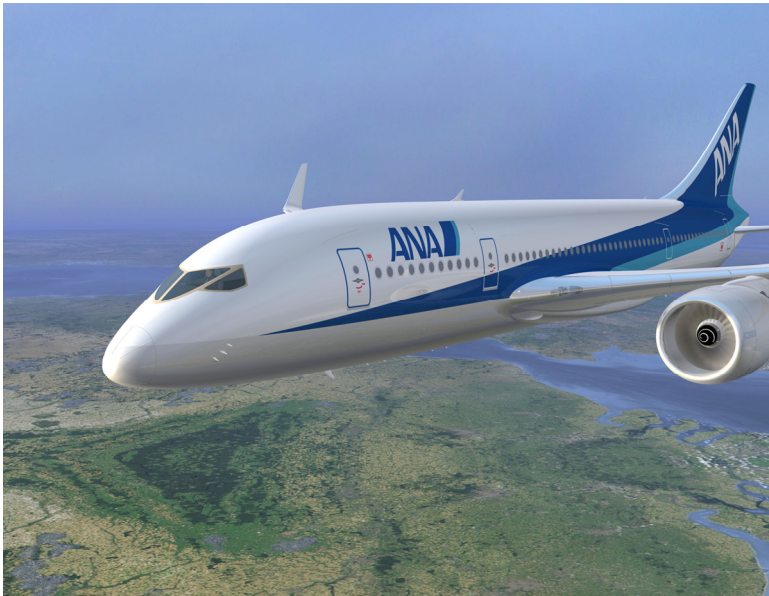


# All Nippon Airways Performance Review First Half 2008



**October 2008**

## ANA Group Corporate Philosophy

— Our Commitments —

On a foundation of security and reliability,  
the ANA Group will:

- Create attractive surroundings for customers
- Continue to be a familiar presence
- Offer dreams and experiences to people around the world

## ANA Group Safety Principles

- ✓ Safety is our promise to the public and is the foundation of our business.
- ✓ Safety is assured by an integrated management system and mutual respect.
- ✓ Safety is enhanced through individual performance and dedication

## ANA Group Corporate Vision

With passenger and cargo transportation in Japan, elsewhere in Asia, and around the world as its core field of business, the ANA Group aims to be one of the leading corporate groups in Asia.

▶▶ Being the leader in Asia means that we will become

- Number one in quality
- Number one in customer satisfaction
- Number one in value creation

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## Attained minimum profit level under worsening operating environment

### Summary of FY08 2Q results

#### Operating Environment

- Financial turmoil and world economic slowdown
- Mature domestic market and tougher competition
- Steady demand on North America and Europe routes and weaker demand on China routes
- Weak demand for cargo from/to Japan
- Fluctuating oil price and foreign exchange market

	FY08 2Q	Change
Operating Revenue	753.3	-9.9
Air transportation	666.8	+0.7
Operating Income	49.8	-17.2
Air transportation	48.2	-14.5
Recurring Income	39.5	-17.2
Net Income	22.0	-83.4
EBITDA	105.1	-8.3

(JPY billion)

#### Highlights of FY08 2Q results

- Operating income down (but air transportation revenue and operating income up)
  - Operating revenue down because weak demand on China routes continued from previous year
  - Fuel cost in line with expectations due to hedging program
  - Net income of previous year inflated by the transfer of hotel assets
- (All comparisons are year on year)

### Revised guideline for FY08 under the global slowdown

#### Current operating environment

- Unforeseen global economic turmoil and recession
- Rapid fall in air transportation demand
- Fluctuating oil price and foreign exchange market

