



Tema Oil Refinery (TOR) Ltd.

Post Office Box C0599
Tema, Ghana

Tel: +233 (0) 30 330 4096-7, 330 2882-3
Fax: +233 (0) 30 330 2910, 330 3989

E-mail: tor@torghana.com
Website: www.torghana.com

PRESS STATEMENT

November 5, 2020

TEMA OIL REFINERY (TOR) RESPONSE TO TOR UNION'S AGITATIONS FOR THE REMOVAL OF THE BOARD OF DIRECTORS OF TOR LTD.

Our attention has been drawn to news making waves on the alleged incompetence of the Board of Directors (Board) of TOR. This was occasioned by Management's request to defer the Collective Bargaining Agreement (CBA) negotiations to 2021, due to the harsh economic impact of COVID-19 on TOR's finances in 2020. The Union and Management of TOR meet every three years to negotiate a Collective Bargaining Agreement that sets out salary and benefits for the next three years.

TOR Management therefore wishes to state the following to clarify some concerns raised by the Unions; For the Unions to say that the Board has made no significant contribution to the Company is unsubstantiated and unfortunate because;

TOR as at January 2017

1. As at January 2017 the financial accounts of TOR had not been audited since 2013. In addition, TOR had outstanding debts of around US\$345 Million and also about GHS1.05 Billion owed to third parties, traders and financial institutions.
2. Statutory liabilities owed GRA and SSNIT as well as Utility companies and others amounted to circa GHS84.4 Million. In addition, about GHS11.8 Million staff related liabilities were outstanding as at December 31, 2016.
3. It is not surprising that the TOR's books had not been Audited since 2009.
4. It is instructive to note that when the current Board was constituted in 2017, they discovered that TOR had missed three cycles of critical Turnaround Maintenance, which had not been carried out since 2009. The neglect of critical maintenance prior to the constitution of the current Board had resulted in a deteriorated refinery plant which was characterized by frequent shutdowns, inefficient operations and an unsafe working environment for the cherished staff of TOR.
5. It is therefore also unfortunate, that prior to the appointment of the current Board, one of the refinery's two crude heaters (Furnace) exploded. This effectively reduced the refinery's processing capacity from the name plate capacity of 45,000 barrels Per Stream Day (BPSD) to about 25,000 BPSD. The reduced processing capacity led to its attendant reduction in revenues since it rendered the refinery only capable of processing at half of its design capacity.

Progress made by the Current Board

6. The efforts by the Current Board has led to the payment TOR's outstanding GHS1 Billion debt accrued between 2009 and 2016. The payment was made by the current Nana Akufo-Addo Government as part of support to TOR. A further US\$67m of the debt carried over from 2009 to 2016 has also been paid by the Government. The Board and Management of TOR continue their efforts to clear the debts that were left.

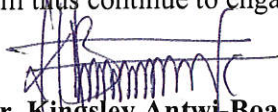


7. Under the administration of the current Board, TOR has been able to successfully carry out its long overdue shutdown maintenance. The shutdown maintenance has improved the efficiency and availability of the processing plants, and led to reduction in losses, improvement in product yields and financial performance. This is evidenced by the recent continuous processing of up to 8 million barrels of crude oil at the refinery since September 2019.
8. Under the current Board, TOR has seen more operation days than between 2009-2016, and has engaged with oil traders such as Woodfields, leading to the signing of a processing agreement for TOR to process 11 million barrels of crude oil on their behalf since September 2019 to date.
9. Thus, the current Board has demonstrated the capacity to and also ensured that TOR has had consistent supply of crude oil/ feedstock for processing as compared to previous years.
10. Under the current Board, a new furnace has been procured to replace the exploded furnace.
11. The current Board set out immediately to ensure that auditing of financial accounts that had been neglected from 2013 to 2016 were carried out as a matter of urgency. We can report now that auditing of 2013 to 2016 financial accounts have now been completed, with 2016 being the worst performing year recording a loss of approximately Gh¢866 Million.
12. TOR Management in consultation with the TOR Union Executives set up a taskforce to implement the recommendations from the Committee reports that the Unions referred to in their statement. The taskforce activities are currently ongoing.
13. In light of cash flow and other financial challenges that TOR has been facing, TOR commenced the development of a Profitability Improvement Plan in May 2020. The main objective of the plan is to revitalize TOR by setting out a clear path that will ensure that TOR is able to operate as a viable going concern and meet its payment obligations, while effectively carrying out its core business activities. The profitability Improvement Plan focuses on three Key areas:
 - a) Revenue Generation;
 - b) Cost Reduction; and
 - c) Loss elimination.

The COVID-19 pandemic has had a profound impact on the global refinery industry and TOR hasn't been spared either. Restrictions on movement (via land and especially by air) have greatly reduced the demand of petroleum products. Therefore, refineries all over the globe have had to reduce their throughputs and in many cases refineries in America, Europe and Asia have had to shut down.

That notwithstanding, the Management of TOR has held on to its workforce during these extremely difficult times, even though the financial impact of the COVID-19 pandemic has been felt across the globe and in many cases with devastating impact to businesses.

The Board and Management wish to assure the TOR Unions that it values the CBA negotiations and will thus continue to engage them in the interest of Tema Oil Refinery and its cherished Staff.


Dr. Kingsley Antwi-Boasiako
Corporate & Public Affairs Manager
0504674507