CMBI Credit Commentary

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

The Asset G3 Bond Benchmark Review 2026

We hope you found our commentaries and ideas helpful. We seek to elevate our efforts and value-add further in the coming year. We highly appreciate your support to us in Sell-Side Analysts of the polls of "The Asset G3 Bond Benchmark Review 2026". Thank you for your support!

- *Asian IG space was largely unchanged this morning. We saw two-way flows in LGFV space, and the prices were largely stable. GERSP 27 edged 0.4pt higher. RILIN 40/CHNAAR 28/WESCHI 28 gained 0.3pt. GLPSP 4.6 Perp/EHICAR 26 were 0.3pt lower.*

- ***INDYIJ:**. 1Q26 adj. EBITDA rose 23.6% yoy to USD55.5mn; export centralization introduces margin friction in 2H26. Maintain buy on INDYIJ 8.75 05/07/29, which was 0.1pt higher this morning. See below.*

- ***PCGIHD:** PCGI to redeem all outstanding USD225mn PCGIHD 4.5 08/23/26 on 5 Jun'26 at 100.5. PCGIHD 4.5 08/23/26 was 0.2pt higher this morning.*

❖ **Trading desk comments 交易台市场观点**

Yesterday, SOFTBKs increased up to 1.1pts. SoftBank-backed OpenAI plans to file for an IPO as early as the next few days or weeks. RAKUTNs closed unchanged to 0.4pt higher. In JP IG space, financial names NIPLIF/SUMIBK/SUMITR/MIZUHO tightened 2-3bps. Japanese and European AT1s and insurance subs like NOMURA 7 Perp bounced back by 0.3-0.5pt. In KR space, LGENSO/DAESEC closed 2-5bps tighter. KR corporate names HYUELE/KOROIL and Chinese AMCs like CCAMCL closed unchanged amid profit-taking from AMs. The new BCHINA Float 05/28/31 widened 2bps from RO at SOFR+38. BNKEA/NANYAN traded 2-4bps tighter. HCELEC dropped 1.1pts on bondholder identification process and media reports of another around of debt restructuring. EHICAR 29 leaked 0.7pt, while EHICAR 26-27 edged 0.1-0.5pt higher. The Macau gaming complexes were unchanged to 0.3pt higher. In HK/Chinese properties, CSIPRO 28 lost 0.5pt. CSI Properties tapped USD50mn CSIPRO 10.5 05/21/28 to refinance or repay certain indebtedness. VNKRLE 27' and 29' were down 0.3-0.5pt. FUTLAN 28/FTLNHD 27-29/LNGFOR 27-32 were unchanged to 0.1pt lower. In SE Asian space, INDYIJ 29/MEDCIJ 28-30 were unchanged to 0.3pt higher. See comments below on Indika Energy's 1Q26 results. TOPTB/PTTGC Perps edged 0.3-0.5pt higher. GLPSPs/SMCGL Perps gained 0.1-0.3pt. ACPM 3.9 Perp/ACENPM 4 Perp lost 0.6-0.7pt. The ReNew Energy complex and VEDLN 28-33s were unchanged to 0.1pt higher. The LGFV space quieted down. Nonetheless, we still saw moderate two-way flows across tactical investors in higher-yielding CNH issues.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
TSINGH 6 1/2 01/31/28	**93.2**	**1.7**	HCELEC 4.65 12/29/26	**62.3**	**-1.1**
SOFTBK 8 1/2 04/22/36	**103.5**	**1.1**	ACPM 3.9 PERP	**59.9**	**-0.7**
SOFTBK 8 1/4 10/29/65	**94.9**	**1.1**	EHICAR 10 10/14/29	**46.7**	**-0.7**
SOFTBK 7 5/8 04/29/61	**94.5**	**1.0**	ACENPM 4 PERP	**61.6**	**-0.6**
SOFTBK 8 1/4 10/22/31	**102.3**	**0.9**	CSIPRO 10 1/2 05/21/28	**102.2**	**-0.5**

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.17%), Dow (+0.55%) and Nasdaq (+0.09%) were higher on Thursday. The latest initial jobless claims were +209k, lower than the market expectation of +210k. S&P Global May'26 Manufacturing PMI was 55.3, higher than the market expectation of 53.8; Services PMI was 50.9, lower than the market expectation of 51.1. UST yield bear flattened on Thursday. 2/5/10/30 year yield was at 4.08%/4.25%/4.57%/5.10%.

