

Research Update:

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

May 31, 2021

Rationale Action Rationale

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 regional market position for some specialty chemicals and copper foil, 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 view that the group will improve and sustain its ratio of debt to EBITDA at about 0.5x over the next two years. We also believe the group will sustain its good cash flow generation to support its planned expansion in China, Taiwan, and the U.S., without materially increasing its debt leverage over the same 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 & Research

Related Criteria

- 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

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- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities - November 13, 2012
- General Criteria: Methodology For National And Regional Scale Credit Ratings - June 25, 2018
- General Criteria: Principles Of Credit Ratings - February 16, 2011

Related Research

- Taiwan Ratings' Ratings Definitions – August 10, 2020

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

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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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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