

Oando Plc

Half Year Update Call

FYE 2015 & Q1 2016
Performance Review

Presented by Wale Tinubu - Group Chief Executive



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, the both current and under development, possible launch dates for new projects, ability to successfully integrate acquisitions or achieve production targets, 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, other than is required by law.

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 51-101 regulations and Canadian Oil & Gas Evaluation Handbook standards. All estimates are from an Independent Reverses Evaluator Report having an effective date of 31st December 2015.

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.

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



05 Operational Update



12 Q1 2016 Financial Highlights



22 Strategic Overview

03 Asset Overview



7 FYE 2015 Financial Highlights



17 2016 Corporate Initiatives



Asset Overview



		Description	Operational Assets
UPSTREAM	Exploration & Production	<ul style="list-style-type: none"> Largest indigenous producer in Nigeria 	<ul style="list-style-type: none"> Producing assets: OMLs 60-63, OML 125, OML 56 & OML 13. Development & appraisal: OML 90, OML 122, OML 131, OML 134, and OML 145, Exploration: OPL 321, OPL 323, OPL 278, OPL 282, OPL 236, EEZ 5 and EEZ 12
	Gas & Power	<ul style="list-style-type: none"> First private sector company to enter gas distribution in Nigeria 	<ul style="list-style-type: none"> 2 Gas Pipeline franchises: <ul style="list-style-type: none"> - GNL: 120km Lagos(110 mmscf/d Capacity) - CHGC: 6km East 1 Independent Power Plant (IPP) <ul style="list-style-type: none"> - Alausa IPP 10.40 MW Compressed Natural Gas: 5mmscf/day capacity Central Processing Facility: 150kscm/day capacity
DOWNSTREAM	Terminals	<ul style="list-style-type: none"> Current Project <ul style="list-style-type: none"> - Apapa Single Port Mooring Jetty: 45,000 MT Dead Weight Tonnage Cargo Capacity 	<ul style="list-style-type: none"> Projects in development <ul style="list-style-type: none"> - Apapa Terminal upgrade - Badagry Terminal: New petroleum terminal of 210,000 MT storage capacity
	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 	<ul style="list-style-type: none"> Trading desks and operations in Nigeria, Bermuda, South Africa, East Africa & Dubai Trading consultants in the United Kingdom & Singapore
	Marketing	<ul style="list-style-type: none"> Large distribution footprint with access to over 1,500 trucks and 150m litres storage capacity 15% market share in Nigeria 	<ul style="list-style-type: none"> 400+ retail outlets; in Nigeria, Ghana & Togo 7 terminals (110ML) 3 Aviation fuel depots 3 lube blending plants (130m litres/annum) 7 LPG filling plants



