

# AIRPORTS

Sectorial Note

August 29, 2018

## August passenger traffic preview

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- In August, we expect passengers of Mexico's airports to show a similar yoy advance to that of the previous month, thus, our forecast stands at 7.8% vs. 7.6% during July
- Asur is expected to post a 3.9% yoy hike in terms of total passenger traffic. Mexico would show an increase of 4.8%. There would be a middle digit rise in Colombia and a slight decrease in Puerto Rico
- For Gap's 13 airports, we forecast a 9.0% increase of passenger traffic (+9.6% for Mexico-based airports). Finally, Oma would post a surge of 9.0%

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In yoy terms, total passenger growth of airport groups in August would show a similar rate to that of July (airports with operations in Mexico). In the next days, the 3 private airport groups -Asur, Gap and Oma- will announce their reports on passenger traffic for August. For the consolidated, we forecast a growth rate of 7.8%e (airports with Mexico-based operations), similar to the figure of July (7.6%).

### Airport Sector / Positive Outlook

Stock	Recom.	PT 18E	P. Return 18E
Asur	Hold	\$375	4.9%
Gap	Buy	\$220	11.6%
Oma	Buy	\$125	1.1%

In terms of passengers, we expect a 3.9% advance for Asur and a surge of 9.0% for Gap and Oma. Asur would post an increase in the passenger traffic item for all airports operating in Mexico, this by taking into account the solid level of hotel occupancy, where its most important airport is located, Cancun. The latter coupled with the increase in Colombian operations, would more than offset the expected single-digit drop of passengers at the *Luis Muñoz Marín* Airport in San Juan, Puerto Rico ("LMM"), where hurricane Maria wreaked havoc. Thus, we expect Asur to post a hike of 3.9% yoy in terms of total passenger traffic, comprised by a 4.1% advance in its domestic traffic and 3.5% for its international. For all 9 airports operating in Mexico, we forecast that the group would record an advance of 4.8%.

Stock	EV/Ebitda 12m	EV/Ebitda 18E
Asur	14.4x	13.4x
Gap	14.3x	13.5x
Oma	12.9x	11.4x

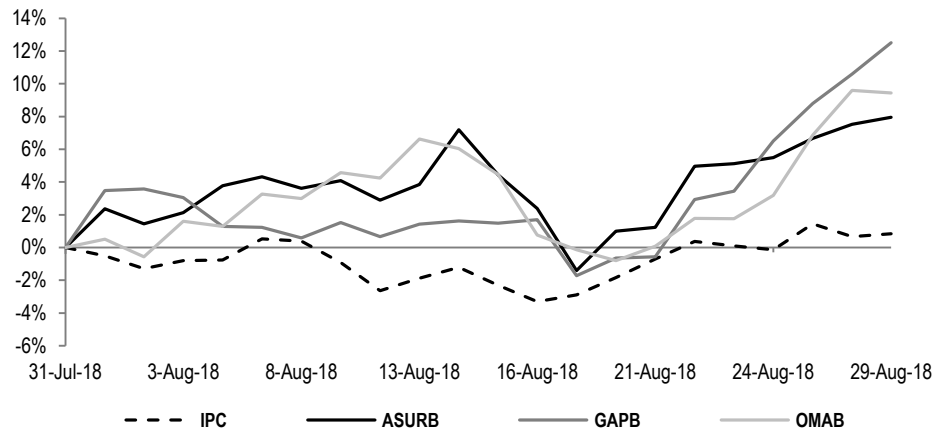
As for Gap, we expect it to post an increase of 9.0% yoy in August passenger traffic, with an advance of 10.4% in domestic traffic and 6.9% in international traffic. By just considering the 12 airports with Mexico-based operations, that is, excluding Jamaica's Montego Bay Airport (MBJ), we expect passenger growth to stand at 9.6%.

Finally, we expect Oma to post a total passenger growth of 9.0%, with an increase of 9.6% for domestic passengers and 4.0% for international passengers.

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**The sector continues to surge.** In our view, the airport sector will continue to show progress stemmed from good tourism performance and a large number of seats offered by various airlines; nevertheless, we must monitor passengers' behavior, evolution of oil prices and the hurricane season. As for our institutional portfolio, we have exposure at Gap with a PT2018E of MXN\$220 per share, with a BUY rating. On the other hand, Oma holds a PT2018E of MXN\$125 per share and a BUY recommendation, while for ASUR our PT2018E is MXN\$375 per share with a Hold recommendation.

### Airport Groups – Return Comparison in August



Source: Banorte

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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 and Francisco Duarte Alcocer 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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<b>HOLD</b>	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
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