LPG handigas

Business Opportunities in the Energy Sector
Workshop for Women

28 - 29 OCT 2015
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AFROX

- Established in South Africa in 1927 and listed on the JSE in 1963

- African Oxygen Limited (Afrox) is sub-Saharan Africa’s leading supplier of gases, welding and safety products,

- Operating in South Africa and 10 other African countries and managing operations in five more on behalf of our parent company

- The Linde Group, a global gases, engineering and technologies company
WHAT WE STAND FOR

Our Vision
We will be the leading gases and welding products company, admired for our people by any measure, in sub-Saharan Africa.

Our Principles
• Safety
• Integrity
• Sustainability
• Respect

Our Values
• Passion to excel
• Innovating for customers
• Empowering people
• Thriving through diversity
Afrox’s product offering includes the full range of large-volume on-site and bulk gases, cylinder gases:

- Scientific gases, refrigerants, packaged chemicals and helium, CO2, medical gases and medical products, hospitality gases, gas equipment, welding products and ancillary safety products and

- 2.5 million LPG compressed cylinders
LPGAS SUPPLY PROCESS

- Liquefied Petroleum Gas (LPG) is a mixture of hydrocarbons which are vapour at room temperature but can be liquefied by compressing them slightly.

- LPG is produced as a by-product from fuel refining processes.

- Afrox purchases LPG from refineries, and also sources seaborne product from global merchants.

- Bulk LPG is collected from the source and transported in road tankers or via rail tank cars. The product can be delivered directly to bulk end-users, or to bulk storage tanks at the Afrox filling sites.
LPGAS SUPPLY PROCESS (CONT)

- LPG is then packaged into 9kg, 19kg and 48kg cylinders at the filling sites. The cylinders are delivered by road to end-users and retail outlets.

- Empty cylinders are collected and returned to the filling sites for maintenance and re-filling.
AFROX DEFINED OPPORTUNITY FOR WOMEN IN RURAL AREAS

- Afrox are currently looking for entrepreneurs to act as re-sellers of Handigas in the rural markets of South Africa.
- Areas would be carefully identified to meet the needs of local communities.
- Entrepreneurs would be required to stock and promote Afrox Handigas as an alternative energy source in these areas.

[Diagram showing different retail end-users: Bulk Industrial end-users, Bulk and Cylinder Hospitality end-users, Cylinder domestic end-users.]
AFROX DEFINED OPPORTUNITY FOR WOMEN IN RURAL AREAS

- Some 60% of the South African population is comprised of low-income households, with 12.2% of rural low-income households using LPG, coupled with a range of other thermal fuels.

- Over the last ten to fifteen years, the national electricity utility, Eskom, has undertaken a highly innovative and successful urban household electrification programme, bringing grid electricity and prepayment metering to around 4.5 million urban households.

- However, in contrast, the majority of rural households remain without grid electricity. There is therefore an urgent need for a modern, safe and convenient, affordable thermal fuel for rural households, many of which are also poor.

- There exists a current opportunity to significantly expand the supply of LP Gas to vast markets in rural regions of many developing countries around the world including South Africa.

- Each prospective LP Gas distribution project should gear solutions towards Affordability, Accessibility, and Acceptability to minimize risk and improve the probability of success.

- Government “partnership” is critical for the success.

- Partnerships are a critical ingredient to building strong, effective projects at the local level.

Source: 2005 World LP Gas Association
CHARACTERISTICS OF THE RURAL ENERGY MARKET

• General description of some of the major characteristics of supply of LP Gas to rural households

  • Key Characteristics

    • Location and Density

    • Dwelling Type and Occupancy

    • Access

    • Storage, Handling and Transport - When serving households scattered over many square kilometers, the logistics and economics of the last few steps in the supply chain become critical

    • Cultural Factors - Local cultural factors must also be embraced within LP Gas distribution arrangements
Afrox like most of the South African companies is striving to increase our Spend with smaller companies (EME less than R10 million and QSE less than R35 million) focusing on Enterprise and supplier development of previously disadvantage groups not because it is required but because it is the right thing to do to ensure growth in our country.

We would like to invite EME and QSE Black owned (51%) / Black women owned (30%) relevant to our business to send a company profile or contact us for development opportunities.

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