

Moody's upgrade Imperial Holdings' (South Africa) foreign currency credit rating

Moody's Investor Services (Moody's) announced on Friday, 14 January 2005, that it has upgraded to Baa1, the foreign currency issuer rating of Imperial Group (Pty) Ltd, fully and unconditionally guaranteed by Imperial Holdings Ltd (Imperial).

Moody's reiterated its long and short-term issuer National Scale Ratings (NSR) of Aa3.za and Prime-1.za, respectively. The Group's local currency issuer rating of Baa1 was also unaffected by the review.

Moody's noted that the upgrade followed that of the South African government's sovereign rating to Baa1 three days earlier, raising the country ceiling for foreign currency debt and bank deposits.

"We are delighted by this upgrade as it highlights the quality of Imperial's credit risk and the efficacy of our business model. It further supports our capital market funding strategy and, should the need arise, Imperial will be able to efficiently raise funding locally and offshore." said Bill Lynch, Imperial CEO.

Hubert Brody, the Group Treasurer at Imperial Holdings explained, "Credit ratings are used by investors as indicators of the likelihood that a company would timeously meet its debt obligations. Credit ratings are firstly differentiated between short term and long term ratings, and thereafter between national scale ratings and ratings on the international scale. International scale ratings are differentiated between local and foreign currency ratings. Moody's' rating scale have a range from Aaa, which is the highest quality debt, to C, which indicates a strong likelihood of default. All A-ratings and Baa-ratings are classified as investment grade, placing Imperial Holdings in an investment grade category in respects of all its ratings. It also obtained a Prime-1.za short term rating which indicates the highest quality of short term credit available on a domestic currency basis in South Africa."

Imperial Holdings has been a consistent issuer of corporate paper in the domestic capital and money markets, with R 2.6 billion in corporate bonds in issue and R2.2 billion in commercial paper, with a tenor of up to one year, in issue. The corporate bonds were issued over different maturities, the latest bond, IPL3, being issued during November 2003 for a period of seven years.

Bill Lynch concluded, "The executive management team welcome the Moody's rating awarded to Imperial. As a diversified and highly integrated Group operating within the mobility and transport sector, Imperial is exposed to different business drivers and levels of risk across each division. This rating confirms that each business and its risks are effectively managed to enhance profitability, generate cash and create value."