

Media Release:

Various Rating Actions On Taiwan Government-Related Entities Following S&P Global Ratings' Upgrade Of Taiwan

April 23, 2021

Rating Action Overview

- S&P Global Ratings recently raised its long-term issuer credit rating on Taiwan to 'AA' from 'AA-'. The outlook is positive. At the same time, the rating agency affirmed the 'A-1+' short-term rating.
- We therefore raised our long-term issuer credit rating on **Taiwan High Speed Rail Corp.** to 'twAAA' from 'twAA+'. The outlook is stable. We also affirmed the 'twA-1+' short-term issuer credit rating.
- At the same time, we revised our rating outlook on **Aerospace Industrial Development Corp.** (AIDC) to developing from negative, and affirmed the 'twAA-/twA-1+' ratings.
- We also affirmed the ratings on **Taiwan Power Co.** (Taipower), **Taiwan Water Corp.**, **Taiwan Railways Administration**, **MOTC**, and **Taoyuan International Airport Corp.**, given the 'twAAA/twA-1+' ratings on these entities are already the strongest in our rating spectrum. In addition, we affirmed the rating on Taipower's various debts.
- We have maintained the ratings and outlooks on other government related entities (GREs). All Taiwan-based rated GREs not included above are unaffected by the Taiwan upgrade action.

Rating Action Rationale

The rating actions follow S&P Global Ratings' recent upgrade of Taiwan (unsolicited; AA/Positive/A-1+). The upgrade action reflected the rating agency's expectation that Taiwan High Speed Rail and AIDC will continue to benefit from external support from the Taiwan government over the next 12-24 months.

On April 22, 2021, S&P Global Ratings raised its long-term issuer credit rating on Taiwan to 'AA' from 'AA-'. The outlook is positive. The short-term rating was affirmed at 'A-1+'. The rating actions reflected the rating agency's view of Taiwan's much stronger growth prospects and low debt-servicing costs.

We see a very high likelihood that Taiwan High Speed Rail would receive extraordinary support from the Taiwan government, given the company's very strong link with the government which directly or indirectly owns about 63% of the company. The high degree of support also reflects the company's very important social role, due to the daily reliance of Taiwanese people on the company's services for which there is no alternative transportation mode in terms of speed and availability.

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The rating action on AIDC reflects the company's weakening performance because of the COVID-19 outbreak, as well as S&P Global Ratings' rating action on Taiwan. This leads us to revise the rating outlook on AIDC to developing from negative, while affirming the issuer credit ratings on the company.

Our ratings or outlooks on other rated Taiwan-based GREs are unaffected by the rating action on Taiwan. That's because we either already rate the entities 'twAAA', or we believe the ratings only benefit from a low-to-moderately high level of extraordinary government support.

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
- Criteria | Corporates | Utilities: Key Credit Factors For The Regulated Utilities 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: Principles Of Credit Ratings - February 16, 2011
- General Criteria: Methodology For National And Regional Scale Credit Ratings - June 25, 2018
- General: Reflecting Subordination Risk In Corporate Issue Ratings - March 28, 2018

Related Research

- Research Update: Taiwan Ratings Raised To 'AA/A-1+' With Positive Outlook On Strong And Sustained Growth, www.capitaliq.com - April 22, 2021
- Taiwan Ratings' Ratings Definitions - August 10, 2020

(Unless otherwise stated, these articles are published on www.taiwanratings.com)

Ratings List

Upgraded; Outlook Action

	To	From
Taiwan High Speed Rail Corp.		
Issuer Credit Rating	twAAA/Stable/twA-1+	twAA+/Stable/twA-1+
Aerospace Industrial Development Corp.		
Issuer Credit Rating	twAA-/Developing/twA-1+	twAA-/Negative/twA-1+

Ratings Affirmed

Taiwan Power Co.	
Issuer Credit Rating	twAAA/Stable/twA-1+
Issue Credit Rating	twAAA
Taiwan Water Corp.	
Taiwan Railways Administration, MOTC.	
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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