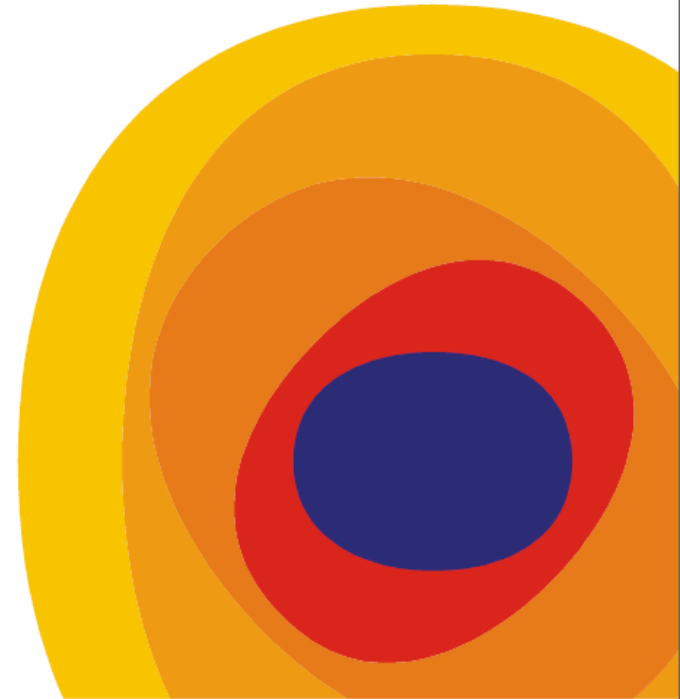




Transforming the Nigerian Economy through Energy Projects

Presentation by
Wale Tinubu – Group Chief Executive
February 2011

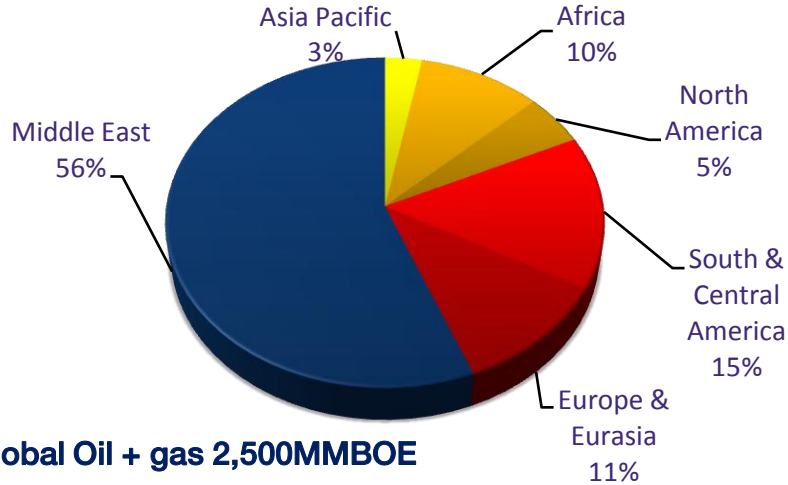


Agenda

1. The Global Energy Environment
2. The African Upstream Environment
3. The Nigerian Economy - Overview
4. Global Impact of Energy Projects on Economic Growth
5. The Nigerian Energy Sector
6. Case Study – Petrobras, Renaissance & Tata
7. The Oando Story

