

Research Update:

Florida Turnpike Enterprise Series 2026B Turnpike Revenue Bonds Assigned 'AA' Rating; Outlook Stable

March 5, 2026

Overview

- S&P Global Ratings assigned its 'AA' long-term rating to the State of Florida's proposed \$266.52 million series 2026B turnpike revenue bonds, issued for the Florida Turnpike Enterprise (FTE).
- The outlook is stable.

Rationale

Security

A pledge of the system's net revenue after operational and maintenance expenses secures the series 2026B bonds. The series 2026B bonds will not be secured by a debt service reserve (DSR).

As adopted in the 48th supplemental resolution (December 2018), on consent of 50% of holders of principal outstanding FTE may issue parity bonds without a DSR or reduce the DSR requirement to zero for certain bonds outstanding (series 2018A-2021B). We understand that existing DSR subaccounts will remain in place for certain previously issued bonds, although FTE may remove them in the future. To the extent coverage and liquidity remain relatively high, we believe the adoption of the amendment will not have a substantial credit impact on the turnpike system. However, should credit metrics weaken or a liquidity event occur, the lack of a DSR could cause downward rating pressure. Only the series 2012A-2021B bonds currently benefit from the DSR subaccounts.

Proceeds from the series 2026B bonds will be used to finance a portion of the acquisition and construction costs of FTE's fiscal year 2026 Turnpike Project, which are included in the current five-year adopted work program; to refund certain outstanding turnpike revenue refunding bonds; and to pay costs of issuance.

FTE expects to have approximately \$4.02 billion of revenue bonds outstanding following the issuance of the series 2026B bonds. As of fiscal year-end 2025 (June 30), FTE also had approximately \$6.9 million of subordinate state infrastructure bank loans outstanding.

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Credit highlights

We believe FTE's demographic strengths, anchored by its large service base, will continue to support increasing demand and bolster financial resiliency through future economic cycles, despite our expectation that broader U.S. economic momentum will slow in 2026 compared with preceding years. Furthermore, the rating incorporates the turnpike system's historically favorable traffic trends due to its strategic location and lack of significant competition from toll-free roads in the state.

We also view positively the turnpike system's historically good revenue growth and periodic toll-rate increases producing healthy financial metrics, which we expect will continue through our outlook period. Despite S&P Global Market Intelligence's forecast that that Florida's population growth rate will continue slow to 0.8% in both 2026 and 2027 (from the 1.7% average annual growth rate over the preceding four years), the system's anticipated demand-driven growth over the next five years supports our view that FTE will maintain strong financial performance and a potentially extremely strong capacity to manage rising debt levels from its rolling, multi-billion-dollar capital improvement program (CIP). In tandem, we believe it can maintain its healthy overall liquidity and financial flexibility as traffic levels rise and management remains proactive in adjusting its capital spending and timing its toll-rate increases.

In our view, favorable systemwide traffic demand continued to support both transaction and revenue growth in fiscal 2025. The system's transactions and revenue swiftly rebounded following the temporary suspension of tolling operations on west-central Florida facilities and a segment of the central Florida Turnpike mainline between Oct. 7 and Oct. 18, 2024, due to Hurricane Milton. On an audited basis, FTE's toll transactions for fiscal 2025 totaled 1.37 billion, a 2.6% increase over the prior year. At the same time, audited total operating revenue was \$1.37 billion (of which toll revenue totaled \$1.31 billion), or approximately 1.5% above the prior fiscal year. Following the conversion of Beachline West Expressway on Dec. 7, 2025, all the system's facilities have been converted to all-electronic tolling. SunPass transponder and other transponders from interoperable systems constituted about 72% of transactions in fiscal year 2025, and in our view, FTE and the state have robust administrative and enforcement procedures in place for the timely collection of toll payments.

FTE's current traffic and earnings report forecasts gross system revenue will increase to roughly \$1.48 billion by fiscal 2030 from \$1.37 billion in fiscal 2025, reflecting approximately 1.7% annualized growth, with roughly equal transaction growth over the same period. Overall, we expect management will work to balance capital projects with demand, while also implementing toll increases, when necessary, to maintain overall financial performance. We believe the underlying assumptions are reasonable and achievable, with actual total system traffic exceeding expectations in recent years.

