



## Grupo Aeroportuario del Sureste 1Q22 Earnings Call Transcript

### P R E S E N T A T I O N

#### **Operator:**

Good day, ladies and gentlemen, and welcome to ASUR's First Quarter 2022 Results Conference Call. My name is Orlando and I'll be your operator. At this time, all participants are in listen-only mode. We will conduct a question and answer session towards the end of today's conference. If you would like to ask a question please press star followed by one, you want to withdraw your question at any time by please press star followed by 2. If you are using a speaker phone, please lift the handset before making a selection. As a reminder today's call is being recorded. Now, I'd like to turn this call over to Mr. Adolfo Castro, Chief Executive Officer. Please go ahead, sir.

#### **Adolfo Castro, ASUR Chief Executive Officer:**

Thank you, Orlando and good morning, everyone. I hope you enjoyed the recent holidays with your family and friends, and you are looking forward to more such occasions, now that the pandemic appears to be ending.

Additional details about our quarterly results can be found in our press release which was issued yesterday after market close and is available on our website in the Investor Relations section.

Let me remind you that certain statements made during this call may constitute forward-looking statements, which are based on current management expectations and beliefs and are subject to a number of risks and uncertainties that could cause actual results to differ materially, including factors that may be beyond our Company's control, including the impact from COVID-19.

Starting with **the annual ASUR's shareholders' meeting**, two dividends were approved last week. In addition to an ordinary cash dividend of 9.03 pesos per share, we are also paying holders of ASUR's Series B and BB shares an extraordinary dividend of 6 pesos. Both dividends will be paid in a single installment on or after June 1 this year. This represents 4.5 billion pesos payments.

Before we move on a review of our results, let me also note that we recently published our 20-F report and our 2021 sustainability report. Throughout the Covid-19 pandemic, we used the time as an opportunity to reflect and determine where we could best improve ASUR's ESG performance, for the benefit of the company and all our shareholder.

We decided that the most significant group-level strategic objectives that should be implemented, in the short and medium terms, are as follow:

- Establish a board-level Sustainability Committee,
- Set new targets for emissions reductions and energy efficiency, including the installation on both on-site and off-site solar power generation,
- Supplement our water consumption with systems that capture and use rainwater,
- Promote greater diversity on our workforce and on the company's Board,
- Ensure equal compensation between genders,

It is important to note that all these objectives were presented to, and approved by, ASUR's board.

And to help ensure that incentives are aligned with our ESG goals and commitments, 5 to 15% of the annual performance bonuses of executive officers who have ESG responsibilities is based on them meeting their ESG targets.

Our long-term strategic objectives include achieving carbon neutrality by 2030, with 95% of energy sourced from clean, renewable sources.

Notable improvements to ASUR's governance include the overboarding. These are just few of the meaningful ESG improvements we are making. I invite you to read our sustainability report to learn about many others.

Now, moving on to a review of our operating and financial results together with some color on travel demand during the quarter.

**Starting with passenger traffic**, total traffic was up over 70% year-on-year and surpassed 1Q19 levels by nearly 9%, reaching close to 15 million passengers, driven by growth across the three geographies. While the Omicron variant mainly impacted traffic in Mexico and Puerto Rico and slowed the pace of recovery in January, we saw better performance starting in the second half of February.

- **Again this quarter, Colombia** posted the strongest recovery, exceeding 1Q19 traffic by 30%, with similar growth rates for domestic and international travel.
- **Puerto Rico** also performed well with traffic up nearly 4% against 1Q19, mainly driven by a 7% increase in domestic traffic, while international traffic continued to improve gradually, reaching 78% of 1Q19 levels.
- **Traffic in Mexico** beat 1Q19 levels by slightly over 3%, driven by similar growth rates in both international traffic and domestic traffic. Domestic traffic at Cancun Airport increased nearly 10%, while international traffic was up mid-single digits, supported by the harsh winter season in North America and a continued recovery in European passenger traffic, particularly in the second half of the quarter as concerns over Omicron subsided.

