

AIRPORTS

Sectorial Note

September 5, 2019

Mid-single-digit passenger growth

- In the aggregate, airport passengers from the three main airport groups that operate in Mexico, Asur, Gap and Oma, reported a 5.5% increase yoy in August
- Gap underwent an 8.1% total passenger growth (excluding the Montego Bay airport in Jamaica, such increment amounted to 8.8%), while traffic in airports operated by Oma surged 7.4%
- Asur presented a 4.8% rise in passengers. Airports operated by the group in Mexico underwent a slight 0.4% increase, in Puerto Rico a 7.6% rise and in Colombia a 16.1% jump

Total passenger traffic from the three airport groups presented a 5.5% yoy increase in August (airports that operate in Mexico) vs. 3.7% in July. Passengers that weighed the most in total traffic were domestic (68.1% of total aggregate passengers), presenting an addition of 6.5%, while international passengers grew by 3.4%.

On an individual basis, Asur presented a 4.8 % yoy increase (vs. 3.0%e), resulting from a slight 0.4% passenger expansion (vs. -0.5%e) in Mexico, as well as from a 7.6% passenger growth in San Juan Puerto Rico and 16.1% in Colombia. On the other hand, Gap presented an 8.1% total passenger increment in August (vs. 5.8%e). Terminal passenger traffic in airports that operate in Mexico, that is, excluding the Montego Bay airport in Jamaica (with a 2.0% upward variation) underwent an 8.8% increase vs. 6.4%e. Finally, Oma surged 7.4% (vs. 6.5%e).

Passenger variations from Asur, Gap and Oma during the last 12 months stood at 10.6%, 8.0% and 8.7% (September 2018 – August 2019), in comparison to the last 12 months as at July of 2019 of 12.6%, 8.0% and 8.9% (August 2018 – July 2019), respectively.

Corporate News

- Gap pointed out that the number of seats available during August of 2019 rose 5.4% vs. August of 2018. In turn, the total load factor of the month grew by 2.0pp, from 81.5% in August of 2018 to 83.5%. Finally, the group stated that during the month, the following route was opened: Guadalajara- San Salvador, operated by Volaris.

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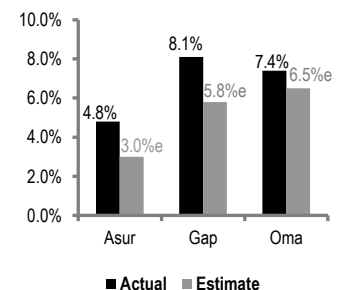
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Airport Sector

Stock	Recom.	PT 19E	P. Return 19E
Asur	HOLD	\$345.0	17.9%
Gap	HOLD	\$206.7	11.0%
Oma	HOLD	\$135.5	14.8%

Stock	FV/Ebitda LTM	FV/Ebitda 19E
Asur	10.5x	9.8x
Gap	11.9x	11.0x
Oma	9.9x	9.1x

Passenger traffic– August 2019 (% yoy)



Source: Banorte.

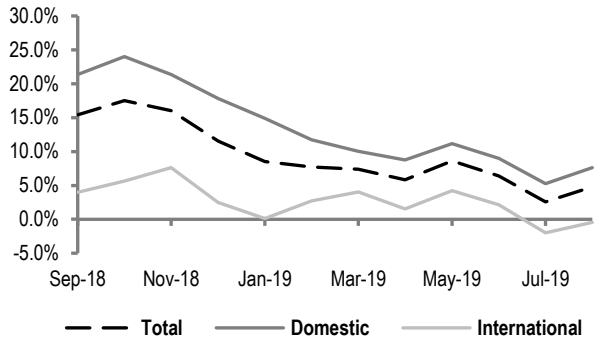
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Conclusion... August's passenger report of airports that operate in Mexico showed a mid-single digit yoy growth rate, higher than expected. Although we consider that the airport sector will continue to post some headway given the solid performance 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 passengers and the evolution of the hurricane season. Within our institutional portfolio, we have exposure to Gap with a PT2019E of MXN\$ 206.7 per share and to Oma with a PT2019E of MXN\$135.5 per share, both with a Hold recommendation. On the other hand, for Asur, we reiterate our PT2019E of MXN \$345.0 per share, with a Hold recommendation.

