



Investment Opportunity

Divestiture of Litro Gas - Sri Lanka's leading LPG companies

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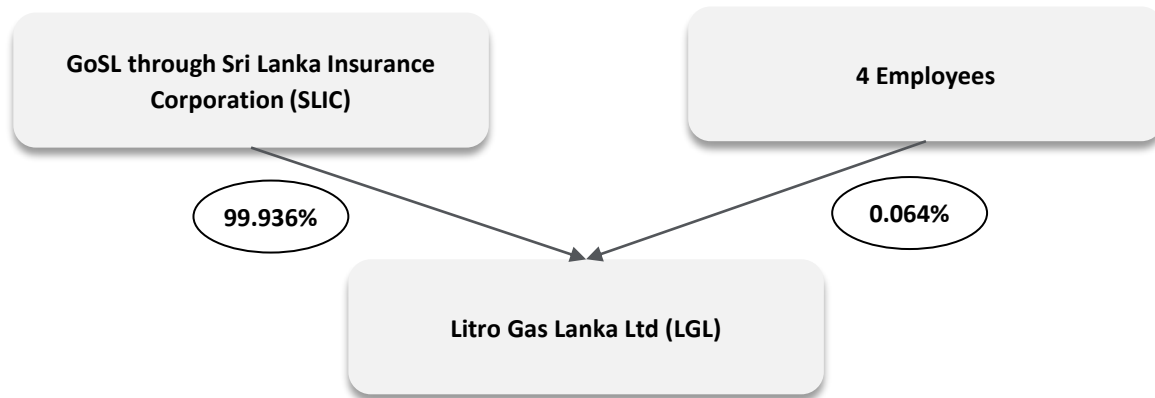


Annexures

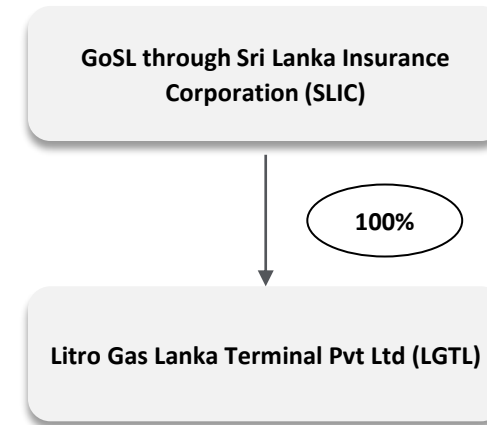
Proposed Transaction

Divestiture of Litro Gas Lanka Ltd (LGL) & Litro Gas Terminal Lanka (Pvt) Ltd (LGTL)

Shareholding of LGL (31 Dec'22)



Shareholding of LGTL (31 Dec'22)



Proposed Transaction



Divestiture of GoSL's entire shareholding in LGL & LGTL through a competitive bid process

Investment Highlights

Sri Lanka's leading LPG supplier

Real GDP is expected to grow ~3% between 2025-28 indicating a positive spin for Sri Lankan economy

**Market leadership position
(~85% market share)**

**High quality asset with sufficient capacity
to scale up business**

**Strategic location of storage and filling units – access to import + market (largest
consumption areas viz. Western Province)**

**Experienced management team; robust
systems and processes**

**Strong commitment from GoSL to close this transaction &
attract investments to scale up LPG consumption in country**

**Low penetration in domestic gas market (<50%), ability to invest and
accelerate future growth**

Strong financial performance – positive EBITDA, low debt

Litro Gas Lanka Limited (LGL)

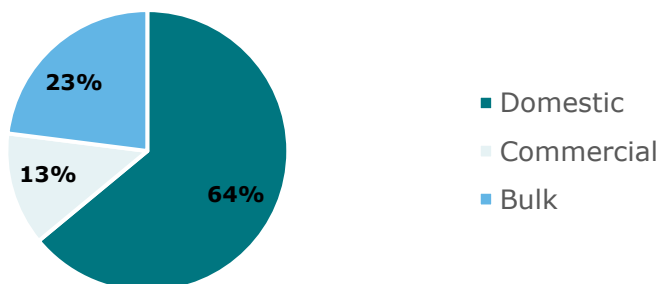
Business Overview



Sri Lanka's **leading LPG Provider** – deep penetration and reach across market segments

