

Media Release:

Outlook On Ho Ing Mobility Service Co. Ltd. Revised To Stable On Improving Profitability; 'twA-/twA-2' Ratings Affirmed

October 20, 2026

Rating Action Overview

- We believe **Ho Ing Mobility Service Co. Ltd.** could meaningfully enhance its profitability over the next two years, supported by its asset-light strategy and more advanced fleet management. We now forecast Ho Ing could restore its EBIT margin to 2.6% in 2026 and 3.8% in 2027 from negative 0.4% in 2025, and the EBIT interest coverage ratio recover to 1.3x-1.6x over the same period, despite our assumption of rising interest rates over the period.
- We have therefore revised our outlook on the long-term issuer credit rating on Ho Ing to stable from negative to reflect our view that the company could keep its EBIT interest coverage ratio consistently above 1.3x over the next two years through its improving profitability.
- At the same time, we affirmed our 'twA-' long-term and 'twA-2' short-term issuer ratings on Ho Ing.

Rating Action Rationale

The outlook revision to stable reflects the likelihood that Ho Ing could restore its financial strength over 2026-2028. We believe the company could improve its profitability through operational enhancement, specifically the transition to an asset-light strategy and more advanced fleet management. Consequently, we forecast Ho Ing's adjusted EBIT will increase to new Taiwan dollar (NT\$) 96 million in 2026, NT\$139 million in 2027, and NT\$178 million in 2028. This operational enhancement should bolster Ho Ing's gross profit margin to 41%-42% over 2026-2028 from 39.5% in 2025, despite the company's declining revenue under a smaller self-owned fleet. The improving profitability is also likely to drive up the EBIT interest coverage ratio from negative 0.3x in 2025 to over positive 1.3x in 2026-2028, even with the headwind of rising interest expenses from higher interest rates.

Reduced self-owned fleet could significantly reduce its operating costs over 2026-2028. In our view, Ho Ing is likely to cease maintaining its own scooter-sharing fleet by end the end of 2026 and maintain a smaller self-owned car-sharing fleet over the next two years. This could significantly reduce operating costs by the end of 2028. Ho Ing has utilized its own e-scooter fleet to offer a scooter sharing service since the company's inception, which requires hefty maintenance costs for cleaning and changing batteries. This results in a consistent operating loss that reached about NT\$87 million in 2025. To enhance its profitability, Ho Ing began collaborating with another local

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player, WeMo Corp., to offer scooter-sharing services through WeMo's fleet since the start of October 2025. In addition to ending its own scooter fleet, the company is transiting to an asset-light strategy for its car-sharing business by reducing the size of its self-owned car fleet and partnering with smaller peers. We believe these will allow Ho Ing to decrease its fleet-related operating costs, which could materially enhance Ho Ing's profitability from 2026.

We believe Ho Ing will maintain its asset light operations to enhance profitability. Its self-owned car-rental fleet size could decrease to between 5,700-6,500 vehicles over 2026-2028, compared to 7,300 at the end of 2025, with annual capital expenditure (capex) hovering around NT\$183 million in 2026. This reflects a period of minimal vehicle procurement, and NT\$806 million annually in 2027-2028, compared to NT\$1.1 billion in 2024 and NT\$845 million in 2025.

Operating efficiency could improve through advanced fleet management. We expect the closure of non-profitable on-site car rental stations and parking lots along with the redeployment of vehicles to car-sharing locations or other higher-demand on-site rental stations will ensuring optimal alignment between vehicle availability and consumer demand. This could improve the average fleet utilization in on-site car rental business to over 45% from 2026, compared to 39.8% in 2024 and 44.2% in 2025, and fleet utilization for its car sharing business to remain stable at 19%-20% throughout 2026-2028.

Ho Ing could narrow its losses from asset disposal throughout 2026-2028. The company's transition toward an asset-light strategy could reduce the overall volume of its asset disposals. Moreover, Ho Ing is leveraging group assistance to procure new vehicles at lower unit prices, thereby reducing disposal-related costs in the future. In addition, Ho Ing has established a dedicated asset management division from July 2025 to refine its asset disposal plan. We believe this team could achieve a higher average selling price by optimizing the disposal timing and achieve cost-savings mainly through price negotiations on fleet maintenance and repair services. As a result, we forecast Ho Ing's annual disposal losses will narrow to NT\$15 million-NT\$45 million in 2026-2028, compared to around NT\$89 million in 2025.

We continue to assess Ho Ing as a strategically important subsidiary of Hotai Motor Co. Ltd. group. In our view, Hotai Motor, which owns an 82.74% share of Ho Ing, will retain its ownership level and provide extraordinary financial support to the company as needed. Ho Ing's key role in promoting the parent group's 'Mobility as a Service' ecosystem mainly underpins its strategically important group status. This ecosystem seeks to promote interaction between the group and its customers through more frequent interactions, which could facilitate more precise marketing plans and customized service from this data. However, we view Ho Ing's operations as somewhat distanced and detachable from the group's core car dealer business. This, along with Ho Ing's insignificant 2% contribution to the group's overall EBITDA in 2025, mainly limit the company from receiving a higher group status assessment.

