

ANA Financial Results for the First Nine Months of FY2011

TOKYO January 31, 2012 – ANA Group, Japan's largest airline group, today reported its consolidated financial results for the first nine months of fiscal year 2011.

Operating revenues for the first nine months of the fiscal year 2011 rose three per cent to ¥1,069.8 billion, while operating income increased by 17.3 per cent to ¥91.1 billion and recurring profit by 22.5 per cent to ¥71.4 billion. Net income for the period was ¥33.7 billion compared with ¥37.5 billion the previous year.

Although economic conditions domestically and internationally remain challenging, ANA is working strenuously to stimulate demand, reduce costs and improve its competitiveness as a network carrier and in October became the first airline in the world to operate the new Boeing 787 Dreamliner. As a result of these different initiatives and the strength of the yen, ANA has revised upwards its forecast for operating income and recurring profit for fiscal year 2011, although operating revenues are expected to remain flat.

Japan's economy continues to recover gradually from the Great East Japan Earthquake on March 11 last year but the outlook globally remains uncertain owing to rising oil prices, the government bond crisis affecting the Eurozone and exchange rate fluctuations. ANA has responded to this challenging economic environment by working to stimulate demand for both its domestic and international routes, and has rolled out approximately ¥30.0 billion in emergency cost improvement measures to minimize the impact on revenues. From November 1 last year, ANA began flying the Boeing 787, as a world's first regularly scheduled service, and from January 21, began service on a new international route, Haneda-Frankfurt, further enhancing its competitiveness as a network carrier.

Consolidated Operating Results

unit: billion yen (rounded down)

	1-3Q/ FY2011	1-3Q/ FY2010	Difference	% Comparison	3Q/ FY2011	Difference from 3Q/ FY2010
Operating revenues	1,069.8	1,039.1	+30.7	+3.0	365.0	+10.0
Operating expenses	978.7	961.4	+17.2	+1.8	324.0	-10.1
Operating income	91.1	77.7	+13.4	+17.3	41.0	+20.1
Non-operating income/ loss	-19.6	-19.3	-0.3	-	-7.1	+0.9
Recurring profit/ loss	71.4	58.3	+13.1	+22.5	33.8	+21.0
Extraordinary gains/ loss	0.4	2.6	-2.1	-82.6	-0.2	-17.0
Net income/ loss	33.7	37.5	-3.7	-10.0	10.9	-13.3

Performance by business segment (consolidated)

unit: billion yen (rounded down)

	1-3Q/ FY2011		1-3Q/ FY2010		Difference		3Q/ FY2011		difference	
	Operating revenues	Operating income *1	Operating revenues	Operating income	Revenue	Operating income	Operating revenues	Operating income	Revenue	Operating income
Air Transportation	957.5	83.5	930.7	70.2	+26.8	+13.3	326.4	37.8	+7.5	+19.1
Travel Services	119.4	3.7	124.8	3.2	-5.4	+0.4	40.9	1.8	+1.1	+1.1
Others	103.6	3.5	104.4	4.0	-0.8	-0.4	35.8	1.3	-0.2	-0.1

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

Domestic Passenger Services

Domestic passenger numbers fell sharply initially following the March earthquake but from June, business demand has been running at the same level as the previous year while leisure traffic began to recover from July in part due to demand spurred by expanded *Tabiwari* fare options during the peak travel season.

In response to the earthquake, ANA took action to match supply with demand by partially reducing regular services and downsizing aircraft on many routes. In addition to establishing new Matsuyama-Okinawa and Itami-Akita routes, ANA also worked to optimize aircraft utilization mainly on routes into and out of Haneda.

On November 1, ANA introduced the Boeing 787 on its Haneda-Okayama and Haneda-Hiroshima routes, the world's first regularly scheduled services using this aircraft, and also used the aircraft on charters out of Narita, and on reconstruction support flights in Sendai and Fukushima.

As a result of the decline in air travel in the immediate aftermath of the earthquake, domestic passenger revenue fell by ¥5.7 billion, a drop of 1.1% compared to a year earlier.

Domestic Air Transportation (consolidated)	1-3Q/ FY2011	1-3Q/ FY2010	Difference	% Comparison	3Q/ 2011	% Comparison on 3Q/2010
Revenue (billion yen)	497.2	503.0	-5.7	-1.1	169.4	-0.6
Number of passengers (thousand)	29,552	31,553	-2,000	-6.3	10,335	-2.5
Available seat km (million)	42,719	42,789	-69	-0.2	14,311	-0.5
Revenue passenger km (million)	26,168	27,949	-1,781	-6.4	9,114	-2.2
Passenger load factor (%)	61.3	65.3	-4.1	-	63.7	-1.6

International Passenger Services

International business passenger demand largely recovered to pre-earthquake levels in June while leisure traffic returned to levels seen a year earlier over the summer months. However, it is expected to take until the end of the current fiscal year before there is a complete recovery in inbound passenger demand.

