

ANA HOLDINGS Financial Results for the Six Months Ended September 30, 2017

TOKYO, November 1, 2017 – ANA HOLDINGS (hereinafter “ANA HD”) today reports its financial results for the six months ended September 30, 2017.

Overview

- ANA HD has delivered a record-high profit performance during the first half of the financial year, with operating revenues up 11.3% to 985.0 billion yen, operating income up 28.5% to 115.0 billion yen and ordinary income up 35.1% to 112.7 billion yen compared to the same period last year.
- All business segments delivered increased revenues, with the strongest contribution from the Air Transportation business.
- Air Transportation benefitted from robust demand as well as a strong operating performance, particularly from International Passenger Services and Cargo Services.
- Net profit attributable to owners of the Parent of 118.3 billion yen reflects the inclusion of exceptional income from Peach Aviation Limited as a consolidated subsidiary from this fiscal year.
- ANA Group continues focusing on enhancing its world-leading service and has received the maximum 5-Star rating from SKYTRAX in 2017 for the fifth consecutive year. Also, ANA was awarded “World’s Best Airport Services” for the sixth time and “Best Airline Staff in Asia” for the fourth time at SKYTRAX 2017 World Airline Awards.
- In terms of the outlook, ANA HD expects operating revenue for the full year ending March 31, 2018, to be 15.0 billion yen higher than set out in the consolidated earnings forecast on 28 April 2017, and profit attributable to owners of the Parent to be 7.0 billion yen higher.

Consolidated Financial Performance

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

	First Half FY2017	First Half FY2016	Difference	% Comparison
Operating revenues	985.0	884.9	+100.0	+11.3
Operating expenses	869.9	795.4	+74.5	+9.4
Operating income	115.0	89.5	+25.5	+28.5
Non-operating expenses	-2.3	-6.1	+3.7	---
Ordinary income	112.7	83.4	+29.2	+35.1
Special gain	43.9	0.1	+43.8	---
Net income attributable to owners of the Parent	118.3	57.4	+60.9	+106.1

Performance by Business Segment

Unit: billion yen (rounded down)

	First Half FY2017		First Half FY2016		Difference	
	Revenues	Operating income	Revenues	Operating income	Revenues	Operating income
Air Transportation	865.4	109.2	769.1	84.7	+96.2	+24.5
Airline Related	141.5	6.8	127.7	5.3	+13.8	+1.5
Travel Services	83.5	2.2	82.4	2.0	+1.0	+0.2
Trade and Retail	69.1	2.2	68.9	2.6	+0.2	-0.3
Others	18.6	1.6	16.6	0.7	+1.9	+0.9

Air Transportation

1. Domestic Passenger Services

- Domestic passenger numbers and revenues were up compared with the same period a year ago in appreciation to steady business demand. ANA captured this demand through the establishment of various discount fares to match customer trends.
- ANA further expanded its domestic route network by opening a new Nagoya (Chubu)-Miyako route in June and adding a late night “*Galaxy Flight*” on the Haneda-Okinawa route in the summer holiday season. Furthermore, the *Dynamic Fleet Assignment Model*, enabling precise allocation of aircraft in line with demand, was expanded, allowing for improved optimizing of supply and demand.
- On the marketing front, ANA held regular *Tabiware Time Sales* for a variety of travel situations to further stimulate demand.
- ANA renewed the Corporate Web Booking Portal “ANA@desk”; enhancing the booking and the ticketing function and making the website easier to navigate.
- In September, ANA opened a new ANA SUITE LOUNGE and ANA LOUNGE designed by the celebrity Japanese Architect Kengo Kuma at New Chitose Airport (Sapporo). ANA also added Airbus A321neo to its fleet. The Airbus A321neo provides personal seat monitors on all seats, allowing passengers to access an in-flight program that offers around sixty pieces of audiovisual content.

As a result, revenues from domestic passenger services increased by 7.7 billion yen (a 2.2% year-on-year increase).

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

Domestic Passenger Services	First Half /FY2017	First Half /FY2016	Difference	% Comparison
Revenues (billion yen)	355.1	347.4	+7.7	+2.2
Number of passengers (thousand)	22,499	21,520	+979	+4.6
Available seat km (million)	30,051	30,225	-173	-0.6
Revenue passenger km (million)	20,481	19,526	+954	+4.9
Passenger load factor (%)	68.2	64.6	+3.5	---

2. International Passenger Services

- International passenger numbers and revenues increased compared with the same period last year in appreciation to strong demand for business travel from Japan, recovery of outbound leisure travel to Europe (which had previously reduced in the aftermath of terrorist attacks), and robust travel demand to Japan.

