



EQUITY RESEARCH

Dangote Petroleum Refinery & Petrochemicals

Initiation of Coverage Report

Chance Favors the Prepared: Turning Global Energy Shocks into Scalable Opportunities

Contents

List of Abbreviations.....	3
Executive Summary.....	4
Global Context.....	5
Mapping Oil Reserves: Africa's True Potential Remains Deeply Underexplored.....	5
Geopolitics and War: Rewiring Global Energy Corridors.....	8
The Middle East: Persian Gulf Vulnerabilities and Dangote's Strategic Emergence.....	8
The Americas: Venezuela crude shifts back to the Western Hemisphere.....	9
Europe: Uncoupling from Moscow post Russia-Ukraine Conflict.....	9
The Economics of Refining: Demand Alignment & Regional Hubs.....	10
Global Petroleum Consumption Dynamics & Demand Displacements.....	12
Notable EV trends in the continent.....	13
Nigeria Market Profile.....	14
The Dangote Group.....	15
Dangote Petroleum Refinery & Petrochemicals.....	16
Company Overview.....	16
Offer Details.....	17
The Offer.....	17
Pre-IPO Shareholding.....	18
Financial Reporting.....	18
Nigerian Industry Positioning.....	18
The Addressable Market	21
Risks to Investment.....	21
Operational Risks.....	21
Claims and Litigation.....	21
Regulatory & Antitrust Friction.....	22
Market Liquidity Risk.....	22
Performance Review & Outlook	22
Valuation.....	23
Discounting Assumptions.....	23
Discounted Cash Flows.....	24
Relative Valuation.....	25
Valuation Summary.....	26
Earnings Model.....	27
Disclosure & Disclaimer.....	28
Contacts.....	29

List of Abbreviations

AGO	Automotive Gas Oil (Diesel)
ATK	Aviation Turbine Kerosene (ATK / jet fuel)
BEV	Battery Electric Vehicle
Bn	Billion
BPD	Barrels Per Day
CDU	Crude Distillation Unit
DPRP	Dangote Petroleum Refinery and Petrochemicals Free Zone Enterprise
FRCN	Financial Reporting Council of Nigeria
IASB	International Accounting Standards Board
ICE	Internal Combustion Engine
IFRS	International Financial Reporting Standards
KES	Kenya Shillings
LNG	Liquefied Natural Gas
MBPD	Million Barrels Per Day
Mn	Million
NGN	Nigerian Naira
NGX	Nigerian Exchange Limited
NNPC	Nigerian National Petroleum Company Limited
NOC	National Oil Corporation
NUPRC	Nigerian Upstream Petroleum Regulatory Commission
PMS	Premium Motor Spirit (Gasoline/ Petrol)
TAM	Total Addressable Market
TCF	Trillion Cubic Feet
TN	Trillion
TPA	tonnes per annum
USD	United States Dollar

Executive Summary

The Dangote Petroleum Refinery and Petrochemicals (DPRP) Initial Public Offering opened on 14th of September 2026 and will close on 13th of October 2026. The company is seeking to raise USD 1.64Bn through 4.1Bn ordinary shares (c. 3.4% float) at an offer price of NGN 525.0 (USD 0.40). The minimum subscription is 10 ordinary shares and 50,000 ordinary shares for retail and institutional investors, respectively. The net offer proceeds will be dedicated to funding part of the USD 14.3 Bn expansion project to double capacity from 700,000 bpd to 1.4 Mn bpd.

Key Investment Thesis:

DPRP operates a single-train refinery with a nameplate capacity of 700,000 bpd, and intends to expand its refining capacity to 1.4Mn bpd. The facility is an unintegrated refinery (*it does not own upstream crude oil production and does not own a downstream retail distribution network*) with a yield slate concentrated in petrol, diesel, and jet fuel, alongside secondary revenue streams from butane, naphtha, LPG, polypropylene, and propane. By geography, as of 1H26, 56% of sales were in Nigeria and 44% in export markets. Cost of sales (*made up mainly of crude feedstock acquisitions*) remains the core margin determinant. Capital intensity will continue to weigh on free cash flow generation over the medium term. Looking ahead, guidance points to heavy capital deployment, though actual execution spend could realistically exceed management projections. Primary investment risks encompass: (i) operational vulnerabilities inherent in a single-train refinery configuration and crude oil availability, (ii) regulatory & antitrust friction, (iii) material contingent liabilities from ongoing claims and litigation, and (iv) liquidity risks stemming from the tightly restricted public float.

Macro Context

The transaction comes amid significant disruptions to global energy markets, driven by regional conflicts in the Middle East and ongoing strikes on Eastern European energy infrastructure. These geopolitical bottlenecks have restricted flows through maritime chokepoints like the Strait of Hormuz and curtailed refining output across Eurasia. Situated outside Persian Gulf risk zones, DPRP's mega-refinery at Lekki, Nigeria, has emerged as a major commercial beneficiary of these trade realignments. As an Atlantic Basin hub, the facility surpassed U.S. exporters in mid-2026 to become Europe's single largest supplier of jet fuel. Concurrently, West African and broader Sub-Saharan economies have increasingly pivoted to DPRP for long-term offtake of motor spirit, diesel, and aviation fuel, establishing regional energy security corridors.

Valuation

We performed a blended valuation for the business, taking into account relative and intrinsic methodologies to estimate the fair value on all likely fronts. Our model supports a HOLD recommendation, identifying an implied upside of +14.7% against the NGN 525.00 offer price. While relative peer multiples indicate near-term FY26 earnings are fully valued, intrinsic cash flow modelling suggests that the long-term cash flow expansion associated with doubling refinery capacity to 1.4 Mn bpd is not yet fully priced into the offer.

Dangote Petroleum Refinery Valuation Summary

Blended Valuation	Fair Value Est. (USD)	Fair Value Est. (NGN)	Weighting	Implied Value	Implied Value
Intrinsic Valuation	0.52	684.22	50.0%	0.26	342.11
Relative Valuation	0.39	520.14	50.0%	0.20	260.07
Implied Value est.				0.45	602.18
IPO Offer Price				0.40	525.00
Upside Potential					14.7%
Recommendation					HOLD

Source: Standard Investment Bank Research

Global Context

Mapping Oil Reserves: Africa's True Potential Remains Deeply Underexplored

Global recoverable¹ crude oil reserves total approximately 1.75 Tn barrels, with a small group of Middle Eastern nations controlling nearly half (c. 49.3%) of total supply, making global energy security highly sensitive to the geopolitical stability of the region.

By comparison, Africa accounts for approximately 7% of proven global reserves. However, this figure likely underestimates the continent's true potential. Historical under-exploration, combined with the expanding deployment of advanced 3D seismic technology and deepwater drilling, is unlocking substantial new discoveries across both frontier and mature basins. Recent exploration successes in the continent underscore this momentum:

- **Conjugate Margin Discoveries:** Geologists recognized that pre-drift² continental geology links offshore Namibia directly to oil-rich South American formations, such as those in Guyana. Recent ultra-deepwater drilling in Namibia's Orange Basin has confirmed this model, yielding major light-sweet crude discoveries.
- **Inland Rift Basins:** Interior regions previously dismissed as non-viable – *such as Uganda's Lake Albert basin*³ and *Kenya's South Lokichar basin*⁴ – were proven to hold billions of barrels of commercial crude following targeted exploration efforts in the mid-2000s.
- **Deepwater Re-evaluations:** Advanced deepwater exploration along West Africa⁵ continues to uncover multi-billion-barrel fields in offshore blocks previously considered mature or depleted.

¹ Recoverable crude oil refers to the volume of petroleum that can realistically be extracted from an underground reservoir using modern drilling techniques.

Think of an oil reservoir as a giant, oil-soaked rock sponge. Petroleum engineers classify this resource into three main stages: (i) **Oil in Place:** The total volume of oil trapped within the subterranean rock – representing 100% of the resource. (ii) **Technically Recoverable:** The fraction of that oil that can be extracted using available engineering methods, regardless of expense. (iii) **Economically Recoverable:** The portion of technically recoverable oil that can be extracted at a commercial profit under prevailing market conditions.

Worth noting, economically recoverable oil is dependent on;

- Fluctuations in crude prices.** This directly impacts project margins. A drop in oil prices can make capital-intensive secondary or tertiary extraction methods unprofitable, shrinking economically recoverable reserves even though the technically recoverable volume remains unchanged.
- Geology & Geography.** Physical location significantly dictates operational costs. Extracting oil from a shallow, accessible onshore field (e.g., in Texas) is far less expensive than extracting the same percentage from a complex, deepwater offshore field (e.g., in the Arctic).
- API Gravity.** API Gravity (American Petroleum Institute gravity) is the standard global metric used to measure how heavy or light crude oil is compared to water. Generally, dense oil is thick and viscous, moving through rock pores like cold molasses. Extracting heavy oil requires expensive techniques, such as steam or solvent injection, which increase production costs per barrel. Light oil flows easily, requiring far less energy to pump to the surface. Light crude yields higher-value fuels like gasoline and diesel with simpler refining processes.

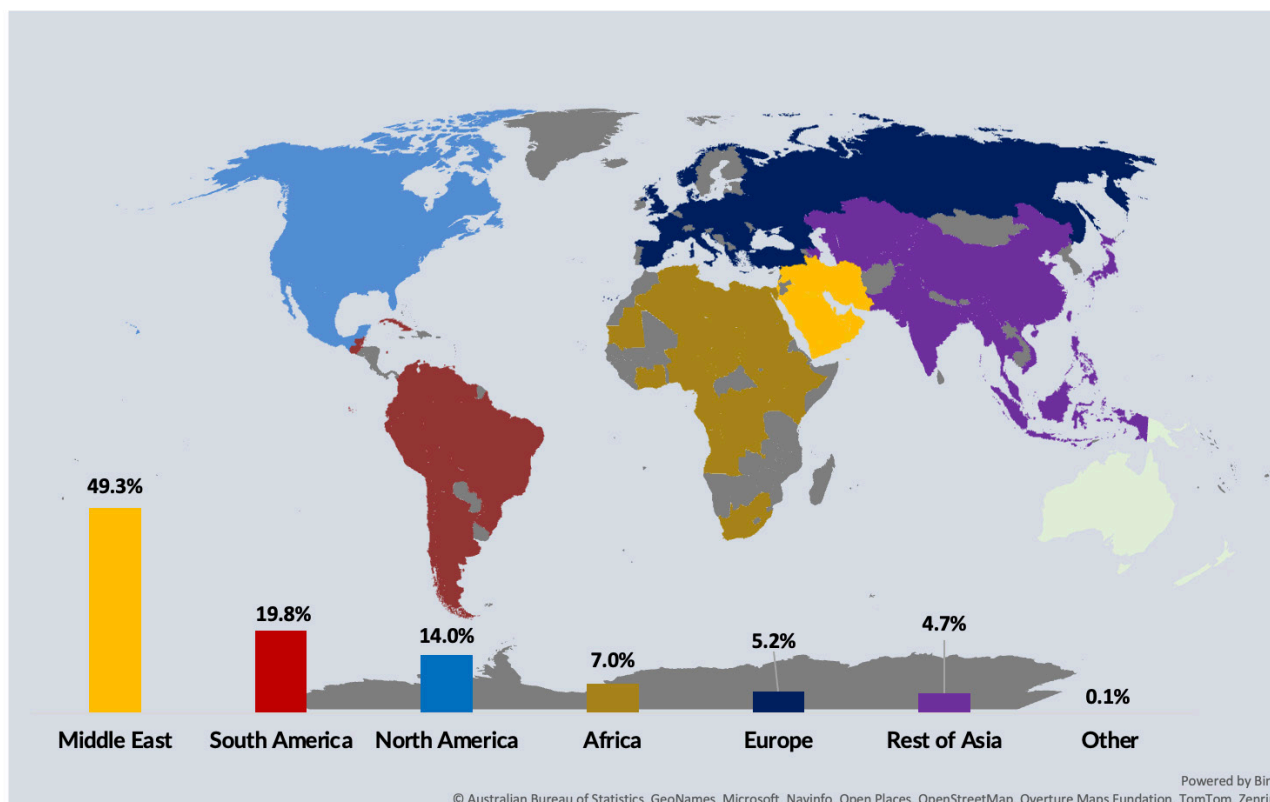
² Geologists used plate tectonic reconstruction (the West African / South American conjugate margin) to target Namibia. Before the Atlantic Ocean formed, South America and Africa were attached. Discoveries in Guyana's Stabroek block prompted ultra-deepwater drilling in Namibia's Orange Basin (e.g., Venus, Graff, Jonker discoveries), confirming massive light-oil deposits.