❖ Desk Analyst Comments 分析员市场观点

➢ INDYIJ: 1Q26 adj. EBITDA rose 23.6% yoy to USD55.5mn; export centralization introduces margin friction in 2H26

Table 1: Indika o/s USD bonds

Security Name	ISIN	Amt o/s (USD mn)	Ask Px	Ask YTM	Issue rating (M/S/F)
INDYIJ 8.75 05/07/29	USY71247AA15	555	101.0	8.4%	B1/-/B+

Source: Bloomberg.

There remains quite a bit of uncertainties as to the details of implementation, timing of cash collection and impact on exporters' cash flow in relation to the Indonesian government's plan to centralize strategic commodity exports (crude palm oil, coal, and iron alloys) through a designated SOE DSI, effective 1 Sep'26. The plan aims to boost state revenue and resource control by acting as the sole legal entity for sales contracts, logistics, and payments. While the SOE could lift coal ASPs via state-backed pricing power, we view the policy introduces margin uncertainties for Indika given potential marketing fees and export taxes. We believe that the policy objectives of this plan are to ensure domestic demand to be met amid the supply chain/supply shock issues arising from the US-Israel war against Iran, and onshore USD liquidity to remain strong. Hence we believe that the Indonesian government to implement the plan in a cautious manner such that exporters' ability to meet Domestic Market Obligation (DMO) and generate USD revenue will not be materially affected. Under this backdrop, we expect the technical of Indonesian HY to remain positive, support by the strong onshore USD liquidity. We therefore maintain buy on INDYIJ 8.75 05/07/29, trading at YTM of 8.4% at 101.0. We view the bond as a good carry play in the Asia HY universe given Indika's stable credit profile, strong financial flexibility, and a track record of opportunistic tenders and early redemptions. We will closely monitor the implementation of the export centralization policy and the impact of this policy to Indika's credit profile.

Indika's 1Q26 revenue increased by 0.7% yoy to USD493.2mn. The higher logistic & infrastructure volumes at Interport more than offset weaker performance at Kideco of which revenue fell 5.7% yoy to USD377.4mn on lower volume and ASP. See Table 2. The lower ASP was due to Indika allocating 45% of its total sales volume to the domestic market, well above the 25% DMO requirement, to safeguard national utility supply. The cheaper domestic price cap weighed heavily on the ASP for the quarter, offsetting the stronger price realization achieved on export volumes to China, India, Japan and other countries. Non-coal revenue grew 22.4% yoy to USD113.3mn in 1Q26, represented 21.9% of total revenue and up from 18.0% in 1Q25. Indika maintained its target to increase its non-coal revenue to 50% of the total by 2028.

On cost front, Kideco's cash cost incl. royalty declined 4.5% yoy to USD44.6/ton, benefited from a lower royalty rate under the revised IUPK royalty scheme effective Apr'25. However, cash cost ex. royalty increased 5.2% yoy to USD36.1/ton, driven by lower sales volume pushing up per-ton fixed costs. Indika's 1Q26 adj. EBITDA rose 23.6% yoy to USD55.5mn, while operating profit increased 39.0% yoy to USD37.4mn, on 0.5% yoy lower in SG&A. Management maintained its FY26 guidance for Kideco, i.e. targeting an ASP of USD50.3/ton and production volume of 30.3mt. In 1Q26, Indika achieved c25% of its production target. Indika's operating cash flow declined 10.3% yoy to USD27.9mn in 1Q26 due to lower tax refund during the period.

On capex, Indika's 1Q26 capex increased by 41.3% yoy to USD26.2mn, represented c7% of its FY26 budget of USD380.4mn. All the capex was allocated to non-coal businesses. We understand that Indika had utilized c50-70% of its annual capex budget over the past five years. The major ongoing capex is the project Gold Awak Mas, which Indika has spent USD288mn with 57% completion as of Mar'26, implying USD280mn to be spent until the project completion in FY27 given total project cost at USD568mn. Indika aims to start the trial production by the end of 2026 and commercial production in 1Q27, targeting 100k ounces of gold in 2027 and 150k ounces in 2028. To fund the overruns cost due to extended land acquisition, Indika tapped USD100mn INDYIJ 8.75 05/07/29 and secured USD50mn bank loan in May'26.

