

# All Nippon Airways Financial Results FY10 First Quarter



July 30, 2010

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### Cautionary Statement

**Forward-Looking Statements.** This material contains forward-looking statements based on ANA's current plans, estimates, strategies, assumptions and beliefs. These statements represent the judgments and hypotheses of the Company's management 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 the economic environment, fuel prices, technologies, demand, competition, 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.

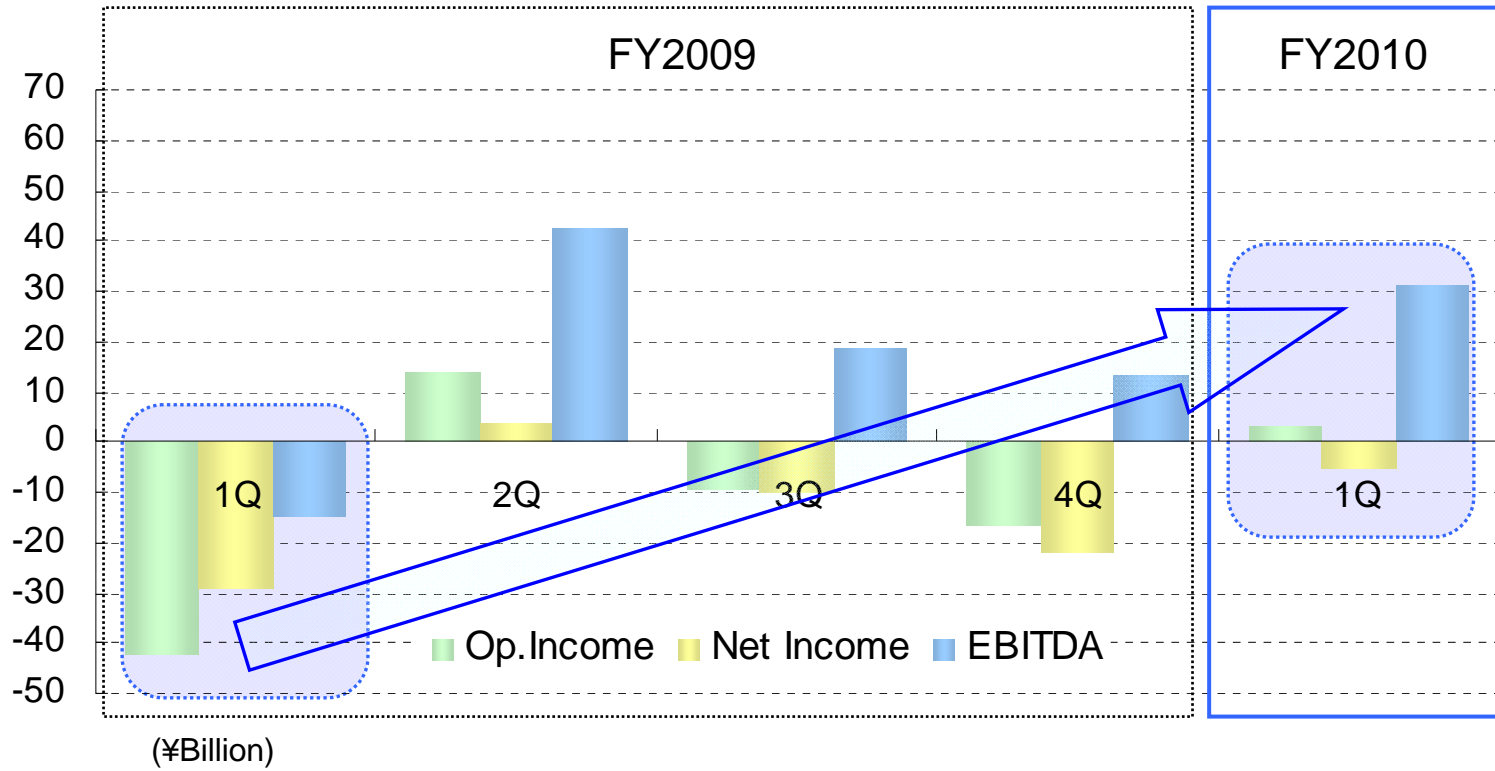
## I. Financial Results FY10 First Quarter



# Highlights FY10 First Quarter

## Highlights of Financial Results FY10 1Q and FY09 1Q-4Q

- Consolidated operating income for 1Q amounted to 2.9bn yen (45.3bn yen year-on-year improvement)
- 5.2bn yen net loss for the quarter (23.9bn yen year-on-year improvement); EBITDA of 31.4bn yen (46.3bn yen year-on-year improvement)
- All financial indicators showed significant year-on-year improvement; favorable earnings growth from seasonality of quarter immediately prior (FY09 4Q)



