ANA HOLDINGS INC. (9202)
Consolidated Financial Results
For the year ended March 31, 2019

ANA HOLDINGS reports Consolidated Financial Results for the Year Ended March 31, 2019

1. Consolidated financial highlights for the year ended March 31, 2019

(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)	%
FY2018 ended Mar.31, 2019	2,058,312	4.4	165,019	0.3	156,681	(2.5)	110,777	(23.0)
FY2017 ended Mar.31, 2018	1,971,799	11.7	164,516	13.0	160,636	14.4	143,887	45.6

*Comprehensive income for the period Apr.1 – Mar.31, 2019 ¥141,630 million [(12.8%)]
for the period Apr.1 – Mar.31, 2018 ¥162,495 million [11.6%]

	Net income per share	Return on equity	Ratio of ordinary profit to total assets	Operating income margin ratio
	Yen	%	%	%
FY2018 ended Mar.31, 2019	331.04	10.6	6.0	8.0
FY2017 ended Mar.31, 2018	417.82	15.1	6.6	8.3

(Reference) Equity in net income of affiliates for the year ended Mar.31, 2019 ¥1,559 million
for the year ended Mar.31, 2018 ¥1,485 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, 2019	2,687,122	1,109,313	40.9	3,285.46
As of Mar. 31, 2018	2,562,462	1,000,552	38.6	2,954.47

(Reference) Shareholders' equity as of Mar. 31, 2019 ¥1,099,413 million
as of Mar. 31, 2018 ¥988,661 million

(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
FY2018 ended Mar.31, 2019	296,148	(308,671)	(46,480)	211,838
FY2017 ended Mar.31, 2018	316,014	(324,494)	(29,989)	270,509

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
FY2017	-	-	-	60.00	60.00
FY2018	-	-	-	75.00	75.00
FY2019 (Forecast)	-	-	-	75.00	75.00

	Total dividends Yen (Millions)	Payout ratio (Consolidated)(%)	Dividend on equity (Consolidated)(%)
FY2017	20,084	14.4	2.0
FY2018	25,105	22.7	2.3
FY2019 (Forecast)	-	23.2	-

Note:

* In FY2017 total amount of dividends does not include the dividends paid to the trust account of the affiliates of ¥7 million.
* In FY2018 total amount of dividends does not include the dividends paid to the trust account of the affiliates of ¥9 million.
* In FY2018 year-end dividend per share was changed from ¥70 to ¥75. For details, please refer to “Notice Concerning Dividends for the Fiscal Year Ended March 31, 2019 (FY2018)” released on April 26, 2019.

3. Consolidated operating results forecast for the fiscal year ending March 31, 2020

(%: 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 FY2019	2,150,000	4.5	165,000	(0.0)	160,000	2.1	108,000	(2.5)	322.75

*Forecast for the six months ending September 30, 2019 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 (Changes in accounting policies)”.

(3) Number of issued shares (Common stock)

Number of Shares

	FY2018		FY2017	
Number of shares issued (including treasury stock)	As of Mar.31	348,498,361	As of Mar.31	348,498,361
Number of treasury stock	As of Mar.31	13,868,935	As of Mar.31	13,866,101
Average number of shares outstanding during the year	Apr.1-Mar.31	334,632,361	Apr.1-Mar.31	344,372,763

*See Note 1 below.

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

(Reference) Summary of non-consolidated financial results

(1) Non-consolidated financial results

Yen (Millions)

	Operating revenues		Operating income		Ordinary income		Net income	
	Yen (Millions)	%	Yen (Millions)	%	Yen (Millions)	%	Yen (Millions)	%
FY2018 ended Mar.31, 2019	255,109	(4.7)	91,462	(18.4)	86,613	(20.1)	80,038	(10.3)
FY2017 ended Mar.31, 2018	267,763	9.9	112,101	17.9	108,406	24.1	89,226	37.1

	Net income per share
	Yen
FY2018 ended Mar.31, 2019	239.09
FY2017 ended Mar.31, 2018	259.00

*See Note 1 below.

(2) Non-consolidated financial positions

	Total assets	Total net assets	Equity ratio	Net assets per Share
	Yen (Millions)	Yen (Millions)	%	Yen
As of Mar. 31, 2019	1,966,499	879,989	44.7	2,628.71
As of Mar. 31, 2018	1,887,516	796,541	42.2	2,379.41

(Reference) Shareholders' equity as of Mar. 31, 2019 ¥ 879,989 million
as of Mar. 31, 2018 ¥ 796,541 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 5 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.

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APPENDIX

1. Summary of Operating Results etc.

(1) Analysis of Operating Results

①Overview of the fiscal year ended March 31, 2019

Japan's economy for the fiscal year (April 1, 2018 - March 31, 2019) 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 sought to provide safety, quality and service by executing the various measures outlined in the Mid-Term Corporate Strategy for FY2018-2022 (disclosed on February 1, 2018), in addition to actively investing in human resources and capital expenditure aimed at the expansion of arrival/departure slots at the Tokyo metropolitan airports in 2020.

As a result of the above, consolidated results for the fiscal year show operating revenues of ¥ 2,058.3 billion (up 4.4% year-on-year) and operating income of ¥ 165.0 billion (up 0.3% year-on-year) due to an increase in revenues mainly in air transportation, reaching record levels for the fourth consecutive year. Meanwhile, ordinary income was ¥ 156.6 billion (down 2.5% year-on-year) due to an increase in the disposal of maintenance parts. As a result of the extraordinary income, etc. recorded during the previous fiscal year due to the inclusion of Peach Aviation Limited as a consolidated subsidiary, net income attributable to owners of the parent was ¥ 110.7 billion (down 23.0% year-on-year).

