

Industry Top Trends Update

Transportation Infrastructure

The dual-track recovery shows a widening gap

What's changed?

Variation in demand recovery across sectors has become more pronounced, with European airports and rail still the worst hit. These subsectors will likely post performance similar to or only slightly better than 2020 levels this year, despite large government support packages for rail and airports' continued spending cuts.

Toll road traffic is starting to converge with 2019 levels. This is fueling a strong appetite for mergers and acquisitions. Vinci place a bid for ACS Industries due to the appeal of its renewable generation pipeline, and Atlantia agreed to sell its Italian operation Autostrade Per L'Italia to a government-approved consortium.

EU-wide COVID-19 recovery plans and the Green Deal are supporting infrastructure investment. These could revive or start new projects aimed to improve the resilience and lower the climate impact of transportation.

How is recovery taking shape?

European airports remain in the doldrums. Despite a ramp-up in vaccinations and the rollout of digital COVID certificates in Europe, governments continue to take a cautious stance on cross-border travel due to new virus variants. Airport traffic at rated airports has been at just 10%-15% of 2019 levels, since the start of the year.

Toll roads and car parks show mixed results by country. As restrictions are lifted, road traffic has rebounded more quickly than other forms of transport, since people prefer cars to public transport for safety reasons.

Consumer spending and inflation are on the rise. We expect a boost to leisure trips as well as retail revenue at airports and rail stations. It remains to be seen if infrastructure companies will be able to pass on inflation to consumers, even if entitled to do so in their tariffs.

What are the key risks around the baseline?

Renewed pandemic-related restrictions could delay meaningful resumption of international travel to after the lucrative summer season, and present downside risk to air travel in Europe below our estimate of 30%-50% of 2019 levels in 2021.

The level of regulated tariffs for airports. A number of regulatory decisions are due for European airports by the end of 2021, and regulators will have a hard job reconciling the need to increase tariffs with the fragile traffic recovery.

Consumer behavior post-pandemic. Trains, roads, and car parks could see fewer commuters, but this could be partially offset by the continued stickiness of seasonal subscriptions.

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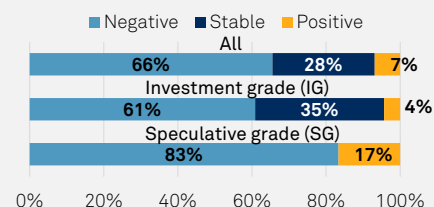
- [Moving On: Atlantia And Autostrade per L'Italia Plan A Divorce](#), May 26, 2021
- [Another Stretch Year for Europe's Airports](#), March 22, 2021
- [Europe's 2021 Air Passenger Traffic Likely To Stall At 30%-50% Of 2019 Level](#), Feb. 18, 2021

Tania Tsoneva

Dublin
 tania.tsoneva@spglobal.com
 +44 20 7176 3612



Outlook Distribution



Ratings Statistics*

	IG	SG	All
Ratings	23	6	29
Downgrades	0	1	1
Upgrades	1	1	2

Ratings data as of end-June 2021. *Year to date.

COVID-19 Heat Map

Estimated Recovery To 2019 Credit Metrics		
Transport infra - toll roads	2022	
Transport infra - airports	>2024	
Potential Neg. Long-Term Industry Disruption		
Transport infra - toll roads	No	
Transport infra - airports	Yes	
2020 Versus 2019		
Revenue decline	EBITDA decline	Incremental Borrowings
Transport infra - toll roads		
15%-25%	15%-25%	5%-10%
Transport infra - airports		
>50%	>60%	>25%
2021 Estimates Versus 2019		
Revenue decline	EBITDA decline	
Transport infra - toll roads		
10%-20%	10%-20%	
Transport infra - airports		
>50%	>50%	