

Media Release:

Taiwan High Speed Rail Corp. 'twAAA/twA-1+' Ratings Affirmed; SACP Raised On Improved Debt Leverage; Outlook Stable

September 22, 2026

Rating Action Overview

- **Taiwan High Speed Rail Corp.** (THSRC) has reduced its debts over the past few years through positive discretionary cash flow. We therefore revised upward our assessment of THSRC's stand-alone credit profile (SACP) to 'twaa-' from 'twa+' to reflect the improved debt leverage. That's despite higher capex in 2026-2027 for the procurement of new trains and service improvement.
- We continue to see a very high likelihood of extraordinary support from the government of Taiwan for the high-speed rail operator.
- We therefore affirmed our 'twAAA' long-term and 'twA-1+' short-term issuer credit ratings on THSRC.
- The stable rating outlook reflects S&P Global Ratings' unsolicited issuer credit ratings on the government of Taiwan (AA+/Stable/A-1+) and our view of stable demand for THSRC's services over the next one to two years, especially with new trains deployed from 2028.

Rating Action Rationale

Cash flow from operations excluding scheduled profit-sharing to grow over 2026-2028.

Narrower fare differentials between services run by THSRC and Taiwan Railway Corp. Ltd. are encouraging more passengers to switch to THSRC's services, especially on shorter distances. This follows a rise in prices for Taiwan Railway's services in 2025. Accordingly, we forecast THSRC's revenue will increase by 2.8% in 2026 and 1.6% in 2027. We also forecast steady growth in cash flow from operations to reach new Taiwan dollar (NT\$) 21.3 billion in 2026 from NT\$20.7 billion in 2025, which should keep the ratio of funds from operations (FFO) to debt above 13% in 2026 from 13.5% at the end of 2025. That's despite rising electricity, personnel, and maintenance costs are likely to somewhat offset revenue growth over the period.

PRIMARY CREDIT ANALYST

Ping-Yi Chiang
Taipei
+886-2-7724-6591
pingyi.chiang
@spglobal.com
pingyi.chiang
@taiwanratings.com.tw

SECONDARY CONTACT

Irene Lai
Taipei
+886-2-7724-6590
irene.lai
@spglobal.com
irene.lai
@taiwanratings.com.tw

New train deployment and service improvements to drive growth in revenue and cash flow

generation from 2028. THSRC's schedule to deploy new trains should improve the passenger experience by enhancing capacity and providing more diverse and frequent train schedules. In addition, the company's plans to enhance the high-speed rail network (HSR 2.0) should underpin improved service quality and safety enhancement. This includes the installation of platform doors and comprehensive signal enhancement along the railway line. We therefore forecast THSRC's revenue will rise by 3.4% in 2028 and 4.0% in 2029, while its cash flow from operations could increase by 176.6% and 6.2%, respectively. That's despite our forecast for operating costs to rise over the next two to three years.

Capex could fall significantly upon delivery of all new trains and enhancement projects in

2028. THSRC's capital expenditure (capex) will remain elevated throughout 2026 and 2027 at NT\$19 billion annually to support new train delivery milestones and the enhancement of services and safety. We estimate capex will moderate to NT\$5.7 billion in 2028 following the completion of these strategic initiatives, leading to positive discretionary cash flow of NT\$10.9 billion in 2028 for debt repayment. As a result, the ratio of FFO to debt could reach 13.2% in 2028 and 14.4% in 2029.

Five-year milestone profit-sharing payments to temporarily weaken credit metrics in 2027.

Under the North-South High Speed Rail Construction and Operation (C&O) Agreement, THSRC must make a five-year milestone profit-sharing payment to the Ministry of Transportation & Communications (MOTC). THSRC will record the profit-sharing payments as an acquisition cost of the concession to operate the high-speed network. The next five-year milestone profit sharing payment is in 2027 and will total around NT\$13.5 billion and will temporarily lower THSRC's cash flow from operations to NT\$8 billion, with the ratio of FFO to debt weakening to below 13%.

Outlook

The stable outlook reflects our forecast for THSRC's ratio of FFO to debt to consistently exceed 13% from 2028 onwards. That's despite rising operating costs and expenses. We believe THSRC is well-positioned to generate stable operating cash flows, underpinned by steady demand from both domestic travelers and commuters.

The outlook also reflects our view of the company's very strong link with the Taiwan government and the key role it plays in Taiwan's transportation system, which are unlikely to alter over the next two years.

Downside scenario

We may lower the long-term rating if:

- The ratio of FFO to debt deteriorates to below 6% for an extended period, which could result from a deterioration in profitability due to severe incidents or a significant drop of passenger volume;
- S&P Global Ratings lowers its unsolicited issuer credit ratings on Taiwan; or
- THSRC's link with the government or importance in Taiwan's transportation system weakens.