Operational Update





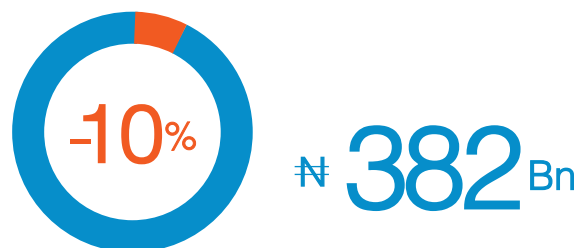


FYE 2015 Financial Highlights

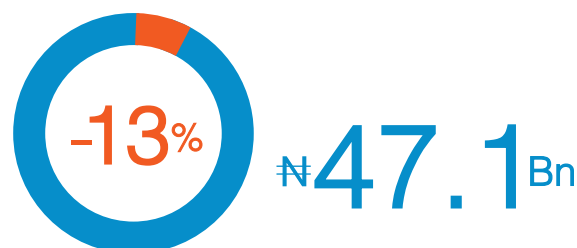


FYE 2015 Profit & Loss Highlights Vs. FYE 2014

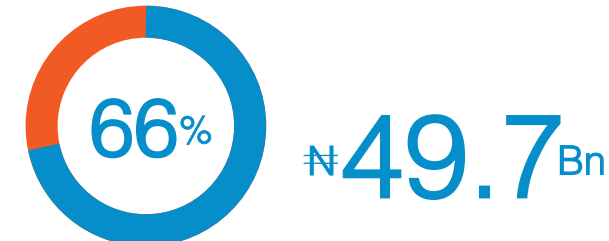
Turnover



EBITDA



Loss After Tax



N'Million	FYE 2015	FYE 2014	Variance
Turnover	381,741	425,693	(10%)
Gross Margin	77,676	72,308	7%
Non-interest Expenses	(70,350)	(87,471)	(20%)
Other Operating Income	39,759	69,437	(43%)
EBITDA	47,085	54,274	(13%)
Loss from associate	(879)	(218)	304%
Net Finance Costs	(50,905)	(34,907)	46%
Depreciation & Amortization	(33,070)	(22,595)	46%
Impairment of Assets	(13,368)	(134,541)	(90%)
Loss before Tax (LBT)	(51,137)	(137,987)	(63%)
Loss after Tax (LAT)/Net Loss	(49,690)	(145,655)	(66%)

Reconciliation of 2014 Actual to Annual Financial Statements Oando

N'Million	FYE 2014	Discontinued Operations	2014 as reported
Turnover	425,693	332,780	92,912
Gross Margin	72,308	26,273	46,035
Non-interest Expenses	(87,471)	(37,052)	(50,419)
Other Operating Income	69,437	(3,376)	66,061
EBITDA	54,274	(7,403)	61,677
Loss from Associate	(218)	-	(218)
Net Finance Costs	(34,907)	1,681	(36,588)
Depreciation & Amortization	(22,595)	(6,306)	(16,289)
Impairment of Assets	(134,541)	(37,233)	(97,308)
Loss before Tax (LBT)	(137,987)	(49,262)	(88,726)
Profit from discontinued operations	-	(52,019)	(52,019)
Loss after Tax (LAT)/Net Loss	(145,655)		(145,655)

Explanation of Non-interest expenses (including D&A)



N'Million	FYE 2015	FYE 2014
Depreciation & Amortization	33,070	22,595
Impairments	13,368	134,541
Other Admin expenses	65,075	81,672
Selling and Marketing expenses	5,275	5,798
Total non-interest expenses	116,788	244,606

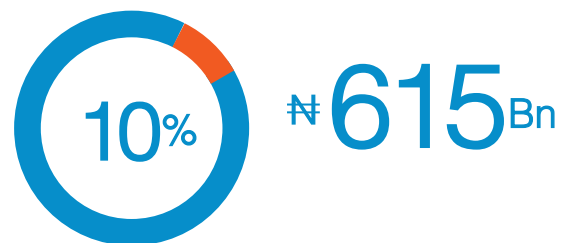
N'Million	FYE 2015	FYE 2014
Impairment of Upstream Assets - OER	5,937	10,205
Impairment of OES Rigs	-	36,361
Impairment of Exploration and Evaluation Asset - OER	2,791	67,414
Impairment of Losses on other Receivables	4,582	20,561
Impairment of Losses on available for sale assets	58	-
	13,368	134,541



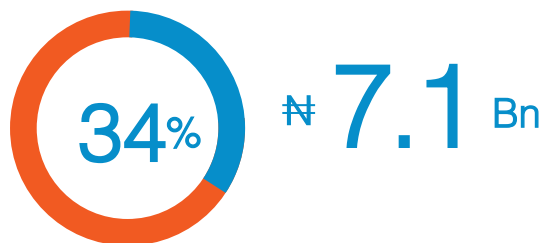
Group Balance Sheet Highlights



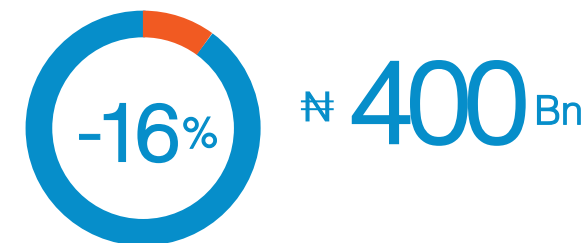
Fixed Assets



Long Term Receivables



Total Borrowings



N'Million	FYE 2015	FYE 2014	Variance
PPE & Intangibles	614,867	559,747	10%
Long term receivables	7,097	5,288	34%
Stock	15,159	26,971	(44%)
Trade and other Debtors	145,923	133,940	9%
Bank and cash balances	44,425	41,639	7%
Trade and other Creditors	212,780	161,505	32%
Total Borrowings	399,817	473,342	(16%)
Equity & Reserves	50,894	43,611	17%

