

# ANA HOLDINGS INC.

## Financial Results FY2014 Second Quarter

**Shinichiro Ito**

President and CEO

**Kiyoshi Tonomoto**

Senior Executive Vice President  
and CFO

October 30, 2014



©ANAHD2014

1

- ◎ Thank you for participating in the ANA Holdings financial results for the second quarter of fiscal year 2014.
- ◎ I will provide an explanation concerning the following four points.
  1. Financial Results for Fiscal Year 2014 Second Quarter
  2. Status of Air Transportation Business
  3. Our Group's Main Initiatives in the First Half of this year
  4. Progress of "Fiscal Year 2014-16 ANA Group Corporate Strategy"
- ◎ First of all, please turn to page 4.

## Contents

<b>I . Financial Results FY2014 Second Quarter</b>		<b>III. Supplemental Reference</b>	
Financial Results FY2014 Second Quarter	P.4	Fuel and Exchange Rate	P.32
Status of Air Transportation Business		Composition of International	P.33
(1) Domestic Passenger Business	P.5	Passengers Results by Destination	
(2) International Passenger Business	P.6	Composition of International	P.34
Our Group's Main Initiatives of FY2014 First Half	P.7	Cargo Results by Destination	
Progress of	P.8	Aircraft in Service	P.35
"FY2014-16 ANA Group Corporate Strategy"			
<b>II . Financial Results FY2014 Second Quarter</b>			
	<b>《Details》</b>		
Highlights of FY2014 Second Quarter	P.10		
Consolidated Financial Summary			
Income Statements	P.11		
Consolidated Financial Position	P.12		
Consolidated Statements of Cash Flow	P.13		
Results by Segment	P.14		
Air Transportation Business			
Operating Revenues and Expenses	P.15		
Changes in Operating Income	P.16		
Passenger Operations	P.17-22		
Cargo Operations	P.23-26		
LCC Operations	P.27		
Other Segments excluding	P.29		
Air Transportation Business			

**【Part1】**

**I . Financial Results FY2014 Second Quarter**



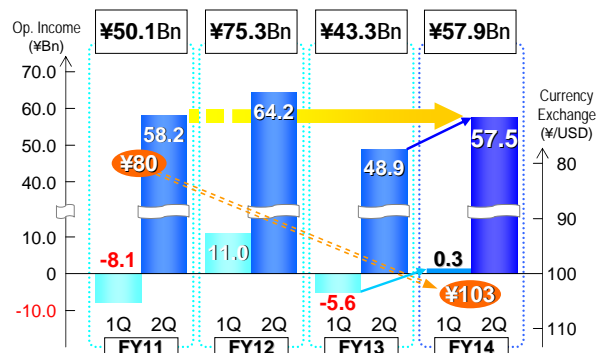
## Financial Results FY2014 Second Quarter

### Air transportation business led increase revenues and earnings significantly

#### 《 Financial Results of FY2014 1st Half (Consolidated) 》

(¥Billion)	1H	Diff. vs FY13/1H	YoY
Op. Revenues	854.8	+71.6	+9.1%
Air Transportation	742.2	+60.1	+8.8%
Op. Income	57.9	+14.6	+33.8%
Air Transportation	51.8	+12.6	+32.3%
Op. Income Margin(%)	6.8	+1.2	-
Recurring Income	48.0	+16.1	+50.8%
Net Income	35.7	+15.7	+78.2%
EBITDA	122.7	+11.8	+10.6%

#### 《 Trends of Op. Income (1st Half) 》



#### 【Major Topics of FY2014 Second Quarter financial results】

- **Recorded the highest operating revenues ever in the 1st half**
  - Our core business segment, Air transportation, contributed to increase revenues
- **Secured a certain level of income under continuous yen depreciation**
  - Op. Income of the second quarter alone was almost as same as its result of FY2011

©ANAHD2014

4

- ◎ This is an overview of the fiscal year 2014 first half financial results announced today.
- ◎ Revenues increased significantly thanks mainly to contributions from our core business segment, the air transportation business. This resulted in revenues of 854.8 billion yen, the highest ever for a first half.
- ◎ On the other hand, although the expansion of our international business has led to an increase in operations-linked expenses, we implemented measures for productivity improvement.  
As a result, operating income increased by more than 30% year-on-year to 57.9 billion yen.
- ◎ The chart on the right indicates the first half operating income for the past three years.  
Compared to FY2011, during the first half of the current fiscal year the yen has depreciated by nearly 30%.  
Despite such an environment, operating income in the second quarter alone has reached a level equivalent to that in from FY2011.
- ◎ Please turn to page 5.

## Status of Air Transportation Business (1) Domestic Passenger Business

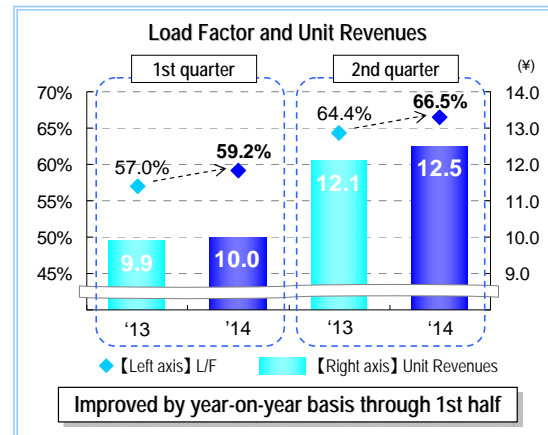
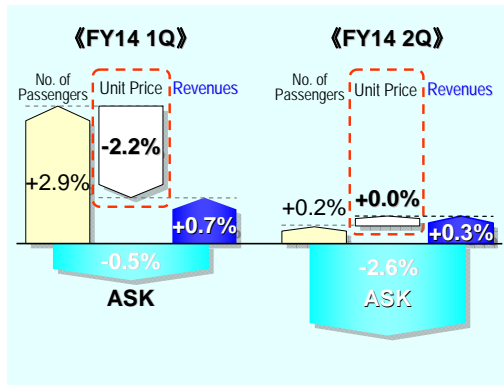
### Increased in revenues by stimulating demand while optimizing ASK

#### Results of FY14 1H

- ✓ Promote “optimization on demand and supply”
  - Controlled and optimized ASK capacity (-1.6% in 1H, YoY)
  - Stimulated demand by additional promotional fare
- ✓ Implement fare raise (from July)
  - Restrained unit price declining

#### Assignment for FY14 2H

- ✓ Progress “optimization on demand and supply” by further capacity management of ASK
  - Deployment of B787-9 for domestic operations (2 aircraft)
  - Enhance utilization of narrow-body aircraft
  - Others (Revise of Haneda network)



©ANAHD2014

5

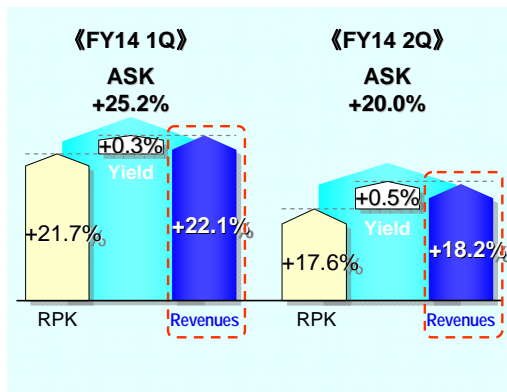
- ◎ Next I will explain our air transportation business, which represents the core of our group business.
- ◎ Let me start by discussing the domestic passenger business. As shown by figures on the left, beginning this fiscal year we are implementing to constrain ASK capacity. Also, strategic pricing management is to stimulate demand and fare raises from July helped to restrain unit price from declining. As a result of these measures, we achieved increased revenues in the first half.
- ◎ The graph on the right shows a comparison of load factor and unit revenues/RASK by quarter for the first half of FY2013 and FY2014. Measures implemented in the first half resulted in improvements in both indicators compared to the previous year.
- ◎ During the second half as well, we plan to control ASK capacity while implementing the flexible aircraft. We continually implement optimization of demand and supply as we assess demand trends and the status of competition in the domestic business market.
- ◎ Please turn to page 6.

