

ANA HOLDINGS Financial Results for the Year ended March 31, 2018

TOKYO, April 27, 2018 – ANA HOLDINGS INC. (hereinafter “ANA HD”) today reports its financial results for fiscal year 2017 (April 2017 – March 2018).

Overview

- Underpinned by robust demand, strong performance in international passenger and cargo services and the revenue from Peach Aviation Limited as a new subsidiary resulted in record high operating income, ordinary income, and net income attributable to owners of the Parent for the third consecutive year.
- Japan's economy for the fiscal year (April 1, 2017 - March 31, 2018) has continued to experience growth, with personal consumption generally picking up in accordance with continued improvements in corporate earnings and in the employment environment. With continued moderate progress in domestic and overseas economies, the airline industries have generally seen strong demand due largely to an increase in foreign visitors to Japan.
- For six consecutive years the UK based SKYTRAX, a renowned industry rating company, has awarded ANA with a 5-Star rating for customer satisfaction, the highest of its kind, and ANA has also received “Airline of the Year 2018” from Air Transport World. 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 Services.”
- In addition, ANA 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 women in the corporate arena.

As a result of the above, consolidated results for the fiscal year show operating revenues of 1,971.7 billion yen (up 11.7% year-on-year) due to an increase in revenues mainly in air transportation, operating income was 164.5 billion yen (up 13.0% year-on-year), ordinary income was 160.6 billion yen (up 14.4% year-on-year). Net income attributable to owners of the Parent was 143.8 billion yen, all hitting record-high.

Consolidated Financial Performance

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

	FY2017	FY2016	Difference	% Comparison
Operating revenue	1,971.7	1,765.2	+206.5	+11.7
Operating expenses	1,807.2	1,619.7	+187.5	+11.6
Operating income	164.5	145.5	+18.9	+13.0
Non-operating expenses	-3.8	-5.1	+1.2	---
Ordinary income	160.6	140.3	+20.2	+14.4
Special gain	36	-0.9	+36.9	---
Net income attributable to owners of the Parent	143.8	98.8	+45	+45.6

Performance by Business Segment

Unit: billion yen (rounded down)

	FY2017		FY2016		Difference	
	Revenue	Operating income	Revenue	Operating income	Revenue	Operating income
Air Transportation	1,731.1	156.8	1,536.3	139.5	+194.8	+17.3
Airline Related	284.3	10.6	264.4	8.3	+19.8	+2.3
Travel Service	159.2	3.7	160.6	3.7	-1.3	+0.0
Trade and Retail	143	4.5	136.7	4.3	+6.2	+0.1
Others	38.7	2.7	34.7	1.3	+3.9	+1.3

Air Transportation

1. Domestic Passenger Service

- In domestic passenger service, despite the impact of typhoons in October 2017 and the heavy snowfalls in the months of January and February 2018, 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 promotional 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 late night flights on the Haneda-Hiroshima route with the extension of the operating hours of Hiroshima Airport that came into effect from the winter timetable. “Tastes of JAPAN by ANA -Explore the Regions-” was launched in December to publicize Japan's lesser known charms both in Japan and abroad in a bid to revitalize regional areas and increase the number of inbound tourists, with the program being broadcasted on a special website and on board.
- 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 in an effort to become more competitive as a full-service carrier. 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 celebrated Japanese architect Kengo Kuma, ANA SUITE LOUNGE, which is the finest lounge for premium members on domestic routes, and the ANA LOUNGE were newly opened in New Chitose Airport in September. In November, we renewed 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, revenues from domestic passenger service increased by 11.4 billion yen (up 1.7 % year-on-year).

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

Domestic Passenger Service	FY2017	FY2016	Difference	% Comparison
Revenue (billion yen)	689.7	678.3	+11.4	+1.7
Number of passengers (thousand)	44,150	42,967	+1,183	+2.8
Available seat km (million)	58,426	59,080	-654	-1.1
Revenue passenger km (million)	40,271	38,990	+1,281	+3.3
Passenger load factor (%)	68.9	66.0	+2.9	---

2. International Passenger Service

- The international route network brought a year-on-year increase in number of passengers and revenues for international passenger service in appreciation to the strong business demand originating in Japan and the capture of robust inbound travel demand.
- The number of flights on the Haneda-Jakarta route has been increased to double daily service since August, and Tokyo-Los Angeles to triple daily from October to capture business demand from the Tokyo Metropolitan Area, as well as demand for connections between local airports in Japan or Asia and North America. ANA has also changed the aircraft type on Tokyo-Honolulu routes to 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.
- In terms of services, the wine and champagne menu offered to First Class and Business Class passengers on international routes was fully renewed, Japanese sake (rice wine) serving was expanded to all international routes from September in an effort to improve service. We also introduced passenger voting on in-flight meals to be provided in Premium Economy and Economy Class 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, revenues from international passenger service increased by 80.6 billion yen (up 15.6 % year-on-year).

