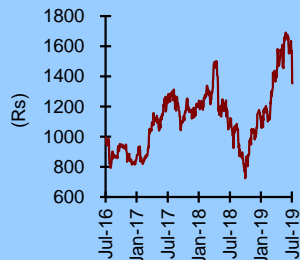
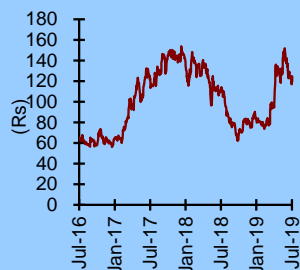


## Sector update

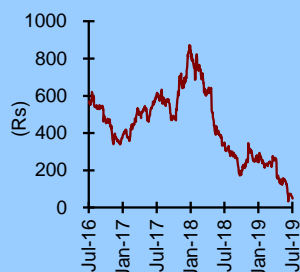
## InterGlobe Aviation



## SpiceJet



## Jet Airways



Research Analyst:

Ansuman Deb

ansuman.deb@icicisecurities.com

+91 22 6637 7312

## INDIA

## Aviation

## International skies remain untapped

The detailed traffic print of Apr-May'19 indicates that: a) ~70% of the incremental capacity is still being deployed by InterGlobe Aviation (IndiGo) and SpiceJet (SJ) to domestic routes, (2) combined (domestic + international) capacity of Indian airlines declined 8% during the two months, and (3) Air India is not ramping up its international capacity post Jet grounding. It follows that the international segment remains a big opportunity for Indian airlines. We maintain our BUY recommendation on IndiGo and SJ.

International segment continues to be a huge opportunity for Indian airlines. Air India could only manage to increase its international capacity by 1% in 2MFY20. While IndiGo could increase its international capacity share from 15% in 2MFY19 to 19% in 2MFY20, SJ managed to grow it from 22% to 24% in the same time period. GoAir has been able to take its international capacity share to 10%.

IndiGo/SJ put ~70% of incremental capacity in domestic segment in April-May.

In April-May, IndiGo capacity / passengers grew by 31.7%/23.4% YoY.

In April-May, SJ capacity/passengers grew by 22%/12.6% YoY.

In April-May, total capacity/passengers declined by 8%/3% YoY for Indian airlines.

Table 1: Aggregate domestic growth remains low post Jet grounding

Domestic	Apr-May-FY19	Apr-May-FY20	Growth-ASK (%)
IndiGo	99,51,151	1,26,10,242	26.7
SJet	27,36,646	32,46,681	18.6
Air India	31,76,508	32,65,762	2.8
GoAir	22,16,495	26,55,313	19.8
Air Asia	13,10,859	17,59,181	34.2
Vistara	12,53,911	14,18,708	13.1
<b>Total</b>	<b>2,50,17,964</b>	<b>2,53,78,898</b>	<b>1.4</b>

Source: Company data, I-Sec research

Table 2: High growth continues for IndiGo in international segment

International	Apr-May-FY19	Apr-May-FY20	Growth-ASK (%)
IndiGo	18,19,182	28,87,438	58.7
SJet	7,74,348	10,36,046	33.8
Air India	71,94,896	72,71,318	1.1
GoAir		2,96,424	
Air India Express	22,60,853	25,07,817	10.9
<b>Total</b>	<b>1,20,49,279</b>	<b>1,39,99,043</b>	<b>16.2</b>

Source: Company data, I-Sec research

Table 3: Total capacity growth in terms of ASK ('000)

Domestic+ International	Apr-May-FY19	Apr-May-FY20	Growth-ASK (%)
IndiGo	1,17,70,333	1,54,97,680	31.7
SJet	35,10,995	42,82,727	22.0
Air India	1,03,71,404	1,05,37,080	1.6
GoAir	22,16,495	29,51,737	33.2

Source: Company data, I-Sec research

Table 4: International share is increasing gradually for Indian airlines

Int'l share of ASK	Apr-May-FY19	Apr-May-FY20
IndiGo	15%	19%
SJet	22%	24%
Air India	69%	69%
GoAir	0%	10%

Source: Company data, I-Sec research

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**BUY: >15% return; ADD: 5% to 15% return; HOLD: Negative 5% to Positive 5% return; REDUCE: Negative 5% to Negative 15% return; SELL: < negative 15% return**

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