Key credit strengths, in our opinion, are the turnpike system's:

- Resilient demand characteristics, fueled by robust population growth and economic activity trends and its important role in facilitating intrastate and interstate commerce, along with a lack of significant competition;
- High debt service coverage (DSC; S&P Global Ratings-calculated) that we expect will be maintained over 3.0x; extremely strong debt capacity (debt-to-net revenue below 5.0x); and relatively high unrestricted cash reserves; and
- Conservative and comprehensive financial and capital planning, as evidenced by a history of meeting or exceeding most operational and financial goals, detailed financial forecasts that

are updated frequently to address material variances, and a very capable staff that has considerable experience operating a statewide tolling agency.

The key credit strengths above are, in our view, somewhat offset by the turnpike system's significant CIP (\$9.76 billion current CIP and a five-year work program for fiscal years 2026-2030), which estimates approximately \$3.4 billion of planned bond issuances (subsequent to the issuance of the proposed 2026B bonds) through fiscal 2030, with the use of toll revenues and potential use of cash reserves to provide pay-as-you-go funding for projects, which we believe could pressure financial metrics.

Environmental, social, and governance

We evaluated the turnpike system's environmental, social, and governance factors relative to its market position, management and governance, and financial performance, and determined that, except for environmental factors, all have a neutral influence on our rating analysis. We note that the state's broader population growth positions the system to benefit, to the extent that it translates to greater transactions and revenue. However, in our view, the turnpike's physical risks are a moderately negative consideration in our rating analysis, based on the state's vast coastline, which exposes the turnpike's facilities to extreme weather events and long-term sea-level rises that could disrupt toll operations and revenue following an event.

Outlook

The stable outlook reflects our view that FTE will continue to benefit from favorable traffic volumes and net toll revenue growth, while also maintaining flexibility to adjust toll rates and capital spending, where necessary, to support healthy financial metrics as it manages its substantial CIP.

Downside scenario

Although we do not anticipate doing so, we could lower the rating within the two-year outlook period if debt issuance outpaces demand-driven revenue growth, leading to diminished debt burden capacity and cash-on-hand metrics from current levels for an extended period.

Upside scenario

We do not expect to raise the rating during the next two years due to FTE's anticipated debt plans and our opinion that its market position will not change.

Credit Opinion

Enterprise Risk Profile--Very Strong

Resilient demand and economic fundamentals support overall credit quality

The turnpike system's size, diversity, historically favorable traffic trends due to its strategic location, and lack of significant competition from toll-free roads in the state are key considerations in our assessment. The system serves 21 of Florida's 67 counties, which together account for more than two-thirds of the state's population. The principal component, the 320-

mile Mainline (which represented two-thirds of the turnpike system's total gross toll revenue for fiscal 2025), runs north-south from Interstate 75 at Wildwood in Sumter County to Florida City in southern Miami-Dade County, with an east-west segment intersecting at Orlando in Orange County. S&P Global Market Intelligence projects that Florida's population growth will be 0.8% in 2026, 0.8% in 2027, and 0.7% in 2028, reflecting a softening growth trend compared with the state's 2022-2025 average annual growth rate of 1.7%. However, we believe this will support ongoing economic growth exceeding that of the U.S. rate.

Traffic trends demonstrate ongoing strong passenger vehicle performance, with continued traffic and revenue performance over forecast period

In recent years, FTE's system demand has increased steadily due to favorable traffic growth, expansion of existing and new turnpike facilities, and statutory indexing of its toll rates, all of which we expect to continue over the near term. Through the first six months of fiscal 2026, toll transactions (through Dec. 31, 2025) surpassed 700,000, a 3.7% increase compared to the same period in the previous year. The latest traffic and earnings report (October 2025) provides forecast toll traffic and revenue for fiscal years 2026-2036. Over this period, the report forecasts total system toll revenue increasing to over \$1.56 billion by fiscal 2036 from \$1.34 billion in fiscal 2026, reflecting approximately 1.7% annualized growth, with roughly equal transaction growth. We believe the underlying assumptions are reasonable and achievable, with actual total system traffic exceeding expectations in recent years. Furthermore, we expect management will work to balance capital projects with demand, while also implementing toll increases, when necessary, to maintain overall financial performance.

