



INDIGO TO TAKE DELIVERY OF 24 AIRBUS A320NEO AIRCRAFT BY MARCH 2017

News / Airlines



IndiGo, India's largest airline by market share, on Monday said airplane manufacturer Airbus SAS has confirmed that beginning with March 2016, it will deliver 24 fuel efficient A320neo aircraft by March 2017, as compared to the original plan to deliver 26 A320neos.

In December, InterGlobe Aviation Ltd that runs IndiGo had said that the delivery of the first fuel-efficient Airbus A320neo has been delayed and there could be additional delays, citing "industrial reasons" at European plane maker Airbus SAS.

Induction of A320neos is critical for IndiGo, which has been consistently profitable since 2009, a feat unrivalled by any other domestic airline, to reach the next level of revolutionary growth.

"The new A320neo powered by Pratt and Whitney's fuel-efficient geared turbo fan engines will enable us to structurally reduce our costs as fuel continues to be the single largest element of our cost structure. This also marks the beginning of the next phase of our growth and will enable us to make air transportation far more accessible for the people of India," said Aditya Ghosh, president and whole-time director of IndiGo.

In response to numerous questions received by IndiGo over the last few months, the company

wants to take this opportunity to provide additional information regarding its short and medium term operational outlook, IndiGo said in a statement on Monday.

The air travel market in India has continued to grow at one of the highest rates in the world. During the last 12 months ended 31 January 2016, total domestic passengers in India increased by 21% and, for the same period, total passengers served by IndiGo increased by 35.5%.

To address this strong demand, IndiGo has also entered into attractive leases for seven more used A320 aircraft which will be inducted between March and November of 2016. Overall, on a year-on-year (y-o-y) basis, IndiGo expects to grow its fleet by 13 aircraft in the fourth quarter of fiscal 2016, followed by y-o-y increases of 11 aircraft in the first quarter, 21 aircraft in the second quarter, 27 aircraft in the third quarter and 24 aircraft in the fourth quarter of fiscal year 2017.

“Also, in the fourth quarter of fiscal year 2016, while year-over-year capacity is expected to grow by about 19%, EBITDAR (earnings before interest, tax, depreciation, amortisation and rental) margins are expected to be strong at around 35% to 37% and at last year’s levels. However, for the fourth quarter, year-over-year revenue is expected to increase by 6% to 8% and net profit will also be impacted due to the exchange rate movement in the Indian Rupee versus the US Dollar,” IndiGo said.

For fiscal 2017, total fleet strength is expected to increase by about 22.4% on a y-o-y basis, allowing IndiGo to absorb additional manpower in its operations that were hired in expectation of taking delivery of nine A320neo aircraft between December 2015 and March 2016.

“With the resolution of the delivery of A320neos, IndiGo expects to continue with its strong operating performance, growth in profitability and healthy cash generation. India remains one of the most under penetrated aviation markets in the world. The combination of our unique structural cost advantages, superb product quality and large fuel-efficient aircraft orders would enable us to deliver superior financial performance for a long period of time,” Ghosh added.

Currently, with its fleet of 102 new Airbus A320 aircraft, the airline offers over 700 peak daily flights connecting 35 domestic destinations and five international destinations, Bangkok, Dubai, Kathmandu, Muscat and Singapore.

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