

# Toll Roads and Infrastructure Projects for 2024 - 2030

## Sector Analysis



Credit  
Rating  
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## HR Ratings comments on the performance of rated toll roads during 2023 and 1Q2024 and discusses the 2024 SICT budget for investment projects and the roadmap for infrastructure projects in the six-year period 2024-2030.

This sectoral report analyzes toll road sector performance guaranteeing debt issuance rated by HR Ratings during 2023 and the first quarter of 2024. A comparison with levels reported in 2019 shows growth in people and goods mobility in the years following the COVID-19 pandemic. This analysis is based on a grouping of assets rated by HR Ratings according to geographic location and type to differentiate behavior for urban, commercial and tourist roads located in the Northern, Central and South-Southeastern regions of Mexico. The purpose of this analysis is to establish a benchmark for the growth of toll road traffic and revenues for assets sharing comparable characteristics or locations.

The first section of this analysis offers a breakdown of traffic movements, which generally show significant growth in the number of trips with an annual increase of 6.2% per year and an average of 14.5% with respect to 2019. The Northern and South-Southeastern regions of Mexico are of special note, in particular with respect to commercially oriented assets. Increased use of toll roads is attributed to the growth in commercial activities due to companies relocating to Mexico, changes in patterns of mobility brought by public transport and in certain cases the deterioration of physical and safety conditions of toll-free roads, among others. This section also presents data on the significant growth in automobile sales during 2024.

Secondly, this sectoral report tracks changes in the 2024 budget allocation of the Infrastructure, Communications and Transport Ministry (SICT for its acronym in Spanish) for investment projects as well as the proportion each transportation sector and the category specific projects represent in the total budget. Only projects under the responsibility of the SICT for the road, railroad, and airport sectors and the costs of preparation and studies, among others, are considered.



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Finally, we comment on the investment plans published by the transition team of the next federal government for the six-year period 2024 to 2030 and provide a roadmap for multimodal infrastructure integration projects to highlight the importance these projects, if implemented, would have on Mexico's connectivity. It is therefore important to follow up on the formalization of executive projects, bids and awards, financing, private participation and social impact anticipated over the next six years.

## Analysis of Capacity and Revenue Performance of Toll Roads Rated by HR Ratings

Figure 1 shows the grouping by asset type of highways and toll roads publicly rated by HR Ratings and included in the analysis of traffic and revenue performance in real terms in this classification. For this grouping, 31.6% of the assets are in the Urban/Commercial category, 26.3% in the Commercial category, 26.3% in the Urban category and 15.8% in the Urban/Tourist category.

**Figure 1. Classification by Type of Asset**

Type	Highway
Urban/Touristic	Arriaga-Ocozacoautla
	Tuxtla Gutiérrez-San Cristóbal de las Casas
	Río Verde-Ciudad Valles
	Atlixco-Jantetelco
	Tenango-Ixtapan de la Sal
	Acapulco Tunnel ("Maxitunnel")
Urban	Chihuahua-Sacramento
	Santa Isabel-Cuahtémoc
	Mexico-Puebla
	Monterrey-Cadereyta
	Vía Atlixcáyotl
	Virreyes-Teziutlán
	T3 Peñon Texcoco - Chimalhuacan (Circuito Exterior Mexiquense)
	T5 Tultitlán (Circuito Exterior Mexiquense)
	T6 Cuautitlan Izcalli (Circuito Exterior Mexiquense)
Apizaco-Huachinango	
Urban/Commercial	Monterrey-Salttilo
	Sueco-Villa Ahumada
	Delicias-Conchos
	Conchos-Camargo
	Perote-Xalapa Highway
	Puebla Elevated Beltway
	T0 Jorobas (CEM - Mex-Qro. Highway Intersection)
	T1 Tultepec (Circuito Exterior Mexiquense)
	T2 Conmex (Circuito Exterior Mexiquense)
	T4 Chalco (Circuito Exterior Mexiquense)
T7 Chimalhuacán- Cultural Center (Texcoco) (CEM)	
Commercial	La Unidad Bridge
	Necaxa-Tihuatlán
	Northwestern Saltillo Beltway
	Camargo-Jiménez
	Ojo Laguna-Flores Magón
	Jiménez-Savalza
	Flores Magón-Galeana
	Xalapa Beltway
	La Piedad Beltway
Monterrey Metropolitan Area Peripheral Highway	
Santa Ana-Altar	

Source: HR Ratings



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Based on the grouping, Figure 2 shows the differences in the composition of the aggregate capacity of each asset type. The vehicle composition of Urban assets was 82.7% automobiles, 2.4% buses and 14.9% trucks on average over the last five years, clearly showing the dominance of automobile traffic. Urban/Commercial assets averaged 62.1% for automobile trips, 2.6% for buses and 35.3% for trucks while Urban/Tourist assets were 83.3% automobiles, 2.7% buses and 14.0% trucks, with a significant number of light vehicles. Finally, Commercial assets saw the highest number of freight vehicles with an average of 55.0% of trips being trucks, 3.0% buses and 42.0% automobiles.

