



Oando Plc

**Half Year 2011 Conference Call
July, 2011**



Cautionary Statement

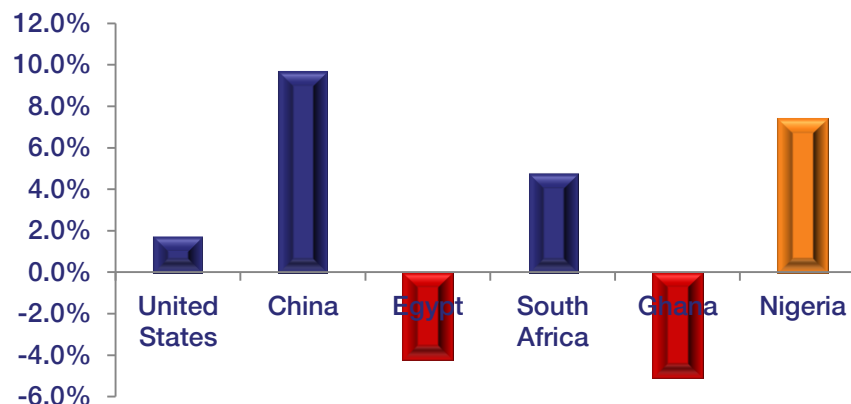


The information presented herein is based on sources which Oando Plc (“Oando”) regards dependable. This presentation may contain forward looking statements. These statements concern or may affect future matters, such as Oando’s economic results, business plans and strategies, and are based upon the current expectations of the directors. They are subject to a number of risks and uncertainties that might cause actual results and events to differ materially from the expectations expressed in or implied by such forward looking statements. Factors that could cause or contribute to differences in current expectations include, but are not limited to, regulatory developments, competitive conditions, technological developments and general economic conditions. Oando assumes no responsibility to update any of the forward looking statements contained in this presentation.

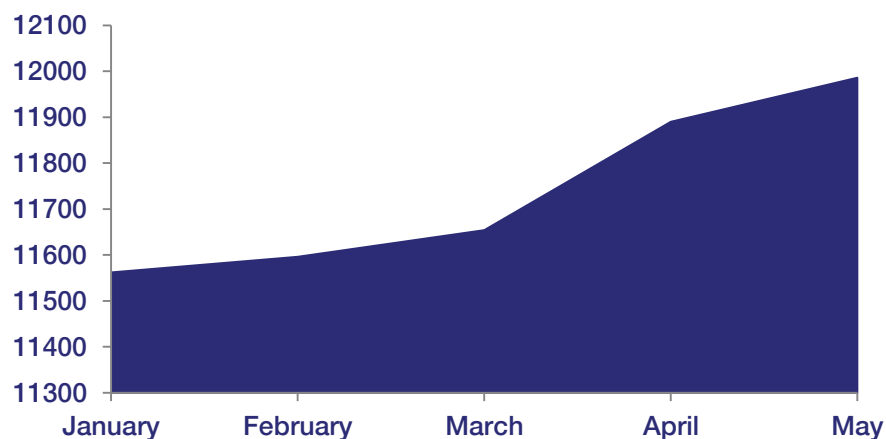
1. Operating Environment
2. Company Overview
3. H1 2011 Performance Review
4. Divisional Performances
5. Strategic Road Map
6. Q&A

- Nigeria's H1 2011 real GDP growth rate was 7.93% compared to 7.43% in Q1 2011, due to:
 - Stable foreign exchange rate (+2.5%);
 - Improved wholesale and retail trade; and
 - Increased contribution of 17.6% from the oil sector.
- The improvement in the Oil sector was due to:
 - High oil prices (avg \$106/bbls); and
 - Increased oil production (2.6mbpd).
- The agricultural sector received a boost due to:
 - Increasing land under cultivation;
 - Healthy rainfall pattern; and
 - The rise in commodity prices.
- There was also a gradual increase in money supply with a year-to-date rise of 4.8%.

