

Olusegun Obasanjo:
"Buhari is the last
of the Mohicans"



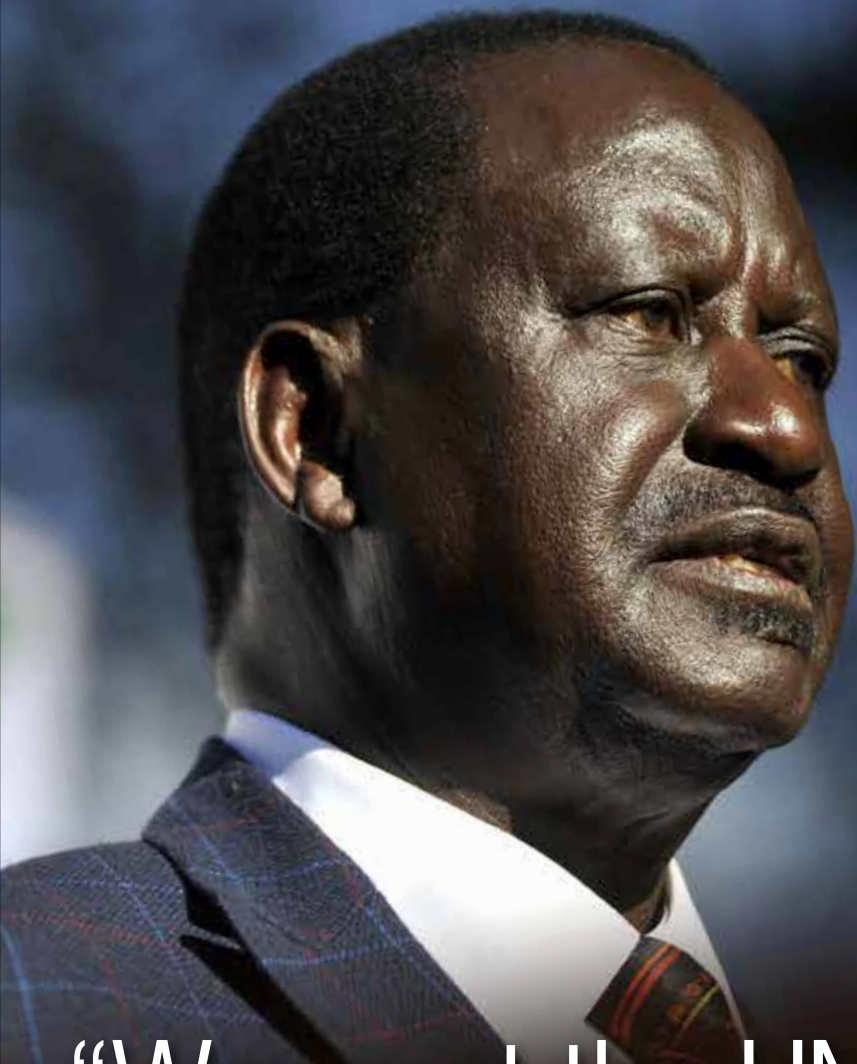
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REPORT

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Raila Odinga

"We want the UN to ensure
free and fair elections"

Nasa push for an overhaul of Kenya's electoral commission

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INTERVIEW

Jubril Adewale Tinubu

Group chief executive officer, Oando

We all got a bit heady with \$100 oil

After reshuffling a debt mountain that had become untenable in the face of low oil prices, Oando has found a way to survive the crash by focusing on the higher end of the market

TAR: Oando restructured its debt in the middle of 2016. Can you talk about what that did for the company?

JUBRIL ADEWALE TINUBU: The first thing we did was to commit to raising approximately \$350m by asset divestments. We made a deal for our downstream business with a consortium of Helios and Vitol, which saw both of them take a 30% stake in our downstream operation. We raised \$410m from that. We then proceeded to cut a deal in our gas business, which saw us raise another \$150m in total. We have also divested our energy services business. In all, we've been able to reduce our debt total by over 40%. In January 2015, we were at \$2.5bn of debt, now we are at approximately \$600m.

What is encouraging to us is our ConocoPhillips acquisition: by the time we started it, of that \$2.5bn pile we had \$900m due to ConocoPhillips for the acquisition, and that liability has been reduced down to approximately \$300m in two and a half years of operation.

What might come further down the road? How are you going to live with oil prices at \$50/barrel, if that is indeed the new normal?

We are in the commodities business and I think we all got a bit heady with \$100 crude, assuming it would last for ever. Our management team has the capacity to

restrategise and readapt the business to current conditions. Our operations are leaner. Our break-even price for oil is much lower today – it's probably around the \$40 mark.

We are also focusing on our dollar-earning export businesses, so we are talking about crude production, which has a big advantage in an environment with a declining currency. We're also focused on our crude-oil export business: we export quite a bit of Nigerian crude and we bring in gasoline which we then sell in Nigeria with the Nigerian National Petroleum Corporation as our main counterpart. We feel that

“We are focused entirely up the value chain – that's where 80% of our business is”

with this strategy we are able to ride the storm successfully, we have returned to profitability and that trend will continue.

Would you say that you have concentrated up the value chain? Are you focusing more on drilling, more on upstream?

Without a doubt, we are focused entirely up the value chain – that's where 80% of our business is. On the production side, we intend to intensify that by carving out some fields in existing operations

and then increasing our organic production. We are also focusing on improving the quality of the security to reduce crude-oil theft from our operations.

Do you think you'll be raising more capital soon? Will you be going to the markets and if so how much do you think you'll need and which projects are first in line for funding?

Not immediately, no. Fund-raising is not an immediate priority. We are focused entirely on restructuring the business, focusing on the dollar-earning assets. We could be raising capital for further expansion, but we tend to do that off balance sheets by focusing on export finance from uptake on crude. We won't be putting that on our balance sheet in terms of raising any equity capital; most of it will focus along the lines of the partnerships that we've created where there are quite a number of private-equity firms that are interested in doing ring-fenced transactions they see as great value from our existing reserve base.

We have more than 450m barrels of reserves and our reserve ratio is low so there is plenty of scope for expansion. We already own the assets so we need to work with partners who are providing the financing. ●

Nicholas Norbrook



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