

# ANA HOLDINGS INC.

- Financial Results for the Year ended March 31, 2017
- Corporate Strategy  
(FY2016-20 ANA Group Corporate Strategy - Updated Version -)

**Shinya Katanozaka**

President and CEO

April 28, 2017



# Contents

## . FY2016 Financial Results & FY2017 Earnings Forecast

### . Corporate Strategy

FY2016 Financial Results 《Outline》	P. 4
Review of Business in FY2016	P. 5
Positioning of FY2017 & FY2018	P. 6
FY2017 Earnings Forecast 《Outline》	P. 7
Air Transportation Business (ANA Brand/ LCC Brand)	P. 8- 9
Cost Management Policy	P. 10
Value Creation Targets	P. 11
Management Resources Allocation	P. 12

### . FY2016 Financial Results 《Details》

Highlights of FY2016	P. 14
Consolidated Financial Summary	
Income Statements	P. 15
Financial Position	P. 16
Statements of Cash Flow	P. 17
Results by Segment	P. 18
Air Transportation Business	
Operating Revenues and Expenses	P. 19
Changes in Op. Income	P. 20
Domestic Passenger Operations	P. 21-22
International Passenger Operations	P. 23-26
Domestic Cargo Operations	P. 27
International Cargo Operations	P. 28-30
LCC Operations	P. 31
Other Segments excluding Air Transportation Business	P. 32

## . FY2017 Earnings Forecast 《Details》

Consolidated Earnings Forecast	P. 34
Earnings Forecast by Segment	P. 35
Earnings Forecast of Air Transportation Business	P. 36
Earnings Forecast Assumptions for FY2017	P. 37-38
Consolidated Financial Position (Estimate)	P. 39
Consolidated Cash Flow (Estimate)	P. 40
Status of Fuel and Currency Hedging	P. 41

### . Supplemental Reference

Aircraft in Service	P. 44
International Passenger Results by Destination	P. 45
International Cargo Results by Destination	P. 46

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

ディスクロージャー  
2016年度 優良企業



日本証券アナリスト協会  
The Securities Analysts Association of Japan

"2016 Awards for Excellence in  
Corporate Disclosure" from SAAJ,  
the Securities Analysts Association  
of Japan

- . FY2016 Financial Results & FY2017 Earnings Forecast
- . Corporate Strategy  
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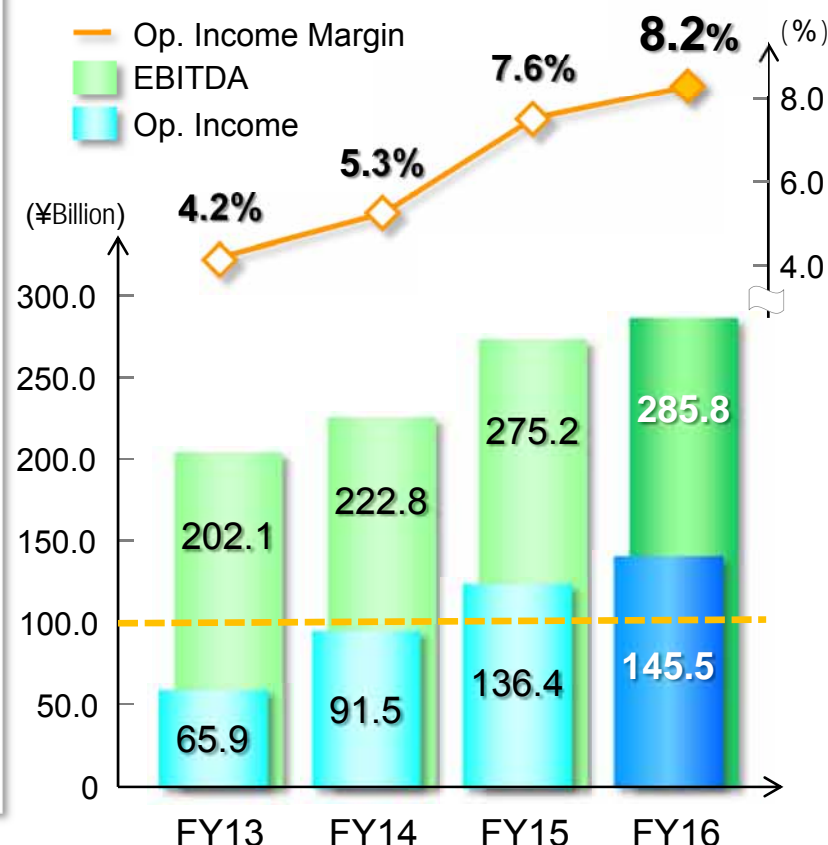


## FY2016 Financial Results (Outline)

Growth strategies resulted in record high earnings for two consecutive fiscal years

(¥Billion)	FY2016 (Results)		
	Full Year	vs.FY2015	vs. Plan (*)
<b>Op. Revenues</b>	<b>1,765.2</b>	- 25.9	+ 25.2
Air Transportation	<b>1,536.3</b>	- 16.8	+ 28.3
<b>Op. Income</b>	<b>145.5</b>	+ 9.0	+ 0.5
Air Transportation	<b>139.5</b>	- 0.2	+ 4.5
<b>Op. Income Margin</b>	<b>8.2%</b>	+ 0.6 pts	- 0.1 pts
<b>Ordinary Income</b>	<b>140.3</b>	+ 9.6	+10.3
Net Income Attributable to Owners of ANA HOLDINGS INC.	<b>98.8</b>	+ 20.6	+18.8
<b>EBITDA</b>	<b>285.8</b>	+ 10.6	- 1.1
<b>Earnings per Share</b>	<b>¥ 28.23</b>	+ ¥ 5.87	+ ¥ 5.35
<b>Dividends per Share</b>	<b>¥ 6</b>	+ ¥ 1	-

\* Comparison with revised plan disclosed in Oct. 31, 2016



### Points of Financial Results

- 1) International Passenger Business drove earnings, enhanced cost management
- 2) Profitability increased steadily, operating income margin reached record high level
- 3) Continue stable dividends (increased dividends for three consecutive fiscal years)

## Review of business in FY2016

Air Traffic demand kept firm, achieved value creation goals as the 1<sup>st</sup> year of current corporate strategy

	FY16 full-year goals (Revised plan released October 31, 2016)		Achievement Status vs. Plan	
<b>International Passenger</b>  <b>Domestic Passenger</b>  <b>International Cargo</b>  <b>LCC</b> (Vanilla Air)	Driving sustainable growth	Segment Revenues <b>¥ 497.0 Bn</b>	➤	+ 4.0 %
	Stabilizing revenue platform	<b>¥ 682.0 Bn</b>	➤	- 0.5 %
	Improving profitability	<b>¥ 86.0 Bn</b>	➤	+ 8.5 %
	Expanding LCC demand	<b>¥ 25.0 Bn</b>	➤	- 4.1 %
<hr/>				
<b>Unit Cost</b>	Promoting cost management	<b>¥ 8.8 /ASK</b>	➤	- ¥ 0.0/ASK <sup>(*)</sup>
<hr/>				
<b>Op. Income</b>	Improving profitability of main businesses	<b>¥ 145.0 Bn</b>	➤	+ 0.4 %

## Positioning of FY2017 & FY2018

Solidify management platform, transit to stage for further business expansion

FY2016

FY2017-2018

FY2019-2020

### Business Environment

#### Macro

- Global 1. Uncertain political circumstances of UK > US > EU
- 2. Multilateralization of Geopolitical Risks

- Japan 3. Tight labor market and "Workstyle Reform"

#### Airline

- 4. Acceleration of bilateral alliance between US-Asia airlines

Sustainable Growth

### Solidify management platform

- 1) **Comprehensive review of safety and quality services**
  - Enhance safety, achieve above and beyond quality
- 2) **Investments in human resources**
  - Talent retention, promote "Workstyle Reform"
- 3) **Consolidation of Peach Aviation**

### Capturing business chances

Further expansion of International Business

FY2020

1. Tokyo 2020 Olympic and Paralympic Games
2. 40 million of Inbound Travelers (Government's target)
3. Slot expansion at Tokyo metropolitan area airports

**FY16-20 Corporate Strategy**

(Disclosed in Jan. 29, 2016)

1. **Expand Airline Business Domains**
2. **Create New Business and Accelerate Growth of Existing Businesses**
  - Implement aggressive and speedy management

**Stand firm on basic strategy**



## FY2017 Earnings Forecast (Outline)

Aim for record earnings, even amid considerations of environmental change

### 《FY2017 Earnings Forecast》

(¥Billion)

	Full Year	vs.FY2016
<b>Op. Revenues</b>	<b>1,910.0</b>	+ 144.7
Air Transportation	<b>1,674.0</b>	+ 137.6
<b>Op. Income</b>	<b>150.0</b>	+ 4.4
Air Transportation	<b>141.0</b>	+ 1.4
<b>Op. Income Margin</b>	<b>7.9%</b>	- 0.4 pts
<b>Ordinary Income</b>	<b>140.0</b>	- 0.3
Net Income Attributable to Owners of ANA HOLDINGS INC.	<b>125.0</b>	+ 26.1
<b>EBITDA</b>	<b>300.0</b>	+ 14.1
<b>Earnings per Share</b>	<b>¥ 35.69</b>	+ ¥ 7.46
<b>Dividends per Share</b>	<b>¥ 6</b>	—

### 《Points of FY2017 Plans》

- 1) Growth strategy for International Passenger Business (cont.)
- 2) Total review of expenses (maintenance, personnel, etc.)
- 3) Reflect consolidation of Peach Aviation  
- Extraordinary Income : ¥33.8Bn<sup>(\*)</sup>  
(Exclude from dividend resource)

\* Estimate

### Profit Target Dividends Plan

- 1) Maintain momentum of performance improvement while addressing environmental changes
- 2) Net Income ¥125.0Bn, Dividends of 6 yen per share (Plan)

# Air Transportation Business (ANA Brand)

Implement measures based on each business strategy

Points of future strategy		ASK/ATK (FY13 Results = 100)												
International Passenger	<b>1) Deepening dual hub strategy</b> - Utilizing Haneda late night & early morning slots and Narita slots	<table><thead><tr><th>Fiscal Year</th><th>ASK/ATK</th></tr></thead><tbody><tr><td>FY13</td><td>100</td></tr><tr><td>FY16</td><td>145</td></tr><tr><td>FY18</td><td>Approx. 160</td></tr></tbody></table>	Fiscal Year	ASK/ATK	FY13	100	FY16	145	FY18	Approx. 160				
	Fiscal Year		ASK/ATK											
	FY13		100											
FY16	145													
FY18	Approx. 160													
<b>2) Enhancing products and services</b> - Expand routes operated by B787-9														
<b>3) Promoting “Resort strategy”</b>														
Domestic Passenger	<b>1) Pursuing efficiency by “Dynamic fleet assignment model”</b> - Aircraft for optimizing supply to demand (Airbus A321 x 7)	<table><thead><tr><th>Fiscal Year</th><th>ASK/ATK</th></tr></thead><tbody><tr><td>FY13</td><td>100</td></tr><tr><td>FY16</td><td>97</td></tr><tr><td>FY18</td><td>Approx. 95</td></tr></tbody></table>	Fiscal Year	ASK/ATK	FY13	100	FY16	97	FY18	Approx. 95				
	Fiscal Year		ASK/ATK											
FY13	100													
FY16	97													
FY18	Approx. 95													
<b>2) Cultivating new customers</b>														
International Cargo	<b>1) Reorganizing network to control capacity increase</b> - FY17 Freighter ATK : Approx. -10% yoy	<table><thead><tr><th>Fiscal Year</th><th>ASK/ATK (Total)</th><th>Freighter only</th></tr></thead><tbody><tr><td>FY13</td><td>100</td><td>-</td></tr><tr><td>FY16</td><td>145</td><td>123</td></tr><tr><td>FY18</td><td>Approx. 155</td><td>Approx. 110</td></tr></tbody></table>	Fiscal Year	ASK/ATK (Total)	Freighter only	FY13	100	-	FY16	145	123	FY18	Approx. 155	Approx. 110
	Fiscal Year		ASK/ATK (Total)	Freighter only										
FY13	100	-												
FY16	145	123												
FY18	Approx. 155	Approx. 110												
<b>2) Developing cross-border E-commerce business in our group</b>														

