



# Grand-Duchy of Luxembourg



THE GOVERNMENT  
OF THE GRAND DUCHY OF LUXEMBOURG  
Luxembourg State Treasury



## Key Facts

- The support measures provided by the government have contributed to reducing inflation in Luxembourg, which has remained among the lowest in the EU, and to maintaining purchasing power of households.
- Real GDP growth in 2023 has contracted by 1% and a rebound of 2% is expected in 2024.
- Public debt is expected to increase to 27.8% of GDP in 2024.
- Support and energy measures decided so far (Solidaritätspak 1.0, 2.0 and 3.0, Energiedesch, Guarantees) to cushion inflationary effects for companies and households due to the energy crisis amount to 2.1% of GDP.
- After registering its lowest rate since 2009 in March 2022, unemployment rate has since increased to 5.2% in 2023 albeit remaining at low levels.
- Despite the economic downturn, the labor market remained dynamic (2.1%) in 2023. For 2024, employment is expected to grow by 1.3%.

## Focus on Contemplated Transaction

- Key Features of contemplated transaction:

<b>Issuer</b>	Grand Duchy of Luxembourg
<b>Type</b>	Luxembourg Government Bond RegS Bearer, Senior, Unsecured
<b>Ratings</b>	Aaa/AAA/AAA (all stable) (Moody's/S&P/Fitch)
<b>Expected Size</b>	EUR Benchmark
<b>Maturity</b>	Medium to long term
<b>Documentation</b>	Standalone LGB



1. Luxembourg at a Glance
2. Focus on Luxembourg's Public Finances
3. Focus on Luxembourg's Credit Rating and Debt Management



