

## InterGlobe Aviation (INDIGO) - BUY

### Company Update

Current Market Price (CMP) <b>Rs.1904</b>	Target Price <b>Rs.2250</b>
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**Our fair value of Rs.2250 offers 18.2% upside from the current market price.**

### Rationale:

- Co's market share gains increased to 59% in Jul' 21 vs 54% levels over past 6 months.
- Covid-19 is exposing & widening the gap between challengers & the market leader.
- We expect earnings per share of Rs122.6 in FY23E.
- Stock is trading at a PE of 15.5x FY23E earnings.
- We maintain Rs2,250 fair value, noting upside risks to our market share assumptions.

### Company update:

#### **Positives:**

- Added destinations/continues to add capacity; creating space for market share gains.
- Indigo is laying the stage for a superior fixed cost structure.
- Indigo is launching several new routes, many of which are new for the sector.
- Indigo has improved its brand equity among customers.
- Indigo is a net cash company.

#### **Negatives:**

- We expect the company to report net loss in FY22E.

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For detailed report dated 25<sup>th</sup> Aug 2021. Note: CMP & valuation may differ due to difference in dates.



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Holding Period: 12 months / Disclaimer: <http://bit.ly/2n5AxIE>