

Research Update:

Taiwan Power Co. Ratings Affirmed At 'twAAA/twA-1+'; Outlook Stable

June 18, 2020

Rating Action Overview

Taiwan Ratings Corp. today affirmed its 'twAAA' long-term and 'twA-1+' short-term issuer credit ratings on **Taiwan Power Co.** (Taipower). At the same time, we affirmed our 'twAAA' issue credit rating on the company's unsecured common corporate bonds. The outlook on the long-term rating remains stable.

The ratings on Taipower reflect our view that the Taiwan government is almost certain to provide timely financial support to the company, if needed, given Taipower's critical role to supply sufficient and reliable electricity to support the country's highly industrialized economy. We also believe the Taiwan government will maintain its ownership and tight control over Taipower over the next three to five years. In addition, we expect Taipower's stand-alone credit profile to remain stable during 2020-2021. This reflects our expectation that Taipower will continue to maintain significant headroom on its funds from operations cash interest coverage, which we expect to remain above 6x during the period, despite rising debt.

Related Criteria

- General Criteria: Rating Government-Related Entities: Methodology And Assumptions - March 25, 2015
- Understanding Taiwan Ratings' Rating Definitions - June 26, 2018
- General Criteria: Methodology For National And Regional Scale Credit Ratings - June 25, 2018
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings - March 28, 2018
- General Criteria: Group Rating Methodology - July 01, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments - April 01, 2019
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers - December 16, 2014
- Criteria | Corporates | Utilities: Key Credit Factors For The Regulated Utilities Industry - November 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions - November 19, 2013
- General Criteria: Methodology: Industry Risk - November 19, 2013

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- 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

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

Ratings List

Ratings Affirmed

Taiwan Power Co.

Issuer Credit Rating	twAAA/Stable/twA-1+
Issue Credit Rating	twAAA

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