



With us you are Number One

ENGEN

DoE Petroleum Products Act Awareness Workshop

Gold Guest Conference Centre - Welkom

Presenter : Ms Refilwe Mokoto

TOPICS



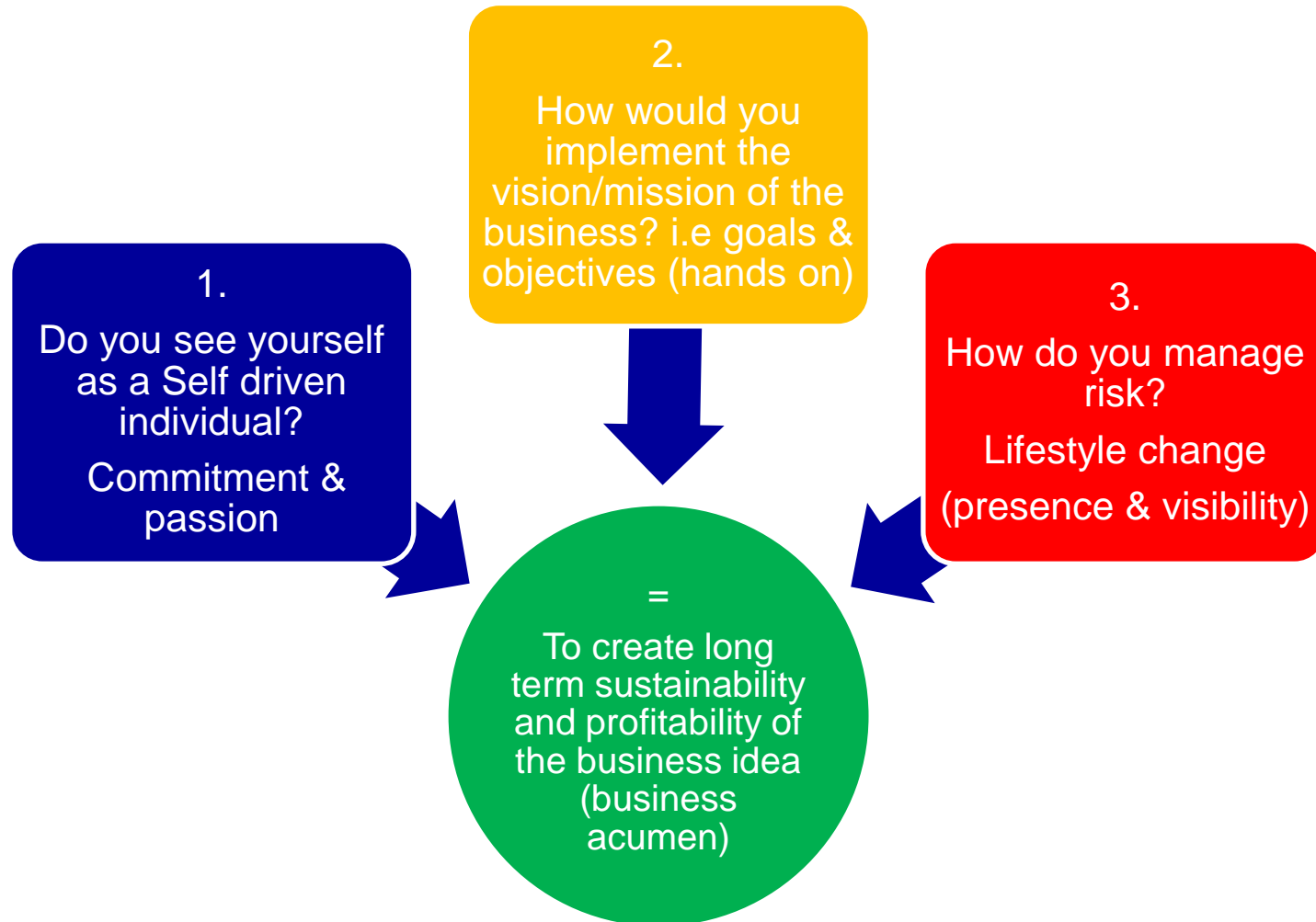
1. Franchising Requirements
2. New Site Development
3. Franchisor Legal Agreements



