

GGMB Questions Mozambique's Presentation and Calls for Good Faith Engagement

LONDON and NEW YORK, March 21, 2018 - The Global Group of Mozambique's Bondholders (GGMB) notes the outreach to commercial creditors by the Mozambique Minister of Finance on March 20, 2018. The GGMB hopes that, with the appropriate adjustments, this initial step will lead to good faith negotiations to reach a fair and equitable solution.

However, the GGMB considers that the public presentation has important gaps and thus does not provide a basis of support for the restructuring guidelines included in the presentation. Such "guidelines" need, at a minimum, to be grounded in rigorous analysis of Mozambique's financing capacity -- taking account of both the recognized need for fiscal consolidation to help manage the economic and fiscal situation during the next five years, as well as in the long term when financing capacity will expand rapidly after the mega-projects begin to come on stream.

The GGMB also notes the statements made by the Minister of Finance that Mozambique is seeking a win-win solution among stakeholders and that he sees the bond markets as partners in contributing to Mozambique's future prosperity. In this regard, the GGMB emphasizes that a negotiated solution with regard to the Mozambique 2023 bonds will re-open access to external capital – including into domestic capital markets in local currency -- which would significantly reduce the cost of financing to the Mozambique public sector and for the domestic private sector, and which would materially improve the fiscal position and boost growth in the near term and thereafter.

The GGMB maintains that any feasible resolution with respect to the Eurobonds should reflect best-practices in inter-creditor equity, including recognition of the considerable cash flow relief that was provided by the bondholders just two years ago and recognition of the financial consequences of the legal distinction between the bondholders and the claims against MAM and Proindicus.

We understand that going forward, Mozambique has committed to a period of intensive, private, and good faith discussions with the GGMB. Such process is required to achieve the shared aim of a fair and equitable solution for the bondholders and for Mozambique.

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