#### Managerial issues

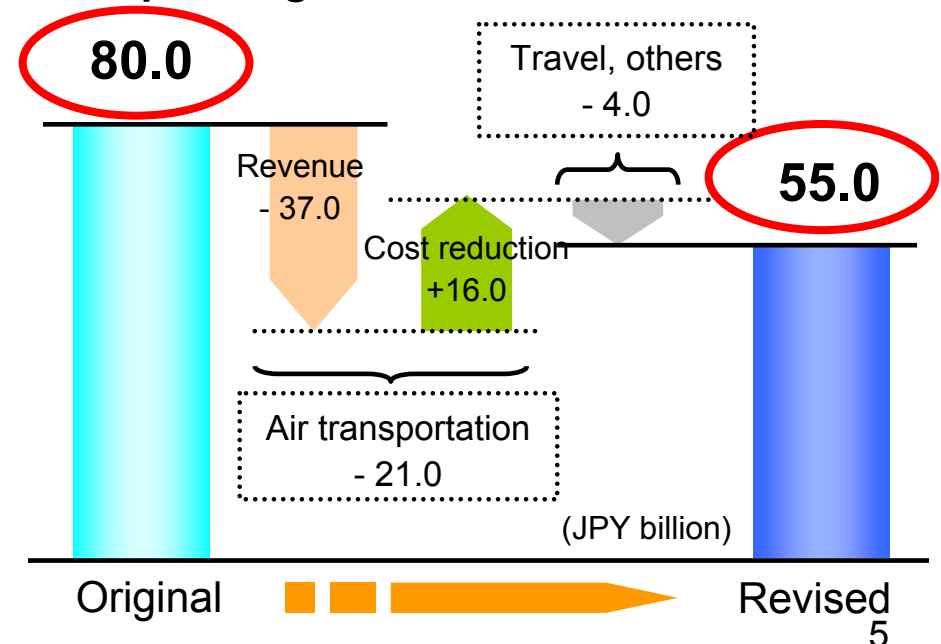
- Match supply to demand, and maintain revenue levels even given a drop in demand
- Retain profit by controlling costs
- Assure return to shareholders
- Properly audit capital investment for future growth

#### Forecast for FY08

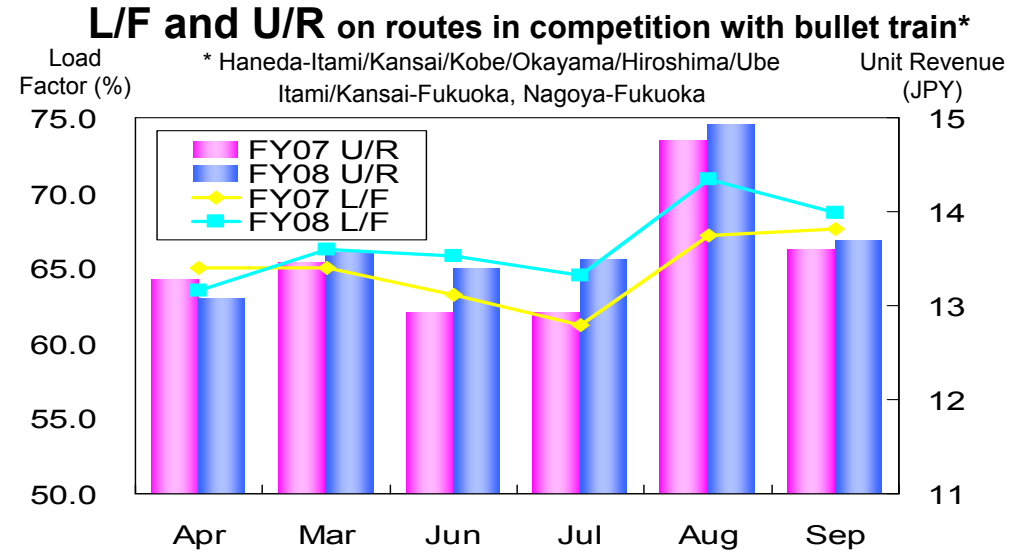
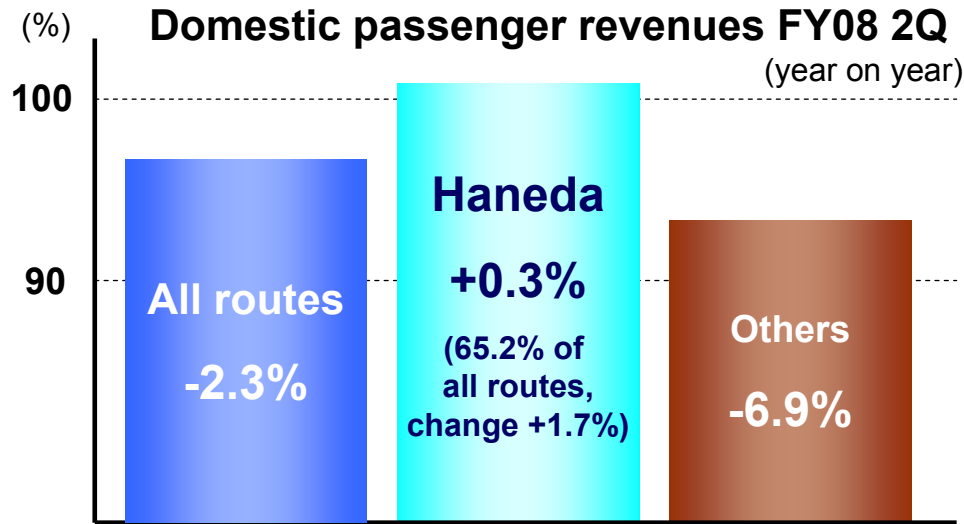
	Original	Revised	Change
Revenue	1,510.0	1,460.0	- 50.0
Air transportation	1,339.0	1,302.0	- 37.0
Operating income	80.0	55.0	- 25.0
Air transportation	73.0	52.0	-21.0
Recurring income	52.0	29.0	-23.0
Net income	27.0	17.0	-10.0
Dividend (JPY)	3	3	—

