

## CMBI Credit Commentary

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

- *The sentiment turned risk-off following Trump's latest tariff threats this morning. The new HSBC Float 29-31s widened 2-3bps. CBAAU/WSTP/NAB 30-36s widened 1-4bps. NWSZF 28-29s retreated 0.2pt. VNKRL 27-29s down another 0.3pt.*
  - **MPEL:** *Strong recovery in FY24 results. Within the Macau gaming sector, MPELs and STCITYs/STDCTY are our top picks. MPELs were unchanged post results announcement and this morning. See below.*
  - **MONMIN:** *Mongolian government identifies issues with mining license held by Mongolian Mining Corp (MMC); MMC believes 2008 agreement with Mongolian government remains valid and binding. MONMIN 26 fell 1pts yesterday and was unchanged this morning.*
- ❖ **Trading desk comments 交易台市场观点**

Yesterday, the new HSBC Float 29s and HSBC Float 31s tightened 10bps and 20bps from ROs, while the new HSBC fixed-rated 29-36s closed unchanged to 2bps tighter. Meanwhile, SUMIBK/MIZUHO/BACR Float 28-35s closed 1-3bps tighter. However, KDB/EIBKOR/BCHINA Float 27-35s were under better selling and widened 1-2bps. AT1s and insurance hybrids were stable. In HK T2s, SHCMBK/DAHSIN/NANYAN 33-34s were better bid and tightened 1-2bps. BNKEA 32s tightened 2bps, while BNKEA 30s widened 2bps. In HK corps, NWSZF 28-29s rose another 1.4-2.0pts following its 1HFY25 results. NWDEVL Perps/27-31s were up 0.1-0.9pt, closed 1.8-5.5pts higher WTD ahead of result announcement later today. CKINF/CKPH/NANFUN Perps increased 0.5-1.0pts. CSIPRO 25s/LIHHK 26s were also 0.4-0.6pt higher. CPREIT 30s, however, declined 0.6pt following Moody's one notch downgrade to Baa3. In Chinese properties, LNGFOR 27-32s were up 0.4-0.6pt. However, VNKRL 27-29s declined another 0.4-0.5pt and closed 1.4-1.5pts lower WTD. Outside properties, EHICAR 26-27s were 0.4-0.6pt higher. In India, UPLLIN Perp/28-30s were up 0.3pt. See our comments on [27 Feb '25](#).

In LGFVs, CPDEV 25-26s were up 0.2pt. SHGUOH/SIDEVE/GZINFU 26s were up 0.1pt. There were two way interests on CNH papers such as JDZUDG 7.5 28s/LYGYIH 7.5 27s. In SOE perps, CHPWCN 4.25 Perp was up 0.1pt, CHCOMU 3.65 Perp was down 0.1pt.

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## ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
NWSZF 4 1/4 06/27/29	87.1	2.0	CPREIT 2.95 06/15/30	85.4	-0.6
NWSZF 6 3/8 08/22/28	95.8	1.4	CNOOC 5 05/02/42	100.9	-0.5
CKINF 4.85 Perp	85.6	1.0	VNKRLE 3 1/2 11/12/29	60.8	-0.5
CKPH 3.8 Perp	67.3	0.9	VNKRLE 3.975 11/09/27	70.8	-0.4
NWDEVL 4 3/4 01/23/27	78.8	0.9	MINMET 4.95 07/22/26	96.5	-0.4

## ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (-1.59%), Dow (-0.45%) and Nasdaq (-2.78%) were lower on Thursday. Nvidia down 8.5% post weaker-than-expectation quarterly forecast for gross margin. US latest initial jobless claims was +242k, higher than the expectation of +222k. UST yield was higher on Thursday, 2/5/10/30 yield at 4.07%/4.09%/4.29%/4.56%.

## ❖ Desk Analyst Comments 分析员市场观点

## ➤ MPEL: Strong recovery in FY24 results

Table 1: Financial highlights of Melco

USD mn	2019	2023	2024	Change vs. 2019	Change vs. 2023
Revenue	5,737	3,775	4,638	-19%	23%
-Gaming revenues	4,977	3,077	3,773	-24%	23%
-Other revenues	760	698	865	14%	24%
Operating income	748	65	485	-35%	646%
Adjusted EBITDA	1,574	962	1,140	-28%	19%
Adjusted EBITDA Margin	27.4%	25.5%	24.6%	-285bps	-89bps
	Dec'19	Dec'23	Dec'24	Change vs. Dec'19	Change vs. Dec'23
Cash	1,395	1,311	1,147	-18%	-12%
ST Debt	33	20	40	21%	104%
LT Debt	4,482	7,526	7,216	61%	-4%
Total Debt	4,516	7,546	7,257	61%	-4%
Net debt (debt - all cash)	3,121	6,235	6,109	96%	-2%
Total debt/adjusted EBITDA	2.9x	7.8x	6.4x	-	-

Source: Company fillings, CMBI Research.

