

Domestic pax growth range-bound; SpiceJet's market share slips further

India's domestic passenger air traffic rose 6% YoY to 13.1mn in Aug-24, whereas daily trends for Sep-24 (till date) indicate a moderate growth of ~4% YoY. Indigo continues to dominate the domestic space, boosting its market share by 40bps MoM to 62.4% in Aug-24. Tata group's market share also saw an uptick, of 60bps MoM to 29.4%, driven by Air India and Vistara gaining 40bps and 30bps MoM, respectively, thereby reaching 14.7% and 10.3%; AIX Connect shed marginal 10bps MoM to 4.4%. Indigo and Tata group now dominate ~92% of the Indian skies. SpiceJet is hitting new lows with its market share shrinking by 80bps MoM to 2.3%, largely due to financial woes and increased grounding. Akasa Air recorded a marginal downtick of 20bps MoM to 4.5%.

Load factors witness softness; OTPs and cancellations show improvement

Passenger load factors (PLFs) declined across key airlines in Aug-24 with SpiceJet recording a sharp monthly dip of 930bps, resulting in its Aug-24 PLF coming in at 81%. PLF for Indigo, Air India, and AIX Connect fell by 230bps, 210bps, and 130bps MoM to 82.3%, 80.1%, and 84.4%, respectively. Vistara topped the PLF chart at 88.7% followed by Akasa Air at 85.5%, but these were down by 130bps and 90bps MoM, respectively. The OTP (on-time performance) improved sequentially in Aug-24 but remained at sub-75% across airlines. Indigo's OTP recovered to 66% from 62% MoM, while Vistara, AIX Connect, and Air India stood at 68.6%, 66.8%, and 66%, respectively. SpiceJet clings to the bottom rung with OTP at 31%, whereas Akasa Air topped the punctuality chart with OTP at 71.2%. Cancellations eased up in Aug-24 with SpiceJet recording the highest cancellation rate of 2.57% followed by AIX Connect and Indigo at 1.38% and 0.64%, respectively. Vistara recorded the lowest cancellations at 0.17%, while Air India and Akasa Air's cancellation rate stood at 0.21% and 0.19%, respectively.

Brent prices slip, tugging fuel prices downward

Domestic ATF prices declined 5% MoM to Rs93.5/liter (in Delhi) in Sep-24. With Brent prices sliding to ~USD71.6/bbl levels from USD80/bbl levels in Aug-24; an ATF price-cut is on the horizon. We foresee a ~6% MoM cut in ATF prices for Oct-24, largely owing to ~9% decline in crude prices and 4% downtick in jet fuel spreads.

Snapshot: Aug-24

Parameters	Aug-24	Aug-23	YoY	Jul-24	MoM	YTD-Aug-24	YTD-Aug-23	YoY
Domestic Pax (mn)	13.1	12.4	5.7%	13.0	1.1%	66.3	63.1	5.1%
Avg daily pax (mn)	0.42	0.40	5.7%	0.42	1.1%	0.43	0.41	5.1%

Pax Mkt share (%)

Indigo	62	63	-90bps	62	40bps	61	62	-20bps
Tata Group	29	27	270bps	29	60bps	29	26	290bps
SpiceJet	2	4	-210bps	3	-80bps	4	5	-130bps
Akasa	5	4	30bps	5	-20bps	5	5	0bps
Others	1	1	0bps	1	0bps	1	3	-140bps

PLFs (%)

Indigo	82.3	83.6	-130bps	84.6	-230bps	85.8	87.4	-160bps
Tata Group								
- Air India	80.1	84.5	-440bps	82.2	-210bps	83.6	87.0	-330bps
- Vistara	88.7	91.3	-260bps	90.0	-130bps	90.8	91.3	-50bps
- AIX Connect	84.4	82.4	200bps	85.7	-130bps	86.3	87.7	-150bps
SpiceJet	81.0	90.9	-990bps	90.3	-930bps	89.6	92.1	-250bps
Akasa	85.5	87.3	-180bps	86.4	-90bps	87.9	88.2	-30bps

