

Consolidated Financial Results for the year ended March 31, 2019



ANA TRADING CO., LTD.

→ Consolidated Balance Sheet

(Millions of yen)

Item	March 31, 2018	March 31, 2019	Item	March 31, 2018	March 31, 2019
Assets			Liabilities		
Current assets	48,085	49,210	Current liabilities	26,752	27,668
Cash and deposits	1,660	2,160	Notes and accounts payable-trade	13,042	13,757
Notes and accounts receivable-trade	12,640	11,645	Short-term loans payable	106	266
Accounts receivable-other	4,518	4,761	Current portion of long-term debt	380	260
Lease investment assets	7,945	8,014	Finance lease obligations	1,028	1,135
Merchandise	10,204	10,773	Accounts payable - other	8,499	8,793
Raw materials and supplies	341	241	Accrued income taxes	527	482
Short-term loans receivable	7,715	7,588	Accrued bonuses to employees	973	1,043
Other current assets	3,124	4,084	Other current liabilities	2,194	1,930
Allowance for doubtful account	△ 67	△ 58	Long-term liabilities	10,607	10,081
Fixed assets	17,685	19,724	Long-term debt	1,300	1,039
Property and equipment	6,758	6,284	Finance lease obligations	6,193	5,493
Buildings and structures	3,017	2,868	Accrued corporate executive officers' retirement benefits	173	213
Machinery, equipment and vehicles	587	490	Liability for retirement benefits	2,283	2,791
Tools, furniture and fixtures	751	629	Other long-term liabilities	656	543
Land	2,244	2,216	Total liabilities	37,359	37,749
Construction in progress	96	9	Net assets		
Other	60	70	Shareholders' equity	26,591	29,213
Intangible fixed assets	2,516	2,329	Capital stock	1,000	1,000
Goodwill	685	570	Capital surplus	26	26
Software	1,688	1,584	Retained earnings	25,564	28,186
Software in progress	105	137	Accumulative other comprehensive income	1,661	1,793
Other intangible assets	36	36	Unrealized holding gain (loss) on securities	2,401	2,489
Investments and others	8,410	11,111	Unrealized gain (loss) from hedging instruments	△ 167	38
Investment securities	5,081	7,596	Foreign currency translation adjustments	△ 212	△ 160
Long-term loans receivable	460	400	Remeasurements of defined benefit plans	△ 360	△ 574
Deferred tax assets	867	888	Non-controlling interests	158	179
Net defined benefit asset	90	90			
Other	2,311	2,525	Total net assets	28,411	31,185
Allowance for doubtful account	△ 400	△ 391			
Total assets	65,771	68,935	Total liabilities and net assets	65,771	68,935

(Note) The amounts shown are rounded down to the nearest million yen.

→ Consolidated Statement of Income

(Millions of yen)

Item	March 31, 2018	March 31, 2019
Operating revenues	142,877	152,081
Cost of operating revenues	109,605	116,336
Gross profit	33,271	35,745
Selling, general and administrative expenses	29,021	31,940
Operating income	4,250	3,804
Non-operating income		
Interest income	10	12
Dividend income	131	231
Equity in earnings of non-consolidated subsidiaries and affiliates	–	248
Foreign exchange gains	128	167
Income from investments in partnership	84	497
Other	96	80
Total non-operating income	450	1,237
Non-operating expenses		
Interest expenses	27	31
Equity in losses of non-consolidated subsidiaries and affiliates	186	–
Loss on retirement of fixed assets	42	37
Other	39	45
Total non-operating expenses	296	114
Ordinary income	4,404	4,927
Extraordinary income		
Gain on sales of investment securities	89	–
Total extraordinary income	89	–
Extraordinary loss		
Loss on sales of fixed assets	–	1
Loss on valuation of investment securities	–	41
Impairment loss	85	138
Loss on disaster	–	17
Other	–	4
Total extraordinary losses	85	204
Profit before income taxes	4,408	4,722
Income taxes		
Current	1,626	1,611
Deferred	△ 84	△ 36
	1,541	1,575
Profit	2,866	3,147
Profit attributable to:		
Non-controlling interests	37	58
Owners of parent	2,829	3,088

(Note) The amounts shown are rounded down to the nearest million yen.

