

Oando Plc

Investor Call

FYE 2013 & H1 2014
Performance Review



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..the energy to inspire

Disclaimer

This presentation does not constitute an invitation to underwrite, subscribe for, or otherwise acquire or dispose of any Oando Plc (the “Company”) shares or other securities.

This presentation includes certain forward looking statements with respect to certain development projects, potential collaborative partnerships, results of operations and certain plans and objectives of the Company including, in particular and without limitation, the statements regarding potential sales revenues from projects, both current and under development, possible launch dates for new projects, and any revenue and profit guidance. By their very nature forward looking statements involve risk and uncertainty that could cause actual results and developments to differ materially from those expressed or implied. The significant risks related to the Company's business which could cause the Company's actual results and developments to differ materially from those forward looking statements are discussed in the Company's annual report and other filings. All forward looking statements in this presentation are based on information known to the Company on the date hereof. The Company will not publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser.

All estimates of reserves and resources are classified in line with NI 51-1-1 regulations and Canadian Oil & Gas Evaluation Handbook standards. All estimates are from Petrenel Report dated 31st December 2013.

BOEs [or McfGEs, or other applicable units of equivalency] may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf: 1 bbl [or an McfGE conversion ratio of 1 bbl: 6 Mcf] is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

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Reserves: Reserves are volumes of hydrocarbons and associated substances estimated to be commercially recoverable from known accumulations from a given date forward by established technology under specified economic conditions and government regulations. Specified economic conditions may be current economic conditions in the case of constant price and un-inflated cost forecasts (as required by many financial regulatory authorities) or they may be reasonably anticipated economic conditions in the case of escalated price and inflated cost forecasts

Possible Reserves: Possible reserves are quantities of recoverable hydrocarbons estimated on the basis of engineering and geological data that are less complete and less conclusive than the data used in estimates of probable reserves. Possible reserves are less certain to be recovered than proved or probable reserves which means for purposes of reserves classification there is a 10% probability that more than these reserves will be recovered, i.e. there is a 90% probability that less than these reserves will be recovered. This category includes those reserves that may be recovered by an enhanced recovery scheme that is not in operation and where there is reasonable doubt as to its chance of success.

Proved Reserves: Proved reserves are those reserves that can be estimated with a high degree of certainty on the basis of an analysis of drilling, geological, geophysical and engineering data. A high degree of certainty generally means, for the purposes of reserve classification, that it is likely that the actual remaining quantities recovered will exceed the estimated proved reserves and there is a 90% confidence that at least these reserves will be produced, i.e. there is only a 10% probability that less than these reserves will be recovered. In general reserves are considered proved only if supported by actual production or formation testing. In certain instances proved reserves may be assigned on the basis of log and/or core analysis if analogous reservoirs are known to be economically productive. Proved reserves are also assigned for enhanced recovery processes which have been demonstrated to be economically and technically successful in the reservoir either by pilot testing or by analogy to installed projects in analogous reservoirs.

Probable Reserves: Probable reserves are quantities of recoverable hydrocarbons estimated on the basis of engineering and geological data that are similar to those used for proved reserves but that lack, for various reasons, the certainty required to classify the reserves as proved. Probable reserves are less certain to be recovered than proved reserves; which means, for purposes of reserves classification, that there is 50% probability that more than the Proved plus Probable Additional reserves will actually be recovered. These include reserves that would be recoverable if a more efficient recovery mechanism develops than was assumed in estimating proved reserves; reserves that depend on successful work-over or mechanical changes for recovery; reserves that require infill drilling and reserves from an enhanced recovery process which has yet to be established and pilot tested but appears to have favorable conditions





