



SpiceJet
FY16Q1
Investor Presentation





Disclaimer



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In addition, certain statements contains our future growth prospects are forward-looking statements, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, fluctuations in foreign exchange rates, our ability to manage growth, intense competition in aviation sector including those factors which may affect our cost advantage, wage fluctuations, our ability to attract and retain highly skilled professionals, time and cost overruns on various parameters, our ability to manage international operations, reduced demand for air travel, liability for damages, withdrawal or expiration of governmental fiscal incentives, political instability, legal restrictions on raising capital or general economic conditions affecting our industry.

The words "anticipate", "believe", "estimate", "expect", "intend" and similar expressions, as they relate to us, are intended to identify certain of such forward-looking statements. The Company may, from time to time, make additional written and oral forward-looking statements, including statements contained in our reports to shareholders. The Company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the Company unless it is required by law.



Operation snapshot



31,000:- Pax carried per day

19:- Boeing 737 NG aircraft

2 :- A319 wet lease aircraft

15 :- Bombardier Q400 aircraft

250 :- Flights per day

34 :- Domestic destinations

7 :- International destinations



QUARTER HIGHLIGHTS

Q1 FY16



Management Comments



SpiceJet reports Rs. 71.8 crore net profit in Q1FY2016

Highest ever Q1 profit in SpiceJet's history

Gurgaon, July 28, 2015: SpiceJet today reported a net profit of Rs 71.8 cr for Q1FY16, an improvement of Rs 195.9 cr relative to the net loss of Rs 124.1 cr for the same quarter last year. On a revenue base of Rs 1,106.3 cr for the quarter, this translates to a net margin of 6.5%. On an EBITDA basis, SpiceJet reported positive Rs 126.7cr at 11.5% EBITDA margin, against negative Rs 43.1 cr the previous year. On an EBITDAR basis, SpiceJet reported positive Rs 287.5cr at 26.0% EBITDAR margin, against positive Rs 231.2cr at 13.8% EBITDAR margin last year.

This is the second consecutive profitable quarter for SpiceJet, on the heels of a profitable Q4FY15. The airline's profit for the quarter was slightly suppressed due its wet-lease operations which are by nature more expensive than conventional leases, and by a weaker rupee relative to previous year. The wet lease aircraft were taken up to address the short-term capacity shortage arising out of aircraft unavailability and the desire to rebuild the network as quickly as possible, and it is expected that these will be replaced by traditional dry-lease aircraft in the coming months.

The airline recorded a load factor of 89.8% for the quarter, the highest in the industry. This load factor reflects an increase of 14.8% over the same period last year. In line with year-on-year capacity reduction of 33% that was driven by fleet reductions in late 2014, the airline's revenue for the quarter was down 34% relative to same period last year. Costs for the quarter were down 42% relative to same period last year. On a unit basis, revenue per available seat kilometer (RASK) was flat year-on-year, while cost per available seat kilometer (CASK) was down 13%.

, the government, and other stakeholders who stood by us to see us through to this transformational turning point", he added.



Management Comments, contd..



“We are working hard to build a world class airline again. These results show that we are on the right path,” said **Ajay Singh, Chairman, SpiceJet Ltd.** “This is the second consecutive profitable quarter and I am proud of what we have achieved. But there is still a long way to go. I am confident that the best is still ahead of us. We will continue to focus on growth and on getting operational reliability and on-time performance back to world class standards. We need to strengthen SpiceJet so that it is able to take advantage of the enormous opportunities that will come its way in the coming years,” he added.

“The return to profitability in Q4FY15, and the achievement of the best ever Q1 results in our history in Q1FY16, are achievements that even our most hardened naysayers will acknowledge as remarkable”, said **Sanjiv Kapoor, Chief Operating Officer, SpiceJet Ltd.** “With the return of SpiceJet’s co-founder Ajay Singh as our Chairman and Managing Director, we have been able to gain market confidence and address many of the seemingly intractable issues that were holding us back earlier across several dimensions, including very importantly on the costs and funding side. I am proud and gratified to have been part of what will be looked upon as a historical turnaround in Indian aviation”, he added.