Outlook

The stable rating outlook reflects our view that Ho Ing's ratio of EBIT interest coverage could continue to recover and the company's credit metrics and profitability continue to restore in 2026-2028. The improving EBIT interest coverage is supported by Ho Ing's plans to cease maintaining its own scooter-sharing fleet, shift to an asset-light business model, and more advanced fleet management. This is despite the fact that the company remains exposed to the used car market volatility, along with the fragmented and competitive domestic car rental market.

Downward scenario

We may lower the long-term rating on Ho Ing if the company's EBIT interest coverage ratio fails to improve to above 1.3x and its ratio of funds from operations (FFO) to debt fails to sustainably stay above 12% over the next 12-24 months. This could occur if:

- Ho Ing fails to improve the utilization of its car-sharing and on-site car rental fleet, possibly due to a prolonged industry downturn and intensifying domestic competition;
- The company fails to achieve meaningful cost savings through key turnaround strategies, resulting in a sustainably lower profit margin; or
- The company takes on a more aggressive fleet expansion than we forecast, or a more rapid rise in interest rates than anticipated, leading to materially higher debt leverage and interest burden.

We could also lower the rating, although the likelihood is very low, if we believe Hotai Motor's link with and financial support to Ho Ing have weakened materially, possibly due to Hotai Motor significantly lowering its ownership stake in Ho Ing or if the company relinquishes its seats on Ho Ing's board of directors.

Upward scenario

We could upgrade Ho Ing if the EBIT interest coverage ratio improves to above 2.4x on a sustainable basis. Such an improvement could be driven by significantly higher utilization rates within the car-sharing and on-site rental segments, or by the successful execution of the asset-light strategy, which would yield higher-than-anticipated profitability and enhanced operating cash flow generation.

Our Base-Case Scenario

- S&P Global's forecast for Taiwan's real GDP to grow by 10.9% in 2026, 3.8% in 2027, and 3.5% in 2028.
- Ho Ing's revenue to decline by 7.7% in 2026, mainly reflecting the company's asset light strategy with around a 13% reduction in its self-owned fleet size. Revenue decline could narrow to around 1.6%-2.5% in 2027-2028 under moderate improvement in utilization for the company's car-sharing and on-site car rental fleet. The breakdown for growth across segments is as follows:
 - On-site car rental segment revenue to increase by around 5% in 2026 on utilization improvement but could decline by 6% in 2027 and 2% in 2028, due to smaller car fleet.
 - Car-sharing segment revenue to decline by around 9% in 2026, and by 10% in 2027, but the decline could narrow to 3% in 2028, on a smaller car fleet under the asset light strategy.
 - Chauffeur service segment revenue to grow by 5% in 2026 on new clients and could grow by 0.5%-1.0% annually in 2027-2028, mainly underpinned by robust airport pick-up and drop-off demand.
 - Parking lot service segment revenue to decline by 6% in 2026 and by 1%-2% annually in 2027-2028, due to the closure of underperforming parking lots.
 - Fleet disposal revenue to decline year on year by 34% in 2026, reflecting the material reduction in fleet disposals during the year. Fleet disposal revenue could remain stable at NT\$400 million-NT\$500 million 2027-2028.
- Average fleet utilization for on-site car rental business could recover and sustain at 45%-47% during 2026-2028, following the closure of underperforming stations. Fleet utilization for the

car-sharing segment could remain at 19%-20% in 2026-2028, compared to 19.4% in the first half of 2026 because the company's accumulated operating experience and abundant user data could support better fleet deployment amid strong market competition.

- We assume the average hourly rental rate will remain steady in 2026-2028. This reflects the price-sensitive nature of Ho Ing's car-sharing clients and the competitive domestic car rental market.
- Gross margin before depreciation and amortization could improve and stay stable at 41%-42% in 2026-2028, compared to 39.5% in 2025.
- Selling, general and administrative expense ratio to remain at 24% in 2026-2028.
- Annual capex of around NT\$183 million in 2026, and NT\$806 million annually in 2027-2028, lower than NT\$845 million in 2025 due to Ho Ing's decreasing self-owned fleet size.
- Fleet disposal loss could narrow to around NT\$45 million in 2026 compared to NT\$89 million recorded in 2025. This reduction is driven by Ho Ing's transition toward an asset-light strategy, resulting in fewer vehicle disposals, and the optimization of disposal processes via a new asset management division established in July 2025. Fleet disposal losses could narrow to NT\$30 million in 2027 and further to NT\$15 million in 2028.
- Interest rate to increase to 2.0%-2.1% in 2026, and to 2.4%-2.5% in 2027-2028.
- We do not expect a cash dividend payout over the next two years, because profits throughout 2026-2028 will be used to cover the losses from previous years.
- We do not anticipate Ho Ing paying tax over the next two years, because it has tax loss carryforwards of NT\$226 million as of December 31, 2025.

