

Oct 22, 2018

Credit Headlines: G8 Education Ltd

Market Commentary

- The SGD swap curve flattened last Friday, with swap rates for the shorter tenors trading 2-3bps higher while the longer tenors traded 2-3bps lower.
- Flows in SGD corporates were heavy last Friday, with better buying seen in SIASP 3.16%'23s.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 141bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 7bps to 500bps.
- Overall, 10Y UST yields rose 2bps to close at 3.19% as hopes for reduced tension between Italy and the European Commission over the Italian budget lowered safe haven demand.

Credit Headlines:

G8 Education Ltd ("G8") | Issuer Profile: Negative (6)

- G8 has executed debt refinancing agreements. These include AUD450mn in senior secured bank facility ("Senior Facilities") and AUD100mn subordinated secured debt facility ("Junior Facility").
- Concurrent with the financial close of the Senior Facilities (expected to occur tomorrow), G8's existing AUD200mn Club Bank Facilities will be repaid and cancelled.
- In conjunction with the Senior Facilities, the financial close of the Junior Facility is expected to occur in early Dec 2018, and this will be utilised to repay SGD270mn GEMAU '19s.
- We think this is a credit positive to G8 as the debt refinancing exercise with the repayment of GEMAU '19s (when it happens) will term out the debt maturity profile and alleviate refinancing risk. (Company, OCBC)

Table 1: Key Financial Indicators

	22-Oct	1W chg (bps)	1M chg (bps)
iTraxx Asiax IG	89	1	7
iTraxx SovX APAC	10	0	0
iTraxx Japan	59	2	4
iTraxx Australia	79	1	4
CDX NA IG	67	1	5
CDX NA HY	106	0	-2
iTraxx Eur Main	74	-1	4
iTraxx Eur XO	295	1	24
iTraxx Eur Snr Fin	93	0	12
iTraxx Sovx WE	28	1	4
AUD/USD	0.709	-0.50%	-2.18%
EUR/USD	1.150	-0.65%	-2.08%
USD/SGD	1.378	-0.10%	-0.91%
China 5Y CDS	68	1	10
Malaysia 5Y CDS	106	1	11
Indonesia 5Y CDS	149	2	14
Thailand 5Y CDS	44	1	2

	22-Oct	1W chg	1M chg
Brent Crude Spot (\$/bbl)	79.79	-1.23%	1.26%
Gold Spot (\$/oz)	1,227.82	0.06%	2.40%
CRB	197.18	-0.39%	1.65%
GSCI	474.72	-1.24%	0.19%
VIX	19.89	-6.66%	70.29%
CT10 (bp)	3.185%	2.88	12.17
USD Swap Spread 10Y (bp)	7	2	1
USD Swap Spread 30Y (bp)	-8	1	-1
TED Spread (bp)	17	0	-2
US Libor-OIS Spread (bp)	19	0	1
Euro Libor-OIS Spread (bp)	3	-1	-1
DJIA	25,444	0.41%	-4.86%
SPX	2,768	0.02%	-5.53%
MSCI Asiax	595	0.09%	-9.79%
HSI	25,561	1.17%	-8.56%
STI	3,063	-0.22%	-4.82%
KLCI	1,732	0.08%	-4.34%
JCI	5,837	1.40%	-2.02%

New issues

- China CITIC Bank International Ltd has scheduled for investor meetings from 22 Oct for its potential USD AT1 Perp bond issuance.
- Zhaojin Mining International Finance Ltd has scheduled for investor meetings from 22 Oct for its potential USD bond issuance (guaranteed by Zhaojin Mining Industry Company).
- PT Pertamina (Persero) has scheduled for investor meetings from 22 Oct for its potential USD bond issuance.
- SP Group Treasury Pte Ltd (wholly-owned subsidiary of Singapore Power Limited) has scheduled for investor meetings from 29 Oct for its potential bond issuance.

<u>Date</u>	<u>Issuer</u>	<u>Size</u>	<u>Tenor</u>	<u>Pricing</u>
18-Oct-18	Doosan Power Systems SA	USD300mn	30NC3	CT3+87.5bps
18-Oct-18	Perusahaan Perseroan (Persero) PT Perusahaan Listrik Negara	USD500mn	10.25-year	99.004
18-Oct-18	Perusahaan Perseroan (Persero) PT Perusahaan Listrik Negara	USD500mn	30.25-year	99.293
18-Oct-18	Industrial and Commercial Bank of China Ltd (London Branch)	USD500mn	3-year	3mL+75bps
18-Oct-18	Industrial and Commercial Bank of China Ltd (London Branch)	USD500mn	5-year	3mL+85bps
18-Oct-18	Zhenro Properties Group	USD70mn	ZHPRHK 12.5%'21s	13.5%
18-Oct-18	Singapore Airlines Ltd	SGD600mn	5-year	3.16%
17-Oct-18	Metro Holdings Ltd	SGD150mn	3-year	4.0%
16-Oct-18	Kookmin Bank	USD300mn	3-year	CT3+80bps
16-Oct-18	Development Bank of Mongolia LLC	USD500mn	5-year	7.5%
15-Oct-18	SDG Finance I Ltd	USD600mn	3-year	CT3+255bps
15-Oct-18	Weifang Urban Construction and Development Investment Group Co Ltd	USD250mn	3-year	6.5%
15-Oct-18	Korea Expressway Corp	USD300mn	3-year	CT3+80bps

Source: OCBC, Bloomberg

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