— ASK / ATK



## Air Transportation Business (LCC Brand)

Take advantage of Peach Aviation consolidation to accelerate expansion of airline business domains

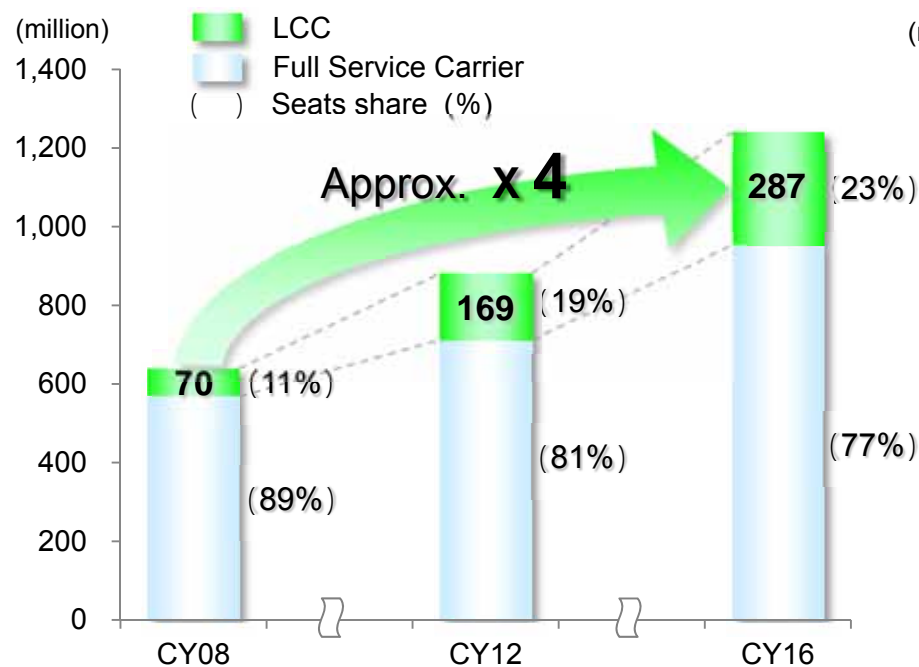
### Purpose

- 1) Providing Group support to promote further growth for LCC business  
- Vanilla Air and Peach Aviation apply their respective strengths
- 2) Response to increasing inbound traffic, contribute to regional revitalization

(Filling on Feb. 24, 2017)

Investment Ratio	38.7% ⇒ 67.0%
Acquisition Price	¥ 30.4Bn

### 《Number of seats in Asia\*》

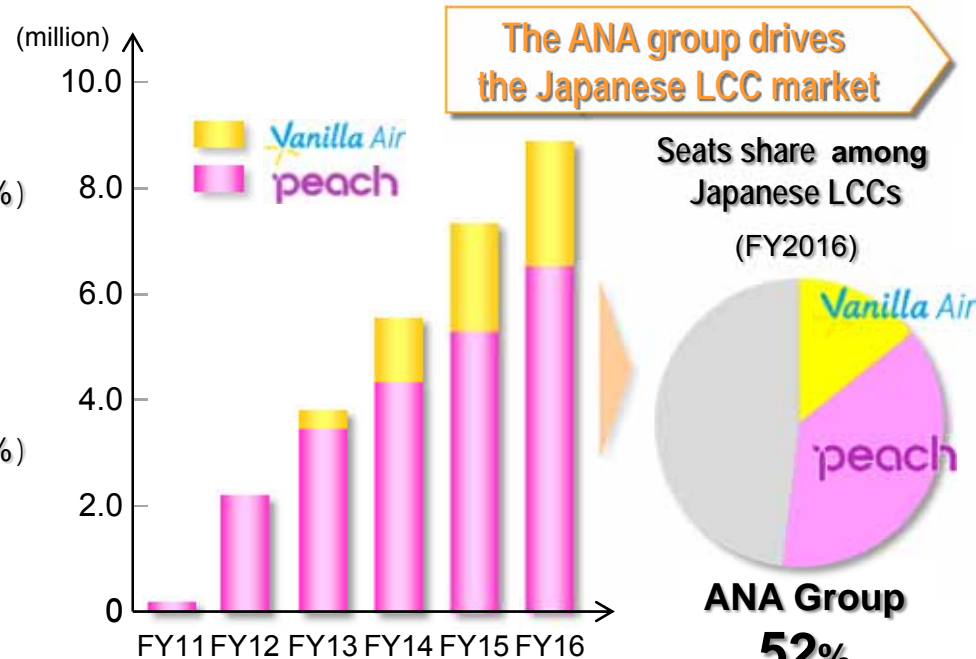


(\*) Northeast Asia + Southeast Asia

(Source : CAPA)

### 《Number of seats in LCCs of ANA group》

(Domestic & International in Total)



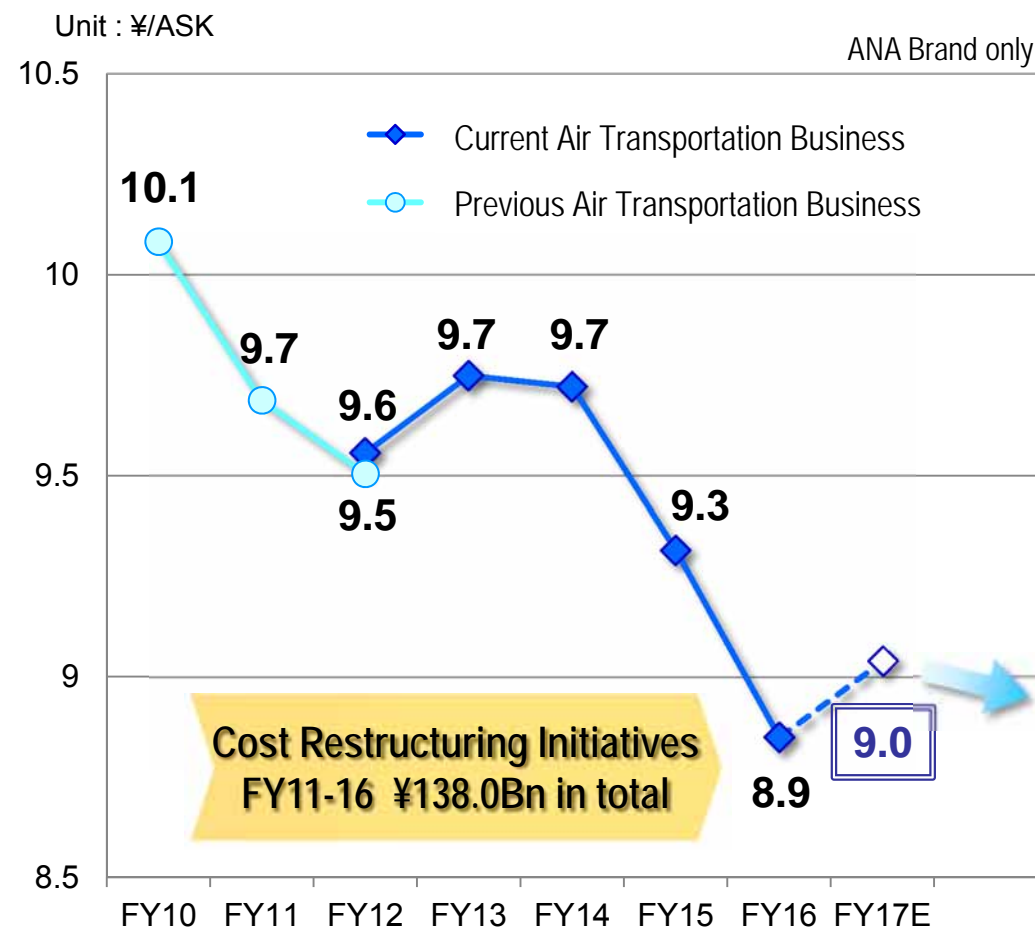
**ANA Group**

**52%**

(Source: OAG)

# Cost Management Policy

Focusing on balance between “thorough Safety & Quality” and “further cost management”



## Items for review

- Investments in safety (maintenance expenses)
- Investments in people (Personnel expenses)

## Market assumptions

Crude oil  
foreign currency

- Rise in oil prices
- Trend of yen appreciation (compared to current strategy)

