

Various Positive Actions Taken On South African Government-Related Entities After Sovereign Upgrade

November 24, 2025

- On Nov. 14, 2025, S&P Global Ratings raised its foreign currency long-term sovereign credit rating on South Africa to 'BB' from 'BB-' and its local currency long-term sovereign credit rating to 'BB+' from 'BB'. The outlooks on both foreign and local currency sovereign ratings are positive. At the same time, we revised up our transfer and convertibility assessment on the sovereign to 'BBB-' from 'BB+'. We also affirmed our 'zaAAA/zaA-1+' national scale ratings on South Africa.
- We see modest improvements in South Africa's real GDP growth, supported by reforms to electricity and other sectors. Recently, fiscal revenue has outperformed budgeted targets, and we expect the government to post its third successive year of primary surpluses. Given improving tax collections and expenditure constraints, we expect fiscal consolidation to continue through to fiscal 2028. Finally, contingent liabilities are expected to ease as state-owned enterprises (SOEs) are likely to require less financial support going forward.
- The positive outlooks on South Africa reflect the potential for further improvements in fiscal metrics and government debt stabilization if the coalition government continues its fiscal consolidation. They also reflect the possibility of stronger growth than we currently expect, despite trade- and tariff-related headwinds, if the authorities accelerate economic reforms while addressing infrastructure pressures
- We therefore took various positive rating actions on South African government-related entities (GREs) in cases where the ratings are constrained by or linked to that on the sovereign.

JOHANNESBURG (S&P Global Ratings) Nov. 24, 2025--S&P Global Ratings today took various ratings actions on three South African GREs, and either revised up or affirmed outlooks and raised ratings on government-guaranteed instruments. The rating actions are as follows:

- [Eskom Holding SOC Ltd.](#): We raised our foreign and local currency long-term ratings to 'B+' from 'B' and assigned a stable outlook. We also raised to 'B+' from 'B' our issue ratings on the group's senior secured and senior unsecured debt, and to 'BB' from 'BB-' our foreign currency issue ratings on the government-guaranteed debt. We raised our long- and short-term South Africa national scale credit ratings on Eskom to 'zaA/zaA-1' from 'zaBBB+/zaA-2'.

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- **Rand Water:** We raised our long-term foreign currency rating to 'BB' from 'BB-' and assigned a positive outlook. We affirmed the 'BB' long-term local currency and revised the outlook to positive from stable. We affirmed our 'zaAAA' long-term South Africa national scale rating.
- **Telkom SA SOC Ltd.:** We raised the long-term foreign and local currency ratings to 'BB+' from 'BB' and assigned a positive outlook. We affirmed our 'zaAAA' long-term South Africa national scale rating.
- **Transnet SOC Ltd.:** We affirmed the 'B+' long-term foreign and local currency ratings and maintained the stable outlook, while also affirming the 'B+' ratings on the group's senior unsecured debt. We affirmed the 'zaA/zaA-1' South Africa national scale ratings. We upgraded the two rand-denominated debt instruments (maturing in 2028 and 2029) guaranteed by South Africa to 'BB+', at the level of long-term local currency sovereign rating.
- **uMngeni-uThukela Water:** We affirmed our 'zaAAA/zaA-1+' long- and short-term South Africa national scale ratings.

The mapping table for the South Africa national scale ratings is unchanged. South Africa national scale ratings do not carry outlooks.

The rating actions follow our raising of the long-term global scale foreign and local currency South Africa ratings, and assignment of the positive outlook (see "[South Africa Foreign Currency Rating Raised To 'BB'; Local Currency Rating Raised To 'BB+'; Outlook Positive](#)," Nov. 14, 2025).

Eskom Holding SOC Ltd.

Eskom is a vertically integrated power utility owned by the South African government; it has a market share of about 90% of the country's power supply and owns the country's electricity transmission and some distribution networks. We raised our foreign and local currency long-term ratings to 'B+' from 'B' and assigned a stable outlook. At the same time, we raised our long-term South Africa national scale credit rating to 'zaA' from 'zaBBB+' and our short-term national scale rating to 'zaA-1' from 'zaA-2'. There is no outlook on national scale ratings. We also raised to 'B+' from 'B' our issue ratings on the group's senior secured and senior unsecured debt, and to 'BB' from 'BB-' our foreign currency issue ratings on the government-guaranteed debt.

