



MARC RATINGS BERHAD

P R E S S A N N O U N C E M E N T

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MARC RATINGS REVISES LEADER ENERGY'S RATING OUTLOOK TO POSITIVE

MARC Ratings has affirmed its **AA-Is** rating on Leader Energy Sdn Bhd's outstanding RM215.0 million ASEAN Green Sustainable and Responsible Investment (SRI) Sukuk Wakalah. Concurrently, the rating outlook has been revised to **positive** from stable.

Leader Energy is the investment holding company of two solar power project companies, Leader Solar Energy Sdn Bhd (LSE I) and Leader Solar Energy II Sdn Bhd (LSE II); each project company operates a solar power plant with a combined capacity of 49MW in Kuala Muda, Kedah.

The positive outlook reflects Leader Energy's stronger-than-expected performance track record and the rating agency's expectations that the holding company will sustain its strong financial metrics going forward. Since achieving commercial operation date in October 2018 (LSE I) and February 2020 (LSE II), its finance service cover ratio (FSCR) has remained robust, standing at 2.69x as at end-2024. MARC Ratings' revised sensitised case forecasts an average FSCR of 3.39x for 2025-2037, with a minimum of 2.97x in 2037, against the covenanted FSCR of 1.5x. Leader Energy's rating is on track for an upgrade in the near term, provided there are no unexpected disruptions to the plants' operations.

During 2021-2024, the availability level of LSE I and LSE II stood at around 99% on average, reflecting Leader Energy's strength as an experienced operator. The ability to achieve P90 energy generation forecasts for both plants also underscores the favourable solar irradiance at the sites. For 2024, energy production was 15.5% and 8.9% above P90 forecasts, translating into revenue of RM39.3 million, 13.0% higher than projected for the year. Cash balance stood at a healthy RM39.7 million.

Meanwhile, the affirmed rating also considers the strength of the 21-year power purchase agreements of LSE I and LSE II with Tenaga Nasional Berhad (TNB, rated AAA/Stable) for the offtake of solar power of up to a certain amount at a fixed tariff.

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