

Oando PLC H1 2013 Performance Review

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I **Asset Overview**

II **Operational Highlights**

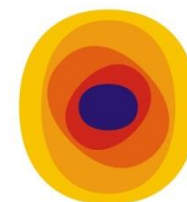
III **H1 2013 Performance Review**

IV **Strategic Overview**

V **Q & A**



Asset Overview













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Asset Overview



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Upstream Division	 Exploration & Production	Description <ul style="list-style-type: none"> • OER listed on the TSX • 94.6% ownership of OER 	Assets <ul style="list-style-type: none"> • Producing assets: OML 125 & OML 56. • Development & appraisal: OML 134, OML 90, OML 13 & OPL 236. • Exploration: OPL 278, OPL 282, OPL 321, OPL 323, OML122, JDZ, Block 26 & Rubai Licenses 	
	 Energy Services	#1 <ul style="list-style-type: none"> • Largest swamp drilling fleet in Nigeria servicing IOCs 	<ul style="list-style-type: none"> • 4 swamp rigs: <ul style="list-style-type: none"> • 3 in contract • 1 in refurbishment • Drill bits and engineering services • Total fluids management. 	
Midstream Division	 Gas & Power	#1 <ul style="list-style-type: none"> • First private sector company to enter gas distribution in Nigeria • 3 gas pipeline franchises • 1 IPP 	<ul style="list-style-type: none"> • Gas Pipeline franchise: <ul style="list-style-type: none"> GNL: 100km Lagos EHGC: 128km East CHGC: 5km East • Akute & Alausa captive Power Plants • Compressed Natural Gas Facility • Central Processing Facility 	
Downstream Division	 Supply & Trading	#1 <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 and Bermuda. • Trading consultants in the UK and Singapore. 	
	 Marketing	#1 <ul style="list-style-type: none"> • 28% 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"> • 500+ retail outlets in Nigeria, Ghana and Togo • 8 terminals (159.5ML) • 3 Aviation fuel depots • 2 lube blending plants (55m litres / annum) • 7 LPG filling plants 	



Operational Highlights



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Operational Update



Operational Update

- Fund raising towards COP acquisition continues, with planned closure before year end.

- US\$550 Million Preliminary Base Shelf Prospectus filed with TSX.

- Average Production of 4.5kbopd from 2 assets.

- DST results in EB-6 well indicate a daily production rate of 1,548 bopd (net to OER).

- Qua-Ibo well 3 completed; currently closed-in till evacuation facilities are ready.

- Zero Loss Time Injury (LTI) on 3 operational rigs this year.

- Average Operating efficiency of 3 rigs is 93%.

- Fourth rig (Respect) expected to be delivered into contract with IOC this Q4, 2013.

- Gas Network Services Ltd (CNG): General finishing works currently ongoing. Final commissioning team expected shortly.

- GL4: Statutory permits received. Issued assessment report on alternative business case for connecting First Power to GLIV pipeline.

- Alausa IPP: Progressed fabrication and installation of pipe spools, racks and generator installation supports. Construction and delivery of plant expected this year.

- ₦32.5 Billion in subsidies outstanding from the FGN.

- Increased crude trades from African countries.

- Focus on other markets and products to build diversity in business.

- LPG strategy still ongoing with delivery of 500k cylinders. 100k cylinders sold.

- Launched 13 Trippmart stores and plans to launch another 12 by Dec 2013.

- Launched 35 Autocare centres and plans to launch another 15 by the end of 2013.



H1 2013 Performance Review



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Profit & Loss Highlights



NGN' Million	H1 2013	H1 2012	Variance
Turnover	280,328	350,609	(20%)
Gross Margin	30,234	31,014	(3%)
Non-interest Expenses	(22,013)	(21,281)	3%
Other Operating Income	1,468	2,898	(49%)
EBITDA	15,338	18,874	(19%)
Net Finance Costs	(3,533)	(3,954)	1%
Depreciation and Amortization	(5,649)	(4,504)	(25%)
Profit before Tax (PBT)	6,156	10,416	(41%)
Profit after Tax (PAT)/Net Profit	4,272	6,607	(35%)



