

AIRPORTS

Sectorial Note

December 7, 2018

Solid passenger increase in November

- In the aggregate, passengers of airports that are operated in Mexico by the three private airport groups, Asur, Gap and Oma, logged in a solid 9.8% yoy increase in November
- Gap underwent a 10.0% growth in total passengers (excluding the Montego Bay airport in Jamaica, such expansion totaled 10.5%), while Oma reported an 11.2% surge in traffic
- Asur presented a sharp 16.0% increase in passengers. The airports that operate in Mexico rose 8.0%; in Puerto Rico, 40.4%; and in Colombia, 27.8%

Total Passenger traffic from the 3 airports groups presented a solid 9.8% yoy increase during November (airports that operate in Mexico) vs. October's 10.6%. Passengers that weighed the most on the total passenger figure were domestic (65.1% of total aggregate passengers), up 10.8%, while international passengers rose 7.9%.

On an individual basis, Asur reported a strong 16.0% yoy increase (vs. 14.6%e), resulting from an 8.0% (vs. 7.6%e) upturn in México, a 40.4% spike in San Juan Puerto Rico (reflecting a significant recovery in the aftermath of Hurricane Maria in September of 2017), and a 27.8% expansion in Colombia. On the other hand, Oma reported an 11.2% rise (vs. 11.6%e). Finally, Gap posted a substantial 10.0% total Passenger increase in November (vs. 8.7%e). Passenger traffic of airports that operate in México, that is, excluding the Montego Bay Airport in Jamaica (with a +5.0% variation), underwent a 10.5% expansion vs. 9.3%e.

Passenger variations of Asur, Gap and Oma during the last 12 months stood at 42.6%, 10.5% y 8.9% (December 2017 – November 2018), relative to the last 12 month variations as at October 2018 of 46.5%, 10.7% and 8.1% (November 2017 – October 2018), respectively.

Corporate news

- Gap stated that the number of available seats during November of 2018 rose 7.2% vs. November of 2017. In addition, the occupancy factor posted a 2.3pp increase during the month, going from 81.2% in November of 2017 to 83.5%. The group mentioned that during the month, Volaris opened the following new routes: Aguascalientes-Mexico City, Guanajuato-Ciudad Juárez, Guanajuato-Mexico City, Guanajuato-Mérida, Guanajuato-Mexicali, Guanajuato-Puerto Vallarta, Guanajuato-San Jose, California, Guanajuato-Los Cabos, Guanajuato-Sacramento, Guadalajara-Albuquerque, Guadalajara-Charlotte y Guadalajara-Puerto Escondido.

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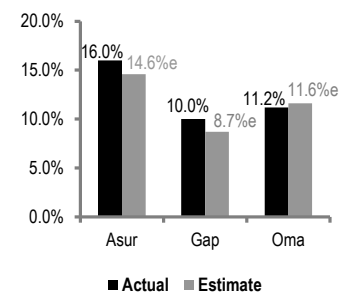
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Airport Sector

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

Stock	EV/Ebitda LTM	EV/Ebitda 19E
Asur	11.2x	9.5x
Gap	10.3x	9.0x
Oma	9.1x	7.6x

Passenger traffic– November 2018 (% yoy)



Source: Banorte.

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Furthemore, TAR opened the Hermosillo-Tijuana route; Southwest, the Los Cabos-Chicago Midway route; and Frontier, the Montego Bay-Raleigh route.

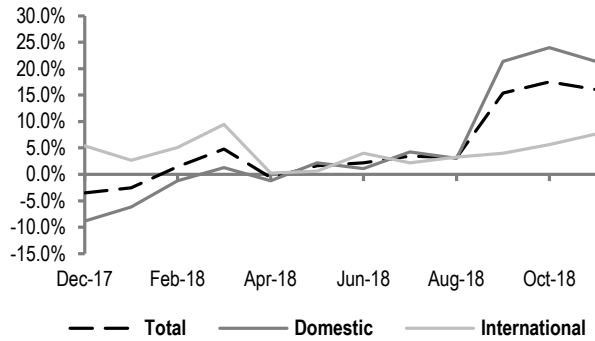
- Oma indicated that during the month, Vivaaerobus began to operate the following routes: Durango–Monterrey, Monterrey–Durango and Zacatecas–Mexico City. Moreover, the group mentioned that Volaris opened the following two routes: Acapulco–Mexico City and Ciudad Juárez–Bajío.

Conclusion... Passengers from airports that operate in Mexico continued to post a solid high single-digit growth yoy. Although we consider the airport sector will continue to advance in view of a solid tourism performance and a greater number of available seats offered by the different Airlines, we do not dismiss volatility of airport groups due to the sector's current erratic condition. Meanwhile, we will have to continue assessing passenger performance and the development of oil prices.

November Passenger Traffic

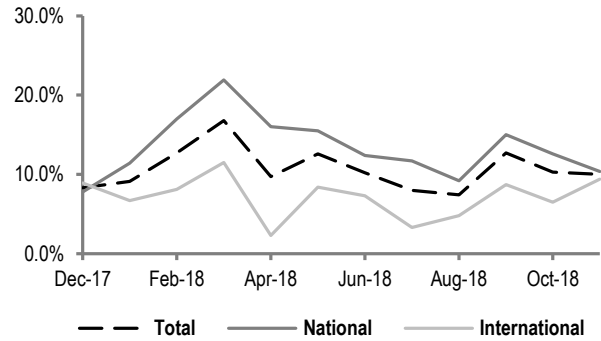
The following graphs show the performance of total passengers from the different airport groups in the last 12 months (percentage variation yoy) and stock yield over S&P/BMV IPC.

