



# Investor update

June 2024



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# Presenters



**Mazin Al Lamki**, *Chief Executive Officer and Executive Director*

- Previous leadership roles includes COO of Mubadala Petroleum and Country President (Thailand) of Mubadala Petroleum
- Masters in Management of Oil & Gas from Herriot Watt University



**Sultan Al Mamari**, *Chief Financial Officer*

- Previous leadership roles include VP finance OQ E&P, Strategy Lead for Oman Investment Authority, PDO, Occidental Petroleum and Schlumberger Oil Services
- Bachelors' degree in Petroleum Engineering and Post Graduate diploma in Reservoir Engineering



**Bader Al Abri**, *Asset manager – Block 6*

- Previous leadership roles include Vice President - Assurance for upstream and alternative energy projects at OQ and Senior Project Engineer at PDO
- PhD in Surface-Subsurface Model for the Techno-Economic and Risk Evaluation of Thermal EOR Projects, MSc (Thermal Energy) and BSc (mechanical Engineering)



**Declan Sawey**, *Treasurer*

- Previous leadership roles include Group Treasurer at Kuwait Projects Company, Kuwait Investment Authority, HBoS and KPMG
- Fellow of the ICAEW, CFA and Fellow of the Association of Corporate Treasurers



**Anuj Rohtagi**, *Deputy Treasurer*

- Previous leadership roles include SVP, Finance at Kuwait Projects Company and Canon India
- Chartered Accountant (India), Fellow of the Association of Corporate Treasurers and Post Graduate program in Data Science and Business Analytics



## Introduction to EDO

# Overview

## National energy champion; fully owned by the Government of the Sultanate of Oman

- Core business is to **upstream oil and gas exploration, development and production in Oman**
- Through Petroleum Development Oman (PDO), EDO is the **largest oil and gas producer in Oman**, accounting for more than 60% of combined oil, NAG condensate and NAG production<sup>1</sup>
- In **Royal Decree** of February 2021, **the Government transferred to EDO** its role as participant in the Block 6 Oil and Gas Concessions and as a 60% shareholder of PDO:
  - EDO owns **60% of rights in the Oil Concession and 100% in the Gas Concession**
- Plans to expand into new energies, in particular **renewables and low-carbon hydrogen**
  - EDO's subsidiary Hydrom leads the **Hydrogen sector initiatives across Oman**
- EDO has been rated **BB+ (stable outlook) by Fitch and BB+ (positive outlook) by S&P**
  - Recognized for its **strong standalone credit metrics (BBB+/BBB-)** and national importance

### Key statistics



**3.4bn boe<sup>2</sup>**  
2P reserves



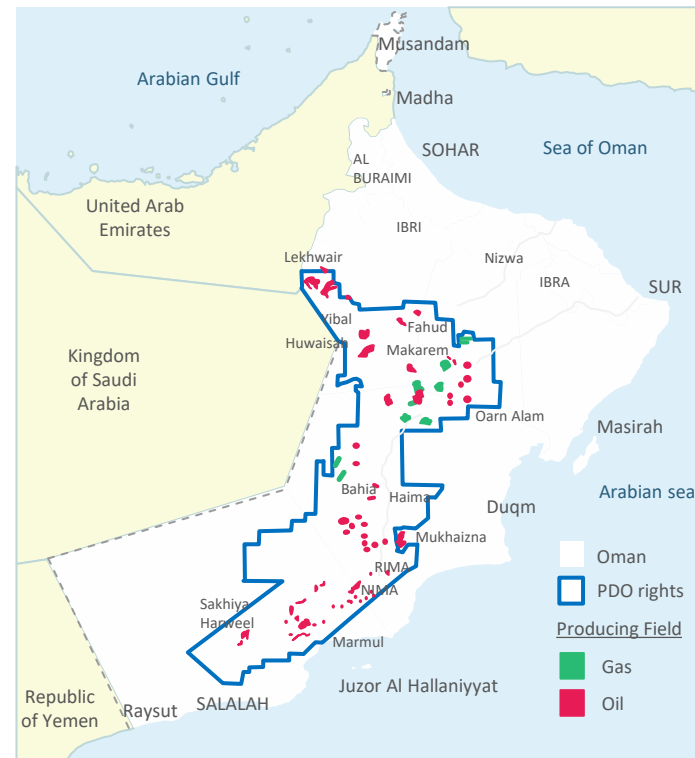
**\$16.4bn/8.9bn**  
2023 Revenue / EBITDA



**305<sup>3</sup>**  
Oil and Gas fields



**9,244<sup>3</sup>**  
Employees



Notes: 1. Entire production is done through PDO; NAG = Non associated gas; For year ending 2023; 2. Barrels of oil equivalent statistics as of 1 Jan 2024, Conversion factors: M3 oil to boe: 6.289; M3 Gas to SCF: 35.3832; SCF to BOE = 5.924171; 3. Through PDO and EDO as of 31 December 2023; This map is not an authority on international boundaries

# Our strategy

- Strengthen core business against market volatility and energy transition challenges
- Become an integrated energy company with capabilities beyond Oil and Gas while maintaining a stable capital structure
- Align with Oman Vision 2040 targeting renewable power penetration from 5% to 39%

## Oil and Gas (Block 6 and Beyond)

- Strengthen its position in the industry by realising efficiencies and synergies in Block 6 operations and pursue attractive opportunities beyond Block 6
- Maximise NAG value, through the establishment of a stand-alone gas operation
- Optimize NAG development and production costs, enhance governance to facilitate the achievement of Oman's NAG production potential

## Capital Management

- Maximise return on capital through minimising funding costs, diversifying maturities and tapping a wide range of funding sources
- Seek to enhance return on capital through allocating resources to those opportunities that exceed its capital hurdles over the long term

## Hydrogen Oman

- Orchestrate the green hydrogen strategy in Oman,
- Establish common use infrastructure
- Commercialize excess power, ensuring tangible value
- Prioritize execution of the initial public auction rounds

## New Energies and ESG

- Expand into renewables and low-carbon hydrogen
- Deploy renewables to supply the power demands of PDO's operations & leverage current capabilities
- Re-structure power assets in Block 6 to realize efficiencies and pursue long-term expansion. Expand market, increase efficiencies and enhance through Oman New Energies SPC ("ONE")
- Create a robust ESG framework



# Strategic relationship with the Government

An efficient and effective governance model with close ties and deeply-entrenched relationships with the Government

Represents the Government's interests in the Concessions and works closely with both Private Shareholders (in respect of the oil concession operations) and PDO (in respect of both the oil and gas concession operations)

Block 6 operations are conducted through PDO which operates as a cost centre on a "no-profit, no-loss" basis, taking cash calls to finance its capital expenditures and operating expenses;

The Group recognises revenues from the sale of oil, NAG and NAG condensate, and distributes cash to the Government in the form of royalties, taxes and dividends

Seeks to diversify its investments and businesses outside of Block 6 oil and gas operations, without impacting Government cash flows from Block 6

The Board of Directors include key decision makers of the Sultanate of Oman...

5 non-exec. directors appointed by His Majesty the Sultan via Royal Order



**H.E. Salim bin Nasser Al Aufi**

(Chairman and Non-Executive Director)  
Representation: Minister of Energy and Minerals, Ministry of Energy and Minerals



**H.E. Nasser bin Khamis Al Jashmi**

(Deputy Chairman and Non-Executive Director)  
Chairman for the Tax Authority



**H.E. Mohsin bin Hamed Al-Hadhrani**

(Non-Executive Director)  
Representation: Undersecretary, Ministry of Energy and Minerals



**H.E. Abdullah bin Salim Al Harthy**

(Non-Executive Director)  
Representation: Undersecretary, Ministry of Finance



**Mr. Mulham bin Basheer Al Jarf**

(Non-Executive Director)  
Representation: Deputy President - Investment, Oman Investment Authority

# Hydrogen Oman (Hydrom)

100% EDO owned subsidiary, set-up to drive green hydrogen (gH<sub>2</sub>) energy projects