As anticipated, we are also seeing a recovery in European passengers, although somewhat dampened by the Omicron variant. However, it remains to be seen how the war in Ukraine will impact Europe's economy and the rest of the world. Although the rate at which Mexico's economy recovers is unknown at this time, we expect domestic traffic to continue its gradual

recovery. The lifting of other countries' travel restrictions and their own economic recoveries are also expected to benefit our Mexican airports.

As noted in prior calls, business travel is expected to lag the recovery in leisure. Therefore, we expect traffic at our Mérida, Veracruz, Minatitlan and Villahermosa airports, which were an average of 18% below 2019 traffic levels this quarter, to recover at a slower pace.

In short, we remain cautiously optimistic about global travel demand, and if travel is not hindered by a fourth wave or higher jet fuel prices or other forms of inflation, we expect total passenger traffic to reach 2019's level by the second quarter of this year.

**Looking at our balance sheet, we maintain a strong capital structure and a healthy debt maturity profile.** We ended the quarter with cash and cash equivalents of 9.7 billion pesos, nearly 14% above December 2021 levels. Mexico and Colombia contributed 1.7 billion and 328 million in cash, while Puerto Rico reported an 824 million decline in its cash position.

Net debt to LTM EBITDA was 0.3 times at the close of the quarter, with the Interest Coverage ratio at 9.2x. Also, only 3.4% of principal debt payments are due later this year.

**Account receivables** were up 22% year-on-year. An increase of over 100% in Mexico reflects increased business traffic activity, and partially offset by declines of around 90% and 30% in Puerto Rico and Colombia.

#### **Moving now to the P&L, starting with our top line:**

**Revenues, ex-construction,** increased 90% year-on-year, reaching 5.2 billion pesos in the first quarter, and were up 31% when compared to 1Q19 - driven by growth in aeronautical and non-aeronautical revenues.

We saw improved performance across geographies, with Mexico accounting for 71% of total ex-construction revenues in the quarter, Puerto Rico 17% and Colombia 12%.

Commercial revenues increased 92% YoY, driven mainly by the 87% recovery in passenger traffic, with increases of 108% in Mexico, 53% in Puerto Rico and nearly 82% in Colombia.

**Commercial revenues per passenger** reached 121 pesos in the first quarter, above the 108 pesos reported in 1Q21 and 105 pesos in 1Q19. By geography, commercial revenues were in the range of 146 to 149 pesos in Mexico and Puerto Rico, and 41 pesos in Colombia.

We also saw an improvement in traffic mix this quarter, with the share of higher spending Europeans back to levels observed in 2019 and with continued growth in US tourism. The share of domestic traffic returned to 2019 levels, while the mayor difference is that the number of Canadian travelers is still far below pre-pandemic levels.

**Operating expenses and ex- construction costs,** were up 30% YoY, and just 5% higher when we compared with 1Q19. This was significantly below the 91% and 31% increases in revenues ex-construction when compared to 1Q21 and 1Q19.

- **In Mexico,** ex-construction increased 37% year-on-year, mainly due to higher technical assistance and concession fees resulting from higher revenues and EBITDA, along with higher cost of services. Higher cost of sales from directly operated stores are also contributing to the increase in costs, as many passengers are buying meals-to-go at our

convenience stores instead of going to restaurants. Compared to 1Q19, operating costs and expenses, ex-construction, were up 26% with revenues ex-construction up 33%.

- **In Puerto Rico**, costs were up 21%. The quarter benefited from a 9.5 million pesos higher reimbursement of expenses under the Coronavirus Response and Relief Supplemental Appropriation Act, when compared to the recovery in expenses under the Cares Act in the same quarter last year. When compared to 1Q19, comparable costs were down 20% while revenues increased 20%.
- **Finally, expenses in Colombia** increased 23% year-on-year, mainly driven by higher concession fees from higher travel activity. Compared to 1Q19, revenues were up 39%, while costs declined 9% – both ex-construction.

**With regard to profitability, Consolidated EBITDA** was up 130% to 3.7 billion pesos, with increases across countries operations. Mexico posted a 149% increase in EBITDA, reaching 2.8 billion pesos, while EBITDA increased 41% to 502 million pesos in Puerto Rico and 239% to 373 million pesos in Colombia.

