TSL SPV PLC

₦12 Billion 10-year Series 1 Senior Guaranteed Fixed Rate Infrastructure Bond Due 2030
Under the ₦50 Billion Medium Term Note Programme

Final 2025 Bond Rating Report

Agusto&Co.

Research, Credit Ratings, Credit Risk Management

TSL SPV Plc.

₦12 Billion 10-year Series 1 Senior Guaranteed Fixed Rate Infrastructure Bond Due 2030 under the ₦50 Billion Medium Term Note Programme

Issue Rating:

Aaa

Highest quality debt issue with minimal credit risk; strongest capacity to pay returns and principal on local currency debt in a timely manner.

Outlook: Stable
Issue Date: 30 April 2025
Expiry Date: 31 December 2025

The Issue rating is subject to annual monitoring and review.

Previous Issue rating: Aaa

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RATING RATIONALE

- Agusto & Co. hereby affirms the **"Aaa"** rating assigned to TSL SPV Plc's ("TSL SPV" or "the Issuer") ₦12 Billion 10-Year 10% Series 1 Senior Guaranteed Fixed Rate Infrastructure Bond Due 2030 ("Series 1 Bond", "the Bond" or "the Issue") under the ₦50 Billion Medium Term Note Programme. This rating affirmation is based on the irrevocable, unconditional, and enforceable guarantee provided by Infrastructure Credit Guarantee Company Limited ("InfraCredit" or "the Guarantor"), ensuring the timely payment of coupon and principal obligations on the Bond. The rating of this issue is based solely on the Guarantor, which is rated "Aaa" by Agusto & Co.

- On 6 October 2020, TSL SPV Plc issued a ₦12 Billion 10-year Series 1 Senior Guaranteed Fixed Rate Infrastructure Bond Due 2030 under its ₦50 Billion Medium Term Note Programme. The Bond attracts a fixed coupon rate of 10% payable semi-annually over its 10-year tenor. Principal repayment commenced on 6 April 2023 being the next scheduled payment date following the expiration of a 24-month moratorium, and is scheduled for semi-annual payments over the remaining duration of the Issue. The net proceeds of the Bond were utilised by Transport Services Limited ("TSL", "the Sponsor" or "the Company") to refinance existing short-term debt (93%), fund the Debt Service Reserve Account (5.1%) and acquire new vehicles (1.6%). The Series 1 Bond is secured by the unconditional and irrevocable guarantee provided by InfraCredit, which assures the timely fulfillment of all scheduled principal and coupon payment obligations by the Issuer, in accordance with the terms of the Deed of Guarantee.

- As at 31 December 2024 (Q4 2024), TSL SPV Plc had paid a total of ₦7.57 billion to the series 1 Bondholders, comprising ₦4.56 billion in coupon payments and ₦3 billion in principal redemption, without recourse to the guarantee. The next scheduled coupon and principal payment is due on 6 April 2025. According to the Trustee's report dated 17 February 2025, there were no breaches of the covenants or pledges outlined in the Trust Deed.

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- Based on the irrevocable and unconditional guarantee provided by InfraCredit, we hereby attach a **stable** outlook to TSL SPV Plc's ₦12 Billion 10-Year 10% Series 1 Senior Guaranteed Fixed Rate Infrastructure Bond Due 2030. However, our rating and outlook on the Bond will be revised annually to reflect changes in the rating of the Guarantor.

This rating report should be read in conjunction with Agusto & Co.'s Corporate Rating Report for Infrastructure Credit Guarantee Company Limited

Figure 1: Strengths, Weaknesses, Opportunities and Challenges

Strengths

- Irrevocable and unconditional guarantee provided by InfraCredit
- Strong financial condition of the Guarantor
- Guarantor's good profitability performance
- Guarantor's good shareholders' support
- Guarantor's growing and diversified funding base
- Financial flexibility afforded by the early redemption clause of the Bond

Weaknesses

- Weak profitability of the Sponsor
- High leverage metrics of the Sponsor
- Sponsor's inadequate working capital

Opportunities

- Demand for last-mile delivery services to support the expanding e-commerce sector.
- Urbanization driving demand for efficient transportation and logistics services to support expanding supply chains
- Growing demand for temperature-controlled logistics services by the pharmaceutical, healthcare and food processing industries
- Opportunity to provide cross-border transportation services leveraging the African Continental Free Trade Agreement