³ Commercial oil was struck at the Mputa-1 well in the Albertine Graben on January 6, 2006, by Australian exploration firm Hardman Resources in partnership with Heritage Oil.

⁴ On March 26, 2012, Tullow Oil, partnering with Africa Oil Corp, officially announced Kenya's first major oil discovery at the Ngamia-1 well in Turkana County.

⁵ (i) **In Côte d'Ivoire**, Eni's Baleine field (*discovered in deep water previously thought to be low-potential*) added an estimated 2.5 Bn barrels of oil and 3.3 Tn cubic feet of gas, followed by the Calao discovery (*up to 1.4Bn barrels of oil equivalent*). (ii) **In Nigeria's** deepwater Niger Delta (*a long-producing, mature region*), major operators are greenlighting major infill and near-field exploration projects - *such as ExxonMobil's Owowo field development, Shell's Bonga North / Bonga Southwest, and Eni's Zabazaba* - tapping multi-billion-barrel prospective resources.

Global Oil Reserves by Region



Source: Standard Investment Bank Research

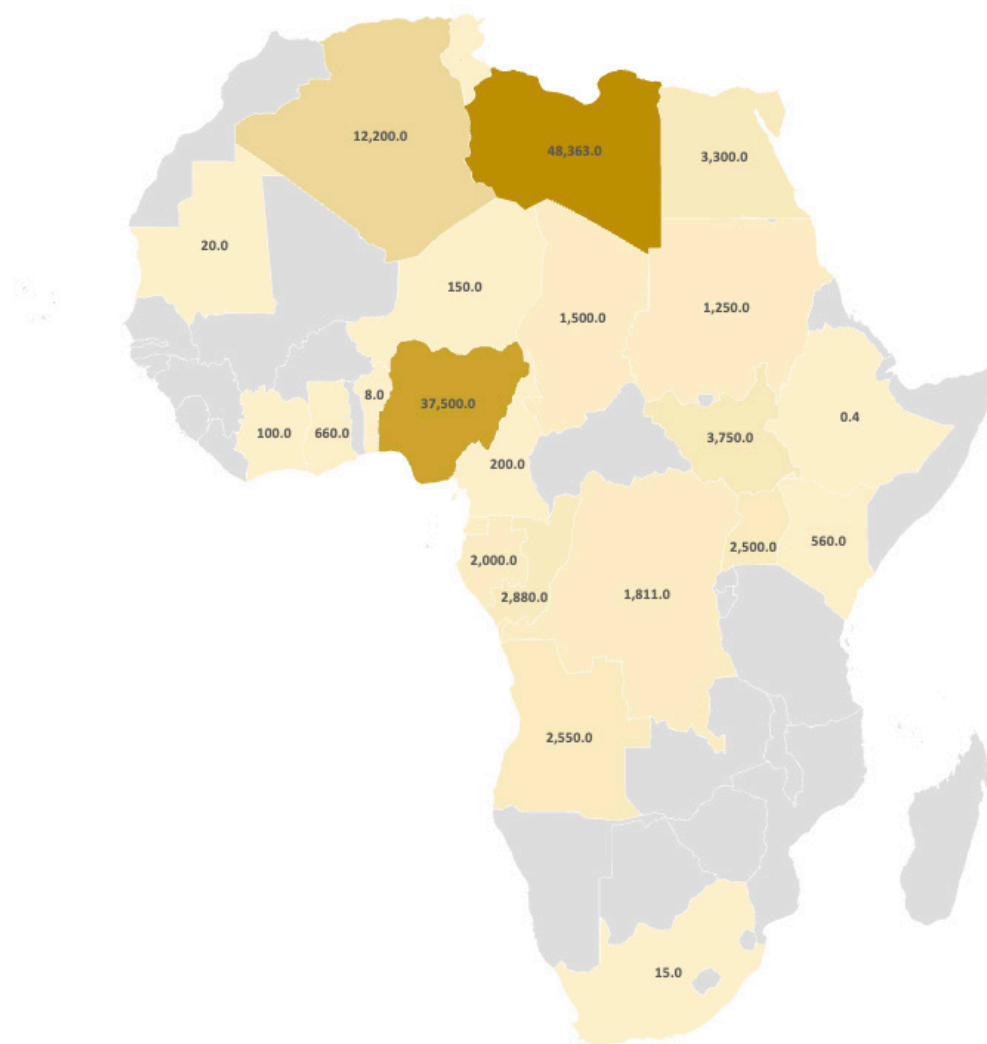
Worth noting,

- **In Africa**, Libya and Nigeria are the two most influential oil-producing giants on the continent, with c. 48.4Bn barrels (2.7% of world share) and c. 37.5Bn barrels (2.1% of the world share), respectively. Their crudes are benchmarked globally as light and sweet⁶ making them exceptional inputs for refineries because they yield high volumes of transportation fuels with minimal processing effort and low emissions.
- **West vs. East African Crude Profiles:** West African grades are globally prized for their light, low-viscosity properties, allowing frictionless transit through conventional pipelines and high-yield refining into premium gasoline and diesel. Conversely, East African crudes are heavily paraffinic; their high wax content causes them to solidify at ambient temperatures, necessitating specialized thermal infrastructure to maintain flow to refining and export nodes.
- **Venezuela** (c.303 Bn barrels): Home to the largest single volume, primarily extra-heavy oil in the Orinoco Belt
- **Saudi Arabia** (c.267Bn barrels): Holds the largest volume of conventional, low-cost extraction crude.
- **Iran** (c.208Bn barrels) & **Iraq** (c.145Bn barrels): Anchor the Middle East's vast, low-cost reserve base.
- **Canada** (c.163Bn barrels): Dominated by unconventional oil sands in Alberta.
- **United States** (c.84Bn barrels): Expanded significantly via shale and tight-oil innovations, though tight-oil wells face steeper natural decline rates than conventional fields.

⁶ Light and sweet crude oil refers to crude oil characterized by a high API gravity (making it "light" or less dense than water) and a very low sulphur content (typically below 0.5%, making it "sweet"). Light and sweet crude oil is considered the gold standard for refiners because its chemical composition makes processing cheaper, cleaner, and significantly more profitable.

Libya holds Africa's largest proven oil reserves, concentrated in the Sirte and Murzuq basins, yielding ultra-light crude streams. Nigeria's oil production in the Niger Delta basin is almost entirely made up of light sweet grades.

Oil Reserves by Country in Africa (Mn, Barrels)



Powered by Bing
© GeoNames, Microsoft, OpenStreetMap, TomTom

Source: Standard Investment Bank Research

Across the continent, vast frontier and under-explored sedimentary basins present immense subsurface upside, with geological modelling pointing to major undiscovered petroleum systems. While Africa currently holds c. 125 Bn barrels of proven crude reserves, representing c.7% of the global total, petroleum geologists estimate the continent may host an additional 100 to 250 Bn barrels of undiscovered, technically recoverable hydrocarbon resources. These prospective resources remain locked within frontier onshore rift systems, deepwater Atlantic and Indian Ocean margins, and under-drilled interior desert basins.

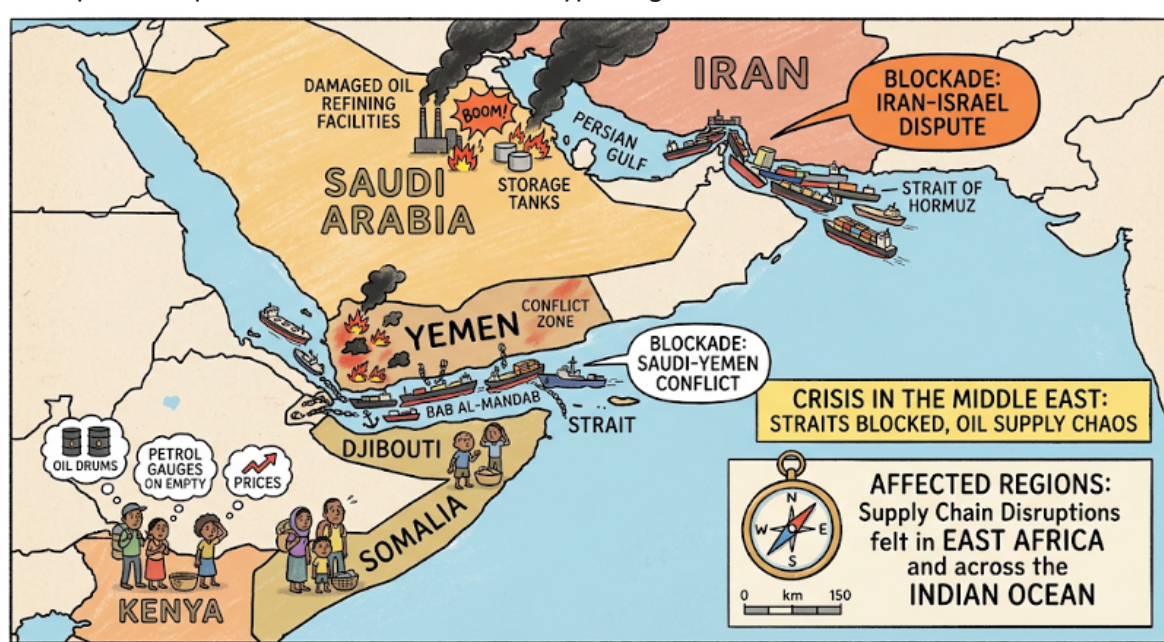
Securing intra-continental crude streams may prove to be critical as Africa expands its refining capacity. Notably, recent institutional reforms in Libya – chiefly the *Tripoli-Benghazi fiscal alignment* – have catalysed significant upstream multipliers. Crude production from Libya has stabilized at multi-year highs of c. 1.4 Mn bpd, with the National Oil Corporation actively targeting 1.6 Mn bpd. This operational recovery provides a crucial tailwind for Dangote’s refining complex in Nigeria, providing reliable access to light, high-yield Libyan crude to bridge local feedstock deficits. Demonstrating this intercontinental synergy, DPRL successfully received its maiden shipment of Libyan crude in 1H26.

