



**“IndiGo Fourth Quarter and Fiscal Year 2021
Financial Results Conference Call”**

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Operator: Good evening ladies and gentlemen and welcome to IndiGo's Conference Call to discuss the Fourth Quarter and Fiscal Year 2021 financial results. My name is Aman and I will be your coordinator. At this time, all participants are in a listen-only mode. A question-and-answer session will follow today's management discussion.

As a reminder, today's conference call is being recorded. I would now like to hand the conference over to your moderator, Mr. Ankur Goel, Head of Investor Relations for IndiGo. Thank you and over to you, sir.

Ankur Goel: Good Evening, everyone, and thank you for joining us for the Fourth Quarter and Fiscal Year 2021 Earnings Call. We hope that you and your families are safe and in good health.

We have with us our Chief Executive Officer – Rono Dutta and our Chief Financial Officer – Jiten Chopra to take you through our performance for the quarter. Wolfgang Prock-Schauer, our Chief Operating Officer and Sanjay Kumar, our Chief Strategy and Revenue Officer are also with us and are available for the Q&A session.

Before we begin, please note that today's discussion may contain certain statements on our business or financials which may be construed as forward-looking. Our actual results may be materially different from these forward-looking statements.

The information provided on this call is as of today's date and we undertake no obligation to update the information subsequently.

A transcript of today's call will also be archived on our website. We will upload the transcript of today's prepared remarks later today. The transcript of the Q&A session will be uploaded subsequently.

With this, let me hand over the call to Rono Dutta.

Rono Dutta: Thanks Ankur. Good evening everyone and thank you for joining the call. Hope all of you are safe and doing well.

We have ended a very difficult year for the aviation industry. In the last quarter, we were seeing a lot of positive signs – the number of covid cases were steadily going down, the capacity allowed by the central and the state government was going up, consumers were showing their willingness to travel. As a result, we were showing an improving performance every quarter over quarter.

However, with the second wave of the Covid-19 hitting us, we have seen a significant drop in travel demand. This coupled with the fact that the average fuel prices went up by roughly 26% quarter over quarter impacted our results severely. As a result, for the quarter ended March 21, we reported a net loss of 11.5 billion rupees compared to a loss of 6.2 billion rupees for the December quarter and a loss of 8.7 billion rupees for the same quarter last year. For the full fiscal year 2021, we reported a net loss of 58.1 billion rupees.

Till the end of February, we saw a steady recovery in traffic with over 180 thousand passengers travelling with us daily, hitting peak load factors of 85% on certain days. Our daily bookings were also strong reaching a peak of 231 thousand bookings per day. Unfortunately, in March we saw a resurgence in the number of Covid cases across the country and we saw a 10% reduction in passengers. Our RASK for the quarter was 3.26 rupees which was roughly similar to the RASK that we had in the December quarter, but the sharp increase in fuel costs coupled with adverse foreign exchange impact increased our losses during the quarter.

During the quarter, we continued to increase capacity deployment in Tier 2 and Tier 3 markets to further strengthen our regional presence. We announced operations to 7 new airports during the quarter. Of this, we have already started operations to Leh, Kurnool, Rajkot and Agra.

On the international front, during the quarter we were operating air bubble flights to 10 cities mostly in the middle east as-well as charter operations to various destinations. Our international capacity deployment increased by 36% compared to the December quarter. Overall, our international capacity in the fourth quarter was at around 30% of our pre-covid international capacity.

For the fiscal year 2021, our cargo revenue increased by 9.6% compared to the previous year. This has really supported us during these difficult times when our passenger services have been severely impacted. Building on the success of the CarGo business we have initiated a freighter programme and are in the process of sourcing 4 A321CEO aircraft. The A321P2F - Passenger-to-Freighter conversion is the most efficient narrow-bodied freighter available, offering 24 container positions and supporting a payload of up to 27 tonnes. The delivery of our first freighter is expected in first half of CY2022. Our investment in the Freighter Programme will help strengthen our product and services in the segment, and not only accelerate our own business recovery but will also be a strong engine of economic growth for the country.

During the quarter, we also continued to have the best on time performance in the industry, with an OTP of 95.17 percent. With the rise in the COVID cases there were several additional restrictions imposed by various state governments and our customer relations team did a tremendous job in addressing them. Our customer complaints have been the lowest amongst all domestic carriers at 0.1 complaint per 10 thousand passengers. For this, I would like to thank all our employees, especially the operational staff for their tremendous performance over the year. It also gives me immense pleasure to also share that IndiGo is now certified as a great place to work.

Let me summarise the key highlights for the year:

1. We have focused on strengthening relationships with our key constituents including our lessors, vendors, customers, and employees.
2. We are replacing our older CEO aircraft with more efficient NEO aircraft.
3. Our cash position is of-course the most critical parameter in this crisis and we have managed our cash position prudently.

4. The covid crisis also gave us the opportunity to look at new ways of doing business. We have done charters for both passengers and cargo with great success. We were able to support the Government with their initiatives of repatriation flights.
5. We were number one on average OTP for the year and our net promoter score continued to be high, higher than what it was pre-Covid.
6. We are strengthening our domestic network, we have opened new stations, and we are increasing our penetration of smaller cities.
7. We are remaining true to our mission of being a catalyst in the economic growth of the country and are therefore deliberately and actively engaging and enhancing connectivity in areas which need it the most, such as in the North East.
8. The most important pillar of strength for IndiGo is its employee culture, and we are very focused on a high performance and high employee engagement.

