

ANA HOLDINGS Financial Results for the Three Months ended June 30, 2017

TOKYO, August 2, 2017 – ANA HOLDINGS (hereinafter “ANA HD”) today reports its financial results for the three months ended June 30, 2017.

Overview

- ANA HD has delivered a strong profit performance during the first quarter, with operating revenues up 11.7% to 451.7 billion yen, operating income up 80.0% to 25.4 billion yen and ordinary income up 132.5% to 24.7 billion yen compared to the same quarter last year thanks in particular to increased revenues in air transportation business.
- Operating revenues in the air transportation business up thanks to robust demand and strong performance on international passenger and cargo services, and additional revenues from Peach Aviation Limited.
- Net profit attributable to shareholders at 51.0 billion yen as a result of extraordinary income from the inclusion of Peach Aviation Limited as a consolidated subsidiary from this fiscal year.
- ANA Group awarded ‘World’s Best Airport Services’ award for the sixth time and ‘Best Airline Staff in Asia’ for the fourth time at the SKYTRAX 2017 World Airline Awards.

Consolidated Financial Performance

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

	1Q/FY2017	1Q/FY2016	Difference	% Comparison
Operating revenues	451.7	404.4	+47.2	+11.7
Operating expenses	426.2	390.2	+35.9	+9.2
Operating income	25.4	14.1	+11.3	+80.0
Non-operating expenses	-0.6	-3.4	+2.8	---
Ordinary income	24.7	10.6	+14.1	+132.5
Special gain	35.5	0.1	+35.4	---
Net income attributable to owners of the parent	51.0	6.6	+44.4	+668.4

Performance by Business Segment

Unit: billion yen (rounded down)

	1Q/FY2017		1Q/FY2016		Difference	
	Revenues	Operating income	Revenues	Operating income	Revenues	Operating income
Air Transportation	396.8	23.1	350.8	12.6	+45.9	+10.5
Airline Related	65.8	4.2	61.3	2.4	+4.4	+1.7
Travel Services	36.3	0.6	34.1	0.6	+2.1	+0.0
Trade and Retail	33.5	0.9	34.4	1.0	-0.8	-0.0
Others	8.8	0.5	8.3	0.4	+0.4	+0.1

Air Transportation

1. Domestic Passenger Services

- Domestic passenger numbers and revenues were up compared with the same period a year ago thanks to steady business demand and sales during the Golden Week Holidays. ANA captured this demand through the establishment of various discount fares to match customer trends.
- ANA further expanded its domestic route network by opening a new Nagoya (Chubu)-Miyako route in June. Furthermore, the *Dynamic Fleet Assignment Model*, enabling precise allocation of aircraft in line with demand, was expanded, allowing for improved matching of supply and demand.
- On the marketing front, ANA held regular *Tabiwari Time Sales* for a variety of travel situations to further stimulate demand.

As a result, revenues from domestic passenger services increased by 4.0 billion yen (a 2.7% year-on-year increase).

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

Domestic Passenger Services	1Q/FY2017	1Q/FY2016	Difference	% Comparison
Revenues (billion yen)	154.6	150.5	+4.0	+2.7
Number of passengers (thousand)	10,353	9,789	+563	+ 5.8
Available seat km (million)	14,410	14,393	+16	+0.1
Revenue passenger km (million)	9,296	8,792	+503	+ 5.7
Passenger load factor (%)	64.5	61.1	+3.4	---

2. International Passenger Services

- International passenger numbers and revenues increased compared with the same quarter last year thanks to strong demand for Business class seats from Japan, recovery of outbound leisure travel to Europe, which was previously impacted by terrorist attacks, and robust travel demand to Japan.
- In terms of the route network, following the introduction of the Tokyo (Haneda)-Honolulu route, ANA introduced *ANA Business Staggered* full flat seats and *Premium Economy* on Tokyo (Narita)-Honolulu route to improve products and services and capture burgeoning demand.
- On the marketing front, ANA introduced various discount fares during the Golden Week Holidays to further stimulate leisure travel demand.
- ANA fully renewed the wine and champagne menu offered to First class and Business class passengers in June, and ANA's *Chef Service* was offered every day in the International ANA LOUNGE at Haneda Airport.