## Status of Air Transportation Business (2) International Passenger Business

### Maintained yield levels while expanding ASK to secure strong demand

#### Results of FY14 1H

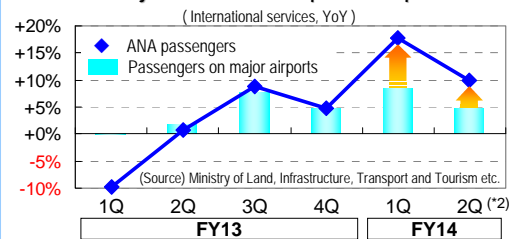
- ✓ Expand ASK by utilizing additional slots at Haneda
  - Revenue growth along with ASK increase
- ✓ Progress Yield Management
  - Steady demand on US and European routes (Especially on business class)



#### Assignment for FY14 2H

- ✓ Enhance competitive advantage of Haneda network
  - Haneda-Chubu(Nagoya) (Reinforce transit from/to domestic services)
  - Haneda-Hong Kong (Expand network with additional operation)
- ✓ Optimize business plan in relation to demand trend
  - Chubu(Nagoya)-Shanghai (Continue operation)
  - Others (Change in aircraft type on specific routes)

#### Growth rate of passengers of ANA flights and major international airports in Japan (\*1)



\*1 : Haneda, Narita, Kansai and Chubu airports

\*2 : FY14 2Q does not include a result of Sep

Growth rate of ANA passengers is exceeding its rate of incoming/outgoing passengers on major int'l airports.

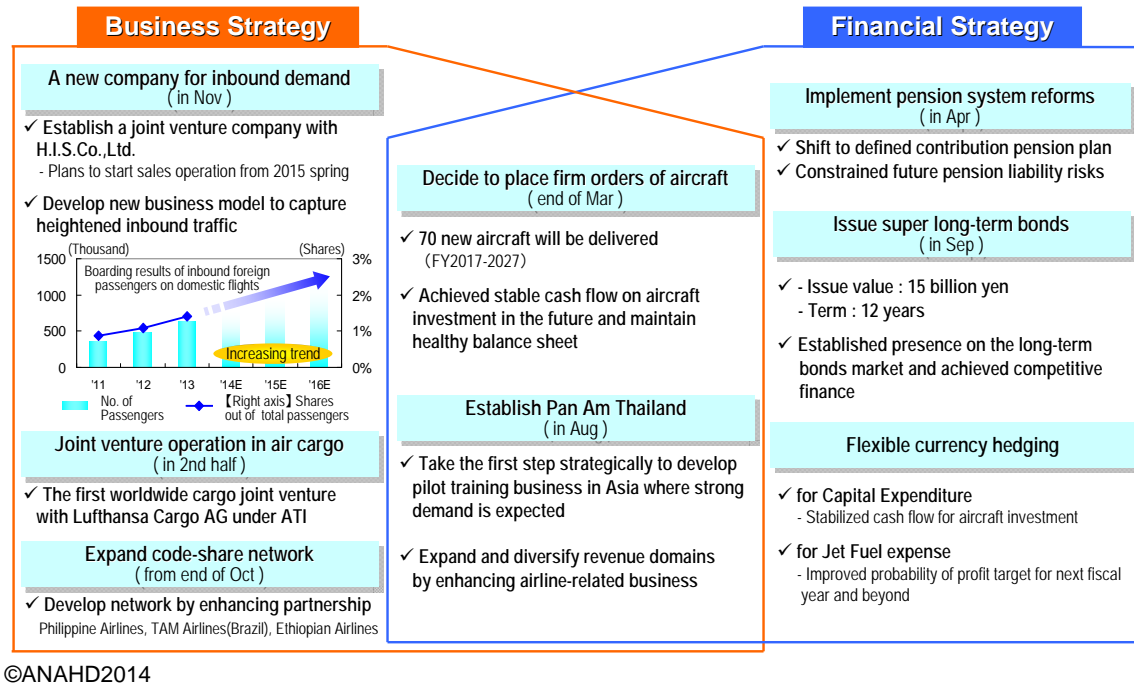
©ANAHD2014

6

- ◎ This slide shows the status of our international passenger business.
- ◎ Since the end of March, while we have significantly expanded international operations out of Tokyo Metropolitan area airports significantly, we also succeeded in increasing brand recognition for our network globally. Our continued initiative toward yield management enabled us to maintain yield firmly while securing demand in line with expanded ASK.
- ◎ The graph on the right shows the year-on-year passenger growth on ANA international flight and incoming/outgoing flights at major international airports in Japan. The growth rate of ANA passengers since the beginning of this fiscal year is significantly outpacing major airports.
- ◎ During the second half, we plan to enhance our advantage on Haneda flights while making partial revisions to our business plan to reflect demand trends and make the competitive strengths of the ANA network established in the market.
- ◎ Please turn to page 7.

## Our Group's Main Initiatives of FY2014 First Half

The management function as a holding company is producing benefits in terms of both "business" and "financial" strategies



©ANAHD2014

7

◎ This slide shows major news of our group during the first half, and an overview of overviewed from both business and financial strategies.

◎ Now, I will discuss our business strategies.

In November, we will establish a joint venture company with H.I.S. Co., Ltd.

Targeting what is expected to be heightened demand of foreign visitors to Japan, we decided to establish a new business model to provide domestic travel services. In the air cargo operations, we acquired the world's first ATI (anti-trust immunity) approval, through which we plan to establish a joint venture operation with Lufthansa Cargo AG during the second half.

◎ On the other hand the right side shows financial strategies.

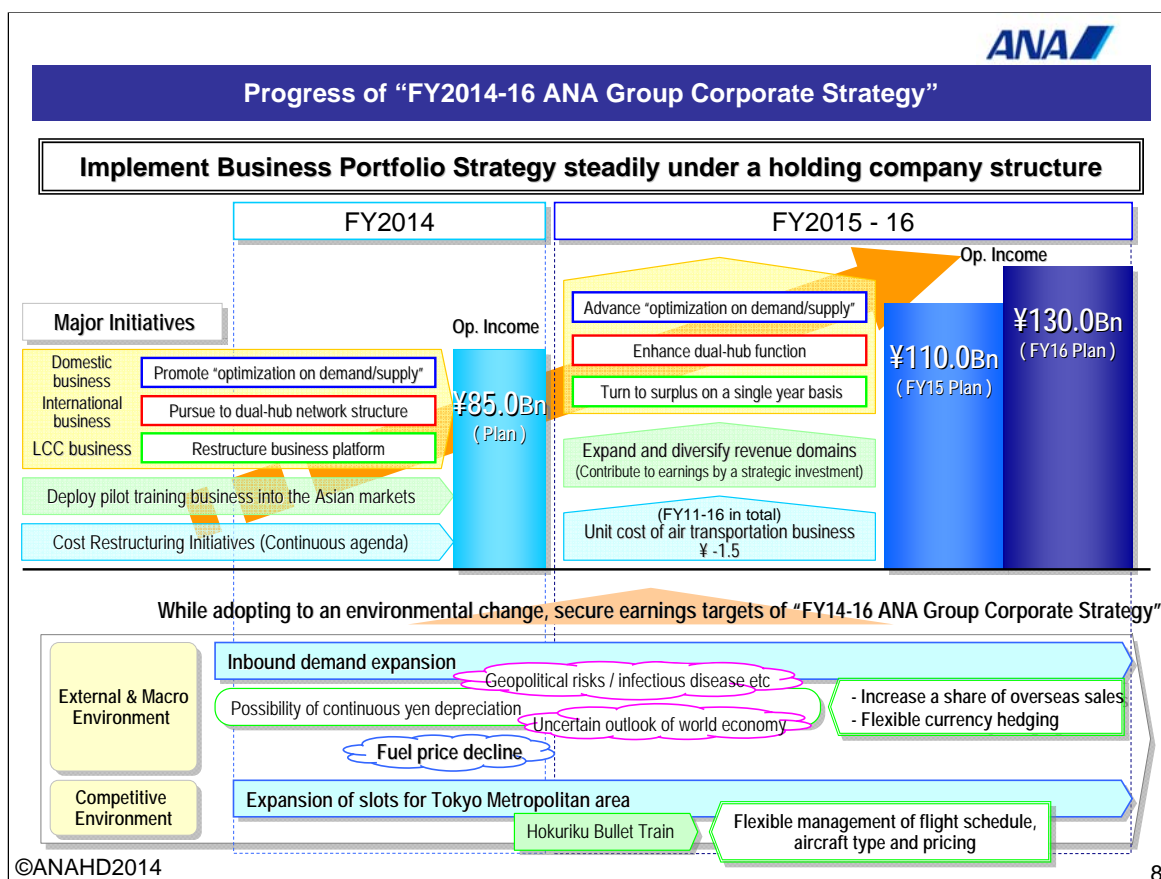
In September, we issued 12-year straight bonds that established our presence on the super-long term bond market and secured financing under favorable terms and conditions.