In addition, the Company was selected as one of the "2018 Competitive IT Strategy Company" by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange for being an enterprise actively engaged in the utilization of IT. ANA Group will continue to engage in the sustained creation of value such as innovative work styles and creative services and businesses while utilizing the potential of digital technology in the future.

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 resulted in operating revenues of ¥ 1,814.4 billion (up 4.8% year-on-year) and operating income of ¥ 160.5 billion (up 2.3% year-on-year) in Air Transportation.

The fiscal year under review is a period positioned for an "overall review of safety, quality and service" required for implementing the Group's growth strategy, and the Group steadily proceeded with efforts for "steadfastly maintaining safety" and "improving customer convenience and comfort." In order to ensure safety information is conveyed to passengers on aircraft in a way that is easy to understand, the in-flight safety video was updated based on the scene of the traditional Japanese performance art of kabuki in December. In addition, new wheelchairs enabling easy movement and turning within the narrow confines of aircraft were also deployed, and boarding gates were widened to enable smoother boarding in an effort to enhance service providing ease of use to everyone.

In addition to being awarded by the U.K. based Skytrax the highest rating of "5-Star" for customer satisfaction for the seventh year running, ranked first for "customer satisfaction" in the International Aviation division in the JCSI (Japanese Customer Satisfaction Index) survey conducted by the Japan Productivity Center for the first time, with the quality of the service being highly acclaimed. ANA's on-time arrival rate was also recognized by U.S. based FlightStats as ranked top in the Asia-Pacific region and third place in worldwide. By focusing on ensuring basic quality, the ANA Group will continue to engage in making further improvements in the future.

＜**Domestic Passenger Service**＞

In domestic passenger service, although factors such as repeated natural disasters and the cancellation of flights due to inspection and maintenance of Rolls-Royce in the 1st half of the year, both the number of passengers and revenues increased year-on-year as a result of the capture of steady business travel demand and demand for domestic travel by visitors to Japan, in addition to the offer of various discount fares to match demand.

In terms of the route network, in addition to the Chubu-Miyako route and Fukuoka-Ishigaki route that have changed to year-round operation since this summer timetable, efforts were also made to capture demand by expanding direct flights to Ishigaki island and Miyako island from various locations throughout Japan.

In terms of sales and services, the fare system was renewed by changing to a simple and easily understandable fare lineup in October and starting bookings and sales 355 days prior to departure, in addition to making efforts to stimulate travel demand from within and outside Japan through the implementation of the *"Let's Go to Hokkaido"* project to aid with efforts to provide relief from natural disasters and the "Reduced ANA International and Domestic Fares on Flights to or from Kansai International Airport for foreign visitors" campaign. Furthermore, in addition to commencing the provision of free in-flight Wi-Fi service in April, ANA made efforts to improve service such as proceeding with further introduction of Airbus A321neo aircraft with personal monitors on all seats and renewing the domestic lounges in Itami Airport, Fukuoka Airport and Naha Airport under the supervision of Kengo Kuma.

As a result of the above, passenger numbers on domestic services for this fiscal year rose to 44.32 million (up 0.4 % year-on-year), and revenues increased to ￥696.6 billion (up 1.0 % year-on-year).

＜**International Passenger Service**＞

In international passenger service 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-Bangkok route was increased to three per day in June, and efforts were made to further expand the network such as commencing code-sharing flights with Alitalia in October and starting a new Haneda-Vienna route in February this year.

In terms of sales and services, efforts were made to improve convenience for customers by commencing the use of miles to award Premium Economy tickets and book upgrades from Economy Class tickets. In addition to expanding the in-flight meal reservation service in Business Class from March, ANA endeavored to create an environment offering greater relief and comfort to passengers through efforts such as providing newly developed gluten-free bread using rice flour to enable customers with allergies to enjoy their meals with peace of mind.

In addition, the Company formed a capital and business partnership with PAL Holdings, which is the parent of Philippine Airlines Inc., in order to strengthen its network and enhance its presence in the rapidly growing Asia region. ANA will further strengthen its medium- to long-term strategic partnership with Philippine Airlines.

As a result of the above, the number of passengers on international services for the year rose to 10.09 million passengers (up 3.6 % year-on-year), and revenues increased to ￥651.5 billion (up 9.1 % year-on-year).

＜**Cargo Service**＞

In international cargo service, although there was a drop in demand for cargo from China in the fourth quarter, performance until the third quarter was strong, backed by robust cargo demand centered on automotive parts and electronic components bound for North America and Europe. Although the cargo volume decreased year-on-year, revenue increased year-on-year as a result of enhancement of yield management and utilization of airline charters (cargo charter flights operated by other airline). Furthermore, efforts were made to improve profitability by downsizing the Okinawa hub network and using direct flights for certain routes from the winter timetable.

As a result of the above, although the volume of international cargo handled in the year decreased to 913 thousand tons (down 8.1 % year-on-year), revenues increased to ¥ 125.0 billion (up 5.9 % year-on-year).

＜LCC＞

In LCCs, both the number of passengers and revenues increased year-on-year due to the expansion of the route network and the capture of robust inbound demand.