FY2017 assumptions

Fuel (Singapore Kerosene) \$68/bbl  
Currency ¥110/US\$

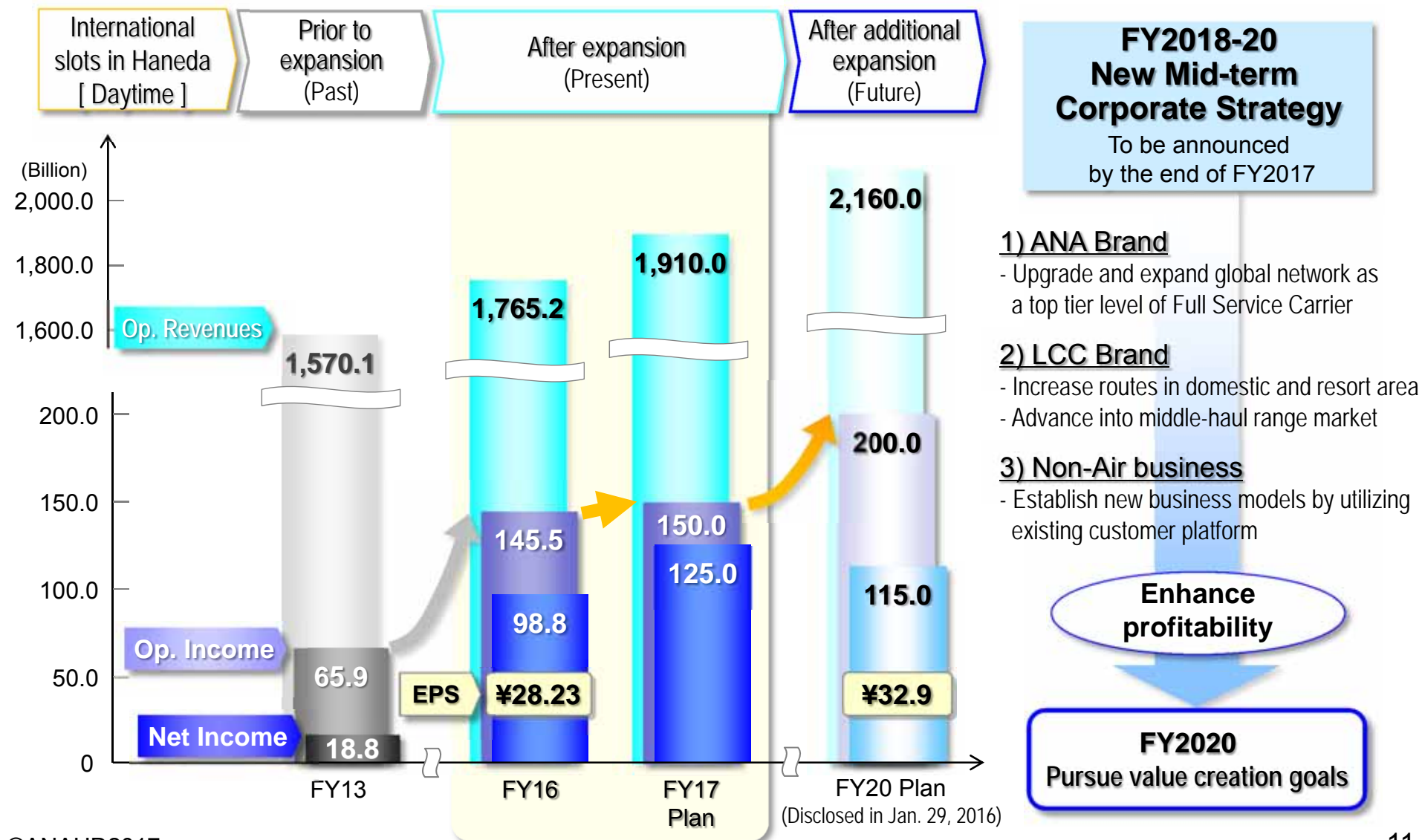
## Continuing themes

**Pursuit of Unit Cost reduction**

$$\text{Unit Cost} = \frac{\text{Operating Expense (Total)} - (\text{Cargo \& Mail Revenues} + \text{Other Revenues})}{\text{Domestic Passenger ASK} + \text{International Passenger ASK}}$$

# Value Creation Targets

Deepen business portfolio, achieve the value creation goals outlined in current corporate strategy



# Management Resources Allocation

Continuing growth investment for future improvements in profitability while considering further shareholder returns

**FY16-20 Corporate Strategy**  
(Disclosed in Jan. 29, 2016)

**FY2017-2020**

## Financial Platform

- Approach within target range
- Aim to upgrade Credit Rating as soon as possible

- Maintain current financial soundness

Maintain A-level rating  
✓ Equity Ratio 40%

Improved Credit Rating  
in two consecutive years

**R&I : A -, Stable** (Improved in Mar, 2016)  
**JCR : A , Stable** (Improved in Mar, 2017)

## Allocation priority

## Investment for growth

- Aggressive capital expenditures

- Aggressive capital expenditures (Cont.)

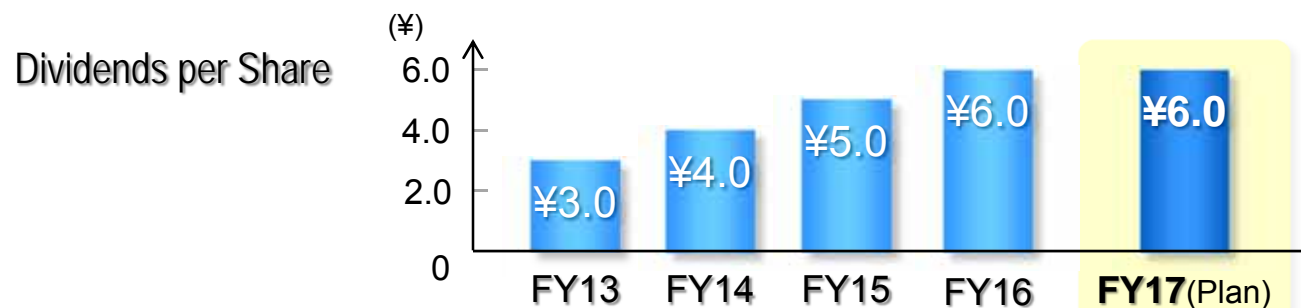
Future improvements for profitability

## Shareholder Returns

- Dividends of 5 yen per share
- Consider dividend payout ratio

- Dividends of 6 yen per share (FY16-17)
- Considering increased dividends and buybacks

Further enhancement of shareholder returns



## . FY2016 Financial Results 《Details》





## Highlights of FY2016

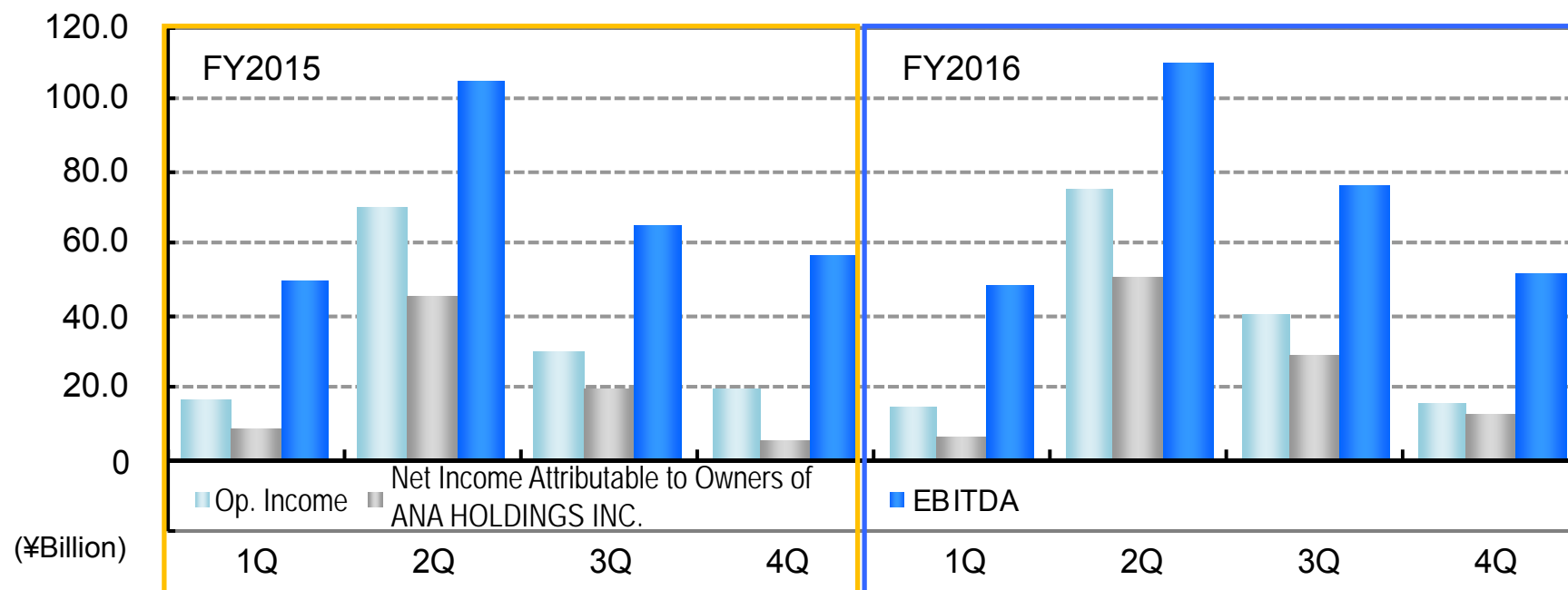
### Comparison of Financial Results FY2016 and FY2015

#### 【FY2016 (Consolidated)】

- Op. Income : ¥145.5Bn (YoY + ¥9.0Bn)
- Net Income Attributable to Owners of ANA HOLDINGS INC.  
: ¥98.8Bn (YoY + ¥20.6Bn)
- EBITDA : ¥285.8Bn (YoY + ¥10.6Bn)

#### 【4Q[Jan.-Mar.] (Consolidated)】

- Op. Income : ¥15.3Bn
- Net Income Attributable to Owners of ANA HOLDINGS INC.  
: ¥12.2Bn
- EBITDA : ¥51.7Bn



## Consolidated Financial Summary

Income Statement	(¥Billion)	FY2015	FY2016	Difference	4Q/FY2016	Difference
Operating Revenues		1,791.1	1,765.2	- 25.9	433.4	+ 11.3
Operating Expenses		1,654.7	1,619.7	- 35.0	418.1	+ 15.7
Operating Income		136.4	145.5	+ 9.0	15.3	- 4.3
Operating Income Margin(%)		7.6	8.2	+ 0.6pts	3.5	- 1.1pts
Non-Operating Income/Losses		- 5.7	- 5.1	+ 0.5	0.8	+ 2.0
Ordinary Income		130.7	140.3	+ 9.6	16.1	- 2.3
Extraordinary Income/Losses		0.3	- 0.9	- 1.2	- 2.9	+ 2.3
Net Income Attributable to Owners of ANA HOLDINGS INC.		78.1	98.8	+ 20.6	12.2	+ 7.4
Net Income Before Non-Controlling Interests		78.5	99.3	+ 20.7	12.5	+ 7.6
Other Comprehensive Income		- 73.7	46.3	+ 120.0	- 10.5	+ 29.1
Comprehensive Income		4.8	145.6	+ 140.7	1.9	+ 36.7

## Consolidated Financial Summary

Financial Position (¥Billion)	Mar 31, 2016	Mar 31, 2017	Difference
Assets	2,228.8	2,314.4	+ 85.6
Shareholders' Equity	789.8	919.1	+ 129.2
Ratio of Shareholders' Equity (%)	35.4	39.7	+ 4.3pts
Interest Bearing Debts	703.8	729.8	+ 25.9
Debt/Equity Ratio (Times)*	0.9	0.8	- 0.1
Net Interest Bearing Debts **	426.2	411.0	- 15.1

\* D/E ratio when including off-balanced lease obligation of ¥46.1 billion (¥69.0 billion as of Mar 31, 2016) is 0.8 times (1.0 times as of Mar 31, 2016).

