



GRAND DUCHY OF LUXEMBOURG

EUR 1.25bn 2.625% 10-year (Oct-34) Benchmark

PRESS RELEASE - Tuesday, 15th October 2024

Transaction Terms

Issuer	Grand Duchy of Luxembourg
Rating	Aaa / AAA / AAA (all stable)
ISIN	LU2922074849
Size	EUR 1.25 Bn
Pricing Date	15 October 2024
Settlement Date	23 October 2024
Maturity Date	23 October 2034
Coupon	2.625%
Spread to Mid-Swaps	+25bps
Re-offer Yield	2.681%
Re-offer Price	99.514%
Spread vs Bunds	+42.9bps

Lead Managers Barclays, BCEE, BGL BNP Paribas, BIL and HSBC

Transaction Summary

- On Tuesday, 15 October 2024, the Grand Duchy of Luxembourg – rated Aaa/AAA/AAA (all stable) – returned to the Euro debt capital markets for the second time in 2024 with a new €1.25 billion 10-year benchmark. The transaction was priced with a final spread of +42.9 bps over the 2.600% reference Bund due August 2034, equivalent to a final yield of 2.681% and reoffer price of 99.514%.
- Strategically, the new 10-year bond provides a new liquid, current coupon 10-year Luxembourg Government Bond (“LGB”) reference, whilst serving to increase the weighted average maturity of LGB debt (7.37-years before this transaction).
- Once again, the Grand Duchy of Luxembourg has been able to leverage its sound macroeconomic fundamentals and solid fiscal discipline to achieve success in the international capital markets. Luxembourg’s 27.5% (2024) Debt/GDP ratio remains largely below the Euro area average, notwithstanding the uncertainties the global geopolitics.
- The transaction appealed to investors across both core and peripheral jurisdictions with more than 120 orders in the granular final orderbook. With final demand of €6.1bn (excluding JLM interest), the transaction was 4.9x oversubscribed. The high-quality, diversified demand is a testament to the strong credit quality of the Grand Duchy of Luxembourg and reaffirms its status as a safe haven asset.
- The high-quality and well-diversified orderbook enabled the issuer to tighten the spread by 4bps from initial guidance to reoffer, pricing with very limited to no new issue premium. With a final spread of +42.9 bps over the 2.600% reference Bund due August 2034, this transaction priced with the tightest spread to Germany for a new 10-year LGB since March 2021, at the height of QE, continuing the tightening trend seen in recent transactions.
- Joint lead managers for the transaction were Barclays, BCEE, BGL BNP Paribas, BIL and HSBC.



Pricing and Execution

- The formal mandate of the new Grand Duchy of Luxembourg benchmark transaction was announced on Monday 14th of October 2024 at 10:17 CET, with the issuer available for 1-on-1 investor calls on request.
- On Tuesday 15th October 2024, following constructive feedback and a stable market open, books officially opened at 08:44 CET with initial spread guidance released at mid-swaps +29 bp area.
- The transaction was met with strong demand from the outset, with the high-quality orderbook accelerating in excess of €4.5bn (excluding JLM interest) by the first update, which supported revising guidance to mid-swaps +27 bp area at 10:01 CET.
- The momentum in the bookbuilding process continued and at 10:29 CET, the high-quality demand in excess of €5.9bn (excluding JLM interest) enabled the spread to be set at mid-swaps +25 bp. It was announced concurrently that books would close at 11:00 CET.
- At 11:23 CET, the transaction was officially launched with the size set at €1.25bn. Books closed in excess of €6.1bn (excluding JLM interest).
- The transaction was officially priced at 14.04 CET with a coupon of 2.625% and a spread of +42.9 bps over the reference Bund, equivalent to a reoffer yield of 2.681%.

Distribution Summary

- Luxembourg gathered investor demand from a wide range of domestic and international accounts with over 120 orders. In terms of distribution, the 10-year transaction received strong interest from Banks (40%), Asset Managers (27%) and Central Banks/Official Institutions (23%).
- Geographically, the transaction was well diversified with Benelux (37%), France (19%), Switzerland (12%), Germany and Austria (9% combined) taking over three quarters of the allocation.

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