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# Leading the Way in Gas Transportation





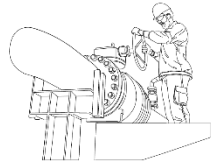
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# OQGN in Brief

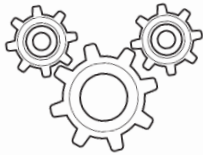




# Delivering Energy Across Oman



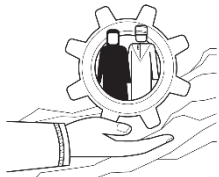
Sole gas transmission operator and owner



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

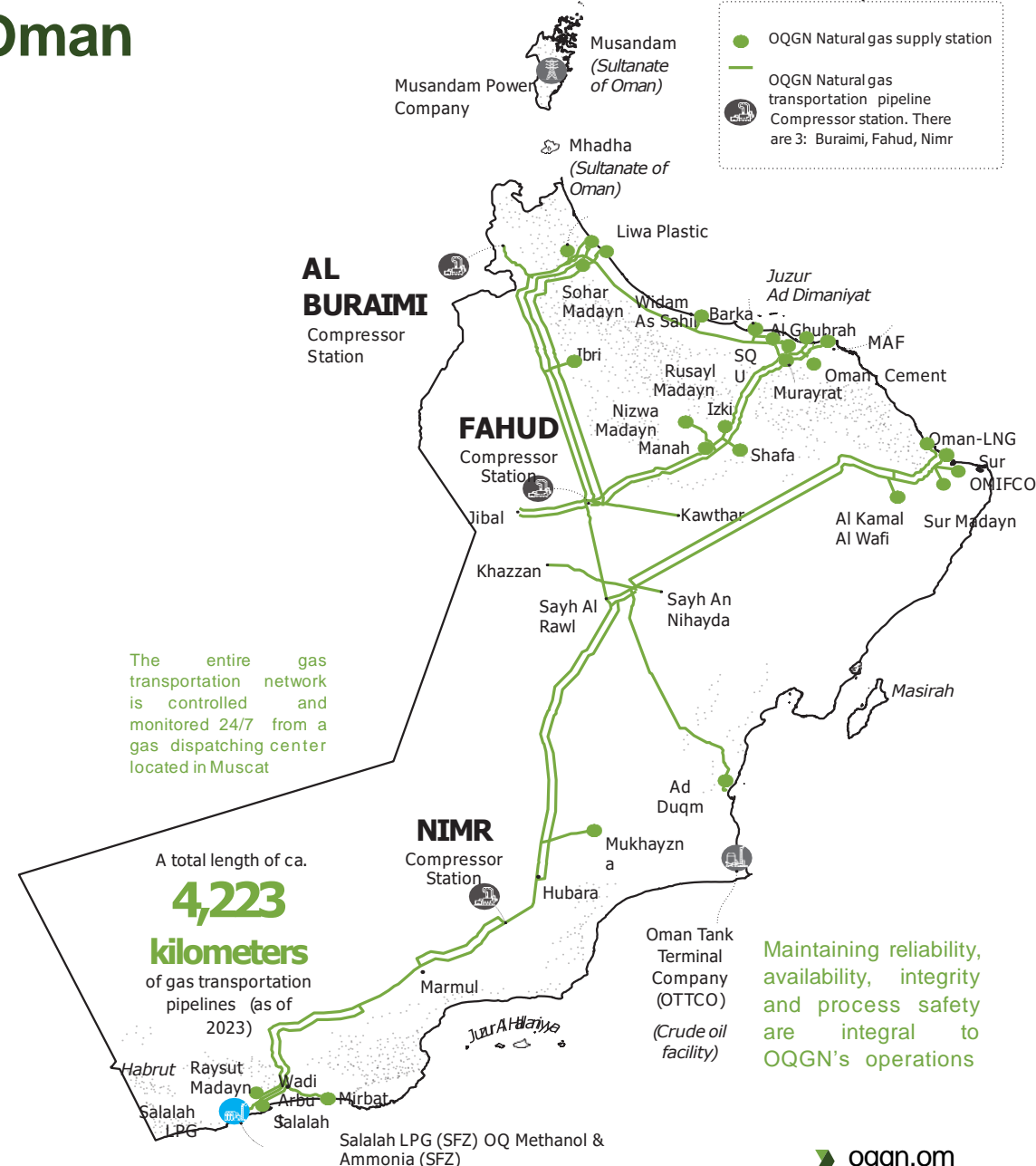


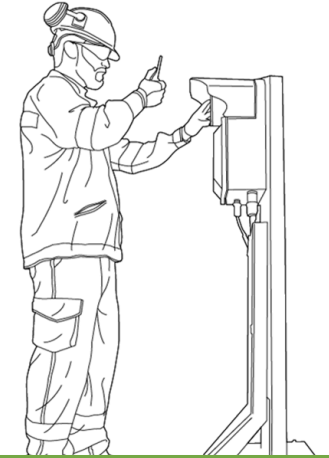
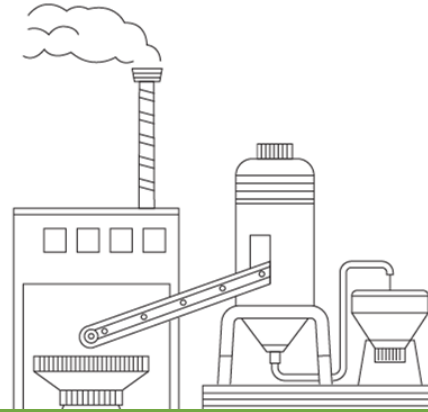
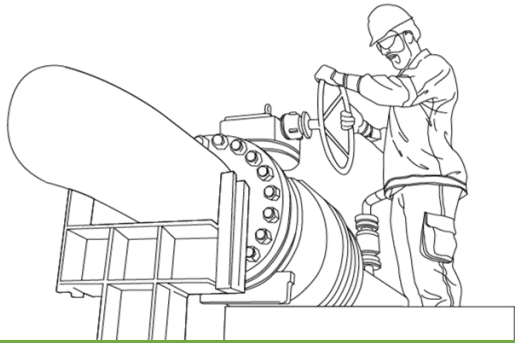
OQGN maintains the Asset management standard certification ISO 55001:2014 as well as other certifications

This document is classified as "Confidential" information, Please share this information on a "Need-to-Know" basis.

### How to read the map

- OQGN Natural gas supply station
- OQGN Natural gas transportation pipeline
- ⊙ Compressor station. There are 3: Buraimi, Fahud, Nimr





### 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 total of **32.3 Bn Cubic Meter** of gas transported, which is 6% higher than last year (30.3 BCM in Q3 2023).