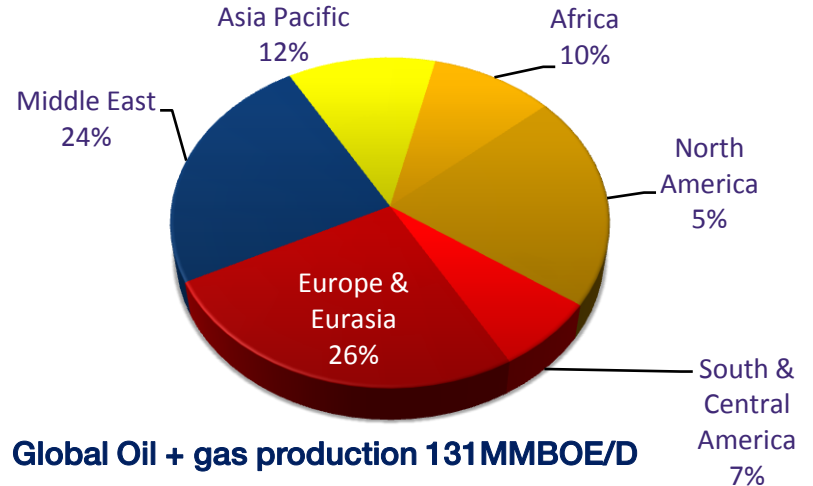
The Global Energy Environment

Oil & Gas Reserves by Region



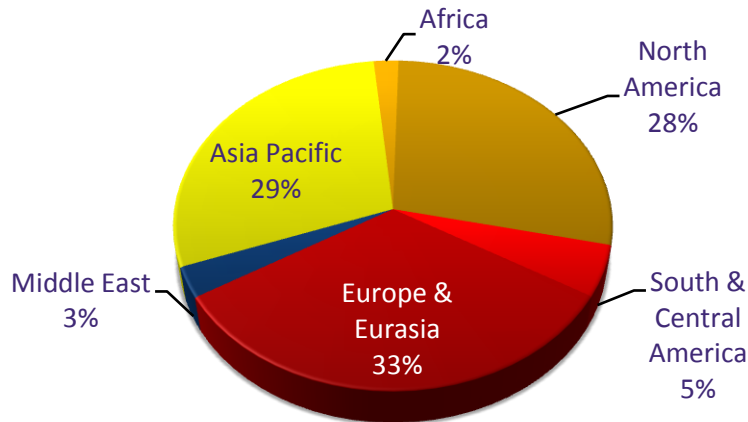
Global Oil + gas 2,500MMBOE

Oil & Gas Production by Region

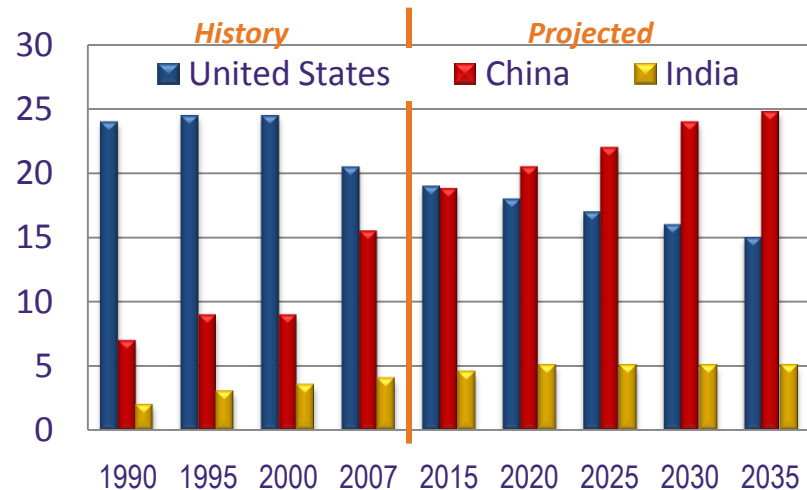


Global Oil + gas production 131MMBOE/D

Global GDP Contributions



Projected Growth in Energy Consumption

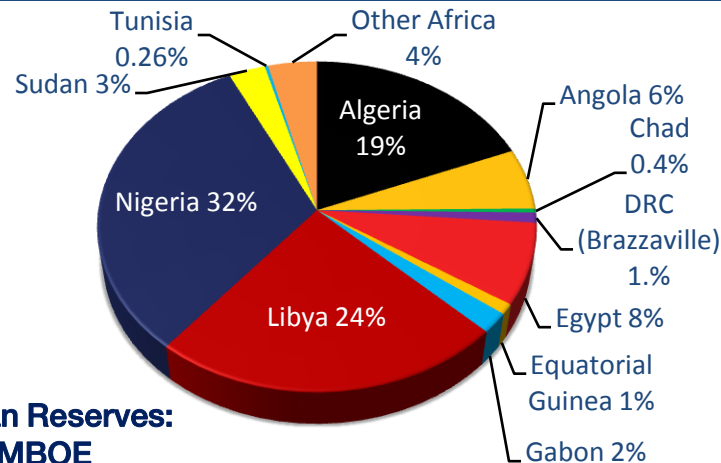


The African Upstream Environment

Trends

- International Oil Companies (IOC's) dominate.
- Algeria, Angola, Libya & Nigeria lead the continent in reserves and production.
- Significant investments offshore West Africa in Exploration and Development.
- 1BN barrel discoveries offshore Africa.

Oil Reserves by Country



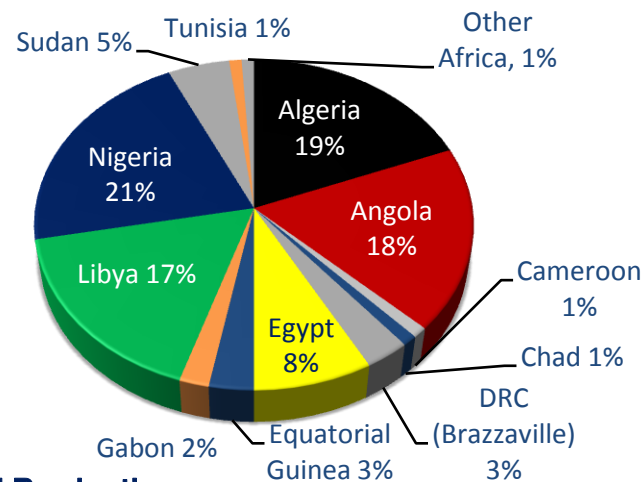
African Reserves:
204MMBOE

Major African Players

Country	Crude Oil (bbls)	Natural Gas (tcf)
Algeria	12.0	159.0
Angola	9.5	9.6
Libya	44.0	-
Nigeria	37.0	187.0
Others	17.0	140.0
Total	119.0	495.0

