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Fitch: Coronavirus Pressures Ratings for Some U.S. Toll Roads

Fitch Ratings-New York-28 October 2020: Fitch Ratings expects most U.S. toll roads have enough financial flexibility to weather the global coronavirus pandemic provided that economic conditions continue to improve. However, the Fitch peer review report shows that some issuers with tighter financial metrics at their rating levels or weaker regional conditions are more likely to be downgraded due to the coronavirus pandemic.

Since Fitch's peer review last year, Fitch upgraded two toll road systems prior to the onset of the pandemic and downgraded two others. Additionally, Fitch revised the Rating Outlook on eight toll road systems to Negative but has since returned the Outlook to Stable for two issuers who implemented measures including toll increases to counteract pandemic-related losses.

Already weighed down by legal uncertainty surrounding its governance structure, Fitch downgraded Miami-Dade County Expressway (MDX) back in February. Making matters worse over time will be MDX's exposure to coronavirus-related traffic and revenue losses. "MDX could face legal and political challenges in implementing countervailing measures such as toll rate hikes until a final judicial decision is rendered," said Director Anne Tricerri.

Toll roads already feeling more acute effects of the pandemic include Dulles Greenway, which Fitch downgraded in April reflecting weaker revenues caused in part by the coronavirus crisis. "Resolution of the Negative Outlook for Dulles Greenway will depend on near-term traffic and operational performance in conjunction with clarity into near-term toll increases necessary to maintain adequate coverage levels and financial flexibility while meeting near-term capital needs," said Tricerri.

Fitch has also launched its 2020 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 2020 U.S. Toll Road FACT, contains comparative financial data for a portfolio of 42 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 five 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 '2020 Fitch Analytical Comparative Tool - U.S. Toll Roads' are available at 'www.fitchratings.com'.

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