

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

April 2021

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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.

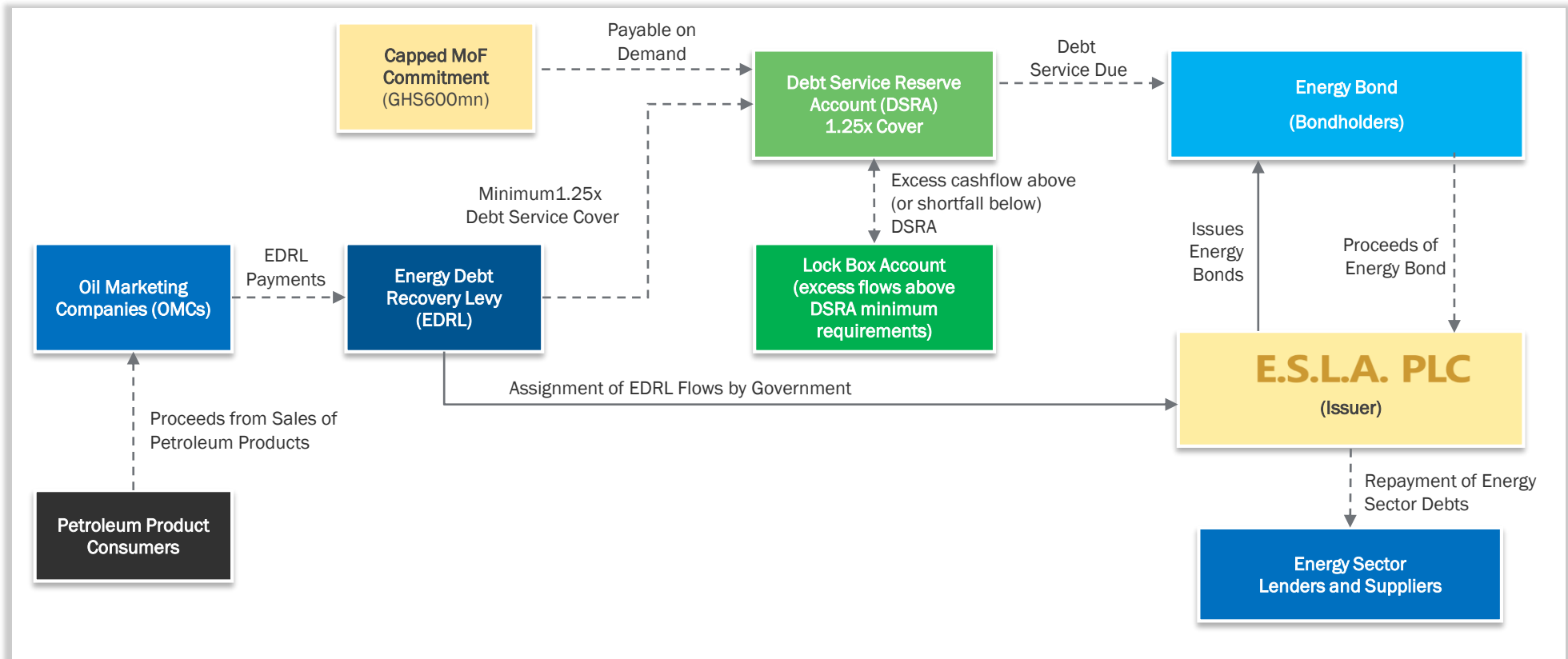
The outbreak of the COVID-19 pandemic in December 2019 had detrimental impacts across the globe. Ghana, from March 2020 felt the socio-economic impact of the pandemic, even after a mix of fiscal and monetary measures were implemented by the GoG to curb the devastating impacts. The three week lock down in parts of the country from March-April 2020, which resulted in a large cross-section of the population (based in the Greater Accra and Ashanti regions) staying at home, was the start of reduction in mobility and consequently fuel consumption for the most part of 2020. This development directly impacted ESLA cash flows as expected albeit temporarily. Nonetheless, the impact on receivables in 2020 was manageable as ESLA achieved circa 90% of expected cash flows. Furthermore, the commencement of vaccination in March 2021 is largely expected to subdue any covid-related risks to the Programme, restore cash flows to previous levels and improve liquidity as witnessed in Q1 2021. ESLA is well positioned to support current outstanding bonds under the Programme.

# 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.**



2020 actual EDRL collections stood at a monthly average of GHS 142.61million representing 89.85% of expected collections.

- The circa 90% collections for 2020 despite the impact of COVID-19 presents some cash flow robustness and supports timely coupon payments to investors as well as further issuances.

For Jan-Mar 2021, actual EDRL collections stand at a monthly average of GHS 252.05 million. Actual collections for the period represent 130.60% of expected collections.

- In nominal terms, monthly average EDRL collection for 2021 is greater than that of 2020, thus far. The increased collections witnessed in 2021 is expected to continue for the rest of the year in light of the reduction in COVID-19 limitations and the country's gradual return to normalcy, thus further improve ESLA's cash flow and liquidity.