- GoSL took over the business post Shell's exit
- LGL involved in importing, filling, distribution and sale of LPG in Sri Lanka
- Operates LPG filling plant: capacity of **1,600 MT/day**
- Has **~85%** market share in Sri Lanka
- Operates in 3 segments – domestic, commercial and industrial
 - **Domestic:** Litro Buddy (2.3kg), Litro Budget (5.0kg), Litro Regular (12.5kg)
 - **Commercial:** Larger cylinders (37.5 kg)
- Sales volume generated from Kerawalapitiya and Mabima facilities. Mabima has bulk LPG receiving and dispatch facilities
- Expansion to add new cylinder filling lines in Mabima facility

Revenue Mix (2022)



Key Financials (USD Mn)	Dec' 2020	Dec' 2021	Dec' 2022
Sales Volume (KT)	347	382	254
Revenue ¹	214.93	261.97	224.31*
Gross Profit	13.01	(35.81)	22.08
EBITDA ¹	3.80	(44.81)	15.64
EBITDA %	2%	-17%	7%
Profit After Tax	0.45	(36.89)	2.53
Net Worth	86.45	50.40	30.80
Total Debt ²	-	18.00	20.59

LGL Business and Reporting Currency is LKR. For presentation purpose only it has been translated to USD

¹Revenue & EBITDA do not include Finance income & Foreign exchange transaction & translation loss

Gross Profit in 2021 decreased significantly owing to high LPG costs which was not passed to customers

²Total Debt includes long-term and short-term borrowings

*In 2022, revenue in LKR has increased, the decline in the above revenue figure is due to depreciation of LKR

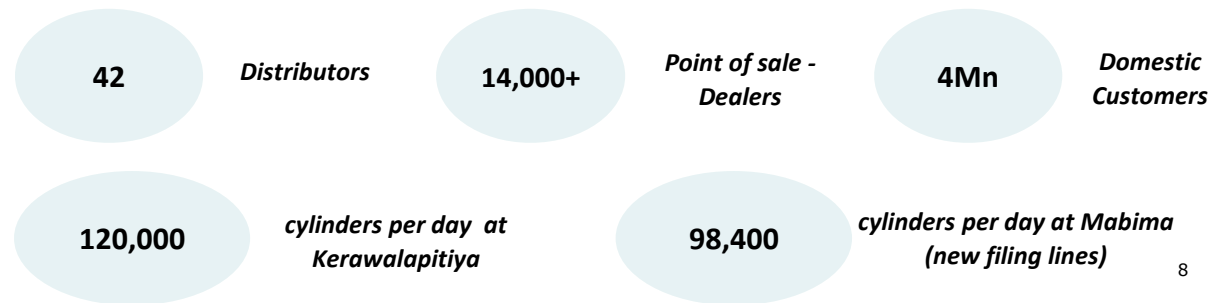
#In 2022, fall in Net worth is due to depreciation of LKR

Source of Exchange Rate: Central Bank of Sri Lanka.

Exchange Rate Considered 1 LKR = 0.0054 US \$ (31st Dec 2020) | 1 LKR = 0.0050 US \$ (31st Dec 2021) | 1 LKR = 0.0028 US \$ (30th Dec 2022)

Sales volume estimated ~ 312 KT in 2023

Key Stats



Litro Gas Terminal Lanka (Pvt) Limited (LGTL)

Business Overview



Leading LPG **storage facility** – healthy financials with high quality assets

- Shell established Shell Terminal Lanka Pvt Ltd In 1995. As part of Shell's exit in 2010, GoSL took over the business
- LGTL provides bulk storage and pipeline facilities for LPG
- Currently LGL is its sole customer
- 100% held by GoSL through Sri Lanka Insurance Corporation (SLIC)
- Total storage capacity – **8,000 MT**. Storage terminal located at Kerawalapitiya. Terminal linked with CBM facility through a dedicated pipeline of ~5.5 km
- Business model – toll revenue as 'throughput fee' charged at USD 20 / MT
- Estimated to achieve throughput of ~ 285 KT in 2023