**50,000 km<sup>2</sup> of land**

Land allocated for gH<sub>2</sub> production projects



**Hydrogen auctions**

Clear process, 2 auction rounds completed



**8 projects awarded**

~1.38 mtpa of H<sub>2</sub> by 2030 with +49 B\$ investments



**Oman gH<sub>2</sub> Strategy**

Provided clarity and direction

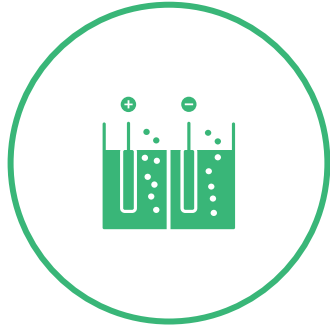


**Shared infrastructure for gH<sub>2</sub>**

Concept & timeline approved, infra company incorporated



# Three strategic objectives for Hydrom in the next 5 years to fulfill its orchestrator role of the gH2 sector



Award blocks to meet production targets and support gH2 projects move forward



Actively support the creation of an enabling ecosystem (shared infrastructure, logistics, capabilities)



Maximize value creation for Oman through upstream and downstream industries localization



## Key investment highlights

# Key investment highlights



1

## National energy champion with strategic importance to the sovereign

- **Key asset for the government** supporting the economy's main sector with oil and gas accounting for **c.34 %<sup>1</sup> of GDP**
- **Largest producer in Oman** with oil, gas and condensate production of **+840k boe per day<sup>2</sup>**
- One of the **main employers in Oman**, with over 9k employees<sup>3</sup>

2

## Large scale production and high-quality portfolio; strong track record of operations and reserves replacement

- Long operating track record of **more than 50 years**
- Significant **2P reserves of 3.4bn boe** as of Jan 1, 2024
- Strong **2P oil reserve replacement of 89%** in 2023 and **c.85%<sup>4</sup>** in the last 10 years

3

## Significant gas resource base; access to a large and growing domestic market

- **9.6 trillion** cubic feet of 2P NAG reserves; One of the **primary suppliers for Oman's captive gas market** which has been **growing at 5% CAGR<sup>5</sup>** and for **LNG export**
- Growth is driven by **rapid industrialization** and plan for gas to play an **increasingly prominent role in power generation**
- Provides **stable and predictable cash flows** from the sale of gas at a fixed incremental transfer price

4

## Low costs of operations

- Among the **lowest unit cost of operations<sup>6,7</sup> of c. \$16/boe** compared to peers
- Low-cost base enables the **generation of sustainable cash flow** from operations across different oil price levels

# Key investment highlights (cont'd)



5

## Project delivery track record; upside from exploration and Enhanced Oil Recovery (EOR)

- Over **50 years of production** with track record in **delivering development projects**
- In 2023 completed **19 development projects** and drilled **38 oil and gas exploration wells**
- **EOR projects' contribution** to oil production expected to be c.36% of production by 2030

6

## Focus on environment, sustainability and safety performance

- Upstream **carbon emissions intensity reduced** by 7 per cent. to 0.18 from 0.19 (tCO<sub>2</sub>e/tHC)<sup>1,2</sup>
- **Reduced total GHG emissions** by almost 3.59 million tonnes<sup>2</sup>
- **Injuries<sup>3</sup> per million working hours decreased** to 0.57 in 2023 from 0.79 in 2022
- **Committed** to net zero emissions by 2050

7

## Strong financial profile and discipline

- Track record of consistent and **robust operational & financial performance**
- Standalone credit profile: **BBB+/BBB- by Fitch/S&P**; Credit rating: **BB+/positive by S&P** and **BB+/stable by Fitch**
- Commitment to maintain funds from operations (**FFO**) to **net debt ratio of 45%**

8

## Highly experienced management team and the board of directors

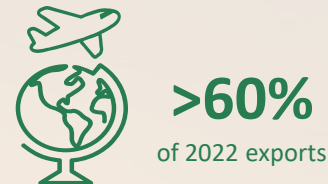
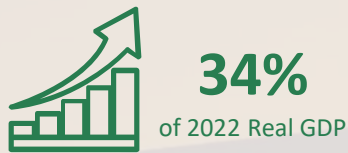
- **Management team with extensive oil & gas experience**, led by Mazin bin Rashid Al-Lamki (CEO)
- The board consisting of **5 non-executive directors**, chaired by H.E. Salim bin Nasser Al Aufi (Minister of Energy and Minerals)

1.. Tonnes of carbon dioxide equivalent tonnes of hydrocarbon ; 2. For year 2022; 3. Total Recordable Case Frequency of all injuries

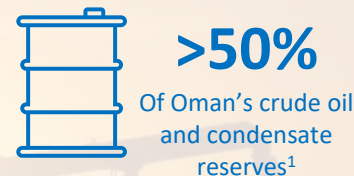
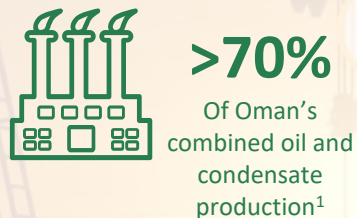
# Strategic importance to the Sovereign

1

Oil & Gas is a significant pillar of the Omani economy...



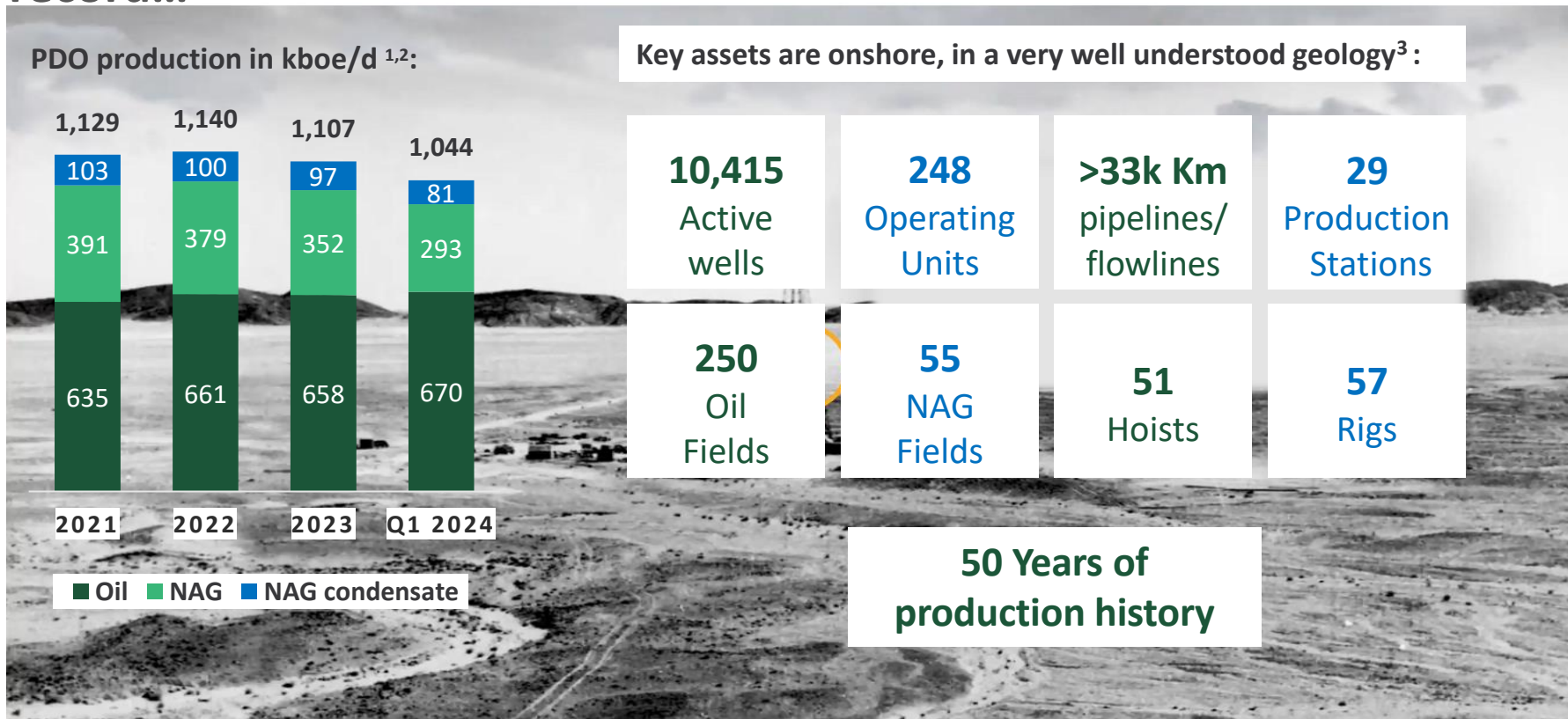
...with EDO's Block 6 being a main component...



