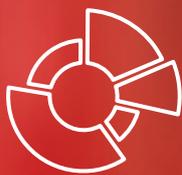


Portfolio diversity

Portfolio diversification through the gas business. We have prioritised the commercialisation and development of the substantial gas reserves and resources identified at our blocks, positioning Seplat today as a leading supplier of processed natural gas to the domestic market in Nigeria.



Looking ahead, we plan to further increase our gas production and processing capacity to help meet Nigeria’s growing demand, particularly in the gas-to-power and industrial sectors.

US\$156m

Gas revenues in 2018 (21% of total revenues in the period and up 26% year-on-year)



Early mover advantage and entrepreneurial vision

Whilst natural gas was largely viewed as a by-product from oil production in previous years, Seplat was quick to see the opportunity created by the increasing importance of natural gas as a key source of energy for Nigeria. We have invested in the installation of dedicated gas production and processing facilities as well as the drilling of gas production wells to help meet domestic supply obligations as well as providing a more environmentally friendly feedstock by displacing diesel generated off grid power. Rather than being just a by-product, natural gas for Seplat is a valuable primary commodity in its own right that will form a significant component of its future growth and success in Nigeria.

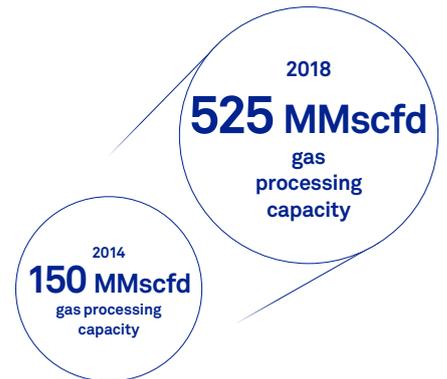
A growing and strategically important gas business

A major driver behind the rapid growth of Seplat’s gas business to date has been the modular build-up of processing capacity at the Oben facility to create a strategic gas hub ideally located to aggregate and supply gas to Nigeria’s main demand centres on the Lagos and Abuja axes. As a result, Seplat’s overall operated gas processing capacity has increased to the 525 MMscfd level. Of this, 465 MMscfd is located at Oben with the remaining 60 MMscfd located at Sapele. The 375 MMscfd expansion at Oben (Phases I and II) was completed by Seplat as a 100% sole investment project.

Our gas business is making an increasingly important financial contribution for Seplat. In contrast to the oil business where the volatility of oil price has offset the volume growth we have delivered in recent years, the gas business is an area where we have been able to realise the combined benefit of increasing price and increasing volume. Gas prices in the Nigerian domestic market are de-linked from the oil price and have shown a steady increase in recent years, with the domestic service obligation price increasing from US\$0.3/Mscf in 2009 to the current US\$2.5/Mscf. Beyond this we have entered into a number of additional gas sales agreements on a willing buyer/willing seller basis that has seen commercial pricing move towards the US\$3.5/Mscf level.

Greenfield development of ANOH to drive future growth

The ANOH gas development at OML 53 (and adjacent OML 21 with which the upstream project is unitised) is set to underpin the next step-change expansion of our gas business. Seplat’s involvement positions it at the heart of one of the largest greenfield gas and condensate developments onshore the Niger Delta to date. The project represents an opportunity for us to leverage the experience and track record we have gained at Oben to derive repeatability gains and optimal configuration of facilities. In 2018 we established an incorporated joint venture, ANOH Gas Processing Company Limited, between Seplat and government which was an important precursor to the Final Investment Decision (‘FID’) for the ANOH project, that was taken post period end in March 2019.



[See our operational review on page 58](#)

Portfolio diversity (Gas revenues US\$ millions)