Key Financials (USD Mn)	Dec' 2020	Dec' 2021	Dec' 2022
Throughput (KT)	326	368	247
Revenue ¹	8.89	8.09	4.05*
Gross Profit	7.12	6.51	3.16
EBITDA ¹	6.78	6.25	2.81
EBITDA %	76%	77%	69%
Profit After Tax	5.50	5.40	1.63
Net Worth	57.27	60.08	34.23 [#]
Total Debt	-	-	-

LGTL Business and Reporting Currency is LKR. For presentation purpose only it has been translated to USD

¹Revenue & EBITDA; does not include Finance Income & Foreign exchange transaction & translation loss

*In 2022, fall in revenue is due to fall in throughput and depreciation of LKR

[#]In 2022, fall in Net worth is due to depreciation of LKR

Source of Exchange Rate: Central Bank of Sri Lanka.

Exchange Rate Considered 1 LKR = 0.0054 US \$ (31st Dec 2020) | 1 LKR = 0.0050 US \$ (31st Dec 2021) | 1 LKR = 0.0028 US \$ (30th Dec 2022)

Healthy financials:

- Company is debt free with no long term and short term borrowings
- Healthy operating margins >70% EBITDA margin

Key Stats

8000 MT

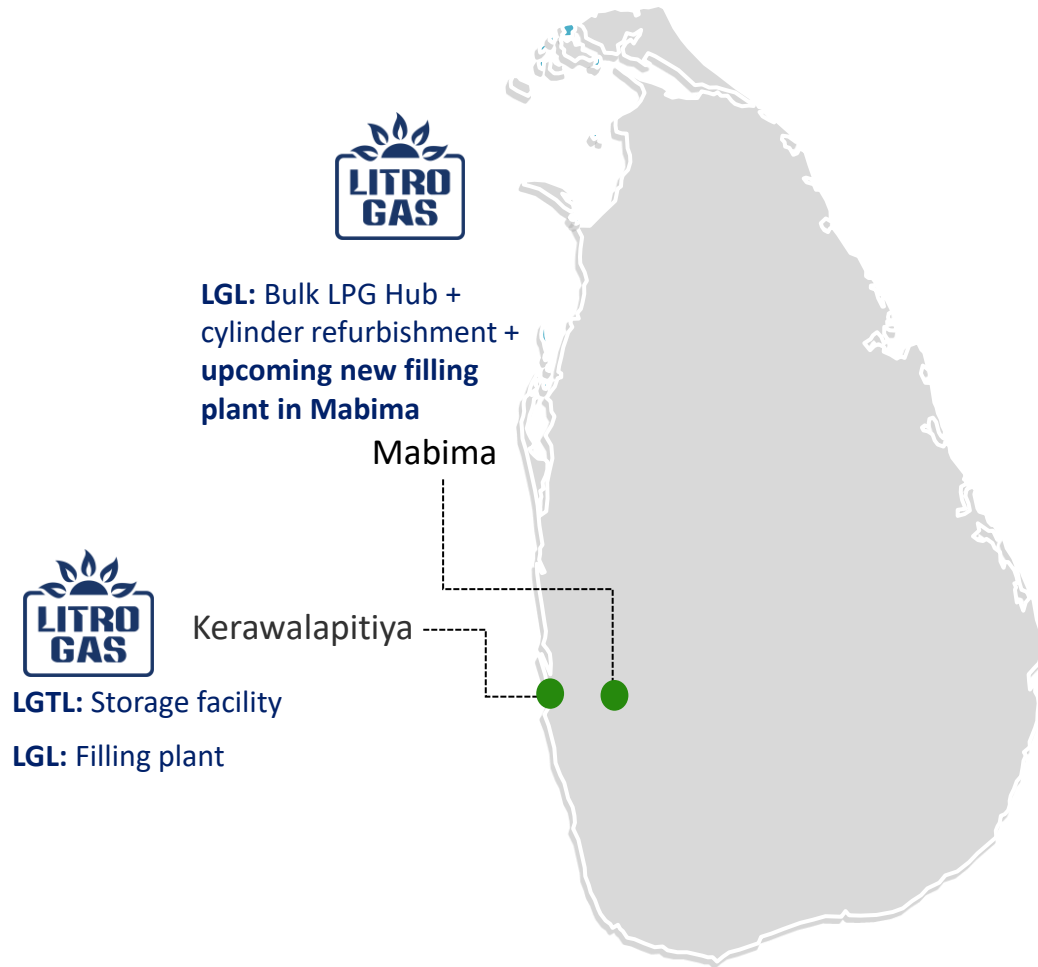
Kerawalapitiya (capacity)