07 Operational Update



13 H1 2014 Performance Review



04 Asset Overview



09 FYE 2013 Performance Review



16 Strategic Overview

Asset Overview








Asset Overview

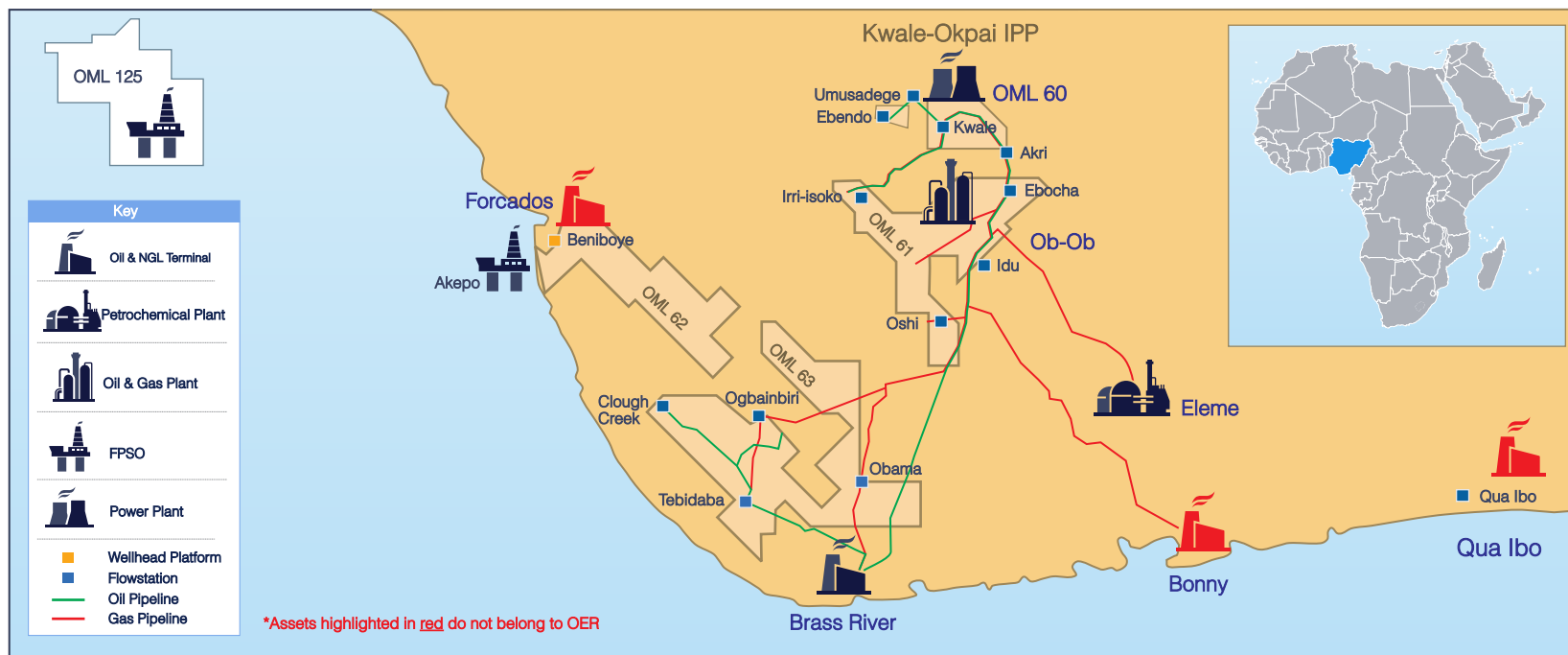
Upstream Division

Midstream Division

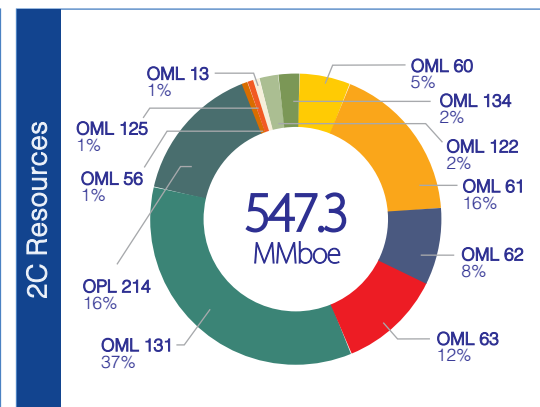
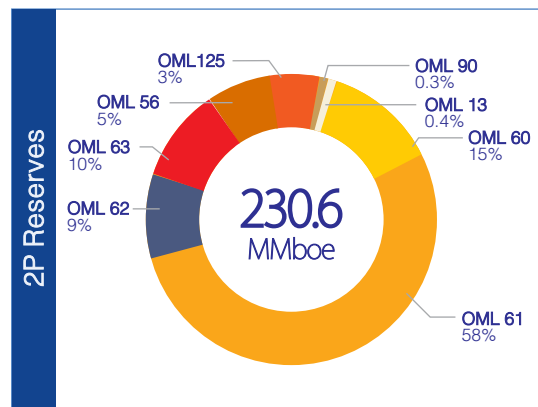
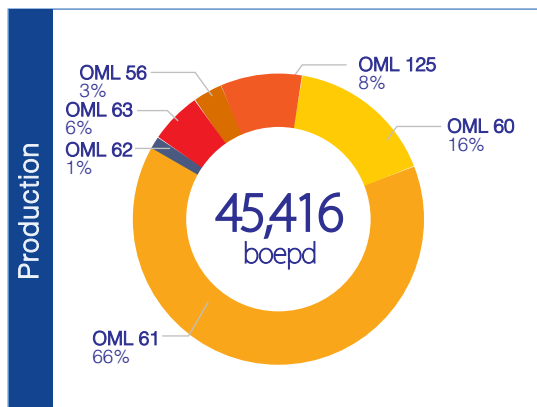
Downstream Division

