

2017-18



ANNUAL REPORT



REVITALISING
OPERATIONS



PASSIONATE
PEOPLE



GEOGRAPHIC
EXPANSION



STRATEGIC
DIVERSIFICATION

EMBRACING
OPPORTUNITIES.
EXPLORING
POSSIBILITIES.

Contents



The cover shows an aerial view of SpiceJet first 737-8 MAX aircraft "King Chilli" soaring high, depicting the vast opportunities ahead of SpiceJet and how it is ready to embrace them.



Download the report or read it online at
www.spicejet.com/InvestorsFinancialInformation.aspx

Forward-looking Statement

This Annual Report contains 'forward-looking statements' that are based on our current expectations, assumptions, estimates and projections about the Company, our industry, economic conditions in the markets in which we operate, and certain other matters. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as 'anticipate', 'believe', 'estimate', 'expect', 'intend', 'will', 'project', 'seek', 'should' and similar expressions. Those statements include, among other things, the discussions of our business strategy and expectations concerning our market position, future operations, margins, profitability, liquidity and capital resources. These statements are subject to known and unknown risks, uncertainties and other factors, which may cause actual results or outcomes to differ materially from those implied by the forward-looking statements. Important factors that may cause actual results or outcomes to differ from those implied by the forward-looking 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. In light of these and other uncertainties, you should not conclude that the results or outcomes referred to in any of the forward-looking statements will be achieved. All forward-looking statements included in this Annual Report are based on information available to us on the date hereof, and we do not undertake to update these forward-looking statements unless required to do so by law.

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THE ASCENT TO GREATER
HEIGHTS DOES NOT HAPPEN
BY CHANCE.

IT HAPPENS THROUGH STEADFAST
PERSEVERANCE, FOCUSSED
MINDSET, DETERMINATION TO
TAKE ON CHALLENGES.

**AND THROUGH EMBRACING
OPPORTUNITIES AND EXPLORING
POSSIBILITIES.**



AT SPICEJET,
THIS IS WHAT
WE HAVE DONE.

- Revamped operations and built a team of high-performers to achieve industry defining parameters
- Utilised cash flows to clear past dues and to upgrade technology
- Placed large order of fuel-efficient aircraft to cater the growing passenger traffic at minimal cost
- Preparing to venture the freighter business to generate additional income
- Initiating a training centre to create and absorb a pool of quality manpower
- Scouting for innovative means to enhance brand stickiness, delight passengers and open-up new revenue streams

SpiceJet poised to grow strongly and sustainably while building value for its stakeholders.

INDIA FLIES ON SPICEJET

Constantly introducing innovative ways and investing in better technologies to ensure best services and on-time performance.

Redefining industry standards with a team of passionate, high-performing and passenger-centric people.

Making air travel accessible to millions with a low-cost business model.

Driven by the vision to get better every day.

We are SpiceJet, India's leading and most favourite airline.

Flying over 18.1 million passengers annually across 56 destinations, commanding a domestic market of 12.04%. Growing faster than the industry and consistently clocking over 90% load factor. Setting new records of on-time performance and one of the few airlines globally to register operating profit consistently for 14 quarters.

An airline built to deliver

Two-pronged fleet strategy

We have 38 mainline Boeing fleet for key destinations and 24 Bombardier fleet for regional connectivity in tier II and III cities and also under UDAN scheme

Presence in attractive routes

We have won attractive routes, having pent-up demand, in tier II and III cities under the UDAN scheme

Multi-channel revenue streams

We earn revenues from:

Primary – Passenger air travel
Ancillary – Preferred Seating, Spice Max, Insurance, Meals, Spice Vacations, Lounge, Visa, Cab, Cargo, Onboard Merchandise

Strong management team

We have experienced senior management team, led by CMD Mr. Ajay Singh, the pioneer of low-cost aviation in India

Widespread

We have a strong foothold in major domestic markets along with a growing presence in the regional and international operation