In the route network, Peach Aviation Limited expanded its network by establishing a new Okinawa-Kaohsiung route in April and the Kansai-Kushiro route in August, while Vanilla Air Inc. expanded its network by establishing the Narita-Ishigaki route and the Okinawa-Ishigaki route in July, and increased flights on the Okinawa-Taipei route in October.

On the marketing front, both Peach Aviation Limited and Vanilla Air Inc. made efforts to capture demand such as the “first joint sale” ahead of the integration of the companies. In addition, Peach Aviation Limited and Vanilla Air Inc. changed the terminal they use in Naha Airport this March to further enhance convenience for customers.

As a result of the above, passenger numbers on LCC for this fiscal year increased to 8.15 million (up 4.6 % year-on-year), and revenues increased to ¥ 93.6 billion (up 6.9 % year-on-year).

＜Others in Air Transportation＞

Others in air transportation revenue were ¥ 211.8 billion (up 6.8 % year-on-year). Revenues in “Others in Air Transportation” are derived mainly from the mileage program, in-flight sales, and maintenance service contracts.

◎ Airline Related

Operating revenues were ¥ 291.0 billion (up 2.4 % year-on-year) and operating income was ¥ 13.1 billion (up 23.9 % year-on-year) because of an increase in contracts with various airlines for ground handling services including passenger check-in and baggage handling at airports such as Fukuoka Airport, and an increase in contracts related to in-flight meals from foreign airline companies.

◎ Travel Service

In domestic travel service, operating revenues decreased year-on-year due to sluggish growth in travelers primarily bound for Okinawa in *ANA Sky Holidays* and the impact of natural disasters, despite steady turnover through the capture of early bird bookings for the dynamic package product *Tabisaku*.

In overseas travel service, despite steady turnover in Europe where there was a focus on tours accompanied by guides, operating revenues decreased year-on-year due to sluggish growth in turnover for the dynamic package product *Tabisaku*.

As a result of the above, operating revenues for the year from travel services decreased to ¥ 150.7 billion (down 5.4% year-on-year), and operating income decreased to ¥ 0.6 billion (down 83.8% year-on-year) due to the increase in expenses for the newly operating travel system.

◎ Trade and Retail

Although operating revenues in the Trade and Retail increased due to the capture of inbound demand in the retail business including the *ANA DUTY FREE SHOP* airport duty free stores and an increase in turnover of fresh foods in the Food business, meanwhile operating income decreased due to the impact of a decrease in income in the Aerospace & Electronics business and the Lifestyle Industries business.

As a result of the above, operating revenues for the year from trade and retail decreased to ¥ 150.6 billion (up 5.3 % year-on-year), and operating income decreased to ¥ 3.7 billion (down 17.8 % year-on-year).

◎ Other

Although operating revenue increased to ¥ 40.9 billion (up 5.8% year-on-year) due to strong performance in the airline security business, operating income decreased to ¥ 2.2 billion (down 17.8% year-on-year) due to a decrease in brokerage fees forland sales in the real estate business.

② Outlook for the Next Financial Year

Although there are concerns about the risk of the movements of trade issues, a downturn swing in overseas economies and terrorism and conflict, the economic outlook for the 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 the “Mid-Term Corporate Strategy for FY2018-2022".

◎ Air Transportation

<Domestic Passenger Service>

In domestic passenger service, demand for air transportation is expected to remain steady due to solid business travel demand, increased domestic travel by foreign visitors to Japan, and the large series of public holidays due to the change of the era under the Japanese calendar. Under such circumstances, the ANA Group is working to ensure profitability by promoting measures to match capacity with demand by utilizing a diverse fleet.

In terms of the route network, flights on the Narita-Chubu route will be increased in May in an effort to capture demand for flights connecting to international routes.

In marketing and services, the fare system that underwent a renewal this fiscal year will be utilized to set various fares according to demand from an early stage. In addition, changes will be made to the layout of departure counters and service using the ANA Baggage Drop automatic baggage check-in machines will be introduced in Naha Airport, which will be the fourth such airport in Japan, to make airport procedures easier to understand and minimize waiting times. In addition, Saga Airport will be positioned as an innovation model airport to review automated baggage loading technology and automated container transportation technology, etc., review the merger and roles of humans and technology in airports, and promote innovation in an effort improve service quality and implement work style reform.

<International Passenger Service>

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, ANA will actively establish routes with cities that had not previously had direct flights from Japan by establishing the Narita-Perth (Western Australia) route this September and the Narita-Chennai (Southern India) route during the winter period.

In marketing and services, the “FLYING HONU” Airbus A380 will be introduced on certain flights on the Narita-Honolulu route from May as ANA implements its Hawaii resort strategy. ANA will provide a new Hawaii experience that only it can offer, such as fully utilizing the characteristics of the world’s largest passenger aircraft, dedicated to the Honolulu route, to introduce completely separate cabins for First Class, full flat pair seats in the Business Class and couch seats in Economy Class, and additionally establishing a new ANA lounge at Daniel K. Inouye International Airport in Honolulu. Furthermore, efforts will be made to improve products and services such as providing new seats with improved comfort and functionality by introducing Boeing 787-10 aircraft on the Narita-Singapore route in April and the Narita-Bangkok route in July.

