

The 7<sup>th</sup> African Base Oils & Lubricants Conference

October 31, 2018

# Group I and Group II – Setting the market up for success

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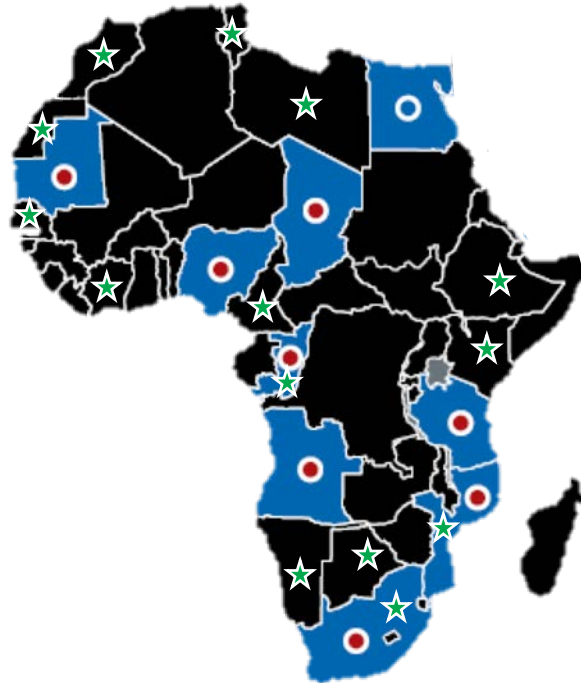
Global Development Manager  
ExxonMobil Fuels & Lubricants Company

Energy lives here™

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# ExxonMobil presence in Africa



## Upstream:

- Active oil and gas presence in 9 African countries
- Unique expertise in exploring, developing, marketing, and producing global hydrocarbon resources to maximize value
- Starting up new LNG project in Mozambique

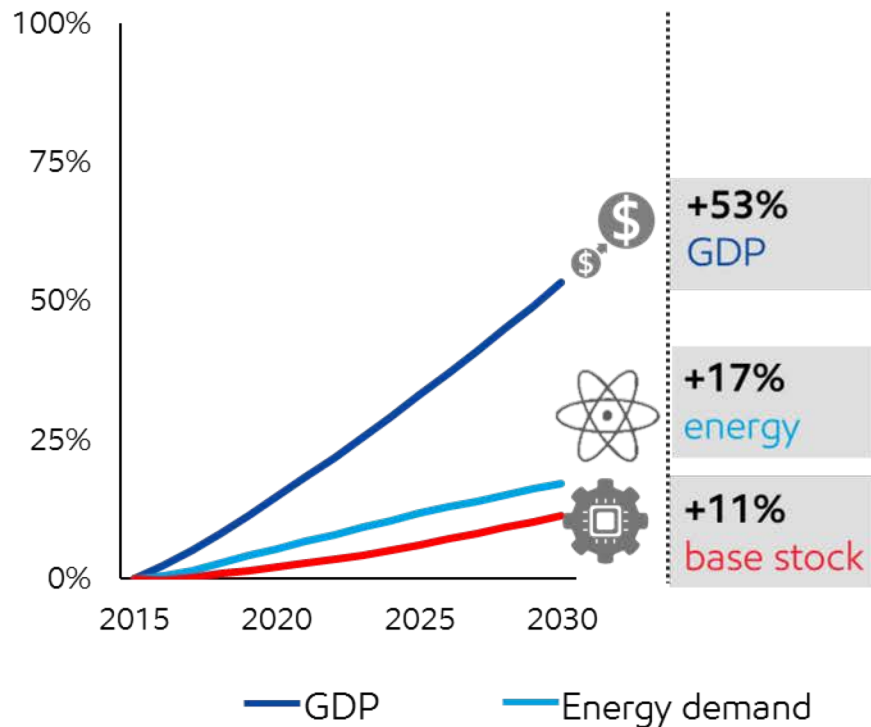
## Downstream:

- One of the largest integrated refiners, manufacturers and marketers of fuels, base stocks, as well as petroleum products
- Alliances and distributor partnerships in Africa