	Description	Assets	
Exploration & Production	OER listed on the TSX 93.8% ownership of OER	Producing assets: OMLs 60-63, OML 125 & OML 56. Development & Appraisal: OML 134, OML 90, OML 13 & OPL 236. Exploration: OML 131, OML 145, OPL 278, OPL 282, OPL 321, OPL 323, OML122, JDZ 5 & 12	
Energy Services	Largest swamp drilling fleet in Nigeria servicing IOCs	<div> 4 swamp rigs: <ul style="list-style-type: none"> > 2 in contract > 2 waiting to commence operations </div> <div> > Drill bits and engineering services > Total fluids management. </div>	
Gas & Power	<ul style="list-style-type: none"> > First private sector company to enter gas distribution in Nigeria > 2 gas pipeline franchises > 2 Independent Power Plants 	<div> > Gas Pipeline franchise: <ul style="list-style-type: none"> GNL: 100km Lagos CHGC: 5km East </div> <div> > Akute & Alausa captive Power Plants > Compressed Natural Gas Facility: 150,000scm/day capacity > Central Processing Facility </div>	
Marketing	<ul style="list-style-type: none"> > 27% market share in Nigeria Large distribution footprint with access to over 1,500 trucks and 150m litres storage capacity. 	<ul style="list-style-type: none"> > Trading desks and operations in Nigeria and Bermuda. > Trading consultants in the UK and Singapore. 	
Supply & Trading	<ul style="list-style-type: none"> > Largest indigenous supply and trading player in the sub-Saharan region. > 15% market share in PMS importation. 	<div> > 400+ retail outlets in Nigeria, Ghana and Togo > 8 terminals (159.5ML) > 3 Aviation fuel depots </div> <div> > 2 lube blending plants (55m litres / annum) > 7 LPG filling plants </div>	

Upstream Growth

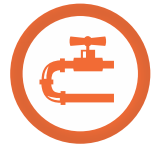


6	Oil Mine Lease OML
40	Fields
322	Wells Drilled
146	Wells in production
11	Gas Injectors
12	Flow Stations
17	Gas Trunk Lines
49	Oil Trunk Lines
1100km	Oil Trunk Lines
2100km	Flow Lines
2 Gas Plants	1 Oil Plant
1	Oil Terminal
360	Communities
4	Assets Spanning Federal States





Operational Update



Upstream Division



Exploration & Production

- Ebendo-7 successfully drilled, completed and shut in. Increasing production to 679 bbl/d which represents a 54% increase in production
- The Abo-12 well successfully drilled within OML 125, production averaged 3,321 bbl/d (net Working Interest) in 2013
- Drilled 3 wells on Abo field to maintain production levels within OML 125, as a result, production averaged 3,321 bbl/d (net Working Interest) in 2013
- OML 125 experienced improved production efficiency as producing wells achieved 98% optimization
- OML 125 production increased by 17% to 651,000 bbls, and production on Ebendo Field (OML 56) increased by 30% to 171,000bbls (YTD - June 2014)
- Progressing on the construction of a 45,000bbls/d, 51km evacuation pipeline which will provide an alternative route for crude transport from the Ebendo Field



Energy Services

- Zero Loss Time Injury (LTI) on 3 operational rigs this year.
- Average Operating efficiency of 3 rigs is 95.8% YTD.
- Concluded 5-yearly certification of major equipment on OES Integrity
- OES Teamwork undertook and successfully concluded the upgrade of its accommodation
- OES Passion has drilled 4 wells, for SPDC in 2014 YTD



Gas & Power

- Commissioned the Alausa Independent Power Plant in Q4 2013 growing our power generation capacity by 10.4MW
- Completed sale of East Horizon Gas Company (EHGC) for \$250m
- Commissioned a 5 mmscf/day Compressed Natural Gas facility in Lagos which enables us to reach commercial and industrial customers outside our existing pipeline network
- Progressing with the Greater Lagos expansion project (Phase 4) which is an expansion of our natural gas distribution network by 8km from Ijora to the Marina business district
- Secured financing for the construction of the GL4 natural gas pipeline project and entered into a construction contract with Oilserv

Midstream Division



Marketing

- Completed upgrade of the Tema station in Accra to a dual forecourt facility increasing daily sales volumes from 9,000 to 13,000 litres.
- Lubricant volumes & Liquid Petroleum Gas volumes grew by 35% & 72% respectively in 2014 YTD.
- Commenced ground-work for the upgrade of Sapara Road, as part of its CSR initiative.

