



albatinahpower.com alsuwadipower.com

Al Batinah Power & Al Suwadi Power IPOs open for subscription today

Muscat, 11 May 2014 - Al Batinah Power Co SAOG (under transformation), and Al Suwadi Power Company SAOG (under transformation) today announced the opening of their Initial Public Offerings (IPOs) for subscription.

The two companies are the owners of the two largest and most efficient power plants currently in operation in Oman. The founding shareholders are selling these shares to the public to comply with their obligations in the Project Founders Agreement signed with the Government's Electricity Holding Company (EHC) in 2010.

Offer highlights

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 30,234,957. 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 32,505,488. Both IPOs represent an offer of 35% of the share capital of each company. The shares are being sold by the founding shareholders to comply with their obligations in the Project Founders Agreement signed with Electricity Holding Company (EHC) in 2010.

The IPOs open for subscription today and will close on 9 June 2014. The IPOs are open for subscription to Omani and non-Omani investors including individual and institutional investors. In each IPO, 65% of the shares made available for subscription have been reserved for investors applying for a minimum of 1,000 shares and a maximum of 600,000 shares, and the balance 35% of the shares have been reserved

for investors applying for 600,100 shares or more, up to the maximum application amounts, (equal to 10% of each offer, respectively).

At the IPO price, both companies offer an average projected dividend yield of 8.1% for the first five years (excluding issue expenses). This compares with an average dividend yield of 6.5% for other power companies listed on Muscat Securities Market listed, and 3.9% dividend yield for the MSM 30 Index. The first dividends will be payable in June 2014 and November 2014, and twice yearly thereafter. At the offer price, both companies offer an IRR of ~ 14% to the investors. This translates into a substantial discount of 40%-60% over their Discounted Cash Flow based valuations.

bank muscat is the financial adviser and issue manager for both the Al Batinah Power and Al Suwadi Power IPOs.

About Al Batinah Power & Al Suwadi Power:

Al Batinah Power owns and operates a power plant in Sohar (known as Sohar-2), a gas-fired combined cycle power generation plant with a contracted power capacity of 744 MW, located approximately 200km northwest of Muscat in Oman within the Sohar Industrial Port area. Al Suwadi Power owns and operates a power plant in Barka (known as Barka-3), a gas-fired combined cycle power generation plant with a contracted power capacity of 744 MW, located approximately 80km northwest of Muscat in Oman.

Both plants were commissioned on time, have been operating since the beginning of April 2013 and have achieved a 99.7% reliability (for Al Suwadi Power) and 99.9% reliability (for Al Batinah Power) in 2013. They are expected to play a major role in meeting Oman's growing power demand for many years to come, thereby making a valuable contribution to the Sultanate's people, its communities and its industries. The plants constitute a total investment of USD 1.7 billion, and a total installed capacity of 1488 MW, representing about 27% of the total current contracted power capacity of Oman's Main Interconnected System (MIS).

The companies' management teams are highly experienced. The companies also benefit from strong and committed founding shareholders, including experienced power players on a global scale, in Oman and in the region, as well as large and reputable Omani investors. GDF SUEZ, the reference project founder and largest shareholder in both companies (c.30% of the share capital of both companies after the IPOs), is an established international developer, owner and operator of power and water projects. GDF SUEZ is the GCC's leading independent power and desalinated water producer. The other founders are Suhail Bahwan Group, Sojitz, Shikoku Electric and Public Authority for Social Insurance (PASI).

Strengths

On the occasion of the opening of the IPOs, Jurgen De Vyt, CEO of Al Batinah Power, and Przemek Lupa, CEO of Al Suwadi Power, jointly commented: “Both Al Batinah Power and Al Suwadi Power benefit from stable and predictable cash flows. This is on account of their revenues being contracted on an availability basis with OPWP, which is owned by the Government of Oman, pursuant to a 15 year Power Purchase Agreement (PPA) that expires in March 2028”

Furthermore they highlighted that: “Each company also benefits from a gas supply agreement with the Government of Oman over the same period. Owing to the well-tested and proven back-to-back contractual framework, neither company is exposed to changes in gas prices and to fluctuations in power demand for power until 2028, thereby offering returns that are unaffected by market downturns.”

IPA Economics, a leading economics advisory practice focused on the power, water and infrastructure sectors, was commissioned on behalf of the investors to provide cash flow projections beyond the PPA period. As per IPA Economics, the companies, which are the most efficient and largest in Oman today, are expected to remain very competitive in the post PPA period, and will continue to provide power to Oman’s MIS much beyond 2028.

