

Research Update:

# TECO Electric & Machinery Co. Ltd. Ratings Affirmed At 'twA+/twA-1'; Outlook Stable

February 26, 2021

## Rating Action Overview

Taiwan Ratings Corp. today affirmed its 'twA+' long-term and 'twA-1' short-term issuer credit ratings on **TECO Electric & Machinery Co. Ltd.** The outlook on the long-term rating is stable.

The ratings reflect the stable market position and improving product mix for TECO's motor business, which helps keep the volatility of the company's profitability low. In addition, the ratings reflect our view that TECO's strong and sustainable operating cash flow generation will enable it to maintain low debt leverage over the next one to two years. These strengths are partly offset by the company's high profit concentration on motor business, slightly weaker technology capabilities and product mix than its global peers, and the relatively weak, albeit improving performance of its non-motor business.

## Related Criteria & Research

### Related Criteria

- 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
- 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: Principles Of Credit Ratings - February 16, 2011

### Related Research

- Taiwan Ratings' Ratings Definitions – August 10, 2020

(Unless otherwise stated, these articles are published on [www.taiwanratings.com](http://www.taiwanratings.com))

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## Ratings List

### Ratings Affirmed

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TECO Electric & Machinery Co. Ltd.

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Issuer Credit Rating

twA+/Stable/twA-1

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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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