

ANA HOLDINGS INC.

- Financial Results for the Three Months ended June 30, 2016

Yuji Hirako

Executive Vice President and CFO,
Member of the Board

August 3, 2016



Thank you for participating in the telephone conference for “Financial Results for the Three Months ended June 30, 2016.”

Now, I will explain our financial results in detail. Please turn to page 3.

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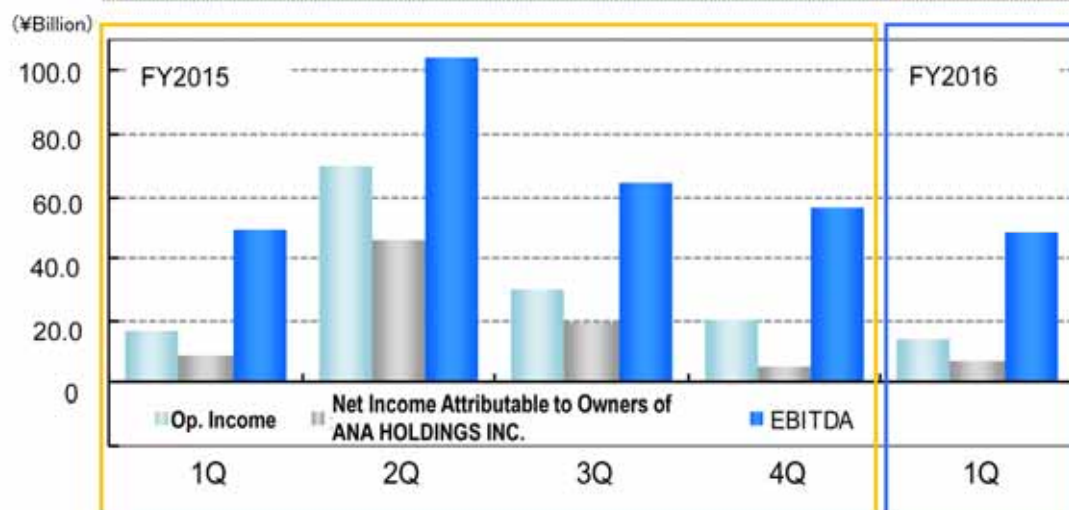
* Effective from FY2016, International Cargo Agency
Commission is abolished and offset by revenues.

Highlights of FY2016 First Quarter

Highlights of Financial Results FY16 1st Quarter and Quarterly Results in FY15

【FY16 1st Quarter (Consolidated Results)】

- Op. Income : ¥14.1Bn (YoY ¥ - 2.6Bn)
- Net Income Attributable to Owners of ANA HOLDINGS INC. : ¥6.6Bn (YoY ¥ - 1.7Bn)
- EBITDA : ¥48.1Bn (YoY ¥ - 1.2Bn)



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These are the highlights of our financial results.

Operating income for the first quarter decreased by 2.6 billion yen year-on-year to 14.1 billion yen.

Net income attributable to owners of ANA HOLDINGS INC. decreased by 1.7 billion yen to 6.6 billion yen.

EBITDA decreased by 1.2 billion yen to 48.1 billion yen.

Please turn to page 4.

Consolidated Financial Summary

Income Statements

(¥Billion)

	1Q/FY2015	1Q/FY2016	Difference
Operating Revenues	413.8	404.4	- 9.4
Operating Expenses	397.1	390.2	- 6.8
Operating Income	16.7	14.1	- 2.6
Operating Income Margin(%)	4.0	3.5	- 0.6pts
Non-Operating Income/Losses	- 0.8	- 3.4	- 2.6
Ordinary Income	15.9	10.6	- 5.2
Extraordinary Income/Losses	- 0.0	0.1	+ 0.1
Net Income Attributable to Owners of ANA HOLDINGS INC.	8.3	6.6	- 1.7
Net Income Before Non-Controlling Interests	8.4	6.7	- 1.7
Other Comprehensive Income	20.7	- 16.8	- 37.6
Comprehensive Income	29.1	- 10.1	- 39.3

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This slide shows an overview of our consolidated income statements for the first quarter.

Operating revenues decreased by 9.4 billion yen year-on-year to 404.4 billion yen.
Operating expenses decreased by 6.8 billion yen to 390.2 billion yen.

As a result, operating income was 14.1 billion yen, ordinary income was 10.6 billion yen, and net income attributable to owners of ANA HOLDINGS INC. was 6.6 billion yen.

Please turn to page 5.