Turnover of ₦280.3 Billion



EBITDA of ₦15.3 Billion



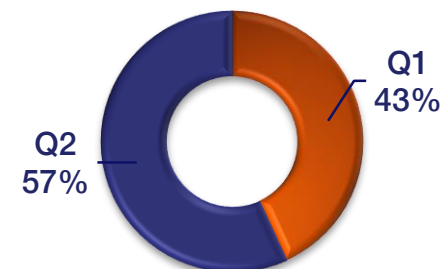
Profit after Tax of ₦4.3 Billion

Quarterly Contribution Breakdown

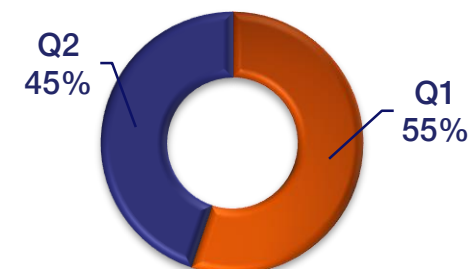


NGN' Million	Q2	Q1
Turnover	159,267	121,061
Gross Margin	17,186	13,048
Non-interest Expenses	(10,580)	(5,784)
Other Operating Income	275	1,193
EBITDA	6,880	8,458
Net Finance Costs	(1,981)	(1,552)
Depreciation and Amortization	(3,033)	(2,616)
Profit before Tax (PBT)	1,866	4,290
Profit after Tax (PAT)/Net Profit	1,823	2,448

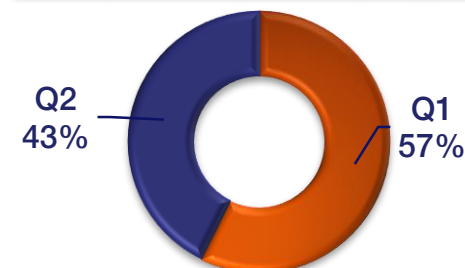
Contribution



Turnover of ₦280.3 Billion



EBITDA of ₦15.3 Billion



Profit after Tax of ₦4.3 Billion

Group Balance Sheet Highlights



NGN' Million	H1 2013	FYE 2012	Variance
Fixed Assets	143,681	130,325	10%
Non-current receivables	12,255	10,619	15%
Stock	22,284	18,111	23%
Trade and other Debtors	142,863	113,935	25%
Bank and cash balances	26,550	13,409	98%
Trade and other Creditors	138,654	86,046	61%
Short Term Borrowings	133,366	213,666	(38%)
Long Term Borrowings	103,563	75,221	38%
Equity & Reserves	161,653	105,355	53%



