

InterGlobe Aviation

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR4,401 TP: INR4,210 (-4%) Neutral

Capacity and passenger growth targets remain intact

Bloomberg	INDIGO IN
Equity Shares (m)	386
M.Cap.(INRb)/(USDb)	1698.5 / 20.4
52-Week Range (INR)	4441 / 2258
1, 6, 12 Rel. Per (%)	16/53/68
12M Avg Val (INR M)	3355
Free float (%)	42.7

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
Sales	689.0	720.5	807.2
EBITDAR	173.7	177.6	205.4
NP	81.7	70.0	72.2
EPS (INR)	211.8	181.3	187.2
Growth (%)	LP	-14.4	3.2
BV/Sh (INR)	50.3	232.3	420.2

Ratios

Net D:E	11.9	2.9	1.4
RoE (%)	-373.7	128.9	57.6
RoCE (%)	35.5	27.8	25.8
Payout (%)	0.0	0.0	0.0

Valuations

P/E (x)	20.8	24.3	23.5
P/BV (x)	87.6	19.0	10.5
Adj.EV/EBITDAR(x)	11.1	11.4	9.7
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	11.7	-0.8	3.2

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	57.3	63.1	67.9
DII	15.1	14.7	10.5
FII	23.7	18.7	19.4
Others	4.0	3.5	2.2

FII Includes depository receipts

- INDIGO reported EBITDA growth of 45% YoY to INR39.8b in 4QFY24, while PAT more than doubled to INR18.9b (vs. our est. of INR23.7b). Revenue passenger kilometers (RPK) at 30b. Passenger load factor (PLF) was 86.2% with available seat kilometers (ASK) of 34.8b (est. 33.9b) and yield at INR5.2 (vs. est. of INR4.9, +7% YoY) in 4Q.
- Currently, INDIGO's 70-80 aircraft are grounded due to P&W engine issues and the management believes this number would be range-bound. However, the management is confident of adding one aircraft per week on an average in FY25, with capacity and passenger growth guidance intact in the mid-teens for FY25. ASK is expected to grow 10-12% YoY in 1QFY25.
- According to **our airfare tracker**, the 30-day domestic forward prices for INDIGO are up by 1% QoQ at INR6,438 and the 15-day prices are up by 4% QoQ at INR7,123 in 1QFY25 till date. The management highlighted that RASK in 1QFY25 till date is similar to 4QFY24. The management also announced a tailor-made business product aimed at redefining premium travel in India, details of which would be disclosed in Aug'24.
- In order to capture the expected demand growth, INDIGO has increased its fleet size to 367 in FY24 from 306 in FY23. Its long-term guidance of doubling the capacity stays intact, despite short-term headwinds in terms of supply and inflationary trends in costs, as per the management. Maintenance and airport charges are seeing inflationary trends.
- We have not made any material changes to our estimates as of now. The stock is trading at ~24x FY26E EPS of INR187 and EV/ EBITDAR of 9.7x. We reiterate our Neutral rating on the stock with a TP of INR4,210, based on 9x FY26E EV/EBITDAR.

4Q miss led by higher-than-expected expenses and lease rentals

- Yield stood at INR5.2 vs. our estimate of INR4.9 (up 7% YoY). RPK was at 30b (our est. of 29.7b, +17% YoY), with PLF at 86.2%. ASK was at 34.8b (our est. of 33.9b, +14% YoY.)
- Thus, revenue stood at INR178b (+8% est., +26% YoY). EBITDAR stood at INR43.7b (est. of INR46.9b, -7% est.) with EBITDA at INR39.8b (our est. of INR44.9b, -11% YoY). The company has paid IGST of INR621m in 4QFY24 on re-import of repaired aircraft, which is under dispute right now.
- PAT of INR18.9b (est. of INR23.7b, 2x YoY).
- **For FY24**, revenue stood at INR689b (+27% YoY), EBITDA at INR174b (+2.6x YoY) and PAT at INR82b (loss of INR3.2b in FY23). PLF improved to 85.9% (82.1% in FY23) with average yield at INR5.1 (flat YoY).

