

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

- For the first time in history, ANA Group exceeded two trillion yen in consolidated operating revenue.
- Operating income reached record high for the fourth consecutive year at 165.0 billion yen.

TOKYO, April 26, 2019 – ANA HOLDINGS INC. (hereinafter “ANA HD”) today reports its financial results for fiscal year 2018 (April 2018 – March 2019).

Overview

- Japan’s economy has continued to experience a gradual recovery with personal consumption picking up in accordance with improvements in corporate earnings and the employment environment. With continued moderate progress in domestic and overseas economies, the airline industry in Japan has generally seen strong demand along with a large increase in foreign visitors to Japan.
- For seven consecutive years, UK-based SKYTRAX, a renowned industry rating company, has awarded ANA with a “5-Star” rating for customer satisfaction, the highest of its kind. Additionally, the Japanese organization Service Productivity and Innovation for Growth (SPRING) ranked ANA the highest for “Customer Satisfaction” in the International Aviation division in its JCSI (Japanese Customer Satisfaction Index) survey for the first time, with the quality of the Group’s service being highly acclaimed. ANA’s on-time arrival rate was recognized by U.S.-based FlightStats as the best among Asia-Pacific Major Airlines (Network Category) and third globally in Major International Airlines (Network Category).
- Also, ANA Group was chosen as a “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.

As a result, increased revenue mainly in Air Transportation resulted in operating revenue of 2,058.3 billion yen, while operating income was 165.0 billion yen, both reaching a record high for the fourth consecutive year. Meanwhile, ordinary income was 156.6 billion yen due to an increase in disposal of maintenance parts. Also, as a result of the special income 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 decreased year-on-year to 110.7 billion yen.

“This fiscal year, for the first time in history, ANA Group marked its highest consolidated operating revenue, which is 2,058.3 billion yen,” said Ichiro Fukuzawa, CFO, Senior Vice President, ANA HD. “It is our first time to exceed 2 trillion yen and, compared to last fiscal year, it increased by 4.4 percent, which is 86.5 billion yen. ANA Group will strive to further enhance quality, and prepare for the capacity expansion of the Tokyo metropolitan airports from 2020.”

ANA Group always seeks to provide a benefit to its shareholders as an important part of its management policy. While securing resources for investing mid-long term growth and maintaining financial health, ANA

Group intends to enhance further shareholder return. Considering the basic policy and its current business performance, ANA Group decided to pay 75 yen of the dividend per common share for FY2018*1.

*1 Subject to Ordinary General Meeting of Shareholders

Consolidated Financial Performance

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

	FY2018	FY2017	Difference	% Comparison
Operating revenues	2,058.3	1,971.7	+86.5	+4.4
Operating expenses	1,893.2	1,807.2	+86.0	+4.8
Operating income	165.0	164.5	+0.5	+0.3
Non-operating expenses	-8.3	-3.8	-4.4	---
Ordinary income	156.6	160.6	-3.9	-2.5
Special gain	-2.6	36.0	-38.6	---
Net income attributable to owners of the parent	110.7	143.8	-33.1	-23.0

Performance by Business Segment

Unit: billion yen (rounded down)

	FY2018		FY2017		Difference	
	Revenues	Operating income	Revenues	Operating income	Revenues	Operating income
Air Transportation	1,814.4	160.5	1,731.1	156.8	+83.2	+3.6
Airline Related	291.0	13.1	284.3	10.6	+6.7	+2.5
Travel Services	150.7	0.6	159.2	3.7	-8.5	-3.1
Trade and Retail	150.6	3.7	143.0	4.5	+7.6	-0.8
Others	40.9	2.2	38.7	2.7	+2.2	-0.4

Air Transportation

- ANA Group positioned this fiscal year as an “overall review of safety and quality service” as a fundamental basis for ANA Group’s growth strategy, and steadily proceeded with efforts to “maintain safety as a top priority” and “improve customer convenience and comfort.” In order to ensure that safety information is conveyed to our passengers, the in-flight safety video was updated based on the theme of the traditional Japanese performance art of Kabuki in December. In addition, new in-flight wheelchairs with higher mobility were also introduced, and boarding gates were widened to enable smoother boarding in an effort to enhance universal service.

