CMBI Credit Commentary

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

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- *Asia IG spreads were 1-3bps tighter this morning. KR utilities names were under better buying. The recent new HSBC Perp was under two-way flow. We saw better selling in AT1 and long-end JP lifers, which were 0.5-1.0pt lower. WLISRC '36 rose 0.6pt.*

- ***PTTGC:** Sep'26 leverage improves as supply tightness lifts earnings. Maintain buy on PTTGC 6.5 Perp and PTTGC 7.125 Perp, which were unchanged this morning. See below.*

- ***AACTEC:** Moody's changed the outlook of AAC Technologies to positive from stable reflect its resilient performance across its core product segments and continued diversification into AI-related components amid accelerating AI adoption; Baa2 rating affirmed. Maintain buy on AACTEC '31, which was unchanged post rating outlook change.*

❖ **Trading desk comments 交易台市场观点**

Yesterday, sentiment remains strong we saw better buying across front-end China SOE/TMT and HK T2 names, including LENOVO/HAOHUA/ SHCMBK/DAHSIN/BNKEA. In the Taiwan lifer space, SHIKON '35 tightened another 5bps, extending its rally to 40bps from the wides, while its peers also traded 2-4bps tighter. In Korea space, we continued to see solid demand for quasi-sovereigns and corporates, with SAMAER/SKONKR/MOMPER tightening 2-4bps, alongside KOSOPW/KOROIL moving 1-2bps tighter. Japanese papers were 1-3bps tighter on better duration buying, mostly in 10yr financials, despite some selling in bank FRN '31. In SE Asia, strong PB demand for sub papers pushed the BBLTB/KBANK curves 5bps tighter. Meanwhile, EU AT1s and Japanese lifers opened flat to 0.25pts lower, though overall buying interest quickly brought the recent new issues HSBC/INTNED Perps back to unchanged, with solid long-end demand also seen across STANLN/ACAFP/BNP.

In the higher-yielding space, NWDEVLs were 0.2-1.5pts higher. Media reported NWD plans for a right issue to raise up to HKD25bn (cUSD3.2bn). PTTGC Perps rose 0.3-0.5pt. PTTGC's revenue rose 30% yoy to THB165.1bn in 3Q26. See comments below. SJMHOL '31 down 0.7pt post 9M26 results. See our comments yesterday. SOFTBKs moved -0.3pt to +0.3pt.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change
NWDEVL 4.8 PERP	**47.0**	**1.5**
AVAPLN 8 1/2 05/15/31	**91.8**	**1.2**
GLENLN 5.8 01/28/32	**99.5**	**1.1**
NWDEVL 12.179 PERP	**92.7**	**0.9**
NWDEVL 4 1/2 05/19/30	**79.1**	**0.8**

Top Underperformers	Price	Change
GLENLN 6.256 10/28/36	**100.2**	**-2.7**
HAOHUA 4 3/4 06/19/49	**83.2**	**-1.6**
BHP 5 3/4 09/05/55	**93.8**	**-1.6**
JD 4 1/8 01/14/50	**73.2**	**-1.5**
CHIOLI 6 3/8 10/29/43	**97.2**	**-1.5**

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.35%), Dow (-0.36%) and Nasdaq (-0.39%) were lower on Thursday. US Oct'26 Existing Home Sales were 3.75mn, lower than the market expectation of 3.89mn. UST yield was higher yesterday. 2/5/10/30 year UST yield was at 4.86%/4.95%/5.10%/5.43%.

❖ Desk Analyst Comments 分析员市场观点

➢ PTTGC: Sep'26 leverage improves as supply tightness lifts earnings

Table 1: Bond profile of PTTGCs

Security name	ISIN	Amt o/s (USDmn)	Ask px	YTC	First call date	Coupon reset date	Coupon reset	Step-up (bps)	Issue rating
PTTGC 6.5 Perp	USY3004DAD67	600	97.7	7.2%	10 Sep'30	10 Dec'30	5yrUST+2.815%	-	Ba2/-/BB
PTTGC 7.125 Perp	USY3004DAE41	500	96.6	7.7%	10 Mar'35	10 Sep'35	5yrUST+3.162%	25	Ba2/-/BB

Source: Bloomberg.

We maintain buy on PTTGC 6.5 Perp and PTTGC 7.125 Perp for decent carry within PTTGC curve. PTTGC 6.5 Perp offers a yield pick-up of c120bps over its senior PTTGC '31s with 3 months shorter in "tenor", and c20bps over TOPTB 6.1 Perp (first coupon reset in Apr'31). PTTGC 7.125 Perp is trading as the highest yielding paper within the PTTGC curve. Despite the coupon of the perps will only be reset with minimal step-ups, we believe that PTT Global Chemical (PTTGC) remains incentivized to call and replace the perps to preserve the hybrid market access and equity credit recognition.

