seplat

Facts Behind the Listing

14 April 2014

Table of Contents

The Opportunity – Seplat US$500m NSE / LSE IPO

Issuer	Seplat Petroleum Development Company Plc
Listing	Nigerian Stock Exchange (“NSE”) London Stock Exchange (Standard Listing) (“LSE”)
Offer Size	**Approx. USD 500 million base deal** **GBP 300.9 million base or NGN 82.5 billion equivalent**
Price	**NSE: NGN 576** **LSE: Gbp 210**
No. of ordinary shares in issue post offer	543,284,130
Market capitalisation post offer	NGN 312,931,658,880 GBP 1,140,896,673
Primary / Secondary Split	**100% primary, base deal and over-allotment option**
Syndicate	Joint Global Co-ordinators: BNP Paribas, Standard Bank Joint Bookrunners: BNP Paribas, Standard Bank, Renaissance Capital, Citigroup, RBC Capital Markets Nigerian Joint Issuing Houses: Renaissance Capital, Stanbic IBTC Nigerian Receiving Agents: Futureview, Vetiva Capital, BGL, CSL Stockbrokers
Events	Admission and commencement of unconditional trading on the NSE and LSE: **14 April 2014**

Overview of Seplat

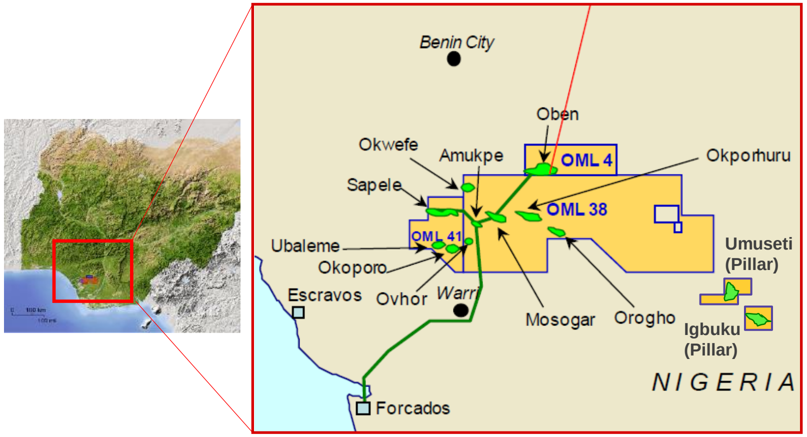
Seplat – company snapshot

Leading indigenous operator of onshore producing OMLs, with significant upside

OVERVIEW

- Acquired 45% interest in OMLs 4, 38, 41 from IOCs in July 2010
- Indigenous operator of the licenses:
  - Grown operated oil production from c.14 Mbopd to c.60 Mbopd
  - 2013 gross operated gas production of c.99 MMscfd
- Total working interest 2P reserves of 226 MMboe (49% oil) (1)
- Recent acquisitions:
  - Jun 2013 – 40% interest in Umuseti and Igbuku marginal fields from Pillar
  - Dec 2013 – signed SPA for 40% stake in OML 53 (2)

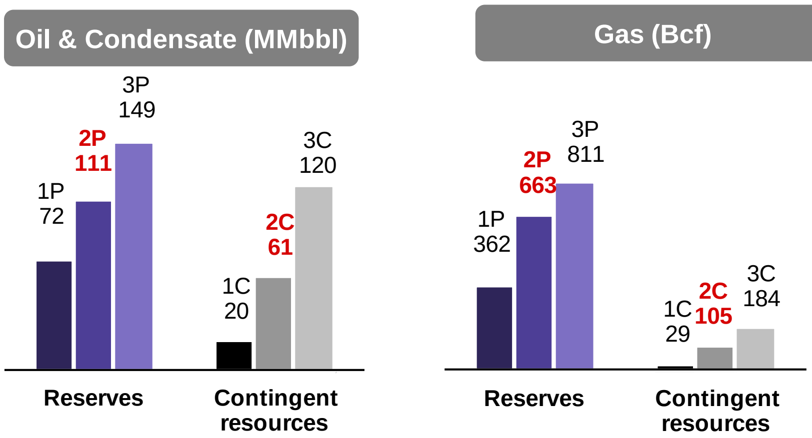
ASSET LOCATION



STRATEGY

1. Maximise production and cash-flow from our existing assets
2. Replace reserves through 2C to 2P conversion and exploration
3. Commercialise gas production
4. Pursue selective, price disciplined acquisitions in the Niger Delta

TOTAL WI RESERVES AND RESOURCES (1)



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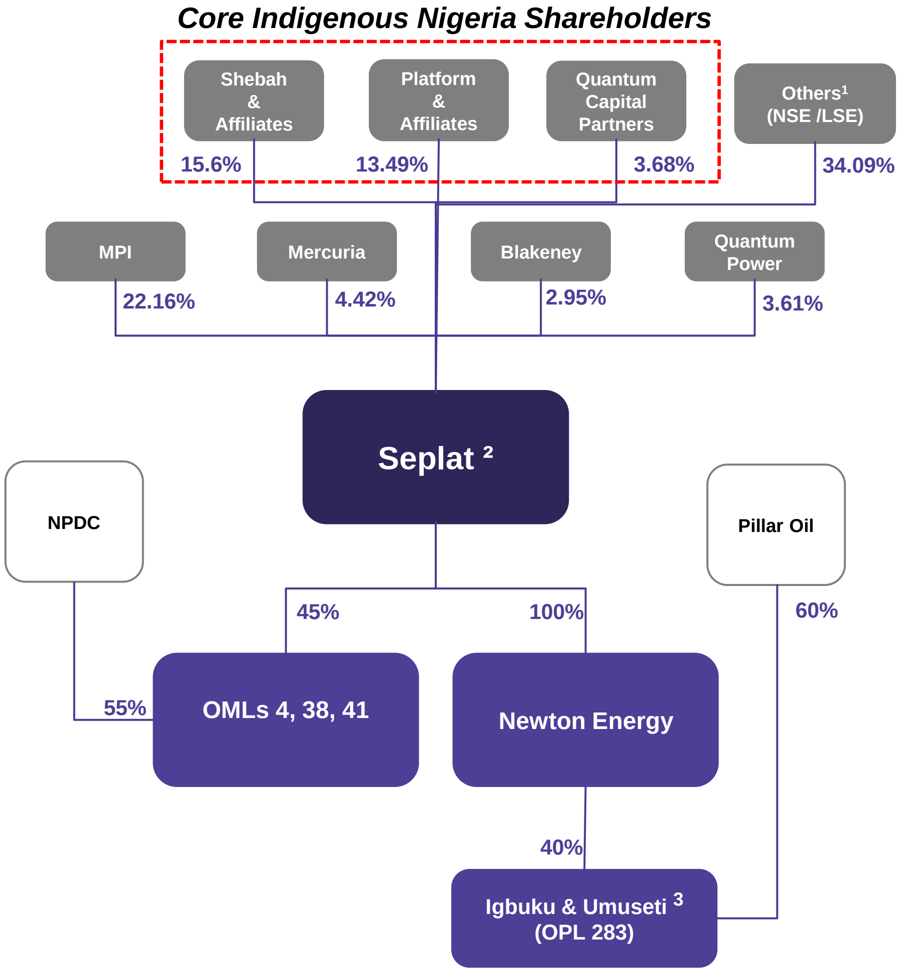
Source: DeGolyer & MacNaughton ("D&M") (figures as of 31 October 2013)
(1) Including Pillar; excluding OML 53
(2) Subject to ongoing litigation