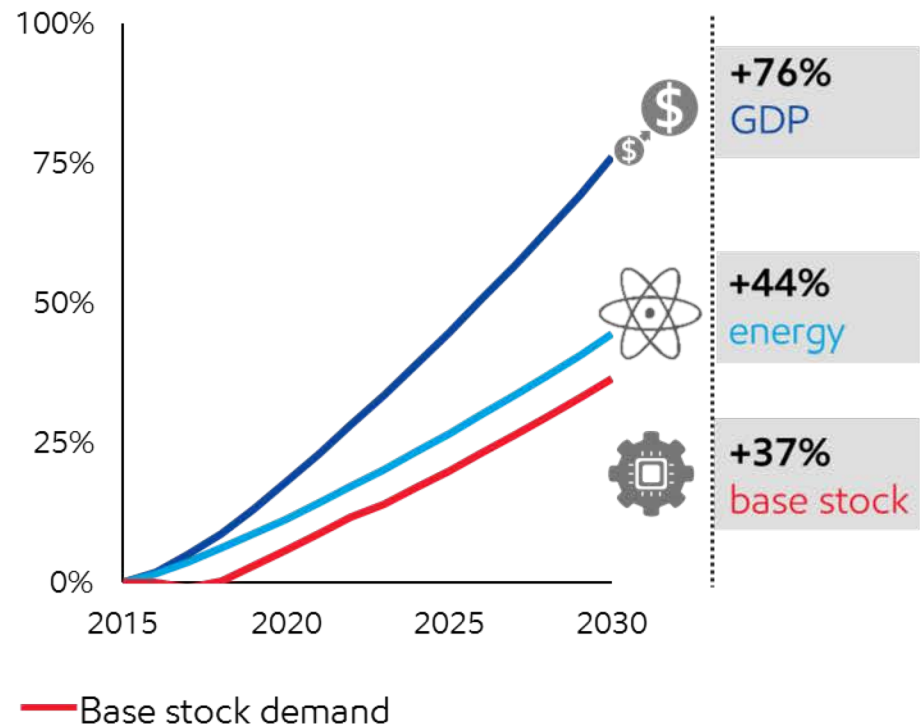
2,700+ employees in Africa

# Africa's contribution to global growth

## Global growth\*



## Africa growth\*

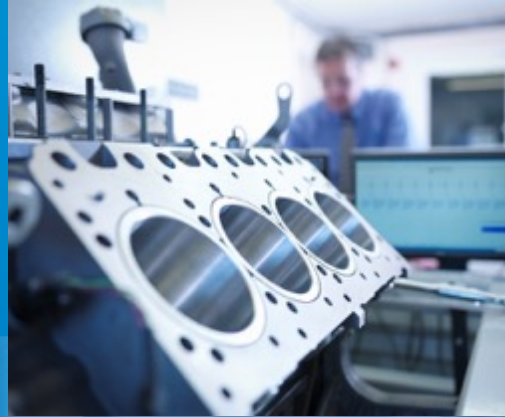


# Macro trends driving future requirements



## Market Trends

- Increasing demand for energy efficiency
- Need to reduce GHG emissions



## Industry changes

- Improved fuel economy
- Durability in severe operating conditions
- Longer drain intervals



