

## E.S.L.A. PLC : Investor Update

November 2020

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**E.S.L.A. Plc (ESLA) is a public limited liability company established in 2017 as an independent Special Purpose Vehicle (SPV) primarily to issue debt securities to refinance energy sector debts. It was established by the Government of Ghana (GoG) acting through the Ministry of Finance (MoF), with the National Trust Holding Company (NTHC) as its sole nominee shareholder. ESLA is managed by KPMG as the Administrator.**

In 2017, ESLA successfully issued the first bonds under the Bond Programme (the Programme), Tranche E1 and Tranche E2 maturing in 2024 and 2027 respectively, and raising GHS 4.784 billion in total for the purpose indicated above. An additional GHS 880 million of Tranche E2 was also raised in 2018. ESLA has also issued Tranche E3, a GHS 1 billion 2029 maturity bond in 2019. In January 2020, ESLA issued a 12 year bond under Tranche E4, which raised GHS 430 million and subsequently in March same year, a further circa GHS 1.20 billion was issued under Tranche E4 (Tranche E4-B). The Bonds are backed by the Energy Debt Recovery Levy (EDRL) imposed under the Energy Sector Levy Act 2015. The current outstanding issuance is GHS 7.63 billion, representing a total issuance of GHS 8.294 billion, out of which GHS 664 million was redeemed in a buyback transaction financed with funds from the Lock Box account.

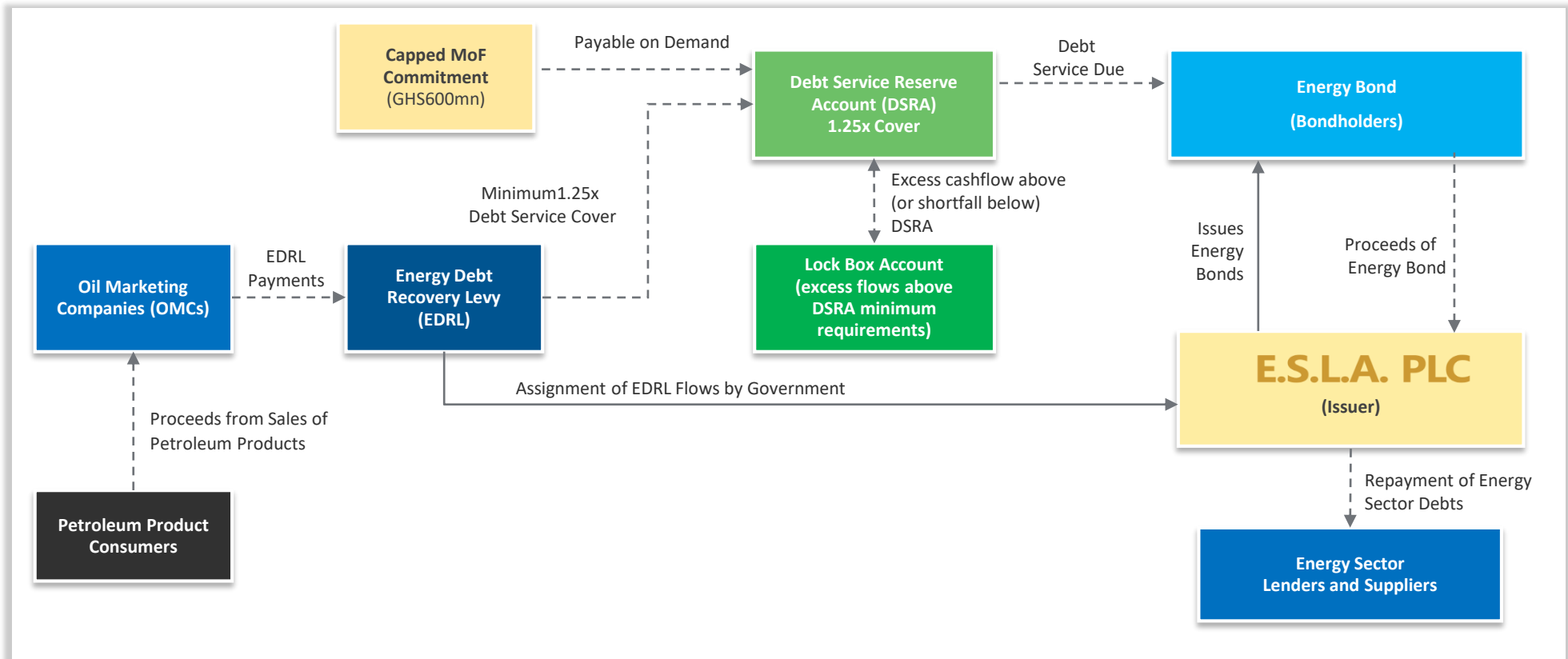
The outbreak of the COVID-19 pandemic in December 2019 has had detrimental impacts across the globe. Ghana, from March 2020 has felt the socio-economic impact of the pandemic, even after a mix of fiscal and monetary measures were implemented by the GoG to curb the devastating impacts. The three week lock down in parts of the country from March-April, which resulted in a large cross-section of the population (based in the Greater Accra and Ashanti regions) staying at home, reduced mobility and consequently fuel consumption. This development directly impacted ESLA cash flows as expected with April being the hardest hit month. Nonetheless, the impact thus far on receivables remains manageable and supports current outstanding bonds under the Programme. Furthermore, the removal of restrictions by the President has restored ESLA cash flows to previous levels and expected to improve liquidity.

