ANA HOLDINGS INC. (9202)
Consolidated Financial Results
For the year ended March 31, 2018

ANA HOLDINGS reports Consolidated Financial Results for the Year Ended March 31, 2018

1. Consolidated Financial Highlights for the year ended March 31, 2018

(1) Consolidated financial and operating results (%: year-on-year)

	Operating revenues		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Yen (Millions)	%	Yen (Millions)	%	Yen (Millions)	%	Yen (Millions)	%
FY2017 ended Mar.31, 2018	1,971,799	11.7	164,516	13.0	160,636	14.4	143,887	45.6
FY2016 ended Mar.31, 2017	1,765,259	(1.4)	145,539	6.7	140,375	7.4	98,827	26.4

*Comprehensive income for the period Apr.1 – Mar.31, 2018 ¥162,495 million (11.6%)
for the period Apr.1 – Mar.31, 2017 ¥145,608 million (2,917.2%)

	Net income per share	Return on equity	Ratio of ordinary profit to total assets	Operating income margin ratio
	Yen	%	%	%
FY2017 ended Mar.31, 2018	417.82	15.1	6.6	8.3
FY2016 ended Mar.31, 2017	282.35	11.6	6.2	8.2

(Reference) Equity in net income of affiliates for the year ended Mar.31, 2018 ¥1,485 million
for the year ended Mar.31, 2017 ¥3,610 million

*See Note 1 below.

(2) Consolidated financial positions

	Total assets	Net assets	Shareholder's equity ratio	Net assets per share
	Yen (Millions)	Yen (Millions)	%	Yen
As of Mar. 31, 2018	2,562,462	1,000,552	38.6	2,954.47
As of Mar. 31, 2017	2,314,410	924,175	39.7	2,624.44

(Reference) Shareholders' equity as of Mar. 31, 2018 ¥988,661 million
as of Mar. 31, 2017 ¥919,157 million

*See Note 1 below.

(3) Consolidated cash flows Yen (Millions)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of year
FY2017 ended Mar.31, 2018	316,014	(324,494)	(29,989)	270,509
FY2016 ended Mar.31, 2017	237,084	(194,651)	3,349	309,058

2. Dividends

Yen

Dividends per share	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of fiscal year	Full fiscal year
FY2016	-	-	-	6.00	6.00
FY2017	-	-	-	60.00	60.00
FY2018 (Forecast)	-	-	-	70.00	70.00

	Total dividends Yen (Millions)	Payout ratio (Consolidated)(%)	Dividend on equity (Consolidated)(%)
FY2016	21,021	21.3	2.3
FY2017	20,084	14.4	2.1
FY2018 (Forecast)	-	23.0	-

Note:

* In FY2016 total amount of dividends does not include the dividends paid to the trust account of the ANA Group Employee Stock Ownership Trust and affiliates of ¥45 million.

* In FY2017 total amount of dividends does not include the dividends paid to the trust account of the affiliates of ¥7 million.

*See Note 1 below.

3. Consolidated Operating Results Forecast for the Fiscal Year ending March 31, 2018

(%: year-on-year)

	Operating revenues		Operating income (loss)		Ordinary income (loss)		Net income attributable to owners of the parent		Net income per share
	Yen (Millions)	%	Yen (Millions)	%	Yen (Millions)	%	Yen (Millions)	%	Yen
Entire FY2018	2,040,000	3.4	165,000	0.3	158,000	(2.1)	102,000	(29.2)	304.81

*Forecast for the six months ending September 30, 2018 is not made.

4. Other

(1) Changes of significant subsidiaries during the year (changes of specific subsidiaries in accordance with changes in the scope of consolidation): None

	Consolidated	Equity method
Newly added	-	-
Excluded	-	-

(2) Changes in accounting policies, accounting estimates and restatement of corrections

(i) Changes caused by revision of accounting standards: None
(ii) Changes other than (i): None
(iii) Changes in accounting estimates: None
(iv) Restatement and corrections: None

*For details, please see page 28 "Notes to Consolidated Financial Statements 3) Changes in accounting policies".

(3) Number of issued shares (Common stock)

Number of Shares

	FY2017		FY2016	
Number of shares issued (including treasury stock)	As of Mar.31	348,498,361	As of Mar.31	351,642,525
Number of treasury stock	As of Mar.31	13,866,101	As of Mar.31	1,412,231
Average number of shares outstanding during the year	Apr.1-Mar.31	344,372,763	Apr.1-Mar.31	350,020,593

*See Note 1 below.

*For the number of common stocks used as basis for calculating consolidated net income per share, see page 32 “6) Per share information”.

(Reference) Summary of non-consolidated financial results

(1) Non-consolidated financial results Yen (Millions)

	Operating revenues		Operating income (loss)		Ordinary income (loss)		Net income	
	Yen (Millions)	%	Yen (Millions)	%	Yen (Millions)	%	Yen (Millions)	%
FY2017 ended Mar.31, 2018	267,763	9.9	112,101	17.9	108,406	24.1	89,226	37.1
FY2016 ended Mar.31, 2017	243,561	16.7	95,033	52.3	87,346	75.8	65,086	192.4

	Net income per share
	Yen
FY2017 ended Mar.31, 2018	259.00
FY2016 ended Mar.31, 2017	185.88

*See Note 1 below.

(2) Consolidated financial positions

	Total assets	Total net assets	Equity ratio	Net assets per Share
	Yen (Millions)	Yen (Millions)	%	Yen
As of Mar. 31, 2018	1,887,516	796,541	42.2	2,379.41
As of Mar. 31, 2017	1,765,641	804,014	45.5	2,294.84

(Reference) Shareholders’ equity as of Mar. 31, 2018 ¥ 796,541 million
as of Mar. 31, 2017 ¥ 804,014 million

*See Note 1 below

* This report is not subject to audit procedures

* Explanation for appropriate use of forecasts and other notes

The forward-looking statements such as operational forecasts contained in this statements summary are based on information currently available to ANA HOLDINGS INC., hereinafter “the Company” and certain assumptions which are regarded as legitimate. Actual results may differ from such forward-looking statements for a variety of reasons. Please refer to “1. Summary of Operating Results etc. (1) Analysis of operating results” on page 4 in the Appendix for the assumptions used and other notes.

Note:

1. Since a 10-to-1 share consolidation was conducted effective October 1, 2017, the noted items were calculated based on the assumption that the share consolidation was conducted at the beginning of the previous consolidated fiscal year.

APPENDIX

1. Summary of Operating Results etc.

(1) Analysis of Operating Results

①Overview of the fiscal year ended March 31, 2018

Japan's economy for the fiscal year (April 1, 2017 - March 31, 2018) has continued to experience a gradual recovery, with personal consumption generally picking up in accordance with continued improvements in corporate earnings and the job environment. With continued moderate recovery in domestic and overseas economies, the airline industries have generally seen strong demand due largely to an increase in foreign visitors to Japan.

Under these economic conditions, the ANA Group has implemented “an aggressive speedy management” for making simple and timely decisions on new investments and the creation of innovation and such as responding to customers' diversifying needs focused on efforts to “expand airline business domains” and “create new business and accelerate the growth on existing businesses,” the pillars of the FY2016-2020 ANA Group Corporate Strategy.

As a result of the above, consolidated results for the fiscal year show operating revenues of ¥ 1,971.7 billion (up 11.7% year-on-year) due to an increase in revenues mainly in air transportation, operating income were ¥ 164.5 billion (up 13.0% year-on-year), ordinary income was ¥ 160.6 billion (up 14.4% year-on-year). Net income attributable to owners of the parent was ¥143.8 billion (up 45.6% year-on-year), as a result of reporting extraordinary income due to factors such as the inclusion of Peach Aviation Limited as a consolidated subsidiary from this fiscal year. Operating income, ordinary income, and net income attributable to owners of the Parent all reached record levels for the third consecutive year.

In addition, the Company was included in the “2018 Health & Productivity Stock Selection” for the first time as a company strategically engaged in health management of employees and as a “Nadeshiko Brand” by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange for the third consecutive year for being an excellent enterprise promoting the active participation of woman in the corporate arena.

An overview of the fiscal year under review by segment follows.

(Revenues for each business segment include inter-segment sales, and operating income corresponds to segment income.)

Overview by segment

◎Air Transportation

Underpinned by robust demand, strong performance in international passenger services and international cargo services, and the addition of revenue from Peach Aviation Limited resulted in operating revenues in air transportation operating revenues for the fiscal year were ¥ 1,731.1 billion (up 12.7% year-on-year), operating income was ¥ 156.8 billion (up 12.4 % year-on-year)

For six years running the U.K based Skytrax (an airline service ratings company) has awarded the ANA Group "5 Stars" for customer satisfaction, the highest rating available, and also ANA has received “Airline of the Year 2018” from Air Transport World, ANA has received the award three times, which is more than any other airline in Asia. Furthermore the ANA Group became the first company in the air transportation segment to receive the Prime Minister's Award for Contributors Promoting the Design of Barrier-Free, Universal. The ANA Group will continue to endeavor to improve products and services in the future to provide safer and more comfortable air travel to all customers.