# 1. Luxembourg at a Glance

# Luxembourg in a Nutshell



THE GOVERNMENT  
OF THE GRAND DUCHY OF LUXEMBOURG  
Luxembourg State Treasury

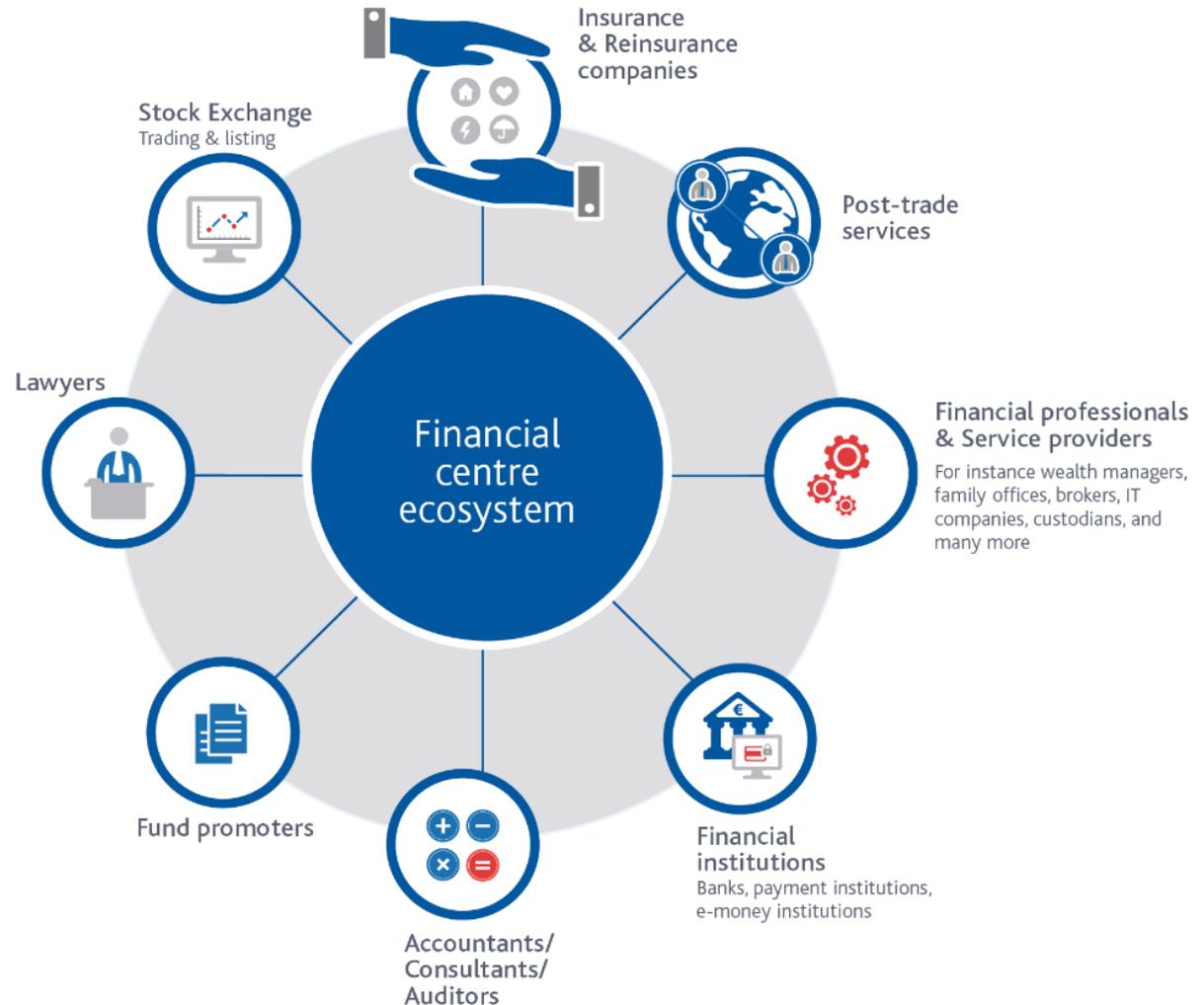


# Luxembourg as International Financial Centre



THE GOVERNMENT  
OF THE GRAND DUCHY OF LUXEMBOURG  
Luxembourg State Treasury

- Luxembourg is a **cross-border hub** and centre of excellence facilitating multi-jurisdictional and international financial services.
- Luxembourg hosts the **world's 2<sup>nd</sup> largest investment fund centre**.
- Total net fund assets under management **exceeded EUR 5200bn in December 2023**.





## *Luxembourg: snapshot of an open...*

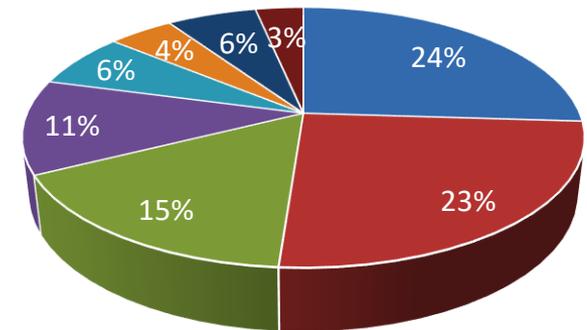
- **Total exports exceeded 200% of GDP** in 2022, of which EUR 26bn in goods and EUR 137bn in services.
- Luxembourg **ranked #1 in the world for trade openness**.<sup>1</sup>

## *...and growth-oriented economy, beyond the financial sector*

- **European corporate headquarter** of global companies such as Amazon, Ferrero, Paypal, Skype, eBay, SES, ArcelorMittal and many others.
- Home **base of all-freight carrier Cargolux**, with Luxembourg Airport being the 6<sup>th</sup> largest freight airport in Europe.
- **Strong focus on innovation**, in sectors such as FinTech, Space Resources, CleanTech, Health- & BioTech and Cybersecurity.

<sup>1</sup> The World Bank, 2022.

## Sectoral Share of Gross Value Added in 2022\*



- Financial Services and Insurance
- Real estate and Administrative/Support Services
- Trade, transports & Communication
- Health/Education
- Public administration
- Manufacturing
- Construction
- Other

Source : National Statistical Office.  
\*Latest data available (at current prices)



