

GAP (HOLD, PT \$233.00)

March 5, 2021

Flash: Further weakness in international traffic accentuates drop in February

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Gap posted a 52.7% y/y contraction in passenger traffic in February, which incorporates the 14 airports it operates. The major reduction vs. January, of 43.5% y/y, is due to increased air travel restrictions by the US and Canada. Thus, international passengers shrank by 69.0% y/y (the main one, Guadalajara, recorded a 56.1% decrease), while domestic passengers fell by 38.0% y/y (Guadalajara's declined by 48.4%).

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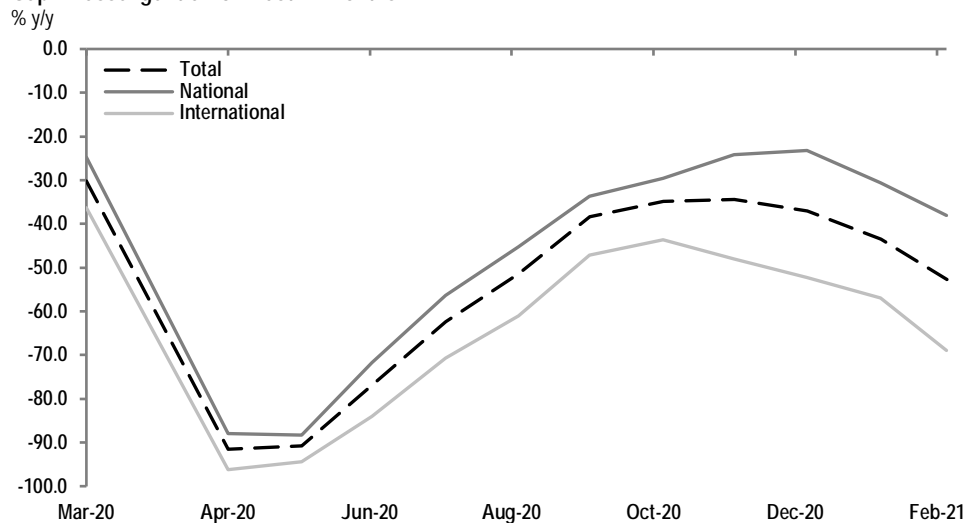
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February total passengers for the 12 airports it operates in Mexico showed a 48.4% y/y drop, higher than our expectation of a ~39.0% contraction, while Montego Bay Airport in Jamaica (MBJ) registered a significant 82.3% y/y reduction. On the other hand, the group indicated that Kingston Airport recorded a 75.5% y/y decline in passenger traffic.

Finally, the company indicated that the volume of seats offered in February decreased 13.2% y/y and that the load factor during the month fell sharply by 35.0pp from 83.3% in February 2020 to 48.3%.

Negative implication: The drop in Gap's February passenger numbers was larger than expected due to restrictive measures in the aforementioned countries that affected international passengers. While the company is financially sound and focused on maintaining liquidity and resuming growth, demand performance must be monitored, as although we expect significant progress in the group's indicators in 2021, this will largely depend on the sector's recovery speed, which is subject to the progress of the vaccination process against the coronavirus.

Gap – Passenger traffic – Last 12 months



Source: Gap, Banorte.

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Document for distribution among public

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History of PT and Ratings

Stock	Date	Rating	PT
GAP	02/24/2021	Hold	\$233.00
GAP	10/28/2020	Buy	\$210.00
GAP	04/29/2020	Under Review	Under Review

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