August Passenger Traffic

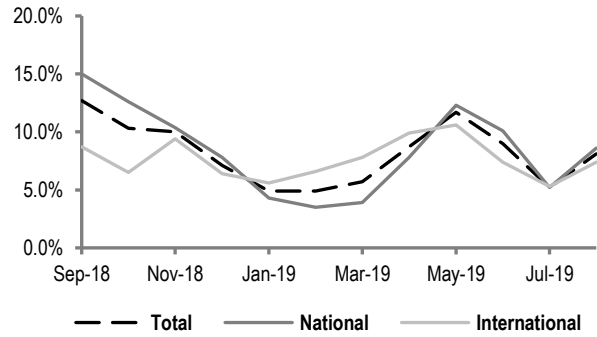
The following graphs display total passenger performance of the airport groups during the last 12 months (yoy percentage variation) and the yield of their shares vs. S&P/BMV IPC.

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



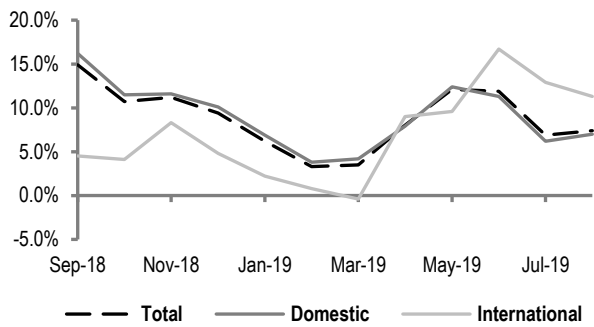
Source: Asur, Banorte / Variations include the LMM Airport and the airports in Colombia (Airplan)

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



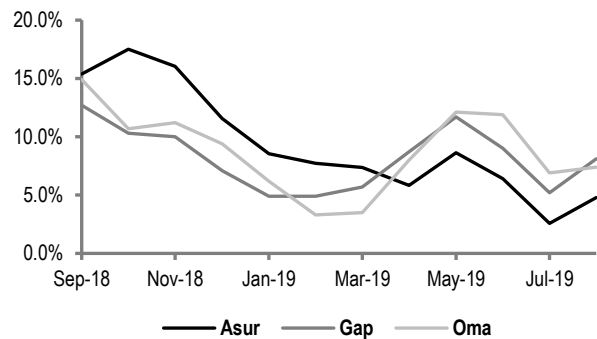
Source: Gap, Banorte / Variations include the MBJ airport

