



RATING ACTION COMMENTARY

Fitch Acts on Panamanian Infrastructure Issuers After Sovereign Action

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Fitch Ratings - Monterrey - 08 Feb 2021: Fitch Ratings has acted on the ratings of four issuers of the infrastructure sector in Panama as follows:

--Autoridad del Canal de Panama (ACP): Downgraded the ratings on the Long-Term Issuer Default Rating (IDR) and on the USD450 million senior unsecured notes to 'A-' from 'A'. The Outlook is Negative.

--Aeropuerto Internacional de Tocumen S.A. (AITSA): Downgraded the ratings on 2018 USD875 million senior secured debt and on the 2016 USD575 million senior secured debt to 'BB+' from 'BBB-'. The Outlook is Negative.

--ENA Master Trust (ENA Master): Downgraded the rating on the USD400 million senior secured notes to 'BBB' from 'BBB+'. The Outlook is Negative. The Stand-alone Credit Profile (SCP) was also revised to 'bbb' from 'bbb+'.

--ENA Norte Trust (ENA Norte): Downgraded the rating on the USD600 million senior secured notes to 'BB-' from 'BB'. The Outlook is Negative.

RATING RATIONALE

The rating actions follow the Downgrade of Panama's Long-Term Issuer Default Rating (IDR) to 'BBB-' from 'BBB'. The Rating Outlook for Panama's IDR is Negative. Fitch applies the Government Related-Entities Rating Criteria to the credit ratings to ACP, AITSA, ENA Master and ENA Norte. The rating dependency and notching approach for each of these ratings in relation to that of the Panama sovereign is a function of their SCPs, the strength of the linkage with the government and its incentive to support the respective government-related entities.

Panama's Downgrade reflects the severe weakening of public finances due to the economic disruption caused by the coronavirus pandemic. The Negative Outlook reflects risks to the government debt trajectory and uncertainty that the fiscal consolidation path set out in the revised Fiscal Responsibility Law can be achieved. For additional details see "Fitch Downgrades Panama's IDR to 'BBB-'; Outlook Negative" dated Feb. 3, 2021, available at www.fitchratings.com.

KEY RATING DRIVERS

ACP

ACP's IDR and issue rating are constrained at three notches above that of the Panamanian sovereign, given the linkages between ACP and the Panamanian government. As a result, ACP's ratings have been downgraded to 'A-' from 'A', following the one-notch Downgrade of the Panamanian sovereign. ACP's SCP at 'aa' reflects the Canal's financial resilience even in light of the pandemic, exhibited by the maintenance of very strong DSCRs of above 4x and negative leverage under Fitch's coronavirus rating case, which assumes pandemic-related cargo and revenue declines. ACP's SCP continues to be higher than that of the Panamanian sovereign and the assessment of linkages between the Canal and the Panamanian sovereign have not changed, as the degree of separation between the two has continued to be evidenced during the pandemic period. This has resulted in no change in notching between Panama and ACP under applicable criteria.

The Negative Outlook mirrors that of the Panamanian sovereign given the aforementioned linkages. Further Downgrades to the Panamanian sovereign would result in a Downgrade in the ratings of ACP.

AITSA

AITSA's notes Downgrade to 'BB+' from 'BBB-' reflects the one-notch Downgrade of the Panamanian sovereign and places it at the same level of its SCP at 'bb+'. Fitch's combination of strong and moderate assessments for the strength of the link between the Panamanian government and the airport, coupled with the perceived incentive of government support when needed, support a rating one notch below that of the Panamanian sovereign, at 'BB+', at the same level of its SCP. The National Scale Rating of 'AA+(pan)' with a Negative Rating Outlook continues to reflect AITSA's credit quality relative to other rated issuers and issuances within Panama.

The Negative Outlook on the notes reflects the prevailing uncertainty around traffic recovery and the possibility of further deterioration of AITSA's medium-to-longer-term credit profile.

ENA Master Trust

ENA Master Trust's notes Downgrade to 'BBB' from 'BBB+' follows equivalent rating action in the SCP. The SCP was revised to 'bbb' from 'bbb+' due to Fitch's recent negative actions on Panama's sovereign ratings and reflects the toll road's exposure to the country's worsening economic prospects. However, ENA Master Trust's robust financial profile and high resiliency to severe stresses applied to volume and price assumptions beyond those observed under adverse macroeconomic conditions continue to support the SCP one notch above Panama's sovereign rating (BBB-/Negative).

Likewise, the 'BBB' international rating at one notch above the Panama's rating is supported by the existence of robust contractual ring-fencing provisions that limit cash flow transfers to the Government of Panama.

The Negative Outlook reflects the links between ENA Master Trust and the Panamanian government, where a Downgrade of the IDR of Panama would result in a Downgrade of the rating of ENA Master Trust.