Consolidated Financial Summary

Financial Position

(¥Billion)

	Mar 31, 2016	Jun 30, 2016	Difference
Assets	2,228.8	2,226.9	- 1.8
Shareholders' Equity	789.8	762.5	- 27.3
Ratio of Shareholders' Equity (%)	35.4	34.2	- 1.2pts
Interest Bearing Debts	703.8	743.6	+ 39.7
Debt/Equity Ratio (times) *	0.9	1.0	+ 0.1
Net Interest Bearing Debts**	426.2	435.7	+ 9.5

* D/E ratio when including off-balanced lease obligation of ¥62.8 billion (¥69.0 billion as of Mar 31, 2016) is 1.1 times (1.0 times as of Mar 31, 2016).

** Net Interest Bearing Debts: Interest Bearing Debts – (Current Assets (Cash and Deposits + Marketable Securities))

This page shows our consolidated financial position.

Total assets decreased by 1.8 billion yen to 2,226.9 billion yen compared to the end of the previous fiscal year.

Shareholders' equity decreased by 27.3 billion yen to 762.5 billion yen.

The shareholders' equity ratio was 34.2%.

Interest bearing debt was 743.6 billion yen, resulting in a debt/equity ratio of 1.0 times.

Please turn to page 6.

Consolidated Financial Summary

Statements of Cash Flow

(¥Billion)

1Q/FY2015

1Q/FY2016

Difference

Cash Flow from Operating Activities	77.6	39.5	- 38.1
Cash Flow from Investing Activities	9.0	- 38.8	- 47.9
Cash Flow from Financing Activities	- 39.7	19.4	+ 59.1
Net Increase/Decrease in Cash and Cash Equivalents	46.9	20.0	- 26.9
Cash and Cash Equivalents at the beginning of the year	208.9	265.1	} + 20.0
Cash and Cash Equivalents at the end of the current period	255.9	285.1	
Depreciation and Amortization	32.6	34.0	+ 1.4
Capital Expenditures	58.9	36.3	- 22.5
Substantial Free Cash Flow (excluding periodic/negotiable deposits of more than 3 months)	22.3	10.9	- 11.3
EBITDA*	49.4	48.1	- 1.2
EBITDA Margin (%)	11.9	11.9	- 0.0pts

* EBITDA: Op. Income + Depreciation and Amortization

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This page indicates the consolidated statement of cash flow.

Cash flow from operating activities resulted in income of 39.5 billion yen, decreased by 38.1 billion yen year-on-year due to increased corporate tax payments, among other factors.

Cash flow from investing activities resulted in expenditures of 38.8 billion yen, decreased by 47.9 billion yen year-on-year mainly due to a difference in the capital transfer for periodic and negotiable deposits of more than three months.

Cash flow from financing activities resulted in an income of 19.4 billion yen.

Substantial free cash flow was 10.9 billion yen which is based on excluding capital transfers for periodic and negotiable deposits of more than three months from cash flow from investing activities.

Please turn to page 7.

Consolidated Financial Summary

Results by Segment

(¥Billion)

		1Q/FY2015	1Q/FY2016	Difference
Operating Revenues	Air Transportation	357.1	350.8	- 6.3
	Airline Related	57.8	61.3	+ 3.5
	Travel Services	36.3	34.1	- 2.1
	Trade and Retail	35.2	34.4	- 0.7
	Total for Reporting Segments	486.5	480.7	- 5.7
	Others	7.9	8.3	+ 0.3
	Adjustment	- 80.6	- 84.7	- 4.0
	Total	413.8	404.4	- 9.4
Operating Income	Air Transportation	15.2	12.6	- 2.6
	Airline Related	1.9	2.4	+ 0.5
	Travel Services	0.5	0.6	+ 0.0
	Trade and Retail	1.4	1.0	- 0.3
	Total for Reporting Segments	19.1	16.7	- 2.3
	Others	0.3	0.4	+ 0.0
	Adjustment	- 2.7	- 3.0	- 0.3
	Total	16.7	14.1	- 2.6

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These are our results by segment.

Revenues from the Airline Related business increased due to expansion of airport handling contracts from foreign airlines, among other factors.

Revenues from the Travel Services business declined mainly due to lower sales for overseas tours.

Revenues from the Trade and Retail business declined due to sales at airport duty free stores dropping below the previous year.

Now, I will go over the details of our Air Transportation business.

Please turn to page10.

