

India

HOLD (no change)

Consensus ratings*: Buy 1 Hold 1 Sell 1

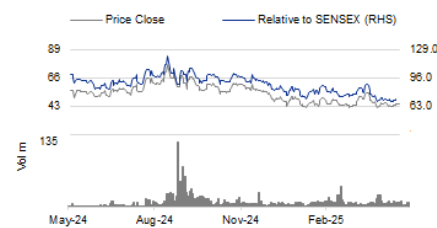
Current price: Rs44
 Target price: ▼ Rs47
 Previous target: Rs57
 Up/downside: 6.8%
 InCred Research / Consensus: 7.3%

Reuters: SPJT.BO
 Bloomberg: SJET IN
 Market cap: US\$652m
 Rs56,164m
 Average daily turnover: US\$4.5m
 Rs387.8m
 Current shares o/s: 600.1m
 Free float: 43.5%

*Source: Bloomberg

Key changes in this note

- Roll forward our valuation to Mar 2026F.
- Reduce FY26F EBITDAR by 43%.
- Introduce FY27F estimates.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(4.3)	(3.7)	(20.7)
Relative (%)	(2.8)	(12.3)	(24.8)

Major shareholders	% held
Promoter and Promoter Group	56.5
Sasof III A6 Aviation Ireland	1.3
SASOF II (J) Aviation Ireland	1.2

SpiceJet Ltd

Decent results, but a sharp scale-up awaited

- The 4QFY25 results of SpiceJet were boosted by one-off income. Operating numbers improved as well.
- Roll forward our valuation; maintain HOLD rating with a lower TP of Rs47.

Boosted by one-off income; operating numbers improve

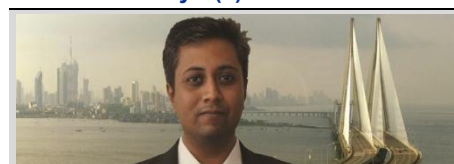
SpiceJet reported 4QFY25 PAT of Rs3.4bn, which was boosted by one-off income of Rs2.2bn (gain on restructuring of lease liability). Adjusted PAT was Rs1.3bn, a significant improvement yoy & qoq (losses of Rs4.2bn and Rs0.5bn). The key factor for the improvement was the 23% yoy/17% qoq rise in RASK – we believe this was due to the Kumbh Mela. PLF rose by 109bp qoq but declined by 649bp yoy. Operating PBT/ASK (-Rs0.4) improved sharply by Rs0.8 qoq/Rs1.2 yoy as gross profit/ASK rose by Rs0.73 qoq/Rs1.05 yoy. CASK ex-fuel (Rs4.1) was stable yoy and qoq. Post Rs30bn QIP@ Rs61.6/share in Sep 2024, the net worth is -Rs19.4bn vs. -Rs52.2bn yoy. Out of the qualified institutional placement or QIP proceeds, Rs27bn has been utilized. In FY25, SpiceJet made a settlement with a lessor to restructure a lease of Rs9.5bn. A sum of Rs4.3bn is payable (via share issuance, resulting in a Rs5.2bn gain).

Comparison with IndiGo

InterGlobe Aviation or IndiGo's RASK – CASK was Rs0.4 (ex-estimated claims from Pratt & Whitney) vs. -Rs0.4 for SpiceJet. However, IndiGo's RASK-CASK fell by Rs0.19 qoq/rose by Rs0.14 yoy. Spicejet reported a much better improvement qoq & yoy. IndiGo's GM/ASK rose by Rs0.26 yoy/dipped by Rs0.11 qoq. SpiceJet's improvement yoy & qoq was better.