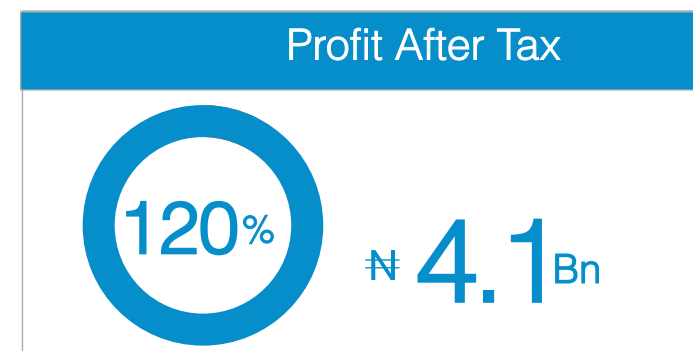
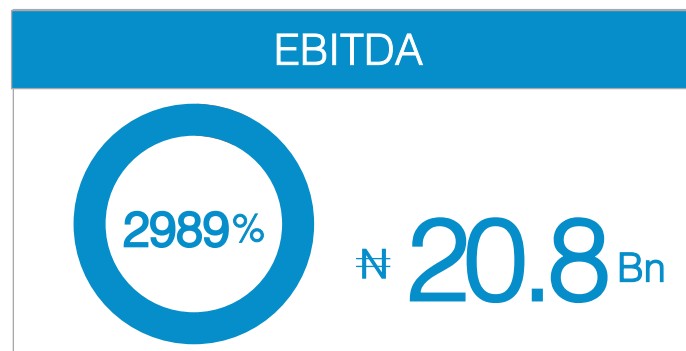
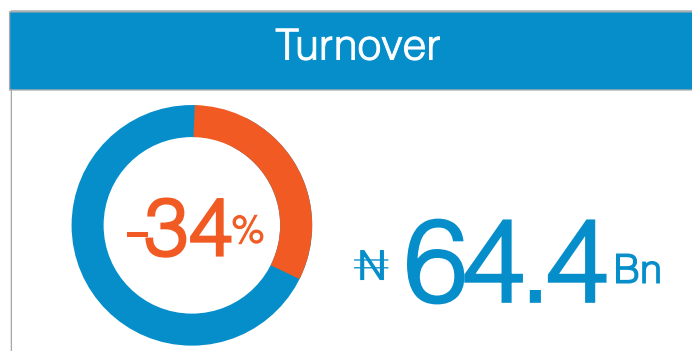




Q1 2016 Financial Highlights



Q1 2016 Profit & Loss Highlights Vs. Q1 2015



N'Million	Q1 2016	Q1 2015	Variance
Turnover	64,413	97,070	(34%)
Gross Margin	9,226	20,458	(55%)
Non-interest Expenses	(14,220)	(23,345)	(39%)
Other Operating Income	25,757	3,559	624%
EBITDA	20,762	672	2989%
Net Finance Costs	(13,262)	(12,570)	6%
Depreciation & Amortization	(7,960)	(7,522)	6%
Loss before Tax (LBT)	(461)	(19,421)	(98%)
Income Tax	4,562	(1,491)	406%
Profit/(Loss)after Tax	4,101	(20,912)	120%



