



“Conference Call on IndiGo’s recent business update related to a Firm order of 30 A350-900 aircraft”

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**Operator:** Good evening ladies and gentlemen and welcome to IndiGo's Conference Call to discuss its recent agreement to order widebody aircraft. My name is Neerav and I will be your coordinator. At this time, the participants are in a listen-only mode. A question-and-answer session will follow today's management discussion.

As a reminder, today's conference call is being recorded. I would now like to turn the call over to your moderator, Ms. Richa Chhabra from the Investor Relations team of IndiGo.

**Richa Chhabra:** Good evening, everyone, and thank you for joining us for this discussion on IndiGo's recent agreement to place an order for 30 Firm Airbus A350-900 aircraft.

Participating in this call are our Chief Executive Officer - Pieter Elbers and our Chief Financial Officer – Gaurav Negi

Before we begin, please note that today's discussion may contain certain elements of our business plans, strategy and/or financials which will be construed as forward-looking. Our actual plans and results may be materially different from these forward-looking statements.

The information provided on this call is as of today's date and we undertake no obligation to update the information subsequently.

We will upload the transcript of prepared remarks by day end. The transcript of the Q&A session will be uploaded subsequently.

With this, let me hand over the call to Pieter Elbers.

**Pieter Elbers:** Thank you, Richa. Ladies and Gentlemen, Good Afternoon. You all would have seen our recent press announcement with respect to our agreement to order 30 Firm Airbus A350-900 aircraft. We are mindful of our silent period as well as the materiality of this announcement, and we will use this opportunity to spell out our potential plans with respect to these 30 widebody aircraft.

IndiGo's vision and journey started almost 18 years ago, with the first flight from Delhi via Guwahati to Imphal. Our journey to become the 7<sup>th</sup> largest airline in the world, in daily departures within this short span has been fueled by the trust of our customers and powered by our 6E colleagues who worked relentlessly and collectively to build it. Our journey since the beginning has been extraordinary, not only in India but on a global aviation stage too.

In these 18 years of operations a lot has changed in the Indian Economy and in the Indian Aviation sector. For Instance, the GDP per capita has increased by around 2 times, and the departures per annum of the Indian carriers have also increased by around 2 times. Yet, India still remains highly underpenetrated both in domestic as well as in international markets. To cater to the underpenetrated market, last year, in June 2023, IndiGo placed the largest ever single aircraft order by any airline for 500 aircraft with Airbus and now for the international market in addition

to the XLRs, IndiGo has agreed to place an order for 30 Firm Airbus A350-900 aircraft.

Almost a year and a half ago, we laid out our strategy “Towards New Heights and Across new frontiers” under which we defined our three pillars of Reassure, Develop and Create. The strong execution of our strategy has yielded consistent results for us as we have achieved many milestones in the last one year including welcoming 100 million customers in a single year.

While we have been equally focused on Reassure and Develop pillar that has elements related to our customer promises, digitization, investments in human capital and scaling infrastructure for growth.

Under the create pillar we have been strongly focused on Internationalization as we are leveraging our strong presence in the domestic market to expand further in the international skies. In the last 18 months only, we have come a long way as we added 7 new international destinations and have expanded our strategic partnerships.

Now, as a next step in defining our future and on the path of becoming a global aviation player we have entered into an agreement with Airbus to place an order for 30 Firm A350-900 aircraft. The exact configuration of the aircraft will be decided at a later stage, and the deliveries are expected to start from 2027. In addition to the 30 Firm rights, IndiGo also has Purchase Rights for an additional 70 Airbus A350 Family aircraft, at our discretion, for possible future needs and under certain conditions. Further, these aircraft will be powered by Rolls Royce’s Trent XWB engine. Currently, IndiGo has an outstanding order book of around a little short of 1,000 aircraft with mix of A320Neos, A321Neos, A321XLRs and now also A350-900 aircraft.

India only has around 70 wide-bodied aircraft and the Indian carriers are significantly under-represented in the non-stop Long Haul international markets, our widebodies will offer non-stop connectivity from our large Indian airports to destinations all over the globe and be part of Government’s vision to make India a global aviation hub and powerhouse.

In Summary, IndiGo’s path has been unprecedented, and it will continue to be so. It continues to redefine air travel in India by creating its own unique model keeping in mind the uniqueness of India, Indian landscape and the change of the Indian aviation sector and customer expectations.

While the overall landscape of the Indian Aviation is changing, what will not change for us is our 4 customer promises being courteous & hassle-free service, on-time performance, affordable fares & an unparalleled network. To meet these promises, we will continue to focus on operational efficiencies and cost leadership.

