



Al Batinah Power & Al Suwadi Power IPOs attract a strong response from investors

A large number of institutional investors and high net worth individuals from the Sultanate attended investor roadshow presentations for the IPOs.

Following the successful launch of the Initial Public Offerings (the IPOs) of Al Batinah Power Co SAOG (under transformation), and Al Suwadi Power Company SAOG (under transformation) on 11 May 2014, investor interest is gathering pace.

The joint investor roadshow held in Muscat was well attended by a wide cross-section of investor groups, including institutional investors, high net worth individuals and established family offices. This event follows meetings held since 11 May by the CEOs with a number of key investors in the Sultanate.

The CEOs of the two companies fielded questions from the attendees and received a positive response from investors to the strong commercial story and sector-leading returns of the IPOs.

Przemek Lupa, CEO of Al Suwadi Power, said: "I am glad to see the buzz and enthusiasm surrounding this twin offering, not only from Omani investors, but from all around the GCC. The offerings bring together attractive sector and country

opportunities, strong partners, highly competitive power facilities, predictable cash flows, and all this in an IPO priced at a 40-60% discount compared to DCF valuation.”

Jürgen De Vyt, CEO of Al Batinah Power Company, said: “As these two IPOs come simultaneously to the market, investors are recognising an attractively priced opportunity to diversify their investment by subscribing to two offers at the same time, and to become co-shareholders alongside robust and committed partners such as GDF SUEZ and the Suhail Bahwan Group.”

As stated during the investor roadshow, both IPOs have been priced similarly, so as to offer to investors an average projected dividend yield of 8.1% per annum for the first five years (excluding issue expenses) and an IRR of c.14%. Given these consistent and attractive returns, the IPOs are also expected to attract significant interest from smaller investors as well.

A well proven contractual framework for gas supply and off-take arrangements with the Government of Oman also underpins the commercial strength of the IPOs. “The companies are not exposed to fluctuations in power demand and gas prices. Our respective power purchase agreements with OPWP mean that, subject to the plants being available for dispatch, our earnings will not be impacted by changes in the market. Whilst changes in demand for power may result in seasonal swings in revenues, these do not affect our ability to deliver returns to shareholders, since the same swings will be observed in our costs. The returns only rest on our ability to keep the plants efficient and reliable,” Przemek Lupa, CEO of Al Suwadi Power said.

Highlighting the importance of efficiency and reliability, Jürgen De Vyt, CEO of Al Batinah Power, said: “We can call upon our experienced shareholders in case of any technical issues that might arise. For example, we have access to GDF SUEZ’s global network of experts, which is responsible for more than 113,000 MW of power capacity globally, equal to more than 20 times the total contracted power capacity of Oman’s Main Interconnected System (MIS).”

Mr. Lupa added: “OPWP and our companies have since inception agreed on a contractual arrangement with low tariff in the winter and high tariff in the summer, which

encourages us to pay attention to reliability when we are needed most. We welcome such a structure, given the importance of power for Oman in the summer months. While this leads us to show negative results in winter months (October to March), the very profitable summer months do more than compensate for this seasonality, leading to our robust and stable annual EBITDA of about RO 28 to 30 million for each company. As such, our results have exceeded expectations in the first year of operations, having delivered a record 99.7% availability (for Al Suwadi Power) and 99.9% availability (for Al Batinah Power) in 2013.”

The IPOs will close on 9 June, and application forms are available for collection at any branches of the subscription banks: bank muscat, Bank Dhofar, National Bank of Oman, Oman Arab Bank, Bank Sohar and Ahli Bank.

www.poweripos.com

About the IPOs

Al Batinah Power is offering 236,210,601 existing shares at a price of Bzs 128 per share (comprising nominal value of Bzs 100, share premium of Bzs 26 and issue expenses of Bzs 2) totaling RO 30.2 million. Al Suwadi Power is offering 250,042,219 existing shares at a price of Bzs 130 per share (comprising nominal value of Bzs 100, share premium of Bzs 28 and issue expenses of Bzs 2) totaling RO 32.5 million.

Both IPOs represent an offer of 35% of the share capital of each company. The shares are being sold by the current shareholders to comply with their obligations in the Project Founders Agreement signed with Electricity Holding Company (EHC).

Ends.