

Three Panamanian Infrastructure Entities Downgraded Following Similar Action On Sovereign; Outlook Stable

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SAO PAULO (S&P Global Ratings) Nov. 25, 2020--S&P Global Ratings today lowered its debt rating on **ENA Master Trust** (ENA) to 'BBB' from 'BBB+'. The outlook on the senior secured debt is stable and mirrors the stable outlook on the sovereign.

The downgrade on ENA Master Trust senior secured debt follows our downgrade of Panama (see "Panama Long-Term Sovereign Ratings Lowered To 'BBB' From 'BBB+' On Higher Interest Burden; Outlook Stable," published on Nov. 24, 2020) amid an expected Panama's sharp economic contraction induced by the COVID-19 pandemic to increase the sovereign's financing needs.

The downgrade of ENA Master Trust mainly reflects our view that we will continue to cap it at the sovereign level (the project's SACP is still 'a-') given that we don't think it could withstand a hypothetical sovereign default. We believe ENA is exposed to the regulator, which approves tariffs, capital expenditures, and new debt. As such, we believe its decisions could affect the project's cash flows, particularly under a sovereign stress event.

Outlook

The stable outlook on ENA mirrors the one on the sovereign, while conditions and underlying ratings fundamentals remain unchanged. The outlook also reflects our expectations that the project will continue posting strong credit metrics above 2x during the note's term even assuming a traffic drop this year of about 45% and assuming the project will recover to 2019 metrics by 2023.

Downside scenario

We could lower the rating on ENA in the next two years if we did the same on Panama.

Upside scenario

In addition, we could upgrade ENA in the following two years if we did the same on Panama.

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