

## CMBI Credit Commentary

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

#### The Asset Asian G3 Bond Benchmark Review 2025

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- *This morning, IG space tightened 3-10bps post CPI. TW lifers SHIKON/CATLIF/NSINTW tightened 5-10bps. China benchmark names BABA/TENCNT/MEITUA tightened 2-3bps. KR space tightened 1-3bps. The new STANLN 5.4 08/12/36 tightened 3bps. In LGFV, the new CNH GUAMET 28/30 were down 0.5pt, and GZTIGL 28 was 0.1pt higher.*
- **MGMCHI:** Modest revenue growth in 1H25 with higher GGR market share. MGMCHI 27-31s were 0.1-0.4pt higher post results announcement. See below.
- **RAKUTN:** Accelerating revenue growth in 1H25 with mobile segment turnaround on track. RAKUTN 29s/ 8.125 Perp/ 6.25 Perp were 0.4-0.5pt higher post results announcement. See below.

#### ❖ Trading desk comments 交易台市场观点

Yesterday, WYNMAC 26-29s were unchanged to 0.2pt higher, MGMCHIs were largely unchanged. Wynn Macau upsized the 8.5NC3 issue from USD500mn to USD1bn and priced the bonds at par yielding 6.75% (vs IPT of 7%). See our comment on Wynn Macau [yesterday](#), and on MGMCHI 1H25 results below. For the rest of Macao gaming, STCITYs/STDCTY/MPELs were unchanged to 0.4pt higher, while SJMHOLs/SANLTDs were unchanged to 0.1pt lower. LIFUNG 5 ¼ Perp moved 1pt higher. NWDEVL Perps lowered 1-1.6pts, while NWDEVL 27-31s were 0.7-1.5pts lower. CTFCHK 4 ¼ 06/27/29 dropped 2.2pts, while FAEACO 12.814 Perp was 0.1pt higher. Chow Tai Fook Enterprises and Far East Consortium will proceed with the asset swap with Star Entertainment through acquiring 50% interests in DBC from the latter and sell assets including DGCC and treasury Hotel to the latter. FRESHK 26-28s/ZHOSHK 26-28s closed 3-7bps tighter. In Chinese properties, VNKRLE 27-29s/FUTLAN 28/FTLNHD 25-26s were unchanged. CSCHCN 27 dropped 0.5pt, and GRNCH 28 was 0.1pt lower. Japan MIZUHO/SUMIBK bank FRNs tightened 1-2bps amid two-way flows. Japanese insurance hybrids and Yankee AT1s edged 0.3pt firmer with demand from China-based investors. PKX 30-35s tightened 1-4bps. HYUELE 26-33s widened 1-7bps. In SEA, PETMK 26-35s tightened 1-8bps. Media report that Petronas plans to expand its liquefied natural gas exports to Southeast Asian nations. SMCGCL Perps were unchanged to 0.1pt higher. San Miguel Global Power retapped USD115mn SMCGCL 8.95 Perp, and the

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total o/s amount increased to USD515mn. Within the SMCGL curve, we prefer SMCGL 5.7 Perp, SMCGL 5.45 Perp and SMCGL 8.125 Perp for better risk-return profiles in view of their lower cash prices and higher YTC. See our comments on SMCGL on [18 Jul'25](#). In LGFV, the recent CNH issues XYDXIV and JIYCAP retraced 5-10bps wider.

#### ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
SRAILT 7 06/25/24	103.4	1.6	CTFSHK 4 1/4 06/27/29	88.4	-2.2
LIFUNG 5 1/4 PERP	53.9	1.0	NWDEVL 10.131 PERP	36.9	-1.6
TAIANH 6.9 07/16/28	96.1	0.8	NWDEVL 4 1/8 07/18/29	56.1	-1.5
NANFUN 5 PERP	70.7	0.7	NWDEVL 5 1/4 PERP	29.7	-1.4
CCLAND 5.2 09/20/25	98.5	0.7	NWDEVL 4 1/8 PERP	26.2	-1.3

#### ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (+1.13%), Dow (+1.10%) and Nasdaq (+1.39%) were higher on Tuesday. US Jul'25 CPI/Core CPI was +0.2% mom/+0.3% mom, same as the market expectation. US Jul'25 CPI was +2.7% yoy, lower than the market expectation of 2.8%. UST yield was higher on Tuesday, 2/5/10/30 yield at 3.72%/3.83%/4.29%/4.88%.

