ASUR

2Q26 Earnings Call Transcript
July 23, 2026
Final

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

Operator:
Good day, ladies, and gentlemen, and welcome to ASUR's Second Quarter 2026 Results Conference Call. My name is Christine, and I'll be your operator. At this time, all participants are in listen-only mode. We will conduct a question-and-answer session toward the end of today's conference. If you would like to ask a question, please press star one. If you want to withdraw your question at any time, please press star 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. David Barlow, Corporate Governance, Strategic Planning Manager & IRO at ASUR. Please go ahead, sir.

David Barlow, Corporate Governance, Strategic Planning Manager & IRO

Thank you, Christine. And thank you everyone for joining us today to discuss ASUR's results for the second quarter 2026.

With me on today's call is Adolfo Castro, Chief Executive Officer.

Additional details about our results can be found in our press release, which was issued yesterday after market close, and is available on our website. As usual, all comparisons discussed on this call will be year-on-year, and all figures are expressed in Mexican pesos, unless specified otherwise.

As a reminder, certain statements made during the call today may constitute forward-looking statements which are based on current Management expectations and beliefs, and are subject to several risks and uncertainties that could cause actual results to differ materially, including factors that may be beyond our Company's control. Please refer to the forward-looking statements disclosure included in this earnings presentation for additional information.

With that, I´ll now turn the call to Adolfo. Please go ahead, Adolfo.

Adolfo Castro, CEO

Thank you, David, and good morning, everyone.

I am going to start today's conference call with a discussion on the strategic initiatives that are setting the foundation of ASUR's next stage of development and growth. Then I will briefly review the quarter's results.

Our objective is to **continue building the leading airport group in the Americas**. We are doing this by expanding into attractive markets, diversifying our geographic and revenue mix diminishing the dependence in one market, increasing our exposure to commercial revenues, and improving the efficiency of our operating model. The Motiva transaction, ASUR US Airports, the investment program at Cancún Airport, and the proposed internalization of the technical assistance services are key components to achieving our goal.

Let me begin with the proposals that we propose to the Shareholders' Meeting that is going to take place on August 20.

First, we are asking shareholders to consider approving ASUR's plan to internalize the specialized technical assistance and technology transfer services currently provided by our strategic partner, ITA. We believe this is an important step in ASUR's evolution. It would bring these capabilities, personnel, expertise and know-how into ASUR, simplify our corporate structure and better align our operating model with the scale and complexity of our growing international platform.

The transaction would be implemented through a merger and would involve the issuance of approximately 7.3 million net new ASUR shares to ITA's shareholders, equivalent to approximately 2.4% of the current shares outstanding.

For reference, ASUR recognized approximately Ps.401 million in technical assistance fees during 2025. If the transaction is approved, these services would be performed by ASUR. While we would assume the related operating costs, the recurring external fee would be eliminated, and the future economic benefits of these activities would remain within the Company.

The proposal was reviewed and negotiated under the leadership of the Audit and Corporate Practices Committee, which is composed exclusively of independent directors and supported by independent financial and legal advisers.
Separately, the Board has proposed **two extraordinary cash dividends** to be paid - Ps.10 per share each - on November 24 and December 15, respectively. The proposal reflects ASUR's strong financial position, solid cash generation, and disciplined approach to capital allocation. During the first half of the year, we generated Ps.7.3 billion in operating cash flow, an increase of 21% year on year. This cash-generating capacity allows us to return excess capital to shareholders while preserving the flexibility to fund our investment commitments and pursue future growth opportunities.

Shareholders will also be asked to **approve amendments to the bylaws** first to align them with the current regulatory framework and second if the internalization is approved, to reflect the changes resulting from the merger. We encourage shareholders to review the Information Statement for additional details.