... providing prosperity & substantial employment opportunities



# Large scale production, high-quality portfolio, long operating track record...

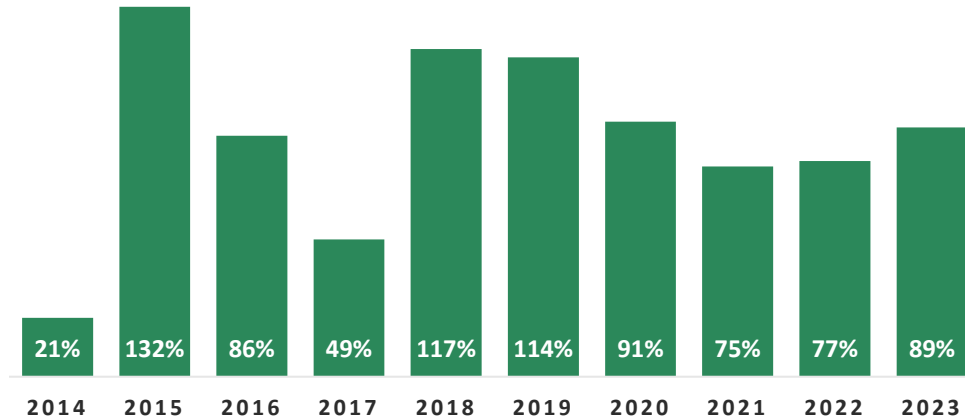


Notes: 1. Reflecting 100% PDO production ; 2. Kboe/d: thousands of barrels of oil equivalent per day, kbb/d: thousands of barrels per day; 3. PDO stats as on 31 December 2023. Total of segments in graph may not match due to rounding off



# ...and strong reserves replacement

2



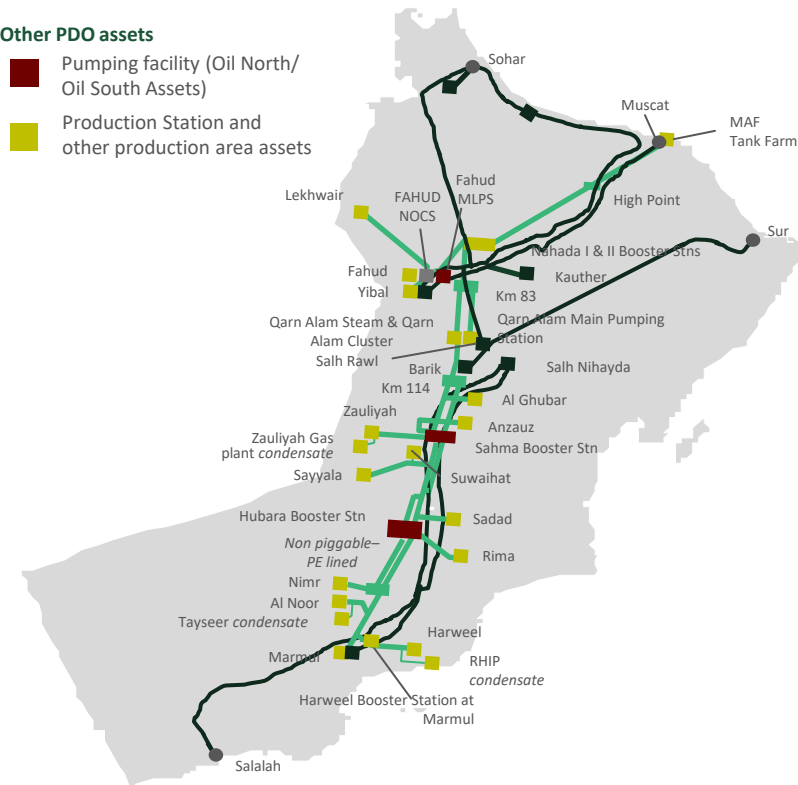
Average 85% oil reserves replaced<sup>1</sup> between 2014 and 2023

## MOL assets

Pipeline Gas Pipeline

## Other PDO assets

Pumping facility (Oil North/  
Oil South Assets)  
Production Station and  
other production area assets



# Significant gas resources with growing domestic market

3

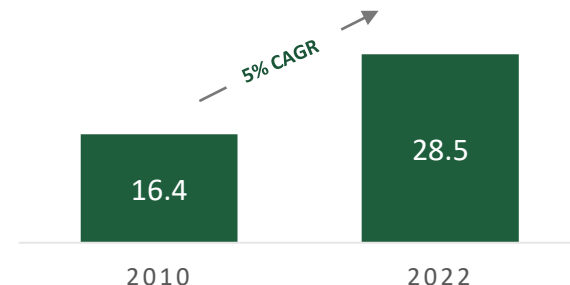
- Block 6 is **one of two primary suppliers for Oman's growing and captive gas market**, in addition to Oman's liquid natural gas ("LNG") export plant
- **5 key gas processing facilities** with combined processing capacity of 138.6 million cubic feet per day

- Gas demand increased at a **CAGR of 5% between 2010 and 2022**
- This is further expected to grow over the next 5 years
- Key growth drivers are:
  - **Rapid industrialisation** and;
  - The Government's plan **for gas to play an increasingly prominent role in power generation**



**9.6 trillion  
cubic feet of  
2P NAG  
reserves**

## Domestic gas consumption<sup>1</sup>(bcm<sup>2</sup>)



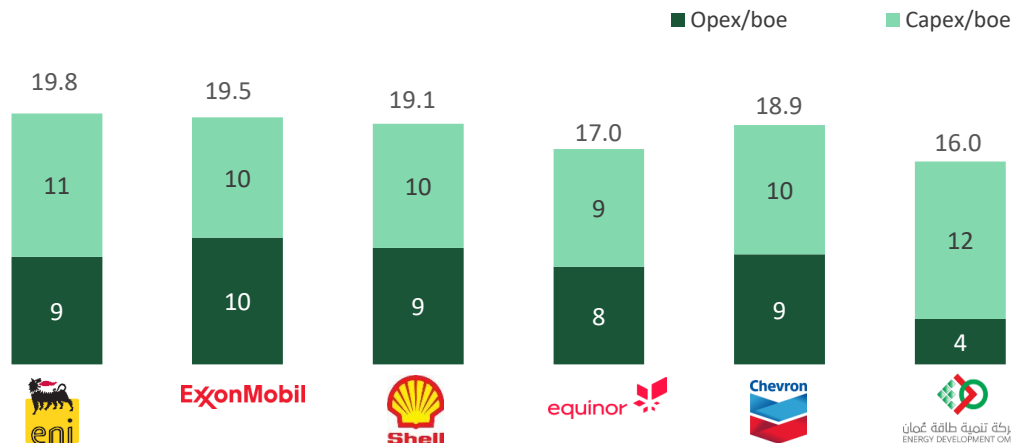
Note: 1. Source: Statistical Review of World Energy (energyinst.org); 2. bcm: Billion Cubic Meters

# Low cost of operations

A strong operational profile underpinned by one of lowest cost of operations<sup>1</sup> compared to peers driven by:

- Favorable onshore environments in which reservoirs are located
- Synergies available from PDO's use of its infrastructure and logistics networks

## Upstream Opex and Capex (\$/boe)<sup>2</sup> for year 2023



The low-cost base enables EDO to generate material cash flows during periods of relatively high crude oil prices, while enabling it to maintain positive cash flows during periods of relatively low prices

Notes: 1. Woodmac Lens 2. Excludes SG&A. EDO opex consists of production expenses and basic salaries and allowances. EDO capex consists of oil, gas and condensate capex

## Significant experience in delivering development projects...

- During 2023:
  - Completed 19 development projects
  - Drilled 38 oil and gas exploration wells
  - Booked a total of 120 million barrels of Oil and approximately 1.42 trillion cubic feet of NAG

## Yibal Khuff mega project construction

- The most technically complex project in PDO's history, spanning an area of 1.68km<sup>2</sup>
- Construction fully completed and production started as of September 2021
- To deliver 5 million cubic meters of gas per day and c.20,000 bpd of crude by 2030

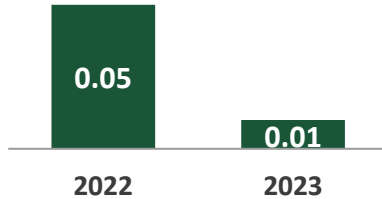
## Increased focus on enhanced oil recovery (EOR) projects

