



SpiceJet Limited
319 Udyog Vihar, Phase-IV,
Gurgaon 122 016, Haryana, India
T : +91 124 3913939
F : +91 124 3913844



PRESS RELEASE

Chennai/ 14 Aug 2014

SPICEJET ANNOUNCES Q1 FY15 RESULTS

SpiceJet achieves operating profit of Rs 9 cr (prior to restructuring and certain one-off costs) in challenging market conditions

Intensive restructuring and market stimulation showing positive results:

- **Delivers highest ever RASK (unit revenue) for the months of May and June, driven by high load, improved yield, and growth in ancillary revenues**
- **Emerges as the #2 airline in India in terms of domestic passenger share in June despite network rationalization that reduced capacity by 8.4% in the quarter**
- **Across-the-board cost reduction initiatives are well underway, and is the primary focus of the company going forward as the re-structuring continues**

MANAGEMENT COMMENTS:

1. SpiceJet achieved an **operating profit of Rs 9 cr for the quarter** (not considering **restructuring and certain one-off costs** described below) despite an adverse year-over-year impact on expenses of fuel price and foreign exchange rate of Rs 106 cr.
2. **Positive operating result and share gain despite macro-economic and industry conditions that remained challenged** in terms of GDP growth, natural demand, exchange rate, fuel cost, and demand / supply balance, in a quarter which saw addition of capacity and entrance of new player
3. On a year-over-year basis, **top line revenue for the quarter held steady despite 8.4% reduction in capacity** (ASKs) after reduction of five aircraft from fleet (two scheduled, four early returns as part of network rationalization; one new aircraft was also added to the fleet in May); **load factor up 2.4%, passenger yield (Revenue/RPK) up 4.8%**, and total unit revenue or **RASK** (inclusive of ancillary revenues) was **up 9.4%** (RASK is the best measure of revenue performance as it combines both load factor and yield)
4. Revenue performance improved significantly month-over-month from April to June (**load factor increased from 70.6% in April to an industry-leading 81.4% in June**); **in addition, SpiceJet's highest ever RASK was achieved in the months of May and June**. The month of April was adversely impacted by ramp-up period for the new network that was launched on March 30, as well as by muted industry and corporate demand given the then ongoing elections

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5. **Ancillary revenues increased 18% year-over-year** as a result of higher loads, better ancillary product offerings, and higher conversion of ancillary offerings
6. **Operational performance remained strong**, with SpiceJet ranking in the top 2 or 3 in terms of on-time performance, completion factor (defined as 100% less percentage of cancelled flights), and customer complaint rates (where it ranked #2 in terms of least complaints per 10,000 passengers)
7. As a result of high load factors coupled with increased aircraft utilization and strong operational performance, SpiceJet emerged in June as the **second largest airline in India by passenger share for domestic travel**, despite reduction in capacity deployed
8. Operating costs (which exclude restructuring and certain one-off costs) increased 3.2% year over year, driven largely by fuel cost and exchange rate. **Excluding fuel and foreign exchange denominated costs, operating costs were down 3.3% year over year**
9. **Both domestic and international networks, as well as both the Boeing and Q400 fleets, were positive contribution** for the quarter (inclusive of airport, aircraft and maintenance costs)
10. SpiceJet attributes positive operating performance to the **positive impact of SpiceJet's new restructured network and schedule, its investments in brand, marketing, and customer experience, its ongoing cost reduction efforts, and importantly, to its active approach to demand generation via market stimulation** through innovative pricing and revenue management
11. During the quarter, SpiceJet also incurred **restructuring and certain one-off costs consisting of Rs 133 cr relating to restructuring** of the network and fleet along with capacity rationalization that required early aircraft lease terminations and associated expenses for four aircraft, as well as additional interest and funding costs driven by unprecedented carry-forward losses from the previous fiscal
12. **As a result of the above restructuring and certain one-off costs totalling Rs 133 cr, SpiceJet reported a net loss of Rs 124 cr for the quarter ending June 2014.**