**Figure 2. Vehicle Composition by Asset Type**

Type of Asset	2019			2020			2021			2022			2023			1Q24		
	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C
Urban	82.5%	3.2%	14.3%	80.7%	2.3%	17.0%	82.7%	1.9%	15.3%	83.5%	2.2%	14.2%	83.9%	2.4%	13.8%	83.6%	2.4%	14.1%
Urban/Commercial	63.4%	3.7%	32.9%	59.0%	2.2%	38.7%	62.5%	1.9%	35.6%	63.0%	2.4%	34.6%	62.5%	2.7%	34.8%	61.9%	2.6%	35.5%
Urban/Touristic	83.3%	3.9%	12.8%	82.6%	2.0%	15.4%	84.0%	2.0%	14.0%	83.6%	2.7%	13.7%	83.0%	3.0%	14.0%	82.9%	2.8%	14.3%
Commercial	44.7%	3.7%	51.6%	39.9%	2.5%	57.5%	42.0%	2.4%	55.6%	41.7%	3.0%	55.2%	41.8%	3.2%	54.9%	41.3%	2.7%	56.0%

Source: HR Ratings with information from concessionaires.

In 2020 there was a significant change in vehicle composition due to a reduction in non-essential or non-commercial activities, leading to a major drop in the capacity of different asset types in 2020 with respect to 2019. Urban assets showed a year-over-year contraction of 20.6%, Urban/Commercial of 21.4%, Urban/Tourist of 16.4% and Commercial of 13.0%. Urban assets suffered the greatest decline as automobile capacity contracted the most. In the latest available data for the first quarter of 2024, truck share continues at higher levels than in 2019 despite significant growth in total traffic when compared to pre-pandemic levels, underlining the significant growth of freight transport across the board in Mexico.

Figure 3 shows the variation of quarterly traffic by type of vehicle and type of asset in 2023 when compared to 2022, as well as at the end of the first quarter of 2024 compared to the same period in 2023. The comparison between 2023 and 2019 indicates an increase in traffic over the last four years.

**Figure 3. Quarterly Traffic Variation by Vehicle Type and Type of Asset**

Vehicle Classification - Type of Asset	2023 vs 2019	1Q23 vs 1Q22	2Q23 vs 2Q22	3Q23 vs 3Q22	4Q23 vs 4Q22	2023 vs 2022	1Q24 vs 1Q23
Automobiles - Urban/Touristic	9.6%	5.5%	0.7%	2.0%	-8.1%	-0.1%	3.5%
Buses - Urban/Touristic	-17.4%	22.5%	16.5%	23.1%	-3.5%	14.0%	5.5%
Trucks - Urban/Touristic	19.5%	2.2%	0.7%	6.1%	1.0%	2.4%	5.8%
Automobiles - Urban	18.5%	13.6%	5.8%	5.1%	2.7%	6.5%	4.0%
Buses - Urban	-11.9%	21.0%	13.4%	9.8%	2.5%	11.1%	1.4%
Trucks - Urban	10.1%	5.1%	1.6%	2.7%	2.0%	2.8%	2.9%
Automobiles - Urban/Commercial	4.7%	9.3%	3.3%	4.0%	2.5%	4.6%	3.5%
Buses - Urban/Commercial	-20.5%	36.6%	20.0%	19.3%	11.6%	20.6%	10.0%
Trucks - Urban/Commercial	12.4%	8.1%	6.3%	8.3%	8.0%	7.7%	7.1%
Automobiles - Commercial	26.1%	11.8%	9.3%	13.4%	9.9%	11.1%	16.0%
Buses - Commercial	-2.0%	11.3%	6.6%	18.8%	2.9%	9.6%	6.3%
Trucks - Commercial	34.6%	8.8%	7.6%	9.5%	8.9%	8.7%	8.5%

Source: HR Ratings with information from concessionaires.



Growth in Urban/Tourist, Urban, Urban/Commercial and Commercial assets in 2023 when compared to 2022 was 0.6%, 6.1%, 5.9% and 9.7%, respectively. For Urban/Tourist and Urban assets, truck growth was moderate, while in Urban/Commercial and Commercial assets it was higher.

Total growth in 2023 when compared to 2019 was 14.5%, driven by a 29.7% increase in Commercial assets, with trucks increasing by 34.6% and automobiles 26.1%. For Urban/Tourist assets, trucks grew 19.5% during the same period while buses have not yet returned to 2019 traffic levels.

Considering quarterly growth in 2023 versus 2022, Urban asset growth slowed throughout the year while Urban/Commercial highways showed moderate growth, resulting in a quarterly average of 6.0%. Commercial highways grew more significantly than other assets, with a quarterly average of 9.8%, while the quarterly performance of Urban/Tourist assets in the last quarter of 2023 contracted 6.7%. The latter indicates less activity during the year-end holiday period in 2023 compared to 2022 in conjunction with the negative effect of the closure of the Acapulco Macrotunnel after Hurricane Otis struck. Nevertheless, trucks in the Urban/Tourist group showed growth of 1.0%.

Finally, when comparing 1Q24 and 1Q23, Urban, Urban/Commercial and Urban Tourist assets showed modest growth of 3.8%, 4.8% and 3.9%, respectively, while commercial assets increased by 11.6%, notably automobiles which grew by 16.0%. This growth trend has continued so far this year, although we have seen a slowdown.

Figure 4 shows the variation of quarterly real revenue by vehicle type and asset type year-over-year for 2023 and the first quarter of 2024 with respect to the same period in 2023; as well as the comparison of revenue in real terms between 2023 and 2019.

