



# **Kingfisher Airlines**

*Financial Results Q2 2010*



## Agenda

- Domestic Operating Environment
- Financial Performance : Q2 FY10



## Domestic Operating Environment

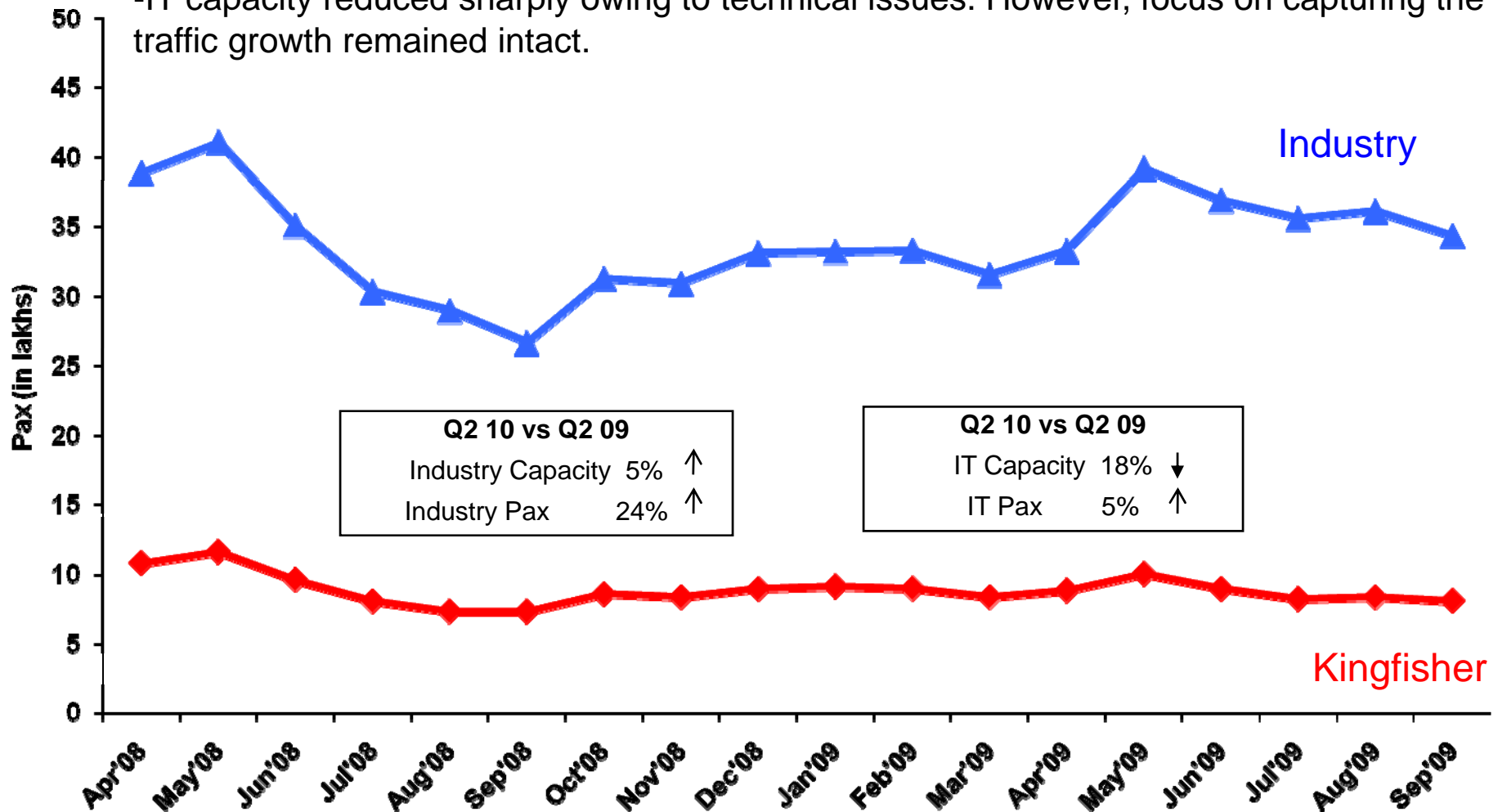
- Passenger traffic for the Industry has remained stable in Q2 FY10 despite typically poor seasonality of this quarter
- Industry has been able to hold the traffic only on the back of sharply lower average ticket prices. However, with peak season coming in, yields are seeing a 15-20% uptrend.
- After a series of sharp capacity cuts in previous quarters, the industry maintained the capacity deployed in light of strong passenger traffic/future yields.
- The fuel prices continued to surge upwards in the quarter heading towards a ~\$80 per barrel mark. Average fuel was higher by 18% from Q1 FY10.



