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Leading the Way in Gas Transportation

H1 2024 results conference call





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OQGN in Brief



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Sole gas transmission operator and owner



50-year concession expiring in 2070



Strong growth prospects – near-term network expansion/ long-term growth initiatives

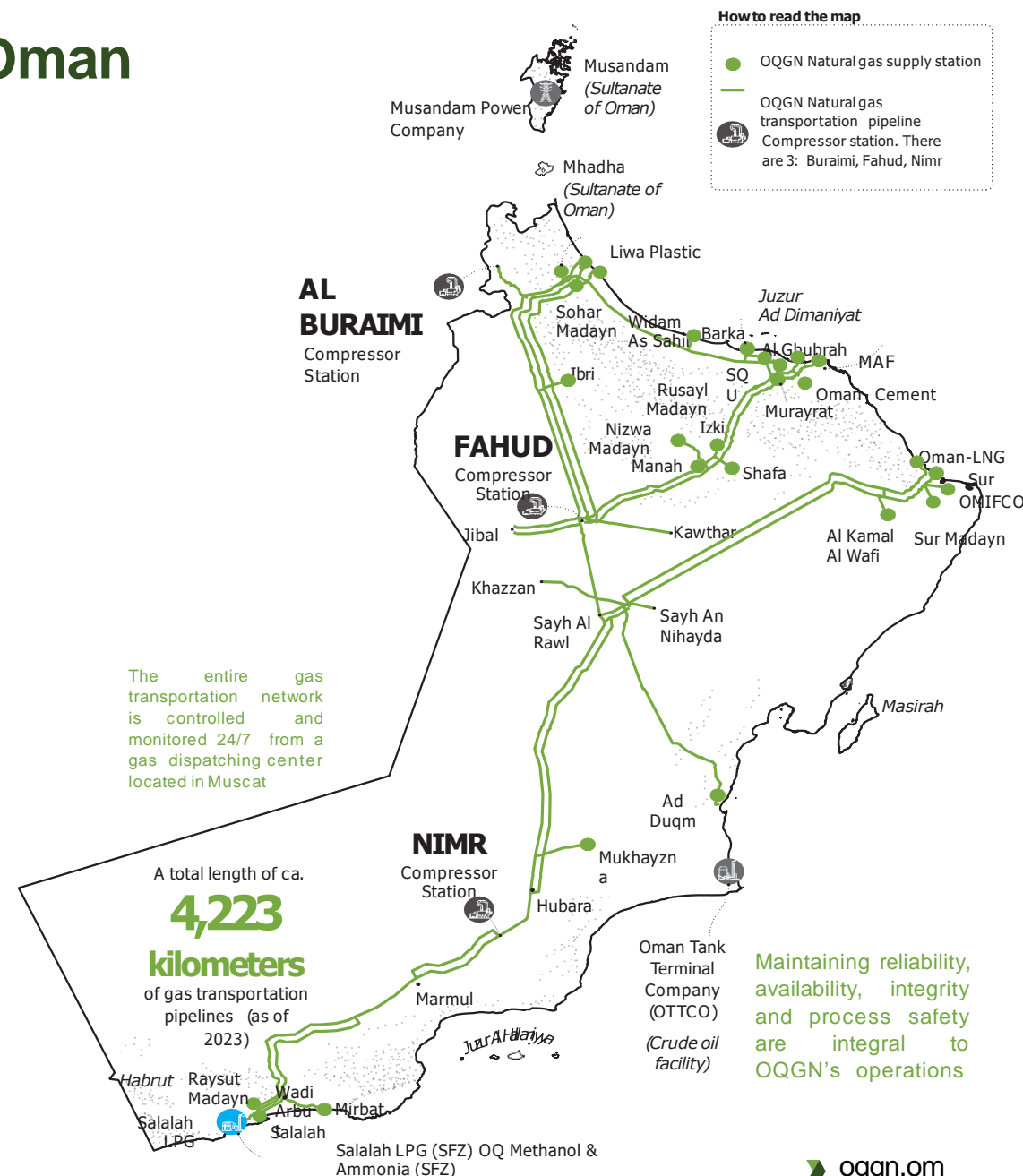


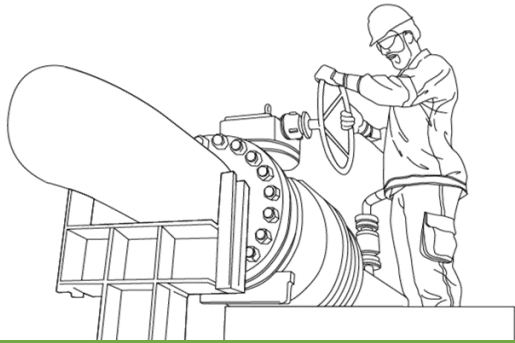
Strategy aligned with economic diversification strategy per Oman Vision 2040



OQGN maintains the Asset management standard certification ISO 55001:2014 as well as other certifications

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Vast

4,223 km

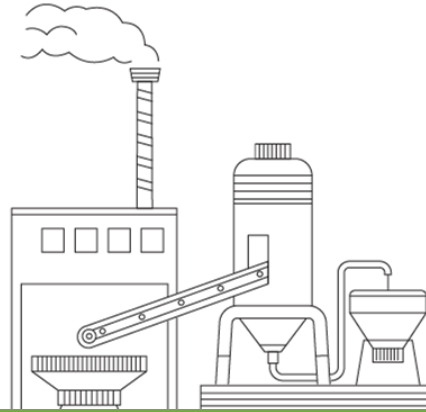
of gas pipelines, 3
compressor stations and
29 gas supply stations



