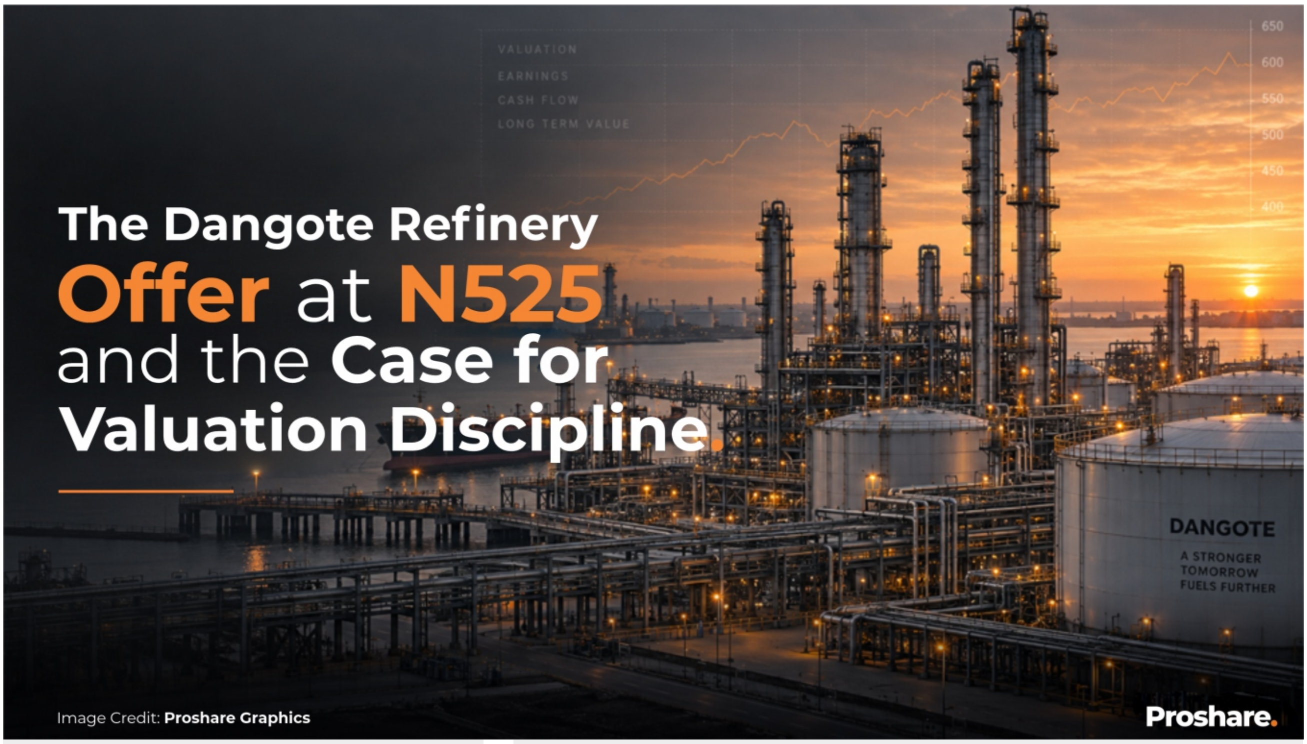
# The Dangote Refinery Offer at N525 and the Case for Valuation Discipline.

The Analyst Note.

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*Dangote Petroleum Refinery and Petrochemicals FZE approaches its listing with an operating record materially stronger than at commissioning. Audited H1 2026 revenue was US$13.91bn, operating profit US$2.37bn, and profit after tax N2.50trn, equivalent to US$1.82bn, reversing losses in FY2024 and FY2025. Nigeria's crude share of total exports has fallen from 75.7% in 2021 to 50.4% in the first half of 2026, and the Offer is entirely primary, with no selling shareholder and all net proceeds applied to expansion.*

*The N525 price is a separate question. It capitalises the business at N65.22trn, some 8.6 to 9.1 times forecast FY2026 EBITDA, and assumes refining margins hold above the Issuer's own 2026 estimate of US$24.2 per barrel, utilisation stays high, crude supply remains continuous, and a US$14.3bn expansion targeted for 2029 is delivered on funding the Offer supplies to the extent of about 11%. Free float is 3.30% ( a cause for slight anxiety among retail investors) after the base offer and closer to 2.46% once the anchor commitment is allotted (the Refinery's free float shrinks below that of the Dangote cement business).*

*This note reconciles each material figure to the prospectus, attributes every forecast to its source, records the disclosures qualifying that research, and lists the items still awaiting confirmation. The investment decision emerges from the equity subscriber's investment objective and risk capacity rather than from market enthusiasm, brand loyalty, or the refinery's national significance.*

*Table 15 shows how the available data maps the investment decision to buy, wait, or ignore. Proshare applies no buy, hold or sell classification to this transaction, and readers requiring a personal recommendation should consult a licensed investment adviser who can weigh their objectives, investment horizon, liquidity needs and concentration limits.*

## Executive Summary

The prospectus answers the first question an offer document should answer. The Offer is 4.10bn new ordinary shares at N525; no existing shareholder is selling (meaning a total Offer for Subscription), and all N2.11trn of estimated net proceeds is assigned to the refinery's Phase 2 programme. This means subscribers would fund expansion rather than give existing shareholders a pay cheque that refinances debt or give early-bird investors a near-term loyalty bonus.

The Initial Public Offering (IPO) is a materially different proposition from a secondary market sell-down by early equity interest and is verifiable from the use-of-proceeds disclosure rather than inferred. However, it does not remove the execution and funding risks associated with the scaling of the refinery's Phase 2 expansion project, which is expected to raise production throughput to 1.4mbd by 2028.

The industrial case and the entry-price case require separate judgments, and this Analyst Note keeps them apart.

