



OSSL Five-year Plan

Forecasts of Profit and Loss, Balance Sheet and assumptions for 2024 - 2028

Table of Contents

Table of contents

- 1) **Executive Summary**
- 2) **Our Presence in Tanzania**
- 3) **Situation Analysis**
 - I. Financial performance for past 3 years
 - II. Trends and key challenges
- 4) **Turnaround Strategies**
- 5) **Five Years Plan (PL_BS)**

Executive Summary

OSSL Lubricant business overview

- In Lubricant business since 1999
- OSSL Incorporated in 2014 ,(separating Lubes and Fuel)
- Primarily responsible for production ,distribution and sale of Lubricants .
- Our products include an extensive range of automotive, marine and industrial lubricants and greases
- Own ISO-certified facilities -state of art Lubricant blending plant .
- Lubricant annual production capacity 30,000 metric tons.
- In 2018 employed almost 4million USD to upgrade the plant and commissioned in Q2 2024.
- Tanzania Market size @ 52,000 metric tons, OSSL owns 32% (2022/23) of market share against 28% (2021/22).
- Market growth rate at almost 2% which translate to 5% internal growth .

LOBP Pictures



NEW DRUM DECANTING SYSTEM (DDS-HV)



Our Presence in Tanzania

Lake Zone

- 1 storage depot
- 4 Consignment depot
- 11 Lubricant distribution centres

Southern Highland Zone

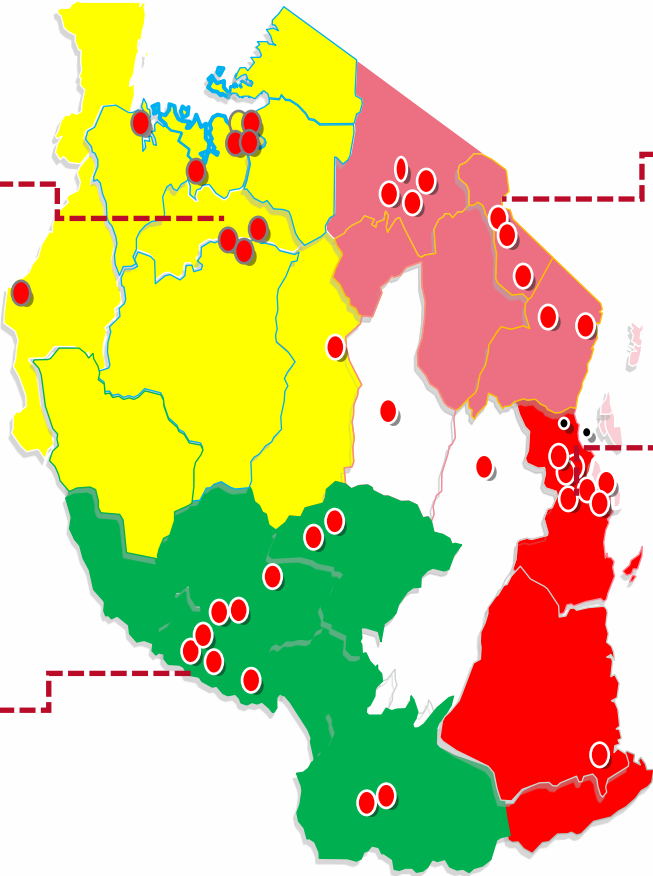
- 1 consignment depot
- 1 storage depot
- 16 Lubricant distribution centres