In our view, Eskom has a very high likelihood of support from the government if required. Therefore, we do not see Eskom's creditworthiness as insulated from that of South Africa and our ratings on Eskom are influenced by those on the sovereign. We expect the debt relief program of South African rand (ZAR)76 billion in fiscal 2024, of ZAR64 billion in fiscal 2025, of ZAR80 billion in fiscal 2026, and of ZAR10 billion in fiscal 2029 (fiscal year ends March 31) to remain the cornerstone of Eskom's financial stabilization strategy, providing vital support for debt-servicing, infrastructure investment, and the group's broader turnaround efforts. The utility has received additional support through other debt guarantees in the past.

Eskom's stand-alone credit profile (SACP) remains at 'ccc', which captures our view that, after considering the committed government support, we still see Eskom as vulnerable to a liquidity shortfall and dependent upon favorable business, financial, and economic conditions to meet its financial commitments. Notably, we highlight that rising municipal debt undermines Eskom's liquidity and financial stability, although some mitigation efforts are underway.

That said, profitability could be squeezed by disruption to power generation volumes, reliability issues, capital expenditure (capex) shortfalls, and other operational setbacks. We forecast that the group will reduce its S&P Global Ratings-adjusted debt to EBITDA to about 5.0x on average from fiscal 2026 (from 10.6x on March 31, 2023). A default-like scenario is less likely to occur over

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the next 12 months, given that the government has provided support to help Eskom cover its debt-servicing and repayment obligations until 2029. This will also ease liquidity risk.

Outlook

We base our stable outlook on the ongoing support the group is receiving from the South African government. We expect Eskom's liquidity position to strengthen and the risk of default to reduce as the ongoing debt relief package is implemented.

Downside scenario: We could lower the ratings if the future conversion of Eskom's subordinated loans to equity does not materialize so that liquidity or default risk would increase over the next 12 months. This could happen if, for example, Eskom is unable to comply with the conditions in the debt relief package (there have been no instances of non-compliance observed to date), or if the conditions originally set in the Eskom Debt Relief Act are materially changed. We could also take a negative rating action if Eskom's operating performance deteriorates, if we lower our ratings on South Africa, or if we think that the likelihood of government support has weakened.

Upside scenario: We could raise the ratings if Eskom improves its operating performance, such that the group's free operating cash flow (FOCF) turns positive, its leverage drops toward 5.0x, and we see sustainable improvements in liquidity. At the same time, we would require our likelihood of government support assessment to remain as very high.

Rand Water

Rand Water is the largest bulk water utility in South Africa. We raised our foreign currency rating on Rand Water to 'BB' from 'BB-' and assigned a positive outlook, mirroring the outlook on the sovereign. We also affirmed our 'BB' local currency rating and assigned a positive outlook. We affirmed our South Africa national scale ratings on Rand Water at 'zaAAA'.

The foreign currency rating on South Africa constrains our ratings on Rand Water; we assess the company's SACP at 'bb'. We equalize our global scale and South Africa national scale ratings on the utility with those on South Africa because we consider that Rand Water would not be immune to potential negative government intervention in case of sovereign stress. In our view, the utility is effectively an extension of the government. Not only does the company operate solely in South Africa, but also it is 100% government owned. Notably, we consider that Rand Water has an extremely high likelihood of support from the government if needed. We base our view on the company's integral link with the government as a nonprofit, fully government-owned entity that performs a strategic development role and pays neither dividends nor taxes. In our opinion, a default at Rand Water would not necessarily heighten the government's default risk, and the utility would likely continue to provide essential water services. We still expect the Department of Water and Sanitation and the National Treasury to support the utility's financial viability--Rand Water has not previously been negatively affected by government intervention.

Our view of Rand Water's 'bb' SACP is based on our assessment of business risk as fair, largely based on our view of its regulatory advantage as adequate/weak and its natural monopolistic position as a provider of an essential commodity. South Africa's modest economic growth weighs on:

- Rand Water's water sales volumes growth (particularly from industrial customers);
- Customers' ability to pay for water services;
- The utility's ability to implement its capex plan; and

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- The future affordability of above-inflation tariff increases.

