



## 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 SEGI ASTANA'S MTN RATING OUTLOOK TO POSITIVE

MARC Ratings has affirmed Segi Astana Sdn Bhd's RM415.0 million ASEAN Green Medium-Term Notes (MTN) rating at **A+** and revised the rating outlook to **positive** from stable. 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 gateway@klia2 complex comprises a landside mall, a multi-storey car park and a transportation hub, and commenced operations in May 2014.

The rating affirmation reflects Segi Astana's strong earnings uptrend in line with the increasing occupancy level at the mall in gateway@klia2, and its improving credit metrics. The positive outlook revision incorporates expectations that earnings will be further boosted by the increase in occupancy level to about 95% over the near term and higher car park fee collection, and the considerable easing in refinancing risk from the concession extension by Malaysia Airports Holdings Berhad (MAHB) by another 22 years to August 2069.

The occupancy level of the mall, which has a net lettable area (NLA) of around 380,000 sq ft, stood at 87.9% as at end-March 2024 (end-May 2022: 60%). The mall's rental and car park incomes, which rose 87.0% y-o-y to RM67.4 million and 71.5% y-o-y to RM43.9 million in 2023, remain on an uptrend. The rating agency views that management initiatives to optimise tenant mix and undertake asset enhancement would continue to underpin Segi Astana's performance. The strong recovery in passenger traffic growth at KLIA Terminal 2, which rose to 10.4 million in 5M2024 (5M2023: 9.1 million) though still at around 76% of the pre-pandemic level (5M2019: 13.6 million), will be supported by the easing of visa restrictions for several countries.

For 1Q2024, total revenue rose 12.6% y-o-y to RM32.5 million and pre-tax profit rose 42.0% y-o-y to RM9.8 million. The current average gross rental rate of RM17.86 psf is expected to increase by 3% to RM18.40 psf in 2025, while the mall's available NLA could potentially increase up to 390,000 sq ft through space optimisation.

Segi Astana is currently owned by WCT Land Sdn Bhd (70%), a wholly-owned subsidiary of WCT Holdings Berhad (WCT), and MAHB (30%). As consideration for the concession extension, Segi Astana will issue 34.0 million new shares to MAHB that will increase the latter's stake to 47%. MARC Ratings does not foresee the ongoing privatisation exercise of MAHB to impact Segi Astana's shareholding or operations.

The outstanding under the rated MTN currently stands at RM250 million with the next repayment of RM30 million due in January 2025. The rating agency views positively the options available to shareholders from Segi Astana's improved business prospects to address the final end-of-tenure MTN repayment of RM135 million in January 2028 for which WCT had provided a liquidity support

undertaking to ensure funds are sufficient or a refinancing is in place. The rating agency would upgrade the rating within the next 12 months if there is no weakening in the current upward trajectory of Segi Astana's business and financial prospects.

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