## Consolidated Financial Summary

### Income Statements

	1Q/FY09	1Q/FY10	Change
Operating Revenues	269.8	306.8	+ 36.9
Operating Expenses	312.3	303.8	- 8.4
Operating Income	- 42.4	2.9	+ 45.3
Op. Margin (%)	-	1.0	-
Non-Op. Gains/Losses	- 7.0	- 5.9	+ 1.0
Recurring Income	- 49.4	- 2.9	+ 46.4
Extraordinary Gains/Losses	1.4	- 2.3	- 3.7
Net Income	- 29.2	- 5.2	+ 23.9

(¥Billion)

## Consolidated Financial Summary

### Consolidated Financial Position

	Mar 31, 2010	Jun 30, 2010	Change
Assets	1,859.0	1,976.2	+ 117.1
Shareholders' Equity	473.5	455.2	- 18.3
Ratio of Shareholders' Equity (%)	25.5	23.0	- 2.4
Interest Bearing Debts	941.6	1,033.6	+ 91.9
Debt/Equity Ratio (times)	2.0	2.3	+ 0.3

(¥ billion)

\*D/E ratio when including off-balanced lease obligation of ¥180.2 billion (¥183.5 billion as of the end of March, 2010) is 2.7 times (2.4 times as of the end of March, 2010)

## Consolidated Financial Summary

### Consolidated Statements of Cash Flow

	1Q/FY09	1Q/FY10	Change
Cash Flow from Operating Activities	- 8.5	39.4	+ 48.0
Cash Flow from Investing Activities	- 88.8	- 89.2	- 0.4
Cash Flow from Financing Activities	96.0	87.2	- 8.8
Net Increase or Decrease	- 1.3	37.3	+ 38.6
Cash and Cash Equivalent at the beginning	143.4	148.1	+ 37.3
Cash and Cash Equivalent at the end	142.0	185.5	
Depreciation and Amortization	27.5	28.4	+ 0.9
Capital Expenditures	91.6	48.1	- 43.5
EBITDA (*)	- 14.8	31.4	+ 46.3
EBITDA Margin (%)	-	10.3	-

\* EBITDA: Op. Income + Depreciation

(¥ billion)

## Consolidated Financial Summary

### Results by Segment

	1Q/FY09	1Q/FY10	Change
Revenues	Air Transportation	236.8	274.5 + 37.7
	Travel	33.6	32.7 - 0.9
	Others	33.8	34.1 + 0.2
	Eliminations	- 34.4	- 34.5 - 0.1
	Total	269.8	306.8 + 36.9
Operating Income	Air Transportation	- 41.5	1.1 + 42.6
	Travel	- 1.2	0.6 + 1.8
	Others	0.1	1.0 + 0.9
	Eliminations	0.1	0.0 - 0.1
	Total	- 42.4	2.9 + 45.3

(¥ billion)



