

ANA HOLDINGS Financial Results for the Year Ended March 31, 2020

- Impact of the outbreak and spread of the Coronavirus (COVID-19) and resulting government mandated travel restrictions globally led to flight schedule cancellations, reduced domestic and international passengers, less cargo volume and decreased financial performance from the previous fiscal year.

TOKYO, April 28, 2020 – ANA HOLDINGS INC. (hereinafter “ANA HD”) today reports its financial results for fiscal year 2019 (April 2019 – March 2020).

Overview

The consolidated performance during the 2019 fiscal year includes operating revenue of 1,974.2 billion yen due to a dramatic decrease in revenue centered on the air transportation business. While ANA sought to reduce costs and combat the increase in expenses - such as the expansion of arrival/departure slots at airports in the Tokyo metropolitan area - the number of scheduled flights were significantly reduced to match the sudden decline in demand in the fourth quarter, which led to operating income of 60.8 billion yen and ordinary income of 59.3 billion yen. Although ANA reported compensation for delays in the receipt of aircraft and engine operational service issues, extraordinary gains/losses for net income attributable to owners of the parent was 27.6 billion yen as a result of impairment of goodwill pertaining to Peach Aviation Limited.

Consolidated Financial Performance

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

	FY2019	FY2018	Difference	% Comparison
Operating revenues	1,974.2	2,058.3	-84.0	-4.1
Operating expenses	1,913.4	1,893.2	+20.1	+1.1
Operating income	60.8	165.0	-104.2	-63.2
Non-operating expenses	-1.4	-8.3	+6.8	---
Ordinary income	59.3	156.6	-97.3	-62.1
Special gain	-7.8	-2.6	-5.1	---
Net income attributable to owners of the parent	27.6	110.7	-83.1	-75.0

“ANA expects the current decline in passenger demand will continue, as it is unclear when the spread of the Coronavirus will end and for government travel restrictions to be lifted,” said Ichiro Fukuzawa, Executive Vice President and Chief Financial Officer of ANA HOLDINGS INC. “Since it is difficult to make a reasonable business forecast for the 2020 fiscal year that started this month, we are not making an announcement at this time. At the same time, we are securing funds through bank loans and raising the

amount of credit commitment line, and actively taking measures at a conservative level to maintain stability in liquidity on hand.”

Under these unprecedented conditions, the ANA Group will continue to actively take measures to maintain stability in our finances. At the same time, while ANA values and upholds the payment of dividends as an important aspect to management, it is with great regret that for the current fiscal year, the dividend payment will be 0 yen until we are able to project a rational forecast and the financial conditions as well as the business environment stabilizes.

- During the fiscal year, Japan’s economy was experiencing a gradual recovery, with high corporate earnings and personal consumption generally picking up, but the situation rapidly deteriorated toward the end of the fiscal year due to the impact of the Coronavirus. In the fourth quarter, demand for air travel decreased significantly.
- In these unprecedented economic conditions, the ANA Group has sought to emphasize safety, quality and service by executing 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 timed to the expansion of arrival/departure slots at the Tokyo metropolitan airports in 2020.
- In addition to being awarded by the U.K. based SKYTRAX the highest rating of “5-Star” for customer satisfaction for the 8th year running, ANA won the top position in the Asia-Pacific region and second place among global airlines for on-time performance in 2019 at The On-Time Performance Awards by CIRIUM formerly known as FlightStats, a firm that analyzes and evaluates global travel data.
- For the second consecutive year, the company was selected as a “Competitive Information Technology (IT) Strategy Company” by Japan’s Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange for being an enterprise strategically adopting IT into its operations. In addition, the company was also selected as the newly introduced “DX Grand PRIX” label from among companies selected as a “Competitive IT Strategy Company” as the foremost company leading the way into the digital age. ANA was granted an award for excellence as a company with investor-oriented management practices in the “8th Corporate Value Improvement Awards” sponsored by the Tokyo Stock Exchange.