- The Japanese economy this fiscal year remained firm due to strong capital investment, strong corporate profits, and other factors. Meanwhile the global economy experienced a clear deceleration in the economies of countries other than the U.S. The economic outlook in the future remains uncertain, owing to trade friction between the U.S. and China and the direction of the UK's exit from the EU (Brexit). The aviation industry achieved a record high in the number of visitors to Japan, reaching 31.19 million visitors, an increase of 8.7% YoY from FY2017. This growth was achieved despite the closure of the Kansai International Airport for Typhoon No. 21 and the impact from the Hokkaido Eastern Iburi Earthquake.
- As a trading group responsible for diverse businesses within the ANA Group, the group endeavored to expand external revenue by exerting maximum leverage on our strengths to expand business and take on new business domains, under these circumstances. This resulted in consolidated operating revenues of 152,081 million yen, an increase of 6.4% YoY.
- We worked to further expand overseas businesses in new business domains, acquiring an equity interest in GA Telesis LLC of the U.S., and establishing Gateway Engine Leasing LLC, an engine leasing company, as a joint venture with GA Telesis LLC and Tokyo Century Corporation.
- Delays in implementing our strategy in some businesses caused a decline in operating income compared with last fiscal year, but ordinary income increased owing to gains on investment activities that have been part of our existing business strategy.
- The above factors resulted in net income attributable to owners of parent of 3,088 million yen, growth of 9.1% YoY.

→ Consolidated Operating Results

(Millions of yen)

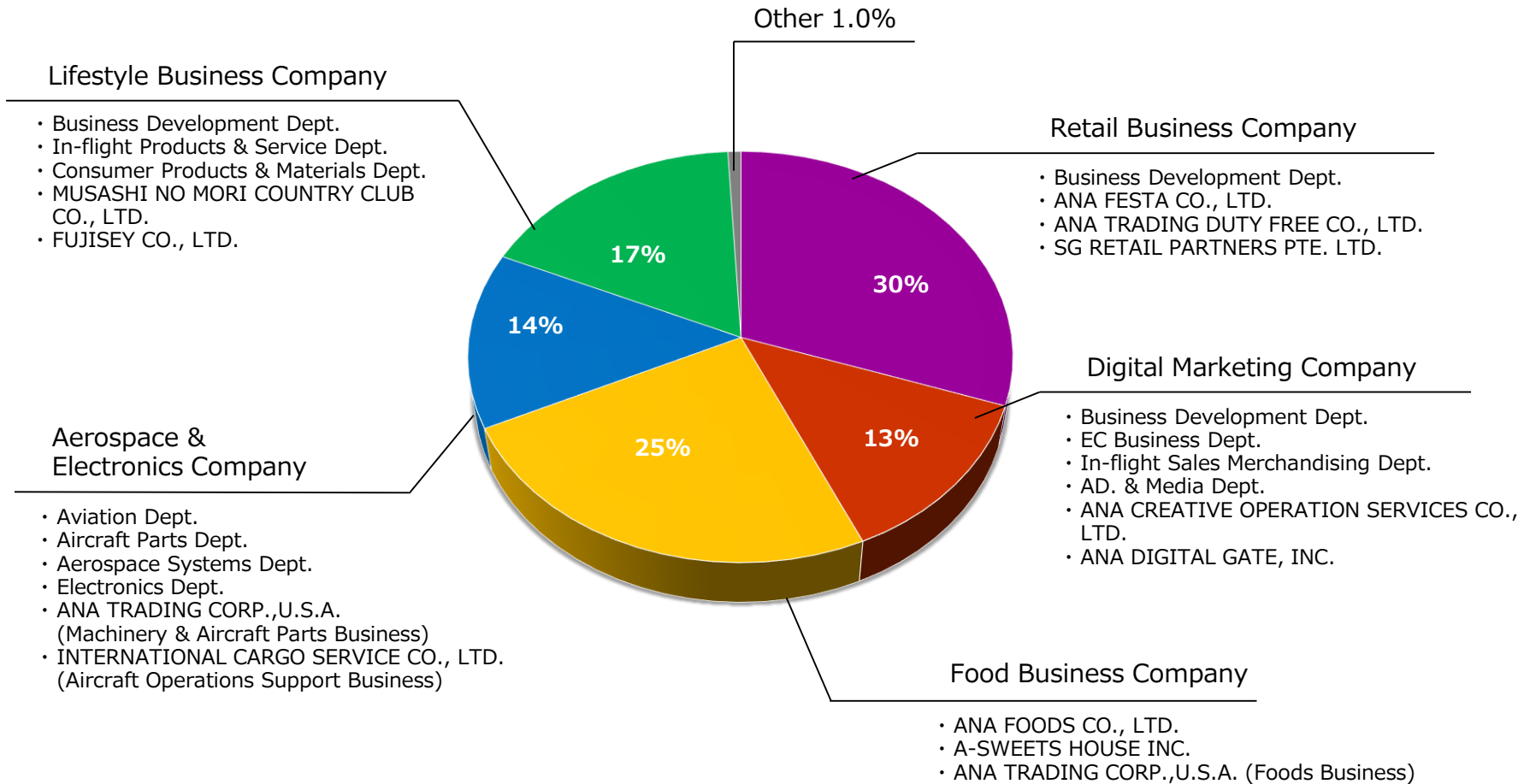
	FY2017	FY2018	Change
Operating revenues	142,877	152,081	9,204
Operating income	4,250	3,804	▲446
Ordinary income	4,404	4,927	523
Net income attributable to owners of parent	2,829	3,088	259
EBITDA*1	5,587	5,092	▲495

