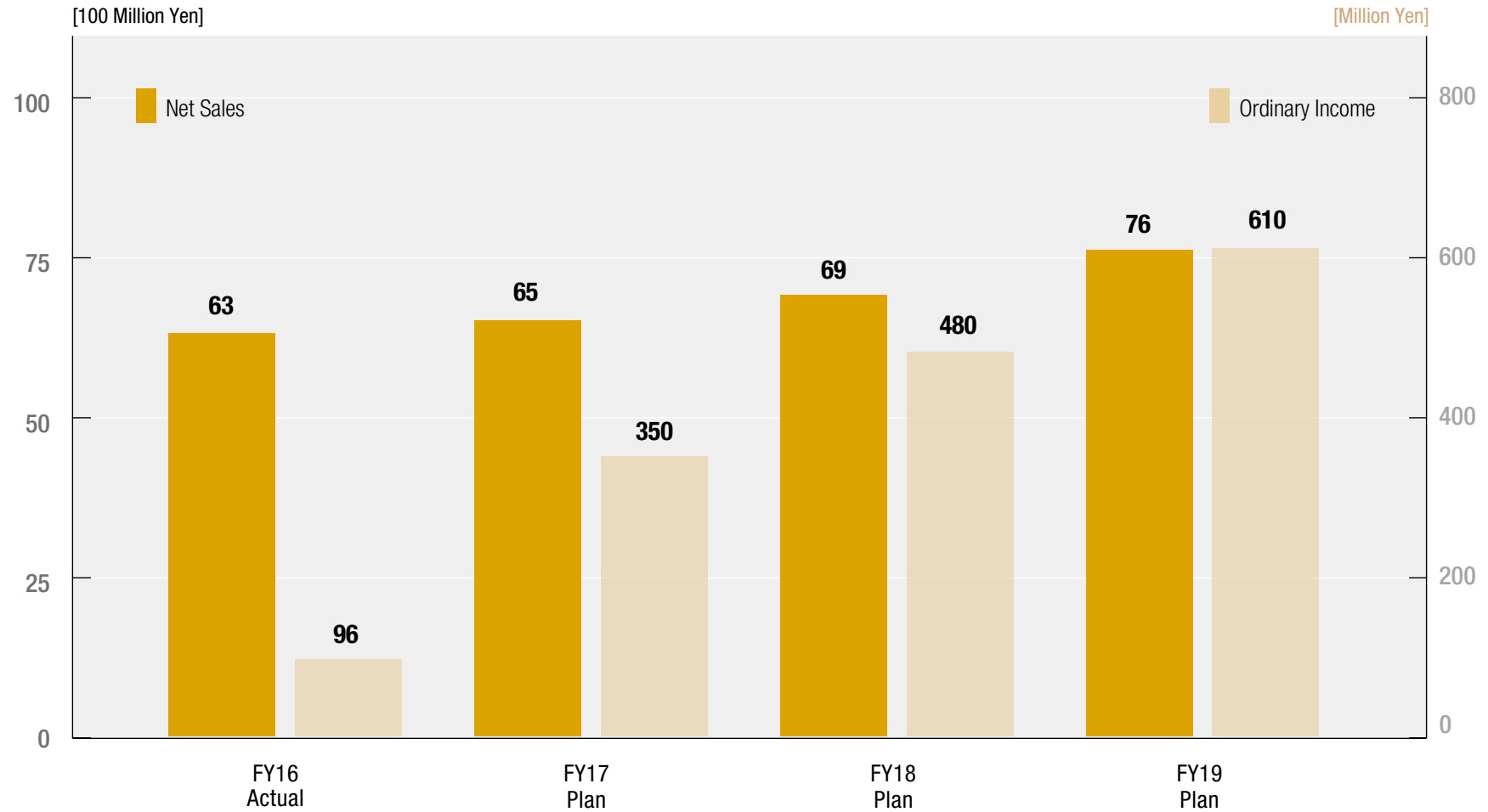
(Note) Exchange Rate for FY17-FY19 ¥110/US\$

Consolidated Net Sales and Ordinary Income of Aircraft Seats(Plan)