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

## Consolidated Financial Summary

Statements of Cash Flow (¥Billion)	FY2015	FY2016	Difference
Cash Flow from Operating Activities	263.8	237.0	- 26.7
Cash Flow from Investing Activities	- 74.4	- 194.6	- 120.2
Cash Flow from Financing Activities	- 133.2	3.3	+ 136.6
Net Increase/Decrease in Cash and Cash Equivalents	56.1	43.9	- 12.2
Cash and Cash Equivalents at the beginning of the year	208.9	265.1	} + 43.9
Cash and Cash Equivalents at the end of the year	265.1	309.0	
Depreciation and Amortization	138.8	140.3	+ 1.5
Capital Expenditures	281.4	254.4	- 26.9
Substantial Free Cash Flow (excluding periodic/negotiable deposits of more than 3 months)	88.0	39.7	- 48.2
EBITDA (Op. Income + Depreciation and Amortization)	275.2	285.8	+ 10.6
EBITDA Margin (%)	15.4	16.2	+ 0.8pts

## Consolidated Financial Summary

Results by Segment		(¥Billion)			
		FY2015	FY2016	Difference	4Q/FY2016
Operating Revenues	Air Transportation	1,553.2	1,536.3	- 16.8	378.7
	Airline Related	231.9	264.4	+ 32.5	71.9
	Travel Services	167.3	160.6	- 6.7	38.6
	Trade and Retail	140.2	136.7	- 3.5	33.3
	Total for Reporting Segments	2,092.7	2,098.1	+ 5.4	522.6
	Others	33.7	34.7	+ 1.0	9.6
	Adjustment	- 335.3	- 367.6	- 32.3	- 98.7
	Total	1,791.1	1,765.2	- 25.9	433.4
Operating Income	Air Transportation	139.7	139.5	- 0.2	17.8
	Airline Related	- 4.2	8.3	+ 12.5	- 0.7
	Travel Services	4.2	3.7	- 0.5	0.4
	Trade and Retail	5.3	4.3	- 0.9	0.5
	Total for Reporting Segments	145.1	155.9	+ 10.8	18.0
	Others	1.6	1.3	- 0.2	0.2
	Adjustment	- 10.3	- 11.7	- 1.4	- 3.0
	Total	136.4	145.5	+ 9.0	15.3



## Air Transportation Business

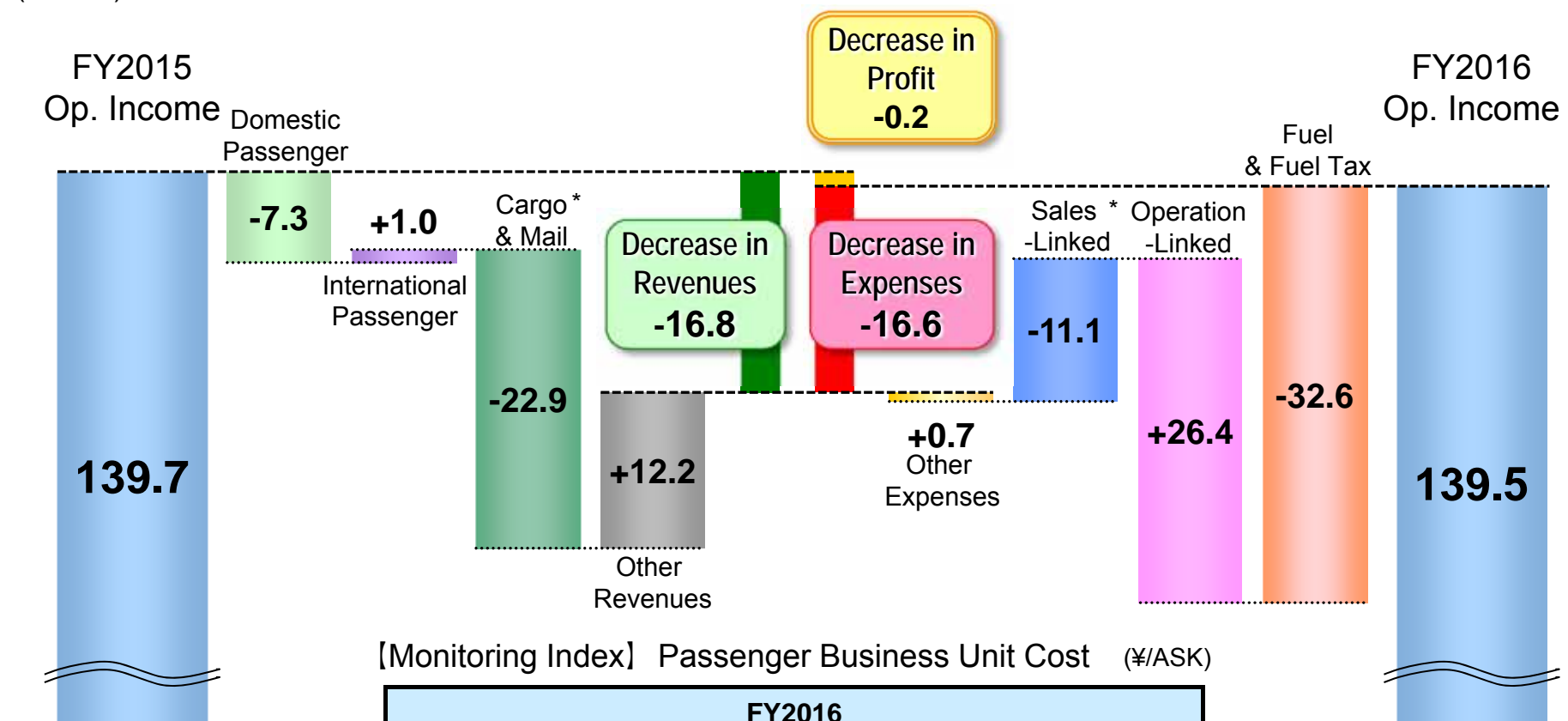
Operating Revenues and Expenses		FY2015	FY2016	Difference	4Q/FY2016	Difference
(¥Billion)						
Operating Revenues	Domestic Passenger	685.6	678.3	- 7.3	158.1	+ 1.4
	International Passenger	515.6	516.7	+ 1.0	128.3	+ 4.0
	Cargo and Mail	155.3	132.4	- 22.9	35.0	+ 0.3
	Others	196.5	208.7	+ 12.2	57.0	+ 3.8
	Total	1,553.2	1,536.3	- 16.8	378.7	+ 9.6
Operating Expenses	Fuel and Fuel Tax	306.2	273.6	- 32.6	69.3	+ 11.6
	Landing and Navigation Fees	116.5	114.5	- 2.0	28.6	- 0.3
	Aircraft Leasing Fees	95.7	100.0	+ 4.3	25.9	+ 1.1
	Depreciation and Amortization	132.0	133.8	+ 1.8	34.6	- 0.7
	Aircraft Maintenance	110.7	112.4	+ 1.7	30.3	- 3.7
	Personnel	179.1	185.4	+ 6.2	47.9	+ 2.3
	Sales Commission and Promotion	105.9	92.7	- 13.2	24.2	- 1.7
	Contracts	186.1	201.3	+ 15.1	52.1	+ 4.8
	Others	180.8	182.7	+ 1.8	47.5	- 0.4
	Total	1,413.4	1,396.8	- 16.6	360.8	+ 12.9
Op. Income	Operating Income	139.7	139.5	- 0.2	17.8	- 3.2
	EBITDA*	271.7	273.3	+ 1.5	52.5	- 4.0
	EBITDA Margin (%)	17.5	17.8	+ 0.3pts	13.9	- 1.5pts

# Air Transportation Business

## Changes in Op. Income

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

(¥Billion)



[Monitoring Index] Passenger Business Unit Cost (¥/ASK)

FY2016		
Plan	Results	Results (Adjusted FX impact)
8.8	8.9	8.8

(FX Rate) Plan for 2H:¥100/US\$, Results: ¥111.6/US\$ ANA Brand only

## Air Transportation Business

Domestic Passenger Operations	FY2015	FY2016	% YoY	4Q/FY2016	% YoY
Available Seat Km (million)	59,421	59,080	- 0.6	14,121	- 0.7
Revenue Passenger Km (million)	38,470	38,990	+ 1.4	9,424	+ 3.2
Passengers (thousands)	42,664	42,967	+ 0.7	10,322	+ 2.2
Load Factor (%)	64.7	66.0	+ 1.3pts*	66.7	+ 2.5pts*
Passenger Revenues (¥Billion)	685.6	678.3	- 1.1	158.1	+ 0.9
Unit Revenue (¥/ASK)	11.5	11.5	- 0.5	11.2	+ 1.6
Yield (¥/RPK)	17.8	17.4	- 2.4	16.8	- 2.2
Unit Price (¥/Passenger)	16,070	15,787	- 1.8	15,322	- 1.2

\* Difference

(ANA Brand Only)

# Air Transportation Business

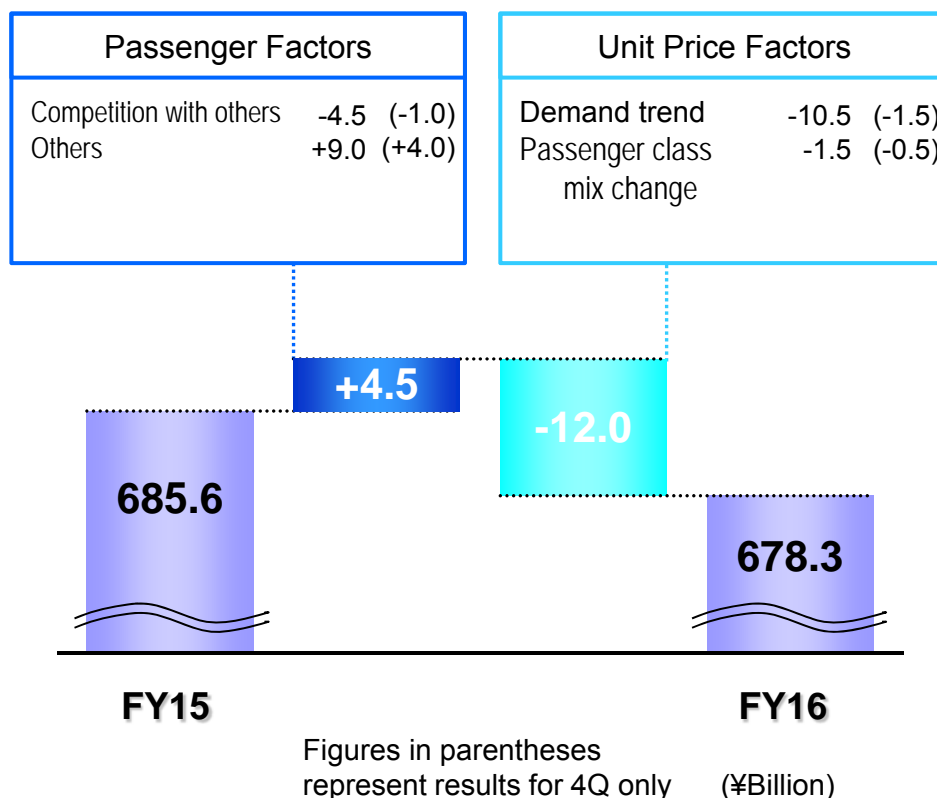
## Trends in Domestic Passenger Operations

(ANA Brand Only)