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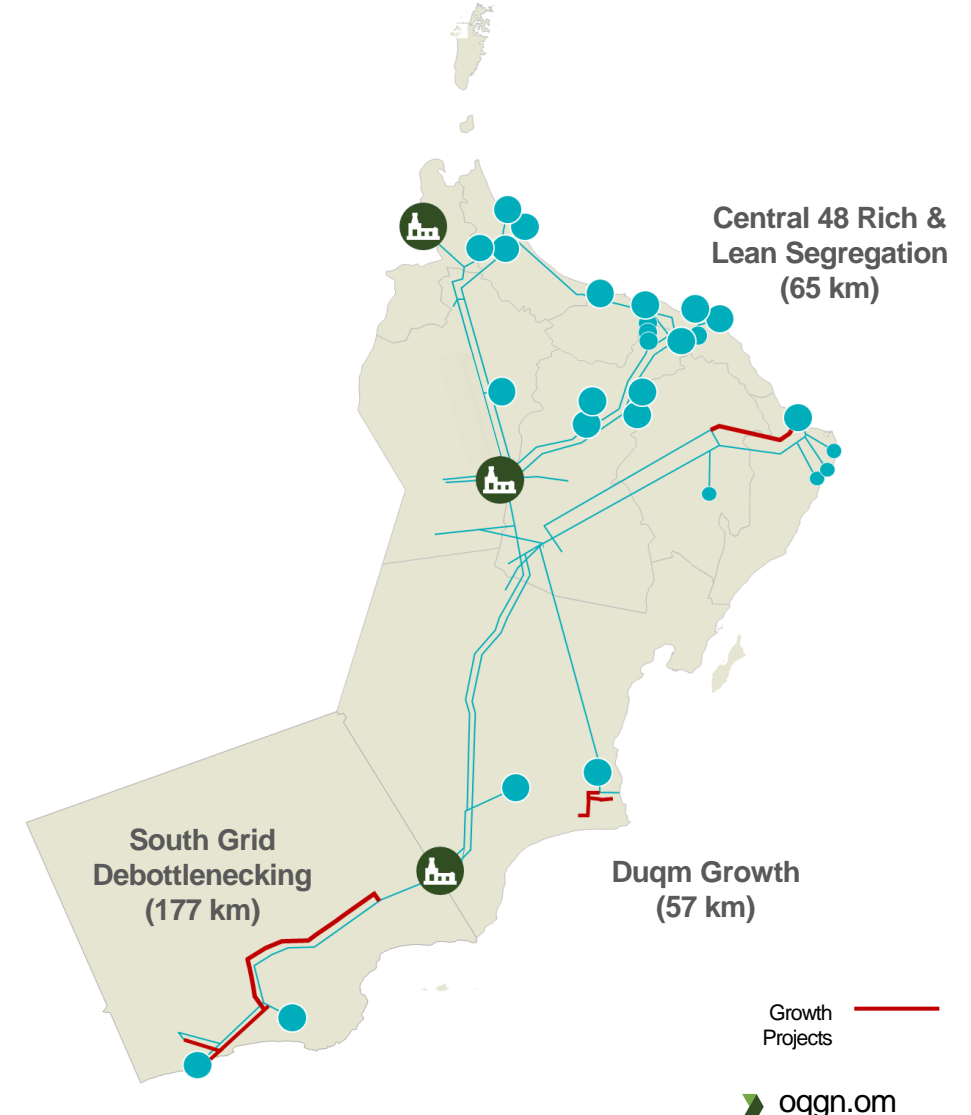
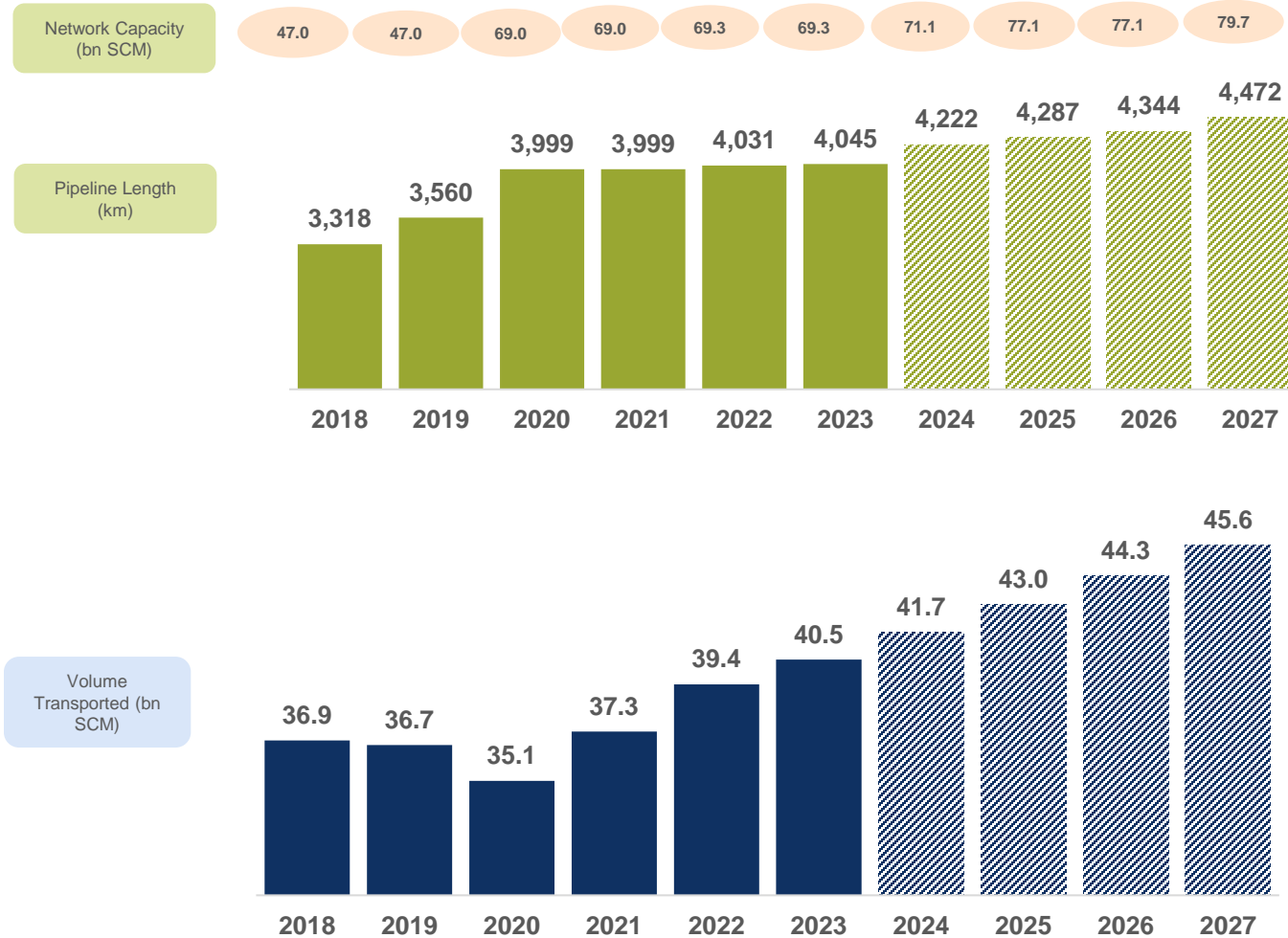
# Growth And Future Aspiration