Current Seplat shareholding structure – Post Offer



GLOBAL OFFER

- April 2014: raised $500m[4] of primary capital
- Unconditional trading to commence on 14th April 2014 on both the NSE and LSE
- Free float across both markets estimated to be c.34%

RECENT SHAREHOLDER TRANSACTIONS

- August 2013: MPI sold 10% interest for US$98MM
  - 6.0% to Mercuria Capital Partners
  - 4.0% to Blakeney Management
- August 2013: Shebah Affiliates sold 5% interest for US$49MM to Quantum Capital Partners
- December 2013: MPI sold 4.90% interest for US$49MM to Quantum Power

ARM'S LENGTH COMMERCIAL ARRANGEMENTS WITH SHAREHOLDERS

- 5 year oil off-take arrangement with Mercuria for up to 100% of production, expected to come into force in 2015
- In process of negotiating Gas Supply Agreement with Quantum Power

LOCK-UP AGREEMENT

- Founder shareholders subject to 12-month lock-up period
- Mercuria, Blakeney, Quantum Capital and Quantum Power subject to 180-day lock-up period

1) Includes a mixture of other shareholders on both the NSE and LSE
2) Other Seplat 100% subsidiaries are (a) Seplat East Swamp Company Limited (b) Seplat UK Limited (c) Seplat East Onshore Limited (d) Seplat Gas Company
3) Subject to Ministerial consent
4) US$536MM when Greenshoe option exercised

History of Seplat

A track record of delivery over a short time frame

Oct. 2010
30Mbopd [1]

Dec. 2011
40Mbopd [1]

Jan. 2013
50Mbopd [1]

May 2013
60Mbopd [1]

2009
Seplat formed by Shebah and Platform

July 2010
Closed acquisition of OMLs 4, 38, 41. Seplat operator

Dec. 2010
Signed GMoU with host communities

March 2011
US$550MM refinancing and acquisition financing

April 2012
Spudded first development well

August 2012
Added gross reserves of 23MMbbl from Okporhuru

Feb. 2013
Signed agreement with SPDC reducing loss allocation (effective date Nov. 2011)

April 2013
Increased Okporhuru gross reserves to 43MMbbl

June 2013
Entered into agreement to acquire 40% participating interest in Pillar Oil Umuseti / Igbuku marginal fields [2]

Nov 2013
Signed SPA for 40% of OML 53

Dec 2013
22MMbbl gross 2P conversion and first production at Orogho field (*post CPR certification date*)

March 2014
Warri refinery pipeline commissioned

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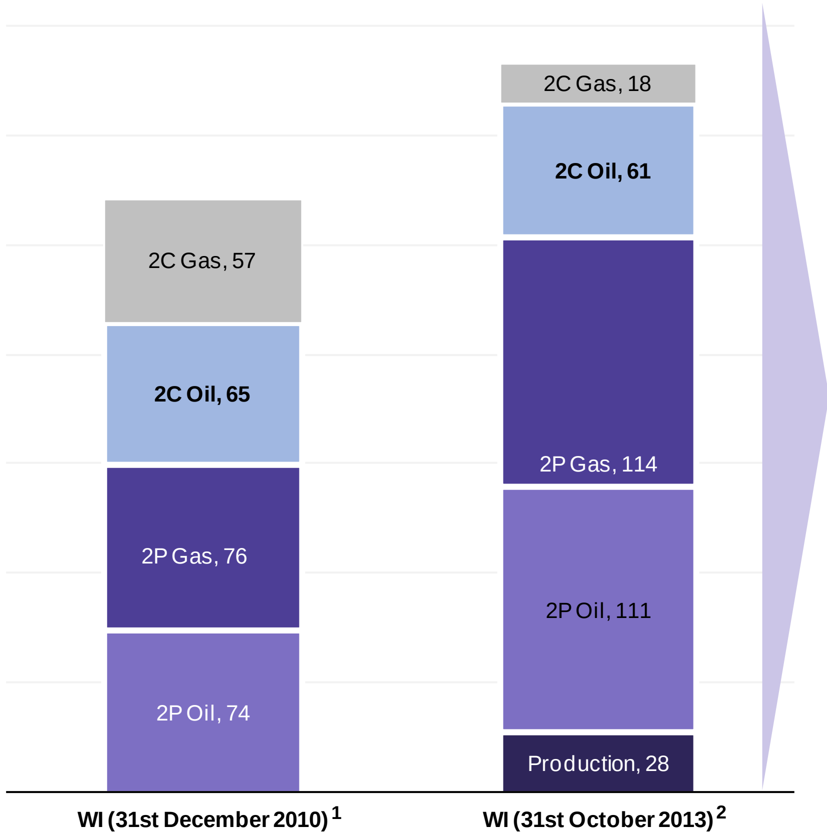
Notes
1) Gross operated production
2) Farm-in subject to Ministerial consent. Until consents are satisfied Seplat entitled to receive 40% beneficial interest from Umuseti and Igbuku fields

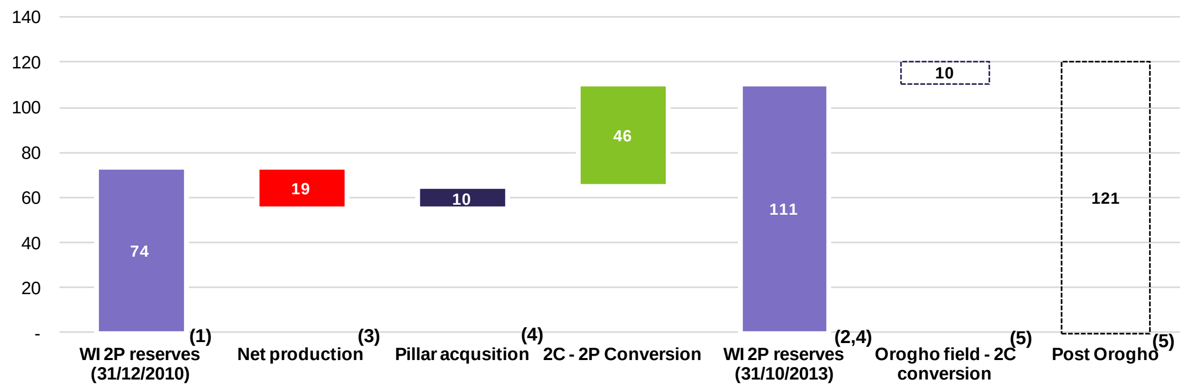
Proven track record of value creation

Delivering production and proving-up resource base

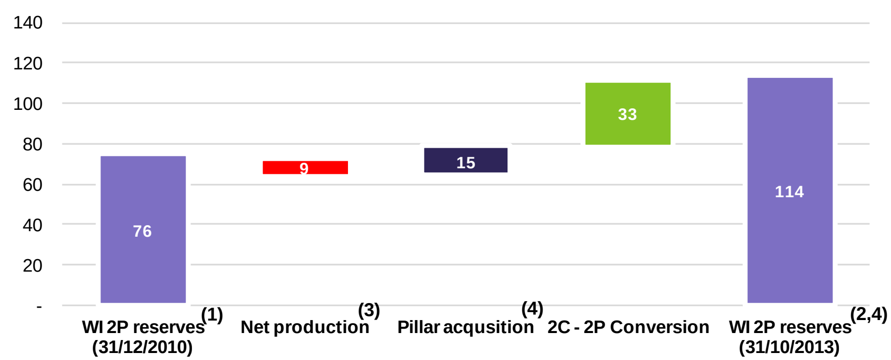
GROWTH OF OVERALL WI RESOURCE BASE (MMboe)



