

Research Update:

Hon Hai Precision Industry Co. Ltd. Ratings Affirmed At 'twAA+/twA-1+'; Outlook Stable

December 12, 2024

Rating Action Overview

Taiwan Ratings Corp. today affirmed its 'twAA+' long-term and 'twA-1+' short-term issuer credit ratings on **Hon Hai Precision Industry Co. Ltd.** The outlook on the long-term rating is stable. The ratings on Hon Hai reflect the company's strong market position as the world's largest electronic manufacturing services provider, strong operating efficiency, an unrivalled vertically integrated production model, and very low debt leverage.

We believe Hon Hai's strengthening revenue momentum over the next one to two years will enhance its cash flow generation, amid robust AI server demand. This should in turn support the company's escalating capital spending and investments for geographic diversification and future growth over the next same period. Hon Hai's high, albeit declining, customer and end-application concentration, and relatively high industry risks under increasing competition temper these strengths.

Related Criteria & Research

Related Criteria

- Criteria | Corporates | General: Sector-Specific Corporate Methodology - April 04, 2024
- General Criteria: National And Regional Scale Credit Ratings Methodology - June 08, 2023
- General Criteria: Group Rating Methodology - July 01, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings - March 28, 2018
- General Criteria: Guarantee Criteria - October 21, 2016
- 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
- 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

PRIMARY CREDIT ANALYST

Anne Kuo, CFA
Taipei
+886-2-2175-6828
anne.kuo
@spglobal.com
anne.kuo
@taiwanratings.com.tw

SECONDARY CONTACT

Susan Chen
Taipei
+886-2-2175-6817
susan.chen
@spglobal.com
susan.chen
@taiwanratings.com.tw

Related Research

- Taiwan Ratings' Ratings Definitions – November 11, 2021

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

Ratings List

Ratings Affirmed

Hon Hai Precision Industry Co. Ltd.

Issuer Credit Rating	twAA+/Stable/twA-1+
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