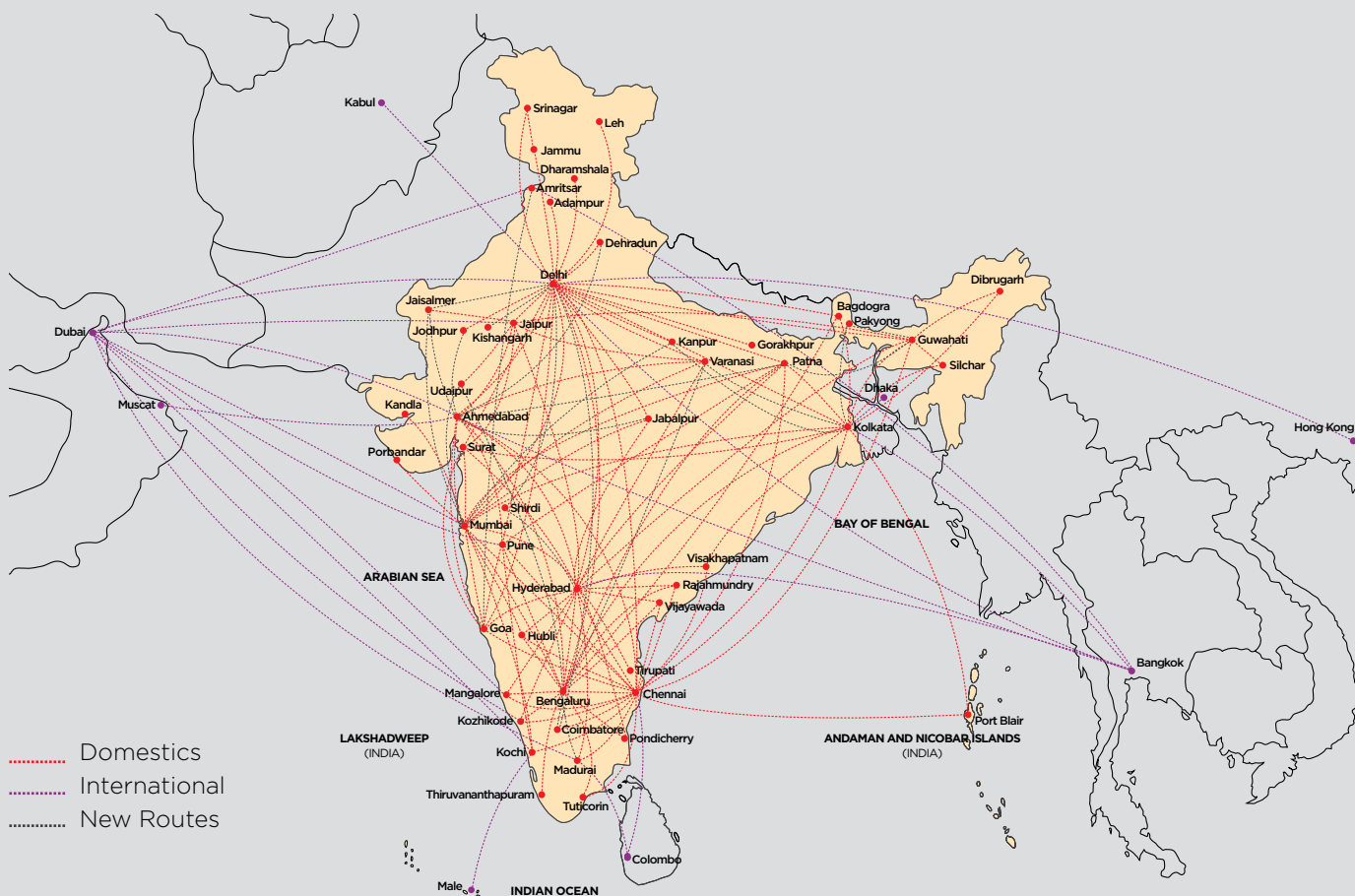
Proven low-cost model

We are driven by strong focus on continuous cost reduction

Above data is as on October 2018

Our widening network

With our network strategy, we provide passengers connection to strategic locations along with a schedule that suits both business and leisure travellers, making us a preferred airline.



Map not to scale, graphic representation only. Content as on October 25, 2018



Flight destinations

Domestic

Adampur • Ahmedabad • Amritsar • Bagdogra • Bengaluru • Calicut • Chennai • Coimbatore • Dehradun • Delhi • Dharamshala • Dibrugarh • Goa • Gorakhpur • Guwahati • Hubli • Hyderabad • Jabalpur • Jaipur • Jaisalmer • Jammu • Jodhpur • Kandla • Kanpur • Kishangarh • Kochi • Kolkata • Leh • Madurai • Mangalore • Mumbai • Pakyong • Patna • Pondicherry • Porbandar • Port Blair • Pune • Rajahmundry • Shirdi • Silchar • Srinagar • Surat • Thiruvananthapuram • Tirupati • Tuticorin • Udaipur • Varanasi • Vijayawada • Vishakhapatnam