Management Comments, contd..



“We have made significant improvements in our cash flows and liquidity position, and have been discharging our obligations on time. We are emphatically no longer under financial stress. During this quarter, we have re-inducted an aircraft that had previously been returned and are in discussions to re-induct few more, which reflects renewed lessor confidence in SpiceJet”, said **Kiran Koteswar, Chief Financial Officer, SpiceJet Ltd.** “As our performance continues to improve, we will be in a position to gradually pay off historical liabilities as well on terms agreed to with various suppliers, while investing in all of the areas required to secure our future and regain our earlier position in the market”, he added.

About SpiceJet Ltd:

SpiceJet is India’s #2 low fare airline that has made flying more affordable for more Indians than ever before. SpiceJet operates 250 daily flights to 41 destinations, including 34 Indian and 7 international.

SpiceJet connects its network using next generation fleet of 18 Boeing 737 and 2 Airbus A319 aircraft, along with 14 Bombardier Q-400 aircraft. The majority of SpiceJet’s fleet offer **SpiceMAX, the most spacious economy class seating in India and perhaps the world**, as an additional fee option.

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GM – Corporate Affairs

Senior Manager

Results



Part I – Statement of Unaudited Financial Results for the quarter ended June 30, 2015					
S.No.	Particulars	(Rupees in Lakhs except EPS and Shareholding data)			
		Quarter ended		Year ended	
		Unaudited 30-Jun-15	Audited 31-Mar-15 (Refer note 10)	Unaudited 30-Jun-14	Audited 31-Mar-15
1	Income from operations				
	a) Net Sales / Income from Operations	110,323.5	78,256.9	167,562.9	517,273.4
	b) Other Operating Income	307.4	375.7	296.0	2,879.1
	Total Income from operations	110,630.9	78,632.6	167,858.9	520,152.5
2	Expenses				
	a) Operating Expenses				
	- Aircraft Fuel	35,888.0	28,622.3	77,331.3	240,962.2
	- Aircraft Lease Rentals (Note 3)	16,080.1	11,538.6	27,427.5	86,438.8
	- Airport Charges	8,274.1	6,885.3	10,825.1	38,150.2
	- Aircraft Maintenance	14,546.1	11,430.9	19,005.6	67,211.6
	- Aircraft Redelivery Expenses	300.1	6,583.9	4,701.4	31,846.7
	- Other Operating Costs	4,107.9	2,937.5	4,233.6	15,966.4
	b) Employee Benefits Expense	11,589.3	10,748.6	13,867.2	53,746.6
	c) Depreciation and Amortisation Expense	2,928.1	2,990.9	3,227.9	12,662.5
	d) Other Expenses	9,847.5	7,144.8	17,675.1	51,652.6
	Total expenses	103,561.2	88,882.8	178,294.7	598,637.6
3	Profit / (Loss) from operations before other income, finance costs and extraordinary items (1-2)	7,069.7	(10,250.2)	(10,435.8)	(78,485.1)
4	Other Income (Note 6)	2,672.8	9,170.1	2,895.4	19,998.1
5	Profit / (Loss) from ordinary activities before finance costs and extraordinary items (3+4)	9,742.5	(1,080.1)	(7,540.4)	(58,487.0)
6	Finance Costs	2,557.8	2,803.6	4,870.0	16,353.9
7	Profit / (Loss) before extraordinary items (5-6)	7,184.7	(3,883.7)	(12,410.4)	(74,840.9)
8	Extraordinary items, net (Note 9)	-	6,135.5	-	6,135.5
9	Profit / (Loss) before tax (7-8)	7,184.7	2,251.8	(12,410.4)	(68,705.4)
10	Tax Expense	-	-	-	-
11	Net Profit / (Loss) for the period (9-10)	7,184.7	2,251.8	(12,410.4)	(68,705.4)
12	Paid-up Equity Share Capital (Face Value Rs.10/- per Equity Share)	59,945.0	59,945.0	53,528.1	59,945.0
13	Reserves excluding Revaluation reserves				(221,446.7)
14	Earnings Per Share (before extraordinary items)				
	a) Basic (Rs) *	1.20	(0.65)	(2.32)	(13.38)
	b) Diluted (Rs) *	0.97	(0.65)	(2.32)	(13.38)
15	Earnings Per Share (after extraordinary items)				
	a) Basic (Rs) *	1.20	0.38	(2.32)	(12.28)
	b) Diluted (Rs) *	0.97	0.33	(2.32)	(12.28)

* - Quarterly numbers are not annualised.