## Air Transportation Business

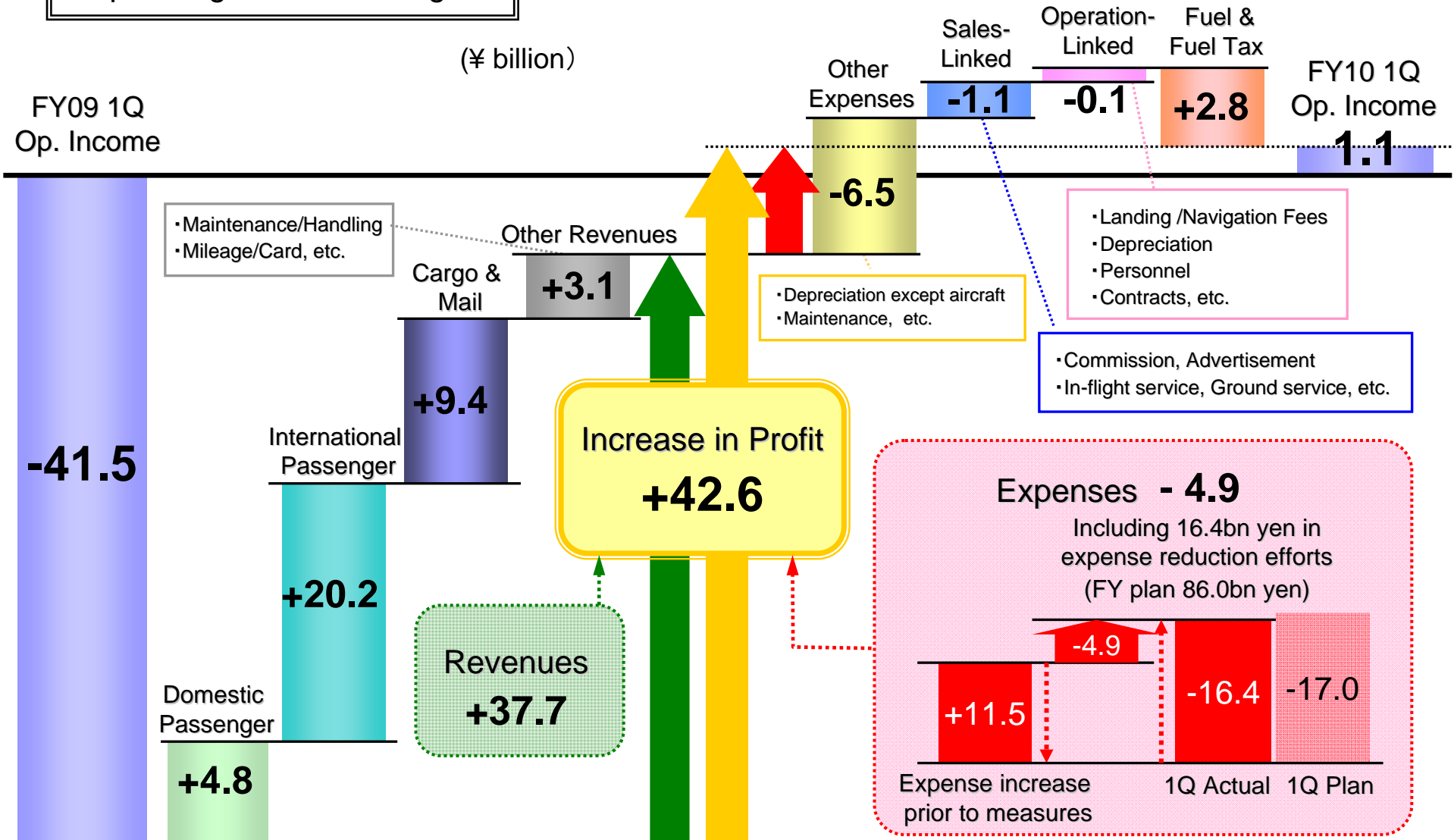
### Operating Revenues and Expenses

		1Q/FY09	1Q/FY10	Change
Operating Revenues	Domestic Passengers	138.6	143.5	+ 4.8
	International Passengers	43.8	64.1	+ 20.2
	Cargo and Mail	19.7	29.1	+ 9.4
	Others	34.5	37.7	+ 3.1
	<b>Total</b>	<b>236.8</b>	<b>274.5</b>	<b>+ 37.7</b>
Operating Expenses	Fuel and Fuel Tax	58.4	61.2	+ 2.8
	Landing and Navigation Fees	23.5	22.5	- 1.0
	Aircraft Leasing Fees	14.2	15.7	+ 1.4
	Depreciation and Amortization	26.9	27.9	+ 1.0
	Aircraft Maintenance	14.7	9.0	- 5.6
	Personnel	58.2	56.7	- 1.4
	Sales Commission and Promotion	15.9	15.5	- 0.4
	Contracts	19.1	20.0	+ 0.9
	Others	47.0	44.4	- 2.6
	<b>Total</b>	<b>278.3</b>	<b>273.3</b>	<b>- 4.9</b>
<b>Op.Income</b>	<b>Operating Income</b>	<b>- 41.5</b>	<b>1.1</b>	<b>+ 42.6</b>

(¥ billion)

# Air Transportation Business

## Operating Income Changes



## Air Transportation Business

### Domestic Passenger Operations

	1Q/FY09	1Q/FY10	% Y/Y
Passengers (thousands)	9,030	9,566	105.9
Available Seat Km (million)	14,318	13,616	95.1
Revenue Passenger Km (million)	7,948	8,398	105.7
Load Factor (%)	55.5	61.7	+ 6.2 pts
Passenger Revenues (¥ billion)	138.6	143.5	103.5
Unit Revenue (¥/ASK)	9.7	10.5	108.9
Yield (¥/RPK)	17.4	17.1	98.0
Unit Price (¥/Passenger)	15,351	15,003	97.7

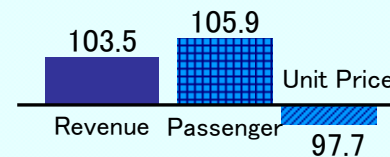
# Air Transportation Business

## Trends in Domestic Passenger Operations

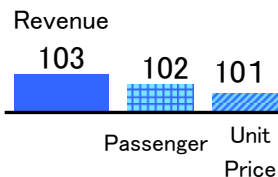
### 1Q Revenue / No. of Passengers / Unit Price by Segment

✓ Strong recovery for individual passengers; slight year-on-year decline in package/leisure

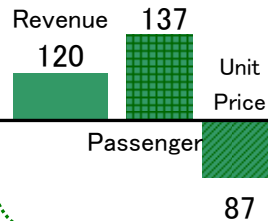
#### Domestic Passengers in total



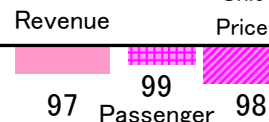
#### Individual (Business/General)