Reconciliation of Q1 2015 Actual to Financial Statements



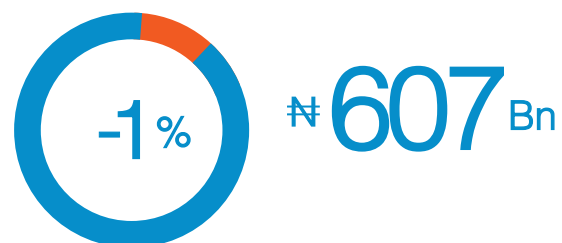
N'Million	Q1 2015	Discontinued Operations	Q1 2015 as reported in FS
Turnover	97,070	66,420	30,650
Gross Margin	20,458	6,591	13,867
Non-interest Expenses	(23,345)	(12,869)	(10,476)
Other Operating Income	3,559	254	3,306
EBITDA	672	(6,025)	6,697
Net Finance Costs	(12,570)	(559)	(12,012)
Depreciation & Amortization	(7,522)	(1,501)	(6,021)
Loss before Tax (LBT)	(19,421)	(8,084)	(11,337)
Income Tax	(1,491)	(474)	(1,017)
Profit from discontinued operations	-	(8,558)	(8,558)
Loss after Tax (LAT)/Net Loss	(20,912)	-	(20,912)



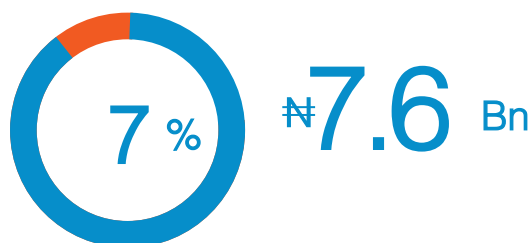
Q1 2016 Group Balance Sheet Highlights



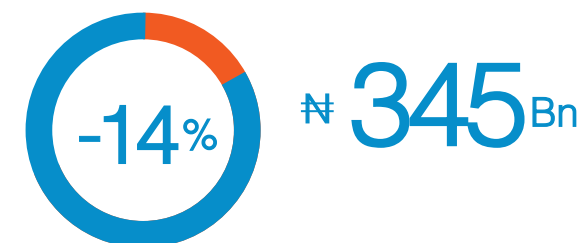
Fixed Assets



LT Receivables



Total Borrowings



N'Million	Q1 2016	FYE 2015	Variance
PPE & Intangibles	607,514	614,867	(1%)
Long term receivables	7,594	7,097	7%
Inventory	12,236	15,159	(19%)
Trade and other debtors	152,318	145,923	4%
Bank and cash balances	28,826	44,425	(35%)
Trade and other creditors	223,557	212,780	5%
Total Borrowings	345,463	399,817	(14%)
Equity & Reserves	54,834	50,894	8%



- We expect to report lower earnings for Q2 2016 due to the impact of the Naira devaluation against the US dollar resulting in unrealized foreign exchange losses.
- As at Q2 2016 we held USD denominated liabilities of ~\$260 Million in our Naira dominated earnings businesses, consisting of core bank loans, trade facilities, asset financing and payables.
- The devaluation in the value of the Naira against the US dollar from the floating bank rate of approximately N199.00:\$1.00 to approximately N280.00:\$1.00 has resulted in foreign exchange losses.

N'Million	Amount US \$ '000
US\$ Denominated Borrowings	65,441
Bank Trade Facilities	88,668
Asset Financing	82,995
Other Payables	20,791
	257,895



2016 Corporate Initiatives





2016 Strategic Group Initiatives

Oando Downstream Services (ODS) 60% divestment

- Sale of 60% of ODS to Helios/Vitol. Enterprise value is ~N138bn. Net cash proceeds of **N58.5bn** will be used to reduce debt on the Oando Group Balance Sheet. Deconsolidation will remove another **N69bn** of debt from the group balance sheet.

Oando PLC Debt Restructure New MTL facility

- Medium term loan of ~**N108bn** will be used to refinance the orphaned ODS debt, as well as the unsecured debt at Oando PLC. The 5-year Nibor + 200bps loan is led by Access Bank in a syndicate of lenders.

OODP Notes Conversion

- Conversion of OODP convertible notes of **N47bn** into equity by 3Q'16. This recapitalises the balance sheet by reducing debt and commensurately increasing shareholders' funds. There is also interest savings post the conversion of the notes.

