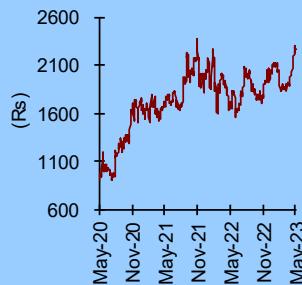


Sector update

IndiGo



INDIA

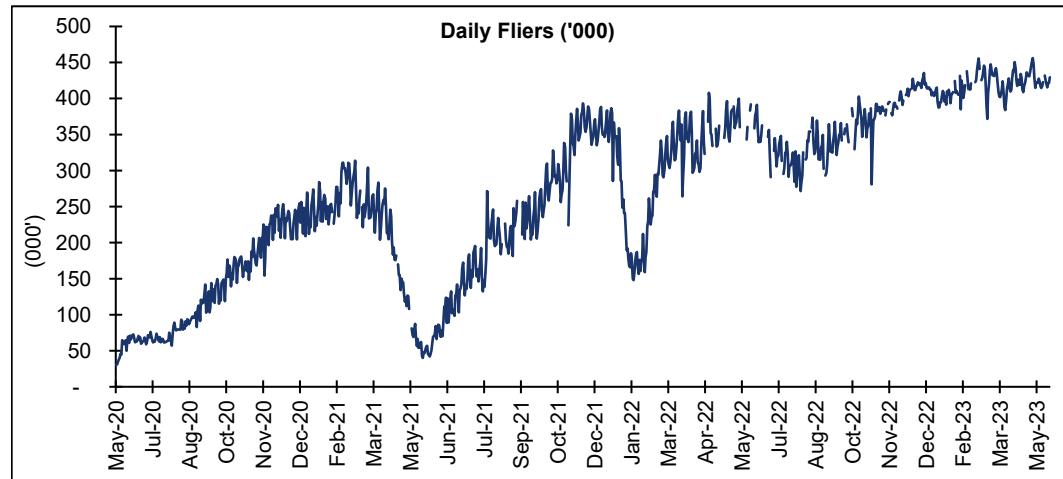
Aviation

Passenger/PLF trends maintain strength with the onset of seasonally strong Q1FY24

Domestic passenger trend remains strong with daily count of more than 420k. This is also complemented by an increase in PLFs as we enter the seasonally strong Q1FY24, as illustrated by Apr'23 PLFs. We have maintained a tight-supply outlook on Indian aviation within domestic segment in near to medium term driven by (1) replacement cycle by big players like IndiGo and Tata group, (2) weaker balance sheet for smaller airlines post covid and (3) internationalisation of Indian airlines. This results in a good yield outlook and in turn profitability. The spreads may further benefit from an increase in international mix apart from any movement in crude prices. **Maintain BUY.**

- ▶ **Daily passenger count has maintained strength.** Average daily PAX for the month of May'23-TD stands at 424k vs 429k in Apr'23. Average daily departures dipped to 2,815 in May'23-TD from 2,958 in Apr'23, while PAX/departures have increased from 145 in Apr'23 to 150 in May'23-TD, indicating better PLFs.
- ▶ **IndiGo gained market share in Apr'23:** As per the data from the DGCA, IndiGo/Akasa's market share increased from 56.8%/3.3% in Mar'23 to 57.5%/4% in Apr'23, while SpiceJet/GO First's market share declined from 6.4%/6.9% in Mar'23 to 5.8%/6.4% in Apr'23, respectively. Tata Airlines' (Air India + Vistara + Air Asia) market share dipped by 30bps to 26%.
- ▶ **PLFs improved for all airlines in Apr'23:** IndiGo's PLF improved from 340bps MoM to 87.4%. SpiceJet/GO First's PLFs improved 20/120bps to 92.2/91.2% while that of AirAsia/Vistara/Air India PLF improved by 80/50/290bps to 89.4/92.1/87.9%, respectively.