The journey towards 2030 with the objective to double in size by the end of this decade will now be further cemented by planes and a subsequent network that will allow us further to enable our purpose of “Giving wings to the nation, by connecting people and aspirations”. Thank You for your attention.

**Richa Chhabra:** Thank you, Pieter. To answer as many questions as possible, I would like to request that we limit ourselves to the topic under discussion and each one question per participant and one brief follow-up question if needed. And with that, we are ready for the Q&A.

**Moderator:** The first question is from the line of Krupashankar from Avendus Spark. Please go ahead.

**Krupashankar:** So my first question is pertaining to the decision making on opting for widebody. Traditionally, we have commented that we could choose widebody as and when it is required, perhaps narrow body would be the way in which we will cater to even a longer lead market. So what has led to this change in thought process towards adding widebodies?

**Pieter Elbers:** If we look at what's happening in the Indian market today and what has IndiGo established over the years, IndiGo has been able to both create the market and as well as to serve the market. Today, India is clearly moving from an economy, which was some years back still somewhere in the top 10 to the fifth largest economy in the world today and expected to be the third largest economy by 2027.

If you look against this backdrop, what is the share of wide-body aircraft, from Indian carriers, it is clearly that the market is underrepresented and underserved from an Indian airline perspective. So for us being an airline with a very strong foundation in India and a very strong and deep network into India, this has been a very natural step to take at this point in time. So I take a bit of time to sort of summarize that.

One is clearly the economic developments of India itself; two is the growing aspirations of our Indian consumers to travel, not only in the region, but travel even further; three, I would say the development of IndiGo as an airline itself will be turning 18 this year and the natural evolution of that path is this one.

And that combined has led to the decision, which we have not taken lightly, obviously. This has been a very deliberate decision which we have extensively evaluated and we've taken the decision into this space in full confidence.

**Krupashankar:** I understand. So is it fair to assume that this has been more of learnings based on operating the widebodies from Delhi to Istanbul, the widebodies, which we have operated. And we have quite a bit of confidence that perhaps a narrow body for a longer need maybe a challenging way in which one can scale up international operations. Is that one level deeper understanding on this particular piece?

**Pieter Elbers:** I would say, for the first part of your summary, probably, yes. For the second part, rather not per se that way. So let me address it. The wet lease, which we have started on the Istanbul route has clearly given us a lot of insights. That operation has started out of a need, and you may recall that from our earlier calls, started from the need to deal with the capacity shortage and the supply chain challenges for us to live up to our capacity guidance.

But we have actually turned this necessity into a virtue, if you wish, and have gained a lot of experience with that. And it has demonstrated to us that our network, which we have in India, be it out of Delhi, be it out of Mumbai and also out of the other large metros is really helping us to

support this type of operation. So it has provided us quite a few valuable lessons and insights what it is to operate an aircraft like that.

Does it mean that we cannot fly longer distances with narrow-body aircraft? I would say not at all, on the contrary. We have the XLR also on order, which will be arriving earlier than the 350s. And clearly, the XLR will help us to solidify our network in some markets, which today, my favourite example there is Nairobi. We operate today from Mumbai to Nairobi.

With the XLR, we could start combining it also with Bangalore or Delhi or other places in India itself. So I would say it is actually supplementing or building on what we have done. Maybe a few words on that network just to align on that. You've seen that the international network of IndiGo has been a consistent expansion, if I may call that, in range.

And the first flight back in 2011, 2012, were very much concentrated in the region, I would say, very classical flights from India to the Middle East. We have gradually expanded that to Southeast Asia, and you are aware of our network expansions, which we did in the middle of last year to Central Asia, Baku, Tbilisi, Almaty, Tashkent.

The XLR clearly will bring that further. And these wide-body planes will only further help us to reach the different parts of the world in order to serve our customers, both our Indian customers traveling overseas as well as foreign customers or overseas Indian communities to come back to the homeland.

**Moderator:** The next question is from the line of Binay Singh from Morgan Stanley. Please go ahead.

**Binay Singh:** I missed the opening remarks, so just to cross check. Are you talking about full-service long-haul international? Or is this a low-cost long-haul international?

**Pieter Elbers:** I don't think you missed my opening remark. I didn't make any specification or any clarification on what the exact product configuration would be. Our business model is evolving as per the needs of our customers, the market size and the opportunities. And the India of today is not the same India as it was 10 years ago and the India of 10 years from now will not be the same as the India of today. So we just build on that.

And as we have shared in earlier questions and calls, we keep all options open and we keep evolving. What's very important for us is that we keep the very foundations of our customer promise. And that is what I mentioned, we keep a courteous and hassle-free service. We keep our on-time performance, and we keep affordable fares and the affordable fares are sort of made possible by our cost leadership. So we continue to do that. So I would rather say, I don't like to be identified with a very specific model or have a very specific label. We will develop it as the market develops and align ourselves accordingly.

