

# AIRPORTS

Sectorial Note

July 8, 2019

## Solid passenger growth continues

- In the aggregate, passengers from the three main airport groups that operate in Mexico, Asur, Gap and Oma, reported a solid 8.0% increase yoy in June
- Gap underwent a 9.0% total passenger growth (excluding the Montego Bay airport in Jamaica, such increment amounted to 9.8%), while Oma posted an 11.9% surge in traffic
- Asur presented a 6.4% rise in passengers. Airports operated by the group in Mexico experienced a 3.4% increase, in Puerto Rico, such rise totaled 1.9%, and in Colombia, 20.7%

Total passenger traffic from the three airport groups presented an 8.0% yoy increase in June (airports that operate in Mexico) vs. 10.4% in May. Passengers that weighed the most in total traffic were domestic (65.2% of total aggregate passengers), presenting an addition of 9.8%, while international passengers rallied by 4.8%

On an individual basis, Asur presented a 6.4 % yoy increase (vs. 7.6 %e), resulting from a 3.4% passenger expansion (vs. 5.5%e) in Mexico, 1.9% in San Juan Puerto Rico and 20.7% in Colombia. Moreover, Gap presented a 9.0% total passenger increment in June (vs. 9.6%e). Terminal passenger traffic in airports that operate in Mexico, that is, excluding the Montego Bay airport in Jamaica (with a 2.1% upward variation) underwent a solid 9.8% increase vs. 10.2%e. Finally, Oma surged 11.9% (vs. 8.7%e).

Passenger variations from Asur, Gap and Oma during the last 12 months stood at 14.8%, 8.2% and 9.1% (July 2018 – June 2019), in comparison to the last 12 months as at May of 2019 of 16.7%, 8.3% and 8.8% (June 2018 – May 2019), respectively.

### Corporate news

- Gap mentioned that the number of seats available during June of 2019 rose 3.6% vs. June of 2018. In turn, the total load factor of the month increased by 4.4pp, from 83.4% in June of 2018 to 87.8%. On the other hand, the airport group stated that during the month of June, the following new routes were opened: Aguascalientes-Chicago Midway, Guadalajara-Durango, Guadalajara-Querétaro, Puerto Vallarta-Phoenix and Puerto Vallarta-Querétaro, operated by Volaris; Hermosillo-Cancun, Hermosillo-Los Cabos, Los Cabos-Tijuana, Tijuana-Cancun and Tijuana-Mazatlán, operated by VivaAerobus; Puerto Vallarta-Mexico City, operated by Aeromar; and Puerto Vallarta-Las Vegas and Los Cabos-Las Vegas, operated by Sun Country.

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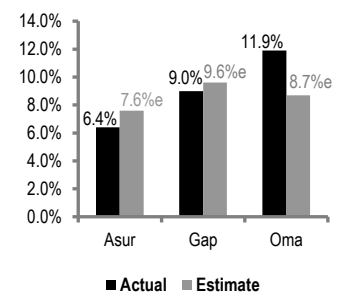
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### Airport Sector

Stock	Recom.	PT 19E	P. Return 19E
Asur	BUY	\$345.0	12.6%
Gap	BUY	\$206.7	1.3%
Oma	BUY	\$128.4	8.6%

Stock	FV/Ebitda LTM	FV/Ebitda 19E
Asur	11.3x	10.4x
Gap	13.4x	12.4x
Oma	10.2x	9.2x

### Passenger traffic– June 2019 (% yoy)



Source: Banorte.

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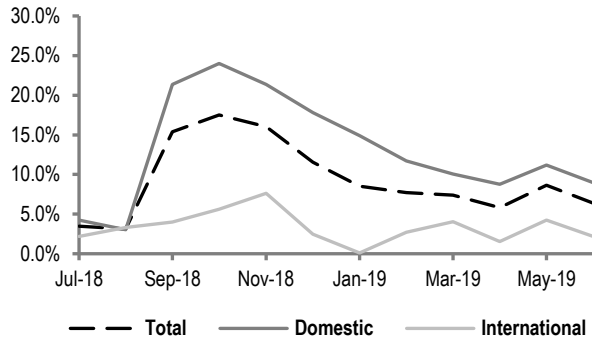
- Oma indicated that in June, the following new routes began operations: Chihuahua – Querétaro, Durango – Guadalajara and Durango – Mexico City, operated by Volaris; Mazatlán – Tijuana, operated by VivaAerobus. On the other hand, VivaAerobus opened the Monterrey – Las Vegas route; and Volaris and American Airlines each began operating a route from Durango to Dallas.