(JPY billion)

#### Operating income forecast for FY08



## Domestic passenger business: restructuring network centered on Haneda to attain stable profit



### Highlights of FY08 2Q

- Gradual shift to Haneda and better performance vis-à-vis the bullet train “Shinkansen”

### Initiatives in FY08 2H

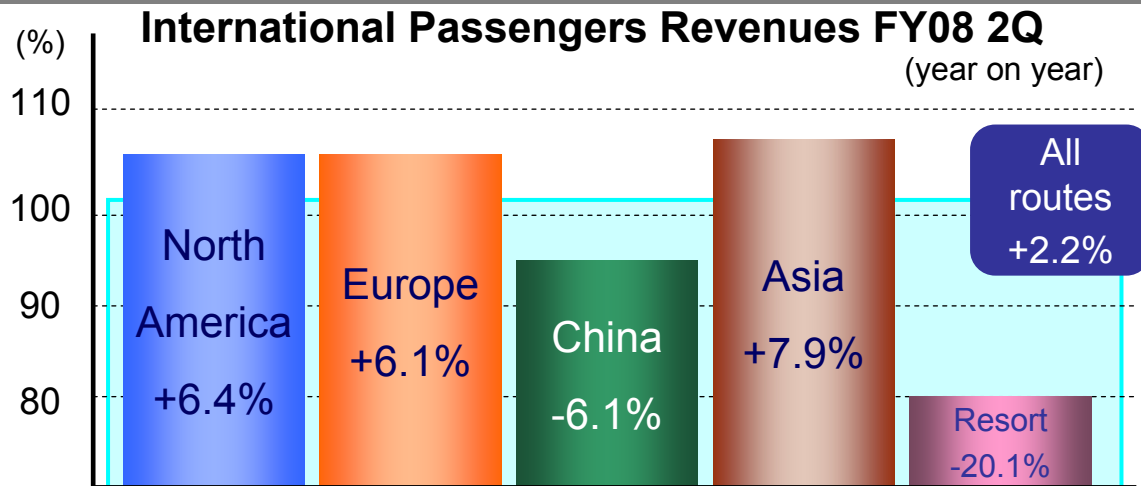
- Control supply by cutting capacity or discontinuing low demand routes and by increasing capacity on high demand routes
- Retain steady demand on main line
- Enhance competitiveness and demand by flexible pricing and product strategy

### Forecast for FY08 2H and Full year

	FY08 2H	Full year
ASK	91.3%	93.7%
RPK	96.0%	96.5%
Yield	102.1%	101.4%

- Cut: Nagasaki-Okinawa, etc.
- Reduce: Sapporo-Sendai, etc.
- Increase: Haneda-Fukuoka, Haneda-Saga