We assess financial risk as intermediate and consider the assessment to be stable. It is based on solid financial metrics--debt to EBITDA below 1.5x and funds from operations (FFO) to debt above 60%--moderated by our expectation that the capex profile will be lumpy over the next two to three years. If higher capex leads to negative FOCF during this period, it could constrain Rand Water's credit metrics.

Outlook

The positive outlooks on the foreign and local currency ratings reflect the outlooks on the foreign and local currency ratings on South Africa, and our view of the extremely high likelihood of government support the utility would receive from the government if needed. We do not see Rand Water's creditworthiness as insulated from that of South Africa and consequently would not rate it higher than the sovereign foreign currency rating.

Downside scenario: We could revise the outlook to stable if we took a similar action on South Africa. In addition, we could lower the ratings on the utility if government support weakens, or if Rand Water's SACP comes under pressure.

Upside scenario: We could take positive action on Rand Water if we took a similar action on South Africa.

Telkom SA SOC Ltd.

Telkom is a GRE that owns and operates South Africa's largest national wholesale telecommunications infrastructure, which comprises integrated fiber lines linked to a high-speed backhaul network. We raised the long-term foreign and local currency ratings to 'BB+' from 'BB' and assigned a positive outlook, mirroring the outlook on the sovereign. We affirmed our 'zaAAA' long-term South Africa national scale rating.

Our ratings on Telkom are still influenced by those on South Africa, even though we consider it unlikely to benefit from government support or be negatively affected by any government intervention. The government owns about 40.5% of Telkom; therefore, we consider the company a GRE. In our view, the state is unlikely to intervene in Telkom's operations, based on the government's current policy, the company's for-profit focus and listed status, and its governance and management structures.

To assess whether Telkom could be rated above the sovereign, we apply a liquidity stress test using a simulated economic scenario involving a sovereign default (see "[General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions](#)," Nov. 19, 2013). The test includes applying a 20% haircut to stress Telkom's earnings, assuming a 50% devaluation of the South African rand, and doubling the rand inflation and interest rates. Because Telkom passes this stress test, our rating on the company is not capped by the foreign currency rating on South Africa. However, because it is a GRE, we limit the rating uplift above the sovereign foreign currency rating to one notch.

Our view of Telkom's 'bbb-' SACP captures its fair business risk profile and modest financial risk profile. It has a diverse product offering as the dominant provider of fixed-line services and fiber infrastructure in South Africa. It also has material presence in mobile and next-generation data-based business. During fiscal 2025 (ended March 31), Telkom concluded the sale of Swiftnet, its masts and towers subsidiary, and received sales proceeds of ZAR6.6 billion, about 60% of which was used to reduce debt. This improved Telkom's financial risk profile to modest from

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intermediate. The modest financial risk profile reflects our expectation that the company's weighted debt to EBITDA will remain below 1.5x and its FFO to will exceed 60%, supported by a relatively conservative capital structure and a prudent financial policy.

The financial risk assessment also incorporates our expectation that Telkom's technology transition will underpin its revenue and EBITDA. In our view, Telkom has sufficient mobile and fiber network capacity to make it well-placed to benefit from continuing robust consumer and enterprise data demand. This, combined with its ongoing cost-base optimization and conservative financial policy, will support its credit metrics.

Outlook

Our positive outlook mirrors the outlook on the sovereign. Given the company's predominantly domestic operations and the government's significant minority ownership stake, we do not rate Telkom more than one notch above our long-term foreign currency rating on South Africa, although we see its SACP at 'bbb-'.

Downside scenario: We could revise the outlook on Telkom to stable if we took a similar action on South Africa. This could occur because of a weakening economic and fiscal trajectory, combined with a surge in related operating constraints in South Africa. We could also consider lowering the rating if Telkom's liquidity deteriorated so that it no longer passed our sovereign stress case, causing us to cap the rating at the level of our foreign currency rating on South Africa.