*1 EBITDA = Operating income + depreciation expenses

Overview of Business Segments

→ Ratio of Operating Revenues by Segment

* Graph does not reflect elimination of inter-company transactions



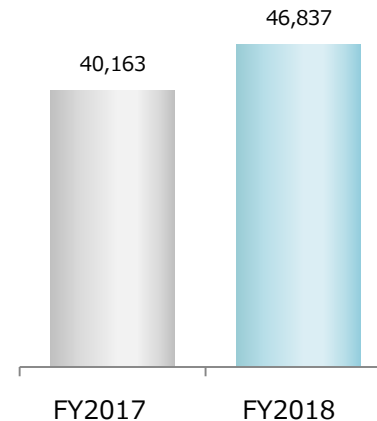
Overview of Business Segments

→ Retail Business Company

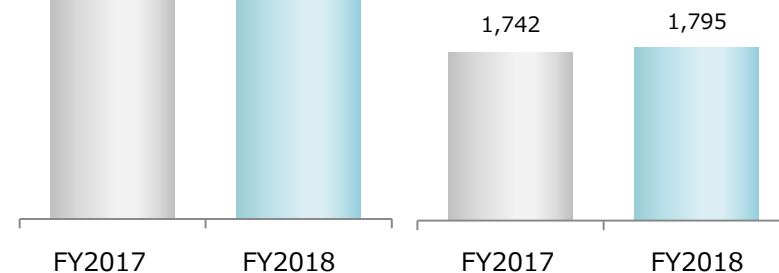
- ANA FESTA Co., Ltd. airport shop operations saw operating income decline due to the impact of the typhoon, earthquake, and other external factors; however, ANA TRADING Duty Free Co., Ltd. recorded growth in both operating revenues and operating income due to strong sales in the duty-free business, which benefitted from the robust growth in foreign visitors to Japan.
- In our overseas business, SG RETAIL PARTNERS PTE.LTD., which was established in FY2018 and opened the JAPAN GOURMET HALL SORA food hall in Terminal 2 of Changi International Airport in December 2017, reached profitability, achieving growth in both operating revenues and operating income.
- The above factors resulted in operating revenues of 46,837 million yen, an increase of 16% YoY, and operating income of 1,795 million yen, growth of 3% YoY.

