

ANA Financial Results for the First Half of FY 2011

TOKYO October 28, 2011 – ANA Group, Japan's largest airline group, today reported its consolidated financial results for the first half (April - September) of fiscal year 2011. The Group achieved consolidated operating revenues of ¥704.8 billion in the six months, three per cent up on the same period the previous year, Operating income at ¥50.1 billion was 11.8 per cent lower while recurring profit was down 17.4 per cent to ¥37.5 billion. Net income for the first half was ¥22.8 billion compared with ¥13.2 billion a year earlier.

Demand for air travel recovered from the effects of the Great East Japan Earthquake on March 11. Nevertheless, the short-term outlook remains unclear due to factors such as the weakening global economy, steep rises in crude oil prices, and volatility in exchange rates and equity markets.

In light of the prevailing economic conditions, ANA has sought to minimize the impact of the earthquake by promoting various initiatives to stimulate demand and reduce costs and continued its ¥30 billion efficiency program to minimize the impact on revenues.

During the six month period, ANA also moved steadily ahead with its corporate strategy. On August 31 ANA established AirAsia Japan Co., Ltd. It also took delivery of the first Boeing 787 Dreamliner (September 26, JST), which is currently undergoing preparations to commence regular service on November 1.

Consolidated Operating Results

unit: billion yen (rounded down)

	1H/ FY2011	1H/ FY2010	Difference	% Comparison	2Q/ FY2011	Difference from 2Q/ FY2010
Operating revenues	704.8	684.1	+20.6	+3.0	399.7	+22.4
Operating expenses	654.7	627.3	+27.3	+4.4	341.5	+18.0
Operating income/ loss	50.1	56.8	- 6.6	-11.8	58.2	+4.4
Non-operating income/ loss	- 12.5	- 11.3	-1.2	—	-6.1	-0.8
Recurring profit/ loss	37.5	45.5	- 7.9	-17.4	52.0	+3.5
Extraordinary gains/ loss	0.6	- 14.1	+14.8	—	0.8	+12.6
Net income/ loss	22.8	13.2	+9.5	+72.1	31.3	+12.7

Performance by business segment (consolidated)

unit: billion yen (rounded down)

	1H/ FY2011		1H/ FY2010		Difference		2Q/ FY2011		difference	
	Operating revenues	Segment results *1	Operating revenues	Operating income	Revenue	Operating income	Operating revenues	Operating income	Revenue	Operating income
Air Transportation	631.0	45.7	611.7	51.4	+19.2	-5.7	356.7	+55.0	19.5	+4.6
Travel Services	78.4	1.9	85.0	2.6	-6.5	-0.7	52.0	+1.8	- 0.3	-0.0
Others	67.7	2.1	68.3	2.5	-0.5	-0.3	34.3	+1.2	0.1	-0.2

*1 Operating income/loss in each business is applied to segment profits.

Domestic Passenger Services

—Overall demand declined by just over 8 per cent in the six month period due to the impact of the earthquake. However, since June, business passenger numbers have been running at the same level of demand as the previous year after rebounding in April. Leisure demand, on the other hand, has yet to make a full recovery.

—To respond to the sharp decline in passenger numbers in the immediate aftermath of the earthquake, the Group took action to match supply with demand by partially reducing regular services and downsizing aircraft on many routes. ANA also accommodated demand by scheduling extra flights during the summer *Kyu-Bon* holiday period, particularly on the Haneda-Sapporo and Haneda-Okinawa routes where passenger levels were high.

—In an active bid to capture and stimulate leisure demand, ANA offered weekend discount fares as a new fare structure limited to weekend use, reduced fares in our Super Tabiwari discount program, and broadened the range of our Tabiwari options during the *Kyu-Bon* holiday period.

This resulted in a ¥0.4 billion or 1.4% decrease in passenger revenues on domestic routes compared to the previous period.

Domestic Air Transportation (consolidated)	1H/ FY2011	1H/ FY2010	Difference	% Comparison	2Q/ 2011	% Comparison on 2Q/2010
Revenue (billion yen)	327.8	332.5	-0.4	-1.4	193.2	+2.3
Number of passengers (thousand)	19,217	20,957	-1,740	-8.3	11,052	-3.0
Available seat km (million)	28,408	28,398	9	+0.0	15,076	+2.0
Revenue passenger km (million)	17,053	18,632	-1,578	-8.5	9,904	-3.2
Passenger load factor (%)	60.0	65.6	-5.6	—	65.7	-3.5

International Passenger Services

—There was a marked decline in international passengers following the earthquake but, numbers, led by business demand, began to rebound around the middle of April. By June business traffic had almost recovered to the level prior to the earthquake. Outbound leisure demand has also remained firm since July but a full recovery in inbound demand will require more time.

