



**SBERBANK CIB**

# **Bonds and Eurobonds of Russian Issuers – Arranger's View**

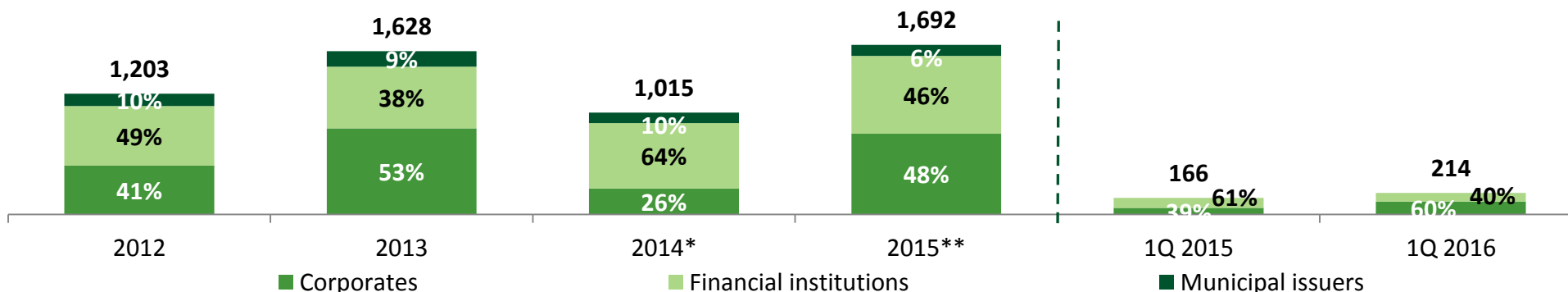
**April 2016**



# Russian Local Market Update

## Primary Market Dynamics

*Recovery of the primary market in 2015 was triggered by the inflow of pension savings. In 2016 it could be supported by expected decrease of the key rate, that is already priced in by investors, and lower RUB volatility* RUB bn



