

AIRPORTS

Sectorial Note

January 8, 2019

Passenger traffic growth drops in December

- In the aggregate, passengers from airports in Mexico that are operated by Asur, Gap and Oma airport groups posted a 7.0% yoy increase in December
- Gap underwent a 7.1% total passenger expansion (excluding the 7.4% rise of the Montego Bay airport in Jamaica), while Oma reported a 9.4% traffic increase
- Asur presented an 11.6% rise in passengers. Airports operated by the group in Mexico experienced a 5.2% increase, whereas such surge was 20.9% in Puerto Rico and 26.0% in Colombia

Total passenger traffic from the three airport groups presented a 7.0% increase in December (airports that operate in Mexico) vs. 9.8% in November. Passengers that weighed the most in total traffic were domestic (61.6% of the total aggregate), presenting a solid 9.4% increment, while international passengers rallied 3.5%.

On an individual basis, Asur presented a solid 11.6% yoy increase (vs. 15.2%e), resulting from a 5.2% passenger expansion (vs. 8.1%e) in Mexico, 20.9% in San Juan Puerto Rico (reflecting a significant recovery from the impact of Hurricane Maria in September of 2017) and 26.0% in Colombia. Moreover, Oma posted a 9.4% increase (vs. 11.7%e). Finally, Gap reported a 7.1% total passenger growth in December (vs. 9.7%e). Terminal Passenger traffic of airports that operate in Mexico, that is, excluding the Montego Bay airport in Jamaica (with a +4.9% variation), underwent a 7.4% expansion vs. 10.4%e.

Asur, Gap and Oma passenger variations in the last 12 months stood at 37.7%, 10.4% and 9.7% (January 2018 – December 2018), in comparison to the last 12 months as at November of 2018 of 42.6%, 10.5% and 8.9% (December 2017 – November 2018), respectively.

Corporate news

- Gap mentioned that number of seats available during December of 2018 rose 3.9% compared to December of 2017, while the load factor for the month increased by 2.5pp, from 79.5% in December of 2017 to 82.0%. On the other hand, the airport group stated that that during the month, the following new routes were opened: Guadalajara-Tapachula, by Volaris; Puerto Vallarta- Panama City, by Copa; Puerto Vallarta-Quebec, Los Cabos-Ottawa and Montego Bay-Sudbury, by Sunwing; Los Cabos-Las Vegas, by Frontier; Tijuana-Chihuahua, Tijuana-Ciudad Juárez and

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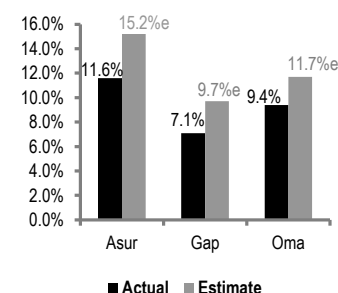
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Airport Sector

Stock	Recom.	PT 19E	P. Return 19E
Asur	Under Review	-	-
Gap	Under Review	-	-
Oma	Under Review	-	-

Stock	EV/Ebitda LTM	EV/Ebitda 19E
Asur	12.5x	10.7x
Gap	12.3x	10.7x
Oma	10.3x	8.7x

Passenger traffic– December 2018 (% yoy)



Source: Banorte.

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Tijuana-Culiacán, by Aeroméxico; Montego Bay-Hamilton, by Swoop; and Montego Bay-Detroit, by Spirit.

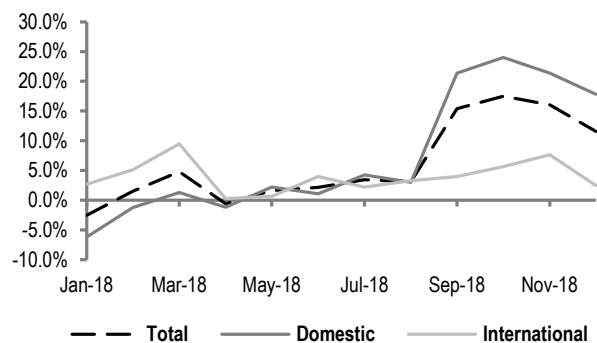
- Oma indicated that during the month, Vivaaerobus began operating the following new routes: Culiacán – Mexico City, Mazatlán – La Paz, Monterrey – Los Angeles and Monterrey – Las Vegas. Furthermore, Aeroméxico Connect opened the following routes: Ciudad Juárez – Tijuana, Culiacán – Tijuana, Chihuahua – Tijuana and Monterrey – Denver; Sunwing opened the route Mazatlán – Montreal and Volaris began operations of the Zihuatanejo – Chicago route.