## International passenger business: maintaining revenue in the face of fluctuating demand



### Forecast for FY08 2H and Full year

	FY08 2H	Full year
ASK	99.8%	100.3%
RPK	95.3%	95.9%
Yield	107.3%	106.6%

■ Cut: Kansai-Guam, Nagoya-Taipei  
 ■ Downgauge: Narita-Guangzhou, Haneda- Shanghai

#### Highlights of 2Q FY08

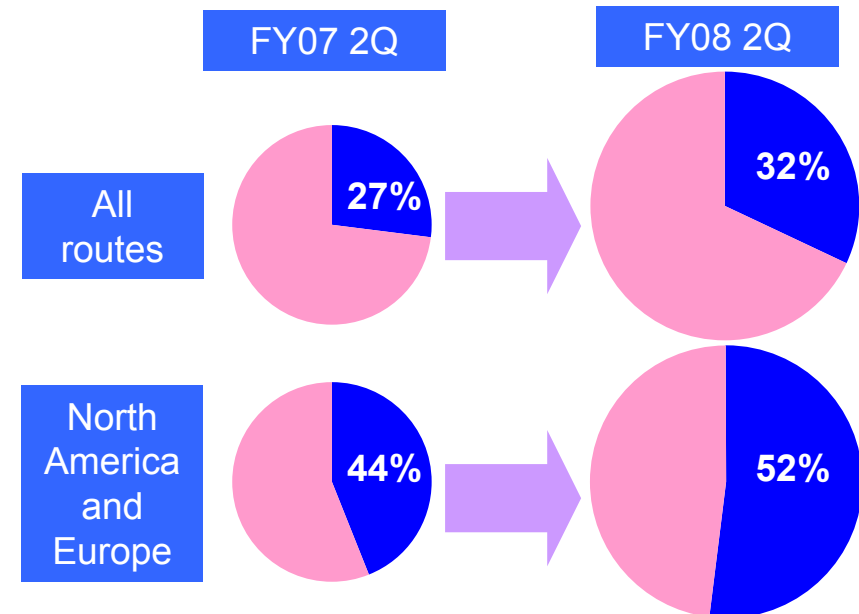
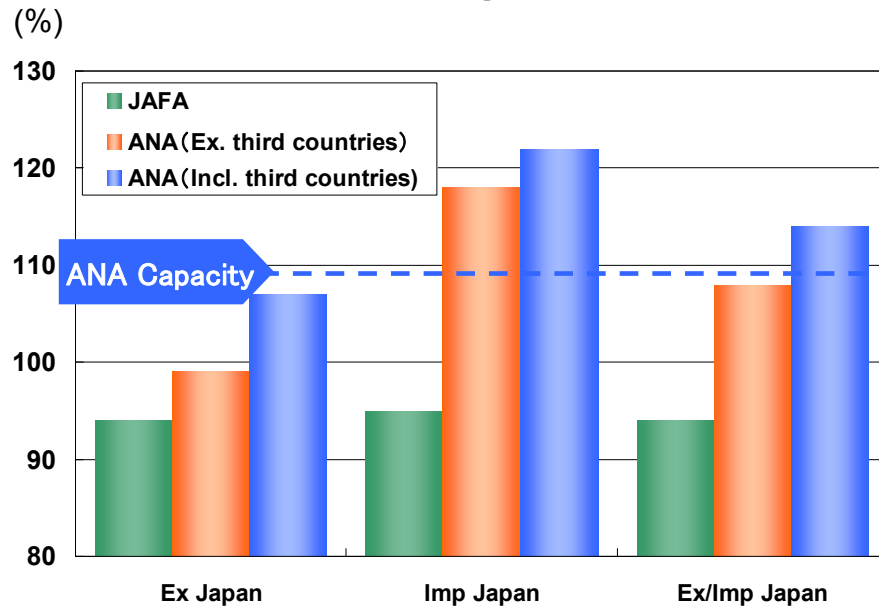
- Achieved increased revenues on North America, Europe and Asia while China showed protracted weak demand

#### Initiatives in 2H FY08

- Control supply for the China and Resort routes where the demand is weaker and implement better fleet allocation
- Stimulate leisure market, taking account of the global economic slowdown and weakened business demand
- Assure revenue by revising full fares and Fuel Surcharge and strengthening product line-up

## Cargo business: continue to increase revenue by enhancing competitiveness

International cargo tons FY08 2Q    Composition of cargo tons between third countries



