



6 November 2019

The Grand Duchy of Luxembourg successfully returns to the market with a new 7-year €1.7 billion Government Bond Benchmark

Issuer	Grand Duchy of Luxembourg
Rating	Aaa / AAA / AAA (all stable)
Size	€1.7 billion
Pricing Date	6 November 2019
Settlement Date	13 November 2019 (T+5)
Maturity Date	13 November 2026
Coupon	0.000%
Spread to Mid-Swaps	-14 basis points
Spread vs Bunds	+26.7 basis points
Re-offer Price	101.746%
Re-offer Yield	-0.247%
ISIN	LU2076841712
Lead Managers	BCEE, BGL BNP Paribas, BIL, Deutsche Bank and HSBC

Transaction Summary

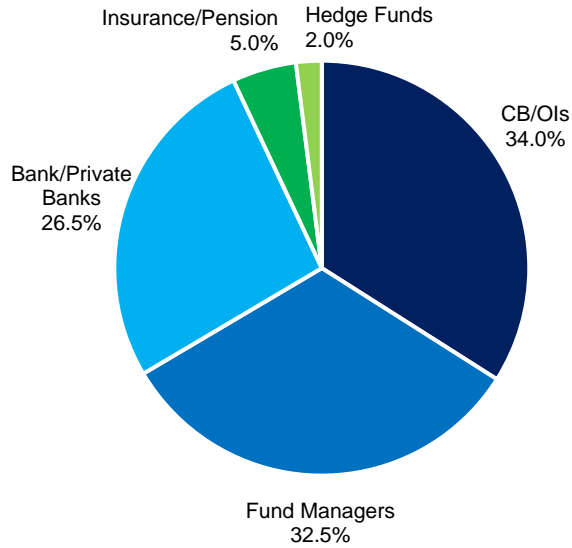
- On Wednesday, 6 November 2019, the Grand Duchy of Luxembourg – rated Aaa/AAA/AAA (all stable) – returned to the Euro debt capital markets for the first time since January 2017 with a new €1.7 billion 7-year benchmark due 13 November 2026. The transaction was priced with a final spread of +26.7 basis points over the 0.000% reference Bund due August 2026, implying a final yield of -0.247%.
- The deal received support from a wide range of investors across Europe and the Middle East with almost 120 accounts participating.
- The new 2026 benchmark is the first Luxembourg government bond (“LGB”) priced with a negative yield.
- Joint lead managers for the transaction were BCEE, BGL BNP Paribas, BIL, Deutsche Bank and HSBC.

Pricing and Execution

- The mandate for a new 7-year EUR benchmark and a global investor call were announced on Tuesday, 5 November 2019 at 10:00am CET.
- On Wednesday, 6 November at 9:00am CET, Luxembourg announced IPTs of “MS-10 basis points area” for the new 7-year EUR benchmark and started taking indications of interest (“Iols”).
- On the back of strong Iols in excess of €3.5 billion, official books were opened with price guidance of “MS-12 basis points area” at 10:10am CET.
- The order book grew very rapidly, crossing the €5 billion mark within only 40 minutes since book open. This enabled the borrower to set the spread at “MS-14 basis points” and close books at 11:15am CET.
- The highly oversubscribed order book that closed in excess of €6.4 billion, coupled with limited price sensitivity, allowed the issue size to be upsized to €1.7 billion.
- The bond was ultimately priced at 2:45pm CET.
- The transaction concludes Luxembourg’s long-term funding needs for the year.



Investor Type Distribution



Geographic Investor Distribution