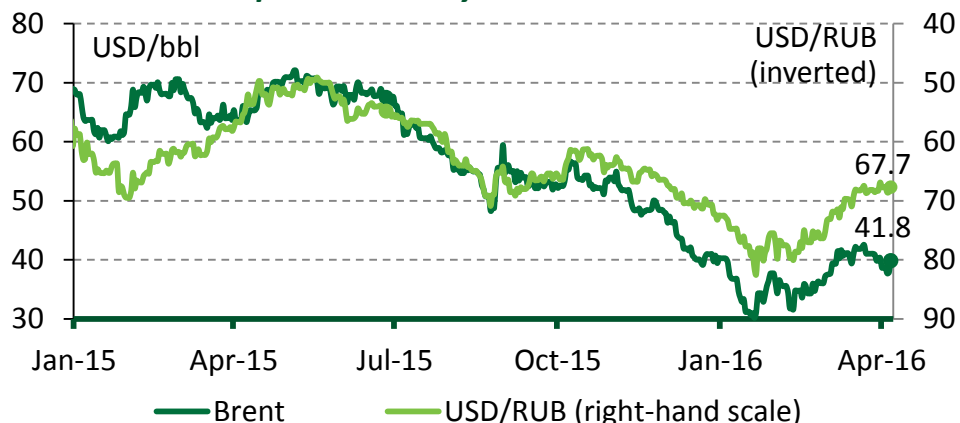
Source: Cbonds, Sberbank CIB

\* Excluding Rosneft bonds for RUB 625 bn and VEB bond for RUB 212.6 bn

\*\* Excluding Rosneft bonds for RUB 400 bn

## Oil Price and Exchange Rate

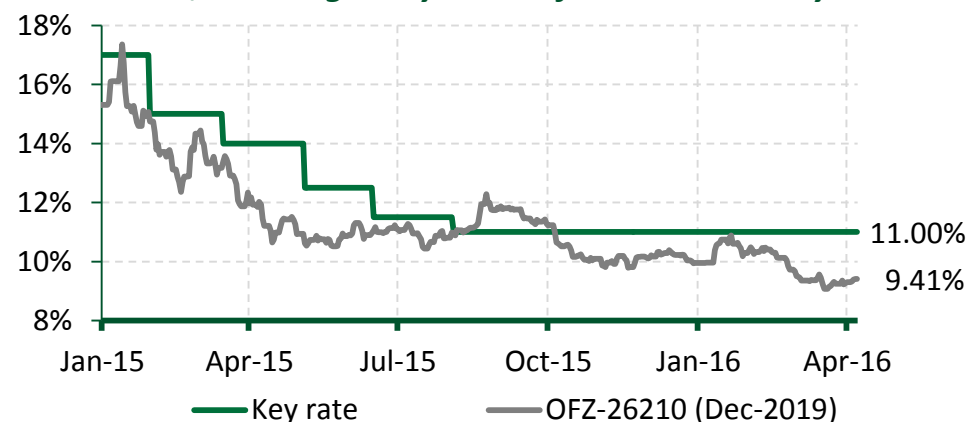
*In the recent months rouble demonstrated stronger resistance to oil price volatility*



Source: Bloomberg

## Key Rate and OFZ Yields

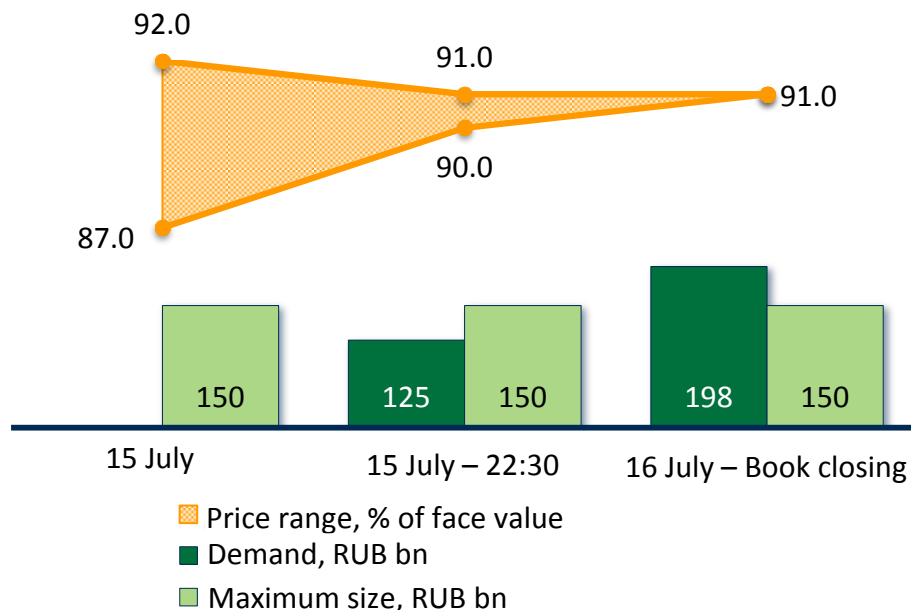
*The banking system's reliance on CBR refinancing has decreased, allowing OFZ yields to fall below the key rate*