DPRP is an operating, high-complexity refinery with integrated infrastructure, dollar-linked revenue and strategic weight in a structurally short African products market. The N525 price capitalises the enlarged company at approximately N65.22trn and depends on sustained utilisation, adequate crude supply, resilient margins, disciplined Phase 2 delivery, currency management and credible minority protections. Industrial importance supports a long-term ownership thesis. It does not by itself establish a margin of safety at the offer price.

Three findings shape the assessment. The Issuer's own 2026 margin estimate of approximately US$24.2 per barrel sits below every published research forecast. The prospectus discloses capital expenditure of US$11.8bn to 2028, compared with roughly US$2.3bn in the FY2026 research models. All three research houses (Chapel Hill, Rencap and Cardinal Stone) whose fair values exceed the offer price are joint issuing houses to the Offer, with two disclosing qualifications on independence. Six disclosures remain unreconciled and are set out in ***Table 14;*** none is embedded in a central valuation case.

## The purpose of the Offer

The Offer raises N2.15trn gross and N2.11trn after expenses of N41.49bn, or 1.93% of gross proceeds. It is not underwritten, there is no greenshoe, and the Issuer may absorb up to 30% of the Offer on oversubscription subject to approval. At N525 the post-offer equity value is N65.22trn, approximately US$47.8bn at the prospectus reference rate of N1,364, and net debt of US$1.40bn gives an enterprise value near US$49.2bn. Table 2 shows nil against each application that would transfer value away from the business.



*Table 1:*

**RECONCILED OFFER TERMS**

| Item | Prospectus Term |
|---|---|
| **Offer** | *4,100,000,000 ordinary shares of US$0.000013 each; gross N2,152,500,000,000* |
| **Offer price** | *N525.00 per share, being US$0.385 at N1,364/US$ as at 5 August 2026* |
| **Costs and net proceeds** | *N41,492,782,688.91, or 1.93% of gross; net N2,111,007,217,311.09* |
| **Application list** | *Opens 14 September 2026 and closes 13 October 2026* |
| **Minimum subscription** | *10 offer shares (N5,250) and multiples of 10; qualified investors from 50,000 shares* |
| **Underwriting** | *At the instance of the Issuer, the Offer is not underwritten* |
| **Oversubscription** | *The Issuer may absorb up to 30% of the Offer, subject to SEC approval. There is no greenshoe* |
| **Anchor commitment** | *Pan-African Refinery Investment SPV (Mauritius) up to US$400m, c.1,038,961,038 shares or 25.34% of the Offer* |
| **Retail incentive** | *One incentive share after 12 months of continuous holding and one further share after a second 12 months* |
| **Share capital** | *120,128,915,901 pre-offer; 124,228,915,901 post base offer; 125,480,769,230 authorised* |
| **Market capitalisation** | *N63,067,680,848,025 pre-listing; N65,220,180,848,025 indicative at listing* |

*Sources: DPRP Prospectus dated 7 September 2026, Summary of the Offer, pages 34 to 38. Historical fact.* Proshare.

*Table 2:*

**PURPOSE OF THE OFFER AND APPLICATION OF NET PROCEEDS**

| Application | Amount (N'bn) | Share | Basis and Completion |
|---|---|---|---|
| Utilities, offsites and associated infrastructure | **841.0** | **39.8%** | Prospectus, 2029 |
| Refinery process units and major equipment | **686.5** | **32.5%** | Prospectus, 2029 |
| Construction, installation and other works | **583.5** | **27.6%** | Prospectus, 2029 |
| Total net proceeds applied to expansion | **2,111.0** | **100.0%** | c.11% of the programme |
| Repayment or refinancing of debt | **nil** | **0.0%** | No such application disclosed |
| Working capital | **nil** | **0.0%** | No such application disclosed |
| Proceeds to existing shareholders | **nil** | **0.0%** | No selling shareholder; entirely primary |

*Historical fact as disclosed; completion dates are management forecasts.*
*Sources: DPRP Prospectus, Summary of the Offer and Use of Proceeds.* Proshare.

## What the prospectus settles

The document corrects several figures in circulation before publication. The Offer is not underwritten, the expansion is US$14.3bn targeted for 2029 rather than US$12.4bn by 2028, the NNPC ceiling is 350,000 bpd, the board is chaired separately from the chief executive with three independent directors of ten, and the ultimate parent is Greenview International Corporation. The Issuer also discloses a 2026 margin estimate below every research forecast.

*Table 3:*

**WHAT THE PROSPECTUS SETTLES**

| Item | Widely reported | Prospectus position |
|---|---|---|
| **Underwriting** | **US$1bn underwriting support** | *The Offer is not underwritten; the US$1bn programme related to the pre-IPO stage* |
| **Over-allotment** | **15% greenshoe** | *No greenshoe; absorption of up to 30% on oversubscription, subject to SEC approval* |
| **Anchor participation** | **Not addressed** | *Pan-African Refinery Investment SPV, formerly India Infra Buildco, up to US$400m or 25.34% of the Offer* |
| **Phase 2 cost and date** | **US$12.4bn by 2028** | *Approximately US$14.3bn, targeted 2029, over a five-year implementation period* |
| **2026 refining margin** | **US$27.55 to US$32.44/bbl forecast** | *The Issuer estimates approximately US$24.2/bbl for 2026, subject to market conditions* |
| **NNPC supply ceiling** | **385,000 bpd** | *Up to 350,000 bpd subject to availability; c.60% of 2025 feedstock sourced in Nigeria* |
| **Board leadership** | **Founder as President and Chief Executive** | *Aliko Dangote is Chairman; David Bird is Managing Director and Chief Executive* |
| **Board independence** | **Two independents of eight or nine** | *Three independent non-executive directors of a board of ten* |
| **Group hedging** | **Not addressed** | *Centralised treasury from 1 January 2026; third-party derivative losses offset by an intercompany derivative with Dangote Industries Limited* |
| **Ultimate parent** | **Not addressed** | *Dangote Oil Refining Company Limited is parent; Greenview International Corporation is ultimate parent* |

*Historical fact and disclosed management estimate.*
*Sources: DPRP Prospectus dated 7 September 2026; contemporaneous market reporting; Proshare Research.* Proshare.

