

CMBI Credit Commentary

Fixed Income Daily Market Update 固定收益部市場日報

- The Asia IG space was 1-2bps wider this morning. We saw better selling on KR/JP/HK T2s. NWDEVL 30 was 0.6pt higher, while ACPM 4.85 Perp/SOFTBK 6.875 Perp were 0.4-0.5pt lower. HFs continued to top up higher-yielding LGFV 27-28 across CNH and USD issues.*
- PCORPM:** *Net leverage improvement driven by lower net working capital. PCORPM 7.35 Perp was unchanged post 9M25 results announcement. See below.*
- WESCHI:** *Proposes to issue new USD bond to fund the concurrent tender offer for WESCHI 26 at 101.238, subject to new issue condition. Holders of WESCHI 26 who subscribe into the new USD bond may receive priority of acceptance in the tender offer, and preferential allocation in the new USD bond. Offer expires on 28 Nov'25 5pm CET. WESCHI 26 was 0.4pt higher this morning.*

❖ Trading desk comments 交易台市場观点

Yesterday, we saw better selling on Japanese names NOMURA/JERA/KUB/MITCO/MIZUHO/MUFG. There was small selling on the BBLTB curve from global accounts amid the news that BBLTB would launch new USD issues in four tranches. PBs were buying Asia/Yankee FRNs with wider spreads (>+100). We saw mixed two-way flows on AU/KR lower-spread names. Chinese onshore accounts were buying FRNs of leasing/security houses. In Macau gaming, SJMHOL/MGMCHI/MPEL/SANLTD/STCITY/WYNMAC were unchanged to 0.2pt lower. See comments on SJMHOL's 3Q25 performance [yesterday](#). LIHHK 26 was 0.5pt higher. The NWDEVL complex was unchanged to 0.9pt lower. LASUDE 26 was down by 0.7pt. In Chinese properties, VNKRLE 27 was 0.2pt lower while VNKRLE 29 was 0.2pt higher. LNGFOR 28-32/FUTLAN 28/FTLNHD 27 lowered by 0.1-0.6pt. Korean insurance papers HLINSU/KYOBOL were under pressure and declined by up to 0.3pt. CRNAU 29 edged 0.6pt higher. In SEA space, GLPSPs/SMCGL Perps were down by 0.1-0.4pt. MEDCIJ 26-30s were 0.1pt lower to 0.1pt higher.

In LGFV, tactical buyers continued to pick up cheaper offers in higher-yielding names in preparation for next year, although lower-yielding CNH issues at the other end of the credit curve remained under selling pressure. CQSXGU 28 was 0.6pt higher.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
PTTB 4 1/2 10/25/42	88.7	0.6	NWDEVL 5 1/4 PERP	45.1	-0.9
CRNAU 9 1/4 10/01/29	92.4	0.6	TENCNT 3.68 04/22/41	85.5	-0.9
CQSXGU 6.95 08/07/28	99.1	0.6	NWDEVL 6 1/4 PERP	44.7	-0.8
LIHHK 4.8 06/18/26	94.9	0.5	LASUDE 5 07/28/26	68.1	-0.7
ROADKG 6 03/04/29	19.5	0.5	NWDEVL 10.131 PERP	48.3	-0.6

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.92%), Dow (-1.18%) and Nasdaq (-0.84%) were lower on Monday. UST yield was lower on Monday. 2/5/10/30 year yield was at 3.60%/3.72%/4.13%/4.73%.

❖ Desk Analyst Comments 分析员市场观点

➤ PCORPM: Net leverage improvement driven by lower net working capital

Petron's revenue declined by 10% yoy to PHP595bn in 9M25, primarily driven by lower sales volume and selling price. The sales volume dropped by 3% yoy to 100.9mn barrels in 9M25, due to lower export sales and narrowed regional refining cracks by 11% yoy during 9M25, these negative impacts were partly offset by 11% yoy increase in domestic retail sales volume with higher market shares and increase in domestic commercial sales from higher jet fuel and LPG sale volume.

Despite the revenue decline, Petron's gross profit increased by 15% yoy PHP40bn in 9M25, benefiting from lower cost of sales from 13% yoy lower in average Dubai crude price to USD71/barrel in 9M25, from USD82/barrel in 9M24. 9M25 EBITDA grew by 11% yoy to PHP37bn, at a lower magnitude than the growth in gross profit due to 7% yoy increase in SG&A expenses, driven by higher terminalling fees, employee compensation, and additional retail network expansion costs. Net profit surged 37% yoy to PHP10bn in 9M25, attributable to lower interest expenses from the interest rate cut during the period.

