GMR Airports Ltd — May 2023 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

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

Result: Beat (Operational) / Miss (Reported PAT) **One-line:** GMR is navigating a "noisy" financial transition where explosive traffic growth and significant deleveraging (Net Debt down □2,100 Cr) are temporarily masked by one-off derivative losses and the structural reset of Delhi's revenue-share agreement.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Miss (Earnings)	Reported PAT loss of □683.1 Cr vs Q3 profit of □102.7 Cr; hit by one-offs in Hyderabad.	□
Earnings Quality	Low (One-off heavy)	GHIAL impacted by □93 Cr in derivative settlements/write-offs; DIAL impacted by AAI revenue share.	□
Guidance Confidence	Strong	Expansion projects (Delhi/Hyd) reached ~85-86% completion; Goa (Mopa) operationalized.	□
Management Credibility	Strong	Delivered on deleveraging promise; Net Debt reduced by 9% QoQ through asset recycling.	□
Business Quality Signal	Improving	Non-Aero IPP at □348; International pax traffic mix rising to 21% (vs 15% in FY22).	□
Key Q&A Exchange	N/A	Section not applicable — investor presentation only.	□
The Street's Primary Anxiety	Leverage & Cash Burn	Management reduced Net Debt to □22,800 Cr using Cebu proceeds and NIIF capital.	□
Capital Cycle Stage	Harvesting (Early)	Goa operational; Delhi/Hyd expansions nearing completion (Q2FY24 target).	□
Margin / Return Ratio Trajectory	Deteriorating (Short-term)	Consolidated EBITDA margin fell to 19% (Q4) from 42% (Q3) due to revenue share/one-offs.	□
Pricing Power	Stable	Regulated Aero yields flat QoQ at □199; Non-Aero growth indicates high consumer elasticity.	□
FCF Conversion & Quality	Improving	Divestment of Cebu (□1,390 Cr) and NIIF infusion (□631 Cr) prove capital recycling model.	□
Competitive Moat Signals	Widening	Traffic share remains dominant; Nagpur airport concession rights upheld by Supreme Court.	□
Balance Sheet Strength	Adequate	Corporate level net cash of ~□600 Cr; high absolute debt but refinancing successful.	□
Working Capital Efficiency	Stable	Non-aero revenues (Duty-Free/Retail) provide immediate cash flow as traffic scales.	□
Mgmt Guidance Track Record	Reliable	Successful COD of Goa and steady progress on Delhi/Hyd expansions.	□
Key Vulnerability / Red Flag	Interest Costs	Finance charges rose to □673.4 Cr (up 14% QoQ), consuming substantial operating profit.	□
Management Tone	Confident	Focused on "Breakout Growth" and the pivot to a "Pure Airport Player."	□

Key Takeaways (Positives & Negatives):

Positives: * **Deleveraging Momentum:** Net Debt fell from ₹25,000 Cr to ₹22,800 Cr QoQ. This was driven by the receipt of ₹1,390 Cr from the Cebu stake sale and ₹631 Cr from NIIF, materially reducing the balance sheet overhang. * **Operational Scale:** Delhi (DIAL) pax traffic hit 17.7 mn (up 49% YoY), and Hyderabad (GHIAL) hit 5.7 mn (up 52% YoY). Crucially, international traffic—the high-margin driver—now constitutes 21% of the total mix. * **Goa Inflection:** Mopa (Goa) completed its first full quarter, handling 0.7 mn pax and reaching a daily run-rate of 11,100 pax in April 2023, validating the greenfield thesis.

Negatives: * **One-off Financial Drag:** Hyderabad standalone EBITDA was severely suppressed by a ₹30 Cr derivative settlement loss and ₹63 Cr in write-offs. Adjusted for these, performance was more robust. * **Structural Margin Reset:** Consolidated EBITDA margins are structurally lower YoY due to the resumption of the 45.99% revenue share payment to AAI for Delhi Airport (effective April 2022). * **Debt Service Burden:** Interest and finance charges of ₹673.4 Cr per quarter remain the single largest threat to PAT, requiring continued traffic growth or further refinancing to mitigate.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: PPT figures primary; Concall/Website used for qualitative context.

