

Rating Action: Moody's downgrades ENA Master Trust's rating to Baa2; outlook stable

19 Mar 2021

New York, March 19, 2021 -- Moody's Investors Service, ("Moody's") has downgraded the senior secured rating to Baa2 from Baa1 assigned to the \$400 million senior secured notes due in 2048 issued by ENA Master Trust. At the same time, Moody's also downgraded the issuer's baseline credit assessment (BCA) to baa2 from baa1. The outlook changed to stable from negative.

The downgrade follows the downgrade of the sovereign bond rating of the Government of Panama to Baa2 from Baa1 with stable outlook. For more information on the Government of Panama, please visit https://www.moody's.com/research/Moodys-downgrades-Panamas-ratings-to-Baa2-changes-outlook-to-stable-PR_440447.

..Issuer: ENA Master Trust

Downgrade:

....Senior Secured Regular Bond/Debenture, Downgraded to Baa2 from Baa1

Outlook Actions:

....Outlook, to Stable from Negative

RATINGS RATIONALE

The downgrade actions for ENA Master Trust reflects the rating downgrade of the Government of Panama, the support provider according to our analytical framework for Government Related Issuers (GRIs).

ENA Master Trust's Baa2 rating reflects the application of Moody's joint default analysis (JDA) framework for government related issuers (GRIs), which takes into account the following factors: i) a baseline credit assessment (BCA) of baa2 as a measure for the rated entity's standalone creditworthiness, ii) the Baa2 rating of the Government of Panama, as ENA's support provider, (iii) our view of a moderate degree of implied government support in the case of financial distress and iv) a very high default dependence between ENA Master Trust and the Panamanian government.

ENA is a Panamanian corporation wholly owned by the Government of Panama. It was formed mainly to acquire and manage companies that have concessions from Panama for the construction, conservation, maintenance, administration, financing and exploitation of toll roads and highways.

The assigned rating considers Corredor Sur and Corredor Este toll roads' strong fundamental market position as key thoroughfares in Panama City, the nation's capital city and center of commerce and the history of steady growth in vehicle transactions, which is correlated to Panama's economic and population growth.

Moody's Base Case Scenario incorporates that the coronavirus outbreak will continue leading to a period of drop in traffic that is expected to remain during the next months, reflecting the imposed lockdowns. During 2020, traffic and revenue declined 47.8% and 48.0%, respectively, on an accumulated basis with respect to 2019. We expect that the poor traffic performance will remain over the following months with a gradual recover towards the end of the year, but not fully recovering to 2019 levels. Traffic and revenues are expected to start recovering and that they will increase, respectively by 45% and 42% in 2021 against 2020.

Importantly, Moody's credit view recognizes the benefits of ENA Master Trust's project finance provisions in the structure and a 5-year grace period for principle payments, which provides the issuer flexibility to withstand the volatility in operating performance. Additionally, the bond's structure provides for liquidity reserves, including a 12-month forward looking operating and major maintenance reserve, a capital expenditures reserve, and a debt service reserve fund equivalent to 12 months of interest and principle payments. Additional bondholder protections are standard for project finance transactions and dividend distributions are allowed only if debt

service coverage is at least 1.3x. The government has the ability to raise toll rates if necessary, to satisfy the debt service requirements.

RATING OUTLOOK

The outlook is stable in line with the rating outlook of the Government of Panama.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATING

In light of the recent downgrade, upward rating pressure on ENA Master Trust's rating is unlikely in the near future. The rating outlook could become positive as a result of an action changing the Panama's rating outlook to positive.

Downward pressure could generate from weak economic prospects for Panama, or any other event that causes transaction volumes to stagnate or further decline. Lack of tariff increases to satisfy debt service requirements when needed or a reduction in cash flows that results in sustained DSCRs below 2.0x would also exert downward pressure on the rating.

The methodologies used in this rating were Publicly Managed Toll Roads and Parking Facilities published in March 2019 and available at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1091602, and Government-Related Issuers Methodology published in February 2020 and available at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1186207. Alternatively, please see the Rating Methodologies page on www.moodys.com for a copy of these methodologies.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found at: https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

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The rating has been disclosed to the rated entity or its designated agent(s) and issued with no amendment resulting from that disclosure.

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Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1243406.

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