

# PIVOT INTEGRATED ENERGY SERVICES LIMITED

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## 2026 Corporate Rating Report

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# Pivot Integrated Energy Services Limited

Long-Term Rating:

**Bbb-**

Short-Term Rating:

**A3**

**Outlook:** Stable

**Issue Date:** 15 June 2026

**Expiry Date:** 30 June 2027

**Previous Rating:** N/A

**Industry:** Downstream Oil & Gas

*A company with satisfactory financial condition and adequate capacity to meet its obligations as and when they fall due relative to all other issuers in the same country.*

## RATING RATIONALE

Agusto & Co assigns “Bbb-” (long-term) and “A3” (short-term) ratings to Pivot Integrated Energy Services Limited (“Pivot”, “PIESL” or “the Company”). The ratings reflect our view of the Company’s satisfactory financial condition, supported by healthy earnings and operating cash flows. In addition, the Company’s bulk sales model continues to support operational efficiency. The ratings also consider Pivot’s strategic role as an off-taker of the Dangote Petroleum Refinery, which is expected to improve product availability as well as reduce exposure to import-related costs and risks. However, the ratings are constrained by the Company’s weak working capital position, declining margins and continuous exposure to volatility in global crude prices. Furthermore, the ongoing global energy transition towards cleaner and renewable energy sources presents a structural, long-term risk to fossil fuel demand.

Pivot Integrated Energy Services Limited (“PIESL” or “the Company”) is an indigenous integrated downstream energy company incorporated in 2017, engaged in the importation, trading, storage, distribution, and supply of refined petroleum products across Nigeria and selected African markets. The Company supplies Premium Motor Spirit (“PMS”), Automotive Gas Oil (“AGO”) and Aviation Turbine Kerosene (“ATK”) to a diversified customer base comprising bulk buyers, industrial users, manufacturers, logistics operators and retail-linked channels, with operations spanning key trading hubs including Lagos, Calabar and Port Harcourt. The Company was appointed as one of the approved off-takers under the Dangote Refinery Consortium in the last quarter of 2025 (Q4 2025), enabling direct product lifting through its marine logistics and depot infrastructure network.

In the financial year ended 31 December 2025 (FYE 2025), Pivot’s revenue declined by 34% to ₦254.6 billion (2024: ₦384.2 billion), primarily due to lower trading volumes following the commencement of operations at the Dangote Petroleum Refinery during the year, which altered product supply dynamics within the Nigerian downstream petroleum industry. Pivot’s direct cost-to-revenue ratio increased slightly to 91.8% in FYE 2025 (2024: 91.2%), largely attributable to elevated global crude oil prices. Consequently, the Company recorded lower gross profit and operating profit margins of 8.2% and 7.9%, respectively, in FYE 2025 (2024: 8.8% and 8.3%). However, these margins remained stronger than those of most peers, supported by the Company’s wholesale-focused business model and efficient cost management.. Furthermore, the Company’s interest expense-to-EBITDA ratio increased to 20% in FYE 2025 (2024: 16%), reflecting additional borrowings utilised to support working capital requirements during the year. Although Pivot’s pre-tax profit margin declined to 6.3% in FYE 2025 from 7% in the prior year, the performance remained favourable relative to industry peers. Similarly, the Company’s return on assets (ROA) and return on equity (ROE) moderated to 24.3%

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### *Pivot Integrated Energy Services Limited*

and 35.7%, respectively in FYE 2025 (2024: 53.7% and 83.4%), but remained in line with our benchmarks.

Pivot recorded revenue of ₦232.7 billion in the three months ended 31 March 2026 (Q1'2026), representing approximately 91% of FYE 2025 revenue, driven by a significant increase in supply volumes following the Company's appointment as an off-taker to the Dangote Petroleum Refinery. The development enhanced product availability and supported a notable expansion in trading activities during the period. However, the Company recorded relatively lower gross and operating profit margins of 6.1% and 5.9%, respectively, in Q1'2026, primarily due to the loss of higher-margin aviation fuel volumes. Buoyed by interest income, profit before tax margin inched up marginally to 6.0%. Pivot's annualised return on assets (ROA) and return on equity (ROE) strengthened significantly to 67.3% and 92.2%, respectively. Going forward, we expect higher sales volumes to support an improvement in the Company's overall operating and financial performance.

PIESL's operating cash flow (OCF) moderated slightly to ₦6.2 billion in FYE 2025 (2024: ₦6.4 billion), reflecting the decline in earnings during the year. Nevertheless, the Company's cash flow generation remained sufficient to meet returns to providers of finance (RTPOF), consisting wholly of interest obligations of ₦4.2 million during the year. The Company's three year (2023 – 2025) cumulative OCF of ₦17.3 billion adequately covered cumulative RTPOF of ₦10.8 billion, indicating good internal cash generation capacity and an adequate ability to service its financial obligations.

As at 31 December 2025, Pivot Integrated Energy Services Limited reported a working capital need of ₦39 billion, primarily driven by substantial inventory investments during the year to maintain adequate product availability amid evolving supply dynamics within the downstream petroleum sector. As at FYE 2025, the Company recorded a working capital of ₦30.7 billion, supported by a stronger equity base. However, this was not adequate to meet the working need. This resulted in an overall working capital deficiency of ₦8.3 billion at year-end, which was funded through short-term borrowings. In our opinion, Pivot's working capital position requires improvement.

PIESL's total liabilities increased significantly to ₦38.2 billion in FYE 2025 (2024: ₦27.3 billion), largely due to additional bank borrowings during the year. Nonetheless, the Company's interest-bearing debt-to-equity and net debt-to-total assets ratios improved to 18.4% and 33%, respectively, as at FYE 2025 (2024: 27.4% and 55%), highlighting stronger capitalisation and asset growth relative to debt, and confirming its moderate leverage position.

Given the favourable demand fundamentals within Nigeria's downstream oil and gas industry, underpinned by a growing population, rapid urbanisation and persistent electricity supply constraints which continue to heighten reliance on petroleum products for daily energy consumption, we expect sustained growth opportunities. In addition, PIESL's appointment as an off-taker to the Dangote Petroleum Refinery is expected to enhance trading volumes, strengthen product availability and reinforce its competitive positioning over the near to medium term. Accordingly, we attach a **stable** outlook to Pivot Integrated Energy Services Limited.