STOMO, a GDF SUEZ majority-owned company and the leading power plant operator in Oman, (operating circa two thirds of all contracted power capacity in Oman), has been contracted to provide operation and maintenance services to both plants until 2028 – coinciding with the off-take agreement and gas supply agreement with the Government.

Subscription

Application forms for both IPOs 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.

The expected timetable of the IPOs is as follows:

Commencement of subscription	11 May 2014
Closing of subscription	9 June 2014
Approval of the CMA of the proposed allotment	19 June 2014
Commencement of refund and dispatch of the notices regarding allotment	22 June 2014
Listing of the Offer Shares with MSM	23 June 2014

Information for applicants is available at www.poweripos.com

About GDF SUEZ

The GDF SUEZ Group ranks among the world's leading energy companies. Present in some 70 countries, GDF SUEZ develops its three core businesses (electricity, natural gas, and energy & environmental services) around a model based on responsible growth to provide essential services to its customers every day. The Group employs around 150,000 people worldwide and achieved revenues of €81.3 billion in 2013. In the Gulf Cooperation Council (GCC) countries, GDF SUEZ has a direct equity interest in 27,000 MW of aggregate power capacity, and almost 5.3 million m³/day of desalination capacity, (including plants in operation and under construction). It is the GCC's leading independent power operator and desalinated water producer, with almost 20 years of experience. In Oman, GDF SUEZ has direct and indirect ownership interest in 6 of the 11 contracted projects by the Oman Power & Water Procurement Co. in the Main Interconnected System. www.gdfsuez.com

About Suhail Bahwan Group

From a small trading enterprise in Muttrah in 1965, the Suhail Bahwan Group has grown to become a multi-billion dollar corporate enterprise with over 40 companies in the Sultanate of Oman, the Gulf Region, North Africa and South Asia, guided by the vision and the wisdom of His Majesty Sultan Qaboos Bin Said. As one of the largest and most professionally managed business organizations in the Middle East, the Group's diversified businesses touch almost every aspect of people's lives, including automobiles, electronics, energy, computers, travel, lifestyle, healthcare, agriculture, construction, engineering, information technology, manufacturing, oil and gas services and telecommunications. With an inspired workforce of over 15,000 employees, the Suhail Bahwan Group believes that understanding and anticipating customer needs is crucial to its continued success, and strives to provide customers with world class products and services at the best value for money. As a responsible corporate citizen and a pioneering Omani enterprise, the Suhail Bahwan Group is deeply committed to nation building and corporate social responsibility. www.suhailbahwanguroup.com

About Sojitz Corporation

Sojitz is a general trading company created through the merger of Nichimen Corporation and Nissho Iwai Corporation, both of which have over a century of trading history in Japan. Sojitz conducts its operations in around 50 countries through roughly 400 consolidated subsidiaries and affiliated companies in Japan and overseas. Sojitz's business activities are wide-ranging, covering machinery, energy and metal, chemicals, and consumer lifestyle businesses. The IPP business is one of its key focuses, and is explicitly mentioned in Sojitz's 'Mid-Term Management Plan 2014'. Sojitz has been involved in IPP

projects in several countries and is now looking to strengthen its IPP business, especially in the Middle East and Southeast Asia. www.sojitz.com

About Shikoku Electric Power Co., Inc. (YONDEN)

Shikoku Electric Power Co., Inc. (YONDEN) is an integrated electric power utility group involved in generation, transmission, distribution, and supply of electricity to 4 million people in the Shikoku region, Japan. YONDEN employs more than 4,700 people and has achieved consolidated operating revenues of USD 6 billion from electricity sales of 28 billion kWh in the fiscal year ended March 31, 2013. Since its establishment in 1951, YONDEN has contributed to regional development through the stable supply of low-cost, high-quality electricity by establishing a balanced energy mix that combines nuclear, coal, oil, gas, hydro, solar, and wind power, totaling approximately 7,000MW (net and gross) in generating capacity at 65 power stations. www.yonden.co.jp

About Public Authority for Social Insurance (PASI)

The Public Authority for Social Insurance (PASI) is a Government entity established by Royal Decree 72/91. PASI manages a defined benefit pension scheme for Omani nationals employed in the private sector. PASI has been a pioneer in participating in power and utility companies in Oman. Power plants and infrastructure projects are viewed by PASI as a core investment area, given their steady and secure nature. Furthermore, PASI regards its participation in power and infrastructure companies as a national responsibility. www.taminat.com

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