

CMBI Credit Commentary

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

- *This morning, the recent new SSLINS '56 further rose 0.3pt. KR financials were 2-3bps tighter, while KR corporates were unchanged. Chinese TMT BABA/TENCNT tightened 2-3bps under short covering. SOFTBKs rose 0.5-1.7pts. GENTMK Perps dropped 0.3-0.7pt. GRNCH '29 was down 0.4pt.*
- **HYUELE:** *Another record revenue in 3Q26; net cash position reached KRW98.7tn as of Sep'26. Maintain buy on HYUELE 2.375 01/19/31. HYUELEs were unchanged this morning. See below.*
- **MEITUA:** *Meituan priced 5yr and 10yr senior unsecured dim sum bonds at 2.5% and 3.1%, respectively, tightened from IPT at 2.9% and 3.6%. The issue size was CNH4.5bn and CHN3.5bn, respectively, on an order book of over CNH7.4bn and CNH6.8bn. The new CNH MEITUA '31 and '36 down 0.5pt and 0.8pt, respectively, from RO at par this morning. Please also read our new issue highlights in our daily yesterday.*

❖ Trading desk comments 交易平台市场观点

Yesterday, flows mainly focused on the new SSLINS '56 across AM/PB clients, which tightened c10bps from RO at par. Chinese TMT BABA/TENCNT/JD/MEITUA were unchanged to 1bp wider. AACTEC '31 widened 2bps. Bank T2 BBLTB/FUBHKL widened 1-2bps while other active names were unchanged. TW lifer T2 CATLIF/FUBON/NSINTW widened 1-2bps. In KR space, HYUELE/POHANG were unchanged to 2bps wider.

Higher-yielding space was mixed, EU AT1 recovered 0.1-0.5pt. SOFTBKs rebounded 0.1-1.1pt. Chinese property developers remained weak, CNH ZHHFGR dropped 15-40pts further. Media reported Zhuhai Huafa is seeking bank loans extension. GRNCH '28-29 were 1.6-2.4pts lower. CPDEV '28-29 dropped 1.8-1.9pts. NWDVEL/VDNWDL were unchanged to 0.2pt lower. Chinese industrials FOSUNI/HONGQI/WESCHI down 0.1pt. SANLTDs down 0.1-0.3pt post new 5yr and 7yr USD bond issues announcement. In LGFV space, CDSNFE '28 rose 0.5pt with buying flows from onshore accounts. Other active LGFV names were overall stable. CNH TMT BABA/TENCNT were unchanged, while MEITUA '35 down 0.3pt post new 5yr and 10yr dim sum bond issues news.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
CITLTD 4 3/4 02/04/36	94.6	2.6	CKINF 4.2 PERP	64.3	-3.2
SOFTBK 9 3/4 04/01/34	98.9	1.1	GRNCH 7 05/19/29	91.7	-2.4
FRIDPT 6.2 04/14/52	88.9	0.9	CPDEV 6.8 04/07/29	94.4	-1.9
PLNIJ 4 06/30/50	62.8	0.8	CPDEV 7.15 03/21/28	96.3	-1.8
PRUFIN 4 7/8 PERP	80.8	0.8	GRNCH 8.45 02/24/28	96.8	-1.6

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.60%), Dow (+0.03%) and Nasdaq (+1.18%) rallied higher on Tuesday. UST yield was mixed yesterday. 2/5/10/30 year UST yield was at 4.70%/4.82%/4.99%/5.30%.

❖ Desk Analyst Comments 分析员市场观点

➤ **HYUELE: Another record revenue in 3Q26; net cash position reached KRW98.7tn as of Sep'26**

We maintain buy on HYUELEs in view of SK Hynix's strong market position globally and solid operating cash flow, as well as HYUELEs' more balance risk-return profiles compared with those of peers such as MUs and KIOXIAs. Within the HYUELE complex, we prefer HYUELE 2.375 01/19/31 most for lower cash price. At 87.9, HYUELE 2.375 01/19/31 is trading at YTM of 5.6%/Z+104bps.

SK hynix's 3Q26 results were credit positive, with record earnings and a larger net cash buffer strengthening its capacity to fund expansion. Revenue rose 32% qoq and 328% yoy to KRW104.6tn, exceeded KRW100tn for the first time for quarterly revenue, while operating profit increased 38% qoq and 632% yoy to KRW83.3tn. Operating margin reached 80%, supported by tight memory supply, robust AI demand and a more favorable product mix. Net profit fell 58% qoq to KRW39.8tn, reflecting KRW11.6tn of net FX losses and KRW22.9tn of investment valuation losses.