## Current Domestic Operating Environment

-Domestic traffic is holding up despite poor seasonality of Q2 and shows uptrend when compared to Q2 FY 09

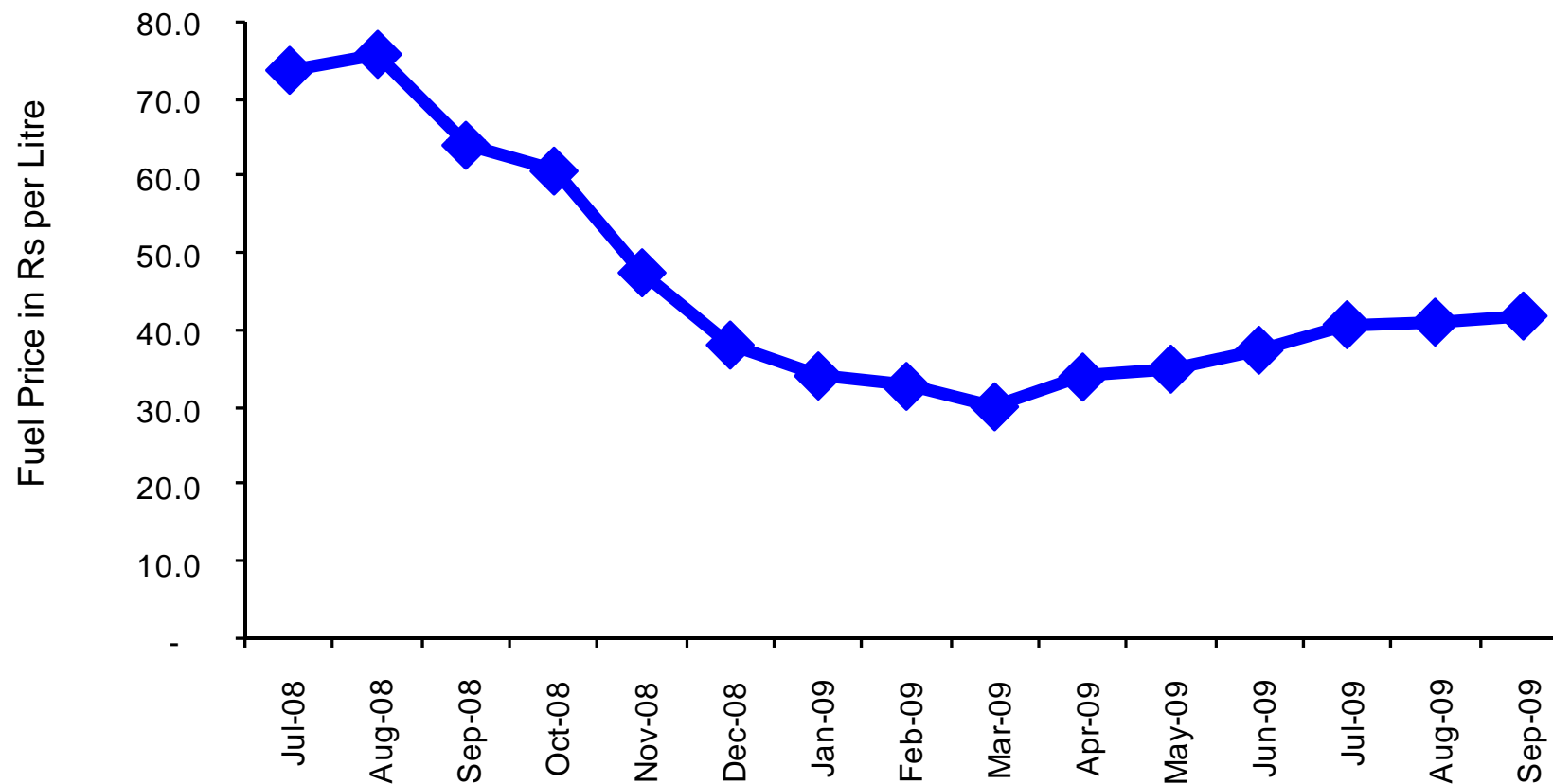
-IT capacity reduced sharply owing to technical issues. However, focus on capturing the traffic growth remained intact.





