

Research Update:

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

February 24, 2022

Rating Action Rationale

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 core motor business, which helps to maintain its volatility of profitability at lower level. The ratings also reflect our view that TECO's sustainable operating cash flow generation will enable it to maintain low debt leverage, with the ratio of debt to EBITDA below 1x, over the next 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 that of its global peers, and the relatively weak, albeit improving, profitability performance of its non-motor business.

Related Criteria & Research

Related Criteria

- General Criteria: Methodology For National And Regional Scale Credit Ratings - June 25, 2018
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings - October 10, 2021
- 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

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Ratings List

Ratings Affirmed

TECO Electric & Machinery Co. Ltd.

Issuer Credit Rating	twA+/Stable/twA-1
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