Compared to 1Q19, EBITDA increased 38%, with increases of 38% in Mexico, 19% in Puerto Rico and 95% in Colombia, driven by passenger traffic growth, increased commercial revenue per passenger, higher tariffs and operating leverage.

**Adjusted EBITDA Margin Ex-IFRIC 12** reached 71% this quarter, above the 59% posted in 1Q21 and the 68% achieved in 1Q19. By country of operations and compared to 1Q19, Adjusted EBITDA margin expanded 190 basis points in Mexico to nearly 76% and by 18 percentage points to 62% in Puerto Rico, while Colombia saw a 30 basis point contraction to slightly over 57%.

**In terms of capex**, we invested a total of 316 million pesos in the quarter, mainly in Mexico and to a lesser extent in Puerto Rico and Colombia.

Let me now provide an update on the key projects. The expansion of the terminal building in Merida remains on schedule, with the third phase of the project that we expect to conclude by year-end. At Cancun airport, we are working on the first phase of the Terminal 4 expansion, that is scheduled to be completed by year end. This phase entails adding two boarding gates on the international front. And finally in Mexico, the terminal expansion at Tapachula should be completed during the second quarter.

In Puerto Rico, we continue with major maintenance repairs to runways and taxiways and the remodeling of Terminal D.

This concludes my review of our first quarter results. Orlando, please open the lines for questions.

## **Operator**

Thank you. Again to the audience it is star then one for questions and again please make sure your mute function is turned off or the handset is pressed off before pressing the corresponding digits. We'll take our first question from Alan Macias with Bank of America. Please go ahead.

**Alan Macias**

Hi. Good morning, Adolfo. Thank you for the call. Just one question on Adjusted EBITDA margins. Do you see these levels as sustainable going forward? And If I may, just another question on the new Mexico City Airport; are you seeing more activities seeking new routes to ASUR's airports? Thank you.

**Adolfo Castro**

Hi, Alan, and good morning. And thank you for your questions. Well, in terms of EBITDA margin, we don't like to talk about margins because costs and revenues are independent. If we believe that the recovery process is in progress, and we will have more passengers going forward with the same base costs as we have for last year, of course, margins will expand. It is clear for everybody that inflation is going up, Mexico is not the exception, the inflation here is really strong, and of course, we will have to adjust some of our costs going forward.

In terms of the new Mexico City, as of today, we have three routes with that airport that is the case of the Villahermosa, Mérida, and Cancun. Mérida and Cancun and are working really well in terms of load factor, which is not the case of Villahermosa; apart from these I do not expect any other in the short term.

**Alan Macias**

Thank you.

**Adolfo Castro**

You're welcome.

**Operator**

Okay. Our next question will come from Alejandro Zamacona with Credit Suisse. Please go ahead.

**Alejandro Zamacona**

Hi, Adolfo. Thank you for the call. Quick question. Looking at the capacity plan at the airlines, it seems that for this year, there is still a pent-up demand from international market for Cancun, mostly from U.S. and Canada. But I was wondering how airlines or leisure travelers, at least you have been seeing, how they are reacting to the safety issues that we have recently seen in Cancun?

**Adolfo Castro**

Hi, Alejandro. Well, so far, we have seen a very strong demand from the U.S. and Europe. In the case of Canadians, as I said before, I believe we lost them for this winter season, and I believe they're going to be back to the first quarter to the '19 levels up to the next winter season, which will be November, April this year, next year. That is the only region that is still pending. In terms of the others, we are seeing very strong demand.

**Alejandro Zamacona**

Okay, but overall, you haven't seen any backdrop from capacity plan amid these safety issues, right?

**Adolfo Castro**

No. You just have to see the numbers.

**Alejandro Zamacona**

Okay. Then on the MDP negotiation. I know it's early, but do you have any expected timing for the outcome mostly assuming that the last negotiation in 2018 was finished six months earlier? Also in the MDP, if you have any preliminary expectations for the regulated return, assuming the recent increase in rates?

**Adolfo Castro**

Well, it's too early to tell anything about this. We're in the process to constructing the proposal that we will deliver to the comment at the end of this year. Negotiation will be in progress next year.

