

ANA HOLDINGS Financial Results for the Year ended March 31, 2017

TOKYO, April 28, 2017 – ANA HOLDINGS (hereafter “ANA HD”) today reports its consolidated financial results for fiscal year 2016 (April 2016 – March 2017).

Overview

- Record operating income thanks to increased cost efficiency, improved passenger service and lower fuel costs. Operating income up 6.7% to 145.5 billion yen, ordinary income up 7.4% to 140.3 billion yen and net profit attributable to shareholders up 26.4% to 98.8 billion yen
- Mainline passenger numbers up 2.5% to 52 million, driven by 11.6% increase in international traffic to 9,119 million. Operating revenues decreased marginally by 1.4% due to impact of yen appreciation on foreign-currency sales and effect of lower fuel prices on fuel surcharge
- Continued expansion of international network with launch of three new overseas routes. Further development of Tokyo dual-hub model to improve links between domestic and international services at Haneda Airport, and Narita Airport as hub for transfers between international flights
- Maximum 5-star rating for customer satisfaction from Skytrax for fifth consecutive year making ANA the only Japanese airline to receive this accolade. ANA recognized in list of Nadeshiko Brand companies for promoting women in the workplace
- Overall aviation market environment during the year remained robust supported by gradual recovery in domestic and overseas economies, improved corporate profitability, employment environment and levels of personal consumption. Outlook for FY17 supports forecast of increased revenues and profits

Consolidated Financial Performance

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

	FY2016	FY2015	Difference	% Comparison	4Q/ FY2016	Difference
Operating revenues	1,765.2	1,791.1	-25.9	-1.4	433.4	+11.3
Operating expenses	1,619.7	1,654.7	-35.0	-2.1	418.1	+15.7
Operating income	145.5	136.4	+9.0	+6.7	15.3	-4.3
Non-operating income/ losses	-5.1	-5.7	+0.5	-	0.8	+2.0
Ordinary income	140.3	130.7	+9.6	+7.4	16.1	-2.3
Extraordinary income/ losses	-0.9	0.3	-1.2	-	-2.9	+2.3
Net income attributable to owners of ANA HOLDINGS INC.	98.8	78.1	+20.6	+26.4	12.2	+7.4

Performance by business segment

Unit: billion yen (rounded down)

	FY2016		FY2015		Difference		4Q/ FY2016		Difference	
	Revenues	Operating income	Revenues	Operating income	Revenues	Operating income	Revenues	Operating income	Revenues	Operating income
Air Transportation	1,536.3	139.5	1,553.2	139.7	-16.8	-0.2	378.7	17.8	+9.6	-3.2
Airline Related	264.4	8.3	231.9	-4.2	+32.5	+12.5	71.9	-0.7	+13.1	-0.4
Travel Services	160.6	3.7	167.3	4.2	-6.7	-0.5	38.6	0.4	+0.5	+0.4
Trade and Retail	136.7	4.3	140.2	5.3	-3.5	-0.9	33.3	0.5	-0.1	-0.3
Others	34.7	1.3	33.7	1.6	+1.0	-0.2	9.6	0.2	+0.1	-0.2

Air Transportation

1. Domestic Passenger Services

- Despite the impact of the Kumamoto Earthquake of April 2016, typhoons from July onwards and heavy snow in December, ANA achieved higher passenger numbers compared to the prior year as a result of competitive fares structured to meet market demand. However, revenues were lower than the previous year as increased competition from other airlines led to a reduction in unit price. ANA captured passenger demand through the establishment of a new route between Haneda and Miyako/Okinawa and the reopening of the route between Kansai and Miyako/Okinawa from the summer timetable onwards. In addition, concurrent with the start of operations of the Airbus A320neo from November onwards, ANA further worked to increase load factors by fine-tuning to match aircraft deployment to booking patterns in order to improve seat occupancy rates.
- In addition to the refurbishment and reopening of the departure counter for domestic flights at Terminal 2 in Haneda Airport in April, ANA also improved in-flight entertainment options through initiatives such as the increased number of channels available on ANA SKY LIVE TV.
- In addition to launching and operating the *Dekakeyo Kyushu (Let's go to Kyushu) Project* which aims to contribute to the early recovery of the Kyushu tourist industry following the Kumamoto Earthquake, ANA also carried out projects to support Hokkaido, which had a series of typhoons beginning in late August, and Tottori Prefecture, which suffered damage from an earthquake in October.

