

Media Release:

# CTCI Corp. Ratings Affirmed At 'twA/twA-1'; Liquidity Revised To Strong From Exceptional; Outlook Stable

March 29, 2021

## Rating Action Overview

Taiwan Ratings Corp. today affirmed its 'twA' long-term and 'twA-1' short-term issuer credit ratings on **CTCI Corp.** The outlook on the long-term rating is stable. The ratings on CTCI reflect the company's sustained domestic market leadership, expanding overseas operating scale, and improving business diversity that will underpin its competitive position over the next one to two years. The company's smaller operating scale compared with that of its large-scale global engineering, procurement and construction (EPC) peers and weaker profit margin in its overseas EPC business partly temper these strengths. We also expect high volatility in CTCI's working capital movement and rising capital expenditure to constrain material improvement in its financial debt leverage over the next one to two years.

We have downwardly revised our assessment of CTCI's liquidity to strong from exceptional mainly because rising capital expenditure in 2021-2022 and a moderate decrease in its cash balance for supporting working capital needs slightly narrow the company's liquidity buffer. The revision has no impact on the ratings. The strong assessment reflects our expectation that CTCI's ratio of liquidity sources to liquidity uses to remain strong at 1.7x-1.9x over the 12 months ending Dec. 31, 2021 and 2.8x-3.0x for the subsequent 12 months.

We also believe the company has a well-established and solid relationship with banks as evidenced by the low interest rate on its bank loans. CTCI's high standing in local credit markets because of its domestic market leadership also supports this view. The low interest rate on the company's five-year corporate bond, sufficient undrawn bank credit lines, and flexibility to increase bank facilities provide additional evidence of this. CTCI does not carry any financial covenants on its debts.

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## Related Criteria & Research

### Related Criteria

- 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
- Criteria | Corporates | General: Corporate Methodology - November 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities - November 13, 2012
- General Criteria: Principles Of Credit Ratings - February 16, 2011

### Related Research

- Taiwan Ratings' Ratings Definitions – August 10, 2020

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## Ratings List

### Ratings Affirmed

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CTCI Corp.

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Issuer Credit Rating

twA/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](http://www.taiwanratings.com) for further information. Complete ratings information is available to subscribers of Rating Research Service at [rrs.taiwanratings.com.tw](http://rrs.taiwanratings.com.tw). All ratings affected by this rating action can be found on Taiwan Ratings' public website at [www.taiwanratings.com](http://www.taiwanratings.com).

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