

Fitch affirms Eskom credit rating

Fitch Ratings' decision to affirm its BB- credit rating is a result of measures it has put in place to ensure sustainability.



“The ratings action is an affirmation of extensive measures that have been implemented by the company’s leadership in transitioning Eskom from business as usual towards sustainability,” Phakamani Hadebe, Eskom’s group chief executive said.

The rating agency announced its decision to affirm Eskom’s Long-Term Local Currency Issuer Default Rating (IDR) and unguaranteed local currency senior unsecured ratings of 'BB-'.

“This reflects the start in our journey towards restoring financial health, however, the road ahead will be tough. Eskom remains a vital contributor to ensuring that South Africa’s economic growth targets are achieved and ensuring security of supply remains one of our key priorities,” said Hadebe.

The credit rating agency has also resolved to remove the Rating Watch Negative (RWN) it instituted in January with the outlook on Eskom remaining negative.

The power utility said the decision to affirm the rating and remove the RWN is a positive indication of the ratings agency’s view that Eskom has made significant progress towards improving the company’s liquidity health and resolving corporate governance challenges.

In September 2018, Eskom successfully signed and secured approximately 72% of the financial year 18/19 R72 billion funding requirement from various sources of funding including both local and international financial markets.

The power utility said it is fairly confident it will successfully execute the remaining funding requirement through various sources including committed Development Finance Institutions (DFIs), local debt capital markets, Export Credit Agencies (ECAs) and other innovative funding structures. –

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