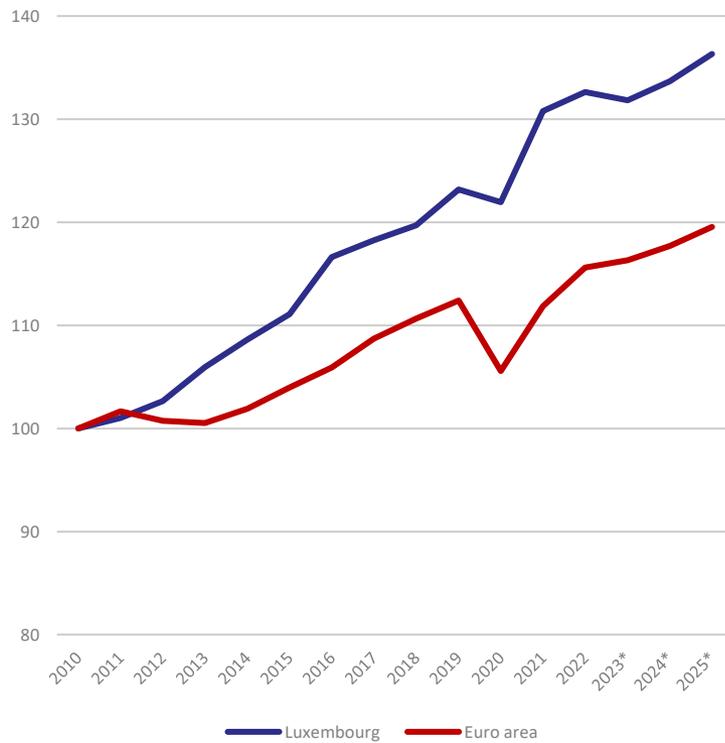
## 2. Focus on Luxembourg's Public Finances

# Macroeconomic Context

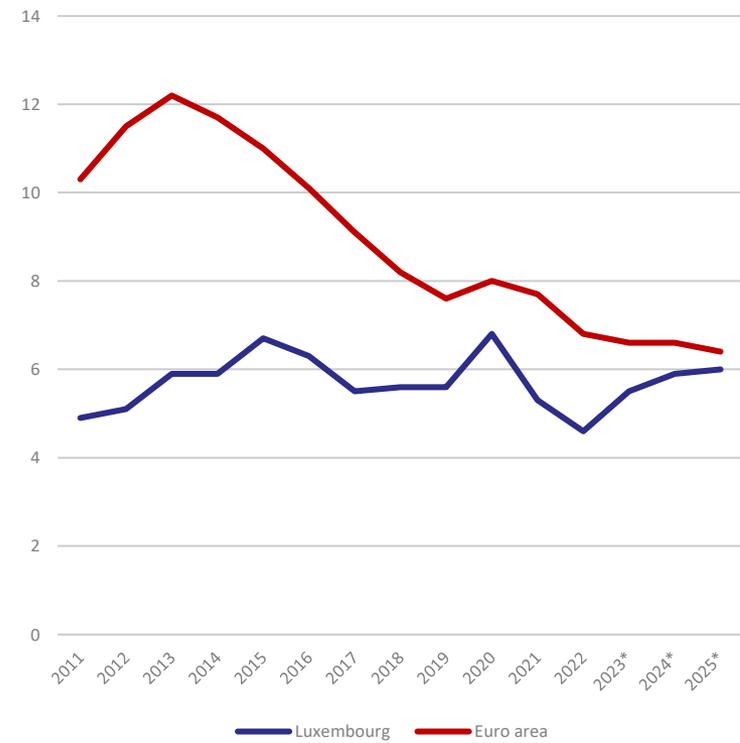


THE GOVERNMENT  
OF THE GRAND DUCHY OF LUXEMBOURG  
Luxembourg State Treasury

**Real GDP (Index 100 = 2010)**  
*Continued overperformance vs. Euro Area*



**Annual Unemployment Rate**  
*Unemployment consistently below the Euro Area*



Sources: Eurostat, Autumn 2023 Forecasts (European Commission),



The Government formed after the October 2023 election aims to implement a business friendly and economic recovery policy :

