




Paraguay | ~US\$826 Million New 2023 Notes & Tap of 2050 Notes

On January 20th, 2021, Citi led Paraguay in pricing a ~US\$826 million priced a dual-tranche offering consisting of New 2.739% USD Global Notes due 2033 and a reopening of its 5.400% USD Global Notes due 2050. Concurrently, Paraguay conducted its inaugural liability management exercise consisting of a 1-day switch Tender Offer for its 4.625% USD Global Notes due 2023. Citi acted as Joint Bookrunner, Joint Dealer Manager and Billing & Delivery Bank in this landmark transaction for the Republic.

Summary Terms

Issuer:	The Republic of Paraguay	
Offering Format:	144A / Reg S	
Issuer Ratings:	Ba1 / BB / BB+ (Moody's / S&P / Fitch)	
Expected Issue Ratings:	Ba1 / BB / BB+ (Moody's / S&P / Fitch)	
Ranking:	Senior Unsecured	
Transaction:	New 2.739% USD Global Notes due 2033	Tap of 5.400% USD Global Notes due 2050
Maturity:	29-Jan-33	30-Mar-50
Amortization:	Three nominally equal payments in last three years	Three nominally equal payments in last three years
Outstanding Amount:	N/A	US\$ 950.0 million
Deal Size:	US\$600.0 million (including tenders)	~US\$225.9 million (including tenders)
Coupon:	2.739%	5.400%
Yield:	2.739%	4.089%
Price:	100.000%	121.863%
Optional Redemption:	MWC; 3-month Par-Call	MWC; 6-month Par-Call
Denominations:	US\$200,000 x US\$1,000	US\$200,000 x US\$1,000
Use of Proceeds:	Pay for the purchase price for the Tendered Bonds that are validly tendered and accepted in the Offer to Purchase and for general government purposes, as established in the Annual Budget Law No. 6672/21, Liability Management Law No. 6638/20, the Regulatory Decree No. 4713/21, Resolutions No. 30, 31 and 32	
Expected Settlement:	T+7 (January 29, 2021)	
Expected Listing:	Luxembourg Stock Exchange / Euro MTF Market	
Governing Law:	State of New York	
Joint Bookrunners:	 (B&D) + 2	

Transaction Highlights

- ✓ This marks the Republic of Paraguay's **first 1-day switch tender offer** in the global debt markets, proactively refinancing short-end maturities and **extending the average-life of its debt stock**
- ✓ At a **coupon of 2.739%**, the new 2033 Notes mark the **lowest coupon ever** achieved by Paraguay in the international bond markets
- ✓ **Robust participation** from high quality real money emerging market investors, including **historical long-term supporters** of Paraguay's credit, as well as from top-tier European institutional investors
- ✓ Strong orderbook participation allowed the Republic to **tighten prices about ~30 – 35 bps from IPTs**, pricing both tranches inside its secondary curve and with **negative new issue concessions**

Transaction Overview

- On the back of a supportive market tone, Paraguay announced a simultaneous dual-tranche new money and intra-day switch tender offer targeting its outstanding 2023 Notes, releasing IPTs of T+200 bps area for the 2033 Notes and T+255 bps area for the 2050s tap and opened the book for the 1-day switch tender offer
- Over the course of the morning, the new cash books grew at a solid pace, anchoring in **about a dozen topline orders of over US\$100.0 million** in size
- With the combined new cash orderbook ultimately peaking at US\$5.2 billion, equivalent to an **impressive 11.0x oversubscription ratio** (for new cash orderbooks), the Republic was able to release an aggressive price guidance of T+170 bps area (+/- 5 bps) and T+230 bps area (+/- 5 bps) for the new 2033s and the 2050s tap, respectively
- Following tightening, while the orderbook ultimately landed at ~US\$3.8 billion, the high-quality composition of the orderbook allowed Paraguay to launch new cash sizes of US\$312.2 million for the new 2033s at T+165 bps and US\$160.0 million at T+225 bps for the 2050 reopening
- On the tender switch, Paraguay **received strong interest** for the offer for its 2023 Notes in its first exercise of this nature. The Republic accepted 100% of switches and no cash tenders