Management insights: Conservative financial practices support consistently healthy financial results and help manage growing system demands

In our view, management has considerable expertise and experience due to its long tenure with the turnpike. Management provides frequent and high-quality disclosure and maintains a detailed long-range financial forecast. In addition, it has adopted a variety of financial policies, including a DSC policy (1.5x on all annual debt service) and a liquidity standard policy. We consider these types of codified arrangements prudent in terms of managing FTE's operations.

By statute, the system is required to index-toll to the annual consumer price index (CPI) rates on existing system facilities and other department-owned toll facilities. SunPass and TOLL-BY-PLATE toll-rate adjustments are to occur no more frequently than annually and no less frequently than once every five years. Following the state legislature's prohibition of toll-rate increases for fiscal 2023, SunPass, TOLL-BY-PLATE, and cash rates were indexed to the annual CPI of 8.0%, effective July 1, 2023. The latest toll revenue forecast has no planned toll rate adjustment. Given that the turnpike system has a track record of exceeding forecasts and using conservative forecasting assumptions, we believe traffic and toll revenue will likely exceed their initial forecast levels.

Financial Risk Profile--Very Strong

Financial performance remains resilient despite challenges beyond system's control

The temporary suspension of tolling along certain segments of the system following hurricane activity in recent years has not had a material effect on financial metrics, and annual revenue has proven resilient. The system did not experience significant direct storm-related damage from hurricanes Ian, Idalia, or Milton in 2022, 2023, and 2024, respectively, and the system remained operational during these events.

Based on audited estimates for fiscal 2025, financial metrics remained in line with fiscal 2024's, and well within their historical levels. S&P Global Ratings-calculated fiscal 2025 metrics (latest audited) for the turnpike system are favorable, with DSC of about 3.1x. The temporary toll relief program, authorized by the legislature for calendar year 2023, did not materially affect system revenue, given that FTE was reimbursed by the Florida Department of Transportation (facilitated through a general fund transfer) for account credits, which totaled approximately \$207 million for the calendar year. The legislature approved a toll relief program from April 1, 2024, to March 31, 2025, with approximately \$450 million appropriated to the State Transportation Trust Fund for such purposes. Given that it is structured in the same fashion as the previous toll relief program, it did not have a material effect on the enterprise, in our view. While Florida's legislature did not continue the toll relief program for fiscal 2026, should a future extension or modification of the program occur without dedicated external funding, it could result in a reassessment and potential weakening of our views of FTE's longer-term overall financial metrics.

We anticipate that transactions and revenue will continue to trend positively overall, based on what we believe to be conservative economic and demand forecast trends, though broader economic softness could partially mute growth. The latest traffic and earnings report assumes gross revenue will increase by 1.2% in fiscal 2026, 1.8% in fiscal 2027, and 1.7% in fiscal 2028, which we view as reasonable.

Low debt burden and ample liquidity remain stable overall

FTE's debt capacity, in our view, is comparatively low, and we expect this will continue despite the turnpike's additional borrowing plans. Its debt to EBIDA for fiscal 2024 remains below 5x, and we expect it to remain near that level because of additional revenue from growth in the system and planned toll-rate increases, countering the turnpike's rising debt levels. Our assessment of FTE's healthy liquidity and financial flexibility reflects the turnpike's fiscal year-end 2025 unrestricted cash and investments balance of \$864.5 million, or 724 days' cash on hand. However, we believe this high liquidity could be offset by FTE's potential use of cash to fund the CIP, supporting our strong liquidity assessment.