~285 KT

Throughput in 2023

Facilities of LGL & LGTL

Key Locations



Kerawalapitiya Facility

- Capacity 8,000 MT; total area over 26-acres
- Surplus land available for expansion of storage facility and filling capacity
- **Terminal comprises:**
 - Four 2,000 MT LPG storage spheres
 - LPG unloading bay. Central Buoy Mooring (CBM) allows direct unloading of 695 MTs/day of LPG from tankers
 - CBM facility connected via a 5.5 km sea and land pipeline to Kerawalapitiya storage facility
- **Filling plant:**
 - Filling capacity of 1600 MT/day
 - 4 categories of cylinders – 37.5 kg, 12.5 kg, 5 kg and 2.3 kg
 - 6 filling lines – 3 lines for 12.5 kg cylinders and 3 lines for filling other 3 categories

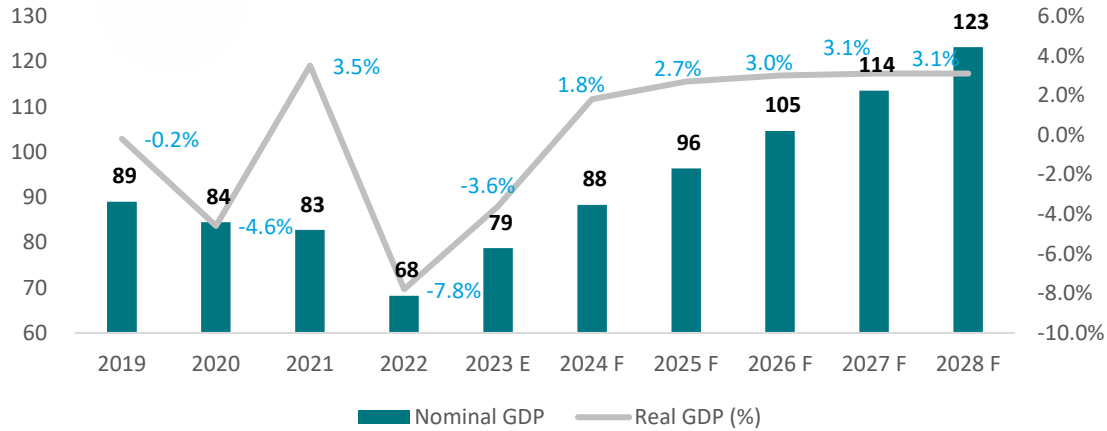
Mabima Facility

- Commissioned in 1984, it has a cylinder refurbishment unit and bulk LPG receiving and dispatch facilities
- Receives LPG from adjacent Ceylon Petroleum refinery
- Expansion - Addition of one filling line for each 12.5 kg, 5 kg, and 2.3 kg cylinders and 4 lines for 37.5 kg cylinders. New lines estimated to be commissioned in Q1 2024

Sri Lanka Economic Outlook

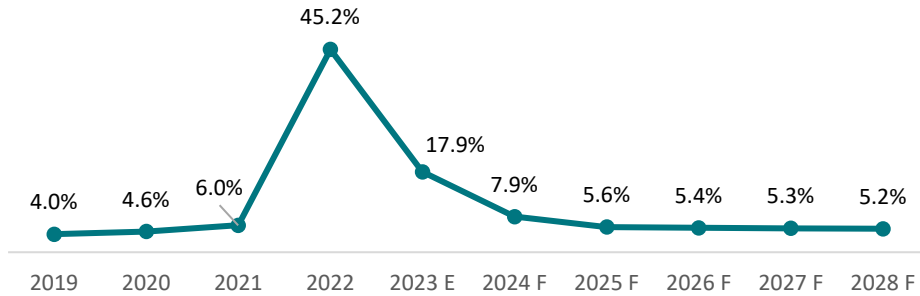
Economic parameters indicate positive spin for Sri Lanka economy