Nothern Zone

- 1 storage depot
- 14 Lubricant distribution centres

Dar Es salaam & Coastal

- LOBP
- Storage depot
- 15 Lubricant distribution centres



Situation Analysis

Financial performance for past 3 years

	Oryx Services and Specialties Ltd			Increase /(Decrease)	
	Actual 2021	Actual 2022	Actual 2023	F22 Vs F21	F23 Vs F22
TZS'000					
Product volumes (MT)	12,680	14,220	14,604	12%	3%
Other volumes(MT) ¹	12,977	13,870	14,550	7%	5%
Revenue	77,897,923	94,453,807	102,171,286	21%	8%
Gross Profit	15,556,024	15,356,867	19,719,026	-1%	28%
GP per MT (USD/MT)	1,226,824	1,079,918	1,350,267	-12%	25%
Fixed expenses (direct)	(9,120,274)	(8,344,229)	(8,793,071)	-9%	5%
Fixed expenses (indirect)	(2,610,182)	(2,877,048)	(4,549,249)	10%	58%
Statutory EBITDA²	3,733,639	4,151,842	6,290,972	11%	52%
Financial income / expenses third	(566,602)	(559,723)	(2,600,656)	-1%	365%
Financial expenses Group (Int. + PCG)	(933,516)	(4,093,404)	(5,045,479)	338%	23%
Taxes	(160,132)	155,206	(320,177)	-197%	-306%
Net Profit before MI	234,275	(3,348,561)	(3,153,228)	-1529%	-6%

Declining profitability

- **Volume ,revenue , gross profit and EBITDA increasing YOY but profitability declining as a result of :**
- Dollar scarcity intensified 2022 to 2023, market spot rate depreciated by 13% resulting to significant financial expenses (forex losses)
- Continuous pressure from the Tax authorities challenging with unreasonable arguments.
- Interest rates priced @182 days TB continued increasing because of changes in monetary policies resulting to increased financial expenses.
- Intercompany borrowings related to assets purchase kept increasing as rates changed and bank loan to offset the Interco could not be secured on time

Trends & key challenges

- Tanzania Market growing at the rate of 2%
- Duty remission on raw materials such as base oils in FY2023
- Market is moving from Monograde to multigrades engine oils with better margins
- Expanding automotive and power generation sectors.
- The Tanzanian lubricant market is flooded with substandard lubricants
- Counterfeiting f popular brands such as Oryx .
- Volatility of raw material prices in world markets i.e. base oils ,additives and packages
- Forex impact driving price of additives & financing costs up

Turnaround Strategies

Cost Optimization

- Streamlined processes (inventory management, production) to reduce stock holding costs for additives and base oils .(such as 2 base oils vessels in the year instead of 3 vessels)
- Invest in technology for better efficiency ,we purchased LPG forklifts to reduce overhead productions costs .
- Negotiating with base oils and additives supplier for payment in Rand and Tshs and reduce exposure in USD .
- Reduced wastes .
- Re-negotiating with supplier on better pricing and longer credit days to protect margins and working capital (discounts on packages)
- Closure of non –performing CODO shops

Debt Restructuring

- Re-financing of asset purchase arrangement through NMB bank loan .
- The utilization of multi-option facility with NMB in purchase of raw of materials by use of LC which will reduce financing costs .

Product Diversification

- Promoting multigrade over monograde engine oils which attracts better margins .
- Promoting Autocare products such as specialty products.
- Ensuring quality products

Marketing and Sales

- Introduction of Super Dealer model such ABC introduced in Capital city Dodoma
- Accelerate our B2B segment growth by delivery quality products and differentiating through our value proposition
- Reward schemes (performed CODO/Distributor, incentive to win fully paid trip to Dubai .
- Build and invest in the sales team
- Revamp marketing efforts (digital campaigns, partnerships-such ASAS and Oryx Motorcycle Rally).
- Onboarding Geita mines, other B2B accounts; Growth of Fuchs volumes, SINOPEC, ENEOS, INDEMITSU ,finalized audit awaiting Kick –off.

