

CMBI Credit Commentary

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

The Asset G3 Bond Benchmark Review 2026

We hope you found our commentaries and ideas helpful. We seek to elevate our efforts and value-add further in the coming year. We highly appreciate your support to us in Sell-Side Analysts of the polls of "The Asset G3 Bond Benchmark Review 2026". Thank you for your support!

- *Asian IG space tightened 1-5bps this morning amid better buying across the space. Japanese and European AT1s and insurance subs rose 0.3-1.0pt. GLPCHI 29/GLPSPs gained 0.7-1.8pts. SOFTBK 61-65 were 0.6-0.7pt higher. EHICAR 27' and 29' lost 1.0-1.1pts. LNGFOR 29 was 0.4pt lower.*
- **SMCGL:** *BESS and new capacity drove strong revenue growth and margin expansion in 1Q26. Maintain buy on SMCGLs. SMCGL Perps were unchanged to 0.1pt higher this morning. See below.*
- **VNKRLE:** *Vanke has scheduled meetings for holders of 23WankeMTN003 and 23WankeMTN004 notes on 5 Jun'26. The o/s principal for 23WankeMTN003 is RMB2bn will be due on 15 Jun'26 and the o/s principal for 23WankeMTN004 is RMB2bn on 7 Jul'26. VNKRLE 27' and 29' were unchanged to 0.1pt higher this morning.*

❖ Trading desk comments 交易平台市场观点

Last Friday, KIOXIA 30-33s rose 0.6-1.3pts on the back of AM and RM buying. Fitch and S&P upgraded Kioxia by one notch to BBB- from BB+ as earnings and financials improved beyond expectations; outlook stable. SOFTBKs gained 0.1-0.7pt. SUMIBK/MIZUHO/NOMURA traded 2-3bps tighter. In FRN space, 3-5yr JP/CN/AU financial papers closed 1-2bps tighter amid better buying from PBs. Chinese IG names MEITUA/ACTEC and TW lifers closed 2-5bps tighter amid balanced flows (better buying from PBs and banks vs profit taking from AMs). BTSDF 28 closed 0.3pt higher. WESCHI 28-29 were unchanged to 0.3pt higher. The Macau gaming complexes traded 0.1pt lower to 0.3pt higher. In Chinese properties, VNKRLE 27' and 29' were unchanged to 0.3pt lower. Vanke has scheduled meetings for holders of 23WankeMTN003 and 23WankeMTN004 notes on 5 Jun'26. The o/s principal for 23WankeMTN003 is RMB2bn, which will be due on 15 Jun'26; the o/s principal for 23WankeMTN004 is also RMB2bn, to be due on 7 Jul'26. FUTLAN 28/FTLNHD 27-29 were 0.2pt lower to 0.2pt higher. LNGFOR 27-32 were unchanged to 0.2pt higher. In SE Asian space, GLPSPs increased by 0.1-0.8pt. INDYIJ 29 gained 0.3pt, and MEDCIJ 28-30 were unchanged to 0.2pt higher. See our comments on Indika Energy on 22 May'26. SMCGL Perps were unchanged to 0.1pt lower. See comments on SMCGL's 1Q26 results below. TOPTB/PTTGC Perps traded 0.3pt higher. VEDLN 28-33s/IHFLIN 27-30 edged 0.1-0.3pt higher. The ReNew Energy complex were 0.1pt lower to 0.1pt higher. Elsewhere, LLOYDS 6 5/8 Perp rose 1.5pts, and STANLN 7 Perp gained 0.2pt.

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In LGFV space, we saw active two-way flows in short-dated and lower-yielding issues among HFs, RMs and structured desks across USD and CNH.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
LLOYDS 6 5/8 PERP	98.8	1.5	CCAMCL 4 3/4 12/04/37	90.5	-1.4
CFAMCI 4.95 11/07/47	92.5	1.4	GARUDA 6 1/2 12/28/31	81.5	-1.2
TOPTB 3 1/2 10/17/49	69.4	1.3	ACPM 3.9 PERP	59.3	-0.6
TOPTB 3 3/4 06/18/50	71.7	1.3	GRNLGR 6 3/4 06/25/28	15.9	-0.6
KIOXIA 6 5/8 07/24/33	105.3	1.3	VLLPM 7 1/4 07/20/27	52.6	-0.5

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.37%), Dow (+0.58%) and Nasdaq (+0.19%) were higher last Friday. 2/5yr UST yield were higher last Friday. 2/5/10/30 year yield was at 4.13%/4.27%/4.56%/5.07%.

