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Fitch Ratings: U.S. Toll Roads Still Largely in Cruise Control.

Link to Fitch Ratings' Report(s): Peer Review of U.S. Toll Roads (Attribute Assessments, Metrics and Ratings)

Fitch Ratings-New York-15 October 2019: Roadblocks will remain minimal for U.S. toll road performance in the coming months amid ongoing issues that continue to hamper performance for two rated toll roads, according to Fitch Ratings in its latest U.S. Toll Roads Peer Review.

Fitch has taken four positive rating actions, two negative rating actions, and revised three Outlooks to Positive since its last Peer Review. For the second time in the las two years, Fitch upgraded bonds tied to Texas' Grand Parkway System with performance far exceeding original expectations. 'The addition of new debt for new segments was expected, though Grand Parkway System's revenue is more than sufficient to cover all of its debt obligations through the term,' said Director Scott Monroe. Another bright spot was Colorado's E-470 project bonds, which Fitch also upgraded. 'In addition to its continued strong traffic and revenue growth, E-470 can service its escalating debt service profile with nearly no revenue growth and no need to issue new debt for capital requirements,' said Monroe.

Two toll roads that continue to struggle are Miami's MDX and Dulles Greenway connecting Washington DC and Virginia. House Bill 385 effectively dissolving MDX led to Fitch downgrading the rating on the project bonds. 'The bill is the culmination of an unprecedented degree of state political interference into the affairs of a local tolling authority,' said Monroe. 'MDX's financial profile could deteriorate sharply and be susceptible to further downgrades if House Bill 385 is upheld.' Traffic and revenue are both trending below expectations for Dulles Greenway, prompting Fitch to downgrade the project bonds. 'Limited visibility into future rate-setting and the prospect of future toll increases not yet authorized by regulators will continue to weigh on Dulles Greenway,' said Monroe.

Fitch has also launched its 2019 update to the interactive peer study for U.S. toll roads, the Fitch Analytical Comparative Tool, or FACT, concurrently with the release of today's peer review.

Fitch's 2018 U.S. Toll Road FACT, contains comparative financial data for a portfolio of 41 publicly rated operating U.S. toll road issuers and enables graphical plotting of key metrics by region, facility type, asset type and rating. The database includes six years of data, providing a comprehensive base for historical trend analysis specific to individual issuers or within the peer group at large.

Fitch's latest 'Peer Review of U.S. Toll Roads' and the '2019 Fitch Analytical Comparative Tool – U.S. Toll Roads' are available at 'www.fitchratings.com' or by clicking on the above links.

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