

Kingfisher Airlines

Financial Results - Q3 FY11

Agenda



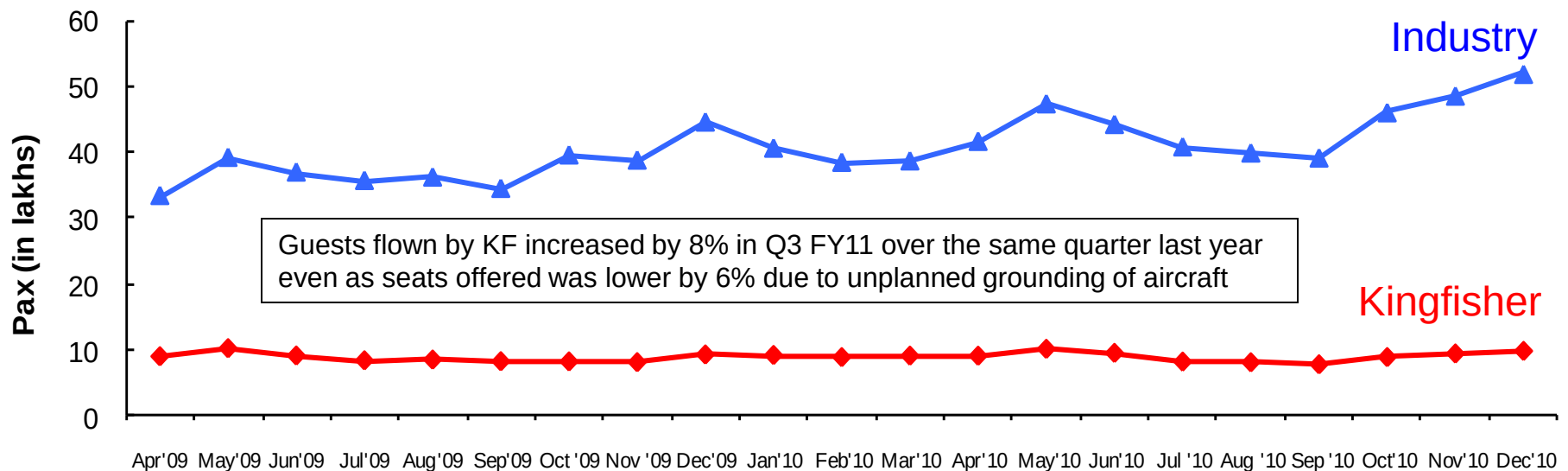
- Domestic Operating Environment
-
- Financial Performance : Q3 FY11

Domestic Operating Environment

- The aviation industry growth momentum has continued in Q3 FY11 with 19% growth in domestic demand over the same quarter last year
- Capacity addition (industry) of 12% continued to lag behind demand leading to substantial increase in industry load factor (6 percentage points over same quarter last year)
- This upsurge in demand is expected to continue as the Indian economy sustains it's reinvigorated growth trajectory
- Growth in premium traffic also continues to be strong – business class growing faster than economy
- Crude oil price has been on upward trend increasing from USD 80/bbl to more than USD 90/bbl over the last quarter

Domestic Operating Environment

- Domestic air travel demand was robust in Q3 FY11 showing 19% growth over Q3 FY10
- KFA has maximized on this industry trend to show an improvement of 11 percentage points in Load Factor over the 2 comparative periods; which is two times the change in industry Load Factor



Agenda



- Domestic Operating Environment

- Financial Performance : Q3 FY11

Overall company performance highlights: Q3 FY 11

- **Operating revenue of Rs. 1,658.7 Cr (+28% over Q3 FY10)**
 - Passenger revenue growth of +19% over Q3 FY10
 - Ancillary revenue growth of +147% over Q3 FY10
- **EBITDA profit of Rs. 91 Cr vs. loss of Rs. 92 Cr in Q3 FY10 (An improvement of Rs. 183 Cr over Q3 FY10)**
 - EBITDA margin improved from -6.9% to +5.4%
(EBITDA Margin at 10.7% adjusting for expenses on account of grounded aircraft)
- **EBITDAR profit of Rs. 335 Cr vs. Rs. 171 Cr in Q3 FY10 (An improvement of Rs. 164 Cr over Q3 FY10)**
 - EBITDAR margin improved from +12.9% to +20.0%
(EBITDAR Margin at 21.7% adjusting for expenses on account of grounded aircraft)
- **Total RASK improved to Rs. 4.17 from Rs. 3.72 in Q3 FY10 (+12%)**
 - Pax RASK growth of +5% over Q3 FY10 (Rs. 3.37 to Rs. 3.55)
- **CASK (EBITDA) reduced to Rs. 3.94 from Rs. 3.98 in Q3 FY10 (-1%)**
 - Ex-fuel EBITDA CASK reduced by 4.7% over Q3 FY10 (Rs 2.73 to Rs 2.60)