Fixed Assets of ₦143.7Bn



Trade & Other Debtors of ₦142.9Bn

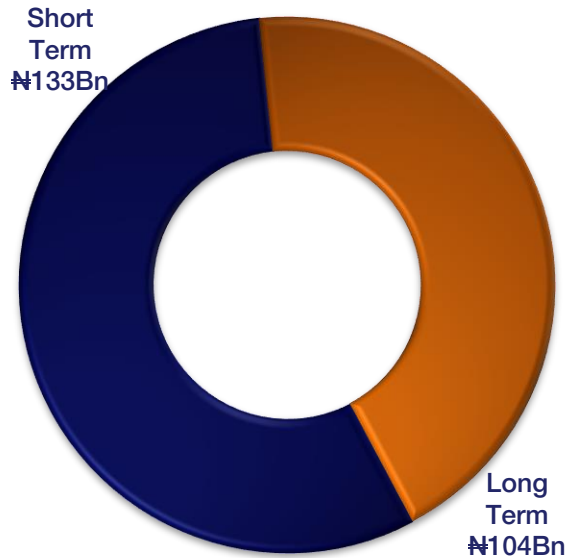


LT Borrowing of ₦103.6Bn

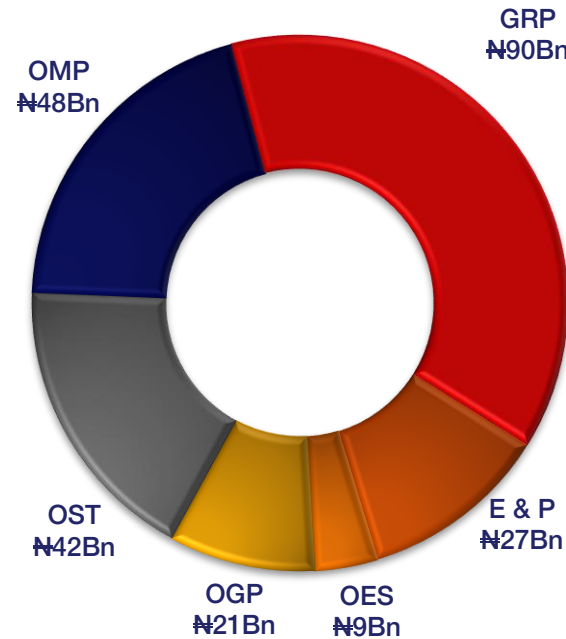
Group Debt Breakdown



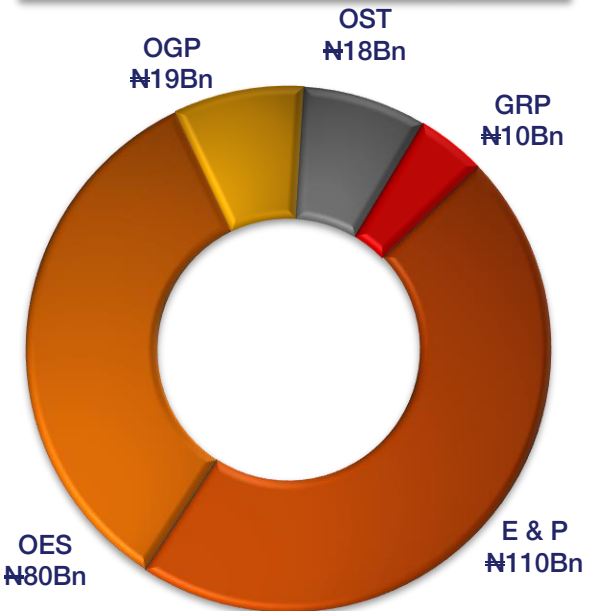
Total Debt ₦237Billion



Sources



Uses



Exploration & Production



Energy Services



Gas & Power



Supply & Trading



Marketing

Use of Funds

Asset Acquisition
Signature Bonuses
Farm-in Fees
Asset Development

Rig Acquisition
Rig refurbishment
Drill Bits

EHGC Pipeline
CNG project
Gaslink customer connects

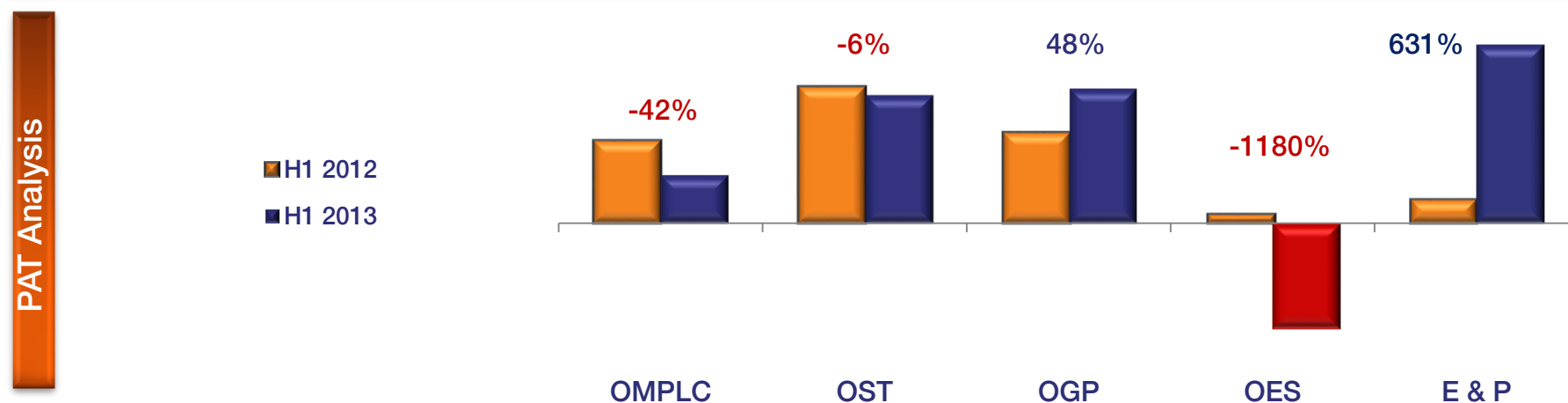
Import Finance facilities and CPs for white product importation