Downstream Division



Supply & Trading

- Commenced exportation of PMS from Ghana to Mali, extending Oando's footprint in the West African sub-region.
- Expanded into South Africa & has commenced operations from SADC.
- Lifting of Crude in Chad expected to commence in Q3 2014
- Successfully registered with Libya National Oil Company, in efforts to expand our footprint into North Africa



Terminals

- Completed the berthing platform at the Apapa SPM jetty
- Commenced groundwork for the upgrade of Apapa Terminal 1.
- Signed two throughput contracts for the utilisation of the Port Harcourt Bitumen Plant

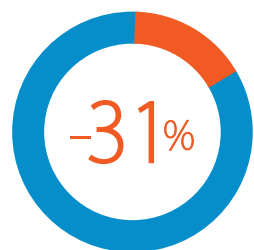




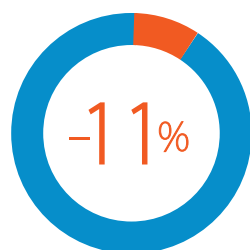
FYE 2013 Performance Review



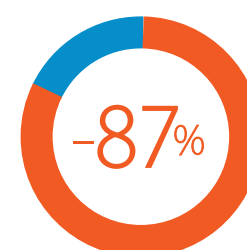
FYE 2013 Profit & Loss Highlights Vs. FYE 2012



Turnover of
 ₦ **450** Bn



EBITDA of
 ₦ **32.7** Bn



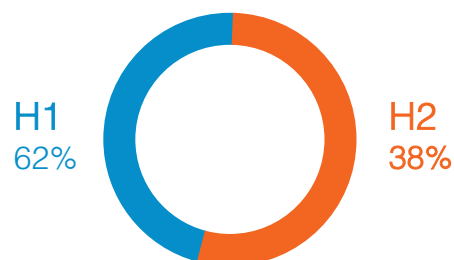
Profit after tax of
 ₦ **1.4** Bn

N'Million	FYE 2013	FYE 2012	Variance
Turnover	449,783	650,566	(31%)
Gross Margin	59,289	69,901	(15%)
Non-interest Expenses	(31,730)	(34,728)	5%
Other Operating Income	5,135	1,637	214%
EBITDA	32,694	36,811	(11%)
Net Finance Costs	(15,833)	(10,248)	(55%)
Depreciation & Amortization	(16,144)	(12,386)	(30%)
Profit before Tax (PBT)	713	14,177	(95%)
Profit after Tax (PAT)/Net Profit	1,398	10,786	(87%)

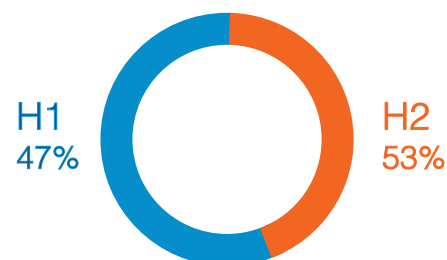
Quarterly Contribution Breakdown

N'Million	H2	H1
Turnover	170,709	280,328
Gross Margin	30,324	30,234
Non-interest Expenses	(16,636)	(16,364)
Other Operating Income	3,668	1,468
EBITDA	17,356	15,338
Net Finance Costs	(12,300)	(3,533)
Depreciation & Amortization	(10,495)	(5,649)
Profit before Tax (PBT)	(5,442)	6,156
Profit after Tax (PAT)/Net Profit	(2,874)	4,272