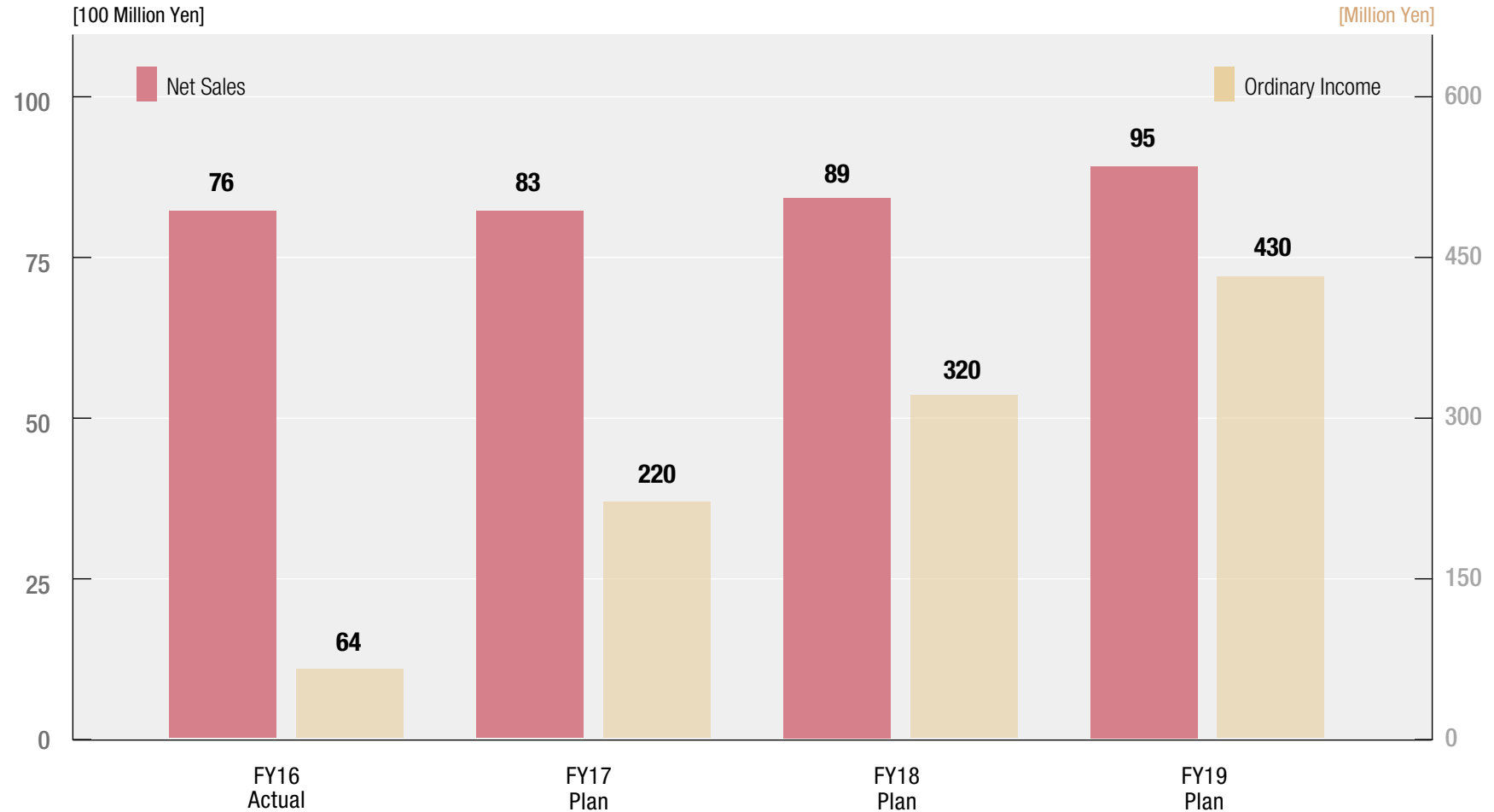
(Note) Exchange Rate for FY17-FY19 ¥110/US\$

Consolidated Net Sales and Ordinary Income of Aircraft Components (Plan)



