

Panamá, 12 de agosto de 2016  
Nota No. 674-16 GG ENA

Superintendente  
Lcda. Mareliisa Q. de Stanziola  
SUPERINTENDENCIA DEL MERCADO DE VALORES  
Ciudad

Estimada Superintendente Stanziola:

Por medio de la presente y en cumplimiento al Acuerdo No. 3 – 2008 de 31 de marzo de 2008, le informamos como un Hecho Relevante la Calificación de Riesgo emitida por Moody's Investor Service, de fecha 11 de agosto de 2016, asignada para los bonos corporativos emitidos por el Fideicomiso ENA Norte.

- Se reafirma la calificación Baa3 con perspectiva estable.

Atentamente,



Carlos E. Barnes  
Gerente General

**Rating Action: Moody's affirms ENA Norte's Baa3 rating; outlook stable**

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Global Credit Research - 11 Aug 2016

**Approximately \$503 million affected**

New York, August 11, 2016 -- Moody's Investors Service, ("Moody's") affirms ENA Norte Trust's issuance of \$503 million outstanding Notes due 2028; Outlook stable.

**RATINGS RATIONALE**

The affirmation of the Baa3 rating reflects ENA Norte's strong fundamentals, its position as a key transport asset in a strong service area in Panama and the linkages with the Government of Panama (Baa2 stable). The rating also incorporates the limited liquidity of the structure, the volatile traffic trends and the lack of tariff increases in the past 9 years. The outlook on the rating is stable, balancing the expected positive traffic performance with the lack of tariff increases.

ENA Norte's traffic has started to recover following two years of decline. As of June 2016 the number of transactions recorded increased by 9% with respect to the same period in 2015, after traffic declines of 1.8% and 3.5% in 2014 and 2015 respectively. Overall, traffic has been volatile, reflecting the evolving dynamics of the city including construction works in alternative routes and the opening of complementary roads. Going forward, Moody's anticipates that traffic will continue on a positive path but will continue to exhibit some volatility.

The lack of tariff increases has limited cash flow growth, which along with the traffic drops resulted in cash flow available for debt service (CFADS) declines of 5.4% and 4.5% in 2014 and 2015 respectively. The recent traffic recovery will help reverse the declines in CFADS. Moody's estimates that traffic will grow by around 9% by year end 2016, reaching similar levels than in 2013. Absent tariff increases, cash flow generation will ultimately continue to rely solely on traffic growth.

The notes are issued with a legal maturity in 2028 but with no mandatory amortization and a 100% cash sweep. Under ENA Norte's original projection the Notes will be fully repaid by 2023. Under Moody's updated base case, the Notes will be repaid in 2025, reflecting lower projected levels of CFADS. Cash interest coverage (CFADS / interests) recorded in 2015 was 1.96x and Debt to Operating Revenue was 7.6x. Based on the recent performance and traffic projections, these metrics are expected to improve to 2.3x and 6.5x, respectively by year end 2016.

The structure provides for additional liquidity, albeit at lower levels when compared to similar rated projects. It includes a 12-month forward looking major maintenance reserve, a Capex reserve, and a debt reserve fund equivalent to 6 months of interest payments. Additional bondholder protections are standard for project finance transactions and dividend distributions are allowed only after the bonds are fully paid.

ENA Norte Trust is the special purpose vehicle created for this transaction to which rights under a concession and cash flows related to Corredor Norte toll road have been assigned. Corredor Norte is a highway system in Panama City, the capital of the Republic of Panama. It spans the northern part of the city complementing the Corredor Sur highway that runs along the shore in the south. Corredor Norte currently consists of three 2-lane segments totaling 33 kilometers, and one additional segment (Phase IIB), which is not a part of this transaction.

ENA Norte's rating reflects the application of Moody's joint default analysis (JDA) framework for government related issuers (GRIs), which takes into account the following three input factors: i) a baseline credit assessment (BCA) of ba1 as a measure for the rated entity's standalone creditworthiness, ii) our estimates of a moderate degree of implied government support in the case of financial distress and iv) a very high default dependence between ENA Norte Trust and the Panamanian government.

**WHAT COULD CHANGE THE RATING UP / DOWN?**

Growth in cash flow available for debt service due to stronger traffic growth, tariff increases or cost control, and

further clarity in the amount and funding sources for capital improvements could place positive pressure on the rating.

Downward pressure could generate from a change in the economic prospects for the Republic of Panama, or any other event that causes transaction volumes to stagnate or decline. A reduction in cash flows that results in cash interest coverage ratios below 1.5 times would also exert downward pressure on the rating.

The methodologies used in this rating were Government Owned Toll Roads published in October 2012 and Government-Related Issuers published in October 2014. Please see the Ratings Methodologies page on [www.moodys.com](http://www.moodys.com) for a copy of these methodologies.

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