## Earnings quality and cash conversion

H1 2026 revenue exceeded the whole of FY2025, and the FY2024 and FY2025 losses reflected a completed asset carrying full fixed and financing costs below scale rather than structural impairment. The prospectus presents the half-year on two bases. The reporting accountant's extract records gross profit of US$2.583bn and cash generated from operations of US$1.513bn, while the historical summary records US$2.495bn and

US$1.273bn, with profit before tax agreeing at US$2.106bn.

This note uses the historical summary and identifies the difference rather than selecting the higher figure. Operating cash conversion of 9.2% of revenue sits below the 13.1% net margin, consistent with working capital absorbing cash as volumes rise, and it matters because internally generated cash must carry most of the expansion.

*Table 4:*

**FINANCIAL PERFORMANCE AND CASH FLOW**

| Measure | FY2024 | FY2025 | H1 2026 | Basis |
|---|---|---|---|---|
| Revenue (N'mn) | 9,380,990 | 18,737,977 | 19,134,942 | Audited |
| Revenue (US$'000) | 6,337,607 | 12,330,455 | 13,909,531 | Audited |
| Gross profit (US$'000) | (599,846) | 229,300 | 2,495,251 | Historical summary |
| Gross profit (US$'000) | n/a | n/a | 2,583,000 | Reporting accountant |
| Operating profit (US$'000) | (635,600) | 146,500 | 2,365,271 | Audited |
| Profit before tax (US$'000) | (1,508,690) | (475,806) | 2,106,076 | Audited, both bases |
| Profit after tax (N'mn) | (2,233,179) | (723,056) | 2,504,432 | Audited |
| Income tax (N'mn) | nil | nil | 392,839 | Audited, 13.6% effective |
| Cash from operations (US$'bn) | (2.61) | 1.20 | 1.27 | Historical summary |
| Cash from operations (US$'bn) | n/a | n/a | 1.51 | Reporting accountant |
| Total borrowings (US$'bn) | 2.23 | 6.24 | 5.67 | Audited, all secured at H1 2026 |
| Net debt (US$'bn) | 1.92 | 5.17 | 1.40 | Gross debt 5.67 less cash 4.27 |
| Total equity (US$'bn) | 0.58 | 6.10 | 10.63 | After US$2.71bn pre-IPO equity |

*Both H1 2026 presentations are shown as disclosed; this note uses the historical summary. Historical fact.*

*Sources: DPRP Prospectus, Summary of the Offer and Reporting Accountant's Report.*

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## Margin sustainability

Gross refining margin was US$10.7 per barrel in FY2024 and US$13.7 in FY2025, rising to US$24.5 in H1 2026, with the first quarter at US$33.7 as Middle East disruption widened cracks. An estimated 20% to 28% of Russian primary refining capacity was offline at the mid-2026 peak, so some of that strength is event driven.

The Issuer's own estimate for 2026 is approximately US$24.2. At US$8 per barrel, indicative EBITDA near US$1.0bn would imply interest cover of about 1.6 times and leverage above the facility covenant range, which makes a severe margin outcome a covenant question rather than an earnings question alone.

*Table 5:*

**SENSITIVITY OF FY2026 EARNINGS AND LEVERAGE TO KEY VARIABLES**

| Variable | Downside | Issuer estimate | Research base | Relevance |
|---|---|---|---|---|
| Gross refining margin (US$/bbl) | 8.00 | 24.20 | 27.55 | Principal earnings driver |
| Indicative FY2026 EBITDA (US$bn) | c. 0.97 | c. 4.62 | 5.38 | Proshare extrapolation |
| Indicative interest cover (x) | c. 1.6 | c. 7.5 | c. 8.7 | Below 2.0x indicates stress |
| Net debt to EBITDA (x) | c. 4.1 | c. 0.9 | c. 0.7 | Facility covenant 2.5x to 3.5x |
| Utilisation | Below 80% | 88.2% FY2026E | 92.9% FY2027E | Drives fixed cost absorption |
| Naira per US dollar | N1,364 prospectus rate | N1,329.21 on 9 Sept 2026 | N1,390 parallel | Translates the offer valuation |
| Phase 2 commissioning | FY2031 | 2029 target | FY2029 to FY2030 | 13% to 14% of value on a one-year slip |

*Exchange rates from BAA Consult, 9 September 2026. Proshare calculation, not company or analyst guidance.*

*Sources: Extrapolated from the Renaissance Capital Africa published GRM sensitivity, being FY2026E EBITDA of US$3,127mn at US$17.55/bbl and US$5,382mn at US$27.55/bbl, a slope of c.US$225mn per US$1/bbl, applied to H1 2026 annualised finance costs of c.US$0.62bn and net debt of US$3.95bn forecast for FY2026.*

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## Crude supply, currency and financing

Approximately 60% of 2025 feedstock was sourced in Nigeria, with access to NNPC volumes of up to 350,000 bpd subject to availability, and 36 grades processed by June 2026. Chapel Hill Denham reports deliveries at about 43% of the contractual ceiling, so spot and imported barrels carry a balance that brings freight, working capital and currency requirements growing at 1.4mbpd.

Roughly 43.8% of H1 2026 revenue was export-related and dollar-linked, though the prospectus expresses an intention rather than an obligation to declare dividends in dollars. Borrowings of US$5.67bn, all secured, sit against equity of US$10.63bn. Net debt to EBITDA of 0.27 times follows US$2.71bn of pre-IPO share issues and deposits, and cash of US$4.27bn largely committed to construction, so it is a post-raise position rather than a settled one.