GROWTH OF WI 2P OIL RESERVE BASE (MMbbl)



GROWTH OF WI 2P GAS RESERVE BASE (MMboe)



1) Source: Gaffney Cline & Associates (31 December 2010)
2) Source: DeGolyer & MacNaughton (31 October 2013)
3) Historical production measured at the flow station until 31 Oct. 2011 / measured at the LACT unit from 1 Nov. 2011
4) Source: DeGolyer & MacNaughton Pillar CPR (31 October 2013)
5) Company estimates

Experienced Board & Management

Nigerian and international board members

NON-EXECUTIVE DIRECTORS

Dr. A.B.C. Bryant Orjiako
Chairman of Seplat

- c.25 years in the Oil & Gas industry
- Founder of Shebah E&P (operator of OML 108)
- Board Member of MPI

Mr. Macaulay Agbada Ofurhie

- Geologist / Petroleum engineer
- 34 years at the NNPC and DPR
- Formerly: MD of NPDC and NGC and DPR Director

Mr. Michel Hochard
CEO of MPI

- Former member of the Executive Committee of PricewaterhouseCoopers
- Strong experience at Elf Aquitaine

EXECUTIVE DIRECTORS

Mr. Austin Avuru
Managing Director / CEO of Seplat

- c.33 years in the Oil & Gas industry
- Former MD/CEO of Platform Petr.
- Board Member of MPI

Mr. William Stuart Connal
COO of Seplat

- Chartered engineer with >30 years experience in the Oil & Gas industry
- Held senior management positions at Centrica

Mr. Roger Thompson Brown
CFO of Seplat

- Former Head of Oil and Gas (EMEA) at Standard Bank
- Qualified Chartered Accountant

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Michael Richard Alexander
Senior INED

- Former CEO of British Energy Group Plc
- Former Executive director of Centrica Energy

Mr. Charles Okeahalam
CEO of Africa Growth Holdings

- Co-founded AGH Group in 2002
- Former Professor at the University of Witwatersrand and London School of Economics

Mr. Basil Omiyi
Chairman and MD of Michael-Philips Nigeria

- Over c.40 years period held various senior positions within Royal Dutch Shell including Country Chairman of Shell Companies, Nigeria

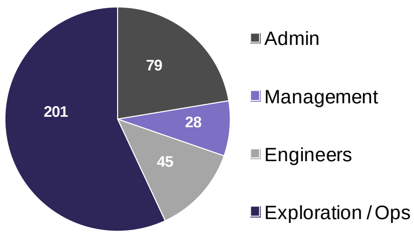
Mrs. Ifueko M. Omoigui Okauru

- Managing Partner, Compliance Professionals Plc
- Non-executive director & founder of ReStral Ltd

Lord Malloch-Brown

- Former Minister of State for Africa, Asia and the United Nations (UN)
- Former Deputy Secretary General of the UN

EMPLOYEE BREAKDOWN



MANAGEMENT TEAM

Mr. Edward Skene
VP, Finance & Business Support

Dr. Chioma Nwachuku
General Manager Corporate & New Business Dev.

Mr. Isaiah Odeleye
Company Secretary and General Manager, Legal

Mr. David Boyd
Investor Relations

Mr. Fausta Alakwe
Operations Manager

Mr. Bryte Oghenovo Oghor
General Manager HSE & Community Relations

Mr. Fidel Onichabor
Technical Manager

Mr. Moses J. Onuwe
General Manager Corporate Services & Administration

Robust governance procedures

RELATIONSHIP AGREEMENT

- Voluntarily-entered, legally binding agreement between Founders (1), relating to :
  - Company's independent operation
  - Related Party and Conflicts of Interest policies (arm's length)
  - Founder-shareholder board representation
  - Minimum number of independent directors (3)
  - Maintenance of a London Senior Independent Director
  - Company's right to co-invest alongside founders

MPI RELATIONSHIP

- Seplat borrowed US$153MM from MPI as part of the acquisition financing for OMLs 4, 38 and 41
- US$48MM remains outstanding – to be repaid from the IPO proceeds

ANTI-CORRUPTION POLICIES ADOPTED

- Consistent with the principles of the UK Bribery Act 2010
- Specifically address facilitation payments, gifts and hospitality and include whistle-blowing procedures

SUB-COMMITTEES LED BY INEDS

- **Audit Committee**
  - Three INEDS
  - Three Directors representative of the broader shareholder group
  - Chairman selected by the committee
- **Finance Committee**
  - Chairman : Charles Okeahalam (INED)
  - Three additional INEDs
- **Remuneration Committee**
  - Chairman : Mike Alexander (Senior INED)
  - Two additional INEDs
  - ABC Orjiako
- **Nomination and Establishment Committee**
  - Chairman : ABC Orjiako
  - Two INEDs
- **Risk Management / HSE Committee**
  - Chairman : Basil Omiyi (INED)
  - Austin Avuru (CEO/MD)
  - Stuart Connal (COO)
  - Two additional INEDs
- **CSR Committee**
  - Chairman: Lord Malloch-Brown
  - Two additional INEDs

(1) Shebah, Platform, MPI, Dr. ABC Orjiako and Mr. Austin Avuru

Community-oriented with strong local ties

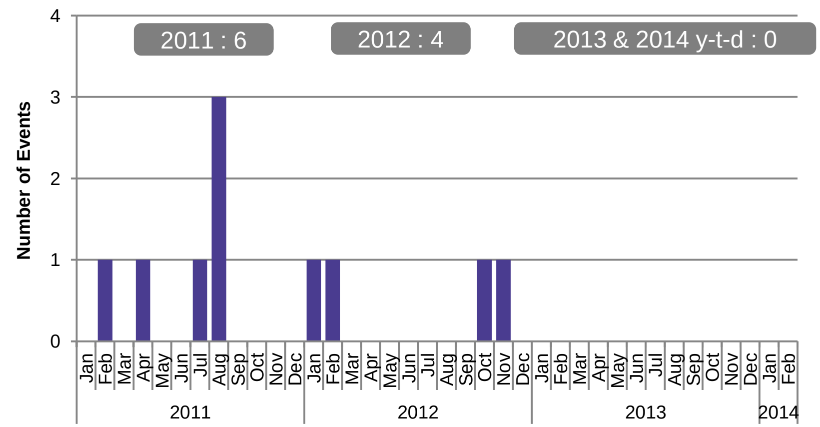
THE "SEPLAT MODEL"