Other highlights

- Free cash of INR208b in 4QFY24 vs. INR122b in 4QFY23. Capitalized operating lease liability of INR435b with total debt of INR513b as of 4QFY24.
- INDIGO has announced that it plans to launch a tailor-made business product for India's busiest business routes. It aims to redefine premium travel in India. This service would be available by the end of CY24.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Valuation and view

- INDIGO is working to increase its international presence through strategic partnerships and loyalty programs. The company served 106.7m customers in FY24, with a net increase of nine passenger aircraft. The company has eight strategic partners with 27% international share in terms of ASKs in FY24.
- The management has also been taking several pre-emptive measures to increase its global brand awareness, as it expects to capture a bigger share of growth from its international market in the coming years.
- The stock is trading at ~24x FY26E EPS of INR187 and 9.7x EV/ EBITDAR. We reiterate our Neutral rating on the stock with a TP of INR4,210, based on 9x FY26E EV/EBIDTAR.

Standalone Quarterly performance**(INR b)**

Y/E March	FY23				FY24				FY23	FY24	FY24	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	
Net Sales	128.6	125.0	149.3	141.6	166.8	149.4	194.5	178.3	544.5	689.0	165.2	8%
YoY Change (%)	327.5	122.8	60.7	76.5	29.8	19.6	30.3	25.9	110.0	26.6	16.7	
EBITDAR	6.6	0.7	31.8	28.9	51.6	23.9	54.4	43.7	68.1	173.7	46.9	-7%
Margin (%)	5.2	0.6	21.3	20.4	30.9	16.0	28.0	24.5	12.5	25.2	28.4	
Net Rentals	0.7	0.5	0.7	1.4	1.9	2.0	3.0	3.9	3.3	10.8	2.0	98%
EBITDA	6.0	0.3	31.1	27.5	49.7	22.0	51.4	39.8	64.8	162.9	44.9	-11%
Margin (%)	4.6	0.2	20.9	19.4	29.8	14.7	26.4	22.4	11.9	23.6	27.2	
Depreciation	11.7	12.4	13.4	13.5	14.0	15.5	16.6	18.0	51.0	64.1	17.0	
Interest	6.6	7.3	8.3	9.2	9.5	10.2	11.0	11.0	31.3	41.7	10.7	
Other Income	1.6	3.5	4.8	4.4	4.8	5.6	6.1	6.8	14.3	23.3	6.5	
PBT	-10.7	-15.9	14.2	9.2	30.9	1.9	30.0	17.7	-3.2	80.4	23.7	-25%
Reported PAT	-10.7	-15.9	14.2	9.2	30.9	1.9	30.0	18.9	-3.2	81.7	23.7	-20%
EPS	-27.6	-41.1	36.7	23.7	80.0	4.9	77.7	49.1	-8.2	211.6	61.5	-20%
YoY Change (%)	Loss	Loss	1,004.1	LP	LP	LP	111.4	106.8	Loss	LP	158.5	
Operational Data												
ASK (b)	27.5	27.7	28.8	30.4	32.7	35.3	36.5	34.8	114.4	139.3	33.9	3%
YoY Change (%)	146%	75%	25%	49%	19%	27%	27%	14%	63%	22%	12%	0%
Load factor (%)	79.6	79.1	85.1	84.2	88.7	83.3	85.8	86.2	82.1	85.9	87.5	-2%
RPK (b)	21.9	21.9	24.5	25.6	29.0	29.4	31.3	30.0	93.9	119.7	29.7	1%
YoY Change (%)	232%	96%	34%	64%	32%	34%	28%	17%	82%	27%	16%	0%
Yield (INR/RPK)	5.24	5.07	5.38	4.85	5.18	4.44	5.48	5.19	5.14	5.07	4.94	5%
RASK	4.67	4.51	5.19	4.66	5.10	4.23	5.33	5.12	4.76	4.95	4.87	5%
CASK	5.06	5.08	4.69	4.36	4.16	4.18	4.51	4.61	4.79	4.37	4.17	11%
RASK less CASK	-0.39	-0.57	0.49	0.30	0.94	0.05	0.82	0.51	-0.03	0.58	0.70	-27%
CASK ex-Fuel	2.86	2.80	2.66	2.49	2.54	2.50	2.61	2.87	2.70	2.63	2.61	10%
Fuel Cost	2.20	2.28	2.04	1.87	1.62	1.68	1.90	1.74	2.09	1.74	1.56	12%



