Research Update

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

October 30, 2019

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

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 cyclicality 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

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

Ratings List

Ratings Affirmed

China Airlines Ltd.	
Issuer Credit Rating	twBBB+/Stable/twA-2
Senior Unsecured	twBBB+

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.