



Grand-Duchy of Luxembourg



Investor Presentation
October 2024



THE GOVERNMENT
OF THE GRAND DUCHY OF LUXEMBOURG
Luxembourg State Treasury



Key Facts

- Support measures provided by the government have contributed to reducing inflation in Luxembourg, which has remained among the lowest in the EU, and to maintaining purchasing power of households while boosting companies' competitiveness.
- Real GDP growth in 2023 has contracted by 1.1% and a rebound of 1.5% in 2024 and 2.7% in 2025 is expected.
- Public debt is forecasted to stabilize at 27.5% of GDP in 2024 and 2025 and is foreseen to decline thereafter, reaching 26.0% of GDP in 2028.
- Despite the economic downturn, the labor market remained dynamic (+2.2%) in 2023. A temporary slow down in employment growth is anticipated for 2024 (+0.9%), but a rebound to 1.5% is projected for 2025.

Focus on Contemplated Transaction

- Key Features of contemplated transaction:

Issuer	Grand Duchy of Luxembourg
Type	Luxembourg Government Bond RegS Bearer, Senior, Unsecured
Ratings	Aaa/AAA/AAA (all stable) (Moody's/S&P/Fitch)
Expected Size	EUR Benchmark
Maturity	Medium to long term
Documentation	Standalone LGB



1. Luxembourg at a Glance
2. Focus on Luxembourg's Public Finances
3. Focus on Luxembourg's Credit Rating and Debt Management



1. Luxembourg at a Glance

Luxembourg in a Nutshell



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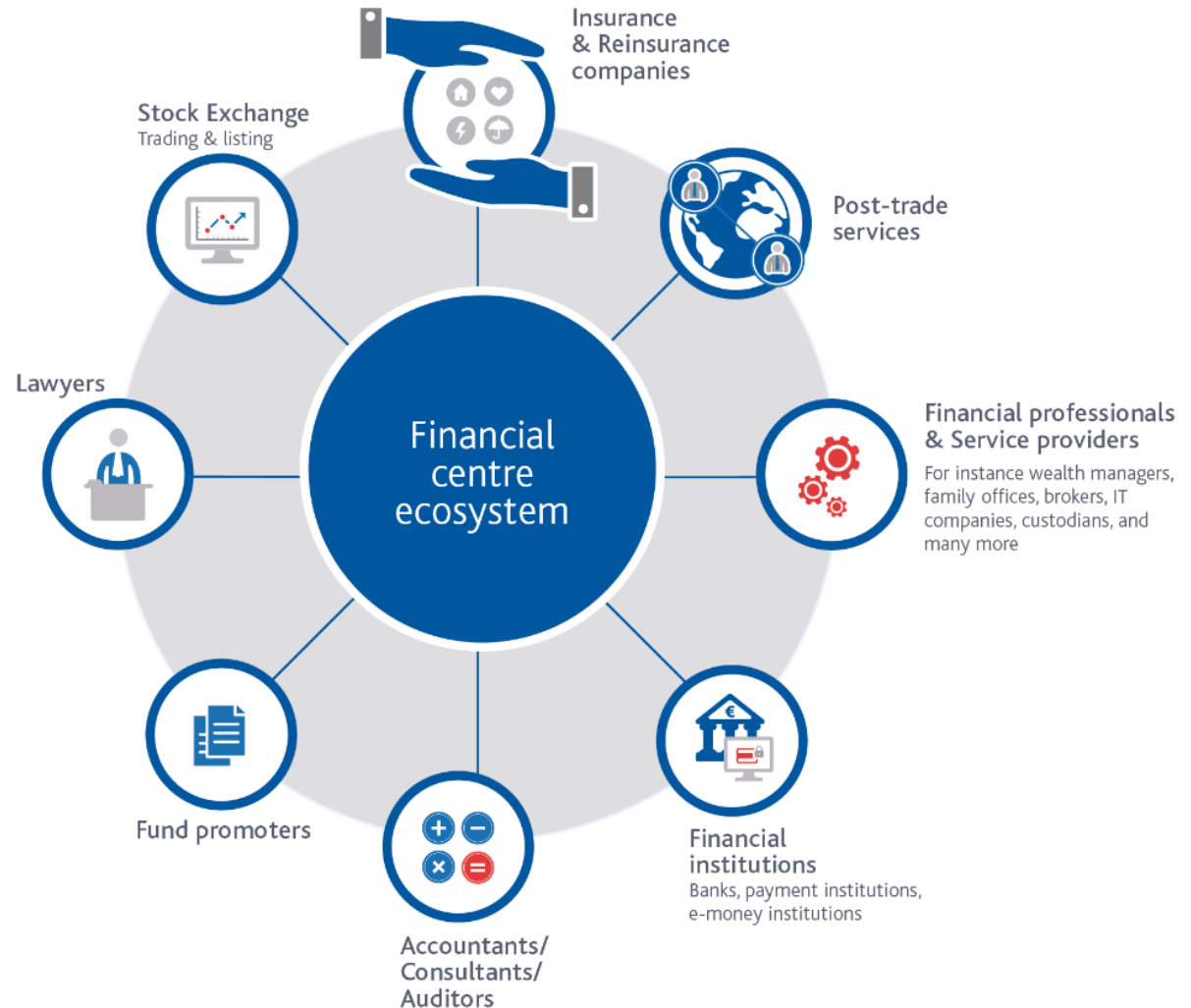