International

Bangkok • Colombo • Dhaka • Dubai • Hong Kong* • Kabul • Male • Muscat

*Effective from November 22, 2018

SETTING NEW BENCHMARKS OF PERFORMANCE

Best performing

Indian airline stock in terms of investor returns over the last three years

14

Consecutive quarters of operating profits

81%

Average on time performance since June 2016

90%+

Industry leading load factor for 39 consecutive months

20

New routes bagged under the UDAN scheme

Financial performance: FY 2017-18 vs FY 2016-17

26%

Growth in total income from operations

7%

Growth in total RASK

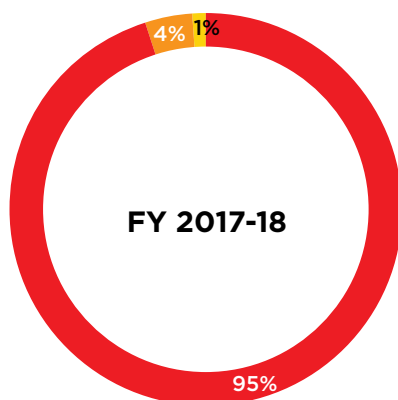
34%

Growth in EBITDA

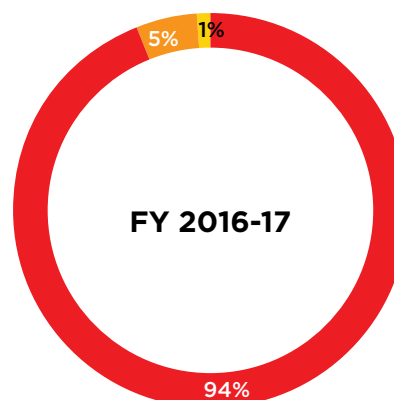
32%

Growth in EAT

Operating Revenue break-up



- Passenger revenue ₹ 74,095 million*
- Ancillary revenue ₹ 3,139 million
- Other operating revenue ₹ 717 million

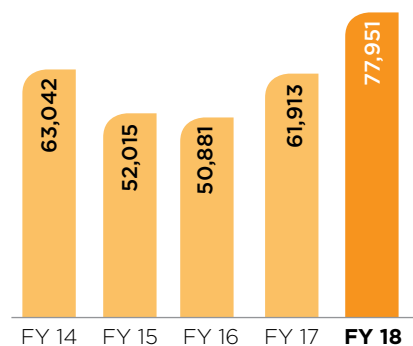


- Passenger revenue ₹ 58,206 million*
- Ancillary revenue ₹ 2,807 million
- Other operating revenue ₹ 899 million

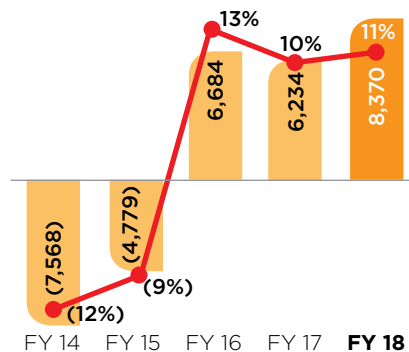
*Passenger revenue includes certain passenger-related ancillary revenue

Net revenue from operations

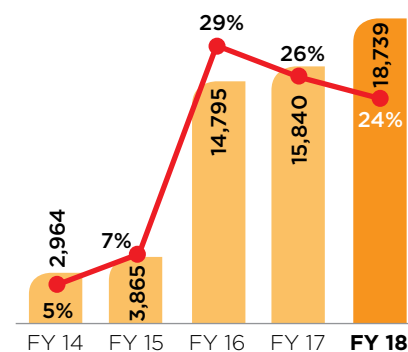
■ (₹ million)

**EBITDA & EBITDA margin**

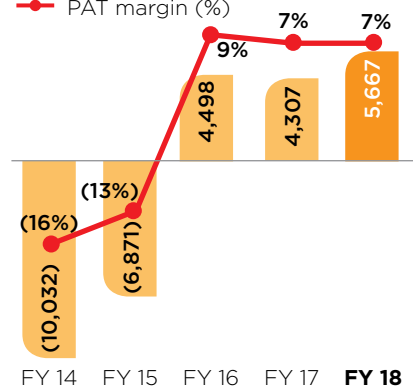
■ EBITDA (₹ million)
● EBITDA margin (%)

