

ANA HOLDINGS Financial Results for the Year ended March 31, 2016

TOKYO, April 28, 2016 – ANA HOLDINGS (hereafter “ANA HD”) today reports its consolidated financial results for fiscal year 2015 (April 2015 – March 2016).

Financial highlights

- Strong financial performance for FY2015
- Record operating revenues of ¥1,791.1 billion, a 4.5% increase year-on-year
- Business expansion whilst maintaining tight control of costs, achieving cost reduction targets and 49.1% growth in consolidated operating income year-on-year, to ¥136.4 billion
- Increased consolidated ordinary income, to ¥130.7 billion, up 94.7%
- Consolidated net income attributable to owners of ANA HD of ¥78.1 billion, a 99.2% increase year-on-year
- Announcing a dividend of ¥5 per share for FY 2015

Overview

- The Japanese economy continues to show signs of gradual recovery, despite the appreciation of the yen and stock market volatility at the end of the fiscal year. Personal consumption remains robust as does demand for inbound travel to Japan.
- ANA HD has reported a strong financial performance, driven by continued growth in its Air Transportation business, which is underpinned by growing demand for international travel to Japan. In order to capitalize on this demand, ANA continues to expand and improve its international network. During the period, ANA added routes to four new overseas destinations and further expanded operations at Haneda and Narita airports, strengthening its international dual-hub airport strategy in the Tokyo Metropolitan area. ANA also worked to improve passenger convenience and strengthen competitiveness through its in-flight and airport services, and was awarded the highest rating of 5-stars from the UK-based airline rating company SKYTRAX for the fourth consecutive year. ANA is the only Japanese airline with a 5-star rating.
- ANA has also invested in strategic marketing campaigns during the period in order to build brand recognition in the global marketplace. ANA sponsored the season's first Ladies Professional Golf Association (LPGA) USA women's golf tour, 'ANA Inspiration', and became the first-ever airline in the world to fly aircraft decorated with Star Wars characters, flying three special livery aircraft.
- In terms of the outlook, whilst uncertainties remain over the geopolitical landscape, Japan's economy is expected to continue its gradual recovery, supported by improved employment and the impact of government policies. Under these economic conditions, ANA HD continues to implement the FY2016-2020 ANA Group Corporate Strategy set out in January 2016 and forecasts FY2016 operating revenue of ¥1,810.0 billion and operating income of ¥145.0 billion.

Consolidated Financial Performance

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

	FY2015	FY2014	Difference	% Comparison	4Q/ FY2015	Difference
Operating revenues	1,791.1	1,713.4	+77.7	+4.5	422.1	+5.9
Operating expenses	1,654.7	1,621.9	+32.8	+2.0	402.4	-11.5
Operating income	136.4	91.5	+44.9	+49.1	19.7	+17.4
Non-operating income/ losses	-5.7	-24.4	+18.6	-	-1.1	+8.5
Ordinary income	130.7	67.1	+63.5	+94.7	18.5	+25.9
Extraordinary income/ losses	0.3	10.8	-10.5	-96.9	-5.2	-4.4
Net income attributable to owners of ANA HOLDINGS INC.	78.1	39.2	+38.9	+99.2	4.8	+17.9

Performance by business segment

Unit: billion yen (rounded down)

	FY2015		FY2014		Difference		4Q/FY2015		Difference	
	Revenues	Operating income	Revenues	Operating income	Revenues	Operating income	Revenues	Operating income	Revenues	Operating income
Air Transportation	1,553.2	139.7	1,484.6	81.6	+68.6	+58.0	369.0	21.0	+8.7	+17.6
Airline Related	231.9	-4.2	223.7	9.0	+8.1	-13.2	58.8	-0.3	+5.5	+0.0
Travel Services	167.3	4.2	169.0	4.5	-1.7	-0.2	38.0	0.0	-0.3	-0.0
Trade and Retail	140.2	5.3	127.0	4.0	+13.2	+1.2	31.8	0.8	-0.2	+0.0
Others	33.7	1.6	32.5	1.6	+1.1	+0.0	9.2	0.4	+0.1	+0.1