＜Domestic Passenger Services＞

In domestic passenger services, despite the impact of typhoons that occurred in October and the snowfall in the months of January and February, both the number of passengers and revenues increased year-on-year as a result of steady business demand in addition to the offer of various discount fares to match demand trends.

In terms of the route network, efforts were made to capture demand by opening a new Chubu-Miyako route in June, operating late night flights (Galaxy Flights) on the Haneda-Okinawa route for a limited period in summer and increasing the number of flights in the last time zone on the Haneda-Hiroshima route with the extension of the operating hours of Hiroshima Airport that came into effect from the winter timetable.

On the marketing front, the Company regularly held *Tabiwari Time Sales* suited to a variety of travel situations in an effort to stimulate demand. “Tastes of JAPAN by ANA -Explore the regions-” was launched in December to publicize Japan's lesser known charms both at home and abroad in a bid to revitalize regional areas and increase the number of inbound tourists, with the program being broadcast on a special website and on board aircraft.

In terms of services, the Airbus A321neo that commenced operation in September was equipped with touch-panel personal monitors on all seats, offering approximately 60 titles of video content and in October the menus and tableware for Premium Class in-flight meal services were updated and the lunch service hours were expanded. Furthermore, under the direction of Kengo Kuma, ANA SUITE LOUNGE, which is the finest lounge for premium members on domestic routes, and ANA LOUNGE were newly opened in New Chitose Airport in September, In addition, in November efforts were made to improve customer comfort and convenience at New Chitose Airport by renewing products and services from the airport to inside the aircraft; these efforts included changing the layout of the departure counter and introducing the “ANA Baggage Drop” automatic baggage check-in machines to make procedures at the airport easier to understand and to minimize waiting times.

As a result of the above, passenger numbers on domestic services for this fiscal year rose to 44.15 million (up 2.8 % year-on-year), and revenues increased to ¥ 689.7 billion (up 1.7 % year-on-year).

＜International Passenger Services＞

In international passenger services saw year-on-year increases in the number of passengers and revenues thanks to the strong business demand originating in Japan and the capture of robust inbound travel demand that accompanied improvements in the international route network.

In terms of the route network, the number of flights on the Haneda-Jakarta route has been increased to twice a day services since August, as has the number of flights on the Narita-Los Angeles route since October in an effort to capture business demand from the Tokyo Metropolitan Area, as well as demand for connections local airports in Japan or Asia with North America. ANA has changed all aircraft servicing to Haneda/Narita-Honolulu route to the Boeing 787-9, and has begun providing ANA Business Staggered full flat seats and Premium Economy in an effort to improve products and services and capture burgeoning demand.

On the marketing front, efforts were made to capture leisure demand by launching long stay fares for flights to Malaysia and establishing various discount fares for flights to and from Japan. Furthermore, ANA has made an effort to stimulate new demand through methods such as strengthening promotion activities aimed at further stimulating inbound demand to Japan.

In terms of services, the wine and champagne menu offered to first class and business class passengers on international routes was fully renewed from June and the provision of Japanese sake (rice wine) was expanded on all international routes from September in an effort to improve service, in addition, efforts for improvement have been made, such as the initiative that started in December to allow passengers to vote on popular in-flight meals to be provided in Premium Economy and Economy classes on flights departing from Japan. ANA has also begun providing allergen-free in-flight meals for children from March this year to enable children with food allergies to enjoy air travel with a greater sense of safety.

As a result of the above, the number of passengers on international services for the year rose to 9.74 million passengers (up 6.8 % year-on-year), and revenues increased to ¥ 597.4 billion (up 15.6 % year-on-year).

＜Cargo Services＞

In domestic cargo services, although ANA has been capturing steady demand for cargo connecting with international routes and ANA worked to increase revenues by serving temporary cargo flights on the

Okinawa-Haneda route during the period of high demand for flowers from Okinawa, sluggish demand as a whole throughout the fiscal year and the decreasing of volume of home delivery parcel services led to weaker year-on-year performance in both cargo volume and revenues.

As a result of the above, the volume of domestic cargo handled during the year decreased to 436 thousand tons (down 3.2% year-on-year), while revenues decreased to ¥ 30.7 billion (down 0.5 % year-on-year). The volume of domestic mail transported was 34 thousand tons (down 0.8 % year-on-year), while revenues stood at ¥ 3.3 billion (down 0.8 % year-on-year).

In international cargo services, cargo from Japan to overseas destinations performed well backed by robust cargo demand centered on automotive parts and electronics bound for North America and Europe. In cargo from overseas, cargo volume and revenues both increased year-on-year due to cargo from China and other parts of Asia to Japan performing well, and trilateral cargo from China to North America.

As a result of the above, although the volume of international cargo handled in the year increased to 994 thousand tons (up 4.3 % year-on-year), revenues increased to ¥ 118 billion (up 26.5 % year-on-year). The volume of international mail transported was 31 thousand tons (up 10.1 % year-on-year), while revenues stood at ¥ 5.9 billion (up 22.0 % year-on-year).

Furthermore, in an effort to enhance pharmaceutical transportation services, which are expected to see an increase in demand, the ANA Group became the first Japanese airline to receive CEIV Pharma, an international quality certification in pharmaceutical transportation established by the International Air Transport Association (IATA).

＜Others in Air Transportation＞

Others in air transportation business revenue was ¥ 285.9 billion (up 36.9 % year-on-year).

Revenues in “Others in Air Transportation” are derived mainly from the mileage program; Vanilla Air Inc. Peach Aviation Limited (which became a consolidated subsidiary from this fiscal year), in-flight sales, and maintenance service contracts.

Vanilla Air Inc. increased the number of its aircraft by three to operate with 15 aircraft, and established a new Fukuoka-Taipei route in its international routes in March. Vanilla Air Inc. worked to increase revenue by capturing robust inbound demand, primarily from Taiwan routes and efforts were made to increase revenues through measures such as presenting campaign fares according to trends in demand.

As a results of the above, the number of passengers carried by Vanilla Air Inc. was 2,677 thousand (up 25.7% year-on-year), with 4,981,567 thousand available seat-kilometers (up 18.0% year-on-year), 4,260,304 thousand revenue passenger-kilometers (up 17.6% year-on-year) and a passenger load factor of 85.5% (down 0.3 percentage points year-on-year).

Peach Aviation Limited increased the number of its aircraft by two to operate with 20 aircraft, opened new Sendai-Sapporo and Sendai-Fukuoka domestic routes in September, and became the first LCC to fly to the Joshinetsu region, north western part of Japan, with the Kansai-Niigata route in March. On international routes, it expanded its network by opening Sendai-Taipei and Sapporo-Taipei routes.

In the number of passengers carried by Peach Aviation Limited was 5,120 thousand, with 6,851,086 thousand available seat-kilometers, 5,951,775 thousand revenue passenger-kilometers and a passenger load factor of 86.9%.

◎ Airline Related

Operating revenues were ¥ 284.3 billion (up 7.5 % year-on-year) and operating income was ¥ 10.6 billion (up 28.0 % year-on-year) due to an increase in contracts for ground handling services including passenger check-in and baggage handling at Haneda and Kansai airports.

Overseas Courier Service Co., Ltd., which handles international logistics, opened the new Tokyo Sky Gate logistics center in September, utilizing automated facilities to consolidate collection and sorting functions in order to capture expanding demand.

◎ **Travel Services**

In domestic travel services, turnover decreased year-on-year because the last minutes booking was weak for *Tabisaku* although efforts were made to further enhance marketing sales and product and *ANA Sky Holidays* product bound for Kanto and Okinawa region were also weak.

In overseas travel services, turnover in ANA Hallo Tours was strong for Hawaii and North America where a focused effort was made to strengthen sales, resulting in a year-on-year increase in operating revenues. Despite strong sales in China, inbound travel service to Japan saw a year-on-year decline in operating revenues as a result of a decrease in turnover from Taiwan due to the impact of increasingly stiff competition.

As a result of the above, operating revenues for the year from travel services decreased to ¥ 159.2 billion (down 0.8 % year-on-year), and operating income increased to ¥ 3.7 billion (up 0.1 % year-on-year).

◎ **Trade and Retail**

In the food business, the turnover of bananas, which have been a mainstay product, decreased due to intensifying competition in the market, but in the retail business, operating revenues of the ANA DUTY FREE SHOP airport duty free stores and the ANA FESTA airport merchandise stores increased year-on-year due to an increase in passengers on international routes and an improvement in products suited to changes in the preferences of visitors to Japan. Further in the aerospace & electronics business, operating revenues increased year-on-year due to the impact of an increase in the volume of semiconductors.

As a result of the above, operating revenues for the year from trade and retail increased to ¥ 143.0 billion (up 4.6 % year-on-year), and operating income increased to ¥ 4.5 billion (up 2.8 % year-on-year).

◎ **Other**

As a result of solid performance in the real estate business and the airline security business, operating revenues for the year in Other increased to ¥ 38.7 billion (up 11.3 % year-on-year), and operating income increased to ¥ 2.7 billion (up 102.3 % year-on-year).