(Note) Exchange Rate for FY17-FY19 ¥110/US\$

Consolidated Net Sales and Ordinary Income of Aircraft Maintenance (Plan)



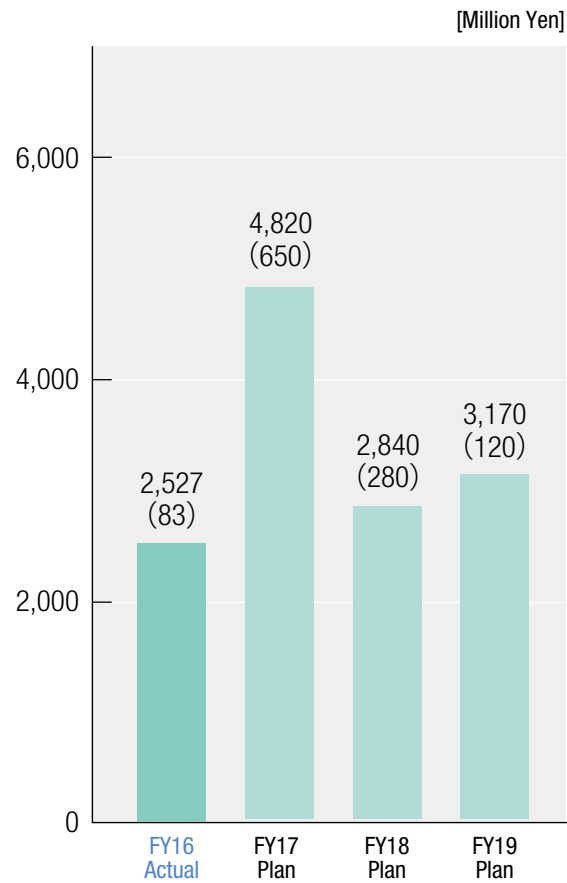
(Note) Exchange Rate for FY17-FY19 ¥110/US\$

	FY13	FY14	FY15	FY16	FY17 (Plan)	FY18 (Plan)	FY19 (Plan)
Ordinary Income to Net Sales	7.0%	10.2%	9.0%	1.6%	4.4%	6.5%	7.5%
Ordinary Income to Total Assets Ratio	6.7%	9.8%	9.2%	1.4%	3.8%	6.1%	7.1%
Net Income to Equity Ratio	15.0%	22.6%	20.2%	3.7%	8.2%	12.6%	13.6%
Capital Adequacy Ratio	27.0%	27.0%	29.7%	29.4%	32.5%	34.6%	37.9%
Dividend per Share	¥15	¥35	¥40	¥10	¥20	—	—
Payout Ratio	14.8%	19.6%	20.8%	26.4%	23.5%	—	—
Share Price (The Last Day of the Term)	¥1,925	¥3,665	¥2,816	¥2,475	—	—	—

Consolidated Investment in Plant and Equipment/ Depreciation/ Research and Development