# OQGN continues expanding its natural gas network to meet growing natural gas demand in the medium-term

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

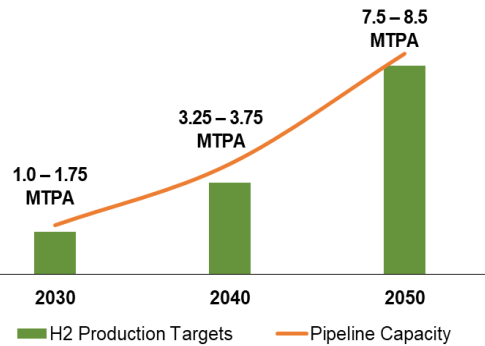




# Collaborating with The Government to develop hydrogen pipeline infrastructure

OQGN has been appointed as the National Infrastructure Provider for H2 pipelines, advising Hydrom on master planning & collaborating with partners

Hydrom Green Hydrogen Production Targets



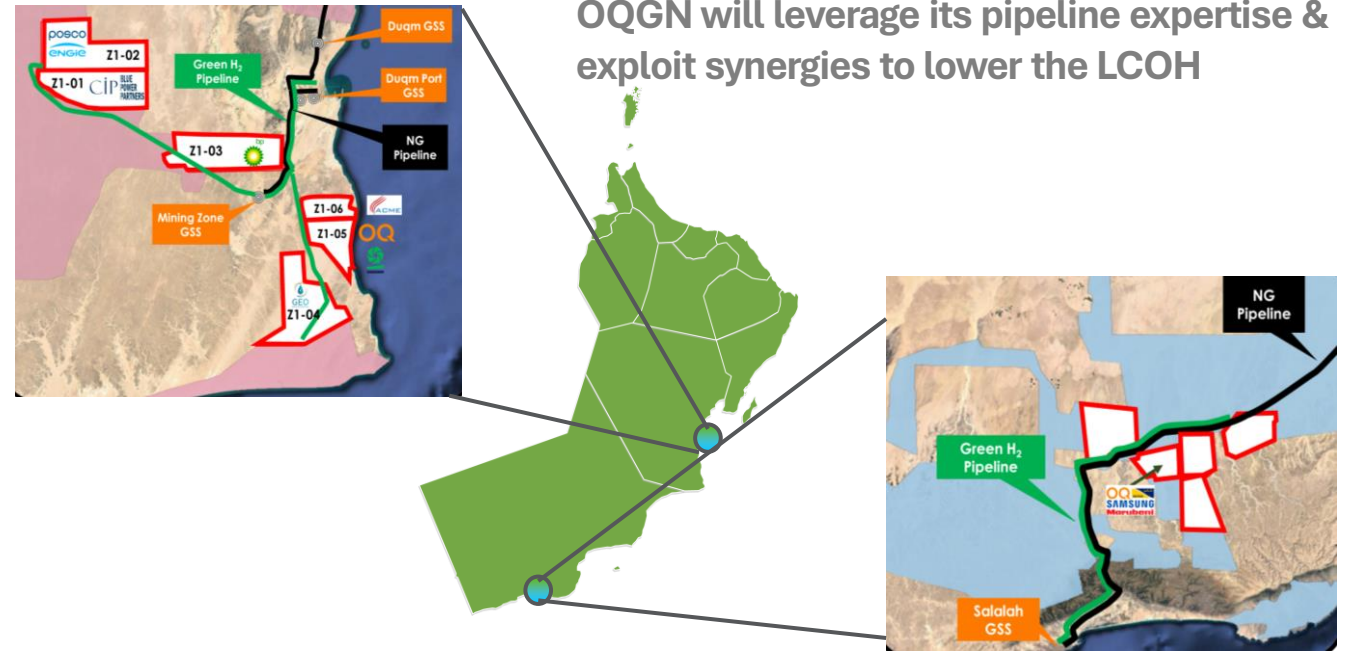
The Sultanate of Oman has set out ambitious Green Hydrogen Production Targets that will be enabled by OQGN.



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.



OQGN conducted a strategy study on Hydrogen to assess the intricacies of developing a Hydrogen CUI and its commercialization, ensuring that OQGN emerges as a leading Hydrogen Network Operator.

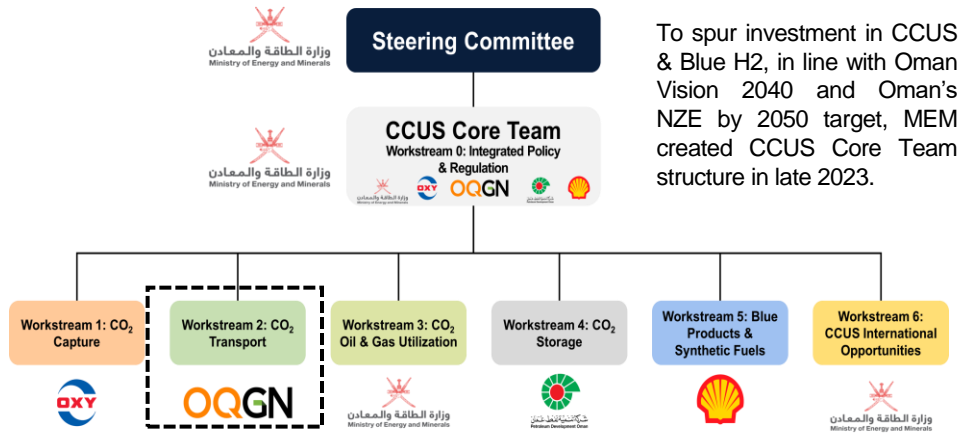


OQGN is planning to develop an optimal hydrogen pipeline network to cater to announced & future blocks, taking advantage of economies of scale & ROW efficiencies to lower transportation costs.



# OQGN is conceptualizing the CO2 pipeline network to meet first movers' requirements

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



To spur investment in CCUS & Blue H2, in line with Oman Vision 2040 and Oman's NZE by 2050 target, MEM created CCUS Core Team structure in late 2023.

- 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.

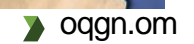
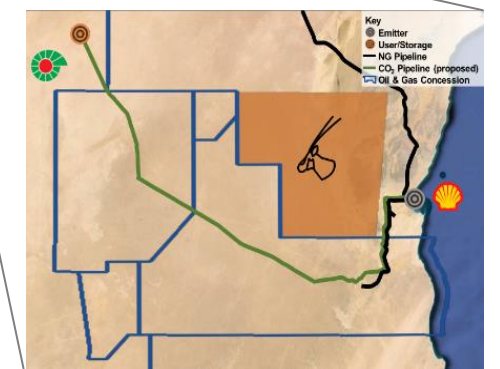
OQGN is collaborating with stakeholders to develop Trailblazer Projects



Governed by a JSA, OQGN is working with Shell, OQ & PDO on Blue Horizons' pre-FEED. OQGN is exploring attractive commercial models with regards to the CO2 transport pipeline, ensuring bankability & shareholder value.



