INITIATION OF COVERAGE

Dangote Petroleum Refinery & Petrochemicals FZE

Built for Global Opportunities, Positioned for Margin

SEPTEMBER 2026

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Equity

Fair Market Cap: ***N82.62tn**
Fair Market Cap: **US$62.53bn**
**Exchange rate as at 4 Sep. 2026 = N1,321.22*

(US$'mn)	2025	2026E	2027E
Revenue	12,330	28,195	24,762
EBITDA	545	5,713	5,623
P/E	-131.4x	15.2x	15.7x
P/Revenue	5.1x	2.2x	2.5x
EV/Revenue	5.2x	2.3x	2.6x
EV/EBITDA	117.2x	11.2x	11.4x
Free Cash Flow	1,086	1,948	13

Chapel Hill Denham Research

Built for Global Opportunities, Positioned for Margin

We initiate coverage on Dangote Petroleum Refinery & Petrochemicals FZE (DPRP) with a current fair market capitalisation of US$62.53bn, which we expect to be US$113.43bn by FY-30E post the completion of the complex's expansion to 1.4mbpd.

We view DPRP as a compelling listing to participate in, given the following reasons. (I) DPRP operates the world's largest single crude distillation unit at 650kbpd, re-rated to 700kbpd on 2026 performance test. (II) DPRP plans a Phase 2 expansion to 1.4mbpd to be completed by FY-28E and it carries less execution risk than Phase I. (III) It has a Nelson Complexity Index of 11.5 versus an emerging-market peer average of 8.9, supporting premium yield and stronger margin capture per barrel. (IV) DPRP owns its route to market end-to-end, which underpins its operational efficiency and represents a durable barrier to entry. (V) DPRP secures crude through three channels: from NNPCL under the Naira-for-crude arrangement (30-35%), Nigerian spot (c.25%), and international imports (30-40%). The Naira-for-crude arrangement provides a natural hedge, as it reduces the need for DPRP to source FX for that share of crude purchase from NNPCL. (VI) DPRP sells into three distinct markets: a large domestic Nigerian market, a West African regional market and a global export route into Europe and beyond. (VII) DPRP's profitability is supported by high capacity utilisation, a wide realised margin per barrel (as high as US$33.7/bbl in Q1-26) and an effective tax rate of 15%, half the standard Company Income Tax (CIT) rate in Nigeria, being the minimum rate applicable to members of qualifying multinational enterprise groups under the Nigeria Tax Act 2025. (VIII) DPRP's petrochemical complex broadens the earnings base and adds a structurally more stable revenue stream, with 830ktpa polypropylene capacity plus 77ktpa sulphur byproduct. (IX) DPRP is positioned for further value-chain extension with a planned 400ktpa Linear Alkyl Benzene plant from FY-30E and additional optionality in base oils, LPG bottling and polyethylene production. (X) DPRP produces Euro-V grade fuels at less than 10ppm sulphur, replacing higher-sulphur imports across West Africa.

Our valuation of DPRP is based on DCF, EV/EBITDA and P/E approaches. For the DCF, we used a WACC of 9.8%, based on the following assumptions: (i) a risk-free rate of 4.7%; (ii) equity risk premium of 4.5%; (iii) beta of 0.80x; and (iv) a terminal growth rate of 2.0%. Our EV/EBITDA and P/E approaches are based on a blend of the average multiples of emerging market refining and petrochemical peers. **With these three methods, we derived a 12-month fair equity value of US$62.53bn, by apportioning 50% to the DCF valuation and 25% each to multiples approach.** Our fair equity value implies a FY-26E EV/EBITDA of 11.2x, higher than its emerging market peer average of 9.5x. We believe this multiple is reflective of DPRP's differentiated configuration, structural cost position and expansion pipeline.

Risks to our expectations. (i) Operational risk from the single-train configuration; which could result in a major unplanned Crude Distillation Unit (CDU) outage or sustained Residue Fluid Catalytic Cracking (RFCC) downtime. This could breach the utilisation and product-mix assumptions behind our gross refining margin forecast. (ii) Policy and pricing risk; fuel policy in Nigeria can be politically sensitive and the 2027 election cycle raises the risk of price intervention or subsidy re-introduction that would distort the domestic margin. (iii) Feedstock and residual FX risk; the Naira-for-crude arrangement currently provides less than its contractual ceiling of 385kbpd, resulting in DPRP sourcing a higher share of crude from other sources settled in US Dollars. We note that this is principally a currency exposure rather than a cost disadvantage, as a portion of the feedstock bill is settled in Dollars against Naira-denominated domestic sales, leaving realised margins exposed to the USD/NGN depreciation. (iv) Global refining cycle risk; capacity additions across the Middle East, India and China could compress export cracks over our forecast horizon. (v) Phase 2 execution and balance sheet risk; any timeline slippage or higher-than-planned debt component would defer the FY-29E earnings step-change and pressure covenant headroom under the CoreShift facility. (vi) Tax regime transition risk; the scheduled 2028 expiry of the exemption on customs territory sales would lift the effective rate from our base case of 15%.

DPRP's Listing on the Nigerian Exchange Group (NGX)

Mode of listing: DPRP is expected to list by way of an Initial Public Offering (IPO). The listing is intended to broaden the company's access to long-term capital and to give a wide base of retail and qualified institutional Nigerian investors a stake in a key piece of strategic national infrastructure, positioning DPRP as a publicly held national asset.

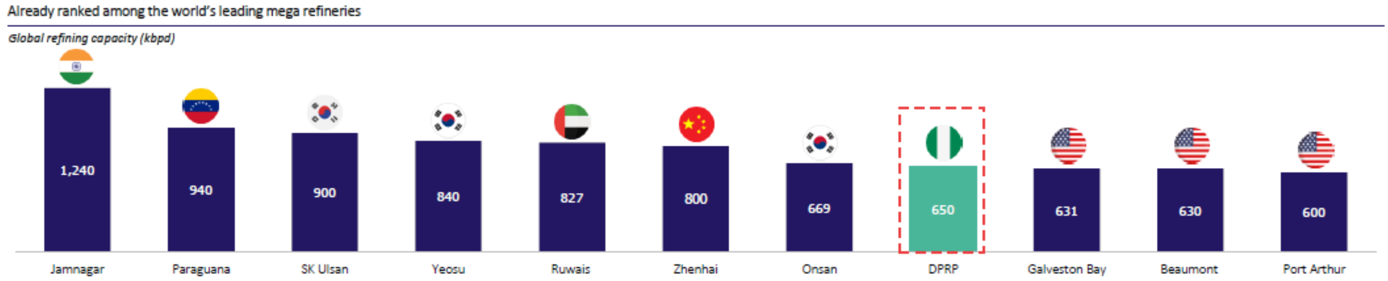
How much is DPRP worth? In valuing DPRP, we adopted a blended approach, weighting a discounted cash flow (DCF), an EV/EBITDA multiple and a P/E multiple (see full valuation analysis below), which returns a fair equity value of US$62.53bn. We acknowledge the limitations of each method. The DCF captures the two years of expanded nameplate capacity that follows the Phase 2 completion, and this reflects a materially larger asset size than exists today. The relative valuation, by contrast, benchmarks DPRP against peers that do not operate at the same scale, complexity or single-site configuration, and so understates its differentiation. A 50% weighting to DCF valuation balances these opposing distortions, tempering the forward-looking optimism of the DCF against the conservatism of the peer multiples.

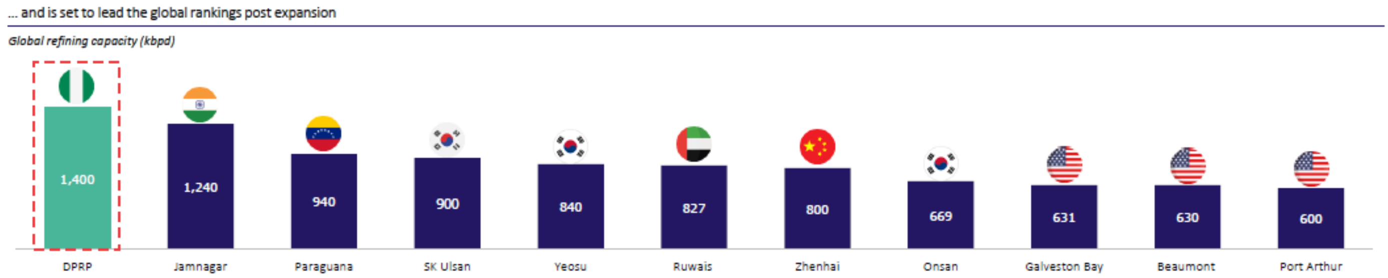
The regulatory pathway: The listing has drawn significant institutional interest. Notably, the National Pension Commission (PenCom), in a circular dated 13 May 2026, granted a special dispensation permitting Pension Fund Administrators (PFAs) to invest pension fund assets in the IPO. The waiver was necessary because, under Section 6.2.7.1(iii) of the Revised Regulation on Investment of Pension Fund Assets, PFAs are ordinarily restricted from investing in companies that do not meet existence, profitability and dividend-history requirements, which DPRP does not yet satisfy. PenCom framed the dispensation as a one-off exception justified by the refinery's strategic importance to the economy and the impact of the offering on the pension industry. It stated that the waiver sets no precedent for future listings and that PFAs remain bound by their own risk frameworks and fiduciary duties. We view this as a clear positive for the listing as pension funds are the largest pool of institutional capital in Nigeria, with assets under management of N30.70tn as of 30 June 2026. Furthermore, PenCom has progressively raised the ceiling on equity allocation, to as high as 33-35% of assets for certain fund types. Consequently, this opens a substantial channel of long-term domestic capital for the offer.

Investment Considerations

We view Dangote Refinery as a compelling business to invest in, given the following reasons.

(I) **An integrated refining and petrochemical complex built at global scale.** We view DPRP as a single-site, fully integrated refining and petrochemical complex built to global specification and as an asset that competes with the world's largest export refineries. With refining and processing of petrochemicals occurring inside one complex, it allows the asset capture margins across the chain rather than selling intermediate streams. In terms of capacity, at 650kbpd nameplate, now rerated to 700kbpd, the complex is the largest modern merchant refinery in operation, significantly larger than the combined 445kbpd of Nigeria's legacy refineries which have run at negligible utilisation for years. We benchmark the asset against Reliance's Jamnagar as a scale rival as with its current scale and expansion underway, it is in the same global tier.





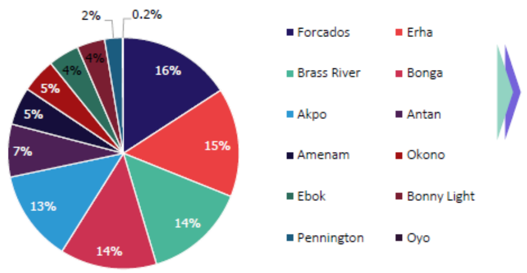
Source: DPRP Filings, Chapel Hill Denham Research

(II) **Phase 2 is a de-risked expansion.** DPRP is expanding from 650kbpd toward 1.4mbpd, through a re-rating of the existing train to 700kbpd and the addition of a second 700kbpd unit. In our view, every element of the programme's execution profile lowers risk relative to Phase 1. The second train is a replica of proven, operating infrastructure rather than a new design, engineering has been awarded to the same firm that delivered Phase 1 and licensor agreements are signed. We believe the brownfield nature of the Phase 2 expansion, compared with the greenfield development of Phase 1, together with DPRP's ability to negotiate with contractors and licensors as an established operating counterparty, is expected to reduce development costs. Accordingly, management has guided expansion capex of US$12.40bn, c.38.0% below the c.US$20.00bn incurred for Phase 1, despite adding a train of equivalent capacity. Additionally, DPRP is now cash-generative and can part-fund the programme internally. For context, it recorded net cash from operations of US$1.20bn in FY-25 from -US$2.61bn in FY-24, against capital expenditure of only US$112.13mn, leaving the complex free-cash-flow positive before Phase 2 began. Management has indicated the programme will be funded through a mix of internal cash generation, the concluded private placement, the proposed NGX listing and incremental debt, rather than debt alone. The second programme therefore carries less balance-sheet risk. Leverage at the peak Phase 2 capex is expected to be at c.1.1x net debt/EBITDA, comfortably below the CoreShift covenant range of 2.5x to 3.5x and conservative relative to international refining peers. Our forecast reflects commercial operations of Phase 2 in FY-29E, at which point

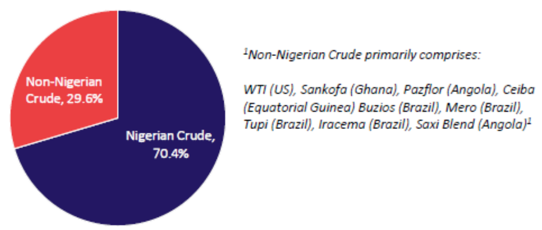
EBITDA rises to US$10.17bn from c.US$5.66bn in FY-28E, a step-change that underpins the value trajectory of the asset. Accordingly, we model a dividend payout ratio of 30.0% during the expansion phase, stepping up to 50.0% from FY-29E as capex tapers, in line with management's guidance. Upon completion of Phase 2, the complex will surpass Reliance's Jamnagar as the world's largest single-site refining and petrochemical complex supported by the 2x expansion in polypropylene capacity to 1.6mtpa. By FY-30E, polypropylene capacity is planned to reach 2.4mtpa and the Linear Alkyl Benzene plant to reach completion.