#### Individual (Promotional Fares)

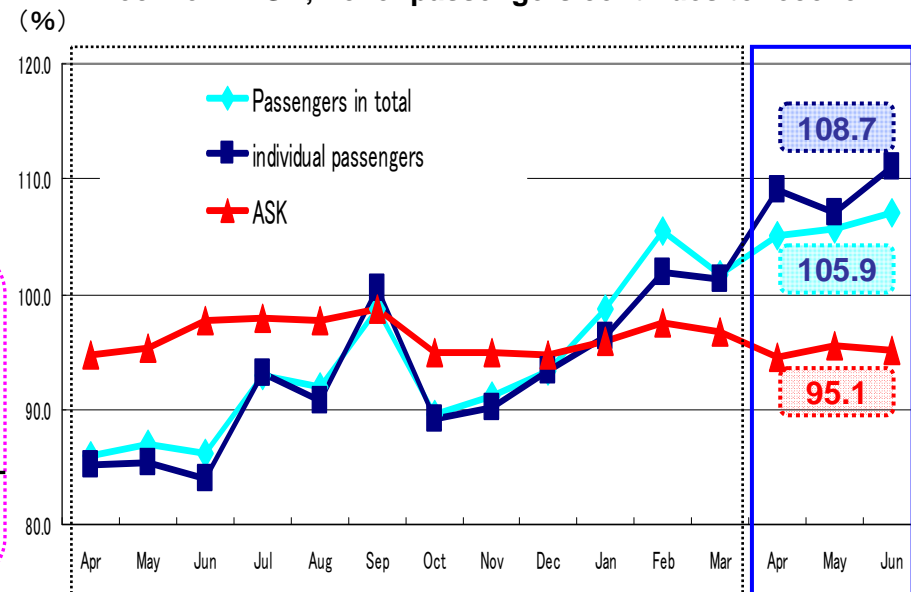


#### Package/Leisure



### Monthly No. of Passengers and ASK

✓ Decline in ASK; no. of passengers continues to recover



#### Quarterly Key Topics:

- From Apr 1 : "TABISAKU\* (ANA Sales)," from Apr 6: ANA RAKU Pack\* ("Rakuten ANA Travel Online"): Extended sales period to three days prior to departure, responding to travel demand immediately prior to departure (\*travel product allowing travelers to arrange their own airline ticket and lodging combinations online)
- ANA My Choice joint promotion with Starbucks: From Apr 14, offering Starbucks coffee to passengers on domestic flights
- On Jun 30, announced three subsidiaries, Air Nippon Network, Air Next and Air Central, merger (ANA Wings) scheduled for October 1

## Air Transportation Business

### International Passenger Operations

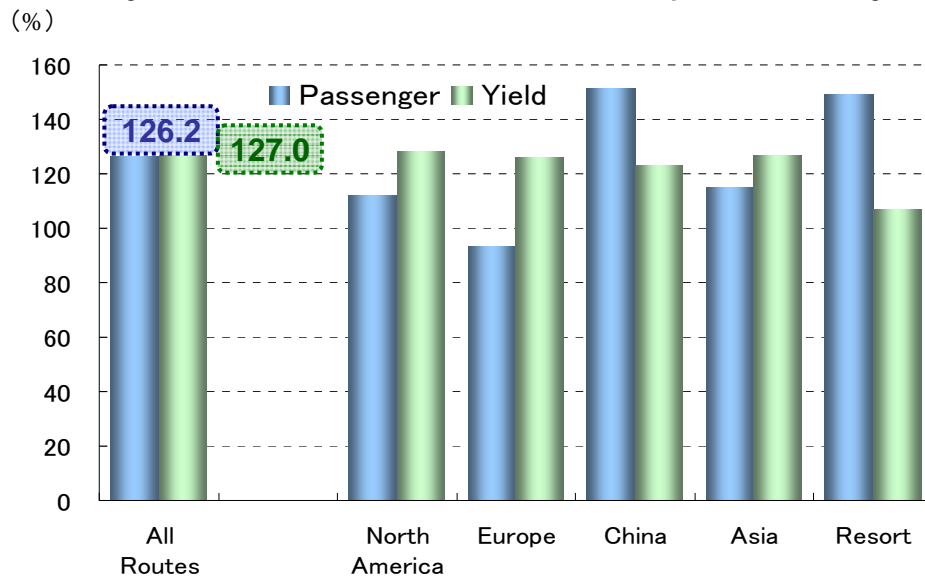
	1Q/FY09	1Q/FY10	% Y/Y
Passengers (thousands)	970	1,224	126.2
Available Seat Km (million)	6,670	6,656	99.8
Revenue Passenger Km (million)	4,446	5,121	115.2
Load Factor (%)	66.7	76.9	+ 10.3 pts
Passenger Revenues (¥ billion)	43.8	64.1	146.2
Unit Revenue (¥/ASK)	6.6	9.6	146.6
Yield (¥/RPK)	9.9	12.5	127.0
Unit Price (¥/Passenger)	45,223	52,412	115.9