As of Mar'26, Indika's cash on hand increased 1.3% to USD494.5mn from Dec'25. Driven by higher adj. EBITDA, leverage metrics improved, with total debt/LTM adj. EBITDA and net debt/LTM adj. EBITDA both down to 5.0x and 2.7x, respectively. Indika's debt maturities remain heavily concentrated in 2029, totaled USD720mn, comprising USD bonds of USD555mn and project loan (Masmindo) amortization of USD165mn. We take comfort from Indika's proactive liability management and diversified funding access, i.e. recent tap on USD bond and secured USD375mn loan in Jun'25 for early loan repayment and to fund project Gold Awak Mas. The operations of Awak Mas, targeted in FY27, should also help to improve the profitability and lower the leverage metrics of Indika, in our view.

Table 2: 1Q26 financial and operational highlights

USD mn	1Q25	1Q26	Change
Revenue	489.6	493.2	0.7%
Cost of sales	425.9	419.2	-1.6%
Adj. EBITDA	44.9	55.5	23.6%
Operating profit	26.9	37.4	39.0%
Operating cash flow	31.2	27.9	-10.3%
Capex	18.5	26.2	41.6%
Adj. EBITDA margin	9.2%	11.3%	2.1 pct pt
Operating profit margin	5.5%	7.6%	2.1 pct pt
KIDECO			
ASP (USD/ton)	52.0	51.1	-1.7%
Production (MT)	7.4	7.5	1.4%
Cash cost (ex. royalty, USD/ton)	34.3	36.1	5.2%
Cash cost (incl. royalty, USD/ton)	46.7	44.6	-4.5%
Strip Ratio (x)	5.0	5.0	-

Newcastle Benchmark	104.7	119.6	14.2%
	Dec'25	**Mar'26**	**Change**
Cash and cash equivalents	488.2	494.5	1.3%
Total debt	1,076.8	1,097.4	1.9%
Net debt	588.6	602.9	2.4%
Total debt/LTM adj. EBITDA	5.1x	5.0x	-
Net debt/LTM adj. EBITDA	2.8x	2.7x	-

Source: Company filling, CMBI FICC Research.

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

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

- **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 123 credit bonds issued yesterday with an amount of RMB166bn. As for month-to-date, 806 credit bonds were issued with a total amount of RMB1,010bn raised, representing a 8.8% yoy increase

- **[ADANI]** Adani Power to acquire 24% stake in Jaiprakash Power Ventures from Jaiprakash Associates for INR29.9bn (cUSD310.6mn)

- **[ADSEZ]** Adani Ports to buy Jaypee Fertilizers & Industries from Jaiprakash Associates for INR15bn (cUSD155.3mn)

- **[ARAMCO]** Saudi Aramco eyes stake in OYAK's fuel distribution unit GuzelEnerji

- **[CKHH]** CK Hutchison Holdings denied plans to sell its Hong Kong supermarket chain ParknShop to long-time rival Jardine Matheson

- **[FOSUNI]** Fosun International is offering participating banks 225 bps all-in for a USD600mn loan currently in syndication

- **[FTLNHD/FUTLAN]** S&P revised the outlook of Seazen stable from negative on broader access to refinancing channels; B rating affirmed

- **[LENOVO]** Lenovo Group FY26 revenue climbed 20% yoy to USD83.1bn

- **[LIHHK]** Lifestyle International still has to line up HKD2bn (cUSD255mn) in lender commitments to meet the target of refinancing HKD6.75bn outstanding loan due next month

- **[MEDCIJ]** Medco Energi signed a 10-year sales framework deal to sell gas with an estimated value of around USD1.3bn

- **[PCGIHD]** PCGI to redeem all outstanding USD225mn PCGIHD 4.5 08/23/26 on 5 Jun'26 at 100.5

- **[SKONKR]** SK On expects to reduce its debt burden by KRW5.4tn (cUSD3.6bn) by the termination of its US JV

- **[TAISEM]** Taiwan's central bank may limit currency switching for USD-denominated dividend payments from chipmaker TSMC and other companies to once a year

- **[VEDLN]** Vedanta Resources in talks to refinance up to USD5.5bn holdco debt via loan amortisation and long-tenor bonds

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