<Cargo Service>

In international cargo services, although demand is seen as decelerating, high-tech demand associated with next-generation technologies such as AI, IoT and robots, and automotive demand are expected to remain solid. The large Boeing 777-200F cargo aircraft will be introduced in July to provide for the Asia-North America network, and an effort will be made to capture new products such as large cargo and specific cargo with the aim of continuing to strengthen ANA's revenue base.

<LCC>

In LCCs, efforts will be made to capture robust inbound demand and create new travel demand.

In the route network, Peach Aviation Limited will expand its network through steps such as launching a New Chitose-Seoul route in April.

Vanilla Air Inc. will gradually transfer its routes to Peach Aviation Limited from June, and be integrated with Peach Aviation Limited by the end of fiscal 2019. In addition to the strengths of the brand established to date, the company will aim to be more competitive in Asia through the integration of the two companies' route networks, and become the "leading LCC in Asia" in terms of both 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	6
Boeing 777-200F*	2
Boeing 787-10	1
Boeing 787-9	5
Airbus A320neo	2
Total	17

Aircraft to be retired	
Model	No. of Aircraft
Boeing 767-300	5
Boeing 767-300BCF*	3
Airbus A320-200	5
Boeing 737-500	5
Total	18

Note: *freighter

◎ 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 Service

In travel services, as customers drift away from packaged products, under the "ANA Traveler's" brand established this fiscal year, efforts will be made to increase revenue by development attractive products and services that are easier to understand and better reflect the needs of customers.

In domestic travel service, efforts will be made to become more competitive by expanding the products and services ANA miles can be used with and strengthening the supply of the dynamic package product on the website *Tabisaku*, in addition to strengthening product planning and sales aimed at expanding market share of the mainstay product *ANA Sky Holidays*.

In overseas travel services, ANA Sales will strengthen sales focused on Hawaii by promoting the introduction of the Airbus A380 and expanding the product lineup, and will endeavor to promote sales through steps such as developing products utilizing customers' needs and enhancing communication according to individual requirements.

◎ 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. ANA Retail will strengthen one-to-one marketing according to the needs and purchase history of each consumer in the retail business, and strengthen profitability in the food business by ensuring the stable supply and reducing the production cost of bananas, which have been a mainstay product. In addition, in the aerospace & electronics business, the company will develop the aircraft engine leasing business that it launched this fiscal year into a core business in the aviation-related business that is expected to grow in the future.

◎ **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 consolidate results for the fiscal year ending March 31, 2020 is as follows: operating revenues ¥2,150.0 billion (up 4.5% year-on-year); operating income ¥165.0 billion (down 0.0% year-on-year); ordinary income ¥160.0 billion (up 2.1% year-on-year); and net income attributable to owners of the parent was ¥108.0 billion (down 2.5% 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$65 per barrel, while Singapore kerosene costs are US$80 per barrel.

Consolidated Earnings Forecast

Yen (Billions)

Category	FY2018 ended Mar.31, 2019	FY2019 ending Mar.31, 2020 (Estimate)
Operating revenues	2,058.3	2,150.0
Operating expenses	1,893.2	1,985.0
Operating income	165.0	165.0
Ordinary income	156.6	160.0
Net income attributable to owners of the parent	110.7	108.0

(2) Analysis of the Financial Position

① Consolidated Balance Sheet

Assets: Due to increase in property and equipment by acquisition of aircraft, total assets increased by ¥124.6 billion compared to the balance as of the end of FY2017, to ¥2,687.1 billion.

Liabilities: Despite repayment of debt, due to increase in advance ticket sales, total liabilities increased by ¥15.8 billion compared to the balance as of the end of FY2017, to ¥1,577.8 billion. Interest-bearing debt decreased by ¥9.7 billion compared to the balance as of the end of FY2017, to ¥788.6 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 ¥108.7 billion compared to the balance as of the end of FY2017, to ¥1,109.3 billion. As a result, equity ratio was 40.9%.

② Consolidated Statement of Cash Flows

Operating activities: Net income before income taxes and non-controlling interests for the current period was ¥154.0 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 ¥296.1 billion.

Investment activities: Due to advance payment for acquisition of aircraft and parts, cash flows from investing activities (outflow) was ¥308.6 billion. As a result, free cash flow (outflow) was ¥12.5 billion.

Financial activities: Despite issuance of bonds, due to payment of dividends and repayment of debt, cash flows from financing activities (outflow) was ¥46.4 billion.

As a result of the above, cash and cash equivalents at the end of the current period decreased by ¥58.6 billion compared to the balance as of the end of FY2017, to ¥211.8 billion.

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

Category	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Shareholder’s equity ratio (%)	34.7	35.4	39.7	38.6	40.9
Shareholder’s equity ratio based on market prices (%)	48.8	49.8	51.4	53.8	50.5
Debt repayment period (years)	4.0	2.7	3.1	2.5	2.7
Interest coverage ratio	14.7	22.3	23.9	36.1	41.3

* 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 and strong performance in international passenger services, revenues increased mainly in the airline business, and operating income increased. Meanwhile, ordinary income and net income attributable to owners of the parent decreased due to an increase in the disposal of maintenance parts and the extraordinary income, etc. recorded during the previous fiscal year due to the inclusion of Peach Aviation Limited as a consolidated subsidiary.

The Company recognizes that providing returns to shareholders is an important management issue, and based on the desire to enhance further shareholders’ return while securing funds for investment in growth aimed at medium- to long-term corporate value and maintaining sound finances, the Company will increase dividends by 15 yen from the previous fiscal year to 75 yen per share this fiscal year.