Source: BP Statistical Review of World Energy 2010. IHS

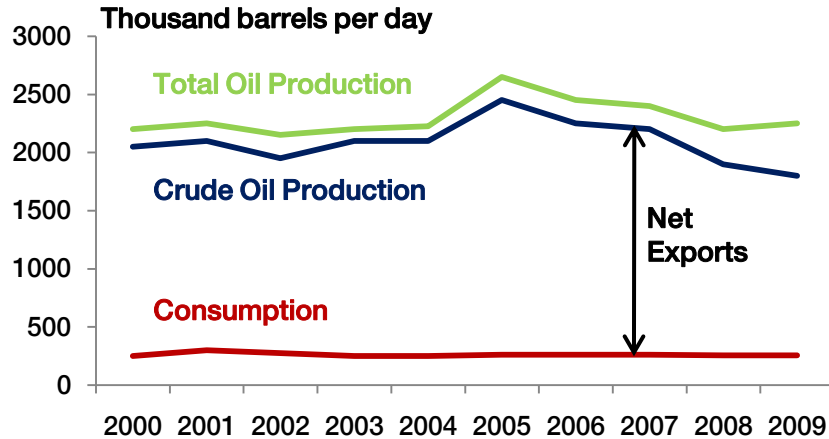
Oil Production by Country



African Oil Production:
9.7MMBBL/d

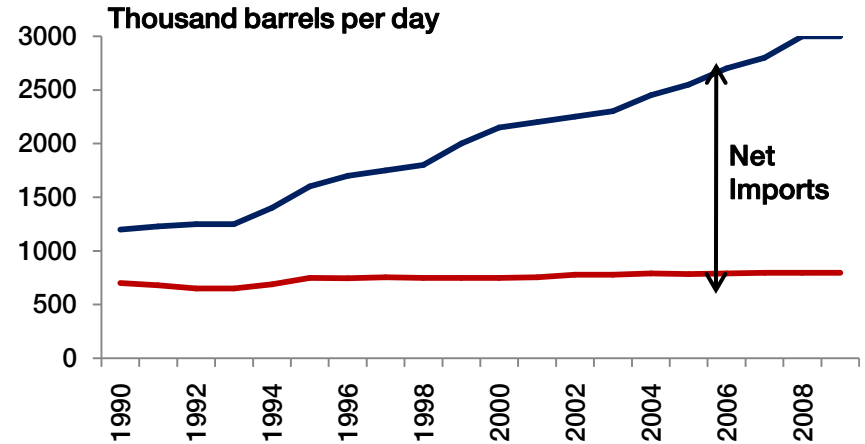
Oil Production vs Consumption Nigeria, Angola, India & China

Nigeria's Oil Production and Consumption, 2000 -2009



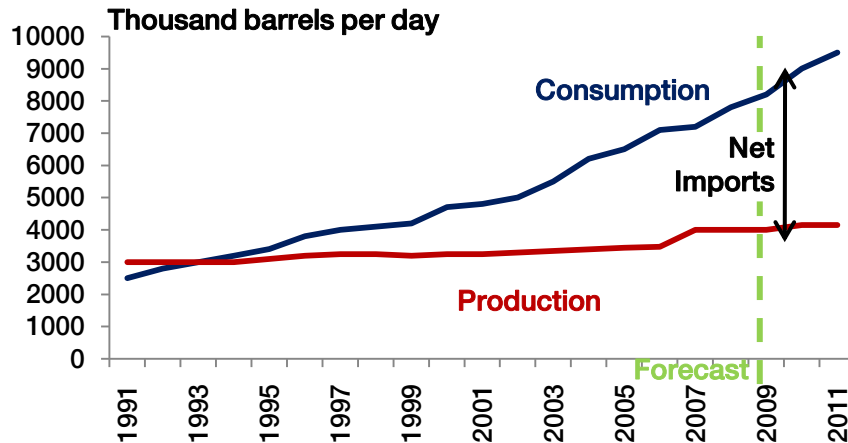
Source: EIA, International Energy Annual, Short Term Energy Outlook June 2010

India's Oil Production and Consumption, 1990 -2009



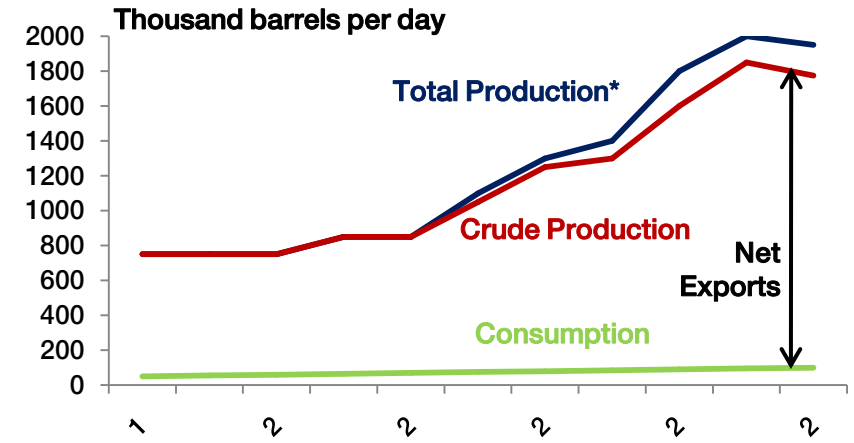
Source: U.S. Energy Information Administration

