

Updated Nov 15, 2014 with additional data and charts; BSE filing attached

SpiceJet announces Q2FY15 results (covering July – Sept 2014):
Year-on-year capacity up 7%, revenues up 15%, expenses down 2%, and losses reduced by 45% as turnaround efforts gain ground

SpiceJet is pleased to report significant year-over-year improvement in operating performance and reduction in losses in Q2FY15 relative to Q2FY14, in what is traditionally the weakest quarter of the year for aviation in India.

Performance Summary on year-on-year basis (additional details in charts below):

1. Capacity (Available Seat Km) up 7% and RPK (Revenue Passenger Km) up 28%
2. Total revenues up 15% (passenger revenues up 18%, ancillary revenues up 31%), and Total expenses down 2%
3. Load Factor up 19%, Total RASK (Revenue per Available Seat Km) up 12%, and Total CASK (Cost per Available Seat Km) down 7%
4. Year-over-Year net loss reduced by 45% in Q2FY15, from Rs 559.5cr in FY14 to 310.4cr in FY15 (an improvement of Rs 249cr)
5. There were Rs 75cr of one-off & restructuring expenses in the quarter. Excluding these expenses, Year-on-Year loss reduced by 57% (or 313.9cr); EBITDAR margin improved from -19% to +4% YoY (an improvement of Rs 283.6cr)
6. Positive impact of YoY improvement in exchange rate and fuel price was Rs 29cr.
Q2FY15 did not have the benefit of recently introduced ATF price reductions that came into effect in October and November.

Note: There were **no significant one-time / extraordinary revenues from financing and other non-operating activities in the quarter; the loss reduction therefore reflects actual operating performance improvement of the company.**

MANAGEMENT COMMENT:

The results for Q2FY15 clearly demonstrates the positive impact of SpiceJet's strategy, which is focused on maximizing asset and capacity utilization thereby maximizing revenues and absorbing fixed costs at a faster rate. Management believes that there is still further significant potential on both improving revenues and reducing costs. The improved performance further demonstrates that the turnaround effort, which is still work-in-progress, has gained momentum during the quarter.

The revenue results above clearly indicate that our market stimulation efforts through discounted advance purchase fares to fly fewer empty seats is driving not just higher loads, but higher unit revenue (RASK) as well; **the incremental revenue from increased loads significantly exceeds the impact of decrease in average fare and results in higher average revenue per flight and per ASK.** Additionally, our continued focus on ancillary revenues, further catalyzed by higher loads, is showing substantial results with an increase 31% YoY. **As a result, SpiceJet's revenue increased 15% year-over-year, well ahead of capacity (ASK) increase of 7%.**

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. This has 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. **Spicejet-led market stimulation is what resulted in 28% growth in domestic passenger traffic in India in the month of September, traditionally the weakest traffic month of the year.** This growth is the result of the "SpiceJet Effect".

On the cost side, in addition to ongoing cost reduction and productivity-improvement efforts, the recent welcome reductions in **ATF rates** is welcome and will be positive for the industry, though further relief in terms of ATF tax reduction will be very welcome with ATF rates in India still 30-50% higher than in other countries. **Airport costs** reduction is also much needed, especially given the overall financial stress the airline industry is under while some of the airport entities are reporting record profits.

Answers to some commonly asked questions since the earlier issue of the press release:

Question 1: Your RASK may be increasing, but isn't it at the cost of yields and therefore hurting the bottom line?

Answer: RASK is mathematically the product of Load Factor and Yield ($LF * Yield$). An increase in RASK, whether driven by LF, yield, or both, is ALWAYS good for the bottom-line, just as decrease in CASK is always good for the bottom-line.

Question 2: Isn't your cost reduction the result of fuel and exchange rate improvements year over year?

Answer: Fuel and exchange rate improvements contributed a benefit of Rs 29cr for the quarter, which is only a small portion of the Rs 249cr improvement in the bottom-line.

Question 3: Isn't the CASK or cost reduction simply a result of reducing capacity?