As a result, revenues from international passenger services increased by 16.1 billion yen (a 13.1% year-on-year increase).

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

International Passenger Services	1Q/FY2017	1Q/FY2016	Difference	% Comparison
Revenues (billion yen)	139.4	123.3	+16.1	+13.1
Number of passengers (thousand)	2,246	2,131	+115	+5.4
Available seat km (million)	15,759	14,612	+1,146	+7.8
Revenue passenger km (million)	11,608	10,663	+945	+8.9
Passenger load factor (%)	73.7	73.0	+0.7	---

3. Cargo Services

- In the domestic cargo business, revenues increased year-on-year thanks to improvements in the unit price and the steady performance of home-delivery cargo and cargo connecting with international routes. However, cargo volume decreased owing to factors such as the reduction in perishable cargo handled out of Hokkaido.
- In the international cargo business, revenues were up 31.3% on the same quarter a year ago thanks to the strong performance of cargo from Japan to overseas destinations as a result of robust demand centered on automobile parts bound for North America and Europe. Cargo from overseas also saw strong growth in volume and revenues as ANA captured demand for transportation of cargo from China and other parts of Asia to Japan, and trilateral cargo from China to North America via Japan.

As a result, revenue from domestic cargo services increased slightly (a 0.9% year-on-year increase) and revenue from international cargo services increased by 6.4billion yen (a 31.3% year-on-year increase).

(Except for % comparison, figures are rounded down)

Cargo Services		1Q/FY2017	1Q/FY2016	Difference	% Comparison
Domestic	Revenues (billion yen)	7.2	7.1	+0.0	+0.9
	Freight carried (thousand tons)	101	103	-2.0	-1.9
	Ton km (million)	104	105	-0.0	-0.6
International	Revenues (billion yen)	26.8	20.4	+6.4	+31.3
	Freight carried (thousand tons)	243	221	+22.0	+10.2
	Ton km (million)	1,098	980	+117	+12.0

4. Others

- Other revenue in the air transportation business was 66.4 billion yen (a 40.7% year-on-year increase). Revenue in “Others in Air Transportation” is derived mainly from the mileage program, Vanilla Air Inc., Peach Aviation Limited, in-flight sales, and maintenance service contracts.
- Vanilla Air Inc. made efforts to improve profitability by matching supply and demand, capturing high demand during the Golden Week Holidays by increasing the number of flights on the Tokyo (Narita)-Sapporo route, while decreasing the number of flights during periods of low demand. During this quarter, passenger numbers were up 45.9% to 651,000, available seat-kilometers up 34.0% to 1.221 billion, revenue passenger-kilometers up 36.7% to 1.035 billion and the passenger load factor was up 1.7% to 84.8% compared with the same quarter a year ago.
- Peach Aviation Limited increased the number of flights on its Osaka (Kansai)-Shanghai (Pudong) route from June. New aircraft delivery brought the size of its fleet to 19 aircraft. In the three months ended June 30, 2017, the number of passengers was 1.186 million, there were 1.611 billion available seat-kilometers, 1.382 billion revenue passenger-kilometers and a passenger load factor of 85.8%.

