



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 AFFIRMS TTM SPV'S AAA_{IS} RATING

MARC Ratings has affirmed its **AAA_{IS}** rating on TTM Sukuk Berhad's (TTM SPV) RM600.0 million Sukuk Murabahah with a **stable** outlook. TTM SPV is a wholly-owned funding vehicle of Trans Thai-Malaysia (Thailand) Limited (TTMT) for the construction of two gas pipelines to transport natural gas from the Malaysia-Thailand Joint Development Area in the Gulf of Thailand to the industrial city of Rayong in Thailand (TTM Phase II). TTMT is a 50:50 joint venture between Petroliam Nasional Berhad (PETRONAS) and PTT Public Company Ltd (PTT), the national oil companies of Malaysia and Thailand.

TTM Phase II is part of the Trans Thailand-Malaysia (TTM) project, a strategically important undertaking involving the Malaysian and Thai governments via PETRONAS and PTT. The rating reflects MARC Ratings' assessment of a very high likelihood of support for this government-to-government project, and the strong credit linkages in the form of cross-acceleration and cross-default provisions between the rated sukuk and the term loan taken to finance TTM Phase I. The rating agency also believes that PETRONAS would have a strong strategic and reputational incentive to provide ringgit liquidity, addressing transfer and convertibility restrictions, if any. PETRONAS has a senior unsecured rating of AAA/Stable from MARC Ratings, based on publicly available information.

Long-term service agreements with PTT and PETRONAS provide strong visibility and stability to TTMT's cash flow. The cost-plus pricing structure also supports margin stability. Its unit capacity reservation charge (UCRC) — used to derive its capacity reservation charges/revenue — is designed to cover its operating costs and finance service obligations, while providing adequate shareholders' return.

TTM Phase II's revenue increased 10.2% y-o-y in 1H2024 to USD9.7 million, following a 4.8% y-o-y rise in 2023. This was driven by higher UCRC, which strengthened to USD149.33/mmscf in January-May 2024 (January-May 2023: USD142.34/mmscf). Annual financial service coverage ratio stood at 1.25x as at end-2023, above the covenanted 1.10x. Overall, credit metrics are expected to remain stable throughout the sukuk tenure, supported by the UCRC pricing mechanism that covers debt service.

At TTMT's level, 1H2024 revenue grew by 4.6% y-o-y to USD52.7 million, benefitting from the higher UCRC. As at end-June 2024, borrowings stood at USD60.7 million with a debt-to-equity ratio of 0.26x, well below the covenanted 2.33x.

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

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