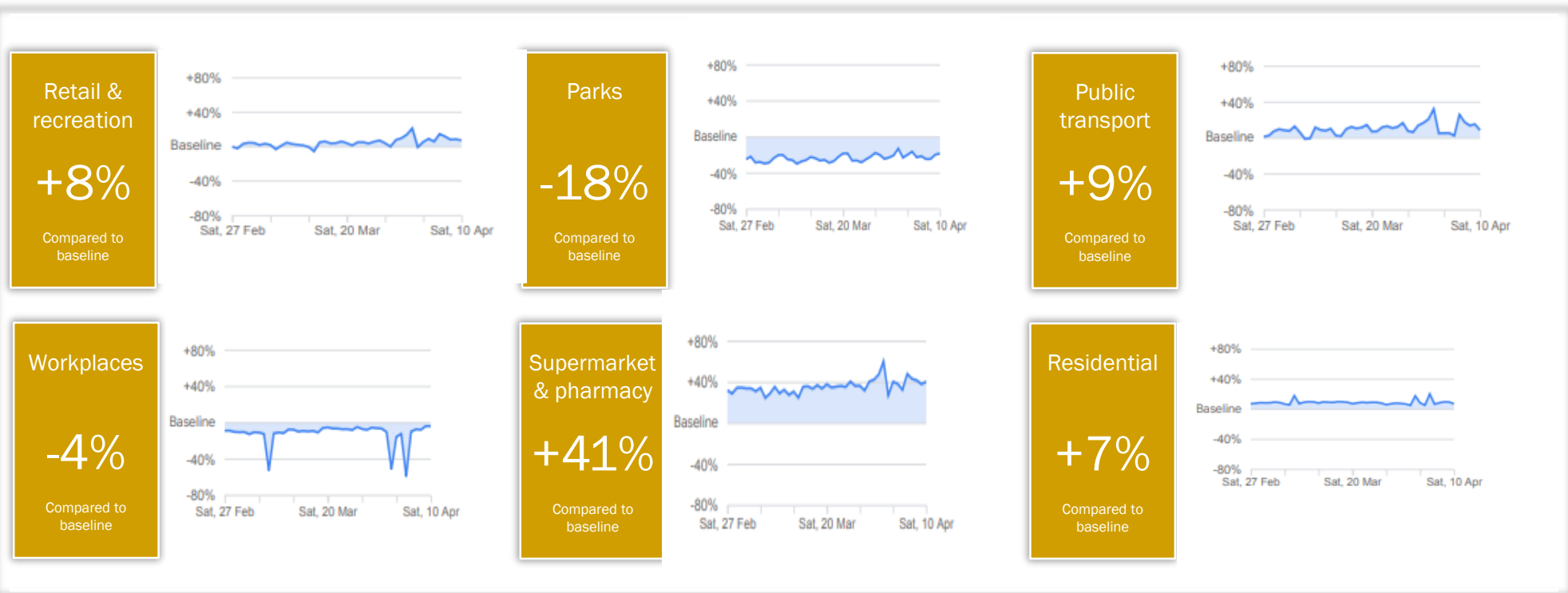
## Summary of EDRL collections for 2020-2021 (GHS' million)

		2020 (Expected)	2020 (Actual)	FY'2021 (Expected)	Year-to-March 2021 (Actual)
1	Collections	1,904.53	1,711.30	2,315.99	756.14
2	Monthly average	158.65	142.61	193.00	252.05
3	Percentage of expected amount (%)		89.85%		130.60%

Evidence of increased mobility to a variety of common locations, support the expectation of increased fuel consumption as COVID-19 cases reduce ( with the vaccination underway) and the country gradually returns to normalcy.

- Data from Google mobility report shows that movement as at 10<sup>th</sup> April 2021 to workplaces have improved to -4% vs. a low of -9% ( as at Nov'2020); public transport declined marginally to +8% from +9% (Nov'2020); mobility to supermarket and pharmacy shops improved to +41% vs. 19% (Nov'2020).

Looking ahead, increased mobility and the resulting increase in fuel consumption should support the recovery of EDRL collections, with ESLA guaranteeing debt service for 2021.





