

Kingfisher Airlines

Financial Results FY 2011

Agenda



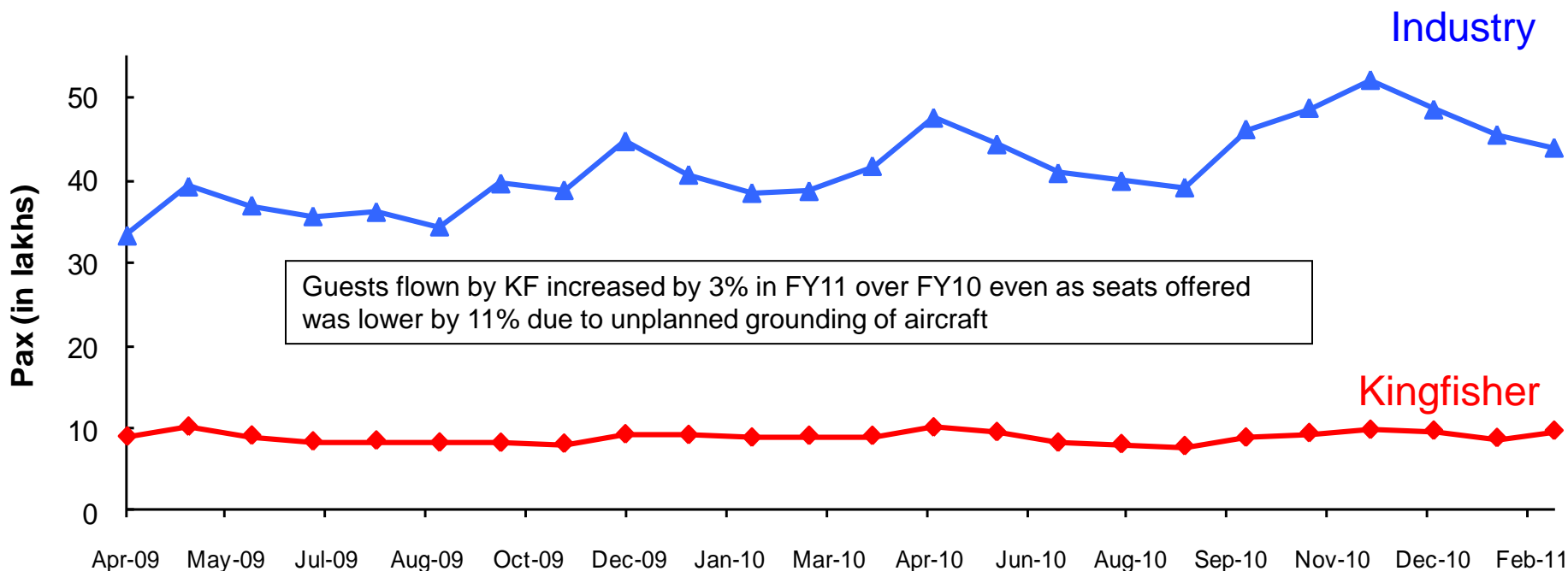
- Domestic Operating Environment
- Financial Performance : FY 2010-11

Domestic Operating Environment

- The industry exhibited strong demand growth; passenger traffic increased by over 20% in FY 11 (over FY10)
- Capacity in the industry grew by 10% for the same period and continued to lag behind demand
- The demand growth coupled with capacity lag has led to increase in industry load factors to 78% (6 percentage points over last year)
- Yields have remained stable over the year and premium traffic has continued to grow
- Crude oil price has been on upward trend increasing from USD 85/bbl to more than USD 120/bbl over the last fiscal year

Domestic Operating Environment

KFA has outperformed the industry trend to show an improvement of 10 percentage points in Load Factor in FY11 (Over FY 10) ; which is twice the industry load factor increase