Airline Related, Travel Services, Trade and Retail and Others

- In Airline Related businesses, operating revenues for the first quarter were 65.8 billion yen (a 7.3% year-on-year increase) and operating income was 4.2 billion yen (a 72.8% year-on-year increase) thanks to an increase in contracts for ground handling services including passenger check-in and baggage handling at Haneda and Kansai airports, and an increase in contracts for in-flight meals from foreign airlines.
- In Travel Services, operating revenues for the first quarter were 36.3 billion yen (a 6.4% year-on-year increase) and operating income was 0.6 billion yen (a 13.1% year-on-year increase). In domestic travel services, operating revenues increased over the same period a year ago as ANA promptly captured demand through strengthening of sales promotions for the dynamic package product *Tabisaku*, a recovery in turnover for *ANA Sky Holidays* that had been reduced during the previous fiscal year following the Kumamoto earthquakes, and steady turnover on tours to Kanto (eastern part of Japan including Tokyo metropolitan area) and Okinawa regions. In overseas travel, although turnover of *ANA Hallo Tours* bound for Europe and Asia decreased, turnover was strong for Hawaii where a focused effort was made to strengthen sales, resulting in an increase in operating revenues over the same period a year ago. Travel to Japan also saw a decrease in operating revenues compared with the same period a year ago due to increasingly fierce competition in Taiwan.
- In Trade and Retail, operating revenues for the first quarter were 33.5 billion yen (a 2.6% year-on-year decrease) and operating income was 0.9 billion yen (a 8.2% year-on-year decrease). In the retail business, operating revenues of the *ANA DUTY-FREE SHOP* and the *ANA FESTA* (airport merchandise stores) increased over the same period a year ago. Meanwhile, in the food business, while there was an increase in the turnover of processed foods, the turnover of a mainstay product decreased due to intensifying competition in the market, resulting in operating revenues decreasing from the same period a year ago.
- In others, operating revenues for the first quarter were 8.8 billion yen (a 5.3% year-on-year increase) and operating income was 0.5 billion yen (a 33.9% year-on-year increase) due to strong performance in the building and facility maintenance and management business and the airline security business.

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

	1Q/FY2017	FY2016	Difference
Total assets(billion yen)	2,410.5	2,314.4	+96.1
Shareholder's equity(billion yen)*1	954.5	919.1	+35.3
Equity ratio	39.6	39.7	-0.1
Interest-bearing debt(billion yen)*2	749.3	729.8	+19.4
D/E ratio	0.8	0.8	-0.0

*1: For shareholder's equity, assets of non-controlling interests are deducted from total assets

*2: Interest-bearing debt doesn't include off-balanced lease obligation

Consolidated Statement of Cash Flow

unit: billion yen (rounded down)

	1Q/FY2017	1Q/FY2016
Cash flows from operating activities	95.6	39.5
Cash flows from investing activities	-120.4	-38.8
Cash flows from financing activities	-7.2	19.4
Cash flows and cash equivalents at the end of the period	276.6	285.1
Depreciation and amortization	36.6	34.0

Outlook for the FY2017 (April 2017 - March 2018)

- Although the outlook is affected by risks such as a downturn in the economy, slowdowns in some overseas economies and terrorism and conflict in Europe and the Middle East, the economic outlook suggests a continued, gradual recovery in the Japanese economy due to improvements in the employment and income environment and the effect of various government policies.
- Under these circumstances, ANA HD is committed to establishing a position as one of the world's Leading Airline Groups through the thorough implementation of the FY2016-2020 ANA Group Mid-Term Management Plan (2017 Rolling Strategy), which was formulated in April 2017, and which requires ANA to commit to further improvements in service quality and work to improve the airline's global profile while also developing a robust business structure through thorough cost management at the same time as engaging in rapid, timely management decision-making.
- In the full-service carrier business, which is the mainstay of the group's profitability, ANA 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 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 has worked to maintain and improve profitability. Also, ANA HD has committed to improving profitability from non-air businesses and by inclusion of Peach Aviation Limited as a consolidated subsidiary, and it aims to establish the optimum portfolio in order to have resilience to volatility.

Taking the above factors into consideration, there is no change to the consolidated business outlook for the FY2017 as originally announced on April 28.

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 the parent	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 64 consolidated subsidiaries and 16 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 and Peach Aviation; LCCs. 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 254 aircraft flying to 87 destinations and carrying about 52 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."