

Musandam's first and only independent power plant to sell 28 million shares in its IPO

Musandam Power Company SAOG- Under Transformation (MPC), the owner of the first and only independent power plant in the Musandam Governorate of the Sultanate of Oman, has announced its intention to launch an Initial Public Offering (IPO) of its equity shares. As stated in the Project Founders' Agreement, the Company is required to offer 40% of its share capital to the public through an IPO. Accordingly, MPC intends to offer 28,156,000 existing shares through listing on the Muscat Securities Market (MSM).

MPC is founded by a consortium comprising of well-reputed leaders with an established track record in the regional and global energy industry which includes Oman Oil Company and Orpic Group and LG International Corp (LGI). With a contracted power capacity of c. 120 MW, MPC contributes to a significant proportion of the current and future projected electricity demand of the Musandam Governorate, powering homes, business and the community and playing a role in the larger economic development of Musandam.

The Company currently generates its revenues pursuant to a 15-year Power Purchase Agreement, with Oman Power and Water Procurement Company SAOC (OPWP), which is indirectly wholly owned by the Government of the Sultanate of Oman. The strategic power plant located in Musandam has contracted its full capacity to OPWP and will be used to meet the growing power demand in the Musandam Governorate during the term of the PPA and beyond.

On the back of this strong contractual framework, MPC plans to offer 28,156,000 shares in a price band of Bzs 260 to Bzs 325 per share. This price range translated into an average dividend yield of 8.6% to 10.7% for IPO investors. This dividend yield is the highest yield offered across all power and water sector IPOs in the last 5 years in Oman. Furthermore, MPC does not have any cash sweep obligations in their financing arrangement with the senior lenders in their financing nor any pending disputes with the EPC Contractor or OPWP. Further details of key investment highlights as well as risk factors are going to be disclosed in the Capital Market Authority (CMA) approved prospectus.

Mr. Sultan Al-Burtmani Shareholders spokesperson commented; "This project represents the integrated approach of our value chain from gas to power. And we are delighted to

offer institutions and public in Oman the opportunity to participate in our journey of success. The IPO of MPC is also significant as it will be the first subsidiary company from Oman Oil and Orpic Group to become publicly listed, and will be seen as a benchmark for future IPOs from the Group”.

Mr. Ahmed Tufail Al Rahman, Chairman of the Board of Directors of MPC said: “The IPO of MPC is a landmark milestone in the journey of the Company.

MPC has been successfully powering Musandam Governorate since its commercial operations began in 2017. With high reliability, MPC ensures that Musandam and its people and businesses remain continuously powered to ensure their sustained progress.

Mr. Salim Al Hashmi, Project Director of MPC, said: “Being the only independent power plant catering to the demand of Musandam Governorate, Musandam Power Plant is a strategically important asset for the region. The plant uses dual fuel-based reciprocating engine technology and is optimally designed to operate in the unique conditions at Musandam. With an industry leading 100 % reliability, MPC has already demonstrated its superior performance.”

The IPO of MPC is going to be the first IPO in Oman under the new IPO guidelines introduced by the CMA. The IPO of MPC will adopt several new mechanisms which are being introduced for the first time in Oman, including a two-phased approach. Phase I will be an offer to institutional investors through a book-building method which is aimed at finding a fair value for the offer shares followed by a Phase II offer to the retail investors based on a fixed price and introducing E-IPO for Phase II for increasing investor convenience. Bank Muscat Investment Banking, Oman’s largest and most experienced investment bank, is the financial advisor and the sole issue manager for this IPO. MPC has also appointed the largest ever collection syndicate for any IPO in Oman consisting of four banks and three prominent brokerage firms who would be accepting application forms from potential investors in the IPO.

The introduction of these new mechanisms is expected to provide more transparency and attract wider interest and participation in the issue. The power sector in Oman has a proven track record with strong interest from investors and MPC IPO will set the standards for future IPOs in Oman.

More information on the Company is available on the Company’s website at www.musandampower.com

Editor's notes

About Oman Oil and Orpic Group

Oman Oil and Orpic Group is an oil and gas company established to manage upstream and downstream assets both locally and internationally. It is wholly owned by the Government of the Sultanate of Oman. OOC Orpic Group's investment portfolio in power comprises of investments in various power projects across the world with a total installed capacity of c. 3.2 gigawatts. In addition, Oman Oil and Orpic Group directly / indirectly owns and operates captive power plants at its various project company sites in the Sultanate of Oman with a total capacity of c. 1.4 gigawatts

About LGI

LGI has a proven track-record of both investing in and developing large and complex projects across the world and in various fields including, oil & gas, coal and copper, power and infrastructure business domain. LGI's power portfolio includes, 700 MW thermal power plant in China, 41 MW hydro power plant in Indonesia (under construction), solar power plant in the US and a 72 MW gas based power plant in Korea

Ends.