**Figure 1: Strengths, Weaknesses, Opportunities and Challenges**

|                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Strengths</b>                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <ul style="list-style-type: none"> <li>• Healthy operating cash flows</li> <li>• Strategic consortium membership with the Dangote Petroleum Refinery providing reliable access to petroleum products and enhancing supply stability</li> <li>• Good equity cushion</li> <li>• Experienced and qualified management team</li> </ul>                                                                                               |
| <b>Weaknesses</b>                                                                                                                                                                                                                                                                                                                                                                                                                |
| <ul style="list-style-type: none"> <li>• Working capital that requires improvement</li> <li>• Thin operating margins due to sensitivity to refined product procurement costs, price volatility and logistics costs.</li> <li>• Concentrated ownership structure</li> </ul>                                                                                                                                                       |
| <b>Opportunities</b>                                                                                                                                                                                                                                                                                                                                                                                                             |
| <ul style="list-style-type: none"> <li>• Ongoing expansion in domestic refining capacity supporting downstream operations</li> <li>• Gradual improvement in the regulatory environment governing the downstream petroleum sector</li> <li>• Supportive demand outlook driven by population growth, urbanisation, and persistent electricity supply gaps increasing reliance on PMS and other fuels</li> </ul>                    |
| <b>Challenges</b>                                                                                                                                                                                                                                                                                                                                                                                                                |
| <ul style="list-style-type: none"> <li>• Volatility in global crude oil prices</li> <li>• Intensifying competition following increased domestic refining capacity and deregulation in the downstream sector</li> <li>• Declining consumer purchasing power</li> <li>• Increasing global transition towards cleaner and renewable energy sources, which could potentially reduce the long-term demand for fossil fuels</li> </ul> |

## OVERVIEW OF THE DOWNSTREAM OIL AND GAS INDUSTRY

The Downstream Oil & Gas Industry (“the Industry”) involves the refining, processing, storage, distribution, and marketing of petroleum products and natural gas. The Industry represents the final stage of the oil and gas value chain, delivering refined products to end users across industrial, commercial and retail segments. The downstream segment comprises refineries, petroleum product importers and distributors, depot operators, petrochemical plants and retail stations.

The Industry is characterised by structurally high demand for refined petroleum products, with Premium Motor Spirit (PMS) and diesel accounting for the largest share of consumption. The Industry remains a key enabler of economic activity, particularly logistics, manufacturing and mobility. Nigeria’s downstream oil and gas industry has undergone a structural shift in recent years following the commencement and sustained ramp-up of the Dangote Petroleum Refinery, alongside broader deregulation of the Industry. The emergence of significant domestic refining capacity has materially strengthened the local supply base, with domestic production now accounting for a substantial share of refined product demand. This has reduced reliance on imports and improved the resilience of domestic product availability relative to historical levels.

At the same time, deregulation has fundamentally altered downstream market dynamics by intensifying price competition and strengthening the role of market-based price discovery among operators. While global crude oil benchmarks and foreign exchange movements continue to influence domestic retail pricing, the transmission mechanism is now primarily through pricing rather than physical supply constraints, given the improved domestic refining footprint. In January 2026, domestic refineries reportedly supplied around 62%<sup>1</sup> of national Premium Motor Spirit demand due to sustained operations at the Dangote refinery and improved crude-supply arrangements. The Industry is regulated by the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA), which oversees licensing, supply coordination, pricing frameworks and compliance with operational standards.

The key downstream petroleum players in Nigeria can be broadly segmented into two groups: the Major Energies Marketers Association of Nigeria (MEMAN) and the Independent Petroleum Marketers Association of Nigeria (IPMAN). MEMAN members include companies such as TotalEnergies Marketing Nigeria PLC, MRS Oil Nigeria PLC and 11 PLC. IPMAN members include companies such as NIPCO PLC, Rainoil Limited, and other independent marketers operating across the country. While some of these operators maintain extensive retail networks through filling stations across the country, others focus primarily on wholesale distribution and bulk product supply. Furthermore, some leading operators, such as MRS Oil Nigeria PLC, Heyden Petroleum Limited and Ardova PLC, have secured direct offtake arrangements with the Dangote Petroleum Refinery, enhancing supply reliability and strengthening their competitive position within the Industry.

The outlook for the Industry remains shaped by global crude oil price movements, geopolitical risks affecting key supply routes such as the Strait of Hormuz, foreign exchange volatility and domestic regulatory reforms. Nonetheless, increasing domestic refining capacity is expected to enhance supply resilience, reduce import dependence and improve overall efficiency across the downstream industry.

Based on above, we attach a **stable** outlook to the Downstream oil and gas industry in Nigeria.

<sup>1</sup> [January 2026 Fact sheet \(abridged version\).cdr](#)

## PROFILE OF THE COMPANY

Pivot Integrated Energy Services Limited (“PIESL” or “the Company”) is an indigenous integrated downstream energy company engaged in the importation, trading, storage, distribution, and supply of refined petroleum products across Nigeria and selected African markets. Incorporated as a private limited liability company on 13 December 2017, the Company has grown from a modest fuel supply business serving banks and small-scale customers into a broader downstream operator with activities spanning petroleum trading, marine logistics, depot operations, storage infrastructure and retail distribution. The Company supplies Premium Motor Spirit (“PMS”), Automotive Gas Oil (“AGO”) and Aviation Turbine Kerosene (“ATK”) to a diversified customer base comprising bulk buyers, distributors, industrial users, logistics operators, manufacturers and retail-linked channels across major cities including Lagos, Calabar and Port Harcourt.

The Company currently operates a 30-million-litre storage terminal in Calabar and is in advanced stages of acquiring an additional 40-million-litre storage facility in Lagos to further strengthen its storage capacity. Management noted that the expanded storage footprint is expected to improve inventory planning, reduce logistics-related costs and support growing supply volumes. A key milestone in the Company’s growth trajectory was its appointment as one of approximately 20 approved off-takers under the Dangote Petroleum Refinery Consortium, effective 18 December 2025. Through this arrangement, PIESL lifts products directly from the Dangote Refinery which has enhanced product accessibility and improved its ability to scale operations.