Luxembourg as International Financial Centre



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- Luxembourg is a **cross-border hub** and centre of excellence facilitating multi-jurisdictional and international financial services.
- Luxembourg hosts the **world's 2nd largest investment fund centre**.
- Total net fund assets under management **exceeded EUR 5600bn in August 2024**.





Luxembourg: snapshot of an open...

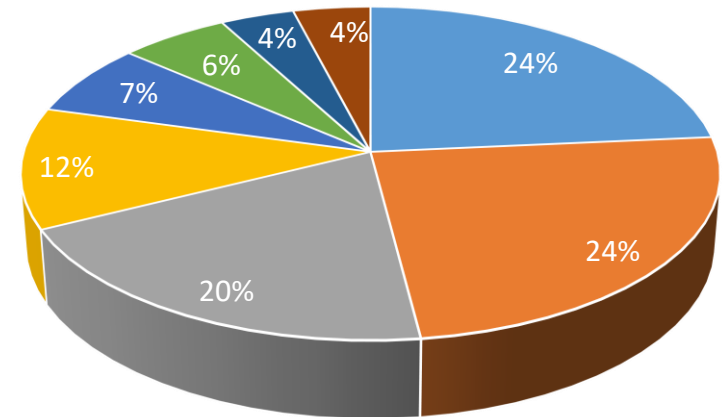
- **Total exports exceeded 200% of GDP** in 2023, of which EUR 25bn in goods and EUR 138bn in services.
- Luxembourg **ranked #1 in the world for trade openness**.¹

...and growth-oriented economy, beyond the financial sector

- **European corporate headquarter** of global companies such as Amazon, Ferrero, Paypal, Skype, eBay, SES, ArcelorMittal and many others.
- **Logistics hub and home base of all-freight carrier Cargolux**, with Luxembourg Airport being the 6th largest freight airport in Europe.
- **Strong focus on innovation**, in sectors such as FinTech, Space Resources, CleanTech, Health- & BioTech and Cybersecurity.

¹ The World Bank, 2022.

