

# ASUR

Quarterly Report

August 1, 2023

## Higher cost of services affects profitability

- **Asur reported moderate operating gains in the face of weakness in Colombia and higher expenses, reflecting lower-than-expected profitability. The report should not be well received by the market**
- **Despite having the most attractive valuation in the sector (8.3x vs. 9.7x average), we will keep vigilant on margin evolution, as well as other risks for the company that could limit a revaluation**

**Low passenger growth due to the impact of Colombia, while profitability declines.** In 2Q23, Asur showed an annual increase in total passenger traffic of only 3.5% y/y, mainly due to the impact in Colombia following the suspension of 2 local airlines since March (Viva Air and Ultra Air). As a result, operating revenues (sum of aeronautical and non-aeronautical) rose 5.2% y/y to MXN 6.03 billion, in line with estimates, also reflecting an improvement in maximum tariffs. EBITDA rose 3.0% y/y to MXN 4.16 billion, with a contraction in the respective margin (excluding construction services) of 1.5pp to 69.1%, below our expectation (69.9%e). This was mainly due to an 11.8% y/y increase in cost of services. **No short-term catalysts.** While we expect Asur's traffic performance to continue with a positive trend, especially in Mexico and Puerto Rico, we will be monitoring the evolution of demand in Colombia, where we anticipate a gradual recovery. It will also be important to monitor the performance of expenses, which surprised on the upside this quarter. We reaffirm our outlook for sustained, albeit moderate, growth for the rest of the year, while highlighting the healthy balance sheet (ND/EBITDA of -0.1x). Incorporating the numbers, the FV/EBITDA multiple remained at 8.3x, reflecting an attractive valuation vs. 9.7x domestic sector average; however, in our view, some risks on the horizon such as the review of the next Master Development Program (to be announced by the end of the year), as well as the entry into operation of the Tulum Airport scheduled for 2H24, could limit a revaluation for the stock.

### Financial Statements

MXN, million	2021	2022	2023E	2024E
Revenues	18,785	25,314	25,240	29,972
Operating Income	8,658	14,675	15,505	17,186
EBITDA	10,294	16,211	17,292	19,228
EBITDA Margin	54.8%	64.0%	68.5%	64.2%
Net Income	5,984	9,963	10,172	11,783
Net Margin	31.9%	39.4%	40.3%	39.3%
Total Assets	65,831	70,920	70,049	74,491
Cash	8,770	13,175	14,888	17,030
Total Liabilities	20,061	21,904	21,125	19,763
Debt	13,780	15,205	13,438	13,697
Common Equity	45,770	49,016	48,924	54,728

Source: Banorte with data from MSE

### Valuation and financial metrics

	2021	2022	2023E	2024E
FV/EBITDA	14.6x	9.0x	8.2x	7.3x
P/E	22.8x	13.7x	13.4x	11.6x
P/BV	3.0x	2.8x	2.8x	2.5x
ROE	16.1%	23.9%	24.5%	25.4%
ROA	9.1%	14.0%	14.5%	15.8%
EBITDA/ Interest exp.	12.2x	18.9x	18.2x	19.2x
Net Debt/EBITDA	0.5x	0.1x	-0.1x	-0.2x
Debt/Equity	0.3x	0.3x	0.3x	0.3x

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### BUY

Current Price	\$453.92
PT	\$625.00
Estimated dividend	\$10.00
Dividend (%)e	2.2%
Upside Potential	39.9%
ADS Price	US\$269.11
PT ADS	US\$349.00
Shares per ADS	10
Max – Min LTM (\$)	576.9 – 374.1
Market Cap (US\$m)	8,086.5
Shares Outstanding (m)	300
Float	63%
Daily Turnover (\$m)	264.6
Valuation metrics LTM	
FV/EBITDA	8.3x
P/E	13.5x
MSCI ESG Rating*	A

### Relative Performance to Mexbol LTM



Winners of the 2023 award for the best economic forecasters in Mexico, awarded by Focus Economics.