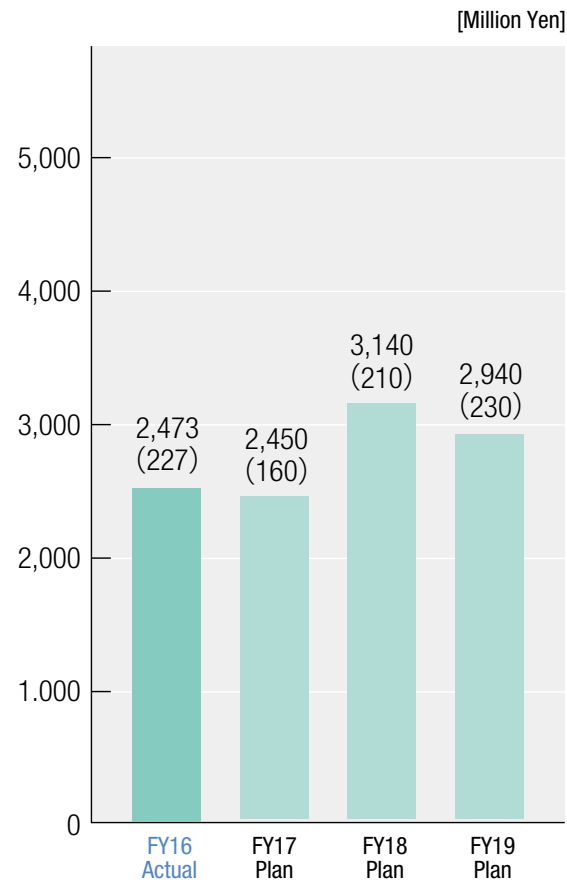


**Consolidated Investment
in Plant and Equipment**



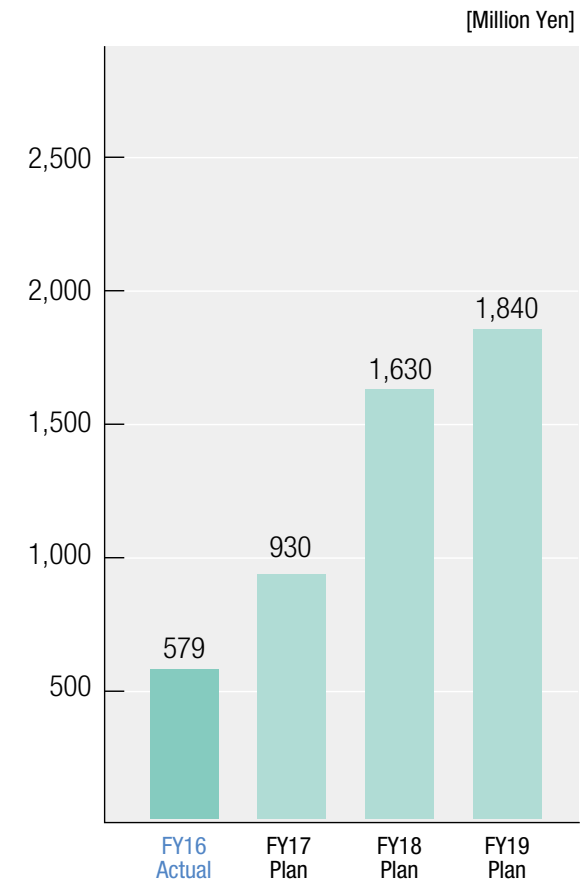
*Capital expenditure includes all lease properties' amounts in parenthesis

Consolidated Depreciation



*Amounts in parenthesis are for lease assets

**Consolidated Research and
Development**



■ 787 Production Status

- As of the end of December 2016, 500 aircraft have been delivered
- As of the end of December 2016, 700 aircraft are on order

■ 777X Development Status

- Delivery of the first aircraft scheduled for 2020
- As of the end of December 2016, 306 aircraft are on order

■ 737MAX Development Status

- Delivery of the first aircraft scheduled for 2017
- As of the end of December 2016, 3,606 aircraft are on order

■ A380 Production Status

- As of the end of December 2016, 207 aircraft have been delivered
- As of the end of December 2016, 112 aircraft are on order

■ A350XWB Production Status

- As of the end of December 2016, 64 aircraft have been delivered
- As of the end of December 2016, 754 aircraft are on order

■ A330neo Development Status

- Delivery of the first aircraft scheduled for January–March of 2018
- As of the end of December 2016, 214 aircraft are on order

■ A320neo Production Status

- As of the end of December 2016, 68 aircraft have been delivered
- As of the end of December 2016, 5,001 aircraft are on order

Source: Boeing Home Page and Airbus Home Page

(Jan. 2016~Dec. 2016)

	Orders	Deliveries	Order backlog
Total	668	748	5,715
747	17	9	28
777/777X	17	99	442
787	58	137	700
767	26	13	93
737	550	490	4,452