(III) **A configuration that makes it highly competitive**. We rate DPRP's design as one of its most important highlights. The configuration of the complex determines the types of crude oil it can process and the final product mix. We highlight that at a Nelson Complexity Index of 11.5, the complex sits well above the emerging market peer average of 8.9 and above most refineries operating in Africa. This high index implies more conversion units which enables the refinery process cheaper, heavier, higher-sulphur barrel and produce a clean, light, high-value slate. This capability determines the possible margins from the crude as the complex can lean on heavier, more discounted barrels when light sweet grades trade at a premium, which simpler refineries cannot process. In our view, this optionality serves as a structural floor under the single largest cost line. However, we note that management prefers processing Nigerian crude mix which are light and sweet in nature. The configuration also defines the possible products and DPRP has guided to a forward slate with seven products namely Premium Motor Spirit (PMS), Automotive Gas Oil (AGO), Aviation Turbine Fuel (ATF), Polypropylene, Carbon black feedstock, Atmospheric Residue/Reduced Crude Oil (RCO) phasing to zero by FY-28E and Sulphur. The product slate is weighted toward the high value products that have the highest cracks and therefore generate the strongest refining margins per barrel. This deep conversion DPRP boasts of is lacking in legacy and regional refineries which makes it a step above as it translates into structurally lower unit costs and yield flexibility.

Design basis: Configured to process 100% Nigerian crude – with broader optionality



Demonstrated ability to run a diversified crude slate (2024 to Mar'26)



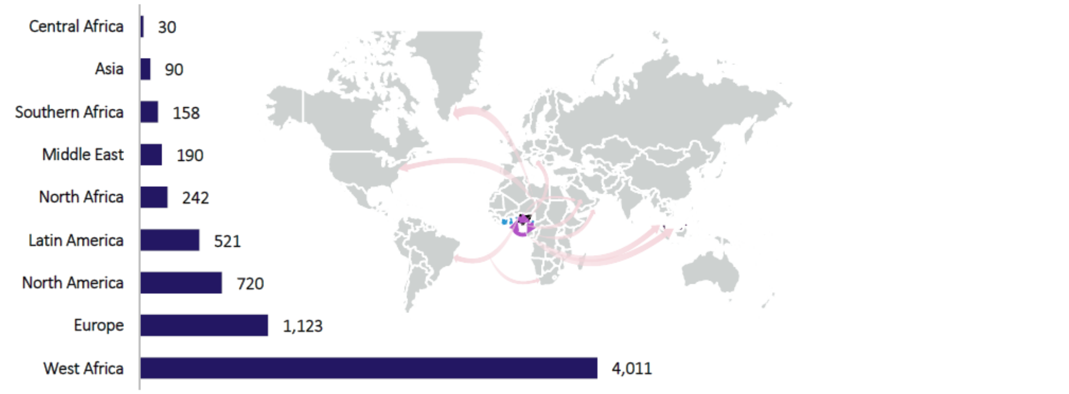
Source: DPRP Filings, Chapel Hill Denham Research

(IV) **A logistics and infrastructure estate that is hard to replicate.** DPRP owns its route to market end-to-end, and we believe this vertical integration underpins the complex's operating efficiency. The complex has storage of 4.75bn litres across crude, intermediate stock and refined products that allows it source crude oil when prices are favourable, hold feedstock against supply interruption and run continuously. Its marine infrastructure has 5 Single Point Mooring (SPM) buoys and can accommodate large carriers including Very Large Crude Oil Carrier (VLCCs), enabling the complex to receive crude directly from large vessels and to load products for coastal and export markets without competing for congested third-party terminals. On the domestic distribution side, 11 gantries with 94 loading bays and a fleet of 10,000 CNG trucks provide direct access to the Nigerian market. The complex is also energy self-sufficient, with a dedicated 570MW power plant removing dependence on a fragile national grid. In our opinion, replicating this infrastructure stack is neither cheap nor quick and this serves as a durable barrier to entry. We therefore assume continuity of supply, direct access to the highest-value markets, and a high effective utilisation rate throughout the forecast period.

(V) **Diversified feedstock at structurally low cost**. Crude is the single largest cost in any refinery and DPRP secures its required barrels through three channels: contracted local supply from NNPC Limited, Nigerian spot, and international imports. Nigeria is one of the largest producers of crude oil in Africa and DPRP's proximity to one of its sources is a structural advantage as local sourcing strips out the freight, insurance and financing cost and shortens the supply route. Local sourcing runs primarily through a Sale and Purchase Agreement with NNPC Limited, covering up to 385kbpd under the Naira-for-crude arrangement. Pricing is at arm's length which implies that DPRP pays the same USD-linked price as any other offtaker, settled at the prevailing USD/NGN rate, and the arrangement is therefore not a subsidy. Its value lies in the natural hedge as Naira-denominated crude payments partially offset Naira-denominated domestic product sales, materially reducing DPRP's residual exchange rate exposure. According to management, actual delivery has run well below the contractual ceiling with shortfalls made up through spot purchases of Nigerian and international crude using its marine infrastructure. This three-channel structure underpins our assumption of continuous operation, in contrast to the stop-start pattern that has characterised other operators in the sector.

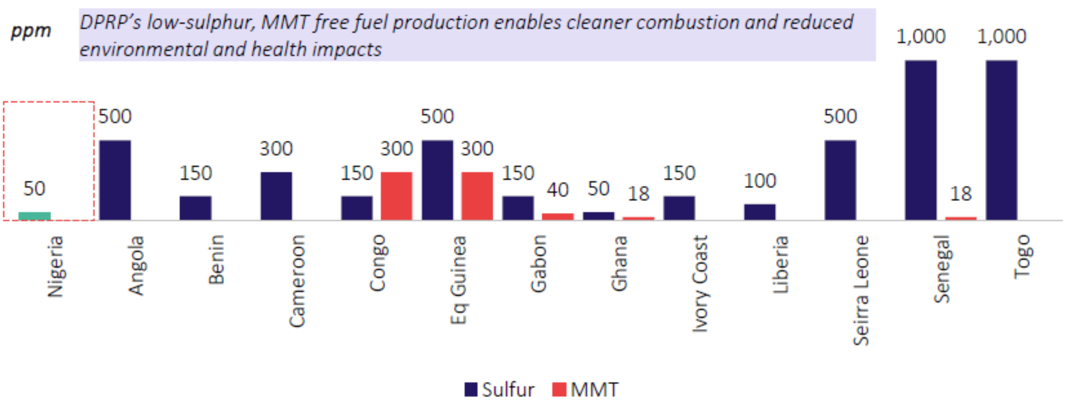
(VI) **Multi-layered market access anchored in freight advantage.** DPRP sells into a large and growing domestic market, a West African region transitioning from net importer to DPRP supply and a global export route into Europe and beyond. It serves as a high-specification supplier of fuels in these markets. Domestically, according to the Central Bank of Nigeria (CBN), DPRP has already reshaped the trade balance, contributing to a 28.9% yoy decline in Nigerian refined petroleum imports to US$10.00bn in 2025. Regionally, DPRP now supplies markets including Ghana, Togo and Cameroon that were previously served by refiners in Europe and Asia, enabling a transition toward regional self-sufficiency. According to management, West Africa is the largest single export destination with 4,011kt of products sold in 2025. This regional positioning rests on a structural freight and delivery-time advantage that non-African refiners cannot easily replicate, particularly on West Africa-directed cargoes. Beyond the region, DPRP exports into Europe, the Middle East and Asia. This confirms that the product meets internationally traded specifications and that the complex has commercial reach well beyond its home region. Export optionality also gives DPRP the ability to place barrels into the highest priced market available at any point in time rather than being captive to any single outlet, although management has indicated a preference for structural regional offtake agreements where they have freight advantage. DPRP is also expanding its regional distribution footprint through the development of product distribution infrastructure in Namibia and planned investments in multi-product pipelines spanning multiple countries to enhance access to key regional markets.

International Offtake – Export Volumes by Region (2025, KT)



Source: DPRP Filings, Chapel Hill Denham Research

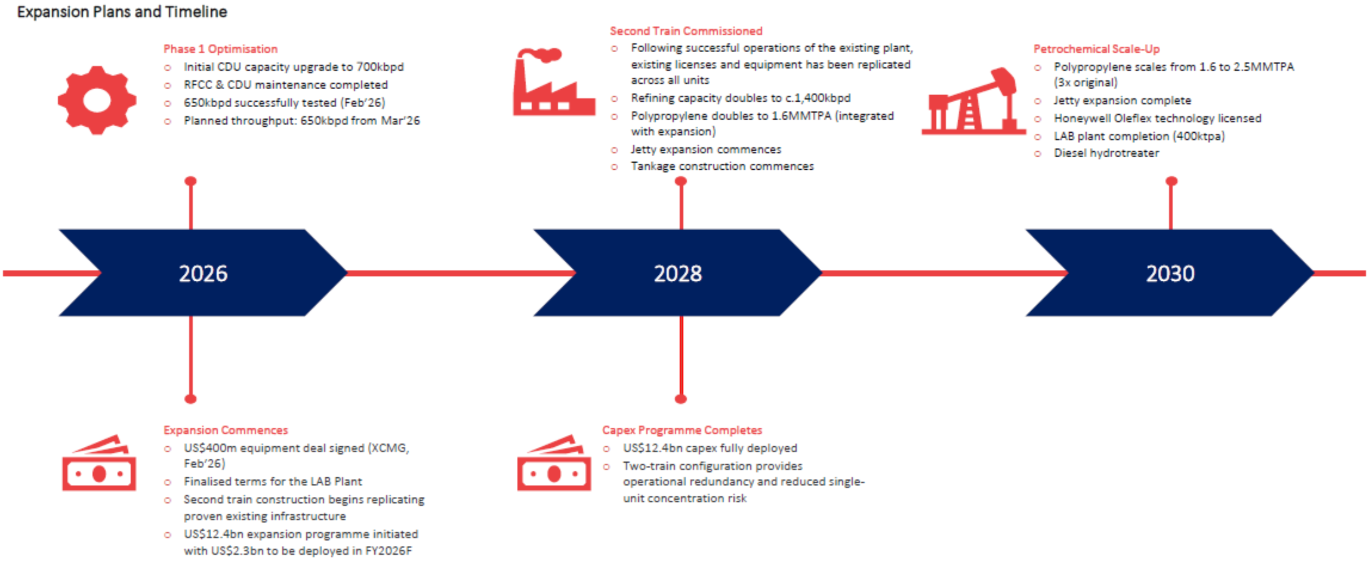
DPRP is setting the standard for clean fuels in Africa



Source: DPRP Filings, Chapel Hill Denham Research

(VII) **Earnings built to scale fast and hold a structural margin.** The case for DPRP rests on high utilisation, a wide realised margin per barrel, a heavily fixed cost base and a light tax burden. Volume ramp-up since launch has been strong. Feedstock throughput rose from 4,573kt in Q1-25 to 5,930kt in Q1-26, average yield climbed to 92.4% and technical availability reached 99.9% year-to-date in 2026. More crude is being processed and more of it is being converted to saleable product on the same cost base, which flows directly to margin. We assume a gross refining margin (GRM) elevated to US$28.0/bbl in FY-26E, reflecting Q1-26A of US$33.7/bbl, but normalising to US$25.0/bbl over FY-27E–FY-28E and US$24.5/bbl thereafter. The forward slate also improves as RCO phases to zero by FY-28E as that low-value stream is reprocessed through the RFCC into lighter, higher-value products. Petrochemical revenue, primarily polypropylene rising to c.7% of turnover at full production, adds a stream whose margin cycles independently of fuel cracks. The incremental PMS blending initiative, running at 114kt/month from March 2026, contributes an additional US$1.0bn in revenue and c.US$15m/month in incremental gross margin in FY-26E, in line with management guidance. The tax position amplifies the margin story. Operating inside the Lekki Free Trade Zone, DPRP historically incurred no CIT as a Free Zone Enterprise but under the current interpretation of the new Nigeria Tax Act, a minimum effective tax rate of 15% applies to its sales as part of a qualifying multinational enterprise group. The conversion from operating profit to net profit therefore remains structurally lighter than for any refiner outside a free trade zone.