**Figure 4. Quarterly Real Income Variation by Vehicle Type and Type of Asset<sup>1</sup>**

Vehicle Classification - Type of Asset	2023 vs 2019	1Q23 vs 1Q22	2Q23 vs 2Q22	3Q23 vs 3Q22	4Q23 vs 4Q22	2023 vs 2022	1Q24 vs 1Q23
<b>Automobiles - Urban/Touristic</b>	19.3%	8.4%	6.7%	9.4%	-3.7%	5.1%	7.6%
<b>Buses - Urban/Touristic</b>	-8.5%	27.4%	25.5%	33.4%	0.7%	21.1%	9.8%
<b>Trucks - Urban/Touristic</b>	35.0%	6.7%	9.2%	17.3%	10.9%	11.0%	16.9%
<b>Automobiles - Urban</b>	11.5%	6.4%	4.7%	6.4%	6.0%	5.9%	7.6%
<b>Buses - Urban</b>	-18.4%	14.6%	12.0%	9.8%	3.4%	9.6%	3.3%
<b>Trucks - Urban</b>	11.6%	1.8%	4.1%	6.3%	6.3%	4.6%	5.9%
<b>Automobiles - Urban/Commercial</b>	12.8%	8.3%	6.1%	8.8%	7.8%	7.7%	7.1%
<b>Buses - Urban/Commercial</b>	0.2%	39.9%	22.3%	24.4%	16.9%	24.7%	13.8%
<b>Trucks - Urban/Commercial</b>	55.6%	15.6%	15.9%	19.6%	19.4%	17.7%	13.0%
<b>Automobiles - Commercial</b>	30.1%	11.4%	14.8%	22.5%	20.8%	17.6%	25.7%
<b>Buses - Commercial</b>	-6.2%	-3.9%	-10.0%	21.5%	8.2%	3.1%	12.3%
<b>Trucks - Commercial</b>	47.3%	7.1%	11.4%	15.1%	15.3%	12.3%	14.8%

Source: HR Ratings with information from concessionaires.

(1) Information given in Mexican pesos as of March 2024.

Based on the behavior of vehicle traffic, as well as the dynamism of cargo traffic, real revenues showed significant growth in 2023 when compared to 2019. Commercial and Urban/Commercial assets stand out with growth of 41.8% and 35.2% respectively, attributable to fee increases above the inflation rate over the last few years for certain assets such as the Circuito



Exterior Mexiquense; while Urban/Tourist assets increased by 22.1% and Urban assets by only 9.6%. As for Commercial and Urban/Commercial, revenue from truck toll fees grew 47.3% and 55.6% respectively with respect to 2019.

Commercial and Urban/Commercial assets, however, showed higher growth than Urban and Urban/Tourist assets in 2023 when compared to 2022. In the same vein, Commercial assets grew by 16.9% during the same period. The main driver was annual growth of 17.7% in truck traffic for Urban/Commercial assets and 12.3% for Commercial assets.

From the first quarter of 2023 to the first quarter of 2024, Urban highways showed organic growth of 5.8% on average.. Urban/Commercial assets increased by a quarterly average of 14.1% in 2023, while in 1Q24 this growth decelerated to 11.0%. This is mainly due to reduced truck and bus revenues.

Figure 5 presents the classification by geographic location of the highways rated and included in this sector analysis of the aggregate capacity by region and type of asset.

**Figure 5. Grouping by Geographic Location of Qualified Highways**

Region	Highway
North	Monterrey-Salttillo
	Northwestern Saltillo Beltway
	Sueco-Villa Ahumada
	Delicias-Conchos
	Conchos-Camargo
	Camargo-Jiménez
	Chihuahua-Sacramento
	Ojo Laguna-Flores Magón
	Santa Isabel-Cauahutémoc
	Jiménez-Savalza
	Flores Magón-Galeana
	Monterrey-Cadereyta
	Monterrey Metropolitan Area Peripheral Highway
Santa Ana-Altar	
Center	Necaxa-Tehuacán
	Río Verde-Ciudad Valles
	La Piedad Beltway
	Puebla Elevated Beltway
	Mexico-Puebla
	T0 Jorobas (CEM - Mex-Qro. Highway Intersection)
	T1 Tultepec (Circuito Exterior Mexiquense)
	T2 Conmex (Circuito Exterior Mexiquense)
	T3 Peñon Texcoco - Chimalhuacán (Circuito Exterior Mexiquense)
	T4 Chalco (Circuito Exterior Mexiquense)
	T5 Tultitlán (Circuito Exterior Mexiquense)
	T6 Cuautitlán Izcalli (Circuito Exterior Mexiquense)
	T7 Chimalhuacán- Cultural Center (Texcoco) (CEM)
	Atlixco-Jantetelco
	Vía Atlixcáyotl
Virreyes-Teziutlán	
Apizaco-Huauchinango	
Tenango-Ixtapan de la Sal	
South-Southeast	Arriaga-Ocozacoautla
	Tuxtla Gutiérrez-San Cristóbal de las Casas
	Perote-Xalapa Highway
	Xalapa Beltway
	La Unidad Bridge
Acapulco Tunnel ("Maxitunnel")	

Source: HR Ratings



Over the last five years, the average vehicle composition of rated highways in the Northern region has been 54.8% automobiles, 3.2% buses and 42.0% trucks; in the Central region, 66.1% automobiles, 2.2% buses and 31.7% trucks; and in the South-Southeastern region, 72.7% automobiles, 3.1% buses and 24.2% trucks. It should be noted, however, that since there are a large number of commercial roads in the North this region benefits from large volumes of these vehicles, leading to greater income generation.

**Figure 6. Vehicle Composition by Region**

Region	2019			2020			2021			2022			2023			1Q24		
	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C
North	56.5%	4.1%	39.5%	51.9%	3.1%	45.0%	54.8%	2.8%	42.3%	54.9%	3.1%	42.0%	55.6%	3.1%	41.3%	55.6%	3.1%	41.3%
Center	66.9%	3.0%	30.1%	64.0%	1.9%	34.1%	66.2%	1.6%	32.2%	66.8%	2.2%	31.0%	66.4%	2.5%	31.0%	65.7%	2.2%	32.2%
South-Southeast	74.1%	4.9%	21.0%	71.8%	2.2%	26.0%	73.4%	2.2%	24.4%	72.6%	3.0%	24.4%	71.4%	3.5%	25.1%	71.1%	3.2%	25.7%

Source: HR Ratings with information from concessionaires.

