

Compelling proposition operationally; remains fairly valued

We attended Indigo's analyst day, hosted by Peter Elbers (CEO) and Gaurav Negi (CFO). The key takeaways from the meeting were a) 4QFY25 guidance for RASK (fares) moderation is likely to pan out better than expected given higher fares during Mahakumbh and an extended wedding season – possibly leading to better 4QFY25 numbers b) guidance for FY26 - 1) capacity growth by early double digits 2) more than one aircraft delivery per week 3) PAX growth by early double digits 4) to add 14 new destinations. Other key takeaways were a) company remains on-track to take its fleet to 600+ aircraft by 2030 from 437 aircraft currently, with an anticipated aircraft addition of one aircraft per week b) PAX per year to reach 200mn by 2030 from 118mn expected in FY25 and and c) maintaining cost leadership via large orders, new generation aircraft to reduce fuel consumption and higher aircraft utilization. In order to increase its international presence, company plans to add more destinations across regions and take its international capacity share from ~28% currently to 40% by FY30. Company remains committed towards its three strategic pillars 1) 'Reassure' (focusing on affordable fares and on-time performance) 2) 'Develop' (digitalization) and 3) 'Create' (internationalization and premiumization). With a focus to optimize fleet financing strategy with diverse sources, company plans to lower overall leasing costs with future financing to be optimally split between operating leases and other sources. Company remains fairly valued at ~22x / 18x P/E for FY26E / FY27E.

- **Compelling operational proposition; vision 2030 remains on track:** Indigo's strategic vision emphasizes a strong expansion trajectory, with an anticipated aircraft addition of one aircraft per week. As of 31st Dec'24, the airline's fleet comprises of 437 aircraft, which it plans to take to 600+ aircraft by 2030. Company remains well on-track to achieve this with a pending orderbook of 900+ aircraft (aircraft ordered in 2019 still coming in), reflecting sustained capacity expansion. Indigo plans to take its PAX per year from 118mn in FY25E to 200mn in FY30. Indigo plans to achieve this while maintaining its cost leadership via a) large orders to reduce ownership costs b) new generation aircraft to reduce fuel consumption and c) higher aircraft utilization. In order to increase its international presence, company plans to add more destinations across regions and take its international capacity share from ~28% currently to 40% by FY30. Indigo remains committed towards its three strategic pillars 1) 'Reassure' (focusing on affordable fares and on-time performance) 2) 'Develop' (digitalization) and 3) 'Create' (internationalization and premiumization). With a focus to optimize fleet financing strategy with diverse sources, company plans to lower overall leasing costs with future financing to be optimally split between operating leases and other sources.
- **Guidance for FY26; focus on diversifying financing costs:** Indigo also announced its guidance for FY26: a) capacity growth by early double digits b) more than 1 aircraft delivery per week c) PAX growth by early double digits and d) to add 14 new destinations. The guidance for RASK (fares) moderation in 4QFY25 is likely to pan out better than expected given higher fares during Mahakumbh and an extended wedding season – leading to better 4QFY25 numbers. With a focus to optimize with diverse sources of financing, company plans to lower overall leasing costs with future financing to be equally split between operating leases and other sources. Company remains focused to maintain a healthy cash balance (INR289bn as of Dec'24) in order to maintain balance between growth capex and risks from externalities. Company remains fairly valued at 22x / 18x P/E for FY26E / FY27E.