Five-year Plan

Five years' P&L projection

TZS'000	Total					Increase/Decrease			
	Budget 2024	Plan 2025	Plan 2026	Plan 2027	Plan 2028	2025	2026	2026	2027
Oryx Services and Specialties Ltd									
Product volumes (MT)	15,334	16,101	16,584	16,915	17,254	5%	3%	2%	2%
Revenue	103,833,793	114,476,757	123,806,612	132,596,882	142,011,260	10%	8%	7%	7%
Gross Profit	21,366,509	23,556,576	24,238,371	25,296,311	27,660,394	10%	3%	4%	9%
Operating expenses	(4,494,314)	(4,853,859)	(5,339,245)	(5,926,562)	(6,637,749)	8%	10%	11%	12%
Commercial expenses	(4,251,378)	(4,591,488)	(5,050,637)	(5,606,207)	(6,278,952)	8%	10%	11%	12%
Administrative expenses	(3,401,102)	(3,673,191)	(4,040,510)	(4,484,966)	(5,023,161)	8%	10%	11%	12%
Total fixed expenses	(12,146,794)	(13,118,538)	(14,430,391)	(16,017,734)	(17,939,862)	8%	10%	11%	12%
Depreciation	(2,165,720)	(2,838,350)	(2,948,864)	(2,948,864)	(2,948,864)	31%	4%	0%	0%
Operating profit	7,053,995	7,599,689	6,859,116	6,329,713	6,771,668	8%	-10%	-8%	7%
Financial income / expenses	(6,609,806)	(6,254,046)	(5,203,957)	(4,268,070)	(3,577,930)	-5%	-17%	-18%	-16%
Taxes	(120,393)	(391,107)	(485,775)	(610,771)	(954,202)	225%	24%	26%	56%
Net Profit before MI	323,795	954,535	1,169,385	1,450,872	2,239,536	195%	23%	24%	54%

Comments

- The market is expected to fully recover from the USD scarcity by 2025. The volume will organically grow steadily with the onboarding of new distributors as the market is expanding
- Costs will grow with the increase in inflation
- Depreciation will increase from 2024 till 2026 due to increased investment.

Balance Sheet

Five-year Balance Sheet projection

TZS'000	Total					
	Actual 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028
Oryx Services and Specialties Ltd						
Cash	2,216,829	3,391	3,512	3,763	4,166	4,761
Trade & other receivable net (third)	14,668,811	12,491,643	12,810,919	13,049,073	13,245,075	13,454,994
Trade & other receivable net (group)	3,923,447	3,550,837	3,914,798	4,233,854	4,534,458	4,856,405
Inventories	48,512,660	40,332,666	45,135,426	49,470,363	53,627,993	58,073,322
Other current receivables (third)						
Other current receivables (group)	1,728,587	1,580,317	1,636,757	1,753,668	1,941,561	2,218,927
Income tax receivable	279,904					
Current assets	69,601,650	57,958,855	63,501,411	68,510,722	73,353,254	78,608,408
Property, plant and equipment (net)	42,750,004	40,970,118	41,028,404	39,184,679	36,235,815	33,286,951
Intangible assets (net)	49,454	44,947	40,440	35,933	31,426	26,919
Deferred income tax	1,324,502					
Non-current assets	44,123,960	41,015,065	41,068,844	39,220,612	36,267,241	33,313,870
Total assets	113,725,610	98,973,920	104,570,256	107,731,334	109,620,495	111,922,279
Bank overdrafts and short-term loans	16,569,517	11,679,123	17,504,853	18,210,876	18,844,388	19,429,037
Current portion of long-term debts	-	8,074,955	7,645,217	7,654,844	7,654,844	4,782,563
Trade & other payable (third)	34,538,821	28,744,618	32,805,554	35,956,961	38,650,152	41,243,617
Trade & other payable (group)	42,713,020	10,058,491	9,448,531	12,962,781	16,319,212	20,424,687
Current liabilities	93,821,358	58,557,187	67,404,154	74,785,462	81,468,596	85,879,904
Long term debt (third)	-	20,188,686	15,983,519	10,593,905	4,349,061	-
Non-current liabilities	-	20,188,686	15,983,519	10,593,905	4,349,061	-
Equity	19,904,252	20,228,047	21,182,582	22,351,967	23,802,838	26,042,374
Total liabilities	113,725,610	98,973,920	104,570,256	107,731,334	109,620,495	111,922,279

Comments

Main assumptions:

- Accounts receivable: there will be no additional overdues as collections are always current and more efforts are being made to reduce the existing overdue balances
- Fixed assets: CAPEX is expected to increase through capitalization and revamping of the blending plant and machinery
- Overdraft: the overdraft balance will be increasing steadily as it will be used to finance working capital
- Accounts payables: trade accounts payable will also increase due to increased volume of product (base oil)
- Inventory of base oil to be procured twice a year which will increase the inventory levels at the end of each year
- Raw materials (base oil and additives) prices are estimated to increase by 5% each year

Thank you