



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

11 Jul 2024

DIFC - Dubai, July 11, 2024 -- Moody's Ratings (Moody's) has completed a periodic review of the ratings of Telkom SA SOC Limited and other ratings that are associated with this issuer.

The review was conducted through a rating committee held on 4 July 2024 in which we reassessed the appropriateness of the ratings in the context of the relevant principal methodology(ies), and recent developments.

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. Please see the Issuer page on <https://ratings.moodys.com> for the most updated credit rating action information and rating history.

Key Rating considerations and rationale are summarized below.

Telkom SA SOC Limited's (Telkom) ratings, including its Ba2 corporate family rating with a stable outlook, remain unchanged. Telkom has a ba2 baseline credit assessment (BCA), and government-related issuer (GRI) assumptions include "high" default dependance and a "low" likelihood of receiving extraordinary government support in case of need. The ratings remain supported by (1) the company's leading market position in South Africa's fixed-line business as operator of the largest fibre network in the country; and (2) adequate financial policies with moderate debt/ EBITDA leverage of 2.1x as of March 2024, which we expect to reduce to around 1.5x by March 2026, mainly because the company will apply most of the proceeds from the sale of Swiftnet towards debt reduction.

The rating is constrained by (1) operational concentration in South Africa and exposure to the country's economic, social, political, legal and regulatory environment; (2) the company's position as the third largest operator in a highly competitive South African mobile market; and (3) low growth prospects with continued, albeit slowing

decline of fixed line business and mature mobile market.

This document summarizes our 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 November 2023 and Government-Related Issuers methodology published in January 2024. Please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of these methodologies.

This announcement applies only to EU rated, UK rated, EU endorsed and UK endorsed ratings. Non-EU rated, non-UK rated, non-EU endorsed and non-UK endorsed ratings may be referenced herein to the extent necessary, if they are part of the same organization list.

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