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

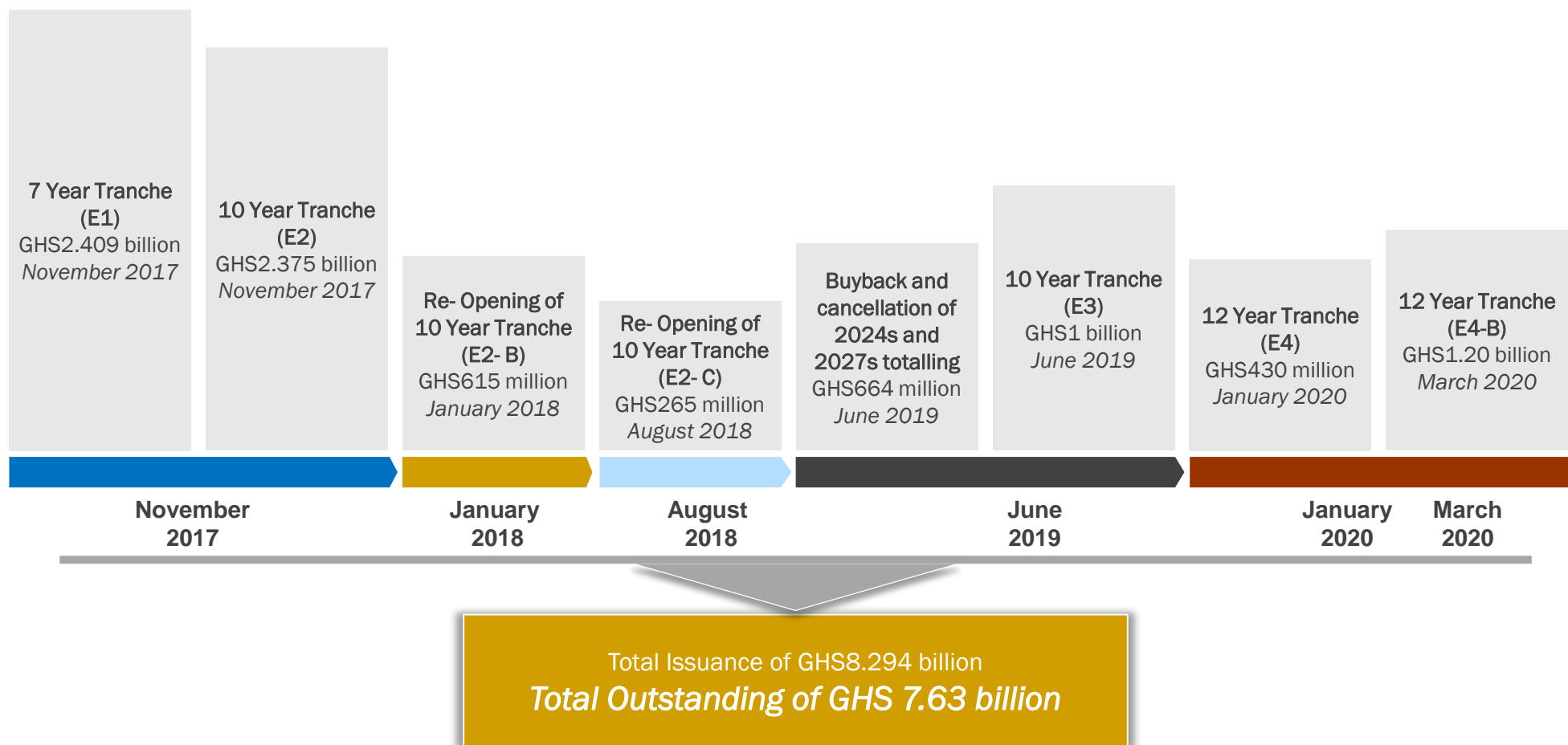
- A total of GHS 3.615 billion has been paid as interest payment for the benefit of bondholders of tranches E1 to E4 bonds.
- An outstanding amount of GHS 748.35 million has been transferred to the Trustee to be paid to bondholders of tranches E1 to E4 bonds from April 2021 to July 2021.

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

Bond Tranche	Amount paid to bondholders	Coupon payments due (2021)
Tranche E1 (2024)	1,332,916,814	429,762,320.36
Tranche E2 (2027)	1,681,691,084	534,384,448.36
Tranche E3 (2029)	297,750,000	198,500,000.00
Tranche E4 (2031)	302,712,736	334,02,084.21
<b>TOTAL</b>	<b>3,615,070,634</b>	<b>1,496,698,852.93</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 three 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	Levies assigned to E.S.L.A. PLC
Fuel oil	-1.2%	Fuel Oil (GHS/ltr)	0.04	0.04
Premium	7.2%	Premium (GHS/ltr)	0.49	0.47
Gas oil	6.4%	Gas Oil (GHS/ltr)	0.49	0.47
Gasoil Mines	8.7%	Gasoil Mines (GHS/ltr)	0.49	0.47
Gasoil Rig	11.3%	Gasoil Rig (GHS/ltr)	0.49	0.47
MGO Local	-0.3%	MGO Local (GHS/ltr)	0.03	0.03
LPG	5.9%	LPG (GHS/kg)	0.41	0.39
MGO Foreign	12.2%	MGO Foreign (GHS/ltr)	0.49	0.47
<b>Expense and Efficiency Assumptions</b>				
Percentage of Realisable EDRL Flows			100.00%	
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)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
DSCR Model Output (including MOF Capped Commitment)	1.63x	1.47x	1.56x	1.85x	2.37x	3.02x	2.90x	8.87x	7.82x	14.80x	21.40x
DSCR Model Output (excluding MOF Capped Commitment)	1.41x	1.31x	1.41x	1.68x	2.19x	2.83x	2.75x	8.46x	7.55x	14.38x	20.92x

Thank You