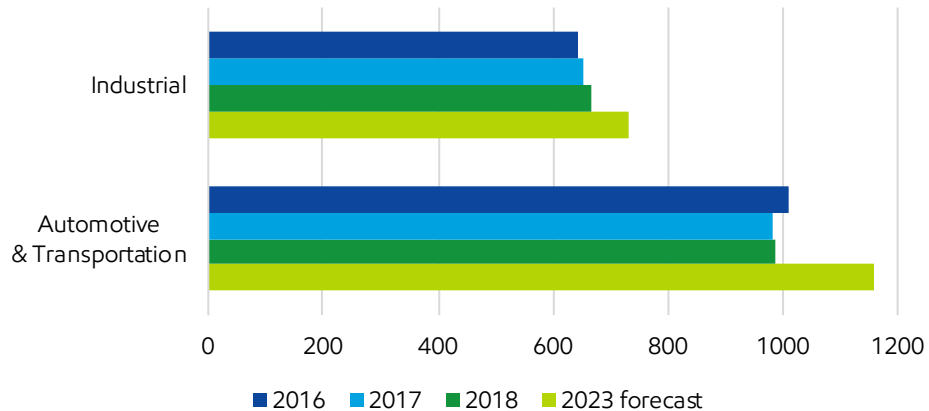
## Driving base stock requirements

- Higher performing
- Quality assured



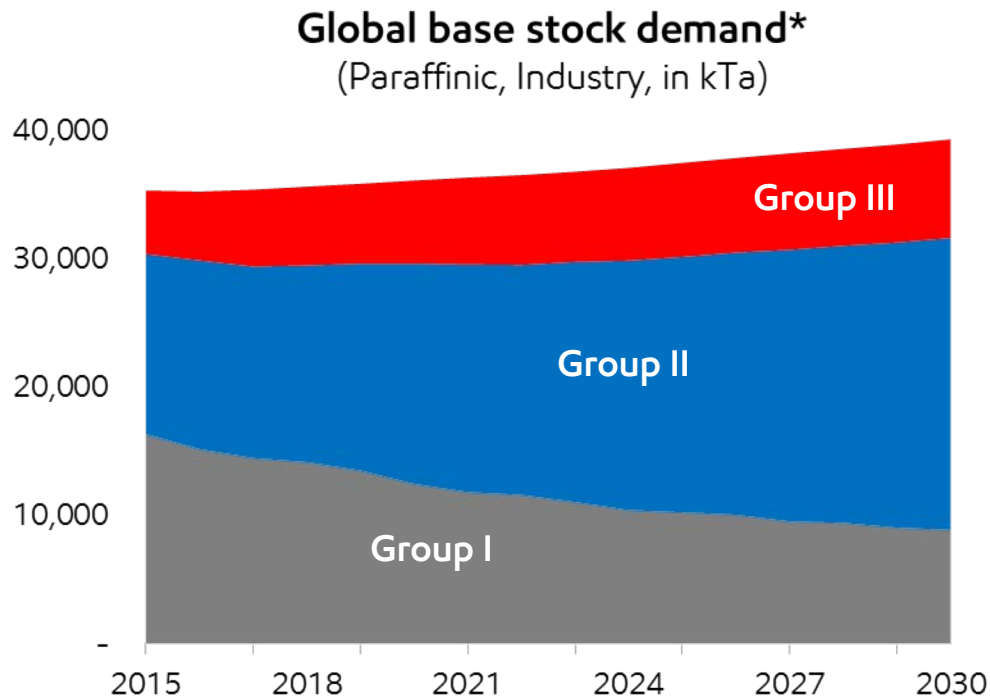
# Lubricant demand growth projected in all areas

**Finished Lubricant demand in Africa, in kTa,  
2016-2023**



- Indigenous automotive production in Africa increasing
- Current low motorization rate leaves room for further growth
- Mining operations and construction industry leading to heavy equipment growth
- Increased electricity demand from industrial and domestic sectors
- Wind energy sector boosting gear oil demand

