

# Current Status and Future of ANA in the ASEAN Aviation Market

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#### Looking Back on COVID-19 Crisis (Brief Summary) (1) ANA

Country **Brief summary** Status (as of Dec. 3) ■Initially, "succeeded in controlling COVID-19" Total number of infected Vietnam individuals: 1,280,780 ■The fourth wave started with a small number of immune individuals and no vaccine, and 1,299 per 100,000 people the infection has spread rapidly since April this year. The number of infected individuals Total number of deaths: 25.858 exceeded 5,000 and 10,000/day in July and August, respectively. 26 per 100,000 people ■In the south, an initial response to the spread of infection was delayed in July, leading to a Vaccinated twice/population: sudden collapse of the medical care system. 52.8% ■Inadequate medical care system ⇒ Delay in vaccination ⇒ Overwhelmed medical care PCR-tested/1,000 people: 704 system  $\Rightarrow$  Continuation of thorough guarantine  $\Rightarrow$  Negative effects on citizens' lives and the economy  $\Rightarrow$  Expand vaccination to coexist with the coronavirus **Philippines** ■Strict lockdown had been continued for a long time since March 2020 until recently. Total number of infected individuals: 2,833,777 ■The number of newly infected individuals reached the highest within ASEAN in July and 2,538 per 100,000 people August 2020. The medical care system has been intermittently tight. Total number of deaths: 48.987 ■Prolonged restrictions caused severe recession and increased the number of households 44 per 100.000 people that felt hunger. Vaccinated twice/population: ■The vaccination coverage is low nationwide, but 70% in the capital region. 34.4% ■With the recent downward trend in the number of infected individuals, finally changed the PCR tested/1,000 people: 218 direction toward resumption of the economy Myanmar ■Double whammy of coup and COVID-19 Total number of infected ■Hospitals had been paralyzed due to the non-violent resistance activities (workplace individuals: 523,748 954 per 100,000 people boycott) against the coup that occurred in February 2021, and, in such circumstances, the Total number of deaths: 19.127 third wave (Delta variant) hit the country in July and August 2021, resulting in the collapse 35 per 100,000 people of the medical care system. Severely ill patients could hardly be hospitalized for a time. Vaccinated twice/population: ■The vaccination coverage is the lowest within ASEAN. 19.8% ■Behavior control measures aimed at preventing the spread of COVID-19 and maintaining PCR-tested/1,000 people: 103 public order are being taken concurrently. Cambodia ■In 2020, succeeded in controlling COVID-19 by taking measures such as strict entry Total number of infected individuals: 120,207 restrictions (Annual total: Approx. 500 infected individuals) 705 per 100,000 people ■In February 2021, tourists caused a large scale infection in the city. Despite measures Total number of deaths: 2,953 such as lockdowns, the infection spread throughout Cambodia with the addition of the Delta 17 per 100,000 people variant. The total number of infected individuals as of November was a little less than Vaccinated twice/population: 120,000, and many stores in the city closed down. 81.1%

■Concurrently, the government promoted vaccination vigorously, and, as of November, a

in the infection. Cambodia is in the stage of business recovery.

little less than 90% of the population had been vaccinated twice, resulting in a sharp decline

(Vaccination coverage is the proportion of people vaccinated twice to the population.)

PCR-tested/1.000 people: 160

Source: WORLDMETERS, and Bloomberg for vaccination

**Brief summary** Country

■Initially, infection exploded at once in dormitories for migrant workers Singapore

■After strict lockdown from April to June 2020, restrictions were relaxed step by step. From the end of 2020, the government sped up vaccination, and repeatedly tightened and relaxed restrictions depending on the infection status. In response to the progress in vaccination, the government changed the policy to coexistence with the coronavirus in September 2021, but the infection sharply increased after that. Then, measures such as restriction on going to the office and limit on

the number of people permitted for various events has been taken, resulting in a decreasing trend. ■However, the vaccination coverage is high and the rate of severely ill patients is low. Opened the country to tourism with VTL since September.