As with domestic services, ANA enacted contingency measures that included suspension or reduction of flights on some routes for a limited period. At the same time ANA took steps to accommodate demand on routes where traffic levels remained robust, such as Narita-Honolulu, by introducing larger aircraft. New routes were established between Narita-Chengdu (begun June 19) and Chubu-Hong Kong (begun October 30) and are also performing well.

ANA established an *Eco-wari Christmas special* fare to capture leisure demand, and also introduced joint fares to take advantage of the network formed by its joint venture with United and Continental Airlines. ANA's efforts to restore the image of Japan through initiatives such as inviting groups from different countries to visit Japan to boost inbound demand seriously affected by the earthquake proved successful, and inbound demand is continuing to recover.

These measures resulted in a ¥26.9 billion increase in passenger revenues on international routes, 12.5% up on the same period the previous year.

International Air Transportation (consolidated)	1-3Q/ FY2011	1-3Q/ FY2010	Difference	% Comparison	3Q/ 2011	% Comparison on 3Q/ 2010
Revenue (billion yen)	241.9	215.0	26.9	+12.5	82.3	+12.5
Number of passengers (thousand)	4,328	3,906	+421	+10.8	1,487	+14.0
Available seat km (million)	25,543	21,688	3,855	+17.8	8,624	+11.1
Revenue passenger km (million)	18,594	16,883	1,710	+10.1	6,389	+9.1
Passenger load factor (%)	72.8	77.8	-5.1	-	74.1	-1.8

Cargo Services

Cargo volumes on domestic routes exceeded those of the same period last year as demand to carry goods on air routes instead of via land transport increased after the earthquake, especially on Hokkaido routes, while capacity also increased with the introduction of the Boeing 787 aircraft in November.

International cargo volumes were affected by the impact of the earthquake on supply chains for automotive and electronics parts, and there was concern that there would be an overall decline in demand. However, production recovered to levels exceeding initial forecasts. Nevertheless, with the yen hitting a record high beginning in the summer, factory production began to shift overseas, creating difficult market conditions for air cargo out of Japan in particular, though ANA was able to capture sufficient export volume by expanding the range of cargo it handles.

The overall impact was an ¥800 million increase in domestic cargo revenues, up 3.7% year-on-year, and an increase in international cargo revenues of ¥2.0 billion, a 3.2% improvement over the same period the previous year.

Cargo (consolidated)		1-3Q/ FY2011	1-3Q/ FY2010	Difference	% Comparison	3Q/ 2011	%Comparison on 3Q/ 2010
Domestic	Revenue (billion yen)	25.4	24.5	+0.8	+3.7	8.9	+1.0
	Freight carried (thousand tons)	358	346	+12	+3.5	128	+1.9
	Ton km (million)	356	343	+12	+3.6	127	+2.0
International	Revenue (billion yen)	67.1	65.0	+2.0	+3.2	21.9	-9.0
	Freight carried (thousand tons)	428	425	+3	+0.8	151	-1.1
	Ton km (million)	1,661	1,560	+100	+6.5	579	+3.2

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

The Group expects to stimulate demand through initiatives such as the introduction of the Boeing 787 on new routes. However, this is likely to be offset by external factors such as the impact of the Thai flood and a worsening economic outlook in Europe because of the bond crisis. Despite this, the Group has left its forecast of consolidated sales for the current fiscal year unchanged.

However, both operating profit and recurring profit are expected to increase by ¥20 billion, as a result of the Group's 30 billion yen emergency program and the bringing forward of cost structure reforms due to be implemented in the next fiscal year.

The Group maintains its net profit forecast of ¥20 billion for this fiscal year (unchanged from the previous forecast) due to the partial write-off of deferred tax assets in accordance with promulgation of a law related to a lower corporate tax rate.

Given these conditions, ANA announces the following changes to its consolidated forecast.

unit: billion yen (rounded down)

Outlook	Revised Forecast for FY2011	Forecast for FY2011 announced on October 28, 2011	Difference	FY2010	Difference
Operating Revenues	1,400.0	1,400.0	-	1,357.6	42.3
Operating income	90.0	70.0	20.0	67.8	22.1
Recurring profit	56.0	36.0	20.0	37.0	18.9
Net income	20.0	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
(62 consolidated subsidiaries and 21 equity method affiliates)

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About ANA Group

All Nippon Airways (ANA) is the ninth largest airline in the world by revenues and the largest in Japan by passenger numbers. Founded in 1952, it flies today to 78 domestic and international cities in a fleet of 228 aircraft serving a network of 163 routes. ANA has 33,000 employees and operates about 1,000 flights a day. In 2010, it carried 43 million passengers and generated revenues of \$16bn. ANA has been a core member of Star Alliance since 1999 and more than 20 million members belong to its Frequent Flyer Program (ANA Mileage Club). ANA is the launch customer for the world's newest and most advanced passenger aircraft, the Boeing 787 Dreamliner.