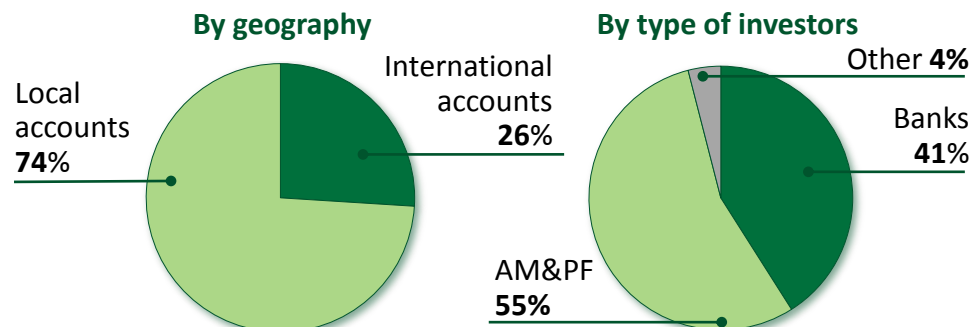
Source: Bloomberg

# Debut OFZ-IN issue by the Ministry of Finance

## Indicative Price Range and Book Size Dynamics



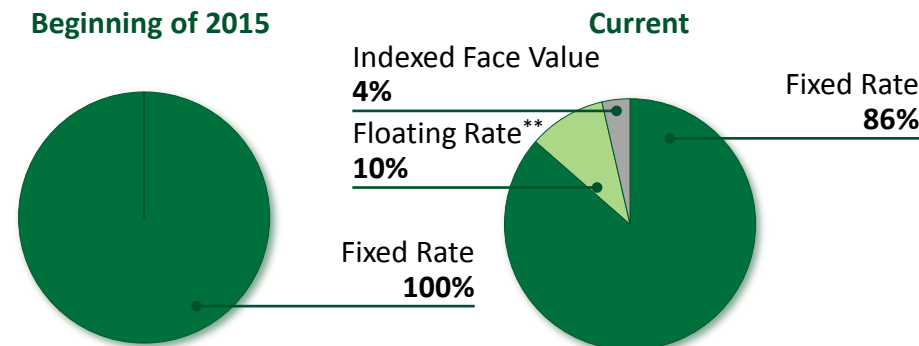
## Allocation Breakdown



## Key Issue Terms

Issuer	The Ministry of Finance
Foreign currency ratings	BB+/Ba1/BBB- (S/M/F)
Local currency ratings	BBB-/Ba1/BBB- (S/M/F)
Maximum size	RUB 150 bn
Actual size	RUB 75 bn
Maturity date	August 16, 2023
Coupon rate	2.5%, fixed
Coupon payment	To be based on the indexed face value
Face value	Subject to indexation depending on CPI
Offer price	91% of face value (3.84% real YTM)
Coupon frequency	Semiannual (Actual/365)
Listing	MOEX
Lombard list	Included
Book opening	15 July 2015; 12:00 AM Moscow
Book closing	16 July 2015; 12:00 PM Moscow

## Breakdown of Outstanding OFZ (as of April 2016)\*



Source: CBR, Sberbank CIB

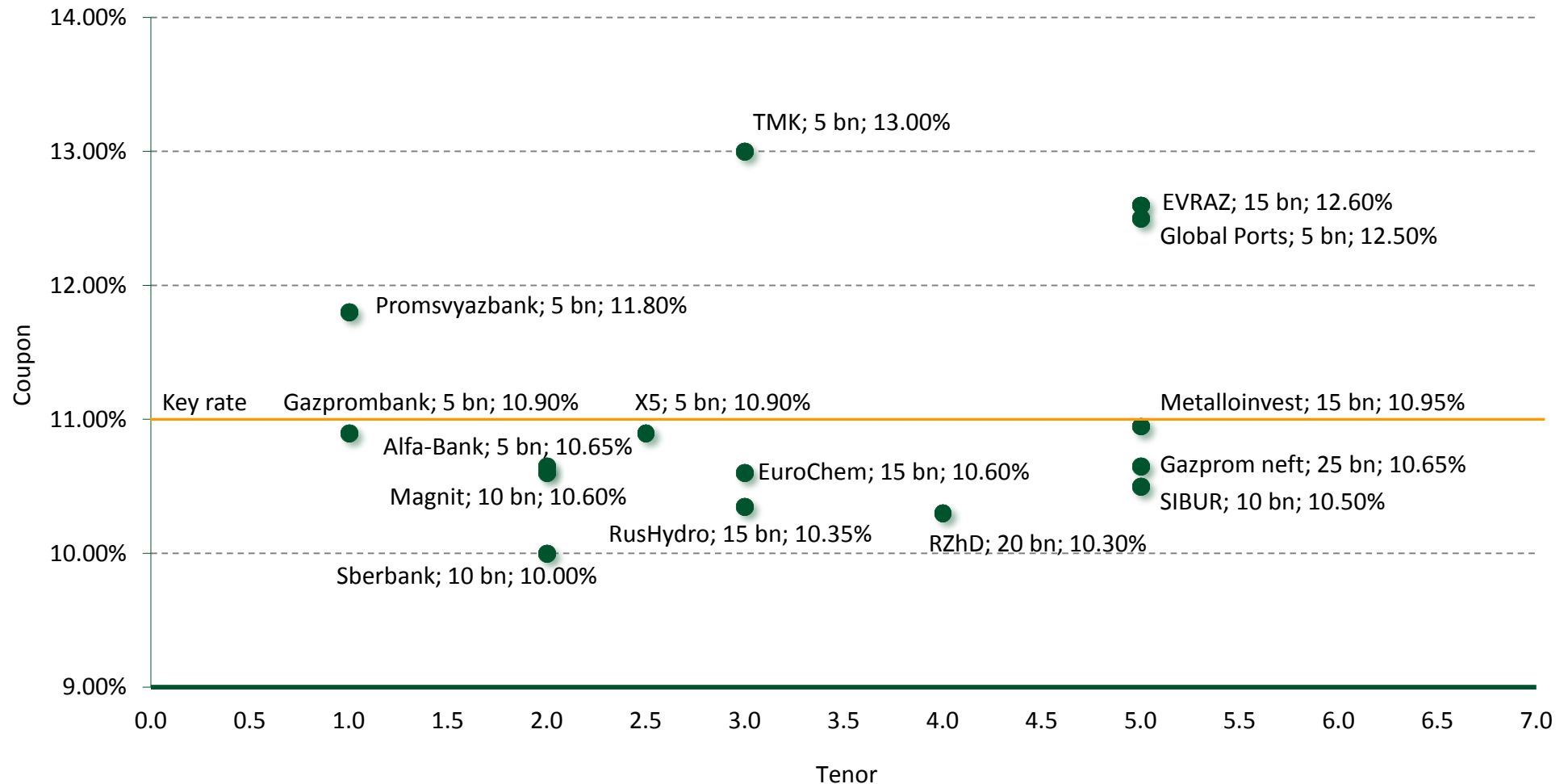
\* Excluding RUB 1 trln of OFZ for recapitalization of banks

