

CMBI Credit Commentary

Fixed Income Daily Market Update 固定收益部市场日报

- *New BOCOM'27 tightened 3bps this morning. KR IG space widened 2-5bps, KR corps were heavy while KR financials were stable. China TMTs were under better selling. NWDEVLs were unchanged to 3pts lower this morning.*
- *MEITUA: Net profit more than doubled in 9M24. Prefer MEITUA 0 04/27/27 and MEITUA 2.125 10/28/25. See comments below.*
- *DALWAN: Dalian Wanda Commercial obtained requisite [consent for USD400mn DALWAN 11 01/20/25](#). DALWANs were unchanged to 0.1pt higher this morning.*

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❖ Trading desk comments 交易台市场观点

Yesterday, UST yields tightened 4-5bps. BOCOM priced a USD300mn 3-yr floating-rate bond at SOFR+57. KR space was skewed to better selling after the rescission of martial law. DAESecs/SHNHANs/HYUELEs/LGENSOs closed unchanged to 5bps wider. In JP, RAKUTN priced the USD550mn NC5 Perp at par to yield 8.125%, and the perp rose 1.0pts from RO. RAKUTN 6.25 Perp/27s were 0.2-0.6pt higher. The insurance hybrids such as MYLIFEs/FUKOKUUs/SUMILF were sought after by PBs/RMs and closed 0.1-0.3pt higher. In Chinese IGs, HAOHUA/TENCNT 28s and BABA 34s were 1-2bps wider. In financials, Chinese AMCs were soft. CCAMCLs/ORIEASs were 2-3bps wider. HRINTHs were 0.1pt lower (6-9bps wider). BNKEA T2s were 1-3bps wider, while NANYAN 34s/NSINTW 34s tightened 1-3bps. In EU AT1s, UBS 6.85/INTNED 8 Perps were 0.2-0.4pt higher on buying from RMs. BNP 7.375/ACAFP 6.7 Perps were up 0.1-0.2pt. In HK, NWDEVLs were unchanged to 1.3pts lower. In Chinese properties, DALWAN announced it had received bondholders' consent to extend the maturity of the USD400mn DALWAN 11 01/20/25 to 12 Jan '26. See our comments on [25 Nov '24](#). DALWAN 24-26s closed 0.1-0.2pt higher. CHIOLIs were up 0.2-0.7pt. SHUIION 25-26s, on the other hand, lowered 0.7-1.2pts. In Indonesia, MDLNIJ 25s declined 1.1pts. See our comments on [4 Dec '24](#). In India, ADSEZs/ADTINs/ADGREGs/ARENrJs were down 0.2-0.4pt.

In LGFVs, there were balanced two-way flows across AMs. CPDEV/SXUCI 26s were up 0.1pt. We saw mixed two-way interests on CNH LGFVs such as JZMUNU '27/PHSOAH '27/WFNGWI '26. In SOE perps, COFCHK 3.1 Perp was up 0.1pt. CHCOMU 3.425 Perp was down 0.1pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
CITLTD 5.07 04/18/48	94.9	1.2	NWDEVL 5 1/4 PERP	66.0	-1.3
CITLTD 4.485 09/07/46	87.2	1.1	SHUION 5 1/2 03/03/25	94.3	-1.2
CITLTD 4 7/8 02/04/41	94.2	1.0	MDLNIJ 5 06/30/25	38.0	-1.1
TAISEM 2.7 09/22/60	63.7	0.8	NWDEVL 6 1/4 PERP	45.3	-1.0
TAISEM 4 1/2 04/22/52	96.8	0.8	AIA 3.2 09/16/40	77.6	-0.8

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.61%), Dow (+0.69%) and Nasdaq (+1.30%) were strong on Wednesday. US Nov'24 ADP employment was +146k, lower than the expectation of +166k. US Nov'24 Markit service PMI was 56.1, lower than the expectation of 57.0. UST yields retreated yesterday, 2/5/10/30 yield reached 4.13%/4.07%/4.19%/4.35%.

❖ Desk Analyst Comments 分析员市场观点

➤ **MEITUA: Net profit more than doubled in 9M24. Prefer MEITUA 0 04/27/27 and MEITUA 2.125 10/28/25**

Table 1: Meituan's outstanding bonds

	Px	YTW/YTP (%)	Amt o/s (USDmn)	Next put date	Put px
MEITUA 0 04/27/27	98.2	5.71	1,480	04/27/25	100.37
MEITUA 0 04/27/28	95.1	4.58	1,500	04/27/26	101.28
MEITUA 2.125 10/28/25	97.5	5.04	750	-	-
MEITUA 4.5 04/02/28	98.1	5.11	1,200	-	-
MEITUA 4.625 10/02/29	98.0	5.11	1,300	-	-
MEITUA 3.05 10/28/30	89.4	5.16	1,250	-	-