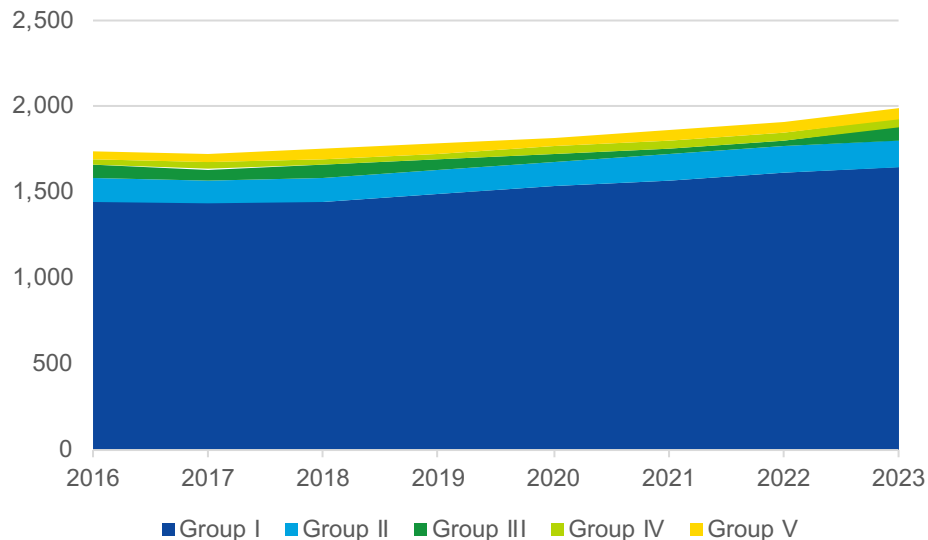
# Global View - Growing use of Group II



- Group I will remain relevant despite projected decline
- Group II becoming “heart of the market” in mainline applications
- Group III will continue to grow steadily driven by specific performance needs

# Africa View - Use of Group I will remain significant

Base Stocks demand, Africa, in kTa, by Group  
2016-2023



- Egypt, Morocco, Kenya and Nigeria – strong GDP growth is predicted in the near future
- Industrial manufacturing & automotive sectors growing rapidly
- High industrial growth leading to increased investment opportunities & increased Group I demand
- Growing Group II demand from commercial/automotive
- Supply & global balance dynamics have strong influence on trends



# Market dynamics in Africa

South Africa, Egypt and Nigeria are key regions with blending plants to supply lubricants in Africa

**North Africa:** Market strongly tied to European dynamics.

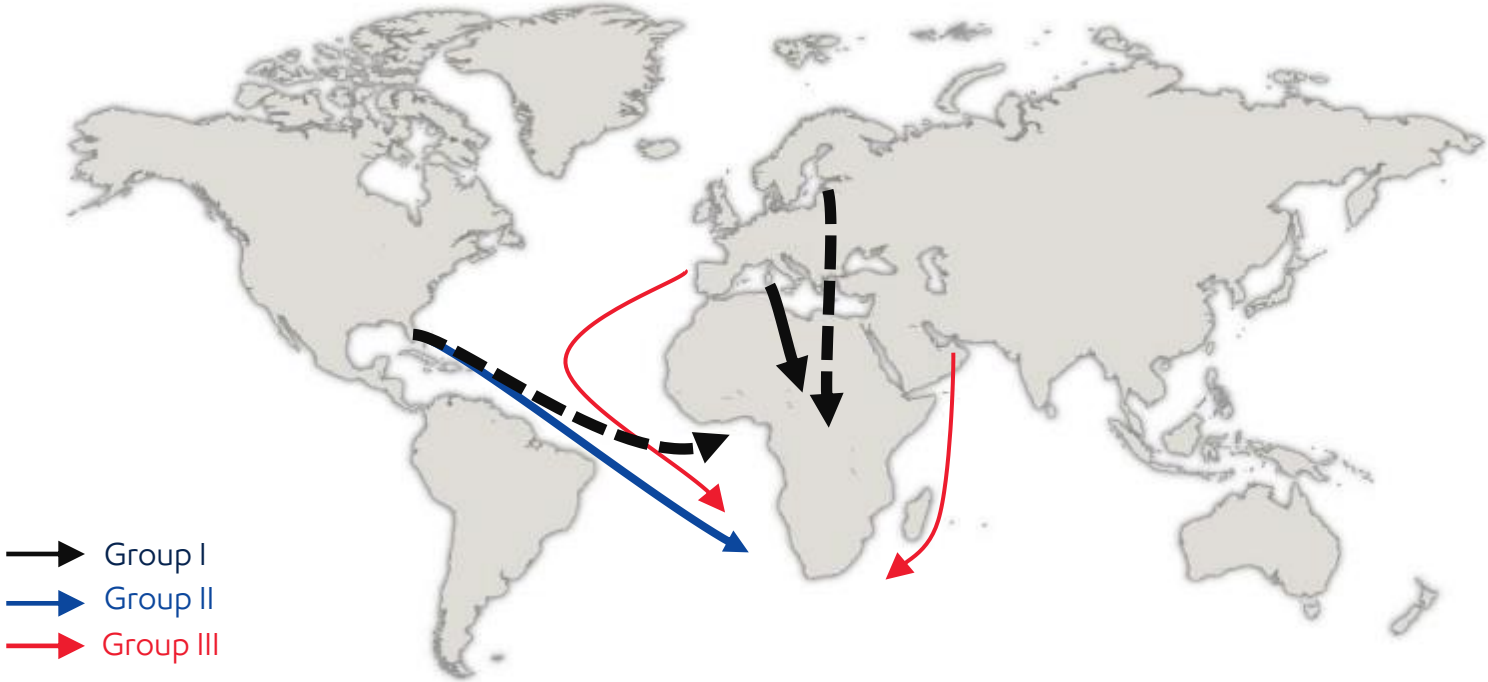
**West Africa:** Nigeria central in the region, with blending sites in surrounding countries.