Strong GDP growth



Broad Money Supply (NGN Billion)



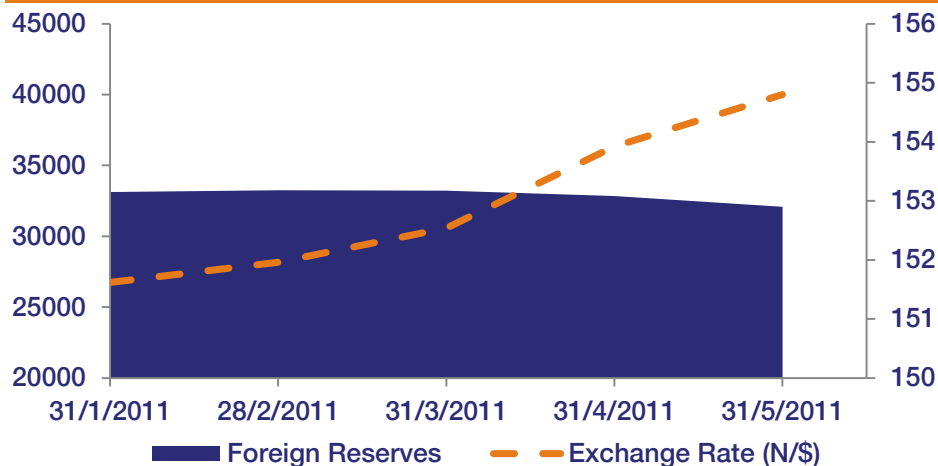
Source: Central Bank of Nigeria (CBN)

Operating Environment

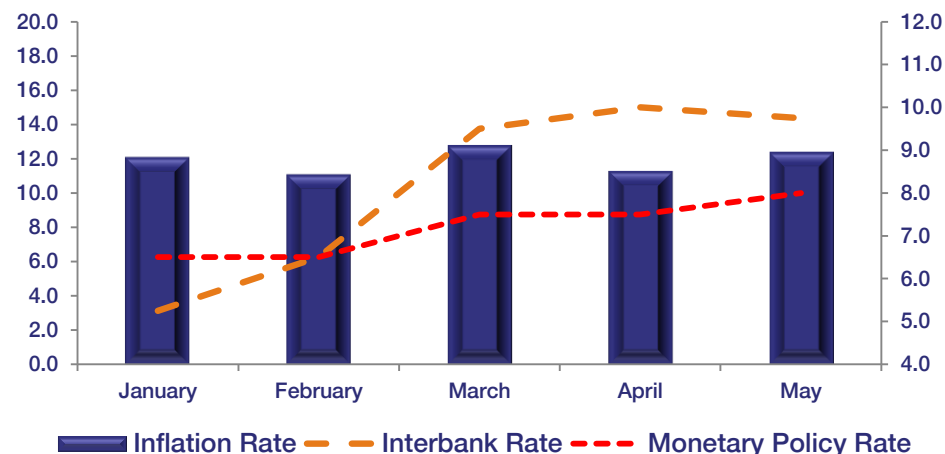


- Foreign Reserves experienced a year-to-date drop of 14.3% due to:
 - Rising crude oil revenues (Q1: 36.9%)
 - Reserves closed the half at \$31.7 Billion
- However, the following remain a major threat to reserves build up:
 - Payment of oil subsidies (c\$4 Billion YTD); and
 - Increasing demand of FX (Q1: \$10.7 Billion)
- The economy experienced stable exchange rates in H1, 2011 due to:
 - A CBN policy to maintain stability
 - Rising demand was equally matched by an increase in the supply of FX (Q1: \$9.6 Billion)
- Inflation closed the half at 10.2% representing a year-to-date drop having started the year at 12.1%. It is expected that a hike in monetary policy benchmark rate to 8.5% in May would curtail inflationary pressures.

Healthy Reserves (\$/bbl) & Stable Exchange Rate (N/\$)



Inflation triggers hike in Monetary Policy Rate (%)



Source: Central Bank of Nigeria (CBN)

Petroleum Industry Bill (PIB):

- Passage of the PIB before the new government was sworn in failed to be realized.
- The bill may take a few more months to be passed as it must be read by all tiers of the new government/legislature.
- One of the major objectives the bill seeks to achieve is for the International Oil Companies to cede unutilized acreages to the independent upstream companies through a market-based mechanism.

Deregulation:

- Consensus for deregulation seems to be mounting but the actual switch remains elusive. Subsidy burden to the Federal Government to date this year is c.US\$4 billion.

Power Sector Road Map:

- The power sector roadmap was unveiled in August 2010.
- 6 power generation and 11 distribution companies of the PHCN are to be privatized through the sale of 51% equity.
- The Multi Year Tariff Order (MYTO) has been reviewed and the new electricity tariff structure to be announced shortly.