\*\* Linked to RUONIA

## Recent RUB Bond Placements (1/2)

*Ample liquidity of the domestic market facilitates strong primary supply.*

*Moreover currently investors do not head for refinancing only and thus can afford coupon rates below the key rate.*



Source: Cbonds, Sberbank CIB

## Recent RUB Bond Placements (2/2)

Date	Issuer	Ratings (S/M/F)	Size, RUB bn	Tenor	Coupon
26/01/2016	Russian Helicopters, CP-01	-/Ba3/-	10.0	10NC7	11.90%
17/02/2016	Global Ports, 02	-/-/BB	5.0	5 years	13.10%
19/02/2016	Magnit, 001P-02	BB+/-/-	10.0	2 years	11.20%
19/02/2016	Norilsk Nickel, CP-05	BBB-/Ba1/BBB-	15.0	10NC5	11.60%
20/02/2016	Metalloinvest, CP-07	BB/Ba2/BB	5.0	10NC7	11.90%
11/03/2016	X5, CP-05	BB-/Ba3/BB	5.0	2.5 years	10.90%
18/03/2016	EVRAZ, 001P-01R	BB-/Ba3/BB-	15.0	5 years	12.60%
21/03/2016	Gazprom neft, CP-02, 07	BB+/Ba1/BBB-	25.0	5NC2	10.65%
22/03/2016	SIBUR, 10	-/Ba1/BB+	10.0	5 years	10.50%
23/03/2016	Promsvyazbank, CP-08	BB-/Ba3/-	5.0	1 year	11.80%
24/03/2016	Metalloinvest, CP-02, 08	BB/Ba2/BB	15.0	5 years	10.95%
25/03/2016	Global Ports, 03	-/-/BB	5.0	5 years	12.50%
29/03/2016	Magnit, CP-001P-03	BB+/-/-	10.0	2 years	10.60%
30/03/2016	RusHydro, CP-P04	BB/Ba2/BB+	15.0	3 years	10.35%
31/03/2016	RZHD, CP-07	BB+/Ba1/BBB-	20.0	4 years	10.30%
31/03/2016	ING Bank (Eurasia), CP-01	-/Ba2/BBB-	5.0	2 years	10.45%
01/04/2015	Sberbank of Russia, CP-17	-/Ba1/BBB-	10.0	2 years	10.00%
06/04/2016	TMK, CP-05	B+/B1/-	5.0	3 years	13.00%
07/04/2016	Alfa-Bank, CP-12	BB/Ba2/BB+	5.0	2 years	10.65%
07/04/2016	EuroChem, CP-001P-01	BB-/BB	15.0	3 years	10.60%

