

CMBI Credit Commentary

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

- *The recent MIZUHO new issues tightened 1-3bps this morning. The rest of Asian IG space was unchanged to 3bps tighter amid better buying on 10yr SHIKON/FUBON/LGENSO/MEITUA. We saw two-way flows skewed towards better buying in Perps/AT1s. FOSUNI 28 was 0.9pt higher. NWDEVL 10.131 Perp gained 0.5pt.*
- **MEDCIJ:** *Resilience performance throughout cycles. MEDCIJ 26-30s were 0.1pt lower to 0.1pt higher this morning. See below.*
- **EHICAR:** *eHi Car Services exchange offer expires with 63.51% of EHICAR 7 09/21/26 validly tendered compared with the minimum acceptance level of 85%. EHICAR 26-27 were unchanged to 0.1pt lower this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, in the new issuance space, fixed-rate and floating MIZUHO 29s tightened 5-7bps from ROs, and MIZUHO 31s traded 13-18bps tighter. Long-end MIZUHO 36-46s were unchanged from ROs amid two-way flows. The new fixed-rate MUFG 30-47s hovered around initial pricing, while MUFG Float 32 tightened 7bps from RO. In secondary IG space, front-end LGENSO tightened 5-10bps in the morning, but the tightening was cut into half in the afternoon amid Asia AM/RM selling. The recent new issue KOMRMR tightened another 3-4bps. In HK, FAEACO 12.814 Perp led the space and gained 2.1pts. LIFUNG 29 was 1.1pts higher. WESCHI 28-29 was 0.4-0.7pt firmer. In Chinese properties, VNKRL 27' and 29' edged 0.4pt higher. Media reported that Vanke had circulated a termout proposal to the holders of its RMB2bn 3.11% domestic interbank notes due on 23 Apr'26. Under the proposal, Vanke will offer an upfront payment of RMB100k and 40% of the remaining principal, with the rest to be extended by one year. The term is same as the other ones Vanke offered to extend the maturity of its three other CNY bonds totaled RMB6.8bn in principal earlier this year. LNGFOR 27-32 closed unchanged to 0.3pt higher. In SE Asian space, MEDCIJ 26-30 were 0.1pt lower to 0.1pt higher. Medco Energi priced USD200mn tap of MEDCIJ 8.625 05/19/30 at 103.072 to yield 7.489%. See comments on Medco's FY25 results below. SMCGL Perps were unchanged to 0.5pt lower. Yankee AT1s retraced 0.3pt. We saw moderate risk trimming from institutions, mixed two-way flows from PBs, and better selling and short covering during London session.

In LGFV space, we saw better buying in higher-yielding CNH issues, whereas USD issues were heavier across the credit curve. There was also better buying in non-LGFV 10yr CNH credits across TMT and non-Chinese names like PSASP/NESNVX/CB.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
FAEACO 12.814 PERP	68.3	2.1	VLLPM 9 3/8 07/29/29	39.0	-1.3
LIFUNG 8 3/8 02/05/29	102.5	1.1	SMCGL 8.95 PERP	100.3	-0.5
AVIILC 4 5/8 03/28/28	99.2	0.9	PERTIJ 5 5/8 05/20/43	93.9	-0.5
BSFR 6 3/8 PERP	97.9	0.8	ARAMCO 3 1/2 11/24/70	61.2	-0.4
WESCHI 9.9 12/04/28	94.1	0.7	PERTIJ 4.175 01/21/50	75.1	-0.3

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.62%), Dow (+0.58%) and Nasdaq (+0.83%) were higher on Thursday. The US 4Q25 GDP increased 0.5% qoq, lower than the market expectation of 0.7%. The US initial jobless claims was +219k, higher than the forecast of +210k. The US Feb'26 Core PCE Price index increased by 0.4% mom and 3.0% yoy, same as market expectations. 2/5yr UST yield was lower on Wednesday, while 30yr yield was higher. 2/5/10/30 year yield was at 3.78%/3.91%/4.29%/4.90%.