Gas Infrastructure:

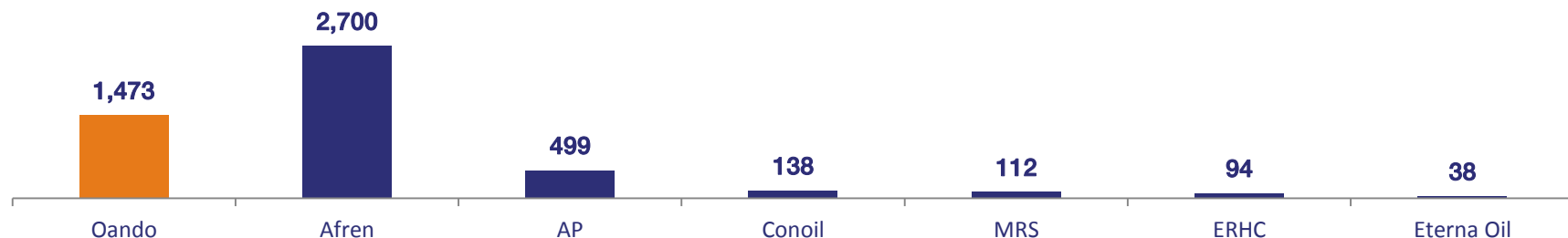
- Gas infrastructure contracts have been awarded by the FGN to the private sector

Company Overview



- Oando is the largest publicly quoted energy company in Nigeria and sub-Saharan Africa's largest indigenous energy company, based on revenues
- Headquartered in Lagos, Nigeria
- Primary listing on the Nigerian Stock Exchange with a secondary listing on the Johannesburg Stock Exchange
- Commenced business as a petroleum marketing company in Nigeria in 1956
- Oando has since diversified across the full value chain of the oil and gas spectrum. Integrated across:
 - Upstream through Oando Exploration & Production and Oando Energy Services
 - Midstream through Oando Gas & Power
 - Downstream through Oando Marketing, Oando Supply & Trading and Oando Refining & Terminals

Sub-Saharan African Listed Energy Peers by EV (\$m)



Source: Bloomberg as at 21-Jul-2011.

Company Overview



Description

- | | | | | |
|--|---|---|---|--|
| <ul style="list-style-type: none"> • Rapidly expanding business line • Primary assets are located in Nigeria | <ul style="list-style-type: none"> • Largest swamp drilling fleet in Nigeria | <ul style="list-style-type: none"> • First private sector company to enter gas distribution in Nigeria • Consists of Gaslink Nigeria Limited, Akute Power and East Horizon Gas Company Limited. | <ul style="list-style-type: none"> • Largest indigenous supply and trading player in the sub-Saharan region • ~25% market share in private PMS importation in 2010. | <ul style="list-style-type: none"> • Nigeria's leading retailer of refined petroleum products with ~20% market share • Large distribution footprint with access to over 1,980 trucks and 159.5m litres storage capacity. |
|--|---|---|---|--|

Key Assets

- | | | | | |
|---|--|--|---|--|
| <ul style="list-style-type: none"> • Producing assets: OML 125 & OML 56. • Development & appraisal: OML 134, OML 90 & OPL 236. • Exploration: OPL 278, OPL 282, OPL 321, OPL 323, OML122 & JDZ | <ul style="list-style-type: none"> • 5 swamp rigs: 2 Working Assets and 3 under refurbishment. • Drill bits and engineering services • Total fluids management. | <ul style="list-style-type: none"> • 100 km gas distribution pipeline in Lagos. • 128 km gas pipeline in the East of Nigeria spanning Akwa Ibom and Cross River states. • Akute captive Power Plant • Riv Gas. | <ul style="list-style-type: none"> • Trading desks in Nigeria and Bermuda. • Trading consultants in the UK and Singapore. | <ul style="list-style-type: none"> • 600+ retail outlets in Nigeria, Ghana and Togo • Eight terminals (159.5ML) • 3 Aviation fuel depots • Two lube blending plants (55m litres / annum) • Seven LPG filling plants |
|---|--|--|---|--|

P & L Highlight



NGN' Million	H1 2011	H1 2010	Increase/ Decrease
Turnover	267,812	172,859	55%
Gross Margin	33,232	27,705	20%
Total non-interest expenses	(16,965)	(16,061)	6%
Other operating income	4,475	5,904	-24%
EBITDA	20,742	17,548	18%
Interest expenses	(3,884)	(4,133)	-6%
Depreciation and amortization	(4,088)	(3,820)	7%
Profit before taxation (PBT)	12,770	9,595	33%
Profit after taxation (PAT)	6,679	5,332	25%
EPS (based on 2,263m shares)	2.95	2.36	-
Gross Margin	12%	16%	-25%