Roll forward our valuation; maintain HOLD with a lower TP of Rs47

We cut FY26F EBITDAR estimate by 43%, factoring in a lower ASK growth and introduce FY27F estimates. We roll forward our valuation to Mar 2026F (Mar 2025 earlier) and maintain our HOLD rating on SpiceJet with a lower target price of Rs47 (Rs57 earlier). We factor in a Rs3 gross margin/ASK in FY26F/27F (vs. Rs3.2 in FY25 and Rs3.43 in 2HFY25). We believe that a scale-up of its operations could reduce FY27F CASK (ex-fuel) by ~25% vs. FY25. Thus, we expect its RASK-CASK to rise from (-) Rs0.4 in 4QFY25 to Rs0.14 in FY27F. We have factored in that SpiceJet's entire fleet will be operational in FY27F. We have valued the company's business at 8x FY27F EV/EBITDAR, in line with the median EV/EBITDAR over Mar 2016-Mar 2019. Sharp uptick in domestic traffic is an upside risk while compression in profit margin is a downside risk.

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Financial Summary

	Mar-23A	Mar-24A	Mar-25A	Mar-26F	Mar-27F
Revenue (Rsm)	88,736	70,853	53,257	68,302	92,208
Operating EBITDA (Rsm)	(3,325)	(5,418)	(3,248)	1,921	11,999
Net Profit (Rsm)	(15,129)	(4,184)	621	(7,187)	2,891
Core EPS (Rs)	(13.8)	(4.6)	0.6	(5.1)	2.0
Core EPS Growth	(49.5%)	(66.3%)	(112.2%)	(999.4%)	(140.2%)
FD Core P/E (x)	(3.17)	(9.43)	77.49	(8.62)	21.42
DPS (Rs)	0.0	0.0	0.0	0.0	0.0
Dividend Yield	0.00%	0.00%	0.00%	0.00%	0.00%
EV/EBITDA (x)	(29.47)	(14.98)	(27.39)	48.49	6.28
P/FCFE (x)	4.42	10.27	(1.42)	6.97	3.68
Net Gearing	(122.5%)	(97.4%)	(217.2%)	(122.4%)	(62.1%)
P/BV (x)	(0.45)	(0.66)	(3.19)	(2.33)	(2.61)
ROE	16.4%	5.8%	(1.7%)	31.2%	(11.5%)

% Change In Core EPS Estimates

InCred Research/Consensus EPS (x)

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Decent results, but a sharp scale-up awaited

Figure 1: Quarterly financials

(Rs bn)	4QFY25	4QFY24	% yoy chg	3QFY25	% qoq chg
Net Sales	14.7	17.4	-16	12.4	18
Fuel expenses	-4.9	-7.5	-34	-4.7	5
Gross margin %	66.2	57.1		62.0	
EBITDAR	3.1	0.2	1,839	1.1	174
EBITDAR margin %	21.3	0.9		9.2	
EBITDA	1.5	-2.1	na	-0.5	na
EBITDA margin %	10.2	-12.3		-4.3	
Other income	2.0	0.7	195	2.1	-6
Depreciation	-1.7	-1.7	-4	-1.5	12
Interest	-0.6	-1.0	-44	-0.6	-5
Adjusted PAT	1.3	-4.2	na	-0.5	na
Extraordinary income	2.2	5.5		0.7	
Reported PAT	3.4	1.3	169	0.2	1,586

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Operating metrics

	4QFY25	4QFY24	% yoy chg	3QFY25	% qoq chg
ASK (bn)	2.6	3.6	-29.2	2.5	2.4
PLF %	85.1	91.6	-649 bp	84.0	109 bp
% International	37.4	37.9		41.9	

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Cost metrics

(Rs bn)	4QFY25	4QFY24	% yoy chg	3QFY25	% qoq chg
Sales	14.7	17.4	-16	12.4	18
Fuel costs	-4.9	-7.5	-34	-4.7	5
Employee costs	-1.6	-1.9	-18	-1.5	4
Ownership costs	-5.5	-6.8	-18	-5.4	1
Other Expenses	-3.3	-6.1	-45	-3.3	1
Other Income	2.0	0.7	195	2.1	-6
Exceptional items	2.2	5.5		0.7	
PBT	3.4	1.3		0.2	