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Air Transportation Business

Operating Revenues and Expenses

(¥Billion)

1Q/FY2015

1Q/FY2016

Difference

Operating Revenues

Domestic Passenger	152.3	150.5	- 1.8
International Passenger	119.3	123.3	+ 3.9
Cargo and Mail	38.7	29.7	- 8.9
Others	46.7	47.2	+ 0.4
Total	357.1	350.8	- 6.3

Operating Expenses

Fuel and Fuel Tax	79.9	66.8	- 13.1
Landing and Navigation Fees	28.1	27.8	- 0.2
Aircraft Leasing Fees	22.7	25.0	+ 2.2
Depreciation and Amortization	31.0	32.4	+ 1.3
Aircraft Maintenance	23.3	24.6	+ 1.2
Personnel	41.8	45.1	+ 3.2
Sales Commission and Promotion	26.6	23.0	- 3.5
Contracts	44.4	48.7	+ 4.2
Others	43.7	44.6	+ 0.9
Total	341.9	338.2	- 3.6

Op. Income

Operating Income	15.2	12.6	- 2.6
EBITDA*	46.3	45.0	- 1.2
EBITDA Margin (%)	13.0	12.8	- 0.1pts

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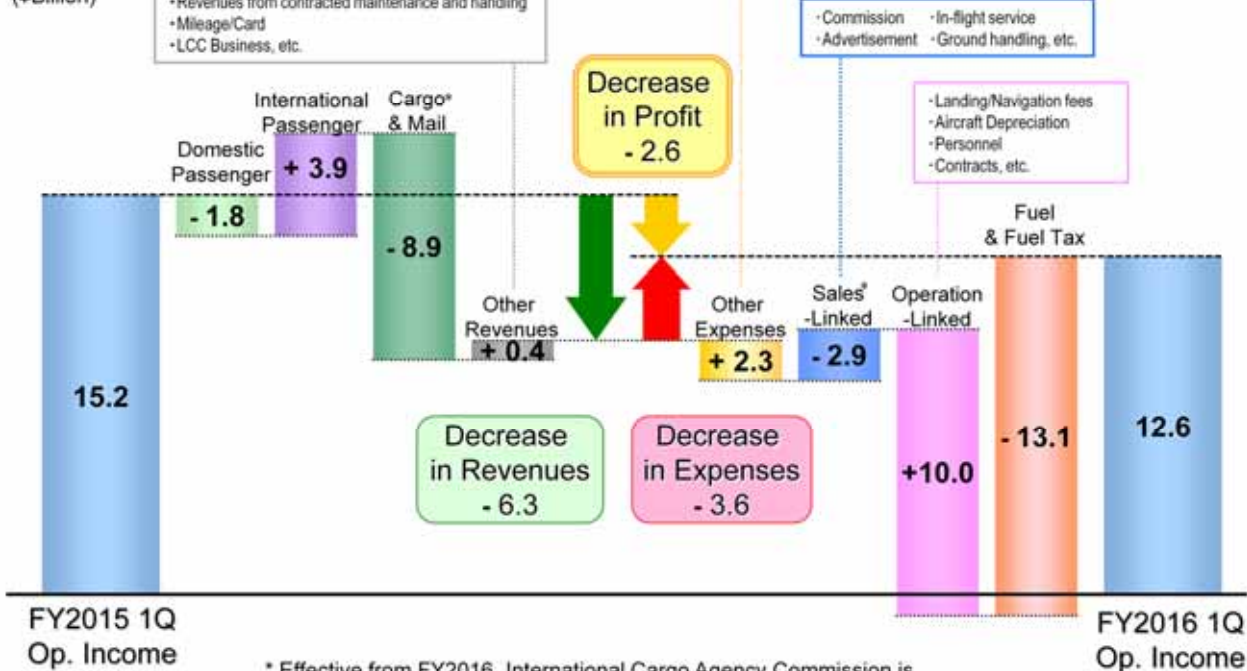
* EBITDA: Op. Income + Depreciation and Amortization

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Air Transportation Business

Changes in Op. Income

(¥Billion)



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This is a year-on-year comparison of changes in operating income for our Air Transportation business.

Operating revenues decreased by 6.3 billion yen.

Revenues from our International Passenger business increased while Domestic Passenger and Cargo and Mail decreased.

Revenues from the LCC business, which are reported under “Other Revenues”, were largely unchanged from the previous year.

With the abolishment of the International Cargo Agency Commission, the expense of this commission is offset by revenues from this fiscal year.

This resulted in an approximate 4 billion yen decrease for the amount recorded during the same quarter of the previous year.

Operating expenses decreased by 3.6 billion yen. Fuel expenses decreased significantly due to a drop in the crude oil market.

However, operation-linked costs such as contracts increased compared to the previous fiscal year.

As a result, operating income decreased by 2.6 billion yen year-on-year to 12.6 billion yen.

Please turn to page 12.