Building on the MoU signed in 2023, OQGN is collaborating with Oxy to develop an attractive CCUS value chain to meet Oxy's CO2-EOR requirements, including commercial aspects with regards to the CO2 transport pipeline.



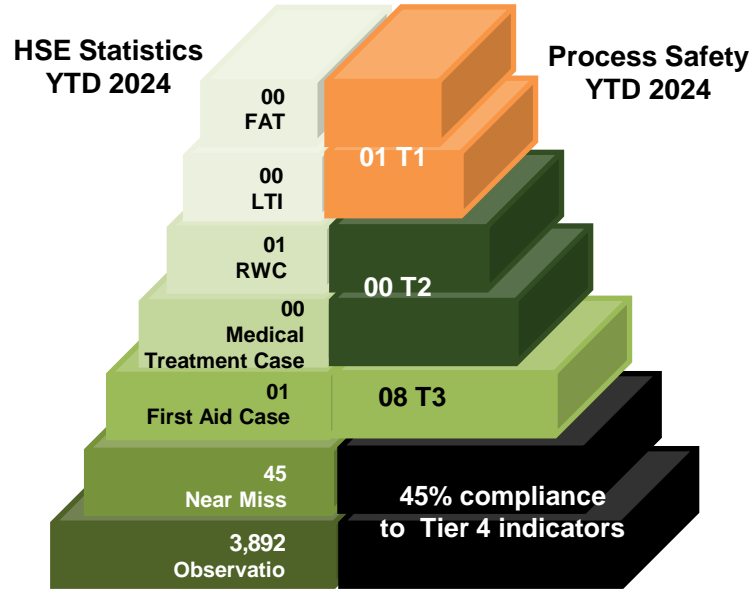




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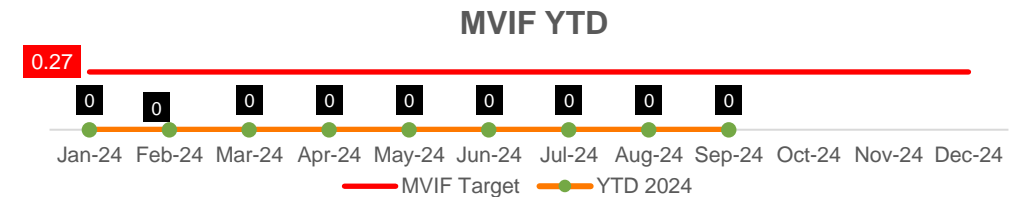
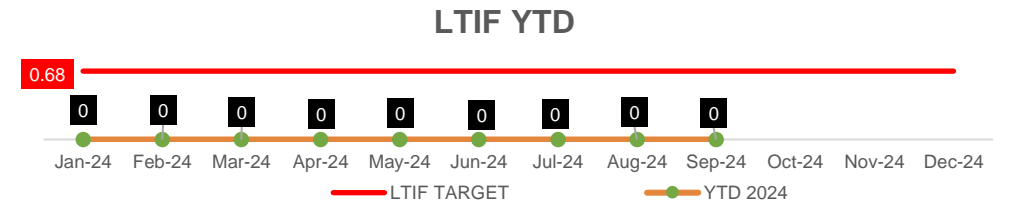
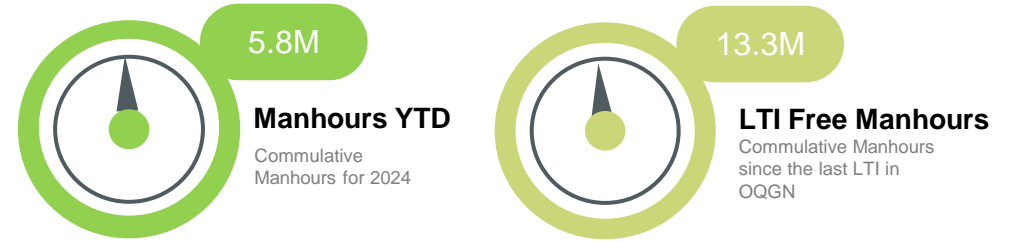
# Q3 2024 Performance

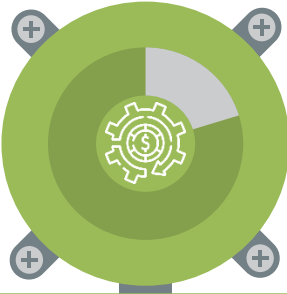




### Financial Statistics

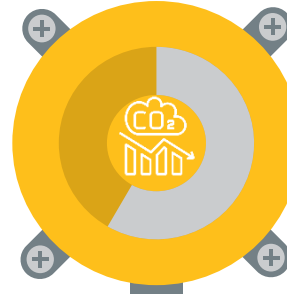
|   |   |
|---|---|
| <b>OMR 88.1 Mn (75.9%)</b><br>Regulated Adjusted EBITDA | Adjusted Net Debt / Regulated Adjusted EBITDA : <b>2.9X</b> |
| <b>OMR Million</b>                                      |   |
| <b>Total income: 115.3</b>                              | Adjusted Net Debt / RAB : <b>0.34X</b>                      |
| <b>Net Profit : 38.1</b>                                |   |





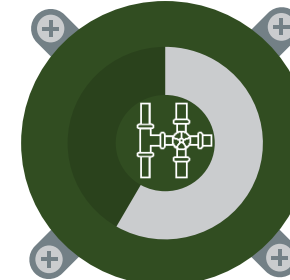
## Business

- Successfully completed the **audit of H1 2024 financials** with our new auditors EY and shared the audited financials with shareholders and uploaded the financials in MSX.
- Maintained **full compliance with Sharia requirements (AAOIFI)**.
- OQGN's **2023 annual report** was recognized as **one of the best annual report from a company listed in MSX**



## Energy Transition

- 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.
- Building on the MoU signed in 2023, **OQGN is collaborating with Oxy to develop an attractive CCUS value chain to meet Oxy's CO2-EOR requirements**, including commercial aspects with regards to the CO2 transport pipeline.
- Governed by a JSA, **OQGN is working with Shell, OQ & PDO on Blue Horizons' pre-FEED**. OQGN is exploring attractive commercial models with regards to the CO2 transport pipeline, ensuring bankability & shareholder value.