❖ Desk Analyst Comments 分析员市场观点

➤ MEDCIJ: Resilience performance throughout cycles

Table 1: Medco o/s USD bonds

Security Name	ISIN	Amt o/s (USD mn)	Ask Px	Ask YTM	Issue rating (M/S/F)	Payment rank
MEDCIJ 7 ¾ 05/14/26	USY59501AA78	91.72	100.6	0.9%	B1/BB-/BB-	Secured
MEDCIJ 6.95 11/12/28	USY59500AA95	272.017	100.6	6.8%	B1/BB-/BB-	Sr unsecured
MEDCIJ 8.96 04/27/29	USY5951MAA00	482	104.2	7.4%	B1/BB-/BB-	Sr unsecured
MEDCIJ 8.625 05/19/30	USY56616AA68	600.0	105.6	7.3%	B1/BB-/BB-	1 st lien

Source: Bloomberg.

We maintain buy on MEDCIJ 8.625 05/19/30 and initiate buy on MEDCIJ 8.96 04/27/29 in view of Medco Energi (Medco)'s resilience operating performance, financial discipline in expansion and sufficient liquidity profile. At 105.6 and 104.2, MEDCIJ 8.625 05/19/30 and MEDCIJ 8.96 04/27/29 are trading at YTM of 7.3% and 7.4%, respectively. We consider these bonds are good carry plays. We expect Medco to continue early redemptions of its USD bonds. As per Medco, it repurchased USD bonds of USD2.9mn in 1Q26. These, coupled with notably higher O&G prices, should support the near-term performance of MEDCIJ 8.625 05/19/30 and MEDCIJ 8.96 04/27/29.

Medco posted largely flat FY25 operating results (see Table 2) despite realized O&G price was 14.1% lower during the year. The resilience performance was in line with its guidance and supported by higher O&G production volume, PSC cost recovery mechanisms, higher power sales and higher power price. These largely offset the impact of lower realized O&G price.

In O&G, production rose to 156 mboepd in FY25 from 152 mboepd in FY24, compared with Medco's guidance of 155–160 mboepd. The production volume growth was driven by the start-up of the Terubuk and Forel fields in South Natuna Sea Block B, additional working Interests (increased from 46% to 70%) in Corridor PSC and stronger performance in Oman. In Power, electricity sales grew to 4,371 GWh in FY25, from 4,108 GWh in FY24, compared with the guidance of 4,300 GWh. The growth was driven by the commencement of generation

of Ijen Geothermal IPP (35 MW) in 1Q25, East Bali Solar PV IPP (25 MWp) in 2Q25 (expected to generate about 50 GWh per year, the largest solar project in Bali) and Batam ELB IPP expansion (increased from 70 MW to 109 MW in 4Q25). In FY25, renewables share of total power sales increased to 25% in FY25 from 20% in FY24. Medco achieved the 26% renewable installed capacity target. In FY25, O&G and power contributed 91.4% and 7.4% of Medco's revenue, respectively. We expect that O&G and power will continue to be the key drivers for Medco's operating performance and cash flow.

In FY26, Medco guides O&G production to increase 5.8-9.0% to 165-170 mboepd, power sales to increase 4% to 4,550 Gwh and the cash cost of O&G production to be under USD10/boe compared with USD8.6/boe in FY25. So far, Medco's operations, including the Oman operations, are not affected by the US-Israel war against Iran. Medco expects its Oman operations to contribute c15% of its EBITDA based on O&G price of USD65/boe.

On capex, the company guides investments of USD430mn, i.e. USD415mn in O&G and USD15mn in power compared with USD437mn, i.e. USD402mn in O&G and USD35mn in power in FY25. We are comfortable with Medco's disciplined expansion over the past few years. It maintains net debt/EBITDA flat at mid cycle prices even before the new assets fully contributes and it also commits to repaying acquisition loans in 2-3 years. As per Medco, the loans for acquiring additional interests in the Corridor PSC (closed in Oct'25) have already been mostly repaid. With a 2P RLI of 11.4 years and 5-year 2P RRR of 206%, we expect Medco to remain disciplined in acquisitions and further acquisitions will be discretionary, depending on market and funding condition.