Experienced

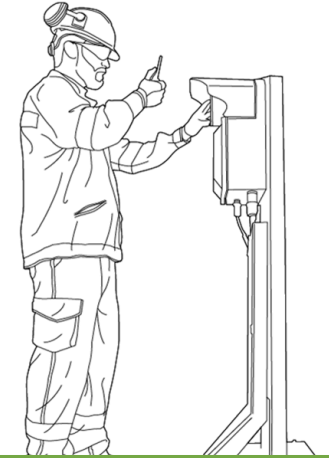
500+

Of dedicated, proud and highly
qualified employees



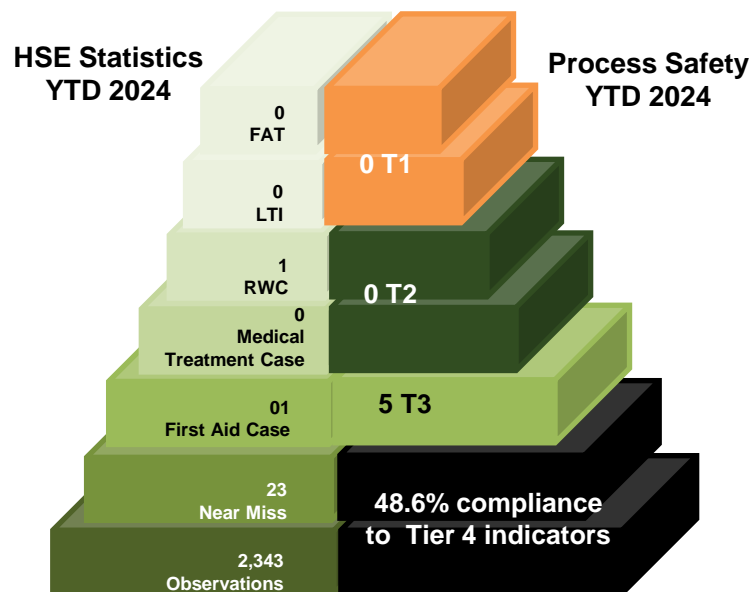
Established

130 major consumers across
Oman – Power & Desalination
plants, Fertilizers, Chemicals,
Petrochemicals, Refineries, Steel
& Cement plants.



Reliable

99.9% gas availability with a
company record of **highest
gas delivery of 131 Million
Standard Cubic Meter
per day** during the month of
June 2024



Financial Statistics

OMR 59.9 Mn (76.2%)

Regulated Adjusted EBITDA

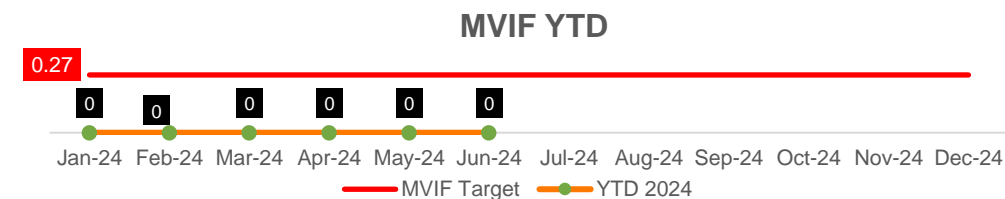
Adjusted Net Debt / Regulated

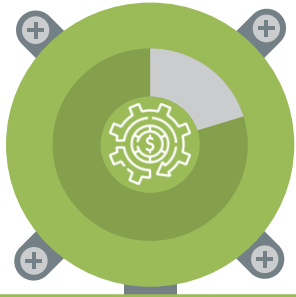
Adjusted EBITDA : **3.1X**

OMR Million

Total income: 81

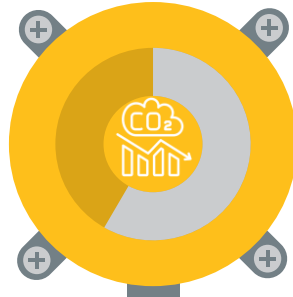
Net Profit : 28

Adjusted Net Debt / RAB : **0.3X**



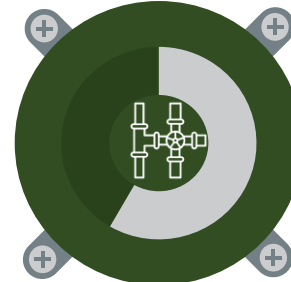
Business

- **Increase in the network length** from **4,045km to 4,223Km**
- Achieved the **Highest gas delivery record of 131 MSCM per day**
- Published the **first annual and sustainability reports** for 2023
- Successfully Finalized **Business continuity plans**
- **Several engagement sessions** were held with the investors.



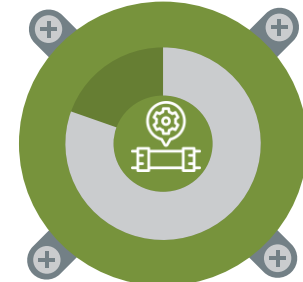
Energy Transition

- OQGN, as the national champion for H2 infrastructure is **spearheading** the various technical, financial and commercial elements that will **constitute to the new CUI operating model which will govern the H2 transport business**
- OQGN was able in principle to **land on a potential commercial/operating model for the 1st of its kind CCUS project in Oman** after intensive discussions and negotiations with Shell BH. Also, several MOUs were signed such as with OQ and Sumitomo to ensure steady sources of CO2 are available
- Commenced **implementation of OQGN decarbonization strategy**, such as the use mobile recompression, flare recovery, Energy Management System (ISO50001)



Network Growth

- Total of **17 Connection Agreements** were completed & signed
- **LNTDP: The Long-Term Network Development Plan (LNTDP)** was successfully developed setting basis for future management of OQGN's network capacity and gas quality for the coming 7 years
- **Marsa LNGB FID** was announced, the key enabler to facilitate OQGN 's growth through the execution of main connection project and the new 42" loop line project from Fahud to Sohar



Projects

- Successfully Commissioned and Performance test completed for **Pride packaging, OMIFCO** , and **SIE-Debottlenecking**
- Successfully completed Shutdown activities for **JAL International & SIE Network Projects**
- Successfully completed **Second Phase of OHL, Tie-In** and energization of **Central 48" project**.



