

ANA Financial Results for the First Nine Months of FY08

– revenue and incomes down squeezed by world recession –

– whole year forecast revised down –

TOKYO January 30, 2009 ANA Group today reported its consolidated financial results for the first nine months of fiscal year 2008, ending December 31, 2008. Against a background of recession at home and globally, an operating income of 40.3 billion yen and a net income of 9.4 billion yen were reported on revenue of 1.1 trillion yen, reductions of 57.1%, 92% and 3% respectively. ANA Group's main fields of operation are air transportation, travel services and other businesses. Net income, in the previous year, had been boosted beyond normal levels by an extraordinary gain on the sale of ANA's hotel properties that used to form part of the Group's portfolio.

"The final three months of the period under review became very challenging in all markets. Leading up to the end of December we saw a severe drop in international passengers on routes to Europe and North America, and to China, resulting in a fall in revenue compared with the same period last year," said ANA Executive Vice President Finance, Tomohiro Hidema. "And at home, despite reducing capacity and responding with greater flexibility to market conditions, softening demand brought fewer passengers and smaller revenue. On the other hand, in spite of an overall and continuing drop in activity, cargo remained a bright spot, showing better results than the previous year, thanks, in part, to a strengthened operational base," he went on.

"However, given the severity and rapidity of the current economic downturn, the tailing off of business activity and individual consumption that have led to a cooling in demand for business and leisure travel and cargo services, and given the likelihood of the situation worsening in the foreseeable future, we are faced with an operating environment vastly different from the recent past, one that offers challenges of a much harsher nature. Similarly, although it has fallen considerably in the past several months, the record price of jet fuel for most of the period under review drove up our costs, and the steep rise in the yen is squeezing export activity and inbound passenger numbers. We have thus again been regrettably forced to revise our forecast downward for the entire 12 month period, and expect to post a lower operating income and a net loss."

Consolidated Financial Performance

unit: billion yen (rounded down)

	1-3Q/ 2008	1-3Q / 2007	Change	% Y/Y
Revenue	1,107.4	1,141.5	-34.1	-3.0
Operating costs	1,067.0	1,047.5	+19.5	+1.9
Operating income	40.3	93.9	-53.6	-57.1
Non-operating income/ loss	-17.5	-15.1	-2.3	–
Recurring profit	22.7	78.7	-56.0	-71.1
Extraordinary income	-3.2	111.8	-115.1	–
Net income	9.4	117.9	-108.5	-92.0

Performance by business segment

unit: billion yen (rounded down)

	1-3Q/ 2008		1-3Q / 2007		change	
	Revenue	Operating income	Revenue	Operating income	Revenue	Operating income
Air Transport	978.2	37.6	997.2	87.3	-19.0	-49.6
Travel	148.0	0.3	165.4	2.4	-17.3	-2.0
Others	113.0	2.3	146.7	4.6	-33.7	-2.2

Domestic Air Transport

Overall demand for domestic air travel softened, and competition from other airlines and the shinkansen 'bullet' train grew fiercer in the period under review. A fall in demand for business travel was also evidenced in the latter part. ANA countered with further network and price restructuring, and the introduction of more efficient aircraft into its fleet, as well as sales campaigns to increase demand for domestic travel, however, passenger numbers fell 4.5% in line with a 4.5% reduction in Available Seat Kilometres. Despite a 1% improvement in unit price, domestic passenger revenue fell 3.5% year-on-year.

revenue given as billion yen (rounded down)

	1-3Q/ 2008	1-3Q / 2007	Change	% Y/Y
Revenue	549.4	569.0	-19.6	-3.5
No of passengers (x1,000)	33,226	34,780	-1,554	-4.5
Available Seat Kilometres (million km)	45,243	47,387	-2,143	-4.5
Revenue Passenger Kilometres (million km)	29,153	30,414	-126.0	-4.1
Load Factor (%)	64.4	64.2	+0.2	—

International Air Transport

Business travel declined on Europe and North America routes at the end of the calendar year, continuing the trend seen at the end of the first half of the fiscal year. Leisure travel demand was depressed on China routes due to various factors including the Szechuan earthquake early in the year and food related scandals, and on Europe and North America routes by high fuel surcharges. This was further compounded by the closure of Bangkok's Suvarnabhumi Airport in November, an unfortunate mix that resulted in a 6.5% and 0.2% drop in passengers and revenue respectively. However, in the midst of this, Korea routes saw a sharp rise in leisure passengers thanks to the strength of the yen against the won.

revenue given as billion yen (rounded down)

	1-3Q/ 2008	1-3Q / 2007	Change	% Y/Y
Revenue	239.3	239.7	-0.4	-0.2
No of passengers (x1,000)	3,404	3,639	-235	-6.5
Available Seat Kilometres (million km)	21,254	21,234	+19	+0.1
Revenue Passenger Kilometres (million km)	14,992	16,091	-1,099	-6.8
Load Factor (%)	70.5	75.8	-5.3	—

Cargo

Domestically, although demand for cargo services fell overall, there was strong demand for door-to-door parcel delivery services, which led to an actual increase in volumes carried. A system of seasonal pricing was introduced in December to improve off peak demand and yields.

Internationally, demand for cargo services in the Asia Pacific region fell dramatically in the final of the three quarters under review, however, with an increased fleet and expanded freighter network, ANA was able to capture demand for cargo from Asia to Europe via Japan, and as a result volumes carried increased by 14%. The fuel surcharge for cargo shipments was also increased in line with fuel price rises during the first part of the nine month period.

revenue given as billion yen (rounded down)

		1-3Q / 2008	1-3Q / 2007	Change	% Y/Y
Domestic	Revenue	25.5	23.3	+2.2	+9.8
	Freight carried (1,000 tonnes)	366	352	+13	+4.0
	Tonne Kilometers (mil)	356	338	+18	+5.4
International	Revenue	59.2	53.9	+5.2	+9.8
	Freight carried (1,000 tonnes)	285	249	+36	+14.5
	Tonne Kilometers (mil)	1,323	1,218	+105	+8.6

Outlook for FY2008 (April 1, 2008 – March 31, 2009)

Looking forward, ANA Group expects the difficult conditions outlined above to prevail for the foreseeable future. It will continue its efforts to save costs and improve revenues, including the emergency changes to its international and domestic network - designed to minimise lost revenue - announced earlier this week. Regrettably, however, ANA Group will revise downward its forecast for the 12 month period ending March 31, 2009 for the second time. Furthermore, although a dividend of 3 yen per share had been planned, the Group respectfully reserves the right to defer a decision on this matter to a later date, given the rapid and severe changes to its operating environment.

unit: billion yen (rounded down)

	Revised Forecast FY2008	Forecast FY2008 (as of Oct 31, 2008)	Change	FY2007	Change
Revenue	1,400	1,460	-60	1,487.8	-87.8
Operating income	8	55	-47	84.3	-76.3
Recurring profit	-10	29	-39	56.5	-66.5
Net income	-9	17	-26	64.1	-73.1

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Notes for Editors

- All monetary figures are given in billions of yen rounded down
- Other figures and percentages are rounded up
- All figures are given on a consolidated Group basis
- 3Q/2008 figures are given for reference only
- All comparisons are year-on-year
- ANA Group airlines comprise: All Nippon Airways (ANA), Air Nippon (ANK) Air Japan (AJX), Air Nippon Network (A-Net), Air Central (CRF), Air Next (NXA)