② **Outlook for the Next Financial Year**

Although there are concerns about a downward swing in overseas economies and foreign trade issues, and terrorism and conflict in Europe and the Middle East, the economic outlook for next financial year is for a continued, gradual recovery due to improvement in the employment and income environment, and the effect of various government policies. Given these circumstances, the Group is promoting the following measures to realize the strategic vision of "Aiming to be the World's Leading Airline Group" in accordance with "FY2018-2022 ANA Group Corporate Strategy" issued in February 2018.

◎ **Air Transportation**

<Domestic Passenger Services>

In domestic passenger services, demand for air transportation is expected to remain steady growth due to the expansion of the virtuous cycle in the Japanese economy despite a decline trend in the country's aggregate population. Under such circumstances, ANA is working to ensure profitability by pursing measures to match capacity with demand by using its diverse fleet lineup.

Improvements are planned for the route network according to passenger demand. ANA is expanding the number of direct flights to Ishigakijima Island and Miyakojima Island from all over Japan such as starting year-round operations of the Chubu-Miyako and Fukuoka-Ishigaki routes in March of this year, and launching the new Fukuoka-Miyako route in June of this year.

In marketing and services, domestic tariffs will be overhauled. ANA aims to present simpler, easy-to-understand fare lineup from October this year, and accept for reservations and purchasing from 355 days prior to the date of departure. In addition, ANA will endeavor to enhance convenience and comfort as a full-service carrier, such as by offering free in-flight WiFi and Internet services from April of this year and proceeding with the introduction of the brand-new Airbus A321neo equipped with seat-back monitors in every seat.

<International Passenger Services>

In international passenger services, ANA plans to improve its profitability even further by placing its main efforts in capturing business travel demand that continues to be strong and also the robust demand for travel to Japan.

In the route network, the Haneda-Bangkok route will be increased to three flights per day, for a total of five flights per day on the Tokyo (Haneda/Narita)-Bangkok route. Using its sufficient Asian route network, ANA will strengthen the capture of business/pleasure demand for arrivals/departures in the Tokyo area. Furthermore, efforts are being made to increase customer convenience and service such as inaugurating as a code share flight with Alitalia to Italy in October, which is being positioned as a key market for the promotion of tourism to Japan, and cooperating in their mileage program.

In marketing and services, Boeing 787-9 aircraft will be introduced to flights on the Narita-Bangkok and Narita-Kuala Lumpur routes from the summer timetable, and improvements in the quality of products and services for Asian destinations are planned by providing Premium Economy service and ANA Business Staggered full-flat seats in business class. Furthermore, in anticipation of the introduction of the Airbus A380 on the Honolulu route in Spring 2019, its proposals and sales promotions will be made for the unprecedented new services that make use of the wide-open space over two floors.

<Cargo Services>

In domestic cargo, overall trends in demand for domestic cargo are sluggish, and available cargo space is decreasing due to the operation of smaller aircraft. Under these circumstances, ANA will work to capture new demand by enhancing basic quality and utilizing its extensive passenger flight route network.

In international cargo, demand originating in Japan, which has performed well since the second half of fiscal 2017, is expected to remain steady due to the increase in demand for automotive parts for meeting environmental regulations as well as demand for various semiconductors related to AI and IoT. In particular, demand for automotive parts bound for North America and Europe originating in Japan is expected to continue. While striving to further yields capacity of the Okinawa Cargo Hub by adjusting its scale to be appropriate for the market, ANA aims to continue to strengthen its revenue base by capturing new cargo with high unit prices, such as large cargo, on North American routes.

<LCC>

Vanilla Air Inc. will work to improve profitability by restructuring its network, in addition to offering fares that are appealing to customers according to their needs.

Peach Aviation Limited plans to expand its Hokkaido routes and make New Chitose Airport into its new hub in FY2018, joining its existing hubs in Kansai International Airport, Naha Airport, and Sendai Airport. Efforts will be made to further enhance earning power by strengthening cooperation network strategy and marketing.

Vanilla Air Inc. and Peach Aviation Limited. will merge by the end of FY2019, and in addition to becoming the driving force in the Japanese LCC market, they will aim to become the “Leading LCC in Asia” in customer satisfaction and market share.

<Fleet Plan>

The Fleet Plan is scheduled to introduce and retire the following aircraft with an expansion of international and LCC operations and initiatives to match capacity and demand on domestic routes through the introduction of smaller aircraft.

Aircraft to be introduced	
Model	No. of Aircraft
Airbus A380	1
Boeing 777-300ER	2
Boeing 787-10	1
Boeing 787-9	2
Airbus A321neo	9
Airbus A320neo	6
Airbus A320-200 (for LCC)	4
Total	25

Aircraft to be retired	
Model	No. of Aircraft
Boeing 777-200	3
Boeing 767-300	6
Airbus A320-200	4
Boeing 737-500	7
Total	20

◎ Airline-related

Foreign airlines are expected to increase flights due to strong inbound demand to Japan, and the aim for airline related operations to contribute to Group revenues through expand contracts to supply passenger and cargo handling services in domestic airports, and supply in-flight meals for these airlines.

◎ Travel Services

In travel services, the usability of online product search and reservation functions will be enhanced by introducing a new reservation and sales system for both domestic and overseas travel services, and efforts will also be made to expand direct marketing that makes use of new functions and enhance the competitiveness of dynamic package products.

In domestic travel services, ANA plans to strengthen purchase, product contents and sales in order to increase market share for the Okinawa area. ANA will endeavor to conduct sales promotions for *Tabisaku* and *ANA Sky Holiday* by capturing reservations even earlier.

In overseas travel services, efforts will be made to expand sales further for high value-added products such as *Tenjoin Doko no Tabi* (tour with travel conductor) in addition to focusing sales on travel to Hawaii, through promotion of the introduction of the Airbus A380 and expansion of the product lineup.

ANA plans to capture the continually-rising demand for inbound travel to Japan by expanding cooperation between its booking system for travelers to Japan that became operational last year and the booking systems of overseas travel agents.

◎ Trade and Retail

In trade and retail, ANA will take steps to profits earnings through creating and expanding businesses in the global market, as well as strengthening existing businesses and creating new businesses for sustainable growth by selecting and focusing on areas that are clearly defined as being expected to grow in the future. In retail, ANA has opened a duty-free shop for arrival passengers in the Kansai International Airport in order to boost revenues from airport duty-free shops. In addition to continuing sales of one of our mainstays in food, bananas bound for Asia and the Middle East, efforts will be made to strengthen the semiconductor business for China in aircraft and electrical components.

◎ Other

Through structural reforms and expansion of external trading in existing businesses, the ANA will demonstrate its comprehensive strength of the Group as a whole and contribute to profit growth of the entire Group.

At present, the forecast for consolidated results for the fiscal year ending March 31, 2019 is as follows: operating revenues ¥2,040 billion (up 3.5% year-on-year); operating income ¥165 billion (up 0.3% year-on-year); ordinary income ¥158 billion (down 1.6% year-on-year); and net income attributable to owners of the parent was ¥102 billion (down 29.1% year-on-year).

These calculations were made based on the assumptions that the exchange rate is ¥110 to one US dollar, and indices for fuel costs as follows; the market price for crude oil on the Dubai market is US$62 per barrel, while Singapore kerosene costs are US$75 per barrel.

Consolidated Earnings Forecast

Yen (Billions)

Category	FY2017 ended Mar.31, 2018	FY2018 ending Mar.31, 2019 (Estimate)
Operating revenues	1,971.7	2,040.0
Operating expenses	1,807.2	1,875.0
Operating income	164.5	165.0
Ordinary income	160.6	158.0
Net income attributable to owners of the parent	143.8	102.0

Consolidated Capital Expenditure Plan

Yen (Billions)

Category	FY2018 ending Mar.31, 2019 (Estimate)
Aircraft	273.5
System	46.5
Other	83.0
Total	403.0

Consolidated Interest Bearing Debts

Yen (Billions)

Category	FY2017 ended Mar.31, 2018	FY2018 ending Mar.31, 2019 (Estimate)
Interest bearing debts	798.3	772.9
Remaining rental payments under Operating leases	288.4	237.3

(2) Analysis of the Financial Position

① Consolidated Balance Sheet

Assets: Due to increase in property and equipment by acquisition of aircraft, and goodwill generated as a result of consolidating Peach Aviation Limited as subsidiary, total assets increased by ¥248.0 billion compared to the balance as of the end of FY2016, to ¥2,562.4 billion.

Liabilities: Despite repayment of debt, due to issuance of bonds, total liabilities increased by ¥171.6 billion compared to the balance as of the end of FY2016, to ¥1,561.9 billion. Interest-bearing debt increased by ¥68.5 billion compared to the balance as of the end of FY2016, to ¥798.3 billion.

Net assets: Despite payment of dividends and acquisition of treasury stock, due to recording of net income attributable to owners of the parent, net assets increased by ¥76.3 billion compared to the balance as of the end of FY2016, to ¥1,000.5 billion. As a result, equity ratio was 38.6%.

② Consolidated Statement of Cash Flows

Operating activities: Net income before income taxes and non-controlling interests for the current period was ¥196.6 billion. After adjustments on non-cash items such as depreciation and amortization and addition and subtraction of accounts receivable and payable for operating activities, cash flows from operating activities (inflow) was ¥316.0 billion.