ENA Norte

ENA Norte's SCP continues to be the primary driver of the ratings, according to our Government-Related Entity criteria (GRE), which factors Fitch's moderate assessments for both the strength of the link between the Panamanian government and the project, and the perceived incentive of government support when needed. ENA Norte's rating of 'BB-' reflects a one-notch uplift from its SCP of 'b+', which now is four notches away from the

sovereign. The national scale rating of 'A+(pan)' with a Negative Rating Outlook reflects ENA Norte's credit quality relative to other rated issuers and issuances within Panama.

The Negative Outlook continues to reflect concerns about the possibility of a lengthier recovery to pre-pandemic traffic levels not only because of the pandemic but also of the increased competition from free alternative routes and means of transportation, which could be exacerbated by a sluggish economic environment in the country, brought up by the coronavirus pandemic.

The outbreak of coronavirus and related government containment measures worldwide create an uncertain global environment for the transportation sector. While related issuer performance data through most recently available data may not have indicated impairment, material changes in revenue and cost profile are occurring across the transportation sector and will continue to evolve as economic activity and government restrictions respond to the ongoing situation. Fitch's ratings are forward-looking in nature, and Fitch will monitor developments in the sector as a result of the virus outbreak as it relates to severity and duration and incorporate revised base and rating case qualitative and quantitative inputs based on expectations for future performance and assessment of key risks.

RATING SENSITIVITIES

ACP:

Factors that could, individually or collectively, lead to positive rating action/upgrade:

--The Rating Outlook may stabilize following a stabilization of Panama's sovereign rating.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

--A negative rating action on the sovereign rating of Panama;

--Volume reduction greater than 35% along with the expectation of a slow and extended recovery;

--An observed and continual deterioration on available liquidity levels to face operating and financial obligations.

AITSA:

Factors that could, individually or collectively, lead to positive rating action/upgrade:

--An upgrade is unlikely in the short term. The rating Outlook could stabilize if traffic recovers according to Fitch's expectations in a sustained basis.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

--Slower-than-expected traffic recovery in the coming years or a significant downsizing in operations from its anchor carrier, COPA Airlines;

--Failure in AITSA's efforts to secure additional sources of liquidity;

--Multi-notch Downgrade on the sovereign rating.

ENA Master Trust

Factors that could, individually or collectively, lead to positive rating action/upgrade:

--The Rating Outlook may stabilize following a stabilization of Panama's sovereign rating.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

--A negative rating action on Panama's sovereign rating;

--Although unlikely, a substantial and sustained deterioration of the project's performance that pressures liquidity levels.

ENA Norte:

Factors that could, individually or collectively, lead to positive rating action/upgrade:

--Given the uncertain future path of traffic recovery, an Upgrade is unlikely in the short term.

--The Outlook may stabilize following a stabilization of the Panama's sovereign Outlook rating along with sustained signals of a traffic recovery in line with Fitch's rating case expectations.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

--Traffic performance worse than Fitch's severe downside case projection in a sustained basis.

--The use of available liquidity to face operating and financial obligations in a continued basis.

--Multi-notch Downgrade on Panama's sovereign rating.

BEST/WORST CASE RATING SCENARIO

International scale credit ratings of Sovereigns, Public Finance and Infrastructure issuers have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of three notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of three notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit [<https://www.fitchratings.com/site/re/10111579>].

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG CONSIDERATIONS

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg

RATING ACTIONS

ENTITY/DEBT	RATING			PRIOR
ENA Master Trust				
● ENA Master Trust/Senior Notes/1 LT	LT	BBB Rating Outlook Negative	Downgrade	BBB+ Rating Outlook Negative
ENA Norte Trust				
● ENA Norte Trust/Debt/1 LT	LT	BB- Rating Outlook Negative	Downgrade	BB Rating Outlook Negative
Aeropuerto Internacional de Tocumen, S.A.				

[VIEW ADDITIONAL RATING DETAILS](#)

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Additional information is available on www.fitchratings.com**APPLICABLE CRITERIA**[Infrastructure and Project Finance Rating Criteria \(pub. 24 Mar 2020\) \(including rating assumption sensitivity\)](#)[Toll Roads, Bridges and Tunnels Rating Criteria \(pub. 26 Jun 2020\) \(including rating assumption sensitivity\)](#)[Government-Related Entities Rating Criteria \(pub. 30 Sep 2020\)](#)[Ports Rating Criteria \(pub. 15 Oct 2020\) \(including rating assumption sensitivity\)](#)[Airports Rating Criteria \(pub. 22 Oct 2020\) \(including rating assumption sensitivity\)](#)**ADDITIONAL DISCLOSURES**[Dodd-Frank Rating Information Disclosure Form](#)[Solicitation Status](#)[Endorsement Policy](#)**ENDORSEMENT STATUS**

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EU Endorsed, UK Endorsed

Autoridad del Canal de Panama

EU Endorsed, UK Endorsed

ENA Master Trust

EU Endorsed, UK Endorsed

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Infrastructure and Project Finance Latin America Central America Panama