Expansion Plans and Timeline



Source: DPRP Filings, Chapel Hill Denham Research

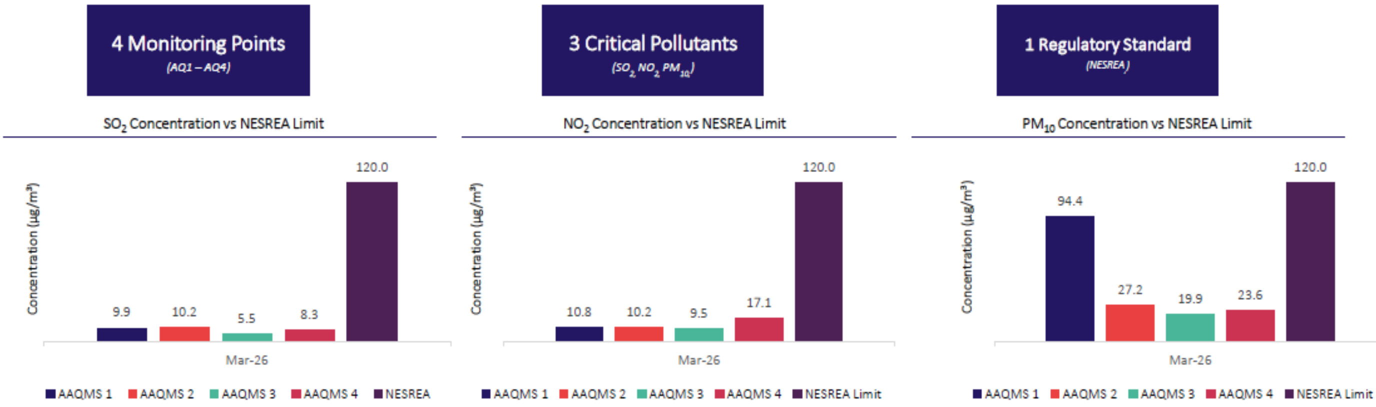
(VIII) **An asset reshaping Nigeria's external balance.** From a national contribution standpoint, DPRP has reversed the flow of Nigeria exporting crude oil and importing refined product, spending scarce foreign exchange. This has been accretive for the balance of payments. By substituting domestic production for imported fuel DPRP has already saved Nigeria approximately US$4bn a year in foreign exchange on refined petroleum imports, based on the FY-25 decline in the PMS import bill from FY-24 attributed by the Central Bank to DPRP's domestic production, and the export surplus adds Dollar inflow on top of the import that no longer has to be funded. For an economy whose currency stability depends on its external accounts, an asset that removes a multi-billion-dollar import bill and replaces it with an export earner is a structural support for the Naira itself. Government recognition converts that macro role into tangible policy alignment. The administration has formally described DPRP as transformational and central to Nigeria's energy security, and that recognition carries concrete support, the domestic crude supply obligation prioritising local refiners for feedstock, the Naira-for-crude settlement mechanism, and Nigerian National Petroleum Company Limited's (NNPCL) 6.82% equity stake, securing the national interest.

(IX) **Expansion beyond fuels into specialty chemicals.** DPRP is targeting entry into a set of higher-margin adjacencies beyond fuels and polypropylene. Management has guided towards the completion of the 400ktpa Linear Alkyl Benzene (LAB) in FY-30E and commercial terms were finalised in February 2026. LAB is used for producing feedstock for detergent, industrial cleaner and biodegradable surfactant manufacturing. Africa currently has limited domestic LAB production, giving DPRP a clear import substitution opportunity. Beyond LAB, management has flagged opportunity in polyethylene production leveraging the complex's ethylene stream, base oils for the African lubricants market, and LPG bottling and distribution. In our view, these are credible upside to the complex's revenue and earnings in the future.

(X) **Governance, safety and environmental standards aligned with global institutional norms.** On governance, DPRP transitions to public ownership with a concentrated shareholder register as Dangote Oil Refining Company Limited holds c.66%. We note that a holder of this size carries ordinary resolutions outright, including board appointments, dividend declarations and auditor appointment, though CAMA 2020 requires a 75.0% majority for special resolutions. On listing, DPRP becomes subject to SEC Rules and Regulations and the NGX Rulebook and Listing Rules, which impose continuous disclosure obligations and require compliance with the Nigerian Code of Corporate Governance (NCCG) 2018. The NCCG provides that at least one-third of the board be independent non-executive directors. The board currently comprises eight directors, of whom two are independent non-executive, and the Company has indicated that it is working toward the required ratio which will strengthen their governance.

DPRP produces Euro-V grade fuels at less than 10 ppm sulphur, replacing the higher-sulphur product West Africa has imported for decades. Management estimates that the switch from exporting crude and importing refined product cuts approximately 1.1m tonnes of CO_2 emissions annually. March 2026 air quality data across four on-site monitoring stations shows SO_2 at 5.5-10.2 µg/m³ and NO_2 at 9.5-17.1 µg/m³, both around 5-15% of the NESREA 120 µg/m³ threshold. Particulate matter readings are more mixed, with three of four stations below 30 µg/m³ and one at 94.4 µg/m³. All readings remain within the regulatory limit. HAZOP and SIL studies were conducted under independent chairmanship, with full emergency-shutdown logic across process units. This is what stands behind the 99.9% technical availability recorded year-to-date in FY-26E and is a precondition for the utilisation assumptions that drive our earnings forecast.

Emission (Air Quality) Monitoring - March 2026



Source: DPRP Filings, Chapel Hill Denham Research

Dangote Refinery's Corporate History and Overview

Dangote Petroleum Refinery and Petrochemicals (DPRP) is an integrated petrochemical and refining complex operating the world's largest single crude distillation unit, with a nameplate capacity of 650kbpd (now re-rated to 700kbpd) at a single site in the Lekki Free Zone, Lagos. The complex processes crude into the full slate of refined products alongside petrochemical derivatives led by polypropylene. At full capacity it is configured to meet Nigeria's entire domestic demand for refined products and to supply surplus volumes to West African and international export markets.

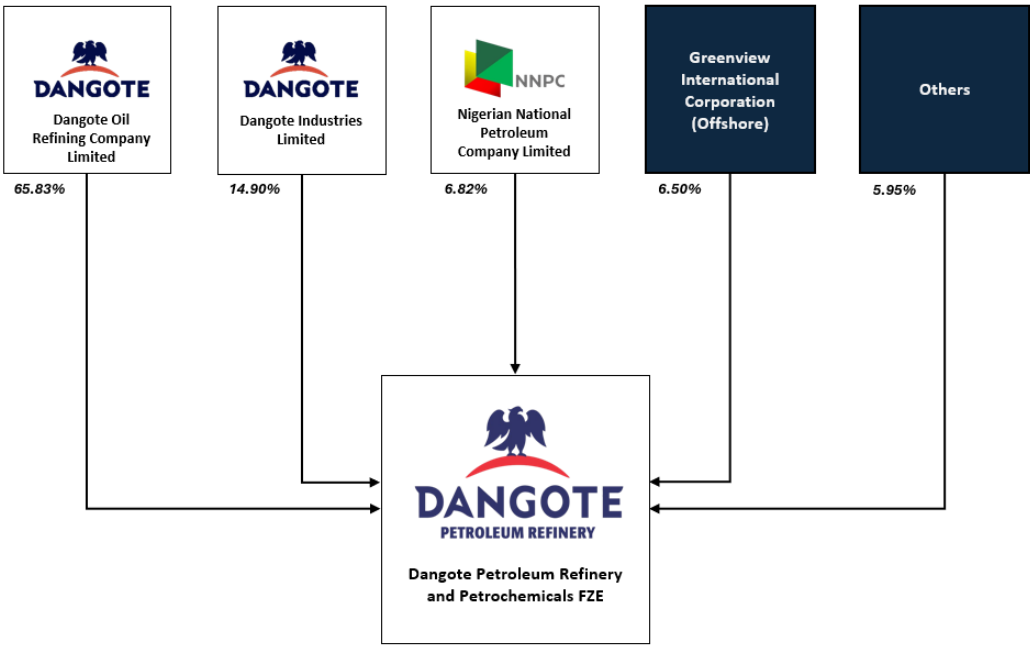
Aliko Dangote first announced the project in 2013 and advanced site preparation and construction at the Lekki Free Zone from 2016, on a total investment of c.US$20bn. The complex was commissioned in May 2023, received its first crude cargo in December 2023, and began producing diesel and jet fuel in January 2024, followed by PMS in September 2024. It reached full nameplate capacity of 650kbpd in February 2026, which the company describes as a first for a modern merchant refinery of its scale.

DPRP addresses a long-standing feature of the Nigerian economy in which the country exported crude while importing the bulk of its refined products, a pattern that weighed on foreign exchange reserves and the trade balance. By refining at scale domestically, DPRP is positioned to displace a substantial share of those imports and move Nigeria toward a net-exporter position in refined products. Output already reaches Ghana, Cameroon, Ivory Coast and other regional markets, alongside exports to Europe.

DPRP plans to raise capacity to 1.40mbpd through a second crude processing unit at the Lekki site, with completion guided by 2028 year-end. On completion, the expansion would place DPRP among the world's largest refining and petrochemical sites by capacity, surpassing Reliance's Jamnagar complex. Phase 2 also includes an upgrade in on-site power generation and further improvements to the product slate.

DPRP sits within Dangote Industries Limited (DIL), a diversified industrial group with operations across 17 African countries spanning cement, sugar, salt, fertiliser, packaging and logistics. Its NGX-listed affiliates include Dangote Cement Plc, Dangote Sugar Refinery Plc and NASCON Allied Industries Plc, with Dangote Cement ranking among the exchange's most valuable companies. In our view, this lineage matters for the investment case as DIL has a demonstrated record of financing, constructing and operating large-scale industrial assets in Nigeria, which lowers execution risk on the refinery's ramp-up and planned expansion relative to a standalone operator. Dangote Oil Refining Company Limited is the largest shareholder with a c.66% stake.

DPRP's Shareholding Structure



Source: DPRP Filings, Chapel Hill Denham Research

DPRP sits on Nigeria's Atlantic coast in the Lekki Free Zone, with direct maritime access to West and Central African markets, Europe, and transatlantic routes. **The freight advantage into the region is significant as supplying West African markets from DPRP typically takes 2-5 days versus 14-20 days from European refiners.** The Free Zone framework layers commercial benefits on top of location, providing customs flexibility, unrestricted foreign exchange access, and preferential tax treatment as a Free Zone Enterprise. Together, location and regulatory framework give DPRP structural cost advantages over competing supply routes into its target markets.

Strategic siting of the Dangote refinery reflects global best practices in refinery placement

Source: Chapel Hill Denham Research

Specification	DPRP Value	Benchmark/Context
Nameplate capacity	650kbpd (up to 700kbpd); 1.4mbpd by 2029	Largest single-train CDU globally
Nelson Complexity Index	11.5	EM peer weighted average - 8.9
Petrochemicals	830ktpa polypropylene; 77ktpa elemental sulphur	Internal RFCC propylene feedstock
Clean fuels	92% production capacity	Capacity for Euro V PMS up to 55% of refined output
Site area	2,635 hectares	2–3x larger than other world-scale refineries
Power	570 MW dedicated	Self-sufficient, off-grid
Marine	5 SPM buoys (2 crude intake, 3 product export)	Accommodates the world's largest carriers including VLCCs
Storage	4.75bn litres (2.00bn - crude /1.45bn - refined/1.30bn - intermediate)	Among the largest single-site storage capacities globally
Logistics	10,000 trucks, 11 gantries/ 94 bays, loads at a speed of 10,000 m³/hr	High-throughput distribution

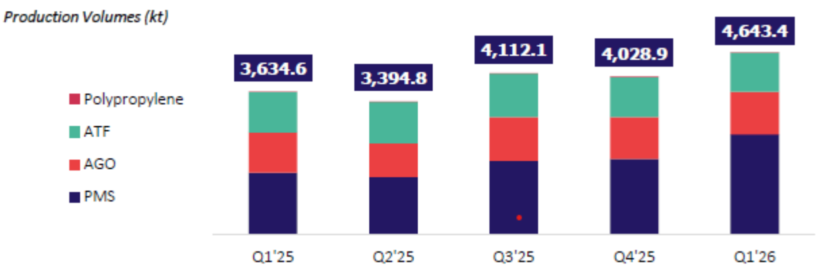
Source: DPRP Filings, Chapel Hill Denham Research

The complex configuration supports a structurally wider refining margin than a simpler plant of comparable scale. The Nelson Complexity Index of 11.5, against an emerging-market peer average of 8.9, reflects greater capacity to convert heavier, lower-cost crude into premium high-margin products while minimising low-value residue. The fuels slate is oriented toward high-specification output, with 92% of capacity directed to clean fuels and gasoline output meeting Euro V specifications, pre-empting tightening regional emissions standards.

