

Demand increases; IndiGo gains market share

- Domestic air passenger (PAX) traffic grew ~4% YoY in May'24 to 13.8m (up ~5% MoM). It was above pre-Covid levels. Passenger growth declined for SpiceJet MoM, while it increased for IndiGo, Air India (AI) Group and Akasa. It grew 20% MoM for 'Others'.
- Average domestic passenger load factor (PLF) increased 240bp MoM in May'24. It increased for all the airlines. On-time performance (OTP) declined 50bp MoM for airlines, and the domestic average was 71.9% in May'24. The cancellation rate increased by 30bp to 1.2% in May'24.
- IndiGo has seen its market share rise after the collapse of GoFirst, which stopped operations in May'23, and its share has surpassed 60% since then. However, it has been more or less stable for the past five months. IndiGo has grounded ~80 planes due to issues with Pratt and Whitney (P&W) engines.

India's domestic air PAX and market share

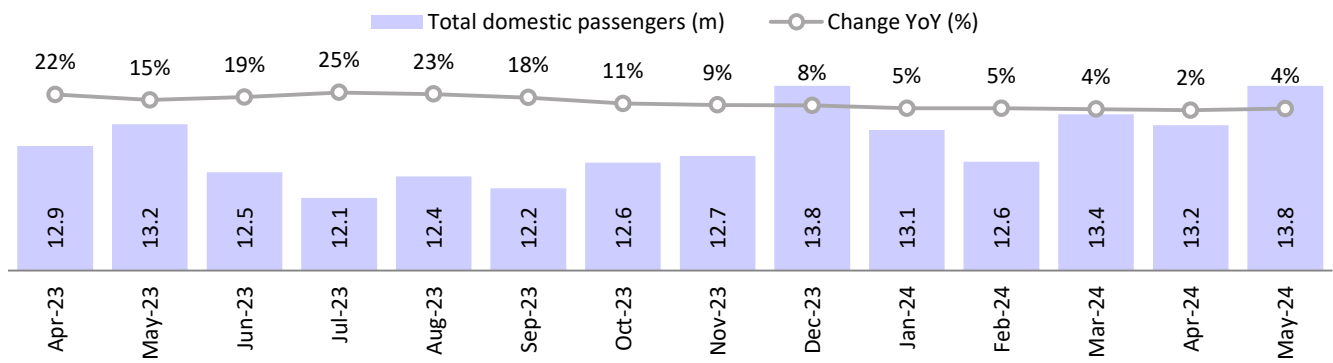
- India's domestic air PAX increased ~4% YoY (up ~5% MoM) to 13.8m in May'24. This growth was fueled by an increase in summer leisure travel. Domestic PAX stood at 8.5m for IndiGo (up 5% YoY), 4m for the AI group (up 9% YoY), 0.66m for Akasa (up 6% YoY), and 0.55m for SpiceJet (down 23% YoY).
- Domestic market share stood at 61.6% for IndiGo (up 30bp YoY), 29% for the AI group (up 130bp YoY), 4.8% for Akasa (up 10bp YoY), and 4% for SpiceJet (down 140bp YoY).
- Cabin crew agitation and initial glitches in the functioning of the crew scheduling app hit Air India Express's operations (part of AI group), leading to a drop in passengers and market share for the airline in May'24.

Domestic industry's PLF and OTP

- Domestic PLF stood at 72.8% in May'24 (70.4% in Apr'24 and 91.7% May'23). PLF stood at 88.4% for IndiGo (down 310bp YoY), 89.1% for the AI group (down 300bp YoY), 90.3% for Akasa (down 80bp YoY), and 94.1% for SpiceJet (down 70bp YoY).
- Average OTP for domestic airlines at the top four airports declined to 71.9% (down 610bp YoY/50bp MoM). OTP stood at 72.8% for IndiGo (down ~17.5pp YoY), 75.1% for Air India group (down ~10.5pp YoY), 85.9% for Akasa (down 670bp YoY), and 60.7% for SpiceJet (down ~20bp YoY).
- Domestic OTP declined for a second month in a row due to adverse weather conditions and heat waves impacting operations of flights across India.

Other highlights

- Air turbine fuel (ATF) price was INR94,969/klit in Jun'24 till date (down 7% MoM). In 1QFY25 so far, AFT price stands at INR99,194/klit (down 2% QoQ and up 5% YoY). For 4QFY24, ATF price was INR101,387/klit (down 9% QoQ). Brent crude currently stands at ~USD78.3/bbl (USD83/bbl in 1QFY25'td), while it was at USD83.1/bbl in 4QFY24.
- IndiGo has finalized an amendment to the existing agreement with International Aero Engines LLC (IAE), an affiliate of P&W pursuant to which IAE will provide IndiGo with a customized compensation in relation to the ongoing situation of aircraft on the ground due to the unavailability of engines.