Turning to Motiva, we are actively progressing to complete the acquisition during the second half of 2026. The transaction remains subject to the remaining regulatory approvals and customary closing conditions. Once completed, the transaction will add a portfolio of 20 airports across Brazil, Ecuador, Costa Rica and Curaçao, including entry into Brazil, the largest aviation market in Latin America. The acquired portfolio handles approximately 45 million passengers annually and will significantly increase ASUR's scale and geographic diversification. Our under-levered balance sheet enables us to fund this transaction with debt, while at the same time preserving financial flexibility for other high-return projects, including dividend payments.

Moving next to the ASUR US, ASUR US, provides directly exposure to non-regulated, dollar-denominated commercial revenues at three major U.S. airports. With over 35 million annual customers and revenues above US benchmarks, ASUR US also gives a platform from which we will continue further developing our commercial capabilities in the US. On April 21, ASUR US completed the US$125 million commercial transformation of JFK Terminal 8, opening more than 60 dining, retail, duty-free and experiential concepts. At JFK's New Terminal One, commercial development continues ahead of its expected opening toward the first quarter of next year. As a result, the current financial contribution does not yet represent the earnings potential of the U.S. platform. At LAX, we continue remodeling and developing commercial spaces ahead of the of the Super Bowl in 2027 and the Olympic and Paralympic Games in 2028.

In Mexico, construction of the new **Terminal 1 continues at Cancún,** which we plan to reopen during the fourth quarter. Once operational, Terminal 1 will allow to begin rebalancing passenger flows, including moving most South American operations from Terminal 2. This should reduce pressure on Terminal 2 and improve the passenger experience and create additional commercial capacity.

In parallel, we continue executing the broader Master Development Program. This includes the second phase of the Terminal 4 expansion, which will add four boarding gates and a connecting taxiway, together with related airside and roadway infrastructure. The project is expected to be fully operational by the end of 2028 and is designed to expand capacity, improve passenger and aircraft flows, and support Cancún's longer-term growth.

Together, these initiatives support the same objective: a larger and more geographically balanced airport platform in markets with attractive long-term demand, greater contribution from commercial revenues and a more efficient operating and equity structure.

Turning to passenger traffic, total traffic declined 2.7% year over year to approximately 17 million passengers, reflecting softer performance in Mexico and Puerto Rico, partially offset by continued growth in Colombia.

- **In Mexico,** traffic declined 5%, primarily reflecting continued pressure at Cancún, where international traffic remained softer, particularly from the United States, our largest international source market. Airline capacity constraints Spirit´s bankruptcy and higher airfares, partly reflecting elevated jet-fuel prices, also affected demand. In addition, the World Cup did not generate the incremental tourism flows into the Mexican Caribbean. Most of our other Mexican airports performed better and partially offset the decline at

Cancún. Passenger volumes to and from the United States, Europe, South America and Mexico decreased by 11.7%, 11.8%, 6.5%, 1.9% respectively, while Canada increased 10.5%.

- **Puerto Rico** traffic declined 3.5%, reflecting the effects of Spirit´s bankruptcy, together with softer domestic and international demand. Domestic remained affected by airline capacity and fare dynamics in the U.S. market, while international remained comparatively more resilient. It will take time for other airlines to absorb the Spirit passengers lost since May 2nd.

- **Colombia** traffic increased 3.6%, supported by healthy demand and improved connectivity. Growth moderated against a strong comparison base but continued to outperform the rest of our portfolio.

While near-term conditions in Mexico and Puerto Rico remain challenging, we continue to view much of the current pressure as capacity- and affordability-related rather than a change in the long-term fundamentals of the travel demand. Fleet availability should gradually improve as aircraft return to service, although the timing remains uncertain.

Turning to financial performance, as usual, the figures I will discuss exclude construction revenue and construction costs, unless otherwise noted.

Revenues were broadly stable at Ps.7.4 billion. Non-aeronautical revenues increased nearly 10%, supported by the contribution from ASUR US Airports which added Ps.444 million and 13% growth in Colombia. By contrast, aeronautical revenues contracted by mid-single digits, mainly reflecting the softer traffic in Mexico and Puerto Rico, and the translation effect of the stronger Mexican peso in our international operations and local operations with a US dollar component.