- To contribute 36% of oil production by 2030

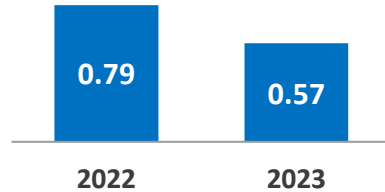
# Focus on Environmental, Sustainability and Safety Performance

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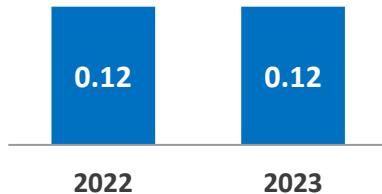
Oil spilled over one barrel per million tonne of Oil<sup>1</sup>



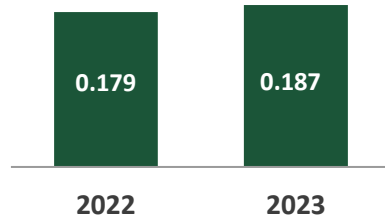
Injuries Per million working hrs.<sup>2</sup>



Lost Time Injury Frequency Per million working hrs.<sup>2</sup>



Carbon emissions intensity<sup>3</sup>



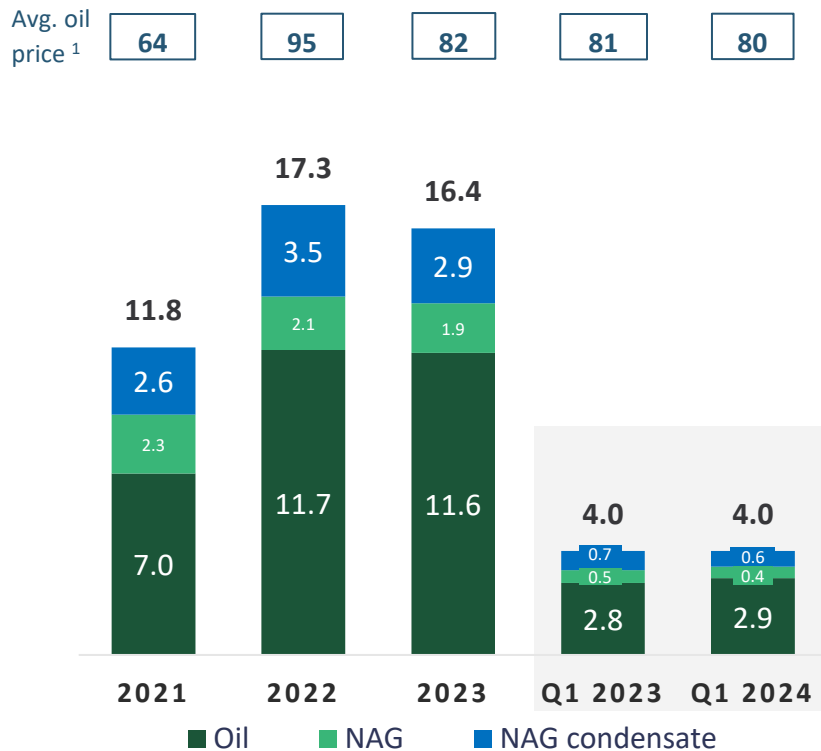
- One of the first companies in the region to obtain ISO 14001 environmental management system certification
- **Net-zero emission energy company by 2050**
- Target of increasing renewable energy capacity to a cumulative **GHG reduction of 6 million tonnes by 2030**
- Goal of **30% renewable capacity penetration by 2025** from 4 per cent. in 2019

Notes: 1. Over one barrel (0.16 cubic metres) per million tonnes of Oil production 2. Recordable Case Frequency of all injuries/mn. working hrs. 3. Tonnes of CO2 equivalent tonnes of hydrocarbon (tCO2e/tHC)

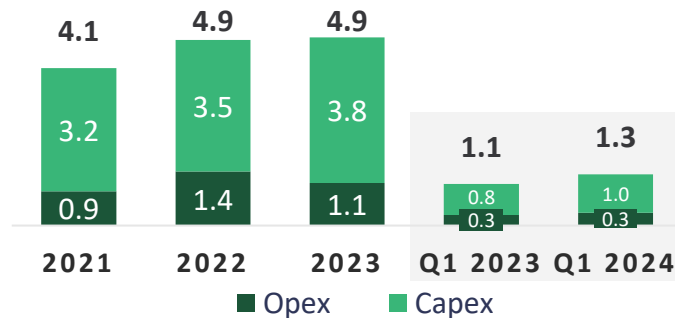
# Operational & financial performance (\$bn)

7

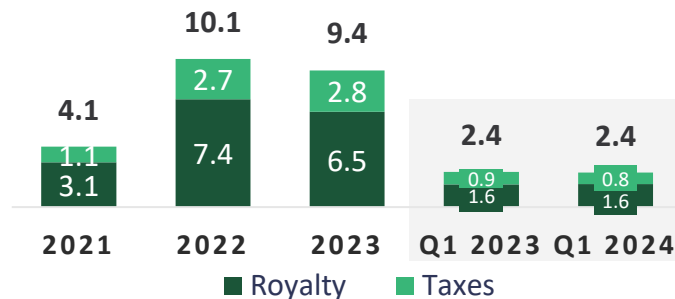
## Revenue



## Opex and Capex



## Royalty & Current Income Tax



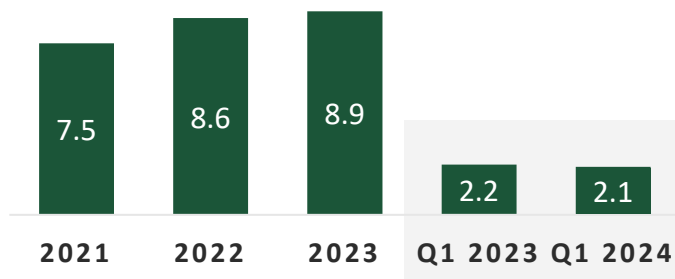
Note : 1. Average price for Omani blend oil in \$ per barrel for the period



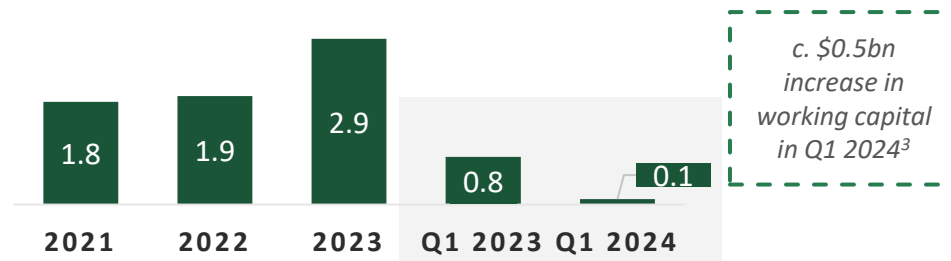
# Operational & financial performance (cont'd) (\$bn)