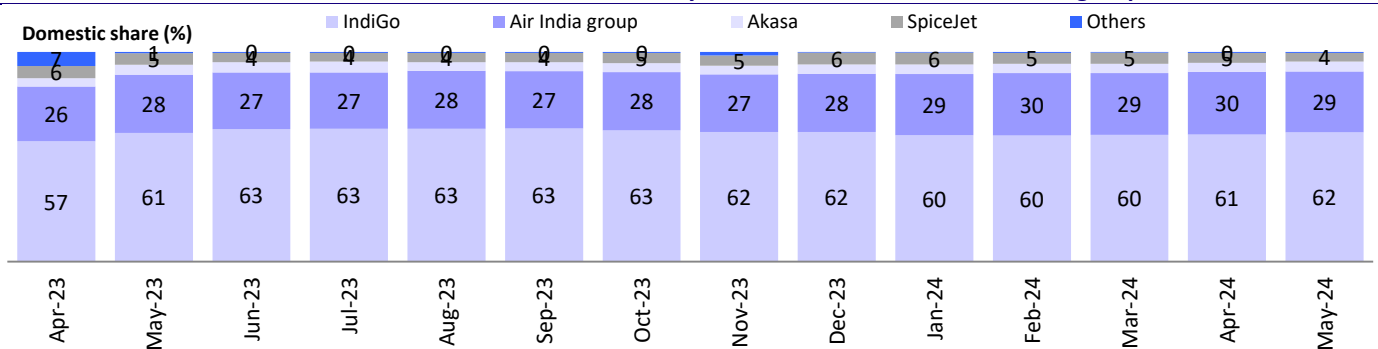
Exhibit 1: Domestic PAX grew 4% YoY and 5% MoM

Source: DGCA, MOFSL

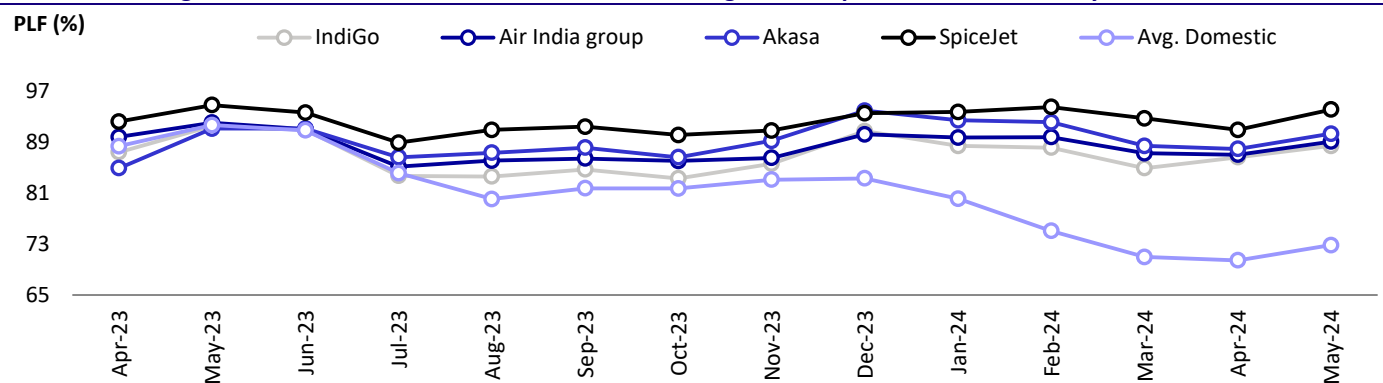
Exhibit 2: Historical domestic PAX trend (m)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2019	12.5	11.3	11.6	11.0	12.2	12.0	11.9	11.8	11.5	12.3	12.9	13.0
2020	12.7	12.3	7.7	-	0.3	2.0	2.1	2.8	3.9	5.3	6.3	7.3
2021	7.7	7.8	7.8	5.7	2.1	3.1	5.0	6.7	7.1	9.0	10.5	11.2
2022	6.4	7.6	10.0	10.4	11.4	10.7	9.1	10.1	10.3	11.4	11.7	12.9
2023	12.5	11.9	13.0	12.9	13.2	12.5	12.2	12.5	12.3	12.6	12.7	13.8
2024	13.1	12.7	13.4	13.3	13.9	5.8						

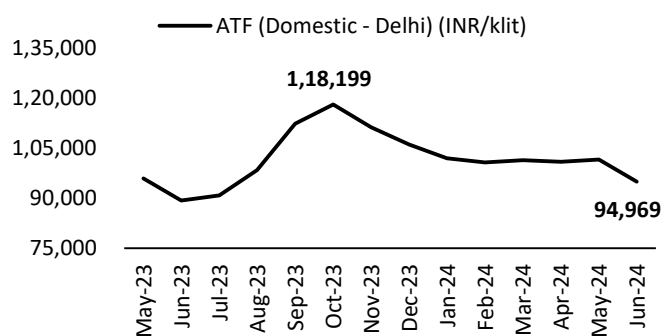
Source: MoCA, MOFSL

Exhibit 3: IndiGo's domestic market share was at 61.6% in May'24, while it was at 29% for the AI group