China's Oil Production and Consumption, 1991 -2011



Source: EIA, International Energy Statistics, Short Term energy Outlook Sept. 2010

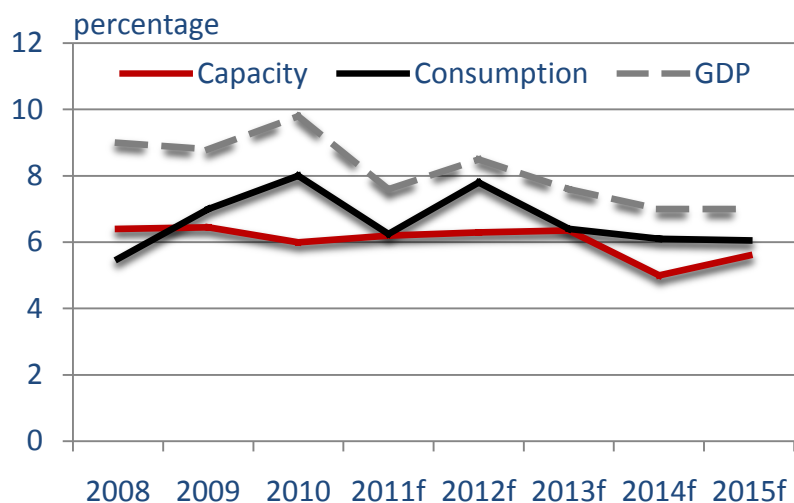
Angola's Oil Production and Consumption, 1999 -2009



Source: EIA, International Energy Statistics, Short Term energy Outlook

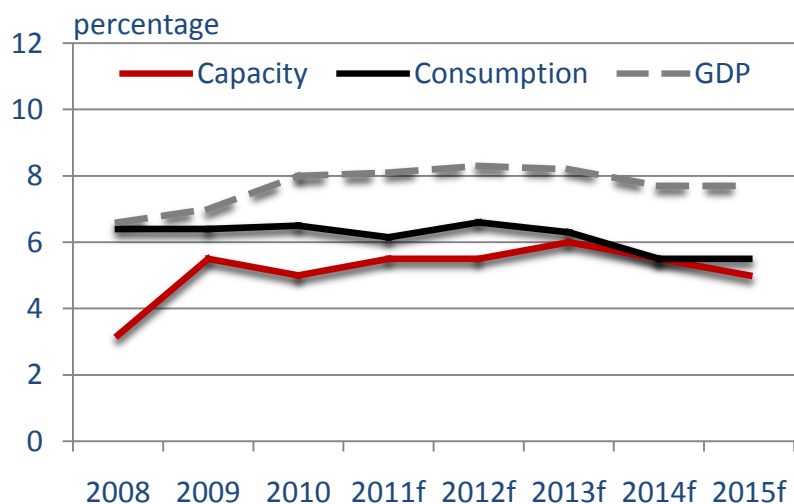


Energy Consumption and Economies



China

- Average real GDP growth expected to be 7.92% per annum between 2010 and 2015.
- Population is expected to grow from 1.34bn to 1.38bn over the period.
- GDP per capita and electricity consumption per capita forecast to increase 74% and 34% respectively.