Company Operating Parameters – Q3 FY11

Parameters	Oct 10 – Dec 10 (FY11)	Oct 09 – Dec 09 (FY10)	Variance (%)
No of Departures	30,883	32,776	(6%)
ASKMs (Million)	4,026	3,568	13%
RPKMs (Million)	3,364	2,662	26%
Passenger LF%	84%	75%	9 points
Block Hours	55,463	55,399	0%
Revenue Passengers (Million)	310.4	274.1	13%
Total Revenue per ASKM (INR)	4.17	3.72	12%
Cost per ASKM (INR)	3.94	3.98	(1%)
Average Gross Revenue per passenger in INR	4,606	4,387	5%
Period ended Fleet Size	66	69	(4%)

Note: (1) Cost per ASKM is calculated at EBITDA cost level

Company P&L – Q3 FY11

Rs. crores	Oct 10 – Dec 10 (FY11)	Oct 09 – Dec 09 (FY10) *	Variance (%)
INCOME			
Operating Revenue	1,659	1,295	28%
Non Operating Revenues	17	31	(45%)
Total Revenues	1,676	1,326	26%
EXPENDITURE			
Employee Remuneration & Benefits	168	170	(1%)
Aircraft Fuel Expenses	540	445	22%
Other Operating Expenses	632	541	17%
EBITDAR	335	171	97%
Aircraft Lease Rentals	244	263	(7%)
Total Operating expenditure	1,585	1,418	12%
EBITDA	91	(92)	199%
Depreciation	61	54	14%
Interest and financial charges	340	275	24%
Total Expenditure	1,986	1,747	14%
Loss before exceptional items and Tax	(310)	(420)	26%
Exceptional Item	19	101	(81%)
Foreign exchange translation difference	51	117	(56%)
Provision for taxation	(126)	(218)	43%
PROFIT / (LOSS) AFTER TAXATION	(254)	(420)	39%

(*) – Q3 FY10 results have been re-classified where relevant

Domestic operations performance highlights: Q3 FY 11

- **Operating revenue of Rs. 1,260.7 Cr (+11% over Q3 FY10)**
 - 2% increase in pax revenue despite 6% reduction in capacity (seats offered)
- **EBITDA profit of Rs. 94.2 Cr vs. loss of Rs. 3 Cr in Q3 FY10 (An improvement of Rs. 97.2 Cr over Q3 FY10)**
 - Domestic EBITDA margin improved from -0.3% to +7.4%
(EBITDA Margin at 14.3% adjusting for expenses on account of grounded aircraft)
- **EBITDAR profit of Rs. 276.1 Cr vs. Rs. 201.6 Cr in Q3 FY10 (An improvement of Rs. 74.5 Cr over Q3 FY10)**
 - Improved EBITDAR margin of 21.6% vs. 17.3% in Q3 FY10
(EBITDAR Margin at 23.9% adjusting for expenses on account of grounded aircraft)
- **Total RASK improved to Rs. 4.89 from Rs. 4.21 in Q3 FY10 (+12%)**
 - Pax RASK growth of +9% over Q3 FY10 (Rs. 3.86 to Rs. 4.19)
 - Load factor up 11 percentage points to 87%; ATV declined by 5% owing to capacity re-induction
- **CASK (EBITDA) increased to Rs. 4.53 from Rs. 4.22 in Q3 FY10 (+7%)**
 - Ex-fuel EBITDA CASK increased by 7.4% over Q3 FY10 (Rs 2.90 to Rs 3.12)
 - Excess costs of Rs 88 Cr borne on account of unplanned grounding of aircraft which reduced ASKMs by 6% over Q3 FY 10

Domestic Operating Parameters – Q3 FY11

Parameters	Oct 10 – Dec 10 (FY11)	Oct 09 – Dec 09 (FY10)	Variance (%)
No of Departures	28,396	31,488	(10%)
ASKMs (Million)	2,617	2,776	(6%)
RPKMs (Million)	2,265	2,103	8%
Passenger LF%	87%	76%	11 points
Block Hours	44,547	49,925	(11%)
Revenue Passengers (Million)	278.0	258.0	8%
Revenue per ASKM (INR)	4.89	4.21	16%
Cost per ASKM (INR)	4.53	4.22	7%
Average Gross Revenue per passenger in INR	3,940	4,148	(6%)