**Alejandro Zamacona**

Okay. Thank you, Adolfo.

**Adolfo Castro**

You're welcome.

**Operator**

All right, up next we will hear from Francisco Suarez with Scotiabank. Please go ahead.

**Francisco Suarez**

Thank you for the call, Adolfo, good morning. Two questions on your balance sheet. One, what triggered the increase in restricted cash in the quarter? It was considerably high. Secondly, on your accounts receivables, any write-offs on account receivables that have been implemented in the quarter or that you may expect, or perhaps the way around—potential reversals to provisions? Thank you so much.

**Adolfo Castro**

Okay. The restricted cash increased significantly. Well, significantly means \$50 million, and these were some guarantees that have to be in place for the bonds of Puerto Rico since 2013. But these guarantees now are supported by the Company, so that is why you saw that increase of around \$50 million.

In terms of the account receivables, we are not concerned about that. The only problem, I have mentioned several times, is the case of Interjet they're going to pay us around \$73 million pesos, which all of it has been discussed.

**Francisco Suarez**

Okay. Thank you so much. Take care.

**Adolfo Castro**

You're welcome.

**Operator**

Up next, we'll hear from Guilherme Mendes with JP Morgan. Please go ahead.

**Guilherme Mendes**

Hi, Adolfo. Good morning, and thanks for taking my question. A follow-up question in terms of traffic. If you could provide a little more color in terms of what you expect in Puerto Rico and Colombia, having seeing some different trends in these two regions? If you could provide some additional information on what you expect going forward?

**Adolfo Castro**

Yes, of course. In the case of Colombia, again, I'm really surprised with what we are seeing. Colombia has been extremely strong over the last five months. Of course, it's important to remember that Colombia was closed. The whole country was closed for aviation during six months. I don't know if what we are seeing today is the effect of those six months that we're closed. But for the moment, we're happy to see these numbers—and continues to be very strong even that some of this traffic is business traffic.

In the case of Puerto Rico, I have said that before, we should be expecting a normalization in the future. But of course, for the moment, we're happy to see that they are surpassing what we were expecting in terms of the first quarter 2019 levels. Going back to Puerto Rico, they should be growing between 1.5% to 2% a year. By now, it should be 106, 107, and they are better than that.

**Guilherme Mendes**

Okay. Pretty clear. Just another follow-up question on your MDP. Based on your current MDP, just to double check if you have already fully implemented the tariffs already in the first quarter of this year or should we expect additional increase over the coming quarters?

**Adolfo Castro**

Well, with the average maximum tariff during the quarter was \$245 pesos, which is the lowest in the case of the Mexican airports. We have not been able to recover the 99.8 maximum type compliance yet, so we will expect to capture some of these in the coming quarters.

**Guilherme Mendes**

Okay. Very clear. Thanks, Adolfo.

**Adolfo Castro**

You're welcome.

**Operator**

Our next question will come from Rodolfo Ramos with Bradesco BBI. Please go ahead.

**Rodolfo Ramos**

Good morning, Adolfo. Thank you for taking my question. It's a follow-up on the MDP question. Just wanted to see whether you're expecting in this preliminary submission, or this early in the process, are you expecting to incorporate the potential impact of Tulum? We will really not know the full extent of the impact until probably after your MDPs are concluded. I wanted to see how are you expected to approach the potential impact for Tulum? Then I have a second question, if I may.

**Adolfo Castro**

Okay. We are constructing, again, our draft that has to be delivered by the year-end to the government. Of course, we are expecting the airport of Tulum to be concluded by the end of '23, that's what the government has said. Some of the effects of these, of course, will have to be seen in the next MDP.

**Rodolfo Ramos**

Okay. Thank you. Just a follow-up on your ESG effort, and you mentioned that you have installed solar panels across several of your airports. I just wanted to see how does the recent moves on the energy sector could impact either the operationally or the profitability of these panels? I'm not sure if you're hooked up to the CFE's line and you have to buy back, or how does that work?

