

**Rating Action: Moody's upgrades Sociedad Concesionaria Vespucio Norte Express; Stable Outlook**

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New York, October 03, 2017 -- Moody's Investors Service has upgraded to Baa2 from Ba1 the ratings on Sociedad Concesionaria Vespucio Norte Express S.A. ("Vespucio Norte"). The outlook is stable.

The rating upgrade incorporates the consolidation of solid traffic and revenue trends that we anticipate will continue over the coming years.

Furthermore, the rating upgrade acknowledges that credit metrics will be sustained -sound revenue and cash flows and stable debt service coverage- by solid traffic patterns and despite gradually increasing debt service payments through 2024. As with other mature toll-roads, we expect that the pace of traffic growth will slow down gradually.

Credit metrics have improved in recent years and are now solidly positioned in relation to Baa rated Chilean peers. Debt service coverage ratio (DSCR) as calculated by Moody's reached 1.7 times in 2016, while the FFO to debt ratio reached 8% with cash interest coverage at around 2.0 times. The steady improvement of metrics resulted from a combination of solid traffic and sustained revenue growth. Per the concession contract, revenues are increased automatically by 3.5% over the prior year's inflation. As traffic growth stabilizes, we expect DSCR, FFO to debt and interest coverage remaining at around 1.7 times, 10% and 2.0-2.5 times in the next few years.

#### RATINGS RATIONALE

The Baa2 rating also reflects the road strong asset fundamentals, including the high percentage of commuter traffic and the asset's connectivity with other key urban expressways throughout metropolitan Santiago. The compounded annual growth rate of traffic for the period 2012-2016 reached 9% and we do not foresee a significant decline in traffic volumes over the life of the concession. The rating is also supported by strong economic fundamentals in Vespucio Norte's area of service and continue to note an overall supportive and predictable regulatory framework for toll road concessions in Chile.

The stable outlook reflects our expectation that, as a mature asset, traffic and revenue trends will not improve significantly and that volume growth rates will be lower than the more recent high rates of growth. However, Moody's expects stable debt service coverage metrics to continue until the end of the concession.

Given the recent upgrade and stable outlook, the rating is unlikely to move up in the short term. However, if traffic and revenue trends prove to be more robust than expected, with debt service coverage (DSCR) consistently over 2.5 times, the ratings could be further upgraded.

On the contrary, downward pressure on the ratings could occur if expected metrics do not materialize and DSCR falls below 1.5 times.

Established in 2002 under the laws of the Republic of Chile for the sole purpose of constructing and operating the 28.5 Km. Vespucio Norte Express (VNE) toll road, the company holds a 30-year concession agreement granted by the Chilean Ministry of Public Works (MOP) in 2003. The concession ends in 2033 while the bonds mature in 2028.

The current 100% ownership of the concessionaire corresponds to Brookfield Infrastructure Group, through its wholly owned subsidiary Taurus Holdings Chile S.A.

The principal methodology used in this rating was Privately Managed Toll Roads published in May 2014. Please see the Rating Methodologies page on [www.moody's.com](http://www.moody's.com) for a copy of this methodology.

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