

Research Update:

# Vanguard International Semiconductor Corp. 'twA+/twA-1' Ratings Affirmed; Outlook Stable

April 26, 2022

## Rating Action Rationale

Taiwan Ratings Corp. today affirmed its 'twA+' long-term and 'twA-1' short-term issuer credit ratings on **Vanguard International Semiconductor Corp.** The outlook on the long-term rating is stable. The ratings on Vanguard reflect our view that the company's good market position and competitive technology ability in foundry services will continue to support its stable performance with good yield and utilization over the next two years. We also expect Vanguard will remain largely debt free over the same period. The company's strengthening operating cash flow and clients' strong financial commitment should support Vanguard's capacity expansion over the next two years.

However, the company's product and client concentration with smaller operating scale as well as weaker pricing power and absolute profitability than global leading peers' temper these rating strengths. In addition, technology transition will bring some downside risk to Vanguard's stable performance over the longer-term.

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## 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

#### Vanguard International Semiconductor Corp.

Issuer Credit Rating	twA+/Stable/twA-1
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