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## TNB rating not affected by GMR stake buy

**KUALA LUMPUR:** Tenaga Nasional Bhd's (TNB) A3 senior unsecured rating is not immediately affected by its planned S\$300mil (RM884.91mil) acquisition of 30% of GMR Energy Ltd, says Moody's Investors Service.

The rating house said yesterday that the outlook on TNB's rating remained stable.

Moody's vice-president and senior analyst Abhishek Tyagi, however, said the proposed transaction was credit negative as it would reduce TNB's liquidity and increase its adjusted debt, depending on the funding mix.

"Furthermore, the proposed transaction exposes TNB to new business risks and regulatory environments, and is indicative of the company's growth aspirations to expand its presence in overseas emerging economies beyond Malaysia," he said in a statement.

The rating house said the acquisition would have manageable impact on TNB's financial profile.

It expects TNB's retained cash flow to debt ratio to be in the range of 17% to 25% over the next 12 to 18 months, which is within the rating expectation.

TNB's A3 rating reflects the application of Moody's rating methodology for government-related issuers, which combines the company's standalone credit quality, and a two-notch uplift based on its joint default analysis approach.

The approach assumes a high level of support from the Malaysian government in a stress situation.