Sectoral Share of Gross Value Added in 2023*



- Financial Services
- Real Estate and Administrative Services
- Trade, Transportation & Communication
- Health / Education
- Public administration
- Construction
- Manufacturing
- Other

*Latest data available (at current prices)
Source : National Institute for Statistics and Economic Studies

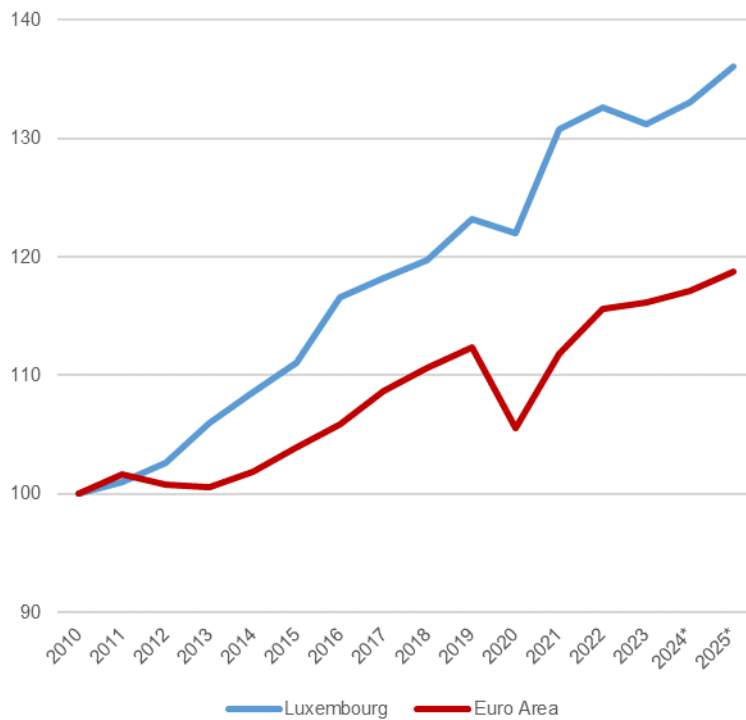


2. Focus on Luxembourg's Public Finances

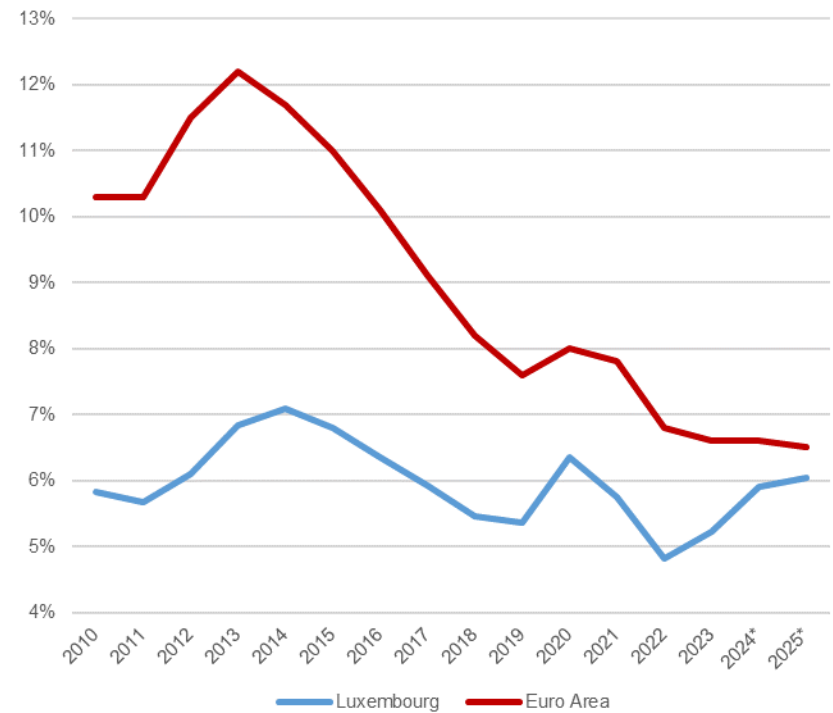
Macroeconomic Context



Real GDP (Index 100 = 2010)
Continued overperformance vs. Euro Area



Annual Unemployment Rate
Unemployment consistently below the Euro Area





The Government formed after the October 2023 election aims to implement a business friendly and economic recovery policy :