Geopolitics and War: Rewiring Global Energy Corridors

The Middle East: Persian Gulf Vulnerabilities and Dangote's Strategic Emergence

The military conflict between the United States and Iran poses the single highest-impact geopolitical risk to global energy markets, driven by geographic vulnerabilities, critical infrastructure concentration, and regional supply interdependencies. Prior to the conflict, c. 20% of global petroleum liquids (c.20–21 Mn barrels per day) and 20% of global Liquefied Natural Gas (LNG) passed through the Strait of Hormuz daily.

Post-conflict blockade dynamics have disrupted shipping through asymmetric naval tactics, anti-ship missiles, sea mines, and naval drones. Beyond the maritime chokepoint, direct kinetic strikes targeting upstream production, processing infrastructure, and export terminals across the Persian Gulf have removed substantial physical volumes from the market, generating deficits that regional bypass pipelines and strategic petroleum reserves cannot fully offset. A concurrent closure of the Strait of Bab al-Mandeb compounds the Gulf crisis into a dual-chokepoint that systematically invalidates traditional mitigation options. As the southern gateway to the Red Sea, it serves as the vital maritime exit for key overland alternatives; thus, locking down this waterway traps Red Sea exports and prevents overland crude from bypassing the Persian Gulf.



Positioned outside Persian Gulf conflict zones and maritime chokepoints, the Dangote Petroleum Refinery in Lekki, Nigeria, has emerged as a primary commercial beneficiary of Middle Eastern supply disruptions. Operating as an Atlantic Basin mega-refinery, Dangote has capitalized on the structural realignment of global refined product flows. In mid-2026, the facility surpassed U.S. exporters to become Europe's single largest supplier of jet fuel, shipping nearly 466,000 metric tonnes in a single month. Concurrently, West African and broader Sub-Saharan economies, previously dependent on Middle Eastern and European refiners, pivoted to Dangote for long-term regional offtake of gasoline, diesel, and aviation fuel, establishing localized energy security corridors.

Building on this operational momentum, the proposed Dangote Group's East African Refinery, located in Lamu, on Kenya's northern coast, is set to replicate and scale up the original 700,000 bpd Dangote Refinery in Lagos, Nigeria, establishing the Dangote Group as a dual Atlantic-to-Indian Ocean energy axis for the continent. And thus, by insulating African fuel security from Persian Gulf transit risks, we opine that this expansion fundamentally redefines continental trade corridors and solidifies Dangote Group's role as the dominant midstream player across Africa. *(Note: The East African refinery initiative is separate from Dangote Petroleum Refinery Limited's (Nigeria) planned market listing).*

The Americas: Venezuela crude shifts back to the Western Hemisphere

The United States and Venezuela executed a major bilateral energy deal covering 17 key oil fields – a strategic shift in Western Hemisphere trade designed to revitalize Venezuela's neglected infrastructure and bring its crude reserves back into Western supply channels. Prior to the agreement, the vast majority of Venezuelan crude, roughly 80% of exports (c.600,000–650,000 barrels per day), was flowing to China and select sanction-bypassing allies through shadow-fleet logistics and discounted debt-for-oil arrangements.



Despite broader trade friction and escalating tariff disputes between Washington and Ottawa, cross-border energy flows remain massive, reflecting a deep, structural interdependence. That said, the re-entry of Venezuelan heavy crude into U.S. supply chains introduces a pivotal competitive dynamic to this bilateral relationship. Because both nations produce heavy, sour crude grades, Venezuelan barrels (such as Merey) compete directly with Canadian Western Canadian Select (WCS) for coking capacity at U.S. Gulf Coast refineries. While landlocked Midwest refiners remain structurally reliant on Canadian pipeline networks, expanding Venezuelan volumes along the Gulf Coast may generate spot-market competition that expands Canadian pricing discounts in coastal trade corridors.

Europe: Uncoupling from Moscow post Russia-Ukraine Conflict

Prior to Russia's invasion of Ukraine in February 2022, Moscow served as the European Union's (EU) primary energy anchor, accounting for c. 26–30% of its crude oil imports and c. 40–45% of its natural gas consumption. In response to the conflict, the EU enacted sweeping sanctions, maritime import embargoes, and the landmark REPowerEU framework.

Russian market share in the EU has since collapsed to c. 1% for crude oil and under 15% for natural gas. The primary commercial beneficiaries of this structural realignment include the United States (which emerged as the EU's leading exporter of crude oil and LNG), Norway (now the dominant provider of European pipeline gas), and African producers – notably Algeria, Libya, and Nigeria – which expanded pipeline and seaborne deliveries across the Mediterranean.



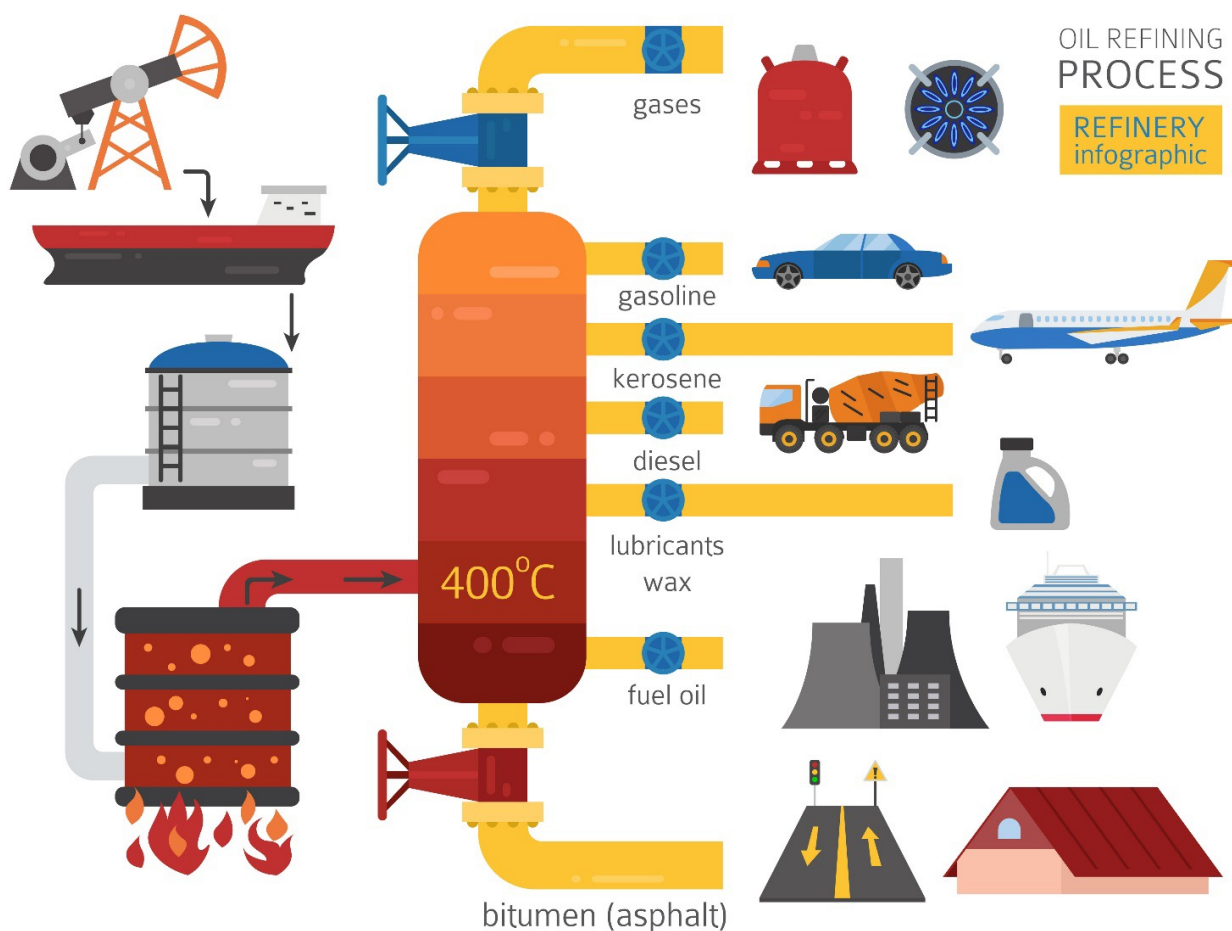
The Economics of Refining: Demand Alignment & Regional Hubs

Global refining capacity rarely coincides with upstream extraction sites. Instead, refining infrastructure is often strategically positioned around economic demand, international trade routes, and key logistical hubs. Because shipping bulk crude in super tankers is far more cost-effective than transporting volatile finished fuels over long distances, refineries are built near major consumer markets or along key shipping corridors to optimize transportation economics.

This fundamental geographic imbalance underscores the strategic value of the Dangote Energy paradigm. Despite significant regional consumption, the African continent has long been structurally underserved by local refining capacity, leaving it vulnerable to expensive imports of refined products and global supply chain shocks. Almost all African countries are net importers of refined petroleum. By leveraging direct proximity to Nigeria's domestic mass market and positioning itself as a primary supply hub for West Africa – *alongside its planned East African sister refinery* – Dangote Group is positioned to close regional supply deficits, optimize freight economics, and capture structural market share across the continent.

Global Distribution and Refining Capacity Estimates

Region	Capacity	%	Strategic Characteristics
Asia-Pacific	c.36.8 mbpd	35.2%	The dominant global hub. Led by China (c. 18.8 mbpd - having passed the U.S. as the world's top single-country refining capacity holder), India (c. 4.9 mbpd), South Korea, and Japan. Driven by massive industrial/consumer demand and large-scale, high-complexity mega-refineries.
North America	c.22.2 mbpd	21.2%	High-Complexity Processing Hub. Led by the U.S. (c. 18.2 mbpd), Canada (c. 1.9 mbpd), and Mexico (c. 1.8 mbpd). Features high-complexity units tailored for heavy crude imports and light shale processing.
Europe	c.13.2 mbpd	12.6%	High capacity, but facing capacity closures and industrial downsizing driven by decarbonization mandates and high utility costs.
Middle East	c.11.5 mbpd	11.0%	Major oil producers (Saudi Arabia, UAE, Kuwait) have built mega-refineries to export high-value fuels rather than just raw crude along maritime routes. This may, however, be significantly reshaped by the geopolitics in the region.
Eurasia	c.8.2 mbpd	7.8%	Dominates inland regional supply across Russia (c. 6.7 mbpd) and Central Asian nations. Holds significant capacity relative to population, oriented toward regional supply and traditional European export routes.
Latin America	c.8.1 mbpd	7.8%	Underperforming Asset Base. Led by Brazil (c. 2.3 mbpd), Venezuela, and Argentina. Historically plagued by underinvestment, operating well below its theoretical potential.
Africa	c.4.4 mbpd	4.2%	Historically the most underserved continent relative to its population and crude output. That said, mega-projects (e.g., Dangote Group in West and East Africa) signal the start of a structural midstream expansion.