◎ The center column shows news that is common to both our business and financial strategies.

In August, we established Pan Am International Flight Center (Thailand) Limited to develop the pilot training business, which is expected to see strong demand. We will aim to establish a platform in Asia while expanding airline-related businesses.

◎ Through business strategies for group growth and financial strategies for business platform stabilization, we will continue to implement the management functions as a holding company.

◎ Please turn to page 8.



- ◎ Lastly, I would like to discuss environmental awareness as it impacts current management and related response measures.
- ◎ Indicated at the bottom in blue is demand growth of foreign visitors to Japan and the expansion of slots for the Tokyo Metropolitan area airports. These initiatives will produce mid to long-term benefits for our group. Fuel price declines will enable us to constrain jet fuel expenses in the future if current price levels continue. We will work to tie these benefits to earnings through implementation of our strategies.
- ◎ The items in green indicate issues for which we believe future measures are necessary. Implemented measures are as indicated.
- ◎ Related to the items circled in red, let me mention a passenger arriving from London on an ANA flight on Monday, October 27. Initially, there were concerns that the passenger might be infected with the Ebola virus. However, we received a report from authorities that the test results came back negative. We have established measures for responding in collaboration with relevant authorities and quarantine officials in the event that a passenger on a flight is suspected of carrying an infectious disease. At present, we have not observed any direct impact on ANA group performance. We will continue to closely monitor for any future developments.
- ◎ As the first fiscal year of the Mid-term Corporate Strategy, at present business performance is progressing steadily. However, we are aware of the need to reevaluate our assumptions concerning the currency market and fuel prices as well as our forecast for the business environment. Regarding strategies for the next fiscal year and beyond as well as our specific profit plan, we are planning to conduct a detailed evaluation and will release details during the fourth quarter.
- ◎ This concludes my presentation. Thank you for your attention.



**【Part2】**

**Ⅱ . Financial Results FY2014 Second Quarter 《Details》**



## Highlights of FY2014 Second Quarter

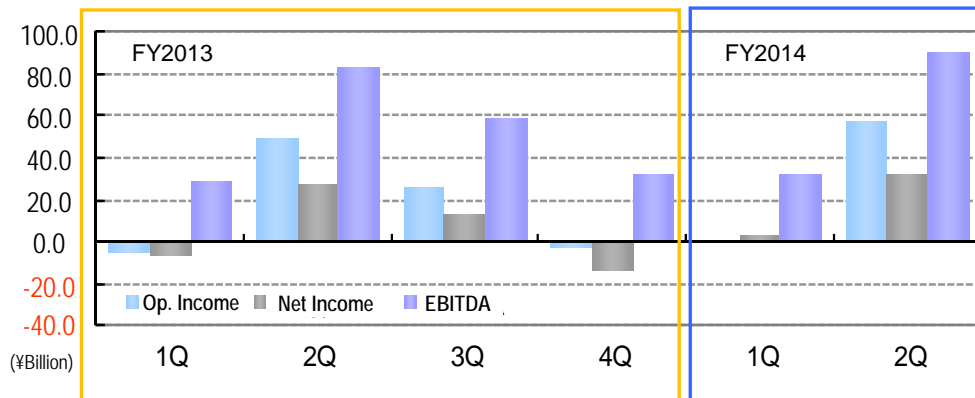
### Highlights of Financial Results FY14 1Q-2Q and FY13 1Q-4Q

Achieved significant earnings year-on-year comparison

**【FY2014 1Q-2Q Cumulative Results(Consolidated)】**

- Op. Income : ¥ 57.9 Bn ( YoY ¥ +14.6Bn)
- Net Income : ¥ 35.7 Bn ( YoY ¥ +15.7Bn)
- EBITDA : ¥122.7 Bn ( YoY ¥ +11.8Bn)

- 2nd Quarter (Jul.-Sep.)
- Op. Income ¥57.5Bn
  - Net Income ¥32.2Bn
  - EBITDA ¥90.0Bn



- ◎ Here, I will provide our financial results for the first half in detail.
- ◎ This slide shows quarterly trends of financial results from the last fiscal year.
- ◎ I will provide a detailed explanation from the next page.

## Consolidated Financial Summary

Income Statements	1H/FY13	1H/FY14	Difference	2Q/FY14	Difference
Operating Revenues	783.1	854.8	+ 71.6	467.9	+ 36.3
Operating Expenses	739.8	796.8	+ 56.9	410.4	+ 27.6
Operating Income	43.3	57.9	+ 14.6	57.5	+ 8.6
Op. Margin (%)	5.5	6.8	+ 1.2pts	12.3	+ 1.0pts
Non-Op. Gains/Losses	- 11.4	- 9.8	+ 1.5	- 6.9	- 1.2
Recurring Income	31.8	48.0	+ 16.1	50.6	+ 7.4
Extraordinary Gains/Losses	1.4	10.2	+ 8.8	0.2	+ 0.6
Net Income	20.0	35.7	+ 15.7	32.2	+ 5.5
Net Income Before Minority Interests	18.8	36.2	+ 17.3	32.4	+ 5.6
Other Comprehensive Income	- 0.0	21.5	+ 21.5	16.6	+ 15.9
Comprehensive Income	18.8	57.7	+ 38.8	49.1	+ 21.5

Revenue of fuel which is resold to airlines outside the group is offset by its purchasing cost and the net amount is recorded as net revenue, effective from FY14 1Q. Related figures for FY13 have been also corrected by applying this new accounting change. (¥Billion)

©ANAHD2014

11

- ◎ This is a summary of income statements.
- ◎ Operating revenues increased by 71.6 billion yen to 854.8 billion yen compared to the previous fiscal year.
- ◎ Also, operating expenses increased by 56.9 billion yen to 796.8 billion yen.
- ◎ As a result, operating income increased by 14.6 billion yen year-on-year to 57.9 billion yen. Recurring income increased to 48.0 billion yen, an increase over the previous year of nearly 50% and net income was 35.7 billion yen, which led to increased revenues and earnings.
- ◎ Please turn to the next page.

## Consolidated Financial Summary

## Consolidated Financial Position

	Mar 31, 2014	Sep 30, 2014	Difference
Assets	2,173.6	2,276.3	+ 102.7
Shareholders' Equity	746.0	798.7	+ 52.6
Ratio of Shareholders' Equity (%)	34.3	35.1	+ 0.8pts
Interest Bearing Debts	834.7	869.3	+ 34.5
Debt/Equity Ratio (times)*	1.1	1.1	- 0.0
Net Interest Bearing Debts**	461.6	473.3	+ 11.7

(¥Billion)

\* D/E ratio when including off-balanced lease obligation of ¥105.3 billion (¥121.0 billion as of the end of March, 2014) is 1.2 times.  
(1.3 times as of the end of March, 2014)

\*\* Net Interest Bearing Debts: Interest Bearing Debts - (Liquid Assets(Cash on Hand and in Banks+ Marketable Securities))

- ◎ This shows our consolidated financial position.
- ◎ Total assets increased by 102.7 billion yen to 2,276.3 billion yen from the end of the previous fiscal year.
- ◎ Shareholders' equity increased by 52.6 billion yen and amounted to 798.7 billion yen, giving us a 35.1% ratio of shareholders' equity.
- ◎ The interest bearing debt increased to 869.3 billion yen compared to the end of the previous fiscal year as a result of issuing straight bonds etc. However, the debt equity ratio was maintained at 1.1 times.
- ◎ Please turn to the next page.

