

Research Update

Taiwan Sugar Corp. Ratings Affirmed At 'twAA-/twA-1+'; Outlook Stable

March 31, 2020

Rating Action Overview

Taiwan Ratings Corp. today affirmed its 'twAA-' long-term and 'twA-1+' short-term issuer credit ratings on **Taiwan Sugar Corp.** The outlook on the long-term rating is stable. The ratings reflect the company's large low-cost land bank for land development and land disposal, as well as Taiwan Sugar's net cash position and exceptional liquidity. The company's still-weak profitability in non-land development businesses partly offsets these rating strengths. The weak profitability is mostly due to Taiwan Sugar's policy burden to help maintain local market stability for sugar and pork products, and the company's high cost structure resulting from its government-owned enterprise status. The ratings on Taiwan Sugar also reflect our view of the moderately high likelihood of extraordinary support from the Taiwan government.

Related Criteria

- Understanding Taiwan Ratings' Rating Definitions, www.taiwanratings.com - June 26, 2018
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions - March 25, 2015
- Criteria | Corporates | Industrials: Key Credit Factors For The Agribusiness And Commodity Foods Industry - January 29, 2015
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers - December 16, 2014
- Criteria | Corporates | Industrials: Key Credit Factors For The Homebuilder And Real Estate Developer Industry - February 03, 2014
- General Criteria: Country Risk Assessment Methodology And Assumptions - November 19, 2013
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments - April 01, 2019
- General Criteria: Methodology: Industry Risk - November 19, 2013
- General Criteria: Group Rating Methodology - July 01, 2019
- 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

Taiwan Sugar Corp.

Issuer Credit Rating

twAA-/Stable/twA-1+

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.

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