



## RAM Ratings

[Home](#) > [Press Release](#)

[+ RATINGS](#)
[+ ECONOMICS](#)
[+ CONSULTANCY](#)
[+ TRAINING](#)

### QUICKLINKS

[Find a Rating](#) >

[Rating Announcements](#) >

[Rating Rationales, Quarterly Commentaries & Sector Reports](#) >

[Commentaries & Publications](#) >

[Sukuk Focus](#) >

[Economics Research Publications & Bond Newsletter](#) >

### HIGHLIGHTS

**December 2016**
[2016 a year of yo-yo bond flows](#)
**December 2016**
[YTD sukuk issuance already surpassed RAM Ratings' projection for 2016](#)
**November 2016**
[RAM Ratings: Indonesia's sukuk issuance gaining momentum](#)
**November 2016**
[RAM Ratings: 2017 signals "delicate recovery" with 4.5% GDP growth](#)
**November 2016**
[Strong October inflows trumped by US election results](#)
[▶ More Highlights](#)
[▶ Highlights' RSS](#)

- [▶ About Us](#)
- [▶ Find a Rating](#)
- [▶ Policies](#)
- [▶ Criteria & Methodology](#)
- [▶ Commentaries & Publications](#)
- [▶ Default Study](#)
- [▶ Asset Monitoring Report](#)
- [▶ Sukuk Focus formerly known as Islamic Finance Bulletin](#)
- [▶ RAM League Tables](#)
- [▶ Regulatory Disclosures](#)

### RAM Ratings reaffirms AAA rating of Prasarana's bonds

**Published on 06 March 2014**

RAM Ratings has reaffirmed the AAA/Stable rating of Syarikat Prasarana Negara Berhad's (Prasarana or the Group) RM5.468 billion Nominal Value Redeemable Guaranteed Serial Fixed-Rate Bonds (2003/2016) (Guaranteed Bonds).

The rating reflects Prasarana's strategic importance as an owner and operator of key public-transport infrastructure. Prasarana is wholly-owned by the Government of Malaysia (GoM). Given its unique function, we do not expect the Group to be commercially driven and thus expect it to be ultimately backed by the GoM. As such, Prasarana is considered a dependent entity under our framework for Rating Government-Linked Entities; accordingly, the credit risk of the Group mirrors that of the GoM. The GoM's support is further underlined by its guarantee of all of Prasarana's borrowings as well as grants for the Group's operations and financing costs.

Prasarana remained loss-making in FY Dec 2013. Nonetheless, the Group's operating loss before depreciation, interest and tax continued to narrow to RM97.44 million in FY Dec 2013 (FY Dec 2012: RM128.11 million) following double-digit top line growth as ridership increased. The Group's pre-tax loss also narrowed to RM691.63 million (fiscal 2012: pre-tax loss of RM815.26 million), attributable to significantly reduced losses from the disposal of fixed assets during the year. Going forward, while we expect Prasarana's operations to remain loss-making, we envisage that the GoM will continue to provide financial support to cover the Group's operating and capex requirements.

As at end-December 2013, the Group shouldered a heftier debt load of RM11.91 billion (end-December 2012: RM10.41 billion) following the issuance of RM2 billion of sukuk in August 2013 to fund its capex and working capital requirements. 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," says Kevin Lim, RAM's Head of Consumer and Industrial Ratings. "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," he adds.

Media contact

Fam Pei Xin

(603) 7628 1187

[peixin@ram.com.my](mailto:peixin@ram.com.my)

The credit rating is not a recommendation to purchase, sell or hold a security, inasmuch as it does not comment on the security's market price or its suitability for a particular investor, nor does it involve any audit by RAM Ratings.

RAM Ratings receives compensation for its rating services, normally paid by the issuers of such securities or the rated entity, and sometimes third parties participating in marketing the securities, insurers, guarantors, other obligors, underwriters, etc. The receipt of this compensation has no influence on RAM Ratings' credit opinions or other analytical processes. In all instances, RAM Ratings is committed to preserving the objectivity, integrity and independence of its ratings. Rating fees are communicated to clients prior to the issuance of

rating opinions. While RAM Ratings reserves the right to disseminate the ratings, it receives no payment for doing so, except for subscriptions to its publications.

Similarly, the disclaimers above also apply to RAM Ratings' credit-related analyses and commentaries, where relevant.

Published by RAM Rating Services Berhad  
© Copyright 2014 by RAM Rating Services Berhad

*Please subscribe to download Rating Rationale*

- [Login for Downloads](#)

[Ratings on Prasarana Malaysia Berhad](#)

[Press Releases on Prasarana Malaysia Berhad](#)