Deals of Sberbank CIB

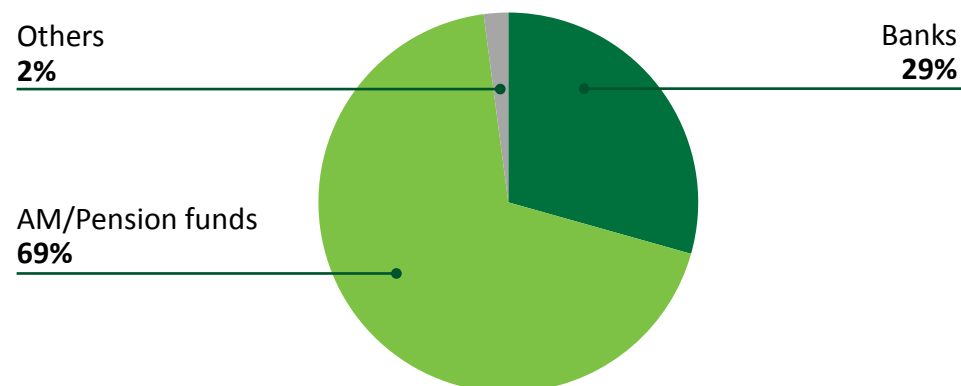
Source: Cbonds, Sberbank CIB

# Sberbank Inaugural RUB Local Bond Placement

## Deal Overview

- An **inaugural RUB bond** placement by Sberbank
- The final coupon rate set at **10.00%**:
  - **The lowest coupon** fixed in market placements since the CBR rate hike
  - **Record-low G-spread** in the domestic market
  - **Lower G-spread** compared to RUB Eurobond placement in 2013
- The orderbook was dominated by asset managers / pension funds and comprised **24 orders** for over **RUB 15 bn**

## Allocation Breakdown



## Recent High-grade Corporate and FI Deals

Date	Issuer	Ratings (S/M/F)	Size, RUB bn	Tenor	Coupon	G-spread
03/03/2016	Toyota Bank, 01	-/-/A-	3.0	2 years	10.75%	165
16/03/2016	Gazprombank, CO-21	BB+/Ba2/BB+	5.0	1 year	10.90%	184
21/03/2016	Gazprom neft, CP-02, 07	BB+/Ba1/BBB-	25.0	5NC2	10.65%	183
31/03/2016	Russian Railways, CP-07	BB+/Ba1/BBB-	20.0	4 years	10.30%	131
31/03/2016	ING Bank (Eurasia), CP-01	-/Ba2/BBB-	5.0	2 years	10.45%	152
01/04/2016	Sberbank, CP-17	-/Ba1/BBB-	10.0	2 years	10.00%	90

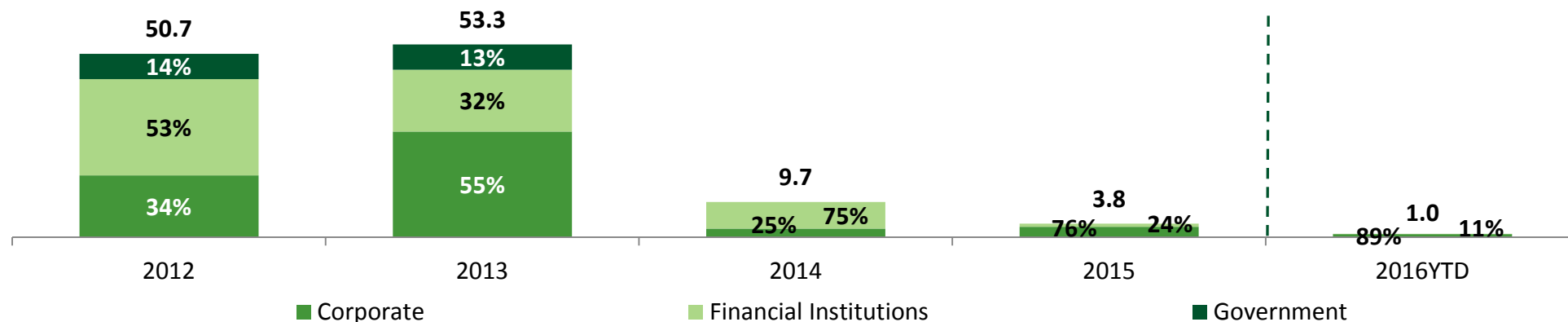
Source: Cbonds, Sberbank CIB

# Eurobond Market Update

## Primary Market Dynamics

*Primary market volume will hardly revert to previous highs in the near future, despite broadly fair yield levels*