Conclusion... The December passenger report of airports that operate in Mexico continued to post solid yoy growth levels yet stand below those reported during the previous month and missed expectations. Although we consider the airport sector will continue to post advances in view of the good performance of the tourism industry and a higher number of seats available by different airlines, we do not dismiss volatility in the share price of the groups due to the sector's current uncertainty. Meanwhile we will continue to monitor the performance of passenger traffic and the development of oil prices.

December Passenger Traffic

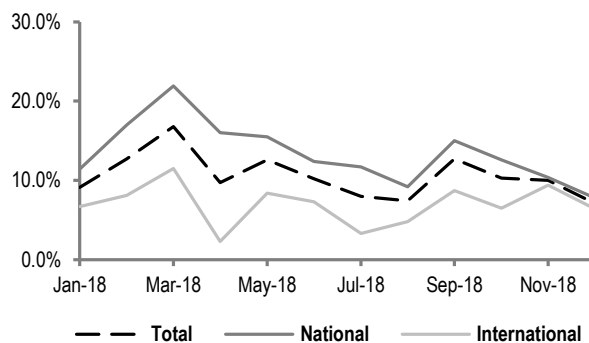
The following graphs show the performance of total passengers from the different airport groups in the last 12 months (percentage variation yoy) and stock yield over S&P/BMV IPC.

Asur – Passenger traffic – Last 12 months
(% yoy)



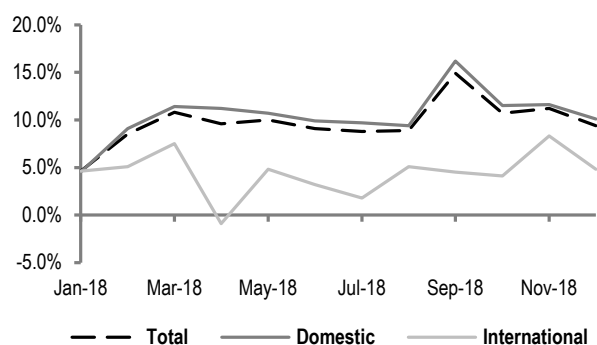
Source: Asur, Banorte / As of June, variations include the LMM Airport starting October of 2017, variations include the airports in Colombia (Airplan)

Gap – Passenger traffic – Last 12 months
(% yoy)



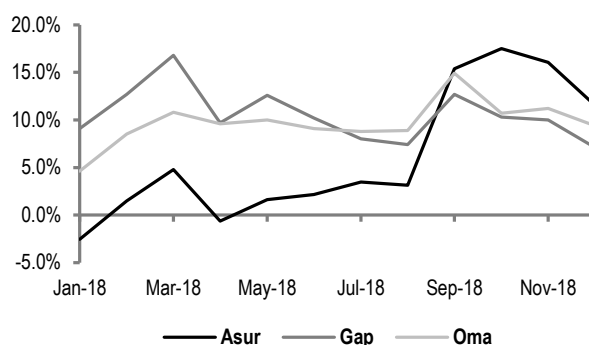
Source: Gap, Banorte / Variations include the MBJ airport

Oma – Passenger traffic – Last 12 months
(% yoy)



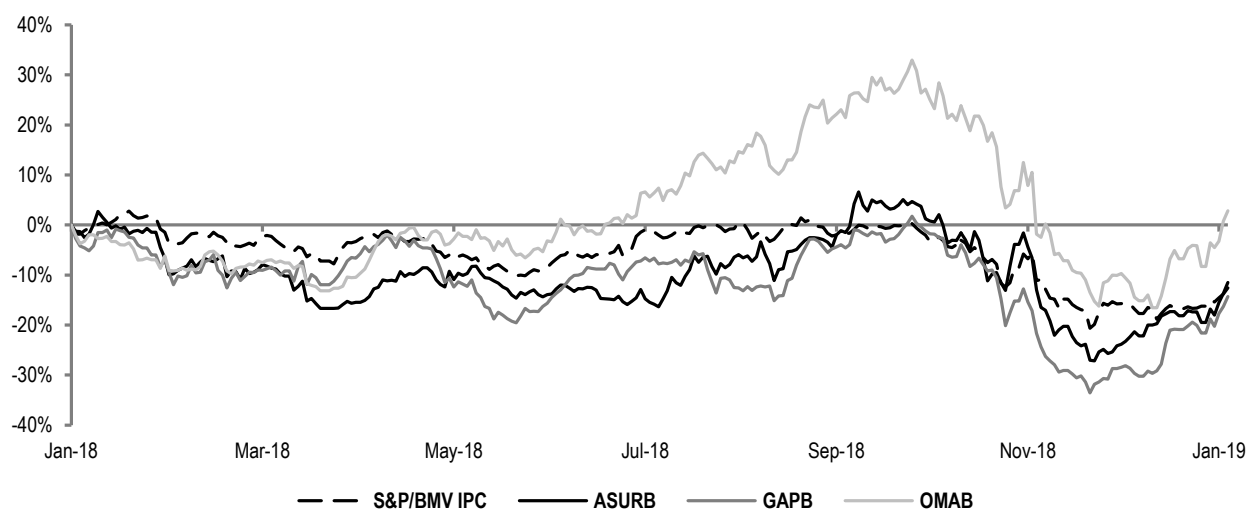
Source: Oma, Banorte

Passenger traffic – Asur, Gap y Oma – Last 12 months
(% yoy)