### Highlights of FY08 2Q

- Against a backdrop of softening overall demand, revenue growth achieved by improving unit price for freight from/to Japan and capturing demand for freight between third countries

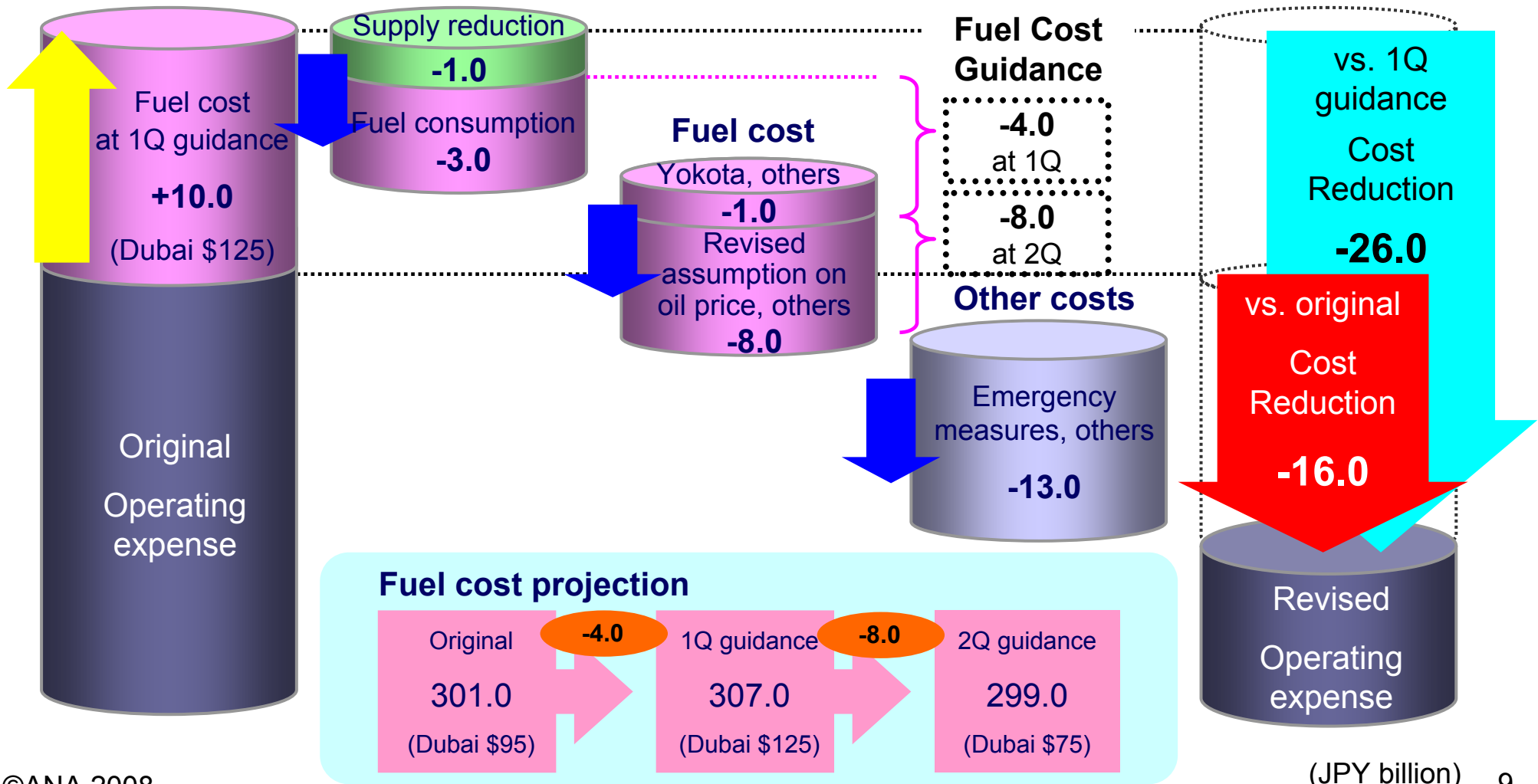
### Initiatives in FY08 2H

- Strengthen network (shift from Kansai to Narita, eg. Bangkok and Hong Kong services)
- Grow earnings base while preparing for the Okinawa hub and the introduction of wide-body aircraft, and better IT infrastructure

