

Hartsfield-Jackson Atlanta International Airport GARB Rating Raised To 'AA-' From 'A+' On Passenger Recovery

NEW YORK (S&P Global Ratings) Nov. 14, 2022--S&P Global Ratings raised its long-term rating and underlying rating (SPUR) on Atlanta's general airport revenue bonds (GARBs) and hybrid passenger facility charge (PFC) subordinate-lien bonds, issued for Hartsfield-Jackson Atlanta International Airport (ATL), to 'AA-' from 'A+'. The outlook is stable.

"The upgrade reflects a passenger recovery resulting in an improved enterprise risk profile to extremely strong and an unchanged strong financial risk profile," said S&P Global Ratings credit analyst Joe Pezzimenti.

Key credit strengths, in our opinion, include ATL's:

- Key role in the aviation system as the world's largest airport by enplanements and Georgia's dominant airport, and its critical role for and strategic importance to Delta Air Lines;
- Favorable service area economic fundamentals;
- Strong financial risk profile; and
- Very strong management and governance.

Partially offsetting these strengths, in our view, are ATL's:

- Ongoing capital needs that will require additional debt and use of cash reserves to finance; and
- High airline concentration.

The stable outlook reflects our expectation that the airport's capital plans and finances will be prudently managed, ATL's enplanements will continue to recover and normalize near pre-pandemic levels, and financial metrics (S&P Global Ratings-calculated) will be maintained at levels consistent with a strong financial risk profile.

We could lower the GARB rating in the next two years if the airport's enplanements drop significantly or if we believe debt service coverage (S&P Global Ratings-calculated) will be maintained below 1.25x. We could lower the hybrid PFC subordinate-lien rating if management adds additional debt to this lien, materially lowering maximum annual debt service coverage based on PFC revenues.

We could raise the ratings in the next two years if we believe ATL can maintain financial metrics (S&P Global Ratings-calculated) consistent with a very strong financial risk profile.

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