

Research Update:

Taoyuan International Airport Corp. Ratings Affirmed At 'twAAA/twA-1+'; Outlook Stable

November 11, 2020

Rating Action Rationale

Taiwan Ratings Corp. today affirmed its 'twAAA' long-term and 'twA-1+' short-term issuer credit ratings on **Taoyuan International Airport Corp.** (Taoyuan Airport). The outlook on the long-term rating is stable. The ratings on Taoyuan Airport continue to reflect our view of the extremely high likelihood of extraordinary support from the Taiwan government in times of financial distress. The ratings also reflect the company's dominant position in serving Taiwan's international passengers and its diverse and balanced revenue stream mix of aeronautical and non-aeronautical revenue.

Nevertheless, Taoyuan Airport's credit metrics are likely to be weak in 2020 and 2021, but we expect these to recover over the following few years due to passenger traffic recovery once the pandemic is brought under control globally. The company's credit metrics could weaken again over the next three to six years due to rising capital expenditure to build the third passenger terminal.

Related Criteria & Research

Related Criteria

- General Criteria: Rating Government-Related Entities: Methodology And Assumptions - March 25, 2015
- 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: Principles Of Credit Ratings - February 16, 2011

Related Research

- Taiwan Ratings' Ratings Definitions - August 10, 2020

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Ratings List

Ratings Affirmed

Taoyuan International Airport Corp.

Issuer Credit Rating

twAAA/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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