

Research Update:

Delta Electronics Inc. Ratings Affirmed At 'twAA/twA-1+'; Outlook Stable

November 23, 2023

Rating Action Rationale

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

The ratings reflect Delta's leading market share in the global power supply and thermal component markets for information technology applications, significant business diversity across power electronics, automation and power infrastructure, and strong and sustainable free operating cash flow. The ratings also reflect our view that Delta could maintain a net cash position over the next two years, based on its still-robust profitability, despite elevated capital expenditure and working capital needs. Several factors temper these strengths. These include the company's smaller scale and narrower product and service offerings than leading global automation and power infrastructure peers, intense industry competition, and Delta's weaker supply chain for its developing electric vehicle and automation businesses. In addition, the company faces significant cyclical and rapid product evolution in the technology sector.

Related Criteria & Research

Related Criteria

- General Criteria: National And Regional Scale Credit Ratings Methodology - June 08, 2023
- General Criteria: Group Rating Methodology - July 01, 2019
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers - December 16, 2014
- 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: Country Risk Assessment Methodology And Assumptions - November 19, 2013
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings - October 10, 2021
- General Criteria: Principles Of Credit Ratings - February 16, 2011
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments - April 01, 2019

Related Research

- Taiwan Ratings' Ratings Definitions - November 11, 2021

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

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Ratings List

Ratings Affirmed

Delta Electronics Inc.	
Issuer credit ratings	twAA/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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