

Research Update:

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

March 24, 2023

## 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 core subsidiary of Taiwan-based CTCI Corp. and contribute more than 50% of the group's operating profit over the next one to two years.

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 entry barriers and effective protection through long-term contracts, and business integration with the parent group, which improves its new business acquisitions and management resources. 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. Our base case estimates that the company's debt leverage will increase to above 3x in 2024, along with its expansion in solar power, recycling, 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

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- 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

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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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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](http://www.taiwanratings.com) for further information. Complete ratings information is available to subscribers of Rating Research Service at [rrs.taiwanratings.com.tw](http://rrs.taiwanratings.com.tw). All ratings affected by this rating action can be found on Taiwan Ratings' public website at [www.taiwanratings.com](http://www.taiwanratings.com).

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