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MARC RATINGS UPGRADES SEGI ASTANA'S MTN RATING TO AA-

MARC Ratings has upgraded its rating on Segi Astana Sdn Bhd's RM415.0 million ASEAN Green Medium-Term Notes (MTN) to **AA-** from A+. The rating outlook has been revised to **stable** from positive.

Segi Astana is the concessionaire for the integrated complex, gateway@klia2, at Kuala Lumpur International Airport Terminal 2 (KLIA Terminal 2) in Sepang, Selangor.

The rating upgrade incorporates gateway@klia2's improved operating performance that has strengthened buffers for debt servicing and repayments. Higher passenger traffic at KLIA Terminal 2 in recent years has continued to support robust occupancy levels and significant growth in retail sales in the mall. With around 380,000 sq ft of net lettable area, the mall achieved a higher occupancy level of 96.5% as at end-2024 (end-2023: 85.7%), translating into a total rental income of RM83.9 million (end-2023: RM67.4 million). The higher rental income has also been supplemented by higher turnover rental income from the mall's strong retail sales, while the mall's car park remained a source of stable income with RM46.1 million collected during the year.

Total revenue and pre-tax profit rose 14.7% y-o-y and 35.7% y-o-y to RM142.1 million and RM50.2 million in 2024. Segi Astana is looking at further optimising its retail space with the expansion headroom it has relative to the mall's 1.18 million sq ft gross floor area. MARC Ratings notes that Segi Astana's capital structure has also strengthened with the issuance of new shares to one of its shareholders, Malaysia Airport Holdings Berhad (MAHB). Following the MTN interest and principal repayments of RM37.1 million in January 2025, current cash balance of about RM30.0 million, supported by an average estimated monthly net cash flow of RM6.0 million, would be sufficient to maintain strong debt service coverage buffers. The concession extension through 2069 from 2047 previously by MAHB also provides significant financial flexibility for any refinancing.

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