**EBITDAR & EBITDAR margin**

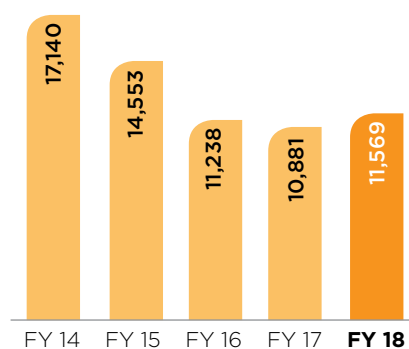
■ EBITDAR (₹ million)
● EBITDAR margin (%)

**EAT & EAT margin**

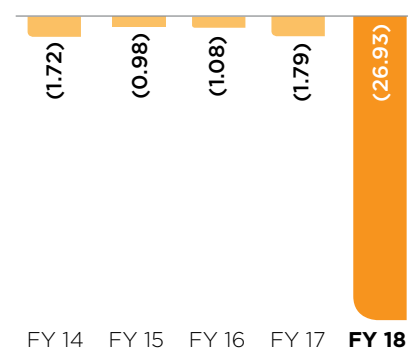
■ PAT (₹ million)
● PAT margin (%)

**Net debt**

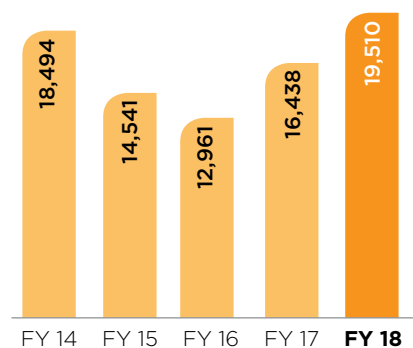
■ (₹ million)

**Debt:equity**

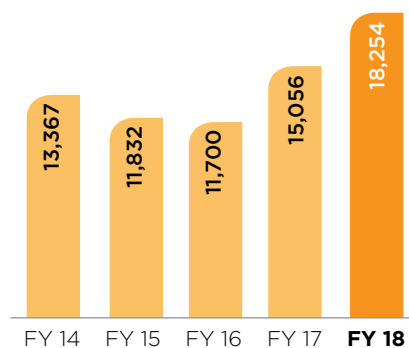
■ (₹ million)

**Available seat kilometre**

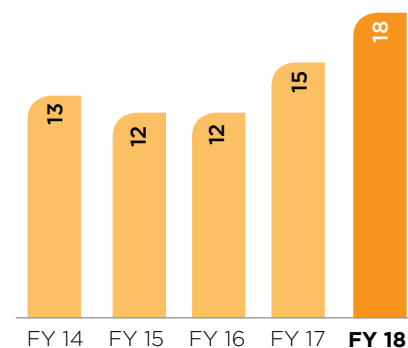
■ (million)

**Revenue passenger kilometre**

■ (million)

**No. of passengers**

■ (million)



MESSAGE FROM THE CHAIRMAN



Dear friends,

In FY 2017-18, SpiceJet yet again convincingly retained its reputation as one of India's leading air carriers and a strategically important player for the country's aviation future. We continue our run to greatness by introducing path-defining initiatives, undertaking critical steps to business sustainability and delivering better than industry performance.

After having successfully scripted one of the greatest aviation turnarounds, we are now into our third successive year of profitable growth coupled with industry leading operational parameters. In these three years, our passenger volumes grew by 1.5x, passenger load factor remained over 90% and net worth improved by 93%. This kind of holistic and consistent performance amidst a competitive

industry scenario with rising fuel prices manifests the strength of our business model and our untiring leadership team and staff. Even more satisfying is our contribution to the country's socio-economic development.

Operating in Indian markets can be challenging. Passengers want best on-time services, that too at lowest prices. To provide all these and yet

grow profit year after year needs some serious innovative capabilities and groundwork. And this is where, I believe, we have a competitive advantage. From creating multiple ancillary revenue streams to having a multi-fleet strategy, from investing in better technologies to building a powerful team, from widening presence in primary locations to adding upcoming strategic locations, we have been moving fast and smart.

Performance review of FY 2017-18

The impact of our sustained efforts is evident in our performance. Operating revenues for the year increased 26% from ₹61,913 million in FY 2016-17 to ₹77,951 million. Earnings before interest, taxes, depreciation, amortisation, and restructuring or rent costs (EBITDAR) grew 18% to ₹18,739 million. Earnings after Tax (EAT) grew 32% to ₹5,667 million compared to marginal decline in the previous year. This was achieved despite a surge in fuel prices as we worked on improving efficiency and bringing down costs. Resultantly, our EAT margins were higher by 31 basis points to 7.27%.