(Millions of yen)

Operating revenues



Operating income



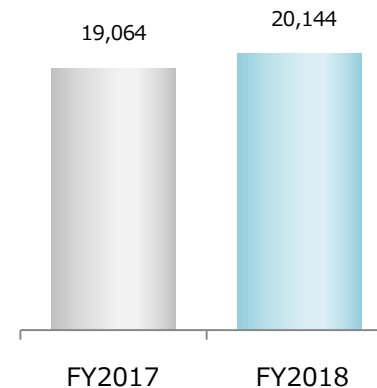
* Inter-company transactions have not been eliminated.

→ Digital Marketing Company

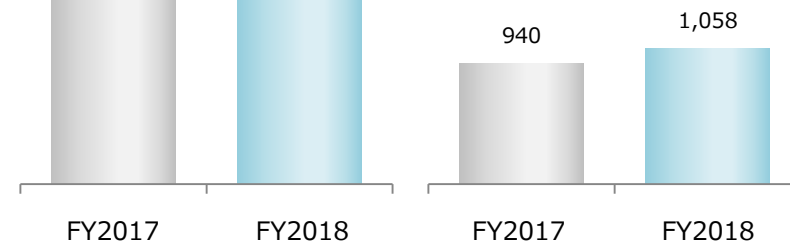
- The Digital Marketing Company improved user convenience and growth in operating revenues in both of its business departments through the planning and development of new digital services, such as the Mile Direct service on the A-Style e-commerce site of the EC Business Dept., which enables users to make purchases with just one mile and more, and the @SKY service in the In-flight Sales Merchandising Dept., which enables passengers to purchase merchandise on-board even after landing.
- The AD. & Media Dept. achieved growth in operating revenues through initiatives such as enhancing onboard entertainment content by strengthening the digital marketing area and onboard Wi-Fi.
- The Digital Marketing Company worked to expand into new business domains such as the smart payments business in ANA Digital Gate, Inc., and the digital gift business and marketing business with ANA X Inc. using miles and customer data in relation to the Business Development Dept.
- The above factors resulted in operating revenues of 20,144 million yen, an increase of 5% YoY, and operating income of 1,058 million yen, growth of 12% YoY.

(Millions of yen)

Operating revenues



Operating income



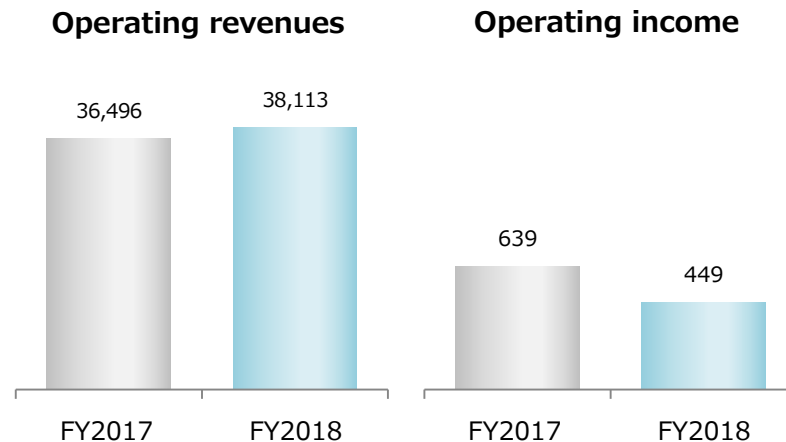
*Inter-company transactions have not been eliminated.

