



Oando

Investor Newsletter

H1 2018 Review | September 2018 | Issue 01

FROM THE DESK OF THE GROUP CHIEF EXECUTIVE



Welcome to Oando's bi-annual investor newsletter. This newsletter will serve to keep you informed about the activities and progress of your company. In it, you will find information about new projects, as well as updates on our corporate social responsibility initiatives.

“The first half of 2018 saw the company build on the momentum garnered in 2017. The tireless efforts of our team is the main driver for this, and we are on track to deliver a solid performance for 2018 full year”

Wale Tinubu

Group Chief
Executive, Oando

We hope you enjoy reading about the activities and initiatives of your company. We welcome your feedback on the stories in this newsletter and encourage you to contact us to tell us what you want to read about in our next edition.

KEEP UP TO DATE
EXPLORE OANDO NEWS AS IT HAPPENS

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WELCOME TO WINGS: THE NEW OANDO



WINGS
OFFICE COMPLEX

WINGS COMPLEX OVERVIEW

12 Story Building

27,000m² Lettable Office Space

700 Parking bays

300 Indoor + 200 Outdoor People Capacity Event Centre

Oando Commissions New Office Building

The 'Wings Office Complex' located at 17a Ozumba Mbadiwe Avenue, Victoria Island, Lagos was commissioned in April 2018 by the Minister of State for Petroleum Resources, Hon. Dr. Emmanuel Ibe Kachikwu. Commenting on the commissioning Wale Tinubu, Group Chief Executive, Oando PLC said:

“At Oando, passion is not just one of our core values, it drives our ambitions. The idea for the Wings Office Complex was conceived in 2009 and, along with our partners, the construction kick-started in 2013. At the time it seemed a lofty dream; both in terms of size and the type of structure we envisaged. We commenced the construction of Wings at a time when the price of oil was around \$100; despite the 2014 crash in oil prices, 60% devaluation of the naira and a 13-month long economic recession, we pushed on.

Today the two towers stand as a testament to our achievements as we continue to lead

and set the standard for excellence. The project signifies one of a series of capital projects that we have pioneered, invested in and built.”

The Wings Office Complex consists of two 12-story buildings – 27,000m of lettable office space, an in-built 3-floor car park, 4 high-speed 12 person passenger lifts per tower, retail space and a waterfront. The building was constructed by Cappa D'Alberto, one of the oldest building and civil engineering firms in Nigeria and the name behind notable buildings such as The Civic Centre, GT Bank Head Office, Mobil House and Citibank Head Office.

The building offers a world-class indoor & outdoor event space, a one-of-a-kind space that can hold up to 300 people, with floor to ceiling windows which provide a scenic view of the waterfront and allows maximum natural daylight. Wings also has an outdoor waterfront area with a hosting capacity of 200 people and overlooks Lagos State's waterway.

At Oando, passion is not just one of one of our core values, it drives our ambitions



WINGS
OFFICE COMPLEX

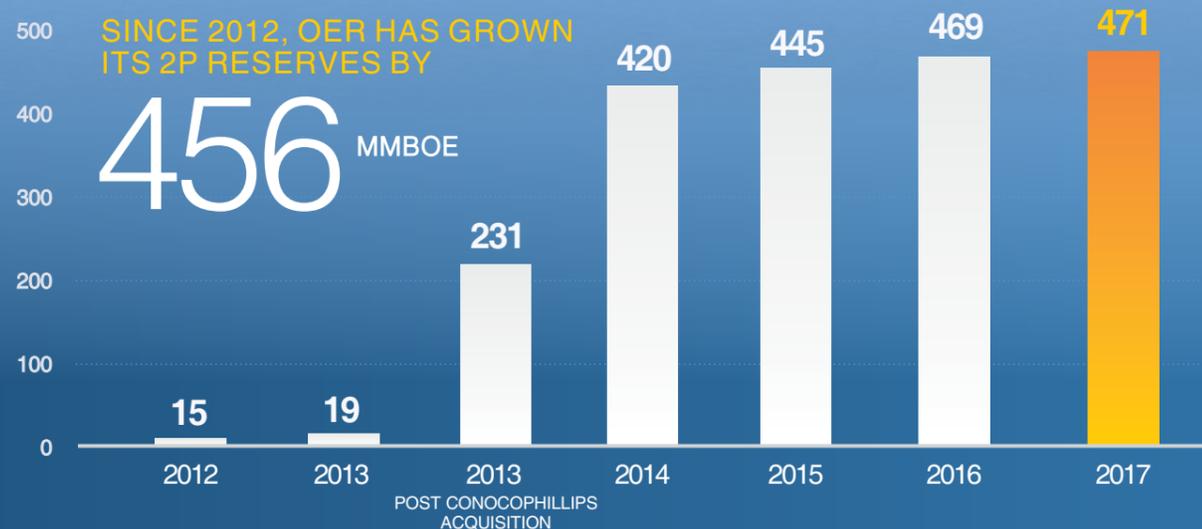


Oando Energy Resources

OER Grows 2P Reserves:

Our 2P net reserves increased marginally from 469.3 mmboe to 470.7 mmboe. After adjusting for 14.2 mmboe of production in 2017, our 2P Reserves grew organically by 15.6 mmboe giving a Reserve Replacement Ratio of 110%. We are confident in our ability to keep growing our reserves at a faster rate than we produce, and will continue to aggressively pursue means of growth, both organically and inorganically.

2P RESERVES GROWTH (MMBOE)



H1 2018 PRODUCTION

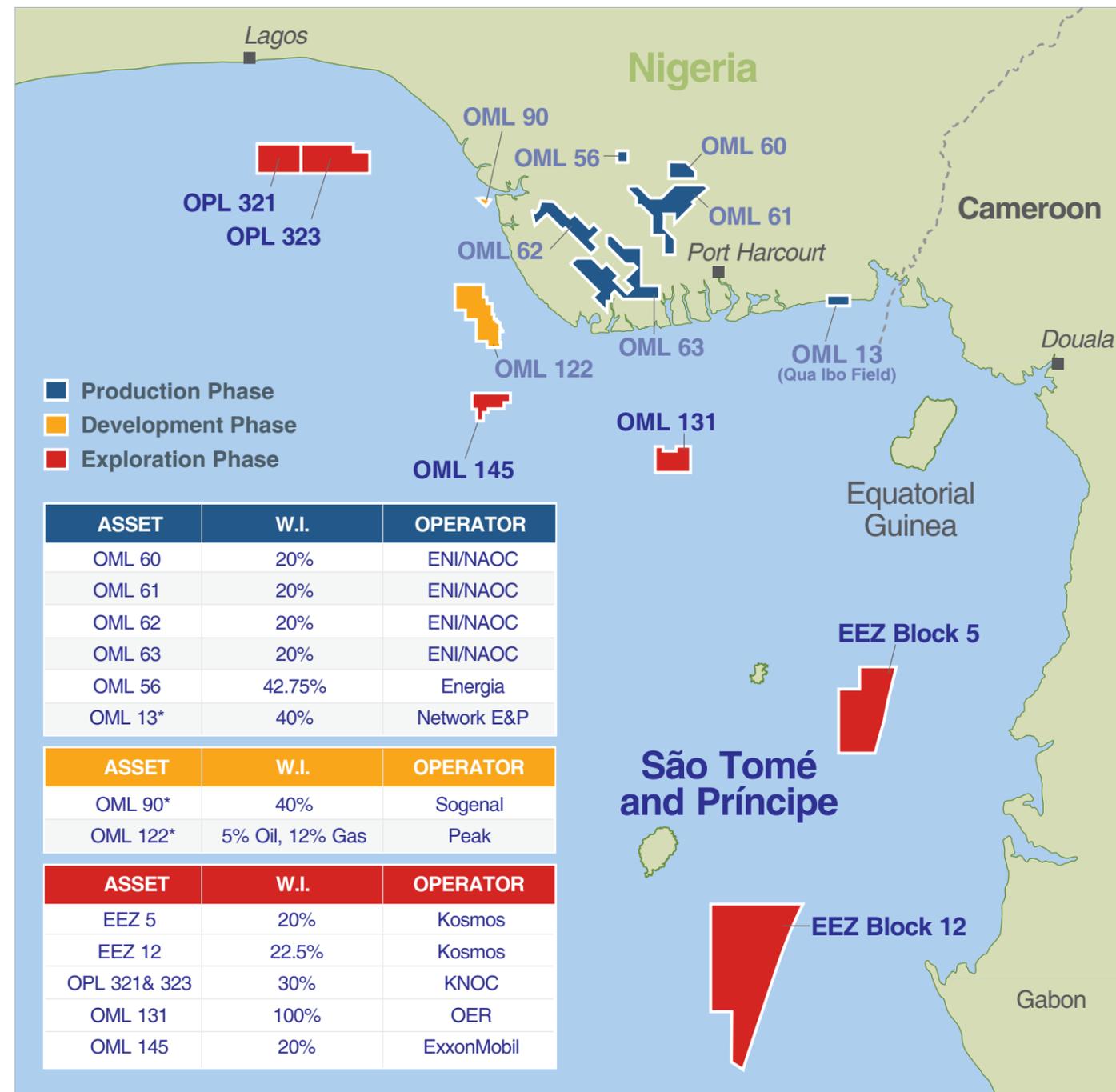
37,814
BOEPD

2P RESERVES

470.7 MMBOE

2C RESOURCES

146.9 MMBOE



OER Achieves 64% reduction in total debt since 2014

During the first half of the year, Oando Energy Resources successfully reduced its debt by \$38 million. Total outstanding borrowings now stands at \$287 million from a debt balance of \$802 million in 2014, a 64% reduction. This significant reduction was achieved through receipts from oil and gas sales, hedging income, and hedge crystallization over the years. The company is on track to pay off its Reserve Based Lending (RBL) facility, ensuring the company will be in a healthy position to deliver growth and value to shareholders.

OER remains focused on de-risking its resources portfolio and bringing both existing and potential new assets on-stream. The Company will focus on production enhancement initiatives to exploit existing assets, whilst also exploring potential beneficial merger and acquisition opportunities.

Axxela

Axxela Expands Gas Supply Across West Africa

Axxela* (Formerly Oando Gas & Power), sub-Saharan Africa's preferred and fast-growing Gas & Power Company, is set to expand its gas supply footprint across the West African region following its recent qualification as a Shipper on the West African Gas Pipeline (WAGP).

The WAGP is a 678 kilometer pipeline that connects the existing Escravos-Lagos Pipeline System (ELPS) from Itoki, Nigeria and extends along the West African coast, terminating in Takoradi, Ghana. The pipeline has gas delivery laterals from the main line extending into Benin, Togo, and Ghana.

With its newly acquired shipper status, Axxela will extend its gas advantage to identified customers in the neighboring West African countries with a target to deliver over 100 million standard cubic feet per day ("mmscf/d") via the pipeline to fuel power plants, commercial entities and industrial customers.