ADDITIONAL COMMENTS:

1. **There has been a lot of speculation** and numerous comments and questions relating to SpiceJet's frequent market stimulation efforts, as well as on whether the increase in loads and market share is at the cost of revenue dilution or top line revenue reduction. The revenue results above clearly indicate that our market stimulation efforts are driving not just higher loads, but higher unit revenue (RASK) as well, which is the purest measure of revenue performance as it is the mathematical product of Load Factor and Yield. **As a result, SpiceJet's top line revenue remained constant despite capacity reduction of 8.4%.** We believe that SpiceJet's market stimulation efforts have had a positive impact on the travel industry as a whole by helping increase demand to fill seats that would otherwise go empty, benefitting not just the airline through incremental revenue, but also customers who are getting much more affordable fares if they are willing to book early, and for all other players in the travel value chain due to the increased volume of travel. SpiceJet is the airline that has made flying truly affordable on a pan-India basis for those who are willing to book early.
2. In turnaround situations that are accompanied by capacity reduction, the **revenue impact of reduced capacity is felt instantly, while fixed costs associated with the previous capacity tend to**

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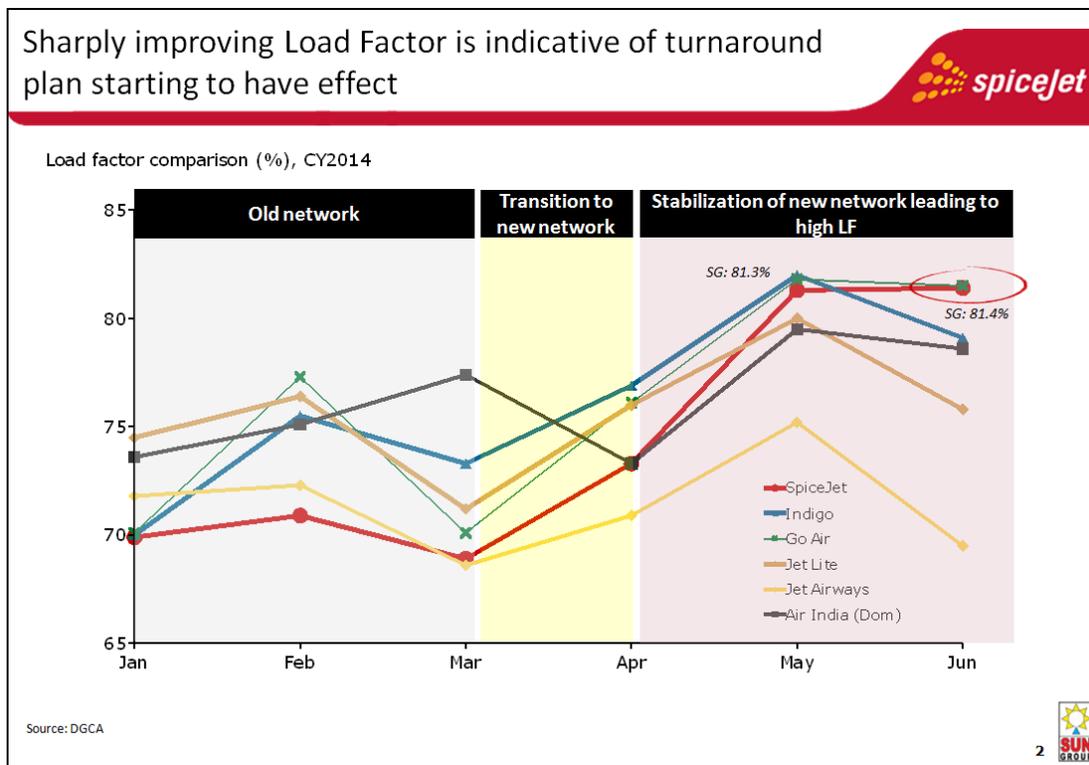
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be more “sticky” and take longer to take out of the system due to contractual obligations, notice periods, and other such constraints. The restructuring and certain one-off costs of Rs 133 cr therefore needs to be viewed in this perspective. Notwithstanding that, SpiceJet’s transformation is well under way, with rationalized capacity, an all new network, strong revenue performance trends, a slew of new products such as SpiceFlex and SpiceMAX to improve yields, and with a massive productivity improvement, increased asset utilisation, and cost reduction program that is currently ongoing to drive all controllable costs down to lowest possible levels.