Results, contd..



Part II - Select information for the quarter ended June 30, 2015					
S.No.	Particulars	Quarter ended			Year ended
		Unaudited 30-Jun-15	Audited 31-Mar-15	Unaudited 30-Jun-14	Audited 31-Mar-15
A	PARTICULARS OF SHAREHOLDING				
1	Public Shareholding				
	- Number of Shares	237,914,559	237,914,559	249,021,425	237,914,559
	- Percentage of holding	39.69%	39.69%	46.52%	39.69%
2	Promoters and promoter group shareholding				
	a) Pledged / Encumbered				
	- Number of shares	120,657,932	116,057,932	83,057,932	116,057,932
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	33.37%	32.10%	29.01%	32.10%
	- Percentage of shares (as a % of the total share capital of the company)	20.13%	19.36%	15.52%	19.36%
	b) Non-encumbered				
	- Number of Shares	240,877,692	245,477,692	203,201,826	245,477,692
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	66.63%	67.90%	70.99%	67.90%
	- Percentage of shares (as a % of the total share capital of the company)	40.18%	40.95%	37.96%	40.95%

	Particulars	Quarter ended June 30, 2015
B	INVESTOR COMPLAINTS	
	Pending as at the beginning of the quarter	-
	Received during the quarter	14
	Disposed of during the quarter	14
	Remaining unresolved as at the end of the quarter	-

Notes

- 1 The above unaudited financial results for the quarter ended June 30, 2015 have been reviewed by the Audit Committee at their meeting held on July 24, 2015, and approved by the Board of Directors at their meeting held on July 28, 2015.
- 2 Accounting Standard (AS) 17 on 'Segment Reporting' requires the Company to disclose certain information about operating segments. The Company is managed as a single operating unit that provides air transportation only and has no other segment operation.
- 3 Aircraft lease rentals of Rs. 16,080.1 lakhs in S. No. 2 (a) of the statement of unaudited financial results includes expenses incurred for the wet lease of 4 aircraft during the current quarter.
- 4 During the previous year, (a) the shareholders had approved the issuance of 189,091,378 share warrants of Rs. 10 each to the Mr. Kalanithi Maran and M/S KAL Airways Private Limited ("outgoing promoters"), and (b) the Board of Directors has approved the issuance of up to 3,750,000 non-convertible cumulative redeemable preference shares ("CRPS") to the outgoing promoters, in respect of which the approval of shareholders is awaited. In respect of these securities, the Company has received amounts aggregating Rs. 35,049.7 lakhs during the previous year, and Rs. 5,000 lakhs during the current quarter from the outgoing promoters. Under the terms of the relevant approvals and having regard to the terms of the SSPA, these advances are to be adjusted against amounts that fall due upon allotment of share warrants and CRPS to the outgoing promoters. Accordingly, these have been disclosed in the balance sheet as advances money received against securities proposed to be issued. However, as the time limit for the completion of the Company's obligations under the relevant provisions of the Companies Act 2013 (the "Act") has expired as of date (except in respect of Rs. 5,000 lakhs received by the Company in the current quarter), it attracts the applicable consequent provisions, including penal, as well as the deeming provisions of the Act relating to acceptance of deposits. The management is in the process of undertaking various actions, including the allotment of these securities and compounding of non-compliance referred to above, and is also of the view that any consequent effects will not have a material impact on the unaudited financial results of the Company. Accordingly, no adjustments have been made for any consequential penal effects in this regard.
- 5 The Company has accrued for costs of Rs. 11,778.1 lakhs as at June 30, 2015 (March 31, 2015 – Rs. 13,607.7 lakhs) relating to redelivery to lessors, of 13 Boeing aircraft leased by the Company (March 31, 2015 – 14 Boeing aircraft) which have been retired from commercial use, based on management's best estimate of these liabilities (having regard to various factors including lease terms and past experience of aircraft redelivery costs incurred by the Company) and without prejudice to the rights of the Company in this regard. Based on its assessment, management is confident that a further claim of Rs 3,825.0 lakhs made on the Company in this regard is not likely to devolve on the Company. Further liabilities in this regard, if any, will be accounted for in the period they are determined to be payable.

