

CMBI Credit Commentary

West China Cement New Issue: We see FV at 4.8%

WESCHI 07/2026 (Ba2 stable/BB stable) IPG: 5.45%

We see FV of West China Cement 5NC3 USD bond at 4.8%, referencing (1) CHIOIL '26 at 4.4%, as we reckon CHIOIL's regulated piped city-gas business deserves a 40bp premium, thanks to its concession rights of 20-30 years and Chinese government's push for green energy. (2) FOSUNI '26 at 4.7%, as FOSUNI's significantly larger asset scale as a conglomerate also deserves to trade tighter than West China Cement.

West China Cement (Ba2/-/BB rated), has a NDRC quota of USD 600m. Use of proceeds is for refinancing, working capital need and overseas expansion including investment in Africa.

We like this credit despite its small scale, in view of a stable/constructive outlook on cement pricing in China under a consolidating supply and localized demand backdrop. West China cement's **low leverage track record, local leadership in Shaanxi province, and operational synergy with its 2nd largest shareholder – Anhui Conch Cement (A2/A rated)**, also add to its credit strength.

West China Cement is 32.3% owned by founder Mr. Zhang Jimin, 21.1% by Anhui Conch Cement since 2015, and remaining 46.6% owned by public shareholders. The company maintained a Net Debt-to-EBITDA below 1x for past 3 years.

Anhui Conch records West China Cement as an associate on its financial statement and currently sends 2 executives to serve on West China Cement's board, out of its total 8 board members. Anhui Conch has exercised influence over West China Cement's strategy and provided it with technical support. **Collectively the two companies account for >40% of Shaanxi province's market share and rank among top 3 cement companies in this province.**

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