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Growth And Future Aspiration

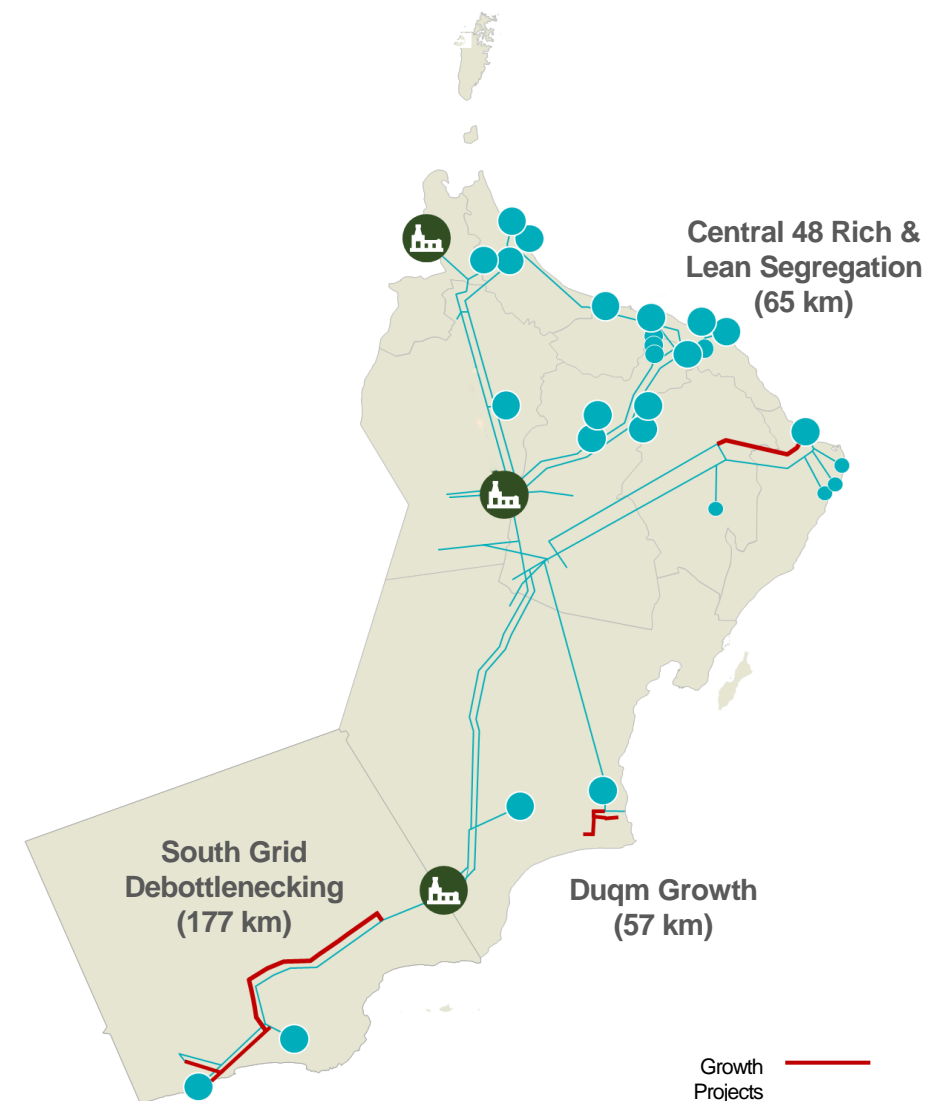
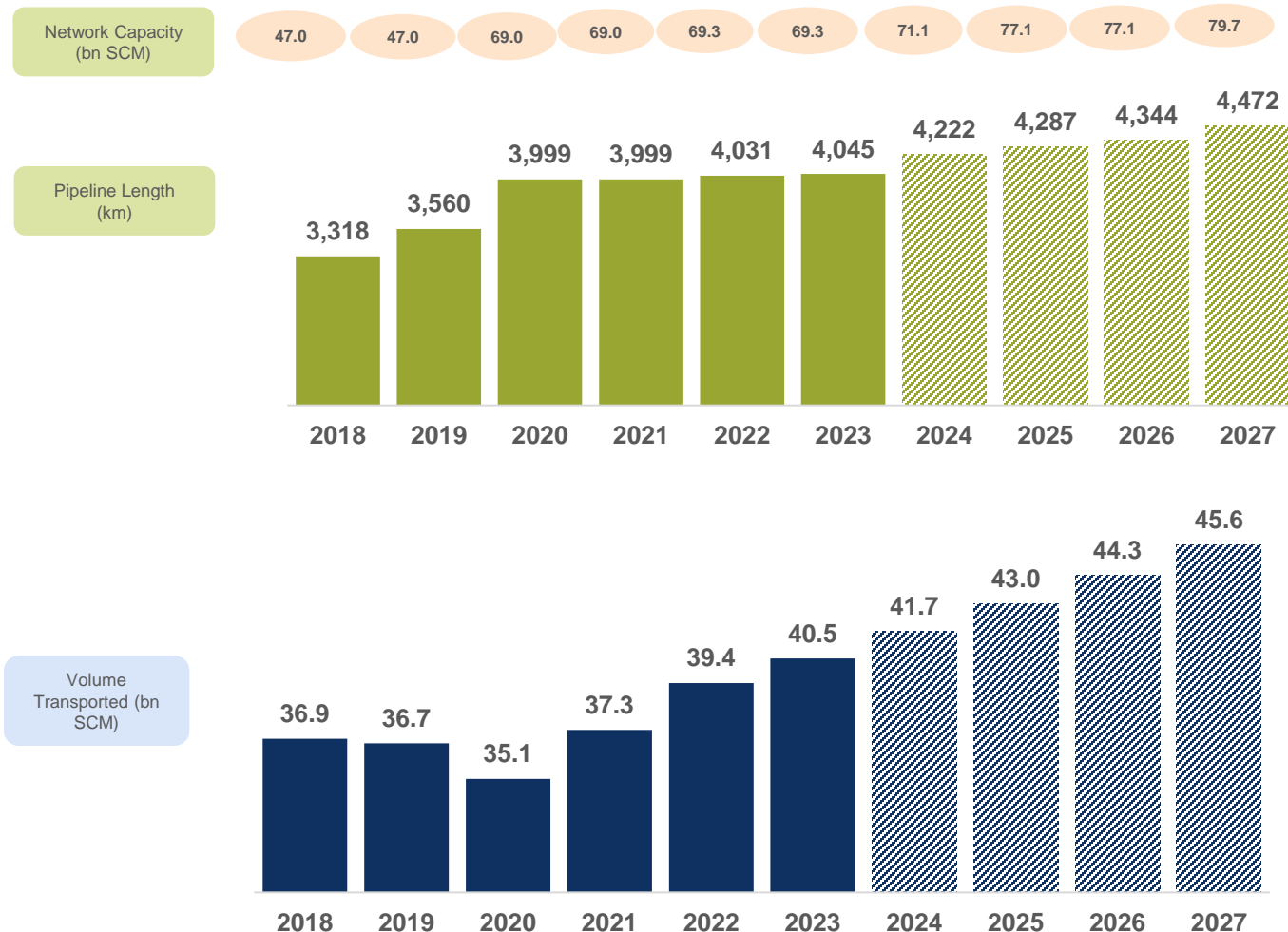