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Financial metrics

(Rs)	4QFY25	4QFY24	% yoy chg	3QFY25	% qoq chg
Revenue/ pax	6.6	5.0	32	5.7	15
RASK Operating	5.6	4.6	23	4.8	17

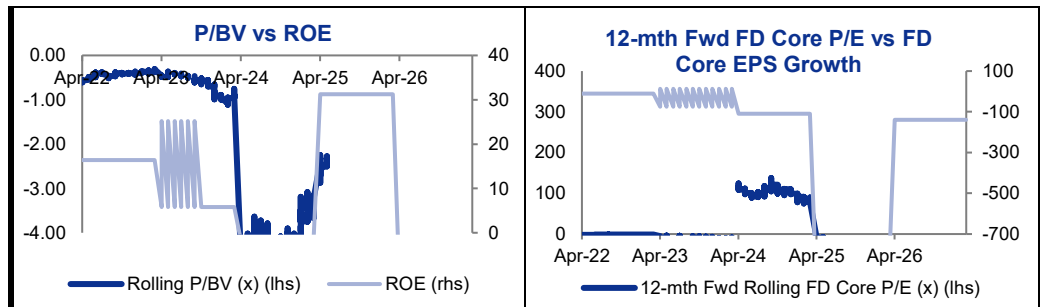
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Our revised earnings estimates

(Rs bn)	FY26F		FY27F
	Old	New	
Sales	116.0	68.3	92.2
% change		(41.1)	
EBITDAR	23.1	13.2	23.2
% change		(43.0)	
EBITDA	9.2	1.9	12.0
% change		(79.1)	
Adj. PAT	0.6	(7.2)	2.9
% change		na	

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25A	Mar-26F	Mar-27F
Total Net Revenues	88,736	70,853	53,257	68,302	92,208
Gross Profit	41,019	40,984	32,741	41,076	55,452
Operating EBITDA	(3,325)	(5,418)	(3,248)	1,921	11,999
Depreciation And Amortisation	(10,227)	(7,531)	(6,448)	(6,448)	(6,448)
Operating EBIT	(13,552)	(12,949)	(9,696)	(4,527)	5,551
Financial Income/(Expense)	(4,526)	(4,370)	(2,660)	(2,660)	(2,660)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	9,772	14,102	12,977		
Profit Before Tax (pre-EI)	(8,306)	(3,217)	621	(7,187)	2,891
Exceptional Items	(6,823)	(967)			
Pre-tax Profit	(15,129)	(4,184)	621	(7,187)	2,891
Taxation					
Exceptional Income - post-tax					
Profit After Tax	(15,129)	(4,184)	621	(7,187)	2,891
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	(15,129)	(4,184)	621	(7,187)	2,891
Recurring Net Profit	(8,306)	(3,217)	621	(7,187)	2,891
Fully Diluted Recurring Net Profit	(8,306)	(3,217)	621	(7,187)	2,891

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25A	Mar-26F	Mar-27F
EBITDA	(3,325)	(5,418)	(3,248)	1,921	11,999
Cash Flow from Invt. & Assoc.					
Change In Working Capital	14,874	(714)	(29,313)	9,627	7,483
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow					
Net Interest (Paid)/Received	(4,526)	(4,370)	(2,660)	(2,660)	(2,660)
Tax Paid					
Cashflow From Operations	7,023	(10,502)	(35,221)	8,888	16,821
Capex			(1,732)		
Disposals Of FAs/subsidiaries	11,505	20,273			
Acq. Of Subsidiaries/investments	20		(1,336)		
Other Investing Cashflow	2,432	12,888	13,396		
Cash Flow From Investing	13,957	33,161	10,327		
Debt Raised/(repaid)	(15,009)	(19,703)	(9,005)		
Proceeds From Issue Of Shares		4,940	30,000		
Shares Repurchased					
Dividends Paid					
Preferred Dividends					
Other Financing Cashflow	(6,219)	(6,105)	2,140		
Cash Flow From Financing	(21,228)	(20,868)	23,135		
Total Cash Generated	(248)	1,791	(1,758)	8,888	16,821
Free Cashflow To Equity	5,971	2,956	(33,898)	8,888	16,821
Free Cashflow To Firm	26,057	27,314	(21,948)	11,833	19,766

