

Earnings Presentation Q2 FY17
Jul – Sep 2016



November 8th , 2016

Safe harbor

This document may contain some statements on the Company's business or financials which may be construed as forward looking. The actual results may be materially different from these forward looking statements.

This document forms part of the quarterly earnings release and should be viewed together with the Earnings Press Release and Earnings Conference Call

Overview

Key highlights

- Profit after tax grew by 23.6% to INR 1.4 billion for the quarter compared to same period last year despite challenging competitive environment
- Strong traffic growth, measured in terms of RPKs, of 32.7% as against capacity growth of 26.7%
- Continued pressure on yield partially offset by increase in load factor; RASK declined by 6.9%
- CASK ex fuel declined by 9.7% despite the inflationary environment and depreciation in the Indian Rupee
- We continue to invest in the growth opportunity of India; expected to grow the fleet to 136 by March 31, 2017

Operational highlights

- For Q2 FY17, on time performance was 82.6%, technical dispatch reliability was 99.91% and average flight cancellation rate was 0.58%
 - Adversely impacted by operational issues arising out of A320 neo engines
- Entered into first GDS agreement with Travelport in September 2016
- Added Port Blair as the 36th domestic destination and 41st destination overall
- Added 9 aircraft during the quarter; period ending fleet of 118
 - 6 new A320neos
 - 3 used A320ceos on short-term operating leases
- Year end fleet expected to be 136 as previously guided
 - Some neo delays to be offset by induction of used aircraft on short term leases
- Awarded "Best Low Cost Airline - Domestic" by Air Passengers Association Of India (APAI)

Financial Overview

Financial highlights

Particulars (in INR million)	Quarter Ended		
	Sep'16	Sep'15	Change %
Total revenue	43,277	36,388	+18.9%
Total cost	41,511	34,782	+19.3%

EBITDAR	9,774	8,748	+11.7%
EBITDAR Margin	23.5%	24.7%	-1.2 ppts
PBT	1,766	1,606	+9.9%
PBT Margin	4.2%	4.5%	-0.3 ppts
PAT	1,398	1,131	+23.6%
PAT Margin	3.4%	3.2%	+0.2 ppts

ASK (billion)	13.4	10.6	26.7%
RASK (INR)	3.12	3.36	-6.9%
CASK ex fuel (INR)	1.83	2.03	-9.7%

- Solid profitability despite challenging competitive environment
- Profit after tax increased by 23.6%; Basic Earnings per share (EPS) was INR 3.87 for the quarter ended Sep 2016

Revenue breakup

Particulars (in INR million)	Quarter Ended		
	Sep'16	Sep'15	Change %
Passenger ticket revenue	35,979	30,495	+18.0%
Ancillary revenue	5,584	4,743	+17.7%
Other operating revenue	106	162	-34.6%
Revenue from operations	41,669	35,399	17.7%
Other income	1,608	989	62.6%
Total revenue	43,277	36,388	18.9%

RASK (INR)	3.12	3.36	-6.9%
ASK (billion)	13.4	10.6	26.7%
RPK (billion)	11.0	8.3	32.7%
Load factor (%)	82.2%	78.4%	+3.8 ppts
Yields (INR)	3.28	3.68	-11.1%

- Strong traffic growth - RPK growth outstripping ASK growth
- Continued pressure on fares and revenue environment
- RASK declined by 6.9% - yields decline of 11.1% partially offset by load factor increase of 3.8 ppts
- Increase in Other Income driven primarily by increase in finance income

Cost breakup

Particulars (in INR million)	Quarter Ended		
	Sep'16	Sep'15	Change %
Aircraft fuel expenses	15,524	12,421	25.0%
Aircraft and engine rentals (net)	7,721	6,019	28.3%
Purchase of stock in trade	317	257	23.7%
Changes in inventories of stock in trade	16	10	60.9%
Employee benefits	5,080	4,457	14.0%
Landing fees and en route charges	4,402	3,406	29.3%
Other expenses	6,653	6,129	+8.6%
Depreciation and amortization	1,189	1,287	-7.6%
Total operating expenses	40,902	33,984	+20.4%
Finance cost	610	797	-23.5%
Total expenses	41,511	34,782	+19.3%

- CASK ex fuel reduced by 9.7%
- Employee cost per ASK reduced by 10.0% y-o-y
- Other expenses grew at 8.6%; lower than capacity growth of 26.7%
- Finance cost reduced by 23.5% primarily due to reduction in debt

CASK (INR)	2.99	3.21	-6.6%
CASK ex fuel (INR)	1.83	2.03	-9.7%
Exchange Rate (US\$/INR)	66.61	65.59	1.6%
Fuel Price (INR / Litre)*	48.96	49.96	-2.0%

* Average fuel price announced by IOCL for domestic airlines for the 4 metros – Delhi, Mumbai, Kolkata and Chennai

Cash and Debt

Particulars (in INR million)	As of		
	Sep'16	Jun '16	Change
Free Cash	23,865	22,162	1,703
Restricted Cash	44,707	39,804	4,903
Total Cash	68,572	61,966	6,605

Debt	27,428	27,857	-429
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- Free cash increased by INR 1,703 million during the quarter, even after paying last year's final dividend of INR 5,390 million

Fleet and capacity update

- Expected to have a fleet of 136 aircraft at the end of current fiscal year
 - Plan to add 18 additional aircraft to our fleet from Oct'16 through Mar'17
- Year-over-year increase in capacity, measured in ASK, expected to grow at approximately 30% for each of Q3 and Q4 of fiscal 2017

Appendix

Fleet breakup

30th Sep, 2016

118

- 22 Owned/finance Lease
- 96 Operating Lease

- 10 A320neo
- 108 A320ceo

30th June, 2016

109

- 22 Owned/finance Lease
- 87 Operating Lease

- 4 A320neo
- 105 A320ceo

30th Sep, 2015

97

- 22 Finance Lease
- 75 Operating Lease

- 97 A320ceo

Definitions and Abbreviations

Term	Description
ASK	Available Seat Kilometer
CASK	Total Cost net of finance income per Available Seat Kilometer
CASK ex fuel	Total Cost excluding fuel cost net of finance income per Available Seat Kilometer
EBITDAR	Earnings before finance income and cost, tax, depreciation, amortization and aircraft and engine rentals
EBITDAR margin	EBITDAR / Revenue from Operations
GDS	Global Distribution System
Load Factor	Revenue Passenger Kilometer / Available Seat Kilometer
RASK	Total Revenue net of finance income per Available Seat Kilometer
RPK	Revenue Passenger Kilometer
Yield	Passenger Ticket Revenue / Revenue Passenger Kilometer

Thank You