

Debut Eurobond Issuance: Ministry's view

February 2019



US\$500,000,000

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4.750% Reg S/144A
Notes due 2024

5.375% Reg S/144A
Notes due 2029

Sole Global Coordinator and Joint Bookrunner

J.P.Morgan

Joint Lead Managers and Joint Bookrunners



GAZPROMBANK

Jasur Karshibaev

Head of Debt Management Office

Ministry of Finance of the Republic of Uzbekistan



Outline

- Government debt structure
- Debut Eurobond issuance: Legal base
- Debut Eurobond issuance: Process
- Investor allocation
- The reasons behind the issuance
- Use of proceeds
- Secondary market trade

Government debt structure (1H2019)



Total External PPG

Currency Composition





Debut Eurobond issuance: Legal base

On 21st July 2018 Presidential degree PP-3877 “On measures of diversification external sources of funding” was passed which:

- stipulated obtaining sovereign credit rating from international rating agencies and issuance of Eurobond;
- appointment of international bank consortium with “J.P.Morgan Chase” being Global Coordinator;
- authorized Ministry of finance as coordinating body for issuance of sovereign as well as corporate debt securities.

Debut Eurobond issuance: Process

Obtaining first-ever sovereign credit rating

- S&P Global and FitchRatings assigned sovereign credit rating at “BB-” level (Stable Outlook)
- J.P.Morgan and Gazprombank acted as debut Ratings Advisor.
- Several SOBs received an upgrade from one or both agencies



Investor Roadshow

- Preparation of **Prospectus** and **Investor presentation**;
- **4-day Roadshow** covering key investors in New York, Boston, and London;



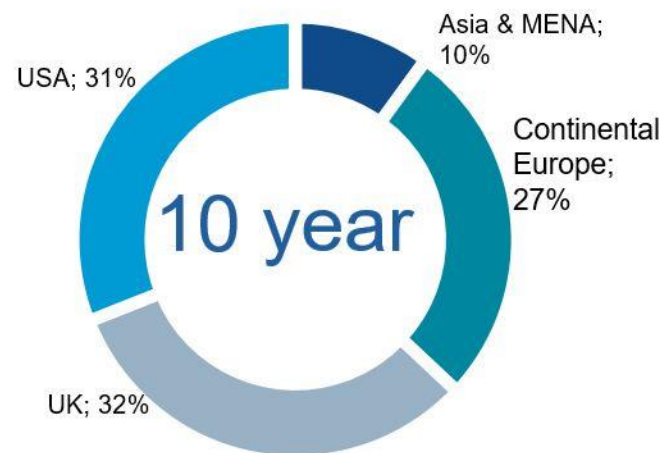
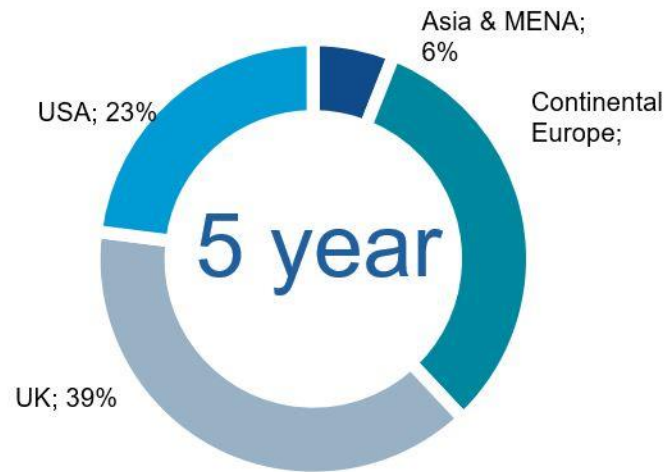
Settlement

- On 13 February 2019 US\$ 1,000 mn dual-tranche senior unsecured bond was issued
- **J.P.Morgan-Global** Coordinator, Joint bookrunner, Arranger and Permanent dealer
- **CitiBank and Gazprombank-** Joint bookrunner, Arranger and Permanent dealer

