

CMBI Credit Commentary

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

- *The new SHNHAN 30s tightened 3bps to T+69 from RO this morning. BBLTB 34-40s tightened 2-3bps. MTR 30s/35s tightened 2-3bps. Insurance hybrids such as MYLIFE/NIPLIF 55s were unchanged to 0.2pt higher. LGFVs were firm.*
- **VEDLN:** *All-time high revenue in FY25. Switch to VEDLN 10.875 09/17/29 for more balanced risk return profile and better trading liquidity. VEDLNs were unchanged to 0.2pts lower post results announcement. See below.*
- **LIHHK:** *Media reported Lifestyle International had yet to circulate audited FY24 results; The company has not yet obtained unanimous lender consent to suspend the testing and application of an interest-coverage covenant on its originally HKD8bn (cUSD1.03bn) syndicated loan. LIHHK 25-26s were unchanged this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, CATLIF/NSINTW 33-34s closed 8-10bps wider on the sharp appreciation of TWD. In KR, on primary, SHNHAN priced a 5yr bond at T+72 (IPT at +110). the recent new HANFGI 28s tightened 3bps. The recent new CITNAT 28s/30s were unchanged to 1bp tighter despite selling from AMs. TYANLI 35s/HLINSU 32s tightened 1-3bps. In Chinese IGs, MEITUA 29s/30s closed unchanged to 1bp tighter. In financials, CCAMCL 4.4/GRWALL 7.15 Perps closed unchanged to 0.1pt lower. BBLTB 40s tightened 2bps on PB buying while BBLTB 34s/36s closed 2-4bps wider. In JP insurance hybrids, NIPLIF/MYLIFE 51-55s were up 0.1-0.4pt. In Chinese properties, SHUION 26s rose 0.6pt, while VNKRL 27-29s declined 0.6-0.8pt. In HK, LIHHK 25-26s were unchanged to 0.3pt higher despite media reported Lifestyle was yet to circulate audited FY24 results. LIFUNG Perp declined 0.8pt. In industrials, HONGQI/BTSD 28s declined 0.2pt. In SE Asia, MEDCIJ 26-27s were 0.7-0.8pt higher following the tender offers and the announcement of concurrent issuance of 5NC2 USD bond. MEDCIJ 28-29s were up 0.2-0.4pt. See our comments on 6 May '25. The long end of PLNIIJ/PERTIJ 47-50s were 1.1-1.4pt lower (7-15 bps wider). ADSEZ/ADTIN/ADGREG 26-42s were up 0.2-0.7pt. Media reported that Adani's representatives met Trump administration officials about dismissing Adani's bribery charges.

LGFVs were traded in light mixed flows. There were two-way interests on CNH names such as HBGGDS 26s/JDZUDG 28s and USD names such as SHRIHG 25s/HENANG 25s. In SOE perps, CHPWCN/HUADIA Perps were up 0.1pt.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
MEDCIJ 7 3/8 05/14/26	101.5	0.8	PLNIJ 4 3/8 02/05/50	72.4	-1.4
ADGREG 6.7 03/12/42	88.3	0.7	PLNIJ 6 1/4 01/25/49	95.6	-1.2
PWONIJ 4 7/8 04/29/28	96.1	0.7	PLNIJ 4 7/8 07/17/49	78.6	-1.2
ADSEZ 3.1 02/02/31	81.5	0.7	PLNIJ 4 06/30/50	67.7	-1.2
MEDCIJ 6 3/8 01/30/27	99.9	0.7	PERTIJ 6 1/2 11/07/48	99.5	-1.1

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.58%), Dow (+0.75%) and Nasdaq (+0.55%) were higher on Tuesday. US Apr'25 CB Consumer Confidence was 86.0, lower than the market expectation of 87.7. US Mar'25 JOLTS job openings was 7.192mn, lower than the market expectation of 7.49mn. UST yields retreated on Tuesday, 2/5/10/30 yield at 3.65%/3.77%/4.16%/4.64%.

❖ Desk Analyst Comments 分析员市场观点

➤ VEDLN: All-time high revenue in FY25. Switch to VEDLN 10.875 09/17/29

Vedanta Limited (VEDL) recorded all-time high revenue in FY25 at INR1.5tn, 6% increase from FY24. The growth was driven by volume particularly from aluminum and zinc businesses. EBITDA increased 19% to INR435.4bn, the 2nd highest on VEDL's records. The EBITDA growth would have been 37% yoy if the one-off arbitration gain in FY24 is excluded. FCF (i.e. post capex) increased by 35% to INR149bn, and the higher FCF more than offset the 3% yoy increase in total debts. As a result, VEDL's net leverage was lower as at Mar'25, net debt/EBITDA dropped to 1.22x at Mar'24 from 1.55x at Mar'24. In FY26, VEDL budgets capex of USD1.5-1.7bn in FY26, increased from USD1.5bn in FY25. We expect that VEDL will continue to fund its capex by operating cash flow.

Meanwhile, VEDL's parent Vedanta Resources (VRL) continued to deleverage in FY25. VRL is on track to its USD3bn 3-year deleverage target by Mar'27. In FY25, VRL reduced debts by USD1.2bn, equivalent to 40% of its 3-year target. In FY26, VRL is facing scheduled debt maturities and interest payments of USD920mn and USD550mn, respectively. We believe that the brand fee of USD400mn and cash dividend of USD800mn upstreamed from VEDL will be used to repay maturing debts, and the remaining could be refinanced in view of VRL's smooth access to funding channel. VRL does not have USD bonds due until Jun'28. Furthermore, VRL considers to list its Zambian unit Konkola Copper Mines (KCM) to self-fund a planned USD1bn investment.