## Consolidated Financial Summary

Consolidated Statements of Cash Flow	1H/FY13	1H/FY14	Difference
Cash Flow from Operating Activities	133.7	122.2	- 11.5
Cash Flow from Investing Activities	- 45.3	- 156.2	- 110.8
Cash Flow from Financing Activities	- 62.7	22.1	+ 84.8
Net Increase or Decrease	25.8	- 11.7	- 37.5
Cash and Cash Equivalent at the beginning	191.2	240.9	} - 10.1 **
Cash and Cash Equivalent at the end	217.1	230.7	
Depreciation and Amortization	67.6	64.8	- 2.8
Capital Expenditures	105.2	149.0	+43.8
Substantial Free Cash Flow (excluding periodic/negotiable deposits of more than 3 months)	29.4	- 0.7	- 30.2
EBITDA *	110.9	122.7	+ 11.8
EBITDA Margin (%)	14.2	14.4	+ 0.2pts

\* EBITDA: Op. Income+Depreciation

\*\* Includes effect on cash and cash equivalents with change of scope of consolidation.

(¥Billion)

©ANAHD2014

13

- ◎ This shows our consolidated statement of cash flow.
- ◎ Cash flow from operating activities resulted in income of 122.2 billion yen, cash flow from investing activities resulted in expenditures of 156.2 billion yen, and cash flow from financing activities resulted in income of 22.1 billion yen.
- ◎ EBITDA improved by 11.8 billion yen to 122.7 billion yen compared to the previous fiscal year.
- ◎ Please turn to next page.

## Consolidated Financial Summary

### Results by Segment

	1H/FY13	1H/FY14	Difference	2Q/FY14	Difference	
Revenues	Air Transportation	682.0	742.2	+ 60.1	407.0	+ 30.5
	Airline Related	93.0	108.9	+ 15.8	55.3	+ 7.9
	Travel Services	90.7	89.0	- 1.7	52.3	- 2.0
	Trade and Retail	53.8	61.3	+ 7.5	31.3	+ 3.9
	Total for Reporting Segments	919.6	1,001.5	+ 81.8	546.0	+ 40.4
	Others	14.2	15.5	+ 1.2	8.0	+ 0.7
	Adjustment	- 150.7	- 162.2	- 11.4	- 86.0	- 4.8
	Total	783.1	854.8	+ 71.6	467.9	+ 36.3
Operating Income	Air Transportation	39.2	51.8	+ 12.6	53.0	+ 7.2
	Airline Related	3.7	5.2	+ 1.5	2.4	- 0.0
	Travel Services	2.7	2.7	- 0.0	2.0	- 0.1
	Trade and Retail	1.8	1.8	- 0.0	1.2	+ 0.1
	Total for Reporting Segments	47.6	61.7	+ 14.1	58.8	+ 7.2
	Others	0.4	0.7	+ 0.3	0.5	+ 0.2
	Adjustment	- 4.7	- 4.5	+ 0.2	- 1.8	+ 1.1
	Total	43.3	57.9	+ 14.6	57.5	+ 8.6

(¥Billion)

©ANAHD2014

Accounting change is applied as shown on footnote of P.11.

14

◎ These are our results by segment.

◎ Next, I will go over the details of our air transportation business.

◎ Please turn to page 16.

## Air Transportation Business

Operating Revenues and Expenses		1H/FY13	1H/FY14	Difference	2Q/FY14	Difference
Operating Revenues	Domestic Passengers	344.3	345.8	+ 1.5	197.4	+ 0.5
	International Passengers	196.5	235.7	+ 39.2	126.5	+ 19.4
	Cargo and Mail	68.5	80.3	+ 11.7	41.1	+ 6.3
	Others	72.5	80.1	+ 7.6	41.9	+ 4.2
	Total	682.0	742.2	+ 60.1	407.0	+ 30.5
Operating Expenses	Fuel and Fuel Tax	165.9	187.2	+ 21.2	97.3	+ 11.4
	Landing and Navigation Fees	54.6	57.3	+ 2.6	29.4	+ 1.0
	Aircraft Leasing Fees	38.8	44.6	+ 5.7	22.6	+ 2.3
	Depreciation and Amortization	63.6	62.0	- 1.5	31.0	- 1.6
	Aircraft Maintenance	41.5	41.8	+ 0.3	21.9	+ 0.3
	Personnel	83.3	82.4	- 0.9	40.9	- 0.0
	Sales Commission and Promotion	37.6	49.1	+ 11.5	25.5	+ 5.3
	Contracts	78.0	84.6	+ 6.5	43.5	+ 4.0
	Others	79.0	80.9	+ 1.8	41.4	+ 0.5
	Total	642.8	690.3	+ 47.5	353.9	+ 23.2
Op. Income	Operating Income	39.2	51.8	+ 12.6	53.0	+ 7.2
	EBITDA*	104.8	113.9	+ 9.0	84.0	+ 5.5
	EBITDA Margin (%)	15.4	15.4	- 0.0pts	20.7	- 0.2pts

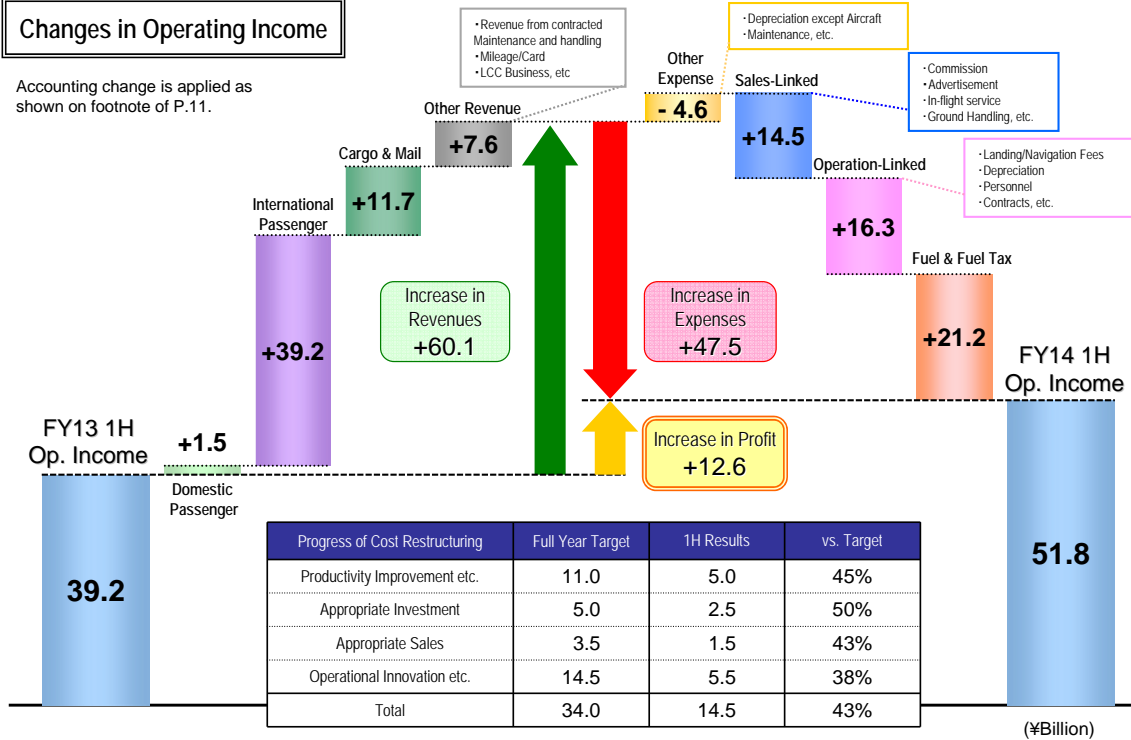
\* EBITDA: Op. Income + Depreciation, includes inactive fixed asset depreciation expenses  
Accounting change is applied as shown on footnote of P.11.

