

AIRPORTS

Sectorial Note

November 8, 2018

October: double-digit growth continues

- In the aggregate report, passengers from airports in Mexico that are operated by Asur, Gap and Oma airport groups presented a solid 10.6% expansion yoy during October
- Gap underwent a 10.3% total passenger increase (excluding the Montego Bay airport in Jamaica, this figure totaled 10.9%), while Oma reported a 10.7% traffic surge
- Asur posted a strong 17.5% passenger expansion. The airports operated by the group reported a 10.1% increase in Mexico, 33.9% in Puerto Rico, and 29.7% in Colombia

Total passenger traffic from the 3 airport groups during the tenth month of the year posted a solid 10.6% yoy solid increase (airports operated in Mexico) vs. 12.2% in September. The largest rise in total passengers was seen with domestic traffic (70.3% of total aggregate passengers), up by 12.9%, while international traffic reported a 5.6% upturn.

Individually, Asur posted a strong 17.5% rise yoy (vs. 12.2%e), resulting from a 10.1% increase (vs. 8.1%e) in Mexico, a 33.9% passenger hike in San Juan Puerto Rico (featuring a significant recovery from the impact of Hurricane Maria in September of 2017) and a 29.7% growth in Colombia. On the other hand, Oma displayed a 10.7% expansion (vs. 12.0%e). Finally, Gap presented a solid 10.3% increase in total passengers during October (vs. 9.0%e). Passenger traffic in airports operated by the group in Mexico, that is, excluding the Montego Bay Airport in Jamaica (with a +4.1% variation), underwent a 10.9% growth vs. 10.5%e.

Asur, Gap and Oma passenger variations during the LTM stood at 46.5%, 10.7% and 8.1% (November 2017 – October 2018), in comparison to the LTM to September 2018 of 47.8%, 10.7% and 7.5% (October 2017 – September 2018), respectively.

Corporate news

- Gap indicated that the volume of available seats during October 2018 rose 11.1% vs. October 2017. In addition, the occupancy factor during the month reported a 0.5pp drop, from 81.5% in October of 2017 to 81.0%. The company stated that due to the presence of Hurricane Willa on the costs of Jalisco and Nayarit, 28 commercial flights were cancelled between October 22 and 24 to and from the Puerto Vallarta Airport. Such cancellation represented a 1.2% traffic reduction. The group mentioned the opening of the following routes during the month: Guanajuato-Chicago O'Hare, operated by United Airlines; Morelia-Monterrey and Morelia-

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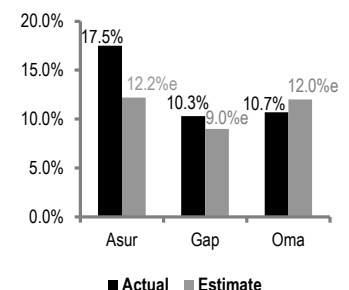
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Airport Sector

Stock	Recom.	PT 19E	P. Return 19E
Asur	Buy	\$420.0	20.9%
Gap	Buy	\$225.0	32.3%
Oma	Buy	\$140.0	22.9%

Stock	EV/Ebitda LTM	EV/Ebitda 19E
Asur	13.3x	11.6x
Gap	12.1x	10.7x
Oma	13.0x	10.9x

Passenger traffic– October 2018 (% yoy)



Source: Banorte.

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Tijuana, operated by VivaAerobus; Tijuana-Huatulco, Tijuana-Tuxtla Gutiérrez and Tijuana-Zihuatanejo, operated by Volaris; Montego Bay-Dusseldorf, operated by Eurowings; and Montego Bay-Moscú operated by Nordwind. Also, Gap pointed out that 23 new routes are scheduled to open during November and December that will benefit the group's network, 12 domestic and 11 international.

