

Pricing Date: June 28, 2023

# Republic of Paraguay | Case Study

*New Issue & Tender Offer*

*US\$500.0 Million of New USD 5.850% Global Notes due 2033*



 **TETÃ REKUÁI  
GOBIERNO NACIONAL**

*Paraguay  
de la gente*

# Republic of Paraguay | 5.850% USD Notes due 2033



On Wednesday, June 28, 2023, the Republic of Paraguay (“Paraguay” or “the Republic”) priced a US\$500.0 million long 10-year senior unsecured USD-denominated Bond due 2033 at 99.989% to yield 5.850%. Concurrently with the new issue, Paraguay launched a 5-day Tender Offer for its existing 5.000% Notes due 2026. Citi acted as Joint Bookrunner, Dealer Manager and Billing & Delivery Bank in this transaction for the Republic.

## Key Offering Terms

<b>Issuer:</b>	<b>Republic of Paraguay</b>
<b>Ratings:</b>	Ba1 / BB / BB+ (Moody's / S&P / Fitch)
<b>Format:</b>	144A / Reg S
<b>Ranking:</b>	Senior Unsecured Notes
<b>Transaction:</b>	<b>Long 10-year WAL Notes due 2033</b>
<b>Currency</b>	USD
<b>Final Maturity:</b>	August 21, 2033
<b>Deal Size:</b>	US\$500.0 million
<b>Tenor:</b>	Long 10-year WAL
<b>Coupon:</b>	5.850%
<b>Final Yield:</b>	5.850%
<b>Issue Price:</b>	99.989%
<b>Amortization:</b>	Two payments in 2032 (40% of amount outstanding), 2033 (remaining amount outstanding)
<b>Coupon Type:</b>	Fixed-rate, semi-annual with interest accruing from July 12, 2023, 30/360 day-count convention
<b>First Interest Payment:</b>	February 21, 2024
<b>Use of Proceeds:</b>	Liability Management & General Budgetary Purposes
<b>Min. Denominations:</b>	US\$200,000 x US\$1,000
<b>Clearing:</b>	Euroclear / Clearstream
<b>Listing:</b>	Luxembourg Stock Exchange / Euro MTF Market
<b>Settlement Date:</b>	July 12, 2023 (T+9)
<b>Joint Bookrunners:</b>	+ 1
<b>Governing Law:</b>	State of New York

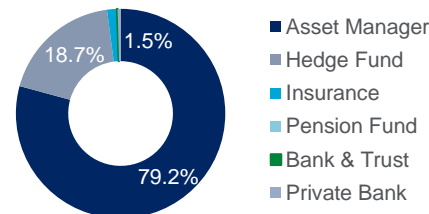
## Key Transaction Highlights

- ✔ This marks the Republic of Paraguay's third tender offer in the global debt markets, proactively refinancing short-end maturities and extending the average life of its debt stock
- ✔ The new cash books quickly surpassed deal size with a handful of orders for **over 20% of the size (US\$100.0 million)**
- ✔ Excellent orderbook quality, mostly **populated by core real money accounts**
- ✔ **Considerable pricing compression (30 bps)** vs IPTs with no new issue premium and with final books 4.5x oversubscribed

## Execution Overview

- Taking advantage of a stable market open, Paraguay announced its intention to issue a USD-denominated offering with initial price thoughts (“IPTs”) of low 6% area, implying a 30 bps premium to the fair value of its curve. The transaction grew rapidly over the course of the morning, with the orderbook exceeding deal size within 30 minutes after launching. The orderbook peaked north of **USD\$3.0 bn, representing a 6.1x oversubscription** over the initially contemplated transaction size.
- Local investors, led by asset managers and hedge funds, showed up in size, finally accounting for 69.4% of the orderbook with some orders north of US\$100.0 million, and one of them at US\$400.0 million. Despite the aggressive price movement, book remained stable as accounts fought for allocations, ending around **US\$2.25 billion**.
- This allowed Paraguay to release price guidance well inside IPTs at 5.900% and ultimately launch a US\$500.0 million transaction at 5.850%, **pricing ~30 bps inside IPTs** with no new issue concession.

### Allocation by Type



### Allocation by Geography