Florida Turnpike Enterprise--Ratings score snapshot

Enterprise risk profile	2
Economic fundamentals	1
Industry risk	2
Market position	2
Management and governance	1
Financial risk profile	2
Financial performance	2
Debt and liabilities	1
Liquidity and financial flexibility	3

Florida Turnpike Enterprise--Financial and operating data

	--Fiscal year ended June 30--					Medians for 'AA' category rated toll roads
	2025	2024	2023	2022	2021	2024
Financial performance						
Total operating revenue (\$000s)	1,370,161	1,350,276	1,179,419	1,153,380	1,012,039	416,479
Plus: interest income (\$000s)	79,429	94,881	61,517	(42,442)	(17,496)	MNR
Plus: other committed recurring revenue sources (\$000s)	N.A.	N.A.	N.A.	N.A.	N.A.	MNR
Less: total O&M expenses and like transfers out, if any, net of noncash expenses	439,014	438,136	410,728	398,507	451,320	169,267
Numerator for S&P Global Ratings' coverage calculation (\$000s)	931,147	912,140	768,691	754,873	560,719	MNR
Total debt service (\$000s)	302,820	275,743	277,061	266,165	261,013	142,877
Denominator for S&P Global Ratings' coverage calculation (\$000s)	302,820	275,743	277,061	266,165	261,013	MNR
S&P Global Ratings-calculated coverage (x)	3.07	3.31	2.77	2.84	2.15	2.27
FTE reported turnpike revenue bond indenture coverage (x)	3.61	3.93	3.35	3.43	2.95	MNR
Debt and liabilities						
Debt (\$000s)	3,278,149	3,223,948	3,136,076	3,122,259	2,647,141	2,111,394
EBIDA (\$000s)	931,147	912,140	768,691	754,873	560,719	MNR
S&P Global Ratings-calculated net revenue (\$000s)	1,010,576	1,007,021	830,208	712,431	543,223	319,212
Debt to net revenue (x)	3.2	3.2	3.8	4.4	4.9	4.5
Debt to EBIDA (x)	3.5	3.5	4.1	4.1	4.7	4.5
Liquidity and financial flexibility						
Unrestricted cash and investments (\$000s)	870,977	995,475	980,731	954,455	609,827	346,238
Available liquidity, net of contingent liabilities (\$000s)	870,977	995,475	980,731	954,455	609,827	MNR
Unrestricted days' cash on hand	724.1	829.3	871.5	874.2	493.2	MNR
Available liquidity to debt (%)	26.6	30.9	31.3	30.6	23	MNR
Unrestricted days' cash on hand (excluding credit facilities)	724.1	829.3	871.5	874.2	493.2	849
Available liquidity to debt (%) (excluding credit facilities)	26.6	30.9	31.3	30.6	23	19
Operating metrics - toll road						
Total toll revenue (\$000s)	1,307,935	1,288,267	1,120,923	1,099,797	969,862	MNR
Toll transactions (000s)	1,372,495	1,337,442	1,284,965	1,138,036	861,062	118,025

Florida Turnpike Enterprise--Financial and operating data

--Fiscal year ended June 30--					Medians for 'AA' category rated toll roads
2025	2024	2023	2022	2021	2024

O&M--Operations and maintenance. EBIDA = Total operating revenue - total O&M expenses excl. noncash expenses. EPAX--Enplanements. PFC--Passenger facility charge. CFC--Customer facility charge. MADS--Maximum annual debt service. S&P Global Ratings-calculated net revenue = (Total operating revenue + other recurring nonoperating revenue committed to debt service) - total O&M expenses excl. noncash expenses. Available liquidity = unrestricted cash and investments + total contingent liquidity resources - contingent liabilities. Examples of total contingent liquidity resources include working capital line of credit and other available cash reserves not already included in unrestricted cash and investments. See Global Not-For-Profit Transportation Infrastructure Enterprises: Methodologies And Assumptions criteria for more S&P Global Ratings definitions and calculations. N/A--Not applicable. N.A.--Not available. MNR--Median not reported. N.M.--Not Meaningful.

Ratings List

New Issue Ratings

US\$266,520,000 State of Florida, Department of Transportation, Turnpike Revenue Bonds, Series 2026B, dated: Date of Delivery, due: July 01, 2055	
Long Term Rating	AA/Stable

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 <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352>. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

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