Beyond bulk trading and distribution, PIESL has continued to deepen its presence across the downstream value chain through its retail expansion initiatives. The Company currently operates a retail station in Port Harcourt and Management disclosed plans to commission at least five retail stations per quarter, with a medium-term target of approximately 20 stations annually, as part of efforts to establish a stronger nationwide retail footprint. PIESL’s customer base has increased over the years, growing from approximately nine major customers to over 45 customers across the energy, manufacturing, industrial and logistics sectors.

In line with its regional growth strategy, the Company has established operations in Ghana and plans to significantly increase supply volumes within the market. Beyond Ghana, the Company plans to launch its Tanzania operations in Q3 2026, while exploratory expansion initiatives are ongoing in Kenya. PIESL is also investing in logistics and supporting infrastructure to enhance operational efficiency and strengthen value chain integration.

In addition to its conventional downstream operations, PIESL has expressed interest in cleaner and alternative energy initiatives. Management disclosed that the Company is currently exploring electric mobility solutions targeted at commercial tricycle operators, reflecting its broader strategic interest in cleaner and more sustainable energy solutions over the long term.

## OWNERSHIP, GOVERNANCE, MANAGEMENT AND STAFF

As at 31 March 2026 (unaudited), Pivot Integrated Energy Services Limited had an authorised share capital of ₦100 million, comprising 100 million ordinary shares of ₦1 each, all of which have been fully issued and paid-

### *Pivot Integrated Energy Services Limited*

up. Mr Babatope Babajide Olusola controls a 30.0% equity stake in the Company, while Mrs Babatope Marian Anwuli and Digital Energy and Integrated Services Limited hold 17.5% and 22.5% equity interests, respectively. Olamog Nig. Limited and Mrs Adebayo Temiloluwa Adedoyin each hold a 10.0% equity stake in the Company. In our view, PIESL has a concentrated ownership structure, as Mr Babatope's family hold a direct equity interest of 47.5%.

PIESL has a six-member Board of Directors ("the Board") comprising two executive directors and four non-executive directors. Mr Izeze Eluem Emeka serves as the Board Chairman, while Mr Babatope Babajide Olusola is the Managing Director.

The Board performs its oversight responsibilities through three committees, namely: the Board Audit and Risk Committee; the Finance, Investment and Strategy Committee; and the Governance, Remuneration and Nominations Committee.

**Table 1: Current Directors**

| Name                            | Designation            |
|---------------------------------|------------------------|
| Mr Izeze Eluem Emeka            | Chairman               |
| Mr Babatope Babajide Olusola    | Managing Director      |
| Mr Onakoya Olatunji             | Executive Director     |
| Mr Atunwa Oluranti Kehinde      | Non-executive Director |
| Mrs Babatope Marian Anwuli      | Non-executive Director |
| Mrs Adebayo Temiloluwa Adedoyin | Non-executive Director |

*Source: Management Presentation*

The Managing Director is supported by four senior management personnel covering various segments of the business. These individuals possess the requisite academic and industry experience. We consider the management team to be adequately qualified and experienced.

## MANAGEMENT TEAM

**Mr Babatope Babajide Olusola** is the Managing Director of Pivot Integrated Energy Services Limited. He has nineteen years of experience in management, business coordination and operations. He previously worked in marketing and public sector relationship management at Access Bank PLC and United Bank for Africa PLC. He also managed the operations of Digital Energy and Integrated Services Limited, where he oversaw the Company's expansion into the downstream and upstream oil and gas sectors. Mr Babatope also managed the operations of Koko and Sons Nigeria Limited, a fuel operations contractor to ExxonMobil. During his tenure, the Company supplied petroleum products to ExxonMobil's onshore operations at Qua Iboe Terminal (QIT), Akwa Ibom State and offshore operations at Intels Jetty, Federal Ocean Terminal (FOT), Onne, Rivers State. Mr Babatope holds a Bachelor of Science (BSc.) degree in Computer Science from Babcock University.

### Members of Pivot's Management Team

| Name                        | Position                    |
|-----------------------------|-----------------------------|
| Mr Oladipo Dabiri           | Global Head of Finance      |
| Mr Damilare Ayodeji         | Chief Technical Officer     |
| Mr Jimmy Fred Akinmuyisitan | Group Chief Finance Officer |

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Mr Olaoluwa Ogunkoya

Chief Finance Officer

As at 31 December 2025, Pivot Integrated Energy Services Limited had a staff strength of 35 employees, unchanged from 2024. During the year, the Company's average cost per employee declined to ₦9 million (2024: ₦14 million) driven by a reduction in directors' emoluments. The contribution per employee (defined as pre-tax profit adjusted for staff costs) fell to ₦466 million in FYE2025 (2024: ₦787 million) due to the decline in earnings. Nevertheless, the average contribution per employee remained sufficient to cover the average cost per employee by 50.6x, indicating a healthy staff productivity.

## FINANCIAL CONDITION

### ANALYSTS' COMMENTS

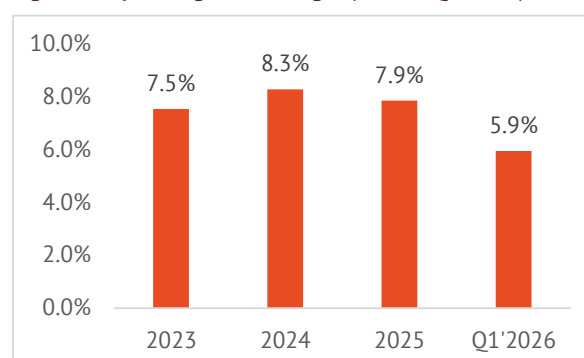
*We have analysed the audited financial statements of Pivot Integrated Energy Services Limited ("Pivot", "PIESL" or "the Company") for the three years ended 31 December 2025 and its management accounts for the three months ended 31 March 2026.*

## PROFITABILITY

Pivot Integrated Energy Services Limited's principal activities include importation, trading, storage, distribution and supply of refined petroleum products across Nigeria and selected African markets. The downstream oil and gas sector operated within a particularly difficult and transitional environment in 2025, as the full effects of fuel subsidy removal and foreign exchange liberalisation continued to reshape the market. Operators contended with volatile product pricing, elevated borrowing and logistics costs, intense competition, and significant working capital pressures. At the same time, the commencement and expansion of domestic refining activities, particularly from the Dangote Petroleum Refinery, altered traditional supply dynamics and compressed marketing margins across the industry. Despite improvements in local refining capacity, Nigeria remained partly reliant on imported petroleum products due to crude supply constraints, government refineries shutdowns and infrastructure limitations.