Answer: SpiceJet did not reduce capacity, it increased capacity year-on-year by 7%. Reducing capacity actually increases CASK in the near term as it reduces ASK (the denominator) instantly, while fixed cost (which is in the numerator) take time to take out.

Question 4: Another listed airline has reported a return to profitability in Q2, why is SpiceJet not able to achieve the same?

Answer: SpiceJet's Q2 performance improvement is entirely driven by operating factors, and not by non-operational financing activities and revenues. Any comparisons should be made on an operating performance basis as that is what provides the basis for a true apples-to-apples comparison.

Supplementary data and statistics are in the pages that follow

Supplementary data and statistics below: (LY = Last Year, CY = Current Year)

Q2FY15 vs Q2FY14: 7% growth in capacity, 15% increase in revenue, 2% decrease in expenses, and 45% improvement in EAT margin



Amount in INR million

	LY	CY	FAV/-ADV
Capacity(ASKM)	4,053	4,345	7%
Profit & Loss summary			
Total Income from operations	12,572	14,499	15%
Other non operating Income	124	281	127%
Expenses	18,291	17,885	-2%
EAT	(5,595)	(3,104)	45%
EBITDA	(4,881)	(2,369)	51%
EBITDAR	(2,252)	182	108%
Key Performance Indices			
Revenue / ASK	2.99	3.35	12%
Expenses / ASK	4.37	4.07	-7%
Load Factor (RPKM/ASKM)	69%	82%	19%
Fare (Pax rev/Pax)	3,711	3,367	-9%
PAX RASK	2.66	2.93	10%
Yield (PAX Rev / RPKM)	3.88	3.58	-8%
EBITDAR margin	-19%	1%	107%
EBITDA margin	-40%	-16%	60%
EAT margin	-46%	-21%	54%

All Operating parameters are without wet lease



Q2 FY15 vs. Q2 FY14: Key parameters



Parameters	LY Q2 FY' 14	CY Q2 FY' 15	Fav/ -Adv
ASK (Lakhs)	40,532	43,454	7%
ASK (Lakhs) Boeing	37,010	39,920	8%
ASK (Lakhs) Q400	3,521	3,534	0%
RPK (Lakhs)	27,817	35,590	28%
RPK (Lakhs) Boeing	25,311	32,676	29%
RPK (Lakhs) Q400	2,506	2,913	16%
Pax Yield (Rs.)-(Total PAX revenue/RPK)	3.88	3.58	-8%
Pax Yield Boeing	3.65	3.35	-8%
Pax Yield Q400	6.21	6.05	-3%
Average fuel price(per ltr)	63.63	61.20	-4%
Average exchange rate(USD/INR)	62.16	60.60	-3%
Overall Yield (Rs.)-(PAX revenue+Ancillary revenue)/RPK	4.27	3.98	-7%
Load Factor	68.6%	81.9%	19%
Load Factor Boeing	68.4%	81.9%	20%
Load Factor Q400	71.2%	82.4%	16%
RASK (Rs.)-(Overall Yield * LF)	2.93	3.26	11%
CASK (Rs.)	4.37	4.07	-7%
- Fuel Cost / ASK	1.75	1.81	-3%
- Cost (ex-fuel) / ASK	2.62	2.26	-14%
Particulars	Actual	Adjusted for exchange loss	Fav/ (Adv)
	Q2 FY' 14	Q2 FY' 15	
Total Expenses / ASK	4.37	4.16	-5%
- Fuel Cost / ASK	1.75	1.86	-6%
- Cost (ex-fuel) / ASK	2.62	2.31	-12%



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~12% increase in Total RASK, driven by 10% increase in Pax RASK



Amount in INR million

	LY	CY	FAV/-ADV
Revenue summary			
Capacity(ASKM)	4,053	4,345	7%
Revenue summary			
PAX Revenue	10,787	12,724	18%
Ancillary Revenue	1,099	1,441	31%
Key Performance Indices			
Load Factor (RPKM/ASKM)	69%	82%	19%
Fare (Pax rev/Pax)	3,711	3,367	-9%
Total RASK	2.99	3.35	12%
PAX RASK	2.66	2.93	10%
Yield (PAX Rev / RPKM)	3.88	3.58	-8%