■Initially "succeeded in controlling COVID-19" with no infected individual every day, being **Thailand** an honor student in Asia ■Second wave in January and February 2021, and third wave in April 2021 (Alpha variant in April

Malaysia

Indonesia

day: 21,000. The third wave is still ongoing. ■Vaccination was accelerated from July, and currently about 60% of the population has been vaccinated twice

and May, and Delta variant from the end of June). Maximum number of infected individuals per

■Medical care system tightened in July and August ⇒ Lockdown ⇒ Negative impact on citizens'

lives and the economy ⇒ Considering the economy, acceptance of tourists started on November 1 under the policy of

since September, maintaining the lowest level of infection within ASEAN.

■Severe border control and prolonged economic and social stagnation ■First nationwide lockdown within ASEAN started in March 2020. After that, restrictions have been

tightened and relaxed repeatedly due to increase in the number of infected individuals who were infected at religious events and elections. ■With thorough testing and accelerated vaccination, economic and social activities resumed in October

2021, and tourism has also resumed gradually with the aim of coexisting with the coronavirus. ■Conditional upon vaccination, eating and drinking in restaurants and travel are permitted, which is substantially a vaccine mandate.

■The first person infected by the novel coronavirus was confirmed on March 2, 2020. The

source of the infection was a Japanese. Rumors circulated that the pious Muslim were not affected with the coronavirus. The number of

coexistence with the coronavirus

infected individuals has increased since March, and large-scale restrictions on social activities were implemented on April 10 of the same year to avoid citywide lockdown. ■After the Lebaran Festival in May 2021, the infection re-expanded rapidly, and the medial care system collapsed. Some Japanese nationals have died, and, in July and August, special flights to help Japanese people were set up. The number of infected individuals has decreased sharply

Status (as of Dec. 3) Total number of infected

individuals: 267.916 **4,529** per 100,000 people Total number of deaths: 744 13 per 100.000

Vaccinated twice/population: 87.9% PCR-tested/1,000 people: 3,567

Total number of infected

individuals: 2.130.641 3,042 per 100,000 people Total number of deaths: 20.878 30 per 100,000 people Vaccinated twice/population:

59 6% PCR-tested/1,000 people: 213

Total number of infected individuals: 2.649.578

Total number of deaths: 30.538

8,040 per 100,000 people

Total number of infected

93 per 100,000 people Vaccinated twice/population: 77.9%

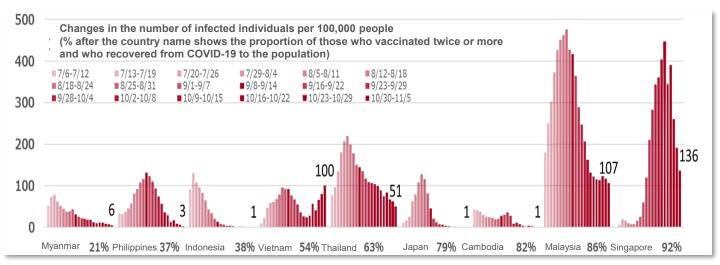
PCR-tested/1,000 people: 1,158

individuals: 4.257.243 1.533 per 100.000 people Total number of deaths: 143,858 52 per 100,000 people Vaccinated twice/population: 36.2% PCR-tested/1,000 people: 199

Source: WORLDMETERS, and Bloomberg for vaccination (Vaccination coverage is the proportion of people vaccinated twice to the population.)

# Changes in the Number of Infected Individuals (Relationship with Estimated Antibody Carriers)





Number of infected and recovered individuals: Data extracted from WORLDMETERS and Bloomberg for vaccination (Vaccination coverage is the proportion of people vaccinated twice to the population.), processed by ANA

- The number of infected individuals has been decreasing, except in Vietnam.
- <u>No correlation found</u> between the estimated antibody carriers (vaccinated individuals + recovered individuals) and the infection.
- In Singapore and Malaysia, the number of infected individuals increased through <u>aggressive</u> <u>testing</u>, but <u>many of them were asymptomatic or mild cases</u>.
- In countries where the rate of estimated antibody carriers is low but the number of infected individuals is small, the actual number of infected individuals may be higher than reported.



