

Republic of Côte d'Ivoire

Strategic Eurobond Maturity Extension

Case Study

The Client The Republic of Côte d'Ivoire (CDI) is a West African country with a population of 25 million. CDI's 2018 estimated GDP growth was 7.4%. The country's primary exports are cocoa, petroleum and coffee. CDI's credit ratings as of October 2019 from Moody's and Fitch were Ba3 and B+ respectively.

The Challenge After having successfully managed to diversify its public debt portfolio towards commercial sources of funding, whilst enhancing its cost-risk profile, including through proactive management of FX and refinancing risks. Côte d'Ivoire was aiming to increase average maturity of total public debt and reduce public debt exposure to FX volatility. The priority given to EUR-denominated external sources of funding contributes to curbing FX risk exposure via the EUR-XOF peg. The purpose of the tender offer and the concurrent new notes offering was to proactively and efficiently manage the Republic's external liabilities. Whether the Republic would accept for purchase any validly tendered notes was subject to the successful completion of the new issue, which was consequently priced as a dual tranche offering.

The Solution The Republic announced the new issue and concurrent capped tender offer on October 3rd. Supported by its track record in capital markets, Côte d'Ivoire limited its marketing exercise to a global investor call on the same day and 1-on-1 conference calls with selected key accounts. On the back of supportive feedback received from investors and the momentum generated by the participation rate under the tender offer, the Republic released initial price thoughts of "6.125-6.250%" on the 11-year WAL and "7.125% area" on the 20-year WAL at 09:15UKT.

The Result The orderbooks peaking at over US\$4.6bn allowed Côte d'Ivoire to perform a first price revision down to "6.000% area" for the EUR 850 million 12-year and "7.00% area (+/- 0.125%) WPIR" for the EUR 850 million 21-year at 14:45UKT after US opening. With the demand remaining strong, the Republic proceeded with a further price revision on the longer tranche at 15.50UKT, pricing the transaction at 6.000% and 6.875% yield for the 11-year WAL and 20-year WAL respectively. This transaction was a milestone as this was the first ever access to the Eurobond market for a sovereign issuer of the region without physical roadshow with investors. The proceeds from the issue were used to finance a concurrent tender offer for Côte d'Ivoire's 2024s (USD), 2025s (EUR) and 2032s (USD), as well as for general government purposes. Citi's swift execution capabilities and our commitment to the Republic allowed this first ever access to the Eurobond market for a sovereign issuer of the region without physical roadshow with investors to be successful.