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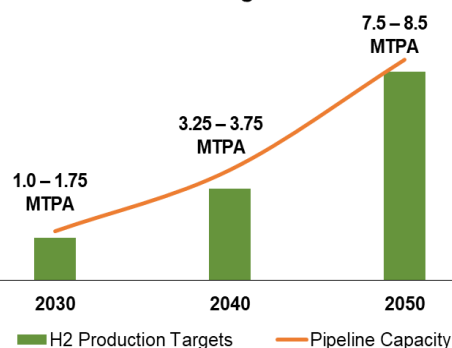
OQGN continues expanding its natural gas network to meet growing natural gas demand

OQGN's natural gas network is expected to grow by an average of 3% during Price Control-3



OQGN as the national infrastructure champion designated to lead H2 pipelines developments, is advising Hydrom on master planning & collaborating with partners

Hydrom Green Hydrogen Production Targets

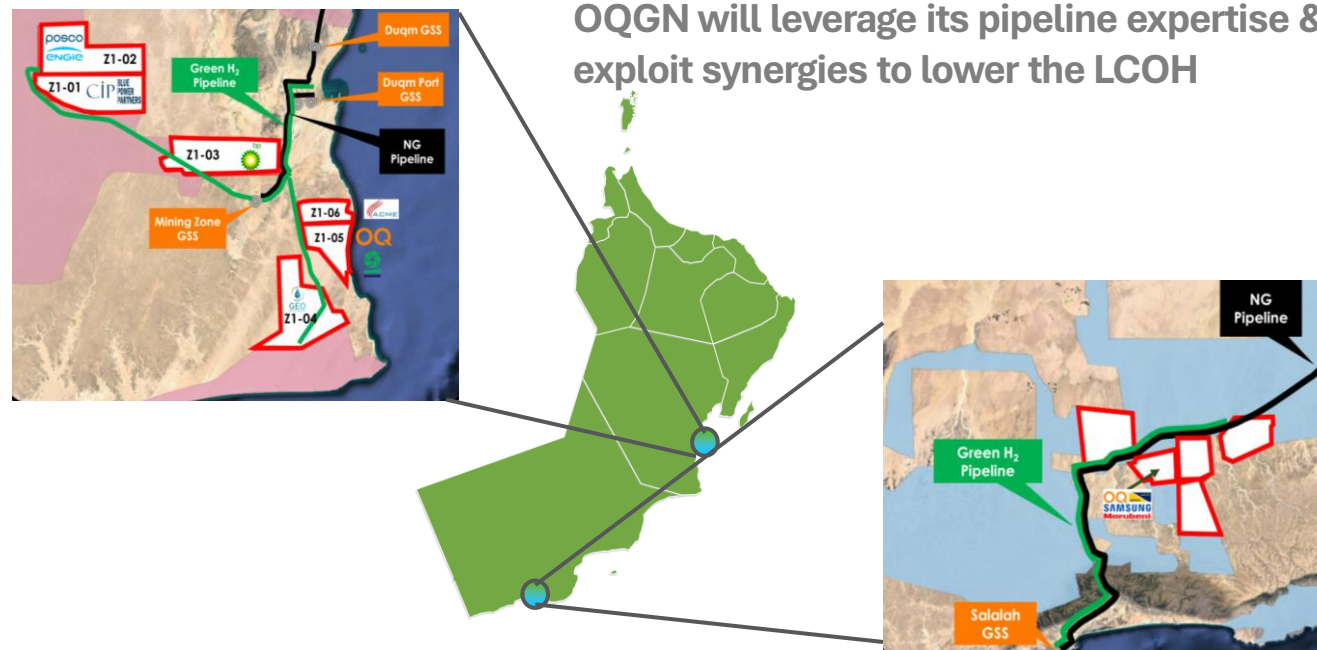


OQGN is actively involved in Hydrom's feasibility study, to ensure alignment on technical, commercial, financial, and legal considerations, study is expected to be finalized by Q4 24.

The Sultanate of Oman has set out ambitious Green Hydrogen Production Targets that will be enabled by OQGN.