# Rate of severe cases and deaths by vaccination status (Data from May 1 to Nov. 15)

Age	Unvaccinated	Partially Vaccinated	Fully Vaccinated
0-12	0.0084	0.0	0.0
13-19	0.0	0.0	0.0
20-29	0.056	0.12	0.0
30-39	0.43	0.080	0.0080
40-49	0.54	0.57	0.034
50-59	1.9	2.2	0.14
60-69	6.8	4.7	0.32
70-79	14	11	1.2
80+	24	16	3.2
Total	2.0	2.8	0.20

Source: MOH SINGAPORE

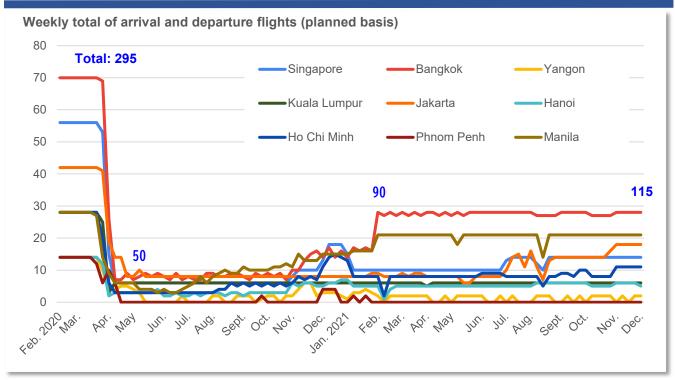
The rate of severe cases and deaths among unvaccinated individuals is 10 times higher than that among fully-vaccinated individuals.

#### Changes in the Number of Our Flights (Passenger) ANA | A STAR ALLIANCE MEMBER \*\*





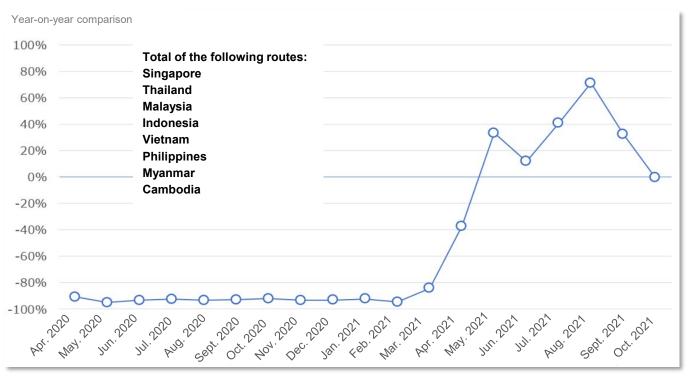




- 295 flights within ASEAN before COVID-19 → Dropped to about 50 flights, which is one-sixth of the number of flights before COVID-19 → Currently, 115 flights, which is two-fifths
- Since February 2021, the number of flights has been gradually recovering, mainly those to and from Bangkok and Manila.
- Flights to and from Yangon are not regularly scheduled, and those to and from Phnom Penh are out of service.

#### **Changes in Our Performance (Passenger)**





- FY2020 was sluggish throughout the year, and the impact of COVID-19 began to let up in April 2021.
- Since May 2021, demand for flights from ASEAN countries to North America has also resumed, and entry restrictions and requirements in each country have been gradually eased, leading to a recovery trend.

#### **Our Initiatives 1: Hygienic and Clean Airline**



Recognized as the world's No.1 hygienic and clean airline at the SKYTRAX's "World Airline Awards"!







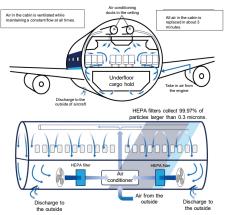




- ☆ 5-Star Airline for nine consecutive years
- ☆ Awarded World's Best Airline Cabin Cleanliness for the third time following 2018.
- ☆ Awarded 5-Star COVID-19 Airline Safety Rating and COVID-19 Excellence Award



Periodic disinfection of cabins



All aircrafts equipped with HEPA filters



World's first! Aircraft lavatory door that opens and closes without touching

#### Our Initiatives 2: Relief Charter Flights and Extra **Sections from ASEAN Countries**



#### Myanmar

#### Indonesia





Since February 2021

Continued operation of the Narita-Yangon route in middle of an unstable situation due to the political change in Myanmar.

Since February 2021, 15 round trips have continuously operated to transport approx. 2,800 people. July 2021

Supported the temporary evacuation of Japanese residents in Indonesia, where the infection status had become serious.

Operated five relief flights from Jakarta.

Since September 2020

Operated extra sections in response to requests from Japanese residents in Cambodia, while regular direct flights to and from Japan were suspended.

Since September 2020, a total of eight rounds has been operated.