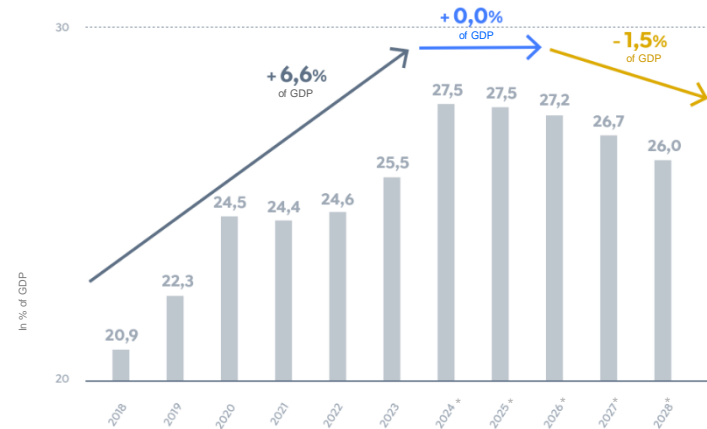
- by maintaining public investments at a high level in order to respond to current and future challenges linked to demographic change and the double sustainable and digital transition.
- through measures aimed at strengthening the competitiveness of the economy in general and the financial center in particular.
- by continuing to support households through additional measures in terms of purchasing power.

It has also taken a strong commitment to pursue a responsible and sustainable budgetary policy and to safeguard Luxembourg's AAA credit rating.



- **The support measures**, implemented as of 2022 to face the crises, **will continue to affect the debt-to-GDP ratio in 2024, which will reach 27.5%.**
- **The debt ratio is then projected to stabilize at 27.5% of GDP in 2025**, notably as a result of the phasing out of most support measures and a slowdown in expenditure growth. Thereafter, **the debt-to-GDP ratio is foreseen to reduce to 26% in 2028.**
- **Levels of public debt continue to remain largely below the euro area average**, notwithstanding the uncertainties surrounding the geopolitical conflicts.
- **The Government Coalition Agreement 2023-2028 foresees to update the national budgetary framework with the aim of implementing a sustainable trajectory in terms of public debt.**
- **Luxembourg holds significant financial assets amongst which the reserves of the pension fund (representing 34.5% of GDP), participations in listed entities (1.5% of GDP) and assets in the FSIL sovereign fund (0.8% of GDP).**

