

Research Update:

Taiwan-based Unimicron Technology Corp. Ratings Affirmed At 'twA/twA-1'; Outlook Stable

May 25, 2020

Rating Action Overview

Taiwan Ratings Corp. today affirmed its 'twA' long-term and 'twA-1' short-term issuer credit ratings on **Unimicron Technology Corp.** The outlook on the long-term rating is stable.

The ratings on Unimicron reflect our view that the company will remain one of the top global IC carriers and high density interconnect (HDI) suppliers over the next one to two years, given the company's good technology capability and its well-established relationships with large global clients. In addition, Unimicron's relatively diversified product mix underpins the company's competitive strengths, in our view. We also expect the company to cap its debt to EBITDA ratio slightly below 2.5x in 2020 before gradually deleveraging, despite high capital expenditure. These strengths are somewhat offset by rising competition and margin pressures on its key product segments such as HDI and strong buyer power, particularly amid gloomy global technology sector prospects, as well as weaker performance on flexible printed circuits and conventional printed circuit boards.

Related Criteria

- General Criteria: Group Rating Methodology - July 01, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments - April 01, 2019
- Understanding Taiwan Ratings' Rating Definitions - June 26, 2018
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers - December 16, 2014
- General Criteria: Country Risk Assessment Methodology And Assumptions - November 19, 2013
- General Criteria: Methodology: Industry Risk - November 19, 2013
- Criteria | Corporates | General: Corporate Methodology - November 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities - November 13, 2012
- General Criteria: Use Of CreditWatch And Outlooks - September 14, 2009

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Ratings List

Ratings Affirmed

Unimicron Technology Corp.

Issuer Credit Rating

twA/Stable/twA-1

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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