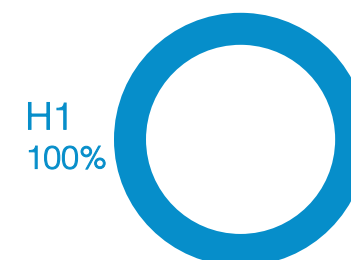
Turnover of N451 Billion



EBITDA of N32.7 Billion

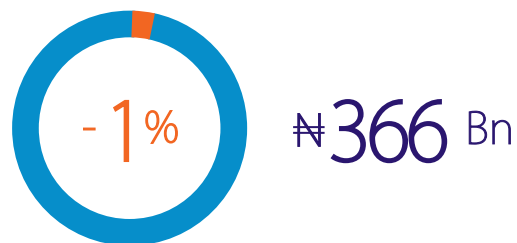


Profit after Tax of N1.4 Billion

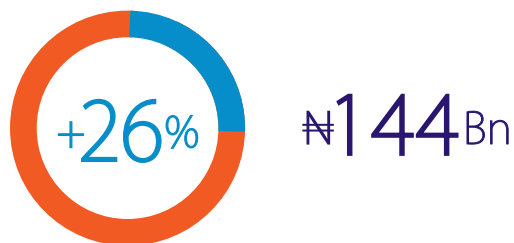


Group Balance Sheet Highlights

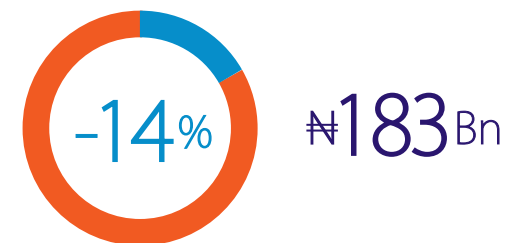
Fixed Assets



Trade & Other Debtors



ST Borrowing



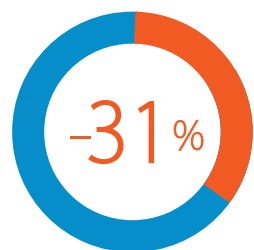
N'Million	FYE 2013	FYE 2012	Variance
Fixed Assets	366,000	369,010	(1%)
Long Term Receivables	15,413	10,619	45%
Stock	19,446	18,111	7%
Trade and other Debtors	143,738	113,935	26%
Bank and cash balances	27,686	17,462	59%
Trade and other Creditors	124,059	86,046	44%
Short Term Borrowings	183,413	213,666	(14%)
Long Term Borrowings	71,872	75,221	(4%)
Equity & Reserves	162,368	105,355	54%



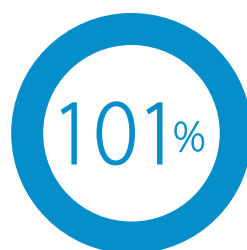
H1 2014 Performance Review



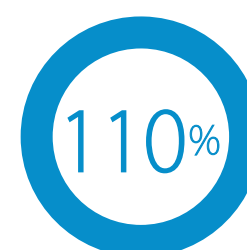
H1 2014 Profit & Loss Highlights Vs. H1 2013



Turnover of
₦194.6 Bn



EBITDA of
₦30.8 Bn



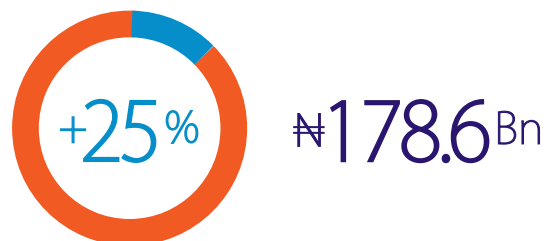
Profit after tax
₦8.9 Bn

N'Million	H1 2014	H1 2013	Variance
Turnover	194,557	280,328	(31%)
Gross Margin	50,506	30,234	67%
Non-interest Expenses	(20,820)	(16,364)	27%
Other Operating Income	1,125	1,468	(23%)
EBITDA	30,811	15,338	101%
Net Finance Costs	(11,212)	(3,533)	(217%)
Depreciation & Amortization	(7,065)	(5,649)	(25%)
Profit before Tax (PBT)	12,533	6,156	104%
Profit after Tax (PAT)/Net Profit	8,980	4,272	110%

