

Research Update:

Ratings On Chang Chun Plastics And Chang Chun Petrochemical Affirmed At 'twAA-/twA-1+'; Outlook Stable

May 25, 2020

Rating Action Overview

Taiwan Ratings Corp. today affirmed its 'twAA-' long-term and 'twA-1+' short-term issuer credit ratings on Taiwan-domiciled **Chang Chun Plastics Co. Ltd.** and **Chang Chun Petrochemical Co. Ltd.**, the two core companies of the Chang Chun group. The outlook on the long-term ratings remains stable. The ratings reflect the Chang Chun group's leading market position for some specialty chemicals and copper foil regionally, the group's broad product mix and diverse end-applications, highly integrated production, good product and process technology and relatively stable profitability. The ratings affirmation also reflects our expectation that the group will sustain its ratio of debt to EBITDA at 1.0x-1.5x in 2020-2021, with still-strong operating cash flow and prudent capital expenditure despite weaker profitability over the period.

The strengths are offset by the group's lack of integration into basic feedstock chemicals such as ethylene and propylene, the high volatility in product prices and margins for its products with intense competition, limited entry barriers for most of its products, and the group's limited scale and technology resources compared with other larger peers'.

Related Criteria

- Understanding Taiwan Ratings' Rating Definitions - 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
- 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

Chang Chun Plastics Co. Ltd.

Issuer Credit Rating	twAA-/Stable/twA-1+
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Chang Chun Petrochemical Co. Ltd.

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