**Binay Singh:** If you see IndiGo was always a single-fleet aircraft and that was always attributed as one of the factors for low cost and cost has been the key moat of this business. As we move somewhere to a dual fleet or multi-fleet business model, and we may also see some of the offerings of full service airline coming into this airline, how do you see the cost moat playing out in the industry for IndiGo?

**Pieter Elbers:** No, it's a fair question, but maybe let me throw in a few elements. Today, we operate around 350-ish planes. By 2030, we will be operating in the range of 550-ish to 600 aircraft. That's a single aircraft type. I don't think there's many airlines in the world running an operation of that size as a single aircraft type. So that's the very core and the very foundation of the network of IndiGo today, and it will still be the very core foundation of that network.

So that's just a single aircraft type and therefore, the order which we placed last year, June was so important because that gives us visibility basically for well into the next decade of a steady stream of Airbus aircraft, helping us to keep that efficiency, keeping us the flexibility to develop and making sure that we keep all our cost leadership.

In addition to that, we have now placed this order. And clearly, 350 is not the same as a 321, but it is very much building on that very same family. And clearly, our relationship with Airbus today is already deep and well developed and there's obviously similarities in a lot of elements there. So I think we will continue to have synergies in areas around cockpit crew, around methodologies and with 30 firm and possibly more purchase rights, we will have the opportunity to also leverage there on those synergies and yet maintaining our cost efficiency.

**Moderator:** Next question is from the line of Aditya Mongia from Kotak Securities. Please go ahead.

**Aditya Mongia:** This kind of circles around the large optionality in the order, 30 Firm orders and 100 on the other side. Could you give us a sense of what are the imponderables that will eventually kind of make us decide whether we want to go for 30 or 100? Just trying to get a sense of what can be the growth in the international market as you see through it and any imponderables on that side?

**Pieter Elbers:** No, I think IndiGo has a tradition over the years to be bold and mindful at the very same time. So when IndiGo placed the first order, it was a bold order, but yet it was taken into consideration that this could be the start into something much bigger. And just looking at the order of last year of 500, probably no one had expected that back in 2006 when the airline was founded.

So this firm agreement to order of 30 planes is really giving us the size and the scale, which is needed to start an operation like that. And clearly, the 70 purchase rights with all the optionality we will have as IndiGo are putting us actually in a very good position. We are entering into a space, which admittedly is new for us.

We're very confident at it, but it's new for us. So we do it in a way, again, which is sizable enough to make an impact and has the opportunity to scale up later when it's successful. So I think, again, here, it's very much in the line of the IndiGo tradition of being bold and at the same time, being very mindful and having all the optionality of future positioning.

**Aditya Mongia:** Sure. The second question that I had kind of related to it and this comes from you on this meet as well where you want to kind of do more journeys end-to-end rather than giving to other airline at a certain hub. With these wide-body aircraft coming inside for you and A320 aircraft also coming inside, can this lead to, let's say, a meaningful kind of market share gain for you international over time?

**Pieter Elbers:**

Today, take the Indian market. The domestic market is one, but take the international market and see what is the market share of Indian carriers, that is the overall market. If you were to make a differentiation between international markets in, let's say, 4-hour range, and what is beyond the 6-hour range, you see almost linear decline of what's the market share of Indian carriers.

So against that backdrop for us is just a natural evolution to bring that market share back to levels which are more common in other parts of the world where carriers from countries where there's a large market have a significant share of that. And we have actually a lot of customers and again, 100 million customers last year, it's not a small number. We have a lot of customers who wish to fly with us internationally as well, which today we cannot serve.

So it will be a great opportunity for those customers. And from that angle, I think we are a bit atypical carrier anyway. That's why I said I don't think we should be put in a certain sort of labelling. We fly 20x a day between Delhi and Mumbai, that has a lot of small and medium enterprises. This has a lot of people who take businesses or all kind of engagements overseas. For them, they no longer have to fly through other hubs in the region, but they can fly directly with IndiGo to the destinations where they need to go.

So that's what's making us actually very confident to move to that number, and I'm sure you would have seen some of the recent analysis by some of the industrial bodies, which are giving some predictions, what would be the needs of wide-body aircraft in India by 2030.

And clearly, with the orders today including the IndiGo order, we are not yet reaching those numbers. So therefore, we are very confident that this number, maybe also linked to the earlier question on the 30 versus the 70, that this number is a very well-considered number, a well-considered start, but probably a cautious approach in the grand scheme of things.