Challenges

- Poor road infrastructure resulting in increased vehicle maintenance cost, delays and general reduction in productivity
- Persistent depreciation of the Nigerian currency and FX illiquidity resulting in cost escalations on imported spare parts
- Significant risks to the safety of goods and personnel due to escalating insecurity

GUARANTORS' PROFILE

Infrastructure Credit Guarantee Company Limited

Infrastructure Credit Guarantee Company Limited ("InfraCredit" or "the Guarantor") was established on 20 October 2016 through a partnership between the Nigeria Sovereign Investment Authority (NSIA) and GuarantCo Management Company Limited and commenced operations in January 2017. The Guarantor was formed to enhance the creditworthiness of local currency debt instruments used to finance eligible infrastructure projects across Nigeria. By providing credit guarantees, InfraCredit lowers borrowing costs for issuers and attracts long-term institutional investors, thereby strengthening Nigeria's debt capital market and addressing the nation's critical infrastructure deficit.

InfraCredit's capital structure comprises Core Capital and Subordinated Capital. The Core Capital, funded by key equity sponsors such as Nigerian Sovereign Investment Authority (NSIA), Africa Finance Corporation (AFC), InfraCo Africa Investment Limited, Leadway Assurance and AIICO Insurance PLC, offers "first loss" protection to guarantee beneficiaries. The Guarantor's Subordinated Capital, a liquid yet unsecured tier of funding, includes a €54.52 million investment from the German Government via KfW and ₦26.1 billion in unsecured subordinated loan facilities from the African Development Bank, bolstering InfraCredit's capacity to fulfil its mandate. The Company invests its capital in high-quality assets, including treasury securities, corporate bonds and bank placements and supports infrastructure projects across sectors such as power, transportation, information and communication technology, renewable energy, agriculture and social infrastructure.

Table 1: InfraCredit's Shareholding Structure as at 31 December 2023

Equity Shareholders	Number of Shares (billion)	Percentage Shareholding
Nigerian Sovereign Investment Authority	11.2	30.4%
African Finance Corporation	11.2	29.7%
InfraCo Africa	11.0	29.3%
Leadway Assurance Company Limited	2.1	5.6%
AIICO Insurance Plc	1.9	5.0%
Total	37.6	100.0%

Source: Infracredit

BOND STRUCTURE & ADEQUACY OF PAYMENT ACCOUNT

On 6 October 2020, TSL SPV Plc issued a ₦12 Billion 10-year Series 1 Senior Guaranteed Fixed Rate Infrastructure Bond Due 2030 ("Series 1 Bond," "the Bond" or "the Issue") under its ₦50 Billion Medium Term Note Programme. The Bond was issued at a fixed coupon rate of 10% payable semi-annually over its 10-year tenor. Principal repayment commenced on 6 April 2023 being the next scheduled payment date following the expiration of a 24-month moratorium, and is scheduled for semi-annual payments over the remaining duration of the Issue.

The net proceeds of the Bond were passed through by TSL SPV Plc ("TSL SPV" or "the Issuer") to Transport Services Limited ("TSL", "the Sponsor" or "the Company"). The funds were primarily utilized to refinance existing

short-term debt totalling ₦11 billion (93%), which had been used to acquire 170 truck heads, 170 trailer flatbeds, and 45 rigid trucks. In addition, ₦600 million (5.1%) was allocated to the Debt Service Reserve Account, while ₦192.5 million (1.6%) was directed towards the acquisition of new vehicles.

The Series 1 Bond is secured by the unconditional and irrevocable credit guarantee provided by InfraCredit. This guarantee serves as a continuing assurance of the timely fulfilment of all payment obligations related to the scheduled principal amounts and coupons payable by the Issuer, as stipulated under the terms of the Deed of Guarantee. In the event of a claim under the Guarantee, InfraCredit is obligated to ensure payment of all due amounts no later than the applicable scheduled payment date or the end of any grace period extended to the Issuer.

In line with the Trust Deed, the Issuer maintains a payment account with Access Bank PLC in the name and under the exclusive control of the Bond Trustee, solely for the purpose of effecting payments on the Series 1 Bond. The payment account is being funded from the operating cash flows of the Sponsor in line with the Trust Deed, which stipulates the remittance of 50% of the next scheduled coupon and/or redemption amount due on the Series 1 Bonds not later than one (1) month before the next payment date, with the remaining 50% deposited not later than ten (10) business days before the next payment date, bringing the total funding to not less than 100% of the scheduled coupon and/or principal amount payable on the Series 1 Bond on such payment date.