Pivot's revenue declined by 34% to ₦254.6 billion in FYE 2025 (2024: ₦384.2 billion), reflecting lower-than-anticipated volume sales amid intense market disruption and heightened competition following the initial adoption of a B2C operating model by the largest domestic refinery. The refinery has since reverted to a B2B model, restoring more conventional distribution through bulk buyers and intermediaries and easing earlier market disruptions. In the near term, we expect the Company's sales volumes to rebound. The Company's revenue at FYE 2025 consisted of 58% from Automotive Gas Oil (AGO), 37% from Premium Motor Spirit (PMS), and 12% from base oil sales.

**Figure 2: Operating Profit Margin (2023 – Q1'2026)**



Pivot's cost of sales primarily comprises the purchase cost of refined petroleum products, including associated customs duties and transportation expenses. These costs increased in FYE 2025, driven by higher global crude

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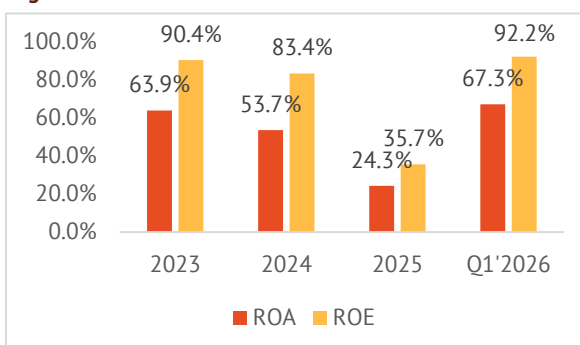
oil prices. Consequently, the Company's direct cost-to-revenue ratio edged up slightly to 91.8% (2024: 91.2%), leading to a moderation in gross profit margin to 8.2% (2024: 8.8%).

In contrast, PIESL recorded a slight improvement in its operating expense-to-revenue ratio, which declined to 0.4% in FYE 2025 (2024: 0.5%), reflecting tighter cost control and improved operating discipline. However, operating profit margin softened to 7.9% (2024: 8.3%). Similarly, EBITDA margin declined to 8% from 8.4% in the prior year, underscoring the impact of compressed margins. Other income, mainly comprising investment income, stood at ₦129 million in FYE 2025, representing 0.1% of revenue. Meanwhile, interest expense-to-revenue ratio increased slightly to 1.6% (2024: 1.3%) due to higher borrowings, though it remained well below our 5% benchmark for the downstream sector. However, this metric would have been significantly higher – approximately 20% – if gross profit were used as a proxy for revenue, given the industry's high-volume, low-margin structure.

Overall, the Company's pre-tax profit margin declined to 6.3% in FYE 2025 (2024: 7.0%). Overall, Pivot's pre-interest, pre-tax return on assets (ROA) and return on equity (ROE) moderated to 24.3% and 35.7% respectively in FYE 2025 (2024: 53.7% and 83.4%), broadly in line with our expectations. Notwithstanding the decline, returns remained above the average inflation rate of approximately 23% in 2025.

The Company's unaudited results for the three months ended 31 March 2026 (Q1'2026) showed revenue of ₦232.7 billion, representing approximately 16.6% of the full-year forecast. We note that this quarterly revenue represents approximately 91.3% of FY2025 revenue of ₦254.6 billion, reflecting improved product availability. As one of the approved off-takers of Dangote Refinery, the Company benefited from higher supply volumes during the period. However, the Company recorded gross and operating profit margins of 6.1% and 5.9%, respectively, in Q1 2026, reflecting the loss of higher-margin aviation fuel volumes during the period. The Company's annualised ROA and ROE strengthened to 67.3% and 92.2% respectively, which were broadly in line with our expectations and substantially above the average inflation rate of approximately 16% in March 2026.

**Figure 3: ROA & ROE**



Looking ahead, we expect elevated pump prices for refined petroleum products to persist, reflecting ongoing global supply-side uncertainties and geopolitical risks in key crude oil shipping routes. Although this could dampen demand and reduce sales volumes, the impact should be partly mitigated by higher average selling prices. The Company plans to expand its aviation fuel segment through a partnership with Raven Energy, an aviation fuel company, this is expected to support volume growth and improve product mix, given the higher-margin nature of aviation fuel.

Supported by its strategic positioning as an approved off-taker of Dangote Petroleum Refinery, the Company is well placed to sustain relatively stable revenue growth over the near to medium term. However, performance will remain sensitive to movements in global crude oil prices, domestic PMS pricing dynamics, and broader macroeconomic conditions. Notwithstanding these risks, we expect the Company's scale, improving supply access, and disciplined cost structure to underpin continued resilience in earnings performance going forward.

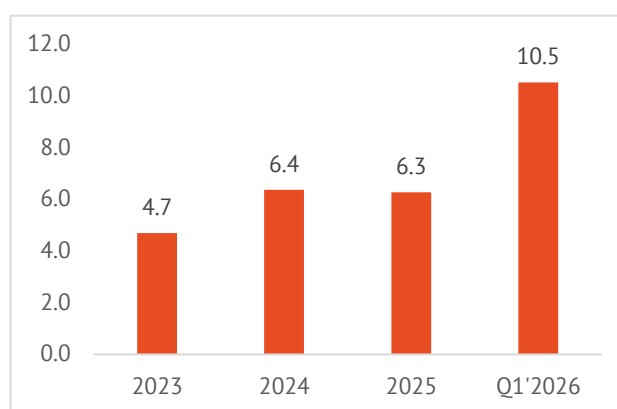
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In our opinion, Pivot Integrated Energy Services Limited's overall profitability is satisfactory.

