May, 2024

Financial Results for the Year Ended March 2024 Q&A Summary

Q1) What are the elements of the increase in operating income for the Air Transportation Business in Q4 (January to March) from the earnings forecast?

A1) ・In Q4, operating income exceeded forecast by 24.0 billion yen due to higher-than-expected revenues from the Passenger Business and revenues stemming from lapsed miles in connection with the termination of the miles expiration extension implemented under the COVID-19 pandemic.

・The main differences in operating revenues and expenses from the plan are as follows.

［Breakdown vs. plan (Air Transportation Business, Q4(January to March)］

Operating revenues：＋24.5 billion yen

(International Passenger:+5.0 billion yen, Domestic Passenger＋6.5billion yen、Peach ＋5.0 billion yen, Mileage-Related, Etc. +10.0 billion yen)

Operating expenses：+0.5 billion yen

(Maintenance Expenses+13.0 billion yen、Fuel and Fuel Tax, Etc. -12.5billion yen)

Q2) What impact would a continued weakening yen have on business performance?

A2) ・Since the COVID-19 pandemic, the ratio of overseas revenue from International Passenger Business and other channels increased. Therefore, the volume of foreign currency shortfall has contracted significantly compared with pre-COVID.

・Hedging for fiscal 2024 foreign currency shortfall has been completed for the most part, so the impact of foreign currency fluctuations on business performance this fiscal year would be extremely limited.

Q3) How did you incorporate yield, the recovery in supply, and other factors in plan assumptions for the International Passenger Business?

A3) ・We expect the supply-demand balance for International Passenger Business to ease with the recovery in supply among our competition, particularly on North American and Asian routes. Yield for fiscal 2024 will likely be lower year on year.

・And while demand for tri-lateral traffic has been strong in the past, demand for high-unit-price bilateral demand has been recovering steadily more recently. We plan to support yield in the future while increasing our share of bilateral demand.

Q4) What assumptions are reflected in your plan for the International Cargo Business in fiscal 2024?

A4) ・ We expect a recovery in demand related to semiconductors and automobiles, so weight is likely to increase beginning in the third quarter compared to the first half of the year. We also plan unit price for the fiscal year to be 2.1 times higher than the pre-COVID level.

Q5) How do you plan to achieve your operating income target of 200.0 billion yen or more in fiscal 2025?

A5) ・ Since the release of the ANA Group Corporate Strategy, the pace of ASK growth in the Passenger Business has been slower than expected due to the prolonged Russia-Ukraine problem and the PW engine inspections. At the same time, we expect International Passenger volume to continue producing much higher yield than assumed in the ANA Group Corporate Strategy, reflecting continued growth of inbound travel and an anticipated recovery in leisure travel originating from Japan. We aim to improve profitability as we expand ASK by increasing the number of aircraft, mainly mid- and wide-body planes, as we head toward fiscal 2025.
・ In addition, we must properly respond to expanded revenue opportunities in the Cargo Business with the consolidation of NCA.

Q6) What are your thoughts on shareholder returns?

A6) ・ Because profits for fiscal 2023 were much higher than planned, we intend to increase the dividend for the previous fiscal year from the previously announced 30 yen per share to 50 yen per share.
・ Based on a policy of stable and continued dividend payments, we forecast a dividend of 50 yen per share for the current fiscal year.
・ Over the medium term, we aim to enhance shareholder returns while improving net earnings per share.

End