(¥Billion)

## Air Transportation Business

### Changes in Operating Income

Accounting change is applied as shown on footnote of P.11.



©ANAHD2014

16

- ◎ I will now provide an analysis of the changes in operating income for the air transportation business through a year-on-year comparison.
- ◎ Operating revenues increased by 60.1 billion yen.
- ◎ The expansion of our international passenger business resulted in a significant increase in revenues.
- ◎ Operating expenses increased by a total of 47.5 billion yen.
- ◎ Fuel expenses, and operation-linked costs, etc., increased due to the expansion of business scale but through the first half of the fiscal year we succeeded in cost restructuring initiatives of 14.5 billion yen as planned, which resulted in operating income of 51.8 billion yen, a year-on-year increase of 12.6 billion yen.
- ◎ Next, I will explain trends in each business from page 18.



## Air Transportation Business

Domestic Passenger Operations	1H/FY13	1H/FY14	% Y/Y	2Q/FY14	% Y/Y
Available Seat Km (million)	31,141	30,647	- 1.6	15,808	- 2.6
Revenue Passenger Km (million)	18,950	19,293	+ 1.8	10,504	+ 0.5
Passengers (thousands)	21,370	21,675	+ 1.4	11,704	+ 0.2
Load Factor (%)	60.9	63.0	+ 2.1pts*	66.5	+ 2.0pts*
Passenger Revenues (¥Billion)	344.3	345.8	+ 0.4	197.4	+ 0.3
Unit Revenue (¥/ASK)	11.1	11.3	+ 2.1	12.5	+ 2.9
Yield (¥/RPK)	18.2	17.9	- 1.3	18.8	- 0.2
Unit Price (¥/Passenger)	16,115	15,957	- 1.0	16,873	+ 0.0

\* Difference

(Not including Vanilla Air/previously AirAsia Japan)

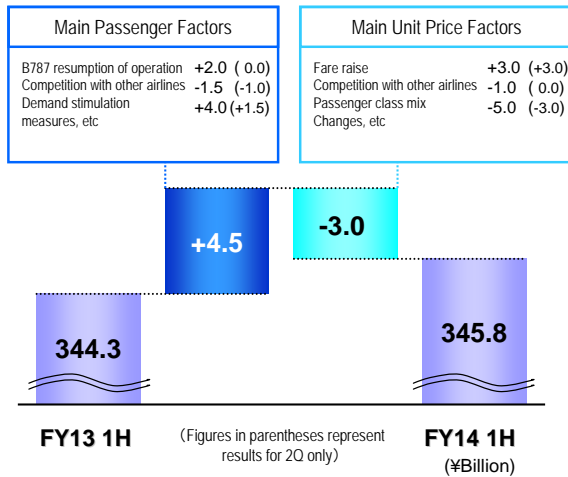
## Air Transportation Business

### Trends in Domestic Passenger Operations

(Not including Vanilla Air/previously AirAsia Japan)

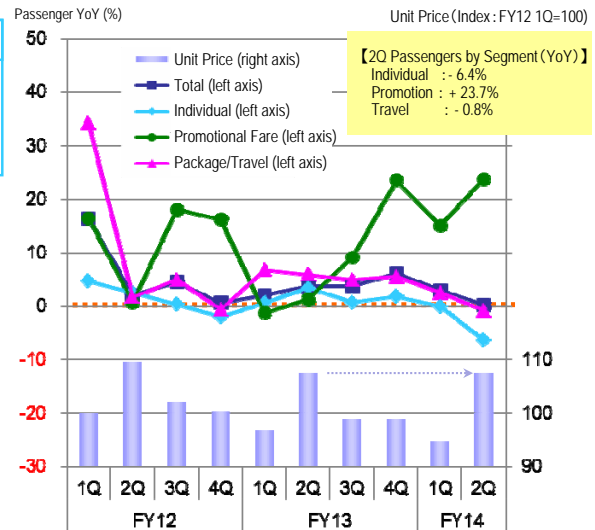
#### FY14 1H Revenue Change Factors

✓ Increased revenues while controlling ASK.



#### Trends of passengers by Segment and Unit Price

✓ Maximized revenues by both raising fare and setting promotional fare for stimulating demand.



©ANAHD2014

18

- ◎ This is the status of our domestic passenger operations.
- ◎ The chart on the left analyzes the factors behind the increase in revenue in the first half.
- ◎ Setting promotional fares effectively helped secure demand and resulted in a 4.5 billion yen increase for passenger factors.
- ◎ For unit price factors, fare raises from July have contributed positively to revenues. On the other hand, the strategic pricing management from the beginning of the fiscal year resulted in a change in the passenger class mix, which had a negative impact of 3.0 billion yen on revenues.
- ◎ Although unit price factors had a negative impact, overall revenues increased 1.5 billion yen year-on-year even though we constrained ASK capacity.
- ◎ Please turn to page20.

## Air Transportation Business

International Passenger Operations	1H/FY13	1H/FY14	% Y/Y	2Q/FY14	% Y/Y
Available Seat Km (million)	20,178	24,718	+ 22.5	12,444	+ 20.0
Revenue Passenger Km (million)	15,089	18,025	+ 19.5	9,553	+ 17.6
Passengers (thousands)	3,170	3,591	+ 13.3	1,901	+ 9.6
Load Factor (%)	74.8	72.9	- 1.9pts*	76.8	- 1.6pts*
Passenger Revenues (¥Billion)	196.5	235.7	+ 20.0	126.5	+ 18.2
Unit Revenue (¥/ASK)	9.7	9.5	- 2.1	10.2	- 1.5
Yield (¥/RPK)	13.0	13.1	+ 0.4	13.2	+ 0.5
Unit Price (¥/Passenger)	61,998	65,656	+ 5.9	66,539	+ 7.8

\* Difference

(Not including Vanilla Air/previously AirAsia Japan)

## Air Transportation Business

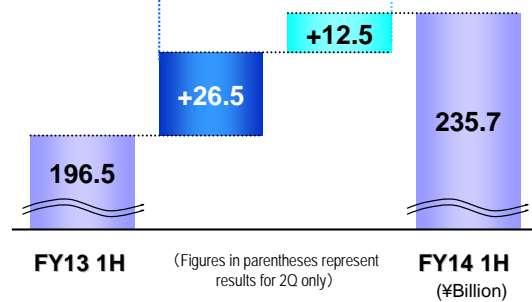
### Trends in International Passenger Operations

(Not including Vanilla Air/previously AirAsia Japan)

#### FY14 1H Revenue Change Factors

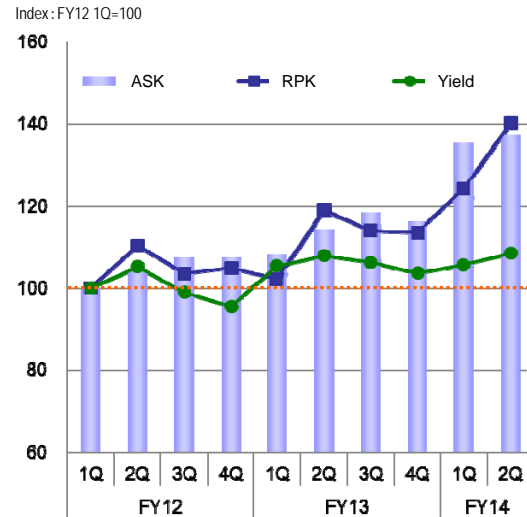
✓ Significant expansion of ASK led to achieve in steady demand.

