

Research Update:

Ratings On Chi Mei Corp. Affirmed At 'twAA-/twA-1+'; Outlook Stable

May 29, 2020

Rating Action Overview

Taiwan Ratings Corp. today affirmed its 'twAA-' long-term and 'twA-1+' short-term issuer credit ratings on **Chi Mei Corp.** The outlook on the long-term rating is stable. The ratings on Chi Mei reflect the company's leading market position and cost structure as the world's largest ABS (acrylonitrile butadiene styrene) resin producer as well as the company's low debt leverage.

We expect Chi Mei to maintain a net cash position in 2020-2021, despite its weakening operating cash flow and significantly higher capital expenditure over the same period. We also expect the company's focus on product customization to help differentiate its products from commodity ABS, and therefore defend their profit margins against likely sluggish demand for plastics amid the ongoing global economic recession. Chi Mei's high concentration in the ABS resin business, moderately high industry risk in the commodity chemical sector and associated high volatility in the company's profitability constrain the ratings.

Related Criteria

- General Criteria: Group Rating Methodology - July 01, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments - April 01, 2019
- Understanding Taiwan Ratings' Rating Definitions - June 26, 2018
- 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

Chi Mei Corp.

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