During the current quarter, consequent to finalization of terms of settlement with an aircraft lessor, accruals made in earlier periods aggregating Rs. 708.7 lakhs were written back as detailed in Note 6 below.

Results, contd..



6 (i) Other income of Rs. 2,672.8 lakhs in S.No. 4 of the attached statement of audited financial results include reversals of the following amounts of liabilities / provisions made in earlier periods:

Rs. 708.7 lakhs (March 31, 2015 – Rs. 6,362.0 lakhs) of liabilities consequent to finalization of settlement terms of an earlier lease termination, with the lessor, and Rs. 255.8 lakhs (March 31, 2015 – Rs. 916.3 lakhs) of certain employee related accruals.

(ii) In the last quarter of the previous financial year, the Company had obtained waivers of expenses in respect of aircraft lease rent, aircraft maintenance expenditure and interest on loans aggregating Rs. 2,897.90 lakhs have been netted off against the corresponding expenses in the comparative results for the quarter ended March 31, 2015.

7 As at June 30, 2015, the Company has accumulated losses of Rs. 313,895.4 lakhs against shareholders' funds (including advance towards subscription of securities) of Rs. 199,611.4 lakhs. As of this date, the Company's total liabilities exceed its total assets by Rs. 114,284.0 lakhs. Historically, the Company's operating results have been materially affected by various factors, including high aviation turbine fuel ("ATF") costs, significant depreciation in the value of the currency, and pricing pressures. On account of its operational and financial position, the Company had also delayed payments to various parties, including vendors and its dues to statutory authorities, over the last 12-18 months. These factors have resulted in a material uncertainty that may cause significant doubt about the Company's ability to continue as a going concern.

In the current and previous quarters, the Company has entered into settlement agreements with certain lessors and vendors in respect of past overdue payments, and also negotiated deferred payment plans with certain vendors for overdue amounts. The Company has also discharged a significant portion of its overdue obligations to statutory authorities in the previous quarter. The Company continues to negotiate with vendors for settlements, improved commercial terms and better credit facilities, and is in the process of arranging additional working capital finance from as well as by way of trade financing, to improve its short-term liquidity position. The Company has also received advances of Rs. 5,000 lakhs during the current quarter from the Outgoing Promoters towards an option to subscribe to up to 3,750,000 CRPS, proposed to be issued to them, subject to any necessary approvals. The Company is evaluating and exploring various courses of action for raising funds for the Company's operations, including options for strategic funding. Having regard to recent operational profitability, management believes it will be in a better position to raise funds, as may be required.

The Company continues to implement various measures, such as enhancing customer experience, improving selling and distribution, revenue management, fleet rationalization, optimizing aircraft utilization, redeployment of capacity in key focus markets, renegotiation of contracts and other cost control measures, to help the Company establish consistent profitable operations and cash flows. The Company is also exploring options to increase its aircraft fleet size over the rest of the year in order to enhance the scale and depth of its operations across strategic markets. These measures as well as improvement in the macroeconomic conditions for the airline industry in the markets in which the Company operates, such as the recent reduction in ATF prices, consistent improvement in capacity utilization and unit revenues, as well as enhancement in ancillary revenues, are expected to increase operational efficiency and achieve profitability.

