

## Strong earnings amid Maha Kumbh

9 April 2025

We are positive on the Aviation sector as demand is set to strengthen (at a 12% CAGR in FY25E-28E) versus FY26 levels due to the addition of new airports in Delhi and Mumbai by Q1FY26 (source: Mint; The Times of India). InterGlobe Aviation's (INDIGO IN) Pratt & Whitney engine-fitted aircraft are returning to operations and terminals will expand in Bengaluru, Chennai, Ahmedabad and Kolkata by FY27-28. Margin and demand for the airlines would get a boost due to a dip in crude oil prices to <USD 65/bbl. INDIGO continues to gain share in short haul and mid haul duration international traffic. Strong aircraft delivery by Airbus to INDIGO (at the rate of seven aircraft per month in the past six months) would help it capture lucrative slots at new airports near Mumbai and Delhi.

**Combined PAT at INR 36.1bn in Q4FY25E, up 64% YoY:** We expect Elara Aviation universe – INDIGO and SpiceJet (SJET IN) – to report a combined adjusted PAT of INR 36.1bn in Q4FY25E versus INR 22.0bn in Q4FY24 and INR 40.4bn in Q3FY25.

**Domestic passenger traffic set to grow 11% YoY in Q4FY25E:** Based on data from the Directorate General of Civil Aviation (DGCA) and the Ministry of Aviation, we estimate domestic demand to increase by 11% YoY in Q4FY25E and accelerate from a YoY growth of 4.2%/4.3%/6.6%/9.4% in Q4FY24/Q1FY25/Q2FY25/Q3FY25 due to rising supply. This is a positive trend, in our view – Airfares still remain resilient due to strong festival-season demand from Maha Kumbh during January-February 2025. The industry has witnessed strong airfares (up 2% YoY). We expect the industry's passenger load factor (PLF) to be 88% in Q4FY25E from 86.8% in Q3FY25 and 88% in Q4FY24.

**Yield likely to improve YoY:** INDIGO's revenue per passenger KM or yield may jump 1% YoY in Q4FY25E. We believe INDIGO would benefit from continued strong aircraft delivery from Airbus (at the rate of seven per month through June 2024-January 2025) and the gradual return of the grounded P&W engine-fitted aircraft from Q4FY25. This would help INDIGO fetch most of the lucrative slots in the upcoming new airports in Delhi and Mumbai.

**INDIGO to post adjusted PAT of INR 36.1bn in Q4FY25E, up 75% YoY:** We expect INDIGO to post an adjusted profit (excluding forex impact) of INR 36.1bn in Q4FY25E versus INR 20.6bn in Q4FY24 and INR 39.1bn in Q3FY25. We expect passenger volume to improve by 2% QoQ and 19% YoY with PLF at 88% in Q4FY25E versus 86% in Q4FY24.

**SJET to report adjusted PAT of INR 29mn in Q4FY25E:** We expect SJET to post an adjusted PAT of INR 29mn in Q4FY25E versus INR 1,365mn in Q4FY24. Passenger volume may dip 34% YoY (up 5% QoQ) on account of a decrease in the fleet size.

### Price performance

(%)	3M	6M	12M
Nifty	(4.8)	(10.3)	(1.1)
InterGlobe Aviation	21.9	10.3	42.9
SpiceJet	(17.5)	(33.6)	(37.6)

Note: as on 9 April 2025; Source: Bloomberg

Company	Revenue (INR mn)		
	FY25E	FY26E	FY27E
InterGlobe Aviation	803,609	921,045	1,054,961
SpiceJet	56,239	87,789	113,813

Company	Adj. PAT (INR mn)		
	FY25E	FY26E	FY27E
InterGlobe Aviation	88,905	85,850	98,230
SpiceJet	(8,242)	(1,349)	3,554

Source: Elara Securities Estimate

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## Peer financials

Company	Revenue (INR mn)					EBITDA (INR mn)					Adjusted net profit (INR mn)				
	Q4FY25E	Q3FY25	Q4FY24 QoQ (%)	YoY(%)		Q4FY25E	Q3FY25	Q4FY24 QoQ (%)	YoY(%)		Q4FY25E	Q3FY25	Q4FY24 QoQ (%)	YoY(%)	
InterGlobe Aviation	222,234	221,107	178,253	0.5	24.7	62,390	66,350	41,589	(6.0)	50.0	36,094	39,052	20,602	(7.6)	75.2
SpiceJet	11,666	12,311	17,194	(5.2)	(32.1)	(1,471)	(828)	(2,276)	NM	NM	29	1,306	1,365	(97.8)	(97.9)
<b>Total</b>	<b>233,900</b>	<b>233,418</b>	<b>195,446</b>	<b>0.2</b>	<b>19.7</b>	<b>60,919</b>	<b>65,522</b>	<b>39,313</b>	<b>(7.0)</b>	<b>55.0</b>	<b>36,123</b>	<b>40,358</b>	<b>21,967</b>	<b>(10.5)</b>	<b>64.4</b>

Source: Company, Elara Securities Estimate

## Coverage matrix

Company	Ticker	Rating	M. cap	CMP*	Target	Upside	EV/EBITDA (x)			P/E (x)		
			(USD mn)	(INR)	(INR)	(%)	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
InterGlobe Aviation	INDIGO IN	Buy	23,149	5,157	5,309	3.0	11.8	11.5	10.3	22.4	23.2	20.3
SpiceJet	SJET IN	Accumulate	645	44	62	41.7	NM	13.8	7.6	NM	NM	9.6

Note: \*Pricing as on 9 April 2025; TP and ratings as per our last published reports ; Source: Elara Securities Estimate

## Coverage History



Date	Rating	Target Price	Closing Price
21 25-May-2022	Buy	INR 2,527	INR 1,646
22 3-Aug-2022	Buy	INR 2,415	INR 1,977
23 5-Nov-2022	Buy	INR 2,516	INR 1,798
24 9-Dec-2022	Buy	INR 2,687	INR 1,992
25 18-May-2023	Buy	INR 2,952	INR 2,265
26 2-Aug-2023	Buy	INR 3,490	INR 2,565
27 22-Dec-2023	Reduce	INR 3,005	INR 2,871
28 23-May-2024	Sell	INR 3,556	INR 4,401
29 26-Jul-2024	Sell	INR 3,715	INR 4,493
30 25-Oct-2024	Sell	INR 3,847	INR 4,366
31 20-Dec-2024	Buy	INR 5,309	INR 4,396

### Guide to Research Rating

<b>BUY</b>	Absolute Return >+20%
<b>ACCUMULATE</b>	Absolute Return +5% to +20%
<b>REDUCE</b>	Absolute Return -5% to +5%
<b>SELL</b>	Absolute Return < -5%

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