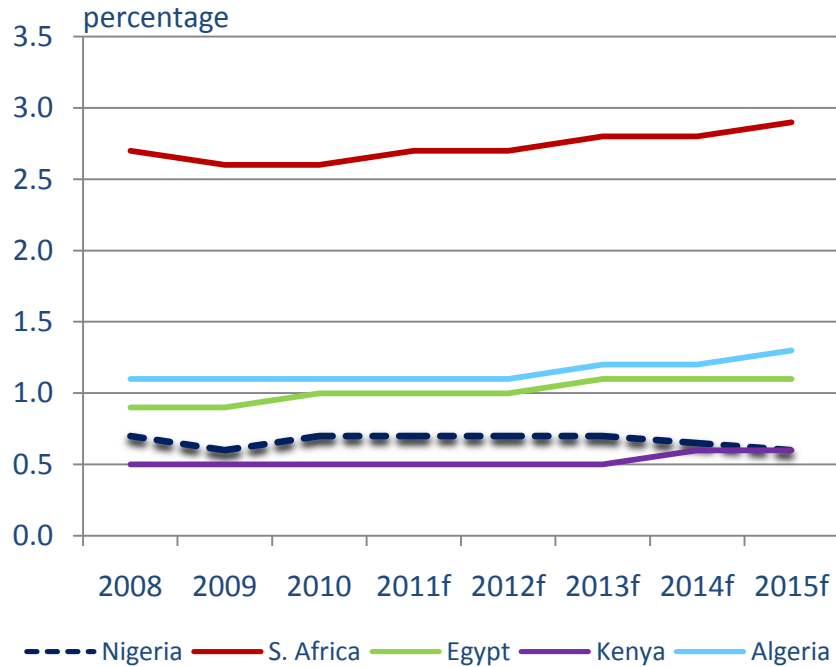
India

- Average real GDP growth of 8.05% per annum between 2010 and 2015,.
- Population is expected to grow from 1.17bn to 1.25bn over the period.
- GDP per capita and electricity consumption per capita forecast to increase by 123% and 36% respectively.
- Massive energy investment required to sustain GDP growth of 8% until 2031-2032.

Source: BMI

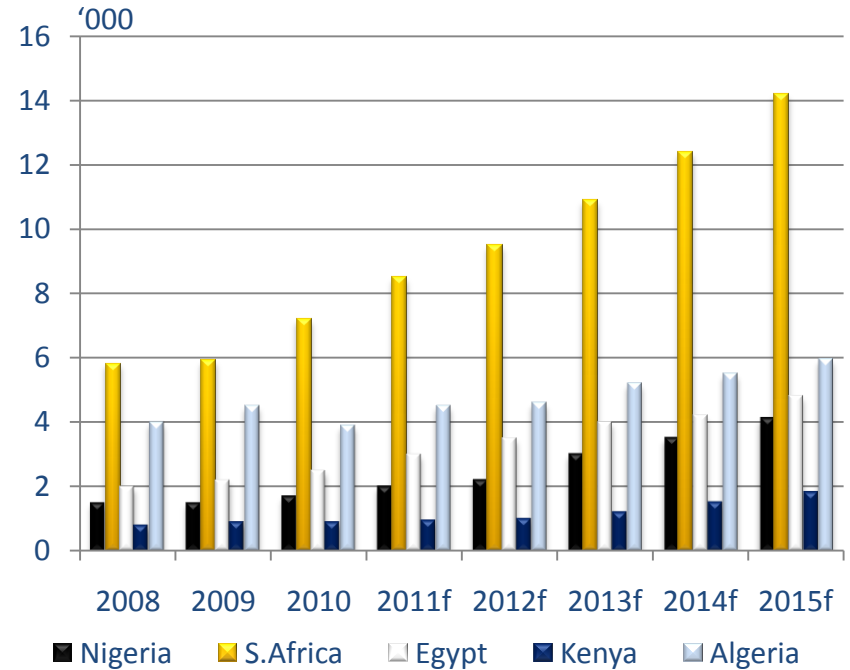
Energy and Economic Growth - Africa

Energy Consumption per Capita (toe)



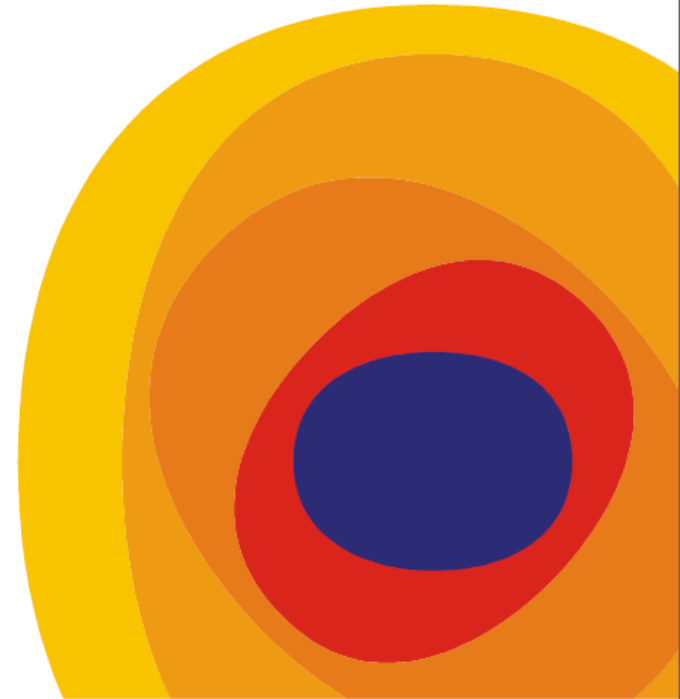
Source: BMI

GDP per Capita (US\$)