Firstly, the Northern region has performed better since the drop in 2020 associated with the pandemic with growth of 29.5% in the Northern region, 8.2% in the Central region and 12.9% in the South-Southeastern region when comparing 2023 to 2019. This increased traffic in the North is attributed to the relocation of companies and increased commercial activity, while in the South the increase is attributed to greater dynamism in tourist activities and construction work for infrastructure projects such as the railway, energy and port projects addressed in the final section of this analysis.

Traffic for assets in the Northern region reported aggregate growth of 11.7% in 2023 when compared to 2022, with this growth maintaining relatively constant levels throughout the year and during the first quarter of 2024. In the Central region, growth in 2023 vs. 2022 was 4.1%. Here it should be noted that the assets grouped in the Central region showed a slowdown throughout the year, with a slight recovery in the first quarter of 2024. Finally, in the South-Southeastern region, while during the first nine months of 2023 there was average quarterly growth of 5.0%, in 4Q23 growth contracted by 4.4%. This can be attributed to the classification of a significant proportion of assets in the South-Southeast as Urban/Tourist and, as indicated above, the slowdown of these activities in the region was compounded by the impact of Hurricane Otis on the Acapulco Macrotunnel and the final stage of certain infrastructure works in the region.

**Figure 7. Variation of Quarterly Capacity by Vehicle Type and Region**

Vehicle Classification - Region	2023 vs 2019	1Q23 vs 1Q22	2Q23 vs 2Q22	3Q23 vs 3Q22	4Q23 vs 4Q22	2023 vs 2022	1Q24 vs 1Q23
<b>Automobiles - North</b>	28.6%	17.4%	11.3%	13.2%	10.7%	13.0%	13.0%
<b>Buses - North</b>	-3.8%	14.5%	16.8%	16.7%	5.7%	13.2%	8.0%
<b>Trucks - North</b>	34.0%	9.6%	8.2%	10.1%	10.2%	9.5%	7.8%
<b>Automobiles - Center</b>	8.3%	9.0%	2.5%	2.4%	0.2%	3.3%	2.1%
<b>Buses - Center</b>	-18.9%	28.3%	11.8%	13.5%	5.0%	13.6%	3.5%
<b>Trucks - Center</b>	11.1%	6.3%	4.4%	6.0%	4.7%	5.3%	5.3%
<b>Automobiles - South-Southeast</b>	8.1%	5.2%	1.6%	4.0%	-8.7%	0.4%	7.4%
<b>Buses - South-Southeast</b>	-13.1%	29.7%	22.1%	32.3%	3.0%	20.9%	12.2%
<b>Trucks - South-Southeast</b>	39.9%	6.4%	4.2%	10.2%	9.8%	7.7%	17.8%

Source: HR Ratings with information from concessionaires.



Figure 8 shows the variation of quarterly real income by type of vehicle and region for 2023 compared to 2022, the first quarter of 2024 compared to the same period in 2023, and the comparison between 2023 and 2019.

Real revenue from cargo vehicle collections in the Northern, Central and South-Southeastern regions grew by 38.7%, 43.5% and 61.7%, respectively, between 2019 and 2023. The Northern region reported an increase in automobile revenue of 31.0%, higher than the Central and South-Southeastern regions, even though the latter region also recorded significant growth. Bus collection revenues, however, have not yet returned to 2019 levels, which reveals a general change in mobility patterns.

The Northern region saw growth of 12.3% in 2023 with respect to 2022 due to the dynamism and consistent quarterly growth of light vehicles and trucks, with this trend continuing in 1Q24. The Central region reported slightly lower relative growth in terms of revenues during 2023 when compared to the North, with an average of 10.6%. Growth for trucks was higher in the second half of the year and light vehicles recorded more moderate quarterly growth. While in the South-Southeastern region average quarterly growth in 2023 was 10.0%, despite a 4.4% contraction in 4Q23 traffic volume, real revenues increased by 7.6% due to the satisfactory performance of freight vehicles.

**Figure 8. Quarterly Real Income Variation by Type of Vehicle and Region**

Vehicle Classification - Region	2023 vs 2019	1Q23 vs 1Q22	2Q23 vs 2Q22	3Q23 vs 3Q22	4Q23 vs 4Q22	2023 vs 2022	1Q24 vs 1Q23
<b>Automobiles - North</b>	31.0%	13.8%	13.9%	18.7%	16.5%	15.8%	16.9%
<b>Buses - North</b>	-3.9%	12.5%	14.9%	18.0%	8.1%	13.3%	9.6%
<b>Trucks - North</b>	38.7%	6.6%	9.8%	12.5%	13.0%	10.6%	10.3%
<b>Automobiles - Center</b>	8.3%	5.6%	3.8%	5.8%	5.3%	5.1%	6.9%
<b>Buses - Center</b>	-11.6%	20.2%	7.7%	16.6%	9.0%	12.9%	7.9%
<b>Trucks - Center</b>	43.5%	11.4%	13.5%	17.4%	16.6%	14.8%	12.9%
<b>Automobiles - South-Southeast</b>	20.9%	7.2%	7.0%	10.8%	-1.5%	5.8%	11.9%
<b>Buses - South-Southeast</b>	-10.7%	31.9%	27.3%	37.6%	8.5%	25.6%	15.8%
<b>Trucks - South-Southeast</b>	61.7%	8.6%	9.7%	17.1%	17.6%	13.3%	26.8%

Source: HR Ratings with information from concessionaires.