Air Transportation Business

Domestic Passenger Operations

	1Q/FY2015	1Q/FY2016	% YoY
Available Seat Km (million)	14,464	14,393	- 0.5
Revenue Passenger Km (million)	8,851	8,792	- 0.7
Passengers (thousands)	9,911	9,789	- 1.2
Load Factor (%)	61.2	61.1	- 0.1pts*
Passenger Revenues (¥Billion)	152.3	150.5	- 1.2
Unit Revenue (¥/ASK)	10.5	10.5	- 0.7
Yield (¥/RPK)	17.2	17.1	- 0.5
Unit Price (¥/Passenger)	15,374	15,378	+ 0.0

* Difference

(Not including Vanilla Air)

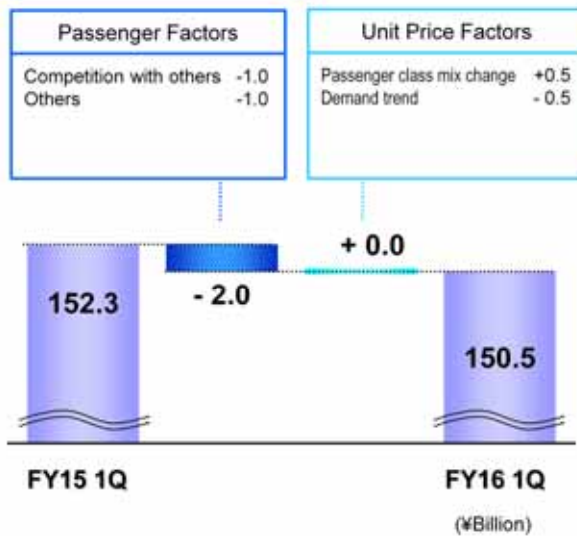
Air Transportation Business

Trends in Domestic Passenger Operations

(Not including Vanilla Air)

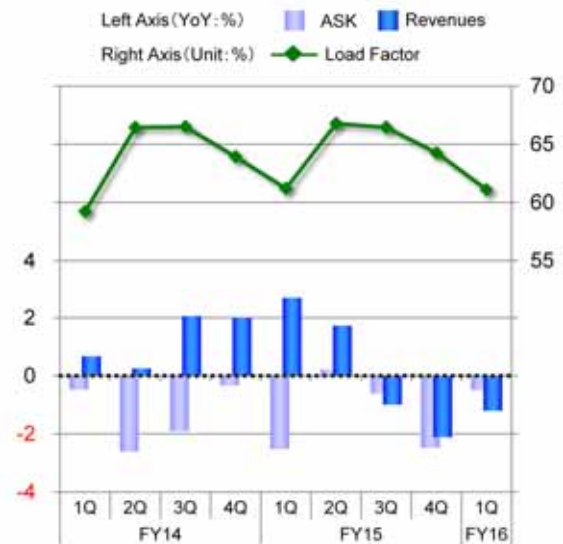
FY16 1Q Revenue Change Factors

✓ Maintained unit price as previous year level while decreased in passengers due to Kumamoto earthquake



Trends of ASK, Revenues and Load Factor

✓ Load factor remained last year level



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This shows the status of our Domestic Passenger Operations.

The figures on the left show an analysis of the factors for the 1.8 billion yen decrease in first quarter revenues.

A decline in travel demand following the Kumamoto Earthquake that occurred in April had an impact.

Passenger factors decreased revenues by 2.0 billion yen.

On the other hand, unit price factors remained unchanged, at the same level as the previous year.

Please turn to page14.

Air Transportation Business

International Passenger Operations

	1Q/FY2015	1Q/FY2016	% YoY
Available Seat Km (million)	12,601	14,612	+ 16.0
Revenue Passenger Km (million)	9,194	10,663	+ 16.0
Passengers (thousands)	1,910	2,131	+ 11.6
Load Factor (%)	73.0	73.0	+ 0.0pts*
Passenger Revenues (¥Billion)	119.3	123.3	+ 3.3
Unit Revenue (¥/ASK)	9.5	8.4	- 10.9
Yield (¥/RPK)	13.0	11.6	- 10.9
Unit Price (¥/Passenger)	62,481	57,868	- 7.4

* Difference

(Not including Vanilla Air)

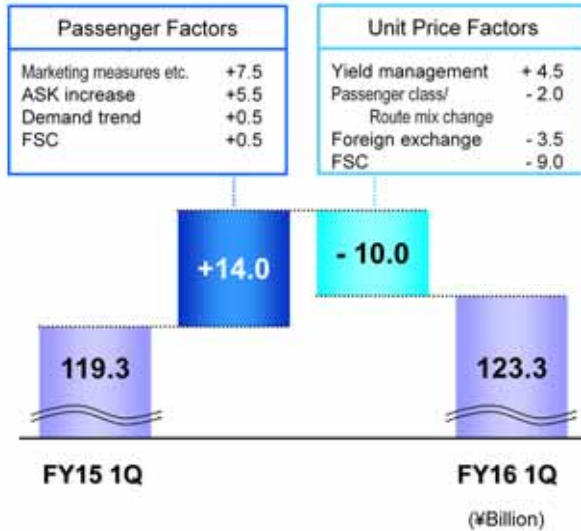
Air Transportation Business

Trends in International Passenger Operations

(Not including Vanilla Air)

FY16 1Q Revenue Change Factors

✓ Increased in revenues although unit price dropped due to market fluctuations



Trends of ASK, RPK and Yield

✓ Captured demand in line with ASK increase



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This is the status of our International Passenger Operations.