## Current Domestic Operating Environment

Fuel prices have been inching up since the start of FY 10



Based on average price across metros

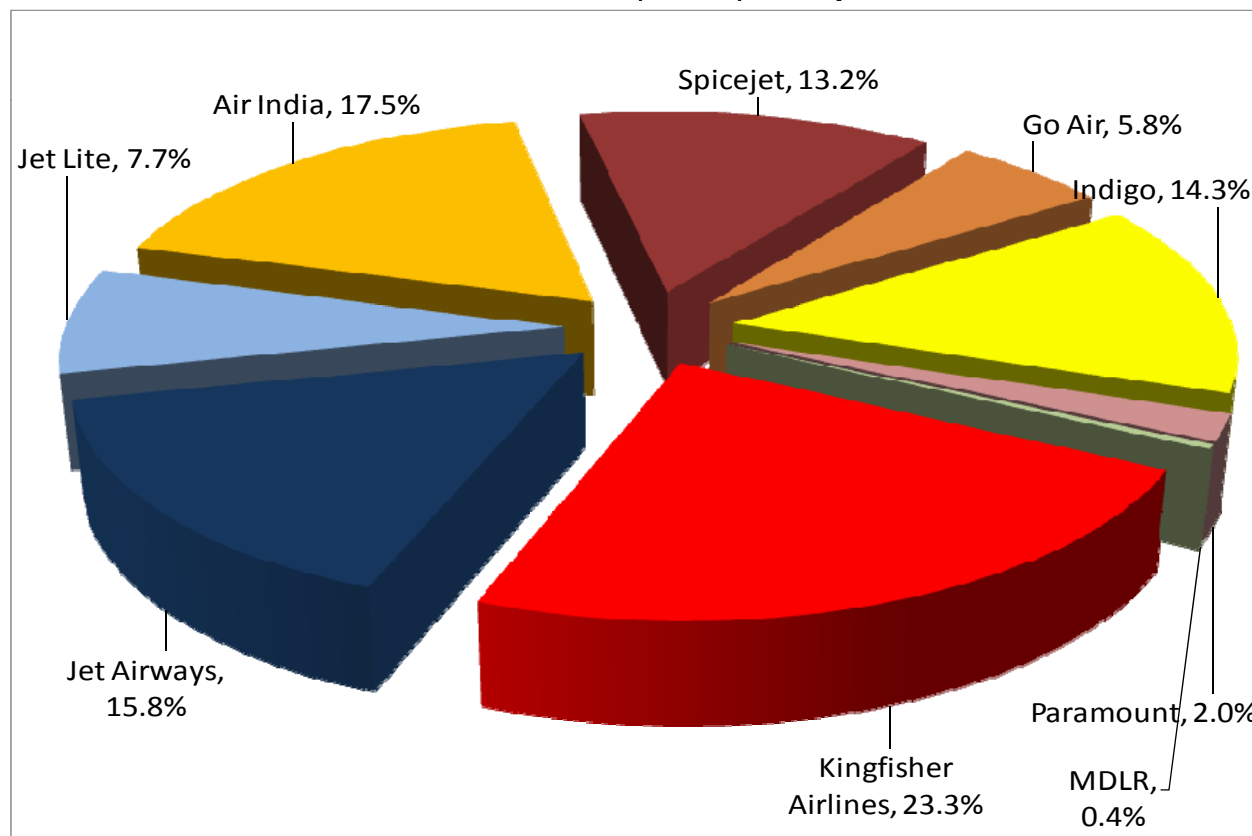


## Domestic Operating Environment

Kingfisher Airline market share dropped in Q2 owing largely to sharp capacity reductions

(Capacity share declined 10% faster than market share leading to effective share gain)

### Market share (Pax) Sep 2009



Source : PTI report based on DGCA



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- Domestic Operating Environment