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## Asur - Results 2023

MXN, million

Concept	2022	2023	Var %	2023e	Diff% vs Estim.
Revenue	6,320	6,156	-2.6%	6,415	-4.0%
Operating Income	3,710	3,904	5.2%	3,844	1.6%
Ebitda	4,041	4,160	3.0%	4,370	-4.8%
Net Income	2,662	2,445	-8.1%	2,378	2.8%
<b>Margins</b>					
Operating Margin	58.7%	63.4%	4.7pp	59.9%	3.5pp
Ebitda Margin	63.9%	67.6%	3.6pp	68.1%	-0.6pp
Net Margin	42.1%	39.7%	-2.4pp	37.1%	2.6pp
EPS	\$8.87	\$8.15	-8.1%	\$7.93	2.8%

### Income Statement (Million pesos)

Year	2022	2023	2023	Change	Change
Quarter	2	1	2	% y/y	% q/q
Net Revenue	6,319.7	6,449.4	6,156.4	-2.6%	-4.5%
Cost of goods sold	125.7	153.1	140.8	12.0%	-8.1%
Gross profit	4,432.2	4,622.0	4,400.4	-0.7%	-4.8%
General expenses	1,596.7	608.4	496.3	-68.9%	-18.4%
Operating Income	3,709.9	4,013.7	3,904.1	5.2%	-2.7%
Operating Margin	58.7%	62.2%	63.4%	4.7pp	1.2pp
Depreciation	330.8	516.8	256.2	-22.5%	-50.4%
EBITDA	4,040.6	4,530.4	4,160.3	3.0%	-8.2%
EBITDA Margin	63.9%	70.2%	67.6%	3.6pp	(2.7pp)
Interest income (expense) net	108.3	(527.8)	(330.0)	N.A.	-37.5%
Interest expense	20.8	306.0	281.7	>500%	-7.9%
Interest income	74.1	265.1	296.7	300.2%	11.9%
Other income (expenses)	0.0	0.0	0.0	N.A.	N.A.
Exchange Income (loss)	0.0	(486.9)	(345.0)	N.A.	-29.1%
Unconsolidated subsidiaries	0.0	0.0	0.0	N.A.	N.A.
Income before taxes	3,818.2	3,485.8	3,574.1	-6.4%	2.5%
Income taxes	973.7	883.6	924.7	-5.0%	4.7%
Discontinued operations	0.0	0.0	0.0	N.A.	N.A.
Consolidated Net Income	2,844.5	2,602.2	2,649.4	-6.9%	1.8%
Minorities	182.9	89.9	204.7	11.9%	127.7%
Net Income	2,661.5	2,512.4	2,444.7	-8.1%	-2.7%
Net margin	42.1%	39.0%	39.7%	(2.4pp)	0.8pp
EPS	8.872	8.375	8.149	-8.1%	-2.7%

### Balance Sheet (Million pesos)

Total Current Assets	11,484.7	20,033.8	18,917.4	64.7%	-5.6%
Cash & Short Term Investments	7,331.1	15,108.2	14,474.0	97.4%	-4.2%
Long Term Assets	53,243.5	50,764.4	49,826.7	-6.4%	-1.8%
Property, Plant & Equipment (Net)	156.2	150.7	150.2	-3.9%	-0.4%
Intangible Assets (Net)	53,061.8	50,590.5	49,357.1	-7.0%	-2.4%
Total Assets	64,728.1	70,798.2	68,744.1	6.2%	-2.9%
Current Liabilities	4,130.0	5,602.0	7,813.4	89.2%	39.5%
Short Term Debt	1,052.2	1,770.0	1,881.7	78.8%	6.3%
Accounts Payable	295.9	245.8	246.5	-16.7%	0.3%
Long Term Liabilities	14,515.1	14,660.4	14,222.4	-2.0%	-3.0%
Long Term Debt	5,015.4	11,744.3	11,265.7	124.6%	-4.1%
Total Liabilities	18,645.1	20,262.4	22,035.8	18.2%	8.8%
Common Stock	46,083.0	50,535.8	46,708.3	1.4%	-7.6%
Preferred Stock	8,836.9	7,147.3	7,128.7	-19.3%	-0.3%
Total Equity	37,246.1	43,388.5	39,579.6	6.3%	-8.8%
Liabilities & Equity	64,728.1	70,798.2	68,744.1	6.2%	-2.9%
Net Debt	5,047.0	(1,593.9)	(1,326.7)	N.A.	-16.8%