All Operating parameters are without wet lease



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~7% reduction in Total CASK (Cost per ASK) (including one-off & restructuring costs), despite 3% increase in fuel CASK



Amount in INR million

	LY	CY	VAR % FAV/-ADV
Expense summary			
Capacity(ASKM)	4,053	4,345	-7%
Aircraft Fuel	7,111	7,877	-10%
Aircraft Lease Rentals	2,688	2,596	-4%
Airport Charges	1,107	1,102	0%
Aircraft Maintenance	3,249	2,103	-55%
Aircraft Redelivery Expenses	103	224	-54%
Other Operating Costs	507	509	-1%
Employee Benefits Expense	1,400	1,479	-5%
Depreciation and Amortisation Expenses	432	318	-36%
Other Expenses	1,366	1,283	-6%
Finance Costs	327	394	-17%
Total Expenses	18,291	17,885	-2%
Key Performance Indices			
Total CASK	4.37	4.07	-7%
Fuel CASK	1.75	1.81	-3%
Other CASK	2.62	2.25	-14%



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Excluding Rs 75cr of one-off and re-structuring costs, a
~10% reduction in Total CASK



Amount in INR million

	LY	CY	VAR % FAV/-ADV
Expense summary			
Capacity(ASKM)	4,053	4,345	-7%
Aircraft Fuel	7,111	7,877	-10%
Aircraft Lease Rentals	2,688	2,408	-12%
Airport Charges	1,107	1,102	0%
Aircraft Maintenance	3,249	2,103	-55%
Aircraft Redelivery Expenses	103	32	219%
Other Operating Costs	507	509	-1%
Employee Benefits Expense	1,400	1,479	-5%
Depreciation and Amortisation Expens:	432	318	-36%
Other Expenses	1,366	1,073	-27%
Finance Costs	222	230	-3%
Total Expenses	18,186	17,131	-6%
Key Performance Indices			
Total CASK	4.34	3.89	-10%
Fuel CASK	1.75	1.81	-3%
Other CASK	2.59	2.08	-20%

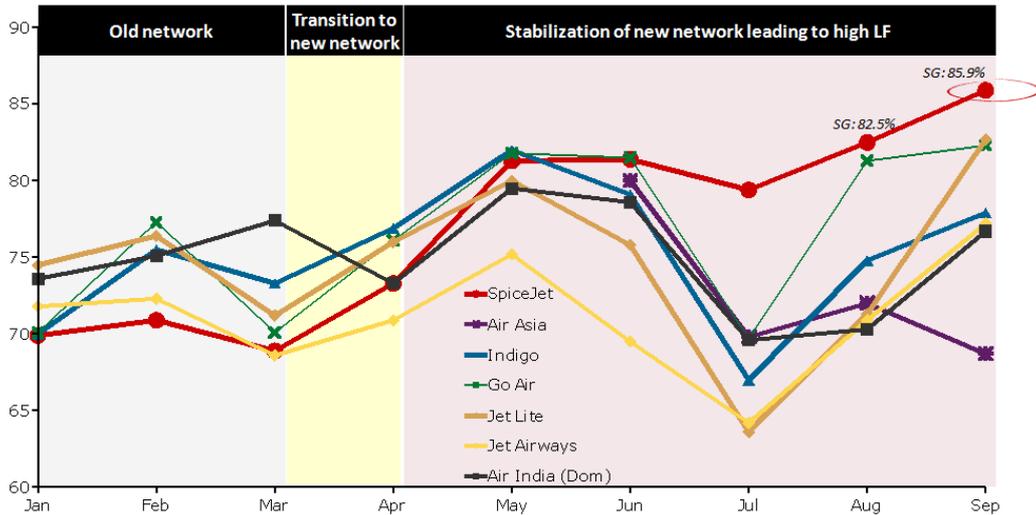
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Load Factor: SpiceJet achieved highest Load Factor in India in
June-Sept 2014



