

ANA Reports Financial Results for Fiscal Year 2008

-- Falling Demand brings Revenue and Operating Profit Down and Takes Airline into the Red --

TOKYO April 30, 2009 Against the backdrop of the global recession triggered by last year's financial market turmoil, ANA Group today posted its first full-year net loss in six years due to an unprecedented fall in demand for domestic and international air travel – in particular high-yield business travel, in the latter half of the year under review – and a sharp drop in demand for air cargo services. For the twelve month period, revenue was down 6.4% to 1.39 trillion yen, and the Group fell into a net loss of 4.2 billion yen. This compares with the 64.1 billion yen profit posted in the previous year, a much larger than normal result boosted by an extraordinary gain on the sale of ANA's hotel properties in June 2007. Operating profit for fiscal 2008 weighed in at 7.5 billion yen, down 91% year-on-year from 84.3 billion yen. No recurring profit was posted.

Airlines within ANA Group carried a total of 47.1 million passengers over 56.9 billion Revenue Passenger Kilometres (RPKs). This compares with 50.3 million passengers who flew on 61.2 billion RPKs in the previous term, and represents a year-on-year fall of 6.4% and 7% respectively. Capacity, in terms of Available Seat Kilometres (ASKs) was down 4.2%, to 87.1 billion, from 90.9 billion.

"2008 was a disastrous year for business in general, with airlines around the world hit by the lack of consumer confidence and commercial activity, and ANA was no exception," said ANA executive vice president, Finance, Tomohiro Hidema. "We achieved more than 18 billion yen in cost savings, but this was outstripped by a fall in revenue of over 95 billion. This was caused primarily by a drop in passenger revenues on both international and domestic routes of around 6%, and especially by the fall in demand for overseas business travel, which was depressed by more than 25% on Europe and North America routes for the final three months of the year under review. This came in spite of our efforts to spur demand on all fronts, however, we were able to contain our net loss to a level smaller than originally feared. Looking forward, while we expect the recession to continue, leaving us in an operating environment the like of which we have never seen before, we will push on with initiatives to increase demand and reduce costs, so that we can ride out the worst and engineer a return to the black. And we will continue with our readiness plans for the expansion of airport capacity in the Tokyo area, which will be the single biggest business chance for us in recent history," he continued.

The following results refer to the twelve month period April 01, 2008 – March 31, 2009. Results for the fourth quarter (January 1 – March 31, 2009) are given for reference only and appear in the right of each table.

Consolidated Financial Performance

unit: billion yen (rounded down)

	FY 2008	FY 2007	Change	% Y/Y	4Q/ 2008	Change
Revenue	1,392.5	1,487.8	-95.2	-6.4	285.1	-61.1
Operating costs	1,384.9	1,403.4	-18.4	-1.3	317.9	-37.9
Operating profit/ loss	7.5	84.3	-76.8	-91	-32.7	-23.1
Non-operating profit/ loss	-7.4	-27.8	+20.3	---	10.0	22.7
Recurring profit/ loss	0	56.5	-56.4	-99.8	-226	-0.3
Extraordinary profit/ loss	-4.5	58.7	-63.2	---	-1.2	51.8
Net profit/ loss	-4.2	64.1	-68.4	---	-13.6	40.1

ANA Group consists of airlines, travel and other businesses. Each business segment performed as follows:

Performance by business segment (consolidated)

unit: billion yen (rounded down)

	FY 2008		FY 2007		Change		4Q/ 2008		Change	
	Revenue	Operating profit	Revenue	Operating profit	Revenue	Operating profit	Revenue	Operating profit	Revenue	Operating profit
Air Transport	1,229.5	4.7	1,301.6	77.9	-72.1	-73.1	251.2	-32.8	-53.0	-23.4
Travel	188.7	-0.6	215.3	1.0	-26.6	-1.7	40.7	-1.0	-9.1	0.3
Others	148.2	3.3	198.9	5.1	-50.7	-1.8	35.1	1.0	-17.0	0.4

Domestic Air Transport

ANA introduced a variety of leisure and business travel discount fares aimed at giving customers wider choice and greater flexibility. It also developed an "ANA Suica" credit card with IC functionality in conjunction with a local railway company, so that customers could seamlessly pass from trains to aircraft using just one card. Throughout the year, the Group ran several sales campaigns aimed at spurring demand and increasing the competitiveness of its customer offering, for example to Okinawa and Hokkaido. In spite of this, the slowdown within the Japanese economy during the period under review, the global recession biting in September, and increasing competition from other domestic airlines and the railways prompted a manifest fall in demand.

