



**“IndiGo Second Quarter Fiscal Year 2022
Financial Results Conference Call”**

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**MANAGEMENT: MR. RONOJOY DUTTA – CHIEF EXECUTIVE OFFICER
MR. JITEN CHOPRA – CHIEF FINANCIAL OFFICER
MR. WOLFGANG PROCK-SCHAUER – CHIEF
OPERATING OFFICER
MR. SANJAY KUMAR – CHIEF STRATEGY AND
REVENUE OFFICER
MR. KIRAN KOTESHWAR – HEAD, INVESTOR
RELATIONS**

Operator: Good evening ladies and gentlemen and welcome to IndiGo's Conference Call to discuss the second quarter of fiscal year 2022 financial results. My name is Aman and I will be your coordinator. At this time, the 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 turn the call over to your moderator, Ms. Richa Chhabra from the Investor Relations team of IndiGo.

Richa Chhabra: Good evening, everyone, and thank you for joining us for the second quarter of fiscal year 2022 earnings call. We hope that you and your families are safe and in good health.

We have with us our Chief Executive Officer – Ronojoy Dutta and our Chief Financial Officer – Jiten Chopra to take you through our performance for the quarter. Wolfgang Prock-Schauer, our Chief Operating Officer, Sanjay Kumar, our Chief Strategy and Revenue Officer and Kiran Koteshwar, our Head of Investor Relations and sustainability 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 be archived on our website. We will upload the transcript of today's prepared remarks by day end. The transcript of the Q&A session will be uploaded subsequently.

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

Rono Dutta: Good evening, everyone and thank you for joining the call. Hope all of you are keeping safe through this covid period.

We announced our second quarter fiscal year 2022 financial results today. We reported a net loss of 14.4 billion rupees for the quarter ending September 2021 as compared to a net loss of 31.7 billion rupees for June quarter of fiscal 2022 and a net loss of 11.9 billion rupees for the September quarter last year. The reduction in Covid-19 cases in the country, increased pace of vaccination, and relaxation of the testing norms by the various State Governments has helped to stimulate demand during September 2021 quarter. In line with the increased demand, the Government initially raised the domestic capacity caps from 65 percent at the end of the June to 85 percent mid of September and recently removed these capacity restrictions altogether. Further, international destinations and frequencies were increased under the bubble arrangements. All these factors had a favorable impact on our revenues. We carried around 6.3 million passengers in June quarter which rapidly expanded to 11.2 million passengers in the September quarter, an

increase of around 79 percent. Overall, we were able to deploy around 41 percent additional capacity in the September quarter as compared to the June quarter.

Our load factors increased to 71.1 percent in the September quarter as compared to 58.7 percent in June 2021 quarter and our yields have gone up by around 20 percent to 4.19 rupees. These factors have led to sequential increase in our RASK by 32.1 percent to 3.60 rupees.

On ancillary revenue, our Cargo operation continues to witness growth, in the September quarter cargo revenues have increased by 16 percent as compared to the June quarter. We anticipate a potential structural shift from traditional widebodies to narrow body cargo aircraft and with our upcoming freighters we will be able to take full advantage of this opportunity.

Our International capacity deployed increased by 58 percent as compared to the June quarter, reaching around one third of our pre-covid International capacity levels. We are in constant dialogue with the Ministry to open more International destinations. Also, we have recently entered one-way codeshare agreement with American Airlines. We are confident that this will be a strong partnership that will create increased opportunities for trade and tourism through IndiGo's seamless nationwide connectivity.

On the cost side, the deployment of higher capacity in this quarter has helped spread our fixed costs resulting in our CASK ex fuel reducing by 27.3 percent to 3.25 rupees, sequentially. However, due to headwind in fuel prices, our fuel CASK has gone up 16.2 percent on a sequential basis to 1.26 rupees. As you are aware our fleet modernization programme continues and during the quarter, we inducted 11 fuel efficient NEOs and returned 13 CEOs.

We of course continue to occupy the number one position when it comes to on-time performance. In addition to our targeted improvement in all our operational parameters, we are also driving our leadership in the area of sustainability by becoming the first Indian airline to release a comprehensive ESG report. "IndiGo Green" is a testimony to our commitment towards a sustainable future and towards responsible growth.

Our expectation is that our third quarter fiscal year 2022 capacity in terms of ASKs will increase by around 40 percent as compared to the second quarter of fiscal year 2022. We are encouraged by the booking trends in October and beyond. We are currently anticipating that our October Load factors will be around 76 percent. Our average revenue booked per day in October is now equal to pre-covid level of revenue booked per day in January 2020. It is important to note that we are matching January 2020 level daily booked revenues while offering 20 percent fewer ASKs.

On the negative side, oil prices continue to march relentlessly higher. Pre-covid, oil prices were averaging 65 dollars a barrel whereas now it is averaging 85 dollars per barrel. Thus, things are looking better on the revenue side but the increase in input costs are cause for concern.

Looking back, we have had several quarters of unacceptable losses which have dented our balance

sheet. It is now time for repair and healing. But I want to take this opportunity to thank our employees for running a quality airline, paying attention to the customer and for being nimble in generating nontraditional sources of revenue such as Cargo and passenger charters. Now that it looks like we are finally emerging out of the Covid crisis, we are turning our attention back to the two key principles of our business model, namely: continue to keep our costs down and grow rapidly.

To summarize, revenues are fast returning to normalcy, fuel prices are worrisome, we need a rapid return to profitability in order to strengthen our balance sheet and we are excited about the growth opportunities that lie ahead of us.

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. Thank you Rono and good evening everyone.

For the quarter ended September 2021, we reported a net loss of 14.4 billion rupees compared to a net loss of 31.7 billion rupees for the quarter ending June 21 and a net loss of 11.9 billion rupees for the September quarter last year. We reported a positive EBITDAR of 3.4 billion rupees compared to a negative EBITDAR of 13.6 billion rupees in the quarter ending June 21 and positive EBITDAR of 4.1 billion rupees for the September quarter last year.

In the September quarter, we operated at 61 percent of our pre-covid capacity as compared to 44 percent in the June quarter. This higher capacity deployment has helped improve our performance metrics. Some of the key measures for the September quarter as compared to the June quarter are:

1. We operated at a load factor of 71.1 percent, an increase of 12.4 points. We had a yield of 4.19 rupees, an increase of 20.4 percent and RASK of 3.60 rupees, an increase of 32.1 percent
2. Our CASK ex-fuel reduced by 27.3 percent primarily due to increase in capacity deployed and positive impact of foreign exchange movement.
3. We were though negatively impacted on the fuel cost as our fuel CASK increased by 16.2 percent compared to the June quarter.

Due to the improved revenue environment, our average cash burn per day reduced by around 39 percent in the September quarter. Further, we ended the quarter with a free cash of 63.5 billion rupees, a net increase of 7.3 billion rupees as compared to June end.

On the other key balance sheet numbers, we ended the quarter with total debt of 323.4 billion rupees including capitalized operating lease liability of 275.6 billion rupees.

With the impact of the second wave abating and additional capacity deployment, we are likely to

show an improving trend in all performance metrics in the forthcoming quarters. We continue to focus on keeping our costs under control and providing world class services to our customers.

With this, let me hand it back to Richa.

Richa Chhabra:

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