

Research Update:

# TCC Group Holdings Co. Ltd. Ratings Affirmed On Financial Resilience; Outlook Stable

August 26, 2025

## Rating Action Overview

- TCC Group Holdings Co. Ltd.'s EBITDA will likely dip in 2025-2026 due to operational disruptions at some plants and a prolonged shutdown of a fire-damaged battery plant.
- However, we forecast the Taiwan-based cement company will reprioritize its capital expenditure (capex) and improve operation efficiency such that its cash flow improves over the period.
- We affirmed our 'BBB-' long-term issuer credit rating on the company.
- The stable rating outlook reflects our view that TCC could strengthen its leverage over the next 12-24 months after a slight deterioration in 2025.

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## Rating Action Rationale

**TCC's EBITDA is likely to be significantly weaker than we forecast in 2025-2026.** This is partly due to a series of operational disruptions at the company's cement, power generation, and battery plants in Taiwan. We forecast consolidated EBITDA will decline to New Taiwan dollar (NT\$) 30 billion-NT\$32 billion in 2025 from NT\$33.6 billion in 2024, before recovering to NT\$36 billion-NT\$39 billion in 2026 as operations normalize.

A major fire at TCC's new battery plant in July could significantly constrain the segment's revenue and cash flow over the next one to two years. The fire will likely result in a prolonged suspension of operations at the plant in Kaohsiung, and uncertainty remains over permits required from the local government. TCC estimates the factory damage will result in a loss of approximately NT\$16.4 billion, excluding insurance recoveries.

To mitigate the impact, TCC could accelerate outsourcing from original equipment manufacturers and expand capacity at its plant in Tainan City. Nonetheless, we believe the incremental output will be insufficient to fully offset the lost capacity due to the fire. TCC will face significant challenges in fulfilling orders for specialized high-end products, making breakeven at its battery business tough in 2025-2026.

Further, the company reported an unexpected downtime at its power generation units under Ho Ping Power in the second quarter of 2025, resulting in suspension of operations for several weeks and a first-half operating loss for the business. TCC's cement operations in Taiwan were also hit by mechanical failures at two plants, leading to revenue losses in the first half of 2025.

Meanwhile, currency and political turbulence has dampened TCC's Turkish cement operations under TCC OYAK Amsterdam Holdings B.V., and a stabilization of operations is uncertain over the next few quarters.

**Adequate measures to address operational risks will be critical.** Our base case assumes TCC will take adequate actions to cap further effects of the operational accidents. However, those accidents expose deficiencies in the company's operational risk management, in our opinion.

We believe the company's ability to strengthen its risk management framework--likely through measures such as enhanced insurance coverage, more rigorous equipment maintenance, and broader contingency measures--will be essential to mitigate recurrence risks. Businesses with higher public safety exposure, such as batteries, and those more vulnerable to operational interruptions, such as cement and power generation, could materially affect cash flow stability and leverage if similar events recur.

**TCC's financial flexibility and spending curbs could prevent deterioration in credit metrics.** We only incorporate NT\$8 billion-NT\$9 billion of reconstruction capex for the fire-damaged battery plant over 2026-2027. This is because the company plans to take a more asset-light approach for its battery business. TCC also plans to scale back capex at its other businesses to limit debt growth. The reconstruction capex will keep overall capex elevated at NT\$24 billion-NT\$28 billion annually in 2025-2026. This includes for initiatives critical for the group's strategic transition and long-term competitiveness.

The increased capex, coupled with near-term EBITDA weakness, will likely push up TCC's adjusted debt to NT\$94 billion-NT\$97 billion by 2026 from NT\$90.2 billion at the end of 2024. The ratio of debt to EBITDA will likely rise to about 3.0x in 2025 from 2.7x in 2024, before moderating to 2.5x-2.7x in 2026 as EBITDA recovers.

In addition, asset monetization could provide additional financial flexibility for TCC over the next one to two years. The company holds a sizable pool of monetizable assets, including land in key urban areas; it has concrete plans to develop or dispose of idle parcels over the next few years. These monetizable assets provide a buffer against potential operational setbacks, helping to mitigate leverage risk and preserve rating headroom. Our base case does not factor in any potential asset disposals.

S&P Global Ratings believes there is a high degree of unpredictability around policy implementation by the U.S. administration and possible responses-- specifically with regard to tariffs--and the potential effect on economies, supply chains, and credit conditions around the world. As a result, our baseline forecasts carry a significant amount of uncertainty, magnified by ongoing regional geopolitical conflicts. As situations evolve, we will gauge the macro and credit materiality of potential and actual policy shifts and reassess our guidance accordingly.