#### **Our Initiatives 3: Comprehensive Quarantine Travel** Service for Passengers Arriving in Japan, etc.



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Car service









Free baggage campaign

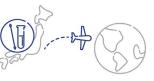




#### No Change Fee







#### Our Initiatives 4: Projects to make customers feel like they are traveling and enjoying flights













#### Restaurant **FLYING HONU**







# Our Initiatives 4: Projects to make customers feel like they are traveling and enjoying flights







ANA Traveler's

- ✓ Introduces the current Singapore through an online tour
- ✓ Introduces popular sightseeing spots, meals, etc. with live broadcast from Japan
- ✓ Participants can enjoy the townscape from various angles with cycling and drone videos.
- ✓ Participants in the tour "with curry lunch" can enjoy the tour while eating ANA Original Curry.
- ✓ Lottery to commemorate the 55th anniversary of the establishment of diplomatic relations, presented by the Singapore Tourism Board



Hawker (Source: JTA JAPAN CO., LTD.)













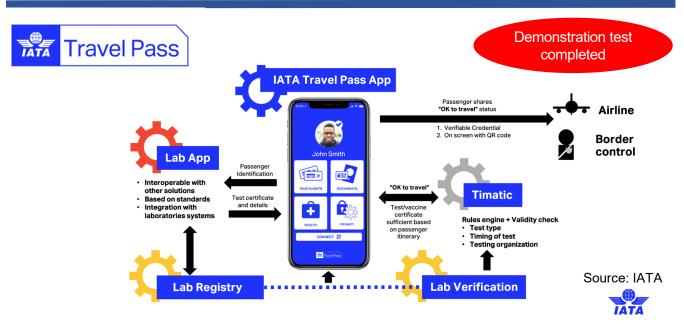
Beef curry

Chicken & mushroom cu

mushro

#### **Our Initiatives 5: Digital Certificate App**









Demonstration test completed

Source: Common Pass Project



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#### **Factors that Affected Air Cargo Market**







(1) Confusion of SCM

(2) Port congestion and container shortage

(3) Strong automobile sales







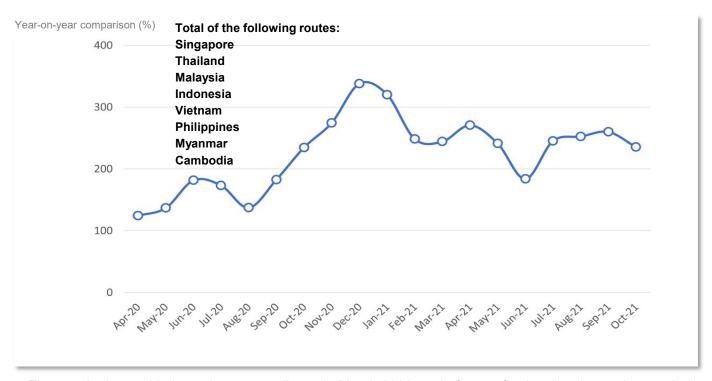
(4) Work from home

(5) Changes in consumption behavior

(6) China's blockade control

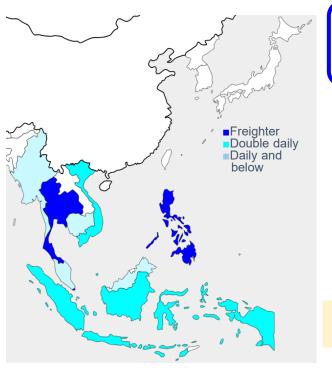
#### **Changes in Our Performance (Cargo)**





- The supply-demand balance began to collapse in March 2020, and after confirming that demand exceeded supply, we have gradually shifted to <u>a system centered on cargo since September 2020</u>.
- In addition to the favorable external environment, our performance has been further growing since autumn 2021 with support from our Group companies.





#### <Cargo aircrafts: Freighter bases> Bangkok (14), Singapore (7), Manila (3)

- With large demand for round-trip flights, operated with passenger aircrafts
- Also transports large-sized cargo such as finished vehicles

#### <Double daily bases> Ho Chi Minh. Hanoi, Jakarta

- Growing markets for "China+1" and "Regionalization"
- There are operational burdens such as entry restrictions for crew members.

#### <Daily bases> (7 to 0 flights/week) Kuala Lumpur, Yangon, Phnom Penh

- Additional direct flights can be set flexibly in case of emergency demand.
- Transportation capacity can be supplemented with other carriers and trucking.
- Construct a network organically and flexibly from point to plane, using both cargo and passenger aircrafts.