Investment activities: Due to advance payment for acquisition of aircraft and parts, cash flows from investing activities (outflow) was ¥324.4 billion. As a result, free cash flow (outflow) was ¥8.4 billion.

Financial activities: Despite issuance of bonds, due to repayment of debt and acquisition of treasury stock, cash flows from financing activities (outflow) was ¥29.9 billion.

As a result of the above, cash and cash equivalents at the end of the current period decreased by ¥38.5 billion compared to the balance as of the end of FY2016, to ¥270.5 billion.

The trends of our group's cash-flow indicators are as follows:

Category	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Shareholder’s equity ratio (%)	34.3	34.7	35.4	39.7	38.6
Shareholder’s equity ratio based on market prices (%)	35.8	48.8	49.8	51.4	53.8
Debt repayment period (years)	4.2	4.0	2.7	3.1	2.5
Interest coverage ratio	12.4	14.7	22.3	23.9	36.1

* Shareholder’s equity ratio: Shareholder’s equity / Total assets

Shareholder’s equity ratio based on market prices: Total market value of shares / Total assets

Debt repayment period: Interest bearing debt / Cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities / Interest payments

Notes:

1. Each indicator is calculated based on consolidated financial figures.
2. The total market value of shares is calculated by multiplying the closing stock price at fiscal year-end and the total number of shares issued as of the end of the fiscal year (less treasury stock).
3. The cash flows from operating activities in the consolidated statements of cash flows is used as the cash flows from operating activities. Interest-bearing debt is all the liabilities recorded on the consolidated balance sheet for which interests are being paid.

(3) Dividend Policy and Dividends for the Current and Next Fiscal Periods

Underpinned by robust demand, strong performance in international passenger services and international cargo services, operating income and ordinary income ended up increasing. Furthermore, Net income attributable to owners of the parent was increased as a result of reporting extraordinary income due to factors such as the inclusion of Peach Aviation Limited as a consolidated subsidiary from this fiscal year.

Regarding the dividends for the fiscal year, after comprehensively taking into the consideration the earnings during the period as well as the business environment going forward, the Company intends to pay a dividend of 60 yen per share.

ANA HOLDINGS INC. regards shareholder returns as an important management issue. The Company therefore intends to enhance shareholder returns while ensuring capital for growth investments such as aircraft for future business expansion while also based on maintain financial soundness giving consideration to the level of free cash flow.

In regard to the dividends for the next period, the Company plans to pay a dividend of 70 yen per share after accomplishing the challenges in the "FY2018-2022 ANA Group Corporate Strategy.

(4) Operating Risks

The following risks could significantly affect the judgment of investors in the ANA Group. These forward-looking statements are being made at the determination of the ANA Group as of the end of the fiscal year under review.

①Risks accompanying delay in economic recovery

The airline industry is susceptible to the effects of economic trends, and if domestic and overseas economies are sluggish, this may cause reduced demand for air transportation due to deterioration in personal consumption and corporate profits. Our international passenger and cargo businesses depend greatly on overseas markets, particularly those in China and other Asian regions, as well as North America; as a result, economic conditions in these regions could lead to a decrease in the number of passengers and volume of cargo and a fall in the unit price.

② Risks related to corporate strategies

1) Risks related to fleet strategy

In air transportation operations, ANA Group is pursuing a fleet strategy centered on the introduction of highly economical aircraft; the integration of models; and increased matching of supply and demand. In line with this strategy, orders have been placed for aircraft with the Boeing Company, Airbus, Bombardier Inc., and Mitsubishi Aircraft Corporation, but any delays in delivery due to financial or other factors at any of these companies could impair ANA Group’s operations. Further, this fleet strategy could prove ineffective due to the factors given below, significantly diminishing expected benefits.

(i) Dependence on the Boeing Company

The majority of the aircraft that are planned to be introduced under the fleet strategy above have been ordered from the Boeing Company. If, due to financial or other factors, Boeing were unable to fulfill its agreements with the ANA Group or a company performing maintenance on Boeing products, ANA Group would be unable to acquire or maintain aircraft according to this fleet strategy; and such circumstances could significantly affect the Group's operations.

(ii) Delay of Aircraft Development Plan by Mitsubishi Aircraft Corporation

ANA Group has taken the decision to introduce the Mitsubishi Regional Jet (MRJ) currently being developed by Mitsubishi Aircraft Corporation. Delivery is due in mid-FY 2020, but any delays in delivery of this aircraft could impair the Company’s operations.

2) Risks related to arrival/departure slots

ANA Group views the increase in arrival/departure slots at Haneda and Narita airports as a major business opportunity, and has been making various investments in and improvements to its operating structure. The number of arrival/departure slots is expected to increase from 447,000 to 486,000 per annum at Haneda Airport and from 300,000 to 340,000 at Narita Airport by around FY 2020, but if the number of arrival/departure slots allocated or the timing of allocation at the two metropolitan airports (Haneda and Narita) differs from assumptions made by the ANA Group, it could adversely affect the success of the Group’s Corporate Plan.

3) Risks Related to LCC Businesses

In the LCC businesses, the Group may not create new air transportation demand, which is the objective of entering into LCC business, or be able to obtain the desired results due to intense competition with domestic or overseas LCCs. Additionally, flight crew shortages and outflows of flight crew personnel to other airlines could preclude the execution of formulated business plans. Furthermore, customers could turn away from LCCs as a result of accidents and other safety incidents caused by LCCs, including those overseas.

4) Risks Related to Strategic Investments

ANA Group may enter new businesses and invest in or acquire other companies to further expand its business in growth areas. These investments and other initiatives may not produce the intended results. Moreover, if the interests of equity investors in a joint venture do not align, the Group may not be able to operate the joint venture in the manner it considers appropriate, and if management of the joint venture deteriorates, the Group may be exposed to an economic cost burden. In addition, equity investors other than the Group may experience poor financial results or withdraw from the business. The Group may also have difficulty in achieving desired results in investment in business in foreign countries or in businesses with little relevance to the airline business.

③ Risks related to crude oil price fluctuations

Jet fuel is derived from crude oil and therefore its price is linked with the price of crude oil. Variance that exceeds the Group's estimates due to factors such as political instability in oil-producing countries, increased demand for crude oil due to rapid economic growth in emerging countries, reductions in oil stockpiles or deposits, speculative investment in crude oil, or natural disasters may affect the Group’s performance as follows.

1) Risks associated with an increase in the price of crude oil

If the price of crude oil increases, the price of jet fuel will also increase, placing a significant burden on the Group. Accordingly, ANA Group engages in hedging transactions using crude oil and jet fuel commodity derivatives in a systematic, ongoing basis for specific periods of time to control the risk of fluctuations in the price of jet fuel and to stabilize operating income. In the event that crude oil prices rise over a short period, there are limitations to the Group’s ability to offset sharp increases in crude oil prices through efforts at cost reductions and passing on in fares and other charges. For these reasons, the Group may be unable to avoid the impact of a sharp increase in crude oil prices completely, depending on its hedge position.

2) Risks associated with a sharp drop in the price of crude oil

The Group hedges against fluctuations in the price of crude oil. Therefore, a sudden decrease in oil prices in the short term may not only result in a decrease in or elimination of fuel surcharge income but also, depending on the status of the hedge position, preclude the Group’s ability to reap the benefits of the decline in prices.

④ Risks related to infectious diseases including new strains of influenza

An increase in the number of people affected by outbreaks and epidemics of serious contagious diseases, such as new strains of influenza, could drastically decrease demand not only for international services but also for the Group’s entire operations. Rumor could reduce the public interest in travel, and the spread of infection or increase in the seriousness of illness could lead to a sudden decrease in the number of domestic and international passengers, and could affect ANA Group’s performance.

Furthermore, the spread of new highly infectious strains of influenza affecting a higher than expected number of employees and outsourced personnel, or virulence becoming stronger due to mutation, could affect the continuity of business for the Group.

⑤ Risks related to fluctuations in foreign exchange rates

The Group’s expenditures in foreign currencies are greater than its revenues in foreign currencies.

Consequently, the impact of a depreciation of the yen on the Group's balance of income and expenditures would be significant. Accordingly, foreign currency taken in as revenue is appropriated to pay for expenses denominated in the same foreign currency to limit the impact on income and expenditures from the risk of fluctuations in foreign exchange rates, to the greatest extent possible. The Group also uses forward exchange agreements and currency options for a portion of the foreign currency needed for its purchases of aircraft and jet fuel to stabilize and control payment amounts. However, there are limits to the resulting increase in costs the Group can cover through efforts to reduce costs and pass on in fares and charges if the yen depreciates rapidly on the foreign exchange market over a short period of time. This could affect Group income and expenditures, depending on hedge positions and other factors. Conversely, if the yen should appreciate on the foreign exchange market over a short period of time, this may preclude immediate reflection in lower jet fuel costs and the Group's ability to reap the benefits from appreciation of the yen.