Upside scenario: We could take positive action on the utility if we took a similar action on South Africa and Telkom continues to pass our sovereign stress case, allowing it to be rated one notch above the foreign currency rating on South Africa.

Transnet SOC Ltd

Transnet, which is wholly state owned, owns and operates integrated rail freight, port, and pipeline infrastructure in South Africa. We affirmed the 'B+' long-term foreign and local currency ratings and maintained the stable outlook and affirmed the 'zaA/zaA-1' South Africa national scale ratings. We affirmed our 'B+' rating on the group's senior unsecured debt. We upgraded the two rand-denominated debt instruments (maturing in 2028 and 2029) guaranteed by South Africa to 'BB+', the level of the long-term local currency sovereign rating.

In fiscal 2025 (year ended March 31) Transnet Freight Rail's (TFR's) rail volumes improved to 160.1 million tons (mt) from 151.7mt, supporting higher group revenue and EBITDA compared with fiscal 2024. However, capex materially increased to S&P Global Ratings-adjusted ZAR23.3 billion (from ZAR14.2 billion), resulting in a negative FOCF position of about ZAR11.0 billion. While we expect further improvement in rail and port volumes to support gradually improving cash generation in the next few years, a high fixed-cost base and elevated capex requirements remain a key impediment to the company generating positive FOCF. In line with Transnet's corporate plan, we maintain our assumption of annual capex of ZAR25 billion-ZAR26 billion in fiscal 2026 and fiscal 2027. While this elevated investment program is critical to Transnet's operational recovery and cannot be materially reduced without undermining future performance, it represents a significant step-up from the historical ZAR12 billion-ZAR14 billion range prior to fiscal 2025. As such, we continue to forecast negative S&P Global Ratings-adjusted FOCF in fiscal 2026 and fiscal 2027. In our view, the cash flow deficit leaves Transnet with limited capacity to service its debt (principal and interest) on a stand-alone basis and materially constrains any deleveraging prospects over the next two years. Consequently, we expect the company to remain dependent on government support, primarily through guarantees (ZAR145.8 billion since May 2025), to

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address its refinancing requirements. Therefore, we continue to view Transnet's SACP at 'ccc+' to reflect this persistent cash burn and high leverage. An upward revision of the SACP is possible if Transnet continues progressing on its operational improvements, achieves at least cash-flow neutrality, and starts to reduce leverage, potentially at a faster pace than currently anticipated. In addition, as government guarantees are gradually utilized, this will result in a larger share of Transnet's debt becoming government guaranteed. In our view, this reduces both default and refinancing risk, and, therefore, could support an improvement in the SACP.

We regard Transnet as a GRE with a very high likelihood of receiving extraordinary support from the state, if needed. While recently availed government guarantees support our likelihood of government support assessment, in our view, the form of government support aims at ensuring that Transnet does not suffer an immediate liquidity crisis. The fundamental business weaknesses, notably substantial cash burn and elevated leverage, remain a concern that management is currently addressing. The substantial gap between Transnet's 'ccc+' SACP and our 'B+' rating on the company results from our assessment of the likelihood of extraordinary government support. Notwithstanding the challenges facing Transnet, we think the company plays an instrumental role in South Africa's transport industry and, by extension, its economic growth thanks to its control of all major logistics infrastructure. Transnet also has a dominant position in rail freight, and monopoly positions in regulated port and pipeline activities. Consequently, it enjoys good diversity and some revenue visibility due to TFR's take-or-pay contracts and pipelines and national ports regulated tariff linked revenue.

Outlook

The stable outlook reflects our view that Transnet will not face any material payment or liquidity events thanks to the ZAR145.8 billion government guarantee framework in place since May 2025. At the same time, we expect Transnet to continue benefiting from a very high likelihood of extraordinary government support if needed over the next 12 months, which should alleviate downside risks to the ratings, despite substantial cash burn expected in the next two to three years.