- Host communities treated as stakeholders
- 5-year Global Memorandum of Understanding (GMoU) signed with all communities
  - 4 communities hosting production assets
  - 35 communities impacted by pipelines and access
- Inclusive of all groups within communities
- Primary objectives are building capacity and empowerment within the community,
  - Local contractor preference, where qualified
  - Creating local employment opportunities
- Proactive implementation of sustainable development programmes
  - Healthcare (e.g. eye care, maternity)
  - Education & training
  - Community infrastructure
- Communicating continuously with the communities about all operational developments

COMMUNITY STRATEGY IN PRACTICE

- Significant expansion of qualified, local contracting capacity and extensive use of these contractors by Seplat:
  - Built and will maintain new oil pipeline to Warri and new oil and gas flow lines
  - Undertake all civil works for facilities expansion projects and at new drill sites
  - Delivering transport, catering, maintenance services

IMPACT : 3RD PARTY INTERFERENCE ON INFRASTRUCTURE



Source: company data

Strategy

Designed to deliver mid / long term growth and premium value to all stakeholders

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1 Maximise production and cash flows from operated assets

- Target oil production from OMLs 4, 38, 41 to reach c.85 Mbopd (100%) by YE 2016
- Achieve 100% oil reserves replacement year on year

2 Move-up 2C into 2P

- Continuously add reserves through active reservoir management and conversion of contingent resources into reserves
- Targeted exploration campaign - numerous prospects and leads

3 Commercialise gas production

- Exploit domestic gas market - increasing gas demand, rising prices
- Grow gas sales capacity up to c.300 MMcfd by YE 2017

4 Pursue a focused acquisition and farm-in strategy

- Leverage on existing platform and indigenous status
- Credible bidder, but exercising price discipline
- Target assets with early production, cash flow and reserve replacement potential
- New opportunities - divestments by Majors, local companies or government bid rounds

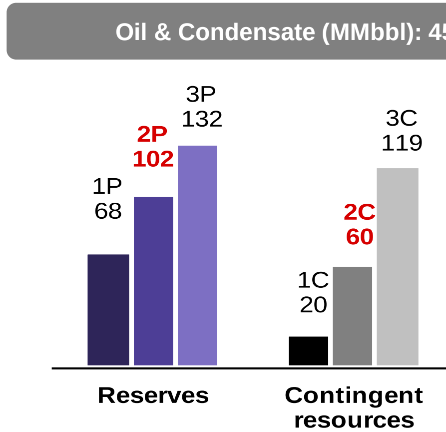
Operational Overview

OML 4, 38 & 41: Performance to end 2013 - Oil

2013 RESERVES AND PRODUCTION PERFORMANCE

- Average gross operated production at 51.4 Mbopd in FY 2013
  - Currently producing c.60 Mbopd
- Total WI production of 8.4 MMbbl in FY 2013
  - vs. 5.4 MMbbl in FY 2012 – increase of 56%
- Average SPDC reconciliation reduction down to 10% in FY 2013
  - vs. average 18% in 2011
- April 2013: Increased gross 2P reserves from Okporhuru field to 43 MMbbl with first oil produced from this field in May 2013
- Management estimates 22 MMbbl of gross reserves added at Orogho field in December 2013 (post CPR date)

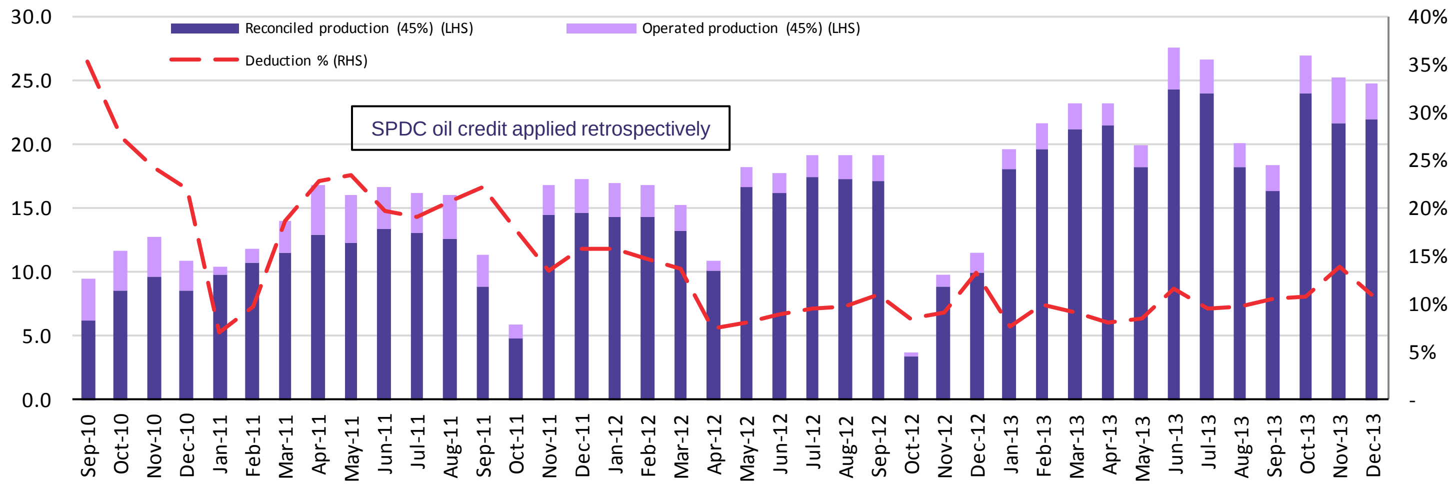
LIQUID RESERVES AND RESOURCES – at 31 Oct. 2013



Source: DeGolyer & MacNaughton

(Excludes Pillar, OML 53 and 2P/2C conversion from Orogho)

OPERATED PRODUCTION vs. SPDC RECONCILED PRODUCTION (Mbopd, 45% WI)



Source: Company data

Note: Production measured at flow station until 31 Oct. 2011, then measured at the LACT unit from 1 Nov. 2011.