Commercial revenues per passenger increased nearly 13% to Ps.153 per passenger, primarily reflecting the addition of the U.S. commercial operations. A single digit decline to Ps.145.7 per passenger in Mexico was offset by low and high single digit increases in Puerto Rico and Colombia, respectively. Again, softer performance in Mexico and Puerto Rico resulted from lower traffic and FX headwinds given the strength of the Mexican peso.

The expansion of our commercial footprint is ongoing with 40 new commercial spaces; 29 in Colombia, 8 in Puerto Rico and 3 in Mexico, over the past twelve months. At the same time, as previously mentioned, we completed the commercial transformation of JFK Terminal 8 during the quarter.

Moving on to profitability, consolidated EBITDA decreased nearly 9% to Ps.4.6 billion. By region, EBITDA declined 9% in Mexico.17% in Puerto Rico, while increasing 1% in Colombia.

ASUR US Airports contributed Ps.20 million of EBITDA, reflecting the platform's current development stage. This contribution is not yet representative of its earnings potential, as JFK Terminal 8 continues to ramp up and JFK's New Terminal One is expected to open during third quarter of this year, while commercial spaces at LAX and Chicago O'Hare are being expanded and upgraded.

Adjusted EBITDA margin declined 560 basis points year over year to 62%, due to lower revenues in Mexico and Puerto Rico and the consolidation of the U.S. commercial business, which is operating at a lower margin.

Net majority income increased 7% to Ps.2.3 billion, as lower foreign-exchange loss in Mexico, lower income-tax expenses in Mexico and Colombia, was offset by the benefit from the amortization of the fair-value adjustment related to the Colombian acquisition loan following its repayment.

Turning to the balance sheet, we ended the quarter with cash and cash equivalents of nearly Ps.12 billion and net debt to EBITDA of 0.9x times last-12-month EBITDA. Our balance sheet remains strong and provides flexibility to execute and fund our committed capital program, complete the Motiva transaction, and continue pursuing our broader strategic priorities.

Lastly, during the quarter we stepped up capital expenditures to Ps.2 billion, with the majority of this funded in Mexico as we advanced in our capital program, including the projects at Cancún that I already discussed.

Summing up. While the operating environment remains challenging, particularly in Mexico, ASUR is moving in the right direction as we are making progress executing our strategic growth initiatives, better equity structure and diversification. Our expansion through the Motiva acquisition, our U.S. commercial operations, and ongoing cost-efficiency efforts are strengthening our business and positioning the Company for long-term growth. At the same time, we remain disciplined with capital allocation and cautious in our outlook while continuing to create long-term sustainable value for our shareholders complemented with attractive dividend payments.

With that, we are ready to take your questions. Christine, please open the floor for questions.

Q&A SESSION

Operator: Thank you. We will now begin the question and answer session. To ask a question, dial in by phone and press star one on your telephone keypad. Make sure your mute function is turned off and if you are using a speakerphone, please pick up your handset before pressing the keys. To withdraw your question, press star then two. Please limit yourself to one question and one follow up. Join the queue again if you have additional questions at this time, we will pause momentarily to assemble our roster.

Thank you. Our first question comes from the line of Rodolfo Ramos with Bradesco BBI. Please proceed with your question.

Rodolfo Ramos: Good morning, Adolfo. David, thanks for taking my questions a couple here if I may include my follow up there. You know, we saw softer implicit tariff in your aeronautical revenues, wanted to check on your maximum tariff compliance and where do you expect to end the year given today's fx? And the second is on your cost side. You know, whether you think that this quarter represents a good base going forward and how does the internalization might play there? I don't know if you're seeing still extraordinary expenses on the Motiva acquisition, and how can those evolve going forward? Thank you.