As a result, revenues from domestic passenger services were 678.3 billion yen, a decrease of 7.3 billion yen (1.1% down on the prior fiscal year).

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

Domestic Passenger Services	FY2016	FY2015	Difference	% Comparison
Revenues (billion yen)	678.3	685.6	-7.3	-1.1
Number of passengers (thousand)	42,967	42,664	+302	+0.7
Available seat km (million)	59,080	59,421	-340	-0.6
Revenue passenger km (million)	38,990	38,470	+520	+1.4
Passenger load factor (%)	66.0	64.7	+1.3	-

2. International Passenger Services

- International passenger numbers rose strongly by 11.6% to more than 9 million as ANA captured the extremely strong demand for travel to Japan. Although the lingering impact of terrorism affected demand for leisure travel from Japan to Europe in the first half of the year, demand for business travel departing from Japan remained robust throughout the fiscal year.
- ANA began operating various new routes including Narita - Wuhan from April, Narita - Phnom Penh from September, and Haneda - New York, Chicago - Kuala Lumpur, all of which began with the introduction of the winter timetable. Additionally, Narita - Ho Chi Minh City flights increased and a new route of Narita - Mexico City was established in February, as ANA worked not only to strengthen its international network but also to capture demand for business travel departing Japan and demand for travel from overseas airports to Japan. Furthermore, through a business and capital partnership agreement with Vietnam Airlines, ANA and Vietnam Airlines had begun offering codeshare flights, one of a number of initiatives to capture demand for passengers transferring through Japan on routes between North America and Asia.

- ANA also stimulated demand for travel to Japan through the introduction of new discount fares principally introduced on China - Japan routes.
- From November onwards, ANA added universally-accessible content for passengers with visual or hearing impairments to the range of in-flight entertainment options on certain international flights becoming the first Japanese airline to introduce these services.

As a result of the effect of the strong yen on foreign-currency denominated revenues, operating revenues from international passenger flights were 516.7 billion yen, an increase of 1.0 billion yen (0.2% up from the prior fiscal year).

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

International Passenger Services	FY2016	FY2015	Difference	% Comparison
Revenues (billion yen)	516.7	515.6	+1.0	+0.2
Number of passengers (thousand)	9,119	8,167	+951	+11.6
Available seat km (million)	60,148	54,710	+5,437	+9.9
Revenue passenger km (million)	45,602	40,635	+4,967	+12.2
Passenger load factor (%)	75.8	74.3	+1.5	-

3. Cargo services

- In the domestic cargo business, ANA worked to boost revenue by improving unit price and measures such as the establishment of additional flights on the Okinawa-Haneda route. However, cargo volumes and revenues both decreased compared to the previous fiscal year owing to relatively poor overall demand for cargo services and other factors such as the decline in the volume of fresh products handled on flights departing Hokkaido due to bad weather.
- In the international cargo business, revenue in the first half of the fiscal year was affected by the appreciation of the yen and the decrease in revenue from fares with attached fuel surcharges as a result of the fall in the price of jet fuel. But in the second half of the fiscal year unit price improved and ANA succeeded in capturing demand on flights departing Japan for China and other Asian destinations as well as flights departing China for North America. ANA's dedicated cargo freighters succeeded in capturing robust demand for services linking three countries in the second half of the fiscal year and ANA worked to strengthen profitability by increasing revenue from additional extraordinary and charter flights.

As a result, operating revenues from the domestic cargo flights were 30.8 billion yen, a decrease of 0.8 billion yen (2.8% down on the prior fiscal year) and operating revenues from international passenger flights were 93.3 billion yen, a decrease of 20.0 billion yen (17.7% down on the prior fiscal year).