As at 30 June, 2013

Divisional Performance Analysis



NGN Million	Marketing	Supply & Trading	Gas & Power	Energy Services	Exploration & Production
Turnover	112,816	214,138	13,305	11,030	10,964
Gross Margin	9,944	3,593	3,053	7,342	8,684
EBITDA	3,167	2,176	2,216	4,002	6,974
Profit before Tax (PBT)	1,060	2,135	2,743	(2,320)	3,854
Profit after Tax (PAT)	727	1,920	2,019	(1,577)	2,674
Net Profit Margin	1%	1%	15%	(14%)	24%

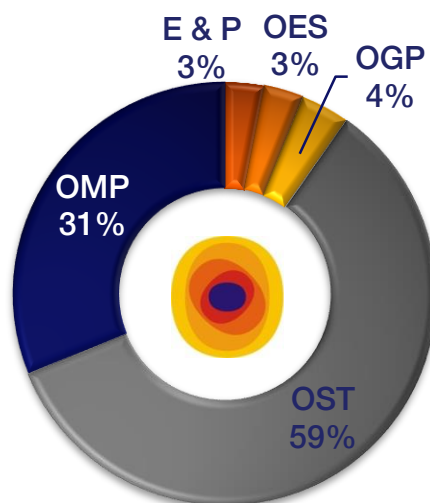


Total Group figures do not equal sum of individual entities due to intercompany adjustments (sales, interest, etc) and corporate center activities.

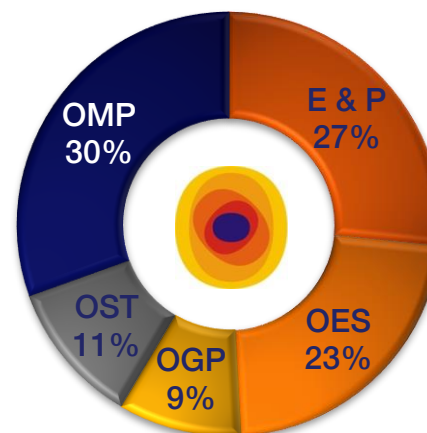
Divisional Performance Analysis



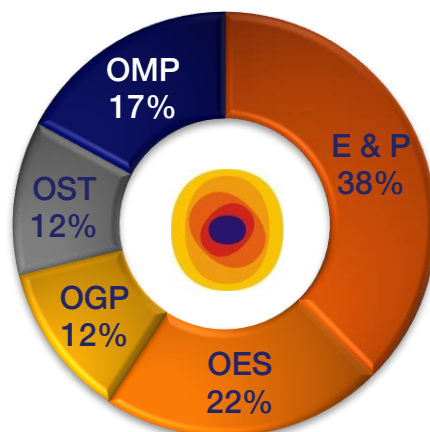
Turnover – ₦280.3 Billion



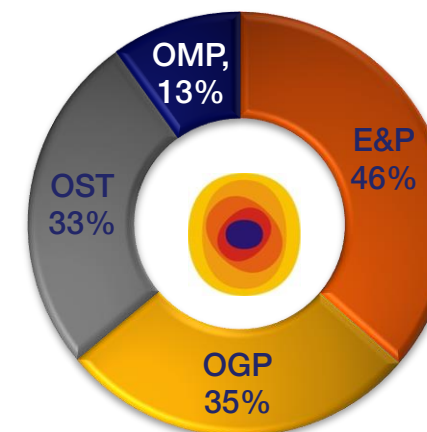
Gross Margin – ₦30.2 Billion



EBITDA – ₦15.3 Billion



PAT – ₦4.3 Billion



Total Group figures do not equal sum of individual entities due to intercompany adjustments (sales, interest, etc) and corporate center activities.