In view of the foregoing, management is of the view that the Company will be able to raise funds as necessary to achieve profitable operations and meet its liabilities as they fall

Results, contd..



- 8 During the current quarter, the Company has entered into settlement agreements with one of its aircraft lessors, who had, during the previous year, served notice of termination of leases in respect of five aircraft on the Company, and had also filed petitions in Court seeking repossession of these aircraft, for the lease of the five aircraft mentioned thereunder. The Company has substantially satisfied the conditions precedent to the settlements as of date, and management is confident of fulfilling the remaining conditions in due course, consequent to which no adjustments have been made to the accompanying statement of unaudited financial results in this regard.
- 9 Extraordinary items as at March 31, 2015, represent insurance claims accounted for by the Company during the quarter ended on that date, pertaining to one Bombardier aircraft that sustained extensive damage and was declared a total loss.
- 10 The figures for the quarter ended March 31, 2015, are balancing figures between audited figures in respect of the full financial year ended March 31, 2015, and the un-audited published year-to-date figures up to December 31, 2014, being the end of the third quarter of the financial year which was subjected to limited review.
- 11 Previous quarters' / year's figures have been regrouped / reclassified wherever considered necessary to conform to current quarter's classification.

For SpiceJet Limited

Place: Gurgaon, Haryana

Date: July 28, 2015

Ajay Singh

Chairman and Managing Director

Executive Summary



Amount in INR million

	LY	CY	FAV/-ADV
Capacity(ASKM)	4,248	2,830	-33%
Profit & Loss summary			
Total Income from operations	16,786	11,063	-34%
Other Income	290	267	-8%
Expenses	18,316	10,612	42%
EAT	(1,241)	718	158%
EBITDA	(431)	1,267	394%
EBITDAR	2,312	2,875	24%
Key Performance Indices			
Revenue / ASK	4.02	4.00	0%
Expenses / ASK	4.31	3.75	13%
Load Factor (RPKM/ASKM)	78.2%	89.8%	15%
Fare (PAX rev/Pax)	4,340	3,711	-14%
PAX RASK	3.65	3.55	-3%
EBITDAR margin	14%	25%	87%
EBITDA margin	-3%	11%	543%
EAT margin	-7%	6%	187%

Revenue Breakup



Amount in INR million

	LY	CY	FAV/-ADV
Capacity(ASKM)	4,248	2,830	-33%
Revenue summary			
PAX Revenue	15,505	10,040	-35%
Ancillary Revenue	1,275	1,003	-21%
Key Performance Indices			
Load Factor (RPKM/ASKM)	78.2%	89.8%	15%
Fare (Pax rev/Pax)	4,340	3,711	-14%
Total RASK	4.02	4.00	0%
PAX RASK	3.65	3.55	-3%
Yield (PAX Rev / RPKM)	4.62	4.05	-12%

