

THE INITIATES PLC (TIP)

INVESTMENT (DEBT & EQUITY) BRIEF

THE INITIATES PLC

TIP is a professional Waste Management and Industrial Cleaning company located in Port Harcourt Nigeria, delivering services to both public and private organizations including Oil & Gas sector.

TIP is quoted (Share Price @ May 16/2021: 0.72N) on the Floor of the Nigerian Stock Exchange, and is ISO9001(2015) and ISO14001(2015) certified. The company's issued and paid up ordinary share capital is 889,981,552, with a total asset base standing at about NGN1.059 Billion as at June 30, 2021

THE MISSION

TIP mission is to facilitate co-existence of industry and man in safe environment. This mission is sustained through pursuing the following goals:

- ☐ Support sustainable production and consumption through professional waste management services;
- ☐ Provide efficient and eco-cleaning services through cutting-edge technology and trained workforce; and
- ☐ Adequately reward our stakeholders and maintain enduring corporate image

TIP Vision is to lead in provision of risk-exposure-free services in the industry through:

- ☐ Adherence to best practises
- ☐ Consolidation of experience; and
- ☐ Improvement aimed at adding value to clients' business and public life.

TIP MANAGEMENT TEAM

OSSAI, Reuben M. (*Managing Director*): He is a Chartered Waste Manager and Environmentalist with over 30years professional experience. He holds a **MEng** Degree in Environmental Engineering. He is a professional member of the Chartered Institution of Waste Management (UK), and International Solid Waste Association (**ISWA**), and Landfill Technical Working Groups of ISWA.

OGIDI Chris: (*Group General Manager*): Holds a B.Tech degree in Petrochemical Engineering and has 15years wealth of working experience cutting across various areas including Project Management, Procurement, and Logistics

DOUGLAS Rosemary Phd FCA: (*CFO & Commercial Services*): She holds a BSc (Accountancy), MBA, and PhD in Business Admin with over 10 years robust exposure in taxation and financial regulatory matters. She also has good industry experience in cost management and financial auditing

UKPEBOR, U. Stella: (*QHSE Manager*): She holds a MSc degree in Occupational Health and Safety, with over 5years work experience in various aspects of QHSE management in the Oil & Gas Sector. She is NEBOSH certified and an Associate Waste Manager.

NWACHUKWU C. Vincent: (*Mgr, Waste Management Service*): He is a professional Chemical Engineer with over 10years plant operation and maintenance exposure. He has received various waste management and plant engineering trainings from US-EPA and California EPA. He is a member of International Association of Engineers

DJEBAH Preston: (*Manager, Industrial Cleaning Services*): He holds a Degree (B.Tech.) in Petrochemical Engineering with over 7 years experience in industrial cleaning mostly in Oil and Gas industry. He has received some local and international training in Industrial Cleaning and Decontamination

ADAMS-AJIGBOTAJE Bimbo FCA (*Chief Internal Auditor*): He holds a Bsc (Fin & Banking) and HND (Accountancy); with a wealth of experience spanning over 24years in Budget & Budgetary control, Compliance Monitoring, Investigation and Forensic Accounting, Taxation and Tax Management.

Ms ODEJOBI Olaide: (*Company Secretary*): Olaide holds a BL from the Nigerian Law School and has about 7years litigation experience. She is also an Associate Member of the Institute of Chartered Secretaries and Administrators of Nigeria

TIP BUSINESS LINES

WASTE MANAGEMENT SERVICES:

Thermal Desorption Services

- Drilling Waste
- Oily Sludge
- Contaminated Soil

Hazardous Waste Incinerator:

- Medical Waste
- Chemical Sludge/Waste

E-Waste services:

- Office & Communication Devices
- Light fittings including bulbs & fluoresce
- Telecommunication devices
- CFC Gas reclamation

Asbestos Waste Management:

- Asbestos de-commissioning
- Asbestos Packaging
- Transboundary disposal

INDUSTRIAL CLEANING SERVICES

Tank & Vessel Cleaning:

- Vessel tank cleaning
- Surface Storage Tank Cleaning
- Underground Product Tank cleaning
- FPSO Desludging

Surface preparation & Drainage cleaning:

- Rust removal
- Paint/Coating removal
- Pipe/Sewer cleaning
- City Drainage desludging & cleaning

Heat Exchanger Cleaning:

- Bundle Extraction
- External Bundle cleaning
- Tube & Fin cleaning
- Solar Panel cleaning

TIP BUSINESS SECTOR REVIEW

(Waste Management)

Sector Value:

- ❑ One of the emerging sectors with potential annual current commercial value of \$8billion;
- ❑ Growth rate (of the Hazardous Waste sub-sector) of about 10% in the last five years; and
- ❑ Annual commercial value of Hazardous Waste subsector is about \$0.5billion (using \$1billion GDP to 1000ton of Hazardous Waste).

