



## **TRANSNET WELL POSITIONED TO WITHSTAND DOWNGRADE**

*Company's adequate liquidity levels will enable it to pursue its funding plan, thanks to management's sharp risk management framework and sound relationships with financial institutions.*

7 April 2017

As a result of the Sovereign rating downgrade, S&P Global Ratings has reviewed Transnet's long-term foreign currency sovereign credit rating to 'BB+' from 'BBB-' and the long-term local currency rating to 'BBB-' from 'BBB'. The ratings agency said the outlook for the state-owned company was in line with its assessment of the Sovereign rating as Transnet's rating is linked to that of the Sovereign.

S&P however, maintained Transnet's stand-alone credit profile at 'bbb', reflecting the company's strong financial metrics as the company executes its multi-billion rand infrastructure investment programme. Transnet continues to raise funds on the strength of its own balance sheet and receives no funding or guarantees from the national government.

S&P said Transnet's liquidity remains adequate and is backed by the company's sound relationship with banks, satisfactory standing in capital markets, optimised capital investment programme linked to validated demand, its prudent risk management framework as well as unused credit facilities which will enable Transnet to meet its commitments.

Group Chief Executive, Mr Siyabonga Gama said: "S&P's affirmation and acknowledgement of the critical role that Transnet plays in South Africa's economy as a provider of essential infrastructure services is testament of the strong and agile manner in which Transnet management is navigating the tough macro-economic challenges."

About 26% of Transnet's debt portfolio had a credit rating clause with a trigger below sub-investment grade. Between May and November 2016, management proactively and successfully negotiated with its lenders to lower and relax the credit rating default triggers to below sub-investment grade.

Group Chief Financial Officer Mr Garry Pita said: "the company has strong liquidity and has secured more than R16 billion in unused short-term credit facilities that are available within 24 hours as well as long-term specific committed funding in excess of R15 billion. Furthermore, the company has access to the domestic and global capital markets through the Domestic Medium-Term Note and Global Medium-Term Note programmes amounting to R93 billion to meet its funding commitments."

Transnet reiterates that its financial fundamentals remain strong and its stand-alone profile at investment grade is a strong indication of that.

### **Issued on behalf of Transnet SOC Ltd**

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