

## ANA HOLDINGS Financial Results for the Six Months Ended September 30, 2019

- Consolidated operating revenue record high for the first half of the fiscal year.
- ANA Group will continue to invest in safety, quality and service to prepare for the capacity expansion of the Tokyo metropolitan airports in 2020.
- Consolidated financial forecast adjusted due to declining trends in economic factors.

**TOKYO, Oct. 29, 2019** – ANA HOLDINGS INC. (hereinafter “ANA HD”) today reports its financial results for the six months ended Sept. 30, 2019.

### Overview

- Despite the prolonged weakness of its exports, the Japanese economy saw a moderate recovery, with corporate profits remaining steady and the employment environment continuing to improve.
- For three consecutive years, ANA HD was chosen as a member of the “Dow Jones Sustainability World Index,” one of the world’s leading indicators of socially responsible investment.
- Although there was a decrease in international cargo service revenue due to global economic uncertainty, operating revenue in Air Transportation increased year-on-year due to factors such as capturing demand during the 10-day Golden Week holiday. Furthermore, operating revenue in Air Transportation, Airline Related, Travel Services, Trade and Retail increased, which lead to the consolidated operating revenue recording high.
- Operating income decreased year-on-year due to increases in personnel expenses, aircraft expenses, and maintenance expenses to further improve the safety, quality and service in preparation for the capacity expansion of the Tokyo metropolitan airports for 2020.

Increased revenue, mainly in Air Transportation, resulted in operating revenue of 1,055.9 billion yen, while operating income was 78.8 billion yen due to an increase in operating expenses and ordinary income was 81.5 billion yen. Furthermore, net income attributable to owners of the parent decreased year-on-year to 56.7 billion yen.

“For the international passenger service, ANA Group has been enhancing its service by introducing the Airbus A380 on our Honolulu route in May and starting a new route connecting Tokyo and Perth in September. Furthermore in July, we have started to offer one of the world’s most spacious new Business Class ‘THE Room,’ which is highly received by our passengers. As for the domestic passenger service, the trend remains strong and we are successfully capturing this favorable demand,” said Ichiro Fukuzawa, CFO, Executive Vice President of ANA HD. “In the meantime, ANA HD will be adjusting its consolidated financial forecast due to the global economic uncertainty. However, as we anticipate the capacity expansion of the Tokyo metropolitan airports next year, we will pursue business opportunities for the years ahead.”

## Consolidated Financial Performance

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

	First Half /FY2019	First Half /FY2018	Difference	% Comparison
Operating revenues	1,055.9	1,038.0	+17.9	+1.7
Operating expenses	977.1	932.8	+44.2	+4.7
Operating income	78.8	105.2	-26.3	-25.0
Other income (expenses)	2.6	-2.2	+4.9	---
Ordinary income	81.5	102.9	-21.4	-20.8
Special gain	2.6	0.0	+2.6	---
Net income attributable to owners of the parent	56.7	73.7	-16.9	-23.0

## Performance by Business Segment

Unit: billion yen (rounded down)

	First Half /FY2019		First Half /FY2018		Difference	
	Revenues	Operating income	Revenues	Operating income	Revenues	Operating income
Air Transportation	930.0	73.5	915.8	101.0	+14.2	-27.5
Airline Related	149.0	7.4	145.2	7.6	+3.7	-0.2
Travel Services	82.3	1.3	79.7	0.6	+2.6	+0.6
Trade and Retail	75.9	1.9	75.0	1.7	+0.8	+0.1
Others	20.9	1.5	19.4	1.2	+1.5	+0.3

## Air Transportation

### 1. International Passenger Service (ANA)

- For international passenger service, although business demand is showing a downward trend, revenue increased year-on-year due to an increased number of passengers on the Hawaiian and European routes as the network expanded.
- In terms of the route network, the Narita (Tokyo) = Honolulu route increased the number of flights operated by the Airbus A380 FLYING HONU from three flights per week to ten flights per week from July.
- The Narita = Perth route was newly introduced in September as the only direct flight from Japan to Western Australia.
- In terms of sales and service, industry leading new products were introduced in First Class and Business Class on the Haneda (Tokyo) = London (Heathrow) route in August with an additional route to begin service later this quarter.
- The new Business Class seat – called the “THE Room” – is not only ANA’s first wide seat with a private door, but also provides the highest level of comfort such as having the world’s first 4K personal monitor.
- Furthermore, efforts were also made to increase customer comfort and convenience, including the introduction of automated baggage check-in service at Narita Airport from September for the purpose of minimizing procedures and waiting times for passengers.

As a result, revenue from international passenger service increased by 7.4 billion yen (up 2.3 percent year-on-year).

