

Research Update:

# ECOVE Environment Corp. Ratings Affirmed At 'twA/twA-1'; Outlook Stable

March 28, 2022

## Rating Action Overview

Taiwan Ratings Corp. today affirmed its 'twA' long-term and 'twA-1' short-term issuer credit ratings on **ECOVE Environment Corp.** The outlook on the long-term rating is stable. The ratings on ECOVE reflect our view that the company will remain the key subsidiary of Taiwan-based CTCL Corp. contributing more than 50% of the group's operating profit.

ECOVE's stand-alone credit profile reflects our view that several factors continue to support the company's competitive position and relatively stable performance. These include ECOVE's good position in Taiwan's waste to energy market, high industry barriers and protection through long-term contracts, and business integration with the parent group. However, ECOVE's limited scale and geographic diversity, as well as business concentration in Taiwan's major domestic incinerators with contract renewal risk temper these strengths. We forecast ECOVE's debt leverage to grow to 3x-4x in 2023, along with the company's expansion in solar power and waste management businesses. Nonetheless, we believe ECOVE will take adequate measures to prevent its leverage from rising further when pursuing growth opportunities.

## Related Criteria & Research

### Related Criteria

- General Criteria: Group Rating Methodology - July 01, 2019
- 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
- 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

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## Related Research

– Taiwan Ratings' Ratings Definitions – August 10, 2020

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## Ratings List

### Ratings Affirmed

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#### ECOVE Environment Corp.

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Issuer Credit Rating	twA/Stable/twA-1
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