(Except for % comparison, figures are rounded down)

Cargo Services		FY2016	FY2015	Difference	% Comparison
Domestic	Revenues (billion yen)	30.8	31.7	-0.8	-2.8
	Freight carried (thousand tons)	451	466	-15	-3.4
	Ton km (million)	459	472	-12	-2.7
International	Revenues (billion yen)	93.3	113.3	-20.0	-17.7
	Freight carried (thousand tons)	954	810	+143	+17.7
	Ton km (million)	4,150	3,532	+617	+17.5

4. Others

- Other revenues in ANA HD's aviation business, which consists of ANA's mileage club, Vanilla Air, in-flight sales, and maintenance and other services carried out under contract, were 208.7 billion yen, (an increase over the prior fiscal year of 6.2%).
- Vanilla Air increased its fleet by four aircraft to a total of 12, and began operating new international routes including Kansai - Taipei from April, Taipei - Ho Chi Minh City and Okinawa - Taipei from September, and Narita - Cebu from December. On domestic routes, Vanilla Air began operating Narita - Hakodate as well as Narita - Kansai flights in February 2017, while also establishing new routes of Kansai - Hakodate and Kansai - Amami Oshima flights from March 2017. In addition, from November, it became possible to use the Vanilla Air website to reserve all legs of flights involving transfers to Scoot, a fellow member of the Value Alliance, the world's first ever low-cost carrier alliance. During the period, Vanilla carried 2.129 million passengers (up 25.9% on the previous fiscal year) with an occupancy rate of 85.8% (an increase of 0.6 as a percentage points from the prior fiscal year).

Airline Related, Travel Services, Trade and Retail and Others

- In airline-related businesses, an increase in contracts received for transport services at Haneda and Kansai airports led to operating revenues for the period of 264.4 billion yen (up 14.0% from the previous year), and operating revenue of 8.3 billion yen (compared with an operating loss of 4.2 billion yen the previous year).
- In the travel business, operating revenues decreased below the prior year for both domestic travel and international travel due respectively to low growth in customers booking with ANA Sky Holiday, ANA's mainstay domestic tour product, and a decline in the number of bookings to Europe handled by ANA Hello Tour, ANA's mainstay overseas tour product, as a result of the continued impact of terrorism. As for tours to Japan, volumes were lower than the previous year due to the intensified competition. As a result of these factors, sales for the period were 160.6 billion yen (down 4.0% on the prior year), and operating revenue was 3.7 billion yen (down 12.8% on the prior year).
- In Commerce, a decrease in sales from Retail and Foods reduced sales volume for the period to 136.7 billion yen (down 2.5% from the prior period) while operating revenues fell to 4.3 billion yen (down 17.5 % on the prior period).
- In other businesses, a strong performance from real-estate related business resulted in sales volume for the period of 34.7 billion yen (up 3.0% from the prior period) and sales profit of 1.3 billion yen (down 17.5% from the prior period).

Outlook for FY2017 (April 2017 – March 2018)

- Although the outlook is affected by factors such as downside economic risks including slowdowns in overseas economies and geopolitical risks such as terrorism in Europe and the Middle East, the Japanese economy is expected to continue to recover gradually due to factors including ongoing improvements in the employment and income environment as well as the effect of various government policies.
- In the full-service carrier business, which is the mainstay of the group's profitability, ANA HD has worked to maintain profits on domestic routes through stronger efforts to ensure a good supply-demand balance while expanding and improving its international network through the further development of the dual-hub model for the Tokyo metropolitan region, at the same time as working to improve the group's brand recognition overseas and bolster its sales capability.
- In the Cargo Business, ANA HD has worked to maintain and improve profitability and in the Low Cost Carrier sector, it has incorporated Peach as a consolidated subsidiary. It is also committed to improving profitability from non-air businesses.

Based on the above, the projected consolidated business performance for the year ending March 2018 is as shown below. The expected dividend payment is 6 yen per share.

Consolidated Financial Forecast

unit: billion yen (rounded down)

	Forecast for FY2017	FY2016	Difference
Operating revenues	1,910.0	1,765.2	+144.7
Operating income	150.0	145.5	+4.4
Ordinary income	140.0	140.3	-0.3
Net income attributable to owners of ANA HD	125.0	98.8	+26.1

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About ANA HOLDINGS INC.

ANAHD is an aviation group with global operations and a total of 63 consolidated subsidiaries and 17 equity method affiliates. It is divided into passengers and cargo services segments as well as airline related business such as Catering and IT Services. ANAHD was 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 260 aircraft flying to over 90 destinations and carrying about 50 million passengers per year. ANA is the largest airline in Japan by revenues and passenger numbers. ANA is a member of Star Alliance. Management vision of ANAHD is "It is our goal to be the world's leading airline group in customer satisfaction and value creation."