GMR Airports Ltd — Aug 2024 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

The punchline. Read this first — it frames everything below.

Result: Inline **One-line:** Strong passenger traffic and EBITDA growth are currently masked by the "J-curve" impact of high depreciation and interest costs following the capitalization of major expansion projects at Delhi and Hyderabad.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance	Inline	Revenue and EBITDA grew 19% and 18% YoY respectively; bottom line remains pressured by capex cycle.	□
Earnings Quality	High (Core driven)	Growth driven by 7% YoY Pax growth and 9% improvement in Aero Yield per Pax (YPP).	□
Guidance Confidence	Strong	Expansion projects at Delhi/Hyderabad 99.9% complete; Goa at 88%.	□
Management Credibility	Strong	Successfully completed the complex GAL-GIL merger in July 2024 as promised.	□
Business Quality Signal	Improving	Simplified corporate structure and "GIL Platform" for non-aero adjacencies scales the moat.	□
Key Q&A Exchange	N/A	Section not applicable — investor presentation only.	□
The Street's Primary Anxiety	Debt & Tariff	Concerns over Net Debt levels (□28,000 Cr) and the timing/quantum of the Delhi CP4 tariff hike.	□
Capital Cycle Stage	Investment/ Harvesting	Transitioning from heavy construction to operationalizing new capacity (Delhi T1, Hyderabad expansion).	□
Margin / Return Ratio Trajectory	Stable	Consolidated EBITDA margins held at 52%; ROCE remains suppressed by high capital work-in-progress.	□
Pricing Power	Expanding	Regulated aero tariffs are on an upward reset path; Non-Aero IPP grew 3% YoY to □351.	□
FCF Conversion & Quality	Weak	Negative at PAT level due to non-cash depreciation and high interest; OCF is growing but consumed by capex.	□
Competitive Moat Signals	Widening	Controlled 27% of India's total passenger traffic in FY24; 2,520 acres of high-value land remains under-monetized.	□
Balance Sheet Strength	Stressed	Net Debt increased to □28,000 Cr (+21% YoY) as capex was funded; Gross Debt decreased slightly QoQ.	□
Working Capital Efficiency	Stable	No material change in revenue share or collection cycles noted.	□
Mgmt Guidance Track Record	Reliable	Delivery on capacity expansion (99.9% at major hubs) is consistent.	□
Key Vulnerability	Delhi T1 Incident	Sudden closure of T1 (partially mitigated by T2/T3) creates short-term operational friction.	□
Management Tone	Confident	Tone focused on "Breakout Growth" and "Unlocking Real Estate."	□

Sentiment: □Positive

Key Takeaways (Positives & Negatives): * **Positives:** The merger of GMR Airports Ltd (GAL) with GMR Airports Infrastructure Ltd (GIL) is complete, simplifying the structure and moving shareholders closer to cash flows. Traffic growth is robust (+7% YoY), and Aero Yields are rising (+9% YoY) even before the impact of new tariff orders. The "GIL Platform" is successfully taking over high-margin adjacencies like car parking and retail across airports. * **Negatives:** Interest costs (₹889.4 Cr) and Depreciation (₹466.2 Cr) have spiked significantly post-capitalization, leading to a consolidated loss of ₹337.6 Cr. Net Debt is high at ₹28,000 Cr. The T1 roof incident at Delhi, while managed by shifting capacity to T2/T3, introduces temporary operational complexity. * **Forward-looking watchpoint:** The key catalyst for a re-rating will be the final tariff order for Delhi Airport (CP4), which will determine the aero revenue trajectory for the next five years.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS *PPT used as primary source. Note: 1 Billion = 100 Crores.*