If the payment account has not been funded with the scheduled principal and/or coupon at least ten days before a payment date, the Bond Trustee is obligated to issue a demand notice on InfraCredit. Upon receiving the demand notice, the Guarantor must ensure that the payment account is adequately funded by the payment date, thereby facilitating timely payments to Bondholders in accordance with the terms of the Deed of Guarantee.

The Series 1 Bond represents a direct, unconditional, senior, and unsecured obligation of the Issuer, and shall be redeemed primarily from the Sponsor's operating cash flows and if required, through the guarantee provided by InfraCredit. All payment obligations under the Series 1 Bond rank pari passu with all other existing or future unsubordinated debt and monetary obligations of both the Issuer and the Guarantor. Agusto & Co. has based its rating of the Series 1 Bond exclusively on the creditworthiness of the Guarantor.

As at 31 December 2024 (Q4 2024), TSL SPV Plc had paid a total of ₦7.57 billion to the series 1 Bondholders, comprising eight semi-annual coupon payments amounting to ₦4.56 billion and four part-payments towards principal redemption totalling ₦3 billion, without recourse to the guarantee. The next scheduled coupon and principal payment is due on 6 April 2025. According to the Trustee's report dated 17 February 2025, there were no breaches of the covenants or pledges outlined in the Trust Deed.

REVIEW OF SPONSOR'S FINANCIAL CONDITION

Analysts' Comments: We have reviewed Transport Services Limited's three-year audited financial statements ended 31 December 2023 and the management accounts for the full year ended 31 December 2024.

Strong revenue growth, but profitability remains pressured due to high debt burden

Transport Services Limited (TSL) generates revenue primarily from haulage services provided to corporate clients across key industries, including oil and gas, mining, construction, agro-allied and fast-moving consumer goods (FMCG). The Company's clientele includes Flour Mills of Nigeria Plc, Lafarge Africa Plc, Nigerian Breweries, PZ Cussons, Total Nigeria, OVH Energy and Axxela.

In the financial year ended 31 December 2024 (unaudited), TSL recorded a 31% increase in revenue to ₦18.2 billion, driven by price adjustments to accommodate rising direct costs, particularly diesel expenses, which surged by 79.3% year-on-year as of June 2024[1]. Furthermore, the Sponsor expanded its operations following the reconditioning of 150 trucks, which enabled increased service capacity. In the near term, we expect revenue growth to be sustained by the long-term nature of TSL's contracts and additional fleet capacity from the reintroduction of these reconditioned trucks.

TSL's direct costs primarily comprise diesel expenses (which account for about 50%), trip and delivery-related costs, repairs and maintenance, truck depreciation, and freight forwarding charges. Service contracts are typically structured to accommodate price adjustments in response to fluctuations in diesel costs, mitigating the impact of fuel price volatility. However, other cost components remain susceptible to broader macroeconomic headwinds. Despite this, TSL maintained a relatively stable direct cost-to-sales ratio of 67.9% in FYE 2024 (2023: 66.3%), reflecting its ability to transfer incremental costs to its customers. This translated into a gross profit margin of 32.1% (2023: 33.7%) in FYE 2024. The Sponsor's operating costs-to-revenue ratio declined to 14.7% in 2024 (2023: 18.6%), highlighting cost efficiencies, particularly in personnel management, resulting in an operating profit margin of 17.4% (2023: 15%) which was in line with our internal benchmark.

TSL's interest expense increased by 31% year-on-year due to the high interest rate environment. Interest-expense-to-revenue ratio however remained flat at 16.8%, but was significantly above our 5% limit, highlighting the burden of debt servicing costs on the Company's profitability. The Sponsor posted a profit before tax (PBT) of ₦641 million in FYE 2024, translating to a modest PBT margin of 3.5%. TSL's pre-tax pre-interest return on assets (ROA) was low at 12% in FYE 2024. However, the Sponsor's pre-tax return on equity (ROE), excluding revaluation gains, stood at 67%, primarily driven by its low equity base. In the near term, we expect TSL's profitability to continue to be pressured by the weight of its significant debt exposure.