The oil refining process begins with desalting and preheating crude oil, which is then fed into an atmospheric distillation column (*fractionating tower*) where heat separates hydrocarbons by their boiling points: volatile refinery gases (LPG, propane, butane) emerge at the coolest top section, followed progressively by light distillates like gasoline and naphtha, mid-boiling kerosene and Jet A-1 fuel, heavier diesel and gas oil, and finally atmospheric residue at the base.

To maximize yield, atmospheric residue is processed in a vacuum distillation tower, and the resulting heavy fractions are routed to secondary conversion units – such as *fluid catalytic crackers (FCC)* and *hydrocrackers* – to further break down heavy molecules into light, high-value fuels. Crucially, hydro processing units add hydrogen to saturate hydrocarbon chains, contributing to a processing gain (*volumetric yield gain*) that typically yields roughly 104 to 107 barrels of finished liquid products for every 100 barrels of crude input.

A key high-value petrochemical byproduct of this process is polypropylene, a versatile thermoplastic used in packaging, textiles, and automotive components. During FCC operations, heavy gas oils are cracked to yield propylene gas, which is purified to polymer-grade standards and catalytically polymerized into long-chain polypropylene resin pellets.

In utility architecture, a **single-train refinery** channels all feedstock through a single, massive processing line – such as the *Dangote Refinery's record-setting primary distillation column* – which offers unmatched economies of scale, lower capital expenditure per barrel, and maximum operational efficiency, though it presents a single point of failure where unscheduled maintenance forces a complete plant shutdown. Conversely, a **multi-train refinery** utilizes parallel, smaller processing units; while this increases initial capital outlay and operational complexity due to redundant infrastructure, it delivers superior operational flexibility, allowing operators to perform maintenance on one train while continuing production on others and seamlessly processing varying grades of crude.

Global Petroleum Consumption Dynamics & Demand Displacements

Global liquid hydrocarbon demand sits at approximately 102.5 Mn barrels per day (*with Africa estimated to consume c. 4.5Mn bpd, and Nigeria 400,000- 490,000 bpd*), sustained by primary transport networks, industrial processing, and petrochemical expansion. However, structural shifts - *principally electrification, fuel-efficiency standards, and regional market divergence* - are reconfiguring the long-term consumption profile.

Global Demand Breakdown by Fuel Category

Category	Consumption	Core Demand Drivers & Dynamics
Road Transport Fuels	c.47.0 mbpd	Passenger light-duty vehicles (gasoline) and commercial heavy-duty trucking (diesel). Represents the primary vulnerability zone for EV displacement.
Petrochemical Feedstocks	c.21.5 mbpd	LPG, ethane, and naphtha used in steam crackers to produce plastics, resins, and industrial chemicals. The fastest-growing demand segment globally.
Aviation & Maritime	c.14.3 mbpd	Jet A-1 fuel, marine gas oil, and heavy fuel oil. High energy-density requirements make substitution difficult without scalable sustainable aviation fuels.
Industrial & Heating	c.11.3 mbpd	Stationary diesel engines, heavy manufacturing heat, residential heating oil, and agricultural machinery.
Bitumen, Coke & Specialty	c.8.2 mbpd	Infrastructure construction (asphalt/bitumen), aluminium smelting anodes (pet coke), and automotive/industrial lubricants.

The transportation sector (*road, aviation, and maritime logistics*) remains the core demand anchor, consuming nearly 50% of daily global petroleum output. Consequently, the rapid deployment of electric vehicles (EVs) represents a primary structural risk to refined product demand. Major energy institutions, including the IEA and OPEC, project that EV adoption may displace c. 5.0 Mn bpd of demand by 2030 relative to historical baselines, but we opine the figures may be higher.

We note that the electrification shock is highly asymmetrical. Displacement is currently heavily concentrated in light-duty passenger vehicles and urban delivery fleets, whereas long-haul commercial freight experiences a significantly slower rate of substitution. As a result, the displacement profile skews heavily toward Premium Motor Spirit (PMS/gasoline), which is expected to account for 65% to 70% of lost volumes, compared to 30% to 35% for Automotive Gas Oil (AGO/diesel).

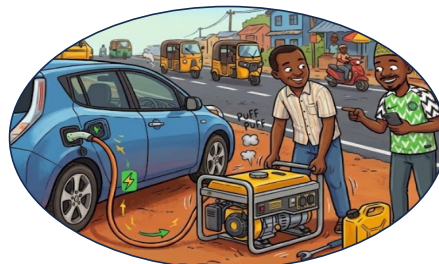
Compounding this asymmetry is a broader consumer realignment within the automotive sector itself. Pure Battery Electric Vehicle (BEV) adoption rates are moderating in favour of a strong hybrid resurgence, marked by a pronounced regional divergence. While early adopters willingly absorbed the operational friction of first-generation EV ownership, mass-market consumers prioritize convenience. Lingering anxieties surrounding charging infrastructure density, network reliability, and fast-charging availability remain primary barriers to widespread BEV adoption. Furthermore, despite falling battery cell costs, the unsubsidized upfront price premium of BEVs over internal combustion engine (ICE) counterparts continues to direct price-sensitive buyers toward ICE and hybrid options. Ultimately, this pragmatic shift toward a mixed-powertrain fleet fundamentally alters the 2030 global fuel consumption trajectory, transitioning it from an aggressive demand collapse to a gradual decline.

Notable EV trends in the continent



Ethiopia presents one of the world's most aggressive and unique energy-transition models. Driven by a severe foreign currency deficit, the Ethiopian government executed a radical policy pivot toward electric mobility, directly suppressing Internal Combustion Engine (ICE) vehicle inflows in January 2024 for personal passenger transportation. Electric vehicles now account for over 60% of newly registered personal automobiles in the country.

In **Nigeria**, EV adoption risks shifting transportation energy demand onto an already fragile national power grid. Due to chronic blackouts, EV owners, dealerships, and public charging hubs are forced to rely heavily on diesel and gasoline backup generators to charge vehicle batteries. Ultimately, this dependence on off-grid generator burn undermines both the operational cost savings and the carbon reduction objectives of electric mobility. We thus believe up until the grid is stable, EV adoption is unlikely to achieve a meaningful market impact – an advantage for DPRP.



Within **Kenya's** broader electric mobility landscape, four-wheeled passenger EV adoption forms a distinct, slower-moving market segment. While volume growth is overwhelmingly driven by electric 2/3-wheelers alongside commercial transit buses (BasiGo), personal passenger EVs face unique structural headwinds despite favourable fiscal policies. Upfront cost premiums over imported second-hand ICE vehicles remain high, and public fast-charging infrastructure outside metropolitan hubs is still developing. Consequently, early four-wheeled passenger EV adoption remains heavily concentrated among corporate fleets, ride-hailing networks (e.g., Uber and Bolt deploying EV fleets on fixed urban corridors), and luxury/early-adopter retail buyers.

In **Ghana**, electric vehicle adoption is propelled by a state-led industrial strategy that utilizes excess grid capacity. Under the National Electric Mobility Policy, the government deploys the Energy Commission's Drive Electric Initiative to direct off-peak grid margins toward fleet charging, converting utility overcapacity into a strategic transport asset. Commercial two- and three-wheelers, alongside light logistics fleets, lead market penetration – driven by a 40% to 60% reduction in daily operating costs relative to liquid fuels. Conversely, four-wheeled passenger EV adoption remains constrained by high upfront capital costs and the structural market dominance of imported second-hand ICE vehicles, which comprise roughly 90% of annual fleet additions.

Nigeria Market Profile

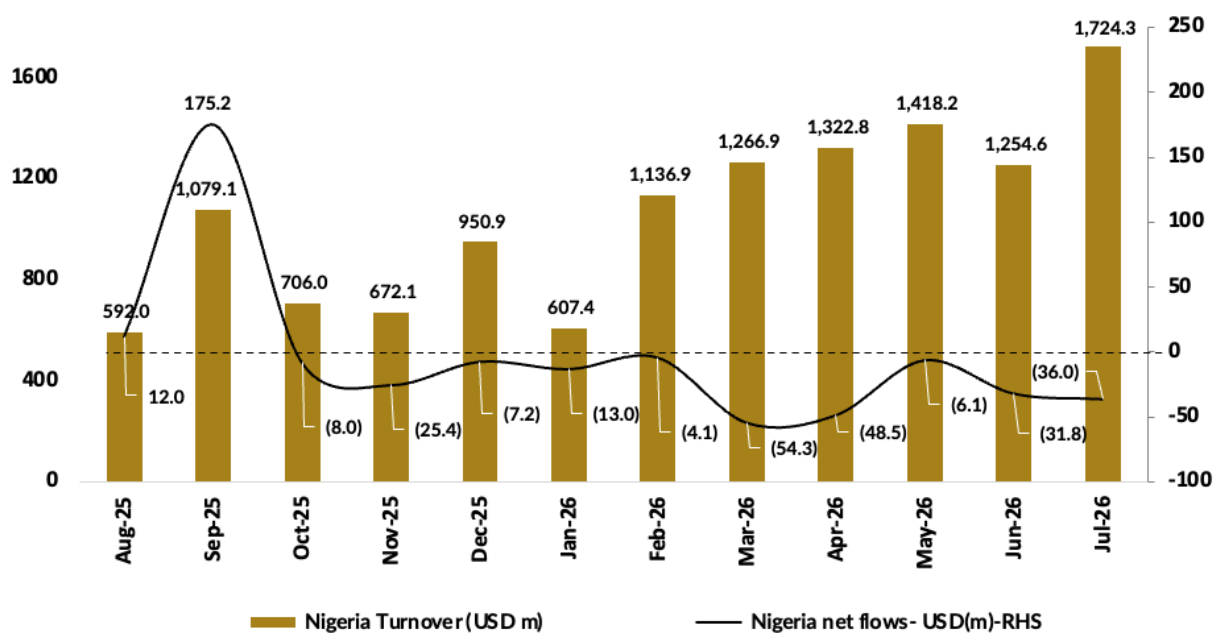
General Statistics

Population (Mn)	242.58	Central Bank Rate	23.00%
GDP (USD, Bn)	377.37	Unemployment Rate	22.60%
Per Capita GDP	1555.65	Gross Govt Debt as % of GDP	32.30%
GDP Growth (5-Year Avg.)	3.36%	Current Account Balance % of GDP	5.80%
Inflation (5-Year Avg.)	22.73%	FX Reserves (USD Bn)	54.72
GDP based on PPP, world share	1.09%	PPP Conversion Rate	218.34
Import Cover	11 Months		

Market Overview

Stock Exchange	NGX	Market Capitalisation (USD Bn)	123.42
Market Regulator	SEC (Nigeria)	Number of Listed Companies	156
Trading Times	09:00–16:00 (WAT)	Turnover Ratio	7.62%
Trading Days	Monday - Friday	Capital Gains Tax	30%
Trading System	Automated	Income Tax	10% Withholding Tax on Div.
Clearing & Settlement	T+1	Trading Fees	0.75–1.35% Brokerage +
Foreign Ownership Limits	None		0.68% Statutory Charges
Foreign Participation	11.22%		7.5% VAT on NGX, CSCS & Broker fees