**Moderator:**

The next question is from the line of Ashoke Raj from Asian News International. Please go ahead.

**Ashoke Raj:**

Congratulations. Actually, I want a little clarification that you said in your initial speech that the delivery will start from 2027. Could you explain that what are the routes are you looking for Airbus 350 aircraft?

**Pieter Elbers:**

Yes, thanks for congratulations. I think it created a lot of excitement also internally. It's maybe nice to share that there was a lot of excitement, a lot of positive welcoming in this natural evolution, the next step where we're going to do for IndiGo.

Yes, clearly, 2027 is what we've communicated. Of course, that has to be further specified and further detailed. And you won't be surprised that at this point in time, I don't think we are yet disclosing what's going to be the precise set of destinations. I think what's very helpful in this part is that the capabilities of this aircraft, and that was one of the selection criteria is, in fact, given us a whole range of opportunities. And we have actually a very strong presence, not only in Delhi and Mumbai, but also in Bangalore and Hyderabad.

And given the geographical size and geographical location of India, one could see a network developing with different strongholds in different parts of the country. So we clearly have ideas

where to go, how to develop it, but I don't think this would be the right point in time to already move into what's the exact network.

But rest assured that we've gone through the analysis from the different Indian strongholds we're having, which we're also getting more and more connectivity already today. And therefore, some of the recent expansions are helping on that. But clearly, this will bring it to a next level in terms of range and opportunities in different destinations.

**Ashoke Raj:** So can we say that U.S. and Europe routes are in your plan to launch after or sooner?

**Pieter Elbers:** I don't recall that I said that, right? I said we didn't decide on any destinations yet. We're taking the evaluation. The plane clearly has the capabilities to go to many different parts of the world from different Indian cities, but it's probably not the right time to go into that. Maybe Amsterdam should be somewhere on the map somewhere.

**Moderator:** Next question is from the line of Bhavin Shah from Sameeksha Capital. Please go ahead.

**Bhavin Shah:** Could you talk about the operational synergy in terms of crew, the mechanical aspects and so on between 350 and the 320?

**Pieter Elbers:** These are two different planes when it comes to range. But yet, they come from the same, if I may call it, Airbus philosophy on how planes are being designed, how cockpits are being designed, how training is being conducted, how many those are being done. So having two different planes, there's different parts and different elements in that. But when it comes to sort of the overall philosophy and some of the operating mechanisms of the plane itself, there's obviously, synergies between those to achieve.

**Moderator:** Next question is from the line of Karishma from India Today. Please go ahead.

**Karishma:** Congratulations, Pieter, and congrats to everybody in the team. Now I see that you have a long and a strong pending order book of close to less than 1,000 aircraft that you mentioned. How do you plan to fill the seats and finders take care of the situation? How it is as of now? Because a lot of planes are getting grounded because of supply chain issues. So how will you meet these short-term concerns?

**Pieter Elbers:** Yes. I think today's call had the objective to focus on this fleet order. So I would rather keep anything which has to do with today's fleet situation to the moment, we'll be issuing our fourth quarter results. I think in general here, the view is we should make sure that we have a long-term perspective and you rightfully identified that the existing fleet orders, which we have at hand, in combination with this one, will provide us a steady flow of capacity going forward. And clearly, this new widebody expanding into a new range.

**Moderator:** Next question is from the line of Neha from Hindustan Times. Please go ahead.

**Neha:** Are you planning to introduce a dual class configuration as part of the A350?

**Pieter Elbers:** Yes. On the risk of repeating myself, we are keeping all options open. I give you here the very same reply as we've done on the XLR. We take decisions as and when we feel it's the right time



and the right opportunity. I shared earlier, I think the Indian landscape is evolving, it's changing. Having said that, cost leadership remains a very important part. So we keep all options open, and we'll decide and then share at the appropriate time if and what kind of changes are there to be made.

**Moderator:** The next question is from the line of Prateek Kumar from Jefferies India. Please go ahead.

**Prateek Kumar:** Congrats to the team. My first question is on XLRs versus the A350. So A350 will help extension of range of around 8 hours of XLRs to much beyond that. So covering the whole world versus XLR, which were like sort of restricted to like 8 hours kind of distance from India.

**Pieter Elbers:** Yes. I mean the XLR, and I've shared that before in a 5 to 6 hour flying range from India, a very significant part of the world population is living and a very significant part of the world economy is there. Having said that, the XLR will help us to make sure that both, we can further extend our range, I mean we can reach from Delhi destinations in southern part of Europe, which cannot be reached today. So it helps us to extend our range.

