

CMBI Credit Commentary

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

- *The new HANGFI 5 28s, KTGC 5 28s, SUMIFL 5.236 30s tightened 7bps, 25bps and 15bps from ROs respectively this morning. BBTB 34-40s were another 2-5bps tighter. NIPLIF 54s/MYLIFE 55s were up 1.0-1.5pts.*
- **NWDEVL:** *We view the Impact from Henry Cheng ceases to be the chairman of the nomination committee of NWD is neutral. NWDEVLs were 0.1-1.4pts higher yesterday, and NWDEVL Perps moved -0.2pts to +0.3pts this morning. See below.*
- **HYUELE:** *1Q25 operating profit up by 158% yoy. Maintain buy on HYUELEs. HYUELEs tightened 3-5bps post results announcement yesterday, and were unchanged to 2bps tighter this morning. See below.*

❖ Trading desk comments 交易台市场观点

Yesterday, on primary, NIPLIF priced a 30NC10 subordinated bond at par to yield 6.5% (IPT at 7.25%, revised to 6.875%). The issue size is USD1.5bn, up from previous indication of USD750mn. See our comments on [24 Apr '25](#). HANGFI priced a 3yr bond at CT+130 (IPT at +160). KTGC priced a 3yr bond at CT3+118 (IPT at +155). The new HWFPCO 28s tightened 18bps from RO (CT3+95/CT2+76). HYNMTR/HYUELE 27-33s tightened 3-5bps. See our comments below on SK Hynix's 1Q25 results. In Chinese IGs, BABA/TENCNT 30-35s closed unchanged to 1bp wider amid mixed flows. The long end of CHGRID/SINOPC/TENCNT 43-50s were 0.8-1.2pts higher (4-11bps tighter). In financials, CATLIF/NSINTW 34s were 5bps tighter. EXIMBK 35s tightened 5bps amid mixed flows. BBLTB 34-40s, however, closed unchanged to 5bps wider. In JP, MUFG/SUMIBK Float 29-31s were 2-5bps tighter. In insurance hybrids, NIPLIF 51-54s/MYLIFE 55s/DAIL 6.2 Perp were 0.5-1.4pts lower (YTC trading in the range of 6.2-6.5%) on the back of new NIPLIF 55s' initial IPT of 7.25%. The flows were one-way selling immediately after the IPT announcement before finding support from prop desks reloading risks. In AT1s, BACR 9.625/LLOYDS 8 Perps were up 0.3-0.8pt amid mixed flows. In HK, HKAA/MTRC 30s tightened 3bps. NWDEVL Perp/27-31s were unchanged to 1.4pts higher. Before close, NWD announced that Henry Cheng would cease to be the chairman of the nomination committee of NWD and company secretary had resigned. We consider the personnel changes to be neutral. See comments below. HYSAN Perps/CPREIT 30s closed unchanged to 0.3pt lower. In Chinese properties, CHIOLI 34-43s were sought after by offshore AMs/HFs and closed 0.4-0.5pt higher. In India, ADSEZs/ADANEMs were up 0.2-0.4pt. Elsewhere, GLPSP Perp was down 0.7pt.

LGFVs were under better buying flows from both cross-border and offshore RMs. The recent new USD LGFVs such as HKIQCL/QDBTTI 28s were sought after and closed unchanged to 0.1pt higher. There were two way

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interests on CNH names such as CYEADI 27s/ZIBOPR 27-28s. In SOE perps, CTIH Perp was down 0.1pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change
NWDEVL 4 3/4 01/23/27	78.6	1.4
RILIN 6 1/4 10/19/40	106.4	1.2
CHGRID 4.85 05/07/44	96.7	1.2
TENCNT 3.24 06/03/50	65.7	1.0
SINOPC 4 1/4 04/24/43	87.8	1.0

Top Underperformers	Price	Change
MYLIFE 6.1 06/11/55	96.8	-1.4
NIPLIF 5.95 04/16/54	97.5	-1.3
NIPLIF 6 1/4 09/13/53	100.3	-1.0
SUMILF 5 7/8 PERP	96.0	-0.8
GLPSP 4.6 PERP	56.1	-0.7

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+2.03%), Dow (+1.23%) and Nasdaq (+2.74%) were higher on Thursday. US Mar'25 durable goods orders +9.2% mom, higher than the market expectation of 2.1%. US Mar'25 existing homes sales were -5.9% mom, lower than the market expectation of -3.0%. US latest initial jobless claims was +222k, same as the market expectation. UST yields retreated on Thursday, 2/5/10/30 yield at 3.77%/3.91%/4.32%/4.77%.