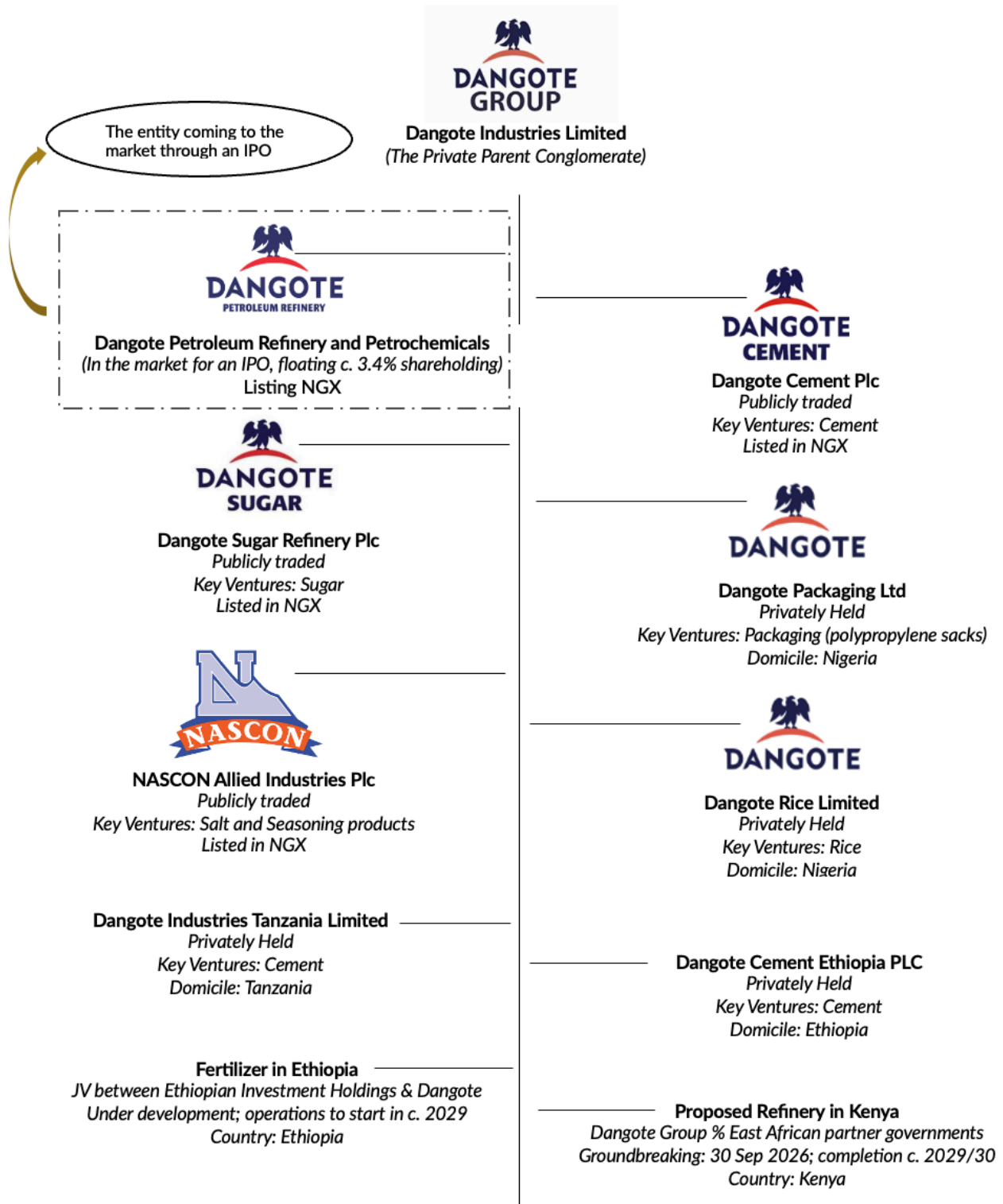
Nigeria Stock Market Turnover and Net Foreign Flows



Source: Standard Investment Bank Research, IMF, World Bank, NGX

The Dangote Group

The group primarily operates in oil & gas, agriculture, and manufacturing. Businesses under the conglomerate include:



Source: Standard Investment Bank Research

Dangote Petroleum Refinery & Petrochemicals

Company Overview

Incorporated on April 27, 2012, as a Nigerian private limited liability company, Dangote Petroleum Refinery and Petrochemicals Free Zone Enterprise (DPRP) was registered as a Free Zone Enterprise in August 2014. Following the construction of its world-scale, single-train integrated refinery complex in the Dangote Industries Free Zone at Ibeju-Lekki, Lagos State, the facility was officially commissioned in May 2023. The plant⁷ initiated crude processing in January 2024, launched commercial exports of virgin naphtha and fuel oil in May 2024, and commenced domestic supply of premium motor spirit (petrol) in September 2024 before expanding its design capacity from 650,000 to 700,000 barrels per day. In mid-2026, DPRP reconstituted its governance structure, converted to a public enterprise on June 12, 2026, and raised USD 2.5 Bn through a pre-IPO private placement.

Spanning 2,500 hectares within the Dangote Industries Free Zone, the DPRP complex houses the world's largest single-train crude distillation unit, featuring a high Nelson Complexity Index rating of 11.5. Designed as an integrated refining and petrochemicals complex, intermediate streams generated during refining - *such as naphtha, LPG, and propylene* - are utilized as feedstocks to produce polypropylene (*with an 830-kilotonne-per-annum capacity*), polymers, plastics, and synthetic fibers. This integrated output feeds a diversified product slate including PMS, AGO, Aviation Turbine Kerosene (jet fuel), Naphtha, LPG, Carbon Black Feedstock, and Polypropylene for downstream packaging, construction, medical, automotive, and textile applications. The complex is powered by an independent captive station⁸ and supported by a 1,100 km subsea pipeline network alongside direct deep-water port access via a 3 km jetty and single-point mooring buoys. This strategic infrastructure position reduces regional import reliance, drives West African industrialization, and positions Nigeria as a global refining and petrochemical hub.

Sourcing its feedstock through a combination of domestic and international channels, DPRP procures approximately 60% of its crude locally via term contracts with NNPC Limited - *including the federal crude-for-naira program that minimizes foreign exchange demands* - alongside spot market purchases from international and domestic producers. Under the Domestic Crude Supply Obligation (DCSO) framework and its NNPC agreement, DPRP maintains access to up to 350,000 barrels per day of domestic crude, supplementing the remainder with international purchases to optimize margins using its economics team's proprietary linear programming (LP) model. Operationally, the facility bypasses reliance on dedicated land pipelines to avoid upstream supply disruptions, offloading crude cargoes directly via offshore Single Point Mooring (SPM) buoys and marine pipeline infrastructure managed by a dedicated procurement and optimization team.

DPRP intends to expand its refining capacity from 700,000 bpd to approximately 1.4 mbpd. The proposed expansion remains subject to, among other things, the receipt of requisite regulatory approvals, the availability of financing, and the timely execution of construction and commissioning activities. **Worth noting, the listing does not include the proposed Dangote East Africa Lamu project as it falls under Dangote Conglomerate and not DPRL; see previous page.**

⁷ The refinery is designed as a high-complexity processing facility capable of handling a broad range of crude oil grades and is equipped with advanced secondary conversion units, including a residue fluid catalytic cracking unit, hydrocracking units, and catalytic reformers, which enable a high conversion rate of heavier crude fractions into higher-value refined petroleum products and petrochemical feedstocks, thereby maximising product yield.

⁸ A 570 MW captive power plant primarily fuelled by natural gas generated as a by-product of the refining process, which supports operational self-sufficiency.

Offer Details

The Offer

Item	Details
Issuer Company	Dangote Petroleum Refinery and Petrochemicals Free Zone Enterprise (DPRP)
Primary Listing Exchange	Main Board of the Nigerian Exchange Limited (NGX)
Offer Price per Share	NGN 525.00 (c. USD 0.40, c. KES 51.43)
Base Offer Size	4,100,000,000 Ordinary Shares (c. 3.4% free-float equity)
Target Gross Proceeds	NGN 2.1525 Tn (c. USD 1.60 Bn, KES 210.86 Bn)
Offer Window	Opens: September 14, 2026 & Closes: October 13, 2026
Minimum Subscription (Retail)	10 Ordinary Shares (NGN 5,250 minimum investment; incremental multiples of 10 shares)
Minimum Subscription (Institutional)	50,000 Ordinary Shares (NGN 26,250,000 minimum investment; incremental multiples of 10 shares)
Cornerstone Investment	USD 400 Mn committed by Pan-African Refinery Investment SPV (c. 25.34% of base offer)
Status	The ordinary shares being offered shall rank pari passu in all respects with the existing issued ordinary shares of the Issuer.
Offer Payment Terms	In full on application.
Shariah Compliance	The Shari'ah Adviser, Buraq Capital Limited, concluded that investment in the ordinary shares offered pursuant to the Offer is permissible under Shari'ah.
Oversubscription	In the event of an oversubscription, the Issuer may absorb up to 30% of the Offer subject to the approval of the SEC.
Underwriting	The offer is not underwritten.
Settlement	The CSCS accounts of successful Applicants will be credited with their allotted Offer Shares not later than fifteen (15) Business Days from the Allotment Date.
Use of Net Proceeds	The net offer proceeds, estimated at NGN 2.1Tn, will be dedicated to fund part of the USD 14.3 Bn expansion project to double capacity from 700,000 bpd to 1,400,000 bpd by 2029: • Utilities & Offsites: c. 39.8% of net proceeds • Process Units & Equipment: c. 32.5% of net proceeds • Construction & Works: c. 27.6% of net proceeds

Source: DPRP Prospectus

Pre-IPO Shareholding

Before the IPO, the Issuer's authorized share capital is USD 1,631,250.00, comprising 125,480,769,230 ordinary shares with a nominal value of USD 0.000013 per share. The Issuer's paid-up issued share capital stands at USD 1,561,675.91, consisting of 120,128,915,901 ordinary shares, while 5,351,853,329 ordinary shares remain unallotted.

Current Shareholding Breakdown (Pre-IPO)

Shareholder / Entity	Pre-IPO Shares held	Pre-IPO Equity Stake
Dangote Oil Refining Company Limited (DORCL)	79,086,556,154	65.835%
Dangote Industries Limited (DIL)	17,903,461,538	14.904%
NNPC Limited	8,186,982,308	6.815%
Greenview International Corporation	7,803,769,230	6.496%
Other Pre-IPO Investors	7,148,146,671	5.950%
Total Issued Share Capital	120,128,915,901	100.00%

Financial Reporting

Dangote Petroleum Refinery and Petrochemicals prepares its financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the Financial Reporting Council of Nigeria (FRCN). The company's functional and reporting currency is the US Dollar (USD), reflecting the foreign currency nature of its primary operations, specifically USD-denominated crude feedstock purchases and global product sales. For local listing compliance on the NGX, USD financial figures are translated into Naira (NGN).