**Conclusion...** June's passenger report of airports that operate in Mexico continued to post a solid high single-digit growth yoy. Although we consider that the airport sector will continue to post some headway given the solid performance of the tourism industry (mainly domestic) and a higher number of seats available by different airlines, we would have to continue to monitor the performance of passenger traffic in addition to the evolution of the hurricane season. Within our institutional portfolio, we have exposure to Gap with a PT2019 of MXN\$ 206.7 per share and Oma with a PT2019 of MXN\$128.4 per share, both with a Buy recommendation. On the other hand, for Asur, we reiterate our PT2019E of MXN \$345.0 per share, with a Buy recommendation.

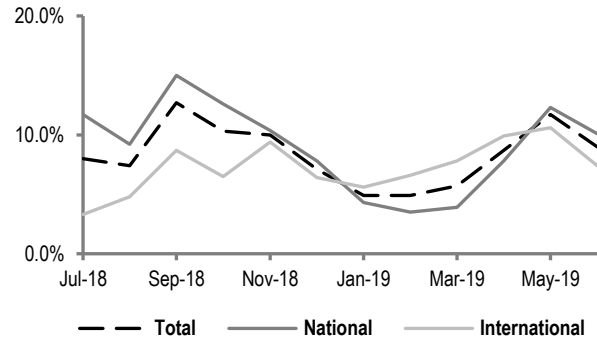
## June Passenger Traffic

The following graphs display total passenger performance of the airport groups during the last 12 months (yoy percentage variation) and the yield of their shares vs. S&P/BMV IPC.

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



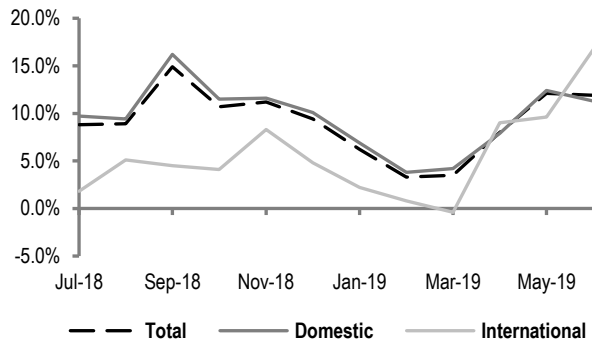
**Gap – Passenger traffic – Last 12 months**  
(% yoy)



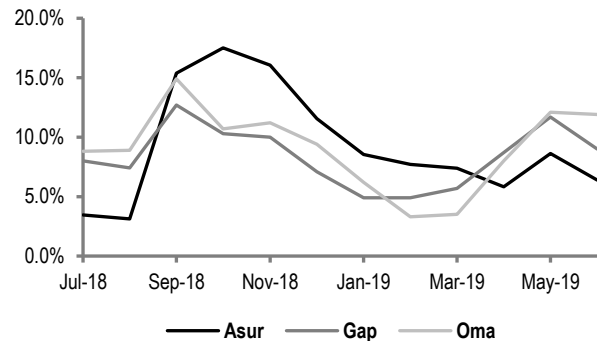
Source: Asur, Banorte / Variations include the LMM Airport and the airports in Colombia (Airplan)

Source: Gap, Banorte / Variations include the MBJ airport

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



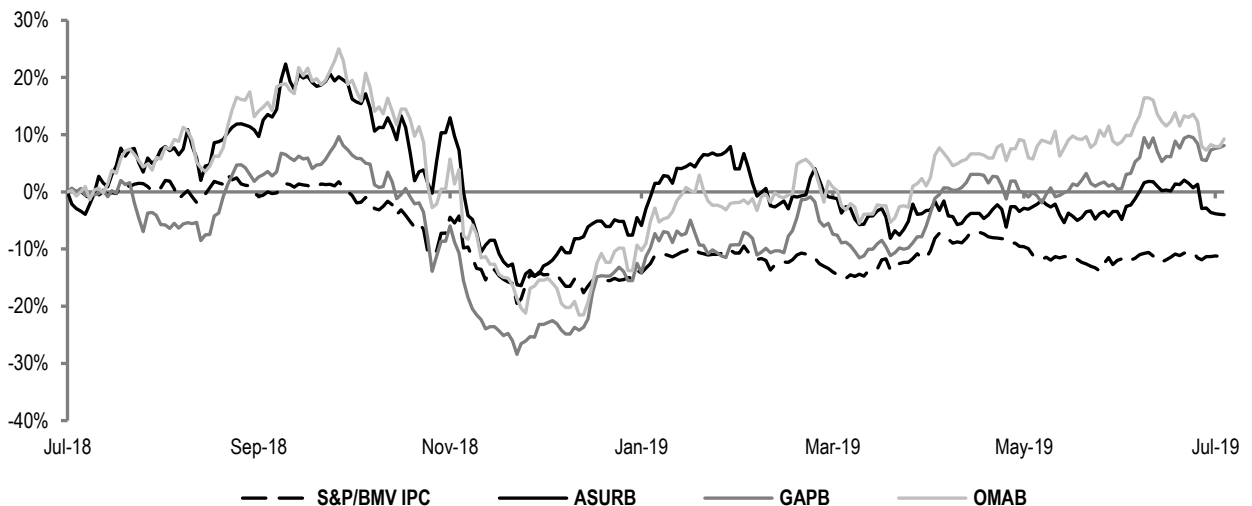
**Passenger traffic – Asur, Gap y Oma – Last 12 months**  
(% yoy)