In our opinion, TSL's profitability requires improvement.

[1] *Nigerian Bureau of Statistics*

Satisfactory cash flow position supported by favourable trade terms with customers

Transport Services Limited's operating cash flow (OCF) increased by 1105% to ₦5.39 billion in FYE 2024 (unaudited), driven by higher profits and a significant increase in spontaneous financing, particularly trade and other payables as well as deferred tax liabilities. This was sufficient to cover returns to providers of finance, comprising solely interest payment to debt financiers, 1.7x, which we consider satisfactory. Over the three-year period between 2022 and 2024, the Sponsor generated a cumulative OCF of ₦8.76 billion which was sufficient to cover returns to providers of finance totalling ₦7.29 billion, 1.2x.

In FYE 2024, TSL reported an OCF to sales ratio of 30%, surpassing our internal benchmark of 20%. Similarly, over the three-year period between 2022 and 2024, the Company's cumulative OCF to sales ratio stood at 21%, demonstrating its ability to generate cash from its core business. In the near term, we expect the Company to maintain adequate operating cash flow, supported by the favourable trade terms with its customers and contract flexibility, which often allows for interest-free advances from off-takers to fund contract-related expenses.

Working capital strained by insufficient long-term funding

As at 31 December 2024 (unaudited), TSL's trading assets increased by 11% to ₦12 billion primarily driven by higher inventory levels and an increase in trade and other receivables. The rise in inventory reflects increase in prices of materials including spares, while the growth in receivables aligns with the Company's expanded capacity and price adjustments. As at the same date, the Sponsor's spontaneous financing increased by 16% to ₦14.8 billion due primarily to higher trade payables. This was sufficient to cover TSL's trading assets, resulting in a short-term financing surplus of ₦2.8 billion. In the last three years, the Company's spontaneous financing has consistently been sufficient to cover its working assets owing to the favourable trade terms it enjoys with its customers and suppliers. We expect this trend to continue in the near term.

As at FYE 2024, TSL's long term assets stood at ₦24 billion (2023: ₦24.4 billion). As at the same date, the Company's long-term funds totalled ₦14.6 billion, comprising 41% equity and 59% long-term borrowings. This amount was insufficient to cover the long-term assets, resulting in a long-term financing need of ₦9.5 billion, which was met through the short-term financing surplus and short-term borrowings, resulting in a funding mis-match. In the near term, TSL plans to raise ₦5 billion via bond issuance. This is anticipated to bridge some of its long-term funding gap.

In our opinion, TSL's working capital is inadequate for its operations.

High leverage due to low equity and heavy debt reliance

As at 31 December 2024 (unaudited), TSL's total liabilities remained flat at about ₦36.8 billion compared to the prior year. Interest-bearing liabilities (IBL) accounted for 52% of the total, while non-interest-bearing liabilities constituted the remaining 48%. The Sponsor's IBL primarily comprised the outstanding balance of its ₦12 billion 10-year infrastructure bond issued at a 10% coupon rate, alongside overdrafts and other short-term borrowings from commercial banks.

In 2024, TSL's interest expense increased by 31% to ₦3 billion despite a decline in interest-bearing debts, reflecting the impact of higher lending rates following the Central Bank of Nigeria's rate hikes aimed at curbing inflation. The Sponsor's finance cost-to-revenue ratio remained high at 16.8%, consistent with 2023 levels, reflecting potential inefficiencies in using debt to drive revenue growth. Given plans to raise an additional ₦5 billion through bond issuance, we anticipate increased debt-servicing pressures in the near term.

In 2020, TSL incurred a ₦2.9 billion loss due to the operational disruptions caused by the COVID-19 pandemic, leading to a complete erosion of shareholder funds. In 2021, the Sponsor injected ₦250 million in ordinary share capital and undertook an asset revaluation, resulting in a revaluation gain of ₦5.7 billion, restoring shareholder funds to a positive position. However, the Company has continued to carry forward retained losses, which stood at ₦426 million as at FYE 2024 despite recording ₦641 million in profits.