- Benefits of the intensive restructuring will become increasingly visible in the coming months. It is gratifying to note that these efforts are already paying off: **In July 2014 SpiceJet achieved a Load Factor of 79.5%, which is by a large margin the highest in its history for the month of July.**

SUPPLEMENTARY STATISTICS BELOW:



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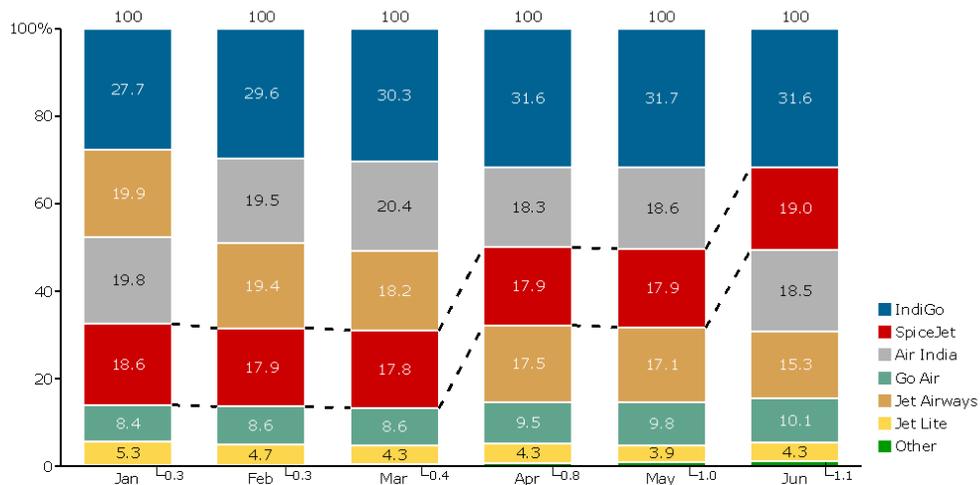
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Despite reducing fleet by 5 Boeings in March, SpiceJet has become the **#2** airline in India by **market share**, displacing Air India



Market Share (%), CY 2014



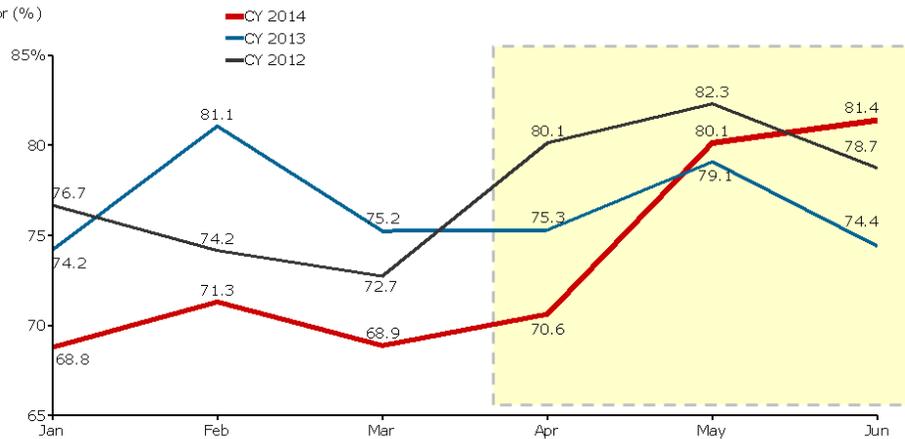
Note: "Other" includes Air Costa from Jan-May and Air Costa + Air Asia for June
 Source: DGCA



