

Research Update

Dragon Steel Corp. Ratings Affirmed At 'twA+/twA-1'; Outlook Stable

April 22, 2019

Rating Action Rationale

Taiwan Ratings Corp. today affirmed its 'twA+' long-term and 'twA-1' short-term issuer credit ratings on **Dragon Steel Corp.** The outlook on the long-term rating is stable. The ratings on Dragon Steel reflect our view that the company's status as a core member of the **China Steel Corp.** group, given that Dragon Steel's crude steel production capacity represents about one-third of the entire group's, and the company is highly integrated with the group's business strategy. We note that Dragon Steel's stand-alone credit profile is improving, as the company continues to lower its debt level through positive discretionary cash flow. We expect the company's ratio of funds from operations to debt to be in the range of 25%-30% over the next one to two years.

Related Criteria

- General Criteria: Group Rating Methodology - November 19, 2013
- Understanding Taiwan Ratings' Rating Definitions, www.taiwanratings.com - June 26, 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

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

Ratings List

Ratings Affirmed

Dragon Steel Corp.

Issuer Credit Ratings

twA+/Stable/twA-1

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