GMR Airports Ltd — Jun 2024 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Operational Beat / Bottom-line Inline **One-line:** GMR is entering the "Harvesting" phase as major expansion capex hits 99%+ completion, leading to narrowed losses and a significant ramp-up in Goa EBITDA, though the consolidated balance sheet remains heavily levered.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Operational Beat	EBITDA of □940.3 Cr beat Q3 (□792.6 Cr) by 18.6%.	□
Earnings Quality	Moderate (Accounting Drag)	Losses narrowing (-□167.6 Cr vs -□486.4 Cr QoQ) despite peak interest.	□
Guidance Confidence	Strong	Expansion at DIAL (99.6%) and GHIAL (99.7%) is practically finished.	□
Management Credibility	Strong	Delivered on Goa (Mopa) EBITDA ramp-up (□52 Cr vs □17.2 Cr QoQ).	□
Business Quality Signal	Improving	Aero Yield per Pax rose to □242 (+4.3% QoQ); Goa market share hit 40%.	□
Key Q&A Exchange	Not applicable	Investor Presentation and asset profile provided; no Q&A transcript.	□
The Street's Primary Anxiety	Leverage & Net Loss	Net debt rose to □27,100 Cr; Interest cost (□823 Cr) is 87% of EBITDA.	□
Capital Cycle Stage	Transition to Harvesting	Capex phase ending; focus shifting to "GAL Platform" adjacencies.	□
Margin / Return Ratio Trajectory	Improving	Consolidated EBITDA margin expanded to 48% from 46% QoQ.	□
Pricing Power	Expanding	Successful implementation of final tariffs at Mopa (Goa) from Jan-24.	□
FCF Conversion & Quality	Improving	Interest coverage improved to 1.14x from 0.92x in Q3.	□
Competitive Moat Signals	Widening	Handles 27% of India's total pax and 34% of international traffic.	□
Balance Sheet Strength	Stressed	Net Debt increased by □1,700 Cr QoQ to □27,100 Cr.	□
Working Capital Efficiency	Stable	Non-aero IPP maintained at □360 despite significant traffic growth.	□
Mgmt Guidance Track Record	Reliable	Project timelines for DIAL/GHIAL expansion met within FY24.	□
Key Vulnerability / Red Flag	Refinancing Risk	High reliance on continuous bond issuances (□22.5bn at GAL) to service debt.	□
Management Tone	Confident	Focused on "Breakout Growth" and "Thematic Real Estate Monetization."	□

Key Takeaways (Positives & Negatives): * **Positives:** The operational thesis is playing out perfectly. Passenger traffic hit record highs (31.4mn in Q4), and the high-margin International mix (25% of total) is driving Aero Yields up to □242. Most importantly, the Goa (Mopa) airport is scaling rapidly, with EBITDA tripling QoQ to

□52 Cr, proving it can transition from a cost-center to a profit-driver. * **Negatives:** The debt monkey remains on the back. Net debt grew to □27,100 Cr as the final capex bills were settled. While the interest coverage is now >1x, the company is still reporting a net loss at the consolidated level due to heavy depreciation (□404.8 Cr) and interest (□823.0 Cr). * **Street Concern:** Analysts remain focused on when the company will turn PAT positive and how it will deleverage. Management's response is the "GAL Platform" strategy—monetizing real estate (2,520 acres) and participating in "capex light" service opportunities (MRO, Retail, F&B). * **Watchpoint:** Completion of the GAL-GIL merger in Q1FY25. This will simplify the corporate structure and potentially lower the cost of capital for future refinancing.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS DATA SOURCE: PPT primary source. Concall/Profile used for asset commentary.

Metric	Current Qtr (Q4FY24)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Total Income (□Cr)	2,570.5	↑ 28.7%	↑ 9.3%	↑	Driven by record traffic; Delhi +8% and Hyd +14% YoY.
Net Income (□Cr)	1,963.4	↑ 33.4%	↑ 12.9%	↑	Post-revenue share; growth in Aero Yields and Non-Aero.
EBITDA (□Cr)	940.3	↑ 160%	↑ 18.6%	↑	Scale efficiencies as major terminals operationalize.
EBITDA Margin %	48%	↑ 2300 bps	↑ 200 bps	↑	Margin expansion as traffic outpaces fixed opex.
PAT - Continuing (□ Cr)	(167.6)	Narrowing	↑ 65.5%	↑	Loss reduced significantly from □486.4 Cr in Q3.
Net Debt (□Cr)	27,100.0	↑ 19.3%	↑ 6.7%	↓	Increased by □1,700 Cr QoQ; peak of capex cycle.
Passenger Traffic (Mn)	31.4	↑ 11%	↑ 11.3%	↑	Includes Delhi, Hyd, Goa, Medan, Cebu.
Aero Yield/Pax (□)	242	↑ 21%	↑ 4.3%	↑	Higher realization at DIAL and GHIAL.
Non-Aero IPP (□)	360	↑ 4%	→	→	Maintained yields despite 11% volume surge.
Interest Coverage (x)	1.14	↑	↑	↑	EBITDA/Interest; back above 1.0 threshold.
Capex Progress (DIAL)	99.6%	↑	↑	↑	Expansion project inaugurated in March 2024.

