

ANA HOLDINGS Financial Results for the First Half of FY2014

Tokyo October 30, 2014 – ANA HOLDINGS (hereafter “ANA HD”) today reports its consolidated financial results for the first half of fiscal year 2014 (April-September).

Key Points

- ANA HOLDINGS today reported an improvement in revenues and profits for the first half of fiscal year 2014 supported by a stable recovery in the Japanese economy and a strong increase in international passenger traffic.
- In the six-month period, operating revenues rose by 9.1% to ¥854.8 billion, operating income increased by 33.8% to ¥57.9 billion, recurring profit was 50.8% higher at ¥48.0 billion and net income was ¥35.7 billion – up 78.2% on the same period in fiscal year 2013.
- During the first half, the Japanese economy recovered gradually although capital investment showed only slow upward movement, and the recovery in personal consumption stalled. The outlook is favorable, with a gradual recovery expected to continue due in part to the impact of various government policies.
- Operating revenues increased by ¥71.6 billion principally due to a significant increase in international passenger numbers following an expansion of ANA's international business. Operating expenses such as fuel also rose in line with the expansion of the business but by the lesser amount of ¥56.9 billion, an increase of 7.7%. In addition to receiving recognition for the second successive year as the only airline in Japan to be awarded a maximum 5 stars for customer satisfaction from SKYTRAX, ANA was also selected as the best international airline in two categories, “World's Best Airport Services” and “Best Transpacific Airline”.
- As the economic and competitive environment continues to change, ANA HD is working steadily towards the achievement of its target mid-term profit levels through the execution of the Fiscal 2014-16 ANA Group Mid-Term Corporate Strategy.

Consolidated Financial Performance

Unit: billion yen (rounded down)

	1H/FY2014	1H/FY2013	Difference	% Comparison	2Q/FY2014	Difference
Operating revenues	854.8	783.1	+71.6	+9.1	467.9	+36.3
Operating expenses	796.8	739.8	+56.9	+7.7	410.4	+27.6
Operating income/loss	57.9	43.3	+14.6	+33.8	57.5	+8.6
Non-operating income/ loss (net)	-9.8	-11.4	+1.5	-	-6.9	-1.2
Recurring profit/loss	48.0	31.8	+16.1	+50.8	50.6	+7.4
Extraordinary gains/ loss (net)	10.2	1.4	+8.8	+617.1	0.2	+0.6
Net income/loss	35.7	20.0	+15.7	+78.2	32.2	+5.5

Performance by business segment

Unit: billion yen (rounded down)

	1H/FY2014		1H/FY2013		Difference		2Q/FY2014		Difference	
	Operating revenues	Operating income	Operating revenues	Operating income	Operating revenues	Operating income	Operating revenues	Operating income	Operating revenues	Operating income
Air Transportation	742.2	51.8	682.0	39.2	+60.1	+12.6	407.0	53.0	+30.5	+7.2
Airline Related	108.9	5.2	93.0	3.7	+15.8	+1.5	55.3	2.4	+7.9	-0.0
Travel Services	89.0	2.7	90.7	2.7	-1.7	-0.0	52.3	2.0	-2.0	-0.1
Trade and Retail	61.3	1.8	53.8	1.8	+7.5	-0.0	31.3	1.2	+3.9	+0.1
Others	15.5	0.7	14.2	0.4	+1.2	+0.3	8.0	0.5	+0.7	+0.2

Air Transportation

Domestic Passenger Services

- ANA's domestic passenger numbers and revenues increased year-on-year as ANA stimulated demand through a number of initiatives including fares raise in July and the adoption of a flexible fare policy incorporating various discounts.
- ANA worked to improve customer convenience with an expanded and more comprehensive network including the establishment of new routes between Aomori and Osaka(Itami) / Sapporo, a new route between Haneda and Saga, and more frequent flights during the summer on routes to Okinawa and Sapporo. ANA also achieved an appropriate balance between demand and supply through measures including prompt and flexible changes in aircraft type in order to meet market conditions.
- ANA also sought to improve its competitiveness through improved services including the provision of local specialties, both in-flight and in an airport lounges, through the "Tastes of JAPAN by ANA", a campaign intended to promote the diverse appeal of various regions of Japan to both domestic and international passengers.
- As a result of the above, domestic passenger numbers rose by 1.4% and sales revenue increased by ¥1.5 billion or 0.4%

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

Domestic Air Transportation	1H/FY2014	1H/FY2013	Difference	% Comparison
Revenues (billion yen)	345.8	344.3	+1.5	+0.4
Number of passengers (thousand)	21,675	21,370	+305	+1.4
Available seat km (million)	30,647	31,141	-493	-1.6
Revenue passenger km (million)	19,293	18,950	+342	+1.8
Passenger load factor (%)	63.0	60.9	+2.1	-

International Passenger Services

- ANA's international passenger numbers and revenues increased year-on-year due to factors including strong demand, principally on long-haul routes, as ANA expanded its international network.
- Following an increase in the number of takeoff and landing slots available at Haneda Airport, ANA's summer flight schedule established seven new routes from Haneda to London, Paris, Munich, Hanoi, Jakarta, Manila and Vancouver. ANA also increased the number of flights on routes from Haneda to Frankfurt, Singapore and Bangkok to capture the demand for business travel from central Tokyo stimulated by convenient access to Haneda, as well as demand from transit passengers from other parts of Japan through the huge domestic network. ANA added a new route from Narita airport to Düsseldorf and adjusted the flight schedule on existing routes to improve the convenience of international connections.
- During the summer, ANA strove to stimulate demand by offering the "Biz-wari" and other types of discounted fares on all routes.
- ANA also sought to enhance its competitiveness as a full-service carrier through improved services including high-quality in-flight meals produced by internationally renowned chefs and an expanded range of Japanese menu options.
- As a result, international passenger numbers rose by 13.3% and sales revenue increased by ¥39.2 billion or 20.0%.

