

# Angolan oil giant Sonangol lost \$4bn last year in pandemic

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Angolan state oil giant Sonangol registered a \$4.1bn net loss in 2020 as the Covid-19 pandemic hollowed out sales and the company struggles to lighten its large debt with asset sales, according to its annual results published this week.



Head office of Angola's state oil company Sonangol in the capital Luanda. Reuters/Ed Cropley

The company is the engine of Angola's economy and central to a state drive to lift its people out of poverty and alleviate the country's vast debts to China and other lenders.

Sonangol's total liabilities stood at \$26.8bn at the end of 2020, using the official average exchange rate for the year, while debt repayments alone cost it \$2bn, the 238-page annual results showed.

The company took out two new bank loans totalling \$1.5bn in 2020, while another for \$850m was agreed this year with an option to borrow a further \$450m.

Sonangol said debts to Western oil companies operating its oilfields were not reflected in its results. Such liabilities could amount to about \$1bn, sources have previously told Reuters, though the company has not commented on that figure.



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## Global glut in oil

The company said the disappointing performance in 2020 was "a result of drastic reduction in revenues from sales of

crude oil" due to the pandemic, despite Angolan annual oil output being slightly higher than in 2019. It cited a global glut in oil as travel restrictions hammered demand, as well as weaker buying by its main customer China.

Even before the pandemic, in 2019, Sonangol registered no profit from its core oil business and only a modest overall profit of \$125m.

The company announced a sale of stakes in eight flagship offshore oil blocks in June to help alleviate debt, but no announcement of any buyers has been forthcoming.

Sonangol has made little progress toward plans to privatise non-core aspects of its businesses, culminating in a listing of a 30% stake in the company itself. It sold its loss-making trading arm Puma Energy to Trafigura for \$600m this year.

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