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## Key Highlights Q2 FY 10

- Pro-active shifting of capacity to LCC much before similar actions by competition (Other FSCs)
  - Able to guard market share despite significant pruning of domestic capacity
- Unplanned capacity adjustments & grounding of aircrafts owing to technical issues
- Cost reduction actions undertaken during FY10 have shown several tangible benefits
  - Reduced personnel costs of high cost expat pilots/ AMEs
  - Reduced overheads
  - Reduced catering costs through planned shift in class of service
  - Reduced lease costs by redelivery of non-operational aircrafts
  - Planned to implement alternate booking channels diverting booking traffic to KF website
- Several Initiatives planned to improve our consumer connect & generate higher revenues
  - Launch of new 'Internet Booking Engine' with enhanced features to-
    - Enrich consumer buying experience on website
  - New Frequent flyer program construct to be launched in Q3 '10
  - Activated 300+ through-fare connections in to further leverage wide network capability
- Expanded International footprint
  - Launch of Wide Body operations to SIN/HKG. New sectors showing strong performance :Oct '09 loads > 90%
  - Further improved utilization of narrow body aircraft through launch of CCU-BKK sector





## Financial Highlights: Q2 FY 10

- Total Operating Revenues of Rs 1142 Cr (-14% over Q2 FY 09)

*Despite unplanned capacity reduction of ~18% on domestic operations*

- EBITDAR loss of **Rs 55 Cr** vs. **Rs 265 Cr** loss for Q2 FY 09

- (Domestic EBITDAR of Rs. 44 Cr vs. loss of **Rs. 207 Cr** in Q2 FY 09)

*Domestic operations have shown significant improvements over Q2 FY09 despite challenging operating environment*

- EBITDA loss of Rs. **336 Cr** vs. loss of **Rs. 552 Cr** in Q2 FY09

- (Domestic EBITDA loss of **Rs.177 Cr** vs. loss of **Rs 464 Cr** in Q2 FY 09)

*Excess cost borne ~ Rs.61 Cr due to aircraft on ground*

- Loss after tax of **Rs 419 Cr** Vs Rs 483 Cr loss for Q2 FY 09

- Revenue passengers carried 2.63 mn ; up 15% over Q2 FY09



## Company Operating Parameters – Q2 FY2010

Parameters	Jul 09 – Sep 09 (2010)	Jul 08 – Sep 08 (2009)	Variance (%)
No of Departures	33,833	37,828	-10.6%
ASKMs (Million)	3,601	3,695	-2.5%
RPKMs (Million)	2,564	1,956	31.1%
Passenger LF%	71.1%	69.3%	1.8 points
Block Hours	56,674	58,863	-3.7%
Revenue Passengers (Million)	2.63	2.28	15.4%
Revenue per RPKM in INR	4.06	6.48	-37%
Cost per ASKM in INR	4.14	5.17	-20%
Average Gross Revenue per passenger in INR*	3,965	5,560	-28.7%
Period ended Fleet Size	71	88	-19.3%
Average Fleet Size during period	72	87	-17.2%
Average Head Count #	7,767	8,822	-12%

\* CASK At EBITDA level

\*\* Average revenue per passenger includes fuel surcharge and congestion surcharge



## Company P&L – Q2 FY2010

	Jul 09 - Sep 09 (INR Million)	Jul 08 - Sep 08 (INR Million)	Variance %
<b>INCOME</b>			
Operating Revenue	11,421	13,226	-14%
Non Operating Revenues	142	350	-59%
<b>Total Revenues</b>	<b>11,563</b>	<b>13,576</b>	<b>-15%</b>
<b>EXPENDITURE</b>			
Employee Remuneration & Benefits	1,723	2,092	-19%
Aircraft Fuel Expenses	4,606	8,225	-44%
Other Operating Expenses	5,786	5,905	-2%
Aircraft Lease Rentals	2,811	2,875	-2%
Depreciation	337	329	2%
Interest	2,624	1,359	93%
<b>Total Expenditure</b>	<b>17,887</b>	<b>20,785</b>	<b>-14%</b>
Exceptional Item	191		
<b>PROFIT / (LOSS) BEFORE TAXATION</b>	<b>(6,402)</b>	<b>(7,209)</b>	<b>-13%</b>
<b>Provision for taxation</b>	<b>2,327</b>	<b>2,377</b>	<b>-2%</b>
<b>PROFIT / (LOSS) AFTER TAXATION</b>	<b>(4,188)</b>	<b>(4,832)</b>	<b>-13%</b>

Source: Based on un-audited results of Q2 FY 10