## Projects

- OQGN has successfully executed a **Remote Techno Plug (RTP)** operation on its **48" tie-ins at Gas Network Hub (GNH)** to the newly constructed gas blending station, a first in Oman to be done.
- Completed **1 Mn manhours without LTI** for the project **Duqm SEZAD**.
- **Inauguration** of the 32" South Grid De-bottlenecking Project (**SAIB**)

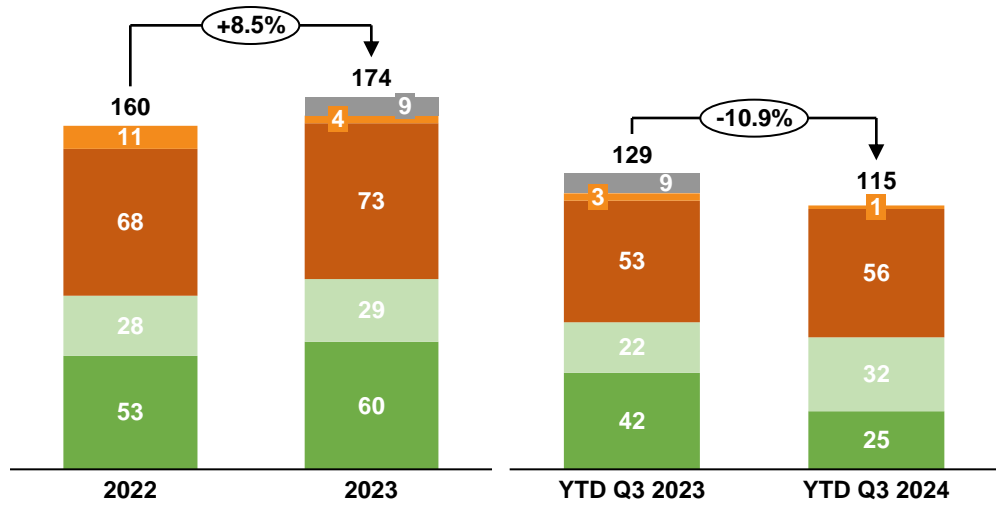
## Total Income (as per IFRS Financials)

OMRm

Net Profit



Net Profit Margin



- Construction revenue
- Allowance for expenditures and pass through cost
- Finance income (concession receivables and contract asset)
- Interest on fixed deposits, other income and project management services
- Transfer from OCI on termination of hedge

## Observations and Remarks

- 1 The variance in net profit in comparison to Q3 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 in 2023.
- 2 The decrease in income is mainly due to lower construction revenue in 2024
- 3 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)
- 4 Company's finance income slightly increased 2024 due to increase in asset base and increase in WACC.

Source: Audited Company information.

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

OMRm

Net Profit

46

47

31

33

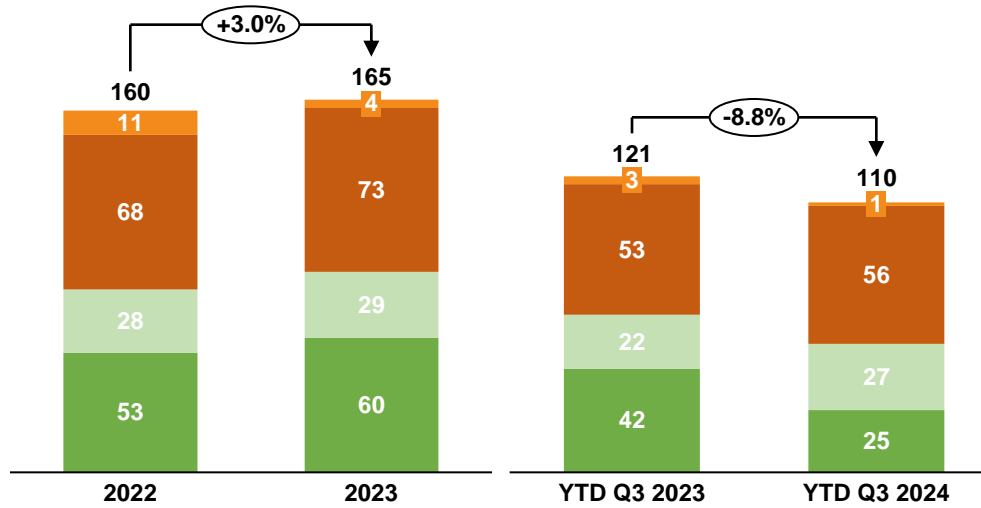
Net Profit Margin

28.4%

28.3%

25.4%

29.8%



- Construction revenue
- Allowance for expenditures and pass through cost
- Finance income (concession receivables and contract asset)
- Interest on fixed deposits, other income and project management services

## Observations and Remarks

- 1 During 2024, OQGN's performance reflected an RO 10.6 Mn decrease in income and RO 2.2mn increase in net profits compared to similar period in 2023. The decrease in income was mainly due to lower construction revenue. The increase in net profit was supported by commencement of Price Control 3 which entailed a better OpEx allowance and WACC compared to Price Control 2.
- 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 and higher WACC.

| Contract Assets and Concession Receivables |  |  |  | Observations and Remarks |
|--|--|--|--|--------------------------|
|--|--|--|--|--------------------------|