Noteworthy here is that this performance was achieved organically. On one hand, we nurtured growing passenger traffic by adding capacities and on the other hand, we kept maximising non-aviation revenues. This reiterates that our growth is sustainable.

We addressed the growing traffic by adding 112 new flights and adding 36 new routes having pent-up demand, including four of the six UDAN destinations, won in the previous year. Resultantly, our capacities (Available Seat Kilometre) increased 19% contributing to a 27% growth in passenger revenues to ₹74,095 million. We have bagged another 20 routes under the UDAN Round II and expect to operationalise them in the next fiscal.

For non-aviation revenues, our venture into fashion business and focus on providing value-added services to passengers are seeing encouraging traction. During the year, we launched a series of niche products for various services as well as initiated one of the largest loyalty programmes to increase direct bookings and boost sales of ancillary products. This led to a 12% growth in ancillary revenues to ₹3,139 million.

We carried out an economic feasibility study of amphibious

planes based on the demoflights conducted in the last fiscal. Having the potential to take-off and land on water bodies, gravel and grass, we intend to leverage these planes to revolutionise the regional connectivity in the country.

Exploring possibilities

An important development during the year has been the extension of our cargo business with dedicated freighter plane service, thereby becoming the first Indian airline to do so. We have received a converted freighter version of 737 NG aircraft and have already commenced service with more to be added in our fleet. With air cargo volumes expected to grow by 60% over the next five years driven by exponential growth in the e-commerce industry and rising demand for fast delivery, entry into this segment was a logical step ahead. Besides, this business requiring no major capital investment and operating under incremental direct cost model through a common pool of resources will open-up a new revenue stream with minimal risks and incremental costs.

Also, in our endeavor to go green and explore new possibilities, SpiceJet successfully operated India's first ever BioJet Fuel flight with its Bombardier Q400 aircraft. SpiceJet is the only airline in India to explore aerial operations powered by BioJet fuel and intends to undertake operations using a blend of 75% of aviation turbine fuel (ATF) and 25% of BioJet fuel. This fuel not only reduces carbon emissions upto 15%, it enhances fuel efficiency and has the potential to reduce our dependence on traditional Aviation Fuel by up to 50% on every flight and bring down fares. India is the fastest growing aviation market in the world today and it is our responsibility to grow using clean and sustainable technologies.

Embracing opportunities

SpiceJet, today commands 12.04% of the domestic and 8.9% of the international aviation market share.

I have reasons to believe that we will continue to soar higher in the coming years as the economic environment gets more favourable, and the passenger traffic surges led by growing tourism, business travels and affluence.

The opportunity is huge, and we are prepared to capitalise on it. We have already placed a massive order of 205 Boeing 737 MAX and 50 Bombardier Q400 aircraft in the previous year scheduled for induction between 2018 and 2024. These aircraft will enable us to further expand operations and improve operational efficiency. While the 737 MAX will reduce overall costs by around 12-14%, the Q400s with enhanced seating capacity will improve operating economics and reduce unit costs by 8-10%. Additionally, we have signed a US\$ 12.5 billion deal with CFM International to purchase LEAP-1B engines to power 155 of our 737 MAX fleet along with spare engines. These engines have better efficiency and will bring down maintenance costs.

We have also initiated the Spice Star Training Academy to provide structured cabin crew training programme in association with Amity University. The move will enable us to nurture and acquire talent for our expansion programme.

I thank each of our stakeholders for their continued support. With our recent developments, I am confident that we will make significant progress towards the goal of making air travel accessible to our fellow citizens. While doing so, we will ensure value creation for all our stakeholders. Do stay with us and fly with us, as the coming years are going to be more and more exciting.

Warm regards,

Ajay Singh

Chairman and Managing Director

STAYING ON THE GROWTH TRACK

At SpiceJet, we have identified important strategies to strengthen our fundamentals and enhance market presence. FY 2017-18 was dedicated towards their effective implementation.

Maximising revenues

112

New flights launched

6

New additional destinations operationalised

6%

Increase in average passenger fare

20%

Increase in number of flights

21%

Increase in average number of passengers carried

SpiceXpress

a dedicated freighter services brand launched to generate additional revenues from cargo