- In terms of the route network, following the introduction of the Tokyo (Haneda)-Honolulu route, ANA introduced *ANA Business Staggered* full-flat seats and *Premium Economy* on the Tokyo (Narita)-Honolulu route to improve products and services and capture burgeoning demand.
- ANA has increased frequency on the Tokyo (Haneda)-Jakarta route, with an additional daily flight from August, reinforcing links with regional airports and responding to the business demand to and from the central Tokyo area.
- We have actively pursued marketing campaigns to further drive demand for tourism to Japan, and also promoted our Business Class products to high-end customers.
- We continue to enhance our onboard services, introducing Japanese sake on all international flights in Economy Class from September.

As a result, revenues from international passenger services increased by 36.3 billion yen (a 14.0% year-on-year increase).

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

International Passenger Services	First Half /FY2017	First Half /FY2016	Difference	% Comparison
Revenues (billion yen)	295.5	259.1	+36.3	+14.0
Number of passengers (thousand)	4,761	4,479	+281	+6.3
Available seat km (million)	31,852	29,458	+2,393	+8.1
Revenue passenger km (million)	24,156	22,309	+1,847	+8.3
Passenger load factor (%)	75.8	75.7	+0.1	---

3. Cargo Services

- In the Domestic Cargo Services, revenues increased year-on-year in appreciation to improvements in the unit price and the steady performance of home-delivery cargo as well as freight connecting with international routes. However, cargo volume decreased owing to factors such as the reduction in cargo handled out of Hokkaido.
- In the International Cargo Services, revenues were up in the same period a year ago in appreciation to the strong performance of cargo from Japan to overseas destinations as a result of robust demand centered on automobile parts bound for North America and Europe. Cargo from outside of Japan also saw strong growth in volume and revenues as ANA captured demand for transportation of cargo from China and other parts of Asia to Japan, and trilateral cargo from China to North America via Japan.

As a result, revenue from domestic cargo services increased slightly (a 0.5% year-on-year increase) and revenue from international cargo services increased by 12.9billion yen (a 31.1% year-on-year increase).

(Except for % comparison, figures are rounded down)

Cargo Services		First Half /FY2017	First Half /FY2016	Difference	% Comparison
Domestic	Revenues (billion yen)	15.1	15.0	+0.0	+0.5
	Freight carried (thousand tons)	216	222	-6	-2.8
	Ton km (million)	222	225	-3	-1.5
International	Revenues (billion yen)	54.8	41.8	+12.9	+31.1
	Freight carried (thousand tons)	500	457	+43	+9.4
	Ton km (million)	2,222	1,999	+223	+11.2

4. Others

- Other revenue in the Air Transportation business was 140.4 billion yen (a 38.2% year-on-year increase). Revenue in “Others in Air Transportation” is derived mainly from the mileage program, Vanilla Air Inc., Peach Aviation Limited, in-flight sales, and maintenance service contracts.
- Vanilla Air Inc. made efforts to improve profitability by matching the strong demand of inbound travel mainly from Taipei, capturing high demand by early sales. In addition, Vanilla Air Inc. introduced the first LCC point program “Vanilla Air Point”, that allows passengers to earn points according to the miles flown. During these six months, passenger numbers were up 35.7% to 1.3 million, available seat-kilometers up 26.2% to 2.5 billion, revenue passenger-kilometers up 26.7% to 2.1 billion and the passenger load factor was up to 86.9% compared with the same period a year ago.
- Peach Aviation Limited expanded its network by adding Sapporo-Fukuoka, Sapporo-Taipei, Sendai-Sapporo and Sendai-Taipei routes from September, and developing a new base in Sendai. The number of passengers was 2.5 million and there were 3.3 billion available seat-kilometers, 2.9 billion revenue passenger-kilometers and a passenger load factor of 87.9%.