Air Transportation

1. Domestic Passenger Services

- **Demand:** Passenger numbers were reduced versus the prior year due to the opening of the Hokuriku Shinkansen bullet train, the impact of typhoons occurring from July onwards and heavy snowfall in February. However, ANA responded by flexibly setting fares in accordance with demand, and as a result revenue increased over the prior period. ANA also made use of narrow-bodied aircraft in order to achieve optimal supply-demand balance and increased passenger load factor.
- **Network:** During the summer timetable, the route between Osaka Itami and Hakodate was re-opened and during the winter timetable additional flights were added to the Haneda-Osaka Kansai route. ANA also sought to capture additional demand for flights arriving and departing Okinawa by increasing the frequency of flights, particularly nighttime flights between Haneda and Okinawa, especially during the summer holidays.
- **Tourism:** ANA is focused on capturing the increasing demand for travel to Japan. During the year ANA introduced the 'ANA Discover JAPAN Fare', a new fare for domestic routes which can be purchased at overseas travel agents and targets overseas visitors to Japan.
- **Service:** ANA further enhanced its service with the introduction of "ANA Baggage Drop Services", Japan's first-ever self-service automated baggage drop system, which was introduced at Haneda Airport in July, while also improving convenience for passengers with the introduction of new automated check-in machines, offering services in five languages at all domestic airports in Japan.

As a result, revenue from domestic passenger services rose by ¥2.2 billion (up 0.3% year-on-year).

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

Domestic Passenger Services	FY2015	FY2014	Difference	% Comparison
Revenues (billion yen)	685.6	683.3	+2.2	+0.3
Number of passengers (thousand)	42,664	43,203	-538	-1.2
Available seat km (million)	59,421	60,213	-791	-1.3
Revenue passenger km (million)	38,470	38,582	-111	-0.3
Passenger load factor (%)	64.7	64.1	+0.7	-

2. International Passenger Services

- **Demand:** Although passenger demand fell on certain routes due to the impact of the terrorist attacks occurring in Paris in November and Brussels in March, demand for business travel was solid on routes to/from Europe, North America and Asia and, additionally, ANA was also able to capture strong demand for travel to Japan from all regions, resulting in an increase in both passenger numbers and revenue over the prior year.
- **Network:** ANA further enhanced its network with the introduction of new routes between Narita and the destinations of Houston, Kuala Lumpur and Brussels, as well as between Haneda and the destinations of Gaungzhou and Sydney. ANA also increased the frequency of flights between Narita and the cities of Singapore, Honolulu and Bangkok as well as between Haneda and the cities of Beijing, Shanghai and Hong Kong.
- **Service:** ANA worked to improve passenger comfort and service by introducing a full-flat seat service in business class from October onwards on all flights between Japan and mainland USA. This follows the introduction of the service on all flights to Europe.
- ANA celebrated its 30th anniversary of international service on March 3rd.

As a result, revenue from international passenger services rose by ¥47.3 billion (up 10.1% year-on-year).

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

International Passenger Services	FY2015	FY2014	Difference	% Comparison
Revenues (billion yen)	515.6	468.3	+47.3	+10.1
Number of passengers (thousand)	8,167	7,208	+959	+13.3
Available seat km (million)	54,710	49,487	+5,223	+10.6
Revenue passenger km (million)	40,635	35,639	+4,995	+14.0
Passenger load factor (%)	74.3	72.0	+2.3	-

3. Cargo services

- In **domestic** cargo services, demand was subdued due to reduced volumes in transfer cargo from international flights as a consequence of the depreciation of the yen. Both cargo volume and revenue fell below that of the prior year. In April, ANA introduced a new reservation system which uses real-time information to improve efficiency.

- In **international** cargo services, the market for cargo departing Japan and cargo departing overseas destinations to Japan was subdued, the latter affected by the depreciation of the yen. Both cargo volume and revenue fell below that of the prior year. Despite these external factors, ANA is capturing demand by strengthening its freighter network in Asia and by harnessing its expanding passenger flight network. ANA is operating extraordinary and charter flights in accordance with demand and using Okinawa's cargo hub to service express cargo services.

As a result, revenue from domestic cargo services fell by ¥0.8 billion (down 2.6% year-on-year) and revenue from international cargo services fell by ¥11.4 billion (down 9.2% year-on-year).

(Except for % comparison, figures are rounded down)

Cargo Services		FY2015	FY2014	Difference	% Comparison
Domestic	Revenues (billion yen)	31.7	32.5	-0.8	-2.6
	Freight carried (thousand tons)	466	475	-8	-1.8
	Ton km (million)	472	476	-4	-0.9
International	Revenues (billion yen)	113.3	124.7	-11.4	-9.2
	Freight carried (thousand tons)	810	841	-31	-3.7
	Ton km (million)	3,532	3,608	-75	-2.1

4. Others

- Other revenue from the Air Transportation business, which includes revenue from ANA's mileage program, Vanilla Air, in-flight sales and maintenance services for other airlines, was ¥196.5 billion (up 18.4% year-on-year).
- During the year, Vanilla Air worked to increase revenue by flexibly setting fares in accordance with demand. In addition to increasing the number of flights on the Narita-Taipei route from October and on the Narita-Kaohsiung route from January, Vanilla Air also worked to improve passenger convenience and capture demand for travel to Japan by establishing a new reservation center for the Taiwanese market, with local language capabilities. As a result, Vanilla Air carried approx. 1,691 thousand passengers, (up 48.3% year-on-year) with a passenger load factor of 85.3% (up 5.0 points year-on-year).

