

Headline	Tenaga planning to issue RM3.7b sukuk		
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'Tenaga planning to issue RM3.7b sukuk'

KUALA LUMPUR: Tenaga Nasional Bhd, Malaysia's biggest power producer, plans to sell as much as RM3.7 billion sukuk to part-finance the building of a new plant, according to two people with knowledge of the deal.

The state-owned corporation hired BNP Paribas SA and CIMB Group Holdings Bhd to manage the offering, said the sources who asked not to be named as the information is private. Tenaga is seeking to sell the Islamic notes as soon as this month, said one of the sources.

The company's chief executive officer

Datuk Seri Azman Mohd and vice-president of distribution Datuk Baharin Din could not be immediately reached for comment.

The electricity provider is tapping the syariah-compliant debt market as borrowing costs approach unprecedented levels. The yield on the government's 10-year Islamic bonds climbed 80 basis points, or 0.80 percentage point, this year to 4.41 per cent, and reached a record high of 4.44 per cent on December 6, according to a central bank index.

Tenaga has raised funds via the Islamic debt market twice this year. It sold RM1.62

billion of sukuk in May with maturities ranging from four to 23 years, and RM2 billion in July due in one to 13 years, according to stock exchange filings. The 4.03 per cent 2023 notes issued in May yielded 4.34 per cent when they were last traded on October 23, data compiled by Bloomberg show.

Malaysia is the world's biggest issuer of sukuk. Sales of corporate syariah-compliant notes in the country dropped 60 per cent in 2013 to RM37.4 billion, after reaching a record RM95.8 billion last year, according to data compiled by Bloomberg. **Bloomberg**