Oando Gas & Power (OGP) 75% Divestment

- Currently negotiating a sale of 75% stake in OGP with a qualified buyer in 3Q'16

Oando Energy Services (OES) 100% divestment

- Full divestment of OES through a management buyout, which will considerably de-lever the group balance sheet through the deconsolidation of ~**N52bn** debt and negative reserves of ~**N104bn**

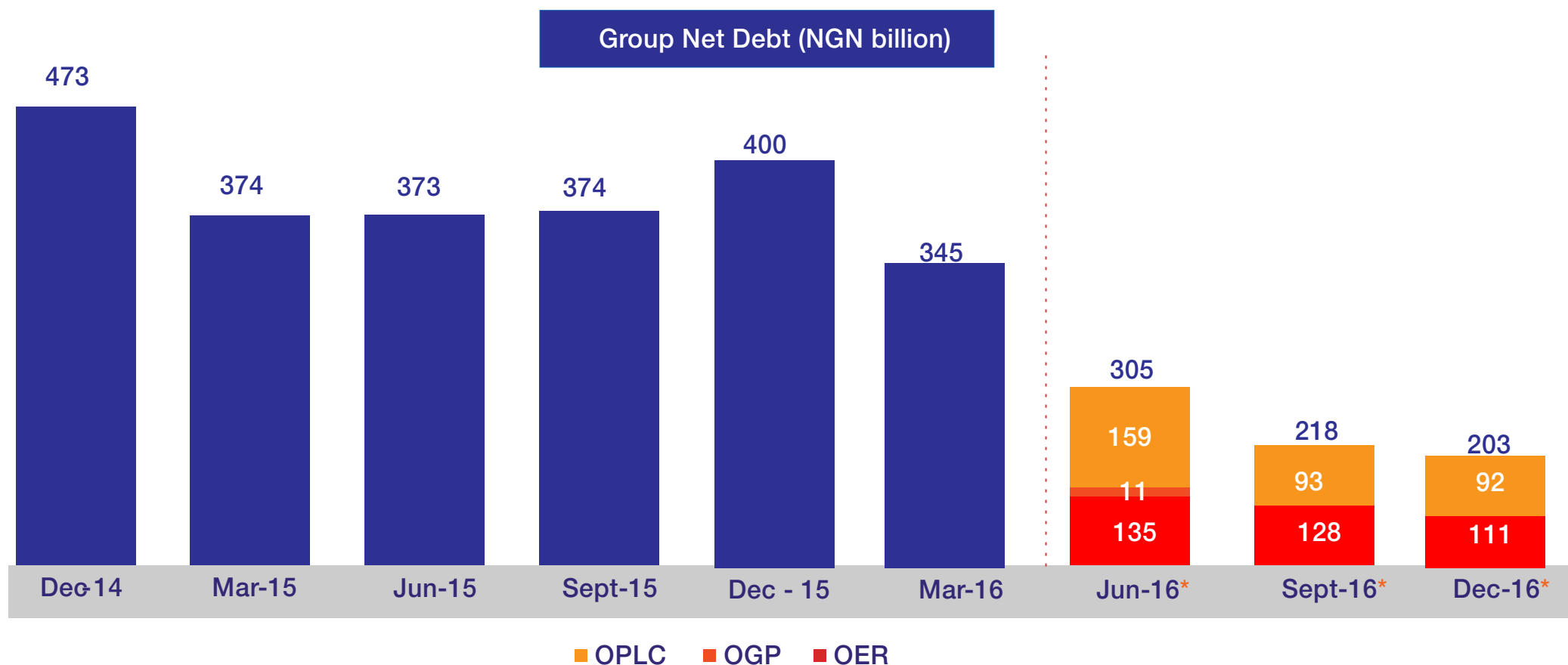
2016 Strategic Group Initiatives - Financial Effects



	EBITDA	FINANCE COST	PAT	NET CURRENT ASSETS
Oando Downstream Services (ODS) 49% legal rights divestment	▼ N16.6 Billion	▼ N12.2 Billion	▲ N8.9 Billion	▲ N55.6 Billion
Oando PLC Debt Restructure New MTL Facility		▼ N7.7 Billion	▲ N7.7 Billion	▲ N110.0 Billion
OODP Notes Conversion		▼ N3.4 Billion	▲ N3.4 Billion	▲ N37.2 Billion
Oando Gas & Power (OGP) Services (ODS) 75% divestment	▼ N11.7 Billion	▼ N1.9 Billion	▲ N3.1 Billion	▲ N34.2 Billion