Metric	Current Qtr (Q1FY25)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Total Income (Consol)	₹2,522.3 Cr	↑ 19%	↓ 2%	↑	Driven by higher traffic and aero yields; QoQ dip due to seasonality in Goa.
EBITDA (Consol)	₹1,016.3 Cr	↑ 18%	↑ 8%	↑	Volume growth + operational leverage; margins steady at 52%.
PAT (Consol - Cont. Ops)	(₹337.6 Cr)	↓ (Loss)	↓ (Loss)	↓	Loss widened from ₹167.6 Cr loss YoY due to high interest/depreciation.
Net Debt	₹28,000 Cr	↑ 21%	↑ 3%	↓	Increased due to final capex payments and Bhogapuram borrowings.
Passenger Traffic	31.8 Mn	↑ 7%	↑ 1%	↑	Record quarterly traffic at Delhi and Hyderabad hubs.
Aero Yield Per Pax (YPP)	₹249	↑ 9%	↑ 3%	↑	Driven by higher international traffic share (34% for international).
Non-aero Income/ pax (IPP)	₹351	↑ 3%	↓ 3%	→	Retail and F&B growth offset by seasonal softness in some segments.
Delhi (DIAL) Revenue	₹1,288.5 Cr	↑ 7.5%	↓ 2%	→	Aero revenue up 9%; CPD rentals down 3.8% (seasonal/timing).
Hyderabad (GHIAL) Revenue	₹575.8 Cr	↑ 21.4%	↑ 4%	↑	Strong 24.2% jump in Aero revenue; non-aero up 17.2%.
Goa (Mopa) Revenue	₹94.6 Cr	↑ 121%	↓ 22%	↑	YoY reflects ramp-up; QoQ decline due to summer seasonality in Goa.
Duty-free SPP (Delhi)	₹1,019	↑ 2%	N/A	→	Spend per pax stable compared to FY24 average (₹997).
Interest Coverage (x)	1.14x	↓	↓	↓	Compressed by capitalization of interest (EBITDA/Interest).

2B. SEGMENT BREAKDOWN

Segment	Revenue (₹ Cr)	YoY Growth	EBITDA Margin	Trend	vs Co. Avg	Key Development
Delhi (DIAL)	₹1,288.5	7.5%	52%	→	Inline	Submitted CP4 Tariff proposal; Expansion 99.9% complete.
Hyderabad (GHIAL)	₹575.8	21.4%	65%	↑	Above	New duty-free and transit lounge operationalized.
Goa (Mopa)	₹94.6	121%	42%	↑	Below	41% market share in Goa system; capacity increasing to 7.7mn.
Medan (Indonesia)	₹123.0	3%* (QoQ)	17%	→	Below	Impacted by supply-side constraints; traffic down 6% YoY.

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3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Capex Plan	Complete Goa expansion in FY25; Bhogapuram in 3 years.	Goa is 88% done; Bhogapuram is 29.7% done. Feasible.	High (Delhi/Hyd delivered).	Low
Guidance	Margins	Maintain/Improve margins through platform adjacencies.	Needs non-aero to grow >15% to offset fixed cost increases.	Strong.	Medium
Strategy	Adjacencies	Foray into non-GMR airports for services/adjacencies.	Early stage; requires winning competitive bids.	First entry.	Medium
Strategy	Real Estate	Monetize 2,520 acres of land potential.	No specific quarterly target; dependent on deal closures.	Mixed/Slow.	High
Balance	Deleveraging	Work towards optimizing debt at GIL level.	Requires EBITDA to exceed ₹5,000 Cr/yr to significantly reduce net debt.	Mixed (Debt rose).	High

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4. ANALYST Q&A

Section not applicable — investor presentation only. No concall conducted or available.

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5. WHAT CHANGED vs PRIOR QUARTER

First entry — no prior context provided for comparative trend analysis. Baseline established this quarter.

What Changed	Prior Quarter	This Quarter	Direction
Corporate Structure	Pre-Merger	Post-Merger (GAL merged into GIL)	↑ (Simplified)
Capacity Status	Expansion ongoing	Expansion 99.9% complete (DEL/HYD)	↑ (Harvesting)
Delhi Operations	T1 fully functional	T1 partial closure / capacity shifted	↓ (Temporary)
Interest Expense	Capitalized	Expensed (Post-COD of expansion)	↓ (P&L pressure)
Regulatory	CP3 for Delhi	CP4 Tariff Proposal submitted	↑ (Visibility)

STOP HERE.