Ashutosh Somani

ashutosh.somani@jmfl.com | Tel: (91 22) 66303083

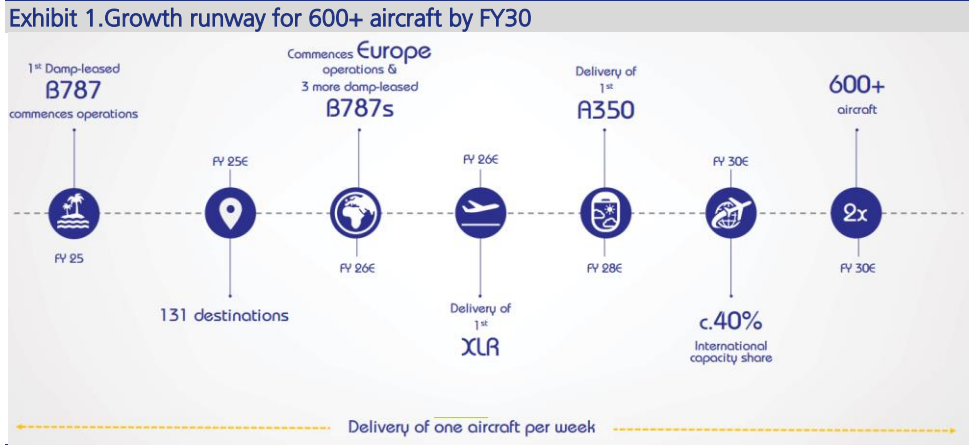
Anirudh Nagpal

Anirudh.Nagpal@jmfl.com | Tel: (91 22) 66303263

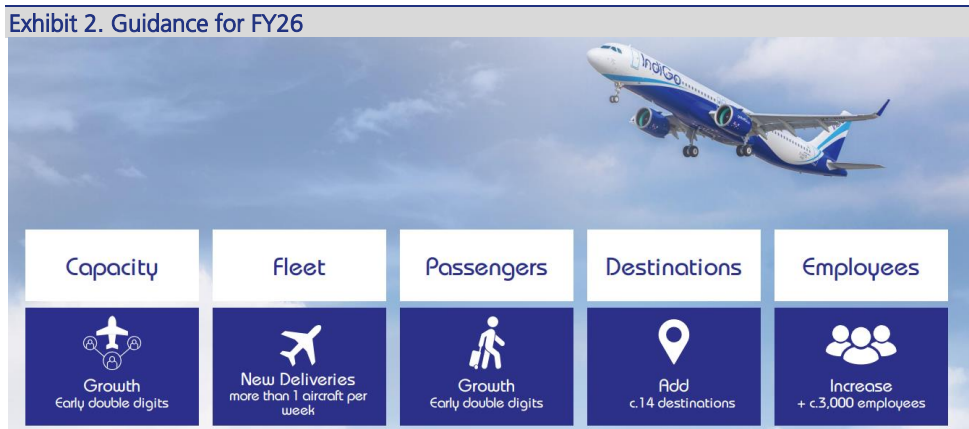
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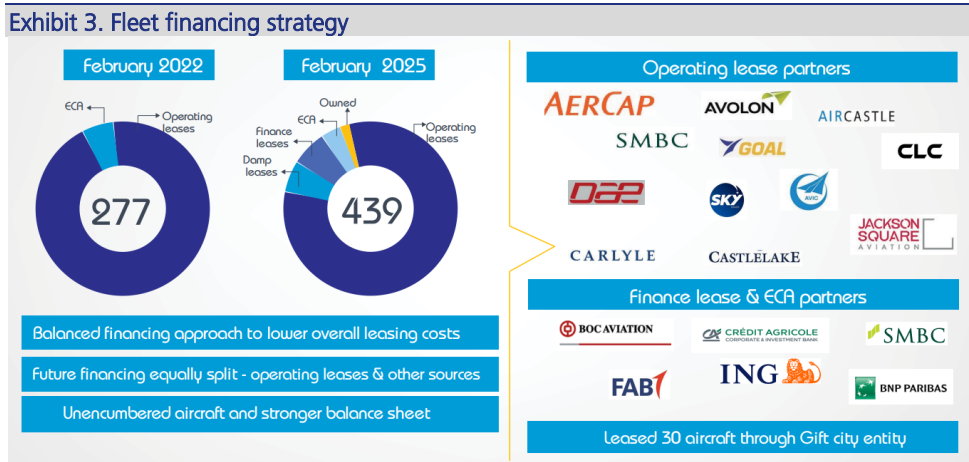
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SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com

Compliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: sahil.salastekar@jmfl.com

Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: instcompliance@jmfl.com

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