## CASH FLOW

Pivot Integrated Energy Services Limited generates cash from the sale of PMS, AGO and ATK, with sales largely on a cash basis. Over the last three years (2023–2025), the Company has maintained an average trade receivables collection period of approximately 1 day, reflecting a highly efficient cash conversion cycle akin to the industry's operating model. On the payables side, supplier terms typically require advance payment supported by bank guarantees, with settlement completed within approximately 10 days. Accordingly, average trade payable days stood at around 16 days as at FYE 2025.

**Figure 4: Operating Cash Flow (₦billions)**



The Company generated operating cash flow (OCF) of ₦6.2 billion in FYE 2025 (2024: ₦6.4 billion), which was sufficient to cover returns to providers of finance (RTPOF) of ₦4.2 billion, consisting solely of interest payments, given that no dividends were declared during the period. Over the last three years (2023–2025), cumulative OCF of ₦17.3 billion covered cumulative RTPOF of ₦10.8 billion, indicating adequate internal cash generation to service financial obligations.

In Q1'2026 (unaudited), the Company recorded operating cash flow of ₦10.5 billion, which was sufficient to cover returns to providers of finance approximately 8 times. In the near term, we expect operating cash flows to remain adequate to meet maturing obligations, underpinned by enhanced product volumes, the Company's short collection cycle and continued business expansion.

In our opinion, Pivot Integrated Energy Services Limited's cash flow position is satisfactory.

## LIQUIDITY PROFILE

As at 31 December 2025, PIESL's liquidity profile comprised liquid inventories<sup>2</sup> of ₦27.8 billion and cash and equivalent balances of ₦19.5 billion. This translated to an internally generated liquidity coverage ratio<sup>3</sup> of 1.7x, which we consider satisfactory. The Company also maintains good relationship with five commercial banks, which are reliable sources of external liquidity support for its operations, if needed.

<sup>2</sup> In arriving at the value of the liquid inventories, we applied a 10% haircut on the Company's inventory.

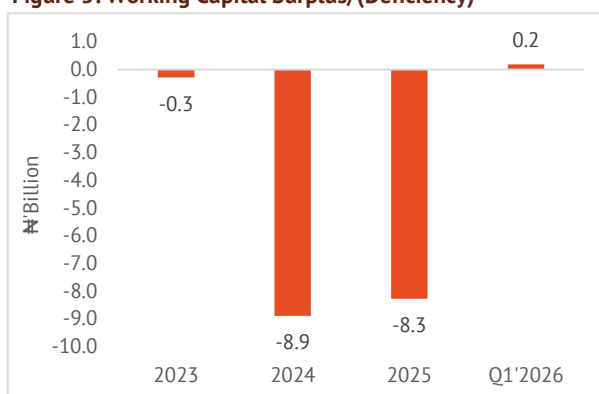
<sup>3</sup> This is measured as internally generated liquidity divided by short-term debts

## FINANCING STRUCTURE AND ADEQUACY OF WORKING CAPITAL

Pivot Integrated Energy Services Limited's trading assets increased to ₦49.4 billion as at FYE 2025 (2024: ₦37.1 billion), with inventory accounting for approximately 62% of the total. The remaining components of trading assets comprised advance payments to suppliers (30%), other debtors and prepayments (7%) and trade receivables (1%). Given the need to maintain adequate product inventories and make advance payments to suppliers in a competitive downstream oil market, we expect PIESL's trading assets to remain elevated, especially as the Company seeks to sustain and expand sales volumes.

As at 31 December 2025, the Company's spontaneous financing (interest-free liabilities) increased by 21% to ₦10.4 billion, driven primarily by higher tax payable balances during the year. At year-end, spontaneous financing comprised taxation payable (84%), other creditors and accruals (10%), and amounts due to related parties (6%). PIESL's interest-free liabilities remained insufficient to fully fund trading assets, resulting in a working capital need of approximately ₦39 billion as at FYE 2025. PIESL has consistently recorded working capital needs over the past three years, largely driven by the need to maintain adequate inventories of refined petroleum products. We expect this trend to persist.

**Figure 5: Working Capital Surplus/(Deficiency)**



As at 31 December 2025, Pivot's long-term assets increased by 10% to ₦14.7 billion, while long-term funds, comprising entirely equity, stood at ₦45.4 billion. The long-term funds were sufficient to fully cover long-term assets, resulting in working capital of ₦30.7 billion. However, this amount was insufficient to fully offset the Company's working capital need, resulting in an overall working capital deficiency of ₦8.3 billion as at FYE 2025, which was funded through short-term borrowings.

As at 31 March 2026 (unaudited), the Company recorded a short-term financing need of ₦39.8 billion, primarily driven by substantial inventory holdings during the period. However, the Company recorded working capital of ₦40 billion, resulting in an overall working capital surplus of ₦0.2 billion. With downstream oil and gas companies requiring significant working capital to finance large inventory build-ups, which is a standard industry practice given the sector's capital-intensive supply chain, we expect the Company's working capital requirements to remain elevated. However, management has indicated that the recently established Commercial Paper Programme will provide an additional funding source to support working capital requirements.

In our opinion, Pivot Integrated Energy Services Limited's working capital requires improvement.

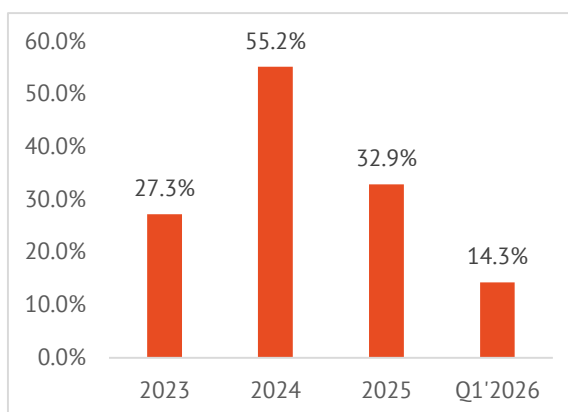
## LEVERAGE

As at FYE 2025, Pivot Integrated Energy Services Limited's total liabilities increased to ₦38.2 billion (2024: ₦27.3 billion) and comprised interest-bearing liabilities (73%) and non-interest-bearing liabilities (27%). PIESL's interest-bearing debt increased to ₦27.8 billion as at 31 December 2025 (2024: ₦18.7 billion) and consisted wholly of short-term borrowings. These interest-bearing liabilities largely comprised 90–180-day facilities obtained from commercial banks to finance the purchase of refined petroleum products. The facilities carry interest rates ranging from 27% to 35% and are secured against the Company's inventory and landed properties. Given the increased reliance on short-term borrowings, we expect the associated interest burden to continue to pressure the Company's profit margins in the near term. However, management has indicated plans to gradually transition part of its funding base towards the debt capital market through commercial paper issuances, to effectively reduce its overall borrowing costs.

