



Fuel company Pemex raises US\$6 billion for modernization

State oil company Pemex said in a statement on January 15 that on that day it had raised \$6 billion in what it said was the biggest bond sale ever in the history of Mexico.

Pemex will use the funds to modernize its entire business, including fuel marketing, as the company prepares to face intense foreign competition for the first time within Mexico following recent legislative changes.

"The resources obtained from this resources will be used in investment projects of Petroleos Mexicanos," the company stated.

Pemex said that demand from investors which wanted the debt to collect interest represented a volume four times bigger than the offer, which showed large acceptance. The company said it was able to obtain some of its lowest ever interest rates.

Pemex, the national oil company and which enjoyed a monopoly for decades in all stages of the oil business in Mexico, is set to begin to see competition in coming years as a result of changes resulting from the enactment of legislation last year marking the opening of the Mexican oil market to foreign investment.

Most investors in the bonds sold by Pemex were from the US and Europe, Pemex said. The banks handling the \$6 billion bond sale were BBVA, Citigroup, HSBC and Morgan Stanley.

"The success of the transaction reflects (...) the positive impact of the adopted Energetic Reform. That positions Pemex in a solid financial condition with more economic and budgetary flexibility with more efficient mechanisms of association with the oil industry," Pemex said.