❖ Desk Analyst Comments 分析员市场观点

- **SMCGL: BESS and new capacity drove strong revenue growth and margin expansion in 1Q26. Maintain buy on SMCGLs.**

Table 1: SMCGL o/s USD bonds

Security name	ISIN	Ask px	Yield to next reset	Amt o/s (USDmn)	First call date	Coupon reset date	Coupon reset (incl. step-up)
SMCGL 5.45 Perp	XS2346954873	100.3	4.9%	683.5	9 Dec'26	9 Dec'26	5yUST+7.155%
SMCGL 8.75 Perp	XS2883979705	102.2	7.9%	900.0	12 Jun'29	12 Sep'29	5yUST+7.732%
SMCGL 8.125 Perp	XS2943809900	100.3	8.0%	600.0	2 Dec'29	2 Mar'30	5yUST+6.404%
SMCGL 8.95 Perp	XS3121131125	102.8	8.1%	400.0	24 Apr'30	24 Jul'30	5yUST+7.445%
SMCGL 8.375 Perp	XS3242497538	100.2	8.4%	300.0	20 Oct'30	20 Jan'31	5yUST+7.123%

Source: Bloomberg.

SMCGL reported a decent set of 1Q26 results, thanks to the growing contributions from new renewable and BESS facilities. We maintain buy on SMCGLs in view of the improving operating profile, good access to various funding channels and pro-active liability management. Within the curve, we prefer SMCGL 8.125 Perp and SMCGL 8.95 Perp given their decent YTC, better trading liquidity, and high likelihood of first call redemption. We also have buy recommendation on PCORPM 7.35 Perp issued by San Miguel Global Power (SMCGL)'s affiliate Petron Corp. We consider these Philippine perps low-beta and good carry plays.

SMCGL is expanding its renewable energy portfolio, i.e. solar, hydropower, and battery energy storage system (BESS) network. SMCGL's 1Q26 revenue increased 26% yoy to PHP53.6bn, driven by the full quarter contributions from Mariveles, Masinloc and San Roque Hydroelectric power plants and five battery energy storage system (BESS) facilities, partially offset by the loss of revenue from Ilijan and Batangas Power Plants which had been deconsolidated since Jan'25 following the completion of Chromite transaction. Its cost of power sold declined 21% yoy to PHP23.3bn in 1Q26, on lower volume of power purchased given the improved net generation from Sual, Malita and Limay Power Plants and the deconsolidation of SPPC and Excellent Energy Resources (EERI). Consequently, SMCGL's gross profit jumped 132% yoy to PHP30.3bn in 1Q26, with the gross profit margin expanded to 56.5% in 1Q16 from 30.7% in 1Q25. SMCGL's EBITDA dropped 16% yoy to

PHP32.2bn, due to the absence of the one-off valuation gain of PHP21.9bn from the Chromite transaction booked in 1Q25 and higher forex losses. Excluding the valuation gain and forex losses, SMCGL's recurring EBITDA in 1Q26 would increase 114% yoy to PHP31.4bn.

In 1Q26, SMCGL's higher operating profit more than offset increase in receivables, leading to 25% yoy increase in operating cash flow to PHP19.9bn. Its capex increased to PHP10.2bn from PHP3.4bn in 1Q25, mainly on the Masinloc Unit 4 and 5, solar, and BESS projects. We expect that SMCGL continues to fund its capex through operating cash inflow. As of Mar'26, SMCGL's cash and cash equivalent increased to PHP122.1bn from PHP101.5bn as of Dec'25, and total debts slightly increased to PHP601.3bn. Total debt/LTM recurring EBITDA and net debt/LTM recurring EBITDA improved to 4.6x and 3.0x, respectively on higher LTM recurring EBITDA. The cash to ST debt remained at a healthy level of 1.8x as of Mar'26.

