Media Release

RAM Ratings affirms Kimanis Power's sukuk at AAA/Stable

RAM Ratings has affirmed the AAA/Stable rating on Kimanis Power Sdn Bhd's (KPSB or the Company) Sukuk Wakalah Facility of up to RM300 mil (2025/2035) (the Sukuk), reflecting the Company's strong debt coverage profile, supported by stable cash flows from its 285 MW combined-cycle gas turbine power plant in Kimanis, Sabah.

The AAA rating also incorporates uplift for the 'strong' likelihood of extraordinary support from PETRONAS Gas Berhad (PGB), KPSB's majority shareholder. We view the plant as strategically important, as it is Sabah's largest electricity generator and represents a key extension of PGB's power generation portfolio.

Operating performance remained robust from January 2025 to February 2026, with high plant availability and compliance with key performance indicators. While outage hours increased due to isolated equipment-related issues, these were promptly resolved and did not result in penalties or slippage in heat rate requirements. KPSB also continued to be eligible for fuel cost recovery from offtaker, Sabah Electricity Sdn Bhd, consistent with contractual pass-through mechanisms.

We expect the plant to remain operationally sound in Contract Year Block 5 (2026–2028), backed by an experienced in-house operations and maintenance team, PETRONAS's technical oversight and a long-term services agreement with General Electric. Operational interdependencies with services provided to sister company, Kimanis Power (Dua) Sdn Bhd are mitigated by contractual arrangements, defined scope of shared services and KPSB's internal capabilities. Nonetheless, sustained resource sharing could become a constraint if it increases materially without commensurate strengthening of staffing and controls, although we assess this risk to be manageable.

Liquidity remains strong subsequent to a RM100 mil dividend distribution in FY Dec 2025, with RM250.3 mil in cash and permitted investments comfortably exceeding upcoming debt obligations of RM9.5 mil. Our stress-tested cash flow projections continue to support the transaction's credit metrics, with minimum and average post-distribution finance service coverage ratios of 1.66 times and 3.90 times, respectively, over the remaining tenure of the Sukuk.

Key risks remain limited to single-project exposure and evolving regulatory environment in Sabah. We assess near-term regulatory risk as low, given the state's

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continued policy focus on energy security and the plant's role in system stability. The proposed carbon tax has been deferred; while it reduces immediate cost pressures, it introduces uncertainty pending further policy clarity with respect to the timing and design of any future levy and to the extent to which such costs would be recoverable under the power purchase framework.

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