- Engen is an African-based energy group focused on the refining and marketing of petroleum and petroleum-based products, and the provision of retail convenience services, through an extensive network of service stations across 17 countries in Sub-Saharan Africa. Engen also exports its products to more than 30 other territories, mostly in Africa and the Indian Ocean Islands.
- Key facts and figures
Offices in 20 Sub-Saharan African countries and Indian Ocean islands
- Refinery capacity of 135 000 barrels per day
- Leading- edge lubricating oils blending plant, producing up to 8 million litres of finished lubricants per month

- **Market leader (26%) in South Africa and several other countries**
- **Over 1 200 service stations across South Africa, and 250 across Sub Saharan Africa**
- **66 depots; 7 terminals; and aviation facilities for 22 airports in South Africa Transport fleet of 200 vehicles**
- **15 depots; 2 terminals; aviation facilities at 3 airports; as well as 9 Lubes warehouses and 1 Bitumen plant in Africa**
- **1st Oil company to sign the Liquids Fuel Charter(LFC)**
 - Finance agreement with NEF to fast track transformation

What makes 'You' a Franchisee?

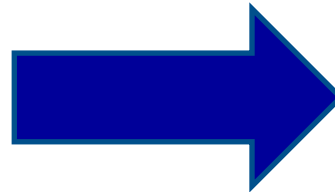


Key Franchisee Competencies



Franchisee Character

- Mindset change
- 'Business unusual'



Finance Model/Structure



Total Capital Required:

Business Acquisition

- Goodwill (Price) or
- Right to Trade (RTT)
 - New Sites

Working Capital

- Wet Stock: 2 x loads estimate = R1,2m
- Dry Stock: Quick shop & Corner Bakery = R750K; excl. APO (Woolworths/Wimpy/Steers/)

Setup Costs

- License & Training Fees (R55K)
- Office Furniture
- Staff Uniforms
- Municipal deposits, Eskom, Telkom, ADSL lines/internet conx

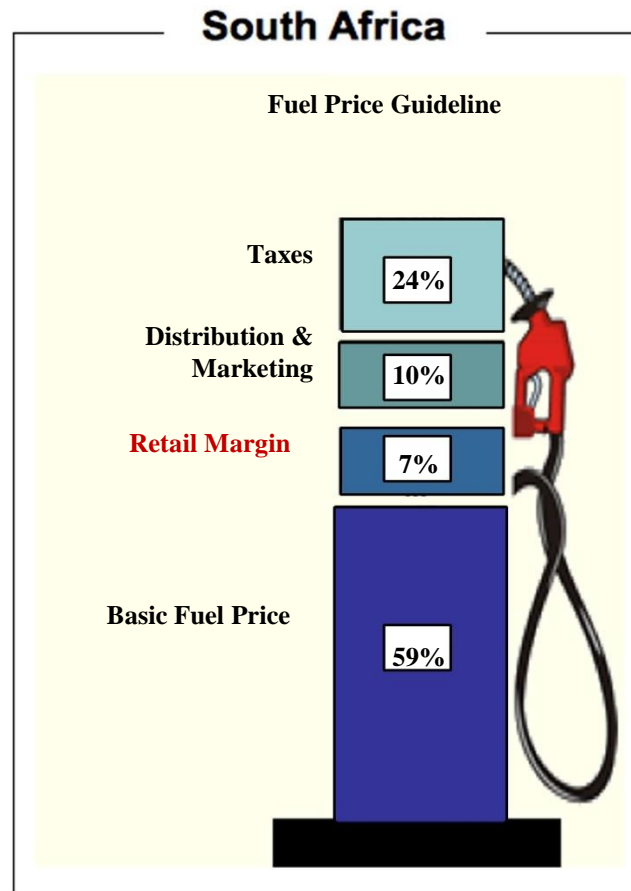
Min. 20% EQUITY

- Dealer's own contribution unencumbered

80% Loan

- Loan repayment period not to exceed 5 years, in line with our standard operating/franchise lease agreements