**Adolfo Castro**

Rodolfo, what we are installing in our efforts, and actually in the case of Cancun and Mérida, will not have any impact on what you have seen in terms of the initiatives or the electricity law.

**Rodolfo Ramos**

Okay. Just a last one, if I may, on traffic recovery, as we've gone out of the holiday season in Mexico, how are you seeing the more business-oriented routes behaving? I don't know if you can quantify that, perhaps anecdotally, what you think is perhaps more business-driven, even at Cancun, whether it's expos, conferences. I mean, as we come out of this more leisure-intensive season, how are you seeing the outlook for more business-oriented travel?

**Adolfo Castro**

Well, the biggest traffic that we have in the Company is basically related to the airports I mentioned. As you can see, during the quarter, those were 18% below first quarter 2019 levels. It's improving but the improvement, it's really low, so that is why I believe those are going to be able to recuperate the pre-pandemic levels up to the year-end of maybe next year. It's better, but it's really low.

**Rodolfo Ramos**

Thank you, Adolfo.



**Adolfo Castro**

You're welcome.

**Operator**

Next, we'll hear from Filipe Nielsen with Citibank. Please go ahead.

**Filipe Nielsen**

Hi. Good morning. Thanks for taking my question. I'd like to have a follow-up—I have a follow-up question about the concerns on traffic in Southern Mexico that was already asked before. But I wanted to understand better, how is the mix of travelers profile in this region, and if it has changed in this quarter? How is it going to be looking forward?

**Adolfo Castro**

Well, Filipe, thank you for your question. If you want to see the passenger mix results, you can go to the 20-F report, and you will see how it was for last year. In the case of the first quarter, in comparison of pre-pandemic levels, the only missing part is the case of Canadians. Apart from that, everything is working really well with, I would say, extraordinary growth from the case of the U.S.

Probably, going forward, once everything is open or we can say the pandemic is over, probably the U.S. will use some other places in the world, and we will see a decrease in the case of this traffic. But so far, it has been very strong or still very strong, and that's why we believe that we will have a nice summer.

**Filipe Nielsen**

Great. But regarding the travelers' profile, do you see more families and family with children going to those places? Or do you see any changes in the profile, like other kinds of people, like single people or other profiles going to those places?

**Adolfo Castro**

The only change we have seen is less older people and that has resulted from COVID-19 concerns.

**Filipe Nielsen**

Okay. Thank you very much.

**Adolfo Castro**

You're welcome.

**Operator**

Our next question will come from Juan Macedo with GBM. Please go ahead.

**Juan Macedo**

Hi. Thanks for taking my question, and congrats on the results. My question is regarding the new commercial spaces you opened in Puerto Rico and Colombia. Do you expect to maintain the pace of these expansions, and do you have an estimate of the impact it could have in commercial revenues?

**Adolfo Castro**

Hi. Good morning. Well, thank you for your words.

The case of Colombia, if you remember when we got the shares of this Company back in 2017, we said that between three years to four years to really explore the full potential. Now, of course, the pandemic was in the middle of this, and I have to say what you're seeing in the report that we didn't lose the time of the pandemic, so we took advantage of this, and we made very good negotiations in the case of Colombia. That is why you are seeing a lot of new spaces there. There are some that are still pending that are coming, but probably by the year-end, we will be able to say that we have done what we expected originally in our plan back in 2017.

In the case of Puerto Rico, it's business as usual, nothing relevant to say.

**Juan Macedo**

Okay. Great. Thanks.

**Adolfo Castro**

You're welcome.

**Operator**

Next, we will hear from Gabriel Himelfarb with Scotiabank. Please go ahead.

**Gabriel Himelfarb**

Hi, Adolfo. Good morning. Congrats on the results. Just a quick question. I have been reading and hearing through social media and several newspapers that violence in Quintana Roo is increasing strongly. Well, heard that more close to the Bacalar region and Chetumal is highly unsecured, even there are some communities that they drop off the police. Can you give us a bit of color of what you have been hearing, what you have seen in the Quintana Roo state, specifically about how can it impact the general traffic or the general international traffic? Thanks.