# Air Transportation Business

## Trends in International Passenger Operations

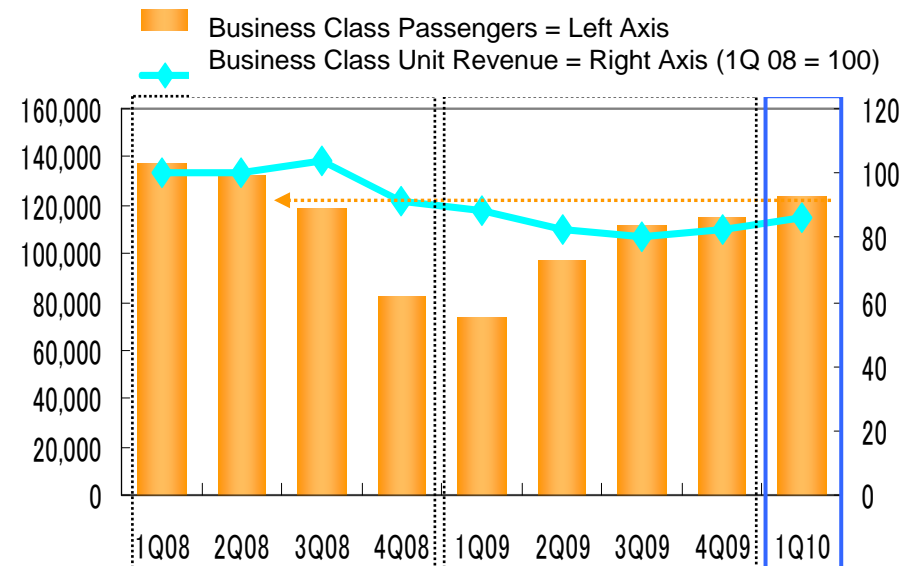
### 1Q No. of Passengers and Yield by Destination

✓ Steady demand for all destinations; real improvement in yield



### No. of Business Class Passengers / Yield by Quarter

✓ Business demand recovers; yield continues to improve



#### Quarterly Key Topics:

- Fuel surcharge after 4/1 set at same levels as Feb-Mar (e.g. Japan=Europe/U.S. routes, 10,500 yen one-way)
- IATA international fare revisions on Apr 1 applied to flights out of Japan; North America, Hawaii, Asia remain unchanged; European destinations up between 4% and 14%
- New product/service brand: "Inspiration of Japan" launched (new B777-300ER aircraft put into service from Apr 19 on Narita=New York route; from Jun 1 on Narita=Frankfurt route)
- TAM Airlines (Brazil), Aegean Airlines (Greece) joined Star Alliance (May 13 and Jun 30), bringing total members to 28

## Air Transportation Business

### Cargo Operations

	1Q/FY09	1Q/FY10	% Y/Y	
Domestic Cargo	Cargo Revenues (¥ billion)	7.6	7.5	99.0
	Available Ton Km (million)	463	450	97.2
	Revenue Ton Km (million)	108	104	95.6
	Revenue Ton (thousand tons)	109	103	94.9
	Load Factor (%)	23.5	23.1	- 0.4 pts
	Unit Revenue (¥/ATK)	16.5	16.8	101.8
	Unit Price (¥/kg)	70	73	104.3
Domestic Freighter 【Included above】	Cargo Revenues (¥ billion)	0.4	0.4	97.6
	Available Ton Km (million)	10	9	89.3
	Revenue Ton Km (million)	2	2	101.5
	Revenue Ton (thousand tons)	3	2	91.4
	Load Factor (%)	27.6	31.4	+ 3.8 pts
	Unit Revenue (¥/ATK)	40.1	43.9	109.3
	Unit Price (¥/kg)	137	147	106.8

## Air Transportation Business

### Cargo Operations

		1Q/FY09	1Q/FY10	% Y/Y
International Cargo	Cargo Revenues (¥ billion)	10.2	20.0	194.5
	Available Ton Km (million)	658	698	106.1
	Revenue Ton Km (million)	388	485	124.9
	Revenue Ton (thousand tons)	86	132	152.3
	Load Factor (%)	59.0	69.5	+ 10.5 pts
	Unit Revenue (¥/ATK)	15.6	28.7	183.3
	Unit Price (¥/kg)	118	151	127.7
International Freighter  【Included above】	Cargo Revenues (¥ billion)	2.8	7.3	259.3
	Available Ton Km (million)	132	181	136.8
	Revenue Ton Km (million)	67	116	172.9
	Revenue Ton (thousand tons)	28	70	244.9
	Load Factor (%)	50.9	64.4	+ 13.4 pts
	Unit Revenue (¥/ATK)	21.3	40.4	189.5
	Unit Price (¥/kg)	98	104	105.9



