

February 5, 2018

Credit Headlines (Page 2 onwards): Singapore Telecommunications Ltd, ASL Marine Holdings Ltd

Market Commentary: The SGD swap curve steepened last Friday, with swap rates trading 2-5bps higher across most tenors. Flows in SGD corporates were moderate last Friday, with better selling seen in CWTSP 3.9%'10s. In the broader dollar space, both the Bloomberg Barclays Asia USD IG Bond Index average OAS and the Bloomberg Barclays Asia USD HY Bond Index average OAS traded little changed at 107bps and 327bps respectively. 10Y UST yields rose 5.1bps to 2.84%, with fears of interest-rate hikes engulfing the market as the global economy is gaining momentum, stoking fears of inflation that could erode the future value of bond coupons.

New Issues: GLL IHT Pte Ltd has priced a SGD50mn re-tap of its GUOLSP 4.6%-PERPs (guaranteed by GuocoLand Ltd) at 100% plus accrued interest. Greenland Global Investment Ltd has priced a USD400mn 3-year bond (guaranteed by Greenland Holdings Group Co Ltd) at 5.25%, tightening from its initial guidance of 5.9%. The expected issue ratings are 'NR/Baa2/NR'. HC International Inc has scheduled for investor meetings from 5-6 Feb for its potential USD bond issuance. Full Dragon (Hong Kong) International Development Ltd has scheduled for investor meetings from 5 Feb for its potential USD bond issuance (guaranteed by Fujian Zhanglong Group Co Ltd). The expected issue ratings are 'NR/NR/BB+'. Guorui Properties Ltd has scheduled for investor meetings from 2 Feb for its potential USD bond issuance. The expected issue ratings are 'B-/NR/B'.

Rating Changes: Moody's has downgraded Thai Beverage Public Co Ltd's (ThaiBev) issuer rating to 'Baa3' from 'Baa2'. The outlook is negative. The rating action reflects significant increase in debt to fund a 53.59% stake in Sabeco which Moody's expect will drive ThaiBev's consolidated adjusted debt/EBITDA close to 4.8x at year-end September 2018, which is a significant shift in the company's financial risk appetite from Moody's previous expectations of leverage remaining below 2x. The rating action also reflects ThaiBev's ability to access cash flows of its subsidiaries, its increased reliance on dividend flows and its

Table 1: Key Financial Indicators

	5-Feb	1W chg (bps)	1M chg (bps)		5-Feb	1W chg	1M chg
iTraxx Asiax IG	67	4	5	Brent Crude Spot (\$/bbl)	68.02	-2.07%	0.59%
iTraxx SovX APAC	12	1	0	Gold Spot (\$/oz)	1,332.76	-0.56%	1.00%
iTraxx Japan	43	0	-1	CRB	198.35	-1.08%	2.53%
iTraxx Australia	58	3	5	GSCI	456.53	-1.49%	2.88%
CDX NA IG	50	4	4	VIX	17.31	56.23%	87.74%
CDX NA HY	108	-1	-1	CT10 (bp)	2.858%	16.46	38.19
iTraxx Eur Main	45	2	1	USD Swap Spread 10Y (bp)	3	1	4
iTraxx Eur XO	247	13	25	USD Swap Spread 30Y (bp)	-14	0	6
iTraxx Eur Shr Fin	44	3	2	TED Spread (bp)	32	-4	1
iTraxx Sovx WE	19	0	-3	US Libor-OIS Spread (bp)	25	0	0
iTraxx Sovx CEEMEA	33	-1	2	Euro Libor-OIS Spread (bp)	3	2	1
					5-Feb	1W chg	1M chg
				AUD/USD	0.792	-2.19%	0.67%
				USD/CHF	0.931	0.71%	4.71%
				EUR/USD	1.245	0.56%	3.52%
				USD/SGD	1.320	-0.70%	0.52%
Korea 5Y CDS	52	6	4	DJIA	25,521	-4.12%	0.89%
China 5Y CDS	57	6	11	SPX	2,762	-3.85%	0.69%
Malaysia 5Y CDS	60	4	6	MSCI Asiax	754	-2.81%	2.06%
Philippines 5Y CDS	61	4	6	HSI	32,602	-1.11%	5.80%
Indonesia 5Y CDS	84	4	4	STI	3,479	-2.75%	-0.31%
Thailand 5Y CDS	42	1	0	KLCI	1,845	-0.04%	1.50%
				JCI	6,629	-0.48%	4.33%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