Source: Oma, Banorte

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

## MEXBOL and airports return Last 12 months



Source: Banorte

**Sector comparison – Figures at June 2019**

<b>MXN, Millions</b>	<b>Asur</b>	<b>Gap</b>	<b>Oma</b>
Passengers 12m.	54.2	46.6	22.4
% yoy	14.8%	8.2%	9.1%
Sales 12m. (Ex IFRS 17)	\$14,813	\$13,106	\$6,935
% yoy	20.1%	15.5%	15.0%
Operating Income 12m.	\$7,798	\$7,478	\$4,316
% yoy	271.8%	15.2%	25.7%
EBITDA 12m.	\$9,546	\$9,085	\$4,686
% yoy	15.3%	14.1%	25.2%
Net Income 12m.	\$5,001	\$5,101	\$3,000
% yoy	-15.9%	13.7%	29.6%
Operating Margin 12m.	52.6%	57.1%	62.2%
% yoy	34.1%	-0.2%	5.3%
EBITDA Margin 12m.	64.4%	69.3%	67.6%
% yoy	-2.7%	-0.9%	5.5%
Net Margin 12m.	33.8%	38.9%	43.3%
% yoy	-14.5%	-0.6%	4.9%
<b>Metrics per Passenger</b>			
Sales/Pax	\$273.4	\$281.1	\$310.3
Operating Income/Pax	\$143.9	\$160.4	\$193.1
EBITDA/Pax	\$176.2	\$194.9	\$209.6
Net Income/Pax	\$92.3	\$109.4	\$134.2
<b>Valuation</b>			
FV/EBITDA 12m.	11.3x	13.4x	10.2x
FV/EBITDA 19e	10.4x	12.4x	9.2x
FV/EBITDA Av. 1a.	14.0x	13.2x	11.7x
FV/EBITDA Av. 3a.	17.1x	15.8x	13.7x
FV/EBITDA 12m. Av. Sector (National)	11.6x	11.6x	11.6x
FV/EBITDA 19e Av Sector (National)	10.7x	10.7x	10.7x
Estimate vs. Sector (National)	-2.5%	16.5%	-14.0%
12m. vs. Sector (National)	-2.7%	15.1%	-12.4%
19e vs. Av. 3a.	-39.0%	-21.1%	-32.8%
FV/EBITDA 12m. Av. (International peers <sup>1</sup> )		<b>10.4x</b>	
FV/EBITDA 19e Av. (International peers <sup>1</sup> )		<b>10.1x</b>	
P/BV	2.4x	5.2x	5.1x
P/E	18.4x	22.4x	15.5x
<b>Market</b>			
Current Price	\$306	\$204	\$118
Return 12m.	-4.0%	8.1%	9.3%
Return 2018	-17.3%	-20.9%	-7.9%
Return 2019	3.9%	28.0%	26.7%
Market Cap. (US\$m)	\$4,826	\$6,011	\$2,441
Shares Outstanding	300	561	399
Float %	56%	85%	86%
Floating Market Cap. (US\$m)	\$2,726	\$5,109	\$2,087

Source: Banorte / Bloomberg (06/06/19)

<sup>1</sup> Aeroports de Paris, Fraport AG, Malaysia Airports.

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We, Gabriel Casillas Olvera, Delia Maria Paredes Mier, Alejandro Padilla Santana, Manuel Jiménez Zaldívar, Tania Abdul Massih Jacobo, Katia Celina Goya Ostos, Juan Carlos Alderete Macal, Víctor 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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