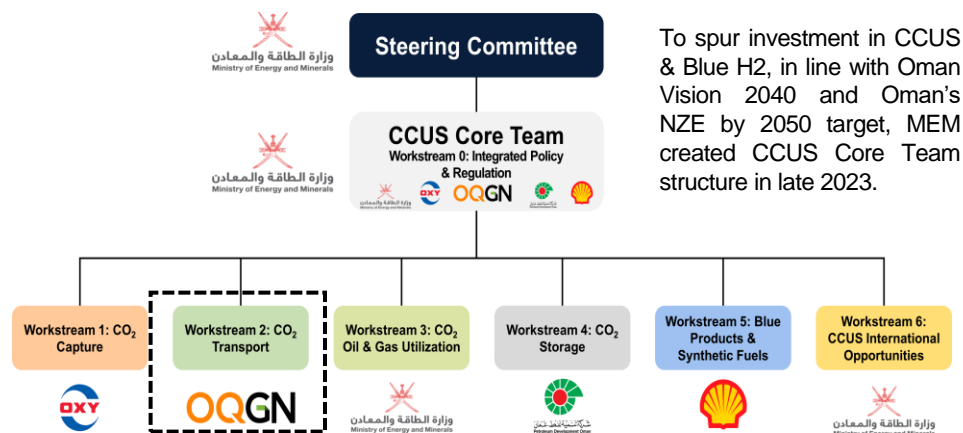
OQGN is in talks with Fluxys (4.9% owner of OQGN) to jointly develop the hydrogen transportation network in Oman.



OQGN will leverage its pipeline expertise & exploit synergies to lower the LCOH

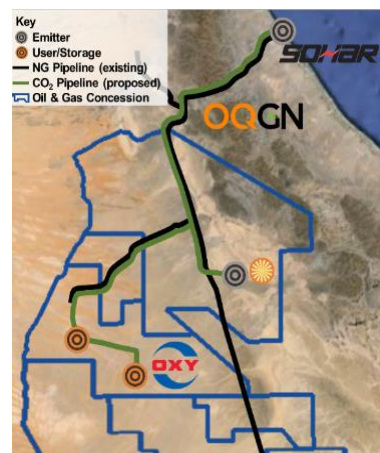
OQGN will develop an optimal hydrogen pipeline network to cater to announced & future blocks, taking advantage of economies of scale & ROW efficiencies to lower transportation costs.

Ministry of Energy & Minerals is developing CCUS & Blue H2 regulations & policies with key stakeholders



- OQGN is advising MEM on regulatory & techno-commercial aspects of CO₂ transport.
- To enable first movers, MEM designated Trailblazer Project status to 3, commercial scale CCUS projects.

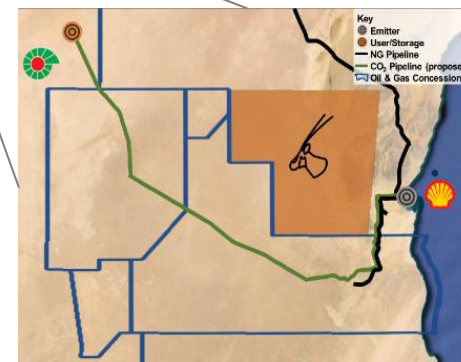
OQGN is collaborating with stakeholders to develop Trailblazer Projects



Building on the MoU signed in 2023, OQGN is actively collaborating with Oxy to develop an attractive CCUS value chain to meet Oxy's CO₂-EOR requirements. CO₂ pipeline feasibility study ongoing.



Governed by a JSA, OQGN is working with Shell, OQ, & PDO on Blue Horizons' pre-FEED. OQGN is exploring with Blue Horizons Inc. attractive commercial models, ensuring bankability & shareholder value.





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H1 2024 Performance



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Total Income (as per IFRS Financials)

OMRm (1 OMR = 2.6 USD)

Net Profit

46

56

33

28

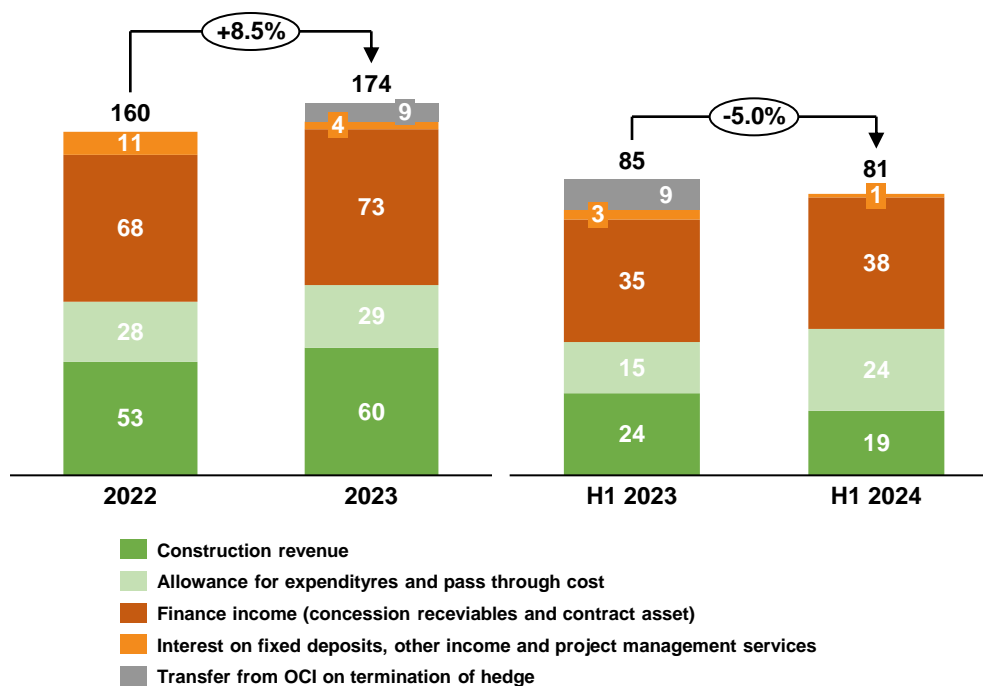
Net Profit
Margin

28.4%

31.9%

38.9%

34.3%



Observations and Remarks

OQGN's income has been steadily increasing over the past years, highlighting its business model's stability against commodity prices fluctuations.

