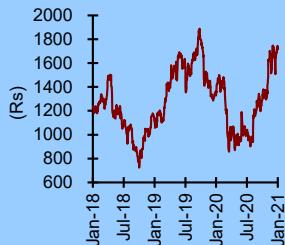
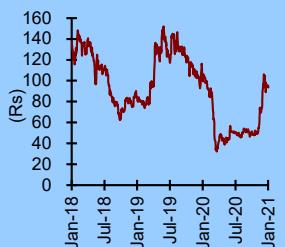


## Sector update

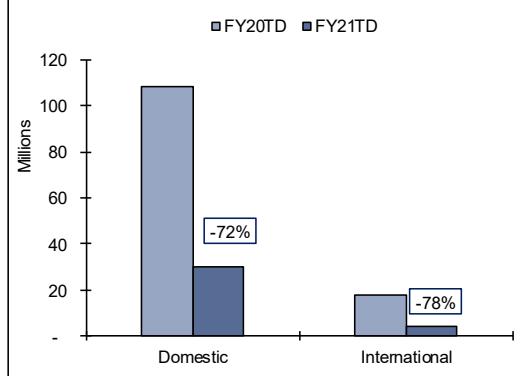
## Indigo



## SpiceJet



**Chart 1: In FY21-TD, domestic and international traffics declined 72% and 78% respectively**

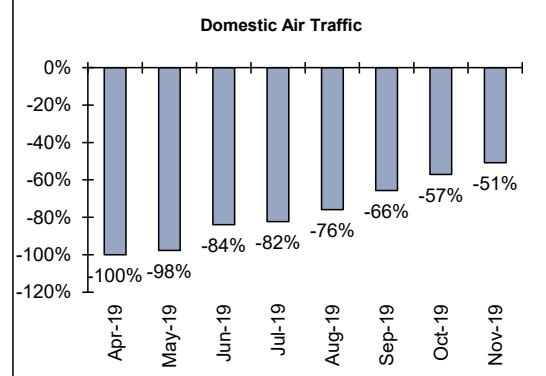


Number in box indicate FY21-TD growth

Note: Domestic passengers (till Dec'20) and international (till Oct'20)

Source: DGCA

**Chart 2: Monthly trend of domestic passenger traffic growth**



Source: DGCA

## Aviation

## International travel: Long-term opportunity, near-term pain

International travel remains a sore point in passenger traffic recovery for Indian airlines. Domestic and passenger traffics are down 72% YoY and 78% YoY respectively in FY21-TD. However, long-term opportunity remains big in the international segment for Indian airlines as they seek more parity in market share compared to their international counterparts in passenger as well as freight. While Indian airlines carry only 36% of Indian international passenger movement, their international cargo share is even more skewed at 14% (both on the basis of last normal quarter of Sep-Dec'19).

- ▶ **Vande Bharat Mission (VBM) flights under air bubble treaties will remain the operative mode of international travel in near term.** As of Dec'20, India has air bubble treaties (reciprocal air travel arrangements when regular flights remain suspended) with 24 countries (table 2). Till now, air bubble flights have been announced in eight phases, having flown 1.76mn passengers through Air India and 2.1mn through other airlines.
- ▶ **Airlines with higher international mix likely to face more challenges.** IndiGo, SpiceJet and Air India Express had 22%, 25% and 97% of their total capacities dedicated to international operations as at FY20-end. Vistara too inducted two Boeing 787 Dreamliner aircraft in its fleet. Even if 50% of all the international capacity of Indian airlines were to come to the domestic segment and there is no separate addition, available Indian domestic capacity will increase by 22% in FY22 over FY20. Business profitability in FY22 will therefore remain significantly hinged on the pace of international passenger traffic recovery.
- ▶ **Though long-term, international segment offers strong market share gain opportunity for Indian airlines.** If there is a 50:50 sharing of international business between Indian and foreign airlines, the total (domestic plus international) passenger/cargo traffic through Indian airlines can grow by 5% / 54% respectively on the basis of Q3FY19 (last normal quarter).

