

Announcement of Periodic Review: Moody's announces completion of a periodic review of ratings of Telkom SA SOC Limited

16 Dec 2020

DIFC - Dubai, December 16, 2020 -- Moody's Investors Service ("Moody's") has completed a periodic review of the ratings of Telkom SA SOC Limited and other ratings that are associated with the same analytical unit. The review was conducted through a portfolio review in which Moody's reassessed the appropriateness of the ratings in the context of the relevant principal methodology(ies), recent developments, and a comparison of the financial and operating profile to similarly rated peers. The review did not involve a rating committee. Since 1 January 2019, Moody's practice has been to issue a press release following each periodic review to announce its completion.

This publication does not announce a credit rating action and is not an indication of whether or not a credit rating action is likely in the near future. Credit ratings and outlook/review status cannot be changed in a portfolio review and hence are not impacted by this announcement. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moody's.com for the most updated credit rating action information and rating history.

Key rating considerations are summarized below.

Telkom's Ba2 corporate family rating reflects Moody's view on the fundamental credit quality of Telkom, represented by a Baseline Credit Assessment (BCA) of ba2, combined with our assumptions of high default dependence with and moderate support from the South African government.

Telkom's BCA of ba2 recognizes the company's leading market position in South Africa's fixed-line business, with a growing presence in broadband and mobile offerings. It also reflects the transformation process of its business model and the execution challenges faced in the implementation of strategies to mitigate the structural decline in voice revenues. Telkom's low leverage and overall strong credit metrics provide financial flexibility to withstand the operating and competitive challenges and to fund the larger capital investments required to deliver on its key strategies for the upcoming years.

This document summarizes Moody's view as of the publication date and will not be updated until the next periodic review announcement, which will incorporate material changes in credit circumstances (if any) during the intervening period.

The principal methodologies used for this review were Telecommunications Service Providers published in January 2017 and Government-Related Issuers Methodology published in February 2020. Please see the Rating Methodologies page on www.moody's.com for a copy of these methodologies.

This announcement applies only to EU rated and EU endorsed ratings. Non EU rated and non EU endorsed ratings may be referenced above to the extent necessary, if they are part of the same analytical unit.

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