Conference call highlights

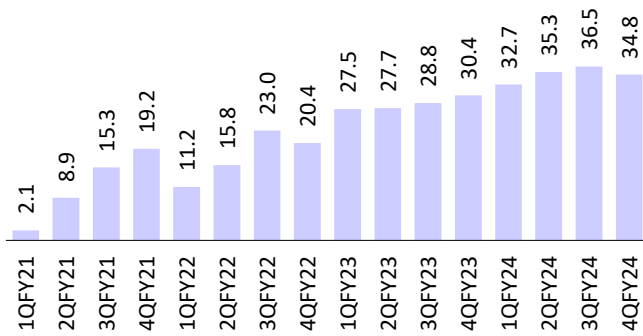
- Experiential travel and foreign travel destinations are the new trends among Indian travelers
- Would add one aircraft every week on an average in FY25
- Acknowledge the existence of headwinds going forward
- Capacity and passenger growth guidance of early teens intact for FY25 YoY
- Expenses were higher due to aircraft on ground (AOG) related costs
 - AOG number remains range-bound as of now
 - In discussion with OEMs for a curated compensation package
- RASK level remains stable QoQ so far in 1QFY25
- Maintenance charges and airport fees are seeing inflationary pressures
- Additional announcements regarding a tailor-made business product would be announced in first half of Aug'24
- INDIGO would complete 18 years of operations in Aug'24

Operational metrics

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Capacity								
ASK (million)	81,016	96,300	45,471	70,400	1,14,400	1,39,300	1,56,400	1,71,301
ASK YoY (%)	28%	19%	-53%	55%	63%	22%	12%	10%
Load Factor (%)	86%	86%	69%	73%	82%	86%	89%	90%
RPK (million)	69,787	82,600	31,595	51,700	93,900	1,19,700	1,39,196	1,54,171
RPK YoY (%)	26%	18%	-62%	64%	82%	27%	16%	11%
Revenue Calculation								
Ticket Revenue (INR m)	2,51,359	3,14,682	1,18,735	2,19,239	4,81,759	6,07,980	6,05,502	6,78,350
Yield (INR/RPK)	3.60	3.81	3.76	4.24	5.13	5.08	4.35	4.40
Ancillary revenues (incl. others)	33,609	42,878	27,671	40,070	62,706	81,063	1,15,045	1,28,887
Total Revenue (INR m)	2,84,968	3,57,560	1,46,406	2,59,309	5,44,465	6,89,043	7,20,547	8,07,237
Fuel Cost								
Exchange rate (INR/USD)	70	71	74	75	80	83	84	85
ATF Prices (INR/lit)	67	63	43	74	118	102	85	85
YoY (%)	24%	-6%	-32%	71%	60%	-14%	-17%	0%
Aircraft fuel expenses (INR m)	1,20,820	1,26,316	38,868	98,117	2,39,320	2,42,468	2,45,574	2,68,971
Spreads								
RASK	3.5	3.7	3.2	3.7	4.8	4.9	4.6	4.7
CASK	3.5	3.7	4.5	4.6	4.8	4.4	4.0	4.1
RASK-CASK	0.0	0.0	-1.3	-0.9	0.0	0.6	0.6	0.6
CASK-ex fuel	2.0	2.4	3.6	3.2	2.7	2.6	2.5	2.6
RASK-CASK (ex-fuel)	1.5	1.3	-0.4	0.5	2.1	2.3	2.1	2.1

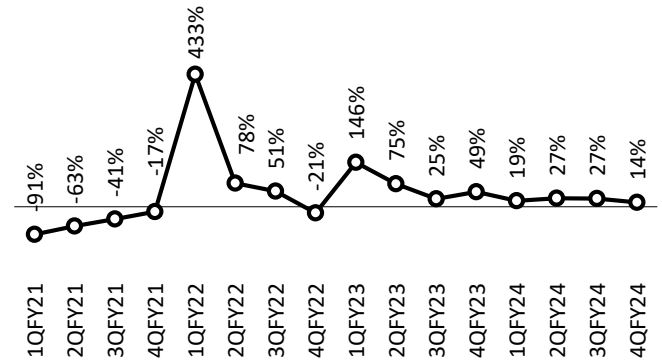
4QFY24 in charts

Exhibit 1: Total ASK stood at 34.8b...