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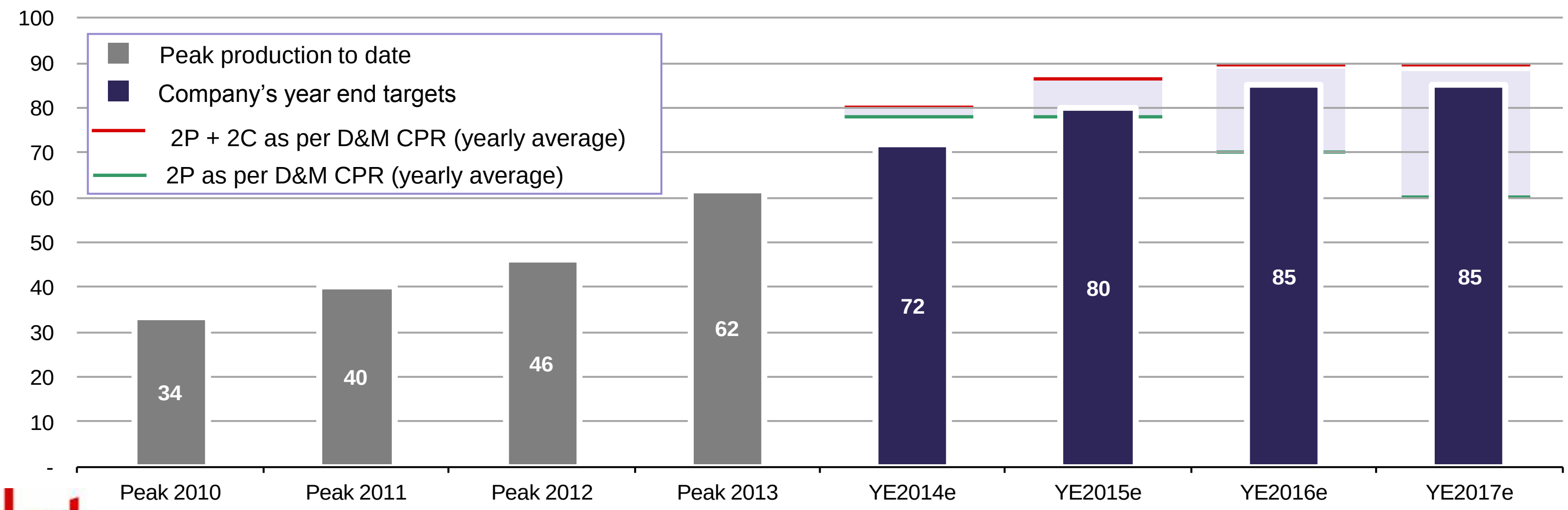
OML 4, 38 & 41: Production targets – Oil

DEVELOPMENT PLAN UPDATE

- Aiming to grow liquids production to c.85 Mbopd by end 2016 and sustain at this level through 2020
- Manage field reservoirs to deliver sustainable long-term production
- Enables greater gas production and monetisation post-2016
- Optimises capex efficiency and delivers lower opex/boe
- Potential further reductions in SPDC reconciliation from completion of an alternative export route and off-take swap arrangements
- New targets reflects the expansion of the group's portfolio and resource allocation

GROSS OIL & CONDENSATE OPERATED PRODUCTION RAMP-UP (Mbopd)



Note: historical production measured at the flow station until 31 Oct. 2011 / measured at the LACT unit from 1 Nov. 2011

OML 4, 38 & 41: Commercialisation of Gas

GAS MASTER PLAN: FAVOURABLE FRAMEWORK

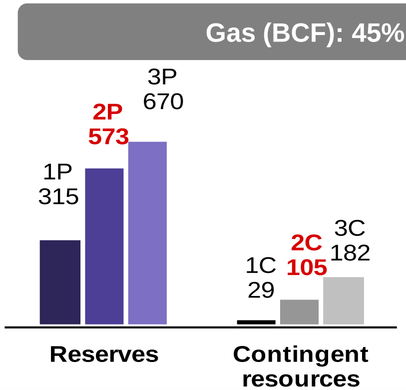
- Strong Government policy to develop domestic gas market
- Objectives to:
  - Develop required gas infrastructure
  - Establish suitable contractual framework
  - Achieve better and more transparent pricing
  - Align DSO sales price with market value

IMPROVED PRICING OF SEPLAT'S GAS SALES CONTRACTS

Off-takers	Volume (MMcfd)	Duration (years)	Status	Gas Price (US$/Mcf)*
Domestic Supply Obligation (DSO)				
Sapele Power Plant	50	10	GSA signed	$2.0 in 2013
Geregu Power plant	80	10	GSA signed	$2.0 in 2014
Existing off-takers (**)	70	10	draft GSA	$3.0 from 2015
Liquids extraction for LPG (**)				
Southfield Petroleum	9	10	GSA signed	$4.0 from 2016
Kaego-Virile JV	5	10	draft GSA	$4.0 from 2016
New Gas To Power Projects (**)				
Azura Power	108	15	draft GSA	$3.0 from 2017
TOTAL	**322**			

(*) All prices subject to inflation
(**) Still under negotiation. However, prices have been agreed

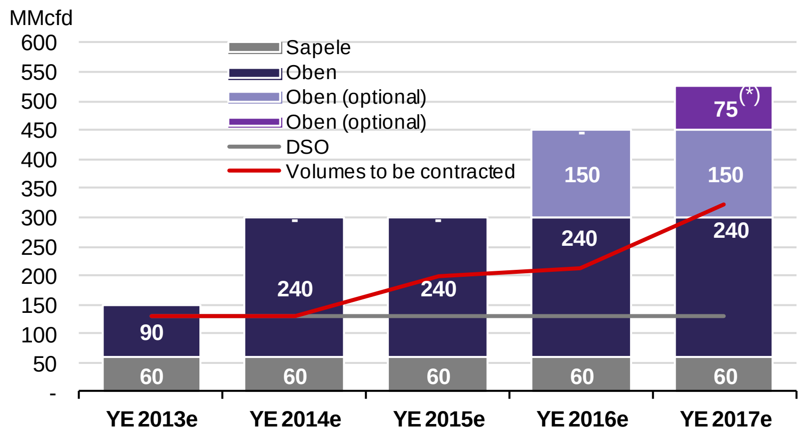
GAS RESERVES & RESOURCES - at 31 Oct. 2013



Source: DeGolyer & MacNaughton

(Excludes Pillar, OML 53)