OMRm

Finance Income<sup>(1)</sup>

68

73

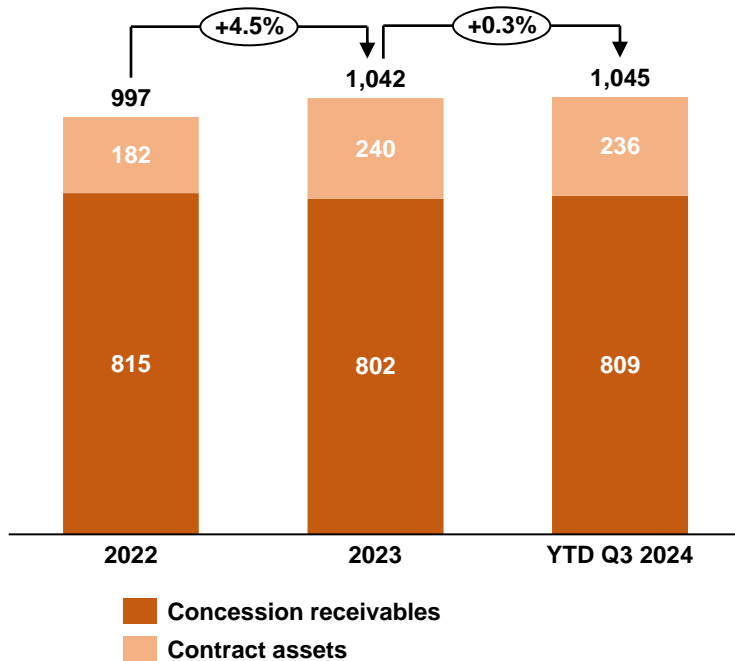
56

Effective Interest Rate

7.23%

7.43%

7.41%

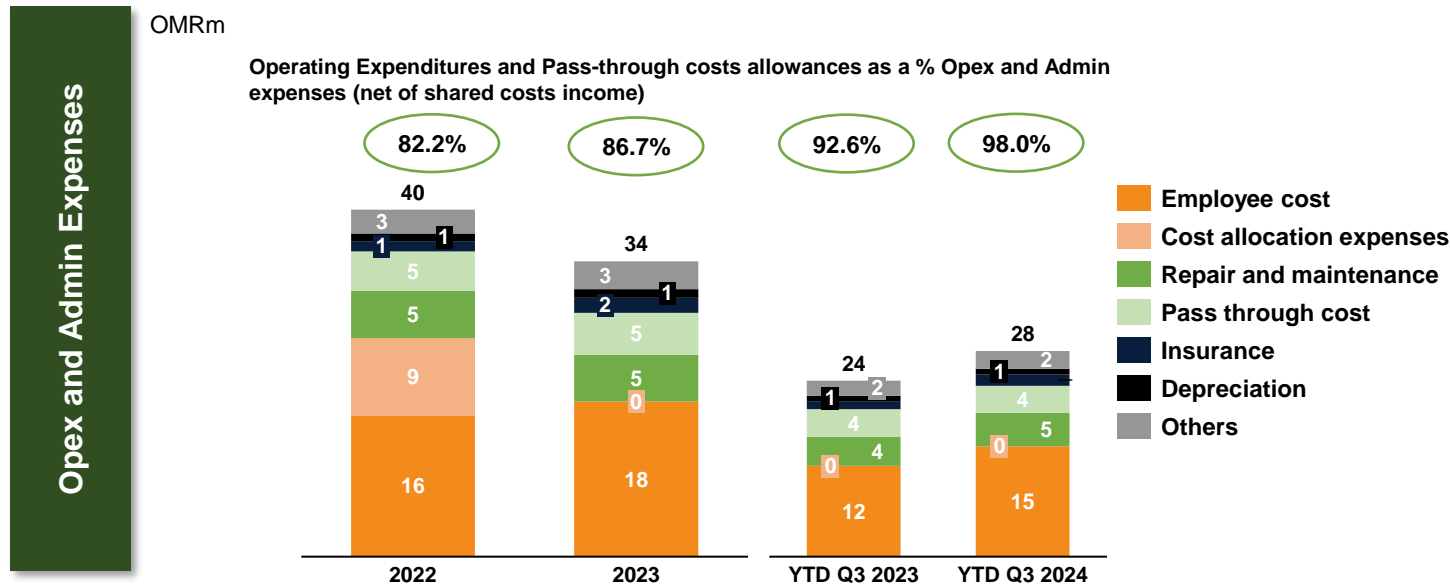
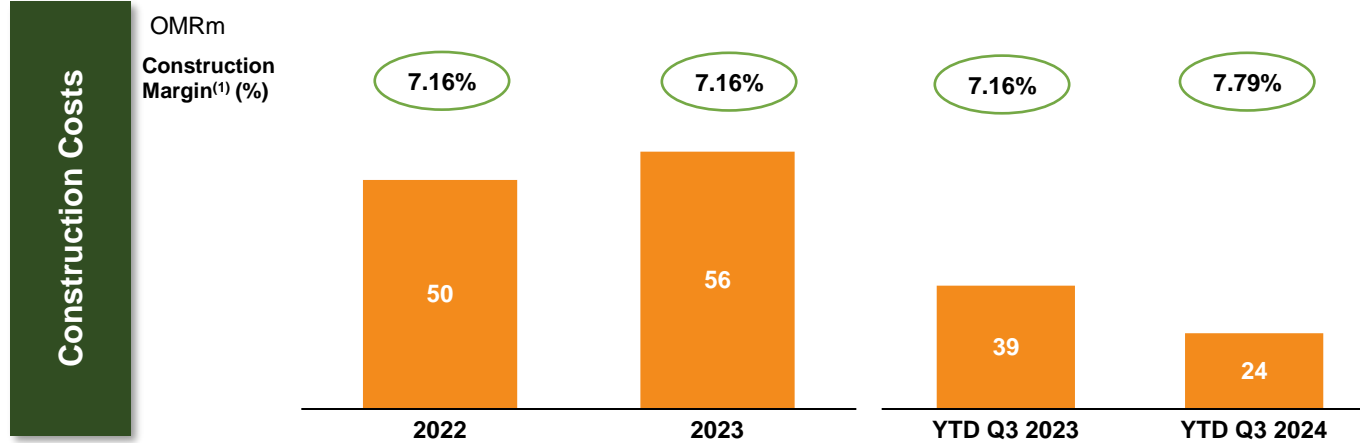


(2)

## Observations and Remarks

Total Contract Assets and Concession Receivables grew in 2023 by 4.5% and have remained stable in 2024.

