

Paraguay | US\$500 million 4.700% Senior Notes due 2027



On March 22, 2017, Citi led Paraguay in pricing a US\$500 million offering of 4.700% Notes due 2027. The offering priced at par to yield 4.700%. The transaction received overwhelming support, with total demand peaking at over 6x the deal size.

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:	10 years
Size:	US\$500 million
Coupon:	4.700%
Price:	100.00
Yield:	4.700%
Denomination:	US\$200,000/ US\$1,000
Settlement:	March 27, 2017 (T+3)
Maturity:	March 27, 2027
UOP:	Finance infrastructure and capital expenditures and refinance a portion of outstanding debt
Law / Listing:	State of New York/ Luxembourg & Euro MTF
Sole Bookrunner:	

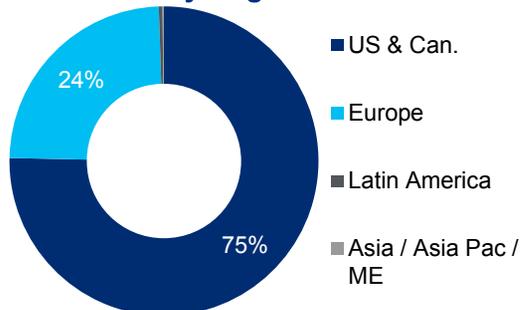
Transaction Highlights

- ✓ Paraguay returned to the international capital markets with a US\$500 million new 10-year benchmark, adding yet another point to its sovereign curve since its inaugural deal in 2013. Despite a challenging market backdrop that caused volatility in the equity space and Paraguay had the undivided attention of fixed income investors
- ✓ Investors, including the **vast majority of the large EM real money accounts**, showed up quickly, with the books surging shortly after the announcement, demonstrating investor eagerness and appetite for large allocations in a competitive. **Books peaked at ~US\$3 billion**, representing an oversubscription ratio of 6x
- ✓ The strong demand, allowed Paraguay to launch US\$500 mm at 4.700% without revising guidance, **and tightening pricing by 10 bps from IPTs**
- ✓ The Notes priced with a **new issue concession in the low single digits** and the **lowest ever spread to Treasuries** of any of Paraguay's transactions, showing evidence of Paraguay's enduring appeal and **strengthening credit story**

Transaction & Company Overview

- The transaction follows an two-day roadshow in which two teams met with investors in London, Boston, and New York
- The Republic announced before 8:30 am, with a deal size of US\$500 mm WNG and IPTs of 4.80% area ± 5 bps. Given the robust interest from investors for the paper, books went subject only one hour later after reaching US\$3.0 bn. At 11:20 am, the transaction launched at 4.700% without previously revising guidance with few orders dropping despite the 10 bps tightening. Finally, the transaction priced US\$500 mm 4.700% notes at par at 12:45 pm
- This successful transaction allowed the Republic of Paraguay to cover its funding needs to finance infrastructure and capital expenditures and to refinance a portion of its outstanding multilateral debt

Allocation by Region



Allocation by Investor Type