(1) Information given in Mexican pesos as of March 2024.

To conclude this section of the report, Figure 9 illustrates the monthly behavior of aggregate traffic for all road assets rated by HR Ratings over the last five years and the first three months of 2024. Due to the effects of the pandemic, from March 2020 through September 2021 there was a drop compared to 2019 levels. From October 2021, traffic recovers with respect to the same month of 2019, although there was a contraction in January and February 2022. Nevertheless, from March 2022 to March 2024, growth in highway and toll road capacity was consistent when compared to the same periods of the previous year.



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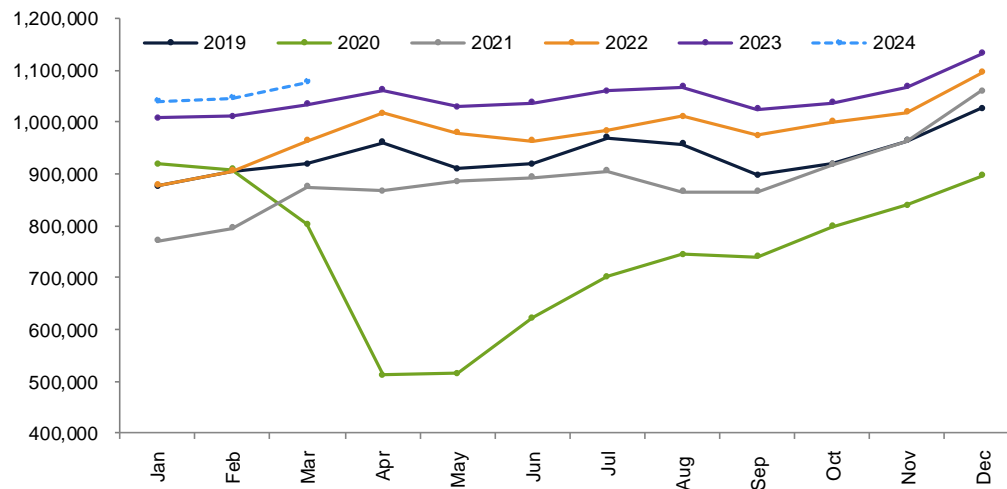
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**Figure 9. Monthly Behavior of Total Daily Average Traffic**



Source: HR Ratings with information from concessionaires.

### New Vehicle Sales in Mexico

National Institute of Statistics and Geography (INEGI) data indicates that from January to May 2024, 585,721 new light vehicles were sold (+12.7% vs. January-May 2023) as well as 20,282 heavy vehicles (-2.2% vs. January-May 2023). It should be noted that light vehicle sales from January to May 2024 were 5.1% lower than the same period of 2017, the year with the highest number of new light vehicle sales, and only 0.5% lower than 2016 when the second highest number of new light vehicle sales ever in Mexico was recorded. Sales of heavy vehicles were at similar levels to 2023 when 26.4% growth was recorded in comparison with 2019, while tractor-trailer sales recorded a historical high during this period and heavy passenger vehicle sales hit their highest level since 2008.

### Infrastructure, Communications and Transportation Ministry (SICT) Budget for Investment Projects in 2024

In this section we analyze the initial and amended budget allocated to the Infrastructure, Communications and Transportation Ministry in the Federal Expenditure Budget for 2024 to identify those investment projects representing the largest proportion of resources by sector when considering the maintenance and creation of new infrastructure in Mexico.

The budget for Infrastructure, Communications and Transportation Ministry investment projects in 2024 initially considered a total amount of P\$35.566 billion, excluding projects involving the transfer of resources to the Ministry of the Navy and the Ministry of National Defense. Of this P\$35.566 billion, P\$12.502 billion was earmarked for road construction works, P\$11 billion for maintenance of the federal toll-free highway network, P\$9.092 billion for freight and passenger railroad projects, P\$1.483 billion for maintenance of airport infrastructure, specifically the Mexico City International Airport, and P\$1.488 billion for construction projects and pre-investment studies as well as other categories for smaller amounts.



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The item that initially represented the largest proportion of the 2024 budget was the P\$11 billion assigned to the Reconstruction and Conservation of Highways through the multi-year program for the Conservation of the Toll-Free Federal Highway Network. However, during the initial months of the year announcements were made concerning Ministry of Finance and Public Credit (SHCP) reserves for this budget and it was considered that activities related to periodic and routine maintenance works, bridge maintenance and reconstruction, attention to points of conflict and road safety, signaling, studies, projects and follow-up on works throughout the country would be executed by the Ministry of National Defense. The above applies mainly to southern Mexico since once the government's priority works in this region are completed, efforts can be focused on the maintenance of roads damaged during construction.

HR Ratings has no further information on the exercising of the P\$11 billion related to maintenance of the Federal Network of Toll-Free Highways. The amended budget for this item in the SHCP Investment Portfolio indicates P\$6.303 billion, equivalent to 57.3% of the initially allocated budget. The follow-up on these works is relevant since the deterioration of toll-free roads could result in increased costs and travel times for people and companies in regions where toll-free roads are the principal means of access.