## Research Analysts:

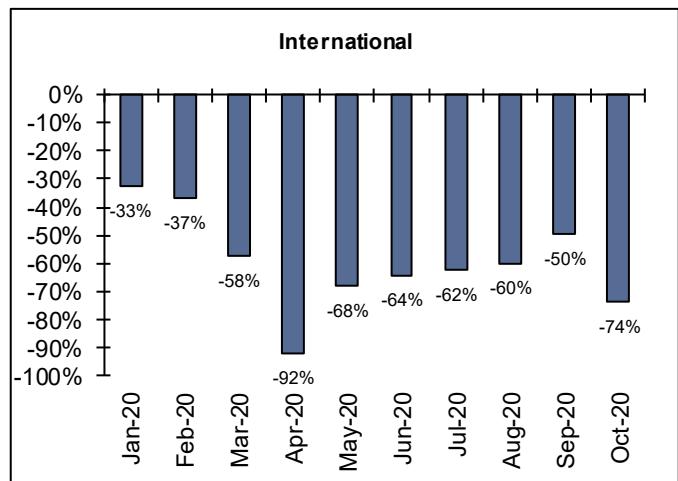
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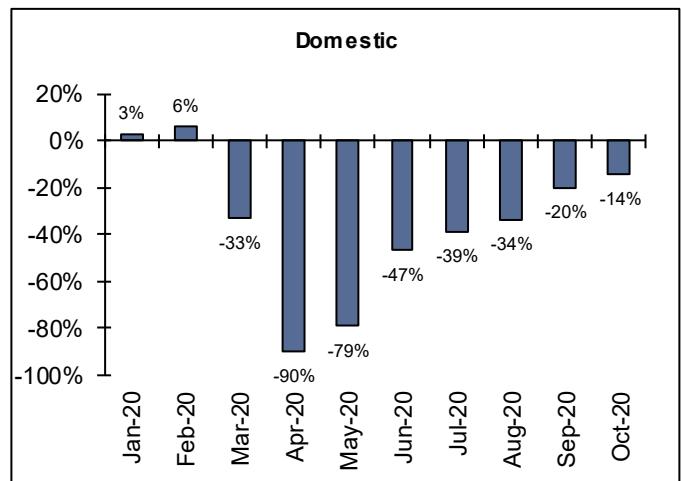
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**Chart 3: International cargo traffic growth continues to be in negative zone...**