1. Domestic Passenger Service

- In domestic passenger service, although there were factors such as repeated natural disasters and the cancellation of flights due to inspection and maintenance of Rolls-Royce engines, both the number of passengers and revenue increased year-on-year. This can be attributed to capturing steady business demand, demand for domestic travel by visitors to Japan from overseas, as well as the offer of various discount fares to match the demand.
- In terms of the route network, in addition to the Chubu-Miyako route and Fukuoka-Ishigaki route that have increased to year-round operation since this summer, 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 service, the fare rule was renewed by changing to a simple and easily understandable fare lineup in October and the opening of bookings and sales 355 days prior to departure. Efforts were also made to stimulate travel demand from within and outside Japan through the implementation of the *Let's Go to Hokkaido* project to aid with "relief-from-disaster" efforts in Hokkaido, and the *Reduced ANA International and Domestic Fares on Flights to or from Kansai International Airport* campaign. Furthermore, in addition to commencing free in-flight Wi-Fi service in April, ANA made efforts to improve service such as proceeding with the further introduction of Airbus A321neo aircraft with seat 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, revenue from domestic passenger service increased by 6.8 billion yen (up 1.0 percent year-on-year).

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

Domestic Passenger Service	FY2018	FY2017	Difference	% Comparison
Revenue (billion yen)	696.6	689.7	+6.8	+1.0
Number of passengers (thousand)	44,325	44,150	+175	+0.4
Available seat km (million)	58,475	58,426	+48	+0.1
Revenue passenger km (million)	40,704	40,271	+432	+1.1
Passenger load factor (%)	69.6	68.9	+0.7 pt	---

2. International Passenger Service

- In international passenger service, both the number of passengers and revenue increased year-on-year due to strong business demand originating in Japan and the capture of robust inbound demand. The number of passengers reached the mark of ten million for the first time in ANA history.
- In terms of the route network, the number of flights on the Haneda-Bangkok route was increased to three per day from June, bringing the total number of flights to five per day when combined with the Narita-Bangkok route. In addition, efforts were made to further expand the network, such as the October commencement of code-sharing flights and a mileage program partnership with Alitalia to strengthen demand for travel between Japan and Italy and the establishment of a new Haneda-Vienna route in February of this year. Furthermore, ANA formed a business and capital partnership with PAL Holdings, which is the parent company of Philippine Airlines, in order to strengthen its network and enhance its presence in the rapidly growing Asia region.
- In terms of sales and service, 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, ANA endeavored to create an environment offering greater safety 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 a peace of mind.

As a result, revenue from international passenger service increased by 54.1 billion yen (up 9.1 percent year-on-year).

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

International Passenger Service	FY2018	FY2017	Difference	% Comparison
Revenues (billion yen)	651.5	597.4	+54.1	+9.1
Number of passengers (thousand)	10,093	9,740	+352	+3.6
Available seat km (million)	65,976	64,376	+1,599	+2.5
Revenue passenger km (million)	50,776	49,132	+1,643	+3.3
Passenger load factor (%)	77.0	76.3	+0.6 pt	---

3. Cargo Service

- In international cargo service, although there was a fourth quarter drop in demand for cargo from China, performance until the end of the third quarter was strong, backed by robust cargo demand centered on automotive parts and electronic components bound for North America and Europe. Although 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 using other companies' aircraft). Furthermore, from the winter schedule, efforts were made to improve profitability by downsizing the Okinawa hub network and using direct flights for certain routes.

As a result, revenue from domestic cargo service decreased by 3.2 billion yen (down 10.6 percent year-on-year) and revenue from international cargo service increased by 7.0 billion yen (up 5.9 percent year-on-year).

(Except for % comparison, figures are rounded down)

Cargo Service		FY2018	FY2017	Difference	% Comparison
Domestic	Revenues (billion yen)	27.4	30.7	-3.2	-10.6
	Freight carried (thousand tons)	393	436	-43	-9.8
	Ton km (million)	408	448	-39	-8.9
International	Revenues (billion yen)	125.0	118.0	+7.0	+5.9
	Freight carried (thousand tons)	913	994	-80	-8.1
	Ton km (million)	4,318	4,474	-156	-3.5

4. LCC

- In the LCC segment, both the number of passengers and revenue increased year-on-year due to the expansion of the route network and the capture of robust inbound travel demand.
- In the route network, Peach Aviation Limited expanded its network by beginning a new Okinawa-Kaohsiung/Taiwan route in April and a Kansai-Kushiro route in August. Vanilla Air Inc. expanded its network by establishing Narita-Ishigaki and Okinawa-Ishigaki routes in July, and increased flights on its Okinawa-Taipei route in October.
- In marketing, both Peach Aviation Limited and Vanilla Air Inc. made efforts to capture demand such as by conducting "Peach and Vanilla in Love, Sweetest Sale Ever" campaign, ahead of the integration of the two companies.
- In addition, Peach Aviation Limited and Vanilla Air Inc. changed the terminal at Okinawa Airport this March to further enhance convenience for both customers.