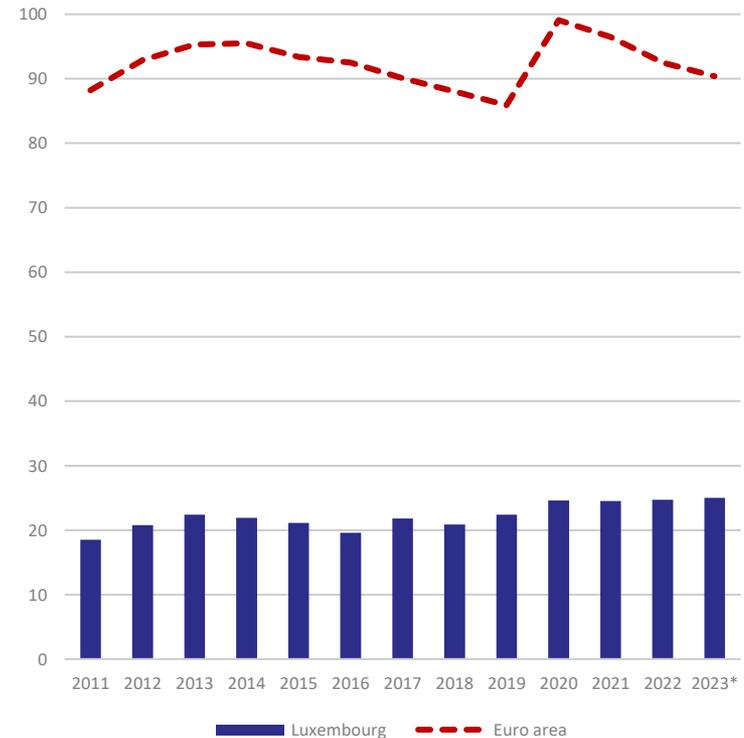
- by maintaining public investments at a high level in order to respond to current and future challenges linked to demographic change and the double sustainable and digital transition.
- through measures aimed at strengthening the competitiveness of the economy in general and the financial center in particular.
- by continuing to support households through additional measures in terms of purchasing power.

It has also taken a strong commitment to pursue a responsible and sustainable budgetary policy and to safeguard Luxembourg's AAA credit rating.



- Due to the implementation of several support measures in 2023, the debt ratio increased by 0.3 percentage point, from 24.7% of GDP in 2022 to 25.0% of GDP in 2023.
- Levels of public debt continue to remain largely below the euro area average, notwithstanding the uncertainties surrounding the geopolitical conflicts.
- The Government Coalition Agreement 2023-2028 foresees to update the national budgetary framework with the aim of implementing a sustainable trajectory in terms of public debt.
- Luxembourg holds significant financial assets amongst which the reserves of the pension fund represent 30% of GDP and participations in listed entities represent around 2% of GDP.

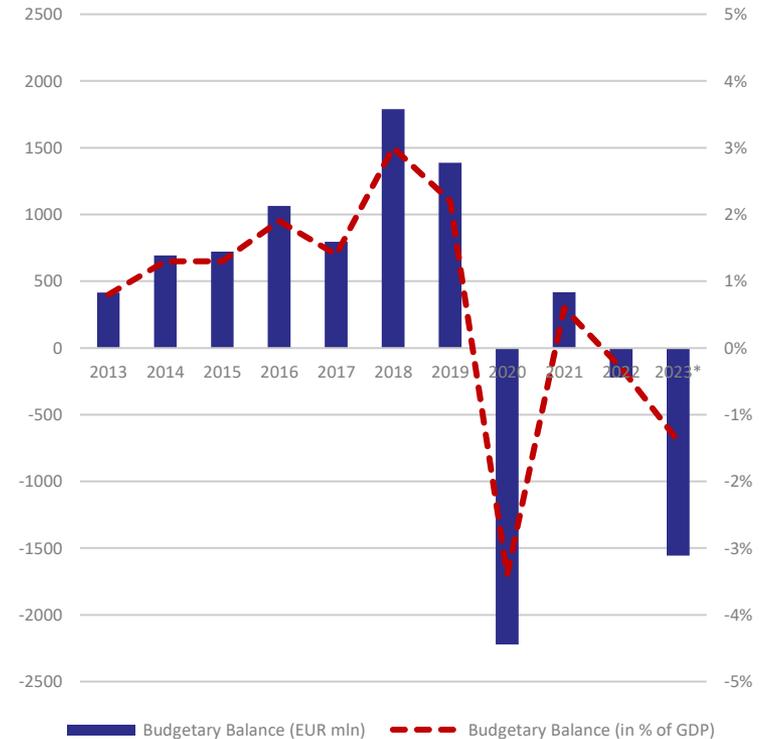
## Evolution of Public Debt





- **Public finances** : a general government balance of -0.3% of GDP in 2022.
- Since 2022, the measures put in place to curtail energy prices have had a negatively impact on the **general government balance** of 2.1% of GDP.
- In addition, the implementation of the **new measures supporting the housing market** are expected to represent a **fiscal cost of 135 million euros for 2024**.
- Recent **revenue figures have been stronger than expected**, thereby lowering the projected deficit for 2023 and 2024 as compared to current estimates.
- **In the medium term, deficit is forecast to reduce gradually.**
- Final budget for 2024 and updated figures will be presented on March 6, 2024.