(Note 1) colored models indicate wide-body aircraft

(Note 2) The 777/777X order backlog includes a backlog of 306 777Xs

Source: Boeing Home Page

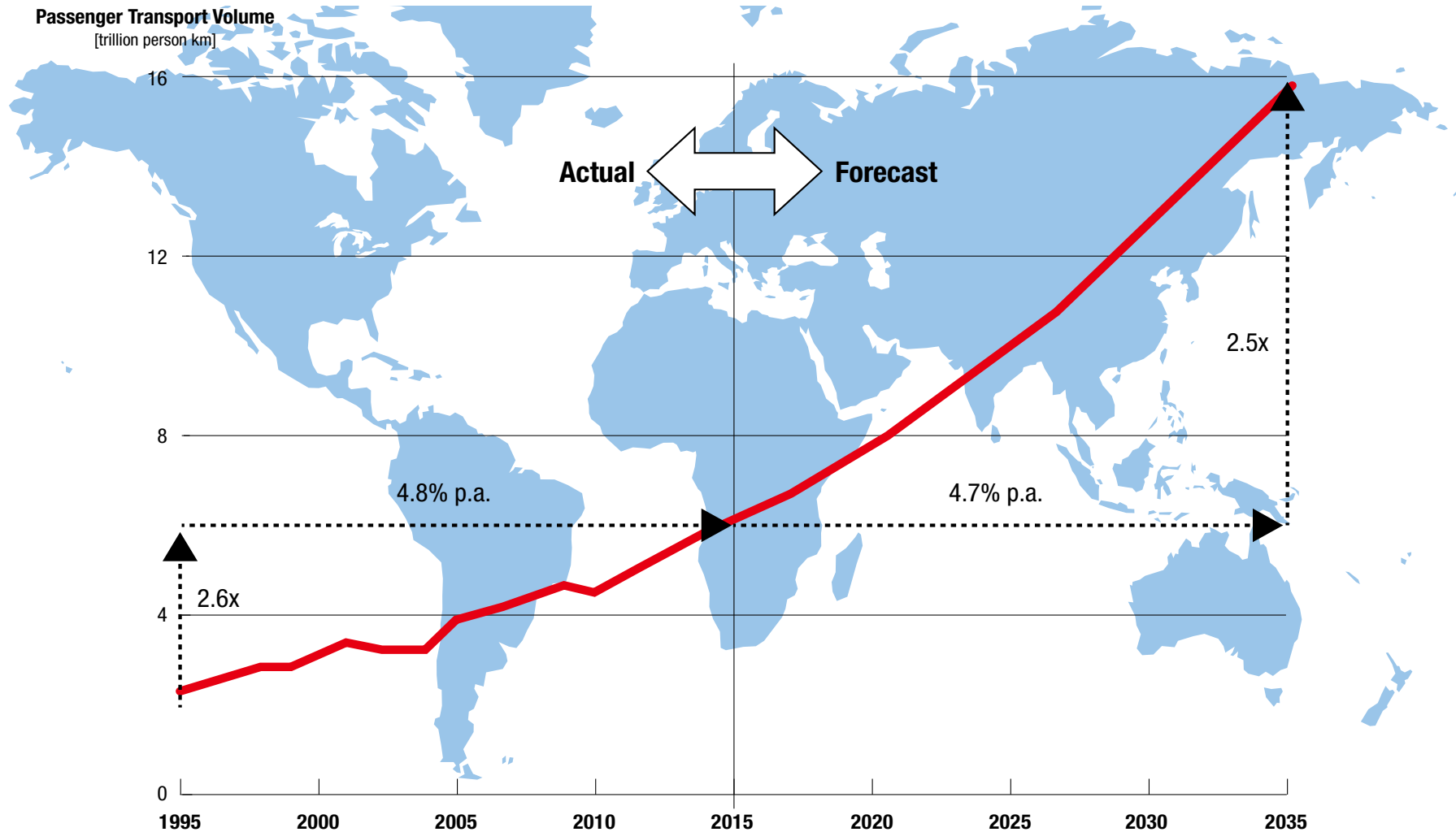
(Jan. 2016~Dec. 2016)

	Orders	Deliveries	Order backlog
Total	731	688	6,874
A380	0	28	112
A350	41	49	754
A330/A340	83	66	363
A320 family	607	545	5,645

