

ANA Holdings Financial Results for the Third Quarter of FY2013

TOKYO January 31, 2014 - ANA Holdings (hereafter “ANA HD”) today reports its consolidated financial results for the third quarter of fiscal year 2013 (April – December).

- Increased operating revenues across all divisions
- Operating income reduced due to the weak yen increasing fuel costs
- FY2013 earnings guidance remains unchanged
- Continued international expansion and diversification into airline-related businesses

In the first nine months of the fiscal year 2013 (April 1, 2013 - December 31, 2013) ANA HD achieved a 7.1% increase in operating revenues to ¥1,212 billion year-on-year, with all divisions of the group contributing to the improvement. However, operating expenses rose by ¥118.3 billion or 11.5%, resulting in a reduction in operating income, recurring profit and net income for the period. The main reason for the increase in operating expenses was a rise in fuel costs caused by the weakening of the Japanese yen.

For the nine month period, operating income was 35.8% lower at ¥69 billion, recurring profit fell 39.8% to ¥53.6 billion and net income reduced by 36.2% to ¥33.3 billion year-on-year.

In the Air Transportation segment, fuel costs (which account for roughly one-quarter of the cost base) increased by approximately 25% year-on-year due to the declining value of the yen. Additional costs were also incurred due to business expansion. ANA HD expects this trend of rising costs to continue for the remainder of the fiscal year.

ANA HD expects passenger demand for business travel and leisure to remain robust. At the same time it is reducing the company’s cost base and driving profitability as management delivers on ANA HD’s goal of becoming the world’s leading airline group. In parallel with this, ANA HD is pursuing a multi-brand strategy, expanding into new areas of growth and diversifying into airline-related businesses through strategic investments, primarily in Asia.

Consolidated Financial Performance

Unit: Billion yen (rounded down)

	1-3Q/FY2013	1-3Q/FY2012	Difference	% Comparison	3Q/ FY2013	Difference from 3Q/FY2012
Operating revenues	1,212.0	1,132.1	+79.8	+7.1	414.3	+35.4
Operating expenses	1,142.9	1,024.6	+118.3	+11.5	388.6	+41.9
Operating income/loss	69.0	107.5	-38.4	-35.8	25.7	-6.4
Non-operating income/ loss net)	-15.3	-18.4	+3.0	-	-3.9	+2.5
Recurring profit/loss	53.6	89.1	-35.4	-39.8	21.7	-3.9
Extraordinary gains/ loss (net)	2.2	-0.7	+3.0	-	0.8	+1.3
Net income/loss	33.3	52.2	-18.9	-36.2	13.2	-2.0

Performance by Business Segment^{*1}

Unit: Billion yen (rounded down)

	1-3Q/FY2013		1-3Q/FY2012		Difference		3Q/FY2013		Difference	
	Operating revenues	Segment results	Operating revenues	Segment results	Revenue	Segment results	Revenue	Operating income	Revenue	Operating income
Air Transportation	1,056.5	62.6	987.6	94.2	+68.9	-31.6	360.0	23.4	+29.6	-3.5
Airline Related	142.2	6.2	131.6	5.7	+10.6	+0.5	49.1	2.4	+4.9	-0.1
Travel Services	133.5	4.2	123.6	4.3	+9.8	-0.1	42.7	1.4	+3.4	+0.0
Trade and Retail	82.6	2.9	75.6	2.6	+7.0	+0.2	28.8	1.0	+2.4	-0.1
Others	21.7	0.9	21.2	0.7	+0.5	+0.1	7.4	0.4	+0.2	+0.1

*1 From the current fiscal year, the reporting segments have been reorganized as "Air Transportation," "Airline Related," "Travel Services," "Trade and Retail" and "Others."

Air Transportation

Domestic Passenger Services

ANA's domestic passenger numbers and revenues increased year-on-year as it capitalized on the steady increase in business and leisure travel demand.

ANA enhanced its domestic network by introducing more frequent flights between Haneda-Hiroshima/Tokushima, Itami-Fukuoka/Akita, and Sapporo-Sendai, improving convenience and choice for passengers.

ANA has also introduced targeted discount fares, such as *Tabiwari 60* and *Tabiwari 21*, to drive growth in demand. These fares extend the reservation and purchase period to up to six months in advance of departure.

ANA is committed to delivering the highest possible standards of customer service and improved passenger experience. This includes the renovation of ANA Lounges at Fukuoka and Sapporo Airport and the upgrade of information boards in Haneda Airport to provide clearer communication.

As a result, domestic passenger revenue rose by ¥2.1 billion, an increase of 0.4% year-on-year.

(Except for % comparison and passenger load factor, rounded down)

Domestic Air Transportation (consolidated)	1-3Q/FY2013	1-3Q/FY2012	Difference	% Comparison
Revenue (billion yen)	518.2	516.0	+2.1	+0.4
Number of passengers (thousand)	32,566	31,568	+997	+3.2
Available seat km (million)	46,423	44,561	+1,861	+4.2
Revenue passenger km (million)	28,809	27,845	+963	+3.5
Passenger load factor (%)	62.1	62.5	-0.4	-

International Passenger Services

Revenues from international passenger services increased by ¥32.4 billion or 12.2% year-on-year. Passenger numbers during the period remained broadly flat as steady business demand helped offset reduced leisure traffic on routes to China.

In response to burgeoning demand in Asia, ANA further expanded its services to the region, such as to Yangon and Bangkok.