We like SMCGL for its good access to onshore and offshore funding channels. On 17 Mar'26, SMCGL received regulatory approval to issue up to PHP30bn (cUSD500mn) in onshore bonds, planned across three tranches, i.e. 5.25yr, 7yr and 10yr. Part of the net proceeds will be earmarked to refinance its onshore Series J and Series C bonds due in Apr'26 and Jul'26, respectively. SMCGL has also been active in managing offshore debt profile through exchange and tender offers in 2025.

Table 2: 1Q26 financial and operational highlights

PHP mn	1Q25	1Q26	Change
Revenue	42,497	53,617	26%
- Power generation	32,917	39,853	21%
- Retail and other power-related services	9,399	13,460	43%
- Others	181	303	67%
Cost of power sold	29,450	23,322	-21%
Gross profit	13,046	30,295	132%
EBITDA	35,769	29,996	-16%
Net profit	26,386	23,879	-9%
Operating cash flow	15,892	19,890	25%
Capex	3,360	10,237	205%
Free cash flow	12,532	9,653	-23%
Gross profit margin	30.7%	56.5%	25.8 pct pt
Recurring EBITDA margin	34.5%	58.6%	-28.2 pct pt
PHP mn	Dec'25	Mar'26	Change
Cash and ST investment	101,498	122,100	20%
Total debt	597,306	601,316	1%
Net debt	495,808	479,217	-3%
Total debt/ LTM recurring EBITDA	4.9x	4.6x	-
Net debt/ LTM recurring EBITDA	3.7x	3.0x	-
Cash/ST debt	1.2x	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)
Bogd Bank LLC	75	3yr	9.5%	9.5%	Unrated

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Bocom Leasing Management HK Company Limited	USD	-	3yr	SOFR+105	A2/-/A
Chongqing Tongnan Construction Engineering	USD	-	3yr	5.5%	Unrated
Hana Securities	USD	-	5yr	T+110	-/A/-
Yiwu State-owned Capital	USD	-	3yr	4.85%	Unrated

➤ News and market color

- Regarding onshore primary issuances, there were 103 credit bonds issued yesterday with an amount of RMB99bn. As for month-to-date, 989 credit bonds were issued with a total amount of RMB1,188bn raised, representing a 1.7% yoy decrease
- Exporters of Indonesian natural resources will be required to repatriate 100% of their earnings into the country's financial system with effect from 1 Jun'26
- **[ARAMCO/PETMK]** Petronas will buy Aramco's stake in Pengerang Refining and Pengerang Petrochemical in Malaysia
- **[DALWAN]** Media reported that a 70% stake in Shanghai Wanda Microfinance, a unit of Wang Jianlin's Dalian Wanda Group, will be put up for sale from 26 May to 25 Jul'26
- **[JD]** Media reported that JD.com is considering acquiring UK online shopping platform The Very Group for GBP2bn (cUSD 2.7bn)
- **[KIOXIA]** Fitch and S&P upgraded Kioxia by one notch to BBB- from BB+ as earnings and finances improve beyond expectations; outlook stable
- **[NANFUN]** Nan Fung accepted USD193.598mn NANFUN 3 7/8 10/03/27 and USD235.156mn of NANFUN 5 09/05/28 in the tender offer, USD135.894mn and USD179.177mn remain outstanding, respectively
- **[NIO]** Media reported that NIO will slow overseas expansion and focus on the domestic market to boost profitability
- **[NSANY]** Media reported that Nissan Motor canceled plans to make drive units for EVs in the UK plant amid soft European demand
- **[PKX]** Posco International set up a USD200mn JV to produce rare earths in the US

- **[SJMHOL]** Fitch downgraded SJM Holdings' Long-Term Foreign-Currency Issuer Default Rating by one notch to B+ from BB- on delayed deleveraging, and downgraded its senior unsecured rating and the rating on the o/s notes issued by subsidiary SJM International Limited by two notches to B from BB-; outlook stable
- **[ZHHFGR]** Fitch revised the outlook on Zhuhai Huafa to stable from positive and affirmed BBB rating, reflected Fitch's expectation of an expanded strategic positioning and financing role for Huafa as a core government-related entity (GRE) following the 2024-2025 Zhuhai municipal GRE reforms has not materialized, and that investment portfolio impairments and financial support to subsidiaries have constrained its ability to strengthen that role while its core GRE functions remain

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