

ANA SEEKS STAKES IN OTHER ASIAN AIRLINES

News / Airlines



ANA Holdings Inc. is looking to bolster its hold on Asian traffic through equity stakes in other Asian carriers and joint venture agreements, said Chief Executive Shinya Katanozaka.

"We are approaching a number of Asian airlines," Mr. Katanozaka said in an interview.

The parent of All Nippon Airways Co. has enjoyed a boom period with the low yen fueling demand for inbound traffic. The group reported net profit rose 51% in the April to September period. Mr. Katanozaka said the outlook remains bright with strong demand and fuel prices set to remain low.

Medium-term prospects also remain strong, with Japan set to boost its target for foreign tourists of 20 million in 2020 to 30 million. Japan hosts the Olympic Games that year.

ANA said it is considering investments in Vietnam Airlines, Mr. Katanozaka said, though it also may deepen its cooperation with Garuda Indonesia and Philippine Airlines with equity stakes. ANA would be limited to a minority share, but Mr. Katanozaka believes the dividends it received and ability work together more closely could boost returns.

Myanmar also remains on the agenda after the Japanese airline group scrapped plans for a stake

in Asian Wings Airways. ANA was going to take a 49% stake but pulled out over concern about intensified competition. Mr. Katanozaka said "we are trying to find another partner in Myanmar."

ANA is hoping to exploit a window of opportunity to bolster its reach while the expansion of local rival Japan Airlines Co. is constrained. As part of JAL's bankruptcy restructuring process, the government imposed limits on the airline that restrict its growth until the close of the fiscal year ended in March 2017. ANA's Mr. Katanozaka wants to have equity stakes in place before the restrictions on JAL expire.

ANA, which has joint venture agreements with United Continental Holdings Inc. and Deutsche Lufthansa AG, is exploring possible joint venture agreements with Asian carriers. The agreements allow the carriers to closely coordinate schedules and pricing.

Though Mr. Katanozaka wouldn't identify potential partners, members of the Star Alliance are more likely because of the difficulty of partnering with carriers outside the pact.

When ANA announced results late last month, it stuck to its previous projections for net profit of 52 billion yen (US\$420 million) in the financial year ending in March, given the uncertainty surrounding the global economy, especially in China and the U.S., as well as the recent increase in the number of China-Japan flights. Still Mr. Katanozaka said despite some economic slowdown in China, bookings for the next Chinese New Year period remain strong.

He also said he expects the airline's Vanilla budget unit to be profitable this financial year.

ANA is in the process of formulating its medium-term plan covering the period from 2016 to 2020. To help fuel growth, the airline is seeking additional slots at Tokyo's Haneda Airport, though a government decision on further allocations could come slightly later than initially projected.

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