Downside scenario: We could downgrade Transnet if we think that the likelihood of government support has weakened, while Transnet remains vulnerable to the risk of not meeting its financial commitments despite the already announced support package. If we determined that the predictability and ability of support by the government is less certain in terms of it being full and timely under all circumstances, this could result in a lower government support assessment. It could also occur if Transnet's leverage further increased, negative FOCF generation continued beyond 2027, and covenant breaches persisted without a viable plan to transform the company's capital structure and cash generation capacity. This could mean Transnet's importance to the government is diminishing, lowering the likelihood of extraordinary government support, in our view. Although unlikely over the next 12 months, we could also downgrade Transnet if its debt-servicing capabilities deteriorate substantially, exposing it to a near-term payment or liquidity risk even with the current level of government support.

Upside scenario: An upgrade is possible if Transnet continues progressing on its operational improvements, achieves at least cash-flow neutrality, and starts to reduce leverage, potentially at a faster pace than currently anticipated. In addition, as government guarantees are gradually utilized, this will result in a larger share of Transnet's debt becoming government guaranteed. In our view, this reduces both default and refinancing risk, and, therefore, could support an improvement in the SACP.

uMngeni-uThukela Water

uMngeni-uThukela Water provides bulk water and water sanitation services in the Kwazulu-Natal province of South Africa. We affirmed our 'zaAAA' and 'zaA-1+' South Africa national scale ratings on uMngeni-uThukela.

Our national scale ratings on uMngeni-uThukela are likely to remain in line with those on South Africa because, in our view, the utility has an extremely high likelihood of government support if required. Therefore, we do not see uMngeni-uThukela's creditworthiness as insulated from that of South Africa and would not rate it higher than the sovereign. In addition, we do not consider that the utility is immune to potential negative government intervention, given that it is 100% government owned and supplies an essential service. In our view, the utility is effectively an extension of the government.

We assess uMngeni-uThukela's SACP as 'bb' and its business risk as fair, largely based on our assessment of regulatory advantage as adequate/weak. Although the regulatory environment has been broadly stable, we regard the absence of an independent regulator as a major weakness in the regulatory framework. Specifically, the lack of an independent regulator increases the risk of political interference in tariff determination. In addition, South Africa has tightened the procurement-related regulations that apply to its SOEs, which has led to persistent difficulties in procuring products and services, especially those related to infrastructure development. As a result, the utility has significantly underspent on capex. In our view, this hinders uMngeni-uThukela's ability to effectively implement its corporate plan.

A rating action on South Africa would likely result in a similar rating action on uMngeni-uThukela. In addition, we could lower the ratings on the utility if government support weakens, or if uMngeni-uThukela's SACP comes under pressure.

Related Criteria

- [Criteria | Corporates | General: Sector-Specific Corporate Methodology](#), July 7, 2025
- [General Criteria: National And Regional Scale Credit Ratings Methodology](#), June 8, 2023
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments](#), April 1, 2019
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Dec. 16, 2014
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19, 2013
- [Criteria | Corporates | General: Corporate Methodology](#), Jan. 7, 2024
- [Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Jan. 7, 2024
- [Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings](#), March 28, 2018
- [General Criteria: Guarantee Criteria](#), Oct. 21, 2016

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- [Criteria | Corporates | Recovery: Methodology: Jurisdiction Ranking Assessments](#), Jan. 20, 2016
- [General Criteria: Rating Government-Related Entities: Methodology And Assumptions](#), March 25, 2015
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions](#), Nov. 19, 2013
- [General Criteria: Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings](#), Oct. 1, 2012
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

- [South Africa Foreign Currency Rating Raised To 'BB'; Local Currency Rating Raised To 'BB+': Outlook Positive](#), Nov. 14, 2025
- [South African Telecom Operator Telkom 'BB' Rating Affirmed; Outlook Positive](#), Aug. 22, 2025
- [Rand Water](#), Aug. 21, 2025
- [Eskom Holdings SOC Ltd, July 22, 2025m Holdings SOC Ltd](#), July 22, 2025
- [uMngeni-uThukela Water](#), July 16, 2025
- [Transnet SOC Ltd. Downgraded To 'B+' On High Leverage And Negative Free Operating Cash Flow; Outlook Stable](#), July 10, 2025