#### Our Initiatives 1: Cargo Network and System









(1) Proactive deployment of cargo aircrafts

Since Aug. 2020 Manila (B6F) \*Third site in ASFAN

Since Dec. 2020 Bangkok (B7F) \*First in ASEAN

Singapore Increase in B6F flights (Almost daily)



(2) Deployment of NO PAX (cargo flights)

Since Oct. 2021

Hanoi: In response to increase in demand, the flight scale has been changed to Double Daily, which is twice the scale before COVID-19.

\*Some routes were initially operated with NO PAX aircrafts. and have gradually been shifted to ON PAX aircrafts.

(3) BCP operation

(Examples)

- Devices for staffing, multiassignment, and separated shifts
- Utilization of IT and devices: Virtual desktop infrastructure (VDI) and mobile terminals
- Remote support: Education and training, and operation control from Japan or in the region

#### Our Initiatives 2: Vaccine (AZ) Transportation



#### <1> Vaccines provided by Japanese government

- Since Jun. 2021, vaccines have been transported to the following three countries using cold containers
- It attracted a lot of attention in countries of arrival, and vaccine arrival ceremonies were held.
- Target countries and the estimated number of vaccinations (Unit: Ten thousand)

#### <2> COVAX





- Program led by World Health Organization (WHO)
- Destinations other than Cambodia, where we provide our flight service, include offline bases such as Laos and South Asia.
- Cooperated with other airlines for the transportation
- Target countries and the estimated number of vaccinations (Unit: Ten thousand)

Vietnam	*	Thailand Philippines >	
562*		205	308

Cambodia		Laos	•
100		60	











#### SGN Reception by Minister of Health

# BKK Thai Government and Japanese Minister attended the ceremony

MNL Reception by the President PNH
Minister of Health
attended the
ceremony

# VTE Ambassadors to Laos attended the ceremony

<sup>\*</sup>Including 1.54 million doses of vaccine presented during the Prime Minister's visit to Japan, approx. 5.62 million doses of vaccine were provided.

#### Entry Restrictions and Quarantine in ASEAN Countries

(As of Dec. 4)

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	Singapore	Thailand	Malaysia	Indonesia
Classification of partner countries	4 classifications	2 classifications (63 countries or others)		
Vaccine required	O(WHO-approved)			(Certificate with vaccine name in English)
Reduction in quarantine period for those vaccinated		O(WHO-approved)	O(WHO-approved)	
Quarantine (from	7 days at declared location	Vaccinated: Wait for 1 day at government-approved hotel until PCR result is available	Vaccinated: 7 days at home or 7days at government- designated facility	10 days at government- designated hotel and 4 days of self-isolation (14
Japan)		Unvaccinated: 5, 10 or 14 days at government-approved accommodations (AQ)	Unvaccinated / Not completed: 10 days at government-designated facility	days in total) recommended
	VTL	Sandbox program	Langkawi travel bubble	None
Special program	Those vaccinated from designated 24 countries are exempt from quarantine	After waiting, 5-day stay in the sandbox area is required	Limited to package tours. Minimur 3-day stay. Independent travel is permitted after the 8th day.	n
Response to Omicron, etc.	Ban on entry and transit for those from 10 African countries	Ban on entry from 8 African countries	Ban on entry from 8 African countries	Ban on entry from Hong Kong, South Africa, Botswana, and surrounding 11 countries
	Vietnam	Cambodia	Myanmar	Philippines
Classification of partner countries				
Vaccine required				
Reduction in quarantine period for those vaccinated	(Government-approved 72 countries)	(No description in government notice)	(Government- approved*)	(Certificate of WHO/government- approved country)
Quarantine (from	Vaccinated: 7 days at designated facility and 7 days of health observation at home	Vaccinated: No quarantine	Vaccinated: 7 days at home before departure and 7-10 days at facility after arrival	Vaccinated: 6 days at designated facility and 8 days of isolation at home
Japan) di n	<u>Unvaccinated</u> : 14 days at designated facility	Unvaccinated: 14 days at government facility or government-designated hotel	Unvaccinated: 11 days (same as above)	Unvaccinated: 8 days at designated facility and 6 days of isolation at home
Special program	None	None	None	None
Response to Omicron, etc.		Ban on entry from 10 African countries		Ban on entry from 14 countries