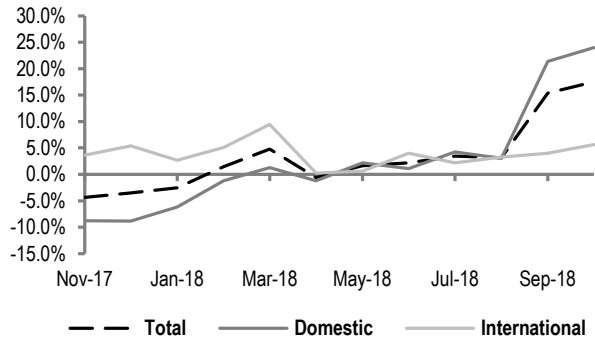
- Oma mentioned that during the month, Vivaaerobus began to operate the Monterrey – Toluca route and Volaris opened the Zihuatanejo – Tijuana route.

Conclusion... October's passenger report from airports that operate in Mexico continued to post a double-digit growth yoy. Although we consider the airport sector will keep reporting increments in view of the good performance of tourism and a higher number of seats available, we do not rule out stock volatility from the airport groups due to the sector's uncertainty. Meanwhile, we will keep monitoring the performance of passengers and the development of oil prices.

October Passenger Traffic

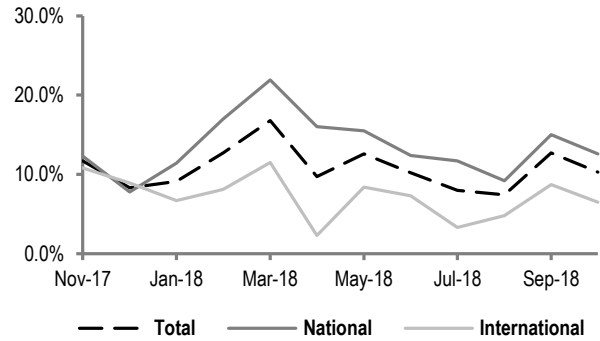
The following graphs show the performance of total passengers from the different airport groups in the last 12 months (percentage variation yoy) and stock yield over S&P/BMV IPC.

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



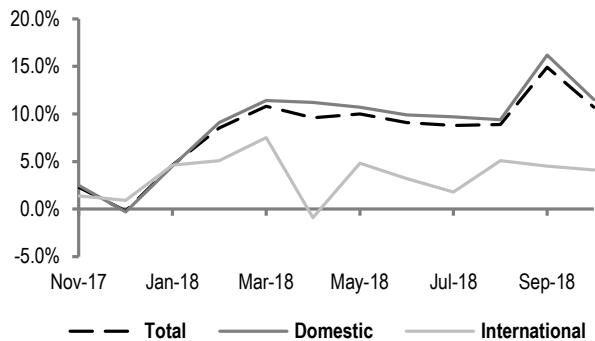
Source: Asur, Banorte / As of June, variations include the LMM Airport starting October of 2017, variations include the airports in Colombia (Airplan)

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



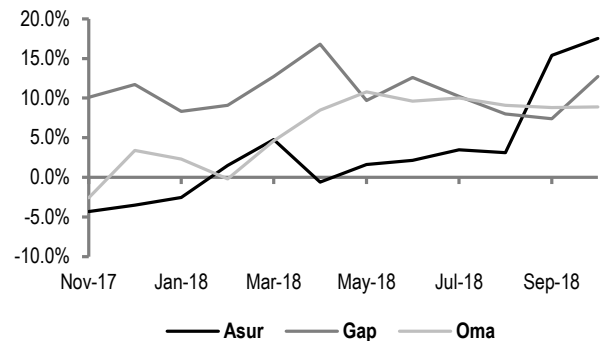
Source: Gap, Banorte / Variations include the MBJ airport