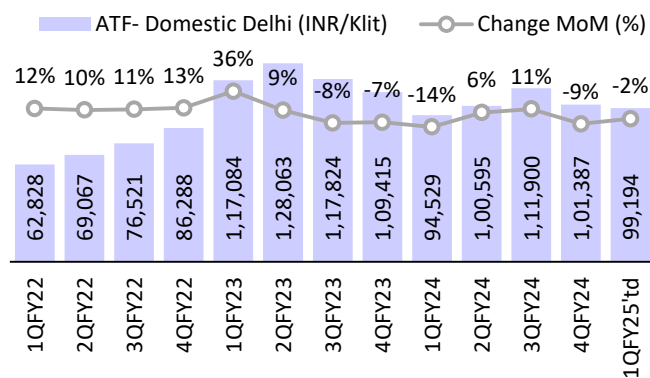
Source: DGCA, MOFSL

Exhibit 4: Average domestic PLF was at 72.8%, while it was the highest for SpiceJet at 94.1% in May'24

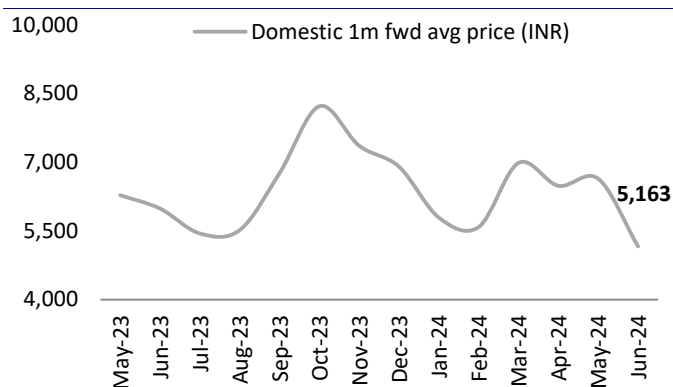
Source: DGCA, MOFSL

Exhibit 5: Decrease in ATF prices in Jun'24 to date...

Source: HPCL, MOFSL

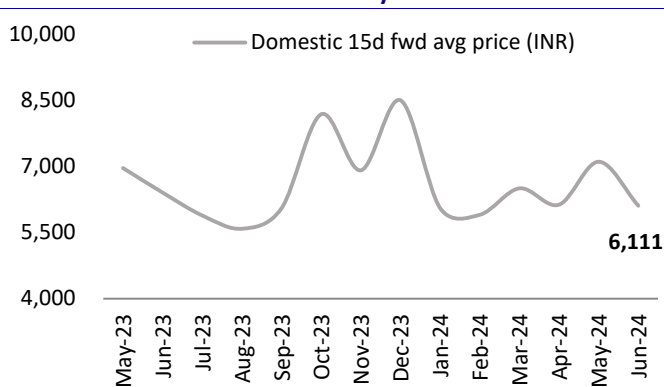
Exhibit 6: ...with the same increasing 5% YoY in 1QFY25'td

Source: HPCL, MOFSL

Exhibit 7: Domestic fares on 1-month forward basis

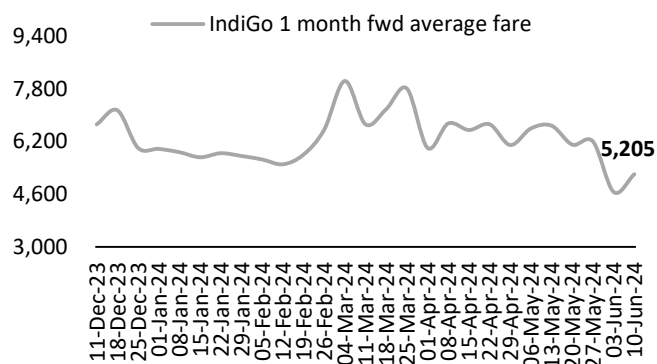
*May'24 till date

Source: MakeMyTrip, MOFSL

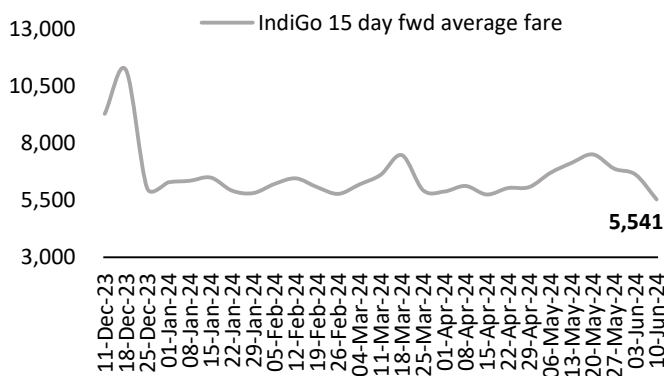
Exhibit 8: Domestic fares on 15-day forward basis