Source - DGCA Data

Agenda



- Domestic Operating Environment

- Financial Performance : FY 2011

Overall company performance highlights: FY 2011

- **Total revenue of Rs. 6,496 Cr (+23% over FY10)**
 - Operating revenue growth of +25% over FY10
- **EBITDA profit of Rs. 140 Cr vs. loss of Rs. 690 Cr in FY10 (An improvement of Rs. 830 Cr over FY10)**
 - EBITDA margin improved from -13.1% to +2.2%
(EBITDA Margin at 5.5% adjusting for expenses on account of grounded aircraft)
- **EBITDAR profit of Rs. 1124 Cr vs. Rs. 404 Cr in FY10 (An improvement of Rs. 720 Cr over FY10)**
 - EBITDAR margin improved from +7.7% to +17.3%
- **Total RASK improved to Rs. 4.02 from Rs. 3.56 in FY10 (+13%)**
 - Pax RASK growth of +9% over FY10 (Rs. 3.48 from Rs. 3.18)
- **CASK (EBITDA) reduced to Rs. 3.93 from Rs. 4.03 in FY10 (-2%)**
 - Ex-fuel EBITDA CASK reduced by 10% over FY10 (Rs 2.52 from Rs 2.81)

Company Operating Parameters – FY 2011

Parameters	Apr'10 – Mar'11	Apr'09 – Mar'10	Better/ (Worse)
	(FY11)	(FY10)	%
No of Departures	127,866	137,931	(7%)
ASKMs (Million)	16,166	14,801	9%
RPKMs (Million)	13,101	10,625	23%
Passenger LF%	81%	72%	9 points
Block Hours	229,911	230,622	0%
Revenue Passengers (Million)	12.0	11.1	9%
Revenue per ASKM (INR)	4.02	3.56	13%
Cost per ASKM (INR)	3.93	4.03	2%
Average Gross Revenue per passenger in INR	4,666	4,258	10%
Period ended Fleet Size	66	67	(2%)

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

Company P&L – FY 2011



Rs Crores	Apr'10 – Mar'11 (FY11)	Apr'09 – Mar'10 (FY10)	Variance (%)
INCOME			
Operating Revenue	6,360	5,090	25%
Non Operating Revenues	136	181	-25%
Total Revenues	6,496	5,271	23%
EXPENDITURE			
Employee Remuneration & Benefits	676	689	-2%
Aircraft Fuel Expenses	2,274	1,803	26%
Other Operating Expenses	2,421	2,376	2%
EBITDAR	1,124	404	179%
Aircraft Lease Rentals	984	1,094	-10%
Total Operating expenditure	6,355	5,961	7%
EBITDA	140	(690)	
Depreciation	241	217	11%
Interest and finance charges	1,313	1,103	19%
Total Expenditure	7,909	7,281	9%
Loss before exceptional items and Tax	(1,414)	(2,010)	30%
Exceptional Items	91	358	-74%
Foreign exchange translation difference	16	50	-68%
Provision for taxation	(493)	(771)	36%
PROFIT / (LOSS) AFTER TAXATION	(1,027)	(1,647)	38%

Domestic operations performance highlights: FY 2011

- **Operating Revenue of Rs. 4,899 Cr (+8% over FY 2010)**
 - 4% increase in passenger revenue despite 11% reduction in capacity (seats offered)
- **EBITDA profit of Rs. 271 Cr vs. loss of Rs. 260 Cr in FY 2010 (An improvement of Rs. 531 Cr over FY 2010)**
 - Domestic EBITDA margin improved from -5.5% to +5.4%
(EBITDA Margin at 9.7% adjusting for expenses on account of grounded aircraft)
- **EBITDAR profit of Rs. 996 Cr vs. Rs. 604 Cr in FY 2010 (An improvement of Rs. 392 Cr over FY 2010)**
 - Improved EBITDAR margin of 19.8% vs. 12.8% in FY10
- **Total RASK improved to Rs. 4.76 from Rs. 4.00 in FY 2010 (+19%)**
 - Pax RASK growth of +16% over FY 2010 (Rs. 4.17 from Rs. 3.61)
 - Load factor up 10 percentage points to 83%
- **CASK (EBITDA) increased to Rs. 4.50 from Rs. 4.22 in FY 2010 (+7%)**
 - Ex-fuel EBITDA CASK increased by 1.8% over FY 2010 (Rs 3.00 from Rs 2.95)
 - Excess costs of Rs 220 Cr borne on account of unplanned grounding of aircraft