Melco Resorts & Entertainment (Melco) reported a strong recovery in FY24 with 23% yoy increase in revenue to USD4.6bn, attributable to the continued recovery in inbound tourism to Macau in 2024, and the opening of Studio City Phase 2 and City of Dreams Mediterranean (COD Mediterranean) in mid-2023. Its operating income was also up significantly to USD485mn, while adjusted EBITDA rose by 19% yoy to USD1.1bn. See Table 1.

We expect that the operating performance of Melco in 2025 will continue to improve, supported by the sustained recovery in tourism in Macau, the ramping up of COD Macau and Studio City with ongoing enhancement projects. Melco also sees the business volume post CNY in Feb'25 were much stronger than that than of the prior year. The House of Dancing Water will return in May'25 and COD Sri Lanka is expected to commence casino operation from 3Q25. We expect these to fuel the revenue growth in 2025. The focus on cost optimization, in particular in non-gaming operations, will also help to improve its profit margins.

The FY24 capex incurred slightly decreased by 4% to USD244mn from USD252mn in FY23. The major usage of capex during the year were the enhancement projects at COD Macau and Studio City, as well as the development of City of Dreams Sri Lanka (COD Sri Lanka). Melco's budgeted capex in 2025 will be USD415mn, including USD80mn for COD Sri Lanka, USD70mn for Studio City and USD220mn for other Macau operations.

We believe that Melco's operating cash inflow and cash on hand will be sufficiently fund its budget capex. Furthermore, as a part of Melco's asset light strategy, Melco is considering to dispose of COD Manila gaming resort and the proceeds from the potential sale could be used to repay debts. As per Melco, it may consider the disposal of COD Mediterranean in Cyprus in the future.

Driven by higher adjusted EBITDA and lower total debt balance, the total debt/adjusted EBITDA fell to 6.4x as of Dec'24 from 7.8x as of Dec'23. As of Dec'24, Melco's liquidity remained sufficient to meet its ST debts with available liquidity of USD3.4bn after adding undrawn revolving credit facilities, increased from USD2.4bn as of Dec'23. We take additional comfort that Macao gaming operators have resumed their access to capital markets after the sharp recovery of GGR and operating performance.

Within the Macau gaming sector, MPELs and STCITYs/STDCTY. We also consider SJMHOLs good carry play. Meanwhile, we consider MGMCHIs and WYNNMAC'29 yield pick-up plays, trading at 14-35bps and 46bps pick-up over bonds of their US parents, respectively. We are neutral on SANLTDs on valuation.

**Table 2: Macau gaming USD bond profile**

	Ask YTM (%)	Mod Duration	Ask px
MGMCHI	5.2-6.4	0.1-3.7	98.4-103.7
<b>MPEL</b>	<b>5.1-7.4</b>	<b>0.3-4.1</b>	<b>93.0-101.1</b>
SANLTD	4.3-5.7	0.3-5.6	87.1-100.4
<b>SJMHOL</b>	<b>5.9-6.1</b>	<b>0.9-2.6</b>	<b>96.6-98.8</b>
<b>STCITY/STDCTY</b>	<b>5.7-7.5</b>	<b>0.1-3.4</b>	<b>91.8-101.2</b>
WYNNMAC	4.1-6.5	0.8-4.1	94.4-101.7

Source: Bloomberg.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Chengdu Jianjiang Investment Group	100	3yr	4.94%	4.94%	Unrated
Qingdao Bullet Train Town Investment Group	60	3yr	6.9%	6.9%	Unrated

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



Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Jiangsu Tenghai Investment Holding Group	USD	-	3yr	5.0%	Unrated
Qingdao Jiaozhou Urban Development And Investment Co	USD	-	3yr	7.5%	Unrated

➤ **News and market color**

- Regarding onshore primary issuances, there were 97 credit bonds issued yesterday with an amount of RMB109bn. As for month-to-date, 1,276 credit bonds were issued with a total amount of RMB1,200bn raised, representing a 57.5% yoy increase
- **[CPREIT]** Moody's downgraded Champion REIT's ratings to Baa3, outlook remains negative
- **[LOGPH]** Logan Group secures support for holistic restructuring from creditors holding more than 80.8% of offshore debts
- **[MONMIN]** Mongolian government identifies issues with mining license held by Mongolian Mining Corp; Mongolian Mining believes 2008 agreement with Mongolian government remains valid and binding and intends to protect interests over UHG mine
- **[YLLGSP]** Yanlord Land revenue fell 16% yoy in FY24

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