Beyond fuels, the petrochemical complex broadens the revenue base and adds a second, structurally more stable earnings stream. Current polypropylene capacity of 830ktpa is supplemented by 77ktpa of elemental sulphur, recovered as a byproduct of the deep desulphurisation required to meet Euro V fuel specifications. The polypropylene margin economics are distinctive. Propylene, one of the RFCC's product streams, is recovered internally as feedstock, so incremental polypropylene revenue is generated without a proportionate increase in crude input cost. This effectively makes polypropylene a byproduct margin on the crude already bought to produce fuels. The line is insulated from crude price volatility on the input side, though it remains exposed to polymer price cycles on the output side. Polypropylene demand across packaging, textiles and consumer goods is expected to remain durable in emerging markets, supporting an earnings stream less directly exposed to transportation electrification than the fuels business.

Storage depth reinforces margin resilience by buffering the operation from crude delivery disruption and seasonal demand swings. Total storage capacity of 4.75bn litres is designed to hold approximately 17 days of full-utilisation crude processing requirement in tankage. Severe supply shortages can still force operational adjustments, but the storage buffer materially reduces the frequency and duration of downtime events.

Growing throughput supported by a diversified and improving product mix

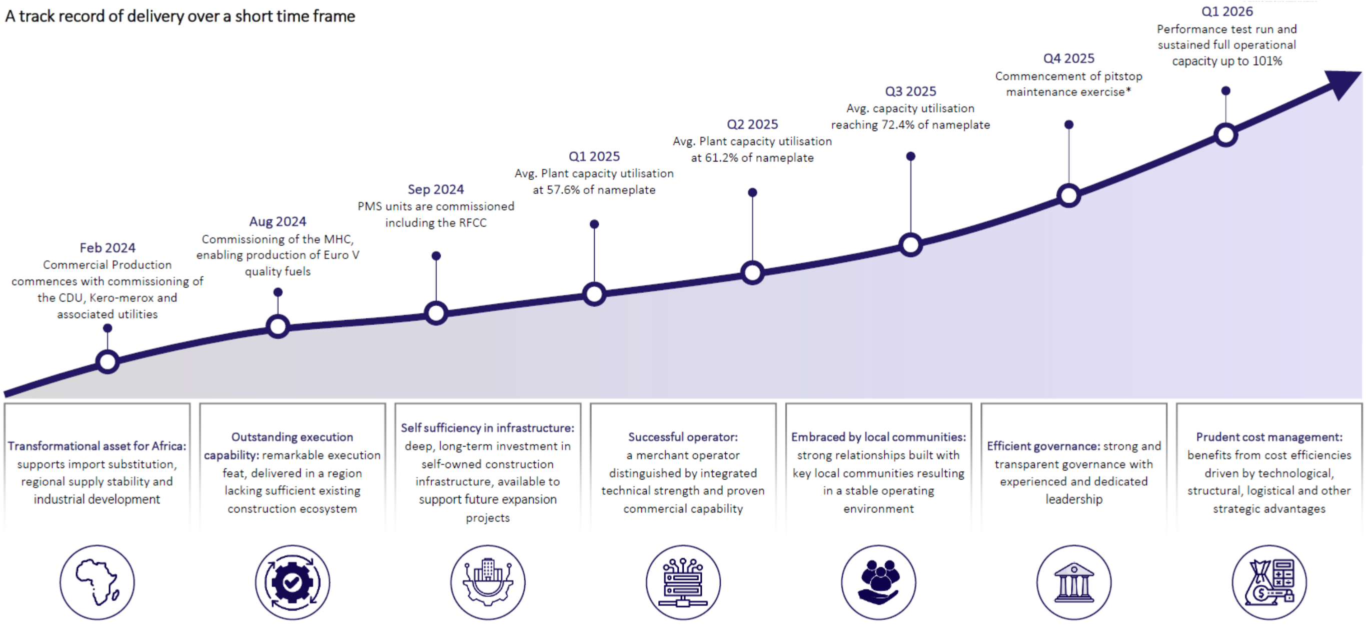


Contribution					
PMS	43.5%	43.4%	45.7%	47.9%	55.1%
AGO	28.1%	25.2%	27.2%	26.5%	23.3%
ATF	28.4%	31.1%	26.9%	25.2%	21.4%
Polypropylene	0.0%	0.3%	0.2%	0.4%	0.2%

Source: DPRP Filings, Chapel Hill Denham Research

Production volume rose 27.8% yoy to 4,643.4kt of saleable output in Q1-26, though with some sequential volatility during the ramp. The product slate shifted materially between Q1-25 and Q1-26, with PMS's share of production rising to 55.1% from 43.5% while AGO and ATF compressed, consistent with regional demand where PMS has drawn the strongest netbacks. Polypropylene contributed just 0.2% of Q1-26 volume, so the petrochemical complex is currently a capacity story rather than an earnings contributor. We view margin upside from this line as contingent on both the ramp toward the 830ktpa nameplate and the polymer price environment.

A track record of delivery over a short time frame



Source: DPRP Filings, Chapel Hill Denham Research

Crude and feedstock sourcing

DPRP operates as a merchant refinery, meaning it is not tied to an integrated upstream producer and optimises its feedstock mix across multiple crude grades to protect margin. Crude is sourced through three channels: the Naira-for-crude arrangement with NNPCL, Nigerian spot purchases, and international imports. According to management, in FY-24 and FY-25, imports averaged approximately 30% of processing requirement, with management targeting 40% and beyond as part of a deliberate diversification strategy.

Channel	Approximate share	Note
Crude-for-Naira allocations	30-35%	Naira-settled domestic crude
Spot purchases, other Nigerian grades	c.25%	International market
Imported non-Nigerian crude	30-40%	International suppliers

Source: DPRP Filings, Chapel Hill Denham Research

This multi-channel structure has supported utilisation year-to-date, buffering the operation against known shortfalls in NNPC's delivery relative to contractual ceiling. As discussed earlier in the note, the Naira-for-crude arrangement provides a natural hedge against domestic FX exposure, since Naira-denominated crude payments partially offset Naira-denominated domestic product sales. Residual FX exposure remains through the international crude channel, but we treat it as a secondary rather than primary swing factor in our margin assumptions.

Business Model and Refining Economics

A refinery creates value by converting a single raw input, crude oil, into a slate of products worth more in aggregate than the crude itself. That uplift, the gross refining margin between crude cost and combined product value, is the economic heart of the business and the starting point for understanding DPRP's economics.

The process runs in three stages. Distillation separates the barrel by boiling point into light products, middle distillates and heavy residue. Conversion units then break the low-value residue into additional high-value light products, and this is where a *complex refinery* earns its premium: the more of each barrel it moves up the value ladder rather than leaves as residue, the higher its margin per barrel. Treatment finally strips sulphur and other impurities so the fuels meet export-grade specifications. DPRP's configuration is built to maximise light-product yield, anchored by the Residue Fluid Catalytic Cracker (RFCC) for residue upgrading, alongside hydrocracking, alkylation and reforming units for further product enhancement. This is what the Nelson Complexity Index of 11.5 reflects, against an emerging-market peer average of 8.9.

The product slate

DPRP produces the full range of refined products, but they differ markedly in value, demand and margin character. The table below sets out the core slate and what drives each product's economics.

Product	Description	Demand driver	Margin character
Premium Motor Spirit (PMS)	Light fuel for spark-ignition engines	Road transport, off-grid generation	Highest-volume domestic product; the mix DPRP is tilting toward
Automotive Gas Oil (AGO)	Middle distillate for compression engines	Freight, industry, power generation	Strong, often higher margin than PMS; tracks industrial activity
Aviation Turbine Fuel (ATF, Jet fuel)	Kerosene-range aviation fuel	Air travel and cargo	c.90% export; premium specification; the no. 2 revenue line at 26.2%
Polypropylene	Polymer from RFCC propylene	Packaging, textiles, consumer goods	830ktpa capacity (to 2.4mtpa by 2030)
Carbon Black Feedstock	Heavy aromatic residual oil	Tyre, rubber and ink manufacturing	585ktpa; low-value heavy stream, 100% domestic
Reduced Crude Oil (RCO)	Atmospheric distillation residue	Transitional; upgraded internally as units ramp	Heavy bottom, 100% export; yield phases to zero by FY2028
Sulphur	Byproduct of deep desulphurisation	Fertiliser and industrial chemicals	Byproduct economics at 77ktpa

Source: DPRP Filings, Chapel Hill Denham Research

DPRP also sells small volumes of LPG and propane (together c.0.3% of Q1-26 revenue). These are not modelled as standalone forward revenue lines, as propane is expected to be increasingly consumed internally as feedstock for the polypropylene expansion.

The high-value fuels dominate the slate, with PMS, AGO and ATF together accounting for around 95% of Q1-26 revenue. Carbon Black Feedstock and Reduced Crude Oil (RCO) are the heavy residual tail that even a high-complexity plant produces and sells rather than fully converts. RCO phases to zero by FY-28E as the catalytic upgrading units convert it into higher-value light products. PMS is the highest-demand fuel in the Nigerian and West African markets, so concentrating the slate there improves realised margin per barrel relative to a more residue-heavy plant. Jet fuel skews almost entirely to export, where specification premiums and tighter global supply support a higher margin than domestic fuels, and it is DPRP's second-largest revenue line despite being sold abroad.

The crack spread

The headline measure of refining margin is the crack spread, the difference between the price of crude and the combined value of the products refined from it. The widely quoted benchmark is the 3:2:1 spread, representing the margin from processing three barrels of crude into two barrels of gasoline and one barrel of diesel. A refinery's actual margin departs from this benchmark based on its product slate and crude quality.

Three variables drive DPRP's realised spread. The first is crude cost, primarily a function of Brent price and grade differentials, with the Naira-for-crude arrangement providing a natural hedge on the domestic FX leg. The second is product price, driven by regional cracks that vary by product and geography. The third is product mix, where DPRP's tilt toward PMS, AGO and ATF lifts realised value per barrel relative to a more residue-heavy plant. Crack spreads are also sensitive to shocks outside the refinery's control. Wars, sanctions, pipeline and shipping disruptions, and competitor outages can open or compress margins sharply, as demonstrated by the disruption of the Strait of Hormuz when middle-distillate cracks reached record levels.

Global Refining Landscape

The global refining industry converts crude into transport fuels, heating and industrial fuels, and petrochemical feedstocks. These products remain essential to transportation, aviation, shipping and chemical manufacturing, and refining sits at the centre of the energy value chain. Installed global refining capacity stood at approximately 105.7mb/d in 2024 and is forecast to reach 108.3mb/d by 2030. Actual throughput runs well below capacity. Following disruption to Middle East supply and periodic restrictions on the Strait of Hormuz, the IEA's May 2026 report cut 2026 crude throughput by 1.6mb/d to 82.3mb/d, with global supply down 3.9mb/d to 102.2mb/d against demand of 104.0mb/d, implying material inventory drawdown to bridge the gap. We view the resulting tightness and the record middle-distillate cracks that accompanied it as a geopolitical shock rather than a structural shift. The same source had projected a market surplus as recently as January 2026, reinforcing our view that the current tightness is event-driven rather than persistent.

The industry has a distinct geographic distribution. Asia-Pacific is the largest refining region at c.38.8mb/d, followed by North America at c.22.2mb/d and Europe at c.14.5mb/d. China and the United States dominate at approximately 18.5mb/d and 18.3mb/d respectively, together accounting for more than a third of world capacity. India, at 5.8mb/d and expected to reach 6.8 mb/d by 2030, is among the main growth markets. Over the past decade the centre of gravity has shifted toward Asia and the Middle East, where domestic demand growth, export access and large-scale investment have supported new capacity.

