

## ANA HOLDINGS Financial Results for the Three Months Ended June 30, 2020

- Quarterly results showed significant declines, reflecting the impact of the Coronavirus (COVID-19) pandemic and resulting travel restrictions which led to the suspension of select flights and ended with net loss of 108.8 billion yen.
- Amid uncertainties, ANA Group succeeded in reducing costs by more than 200 billion yen.
- After passenger demand hit rock bottom in the first quarter, trends of recovery are beginning to appear in Japan's domestic traffic.

**TOKYO, July 29, 2020** – ANA HOLDINGS INC. (hereinafter “ANAHD”) today reports its financial results for the three months ended June 30, 2020.

### Overview

In the first quarter of fiscal year 2020 (April 1, 2020 - June 30, 2020, hereinafter the “three months ended June 30, 2020”), the global economy was characterized by widespread economic challenges due to the impact of COVID-19. Under these conditions, operating revenues decreased to 121.6 billion yen due to the severe impact across all segments, and net loss attributable to owners of the parent was 108.8 billion yen.

“Passenger demand for both international and domestic flights declined significantly, due to worldwide government travel restrictions and the Declaration of the State of Emergency from the Japanese government,” said Ichiro Fukuzawa, Executive Vice President and Chief Financial Officer of ANA HOLDINGS INC. “Against this backdrop, we raised our efforts to minimize both variable and fixed expenses by scaling down our operations and personnel costs. As a result, expenses for the Group were reduced by more than 200 billion yen from the previous year. While we aggressively worked to offset lost revenue by catering to the increased demand for international cargo transportation by arranging many non-scheduled flights and utilizing large freighter aircrafts, we were unable to offset the unprecedented impact of COVID-19 and ended with a large quarterly loss.”

### Consolidated Financial Performance

Unit: billion yen (Except for % comparison, rounded down)

	1Q/FY2020	1Q/FY2019	Difference	% Comparison
Operating revenues	121.6	500.5	-378.9	-75.7
Operating expenses	280.6	484.3	-203.6	-42.0
Operating income	-159.0	16.1	-175.2	---
Other income (expenses)	2.5	0.8	+1.6	+191.4
Ordinary income	-156.5	17.0	-173.5	---
Special gain	0.3	0.3	+0	+4.7
Net income attributable to owners of the parent	-108.8	11.4	-120.2	---

## Performance by Business Segment

Unit: billion yen (rounded down)

	1Q/FY2020		1Q/FY2019		Difference	
	Revenues	Operating income	Revenues	Operating income	Revenues	Operating income
Air Transportation	95.3	-153.7	439.7	14.1	-344.3	-167.9
Airline Related	59.8	0.8	73.9	3.8	-14.0	-2.9
Travel Services	3.1	-2.7	38.2	0.4	-35.0	-3.1
Trade and Retail	19.7	-1.3	37.5	0.7	-17.7	-2.1
Others	9.2	0.6	10.3	0.5	-1.1	+0

- Due to the spread of COVID-19, customer demand decreased dramatically, resulting in a significant drop in year-on-year operating revenues. While an operating loss was recorded, in addition to reducing operational expenses such as fuel costs and airport usage fees, ANA also took steps to cut fixed costs such as personnel expenses.
- The ANA Group implemented special measures enabling customers who had already purchased tickets to refund or change the reservations without any additional fees. Furthermore, as the impact of COVID-19 continues, ANA is engaged in its safety and hygiene protocols outlined in the “ANA Care Promise,” which provides customers a clean environment at airports, lounges and aircraft cabins. Peach Aviation Limited has strengthened its safety guidelines as well.
- In June, the ANA Group became the first airline in Japan to receive a letter of appreciation from the Minister of Foreign Affairs, for its contribution in operating five chartered rescue flights from Wuhan, China earlier this year.