## Outlook

The stable rating outlook reflects our view that TCC's EBITDA will gradually recover over the next one to two years after an earnings setback in the first half of 2025. We forecast the company's ratio of debt to EBITDA will improve to 2.5x–2.7x in 2026 from approximately 3.0x in 2025.

We forecast multiple operational disruptions in the first half of 2025 will lower TCC's EBITDA in 2025, compared with 2024. However, earnings should strengthen from the second half of 2025, supported by stabilized and higher profit margin contribution from the group's European cement business, a modest recovery in China operations, and a gradual recovery in sales and market share in the Taiwan cement market.

In addition, lower capex for non-battery businesses to accommodate reconstruction investments at the battery plant should help contain debt growth and preserve financial flexibility.

### Downside scenario

We could lower the rating on TCC if we believe the ratio of debt to EBITDA will stay close to 4x or higher without prospects for improvement. This could occur if: (1) TCC adopts a more aggressive business expansion strategy or dividend policy, leading to a substantial increase in debt beyond our base case; (2) its operating performance deteriorates, possibly due to a failure to address operating disruption risks, sluggish demand, weakening production discipline, or a substantial increase in key operating costs without a corresponding price reflection; or (3) its aggressive investments in green and battery businesses fail to make a significant contribution to EBITDA; or

We could also lower the rating if TCC fails to actively manage its debt leverage through measures such as raising additional equity or asset disposals.

### Upside scenario

We could upgrade TCC if the company can maintain the ratio of debt to EBITDA below 2x for an extended period. This could happen if:

- TCC controls its debt leverage, such as through equity raising, to reduce its reliance on debt funding;
- The company takes a more conservative approach to capital spending and cash dividend payouts; and
- EBITDA generation grows significantly, possibly from green and battery businesses and a sustainable rebound in the profitability of the cement business in China.

## Company Description

TCC is the largest cement company in Taiwan and the seventh largest in China as of April 30, 2024. The company generated NT\$33.6 billion in EBITDA and NT\$148.1 billion in revenue in 2024 after proportionally consolidating Ho-Ping Power Co.

On March 6, 2024, TCC completed its acquisition of a further 20% shareholding in TCC OYAK Amsterdam Holdings B.V., the holding company of Turkey-based OYAK, which brought TCC full control over the cement manufacturer without significant restrictions from the material minority shareholder. On the same day, TCC raised its shareholding in Portugal-based Cimpor to 100% from 40% previously. OYAK Cement Turkey and Cimpor Portugal are the largest cement

producers in their respective countries, accounting for about 15% and 53% market shares, respectively, in 2023.

Cement business contributed around 74.8% of TCC's revenue in 2024, while renewables, energy storage and batteries together accounted for about 10%, Ho-Ping Power 10.5%, and port operations and others accounting for the rest on a reported basis.

TCC generated about 37% of overall revenue from Taiwan in 2024, about 22% from Asia (mostly China), and 41% from Europe (including Turkey). The company has a diversified ownership structure with the largest shareholder owning less than a 5% stake as of July 2024.

## Our Base-Case Scenario

### Assumptions

- S&P Global Ratings' projection for China's real GDP to grow 4.3% in 2025 and 4.0% in 2026. However, slow recovery in China's residential property market and weak infrastructure demand could continue to constrain China's cement demand growth over the next one to two years.
- S&P Global Ratings' projection for Taiwan's real GDP to grow 3.3% in 2025 and 1.7% in 2026. We believe domestic cement demand will remain stable over the same period, supported by the robust growth outlook for the high-tech sector, particularly in AI-related fields.
- Turkey's economy to grow by 2.6% in 2025 and 2.9% in 2026; while Portugal's economy to grow 2.0% in 2025 and in 2026.
- TCC's revenue to grow by 0.5%–2% in 2025 and 5%–8% in 2026. The full-year consolidation effect of Cimpor Portugal and OYAK Cement will be partly offset by operational disruptions in the power generation and cement businesses in the first half, and the fire at its Kaohsiung battery plant.
- EBITDA margin will moderate to 20%-21.5% in 2025 from 22.7% in 2024, before recovering to 22%-24% in 2026. This reflects our expectation of a slower recovery in the battery business, given the high uncertainty around the timeline for resuming operations, and TCC's limited track record in executing its OEM outsourcing strategy. The forecast also incorporates weaker-than-expected operating performance across power generation and cement business in Turkey and Taiwan in the first half of 2025.
- TCC's sales volume in China to decline moderately in 2025 and 2026, amid persistently weak construction activities in the property and infrastructure sectors. Cement prices could stabilize in 2025, followed by a mild rebound in 2026, supported by the government's more stringent supply-side reform measures.
- TCC's sales in Taiwan to decline by 8%–12% in 2025 because of operating disruptions in the first half, but will grow moderately by 3%-5% in 2026, primarily due to a recovery in sales and market share. However, we expect TCC to maintain its average selling price, supported by its stable domestic market leadership and effective market segmentation strategy.
- OYAK Cement could benefit from sustained cement demand driven by reconstruction needs, despite an unexpected earnings shock in the first half of 2025 due to significant currency depreciation. Cimpor is likely to deliver stable performance, underpinned by a stable economic environment in Portugal.