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

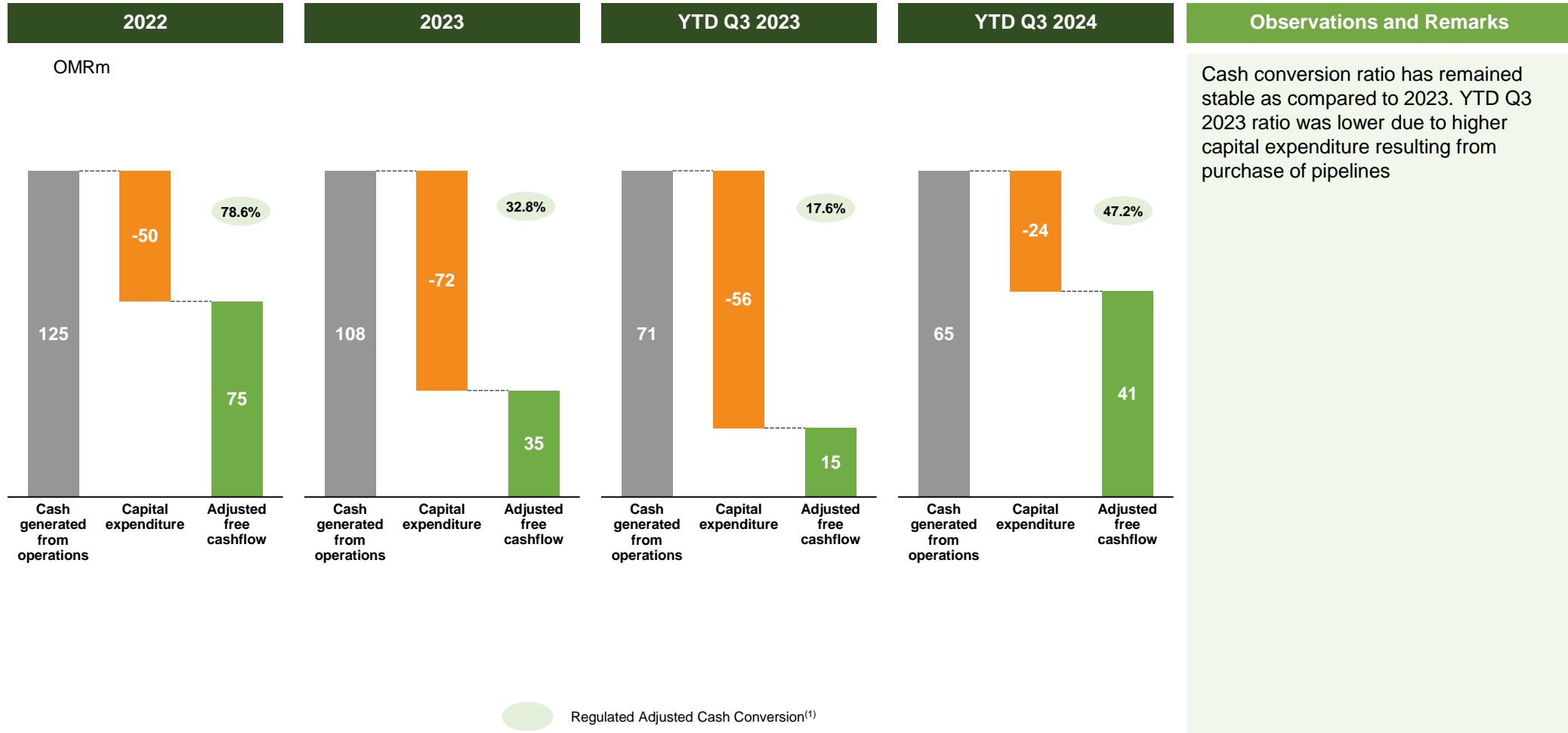


**Observations and Remarks**

- OQGN recorded a decrease in Construction Costs in 2024 compared to 2023 due to more construction activity in 2023.
- Construction margin is equal to the CWIP WACC
- Opex and admin expenses increased in 2024 vs 2023 mainly due to increase in employee cost driven by bonus provision and change in accounting treatment of Project Delivery employee related cost.
- Opex and pass-through allowance as a percentage of actual Opex and admin expenditure has increased to 98.0% in 2024 vs. 92.6% in 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.





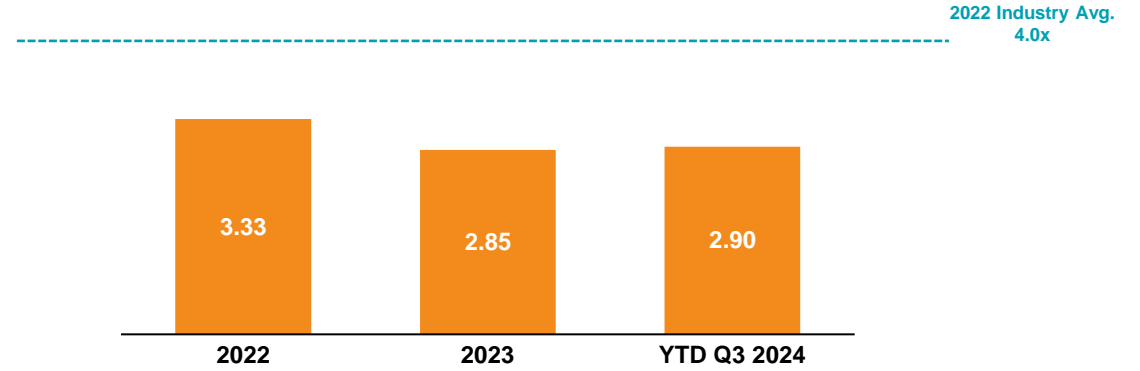
# Commitment To A Robust Capital Structure Allowing For Future CAPEX Funding And Sustainable Dividend Distribution

## Efficient Capital Structure...

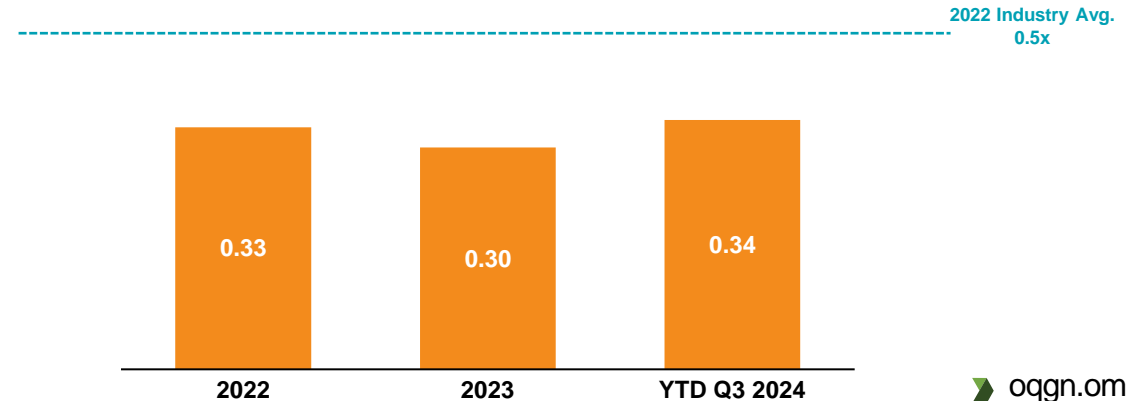
| <i>OMRm</i> (1 OMR = 2.6 USD)                        | As of Dec-23 | As of Sep-24 |
|--|--------------|--------------|
| Term Loan  | 329          | 360          |
| <b>Total Debt</b>                                    | <b>329</b>   | <b>360</b>   |
| Cash and Cash Equivalents                            | (24)         | (41)         |
| <b>Adjusted Net Debt</b>                             | <b>306</b>   | <b>319</b>   |
| <i>Adjusted Net Debt / Regulated Adjusted EBITDA</i> | <i>2.85x</i> | <i>2.90x</i> |
| <i>Adjusted Net Debt / RAB</i>                       | <i>0.30x</i> | <i>0.34x</i> |

## ... Ensuring Ample Room for Leverage Capacity

### Historical Net Debt / Adjusted EBITDA



### Historical Net Debt / RAB



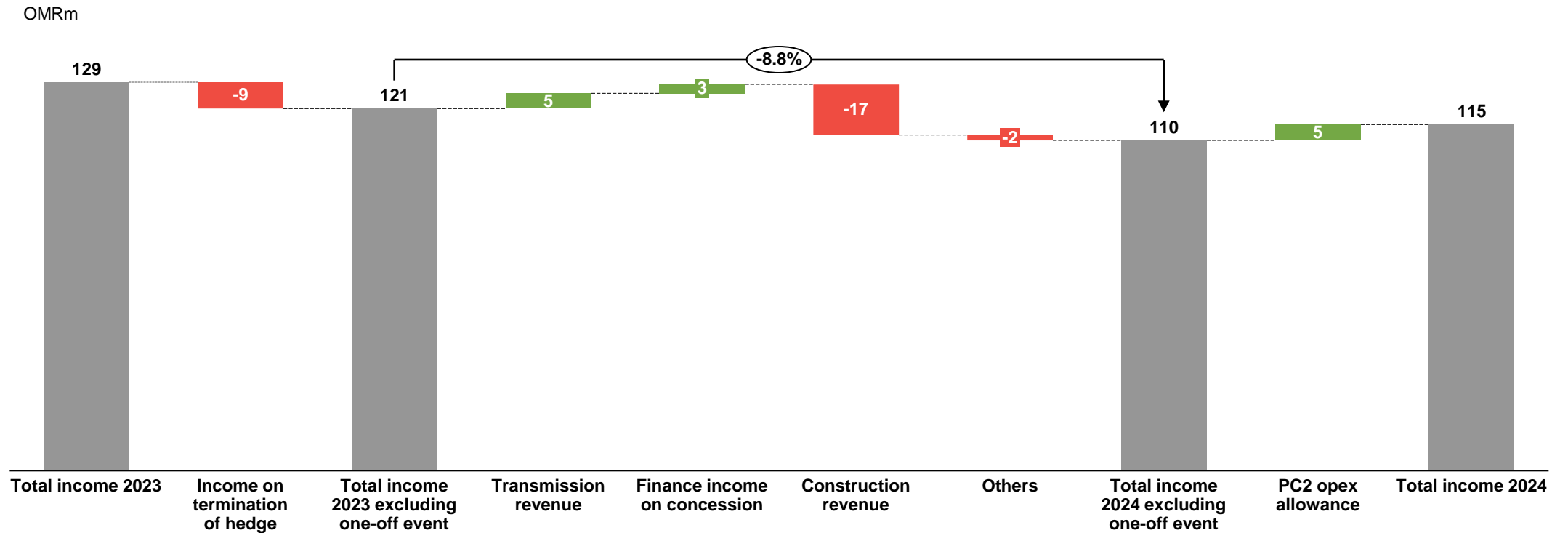
# Net Profit To Regulated Adjusted EBITDA Bridge