Medco maintains healthy financial and liquidity profile for its low Ba/BB ratings. The company has a good access to capital markets as evidenced by its recent tap on MEDCIJ 8 % 05/19/30 at 103.072 for USD200mn. It has also been actively managing its debt maturities in advance. As of Dec'25, it had cash on hand of USD629mn and ST debts of USD439mn. RG (Oil & Gas) and consolidated net debt/EBITDA was 1.8x and 2.0x in FY25, improved from 2.0x and 2.4x in FY24. Medco targets to maintain mid-cycle RG net debt/EBITDA below 2.5x based on O&G price of USD65/boe.

Table 2: Operating performance at a glance

USDmn	2024	2025	yoy change
Revenue	2399.2	2395.0	-0.2%
O&G	2178.0	2189.5	0.5%
<i>Production (MBOEPD)</i>	152.3	156.0	2.4%
<i>Realized oil price</i>	78.0	67.0	-14.1%
Power	204.6	177.6	-13.2%
<i>Power sales (Gwh)</i>	4108	4371	6.4%
<i>Power price (cent/kwh) excl fuel component</i>	3.5	3.8	8.6%
Service and others	16.6	27.9	68.1%
Gross profit	933.5	936.1	0.3%
<i>O&G gross profit</i>	847.0	824.0	-2.7%
<i>Power gross profit</i>	73.0	90.0	23.3%
EBITDA	1,264.1	1,256.0	-0.6%
<i>O&G EBITDA</i>	1,298.0	1,259.0	-3.0%
<i>Power EBITDA</i>	44.0	57.0	29.5%
Gross interest	307.3	324.2	5.5%
Profit before tax	671.1	404.0	-39.8%
Operating cash flow	1,219.5	906.3	-25.7%
Capex	436	437	0.2%

Gross profit margin	38.9%	39.1%
EBITDA margin	52.7%	52.4%

Source: Company filing, CMBI FICC Research.

Table 3: Summary of financial position

USDmn	Dec'24	Dec'25
Cash and cash equivalents	697.4	628.9
ST Debt	559.1	439.1
LT Debt	3,018.9	3,459.8
Total debt	3,578.0	3,898.9
Net debt	2,880.5	3,270.0
Total debt/LTM EBITDA	2.8x	3.1x
Net debt/LTM EBITDA	2.3x	2.6x
EBITDA/gross interest	4.1x	3.9x

Source: Company filing, CMBI FICC Research.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Binzhou Guotou Overseas Investment	100	3y	6%	6%	Unrated

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Guang Ying Investment Limited	USD	-	3yr	4.7%	-/-/A-

➤ **News and market color**

- Regarding onshore primary issuances, there were 120 credit bonds issued yesterday with an amount of RMB103bn. As for month-to-date, 535 credit bonds were issued with a total amount of RMB562bn raised, representing a 40.8% yoy increase
- Chinese state-owned carriers are adding thousands of flights to Europe; China weighs aid package to help state-run carriers hit by soaring fuel costs due to the Iran war
- China electric car sales slumped 14% yoy in Mar'26 in third straight monthly decline
- Indonesia has moved a quarter of its oil supply away from the Middle East
- **[CHJMAO]** Moody's downgraded China Jinmao to Ba3 from Ba2 and changed the outlook to stable from negative, reflecting the company's still-elevated leverage but unlikely to return to a level appropriate for its previous ratings in the next 6-12 months, as well as expectation that the company's credit metrics will gradually stabilize over the next 12-18 months

- **[JSWIN]** JSW Steel crude steel output rose 8% in FY26
- **[NICAU]** Nickel Industries resumes operations at Hengjaya mine after a two-week suspension
- **[SINOCH]** Former Sinochem executive has been charged with bribery and abuse of power in China
- **[SOFTBK]** SoftBank explores participation in TEPCO's estimated USD6.3bn fundraising

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