Performance by Business Segment

Unit: billion yen (rounded down)

	FY2019		FY2018		Difference	
	Revenues	Operating income	Revenues	Operating income	Revenues	Operating income
Air Transportation	1,737.7	49.5	1,814.4	160.5	-76.6	-111.0
Airline Related	299.4	18.1	291.0	13.1	+8.3	+4.9
Travel Services	143.9	1.3	150.7	0.6	-6.7	+0.7
Trade and Retail	144.7	2.9	150.6	3.7	-5.9	-0.7
Others	44.2	3.5	40.9	2.2	+3.2	+1.2

Air Transportation

- While there was a decline in demand for international cargo service due to several factors - such as the slowing of the global economy and the trade friction between the United States and China - operational performance remained robust through the third quarter. This was due to consistent demand for domestic passenger service and expansion of the international route network. In the fourth quarter, as a result of the Coronavirus pandemic, demand for travel in Japan and overseas decreased rapidly due to immigration restrictions imposed by various countries and the impact of the voluntary restraint on leaving home in Japan. Subsequently, operating revenues in Air Transportation were 1,737.7 billion yen. In response to the sudden decline in demand for air travel, flights on international and domestic routes were suspended or reduced, leading to the reduction of expenses such as fuel costs and airport usage fees. However, operating income was 49.5 billion yen due to increases in aircraft expenses and maintenance expenses to further improve the safety and quality of service and in preparation for the expansion of arrival/departure slots in Tokyo metropolitan area airports.

1. Domestic Passenger Service

- In domestic passenger service, ANA captured strong business demand, domestic travel demand of inbound passengers visiting Japan, robust demand from the 10-day Golden Week holiday, and by introducing various discount fares responding to demand. However, due to a significant decrease in demand since the end of February caused by the Coronavirus, both passenger volume and revenues have annually decreased year-on-year.
- The route network has been streamlined by increasing the number of flights on the Narita-Chubu route since May and the Chubu-Kumamoto route since October, and optimizing the number of flights and promoting flexible coordination in the model of aircraft used. In response to the decline in demand due to the Coronavirus, we have removed a total of 2,674 flights across 42 routes starting from March.
- For sales and service, efforts were made to capture demand early by setting discount fares available for purchase 355 days in advance of the date of travel, including the Golden Week period and over the summer vacation period. Since November, Economy Class seats equipped with new touch-screen personal monitors and new Premium Class seats with electronic reclining adjustments have been introduced to offer improved comfort and functionality on our Boeing 777-200 aircraft. Furthermore, at Naha Airport, the ANA LOUNGE was remodeled in September under the supervision of Kengo Kuma and the layout of the departure counter was changed in November to introduce the ANA Baggage Drop automatic baggage check-in machines, making it the fourth airport to do so domestically, along with other initiatives to enhance service quality as a full-service carrier.

As a result, revenue from domestic passenger service decreased by 16.6 billion yen (down 2.4 percent year-on-year).

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

Domestic Passenger Service	FY2019	FY2018	Difference	% Comparison
Revenue (billion yen)	679.9	696.6	-16.6	-2.4
Number of passengers (thousand)	42,916	44,325	-1,409	-3.2
Available seat km (million)	58,552	58,475	+77	+0.1
Revenue passenger km (million)	39,502	40,704	-1,202	-3.0
Passenger load factor (%)	67.5	69.6	-2.1 pt	---

2. International Passenger Service

- Despite expanding our network by opening new routes and introducing the Airbus A380 on service to Hawaii, both passenger volume and revenue have decreased year-on-year due to the impact of a dramatic decrease in demand caused by the Coronavirus. This started at the end of January on routes to China and then spread to Asia, North America, Europe, and Hawaii.
- There has been active promotion of services to new cities with the Narita-Perth (Western Australia) route launched in September, the Narita-Chennai (Southern India) route launched in October, and the Narita-Vladivostok (Eastern Russia) route launched in March. In May the world's largest passenger aircraft, the Airbus A380 "FLYING HONU," was introduced on the Narita-Honolulu route. Due to the decrease in demand from the impact of the Coronavirus, there have been adjustments since February, with flight suspensions and reductions affecting 2,814 flights across 71 routes by the end of March.
- New seats were introduced for the first time in almost ten years in First Class and Business Class, and the Boeing 777-300ER was launched with a completely remodeled cabin space on the following routes: Haneda-London in August; both Haneda-New York and Narita-New York in November; and Haneda-Frankfurt in February. Our new Business Class seat, "THE Room," provides an industry leading space, with ANA's wide seat design in the style of a private room with a door along with the world's first 4K compatible personal monitor.
- Furthermore, the ANA Group has entered into comprehensive partnership agreements with Singapore Airlines with the aim of strengthening our network and increasing our presence in the rapidly growing Asia/Oceania region. Moving forward, ANA will work to improve customer convenience and ensure our competitiveness in the Asia/Oceania region by enhancing partnership links yet further.

As a result, revenue from international passenger service decreased by 37.6 billion yen (down 5.8 percent year-on-year).

