

Today, Oando Plc. (**OANDO**) announced that it received an offer from its majority shareholder, Ocean and Oil Development Partners Limited to buy out all minority shareholders in the company (**OODP** which currently holds 57.37% shareholding in the company). Subsequently, the company plans to be taken private and would delist from both the Nigerian and Johannesburg stock exchanges.

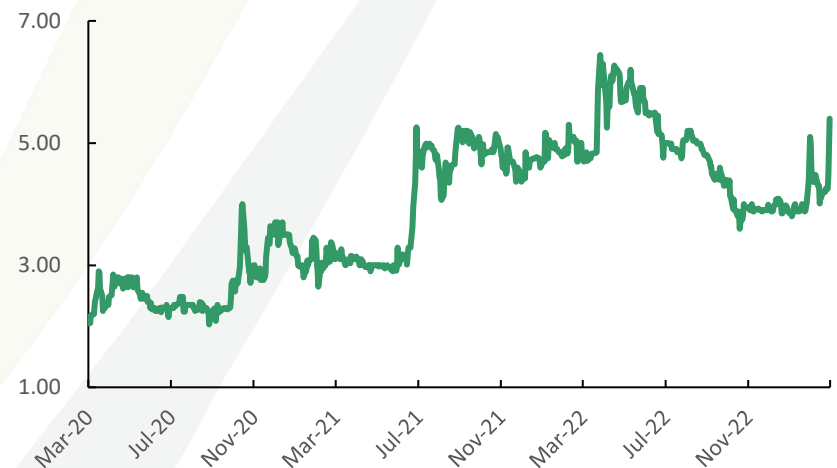
The offer is being made at a price of NGN7.07 (or its equivalent in South African Rand) to all eligible minority shareholders (scheme shareholders). This represents a 30.93% upside to the closing price as of 30th March, 2023 (NGN5.40). The buy-out offer is subject to the approval of the scheme application by the Securities and Exchange Commission (SEC).

Recall that in March 2021, some minority shareholders in **OANDO** filed a [petition](#), requesting a buyout of their entire shareholding in **OANDO** by **OODP**.

Our Opinion

We consider the proposed buy-out price of NGN7.07 attractive for existing scheme investors, as it represents the highest price the stock has traded in 5 years. Thus, we advise existing shareholders to take the offer, as key decisions regarding the business will be at the discretion of the majority shareholder after delisting. Also, we note a possible time lag of up to seven (7) months before approval is granted by the SEC for the buy-out given precedence of similar transactions of **COURVILLE** and **CHAMPION**. Thus, for intending investors, we recommend cautious trading on the stock as no clear guidelines were communicated.

Chart 1: OANDO Share Price Performance (2020 -2023)



Source: Bloomberg, Meristem Research

Contact Information

Brokerage and Retail Services

topeoludimu@meristemng.com

(+234 905 569 0627)

contact@meristemng.com

Investment Research

research@meristemng.com

(+234 816 890 2771)

damilarejo@meristemng.com

praiseihansekhien@meristemng.com

(+234 817 007 1512)

Corporate websites: www.meristemng.com, www.meristemwealth.com, www.meristemregistrars.com

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