Passenger factors increased revenues by 14.0 billion yen thanks to capturing demand in line with an ASK increase.

On the other hand, unit price factors decreased by 10.0 billion yen.

Mainly, this is due to the impact of both a decline in fuel surcharge revenues and yen appreciation resulting in a decline in yen conversion amounts for foreign currency revenues.

Please turn to page 15.

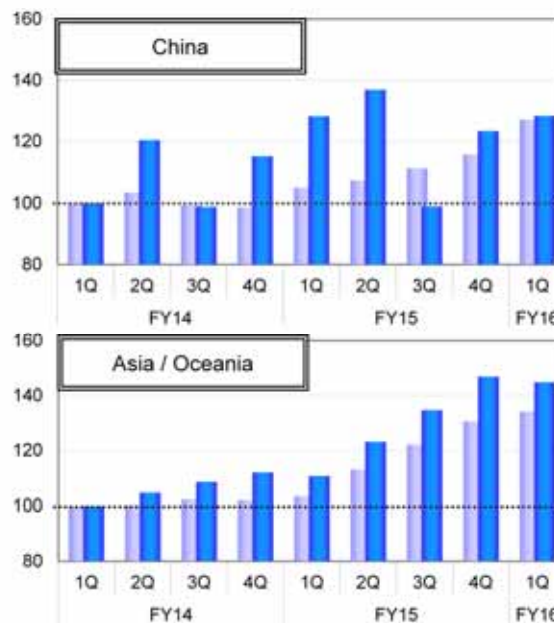
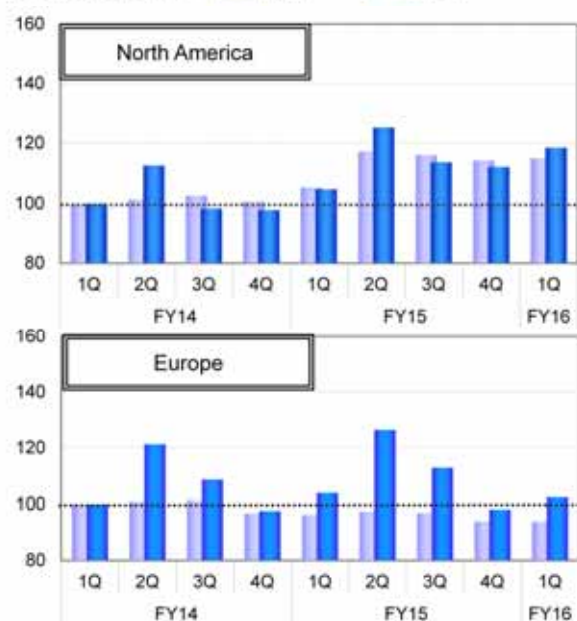
Air Transportation Business

Trends in International Passenger Operations

(Not including Vanilla Air)

Trends of ASK and RPK by Destination

(Index FY14 1Q=100) : ASK : RPK



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This shows ASK and RPK trends by destinations.

Overall, results were favorable in North America and Asia/Oceania.

In addition to outbound business demand from Japan, trilateral and inbound traffic demand were also firm.

On European routes leisure demand from Japan is still weak due to the remaining impact of terrorist attacks that occurred in Paris and Belgium during the second half of the previous fiscal year.

However, outbound business demand from Japan has already recovered and inbound traffic from Europe is increasing.

On China routes, the supply and demand gap is expanding due to both Japanese and Chinese airlines increasing capacity since last autumn.

Although our RPK during the first quarter was largely unchanged year-on-year, we are forecasting that RPK will increase again since the second quarter is a peak season.

We will continue to pay close attention to market trends.

Please turn to page 21.

