

Research Update:

# Ratings On China Steel Corp. Affirmed At 'twAA-/twA-1+'; Outlook Stable

April 29, 2024

## Rating Action Rationale

Taiwan Ratings Corp. today affirmed its 'twAA-' long-term and 'twA-1+' short-term issuer credit ratings on **China Steel Corp.** The outlook on the long-term rating is stable. At the same time, we affirmed our 'twAA-' issue rating on the company's unsecured corporate bonds.

The ratings on China Steel continue to reflect our view that the company will maintain its solid domestic steel market position under more balanced regional supply and demand over the next one to two years. We believe China Steel's financial buffer can absorb the negative impact of continuous weak steel demand until a possible recovery in 2025. This is despite the company's weaker operating performance in 2023, which is likely to remain weak throughout 2024'. We expect China Steel's operating cash generation to support the ratio of funds from operations to debt at 12%-14% in 2024 and 20%-22% in 2025. The ratings continue to reflect a moderate likelihood of extraordinary support from the Taiwan government, given the company's strong link and role of limited importance to the government.

## Related Criteria & Research

### Related Criteria

- Criteria | Corporates | General: Sector-Specific Corporate Methodology - April 04, 2024
- Criteria | Corporates | General: Corporate Methodology - January 07, 2024
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities - January 07, 2024
- 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
- General Criteria: Principles Of Credit Ratings - February 16, 2011

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- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings - March 28, 2018

## Related Research

- Taiwan Ratings' Ratings Definitions – Nov. 11, 2021

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## Ratings List

### Ratings Affirmed

#### China Steel Corp.

Issuer Credit Rating	twAA-/Stable/twA-1+
Unsecured Corporate Bond Rating	twAA-

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](http://www.taiwanratings.com) for further information. Complete ratings information is available to subscribers of Rating Research Service at [rrs.taiwanratings.com.tw](http://rrs.taiwanratings.com.tw). All ratings affected by this rating action can be found on Taiwan Ratings' public website at [www.taiwanratings.com](http://www.taiwanratings.com).

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