# The ESLA Bond Programme Structure

**Transaction structure is simple and straightforward with buffers built-in.**

- SPV is totally ring fenced, no cash flows back to Sponsor until bonds are fully redeemed.
- The Lock Box holds excess EDRL cash flows above the minimum debt service reserve amount.
- Cash built up in Lock Box account can flow back to DSRA to meet any debt service shortfall.
- MoF Capped Cash Commitment can be drawn on demand to support debt service funding shortfall, if any.

**E.S.L.A. PLC repays energy sector lenders and suppliers directly with cash from bond proceeds.**



2019 actual EDRL collections stood at a monthly average of GHS 140.6 million. This represents 101.21% of expected collections and is above the 88.50% expected realization of projected amounts.

- Excess collections for 2019 presented some cash flow robustness and supported the issuance of Tranche E4 and E4-B during the first quarter of 2020. The Lock Box holds excess EDRL cash flows above the minimum debt service reserve amount.

For Jan-Oct 2020, actual EDRL collections stand at a monthly average of GHS 128.1 million. Actual cash collections for the period represent 80.79% of expected collections.

- In nominal terms, monthly average EDRL collection for 2020 is lesser than that of 2019, thus far. However, data for September and October 2020 show increased collections of GHS 180.4 million and 190.7 million respectively above the projected average monthly collection of GHS158.6m for 2020. The increased collections witnessed in September and October, 2020 is expected to continue for the rest of the in year in light of the peak election season and pending Christmas festivities, thus improve ESLA's cash flow and liquidity.

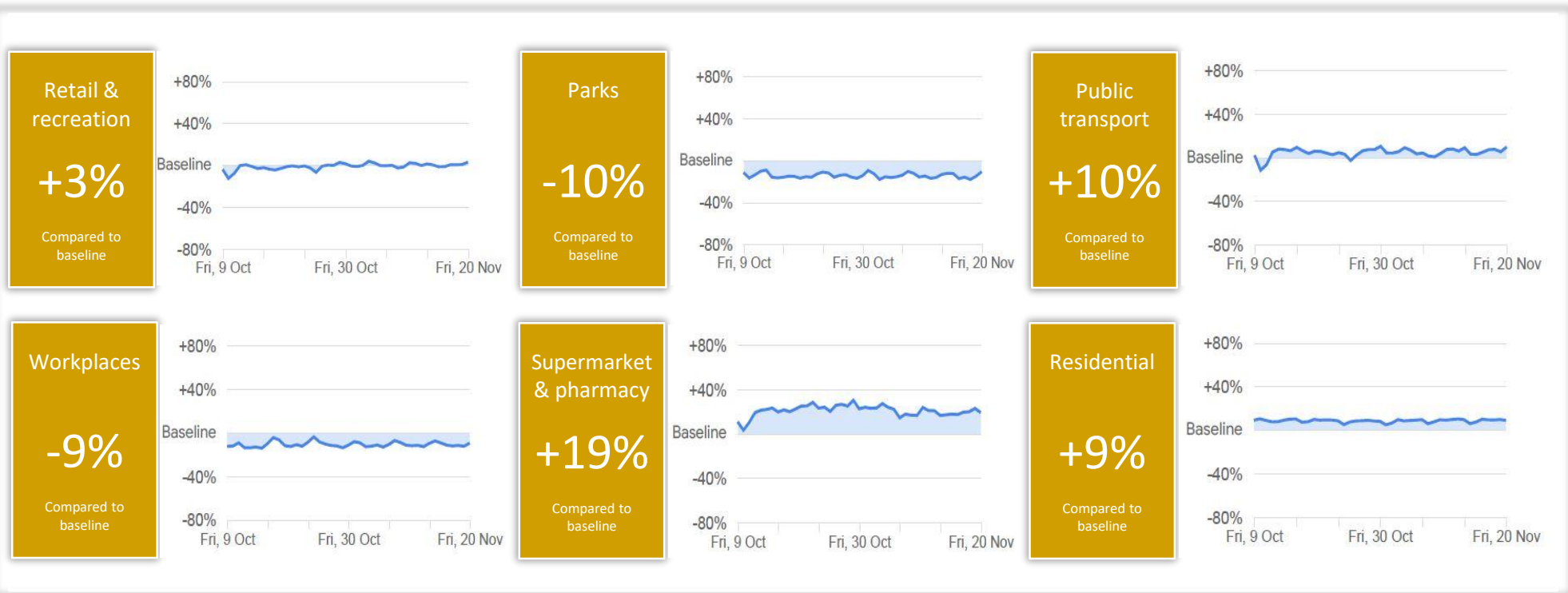
## Summary of EDRL collections for 2019-2020 (GHS' million)

