

PRESS RELEASE

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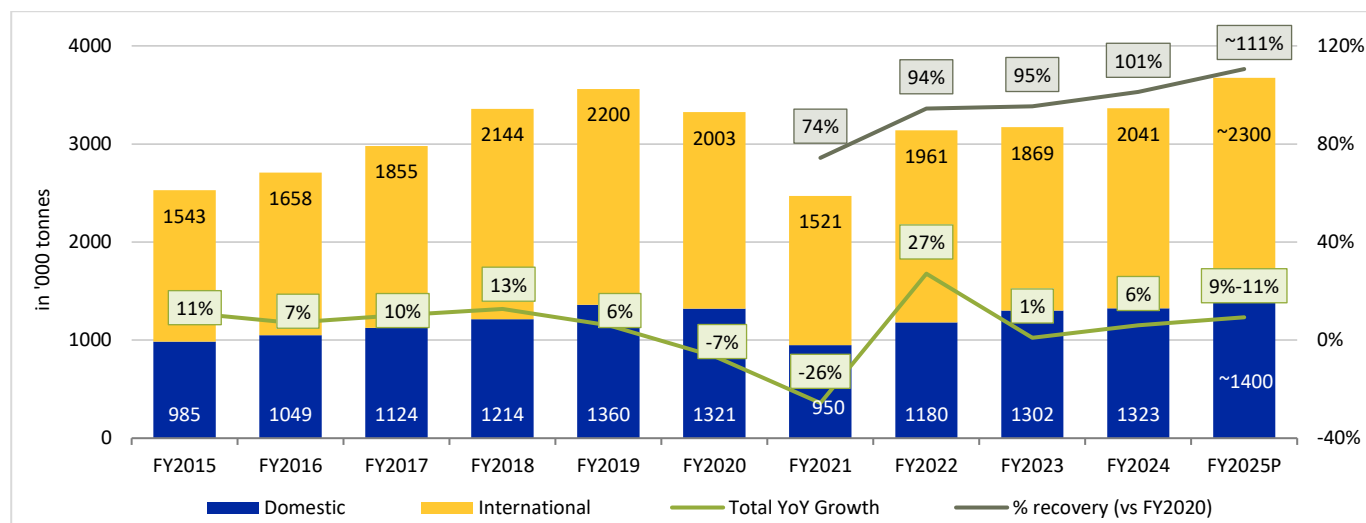
Indian air cargo volumes to witness new highs in FY2025e: ICRA

- **International air cargo to witness double digit growth in FY2025e, as Red Sea crisis impacts seaborne cargo movement**

ICRA projects the overall air cargo volumes to witness healthy growth of around 9-11% YoY to around 3.6-3.7 million tonnes in FY2025, supported by 11%-13% expansion in international and 4%-6% growth in domestic cargo. The international cargo volumes have seen a muted YoY rise of 1% in H1 FY2024 on the back of the slowdown in the global economy and geo-political conflicts. However, the international cargo volumes have seen a healthy expansion of 18% in H2 FY2024, amid the Red Sea crisis, which started in October 2023. Consequently, the seaborne cargo traffic was impacted, which in turn benefitted international air cargo traffic.

Giving more insights, **Vinay Kumar G, Vice President & Sector Head - Corporate Ratings, ICRA**, said: *“The cargo volumes were relatively less impacted due to Covid in FY2021, compared to passenger traffic. Moreover, the recovery was relatively swifter with cargo volumes recovering to 95% of pre-Covid levels in FY2022 compared to 55% in passenger traffic. This was supported by higher growth in international cargo on account of the export of Covid-related vaccines and higher merchandise exports in FY2022. While the growth in cargo volumes has slowed down during the FY2023-H1 FY2024 period, it has bounced back handsomely in the last 12 months, since the start of the Red Sea crisis. The international cargo volumes have increased by 18% YoY and 20% YoY during 5M FY2025 and are expected to increase by a further 11%-13% YoY to touch new highs in FY2025.”*

EXHIBIT 1: YEARLY TRENDS IN CARGO TRAFFIC (IN '000 TONNES)



Source: AAI, ICRA Research

Commenting on the airport operators’ performance, *“ICRA’s outlook on airport infrastructure is Stable with revenues of ICRA’s sample set¹ likely to grow by around 12-14% YoY in FY2025, supported by the sustained*

¹ ICRA sample set includes Airports Authority of India, Delhi, Hyderabad, Bangalore and Cochin International airports

improvement in both domestic and international passenger traffic, increase in tariffs at some of the major airports and ramp-up in non-aeronautical revenues. With healthy profitability margins, the debt coverage metrics are expected to remain comfortable with DSCR and interest cover above 2 times and 4 times respectively in the medium term, despite higher interest outgo with the commercialisation of the capex programme at some of the key airports. The credit profile of airport operators is projected to remain strong, supported by healthy accruals and comfortable liquidity,” adds Kumar.

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