## Air Transportation

### 1. International Passenger Service (ANA)

- In international passenger services, both passenger numbers and revenue decreased significantly year-on-year. This was due to the substantial decline in passenger demand as a result of the strengthening and continuation of immigration restrictions worldwide due to the spread of COVID-19.
- In the route network, ANA suspended or reduced select flights due to the decrease in demand, but to fulfill our mission of delivering transportation infrastructure to the public, flight operations was maintained at 13.8 percent of the same period last year. Services were also continued for certain routes to meet demand for people returning to their home countries, traveling between North America and Asia/China, and also for people needing to travel abroad for work assignments.
- In terms of sales and service, Star Alliance established a variety of initiatives for the provision of a sanitary environment so customers on flights of all member airlines can travel with peace of mind, and provided information on the details through the [“Travel Information Hub”](#) website.

As a result, revenue from international passenger service decreased by 154.6 billion yen (down 94.2 percent year-on-year).

(Except for % comparison and passenger load factor, rounded down)

<b>International Passenger Service</b>	<b>1Q/FY2020</b>	<b>1Q/FY2019</b>	<b>Difference</b>	<b>% Comparison</b>
Revenue (billion yen)	9.5	164.1	-154.6	-94.2
Number of passengers (thousand)	91	2,507	-2,415	-96.3
Available seat km (million)	2,365	17,137	-14,772	-86.2
Revenue passenger km (million)	619	12,917	-12,297	-95.2
Passenger load factor (%)	26.2	75.4	-49.2 pt	---

## 2. Domestic Passenger Service (ANA)

- In domestic passenger service, COVID-19 had an impact from the end of February and demand fell further after the Declaration of State of Emergency was issued in April, and both passenger numbers and revenue significantly decreased year-on-year.
- In terms of the route network, flights were suspended or reduced on routes based on the decline in demand, and the scale of operations in May decreased to 14.8 percent year-on-year, but we gradually increased flights after the state of emergency was lifted, and the scale of operations in June reached 25.2 percent of the same period last year. We will continue to increase flights while monitoring trends in demand, and the scale of operations is expected to recover to 43.3 percent of the same period last year in July and 72.4 percent of the same period last year in August.
- In terms of sales and service, efforts were made to increase convenience as a full-service carrier such as opening an online check-in service in June enabling certain customers formerly excluded from the SKiP Service to proceed straight to airport security on the day of departure by obtaining online boarding passes from up to 24 hours prior to their departure time.

Revenue from domestic passenger service decreased by 143.8 billion yen (down 86.5 percent year-on-year).

(Except for % comparison and passenger load factor, rounded down)

<b>Domestic Passenger Service</b>	<b>1Q/FY2020</b>	<b>1Q/FY2019</b>	<b>Difference</b>	<b>% Comparison</b>
Revenues (billion yen)	22.4	166.2	-143.8	-86.5
Number of passengers (thousand)	1,278	10,840	-9,562	-88.2
Available seat km (million)	3,939	14,781	-10,841	-73.3
Revenue passenger km (million)	1,176	9,913	-8,737	-88.1
Passenger load factor (%)	29.9	67.1	-37.2 pt	---

## 3. Cargo Service (ANA)

- In the international cargo service, demand declined due to the stagnation of the global economy resulting from COVID-19. While the supply of cargo space decreased significantly as a result of the suspension and reduction of passenger flights worldwide, there was an increase in demand for transportation of vital goods such as masks, etc., and supply and demand was strained. Under such conditions, the ANA Group actively promoted the establishment of non-scheduled flights and charter flights using cargo freighter, the operation of non-scheduled cargo flights using passenger aircraft as well as loading cargo in the cabin, and worked to capture transportation demand for vital cargo. These efforts kept our revenue at the same level of the same period last year.

Revenue from international cargo service decreased by 0.7 billion yen (down 2.7 percent year-on-year) and revenue from domestic cargo service decreased by 2.5 billion yen (down 41.5 percent year-on-year).