Main Passenger Factors		Main Unit Price Factors	
ASK increase	+16.5 (+7.0)	Yield management	+7.5 (+4.5)
Demand trend	+ 2.0 (-1.0)	Passenger class / route mix changes	- 0.5 (+0.5)
FSC	+ 6.0 (+3.0)	Foreign exchange	+3.0 (+2.0)
Marketing measures, etc.	+ 2.0 (+1.5)	FSC	+2.5 (+1.5)



#### Trends of ASK, RPK and Yield

✓ Captured demand while keeping a certain yield level.



©ANAHD2014

20

- ◎ This is the status of our international passenger operations.
- ◎ Passenger factors saw increased revenues of 26.5 billion yen thanks to our ability to tie significantly expanded ASK to secured demand.
- ◎ Also, unit price factors saw increased revenues of 12.5 billion yen and a 39.2 billion yen increase in total.
- ◎ The following pages provide supplemental information concerning the rise in unit price and increased passenger numbers.
- ◎ Please turn to page 21.

## Air Transportation Business

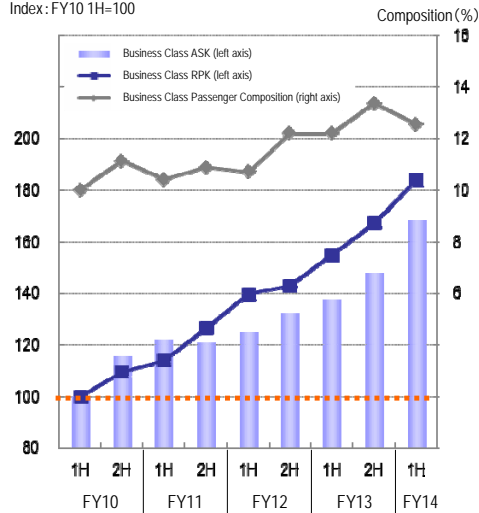
### Trends in International Passenger Operations

(Not including Vanilla Air/previously AirAsia Japan)

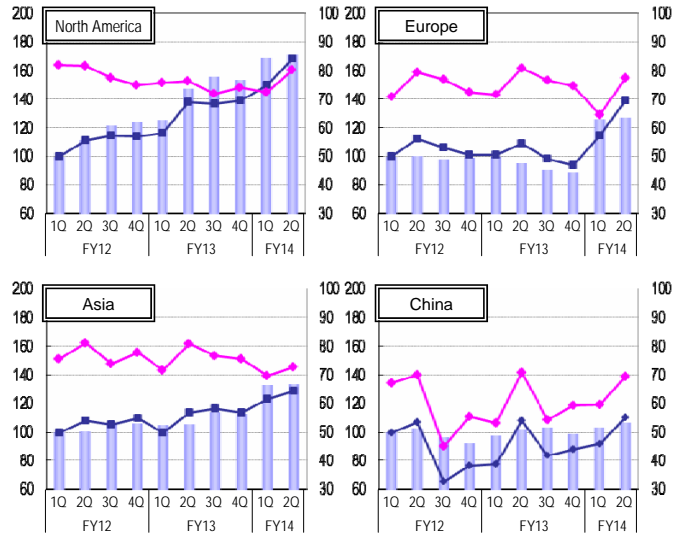
### Trends in ASK/RPK/Composition of Business Class

✓ **Composition of passengers on business class is still in high level.**

Index: FY10 1H=100



### Trends in ASK/RPK by Destination



Left Axis (Index: FY12 1Q=100) ■ : ASK ■ : RPK ◆ : L/F Right Axis (Unit: %)

©ANAHD2014

- ◎ The figures on the left shows ASK and RPK trends for business class on all routes of our international passenger operations and changes in the composition of business class passengers in the total of all class passengers.
- ◎ This shows that throughout our efforts to expand our business scale, we have been able to capture demand that exceeds ASK growth.
- ◎ During the first half, the composition of passengers in business class has remained relatively high over the last few years.
- ◎ This contributes significantly to improvement in unit price as well as yield management.
- ◎ Please turn to the next page.

## Air Transportation Business

### Trends in International Passenger Operations

(Not including Vanilla Air/previously AirAsia Japan)

### Progress of "Dual-hub Network Strategy" (Analysis based on different kinds of channel)

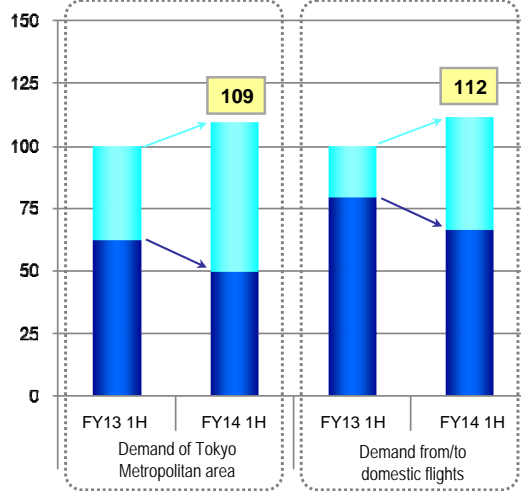
#### Sales in Japan

✓ Capture domestic demand broadly with advantage of Haneda.

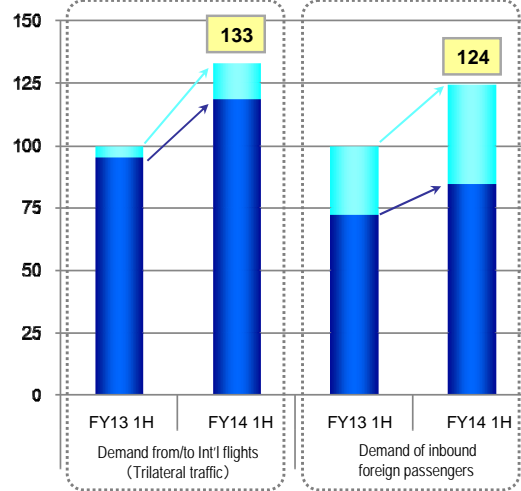
#### Sales in Overseas

✓ Both Narita and Haneda cover the global traffic.

No. of passengers  
(Index: FY13 1H=100)



No. of passengers  
(Index: FY13 1H=100)



©ANAHD2014

■ : Outgoing/Incoming Passengers in Narita

■ : Outgoing/Incoming Passengers in Haneda

22

◎ This slide shows major trends in first half passenger numbers for Haneda and Narita by sales location.

Each graph shows ANA international passengers during the first half compared to that of the previous year.

Dark blue indicates passengers in Narita while the light blue shows passengers in Haneda. Total passengers from each airport of the previous year were set to 100 and current fiscal year performance is provided as a growth index.

◎ In terms of sales in Japan, mainly composed of Japanese travelers, we secured significant demand of passengers in the Tokyo Metropolitan area as well as demand from local cities throughout Japan, as Haneda airport offers convenient access from central Tokyo and is the hub for the ANA Group's extensive domestic flight network.

In addition, for overseas sales, we implemented initiatives to secure trilateral passenger traffic demand by establishing a flexible flight schedule at Narita. Both airports are showing notable growth in the number of foreign visitors to Japan.

◎ Our Dual-hub Network Strategy is working steadily, which enables us to expand international services while taking advantage of the strengths of both airports.

◎ Next, please turn to page 26.

