

Research Update:

Taiwan Railway Corp. Ltd. Ratings Affirmed At 'twAAA/twA-1+'; Outlook Stable

December 11, 2024

Rating Action Rationale

Taiwan Ratings Corp. today affirmed its 'twAAA' long-term and 'twA-1+' short-term issuer credit ratings on **Taiwan Railway Corp. Ltd.** The outlook on the long-term rating is stable.

The ratings on Taiwan Railway reflect our view of the almost certain likelihood that the Taiwan government would provide timely and sufficient extraordinary support should the company experience financial distress. This reflects Taiwan Railway integral link to the government which fully owns the entity and the fact that Taiwan Railway provides critical domestic transportation services that could not be fully and easily replaced by other providers.

In addition, the ratings reflect Taiwan Railway's monopolistic position in Taiwan's conventional rail network, the essential nature of its service, and comprehensive network coverage. Nonetheless, the government's tight control over fare setting could constrain Taiwan Railway's profitability and cash flow generation over the next one to two years. This is despite the company's materially improved debt leverage following its corporatization in early 2024.

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
- Criteria | Corporates | Industrials: Key Credit Factors For The Real Estate Industry - February 26, 2018
- 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

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- 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

Related Research

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

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

Ratings List

Ratings Affirmed

Taiwan Railway Corp. Ltd.

Issuer Credit Rating	twAAA/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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