

## Research Update

# China Steel Corp. Ratings Affirmed At 'twAA-/twA-1+'; Outlook Stable

April 22, 2019

## Rating Action Rationale

Taiwan Ratings Corp. today affirmed its 'twAA-' long-term and 'twA-1+' short-term issuer credit ratings on **China Steel Corp.** The outlook on the long-term rating is stable. At the same time, we affirmed our 'twAA-' issue rating on the company's unsecured corporate bonds.

The ratings on China Steel reflect our view that the company will maintain its relatively strong operating cash generation over the next one to two years, underpinned by solid regional demand, disciplined steel output and China Steel's solid domestic market position. We expect this level of operating cash generation to support China Steel's ratio of funds from operations to debt at 22%-24% over the same period. The ratings continue to reflect a moderate likelihood of extraordinary support from the Taiwan government, given the company's strong link and role of limited importance to the government.

## Related Criteria

- General Criteria: Rating Government-Related Entities: Methodology And Assumptions - March 25, 2015
- General Criteria: Group Rating Methodology - November 19, 2013
- Understanding Taiwan Ratings' Rating Definitions, [www.taiwanratings.com](http://www.taiwanratings.com) - June 26, 2018
- 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
- Guidance | Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments - April 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
- Criteria | Corporates | Industrials: Key Credit Factors For The Metals And Mining Downstream Industry - December 20, 2013
- 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 And Insurers - November 13, 2012
- General Criteria: Use Of CreditWatch And Outlooks - September 14, 2009

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# Ratings List

Ratings Affirmed

**China Steel Corp.**

Issuer Credit Ratings twAA-/Stable/twA-1+

Issue Credit Rating twAA-

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