

## Bulletin

# Taiwan Cement Corp.'s Overseas Acquisition Has Minimal Debt Impact

August 1, 2019

Taiwan Ratings Corp. said today that overseas regulatory approval for a joint venture investment in Portugal has no effect on our ratings or outlook on **Taiwan Cement Corp.** (twA+/Stable/twA-1). Taiwan Cement recently announced it had gained regulatory approval in Portugal for Dutch OYAK TCC Holdings B.V. (Taiwan Cement's joint venture company with Turkey's Ordu Yardimlasma Kurumu) to acquire Cimpor Portugal SGPS S.A. We believe the joint venture has retained sufficient funding for the planned acquisition and we do not expect Taiwan Cement to inject additional capital for the transaction. Meanwhile, we foresee minimal impact on Taiwan Cement's near term cash flow generation, given Cimpor Portugal's smaller operating scale and weaker profitability compared with Taiwan Cement. This is despite the long-term strategic importance of the acquisition to Taiwan Cement.

In the long term, Cimpor Portugal's contribution to the joint venture could increase through the company's business expansion in Africa, where infrastructure and economic development could spur cement demand. Cimpor Portugal currently sells its cement products to Africa through its operation in Cape Verde. Cimpor Portugal is the largest cement, ready-mixed concrete and aggregate cement producer in Portugal.

## Related Research

- Bulletin: Taiwan Cement Corp. To Retain Sufficient Financial Buffer Following Joint Venture Investment In Turkey, [www.taiwanratings.com](http://www.taiwanratings.com) - November 1, 2018

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