(Except for % comparison, figures are rounded down)

Cargo Service		1Q/FY2020	1Q/FY2019	Difference	% Comparison
International	Revenues (billion yen)	25.4	26.1	-0.7	-2.7
	Freight carried (thousand tons)	98	213	-114	-53.7
	Ton km (million)	451	1,034	-582	-56.3
Domestic	Revenues (billion yen)	3.6	6.1	-2.5	-41.5
	Freight carried (thousand tons)	35	89	-53	-60.3
	Ton km (million)	39	93	-53	-57.2

#### 4. LCC

- Both the passenger numbers and revenue significantly decreased year-on-year due to the suspension and reduction of flights to match the decline in demand caused by COVID-19.
- In terms of the route network, we suspended all flights on all international routes starting from mid-March. We expect this to continue due to the strengthening and continuation of immigration restrictions in various countries. On the other hand, domestic operations was 42.0 percent compared to the same period last year. Operation of all domestic routes resumed from mid-June, and in July, the scale of operations returned to the same level as last year. The domestic route network will be expanded further with new routes opening from August.

As a result, revenue from the LCC segment decreased by 18.9 billion yen (down 91.6 percent year-on-year).

(Except for % comparison and passenger load factor, rounded down)

LCC	1Q/FY2020	1Q/FY2019	Difference	% Comparison
Revenues (billion yen)	1.7	20.6	-18.9	-91.6
Number of passengers (thousand)	173	1,941	-1,767	-91.0
Available seat km (million)	559	2,873	-2,313	-80.5
Revenue passenger km (million)	197	2,462	-2,265	-92.0
Passenger load factor (%)	35.3	85.7	-50.4 pt	---

#### 5. Others

- Other revenue in Air Transportation was 31.6 billion yen, (down 41.7 percent year-on-year). The other revenue include revenue from the mileage program, in-flight sales revenue, and revenue from maintenance contracts, etc.

#### Airline Related, Travel Services, Trade and Retail, and Others

- As a result of a decrease in the number of contracts for ground handling services such as passenger check-in and baggage handling at all airports and the decrease in contracts related to in-flight meals due to the impact of suspension and reduction of flights of various airlines in response to the spread of COVID-19, operating revenues decreased to 59.8 billion yen (down 19.0 percent year-on-year), and operating income decreased to 0.8 billion yen (down 78.4 percent year-on-year).

- In addition to tours in domestic travel services being canceled in succession due to the spread of COVID-19, international travel services suffered severe effects such as the cancellation of all tours run by the ANA Group based on the travel warning issued by the Ministry of Foreign Affairs. As a result, operating revenues decreased to 3.1 billion yen (down 91.7 percent year-on-year) and an operating loss of 2.7 billion yen (compared to operating profit of 0.4 billion yen in the same period last year) was recorded.
- In order to reassure comfort for customers, ANA launched the “Care Promise protocols for ANA Traveler’s” on its website, introducing measures to prevent infection throughout the customer’s travels, and will continue to provide information to customers of the domestic travel service.
- In the retail business, we have implemented large-scale temporary closures and shortening of business hours of ANA DUTY FREE SHOP (airport duty-free stores) and ANA FESTA (airport merchandise stores) due to the impact of substantial suspension and reduction of passenger flights in response to the spread of COVID-19, and in the lifestyle-industries business, trade in items such as in-flight meals, beverages and amenities also decreased significantly. As a result, operating revenues decreased to 19.7 billion yen (down 47.4 percent year-on-year) and an operating loss of 1.3 billion yen was recorded (compared to operating profit of 0.7 billion yen in the same period last year).
- Due to closures of airport facilities caused by COVID-19, in addition to a decrease in revenue from the real-estate business, construction and facility management/security business fell as well. As a result, operating revenues decreased to 9.2 billion yen (down 11.3 percent year-on-year). Meanwhile, operating income increased by 7.8 percent year-on-year to 0.6 billion yen due to the reduction of personnel expenses and outsourcing expenses.
- In April 2020, “avatarin Inc.” was established to create new businesses and services by using avatars to offer a variety of solutions in healthcare, nursing, education, and shopping.

