

Research Update:

# Zyxel Group Corp. Ratings Affirmed At 'twA-/twA-2'; Outlook Stable

April 9, 2024

## Rating Action Rationale

Taiwan Ratings Corp. today affirmed its 'twA-' long-term and 'twA-2' short-term issuer credit ratings on **Zyxel Group Corp.** The outlook on the long-term rating is stable.

The ratings on Zyxel reflect the company's satisfactory technology capability, improving competitive environment, and early entry in the fifth generation (5G) home gateway market. Zyxel's moderate profitability should enable the company to generate discretionary cash flow and maintain a net cash position over the next one to two years. This is despite the company's likely weak operating performance in 2024. Several factors partly offset these strengths, including Zyxel's small operating scale, weak brand name, low bargaining power against major clients, and weak and volatile profitability which will continue to constrain the company's business profile.

## 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
- 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
- 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

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#### Zyxel Group Corp.

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Issuer Credit Rating

twA-/Stable/twA-2

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