The modified SICT budget for 2024 considers P\$10.229 billion (initially P\$7.471 billion) for Road Construction Projects, with the main items including P\$3.086 billion (initially P\$2.981 billion) for the Modernization of Federal Highway Mex-085 Portezuelo-Ciudad Valles with a total length of 91.1 km, which would improve the connection between Ciudad Valles and Tamazunchale with crown width expansions, expected to be completed in 2025. P\$2.183 billion (initially P\$1.434 billion) were allocated for Modernization of the federal highway Las Cruces - Pinotepa Nacional (Mex-200 section: Las Vigas-Lím. for the states of Guerrero and Oaxaca) with a length of 118.3km, expected to be completed in 2025. P\$1.562 billion (initially P\$1.208 billion) were allocated for construction of the Real del Monte-Entronque Huasca highway as part of the modernization of the Pachuca-Tampico corridor with a total length of 9.4km, expected to be completed in 2025. P\$1.924 billion (initially P\$1.098 billion) were allocated for construction of the Nichupté Vehicular Bridge over the Nichupté lagoon system in Quintana Roo, with a length of 8.80 km and a cross section of 14.90m to accommodate three 3.50m lanes (one in each direction, plus a reversible lane), a pedestrian walkway, and the construction of two access points. The following table indicates projects considered in the 2024 budget with their projected total investment.



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**Figure 10. Initial and Amended Budget for Road Investment Projects in 2024 (MXN Pesos)**

Budget Program	Item	Total	Initial 2024	Total per program	Amended 2024	Amended Total
Road Construction Projects	Modernization of Federal Highway Mex- 085 Portezuelo- Cd. Valles	10,064,962,474	2,981,000,000		3,086,236,628	
	Modernization of Federal Highway Las Cruces-Pinotepa Nacional MEX-200, section: Las Vigas- Gro./Oax State Boundaries	5,697,154,003	1,434,191,799		2,183,764,211	
	Construction of the Real del Monte - Huasca Highway Intersection	3,966,156,912	1,208,000,000		1,562,403,980	
	Nichupté Vehicle Bridge	7,057,697,249	1,098,374,434		1,924,474,434	
	Pachuca - Huejutla, section: Cerro Colorado - Zacualtipán	6,464,045,494	478,000,000		588,722,949	
	Acayucan - La Ventosa Intersection	7,383,767,204	272,000,000	7,471,566,233	884,034,420	10,229,636,622
	Feeder and rural road construction projects	Igualapa - Chilixtlahuaca - Alacatlalzala Road	779,642,050	644,000,000		0
	Tayoltita - Dgo/Sin State Boundaries Road	1,450,301,877	1,060,000,000	1,704,000,000	1,060,058,523	1,060,058,523
Maintenance of Rural and Feeder Road Infrastructure	2024 Infrastructure Maintenance Program for Rural and Feeder Roads	15,718,589,711	1,977,500,000	1,977,500,000	3,818,854,832	3,818,854,832
Related Services for Release of Easement	Release of Easement 2024	2,095,811,961	1,349,447,559	1,349,447,559	1,017,447,559	1,017,447,559
<b>Total</b>				<b>12,502,513,792</b>		<b>16,125,997,536</b>

Source: HR Ratings with information from PEF 2024

A total of P\$1.704 billion was initially considered for the construction of feeder roads and rural roads, of which P\$1.060 billion would be allocated to the construction of the Tayoltita Road on the border of the States of Durango and Sinaloa, and P\$644 million for the Igualapa - Chilixtlahuaca - Alacatlalzala Road in Guerrero. However, the amended budget for the Igualapa - Chilixtlahuaca - Alacatlalzala road appears as zero. In contrast, P\$1.977 billion was initially considered for the Infrastructure Conservation Program for Rural Roads and Feeder Roads nationally, but this amount has now been increased in the amended budget to P\$3.818 billion. Finally, the budget for the release of right-of-way for the various projects was reduced from an initial P\$1.349 billion to P\$1.017 billion in the amended version.

The SICT budget for 2024 includes P\$6 billion (initially P\$5.092 billion) for Mass Transit Passenger Projects. Of this amount, P\$900 million (initially P\$3.091 billion) is indicated in the amended budget for the Integrated Transportation System in the Eastern Zone of the Valley of Mexico and P\$4.7 billion for Line 1 of the Lechería-Jaltocan-AIFA Suburban Train (higher than the P\$2 billion initially budgeted). In addition, P\$5.692 billion (initially P\$4 billion) will be used for construction of the Mexico-Toluca Interurban Train, bringing the SICT allocation of resources to railroad projects for the year to P\$11.292 billion.



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**Figure 11. Initial and Modified Budget for Railway Investment Projects in 2024**

Budget Program	Item	Total	2024	Total per program	Amended 2024	Amended Total
Freight and Passenger Rail	Building the Mexico-Toluca Interurban Train. Stage I	89,899,668,314	4,000,000,000	4,000,000,000	5,692,000,000	5,692,000,000
Mass Passenger Transportation Projects	Expansion of Line 1 of the Suburban Train (Lechería - Jaltocan - AIFA) Integrated Transportation System in the Eastern Zone of the Valley of Mexico	6,036,269,498	2,000,000,000	5,091,956,833	4,700,000,000	5,599,956,833
<b>Total</b>				<b>9,091,956,833</b>		<b>11,291,956,833</b>

Source: HR Ratings with information from PEF 2024

With respect to airport infrastructure, the SICT budget for investment projects includes P\$1.098 billion for the maintenance of airport infrastructure, which includes maintenance programs for AICM taxiways, maintenance of platforms, and rehabilitation of the drainage system, among other works for the reinforcement of foundations and superstructures of terminal buildings. P\$289.7m was allocated to airport construction projects and an additional P\$95.8m for the maintenance and operation of airport infrastructure in Mexico City. The total amount allocated for the maintenance and upkeep of Mexico City's airport infrastructure in 2024 is P\$1.483 billion.