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

International Passenger Service	FY2017	FY2016	Difference	% Comparison
Revenue (billion yen)	597.4	516.7	+80.6	+15.6
Number of passengers (thousand)	9,740	9,119	+621	+6.8
Available seat km (million)	64,376	60,148	+4,228	+7.0
Revenue passenger km (million)	49,132	45,602	+3,529	+7.7
Passenger load factor (%)	76.3	75.8	+0.5	---

3. Cargo Service

- In domestic cargo service, although ANA has been capturing steady demand for cargo connecting to international routes, ANA worked to increase revenues by serving non-scheduled cargo flights on the Okinawa-Haneda route during the period of high demand for flowers from Okinawa. Overall, we saw slow demand as a whole throughout the fiscal year, and the decrease in volume of home delivery parcel services led to a weaker year-on-year performance in both cargo volume and revenues.

- In international cargo service, automotive parts and electronics bound for North America and Europe showed steady growth. Point of sale overseas, both volume and revenue from Japan increased year-on-year due to cargo from China and other parts of Asia bound for Japan performing well and capturing cargo from China to North America.

As a result of the above, revenues from domestic cargo service decreased by 0.1 billion yen (down 0.5 % year-on-year) while the revenues from international cargo service increased by 24.7 billion yen (up 26.5 % year-on-year).

(Except for % comparison, figures are rounded down)

Cargo Service		FY2017	FY2016	Difference	% Comparison
Domestic	Revenue (billion yen)	30.7	30.8	-0.1	-0.5
	Freight carried (thousand tons)	436	451	-14	-3.2
	Ton km (million)	448	459	-11	-2.5
International	Revenue (billion yen)	118.0	93.3	+24.7	+26.5
	Freight carried (thousand tons)	994	954	+40	+4.3
	Ton km (million)	4,474	4,150	+323	+7.8

4. Others

- Others in air transportation business revenue was 285.9 billion yen (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 aircraft maintenance service contracts.
- Vanilla Air Inc. increased the number of its aircraft by three to operate a 15 aircraft fleet and expanded its international service by establishing a new Fukuoka-Taipei route. The number of passengers carried by Vanilla Air Inc. was 2.7 million (up 25.7% year-on-year), with 4.9 billion available seat-kilometers (up 18% year-on-year), 4.2 billion revenue passenger-kilometers (up 17.6% year-on-year) and a passenger load factor of 85.5% (down 0.3% year-on-year).
- Peach Aviation Limited increased the number of its aircraft by two to operate a 20 aircraft fleet, opened Sendai-Sapporo and Sendai-Fukuoka domestic routes in September, and became the first LCC to fly to the Joshinetsu region with the Kansai-Niigata route in March. On international routes, it expanded its network by opening Sendai-Taipei and Sapporo-Taipei routes. The number of passengers carried by Peach Aviation Limited was 5.1 million, with 6.8 billion available seat-kilometers, 5.9 billion revenue passenger-kilometers and a passenger load factor of 86.9%.

Airline Related, Travel Service, Trade and Retail and Others

- Operating revenues were 284.3 billion yen (up 7.5 % year-on-year) and operating income was 10.6 billion yen (up 28% year-on-year) mainly due to an increase in the number of 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.

- In domestic travel service, operating revenues decreased year-on-year due to a decline in number of travelers. In international travel service, due to the strong demand to Hawaii and North American destinations, operating revenues increased year-on-year. Inbound travel to Japan saw a year-on-year fall due to the impact of increasing competition.
- As a result of the above, operating revenues from travel services fell to 159.2 billion yen (down 0.8 % year-on-year), and operating income increased to 3.7 billion (up 0.1 % year-on-year).
- In the retail business, because of the increase of the international passengers, introducing products that will be favored by the foreign inbound tourists, and also increase in the trade volume of semiconductors, operating revenues for the year from trade and retail increased to 143.0 billion yen (up 4.6 % year-on-year), and operating income increased to 4.5 billion yen (up 2.8 % year-on-year).
- As a result of solid performance in the real estate business and the airline security business, operating revenues for the year in the segment Others increased to 38.7 billion yen (up 11.3 % year-on-year), and operating income increased to 2.7 billion yen (up 102.3 % year-on-year).