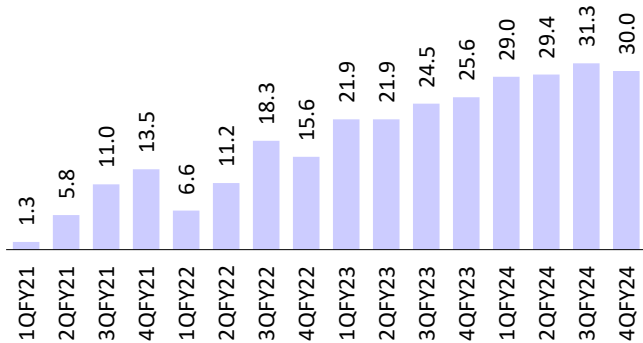
Source: Company, MOFSL

Exhibit 2: ...up 14% YoY in 4QFY24



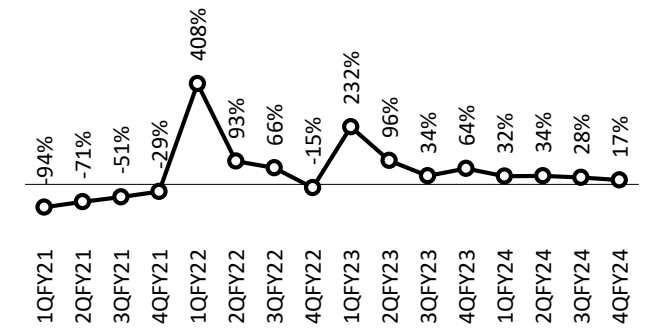
Source: Company, MOFSL

Exhibit 3: Total RPK stood at 30b...



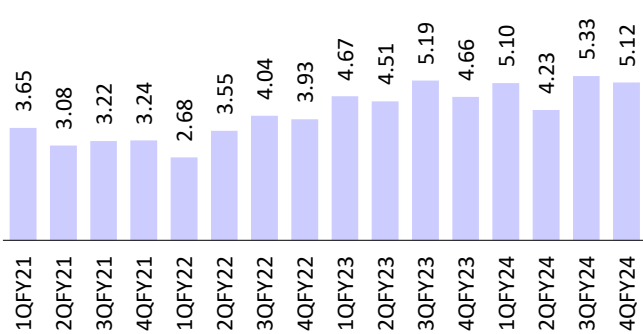
Source: Company, MOFSL

Exhibit 4: ...up 17% YoY in 4QFY24



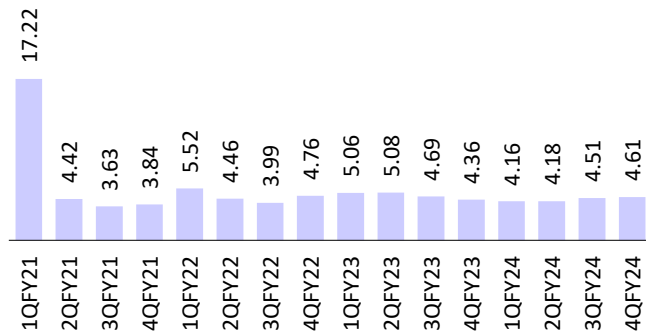
Source: Company, MOFSL

Exhibit 5: RASK stood at INR5.1 (+10% YoY)



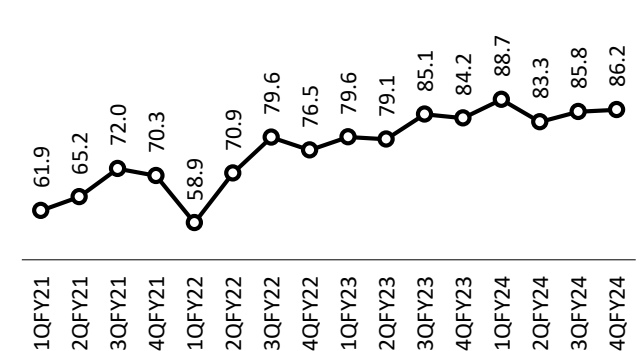
Source: Company, MOFSL

Exhibit 6: CASK stood at INR4.6 (+6% YoY)



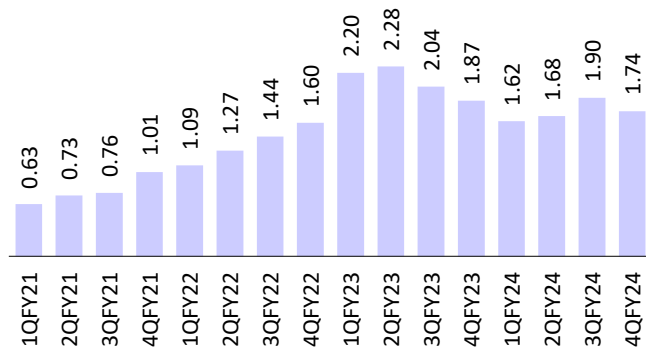
Source: Company, MOFSL

Exhibit 7: Load factor declined to 86.2% (84.2% in 4QFY23)



