



INDIGO RECEIVES ASIA'S FIRST A320NEO AIRCRAFT

News / Airlines



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InterGlobe Aviation Ltd, which runs the IndiGo low-fare airline, said on Twitter that it will take delivery of Asia's first A320neo aircraft on Thursday from European plane maker Airbus SAS.

“IndiGo took delivery of the new A320neo aircraft at 1212 GMT in Toulouse. The delivery makes IndiGo the first A320neo operator in India and in Asia,” IndiGo said in a late night statement. It did not disclose further details.

On 29 February, IndiGo said Airbus had confirmed that it will deliver 24 fuel efficient A320neo aircraft by March 2017.

In December, IndiGo said the delivery of the first fuel-efficient Airbus A320neo had been delayed and there could be additional delays, citing “industrial reasons” at Airbus.

Induction of A320neos is critical for IndiGo, which has been consistently profitable since 2009, a feat unrivalled by any other domestic airline, to maintain its dominant market share in Indian aviation.

An IndiGo spokesperson declined to comment.

Shares of InterGlobe Aviation lost 0.71% to close at Rs.805.50 per share on Thursday on the BSE, while the benchmark Sensex lost 0.69% to close at 24623.24 points.

The tweet by the airline was during market hours.

“New ecofriendly A320neo produces lower emissions, burns less fuel and keeps skies clean. Ready for delivery,” the airline tweeted.

As the launch customer of the A320neo, IndiGo has been waiting eagerly to take delivery of the planes that will help it cut fuel costs by 10-15%.

IndiGo ordered 100 Airbus A320 aircraft in June 2005, 180 A320neo aircraft in June 2011 and 250 A320neo aircraft in August 2015. Each of these was the single largest aircraft order placed with Airbus at the time, according to the plane maker.

Domestic brokerage Motilal Oswal cut its earnings forecast for IndiGo for 2016-17 and 2017-18 by 18% to factor in delays in the A320neo deliveries and higher employee costs.

“...the delay in deliveries of A320neos also impacted profitability in the 9MFY16 period, as it had invested in staff and other overheads in anticipation of higher capacity, which did not materialize. Lastly, the delay in the delivery of the new aircraft (which impacted deferred incentives), and depreciation in Rs./\$, led to aircraft rental costs increasing by 36% year-on-year in 9MFY16, higher than our estimates,” Kotak Securities said last month.

The air travel market in India has been growing at one of the fastest rates in the world. During the 12 months ended 31 January, total domestic passenger traffic in India increased by 21% and, for the same period, total passengers served by IndiGo increased by 35.5%.

To address the strong demand, IndiGo has also entered into leases for seven more used A320 aircraft, which will be inducted between March and November of 2016, the airline has said.

11 MARCH 2016

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