⑥ Risks related to the international situation

ANA Group's international route network currently covers North America, Europe, China and other parts of Asia. Should any political instability, international conflict, or large-scale terrorist attack occur in any of the regions the Group covers or maintains offices in, or should there be a worsening of diplomatic relations with countries where ANA Group operates, ANA Group's performance could be adversely affected, as there might be an accompanying decline in demand for travel to the affected region.

⑦ Risks related to statutory regulations

As an airline operator, the Group undertakes operations based on statutory regulations relating to airline operations. The Group is also required to conduct passenger operations and cargo operations on international routes in accordance with international agreements, including treaties, bilateral agreements, and the decisions of the International Air Transport Association (IATA) and the International Civil Aviation Organization (ICAO). The Group's fares, airspace, operating schedule and safety management are subject to a variety of constraints due to these regulations. Furthermore, the Group's operations are constrained by the Japanese Anti-monopoly Act and similar laws and regulations in other countries with regard to the pricing of fares and charges.

⑧ Risks related to litigation

The Group may become involved in various lawsuits in relation to its business activities, which could affect the Group's performance. Moreover, the events listed below could result in lawsuits or other legal action against the Group in the future, and similar investigations could be initiated in other countries and regions.

After overall consideration of various circumstances, ANA reached an agreement on transactions in regard to allegations by the United States Department of Justice of price fixing relating to international air cargo and passenger transport services; however, analysis of the details is difficult at present.

⑨ Risks related to public sector fees

Public-sector fees include jet fuel taxes, landing fees, and fees for the use of navigational facilities. The Japanese government is currently implementing temporary measures to mitigate jet fuel taxes, landing fees and fees for the use of navigational facilities but reduction or termination of these measures in the future could adversely affect the Group's performance.

⑩ Risks related to environmental regulations

As part of efforts to protect the global environment, numerous domestic and international regulations have been introduced or strengthened in recent years. These have addressed such issues as aircraft emission of noise and greenhouse gases (CO2 etc.), the usage and treatment of environmental pollutants, and energy use at major business operations. Compliance with such statutory regulations imposes a considerable cost burden on ANA Group and business activities may be constrained or significant additional expenses incurred if new regulations are introduced, such as common global environmental taxes under an international greenhouse gas trading scheme scheduled for introduction in 2021.

⑪ Risks related to the airline industry

Within Japan, material changes in the current competitive and operating environment could occur as a result of changes in aviation policy or regional policy, or changes in the status of competitors due to mergers or capital alliances brought about by business collapse or other factors. These changes could affect the Group's profitability.

⑫ Competitive risks

The possibility of future increases in costs related to the Group's operations due to such factors as jet fuel expenses, financing costs, and response to environmental regulations cannot be ruled out. If such costs increase, it will be necessary for the Group to cut costs through such means as reducing indirect fixed costs and passing on costs through higher fares and charges to secure income. However, because the Group is in competition with other airlines and LCCs in Japan and overseas as well as with alternative forms of transportation, such as the Shinkansen, on certain routes, passing on costs could diminish competitiveness. Furthermore, price competition with competitors could greatly restrict the passing on of costs, and this could affect the Group's performance.

⑬ Risks associated with ineffective strategic alliances

ANA Group is a member of the Star Alliance. With antitrust immunity (ATI) approval, joint venture operations were introduced in collaboration with United Airlines in the network between Asia and the Americas, and Lufthansa German Airlines and Lufthansa Group companies Swiss International Airlines, Austrian Airlines and Lufthansa Cargo AG in the network between Japan and Europe. The Group has also entered into individual alliances in Asia and elsewhere that surpass the framework of these alliances. Should the alliance be dismantled due to anti-monopoly laws in various countries, or should an alliance partner withdraw from the Star Alliance or change its business policies or another alliance group become more competitive, or if there were a dissolution of a bilateral partnership, a downturn in performance, restructuring or a decline in the creditworthiness of an alliance partner, or other external factor leading to stricter regulations governing the partnerships, these could reduce the effectiveness of the partnerships and in turn affect the management of the Group.

⑭ Risks related to flight operations

1) Aircraft accidents, etc.

An aircraft accident involving a flight operated by the Group or a code-share partner could cause a decline in customer confidence and the Group's reputation, creating a downturn in demand that could adversely affect the Group's performance immediately and over the medium to long term. A major accident suffered by a competitor could similarly lead to a reduction in air transportation demand that could affect the Group's performance. An accident would give rise to significant expenses including compensation for damages and the repair or replacement of aircraft. Aviation insurance would not necessarily cover all such direct expenses, however.

2) Technical circular directives, etc. on airworthiness

If unexpected problems arise in the design of new models that become the core of the ANA Group's air craft, MLIT will issue a technical circular directive, by law. In some cases, all aircraft of the same model might be grounded until the measures to improve the airworthiness of the aircraft and equipment have been implemented as directed. Even when the law does not require a directive to be issued, operation of the same model might be voluntarily suspended and inspections and other maintenance carried out in some cases, when safety cannot be confirmed from a technical perspective. Any such situation may have an adverse impact on confidence in the safety of the Group's aircraft and on profitability. Of particular note, the Group has been introducing new models such as the Boeing 787. In the event of a design flaw or technical issue with new aircraft upon which the Group relies, there may be a significant adverse impact on the profitability of the Group.

⑮ Risks related to leaked customer information

The Group holds an enormous amount of customer information, including personal data on approximately 31.01 million ANA Mileage Club members (as of March 31, 2017), and is required to manage this personal information appropriately, pursuant to the Act on the Protection of Personal Information and other similar foreign laws and regulations. The Group has stated its privacy policy, apprised customers of the policy, and established foreseeable measures to ensure information security, including in its IT systems. Despite ongoing precautions taken to improve operating procedures and upgrade the system to prevent gaps in security, a major leak of personal information caused by unauthorized access, negligent operation, or some other unforeseen factor could still occur and carry significant cost, in terms of both compensation and loss of public confidence, which could significantly affect ANA Group’s performance.

⑯ Risks of disaster

If airports are closed for prolonged periods or there are restrictions on routes due to earthquakes, tsunami, flooding, typhoons, snowfall, volcanic eruptions, infectious disease, strikes, or riots, this may have an adverse effect on the Group’ s profitability due to the impact on flights using such airports and routes, and demand for air travel declining significantly.

The ANA Group’ s data center is located in the metropolitan area, operational control of all domestic and international flights is handled at Haneda Airport, and the majority of the Group’ s passengers use the metropolitan airports, so a major disaster such as an earthquake or typhoon, a fire, or strike at the above-mentioned facilities resulting in closure of the airport or access thereto, could lead to a long-term shutdown of the Group’ s systems, operational control functions, or actual flight operations that could significantly affect Group performance.

⑰ Risks associated with profit/loss structure

Fixed costs such as aircraft costs and expenses largely determined by the aircraft and not the passenger load factor, such as fuel costs and airport usage fees, account for a significant share of ANA Group’s expenses, preventing it from rapidly adjusting the scale of operations to meet a given financial situation. Consequently, any decrease in the number of passengers or in cargo volume could have a significant impact on the Group’s profits and losses.

Moreover, because the Group tends to have increased sales during the summer in its passenger services, a significant decrease in demand during this period may adversely affect the Group’s performance for that business year.

⑱ Risks related to IT systems

The Group is highly dependent on information systems for such critical functions as customer service and operational management. A major disruption of one of those systems or of telecommunications networks caused by natural disasters, accidents, computer viruses or unauthorized access, power supply constraints or large-scale power outages would make it difficult to maintain customer service and operations and would result in a loss of public confidence, which could affect the Group’s performance. Further, the Group’s information systems are also used by its strategic partners, so there is a possibility that the impact of systems failure would not be limited to the Group.

⑲ Risks related to personnel and labor

Many of the Group’s employees belong to labor unions and the operation of the Group’s aircraft may be adversely affected if the Group’s employees conduct a collective strike or engage in other actions.

⑳ Risks related to securing human resources

While there is increasing demand for flight crew due to the expansion of the scale of LCC operations, etc. , a certain period of training is required to train them, and should the Group be unable to secure the necessary number of qualified flight crew in a timely fashion, the Group’s performance may be adversely affected. Moreover, fluctuations in the balance of supply and demand in the labor market such as a lack of human resources for airport handling or a steep rise in wage levels could occur.

㉑ Risks associated with finance

1) Increase in the cost of procuring funds

The Group acquires aircraft by procuring funds mainly through bank loans and bond issuances. Any future deterioration of the business environment in the airline industry, disruption in financial markets, changes to taxation, government interest policies, government financial institutions’ guarantee systems, or downgrading of ANA Group’s credit rating may make it difficult or even impossible to raise funds on terms advantageous to the Group, increasing the cost of such fund-raising. Such circumstances could significantly affect ANA Group’s performance.

2) Risks related to asset impairment

Due to the nature of its business, the ANA Group holds many fixed assets, and if the profitability of various operations deteriorates, or it decides to sell off the assets, ANA Group may be required to recognize impairment losses on fixed assets or losses on the sale of fixed assets in the future.

