



Media Statement on Moody's Report

Singtel refers to the Moody's Investors Service Pty. Ltd.'s report on Singtel Optus Pty Ltd (Optus) dated 6 Mar 2019 (as attached).

Optus remains financially disciplined and committed to maintaining an investment-grade credit ratings.

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Rating Action: Moody's revises outlook for Singtel Optus and Optus Finance to negative

06 Mar 2019

Sydney, March 06, 2019 -- Moody's Investors Service ("Moody's") has revised the ratings outlook on Singtel Optus Pty Limited (Optus) and Optus Finance Pty Limited (Optus Finance) to negative from stable.

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At the same time, Moody's has affirmed Optus' A2 issuer rating, and Optus Finance's BACKED Senior Unsecured MTN rating of (P)A2 and BACKED Senior Unsecured rating of A2.

RATINGS RATIONALE

Optus is the parent and guarantor of Optus Finance and both of their A2 ratings include a two-notch uplift based on Singapore Telecommunications Limited's (Singtel, A1 negative) 100% ownership of Optus, which Moody's believes will result in credit support in times of financial stress.

The change in outlook for Optus and Optus Finance is based on the change in outlook for Singtel to negative from stable announced on 5 March, 2019.

Singtel's leverage -- as measured by net debt/EBITDA -- had progressively increased to 2.03x for the 12 months ended December 2018.

Furthermore, Moody's expects Singtel to partially or fully subscribe to its portion of the INR250 billion (\$3.5 billion) rights issue announced by Bharti Airtel Ltd. (Ba1 negative), Singtel's 39.5% associate in India. If the additional equity injection into Bharti is predominantly debt funded at the Singtel level, then Singtel's metrics will further weaken, and net leverage will reach 2.2x-2.4x in the absence of capital-restructuring initiatives.

This situation may strain Singtel's capacity to support Optus.

Rating Outlook

The rating outlook is negative, reflecting Moody's view that the weakening in Singtel's financial profile may affect its ability to support Optus and Optus Finance if necessary.

Factors that Could Lead to an Upgrade

Given the negative outlook, Moody's does not envision upward pressure on the rating.

Factors that Could Lead to a Downgrade

Moody's may downgrade the ratings of Optus and Optus Finance if the implied support from Singtel is reduced, or if Singtel's credit rating is downgraded, or there is a weakening of Optus' financial profile due to increased dividend payments to Singtel, or lower EBITDA results in debt/EBITDA exceeding 2.2x.

The principal methodology used in these ratings was Telecommunications Service Providers published in January 2017. Please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

Optus Finance Pty Limited is wholly owned by Singtel Optus Pty Limited, which in turn is owned by Singapore Telecommunications Limited. Optus is an integrated communications services provider in Australia, and the second-largest provider of mobile services and third-largest in fixed-line services, as measured by the number of subscribers.

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