Expense Breakup

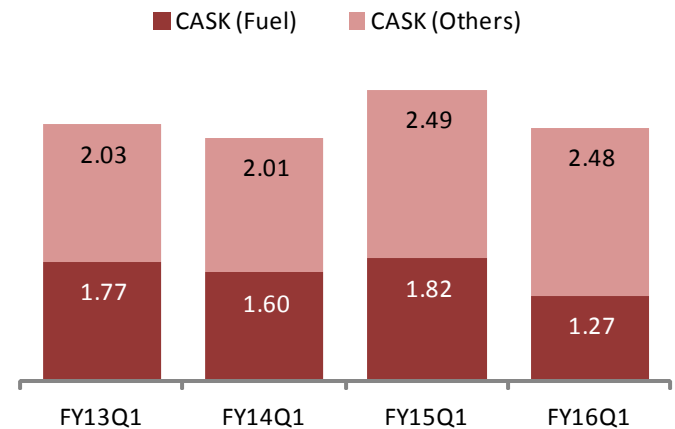
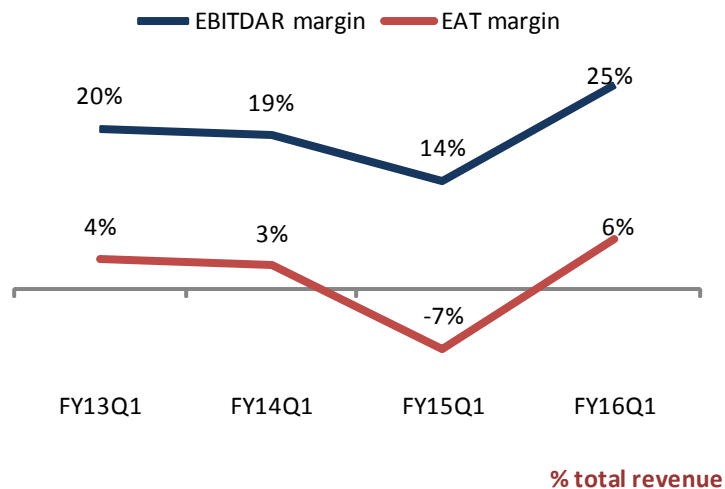
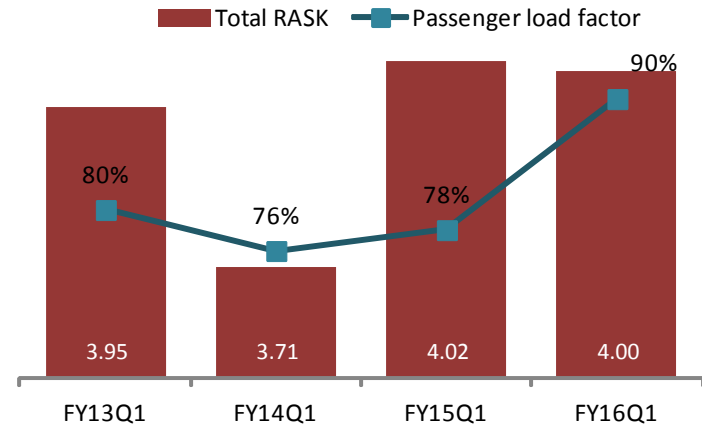
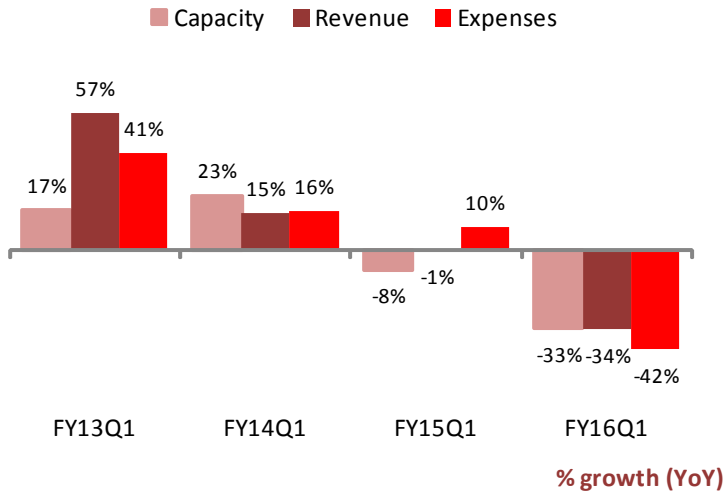


Amount in INR million

	LY	CY	FAV/-ADV
Expense summary			
Capacity(ASKM)	4,248	2,830	-33%
Expense summary			
Aircraft Fuel	7,733	3,589	54%
Aircraft Lease Rentals	2,743	1,608	41%
Airport Charges	1,083	827	24%
Aircraft Maintenance	1,901	1,455	23%
Aircraft Redelivery Expenses	470	30	94%
Other Operating Costs	423	411	3%
Employee Benefits Expense	1,387	1,159	16%
Depreciation and Amortisation Expense	323	293	9%
Other Expenses	1,768	985	44%
Finance Costs	487	256	47%
Total Expenses	18,316	10,612	42%
Key Performance Indices			
Total CASK	4.31	3.75	13%
Fuel CASK	1.82	1.27	30%
Other CASK	2.49	2.48	0%



