

## CMBI Credit Commentary

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

- *The flows were light amid onshore holiday. In Asian IGs, MEITUA/LENOVO 28-30s were unchanged to 2bps wider. BCLMHK Float 27s widened 2bps. VNKRLE 25-29s declined another 0.5-1.5pts.*
- *VEDLN: USD495mn accepted in tender offers at the early deadline; VEDL reported all-time high 9M EBITDA in 9MFY25. VEDLNs were largely unchanged this morning. See below.*
- *CSIPRO: CSI Properties to raise cHKD2.0bn (cUSD256mn) via strategic fundraising led by controlling shareholder and Gaw Capital, including cHKD1.5bn rights issue and HKD500mn 4-year senior unsecured bonds. CSIPRO 25s rose 7.0pts to 93 this morning.*

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#### ❖ Trading desk comments 交易平台市场观点

Last Tue, the market flows were quiet ahead of CNY holiday. NWDEVL 27-31s/Perps were unchanged to 0.6pt lower. See our comments on [28 Jan '25](#). CKPH/NANFUN Perps declined 0.2-0.4pt. In Chinese IGs, the long end of SINOPEs/CHGRIDs were 0.5-0.9pt higher (3-4bps tighter). MEITUA/LENOVO 30s tightened 1-2bps. In financials, CCAMCL 27-31s were unchanged to 3bps wider following the profit warning on FY24 results. See our comments on [28 Jan '25](#). In insurance hybrids, DAIL Perp/FUKOKU Perp/MYLIFE 54s were 0.1-0.3pt higher. In AT1s, BNP 8/INTNED 7.25 Perps were 0.1-0.2pt higher. In Chinese properties, VNKRLE 25-29s retreated 0.8-1.2pts following the gain of 10.2-11.1pts on last Mon post the announcement of board changes and expected net loss. FTLNHDs/CHIOLIs were also 0.4-1.0pt lower. On the other hand, LNGFOR 27-32s/ROADKG 28-30s were 0.2-1.2pts higher. In India, VEDLNs closed unchanged on last Tue. VEDLN announced the results of early tender offer. See comments below. UPLLIN Perp declined 0.6pt.

In LGFVs, CPDEV 25-26s were 0.1-0.2pt higher. SHGUOH/HZCONI/YWSOAO 25-26s were also up 0.1-0.2pt. In SOE perps, CHSCOI 3.4 Perp was up 0.1pt, HUANEN 3.08 Perp was down 0.1pt.

## ❖ Last Trading Day's Top Movers

| Top Performers        | Price | Change | Top Underperformers   | Price | Change |
|-----------------------|-------|--------|-----------------------|-------|--------|
| LNGFOR 4 1/2 01/16/28 | 81.6  | 1.2    | VNKRLE 3 1/2 11/12/29 | 60.5  | -1.2   |
| SINOPE 5 3/8 10/17/43 | 102.7 | 0.9    | VNKRLE 3.975 11/09/27 | 64.5  | -1.0   |
| LNGFOR 3.95 09/16/29  | 74.2  | 0.8    | FTLNHD 4 5/8 10/15/25 | 89.5  | -1.0   |
| CHGRID 4 3/8 05/22/43 | 91.8  | 0.6    | VNKRLE 3.15 05/12/25  | 91.2  | -0.8   |
| CHGRID 4 05/04/47     | 85.6  | 0.6    | NWDEVL 6.15 Perp      | 37.7  | -0.6   |

## ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (-0.50%), Dow (-0.75%) and Nasdaq (-0.28%) were weak on last Friday. US said to implement tariffs of 25% on Canadian and Mexican imports and 10% on Chinese goods on 1 Feb'25 and investors have been bracing for further tariff news. UST yield were higher on last Friday, 2/5/10/30 yield at 4.22%/4.36%/4.58%/4.83%.

## ❖ Desk Analyst Comments 分析员市场观点

➤ **VEDLN: USD495mn accepted in tender offers at the early deadline; VEDL reported all-time high 9M EBITDA in 9MFY25**

Vedanta Resources (VRL) accepted totaled USD495mn in tender offers at the early deadline. The accepted amount is comprised of USD195mn of VEDLN 13.875 12/09/28 and USD300mn of VEDLN 9.25 04/23/26. VRL will fully redeem VEDLN 13.875 12/09/28 on or about 18 Feb'25 with an outstanding amount of USD265mn after the early settlement of tender offer. Besides, VRL intends to redeem VEDLN 9.25 04/23/26 in full by setting the maximum acceptance amount of the bonds at USD600mn. The tender offers will expire on 11 Feb'25.

As per Vedanta Limited (VEDL), VRL will have a total of USD1.4bn debts due in FY26, including USD900mn principal repayment and USD500mn interest. VRL expects to repay the maturing debts in FY26 with brand fee of USD400-450mn and dividend receivables from VEDL. The maturing debts in FY27 will drop to USD1-1.1bn.

On the other hand, VEDL reported 4% yoy increase in revenue in 9MFY25, driven by volume growth particularly from aluminum and zinc businesses. Cost of productions dropped in key businesses including aluminum (-3% yoy), Zinc India (-6% yoy) and Zinc International (-10% yoy). As a result, VEDLN's 9MFY25 EBITDA reached all-time high for 9M with 40% yoy increase, on the back of cost efficiencies. The EBITDA margin improved to 34% from 30% in 9MFY24. FCF pre-capex also increased by 50% in 9MFY25. See Table 2. VEDL incurred USD1.2bn in capex in 9MFY25, and expects capex for to FY25 to be USD1.5-1.6bn, implying another USD300-400mn in 4QFY25.