## Budgetary Balance



Sources: National Statistical Office, Comité économique et financier national (October 2023).



## **3. Focus on Luxembourg's Credit Rating and Debt Management**



S&P	AAA	Stable
Moody's	Aaa	Stable
Fitch	AAA	Stable
DBRS	AAA	Stable

## Rationale behind the AAA rating :

- ✓ *“The measures taken by the government in the context of the pandemic have made it possible to support the Luxembourg economy without compromising the soundness of public finances”*
- ✓ *“Public finances are a key strength for Luxembourg's rating”*
- ✓ *“Luxembourg's strong fiscal position is a key rating strength”*
- ✓ *“Luxembourg's ratings reflect an exceptionally high-income-per-capita economy, with governance indicators above the median of 'AAA' rated sovereigns”*
- ✓ *“Flexible economic policies, very high wealth levels provide shock absorption capacity”*

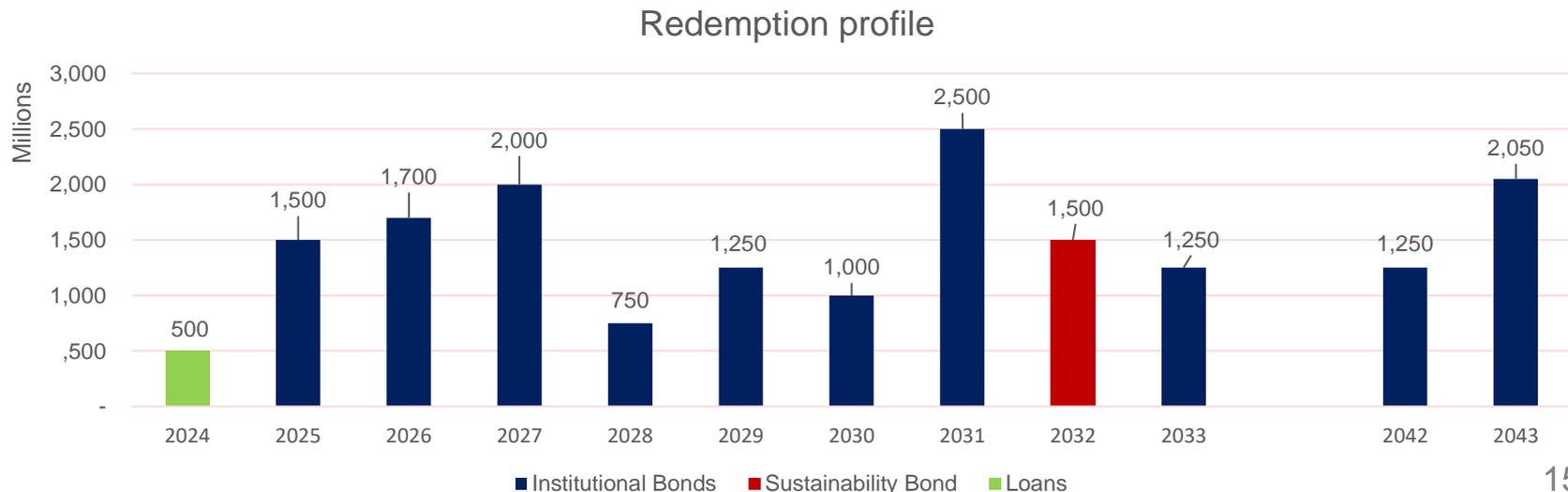


**Syndicated Luxembourg Government Bonds (LGB) are the cornerstone of the Treasury's long-term funding strategy.**

- Short-term liquidity needs are met via bank loans (actual outstanding EUR 500 mil.) or Treasury Notes (currently none outstanding).
- Luxembourg has 12 LGBs outstanding for a total amount of EUR 16.75 bn.