#### ❖ Desk Analyst Comments 分析员市场观点

##### ➤ MGMCHI: Modest revenue growth in 1H25 with higher GGR market share

MGM China (MGMCHI)'s operating revenue increased by 2.7% yoy in 1H25 to HKD 16.7bn. The revenue growth was primarily driven by an increase in main floor table games drop and VIP gross table games win. The 3% yoy decrease in operating revenue from MGM Macau was mitigated by 7% yoy increase in MGM Cotai. By property, the decrease in revenue in MGM Macau was due to lower wins across main floor table games, VIP table games, and slot machines. The hotel room occupancy rate of MGM Macau was slightly higher in 1H25 compared to 1H24, yet the revenue per available room (REVPAR) dropped by 16.2% yoy. Revenue was higher yoy for MGM Cotai in 1H25, attributable to higher gross win rates across main floor table games and VIP table games. However, the hotel room occupancy rate and REVPAR in MGM Cotai were both slightly lower in 1H25 compared to 1H24.

MGMCHI had a GGR market share of 16.6% in 2Q25, increased from 15.7% in 1Q25. Overall in 1H25, MGMCHI had GGR market share of 16.2%, compared to 15.8% in 2H24 and 16.5% in 1H24.

As of Jun'25, MGMCHI had HKD5.5bn cash on hand, increased from HKD5.3bn as of Dec'24, reflecting the positive free cash flow after capex. In 1H25, MGMCHI spent cUSD111mn on capex, increased from cUSD40mn in 1H24, mainly for development and renovation works. During 1H25, MGMCHI finished construction Alpha Villas, 28 villa-style accommodations at MGM Macau, and the all the units are available to guests starting from Jul'25. MGMCHI has also begun converting rooms at MGM Cotai to create 60 new suites with target opening in 1Q26. These are to serve the demand for premium gaming customers, and should support the revenue growth of MGMCHI in the 2H25 and onwards, in our view.

MGMCHI had net debts of HKD16.3bn as of Jun'25, down from HKD17.8bn as of Dec'24, thanks to the positive free cash flow. In Apr'25, MGMCHI obtained a 5-year senior unsecured revolving credit facility of HKD23.4bn, which bears a funding cost of HIBOR+1.625-2.75%, depending on MGMCHI's leverage ratio. The credit facility extends MGMCHI's loan maturity by four years to 2030. Besides, MGMCHI redeemed USD500mn MGMCHI 5.25 06/18/25 in Jun'25, and the next USD bond maturity will be USD750mn MGMCHI 5.875 05/15/26. We

believe that its refinancing risk is low in view of its operating cash inflow, cash on hand, available undrawn unsecured credit facility of HKD17bn as of Jun'25, as well as its access to funding channels.

Our top picks within the Macau gaming sector are MPELs and STCITYs/STDCTY. We also consider SJMHOLs good carry play. Meanwhile, we consider MGMCHIs and WYNMAC'27 yield pick-up plays, trading at 6-92bps and 35bps pick-up over bonds of their US parents, respectively. We are neutral on SANLTDs on valuation. Please also read our comment on Wynn Macau's new USD bond issue highlights and 1H25 results in our daily [yesterday](#).