- 1 The variance in net profit in comparison to H1 2023 was related to one-off events resulting in the recognition of financial gains of RO 8.8 Mn on the termination of hedge and RO 5.4 Mn due to the effect of the waiver of the interest on shareholder loan.
- 2 Allowance for expenditures and pass-through cost has increased due to increase in the allowance set by regulatory for PC3 (including allowance related to PC2 opex)
- 3 Company's finance income slightly increased 2024 due to increase in asset base.

Total Income excluding one off event (as per IFRS Financials)

OMRm (1 OMR = 2.6 USD)

Net Profit

46

47

19

28

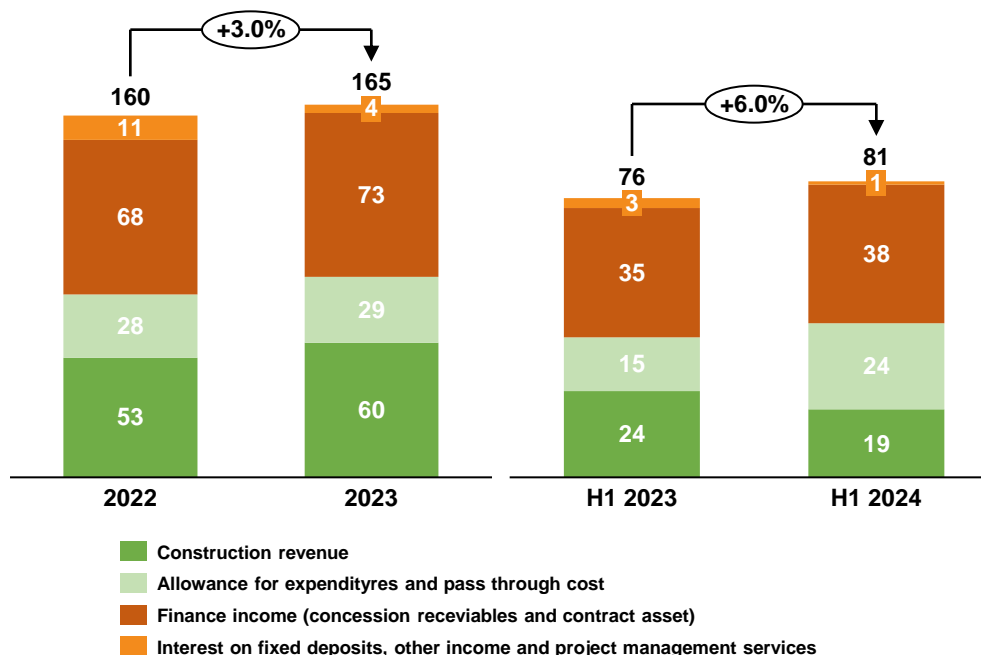
Net Profit
Margin

28.4%

28.3%

24.8%

34.3%



Observations and Remarks

OQGN's performance has reflected a steady increase in income over the past years, highlighting its business model's stability against commodity prices fluctuations.

- During the first half of year 2024, OQGN's performance reflected an RO 4.6 Mn increase in revenue and RO 8.8 Mn net profit compared to the similar period in 2023. This was supported by commencement of Price Control 3 which entailed a better OpEx allowance and WACC compared to Price Control 2.
- Allowance for expenditures and pass-through cost has increased due to increase in the allowance set by regulatory for PC3 (including allowance related to PC2 opex)
- Company's finance income slightly increased 2024 due to increase in asset base.

Contract Assets and Concession Receivables

OMRm (1 OMR = 2.6 USD)

Finance
Income⁽¹⁾

68

73

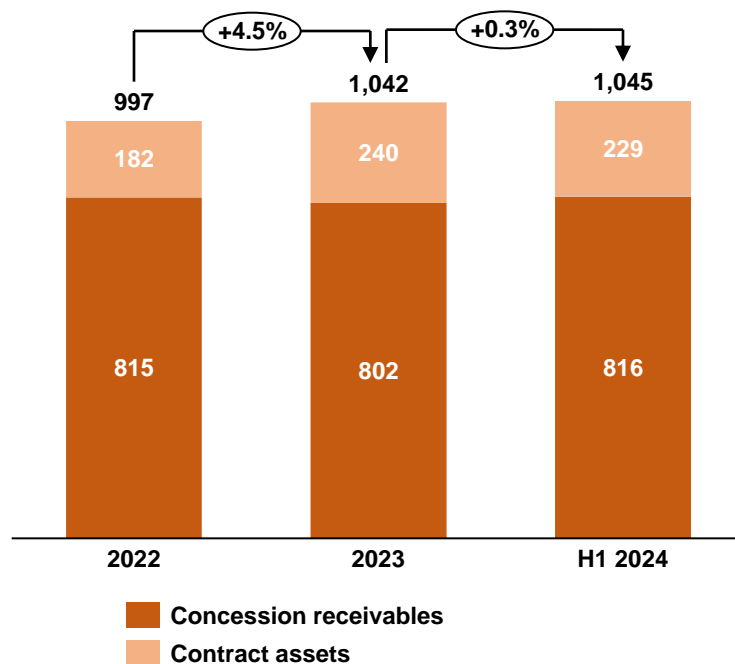
38

Effective
Interest Rate

7.23%

7.43%

7.41%



(2)