- Excess costs of Rs. 88 cr incurred on account of aircrafts on ground (AOG) in Oct-Dec'10
- Cost per ASKM adjusted to AOG* would be Rs 4.19

Note: (1) Cost per ASKM is calculated at EBITDA cost level

(2) *AOG refers to Aircraft on Ground

Domestic P&L – Q3 FY11

Rs. crores	Oct 10 – Dec 10 (FY11)	Oct 09 – Dec 09 (FY10) *	Variance (%)
INCOME			
Operating Revenue	1,261	1,136	11%
Non Operating Revenues	17	31	(45%)
Total Revenues	1,278	1,168	9%
EXPENDITURE			
Employee Remuneration & Benefits	144	151	(4%)
Aircraft Fuel Expenses	369	364	1%
Other Operating Expenses	489	451	9%
EBITDAR	276	202	37%
Aircraft Lease Rentals	182	205	(11%)
Total Operating Expenditure	1,184	1,171	1%
EBITDA	94	(3)	3257%

(*) – Q3 FY10 results have been re-classified where relevant

International operations performance highlights: Q3 FY 11

- **Operating revenue of Rs. 398 Cr (+150% over Q3 FY10)**
 - Growth achieved has been well in excess of capacity addition
- **EBITDA loss of Rs. 3.2 Cr vs. loss of Rs. 89 Cr in Q3 FY10 (An improvement of Rs. 92.2 Cr over Q3 FY10)**
 - Route Maturity in line with expectation
- **EBITDAR profit of Rs. 59.2 Cr vs. loss of Rs. 31 Cr in Q3 FY10 (An improvement of Rs. 90.1 Cr over Q3 FY10)**
 - Improved EBITDAR margin of 14.9% vs. loss of 19.5% in Q3 FY10
- **Total RASK improved to Rs. 2.83 from Rs. 2.01 in Q3 FY10 (+42%)**
 - Pax RASK growth of +42% over Q3 FY10 (Rs. 1.67 to Rs. 2.37)
 - Load factor up 7 percentage points to 78%; ATV improved by 26% over same period last year
- **CASK (EBITDA) reduced to Rs. 2.85 from Rs. 3.13 in Q3 FY10 (-9%)**
 - Ex-fuel EBITDA CASK reduced by 23% over Q3 FY 10 (Rs 2.12 to Rs 1.63) with an increased salience of long haul flights in the network

International Operating Parameters – Q3 FY11

Parameters	Oct 10 – Dec 10 (FY11)	Oct 09 – Dec 09 (FY10)	Variance (%)
No of Departures	2,487	1,288	93%
ASKMs (Million)	1,408	792	78%
RPKMs (Million)	1,098	559	96%
Passenger LF%	78%	71%	7 points
Block Hours	10,917	5,474	99%
Revenue Passengers (Million)	32.3	16.1	101%
Revenue per ASKM in INR	2.83	2.01	42%
Cost per ASKM in INR	2.85	3.13	-9%
Average Gross Revenue per passenger in INR	10,332	8,196	26%

Note: (1) Cost per ASKM is calculated at EBITDA cost level

(2) *AOG refers to Aircraft on Ground

International P&L – Q3 FY11

Rs. crores	Oct 10 – Dec 10 (FY11)	Oct 09 – Dec 09 (FY10) *	Variance (%)
INCOME			
Operating Revenue	398	159	150%
Non Operating Revenues	-	-	-
Total Revenues	398	159	150%
EXPENDITURE			
Employee Remuneration & Benefits	24	19	24%
Aircraft Fuel Expenses	172	80	114%
Other Operating Expenses	143	91	58%
EBITDAR	59	(31)	291%
Aircraft Lease Rentals	62	58	7%
Total Operating Expenditure	401	248	62%
EBITDA	(3)	(89)	96%

(*) – Q3 FY10 results have been re-classified where relevant

Key Events – Q3 FY11

- Recognition and Awards
 - “Best full-service carrier” by Outlook Traveler
 - King Club program awarded “Best program of the year” in Middle East and Asia Oceania Region by Frequent Traveler awards along with 4 other awards
- New destinations where service was launched
 - Mumbai to Belgaum
 - Bangalore to Mysore
- Launch of “Little Wings” – a unique frequent flier program for children between 3-12 years
- Kingfisher announced connectivity to the US with a comprehensive code-share and frequent flyer relationship with American Airlines
- Comprehensive Frequent Flyer relationship with British Airways announced