



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 UiTM SOLAR POWER DUA'S SUKUK RATING AT AA-*IS*

MARC Ratings has affirmed its **AA-*IS*** rating on UiTM Solar Power Dua Sdn Bhd's outstanding RM87.0 million Green Sustainable and Responsible Investment (SRI) Sukuk with a **stable** outlook. UiTM Solar Power Dua owns and operates a 25MWac solar power plant in Pasir Gudang, Johor.

The affirmed rating reflects the strength of the 21-year power purchase agreement between UiTM Solar Power Dua and Tenaga Nasional Berhad (TNB) that allocates demand risk to the offtaker TNB (rated-AAA/Stable by MARC Ratings). The rating continues to be moderated by uncertainty in solar irradiance and operational risk that could reduce energy generation.

In 1H2024, energy production was 12% below P90 forecasts, primarily due to lower irradiation caused by heavy rains, particularly in southern Peninsular Malaysia. MARC Ratings views climate change as a growing risk for revenue, profit margins and cash flows. In this regard, the rating agency has run a sensitivity analysis on energy production and notes that for the finance service coverage ratio (FSCR) to remain above 1.50x, energy generation can tolerate reduction of up to 7% annually throughout the tenure of the sukuk.

As of end-April 2024, UiTM Solar Power Dua had RM11.0 million in cash in the designated account, which is more than sufficient to cover the next profit payment of RM2.0 million due on September 5, 2024. Pre-distribution FSCRs under the base case were at an average of 2.94x and a minimum of 2.65x. The coverage levels are expected to remain adequate under moderate sensitised scenarios, which include assumptions of 10% stress on operating expenses, plant unavailability of 2.4% or a lower P95 energy generation.

Contacts:

Ahmad Kamal Syauki, +03-2717 2958/ kamal@marc.com.my

Neo Xue Wei, +603-2717 2937/ xuewei@marc.com.my

Sharidan Salleh, +603-2717 2954/ sharidan@marc.com.my

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

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