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

<b>International Passenger Service</b>	<b>First Half /FY2019</b>	<b>First Half /FY2018</b>	<b>Difference</b>	<b>% Comparison</b>
Revenues (billion yen)	338.5	331.0	+7.4	+2.3
Number of passengers (thousand)	5,172	5,172	-0	-0.0
Available seat km (million)	34,893	33,315	+1,578	+4.7
Revenue passenger km (million)	26,805	25,788	+1,016	+3.9
Passenger load factor (%)	76.8	77.4	-0.6 pt	---

## 2. Domestic Passenger Service (ANA)

- In addition to benefiting from favorable business demand and interest for domestic flights by visitors coming to Japan, domestic passenger service experienced strong demand during the 10-day Golden Week holiday. The appeal of various discounts that were offered also increased demand, resulting in a year-on-year increase in both the number of passengers and revenue.
- ANA's route network was expanded by increasing the number of flights on the Narita = Nagoya (Chubu) route in May, resuming the Fukuoka = Miyako route and increasing the number of flights on the Osaka (Kansai) = Miyako, Haneda = Okinawa (Naha) routes for a limited period during the summer.
- In terms of sales and service, efforts were made to capture demand at an early stage including the Golden Week period and the summer holiday season through initiatives such as the SUPER VALUE EARLY discount fare available for purchase up to 355 days prior to the travel date.
- Furthermore, the ANA LOUNGE at the Naha Airport underwent a renewal under the supervision of the renowned designer Kengo Kuma in September, while ANA Group also endeavored to improve service quality and promote innovation through moves such as the implementation of remote-controlled aircraft towing for the first time in Japan at Saga Airport.

As a result, revenue from domestic passenger service increased by 16.3 billion yen (up 4.7 percent year-on-year).

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

<b>Domestic Passenger Service</b>	<b>First Half /FY2019</b>	<b>First Half /FY2018</b>	<b>Difference</b>	<b>% Comparison</b>
Revenues (billion yen)	368.7	352.3	+16.3	+4.7
Number of passengers (thousand)	23,102	22,340	+762	+3.4
Available seat km (million)	30,251	29,372	+878	+3.0
Revenue passenger km (million)	21,293	20,511	+781	+3.8
Passenger load factor (%)	70.4	69.8	+0.6 pt	---

## 3. Cargo Service (ANA)

- In international cargo service, the Boeing 777 Freighter aircraft was introduced on the Narita = Shanghai (Pudong) route from July, and demand for large-sized special cargo such as semiconductor manufacturing equipment was captured. However, cargo volume and revenue both decreased year-on-year due to a decline in demand originating in Japan and overseas as a result of a slowdown in the global economy, caused by a number of factors including US-China trade issues.

As a result, revenue from international cargo service decreased by 13.0 billion yen (down 20.4 percent year-on-year) and revenue from domestic cargo service decreased by 1.3 billion yen (down 9.9 percent year-on-year).

(Except for % comparison, figures are rounded down)

Cargo Service		First Half /FY2019	First Half /FY2018	Difference	% Comparison
International	Revenues (billion yen)	51.1	64.2	-13.0	-20.4
	Freight carried (thousand tons)	433	483	-50	-10.5
	Ton km (million)	2,082	2,253	-171	-7.6
Domestic	Revenues (billion yen)	12.6	14.0	-1.3	-9.9
	Freight carried (thousand tons)	185	197	-12	-6.2
	Ton km (million)	191	205	-13	-6.4

#### 4. LCC (Peach Aviation Limited and Vanilla Air Inc.)

- In LCCs, both the number of passengers and revenue decreased year-on-year due to a temporary decline in the number of flights being operated, due to the integration of Peach Aviation Limited and Vanilla Air Inc. Reasons for the scaling back of flights include factors such as refurbishment being conducted on aircraft, and training being given to flight personnel in preparation for the integration.
- In terms of the route network, Peach Aviation Limited has made an effort to expand its network by starting the Sapporo (New Chitose) = Seoul (Inchon) route in April. Routes are now in the middle of the transferring process from Vanilla Air Inc. to Peach Aviation Limited, being served as Peach Aviation Limited.
- In terms of marketing, both Peach Aviation Limited and Vanilla Air Inc. made efforts to promote sales by conducting the “Count Down 100 THANKS Festa!” campaign, which saw the two companies collaborate to offer joint sales and limited-edition gifts.

As a result, revenue from the LCC segment decreased by 2.2 billion yen (down 4.6 percent year-on-year).