**Figure 12. Initial and modified budget for airport investment projects in 2024.**

Budget Program	Item	Initial 2024	Initial per Program	Amended 2024	Amended Total
Airport Construction Projects	Refurbishment of AICM Sanitary Infrastructure and Restrooms	57,200,000		57,200,000	
	Exit Bay (Runway 05) and Extension of Taxiway B1	68,882,062		232,463,300	
	Expansion of lounges and flow separation in T1	163,581,238	289,663,300	0	289,663,300
Maintenance of Infrastructure	Maintenance and Refurbishment Program for Runways 05R-23L and 05L-23R	151,879,091		151,879,091	
	AICM Taxiway Maintenance Program	458,536,124		458,536,124	
	AICM Apron Maintenance Program	282,275,149		282,275,149	
	Other Maintenance Works	301,238,613	1,193,928,977	301,238,613	1,193,928,977
<b>Total</b>			<b>1,483,592,277</b>		<b>1,483,592,277</b>

Source: HR Ratings with information from PEF 2024

Regarding studies and other programmed items, P\$500 million is allocated to the Rural Roads and Feeder Roads Studies Program, P\$524.1 million to studies and projects involving the construction of communications and transportation infrastructure and P\$324.2 million to pre-investment studies. Finally, P\$139.9 million is allocated to the Mexican Satellite System (MEXSAT) maintenance project.



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**Figure 13. Initial and modified budget for Studies and Projects in 2024.**

Budget Program	Item	Total	Total per Program			
			2024	2024	Amended 2024	Amended Total
Construction surveys and projects for rural and feeder roads	2024 surveys and projects program for rural and feeder roads	922,157,263	500,000,000	500,000,000	619,542,042	619,542,042
Surveys and projects for the construction, expansion, modernization, conservation and operation of communications and transportation infrastructure	Road Surveys and Projects Program, 2024	1,500,000,000	524,128,449	524,128,449	524,128,449	524,128,449
Pre-investment Studies	Pre-investment Studies	276,879,168	99,016,761		97,553,601	
		300,000,000	112,784,386		76,009,589	
		137,528,182	71,173,785		107,411,741	
		59,000,000	41,186,014	324,160,946	43,186,014	324,160,945
Satellite System	Mexican Satellite System (MEXSAT) Maintenance Program	2,395,206,811	139,942,239	139,942,239	139,942,239	139,942,239
<b>Total</b>					<b>1,488,231,634</b>	<b>1,607,773,675</b>

Source: HR Ratings with information from PEF 2024

## Infrastructure Sector Investment: A Proposal for Multimodal Integration

Based on the document "100 Steps for Transformation," distributed by the transition team formed by Mexico's next president, we can identify a roadmap for the future of Mexico's infrastructure sector. This roadmap establishes that economic stability and a financially healthy banking sector offer advantages for the development of public infrastructure and the promotion of private investment.

Similarly, the business conditions created by the relocation of companies and the recovery in investment (at the time, a result of the federal government's major infrastructure projects and in recent quarters by private sector projects), the investment proposal of the next federal administration for the infrastructure sector aims to strengthen national competitiveness and facilitate the integration of supply chains between all national regions. This is at the root of the idea of establishing different development poles throughout the country, specifically defining competitive advantages and disadvantages as well as regional productivity.

The role our road connectivity system will play in the achievement of this objective will be key for the transportation of goods, favoring mobility and thereby promoting regional dynamism and integration. Of course, with better and greater connectivity foreign investment is also expected to increase.

This document, which serves as a frame of reference for a possible National Infrastructure Plan in the future, provides a list of projects in all regions of Mexico. While roads, railways, ports and airports are expected to be built, it also considers (with planning and resources) conservation, modernization and expansion works.



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Several of these projects will represent the continuation and consolidation of a portfolio inherited from the current administration. In this sense, the current secretary of the SICT has announced they will pass on a portfolio of approximately 772 infrastructure projects, of which more than 130 are considered high impact and with major advances.

The list appearing in the transition team document includes 49 infrastructure projects, 25 of which are said to be key. Of these 25 key projects, 11 are in the highway sector, four involve freight trains and eight passenger trains.

**Figure 14. Infrastructure projects considered for the 2024-2030 six-year term.**

Projects to be followed-up	Roads	Freight Trains	Passenger Trains	Ports	Airports
1. Maya Train	1. Los Cabos - Tijuana	1. Maya Train freight network	1. AIFA - Pachuca	1. Salina Cruz	1. Tamuín
2. Inter-oceanic Railroad	2. Mochis - Chihuahua	2. Roberto Ayala - Dos Bocas	2. México - Querétaro - León - Aguascalientes	2. Ensenada	2. Tepic
3. Felipe Ángeles International Airport	3. Guaymas - Ciudad Juárez	3. Line K to Puerto Chiapas	3. México - Querétaro - Guadalajara	3. Guaymas	3. Torreón
4. Tulum International Airport	4. San Luis - Piedras Negras		4. Manzanillo - Colima - Guadalajara - Irapuato	4. Mazatlán	4. Lázaro Cárdenas
5. Refinería Dos Bocas	5. Toluca - Zihuatanejo		5. Tepic - Mazatlán - Nogales	5. Manzanillo	5. Puerto Escondido
	6. Cuautla - Marquelia		6. México - San Luis Potosí - Monterrey - Nuevo Laredo	6. Lázaro Cárdenas	
	7. Salina Cruz - Zihuatanejo		7. México - Puebla - Veracruz	7. Coatzacoalcos	
	8. Oaxaca - Tuxtepec		8. Aguascalientes - Chihuahua - Ciudad Juárez	8. Seybaplaya	
	9. Tuxpan - Tampico			9. Veracruz	
	10. Pachuca - Tamazunchale			10. Altamira	
	11. Ampliación Puebla			11. Progreso	
	12. Tuxtla Gutierrez - Frontera Comalapa			12. Matamoros	
	13. Escárcega - Macultepec				

Source: HR Ratings with information from the document "100 pasos para la transformación" (100 Steps for Transformation).