**East Africa:** Region most dependent on Lubricant imports from the ME

**Southern Africa:** South Africa seen as gateway into Sub-Saharan Africa.



# Africa's supply chain is complex



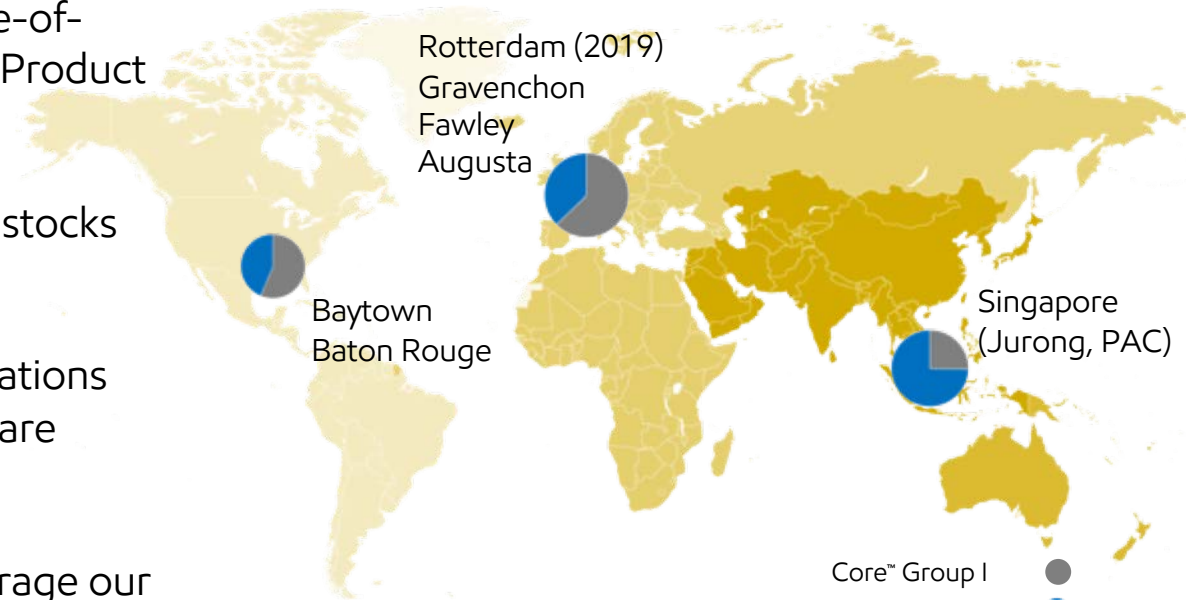
# Key implications for the industry and customers

- Respond to scale of growth in Africa
- Address diversity and value chain complexity
- Enable cost effective blending through superior base oil design and performance
- Ensure availability of high quality, affordable, reliable supply



