

Research Update:

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

March 26, 2024

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 CTCL Corp. and contribute about 40% of CTCL group's operating profit over the next one to two years.

ECOVE's stand-alone credit profile reflects the company's good position in Taiwan's waste-to-energy market, high entry barriers of the sector, effective protection through long-term contracts, and ECOVE's synergy with the parent group on project acquisitions. However, ECOVE's limited scale and geographic diversity, as well as business concentration in a limited number of incinerators in Taiwan with significant contract renewal risk, temper these strengths. Our base case estimates that the company's debt leverage will increase significantly to above 2.5x in 2025, 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
- 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: 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
- Criteria | Corporates | Industrials: Key Credit Factors For The Unregulated Power And Gas Industry - March 28, 2014
- General Criteria: Country Risk Assessment Methodology And Assumptions - November 19, 2013
- General Criteria: Methodology: Industry Risk - November 19, 2013

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- General Criteria: Principles Of Credit Ratings - February 16, 2011
- General Criteria: Stand-Alone Credit Profiles: One Component Of A Rating - October 01, 2010

Related Research

- Taiwan Ratings' Ratings Definitions – November 11, 2021

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

Ratings List

Ratings Affirmed

ECOVE Environment Corp.

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 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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