Source: DGCA, Emkay Research

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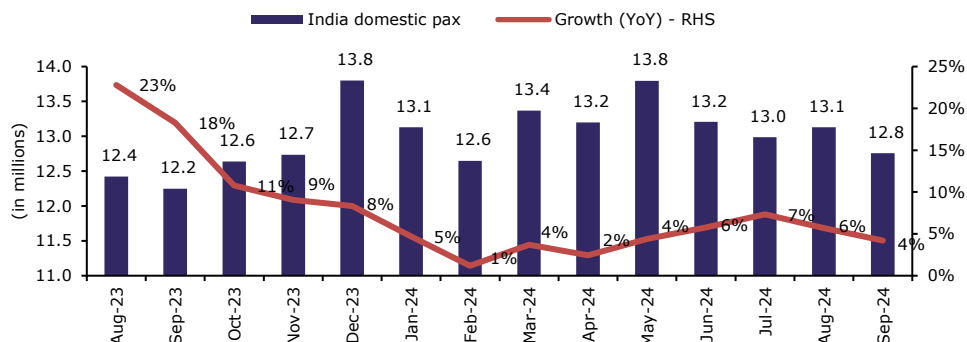
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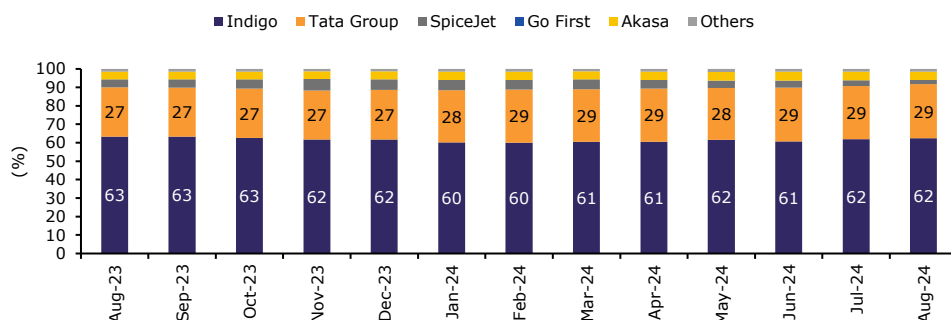
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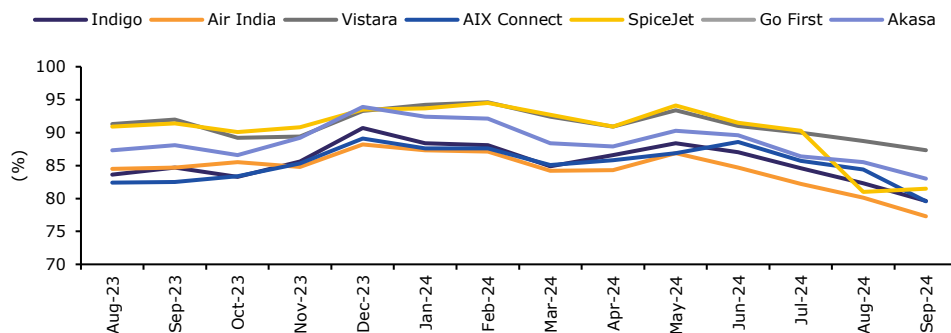
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Exhibit 1: Indian domestic pax growth was 6% YoY in Aug-24; Sep-24 trends moderate

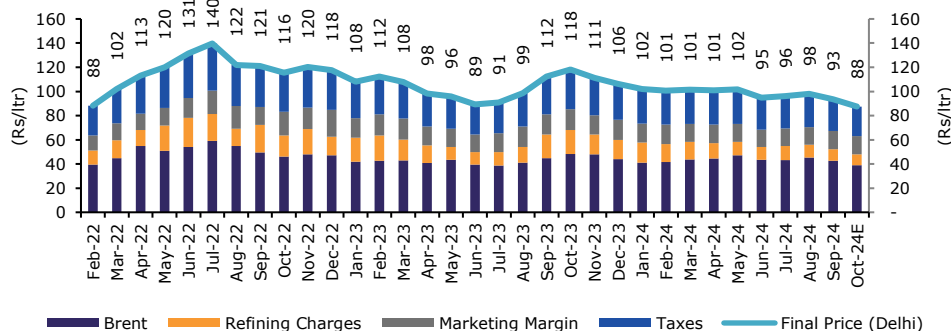
Source: DGCA, Emkay Research; Note: Sep-24 includes daily average till 13-Sep-2024

Exhibit 2: Indigo's pax market share was largely steady in Aug-24

Source: DGCA, Emkay Research

Exhibit 3: Monthly PLF trends across airlines

Source: DGCA, Emkay Research; Note: Sep-24 includes daily average till 13-Sep-2024

Exhibit 4: ATF price trend

Source: IOCL, Bloomberg, Emkay Research

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