



Challenges Of Financing and Investing in The African Oil Industry

**Delivered by Wale Ajibade
Executive Director, Sahara Group**

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Africa is today home to five of the top 30 oil-producing countries in the world



80 %

Historically, Algeria, Angola and Nigeria produced 80% of Africa's Oil

>502 Tcf

Proven gas reserves on the continent

\$80 billion

Expected FIDs in Southern/East Africa over the next 2 years

1.1m boe/d

Additional contribution from key projects across Africa by 2025

9.4 Bcf

Additional contribution to global gas production from key projects across Africa by 2025

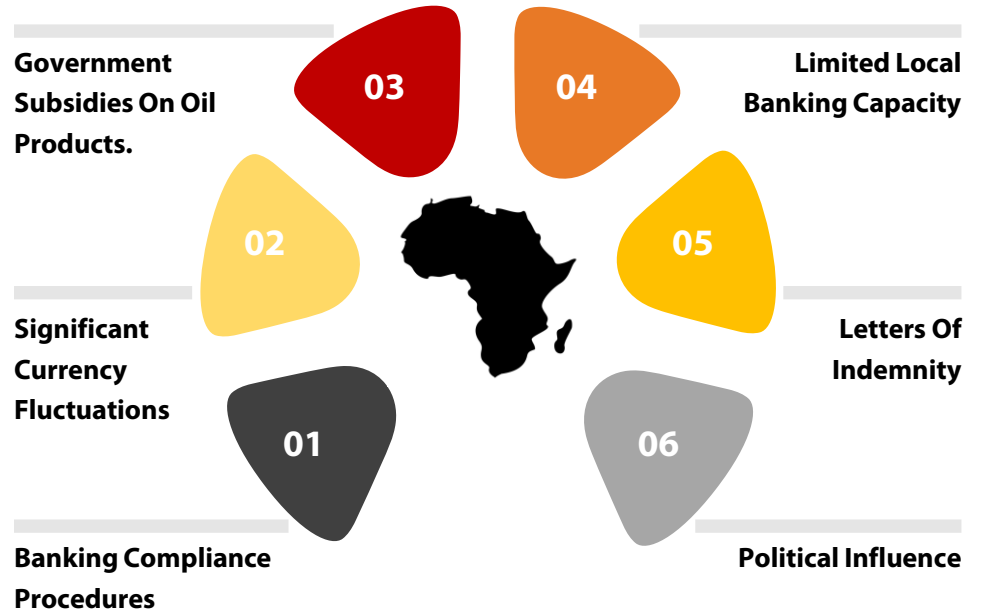
The regional oil and gas industry suffers from limited access to trade finance lines caused by subsidies, currency instability and limited local banking capacity

Highlights

- Sub Saharan Africa requires over **\$45billion annually** for petroleum product trade due to refining capacity shortfalls and growing demand
- In recent years, some European commercial banks have either reduced their investments or pulled out of the region altogether
- At the same time; the participation of African commercial banks in trade finance is decreasing.
- The sad reality is that **less than 10%** of these products are financed using local financial institutions in the various African countries.

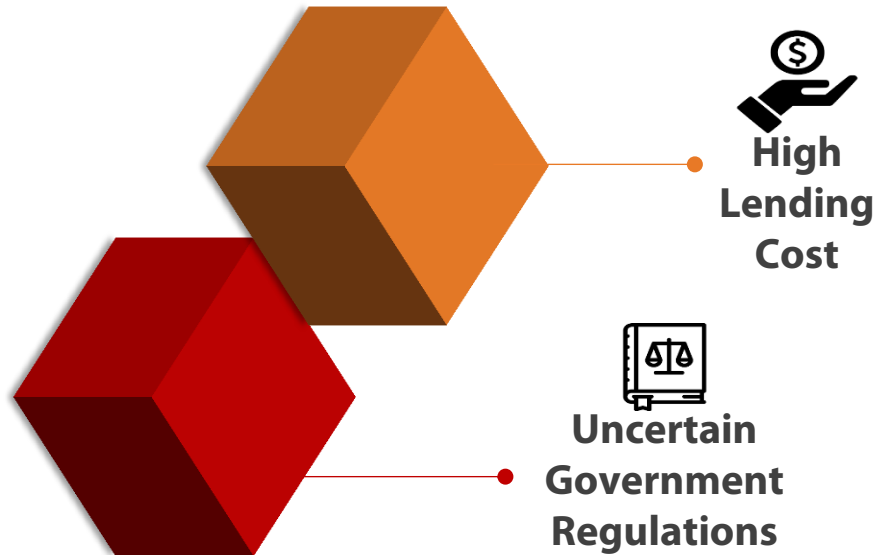
- Sahara traded **>63 millions barrels of crude and 7.5 million metric tons of petroleum products**, with a value in excess of **\$ 9.33 billion in 15 African countries** in 2018.
- Facilitated by access to **USD 4.2 billion in trade finance lines** with **over 25 international & African financial institutions**. **Rather unfortunately, only a few hundred million were financed by local African banks**

Regional Challenges to Trade Finance



In addition, financing large scale projects proves especially difficult due to high lending costs and regulatory uncertainty

Regional Challenges to Project Finance



Highlights

- International commercial banks tend to take a **very conservative approach to African projects** with a **preference for export based projects** such as upstream export-oriented that can guarantee not only **low currency exposure** but also significant returns.
- Banks also have **country single obligor limits** reducing how much money we have access to in addition to **competing against projects in gas and refining**.
- As a result, limited funding exists for downstream or other energy sector projects

- *Sahara Group has raised **more than \$2billion** in the past few years*
- *These funds have been used for the **acquisition of several energy assets** including **2,000 MW of gas fired power generation capacity**, and a **16.2% stake in the world class OML 18 asset in Nigeria with 1.7 billion boe of 2P reserves**. Currently Sahara has a diverse portfolio of nine (9) oil and gas assets in prolific basins across Africa*

Adoption of steady regulatory policies, mindset reorientation, improvement of local banking capacity and stronger development partnerships will ensure the creation of shared value across the region.