Furthermore, while the company has not yet finalized a formal dividend policy, it intends to declare dividends in USD while retaining the flexibility to distribute payouts in USD, NGN, or any other currency the company may determine from time to time in accordance with applicable law. It is worth noting that although local market rules require NGX trading, order books, and stock settlements to be conducted in Naira, companies declaring dividends in USD are permitted to pay shareholders in USD or offer a Naira equivalent option upon distribution.

Nigerian Industry Positioning

Nigeria occupies the strategic core of Africa's energy evolution, serving as both the continent's leading crude oil exporter and its primary downstream refining hub. As geopolitical friction escalates in the Strait of Hormuz, compounded by Europe's structural decoupling from Russian fossil fuels under the REPowerEU mandate, severe global refined-product deficits have emerged that strategic petroleum reserves cannot adequately offset. Capitalizing on these structural supply imbalances, Nigeria's 700,000 bpd Dangote Petroleum Refinery in Lekki has established itself as a premier Atlantic Basin anchor, capturing substantial European aviation fuel market share while insulating West African economies from external supply shocks.

At full nameplate capacity, the Dangote Refinery requires c. 34% of Nigeria's total crude oil output (c. 560,000 bpd of the c. 1.68Mn bpd crude output). Despite operating in one of Africa's largest oil-producing nations, the refinery has routinely imported crude (primarily U.S. West Texas Intermediate/WTI Midland as well as other global grades) for three main operational and economic reasons, in our view;

- **Forward Debt Pledges:** A portion of Nigeria's national crude yield was locked into long-term export contracts with international traders or pledged under state debt-backed forward-sales arrangements.
- **Trader Premiums:** Domestic and international trading intermediaries routinely demanded high premiums over global benchmarks (like Brent or Argus) for Nigerian grades, making delivered U.S. WTI Midland cargoes economically cheaper.
- **Delta Infrastructure Outages:** Onshore pipeline vandalism and bunkering periodically crippled regular crude deliveries to domestic coastal terminals.

To correct these distortions and secure domestic energy sovereignty, the Nigerian Federal Government and the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) enacted targeted regulatory mechanisms:

- **The "Naira-for-Crude" Mechanism:** A bilateral framework allowing the Nigerian National Petroleum Company Limited (NNPCL) to sell crude directly to Dangote in Nigerian Naira, with Dangote supplying finished products back into the domestic market in local currency to ease foreign exchange pressures.
- **Enforcement of Domestic Crude Supply Obligations (DCSO):** Anchored in the Petroleum Industry Act (PIA), the NUPRC actively enforces legal mandates requiring upstream producers to prioritize local refinery allocations before exporting crude.
- **Intermediary Disintermediation:** Regulatory frameworks now enforce direct sales between upstream producers and local refiners, eliminating middleman trading margins and enabling Dangote to purchase Nigerian crude at transparent, uninflated international benchmark prices.

We note that in October 2025, Nigeria approved a 15% ad valorem import duty on foreign refined petroleum products—specifically Premium Motor Spirit (PMS) and Automotive Gas Oil (AGO)—calculated on their Cost, Insurance, and Freight (CIF) landed value. Although regulators subsequently suspended the tariff following pushback regarding near-term pump price inflation, we believe this policy friction points to an underlying regulatory intent to eventually protect domestic refining capacity and disincentivize foreign fuel imports over the long term.

Dangote Petroleum Refinery holds effective market dominance, generating nearly all of Nigeria's domestic Premium Motor Spirit (PMS/petrol), diesel, and jet fuel output. NNPC's state refineries remain largely inactive or underperforming, prompting a strategy shift toward joint private-operator technical partnerships to rehabilitate its 445,000 bpd capacity. Active modular refineries provide targeted domestic diesel supplies, though they face feedstock and crude allocation challenges.

Nigeria Refineries Overview

Metric	Dangote Petroleum (DPRP)	State-Owned NNPC	Operational Modular Refineries
Facilities	One Integrated Megarefinery (Ibeju-Lekki, Lagos)	Four Refineries (Port Harcourt Old & New, Warri, Kaduna)	Three Operational Plants (Waltersmith, Edo, Aradel)
Installed Capacity	700,000 bpd	445,000 bpd	c. 27,000 bpd
Market position	Dominant domestic refining producer	No meaningful current production share while facilities remain inactive	Niche regional suppliers in immediate catchment zones
Primary Output	Full Slate: PMS, AGO, ATK, Naphtha, Polypropylene, Carbon Black	Non-operational	Mostly AGO with output varying by plant
Operational Status	Active commercial output & regional exports	Historically inactive; transitioning to private O&M technical partnerships	Active small-scale regional production
Strategic Advantage	World's largest single-train CDU, direct offshore port access, subsea pipeline network	Government-backed distribution network infrastructure, albeit plagued with inefficiencies	Low capital overhead, rapid regional turnaround

Dangote Petroleum Refinery and Petrochemicals FZE (DPRP) occupies a dominant and strategic position in Nigeria's energy and industrial landscape:

- **Monopolistic Market Presence:** Processing up to 700,000 barrels per day (bpd) at its single-train facility, DPRP accounts for nearly all of domestic premium motor spirit supply, making it the single largest domestic supplier of refined petroleum products in Nigeria.
- **Industrial & Downstream Catalyst:** Beyond fuels, DPRP's integrated 830 kilotonne per annum capacity polypropylene plant supplies critical raw materials for polymers, plastics, and synthetic fibers across Nigerian manufacturing, medical, construction, and packaging sectors.
- **Logistics Hub & Strategic Isolation:** Located in the Dangote Industries Free Zone (DIFZ) in Ibeju-Lekki, Lagos, DPRP utilizes offshore Single Point Mooring (SPM) buoys, a 3 km deepwater jetty, and a 1,100 km subsea pipeline network. This enables direct sea access for imports/exports while insulating operations from land-based pipeline disruptions.
- **Regulatory & Antitrust Friction:** Due to its overwhelming scale, DPRP faces significant regulatory scrutiny from bodies like the Federal Competition and Consumer Protection Commission (FCCPC) and midstream regulators over market dominance, fuel import licensing policies, and pricing controls.

The permanent, physical nature of refineries serves as a powerful economic moat and strategic competitive advantage for DPRP, creating an almost insurmountable barrier to entry in the West African refining market. Because mega-refineries require staggering capital investments and take up to 7 years to design, permit, and construct, any prospective competitor faces massive capital constraints, severe lead-time lags, and ESG-driven financing headwinds from global financial institutions. Furthermore, DPRP benefits from a decisive first-mover advantage - having already cleared construction risks, integrated a 1,100 km subsea pipeline network, and captured dominant market share before any entrant can emerge.

The Addressable Market

The Total Addressable Market (TAM) for the DPRP spans domestic demand of 400,000 to 490,000 bpd in Nigeria (where it supplies c. 300,000 to 350,000 bpd), a regional West and Central African market of c. 800,000 to 1,000,000 bpd, and a global seaborne export market taking the remaining surplus from its baseline 700,000 bpd nameplate capacity. Looking ahead, DPRP's addressable market is set to expand significantly as planned additions scale total processing capacity to 1.4 million bpd.

As highlighted in our global context segment, geopolitical shifts are actively restructuring global energy corridors to further broaden DPRP's market capture beyond Africa. The disruption to oil and gas flows through the Strait of Hormuz and attacks on energy infrastructure across the region have had major implications for energy security and sourcing globally. According to IEA, in 2025, the Gulf producers export c. 3.3 Mn bpd of refined oil products, noting that c. 3 Mn bpd of refining capacity in the region has been forced offline due to attacks and a lack of viable export outlets. Concurrently, Ukrainian attacks on Russian energy infrastructure have significantly reduced Russian refinery runs and product exports.

We are of the view that the sensitivity of energy security may indefinitely reshape global sourcing patterns, forcing a structural pivot toward Atlantic Basin suppliers and directly positioning DPRP to capture diverted international demand. As of June 30, 2026, DPRP's offtake footprint encompasses key African markets — including Ghana, Togo, Cameroon, Ivory Coast, South Africa, Morocco, and Mauritius — as well as major global trade destinations across Europe, the United States, Brazil, Singapore, Malaysia, and Oman.

Risks to Investment

Operational Risks

The primary operational risk of a single-train refinery lies in its single-point-of-failure profile: an unscheduled malfunction in any core unit forces a complete facility outage rather than a partial capacity drop. Financially, this triggers an immediate top-line cliff and severe margin compression, as output volumes drop to zero for the duration of the downtime while fixed overhead, debt service, and mounting demurrage penalties continue to accrue unabsorbed. This exposure may be further compounded by extended lead times for custom-engineered equipment, rigid minimum turndown thresholds, and working capital trapped in off-spec inventory generated during complex plant restarts.

Further, as an unintegrated merchant refinery, DPRP may face crude oil procurement and feedstock security risks. Lacking captive upstream production, the facility relies entirely on external crude allocations, leaving its 700,000-bpd throughput vulnerable to domestic supply deficits, production bottlenecks, and foreign exchange mismatches when purchasing dollar-denominated imports. Without upstream drilling profits to absorb market shocks, rising international crude prices may directly compress gross refining margins.

Claims and Litigation

The company's SEC-approved IPO prospectus lists 14 pending legal proceedings covering breach of contract claims, land/easement claims, trade logistics disputes, and operational vendor claims. While DPRP considers these routine to its operations, any unexpected adverse ruling could incur financial liabilities. Worth noting, nine of these claims meet the NGX materiality threshold of NGN 100 Mn. The total contingent liabilities claimed by or against the company across these cases amount to NGN 4.1Bn and USD 216.1 Mn (excluding interest and unquantified claims), bringing the combined contingent liability exposure to c. NGN 290.5 Bn (c. USD 219.2 Mn).

Regulatory & Antitrust Friction

Due to its overwhelming scale, DPRP faces significant regulatory scrutiny from bodies like the Federal Competition and Consumer Protection Commission (FCCPC) and midstream regulators. The refinery's massive scale exposes it to systemic policy risks regarding domestic market dominance, anti-competitive pricing allegations, import licensing restrictions, and potential state-enforced price controls or domestic supply obligations, which could constrain commercial pricing autonomy and limit operating margins.

Market Liquidity Risk

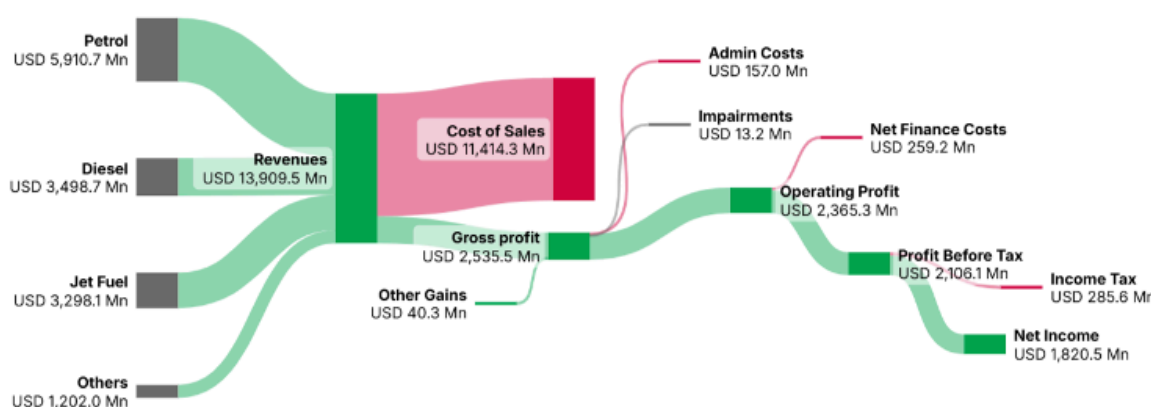
The floated c.3.4% equity stake introduces acute market liquidity risk. Due to the severely restricted public float, the stock upon listing is vulnerable to wide bid-ask spreads and heightened price volatility, preventing institutional investors from executing large-block orders without incurring substantial execution slippage.

