



CEF SOC LIMITED
152 ANN CRESCENT
BLOCK C, UPPER GRAYSTON
OFFICE PARK
STRATHAVON, SANDTON
SOUTH AFRICA

Reg. No. 1976/001441/30
P O BOX 786141
SANDTON
2146

TEL +27 010 201-4700

FAX: +27 010 201-4900

MEDIA STATEMENT

Attention: News Editors and Journalists

Date: 16 June 2020

For Immediate Release

CEF KICK-STARTS RATIONALISATION OF ITS SUBSIDIARIES TO FORM A NATIONAL PETROLEUM COMPANY

Johannesburg -The Central Energy Fund Board today announced that it has given management a go-ahead to start a process to consolidate its three subsidiaries, PetroSA, Strategic Fuel Fund and Igas to establish a National Petroleum Company of South Africa.

This decision is a culmination of a policy statement made by CEF's shareholder, the Minister of Mineral Resources and Energy, Mr. Gwede Mantashe at the Portfolio Committee on Mineral Resources and Energy held on 7 May 2020. This policy statement was also endorsed by Cabinet's approval on 10 June 2020, paving a way to appoint a professional restructuring company specializing in mergers to investigate the most viable model to establish a National Petroleum Company.

The rationalisation of these subsidiaries into one single National Petroleum Company would be on the basis that each company be properly structured so as not to transfer operational and financial inefficiencies into the new entity. Key features of the rationalisation plan will be anchored on the following three phases:

1. Improving Operational Efficiencies

As part of improving the operational efficacy within the Group's value chain and to deliver shareholder value, the rationalisation process would be geared to minimise duplications that inhibit it from being a catalyst to reignite the South African economy and create much-needed jobs.

This process would also result in enhanced cost reductions, integrated common systems, processes, and improved shared service models to maintain strategic relevance and sustain a competitive edge in a rapidly changing Oil and Gas industry.

2. Improve Scale & Market Share

In the last few years, the Group experienced a turbulent period to deliver on its mandate geared to ignite the economy and create much-needed jobs. A number of strategic initiatives were delayed due to operational inefficiencies that resulted in the Group losing market share and revenue decline.

The implementation of the rationalisation process would amongst other interventions enable the Group to effectively leverage on the combined financial resources and operating assets of the three entities to bring stability and certainty to ensure that the country is ready to achieve a “**just and fair**” energy transition.

3. Operationalise a Commercially Viable National Petroleum Company

The operationalisation of a commercially viable National Petroleum Company will be a game changer not only for South Africa but also for the continent as a whole. This new entity will play a critical role in supporting government's broader strategic initiatives as well as fostering regional integration on matters related to oil and gas.

The CEF Group CEO, Dr Ishmael Poolo said: “South Africa needs a very strong and agile energy company to be able to compete and advance key components of the National Development Plan aimed at creating a capable state as well as supporting government to address the triple challenge of unemployment, poverty and inequality. Fast-tracking the rationalisation of these three subsidiaries into a National Petroleum Company will position the group to become an integrated and diversified energy company”.

Meanwhile, the Chairperson of CEF Group, Dr Monde Mnyande said the rationalisation of these three subsidiaries would create a fit for purpose Energy Company to deliver shareholder value poised to guarantee the security of energy supply in the country.

He added that the CEF Board is committed to working closely with the CEF Group CEO and his management team by providing any requisite support to fast track a process leading to the creation of the National Petroleum Company.

For more information, contact:

Jacky Mashapu

Corporate Affairs Manager

Cell: 071 485 6856

Email: jackym@cefgroup.co.za