## Funding and executing Phase 2

Net proceeds of approximately US$1.55bn fund about 11% of the programme, leaving the balance to operating cash flow and further financing. The prospectus sets out planned capital expenditure of US$4.8bn for the remainder of 2026, US$3.9bn in 2027 and US$3.1bn in 2028. The research models carry roughly US$2.3bn for the whole of FY2026, less than half of what the Issuer states it will spend in the second half alone.

Phase 2 is a brownfield replication on an operating site with established infrastructure and a proven configuration, which lowers execution risk relative to the greenfield first train and removes single-train concentration on completion.

*Table 6:*

**PHASE 2 FUNDING AND CAPITAL EXPENDITURE PROFILE**

| Item | Amount | Share of Programme | Basis |
|---|---|---|---|
| Programme cost | c. US$14.3bn | 100% | Prospectus, five years to 2029 |
| Net offer proceeds | c. US$1.55bn | c.11% | Prospectus, N2,111.0bn at N1,364 |
| To be met from cash flow and other financing | c. US$12.75bn | c.89% | Proshare calculation |
| Planned capex, remainder of 2026 | US$4.8bn | 34% | Prospectus |
| Planned capex, 2027 | US$3.9bn | 27% | Prospectus |
| Planned capex, 2028 | US$3.1bn | 22% | Prospectus |
| Research model capex, FY2026 | c. US$2.3bn | 16% | Renaissance and Chapel Hill |

*Sources: DPRP Prospectus, Use of Proceeds and Business sections; Renaissance Capital Africa and Chapel Hill Denham models; Proshare calculation of the residual. Management forecast and analyst estimate as identified.*

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## Related parties and governance

The board comprises ten directors with the Chairman and Chief Executive roles separated and three independent non-executive directors, or 30% against the one-third standard in the Nigerian Code of Corporate Governance. Four committees were reconstituted before the Offer and, on the prospectus's own account, had not met at its date.

From 1 January 2026, the Issuer moved to the group centralised treasury model, under which H1 2026 losses on third-party commodity derivatives were offset by a gain on an intercompany derivative with Dangote Industries Limited, so the reported margin is presented net of outcomes borne at group level. NNPC Limited is at once a 6.815% shareholder, crude supplier, product offtaker and the adverse party in the Issuer's import licence challenge, and its Chief Financial Officer sits on the board and on the Audit and Risk Committee, as the prospectus discloses.

*Table 7:*

**SHAREHOLDING STRUCTURE AT** THE DATE OF THE PROSPECTUS

| Shareholder | Ordinary Shares Held | Holding |
|---|---|---|
| Dangote Oil Refining Company Limited | 79,086,556,154 | 65.835% |
| Dangote Industries Limited | 17,903,461,538 | 14.904% |
| Nigerian National Petroleum Company Limited | 8,186,982,308 | 6.815% |
| Greenview International Corporation | 7,803,769,230 | 6.496% |
| Others | 7,148,146,671 | 5.950% |
| Total | 120,128,915,901 | 100.00% |

*Sources: DPRP Prospectus, Summary of the Offer, page 38. Historical fact.* Proshare.

## Valuation against comparables

Peer benchmarks range from a 5.0 times median to a 7.7 times market-weighted average and a 9.5 times adjusted emerging-market average, so the offer multiple carries a premium on most constructions. All three published fair values exceed N525, and all three houses are joint issuing houses to the Offer.

**CardinalStone** discloses that the Company approved its report and that the responsible analyst holds positions in and is a board member, officer, or director of the Company, and Renaissance states that its communication is not independent investment research. CardinalStone's relative methods return approximately N320 per share before being weighted at 15% each against a 70% weighting to its discounted cash flow, so the offer price is supported mainly by intrinsic valuation rather than trading comparables.

*Table 8:*

**THE N525 OFFER PRICE** AGAINST PUBLISHED VALUATION RANGES

| Basis | Per Share | Equity Value | Against N525 |
|---|---|---|---|
| Offer price | N525.00 | N65.22trn at listing | reference |
| Renaissance base case | US$0.47, c.N622 | US$56.25bn | +18% |
| Renaissance post-offer range | US$0.46 to US$0.53, N608.20 to N696.94 | US$57.11bn to US$65.44bn | +16% to +33% |
| Renaissance including absorption | US$0.47 to US$0.53, N616.25 to N704.47 | US$58.45bn to US$66.82bn | +17% to +34% |
| CardinalStone 12-month target | N688.09, US$0.52 | N77.7trn | +31% |
| CardinalStone relative methods | c.N320, US$0.24 to US$0.25 | not stated | -39% |
| Chapel Hill Denham blended | not expressed per share | US$62.53bn, N82.62trn | +27% |
| Implied FY2026E EV/EBITDA | 8.6x to 9.1x | EV c.US$49.2bn | peers 5.0x to 9.5x |
| Implied FY2026E price-earnings | 11.7x to 13.3x | Equity c.US$47.8bn | peers 7.5x to 13.6x |

*Analyst estimates and Proshare calculations, not company guidance.*

*Sources: Research house estimates as published; Proshare Research computation of implied multiples using the prospectus share count and the N1,364/US$ reference rate.* Proshare.