Observations and Remarks

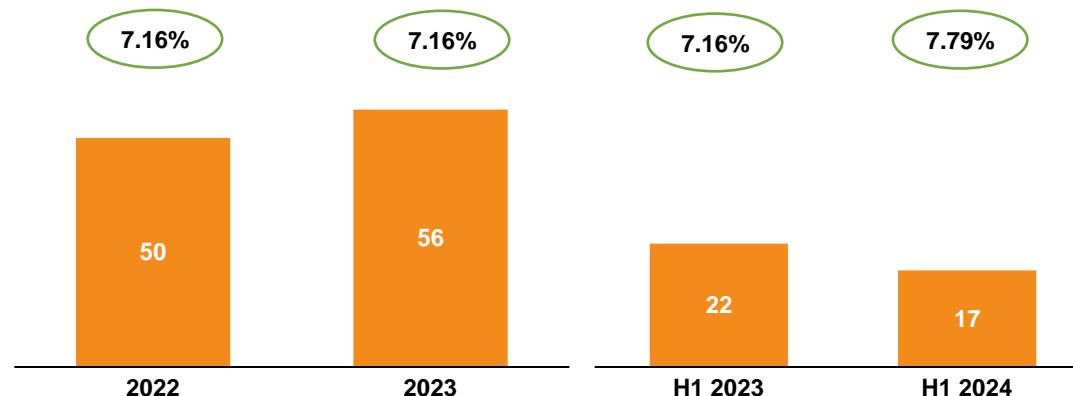
- Total Contract Assets and Concession Receivables grew in 2023 by 4.5% and have remained stable over H1 2024. These will increase as construction activity picks up during the remainder of the year.

(1) Includes finance income on contract assets and concession receivables.
 (2) Only including contract assets due from MEM.

Construction Costs

OMRm (1 OMR = 2.6 USD)

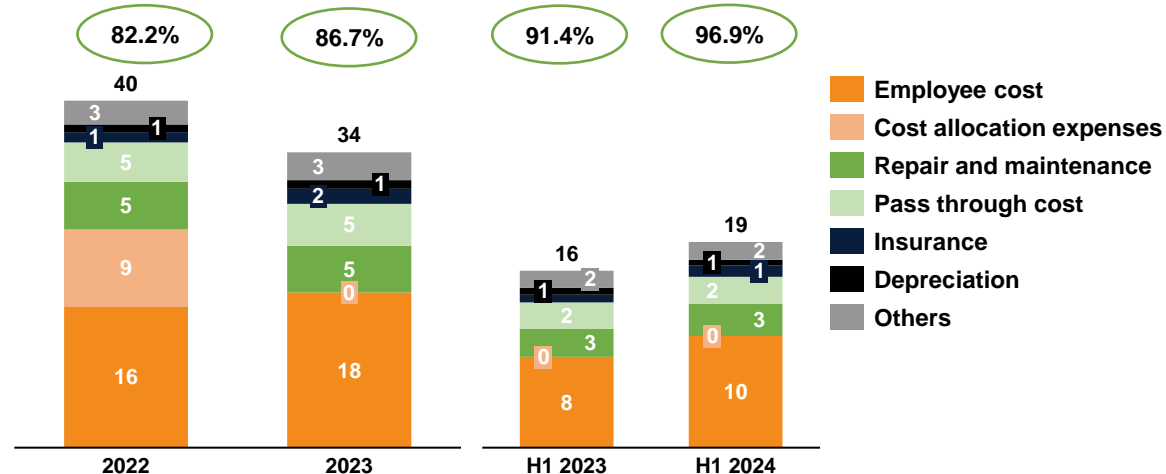
Construction Margin⁽¹⁾ (%)



Opex and Admin Expenses

OMRm (1 OMR = 2.6 USD)

Operating Expenditures and Pass-through costs allowances as a % Opex and Admin expenses (net of shared costs income)



Observations and Remarks

- OQGN recorded a decrease in Construction Costs in H1 2024 compared to H1 2023 due to more construction activity in H1 2023.
- Construction margin is equal to the CWIP WACC
- Opex and admin expenses increased in H1 2024 vs H1 2023 mainly due to increase in employee cost driven by bonus provision and salaries expensed in H1 2024.
- Opex and pass-through allowance as a percentage of actual Opex and admin expenditure has increased to 96.9% in H1 2024 vs. 91.4% in H1 2023 due to higher opex allowance agreed with regulator for 2024.

(1) (Construction Revenue – Construction Costs) / Construction Costs.

Cash Generation Supported By Attractive RAB Terms



(1) Regulated Adjusted Cash Conversion = Adjusted FCF (i.e., cash generated from operations (before deducting income tax paid, employees' end of service benefits paid, interest paid, interest income received on fixed deposits and receipt of Connection Fee) minus Capital Expenditures) / Regulated Adjusted EBITDA.



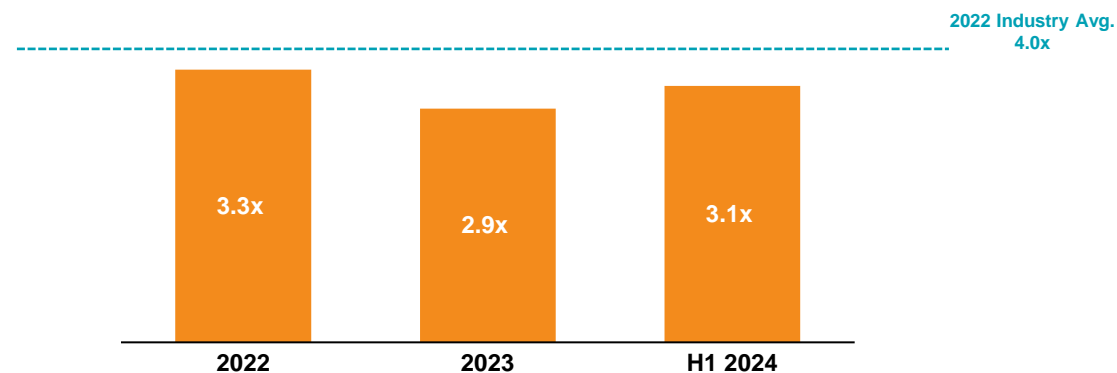
Commitment To A Robust Capital Structure Allowing For Future CAPEX Funding And Sustainable Dividend Distribution

Efficient Capital Structure...