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

International Passenger Service	FY2019	FY2018	Difference	% Comparison
Revenues (billion yen)	613.9	651.5	-37.6	-5.8
Number of passengers (thousand)	9,416	10,093	-676	-6.7
Available seat km (million)	68,885	65,976	+2,909	+4.4
Revenue passenger km (million)	50,219	50,776	-557	-1.1
Passenger load factor (%)	72.9	77.0	-4.1 pt	---

3. Cargo Service

- In international cargo service, there has been low demand for cargo shipments from both Japan and abroad throughout the fiscal year due to a slowdown in the global economy, which includes the trade friction between the US and China. In addition, the large reduction in the number of flights in the fourth quarter due to the impact of the Coronavirus resulted in both shipping volumes and revenue below the previous fiscal year. The large cargo freighter Boeing 777F was introduced on the Narita-Shanghai (Pudong) route in July and to the Narita-Chicago route in October. In addition to capturing demand for large-scale special cargo including semiconductor manufacturing equipment, which has been relatively strong in demand, ANA has also been working to respond to freight needs to ship emergency supplies with the outbreak of the Coronavirus in the fourth quarter.

As a result, revenue from domestic cargo service decreased by 1.9 billion yen (down 7.0 percent year-on-year) and revenue from international cargo service decreased by 22.3 billion yen (down 17.9 percent year-on-year).

(Except for % comparison, figures are rounded down)

Cargo Service		FY2019	FY2018	Difference	% Comparison
Domestic	Revenues (billion yen)	25.5	27.4	-1.9	-7.0
	Freight carried (thousand tons)	373	393	-20	-5.2
	Ton km (million)	387	408	-21	-5.2
International	Revenues (billion yen)	102.6	125.0	-22.3	-17.9
	Freight carried (thousand tons)	866	913	-47	-5.2
	Ton km (million)	4,222	4,318	-96	-2.2

4. LCC

- In LCCs, the number of passengers and revenue decreased year-on-year as a result of a significant decrease in demand arising due to the protests in Hong Kong, deterioration of diplomatic relations between Japan and South Korea, and the outbreak and spread of the Coronavirus in the fourth quarter.
- During the fiscal year, the integration of the businesses of Peach Aviation Limited and Vanilla Air Inc. was completed.
- In the route network, the transfer of eight routes from Vanilla Air Inc. was completed, and the Narita-Kagoshima route and the Narita-Nagasaki routes were established in March. Flights were suspended or reduced from February due to the impact of the Coronavirus, affecting 2,088 flights on 23 routes through the end of March.
- After the integration of Vanilla Air Inc. with Peach Aviation Limited, sales were promoted through the “Flying Train Peach Sale” on all 40 routes.

As a result, revenue from the LCC segment decreased by 11.6 billion yen (down 12.5 percent year-on-year).

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

LCC	FY2019	FY2018	Difference	% Comparison
Revenues (billion yen)	81.9	93.6	-11.6	-12.5
Number of passengers (thousand)	7,288	8,153	-864	-10.6
Available seat km (million)	11,076	12,052	-976	-8.1
Revenue passenger km (million)	9,202	10,394	-1,192	-11.5
Passenger load factor (%)	83.1	86.2	-3.2 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 225.7 billion yen (up 6.6 percent year-on-year).

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

- Operating revenue was 299.4 billion yen (up 2.9 percent year-on-year) and operating income was 18.1 billion yen (up 37.7 percent year-on-year) because of an increase in number of contracts with various airlines for ground handling services including passenger check-in and baggage handling at Kansai and Chubu airports, and the addition of MRO Japan Co., Ltd., which is an aircraft maintenance company that began full-scale operations in Okinawa, as a consolidated subsidiary.
- In domestic travel service, although “ANA Sky Holiday” sold at over-the-counter locations decreased, domestic travel and international travel both attracted customers for products sold online and captured demand for the 10-day Golden Week holiday, resulting in solid performance until the end of the third quarter. Operating revenues decreased year-on-year due to the impact of cancellations and a decline in new reservations from the spread of the Coronavirus from the end of January. However, operating income increased year-on-year due to a decrease in system expenses.

As a result of the above, operating revenue for the year from travel services was 143.9 billion yen (down 4.5 percent year-on-year) and operating income was 1.3 billion yen (up 129.9 percent year-on-year).

In the Aerospace and Electronics business, despite an increase in aircraft parts sales, there was a decrease in the Food business, and operating revenue in the Retail business declined year-on-year, particularly in the fourth quarter, due to a decrease at the ANA DUTY FREE SHOPS and ANA FESTA outlets in airports as a result of the decline in airport users caused by the impact of the Coronavirus. As a result, operating revenue for the year from trade and retail was 144.7 billion yen (down 3.9 percent year-on-year) and operating income was 2.9 billion yen (up 129.9 percent year-on-year).