		2019 (Expected)	2019 (Actual)	FY'2020 (Expected)	Year-to-Oct 2020(Actual)
1	Collections	1,666.34	1,687.87	1,904.53	1,281.84
2	Monthly average	138.86	140.66	158.65	128.18
3	Percentage of expected amount (%)		101.29		80.79

**Evidence of increased mobility to a variety of common locations, support the expectation of increased fuel consumption as restrictions on movements have eased.**

- Data from Google mobility report shows that movement as at 20<sup>th</sup> November to workplaces have improved to -9% vs. a low of -42% (on 13<sup>th</sup> April); public transport improved to +10% from -58% (on 5<sup>th</sup> April); mobility to supermarket and pharmacy shops improved to +19% vs. -44% (on 5<sup>th</sup> April).

**Looking ahead, increased mobility and the resulting increase in fuel consumption should support the recovery of EDRL collections, with ES�A guaranteeing debt service for 2020.**



**E.S.L.A Plc has since inception successfully settled all payment obligations to bondholders without delay.**

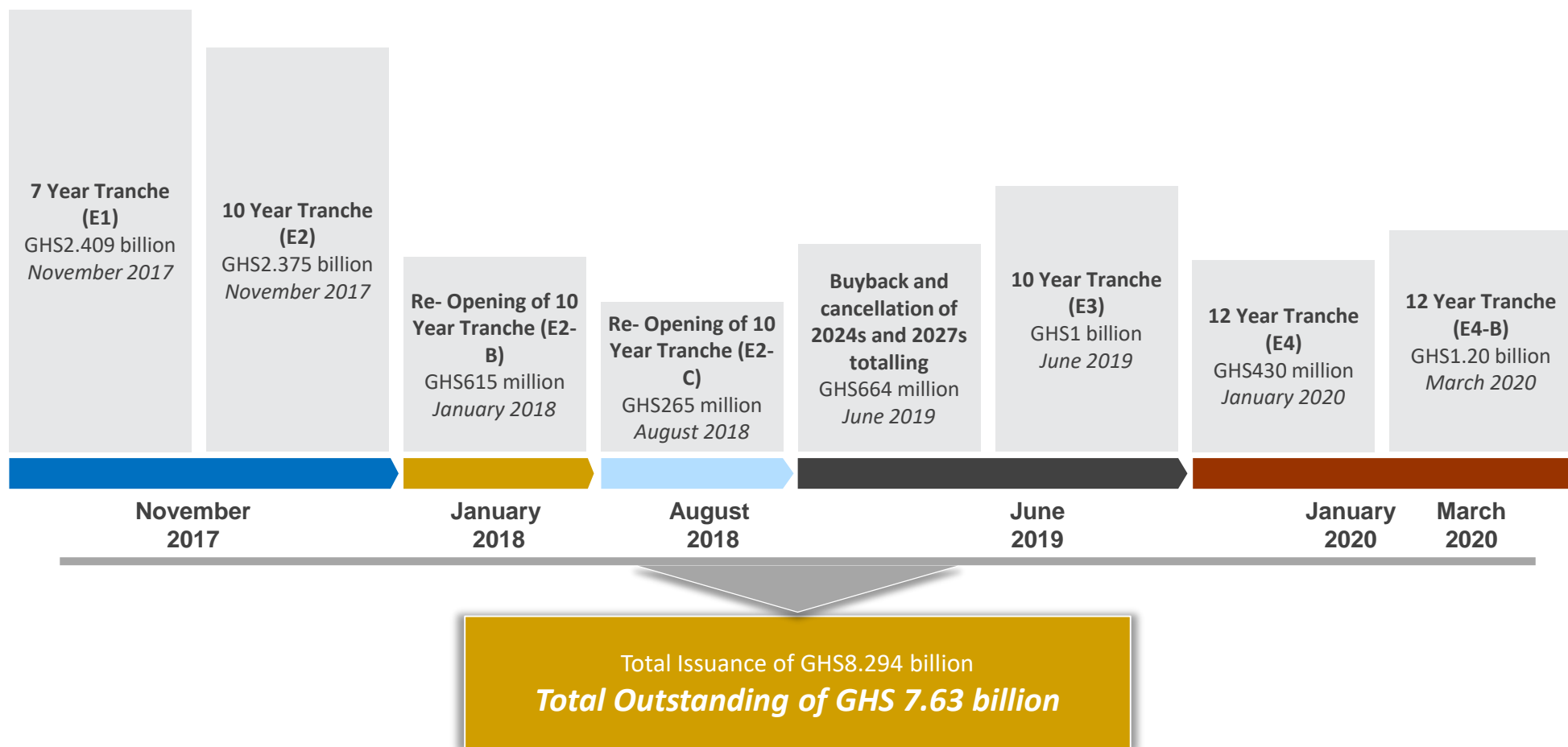
- A total of GHS 3.615 billion has been paid as interest payment for the benefit of bondholders of tranches E1 to E4 bonds
- An outstanding amount of GHS 266.44 million has been transferred to the Trustee to be paid to bondholders of tranches E3 and E4 in December 2020 and January 2021