Our Base Case Scenario

- S&P Global forecasts Taiwan's real GDP will expand by 8.2% in 2026, 2.2% in 2027, and 2.4% in 2028.
- THSRC's revenue to grow by 2.8% in 2026 and 1.6% in 2027, underpinned by rising domestic commuter and travel demand, some passenger migration from Taiwan Railway's services under a narrowed price gap, and a moderate increase in THSRC's weekly services. Revenue to rise by 3.4% in 2028 following the deployment of new trains.
- THSRC's seat utilization rate to sustain at 72.4% in 2026 and 72.3% 2027, remains at similar level as 72.4% in 2Q2026. This is mainly supported by ongoing demand and THSRC's increased capacity during peak hours to maintain service quality. Seat utilization rate to decrease to 67.3% in 2028 because the deployment of new trains.
- Average fare to remain unchanged over 2026-2028.
- Gross margin before depreciation and amortization to decline by 0.9%-1.5% annually in 2026-2028, primarily reflecting rising electricity, employee, and maintenance costs.
- Operating expense ratio to increase to 4.1%-4.5% in 2026-2028, from 3.9% in 2025.
- Annual capex could increase to NT\$19 billion in 2026 and 2027. Major capex projects include the procurement of 12 new trains and the HSR 2.0 project. Capex to decline to NT\$5.7 billion in 2028.
- Cash outflow for a profit-sharing payment of NT\$810 million in 2026 and NT\$780 million in 2028. Cash outflow for the profit-sharing payment to rise to NT\$13.5 billion in 2027, due to the five-year milestone repayment cycle.
- Cash outflow for the Stabilization Mechanism Account could reach NT\$7.3 billion, NT\$7.4 billion, and NT\$6.1 billion for 2026, 2027, and 2028, respectively, compared to around NT\$7.1 billion in 2025. This reflects our view that the accumulated stabilization reserve, net of the balance in the Stabilization Mechanism Account, will continue to exceed NT\$10 billion during the period.
- Annual dividend payout of NT\$5.6 billion-NT\$6.5 billion in 2026-2028.
- We net 100% of THSRC's cash and liquid investments with debt.

Taiwan High Speed Rail Corp. --Taiwan Ratings Corp. Forecast Summary

Industry sector: Railroad transportation

(Mil. NT\$)	2024a	2025a	2026e	2027f	2028f
Revenue	53,186	54,649	56,153	57,033	58,970
EBITDA (reported)	35,973	35,298	35,613	35,223	35,678
EBITDA	35,973	35,298	35,613	35,223	35,678
Less: Cash interest paid	(10,919)	(4,882)	(4,694)	(4,851)	(4,999)
Less: Cash taxes paid	(4,705)	(2,052)	(1,675)	(1,559)	(1,588)
Funds from operations (FFO)	20,349	28,365	29,244	28,813	29,091
Cash flow from operations (CFO)	16,695	20,691	21,277	8,025	22,193
Capital expenditure (capex)	8,219	9,948	19,030	18,941	5,660
Free operating cash flow (FOCF)	8,476	10,743	2,247	(10,916)	16,533
Discretionary cash flow (DCF)	2,735	4,834	(4,225)	(17,119)	10,903
Debt (reported)	234,228	230,132	223,827	240,398	235,409
Plus: Lease liabilities debt	424	244	140	81	47
Plus: Pension and other postretirement debt	242	201	201	201	201

Media Release: Taiwan High Speed Rail Corp. 'twAAA/twA-1+' Ratings Affirmed; SACP Raised On Improved Debt Leverage; Outlook Stable

Less: Accessible cash and liquid Investments	(20,360)	(20,122)	(10,548)	(10,000)	(15,914)
Debt	214,534	210,455	213,620	230,680	219,742
Cash and short-term investments (reported)	20,360	20,122	10,548	10,000	15,914
Adjusted ratios					
Debt/EBITDA (x)	6.0	6.0	6.0	6.5	6.2
FFO/debt (%)	9.5	13.5	13.7	12.5	13.2
Annual revenue growth (%)	6.8	2.8	2.8	1.6	3.4
EBITDA margin (%)	67.6	64.6	63.4	61.8	60.5

All figures are adjusted by Taiwan Ratings Corp., unless stated as reported. Figures for the forecast period are based on Taiwan Ratings Corp.'s base case scenario. a--Actual. e--Estimate. f--Forecast. NT\$--new Taiwan dollar.

Liquidity: Strong

We revised THSRC's liquidity assessment to strong from exceptional, primarily due to likely higher capex in 2026–2027 and substantial profit-sharing payment in 2027. We believe THSRC's liquidity can meet its needs over the next 24 months, based on our view that the company's liquidity sources to uses ratio will be around 1.59x up to June 2027 and around 1.85x up to June 2028. We expect THSRC's liquidity sources will continue to exceed uses even if the company's EBITDA were to decline by 30%, supported by its stable cash flow and sufficient cash on hand. The liquidity assessment also reflects our view that the company has a sound business relationship with banks in Taiwan, given its strong credit standing in Taiwan as a government-related entity, as demonstrated by the relatively low interest rate on THSRC's debts.