Evolution of Public Debt

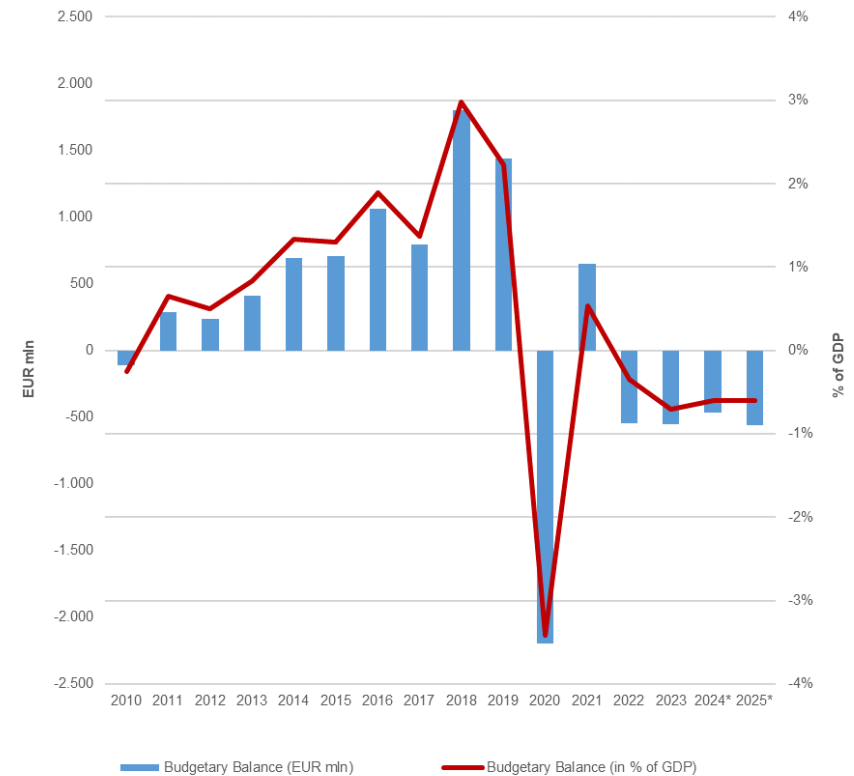


Source : 2025 Draft Budget



- **Public finances:** General government balance is forecast at -0.6% of GDP in 2024 and 2025.
- Since 2022, the measures put in place to curtail energy prices have had a negative impact on the **general government balance** of 3.3% of GDP.
- In addition, the implementation of the **new measures aiming at boosting households' purchasing power and businesses' competitiveness** are expected to represent a **fiscal cost of 421 million euros for 2025**.
- Recent **revenue figures have been higher than expected**, thereby lowering the projected deficit for 2024 and 2025 as compared to previous estimates.
- **In the medium term, deficit is forecast to reduce gradually.**

Budgetary Balance



Sources: National Institute for Statistics and Economic Studies; 2025 Budget



3. Focus on Luxembourg's Credit Rating and Debt Management



S&P	AAA	Stable
Moody's	Aaa	Stable
Fitch	AAA	Stable
DBRS	AAA	Stable

Rationale behind the AAA rating :

- ✓ *“The measures taken by the government in the context of the pandemic have made it possible to support the Luxembourg economy without compromising the soundness of public finances”*
- ✓ *“Public finances are a key strength for Luxembourg's rating”*
- ✓ *“Luxembourg's strong fiscal position is a key rating strength”*
- ✓ *“Luxembourg's ratings reflect an exceptionally high-income-per-capita economy, with governance indicators above the median of 'AAA' rated sovereigns”*
- ✓ *“Flexible economic policies, very high wealth levels provide shock absorption capacity”*



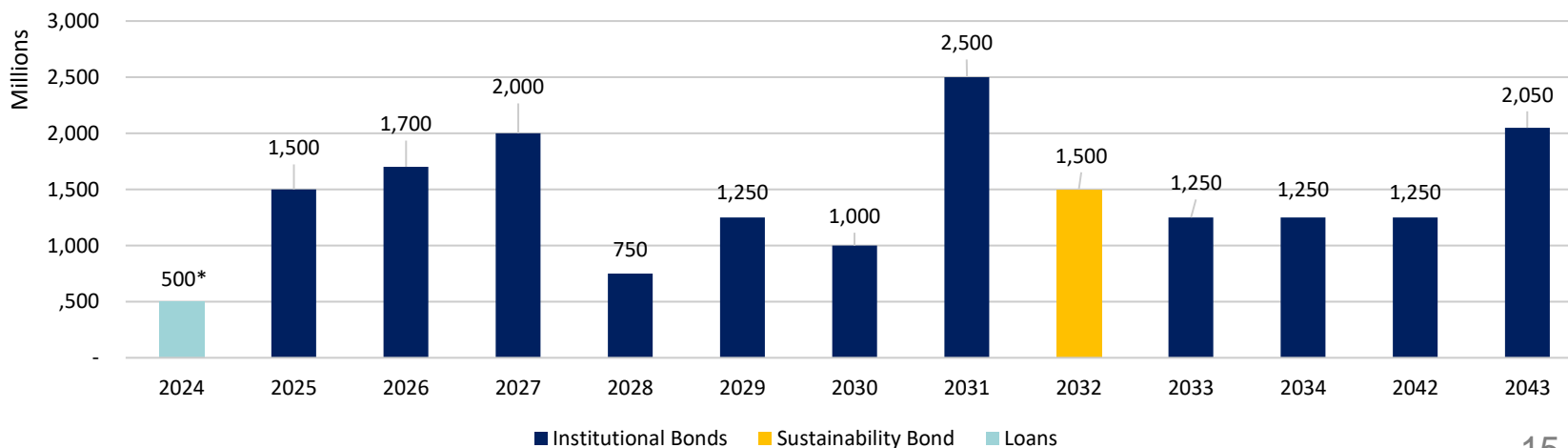
Syndicated Luxembourg Government Bonds (LGB) are the cornerstone of the Treasury's long-term funding strategy.