Overview of Business Segments

→ Food Business Company

- In the Fresh Food Business, sales performed well during the 1H, but inclement weather in producing locations during the 2H caused a decline in production. This in turn caused cost of sales and variable costs to rise, resulting in growth in operating revenues and a decline in operating income.
- The Processed Food Business experienced a decline in both operating revenues and operating income. This resulted from the business no longer carrying some products and a steep rise in market prices in some producing locations, which caused deterioration in the profit margin.
- The Export Business and the Gift Business integrated their food business planning departments from FY2018 to increase purchasing power. These businesses recorded growth in operating revenues and decline in operating income owing to the development of catalogs that feature main merchandise for the basement floors of department stores (where food products are sold) in Japan and efforts targeting imports and exports between the U.S. and Japan in the overseas business.
- The above factors resulted in operating revenues of 38,113 million yen, an increase of 4% YoY, and operating income of 449 million yen, a decline of 30% YoY.

(Millions of yen)

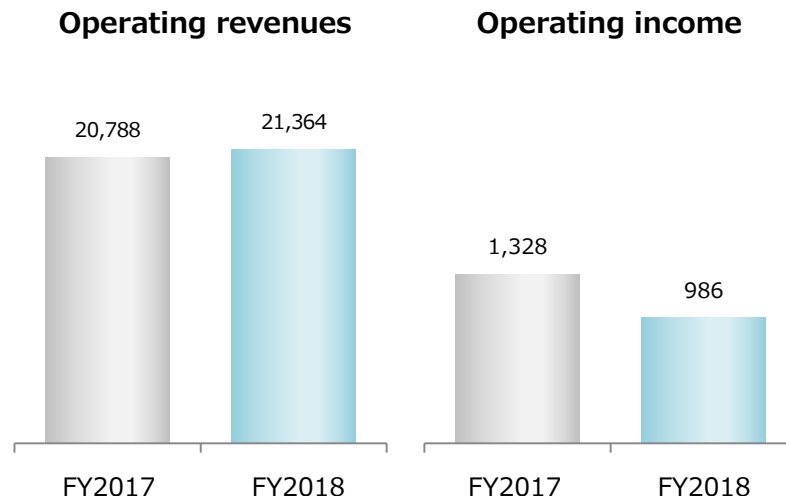


* Inter-company transactions have not been eliminated.

→ Aerospace & Electronics Company

- The Electronics Business saw an increase in both operating revenues and operating income, Record high profit was achieved by expanding overseas contracting for semiconductor manufacturing, and by strengthening services and support for domestic clients amid voracious demand in the semiconductor industry.
- In the air transportation-related businesses, we acquired an equity interest in GA Telesis LLC of the U.S. and established Gateway Engine Leasing LLC, an engine leasing company, as a joint venture with GA Telesis LLC and Tokyo Century Corporation. Our goal in doing so is to create opportunities for external sales and expand the business.
- In aircraft parts and equipment, we worked to support aircraft operation and help improve competitiveness for ANA Group airline companies by reducing the cost and improving the quality of service parts. Meanwhile, in the aircraft parts sales business, we failed to achieve the goal for the number of external aircraft acquired. This, combined with slow sales of parts, resulted in a decline in both operating revenues and operating income.
- The above factors resulted in operating revenues of 21,364 million yen, and increase of 2% YoY, and operating income of 986 million yen, a decline of 26% YoY.

(Millions of yen)

