

InterGlobe Aviation Ltd.

BUY

Sector: Aviation

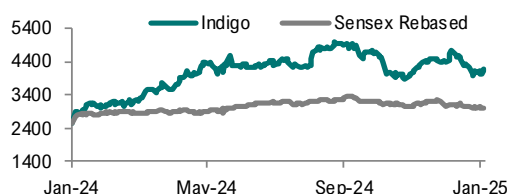
29th January 2025

Key Changes	Target ▲	Rating ●	Earnings ▼	Target	Rs.4,814
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Large Cap	INDIGO:IN	75,901	INDIGO	539448	12 Months
				CMP	Rs.4,285
				Return	+12%

Data as of: 28-01-2025

Company Data			
Market Cap (Rs. cr.)	1,64,942		
52 Week High — Low (Rs.)	5,033 - 2,911		
Enterprise Value (Rs. cr)	1,47,543		
Outstanding Shares (Rs cr)	38.6		
Free Float (%)	50.7		
Dividend Yield (%)	0.0		
6m average volume (cr)	0.1		
Beta	1.2		
Face value (Rs)	10.0		
Shareholding (%)	Q1FY25	Q2FY25	Q3FY25
Promoters	55.3	49.3	49.3
FII's	24.4	25.3	24.8
MFs/Institutions	15.4	20.7	21.2
Public	4.9	4.7	4.7
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-4.7%	-7.4%	45.4%
Absolute Sensex	-4.0%	-6.3%	7.8%
Relative Return	-0.6%	-1.1%	37.6%

*over or under performance to benchmark index



Y.E March (cr)	FY25E	EFY26E	FY27E
Sales	80,170	89,028	97,808
Growth (%)	16.4	11.0	10.0
EBITDA	17,543	21,275	24,933
EBITDA Margin (%)	21.9	23.9	25.5
PAT Adjusted	6,197	7,618	8,848
Growth (%)	(24.1)	23.0	16.1
Adjusted EPS	160.5	197.4	229.2
Growth (%)	(24.1)	23.0	16.1
P/E	26.7	21.7	18.7
P/B	20.4	10.5	6.7
EV/EBITDA	8.1	6.4	5.3
ROE (%)	48.7	40.0	34.3
D/E	6.7	4.0	2.9

Author: Anil R - Sr. Research Analyst

Strong fleet addition...outlook strong

InterGlobe Aviation Ltd. (Indigo) is one of the most efficient low cost air carriers (LCCs) with a market share of 62% in the Indian aviation sector.

- In Q3FY25, revenue grew by 14% YoY, which was better than anticipated, led by a 13% YoY rise in passenger volumes.
- EBITDA was flat due to higher forex loss on account of INR depreciation, higher lease expenses, costs due to grounding of aircraft and airport fees.
- The net aircraft addition was 27, taking the total fleet count to 437. Management has guided a 20% YoY increase in capacity in Q4FY25.
- Going ahead, passenger growth outlook remains strong in Q4, while long term outlook remains intact, led by a strong domestic network and gradual increase in the international network. The operational cost is likely to remain elevated for some more time due to the grounding of aircrafts.
- We lower our EPS estimates by 11.2% & 11.3% for FY25 & FY26E as we factor in higher costs.

Outlook & Valuation

We continue to maintain a positive view on Indigo, given the robust outlook for the sector, its market leadership position (62%), ability to leverage its extensive network, cost-efficient fleet, and healthy cash position. Looking ahead, a strong domestic network and increasing penetration in international markets will drive growth. **We value Indigo at a P/E of 21x as we roll forward to FY27E (7.4x EV/EBITDA) and maintain BUY with a target price of Rs.4,814.**

