

Media Release

Orsted Wind Power TW Holding A/S Assigned 'twAA/twA-1+' Ratings; Outlook Stable

September 24, 2019

Rating Action

Taiwan Ratings Corp. today assigned its 'twAA' long-term and 'twA-1+' short-term issuer credit ratings on Orsted Wind Power TW Holding A/S, a fully owned subsidiary of Orsted A/S (Orsted, rated 'BBB+/Stable/A-2' by S&P Global Ratings and 'twAA/Stable/twA-1+'). The outlook on the long-term rating is stable. We equalized the ratings on Orsted Wind Power TW Holding to those on Orsted because the parent will guarantee all obligations of Orsted Wind Power TW Holding irrevocably and unconditionally. We believe that this guarantee constitutes credit substitution and therefore the evaluation of creditworthiness is not on Orsted Wind Power TW Holding, but on the parent. Orsted can terminate the general guarantee after a 90-day notice, but that will not affect debts existing before the termination. In addition, we believe that Orsted is unlikely to terminate the guarantee; the guarantee is critical for Orsted to finance the group's wind farm projects in Taiwan through its access to the Taiwan dollar bond market at low costs. If Orsted is no longer the majority owner in Orsted Wind Power TW Holding, the company can replace the guarantee and be released from its obligations by securing guarantor(s) of the same or stronger creditworthiness.

Outlook

The stable outlook on Orsted Wind Power TW Holding reflects the stable outlook on Orsted. We believe the operating performance of Orsted's wind power segment will remain credit supportive over the next two years, given the stable and predictable nature of the segment's operations. We expect Orsted's relationship with the Danish government to remain stable, and we believe there will be no significant changes to the company's current strategy or financial policies. This should support a ratio of FFO to debt of about 30% over the same period. We anticipate that Orsted will have some headroom for this target over the next two years, with FFO to debt averaging 40% before declining to about 37% in 2021.

Downward scenario

We may lower the rating on Orsted Wind Power TW Holding if the rating on Orsted is lowered. We may also lower the rating if we believe Orsted is likely to scale back its guarantee on the obligations of Orsted Wind Power TW Holding.

Upward scenario

We would raise the rating if we raise the rating on Orsted.

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Related Criteria & Research

Related Criteria

- General Criteria: Guarantee Criteria - October 21, 2016
- General Criteria: Methodology: Timeliness Of Payments: Grace Periods, Guarantees, And Use Of 'D' And 'SD' Ratings - October 24, 2013
- General Criteria: Group Rating Methodology - July 01, 2019
- General Criteria: Use Of CreditWatch And Outlooks - September 14, 2009
- General Criteria: Country Risk Assessment Methodology And Assumptions - November 19, 2013
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions - March 25, 2015
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities - November 13, 2012
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments - April 01, 2019
- Criteria | Corporates | General: Corporate Methodology - November 19, 2013
- General Criteria: Hybrid Capital: Methodology And Assumptions - July 01, 2019
- General Criteria: Stand-Alone Credit Profiles: One Component Of A Rating - October 01, 2010
- General Criteria: Methodology: Industry Risk - November 19, 2013
- Criteria | Corporates | Industrials: Key Credit Factors For The Unregulated Power And Gas Industry - March 28, 2014
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers - December 16, 2014
- Understanding Taiwan Ratings' Rating Definitions - June 26, 2018

Related Research

- Orsted A/S Assigned 'twAA/twA-1+' Ratings; Outlook Stable, Sept. 24, 2019

(Unless otherwise stated, these articles are published on www.standardandpoors.com, access to which requires a registered account)

Ratings List

New Ratings

Orsted Wind Power TW Holding A/S

Issuer Credit Ratings	twAA/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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