- Operating losses for TCC's China operations could narrow significantly in 2025 and turn around in 2026.
- Operating income for Taiwan operations to decline slightly, reflecting lower revenue and higher operating expenses in 2025 and 2026.
- Operating income from Cimpor and OYAK Cement could continue to grow in 2025-2026, supported by their stable market share and demand outlook.
- Revenue from green power and energy storage will decline by about 20% in 2025, given lower one-off revenue recognition. However, business growth will rebound by about 15% in 2026 supported by sustained capacity additions and growth in TCC's subsidiary NHOA S.A.'s energy storage engineering and construction (E&C) revenue. We also believe the operating loss for NHOA will widen in 2025 with the company remaining loss-making in 2026, as the company continues to scale up its EV charging station operations to achieve economies of scale. This will likely keep TCC's overall green business segment loss-making in 2025–2026, despite growing operating profits from its energy storage and green power operations in Taiwan.
- The fire incident at TCC's new battery factory could hit growth in battery sales. We now forecast the company's revenue will remain flat in 2025. Potential business expansion through original equipment manufacturer collaboration with Tenpower's plant in Malaysia should drive a slight revenue growth in 2026. Operating losses from this segment could expand moderately in 2025 but narrow significantly in 2026 along with rising revenue.
- Ho-Ping Power's operating profits are likely to drop materially to NT\$2.8 billion-NT\$3.3 billion, due to unexpected downtime at two of its power generating units in the second quarter, in addition to Taiwan Power's lower coal procurement prices and higher electricity expenses in 2025. We forecast the operating profit to rebound to NT\$3.9 billion-NT\$4.3 billion in 2026.
- We forecast capex of NT\$25 billion-NT\$28 billion in 2025 and NT\$23 billion-NT\$26 billion 2026, mainly to support energy efficiency improvements of its cement capacity under the company's decarbonization drive, in addition to capacity expansion in green power, energy storage, waste management and reconstruction spending for battery plant.
- Annual cash dividend payouts (including dividends to Ho-Ping Power's minority shareholder) to be about NT\$11.4 billion in 2025, but distributions could decline materially in 2026, reflecting weaker earnings prospects in 2025 due to losses from the battery plant.
- Cash inflow to be about NT\$690 million from land sales in Taiwan's Taoyuan in 2025.
- Share repurchase of about NT\$0.9 billion in 2025.
- We net 93.7% of TCC's cash and liquid investments with debt.
- We proportionally consolidate the financial figures of Ho-Ping Power based on TCC's ownership.
- We view TCC's NT\$10 billion preferred shares have intermediate equity content, and we adjust 50% of its book value as debt and the rest as equity.

## Key metrics

### TCC Group Holdings Co. Ltd.--Forecast summary

(Mil. TWD)	2022a	2023a	2024a	2025e	2026f	2027f
Revenue	104,735	98,542	148,102	149,490	161,055	171,248