The proposed general investment strategy is intended to improve the integration of a multimodal infrastructure, where the roads system and the national rail network represent efficient and safe options for the movement of people and all types of goods. This will require the use of modern logistics centers at ports and airports. With regard to the development and maintenance of highways, the next president of Mexico has indicated that at least one third of the annual budget allocated to the SICT could be earmarked for this purpose. In this sense, the rural roads program considers modernization and expansion totaling at least 3,000 kilometers.

For the rail sector, the six-year proposal would include doubling rail freight, modernizing connections at multimodal hubs, and establishing conditions for the shared use of railroad tracks for the transportation of people and goods. Among the key projects are passenger rail lines, which in principle would use existing rights of way and 18,000 kilometers of railroad tracks currently



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awarded by concession. These projects include the AIFA-Pachuca Train, the Mexico-Queretaro-Leon-Aguascalientes Train, and the Mexico-San Luis Potosi-Monterrey-Nuevo Laredo Train.

**Figure 15. Proposed Railway Projects for 2024-2030**



Source: HR Ratings

With respect to airport expansions, it is important to highlight private participation in several of these projects, which are already well underway and include the Tepic and Puerto Escondido airports. Grupo Aeroportuario Turístico Mexicano (GATM) is a public-private company, a partnership between Aeropuertos y Servicios Auxiliares (ASA), a decentralized agency of the Federal Government, and Aeropuertos Mexicanos (AME), a subsidiary of Mota-Engil Mexico, which will be responsible for the new phase of Tepic airport and expansion of the Puerto Escondido International Airport. The expansion of Tepic Airport involves extending the runway, which will now be 3,100 meters long, construction of an annex building and the construction and equipping of a new 42 meter high control tower, to be completed in November 2024 with total public-private investment of P\$4.1 billion. This would represent an important advance in regional connectivity considering the recent opening of the Compostela-Las Varas Highway.

At the Puerto Escondido international airport a new 17,000-square-meter passenger terminal will be built to serve 1,200 passengers at peak hours along with parking and access roads with total investment of P\$2.748 billion. The Torreón international airport is operated by Grupo Aeroportuario Centro Norte (OMA). As for SICT investment, most of this would be destined for Mexico’s central region. Connectivity would be consolidated through the Felipe Ángeles International Airport and operation of the Mexico City International Airport (AICM) would be improved.



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To close the multimodality strategy, modernization and expansion of maritime ports is also an established priority. Resources would be allocated to port development to improve and expand the capacity of the country's main ports. Receiving deeper draft ships and increasing the capacity and efficiency of maneuvering and cargo services (containers, grains, minerals, chemicals, hydrocarbons, vehicles, etc.) would improve shipping sector competitiveness in international trade and facilitate the integration of global supply chains. In recent months, progress has already been made in expansion and modernization works at ports such as Ensenada, Seybaplaya, Guaymas, and Altamira. In addition, investments in joint participation between the public and private sectors are expected in Mazatlán, Manzanillo, Veracruz, for its second stage, and Progreso. There are also projects to upgrade the ports of Salina Cruz and Coatzacoalcos given the construction of the Inter-Oceanic Train; however, it will be necessary to define the strategy for each national port modernization.

**Figure 16. Proposed port expansion and modernization projects for 2024-2030.**



Source: HR Ratings with data from the Shared Prosperity Plan.

The sovereign vision of the energy sector, which is an important component of the proposal, is maintained but now with a push towards efficiency and energy transition. The State will maintain its 54% share of electricity generation (including the consideration of photovoltaic, wind, geothermal, hydro and green hydrogen generation) and will invest in expanding the transmission and distribution network. However, due to the current costs of inputs for electricity infrastructure, among other factors, private investment is needed to achieve electricity generation and transmission capacity for the continued growth and efficiency of the country's diverse economic activities. This could be financed jointly with the Federal Government to optimize efficiency and resources.



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Finally, on the subject of water infrastructure the document focuses on implementing water reuse policies, programs to clean up polluted rivers and basins as well as technical modernization of agricultural irrigation to guarantee the long-term sustainability of the resource and its quality.

Despite details concerning prioritized projects, the resources required for implementation and the stages involved are not yet known. Neither is there information related to the public financing scheme (at its three levels to fund the works and provide technical capacities) or the private sector participation scheme (shared investment strategy). What is indicated is the commitment to invest in an environment of legal certainty and agility (through use of the one stop shop) for their presentation, design, approval, planning, execution and operation.

HR Ratings reiterates the importance of establishing infrastructure investment plans based on the needs of the population and industrial sectors. These plans should be based on executive projects with costs aligned with those established in the market and with the participation of the private and public sectors. It is important to follow up on the financing alternatives for both greenfield and brownfield projects through the establishment of clear rules of participation, construction requirements, bidding processes, and the preparation of work schedules. These should consider the different stages and requirements of each project as well as operation, maintenance and conservation commitments based on long-term contracts with conditions, obligations and considerations providing clear definitions and procedures.



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