



# **Kingfisher Airlines**

*Financial Results FY 2010*



## Agenda

- Domestic Operating Environment
- Financial Performance : FY 2009-10



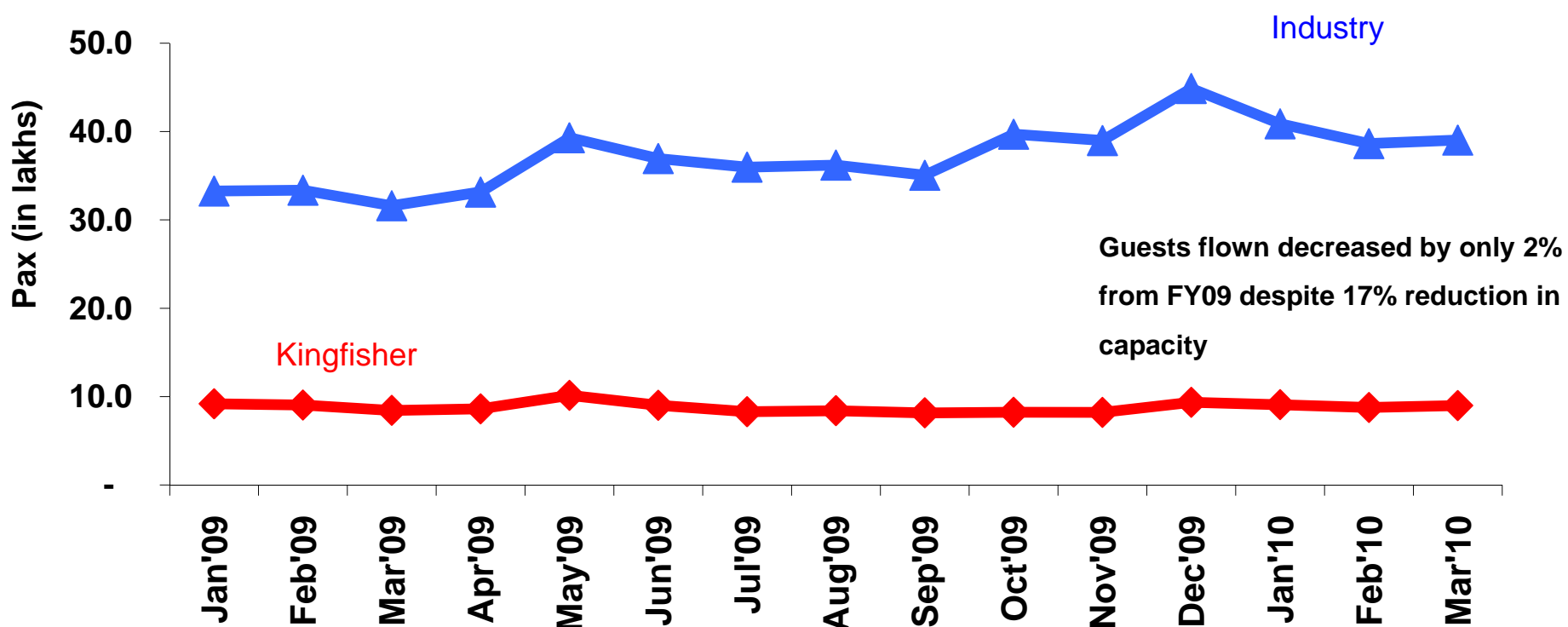
## Domestic Operating Environment

- Passenger traffic for the Aviation Industry increased in FY 10 (16% over FY09). This buoyancy in passenger volumes is expected to continue with GDP growth estimates climbing back over 8%
- Industry seat factors were upwards of 74% for Jan-Mar'10 quarter owing to the right alignment of capacity with the demand
- Yields have trended upwards in the year recovering from the lows early in the year
- However, fuel prices have steadily risen through the year and ended ~ 27% higher than prices at beginning of the year



## Current Domestic Operating Environment

- Passenger traffic increased in FY10 (+16% over FY09). This buoyancy in passenger volumes has been visible since July'09 and is expected to continue
- KF has improved domestic seat factors by 18% in FY10 over FY09



Source : DGCA Data



## Agenda

- Domestic Operating Environment

- Financial Performance : FY 2009-10



## Key Highlights FY 10

- Domestic operations have shown steady improvement
  - **Domestic EBITDAR margin improved from (-5%) in FY 09 to 13% in FY 10**
  - **RASK of domestic operations improved by over 6% for FY 10 over FY 09**
  - **CASK of Domestic operations reduced by 5% over FY09 on the back of several cost saving initiatives (Expat pilot reduction, Fuel consumption reduction etc.)**
  - Capacity deployed decreased by 29.53 lac seats from FY 09 ; Guests flown decreased by 2.32 lacs
  - Seat factor of 71% achieved , an improvement of 11 percentage points over FY09
  - Yield has been reflective of the shift in capacity to low fare model in line with economic environment
- International operations initial performance in line with expectation given nascent operations
  - Measured expansion in international operations undertaken through introduction of new wide body routes to Hong Kong, Singapore and narrow body routes to Dubai, Bangkok, Dhaka
  - International Revenues have grown four-fold in comparison to FY09; increase driven by strong loads
  - Kingfisher has achieved the highest market share on the BOM SIN and BOM HKG sector (PAX IS data) in less than one year of launch
  - EBITDAR improvement of Rs 106 Cr vs. FY 09



