

## CMBI Credit Commentary

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

- *The new KUB 4.791 28 and KOLAHO 4.25 27 tightened 5bps and 1bps from RO respectively this morning. The new CDBALF 4.75 30 tightened 1bp, while CDBALF Float 30 widened 2bps. BABA 27-35s tightened 1-3bps. DAIL/SUMILF Perps were down 0.1-0.2pt.*
- **PCORPM:** *A decrease in working capital helped reduce net leverage as of Mar'25. Maintain buy on PCORPM 5.95 Perp. PCORPM 5.95 Perp was 0.5pt higher post results announcement. See below.*
- **GLPSP:** *GLP repurchased USD277.542mn of GLPSP 3.875 06/04/2025, USD722.458mn remains outstanding. GLPSP 4.6 Perp down 0.4pt while GLPSP 4.5 Perp up 0.1pt this morning.*

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

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

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

#### ❖ Trading desk comments 交易平台市场观点

Yesterday, UST 10yr and 30yr yields closed another 2-4bps wider. On IG primary, CBDALF priced 5yr fixed-rate bond and 5yr floating-rate bond at CT5+75 (IPT of CT5+115) and SOFR+80 (IPT of SOFR +130), respectively. See our comments on [20 May '25](#). KUB priced a 3yr bond at CT3+82 (IPT of CT3+120). KOLAHO priced a 2yr bond at CT2+55 (IPT of CT2+90). The new KORAIL 4.375 28 tightened 4bps to CT2+57 from RO (CT2+61). In Chinese IGs, BABA/TENCNT/MEITUA 27-35s tightened 1-3bps. The long end of SINOPE/CNOOC 43-50s were 0.7-0.8pt lower (2-6bps wider). In financials, the recent new HSBC/STANLN Float 31s were 1-2bps tighter on better buying from Chinese onshore accounts. NSINTW/CATLIF 34s were unchanged to 5bps tighter. SMBCAC/SUMIFL/MUFG 28-36s tightened 2-5bps, while SUMIBK Float 30s widened 1bp. WSTP/CBAU 34-46s tightened 1-9bps. In insurance hybrids, SUMILF/DAIL Perps were up 0.2pt. In AT1s, HSBC 6.95/SOCGEN 8.125 Perps were up 0.1-0.2pt. Meanwhile TOPTB 43-50s tightened 5-10bps. In HK, SHCMBK/NANYAN/BNKEA 30-34s were 1-5bps tighter. NWDEVL 27-31s declined 0.3-0.5pt, closed 1.2-1.6pts lower WTD. NWDEVL Perps were unchanged to 0.4pt higher, closed 1.1-6.3pts lower WTD. Media reported NWD has requested banks to refinance its HKD87.5bn (cUSD11.2bn) of loans by 30 Jun '25, in light of expiration of a covenant waiver on NWD's existing loans. In Chinese properties, VNKRL 27-29s were down 0.2-0.3pt. Outside properties, EHICAR 26-27s were up 0.4pt. Elsewhere, RAKUTN Perps/27-29s were up 0.2-0.3pt. VEDLN 27-33s were down 0.2-0.5pt. CGRNEG 33 declined 0.2pt, closed 0.8pt lower WTD, following Moody's changed Continuum Green Energy RG2's outlook to negative from stable. MEDCIJ 28-30s were 0.2-0.3pt higher. LMRTSP 26 rebounded 1.3pts. The long end of PERTIJ/IDASAL 43-50s were 0.8-0.9pt higher (10-13bps tighter).

In LGFVs, there were two way interests on CNH names such as ZIBOPR 28s/QHCTJS 28s/HZWXED 28s and USD names such as GXCMIN 25/BCDHGR 26s/HEDGCN 26s. In SOE perps, CTIH Perp was up 0.3pt, AVIILC Perp was down 0.2pt.

## ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
LMRTSP 7 1/2 02/09/26	99.1	1.3	CCAMCL 5 02/08/48	84.6	-1.5
INDOIS 3.55 06/09/51	69.6	1.0	YANTZE 3.2 10/16/49	71.1	-1.2
INDON 5 1/4 01/08/47	94.1	1.0	SINOPE 4 1/4 05/03/46	86.5	-0.9
MUFG 4.7 03/10/44	87.6	0.9	RILIN 4 7/8 02/10/45	84.9	-0.9
INDOIS 3.8 06/23/50	73.0	0.9	RILIN 3 5/8 01/12/52	66.3	-0.9

## ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (-0.39%), Dow (-0.27%) and Nasdaq (-0.38%) were lower on Tuesday. Long-term UST yield was higher Tuesday, 2/5/10/30 yield at 3.97%/4.07%/4.48%/4.96%.

## ❖ Desk Analyst Comments 分析员市场观点

## ➤ PCORPM: A decrease in working capital helped reduce net leverage as of Mar'25

Petron's revenue dropped by 15% yoy in 1Q25 due to lower sales volume and selling price. The sales volume dropped by 13% yoy to 30.7mn barrels in 1Q25, growth in domestic sales was more than offset by lower export sales. In the Philippines, retail sales grew on higher demand from motorists while higher commercial sales was driven by higher jet fuel and LPG sales. However, the retail sales in Malaysia dropped due mainly to the severe flood in Jan'25. We expect the sales volume in Malaysia to normalize in 2Q25.