## Summary of coupon payments ( 2018 to date) (GHS)

Bond Tranche	Amount paid to bondholders	Coupon payments due (Dec 2020 & Jan 2021)
Tranche E1 (2024)	1,332,916,814	-
Tranche E2 (2027)	1,681,691,084	-
Tranche E3 (2029)	198,500,000	99,250,000
Tranche E4 (2031)	135,686,694	167,190,042
<b>TOTAL</b>	<b>3,348,794,592</b>	<b>266,440,042</b>
<b>Total funds toward debt service</b>	<b>3,615,234,634</b>	

# Timeline of Issuances under the Programme

E.S.L.A. Plc was incorporated in September 2017 as a Special Purpose Vehicle (SPV), sponsored by the Government of Ghana, to amongst others issue debt securities to refinance and repay energy sector debt. A timeline of issuances under the Programme below:





# Summary of Financial Model Assumptions

As E.S.L.A. Plc has successfully collected revenues over the last two years, a combination of historical actuals as well as projections from the National Petroleum Authority (NPA) have been used to forecast petroleum products' consumption over a 12-year forecast period to 2032.

## Key Assumptions on Issuer's Cash Flows

Petroleum Products Consumption Growth Rate (2020-2032 CAGR)		EDRL Rate Levied	Existing Levies	New Levies
Fuel oil	-1.4%	Fuel Oil (GHS/ltr)	0.04	0.04
Premium	8.5%	Premium (GHS/ltr)	0.41	0.49
Gas oil	7.5%	Gas Oil (GHS/ltr)	0.41	0.49
Gasoil Mines	10.2%	Gasoil Mines (GHS/ltr)	0.41	0.49
Gasoil Rig	13.4%	Gasoil Rig (GHS/ltr)	0.41	0.49
MGO Local	-0.3%	MGO Local (GHS/ltr)	0.03	0.03
LPG	6.9%	LPG (GHS/kg)	0.37	0.41
MGO Foreign	14.3%	MGO Foreign (GHS/ltr)	0.41	0.49
<b>Expense and Efficiency Assumptions</b>				
Percentage of Realisable EDRL Flows			91.20%	
WHT Rate for Gross-Up			8.00%	
Annual Expense Reserve			0.50%	
Minimum DSCR			1.25x	

## Model DSCR Outputs on Outstanding GHS 7.6 Billion Bonds (Normal Base Scenario)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>DSCR Model Output (including MOF Capped Commitment)</b>	1.94x	1.72x	1.46x	1.49x	1.69x	2.11x	2.65x	2.92x	6.36x	9.19x	13.19x	16.69x	23.56x
<b>DSCR Model Output (excluding MOF Capped Commitment)</b>	1.54x	1.40x	1.24x	1.27x	1.45x	1.85x	2.38x	2.67x	5.90x	8.69x	12.62x	16.10x	22.88x

**Thank You**