USD bn



Source: Dealogic

## Russian Eurobonds Yield Dynamics

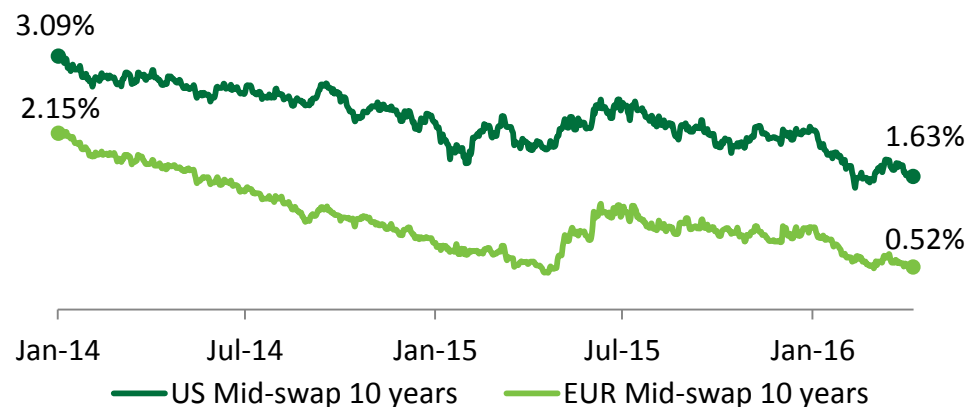
*Yields of Russian Sovereign Eurobonds returned to pre-crisis levels*



Source: Bloomberg

## Mid-swaps Dynamics

*Both US and EUR mid-swaps demonstrate a downward trend*



Source: Bloomberg

# Recent Russian Eurobond Placements

Date	Issuer	Ratings (senior unsecured) at launch			Volume, mn		Tenor, years	YTM (%)
		S	M	F				
06/10/2015	Norilsk Nickel	BBB-	Ba1	BBB-	1,000	USD	7.0	6.625
08/10/2015	Gazprom	BB+	Ba1	BBB-	1,000	EUR	3.0	4.625
19/10/2015	Alfa Bank	BB	Ba2	BB+	500	USD	3.0	5.000
10/12/2015	Evraz	BB-	B1	BB-	750	USD	5.1	8.250
16/03/2016	Gazprom	BB+	Ba1	BBB-	500	CHF	2.6	3.375
11/04/2016	Global Ports	-	-	BB+	350	USD	5.8	6.875
11/04/2016	Renaissance Financial Holdings	B-	-	B-	104*	USD	5P2	9.500

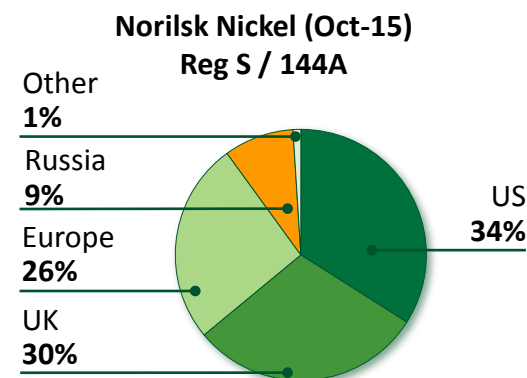
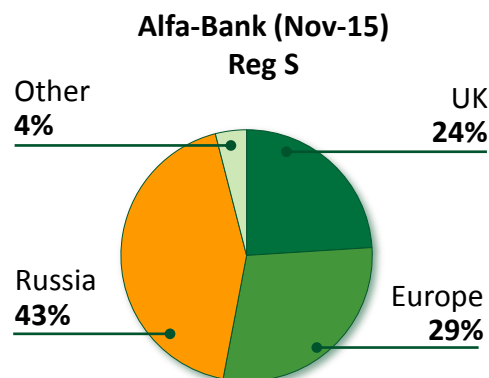
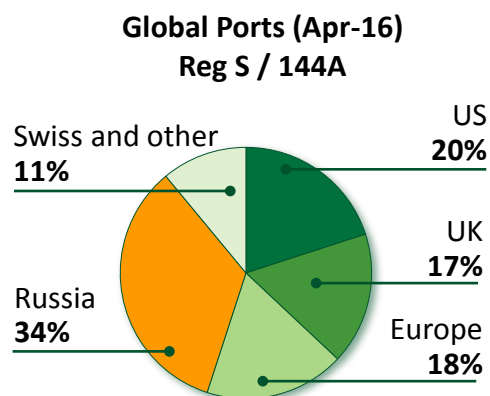
 Deals of Sberbank CIB