During 9M25, free cash flow jumped 361% from 9M24 to PHP47bn, driven by lower net working capital as well as lower capex. Petron spent PHP5bn in capex in 9M25, represented 45% of the full year budget of PHP11bn, reflected capital discipline under compressed margin environment. Moreover, Petron completed an exchange offer and concurrent new issuance of PCORPM 7.35 Perp during 3Q25, resulting in net cash inflows of PHP1.8bn after the settlement. As a result, Petron's cash and ST investments increased to PHP42bn as of Sep'25 from PHP31bn as of Dec'24 and its net leverage was lower, net debt/LTM EBITDA (perp was accounted as debt) was 4.7x while the cash to short term debt increased to 0.4x. We take comfort with Petron's good access to bank borrowings for refinancing of short-term dues.

We maintain buy on PCORPM 7.35 Perp (coupon reset Sep'28) in view of better carry and trading liquidity. At 103.2, PCORPM 7.35 Perp is trading at yield to first reset of 6.1%. We like Petron's smooth access to diverse funding channels as well as notably lower refinancing pressure after the exchange and tender offers. We acknowledged that Petron maintains track records of calling its perps on the first coupon reset, i.e. PCORPM 7.5 Perp in Aug'18 and PCORPM 4.6 Perp in Jul'23.

Table 1: Petron 9M25 financial highlights

PHP mn	9M24	9M25	Change
Sales	657,933	594,900	-10%
-Petroleum	655,620	592,609	-10%
-Leasing	869	892	3%

-Marketing	895	592	-34%
-Others	549	807	47%
Gross profit	34,391	39,627	15%
EBITDA	33,239	36,780	11%
Net profit	7,068	9,670	37%
Operating cash flow	17,697	51,469	191%
Capex	7,612	4,938	-35%
Free cash flow	10,085	46,531	361%
Gross profit margin	5.2%	6.7%	1.4 pct pt
EBITDA margin	5.1%	6.2%	1.1 pct pt
Net profit margin	1.1%	1.6%	0.6 pct pt
	Dec'24	Sep'25	Change
Cash and ST investment	31,433	42,144	28%
Total debt	304,319	277,930	-9%
Net debt	272,886	235,786	-14%
Total debt/ LTM EBITDA	6.6x	5.5x	-
Net debt/ LTM EBITDA	5.9x	4.7x	-
Cash/ST debt	0.2x	0.4x	-

Note: Debt incl. perpetual securities.

Source: Company filling, CMBI FICC Research.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Guilin ETDZ Holding Group	40	3yr	5.0%	5.0%	Unrated

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Sichuan Kaizhou Development Holding	USD	-	3yr	6.5%	Unrated
The Hong Kong Mortgage Corporation	USD	-	5yr	T+50	Aa3/AA+/-

➤ News and market color

- Regarding onshore primary issuances, there were 98 credit bonds issued yesterday with an amount of RMB120bn. As for month-to-date, 1,027 credit bonds were issued with a total amount of RMB1,115bn raised, representing a 27.9% yoy increase
- [BHARTI]** S&P upgraded Bharti Airtel by one notch to BBB from BBB- on strong earnings momentum; outlook positive
- [DELMPPM]** Del Monte Pacific 2QFY26 sales rise 10% yoy to USD234.9mn

- **[GARUDA]** Danantara to restore all grounded Garuda Indonesia aircraft by next year
- **[GEELY]** Geely Automobile seeks USD1.5bn-equivalent one-year loan backing ZEEKR take-private
- **[LNGFOR]** S&P downgraded Longfor by one notch to BB- from BB on weakening sales and margins, outlook stable
- **[NWDEVL]** NWD announced the early tender results of its USD bonds and perps; aggregate principal amount of USD520.849mn of NWDEVL 4.8 Perp, USD648.718mn of NWDEVL 6.25 Perp, USD12.77mn of NWDEVL 10.131 Perp, USD248.725mn of NWDEVL 5.25 Perp, USD659.064mn of NWDEVL 4.125 Perp, USD1.5mn of NWDEVL 4 3/4 01/23/27, USD6.6mn of NWDEVL 5 7/8 06/16/27, USD7.462mn of NWDEVL 28, USD72.549mn of NWDEVL 29, USD39.819mn of NWDEVL 30 and USD9.265mn of NWDEVL 31 were tendered as of early deadline
- **[RIOLN]** Rio Tinto pauses AUD215mn (cUSD140mn) Biolron green steel project in favor of different technology
- **[TQLAU]** Transurban launches tender offers for TCLAU 3.375 03/22/27 and EUR bonds due 2028 and 2030

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