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet

(Rs mn)	Mar-23A	Mar-24A	Mar-25A	Mar-26F	Mar-27F
Total Cash And Equivalents	1,851	2,964	2,601	12,212	30,062
Total Debtors	10,994	10,094	9,055	9,562	12,909
Inventories	1,628	1,720	1,778	2,049	2,766
Total Other Current Assets	18,279	21,271	27,913	25,376	27,863
Total Current Assets	32,752	36,049	41,347	49,200	73,599
Fixed Assets	43,149	26,876	22,305	15,857	9,409
Total Investments	5	5	1,341	1,341	1,341
Intangible Assets	10	145			
Total Other Non-Current Assets	1,399	1,647	1,228	1,228	1,228
Total Non-current Assets	44,563	28,673	24,874	18,426	11,978
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors					
Other Current Liabilities	62,328	63,120	40,864	49,456	64,516
Total Current Liabilities	62,328	63,120	40,864	49,456	64,516
Total Long-term Debt	73,490	53,787	44,782	44,782	44,782
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities	73,490	53,787	44,782	44,782	44,782
Total Provisions					
Total Liabilities	135,818	116,907	85,646	94,237	109,298
Shareholders Equity	(58,503)	(52,186)	(19,424)	(26,611)	(23,720)
Minority Interests					
Total Equity	(58,503)	(52,186)	(19,424)	(26,611)	(23,720)

Key Ratios

	Mar-23A	Mar-24A	Mar-25A	Mar-26F	Mar-27F
Revenue Growth	35.3%	(20.2%)	(24.8%)	28.2%	35.0%
Operating EBITDA Growth	(50.0%)	62.9%	(40.1%)	(159.1%)	524.6%
Operating EBITDA Margin	(3.7%)	(7.6%)	(6.1%)	2.8%	13.0%
Net Cash Per Share (Rs)	(119.03)	(64.87)	(29.84)	(23.04)	(10.41)
BVPS (Rs)	(97.21)	(66.61)	(13.74)	(18.83)	(16.78)
Gross Interest Cover	(2.67)	(2.78)	(3.29)	(1.54)	1.88
Effective Tax Rate					
Net Dividend Payout Ratio					
Accounts Receivables Days	48.02	54.32	65.62	49.74	44.48
Inventory Days	11.78	20.46	31.12	25.65	23.91
Accounts Payables Days					
ROIC (%)	(35.2%)	(98.6%)	708.9%	(21.1%)	120.2%
ROCE (%)	(42.9%)	(152.7%)	(69.8%)	(19.5%)	29.7%
Return On Average Assets	(4.4%)	1.6%	5.0%	(6.8%)	7.2%

Key Drivers

	Mar-23A	Mar-24A	Mar-25A	Mar-26F	Mar-27F
Av. Seat Km (ASK, Yoy Chg %)	40.0%	(25.4%)	(25.1%)	32.7%	35.0%
Rev. Psg Km (RPK, Yoy Chg %)	53.6%	(23.1%)	(28.4%)	35.0%	35.0%
Passenger Load Factor (%)	86.9%	89.6%	85.5%	87.0%	87.0%
Pax yld per RPK	6,965.1	7,247.7	7,827.3	N/A	N/A
Pax rev. per ASK	4.4	5.0	5.2	5.0	5.0
Total Cost Per ASK	5.9	6.5	6.4	5.6	4.9
Fuel Cost Per ASK	2.6	2.2	2.0	2.0	2.0
Non-fuel Cost Per ASK	3.2	4.3	4.4	3.6	2.9
Fleet Size (No. Of Planes)	71	60	61	61	61

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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Recommendation Framework

Stock Ratings

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
Hold The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.