Source: Dealogic, Sberbank CIB

\* New money (total deal size is USD 200 mn including USD 96.3 from an exchange offer)

## Investor Distribution

*Russian demand plays an important role in the primary transactions*



Source: Bond Radar, Sberbank CIB

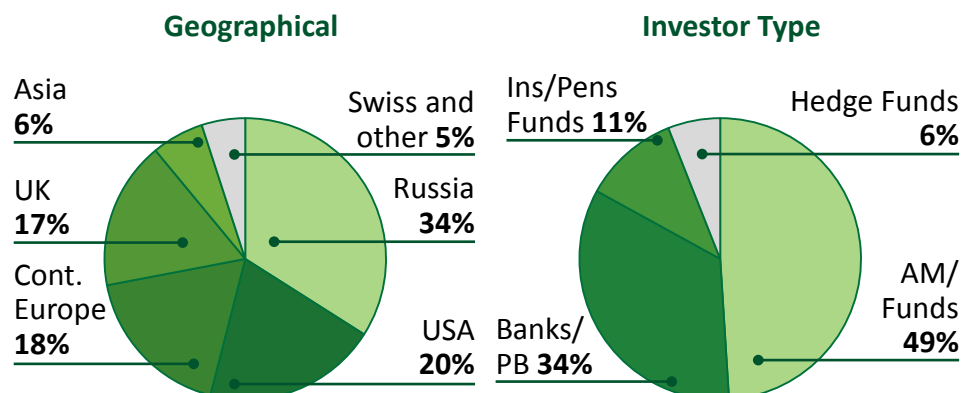


# Global Ports: Inaugural Eurobond Issue

## Deal Description

- An **inaugural deal** for the Company in the Eurobond market (soon after debuting in the domestic capital market)
- The first **debut** Eurobond deal among Russian issuers since 2013
- **6-day roadshow** with **2 management teams** in Moscow, Amsterdam, Zurich, Frankfurt, Vienna, London, Boston, New York, Los Angeles
- Initial price guidance (**7.000-7.125%**) well below the IPTs (**7.25-7.50%**). The **final yield** by 1/8<sup>th</sup> below the tighter end of the guidance (**6.875%**)
- The book was **3.5x** times **oversubscribed** with **more than 100 orders** from USA, UK, Continental Europe, Switzerland, Asia and Russia

## Allocation Breakdown



## New Issue Key Terms

Issuer	Global Ports (Finance) PLC
Guarantors	Global Ports Investments PLC, OpCos
Expected Issue rating	– / – / BB+ (S/M/F)
Format	144A / Reg S
Ranking	Senior unsecured
Amount	USD 350 mn
Pricing date	April 11, 2016
Settlement date	April 18, 2016
Maturity	January 25, 2022 (long 5Y)
Coupon rate	6.872%
Issue price	100%
Yield	6.875%
Benchmark	UST 1.25% due March 2021
Benchmark Treasury yield	1.161%
Spread to Benchmark	571.4 bps
Listing	Irish SE Global Exchange Market
Governing law	English
Sberbank CIB's role	Joint Lead Manager, Active Bookrunner

---

# Thank you!

**Olga Gorokhovskaya**  
Managing Director  
Capital Markets

Tel.: +7 495 258 0526

Cell: +7 906 789 0411

E-mail: [Olga\\_Gorokhovskaya@sberbank-cib.ru](mailto:Olga_Gorokhovskaya@sberbank-cib.ru)