55%

Turnover of N267.8 Billion



33%

Profit before Tax of N12.8 Billio



25%

Profit after Tax of N6.7 Billion

Balance Sheet Highlights



NGN Million	H1 2011	H1 2010	Increase/ Decrease
Fixed assets	159,508	135,210	18%
Long-term receivables	29,083	20,829	40%
Inventories	30,745	20,609	49%
Trade debtors and prepayments	116,012	78,466	48%
Bank and cash balances	16,686	11,514	45%
Trade creditors and accruals	92,746	69,111	13%
Short-term borrowings	69,493	49,899	34%
Long-term borrowings	95,230	84,108	13%
Shareholders' funds (Equity)	97,535	76,934	27%



48%

Trade Debtors of N116.0 Billion



34%

S/T Borrowings of N69.5 Billion



13%

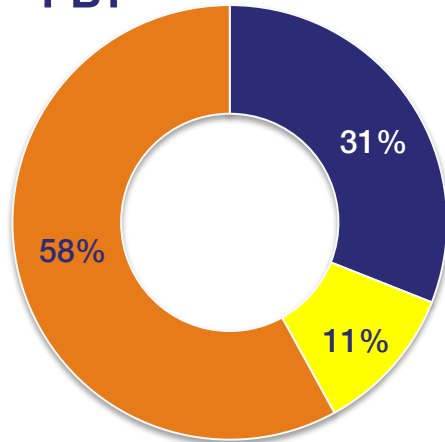
L/T Borrowings of N95.2 Billion

Sector Contributions

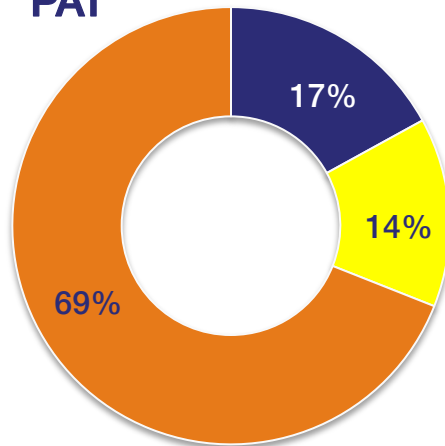


H1 2010

PBT

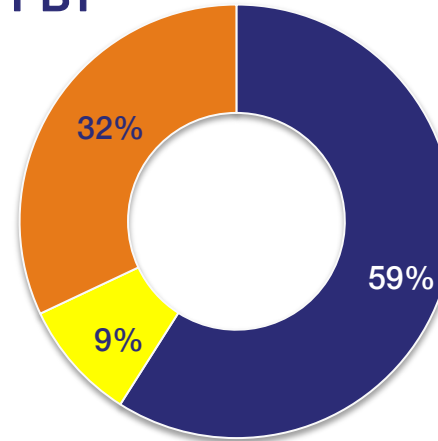


PAT

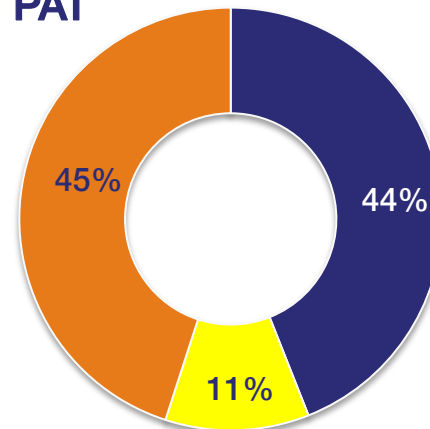


H1 2011

PBT



PAT



- Downstream
- Midstream
- Upstream

Group P & L Highlight – Q2, 2011 Vs Q1, 2011



NGN Millions	Q2, 2011	Q1, 2011	H1, 2011	Q2 % contribution to H1	Q1 % contribution to H1
Turnover	152,833	114,979	267,812	57%	43%
Gross Margin	16,422	16,391	32,813	50%	50%
Total non-interest expenses	(10,197)	(6,936)	(17,133)	60%	40%
EBITDA	10,406	7,949	18,355	57%	43%
Interest expenses	(1,617)	(2,267)	(3,884)	42%	58%
Depreciation and amortization	(1,715)	(1,785)	(3,500)	49%	51%
Profit before taxation (PBT)	7,074	5,697	12,771	55%	45%
Profit after taxation (PAT)	3,482	3,198	6,680	52%	48%
EPS (based on 2,263m shares)	1.53	1.41	2.94	52%	48%
Gross Margin	11%	14%	0	0	0