Growth drivers:

- ❑ Industrialization and Urbanization;
- ❑ Mining and Zero Discharge; and
- ❑ Local Content Policy.

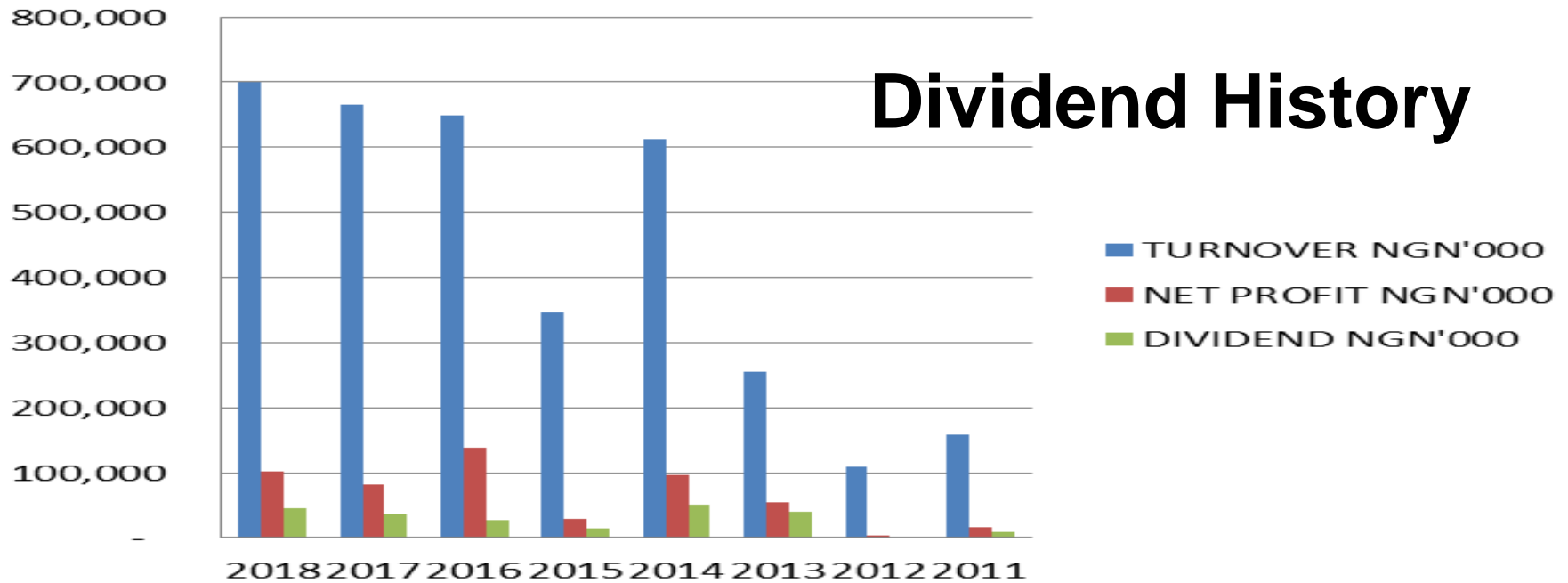
Situation profile:

- ❑ Nigeria has 4 licensed and active companies in the Oil & Gas subsector (Hazardous Waste Management) of a total capacity of 25tons/hr
- ❑ TIP is leading in technology acquisition and controlled 24.7% of the market in 2017
- ❑ Currently 8 companies are licensed for Industrial cleaning but only TIP has demonstrated capacity in automated non-man entry cleaning in tanks and vessels.
- ❑ TIP is the only firm that has a one-stop-shop Facility consisting of various treatment and cleaning Plants and Equipment.

TIP HISTORY (Finance)

FIVE-YEAR FINANCIAL SUMMARY					
YEAR	2020	2019	2018	2017	2016
AMOUNT (NGN)	NGN	NGN	NGN	NGN	NGN
Total Assets	1,144,338,866	1,149,300,129	1,129,484,260	1,143,774,673	859,267,167
Equity	843,328,310	927,633,420	708,600,645	715,802,836	699,120,217
Revenue	469,379,791	550,218,779	700,798,753	664,901,943	648,144,614
Net Profit Before Tax	(5,683,148)	95,820,558	134,864,469	56,962,054	200,675,727
Profit After Tax	(84,305,110)	42,268,846	90,980,317	65,474,009	135,622,850
(Loss)/Basic Earning Per Share (Kobo)	(9)	5	11	9	16
Net Assets Per Share (Kobo)	95	104	80	80	79

