

RAM Ratings Reaffirms AAA Rating Of Prasarana's Bonds
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KUALA LUMPUR, March 6 (Bernama) -- RAM Ratings has reaffirmed the AAA/Stable rating of Syarikat Prasarana Negara Bhd's RM5.468 billion Nominal Value Redeemable Guaranteed Serial Fixed-Rate Bonds.

The rating reflects the company's strategic importance as an owner and operator of key public-transport infrastructure.

"Prasarana is wholly-owned by the government of Malaysia. Given its unique function, we do not expect the group to be commercially driven and thus expect it to be ultimately backed by the government," the rating agency said in a statement Thursday.

RAM said despite the company's continued narrowing operating loss before depreciation, interest and tax (RM97.44 million in financial year 2013 versus RM128.11 million a year ago), it envisaged the government will continue to provide financial support to cover the group's operating and capex requirements.

The group's pre-tax loss also narrowed to RM691.63 million for the same period vis-a-vis RM815.26 million previously, attributable to significantly reduced losses from the disposal of fixed assets during the year.

Notwithstanding the increased borrowings, Prasarana's gearing almost halved to 4.43 times as at end-December 2013 from 8.73 times a year earlier, subsequent to a fresh capital injection of RM2.2 billion by the GoM in January 2013.

"Going forward, the group's debt is expected to surge with the potential issuance of sukuk to fund the extension of the Kelana Jaya and Ampang Light Rail Transit lines and existing infrastructure development projects.

"Consequently, its gearing ratio is expected to increase," RAM said, adding that nevertheless, the GoM is expected to continue to provide support in respect of the group's new sukuk, which is likely to carry a government guarantee, as do all of the group's existing borrowings.

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