ANA Financial Results for the First Half of Fiscal Year 2009

TOKYO October 30, 2009 ANA Group today announced its consolidated half year financial results for the interim period April 1 to September 30, 2009.

1. Consolidated Results for the Second Quarter of Fiscal Year 2009

(1) Consolidated Financial Performance

(i) Overview

- Conditions were extremely challenging during the three-month period under review, due to the global recession triggered by last year's financial crisis, as well as the spread of H1N1 influenza (swine flu), which began affecting Japan from mid-May.
- Under these circumstances, the ANA Group made concerted efforts to stimulate leisure demand among individual travellers during summer 2009, launching the "ANA Natsu no Dai Sakusen" campaign.
- We also strove to cut costs, pushing forward with our FY09 Business Plan and FY09 Emergency Income Recovery Plan.

While we have implemented a range of measures to boost revenues and cut costs, we were unable to offset the slump in demand and fall in unit prices. As a result, we recorded a consolidated operating loss of ¥28.2 billion, a consolidated recurring loss of ¥41.5 billion, and a consolidated net loss for the first half of ¥25.3 billion.

Consolidated Financial Performance

unit: billion yen (rounded down)

	1H/ 2009	1H/ 2008	change	% Y/Y	2Q/ 2009	change
Revenue	611.8	753.3	-141.5	-18.8	341.9	-65.8
Operating costs	640.0	703.4	-63.4	-9	327.7	-44.7
Operating profit	-28.2	49.8	-78.1	——	14.1	-21.0
Non-operating profit/ loss	-13.2	-10.3	-2.9	——	-6.2	+0.5
Recurring profit	-41.5	39.5	-81.0	——	7.9	-20.5
Extraordinary profit	0	-0.8	+0.8	——	-1.3	+0.3
Net profit	-25.3	22.0	-47.4	——	3.8	-11.5

Performance by business segment (consolidated)

unit: billion yen (rounded down)

	1H/ 2009		1H/ 2008		change		2Q/ 2009		change	
	Revenue	Operating profit	Revenue	Operating profit	Revenue	Operating profit	Revenue	Operating profit	Revenue	Operating profit
Air Transport	540.0	-28.7	666.8	48.2	-126.8	-76.9	303.2	12.7	-56.0	-20.8
Travel	87.5	-0.6	102.4	0.2	-14.8	-0.9	53.9	0.5	-7.0	-0.2
Others	69.1	0.8	74.8	1.1	-5.7	-0.2	35.2	0.7	-3.1	0

Note: 72 consolidated subsidiaries, 5 unconsolidated subsidiaries subject to equity method accounting, 19 affiliates subject to equity method accounting.

(ii) Domestic Air Transport

- Conditions were extremely challenging during the period under review. As well as a slump in demand for business travel due to the economic downturn, companies placed restrictions on business trips or made cancellations due to the spread of H1N1 influenza (swine flu), and competition with rival carriers and other transport providers intensified.
- ANA endeavoured to create demand by implementing measures to spur leisure demand. This included “Senior Sorawari”, a new special fare for senior citizens, and discounted “Skymate” and “Tabiwari” fares for package tours, as well as package tour products for families planned in cooperation with leading travel companies.

During Silver Week, the number of passengers exceeded the same period last year by more than 15%, but overall the number of passengers and revenue per passenger fell short of the previous year’s level, leading to a year-on-year decline in sales during the period.

Domestic Air Transport (consolidated)

revenue given as billion yen (rounded down)

	1H/ 2009	1H/ 2008	change	% Y/Y	2Q/ 2009	% Y/Y
Revenue	324.4	372.5	-48.1	-12.9	185.7	-9.9
No of passengers (x1,000)	20,206	22,281	-2,074	-9.3	11,175	-5.5
Available Seat Kilometers (million km)	29,559	30,452	-893	-2.9	15,240	-1.9
Revenue Passenger Kilometers (million km)	17,960	19,542	-1,582	-8.1	10,011	-4.3
Load Factor (%)	60.8	64.2	-3.4	——	65.7	-1.7

