

ANA HOLDINGS Financial Results for the Nine Months Ended December 31, 2017

TOKYO, February 1, 2018 – ANA HOLDINGS (hereinafter “ANA HD”) today reports its financial results for the nine months ended December 31, 2017.

Overview

- During the third quarter, the Japanese economy continued to show a steady recovery, with consumer spending and corporate profits increasing and further improvements of the employment environment.
- Within this context, ANA HD delivered record results, with operating revenue up 11.9% to 1,490.8 billion yen, operating income up 27.4% to 165.9 billion yen, ordinary income up 31.9% to 163.8 billion yen, and net income attributable to shareholders up 76.7% to 152.9 billion yen.
- This performance was principally driven by increased operating revenue from the aviation business as well as extraordinary profit and other gains resulting from of the acquisition of Peach Aviation as a consolidated subsidiary during the period.
- International cargo service performed strongly, particularly as a result of automotive component and electronic device shipments to North America and Europe. New contracts for cargo delivered from China to North America via Japan also boosted results.

Consolidated Financial Performance

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

	1-3Q/FY2017	1-3Q/FY2016	Difference	% Comparison
Operating revenue	1,490.8	1,331.7	+159.0	+11.9
Operating expenses	1,324.8	1,201.5	+123.3	+10.3
Operating income	165.9	130.2	+35.7	+27.4
Non-operating expenses	-2.0	-5.9	+3.9	---
Ordinary income	163.8	124.2	+39.6	+31.9
Special gain	43.9	2.0	+41.8	+2,071.0
Net income attributable to owners of the Parent	152.9	86.5	+66.3	+76.7

Performance by Business Segment

Unit: billion yen (rounded down)

	1-3Q/FY2017		1-3Q/FY2016		Difference	
	Revenue	Operating income	Revenue	Operating income	Revenue	Operating income
Air Transportation	1,308.1	155.4	1,157.6	121.6	+150.5	+33.7
Airline Related	211.5	11.4	192.5	9.0	+19.0	+2.3
Travel Service	121.9	3.6	122.0	3.2	-0.1	+0.4
Trade and Retail	106.5	3.6	103.3	3.8	+3.2	-0.2
Others	28.1	2.3	25.1	1.1	+2.9	+1.2

- ANA HD became the first Japanese company in the airline sector to be chosen as a constituent of the Dow Jones Sustainability World Index, one of the world's leading indicator of socially responsible investments.
- ANA Group also became the first company in the air transportation segment to receive the Japanese Prime Minister's Award for Contributors Promoting the Design of Barrier-Free, Universal Services. ANA HD continues to develop and introduce new technology and innovative ideas to create an environment in which all passengers can fly in security and comfort.

Air Transportation

1. Domestic Passenger Service

- Both number of passengers and revenue exceeded year on year figures due to the introduction of discount fares to capture to the growing demand, as well as continued robust demand for business travel.
- ANA has worked to capture demand by optimizing its route network. This includes the establishment of a new route between Chubu and Miyako, which has been operating since June 2017, and the introduction of further flights between Haneda and Hiroshima from October 2017, taking advantage of the extended operating hours at Hiroshima Airport.
- In Sales, ANA used successful marketing initiatives to boost demand, including *Tabiwari Time Sale* discount tickets for leisure travel.
- As a result, revenue from domestic passenger service increased by 12.5 billion yen (a 2.4% year-on-year increase).

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

Domestic Passenger Service	1-3Q/FY2017	1-3Q/FY2016	Difference	% Comparison
Revenue (billion yen)	532.6	520.1	+12.5	+2.4
Number of passengers (thousand)	33,799	32,645	+1,153	+3.5
Available seat km (million)	44,481	44,958	-477	-1.1
Revenue passenger km (million)	30,752	29,566	+1,185	+4.0
Passenger load factor (%)	69.1	65.8	+3.4	---

2. International Passenger Service

- Both passenger numbers and operating income increased year on year. This was due to extremely strong demand for inbound travel to Japan, strong demand from business travelers departing from Japan, combined with the expansion of ANA's international route network.
- ANA introduced an additional daily flight on the Haneda-Jakarta route, in August 2017, and another on the Haneda-Los Angeles route, in October 2017. Both flights were a response to strong demand for business travel on flights departing from airports in the Tokyo Metropolitan region.
- ANA also captured strong demand from local Japanese airports and Asian continents to North America connecting through Haneda Airport.
- ANA offered new fares for long-stay visitors to Malaysia, a market expected to grow in the near future.
- From December 2017, ANA introduced new Premium Economy and Economy Class meals on flights departing from Japan selected through a passenger voting.

- As a result, revenue from international passenger service increased by 59 billion yen (a 15.2% year-on-year increase).

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

International Passenger Service	1-3Q/FY2017	1-3Q/FY2016	Difference	% Comparison
Revenue (billion yen)	447.4	388.4	+59.0	+15.2
Number of passengers (thousand)	7,238	6,751	+487	+7.2
Available seat km (million)	48,194	44,751	+3,443	+7.7
Revenue passenger km (million)	36,684	33,825	+2,859	+8.5
Passenger load factor (%)	76.1	75.6	+0.5	---

3. Cargo Service

- In domestic cargo service, volumes declined year on year. Despite declined volumes, action to improve unit prices resulted in a year-on-year improvement in operating revenue.
- In international cargo service, flights departing from Japan to North American and European destinations performed strongly due to very high demand, particularly for automotive component and electronic device shipments.
Point of Sales overseas recorded year-on-year increase in cargo volume and operating revenue due to strong demand from Asia/China to Japan and North America.
- In addition, in an effort to expand and improve the group's pharmaceutical logistics service, an area where demand is expected to increase going forward, ANA became the first airline in Japan to be awarded the IATA CEIV (Center of Excellence for Independent Validators) Pharma Certification, a globally recognized pharmaceutical product handling accreditation.
- As a result, revenue from domestic cargo service increased slightly (a 0.1% year-on-year increase) and revenue from International cargo service increased by 20.5 billion yen (a 30.5% year-on-year increase).