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

International Air Transportation	1H/FY2014	1H/FY2013	Difference	% Comparison
Revenues (billion yen)	235.7	196.5	+39.2	+20.0
Number of passengers (thousand)	3,591	3,170	+421	+13.3
Available seat km (million)	24,718	20,178	+4,539	+22.5
Revenue passenger km (million)	18,025	15,089	+2,936	+19.5
Passenger load factor (%)	72.9	74.8	-1.9	-

Cargo Services

- Domestic cargo volume and revenue increased year on year due to strong demand for courier services and fresh produce.
- The international cargo business leveraged the expanded network of cargo flights created through the establishment of the new Okinawa-Singapore-Narita routes and the Narita-Jakarta route in order to capture the very strong demand for cargo services departing from Asia/Europe to Japan and from China to Europe/North America via Japan. In addition, ANA utilized the Okinawa cargo hub to capture trilateral transportation of cargo demand within Asia and for express cargo services.
- As a result of the above, domestic cargo services achieved an increase in sales revenue of ¥0.8 billion (+5.7% year-on-year increase) and international cargo services achieved an increase in sales revenue of ¥10.6 billion (+21.7% year-on-year increase).

(Except for % comparison, figures are rounded down)

Cargo		1H/FY2014	1H/FY2013	Difference	% Comparison
Domestic	Revenues (billion yen)	16.1	15.2	+0.8	+5.7
	Freight carried (thousand tons)	236	223	+13	+5.8
	Ton km (million)	236	220	+15	+7.2
International	Revenues (billion yen)	59.7	49.1	+10.6	+21.7
	Freight carried (thousand tons)	428	334	+94	+28.2
	Ton km (million)	1,801	1,366	+435	+31.8

Others

- Other out of Air Transportation revenues, which include revenue from ANA's mileage program, third-party maintenance contracts, Vanilla Air and other businesses, rose by ¥80.1 billion (+10.5% year-on-year increase).
- Vanilla Air, ANA HD's Narita-based low cost carrier, introduced a number of initiatives including the establishment of a new route between Narita and Amami Oshima starting in July, a new system for booking with smartphones, and the option of exchanging ANA Miles for Vanilla's award tickets. Vanilla Air carried about 570,000 passengers and achieved a passenger load factor of 74.7% during the first half of the fiscal year.

Airline Related, Travel Services, Trade and Retail and Others

- During the first half of the fiscal year, Airline Related businesses recorded revenues of ¥108.9 billion (+17.1% year-on-year increase) and operating income of ¥5.2 billion (+ 40.4% year-on-year increase) due to factors including an increased contribution from ground support operations at airports such as Haneda and Okinawa.
- Travel Services recorded revenues of ¥89.0 billion (-1.9% year-on-year decrease) and operating income of ¥2.7 billion (-0.5% year-on-year decrease). Travel services captured demand for departures from various regions of Japan by expanding the product lineup at Haneda Airport. In addition, travel services also continued to capture the strong demand for travel to Japan.
- Trade and Retail recorded revenues of ¥61.3 billion (+13.9% year-on-year increase) supported by solid sales but operating income fell by 2.3% of ¥1.8 billion following increased buying costs for the Food businesses due to yen depreciation.
- During the first half of the fiscal year, Others recorded sales revenue of ¥15.5 billion (+8.9% year-on-year decrease) and operating income of ¥0.7 billion (+70.7% year-on-year decrease).

Outlook for FY2014 (April 2013 - March 2014)

- The Japanese economy is expected to continue to recover gradually due in part to the impact of various government policies.
- ANA HD's business environment is subject to foreign currency risk, various types of international event risk, and increasingly fierce domestic and international competition.
- In order to implement the Fiscal 2014-16 ANA Group Mid-Term Corporate Strategy and improve the company's ability to withstand event risk, ANA HD will push forward with its diversification strategies and optimum business portfolio while also improving its cost structure further in order to maximize profitability.
- As a result of the above, there is no change to the consolidated earnings forecast for the fiscal year ending March 2015 issued on April 30, 2014.

Consolidated Operating Results (Forecast)

unit: billion yen (rounded down)

	Forecast for FY2014	FY2013	Difference
Operating revenues	1,700.0	1,601.0	+98.9
Operating income	85.0	65.9	+19.0
Recurring profit	55.0	42.9	+12.0
Net income	35.0	18.8	+16.1

Notes for Editors:

- All financial information is prepared on the basis of accounting principles generally accepted in Japan
- Financial information contained in this release 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

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About ANA HOLDINGS INC.

ANA HOLDINGS is an aviation group with global operations and a total of 63 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 HD formed in April 2013 and is the parent company of ANA; full service carrier and Vanilla Air; LCC.

ANA HD 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 HD has about 240 aircraft flying to 81 destinations and carrying about 46 million passengers. ANA is the largest airline in Japan by passenger numbers.

Management vision of ANA HD 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.