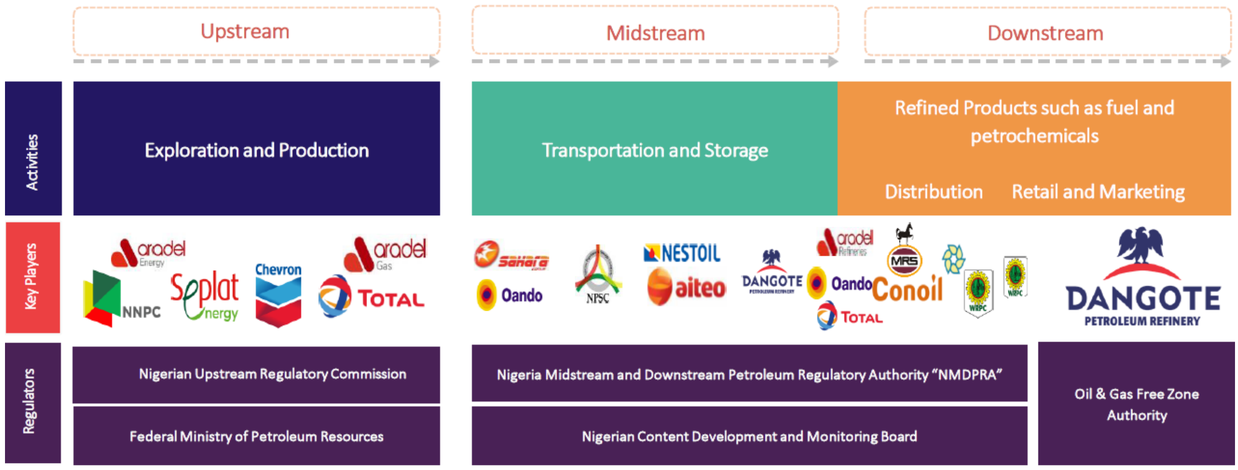
Several structural trends are shaping the sector. Capacity continues to migrate toward Asia and the Middle East while parts of Europe and North America face closures and limited reinvestment. Refiners are integrating petrochemical production to capture chemicals and plastics demand growth. Complexity continues to rise, improving yields and margin capture. The energy transition is expected to erode long-term demand growth for transport fuels, particularly gasoline, even as jet fuel and petrochemical feedstocks prove more resilient. On the IEA's view, capacity expands by a net c.2.5 mb/d between 2024 and 2030, with 4.2 mb/d of additions partly offset by 1.6 mb/d of closures. Against demand growth, this implies capacity outpacing demand and continued pressure on older, less efficient plants in mature markets.

Africa accounts for a small share of global capacity but has become materially more important with the commissioning of DPRP. At 650kbpd of nameplate capacity (now re-rated to 700kbpd), DPRP operates one of the world's largest crude distillation unit and is the largest refinery in Africa. It is positioned to reduce Nigeria's dependence on imported fuels and to lift refined-product exports across the region, reshaping West African fuel trade flows. The competitive landscape is dominated by national oil companies, integrated majors and large private refiners, including Sinopec (the world's largest refiner by aggregate capacity), Saudi Aramco, ExxonMobil, Reliance and the large US independents. On completion of the planned second unit, DPRP's crude capacity of around 1.4mbpd would place it among the largest refining complexes globally and surpass Reliance's Jamnagar complex, the current leader by single-site crude capacity. Jamnagar operates at a materially higher complexity index, so the comparison is one of scale rather than configuration.

We highlight that the global refining fleet is ageing, with North American and European refineries averaging 50-70 years. Many operate below a Nelson Complexity Index (NCI) of 10.0 and generate single-digit EBITDA margins. By contrast, DPRP was commissioned in 2023 and combines a high-complexity configuration (NCI of 11.5) with a Q1-26 EBITDA margin of 24.6%, reinforcing its competitive advantage through lower costs, a superior product slate and stronger profitability.

Nigeria Oil & Gas Landscape

Nigeria's petroleum industry spans three segments: upstream exploration and production, midstream transportation and storage, and downstream refining, distribution and marketing. DPRP operates in the downstream segment, within a regulatory environment defined by the Petroleum Industry Act (PIA), enacted on 16 August 2021. The table below sets out the segment structure, principal operators and regulators for each.



Source: NUPRC, NMDPRA, PIA, DPRP Filings, Chapel Hill Denham Research

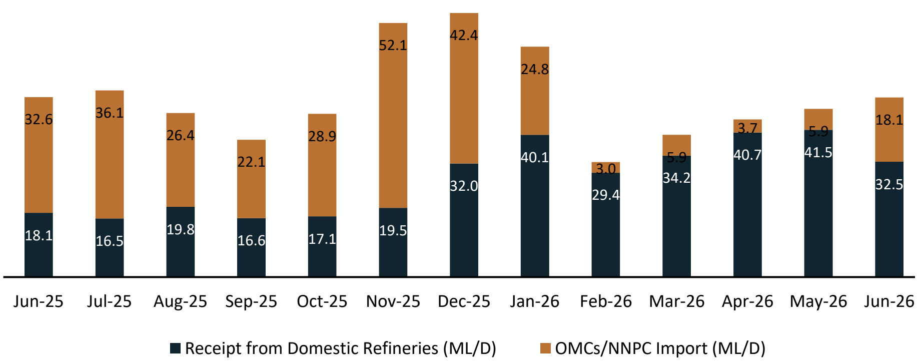
Petroleum Industry Act

The PIA consolidated and replaced the legislation that had governed the sector for decades, resetting its fiscal, governance and regulatory architecture. Its most consequential structural feature is the institutional separation of the value chain where the upstream activities fall under Nigerian Upstream Petroleum Regulatory Commission (NUPRC), while midstream and downstream activities, including refining, fall under the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA). The Act also requires operators spanning multiple segments to incorporate separate legal entities for each, absent a formal exemption. DPRP is therefore regulated as a downstream entity under NMDPRA.

Three provisions bear directly on DPRP's economics. First, the deregulation of petroleum-product pricing removed the administered-price regime and opened PMS and AGO to market-driven pricing, the precondition for domestic refining to be commercially viable. Second, the domestic crude supply obligation under Section 109 requires upstream producers to allocate a portion of their crude to local refineries before export, supporting feedstock access for refiners such as DPRP. Third, the Act empowers the regulator to restrict petroleum-product imports where domestic refining capacity can demonstrably meet national demand, a provision intended to shield domestic refiners from cheaper imported product.

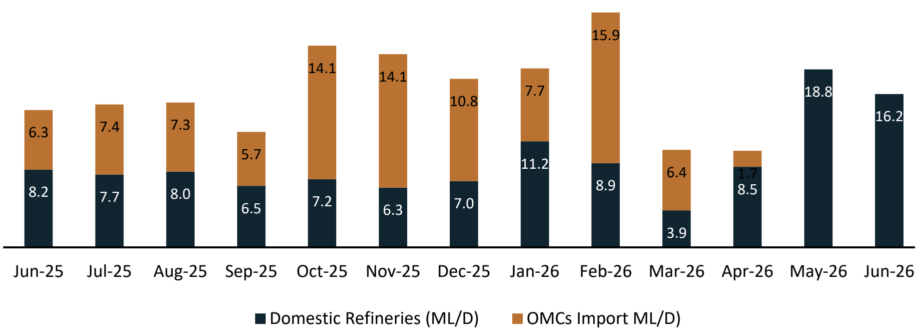
In our view, DPRP is the most consequential test of how these provisions work in practice, because the Act aims to liberalise the market and seeks to protect domestic refiners, and those aims can conflict. That tension has already surfaced in litigation. In 2024, DPRP brought proceedings against NMDPRA and NNPC Limited seeking to nullify import licences issued to rival marketers, arguing that the regulator had contravened the import-restriction provisions, Sections 317(8) and (9), by licensing imports while domestic capacity was available. The regulator countered that DPRP's output had not yet met national sufficiency requirements. We highlight that the direction of travel is nonetheless clear. Domestic PMS supply rose to 32.5ML/D in June 2026 from 18.1ML/D in June 2025, with the domestic share of total supply moving to c.64% from c.36% over the period. AGO shows an even sharper transition, with imports falling to zero by May 2026 as domestic refineries supplied the entire 16.2ML/D of daily consumption.

Daily Supply of PMS



Source: NMDPRA, Chapel Hill Denham Research

Daily Supply of AGO



Source: NMDPRA, Chapel Hill Denham Research

Nigeria Refining Landscape

Nigeria's downstream sector is undergoing its most consequential transformation in over five decades. The convergence of subsidy removal, full deregulation of product pricing and the arrival of a world-scale private refinery, set against the protracted underperformance of the state-owned plants, has reordered the country's refining and fuel-supply architecture. We view the landscape in three tiers: a dominant private anchor, chronically underperforming state assets, and a modular segment that remains operationally marginal.

Refinery	Ownership	Nameplate (kbpd)	Status	Utilisation (Apr-26)
Dangote (DPRP)	Dangote Industries	650 (re-rated: 700)	Operational, at/above nameplate	99%
Port Harcourt (PHRC)	NNPC	210	Shut down	N/A
Warri (WRPC)	NNPC	125	Shut down	N/A
Kaduna (KRPC)	NNPC	110	Shut down	N/A
Escravos GTL	Chevron/NNPCL	33	Operational (gas-to-liquids)	N/A
Azikel	Azikel Petroleum	12	Under development	N/A
Aradel	Aradel Holdings	11	Operational (modular)	33.90%
Waltersmith	Waltersmith	5	Operational (modular)	56.10%
Duport/Edo	Duport Midstream	2.5	Operational (modular)	79.20%
Brass	Proposed	Export-scale	Under development	N/A

Source: NUPRC, NMDPRA, DPRP Filings, Chapel Hill Denham Research

DPRP is the dominant player in Nigeria's refining sector across all key operating metrics. With a nameplate capacity of 650kbpd, re-rated to 700kbpd, it accounts for approximately 59.4% of the country's installed refining capacity and remains the only large-scale domestic producer of PMS. In June 2026, a process licensor performance test confirmed throughput of 700kbpd, exceeding its design capacity and underscoring operational efficiency.

The macroeconomic footprint is already measurable. Nigeria's refined petroleum product import bill fell by 28.9% yoy to US$10.00bn in 2025 a decline the Central Bank attributed directly to the start of domestic PMS production at DPRP. On the export side, DPRP generated approximately US$5.85bn in refined-product exports in 2025, a line item that barely existed beforehand, contributing to a goods-account surplus of US$14.51bn against US$13.17bn in 2024.

The state-owned plants

Nigeria's three state refineries represent a combined installed capacity of 445kbpd, none of it reliably operational. Under approvals granted in 2021 the government committed approximately US$3.0bn across the three sites: US$1.5bn for Port Harcourt, US$897m for Warri and US$586m for Kaduna. Despite mechanical-completion milestones on Port Harcourt's 60 kbpd unit in 2023 and Warri in 2024, both ran only briefly after a late-2024 relaunch before shutting again by May 2025. In November 2025 NNPC's Group Chief Executive publicly acknowledged that all three operate below international standards and cannot match DPRP on product quality, and the corporation set a June 2026 deadline to select private technical partners to take over their management.

The modular segment

The privately owned modular refineries, Aradel, Waltersmith and Duport among them, remain operationally marginal, running at low utilisation and producing mainly diesel for local supply. Their relevance is directional rather than significant as they demonstrate the viability of smaller-scale private refining, but their combined output is negligible beside DPRP. Several further projects, including Azikel and Brass, are yet to reach commercial operation.

Subsidy removal

The pivotal shift was President Tinubu's declaration on 29 May 2023 that the fuel subsidy was gone. According to the National Bureau of Statistics (NBS), PMS price increased by 164.5% to a national average of N671.86/litre from N254.06/litre in April 2023, the adjustment compounded by a Naira that lost more than 70% of its value against the dollar between June 2023 and early 2024. The removal corrected a fiscal distortion that had become unsustainable and, more importantly for DPRP, opened downstream pricing to market forces for the first time in decades.

Naira-for-crude

Introduced on 1 October 2024, the arrangement allowed local refiners, with DPRP as the pilot, to purchase NNPC crude in Naira rather than Dollars, easing the FX component of refinery input costs. The initial six-month scheme expired at end-March 2025 and, after a period of friction during which DPRP briefly suspended naira-denominated product sales citing a currency mismatch between crude costs and sales revenue, NNPC signed a fresh two-year supply agreement valid to 31 July 2027. From October 2024 to October 2025, 82mn barrels were allocated to the refinery, of which approximately 60% (49.3m barrels) settled under naira terms. We regard continuity of this arrangement as central to the economics of domestic refining.