ANA has also actively targeted leisure travellers offering discount fares during the high demand holiday season. Meanwhile, ANA continued to capture traffic from passengers visiting Japan and connecting between North America and Asia via Tokyo's Narita airport.

In order to serve passengers better, ANA ran an online poll inviting customers to vote for their favorite in-flight meal on the airline's Facebook page.

(Except for % comparison and passenger load factor, rounded down)

International Air Transportation (consolidated)	1-3Q/FY2013	1-3Q/FY2012	Difference	% Comparison
Revenue (billion yen)	297.4	264.9	+32.4	+12.2
Number of passengers (thousand)	4,757	4,769	-12	-0.3
Available seat km (million)	30,908	28,218	+2,690	+9.5
Revenue passenger km (million)	22,867	21,395	+1,472	+6.9
Passenger load factor (%)	74.0	75.8	-1.8	-

Cargo Services

In domestic cargo services, volumes exceeded levels for the same period last year due to a recovery in courier services. However intense competition from other cargo operators led to a decline in unit prices and overall revenues fell by ¥2.4 billion or 0.5% year-on-year.

In international cargo services, both volume and revenue increased year-on-year as a result of a recovery in demand for shipment of automobile parts from Japan to North America and increased shipments of game consoles and other electronic equipment from Asian markets, including China, to Europe and America. International cargo revenues increased by ¥13.5 billion, up 21.2% year-on-year, while cargo volumes rose by 14.0%. ANA also made aggressive efforts to increase its share of cargo transported within the Asian region. Extra flights were introduced on the Narita-Taipei/Hong Kong/Seoul (Incheon) route.

(Except for % comparison, rounded down)

Cargo (consolidated)		1-3Q/FY2013	1-3Q/FY2012	Difference	% Comparison
Domestic	Revenue (billion yen)	24.3	24.9	-0.5	-2.4
	Freight carried (thousand tons)	361	359	+2.0	+0.6
	Ton km (million)	357	356	+0.0	+0.3
International	Revenue (billion yen)	77.6	64.0	+13.5	+21.2
	Freight carried (thousand tons)	528	463	+64	+14.0
	Ton km (million)	2,165	1,830	+335	+18.3

Others

Revenue from other air transportation business, including aircraft maintenance and Vanilla Air, was ¥132.3 billion, up 18.2% from the same period the previous year.

AirAsia Japan was renamed 'Vanilla Air' and started operation from December 20, using Narita Airport as its hub.

Airline Related, Travel Services, Trade and Retail and Other

In airline-related businesses, revenue of ¥142.2 billion was achieved in the first nine months of the year, an increase of 8.1% year-on-year, driven by an increase in contracts for ground support operations, as well as increased revenue from Overseas Cargo Services Co., Ltd., which is responsible for international express shipping. Operating income grew 9.4% year-on-year to ¥6.2 billion.

In the travel service segment, revenues for domestic and international travel services grew by 7.9% year-on-year to ¥133.5 billion. This was due to an increase in domestic travel, especially to attractions in the Tokyo area such as Tokyo Disneyland, and a record volume of international travellers visiting Japan. Despite improved sales trends, expenses increased for overseas hotels due to the falling yen, and operating income fell 3.1% year-on-year to ¥4.2 billion.

In the trade and retail business, revenues for the first nine months were ¥82.6 billion, up 9.3% year-on-year, while operating income was ¥2.9 billion, an increase of 9.8% compared to the same period in the previous year.

In other services, the solid performance of the building maintenance business resulted in revenues for the first nine months of ¥21.7 billion, up 2.6% year-on-year, while operating income was ¥0.9 billion, an increase of 15.1% compared to the same period in the previous year.

Outlook for FY2013 (April, 2013 - March, 2014)

The economic recovery in Japan is anticipated to continue supported by government policies.

The weaker yen and persistently high fuel prices will result in increased operating costs despite decisive action by management. However, ANA HD will reduce costs by adjusting capacity and aircraft size to meet demand and by controlling expenses.

As a result, the consolidated FY2013 earnings forecasts ANAHD provided on October 30, 2013 is unchanged.

Consolidated Operating Results (Forecast)

Unit: Billion yen (rounded down)

	Forecast for FY2013	FY2012	Difference
Operating revenues	1,580.0	1,483.5	+96.4
Operating income	60.0	103.8	-43.8
Recurring profit	30.0	76.9	-46.9
Net income	15.0	43.1	-28.1

Notes for Editors:

- All financial information are prepared on the basis of accounting principles generally accepted in Japan
- All financial information are 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

Contact: ANA Holdings Public Relations TEL +81-3-6735-1111

About ANA Holdings Inc.

ANA Holdings Inc. is an aviation group with global operations and a total of 64 consolidated subsidiaries and 18 equity method affiliates. It is divided into passengers and cargo business segments as well as airline related business such as Catering and IT Services.

ANA Holdings Inc. formed in April 2013 and is the parent company of ANA; full service carrier and Vanilla Air; LCC. ANA Holdings Inc. promotes a multi-brand strategy to leverage the strength of ANA brand and stimulate demand in markets not completely covered by its full-service airline offering, while expanding market share for the Group as a whole, leading to enhanced value.

ANA Holdings Inc. has 238 aircraft flying to 81 destinations and carrying more than 44 million passengers. It is number one in Asia and eighth in the world, based on revenue (2011).

Management vision of ANA Holdings Inc. is "It is our goal to be the world's leading airline group in customer satisfaction and value creation."

ANA is a member of Star Alliance.