7

## EBITDA<sup>1</sup>

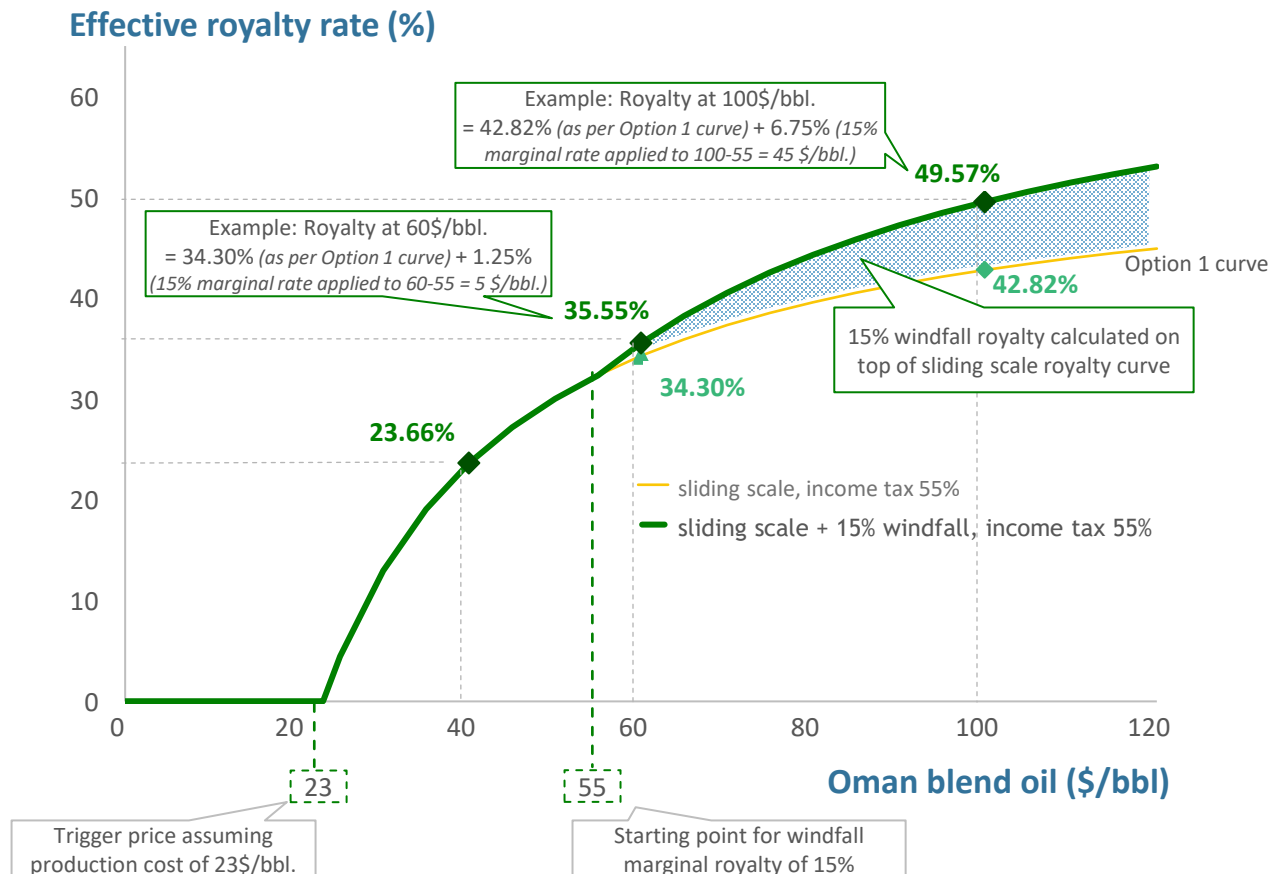


## Free Cash Flow<sup>2</sup>



Notes : 1. EBITDA is profit before tax plus finance costs less finance income, plus depreciation, depletion and amortization; 2. Free Cash Flow is net cash from operating activities less acquisition of property, plant and equipment and expenditure on exploration and evaluation of assets; 3. Due to increase in due from related parties for sale of crude oil and decrease in payables and accruals

# Illustrative royalty rate at various oil price levels<sup>1</sup>



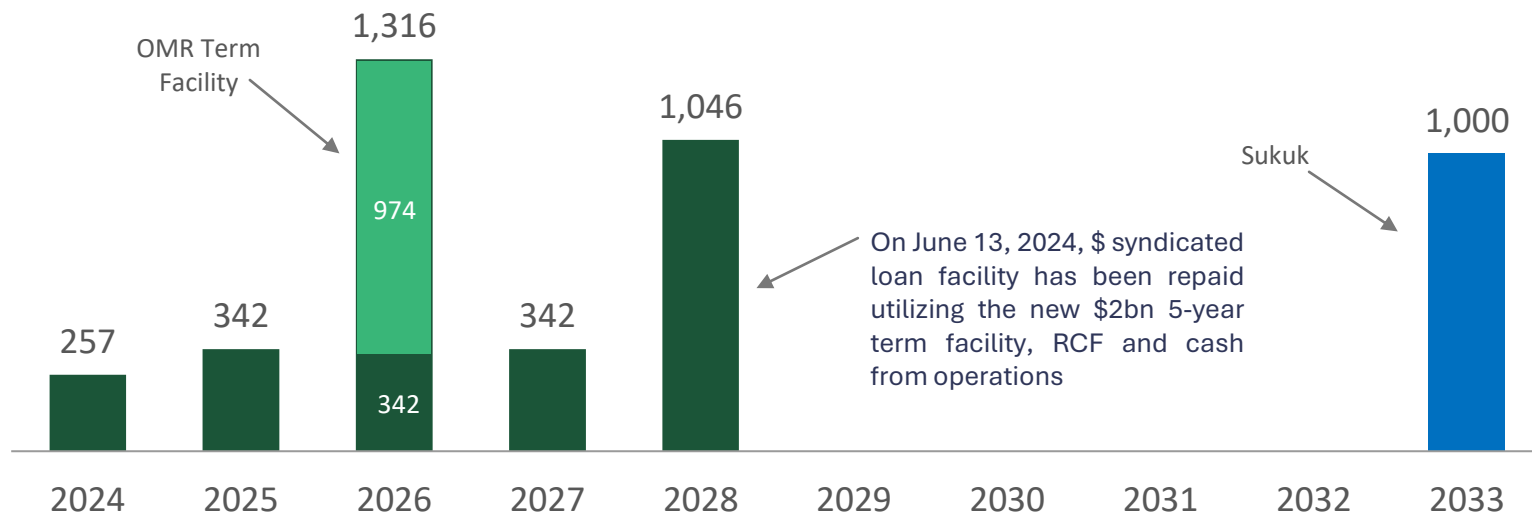
Note: This information is for illustrative purposes and does not depict actual rates.

# Debt Maturity Profile as on 31 March 2024 <sup>(1)</sup>

7

External debt: \$4,304mn consisting of:

- \$2,329mn (\$ syndicated loan facility)
- \$975mn (OMR375mn) term loan facility
- \$1,000mn Sukuk



(1): All figures on this slide are as of 31 March 2024, unless otherwise indicated.

Note: Gross debt = \$9.1bn (External debt \$4.3bn, shareholder bridge facility \$4.0bn, lease liabilities \$0.84bn)

Cash and bank balance = \$0.3bn; Net debt = \$8.8bn

# What rating agencies are saying

## FitchRatings

### BB+ (Stable)

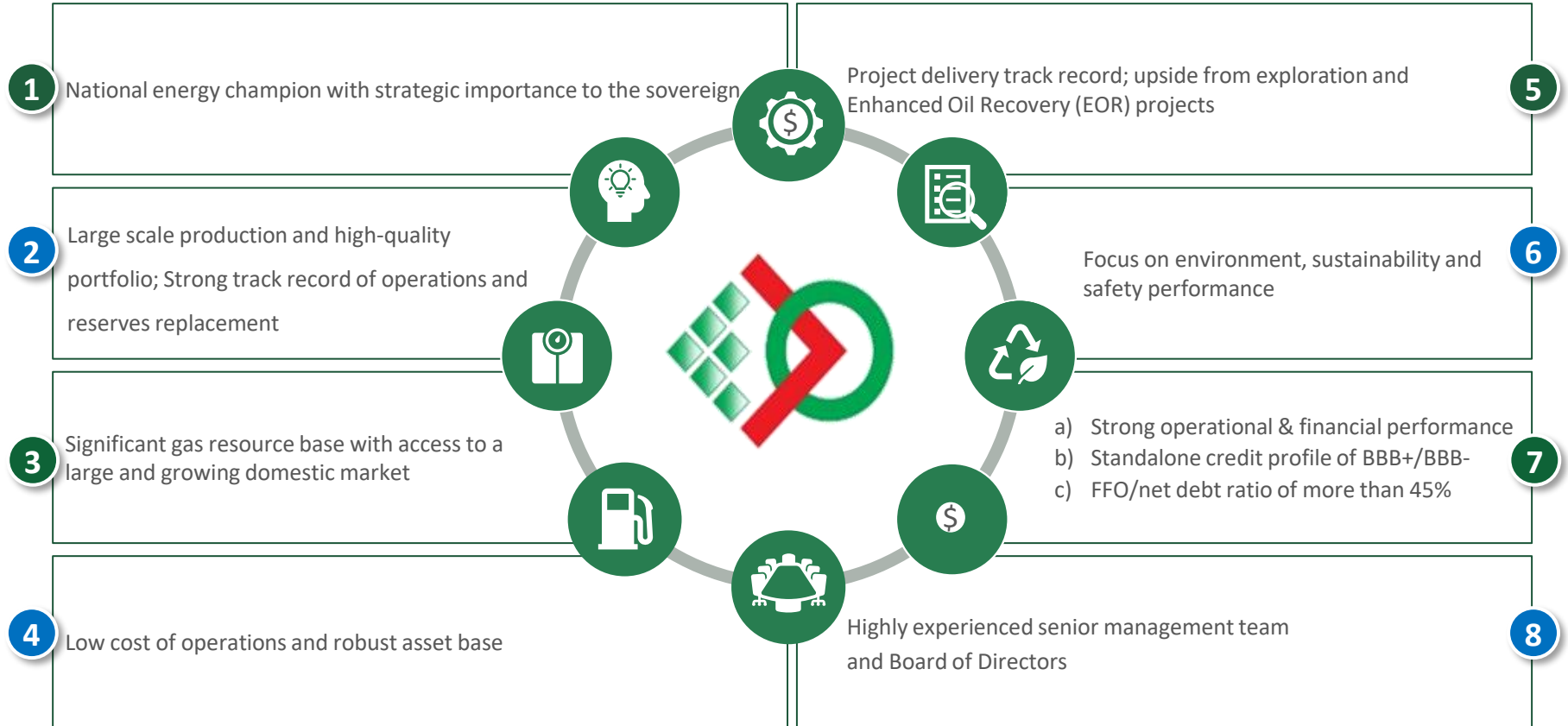
- EDO's '**bbb+**' **Standalone Credit Profile (SCP)** is based on its record of maintaining a prudent financial profile and successfully maintaining the size and scale of reserves and production within the current fiscal framework.
- The SCP is supported by EDO's large-scale oil and gas operations, strong and resilient cash-flow generation due to contracted sales prices for gas and a flexible royalty framework, flexible dividend policy, and low leverage. .
- EDO's rating is constrained by that of Oman. Under our GRE Rating Criteria, we assess the support track record and socio-political implications of default as 'Strong' and status, ownership and control as well as financial implications of default as 'Very Strong'. This assessment results in a support score of 45 out of a maximum of 60.

