



MARC RATINGS BERHAD

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

FOR IMMEDIATE RELEASE

MARC RATINGS AFFIRMS AA-*IS* RATING ON LEADER ENERGY'S SUKUK

MARC Ratings has affirmed its **AA-*IS*** rating on Leader Energy Sdn Bhd's outstanding ASEAN Green Sustainable and Responsible Investment Sukuk Wakalah of RM230.0 million with a **stable** outlook.

The rating affirmation incorporates the strong operational track record of the two solar plants held by Leader Energy's wholly-owned project companies, Leader Solar Energy Sdn Bhd (LSE I, 29MW) and Leader Solar Energy II Sdn Bhd (LSE II, 20MW). Electricity output at the plants, which have a combined capacity of 49MW, exceeded the P90 estimate by 13.7% and 4.7% in 2023. Total energy generation continued to surpass the P90 level forecast for 1Q2024. While operations to date have been sound, the plants, as with other solar plants, are exposed to fluctuations in solar irradiance and performance risks such as unforeseen outages.

The rating remains underpinned by the two 21-year power purchase agreements with Tenaga Nasional Berhad (rated AAA/Stable) for the offtake of solar power from the plants at fixed tariffs. This limits revenue risks. Over 2023, the combined total revenue of LSE I and LSE II increased slightly by 2.9% to RM38.5 million, while cash flow from operations showed a modest growth to RM34.3 million (2022: RM33.6 million).

MARC Ratings projects an average rating case finance service coverage ratio of about 3.5x through the remaining sukuk term, with a minimum of around 3.1x in 2037. Metrics are expected to remain robust even under a stressed rating case assuming P99 energy generation, a higher plant outage of 2.4% and a 10% increase in annual operating costs.

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[This announcement is available on MARC's corporate website at www.marc.com.my]

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