*Table 9:*

**RESEARCH HOUSE RECONCILIATION** AND DISCLOSED RELATIONSHIPS

| Item | CardinalStone | Renaissance Capital Africa | Chapel Hill Denham |
|---|---|---|---|
| Role in the Offer | Joint issuing house | Joint issuing house | Joint issuing house |
| Disclosed qualification | Report approved by the Company; analyst holds positions and is a board member, officer or director | States that the communication is not independent investment research | Standard research disclaimer |
| Conclusion | 12-month target N688.09 | US$0.47 base, c.N622 | US$62.53bn equity value |
| Method weights | DCF 70%, EV/EBITDA 15%, P/E 15% | Seven-year DCF, peer benchmarked | DCF 50%, EV/EBITDA 25%, P/E 25% |
| WACC | 12.0% | 13.3% | 9.8% |
| Terminal growth | 3.2% | 2.6% | 2.0% |
| Terminal value share of DCF | c.60% | c.72% | c.88% |
| Peer EV/EBITDA benchmark | 5.0x median | 7.7x market-weighted | 9.5x adjusted emerging market |
| FY2026E GRM (US$/bbl) | 32.44 | 27.55 | 28.00 |
| Issuer estimate for 2026 (US$/bbl) | 24.2 | 24.2 | 24.2 |
| FY2026E EBITDA (US$bn) | 5.58 (NTM) | 5.38 | 5.71 |
| Phase 2 commissioning | Build FY2026 to FY2028 | Base end-FY2030; bull FY2028; bear FY2031 | Commercial operation FY2029 |

*Analyst estimates except the Issuer estimate row.*

*Sources: CardinalStone Research, Renaissance Capital Africa and Chapel Hill Denham initiation notes and presentations, September 2026; DPRP Prospectus for the Issuer estimate and the issuing house roles.* Proshare.



*Table 10:*

**H1 2026 RATIO COMPARISON WITH** LISTED NIGERIAN DOLLAR EARNERS

| Ratio | Seplat | Dangote | Aradel | Leader |
|---|---|---|---|---|
| Revenue scale | US$1.82bn | US$13.91bn | US$1.81bn | Dangote |
| Revenue growth | 30.2% | 150.0% | 663.1% | Aradel |
| Gross margin | 44.8% | 17.9% | 57.8% | Aradel |
| Operating margin | 36.0% | 17.0% | 42.4% | Aradel |
| Net margin | 9.0% | 13.1% | 7.7% | Dangote |
| Current ratio | 1.05x | 1.50x | 0.83x | Dangote |
| Debt to equity | 0.43x | 0.53x | 0.80x | Seplat |
| Cash flow from operations margin | 35.0% | 9.2% | 40.7% | Aradel |
| Annualised return on equity | 17.6% | 34.2% | 17.0% | Dangote |

*DPRP figures reconcile to the prospectus at 17.94% gross margin, 17.01% operating margin and 13.09% net margin on revenue of US$13,909,531k, and 0.53 times debt to equity on borrowings of US$5.67bn against equity of US$10.63bn. Return on equity is annualised on closing equity. The margin comparison reflects the difference between upstream and merchant refining models rather than relative management quality. Historical fact and Proshare calculation.*

*Sources: Company disclosures for the six months to 30 June 2026; Proshare Research.* Proshare.

## Concentration, liquidity and the market context

**CFG Advisory** puts the refinery at about 28.9% of the enlarged Nigerian Exchange, with the Dangote-listed cluster at about N83.5trn, raising index concentration and portfolio-construction questions for pension and mutual funds. Free float is 3.30% of the enlarged share count after the base offer and about 2.46% once the anchor commitment of up to 1.04bn shares is allotted.

A float of that size can support scarcity value while limiting price discovery and the ability to execute a large exit, so effective float rather than market capitalisation determines exit capacity.

*Table 11:*

**MACROECONOMIC AND MARKET CONTEXT** ATTRIBUTED TO THIRD PARTIES

| Measure | Position | Basis |
|---|---|---|
| **Crude share of total exports** | *75.7% in 2021 falling to 50.4% in H1 2026* | NBS trade data via BAA Consult |
| **Trade balance** | *N20.15trn in the latest reported half-year* | BAA Consult |
| **External reserves** | *US$54.823bn on 8 September 2026, 13.7 months of imports* | BAA Consult |
| **Exchange rate** | *N1,329.21/US$ official and N1,390/US$ parallel on 9 September 2026* | BAA Consult |
| **Seaborne product exports** | *Approximately seven-fold growth since 2023* | BAA Consult |
| **Employment** | *More than 100,000 direct and over 2.2m indirect* | BAA Consult estimate |
| **GDP growth contribution** | *Estimated 2.06 percentage points* | BAA Consult estimate |
| **Refinery share of enlarged NGX** | *c.28.9% at N65.22trn; Dangote cluster c.N83.5trn* | CFG Advisory |

*Third-party estimates reproduced as attributed, not independently verified by Proshare and not used as valuation inputs.*

*Sources: B. Adedipe Associates Limited, Dangote Refinery IPO Investor Roadshow, September 2026; CFG Advisory concentration assessment as cited therein* Proshare.

## The analyst concerns tested against the prospectus

The concerns raised across the market converge on the ten due diligence questions posed by CFG Advisory, and we answer them here against the controlling document rather than commentary, with four carrying most of the weight.

On ***valuation,*** the premium to peers is real and is supported by intrinsic rather than relative methods. On ***margins,*** the Issuer's own estimate is the most conservative published figure and the severe case reaches the covenant rather than only the earnings line. On ***crude supply***, three sourcing channels and a wide processed slate reduce dependence on one counterparty while raising currency and working capital requirements. On ***liquidity,*** a float near 2.46% is the binding constraint on exit. The remaining six are answered in Table 12 below, each with the condition on which the reading depends and the indicator to track.