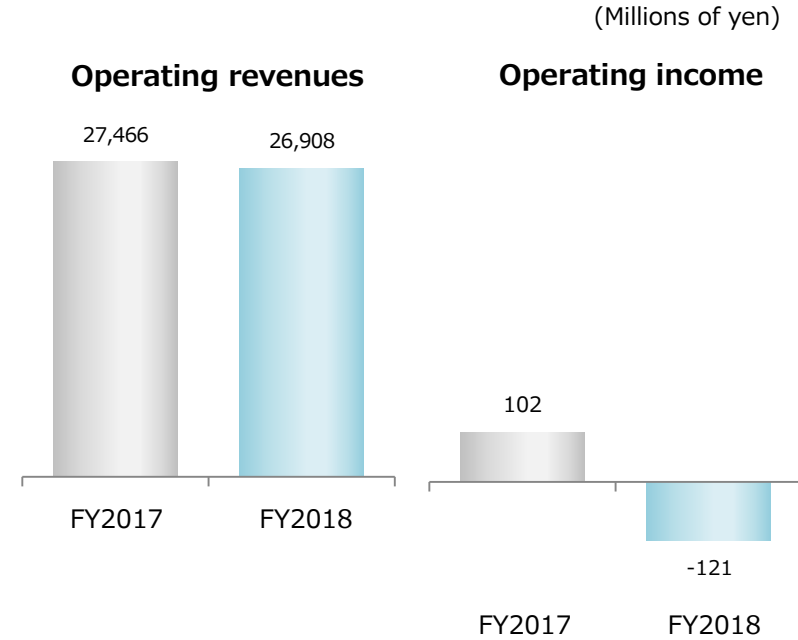


* Inter-company transactions have not been eliminated.

Overview of Business Segments

→ Lifestyle Business Company

- The In-flight Products & Service Dept. secured revenues through steady procurement and supply in response to rising demand for in-flight products and services as the number of ANA passengers rose and services expanded.
- Fujisey Co., Ltd., which handles tourist gifts, has begun planning and selling products licensed for the Tokyo 2020 Olympics and Paralympics, and recorded growth in both operating revenues and operating income.
- The Consumer Products & Materials Dept. made advance investments in the future growth of anti-bacterial odor-eliminating agents and focused efforts on growth. The department also saw an increase in costs due to a change in logistics vendors.
- The above factors resulted in operating revenues of 26,908 million yen, a decline of 3% YoY, and an operating loss of 121 million yen.



* Inter-company transactions have not been eliminated.

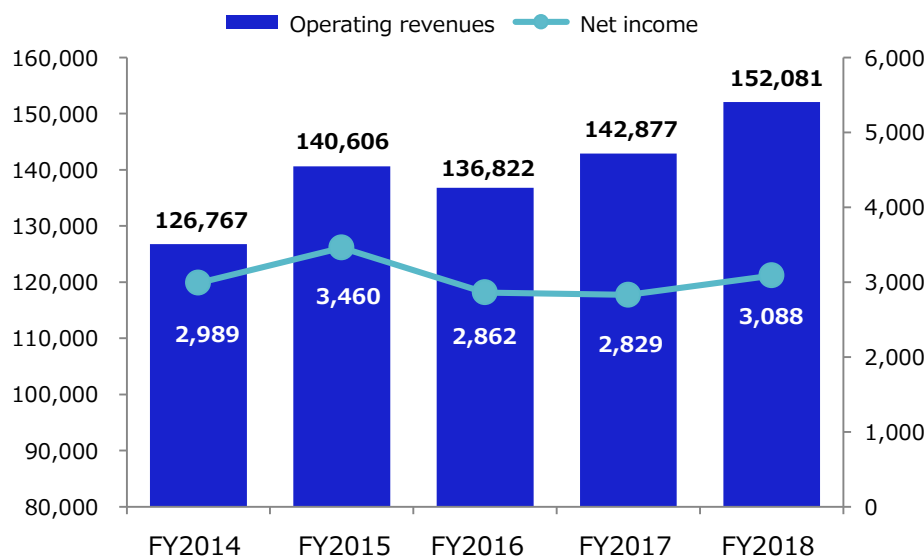
→ Major Financial Figures

(Millions of yen)

	FY2014	FY2015	FY2016	FY2017	FY2018
Operating revenues	126,767	140,606	136,822	142,877	152,081
Ordinary income	4,161	5,603	4,755	4,404	4,927
Owners of parent	2,989	3,460	2,862	2,829	3,088
Total assets	63,288	62,765	61,744	65,771	68,935
Net assets	23,222	22,743	26,009	28,411	31,185
Equity ratio (%)	36.6	36.1	41.9	43.0	45.0

→ Trend in Operating Revenues and Net Income

(Millions of yen)



→ Trend in Total Assets and Net Assets

(Millions of yen)