2. Basic rationale for selection of accounting standard

While the Company aims to increase corporate value with further globalization and expansion of business domains, the Company is considering applying International Financial Reporting Standards (IFRS) at our discretion to improve international comparability of financial information in capital markets.

4. Financial Statements

(1) Consolidated Balance Sheet

Yen (Millions)

Assets	FY2017 as of Mar. 31, 2018	FY2016 as of Mar. 31, 2017
Current assets:		
Cash and deposits	78,036	60,835
Notes and accounts receivable	173,472	155,887
Lease receivables	27,341	28,948
Marketable securities	279,540	257,950
Inventories (Merchandise)	12,364	9,951
Inventories (Supplies)	50,106	54,961
Deferred income taxes	27,678	36,173
Other current assets	103,113	62,375
Allowance for doubtful accounts	(479)	(355)
Total current assets	751,171	666,725
Fixed assets		
Property and equipment:		
Buildings and structures	98,961	100,922
Aircraft	1,027,910	1,007,716
Machinery, equipment and vehicles	30,269	30,693
Furniture and fixtures	10,608	10,683
Land	55,786	49,887
Leased assets	7,239	8,473
Construction in progress	202,328	151,889
Total property and equipment	1,433,101	1,360,263
Intangible assets:		
Goodwill	55,336	1,041
Other intangible assets	99,902	87,963
Total intangible assets	155,238	89,004
Investments and other assets:		
Investments securities	119,962	119,368
Long-term receivables	4,721	4,426
Deferred income taxes	65,698	52,759
Net defined benefit assets	312	1,335
Other assets	33,387	21,399
Allowance for doubtful accounts	(1,618)	(1,393)
Total investments and other assets	222,462	197,894
Total fixed assets	1,810,801	1,647,161
Deferred assets	490	524
TOTAL	2,562,462	2,314,410

Yen (Millions)

Liabilities and Net assets	FY2017 as of Mar. 31, 2018	FY2016 as of Mar. 31, 2017
Liabilities		
Current liabilities:		
Notes and accounts payable	220,330	179,220
Short-term loans	176	70
Current portion of long-term debt	84,738	93,292
Current portion of bonds	10,000	20,000
Finance lease obligations	5,211	5,020
Income taxes payable	37,709	11,288
Advance ticket sales	181,353	150,614
Accrued bonuses to employees	45,332	41,362
Other current liabilities	63,231	71,781
Total current liabilities	648,080	572,647
Long-term liabilities:		
Bonds	125,000	125,000
Convertible bond-type bonds with stock acquisition rights	140,000	-
Long-term debt	418,185	469,655
Finance lease obligations	15,083	16,840
Deferred income taxes	94	1,444
Accrued corporate executive officers’ retirement benefits	742	675
Net defined benefit liabilities	156,765	156,751
Other provisions	11,421	2,091
Asset retirement obligations	1,196	1,074
Other long-term liabilities	45,344	44,058
Total long-term liabilities	913,830	817,588
Total liabilities	1,561,910	1,390,235
Net assets		
Shareholders’ equity:		
Common stock	318,789	318,789
Capital surplus	268,208	283,249
Retained earnings	457,746	334,880
Treasury stock	(59,015)	(3,756)
Total shareholders’ equity	985,728	933,162
Accumulated other comprehensive income (loss):		
Unrealized gain on securities	24,467	20,636
Deferred (loss) on derivatives under hedge accounting	(3,471)	(11,799)
Foreign currency translation adjustments	3,201	3,364
Defined retirement benefit plans	(21,264)	(26,206)
Total	2,933	(14,005)
Non-controlling interests	11,891	5,018
Total net assets	1,000,552	924,175
TOTAL	2,562,462	2,314,410

(2) Consolidated Statement of Income

	FY2017 Apr.1-Mar.31	FY2016 Apr.1-Mar.31
		Yen (Millions)
Operating revenues	1,971,799	1,765,259
Cost of sales	1,471,631	1,324,846
Gross profit	500,168	440,413
Selling, general and administrative expenses		
Commission	96,991	84,763
Advertising	13,132	11,363
Employees' salaries and bonuses	38,976	36,653
Provision of allowance for doubtful accounts	119	259
Provision for accrued bonuses to employees	8,693	7,992
Retirement benefit expenses	3,462	3,203
Depreciation	22,014	18,342
Other	152,265	132,299
Total selling, general and administrative expenses	335,652	294,874
Operating income	164,516	145,539
Other income:		
Interest income	623	502
Dividend income	1,391	1,189
Equity in earnings of unconsolidated subsidiaries and affiliates	1,485	3,610
Gain on sales of assets	3,408	1,957
Gain on donation of non-current assets	1,134	3,238
Other	4,574	4,546
Total other income	12,615	15,042
Other expenses:		
Interest expenses	8,676	9,804
Foreign exchange loss, net	1,234	2,106
Loss on sales of assets	161	493
Loss on disposal of assets	4,152	5,384
Other	2,272	2,419
Total other expenses	16,495	20,206
Ordinary income	160,636	140,375

	FY2017 Apr.1-Mar.31	FY2016 Apr.1-Mar.31
		Yen (Millions)
Special income		
Gain on sales of property and equipment	9,623	121
Gain on sales of investment securities	1,311	1,976
Gain on step acquisitions	33,801	-
Other	23	186
Total special income	44,758	2,283
Special loss		
Loss on sales of property and equipment	-	143
Loss on disposal of property and equipment	748	218
Loss on valuation of investments in unconsolidated subsidiaries and affiliates	577	571
Impairment loss	6,061	2,208
Other	1,367	56
Total special loss	8,753	3,196
Income before income taxes	196,641	139,462
Current	61,650	41,557
Deferred	(10,647)	(1,402)
Total income taxes	51,003	40,155
Net income	145,638	99,307
Net income attributable to non-controlling interests	1,751	480
Net income attributable to owners of the parent	143,887	98,827

(3) Consolidated Statement of Comprehensive Income

Yen (Millions)

	FY2017 Apr.1-Mar.31	FY2016 Apr.1-Mar.31
Net income	145,638	99,307
Other comprehensive income:		
Unrealized gain on securities	3,788	1,100
Deferred gain on derivatives under hedge accounting	8,334	39,245
Foreign currency translation adjustments	(149)	(576)
Defined retirement benefit plans	4,944	5,943
Share of other comprehensive (loss) income in affiliates	(60)	589
Total other comprehensive income	16,857	46,301
Comprehensive income	162,495	145,608
Total comprehensive income attributable to:		
Owners of the parent	160,825	145,204
Non-controlling interests	1,670	404

(4) Consolidated Statements of Changes in Net Assets

<FY2017 Apr.1-Mar.31> Yen (Millions)

	Shareholder's equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholder's equity
Balance at the beginning of the year	318,789	283,249	334,880	(3,756)	933,162
Changes during the fiscal year					
Cash dividends			(21,021)		(21,021)
Net income attributable to owners of the parent			143,887		143,887
Purchase of treasury stock				(70,165)	(70,165)
Disposal of treasury stock		1,096		1,410	2,506
Termination of employee stock ownership trust		(2,641)			(2,641)
Retirement of treasury shares		(13,496)		13,496	-
Net changes in the year					-
Total changes during the fiscal year	-	(15,041)	122,866	(55,259)	52,566
Balance at the end of the year	318,789	268,208	457,746	(59,015)	985,728

Yen (Millions)

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Unrealized gain on securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Defined retirement benefit plans	Total		
Balance at the beginning of the year	20,636	(11,799)	3,364	(26,206)	(14,005)	5,018	924,175
Changes during the fiscal year							
Cash dividends							(21,021)
Net income attributable to owners of the parent							143,887
Purchase of treasury stock							(70,165)
Disposal of treasury stock							2,506
Termination of employee stock ownership trust							(2,641)
Retirement of treasury shares							-
Net changes in the year	3,831	8,328	(163)	4,942	16,938	6,873	23,811
Total changes during the fiscal year	3,831	8,328	(163)	4,942	16,938	6,873	76,377
Balance at the end of the year	24,467	(3,471)	3,201	(21,264)	2,933	11,891	1,000,552

<FY2016 Apr.1-Mar.31> Yen (Millions)

	Shareholder's equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholder's equity
Balance at the beginning of the year	318,789	282,774	253,545	(4,830)	850,278
Changes during the fiscal year					
Cash dividends			(17,492)		(17,492)
Net income attributable to owners of the parent			98,827		98,827
Purchase of treasury stock				(31)	(31)
Disposal of treasury stock		475		1,138	1,613
Changes in scope of consolidation				(33)	(33)
Net changes in the year					-
Total changes during the fiscal year	-	475	81,335	1,074	82,884
Balance at the end of the year	318,789	283,249	334,880	(3,756)	933,162

Yen (Millions)

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Unrealized gain on securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Defined retirement benefit plans	Total		
Balance at the beginning of the year	19,527	(51,620)	3,873	(32,162)	(60,382)	5,004	794,900
Changes during the fiscal year							
Cash dividends							(17,492)
Net income attributable to owners of the parent							98,827
Purchase of treasury stock							(31)
Disposal of treasury stock							1,613
Changes in scope of consolidation							(33)
Net changes in the year	1,109	39,821	(509)	5,956	46,377	14	46,391
Total changes during the fiscal year	1,109	39,821	(509)	5,956	46,377	14	129,275
Balance at the end of the year	20,636	(11,799)	3,364	(26,206)	(14,005)	5,018	924,175