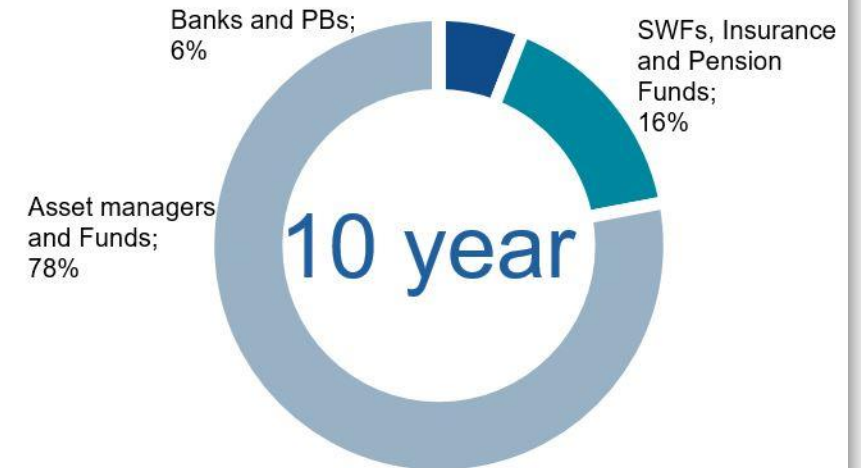
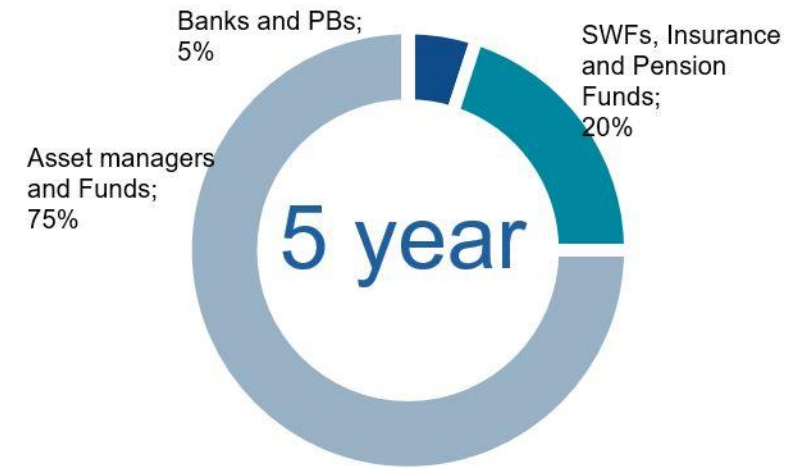
Tranches	IPTs	First Revision	Final guidance	Final Yield
5-year tranche	5.375% area	5.000%-5.125%	4.750%-4.875%	4.750%
10-year tranche	6.000% area	5.625%-5.750%	5.375%-5.500%	5.375%

Investor allocation

Allocation by geography



Allocation by investor type





The reasons behind the issuance

Given significant fiscal reserves and macroeconomic stability in the country, the issuance of sovereign Eurobonds was not determined by the need for additional funds or covering the budget deficit, but by achieving the following strategic goals:

- Providing opportunity to demonstrate economic potential of the country and creating conditions for sound sovereign risk assessment carried by foreign investors;
- Establishing the benchmark curve for SOE that will follow the sovereign and promote independently attract funding;
- Creation of reference point that can foster FDI;
- Secondary market indexes will serve as a barometer stable economic policy.



Use of proceeds

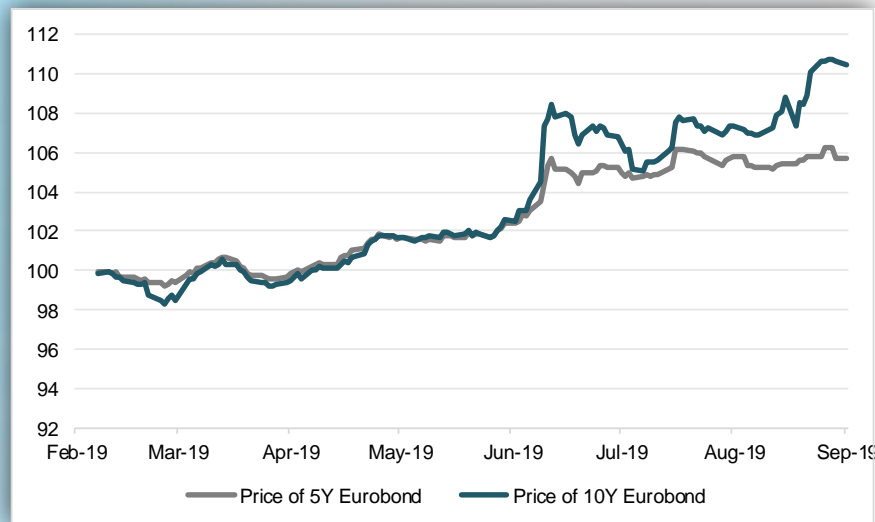
In order to effectively use the funds received from the placement of sovereign international bonds, special attention was paid to the placement of these funds on the basis of market mechanisms. Presidential Decree of the Republic of Uzbekistan No. PP-4258 dd April 2, 2019 stipulated the allocation of these funds. Precisely:

- USD 889.2 mn – were placed on commercial banks' deposits;
- USD 20 mn - were given to JSCB Agrobank as a subordinated loan;
- USD 89.9 mn – allocated to finance strategic projects of NMMC.