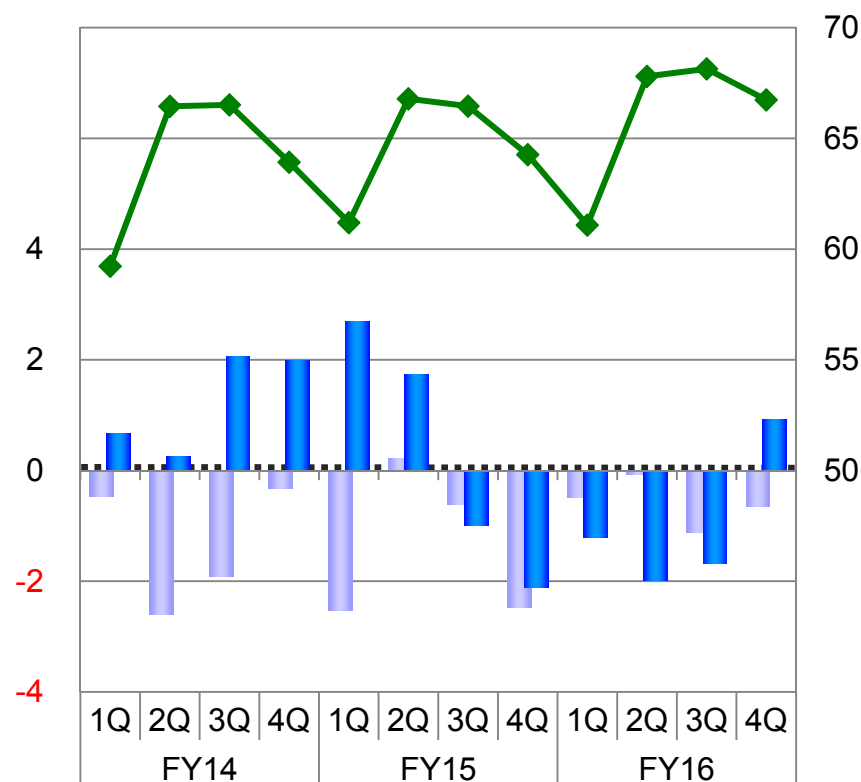
### Revenue Change Factors

### ASK / Revenues / Load Factor

✓ Unit price decline resulted in revenue decrease



Left Axis (%YoY) : ASK : Revenues  
Right Axis (%) : Load Factor



## Air Transportation Business

International Passenger Operations	FY2015	FY2016	% YoY	4Q/FY2016	% YoY
Available Seat Km (million)	54,710	60,148	+ 9.9	15,396	+ 7.9
Revenue Passenger Km (million)	40,635	45,602	+ 12.2	11,777	+ 13.2
Passengers (thousands)	8,167	9,119	+ 11.6	2,368	+ 12.0
Load Factor (%)	74.3	75.8	+ 1.5pts*	76.5	+ 3.6pts*
Passenger Revenues (¥Billion)	515.6	516.7	+ 0.2	128.3	+ 3.2
Unit Revenue (¥/ASK)	9.4	8.6	- 8.8	8.3	- 4.3
Yield (¥/RPK)	12.7	11.3	- 10.7	10.9	- 8.8
Unit Price (¥/Passenger)	63,136	56,669	- 10.2	54,211	- 7.9

\* Difference

(ANA Brand Only)



# Air Transportation Business

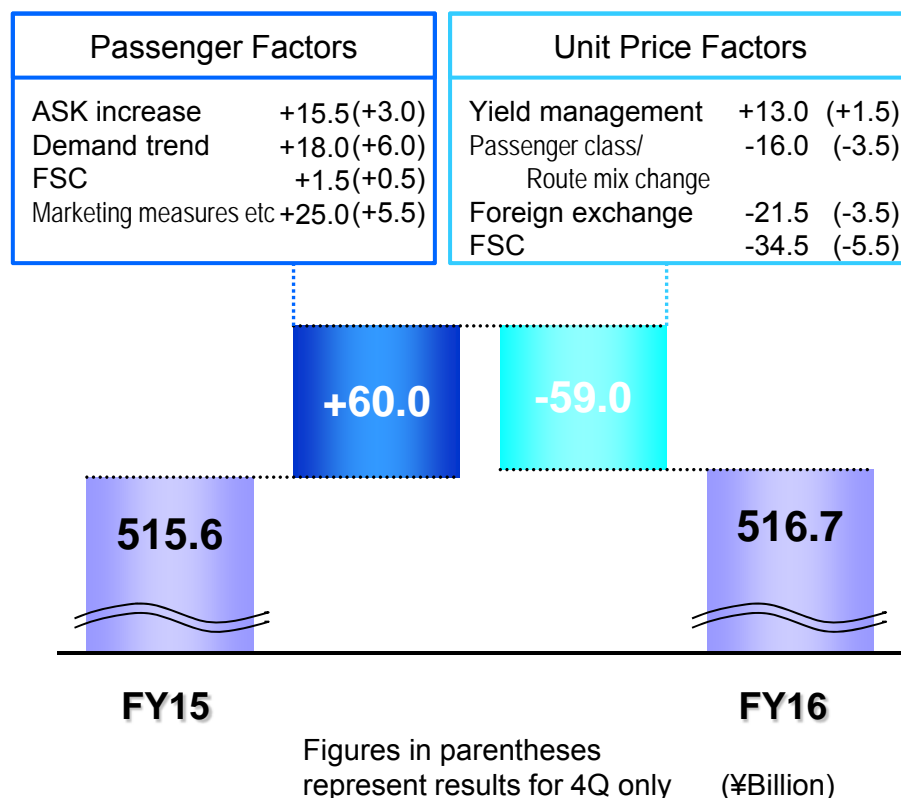
International Passenger Operations

(ANA Brand Only)

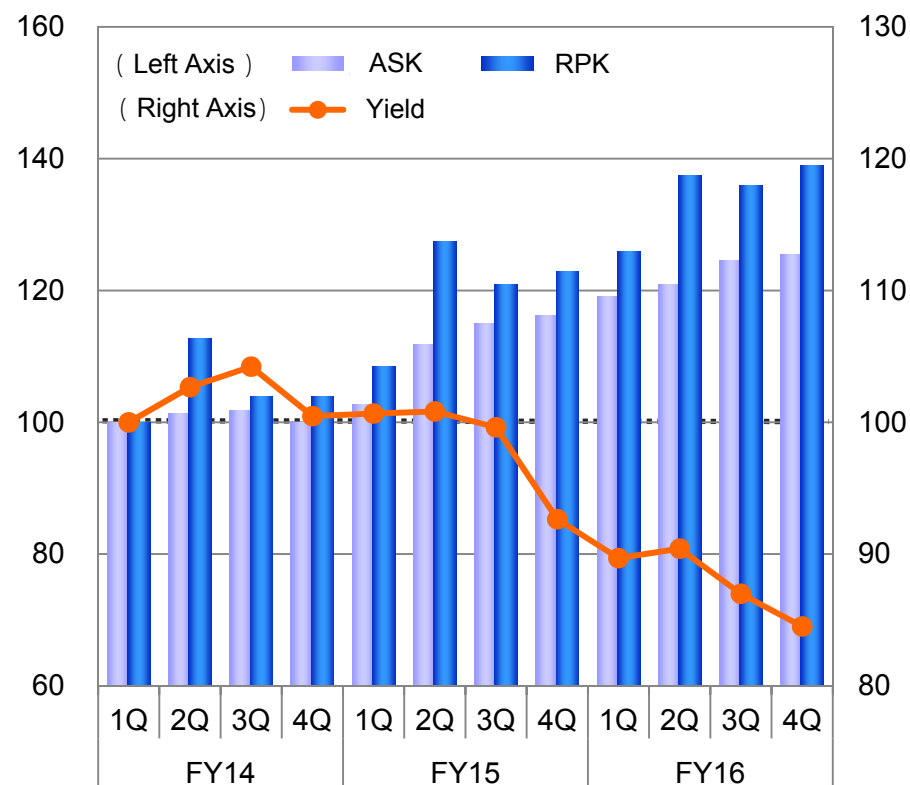
## Revenue Change Factors

## ASK / RPK / Yield

✓ Capturing further demand resulted in revenue increase



(Index: FY14 1Q=100)



# Air Transportation Business

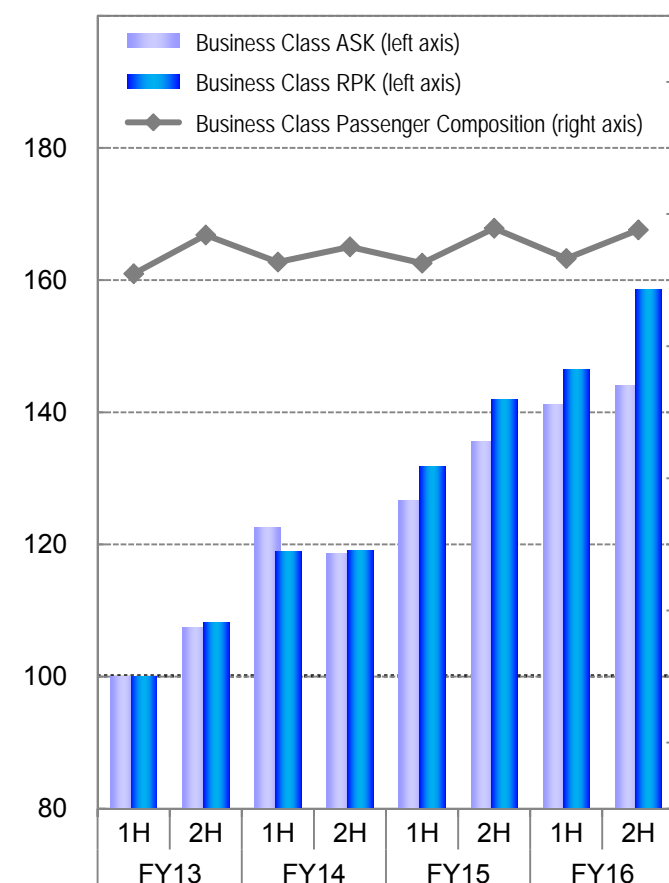
## Trends in International Passenger Operations

(ANA Brand Only)

### ASK / RPK / Composition of Business Class

(Index FY13 1H=100)

Composition(%)

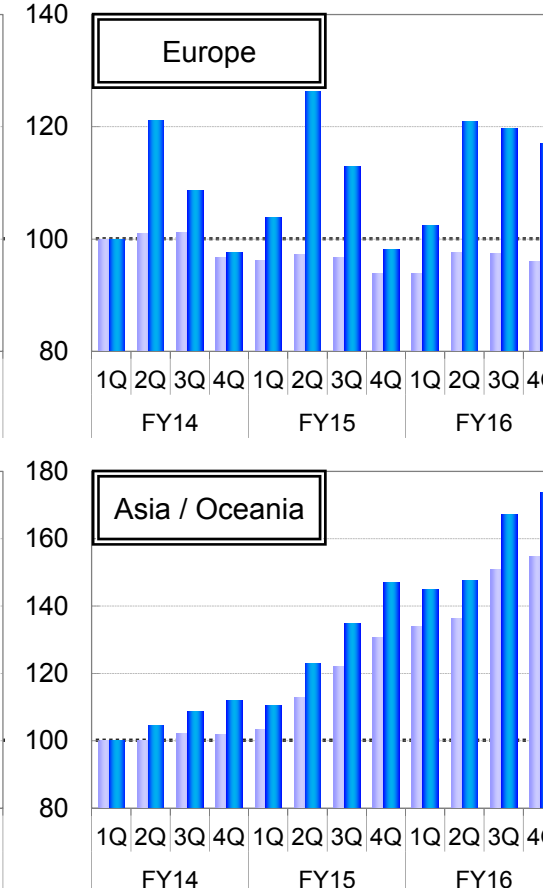
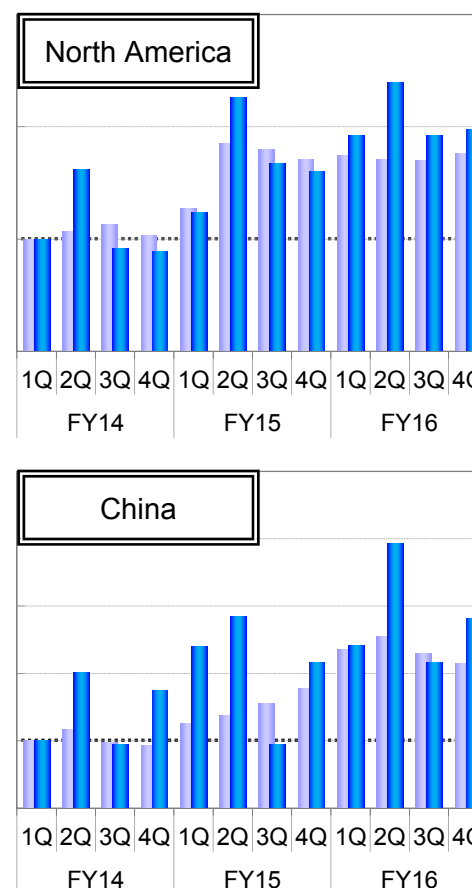