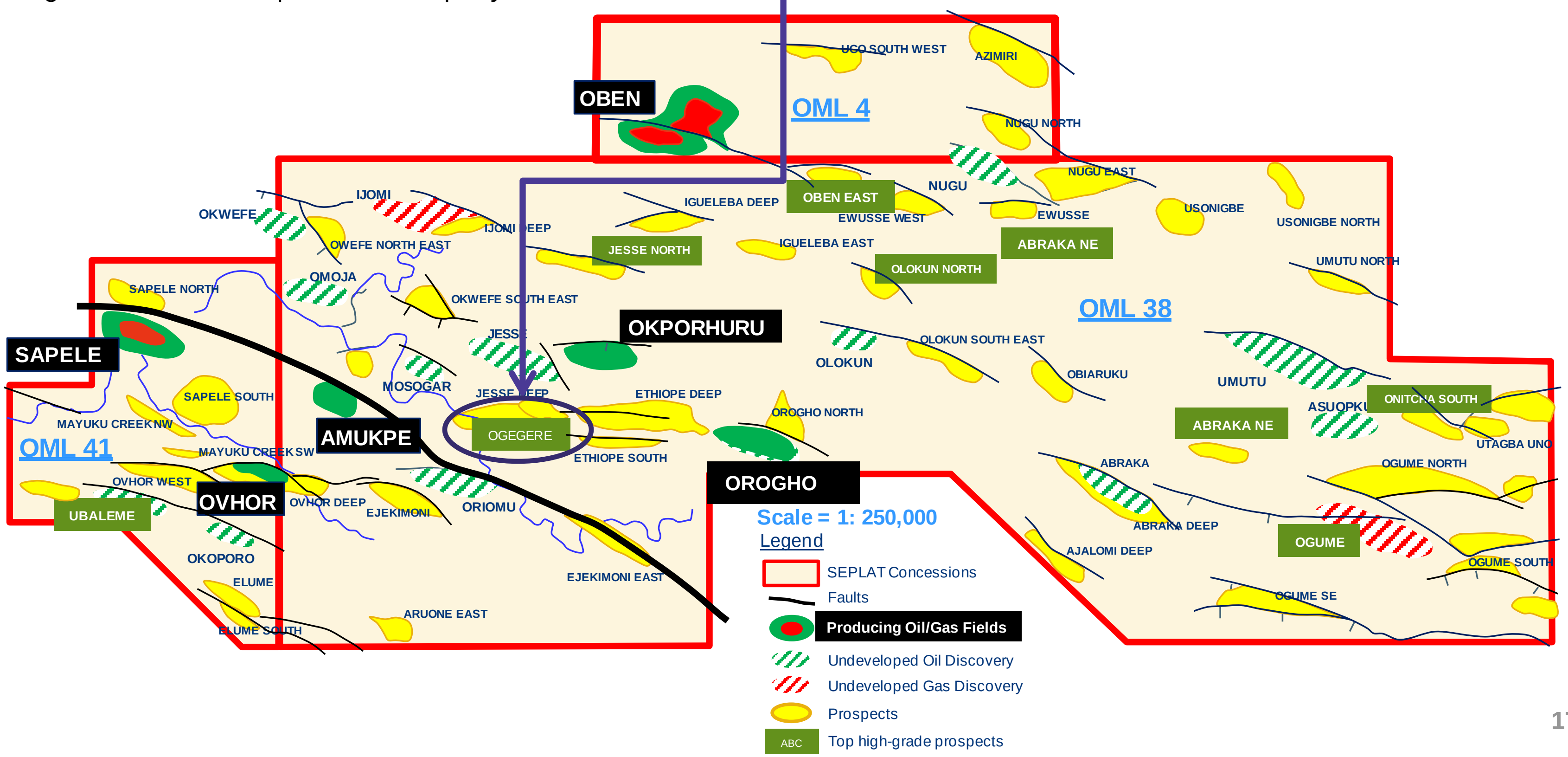
GAS PLANTS CAPACITY AND CONTRACTED VOLUMES



(*) option to add one further module of 75 MMcfd if required

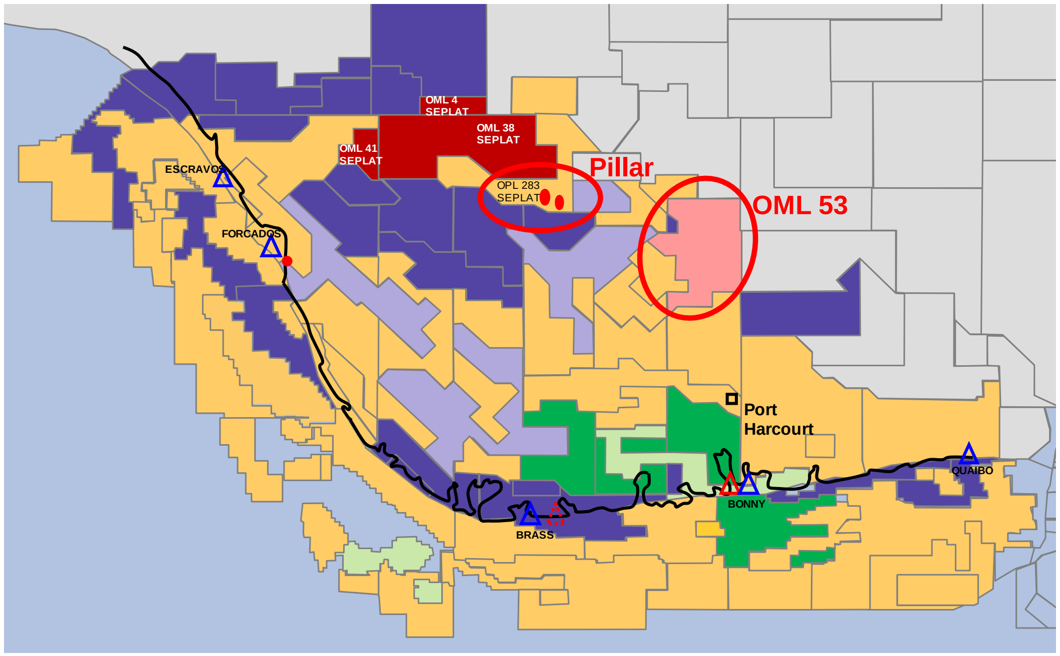
Exploration update

- In addition to the six producing fields, a number of discoveries, prospects and leads identified by Seplat across the OMLs
  - 9 fields with undeveloped discoveries appraised by Seplat with gross contingent resources of 197 MMboe (2C basis):
  - 113 prospects and leads identified by Seplat across the OMLs; prospects ranked based on potential hydrocarbon volumes and
    - The 9 best selected for further maturation
    - One of them (Ogegere) was spudded in Dec 2013
    - Target is to drill one exploration well per year



Recent acquisitions/opportunities – Pillar, OML 53, Shell

NIGER DELTA – DIVESTMENTS



- Seplat assets today
- AGIP / Oando Energy Resources[4]
- Shell current divestment process
- Other indigenous companies
- Chevron OML 53 divestment
- Chevron current divestment process
- Other non-indigenous ownership

In excess of 3bn barrels of oil potentially for sale by IOCs

PILLAR FARM-IN [1]

- June 2013: agreement with Pillar Oil for a 40% interest in the Umuseti and Igbuku marginal fields (OPL 283)
- Consideration US$50MM cash + up to US$10MM contingent
- WI 2P reserves[2] of 10 MMbbl liquids and 90 Bcf gas
- Umuseti currently producing 2.5 Mbopd
- Development plan in place – US$59MM capex net to Seplat
  - First oil from new Umuseti wells expected Q2 2014
  - First gas from Igbuku expected Q2 2015
- Self-funding from Q2 2014; net cash contributor from 2015

CHEVRON : OML 53

- SPA signed for 40% interest in OML 53 for US$300MM [3]
- Significant upside potential – development & exploration
- Gas & condensate resources supports Seplat gas strategy
- Development plan to maximise liquids production initially, without major capex, to fund future gas development
- Brittania-U legally contesting sale

SHELL : CURRENT DIVESTMENTS

- Seplat participating in current bid round for Shell assets
- Major opportunity – similar strategic focus as OMLs 4, 38 and 41, with potential to grow production and prove up reserves
- Shell expected to require signature of definitive legal documentation and closing before end H1 2014

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(1) Transaction subject to Ministerial consent
(2) Source: DeGolyer & MacNaughton CPR, as at 31 October 2013
(3) Subject to conditions precedent
(4) Not yet closed