(Note) colored models indicate wide-body aircraft

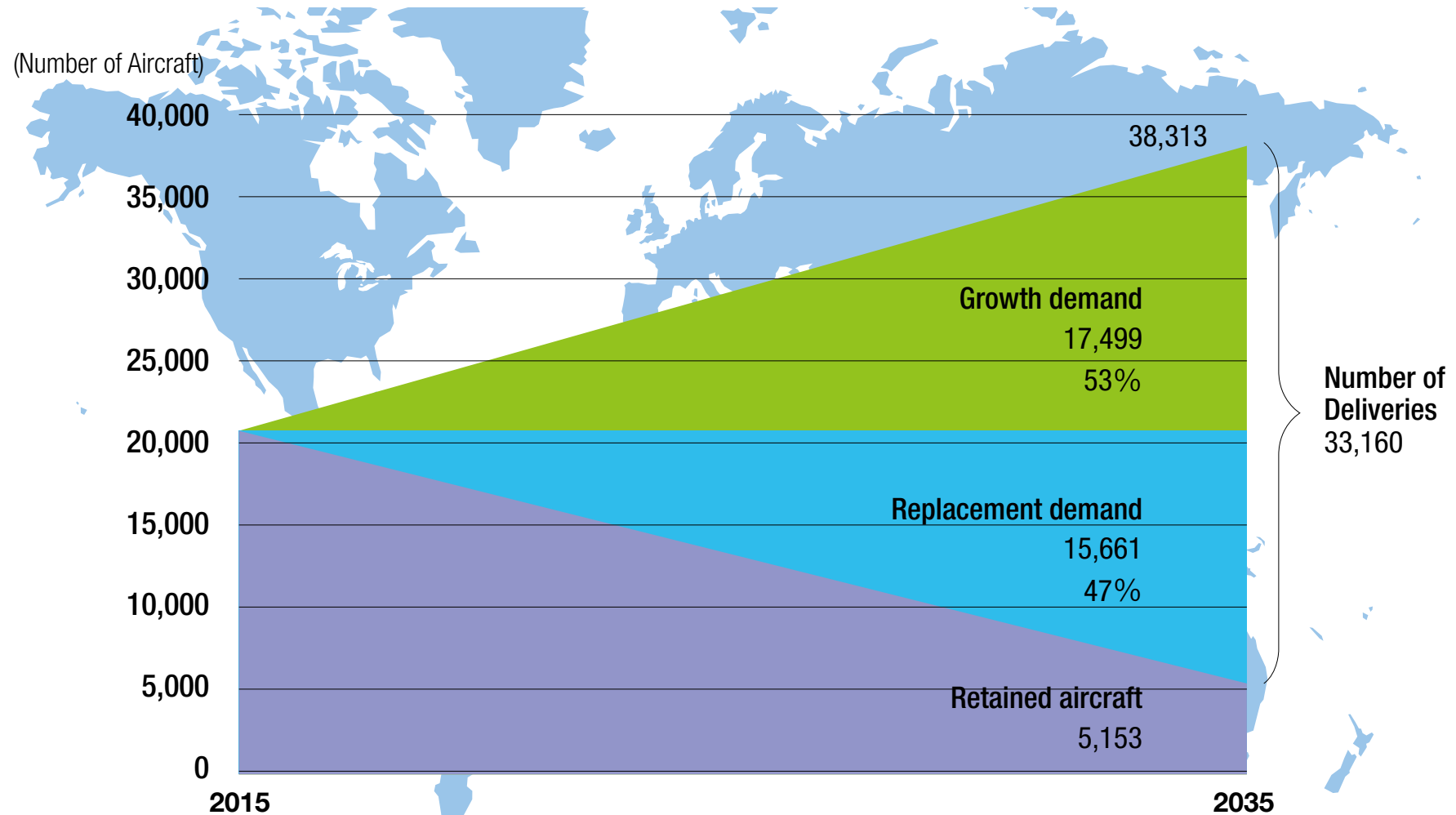
Source: Airbus Home Page

The annual average growth rate of air passenger traffic for the twenty year period of 2016-2035 is estimated to be 4.7%.



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Demand for 33,160 aircraft is expected over the next two decades, with 17,499 of those being new demand.



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技術を翼に世界の空へ

 **Jamco**
ALWAYS FLY TOGETHER



Always Fly Together