*Table 12:*

**CFG ADVISORY DUE DILIGENCE QUESTIONS**

| Question | Position on the Evidence | Condition and Monitoring Indicator |
|---|---|---|
| **1. Valuation** | N525 implies 8.6x to 9.1x FY2026E EV/EBITDA and 11.7x to 13.3x earnings, a premium to the 5.0x median and 7.7x weighted peer benchmarks and in line with the 9.5x adjusted emerging-market average. All three published fair values exceed the offer price, and all three houses are joint issuing houses. | *Requires through-cycle margins above the downside cases and Phase 2 close to 2029. Monitor realised EV/EBITDA against the FY2026 and FY2027 outturns and whether trading establishes support above the offer price.* |
| **2. Refining margins** | GRM was US$10.7/bbl in FY2024, US$13.7 in FY2025 and US$24.5 in H1 2026. The Issuer estimates c.US$24.2 for 2026, below all three research forecasts. At US$8/bbl, indicative EBITDA of c.US$1.0bn implies interest cover near 1.6x and leverage above the facility covenant range. | *Requires margins materially above the severe case and evidence that the mid-2020s range is structural. Monitor quarterly GRM, the calculation basis and the H2 2026 result as crack spreads normalise.* |
| **3. Export strategy** | Domestic sales were 56.2% of H1 2026 revenue, implying 43.8% from exports. West Africa took 4,011kt in FY2025. Domestic sales price at import parity, so the channels are complementary rather than alternatives. | *Requires import-parity pricing to survive the political cycle. Monitor the domestic and export revenue mix and whether export volumes rise as Phase 2 capacity arrives.* |
| **4. Crude supply** | About 60% of 2025 feedstock was Nigerian, with access to up to 350,000 bpd subject to availability and deliveries reported at c.43% of ceiling. 36 grades were processed by June 2026 using a linear programming model. BAA Consult identifies crude supply as the risk government should commit to mitigate. | *Requires continuity of domestic arrangements and competitive delivered cost as the imported share rises. Monitor the naira-settled proportion of the crude bill, the sourcing mix each half-year and renewal terms.* |
| **5. Foreign exchange** | 43.8% of H1 2026 revenue was dollar linked and the reporting currency is the dollar. Roughly 40% of 2025 crude was imported and most domestic sales settle in naira. Dividends are an intention to declare in dollars, not an unconditional right. | *Requires the dollar-linked revenue share to hold and dividend practice to match the stated intention. Monitor realised exchange gains and losses and the currency and mechanics of the first dividend.* |
| **6. Government policy** | Effective tax was 13.6% in H1 2026 under the minimum effective tax rate. Free zone relief applies where customs territory sales do not exceed 25%; domestic sales were 56.2%. From 1 January 2028 those profits become fully taxable subject to discretionary extension. | *Requires relief to be extended or the charge absorbed. Monitor the effective rate at each reporting date and any administrative or legislative action before January 2028.* |
| **7. Expansion execution** | Programme of c.US$14.3bn targeted for 2029, of which the offer funds c.11%. Prospectus capex is US$4.8bn for the remainder of 2026, US$3.9bn in 2027 and US$3.1bn in 2028, against c.US$2.3bn in the FY2026 research models. | *Requires delivery close to 2029 and a funding mix that keeps leverage within facility limits. Monitor capex against the disclosed schedule, second-train milestones and net debt to EBITDA.* |
| **8. Alternatives** | Against Seplat and Aradel in H1 2026, DPRP leads on scale, current ratio and return on equity at 34.2% and trails on gross, operating and cash flow margins. The margin gap reflects the difference between upstream and merchant refining models. | *Requires Phase 2 to deliver the forecast EBITDA step-up and cash generation to converge on reported earnings. Monitor cash flow from operations against net income and the traded multiple against both peer sets.* |
| **9. Liquidity** | Base float is 3.30% of the enlarged share count, 4.25% at maximum absorption and c.2.46% after the anchor allotment. CFG Advisory puts the refinery at c.28.9% of the enlarged exchange, which raises index concentration questions. | *Exit capacity depends on effective float rather than market capitalisation. Monitor daily traded value and turnover velocity in the first two quarters, the basis of allotment and any commitment to widen the float.* |
| **10. Risk tolerance** | The Offer suits a 5-10 year horizon with tolerance for refining-cycle and price volatility. The N5,250 minimum widens access without reducing economic risk, and the incentive of up to two shares is not an economic inducement. | *Requires a genuine holding period and appropriately sourced capital. Review position size against the total portfolio at each reporting cycle rather than on price movement, and obtain personalised advice from a licensed adviser.* |

*Mixed historical fact, analyst estimate and Proshare calculation as identified in Tables 4, 5, 8, 9 and 14.*

*Sources: CFG Advisory due diligence posers; DPRP Prospectus; CardinalStone Research, Renaissance Capital Africa and Chapel Hill Denham; BAA Consult; Proshare Research.*

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## Risks and what to monitor

Each material risk carries an observable indicator, which is the only basis on which a long-horizon holder can review the thesis between reporting dates. Table 14 keeps unresolved disclosures separate, and none are embedded in a central valuation case.

*Table 13:*

**RISK AND MONITORING MATRIX**

| Risk | Description | Indicator to Track |
|---|---|---|
| **Margin normalisation** | 2026 margins were widened by Middle East disruption and Russian refinery outages estimated at 20% to 28% of primary capacity at the mid-year peak | *Quarterly GRM against the Issuer's US$24.2/bbl estimate* |
| **Single-train operation** | No parallel redundancy until the second train commissions | *Utilisation and unplanned outage days each quarter* |
| **Crude availability** | NNPC deliveries reported at c.43% of the 350,000 bpd ceiling | *Sourcing mix and delivered crude premium to benchmark* |
| **Expansion funding** | Offer funds c.11% of US$14.3bn; US$11.8bn planned to 2028 | *Capex deployed, leverage at peak construction, covenant headroom* |
| **Cash conversion** | Operating cash flow of 9.2% of revenue below the 13.1% net margin | *Cash flow from operations against net income* |
| **Tax transition** | Customs territory relief ceases 1 January 2028 with domestic sales at 56.2% | *Effective tax rate and any extension order* |
| **Related-party dependence** | Reported margin presented net of hedging borne at group level from 1 January 2026 | *Related-party and derivative disclosures each reporting date* |
| **Governance completion** | Three of ten directors independent; committees had not met at the prospectus date | *Independence ratio, committee attendance and audit committee formation* |
| **Free float and liquidity** | 3.30% base float, c.2.46% after anchor allotment | *Traded value, turnover velocity and any float widening* |
| **Index concentration** | The refinery would be c.28.9% of the enlarged exchange and the Dangote cluster c.N83.5trn | *Index weights, pension allocation limits and rebalancing flows* |
| **Policy reversal** | Import duty introduced and withdrawn in 2025; general election due in 2027 | *Pricing regime, import licensing and tariff decisions* |