#### **Influence of Vaccinated Travel Lane (VTL)**



Program in Singapore that exempts vaccinated travelers from CAT. Il countries from quarantine (Stay-Home Notice: SHN) (Started and announced in 27 countries)

Started	Australia, Brunei, Canada, Denmark, Germany, France, Italy, Netherlands, South Korea, Spain, Switzerland, UK, US, Finland, India, Indonesia, Malaysia, Sweden	
To be started	Thailand (on Dec. 13), Cambodia, Fiji, Maldives, Sri Lanka, Turkey (all on Dec. 15)	
Postponed	Qatar, Saudi Arabia, United Arab Emirates *Due to influence of Omicron variant	

#### [Possible influences]

• Flow of third countries to North America will flow out from flights via Japan to direct flights (including transit in US/Canada).

Competitors: SQ/UA (from Jan. 9)

Route example: JFK/LAX/SFO/YVR, etc.-SIN

 Surpassed by demand for visiting South Korea (decline in competitiveness of Japan as a destination)

Competitors: SQ/KE/OZ

 Flow of third countries to North America will flow out from flights via Japan to flights via South Korea.

Competitors: SQ/KE/OZ

Route example: US/CA-ICN-SIN

- Demand is steadily recovering thanks to widespread vaccination and relaxation of entry restrictions.
- In North America and Europe, the no quarantine rule triggered the "pend-up demand."
- Also in some ASEAN countries, there have been movements to eliminate the quarantine rule.
- Thailand has resumed accepting tourists.
- Singapore has started VTL.



- Since Asian airlines lag behind European and US airlines by a little less than one year, restrictions on travel for the purpose of tourism will be relaxed in the fourth quarter of FY 2021 (Jan.-Mar. 2022), and demand is expected to recover to about half of the prepandemic level in the first half of FY **2022**.

#### **Example of European and US airlines**

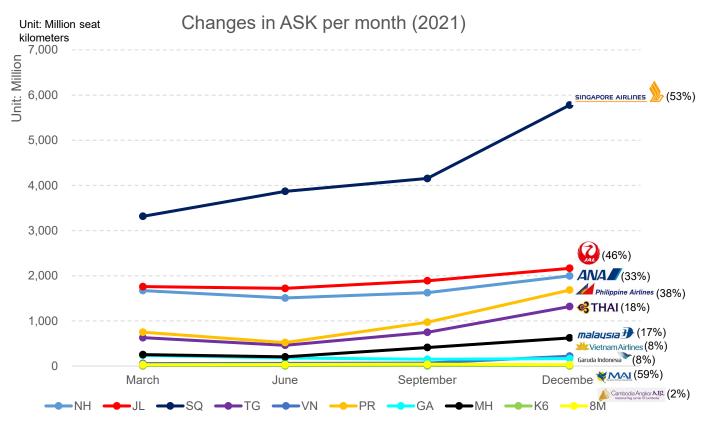


PAX = Number of passengers, ASKs = Available seat kilometers (index of seat capacity)

# **Changes in Production Volume of Major ASEAN Airlines**



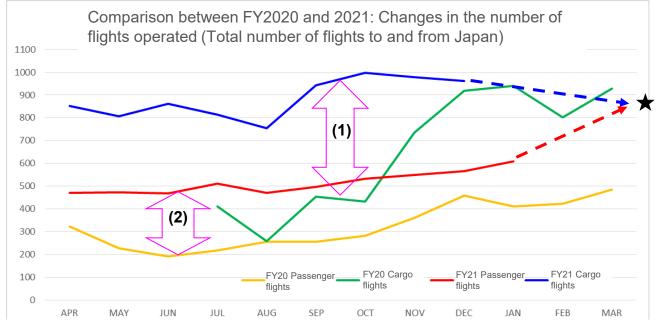
Singapore Airlines show remarkable recovery = Linked to national policy



<sup>\*</sup> Figures in parentheses are those compared to the same period of 2019 (Dec.)

# Changes in Our Production Volume (Number of Flights) (Entire Area)





- (1) Cargo flights have increased significantly as compared to the first half of the last fiscal year.
- (2) Passenger flights have also been steadily increasing in response to changes in demand.

★As entry restrictions and quarantine are relaxed, passenger flights will gradually increase and the timing will come for passenger flights to compete with cargo flights.