### ASK / RPK by Destination

(Index FY14 1Q=100)

ASK

RPK



# Air Transportation Business

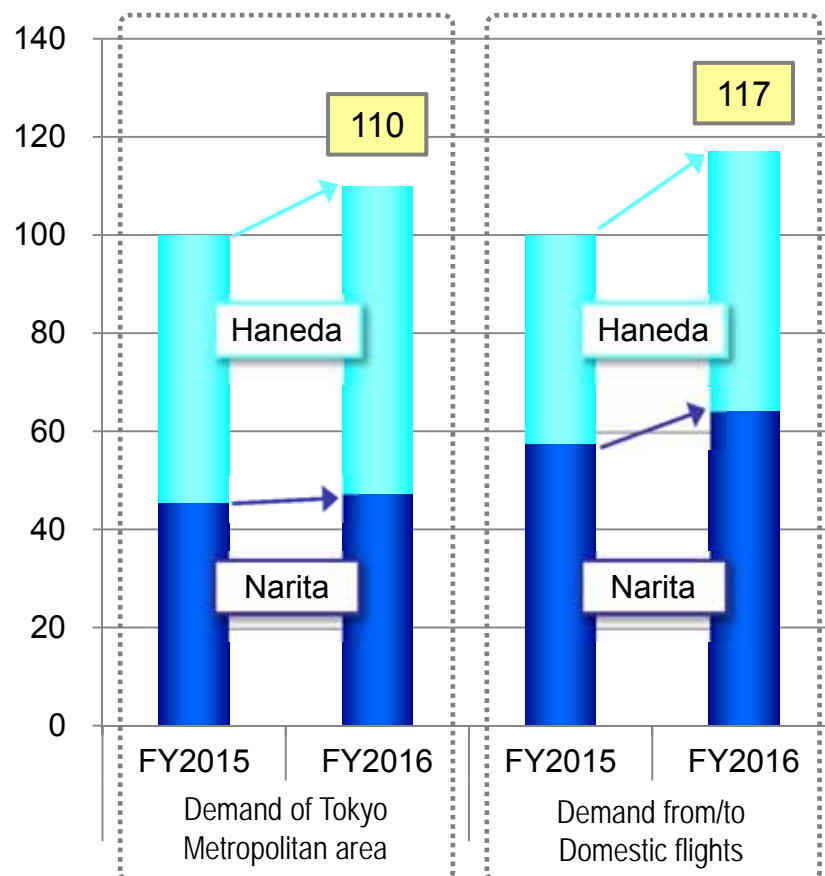
## Trends in International Passenger Operations

(ANA Brand Only)

## Progress of “Dual-hub Network Strategy” (Analysis based on different kinds of channel)

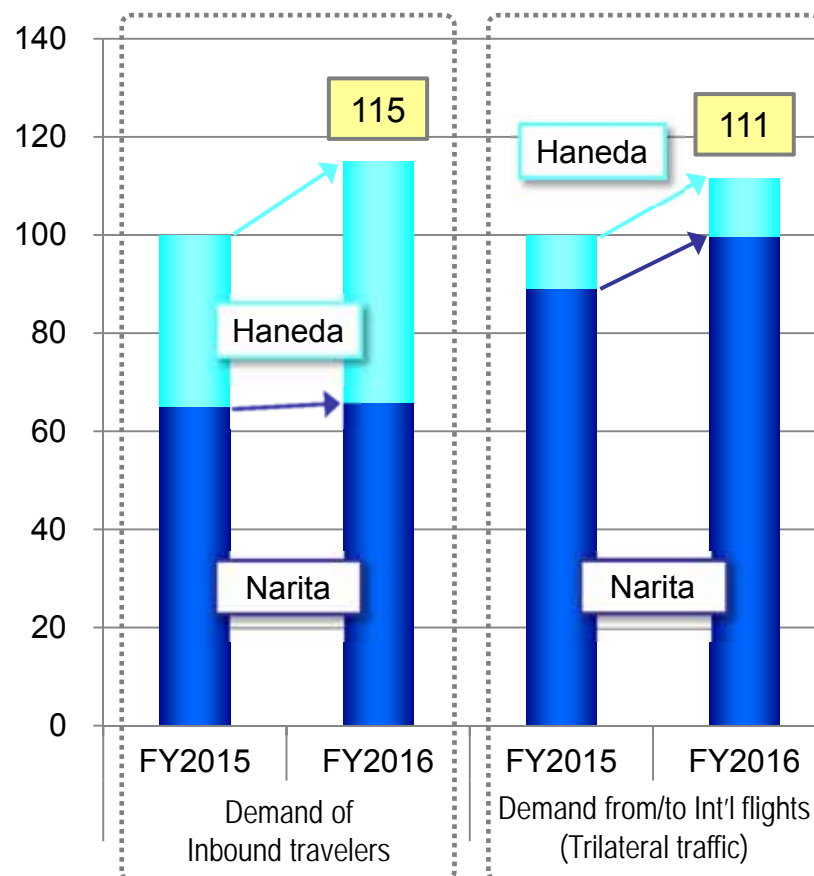
### Sales in Japan

No. of Passengers  
(Index: FY15=100)



### Sales in Overseas

No. of Passengers  
(Index: FY15=100)



## Air Transportation Business

Domestic Cargo Operations	FY2015	FY2016	% YoY	4Q/FY2016	% YoY
Available Ton Km (million)	1,850	1,783	- 3.6	417	- 2.8
Revenue Ton Km (million)	472	459	- 2.7	106	- 2.5
Revenue Ton (thousand tons)	466	451	- 3.4	103	- 2.9
Load Factor (%)	25.5	25.8	+ 0.2pts* <sup>1</sup>	25.5	+ 0.1pts* <sup>1</sup>
Cargo Revenues (¥Billion) * <sup>2</sup>	31.7	30.8	- 2.8 (- 1.5)	7.2	- 1.4 (- 0.2)
Unit Revenue (¥/ATK) * <sup>2</sup>	17.2	17.3	+ 0.9 (+ 2.2)	17.3	+ 1.4 (+ 2.7)
Yield(¥/RTK) * <sup>2</sup>	67.2	67.1	- 0.0 (+ 1.2)	68.0	+ 1.1 (+ 2.4)
Unit Price (¥/kg) * <sup>2</sup>	68	68	+ 0.6 (+ 1.9)	70	+ 1.5 (+ 2.8)

\*1 Difference

(ANA Brand Only)

\*2 Figures in parentheses represent substantial values excluding International Cargo Agency Commission

## Air Transportation Business

### International Cargo Operations

(Figures on this page include results on P.29)

	FY2015	FY2016	% YoY	4Q/FY2016	% YoY
Available Ton Km (million)	6,040	6,583	+ 9.0	1,645	+ 9.5
Revenue Ton Km (million)	3,532	4,150	+ 17.5	1,049	+ 17.9
Revenue Ton (thousand tons)	810	954	+ 17.7	238	+ 19.4
Load Factor (%)	58.5	63.0	+ 4.6pts* <sup>1</sup>	63.7	+ 4.5pts* <sup>1</sup>
Cargo Revenues (¥Billion) *2	113.3	93.3	- 17.7 (- 3.0)	25.7	+ 3.3 (+ 24.0)
Unit Revenue (¥/ATK) *2	18.8	14.2	- 24.5 (- 11.0)	15.6	- 5.7 (+ 13.2)
Yield(¥/RTK) *2	32.1	22.5	- 29.9 (- 17.4)	24.5	- 12.4 (+ 5.2)
Unit Price (¥/kg) *2	140	98	- 30.0 (- 17.6)	108	- 13.6 (+ 3.8)

\*1 Difference

(ANA Brand Only)

\*2 Figures in parentheses represent substantial values excluding International Cargo Agency Commission



## Air Transportation Business

【Ref.】 International Freighter Operations

	FY2015	FY2016	% YoY	4Q/FY2016	% YoY
Available Ton Km (million)	1,268	1,191	- 6.1	267	- 15.1
Revenue Ton Km (million)	711	722	+ 1.5	169	- 4.3
Revenue Ton (thousand tons)	357	381	+ 6.8	90	+ 4.0
Load Factor (%)	56.1	60.6	+ 4.5pts*	63.2	+ 7.1pts*
Cargo Revenues (¥Billion)	40.9	27.2	- 33.4	6.8	- 21.7
Unit Revenue (¥/ATK)	32.3	22.9	- 29.1	25.7	- 7.8
Yield(¥/RTK)	57.6	37.8	- 34.4	40.7	- 18.2
Unit Price (¥/kg)	115	72	- 37.6	76	- 24.7

\* Difference

(ANA Brand Only)

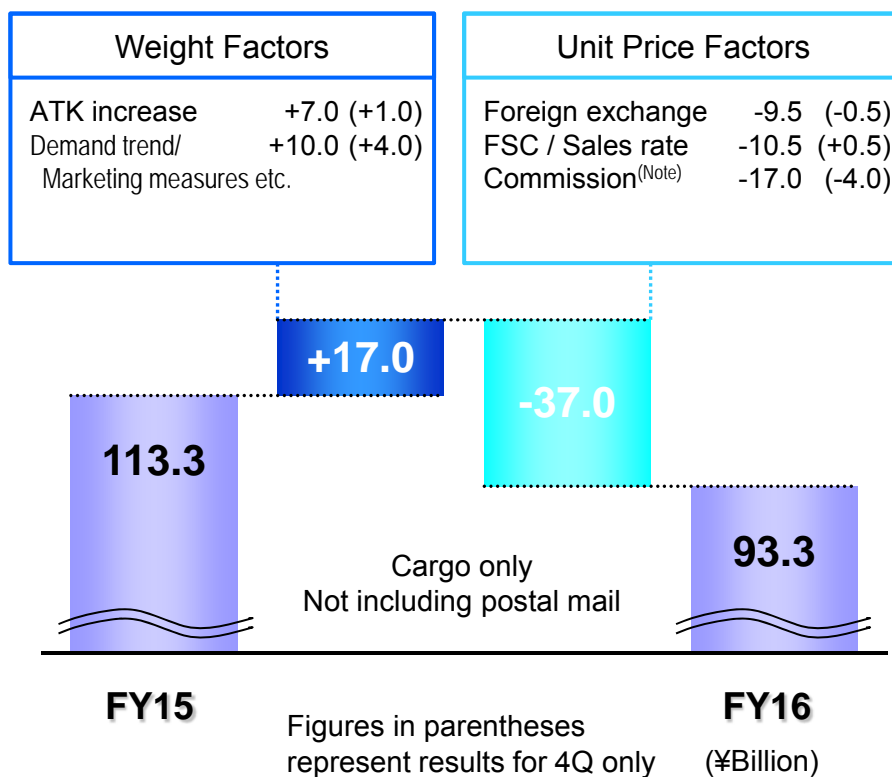
# Air Transportation Business

## Trends in International Cargo Operations

(ANA Brand Only)