**Adolfo Castro**

Well, of course, what we're seeing is not what we like to see. But what I have to say is that the state government and also the federal government have improved a lot, so most of the people who have done something wrong over the last couple of months have been caught, so

it has improved in terms of what—or the reaction of the state government and the federal government.

So far, in terms of numbers, we of course, we will not be able to find what is to be an impact on our traffic. But so far, the numbers are doing well.

**Gabriel Himelfarb**

Okay. Thank you. Just a quick follow-up question. You said that maximum tariffs were about 99.8% and the remaining is expecting to come in quarters. That's right?

**Adolfo Castro**

No, what I said is that we were not able to reach the 99.8% maximum tariff compliances that we have before. What I'm saying is we are going to catch up in the coming quarters. The maximum rate for the quarter was 245. If you compare that with what we had in the first quarter before the (inaudible) maximum value process was around 220, so that was an improvement. We have not reached yet the 99.8% or the 17% increase that we got last year.

**Gabriel Himelfarb**

Okay. Thank you.

**Adolfo Castro**

You're welcome.

**Operator**

Up next, we'll hear from Lucila Gomez with Compass Group. Please go ahead.

**Lucila Gomez**

Hi. Good morning. I have two questions. My first question would be as you are reaching a normalized traffic, should we expect to see a ramp up in cost—meaning, is it sustainable to continue with current control costs or will it be necessary to increase them eventually?

**Adolfo Castro**

Well. Hi. Good morning. As I said, yes, we will have to beat some of our costs due to the inflation that we are seeing in Mexico and the rest of the world. In terms of the amount, of course, yes, you will see some increase in the future.

**Lucila Gomez**

Thank you. My second question would be considering sales—in terms of sales, now that they're improving, are you currently giving any incentives or discounts to stores and restaurants, or are there not anymore?

**Adolfo Castro**

I was unable to hear your question well. Could you repeat?

**Lucila Gomez**

Yes. For sure. Thinking in sales on the non-aeronautical side, are you currently giving, for example, discounts to stores and restaurants on the airports? Or do you don't have anymore?

**Adolfo Castro**

No, we are not providing any discount to them due to the way that we collect. Normally, we collect the higher between a minimum guaranteed payment per passenger or a percentage on sales, so that is why we do not have to give discounts to them. In that sense, if there is no passengers, the rent is zero. Also, that is why we didn't have to renegotiate all of these contracts, so we are not providing any discount to them.

**Lucila Gomez**

Got it. Thank you.

**Adolfo Castro**

You're welcome.

**Operator**

Okay. Up next, we'll take a question from Javier Gayol with GBM. Please go ahead.

**Javier Gayol**

Hi, Adolfo. Thanks for the call, and congrats on the results. I'm sorry if this question has been asked and answered, but I joined a little bit late. I just wanted to understand, regarding the airlines, and how are you seeing them react to the tariffs increase? Is there any backups from them? Have you seen them reluctant to open new routes? I just want to understand how does the picture look for the airlines given the recent hike in tariffs even though, as I understand, it's amongst the lowest of the groups. Just to get your sense on that would be very helpful.

**Adolfo Castro**

Well, we have not seen any, let's say, comment or criticism from them. We are the cheapest by far. In the case of Mexico, you can see that with the maximum rate of GAP and OMA, and also with what we have to pay for the case of Mexico City. We have the cheapest airports in Mexico, and I would say with high quality. In that sense, we have not seen any comment or rejection from the airlines.

**Javier Gayol**

Great. Thank you, Adolfo. Regarding new routes coming on, what are you seeing? Is the security level still an issue for Mexico? Or is that something that airlines are not looking into?

**Adolfo Castro**

Well, as I said, we don't like to see what we are seeing. We only think that it's—a positive thing is that the state government and the federal government are reacting very fast on the recent events, and I hope that this will diminish the situation in the case of the Southeast region.

**Javier Gayol**

That's great to hear. Thank you, Adolfo.

**Adolfo Castro**

You're welcome.

**Operator**

Up next, we'll have a question from Pablo Monsivais with Barclays. Please go ahead.