In 3Q26, PTTGC's revenue rose 30% yoy to THB165.1bn, supported by higher ASPs amid supply tightness from the Middle East conflict. The product-to-feed margin widened to 25% from 23% in 3Q25. Adj. EBITDA surged 209% yoy to THB15.9bn, and the adj. EBITDA margin rose to 10% from 4%. Upstream, Intermediates, and Polymers & Chemicals drove the growth. Upstream benefited from a higher refining margin of USD14.3/barrel in 3Q26, up from USD5.6/barrel in 3Q25. Dubai crude averaged USD93.1/barrel in 3Q26 against USD70.1/barrel in 3Q25. In Intermediates, the MEG spread improved as China's inventories stayed low because of limited imports from the Middle East. Net profit was THB9.8bn, reversing a loss of THB2.9bn in 3Q25, helped by a net stock gain and NRV of THB4.4bn. For 9M26, revenue rose 23% yoy to THB484.4bn. Adj. EBITDA rose to THB57.7bn from THB16.6bn in 9M25, and the margin expanded to 12% from 4%. Net profit was THB25.2bn, turned from a loss of THB9.1bn in 9M25.

Operating cash inflow for 9M26 was THB61.2bn, up 6% yoy, and comfortably covered capex of THB8.6bn. PTTGC budgets total capex for its Olefins Project totaled USD553mn (cTHB18.7bn) for 2026-30. At the current operating cash flow, we expect PTTGC to fund the project from internal resources. Cash and ST investments

fell to THB51.4bn as of Sep'26 from THB58.1bn as of Jun'26, mainly due to net bond redemption. Total debt/LTM adj. EBITDA improved to 2.6x and net debt/LTM adj. EBITDA to 1.8x, helped by EBITDA growth and lower total debt.

We understand the recovery was largely driven by Middle East supply disruptions. Results softened qoq as regional capacity resumed and the government cut diesel prices. PTTGC expects average Dubai crude of USD78-91/barrel, down from cUSD92/barrel YTD, which could compress Upstream margins. The sector also faces structural pressure from the energy transition, EV adoption and persistent overcapacity, which could limit the sustainability of current margins. That said, we view the 3Q26 and 9M26 results and the improved leverage as supportive of PTTGC's credit profile. We take comfort that operating cash flow comfortably covers capex, which should support further debt reduction alongside asset monetization.

Table 2: PTTGC's 3Q26 and 9M26 financial highlights

THB mn	3Q25	3Q26	Change	9M25	9M26	Change
Sales revenue	126,836	165,092	30%	392,763	484,416	23%
Feedstock cost	(98,003)	(123,918)	26%	(305,629)	(355,050)	16%
Product to feed margin	28,833	41,174	43%	87,134	129,366	48%
Adj. EBITDA	5,147	15,895	209%	16,606	57,672	247%
Upstream	*1,071*	*8,275*	*673%*	*6,770*	*36,456*	*438%*
Intermediates	*169*	*925*	*447%*	*(269)*	*2,394*	-
Polymers & Chemicals	*1,686*	*3,433*	*104%*	*4,081*	*8,449*	*107%*
Bio & Circularity	*280*	*269*	*-4%*	*604*	*1,019*	*69%*
Performance Chemicals	*1,884*	*2,999*	*59%*	*5,544*	*9,360*	*69%*
Service and Others	*57*	*(6)*	-	*(124)*	*(5)*	*-96%*
Net profit/ (loss)	(2,916)	9,756	-	(9,434)	24,415	-
Product to feed margin	23%	25%	2 ppts	22%	27%	5 ppts
Adj. EBITDA margin	4%	10%	6 ppts	4%	12%	8 ppts
Upstream	*2%*	*9%*	*7 ppts*	*3%*	*14%*	*11 ppts*
Intermediates	*1%*	*4%*	*3 ppts*	*-1%*	*4%*	*5 ppts*
Polymers & Chemicals	*8%*	*13%*	*5 ppts*	*6%*	*12%*	*6 ppts*
Bio & Circularity	*6%*	*5%*	*-1 ppts*	*4%*	*7%*	*3 ppts*
Performance Chemicals	*10%*	*14%*	*4 ppts*	*9%*	*15%*	*6 ppts*
THB mn	**Jun'26**	**Sep'26**	**Change**			
Cash and ST investments	58,133	51,410	-11.6%			
Total debt	176,252	161,936	-8.1%			
Net debt	118,120	110,526	-6.4%			
Total debt/LTM adj. EBITDA	3.4x	2.6x				
Net debt/LTM adj. EBITDA	2.3x	1.8x				

Source: Company filing, 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 89 credit bonds issued yesterday with an amount of RMB134bn. As for month-to-date, 615 credit bonds were issued with a total amount of RMB753bn raised, representing a 4.2% yoy decrease

- **[AACTEC]** Moody's changed the outlook of AAC Technologies to positive from stable reflect its resilient performance across its core product segments and continued diversification into AI-related components amid accelerating AI adoption; Baa2 rating affirmed

- **[SJMHOL]** Moody's downgraded SJM Holdings by one notch to B2 from B1 on very high leverage, mainly driven by weak earnings amid a moderating gross gaming revenue growth environment in Macao SAR; outlook changed to negative from stable

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