

## Research Update

# Taiwan Railways Administration, MOTC Ratings Affirmed At 'twAAA/twA-1+'; Outlook Stable

December 4, 2019

## Rating Action

Taiwan Ratings Corp. today affirmed its 'twAAA' long-term and 'twA-1+' short-term issuer credit ratings on **Taiwan Railways Administration, MOTC (TRA)**. The outlook on the long-term rating is stable. The ratings on TRA reflect our view of the almost certain likelihood that the Taiwan government would provide timely and sufficient extraordinary support in the event that TRA experiences financial distress. The ratings also reflect the entity's monopolistic position in Taiwan's conventional rail network, the essential nature of its service, and comprehensive network coverage. These strengths are tempered by TRA's very high debt leverage and weak cash flow generation due to its rising labor cost, heavy pension and various policy burdens, as well as the government's tight control over fares.

## Related Criteria

- General Criteria: Rating Government-Related Entities: Methodology And Assumptions - March 25, 2015
- Understanding Taiwan Ratings' Rating Definitions, www.taiwanratings.com - June 26, 2018
- General Criteria: Group Rating Methodology - July 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 Transportation Infrastructure Industry - November 19, 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 - November 13, 2012
- General Criteria: Use Of CreditWatch And Outlooks - September 14, 2009

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# Ratings List

## Ratings Affirmed

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### Taiwan Railways Administration, MOTC

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Issuer Credit Rating

twAAA/Stable/twA-1+

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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](http://www.taiwanratings.com) for further information. Complete ratings information is available to subscribers of Rating Research Service at [rrs.taiwanratings.com.tw](http://rrs.taiwanratings.com.tw). All ratings affected by this rating action can be found on Taiwan Ratings' public website at [www.taiwanratings.com](http://www.taiwanratings.com).

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