# ExxonMobil Basestocks strategic vision

- Secure and reliable supply, state-of-the-art technology focusing on Product Integrity
- Range of API Group I to V base stocks to meet your evolving needs
- Support global lubricant formulations with a suite of base stocks that are available globally
- Solutions and services that leverage our expertise across the lubes value chain



## Investing for the future

Baytown Group II expansion (2015)  
Singapore Group II expansion (2015)  
Rotterdam Group II project (2019)  
Singapore Group II projects (2019, 2023)

# Synthetic base stocks supporting customer needs



Improvement in living standards drive energy demand



Energy efficiency critical to meeting energy demand



PAOs enable sustainability benefits of higher energy efficiency and productivity



Customer success enabled by superior market offer



Differentiation through innovation

# Addressing evolving customer needs

In today's constantly changing industry landscape the base stock business will inevitably need to adjust and address new challenges. ExxonMobil provides...



**Deep knowledge and expertise  
across the full value chain**



**Strong global footprint and  
investment capability**



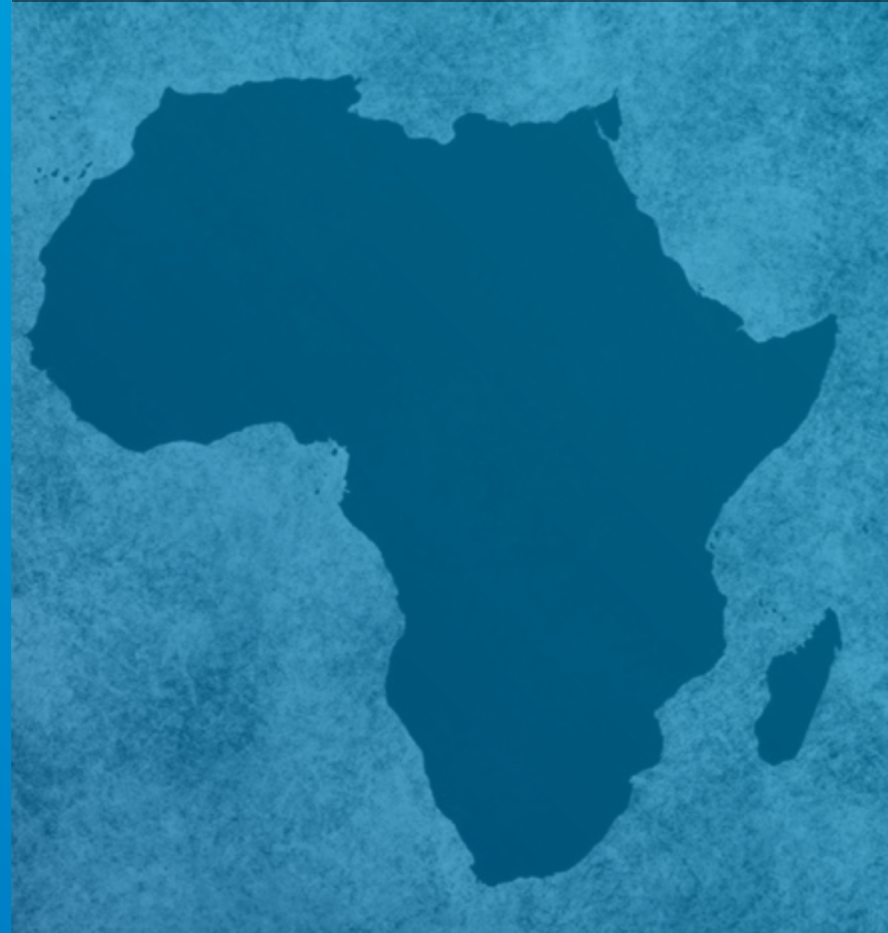
**Access to advantaged technology  
and marketing**

**... to support the success of our customers today, and into the future.**

# Group I and Group II – setting the market up for success

## ExxonMobil is committed to:

- Long term, reliable Group I supply
- Meet the evolving needs of our customers in Africa
- Maintain a strong supply chain via Zestcor and direct presence



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