Sri Lanka GDP over the years



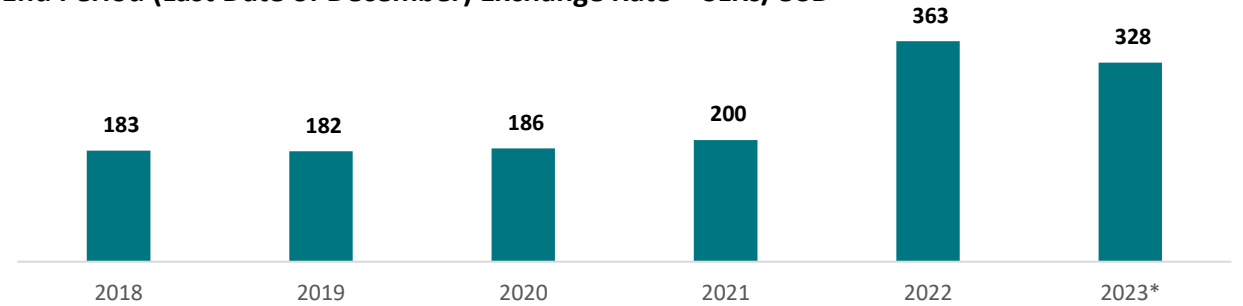
Real GDP growth rate in Q3 '23 is estimated at 1.3%. Real GDP estimated to grow at ~3% p.a. till 2028

Average CPI (%)



Inflation started to ease to 1.5% in Oct 2023, post record levels in 2022 and initial months of 2023.

End Period (Last Date of December) Exchange Rate – SLRs/USD



*Exchange Rate as on 6 Dec'2023

Currency has stabilized after devaluation in 2022, expected to remain stable



- In Q3 '23, agriculture sector grew by 3.0%, manufacturing output by 2.1%, and services grew by 1.3% compared to Q3 '22



- Tourist arrivals expected to exceed historical peak with 2.90 million visitors in 2024 and further grow at CAGR of 19.6% from 2024 to 2030
- GoSL has set a target of earning \$ 5 bn from Tourism by 2025



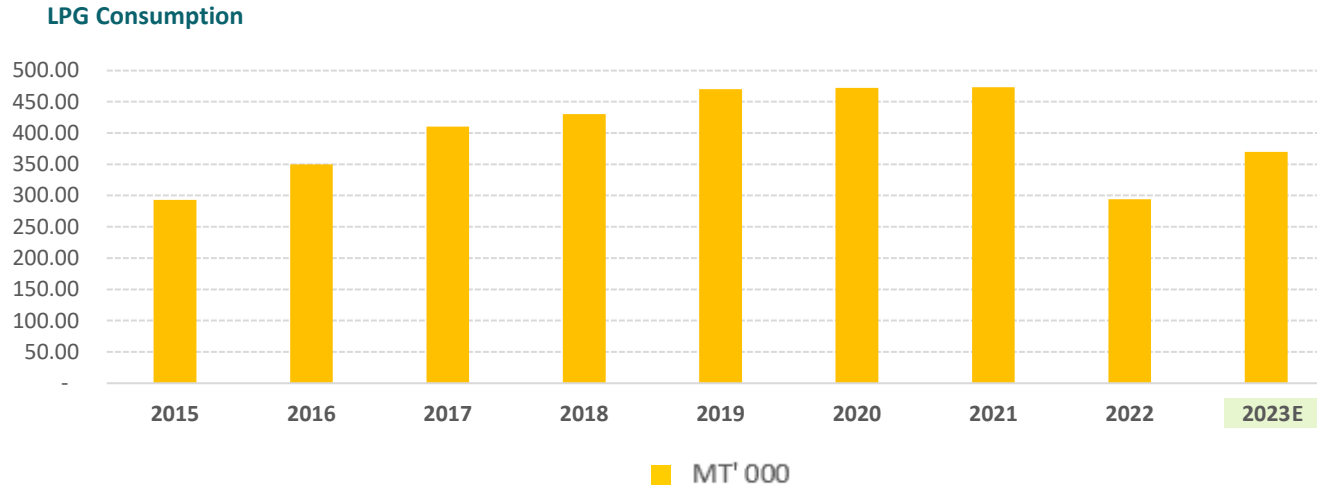
- Sri Lanka has made progress to restore debt sustainability, reduce inflation, and safeguarding financial stability. IMF cleared the disbursement of second tranche of \$ 337 Mn of Extended Fund Facility.

