

# S&P gives Twitter debt 'junk' rating (Update)

November 13 2014

---



Standard & Poor's gave Twitter's recent \$1.8 billion debt issue a "speculative" rating of BB- on Thursday, weighing the company's push for acquisitions against likely slow growth in earnings.

S&P said the rating, roughly in the middle of the speculative or "junk" range, acknowledges expectations of healthy user and income growth at the popular online micro-messaging and social networking service.

S&P said it expects Twitter "will continue to experience very strong

growth and not encounter a significant increase in competitive pressure."

"We expect the company to experience very high growth over the next two to three years as it expands internationally and grows revenue as well," said S&P.

But it pointed to the company's plans for expansion through investment and takeovers, noting the funds from its September convertible debt issue in part are to be used for acquisitions.

"The company is investing very aggressively in growth. Depending on the level of business reinvestment, Twitter may not generate positive discretionary cash flow until 2016," S&P said.

Created in 2006, Twitter has grown rapidly and went public in September 2013.

The company recently said it has 264 million regular users and another 500 million who do not sign in to visit the site.

On Wednesday it unveiled new changes and services to enhance its attractiveness to users and the advertisers who pursue them.

© 2014 AFP

Citation: S&P gives Twitter debt 'junk' rating (Update) (2014, November 13) retrieved 24 April 2024 from <https://phys.org/news/2014-11-sp-twitter-debt-junk.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.