Load factor achieved in June 2014 reverses seasonal trend where June load factors are typically lower than May



Load Factor (%)



% increase in LF (CY 2014 vs. CY 2013)



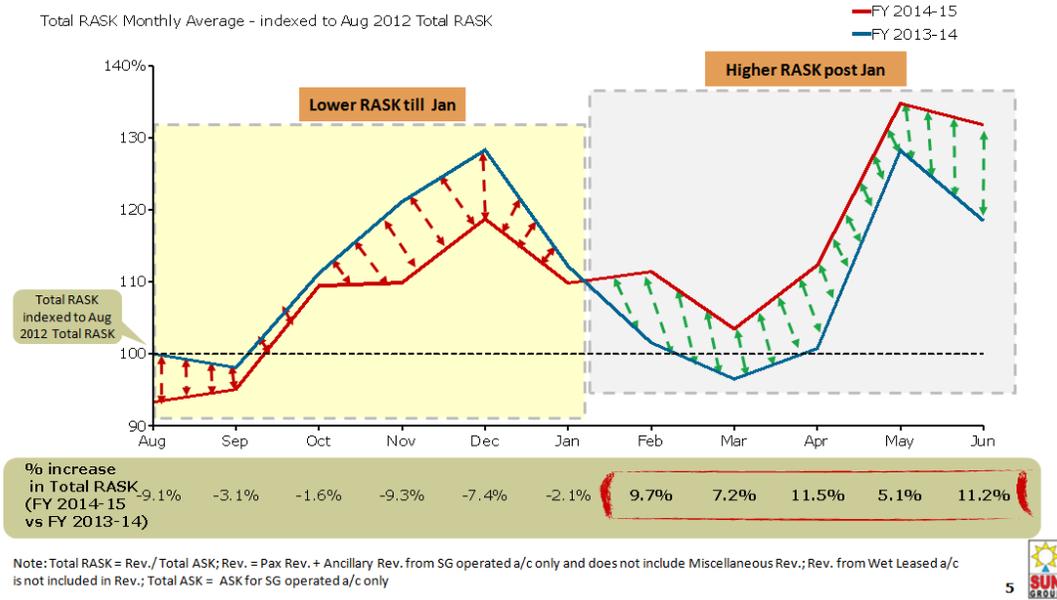
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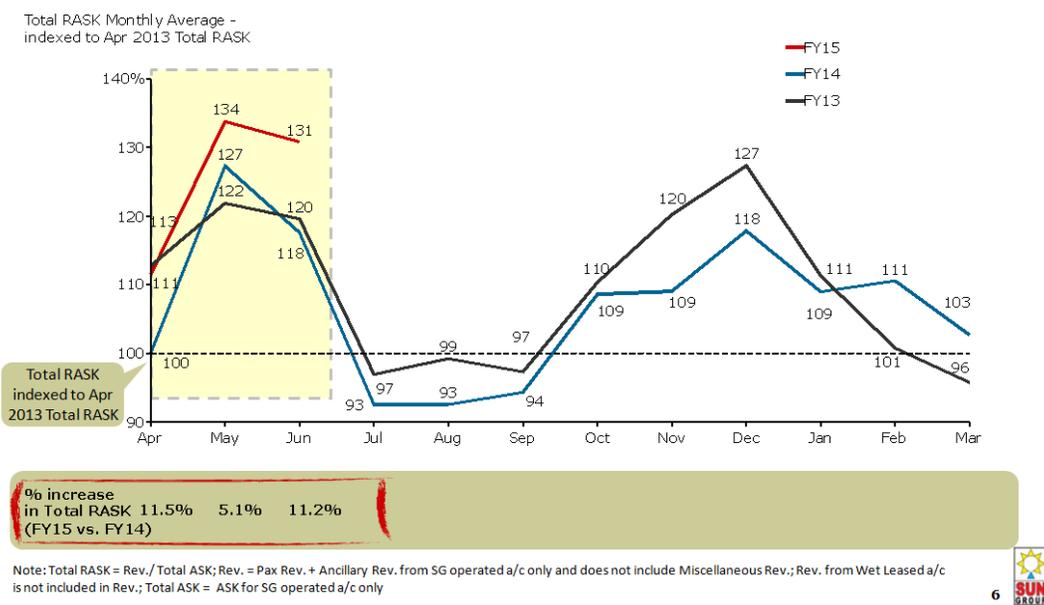
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Total RASK higher year on year in Feb-Jun 2014 after lagging in Aug 2013-Jan 2014 period