Load factor comparison (%), CY2014



Source: DGCA

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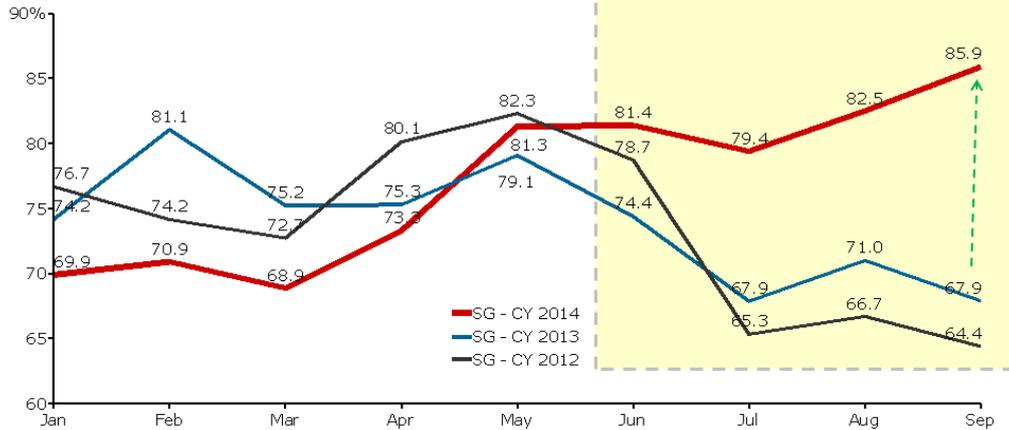


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SpiceJet's June-Sept load factors significantly higher than previous years



Load Factor (%)



Month	% increase in LF (CY 2014 vs. CY 2013)
Jan	-7.3%
Feb	-12.5%
Mar	-8.5%
Apr	-2.6%
May	2.8%
Jun	9.4%
Jul	17.0%
Aug	16.2%
Sep	26.5%

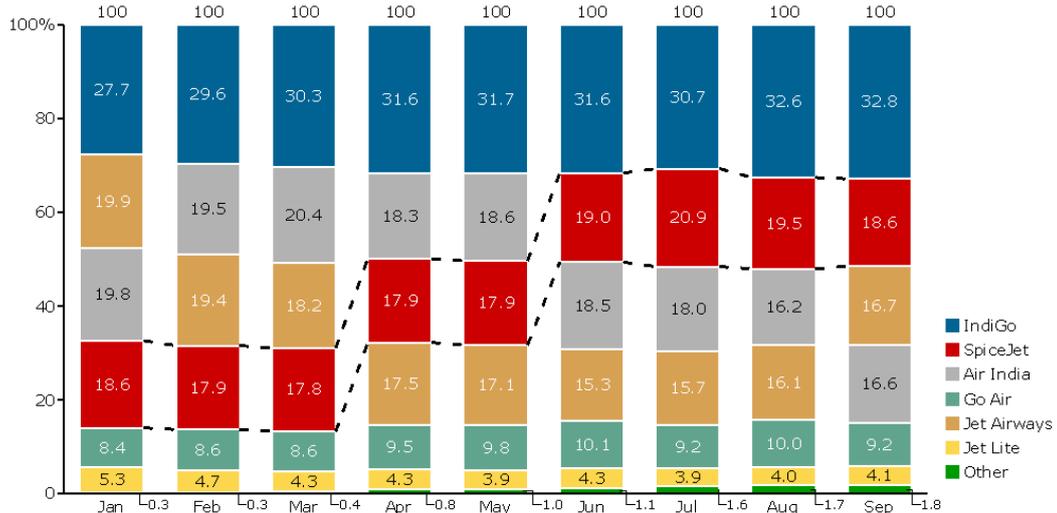
More air travel helps overall economy due to "multiplier effect": It has been estimated that for every \$1 spent on air travel, \$12 is spent on the wider ecosystem and overall economy



Market Share: SpiceJet remained the #2 single-branded airline in India by market share



Market Share (%), CY 2014



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



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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.