Ratings List

Ratings List

ESKOM Holdings SOC Ltd.		
Upgraded		
	To	From
ESKOM Holdings SOC Ltd.		
Issuer Credit Rating	B+/Stable/--	B/Positive/--
South Africa National Scale	zaA/--/zaA-1	zaBBB+/--/zaA-2
Senior Secured	B+	B
Senior Unsecured*	BB	BB-
Senior Unsecured	B+	B
* Government-guaranteed, foreign currency		
Rand Water		
Upgraded		
	To	From
Rand Water		
Issuer Credit Rating		
Foreign Currency	BB/Positive/--	BB-/Positive/--
Ratings Affirmed		
Rand Water		

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Ratings List

Issuer Credit Rating		
South Africa National Scale	zaAAA/--/--	

Ratings Affirmed; Outlook Action

	To	From
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Rand Water

Issuer Credit Rating		
Local Currency	BB/Positive/--	BB/Stable/--
Telkom SA SOC Ltd.		

Upgraded

	To	From
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Telkom SA SOC Ltd.

Issuer Credit Rating	BB+/Positive/--	BB/Positive/--
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Ratings Affirmed

Telkom SA SOC Ltd.

Issuer Credit Rating		
South Africa National Scale	zaAAA/--/--	
Transnet SOC Ltd.		

Upgraded

	To	From
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Transnet SOC Ltd.

Senior Unsecured*	BB+	BB
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Ratings Affirmed

Transnet SOC Ltd.

Issuer Credit Rating	B+/Stable/--	
South Africa National Scale	zaA/--/zaA-1	
Senior Unsecured	B+	

* Government-guaranteed, local currency

uMngeni-uThukela Water

Ratings Affirmed

uMngeni-uThukela Water

Issuer Credit Rating		
South Africa National Scale	zaAAA/--/zaA-1+	

Regulatory Disclosures

Rand Water

- Primary credit analyst: Omega Collocott, Director
- Chairperson: Pierre Gautier
- Date initial rating assigned: May 9, 1997
- Date of previous review: Nov. 22, 2024

Telkom SA SOC Ltd

- Primary credit analyst: Omega Collocott, Director
- Chairperson: Pierre Gautier
- Date initial rating assigned: June 18, 2008
- Date of previous review: Aug. 22, 2025

Transnet SOC Ltd

- Primary credit analyst: Munya Chawana, Associate Director
- Chairperson: Pierre Gautier
- Date initial rating assigned: Sep. 4, 1997
- Date of previous review: July 10, 2025

uMngeni uThukela Water

- Primary credit analyst: Omega Collocott, Director
- Chairperson: Pierre Gautier
- Date initial rating assigned: Jan. 28, 2016
- Date of previous review: Nov. 22, 2024

Disclaimers

This rating has been determined by a rating committee based solely on the committee's independent evaluation of the credit risks and merits of the issuer or issue being rated in accordance with S&P Global Ratings published criteria and no part of this rating was influenced by any other business activities of S&P Global Ratings.

This credit rating is solicited. The rated entity did participate in the credit rating process. S&P Global Ratings did have access to the accounts, financial records and other relevant internal, non-public documents of the rated entity or a related third party. S&P Global Ratings has used information from sources believed to be reliable but does not guarantee the accuracy, adequacy, or completeness of any information used.

Materials Used In The Credit Rating Process: Sufficient information in general consists of both (i) financial statements that describe the Issuer's financial condition, results of operations and cash-flows, and (ii) a description of the activities and obligations of the entity including of its governance and legal structure.

This credit rating was disclosed to the rated entity or related third party before being issued.

S&P Global Ratings' regulatory disclosures (PCRs) are published as of a point-in-time, which is current as of the date a Credit Rating Action was last published. S&P Global Ratings updates the PCR for a given Credit Rating to include any changes to PCR disclosures only when a subsequent Credit Rating Action is published. Thus, disclosure information in this PCR may not reflect changes to data within PCR disclosures that can occur over time after the publication of a PCR but that are not otherwise associated with a Credit Rating Action. Note that there may be instances where the PCR reflects an updated Ratings Model version in business use as of the date of the last Credit Rating Action although use of the updated Ratings Model was deemed

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unnecessary to produce that Credit Rating Action. For example, this may occur in the case of event driven reviews where the event being assessed is considered to be not relevant to running the updated Ratings Model version. Note also that, in accordance with applicable regulatory requirements, S&P Global Ratings evaluates the impact of material changes to Ratings Models and, where appropriate, issues revised Credit Ratings were necessitated by the updated Ratings Model.