**Optimizing refinancing and interest rate risk, zero FX exposure.**

- Outstanding LGBs (fixed-rate and issued in EUR only) have an average maturity of 7.73 years (Jan 31st) with the next redemption scheduled for April 2025.





## Outstanding Luxembourg Government Bonds (LGB)

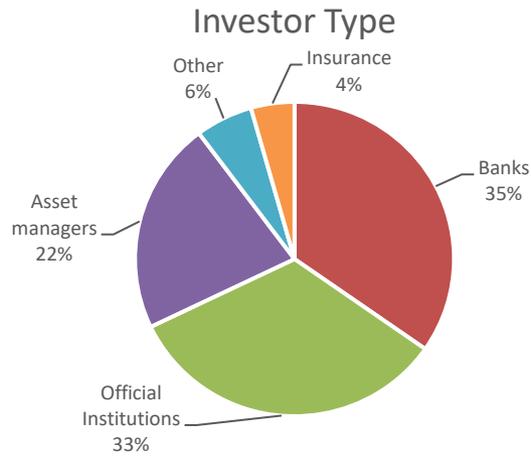
	Issue Date	Notional	Maturity	Maturity date	Coupon	Currency
LGB 0.00% 2025	28/04/2020	1,500,000,000	5y	28/04/2025	0.000%	EUR
LGB 0.00% 2026	13/11/2019	1,700,000,000	7y	13/11/2026	0.000%	EUR
LGB 0,625% 2027	01/02/2017	2,000,000,000	10y	01/02/2027	0.625%	EUR
LGB 2.25% 2028	19/03/2013	750,000,000	15y	19/03/2028	2.250%	EUR
LGB 1.375% 2029	25/05/2022	1,250,000,000	7y	25/05/2029	1.375%	EUR
LGB 0.00% 2030	28/04/2020	1,000,000,000	10y	28/04/2030	0.000%	EUR
LGB 0.00% 2031	24/03/2021	2,500,000,000	10y	24/03/2031	0.000%	EUR
LGB 0.00% 2032	14/09/2020	1,500,000,000	12y	14/09/2032	0.000%	EUR
LGB 3.00% 2033	02/03/2023	1,250,000,000	10y	02/03/2033	3.000%	EUR
LGB 1.75% 2042	25/05/2022	1,250,000,000	20y	25/05/2042	1.750%	EUR
LGB 3.25% 2043	02/03/2023	1,750,000,000	20y	02/03/2043	3.250%	EUR
LGB 2.75% 2043 (PP)	20/08/2013	300,000,000	30y	20/08/2043	2.750%	EUR

In addition, bank loans amounting to 500mil EUR are outstanding at the end of January 2024

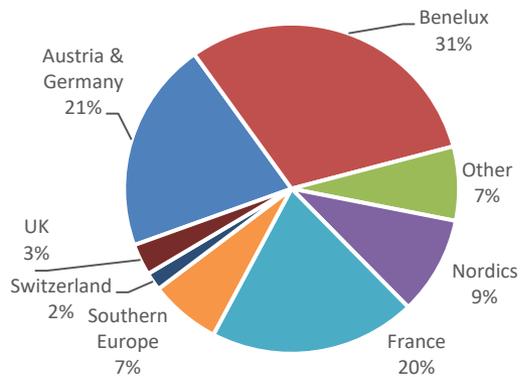
# Varied Investor base for LGBs



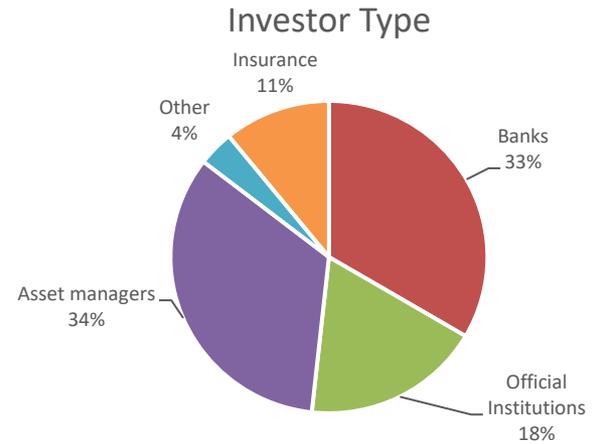
**1.25 bn EUR LGB 2033**  
**March 2023**