Financial Overview

Summary financial highlights

Financial strength to support future growth

US$ millions unless otherwise stated	2011	2012	2013	11-13 CAGR
Oil sales volumes (MMbbls) (1)	**4.2**	**5.2**	**7.3**	32%
Realised oil price (US$/bbl)	114.2	112.9	111.1	(1%)
Gas sales volumes (bscf)	**12.7**	**31.1**	**19.8**	25%
Realised gas price (US$/Mscf)	0.1	0.8	0.9	155%
Revenue	**451**	**625**	**880**	40%
% growth		*38%*	*41%*	
EBITDA (2)	**243**	**365**	**510**	45%
% growth		*50%*	*40%*	
Operating profit	**179**	**330**	**479**	63%
Profit before taxation	154	296	458	72%
Taxation	(101)	(187)	93	nm
Net profit	**53**	**109**	**550**	221%
FFFO (2)	220	249	402	35%
% growth		*13%*	*61%*	
Capex	12	116	230	337%
Non-current assets	358	427	695	39%
Current assets	313	474	623	41%
Total assets	**671**	**900**	**1,318**	40%
Cash & equivalents	202	56 (4)	169	
Net debt (3)	**100**	**191**	**141**	
Net debt / EBITDA (2)	0.4x	0.5x	0.3x	

Note: Consolidated IFRS accounts
1. Excludes Shell MOU reconciled volumes (0.7 MMbbl in 2013)
2. Non-IFRS measure; may not be comparable to similarly-titled measures used by other companies. Formula as defined in Disclaimer (page 2)
3. Total borrowings less cash and cash equivalents
4. Excludes US$98MM restricted cash received from MPI (repaid in January 2013)

KEY FINANCIAL HIGHLIGHTS

⇨ Price premium to Brent : average US$3.93/bbl

⇨ Strong revenue growth driven by oil sales growth

⇨ Robust growth of EBITDA and Operating Profit

⇨ Strongly cash generative – capex programme self-funded

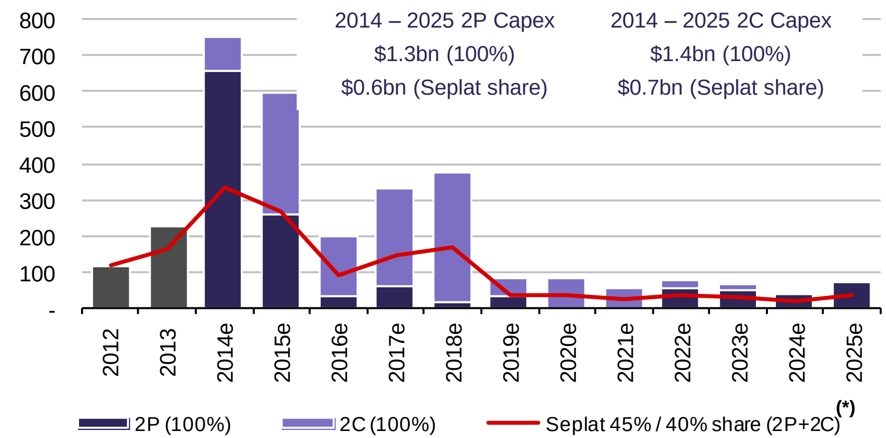
⇨ Improving NPDC receivables position :
- Balance US$283.6MM as at the 31st of December 2013
  - US$137.1MM (2011 & 2012 legacy)
  - US$146.5MM (2013 balance)
- Letter from NPDC in January 2014 agreeing to pay US$155MM in Q1 2014
  - US$97MM received in mid-February 2014
- US$100MM - US$150MM expected level going forward

Capex forecasts (Inclusive of Pillar)

CAPEX HIGHLIGHTS

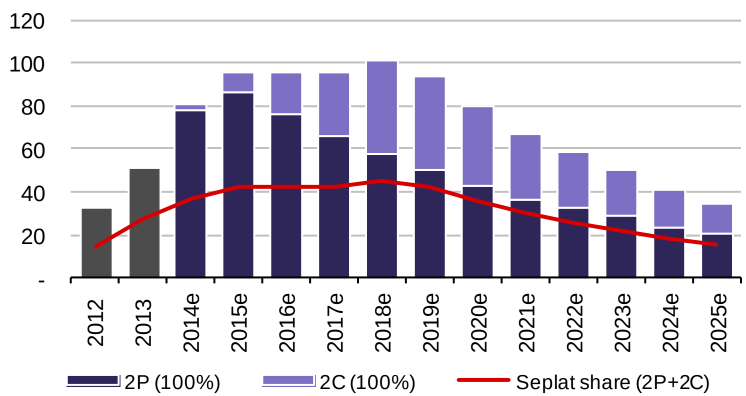
- Cash flow from production applied to planned capex and cash calls from partner
- 2010-2011: capex focused on facilities, workover activities and infrastructure (LACT unit and back-up metering facility)
- 2012: c.50% of capex spent on development wells and workover activities
- 2013: Focused on oil production wells
- 2014-2017e: capex programme to focus on field development, increasing oil and gas production, and gas processing infrastructure

CAPEX FORECAST ($MM) (1)

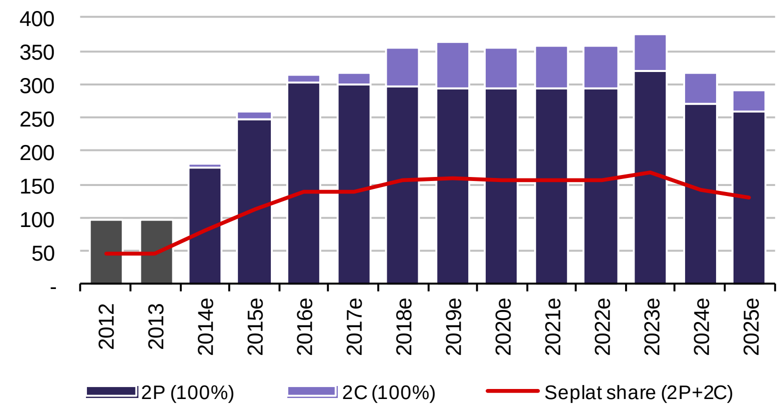


(*) Excluding Seplat's sole costs

OIL & CONDENSATE GROSS PRODUCTION (Mbopd) (1)



GAS GROSS PRODUCTION (Mscfd)(1)

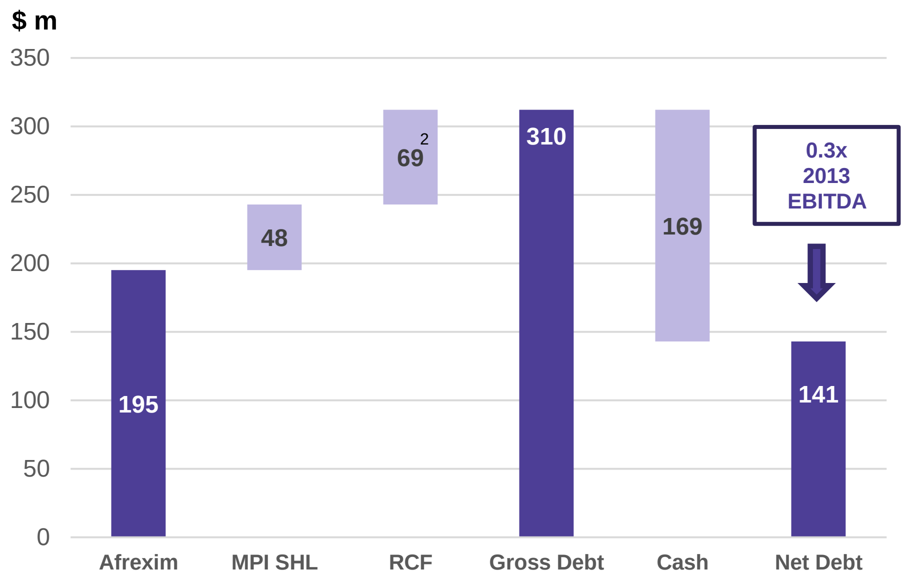


(1) Source: DeGolyer & MacNaughton, as of 31 October 2013 (costs inflated at 2% from 2014 onwards)

