



## RATING ACTION COMMENTARY

# Fitch Takes Action on Latin American Infrastructure Government-Related Entities After Peer Review

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Fitch Ratings - Mexico City - 04 Oct 2021: Fitch Ratings has performed a peer review on its rated portfolio of Latin American infrastructure Government-Related Entities (GREs). The reviewed issuers and rating actions are as follows:

--Administracion Portuaria Integral de Campeche, S.A. de C.V. (APICAM); National Long-Term Rating affirmed at 'A+(mex)'. The Rating Outlook is Stable.

--Autoridad del Canal de Panama (ACP); Issuer Default Rating (IDR) and USD450 million senior unsecured notes affirmed at 'A-'. The Rating Outlook is Negative.

--ENA Master Trust (ENA Master); USD400 million senior secured notes affirmed at 'BBB'. The Rating Outlook is Negative.

--ENA Norte Trust (ENA Norte); USD600 million senior secured notes upgraded to 'BB' from 'BB-', and National Long-Term Rating to 'A+(pan)' from 'A(pan)'. The Rating Outlook for both is Negative.

--Grupo Aeroportuario de la Ciudad de Mexico (GACM); senior secured notes issued in 2016 and 2017 affirmed at 'BBB-'. The Rating Outlook is Negative.

The standalone credit profiles (SCP) for the listed issuers have not been reassessed as part of this review.

## **RATING RATIONALE**

In assessing the likelihood of state support to a GRE, Fitch's "Government-Related Entities Rating Criteria" covers both the strength of linkages to the state, based on the key risk factors (KRFs) of "Status, Ownership and Control" (KRF1) and "Support Track Record" (KRF2). It also addresses the government's incentive to extend support, based on the following KRFs: "Socio-political Implications of Default" (KRF3) and "Financial Implications of Default" (KRF4).

Fitch has revised its assessments on some risk factors for the rated GREs, which has resulted in the rating actions listed above. Details of the changes and their rating implications for each GRE follows below.

## **KEY RATING DRIVERS**

### **APICAM**

KRF1: Change in assessment of "Status, Ownership and Control" to 'Strong' from 'Moderate'.

KRF3: Change in the assessment of the "Socio-Political Implications of Default" to 'Strong' from 'Moderate'

These changes do not impact Fitch's rating approach to APICAM. Currently the 'a+(mex)' SCP is at the same level as the State of Campeche ('A+(mex)'/Stable).

### **ACP**

KRF2: Change in the assessment of the "Support Track Record" to 'Very Strong' from 'Strong'.

KRF3: Change in the assessment of the "Socio-Political Implications of Default" to 'Very Strong' from 'Strong'.

KRF4: Change in the assessment of "Financial Implications of Default" to 'Very Strong' from 'Strong'.

These changes do not impact ACP's 'A-/Negative' rating as it remains constrained at three notches above Panama's 'BBB-/Negative' sovereign rating. The SCP is 'aa'.

#### ENA Master

KRF2: Change in the assessment of the "Support Track Record" to 'Strong' from 'Moderate'.

This change does not impact ENA Master's 'BBB-/Negative' rating, as it remains constrained at one notch above Panama's 'BBB-/Negative' sovereign rating. The SCP is 'bbb'.

#### ENA Norte

KRF2: Change in the assessment of the "Support Track Record" to 'Strong' from 'Moderate'.

Fitch's updated view regarding the future likelihood of government support, in combination with the four-notch distance between the issuer's SCP at 'b+' and Panama's sovereign rating at 'BBB-/Negative', results in a top down, minus two approach, as described in Fitch's applicable criteria. This change results in the upgrade of ENA Norte's international ratings to 'BB-/Negative' from 'BB-/Negative', and national scale ratings to 'A+(pan)' from 'A(pan)'.

#### GACM

KRF3: Change in the assessment of the "Socio-Political Implications of Default" to 'Strong' from 'Moderate'.

This change does not impact GACM's 'BBB-/Negative' rating, as the rating remains primarily based on a stand-alone basis. The SCP is 'bbb-'.

### **RATING SENSITIVITIES**

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

##### APICAM

--A negative action on the State of Campeche's ratings; the acquisition of additional debt that is not guaranteed by the State of Campeche, and that represents 25% or more of the total debt of the issuer.

## ACP

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

## ENA Master

--A negative rating action on Panama's sovereign rating, and although unlikely, a substantial and sustained deterioration of the project's performance that pressures liquidity levels.

## ENA Norte

--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; downgrade on Panama's sovereign rating.

## GACM

--A negative rating action on the Mexican sovereign rating (BBB-/Stable); traffic levels in 2021 that are lower than 40% of 2019 volume and/or the expectation of slower than expected recovery; stabilized net debt/CFADS (cashflow available for debt service) that is sustainably and materially above 12x; the perception that the revenue collection rate will remain significantly below historical figures, and the persistence of less than adequate disclosure of the project's financial and operational data.

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

### APICAM

--A positive action on the State of Campeche's rating.

## ACP

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

## ENA Master

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

## ENA Norte

--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.

## GACM

--A positive rating action is unlikely in the short term given the transaction has a Negative Outlook.

### **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**

Grupo Aeroportuario de la Ciudad de Mexico, S.A. de C.V. has an ESG Relevance Score of '4' for Financial Transparency due to concerns related to the quality of financial disclosure, which has a negative impact on the credit profile, and is relevant to the rating in conjunction with other factors.

Grupo Aeroportuario de la Ciudad de Mexico, S.A. de C.V. has an ESG Relevance Score of '4' for Management Strategy due to uncertainty brought about by the lack of a sound strategy to address the airport's transportation needs, which has a negative impact on the credit profile, and is relevant to the rating in conjunction with other factors.

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](http://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	Affirmed	BBB Rating Outlook Negative
ENA Norte Trust				
● ENA Norte Trust/Debt/1 LT	LT	BB Rating Outlook Negative	Upgrade	BB- Rating Outlook Negative
● ENA Norte Trust/Debt/1 Natl LT	Natl LT	A+(pan) Rating Outlook Negative	Upgrade	A(pan) Rating Outlook Negative

[VIEW ADDITIONAL RATING DETAILS](#)

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## **APPLICABLE CRITERIA**

[Metodología de Calificación de Puertos \(pub. 11 May 2020\)](#)

[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 \(pub. 22 Oct 2020\) \(including rating assumption sensitivity\)](#)

[Metodología de Calificación para Infraestructura y Financiamiento de Proyectos \(pub. 26 Oct 2020\)](#)

[Metodología de Calificación de Entidades Relacionadas con el Gobierno \(pub. 12 Nov 2020\)](#)

[Metodología de Calificación para Autopistas de Cuota, Puentes y Túneles \(pub. 13 Nov 2020\)](#)

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Administracion Portuaria Integral de Campeche, S.A. de C.V.	EU Endorsed, UK Endorsed
Autoridad del Canal de Panama	EU Endorsed, UK Endorsed
ENA Master Trust	EU Endorsed, UK Endorsed
ENA Norte Trust	EU Endorsed, UK Endorsed
Grupo Aeroportuario de la Ciudad de Mexico, S.A. de C.V.	EU Endorsed, UK Endorsed

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