



Oando PLC Announces YTD September 2017 Results, Posts N7.1 Billion Profit-After-Tax

Lagos, Nigeria
November 1, 2017

Lagos, Nigeria – Oando PLC (referred to as “Oando” or the “Group”), Nigeria’s leading indigenous energy group listed on both the Nigerian and Johannesburg Stock Exchange, today announces unaudited results for the nine months period ended 30 September, 2017, with the following highlights:

Commenting on the results Wale Tinubu, Group Chief Executive, Oando PLC said:

“Our third-quarter financials are reflective of the success of our strategic initiatives of Growth through our dollar earning upstream portfolio; Deleverage through recapitalization and asset divestments and the expansion of our oil export trading business. The proceeds from our business restructuring have been successfully used in improving our balance sheet with a reduction of N21 billion in our net debt position from N230.6 billion as at December 2016 to N209 billion today. Despite prevailing headwinds, we continue to create value as seen in our improved performance four quarters in a row and remain confident about the resilience of our business model.”

Financial Highlights:

- Turnover increased by 16%, N383.5 billion compared to N329.9 billion (Q3 2016)
- Gross Profit increased by 148%, N71.2 billion compared to N28.6 billion (Q3 2016)
- Profit-After-Tax increased by 120%, N7.1 billion compared to (N35.8 billion) (Q3 2016)

Operational Highlights:

Upstream:

- Oando Energy Resources (OER) recorded an average production of 39,844 boe/day in the nine months ended September 30, 2017 compared to 43,617 boe/day in the comparative period of 2016
- Realized a net income of N26.97 billion (\$88.2 million) compared with a net profit of N2.51 billion (\$8.2 million) recorded in the comparative period of 2016

Midstream:

- Oando Gas & Power (OGP) was rebranded to Axxela
- Appointed as a shipper on the West Africa Gas Pipeline





Oando

...the energy to inspire

- Successfully achieved completion of Greater Lagos IV (GLIV) pipeline expansion project

Downstream:

- Oando Trading (OTD) recorded a 48% increase in turnover to N305.75 billion (\$1 billion) compared to N206.69 billion (\$676 million) in the comparative period of 2016
- Traded over 11 million bbls Crude Oil volumes and 800,000MT of Refined Petroleum Products, a 25% growth in traded volumes
- The Lagos Marine Jetty (LMJ) officially commenced operations receiving its first product vessel

The fourth quarter presents an optimistic outlook for the Nigerian oil and gas sector having experienced a third quarter characterized by an oil price increase of 14% from July to September 2017 compared to the same period in 2016. The country also officially exited a 13 month long recession with a positive Gross Domestic Product (GDP) growth of 0.55% in the second quarter of 2017 buoyed by OPEC's cut in oil production and exemption of Nigeria from the production cut, stability in oil prices and a boost in the nation's oil production due to the ongoing truce with Niger Delta militants.

Operational Update:

Upstream:

- Oando Energy Resources (OER) recorded an average production of 39,844 boe/day in the nine months ended September 30, 2017 compared to 43,617 boe/day in the comparative period of 2016. This was primarily due to significant reductions in gas production and delivery caused by a ruptured Gas Transmission System (GTS-4) gas line which supplies gas to the Nigerian Liquefied Natural Gas Limited (NLNG). Downtime suffered by the Trans Forcados pipeline led to repairs and planned maintenance activities that resulted in reduced production from Ebendo (OML 56)
- OER recorded a net income of N26.97 billion (\$88.2 million) compared with N2.51 billion (\$8.2 million) in the comparative period of 2016. The increase in profitability was primarily due to improved revenue from the sale of OML 125 & 134, lower production expenses, reduction in depreciation and net losses on financial instruments which were offset by lower tax recoveries





Midstream:

- Following the partial divestment of our midstream subsidiary Oando Gas & Power (OGP) to Helios Investment Partners, a premier Africa-focused private investment firm, OGP changed its corporate identity and rebranded to Axxela Limited
- Axxela was appointed as a shipper on the West Africa Gas Pipeline positioning the Company to supply gas along the West coast
- Axxela also completed the Greater Lagos IV (GLIV) 12 inches x 9km pipeline expansion network from Ijora through Lagos Island to Bonny Camp, Victoria Island creating an opportunity for the Company to increase its current 175 customer base by supplying gas to industrial customers looking to for alternative, cheaper and more efficient power sources

Downstream:

- Oando Trading (OTD) witnessed a 25% growth in traded volumes year-on-year, led by a solid increase in Crude Oil trading activity whilst turnover grew by a creditable 48% to N305.75 billion (\$1 billion) compared to N206.69 billion (\$676 million) in the comparative period of 2016. This is as a result of improved activity and oil price recovery. Year-to-date Crude Oil volumes have exceeded 11 million bbls, while over 800,000 MT of Refined Petroleum Products were traded within the same period
- OTD continues to solidify its relationships with key leading International and African banks, securing access to over N215.4 billion (\$700 million) of immediately available Structured Trade Finance facilities, enabling the Company to achieve greater trading capacity and in turn, more volumes
- The Lagos Marine Jetty (LMJ) and petroleum off-loading facility, officially commenced operations receiving its first product vessel on the 31st of May 2017; to date it has received a total of 10 vessels. This novel infrastructure will provide substantial savings estimated at over \$120 million annually to product importers and the country as a whole

Ends.





Oando
...the energy to inspire

For more information, please contact:

Alero Balogun
Head, Corporate Communications
albalogun@oandopl.com

Ayotola Jagun
Chief Compliance Officer &
Company Secretary
ajagun@oandopl.com

For: Oando PLC

Ayotola Jagun
Chief Compliance Officer & Company Secretary
2, Ajose- Adeogun Street,
Victoria Island Lagos, Nigeria

