



MNTC again given a 'PRS Aaa' Rating,PhilRatings cites strong fundamentals, The Manila North Tollways Corporation (MNTC) has been given a "PRS Aaa Rating" by the Philippine Rating Services Corporation (PhilRatings) for MNTC's debt issue of P5.5 billion Fixed Rate Corporate Notes (FXCN).

This is the second year PhilRatings has given the highest rating to MNTC's notes. A "PRS Aaa long-term rating" is assigned to debt issues with the smallest degree of investment risk, where interest payments are protected by a large or by an exceptionally stable margin, and principal is secured, according to PhilRatings.

PhilRatings noted that, while the various protective elements are likely to change, "such changes as can be visualized are not likely to impair the fundamentally strong position of such issues."

In assigning the rating, PhilRatings, the pioneer domestic credit rating agency, summarized MNTC's strengths as follows:

"Continued earnings generation with sufficient cash flows for debt service; greater financial flexibility; improved capital structure and reduced foreign exchange exposure; improved traffic flows in NLEX, driven by operating efficiencies and traffic enhancement initiatives; and supportive concession framework appropriate progressive regulatory environment," PhilRatings said.

Santiago F. Dumlao Jr., chairman of the Rating Committee, pointed out that MNTC's continuing growth in revenues is assured by the continued patronage MNTC enjoys from motorists, "who are satisfied with the quality of service and the value motorists receive in relation to NLEX toll rates."

Dumlao cited MNTC's market stability, underscoring the roadway's "strategic importance for North Luzon land transport - where there is no real competition from an alternate roadway," adding that "this is reinforced by a management consistently attentive to the needs of motorists."

A Supplemental Toll Operation Agreement (STOA) that by now has been tested for its adequacy to guide relations with regulatory authorities continues to provide a platform to encourage MNTC to maintain and expand its services - and carry on with a momentum of profitability that supports its improving financial strength, the citation further said.

PhilRatings said it will continue to monitor significant MNTC developments, particularly projects aimed at increasing NLEX capacity and enhancing traffic flows, as well as toll rate increases that may greatly impact on its ability to achieve traffic volume.