ICRA

INDIAN AIRPORT INFRASTRUCTURE

Overall passenger traffic growth revised upwards to 14-16%, supported by strong recovery momentum

SEPTEMBER 2023

Highlights

ICRA expects overall passenger traffic to touch record highs of 373-380 million in FY2024, translating into a YoY growth of 14-16%.

Coverage metrics of industry participants expected to remain robust.

- ICRA has revised its overall passenger growth estimate to 14-16% for FY2024E, compared to 12-14% estimate earlier, in the backdrop of robust growth in business and leisure travel in the domestic market, increase in operational airports along with improvement in air connectivity to tier II cities/ tourist destinations and improvement in international travel on account of lower restrictions.

- Domestic passenger traffic during 5M FY2024 recovered to 111% of pre-Covid levels, while the overall passenger traffic recovered to 108%. The International passenger traffic recovered to around 98% and is likely to cross pre-Covid level traffic in FY2024.

- Aero revenues of major private airports# recovered to around 85% of pre-Covid levels in FY2023 and are likely to surpass that in FY2024. Non-aero revenues have recovered to pre-Covid levels in FY2023 and are likely to further increase in FY2024 on account of higher passenger traffic and significant increase in lease rentals with large terminal area getting added with the completion of expansion at Delhi and Hyderabad airports. Non-aero yield per pax in FY2023 is higher than pre-Covid levels, and with private airport operators higher focus on improving yield per pax, this is likely to be higher going forward. Nevertheless, yields at Indian private airports are lower compared to international airport peers and represents a huge scope for increase.

- ICRA maintains a 'Stable' outlook on the Indian airport infrastructure sector. The revenues for the ICRA sample set* is expected to grow by ~16-18% in FY2024 on the back of increase in passenger traffic growth, ramp-up of non-aero revenues, and increase in tariffs at some of the major airports including Hyderabad and Cochin. Notwithstanding sizeable capex planned towards capacity expansion in the medium term, ICRA expects the coverage metrics and liquidity position to remain strong for the industry players.

** ICRA Sample set includes Delhi International Airport, GMR Hyderabad International Airport, Cochin International Airport and Airports Authority of India*
 # Major private airports considered includes Delhi, Mumbai, Hyderabad and Cochin International airports

Agenda

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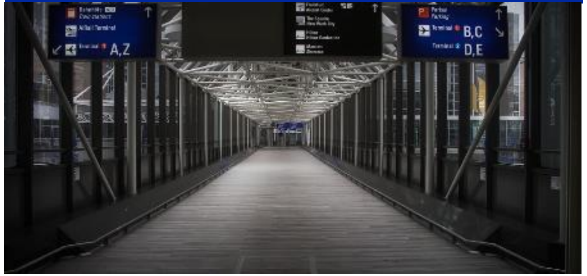
1 Industry Outlook

2 Traffic Updates

3 Revenue Mix of Major Airports

4 Capacity Addition at Airports



5 UDAN – Regional Connectivity Scheme

6 ICRA Ratings in the Sector

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Thank You!