Sector Performance - Upstream



Exploration & Production

N' Million	H1 2013	H1 2012	Variance
Turnover	10,964	11,714	(6%)
Gross Margin	8,684	7,822	11%
EBITDA	6,974	7,172	(3%)
EBITDA Margin	64%	61%	-
Profit before tax (PBT)	3,854	2,705	42%
Profit after tax (PAT)	2,674	366	631%
Net Profit Margin	24%	3%	-



Energy Services

N' Million	H1 2013	H1 2012	Variance
Turnover	11,030	9,151	21%
Gross Margin	7,342	6,252	17%
EBITDA	4,002	4,316	(7%)
EBITDA Margin	36%	47%	-
Profit before tax (PBT)	(2,320)	214	(1184%)
Profit after tax (PAT)	(1,577)	146	(1180%)
Net Profit Margin	(14%)	2%	-

Sector Performance - Midstream



Gas & Power

N' Million	H1 2013	H1 2012	Variance
Turnover	13,305	9,332	43%
Gross Margin	3,053	2,445	25%
EBITDA	2,216	1,705	30%
EBITDA Margin	17%	18%	-
Profit before tax (PBT)	2,743	1,880	46%
Profit after tax (PAT)	2,019	1,368	48%
Net Profit Margin	15%	15%	-

Sector Performance - Downstream



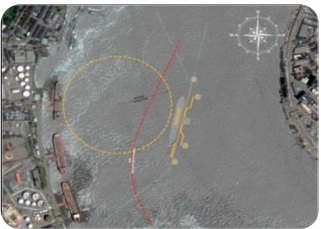
Supply & Trading

N' Million	H1 2013	H1 2012	Variance
Turnover	214,138	251,199	(15%)
Gross Margin	3,593	4,872	(26%)
EBITDA	2,176	2,215	(2%)
EBITDA Margin	1%	1%	-
Profit before tax (PBT)	2,135	2,213	(4%)
Profit after tax (PAT)	1,920	2,053	(6%)
Net Profit Margin	1%	1%	-



Marketing

N' Million	H1 2013	H1 2012	Variance
Turnover	112,816	123,049	(8%)
Gross Margin	9,944	10,073	(1%)
EBITDA	3,167	3,023	5%
EBITDA Margin	3%	3%	-
Profit before tax (PBT)	1,060	1,826	(42%)
Profit after tax (PAT)	727	1,246	(42%)
Net Profit Margin	1%	1%	-



Strategic Overview



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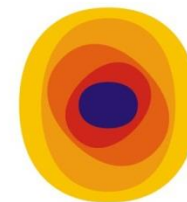
Strategic Overview



		Current: 2013	Mid Term: 2014-2015	Long Term: 2015
Upstream	Exploration & Production	<ul style="list-style-type: none"> Organic Growth Production, 5-10kboed Reserves 2P: 12.6-16mmbbls Inorganic Growth Acquisition production 45kboed Reserves 2P: 220mmboe; 2C: 493mmboe 	<ul style="list-style-type: none"> Combined Production of 55-75kboed Reserves 2P: 300mmboe 	<ul style="list-style-type: none"> Growth Production 75-100kboed Maintain production of 100kboed Grow Reserves from 300mmboe - 500mmboe
	Energy Services	<ul style="list-style-type: none"> Fully refurbish and deploy 4th rig into operation 	<ul style="list-style-type: none"> Enter into land rig space, deploy 2 land drilling rigs Expand product offering (MWD, etc) Divestment of up to 49% or potential listing 	<ul style="list-style-type: none"> Deploy 2 additional land drilling rigs Divestment of an additional 25%
Midstream	Gas & Power	<ul style="list-style-type: none"> Complete construction: <ul style="list-style-type: none"> CNG CHGC Alausa IPP Commence construction of GL4 Sell 90% of current franchise capacity 	<ul style="list-style-type: none"> Complete planning and approvals for EIJJ pipeline franchise 	<ul style="list-style-type: none"> Commence construction of 1st CPF and 2 more gas pipeline franchise areas in Nigeria
Downstream	Marketing	<ul style="list-style-type: none"> Increase distribution efficiency and expansion into high margin volumes, Lubes & LPG distribution 	<ul style="list-style-type: none"> Divestment of up to 49% or potential listing on the NSE 	<ul style="list-style-type: none"> Expansion of business across the sub-Saharan region Divestment of additional 25%
	Supply & Trading	<ul style="list-style-type: none"> Expand Sub-Saharan geographical product distribution coverage 	<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"> Increase geographical presence
	Terminals	<ul style="list-style-type: none"> Completion of construction of the Marina Jetty and subsea pipelines in the Lagos Port 	<ul style="list-style-type: none"> Commence FEED on Badagry Terminal facility 	<ul style="list-style-type: none"> Development of a 210,000MT import terminal facility in Badagry Expand white product storage facilities in Nigeria

Q & A

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