❖ Desk Analyst Comments 分析员市场观点

➤ NWDEVL: Impact from Henry Cheng cease to be the chairman of the nomination committee of NWD is neutral

As per NWD's announcement yesterday, Henry Cheng would cease to be the chairman of the nomination committee of NWD and the company secretary had tendered his resignation. We believe that the impact resulting from the personnel changes should be neutral. First, Henry Cheng remains to be the chairman of NWD and Sonia Cheng, his daughter, will become a member of the nomination committee. Second, the company secretary will retire and the CFO has been appointed as the joint company secretary along with a qualified lawyer. On NWD, eyes should continue to be on any updates on the refinancing of bank loans. As per media reports, today is the deadline for early-bird fee on refinancing commitments. We expect updates on refinancing over the coming days and these updates should also provide more insight on whether a call notice on NWDEVL 6.15 Perp will be sent by mid-May'25.

➤ HYUELE: 1Q25 operating profit up by 158% yoy. Maintain buy on HYUELEs

We maintain buy on HYUELEs in view of SK Hynix's resilience against trade war given its strong market position globally and solid operating cash flow, as well as HYUELEs' more balance risk-return profile. Within the HYUELE complex, we prefer HYUELE 1 ½ 01/19/26 and HYUELE 2 ¾ 01/19/31 most for lower cash prices. At 97.6 and 86.2, HYUELE 1 ½ 01/19/26 and HYUELE 2 ¾ 01/19/31 was traded at YTM of 4.9%/Z+80bps and YTM of 5.2%/Z+155bps, respectively. HYUELEs also provide 17-39bps yield pick-up over Micron's bonds.

Table 1: Bond profiles of HYUELEs

Security Name	Amt o/s (USDmn)	Mod Dur	Ask px	YTM	Z-Spread (bps)	Rating (M/S/F)
HYUELE Float 11/17/25	300	0.1	100.6	4.9%	61	Baa2/-/BBB
HYUELE 6 ¼ 01/17/26	750	0.7	101.0	4.8%	74	Baa2/BBB-/BBB
HYUELE 1 ½ 01/19/26	1000	0.7	97.6	4.9%	80	Baa2/BBB-/BBB
HYUELE 5 ½ 01/16/27	500	1.6	101.1	4.8%	114	Baa2/BBB-/BBB
HYUELE 6 ¾ 01/17/28	1000	2.5	103.8	4.9%	131	Baa2/BBB-/BBB
HYUELE 5 ½ 01/16/29	1000	3.3	101.8	5.0%	143	Baa2/BBB-/BBB
HYUELE 2 ¾ 01/19/31	1000	5.2	86.2	5.2%	155	Baa2/BBB-/BBB
HYUELE 6 ½ 01/17/33	750	6.0	105.6	5.6%	188	Baa2/BBB-/BBB

Source: Bloomberg.

In 1Q25, SK Hynix recorded the 2nd highest revenue and operating profit in the company's history, following the record-high revenue and operating profit in 4Q24. This was attributable to the faster than expected ramping up of memory market due to competition to develop AI systems, restocking demand as well as Chinese subsidies for consumer electronics. The 1Q25 operating profit margin increased by 1 pct pt to 42% in 1Q25 from 4Q24 while EBITDA margin increased by 4 pct pt to 61%. See Table 2.

The ASP of DRAM was flat qoq in 1Q25, decrease in conventional DRAM pricing was offset by higher value HBM product sales. The DRAM bit shipment dropped by high single digit qoq, better than the guidance attributable to strong sales of high value-added products such as HBM3E and DDR5, as well as PCs and smartphones. The ASP of NAND dropped by 20% with high teens drop bit shipments. SK Hynix sees the demand recovery of NAND was relatively weaker than DRAM.

SK Hynix expects the bit shipments of DRAM to increase at a low teen % qoq in 2Q25, while bit shipments of NAND to increase more than 20% qoq in 2Q25. On HBM, SK Hynix maintains the projection that HBM demand will be double in 2025 compare to that of 2024, and the sales of HBM3E 12Hi are expected to account for over 50% of total HBM3E revenues in the 2Q25. The transition to HBM3E 12Hi is on schedule, SK Hynix expects the sales to crossover to HBM3E 12Hi from HBM3E 8Hi in 2Q25. Meanwhile, SK Hynix shipped the world's first HBM4 12Hi samples to customers in Mar'25, and plan to complete the mass production preparation of HBM4 12Hi within 2025. We expect the growth momentum of SK Hynix's revenue and operating profit to continue in 2025. The strong demand for AI services memory will continue to support higher bit shipments of HBM.