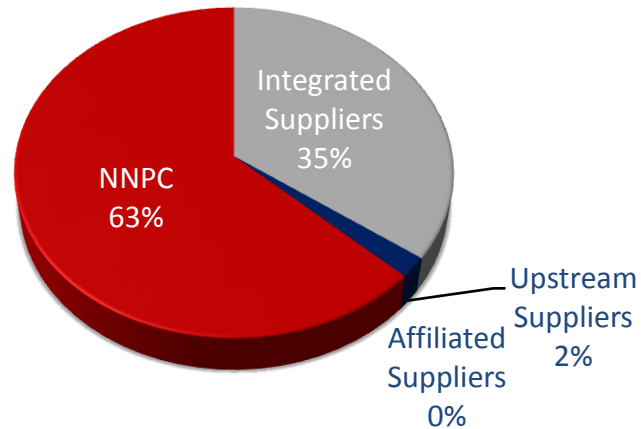


Current State of Affairs in the Nigerian Energy Sector

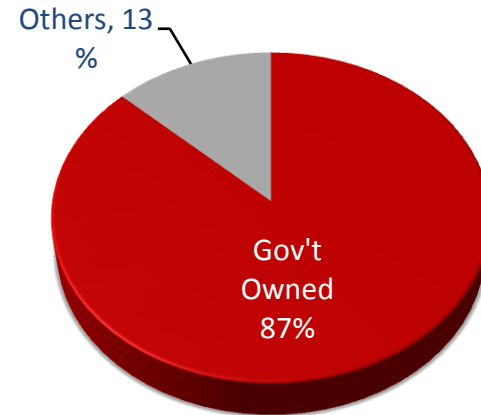


Sector is Dominated by the Government

Ownership of National Oil & Gas Reserves



Power Generating Capacity



Asset Ownership

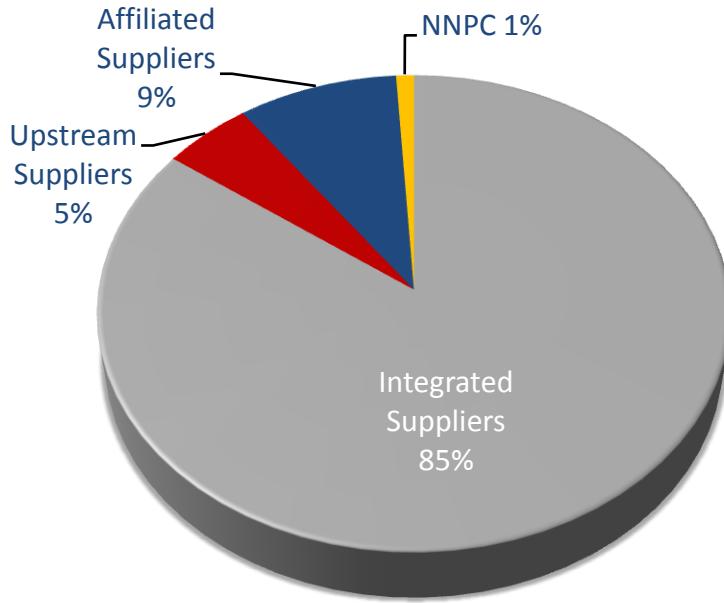
- Over 90% of gas transmission lines
- 100% of refineries
- 100% of electricity transmission lines
- 100% of electricity distribution

Issues

- Limited Operatorship (1%)
- Poor stewardship
- Poor maintenance culture

Prevalence of IOC's in Sector Activities

Operatorship of National Reserves



- 95% of E&P assets operated by IOC's
- Sub-optimal infrastructure development
- Restricted 3rd party access to infrastructure
- Minimal downstream interest
- Skewed towards exports as opposed to domestic market

The Nigerian Energy Sector - Power Infrastructure & Refinery Capacity

Existing Power Infrastructure is by far less and sub-optimal to identified National need

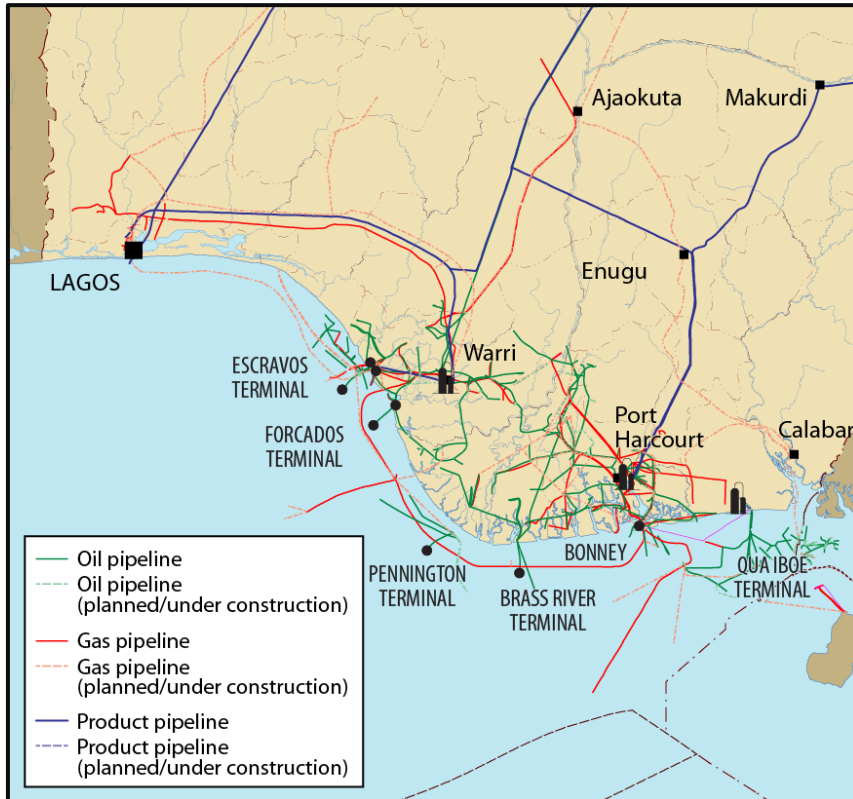


Nigeria's existing Refinery capacity is <25% of crude oil production and operates at <25% efficiency