Glossary

- **Anchor:** The starting point for assigning an issuer a long-term rating, based on its business risk profile assessment and its financial risk profile assessment.
- **Business risk profile:** This measure comprises the risk and return potential for a company in the market in which it participates (its industry risk), the country risks within those markets, the competitive climate, the company's competitive advantages and disadvantages (its competitive position).
- **Comparable rating analysis:** This involves taking a holistic review of a company's stand-alone credit risk profile (SACP), because each of the subfactors that ultimately generate the SACP can be at the upper or lower end, or at the midpoint, of such a range. It may also touch upon the overall comparative assessment of an issuer in relation to its peers across industry and jurisdiction and may capture some factors not (fully) covered, such as a short operating track record, entities in transition, unusual structures, or contingent risk exposures.
- **Competitive position:** Our assessment of a company's: competitive advantage; operating efficiency; scale, scope, and diversity; and profitability.
- **Corporate Industry and Country Risk Assessment (CICRA):** Derived by combining an issuer's country risk assessment and industry risk assessment.
- **Country risk:** This measures a country's influence on the overall credit risks for a rated company with regards to a country's economic, institutional and governance effectiveness, financial system, and payment culture/rule of law risks.
- **CreditWatch:** This highlights the potential direction of a short- or long-term rating over the short term, typically less than three months. Ratings may be placed on CreditWatch where, in our view, an event or a deviation from an expected trend has occurred or is expected and additional information is necessary to determine the rating impact.
- **Creditworthiness:** Ability and willingness of a company to meet its debt and debtlike obligations; measured by assessing the level current and future resources relative to the size and timing of its commitments.
- **Diversification/portfolio effect:** Applicable to conglomerates. An assessment of the extent to which an entity's multiple core business lines are correlated and whether each contributes a material source of earnings and cash flow.
- **Earnings:** Proxy for profit or surplus yielded by an entity after production and overhead costs have been accounted for in a given period.
- **EBITDA margin:** This is EBITDA as a fraction of revenues.
- **EBITDA:** This is earnings before interest, tax, depreciation, and amortization.
- **Financial risk profile:** This measure comprises our assessment of a company's cash flow/leverage analysis. It also takes into account the relationship of the cash flows the

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organization can achieve given its business risk profile. The measure is before assessing other financial drivers such as capital structure, financial policy, or liquidity. Free operating cash flow: Cash flow from operations minus capital expenditure. Funds from operations: EBITDA minus interest expense minus current tax.

- Issue credit rating: This is a forward-looking opinion about the creditworthiness of an obligor with respect to a specific class of financial obligations or a specific financial program.
- Issuer credit rating: This is a forward-looking opinion of an obligor's overall creditworthiness.
- Leverage: The level of a company's debt in relation to its earnings before interest, tax, depreciation, and amortization.
- Liquidity: This is the assessment of a company's monetary flows, assessed over a 12 to 24 month period. It also assesses the risk and potential consequences of a company's breach of covenant test, typically tied to declines in EBITDA.
- Management and governance: This addresses how management's strategic competence, organizational effectiveness, risk management, and governance practices shape the issuer's competitiveness in the marketplace, the strength of its financial risk management, and the robustness of its governance.
- Operating efficiency: The quality and flexibility of the company's asset base and its cost management and structure.
- Outlook: This is the assessment of the potential direction of a long-term issuer rating over the short to intermediate term (typically six months to two years).
- Rating above the sovereign assessment: Our assessment of whether an entity can be rated above the sovereign rating on a jurisdiction it has a material exposure to.
- Transfer and convertibility assessment: S&P Global Ratings' view of the likelihood of a sovereign restricting nonsovereign access to foreign exchange needed to satisfy the nonsovereign's debt service obligations.

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Various Positive Actions Taken On South African Government-Related Entities After Sovereign Upgrade

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