



INDEPENDENT STATE OF PAPUA NEW GUINEA

PRESS RELEASE FOR IMMEDIATE RELEASE

THE INDEPENDENT STATE OF PAPUA NEW GUINEA PRICES INAUGURAL 10 YEAR USD500 MILLION BOND, OVERSUBSCRIBED BY OVER 600 PERCENT

Port Moresby, September 28, 2018 – Papua New Guinea has raised a total of US \$500 million in a ten year inaugural sovereign bond issuance which concluded on Friday September 28, 2018.

Deputy Prime Minister and Treasurer, Hon. Charles Abel MP, has welcomed the successful outcome of the Bond issue that will be used to retire high cost short term domestic debt, convert short term debt to longer term, bring in foreign exchange and fund expenditure per the 2018 budget.

"The 10 year bond raised US\$500 million at 8.375%," the Deputy Prime Minister announced."

"The outstanding result was assisted by very strong international investor interest for this first time issuance, with hard offers in excess of US\$3.3 billion from 129 international banks and funds from Asia, Europe and the United States."

"The bond was priced at 8.375%, which was much better than expectations and is testament to the quality of the investor accounts."

"The result is also recognition of the investor support given to Papua New Guinea's credit story that has come from credible financial and economic management."

The coupon of 8.375% is competitively priced against other frontier market sovereign bonds and importantly diversifies PNG's funding sources now and into the future."

"PNG has been talking about a sovereign bond for almost twenty years, and this completion of the bond issue is a reflection of the positive change taking place our economy."

"After the marketing roadshow we have received almost seven times that and were able to negotiate the price down from above 9%."

"We have exercised volume and price discipline by not taking more of what was on offer and being patient to bring the interest rate down."

"The strong and positive reaction is vindication of PNG's reform and growth agenda that was articulated during its global marketing for the bond across Asia, Europe and the US."

"Furthermore, PNG has achieved a rare feat to be able to issue a 10 year bond at its first issuance."

"We have worked hard to enable access to direct budget support from the World Bank and ADB at very concessional rates over the next three years."

"We are driving government revenues back up through our Medium Term Revenue Strategy."

"We are negotiating better terms on three major upcoming resource projects."

"Our overall debt is low by world standards at below 35%, our fiscal deficits are trending downwards and foreign reserves stabilized."

"This over-subscription to our first ever sovereign bond is a huge endorsement by the international financial markets in our economic plan."

"The tenor (10 years) and price (8.375%) is better than market expectations and compares well to domestic 10 year debt at over 12%."



Hon. Charles Abel, MP
Deputy prime Minister & Treasurer