

Research Update

Uni-President Enterprises Corp. Ratings Affirmed At 'twAA/twA-1+'; Outlook Stable

June 17, 2019

Rating Action

Taiwan Ratings Corp. today affirmed its 'twAA' long-term and 'twA-1+' short-term issuer credit ratings on **Uni-President Enterprises Corp.** (UPE). The outlook on the long-term rating is stable. At the same time, we affirmed our senior unsecured issue rating on the company's debt at 'twAA'. The ratings on UPE reflect the company's good business diversity with strong, leading market positions in Taiwan's food and beverage and convenience store sectors, as well as improving performance in UPE's China-based subsidiary, **Uni-President China Holdings Ltd.**

The ratings on UPE also reflect our view that the company is likely to maintain its improved cash flow protection measures over the coming two years, given stable operating cash flow and modest capital expenditures. This should enable UPE to maintain its ratio of debt to EBITDA at 1.3x-1.5x over the next two years despite likely cash outflow of New Taiwan dollar (NT\$) 15 billion-NT\$20 billion for potential mergers and acquisitions. Counterbalancing the rating strengths is the higher industry risk in China's food and beverage market due to intense competition and volatile material costs.

Related Criteria

- General Criteria: Group Rating Methodology - November 19, 2013
- General Criteria: Methodology For National And Regional Scale Credit Ratings - June 25, 2018
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings - March 28, 2018
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments - April 01, 2019
- Understanding Taiwan Ratings' Rating Definitions, www.taiwanratings.com - June 26, 2018
- Criteria | Corporates | Industrials: Key Credit Factors For The Branded Nondurables Industry - May 07, 2015
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers - December 16, 2014
- Criteria | Corporates | Industrials: Key Credit Factors For The Containers And Packaging Industry - November 19, 2013
- Criteria | Corporates | Industrials: Key Credit Factors For The Retail And Restaurants Industry - November 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions - November 19, 2013
- General Criteria: Methodology: Industry Risk - November 19, 2013
- Criteria | Corporates | General: Corporate Methodology - November 19, 2013

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- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers - November 13, 2012
- General Criteria: Use Of CreditWatch And Outlooks - September 14, 2009

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Ratings List

Ratings Affirmed

Uni-President Enterprises Corp.

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|---------------------------------------|--------------------|
| Issuer Credit Ratings | twAA/Stable/twA-1+ |
| Unsecured Corporate Bond Issue Rating | twAA |

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