The price war

Deregulation produced genuine price competition in what had been an administered market. From November 2024 DPRP initiated successive cuts to ex-depot petrol prices, forcing NNPC to follow, and by early 2025 Lagos pump prices had fallen toward N860 per litre. The dynamic also exposed consumers to global price cycles: DPRP's gantry price reached a low of N699 per litre in December 2025, partly reflecting cheaper Naira-denominated crude, before rising to N1,175 by March 2026 on higher international crude prices following Middle East supply disruption. In our view, that swing illustrates the degree of global price exposure now embedded in the system, with no fiscal subsidy left to provide a floor.

Import tariffs

In October 2025 the government approved a 15% import duty on petrol and diesel to shield domestic refiners, then reversed it within weeks, indicating in November 2025 that implementation was no longer in view following pushback from independent marketers and concern over consumer-price inflation. The episode captures the tension regulators must continue to manage between protecting domestic refining capacity and preserving the competitive pressure that anchors pump prices. As DPRP scales and the 1.4 mbpd expansion advances, import protection becomes simultaneously more valuable to producers and more contentious for consumers.

SWOT Analysis

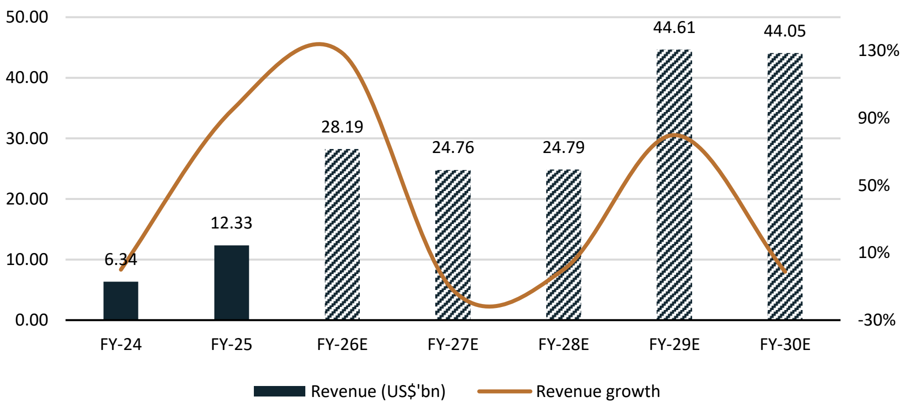
Strengths	Weaknesses
▪ **World-scale refining capacity:** Operates the world's largest single crude distillation unit at 650kbpd nameplate, re-rated to 700kbpd on 2026 performance test. ▪ **Configuration complexity:** Nelson Complexity Index of 11.5 versus emerging-market peer average of 8.9, supporting premium yield and stronger margin capture per barrel. ▪ **Utilisation**: 86.0% average daily capacity utilisation in H1-26, indicating strong post-ramp operating performance. ▪ **Petrochemical revenue diversification:** 830ktpa polypropylene capacity plus 77ktpa sulphur byproduct from desulphurisation, adding earnings streams less correlated with fuel cracks. ▪ **Energy self-sufficiency:** 570MW dedicated captive power plant, insulating operations from grid instability. ▪ **Logistics infrastructure:** 5 SPM marine buoys (including VLCC-capable), 4.75bn litres of storage, and direct offshore access without third-party terminal congestion. ▪ **Location:** Lekki Free Zone provides Atlantic Basin freight advantage into African markets, USD export revenue retention, and preferential Free Zone Enterprise tax treatment.	▪ **Single-train risk:** Revenue interruption risk during CDU maintenance, with no parallel redundancy until Phase 2. ▪ **RFCC availability:** Primary PMS-producing unit subject to intermittent outages, capping yield from the highest-margin product stream. ▪ **Contractual NNPCL dependency:** SPA covering up to 385kbpd, though actual deliveries have run at approximately 43% of the contractual ceiling, requiring spot substitution and exposing DPRP to Nigerian and international crude price volatility. ▪ **Product distribution constraints**: Poor domestic road infrastructure, NMDPRA and Navy clearance delays, and vessel size limitations at some export ports constrain product movement speed. ▪ **Supply chain finance exposure**: Crude supplier payment terms via supply chain finance arrangements carry facility-suspension risk under stress scenarios.
Opportunities	**Threats**
▪ **Phase 2 expansion**: Expansion to 1.4mbpd by FY-28, second 700kbpd train underway set to become world's largest single-location refinery. ▪ **Petrochemical value-chain extension:** Planned 400ktpa LAB plant from FY-30E deepens exposure to detergent and industrial cleaning products, with import substitution potential across West African markets. ▪ **Regional term supply agreements:** Management strategy to convert current spot exports into multi-year Pan-African supply agreements with countries such as Ivory Coast, Ghana and Cameroon. ▪ **African fuel import substitution**: Import reduction potential continent wide creates a vast captive market. ▪ **IPO on NGX**: Broadens investor base and provides growth capital. ▪ **Export ramp momentum**: Twelve product cargoes delivered to five African nations, plus a maiden US gasoline export completed in February 2026, demonstrate that DPRP has moved beyond domestic supply into credible international offtake.	▪ **Geopolitical shock recurrence:** The Strait of Hormuz disruption demonstrated DPRP's exposure to global crude price spikes and freight cost inflation on the c.30% of crude sourced internationally. ▪ **Import protection instability:** The 15% import duty introduced in October 2025 was reversed within weeks, illustrating political fragility of tariff protection for domestic refining. ▪ **Political cycle risk:** The 2027 election could reintroduce price interventions, regulatory reversals and subsidy re-introduction cycles. ▪ **PIA amendment risk:** Proposed changes to the Petroleum Industry Act could alter Domestic Crude Supply Obligation (DCSO), fiscal terms or import restriction provisions. ▪ **Security and sabotage:** Vandalism, sabotage or cyber-attacks on the complex or distribution routes could disrupt operations. ▪ **Middle Eastern and Asian export refiner competition:** Global refining capacity migrating toward Asia and the Middle East could compress export cracks over the medium term. ▪ **Energy transition acceleration:** Faster-than-projected EV penetration in European export markets could compress long-term refined fuel demand. ▪ **Litigation overhang:** DPRP's ongoing challenge to NMDPRA import licences creates regulatory uncertainty ahead of the IPO.

Source: Chapel Hill Denham Research

Financial Analysis

DPRP's revenue grew by 94.6% yoy to US$12.33bn in FY-25, driven by the ramp up of the complex from first crude toward nameplate capacity amid rising throughput and an expanding product slate. For context, capacity utilisation rose to 63.1% in FY-25 from 34.6% in FY-24, with throughput climbing to 410kbpd from 225kbpd. In terms of contribution to revenue, PMS, ATF and AGO accounted for 40.0%, 23.7% and 22.4% respectively, reflecting a product mix skewed towards high-value transport fuels and gross refining margin expanded by 28.0% yoy to US$13.7/bbl. In H1-26, revenue increased by 150.0% to US$13.91bn and we project that revenue will grow by 128.7% yoy to US$28.20bn in FY-26E, driven by a 91% utilisation rate on 700kbpd capacity, at a gross refining margin assumption of US$28/bbl. We highlight that FY-26E carries an element of margin-inflated pricing from the Middle East tension, which is expected to normalise in later years.

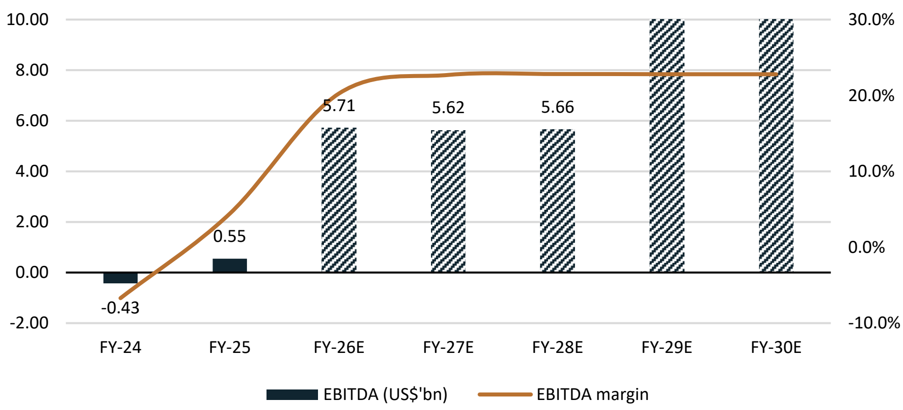
Revenue growth to double in FY-29E following completion of Phase 2



Source: DPRP Filings, Chapel Hill Denham Research

EBITDA recovered to US$545.33mn in FY-25 from -US$425.11mn in FY-24, driven by robust revenue as discussed above. As a result, EBITDA margin recovered to 4.4% in FY-25 and as reported by management, is at 18.7% in H1-26. We believe this feat was achieved because of the increase in utilisation rate to 86.0% in H1-26 (vs. 63.1% in FY-25), evidencing the operating leverage available as the plant scales. This is further reflected in the cost of sales as a percentage of revenue ratio, which fell to 82.1% in H1-26 from 98.1% in FY-25. Going forward, we expect DPRP to sustain margin expansion in FY-26E, with EBITDA growth of 10.5x to US$5.71bn and an EBITDA margin of 20.3%, supported by a 91% utilisation rate, elevated product prices and a cash operating cost of US$2.79/bbl.

EBITDA margin to be sustained around low 20's

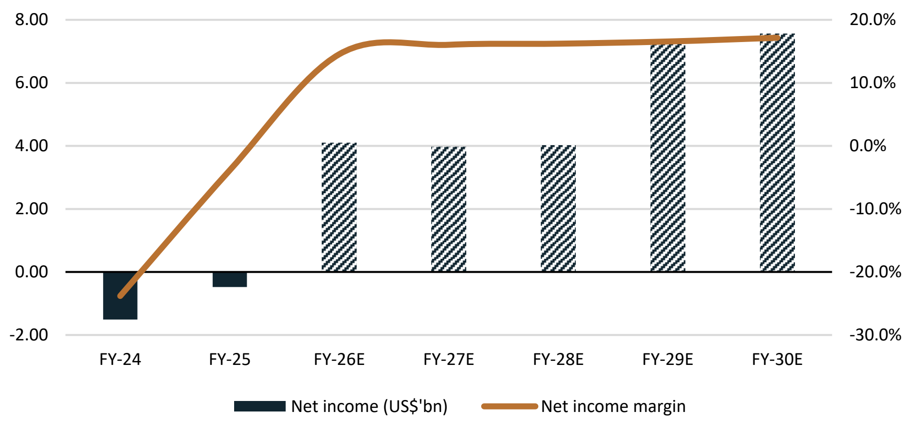


Source: DPRP Filings, Chapel Hill Denham Research

We note that DPRP recorded a loss after tax of US$475.81mn in FY-25, narrowing from a loss after tax of US$1.51bn in FY-24, with both years reflecting ramp-up economics rather than structural impairment as the completed asset carried its full fixed cost and financing burden at a low utilisation. Also, FY-25 absorbed a one-off US$88.34mn impairment charge on expected credit loss, which we believe to be non-recurring at that magnitude.

In H1-26, DPRP recorded a profit after tax of US$1.82bn (vs. loss after tax of -US$0.28bn). We highlight that DPRP recorded no derivative loss or gain in H1-26 as losses on commodity hedging instruments are offset by corresponding gains on an intercompany derivative with DIL, which acts as the group centralised treasury entity for derivative risk transfer. Accordingly, reported margins are presented net of commodity price hedging outcomes that are borne at group level. We highlight that in H1-26 the third-party position was a loss of US$0.41bn, such that the arrangement operated in DPRP's favour over the period. DPRP recorded an effective tax rate of 13.6% in H1-26. We note that the Company's applicable tax rate remains zero, reflecting its continuing status as a licensed Free Zone Enterprise. However, the charge arises instead from the 15.0% minimum effective tax rate introduced under the Nigeria Tax Act, which applies to constituent entities of qualifying multinational enterprise groups irrespective of export orientation. The residual charge comprises development levy of US$0.63mn and deferred tax of US$10.00mn. We note that the effective rate sits below the 15.0% headline because the assessable base is reduced by adjustments for doubtful debt provisions, unrealised foreign exchange differences and interest restriction. Looking ahead, we forecast an effective tax rate of 13.6% in FY-26E and 15.0% thereafter, as these timing differences unwind, and we forecast a profit after tax of US$4.10bn in FY-26E.