Adolfo Castro: Thank you, Rodolfo. Yes, of course, we are seeing some pressure in the maximum tariff due to the fact that the passenger mix is changing in comparison with last year. So, the decrease in the U.S. traffic had an impact, but of course as always, we will have a very clear objective which is 99% maximum tariff compliance by the end of the year. In terms of the cost. Yes, we have one-time cost during the quarter related to Motiva, related to the U.S., some additional fees, legal fees due to the internalization of the project. Nothing that will be there in the future. It's true.

Rodolfo Ramos: Any way that you can give us a sense of sizing of these expenses that you expect to?

Adolfo Castro: Those are I would say, in general terms, not so important. The clear problem we had during the quarter was the loss of half a million passengers in the case of Cancún and 135,000 in the case of Puerto Rico. So, the problem is in the revenue side.

Rodolfo Ramos: Thank you.

Adolfo Castro: You're welcome.

Operator: Our next question comes from the line of Guilherme Mendez with JP Morgan. Please proceed with your question.

Guilherme Mendes: Yes. Good morning, all. Thanks for taking my question. Hi, Adolfo and David. So, I have a couple regarding Motiva's airports. The first is on the approval; you've said the expectation for the second half of the year. I recall on the last call you mentioned about the second quarter of the year. If you can share which of the four regions are taking longer than expected? And also, regarding synergies, I recall you guys talking about not expecting a lot of synergies on the transaction, if anything has changed on that front. And lastly, if I may, if you somehow consider a potential partial divestment of those assets once you incorporate them on your portfolio? Thank you.

Adolfo Castro: Yes, the region that is holding up is the case of Brazil, we are very close to an end. I said second half. I would say third quarter. In the case of synergies, I don't see any important synergy. As I said before, we are basically expecting the same business as usual. And in terms of selling some pieces, not for the moment.

Guilherme Mendes: Very clear. Thank you, Adolfo.

Adolfo Castro: You're welcome.

Operator: Our next question comes from the line of Jens Spiess with Morgan Stanley. Please proceed with your question.

Jens Spiess: Yes, hello. Thank you, Adolfo, for taking my question. So, on the administrative expenses in Mexico, they remain quite elevated. Should we, I mean, I think they increased more than around 30% year over year. But should we expect this level to be more or less the new normal? And what's driving it? Is it mostly like labor cost, minimum wage increases and so on, or what is it?

Adolfo Castro: Yeah, it's minimum wages. And also there was an issue with medical insurance cost that had increased significantly in the case of Mexico due to a tax reform by the Mexican government.

Jens Spiess: Okay, all right. Okay, perfect. Thank you.

Adolfo Castro: You're welcome.

Operator: Our next question comes from the line of Joao Frizo with Goldman Sachs. Please proceed with your question.

Joao Frizo: Hi Adolfo, hi David, good morning, guys. I have a quick question around Cancún traffic. Just wanted to hear a bit your thoughts on why the weakness in that airport specifically? In the past we had the issue with Tulum ramping up. I think that's behind us right now. So, I just wanted to hear your expectations for growth there going forward and what is driving the weakness we saw in June but also in the months prior to that. Thank you very much, guys.

Adolfo Castro: Well, the softness is a cocktail of matters. One of the important ones is of course the jet fuel increase. Just to say jet fuel increased 42% during the month of June due to the conflicts in the Middle East. That's one of the things. The second one, of course, the bankruptcy of Spirit, and it's going to take time for the other airlines to recuperate. Of course, the case of sargassum, which has been very high during this year, almost exceeding the levels of last year during the summer. In terms of the recovery process, my opinion is that the summer is lost and we are expecting the recovery process up to the end of the summer season. So, winter season we see a better outlook and I would say more seats, more offered seats than what we have last year. That will be up to November, December this year.

Joao Frizo: That's great. Thank you very much.

Adolfo Castro: You're welcome.

Operator: Our next question comes from the line of Abraham Fuentes with Banco Santander. Please proceed with your question. Abraham Fuentes, your line is live.