In conclusion, we have our vision firmly rooted on the long term and we are not willing to be distracted by the trials of the pandemic. This means that we are constantly questioning ourselves on what actions we need to take to keep the foundations and the pillars of IndiGo strong so that when we do emerge from the crisis we are well positioned for the good times that will inevitably arrive.

Given this environment and lack of profitability for the year, our Board of Directors has not recommended dividend for the current year. While our cash position remains strong with free cash of 71 billion rupees as on 31 Mar 21, we remain committed to safeguard ourselves against the ongoing disruptions by exploring various options of raising funds. In line with this, our Board has approved raising of funds by way of qualified institutional placement of up to 30 billion rupees and we have already initiated the shareholder's approval process.

In terms of our short-term outlook, we started seeing the decline in airline travel in March but this decline accelerated in April and May. While May started off with very weak traffic, we did see a modest turnaround beginning from the last week of May and this has continued into early June. This shows that passenger confidence returns swiftly with the decline in covid. We are hopeful that with the reducing trend in covid cases and the increased pace of vaccination, passenger confidence and airline traffic will gain further momentum by early July.

So let me try to give you a broad brush picture on our best guess for the domestic revenue outlook. February'21 was the best month we had post covid and bookings on certain days in February peaked at approximately 80 percent of pre-covid levels. Our best guess scenario is that we will hit February'21 domestic travel levels again by third quarter of FY22.

The near-term outlook for International continues to be bleak, and a meaningful recovery of International traffic will probably be pushed to the fourth quarter of FY22. Given the weakness in revenue in April and May, we will of-course report deterioration in revenue performance for

the quarter ending June'21 as compared to March'21 but after that we expect to see a steadily improving revenue trends for the rest of the year, provided of course the anticipated third covid wave is relatively flat.

However, despite all the near-term challenges, our belief in the long-term India growth story with explosive growth in aviation remains intact. It is important to note that IndiGo has dedicated the past 12 months to strengthening its competitive position in the industry in terms of fuel costs, liquidity, customer service levels, network, and employee trainings & culture. We are therefore poised to expand aggressively both domestically and Internationally once this pandemic is over.

With this, let me handover the call to our CFO, Jiten Chopra

Jiten Chopra:

Thank you Rono and good evening everyone. Hope all of you are safe and doing well.

For the full year fiscal 2021, we reported a net loss of 58.1 bn rupees, an EBITDAR of 6.2 billion rupees and an EBITDAR margin of 4.3 percent. For the quarter ended March 2021, we reported a net loss of 11.5 billion rupees, an EBITDAR of 6.5 billion rupees and an EBITDAR margin of 10.4 percent.

On the revenue side, the second wave of Covid-19 starting March'21 resulted in demand erosion thereby impacting RASK, which decreased marginally from 3.27 rupees in December quarter to 3.26 rupees in the March quarter. While our yields remained flat at 3.70 rupees, our load factors reduced from 72% in the December quarter to 70.2% in the March quarter.

On the cost side, we were adversely impacted by fuel and forex which was partially offset by additional capacity deployment. The fuel price went up significantly during the quarter by 26.1% thereby increasing our fuel CASK from 0.75 rupees in the December quarter to 1.0 rupee in the March quarter. The foreign exchange went against us during the quarter resulting in foreign exchange loss. While we had a gain of around 2 bn rupees in the December quarter, we had a loss of around 1.2 bn rupees in March quarter impacting our costs and profitability adversely by 3.2 bn rupees. As a result, our loss during the quarter widened, breaking the improving trend that we had been seeing in the past few quarters. Despite the significant jump in fuel prices during the quarter our CASK excluding foreign exchange compared to December quarter remained flattish at around 3.80 rupees.

Given the adverse profitability, our average net cash burn increased from 150 million rupees per day in the December quarter to 190 million rupees per day in the March quarter. Given the current performance erosion with second wave of Covid-19 we anticipate the cash burn to further increase in the June quarter.

Managing our cash position continues to remain our primary focus and we continue to work with all our stakeholders. For this purpose, we are working on securing credit lines from lenders and entering into sale and lease back arrangements for new aircraft. These two actions will likely result in additional liquidity of 45 bn rupees for the coming year.

Apart from this we have also secured a board approval for raising funds by way of qualified institutional placement up-to 30 billion rupees and this proposal is under consideration by the shareholders.

We ended the quarter with a free cash of 71 billion rupees and total cash of 185.7 billion rupees, a net reduction of 3.4 billion in free cash as compared to the December quarter. The capitalized operating lease liability was 257.4 billion rupees and total debt, including the capitalized operating lease liability was 298.6 billion rupees at March end.

With this, let me hand it back to Ankur.

Ankur Goel:

Thank you Rono and Jiten. To answer as many questions as possible, I would like to request that each participant limit themselves to one question and one brief follow-up question, if needed. And with that, we are ready for the Q&A.

Note: This transcript has been edited for readability and is not a verbatim record of the call