## Financial Highlights: FY 2010

- Total Operating Revenues of Rs 5067 Cr vs. Rs. 5239 Cr in FY09
  - Domestic revenues of Rs. 4522 Cr vs. Rs. 5137 Cr in FY 09; only 3% reduction over FY09 despite 17% reduction in seats offered
  - International revenues of Rs. 546 Cr vs. Rs. 102 Cr in FY09; growth increased disproportionate to capacity increase
- EBITDAR profit of Rs 398 Cr vs. loss of **Rs (558) Cr** for FY 09
  - Domestic EBITDAR of Rs. 598 Cr vs. loss of **Rs. (251)Cr** in FY 09; improvement of Rs 848 Cr with improved EBITDAR margin of 13% vs. **(5%)** in FY 09
  - International EBITDAR loss narrowed by Rs. 106 Cr in comparison to FY09 ; improvement seen on the back of strong acceptance of Kingfisher product
- EBITDA loss of **Rs. (696) Cr** vs. loss of **Rs. (1743) Cr** in FY09
  - Domestic EBITDA loss of **Rs.(266) Cr** vs. loss of **Rs (1292) Cr** in FY 09; despite excess costs of Rs. 240 Cr incurred on account of aircraft on ground
  - International EBITDA loss of **Rs. (430)Cr**; most international routes in initial phase



## Company Operating Parameters –FY2010

Parameters	Apr 09 – Mar 10 (FY 2010)	Apr 08 – Mar 09 (FY 2009)	Variance (%)
No of Departures	137,931	155,792	-11%
ASKMs (Million)	14,801	15,755	-6%
RPKMs (Million)	10,625	9,773	9%
Passenger SF%	71%	60%	11 points
Block Hours	230,622	249,601	-8%
Revenue Passengers (Million)	11.06	10.85	2%
Revenue per RPKM in INR**	4.43	5.25	-15%
Cost per ASKM in INR*	4.03	4.47	-10%
Average Gross Revenue per passenger in INR	4,258	4,725	-10%

- Cost per ASKM is calculated at EBITDA cost level
- \*\* Revenue per RPKM is calculated basis passenger revenue



## Company P&L –FY2010

	Apr 09 – Mar10 (Rs. Cr)	Apr 08 – Mar 09 (Rs. Cr)	Variance %
<b>INCOME</b>			
Operating Revenue	5,068	5,239	-3%
Non Operating Revenues	203	64	219%
<b>Total Revenues</b>	<b>5,271</b>	<b>5,303</b>	<b>-1%</b>
<b>EXPENDITURE</b>			
Employee Remuneration & Benefits	689	824	-16%
Aircraft Fuel Expenses	1,803	2,603	-31%
Other Operating Expenses	2,382	2,434	-2%
<b>EBITDAR</b>	<b>398</b>	<b>(558)</b>	
Aircraft Lease Rentals	1,094	1,185	-8%
<b>Total Operating Expenditure</b>	<b>5,967</b>	<b>7,046</b>	<b>-15%</b>
<b>EBITDA</b>	<b>(696)</b>	<b>(1,743)</b>	
Depreciation	217	172	27%
Interest	1,097	779	41%
<b>Total Expenditure</b>	<b>7,281</b>	<b>7,996</b>	<b>-9%</b>
<b>Loss before exceptional items and Tax</b>	<b>(2,010)</b>	<b>(2,693)</b>	
Exceptional Item	408	(7)	
<b>Provision for taxation</b>	<b>(770)</b>	<b>(546)</b>	
<b>PROFIT / (LOSS) AFTER TAXATION</b>	<b>(1,647)</b>	<b>(2,140)</b>	



## Domestic Operating Parameters –FY2010

Parameters	Apr 09 – Mar 10 (FY 2010)	Apr 08 – Mar 09 (FY 2009)	Variance (%)
No of Departures	133,352	154,912	-14%
ASKMs (Million)	11,810	14,725	-20%
RPKMs (Million)	8,586	9,195	-7%
Passenger SF%	71%	60%	11 points
Block Hours	210,262	243,229	-14%
Revenue Passengers (Million)**	10.53	10.76	-2%
Revenue per RPKM in INR*	4.96	5.46	-9%
Cost per ASKM in INR	4.23	4.41	-5%
Average Gross Revenue per passenger in INR	4,047	4,670	-13%