-IMF Executive Board

Sri Lanka LPG landscape

LPG consumption expected to rise

Sri Lanka LPG Consumption

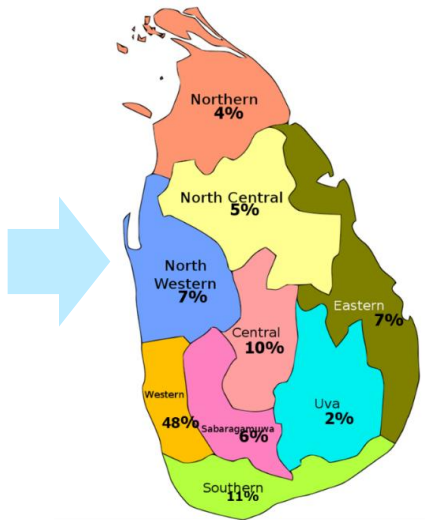


Consumption of LPG grew at a CAGR of 8% from 2015 to 2021 and peaked at 473 KT in 2021

LPG consumption expected to bounce back in the near future to 2021 levels

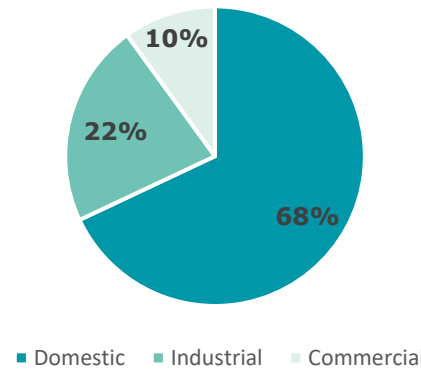
Production: Sri Lanka produces ~ 10% of its internal demand, balance met through imports

Provincial Consumption: Consumption of LPG concentrated in Western Province, surrounding Colombo



Market Structure

Key Segments (Volume)



Players: Two LPG players in the market - LGL has a share of approx. 85% by volume and balance approx. 15% with Laugfs Gas

Storage Capacity: 41 KT storage capacity:

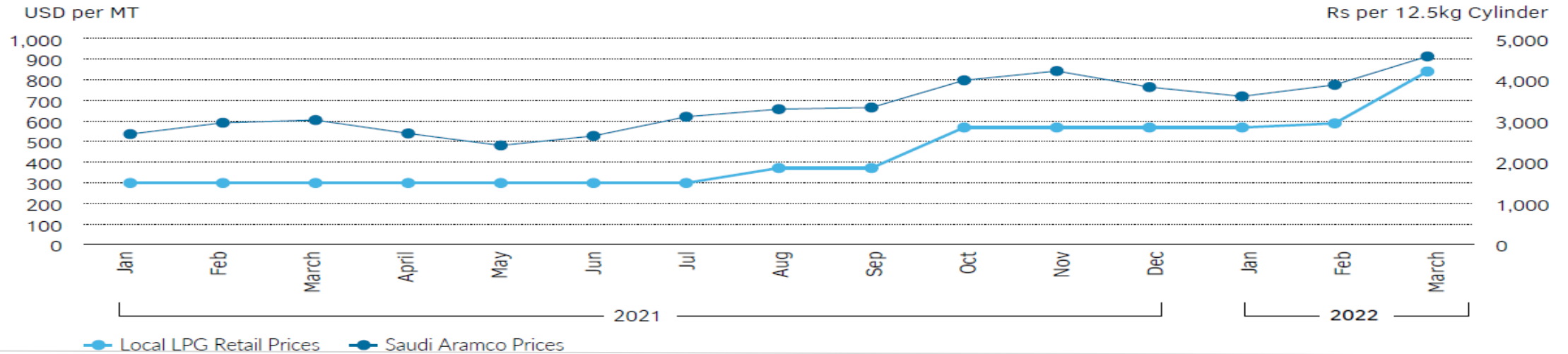
- Hambantota – 33 KTPA
- Kerawalapitiya – 8 KTPA