**Table 1: MGMCHI financial and operational highlights**

HKDmn (except for REVPAR)	1H24	1H25	Change
Operating revenue by property	16,218	16,661	2.7%
-MGM Macau	6,755	6,535	-3.3%
-MGM Cotai	9,463	10,125	7.0%
Adjusted EBITDA	4,948	4,879	-1.4%
-MGM Macau	2,118	1,878	-11.3%
-MGM Cotai	2,830	3,001	6.0%
Adjusted EBITDA margin	30.5%	29.3%	-1.2 pct pt
-MGM Macau	31.4%	28.7%	-2.3 pct pt
-MGM Cotai	29.9%	29.6%	-0.3 pct pt
Main floor table games win %			
-MGM Macau	21.8%	21.8%	-
-MGM Cotai	27.3%	28.0%	+0.7 pct pt
VIP table games win %			
-MGM Macau	2.5%	3.6%	+1.1 pct pt
-MGM Cotai	2.4%	3.4%	+1.0 pct pt
Slot hold %			
-MGM Macau	4.0%	3.3%	-0.7 pct pt
-MGM Cotai	3.7%	3.4%	-0.3 pct pt
Room occupancy rate			
-MGM Macau	94.1%	94.4%	0.3 pct pt
-MGM Cotai	93.8%	93.7%	-0.1 pct pt
Revenue per available room			
-MGM Macau	2,822	2,364	-16.2%
-MGM Cotai	2,429	2,082	-14.3%
Operating revenue by segment	16,218	16,661	2.7%
-Casino	14,162	14,597	3.1%
-Food and beverage	1,004	1,190	18.5%
-Rooms	910	720	-20.9%
-Entertainment, retail and other	142	154	8.6%
Capex (USDmn)	40	111	177.5%

Source: Company filing.

➤ **RAKUTN: Accelerating revenue growth in 1H25 with mobile segment turnaround on track**

Rakuten's 1H25 results demonstrated accelerating revenue and EBITDA growth from all three segments. In 1H25, revenue increased by 10% yoy to JPY1.2tn, while reported EBITDA rose by 53% yoy to JPY183bn. The mobile segment achieved a turnaround, generating positive EBITDA of JPY3.2bn in 1H25 compared to negative EBITDA of JPY35.3bn in 1H24. The management aims to achieve full year EBITDA for Rakuten Mobile. This, in our view, is on track as supported by robust trends in both net APRU and subscriber numbers. Net APRU increased to JPY2,474 in 1H25, while the total subscribers rose to 8.97mn as of Jun'25. However, Rakuten's net loss in 1H25 widened by 67% to JPY102bn, mainly due to higher operating costs and the absence of a JPY72bn gain on derivatives valuation recognized in 1H24.

Meanwhile, the management has revised downward the target net debt/EBITDA ratio (non-Fintech net interest bearing debt to non-Fintech non-GAAP EBITDA) to 8.5x from 9.0x by end-2025, as the 9.0x target was already achieved by Jun'25. The medium-term target of lowering the net debt/EBITDA ratio to 5x through EBITDA growth and debt reduction by end-2027 remain unchanged.

As of Jun'25, Rakuten had cash and cash equivalents of JPY5.4tn, 13% lower than the level JPY6.2tn as of Dec'24. During 1H25, Rakuten incurred operating cash outflow of JPY134bn, primarily due to a reduction in financial liabilities for securities. Capex for 1H25 was JPY114bn, down 25% yoy. We maintain our view that Rakuten will continue to fund capex from internal resources given limited capex relative to the cash balances. Rakuten's net cash declining to JPY67bn as of Jun'25 from JPY709bn as of Dec'24, mainly due to operating cash outflow. The total debts down by 3% over the same period to JPY5.3tn. We take comfort that Rakuten has already addressed all bonds maturing or reaching their call dates by end of 2025.

As per Rakuten, it plans to redeem USD750mn RAKUTN 5.125 Perp on the first call date in Apr'26. We maintain buy on RAKUTN 5.125 Perp and RAKUTN 8.125 Perp, in view of the yield pick-up and good carry within the RAKUTN curve. At 98.7, RAKUTN 5.125 Perp is trading at YTC of 7.0%, offering yield pick-up of 176bps over RAKUTN 11.25 02/15/27. RAKUTN 8.125 Perp is trading at YTC of 7.9% at 100.7, offering yield-pick up of 148bps over RAKUTN 9.75 04/15/29 with 8 months longer in "tenor". We continue to view a good chance of Rakuten to call the perp on its respective first call date, in view of its improving operating performance and good access to various funding channels. YTD, Rakuten issued totaled JPY270bn onshore bonds. We have a neutral recommendation on RAKUTN 6.25 Perp as we prefer shorter tenor facing our expectation of higher rate volatility.