The Company's interest expense-to-revenue ratio inched up to 1.6% in FYE 2025 (2024: 1.3%), remaining below our 5% benchmark. However, we note that this metric

would have been significantly higher, at approximately 20%, if gross profit were used as a proxy for revenue, given the high-volume nature of the business. In the same period, the Company recorded an interest coverage ratio of 1.5x (2024: 1.3x), below our 3x benchmark. Over the three-year period (2023–2025), cumulative interest coverage of 1.9x also remained below benchmark levels, indicating limited earnings buffer relative to finance costs.

**Figure 6: Net Debt-to-Total Assets**



As at FYE 2025, shareholders' equity funded 54% of total assets, reflecting a healthy equity cushion. PIESL's net debt-to-total assets ratio improved to 33% in FYE 2025 (2024: 55%), below our 75% benchmark for operators in the downstream oil and gas sector. Similarly, the interest-bearing debt-to-equity ratio improved to 18.4% (2024: 27.4%), as equity increased on the back of retained earnings, and remained comfortably below benchmark levels.

As at 31 March 2026 (unaudited), Pivot Integrated Energy Services Limited's total liabilities decreased to ₦27.4 billion (2025: ₦38.2 billion), reflecting repayment of some bank borrowings during the period. Consequently, the net debt (total debt less cash and cash equivalents) to total assets ratio and interest-bearing debt-to-equity ratio improved to 14.3% and below 1% respectively as at Q1'2026 (FYE 2025: 33% and 18.4%). The Company recorded an interest coverage ratio of 9x as at Q1'2026 (FYE 2025: 1.5x), significantly above our 3x benchmark, supported by stronger cash flow generation during the period. Based on the planned CP Notes issuance and the high interest rate environment in Nigeria, we foresee an uptick in Pivot's leverage indicators. However, management expects the improvement in earnings to be derived from the debt-induced expansion to have some cushioning effect on the possible increase in both finance costs and aggregate debt levels.

In our view, Pivot Integrated Energy Services Limited's overall leverage position is moderate.

## OUTLOOK

The Nigerian downstream oil and gas industry is anticipated to remain fundamentally underpinned by resilient domestic demand for petroleum products, supported by sustained population growth, expanding industrial activities and persistent deficiencies in grid electricity supply, which continue to reinforce dependence on refined petroleum products across transportation, commercial, and household segments. Notwithstanding this structural support, the sector remains subject to external headwinds, including crude oil price volatility, foreign exchange fragility and heightened competitive intensity within a progressively liberalised pricing environment. The emergence and scaling of the Dangote Petroleum Refinery has begun to ease long-standing import dependency constraints, improve product availability, and recalibrate supply chain efficiencies across the downstream industry. In this regard, PIESL's consortium affiliation with Dangote Refinery represents a structurally supportive advantage, anchoring preferential access to product supply and reinforcing continuity of trading operations across key refined petroleum product categories.

The Company plans to expand its aviation fuel segment through a partnership with Raven Energy, an aviation fuel company, leveraging existing aviation infrastructure, including storage facilities and bowser<sup>4</sup> capacity, to support operational expansion. This initiative is expected to broaden revenue diversification, with aviation fuel trading offering structurally higher margins relative to conventional white products. Accordingly, incremental contributions from this segment are expected to enhance overall profitability and improve cash flows.

Working capital requirements are expected to remain structurally elevated, reflecting the inherently inventory-driven nature of the business model. While leverage is expected to edge upward in line with expansionary activities and planned participation in the debt capital market, overall indebtedness is projected to remain within tolerable thresholds, underpinned by strengthening earnings and cash flow generation.

At the macro level, Nigeria's downstream oil and gas industry continues to benefit from favourable demand fundamentals, anchored on demographic expansion, accelerating urbanisation, and chronic electricity supply constraints that sustain reliance on petroleum-based energy solutions. However, the sector remains increasingly exposed to geopolitical risk factors, including intermittent global supply shocks with the US, Israel and Iran war, and crude oil price volatility, which continue to influence pricing trajectories.

PIESL is expected to sustain growth over the medium term, supported by its strengthened positioning within the downstream oil and gas industry. The Company's designation as an off-taker with the Dangote Petroleum Refinery is expected to remain a key structural catalyst, enhancing supply security, deepening trading volumes, and reinforcing its competitive position within the Nigerian downstream oil and gas industry.

Based on the foregoing, we attach a **stable** outlook to Pivot Integrated Energy Services Limited.