## S&P Global Ratings

### BB+ (Positive)

- On March 29, 2024, S&P Global Ratings revised its outlook on Oman to positive from stable.
- “We cap our rating on oil and gas producer Energy Development Oman SAOC (EDO) at the level of the sovereign because we view EDO as a government-related entity (GRE) that has an integral link with the government, the 100% shareholder of the company. We therefore revised our outlook to positive from stable and affirmed our 'BB+' long term issuer and issue credit ratings on EDO. The positive outlook mirrors that on Oman, with any upside for EDO dependent on a higher sovereign rating.”
- “In light of the upgrade to the sovereign, our issuer credit rating on EDO is one notch below our assessment of the company's '**bbb-**' **stand-alone credit profile (SACP)**.”

# In summary





# Thank you







## Annexures

# The board and senior management team

The Board of Directors include key decision makers of the Sultanate of Oman...

- **5 non-executive directors** appointed by His Majesty the Sultan via Royal Order



**H.E. Salim bin Nasser Al Aufer**  
(Chairman and Non-Executive Director)  
Representation: Minister of Energy and Minerals, Ministry of Energy and Minerals



**H.E. Nasser bin Khamis Al Jashmi**  
(Deputy Chairman and Non-Executive Director)  
Chairman for the Tax Authority



**H.E. Mohsin bin Hamed Al-Hadhrami**  
(Non-Executive Director)  
Representation: Undersecretary, Ministry of Energy and Minerals



**H.E. Abdullah bin Salim Al Harthy**  
(Non-Executive Director)  
Representation: Undersecretary, Ministry of Finance



**Mr. Mulham bin Basheer Al Jarf**  
(Non-Executive Director)  
Representation: Deputy President - Investment, Oman Investment Authority

...complemented by a highly experienced and distinguished management team

- **Led by Mazin bin Rashid Al Lamki (CEO)** with more than 22 years of experience across the oil and gas sector
- Senior team has varied experience across relevant sectors/functions



**Mr. Mazin bin Rashid Al-Lamki**  
Chief Executive Officer



**Mr. Azhar Al Kindi**  
Chief Operating Officer



**Mr. Sultan bin Ali Al Mamari**  
Chief Financial Officer



**Mr. Mohammed Al Harrasi**  
Director, Corporate & Business Services



**Mr. Declan Sawey**  
Treasurer

# Why EDO?

## Key principles guiding the set-up

### Government oversight

1



A holding company directed by a board of directors **nominated by the Government of the Sultanate of Oman** in particular, the Ministry of Finance (MoF) and the Ministry of Energy and Minerals (MEM)

### Cash neutrality

2



**Ensure that the Government receives distributions** in the form of royalties, taxes and dividends in an amount that is at least as much as the Government expects to receive from Block 6

### Self-sufficiency

3



**Fund capex and opex from its cash flow from operations**

Raise external debt for capex (subject to its capital structure) as per a pre-agreed governance framework with the MoF to unlock additional value from its reserves

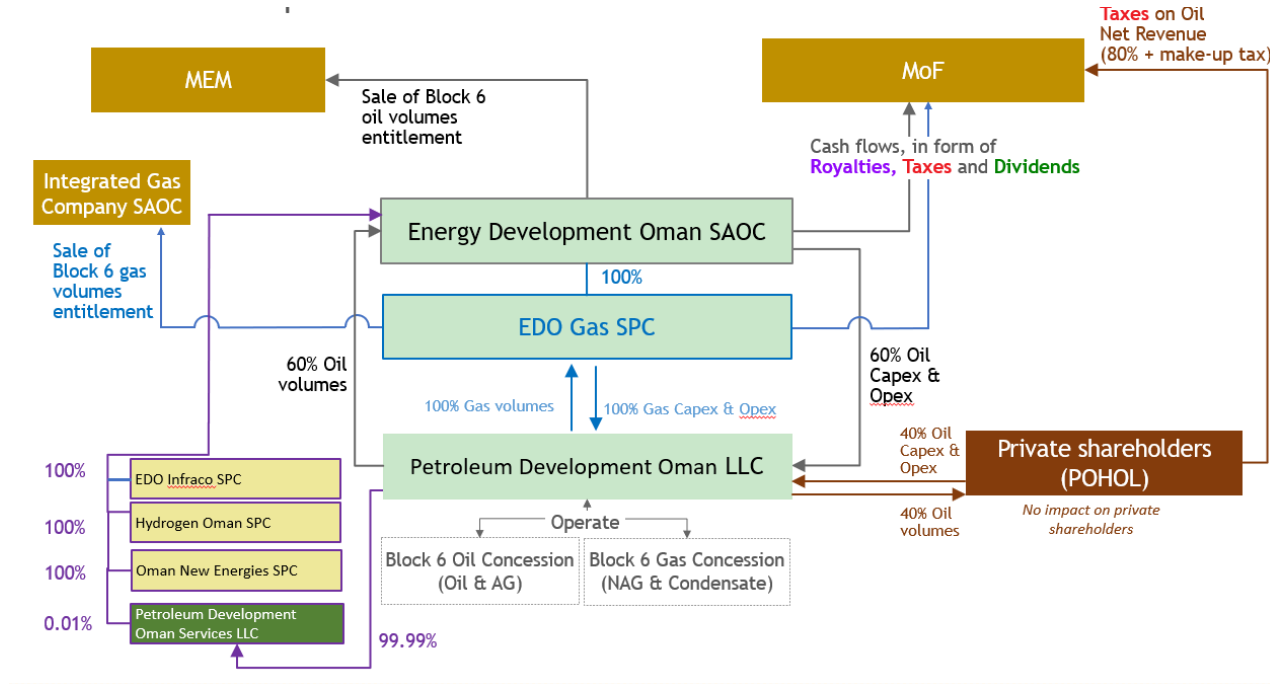
### Unlock value

4



Focused on **leading the energy transition** by creating value through efficiency and/or new growth with the aim of promoting Oman's fiscal position and improving the Omani oil and gas sector

# Corporate structure



## Operating model:

1. PDO acts as a cost centre on a “no-profit, no-loss” basis, taking cash calls to finance Block 6 operations
2. PDO uses AG in oil operations and distributes the Oil, NAG and NAGC production volumes to the concession holders in their respective shares
3. EDO pays cash calls to PDO corresponding to its 60% share in the Block 6 concessions
4. EDO may fund capex and opex using its operating cash flow or by raising debt, in line with its funding policy
5. EDO recognizes revenues of Oil, NAG and NAGC sales and distributes cash to the government (MoF) in the form of royalties, taxes and dividends
6. POHOL's / private shareholders' position remains unchanged, paying 40% of PDO's Oil & AG cash calls, receiving in return 40% of Block 6 Oil volumes and paying taxes on their net revenue to the Government

