

RATING AGENCIES AND FINANCIAL INSTITUTIONS

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Why We Engage

- To secure financing for working capital expenditure (CAPEX) requirements, business expansion and future growth
- To obtain best possible ratings for new sukuk issuance and maintain ratings for existing sukuk

How We Engage

- Virtual and physical meetings
- Engagement sessions with rating agencies & financial institutions
- Surveys/Questionnaires on credit rating

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Value Created for Rating Agencies and Financial Institutions

- Ability to always meet our obligations to repay our loans/borrowings (principal and interest) as well as compliance with other covenants
- ESG compliance imposed for green/ sustainability linked financing

Value Created for Malakoff

- Ability to raise financing from financial institutions for business expansion and CAPEX requirements
- Obtained desired ratings for issuance of new sukuk while able to maintain ratings for existing sukuk
- Improved market perception towards the Company with ESG aspirations

Key Concerns Raised

- Damaged turbine blade at Tanjung Bin Energy Power Plant (TBE) causing major outage and raising concerns on financial performance, insurance claim, Applicable Coal Price (ACP) losses, repair works and ability to maintain credit rating
- Ability to meet sukuk covenants [Finance Service Reserve Account (FSRA) balances, Finance Service Cover Ratio (FSCR) ratio, etc]
- Cash flow management and projections
- ESG initiatives undertaken towards meeting Net Zero Emissions by 2050
- Future business direction in view of expiring Power Purchase Agreements (PPAs)

Risks

- Non-compliance with financial institution covenants and failure to repay borrowings on time
- Sukuk ratings not being maintained

Our Responses

- Our plant managed to comply with financial covenants, hence, maintaining its credit rating
- Ability to meet our short-term obligations
- Business expansion into RE and environmental solutions to replace future income losses from expiring PPAs
- Malakoff is on track to meet with ESG aspirations

Opportunities

- Further improve our ESG agenda to enhance the perception of Malakoff, thereby facilitating the securing of new financing/refinancing with better rates