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



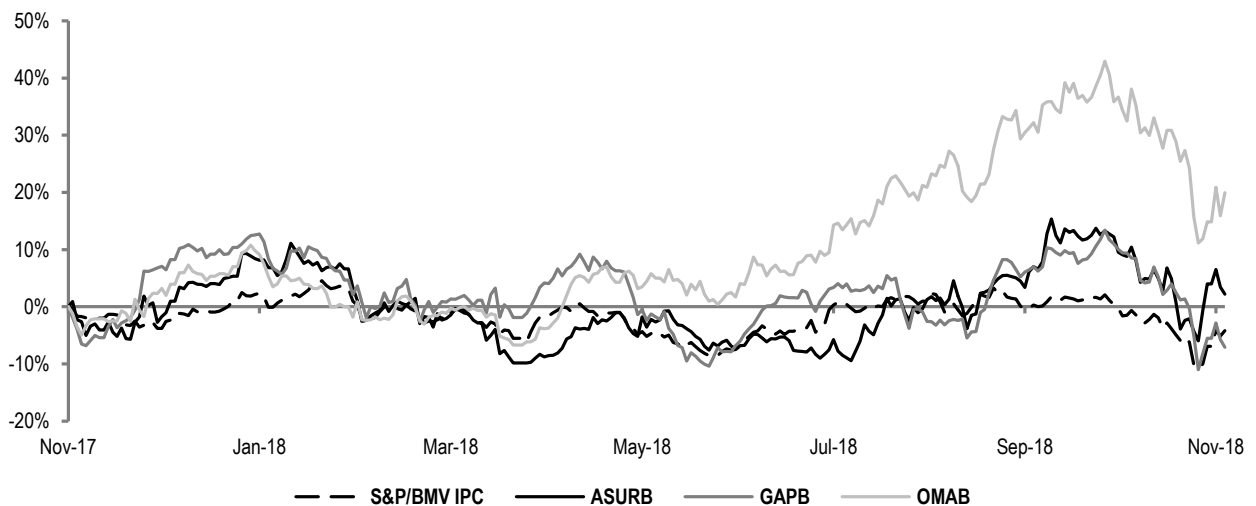
Source: Oma, Banorte

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 October 2018

MXN, Millions	Asur	Gap	Oma
Passengers 12m.	51.2	44.3	21.2
% yoy	46.5%	10.7%	8.1%
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	\$272.1	\$274.7	\$306.5
Operating Income/Pax	\$43.5	\$155.6	\$184.0
EBITDA/Pax	\$180.7	\$190.5	\$199.8
Net Income/Pax	\$113.2	\$108.4	\$125.2
Valuation			
EV/EBITDA 12m.	13.3x	12.1x	13.0x
EV/EBITDA 19e	11.6x	10.7x	10.9x
EV/EBITDA Av. 1a.	17.0x	14.8x	12.7x
EV/EBITDA Av. 3a.	18.4x	17.3x	15.4x
EV/EBITDA 12m. Av. Sector (National)	12.8x	12.8x	12.8x
EV/EBITDA 19e Av Sector (National)	11.1x	11.1x	11.1x
Estimate vs. Sector (National)	5.0%	-3.5%	-1.5%
12m. vs. Sector (National)	3.8%	-5.4%	1.6%
19e vs. Av. 3a.	-36.7%	-38.2%	-28.9%
EV/EBITDA 12m. Av. (International peers ¹)		11.0x	
EV/EBITDA 19e Av. (International peers ¹)		9.8x	
P/BV	3.0x	4.6x	7.0x
P/E	18.0x	19.9x	19.8x
Market			
Current Price	\$347	\$170	\$114
Return 12m.	2.2%	-7.1%	20.0%
Return 2017	19.9%	18.5%	13.8%
Return 2018	-3.0%	-15.8%	12.1%
Market Cap. (US\$m)	\$5,267	\$4,821	\$2,266
Shares Outstanding	300	561	399
Float %	56%	85%	86%
Floating Market Cap. (US\$m)	\$2,975	\$4,097	\$1,937

Source: Banorte / Bloomberg (07/11/18)

¹ Aeroports de Paris, Fraport AG, Malaysia Airports.

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