Quarterly Financials Standalone

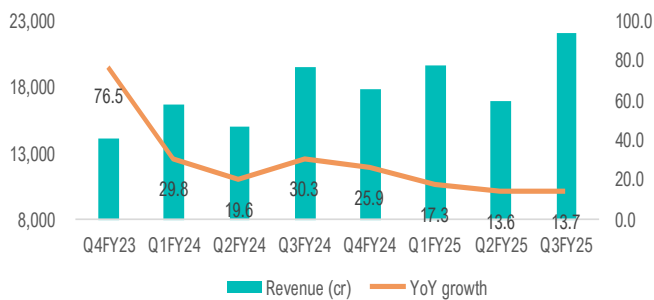
Rs.cr	Q3FY25	Q3FY24	YoY (%)	Q2FY25	QoQ (%)	9MFY25	9MFY24	YoY (%)
Sales	22,111	19,452	13.7	16,970	30.3	58,651	51,079	14.8
EBITDA	5,160	5,149	0.2	1,618	219.0	11,924	12,937	(7.8)
EBITDA margin	29.5	26.5	307bps	39.4	-986bps	20.3	25.3	-500bps
EBIT	2,945	3,484	(15.5)	(460)	740.4	5,764	8,318	30.7
PBT	25,200	2,999	740.4	(909)	2,871.1	4,412	6,894	36.0
Reported PAT	2,442	2,999	(18.6)	(989)	347.0	4,180	6,894	39.4
Adjusted PAT	2,442	2,999	(18.6)	(989)	347.0	4,180	6,894	39.4
EPS (Rs)	63.5	78.0	(18.6)	(26)	347.0	108.7	179.3	39.4



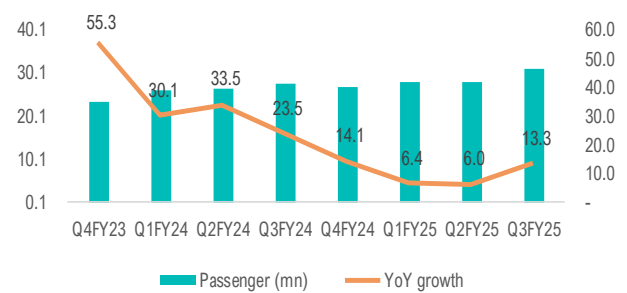
Key Concall Highlights

- Revenue growth was better than expected due to double digit passenger growth. The load factors or the capacity utilization per aircraft touched pre covid high of ~87%.
- EBITDA was impacted by INR depreciation leading to higher forex losses further other operational expenses like lease cost, increase in airport fees and secondary leases impacted.
- The net addition of aircraft was 27, bringing the total fleet count to 437. A 20% YoY increase in capacity is projected for Q4 FY25, with a continued double-digit growth guidance for capacity additions throughout the full fiscal year 2025.
- The number of aircraft grounded was reduced to 60nos from 70nos. Anticipate the number to reduce to 40nos in early part the year and expect to see significant reduction.
- Plan to increase the reach of Indigo stretch the premium offering to 10 or more metros routes from current 3 routes with a total 45 aircrafts by end of 2025.
- There is increased competition in the international market, with heightened interest from foreign airlines seeking to enter the Indian market. This surge in competition has resulted in a significant moderation of yields on the international front.

