

Research Update:

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

April 27, 2023

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 and outlook on Vanguard reflect our view that the company's sufficient financial buffer with high cash on hand and slowing down capacity expansion plan could help the company to sustain its net cash position in 2023-2024, despite low utilization amid a market downturn. We also expect Vanguard to defend its pricing during the current period of demand weakness, given the company's improving product mix and client relationship management.

In addition, the ratings continue to reflect Vanguard's good position and competitive technology capability in providing mature foundry services. However, the rating strengths are tempered by the company's product and client concentration with smaller operating scale as well as weaker pricing power and absolute profitability than global leading peers. In addition, technology transition will bring some downside risks to Vanguard's stable performance over the longer-term.

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 - November 11, 2021

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Ratings List

Ratings Affirmed

Vanguard International Semiconductor Corp.

Issuer Credit Rating

twA+/Stable/twA-1

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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