1 Steady Regulatory Policies

2 Improve Local Banking Capacity

3 Government-to-Government Collaboration

4 Mind-set Reorientation

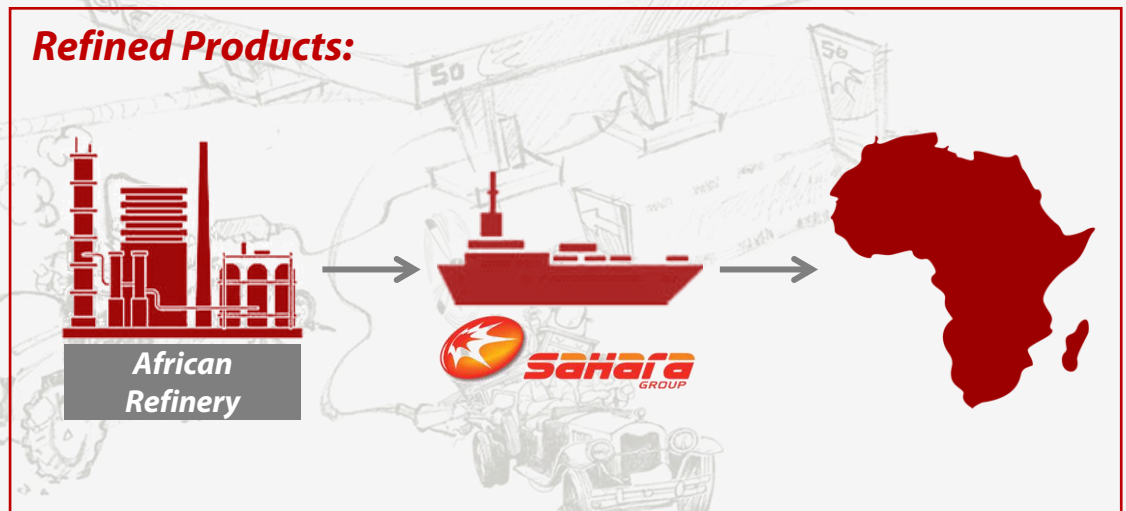
5 Stronger Partnerships between Development Banks and the Private Sector

“Our collective mandate and deliverable should be to prioritize African solutions for African challenges. Our businesses should be given viable incentives to enable them participate specifically in this industry.”

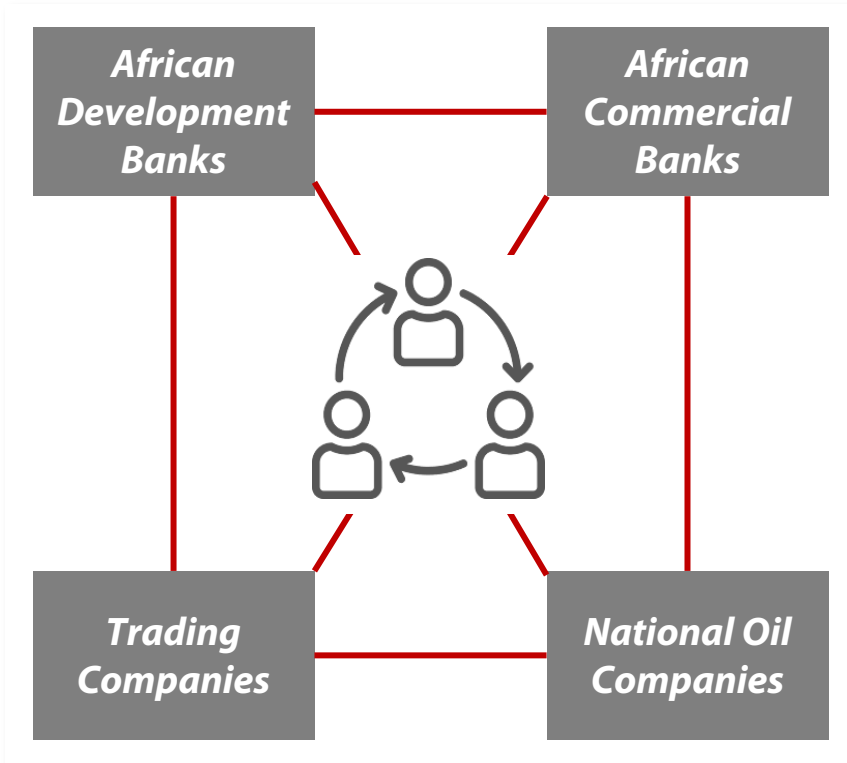
Crude:



Refined Products:



...with collaboration across all players in the African Oil Industry.



Closer collaboration leading to a stronger African Oil & Gas Industry



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