*May'24 till date

Source: MakeMyTrip, MOFSL

Exhibit 9: IndiGo fares on 1-month forward basis

Source: MakeMyTrip, MOFSL

Exhibit 10: IndiGo fares on 15-day forward basis

Source: MakeMyTrip, MOFSL

Exhibit 11: % cancellations increased YoY in May'24; IndiGo saw the highest number of cancellations in the month

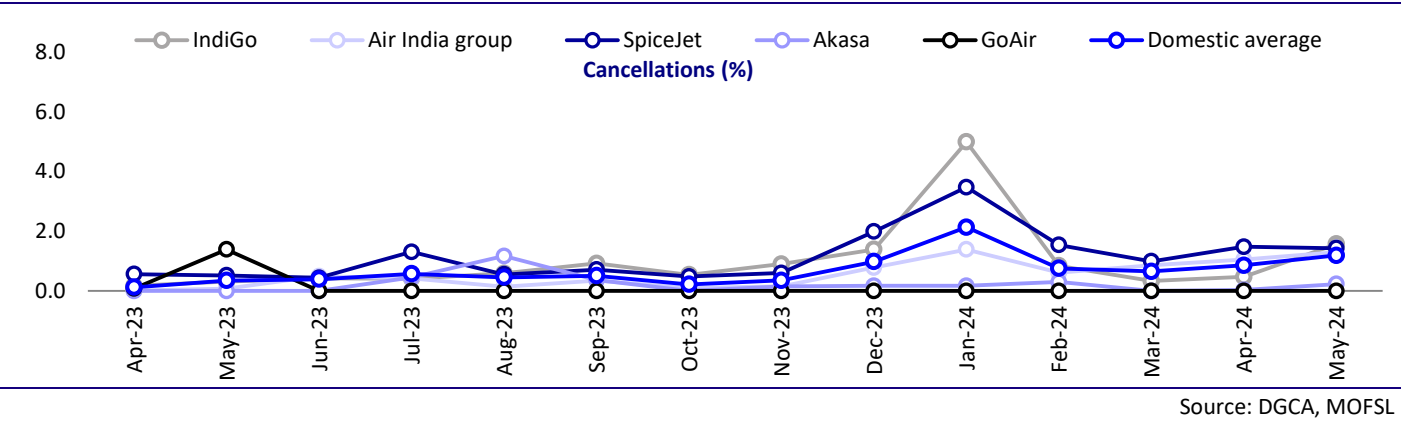
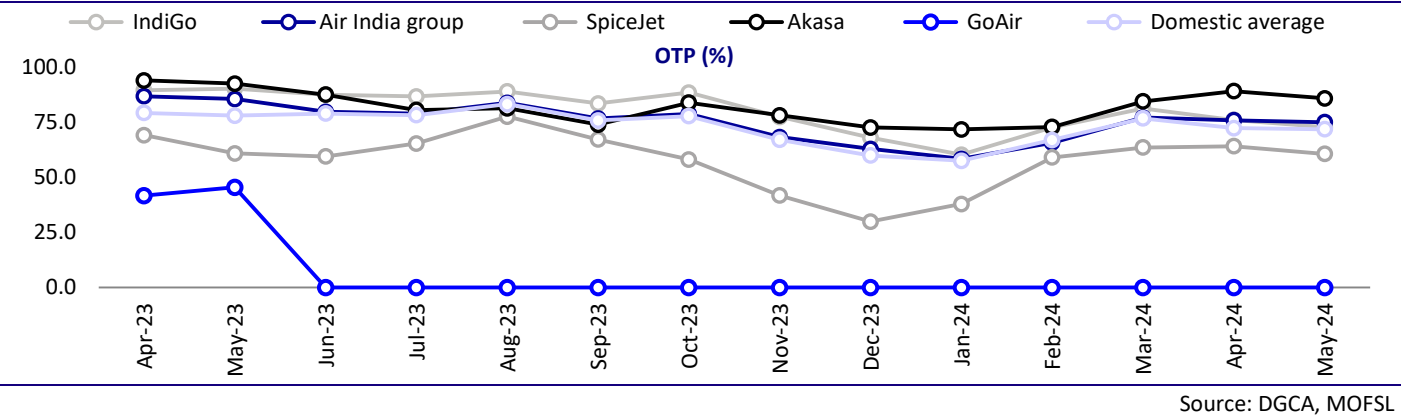


Exhibit 12: OTP declined YoY for airlines at the top four metro airports in May'24



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