- *Cost per ASKM for FY10 without excess costs of aircrafts on ground is 4.01, reduction of ~10% over FY09*
- *Yield decline on account of Shift of capacity to low fare operations given the economic environment*

• *Cost per ASKM is calculated at EBITDA cost level*  
 • *\*\* Revenue per RPKM is calculated basis passenger revenue*



## Domestic P&L –FY2010

	Apr 09 – Mar10 (Rs. Cr)	Apr 08 – Mar 09 (Rs. Cr)	Variance %
<b>INCOME</b>			
Operating Revenue	4,522	5,137	-12%
Other Income	203	64	219%
<b>Total Revenues</b>	<b>4,725</b>	<b>5,201</b>	<b>-9%</b>
<b>EXPENDITURE</b>			
Employee Remuneration & Benefits	612	720	-15%
Aircraft Fuel Expenses	1,505	2,476	-39%
Other Operating Expenses	2,011	2,257	-11%
<b>EBITDAR</b>	<b>598</b>	<b>(251)</b>	
Aircraft Lease Rentals	864	1,040	-17%
<b>Total Operating Expenditure</b>	<b>4,992</b>	<b>6,493</b>	<b>-23%</b>
<b>EBITDA</b>	<b>(266)</b>	<b>(1,292)</b>	

•Excess abnormal costs of Rs. 240 Cr incurred in FY10 due to engine issues leading to aircraft on ground



## International Operating Parameters –FY2010

Parameters	Apr 09 – Mar 10 (FY 2010)	Apr 08 – Mar 09 (FY 2009)	Variance (%)
No of Departures	4,579	880	420%
ASKMs (Million)	2,991	1,030	190%
RPKMs (Million)	2,039	579	253%
Passenger SF%	66%	55%	11 points
Block Hours	20,360	6,373	219%
Revenue Passengers (Million)	0.54	0.09	487%
Revenue per RPKM in INR**	2.2	1.8	26%
Cost per ASKM in INR*	3.26	5.37	-39%
Average Gross Revenue per passenger in INR	8,416	11,120	-24%

- Cost per ASKM is calculated at EBITDA cost level
- \*\* Revenue per RPKM is calculated basis passenger revenue



## International P&L –FY2010

	Apr 09 – Mar10 (Rs. Cr)	Apr 08 – Mar 09 (Rs. Cr)	Variance %
<b>INCOME</b>			
Operating Revenue	546	102	436%
Non Operating Revenues	-	-	
<b>Total Revenues</b>	<b>546</b>	<b>102</b>	<b>436%</b>
<b>EXPENDITURE</b>			
Employee Remuneration & Benefits	77	104	-26%
Aircraft Fuel Expenses	298	127	135%
Other Operating Expenses	370	177	109%
<b>EBITDAR</b>	<b>(200)</b>	<b>(306)</b>	
Aircraft Lease Rentals	230	145	59%
<b>Total Operating Expenditure</b>	<b>976</b>	<b>553</b>	<b>76%</b>
<b>EBITDA</b>	<b>(430)</b>	<b>(451)</b>	

## Further efficiency improvements planned with Seabury for FY11



- Kingfisher management along with Seabury has identified several initiatives to be rolled out in the current year which would help in enhancing operational efficiency
- Initiatives to enhance KF cost competitiveness
  - Renegotiation of GDS contracts and channel shift to reduce distribution costs
  - Renegotiation of E&M contracts including engine contracts
  - Improvement in manpower productivity through rostering & planning initiatives
  - Other initiatives like fuel consumption reduction
- Initiatives to enhance Revenue productivity
  - Improvements in system usage and processes for revenue management
  - Improvements in cargo revenues through revenue management opportunities



## Outlook

- The economy is showing signs of recovery with GDP growth estimates climbing back over 8%
- Passenger traffic is buoyant in current year backed by improvements in macro-economic environment and revival in most industry sectors. Industry traffic increased by 27% in Apr'10 over Apr'09.
- Premium traffic has seen a strong comeback with a sharp increase in loads on key business sectors
- Domestic capacity is expected to expand lower than growth in demand ; resulting in steep increase in industry load factors in FY11 (Apr'10 seat factors for KFA at 75.8%)
- Yield improvements witnessed in last two quarters of FY10 are expected to continue given the narrowing of the demand supply gap. The Industry expects domestic yields to improve by 5-7% in 2010-11 and as high as 10% in Q3 of said year
- Fuel price have shown steady month-on-month increase since last 12 months and future price movements are uncertain
- Kingfisher has budgeted for a profitable year ahead ; primarily driven by growth in premium traffic, ATV and significant reduction in costs
- International operations are fast moving towards stabilization