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RAM reaffirms Manjung Island's sukuk ratings at AAA, AAA(S)

KUALA LUMPUR: RAM Rating Services Bhd has reaffirmed the AAA/Stable and AAA(s)/Stable rating of Manjung Island Energy Bhd's RM3.86 billion Islamic Securities (2011/2030)(Series 1) and RM990 million in Islamic Securities (2011/2031)(Series 2).

In a statement yesterday, RAM said the Series 1 rating is based on TNB Janamanjung Sdn Bhd's (TNBJ) continued ability to preserve its superior cash buffer to service Manjung Island's financial obligations.

The rating of Series 2 reflects a corporate guarantee from the company's parent, Tenaga Nasional Bhd (TNB), whose AAA/Stable issue rating was reaffirmed by RAM in May 2016.

"TNBJ is the sole cashflow

source of Manjung Island, a trust-owned special-purpose vehicle.

"It was established to raise funding for the construction of a new 1,000-MW coal-fired power plant (GF2), adjacent to an existing 2,100-MW coal-fired power plant (GF1) of the Sultan Azlan Shah power station in Perak.

"Accordingly, we recognise the strong credit link between the two entities and view them in aggregate," RAM said.

RAM also said as with other independent power producers, TNBJ is also exposed to "force majeure" or unavoidable accident and regulatory risks.

— Bernama



The Series 1 rating is based on TNB Janamanjung Sdn Bhd's (TNBJ) continued ability to preserve its superior cash buffer to service Manjung Island's financial obligations.