

Earnings Presentation Q3 FY17

Oct – Dec 2016



January 31st, 2017

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 of INR 4.9 billion with a profit margin of 9.8% for the quarter ended December 2016. Compared to last year, profits were lower due to lower yield and higher fuel prices
 - RASK declined by 13.1%; yield decline only partially offset by increase in load factor
 - Strong cost performance - CASK ex fuel reduced by 7.9%; Total CASK reduced by 2.7% in spite of an increase in fuel prices
- Continuing to see robust traffic growth
 - Traffic growth continues to be strong; RPKs grew at 38.1%
 - Ended the quarter with a fleet of 126; added 8 aircraft during the quarter
 - Expected to end fiscal year 2017 with a fleet of 133
 - Adding several new destinations to our network in the coming months

Operational highlights

- Operational performance impacted during the quarter primarily due to challenges faced by adverse weather conditions, ATC congestion at key airports and A320neo issues
 - For Q3 FY17, on time performance was 71.7%, technical dispatch reliability was 99.85% and flight cancellation rate was 1.69%
 - Implemented several measures to improve performance; expect to get back to our historical performance
- A320neo update
 - Fuel burn savings meeting expectations
 - Continue to face some issues with neo engines; receiving necessary operational and technical support from Airbus and Pratt & Whitney
- Awarded "The Emerging Company of the Year, 2016" at the ET Awards for Corporate Excellence

Financial Overview

Financial highlights

Particulars (in INR million)	Quarter Ended		
	Dec'16	Dec'15	Change %
ASK (billion)	14.4	10.8	33.8%
Total revenue	51,584	44,181	16.8%
RASK (INR)	3.48	4.00	-13.1%
Total cost	45,563	34,958	30.3%
CASK (INR)	3.06	3.15	-2.7%
CASK ex fuel (INR)	1.90	2.06	-7.9%
EBITDAR	14,605	16,768	-12.9%
EBITDAR Margin	29.3%	39.0%	-9.7 ppts
PBT	6,021	9,223	-34.7%
PBT Margin	12.1%	21.5%	-9.4 ppts
PAT	4,873	6,503	-25.1%
PAT Margin	9.8%	15.1%	-5.3 ppts

- PAT of INR 4.9 billion with a profit margin of 9.8% for the quarter. Compared to last year, profits were impacted due to lower yield and increase in fuel price
- Basic EPS of INR 13.5 for the quarter ended Dec 2016

Revenue breakup

Particulars (in INR million)	Quarter Ended		
	Dec'16	Dec'15	Change %
Income from operations	49,431	42,734	15.7%
Other operating income	434	244	78.1%
Revenue from operations	49,865	42,978	16.0%
Other income	1,719	1,204	42.8%
Total revenue	51,584	44,181	16.8%

ASK (billion)	14.4	10.8	33.8%
RPK (billion)	12.6	9.1	38.1%
Load factor (%)	87.3%	84.6%	2.7 ppts
Yield (INR)	3.48	4.14	-16.0%
RASK (INR)	3.48	4.00	-13.1%

- Revenue from operations increased 16.0%
 - Passenger revenues up 16.1%
 - Ancillary revenues up 12.5%
- RASK decline of 13.1%; yield decline of 16.0% partially offset by load factor increase of 2.7 ppts
- Other income increased in line with the increase in cash balance

Cost breakup

Particulars (in INR million)	Quarter Ended		
	Dec'16	Dec'15	Change %
Aircraft fuel expenses	16,712	11,659	43.3%
Aircraft and engine rentals	8,164	6,563	24.4%
Purchase of stock in trade	347	334	4.0%
Changes in inventories of stock in trade	-19	-19	-2.7%
Employee benefits	5,273	4,663	13.1%
Landing fees and en route charges	5,056	3,504	44.3%
Other expenses	8,086	6,138	31.7%
Depreciation and amortization	1,184	1,316	-10.0%
Total operating expenses	44,804	34,157	31.2%
Finance cost	759	802	-5.4%
Total expenses	45,563	34,958	30.3%

- Aircraft fuel expenses impacted by 7.5% increase in fuel prices
- CASK ex fuel reduced by 7.9% primarily due to higher aircraft utilization and improved employee productivity

CASK (INR)	3.06	3.15	-2.7%
CASK ex fuel (INR)	1.90	2.06	-7.9%
Exchange Rate (US\$/INR)	67.92	66.15	2.7%
Fuel Price (INR / Litre)*	50.11	46.62	7.5%

* 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		
	Dec'16	Sep '16	Change
Free Cash	37,865	23,865	58.7%
Restricted Cash	46,685	44,707	4.4%
Total Cash	84,550	68,572	23.3%

Debt	27,466	27,428	0.1%
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- Free cash increased by INR 14,000 million in the quarter

Fleet and capacity update

- Expected fleet of 133 at the end of fiscal year 2017 including 20 A320neos
- Year-over-year increase in ASK expected to be 25% for Q4 of fiscal 2017

Appendix

Fleet breakup

31st Dec, 2016

126

- 18 Owned/finance Lease
- 108 Operating Lease

- 14 A320neo
- 112 A320ceo

30th Sep, 2016

118

- 22 Owned/finance Lease
- 96 Operating Lease

- 10 A320neo
- 108 A320ceo

31st Dec, 2015

100

- 22 Finance Lease
- 78 Operating lease

- 100 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
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