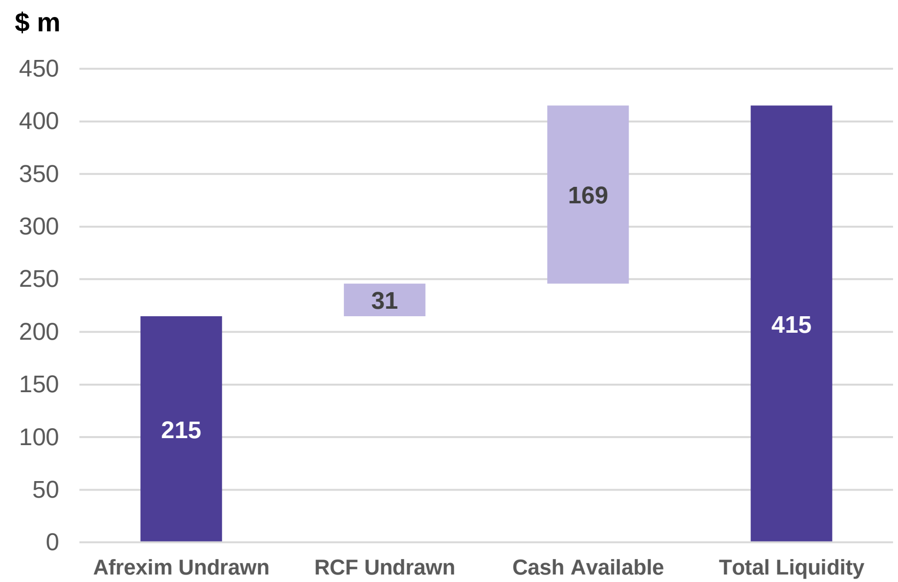
Prudent balance sheet

Robust capital structure and financial flexibility to support growth

NET DEBT (US$MM AT 31 DECEMBER 2013)[1]



LIQUIDITY AT 31 DECEMBER 2013 (US$MM)[1]



- Substantial scope to raise acquisition financing
- Able to access Nigerian and international banking markets

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(1) Financial Statements as of 31 December 2013 (Unaudited)
(2) Part of the consideration for OML 53 acquisition (on-going and subject to legal challenge).

IPO use of proceeds

1

ACCRETIVE ACQUISITIONS WITH GROWTH POTENTIAL

- Pursue opportunities where Seplat can add value
  - Onshore / shallow offshore Nigeria
  - Early production and cash flow
  - Reserve replacement potential

2

REPAY MPI LOAN

- Repay the balance of the MPI shareholder loan

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Dividend policy

- Seplat has paid dividend since launch
- Aims to strike balance between retaining sufficient cash in business to finance organic growth acquisition opportunities and rewarding shareholders
- Impractical to link rigidly to an earnings or cash-flow metric
  - Geared to oil price
  - Acquisition strategy

Propose to pay dividend divided into two components:

- "Core" dividend - to grow progressively
- "Special" dividend – to "top up" the core dividend when appropriate
  - reflecting earnings and cash available given known and anticipated acquisitions
- Dividend 10 cents/share paid for 2013 : Core of 5 cents + Special of 5 cents
- FY2014 Core dividend expected to be not less than US$0.10 per share
- Dividends expected to be paid as Interim (November) and Final (June)

Seplat - a compelling investment proposition

1

INDIGENOUS OPERATOR

- The only indigenous operator of large-scale onshore assets sold by Oil Majors
- Strategically located, high-quality oil and gas assets
- Strong relationships with local communities

2

STRONG TRACK RECORD

- Production growth - more than tripled since acquisition to current 60 Mbopd (gross)
- 2P oil & condensate reserves grown by 64% since acquisition to 102 MMbbl (WI)[1]
- Pipeline losses significantly reduced - reconciliation factor down from c. 18% (2011) to c.10% (2013)

3

GROWTH STRATEGY

- Significant 2C to 2P conversion potential and exploration upside
- Develop gas business
- Selective, price-disciplined acquisitions – Pillar, OML 53 and current Shell process

4

GOVERNANCE & BEST PRACTICES

- Strong, experienced and diverse board with 5 skilled and experienced independent directors
- Management depth with local and international oil & gas knowledge
- Relationship Agreement and compliance with UK Bribery Act and Nigerian Anti-Corruption Act

5

FINANCIAL STRENGTH

- Robust cash flows and prudent balance sheet with historically low gearing
- Pioneer Status obtained for existing operations; US$2.3bn tax savings estimated over period 2014 - 2017[2]
- FFFO grown from US$220MM (2011) to US$402MM (2013)

1) Based on Gaffney Cline & Associates CPR (31 December 2010) – WI 2P liquid reserves of 74 MMbbl and DeGolyer & MacNaughton CPR (31ST October 2013) – WI 2P liquid reserves of 102 MMbbl; both excluding Pillar
2) Assumes Pioneer status retained for full 5 years and production levels increase in line with expectations; if anticipated production levels are not achieved, actual savings will be lower

SEPLAT Facilities

Amukpe Flow Station

Oben Gas Plant

Rapele LACT-UNIT

Aerial View of Liquid Treatment Facility

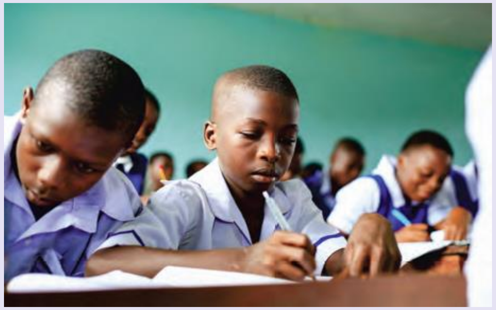
Oben Flow Station

Aerial View of Facilities

SEPLAT Base Office, Sapele

Sapele Field Logistics Base

Community Development Projects



Students in school block built by SEPLAT

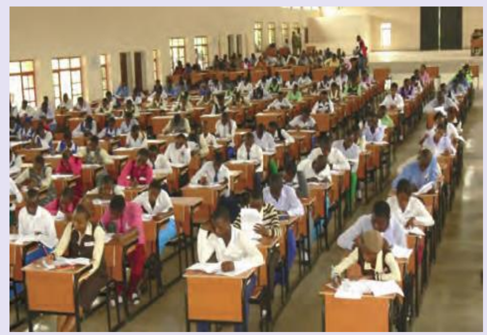
Students in school block built by SEPLAT

Oben Market Project

Safe Motherhood Programme

Skills Acquisition Project

Constructed Road



PEARLs Quiz Competition

Eye Can See Programme

seplat

Thank You / Q&A