As a result, revenue from the LCC segment increased by 6.0 billion yen (up 6.9 percent year-on-year).

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

LCC	FY2018	FY2017	Difference	% Comparison
Revenues (billion yen)	93.6	87.5	+6.0	+6.9
Number of passengers (thousand)	8,153	7,797	+355	+4.6
Available seat km (million)	12,052	11,832	+219	+1.9
Revenue passenger km (million)	10,394	10,212	+182	+1.8
Passenger load factor (%)	86.2	86.3	-0.1 pt	---

5. Others

- Other revenue in Air Transportation business, including revenue from the mileage program, in-flight sales revenue, and revenue from maintenance contracts, were 211.8 billion yen (up 6.8 percent year-on-year).

Airline Related, Travel Services, Trade and Retail, and Others

- In Airline Related business, operating revenue was 291.0 billion yen (up 2.4 percent year-on-year) and operating income was 13.1 billion yen (up 23.9 percent year-on-year) because of an increase in contracts with various airlines for ground handling services, such as at Fukuoka Airport, and an increase in in-flight catering contracts with foreign airlines.
- In domestic travel service, operating revenue decreased year-on-year due to slow growth in customers primarily bound for Okinawa during “ANA Sky Holidays” as well as the impact of natural disasters. This occurred despite steady turnover through the capture of 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 revenue decreased year-on-year due to slow growth in the product “Tabisaku.” As a result, operating revenue was 150.7 billion yen (down 5.4 percent year-on-year) and operating income was 0.6 billion yen (down 83.8 percent year-on-year) due to the increase in expenses associated with a new operating travel system.
- Although operating revenue in Trade and Retail was 150.6 billion yen (up 5.3 percent year-on-year) 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 the turnover of fresh foods in the Food business. Operating income was 3.7 billion yen (down 17.8 percent year-on-year) due to the impact of a decrease in income in the Aerospace & Electronics business and the Lifestyle Industry business.
- Although operating revenue in Other business was 40.9 billion yen (up 5.8 percent year-on-year) due to strong performance in the airline security business, operating income was 2.2 billion yen (down 17.8 percent year-on-year) due to a decrease in brokerage fees for land sales in the real estate business.

Consolidated Balance Sheet

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

	FY2018 As of March 31, 2019	FY2017 As of March 31, 2018	Difference
Total assets (billion yen)	2,687.1	2,562.4	+124.6
Debt (billion yen)	1,577.8	1,561.9	+15.8
Net assets (billion yen)	1,109.3	1,000.5	+108.7
Shareholder's equity (billion yen)*1	1,099.4	988.6	+110.7
Equity ratio (%)	40.9	38.6	+2.3 pt
Interest-bearing debt (billion yen)*2	788.6	798.3	-9.7
D/E ratio	0.7	0.8	-0.1

*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 Flow

Unit: billion yen (rounded down)

	FY2018	FY2017
Cash flows from operating activities	296.1	316.0
Cash flows from investing activities	-308.6	-324.4
Cash flows from financing activities	-46.4	-29.9
Cash flows and cash equivalents at the end of the period	211.8	270.5
Depreciation and amortization	159.5	150.4

Outlook for the FY2019 (April 2019 - March 2020)

- Although there are concerns about a downward swing in some certain overseas economies, foreign trade issues and so on, the Japanese economic outlook for next fiscal year shows a continued, gradual growth due to improvement in the employment environment, and the positive effect of various new governmental 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 Mid-Term Corporate Strategy" launched in February 2018.
- ANA will work on automation for airports as a full-service carrier. ANA's Airbus A380, named "FLYING HONU," will be introduced on the Narita-Honolulu route from May as ANA implements its resort strategy. ANA will provide a new Hawaii experience that only ANA can offer. 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. 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.
- As for LCC, Peach Aviation Limited will expand its network through steps such as establishing a Sapporo (New Chitose)-Seoul route in April. Vanilla Air Inc. will gradually transfer its routes to Peach Aviation Limited starting in June and will be integrated with Peach Aviation Limited by the end of fiscal year 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.

Consolidated Financial Forecast

Unit: billion yen (rounded down)

	Forecast for FY2019	FY2018	Difference
Operating revenues	2,150.0	2,058.3	+91.6
Operating income	165.0	165.0	-0.0
Ordinary income	160.0	156.6	+3.3
Net income attributable to owners of the parent	108.0	110.7	-2.7

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 75 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 every year since 2013 from SKYTRAX. ANA is the only Japanese airline to win this prestigious designation seven years in a row. 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 80 international routes and 118 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 53.8 million passengers in FY2017, 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.

For more information, please refer to the following link.

<https://www.ana.co.jp/group/en/>