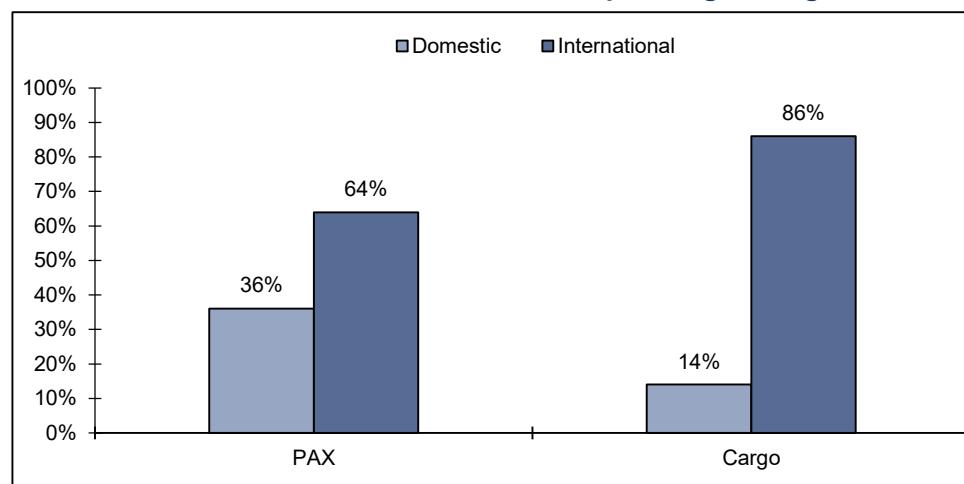


Source: DGCA

**Chart 4: ...domestic cargo traffic continues to see improvement**

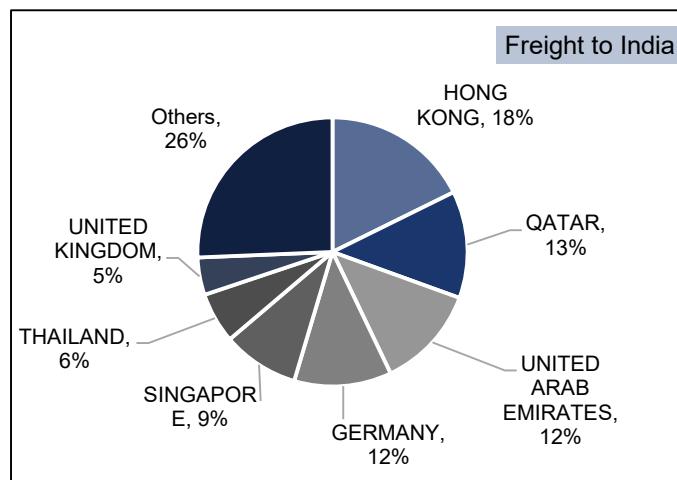


**Chart 5: International and domestic share of passenger, cargo as at Q3CY19**

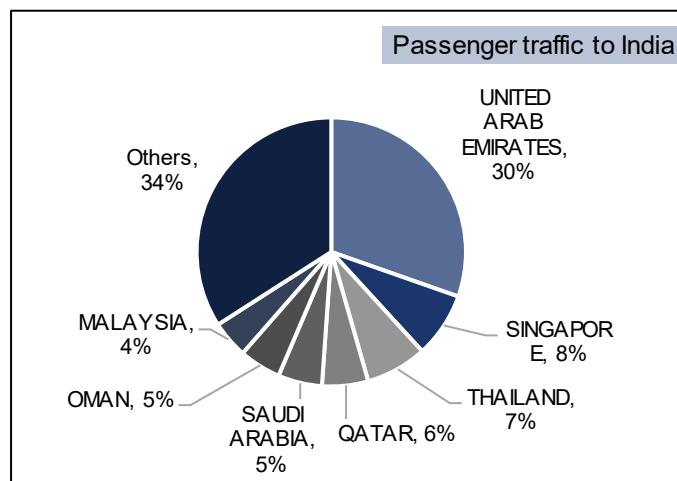


Source: DGCA

**Chart 6: Hong Kong has the highest share in international freight to India**

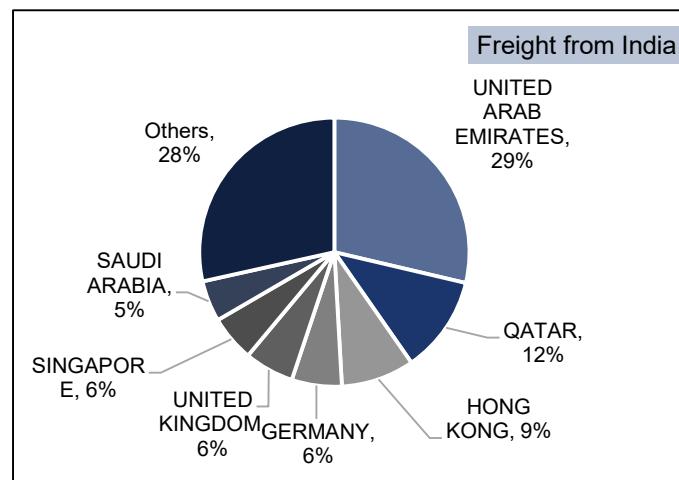


**Chart 8: UAE has highest market in passenger traffic to India...**

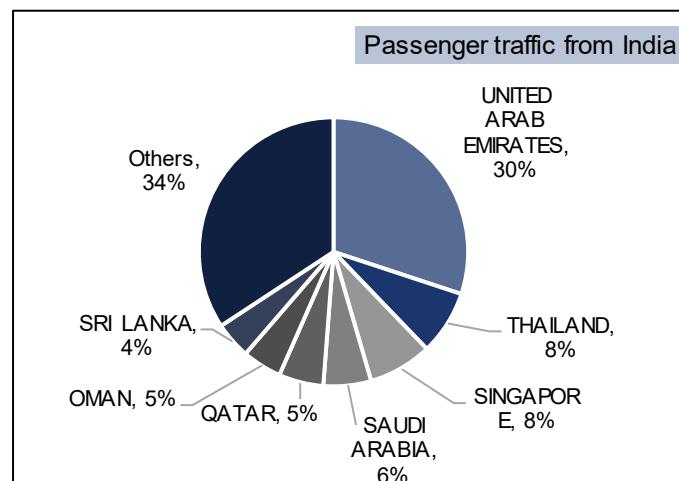


Source: DGCA

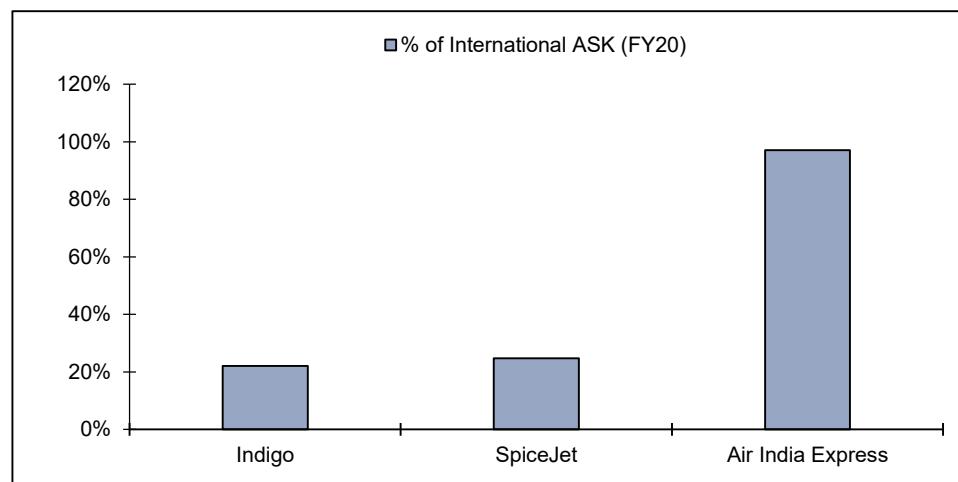
**Chart 7: UAE has highest market share in freight from India**



**Chart 9: ... and also in passenger traffic from India**



**Chart 10: International share of IndiGo, SpiceJet and Air India Express**



Source: Company reports, DGCA

**Table 1: Air bubble agreement**

<b>Air bubble agreement -- with 24 countries</b>
<b>India</b> has entered into <b>air bubble agreements</b> with Afghanistan, Bahrain, Bangladesh, Bhutan, Canada, Ethiopia, France, Germany, Iraq, Japan, Kenya, Maldives, Nepal, Netherlands, Nigeria, Oman, Qatar, Rwanda, Tanzania, UAE, UK, Ukraine, and the US as per recent updates

Source: MOCA, I-Sec research

## Government of India – guidelines for international travel.

### **Before planning for travel:**

- Self-declare travel plans in the online portal 72 hours before the travel.
- Give undertaking of mandatory quarantine for 14 days – seven days' institutional quarantine at own cost followed by seven days' home quarantine.
- Travelers can seek exemption from institutional quarantine through submission of negative RT-PCR tests, online application to Government for special case considerations.

### **On arrival:**

- Thermal screening
- Self-declaration form on physical health to be submitted to officials.
- Exempted passengers as per submitted and approved online form will be allowed home quarantine for 14 days. Rest will be taken to institutional quarantine facilities arranged by respective State/UT governments for minimum period of seven days.
- Covid positive or asymptomatic patients will be taken to medical facility as per health control.

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