Performance Review & Outlook

The independent auditor for Dangote Petroleum Refinery and Petrochemicals FZE is Deloitte & Touche. In its independent auditor's report, Deloitte issued an unqualified (clean) audit opinion, confirming that the enterprise's financial statements present a true and fair view of its financial position, operational performance, and cash flows in full compliance with International Financial Reporting Standards (IFRS) as issued by the IASB and the relevant regulatory framework.

Having achieved full nameplate capacity in February 2026, the business's annualised 1H26 performance serves as a more representative indicator of its baseline earnings potential. Importantly, this baseline does not yet capture future upside from high-value yield optimization or deeper expansion into petrochemicals.

Dangote Petroleum Refinery and Petrochemicals 1H26 Earnings



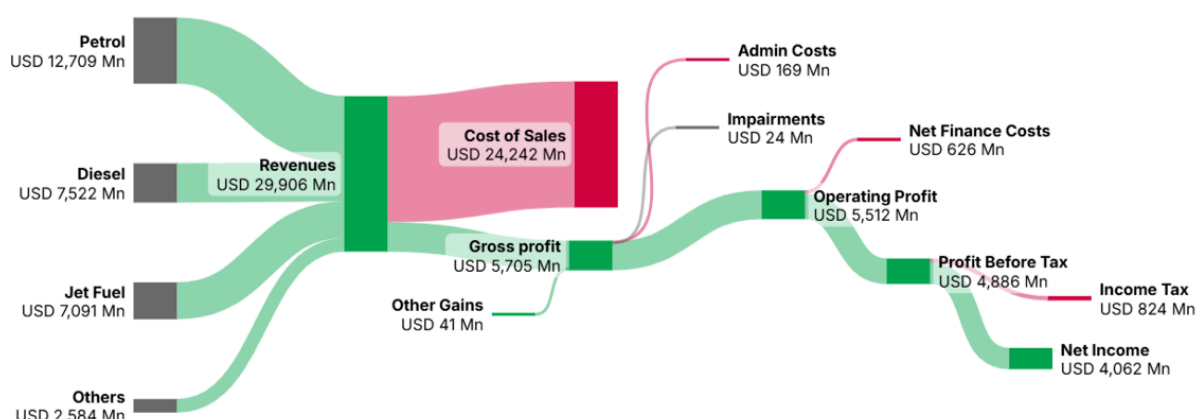
Source: DPRP Prospectus, SIB

Capital expenditure (Capex) remains a central focus over the medium term and will continue to weigh on free cash flow generation. Annual capex plunged from a peak of USD 1.46Bn in 2022 to USD 113.62Mn in 2025 as the refinery completed core construction and shifted toward commercial startup. Spend then ticked up in 1H26 to USD 37.89Mn (vs. USD 2.15Mn in 1H25), largely driven by PP&E and right-of-use assets for the second crude distillation unit. Looking ahead, guidance points to a heavy capital deployment of c. USD 4.8Bn for the remainder of 2026 before tapering to USD 3.9Bn in 2027 and USD 3.1Bn in 2028, though actual execution spend could realistically exceed these projections.

The implementation of Nigeria's 15% Minimum Effective Tax Rate (METR) directly impacts Dangote Petroleum Refinery & Petrochemicals (DPRP) by ending its functional 0% corporate tax regime. For our 5-year forecast period, we estimate an effective tax rate of 16.9% - 17.5%.

We project DPRP to generate USD 29.91 Bn in FY26 revenues, anchored by petrol (USD 12.71 Bn), diesel (USD 7.52 Bn), and jet fuel (USD 7.09 Bn). Cost of sales is anticipated to absorb USD 24.24 Bn (81.1% of revenues), leaving a gross profit of USD 5.70 Bn. After accounting for operating overheads (USD 169 Mn admin costs and USD 24 Mn impairments) and USD 41 Mn in other gains, DPRP is anticipated to deliver an operating profit of USD 5.51 Bn (18.4% operating margin). Deducting USD 626 Mn in net finance costs yields a profit before tax of USD 4.89 Bn, which, after a USD 824 Mn income tax provision under the 15% Minimum Effective Tax Rate (METR) framework, results in a net income of USD 4.06 Bn (13.6% net margin).

Dangote Petroleum Refinery and Petrochemicals 2026 Forecasted Earnings



Source: SIB Estimates

Valuation

We have performed a series of valuations (intrinsic and relative) based on the audited financial statements of the company, assessment of industry trends, plausibility of the strategic outlook, disclosures and information available in the public domain, reasonable growth rate of forecasts, and review of the IPO prospectus to determine the fair value estimate range of the business on all likely fronts.

Discounting Assumptions

For the market risk premium, we used NYU Stern's country default spreads and risk premium estimates (*adjusted to changes in the risk-free rate*). We assumed a beta of 1, given that the company is yet to come to market. About the risk-free rate, we used the US 5-year bond as the implied risk-free rate. To account for the additional risk on the sovereign above the risk-free rate, we computed a sovereign risk spread between the US and Nigeria from the differentials of their 10-year bonds (in US Dollars).

Using a terminal growth rate of 8.71% – a function of the sustainable Return-on-Equity and the sustainable retention rate⁹, both from forecasted performance – we estimated the terminal value of the business beyond the 2030 forecasted period at USD 99.9 Bn. We then estimated the cost of equity from a rational investor's point of view and calculated the present value of cumulative future free cash flows and the present value of the above terminal value.

For investors who do not share the same level of assumptions on the discount rate and the terminal growth rate, we have provided a sensitivity analysis for discounted cash flows that captures fair value estimates at different levels of assumptions. Laws of congruence should apply to data points not captured in the table.

⁹ We applied a long-term dividend payout ratio of 40%, aligning with peer group mean as a baseline sustainable policy.

Cost of Equity Assumptions:	21-Sep-26
Risk-free rate	4.77%
Beta	1.00
Market Risk Premium	12.81%
Sovereign risk spread	2.95%
Cost of Equity	20.54%
<u>Terminal Assumptions:</u>	
Terminal growth rate	8.71%
Net Earnings FY30	7,488,993
Terminal Value (Year 2030)	99,919,345

Terminal growth rate	
Forecast Sustainable ROE	14.52%
Retention Rate	60.00%
Terminal Growth Rate	8.71%

Cost of Debt	9.97%
Value of Debt	5,665,890
Value of Equity	10,631,415
Equity Weight	65.23%
Debt Weight	34.77%
WACC	16.86%

Source: SIB Estimates

Discounted Cash Flows

Our cash flow based valuation yields a central fair value of **USD 0.52** (NGN 684.22) per share for DPRP, bounded by a sensitivity range of **USD 0.41 to USD 0.69** (NGN 540.85 to NGN 920.79). The IPO offer price sits at a significant discount to the business's long-term earning potential, indicating that the shares are priced materially below our central intrinsic value target.

Our baseline model projects the commissioning of the 700,000 bpd expansion facility by 2029 under higher capex outlay than management guidance, with combined operational capacity reaching 80% of 1.4 Mn bpd by 2030 as the addressable market absorbs output. Post expansion, cash generation should expand rapidly as capital expenditure normalizes around routine replacement requirements (*replacement capex*).

Free Cash Flow Model (USD 000)	31-Dec-26	31-Dec-27	31-Dec-28	31-Dec-29	31-Dec-30
Free Cash Flows	(228,423)	(197,588)	1,462,292	5,043,846	9,263,220
Terminal Value					99,919,345
Time	0.28	1.28	2.28	3.28	4.28
Discount Factor	0.96	0.82	0.70	0.60	0.51
Present value	-218,784	-161,945	1,025,152	3,025,854	56,049,458
Value of the firm	59,719,735				
Plus cash	4,267,422				
Less debt	5,665,890				
Value of Equity	58,321,267				
Number of shares ('000)	112,980,769				
Value per share (USD)	0.52				
Value per share (NGN)	684.22				
IPO Offer Price (NGN)	525.00				
Upside	30.3%				

Sensitivity Analysis (USD)

		WACC				
		15.86%	16.36%	16.86%	17.36%	17.86%
Terminal Growth Rate	7.71%	0.53	0.50	0.46	0.43	0.41
	8.21%	0.56	0.52	0.49	0.46	0.43
	8.71%	0.60	0.56	0.52	0.48	0.45
	9.21%	0.64	0.59	0.55	0.51	0.47
	9.71%	0.69	0.64	0.58	0.54	0.50

Sensitivity Analysis (NGN)

		WACC				
		15.86%	16.36%	16.86%	17.36%	17.86%
Terminal Growth Rate	7.71%	704.34	656.26	613.51	575.26	540.85
	8.21%	747.84	694.19	646.82	604.71	567.03
	8.71%	797.42	737.07	684.22	637.55	596.06
	9.21%	854.46	785.96	726.51	674.44	628.46
	9.71%	920.79	842.21	774.72	716.14	664.83

Source: SIB Estimates

Relative Valuation

Under the relative valuation approach, we used the median P/E and EV/EBITDA from Bloomberg for the oil and gas midstream players dominant in crude refining within the emerging markets. The median P/E and EV/EBITDA multiples were 10.8x and 7.5x, respectively.

From the P/E and EV/EBITDA approaches, the implied fair value of DPRP was **USD 0.39** (c. NGN 515.26) and **USD 0.40** (c. NGN 525.01), respectively. Collectively giving a blended relative valuation fair value estimate of **USD 0.39**, on equal weightings, signalling that the offer price fully prices in the business. Both metrics indicate that the offer price fully captures the company's near-term value, suggesting the offer is fully valued relative to its peer group baseline.

P/E

Sector Median P/E	10.8x
2026 Net Income (USD, 000)	4,061,639
Number of Shares	112,980,769
EPS	0.0359
Implied Fair Value Per Share (USD)	0.39
Implied Fair Value Per Share (NGN)	515.26

EV/EBITDA

Sector Median EV/EBITDA	7.5x
2026 EBITDA (USD, 000)	5,943,010
Number of Shares	112,980,769
Implied Fair Value Per Share	0.40
Implied Fair Value Per Share (NGN)	525.01

Valuation Summary

Equal weightings were applied for the methodologies used in relative valuation to obtain a blended relative fair value estimate of USD 0.39. This was then blended with the intrinsic fair value estimate on a 50/50 weighting to obtain a blended fair value estimate of **USD 0.45** (NGN 602.18) with a sensitivity range of **USD 0.40 to USD 0.54** (NGN 530.49 to NGN 720.46). We thus believe the offer price of **USD 0.40** (NGN 525.00) is discounted to the fair value of DPRP based on its standalone operating potential and peer benchmarking.