—On July 1 regular schedules resumed for the Narita-Seoul (Incheon) route that had been suspended and the Narita-Beijing route that had been operating on a reduced flight schedule following the earthquake. ANA also took steps to accommodate demand on routes where demand was robust, such as Narita-Honolulu, by introducing larger aircraft.

—In an early move to capture summer leisure demand, we released our *Eco-wari* Summer Special and *Eco-wari* fares. ANA's efforts to restore the image of Japan through initiatives such as inviting governments, industry groups and media to visit various regions of Japan to boost inbound demand seriously affected by the earthquake proved to be successful, and inbound demand is continuing to show a moderate recovery.

This resulted in a ¥17.7billion or 12.5% increase in passenger revenues on international routes compared to the previous period and a 9.2 per cent increase in passenger numbers to 2.84 million.

International Air Transportation (consolidated)	1H/ FY2011	1H/ FY2010	Difference	% Comparison	2Q/ 2011	% Comparison on 2Q/ 2010
Revenue (billion yen)	159.6	141.8	17.7	+12.5	90.3	+16.3
Number of passengers (thousand)	2,840	2,601	239	+9.2	1,566	+13.8
Available seat km (million)	16,919	13,925	2,993	+21.5	8,592	+18.2
Revenue passenger km (million)	12,204	11,025	1,179	+10.7	6,734	+14.1
Passenger load factor (%)	72.1	79.2	-7.0	—	78.4	-2.9

Cargo Services

—Cargo volumes on domestic routes exceeded those of the same period last year as the demand to carry goods on air routes instead of land transport increased after the earthquake, especially to Hokkaido.

—International cargo volumes were affected by the impact of the earthquake on the supply chain for automotive components in particular and there was concern that there would be an overall decline in demand. However, a quicker than expected recovery in production and increased air freight capacity as Haneda Airport made the transition to an international airport resulted in an overall increase in international cargo volumes compared with the same period the previous year.

Overall, domestic cargo revenues increased by 5.2% year-on-year, an increase of ¥0.8 billion, while revenues on international cargo showed 10.4% year-on-year, an increase of ¥4.2 billion.

Cargo (consolidated)		1H/ FY2011	1H/ FY2010	Difference	% Comparison	2Q/ 2011	% Comparison on 2Q/ 2010
Domestic	Revenue (billion yen)	16.4	15.6	+0.8	+5.2	8.5	+5.7
	Freight carried (thousand tons)	229	219	+9	+4.4	120	+4.1
	Ton km (million)	228	218	+9	+4.4	119	+4.4
International	Revenue (billion yen)	45.1	40.9	+4.2	+10.4	21.5	+3.0
	Freight carried (thousand tons)	277	272	+5	+1.9	136	-2.1
	Ton km (million)	1,081	998	+82	+8.3	518	+0.9

Outlook for FY2011 (April 1, 2011 - March 31, 2012)

—Performance during the first half has for the most part been on track. However, the outlook for the second half of the fiscal year remains unclear due to factors such as world economic trends, concerns about recession in Japan and overseas, and the impact of exchange rates.

—Therefore, operating revenues are expected to fall about ¥10 billion compared with figures announced on July 29, 2011.

—However, continued efforts to cut costs are expected to reduce operating expenses by the same amount, fully offsetting the anticipated fall in revenues. As a result, the outlook for operating income, recurring profit and net income remain unchanged from our initial announcement.

Based on the above outlook, the consolidated operating results forecast for the fiscal year ending March 2012 is as follows.

unit: billion yen (rounded down)

Outlook	Forecast for FY2011	FY2010	Difference
Operating Revenues	1,400.0	1,357.6	+42.3
Operating income	70.0	67.8	+2.1
Recurring profit	36.0	37.0	-1.0
Net income	20.0	23.3	-3.3

Notes for Editors:

- All financial information is prepared on the basis of accounting principles generally accepted in Japan
- All financial information is not audited and provided for reference only
- All percentages are rounded off, all other figures including monetary figures are rounded down
- All comparisons are year-on-year
- All figures are given on a consolidated Group basis
(63 consolidated subsidiaries and 22 equity method affiliates)

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