Notes: Associated Gas = AG; Non-Associated Gas = NAG, Non-Associated Gas Condensate = NAGC

Private shareholders ownership = 34% The Shell Petroleum Company Limited, 4% Total Energies S.E., 2% PTTEP Oman E&P Corporation (Partex)

# The PDO portfolio extends over the vast Block 6 contract area...

## Overview

- The contract area covers most of the Oman Mountain Foldbelt and Rub al Khali basins with a **surface area of around 75,000 square kilometres**
- The whole area is clustered into asset-based structures and run through **three main upstream directorates: Oil North, Oil South, and Gas Directorate**
- Overall, the three directorates in Block 6 are split further across 12 clusters: **4 in the North directorate, 5 in the South directorate and 3 in the Gas Directorate**
- The clusters are defined as **bundles of interconnected fields/assets situated in proximity to each other**

### Key Highlights

#### Oil South Directorate

- **Focused on the east flank of South of Oman Basin**
- Includes five clusters – **Marmul, Nimr, Greater Birba and Bahja/Rima clusters**
- In addition, a dedicated cluster is formulated to develop smaller/satellite hydrocarbon accumulations, known as SSFD (Standardized Satellite Fields Development)
- Most of the fields in Marmul, Nimr, and Bahja are under either **pattern-based waterflooding or aquifer injection secondary recovery**
- EOR is also deployed in the South mainly in **Greater Birba for miscible gas injection light oil recovery** in fields like Harweel and Birba
- **Polymer EOR has been trialed and is on-going in Nimr and Marmul**

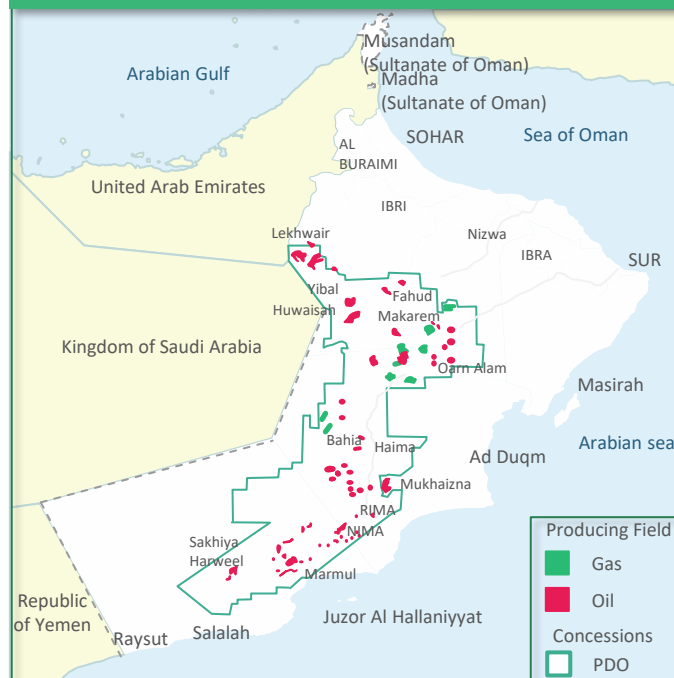
#### Oil North Directorate

- Covers fields that are mostly in **central Oman towards the north-western side of the country**
- Includes four clusters of **Yibal Khuff, Yibal, Fahud, Qarn Alam, and Lekhwair**
- Initially, most of the fields were **developed through primary recovery**
- To recover more viscous crude, some of these fields later deployed:
  - ❖ **secondary water-flooding development**, such as line-drive water-flooding in Lekhwair,
  - ❖ and eventually **tertiary EOR recovery** such as gas-oil-gravity-drainage in Fahud, or steam flooding thermal recovery in Qarn Alam steam

#### Gas Directorate

- Comprises of all NAG fields in Block 6, excluding the areas comprised by Blocks 12, 61 and 77
- Includes three clusters - Kauther cluster, Saih Rawl, Saih Nihayda
- Yibal Khuff project came on stream in the year 2021

### PDO Concession area



# ...with an extensive infrastructure network...

## Infrastructure network overview

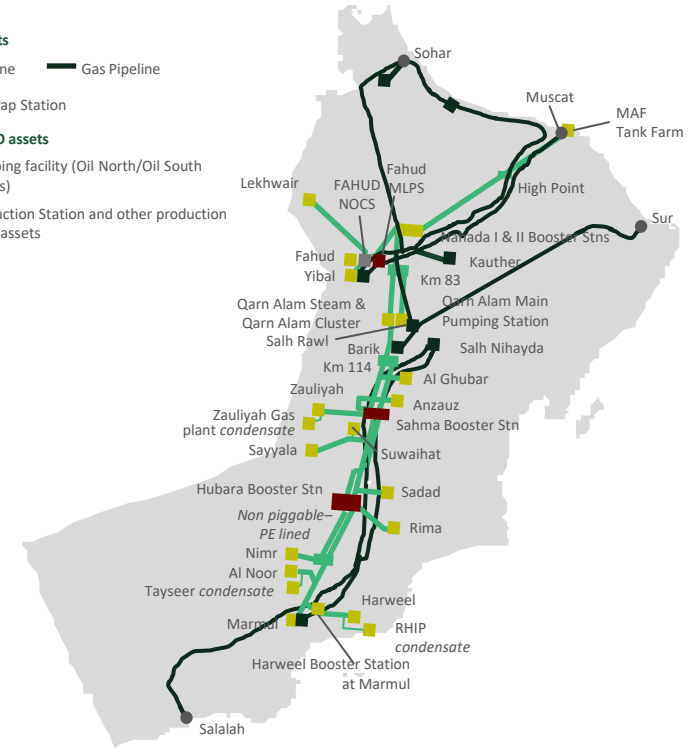
- PDO owns and exclusively operates a highly developed oil infrastructure network in Oman mainly comprised of the Main Oil Line (MOL) system
- MOL system comprises over 1,800 km of pipelines ranging from 6 inch to 42-inch diameter
- Transports all the crude produced in mainland Oman from the interior to the coastal terminal at Mina al Fahal and has an ultimate transportation capacity of 1.4 million barrels per day
- The MOL extends from PDO's southern fields, through the Qarn Alam area; the section of the Main Oil Line that runs from Marmul to the Nahada Booster Station is known as the South Main Oil Line
- At Nahada another component of the Main Oil Line is located, which originates at Lekhwair and Yibal, and is known as the North Main Oil Line
- Oman operates a gas network which extends from the country's southern region in Salalah up to the north in Sohar
  - This network of pipelines forms a critical piece in meeting the domestic consumption requirements of Oman

### MOL assets

— Pipeline — Gas Pipeline

### Other PDO assets

- Pumping facility (Oil North/Oil South Assets)
- Production Station and other production area assets





# ...and gas processing facilities

a

## Central Processing Plant (CPP)

- Located at Saih Rawl field, in central Oman, and has a gas processing capacity of 1,698 mmcf/d
- It is also the main condensate processing plant for the SNGP and KGP

b

## Government Gas Plant (GGP)

- Situated at the Yibal field with a gas processing capacity of 814 mmcf/d (23 mcm/d)
- The feed streams of the GGP are comprised of Yibal non-associated gas, Yibal associated gas, Fahud, Haban, Lekhwair, Khulud and Al-Huwaisah. Sales gas is exported to customers through GGS (North Oman Gas Distribution Pipeline Network) whilst the liquids (condensate and water) are transported to Yibal A Oil Station

c

## Saih Nihayda Gas Plant (SNGP)

- Designed to process approximately 885 mmcf/d (25 mcm/d) of non-associated gas from the Saih Niyada (Barik, Miqrat and Amin reservoirs) and Shuaiba fields
- The plant was commissioned in 2005 at Saih Nihayda

d

## Kauther Gas Plant (KGP)

- Designed to process approximately 708 mmcf/d (20 mcm/d) of wet gas and was commissioned in 2007 at Kauther
- KGP supplies gas to the OQ Gas Network system and the condensate is exported to the CPP for further processing

e

## Rabab Harweel Integrated Project (RHIP)

- Integrated oil and gas development across the Rabab and Harweel reservoirs in southern Oman
- Includes sour gas processing facilities and associated gathering and injection systems and export pipelines
- Handles the production of oil and gas from the Harweel oil reservoirs and the production of gas with condensate from the Rabab reservoir

