

June 25, 2019

MOZAMBIQUE BOND ANALYSIS [REV]

Hope springs eternal - performance of the Mozambique 2023 eurobond



NOTES

- ① 4/26/16 - Previously undisclosed ProIndicus and MAM loans are revealed, triggering the immediate cancellation of Mozambique's IMF programme and budgetary support from Western donors .
- ② 10/27/16 - Government announces that it intends to restructure its external commercial debt and will be seeking substantial relief from creditors.
- ③ 1/18/17 - Mozambique misses first coupon on its eurobond and fails to cure the default.
- ④ 3/20/18 - Government presents a restructuring proposal that bondholders declare 'dead on arrival'.
- ⑤ 11/28/18 - Government and bondholders announce an agreement in principle on restructuring terms, including interest-rate reduction and maturity-extension in exchange for an option-like claim on expected LNG export revenues.
- ⑥ 5/31/19 - In response to the vociferous objections of civil society to mortgaging the Republic's LNG revenues, a revised agreement in principle is announced, with the value-recovery provision replaced by a higher coupon rate.
- ⑦ 6/3/19 - The Constitutional Court declares "null and void" the original EMATUM ('Tuna') loan and all acts arising therefrom. By definition, this includes the EMATUM loan participation securities and the sovereign eurobond for which they were subsequently exchanged.
- ⑧ 6/12/19 - Referring to the above ruling, finance minister Maleiane acknowledges that "**(E)verything that has been done, according to the ruling, has to be considered non-existent.** The government respects the institutions and their independence. The decisions are mandatory and binding."

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