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Air Transportation Business

Domestic Cargo Operations

	1Q/FY2015	1Q/FY2016	% YoY	Ref.*1 % YoY
Available Ton Km (million)	441	424	- 3.8	
Revenue Ton Km (million)	106	105	- 0.6	
Revenue Ton (thousand tons)	104	103	- 1.3	
Load Factor (%)	24.1	24.9	+ 0.8pts*2	
Cargo Revenues (¥Billion)	7.2	7.1	- 1.5	- 0.2
Unit Revenue (¥/ATK)	16.5	16.9	+ 2.4	+3.8
Yield(¥/RTK)	68.4	67.8	- 0.9	+0.4
Unit Price (¥/kg)	69	69	- 0.2	+1.1

*1 Substantial values excluding International Cargo Agency Commission

*2 Difference

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Air Transportation Business

International Cargo Operations	1Q/FY2015	1Q/FY2016	% YoY	Ref.*1 % YoY
Available Ton Km (million)	1,420	1,612	+ 13.6	
Revenue Ton Km (million)	828	980	+ 18.4	
Revenue Ton (thousand tons)	191	221	+ 15.6	
Load Factor (%)	58.3	60.8	+ 2.5pts*2	
Cargo Revenues (¥Billion)	28.8	20.4	- 29.1	- 17.3
Unit Revenue (¥/ATK)	20.3	12.7	- 37.5	- 27.2
Yield(¥/RTK)	34.9	20.9	- 40.1	- 30.2
Unit Price (¥/kg)	151	93	- 38.6	- 28.5

*1 Substantial values excluding International Cargo Agency Commission

*2 Difference

(Figures on this page include results on P.20)

Air Transportation Business

【Ref.】International Freighter Operations

	1Q/FY2015	1Q/FY2016	% YoY
Available Ton Km (million)	311	305	- 1.7
Revenue Ton Km (million)	170	176	+ 3.3
Revenue Ton (thousand tons)	86	90	+ 4.9
Load Factor (%)	54.9	57.7	+ 2.8pts*
Cargo Revenues (¥Billion)	10.4	6.9	- 34.0
Unit Revenue (¥/ATK)	33.7	22.7	- 32.8
Yield(¥/RTK)	61.5	39.3	- 36.1
Unit Price (¥/kg)	122	77	- 37.0

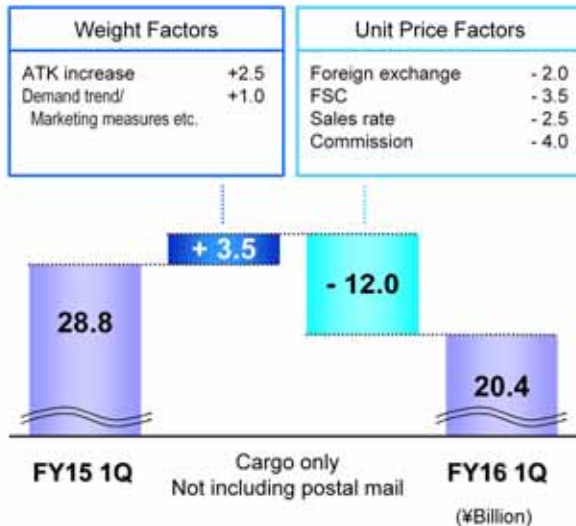
*Difference

Air Transportation Business

Trends in International Cargo Operations

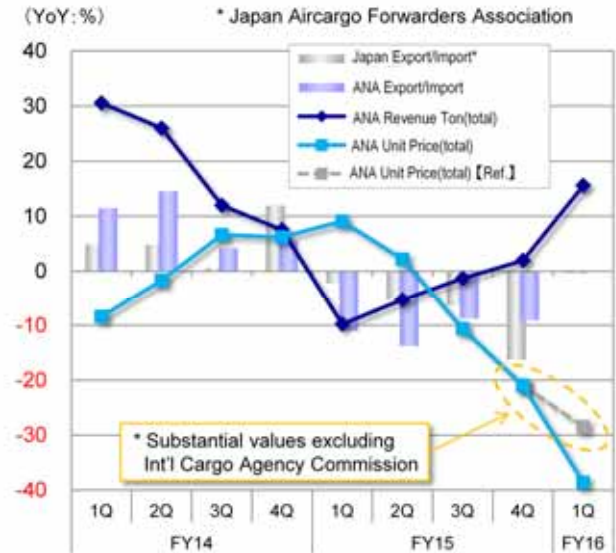
FY16 1Q Revenue Change Factors

✓ Decreased in unit price due to both yen appreciation and drop in fuel surcharge revenues



Trends of Traffic Results and Unit Price

✓ Weight volume is in recovery while unit price decreased



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This is the status of our International Cargo Operations. Please see the figures on the left.

Weight factors resulted in an increase of 3.5 billion yen by capturing demand, especially for trilateral cargo.

On the other hand, unit price factors resulted in decreased revenues of 12.0 billion yen. This was due to competition with other airlines in an environment of weak cargo demand in Asia, which resulted in a decline in sales rates as well as offsetting expenses with revenues due to the abolishment of commissions.

Please look at the figures on the right.

While import/export demand from Japan remained largely unchanged, we developed to secure volume by aggressively capturing trilateral cargo. From the second quarter, we will also capture import/export cargo, which is in a recovery trend.