But it also helps us to increase the number of routes we do to points overseas, which are today served out of one specific point in India and can then be served out at multiple points. And for that, I think we take some lessons. And if you allow me spending 2 minutes on that example. I mean, today, we operate out of 7 Indian cities into Singapore; until a year ago, that was only out of 3 Indian cities. So we fly out of 7 Indian cities into Singapore. We connect there with Qantas into Australia, and we start to build a stronghold in that part. So these recent expansions, which we have done, be it Mumbai to Nairobi or Bangalore to Bali, those are all limited by today's capabilities of the LR.

The XLR will help us to expand those openings to more cities in India. Clearly, the 350 will have even more range and bring different opportunities and part of the world be able to connect directly into India. And a lot of that traffic today is connecting at other parts of the world. And we feel that it could either connect in India or be nonstop and I shared a few examples.

Patna to Paris is, I think, a great way how to connect India in the future to the rest of the world. So we will be building on that. And therefore, the timings of this with the XLR coming in earlier and then the 350 as from 2027, it will also help us a lot to gradually expand our horizon.

Think about that. A few years ago, there was no IndiGo presence international. Then we started with presence into the Middle East. Today, we have I think the last number we shared was 27% of our total ASKs are international ASKs. That's where we are today. Clearly, that number and we shared that earlier, we aspire to increase that. The XLR will help us to increase and the next step will be the increase to be done by the 350.

Sorry, maybe a last addition. Clearly, the size is also different. So even though we have not specifically specified the number of seats in the 350. But clearly, the XLR has a narrow body with a limited number of seats. So we can use that for some of the thinner markets, and then we can use the 350 for some of the larger markets. So it's, in fact, giving us a range and it's giving us a size.

- Prateek Kumar:** What is the delivery schedule for XLR and there were like 50 aircraft in this order, right?
- Pieter Elbers:** Yes. It is from 2025 expected. And again, we're in touch with Airbus what's going to be the precise delivery schedule and the exact number is part of the initial order. And again, there, a bit in line with what we've shared here. We have a lot of flexibility on deciding the exact number of planes coming in.
- Prateek Kumar:** And the last question, if I may. How do you see your ASK mix evolving now, we are like sort of aggressively expanding in international routes. We've talked about early 30s kind of things. How do you see ASK mix for international markets 5 years down the line?
- Pieter Elbers:** I think by now, you know me and you know our CFO. When we give a number, we would like to be able to live up to that. And we shared you with numbers with our capacity guidance earlier, and we've shared numbers when it comes to our expected share of international ASKs. The number which we have given earlier was, we would grow up to 30%. We are today at 27%. And we're confident that, that number of 30% will be reached. And probably with the XLRs coming in, that number will continue to increase.
- So clearly, whatever the 350 is coming in, that number will go up further given the size and the range of the aircraft. But I would like to stay away today from mentioning an exact percentage. The moment we do that, I'd like us to make sure that we can live up to it and commit to it. But today, this is still a bit work in progress in what is going to be the precise configuration, timings and routes and all of that is affecting that number. So the 30% we're confident, we will go clearly above that 30%, but the precise number is not for publication today yet.
- Moderator:** The next question is from the line of Achal Kumar from HSBC. Please go ahead.
- Achal Kumar:** My first question was about your position in domestic market is very strong. But on the international market, of course, this is a highly competitive market. Of course, you have a big source market and that's going to be favourable for you. But any strategy, any plans around how you would compete in the international market is going to be on a fare basis or on a product basis. So how you think you'll be able to compete in the international market, how you plan to differentiate yourself from the other international airlines? If you could please give us a bit of color on that?
- Pieter Elbers:** Yes. Well, thank you. The answer to your question is covered in your question itself. You're referring to our very strong position in the domestic markets. That's not a coincidence. What IndiGo has been doing consistently for the last 17 years is delivering a courteous and hassle-free service and on-time performance and affordable fares. And that has resulted into a strong domestic position in a market which let me repeat that here, is highly competitive.
- So when you say that the international market is highly competitive, sure, no doubt about it. But I would say it's the very same, if not more the case for our domestic flights. So I would say that the model which we have built over the years in the competitive landscape in India and the Indian consumers who are looking for a value for money proposition are really allowing us to start building on that international. And for probably way too long Indian consumers had to either connect someone else or had difficulties in reaching their destinations.

With our new product and our new fleet with the opportunities, we feel that we have a proposition, which is very attractive on the one hand side because it's built on the foundations of IndiGo, and we keep those foundations. And on the other side is having the opportunity to fly direct to a lot of places, which are either not served direct today. So we have a foundation in place that allows us to do that.

