



Media Release

RAM Ratings upgrades UEM's issue rating to AAA(s)/Stable

RAM Ratings has upgraded the issue rating of UEM Group Berhad's RM7 bil Sukuk Wakalah programme, issued through wholly owned funding vehicle UEM Olive Capital Berhad, to AAA(s)/Stable from AA₁(s)/Stable.

The rating reflects strong strategic alignment between UEM and its parent Khazanah Nasional Berhad (the Fund), Malaysia's sovereign wealth fund. The upgrade stems from RAM's expectation of a 'very high' likelihood of extraordinary support, revised from the previous assessment of 'high' under the rating agency's Government-Linked Entities rating framework.

This stronger alignment is driven by UEM's strengthened role as Khazanah's infrastructure arm and designated pillar to spearhead infrastructure and renewable energy (RE) investments that support national priorities, including domestic investment, decarbonisation and green industry development. UEM's ties with the Fund have further strengthened since 2023, with the anticipated expansion of UEM's investment mandate. Beyond ongoing board oversight and strategic direction from the Fund, three Khazanah executives have assumed key senior leadership roles at UEM in 2024-2025 as Managing Director, Chief Financial Officer and Chief Strategy Officer, while board representation also increased. More recently, UEM also established an Asset-Liability Management Framework which was approved by the Board to support more disciplined investment execution and closer oversight as the Group scales up its role as Khazanah's infrastructure and RE investment platform.

UEM plans to issue approximately RM2.2 bil of sukuk through 2026-2028 to fund potential investments in RE and infrastructure assets that have yet to be disclosed. Timely earnings and cash flow contributions from these new investments will be crucial as debt rises. In the meantime, UEM's debt-servicing capacity is expected to remain adequately supported by dividends from existing subsidiaries, cash reserves and diversified funding access.

Sturdy performances from key subsidiaries, Cement Industries of Malaysia Berhad and UEM Sunrise Berhad, together with equity-accounted earnings from Malaysia Airports Holdings Berhad (MAHB), supported the Group's earning base. UEM's pre-tax profit rose to RM1.4 bil in FY Dec 2025 (FY Dec 2024: RM923.3 mil), further lifted by an exceptional gain from MAHB's privatisation.

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