Profitability supported by ramp up of the complex



Source: DPRP Filings, Chapel Hill Denham Research

DPRP’s leverage ratio (net debt/EBITDA) stood at an elevated level as at FY-25, as the completed asset carried the debt of its construction while EBITDA ramped up. For context, total debt rose by 179.8% yoy to US$6.24bn in FY-25. This increase reflects the novation of US$3.99bn of intercompany advances from Dangote Industries into a formal interest-bearing loan rather than fresh borrowing, while bank debt increased slightly by 1.1% yoy to US$2.26bn. The capital structure was changed in H1-26. Total debt declined 9.3% to US$5.67bn as at 30 June 2026, as the Company repaid the US$3.99bn DIL/NITRO intercompany facility in full and reduced bank borrowings to US$1.66bn, offset by the drawdown of the US$4.00bn syndicated facility (Project CoreShift). The debt structure now comprises the CoreShift facility, classified as non-current, and US$1.66bn of working-capital bank facilities. Concurrently, DPRP raised US$2.71bn of fresh equity, comprising US$234.35mn from a share issue and US$2.48bn in deposits for shares, while converting the US$6.00bn deposit outstanding at end-FY-25 into share capital and premium. Total equity consequently rose 74.3% to US$10.63bn. DPRP raised US$750.00mn from the international capital markets through a five-year bond priced at 7.50% without a prospectus or public credit rating at a spread of c.50bps over a similar FGN maturity. We view this as a strong market signal. Looking ahead, we forecast a steady improvement in leverage ratio to 0.4x by FY-26E, peaking at c.1.1x in FY-28E due to the US$5.20bn planned capex as part of Phase 2's expansion in FY-28E. Nevertheless, the ratio remains below the CoreShift covenant ceiling of 2.5x to 3.5x. Additionally, net cash from operations was positive US$1.20bn in FY-25 from -US$2.61bn in FY-24, against a capital expenditure of US$112.13mn, implying a positive free cash flow of US$1.09bn. We project that free cash flow will compress through FY-27E to FY-28E as the US$12.40bn expansion is deployed, before accelerating materially from FY-29E as the expanded complex contributes to throughput. Management has guided to a payout ratio of 30.0% through the construction period, rising to 50.0% post-ramp, which we apply in our forecast.

Risks to Expectations

Operational risks that threaten our utilisation and margin assumptions. DPRP is a single-train complex, so a major unplanned outage on the crude distillation unit interrupts revenue entirely, with no parallel redundancy until Phase 2 commissions in FY-29E. While the company cites that downstream units such as the MHC, NHT, CCR and ISOM run independently of the CDU, and the expansion underway as key mitigants, we consider it a risk while the asset remains single-train. Our forecast assumes utilisation above 90% through the single-train period and a single extended outage would breach that assumption directly. The related exposure is the Residue Fluid Catalytic Cracker (RFCC), the 204kbpd unit that produces the highest-margin product, PMS. The company acknowledges intermittent outages on this unit and points to alternative PMS pathways providing about 95kbpd during downtime, but that is 53.4% lower than the unit's contribution, so a sustained RFCC problem caps yield from a product our margin case leans on. We treat operational reliability as the primary risk to the utilisation and product-mix assumptions behind our GRM forecast.

Policy and pricing risks that threaten our domestic margin. DPRP's pricing advantage against imports priced at benchmark plus freight plus premium depends on the domestic pricing environment holding. We highlight that fuel policy in Nigeria is politically sensitive and, with the next general election due in 2027 and fuel pricing a recurring issue, the risk of price intervention or subsidy re-introduction rises into the cycle. While the NNPCL 6.82% stake and the view of the complex as a national strategic asset are key mitigants, we view this as a genuine risk. A return to administered pricing would distort the entire downstream margin structure our forecast assumes.

Feedstock and FX risks that threaten our cost line and our reported earnings. Crude accounts for c.90% of cost of sales, so any deterioration in feedstock terms hits the largest line item. The Naira-for-crude supply and purchase agreement (SPA) with NNPCL for up to 385kbpd reduces the currency mismatch, but according to management, actual deliveries have run at approximately 43% of the contractual ceiling, with the balance sourced from international markets. We note that the arrangement's value lies in currency matching since NNPCL prices domestic cargoes against international benchmarks. Accordingly, we view greater reliance on international barrels as a currency exposure. Consequently, we treat crude-sourcing reliability as a genuine swing factor and note that non-renewal of the SPA on expiry in July 2027 would push DPRP more heavily onto USD-settled cargoes. On FX, residual exposure remains on the international crude channel and the proposed USD-denominated dividend distributions.

Margin risk from the global refining cycle. Our forecast carries an export component, and refining capacity additions across the Middle East, India and China could compress export cracks over the forecast horizon. Management's expectation is that the strength of the domestic market will absorb the bulk of output. In our view, that expectation holds but does not cancel the risk of global capacity additions weighing on export-driven margin.

Geopolitical backdrop, which cuts both ways. The H1-26 Strait of Hormuz disruption has been severe and unstable, with repeated partial reopenings and re-closures through the year and Brent spiking well above US$100/bbl at the peaks. DPRP is structurally less exposed than most refiners, because it sources the majority of its crude domestically and from the Atlantic Basin rather than the Gulf, and its large crude storage provides a buffer. The disruption has been largely positive for the complex through the crack-spread widening it produced, which flattered the Q1-26A GRM of US$33.7/bbl. That tailwind will compress as the market normalises, alongside the input-cost pressure that sustained high oil prices would bring.

Execution and balance sheet risks on Phase 2. While we view Phase 2 execution risk as materially lower than Phase 1 given the replica design and existing licensor agreements, the US$12.4bn programme still carries meaningful downside if the timeline slips or the funding mix draws more heavily on the balance sheet than planned. Delay in commissioning defers the earnings step-change we model from FY-29E and could compress dividend capacity. A higher-than-planned debt component would lift financing costs and pressure covenant headroom under the existing CoreShift facility, which has a staggered leverage covenant ranging between 2.5x and 3.5x net debt to EBITDA.

Tax regime transition risks compressing the FZE margin advantage. The Nigeria Tax Act replaces the historical blanket tax exemption for Free Trade Zone entities with a conditional framework. Full exemption is retained where an entity's sales derive wholly from exports, or where sales into the Nigerian customs territory do not exceed 25% of total sales. On that test alone, DPRP would not qualify, with domestic sales rising to 56.2% of revenue in H1-26 from 48.1% in H1-25, and so exceed that threshold. The H1-26 accounts nonetheless disclose an applicable tax rate of zero. DPRP’s present charge arises instead from the 15% minimum effective tax rate, which applies to constituent entities of qualifying multinational enterprise groups irrespective of export orientation. As a member of the Dangote Industries group, DPRP falls within scope regardless of its sales mix. The principal forward risk is the scheduled cessation, from 1 January 2028, of the exemption on customs territory sales. The Act empowers the President to extend that date by order for up to ten years from commencement, but the extension is discretionary. We regard the discretionary nature of the relief as the more significant consideration, as it leaves a material component of DPRP's earnings dependent on an administrative decision.

Valuation Analysis

We valued DPRP on a blended basis, weighting a discounted cash flow (50%), an EV/EBITDA multiple (25%) and a P/E multiple (25%). The DCF anchors the long-dated cash generation of the complex, with a 25-year-plus life, while the market multiples discipline that intrinsic value against how comparable refiners' trade. At this stage, and until the final share count is confirmed at listing, we express our conclusion as a fair equity value rather than a per-share target price, and we translate it to a per-share basis and a formal recommendation once the offer structure is set.

Discounted Cash Flow (DCF) Approach

Our discounted cash flow discounts unlevered free cash flow to FY-30E, at a weighted average cost of capital of 9.8%. We built the cost of equity from a 4.7% risk-free rate, referenced to the US 10-year bond, an equity risk premium of 4.5%, and a Nigerian country risk premium of 4.2%. We scaled the country premium to reflect that approximately half of DPRP's revenue is exported and Dollar-denominated, which reduces the company's exposure to domestic risk relative to a purely local business. Applying a relevered beta of 0.80 gives a cost of equity of 11.6%. The DCF returned a fair equity value of US$79.15bn.

WACC Inputs	
Beta	0.80
Risk free rate	4.7%
Equity risk premium	4.5%
Country risk premium	4.2%
Cost of equity	11.6%
After tax cost of debt	6.4%
Debt to equity ratio	54.9%
WACC	9.8%

DCF (US$'mn)	FY-26E	FY-27E	FY-28E	FY-29E	FY-30E
EBIT	5,241	5,151	5,185	9,202	9,073
Less: Taxation	(646)	(701)	(709)	(1,304)	(1,334)
NOPAT	**4,596**	**4,450**	**4,476**	**7,898**	**7,740**
Add: Depreciation	472	472	472	968	968
Change in working capital	(1,465)	(74)	(269)	(1,015)	354
Less: CAPEX	(2,300)	(4,900)	(5,200)	(1,400)	(1,100)
Unlevered cashflow	**1,303**	**(52)**	**(521)**	**6,451**	**7,962**
Discounted cashflow	**1,265**	**(46)**	**(420)**	**4,733**	**5,320**
WACC	9.8%				
Terminal growth rate	2.0%				
Terminal value	104,296				
Discounted terminal value	69,692				
Add: Sum of discounted cashflows	10,852				
Less: Net debt + minority	1,398				
Fair Equity Value	**79,146**				

Source: DPRP Filings, Chapel Hill Denham Research

Relative Valuation Approach

Our relative valuation applies a comparable refining peer set to DPRP's FY-26E and FY-27E earnings. On an adjusted peer average of 9.5x and 6.1x EV/EBITDA, we derive an average fair equity value of US$42.89bn and on 13.6x and 10.6x P/E, we derive US$48.94bn.

Relative Valuation	FY-26E	FY-27E
EBITDA (US$’mn)	5,713	5,623
Net Earnings (US$’mn)	4,101	3,972
Adjusted GEM Peers Average EV/EBITDA	9.5x	6.1x
Adjusted GEM Peers Average P/E	13.6x	10.6x
EV/EBITDA-derived Fair Value (US$’mn)	52,880	32,902
P/E-derived Fair Value (US$’mn)	55,775	42,102
EV/EBITDA-derived Average Fair Value (US$’mn)		42,891
P/E-derived Average Fair Value (US$’mn)		48,939

Source: DPRP Filings, Chapel Hill Denham Research

Weighted Target Value

Weighting the three methods, we arrive at a blended fair equity value of US$62.53bn.

Methodology	Weight	Weighted fair value
DCF	50%	39,573
EV/EBITDA Relative	25%	10,723
P/E Relative	25%	12,235
Fair Equity Value (US$’mn)		62,530

Source: DPRP Filings, Chapel Hill Denham Research

Roll Forward Valuation

We apply our implied 11.2x FY-26E EV/EBITDA multiple to our FY-29E and FY-30E EBITDA forecasts, isolating the value of Phase 2’s completion.

Roll Forward Valuation	FY-29E	FY-30E
EV/EBITDA Multiple	11.2x	11.2x
Forward EBITDA (US$'mn)	10,170	10,041
Net Debt (US$'mn)	2,959	(1,073)
Enterprise Value (US$'mn)	113,794	112,354
Equity Value (US$'mn)	110,835	113,427

Source: Chapel Hill Denham Research

Income Statement	FY-22	FY-23	FY-24	FY-25	FY-26E	FY-27E	FY-28E	FY-29E	FY-30E
Year End December 31 (US$'mn)									
Revenue	–	–	6,338	12,330	28,195	24,762	24,788	44,607	44,049
Cost of Sales	–	–	(6,937)	(12,101)	(22,684)	(19,352)	(19,339)	(35,086)	(34,779)
Gross Profit	–	–	(600)	229	5,511	5,410	5,449	9,522	9,270
Operating Expense	(49)	(139)	(56)	(65)	(313)	(265)	(270)	(326)	(202)
Depreciation & Amortization	27	28	211	399	472	472	472	968	968
EBITDA	**(51)**	**457**	**(425)**	**545**	**5,713**	**5,623**	**5,657**	**10,170**	**10,041**
Operating profit (loss)	**(78)**	**429**	**(636)**	**147**	**5,241**	**5,151**	**5,185**	**9,202**	**9,073**
Finance Income	–	–	–	22	81	323	398	400	567
Finance cost	–	–	(873)	(644)	(576)	(801)	(855)	(911)	(750)
Profit/(Loss) before Tax	**(78)**	**429**	**(1,509)**	**(476)**	**4,747**	**4,673**	**4,728**	**8,691**	**8,890**
Tax expense	–	–	–	–	**(646)**	**(701)**	**(709)**	**(1,304)**	**(1,334)**
Tax Rate	0%	0%	0%	0%	14%	15%	15%	15%	15%
Profit/(Loss) after Tax	**(78)**	**429**	**(1,509)**	**(476)**	**4,101**	**3,972**	**4,019**	**7,387**	**7,557**