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Air Transportation Business

LCC Operations (Vanilla Air)

Domestic and International
Passenger Operations in Total

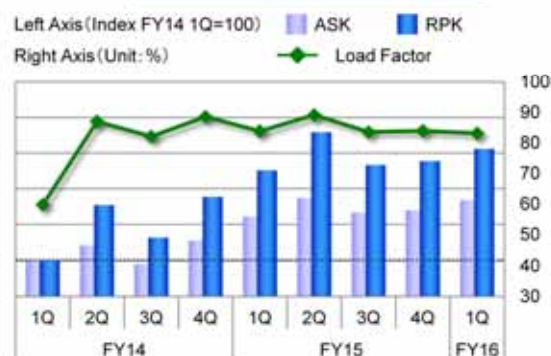
	1Q/FY2015	1Q/FY2016	% YoY
Available Seat Km (million)	796	911	+ 14.4
Revenue Passenger Km (million)	668	757	+ 13.4
Passengers (thousands)	392	446	+ 13.7
Load Factor (%)	83.8	83.1	- 0.7pts*

*Difference

Aircraft in
ServiceAirbus A320-200: 9 aircraft
(As of Jun 30, 2016)

【New Routes】

- Osaka (Kansai) — Taipei (Taoyuan) from Apr 27
- Okinawa (Naha) — Taipei (Taoyuan) from Sep 14
- Tokyo (Narita) — Ho Chi Minh City (via Taipei) from Sep 14



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This slide shows an overview of Vanilla Air.

Load factor for the first quarter was 83.1%, down by 0.7points compared to the previous year.

Competition among LCCs is increasing but we were able to maintain a load factor largely unchanged from the previous year.

This was thanks to the flexible implementation of strategic pricing management that reflected supply and demand trends accordingly while expanding routes.

We began routes between Osaka and Taipei in April.

Also, we are planning to operate new routes between Okinawa and Taipei, and between Narita and Ho Chi Min City via Taipei from September.

Finally, please turn to page25.

Other Segments excluding Air Transportation Business

Results by Segment

(¥Billion)

	Airline Related			Travel Services		
	1Q/FY2015	1Q/FY2016	Difference	1Q/FY2015	1Q/FY2016	Difference
Operating Revenues	57.8	61.3	+ 3.5	36.3	34.1	- 2.1
Operating Income	1.9	2.4	+ 0.5	0.5	0.6	+ 0.0
Depreciation and Amortization	1.2	1.3	+ 0.0	0.0	0.0	+ 0.0
EBITDA*	3.2	3.7	+ 0.5	0.5	0.6	+ 0.0
EBITDA Margin (%)	5.6	6.2	+ 0.6pts	1.6	1.9	+ 0.3pts

	Trade and Retail			Others		
	1Q/FY2015	1Q/FY2016	Difference	1Q/FY2015	1Q/FY2016	Difference
Operating Revenues	35.2	34.4	- 0.7	7.9	8.3	+ 0.3
Operating Income	1.4	1.0	- 0.3	0.3	0.4	+ 0.0
Depreciation and Amortization	0.2	0.2	+ 0.0	0.0	0.0	- 0.0
EBITDA*	1.6	1.3	- 0.2	0.4	0.4	+ 0.0
EBITDA Margin (%)	4.6	3.9	- 0.7pts	5.1	5.6	+ 0.5pts

©ANAHD2016 * EBITDA: Op. Income + Depreciation and Amortization

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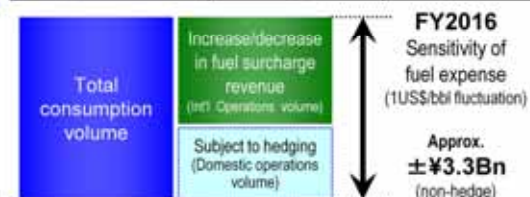
Status of Fuel and Currency Hedging

【 Fuel hedging policy 】

- Hedging for consumption volume in Domestic Operations
(Transaction starts three years ahead)
- No hedging for consumption volume in International Operations
(Covered by fuel surcharge revenues)

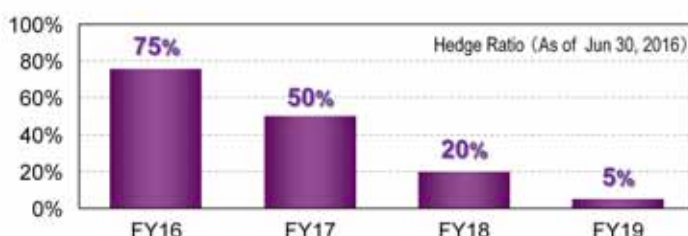


(US\$/bbl)	FY2016 Assumptions	1Q/FY2016 Results
Dubai Crude Oil	42	43.2
Singapore Kerosene	55	54.4



【 Currency hedging policy 】

- Hedging for short volume in foreign currency
(Transaction starts three years ahead)



(¥/US\$)	FY2016 Assumptions	1Q/FY2016 Results
USD	115	107.9



This slide shows our hedge status for fuel and currency.