DRAM bit shipments grew 10% qoq in 3Q26, in line with guidance, supported by full-scale HBM4 production and over 40% growth in server DDR5 shipments, while ASP rose in the high-20% range qoq. NAND bit shipments declined slightly qoq, missing guidance for mid-single-digit increase. SK Hynix prioritized higher-value NAND products, including 321-layer enterprise SSDs. NAND ASP rose in the mid-20% range qoq. For 4Q26, management guided to mid-20% qoq DRAM bit shipment growth and mid-single-digit NAND bit shipment growth. M15X is targeted to reach full capacity by year-end, with HBM4 is expected to overtake HBM3E in both HBM shipment volume and revenue in 4Q26, supporting the earnings and profitability outlook. Long-term agreements with 14 key customers cover more than 50% of total capacity for 2027 and 2028 were secured, including demand still under discussion, management viewed HBM volumes as effectively sold out through 2029. These underpin near-to-medium term volume and revenue visibility, in our view.

FY27 capex will rise significantly to support leading-edge process migration, the first Yongin fab ramp-up and infrastructure expansion. We view the phased equipment installation and capacity ramp-ups provide flexibility to align supply with demand, partly mitigating overcapacity risk. However, management targets of cKRW100tn in shareholder distributions to FY26, through cash dividend of at least KRW30tn and the remaining via share acquisition/cancellations, and they will constrain cash retention. That said, SK Hynix's liquidity remains ample. Cash increased to KRW114.5tn as of Sep'26 from KRW88.0tn as of Jun'26, while debt fell to KRW15.8tn, lifting net cash position to KRW98.7tn. We expect operating cash inflows to cover near-term capex, with ample

internal liquidity to repay the USD500mn HYUELE 5.5 01/16/27 due in Jan'27. Furthermore, we view Solidigm's decision to discontinue its pre-IPO/IPO review as broadly credit neutral in view of SK Hynix's liquidity. Overall, SK Hynix's balance sheet provides substantial cushion against higher investment requirements and memory cycle volatility, with capital allocation remains as the key credit monitor.

Table 1: SK Hynix's o/s USD bonds

Security Name	ISIN	Amt o/s (USDmn)	Ask px	Z-Spread (bps)	YTM	Mod Dur
HYUELE 5.5 01/16/27	USY8085FBT67	500	100.2	44	4.6%	0.2
HYUELE 6.375 01/17/28	USY8085FBK58	1,000	101.4	59	5.1%	1.1
HYUELE 4.25 09/11/28	USY8085FBY52	600	98.2	65	5.3%	1.8
HYUELE 5.5 01/16/29	USY8085FBU31	1,000	100.2	78	5.4%	2.0
HYUELE 4.375 09/11/30	USY8085FBZ28	600	95.8	99	5.6%	3.5
HYUELE 2.375 01/19/31	USY8085FBD16	1,000	87.9	104	5.6%	3.9
HYUELE 6.5 01/17/33	USY8085FBL32	750	103.3	126	5.9%	5.0

Source: Bloomberg.

Table 2: SK Hynix's 3Q26 financial highlights

KRW bn	3Q25	3Q26	yoy change	2Q26	qoq change
Revenue	24,449	104,615	328%	79,319	32%
-DRAM	19,070	76,369	300%	57,903	32%
-NAND	4,890	28,246	478%	21,416	32%
Gross profit	14,029	89,653	539%	65,991	36%
Operating profit	11,383	83,334	632%	60,543	38%
EBITDA	14,949	87,675	486%	64,563	36%
Net profit	12,598	39,776	216%	93,923	-58%
Operating cash flow	14,368	54,781	281%	65,710	-17%
Capex	5,033	12,670	152%	10,671	19%
Gross profit margin	57%	86%	28 pts	83%	3 pts
Operating profit margin	47%	80%	33 pts	76%	4 pts
EBITDA margin	61%	84%	23 pts	81%	3 pts
Net profit margin	52%	38%	-14 pts	118%	-80 pts
KRW bn	Jun'26	Sep'26	qoq change		
Cash and equivalent	87,958	114,460	30%		
Total debt	18,586	15,799	-15%		
Net debt/(net cash)	(69,372)	(98,661)	42%		
Total debt/LTM EBITDA	0.1	0.1	-		
Net debt/LTM EBITDA	(0.5)	(0.5)	-		

Source: Company filling, CMBI FICC Research

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Prudential Funding Asia	750	10yr	6.875%	6.875%	A3/A-/A
Sands China	700	5yr	6.4%	T+160	Baa2/BBB/BBB
	300	7yr	6.7%	T+180	Baa2/BBB/BBB

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	IPT/IPG	Issue Rating (M/S/F)
No Offshore Asia New Issues Pipeline Today					

➤ News and market color

- Regarding onshore primary issuances, there were 136 credit bonds issued yesterday with an amount of RMB147bn. As for month-to-date, 1,545 credit bonds were issued with a total amount of RMB1,630bn raised, representing a 17.5% yoy increase
- [INCLN/INGPHL/RPVIN]** ReNew Power expects to funds the early redemption of USD460mn INGPHL 4 02/22/27 through one or more financing options
- [PTTGC]** Fitch revised outlook on PTT Global Chemical to stable from negative, BBB- rating affirmed
- [ZHHFGR]** Media reported Zhuhai Huafa Properties readies funds to redeem RMB1bn 2.95% onshore bonds puttable 2 Nov'26

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