(Except for % comparison, figures are rounded down)

Cargo Service		1-3Q/FY2017	1-3Q/FY2016	Difference	% Comparison
Domestic	Revenue (billion yen)	23.6	23.6	+0.0	+0.1
	Freight carried (thousand tons)	338	347	-9	-2.6
	Ton km (million)	347	353	-5	-1.7
International	Revenue (billion yen)	88.1	67.5	+20.5	+30.5
	Freight carried (thousand tons)	763	715	+48	+6.7
	Ton km (million)	3,403	3,101	+302	+9.7

4. Others

- Other revenue in the Air Transportation business was 209.2 billion yen (a 37.9% year-on-year increase). This revenue was derived mainly from the two LCCs (Vanilla Air and Peach Aviation), ANA Mileage Program, in-flight sales, and maintenance service contracts.
- Vanilla Air Inc. made efforts to improve profitability by capturing the strong demand for inbound travel to Japan, mainly on routes from Taiwan, as well as introducing early purchase discounted fares.

- Compared to the same quarter of the prior year, passenger numbers were up 31.8% to approximately 2.1 million, available seat-kilometers up 23% to 3,746 million, revenue passenger-kilometers up 23.2% to 3,205 million, and passenger load factor up to 85.6% during the quarter.
- Peach Aviation Limited expanded its network by adding Sendai-Sapporo and Sendai-Taipei routes from September 2017, transforming Sendai into a new base of operations. New flights were also added between Sapporo-Fukuoka and Sapporo-Taipei. During the quarter, Peach Aviation carried approximately 3.8 million passengers. There were 5,073 million available seat-kilometers, 4,388 million revenue passenger-kilometers, and a passenger load factor of 86.5%.

Airline Related, Travel Service, Trade and Retail and Others

- In Airline Related businesses, operating revenue resulted in 211.5 billion yen (a 9.9% year-on-year increase) and operating income was 11.4 billion yen (a 26.3% year-on-year increase) due to factors including an increase in contracts for ground handling service (including passenger check-in and baggage handling) at Haneda and OSAKA/Kansai Airports.
- In domestic travel service, although demand was promptly captured through the strengthening of sales promotions, improvements to the dynamic package product *Tabisaku*. Tours to Kanto (the eastern part of Japan including the Tokyo metropolitan area), Hokkaido and Okinawa, ANA's most popular domestic tour destinations, did not grow as expected, resulting in less operating revenue year on year.
- In international travel service, operating revenue increased year on year, as *ANA Hallo Tours* achieved strong turnover not only from Hawaii tours, where a focused effort was made to strengthen sales, but also on tours to other destinations such as North America.
- Despite strong sales, inbound travel service to Japan saw a year-on-year decline in operating revenue due to the impact of increasingly stiff competition.
- In Trade and Retail, operating revenue resulted in 106.5 billion yen (a 3.1% year-on-year increase) and operating income was 3.6 billion yen (a 5.8% year-on-year decrease). In the retail business, operating revenue from the ANA DUTY-FREE SHOP (airport duty-free stores) and ANA FESTA (airport merchandise stores) increased year on year due to an increase in the number of passengers on international routes, and expansion and improvement of the stores' product lines in order to match the changing preferences of passengers visiting Japan. However, in the food business, revenue fell below the same period of the prior year due to factors including the effect of more intense market competition.
- Operating revenue resulted in 28.1 billion yen (an 11.8% year-on-year increase) and operating income was 2.3 billion yen (a 110.7% year-on-year increase) due to strong performances 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)

	FY2017 As of December 31, 2017	FY2016 As of March 31, 2017	Difference
Total assets(billion yen)	2,534.5	2,314.4	+220.1
Debt(billion yen)	1,490.1	1,390.2	+99.8
Net assets(billion yen)	1,044.4	924.1	+120.2
Shareholder's equity(billion yen)*1	1,032.4	919.1	+113.3
Equity ratio	40.7	39.7	+1.0
Interest-bearing debt(billion yen)*2	819.3	729.8	+89.4
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)

	1-3Q/FY2017	1-3Q/FY2016
Cash flows from operating activities	260.8	171.3
Cash flows from investing activities	-285.9	-172.5
Cash flows from financing activities	11.4	3.1
Cash flows and cash equivalents at the end of the period	296.3	266.4
Depreciation and amortization	111.8	103.9

Outlook for the FY2017 (April 2017 - March 2018)

- Taking the above factors into consideration, the consolidated financial forecast for FY2017 originally announced on November 1, 2017, will not be adjusted.

Consolidated Financial Forecast

Unit: billion yen (rounded down)

	Latest Forecast for FY2017	FY2016	Difference
Operating revenue	1,925.0	1,765.2	+159.7
Operating income	160.0	145.5	+14.4
Ordinary income	150.0	140.3	+9.6
Net income attributable to owners of the Parent	132.0	98.8	+33.1

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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 service segments as well as airline related business such as Catering and IT Service. 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 258 aircraft flying to 87 destinations and carrying about 52 million passengers per year. ANA is the largest airline in Japan by revenue 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."