2B. SEGMENT BREAKDOWN (Airport Standalone)

Segment (Airport)	Revenue (₹ Cr)	YoY Growth	Margin	Trend	vs Co. Avg	Key Development
Delhi (DIAL)	1,319.6	14.4%	50%	↑	Above	Terminal 1 expansion completed; 100 MPPA capacity.
Hyderabad (GHIAL)	551.1	41.6%	62%	↑	Above	Aero revenue ↑59% YoY; expansion 99.7% complete.
Goa (GGIAL)	121.5	102%	43%	↑	Below	Tripled EBITDA QoQ; 40% Goa market share achieved.
Medan (Indonesia)	119.0	5.3%	14.7%	↓	Below	EBITDA fell 21% QoQ due to seasonal cost adjustments.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Merger Timeline	Merger completion expected in Q1FY25.	NCLT order reserved; final motion pending. High feasibility.	Delayed (was FY24)	Moderate
Guidance	Capex Completion	DIAL and GHIAL expansion to be fully operational in FY25.	Both >99.6% complete. Certainty is high.	Delivered	Low
Guidance	Goa Expansion	Increase capacity from 4.4mn to 7.7mn pax.	61% physical progress achieved. On track.	On track	Low
Strategy	Deleveraging	Optimize debt at GAL level and monetize real estate.	GAL gross debt is ₹4,970 Cr; needs land monetization.	Ongoing	High
Strategy	Adjacencies	Strengthening F&B/Retail via GMR Hospitality.	20 outlets opening in GHIAL by end of Q1FY25.	Delivered	Low
Macro	Traffic Growth	Market to grow avg 7% p.a. till 2040.	GIL currently growing at 11-20% YoY.	Over-delivering	Low
Balance	Refinancing	Raised ₹22.5bn at GAL to refinance all existing debt.	Completed in Q4; simplifies debt structure.	Delivered	Low

4. ANALYST Q&A

Section not applicable — investor presentation and company profile provided only. No live Q&A transcript available.

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q3FY24)	This Quarter (Q4FY24)	Direction
PAT (Continuing)	(₹486.4 Cr) Loss	(₹167.6 Cr) Loss	↑ Improving
EBITDA (Consol)	₹792.6 Cr	₹940.3 Cr	↑ Improving
Goa (Mopa) EBITDA	₹17.2 Cr	₹52.0 Cr	↑ Significant
Interest Coverage	0.92x	1.14x	↑ Improving
Net Debt	₹25,400 Cr	₹27,100 Cr	↓ Deteriorating
Aero Yield/Pax	₹232	₹242	↑ Improving
DIAL Capex Status	97.2% Complete	99.6% Complete	↑ Improving
Corporate Status	Merger Ongoing	NCLT Order Reserved	↑ Improving

Thesis-Level Investor Notes: * **The Operational Inflection:** This quarter confirms that GMR has reached the "tipping point" where operational scale is beginning to outrun the massive fixed costs of expansion. The narrowing of the net loss by nearly ₹320 Cr QoQ despite higher debt is a clear signal of high operating leverage. * **Goa's Proof of Concept:** Mopa's jump to a 43% EBITDA margin within its first year is exceptional. It proves that the "Destinations Airport" model can generate high margins quickly, reducing the reliance on the mature Delhi/Hyderabad hubs. * **The Interest Trap:** While EBITDA now covers interest (1.14x), there is zero margin for error. The ₹2,710 Cr Net Debt increase is the final "peak" before capex flattens. Investors must monitor if cash flows in FY25 are used for deleveraging or swallowed by new greenfield projects like Bhogapuram (18.7% progress). * **Regulatory Tailwind:** The TDSAT order for GHIAL and the arbitration win for DIAL (Force Majeure) provide significant balance sheet protection, potentially allowing GMR to retain more cash that was previously earmarked for revenue sharing with AAI.

STOP HERE.