On the demerger, VEDL gained the support from its shareholders and creditors in the meetings held on 18 Feb'25. VEDL moved to second motion petition before National Company Law Tribunal (NCAT) seeking Tribunal's approval to proceed on demerger, VEDL expects to complete the demerger by Sep'25. Per media report earlier, VEDL may scale down the demerger to four units from five, after the National Company Law Appellate Tribunal (NCLAT)'s rejection to the scheme to separate Talwandi Sabo Power Limited (TSPL) from VEDL in Mar'25. See Table 3.

As discussed before, the demerger will not have immediate effect on the consolidated debt level of VRL from a credit perspective. That said, the subsequent listings of pure-play subsidiaries will enhance the overall data transparency of the group. The separate listings of subsidiaries can also enhance their standalone funding access and improve VRL's overall financial flexibility.

We like VEDLNs for VRL's lengthened maturity profile and its smooth access to funding channels. After the recent UST movement, we switch to VEDLN 10.875 09/17/29 from VEDLN 10.25 06/03/28 in view of more

balanced risk return profile and better trading liquidity. At 97.4, VEDLN 10.875 09/17/29 is trading at YTM of 11.6%.

Table 1: VRL's o/s USD bonds

Security name	ISIN	Amt o/s (USD mn)	Ask Px	YTM	Issue rating (M/S/F)
VEDLN 10.25 06/03/28	US92243XAJ00	300	99.4	10.5%	-/B/B+
VEDLN 10.875 09/17/29	US92243XAH44	1,200	97.4	11.6%	-/B/B+
VEDLN 9.475 07/24/30	US92243XAM39	550	93.1	11.2%	B2/B/B+
VEDLN 11.25 12/03/31	US92243XAK72	500	98.4	11.6%	-/B/B+
VEDLN 9.85 04/24/33	US92243XAL55	550	91.5	11.5%	B2/B/B+

Source: Bloomberg.

Table 2: VEDL's FY25 financial highlights

INRbn	FY24	FY25	Change
Revenue	1,417.9	1,507.3	6%
-Zinc, lead and silver	279.3	329.0	18%
-Zinc International	35.6	39.2	10%
-Oil and gas	178.4	110.4	-38%
-Aluminum	483.7	585.2	21%
-Copper	197.3	230.5	17%
-Iron ore	90.7	60.9	-33%
-Power	61.5	61.6	0%
-Others	91.5	90.4	-1%
EBITDA	364.6	435.4	19%
EBITDA margin	26%	29%	3 pct pt
Finance cost	94.7	99.1	5%
Profit after tax	75.4	205.4	172%
Average interest cost	9.65%	10.00%	0.4 pct pt
FCF post capex	110.2	148.5	35%
INRbn	Mar'24	Mar'25	Change
Cash and cash equivalent	152.1	207.5	36%
Total debts	717.6	738.5	3%
Net debts	565.5	531.0	-6%
Net debt/EBITDA	1.55x	1.22x	-

Source: Company filling.

Table 3: Demerger plan updates

Plan	No. of units	Distinct entities
Sep'23	6	Vedanta Ltd
Initial plan		Vedanta Aluminum
		Vedanta Oil & Gas
		Vedanta Base Metals
		Vedanta Steel & Ferrous Materials,
		Vedanta Power
Dec'24	5	Vedanta Ltd (incl. Vedanta Base Metals)
Update		Vedanta Aluminum
		Vedanta Oil & Gas
		Vedanta Steel & Ferrous Materials
		Vedanta Power

Apr'25 4 Vedanta Ltd (incl. Vedanta Base Metals and Vedanta Power)
 Vedanta Aluminum
 Vedanta Oil & Gas
 Vedanta Steel & Ferrous Materials

Source: CMBI FICC Research.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Shinhan Bank	500	5yr	4.625%	T+72	Aa3/A+/A
Standard Chartered Bank	1000/ 750	6NC5/ 6NC5	5.244%/ SOFR+168	T+135/ SOFR+168	A3/BBB+/A

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

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

➤ **News and market color**

- Regarding onshore primary issuances, there were 69 credit bonds issued yesterday with an amount of RMB54bn. As for Month-to-date, 69 credit bonds were issued with a total amount of RMB54bn raised, representing a 2.8% yoy increase
- China to lower RRR by 0.5 pct pt, cut policy rate by 0.1 pct pt to 1.4% from 1.5%
- Macau sees 41% yoy jump in visitors during key Golden Week holiday
- **[BABA]** Alibaba-owned Turkish e-commerce platform Trendyol to raise USD700mn by selling majority stake in delivery unit to Uber Technologies
- **[INCLEN]** ReNew Energy obtains USD103mn investment to construct solar cell facility in Gujarat
- **[MDLNIJ]** Modernland appoints Quantuma as selling agent to procure asset sales
- **[PCORPM]** Petron 1Q25 revenue falls 14.6% yoy to PHP194.4bn (cUSD3.5bn)
- **[PWONIJ]** Pakuwon Jati launches tender offer for up to USD100m of PWONIJ 4.875 04/29/28, minimum purchase price at 96.25
- **[SINOPE]** Sinopec mulls investing in planned CATL IPO, deepening ties with battery giant
- **[SWIRE]** Swire Pacific proposes spin-off and pursue a separate listing of its Thailand subsidiary ThaiNamthip Corporation on the Stock Exchange of Thailand
- **[WYNMAC]** Wynn Macau 1Q25 operating revenue drops 13.3% yoy to USD865.9mn
- **[YGCZCH/YZCOAL]** Moody's places Shandong Energy and Yankuang Energy on review for downgrade; outlook negative

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