**Table 2: Rakuten's USD bond profile**

Security Name	ISIN	Amt o/s (USD)	Ask Px	Ask YTM/ YTC	First call date	Coupon reset	Step- up (bps)	Issue rating (M/S/F)
RAKUTN 11.25 02/15/27	US75102WAG33	1,800	108.5	5.3%	-	-	-	-/BB/-
RAKUTN 9.75 04/15/29	US75102WAK45	2,000	110.6	6.4%	-	-	-	-/BB/-
RAKUTN 5.125 Perp	US75102WAA62	750	98.7	7.0%	22 Apr'26	5yUST+4.578%	25	-/B/-
RAKUTN 8.125 Perp	US75102WAM01	550	100.6	8.0%	15 Dec'29	5yUST+4.000%	25	-/B/-
RAKUTN 6.25 Perp	US75102WAB46	1,000	93.5	7.6%	22 Apr'31	5yUST+4.956%	25	-/B/-

Source: Bloomberg.

**Table 3: Rakuten financial highlights and operational highlights**

JPY bn	1H24	1H25	Change
<b>Revenue</b>	1,050.9	1,159.1	10.3%
-Internet services	589.6	630.0	6.9%
-FinTech	396.2	456.3	15.2%
-Mobile	194.8	222.8	14.4%
Operating loss	51.6	6.6	-87.2%
Reported EBITDA	119.6	183.1	53.1%
Net loss	61.1	102.0	66.9%
Operating cash flow/(outflow)	665.7	(134.0)	-120.1%
Capex	150.6	113.7	-24.5%
Mobile net APRU (JPY)	2,360	2,474	4.8%
Mobile subscribers (mn)	7.55	8.97	18.9%
	<b>Dec'24</b>	<b>Jun'25</b>	<b>Change</b>
Cash on hand	6,170.9	5,379.2	-12.8%
Total debts	5,461.7	5,312.5	-2.7%
Net cash	709.2	66.7	-90.6%

Source: Company filing.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Wynn Macau	1000	8.5NC3	6.75%	6.75%	B1/BB-/BB-

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Henan Water Conservancy Investment Group	USD	-	3yr	4.9%	-/-/A-

➤ **News and market color**

- Regarding onshore primary issuances, there were 134 credit bonds issued yesterday with an amount of RMB114bn. As for month-to-date, 841 credit bonds were issued with a total amount of RMB779bn raised, representing a 12.7% yoy increase
- Media reported bank creditors are thinking about seizing Hong Kong's Wofu Mall after a Schrodgers Capital-and Chelsfield-backed venture defaulted on a HKD1.5bn (cUSD190mn) loan backed by the property
- **[EVERRE]** Hong Kong exchange to delist China Evergrande's shares from 25 Aug'25
- **[FOSUNI]** Fosun Pharma licenses rights to sell medication outside China for up to USD645mn
- **[HSBC]** HSBC sees 73% of commercial property loans in Hong Kong impaired or marked higher-risk

- **[LGCHM]** LG Chem mulls divesting stake in LG Energy Solution as the company restructures its business model
- **[PKX]** POSCO weighs disposal of Turkish steel plant JV amid China competition
- **[ROADKG]** Road King July 2029 coupon unpaid as grace period expires on 12 Aug'25
- **[SINOCH]** Italy weighs plan to force Sinochem to cut 37% stake in tiremaker Pirelli
- **[SMCPM]** San Miguel 1H25 EBITDA rises 11% yoy to PHP126.3bn (cUSD2.2bn)
- **[SOFTBK]** SoftBank plans to issue 35-year JPY hybrid bonds to refinance debt
- **[TOPTB]** Thai Oil 1H25 EBITDA slumps 61% yoy to THB7.7bn (cUSD238.6mn)
- **[TYANLI]** Tongyang Life Insurance 1H25 premium income falls 13.3% yoy to KRW1.9tn (cUSD1.3bn)

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