Consolidated Balance Sheet

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

	FY2017	FY2016	Difference
Total assets(billion yen)	2,562.4	2,314.4	+248.0
Debt(billion yen)	1,561.9	1,390.2	+171.6
Net assets(billion yen)	1,000.5	924.1	+76.3
Shareholder's equity(billion yen)*1	988.6	919.1	+69.5
Equity ratio	38.6	39.7	-1.1
Interest-bearing debt(billion yen)*2	798.3	729.8	+68.5
D/E ratio	0.8	0.8	+0.0

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

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

Consolidated Statement of Cash Flows

Unit: billion yen (rounded down)

	FY2017	FY2016
Cash flows from operating activities	316.0	237.0
Cash flows from investing activities	-324.4	-194.6
Cash flows from financing activities	-29.9	3.3
Cash flows and cash equivalents at the end of the period	270.5	309.0
Depreciation and amortization	150.4	140.3

Outlook for the FY2018 (April 2018 - March 2019)

- Although there are concerns about a downward swing in overseas economies, foreign trade issues, terrorism and conflict in Europe and in the Middle East, the Japanese economic outlook for next year shows a continued, gradual growth due to improvement in the employment environment, and the effect of various new government policies.
- Given these circumstances, the ANA Group is implementing the following measures to realize the strategic vision of "Becoming the World's Leading Airline Group" in accordance with "FY2018-2022 ANA Group Corporate Strategy" launched in February 2018.
- ANA will endeavor to enhance convenience and comfort to our passengers as a full-service carrier,

by offering free in-flight Wi-Fi, and introducing new domestic tariffs being changed to a simple, easy-to-understand fare lineup from October this year.

- In international passenger service, the Haneda-Bangkok route will be increased to three flights per day, for a total of five flight per day between Tokyo and Bangkok. Codeshare will commence with Alitalia starting from October 2018, and the Airbus A380 will be introduced to the Tokyo-Honolulu route in spring 2019.
- As for cargo service, ANA will work to capture new demand by enhancing basic quality and utilizing belly space of its extensive passenger flight route network.
- Vanilla Air Inc. and Peach Aviation Limited will integrate 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 in market share.

Consolidated Financial Forecast

Unit: billion yen (rounded down)

	Latest Forecast for FY2018	FY2017	Difference
Operating revenue	2,040.0	1,971.7	+68.2
Operating income	165.0	164.5	+0.4
Ordinary income	158.0	160.6	-2.6
Net income attributable to owners of the Parent	102.0	143.8	-41.8

Regarding the dividends for FY2017, after comprehensively taking into consideration the earnings and financial conditions during the period as well as the business environment going forward, the company intends to pay a dividend of 70 yen per share.

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About ANA

Following the “Inspiration of Japan” high quality of service, ANA has been awarded the respected 5-Star rating from SKYTRAX for six consecutive years starting in 2013. Additionally, ANA has been recognized by *Air Transport World* as “Airline of the Year” three times in the past 10 years - 2007, 2013 and 2018, becoming one of the few airlines winning this prestigious award for multiple times.

ANA was founded in 1952 with two helicopters and has become the largest airline in Japan, as well as one of the most significant airlines in Asia, operating 85 international routes and 116 domestic routes. ANA offers a unique dual hub model which enables passengers to travel to Tokyo and connect through the two airports in the metropolitan Tokyo, NARITA and HANEDA, to various destinations throughout Japan, and also offers same day connections between various North American, Asian and Chinese cities.

ANA has been a member of Star Alliance since 1999 and has joint venture partnerships with United Airlines, Lufthansa German Airlines, Swiss International Airlines and Austrian Airlines.

Besides the full service and award winner carrier ANA, the ANA Group has two LCCs as consolidated subsidiaries, Vanilla Air Inc. and Peach Aviation Limited. The ANA Group carried 52.1 million passengers in FY2016, has approximately 39,000 employees and a fleet of 260 aircraft. ANA is a proud launch customer and the biggest operator of the Boeing 787 Dreamliner.