As at Mar'25, The cash balance of SK Hynix increased slightly by 1% qoq to KRW14.3tn. Lower qoq capex during 1Q25 partly offset the impact of lower qoq operating cash flow in 1Q25. During 1Q25, SK Hynix started the construction of 1st fab in Yongin with target completion by 2Q27. After that, SK Hynix aims to complete the remaining three fabs in the Yongin cluster and to grow the cluster into a global AI semiconductor production base. Meanwhile, the M15X fab is on track to be completed in 4Q25, and expected to start mass production in 2026. We expect the management to remain disciplined in expansion and capex will continue to be funded with its cash on hand and operating cash flow. As of Mar'25, the net debts increased by 6% qoq to KRW9.0tn from Dec'24. The upcoming USD bond maturities of SK Hynix are HYUELE Float 11/17/25 of USD300mn due in Nov'25, and two USD bonds totaled USD1.75bn due Jan'26. We expect that SK Hynix will be able to refinance these maturing bonds at reasonable costs in view of its strong operating cash generation and good access to different funding channels.

Furthermore, SK Hynix sees the limited impact from US tariff on its operations. While c60% of its customers are from US, the actual percentage of its direct export to the US is lower than c60% given the memory product shipments are often go to the locations outside of the US for US headquartered customers.

Table 2: SK Hynix 1Q25 financial highlights

KRWbn	1Q24	1Q25	yoy change	4Q24	qoq change
Revenue	12,430	17,639	42%	19,767	-11%
-DRAM	7,493	14,111	88%	14,628	-4%
-NAND	4,407	3,175	-28%	4,744	-33%
-Others	529	353	-33%	395	-11%
Gross profit	4,795	10,102	111%	10,366	-3%
Operating profit	2,886	7,441	158%	8,083	-8%
EBITDA	6,073	10,769	77%	11,249	-4%
Net profit	1,917	8,108	323%	8,006	1%
Operating cash flow	5,385	9,075	69%	11,081	-18%
Capex	3,103	6,284	103%	7,248	-13%
Gross profit margin	39%	57%	+18 pct pt	52%	+5 pct pt

Operating profit margin	23%	42%	+19 pct pt	41%	+1 pct pt
EBITDA margin	49%	61%	+12 pct pt	57%	+4 pct pt
Net profit margin	15%	46%	+31 pct pt	41%	+5 pct pt

	Mar'24	Mar'25	Change	Dec'24	Change
Cash and equivalent	10,319	14,311	39%	14,156	1%
Total debt	29,506	23,334	-21%	22,684	3%
Net debt	19,187	9,023	-53%	8,528	6%
Net debt/equity	35%	11%	-24 pct pt	12%	-1 pct pt
Net debt/LTM EBITDA	1.62x	0.22x	-	0.24x	-

Source: Company filling, CMBI Research

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Chengdu Economic Development Industrial Investment	200	3yr	5.8%	5.8%	Unrated
Hana Securities	300	3yr	5.0%	T+130	-/A/-
KT&G Corporation	300	3yr	5.0%	T+118	A3/A/-
Nippon Life Insurance Company	1500	30NC10	6.5%	6.5%	A3/A/-
Sihai International Investment	65	3yr	4.6%	4.6%	Unrated
Sumitomo Mitsui Finance & Leasing	500	5yr	5.236%	T+128	-/A/-

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Taiyuan State-owned Investment	USD	-	3yr	5.6%	Unrated

➤ News and market color

- Regarding onshore primary issuances, there were 175 credit bonds issued yesterday with an amount of RMB163bn. As for month-to-date, 1,950 credit bonds were issued with a total amount of RMB1,808bn raised, representing a 9.5% yoy increase
- China says no ongoing trade talks with the US and calls for canceling the unilateral tariffs.
- [ADTIN]** Adani Energy Solutions' revenue jumps 43% yoy in FY25 to INR237.7bn (cUSD2.8bn)
- [AVLLIC]** Onshore bondholders reject AVIC Industry onshore bond delisting despite regulator reassurance
- [CRHZCH]** China Resources Land cancels issuance of RMB1bn 10-year bonds
- [DIALIN]** S&P upgraded Delhi International Airport to BB from BB-; outlook positive
- [IDASAL]** MIND ID arms set to welcome Zhejiang Huayou Cobalt as new partner in multi-billion EV battery project

- **[INFRAB]** Moody's revised outlook on InfraBuild Australia to stable from negative, affirmed Caa2 rating
- **[POHANG]** POSCO Holdings 1Q25 EBITDA rises 1.4% yoy to KRW1.6tn (cUSD1.1bn)
- **[MEDCIJ]** Medco Energi halves stock buyback cap to USD25mn
- **[NSANY]** Nissan Motor's FY25 global production fell 10.1% yoy, global sales dropped 4.3% yoy, and exports from Japan dived 12.7% yoy
- **[SOFTBK]** SoftBank and its partners set up USD3.6bn bitcoin acquisition JV
- **[SUNAC]** Sunac China to complete debt restructuring by end of 2025 or early 2026

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