(iii) International Air Transport

- Conditions were also extremely difficult in international air transport, with passenger numbers declining through June due to restrictions on business travel in the wake of the global recession and H1N1 influenza, as well as cancellations to overseas travel.
- As with domestic routes, ANA strove to create leisure demand, including a Haneda<>Guam charter service and an extra Narita<>Honolulu service as part of the summer “ANA Natsu no Dai Sakusen” promotional campaign from July, as well as a new “Super Eco-wari Group” fare for groups of 3 or more passengers.
- Efforts were also made to stimulate demand among Chinese tourists visiting Japan, following the introduction in July of a new type of tourist visa for Chinese tourists travelling as individuals rather than in groups.

Although there were signs of a recovery in demand from August, with passenger numbers exceeding the previous year’s level, the overall number of passengers during the period under review was lower than the same period last year, due to the first quarter demand slowdown. Revenue per passenger also fell, in part because of a reduction in business class usage, pushing down sales below the previous year’s level.

International Air Transport (consolidated)

revenue given as billion yen (rounded down)

	1H/ 2009	1H/ 2008	change	% Y/Y	2Q/ 2009	% Y/Y
Revenue	100.9	165.6	-64.6	-39.0	57.1	-34.4
No of passengers (x1,000)	2,186	2,335	-148	-6.4	1,216	+2.5
Available Seat Kilometers (million km)	13,475	14,227	-751	-5.3	6,806	-4.7
Revenue Passenger Kilometers (million km)	9,750	10,376	-625	-6.0	5,303	+0.9
Load Factor (%)	72.4	72.9	-0.6	——	77.9	+4.3

(iv) Cargo

- Domestic cargo volumes dropped overall year-on-year, partly due to downsizing of aircraft, although home parcel delivery services using flights centred on Okinawa held steady.
- International cargo volumes showed signs of demand gradually returning from February this year, thanks to domestic demand stimulus measures in China. However, both cargo volumes and unit prices fell year-on-year, due to factors including intensifying competition and a revision to fuel surcharges.

As a consequence, both domestic and international cargo volumes and sales fell short of the previous year’s level.

Cargo (consolidated)

revenue given as billion yen (rounded down)

		1H/ 2009	1H/ 2008	change	% Y/Y	2Q/ 2009	% Y/Y
Domestic	Revenue	15.8	16.5	-0.6	-3.8	8.2	-2.4
	Freight carried (1,000 tons)	229	235	-5	-2.5	120	-1.4
	Ton Kilometers (mil)	227	229	-1	-0.8	118	-0.3
International	Revenue	22.8	41.4	-18.5	-44.8	12.5	-42.2
	Freight carried (1,000 tons)	186	197	-10	-5.5	99	-0.1
	Ton Kilometers (mil)	819	915	-95	-10.4	431	-5.4

2. Outlook for FY2009

- The fall in unit prices has been more severe than expected, due to a demand slowdown following the spread of H1N1 influenza, as well as the increasingly low-cost orientation of consumers and companies associated with the continued decline in demand since last year.
- Faced with these conditions, at the beginning of the year ANA implemented measures to cut costs by ¥73.0 billion year-on-year, and at the close of the first quarter we announced measures to boost income by ¥30.0 billion for the full-year. We expect to meet our full-year targets in relation to these measures.
- However, although there are still signs of a recovery in business confidence moving into the second half of the year, the outlook remains uncertain. We believe it will take more time than we originally envisaged for demand and unit prices to recover.

In the light of these circumstances, we are revising our forecasts as shown below, after careful reconsideration of the future outlook.
With regard to our dividend forecast, which had not been finalised at the beginning of the period, we have regrettably decided to make no dividend payment.

Forecast for FY 2009 (April 1, 2009 – March 31, 2010)

unit: billion yen (rounded down)

	Revised Forecast FY2009	Original Forecast FY09	change	FY2008	change
Revenue	1,260	1,350	-90	1,392.5	-132.5
Operating profit	-20	35	-55	7.5	-27.5
Recurring profit	-45	5	-50	0	-45.0
Net profit	-28	3	-31	-4.2	-23.7

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