

Research Update:

# Austria-Based Asfinag Outlook Revised To Positive After Same Action On Sovereign; 'AA+/A-1+' Ratings Affirmed

March 1, 2022

## Overview

- We revised our outlook on Austria to positive from stable on Feb. 25, 2022, because we think the country will make a faster and stronger recovery from the economic and fiscal impact of the pandemic.
- In our view, Asfinag benefits from an almost certain likelihood of extraordinary government support from the Austrian government.
- We therefore equalize our ratings on Asfinag with the ratings on Austria.
- We revised our outlook on Asfinag to positive from stable and affirmed the 'AA+/A-1+' ratings.

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## Rating Action

On March 1, 2022, S&P Global Ratings revised its outlook on Autobahnen- und Schnellstrassen-Finanzierungs-AG (Asfinag) to positive from stable. We also affirmed our 'AA+/A-1+' long- and short-term issuer credit ratings.

## Rationale

The outlook revision follows a similar action on Austria (see "Austria Outlook Revised To Positive On Budgetary Consolidation Prospects; 'AA+/A-1+' Ratings Affirmed," published Feb. 25, 2022, on RatingsDirect). The Austrian economy looks set to emerge from the pandemic earlier and in better shape than we previously anticipated. This makes a stronger fiscal performance more likely, thanks to higher tax revenue and lower pandemic-induced spending.

We believe there is an almost certain likelihood that Austria (AA+/Stable/A-1+) would provide timely and sufficient extraordinary support to Asfinag in the event of financial distress. In accordance with our criteria for rating government-related entities (GREs), our view of an almost certain likelihood of extraordinary government support is based on our assessment of Asfinag's:

- Critical role for Austria as its sole agent with a monopoly position as constructor and operator of the Austrian motorway and high-speed road network; and
- Integral link with the government as a wholly owned subsidiary that is subject to a tight legal, planning, and control framework.

The government's support and control of Asfinag are significant. The company is incorporated under the Asfinag Law, which states that the Austrian government is responsible for ensuring that Asfinag has sufficient funds at all times to protect its liquidity and equity and pursue its agreed activities. The government, as Asfinag's sole owner, exercises operational, management, and financial control over Asfinag and approves the company's budget. In addition, the ratings reflect our assessment of strong explicit government support provided through timely, unconditional, and irrevocable government guarantees for Asfinag's €12.0 billion Euro Medium-Term Note program, which is its main source of debt financing. The program is usually extended annually (as part of Austria's budget law), including a predetermined drawing amount. Both the program and the master guarantee were recently updated.

## **Outlook**

The positive outlook on Asfinag reflects our assessment of the creditworthiness of the company's sole owner and guarantor, the government of Austria. Any rating action on Austria would lead us to also reassess our rating on Asfinag. We also consider Asfinag's strategic importance for the government and expect that neither the likelihood of extraordinary support, the guarantee, nor the legal framework for Asfinag will change significantly. We believe the company will maintain its monopoly position and that there is no risk of privatization.

## **Downside scenario**

We would lower the ratings on Asfinag if we lowered the rating on Austria. A change in our assessment of the likelihood of support from the Austrian federal government would also trigger a downgrade. Should there be a change in law, privatization plans, or a refusal of future guarantees, we could reassess the company's role for and link with the government. However, we currently view these developments as unlikely.

## **Upside scenario**

We could raise the rating on Asfinag over the next 24 months if Austria's creditworthiness strengthened, leading to a positive rating action on the sovereign, and if, at the same time, the likelihood of support for Asfinag remained almost certain.

## **Related Criteria**

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

## Related Research

- Austria Outlook Revised To Positive On Budgetary Consolidation Prospects; 'AA+/A-1+' Ratings Affirmed, Feb. 25, 2022
- Sovereign Risk Indicators, Dec. 13, 2021. Interactive version available at <http://www.spratratings.com/sri>.
- European Economic Snapshots From Fast-Paced Recovery To Robust Expansion, Dec. 6, 2021
- Autobahnen- und Schnellstrassen-Finanzierungs-AG, July 8, 2021

## Ratings List

### Ratings Affirmed

#### Autobahnen-und Schnellstrassen-Finanzierungs-AG

Senior Unsecured	AA+
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#### OeBB-Infrastruktur AG

Senior Unsecured	AA+
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### Ratings Affirmed; CreditWatch/Outlook Action

	To	From
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#### Autobahnen-und Schnellstrassen-Finanzierungs-AG

#### OeBB-Infrastruktur AG

Issuer Credit Rating	AA+/Positive/A-1+	AA+/Stable/A-1+
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Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at [www.standardandpoors.com](http://www.standardandpoors.com) for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at [https://www.standardandpoors.com/en\\_US/web/guest/article/-/view/sourceId/504352](https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceId/504352) Complete ratings information is available to subscribers of RatingsDirect at [www.capitaliq.com](http://www.capitaliq.com). All ratings affected by this rating action can be found on S&P Global Ratings' public website at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column. Alternatively, call one of the following S&P Global Ratings numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; or Stockholm (46) 8-440-5914

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