CMBI Credit Commentary

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

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- *Light flows in Asian IG space this morning. Corp FRNs were under better buying. FRESHKs were unchanged to 0.2pt lower. AT1 were unchanged to 0.2pt lower. We saw buying interest in Chinese developers. BCDHGR/CPDEV/GRNCH rebounded 0.5-1.5pts.*

- ***INDYIJ:** 9M26 revenue increased 27.7% yoy to USD1.8bn; Maintain buy on INDYIJ'29, which was unchanged this morning. See below.*

- ***UPLLIN:** 1HFY27 revenue rose 4% yoy to INR220.4bn and EBITDA rose 9% yoy to INR38.1bn. UPLLINs were unchanged this morning.*

❖ **Trading desk comments 交易台市场观点**

Yesterday, Asian IG spread was largely unchanged with the main risk event being the US mid-terms. The sentiment remains cautious and defensive. We saw better buying on the front-end China/HK T2, DAHSIN'33 /SHCMBK'33 /BNKEA'34/CINDBK'33 were unchanged to 3bps tighter. TW lifer T2s were 1-2bps tighter. TMT benchmarks tightened 1-2bps, led by TENCNT'36, while the rest remained unchanged. Korea space were under better buying on FRN names like KOBCOP/HYNMTR while Japan space were overall under better selling on bank FRNs and corporate names like NTT.

In Higher-yielding space, AT1s were 0.25-0.5pts higher, though the desk saw some profit-taking flows mainly on 28s/29s call names such as HSBC/BACR/LLOYDS/BNP/UBS/SOCGEN. Chinese developer rebounded, CNH ZHHFGR up 0.5-2.5pt. BCDHGR/CPDEV/GRNCH rose 1-2pts. Industrial name HONGQI/WESCHI up 0.1-0.2pt. CNH TMT remained weak, TENCNT/BABA/MEITUA were unchanged to 0.2pt lower. SOFTBKs further dropped 0.1-0.8pt. Macau gaming names were mixed and moved -0.2 to +0.1pt.

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❖ **Last Trading Day's Top Movers**

Top Performers	Price	Change	Top Underperformers	Price	Change
BCDHGR 6.3 04/20/29	**92.9**	**1.9**	SHUGRP 4 1/2 04/23/29	**96.1**	**-1.6**
CPDEV 7.15 03/21/28	**95.3**	**1.7**	SOFTBK 9 3/4 04/01/34	**98.8**	**-0.8**
CPDEV 6.8 04/07/29	**92.2**	**1.3**	VDNWDL 9 PERP	**97.2**	**-0.7**
GRNCH 8.45 02/24/28	**93.4**	**1.1**	LASUDE 8 07/28/29	**90.5**	**-0.7**
CKINF 4.2 PERP	**64.7**	**0.8**	DALWAN 12 1/2 04/29/29	**96.6**	**-0.7**

❖ **Marco News Recap 宏观新闻回顾**

Macro – S&P (-0.50%), Dow (+0.42%) and Nasdaq (-1.07%) were weak on Monday. US Oct'26 Markit manufacturing PMI was 54.9, lower than the expectation of 56.0. UST yield was mixed yesterday, 2/5/10/30 year UST yield was at 4.59%/4.70%/4.91%/5.28%.

❖ **Desk Analyst Comments 分析员市场观点**

➢ **INDYIJ: 9M26 revenue increased 27.7% yoy to USD1.84bn; Maintain buy on INDYIJ'29**

We maintain buy on INDYIJ 8.75 05/07/29 (B1/-/B+). At 99.9, the bonds currently provide YTM of 8.8%. Despite new export policy to be launched in 2027, we view INDYIJ'29 as carry play in Asian HY space given the company's improved operating performance, diversified funding channels and manageable maturities.