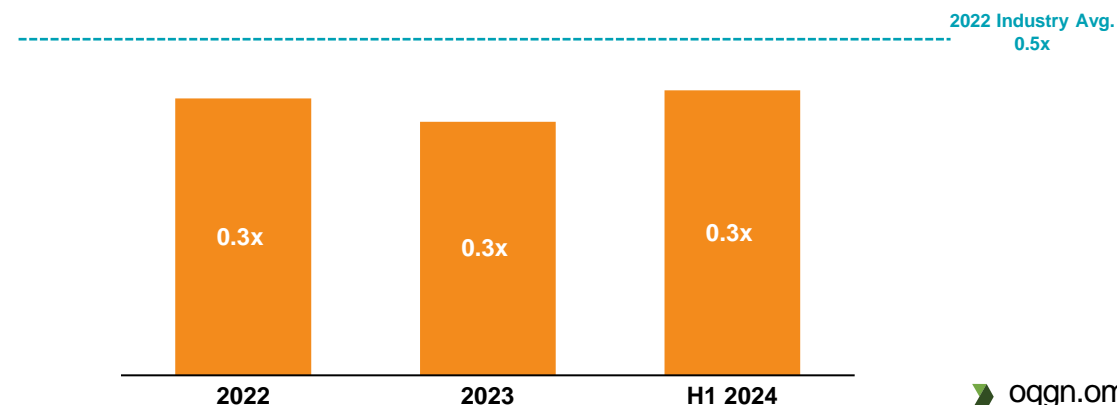
<i>OMRm</i> (1 OMR = 2.6 USD)	As of Dec-23	As of Jun-24
Term Loan	329	360
Total Debt	329	360
Cash and Cash Equivalents	(24)	(23)
Adjusted Net Debt	306	337
<i>Adjusted Net Debt / Regulated Adjusted EBITDA</i>	<i>2.9x</i>	<i>3.1x</i>
<i>Adjusted Net Debt / RAB</i>	<i>0.3x</i>	<i>0.3x</i>

... Ensuring Ample Room for Leverage Capacity

Historical Net Debt / Adjusted EBITDA

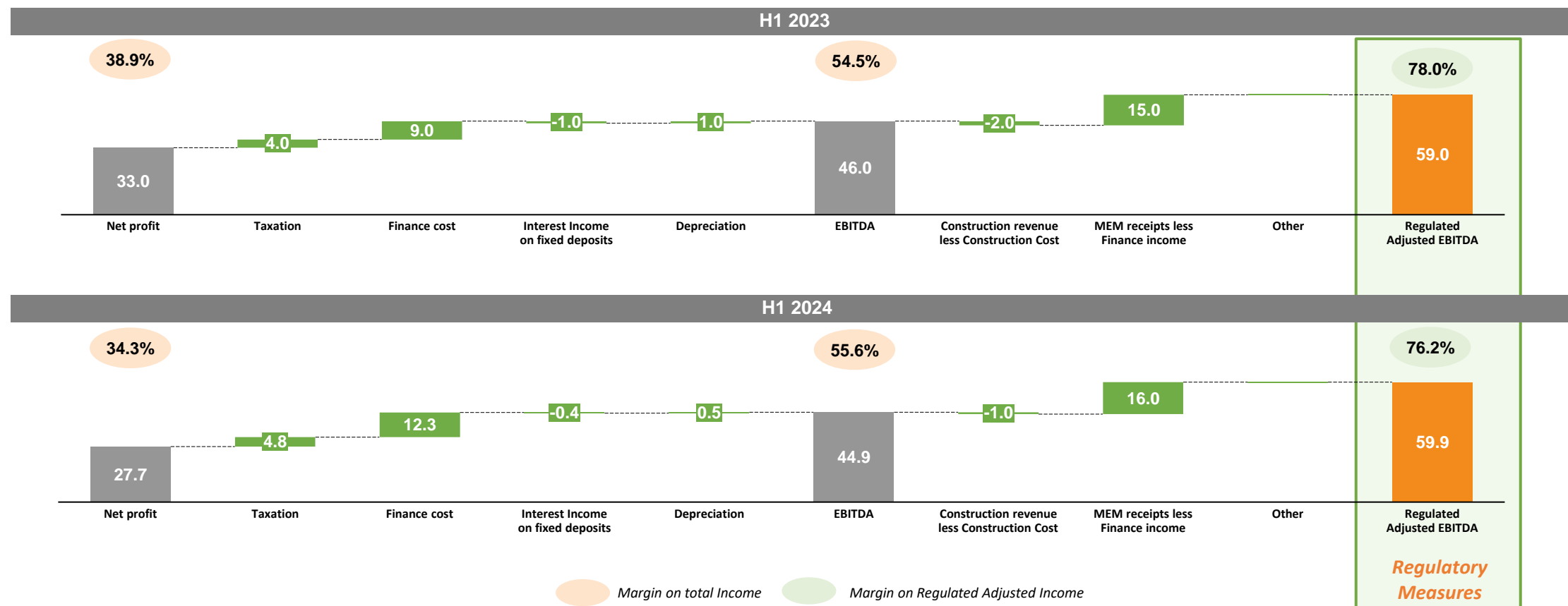


Historical Net Debt / RAB



Net Profit To Regulated Adjusted EBITDA Bridge

OMRm



Thank You!