Ho Ing Mobility Service Co. Ltd. – Taiwan Ratings Corp. Forecast summary

Industry sector: Operating Leasing

(Mil. NT\$)	2024a	2025a	2026e	2027f	2028f
Revenue	4,710	4,051	3,740	3,681	3,589
Funds from operations (FFO)	568	553	572	538	544
EBIT	(73)	(16)	96	139	178
Interest expense	76	64	75	90	89
Cash flow from operations (CFO)	1,291.0	1,209.0	1,054	997	1,006
Capital expenditure (capex)	1,134	846	183	806	806
Free operating cash flow (FOCF)	157	364	872	191	200
Debt (reported)	3,868	3,538	3,538	3,538	3,538
Plus: Lease liabilities debt	171	164	158	152	146
Debt	4,039.0	3,702.0	3,696.0	3,690.0	3,684.0
Cash and short-term investments (reported)	77	92	967	1,161	1,363
Adjusted ratios					
EBIT interest coverage (x)	(1.0)	(0.3)	1.3	1.6	2.0
Debt/debt and equity (%)	87.5	88.1	87.7	86.6	84.9
FFO/debt (%)	14.1	14.9	15.5	14.6	14.8
Annual revenue growth (%)	2.3	(14.0)	(7.7)	(1.6)	(2.5)
EBIT margin (%)	(1.6)	(0.4)	2.6	3.8	5.0

All figures are adjusted by Taiwan Ratings Corp., unless stated as reported. Figures for the forecast period are based on Taiwan Ratings Corp.'s base-case scenario. a--Actual. e--Estimate. f--Forecast. NT\$--new Taiwan dollar.

Liquidity: Less than adequate

The short-term rating on Ho Ing is 'twA-2'. We assess Ho Ing's liquidity as less than adequate. We expect the company's ratio of liquidity sources to uses to remain at 0.40x over the next 12 months ending June 30, 2027. Despite the relatively low liquidity ratio, we believe Ho Ing has fair headroom to manage its liquidity risk even if the company's performance fluctuates. This is based on our view that Ho Ing will maintain a sound relationship with local banks, given its parent-subsidiary relationship with Hotai Motor group. Accordingly, we do not expect Ho Ing to face difficulties rolling over its short-term debts or securing new credit facilities over the next 12 months. In addition, we believe the company has generally prudent risk management, as indicated by the internal limit on its credit utilization rate.

Principal liquidity sources

- Cash and short-term investment of around NT\$238 million as of June 30, 2026.
- FFO of around NT\$566 million over the 12 months ending June 2027.
- Working capital inflows of NT\$462 million over the 12 months ending June 2027.

Principal liquidity uses

- Debt maturity of around NT\$3.1 billion over the 12 months ending June 2027.
- Capex of around NT\$32 million over the 12 months ending June 2027.

Rating Components Score

Ho Ing Mobility Service Co. Ltd.		
	To	From
Issuer Credit Rating	twA-/Stable/twA-2	twA-/Negative/twA-2
Business risk	Weak	Weak
Country risk	Intermediate	Intermediate
Industry risk	Intermediate	Intermediate
Competitive position	Weak	Weak
Financial risk	Aggressive	Aggressive
Cash flow/Leverage	Aggressive	Aggressive
Anchor	twbb+	twbb+
Modifiers		
Diversification/Portfolio effect	Neutral (no impact)	Neutral (no impact)
Capital structure	Negative (-1 notch)	Negative (-1 notch)
Financial policy	Neutral (no impact)	Neutral (no impact)
Liquidity	Less Than Adequate (No impact)	Less Than Adequate (No impact)
Management and governance	Neutral (no impact)	Neutral (no impact)
Comparable ratings analysis	Positive (+1 notch)	Positive (+1 notch)
Stand-alone credit profile (SACP)	twbb+	twbb+
Group credit profile	twaa-	twaa-
Entity status within group	Strategically important (+4 notches from SACP)	Strategically important (+4 notches from SACP)
Note: The above descriptors are in comparison with global obligors.		

Related Criteria

- Criteria | Corporates | Industrials: Key Credit Factors For The Operating Leasing Industry - December 14, 2016
- General Criteria: Country Risk Assessment Methodology And Assumptions - November 19, 2013
- Criteria | Corporates | General: Corporate Methodology - January 07, 2024
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers - December 16, 2014
- General Criteria: Methodology: Industry Risk - November 19, 2013
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings - October 10, 2021
- General Criteria: Group Rating Methodology - July 01, 2019
- General Criteria: Principles Of Credit Ratings - February 16, 2011
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities - January 07, 2024
- General Criteria: National And Regional Scale Credit Ratings Methodology - June 08, 2023
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments - April 01, 2019

(Unless otherwise stated, these articles are published on www.taiwanratings.com)

Ratings List

Ratings Affirmed; Outlook Action

	To	From
Ho Ing Mobility Service Co. Ltd.		
Issuer Credit Rating	twA-/Stable/twA-2	twA-/Negative/twA-2

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.taiwanratings.com for further information. Complete ratings information is available to subscribers of Rating Research Service at rrs.taiwanratings.com.tw. All ratings affected by this rating action can be found on Taiwan Ratings' public website at www.taiwanratings.com.

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