

Research Update:

Taiwan Water Corp. Ratings Affirmed At 'twAAA/twA-1+'; Outlook Stable

March 21, 2023

Rating Action Overview

Taiwan Ratings Corp. today affirmed its 'twAAA' long-term and 'twA-1+' short-term issuer credit ratings on **Taiwan Water Corp.** The outlook on the long-term rating is stable.

The ratings on Taiwan Water reflect our view of the almost certain provision of timely and sufficient extraordinary financial support to the company by the Taiwan government, if Taiwan Water has financial distress. This is because of Taiwan Water's critical role to supply sufficient and reliable water to support Taiwan's highly industrialized economy and general household needs. We also believe that Taiwan Water will remain integrally linked with the central government of Taiwan. In addition, we expect Taiwan Water's stand-alone credit profile to remain stable over the next one to two years.

In our view, the company will see a rising cost structure and higher capital expenditure over the next one to two years. This will increase debt and weaken profitability over the same period. However, Taiwan Water is likely to maintain some buffer for its interest coverage ratio to support the company's financial strengths, largely thanks to its status as government-owned enterprise.

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

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- Criteria | Corporates | Utilities: Key Credit Factors For The Regulated Utilities Industry - November 19, 2013
- 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 – November 11, 2021

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

Ratings List

Ratings Affirmed

Taiwan Water Corp.

Issuer Credit Rating	twAAA/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 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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