In regard to the dividends for the next period, the Company plans to pay a dividend of 75 yen per share after accomplishing the challenges in the "Mid-Term Corporate Strategy for FY2018-2022”

(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 Company's subsidiary All Nippon Airways Co., Ltd. reached a plea agreement for the allegations of price fixing in relation to international air freight and passenger transport lodged by the U.S. Department of Justice after collective consideration of various circumstances, and also agreed to a settlement with the passenger plaintiffs in January 2019 in the class action lawsuit lodged in regard to passenger transport. Special loss of ¥6.4 billion was recorded this fiscal year as a result of the settlement.

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 34.59 million ANA Mileage Club members (as of March 31, 2019), 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.

㉒ **Risks related to securing jet fuel**

The Group perceives the expansion of arrival/departure slots in Haneda Airport and Narita Airport to be its greatest business opportunity, and while the amount of jet fuel used is expected to increase significantly in the plan to expand business, the Group's flight operations may be affected if an appropriate volume of jet fuel cannot be secured.

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.

3 Financial Statements and Operating Results

(1) Consolidated Balance Sheet

Yen (Millions)

Assets	FY2018 as of Mar. 31, 2019	FY2017 as of Mar. 31, 2018
Current assets:		
Cash and deposits	68,301	78,036
Notes and accounts receivable	180,667	173,472
Lease receivables	26,491	27,341
Marketable securities	225,360	279,540
Inventories (Merchandise)	13,707	12,364
Inventories (Supplies)	48,423	50,106
Other current assets	137,738	103,113
Allowance for doubtful accounts	(457)	(479)
Total current assets	700,230	723,493
Fixed assets		
Property and equipment:		
Buildings and structures	97,262	98,961
Aircraft	1,062,626	1,027,910
Machinery, equipment and vehicles	27,130	30,269
Furniture and fixtures	12,503	10,608
Land	54,270	55,786
Lease assets	6,644	7,239
Construction in progress	286,635	202,328
Total property and equipment	1,547,070	1,433,101
Intangible assets:		
Goodwill	51,132	55,336
Other intangible assets	104,048	99,902
Total intangible assets	155,180	155,238
Investments and other assets:		
Investment securities	159,184	119,962
Long-term receivables	4,725	4,721
Deferred income taxes	85,307	93,376
Net defined benefit assets	476	312
Other assets	36,141	33,387
Allowance for doubtful accounts	(1,691)	(1,618)
Total investments and other assets	284,142	250,140
Total fixed assets	1,986,392	1,838,479
Deferred assets	500	490
TOTAL	2,687,122	2,562,462

Yen (Millions)

Liabilities and Net assets	FY2018 as of Mar. 31, 2019	FY2017 as of Mar. 31, 2018
Liabilities		
Current liabilities:		
Accounts payable	223,685	220,330
Short-term loans	336	176
Current portion of long-term debt	77,883	84,738
Current portion of bonds	30,000	10,000
Finance lease obligations	4,768	5,211
Income taxes payable	21,374	37,709
Advance ticket sales	218,950	181,353
Accrued bonuses to employees	41,580	45,332
Other current liabilities	67,357	63,231
Total current liabilities	685,933	648,080
Long-term liabilities:		
Bonds	115,000	125,000
Convertible bond-type bonds with stock acquisition rights	140,000	140,000
Long-term debt	406,830	418,185
Finance lease obligations	13,832	15,083
Deferred income taxes	110	94
Accrued corporate executive officers' retirement benefits	881	742
Net defined benefit liabilities	158,209	156,765
Other provisions	15,445	11,421
Asset retirement obligations	3,371	1,196
Other long-term liabilities	38,198	45,344
Total long-term liabilities	891,876	913,830
Total liabilities	1,577,809	1,561,910
Net assets		
Shareholders' equity:		
Common stock	318,789	318,789
Capital surplus	258,448	268,208
Retained earnings	548,439	457,746
Treasury stock	(59,032)	(59,015)
Total shareholders' equity	1,066,644	985,728
Accumulated other comprehensive income:		
Unrealized gain on securities	37,622	24,467
Deferred gain (loss) on derivatives under hedge accounting	10,636	(3,471)
Foreign currency translation adjustments	2,873	3,201
Defined retirement benefit plans	(18,362)	(21,264)
Total accumulated other comprehensive income	32,769	2,933
Non-controlling interests	9,900	11,891
Total net assets	1,109,313	1,000,552
TOTAL	2,687,122	2,562,462

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

Yen (Millions)

	FY2018 Apr.1-Mar.31	FY2017 Apr.1-Mar.31
Operating revenues	2,058,312	1,971,799
Cost of sales	1,559,876	1,481,881
Gross profit	498,436	489,918
Selling, general and administrative expenses		
Commissions	105,678	96,991
Advertising	12,813	13,132
Employees' salaries and bonuses	39,760	38,976
Provision of allowance for doubtful accounts	87	119
Provision for accrued bonuses to employees	7,913	8,693
Retirement benefit expenses	3,462	3,462
Depreciation	24,828	22,014
Other	138,876	142,015
Total selling, general and administrative expenses	333,417	325,402
Operating income	165,019	164,516
Other income:		
Interest income	767	623
Dividend income	2,159	1,391
Equity in earnings of unconsolidated subsidiaries and affiliates	1,559	1,485
Gain on sales of assets	2,554	3,408
Gain on donation of non-current assets	2,512	1,134
Other	7,048	4,574
Total other income	16,599	12,615
Other expenses:		
Interest expenses	6,995	8,676
Foreign exchange loss, net	1,761	1,234
Loss on sales of assets	641	161
Loss on disposal of assets	11,117	4,152
Other	4,423	2,272
Total other expenses	24,937	16,495
Ordinary income	156,681	160,636