Maximizing revenues by accelerating the increase in passenger flights is the key to business recovery

#### What will travel be like in the days of COVID-19?



#### Infection/ health concerns

- Fear of infection and health concerns
- Time and economic concerns in case of infection

## Regulatory/ restriction burden

- Entry restrictions (vaccination, tests, and quarantine)
- Complicated documents and procedures, and cost burden

### Current trends and sentiments

- Getting used to remote work
- Pent-up travel needs
- Sentiments of sightseeing destinations that host tourists
- Increasing environmental awareness
- Lifestyle changes

- ✓ To <u>safer and more secure countries or places</u>
- ✓ **Private or small group** rather than large group
- Nature or rural area rather than (crowded) urban area
- **Preparations (e.g. insurance)** for emergencies → Cost
- √ To countries with laxer and easier-to-understand quarantine

  To countries with laxer and easier an
- √ More <u>flexibility is required</u>
- ✓ More cost-conscious
- ✓ More <u>cautious and conservative</u> (especially families)
  - Convenient online meetings → <u>Decrease in business trip</u> needs
- ✓ Curbing consumption and savings → Pent-up demand
- Avoiding foreign tourists → <u>Appropriate quarantine and enlightenment</u>
- <u>"Flight shame"</u> → Avoiding aircrafts (How about Asia?)
- ✓ Material value → Spiritual value (work style)
- ◆ Can we overcome various challenges of cost and labor to bring about pent-up demand?
- Further more, can it lead to sustainable travels in the ESG era?



#### ANA & Industr

√ Travel assistance: Elimination of travel anxiety

Travel support and flexible response

(for reservation, etc.)

Early development of digital certificate

✓ Revitalization of visit to Japan:

Promotion of visit to Japan

(with all-Japan efforts)

√ Earth-friendly: Promotion of ESG management

# National government

**✓** Improvement of travel environment:

Appropriate epidemic prevention and regulations (Responses according to the other countries and vaccination status)

Simplification of documents and procedures (digitization)

**Promotion of vaccination** 

Support for Japanese residents overseas

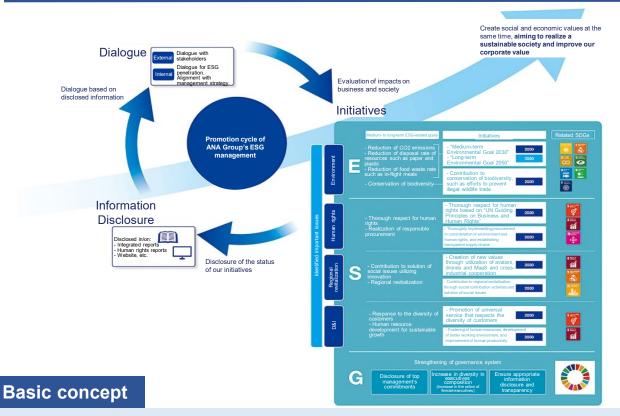
✓ Cooperation and harmony with the world:

Mutual authentication of certificates, etc.

Information synchronization and cooperation with the world (to emerge from national isolation)

#### **ANA Group's ESG Management**





We address the four important issues of "environment," "human rights," "regional revitalization" and "D&I" through our business activities to create social and economic values at the same time, aiming to realize a sustainable society and improve our corporate value. We promote ESG management through the cycle of Dialogue, Initiatives and Information Disclosure.

#### How will travel change?





"Avatar Travel," which allows you to instantly transfer to where you want to go 📺 👝





Learn about Eiichi Shibusawa (Fukaya Taiga Drama Hall)





Know all about seafood in Oita







#### Passenger aircraft that goes beyond space and time, "SKY WHALE" (Virtual travel platform)





#### **Sky Park: Travel theme park**

Provides new travel experiences that anyone can easily enjoy with world cities and superb views drawn by 3D CG as the stage. By setting travel preference such as "Leisurely" or "Whirlwind," up to eight people can enjoy a virtual trip at the same time.

#### **Sky Mall: Virtual shopping space**

You can freely walk around the mall with your family and friends and enjoy shopping and events. Sky Mall realized cross-border EC to promote regional revitalization and sale of local products to outside customers.

#### Sky Village: Space designed in the image of a future town

With the aim of realizing a smart city, we plan to develop virtual medical, educational and administrative services.