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



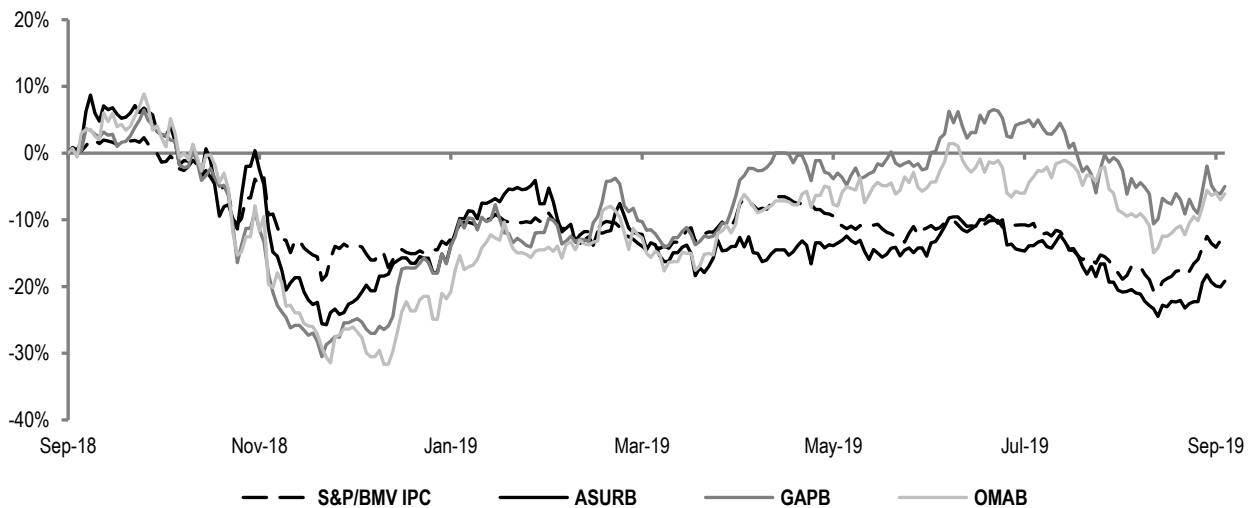
Source: Oma, Banorte

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



Source: Banorte / Asur variations include the LMM airport 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 August 2019

MXN, Millions	Asur	Gap	Oma
Passengers 12m.	54.5	47.1	22.6
% yoy	10.6%	8.0%	8.7%
Sales 12m. (Ex IFRS 17)	\$15,081	\$13,517	\$7,217
% yoy	11.7%	15.3%	15.3%
Operating Income 12m.	\$8,249	\$7,722	\$4,554
% yoy	261.6%	16.3%	23.7%
EBITDA 12m.	\$9,931	\$9,367	\$4,942
% yoy	12.2%	15.0%	23.4%
Net Income 12m.	\$5,342	\$4,825	\$3,144
% yoy	-9.5%	-2.8%	25.1%
Operating Margin 12m.	54.7%	57.1%	63.1%
% yoy	35.8%	0.5%	4.3%
EBITDA Margin 12m.	65.9%	69.3%	68.5%
% yoy	0.3%	-0.2%	4.5%
Net Margin 12m.	35.4%	35.7%	43.6%
% yoy	-8.3%	-6.6%	3.4%
Metrics per Passenger			
Sales/Pax	\$276.6	\$286.7	\$318.7
Operating Income/Pax	\$151.3	\$163.8	\$201.1
EBITDA/Pax	\$182.1	\$198.7	\$218.3
Net Income/Pax	\$98.0	\$102.3	\$138.9
Valuation			
FV/EBITDA 12m.	10.5x	11.9x	9.9x
FV/EBITDA 19e	9.8x	11.0x	9.1x
FV/EBITDA Av. 1a.	13.1x	13.0x	11.2x
FV/EBITDA Av. 3a.	16.6x	15.3x	13.1x
FV/EBITDA 12m. Av. Sector (National)	10.8x	10.8x	10.8x
FV/EBITDA 19e Av Sector (National)	10.0x	10.0x	10.0x
Estimate vs. Sector (National)	-1.7%	10.4%	-8.7%
12m. vs. Sector (National)	-2.5%	10.5%	-8.0%
19e vs. Av. 3a.	-40.9%	-28.1%	-30.3%
FV/EBITDA 12m. Av. (International peers ¹)		10.5x	
FV/EBITDA 19e Av. (International peers ¹)		10.4x	
P/BV	2.4x	6.1x	5.6x
P/E	16.4x	21.7x	14.8x
Market			
Current Price	\$293	\$186	\$118
Return 12m.	-19.2%	-5.0%	-6.1%
Return 2018	-17.3%	-20.9%	-7.9%
Return 2019	-1.6%	15.8%	25.0%
Market Cap. (US\$m)	\$4,461	\$5,311	\$2,359
Shares Outstanding	300	561	399
Float %	56%	85%	86%
Floating Market Cap. (US\$m)	\$2,519	\$4,514	\$2,017

Source: Banorte / Bloomberg (09/05/19)

¹ Aeroports de Paris, Fraport AG, Malaysia Airports.

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HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
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