Source: Banorte / Asur variations include the LMM airport since June and the airports in Colombia (Airplan) since October. Gap variations include the MBJ airport

MEXBOL and airports return Last 12 months



Source: Banorte

Sector comparison – Figures at December 2018

MXN, Millions	Asur	Gap	Oma
Passengers 12m.	52.3	44.9	21.6
% yoy	37.7%	10.4%	9.7%
Sales 12m. (Ex IFRS 17)	\$13,923	\$12,175	\$6,504
% yoy	39.7%	13.0%	13.3%
Operating Income 12m.	\$2,227	\$6,895	\$3,904
% yoy	-63.9%	11.4%	24.4%
EBITDA 12m.	\$9,246	\$8,445	\$4,240
% yoy	32.1%	11.3%	23.7%
Net Income 12m.	\$5,792	\$4,805	\$2,657
% yoy	29.0%	9.1%	28.1%
Operating Margin 12m.	16.0%	56.6%	60.0%
% yoy	-48.1%	-0.8%	5.3%
EBITDA Margin 12m.	66.4%	69.4%	65.2%
% yoy	-6.4%	-1.1%	5.5%
Net Margin 12m.	41.6%	39.5%	40.9%
% yoy	-5.1%	-1.4%	4.7%
Metrics per Passenger			
Sales/Pax	\$266.4	\$270.9	\$301.6
Operating Income/Pax	\$42.6	\$153.4	\$181.0
EBITDA/Pax	\$176.9	\$187.9	\$196.6
Net Income/Pax	\$110.8	\$106.9	\$123.2
Valuation			
EV/EBITDA 12m.	12.5x	12.3x	10.3x
EV/EBITDA 19e	10.7x	10.7x	8.7x
EV/EBITDA Av. 1a.	16.4x	14.0x	12.4x
EV/EBITDA Av. 3a.	18.1x	16.7x	14.9x
EV/EBITDA 12m. Av. Sector (National)	11.7x	11.7x	11.7x
EV/EBITDA 19e Av Sector (National)	10.0x	10.0x	10.0x
Estimate vs. Sector (National)	6.8%	6.7%	-13.5%
12m. vs. Sector (National)	6.8%	5.2%	-12.0%
19e vs. Av. 3a.	-40.7%	-35.8%	-41.6%
EV/EBITDA 12m. Av. (International peers ¹)		9.9x	
EV/EBITDA 19e Av. (International peers ¹)		9.3x	
P/BV	2.8x	4.7x	5.5x
P/E	13.8x	20.3x	15.5x
Market			
Current Price	\$325	\$174	\$105
Return 12m.	-11.5%	-14.3%	2.8%
Return 2018	-17.3%	-20.9%	-7.9%
Return 2019	9.9%	9.3%	12.1%
Market Cap. (US\$m)	\$5,046	\$5,050	\$2,135
Shares Outstanding	300	561	399
Float %	56%	85%	86%
Floating Market Cap. (US\$m)	\$2,850	\$4,292	\$1,826

Source: Banorte / Bloomberg (01/08/19)

¹ Aeroports de Paris, Fraport AG, Malaysia Airports.

Certification of Analysts.

We, Gabriel Casillas Olvera, Delia Maria Paredes Mier, Alejandro Padilla Santana, Manuel Jiménez Zaldivar, Tania Abdul Massih Jacobo, Katia Celina Goya Ostos, Juan Carlos Alderete Macal, Victor Hugo Cortes Castro, Marissa Garza Ostos, Miguel Alejandro Calvo Domínguez, Hugo Armando Gómez Solís, Gerardo Daniel Valle Trujillo, José Itzamna Espitia Hernández, Valentín III Mendoza Balderas, Santiago Leal Singer, Francisco José Flores Serrano, Francisco Duarte Alcocer, Jorge Antonio Izquierdo Lobato and Leslie Thalía Orozco Vélez, certify that the points of view expressed in this document are a faithful reflection of our personal opinion on the company (s) or firm (s) within this report, along with its affiliates and/or securities issued. Moreover, we also state that we have not received, nor receive, or will receive compensation other than that of Grupo Financiero Banorte S.A.B. of C.V. for the provision of our services.

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