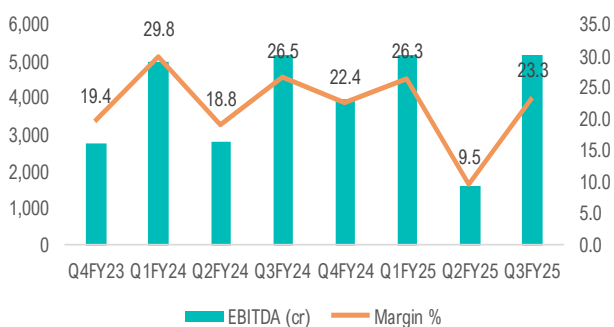
Revenue



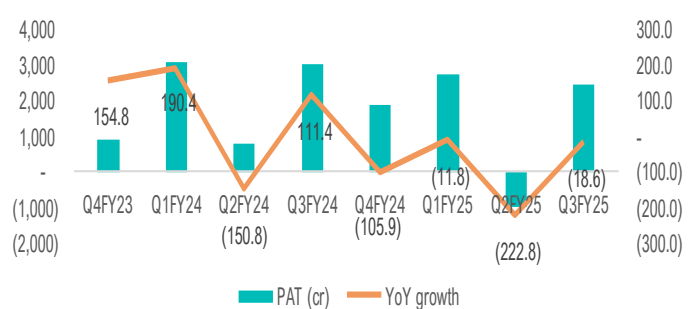
Passenger volumes (mn)



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Revenue	78,776	86,808	80,170	89,028	1.8	2.6
EBITDA	16,768	20,663	17,543	21,275	4.6	3.0
Margins (%)	21.3	23.8	21.9	23.9	60bps	10bps
Adj. PAT	6,974	8,593	6,197	7,618	(11.1)	(11.4)
EPS	180.7	222.6	160.5	197.4	(11.1)	(11.4)



Consolidated Financials

Profit & Loss

Y.E March (Rs cr)	FY23A	FY24A	FY25E	FY26E	FY27E
Sales	54,446	68,904	80,170	89,028	97,808
% change	110.0	26.6	16.4	11.0	9.9
EBITDA	6,485	16,293	17,543	21,275	24,933
% change	1122.9	151.2	7.7	21.3	17.2
Depreciation	5,088	6,389	8,403	9,417	10,543
EBIT	1,384	9,887	9,140	11,858	14,389
Interest	3,132	4,169	5,031	5,752	6,512
Other Income	1,431	2,326	2,845	3,660	3,920
PBT	(317)	8,043	6,955	9,766	11,797
% change	94.9	2,639.6	-13.5	40.4	20.8
Tax	-	(124)	758	2,149	2,949
Tax Rate (%)	0.0	0.0	0.1	0.2	0.3
Reported PAT	(317)	8,167	6,197	7,618	8,848
Adj.*	-	-	-	-	-
Adj. PAT	(317)	8,167	6,197	7,618	8,848
% change	94.9	2,678.8	(24.1)	22.9	16.1
No. of shares (cr)	38.6	38.6	38.6	38.6	38.6
Adj EPS (Rs)	(8.2)	211.6	160.5	197.4	229.2
% change	94.9	2675.9	(24.1)	22.9	16.1
DPS (Rs)	0.0	0.0	0.0	0.0	0.0

Cash flow

Y.E March (Rs cr)	FY23A	FY24A	FY25E	FY26E	FY27E
Net inc. + Deprn.	4,785	14,573	14,599	17,034	19,391
Non-cash adj.	4,798	2,271	2,185	2,092	2,592
Changes in W.C	3,120	4,338	750	(4,905)	(4,163)
C.F. Operation	12,703	21,183	17,534	14,221	17,820
Capital exp.	(532)	(992)	(20,310)	(17,500)	(18,500)
Change in inv.	(4,354)	(11,932)	(1,400)	(4,500)	(5,800)
Other invest.CF	831	1,167	2,845	3,660	3,920
C.F - Investment	(4,055)	(11,756)	(18,864)	(18,340)	(20,380)
Issue of equity	22	42	-	-	-
Issue/repay debt	(8,420)	(9,960)	6,500	10,000	9,500
Dividends paid	-	-	-	-	-
Other finance.CF	(34)	(61)	(5,031)	(5,752)	(6,512)
C.F - Finance	(8,432)	(9,979)	1,469	4,248	2,988
Chg. in cash	232	(555)	139	129	428
Closing cash	1,244	689	828	957	1,385

