

Research Update

Aerospace Industrial Development Corp. Ratings Affirmed At 'twAA/twA-1+'; Outlook Remains Negative

May 16, 2022

Rating Action Rationale

Taiwan Ratings Corp. today affirmed its 'twAA' long-term and 'twA-1+' short-term issuer credit ratings on **Aerospace Industrial Development Corp.** (AIDC). The outlook on the long-term rating remains negative, which reflects the downside risk that the company's ratio of debt to EBITDA could remain above 5x for a prolonged period.

The ratings on AIDC reflect the company's monopoly role providing self-developed aircraft to Taiwan's military with sustainable business from the maintenance of such aircraft, the government's policy to increase self-sufficiency in airborne defense, as well as relatively stable of commercial aircraft's engine business. In addition, we believe there is a very high likelihood the company will receive extraordinary government support should AIDC experience financial stress. These strengths are partly offset by the company's relatively small scale and limited projects on hand, high client concentration with strong bargaining power, and high debt leverage.

Related Criteria & Research

Related Criteria

- General Criteria: Rating Government-Related Entities: Methodology And Assumptions - March 25, 2015
- 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

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Related Research

– Taiwan Ratings' Ratings Definitions – August 10, 2020

(Unless otherwise stated, these articles are published on www.taiwanratings.com)

Ratings List

Ratings Affirmed

Aerospace Industrial Development Corp.

Issuer Credit Rating	twAA/Negative/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 for further information. Complete ratings information is available to subscribers of Rating Research Service at rrs.taiwanratings.com.tw. All ratings affected by this rating action can be found on Taiwan Ratings' public website at www.taiwanratings.com.

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