

Bulletin:

# USI, Asia Polymer Ratings Remain On WatchNeg On Unclear Recovery

June 22, 2026

This report does not constitute a rating action.

Taiwan Ratings Corp. said today that its ratings on **USI Corp.** and **Asia Polymer Corp.** remain on CreditWatch with negative implications, where we placed them on April 1, 2026, to reflect uncertainty of both entities to restore profitability.

We aim to resolve the CreditWatch placement following the release of USI group's financial statement for the second quarter of 2026. We will assess the likelihood that USI (twA-/Watch Neg/twA-2) and Asia Polymer (twA-/Watch Neg/twA-2) can deliver a sustainable profit recovery over the next few quarters that could assist in the group's deleveraging. We may consider lowering the long-term ratings if we believe there is a reduced likelihood of USI group's debt-to-EBITDA ratio recovering towards 3.0x-3.5x over the next 12 months. The CreditWatch placement for Asia Polymer with negative considerations reflects our view of the company's core operating role within the USI group.

We assess the group's EBITDA margin improving meaningfully in the second quarter of 2026, following very weak performance in the first quarter as demonstrated by the EBITDA margin of 0.7%. The outbreak of Middle East conflict has disrupted the overall supply of raw chemical materials, leading to a widening of product spreads for the group's key products.

Nonetheless, downside risks for USI group's performance persist. Despite an uncertain timeframe, the opening of the Hormuz Strait could normalize the supply of key oil and chemical products from the Middle East and in doing so return the regional chemical market to a position of oversupply. High feedstock costs could also constrain USI's profitability if oil prices remain high. In addition, a prolonged shortage of ethylene supply from the Middle East could suppress the group's operating rate and underpin its continued weak performance.

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