Total RASK significantly higher year on year for Q1 FY15 compared to FY14 and FY13

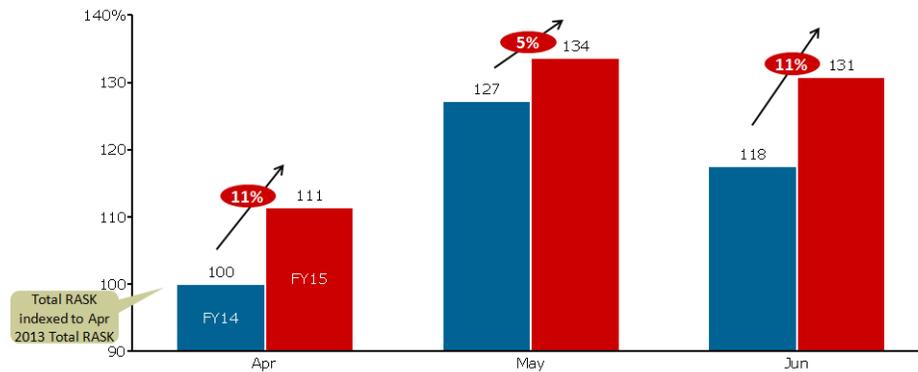


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5-11% improvement in month on month Total RASK for Q1 FY15 vs. FY14



Total RASK - indexed to Apr 2013 Total RASK



Total ASK (M) (FY15)	1,428	1,417	1,403
Total ASK (M) (FY14)	1,504	1,598	1,533

Note: Total RASK = Rev./ Total ASK; Rev. = Pax Rev. + Ancillary Rev. from SG operated a/c only and does not include Miscellaneous Rev.; Rev. from Wet Leased a/c is not included in Rev.; Total ASK = ASK for SG operated a/c only



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Among Top 3 Best On-time performers across metros in 2014



JAN'14			FEB'14			MAR'14			APR'14			MAY'14			JUN'14		
Ra nk	Oper ator	OTP (%)	Ra nk	Oper ator	OTP (%)	Ra nk	Oper ator	OTP (%)	Ra nk	Oper ator	OTP (%)	Ra nk	Oper ator	OTP (%)	Ra nk	Oper ator	OTP (%)
1	SG	79.5	1	SG	79.7	1	6E	88.9	1	6E	90.6	1	6E	88.4	1	6E	90.5
2	6E	77.7	2	6E	79.2	2	G8	88.4	2	SG	88.1	2	SG	83.8	2	9W+S2	84.1
3	9W+S2	75.5	3	9W+S2	78.1	3	SG	86.8	3	9W+S2	84.6	3	9W+S2	81.7	3	SG	82.4
4	AI	66.4	4	G8	75.2	4	9W+S2	84.1	4	G8	83.3	4	AI	79.8	4	AI	77.0
5	G8	64.8	5	AI	70.8	5	AI	77.0	5	AI	82.2	5	G8	76.9	5	G8	74.2

Market leading On-time performance in 2014
(#1 in Jan-Feb, #2 in Apr-May, #3 in Mar and Jun)