As at Dec'24, VEDL's net debts increased by 2% to INR573.5bn after dividend and adjustments for forex changes. The intercompany loan of USD400mn from VEDL to VRL was extended from Dec'24 for an average of 15 months, i.e. USD200mn due in Jan'26 and USD200mn due in May'26. VEDL's net debt/EBITDA dropped slightly to 1.4x at Dec'24 from 1.5x at Mar'24. Meanwhile, the demerger of VEDL is on track. VEDL scheduled the shareholders and creditors meetings on 18 Feb'25 to approve the demerger.

We like VEDLNs on its lengthened maturity profile and its smooth access to funding channels. VRL has refinanced USD2.4bn of USD bonds since Sep'24 via new issuances totaled USD3.1bn. Its USD bonds maturity profile also lengthen to 5.2 years after the early settlement of tender offers, from 3.5 years after the LME in Jan'24 as per our calculation. We maintain buy on VEDLN 10.25 06/03/28. At 102.7, VEDLN 10.25 06/03/28 is trading at YTM of 8.9%.

Table 1: VRL's o/s USD bonds

| Security name               | ISIN                | Amt o/s<br>(USD mn) | Px           | YTM (%)    | Guarantor                             | Issue rating<br>(M/S/F) |
|-----------------------------|---------------------|---------------------|--------------|------------|---------------------------------------|-------------------------|
| VEDLN 9.25 04/23/26         | US92243XAA90        | 300                 | 100.6        | 6.3        | VRL                                   | B2/B-/-                 |
| <b>VEDLN 10.25 06/03/28</b> | <b>US92243XAJ00</b> | <b>300</b>          | <b>102.7</b> | <b>8.9</b> | <b>VRL, Twin Star, Welter Trading</b> | <b>-/B-/B+</b>          |
| VEDLN 13.875 12/09/28       | US92241TAM45        | 265                 | 100.3        | 11.0       | Twin Star, Welter Trading             | B2/B-/-                 |
| VEDLN 10.875 09/17/29       | US92243XAH44        | 1,200               | 104.3        | 9.4        | VRL, Twin Star, Welter Trading        | -/B-/-                  |
| VEDLN 9.475 07/24/30        | US92243XAM39        | 550                 | 100.1        | 9.5        | VRL, Twin Star, Welter Trading        | B2/-/-                  |
| VEDLN 11.25 12/03/31        | US92243XAK72        | 500                 | 106.5        | 9.5        | VRL, Twin Star, Welter Trading        | /B-/B+                  |
| VEDLN 9.85 04/24/33         | US92243XAL55        | 550                 | 100.9        | 9.6        | VRL, Twin Star, Welter Trading        | B2/-/-                  |

Source: Bloomberg, Company filling.

Table 2: VEDL's 9M25 financial highlights

| INRbn                    | 9M24    | 9M25    | Change |
|--------------------------|---------|---------|--------|
| Revenue                  | 1,068.6 | 1,109.4 | 4%     |
| -Zinc, lead and silver   | 206.6   | 241.0   | 17%    |
| -Zinc International      | 29.2    | 28.1    | -4%    |
| -Oil and gas             | 144.7   | 83.9    | -42%   |
| -Aluminum                | 359.8   | 425.6   | 18%    |
| -Copper                  | 147.2   | 169.1   | 15%    |
| -Iron ore                | 66.0    | 45.6    | -31%   |
| -Power                   | 47.3    | 47.4    | 0%     |
| -Others                  | 67.8    | 68.7    | 1%     |
| EBITDA                   | 228.5   | 319.2   | 40%    |
| EBITDA margin            | 30%     | 34%     | 400bps |
| Finance cost             | 70.5    | 73.3    | 4%     |
| Profit after tax         | 52.6    | 155.7   | 196%   |
| Average interest cost    | 9.37%   | 10.41%  | 104bps |
| FCF pre capex            | 131.0   | 196.6   | 50%    |
| INRbn                    | Mar'24  | Dec'24  | Change |
| Cash and cash equivalent | 154.2   | 211.4   | 37%    |
| Total debts              | 717.6   | 784.9   | 9%     |
| Net debts                | 563.4   | 573.5   | 2%     |
| Net debt/EBITDA          | 1.5x    | 1.4x    | -      |

Source: Company filling.

- Offshore Asia New Issues (Priced)

| Issuer/Guarantor                         | Size (USD mn) | Tenor | Coupon | Priced | Issue Rating<br>(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<br>(M/S/F) |
|--|----------|---------------|-------|---------|-------------------------|
| No Offshore Asia New Issues Pipeline Today |          |               |       |         |                         |

➤ News and market color

- Regarding onshore primary issuances, there were 0 credit bonds issued last Friday. In Jan'25, 1,870 credit bonds were issued with a total amount of RMB1,455bn raised, representing a 9% yoy decrease
- Macau gaming revenue drops 5.6% yoy in Jan'25, second straight monthly decline

- **[BABA]** Alibaba says its latest AI model is better than DeepSeek and Meta
- **[IHFLIN]** Sammaan Capital raised USD151m via qualified institutional placement (QIP) of shares
- **[LVGEM]** LVGEM launched consent solicitation on three guaranteed bonds due in 2025 totaled USD25.6mn
- **[PICAHF]** Piramal Capital standalone revenue rises 9.3% yoy in 9MFY25
- **[MEDCIJ]** Medco Energi keeps oil and gas output target unchanged in 2025, seeks to increase power production
- **[RAKUTN]** Rakuten Group decided not to proceed with a plan to list its securities subsidiary on the Tokyo Stock Exchange
- **[SOFTBK]** Media reported SoftBank in talks to lead USD500mn investment in US robotics software startup Skild AI, and invest USD15-25bn in OpenAI

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