	FY2018 Apr.1-Mar.31	FY2017 Apr.1-Mar.31
		Yen (Millions)
Special gain		
Gain on sales of property and equipment	-	9,623
Gain on sales of investment securities	-	1,311
Gain on step acquisition	-	33,801
Compensation payments received	6,810	-
Other	3	23
Total special gain	6,813	44,758
Special loss		
Loss on disposal of property and equipment	-	748
Litigation settlement fees related to anti-trust law claims	6,423	-
Loss on sales of shares of subsidiaries and affiliates	343	-
Loss on valuation of investments in unconsolidated subsidiaries and affiliates	-	577
Impairment loss	1,997	6,061
Other	708	1,367
Total special loss	9,471	8,753
Income before income taxes	154,023	196,641
Current	47,354	61,650
Deferred	(5,168)	(10,647)
Total income taxes	42,186	51,003
Net income	111,837	145,638
Net income attributable to non-controlling interests	1,060	1,751
Net income attributable to owners of the parent	110,777	143,887

Consolidated Statement of Comprehensive Income

Yen (Millions)

	FY2018 Apr.1-Mar.31	FY2017 Apr.1-Mar.31
Net income	111,837	145,638
Other comprehensive income:		
Unrealized gain on securities	13,115	3,788
Deferred gain on derivatives under hedge accounting	14,115	8,334
Foreign currency translation adjustments	(382)	(149)
Defined retirement benefit plans	2,930	4,944
Share of other comprehensive income (loss) in affiliates	15	(60)
Total other comprehensive income	29,793	16,857
Comprehensive income	141,630	162,495
Total comprehensive income attributable to:		
Owners of the parent	140,613	160,825
Non-controlling interests	1,017	1,670

(3) Consolidated Statements of Changes in Net Assets

<FY2018 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	268,208	457,746	(59,015)	985,728
Changes during the fiscal year					
Cash dividends			(20,084)		(20,084)
Net income attributable to owners of the parent			110,777		110,777
Purchase of treasury stock				(41)	(41)
Disposal of treasury stock				24	24
Change in the parent's ownership interest due to transactions with noncontrolling interests		(9,760)			(9,760)
Net changes in the year					-
Total changes during the fiscal year	-	(9,760)	90,693	(17)	80,916
Balance at end of the year	318,789	258,448	548,439	(59,032)	1,066,644

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	24,467	(3,471)	3,201	(21,264)	2,933	11,891	1,000,552
Changes during the fiscal year							
Cash dividends							(20,084)
Net income attributable to owners of the parent							110,777
Purchase of treasury stock							(41)
Disposal of treasury stock							24
Change in the parent's ownership interest due to transactions with noncontrolling interests							(9,760)
Net changes in the year	13,155	14,107	(328)	2,902	29,836	(1,991)	27,845
Total changes during the fiscal year	13,155	14,107	(328)	2,902	29,836	(1,991)	108,761
Balance at end of the year	37,622	10,636	2,873	(18,362)	32,769	9,900	1,109,313

<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 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 end of the year	24,467	(3,471)	3,201	(21,264)	2,933	11,891	1,000,552

(4) Consolidated Statement of Cash Flows

	FY2018 Apr.1 - Mar.31	FY2017 Apr.1 - Mar.31
Yen (Millions)		
I. Cash flows from operating activities		
Income before income taxes	154,023	196,641
Depreciation and amortization	159,541	150,408
Impairment loss	1,997	6,061
Amortization of goodwill	4,031	4,031
Loss (gain) on disposal and sales of property and equipment	9,204	(7,970)
Gain on sales and valuation of investment securities	(149)	(1,170)
Loss on valuation of investments in unconsolidated subsidiaries and affiliates	-	446
Loss on sales of shares of subsidiaries and affiliates	343	-
Increase in allowance for doubtful accounts	51	339
Increase in liability for retirement benefits	4,801	6,430
Interest and dividend income	(2,926)	(2,014)
Interest expenses	6,995	8,676
Foreign exchange (gain) loss	(534)	261
Gain on step acquisition	-	(33,801)
Increase in notes and accounts receivable	(7,195)	(14,201)
Increase in other current assets	(20,788)	(19,784)
Increase in notes and accounts payable	3,355	37,149
Increase in advance ticket sales	37,597	22,949
Other, net	12,694	2,742
Subtotal	363,040	357,193
Interest and dividends received	3,447	2,906
Interest paid	(7,175)	(8,763)
Income taxes paid	(63,164)	(35,322)
Net cash provided by operating activities	296,148	316,014
II. Cash flows from investing activities		
Increase in time deposits	(45,811)	(28,265)
Proceeds from withdrawal of time deposits	30,794	25,705
Purchases of marketable securities	(176,060)	(159,970)
Proceeds from redemption of marketable securities	196,582	92,640
Purchases of property and equipment	(336,807)	(265,531)
Proceeds from sales of property and equipment	84,917	75,807
Purchases of intangible assets	(39,057)	(39,176)
Purchases of investment securities	(18,978)	(3,539)
Proceeds from sales of investment securities	153	2,379
Payment for purchases of investments in subsidiaries with changes in scope of consolidation	-	(19,476)
Other, net	(4,404)	(5,068)
Net cash used in investing activities	(308,671)	(324,494)