Balance Sheet

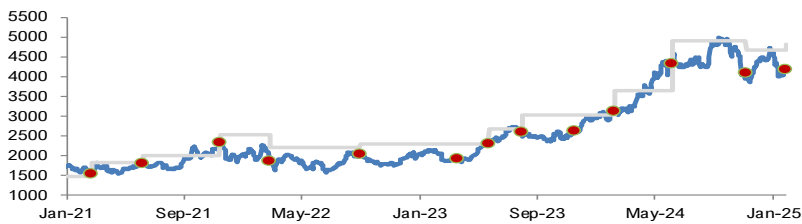
Y.E March (Rs cr)	FY23A	FY24A	FY25E	FY26E	FY27E
Cash	1,244	689	828	957	1,385
Accounts Receivable	520	643	703	756	804
Inventories	591	625	773	829	885
Other Cur. Assets	17,208	27,202	28,554	34,148	39,391
Investments	11,514	16,453	17,853	22,353	28,153
Gross Fixed Assets	43,052	57,341	77,641	95,141	1,13,641
Net Fixed Assets	27,639	35,989	47,886	55,969	63,926
CWIP	-	0	10	10	10
Intangible Assets	31	49	49	49	49
Def. Tax (Net)	295	419	419	419	419
Other Assets	-	-	-	-	-
Total Assets	59,043	82,069	97,076	1,15,491	1,35,023
Current Liabilities	8,318	9,937	11,726	12,160	12,983
Provisions	1,591	2,774	3,295	3,659	4,020
Debt Funds	44,854	51,280	56,280	64,780	72,780
Other Liabilities	10,583	16,146	17,646	19,146	20,646
Equity Capital	386	386	386	386	386
Reserves & Surplus	(6,689)	1,546	7,743	15,360	24,208
Shareholder's Fund	(6,303)	1,932	8,129	15,746	24,594
Total Liabilities	59,043	82,069	97,076	1,15,491	1,35,023
BVPS	(164)	50	211	410	640

Ratios

Y.E March	FY23A	FY24A	FY25E	FY26E	FY27E
Profitab & Return					
EBITDA margin (%)	11.9	23.6	21.9	23.9	25.5
EBIT margin (%)	2.5	14.3	11.4	13.3	14.7
Net profit mgn.(%)	(0.6)	11.9	7.7	8.6	9.0
ROE (%)	5.1	373.7	123.2	63.8	43.9
ROCE (%)	96.5	110.4	48.7	39.9	34.3
W.C & Liquidity					
Receivables (days)	2.9	3.1	3.1	3.0	2.9
Inventory (days)	5.1	5.6	5.4	5.8	5.8
Payables (days)	75.3	83.5	84.1	86.4	85.2
Current ratio (x)	2.0	2.3	2.1	2.3	2.5
Quick ratio (x)	0.1	0.1	0.1	0.1	0.2
Turnover & Leverage					
Gross asset T.O (x)	1.4	1.4	1.2	1.0	0.9
Total asset T.O (x)	1.0	1.0	0.9	0.8	0.8
Int. covge. ratio (x)	0.4	2.4	1.8	2.1	2.2
Adj. debt/equity (x)	(6.8)	NA	6.7	4.0	2.9
Valuation					
EV/Sales (x)	2.8	2.1	1.8	1.5	1.3
EV/EBITDA (x)	23.4	9.1	8.1	6.4	5.3
P/E (x)	NA	20.3	26.7	21.7	18.7
P/BV (x)	NA	87.5	20.4	10.5	6.7



Recommendation Summary (last 3 years)



Dates	Rating	Target
09.June.21	ACCUMULATE	1,984
25.Feb.22	BUY	2,188
01.Sept.22	BUY	2,281
23.Mar.23	BUY	2,282
24.May.23	BUY	2,679
04.Aug.23	BUY	3,005
20.Nov.23	BUY	3,008
08.Feb.24	BUY	3,624
07.Jun.24	BUY	4,903
07.Nov.24	BUY	4,675
29.Jan.25	BUY	4,814

Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:



Upgrade



No Change



Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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