Airline Related, Travel Services, Trade and Retail and Others

- In Airline Related businesses, operating revenues for the six months were 141.5 billion yen (a 10.8% year-on-year increase) and operating income was 6.8 billion yen (a 28.4% year-on-year increase) in appreciation to an increase in contracts for ground handling services including passenger check-in and baggage handling at Haneda and Kansai airports, and an increase in contracts for in-flight meals from foreign airlines.
- In Travel Services, operating revenues for the first six months were 83.5 billion yen (a 1.3% year-on-year increase) and operating income was 2.2 billion yen (a 14.0% year-on-year increase). In domestic travel services, operating revenues decreased over the same period a year ago as ANA Sales Co.,Ltd. promptly captured demand through the strengthening of sales promotions for the dynamic package product *Tabisaku*. Elsewhere, Turnover on *ANA Sky Holidays* tours to Kanto (eastern part of Japan including Tokyo metropolitan area) and Okinawa regions did not grow as expected. In international travel, although turnover of *ANA Hallo Tours* bound for Europe decreased, turnover was strong on Hawaii tours where a focused effort was made to strengthen sales, resulting in an increase in operating revenues over the same period a year ago. Travel to Japan also saw a decrease in operating revenues compared with the same period a year ago due to increasingly fierce competition in Taiwan.
- In Trade and Retail, operating revenues for the first six months were 69.1 billion yen (a 0.4% year-on-year increase) and operating income was 2.2 billion yen (a 14.7% year-on-year decrease). In the retail business, operating revenues of the *ANA DUTY-FREE SHOP* and the *ANA FESTA* (airport merchandise stores) increased over the same period a year ago. Meanwhile, in the food business, revenue decreased due to intensifying competition in the market.
- In Others, operating revenues for the six month were 18.6 billion yen (an 11.6% year-on-year increase) and operating income was 1.6 billion yen (a 126.2% year-on-year increase) due to strong performance in the building and facility maintenance and management business and the airline security business.

Consolidated Balance Sheet

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

	First Half of FY2017 As of September 30, 2017	FY2016 As of March 31, 2017	Difference
Total assets(billion yen)	2,582.9	2,314.4	+268.5
Shareholder's equity(billion yen)*1	1,013.9	919.1	+94.8
Equity ratio	39.3	39.7	-0.5
Interest-bearing debt(billion yen)*2	843.8	729.8	+113.9
D/E ratio	0.8	0.8	+0.0

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

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

Consolidated Statement of Cash Flow

Unit: billion yen (rounded down)

	First Half /FY2017	First Half /FY2016
Cash flows from operating activities	206.5	113.7
Cash flows from investing activities	-210.8	-115.3
Cash flows from financing activities	67.1	14.5
Cash flows and cash equivalents at the end of the period	372.2	273.5
Depreciation and amortization	74.0	68.3

Outlook for the FY2017 (April 2017 - March 2018)

- Improvements in domestic employment, the Japanese income environment and the effect of various government policies suggest a continued, gradual recovery in the Japanese economy. However, the outlook is subject to risks, such as a downturn in domestic or international economies, terrorism and/or conflict in Europe and the Middle East.
- As a result of continued strong revenues from Domestic Passenger Services, International Passenger Services and International Cargo Services, a 15.0 billion yen increase in operating revenues is expected compared to the consolidated earnings forecast set out on 28 April 2017.
- As a result, profit attributable to owners of the Parent is expected to rise by 7.0 billion yen.

Taking the above factors into consideration, the consolidated earnings forecast for the FY2017 originally announced on April 28, 2017, will be adjusted as follows.

Consolidated Financial Forecast

Unit: billion yen (rounded down)

	New Forecast for FY2017	Original Forecast for FY2017	Difference	FY2016	Difference
Operating revenues	1,925.0	1,910.0	+15.0	1,765.2	+159.7
Operating income	160.0	150.0	+10.0	145.5	+14.4
Ordinary income	150.0	140.0	+10.0	140.3	+9.6
Net income attributable to owners of the Parent	132.0	125.0	+7.0	98.8	+33.1

Contact : Corporate Communications, ANA HOLDINGS,+81-3-6735-1111,publicrelations@ana.co.jp

About ANA HOLDINGS INC.

ANAHD is an aviation group with global operations and a total of 64 consolidated subsidiaries and 16 equity method affiliates. It is divided into passengers and cargo services segments as well as airline related business such as Catering and IT Services. ANAHD was formed in April 2013 and is the parent company of ANA; full-service carrier, and Vanilla Air and Peach Aviation; LCCs. ANA HD promotes a multi-brand strategy to leverage the strength of ANA brand and stimulate demand in markets not completely covered by its full-service airline offering, while expanding market share for the Group as a whole, leading to enhanced value. ANA has 258 aircraft flying to 87 destinations and carrying about 52 million passengers per year. ANA is the largest airline in Japan by revenues and passenger numbers. ANA is a member of Star Alliance. Management vision of ANAHD is “It is our goal to be the world’s leading airline group in customer satisfaction and value creation.”