- Luxembourg has 13 LGBs outstanding for a total amount of EUR 18.00 bn.

Optimizing refinancing and interest rate risk, zero FX exposure.

- Outstanding LGBs (fixed-rate and issued in EUR only) have an average maturity of 7.22 years (as at Sep 30th, 2024) with the next redemption scheduled for April 2025.

Redemption profile



* Repaid on October 2nd, 2024

Source: Luxembourg State Treasury



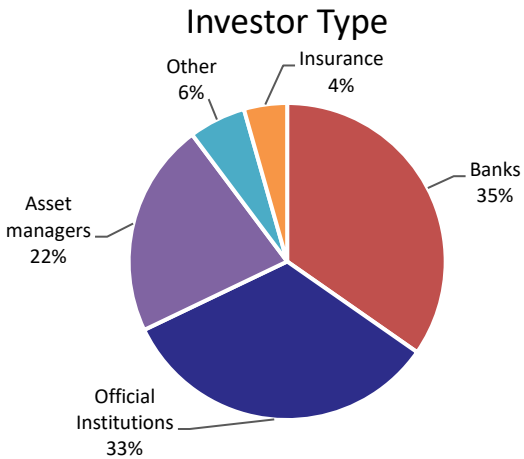
Outstanding Luxembourg Government Bonds (LGB)

	Issue Date	Notional	Maturity	Maturity date	Coupon	Currency
LGB 0.00% 2025	28/04/2020	1,500,000,000	5y	28/04/2025	0.000%	EUR
LGB 0.00% 2026	13/11/2019	1,700,000,000	7y	13/11/2026	0.000%	EUR
LGB 0,625% 2027	01/02/2017	2,000,000,000	10y	01/02/2027	0.625%	EUR
LGB 2.25% 2028	19/03/2013	750,000,000	15y	19/03/2028	2.250%	EUR
LGB 1.375% 2029	25/05/2022	1,250,000,000	7y	25/05/2029	1.375%	EUR
LGB 0.00% 2030	28/04/2020	1,000,000,000	10y	28/04/2030	0.000%	EUR
LGB 0.00% 2031	24/03/2021	2,500,000,000	10y	24/03/2031	0.000%	EUR
LGB 0.00% 2032	14/09/2020	1,500,000,000	12y	14/09/2032	0.000%	EUR
LGB 3.00% 2033	02/03/2023	1,250,000,000	10y	02/03/2033	3.000%	EUR
LGB 2,875% 2034	01/03/2024	1,250,000,000	10y	01/03/2034	2,875%	EUR
LGB 1.75% 2042	25/05/2022	1,250,000,000	20y	25/05/2042	1.750%	EUR
LGB 3.25% 2043	02/03/2023	1,750,000,000	20y	02/03/2043	3.250%	EUR
LGB 2.75% 2043 (PP)	20/08/2013	300,000,000	30y	20/08/2043	2.750%	EUR