Abraham Fuentes: Thank you. Sorry, I think my question was already answered. Sorry for that.

Operator: Our next question comes from the line of Pablo Ricalde with Itaú. Please proceed with your question.

Pablo Ricalde: Good morning, Adolfo. Good morning, David. Talking about the recent increasing tariffs in Mexico, which is like your maximum tariff that you're charging now after July hike? I don't know if you can confirm that?

Adolfo Castro: The maximum tariff is not what you collect on every single day. Maximum tariff is all the completion. To comply the maximum tariff is the whole year from 1st of January up to December at the end of the year. So, what I said is what we're expecting is that the maximum tariff compliance for this year should be close to 99%.

Pablo Ricalde: Okay, thank you.

Operator: Our next question comes from the line of Enrique Cantu with GBM. Please proceed with your question.

Enrique Cantu: Thank you for the call. I just have one quick question. During the quarter ASUR U.S., generated only a modest EBITDA contribution despite a full quarter of consideration. Could you provide more color on when should we expect the business to reach a more normalized profitability level?

Adolfo Castro: I am really sorry, but I cannot hear you well. Could you repeat your question please?

Enrique Cantu: Could you hear me now?

Adolfo Castro: It's better but not so bad.

Enrique Cantu: Okay, maybe. I'll hang up and then I'm calling again.

Adolfo Castro: Okay, thanks.

Operator: Our next question comes the line of Anton Mortenkotter with GBM. Please proceed with your question.

Anton Mortenkotter: Hi Adolfo, thank you for taking my question. One of my questions, I'm not sure if you can provide some color on how the current traffic curve looks against the expectations that you said during the last MDP revision. That is one and another one, which I think is the one that Enrique was trying to ask is regarding ASUR US EBITDA contribution. I think during previous calls you mentioned you were expecting somewhere closer to $20 million in EBITDA normalized. I'm not sure if you are still expecting those same levels? Thank you.

Adolfo Castro: Thank you for your questions. Of course we are below our expectation of the previous MDP. We were not expecting all of these things that are happening today. And in the case of ASUR US, the 20 million is not going to happen this year. Moreover, when we are not going to open the new Terminal 1 this year. So originally it was expected to be open as from June 1st. Now we are expecting it at the end of first quarter next year.

Anton Mortenkotter: Super useful. Thank you.

Adolfo Castro: You're welcome.

Operator: Our next question comes from the line of Gabriel Himelfarb with Scotiabank. Please proceed with your question.

Gabriel Himelfarb: Hi Adolfo. Good morning and thanks for the call. Just two questions. What's the EBITDA margin level we should consider sustainable for ASUR U.S. once the IFRS 16 effect normalize? And also should we think about ASUR U.S. as an asset or as a platform for future U.S. expansions? Thank you.

Adolfo Castro: Gabriel. Today's EBITDA margin in the U.S. operations is around 9%. It's a complete different business in comparison with what we have in Mexico, Puerto Rico and Colombia. Even though I do believe that this margin will increase in the future, of course will never be comparable with the margin in the case of Mexico. Important to say also that today we have some expenses in relation with the projects we are progressing, we are doing in the case of new Terminal 1 or some of the processes are related to this project that is not generating debt any revenue. Of course, what we have said is we want this to be a platform to grow in the United States. That is the most important objective we have with this project.

Gabriel Himelfarb: Okay, thank you very much.

Adolfo Castro: You're welcome.

Operator: Our next question comes from the line of Alan Macias with Bank of America. Please proceed with your question.

Alan Macias: Hi, good morning and thank you for the call. Just a follow up on Cancún traffic. Just focusing on domestic traffic has also been weak, the same factors apply for domestic traffic in Cancún? Thank you.

Adolfo Castro: Well, you know, the problem with the domestic has been the engine problem of Pratt & Whitney with Viva and Volaris, but basically, the case of Volaris. This has improved. During the quarter I had the opportunity to meet Enrique Beltranena and he's saying that now Pratt & Whitney are delivering their aircrafts faster than what they have done before. So I am confident that we will see some increase in the coming quarters at this respect.