Domestic Operating Parameters – FY 2011

Parameters	Apr'10 – Mar'11	Apr'09 – Mar'10	Better/ (Worse) %
	(FY11)	(FY10)	
No of Departures	118,240	133,352	(11%)
ASKMs (Million)	10,588	11,810	(10%)
RPKMs (Million)	8,819	8,586	3%
Passenger LF%	83%	73%	10 points
Block Hours	187,581	210,262	(11%)
Revenue Passengers (Million)	10.8	10.5	3%
Revenue per ASKM in INR	4.76	4.00	19%
Cost per ASKM in INR	4.50	4.22	(7%)
Average Gross Revenue per passenger in INR	4085	4046	1%

- Excess costs of Rs. 220 cr incurred on account of aircrafts on ground (AOG) in FY 2011
- Cost per ASKM adjusted to AOG* would be Rs 4.29

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

*(2) *AOG refers to Aircraft on Ground*

Domestic P&L – FY 2011



Rs Crores	Apr'10 – Mar'11 (FY11)	Apr'09 – Mar'10 (FY10)	Better/ (Worse) %
INCOME			
Operating Revenue	4,899	4,544	8%
Non Operating Revenues	136	181	(25%)
Total Revenues	5,035	4,725	7%
EXPENDITURE			
Employee Remuneration & Benefits	581	612	5%
Aircraft Fuel Expenses	1,588	1,505	(6%)
Other Operating Expenses	1,870	2,005	7%
EBITDAR	996	604	65%
Aircraft Lease Rentals	726	864	16%
Total Operating expenditure	4,765	4,985	4%
EBITDA	271	(260)	204%

International operations performance highlights: FY 2011

- **Operating revenue of Rs. 1,460 Cr (+168% over FY 2010)**
 - Revenue growth achieved has been two times capacity growth
- **EBITDA loss of Rs 130 Cr vs. loss of Rs. 430 Cr in FY 2010 (An improvement of Rs. 300 Cr over FY 2010)**
 - Route Maturity in line with expectation
- **EBITDAR profit of Rs. 128 Cr vs. loss of Rs. 200 Cr in FY 2010 (An improvement of Rs. 328 Cr over FY2010)**
 - Improved EBITDAR margin to 8.8% vs. loss of -36.6% in FY2010
- **Total RASK improved to Rs. 2.62 from Rs. 1.82 in FY 2010 (+43%)**
 - Pax RASK growth of +43% over FY2010 (Rs. 2.2 from Rs. 1.5)
 - Load factor up 9 percentage points to 77%; ATV improved by 15% over same period last year
- **CASK (EBITDA) reduced to Rs. 2.85 from Rs. 3.26 in FY 2010 (-13%)**
 - Ex-fuel EBITDA CASK reduced by 28% over FY 2010 (Rs 1.62 from Rs 2.26)

International Operating Parameters – FY 2011

Parameters	Apr'10 – Mar'11	Apr'09 – Mar'10	Better/ (Worse) %
	(FY11)	(FY10)	
No of Departures	9,626	4,579	110%
ASKMs (Million)	5,578	2,991	86%
RPKMs (Million)	4,282	2,039	110%
Passenger LF%	77%	68%	9 points
Block Hours	42,330	20,360	108%
Revenue Passengers (Million)	1.25	0.54	132%
Total Revenue per ASKM in INR	2.62	1.81	43%
Cost per ASKM in INR	2.85	3.26	13%
Average Gross Revenue per passenger in INR	9,704	8,416	15%

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

International P&L – FY 2011

Rs Crores	Apr'10 – Mar'11 (FY11)	Apr'09 – Mar'10 (FY10)	Better/ (Worse) %
INCOME			
Operating Revenue	1,460	546	168%
Non Operating Revenues	-	-	-
Total Revenues	1,460	546	168%
EXPENDITURE			
Employee Remuneration & Benefits	95	77	(23%)
Aircraft Fuel Expenses	686	298	(130%)
Other Operating Expenses	551	370	(49%)
EBITDAR	128	(200)	164%
Aircraft Lease Rentals	258	230	(12%)
Total Operating expenditure	1,591	976	(63%)
EBITDA	(130)	(430)	70%

Outlook



- Demand continues to be robust in current year backed by strong macro-economic environment and growth in most industry sectors
- Domestic capacity expansion is expected to remain lower than growth in demand ; resulting in continued increase in industry load factors in FY12
- Yields are expected to remain stable. Given the demand/supply situation, airlines have been able to partially offset the fuel price hike with fuel surcharge in eth ticket prices