(5) Consolidated Statement of Cash Flows

Yen (Millions)

	FY2017 Apr.1 - Mar.31	FY2016 Apr.1 - Mar.31
I. Cash flows from operating activities		
Income before income taxes and non-controlling interests	196,641	139,462
Depreciation and amortization	150,408	140,354
Impairment loss	6,061	2,208
Amortization of goodwill	4,031	176
(Gain) loss on disposal and sale of property and equipment	(7,970)	4,160
(Gain) on sales and valuation of investment securities	(1,170)	(1,976)
Loss on valuation of investments in unconsolidated subsidiaries and affiliates	446	571
Increase in allowance for doubtful accounts	339	143
Increase in liability for retirement benefits	6,430	1,615
Interest and dividend income	(2,014)	(1,691)
Interest expenses	8,676	9,804
Foreign exchange loss	261	1,668
(Gain) on step acquisitions	(33,801)	-
(Increase) in notes and accounts receivable	(14,201)	(16,092)
(Increase) decrease in other current assets	(19,784)	5,808
Increase in notes and accounts payable	37,149	13,026
Increase in advance ticket sales	22,949	21,996
Other, net	2,742	(2,041)
Subtotal	357,193	319,191
Interest and dividends received	2,906	3,519
Interest paid	(8,763)	(9,910)
Income taxes paid	(35,322)	(75,716)
Net cash provided by operating activities	316,014	237,084
II. Cash flows from investing activities		
Payments into time deposits	(28,265)	-
Proceeds from withdrawal of time deposits	25,705	118
Purchase of marketable securities	(159,970)	(29,460)
Proceeds from redemption of marketable securities	92,640	32,120
Purchase of property and equipment	(265,531)	(224,888)
Proceeds from sales of property and equipment	75,807	68,145
Purchase of intangible assets	(39,176)	(29,537)
Purchase of investments securities	(3,539)	(13,898)
Proceeds from sales of investments securities	2,379	4,701
Proceeds from withdrawal of investments securities	-	162
Payment for purchases of investments in subsidiaries with changes in scope of consolidation	(19,476)	-
Purchase of investments in subsidiaries with changes in scope of consolidation	-	64
Proceeds from liquidation of subsidiaries and affiliates	-	167
Other, net	(5,068)	(2,345)
Net cash used in investing activities	(324,494)	(194,651)

	FY2017 Apr.1 - Mar.31	FY2016 Apr.1 - Mar.31
		Yen (Millions)
III. Cash flows from financing activities		
Increase (decrease) in short-term loans, net	111	(95)
Proceeds from long-term loans	35,078	79,729
Repayment of long-term loans	(95,170)	(91,761)
Proceeds from issuance of bonds	149,863	39,769
Repayment of bonds	(20,000)	-
Repayment of finance lease obligations	(6,187)	(8,162)
(Increase) decrease of treasury stock	(67,652)	1,580
Payment of dividends	(21,021)	(17,492)
Other, net	(5,011)	(219)
Net cash (used in) provided by financing activities	(29,989)	3,349
IV. Effect of exchange rate changes on cash and cash equivalents	(80)	(1,847)
V. Net increase in cash and cash equivalents	(38,549)	43,935
VI. Cash and cash equivalents at beginning of year	309,058	265,123
VII. Cash and cash equivalents at end of year	270,509	309,058

Notes to Consolidated Financial Statements

1) Going concern assumption

None

2) Basis of presenting consolidated financial statements

(i) Number of subsidiaries: 64
Newly added: 1
Peach Aviation Limited

Peach Aviation Limited has been included in the affiliates accounted for by the equity method due to stock acquisition.

(ii) Number of equity method affiliates: 16
Excluded: 1
Peach Aviation Limited

3) Changes in accounting policies

None

4) Consolidated statements of cash flows

Relationship between the balance of cash and cash equivalents at end of year and the amount of subjects that are in the consolidated balance sheet

Yen (Millions)

	FY2017 Apr.1-Mar.31 Balance at end of year	FY2016 Apr.1-Mar.31 Balance at end of year
Cash and deposits	78,036	60,835
Marketable securities	279,540	257,950
Time deposits with maturities of more than three months	(11,097)	(1,087)
Marketable securities with maturities of more than three months	(75,970)	(8,640)
Cash and cash equivalents	270,509	309,058

5) Segment information

The reportable segments of the Company and its consolidated subsidiaries are components for which discrete financial information is available and whose operating results are regularly reviewed by the Executive Committee to make decisions about resource allocation and to assess performance.

The Group's reportable segments are categorized under "Air Transportation," "Airline Related," "Travel Services" and "Trade and Retail."

The "Air Transportation" segment conducts domestic and international passenger operations, cargo and mail operations and other transportation services. The "Airline Related" segment conducts air transportation related operations, such as airport passenger and ground handling services and maintenance services. The "Travel Services" segment conducts operations centering on the development and sales of travel plans. It also conducts planning and sales of branded travel packages using air transportation. The "Trade and Retail" segment conducts mainly import and export operations of goods related to air transportation and is involved in in-store and non-store retailing.

The accounting policies of the segments are substantially the same as those described in above Note "2) Basis of presenting consolidated financial statements."

Segment performance is evaluated based on operating income or loss. Intragroup sales and transfers are recorded at the same prices used in transactions with third parties.

<FY2017 Apr.1-Mar.31>

1. Information on amount of operating revenues, profit or loss, assets, liabilities and others by reporting segment

Yen (Millions)

	Reportable Segments				
	Air Transportation	Airline Related	Travel Services	Trade and Retail	Subtotal
Operating revenues from external customers	1,642,994	51,355	149,009	115,044	1,958,402
Intersegment revenues and transfers	88,179	232,976	10,280	27,995	359,430
Total	1,731,173	284,331	159,289	143,039	2,317,832
Segment profit	156,873	10,635	3,745	4,506	175,759
Segment assets	2,323,476	151,181	62,095	59,985	2,596,737
Other items Depreciation and amortization	144,224	4,365	281	1,315	150,185
Amortization of goodwill	3,888	29	-	114	4,031
Increase in tangible and intangible fixed assets	292,155	11,496	839	1,004	305,494

	Other (*1)	Total	Adjustments (*2)	Consolidated (*3)
Operating revenues from external customers	13,397	1,971,799	-	1,971,799
Intersegment revenues and transfers	25,311	384,741	(384,741)	-
Total	38,708	2,356,540	(384,741)	1,971,799
Segment profit (loss)	2,767	178,526	(14,010)	164,516
Segment assets	22,116	2,618,853	(56,391)	2,562,462
Other items Depreciation and amortization	223	150,408	-	150,408
Amortization of goodwill	-	4,031	-	4,031
Increase in tangible and Intangible assets	401	305,895	(1,188)	304,707

*1. “Other” represents all business segments that are not included in reportable segments, such as facility management, business support, and other operations.

*2. Adjustments of segment profit represent the elimination of intersegment transactions and expenses of all group companies. Adjustments of segment assets include assets of all group companies in the amount of ¥132,960 million and the main asset is the long-term investments (investments securities) in the consolidated companies.

*3. Segment profit is reconciled with operating income on the consolidated financial statements.

<FY2016 Apr.1-Mar.31>

1. Information on amount of operating revenues, profit or loss, assets, liabilities and others by reporting segment

Yen (Millions)

	Reportable Segments				
	Air Transportation	Airline Related	Travel Services	Trade and Retail	Subtotal
Operating revenues from external customers	1,445,576	46,999	150,553	110,676	1,753,804
Intersegment revenues and transfers	90,773	217,458	10,056	26,085	344,372
Total	1,536,349	264,457	160,609	136,761	2,098,176
Segment profit	139,511	8,309	3,741	4,385	155,946
Segment assets	2,088,214	149,562	58,958	56,200	2,352,934
Other items Depreciation and amortization	133,836	4,892	171	1,272	140,171
Amortization of goodwill	-	62	-	114	176
Increase in tangible and intangible fixed assets	247,200	8,487	1,032	1,356	258,075

	Other (*1)	Total	Adjustments (*2)	Consolidated (*3)
Operating revenues from external customers	11,455	1,765,259	-	1,765,259
Intersegment revenues and transfers	23,321	367,693	(367,693)	-
Total	34,776	2,132,952	(367,693)	1,765,259
Segment profit (loss)	1,368	157,314	(11,775)	145,539
Segment assets	19,552	2,372,486	(58,076)	2,314,410
Other items Depreciation and amortization	183	140,354	-	140,354
Amortization of goodwill	-	176	-	176
Increase in tangible and Intangible assets	445	258,520	(4,095)	254,425

*1. "Other" represents all business segments that are not included in reportable segments, such as facility management, business support, and other operations.

*2. Adjustments of segment profit represent the elimination of intersegment transactions and expenses of all group companies. Adjustments of segment assets include assets of all group companies in the amount of ¥133,933 million and the main asset is the long-term investments (investments securities) in the consolidated companies.

