

CMBI Credit Commentary

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

- *Market tone was cautious with light flows this morning. SOE/TMT were two-way traded. AT1 and front-end AMC/Leasing were under better selling. LGFV remained active.*
- **MEDCIJ:** *Higher volume supported the modest EBITDA growth in 9M24. Maintain buy on MEDCIJ'28/29. MEDCIJ's were unchanged post the results. See below comments.*
- **WYNMAC:** *Wynn Macau 9M24 operating revenue rose 33.1% yoy to USD1.1bn and adj. property EBITDAR rose 57.2% yoy to USD333.7mn. WYNMACs were unchanged this morning.*

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❖ Trading desk comments 交易台市场观点

Yesterday, UST yield tightened 4-8bps on Mon. In financials, BCLMHK/WSTP Float 27-34s closed 2-4bps tighter. CCAMCL/ORIEAS 26-30s were 2-3bps tighter. EU AT1s were under small better buying from AMs. BACR 8/HSBC 6.95/INTNED 7.25 Perps were 0.2-0.5pt higher. JP insurance hybrids were under better buying. NIPLIF 51-54s were 0.1-0.4pt higher. In HK, AIA 30-35s tightened 1-2bps while AIA 54s widened 2bps. CKHH 29/30s tightened 2bps while CKHH 26/27s were 1-2bps wider. LIFUNG 5.25/NWDEVL 4.8 FFL Perps were 0.3-0.8pt lower under selling from RMs/AMs. In Chinese properties, ROADKG 28-30s/Perps lowered another 1.1-2.3pts after posting weak property sales last week. DALWAN 25-26s dropped another 0.8-1.4pts after the drop of 2.1-3.2pts over the last week. VNKRL 27-29s lowered 0.6-0.9pt. FTLNHD 24-26s and LNGFOR '28 were down 0.4-0.7pt. Outside properties, HILOHO '24 was another 0.9pt lower. In Macau gaming, MGMCHI '25/SANLTD '30 were 0.3-0.4pt higher. See our comments on [4 Nov '24](#). In Indonesia, MDLNIJ '25 declined 0.8pt. MEDCIJ 26-29s were unchanged to 0.1pt higher. See comments below.

In LGFVs, the recent new CDCOMM 28/29 and JNUCGC '27 were unchanged to 0.1pt lower. KMRLGP/LIANYU 25s were 0.3pt lower. On the other hand, SHGUOH '26/BEIENT '26 were up 0.2pt. In SOE perps, CHPWCN 3.08 Perp was up 0.2pt, COFCHK 3.1 Perp was 0.1pt lower. Meanwhile, HNINTL '30/HUANEN '29 were up 0.4pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
BABA 4.4 12/06/57	85.0	1.7	ROADKG 5.2 07/12/29	39.6	-2.3
HAOHUA 4 3/4 06/19/49	92.0	1.6	DALWAN 11 01/20/25	90.7	-1.4
CHGRID 4 05/04/47	88.6	1.5	ROADKG 7.95 PERP	18.7	-1.2
CHGRID 4.85 05/07/44	99.9	1.5	ROADKG 5 1/8 01/26/30	38.3	-1.2
MUFG 4.286 07/26/38	92.7	1.5	ROADKG 6 03/04/29	42.0	-1.1

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.28%), Dow (-0.61%) and Nasdaq (-0.33%) were weak on Monday. China Caixin Oct'24 service PMI was 52, than the expectation of 50.5. UST yield rallied higher on Friday, 2/5/10/30 yield reached 4.17%/4.17%/4.31%/4.50%.

❖ Desk Analyst Comments 分析员市场观点

➤ **MEDCIJ: Higher volume supported the modest EBITDA growth in 9M24. Maintain buy on MEDCIJ'28/29**

Medco Energi (Medco) reported 7% yoy increase in revenue to USD1.8bn in 9M24 from 9M23. This was driven by 35% yoy increase in oil lifting to 41.3mbopd, as well as 4% higher average realized oil price to USD80/bbl from 9M23. While the gross profit dropped by 7% yoy due to higher crude oil purchases cost under COSPA, the 9M24 EBITDA increased by 4% yoy to USD979mn with lower SG&A expenses. We expect the revenue and EBITDA of Medco to increase moderately in FYE24 from the levels of FY23, supported by higher oil lifting and mild increase in average realized oil price compared to FY23.