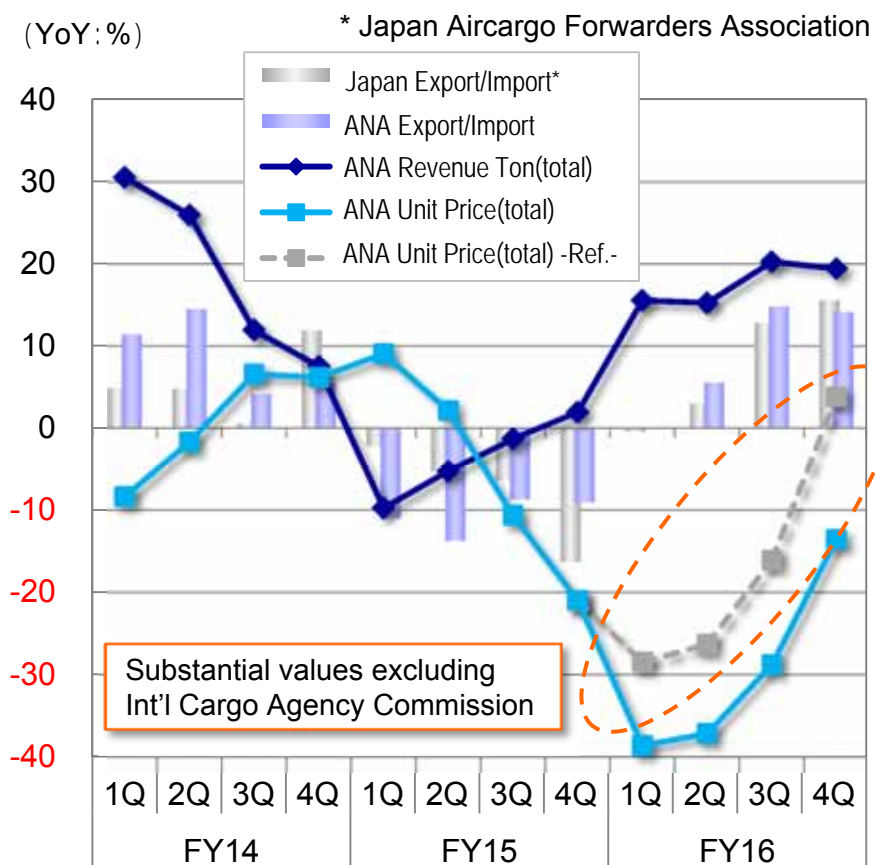
### Revenue Change Factors

✓ Sales circumstance improved gradually, although revenue was below the last year



(Note) Effective from FY2016, International Cargo Agency Commission is abolished and offset by revenues.

### Traffic Results and Unit Price



# Air Transportation Business

## Vanilla Air

	FY2015	FY2016	% YoY	4Q/FY2016	% YoY
Available Seat Km (million)	3,393	4,221	+ 24.4	1,175	+ 39.6
Revenue Passenger Km (million)	2,892	3,622	+ 25.2	1,019	+ 44.2
Passengers (thousands)	1,691	2,129	+ 25.9	597	+ 51.3
Load Factor (%)	85.3	85.8	+ 0.6*	86.8	+ 2.8*

Domestic and International Passenger Operations in Total \*Difference

### Aircraft in Service

Airbus A320-200 : 12 aircraft  
(As of Mar 31, 2017)

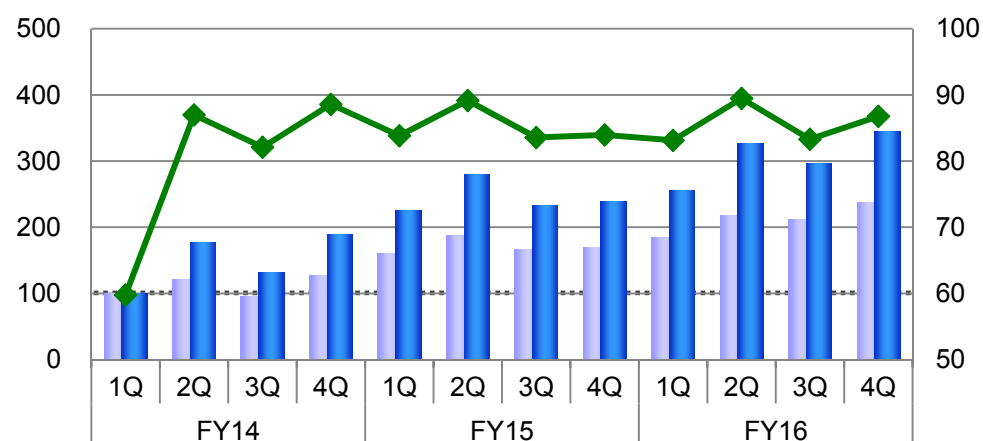
### [New Routes in 4Q]

- Tokyo(Narita) - Osaka(Kansai) from Feb 18
- Tokyo(Narita) - Hakodate from Feb 19
- Osaka(Kansai) - Hakodate from Mar 18
- Osaka(Kansai) - Amami from Mar 26

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

Right Axis (%)

◆ : Load Factor



## Other Segments excluding Air Transportation Business

### Results by Segment

(¥Billion)

	Airline Related			Travel Services		
	FY2015	FY2016	Difference	FY2015	FY2016	Difference
Operating Revenues	231.9	264.4	+ 32.5	167.3	160.6	- 6.7
Operating Income	- 4.2	8.3	+ 12.5	4.2	3.7	- 0.5
Depreciation and Amortization	5.5	4.8	- 0.6	0.1	0.1	+ 0.0
EBITDA*	1.3	13.2	+ 11.8	4.3	3.9	- 0.4
EBITDA Margin (%)	0.6	5.0	+ 4.4pts	2.6	2.4	- 0.2pts

	Trade and Retail			Others		
	FY2015	FY2016	Difference	FY2015	FY2016	Difference
Operating Revenues	140.2	136.7	- 3.5	33.7	34.7	+ 1.0
Operating Income	5.3	4.3	- 0.9	1.6	1.3	- 0.2
Depreciation and Amortization	0.9	1.2	+ 0.2	0.1	0.1	+ 0.0
EBITDA*	6.3	5.6	- 0.6	1.8	1.5	- 0.2
EBITDA Margin (%)	4.5	4.1	- 0.4pts	5.4	4.5	- 1.0pts

## . FY2017 Earnings Forecast 《Details》



## FY2017 Earnings Forecast

### Consolidated Earnings Forecast

(¥Billion)

	FY2016	FY2017(E)	Difference
Operating Revenues	1,765.2	1,910.0	+ 144.7
Operating Expenses	1,619.7	1,760.0	+ 140.2
Operating Income	145.5	150.0	+ 4.4
Op. Margin (%)	8.2	7.9	- 0.4 pts
Ordinary Income	140.3	140.0	- 0.3
Net Income Attributable to Owners of ANA HOLDINGS INC.	98.8	125.0	+ 26.1

	FY2016 results	FY2017 assumption
FX Rate (¥/US\$)	108.4	110
Dubai Crude Oil (US\$/bbl)	46.9	55
Singapore Kerosene (US\$/bbl)	58.4	68

## FY2017 Earnings Forecast

### Earnings Forecast by Segment

(¥Billion)

Earnings Forecast by Segment		FY2016	FY2017(E)	Difference
Operating Revenues	Air Transportation	1,536.3	1,674.0	+ 137.6
	Airline Related	264.4	274.0	+ 9.5
	Travel Service	160.6	170.0	+ 9.3
	Trade and Retail	136.7	146.0	+ 9.2
	Total for Reporting Segments	2,098.1	2,264.0	+ 165.8
	Other	34.7	36.0	+ 1.2
	Adjustment	- 367.6	- 390.0	- 22.3
	Total	1,765.2	1,910.0	+ 144.7
Operating Income	Air Transportation	139.5	141.0	+ 1.4
	Airline Related	8.3	9.0	+ 0.6
	Travel Service	3.7	4.5	+ 0.7
	Trade and Retail	4.3	4.5	+ 0.1
	Total for Reporting Segments	155.9	159.0	+ 3.0
	Other	1.3	2.0	+ 0.6
	Adjustment	- 11.7	- 11.0	+ 0.7
	Total	145.5	150.0	+ 4.4

## FY2017 Earnings Forecast

### Earnings Forecast of Air Transportation Business

(¥Billion)

Earnings Forecast of Air Transportation Business		FY2016	FY2017(E)	Difference
Operating Revenues	Domestic Passengers	678.3	681.0	+ 2.6
	International Passengers	516.7	571.0	+ 54.2
	Cargo and Mail	132.4	139.0	+ 6.5
	Others	208.7	283.0	+ 74.2
	Total	1,536.3	1,674.0	+ 137.6
Operating Expenses	Fuel and Fuel Tax	273.6	299.0	+ 25.3
	Non-Fuel Cost	1,123.2	1,234.0	+ 110.7
	Total	1,396.8	1,533.0	+ 136.1
Op. Income	Operating Income	139.5	141.0	+ 1.4



## FY2017 Earnings Forecast

《Passenger Operations》 Earnings Forecast Assumptions for FY2017 (vs. FY2016)

(ANA Brand Only)

	Domestic Passengers			International Passengers		
	1H(E)	2H(E)	FY17(E)	1H(E)	2H(E)	FY17(E)
Available Seat km	- 1.0	- 1.1	- 1.1	+ 8.5	+ 7.0	+ 7.7
Revenue Passenger km	+ 3.8	- 0.6	+ 1.6	+ 9.6	+ 7.0	+ 8.3
Passengers	+ 3.6	- 0.0	+ 1.8	+ 8.6	+ 8.7	+ 8.7
Load Factor (%)*	67.8 (+ 3.1pts)	67.8 (+ 0.3pts)	67.8 (+ 1.8pts)	76.5 (+ 0.8pts)	75.9 (+ 0.0pts)	76.2 (+ 0.4pts)
Unit Revenue (¥/ASK)**	11.7 (+ 1.6)	11.6 (+ 1.2)	11.6 (+ 1.4)	9.1 (+ 3.3)	8.5 (+ 1.8)	8.8 (+ 2.6)
Yield (¥/RPK)**	17.2 (- 3.1)	17.1 (+ 0.7)	17.2 (- 1.2)	11.9 (+ 2.2)	11.3 (+ 1.8)	11.6 (+ 2.0)
Unit Price (¥/Passengers)**	15,676 (- 2.9)	15,449 (+ 0.1)	15,565 (- 1.4)	59,677 (+ 3.2)	55,613 (+ 0.2)	57,608 (+ 1.7)

\* : Difference  
\*\* : year-on-year basis

## FY2017 Earnings Forecast

《Cargo Operations》 Earnings Forecast Assumptions for FY2017 (vs. FY2016)

(ANA Brand Only)

	Domestic Cargo			International Cargo		
	1H(E)	2H(E)	FY17(E)	1H(E)	2H(E)	FY17(E)
Available Ton km	- 4.4	- 1.8	- 3.2	+ 4.9	+ 2.4	+ 3.7
Revenue Ton km	- 0.5	- 0.0	- 0.3	+ 7.1	+ 2.6	+ 4.8
Revenue Ton	+ 0.0	+ 0.6	+ 0.3	+ 4.6	- 3.1	+ 0.6
Load Factor (%) *	25.5 (+ 1.0pts)	27.7 (+ 0.5pts)	26.5 (+ 0.8pts)	62.5 (+ 1.3pts)	65.0 (+ 0.1pts)	63.7 (+ 0.7pts)
Unit Revenue (¥/ATK) **	17.5 (+ 6.7)	19.3 (+ 5.3)	18.3 (+ 6.0)	14.0 (+ 9.3)	15.0 (- 3.2)	14.5 (+ 2.4)
Yield (¥/RTK) **	68.6 (+ 2.5)	69.7 (+ 3.4)	69.1 (+ 2.9)	22.4 (+ 7.1)	23.1 (- 3.4)	22.8 (+ 1.3)
Unit Price (¥/RT) **	69 (+ 2.0)	71 (+ 2.7)	70 (+ 2.4)	100 (+ 9.7)	106 (+ 2.3)	103 (+ 5.5)

\* : Difference  
\*\* : year-on-year basis

## FY2017 Earnings Forecast

### Consolidated Financial Position (Estimate)

(¥Billion)

	Mar 31. 2017	Mar 31, 2018 (E)	Difference
Assets	2,314.4	2,456.0	+ 141.5
Shareholders' Equity	919.1	1,023.0	+ 103.8
Ratio of Shareholders' Equity (%)	39.7	41.7	+ 1.9pts
Interest Bearing Debts	729.8	724.0	- 5.8
Debt/Equity Ratio (times) *	0.8	0.7	- 0.1
ROA(%)	6.5	6.4	- 0.1pts
ROE(%)	11.6	12.9	+ 1.3pts

\* D/E ratio when including off-balanced lease obligation of ¥21.0 Billion (Estimate) is 0.7times(0.8times as of Mar 31,2017).