Oando PLC Awarded Engineering, Procurement & Construction (EPC) Mandate to Develop Ajaokuta-Kaduna-Kano Gas Pipeline Project by the Nigerian Petroleum Corporation (NNPC)

In April, a two party consortium consisting of Oando PLC ("Oando"), in conjunction with its midstream affiliate, Axxela Limited ("Axxela") and Oilserv Limited, has been awarded the Engineering, Procurement, Construction (EPC) mandate for the Ajaokuta-Abuja portion (Lot 1) of the Ajaokuta-Kaduna-Kano Pipeline system (the "AKK Pipeline") by the Nigerian National Petroleum Corporation ("NNPC").

The US\$727million Ajaokuta-Abuja Pipeline development is a 215km gas infrastructure with associated facilities such as Metering/Terminal Gas Station, Pigging Station, Block Valve Stations etc.

The development of the AKK grid is a manifestation of the Gas Infrastructure Blueprint in the Nigerian Gas Master Plan, which seeks to extend the existing gas transmission network and achieve connectivity

between the East (gas reserves) and the North (demand centres); serve new customers in the Northern regions; and bridge the shortfall in the Western region.

Commenting on the contract award, Axxela CEO, Bolaji Osunsanya, said: "As forerunners in the sector, we remain actively committed to the long term realisation of the Nigerian Gas Master Plan. The development of critical gas pipeline infrastructure and a far-reaching national grid remains pivotal to the country's industrialization and economic empowerment. Consequently, the implementation of the AKK Pipeline Project will enable power-starved communities across the northern region have greater access to electricity, while providing stranded commercial and industrial customers with a cleaner and more efficient source of energy."

*Oando PLC holds a minority stake in Axxela

OVH Energy appoints new CEO

In February, OVH Energy (formerly Oando Marketing) announced the appointment of Huub Stokman as its new Chief Executive Officer (CEO).

Prior to his appointment, Huub Stokman was the Head of Puma Energy International in Angola, responsible for the overall business, which included managing retail forecourt, terminal/logistics operations, as well as B2B business for fuels, lubricants, aviation fuels and bitumen. Before joining Puma, he spent over 20 years at BP during which he was responsible for Sales and Marketing as well as major projects across 15 European countries.