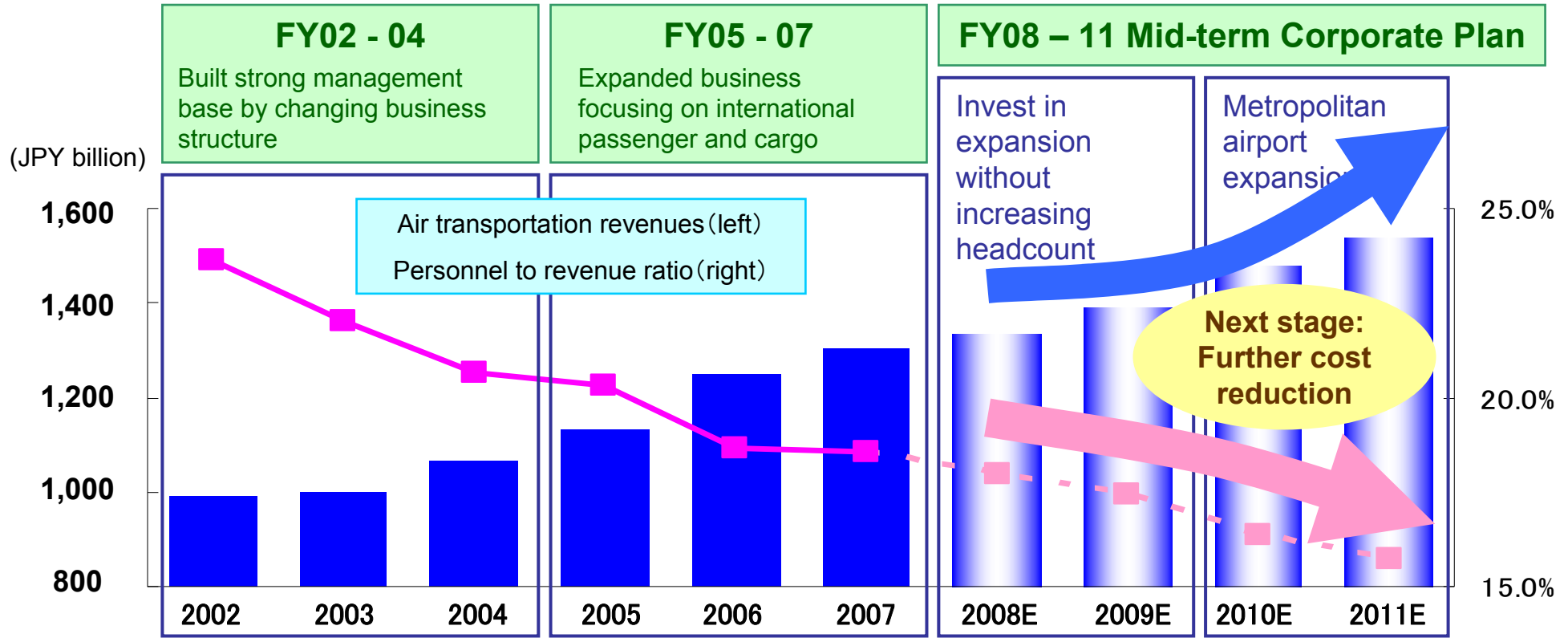


## Maximize cost reduction initiatives

### Cost reduction measures for air transportation



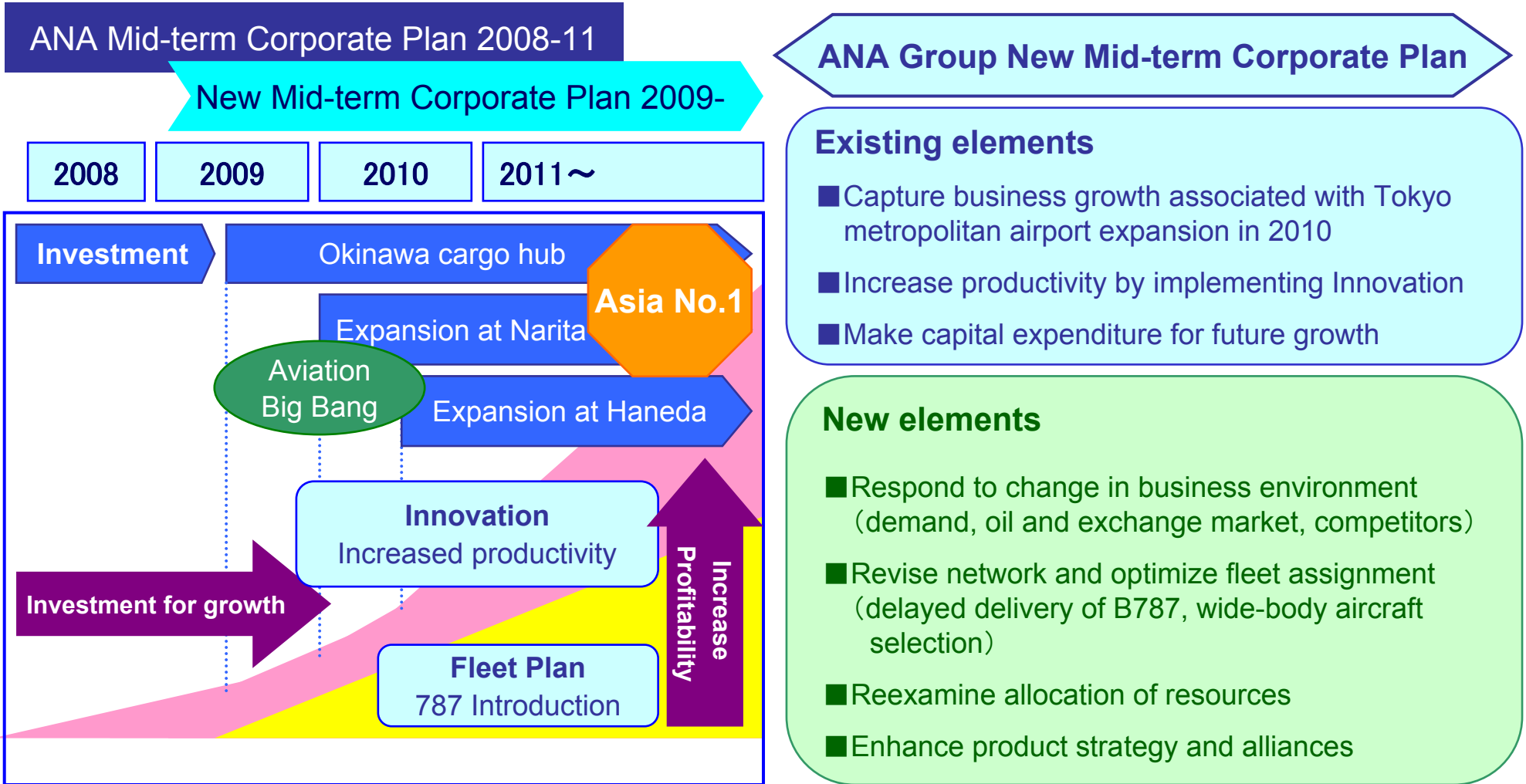
## Innovation for future growth



- ▶ Business structure reform
- ▶ Passenger service reform
- ▶ Airport service reform

- Explore new ways to improve profitability
- Improve productivity by 20 percent by FY11

## Next stage: response to new environment – new mid-term corporate plan



**Forward-Looking Statements.** This material contains statements based on ANA's current plans, estimates, strategies and beliefs; all statements that are not statements of historical fact are forward-looking statements. These statements represent the judgments and hypotheses of the Company's managers based on currently available information. Air transportation, the Company's core business, involves government-mandated costs that are beyond the Company's control, such as airport utilization fees and fuel taxes. In additions, conditions in the markets served by the Company are subject to significant fluctuations.

It is possible that these conditions will change dramatically due to a number of factors, such as trends in technologies, demand, prices and economic environments, foreign exchange rate fluctuations, and others. Due to these risks and uncertainties, it is possible that the Company's future performance will differ significantly from the contents of this material. Accordingly, there is no assurance that the forward-looking statements in this material will prove to be accurate.

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