Alan Macias: Thank you.

Adolfo Castro: You're welcome.

Operator: Our next question is a follow up from Jens Spiess with Morgan Stanley. Please proceed with your question. Jens Spiess your lines is live.

Our next question comes from the line of Alberto Velez with UBS. Please proceed with your question.

Alberto Velez: Thank you. Adolfo, David. Sorry if I'm repeating a question. My line dropped before, but if you could provide some details. When comes the Terminal 1 operation? You said in the second half of the year, but should it be mid-third quarter, more to the end, more to the fourth quarter. And should we consider the second quarter as a bottom for ASUR in terms of traffic, in margins, costs, tariffs? Should we see improvements for the following quarters?

Adolfo Castro: Okay, in the case of you're talking about new terminal. Well, Terminal 1 in Cancún Airport, I'm expecting that for the fourth quarter, new Terminal 1 at JFK is first quarter next year. In terms of being this quarter the bottom line, that's what I hope, not so sure. Of course, in terms of the traffic, I do not expect something different for the third quarter, and I expect some improvement during the fourth quarter.

Alberto Velez: And if I may follow up. In terms of dynamic of airlines, do you see that change something with Viva and Volaris being one than it was before? Do you see more bargaining power from them to negotiate tariffs or not? Because you see the cheapest one?

Adolfo Castro: Well, basically what I understand of their merge is that they will continue working separately, independent. So that the merge is just giving them the power to be able to negotiate better with the aircrafts. But in terms of the traffic, in terms of the routes, they should be independent.

Alberto Velez: Muchas gracias.

Adolfo Castro: Obrigado.

Operator: Our next question is a follow up from Rodolfo Ramos with Bradesco BBI. Please proceed with your question.

Rodolfo Ramos: Thank you. Just a couple of follow ups. Adolfo, if I may. The insurance costs that you mentioned, are these expected to be recurring or was this a one time off? So again, if this is a good base to go off of. And second, I mean you started to talk about a recovery in the fourth quarter and the winter season being the next test for Mexican traffic. Do you have any visibility today as to how the winter season is looking? I don't know if you know, it's early, but vis a vis other years, either bookings or just conversations with their airlines. Thank you.

Adolfo Castro: Well, in the case of the insurance, it's not one time, it's basically, and let me give you the number, the cost of insurance increased by 39% and it's going to be there. It's not going to change. In terms of the recovery, yes we have some information using the database of seats that are published by the airlines and we see some increase in comparison with last year for November and December this year. So the winter season. Great beginning of the winter season.

Rodolfo Ramos: Thanks.

Operator: As a reminder, if you have a question, please press star then one. We will pause momentarily to assemble our roster. Thank you. Our next question is a follow-up from Gabriel Himelfarb with Scotiabank. Please proceed with your question.

Gabriel Himelfarb: Hi again, just a quick question. Did you mention that the new terminal of the JFK will be on the third quarter 2027? I think I didn't get well. And also, for the new terminal In Cancún, it's fourth quarter this year. Thank you.

Adolfo Castro: Gabriel. Yes, Terminal 1 in Cancún, fourth quarter this year, new Terminal 1 at JFK, first quarter next year.

Gabriel Himelfarb: Okay, thank you.

Adolfo Castro: You’re welcome.

Operator: Again, if you have a question, please press star then 1. One moment while we assemble our roster. Thank you. That concludes our question and answer portion of today's conference call. I would like to turn the call back over to Mr. Barlow for closing remark.

David Barlow: Thank you, Christine. And we would like to thank you all again for joining us on today's call. We look forward to speaking you again in the next quarter and have a nice day. Thank you very much.

Operator: Ladies and gentlemen, that concludes ASUR's second quarter 2026 results conference call. We would like to thank you again for your participation. You may now disconnect.