Again, I think we should not rule out the fact that we have such a great network and such a solid foundation in India itself. I mean today, we serve 88 domestic destinations and out of Bangalore, Hyderabad, Delhi & Mumbai, we have network of a minimum 50 domestic destinations and some of them with very high frequency.

We start to build India into a global aviation hub and one of the characteristics of aviation hub is that you have both a very strong market itself. You're sitting on the strong market, which IndiGo clearly does and has the opportunity to start connecting.

And with that, we have some first experiences with the domestic connectivity. More recently, we started domestic to international connectivity. And even more recently, we started international to international connectivity. And I shared earlier the example from Tbilisi to Delhi to Phuket. And with this expansion of the flights, we continue to build on that.

So actually, a bit of a long answer, but I guess I find it important to address all the different elements. Very strong Indian foundation, cost leadership and competitive, which will remain to be there, a product which can compete in the international arena both through our Indian customers as well as for our international customers.

**Achal Kumar:**

Okay. Perfect. My follow-up question on the operational side. So basically, what I want to understand -- of course, I know you're not sharing much about the product at this stage. But in terms of operational challenges, what kind of challenges do you see?

I mean, including managing your crew. There are different kind of trainings, the maintenance, you have to have a spare parts, different type of spare parts in inventory. And then, of course, I think one of the another challenge is to blend your premium product, maybe I'm assuming you'll be having premium product in A350 with your base product in the domestic market. So what kind of operational challenges do you see? I mean if you could please give us a bit of color on that?

**Pieter Elbers:**

Well, you're bringing a lot of your own assumptions, which you're, of course, totally entitled to do so, but just for the record, let me say, none of it has been decided, and we keep all options open. So again, I'd just like to be very clear on that. When it comes to our preparations for that and probably not known everywhere to the extent it should be known, what IndiGo is doing today, inducting a plane every week is something I'm not aware of any airline in the world actually which is doing that.

And, having the crew ready and having the training ready and have our own training center where we train 2,000 people a day and having the spares already. So we may have our set of challenges where we had bad weather. But looking at how to deal with growth and prepare for that growth, I think IndiGo is in a formidable position to deal with that. So we continue to build on that, and we will be doing it.

I think where we will have a collective effort, if I may call it like that, in India, is to start building our ecosystem and to make sure that we should be able to compete with some of the global hubs and some of the other hubs. And, if we go to the West, we have a couple of very strong hubs. And when we go to the East, there's also a couple of strong hubs.

So if we want to start building this here in India, and clearly we want that, we should have a deep and strong collaboration with the entire ecosystem with airports, with the government, with the regulatory framework with all the stakeholders around to make sure that we collectively build that. And what I'm extremely encouraged about is the enormous amount of enthusiasm and support I see everywhere that we're going to build this.

And therefore, I would say that's a part where you would see a lot of new efforts and initiatives to start building. Because if we are building it into hubs, that's really not the case today. So that's going to be a rather big change and the fact that we have another 3 years to do that, allows us to build on that new airport openings, which are coming up in the second airport in Delhi, the second airport in Mumbai will all enable us to start building on that.

**Moderator:** Next question is from the line of Sabri Hazarika from Emkay Global. Please go ahead.

**Sabri Hazarika:** So basically, I just wanted to know this decision to induct wide-body aircraft. So it has been a long-term plan? Or is there any way like the recent events, especially with respect to Boeing having its own issues, not just 737, but 787s also coming under the radar. So is it like something to do with the new things that you have like hasten this? Or has it been in the plans for the long time?

**Pieter Elbers:** If I have to believe some of the reports which are out there and be it media or analyst reports, it has been in the plan for a long time. But more seriously, you're not taking these decisions overnight. This has been the result and the outcome of a very deliberate process we took as a management team and we shared with the Board and we came to a conclusion to move in this direction.

Again, it's a well thought through process. It is not something you decide overnight. Also, you don't decide it based on sort of recent events or actualities. And I think I mentioned some of these things before, we made the order of 500 planes last year, June. We started to experiment on the widebody with the lease from Turkish airline.

So we've had a lot of building blocks and ingredients in this. So this is not a sort of quick decision to deal with an actuality. This is part of the next journey of IndiGo. IndiGo has been a formidable journey for the past 18 years. By the time these planes will be coming in, IndiGo is 21. And that's, I would say, also an appropriate moment to start building on that next stage of IndiGo.

**Sabri Hazarika:** Right. And Airbus in its recent conference call, they have stated that supply chain issues have continued. But for you, the deliveries of like this one aircraft every week, so that doesn't seem to be affected, right? It remains stable to what it was, say, one quarter back, right?

**Pieter Elbers:** No. Again, we speak here about the widebody, but there's no linkage to any of the other discussions at this point.