## Air Transportation Business

Domestic Cargo Operations		1H/FY13	1H/FY14	% Y/Y	2Q/FY14	% Y/Y
Domestic Cargo	Available Ton Km (million)	1,006	963	- 4.2	501	- 6.1
	Revenue Ton Km (million)	220	236	+ 7.2	125	+ 4.7
	Revenue Ton (thousand tons)	223	236	+ 5.8	125	+ 3.5
	Load Factor (%)	22.0	24.6	+ 2.6pts*	24.9	+ 2.6pts*
	Cargo Revenues (¥Billion)	15.2	16.1	+ 5.7	8.4	+ 4.2
	Unit Revenue (¥/ATK)	15.2	16.8	+ 10.3	16.9	+ 10.9
	Unit Price (¥/kg)	68	68	- 0.2	67	+ 0.6
Domestic Freighter 【Included Above】	Available Ton Km (million)	14	—	—	—	—
	Revenue Ton Km (million)	4	—	—	—	—
	Revenue Ton (thousand tons)	4	—	—	—	—
	Load Factor (%)	32.1	—	—	—	—
	Cargo Revenues (¥Billion)	0.6	—	—	—	—
	Unit Revenue (¥/ATK)	43.2	—	—	—	—
	Unit Price (¥/kg)	129	—	—	—	—

\* Difference

Intentionally Blank



## Air Transportation Business

International Cargo Operations		1H/FY13	1H/FY14	% Y/Y	2Q/FY14	% Y/Y
International Cargo	Available Ton Km (million)	2,169	2,742	+ 26.4	1,398	+ 22.2
	Revenue Ton Km (million)	1,366	1,801	+ 31.8	909	+ 30.0
	Revenue Ton (thousand tons)	334	428	+ 28.2	216	+ 26.0
	Load Factor (%)	63.0	65.7	+ 2.7pts*	65.1	+ 3.9pts*
	Cargo Revenues (¥Billion)	49.1	59.7	+ 21.7	30.4	+ 23.9
	Unit Revenue (¥/ATK)	22.6	21.8	- 3.7	21.8	+ 1.3
	Unit Price (¥/kg)	147	140	- 5.0	141	- 1.7
International Freighter 【Included Above】	Available Ton Km (million)	462	618	+ 33.9	322	+ 30.6
	Revenue Ton Km (million)	281	386	+ 37.7	200	+ 34.4
	Revenue Ton (thousand tons)	153	194	+ 26.3	98	+ 23.4
	Load Factor (%)	60.8	62.5	+ 1.7pts*	62.2	+ 1.7pts*
	Cargo Revenues (¥Billion)	18.5	22.8	+ 23.5	11.7	+ 24.1
	Unit Revenue (¥/ATK)	40.0	36.9	- 7.8	36.3	- 5.0
	Unit Price (¥/kg)	120	117	- 2.3	119	+ 0.6

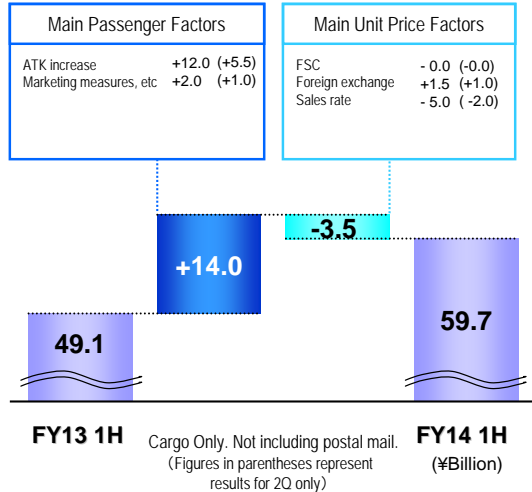
\* Difference

## Air Transportation Business

### Trends in International Cargo Operations

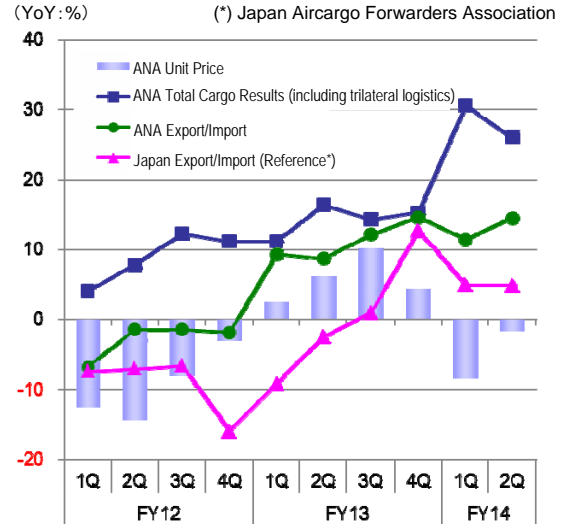
#### FY14 1H Revenue Change Factors

✓ Increased revenues significantly by capturing demand.



#### Trends of Traffic Results and Unit Price

✓ Expanded cargo volume especially on trilateral traffic.



©ANAHD2014

26

- ◎ This shows the status of our international cargo operations. Please take a look at the figures on the left.
- ◎ For weight factors, revenue tons an increased by 14.0 billion yen, and increase approximately 30% year-on-year, thanks to capturing demand while expanding our business scale.
- ◎ Although unit price factors decreased revenues of 3.5 billion yen due to growth of trilateral cargo traffic, overall revenues resulted in an increase of 10.6 billion yen.
- ◎ Furthermore, traffic results for Vanilla Air, are included in our air transportation business, and are provided on page 27 with topics.
- ◎ Please turn to page 29.

## Air Transportation Business

### LCC Operations

Domestic and International Passenger Operations in Total

	1H/FY13*	1H/FY14	% Y/Y	2Q/FY14	% Y/Y
Available Seat Km (million)	837	1,098	+ 31.1	602	+ 26.2
Revenue Passenger Km (million)	554	820	+ 47.8	524	+ 46.5
Passengers (thousands)	484	570	+ 17.6	371	+ 24.0
Load Factor (%)	66.2	74.7	+ 8.5pts**	87.0	+ 12.0pts**

\* Results of previous AirAsia Japan  
\*\*Difference

Aircraft Procurement Plan	Aircraft in Service: 7 aircraft (as of end of Sep, 2014) End of FY14: 8 aircraft During FY15: Approx. 10 aircraft
---------------------------	--

- New Destination: Narita=Hong Kong (from 2 Nov, 2014)
- New Destination: Narita=Kaohsiung (from 1 Feb, 2015)



Intentionally Blank

## Other Segments excluding Air Transportation Business

### Results by Segment

(¥Billion)	Airline Related			Travel Services		
	1H/FY13	1H/FY14	Difference	1H/FY13	1H/FY14	Difference
Revenues	93.0	108.9	+ 15.8	90.7	89.0	- 1.7
Op. Income	3.7	5.2	+ 1.5	2.7	2.7	- 0.0
Depreciation and Amortization	1.5	2.2	+ 0.7	0.0	0.0	- 0.0
EBITDA*	5.2	7.4	+2.2	2.8	2.8	- 0.0
EBITDA Margin (%)	5.6	6.9	+ 1.2pts	3.1	3.2	+ 0.0pts

(¥Billion)	Trade and Retail			Others		
	1H/FY13	1H/FY14	Difference	1H/FY13	1H/FY14	Difference
Revenues	53.8	61.3	+ 7.5	14.2	15.5	+ 1.2
Op. Income	1.8	1.8	- 0.0	0.4	0.7	+ 0.3
Depreciation and Amortization	0.3	0.4	+ 0.0	0.1	0.0	- 0.0
EBITDA*	2.2	2.2	+ 0.0	0.5	0.8	+ 0.2
EBITDA Margin (%)	4.1	3.7	- 0.4pts	3.8	5.3	+ 1.5pts

©ANAHD2014 \* EBITDA : Op. Income + Depreciation

29

◎ This shows the status of other segments excluding our air transportation business.

◎ Our Airline-Related business resulted in increased revenues and earnings due to an increase in contracts for airport ground support at Haneda and Naha Airport as well as the start of operations at ANA Cargo Inc. in April.

◎ Our Travel Services business saw a year-on-year decline in revenues. Although results for our overseas travel services were strong due to success in capturing demand from domestic local cities in Japan with the expansion of our product lineup thanks to an increase in Haneda flights, demand in certain regions did not reach previous year levels for our domestic travel services.

Total sales figures increased year-on-year due to firm demand from Taiwan and Hong Kong as well as our ability to capture strong demand out of China year-on-year.

◎ Revenues for our Trade and Retail business increased year-on-year due to strong sales at airport duty free stores thanks to increased passenger numbers resulting from the expansion of our international network.