*3. Segment profit is reconciled with operating income on the consolidated financial statements.

6) Per share information

	FY2017 <Apr.1 - Mar.31>	FY2016 <Apr.1 - Mar.31>
		Yen
Net assets per share	2,954.47	2,624.44
Net income per share	417.82	282.35

Notes:

1. Since no residual securities exist, net income per share after residual securities adjustments of FY2016 is omitted. Since no residual securities with dilutive effect exist, net income per share after residual securities adjustments of FY2017 is omitted.
2. The basis for calculating net income per share is as follows:

Yen (Millions)

	FY2017 <Apr.1 - Mar.31>	FY2016 <Apr.1 - Mar.31>
Net income attributable to owners of the parent	143,887	98,827
Amount not attributable to common shareholders	-	-
Net income in accordance with the common stock	143,887	98,827
Average number of shares outstanding during the year (Thousand shares)	344,372	350,020
Overview of potential shares that were not included in the calculation of net income per share (diluted) because they have no dilutive effect	Zero Coupon Convertible Bonds due 2022 (bonds with stock acquisition rights) 13,513 thousand shares issued by the Company Zero Coupon Convertible Bonds due 2024 (bonds with stock acquisition rights) 13,725 thousand shares issued by the Company	-

3. The basis for calculating net assets per share is as follows:

Yen (Millions)

	FY2017 <Apr.1 - Mar.31>	FY2016 <Apr.1 - Mar.31>
Net assets	1,000,552	924,175
Amounts deducted from total net assets	11,891	5,018
(incl. Non-controlling Interests)	(11,891)	(5,018)
Net assets related to common stock at the end of the year	988,661	919,157
The year-end number of common stocks used to determine net assets per share (Thousand shares)	334,632	350,230

4. The Company shares held by the trust account of the ANA Group Employee Stock Ownership Trust (FY2017: 137, FY2016: 849 (Thousand shares)) and Trust for Delivery of Shares to Directors (FY2017: 116, FY2016: 132 (Thousand shares)) are deducted from “Average number of shares outstanding during the year”.
   The Company shares held by the trust account of the ANA Group Employee Stock Ownership Trust (FY2016: 637 (Thousand shares)) and Trust for Delivery of Shares to Directors (FY2017: 114, FY2016: 131 (Thousand shares)) are deducted from “The year-end number of common stocks used to determine net assets per share”. Also, employee stock ownership trust is terminated on July 2017.

5. Since a 10-to-1 share consolidation was conducted effective October 1, 2017, the noted items were calculated based on the assumption that the share consolidation was conducted at the beginning of the previous consolidated fiscal year.

7) Important post-balance sheet events

None

5. Breakdown of Operating Revenues and Overview of Airline Operating Results (Consolidated)

(1) Breakdown of Operating Revenues

Yen (Millions)

	FY2017 Apr.1- Mar.31	FY2016 Apr.1- Mar.31	Difference
Air Transportation			
Domestic routes			
Passenger	689,760	678,326	11,434
Cargo	30,710	30,860	(150)
Mail	3,388	3,417	(29)
Subtotal	723,858	712,603	11,255
International routes			
Passenger	597,446	516,789	80,657
Cargo	118,002	93,301	24,701
Mail	5,934	4,863	1,071
Subtotal	721,382	614,953	106,429
Revenues from Air Transportation	1,445,240	1,327,556	117,684
Other revenues	285,933	208,793	77,140
Subtotal of Air Transportation	1,731,173	1,536,349	194,824
Airline Related			
Revenues from Airline Related	284,331	264,457	19,874
Subtotal of Airline Related	284,331	264,457	19,874
Travel Services			
Package tours(Domestic)	127,065	130,818	(3,753)
Package tours(International)	21,658	19,170	2,488
Other revenues	10,566	10,621	(55)
Subtotal of Travel Services	159,289	160,609	(1,320)
Trade and Retail			
Revenues from Trade and Retail	143,039	136,761	6,278
Subtotal of Trade and Retail	143,039	136,761	6,278
Subtotal of Segments	2,317,832	2,098,176	219,656
Other			
Other revenues	38,708	34,776	3,932
Subtotal of Other	38,708	34,776	3,932
Total operating revenues	2,356,540	2,132,952	223,588
Intercompany eliminations	(384,741)	(367,693)	(17,048)
Operating revenues(Consolidated)	1,971,799	1,765,259	206,540

Notes:

1. Segment breakdown is based on classifications employed for internal management.
2. Segment operating revenues include inter-segment transactions.
3. The results for passenger travel on domestic routes for Vanilla Air Inc. and Peach Aviation Limited are included in “Other revenues” of “Air Transportation”.
4. Consumption tax is not included in the above figures.

(2) Overview of Airline Operating Results

	FY2017 Apr.1- Mar.31	FY2016 Apr.1- Mar.31	Year on Year (%)
Domestic routes			
Number of passengers	44,150,757	42,967,749	2.8
Available seat km (thousand km)	58,426,852	59,080,903	(1.1)
Revenue passenger km (thousand km)	40,271,969	38,990,836	3.3
Passenger load factor (%)	68.9	66.0	2.9
Available cargo capacity (thousand ton-km)	1,739,706	1,783,539	(2.5)
Cargo (tons)	436,790	451,266	(3.2)
Cargo traffic volume (thousand ton-km)	448,208	459,583	(2.5)
Mail (tons)	34,032	33,745	0.8
Mail traffic volume (thousand ton-km)	33,285	32,968	1.0
Cargo and mail load factor (%)	27.7	27.6	0.1
International routes			
Number of passengers	9,740,523	9,119,400	6.8
Available seat km (thousand km)	64,376,225	60,148,066	7.0
Revenue passenger km (thousand km)	49,132,606	45,602,900	7.7
Passenger load factor (%)	76.3	75.8	0.5
Available cargo capacity (thousand ton-km)	6,809,755	6,583,338	3.4
Cargo (tons)	994,593	954,027	4.3
Cargo traffic volume (thousand ton-km)	4,474,388	4,150,427	7.8
Mail (tons)	31,868	28,957	10.1
Mail traffic volume (thousand ton-km)	150,337	130,126	15.5
Cargo and mail load factor (%)	67.9	65.0	2.9
Total			
Number of passengers	53,891,280	52,087,149	3.5
Available Seat-Km (thousand km)	122,803,078	119,228,970	3.0
Revenue Passenger-Km (thousand km)	89,404,576	84,593,737	5.7
Passenger load factor (%)	72.8	71.0	1.9
Available cargo capacity (thousand ton-km)	8,549,462	8,366,878	2.2
Cargo (tons)	1,431,384	1,405,294	1.9
Cargo traffic volume (thousand ton kg)	4,922,596	4,610,010	6.8
Mail (tons)	65,900	62,702	5.1
Mail traffic volume (thousand ton kg)	183,622	163,095	12.6
Cargo and mail load factor (%)	59.7	57.0	2.7

Notes:

1. The results for passenger travel on domestic routes include results from code share flights with IBEX Airlines Co., Ltd., AIRDO Co., Ltd., Solaseed Air Inc., StarFlyer Inc. and some of code share flights with ORIENTAL AIR BRIDGE CO., LTD from October 29, 2017.
2. Non-scheduled flights have been excluded from both domestic and international routes.
3. Domestic cargo and mail results include results for code share flights with AIRDO Co., Ltd., Solaseed Air Inc. Oriental Air Bridge Co., Ltd. and Starflyer, Inc., results for airline charter flights, and land transport results. Note that because land transport results for mail have been included from the first quarter period of FY2016, land transport results for mail have also been added to the results for the same period last year.
4. The results for international cargo and mail include the results for code share flights, results for airline charter flights, flights with block space agreements and land transport results.
5. Available seat-kilometers represent the total figure calculated by multiplying the available number of seats on each segment of each route (seats) by the distance for each segment (km). Revenue passenger-kilometers represent the total figure calculated by multiplying the number of passengers (people) on each segment of each route by the distance for each segment (km).
6. Revenue passenger-kilometers represent the total figure calculated by multiplying the number of

passengers (people) on each segment of each route by the distance for each segment (km).

7. Available cargo capacity is the total calculated by multiplying the available cargo space (tons) on each segment of each route by the distance for each segment (km). Please note that for passenger aircraft, the available cargo space in the hold (belly) of the aircraft is multiplied by the distance traveled for each segment. Moreover, the available cargo space in the belly includes the available space for checked luggage of passengers on the flight in addition to cargo, mail, etc.
8. Cargo traffic volume and mail traffic volume is the total calculated by multiplying the volume of cargo transported on each segment of each route (tons) by the distance for each segment (km).
9. The cargo and mail load factor is the figure arrived at by dividing the sum of the cargo traffic volume and the mail traffic volume by the available cargo capacity.
10. Percentage point difference for Passenger load factor and cargo and mail load factor between previous year and FY2017 is indicated in field of year-on-year.
11. The results for Vanilla Air Inc. and Peach Aviation Limited are not included.
12. Vanilla Air Inc. and Peach Aviation Limited do not handle cargo or mail.