

Research Update:

# Yulon Motor Co. Ltd. 'twBBB+/twA-2' Ratings Affirmed; Outlook Stable

September 18, 2020

## Rating Action Rationale

Taiwan Ratings Corp. today affirmed its 'twBBB+' long-term and 'twA-2' short-term issuer credit ratings on **Yulon Motor Co. Ltd.** The outlook on the long-term rating is stable. The ratings on Yulon reflect several factors. These include the sizable and sustainable cash dividend from Yulon Nissan Motor Co. Ltd., Yulon Motor's shift to a prudent business development plan, and the company's good financial flexibility with large cashable investment properties on hand.

Counterbalancing these credit strengths are the company's increased debt leverage after consolidating Hua-chuang Automobile Information Technical Center Co. Ltd. and weak profitability as well as uncertain recovery process due to business restructuring of its Luxgen brand.

## Related Criteria & Research

### Related Criteria

- General Criteria: Group Rating Methodology - July 01, 2019
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers - December 16, 2014
- General Criteria: Methodology: Industry Risk - November 19, 2013
- Criteria | Financial Institutions | General: Nonbank Financial Institutions Rating Methodology - December 09, 2014
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments - April 01, 2019
- Criteria | Corporates | General: Corporate Methodology - November 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities - November 13, 2012
- General Criteria: Country Risk Assessment Methodology And Assumptions - November 19, 2013

### Related Research

- Taiwan Ratings' Ratings Definitions – August 10, 2020

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## Ratings List

### Ratings Affirmed

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#### Yulon Motor Co. Ltd.

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Issuer Credit Rating

twBBB+/Stable/twA-2

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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](http://www.taiwanratings.com) for further information. Complete ratings information is available to subscribers of Rating Research Service at [rrs.taiwanratings.com.tw](http://rrs.taiwanratings.com.tw). All ratings affected by this rating action can be found on Taiwan Ratings' public website at [www.taiwanratings.com](http://www.taiwanratings.com).

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