



Definition

HR BBB+ (G)

The assigned rating of HR BBB+ (G) to the Senior Lien Revenue Bonds indicates that the issues provide moderate safety for timely payment of debt obligations. The Bonds maintain moderate credit risk on a global scale, with weakness in the ability to pay in adverse economic scenarios. The "+" indicates relative strength within the rating category.

HR BBB (G)

The assigned rating of HR BBB (G) to the Subordinate Lien Revenue Bonds indicates that the issues provide moderate safety for timely payment of debt obligations. The Bonds maintain moderate credit risk on a global scale, with weakness in the ability to pay in adverse economic scenarios.

Factors that justify the assigned rating



Future incorporation of new toll roads to the System

183 South will start interim operation (just the northern segment) in August 2019 and full completion is expected to be in August 2020. Additionally, 290E Phase III is expected to start its construction in December 2018 and would be starting operations in July 2021



Historical Performance of Traffic and Revenue

In 2017 Average Annual Daily Transactions (AADT) in 183A and 290E grew 6.4% and 11.5%, respectively



Expected behavior of AADT in the base and stress scenarios

In the base scenario, HR Ratings expects a CAGR17-47 (Senior Bonds) of AADT of 3.9% and a CAGR17-49 (Subordinate Bonds) of AADT of 3.7%. In the stress scenario the Senior Bonds and the Subordinate Bonds can absorb a maximum CAGR17-47 and CAGR17-49 of -1.1% and -0.3%



Base scenario

The Senior Bonds would be paid with the System's revenues, so it would not be necessary to use the General Fund or the Senior Lien Debt Service Reserve Fund (Senior Lien DSRF)



Base scenario Debt Service Coverage Ratios (DSCRs)

The minimum and average Senior DSCRs would be 2.47x and 11.87x, while the minimum and average Subordinate DSCRs would be 1.32x and 4.78x



Senior and Subordinate stress scenario

Real dollar revenues available for the Senior and Subordinate Bonds debt service would be 64.9% and 74.0%, respectively, lower than those projected in the base scenario



Stress scenario DSCRs

The lower revenues in the stress scenarios will diminish the minimum and average DSCRs to levels of 0.62x and 2.21x in the case of the Senior Bonds and to 0.79x and 1.46x in the case of the Subordinate Bonds

Read Full Report

https://hrratings.com/pdf/8CTRMA_2ndReview_Report_28092018.pdf

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