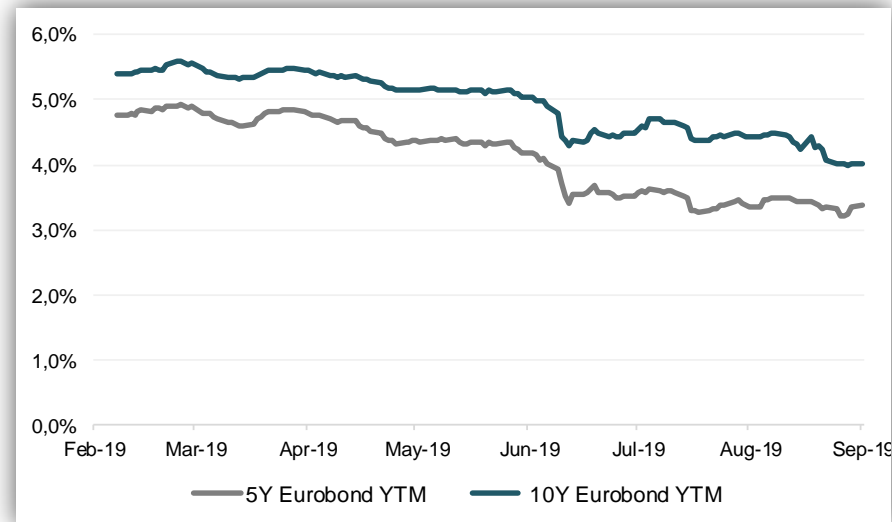
The issuance of sovereign international bonds on deposits of commercial banks will not lead to an increase in state budget expenditures.

Secondary market trade

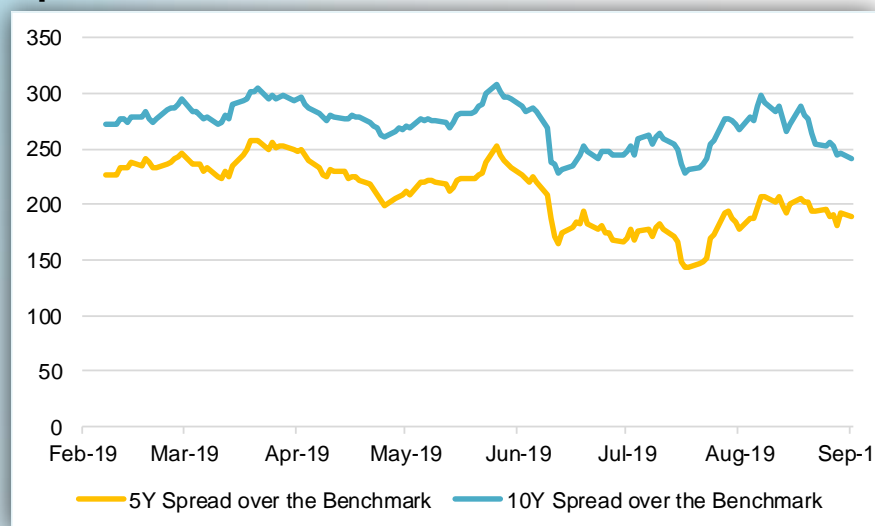
Price of 5&10Y Eurobonds



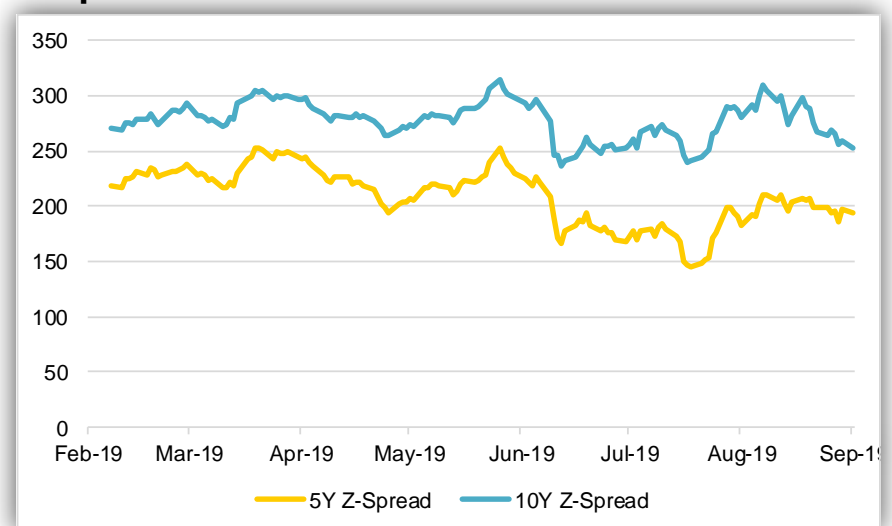
Yield-to-maturity of 5&10Y Eurobonds



Spread over BMK of 5&10Y Eurobonds



Z-Spread of 5&10Y Eurobonds





THANK YOU!