*Historical fact and Proshare assessment.*

*Sources: DPRP Prospectus; Global Refinery Capacity Report, 10 September 2026; CFG Advisory as cited by BAA Consult, September 2026; Proshare Research.*

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*Table 14:*

**OPEN VERIFICATION ITEMS**

| Item | Conflicting Disclosure | Analytical Consequence | Status |
|---|---|---|---|
| **H1 2026 performance** | *Reporting accountant's extract records gross profit of US$2.583bn and operating cash flow of US$1.513bn; the historical summary records US$2.495bn and US$1.273bn. Profit before tax agrees at US$2.106bn* | Alters gross margin by c.60bp and cash conversion by c.170bp | Issuer confirmation sought; summary basis used |
| **FY2026 capital expenditure** | *Prospectus states US$4.8bn for the remainder of 2026; Renaissance and Chapel Hill models carry c.US$2.3bn for the full year* | Changes the funding requirement and the FY2026 to FY2028 leverage path | Unreconciled; both shown in Table 6 |
| **Peer premium** | *Renaissance presentation of 9 September reports 33% to 53% on 10.3x to 11.8x; its note of 7 September reports 29.8% to 49.3% on 10.01x to 11.5x* | Moves the assessed premium to peers by c.4 percentage points at both ends | Confirmation sought; note basis used in Table 9 |
| **FY2030 EBITDA** | *Renaissance presentation shows US$9,953mn on slide 11 and US$9,294mn on slide 13* | Affects the post-Phase 2 earnings base and terminal value | Confirmation sought; not embedded in any central case |
| **Customs territory tax relief** | *Relief applies where customs territory sales do not exceed 25%; domestic sales were 56.2% of H1 2026 revenue, and relief ceases on 1 January 2028 subject to discretionary extension* | Determines whether the 13.6% effective rate is sustainable beyond 2027 | Awaiting administrative or legislative action |
| **Issuing house count** | *Prospectus names a lead issuing house with joint issuing houses; BAA Consult refers to 26 joint issuing houses with one as lead* | Does not affect valuation; affects the description of the syndicate | Confirmation sought |

*No disputed figure is embedded in a central valuation case.*

*Sources: DPRP Prospectus; Renaissance Capital Africa note of 7 September 2026 and presentation of 9 September 2026; Chapel Hill Denham; BAA Consult; Proshare Research.*

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## Concluding Thoughts and Outlook

The purpose of the Offer is to fund expansion, and the industrial case is clear and not projected. The entry price is the open question. N525 assumes margins hold near a level above the Issuer's own 2026 estimate. It assumes high market utilisation, continuous crude supply and competitive pricing. It presumes a US$14.3bn programme is delivered close to 2029 on a funding framework the current equity Offer does not completely provide.

Independent analysts perceive that value could be impaired by margin normalisation below that estimate, a shortfall in domestic crude delivery, the 2028 change in free zone tax treatment, cash conversion that continues to lag reported earnings while capital expenditure accelerates, and a free float near 2.46% that limits exit capacity.

The investment decision emerges from the equity subscriber's investment objective and risk capacity rather than from market enthusiasm, brand loyalty or the refinery's national significance. Table 15 shows how the available data maps the investment decision to buy, wait, or ignore.

Proshare applies no buy, hold or sell classification to this transaction, and readers requiring a personal recommendation should consult a **licensed investment adviser** who can weigh their objectives, investment horizon, liquidity needs and concentration limits.

*Table 15:*

**MAPPING THE EVIDENCE TO THE BUY, WAIT OR IGNORE DECISION**

| Mandate | Investor Profile | Evidence Supporting the Position |
|---|---|---|
| **Participate selectively** | 5-to-10-year horizon, diversified portfolio, capital that can remain invested through the refining cycle and the construction window, tolerance for commodity and execution risk | *Primary issuance applied wholly to expansion, demonstrated earnings inflection, cash operating cost below US$3.0/bbl, high conversion complexity, second train removing single-train concentration, all three published fair values above N525* |
| **Wait** | Investor requiring greater valuation comfort, resolution of the six items in Table 14, or evidence of post-listing liquidity and margin durability | *Issuer margin estimate below every research forecast, US$11.8bn of capital expenditure to 2028 against c.US$2.3bn in FY2026 models, terminal value carrying 60% to 88% of the discounted cash flow valuations, first H2 2026 margin print still outstanding* |
| **Ignore** | Short horizon, low risk tolerance, need for near-term liquidity, reliance on borrowed or essential funds, or an already concentrated portfolio | *Free float near 2.46% limiting exit capacity, covenant pressure in the severe margin case, index concentration near 28.9% of the enlarged exchange, no dividend yet declared and the dollar election an intention rather than a right* |
| **Size to mandate** | Institutional investor subject to index, concentration or fiduciary limits | *Refinery weight of c.28.9% of the enlarged exchange against internal single-issuer caps, effective float rather than market capitalisation determining executable position size* |

*This is a framework for the reader's own judgment and not a recommendation, rating or personalised advice.*

*Sources: Proshare Research assessment drawn from the prospectus and the evidence in Tables 1 to 14.*

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## Related Items.