- Other business saw operating revenue of 44.2 billion yen (up 8 percent year-on-year) and operating income of 3.5 billion yen (up 55 percent year-on-year) as a result of an increase of subleases and also the disposal of property owned by ANA in the Real Estate business, and an increase in revenue in the Buildings and Facilities business from the refurbishment of facilities at the Haneda Airport terminal and an increase in construction work-related earnings.

Consolidated Balance Sheet

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

	FY2019 As of March 31, 2020	FY2018 As of March 31, 2019	Difference
Total assets (billion yen)	2,560.1	2,687.1	-126.9
Net assets (billion yen)	1,068.8	1,109.3	-40.4
Shareholder's equity (billion yen)*1	1,061.0	1,099.4	-38.3
Equity ratio (%)	41.4	40.9	+0.5 pt
Interest-bearing debt (billion yen)	842.8	788.6	+54.2
D/E ratio *2	0.8	0.7	+0.1

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

*2: Debt/equity ratio = Interest-bearing debt / Total shareholders' equity

Consolidated Statement of Cash Flow

Unit: billion yen (rounded down)

	FY2019	FY2018
Cash flows from operating activities	130.1	296.1
Cash flows from investing activities	-230.2	-308.6
Cash flows from financing activities	23.8	-46.4
Cash flows and cash equivalents at the end of the period	135.9	211.8
Depreciation and amortization	175.7	159.5

Outlook for the FY2020 (April 2020 - March 2021)

- The outlook for the next financial year is that economic conditions will continue to be very challenging due to the impact of the Coronavirus, and there are also concerns about the risk that the spread of the virus will further stagnate the global economy. Although the Japanese government plans to implement measures to support the economy, the deterioration of the job and disposable income environment caused by declining corporate earnings and the slump in consumer spending is thought to be unavoidable.
- Based on the direct impact on ANA caused by the continuation of Japan's measures to prevent the spread of the virus, such as the voluntary restraint on leaving home strengthened through the Declaration of State of Emergency on April 7, restrictions on overseas travel, and restrictions on the entry of foreign nationals, the consolidated forecast for the fiscal year ending March 31, 2021, is yet to be determined. While it is unknown when the continued spread of Coronavirus will end, the financial guidance will be promptly announced once a confident disclosure is possible.

As ANA values and upholds the payment of dividends as an important aspect to management, it is with great regret that for the current fiscal year, the dividend payment will be 0 yen until we are able to project a rational forecast and the financial conditions as well as the business environment stabilizes.

- Under these unprecedented conditions, the ANA Group will continue to limit the scale of operations in air transportation, reduce operating expenses such as fuel costs, and utilize the reduction of executive compensation and management wages with the temporary leaves of employees to reduce personnel expenses. In addition to these cost containment measures, we will carefully review and limit capital expenditure such as aircraft and revising the time of its implementation. Furthermore, in April we began securing funds of 100 billion yen through bank loans and as of today (April 28, 2020), we are aiming to finalize a contract to raise a credit commitment line of 350 billion yen in addition to the existing 150 billion yen credit commitment line, and actively taking measures at a conservative level to maintain stability in liquidity on hand.
- ANA has suspended and reduced the number of flights by approximately 90 percent on international routes and 70 percent on domestic routes from its initial scheduled plans (as of April 28, 2020). The Company will focus on factors such as the spread of the disease, the immigration restrictions of

various countries, the supply and demand balance, and economic trends with the aim of resuming flights as needed when demand recovers. Moreover, the Company aims to expand its network by establishing and increasing flights on 14 routes from Haneda Airport in International Passenger Services and also increasing flights on the Haneda-Kansai route in Domestic Passenger Services for certain periods at times suitable for connecting international flights, in addition to maximizing revenue through the necessary stimulation of demand and appropriate pricing. In LCCs, Peach Aviation Limited, which took over the Narita base of Vanilla Air Inc., will aim to become the leading LCC in Asia by expanding its network centered on the two major hubs of Narita and Kansai.

- In addition, avatarin Inc. was established in April 2020 to create new business models and resolve social issues using the remotely controlled avatars as social infrastructure to offer services that can be used in a variety of applications such as medicine, nursing, education, and shopping. As a response to the Coronavirus, priority will be given to providing the independently developed “newme” avatar to medical facilities to meet the growing needs of remote communication.

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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 eight 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 58 international routes and 117 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.

In addition to the full service and award-winning record of ANA, the ANA Group's subsidiary Peach Aviation Limited is the leading LCC in Japan, and has expanded following the integration of Vanilla Air Inc. in late 2019. 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/>