Source: Company, MOFSL

Exhibit 8: Fuel cost stood at INR1.7 in 4QFY24



Source: Company, MOFSL

Financials and Valuation

Standalone - Income Statement

(INR b)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Total Income from Operations	285.0	357.6	146.4	259.3	544.5	689.0	720.5	807.2
YoY Chg (%)	23.8	25.5	-59.1	77.1	110.0	26.6	4.6	12.0
EBITDAR	47.9	45.3	2.6	8.4	68.1	173.7	177.6	205.4
Margin (%)	16.8	12.7	1.7	3.2	12.5	25.2	24.7	25.4
Aircraft & Engine Lease Rentals	50.0	5.0	2.8	3.1	3.3	10.8	8.1	8.9
EBITDA	-2.1	40.4	-0.3	5.3	64.8	162.9	169.5	196.5
Margin (%)	-0.7	11.3	-0.2	2.0	11.9	23.6	23.5	24.3
Depreciation	7.6	39.7	47.0	50.7	51.0	64.1	64.7	81.4
EBIT	-9.7	0.6	-47.2	-45.4	13.8	98.9	104.8	115.1
Int. and Finance Charges	5.1	18.8	21.4	23.6	31.3	41.7	42.3	44.0
Other Income	13.2	15.4	10.4	7.2	14.3	23.3	24.8	25.4
PBT	-1.5	-2.8	-58.3	-61.7	-3.2	80.4	87.4	96.5
PBT after EO Exp.	-1.5	-2.8	-58.3	-61.7	-3.2	80.4	87.4	96.5
Tax	-3.1	-0.3	0.0	0.0	0.0	-1.2	17.4	24.3
Tax Rate (%)	204.5	9.8	0.0	0.0	0.0	-1.5	19.9	25.2
Reported PAT	1.6	-2.5	-58.3	-61.7	-3.2	81.7	70.0	72.2
Change (%)	-93.0	PL	Loss	Loss	Loss	Loss	-14.3	3.2
Margin (%)	0.5	-0.7	-39.8	-23.8	-0.6	11.9	9.7	8.9

Standalone - Balance Sheet

(INR b)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Equity Share Capital	3.8	3.8	3.8	3.9	3.9	3.9	3.9	3.9
Total Reserves	65.6	54.8	-3.1	-64.2	-66.9	15.5	85.4	157.7
Net Worth	69.4	58.6	0.7	-60.4	-63.0	19.3	89.3	161.5
Total Loans	21.9	159.3	227.9	289.6	344.8	397.6	427.4	410.3
Capital Employed	92.0	217.9	228.6	229.2	281.7	416.9	516.7	571.8
Gross Block	77.1	228.0	295.3	370.7	485.4	633.3	766.4	911.4
Less: Accum. Deprn.	20.5	60.2	107.2	157.9	208.9	272.9	337.7	419.0
Net Fixed Assets	56.6	167.8	188.2	212.8	276.5	360.4	428.8	492.4
Capital WIP	0.2	1.3	0.7	1.2	0.2	0.0	14.8	17.8
Total Investments	65.2	95.0	72.9	80.3	115.1	164.5	164.5	164.5
Curr. Assets, Loans&Adv.	128.1	156.4	168.0	164.3	198.6	295.8	301.3	336.7
Inventory	2.1	2.9	3.2	4.1	5.9	6.2	6.6	7.3
Account Receivables	3.6	2.6	2.2	3.3	5.2	6.4	6.7	7.5
Cash and Bank Balance	86.1	108.3	112.3	101.2	118.1	167.1	166.7	186.0
Loans and Advances	36.3	42.7	50.4	55.7	69.4	116.0	121.3	135.9
Curr. Liability & Prov.	158.1	202.6	201.2	229.4	308.7	403.8	392.7	439.6
Account Payables	14.6	15.7	15.6	31.5	32.1	31.9	33.6	37.2
Other Current Liabilities	139.2	167.5	164.2	184.6	260.7	344.2	359.1	402.3
Provisions	4.4	19.5	21.4	13.2	15.9	27.7	0.0	0.0
Net Current Assets	-30.0	-46.2	-33.1	-65.1	-110.1	-108.0	-91.4	-102.8
Appl. of Funds	92.0	217.9	228.6	229.2	281.7	416.9	516.7	571.8