Airline Related, Travel Services, Trade and Retail and Others

- In **Airline Related businesses**, operating revenue for the period was ¥231.9 billion (up 3.6% year-on-year). This was driven by an increase in contracts for ground support operations from other airlines at Haneda and Osaka Kansai airports. Completed amortization of goodwill recorded on the acquisition of the pilot training company Pan Am Holdings, Inc. (now a consolidated subsidiary of ANA HD) in third quarter offset this improvement, resulting in operating loss of ¥4.2 billion (operating profit of ¥9.0 billion last fiscal year) for FY2015.
- In **Domestic Travel Services**, operating revenue was up on the prior year due to an increase in the volume of bookings handled, particularly for travel to Okinawa and Hokkaido. In **Overseas Travel Services**, operating revenue was down on the prior year due to factors including a decline in the number of bookings handled by 'ANA Hallo Tour' which was affected by the yen's

ongoing depreciation and terrorist attacks in Europe. Operating revenue from travel to Japan increased over the prior year, particularly from destinations Taiwan and China. As a result, operating revenue was ¥167.3 billion (down 1.0% year-on-year) operating profit ¥4.2 billion (down 6.0% year-on-year).

- In **Trade and Retail**, operating revenue for the period was ¥140.2 billion (up 10.4% year-on-year) and operating profit for the period was ¥5.3 billion (up 30.6% year-on-year) due to solid retail sales which were bolstered by the increase in foreign visitors to Japan. Demand in the food business as well as the aviation and electronics businesses were also high.
- In **Others**, building maintenance contributed a solid performance, resulting in operating revenue of ¥33.7 billion (up 3.6% year-on-year) and operating income of ¥1.6 billion (up 2.2% year-on-year).

Outlook for FY2016 (April 2016 – March 2017)

- Notwithstanding the risks associated with overseas economic downturns and geopolitical incidents, including terrorism, the outlook is expected to recover gradually, due to the ongoing improvements in Japan's economy, supported by improved employment, the income environment and the impact of government policies.
- Under these economic conditions, ANA HD continues to implement the FY2016-2020 ANA Group Corporate Strategy, which was formulated in January, working to achieve our corporate vision of becoming the "world's leading airline group".
- ANA HD's core business, full-service carrier, will continue to drive profitability through managing the supply-demand balance on domestic routes, continuing to develop its Tokyo dual-hub airport strategy and further expanding its international route network. In addition, it will continue to strengthen brand recognition and sales capability overseas. Furthermore, ANA HD will actively work to expand its cargo and LCC businesses, while also improving profitability from non-air businesses, aiming to build an optimum business portfolio that can withstand volatility.

As a result of the above, the ANA HD consolidated business outlook for FY2016 is as follows. Note that ANA HD plans to pay a dividend of ¥6 per share.

Consolidated Financial Forecast

unit: billion yen (rounded down)

	Forecast for FY2016	FY2015	Difference
Operating revenues	1,810.0	1,791.1	+18.9
Operating income	145.0	136.4	+8.6
Ordinary income	130.0	130.7	-0.7
Net income attributable to owners of ANA HD	80.0	78.1	+1.9

Contact :

Corporate Communications, ANA HOLDINGS, +81-3-6735-1111, publicrelations@ana.co.jp

About ANA HOLDINGS INC.

ANA HOLDINGS is an aviation group with global operations and a total of 62 consolidated subsidiaries and 18 equity method affiliates. It is divided into passengers and cargo services segments as well as airline related business such as Catering and IT Services. ANA HD formed in April 2013 and is the parent company of ANA; full service carrier and Vanilla Air; LCC. ANA HD promotes a multi-brand strategy to leverage the strength of ANA brand and stimulate demand in markets not completely covered by its full-service airline offering, while expanding market share for the Group as a whole, leading to enhanced value. ANA has about 250 aircraft flying to 90 destinations and carrying about 47 million passengers. ANA is the largest airline in Japan by revenues and passenger numbers. ANA is a member of Star Alliance. Management vision of ANA HD is “It is our goal to be the world’s leading airline group in customer satisfaction and value creation.”