## FY2017 Earnings Forecast

### Consolidated Cash Flow (Estimate)

(¥Billion)

	FY2016	FY2017(E)	Difference
Net Income Attributable to Owners of ANA HOLDINGS INC.	98.8	125.0	+ 26.1
Depreciation and Amortization	140.3	150.0	+ 9.6
Principal Payment for Aircraft Lease	12.8	9.0	- 3.8
Cash Flow from Operating Activities *	249.9	268.0	+ 18.0
Capital Expenditures	- 260.7	- 342.0	- 81.2
Cash Flow from Investing Activities **	- 187.4	- 254.0	- 66.5
Free Cash Flow	62.5	14.0	- 48.5
Cash Flow from Financing Activities *	- 19.6	- 53.0	- 33.3
EBITDA ***	285.8	300.0	+ 14.1
EBITDA Margin(%)	16.2	15.7	- 0.5pts

\* \* Cash flow from operating activities and cash flow from financing activities in this table include off-balanced lease principal redemption equivalent

\*\* Cash flow from investing activities in this table do not include periodic / negotiable deposits of more than 3 months

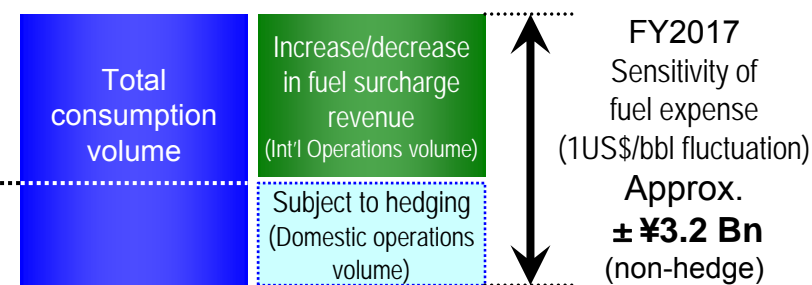
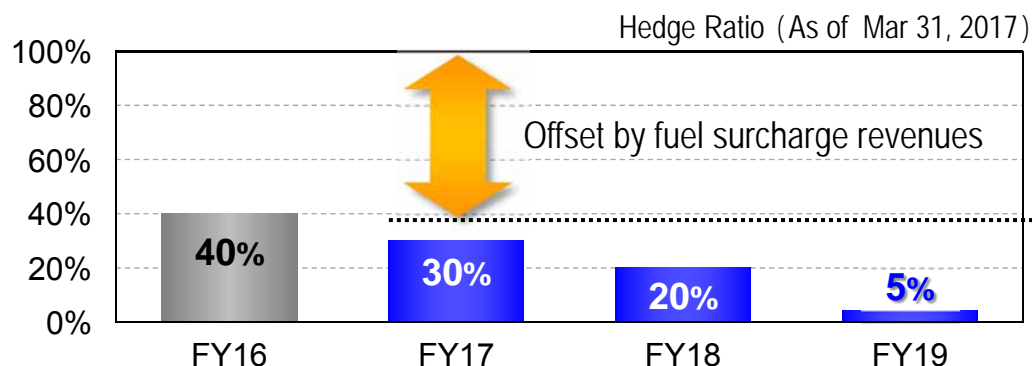
\*\*\* Op. Income + Depreciation and Amortization

## Status of Fuel and Currency Hedging (ANA Brand Only)

### 【 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)

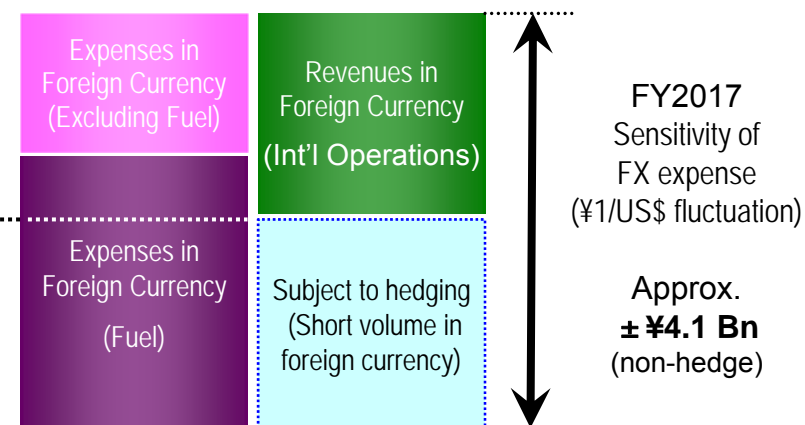
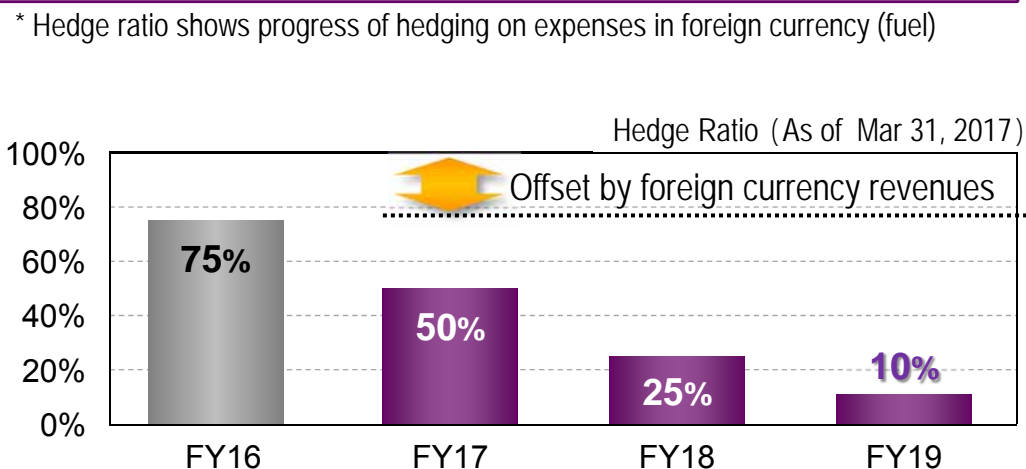
(US\$/bbl)	FY16 Results	FY17 Assumptions
Dubai Crude Oil	46.9	55.0
Singapore Kerosene	58.4	68.0



### 【 Currency hedging policy 】

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

(¥/US\$)	FY16 Results	FY17 Assumptions
USD	108.4	110



\* Hedge ratio shows progress of hedging on expenses in foreign currency (fuel)

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## . Supplemental Reference



## Supplemental Reference

Aircraft in Service	Mar 31, 2016	Mar 31, 2017	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	12	- 4	11	1
Boeing 787-9	11	21	+ 10	20	1
Boeing 787-8	35	36	+ 1	31	5
Boeing 767-300ER	25	25	-	13	12
Boeing 767-300	13	12	- 1	12	-
Boeing 767-300F	4	4	-	-	4
Boeing 767-300BCF	8	8	-	8	-
Airbus A321-200	0	4	+ 4	-	4
Airbus A320-200neo	0	2	+ 2	2	-
Airbus A320-200	18	22	+ 4	10	12
Boeing 737-800	36	36	-	24	12
Boeing 737-700ER	2	0	- 2	-	-
Boeing 737-700	7	7	-	7	-
Boeing 737-500	20	17	- 3	17	-
Bombardier DHC-8-400 (Q400)	21	21	-	21	-
<b>Total</b>	<b>257</b>	<b>268</b>	<b>+ 11</b>	<b>205</b>	<b>63</b>

Including aircraft of A320-200 operated by Vanilla Air (12 as of Mar 31, 2017, 8 as of Mar 31, 2016).  
Excluding leased aircraft outside group (18 as of Mar 31, 2017, 16 as of Mar 31, 2016).



## Supplemental Reference

International Passenger Results by Destination		FY2016 Composition	Difference	4Q/FY2016 Composition	Difference
Revenues	North America	31.1	- 1.1	29.5	- 1.1
	Europe	18.6	- 0.1	17.5	+ 1.0
	China	13.8	- 1.4	13.8	- 1.1
	Asia/Oceania	31.5	+ 2.0	34.5	+ 0.9
	Resort	4.9	+ 0.6	4.7	+ 0.3
ASK	North America	32.7	- 2.8	32.1	- 2.2
	Europe	16.1	- 1.6	15.7	- 0.9
	China	11.6	+ 0.6	11.0	- 0.2
	Asia/Oceania	34.6	+ 3.6	36.3	+ 3.2
	Resort	5.0	+ 0.2	4.9	- 0.0
RPK	North America	33.0	- 1.9	31.6	- 1.9
	Europe	16.4	- 1.2	16.1	+ 0.8
	China	9.8	- 0.0	9.5	- 0.2
	Asia/Oceania	35.0	+ 3.0	37.2	+ 1.6
	Resort	5.8	+ 0.1	5.6	- 0.3

## Supplemental Reference

International Cargo Results by Destination		FY2016 Composition	Difference	4Q/FY2016 Composition	Difference
Revenues	North America	26.7	+ 2.6	26.6	+ 2.7
	Europe	16.1	+ 1.8	17.5	+ 2.0
	China	27.9	- 6.2	25.1	- 7.0
	Asia/Oceania	23.7	+ 1.8	25.3	+ 2.1
	Others	5.6	+ 0.0	5.5	+ 0.2
ATK	North America	36.5	- 0.2	36.8	+ 1.9
	Europe	16.1	- 1.3	15.8	- 0.7
	China	16.5	- 0.5	15.8	- 1.9
	Asia/Oceania	27.6	+ 2.5	28.9	+ 1.6
	Others	3.4	- 0.5	2.8	- 1.0
RTK	North America	37.1	- 1.4	36.3	- 1.3
	Europe	20.9	- 1.7	21.4	- 1.1
	China	14.0	+ 1.0	13.4	+ 1.0
	Asia/Oceania	24.7	+ 2.9	26.0	+ 2.0
	Others	3.3	- 0.7	3.0	- 0.7

## 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.ana.co.jp/group/en/investors/>**

Investor Relations



Presentations

Investor Relations, ANA HOLDINGS INC.

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