Currently, we are still facing yen appreciation but we have already completed the required amount of hedging for both fuel and currency by the end of the previous fiscal year.

Changes in the macro environment are causing fluctuations in some currencies compared to the USD.

However, overall, we forecast the impact of currency market fluctuations on income would be limited.

This concludes my presentation. Thank you for your attention.

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Supplemental Reference



Supplemental Reference

Aircraft in Service	Mar 31, 2016	Jun 30, 2016	Difference	Owned	Leased
Boeing 777-300ER	22	22	—	16	6
Boeing 777-300	7	7	—	7	—
Boeing 777-200ER	12	12	—	6	6
Boeing 777-200	16	15	- 1	13	2
Boeing 787-9	11	11	—	11	—
Boeing 787-8	35	36	+ 1	32	4
Boeing 767-300ER	25	25	—	12	13
Boeing 767-300	13	13	—	13	—
Boeing 767-300F	4	4	—	—	4
Boeing 767-300BCF	8	8	—	8	—
Airbus A320-200	18	19	+ 1	10	9
Boeing 737-800	36	36	—	24	12
Boeing 737-700ER	2	1	- 1	1	—
Boeing 737-700	7	7	—	7	—
Boeing 737-500	20	19	- 1	19	—
Bombardier DHC-8-400 (Q400)	21	21	—	18	3
合 計	257	256	- 1	197	59

Including aircraft of A320-200 operated by Vanilla Air (9 as of Jun 30, 2016, 8 as of Mar 31, 2016).
Excluding leased aircraft outside group (17 as of Jun 30, 2016, 16 as of Mar 31, 2016).

Supplemental Reference

International Passenger Results by Destination		1Q/FY2016 Composition	Difference
Revenues	North America	32.4	+0.2
	Europe	18.9	- 0.6
	China	13.9	- 3.3
	Asia/Oceania	30.5	+2.5
	Resort	4.4	+1.2
ASK	North America	33.7	- 2.2
	Europe	16.2	- 3.1
	China	11.9	+0.5
	Asia/Oceania	33.2	+3.5
	Resort	5.0	+1.2
RPK	North America	34.6	- 0.9
	Europe	15.6	- 2.8
	China	9.8	- 1.6
	Asia/Oceania	34.3	+3.9
	Resort	5.8	+1.3

Supplemental Reference

International Cargo Results by Destination		1Q/FY2016 Composition	Difference
Revenues	North America	22.7	- 3.1
	Europe	14.2	+0.7
	China	34.1	+1.5
	Asia/Oceania	23.8	+1.6
	Others	5.2	- 0.7
ATK	North America	36.8	+1.1
	Europe	16.3	- 2.7
	China	16.5	- 0.7
	Asia/Oceania	26.7	+2.8
	Others	3.7	- 0.5
RTK	North America	37.9	- 1.8
	Europe	20.9	- 1.7
	China	13.3	+0.8
	Asia/Oceania	24.5	+3.6
	Others	3.4	- 0.9

ANA Group Corporate Philosophy

Mission Statement

Built on a foundation of security and trust,
“the wings within ourselves”
help to fulfill the hopes
and dreams of an interconnected world.

ANA Group Safety Principles

- ✓ Safety is our promise to the public and is the foundation of our business
- ✓ Safety is assured by an integrated management system and mutual respect.
- ✓ Safety is enhanced through individual performance and dedication

Management Vision

It is our goal to be
the world's leading airline group
in customer satisfaction and value creation.

Cautionary Statement

Forward-Looking Statements. This material contains forward-looking statements based on ANA HOLDINGS INC.'s current plans, estimates, strategies, assumptions and beliefs. These statements represent the judgments and hypotheses of the Company's management based on currently available information. Air transportation, the Company's core business, involves government-mandated costs that are beyond the Company's control, such as airport utilization fees and Fuel taxes. In additions, conditions in the markets served by the Company are subject to significant fluctuations.

It is possible that these conditions will change dramatically due to a number of factors, such as trends in the economic environment, aviation fuel tax, technologies, demand, competition, foreign exchange rate fluctuations, and others. Due to these risks and uncertainties, it is possible that the Company's future performance will differ significantly from the contents of this material.

Accordingly, there is no assurance that the forward-looking statements in this material will prove to be accurate.

Thank you.

This material is available on our website.

<http://www.anahd.co.jp/en>

Investor Relations  Presentations

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