Regional Density

Oil & Gas Pipeline Infrastructure



Gas Master Plan Blueprint



Drivers for future growth in the Upstream

Short Term

- The PIB in Nigeria will provide clarity for investment decision making.
- Relinquishment clauses in place for Proved undeveloped fields.
- Local legislation grants indigenous independents a competitive advantage.
- Sustained curtailment of militancy and political strife in oil and gas producing areas

Medium Term

- Continued global economic recovery which ease capital markets and improve smaller independent producers' access to funding.
- Demand growth from BRIC countries and emerging markets
- Power sector reforms increase gas demand and boost Nigeria's domestic gas industry

Long Term

- Progressive energy policies from producing countries
- Technology transfer to indigenous independents as a result of partnerships with IOCs
- Liberalisation and consistency of government policies

Drivers for future growth in the Midstream

Short Term

- Implementation of the 1st Phase of the Gas Master Plan to deliver gas to the domestic market.
- Remove obstacles to private sector involvement e.g. Introduction of cost- reflective pricing framework.

Medium Term

- Differential sector-based pricing with full market-led play.
- Disintermediation of current NGC to transport company through separation of play – NGTC (midstream) and marketing company.
- Introduction of specific regulation and government agencies for midstream operations.
- Completion of LNG projects (OK,Brass), CPFs (Central, Eastern Franchise) and CAP, OB3, AKK pipelines.

Long Term

- Full implementation of Open Access under the NGMP framework
- Ensuring enabling environment for private sector participation.
- Liberalisation and consistency of government policies.
- Refurbishment of the crippled power sector

Drivers for future growth in the Downstream

Short Term

- Passing into law of PIB; privatization of NNPC, NNPC Retail, PPMC etc
- Enabling environment: will allow for re-investment in the downstream; new pipelines, new stations, jetties, storage, refineries
- Enabling laws to curb sharp practices of non organized participants in sector
- Full deregulation

Medium Term

- Stable political environment to allow influx of FDI to drive investments in Oil & Gas infrastructure
- Power sector reforms to increase Independent Power Plants
- Enabling environment to support growth of LPG supply working with Upstream Majors

Long Term

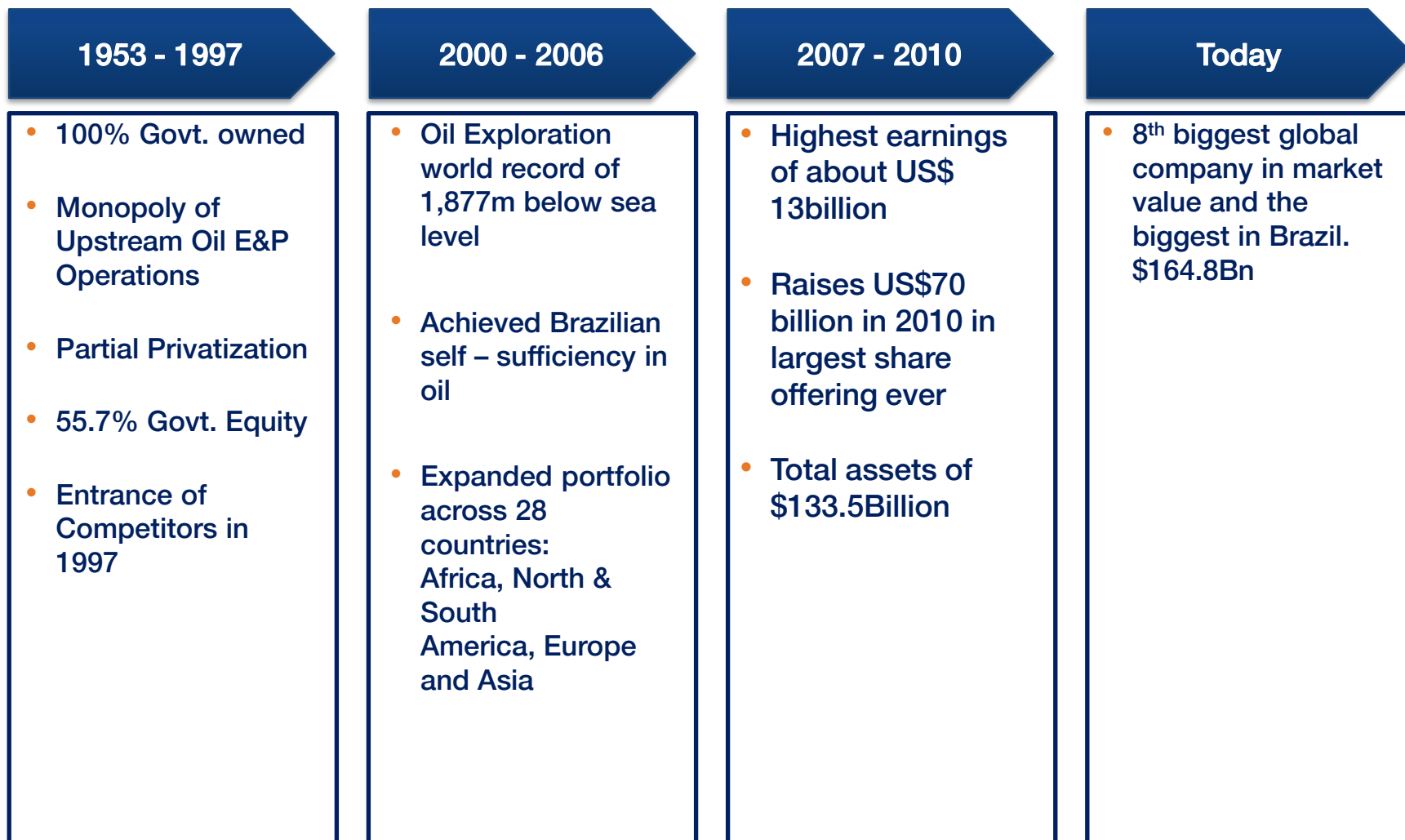
- Full implementation of PIB
- Government support for the construction of Refineries, SBMs etc
- Laws to encourage for export of refined products