Chart 1: Number of average daily passenger stands at 424k in May'23-TD



Source: MOCA, I-Sec research; Number in boxes indicates monthly averages

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Table 1: Market share trend

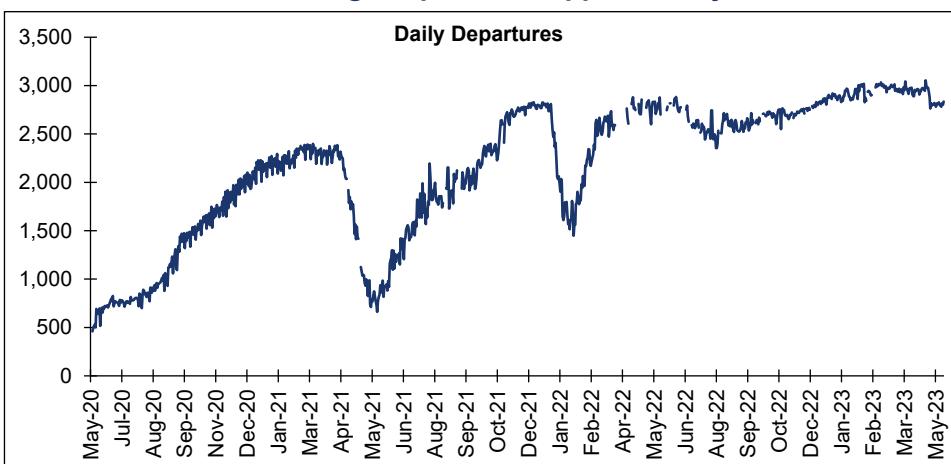
	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	MoM Change
Air India	8.9	8.3	8.6	9.6	9.7	10.4	10.4	10.3	10.5	10.3	10.0	9.8	9.7	-10.0
SpiceJet	9.5	10.0	9.5	8.0	7.9	7.3	7.3	7.5	7.6	7.3	7.1	6.4	5.8	-
Go Air	10.5	11.1	9.5	8.2	8.6	7.9	7.0	7.5	7.5	8.4	8.0	6.9	6.4	-50.0
IndiGo	56.5	55.6	56.9	58.8	57.7	57.7	56.7	55.7	54.9	54.6	55.9	56.8	57.5	70.0
Air Asia	5.6	6.0	5.6	4.6	5.8	5.9	7.6	7.6	7.6	7.4	7.0	7.6	7.6	-
Vistara	8.6	8.6	9.4	10.4	9.7	9.6	9.2	9.3	9.2	8.8	8.7	8.9	8.7	-20.0
Akasa Air	-	-	-	-	0.2	0.9	1.4	1.8	2.3	2.8	3.0	3.3	4.0	70.0
Rest	0.4	0.4	0.5	0.4	0.4	0.3	0.4	0.3	0.4	0.4	0.3	0.3	0.3	-
Tata Airlines	23.1	22.9	23.6	24.6	25.2	25.9	27.2	27.2	27.3	26.5	25.7	26.3	26.0	-30

Source: DGCA, I-Sec research

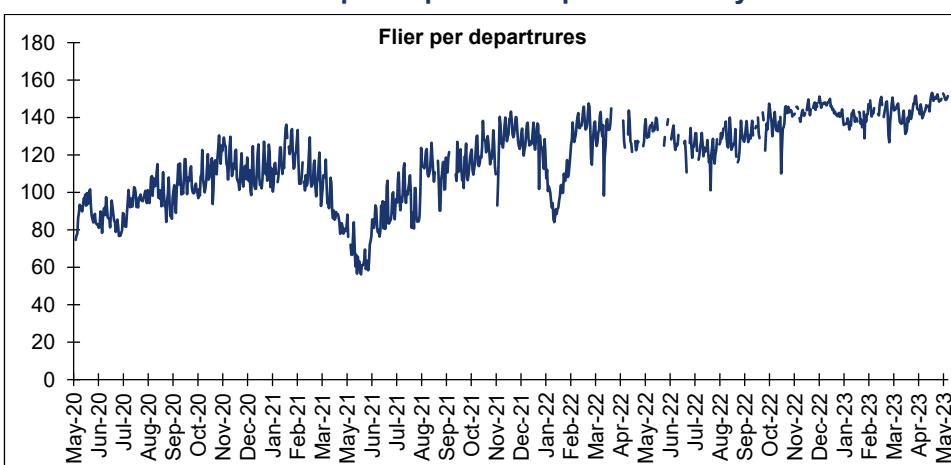
Table 2: PLF trend

PLF trend (%)	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23
Air India	59.2	82.4	83.6	79.5	80.5	75.4	71.1	73.6	79.6	82.7	85.7	89.3	87.5	89.0	85.0	87.9
SpiceJet	73.4	89.1	86.9	85.9	89.1	84.1	84.7	84.6	85.8	88.1	92.0	92.7	91.0	94.0	92.0	92.2
Go Air	66.7	87.0	81.4	80.3	86.5	78.7	76.5	81.6	83.2	86.7	91.3	92.6	90.9	93.0	90.0	91.2
IndiGo	66.6	85.2	81.0	79.7	81.8	78.6	77.7	78.3	81.4	82.1	86.9	87.5	82.0	86.5	84.0	87.4
Air Asia	60.5	83.2	81.3	79.6	79.4	75.8	75.2	74.9	77.0	84.2	87.3	89.8	87.0	89.5	88.6	89.4
Akasa Air							52.9	81.2	77.5	79.2	83.8	82.8	83.7	73.6	84.9	
Vistara	61.6	87.1	86.1	82.9	84.8	83.8	84.3	84.3	85.4	85.5	91.7	91.9	89.4	92.8	91.6	92.1

Source: DGCA, I-Sec research

Chart 2: Number of average departures dipped in May'23

Source: MOCA, I-Sec research;

Chart 3: Number of fliers per departure improved in May'23

Source: MOCA, I-Sec research

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