

Research Update:

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

March 15, 2024

## 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 faces financial distress. This is because of the company's critical role to supply sufficient and reliable water to support Taiwan's highly industrialized economy and general household needs. In addition, we believe the government will maintain its ownership and tight control over Taiwan Water over the next two to three years.

Meanwhile, weakening profitability and rising debt leverage could continue to weigh on Taiwan Water's stand-alone credit profile over the next one to two years. This is due to a prolonged freeze on water rates as well as the company's rising cost structure and higher capital expenditure over the same period. These factors narrow the buffer for Taiwan Water's interest coverage ratio and weaken its overall financial strength.

## Related Criteria & Research

### Related Criteria

- Criteria | Corporates | General: Corporate Methodology - January 07, 2024
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities - January 07, 2024
- General Criteria: National And Regional Scale Credit Ratings Methodology - June 08, 2023
- 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
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions - March 25, 2015
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers - December 16, 2014
- Criteria | Corporates | Utilities: Key Credit Factors For The Regulated Utilities Industry - November 19, 2013

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- General Criteria: Country Risk Assessment Methodology And Assumptions - November 19, 2013
- General Criteria: Methodology: Industry Risk - November 19, 2013
- General Criteria: Principles Of Credit Ratings - February 16, 2011

## Related Research

- Taiwan Ratings' Ratings Definitions – Nov. 11, 2021

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## 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](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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