Case Studies: Petrobras, Tata Power & Reliance



Petrobras(Brazil) NNPC someday?



Reliance Refineries

1999 - 2000

- Commissioned integrated refinery complex
- World's largest grass root refinery
- Reliance started commercial production of 27 million tpa refinery, the 5th largest in the world

1985 – 1997

- Reliance Industries Ltd and Reliance Petroleum Ltd became India's largest companies
- Merger created largest private sector company in India
- Refinery ranked best in Shell Benchmarking for three consecutive years in energy and loss

2007 - 2010

- 1st Private sector company to record \$1Bn in net profit
- Commenced construction of 580,000 barrels per day refinery
- Commissioned new refinery, increasing processing capacity to 1.24 Million Barrels per day

Today

- India's largest private sector enterprise
- Yearly revenues in excess of \$44Bn
- Fortune Global 500 Company

Tata Power Company Limited (India) Oando Gas & Power someday?

1911 - 1965

- First Hydro-Electric power station
- First 160MW Thermal Unit

1985 – 1997

- First 500MW Thermal Unit
- Flue Gas desulphurization plant using sea water
- First 220Kv gas insulated substation for India
- First Storage unit in the country of 150MW

2007 - 2010

- 220Kv cable transmission network
- 220Kv transmission lines in 4 circuit tower

Today

- India's largest private sector electricity generating company with an installed generation capacity of 3000MW



The Oando Story





Oando

Upstream Division

Midstream Division

Downstream Division

**Exploration
&
Production**

**Energy
Services**

**Gas
&
Power**

Marketing

**Supply
and
Trading**



Downstream Division



Marketing

- Nigeria's leading retailer of refined petroleum products with 18% market share
- Large distribution footprint with access to over 1,980 trucks and 159.5mL storage capacity



Supply & Trading

- Largest indigenous supply and trading player in the sub-Saharan region
- ~20% market share in private PMS importation in 2010

Description

Key Assets

- 600+retail outlets in Nigeria also Ghana and Togo
- Eight terminals
- 3 Aviation fuel depots
- Two lube blending plants
- Seven LPG filling plants
- Trading desks in Nigeria and Bermuda
- Trading consultants in the UK and Singapore

Midstream Division



Gas & Power

Description

- **First private sector company to enter gas distribution in Nigeria**
- **Consists of Gaslink Nigeria Limited, Akute Power and East Horizon Gas Company Limited**

Key Assets

- **128 km gas pipeline in the East of Nigeria spanning Akwa Ibom and Cross River States**
- **100 km gas distribution pipeline in Lagos (110+ Connects)**
- **Akute Captive Power Plant**
- **RivGas**

Upstream Division



Exploration & Production



Energy Services

Description

- Rapidly expanding business
- Primary assets are located in Nigeria
- Asset class include, land, swamp, & deep water

- Largest swamp drilling fleet in Nigeria

Key Assets

- Producing assets: OML 125, OML 56
- Development & appraisal: OML 134, OML 90, OPL 236
- Exploration: OPL 278, OPL 282 as well as assets acquired through EEL acquisition.

- 5 swamp rigs
- Drill bits and engineering services
- Fluids management



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