<sup>4</sup> *Bowsers are specialized tanker trucks or mobile fuel carts used to safely transport, store and dispense aviation fuel directly to aircraft, especially at airports or airstrips without fixed hydrant systems.*

## FINANCIAL SUMMARY

| <u>STATEMENT OF COMPREHENSIVE INCOME</u> | 31-DEC-23     |      | 31-DEC-24     |      | 31-DEC-25     |      | 31-MAR-26<br>(UNAUDITED) |      |
|------------------------------------------|---------------|------|---------------|------|---------------|------|--------------------------|------|
|                                          | ₦'MILLION     |      | ₦'MILLION     |      | ₦'MILLION     |      | ₦'MILLION                |      |
| REVENUE                                  | 150,405       | 100% | 384,163       | 100% | 254,562       | 100% | 232,653                  | 100% |
| GROSS PROFIT                             | 12,535        | 8%   | 33,807        | 9%   | 20,973        | 8%   | 14,082                   | 6%   |
| OPERATING PROFIT                         | 11,354        | 8%   | 31,815        | 8%   | 20,017        | 8%   | 13,839                   | 6%   |
| INTEREST EXPENSE                         | (1,618)       | -1%  | (5,001)       | -1%  | (4,152)       | -2%  | (1,176)                  | -1%  |
| PROFIT BEFORE TAXATION                   | 9,751         | 6%   | 27,067        | 7%   | 15,994        | 6%   | 12,668                   | 5%   |
| TAX (EXPENSE) BENEFIT                    | (1,950)       | -1%  | (5,413)       | -1%  | (3,609)       | -1%  | (2,534)                  | -1%  |
| PROFIT AFTER TAXATION                    | 7,801         | 5%   | 21,654        | 6%   | 12,385        | 5%   | 10,135                   | 4%   |
| DIVIDEND                                 | -             |      | -             |      | -             |      | -                        |      |
| PROFIT RETAINED FOR THE YEAR             | 7,801         | 5%   | 21,654        | 6%   | 12,385        | 5%   | 10,135                   | 4%   |
| OTHER APPROPRIATIONS/ ADJUSTMENTS        | -             |      | -             |      | -             |      | (75)                     |      |
| PROFIT RETAINED B/FWD                    | 2,957         |      | 10,758        |      | 32,412        |      | 44,797                   |      |
| <b>PROFIT RETAINED C/FWD</b>             | <b>10,758</b> |      | <b>32,412</b> |      | <b>44,797</b> |      | <b>54,856</b>            |      |

| <u>STATEMENT OF FINANCIAL POSITION</u> | 31-DEC-23     |             | 31-DEC-24     |             | 31-DEC-25     |             | 31-MAR-26<br>(UNAUDITED) |             |
|----------------------------------------|---------------|-------------|---------------|-------------|---------------|-------------|--------------------------|-------------|
|                                        | ₦'MILLION     |             | ₦'MILLION     |             | ₦'MILLION     |             | ₦'MILLION                |             |
| <b>ASSETS</b>                          |               |             |               |             |               |             |                          |             |
| CASH & EQUIVALENTS                     | 4,406         | 25%         | 9,843         | 16%         | 19,489        | 23%         | 18,257                   | 22%         |
| TOTAL TRADING ASSETS                   | 10,091        | 56%         | 37,067        | 61%         | 49,438        | 59%         | 49,088                   | 59%         |
| TOTAL LONG-TERM ASSETS                 | 3,477         | 19%         | 13,373        | 22%         | 14,683        | 18%         | 15,605                   | 19%         |
| <b>TOTAL ASSETS</b>                    | <b>17,973</b> | <b>100%</b> | <b>60,282</b> | <b>100%</b> | <b>83,610</b> | <b>100%</b> | <b>82,949</b>            | <b>100%</b> |
| <b>GROWTH</b>                          | <b>143.6%</b> |             | <b>235.4%</b> |             | <b>39%</b>    |             | <b>-1%</b>               |             |
| <b>LIABILITIES &amp; EQUITY</b>        |               |             |               |             |               |             |                          |             |
| TOTAL INTEREST-BEARING LIABILITIES     | 4,693         | 26%         | 18,730        | 31%         | 27,752        | 33%         | 18,067                   | 22%         |
| TOTAL NON-INTEREST-BEARING LIABILITIES | 2,308         | 13%         | 8,594         | 14%         | 10,419        | 13%         | 9,309                    | 11%         |
| TOTAL LIABILITIES                      | 7,001         | 39%         | 27,324        | 45%         | 38,171        | 46%         | 27,376                   | 33%         |
| SHAREHOLDERS' EQUITY                   | 10,972        | 61%         | 32,958        | 55%         | 45,438        | 54%         | 55,573                   | 67%         |
| <b>TOTAL LIABILITIES &amp; EQUITY</b>  | <b>17,973</b> | <b>100%</b> | <b>60,282</b> | <b>100%</b> | <b>83,610</b> | <b>100%</b> | <b>82,949</b>            | <b>100%</b> |

| <u>CASH FLOW STATEMENT</u>                      | 31-DEC-23      |  | 31-DEC-24      |  | 31-DEC-25      |  | 31-MAR-26<br>(UNAUDITED) |  |
|-------------------------------------------------|----------------|--|----------------|--|----------------|--|--------------------------|--|
|                                                 | ₦'MILLION      |  | ₦'MILLION      |  | ₦'MILLION      |  | ₦'MILLION                |  |
| <b>OPERATING ACTIVITIES</b>                     |                |  |                |  |                |  |                          |  |
| POTENTIAL OPERATING CASH FLOW                   | 9,633          |  | 27,052         |  | 16,820         |  | 11,283                   |  |
| WORKING CAPITAL CHANGES:                        |                |  |                |  |                |  |                          |  |
| CASH FROM (USED BY) SPONTANEOUS FINANCING       | 206            |  | 6,287          |  | 1,825          |  | (1,111)                  |  |
| CASH FROM (USED BY) TRADING ASSETS              | (5,150)        |  | (26,976)       |  | (12,372)       |  | 350                      |  |
| <b>CASH FROM (USED IN) OPERATING ACTIVITIES</b> | <b>4,688</b>   |  | <b>6,363</b>   |  | <b>6,274</b>   |  | <b>10,522</b>            |  |
| RETURNS TO PROVIDERS OF FINANCING (RTPOF)       |                |  |                |  |                |  |                          |  |
| INTEREST PAID                                   | (1,618)        |  | (5,001)        |  | (4,152)        |  | (1,176)                  |  |
| DIVIDEND PAID                                   | -              |  | -              |  | -              |  | -                        |  |
| <b>OPERATING CASH FLOW AFTER RTPOF</b>          | <b>3,070</b>   |  | <b>1,362</b>   |  | <b>2,121</b>   |  | <b>9,346</b>             |  |
| <b>CASH FROM (USED IN) INVESTING ACTIVITIES</b> | <b>(2,786)</b> |  | <b>(9,961)</b> |  | <b>(1,498)</b> |  | <b>(968)</b>             |  |

