Fitch Ratings puts Eskom on "Rating Watch Negative" … extract from 17 Nov 2017

Eskom

FitchRatings

FITCH PLACES ESKOM ON RWN; AFFIRMS GUARANTEED DEBT AT 'BB+'

Fitch Ratings-London-17 November 2017: Fitch Ratings has placed Eskom Holding SOC Ltd's Long-Term Local Currency Issuer Default Ratings (IDR) and unguaranteed local currency senior unsecured ratings of 'BB+' on Rating Watch Negative (RWN). Fitch has affirmed the government-guaranteed local currency senior unsecured debt ratings at 'BB+'. We have also placed the National Long-Term Rating of 'AAA(zaf)' and the National Short-Term Rating of 'F1+(zaf) on RWN.

The RWN reflects our intention to reassess the strengths of Eskom's links with the government of South Africa (BB+/Stable) due to Eskom's weakening liquidity and funding access partially stemming from unresolved corporate governance issues, weak cash flows driven by lower-than-expected tariff increases due to delays in implementing outstanding regulatory clearing account applications. The Guarantee Framework Agreement continues to support the company's ratings overall and in particular the affirmation of the guaranteed debt rating.

We may affirm the IDR if there are improvements to corporate governance and liquidity (for instance through additional government support) over the next three to six months or, failing that, downgrade it by up to two notches.

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