**Sabri Hazarika:** Right. I mean you are fairly confident that there won't be any kind of like further supply chain issues in terms of A350 supplies?

**Pieter Elbers:** Sir, if I announced last week 27, and I would give you a different day to day, there would be a bit odd, isn't it? So we announced 27 last week, and that's the time frame for now.

**Moderator:** Next question is from the line from Kushagra from Old Bridge Asset Management. Please go ahead.

**Kushagra:** Congrats for this decision. Just one question. So I actually want to understand the cost levers with you to be relevant or continue to be the cost leader in A350 setup. So you spoke about this philosophy remaining the same. But if you can also give us some detailed perspective as to what are the levers for you to be cost competitive with the same philosophy in this different set up versus some other major airlines.

So the follow-up question is, should we understand this that the opportunity is huge because of your domestic capabilities and the relation with the ecosystem? Is the opportunity huge? And even at not so competitive cost structures, you see this as a decent opportunity. Is this how one should understand? That was a follow-up question.

**Pieter Elbers:** Maybe let me bring back some of the remarks which I made earlier. By 2030, we will be double in size to what we have today. So we will be having some 600 aircraft in operation when it comes to all our narrow body planes. Those aircraft will be the very backbone and the very basis of what we are doing and what we're operating, that's a single aircraft type, that's a very sharp operation as we have today. And I think we have demonstrated over the years to maintain our cost leadership to that.

So that is the very foundation. Then on top of that, we are exploring this opportunity. And I think I alluded to that earlier, we're taking a number which is meaningful enough to have an impact yet prudent enough not to move into a direction where we may face some headwinds. So I think that balance of impactful enough and prudent enough is precisely what you see being reflected here.

And of course, a lot of the learnings we're having at IndiGo when it comes to fleet optimization, when it comes to utilization, when it comes to all kind of different elements, sometimes when we speak about having lower cost, the focus is all on catering. Driving a cost leadership has a lot of different ingredients. And I think what we have learned at IndiGo is how to make sure that all the different cost levers an airline is having are being used to the maximum to maintain the cost leadership.

And I would see it rather as a great opportunity to translate those domestic or narrow-body learnings in what we have into running also a wide-body operation. And again, there's always a focus on what will you do with catering. But we know that's a relatively small portion of the cost. If we look to what is fleet utilization doing, what is quick entry into service doing, what is connectivity doing, what our sort of operational metrics are doing? And if you take all these aspects, I think we are very confident that on the basis which we have our 600 narrow bodies, the supplement of this, we can use the learnings of the narrow body to also have this operated in a very cost-effective and efficient manner.

- Kushagra:** Sure. This was very helpful. Just a quick one, last from my side which is, given the strong cash position, can you also elaborate on the ownership strategy of these planes? I mean, is it going to be similar 100% leased or there could be some opportunistic buying as well for these A350 planes?
- Pieter Elbers:** Now first of all, we are 3 years out. So we still have time to take any decision and any call on that. As we've shared in earlier calls, more generically, we'll explore further and different modalities on how to do financing and we have a long and very successful history of what we have been doing overtime, that is changing. I should say, the wide-body planes usually have a longer tenure than the narrow-body planes. We take that all into consideration when we speak about the financing going forward.
- Moderator:** Next question is from the line of Parav Jain from Niveshaay Investment Advisory. Please go ahead.
- Parav Jain:** Congrats for this great decision. Sir, especially looking at IndiGo's history, we have traditionally been a narrow-body fleet aircraft operator. But going ahead, we are planning to introduce these wide-body aircraft. So how do we see the employee costs, crew training costs and other related maintenance and aircraft cost changing as we transition into a mix of narrow and wide-body aircraft. What I basically understand is that there must be a higher cost requirements on that side for these wide-body aircraft. So can you please throw some light on those cost aspects for wide-body aircraft?
- Pieter Elbers:** Sure. I think what's important is to draw the right comparisons. And if we speak about cost leadership in the Indian market today, we compare narrow-body planes to narrow-body planes. And there, we look at what's our crew cost, what's our utilization cost, what's our financing cost, whatever cost there are. So that's how we look at it.
- If we look to wide-body planes, we would look in the exact same fashion to what are the cost of some of the other operators and how can we maintain cost leadership? And how can we translate some of our learnings from the narrow body, as I just mentioned, how can we translate that into that part. So of course, the unit cost of a 350 is different than the unit cost of a 321. I mean everyone is fully aware of that. But what's important for us and in order to be competitive is to make sure that we have that cost leadership.
- Parav Jain:** Great sir. That's well understood. Sir, second, on the front of these regulatory developments that have been recently coming up on the pilot resting hours. So can you throw some light on how they would be impacting going forward?
- Pieter Elbers:** Sir, I would request you to have the understanding given my introduction words were in a silent period. Today's call is focused on the specific topic of the agreement to place an order for these 30 Airbus 350s. Thank you for your understanding.
- Moderator:** The next question is from the line of Arindam Majumder from Economic Times. Please go ahead.