Metric	Current Qtr (Q4FY23)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Consolidated Performance					
Total Income (□Cr)	1,894.6	↑ 48%	↑ 7%	↑	Volume driven; strong recovery in international pax and retail.
EBITDA (□Cr)	259.0	↓ 52%	↓ 51%	↓	Impacted by revenue share in DIAL & one-offs in GHIAL.
EBITDA Margin %	13.7%	↓ 2,830 bps	↓ 1,630 bps	↓	Structural shift due to AAI revenue share payments.
PAT (□Cr)	(683.1)	↓ 300%+	↓ 760%+	↓	Heavily impacted by non-operating expenses and one-offs.
Net Debt (□Cr)	22,800.0	↓ 9% (vs Q3)	↓ 9%	↑	Successful deleveraging via Cebu sale and NIIF capital.
Airport Metrics					
Passenger Traffic (Mn pax)	25.8	↑ 55%	↑ 6%	↑	Includes Delhi, Hyd, Goa, and Medan.
Aero Yield Per Pax / YPP (□)	199	↑ 3%	↑ 1%	→	Stable pricing despite volume expansion.
Non-aero Income/pax (□)	348	↓ 1%	↓ 1%	→	Resilient spends; Duty-free growing faster than pax.
Entity-wise (Standalone)					
DIAL Revenue (□Cr)	1,085.5	↑ 36%	↑ 3%	↑	Retail/Duty Free up 74% YoY.
DIAL EBITDA (□Cr)	240.8	↓ 49%	↓ 19%	↓	Impacted by AAI revenue share (□192.7 Cr).
GHIAL Revenue (□Cr)	350.4	↑ 81%	↑ 7%	↑	Non-aero revenue up 88% YoY.
GHIAL EBITDA (□Cr)	57.1	↓ 4%	↓ 59%	↓	Adjusted EBITDA (excl. one-offs) is □150 Cr.
Goa (GGIAL) Revenue (□Cr)	26.8	N/A	N/A	↑	First full quarter of operations.
Goa EBITDA (□Cr)	(28.8)	N/A	N/A	↓	Early-stage operational loss as expected.

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	YoY Growth	Margin (EBITDA)	Trend	vs Co. Avg	Key Development
DIAL (Delhi)	1,085.5	36%	22.2%	↓	Above	Expansion 86.1% complete; T1 Part A operationalized.
GHIAL (Hyd)	350.4	81%	16.3%	↓	Inline	Adjusted margin 42.8% (excl. one-offs); Expansion 85.1% complete.
Goa (Mopa)	26.8	N/A	(107.5%)	↓	Below	Achieved 1 mn pax cumulative mark on May 1, 2023.
Medan (Indo)	110.0	76% (YoY)	13.6%	↓	Inline	PSC (tariff) increase of 27% (Dom) and 16% (Intl) w.e.f Aug '22.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Capex Plan	Complete DIAL/GHIAL expansion by Q2FY24.	Currently at ~85-86%; requires ~7% progress per quarter.	On track; Goa delivered on schedule.	Execution delays.
Guidance	Volume	Goa to handle international ops from June/July 2023.	Infrastructure in place; awaiting airline scheduling.	Goa domestic ops successful.	Regulatory hurdles.
Strategy	De-leveraging	Repay corporate debt and settle GPUIL guarantees.	Utilized ₹1,390 Cr from Cebu; further recycling needed.	Delivered Cebu exit.	Asset valuations.
Strategy	Merger	Complete GAL-GIL merger within FY24.	CCI approval received; filed with exchanges/RBI.	Proceeding as planned.	Regulatory timelines.
Strategy	Real Estate	Self-develop 0.6 mn sq ft commercial in Delhi.	Initiated; adds to high-margin recurring rental base.	Monetization is slow.	Commercial demand.
Balance	Debt Target	Refinance/reduce debt at GAL platform level.	Ongoing; raised ₹1,990 Cr NCDs in Hyd to reset costs.	Proactive refinancing.	Interest rate hikes.

4. ANALYST Q&A

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

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q3FY23)	This Quarter (Q4FY23)	Direction
Net Debt Position	₹25,000 Cr	**₹22,800 Cr**	↑
Liquidity Injection	Cebu sale pending completion	**Cebu sale closed (₹1,390 Cr received)**	↑
Equity Partnership	NIIF partnership announced	**₹631 Cr NIIF capital received (CCDs)**	↑
Expansion Progress	~80% (DIAL) / ~81% (GHIAL)	**86.1% (DIAL) / 85.1% (GHIAL)**	↑
Profitability	Consolidated Profit (₹102.7 Cr)	**Consolidated Loss (₹683.1 Cr)**	↓
Goa Status	Construction / Early COD	**Full Quarter Operational (0.7 mn pax)**	↑
Tariff Determination	Pending for Goa	**Ad-hoc tariff extended to Sept 2023**	→
Corporate Debt	Not explicitly separated	**Net Cash of ~₹600 Cr at Corporate level**	↑
One-off Impacts	Minimal	**₹93 Cr hit in GHIAL (Derivatives/Write-offs)**	↓

STOP HERE.