As at 31 December 2024, TSL's assets were funded by liabilities (84%) and equity (16%) reflecting a low equity cushion in our opinion. The Sponsor's interest-bearing debt (net of cash and equivalents) as a percentage of equity (without revaluation gain) significantly exceeded our maximum threshold at 16088%, underscoring the Sponsor's weak equity position. However, Net debt as a percentage of average total assets (excluding cash and revaluation surplus) was 42%, aligning favourably with our benchmark.

In our opinion, Transport Services Limited is highly leveraged.

OUTLOOK ON BOND REPAYMENT

The transportation and logistics industries in Nigeria play a vital role in the economy by facilitating trade and commerce across various sectors. The country's transport network comprises roads, rail, air and maritime systems, with road transport accounting for over 80% of passenger and freight movements[2] due to limited rail infrastructure, high air transport costs and inadequate port facilities. However, road transport faces its own hurdles, including poor infrastructure, excessive, often informal taxation, high accident rates, rising insecurity and escalating fuel costs. Despite these challenges, we expect road transportation to remain the dominant mode for freight movement in the medium term, given the absence of viable alternatives. In addition, plans by the government to revitalize road infrastructure in the country[3] and the growing trend of public private partnerships in road construction signal positive prospects for Nigeria's road transportation subsector.

Transport Services Limited's revenue has been on a growth trajectory, recording a compound annual growth rate of 20% over the last four years (2020 – 2024). This was driven by business expansion through new client acquisitions and price adjustments aligned with macroeconomic conditions. However, profitability has remained constrained by its high debt burden, preventing the Company from restoring positive retained earnings since the erosion of its accumulated profits in 2020 due to COVID-19. Given plans to raise additional ₦5 billion via bond issuance in the near term, we expect further pressures on the Company's profitability. This is also anticipated to negatively impact its cash flow position. Nevertheless, TSL's favourable trade terms with customers and suppliers are expected to mitigate some of the impacts of the subdued earnings on cash flow, supporting its ability to meet obligations on the ₦12 billion 10-Year Series 1 Senior Guaranteed Fixed Rate Infrastructure Bond. However, should the Sponsor be unable to meet its obligations to the Series 1 Bondholders, Agusto & Co. believes that the Guarantor has the requisite capacity to step in and continue to honour the Bond obligations. Against this backdrop, we consider the risk of default on the Series 1 Bond to be very minimal, primarily due to the guarantee provided by InfraCredit for the Issuer's ongoing payment obligations to the Bondholders.

Based on the aforementioned, we attach a **stable** outlook to TSL SPV PLC's ₦12 Billion 10-Year 10% Series 1 Senior Guaranteed Fixed Rate Infrastructure Bond Due 2030. However, should there be a change in the rating of the Guarantor, our rating and outlook for the Series 1 Bond will be revised accordingly.

This rating report should be read in conjunction with Agusto & Co.'s Corporate Rating Report for Infrastructure Credit Guarantee Company Limited

[2] *https://www.nipc.gov.ng/services-transport/*
[3] *https://worksandhousing.gov.ng/read/3041*

INFRACREDIT'S FINANCIAL SUMMARY

Infrastructure Credit Guarantee Company Limited						
STATEMENT OF FINANCIAL POSITION AS AT	**31 December 2021**		**31 December 2022**		**31 December 2023**	
ASSETS	**₦'millions**		**₦'millions**		**₦'millions**	
1 Cash & Equivalents	1,760	1.2%	2,961	1.4%	2,524	0.7%
2 Government Securities	58,936	39.5%	67,570	32.7%	129,985	35.4%
3 Placements with Financial Institutions			3,358	32.7%	5,178	35.4%
4 Other Debt Securities	7,806		4,727	1.6%	27,297	1.4%
5 Quoted/Equity Investments (Net)						
6 CASH & MARKETABLE SECURITIES	**68,502**	**40.7%**	**78,617**	**35.8%**	**164,984**	**37.5%**
7 Net Guarantee Fees Receivable	4,559	3.1%	6,521	3.2%	8,675	2.4%
8 Other Assets	611	0.4%	807	0.4%	1,236	0.3%
9 Fixed Assets and Intangibles	445	0.3%	460	0.2%	540	0.1%
10 **TOTAL ASSETS**	**74,117**	**49.7%**	**86,405**	**41.9%**	**175,434**	**47.8%**
11 **TOTAL COMMITMENTS**	74,946	50.3%	120,003	58.1%	191,840	52.2%
12 **TOTAL ASSETS & COMMITMENTS**	**149,063**	100.0%	**206,408**	100.0%	**367,274**	100.0%
CAPITAL & LIABILITIES						
13 TIER 1 CAPITAL (CORE CAPITAL)	**37,503**	**25.1%**	**43,845**	**21.2%**	**92,940**	**25.3%**
14 TIER 2 CAPITAL	30,333		32,987		68,107	
15 TOTAL OTHER LIABILITIES	6,579	4.4%	9,574	4.6%	14,387	3.9%
16 **TOTAL CAPITAL & LIABILITIES**	74,415	29.5%	86,405	25.9%	175,434	29.2%
17 TOTAL COMMITMENTS	74,946	50.3%	120,003	58.1%	191,840	52.2%
18 **TOTAL CAPITAL, LIABILITIES & COMMITMENTS**	**149,362**	100.2%	**206,408**	100.0%	**367,274**	100.0%