Dividend History



Year		2018	2017	2016	2015	2014	2013	2012	2011
TURNOVER	NN'000'	700,799	664,902	648,145	345,767	611,828	254,750	108,675	158,094
NET PROFIT	NN'000'	102,230	81,978	138,130	21,611	96,169	55,193	3,946	15,378
DIVIDEND	NN'000'	44,49	35,599	26,699	14,806	50,000	40,000	2,142	8,834

TIP HISTORY (Major Project)

CLIENT	PROJECT	DURATION
SHELL (NG)	Asbestos Decommissioning and Management	2013 - 2020
NNLG (Bonny)	Hazardous and Recyclable Waste Management	2010 - 2022
ADDAX	Drilling Waste Management	2014 - 2018
SNEPCO	Waste Management/Vessel Tank Cleaning	2013 - 2022
ENI (NG)	Heat Exchanger Fin Cleaning	2018 - 2019
SHELL (NG)	E-Waste Management	2019 - 2023
CONOIL	Drilling Waste Management	2019 - 2021
NPDC	Crude oil Tank Cleaning	2017
SEADRILL	Waste Management Services	2018 - 2019
AMNI Intl	Drilling Waste Management Services	2016 - 2017
Schlumberger	Waste Management Services	2011 - 2016
NigerStar7	Waste Management Services	2013 - 2018

TIP NEW STRATEGY

(Growth Strategy 2026)

The objective of this Strategy is to grow TIP through consolidation and diversification. This will be done by:

- ❑ Growing the right market and clients for continued improvement of TIP's annual revenue to US\$20million (50% from non-Oil & Gas) by 2025;
- ❑ Mobilizing the right capital (US\$20million with 50% as equity by 2025) and making the right investment (70% in non-Oil & Gas) to power the growth;
- ❑ Engaging, developing, rewarding and retaining enthusiastic staff (in 2-division) to drive the growth; and
- ❑ Institutionalizing robust succession culture (develop creative performance evaluation system and restructure the Board Charter) to sustain the growth.

Principal Strategy Content:

- ❑ Refurbishment of existing Thermal Desorption Plant and Hazardous Waste Incinerator.
- ❑ Expansion of TIP E-Waste Management Services in Nigeria.
- ❑ Development Oil & Gas waste management business in Uganda
- ❑ Diversifying into municipal solid waste management services in DR Congo
- ❑ Diversifying into Sewage Management Services in Lagos and Port Harcourt (Nigeria)

BUSINESS PROSPECT

S/N	CLIENT	JOB	BUSINESS TYPE	STATUS
1	RVSG	Sewage Management	15-Years Concession	Negotiation
2	Total UG	Pre-Production Waste Management	3-Year Project	Bid submitted
3	SHELL NG	E-Waste Management	5-Year Project	On-going
4	CONOIL	Management of Drilling Waste	3-Year Project	On-going
5	NNPC	Asbestos-Containing Waste Management	3-Year Project	Bid submitted
6	Kinshasa City Authority	. Municipal Solid Waste Management	20-Years Concession	Negotiation
7	NPDC	Produced Water Management	10-Years Concession	Negotiation

TIP FINANCIAL PROJECTION 2022-25

5-YEAR FINANCIAL PLAN (2022 - 2026)

YEAR	2022	2023	2024	2025	2026
Revenue	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000
Projected Oil & Gas Income	1,050,000	2,100,000	2,800,000	4,200,000	7,000,000
Projected Non-Oil & Gas Revenue	450,000	900,000	1,200,000	1,800,000	3,000,000
Projected Total Revenue	1,500,000	3,000,000	4,000,000	6,000,000	10,000,000
Projected Direct Cost	975,000	1,950,000	2,600,000	3,900,000	6,500,000
Projected Gross Profit	525,000	1,050,000	1,400,000	2,100,000	3,500,000
Projected Admin & Other Indirect Expenses	300,000	600,000	800,000	1,200,000	2,000,000
Projected Profit Before Tax	225,000	450,000	600,000	900,000	1,500,000
Projected Tax (CIT & EDT)	72,000	144,000	192,000	288,000	480,000
Projected Profit After Tax	153,000	306,000	408,000	612,000	1,020,000
Proposed Dividend	76,500	153,000	204,000	306,000	510,000

WHY THE INITIATES PLC

- ❑ **ATTRACTIVE INDUSTRY WITH ROBUST OUTLOOK**
- ❑ **STRATEGIC WASTE MANAGEMENT MARKET ENTRY**
- ❑ **SIGNIFICANT EXPANSION POTENTIAL**
- ❑ **STRONG CORPORATE GOVERNANCE**
- ❑ **COMPETENT AND EXPERIENCED MANAGEMENT**
- ❑ **ENHANCED ABSORPTION CAPACITY**
- ❑ **ENCOURAGING MARKET SHARE**