1. The Dangote-Refinery-IPO Prospectus 14Sept26
2. The FDC - DPR IPO Roadshow Presentation by BAA Consult - 10Sept26
3. Dangote Refinery IPO: Is This IPO Halal? Testing the Offer Against Its Numbers
4. CFG Advisory, Dangote IPO Due Diligence Posers.
5. Chapel Hill Denham Securities, Built for Global Opportunities, Positioned for Margin, 7 September 2026.
6. Initiation of Coverage: Dangote Petroleum Refinery & Petrochemicals FZE — CardinalStone Research
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8. Dangote Refinery IPO: Project Verdant Prospectus, Offer Details and Key Financial Highlights
9. Dangote Refinery Unveils N2.15trn IPO to Fund Expansion, Targets 10m Retail Investors
10. The Real Deal in Africa's Investment Matrix and the Work Beyond Anchor Investments
11. When Nigeria Went Public: From Share Certificates to the Dangote Refinery IPO
12. Dangote Refinery IPO: When the NGX Meets Its Destiny
13. Dangote Refinery Unveils N2.15trn IPO to Fund Expansion, Targets 10m Retail Investors
14. Dangote Petroleum Refinery and Petrochemicals FZE Initial Public Offering (IPO) Signing Ceremony
15. Dangote Petroleum Refinery and Petrochemicals FZE IPO Signing Ceremony
16. Dangote Refinery Secures SEC Approval for Landmark N2.15trn IPO at N525 Per Share
17. The Real Deal in Africa's Investment Matrix and the Work Beyond Anchor Investments
18. Africa's Leapfrog: Take-off or Sink Adapt or Perish
19. Dangote Group's industrialisation drive highlights Nigeria's investment potential, AFC, stakeholders say
20. Dangote Group Leads Conversations on The Real Deal: Africa's Greatest Investment Opportunity
21. Dangote Petroleum Refinery & Petrochemicals Secures $1bn Underwriting Support Ahead of Landmark IPO
22. Dangote Secures AFC Funding for Major Fertiliser Expansion Programme
23. Dangote Refinery Ramps Up to 700,000 Barrels Per Day, Strengthening Africa's Energy Landscape
24. PENCOM Grants PFAs Forbearance to Invest in Upcoming Dangote Petroleum Refinery & Petrochemical FZE IPO
25. Dangote Refinery Plans Expansion into LAB Value Chain

26. Dangote Sugar Refinery Proposes N485.9bn Rights Issue, Sets April 20 Qualification Date
27. Dangote Petroleum Refinery Writes NMDPRA, Commits to 1.5bn Litres of PMS Supply Monthly
28. Refinery Plans to Double Production Capacity to 1.4m bpd to Strengthen Nigeria's Energy Security
29. Dangote Petroleum Refinery Restates Commitment to Safety, Integrity and Workers' Rights
30. Dangote Petroleum Refinery States It Has Positioned Nigeria as a Primary Source of Affordable Petrol Feedstock
31. Dangote Petroleum Refinery and Petrochemicals FZE, Prospectus dated 7 September 2026.
32. Why the Dangote Refinery IPO Must Get It Right — Sola Oni OpEd
33. Dangote Refinery Completes US$2.5bn Private Placement at 3.7 Times Subscription
34. The Dangote Honeywell Pact: Implications for the Planned Dangote Refinery Listing and Vision 2030
35. Dangote Refinery Plans Equity Listing and Major Capacity Expansion
36. Dangote Refinery Secures SEC Approval for Landmark N2.15trn IPO at N525 Per Share
37. Afreximbank Leads US$2.5bn Commitment in US$4bn Syndicated Loan for Dangote Refinery
38. Dangote Refinery Imports Libyan Crude as Domestic Feedstock Constraints Persist
39. Dangote Refinery Shifts to Dollar Denominated Petroleum Sales
40. Dangote Refinery Plans Expansion into LAB Value Chain
41. Dangote Refinery and the Tyranny of Middlemen
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46. When Nigeria Went Public, From Share Certificates to the Dangote Refinery IPO
47. The Real Deal in Africa's Investment Matrix and the Work Beyond Anchor Investments
48. Why the Dangote Refinery IPO Must Get It Right, Sola Oni
49. Nigeria Is an Asset-Rich and Coordination-Constrained Economy That Appears To Have Understood the Need to Change Its Ways

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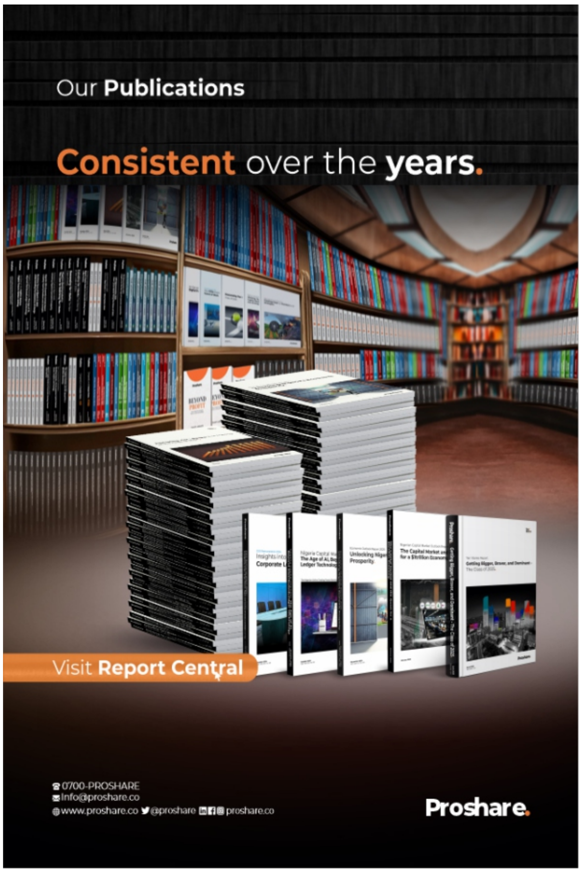


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