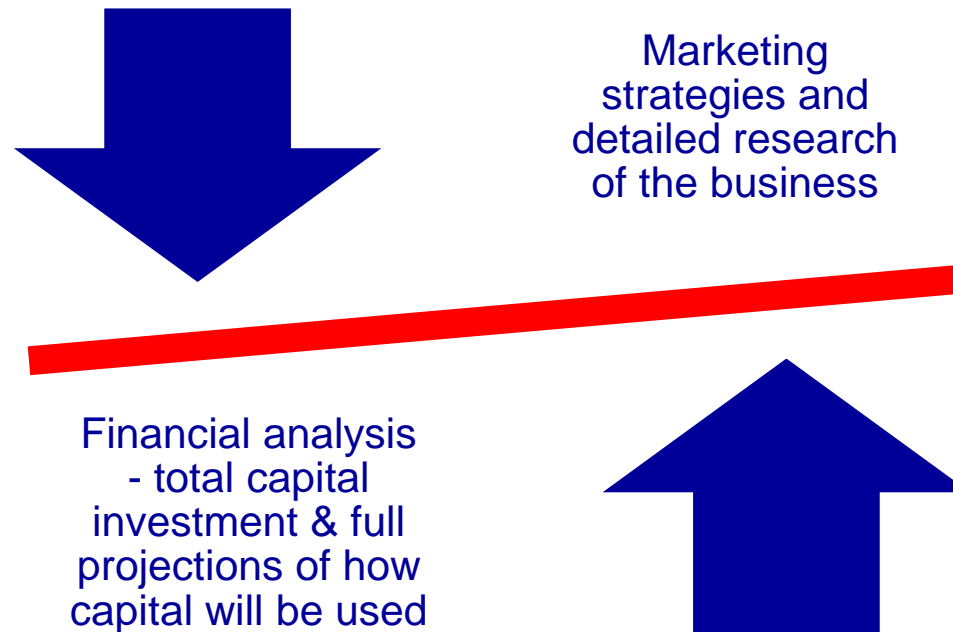
The Retail Pump Price



In the bigger scheme of things, the retail margin is the lowest share of the pump build up price – courtesy of FRA

Business Plan proposal

- Key requisites:



Website/Portal Access to Registration

- **Dealership/Franchise opportunities are accessible on the following links:**

- <http://www.engen.co.za/motorists/franchising/>
 - Engen Public website
- <http://engen/recruiter.erecruit.co.za/>
 - Online application

- A “Map Studio” type of map (with street names) showing the exact location of the site. The proposed position must be clearly marked on the map. (google map)
- The physical address of the site and the Erf /Stand description as well as its size. Suitable properties are usually between 2500m² to 3500 m², however this depends on the design shape of the site.
- You will need to indicate whether you own the property or if you have any legal right over the property such as a lease or option. A copy of the Title Deed of the property must also be submitted. **(P.T.O doc)**
- The current land use rights or the zoning certificate for the site. (Municipal or Provincial role)

New Site Development cont....



- You will need to supply a recent 24-hour traffic count which reflects the average daily traffic passing the site. This is one of the key indicators in the evaluation process. This information can usually be obtained from the authority that controls the particular road (Municipal, Provincial or National authority). Alternatively, you may need to appoint a Traffic Engineer to provide this information.
- Information of any planned developments that could positively affect the viability of the service station (i.e. new residential houses developments or a new township, new shopping centres, road changes, etc.). Please also comment on the timing of these developments.
- Any other pertinent information relating to the site, including information on other existing filling stations in the area.

➤ **Franchise/Operating Lease Agreement**

- ❖ Legal contract and Period based (3 – 5 years)
- ❖ Terms of reference binds all parties for the duration of contract
- ❖ Renewable on Franchisor terms – minimum requirements fulfilled
- ❖ Key operating standards – Franchisor and Franchisee

➤ **Retail Dealer Agreement**

- ❖ Legal contract – volume or period based
- ❖ Longer term/period
- ❖ Operator owned site

➤ **Supply Agreement**

- ❖ Product related
- ❖ Short term

➤ **Branding**

- ❖ Nature of agreement determines type of branding

Contact Information



- **Enquiries to:**
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Thank you

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