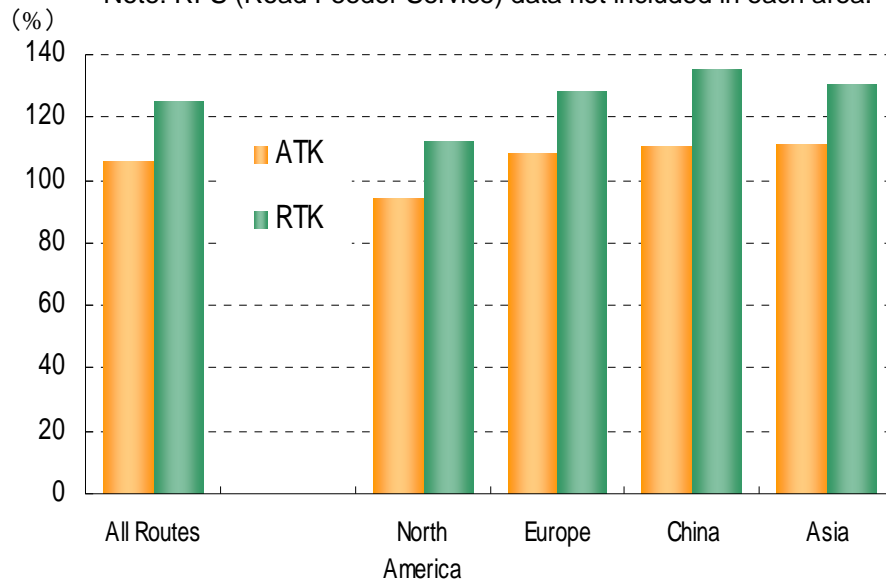
# Air Transportation Business

## Trends in Cargo Operations

### 1Q International Freight ATK / RTK by Destination

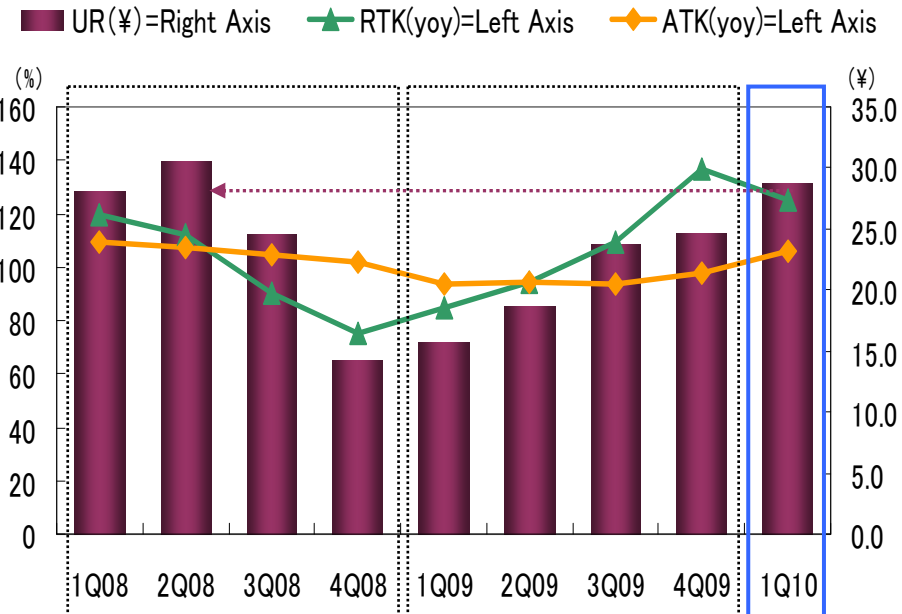
✓ Volume grows steadily to all destinations; load factors improve

Note: RFS (Road Feeder Service) data not included in each area.



### ATK / RTK / Unit Revenue by Quarter

✓ Unit revenues recover to pre-recession levels



#### Quarterly Key Topics:

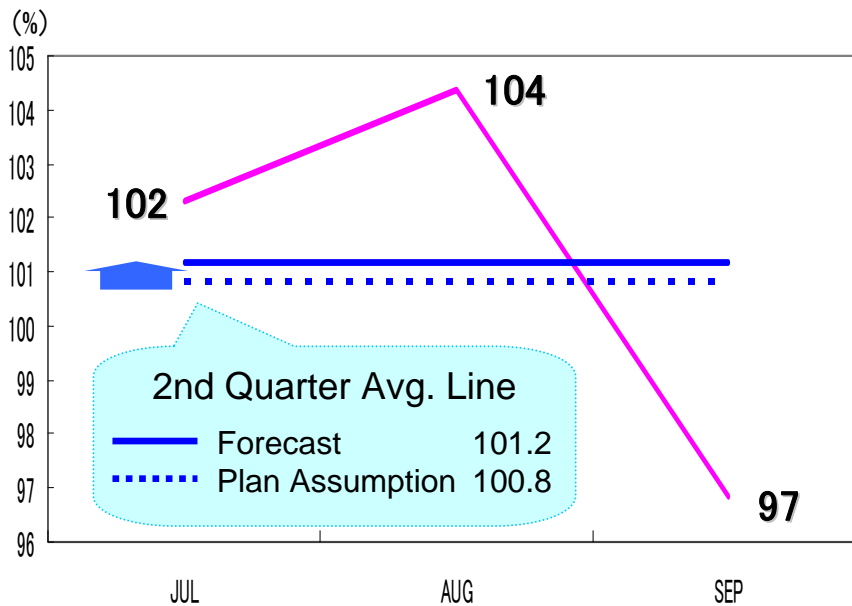
→ Fuel surcharge revisions April: decreased (e.g. Europe/North America/Middle East Routes 75 yen/kg to 69 yen/kg), May: increased (to 75 yen/kg), June: increased (to 81 yen/kg)

