

Research Update

Ratings On China Airlines Affirmed At 'twBBB+/twA-2'; Outlook Stable

October 30, 2019

Rating Action Overview

Taiwan Ratings Corp. today affirmed its 'twBBB+' long-term and 'twA-2' short-term issuer credit ratings on **China Airlines Ltd.** At the same time, we affirmed our 'twBBB+' issue rating on the company's senior unsecured corporate bond. The outlook on the long-term rating is stable. The ratings reflect China Airlines' leading position in Taiwan's aviation market, good network coverage in Asia Pacific, and the airline's improving efficiency with a more fuel-efficient fleet. These strengths are tempered by intense competition, high industry risk associated with high demand cyclicity and a volatile fuel price, and the company's high debt leverage.

Related Criteria

- General Criteria: Rating Government-Related Entities: Methodology And Assumptions - March 25, 2015
- 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
- General Criteria: Group Rating Methodology - July 01, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments - April 01, 2019
- Understanding Taiwan Ratings' Rating Definitions - June 26, 2018
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers - December 16, 2014
- Criteria | Corporates | Industrials: Key Credit Factors For The Transportation Cyclical Industry - February 12, 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: Use Of CreditWatch And Outlooks - September 14, 2009

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PRIMARY CREDIT ANALYST

Anne Kuo, CFA
Taipei
+886-2-8722-5829
anne.kuo
@spglobal.com
anne.kuo
@taiwanratings.com.tw

SECONDARY CONTACT

Jin Dong, CFA
Taipei
+886-2-8722-5821
jin.dong
@spglobal.com
jin.dong
@taiwanratings.com.tw

Ratings List

Ratings Affirmed

China Airlines Ltd.

Issuer Credit Rating	twBBB+/Stable/twA-2
Senior Unsecured	twBBB+

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