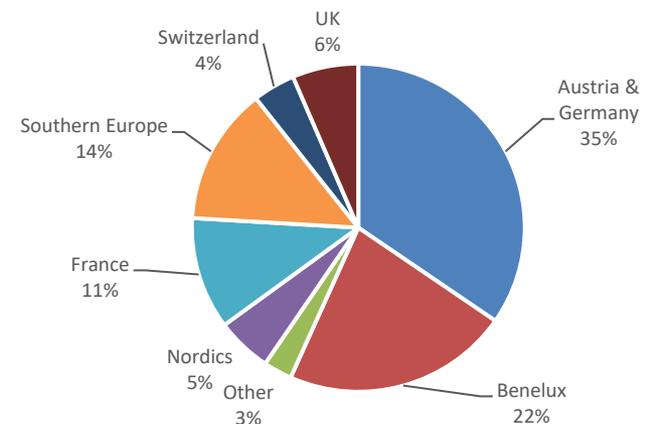
**Investor Location**



**1.75 bn EUR LGB 2043**  
**March 2023**



**Investor Location**



# Contact details



Key contacts	Contact numbers	Email
<b>Bob KIEFFER</b> Director of the Treasury	+352 247-82619	<a href="mailto:bob.kieffer@fi.etat.lu">bob.kieffer@fi.etat.lu</a>
<b>Paul HILDGEN</b> Luxembourg State Treasury	+352 247-82728	<a href="mailto:paul.hildgen@tresorerie.etat.lu">paul.hildgen@tresorerie.etat.lu</a>
<b>Luc WITRY</b> Luxembourg State Treasury	+352 247-82749	<a href="mailto:luc.witry@tresorerie.etat.lu">luc.witry@tresorerie.etat.lu</a>
<b>Luca GRISOT</b> Luxembourg State Treasury	+352 247-72712	<a href="mailto:luca.grisot@tresorerie.etat.lu">luca.grisot@tresorerie.etat.lu</a>

Ministry of Finance  
3 rue de la Congrégation  
L-1352 Luxembourg  
Luxembourg  
[www.mf.public.lu](http://www.mf.public.lu)

Luxembourg State Treasury  
3 rue du Saint-Esprit  
L-1475 Luxembourg  
Luxembourg  
[www.tresorerie.public.lu](http://www.tresorerie.public.lu)



This presentation has been prepared and presented by the Grand Duchy of Luxembourg acting through its Minister of Finance (the “Issuer”) in connection with the proposed Offer (“the Offer”).

This document does not qualify as a prospectus within the meaning of Regulation (EU) 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended.

This document does not qualify either as a simplified prospectus within the meaning of the Luxembourg law dated 16 July 2019 on prospectuses for securities. This document and its contents have not been approved by the Luxembourg Financial Services Authority, the Commission de Surveillance du Secteur Financier.

The Bonds to be issued under the Offer will not be registered under the U.S. Securities Act of 1933, as amended, and are subject to U.S. tax law requirements. Subject to certain exceptions, the Offer may not be offered, sold or delivered within the United States or to U.S. persons (as that term is defined in Regulation S under the U.S. Securities Act).

This document and its contents have not been approved by the UK Financial Services Authority or an authorized person (as defined in the Financial Services and Markets Act 2000 (the “FSMA”) for distribution. The issuance of the Bonds will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom. The Issuer will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Bonds in circumstances in which Section 21(1) of the FSMA does not apply to it.

This presentation is for information only and does not constitute investment advice or a recommendation and was prepared without regard to the specific objectives, financial situation or needs of any particular person who may receive it. Its content has not been independently verified and may be subject to revision and /or modification before closing. Any statements, projections and/or forecasts presented are not reliable guarantees for future performances. Each potential investor remains solely responsible for evaluating the risks and benefits of investing in the Offer in the light of its own personal and financial circumstances. The Offer may not be suitable for all investors. Each potential investor is invited to consult with its personal advisors on legal, tax and related matters concerning the Offer. Furthermore, no assurance can be given that the Offer is suitable to fulfil any environmental, social and sustainability criteria or guidelines with which potential investors or their investments are required or intended to comply. The final version of the terms and conditions as detailed in the Offer’s Prospectus shall prevail.

This document remains the property of the Issuer.