## Consolidated Balance Sheet

(Except for Equity ratio and D/E ratio, figures are rounded down)

	1Q/FY2020 As of June 30, 2020	FY2019 As of March 31, 2020	Difference
Total assets (billion yen)	2,857.3	2,560.1	+297.2
Net assets (billion yen)	974.3	1,068.8	-94.5
Shareholder’s equity (billion yen)*1	967.7	1,061.0	-93.2
Equity ratio (%)	33.9	41.4	-7.6 pt
Interest-bearing debt (billion yen)	1,358.9	842.8	+516.0
D/E ratio*2	1.4	0.8	+0.6

\*1: For shareholder’s equity, assets of non-controlling interests are deducted from net assets

\*2: Debt/equity ratio = Interest-bearing debt / Total shareholders’ equity

## Consolidated Statement of Cash Flow

Unit: billion yen (rounded down)

	1Q/FY2020	1Q/FY2019
Cash flows from operating activities	-135.3	115.8
Cash flows from investing activities	27.6	-101.9
Cash flows from financing activities	513.7	-5.7
Cash flows and cash equivalents at the end of the period	541.8	219.9
Depreciation and amortization	45.0	42.1

## **Outlook for the FY2020 (April 2020 - March 2021)**

The consolidated earnings forecast for the year ending March 31, 2021 is yet to be determined as issues from the impact of COVID-19 has created a climate of global economic uncertainty. ANAHD's outlook will be announced as soon as we are able to make a reasonable forecast available.

The global crisis has led to a dramatic shift in people's activities, and new lifestyle patterns are gradually becoming established. Touching every facet of modern life, these shifts have brought change to the aviation industry as well, and demand for travel is likely to see significant and unknown changes. In this challenging environment, ANA will work in the near term to increase efforts to transform our business as we work to balance our finances through strategically optimizing our portfolio and minimizing fixed costs by reallocating resources. In the mid-term, ANA will pursue sustainable growth by creating a business structure where we will be equipped to further strengthen the portfolio of our aviation business and establish a new business unit capable of serving as a source of profit while steadily delivering value to the group.

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### **About ANA**

Founded more than 60 years ago in 1952 with just two helicopters, All Nippon Airways (ANA), has become the largest airline in Japan, serving 46 international destinations and 50 domestic destinations (as of December 2019).

ANA HOLDINGS Inc. (ANAHD) was established in 2013 as the largest airline group holding company in Japan comprised of 78 companies including ANA and Peach Aviation Limited, the leading LCC in Japan. With a fleet of more than 300 aircraft (as of March 2020), ANAHD has more than 43,000 employees and serves more than 54 million passengers a year, making ANA and its subsidiaries the 15th largest carrier in the world by daily flight volume.

ANA is a launch customer and the biggest operator of the Boeing 787 Dreamliner, making ANAHD the biggest Dreamliner owner in the world. A member of Star Alliance since 1999, ANA has Joint Venture agreements with United Airlines, Lufthansa Airlines, Swiss International Airlines, Austrian Airlines and Brussels Airlines— giving it a truly global presence.

The 78 companies organized under the ANAHD umbrella operate in a diverse range of markets, including air transportation, travel services and trade, and retail embody ANAHD's shared values of exceptional service, responsible corporate citizenship and investment in the communities where they operate.

Supplementing its operations in commercial aviation, ANAHD has led the development of the innovative haptic robotics program, through its avatarin Inc. company, and its involvement in space with its partnership with JAXA, and other space related companies such as Astroscale and PD Aerospace.

The airline's legacy of superior service has helped it earn SKYTRAX's respected 5-Star rating every year since 2013, making ANA the only Japanese airline to win this prestigious designation and for eight consecutive years. ANA also has been recognized by Air Transport World as "Airline of the Year" three times (2007, 2013 and 2018); it is one of a select few airlines to win this prestigious award multiple times.

For more information, please refer to the following link:

<https://www.ana.co.jp/group/en/>