*Pivot Integrated Energy Services Limited*

|                                                 |              |               |               |                |
|-------------------------------------------------|--------------|---------------|---------------|----------------|
| <b>CASH FROM (USED IN) FINANCING ACTIVITIES</b> | <b>2,399</b> | <b>14,037</b> | <b>9,022</b>  | <b>(9,610)</b> |
| CHANGE IN CASH INC/(DEC)                        | 2,683        | 5,437         | 9,645         | (1,232)        |
| OPENING CASH & MARKETABLE SECURITIES            | 1,722        | 4,406         | 9,843         | 19,489         |
| <b>CLOSING CASH &amp; MARKETABLE SECURITIES</b> | <b>4,406</b> | <b>9,843</b>  | <b>19,489</b> | <b>18,257</b>  |

| <b>KEY RATIOS</b>                            | <b>31-DEC-23</b>                | <b>31-DEC-24</b>                | <b>31-DEC-25</b>                | <b>31-MAR-26<br/>(UNAUDITED)</b> |
|----------------------------------------------|---------------------------------|---------------------------------|---------------------------------|----------------------------------|
| <b>PROFITABILITY</b>                         |                                 |                                 |                                 |                                  |
| SALES GROWTH                                 | 184%                            | 155%                            | -34%                            | 266%                             |
| OPERATING PROFIT MARGIN                      | 8%                              | 8%                              | 8%                              | 6%                               |
| RETURN ON ASSETS (PRE-INTEREST PRE-TAX)      | 64%                             | 54%                             | 24%                             | 67%                              |
| RETURN ON EQUITY (PRE-TAX)                   | 90%                             | 83%                             | 36%                             | 92%                              |
| <b>CASH FLOW</b>                             |                                 |                                 |                                 |                                  |
| OCF AS % OF RETURNS TO PROVIDER OF FINANCING | 290%                            | 127%                            | 151%                            | 895%                             |
| OCF AS % OF SALES                            | 3%                              | 2%                              | 2%                              | 5%                               |
| <b>WORKING CAPITAL</b>                       |                                 |                                 |                                 |                                  |
| WORKING CAPITAL NEED (DAYS)                  | 26                              | 38                              | 75                              | 80                               |
| OVERALL WORKING CAPITAL DEFICIENCY (DAYS)    | -                               | -                               | -                               | -                                |
| <b>LEVERAGE</b>                              |                                 |                                 |                                 |                                  |
| NET DEBT AS % OF AVERAGE TOTAL ASSETS        | 27%                             | 55%                             | 33%                             | 14%                              |
| TOTAL LIABILITIES TO EQUITY                  | 65%                             | 84%                             | 85%                             | 50%                              |
| <b>OTHER ADDITIONAL INFORMATION</b>          |                                 |                                 |                                 |                                  |
| STAFF COSTS (₦' MILLION)                     | 435                             | 495                             | 322                             | 38                               |
| AVERAGE NUMBER OF STAFF                      | 33                              | 35                              | 35                              | 35                               |
| STAFF COSTS PER EMPLOYEE (₦' MILLION)        | 13                              | 14                              | 9                               | 1                                |
| CAPITAL EXPENDITURE (₦' MILLION)             | 1,875                           | 4,001                           | 23                              | 0                                |
| DEPRECIATION AND AMORTISATION (₦' MILLION)   | 25                              | 65                              | 188                             | 47                               |
| AUDITORS                                     | THEOPHILUS<br>OGBUMMAH &<br>CO. | THEOPHILUS<br>OGBUMMAH &<br>CO. | THEOPHILUS<br>OGBUMMAH &<br>CO. | UNAUDITED                        |
| OPINION                                      | CLEAN                           | CLEAN                           | CLEAN                           | N/A                              |

## LONG-TERM RATING DEFINITIONS

|            |                                                                                                                                                                            |
|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Aaa</b> | A Company with the best financial condition and strongest capacity to meet obligations as and when they fall due relative to all other issuers in the same country.        |
| <b>Aa</b>  | A Company with very good financial condition and a strong capacity to meet its obligations as and when they fall due relative to all other issuers in the same country.    |
| <b>A</b>   | A Company with good financial condition and strong capacity to meet its obligations relative to all other issuers in the same country.                                     |
| <b>Bbb</b> | A Company with satisfactory financial condition and adequate capacity to meet its obligations as and when they fall due relative to all other issuers in the same country. |
| <b>Bb</b>  | A Company with satisfactory financial condition but limited capacity to meet obligations as and when they fall due relative to all other issuers in the same country.      |
| <b>B</b>   | A Company with weak financial condition and weak capacity to meet obligations as and when they fall due relative to all other issuers in the same country.                 |
| <b>C</b>   | A Company with very weak financial condition and very weak capacity to meet obligations as and when they fall due relative to all other issuers in the same country.       |
| <b>D</b>   | In default.                                                                                                                                                                |

### Rating Category Modifiers

A "+" (plus) or "-" (minus) sign may be assigned to ratings from 'Aa' to 'C' to reflect comparative position within the rating category. Therefore, a rating with + (plus) attached to it is a notch higher than a rating without the + (plus) sign and two notches higher than a rating with the - (minus) sign.

## SHORT-TERM RATING DEFINITIONS

|            |                                                                                                                                                          |
|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>A1+</b> | A company with the strongest capacity to meet short-term obligations as and when they fall due relative to other issuers/obligations in the same country |
| <b>A1</b>  | A company with a strong capacity to meet short-term obligations as and when they fall due relative to other issuers/obligations in the same country      |
| <b>A2</b>  | A company with adequate capacity to meet short-term obligations as and when they fall due relative to other issuers/obligations in the same country      |
| <b>A3</b>  | A company with limited capacity to meet short-term obligations as and when they fall due relative to other issuers/obligations in the same country       |
| <b>B</b>   | A company with weak capacity to meet short-term obligations as and when they fall due relative to other issuers/obligations in the same country          |
| <b>C</b>   | A company with very weak capacity to meet short-term obligations as and when they fall due relative to other issuers/obligations in the same country     |

*Pivot Integrated Energy Services Limited*

**D**

A company in default

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