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

LCC	First Half /FY2019	First Half /FY2018	Difference	% Comparison
Revenues (billion yen)	46.1	48.3	-2.2	-4.6
Number of passengers (thousand)	3,995	4,067	-71	-1.8
Available seat km (million)	5,858	6,000	-141	-2.4
Revenue passenger km (million)	5,090	5,228	-138	-2.6
Passenger load factor (%)	86.9	87.1	-0.3 pt	---

#### 5. Others

- Other revenue in Air Transportation business, including revenue from the mileage program, in-flight sales revenue, and revenue from maintenance contracts, was 108.8 billion yen (101.4 billion yen, up 7.3 percent year-on-year).

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

- In Airline Related business, operating revenue was 149.0 billion yen (up 2.6 percent year-on-year) because of an increase in contracts with other airlines for ground handling services at Nagoya Chubu Airport and Osaka Kansai Airport, as well as an increase in in-flight catering contracts with

foreign airlines. However, due to an increase in personnel expenses, operating income was 7.4 billion yen (down 3.0 percent year-on-year).

- In domestic travel service, despite the decrease on “ANA Sky Holidays” travel demand, operating revenue for domestic travel exceeded last year’s sales owing to the online dynamic package product “Tabisaku.”

In international travel service, operating revenue increased year-on-year due to a focused effort to strengthen sales for Hawaii, in addition to steady growth in “ANA Hallo Tours.” These factors helped raise the operating revenue to 82.3 billion yen (up 3.3 percent year-on-year) and resulted in operating income of 1.3 billion yen (up 93.4 percent year-on-year).

- In the Trade and Retail business, there was a decrease in the “ANA DUTY FREE SHOP” retail food business. However, operating revenue was 75.9 billion yen (up 1.2 percent year-on-year) and operating income was 1.9 billion yen (up 8.0 percent year-on-year) due to an increase in aircraft parts sales, as well as the “ANA Shopping A-style” official ANA e-commerce site sales.
- In other business, operating revenue was 20.9 billion yen (up 8.0 percent year-on-year) and operating income was 1.5 billion yen (up 25.8 percent year-on-year) due to the sale of real estate holdings in the real estate business.

## Consolidated Balance Sheet

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

	First Half /FY2019 As of Sept. 30, 2019	FY2018 As of March 31, 2019	Difference
Total assets (billion yen)	2,718.0	2,687.1	+30.9
Debt (billion yen)	1,588.4	1,577.8	+10.6
Net assets (billion yen)	1,129.5	1,109.3	+20.2
Shareholder’s equity (billion yen)*1	1,119.2	1,099.4	+19.8
Equity ratio (%)	41.2	40.9	+0.3 pt
Interest-bearing debt (billion yen)*2	818.7	788.6	+30.1
D/E ratio	0.7	0.7	+0.0

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

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

## Consolidated Statement of Cash Flow

Unit: billion yen (rounded down)

	First Half /FY2019	First Half /FY2018
Cash flows from operating activities	140.3	159.7
Cash flows from investing activities	-112.5	-122.8
Cash flows from financing activities	0.3	-40.8
Cash flows and cash equivalents at the end of the period	239.8	267.6
Depreciation and amortization	85.8	76.7

## Outlook for the FY2019 (April 2019 - March 2020)

- When reviewing the first half of the fiscal year, operating revenue increased by 17.9 billion yen year-on-year, but fell short from the company's plan due to decline in cargo demand mainly due to US-China trade issues, and a slowdown in business demand in international passenger services. We forecast that this trend will continue in the second half of the fiscal year alongside intensifying competition in the LCC business.
- Taking these factors into consideration, the forecast for FY2019 operating revenue is 2,090.0 billion yen, 60.0 billion yen lower than the initial forecast.
- Under these circumstances, ANA HD has decided to also adjust the forecast and decrease operating income to 140.0 billion yen, ordinary income to 137.0 billion yen, and net income attributable to owners to the parent to 94.0 billion yen. We will strive to increase revenue and steadily reduce expenses during the second half of the fiscal year despite this challenging environment.
- The exchange rate is calculated at 110 yen to the U.S. dollar, the market price of Dubai crude oil, which is an indicator of aviation fuel costs, is 65 U.S. dollars per barrel, and that of Singapore kerosene is 80 U.S. dollars per barrel.

## Consolidated Financial Forecast

Unit: billion yen (rounded down)

	New Forecast for FY2019	Original Forecast for FY2019	Difference	FY2018	Difference
Operating revenues	2,090.0	2,150.0	-60.0	2,058.3	+31.6
Operating income	140.0	165.0	-25.0	165.0	-25.0
Ordinary income	137.0	160.0	-23.0	156.6	-19.6
Net income attributable to owners of the parent	94.0	108.0	-14.0	110.7	-16.7

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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 82 international routes and 121 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 54.4 million passengers in FY2018, has approximately 43,000 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/>