

## Research Update:

# Ratings On Four Key Formosa Companies Affirmed At 'twAA-/twA-1+'; Outlook Negative

October 21, 2025

We use our Principles of Credit Ratings criteria to assess and assign a proxy group credit profile (GCP). We continue to base our assessment of the credit quality of the four key companies of the Formosa group--**Formosa Plastics Corp., Nan Ya Plastics Corp., Formosa Chemicals & Fibre Corp.** and **Formosa Petrochemical Corp.** on the proxy GCP. This is based on the pro forma consolidated financials of their audited consolidated statements.

## Rating Action Rationale

Taiwan Ratings Corp. today affirmed its 'twAA-' long-term and 'twA-1+' short-term issuer credit ratings on the four key companies of the Formosa group. The outlook on the long-term ratings remains negative. At the same time, we affirmed our 'twAA-' issue rating on the companies' unsecured common corporate bonds.

The ratings reflect the four Formosa companies' good market position for various chemical products throughout the Greater China region, good operating efficiency and product diversity underpinned by a high degree of vertical integration, and good financial flexibility with sizable liquid non-core assets.

Several factors partly offset these rating strengths. These include the companies' high sensitivity to volatile crude oil and commodity chemical prices, significant asset concentration at the group's Mai-Liao complex, and rising cost competition due to aggressive capacity additions in China. In addition, the four companies' persistently weak profitability could pose significant risk to our base case, which expects the companies to improve the ratio of debt to EBITDA below 3.5x over the next 24 months.

## Related Criteria & Research

### Related Criteria

- General Criteria: Group Rating Methodology – July 01, 2019
- General Criteria: National And Regional Scale Credit Ratings Methodology – June 08, 2023
- Criteria | Corporates | General: Sector-Specific Corporate Methodology – July 07, 2025
- 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: Environmental, Social, And Governance Principles In Credit Ratings – October 10, 2021

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- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments – April 01, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings – March 28, 2018
- 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

## Related Research

- Taiwan Ratings' Ratings Definitions – November 11, 2021

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

## Ratings List

### Ratings Affirmed

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**Formosa Plastics Corp.**  
**Formosa Chemicals & Fibre Corp.**  
**Formosa Petrochemical Corp.**  
**Nan Ya Plastics Corp.**

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Issuer Credit Ratings	twAA-/Negative/twA-1+
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Issue Credit Rating	twAA-
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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](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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