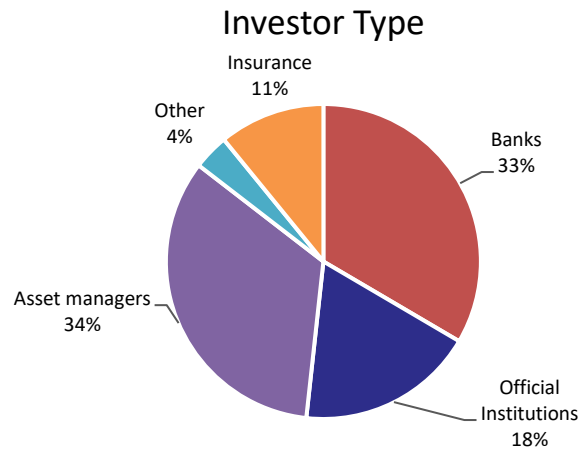
Varied Investor base for LGBs



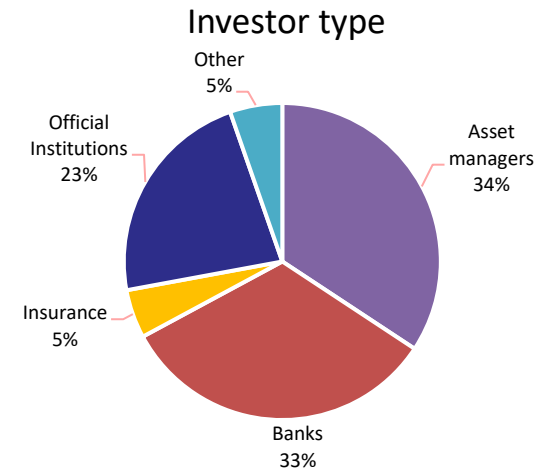
1.25 bn EUR LGB 2033
March 2023



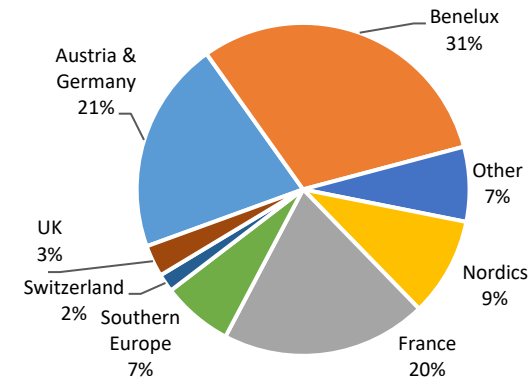
1.75 bn EUR LGB 2043
March 2023



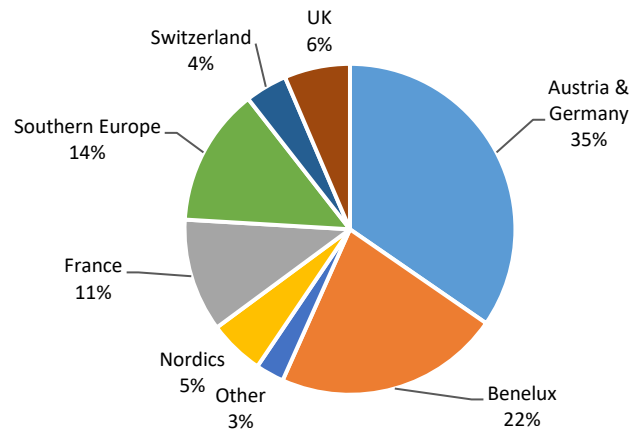
1.25 bn EUR LGB 2034
March 2024



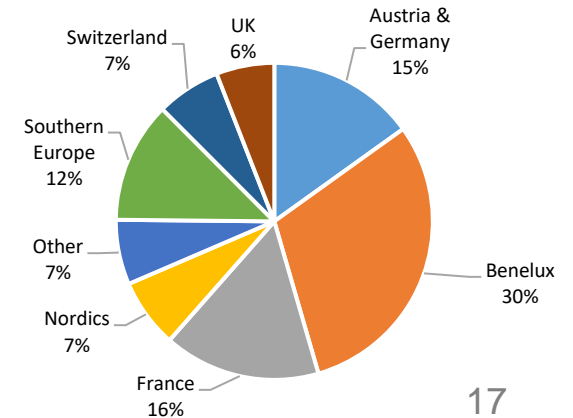
Investor Location



Investor Location



Investor Location



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