The average benchmark Dubai crude price dropped to USD77/barrel in 1Q25, compared to USD81/barrel in 1Q24. We expect that Petron's revenue will continue to be under price pressure in 2Q25. At the time of writing, the average benchmark Dubai crude price further drop to USD67/barrel QTD, compared to USD87/barrel over the same period in 2024 and USD83/barrel in 1H24. In 1Q25, the refining margin declined by 40% yoy, reflecting the weak demand for petroleum products and depreciation in PHP against USD. The gross profit and EBITDA were 5% and 2% lower yoy, respectively. The smaller EBITDA decline than that of gross profit reflected the unrealized gain on commodity hedge along with higher rental income in 1Q25. The net profit was 2% yoy higher in 1Q25 at PHP4bn.

Despite the lower revenue and EBITDA, its operating cash flow increased 80% yoy to PHP24bn, driven by lower net working capital, as well as lower capex during 1Q25. During 1Q25, Petron spent PHP2bn in capex, represented 15% of the full year budget of PHP11bn. We understand that the FY25 capex is primarily for network expansion, terminal upgrades, delivery fleet investments, refinery-related projects and maintenance. As a result, Petron's cash and ST investment increased to PHP40bn as of Mar'25 from PHP31bn as of Dec'24 and its net leverage was lower. As of Mar'25, its net debt/LTM EBITDA (perp was accounted as debt) was 5.5x while the cash to short term debt remained low at 0.2x. We take comfort with Petron's good access to bank borrowings for refinancing of short-term dues.

As per media report earlier this month, Petron considers a LME in 2H25 to address capital securities maturing in 2026. Petron's only o/s USD issue, PCORPM 5.95 Perp, is first callable in Apr'26. Our base case is that Petron will call the perp on the first call date in view of the coupon reset and high step-up of 250bps. If the perp is not called, its coupon will be reset to 5yrUST+7.574%, i.e. 11.6% at current UST rate. As we expect the longer-term UST rate to stay high and yield curve continue to stay steep, we believe that Petron is highly incentivized to refinance the perp at a lower cost given Petron's good access to funding channels, especially onshore preference share issues and loans. We take additional comfort that Petron has track records of calling its perps on the first call dates. Recalled that Petron called PCORPM 4.6 Perp and PCORPM 7.5 Perp on their

first call dates in Jul'23 and Jun'18, respectively. At 99.0, PCORPM 5.95 Perp is trading at a YTC of 7.1%. We consider PCORPM 5.95 Perp a low beta and good carry play. Hence, we maintain buy on PCORPM 5.95 Perp.

**Table 1: Financial highlights of Petron**

PHPmn	1Q24	1Q25	Change
Sales	227,637	194,376	-15%
-Petroleum	226,851	193,644	-15%
-Leasing	288	294	2%
-Marketing	324	200	-38%
-Others	174	238	37%
Gross profit	14,166	13,496	-5%
EBITDA	13,443	13,210	-2%
Net profit	3,949	4,025	2%
Operating cash flow	13,578	24,483	80%
Capex	2,223	1,710	-23%
Gross profit margin	6.2%	6.9%	0.7 pct pt
EBITDA margin	5.9%	6.8%	0.9 pct pt
Net profit margin	1.7%	2.1%	0.4 pct pt
	<b>Dec'24</b>	<b>Mar'25</b>	<b>Change</b>
Cash and ST investment	31,433	40,294	28%
Total debt	304,319	291,584	-4%
Net debt	272,886	251,290	-8%
Total debt/ LTM EBITDA	6.6x	6.4x	-
Net debt/ LTM EBITDA	5.9x	5.5x	-
Cash/ST debt	0.2x	0.2x	-

Note: Debt incl. perpetual securities.

Source: Company filling, CMBI FICC Research.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
CDB Aviation	400/ 300	5yr/ 5yr	4.75%/ SOFR+80	T+75/ SOFR+80	A2/-/A
Chengdu Inland Port Hub Investment & Development	100	3yr	4.8%	4.8%	Unrated
Huai'an Traffic Holding	300	3yr	4.78%	4.78%	Unrated
Korea Land & Housing Corp	500	2yr	4.25%	T+55	Aa2/-/AA-

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Asia Development Bank	USD	-	5yr	SOFT MS+45	Aaa/AAA/AAA
China Construction Bank Corporation Hong Kong Branch	USD	-	3yr/ 5yr	SOFR+105/ SOFR+115	-/-/A

➤ **News and market color**

- Regarding onshore primary issuances, there were 98 credit bonds issued yesterday with an amount of RMB125bn. As for month-to-date, 674 credit bonds were issued with a total amount of RMB879bn raised, representing a 43.6% yoy increase
- **[BABA]** Alibaba B2B platform sees jump in US interest after China-US tariff pause
- **[GLPSP]** GLP repurchased USD277.542mn of GLPSP 3.875 06/04/2025, USD722.458mn remains outstanding
- **[NIO]** NIO partners with state-owned firm to build 100 battery swap stations in China
- **[NWDEVL]** NWD faces covenant waiver expiration next month; needs banks to refinance USD11.2bn in loans by end of Jun'25
- **[PERTIJ]** Pertamina signs 10 gas sales deals with Perusahaan Gas Negara (PGN) and Perusahaan Listrik Negara (PLN)

*Fixed Income Department*

*Tel: 852 3657 6235/ 852 3900 0801*

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

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