

## CMBI Credit Commentary

### NWDEVL: A step to resume access to capital markets

#### NWDEVL 5.25 Perp remains our top pick

NWD announced the issuance of a new 3.5-yr USD bond which will be the first USD bond issue from the company since Jun'22. At the same time, NWD announced the concurrent tender offer for NWDEVL 6.15 Perp and NWDEVL 4.75 01/23/27 at 100.0 and 96.0, respectively. We expect the new issue to meet with decent market demand based on the IPT and improving market sentiment on NWD. The new issue helps NWD gradually resume the access to offshore capital markets and moderately relieve its refinancing pressure. As we wrote [on 29 Jul'24](#), we expect more repurchases/tender offer from NWD given the good progress of NCD and its access to lower-cost funding alternatives. Within the NWDEVL complex, NWDEVL 5.25 Perp remains our top pick in view of its more balanced risk-return profile, i.e. lower cash price, highest YTC and highest credit spread (789bps) if the perp is not called on the first call date. NWDEVL 5.25 perp was 2.1 pts higher this morning while other NWDEVLs moved 0.5-2pts higher.

**Cyrena Ng, CPA** 吳蒨瑩  
 (852) 3900 0801  
 cyrenang@cmbi.com.hk

**Jerry Wang** 王世超  
 (852) 3761 8919  
 jerrywang@cmbi.com.hk

**Glenn Ko, CFA** 高志和  
 (852) 3657 6235  
 glennko@cmbi.com.hk

**Table 1: NWDEVL's o/s bonds/perps**

	Amt Out (USD mn)	Ask Price	YTM/YT C (Ask)	Next Call Dt	Coupon reset	Coupon Step-up
NWDEVL 6.15 PERP	454	97.8	10.0	3/16/2025	3yrUST+6 .201%	300bps
NWDEVL 5 ¼ PERP	999	86.0	15.2	3/22/2026	5yrUST+7 .889%	300bps
NWDEVL 4 ½ PERP	1,140	66.2	17.1	3/10/2028	5yrUST+5 .858%	300bps
NWDEVL 6 ¾ PERP	1,300	56.7	11.0	9/7/2024	-	-
NWDEVL 4.8 PERP	700	45.6	10.5	08/29/2024	-	-
NWDEVL 4 ¾ 01/23/27	504	92.3	8.3	--	-	-
NWDEVL 5 ½ 06/16/27	172	94.3	8.1	03/16/2027	-	-
NWDEVL 4 ½ 07/18/29	718	80.6	9.1	--	-	-
NWDEVL 4 ½ 05/19/30	443	78.5	9.4	--	-	-
NWDEVL 3 ¾ 01/14/31	76	73.5	9.3	--	-	-
	6,506					

Source: Bloomberg.

**CMBI Fixed Income**  
 fis@cmbi.com.hk

#### FV of new 3.5-yr bond to be low to mid 8% vs IPT of 8.875%

We consider the FV of new 3.5-yr NWDEVL to be low to mid 8% factoring into the valuations of NWDEVL 4.75 01/23/27 (YTM 8.2%) and NWDEVL 4.125 07/18/29 (YTM of 8.9%). The IPY is 8.875%. At the time of writing, the book for the new issue is already over USD1bn. While there is a cap of USD400mn on the size of tender offer, there will be no cap on the size of new issue.

## The concurrent tender offer

NWD launched the tender offer to purchase NWDEVL 4.75 01/23/27 and NWDEVL 6.15 Perp at 96.0 and 100.0, respectively. The maximum acceptance amount will be USD400mn. The priority of acceptance of the tender offer will be given to bondholders participating into the new 3.5-yr issue. Our interpretation is that the tender offer is conditional upon the issuance of new 3.5-year bonds. That said, in view of the book size at the time writing, we expect the new issue and tender offer to go through.

**Table 2: Details of the tender offer**

Bond	NWDEVL 4.75 01/23/27	NWDEVL 6.15 PERP
<b>o/s amt</b>	USD504.2mn	USD453.9mn
<b>Purchase price</b>	96.0	100.0
<b>Maximum acceptance amount</b>	Determined after expiration date and shall not exceed USD400mn	
<b>Expiration date</b>	7 Aug'24	

*Source: Company fillings.*

*CMB International Global Markets Limited*

*Fixed Income Department*

*Tel: 852 3657 6235/ 852 3900 0801*

[fis@cmbi.com.hk](mailto:fis@cmbi.com.hk)

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