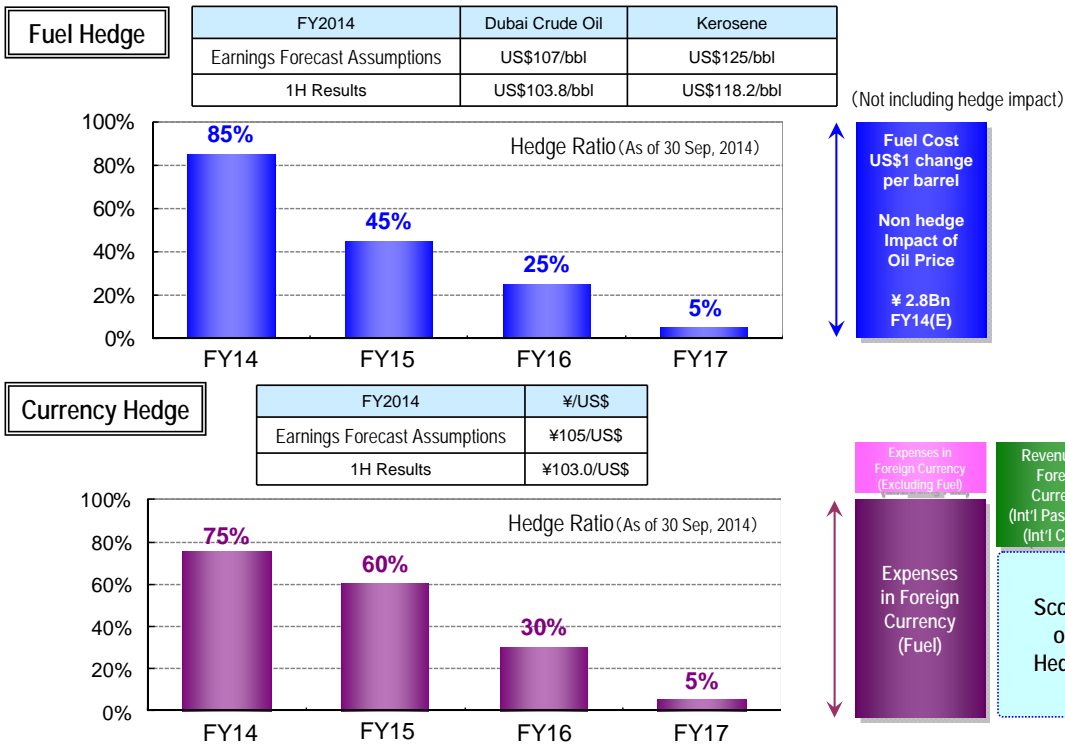
◎ Finally, please turn to page32.

Intentionally Blank

### III. Supplemental Reference



## Supplemental Reference



©ANAHD2014

- ◎ This shows our hedge status for fuel and currency.
  
- ◎ There has been no change in our basic hedge strategy, however, in light of recent trends toward yen depreciation, we have implemented flexible measures to address currency fluctuations.
  
- ◎ As with the current fiscal year, for FY2015 as well, we have accelerated our hedge initiatives ahead of normal schedule in order to increase the probability of success for our profit plan.
  
- ◎ We will continue to keep our eyes on market trends and implement appropriate measures.
  
- ◎ This concludes my presentation. Thank you for your attention.



## Supplemental Reference

Composition of International Passenger Results by Destination		1H/FY14 Composition	Difference	2Q/FY14 Composition	Difference
Revenue	North America	33.2	+ 2.1	33.1	+ 1.8
	Europe	21.5	+ 0.6	22.2	+ 1.6
	China	14.8	- 1.6	14.8	- 2.2
	Asia	26.6	- 0.6	25.6	- 0.9
	Resort	3.9	- 0.5	4.3	- 0.3
ASK	North America	35.0	+ 0.7	35.0	- 1.1
	Europe	20.4	+ 1.1	20.4	+ 2.1
	China	11.3	- 1.9	11.4	- 1.7
	Asia	29.3	+ 0.9	29.1	+ 1.4
	Resort	4.0	- 0.9	4.1	- 0.7
RPK	North America	36.7	+ 1.8	36.6	+ 1.5
	Europe	19.9	+ 0.2	20.6	+ 1.6
	China	10.0	- 1.0	10.3	- 1.6
	Asia	28.6	- 0.2	27.6	- 0.9
	Resort	4.8	- 0.8	4.9	- 0.6

©ANAHD2014

(Not including Vanilla Air/previously AirAsia Japan)

33

## Supplemental Reference

Composition of International Cargo Results by Destination		1H/FY14 Composition	Difference	2Q/FY14 Composition	Difference
Revenue	North America	21.8	+ 0.7	22.1	+ 1.0
	Europe	14.6	+ 0.1	14.2	- 0.1
	China	34.4	- 2.8	34.4	- 3.1
	Asia	22.3	+ 2.4	22.7	+ 2.7
	Others	6.9	- 0.3	6.6	- 0.4
ATK	North America	35.0	- 2.4	34.9	- 4.1
	Europe	20.8	- 0.6	20.6	+ 0.7
	China	16.3	- 1.1	16.2	- 0.8
	Asia	24.1	+ 4.3	24.7	+ 4.5
	Others	3.8	- 0.2	3.6	- 0.3
RTK	North America	38.5	+ 0.1	38.2	- 0.9
	Europe	23.2	- 0.5	22.7	- 0.1
	China	13.7	- 2.2	13.8	- 2.1
	Asia	20.6	+ 2.8	21.6	+ 3.7
	Others	4.0	- 0.2	3.8	- 0.6

## Supplemental Reference

<b>Aircraft in Service</b>		Mar 31, 2014	Sep 30, 2014	Change	Owned	Leased
Wide-Body	Boeing 747-400 (Domestic)	1	0	- 1	0	0
	Boeing 777-300ER	19	19	—	16	3
	Boeing 777-300	7	7	—	7	0
	Boeing 777-200ER	12	12	—	6	6
	Boeing 777-200	16	16	—	14	2
	Boeing 787-9	0	2	+ 2	2	0
Mid-Body	Boeing 787-8	27	31	+ 4	30	1
	Boeing 767-300ER	26	26	—	9	17
	Boeing 767-300	21	19	- 2	19	0
	Boeing 767-300F	2	3	+ 1	0	3
	Boeing 767-300BCF	7	7	—	7	0
Narrow-Body	Airbus A320-200	19	20	+ 1	16	4
	Boeing 737-800	24	29	+ 5	24	5
	Boeing 737-700ER	2	2	—	2	0
	Boeing 737-700	11	11	—	8	3
	Boeing 737-500	15	16	+ 1	16	0
Regional	Bombardier DHC-8-400 (Q400)	21	21	—	12	9
	Bombardier DHC-8-300 (Q300)	1	0	- 1	0	0
<b>Total</b>		<b>231</b>	<b>241</b>	<b>+ 10</b>	<b>188</b>	<b>53</b>

©ANAHD2014

Including 7 aircraft of A320-200 operated by Vanilla Air(7 as of end of FY14 2Q, 5 as of end of FY13).  
Excluding leased aircraft outside group(12 as of end of FY14 2Q, 14 as of end of FY13).

35

(MEMO)



(MEMO)



(MEMO)



## ANA Group Corporate Philosophy

### Mission Statement

Built on a foundation of security and trust,  
“the wings within ourselves”  
help to fulfill the hopes  
and dreams of an interconnected 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

### Management Vision

It is our goal to be  
the world's leading airline group  
in customer satisfaction and value creation.

### Cautionary Statement

**Forward-Looking Statements.** This material contains forward-looking statements based on ANA Holdings Inc.'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, aviation fuel tax, 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.

*Thank you.*

*This material is available on our website.*

**<http://www.anahd.co.jp/en>**

Investor Relations → IR Library → Presentations

Investor Relations, ANA HOLDINGS Inc.  
Phone +81-(0)3-6735-1030 E-Mail: [ir@anahd.co.jp](mailto:ir@anahd.co.jp)