RATINGS

Media Release

RAM Ratings affirms Cypark Ref's AA_3 sukuk rating

RAM Ratings has affirmed the AA_3/Stable rating of Cypark Ref Sdn Bhd's (Cypark Ref or the Issuer) RM550.0 mil SRI Sukuk Murabahah Programme.

The affirmation is based on healthy debt coverage ratios that are supported by the continued availability of a RM46.0 mil irrevocable and unconditional bank guarantee (BG), and underpinned by steady cashflows from its 30MW ground-mounted solar photovoltaic (PV) plant in Sik, Kedah, and two 30MW floating solar PV plants (the DTU plants) in Danau Tok Uban, Kelantan.

In 2025, the Sik plant continued registering good performance, with energy output of 61,300 MWh exceeding our sensitivity by 10.7%. On the other hand, the DTU plants recorded a challenging first year in operations, with output at both DTU1 and DTU2 significantly lower than expectations by 22.9% and 37.8% respectively. The plants were affected by PV connector failures across several islands throughout the year, caused by prolonged submerging in the lake. Following completion of rectification work in February 2026, generation improved markedly and is expected to normalise towards our sensitised projections of around 59,000 MWh in 2026.

Separately, we highlighted in the previous review that a planned road construction project would necessitate the relocation of about 8.7% of the solar panels located at the periphery of the Sik plant. The relocation, done over six months under RAM's stressed scenario that would result in a 5.0% energy output reduction, has yet to go ahead, pending receipt of an official directive and finalisation of compensation arrangements. In view of the uncertainty, we have deferred the relocation works to 2027 in our cashflow analysis, with the impact expected to be manageable.

Our cashflow analysis indicates that partial drawdowns from the BG facility will be required if the sponsor does not provide further funding support. In such an event, the transaction is still expected to register strong cashflow coverage, with respective minimum and average finance service coverage ratios (FSCRs, with cash balances) of 1.51 times and 1.89 times. Potential shortfalls in meeting upcoming sukuk obligations are expected to be addressed through cash infusions from the sponsor or by outperformance of the plants.

The transaction remains susceptible to solar irradiance variability, regulatory changes and force majeure events. While insurance coverage mitigates force majeure risk to

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some extent, compensation may not be timely. The dispersion of PV facilities across two different sites provides some diversification against such events.

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