Key Indicators

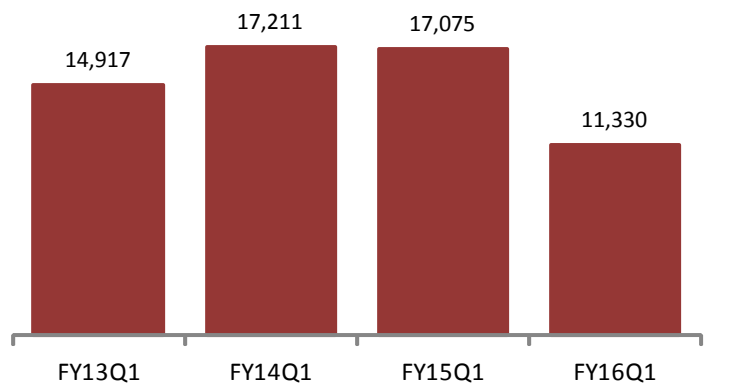




Financial Highlights

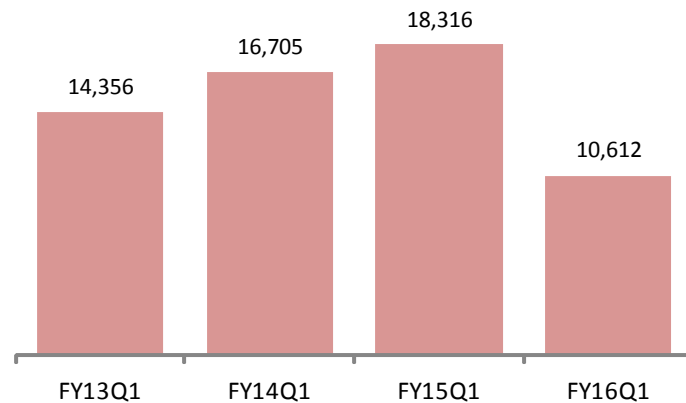


Total Revenue



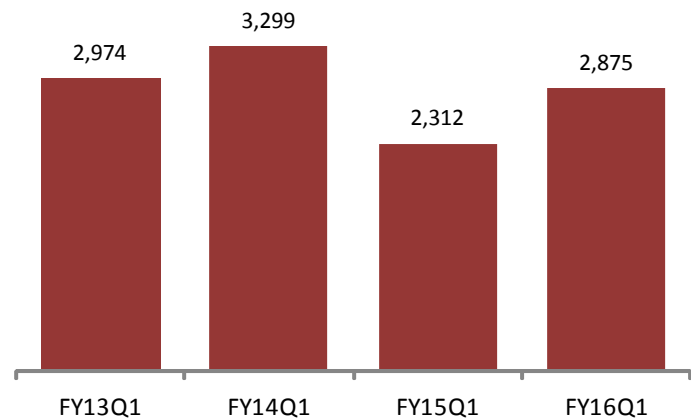
INR Million

Total Expenses



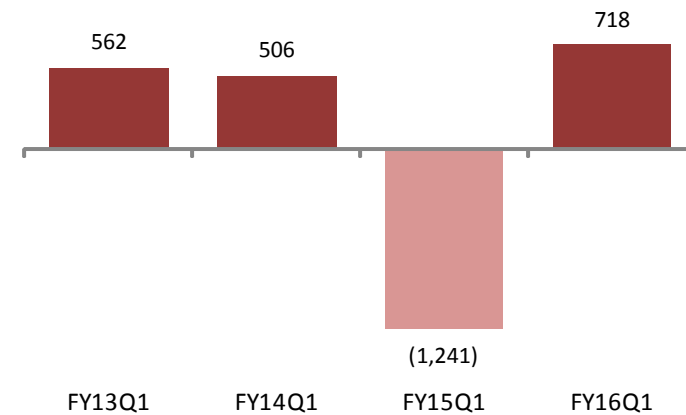
INR Million

EBITDAR



INR Million

EAT



INR Million