# Focus on Environmental, Sustainability and Safety Performance

As part of its Energy Management strategy and its commitment to the Oman Energy Master Plan 2040, PDO has been developing renewable energy sources and projects to use in its operations

## Selected renewable energy projects

### Amin solar project

- Commercial operations commenced in May 2020 **First utility-scale solar project in Oman** with an oil and gas company as the sole buyer of electricity
- **Developed, owned and operated by Marubeni** through an IPP model
- Installed capacity of **100 MW**
- **225,000+ tonnes** in annual CO<sub>2</sub> emission



### NWTP Project

- Nimr Water Treatment Plant is amongst the **largest industrial constructed wetland systems** in the world
- The project has won **multiple awards** such as the **Gold award at the prestigious Emirates Energy Awards 2015**
- Some key facts of the project:
  - Reduces energy requirements by **98%**
  - ISO accredited (**ISO 140001:2004**)



### Miraah solar project

- **One of the largest solar plants in the world** in terms of peak energy production
- The steam produced is being used in **thermal EOR** to extract **heavy and viscous oil** at the Amal oilfield
- **Full project was completed in Q2 2020** and has a thermal installed capacity of **300 MW** and will produce an average of **2,000 tonnes of steam per day**



### Solar PV car park

- **Solar panels in car parks at Mina Al Fahal** to provide power for PDO's **office buildings** with a production capacity exceeding 10 MW at peak output
- Cuts carbon dioxide emissions by **8,541 tonnes annually**
- Additional phases completed in 2020, with a total of **2.85 MW of capacity added**



# Historical balance sheet and income statement

	Unaudited, as of 31 March 2024	Audited, as of 31 December 2023
(\$mn)		
<b>Non-current assets</b>		
Property, plant and equipment	23,618	23,495
Right-of-use assets	752	778
Net retirement benefit assets	475	358
Receivables and prepayments	17	17
Housing loans	8	8
Other non-current assets	4	4
<b>Total of non-current assets</b>	<b>24,874</b>	<b>24,660</b>
<b>Current assets</b>		
Inventories	529	529
Receivables and prepayments	103	86
Due from related parties	2,032	1,689
Housing loans	3	2
Cash and bank balances	317	706
<b>Total of current assets</b>	<b>2,984</b>	<b>3,012</b>
<b>Total assets</b>	<b>27,858</b>	<b>27,672</b>
<b>Equity</b>		
Share capital	1	1
Retained earnings	10,174	11,048
<b>Total equity</b>	<b>10,176</b>	<b>11,049</b>
<b>Non-current liabilities</b>		
Provision for staff end-of-service and other retirement benefits	9	8
Lease liabilities	618	637
Abandonment provision	3,342	3,177
Deferred tax liabilities	2,596	2,515
Loans and borrowing	6,915	6,000
<b>Total of non-current liabilities</b>	<b>13,479</b>	<b>12,337</b>
<b>Current liabilities</b>		
Loans and borrowings	1,363	1,624
Payables and accruals	2,140	2,123
Tax payables	295	141
Due to related parties	186	173
Lease liabilities	219	225
National objective liability	-	-
<b>Total of current liabilities</b>	<b>4,203</b>	<b>4,285</b>
<b>Total liabilities</b>	<b>17,683</b>	<b>16,622</b>
<b>Total equity and liabilities</b>	<b>27,858</b>	<b>27,672</b>

	Audited (12 months ending 31 December )		Unaudited (3 months ending 31 March )	
(\$'mn)	2023	2022	2024	2023
Revenue	16,423	17,282	3,988	3,992
Other operating income	176	193	15	40
Finance income	8	2	3	2
<b>Total revenue and other income</b>	<b>16,607</b>	<b>17,477</b>	<b>4,005</b>	<b>4,034</b>
Production expenses	(1,116)	(1,413)	(333)	(274)
Royalty	(6,525)	(7,397)	(1,577)	(1,562)
Depreciation, depletion and amortisation	(3,841)	(3,567)	(1,025)	(1,000)
Other expenses	(30)	(20)	(14)	(3)
<b>Profit before interest and tax</b>	<b>5,094</b>	<b>5,080</b>	<b>1,056</b>	<b>1,194</b>
Finance costs	(607)	(397)	(166)	(159)
<b>Profit before tax</b>	<b>4,488</b>	<b>4,684</b>	<b>890</b>	<b>1,035</b>
Income tax expense	(3,790)	(3,915)	(806)	(961)
<b>Profit for the year attributable to Invested Capital</b>	<b>697</b>	<b>769</b>	<b>85</b>	<b>74</b>
Re-measurement of pension fund obligation	13	(91)	53	44
<b>Total comprehensive income for the period</b>	<b>710</b>	<b>678</b>	<b>137</b>	<b>117</b>
Reconciliation of APM EBITDA to profit before tax				
Profit before tax	4,488	4,684	890	1,035
Less: Finance Income	(8)	(2)	(3)	(2)
Add: Finance costs	607	397	166	159
Add: Depreciation, depletion and amortization	3,841	3,567	1,025	1,000
<b>EBITDA</b>	<b>8,927</b>	<b>8,645</b>	<b>2,078</b>	<b>2,193</b>

# Capital, indebtedness and free cash flow

(\$'mn)	As of 31 March 2024
<b>Cash and bank balances (Note 1)</b>	<b>317</b>
Equity	
Share capital	1
Retained earnings	10,174
<b>Total equity</b>	<b>10,176</b>
Indebtedness	
Current loans and borrowings	1,363
Non-current loans and borrowings	6,915
Lease liabilities (current and non-current)	837
<b>Total indebtednes (Note 2)</b>	<b>9,114</b>
<b>Total capitalisation (Note 3)</b>	<b>19,290</b>
<b>Notes:</b>	
1. Comprises cash and bank balances (current and call accounts) with banks that are readily convertible into cash	
2. Since 31 March 2024, the Guarantor has repaid US\$2,329 million under the US\$2.5 Billion Facility utilizing the US\$2 Billion Facility and Revolving Credit Facility and cash available from operations and incurred additional related party debt of US\$552 million under the Shareholder Bridge Facility (as defined below), net of repayment.	
3. Total indebtedness plus total equity	

	3 months ending 31 March	
(\$'mn)	2024	2023
Net cash from operating activities	1,054	1,705
Net cash used in investing activities	(951)	(856)
Net cash used in financing activities	(493)	(637)
Decrease/Increase in cash and bank balances	(390)	213
Cash and bank balances at beginning of period	706	228
<b>Cash and bank balances at end of period</b>	<b>317</b>	<b>441</b>
Reconciliation of APM Free Cash Flow to net cash from operating activities		
Net cash from operating activities	1,054	1,705
Less: Acquisition of property, plant and equipment	(890)	(796)
Less: Expenditure on exploration and evaluation assets	(68)	(71)
<b>Free cash flow (Note 4)</b>	<b>96</b>	<b>837</b>

# Fiscal terms



## Oil and condensate fiscal protocol

- Royalty: Paid on monthly revenue basis as per below formula:

Price range	Applicable royalty	Formula (Royalty rate (%))
Less than \$23/barrel	Zero royalty	= 0%
\$23/barrel or more but less than \$55/barrel	Base royalty	= 55.6% minus $\frac{12.778}{\text{Price per barrel}}$
\$55/barrel or more	Base royalty plus Additional royalty	= 55.6% minus $\frac{12.778}{\text{Price per barrel}}$ plus 15% * $\frac{(\text{Price per barrel} - \$55/\text{bbl.})}{\text{Price per barrel}}$

- Income Tax: Paid monthly @ 55% of Taxable Income<sup>1</sup>



## NAG fiscal terms

- Royalty: NIL
- Income Tax: Paid monthly @ 55% of Taxable Income<sup>2</sup>

Notes: 1. Taxable income = Oil revenue minus cost recovery, which comprises EDO's expenditures, the royalties it has paid or payable on the oil revenue, its participating interest share in PDO's oil and AG operating costs and its participating interest share in an annual deduction for depreciation applied to capital oil and AG costs by PDO; 2. Taxable income = Revenues (which includes the aggregate condensate exports revenue, revenues from the sale of NAG or NAG by-products and any revenues received in respect of the sale or other disposal of gas assets) minus cost recovery (which includes any expenditures, royalties, operating gas costs and annual deductions for depreciation)