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



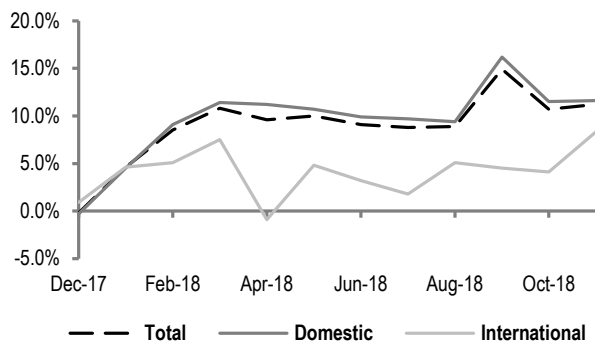
Source: Asur, Banorte / As of June, variations include the LMM Airport starting October of 2017, variations include the airports in Colombia (Airplan)

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



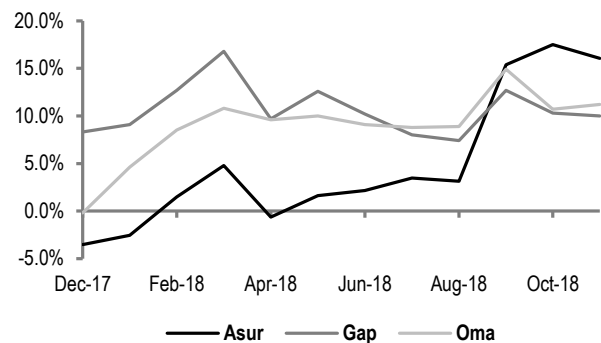
Source: Gap, Banorte / Variations include the MBJ airport

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



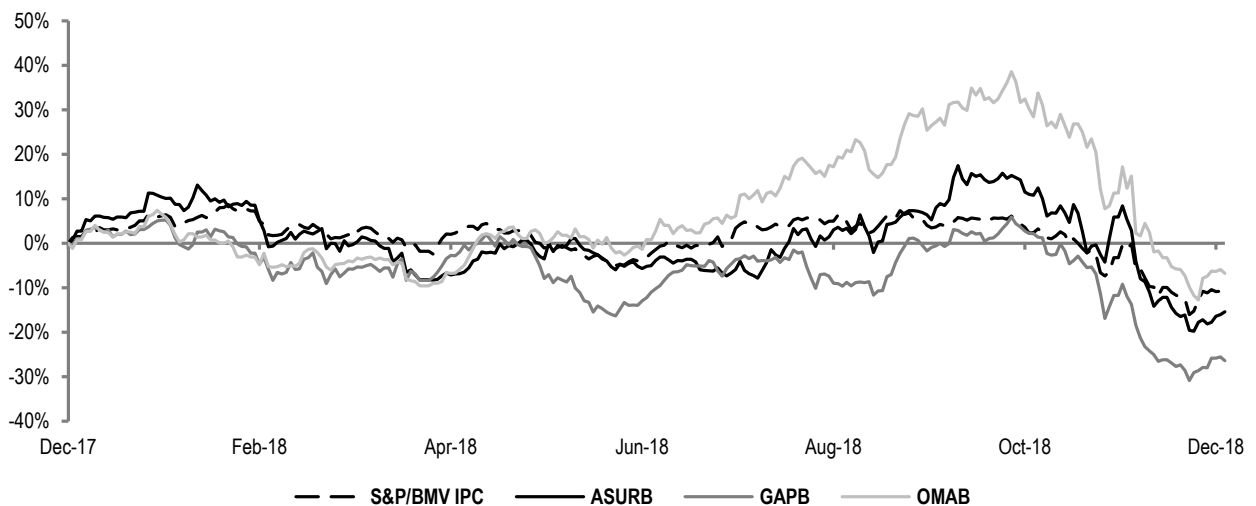
Source: Oma, Banorte

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 November 2018

MXN, Millions	Asur	Gap	Oma
Passengers 12m.	51.8	44.7	21.4
% yoy	42.6%	10.5%	8.9%
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	\$269.0	\$272.6	\$303.8
Operating Income/Pax	\$43.0	\$154.4	\$182.4
EBITDA/Pax	\$178.6	\$189.1	\$198.1
Net Income/Pax	\$111.9	\$107.6	\$124.1
Valuation			
EV/EBITDA 12m.	11.2x	10.3x	9.1x
EV/EBITDA 19e	9.5x	9.0x	7.6x
EV/EBITDA Av. 1a.	16.7x	14.4x	12.6x
EV/EBITDA Av. 3a.	18.2x	17.0x	15.1x
EV/EBITDA 12m. Av. Sector (National)	10.2x	10.2x	10.2x
EV/EBITDA 19e Av Sector (National)	8.7x	8.7x	8.7x
Estimate vs. Sector (National)	9.2%	3.4%	-12.6%
12m. vs. Sector (National)	9.8%	1.0%	-10.8%
19e vs. Av. 3a.	-47.8%	-47.0%	-49.7%
EV/EBITDA 12m. Av. (International peers ¹)		10.1x	
EV/EBITDA 19e Av. (International peers ¹)		9.2x	
P/BV	2.4x	3.9x	4.8x
P/E	14.7x	16.8x	13.5x
Market			
Current Price	\$283	\$144	\$91
Return 12m.	-15.4%	-26.4%	-6.8%
Return 2017	19.9%	18.5%	13.8%
Return 2018	-21.1%	-28.6%	-10.1%
Market Cap. (US\$m)	\$4,172	\$3,956	\$1,766
Shares Outstanding	300	561	399
Float %	56%	85%	86%
Floating Market Cap. (US\$m)	\$2,356	\$3,363	\$1,510

Source: Banorte / Bloomberg (12/06/18)

¹ Aeroports de Paris, Fraport AG, Malaysia Airports.

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