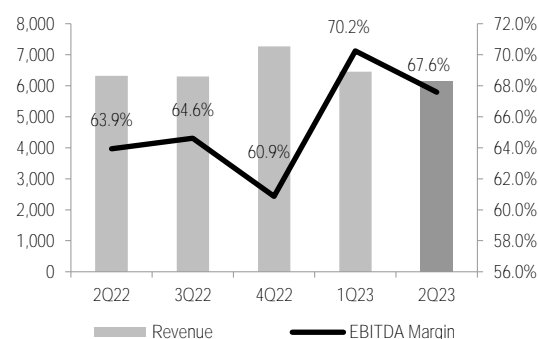
### Cash Flow (Million pesos)

Cash Flow from Operating Activities	3,402.8	3,805.6	3,093.0		
Cash Flow from Investing Activities	(498.4)	26.2	(227.7)		
Cash Flow from Financing Activities	(5,531.7)	(1,172.4)	(3,168.1)		
FX effect on cash	(3.9)	(726.1)	(331.5)		
Change in Cash Balance	(2,631.1)	1,933.2	(634.2)		

Source: Banorte, MSE.

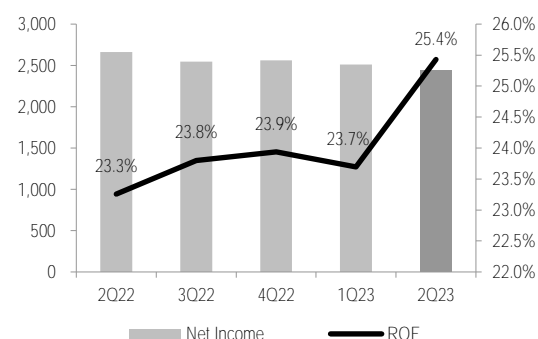
## Revenue & EBITDA Margin

MXN, million



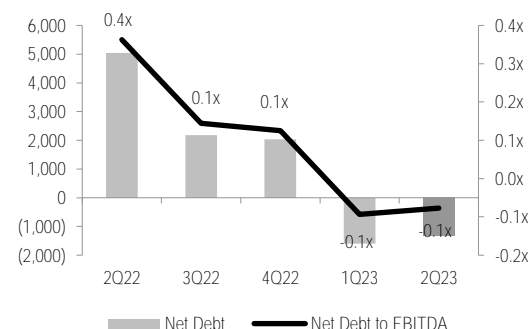
## Net Income & ROE

MXN, million



## Net Debt & Net debt to EBITDA ratio

MXN, million



ASUR 2023 – Passenger, Revenue, EBITDA and EBITDA Margin per region  
 Million - passengers and MXN

Region	Passengers	Var y/y	Revenue*	Var y/y	EBITDA	Var y/y	EBITDA Margin**	Var y/y
Mexico	10,698	9.0%	4,467	10.4%	3,322	8.6%	74.4%	-1.2pp
San Juan Puerto Rico	3,199	14.9%	980	-0.6%	534	-7.9%	54.5%	-4.4pp
Colombia	3,390	-17.5%	578	-16.9%	304	-24.4%	52.6%	-5.2pp
Total	17,286	3.5%	6,025	5.2%	4,160	3.0%	69.1%	-1.5pp

Source: Asur.

\*Sum of aeronautical and non-aeronautical

\*\* EBITDA Margin with no accounting changes

## Analyst Certification

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldívar, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Víctor Hugo Cortes Castro, José Itzamna Espitia Hernández, Carlos Hernández García, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, Miguel Alejandro Calvo Domínguez, José De Jesús Ramírez Martínez, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Isaías Rodríguez Sobrino, Juan Carlos Mercado Garduño, Daniel Sebastián Sosa Aguilar, Jazmín Daniela Cuautencos Mora and Andrea Muñoz Sánchez, 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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	Reference
<b>BUY</b>	When the share expected performance is greater than the MEXBOL estimated performance.
<b>HOLD</b>	When the share expected performance is similar to the MEXBOL estimated performance.
<b>SELL</b>	When the share expected performance is lower than the MEXBOL estimated performance.

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### History of PT and Ratings

Stock	Date	Rating	PT
ASURB	02/23/2023	BUY	\$625.00
ASURB	10/25/2021	BUY	\$483.50
ASURB	04/21/2021	BUY	\$414.00
ASURB	02/24/2021	HOLD	\$403.00

### MSCI ESG Rating scale

CCC	B	BB	BBB	A	AA	AAA
LAGGARD	AVERAGE			LEADER		

\*The MSCI ESG Rating is an indicator that evaluates companies in Environment, Society and Governance (ESG) metrics.

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