TRAFIGURA ZIMBABWE – SUMMARY

1.   PREAMBLE

This Document summarises information on Trafigura Zimbabwe, including the proposed transaction with NOIC. This Document is confidential and has been prepared for the exclusive use of NOIC. It shall not be reproduced or redistributed without the express written consent of Sakunda Holdings.

2.   OVERVIEW OF TRAFIGURA ZIMBABWE ("TZ")

2.1   Ownership and board representation

- Trafigura Zimbabwe ("TZ") is 51% owned by Sakunda Holdings ("Sakunda") and 49% by Trafigura
- Its board comprises 3 representatives from Sakunda and 2 from Trafigura.
    - The Chairman of the board is appointed by Sakunda

2.2   Who is Trafigura

- Trafigura is one of the world's largest independent commodity trading houses in the world, focussing on petroleum products and minerals
- Trafigura is also a big investor in infrastructure having invested billion in infrastructure globally
- The company also finances a trade finance book running into tens of billions of dollars by financing companies and Governments globally
- Trafigura generated circa. $137 billion revenues in 2017 and had total assets of c. $50 billion
- Trafigura has a trading footprint (directly and indirectly) in almost every country in the world

2.3   Operational and Strategic Information

- TZ is the largest importer of petroleum products into Zimbabwe
    - TZ imports approximately 80 million litres of petroleum products out of a total market requirement of 140 million litres per month, giving it approximately 60% market share
- This market share has been consistent for at least five years
- It imports petrol, diesel, paraffin and Jet fuel
- TZ also pre-finances NOIC and Government and has provided approximately $1 billion through pre-finance arrangements over the last five years. TZ currently has more than $300 million outstanding from NOIC/Government
- TZ expects to maintain its pre-financing arrangements going forward
- TZ has medium term take or pay commitments with NOIC that will ensure that it maintains its market positioning and at the same time also maintain its role as a price leader (offering the cheapest fuel in the country)

2.4   Historic and Forecast Volumes

FYE	2015 A	2016 A	2017 A	2018 F	2019 F	2020 F	2021 F	2022 F	2023 F	2024 F	2025 F	2026 F	2027 F	2028 F
million litres	887	747	753	1057	1 268	1 585	2 060	2 369	2 725	3 134	3 604	4 144	4 766	5 481

- It is estimated that TZ will have sold over 1 billion litres of fuel by its financial year end of 30 September 2018
    - Year to date (31 August 2018) volumes sold of 969 million litres

2.5   Financial Information

- In 2017, TZ generated revenue of $604 million, EBIDTA of c. $318k. Due to tough market condition in 2017, TZ opted not to pay any dividends, but rather reinvested into fuel supply into Zimbabwe.
- Prior to 2017, TZ however paid dividends of c. $1m – $2.5m per annum
- In 2018, TZ projects to market volumes of at least 1'057 million litres, generating EBITDA of $3.6 million and pay dividends of c. $2 million

3.   VALUATION

3.1   Valuation

- In line with the projected growth of Zimbabwe's economy TZ's sales volume is expected to grow to c. 3 billion litres per year over the next 5 years.
- Preliminary independent valuations of TZ is between $185 - $210 million dollars
- This translates to an acquisition value of between $95 - $110 million dollars for Sakunda's 51% stake
- Estimated dividends of c. USD3-4m to be received annually

4.   STRATEGIC RATIONALE FOR A NOIC TRANSACTION

- Increased strategic stock without any additional funding requirements
    - Trafigura has given TZ a facility to maintain a stock position of 100 million litres of fuel at any point in Zimbabwe
- Security of supply by having Trafigura as a partner to supply fuel at globally competitive prices.
- TZ, with the support of Trafigura, has pre-financed Government close to $1 billion since 2013. NOIC will therefore have direct influence over future financing and growth within the sector
- Ability of financing to be extended to other sectors such as infrastructure on the back of longer term fuel supply agreements with Trafigura