Intrinsic Valuation	Fair Value Est. (USD)	Fair Value Est. (NGN)	Weighting	Implied Value (USD)	Implied Value (NGN)
DCF	0.52	684.22	100.0%	0.52	684.22
Relative Valuation	Fair Value Est. (USD)	Fair Value Est. (NGN)	Weighting	Implied Value (USD)	Implied Value (NGN)
P/E	0.39	515.26	50.0%	0.19	257.63
EV/EBITDA	0.40	525.01	50.0%	0.20	262.51
Implied Value est.				0.39	520.14
Blended Valuation	Fair Value Est. (USD)	Fair Value Est. (NGN)	Weighting	Implied Value	Implied Value
Intrinsic Valuation	0.52	684.22	50.0%	0.26	342.11
Relative Valuation	0.39	520.14	50.0%	0.20	260.07
Implied Value est.				0.45	602.18
IPO Offer Price				0.40	525.00
Upside Potential					14.7%
Recommendation					HOLD

Sensitivity Analysis (USD)

		WACC				
		15.86%	16.36%	16.86%	17.36%	17.86%
Terminal Growth Rate	7.71%	0.46	0.44	0.43	0.41	0.40
	8.21%	0.48	0.46	0.44	0.42	0.41
	8.71%	0.50	0.47	0.45	0.44	0.42
	9.21%	0.52	0.49	0.47	0.45	0.43
	9.71%	0.54	0.51	0.49	0.47	0.45

Sensitivity Analysis (NGN)

		WACC				
		15.86%	16.36%	16.86%	17.36%	17.86%
Terminal Growth Rate	7.71%	612.24	588.20	566.82	547.70	530.49
	8.21%	633.99	607.16	583.48	562.42	543.58
	8.71%	658.78	628.61	602.18	578.85	558.10
	9.21%	687.30	653.05	623.32	597.29	574.30
	9.71%	720.46	681.17	647.43	618.14	592.48

Source: SIB Estimates

Earnings Model

Profit or Loss (USD Mn)	FY21A	FY22A	FY23A	FY24A	FY25A	FY26F	FY27F	FY28F	FY29F	FY30F
Revenue	0	0	0	6,338	12,330	29,905	30,671	31,457	51,137	57,535
Cost of Sales	0	0	0	(6,937)	(12,101)	(24,242)	(24,863)	(25,499)	(41,452)	(46,639)
Gross Profit	0	0	0	(600)	229	5,664	5,809	5,958	9,685	10,897
Administrative expenses	(37)	(49)	(139)	(56)	(65)	(169)	(174)	(178)	(289)	(326)
Other	9	(29)	568	20	(17)	18	19	20	6	3
Operating profit / (loss)	(29)	(78)	429	(636)	147	5,512	5,654	5,799	9,402	10,574
Net finance (costs)/income	0	0	0	(873)	(622)	(627)	(794)	(949)	(1,217)	(1,500)
Profit / (loss) before tax	(29)	(78)	429	(1,509)	(476)	4,886	4,860	4,850	8,184	9,074
Income tax expense	0	0	0	0	0	(824)	(827)	(833)	(1,417)	(1,585)
Profit / (loss) for the year	(29)	(78)	429	(1,509)	(476)	4,062	4,033	4,018	6,767	7,489

Balance Sheet (USD Mn)	FY21A	FY22A	FY23A	FY24A	FY25A	FY26F	FY27F	FY28F	FY29F	FY30F
Non-Current Assets	9,319	10,787	12,163	11,963	11,889	16,760	20,650	23,742	27,772	29,785
Inventories	6	9	384	1,786	1,330	2,665	2,733	2,803	4,557	5,127
Trade and other receivables	270	46	105	1,114	1,160	2,572	2,638	2,705	4,398	4,948
Cash and cash equivalents	0	0	1	313	1,075	5,556	4,906	4,944	6,978	10,009
Other Current Assets	0	0	1	0	18	111	116	121	127	133
Total Current Assets	277	55	491	3,214	3,584	10,905	10,392	10,573	16,060	20,218
Total Assets	9,596	10,842	12,655	15,177	15,473	27,664	31,042	34,315	43,832	50,003
Shareholders Equity	1,733	1,655	2,084	575	6,099	14,605	17,025	19,435	23,495	27,989
Loans and borrowings	0	0	0	2,231	6,465	6,745	7,451	8,079	9,769	10,201
Trade and other payables	7,863	9,187	10,571	12,136	2,548	5,105	5,236	5,370	8,730	9,822
Other Liabilities	0	0	0	235	360	1,210	1,331	1,430	1,838	1,991
Total Liabilities	7,863	9,187	10,571	14,602	9,374	13,059	14,018	14,880	20,337	22,014
Total Equity and Liabilities	9,596	10,842	12,655	15,177	15,473	27,664	31,042	34,315	43,832	50,003

Cash Flows (USD Mn)	FY21A	FY22A	FY23A	FY24A	FY25A	FY26F	FY27F	FY28F	FY29F	FY30F
Net cash from operations	1,420	1,461	1,279	(1,654)	1,310	5,533	4,568	4,633	7,592	8,292
Net cash used in investing	(1,421)	(1,462)	(1,278)	(218)	(297)	(5,235)	(4,312)	(3,616)	(4,540)	(2,698)
Net cash from financing	(0)	(0)	0	2,070	(294)	991	(907)	(979)	(1,017)	(2,563)
Net change in cash	0	(0)	1	312	762	1,289	(651)	38	2,035	3,031
Cash & equivalents at 1 Jan	0	0	0	1	313	4,267	5,556	4,906	4,944	6,978
Cash & equivalents at 31 Dec	0	0	1	313	1,075	5,556	4,906	4,944	6,978	10,009

Source: DPRP Prospectus, SIB

Disclosure and Disclaimer

Analyst Certification Disclosure: The research analyst or analysts responsible for the content of this research report certify that: (1) the views expressed and attributed to the research analyst or analysts in the research report accurately reflect their personal opinion(s) about the subject securities and issuers and/or other subject matter as appropriate; and, (2) no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendations or views contained in this research report.

Shariah Compliant Disclosure: The research analyst or analysts responsible for the content of this research report certify that: The information provided in this report reflects SIB's approach to Sharia Compliant investing as at the date of this report and is subject to change without notice. We do not undertake to update any of such information in this report. Any references to Halal equities or similar terms in this report are intended as references to the internally defined criteria of the Firm or our businesses only, as applicable, and not to any jurisdiction-specific regulatory definition.

Global Disclaimer: Standard Investment Bank (SIB) and/or its affiliates makes no representation or warranty of any kind, express, implied or statutory regarding this document or any information contained or referred to in the document. The information in this document is provided for information purposes only. It does not constitute any offer, recommendation or solicitation to any person to enter into any transaction or adopt any hedging, trading or investment strategy, nor does it constitute any prediction of likely future movements in rates or prices, or represent that any such future movements will not exceed those shown in any illustration. The stated price of the securities mentioned herein, if any, is as of the date indicated and is not any representation that any transaction can be effected at this price. While reasonable care has been taken in preparing this document, no responsibility or liability is accepted for errors of fact or for any opinion expressed herein. The contents of this document may not be suitable for all investors as it has not been prepared with regard to the specific investment objectives or financial situation of any particular person. Any investments discussed may not be suitable for all investors. Users of this document should seek professional advice regarding the appropriateness of investing in any securities, financial instruments or investment strategies referred to in this document and should understand that statements regarding future prospects may not be realised. Opinions, forecasts, assumptions, estimates, derived valuations, projections and price target(s), if any, contained in this document are as of the date indicated and are subject to change at any time without prior notice. Our recommendations are under constant review. The value and income of any of the securities or financial instruments mentioned in this document can fall as well as rise and an investor may get back less than invested. Future returns are not guaranteed, and a loss of original capital may be incurred. Foreign-currency denominated securities and financial instruments are subject to fluctuation in exchange rates that could have a positive or adverse effect on the value, price or income of such securities and financial instruments. Past performance is not indicative of comparable future results and no representation or warranty is made regarding future performance. While we endeavour to update on a reasonable basis the information and opinions contained herein, there may be regulatory, compliance or other reasons that prevent us from doing so. Accordingly, information may be available to us which is not reflected in this material, and we may have acted upon or used the information prior to or immediately following its publication. SIB is not a legal or tax adviser, and is not purporting to provide legal or tax advice. Independent legal and/or tax advice should be sought for any queries relating to the legal or tax implications of any investment. SIB and/or its affiliates may have a position in any of the securities, instruments or currencies mentioned in this document. SIB has in place policies and procedures and physical information walls between its Research Department and differing business functions to help ensure confidential information, including 'inside' information is not disclosed unless in line with its policies and procedures and the rules of its regulators. Data, opinions and other information appearing herein may have been obtained from public sources. SIB makes no representation or warranty as to the accuracy or completeness of such information obtained from public sources. You are advised to make your own independent judgment (with the advice of your professional advisers as necessary) with respect to any matter contained herein and not rely on this document as the basis for making any trading, hedging or investment decision. SIB accepts no liability and will not be liable for any loss or damage arising directly or indirectly (including special, incidental, consequential, punitive or exemplary damages) from the use of this document, howsoever arising, and including any loss, damage or expense arising from, but not limited to, any defect, error, imperfection, fault, mistake or inaccuracy with this document, its contents or associated services, or due to any unavailability of the document or any part thereof or any contents or associated services. This material is for the use of intended recipients only and, in any jurisdiction in which distribution to private/retail customers would require registration or licensing of the distributor which the distributor does not currently have, this document is intended solely for distribution to professional and institutional investors.

CONTACTS

Research

Eric Musau
emusau@sib.co.ke

Wesley Manambo
wmanambo@sib.co.ke

Melodie Gatuguta
mgatuguta@sib.co.ke

Anjali Patel
apatel@sib.co.ke

Equity Trading

Tony Waweru
awaweru@sib.co.ke

Foreign Equity Sales

John Mucheru
jmucheru@sib.co.ke

Fixed Income Trading

Brian Mutunga
bmutunga@sib.co.ke

Barry Omotto
bomotto@sib.co.ke

Global Markets

Nahashon Mungai
nmungai@sib.co.ke

Nickay Wangunyu
nwangunyu@sib.co.ke

Robin Mathenge
rmathenge@sib.co.ke

Corporate Finance

Job Kihumba
jkihumba@sib.co.ke

Fred Opondo
fopondo@sib.co.ke

Lorna Wambui
wndungi@sib.co.ke

Marketing & Communications

Victor Ooko
communications@sib.co.ke

Client Services
clientservice@sib.co.ke

Private Client Services

Boniface Kiundi
bkiundi@sib.co.ke

Frankline Kirigia
fkirigia@sib.co.ke

Laban Githuki
lgithuki@sib.co.ke



Headquarters

JKUAT Towers (Formerly ICEA Building),
16th Floor , Kenyatta Avenue, Nairobi,
Kenya.

Telephone: +254 20 227 7000, +254 20
227 7100

Email: clientservices@sib.co.ke