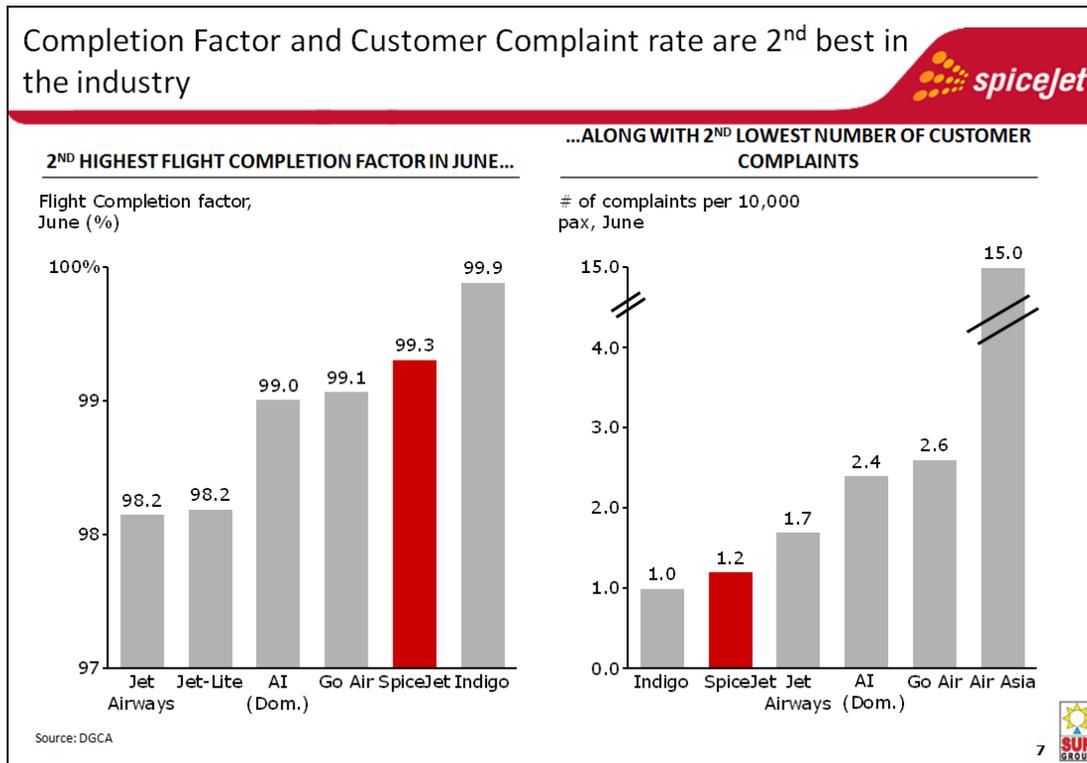
Note: : Data considers all flights operating out of 4 metros
Source: DGCA



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About SpiceJet:

SpiceJet is India's second largest airline by domestic passenger share. The airline operates more than 340 daily flights to 47 destinations, including 40 Indian and 7 international cities.

SpiceJet connects its network using next generation fleet of 32 Boeing 737-800 and 6 Boeing 737-900ER aircrafts, along with 15 Bombardier Q-400 aircraft that are focused on Tier II and Tier III cities.

With confidence gained from being one of the top airlines in India in terms of on-time performance, SpiceJet recently launched its "On Time Guarantee" (OTG) program that assures passengers that if a flight is delayed for any reason that are within the control of the airline, then flyers will be automatically compensated with discount vouchers for their next travel. OTG, together with an all-new network, innovative pricing, and exciting new products such as SpiceFlex and SpiceMAX, has made SpiceJet the second largest airline in terms of domestic passengers carried in India today.

For more information on the release, please contact:

Sudipta Das
SpiceJet Limited
Sudipta.das1@spicejet.com

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Disclaimer:

Certain statements in this release concerning 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.

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