Medco is on track to meet its FY24 operational guidance in 9M24. The oil and gas production of 153mboepd in 9M24 was indeed ahead of full year guidance of 145-150mboepd. The oil and gas production in FY24 will be lower than that of FY23 of 160mboepd, due to Corridor working interest reduction to 46% from 54% and divestment in Vietnam. These impacts were partially offset by the acquisition of Oman 60. Besides, the power sales in 3Q24 was slightly lower than 1Q24 and 2Q24 owing to Riau gas-fired IPP shutdown in Aug'24, therefore the total power sales of 2,961Gwh in 9M24 were only 72% of the annual target of 4,100Gwh. During 9M24, Medco generated USD891mn operating cash flow and had unrestricted cash of USD606mn as at Sep'24. Medco's capex was USD300mn in 9M24, implying a capex of USD130mn in 4Q24 based on the FY24 guidance.

The operational guidance in FY25 is largely the same as that in FY24. The oil and gas production will remain at 145-150 mboepd and cash cost of below USD10/boe, as well as capex of USD430mn, the same as that of FY24. Medco also guides power sales to increase 400Gwh more to 4,500Gwh in FY25.

We expect the operating cash flow (LTM EBITDA of cUSD1.3bn) and cash in hand (USD672mn as of Sep'24) to be sufficient to cover the upcoming capex and ST debt of USD503mn. At Sep'24, the total debt was USD3.5bn. The net debt/EBITDA stood at 2.3x at Sep'24 and Jun'24, down from 2.5x at Dec'23 per our calculation.

Medco has been actively managing its maturity profile by riding on the favorable commodity prices in past two years. YTD, Medco repurchased totaled USD337mn of USD bonds through tender offers and market repurchases. We expect Medco to conduct more early redemptions or early calls given its sufficient liquidity and good access to onshore funds. In Feb'24, Medco issued IDR bonds of USD95mn with coupon rates ranging from 7.35 to 8.5%. MEDCIJs rose 1.8-4.1pts YTD. We maintain buy on MEDCIJs and prefer MEDCIJ'28 for better risk-return profile within the curve.

Security Name	ISIN	Amt Out (USDmn)	Ask Price	YTM (Ask)	Rating(M/S/F)
MEDCIJ 7 % 05/14/26	US58405FAA30	242.3	101.6	6.2	B1/BB-/BB-
MEDCIJ 6 % 01/30/27	US58406LAA98	435.3	99.8	6.5	B1/BB-/BB-
MEDCIJ 6.95 11/12/28	US58406RAA68	299.4	99.8	7.0	B1/BB-/BB-
MEDCIJ 8.96 04/27/29	US58407HAA77	500.0	105.4	7.1	B1/BB-/BB-

Source: Bloomberg.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Yichang High-Tech Investment	100	3yr	6.5%	6.5%	-/-/-

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Taishan Finance International	USD	-	2yr	7.0%	-/-/-

➤ News and market color

- Regarding onshore primary issuances, there were 89 credit bonds issued yesterday with an amount of RMB77bn. As for Month-to-date, 153 credit bonds were issued with a total amount of RMB149bn raised, representing a 18.6% yoy decrease
- [MEDCIJ]** Medco Energi plans to increase capex in oil and gas segment by 14% yoy to USD400mn in 2025
- [MDLNIJ]** Media reported that Modernland's key noteholders indicate support for tender and exchange offer and concurrent consent solicitation for USD bonds due-2025 and for separate consent solicitation for due-2027s
- [SKONKR]** SK On 3Q24 revenue down 54.9% yoy to cUSD1.04bn and operating income turned to positive of USD17.4mn
- [SUNAC]** Sunac's key Chinese domestic unit seeks to deleverage RMB16bn bond debt by over 50% through restructuring proposal
- [WYNMAC]** Wynn Macau 9M24 operating revenue rose 33.1% yoy to USD1.1bn and adj. property EBITDAR rose 57.2% yoy to USD333.7mn

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