

Pricing Date: March 8, 2018

The Republic of Paraguay | Case Study

US\$530 MM 5.600% Senior Unsecured Notes due 2048





Paraguay | US\$530 million 5.600% Senior due 2048

On March 8, 2018, Citi led Paraguay in pricing a US\$530 million offering of 5.600% Notes due 2048. The offering priced at par to yield 5.600%. The transaction received overwhelming support, with total demand peaking at over US\$2.6 billion.

Summary Terms

| | |
|---------------------------|---|
| Issuer: | The Republic of Paraguay |
| Ranking | Senior Unsecured |
| Issue Rating: | Ba1 (Moody's) / BB (S&P) / BB (Fitch) |
| Format: | 144A / Reg S |
| Tenor: | 30 years |
| Size: | US\$530 million |
| Coupon: | 5.600% |
| Price: | 100.00 |
| Yield: | 5.600% |
| Denomination: | US\$200,000xUS\$1,000 |
| Settlement: | March 13, 2018 (T+3) |
| Maturity: | March 13, 2048 |
| UOP: | Finance infrastructure and capital expenditures and refinance a portion of outstanding debt |
| Law / Listing: | State of New York/ Luxembourg & Euro MTF |
| Joint Bookrunners: | +1 |

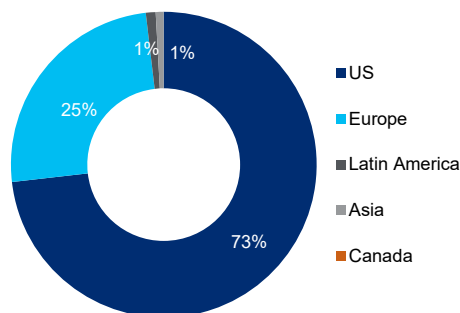
Transaction Highlights

- ✓ After a volatile February in the markets, Paraguay priced the first regional transaction in the international capital markets in a whole month. The US\$530 million transaction priced at par to yield 5.600%
- ✓ Momentum quickly picked up after announcement as the **orderbook reached deal size in the first 20 min**, with many high quality real money accounts placing large orders which ultimately led to a **total demand of US\$2.6 billion, hence Paraguay decided to satisfy such level of demand by upsizing the offering by US\$30 million to US\$530 million**. At peak the orderbook size represented a 5.2x oversubscription rate
- ✓ In achieving this pricing level, **the Republic in effect paid no new issue concession**, an impressive feat following the recent turbulence in the markets
- ✓ Due to incredible demand for the securities the Republic had significant pricing power and was able to **tighten pricing by 20-30 bps from IPTs**

Transaction Overview

- After weeks of market monitoring Paraguay announced a two day roadshow in Boston and New York, minimizing market risk while giving itself the opportunity to update investors on its improving credit profile
- The Republic announced IPT's of high 5's at 8:43 am and due to investors demand Paraguay was then able to release price guidance of 5.650% area (\pm 5 bps) at 10:00 am
- This strategy proved to be incredibly successful as few investors dropped after guidance, thus paving the way for the Republic to finally upsize the transaction by US\$30 million and to land on the tighter end of the range of guidance, ultimately pricing at 5.600%
- This is Paraguay's first 30 year offering in 4 years

Allocation by Region



Allocation by Investor Type