Infrastructure Credit Guarantee Company Limited						
INCOME STATEMENT FOR THE YEAR ENDED	**31 December 2021**		**31 December 2022**		**31 December 2023**	
	₦'millions		**₦'millions**		**₦'millions**	
19 Guarantee Fee Income	1,251	23%	1,950	21%	3,514	7%
20 Guarantee Fee Expense	(224)	-4%	(298)	-3%	(642)	-1%
21 Impairment Charge	-		-		-	
22 **NET GUARANTEE FEE**	**1,027**	**19%**	**1,652**	**18%**	**2,872**	**6%**
23 Investment Income	2,658	48%	3,155	35%	4,891	10%
24 Other Income/Expenses	1,597	29%	4,024	44%	42,748	84%
25 **OPERATING INCOME**	**5,281**		**8,831**		**50,511**	
26 Personnel Expenses	(961)	(17%)	(1,480)	(16%)	(2,059)	(4%)
27 Depreciation Expenses	(109)	(2%)	(108)	(1%)	(133)	(0%)
28 Other Operating Expenses	(744)	(14%)	(965)	(11%)	(1,272)	(2%)
29 **TOTAL OPERATING EXPENSES**	(1,814)	(33%)	(2,552)	(28%)	(3,464)	(7%)
30 PROFIT (LOSS) BEFORE TAXATION	**3,467**	**63%**	**6,279**	**69%**	**47,047**	**92%**
31 Tax (Expense) Benefit	**(25)**		**64,135**		**(668)**	
32 PROFIT (LOSS) AFTER TAXATION	**3,443**	63%	**6,343**	69%	**46,379**	92%
33 **NET REVENUE**	**5,281**		**8,831**		**50,511**	
34 NON-OPERATING INCOME (EXPENSE) - NET						
ADDITIONAL INFORMATION						
35 Type of institution	**DGGI**		**DGGI**		**DGGI**	
36 Auditors	KPMG		KPMG		KPMG	
37 Opinion	Clean		Clean		Clean	
36 Number of offices	1		1		1	
37 Contingent Capital (₦'millions)	10,875		19,075		22,475	
38 Callable Capital (₦'millions)	-		-		-	
39 Realisable capital (₦'millions)	48,378		62,920		115,415	

RATING DEFINITIONS

Aaa	Highest quality debt issue with minimal credit risk; strongest capacity to pay returns and principal on local currency debt in a timely manner.
Aa	High quality debt issue with very low credit risk; very strong capacity to pay returns and principal on local currency debt in a timely manner.
A	Good quality debt issue with low to moderate credit risk; strong capacity to pay returns and principal on local currency debt in a timely manner.
Bbb	Satisfactory quality debt with moderate credit risk; adequate capacity to pay returns and principal on local currency debt in a timely manner.
Bb	Below average quality debt with moderate to high credit risk; speculative capacity to pay returns and principal on local currency debt in a timely manner.
B	Weak quality debt with high credit risk; speculative capacity to pay returns and principal on local currency debt in a timely manner.
C	Very weak capacity to pay returns and principal. Debt instrument with very high credit risk.
D	In default.

Rating Category Modifiers

A "+" (plus) or "-" (minus) sign may be assigned to ratings from 'Aa' to 'C' to reflect comparative position within the rating category. Therefore, a rating with + (plus) attached to it is a notch higher than a rating without the + (plus) sign and two notches higher than a rating with the - (minus) sign.

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