Date	Issuer	Ratings	Size	Tenor	Pricing
2-Feb-18	Greenland Global Investment Ltd	'NR/Baa2/NR'	USD400mn	3-year	5.25%
2-Feb-18	GLL IHT Pte Ltd	Not Rated	SGD50mn	GUOLSP 4.6%-PERPs	100% + accrued interest
1-Feb-18	New Metro Global Ltd	Not Rated	USD300mn	364-day	4.75%
1-Feb-18	China Logistics Property Holdings Co Ltd	Not rated	USD100mn	362-day	9%
1-Feb-18	China Cinda Finance (2017) I Ltd	'A-/Baa1/A'	USD200mn	3-year	5.1%
1-Feb-18	China Cinda Finance (2017) I Ltd	'A-/Baa1/A'	USD1.2bn	10-year	CT10+200bps
1-Feb-18	China Cinda Finance (2017) I Ltd	'A-/Baa1/A'	USD300mn	7-year	CT7+170bps
1-Feb-18	China Cinda Finance (2017) I Ltd	'A-/Baa1/A'	USD800mn	5-year	CT5+140bps
31-Jan-18	Zhongtai International Finance (BVI) Company Ltd	Not rated	USD200mn	364-day	4.1%

Source: OCBC, Bloomberg

Rating Changes (cont'd) : increasingly complex organisation structured as it expands into new market across ASEAN. Moody's has assigned a 'B2' corporate family rating to HC International Inc (HC) and a 'B2' senior unsecured rating to the bonds issued by HC Innovest Holdings Ltd, a subsidiary of HC. The outlook is stable. The rating action reflects Moody's expectation that HC will complete the bond issuance upon satisfactory terms and conditions, including proper registration with National Development and Reform Commission in China. It also reflects HC's fast-growing operations and established position in China's business-to-business eCommerce market. Moody's has affirmed all of Parkson Retail Group Ltd's (Parkson) ratings and revised the outlook on the 'B3' corporate family and senior unsecured ratings to stable from negative. The rating action reflects Parkson's reduced refinancing risk, following the repurchase of about half of its USD500mn notes due on May 2018, through a cash tender offer. The rating changes also reflect Parkson's stabilising operating performance in 2018, despite the persistent structural challenges in China's retail market. S&P has lowered PT MNC Investama Tbk's (MNC Investama) corporate credit rating and long –term issue ratings to 'CCC-' from 'CCC', placing it on Credit Watch with negative implications. The rating action reflects the growing likelihood that MNC Investama could take a corporate action that S&P construes as a distressed exchange over the next few months, due to the lack of progress on refinancing the company's USD365mn notes maturing in May 2018. Fitch has downgraded Global Logistic Properties Ltd's (GLP) long-term foreign-currency issuer default rating, senior unsecured rating as well as its ratings on GLP's outstanding bonds to 'BBB' from 'BBB+', removing it from Rating Watch negative. The outlook is stable. The rating action reflects Fitch's expectation that the holding company's leverage will increase sharply to over 70% after the company drew down additional loans in Jan 2018. Fitch believes that the leverage will gradually decline but it may take more than 24 months for GLP to deleverage below 50%.

Credit Headlines:

Singapore Telecommunications Ltd ("SingTel"): SingTel announced that it will subscribe for an additional 1.7% stake in Bharti Telecom for INDR26.5bn (SGD555.6mn) via a preferential allotment . As Bharti Telecom holds 50.1% of Bharti Airtel ("Airtel"), SingTel's economic interest in Airtel will increase by 0.9pp to 39.5%. According to SingTel, this move is to deepen its partnership with Airtel. We note that Airtel has been struggling (2QFY2018 PBT: -52% y/y to SGD83mn) due to domestic competition. Nevertheless, the acquisition is small relative to SingTel's scale (with EBITDA of ~4.8bn p.a. and total assets of SGD48bn). We continue to maintain SingTel at a Positive (2) Issuer Profile as we expect net debt/EBITDA to remain around 2.0x. (Company, OCBC)

ASL Marine Holdings Ltd ("ASL"): ASL has provided a profit guidance for 2QFY2018 (ending December 2017), indicating that the company expects to report a net loss for the quarter. ASL has attributed the expected loss to weaker contribution from operations, though this is offset by higher operating income. Results will be released on 14/02/18. We will monitor its performance closely, particularly its EBITDA-to-Interest covenant (required to be at least 2.0x on a trailing 12 month basis). For 1QFY2018, EBITDA-to-Interest was 2.75x. We currently rate ASL with a Negative (6) Issuer Profile. (Company, OCBC)

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