

Research Update:

Ratings On China Airlines Affirmed At 'twBBB+/twA-2'; Outlook Stable

October 25, 2022

Rating Action Rationale

Taiwan Ratings Corp. today affirmed its 'twBBB+' long-term and 'twA-2' short-term issuer credit ratings on **China Airlines Ltd.** The outlook on the long-term rating is stable. The ratings reflect China Airlines' leading position in Taiwan's aviation market by passenger numbers, good network coverage in Asia Pacific, the airline's improving efficiency with a more fuel-efficient fleet, as well as its large cargo fleet to help the carrier to aviate the still weak passenger demand. These strengths are tempered by intense competition, high industry risk associated with high demand cyclicality and a volatile fuel price, and the company's constant high debt leverage due to its continuous fleet renewal plans.

Related Criteria & Research

Related Criteria

- General Criteria: Rating Government-Related Entities: Methodology And Assumptions - March 25, 2015
- General Criteria: Methodology For National And Regional Scale Credit Ratings - June 25, 2018
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings - October 10, 2021
- 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 – November 11, 2021

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Ratings List

Ratings Affirmed

China Airlines Ltd.

| Issuer Credit Rating | twBBB+/Stable/twA-2 |
|----------------------|---------------------|
|----------------------|---------------------|

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