Domestic LPG landscape

Pricing Trends



Saudi Aramco Prices & Local LPG Prices from Jan' 2021 to Mar' 2022



LPG market price

- LPG was initially classified as a “Specified Good” in 2003 – the Consumer Affairs Authority imposed price controls on LPG
- Domestic LPG prices were regulated up to October 2021 – LPG was declassified as a “Specified Good”, hence, the price was decontrolled moved as per market dynamics;
- LPG was reclassified as a “Specified Good” in July 2022 which was subsequently withdrawn in June 2023.
 - In August 2022, LGL, being a government entity, agreed on a pricing formula with the Ministry of Finance for domestic LPG cylinders. The formula is based on the Saudi Aramco Contract Price. Based on the formula, the price is revised every month
 - Domestic LPG prices have seen an upward trend i.e., from Rs. 2,892 / 12.5 KG cylinder in August 2023 to Rs. 3,565 / 12.5 KG cylinder in November 2023 in line with the contract price

Transaction Process

Two Stage Process



Qualification of prospective bidders

Shortlisting of bidders based on criteria in Request for Invitation of Expression of Interest (REOI)



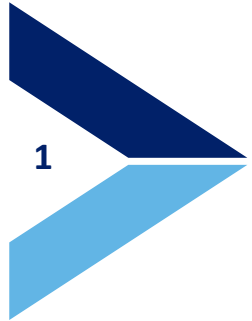
Bidding

Shortlisted bidders to conduct diligence, submit binding bids and term sheet, execution of definitive documents, approvals and closing

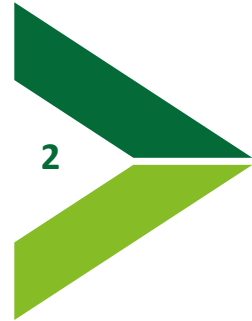
Transaction process details mentioned in Request for Invitation of Expression of Interest (REOI)

Transaction Process

Stage I – Expression of Interest



- Issuance of Advertisement



- Issuance of Request for Invitation of Expression of Interest (REOI)
- Eligibility criteria and document formats



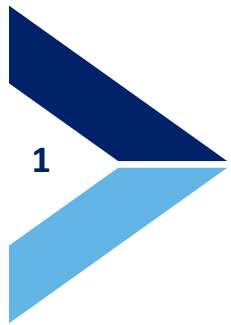
- Submission of EOI/ prescribed documents by Prospective Bidders



- Shortlisting of Bidders for participation in Stage 2
- Execution of NDA

Transaction Process

Stage II – RFP/Bidding Stage



Due Diligence

- Data room Access
- VDD report to be shared with shortlisted bidders



Issuance of RFP, term sheet and draft Definitive Agreements

- RFP and draft Definitive Agreements to be shared with shortlisted bidders via the Data Room



Submission of Bids

- Shortlisted bidders to submit bids in accordance with the terms of the RFP



Bid evaluation and GoSL approval

- GoSL to evaluate and select Successful Bidder as per divestiture guidelines



Execution of Definitive Agreements

- To be executed by GoSL entity and Successful Bidder



Approvals of statutory authorities

- Successful Bidder to obtain all requisite approvals from statutory / regulatory authorities

Transaction Process

Indicative Timelines

Month	January	February	March	April	May	June	July
EOI Phase							
Issue of REOI	█						
Pre-bid Meetings with potential bidders	█						
Submission of EOIs		█					
Evaluation of EOIs and Selection of Shortlisted Bidders			█				
Diligence Phase							
Opening of Data Room and Diligence by Shortlisted Bidders			█	█	█		
Pre-bid meetings/ site visits			█	█			
Issue of RFP and discussion on draft definitive agreement			█	█	█		
Submission of Final Bids					█		
Price Evaluation Phase							
Evaluation of Bids					█		
Negotiations between Client and Bidder						█	
Selection of H1 Bidder & issue of Letter of Intent						█	
Deal Closure							
Signing of Definitive Agreements							█
Transfer of funds							█

- Above timeline is indicative across broad phases of transaction and subject to change on account of bidders' due diligence, evaluation of bids, required approvals, etc.



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