PRESENTATION

Business Opportunities in the Energy Sector

WORKSHOP

13 August 2015
Lucky Madlingozi
Our Mandate

Operate as a commercial entity and create value for the shareholder

- Pay tax and dividends

Advance national objectives in the petroleum industry

- Spearhead industry transformation

Complement & promote Government policy & strategic thrust

Vision & Mission

Our Vision

“
To be the leading African energy company
”

Our Mission

“
To be the leading provider of hydrocarbons and related quality products, by leveraging our proven technologies and harnessing our human capital for the benefit of our stakeholders
”
PetroSA was established in 2002*
Employs ~1900 total staff
Owns one of the world’s largest, fully operational GTL refinery
Business spans petroleum value chain
Currently produces ~5% of RSA fuel needs
Produces diesel, gasoline, kerosene and specialty products
Has produced ~70 MMbbl crude oil & 1 Tcf of natural gas to date.
Has upstream presence in South Africa & Ghana.
Has a trading office in Rotterdam.

* Following the merger of Soekor E & P and Mossgas Pty Ltd
Our Core Business

- Exploration, development and production of oil and gas
- Participation in and acquisition of local as well as international upstream petroleum ventures
- Production of synthetic fuels from gas
- Development of domestic refining and liquid fuels logistical infrastructure
- Marketing and trading of oil and petro-chemicals
PetroSA ESD programme
PetroSA
ENTERPRISE AND SUPPLIER DEVELOPMENT PROGRAM

Johannesburg
Durban
East London
Cape Town
Mossel Bay
ESD OPPORTUNITIES

- **ESD initiatives based on primarily “philanthropic” principles have been largely unsuccessful because.**
  - Any model that does not provide **business returns is not sustainable.**
  - To be successful the **ESD model must be able to sustain itself in the medium to long term.**

**FACTS: SMMEs IN SA (Treasury Stats, 2012):**

- Estimated 2.8 million SMMEs
- Contribute btwn 52% and 57% of (GDP)
- Provide about 61% of employment
- Critical for driving employment, economic growth and stability.

60% to 80% of all SMME’s DO NOT survive beyond 3 years due to:

1. **Lack of Access to Markets**
2. **Lack of Access to Financing**
3. **Lack of Skill & Business Exposure (Stats SA: 2012)**

- New codes, supplier development = 40% of the scorecard - an increase from 15%.
- Big business must now consider how it uses small business to its advantage
Priority Target Micro, Small, Medium Enterprises mainly Owned and Managed by individuals and groups who are Black, Female, Disabled, Youth (including peri-urban and Rural areas).

**SELECTION CRITERIA primarily - Suppliers and Customers with Active Contracts Fully Compliant (Tax; BBBEE etc.): Also Must:**

- A viable value proposition, operating, or with the intention to operate within the Oil & Gas Industry.
- An operating history of more than 2 years (preference).
- 50% Owned / managed By historically disadvantaged individuals, with preference given to female-owned or “disabled people”- owned entities.
- Where owners have invested at least 20% in equity with evidence of a high level of commitment.
- Target markets is clearly poised for significant and profitable growth.
- Operations and/or have presence in RSA.

Support may include business start-ups.
PetroSA has embarked on an enterprise and supplier development (ESD) process in order to create and retain a representative and diversified credible and effective pool of suppliers and customers that will enable PetroSA to deliver on its commercial mandate in a cost effective and responsible manner.

**Program Objectives**

- Identify, Choose potential & Support High-Beneficiaries
- Broaden Diversity Scope & Supply Chain
- Increase Competitiveness & Manufacturing Capacity
- Facilitate Access to Funding
- Expand Knowledge Capacity & Business Horizons

**Building emerging suppliers and creating sustainable jobs**
ENTERPRISE AND SUPPLIER DEVELOPMENT PROGRAM

Program Approach

PetroSA
ESD PROGRAM

Business Development
SME Mentorship and Support

Business Incubation
Existing SMEs
New SMEs

Specialised Interventions
Business Rescue / turnaround

Funding
SME Fund Management and Administration

Existing Portfolio
New Portfolio

ESD Beneficiaries
Customers
Suppliers
Enterprises

Existing SMEs
New SMEs

Customers
Suppliers
Enterprises

Business Rescue / turnaround
Selection Process

The Selection phase aims to identify, assess and select high growth potential Businesses for development.

Assessment and approval processes are conducted to ensure high potential SMEs are selected to enhance the probability of value creation.
### BUSINESS SUPPORT INTERVENTIONS

#### New Enterprises
- Creation of New Enterprises (New and Graduates)
- Tax Clearance & BEE Training Compliance
- Business Plan Developing
- Tendering and Sourcing Business
- Financial, Administrative & Management Skills
- Opportunity Identification, Business Sourcing
- Rendering; Tendering & Procurement

#### Supplier Development
- Early Payment & Discounts
- Contract Negotiations / delivery T & C
- Equity Acquisitions & Deal Structuring
- Equipment and Technology Access
- Regulations (Safety & Environmental Standards)
- Participation in Exhibitions (Marketing & Networking)
- Business Plan / Business Proposal Development
- Company Twinning & Secondments

#### Economic Development (Job Creators & Manufacturers)
- Technical Skills (Skills, Expertise Artisans)
- Procurement Contracts (Strategic Sourcing)
- Technology Transfer
- Equipment & Raw Material Access (Discounts & Sourcing)
- Project Management Support
- Major Funding / Equity Stake (Growth & Expansion)
- Market Access (Continent & Global)

### DIVISIONAL OPPORTUNITIES

#### OPERATIONS
- Specialist Laundry
- Scrap Metal
- Landfills
- Disaster Recovery
- Water access
- LNG
- Shut Down
- Logistics, Shipping & Aviation
- Valves and Safety Apparel

#### UPSTREAM
- Diving;
- Vessel
- Engineering Design House
- Project Management House
- Pipe Laying
- Drilling Rig
- Pipe lay vessels
- Specialised Recruitment

#### TS&L
- Reseller
- Fuel Suppliers
- Raw Material Suppliers
- Transport and Logistics
- Engineering Services
- Technical Services

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Thank You!