Oando Plc's Deleveraging Profile



Notes:

1 June 2016 debt profile based on:

- I. 60% ODS divestment
- II. New MTL facility

3 September 2016 debt profile based on

- III. 75% divestment of OGP
- IV. Conversion of OODP Notes

Strategic Overview



Strategic Highlights

		Current: 2016	Midterm: 2017	Long Term: 2019
UPSTREAM	Exploration & Production	<ul style="list-style-type: none"> › Production of ~54 kboepd (2015 Average Net Production) › 2P Reserves of 445 mmbob › Maintain production on OMLs 60 - 63 (Production Optimisation) › Maintain production levels on Abo field (OML 125) through drilling and completion as well as FPSO life extension › Maintain production levels from Ebendo (OML 56) through facility & pipeline enhancements › Complete facility enhancements to maintain production on Qua Ibo (OML13) 	<ul style="list-style-type: none"> › Production Target: > 80kboepd › Reserves Replacement Ratio Target of 1:1 › Organic Growth: Accelerated development programme on OMLs 60 - 63 › Inorganic Growth: Take advantage of indigenous status by participating in FGN bid rounds and IOC divestment programmes 	<ul style="list-style-type: none"> › Production Target:>100kboepd › 2P Reserves Target: >500mmbob
	Gas & Power	<ul style="list-style-type: none"> › Achieve mandates for the development of embedded power generation for Distribution Companies › Complete construction of Greater Lagos Pipeline (GL4) and Port Harcourt Pipeline Expansion projects › Grow aggregate gas pipeline utilization to average 75mmscf/d › Finalize feasibility for the ELPS-Ibadan-Ilorin-Jebba (EIJ) gas transmission pipeline › Invest in acquisition of NIPP/Grid connected power utilities › Complete divestment of up to 75% to a financial or strategic partner 	<ul style="list-style-type: none"> › Complete development and commence operation of 150MW embedded/grid power generation › Complete development and commence operation of at least 20mmscf/d Mini LNG business › Grow aggregate gas pipeline utilization portfolio to an average of 100mmscf/day › Commence phased development of EIJ gas pipeline 	<ul style="list-style-type: none"> › Complete development & commence operation of 80MW embedded/grid power generation › Grow aggregate gas pipeline utilization/ contracts to an average of 200mmscf/day › Commence phased development of gas distribution system in Tema industrial area (Ghana)
DOWNSTREAM	Terminals	<ul style="list-style-type: none"> › Completion of construction & commencement of operations of the Apapa Jetty and subsea pipelines in the Lagos Port › Commission 3rd party commercial & technical feasibility for the Eastern 4KT LPG Tank farm construction › Commencement of first phase for the Apapa Terminal upgrade 	<ul style="list-style-type: none"> › Commencement of commercial & technical feasibility for 360kt ONNE Energy Quadrant › Completion of 2nd phase and commencement of 3rd phase for the Apapa Terminal Upgrade › Commencement of FEED on Badagry Terminal facility 	<ul style="list-style-type: none"> › Commence JV partnerships in operational areas › Complete Apapa Terminal 1 upgrade › Construction of 360kt ONNE Energy Quadrant › Construction of Badagry Terminal facility
	Supply & Trading	<ul style="list-style-type: none"> › Focus on increasing market share in existing markets and achieving economies of scale 	<ul style="list-style-type: none"> › Diversifying markets, increasing West-African presence 	<ul style="list-style-type: none"> › Expansion into other African markets
	Marketing	<ul style="list-style-type: none"> › Conclude on process of Group's partial (60%) divestment › Maintain a minimum (25%) current white products market share of MOMAN › Position for a partial/fully deregulated gasoline market › Maintain LPG leadership strategy amongst MOMAN whilst growing national share from 17% to 20% 	<ul style="list-style-type: none"> › Business expansion and increased efficiencies › Expand white market share of the Majors to 30% › Grow non-fuel revenue 	<ul style="list-style-type: none"> › Explore further divestment (Group)

Q&A

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