OMRm



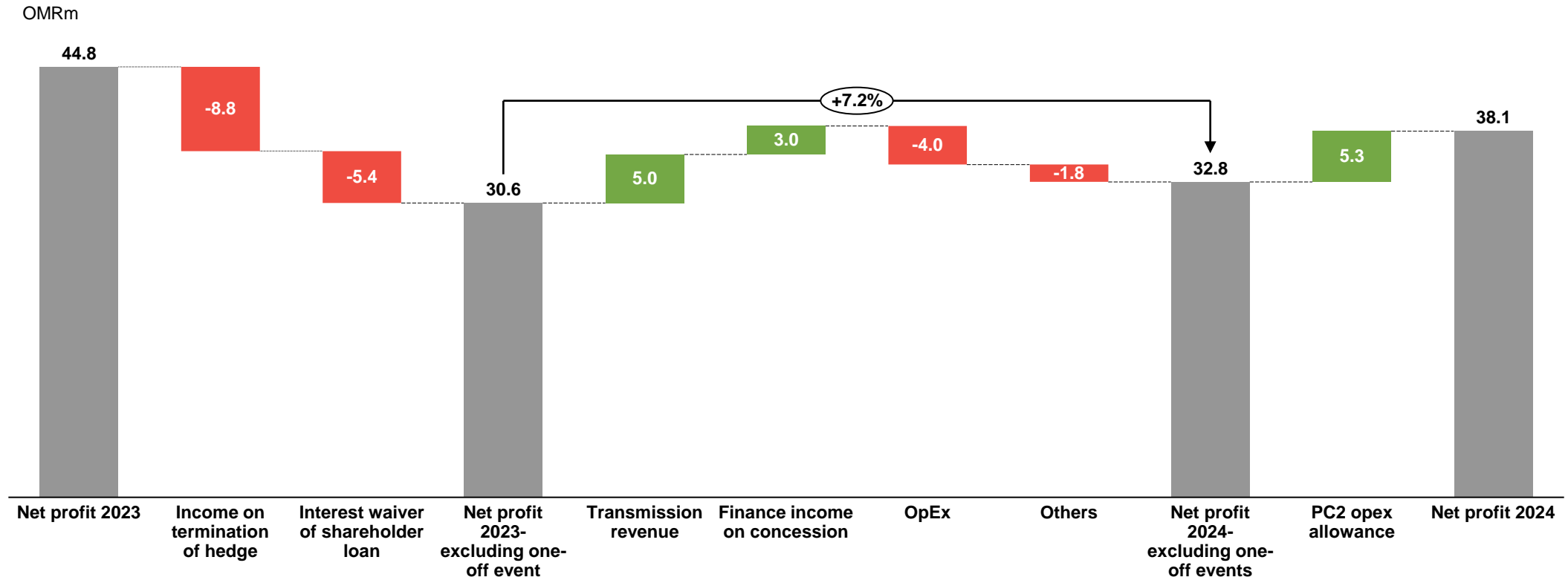
# Total income 2023 vs 2024

OQGN's performance reflected a RO 10.6 Mn decrease in total income mainly due to lower construction revenue in 2024 partly offset by higher transmission revenue and finance income

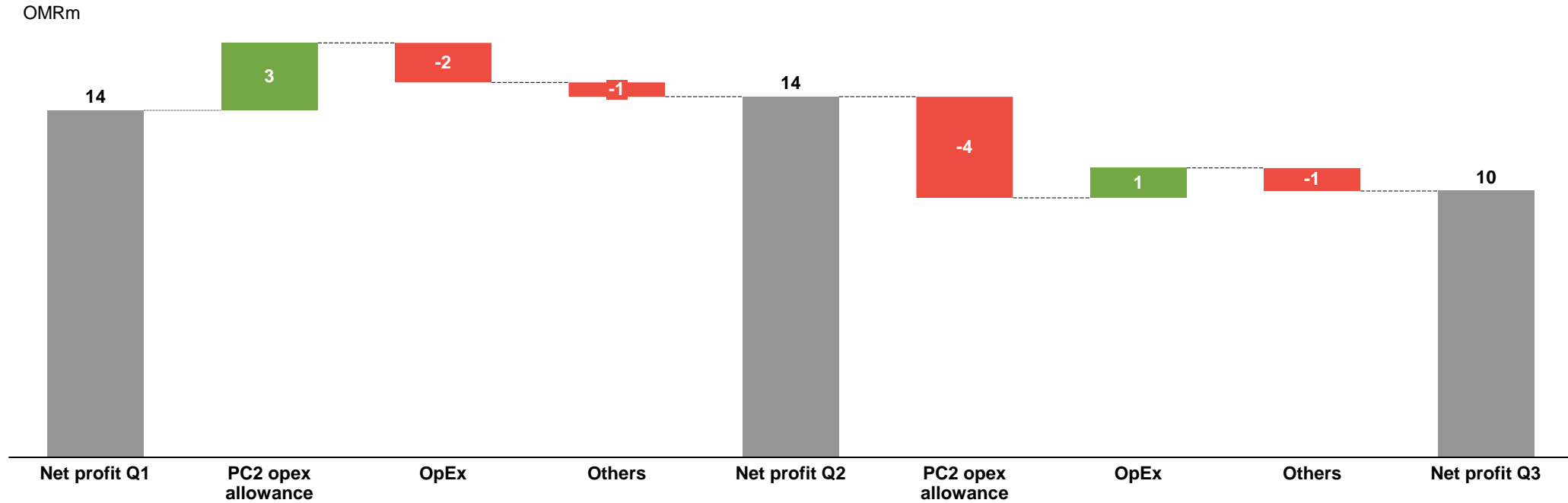


# Net profit 2023 vs Net profit 2024

OQGN's performance reflected a RO 2.2 Mn increase in net profit supported by commencement of Price Control 3 which entailed a better OpEx allowance and WACC as compared to Price Control 2.



The variation in quarterly profits is mainly due to one-off revenue related to OpEx allowance of PC2 expenses recognized in Q2 net profits



# Thank You!