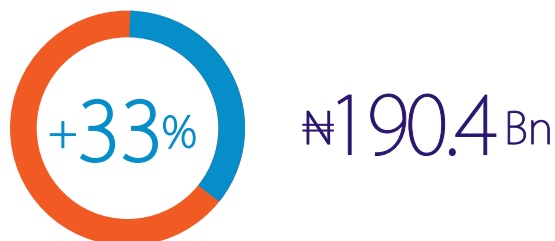


Group Balance Sheet Highlights - H1

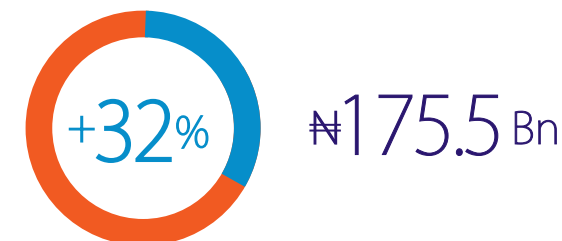
Fixed Assets



Trade & Other Debtors

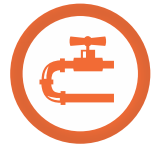


ST Borrowing



N'Million	H1 2014	H1 2013	Variance
Fixed Assets	178,564	143,681	25%
Long Term Receivables	18,690	12,255	52%
Stock	24,869	22,284	12%
Trade and other Debtors	190,379	142,863	33%
Bank and cash balances	50,855	26,550	92%
Trade and other Creditors	175,474	138,654	27%
Short Term Borrowings	175,434	133,366	32%
Long Term Borrowings	63,244	103,563	(39%)
Equity & Reserves	204,584	161,653	27%

Strategic Overview



Strategic Overview

		Current: 2014	Midterm: 2015-2016	Long Term: 2017 & Beyond
Upstream	Exploration & Production	<ul style="list-style-type: none"> > Production of ~45kboepd (YTD Aug 2014) > Reserves Replacement Ratio Target of 1:1 > Accelerated development programme on acquired assets OML's 60-63. > Improved and sustained production levels from Abo wells (OML125) > New drilling campaign to increase production from Ebendo field (OML 56) 	<ul style="list-style-type: none"> > Production Target: 80kboepd > 2P Reserves Target: 300mmboe – 500mmboe > Take advantage of indigenous status and participate in governmental bid rounds for assets as well as divestment programmes by International Oil Companies (IOCs) > Accelerated development programme on OML's 60-63. 	<ul style="list-style-type: none"> > Production Target: 100kboepd > 2P Reserves Target: >500mmboe
	Energy Services	<ul style="list-style-type: none"> > 4 rigs in operations > Expand product offering in drilling services & drill bits business > Divestment of up to 51% or potential listing 	<ul style="list-style-type: none"> > Enter into partnerships & jointly deploy land drilling rigs > Expand product offering in drilling services & drill bits business > Divestment of an additional 25% 	<ul style="list-style-type: none"> > Enter into partnerships and jointly deploy deep-water drilling rigs
Midstream	Gas & Power	<ul style="list-style-type: none"> > Achieve combined volume of 80mmscf/d > Construction of GL4 > Finalize FEED for CHGC expansion > Finalize feasibility for Escravos-Ibadan-Ilorin-Jebba (EIJJ) project > Secure mandate for 15-30MW captive power development 	<ul style="list-style-type: none"> > Commence execution of CPF project > Increase gas pipeline footprint in Nigeria (Lagos and EIJJ) > Complete construction of a 30MW Independent Power Plant > Invest in NIPP assets or other grid-connected power utilities 	<ul style="list-style-type: none"> > Commence execution of Modular Gas Processing and Mini LNG projects > Commence execution of grid-connected electricity supply projects
	Marketing	<ul style="list-style-type: none"> > Distribute up to 2bn litres of products in 2014 > Achieve distribution market share of 15% > Divestment of up to 49% or potential listing 	<ul style="list-style-type: none"> > Grow market share to 18%-20% by strategically repositioning outlets. 	<ul style="list-style-type: none"> > Divestment of an additional 25%
Downstream	Supply & Trading	<ul style="list-style-type: none"> > Expand business activities to Southern Africa & West Africa > Substantially increase traded volumes and margins of crude oil > Increase white products market dominance by leveraging new import infrastructure 	<ul style="list-style-type: none"> > 27% market share in Nigeria > Large distribution footprint with access to over 1,500 trucks and 150m litres storage capacity. 	<ul style="list-style-type: none"> > 27% market share in Nigeria > Large distribution footprint with access to over 1,500 trucks and 150m litres storage capacity.
	Terminals	<ul style="list-style-type: none"> > Completion of construction & commencement of operations of the Apapa Jetty and subsea pipelines in the Lagos Port > Commencement of FEED for modular 360KT storage in Onne 	<ul style="list-style-type: none"> > Commencement of FEED on Badagry Terminal facility > Commencement of FEED for WAF and/or SADC storage play 	<ul style="list-style-type: none"> > Development of a 210,000MT import terminal facility in Badagry > Expand white product storage facilities in Nigeria

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