

Research Update:

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

October 18, 2023

## 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 cargo fleet to help the carrier to stabilize its performance during the pandemic period. These strengths are tempered by intense competition and the airline's relatively smaller fleet size compared to its regional and global peers, high industry risk associated with high demand cyclicity and volatile fuel pricing as well as the airline's constantly high debt leverage due to its continuous fleet renewal plans.

## Related Criteria & Research

### Related Criteria

- General Criteria: National And Regional Scale Credit Ratings Methodology - June 08, 2023
- 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
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions - March 25, 2015
- 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

(Unless otherwise stated, these articles are published on [www.taiwanratings.com](http://www.taiwanratings.com))

### PRIMARY CREDIT ANALYST

**Irene Lai**  
Taipei  
+886-2-2175-6825  
irene.lai  
@spglobal.com  
irene.lai  
@taiwanratings.com.tw

### SECONDARY CONTACT

**Beatrice Chen**  
Taipei  
+886-2-2175-6829  
beatrice.chen  
@spglobal.com  
beatrice.chen  
@taiwanratings.com.tw

## Ratings List

### Ratings Affirmed

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#### China Airlines Ltd.

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Issuer Credit Rating	twBBB+/Stable/twA-2
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