**Pablo Monsivais**

Hi, Adolfo. Thanks for taking my question. Just want to have more information on your take on how inflation will be reflecting more strongly on cost. I see that there is a lag to the current inflation to what we have seen in your numbers. Can you please explain to us how is the lag working, and when should we see these higher costs going forward? Thank you.

**Adolfo Castro**

Okay. Well, let me go to the case of personnel—in the case of ASUR. Once the pandemic was here, we put the brakes on all the expenses. In the case of personnel, we stopped salary increases, canceled bonus, not filling vacancies, etc. That has been adjusted as from this quarter, so some increases in salaries were there. We paid some bonus from the results of last year, and we are start filling some vacancies, so that's why I'm saying inflation effects will have to be seen in the coming quarters.

**Pablo Monsivais**

Okay. But, for example, in the contract that you have with security personnel and maintenance, should we expect the inflation to hit this year or next year?

**Adolfo Castro**

Well. That is adjusted—when the contract is finished, normally, they adjust with inflation, so it is not one contract for the whole company or for the nine airports in Mexico or in Puerto Rico and Colombia. It's happening as we speak.

**Pablo Monsivais**

Oh, perfect. Thank you very much.

**Adolfo Castro**

You're welcome.

**Operator**

All right. Up next, we'll hear from Alan Macias with Bank of America. Please go ahead.

**Alan Macias**

Hi. Just two follow-up questions or two more questions. On Mexico's aviation safety rating, can you give us any insight into the efforts Mexico is having to recover Category 1, and if you see any timing for this recovery? And the second question would be on the technical people that review and approve the master development plan. Have there been any changes in the people that do the actual technical review and approval? Thanks.

**Adolfo Castro**

Well, Alan, to be honest, I don't have any insights in terms of the Category 1. I have, probably, the same kind of information that you have, which is the newspaper. Where the Mexican government is saying that they will recover this in the second half. Volaris has announced a new flight or that they're willing to have a new flight from Aifa to LA, and that will not occur if they do not recover the Category 1. That's what I can say to you, I don't have any insight. In terms of the people that review all these, I would say more or less is the same as we had before. No major changes we have seen on this.

**Alan Macias**

Thank you. Great.

**Adolfo Castro**

You're welcome.

**Operator**

Up next, we'll take a question from Giovanni Bisogno with Santander. Please go ahead.

**Giovanni Bisogno**

Hi, Adolfo. Congrats on the results, and two quick questions, if I may. The first one is could you give us any color of what the government of Quintana Roo is doing to bring control about the security of Cancun? The second question is about the traffic. We saw a couple of weeks ago that that Cancun is now on their top 10 busiest airport considering only international passengers. But now that the COVID restriction is flexible around the world, should we expect the accelerating traffic, especially coming from the U.S. from now on? Thanks.

**Adolfo Castro**

In terms of the security, they are improving a lot. The C-5, which is the security center in Cancun, has made a lot of investments, and they have a lot of cameras all around the area, and that has helped a lot on the reaction of these recent events. In terms of that Cancun was the tenth largest airport in the world last year, that was because some of the airports were more affected by COVID-19. We will not remain as the tenth largest airport in the world this year. That's for sure.

**Giovanni Bisogno**

All right. Thanks.

**Adolfo Castro**

You're welcome.

**Operator**

We'll take a question from Fernanda Recchia with BTG. Please go ahead.

**Fernanda Recchia**

Hi, Adolfo. Congrats on your results. Just quickly here on my side, we saw that you quoted with a very comfortable leverage during this Q, so I was wondering if you could comment on your intention to diversify your revenues outside the regions you already operate? We have Barbados Airport auction this year, could you comment on your potential participation on this auction or any other auction? Thank you.

**Adolfo Castro**

Hi, Fernanda. No, we do not have any significant to tell about options, and we are not participating in any today.

**Fernanda Recchia**

Okay. Thank you.

**Adolfo Castro**

You're welcome.

**Operator**

That concludes the question-and-answer portion of today's conference call. I would like to turn it back over to Mr. Castro for closing remarks.

**Adolfo Castro**

Thank you, Orlando. And thank you again for participating in our first quarter results conference call. On behalf of ASUR, we wish you a good day. Goodbye.