	Yen (Millions)	
	FY2018 Apr.1 - Mar.31	FY2017 Apr.1 - Mar.31
III. Cash flows from financing activities		
Increase in short-term loans, net	156	111
Proceeds from long-term loans	69,710	35,078
Repayment of long-term loans	(87,903)	(95,170)
Proceeds from issuance of bonds	19,876	149,863
Repayment of bonds	(10,000)	(20,000)
Repayment of finance lease obligations	(5,602)	(6,187)
Payment for purchases of investments in subsidiaries with no changes in scope of consolidation	(11,326)	-
Net increase of treasury stock	(17)	(67,652)
Payment for dividends	(20,084)	(21,021)
Other, net	(1,290)	(5,011)
Net cash used in financing activities	(46,480)	(29,989)
IV. Effect of exchange rate changes on cash and cash equivalents	332	(80)
V. Net decrease in cash and cash equivalents	(58,671)	(38,549)
VI. Cash and cash equivalents at beginning of year	270,509	309,058
VII. Cash and cash equivalents at end of year	211,838	270,509

(5) Notes to Consolidated Financial Statements

(Going concern assumption)

None

(Basis of presenting consolidated financial statements)

(1) Number of subsidiaries: 62
Excluded: 2
ANA SALES EUROPE LTD.
Pan Am International Flight Training Center (Thailand) Limited

(2) Number of equity method affiliates: 16

(Changes in accounting policies)

None

(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)

	FY2018 Apr.1-Mar.31 Balance at end of year	FY2017 Apr.1-Mar.31 Balance at end of year
Cash and deposits	68,301	78,036
Marketable securities	225,360	279,540
Time deposits with maturities of more than three months	(26,103)	(11,097)
Marketable securities with maturities of more than three months	(55,720)	(75,970)
Cash and cash equivalents	211,838	270,509

(Segment information)

1. Summary of reporting segment
   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.

2. Method of calculating the amount of operating revenues, profit or loss, assets, liabilities and others by reporting segment
   The accounting policies of the segments are substantially the same as those described in above "(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.

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

<FY2018 Apr.1-Mar.31> Yen (Millions)

	Reportable Segments				
	Air Transportation	Airline Related	Travel Services	Trade and Retail	Subtotal
Operating revenues from external customers	1,728,645	51,783	140,805	122,454	2,043,687
Intersegment revenues and transfers	85,772	239,268	9,941	28,225	363,206
Total	1,814,417	291,051	150,746	150,679	2,406,893
Segment profit	160,556	13,178	606	3,706	178,046
Segment assets	2,409,579	148,288	60,163	61,019	2,679,049
Other items Depreciation and amortization	152,948	4,496	507	1,354	159,305
Amortization of goodwill	3,889	28	-	114	4,031
Increase in tangible and intangible fixed assets	370,778	1,838	241	1,156	374,013

	Others (*1)	Total	Adjustments (*2)	Consolidated (*3)
Operating revenues from external customers	14,625	2,058,312	-	2,058,312
Intersegment revenues and transfers	26,333	389,539	(389,539)	-
Total	40,958	2,447,851	(389,539)	2,058,312
Segment profit	2,275	180,321	(15,302)	165,019
Segment assets	23,434	2,702,483	(15,361)	2,687,122
Other items Depreciation and amortization	236	159,541	-	159,541
Amortization of goodwill	-	4,031	-	4,031
Increase in tangible and Intangible assets	269	374,282	1,582	375,864

*1. "Others" 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 ¥171,058 million and the main asset is the long-term investments (investment securities) in the consolidated companies.

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

<FY2017 Apr.1-Mar.31>

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

	Others (*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	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. “Others” 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 (investment securities) in the consolidated companies.

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

(Per share information)

	FY2018 <Apr.1 - Mar.31>	FY2017 <Apr.1 - Mar.31>
		Yen
Net assets per share	3,285.46	2,954.47
Net income per share	331.04	417.82

Notes:

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

Yen (Millions)

	FY2018 <Apr.1 - Mar.31>	FY2017 <Apr.1 - Mar.31>
Net income attributable to owners of the parent	110,777	143,887
Amount not attributable to common shareholders	-	-
Net income in accordance with the common stock	110,777	143,887
Average number of shares outstanding during the fiscal year (in thousands)	334,632	344,372
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	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)

	FY2018 <Apr.1 - Mar.31>	FY2017 <Apr.1 - Mar.31>
Net assets	1,109,313	1,000,552
Amounts deducted from total net assets	9,900	11,891
(incl. Non-controlling Interests)	(9,900)	(11,891)
Net assets attributable to common stock at the end of the fiscal year	1,099,413	988,661
Number of shares of common stock at the end of the fiscal year used to determine net assets per share (in thousands)	348,498	334,632

4. The Company shares held by the trust account of the ANA Group Employee Stock Ownership Trust (FY2017: 137 (Thousand shares)) and Trust for Delivery of Shares to Directors (FY2018: 108, FY2017: 116 (Thousand shares)) are deducted from “Average number of shares outstanding during the year”. The Trust for Delivery of Shares to Directors (FY2018: 107, FY2017: 114 (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.