Balance Sheet	FY-22	FY-23	FY-24	FY-25	FY-26E	FY-27E	FY-28E	FY-29E	FY-30E
Non-Current Assets	10,787	12,163	11,963	11,889	13,730	18,165	22,892	23,335	23,461
Inventories	9	384	1,786	1,330	2,175	1,750	1,748	2,884	2,382
Trade and Other Receivables	46	105	1,114	1,160	2,935	2,578	2,581	4,644	4,586
Prepayments	–	1	0	18	85	72	73	88	55
Cash and Cash Equivalents	0	1	313	1,075	4,300	5,294	5,319	7,551	9,783
Total Assets	**10,842**	**12,655**	**15,177**	**15,473**	**23,226**	**27,859**	**32,614**	**38,502**	**40,267**
Borrowings	–	–	2,231	6,243	6,410	9,110	11,310	10,510	8,710
Trade and Other Payables	9,187	10,571	12,136	2,926	4,019	3,164	2,896	4,967	4,733
Other	–	–	235	205	1,115	1,123	1,132	2,056	2,077
Total Liabilities	**9,187**	**10,571**	**14,602**	**9,374**	**11,544**	**13,397**	**15,339**	**17,533**	**15,520**
Share Capital	1	1	1	1	1	1	1	1	1
Share Premium	1,745	1,745	1,745	1,745	8,213	8,213	8,213	8,213	8,213
Deposit for Shares	–	–	–	6,000	2,243	2,243	2,243	2,243	2,243
Foreign Currency Translation Reserve	–	–	–	–	–	–	–	–	–
Retained Earnings	(91)	338	(1,171)	(1,646)	1,224	4,005	6,818	10,512	14,290
Shareholders' Equity	**1,655**	**2,084**	**575**	**6,099**	**11,682**	**14,462**	**17,275**	**20,969**	**24,747**
Total Equity and Liabilities	**10,842**	**12,655**	**15,177**	**15,473**	**23,226**	**27,859**	**32,614**	**38,502**	**40,267**

Cash Flow Statement	FY-22	FY-23	FY-24	FY-25	FY-26E	FY-27E	FY-28E	FY-29E	FY-30E
Cash Flow from Operating Activities	1,458	612	(2,606)	1,198	4,248	4,913	4,687	8,446	9,092
Cash Flow from Investing Activities	(1,458)	(611)	(55)	(184)	(2,232)	(4,584)	(4,801)	(1,011)	(526)
Cash Flow from Financing Activities	–	(0)	2,859	(294)	1,209	665	139	(5,203)	(6,333)
Free Cash Flow	**1**	**1**	**(2,664)**	**1,086**	**1,948**	**13**	**(513)**	**7,046**	**7,992**

Key Ratios and Metrics	FY-22	FY-23	FY-24	FY-25	FY-26E	FY-27E	FY-28E	FY-29E	FY-30E
Gross Margin	0.0%	0.0%	-9.5%	1.9%	19.5%	21.8%	22.0%	21.3%	21.0%
EBITDA Margin	0.0%	0.0%	-6.7%	4.4%	20.3%	22.7%	22.8%	22.8%	22.8%
EBIT Margin	0.0%	0.0%	-10.0%	1.2%	18.6%	20.8%	20.9%	20.6%	20.6%
PAT Margin	0.0%	0.0%	-23.8%	-3.9%	14.5%	16.0%	16.2%	16.6%	17.2%
ROAE	0.0%	22.9%	-113.5%	-14.3%	46.1%	30.4%	25.3%	38.6%	33.1%
ROAA	0.0%	3.7%	-10.8%	-3.1%	21.2%	15.6%	13.3%	20.8%	19.2%
Net Debt/Equity	0.0x	0.0x	3.3x	0.8x	0.2x	0.3x	0.3x	0.1x	0.0x
Net Debt/EBITDA	0.0x	0.0x	-4.5x	9.5x	0.4x	0.7x	1.1x	0.3x	-0.1x

Sources: Company Data, Chapel Hill Denham Research

Emerging Market

COUNTRY	NAME	Mkt Cap (MN, USD)	PE	PE+1	PE+2	EV/SALES	EV/EBIT	EBITDA MARGIN	EV /EBITDA	EV / EBITDA+1	EV / EBITDA+2	YTD %	1-yr %	DIV. YIELD	Capacity (kbpd)	Refineries/ Location	Age (yrs)
POLAND	ORLEN SA	49,398	44.1	6.3	8.0	0.8	9.0	8.6	3.1	3.6	4.0	65.4	96.1	5.0	860	7	62
TAIWAN	FORMOSA PETROCHEMICAL CORP	24,081	46.0	12.1	18.6	0.8	9.2	3.8	15.0	7.0	11.7	66.7	102.0	1.5	540	1	26
INDIA	INDIAN OIL CORP LTD	20,265	4.4	11.9	7.1	NA	4.8	10.8	3.7	7.4	5.3	(18.3)	(2.6)	0.9	1,412	9	125
TURKEY	TUPRAS-TURKIYE PETROL RAFINE	15,575	12.0	6.6	12.9	0.5	6.7	7.6	4.7	4.3	6.6	112.2	133.6	3.7	606	4	71
INDIA	BHARAT PETROLEUM CORP LTD	14,308	4.6	15.5	8.5	NA	4.9	9.4	3.6	10.3	5.9	(18.8)	(0.3)	3.2	713	3	71
SAUDI ARABIA	RABIGH REFINING AND PETROCHE	13,237	NA	5.6	48.0	NA	17.2	2.0	NA	5.5	8.5	165.9	175.6	NA	400	1	37
GREECE	MOTOR OIL (HELLAS) SA	8,217	5.3	7.0	9.4	0.6	5.7	9.1	4.8	4.8	6.1	105.3	165.0	2.8	220	1	54
INDIA	HINDUSTAN PETROLEUM CORP	7,916	4.0	61.5	6.4	NA	4.9	7.5	3.7	16.7	5.5	(29.6)	(8.5)	5.5	495	5	72
GREECE	HELLENIQ ENERGY HOLDINGS SA	5,773	14.7	5.5	6.1	NA	4.9	6.4	6.3	4.1	4.6	96.8	98.4	3.6	347	3	68
VIETNAM	BINH SON REFINING AND PETROC	5,046	15.5	4.7	7.5	0.5	4.3	4.8	7.0	2.5	4.7	63.4	55.9	1.1	148	1	17
THAILAND	THAI OIL PCL	4,314	5.5	3.9	8.4	NA	5.6	5.6	7.7	4.0	6.8	76.4	88.1	3.4	275	1	65
AUSTRALIA	VIVA ENERGY GROUP LTD	3,462	NA	7.2	12.1	0.3	12.3	1.2	11.4	6.9	9.6	42.4	41.7	4.0	120	1	72
THAILAND	BANGCHAK CORP PCL	2,592	12.5	2.8	5.6	NA	6.5	5.0	6.2	3.0	4.2	123.1	88.6	6.3	294	2	62
INDIA	CHENNAI PETROLEUM CORP LTD	2,265	4.6	5.9	5.1	0.3	5.4	7.5	3.2	4.0	3.9	71.7	104.4	3.8	211	1	57
THAILAND	STAR PETROLEUM REFINING PCL	1,728	10.0	3.6	8.7	NA	2.7	2.5	5.0	2.4	5.0	123.7	173.9	5.5	175	1	30
JORDAN	JORDAN PETROLEUM REFINERY CO	1,214	7.9	8.8	9.9	1.0	12.6	8.3	10.6	11.8	13.8	46.3	63.2	5.8	70	1	65
Mean			13.6	10.6	11.4	0.6	7.3	6.3	9.5	6.1	6.6						60

Developed Market

COUNTRY	NAME	Mkt Cap (MN, USD)	PE	PE+1	PE+2	EV/SALES	EV/EBIT	EBITDA MARGIN	EV /EBITDA	EV / EBITDA+1	EV / EBITDA+2	YTD %	1-yr %	DIV. YIELD	Capacity (kbpd)	Refineries/ Location	Age (yrs)
UNITED STATES	MARATHON PETROLEUM CORP	109,213	17.9	7.8	10.8	0.9	10.2	9.1	7.9	5.5	7.6	139.1	115.7	1.0	3,000	13	102
UNITED STATES	VALERO ENERGY CORP	106,740	15.5	8.6	11.6	0.8	11.3	5.6	7.2	6.0	7.9	127.7	136.5	1.3	3,200	15	42
UNITED STATES	PHILLIPS 66	101,786	19.6	9.8	11.2	0.7	13.7	7.2	9.5	6.9	8.0	97.7	93.9	2.0	1,640	12	100
UNITED STATES	HF SINCLAIR CORP	18,740	14.9	7.0	10.2	0.6	7.6	7.2	5.5	4.3	6.2	128.8	106.3	2.0	678	7	57
JAPAN	IDEMITSU KOSAN CO LTD	11,798	11.0	12.3	10.0	NA	7.0	3.9	9.8	11.1	10.1	26.7	48.3	2.4	500	8	69
UNITED STATES	PBF ENERGY INC-CLASS A	8,812	NA	4.2	6.2	0.3	5.3	3.2	NA	2.6	4.0	174.1	160.8	1.5	1,023	6	16
JAPAN	COSMO ENERGY HOLDINGS CO LTD	4,672	9.8	11.5	8.8	NA	4.9	7.6	6.6	7.0	6.0	5.4	22.0	3.8	363	3	83
UNITED STATES	CVR ENERGY INC	4,474	NA	81.4	18.7	0.7	16.6	8.5	6.7	8.4	6.6	74.9	41.6	0.9	207	2	120
UNITED STATES	DELEK US HOLDINGS INC	4,400	7.0	5.6	12.5	0.6	12.4	6.9	4.2	4.1	5.8	142.3	129.4	1.4	302	4	21
UNITED STATES	PAR PACIFIC HOLDINGS INC	4,074	4.1	4.2	6.6	0.6	4.4	10.8	3.5	4.0	5.5	131.4	140.0	NA	219	4	13
Mean			12.5	15.2	10.7	0.7	9.3	7.0	6.8	6.0	6.8						62

GLOSSARY

Cost of Equity (Re):	The required equity return for a company. Derived using the Capital Asset Pricing Model (CAPM).
Dividend Pay-out Ratio:	The proportion of profits (PAT) that a company pays out as a dividend to shareholders (expressed as a percentage).
EV or Enterprise Value:	A measure of a company's value, calculated as the equity value + net debt.
Free Cash Flows:	Cash Flows derived from a Company's operating activities less any capital expenditure.
Leverage Ratio:	A balance sheet measure comparing the level of debt funding in a company to equity funding, calculated as total debt (Term Loans+ Overdrafts)/ Shareholders' Funds.
Net Debt:	Net debt is a company's total debt less any cash or bank balances.
NTM:	Next Twelve Months.
Operating Cash Flows:	Cash Flows derived from a company's operating activities.
RI or Residual Income:	A valuation approach that uses book value and return on equity to estimate the intrinsic value of a share.
ROAE:	Return on Average Equity. A performance measure calculated as PAT/An average of the opening and closing Shareholders' Funds (expressed as a percentage).
WACC:	Weighted Average Cost of Capital. A calculation of a firm's cost of capital in which each category of capital is proportionately weighted. Calculated as the weighted average of the cost of debt and cost of equity.

Explanatory Note on Recommendation

Chapel Hill Denham Research uses a 3-grade recommendation system for stocks under its coverage: **BUY**, **HOLD** and **SELL.** These recommendations are based on the current share price of the stock relative to the Analyst target price derived using either intrinsic or relative valuation techniques or a combination of both as the case may be, having considered the sector, company and key valuation drivers.

Recommendation Criteria:
BUY: The Analyst considers this stock to be undervalued and with sound fundamentals where the upside potential is in excess of or equal to 20% between the current price and the Analyst target price.

HOLD: The Analyst considers this stock to be fully valued where the upside potential is between 0% and 20% or the downside potential is less than 10% between the current price and the Analyst target price.

SELL: The Analyst considers this stock to be overvalued where the downside potential is in excess of 10% between the current price and the Analyst target price.

RESTRICTED: Communication of recommendation is deemed as restricted when Chapel Hill Denham is engaged in an investment banking transaction or other related circumstances with the Company.

Research Ratings Distribution

Distribution as at 7 September 2026	BUY	HOLD	SELL	RESTRICTED
All Research Coverage	81%	15%	4%	0%
% of rating with investment banking relationships	9%	25%	0%	0%

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