

Various Rating Actions Taken On Three South Africa Issuers; National Scale Ratings Removed From UCO

July 5, 2023

JOHANNESBURG (S&P Global Ratings) July 5, 2023--S&P Global Ratings said today that it has taken rating actions on the South Africa national scale ratings on three infrastructure companies. We removed the under criteria observation (UCO) identifier from all the national scale ratings affected.

Specifically, we:

- Raised to 'zaAA+' from 'zaAA' our long-term ratings on MTN Group Ltd. and its subsidiary Mobile Telephone Networks Holdings Ltd. (MTN Holdings); and
- Lowered to 'zaAA-' from 'zaAA' our long-term rating and affirmed at 'zaA-1+' our short-term rating on Transnet SOC Ltd.

The rating actions follow the publication of our revised criteria for determining national and regional scale mapping specifications and assigning credit ratings mapped from global to national scale (see "General Criteria: National And Regional Scale Credit Ratings Methodology," published June 8, 2023, on RatingsDirect).

Our national scale ratings express our opinion of the creditworthiness of an issuer or a debt instrument, relative to other issuers and issues in each country. Our revised national scale rating framework improves our capacity to differentiate the relative credit rankings within a given national scale, through a new adjustment based on holistic analysis. For the above rating actions, we have incorporated our views on each issuer's credit quality, relative to other entities in South Africa that have the same global scale credit quality.

Our South Africa national scale ratings do not carry outlooks.

The rating actions on the national scale ratings do not reflect changes to the fundamental credit quality of the issuers. Therefore, our global scale issuer credit ratings on MTN (BB-/Stable/--), MTN Holdings (BB-/Stable/--), and Transnet (BB-/Negative/--) are not affected by today's rating actions.

MTN Group Ltd. And Mobile Telephone Networks Holdings Ltd.

MTN is an African and Middle Eastern mobile network operator that had about 291 million subscribers across 19 countries as of March 31, 2023. We raised to 'zaAA+' from 'zaAA' our South Africa national scale long-term ratings on MTN and its subsidiary MTN Holdings. In our view, the credit quality of these issuers is among the highest of the South African issuers that have the same global scale credit quality. Our view is based on the continued reduction in risk on the

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balance sheet, combined with improving debt currency mix and significant liquidity cushion.

ESG credit indicators: E-3, S-2, G-4

Transnet SOC Ltd.

Transnet, which is wholly state owned via the Department for Public Enterprise, owns and operates integrated rail freight, port, and pipeline infrastructure in South Africa. We lowered to 'zaAA-' from 'zaAA' our South Africa national scale long-term rating on Transnet because its credit quality is lower, compared with other South African issuers that have the same global scale credit quality. We affirmed our short-term national scale rating at 'zaA-1+'.

The downgrade incorporates Transnet's constrained capacity to support its capital expenditure requirements by generating robust operating cash flows. It also considers the entity's limited liquidity buffer and significant upcoming debt repayment obligations. In addition, the outlook on the global scale rating is negative, indicating that we could lower the global scale rating if operational performance slips.

ESG credit indicators: E-2, S-4, G-4

Related Criteria

- 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
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- Criteria | Corporates | General: Recovery Rating Criteria For Speculative-Grade Corporate Issuers, Dec. 7, 2016
- General Criteria: Guarantee Criteria, Oct. 21, 2016
- Criteria | Corporates | Recovery: Methodology: Jurisdiction Ranking Assessments, Jan. 20, 2016
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria | Corporates | Industrials: Key Credit Factors For The Telecommunications And Cable Industry, June 22, 2014
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013

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- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities, Nov. 13, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Certain National Scale Ratings Placed Under Criteria Observation Following Criteria Update, June 8, 2023
- Sector And Industry Variables: National And Regional Scale Credit Ratings Methodology, June 8, 2023

Ratings List

Upgraded

	To	From
MTN Group Ltd.		
Mobile Telephone Networks Holdings Ltd.		
Issuer Credit Rating		
South Africa National Scale	zaAA+/-/--	zaAA/-/--

Ratings Affirmed

MTN Group Ltd.		
Mobile Telephone Networks Holdings Ltd.		
Issuer Credit Rating	BB-/Stable/--	
MTN (Mauritius) Investments Ltd.		
Mobile Telephone Networks Holdings Ltd.		
Senior Unsecured	BB-	
Recovery Rating	3(65%)	

Downgraded; Ratings Affirmed

	To	From
Transnet SOC Ltd.		
Issuer Credit Rating		
South Africa National Scale	zaAA/-/--/zaA-1+	zaAA/-/--/zaA-1+
Ratings Affirmed		
Transnet SOC Ltd.		
Issuer Credit Rating	BB-/Negative/--	
Senior Unsecured*	BB	
Senior Unsecured	BB-	

*Guaranteed by Republic of South Africa

Regulatory Disclosures

MTN Group Ltd.

- Primary credit analyst: Munya Chawana, Associate
- Chairperson: Andrew Stillman
- Date initial rating assigned: Oct. 8, 2014
- Date of previous review: Feb. 15, 2023

Mobile Telephone Networks Holdings Ltd.

- Primary credit analyst: Munya Chawana, Associate
- Chairperson: Andrew Stillman
- Date initial rating assigned: Oct. 8, 2014
- Date of previous review: Feb. 15, 2023

Transnet SOC Ltd.

- Primary credit analyst: Munya Chawana, Associate
- Chairperson: Andrew Stillman
- Date initial rating assigned: Sept. 4, 1997
- Date of previous review: Nov. 29, 2022

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.

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Glossary

- Date initial rating assigned: The date S&P Global Ratings assigned the long-term foreign currency issuer credit rating on the entity.
- Date of previous review: The date S&P Global Ratings last reviewed the credit rating on the entity.
- ESG credit factors: Those environmental, social, and governance (ESG) factors that can materially influence the creditworthiness of a rated entity or issue and for which we have sufficient visibility and certainty to include in our credit rating analysis. These credit factors can have a negative or positive impact on creditworthiness, depending on whether they represent a risk or an opportunity.
- ESG credit indicator: An ESG credit indicator is an alphanumeric representation of the qualitative assessment of ESG factors' impact on creditworthiness produced as part of the ratings process. Our ESG credit indicators provide additional disclosure by reflecting our opinion of how material the influence of ESG factors is on the various analytical components in our rating analysis through an alphanumeric 1-5 scale. ESG credit indicators are applied after the ratings have been determined.
- Government-related entity: An entity that could, under stress, benefit from extraordinary government support to meet its financial obligations; or conversely an entity controlled by a government that could be subject to negative extraordinary government intervention if the government is under stress.
- 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.
- 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.
- National scale rating: An opinion of an obligor's creditworthiness or overall capacity to meet specific financial obligations, relative to other issuers and issues in a given country or region.
- Outlook: This is our assessment of the potential direction of a long-term issuer rating over the short-to-intermediate term (typically six months to two years).

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Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceId/504352 Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column. Alternatively, call one of the following S&P Global Ratings numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; or Stockholm (46) 8-440-5914

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