(Important post-balance sheet events)

None

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

(1) Breakdown of Operating Revenues

Yen (Millions)

	FY2018 Apr.1- Mar.31	FY2017 Apr.1- Mar.31	Difference
Air Transportation			
Domestic routes			
Passenger	696,617	689,760	6,857
Cargo	27,454	30,710	(3,256)
Mail	3,230	3,388	(158)
Subtotal	727,301	723,858	3,443
International routes			
Passenger	651,587	597,446	54,141
Cargo	125,015	118,002	7,013
Mail	5,100	5,934	(834)
Subtotal	781,702	721,382	60,320
Revenues from Air Transportation	1,509,003	1,445,240	63,763
LCC revenues	93,611	87,555	6,056
Others in Air Transportation	211,803	198,378	13,425
Subtotal of Air Transportation	1,814,417	1,731,173	83,244
Airline Related			
Revenues from Airline Related	291,051	284,331	6,720
Subtotal of Airline Related	291,051	284,331	6,720
Travel Services			
Package tours (Domestic)	119,362	127,065	(7,703)
Package tours (International)	20,979	21,658	(679)
Other revenues	10,405	10,566	(161)
Subtotal of Travel Services	150,746	159,289	(8,543)
Trade and Retail			
Revenues from Trade and Retail	150,679	143,039	7,640
Subtotal of Trade and Retail	150,679	143,039	7,640
Subtotal of Segments	2,406,893	2,317,832	89,061
Other			
Other revenues	40,958	38,708	2,250
Subtotal of Other	40,958	38,708	2,250
Total operating revenues	2,447,851	2,356,540	91,311
Intercompany eliminations	(389,539)	(384,741)	(4,798)
Operating revenues (Consolidated)	2,058,312	1,971,799	86,513

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 Peach Aviation Limited and Vanilla Air Inc. are included in “LCC”.
4. Consumption tax is not included in the above figures.

(2) Overview of Airline Operating Results

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	FY2018 Apr.1- Mar.31	FY2017 Apr.1- Mar.31	Year on Year (%)
Domestic routes			
Number of Passengers (Passengers)	44,325,835	44,150,757	0.4
Available Seat Km (Thousand km)	58,475,114	58,426,852	0.1
Revenue Passenger Km (Thousand km)	40,704,695	40,271,969	1.1
Passenger Load Factor (%)	69.6	68.9	0.7
Available Cargo Capacity (Thousand ton km)	1,720,144	1,739,706	(1.1)
Cargo Volume (Tons)	393,773	436,790	(9.8)
Cargo Traffic Volume (Thousand ton km)	408,275	448,208	(8.9)
Mail Volume (Tons)	30,482	34,032	(10.4)
Mail Traffic Volume (Thousand ton km)	30,125	33,285	(9.5)
Cargo and Mail Load Factor (%)	25.5	27.7	(2.2)
International routes			
Number of Passengers (Passengers)	10,093,299	9,740,523	3.6
Available Seat Km (Thousand km)	65,976,156	64,376,225	2.5
Revenue Passenger Km (Thousand km)	50,776,587	49,132,606	3.3
Passenger Load Factor (%)	77.0	76.3	0.6
Available Cargo Capacity (Thousand ton km)	7,122,948	6,809,755	4.6
Cargo Volume (Tons)	913,915	994,593	(8.1)
Cargo Traffic Volume (Thousand ton km)	4,318,339	4,474,388	(3.5)
Mail Volume (Tons)	25,407	31,868	(20.3)
Mail Traffic Volume (Thousand ton km)	131,516	150,337	(12.5)
Cargo and Mail Load Factor (%)	62.5	67.9	(5.4)
Total			
Number of Passengers (Passengers)	54,419,134	53,891,280	1.0
Available Seat Km (Ttyuyujhousand km)	124,451,271	122,803,078	1.3
Revenue Passenger Km (Thousand km)	91,481,282	89,404,576	2.3
Passenger Load Factor (%)	73.5	72.8	0.7
Available Cargo Capacity (Thousand ton km)	8,843,092	8,549,462	3.4
Cargo Volume (Tons)	1,307,688	1,431,384	(8.6)
Cargo Traffic Volume (Thousand ton km)	4,726,614	4,922,596	(4.0)
Mail Volume (Tons)	55,890	65,900	(15.2)
Mail Traffic Volume (Thousand ton km)	161,641	183,622	(12.0)
Cargo and Mail Load Factor (%)	55.3	59.7	(4.4)

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.
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).
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 FY2018 is indicated in field of year-on-year.
11. The results for Peach Aviation Limited and Vanilla Air Inc. are not included.

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Category		FY2018 Apr.1- Mar.31	FY2017 Apr.1- Mar.31	Year-on-Year (%)
Number of Passengers	(Passengers)	8,153,118	7,797,963	4.6
Available Seat Km	(Thousand km)	12,052,233	11,832,653	1.9
Revenue Passenger Km	(Thousand km)	10,394,337	10,212,080	1.8
Passenger Load Factor	(%)	86.2	86.3	(0.1)

Notes:

1. 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).
2. 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).
3. Airline Operating Results for LCC includes Peach Aviation Limited and Vanilla Air Inc.
4. Peach Aviation Limited and Vanilla Air Inc. do not handle cargo and mail.