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## 【Reference】 2Q Air Transportation Traffic Trend

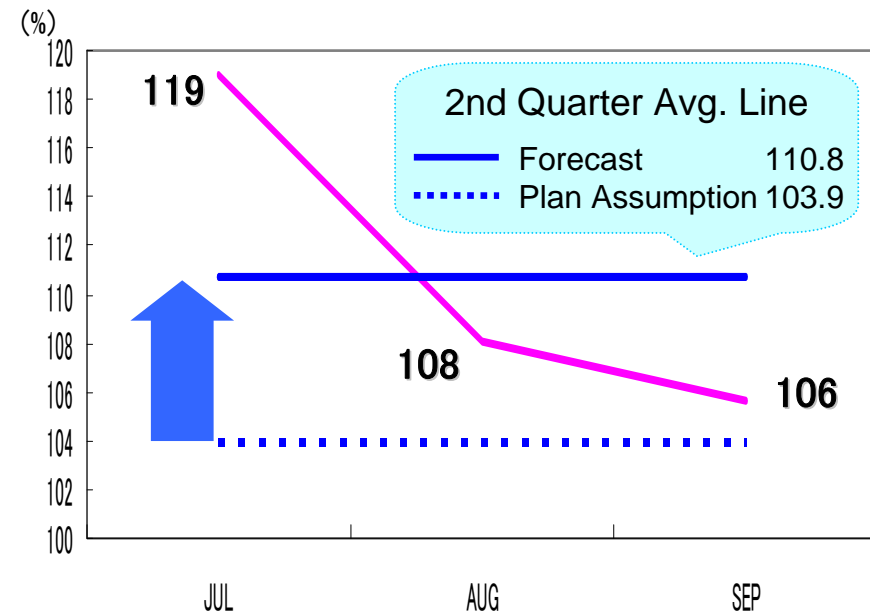
### 2nd Quarter Traffic Forecast

#### Domestic Passengers (vs. PY)



- September is forecast to perform below prior year due to the shorter length of public holidays compared to “Silver Week” last September; however, July/August demand is expected to be strong.
- 2Q average for passengers expected to outperform plan assumptions.

#### International Passengers (vs. PY)



- Demand levels continue to be strong. Expect 2Q average passengers to grow approximately 10% vs. prior year.
- Expect current 2Q passenger forecast to significantly outperform plan assumptions.

## 【Reference】 Fuel Price and Exchange Rate

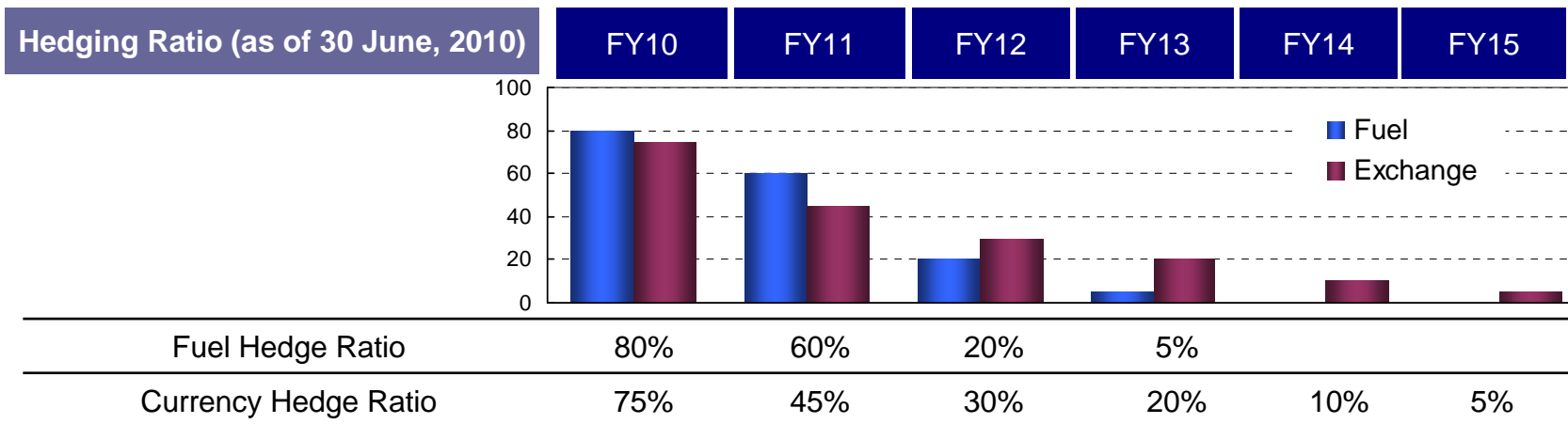
### Fuel Price and Exchange Rate

Market Index and Assumptions	FY10(E)	FY11(E)
Dubai Crude Oil (USD/BBL)	75*	80
Singapore Kerosene (USD/BBL)	85*	90
Exchange Rate (JPY/USD)	95	95

