



## 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 AFA PRIME'S AA-*IS* RATING

MARC Ratings has affirmed its **AA-*IS*/Stable** rating on AFA PRIME Berhad's (formerly ANIH Berhad) RM2.5 billion Senior Sukuk Musharakah Programme. The current outstanding amount is RM1.1 billion. AFA PRIME is the toll concessionaire for the 60-km Kuala Lumpur-Karak Highway (KL-Karak) and the 174.5-km East Coast Expressway Phase 1 (ECE1).

Since MARC Ratings' last review, Tan Sri Dr. Azmil Khalili Khalid, through his wholly-owned special purpose vehicle AFA Infrastructure and Development Sdn Bhd, completed the acquisition of the remaining 51% equity interest in the highway concessionaire in July 2024, and has since progressed efforts to refinance the Senior Sukuk Musharakah programme.

On 17 November 2022, the company entered into its sixth Supplemental Concession Agreement (SCA6) with the government, extending the concession period from 2032 to 2069. Under the terms of SCA6, AFA PRIME is obligated to undertake flood mitigation and road widening works, estimated to cost RM2.3 billion. Flood mitigation on ECE1 has commenced, while road widening on KL-Karak will begin following the completion of refinancing arrangements.

A financing facility has been secured to support the planned sukuk redemption, subject to obtaining the necessary government approval. In line with the terms of the concession agreement, the required application for approval of the financing facility has been submitted to the government. Engagement with the relevant authorities is ongoing, and the approval process is expected to involve several administrative steps and take a few months to complete. As a result, the company now anticipates completing the early redemption of the sukuk by 1Q2026, instead of June 2025 as previously expected. In the interim, the rating agency understands that the letter of offer for the financing facility remains valid, with the availability of the facility currently pending the completion of all relevant legal documentation and satisfaction of all conditions precedent, including, among others, obtaining government approval.

Meanwhile, both highways recorded stable traffic volumes, with total traffic reaching 69.3 million vehicles in FY2025, up 1.4% y-o-y. Traffic growth is expected to remain steady at historical rates of 1.5%-2.0% p.a. The company faces upcoming sukuk payments of RM32.4 million (profit) and RM200 million (principal) due on 28 November 2025, but with a cash balance of RM239 million as of end-March 2025 and annual cash generation of around RM200 million, near-term liquidity risks appear limited. AFA PRIME projects the finance service coverage ratio at end-FY2026 to remain above the 1.75x threshold, at approximately 1.80x–1.83x.

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