**Arindam Majumder:** Congratulations on the order. I just wanted to understand about hubs developing on both sides of India. In that perspective, I wanted to understand your perspective about the preparedness of Indian airports, whether they are able to support such a future growth prospect and not only from new, but also from I to I flow?

**Pieter Elbers:** No. I think the airports are on each of them in a different way and in a different configuration. The airports are working towards that goal as well. What I was trying to share earlier is that we have 88 domestic destinations. We have some similarities, but also some very specific routes, which are operated from specific airports.

So some of those destinations are served only out of Bangalore, for example, and that will allow us to connect in Bangalore to those destinations and others from Mumbai or Delhi. So I think this actually provides us a great opportunity to have multiple points where we have that connectivity. And if you take a step back and if you look to this opportunity more on a global scale rather than as a pure Indian scale, the U.S. carriers are serving their international network or their long-haul network from different hubs and different points. The European airline groups are serving their network from different points.

I think in India, we have a wonderful opportunity to do the very same thing. So different airports will have different networks, some of it overlapping, some of it unique. And we are, and with the news out, we will, obviously, going forward, closely work and collaborate and to see how we're going to build that.

**Moderator:** Next question is from the line of Jinesh Joshi from Prabhudas Lilladher. Please go ahead.

**Jinesh Joshi:** Sir, I believe the orders for the aircraft, which we have placed will be powered by Rolls-Royce's Trent XWB engine. So can you share, I mean, internationally, which all airlines basically fly with this engine? And for long haul, is this the only option available with us? Or are there multiple options? I just thought of checking because currently we are facing engine issues with the one of our supplier. So just wanted to check on this part.

**Pieter Elbers:** Yes. Well, the Airbus 350-900 are all powered by these Rolls-Royce's Trent engines. So that's, I think, a simple answer to the question. And of course, we will engage for us in a new relationship with Rolls. We have a relationship on the narrow bodies with other suppliers. So this, for us, a new relationship, and we look forward to build the very same strategic relationship that we have been building up the Airbus to do it with Rolls-Royce as well.

**Jinesh Joshi** So if my understanding is right, this is the only option, right?

**Pieter Elbers:** Yes, your understanding is correct.

**Jinesh Joshi** Just one follow-up from my side. I think these wide-body aircraft will give us the license to fly long haul. So just wanted to understand, how are the yields and the cost dynamics different here when we compare it with our current international short-haul operations?

**Pieter Elbers:** Of course, if you fly 4 hours or if you fly 10 hours, you have a different cost dynamic, but also a different yield dynamic. And therefore I shared earlier, when we speak about cost leadership, we should not compare the 320 to the 350. We should compare how is IndiGo doing compared to some of the others.

And you should work, and that's what we have successfully been doing on the narrow-body side, to have a positive margin between your unit cost on the one hand side and your revenue on the other side. And what I can see and what we have been seeing is that the Indian carriers have not only a lower share when it comes to capacity, but also have a lower share when it comes to revenues. I think here we have a great opportunity to build on that going forward.

**Moderator:** Next question is from the line of Saurabh Sinha from the Times of India. Please go ahead.

**Saurabh Sinha:** Pieter, congratulations on the order. Just wanted to understand one thing. 2027 is still three years away. Can we expect a frequent flyer program before that? Because now you need to offer the earn and burn with 10 million, 1 crore passengers annually. There's a significant number, which can be ramped up for your international side. So can we expect a frequent flyer program before that?

**Pieter Elbers:** Your question is actually a bit in the middle between what is the topic of this call and what is not the topic. But since this is the last one, let me try to address it. What we have shared earlier is that we will be working to enhance. Today, we have a program where we have a card which is linked to spending on the card and then making use of IndiGo. We have said that we would be enhancing that going forward. We've shared that already earlier, and we continue to work on that part.

And I think what I shared earlier that the changing needs of the Indian landscape and the Indian consumers, so I think this is a good example of that. But we do that in a way, as we have been doing, which is matching the style of IndiGo, the cost ambitious and cost leadership of IndiGo. So we do that in a way which is matching what we stand for and who we are.

**Moderator:** Thank you very much. Ladies and gentlemen, that was the last question for today. On behalf of IndiGo, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines. Thank you

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Note: This transcript has been edited for readability and is not a verbatim record of the call