Financials and Valuation

Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Basic (INR)								
EPS	4.0	-6.4	-151.2	-160.1	-8.2	211.8	181.3	187.2
Cash EPS	23.8	96.9	-29.4	-28.7	124.5	379.1	350.5	399.6
BV/Share	180.7	152.5	1.8	-157.0	-164.0	50.3	232.3	420.2
DPS	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payout incl. tax (%)	148.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valuation (x)								
P/E	1,088.3	-684.1	-29.1	-27.5	-536.0	20.8	24.3	23.5
Cash P/E	184.9	45.4	-149.6	-153.4	35.4	11.6	12.6	11.0
P/BV	24.4	28.9	2,386.9	-28.0	-26.9	87.6	19.0	10.5
EV/Sales	5.7	4.9	12.4	7.3	3.5	2.8	2.7	2.4
EV/EBITDAR	34.1	38.6	711.8	224.2	28.3	11.1	11.4	9.7
EV/EBITDA	-795.9	43.3	-7,130.2	356.0	29.7	11.8	11.6	9.8
Dividend Yield (%)	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FCF Yield (%)	1.5	-4.0	-4.2	-2.9	7.6	11.7	-0.8	3.2
FCF per share	64.8	-177.0	-184.5	-128.7	332.8	514.6	-33.2	142.5
Return Ratios (%)								
RoE	2.2	-3.9	-196.5	206.9	5.1	-373.7	128.9	57.6
RoCE	-4.0	9.3	-16.5	-16.7	11.0	35.5	27.8	25.8
RoIC	-21.9	-2.5	-168.6	-101.7	29.2	150.4	65.6	46.0
Working Capital Ratios								
Fixed Asset Turnover (x)	3.7	1.6	0.5	0.7	1.1	1.1	0.9	0.9
Asset Turnover (x)	3.1	1.6	0.6	1.1	1.9	1.7	1.4	1.4
Inventory (Days)	3	3	8	6	5	4	3	3
Debtor (Days)	5	3	5	5	3	3	10	10
Creditor (Days)	22	18	39	46	25	23	17	17
Working Cap. Turnover (Days)	-149	-158	-363	-234	-153	-146	-131	-131

Standalone - Cash Flow Statement

(INR b)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
OP/(Loss) before Tax	-1.5	-2.8	-58.3	-61.7	-3.2	80.4	87.4	96.5
Depreciation	7.6	39.7	47.0	50.7	51.0	64.1	64.7	81.4
Interest & Finance Charges	-8.2	3.4	11.1	16.3	31.1	41.7	17.4	18.6
Direct Taxes Paid	3.0	0.0	0.0	0.0	-3.9	-5.1	-17.4	-24.3
(Inc)/Dec in WC	17.3	92.5	-3.8	21.4	31.2	43.4	-16.3	30.7
CF from Operations	18.3	132.8	-4.0	26.7	106.2	224.5	135.9	202.9
CF from Operating incl EO	18.3	132.8	-4.0	26.7	127.0	211.8	135.9	202.9
(Inc)/Dec in FA	6.8	-201.2	-67.2	-76.4	1.4	-13.2	-148.7	-147.9
Free Cash Flow	25.0	-68.3	-71.2	-49.7	128.4	198.6	-12.8	55.0
(Pur)/Sale of Investments	-1.7	-29.8	22.1	-7.4	-43.5	-109.1	0.0	0.0
Others	13.2	15.4	10.4	7.2	1.6	4.8	24.8	25.4
CF from Investments	18.3	-215.6	-34.8	-76.5	-40.6	-117.6	-123.9	-122.5
Inc/(Dec) in Debt	-0.5	137.3	68.6	61.7	-16.7	-2.8	29.8	-17.1
Interest Paid	-5.1	-18.8	-21.4	-23.6	-26.7	-35.0	-42.3	-44.0
Dividend Paid	-2.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CF from Fin. Activity	-16.3	105.0	42.7	38.8	-84.3	-99.8	-12.5	-61.1
Inc/Dec of Cash	20.3	22.2	4.0	-11.1	2.2	-5.5	-0.4	19.3
Opening Balance	65.8	86.1	108.3	112.3	10.1	12.4	6.9	6.5
Closing Balance	86.1	108.3	112.3	101.2	12.4	6.9	6.5	25.8

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Explanation of Investment Rating	
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BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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