We expect the company's financial covenants to have sufficient headroom over the next one to two years because it has repaid long-term debt in advance. We also forecast THSRC will maintain prudent financial management, because the company has been repaying its long-term debt early through sufficient liquidity sources.

Principal liquidity sources:

- Cash and short-term investments of NT\$27.2 billion as of June 30, 2026.
- FFO of NT\$22 billion up to June 2027 and around NT\$21.9 billion up to June 2028.
- Undrawn committed five-year revolving credit facility of around NT\$16.4 billion as of June 30, 2026.

Principal liquidity uses:

- Debt maturities of around NT\$8.4 billion up to June 30, 2027, and around NT\$450 million up to June 30, 2028.
- Working capital outflow of NT\$7.4 billion up to June 30, 2027, and NT\$ 6.8 billion up to June 30, 2028.
- Capex of NT\$19 billion annually in 2026-2027 and NT\$5.7 billion in 2028.
- Cash dividend of NT\$6.2 billion-NT\$6.5 billion annually over 2026-2027.

Rating Component Scores

Taiwan High Speed Rail Corp.		
	To	From
Issuer Credit Rating	twAAA/Stable/twA-1+	twAAA/Stable/twA-1+
Business risk	Strong	Strong
Country risk	Intermediate	Intermediate
Industry risk	Low	Low
Competitive position	Strong	Strong
Financial risk	Intermediate	Significant
Cash flow/Leverage	Intermediate	Significant
Anchor	twaa-	twa+
Modifiers		
Diversification/Portfolio effect	Neutral (no impact)	Neutral (no impact)
Capital structure	Neutral (no impact)	Neutral (no impact)
Financial policy	Neutral (no impact)	Neutral (no impact)
Liquidity	Strong (no impact)	Exceptional (no impact)
Management and governance	Neutral (no impact)	Neutral (no impact)
Comparable ratings analysis	Neutral (no impact)	Neutral (no impact)
Stand-alone credit profile (SACP)	twaa-	twa+
Issuer Credit Rating on Taiwan	AA+/Stable/A-1+ (unsolicited)	
Likelihood of government support	Very high (+3 notches from SACP)	Very high (+4 notches from SACP)
Note: The above descriptors are in comparison with global obligors.		

Related Criteria

- General Criteria: Country Risk Assessment Methodology And Assumptions - November 19, 2013
- Criteria | Corporates | General: Sector-Specific Corporate Methodology - July 07, 2025
- Criteria | Corporates | General: Corporate Methodology - January 07, 2024
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers - December 16, 2014
- General Criteria: Methodology: Industry Risk - November 19, 2013
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions - March 25, 2015
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings - October 10, 2021
- General Criteria: Group Rating Methodology - July 01, 2019
- General Criteria: Principles Of Credit Ratings - February 16, 2011
- General Criteria: National And Regional Scale Credit Ratings Methodology - June 08, 2023
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities - January 07, 2024
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments - April 01, 2019

(Unless otherwise stated, these articles are published on www.taiwanratings.com)

Ratings List

Ratings Affirmed

Taiwan High Speed Rail Corp.

Issuer Credit Rating	twAAA/Stable/twA-1+
----------------------	---------------------

Media Release: Taiwan High Speed Rail Corp. 'twAAA/twA-1+' Ratings Affirmed; SACP Raised On Improved Debt Leverage; Outlook Stable

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.

Media Release: Taiwan High Speed Rail Corp. 'twAAA/twA-1+' Ratings Affirmed; SACP Raised On Improved Debt Leverage; Outlook Stable

Copyright © 2026 by Taiwan Ratings Corporation (TRC). All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of TRC. The Content shall not be used for any unlawful or unauthorized purposes. TRC and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively TRC Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. TRC Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. TRC DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall TRC be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. TRC's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. TRC assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. TRC does not act as a fiduciary or an investment advisor except where registered as such. While TRC has obtained information from sources it believes to be reliable, TRC does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, TRC reserves the right to assign, withdraw or suspend such acknowledgement at any time and in its sole discretion. TRC disclaims any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgement as well as any liability for any damage alleged to have been suffered on account thereof.

TRC keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of TRC may have information that is not available to other TRC business units. TRC has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

TRC receives compensation for its solicited ratings and certain analyses, normally from issuers, originators, arrangers, or underwriters of securities or from obligors. TRC reserves the right to disseminate its opinions and analyses. TRC's public ratings and analyses are made available on its Web sites, www.taiwanratings.com (free of charge), and rrs.taiwanratings.com.tw (subscription), and may be distributed through other means, including via TRC publications and third-party redistributors. Please click [here](#) for any other conflict of interests that may affect the credit rating as requested by the regulator.