

Research Update

CHIMEI Corp. Ratings Affirmed At 'twAA-/twA-1+'; Liquidity Revised To Strong; Outlook Stable

May 29, 2023

Rating Action

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

We forecast CHIMEI will maintain a net cash position in 2023-2024, despite a significant drop in the company's profitability, still elevated cash dividends and high capital expenditure (capex) for capacity expansion in China.

CHIMEI'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.

We have revised our assessment of CHIMEI's liquidity to strong from exceptional, which has no impact on the ratings. The revision mainly reflects our view that the company's much weaker profitability and higher debt maturity, while capex and cash dividend will remain high in 2023.

Related Criteria & Research

Related Criteria

- 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

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Related Research

– Taiwan Ratings' Ratings Definitions – November 11, 2021

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

Ratings List

Ratings Affirmed

CHIMEI Corp.

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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