

Japan's ANA's profit slumps by 45.7%

TOKYO, JAPAN: The operator of Japan's All Nippon Airways (ANA) has slashed its full-year profit forecast as its earnings nosedived on higher fuel costs and the delayed delivery of a modified Dreamliner.



ANA's profits slump as airline fleet is grounded over battery problems. Image: Wiki Images

ANA blamed lukewarm passenger numbers and poor results for its budget carrier arm AirAsia Japan, as it warned that it now expects a net profit of ¥15bn yen (US\$153m) for the year to next March, down from the ¥45bn it projected in April this year.

Net profit for the six months to September fell 45.7 percent to ¥20.07bn according to ANA Holdings, which owns the airline and other related interests.

"Passenger unit cost and numbers fell short of initial targets and there were delays in receiving new aircraft that caused problems in establishing new international routes and adding flights," the company said in a statement.

While the carrier did not name the glitch-plagued Dreamliner, for which it is the world's biggest customer, ANA was hit hard by the grounding of the high-technology aircraft earlier this year.

Grounded jets hurt performance

ANA and domestic rival Japan Airlines, which also reports its quarterly results this week, were sideswiped by the grounding of Boeing's new aircraft that began in January. After a long-running probe the planes were allowed to fly again in June.

The carriers at the time operated about half the Dreamliners in service and had to cancel hundreds of flights in the wake of the crisis, which was caused by problems with the plane's lithium battery.

ANA said a jump in demand for international freight helped offset a slump in cargo services at home, adding that overseas

travel revenue was up 9.3% despite lower passenger numbers.

ANA says it has struggled in its home market's fledgling budget sector, where AirAsia Japan did not perform as well as expected.

The joint venture with Malaysia-based AirAsia is due to end its services under that name after a dispute over business practices. ANA has rebranded the carrier as Vanilla Air, which will start flying in December.

The airline said it would remain under pressure as the sharply weaker yen pushes up the cost of fuel - usually an airline's biggest single expense.

"The yen continued to weaken in the first six months, which increased costs for fuel and other dollar-denominated outlays, causing expenditures to exceed initial estimates," it said.

"ANA has no choice but to assume that the yen will continue to weaken further in the second half and must also assume that fuel costs will increase," the company added.

It also cited what it called a sluggish recovery in leisure traffic to China from Japan.

Source: AFP via I-Net Bridge

For more, visit: <https://www.bizcommunity.com>