

Research Update:

Taiwan Cogeneration Corp. Ratings Affirmed At 'twA-/twA-2'; Outlook Stable

May 27, 2025

Rating Action Rationale

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

The ratings on Taiwan Cogen are supported by the company's low-risk business model involving the company's four invested gas-fired independent power plants (IPPs). These strengths are partly offset by Taiwan Cogen's less-stable cogeneration business due to volatile coal prices. In addition, the company's high capital expenditure on renewable energy and equity injection into one of its invested IPPs will lead to a significant increase in the company's debt over the next two years. However, we expect Taiwan Cogen's rising cash dividends from IPPs to support the company's EBITDA and maintain the ratio of FFO to debt at above 12% in 2025-2026.

We believe Taiwan Cogen's credit quality is partly insulated by Taiwan Power Co. (Taipower) and can be rated two notches above our assessment of Taipower's stand-alone credit profile (SACP). Accordingly, the rating on Taiwan Cogen is currently not constrained by our view of the SACP for Taipower at 'twbbb+'.

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Related Criteria & Research

Related Criteria

- Criteria | Corporates | General: Sector-Specific Corporate Methodology - April 04, 2024
- 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
(Unless otherwise stated, these articles are published on www.taiwanratings.com)

Ratings List

Ratings Affirmed

Taiwan Cogeneration Corp.

| | |
|----------------------|-------------------|
| Issuer Credit Rating | twA-/Stable/twA-2 |
|----------------------|-------------------|

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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