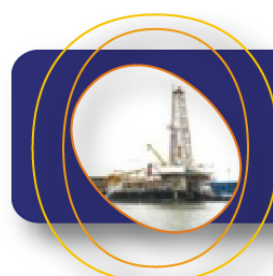
Sector Performances - Upstream



Exploration & Production

Selected Data

Profit and loss	H1 2011	H1 2010	Variance
NGN million			
Revenue	15,263	10,017	52%
Gross Margin	11,512	7,870	46%
EBITDA	10,244	7,696	33%
EBITDA Margin	67.1%	76.9%	
Profit before tax (PBT)	7,017	2,698	160%
Profit after tax (PAT)/Net Profit	2,659	696	282%
Net Profit Margin	17.4%	6.95%	



Energy Services

Selected Data

Profit and loss	H1 2011	H1 2010	Variance
NGN million			
Revenue	7,275	6,720	8%
Gross Margin	6,062	5,873	3%
EBITDA	4,107	3,924	5%
EBITDA Margin	56.5%	58.4%	
Profit before Tax (PBT)	818	564	45%
Profit after Tax (PAT)/Net Profit	519	376	38%
Net Profit Margin	7.1%	5.6%	



Selected Data

Profit and loss	H1 2011	H1 2010	Variance
NGN million			
Revenue	7,738	8,379	(8%)
Gross Margin	2,343	1,836	28%
EBITDA	2,026	1,688	20%
EBITDA Margin	26.2%	20.1%	
Profit before tax (PBT)	1,123	1,205	7%
Profit after tax (PAT)/Net Profit	786	867	(9%)
Net Profit Margin	10.2%	10.3%	

Sector Performances - Downstream



Supply & Trading

Selected Data

Profit and loss			
NGN million	H1 2011	H1 2010	Variance
Revenues	157,594	140,511	12%
Gross Margin	2,728	3,689	(26%)
EBITDA	1,232	4,734	(74%)
EBITDA Margin	0.8%	3.4%	
Profit before tax (PBT)	1,128	3,825	(71%)
Profit after tax (PAT)/Net Profit	1,095	2,815	(61%)
Net Profit Margin	0.7%	2.0%	



Oando Marketing

Selected Data

Profit and loss			
NGN million	H1 2011	H1 2010	Variance
Revenues	100,041	82,161	22%
Gross Margin	10,716	9,374	14%
EBITDA	5,092	3,979	28%
EBITDA Margin	5.1%	4.8%	
Profit before tax (PBT)	3,123	2,275	37%
Profit after tax (PAT)/Net Profit	2,127	1,550	37%
Net Profit Margin	2.1%	1.9%	

Strategic road map



Transformation from a downstream giant to a full value chain indigenous champion across West Africa



	Upstream Division	Midstream Division	Downstream Division	Downstream Division	Downstream Division	Downstream Division
Current	<ul style="list-style-type: none"> Enhance Production from producing Assets and accelerate near term development opportunities 	<ul style="list-style-type: none"> Fully contract Rig fleet to International Oil Companies 	<ul style="list-style-type: none"> Complete ongoing Gas pipeline projects and commence construction of 2 new franchise areas Enhance operations and sign new customers 	<ul style="list-style-type: none"> Intensify white product supply by leveraging efficiencies Intensify new product offerings 	<ul style="list-style-type: none"> Increase distribution efficiency and expansion into high margin volumes, Lubes & LPG distribution 	<ul style="list-style-type: none"> Development of the Marina Jetty
Mid Term	<ul style="list-style-type: none"> Harness preferential resource access to dormant acreage due to indigenous status 	<ul style="list-style-type: none"> Leverage local content policy opportunities Expand product offering (MWD, etc) 	<ul style="list-style-type: none"> Expand gas distribution network in Nigeria, 2 new franchises. Commence construction of 3 new pipeline franchise areas and 1st CPF 	<ul style="list-style-type: none"> Substantially increase crude oil market share Increase white products market dominance by leveraging new import infrastructure. 	<ul style="list-style-type: none"> Divestment of up to 49% and listing on the NSE 	<ul style="list-style-type: none"> Development of subsea pipelines in the Lagos Port
Long Term	<ul style="list-style-type: none"> Target 100kbopd and 300mmbbls (2P) reserves by 2015 through a mixture of organic and inorganic growth 	<ul style="list-style-type: none"> Consolidation of position as market leader and expansion into other countries 	<ul style="list-style-type: none"> Commence construction of 2nd CPF and 3 more gas pipeline franchise areas in West Africa 	<ul style="list-style-type: none"> Increase geographical presence 	<ul style="list-style-type: none"> Expansion of business across the sub-Saharan region 	<ul style="list-style-type: none"> Expand white product storage facilities in Nigeria



Q & A

www.oandopl.com



Investor Relations Contact



Tokunbo Akindele
Head, Investor Relations
+234 (1) 2601290-9 Ext 6396
aakindele@oandopl.com