Source: Bloomberg

We maintain buy on MEITUA 0 04/27/27, puttable at 100.37 on 27 Apr'25, was traded at 98.2 with a YTP of 5.7%. We also like MEITUA 2.125 10/28/25 for lower cash price and less than a year to maturity. At 97.5, MEITUA 2.125 10/28/25 was traded at YTM of 5.0%. Meanwhile, we recommend investors to take profit from MEITUA 0 04/27/28 given less attractive valuation. In our view, Meituan is able to redeem the MEITUA 0 04/27/27 and MEITUA 2.125 10/28/25 comfortably with its internal resources based on the net cash position as at Sep'24, and the issuance of the two USD bonds totaled USD2.5bn in Oct'24 further boost its liquidity position.

Meituan's strong revenue growth continued in 3Q24. In 9M24, revenue increased by 23% yoy to RMB249bn with all the segments showed an yoy increase in revenue. This was driven by the increase in number of delivery transactions, number of online marketing active merchants, as well as growth in goods retail businesses. The number of delivery transactions increased by 18% yoy in 9M24 to 19bn. The gross profit margin increased by 3.1 pct pt to 38.7%, thanks to better operational efficiency. As a result, the net profit up by 154% yoy to RMB30bn in 9M24.

At Sep'24, Meituan had unrestricted cash and cash equivalent of RMB43bn, 27% higher than the level as at Dec'23. Along with the short-term treasury investment of RMB92bn, Meituan's net cash position (unrestricted cash and short term investments minus total debts) further increased to RMB93bn at Sep'24. Over the past 5 years, its net cash position averaged RMB59bn. In our view, Meituan has ample liquidity to cover its short-term debts of RMB13bn and capex, and to redeem or repay its offshore maturities in the medium term with its internal financial resources. In Oct'24, Meituan issued USD bonds totaled USD2.5bn, which is more than sufficient to

cover the redemption of MEITUA 0 04/27/27 of USD1,480mn (callable in Apr'25) and MEITUA 2.125 10/28/25 of USD750mn due in Oct'25.

Furthermore, Meituan's brand Keeta officially launched in Riyadh, the capital of Saudi Arabia, in Oct'24. As per Meituan, it is also keen on expanding the coverage of Keeta to other Saudi Arabia cities. While international expansion of Keeta will burn cash at initial stage to gain market shares, we view the risk is partly mitigated by the net cash position of Meituan as at Sep'24.

Table 2: Meituan's key financials

RMB mn	9M23	9M24	Yoy change
Revenue	203,049	249,104	22.7%
- Delivery services	60,264	71,870	19.3%
- Commission	56,692	70,372	24.1%
- Online marketing services and sales	29,529	36,290	22.9%
- Others	56,564	70,571	24.8%
Gross profit	72,198	96,340	33.4%
Adjusted EBITDA	20,134	37,597	86.7%
Net profit	11,640	29,586	154.2%
Gross margin	35.6%	38.7%	312bps
Adjusted EBITDA margin	9.9%	15.1%	518bps
Net profit margin	5.7%	11.9%	614bps
	Dec'23	Sep'24	Change
Unrestricted cash and cash equivalent	33,340	42,468	27.4%
Short-term treasury investments	111,821	91,694	-18.0%
Unrestricted cash and ST investment	145,160	134,163	-7.6%
ST debts	21,802	13,008	-40.3%
LT debts	38,819	28,334	-27.0%
Total debts	60,621	41,342	-31.8%
Net cash (Unrestricted cash + ST inv - total debts)	84,540	92,820	9.8%
Cash/ST debts	1.5x	3.3x	-

Source: Company filling, CMBI Research.

➤ **Offshore Asia New Issues (Priced)**

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
BOCOM Hong Kong Branch	300	3yr	5.236%	SOFR+57	A2/A-/A

➤ **Offshore Asia New Issues (Pipeline)**

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Zhengzhou Urban Construction Investment	USD	-	3YR	5.5%	-/BBB+

➤ **News and market color**

- Regarding onshore primary issuances, there were 101 credit bonds issued yesterday with an amount of RMB84bn. As for Month-to-date, 259 credit bonds were issued with a total amount of RMB223bn raised, representing a 87.7% yoy increase
- **[AVOL]** Bohai Leasing unit to issue USD1.5bn bonds
- **[DALWAN]** Dalian Wanda Commercial obtained requisite consent for USD400mn DALWAN 11 2025
- **[NWDEVL]** New World Development management said the developer has no intention to defer perp distributions
- **[STCITY]** Studio City signed HKD1.9bn five-year revolving credit facilities agreement

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