In 9M26, Indika's revenue increased 27.7% yoy to USD1.8bn from USD1.4bn in 9M25, boosted by higher coal ASP and production volumes, as well as significant growth of non-coal revenue which rose 51.3% yoy to USD0.4bn during the period. In 9M26, Kideco's production and ASP was 23.5mn and USD56.3/ton, increased 5.9% and 14.0% yoy, respectively. The company maintained full-year guidance of Kideco's production and ASP at 30.3mt and USD50.3/ton, respectively. In view of the ongoing conflict in the Middle East, we view the production goal is likely to be achieved, while the full-year ASP to be slightly higher than the management guidance.

In 9M26, Indika's gross profit rose 44.6% yoy to USD280.1mn from USD193.7mn in 9M25 and gross margin improved to 15.2% from 13.4%. Adj.EBITDA grew 36.8% yoy to USD212.9mn from USD155.6mn, representing an adj. EBITDA margin of 11.6%, compared to 10.8% in 9M25. The improvement of gross margin and adj. EBITDA margin was mainly driven by higher ASP. As of Sep'26, the company spent USD151.7mn in capex, of which c84% in Awak Mas. While the company guided that full-year capex budget at USD380.4mn, we envisage that the total capex in 2026 will below the management guidance given the project Awak Mas's c73% completion progress.

As of Sep'26, Indika's cash decreased to USD554mn from USD608mn as of Jun'26. Total debt was broadly stood at USD1.3bn, while its debt maturities were concentrated in 2029 totaled USD720mn, comprising of USD555mn of INDYIJ'29 and USD165mn of Masmindo project-loan amortization. Its total debt/LTM adj. EBITDA further improved to 4.6x from 5.0x, benefited from the increase in adj. EBITDA. We view Indika's debt maturities are manageable given its improved operating performance and diversified funding access. In Jul'26, media reported Indika is considering a stake sale in Kideco at a valuation of more than USD1bn, which contributed c73% of 9M26 revenue. We view the transaction could enhance financial flexibility if proceeds are used for debt reduction and/or non-coal capex.

As discussed previously, we continue to monitor the potential impact of the new DSI framework, effective 1 Jan'27, on export price realization, cash collection timelines and potential agency fees. Please refer to our daily on 18 Sep'26 for further details.

Table 1: 9M26 financial highlights

USDmn	9M25	9M26	Change
Revenue	1,443.0	1,842.3	27.7%
Gross profit	193.7	280.1	44.6%
Adj. EBITDA	155.6	212.9	36.8%
Operating profit	81.0	155.9	92.5%
Operating cash flow	30.8	76.2	147.5%
Capex	82.1	146.7	78.7%
Gross profit margin	13.4%	15.2%	1.8%
Adj. EBITDA margin	10.8%	11.6%	0.8%
Operating margin	5.6%	8.5%	2.8%
KIDECO			
ASP (USD/ton)	49.4	56.3	14.0%
Production (MT)	22.2	23.5	5.9%
Cash cost (ex. royalty, USD/ton)	34.1	38.2	12.0%
Cash cost (incl. royalty, USD/ton)	44.0	47.8	8.6%
Strip Ratio (x)	5.2	5.2	
Newcastle Benchmark	104.5	130.4	24.8%
Indika Resources			
Coal Traded Volume (MT)	0.3	0.5	103.8%
USDmn	**Jun'26**	**Sep'26**	**Change**
Cash and cash equivalents	608.1	553.5	-9.0%
Total debt	1,253.5	1,265.9	1.0%
Net debt	645.4	712.4	10.4%
Total debt/LTM adj. EBITDA	5.0x	4.6x	
Net debt/LTM adj. EBITDA	2.6x	2.6x	

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	IPT/IPG	Issue Rating (M/S/F)
No Offshore Asia New Issues Pipeline Today					

➢ News and market color

- Regarding onshore primary issuances, there were 95 credit bonds issued yesterday with an amount of RMB57bn.
- **[MEDCIJ]** Medco Energi announced dividend distribution totaling USD30mn
- **[SWIPRO]** Media reported that Swire Properties considers mainland China REIT to unlock capital
- **[XIAOMI]** Media reported that Xiaomi will invest cUSD255mn to acquire minority stake in a subsidiary of battery manufacturer Sunwoda Electronic

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