### Non hedged impact of oil price and currency fluctuations on fuel expense

Crude (USD1 per barrel fluctuation)	1.9bn yen/yr
Exchange (¥1/USD fluctuation)	1.8bn yen/yr

\*FY 2010 Dubai Crude: First Half \$70/Second Half \$80 Singapore Kerosene: First Half: \$80/Second Half \$90

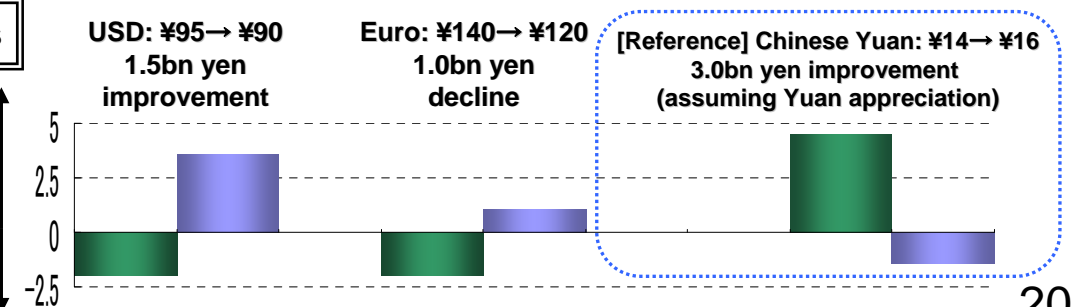


### Effect of Major Currency Fluctuations on Profits

Theoretical figure based on FY operating income/loss; includes hedge effect (¥billion)

<b>Revenue</b>	(increase + notation; decrease - notation)
<b>Expense</b>	(decrease + notation, increase - notation)

Profit Improvement ↑  
Profit Decline ↓



## II . Supplemental Reference



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## International Passenger Results by Destination

		1Q Composition (%)	Change (pts)
Revenue	North America	29.6	- 0.5
	Europe	19.4	- 4.8
	China	29.3	+ 4.9
	Asia	18.8	+ 0.1
	Resort	2.9	+ 0.2
Available Seat Km	North America	31.5	- 0.6
	Europe	19.7	- 2.4
	China	22.8	+ 0.7
	Asia	20.8	+ 0.8
	Resort	5.1	+ 1.5
Revenue Passenger Km	North America	32.5	- 0.9
	Europe	20.1	- 4.7
	China	21.4	+ 4.1
	Asia	20.7	+ 0.2
	Resort	5.4	+ 1.2



## International Cargo Results by Destination

		1Q Composition (%)	Change (pts)
Revenue	North America	24.3	- 1.4
	Europe	13.9	- 0.1
	China	37.0	+ 1.3
	Asia	17.7	- 0.3
	Others	7.1	+ 0.4
Available Ton Km	North America	35.3	- 4.3
	Europe	16.8	+ 0.4
	China	22.0	+ 0.9
	Asia	18.3	+ 0.9
	Others	7.5	+ 2.1
Revenue Ton Km	North America	37.4	- 4.1
	Europe	20.2	+ 0.5
	China	18.7	+ 1.4
	Asia	16.3	+ 0.7
	Others	7.4	+ 1.4



## Aircraft in Service

	Mar,2010	Jun,2010	Change	Owned	leased	
Wide-Body	Boeing 747-400 (International)	3	3	-	0	3
	Boeing 747-400 (Domestic)	10	10	-	10	0
	Boeing 777-300ER	14	17	+ 3	14	3
	Boeing 777-300	7	7	-	7	0
	Boeing 777-200ER	7	7	-	4	3
	Boeing 777-200	16	16	-	14	2
Mid-Body	Boeing 767-300ER	19	19	-	8	11
	Boeing 767-300	32	32	-	32	0
	Boeing 767-300F	4	4	-	0	4
	Boeing 767-300BCF	5	5	-	5	0
Narrow-Body	Airbus A320-200 (International)	5	5	-	0	5
	Airbus A320-200 (Domestic)	24	24	-	15	9
	Boeing 737-800	8	8	-	8	0
	Boeing 737-700ER	2	2	-	2	0
	Boeing 737-700	16	16	-	12	4
	Boeing 737-500	19	19	-	10	9
Regional	Bombardier DHC-8-400 (Q400)	14	14	-	1	13
	Bombardier DHC-8-300 (Q300)	5	5	-	1	4
Total	210	213	+ 3	143	70	

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## ANA Group Corporate Philosophy

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

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

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

## Information

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