Huub Stokman
CEO, OVH ENERGY

Oleum Academy Graduates

300

Mechanics

in Lagos & Ibadan



OVH Energy recently graduated 200 mechanics in Lagos and 100 in Ibadan from its Oleum Academy Season IV training. Oleum Academy was designed in line with a commitment to improve the technical skills and harness the potentials of auto-mechanics in Nigeria. Having undergone a 3-month auto mechatronic training in partnership with a renowned automobile/ mechatronic training institution, the graduating students were awarded an Oleum Academy certification.

*Oando PLC holds a minority stake in the OVH Energy Group



OVH
ENERGY
MARKETING



Oando Foundation

1,508 Internally Displaced Children (IDPs) in Bauchi and Adamawa States

At Oando Foundation, we are committed to ensuring every Nigerian child has access to quality basic education. Conflict, religious barriers, and social norms should never be a barrier to education. This is why our interventions, especially in North East Nigeria, in partnership with Educate a Child have yielded positive results; enrolling over 40,000 out-of-school children to date.

In January 2018, the Foundation partnered with the recently ended USAID-Education Crisis Response programme to mainstream 1,508 internally displaced children from non-formal learning centers into adopted public primary schools in Bauchi and Adamawa states. The project beneficiaries are internally displaced children who have had their education disrupted due to the North-Eastern insurgency, where attacks from extremists have forced over 2 million to flee their homes.

7 Adopted Schools Receive Infrastructure Upgrade To Support Learners' Needs

Public primary schools are characterized by poor learning environments and fast deteriorating infrastructure that cannot adequately support learners' needs. Severe shortage of classroom space results in class sizes that sometimes triple the prescribed teacher-pupil ratio for Nigeria of 1:40. Most schools lack the essential infrastructure required to function as safe, efficient and effective schools, and where this infrastructures exist, they are poorly maintained. Security is also a challenge with few schools featuring a perimeter fence or enclosure, making them open to intruders and vandalism.

structures, provision of age-appropriate furniture, ensuring access to clean water and sanitation facilities. To ensure intervention is targeted at schools with the most pressing infrastructure needs, we work with the State Universal Basic Education Boards (SUBEBs) and School-based Management Committees (SBMCs), giving consideration to current school population, level of deterioration, and net ratio of out-of-school children within the community.

The Foundation completed 6 blocks of 18 classrooms during this period across 5 adopted schools - LEA Bungu Gida Primary School, Plateau; Tafida Aminu Primary School, Sokoto; Shehu Malami Primary School, Sokoto; Bayan Banki Primary School, Bauchi; and Ipata LGEA Primary School, Kwara.

Consequently, Oando Foundation improves the quality of learning infrastructure in its adopted schools through construction of new classrooms, renovation of existing

Empowering Students In Oando Adopted Schools Through Technology: Sumitomo Chemical Extends Partnership With Sumitomo Chemical

Sumitomo Chemical (a Japanese Chemical Company) has extended its partnership with the Foundation to support ICT Education through the establishment of solar powered ICT Centres and capacity building of ICT Educators in 3 adopted schools – Our Lady of Fatima Primary School, Plateau; Daurama Primary School, Katsina; and Maitunbi Primary School, Niger.

The Partnership is aimed at bridging the existing gaps in the implementation of ICT in public schools and empowering pupils in Oando adopted schools with technology skills through creativity and learning. It will also strengthen the capacity of in-school ICT Educators to support knowledge transfer and entrench practical application of the ICT curriculum



Strengthening The Capacity of 972 Teachers, School Managers, Education Officers, And SBMCS For Improved Quality Education Delivery

Effective education delivery is a multi-tiered responsibility, involving stakeholders across schools, communities, and the government. Unqualified and/or poorly trained teachers lack critical skills necessary for effective teaching, adversely impacting the learning performance of their students.

is the sole responsibility of the government.

Difficulties in ascertaining the quality of schools quantitatively and qualitatively is largely due to severely inadequate school-level supervision and support. Communities are barely participating in school improvement projects because they assume it

In H1 2018, the Foundation trained 545 Teachers (on subject knowledge and modern pedagogy), 54 School Managers (on school management and leadership), 105 Local Government Education Officers (to provide support and mentorship for trained teachers, as well as EMIS related outputs), and 268 School Based Management Committees (on school improvement, out-of-school mobilization, advocacy, and resource mobilization).

Give Water. Give Life.

Water and Sanitation Facilities Completed In 16 Adopted Schools

As part of our infrastructure improvement efforts and commitment to the National Home Grown School Feeding Programme of the Federal Government, the Foundation recently provided water and sanitation

facilities in 16 adopted schools, benefitting over 23,800 pupils. We believe that every child has a right to decent sanitary facilities, and together we can help change the status quo.