

 [Print this page](#)

Miscellaneous	
* Asterisks denote mandatory information	
Name of Announcer *	SINGTEL
Company Registration No.	199201624D
Announcement submitted on behalf of	SINGTEL
Announcement is submitted with respect to *	SINGTEL
Announcement is submitted by *	Lim Li Ching (Ms)
Designation *	Assistant Company Secretary
Date & Time of Broadcast	24-Feb-2014 13:19:48
Announcement No.	00038

>> Announcement Details
The details of the announcement start here ...

Announcement Title *	Media Statement - Moody's Announcement
Description	
Attachments	 MS-20140224-MoodyAnn.pdf Total size = 228K (2048K size limit recommended)

[Close Window](#)



Media Statement

Moody's Announcement

Singapore, 24 February 2014 - Singapore Telecommunications Limited refers to the announcement by Moody's Investors Service regarding Optus (see attached).

Optus' credit rating continues to be strong among its peers in the global telecommunications industry.

Optus remains financially-disciplined in its approach to investments and is committed to maintaining an investment-grade credit rating.

###

Media Contact:

Ivy Tan
Manager, Group Communications
Tel: +65 6838 3644
Email: ivytanaw@singtel.com

Rating Action: Moody's downgrades Optus to A1 from Aa3: outlook stable

Global Credit Research - 24 Feb 2014

Approximately US\$ 1.9 bn of debt securities affected

Sydney, February 24, 2014 -- Moody's Investors Services has today downgraded the senior unsecured long term ratings of Optus Finance Pty Limited to A1/ (P)A1 from Aa3/ (P)Aa3. The outlook was revised to stable from negative. Optus' short term (P) P-1 rating is unaffected by today's rating action and is affirmed.

Optus Finance Pty Limited is a wholly owned and guaranteed subsidiary of SingTel Optus Pty Ltd (together with Optus Finance Pty Limited, "Optus").

RATINGS RATIONALE

"The downgrade reflects the weakening in Optus' credit profile at the previous rating level, with trend in elevated leverage, intensely competitive operating environment, and business profile that is comparatively weak compared to major telcos at that rating level" says Ian Lewis a Moody's Senior Vice President.

"We expect Optus' financial leverage to increase as it moves to fund its purchase of new spectrum, at least partially through additional debt. The new A1 rating incorporates a level of tolerance for the uncertainty that exists over the company's capital structure and the level of cash that will be repatriated to the 100% parent, Singapore Telecommunications Limited (SingTel, Aa3/stable)", says Lewis. "The downgrade captures our expectation that Optus will continue to upstream funds to SingTel, further constraining its financial profile" says Lewis who is also the Lead Analyst for the company.

"We expect that debt funded investments and shareholder friendly activities will raise Optus' financial leverage (measured using Debt/EBITDA) to about 1.5x or slightly above, which leaves no headroom within its previous rating. The new rating provides Optus with a degree of headroom to manage its capital and the likely impact of heightened market competition", says Lewis.

"We believe that the operating profile of the company is likely to weaken as vigorous competition in the mobile market continues to intensify. Telstra Corporation Limited (A2 stable) -- Optus' main rival in Australia -- has captured the lion's share of the mobile market and we expect that this dynamic will exert downward pressure on Optus' margins and cash flow over time" adds Lewis.

Optus' senior unsecured long term rating of A1 includes a two-notch uplift from its underlying standalone credit profile. Optus' A1 rating benefits from the presence and support of parent SingTel through its 100% ownership and close operational, financial and strategic integration with SingTel. Optus offers SingTel control of the leading alternative integrated carrier in one of Asia Pacific's largest markets, providing a level of unique geographic diversification for the group. For the nine months ended December 2013, Optus contributed around 50% of SingTel's reported EBITDA.

What Could Change the Rating - Up

Positive pressure on the rating could evolve over time if cashflow repatriation to the parent and capex moderates to levels that are consistent with long term sustainable leverage of below 1.4x Debt/EBITDA. Articulation of a clear capital management framework, including dividend distribution policy, consistent with maintenance of such a leverage level would assist in this regard.

What Could Change the Rating - Down

Further excessive up-streaming of cash flows to Optus' parent or increased borrowing to fund new acquisitions or capex could lead to further pressure on the rating. In addition, heightened levels of competition in Optus' operating environment could lead to reduced revenues and/or compressed margins. Moody's would consider Debt/EBITDA rising above 1.75x as indicative of such negative rating pressure. EBITDA margins of less than 28% could also pressure the rating. In addition, the rating could be subject to negative rating pressure if the implied support from SingTel was reduced or the parent's credit rating was downgraded.

Sing Tel Optus Pty Limited (Optus) is an integrated communications services provider in Australia, headquartered in Sydney and the No.2 provider of mobile, broadband and fixed line/data. It is 100% owned by Singapore Telecommunications Limited ("SingTel" rated Aa3/Stable), itself owned 52% by Temasek Holdings (Pte) Limited which is in turn owned 100% by the Singapore Government.

The principal methodology used in this rating was the Global Telecommunications Industry published in December 2010. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

For any affected securities or rated entities receiving direct credit support from the primary entity(ies) of this rating action, and whose ratings may change as a result of this rating action, the associated regulatory disclosures will be those of the guarantor entity. Exceptions to this approach exist for the following disclosures, if applicable to jurisdiction: Ancillary Services, Disclosure to rated entity, Disclosure from rated entity.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the ratings tab on the issuer/entity page on www.moodys.com for additional regulatory disclosures for each credit rating.

Ian Lewis
Senior Vice President
Corporate Finance Group
Moody's Investors Service Pty. Ltd.
Level 10
1 O'Connell Street
Sydney NSW 2000
Australia
JOURNALISTS: (612) 9270-8102
SUBSCRIBERS: (612) 9270-8100

Terry Fanous
Associate Managing Director
Corporate Finance Group
JOURNALISTS: (612) 9270-8102
SUBSCRIBERS: (612) 9270-8100

Releasing Office:
Moody's Investors Service Pty. Ltd.
Level 10
1 O'Connell Street
Sydney NSW 2000
Australia
JOURNALISTS: (612) 9270-8102
SUBSCRIBERS: (612) 9270-8100

© 2014 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ISSUED BY MOODY'S INVESTORS SERVICE, INC. ("MIS") AND ITS AFFILIATES ARE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND CREDIT RATINGS AND RESEARCH PUBLICATIONS PUBLISHED BY MOODY'S ("MOODY'S PUBLICATION") MAY INCLUDE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS AND MOODY'S OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. CREDIT RATINGS AND MOODY'S PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. NEITHER CREDIT RATINGS NOR MOODY'S PUBLICATIONS COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS AND PUBLISHES MOODY'S PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS FOR RETAIL INVESTORS TO CONSIDER MOODY'S CREDIT RATINGS OR MOODY'S PUBLICATIONS IN MAKING ANY INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the

information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing the Moody's Publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

MIS, a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MIS have, prior to assignment of any rating, agreed to pay to MIS for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moodys.com under the heading "Shareholder Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

For Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657 AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of

section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail clients. It would be dangerous for "retail clients" to make any investment decision based on MOODY'S credit rating. If in doubt you should contact your financial or other professional adviser.