Domestic Air Transport (consolidated)

revenue given as billion yen (rounded down)

	FY 2008	FY 2007	Change	% Y/Y	4Q/ 2008	% Y/Y
Revenue	699.3	739.5	-40.1	-5.4	149.9	-12.0
No of passengers (x1,000)	42,753	45,557	-2,804	-6.2	9,526	-11.6
Available Seat Kilometres (million km)	59,222	62,651	-3,429	-5.5	13,978	-8.4
Revenue Passenger Kilometres (million km)	37,596	39,928	-2,331	-5.8	8,442	-11.3
Load Factor (%)	63.5	63.7	-0.2	---	60.4	---

International Air Transport

As with the domestic market, flexible and extremely price competitive fares were introduced to stimulate demand for individual travel. Network efficiencies were also gained and profitability improved through frequency reductions, route suspensions and downgauging aircraft. However, the fall in demand for overseas business travel was compounded by a drop in leisure demand on several Asia routes: China, due to the Sichuan earthquake and food safety scares, amongst others; Thailand, due to the closure of its main international gateway, Svarnabhumi airport; and India, due to the terrorist attacks in Mumbai.

International Air Transport (consolidated)

revenue given as billion yen (rounded down)

	FY 2008	FY 2007	Change	% Y/Y	4Q/ 2008	% Y/Y
Revenue	291.0	311.5	-20.5	-6.6	51.7	-27.9
No of passengers (x1,000)	4,432	4,827	-394	-8.2	1,027	-13.4
Available Seat Kilometres (million km)	27,905	28,285	-380	-1.3	6,651	-5.7
Revenue Passenger Kilometres (million km)	19,361	21,291	-1,930	-9.1	4,368	-16.0
Load Factor (%)	69.4	75.3	-5.9	---	65.7	---

Cargo

Volumes carried on domestic routes increased during the twelve months under review, thanks in part to a change in the designation of small packages transported for Japan Post from 'mail' to 'cargo', and an off-peak charging structure introduced to take advantage of quieter afternoon and holiday periods. On the international front, ANA aggressively captured demand for cargo flows from China and the rest of Asia to North America and Europe, resulting in increased volumes for the full financial year. However, demand tailed off from November in the wake of the global recession and unit price fell in the face of increasing competition, bringing down revenue compared with the previous year.

Cargo (consolidated)

revenue given as billion yen (rounded down)

		FY 2008	FY 2007	Change	% Y/Y	4Q/ 2008	% Y/Y
Domestic	Revenue	33.0	30.5	2.5	+8.3	7.5	3.6
	Freight carried (1,000 tonnes)	475	463	12	+2.7	108	-1.4
	Tonne Kilometres (mil)	464	444	20	+4.4	107	1.4
International	Revenue	69.0	72.1	-3.1	-4.3	9.8	-46.1
	Freight carried (1,000 tonnes)	354	333	22	+6.5	68	-17.3
	Tonne Kilometres (mil)	1,653	1,645	8	-0.5	329	-22.8

Outlook for FY2009

ANA Group expects the global recession that started in September 2008, and the present harsh operating conditions, to continue through the coming twelve months. However, preparations for increased capacity at the metropolitan airports of Narita and Haneda, and the expansion opportunities this affords, will continue. The Group will also endeavour to stimulate demand for domestic and overseas travel, and carry out further cost-reduction and efficiency enhancing initiatives, in order to return ANA to a net profit. At present, no decision has been taken as to whether or not a dividend will be paid at the end of the term.

Forecast for FY 2009 (April 1, 2009 – March 31, 2010) unit: billion yen (rounded down)

	FY 2009	Change
Revenue	1,350	-42.5
Operating income	35	+27.4
Recurring income	5	+4.9
Net income	3	-7.2

Assumptions: Dubai crude: USD 50/ bbl; Singapore Kerosene: USD 63/ bbl; exchange rate: USD 1=JPY 95

For Detailed results, please refer to the attached explanation.

ANAFinancial Results FY2008

http://www.ana.co.jp/eng/aboutana/corporate/ir/pdf/tan_090430_e.pdf

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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 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 Next (NXA) and Air Central (CRF).

Cautionary Statement

Forward-Looking Statements. This material contains statements based on ANA's current plans, estimates, strategies and beliefs; all statements that are not statements of historical fact are forward-looking statements. These statements represent the judgments and hypotheses of the Company's managers 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 addition, 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 technologies, demand, prices and economic environments, 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.