## TCC Group Holdings Co. Ltd.--Forecast summary

(Mil. TWD)	2022a	2023a	2024a	2025e	2026f	2027f
EBITDA (reported)	9,678	19,315	33,597	30,734	37,371	40,506
Plus/(less): Other	1,181	-1,901	25	438	-93	-14
EBITDA	10,859	17,414	33,622	31,172	37,277	40,492
Less: Cash interest paid	-3,376	-4,178	-3,475	-5,804	-5,673	-5,730
Less: Cash taxes paid	-4,156	-1,729	-6,607	-5,426	-442	-8,028
Funds from operations (FFO)	3,326	11,507	23,540	19,943	31,162	26,733
Cash flow from operations (CFO)	10,918	28,394	31,805	27,402	26,779	29,358
Capital expenditure (capex)	22,977	24,510	33,633	27,249	24,612	26,148
Free operating cash flow (FOCF)	-12,059	3,884	-1,829	153	2,167	3,210
Debt (reported)	177,748	161,297	199,916	189,807	190,616	193,863
Plus: Lease liabilities debt	3,950	4,234	6,143	6,586	7,060	7,568
Less: Accessible cash and liquid Investments	-109,808	-110,038	-120,402	-107,791	-107,159	-106,116
Plus/(less): Other	1,543	4,766	4,518	4,775	4,775	4,775
Debt	73,433	60,259	90,175	93,377	95,292	100,090
Cash and short-term investments (reported)	122,365	127,229	140,291	120,000	120,000	120,000
<b>Adjusted ratios</b>						
Debt/EBITDA (x)	6.8	3.5	2.7	3	2.6	2.5
FFO/debt (%)	4.5	19.1	26.1	21.4	32.7	26.7
Annual revenue growth (%)	1.7	-5.9	50.3	0.9	7.7	6.3
EBITDA margin (%)	10.4	17.7	22.7	20.9	23.1	23.6

All figures include S&P Global Ratings adjustments' unless stated as reported. a--Actual. e--Estimate. f--Forecast.

## Liquidity

We believe TCC has exceptional liquidity to meet its needs over the 24 months ending June 30, 2027. The ratio of liquidity sources to uses will be 2.9x-3.1x over the 12 months ending June 2026 and 2.2x-2.5x over the subsequent 12 months ending June 2027. We believe liquidity sources will continue to exceed uses even if TCC's EBITDA declines by 50%.

In addition, TCC has a sound relationship with banks and a high standing in the credit market in Taiwan, as demonstrated by its capability to obtain low-cost funding through banks and capital market. Moreover, TCC and its subsidiaries could meet financial covenants over the next two years with sufficient headroom, underpinned by the company's high cash balance and recovering cash flow generation.

### Principal liquidity sources

- Cash and short-term investments of about NT\$127 billion as of June 30, 2025.
- Funds from operations of NT\$27 billion-NT\$34 billion annually for the 24 months ended June 30, 2027.

### Principal liquidity uses

- Debt maturities of NT\$34.9 billion for the next 12 months ending June 30, 2026, and about NT\$40 billion for the subsequent 12 months.
- Capex of NT\$25 billion-NT\$27 billion annually for the next 24 months ending June 30, 2027.

- Undrawn committed credit facilities of NT\$68.8 billion expiring beyond June 30, 2026, and NT\$52.7 billion expiring beyond June 30, 2027.
- Cash dividends of NT\$NT\$11.4 billion in 2025 and NT\$4 billion-NT\$7 billion in 2026.
- Shares repurchase of about NT\$0.9 billion.

## Rating Component Scores

### Rating Component Scores

Component	
Foreign currency issuer credit rating	BBB-/Stable/--
Local currency issuer credit rating	BBB-/Stable/--
Business risk	Satisfactory
Country risk	Intermediate risk
Industry risk	Intermediate risk
Competitive position	Satisfactory
Financial risk	Significant
Cash flow/leverage	Significant
Anchor	bb+
Modifiers	
Diversification/portfolio effect	Neutral/Undiversified
Capital structure	Positive
Financial policy	Neutral
Liquidity	Exceptional
Management and governance	Neutral
Comparable rating analysis	Neutral
Stand-alone credit profile	bbb-

## Related Criteria

- [Criteria | Corporates | General: Sector-Specific Corporate Methodology](#), July 7, 2025
- [General Criteria: Hybrid Capital: Methodology And Assumptions](#), Feb. 10, 2025
- [Criteria | Corporates | General: Corporate Methodology](#), Jan. 7, 2024
- [Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Jan. 7, 2024
- [General Criteria: National And Regional Scale Credit Ratings Methodology](#), June 8, 2023
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments](#), April 1, 2019

- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Dec. 16, 2014
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19, 2013
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

## Ratings List

Ratings list	
Ratings Affirmed	
TCC Group Holdings Co. Ltd.	
Issuer Credit Rating	BBB-/Stable/--

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 <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352>. Complete ratings information is available to RatingsDirect subscribers at [www.capitaliq.com](http://www.capitaliq.com). All ratings referenced herein can be found on S&P Global Ratings' public website at [www.spglobal.com/ratings](http://www.spglobal.com/ratings).



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