



Nama Electricity Distribution Company SAOC

A Nama Group Company

**Investor Presentation
Dec 2024**

Empowering progress.....
Toward a **sustainable future**.....

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لتوزيع الكهرباء
ELECTRICITY DISTRIBUTION

Company Overview

Overview of Nama Electricity Distribution Company SAOC

Oman's Sole Distribution Company¹

Company Overview

- NEDC is the single electricity distribution company covering the entire country of Oman with the exception of Dhofar
- It is a 100% owned subsidiary under Nama Holding which is the national electricity and waste-water holding company
- NEDC provides electricity distribution services for all residential, commercial, industrial, agricultural, and government sector

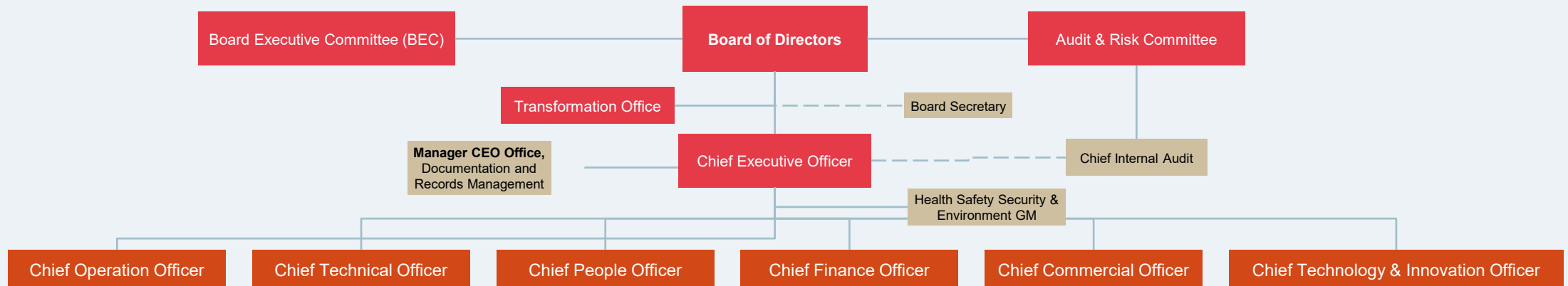
Financial Sustainability Actions

- **Equity injection:** The shareholders (Nama Holding, OIA) had converted shareholder loans of OMR 93.1Mn including accrued interest (as at 31 December 2022) into equity for NEDC to facilitate fundraising for future growth opportunities in a sustainable manner. This leads to improvement in capitalization ratios
- **WACC:** The Weighted Average Cost of Capital (WACC) set at 5.67% per annum (in real terms), effective from 2023 considering the macroeconomic factors safeguarding the interests of investors, consumers, and other stakeholders.
- **Debt restructuring:** OMR 481 million (USD 1.25 billion) sukuk issued in 2024, with proceeds primarily used to reduce short-term debt. Additionally, term facilities with balloon maturities were extended, improving the debt maturity profile.
- These actions are targeted to improve company's financial position supporting additional financing requirements

Key responsibilities

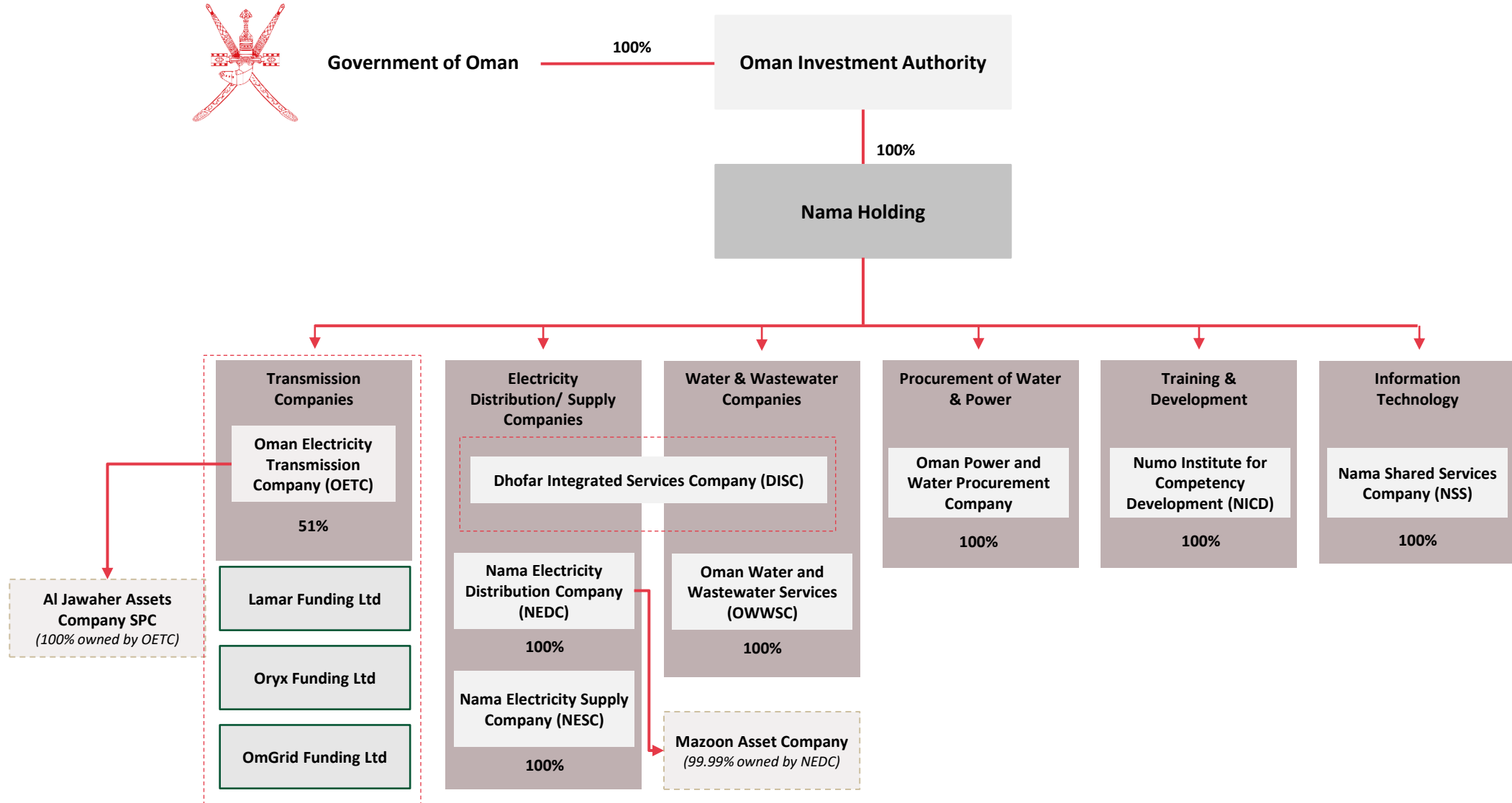
- To distribute electricity and to finance, develop, own and/or operate and maintain its Distribution system
- To the extent permitted by the Sector Law and this License, to design, own operate and maintain international interconnections
- To carry out any other functions assigned to it by the Sector Law
- In each case, within the Operating Area

Organizational Structure



Overview of Nama Holding

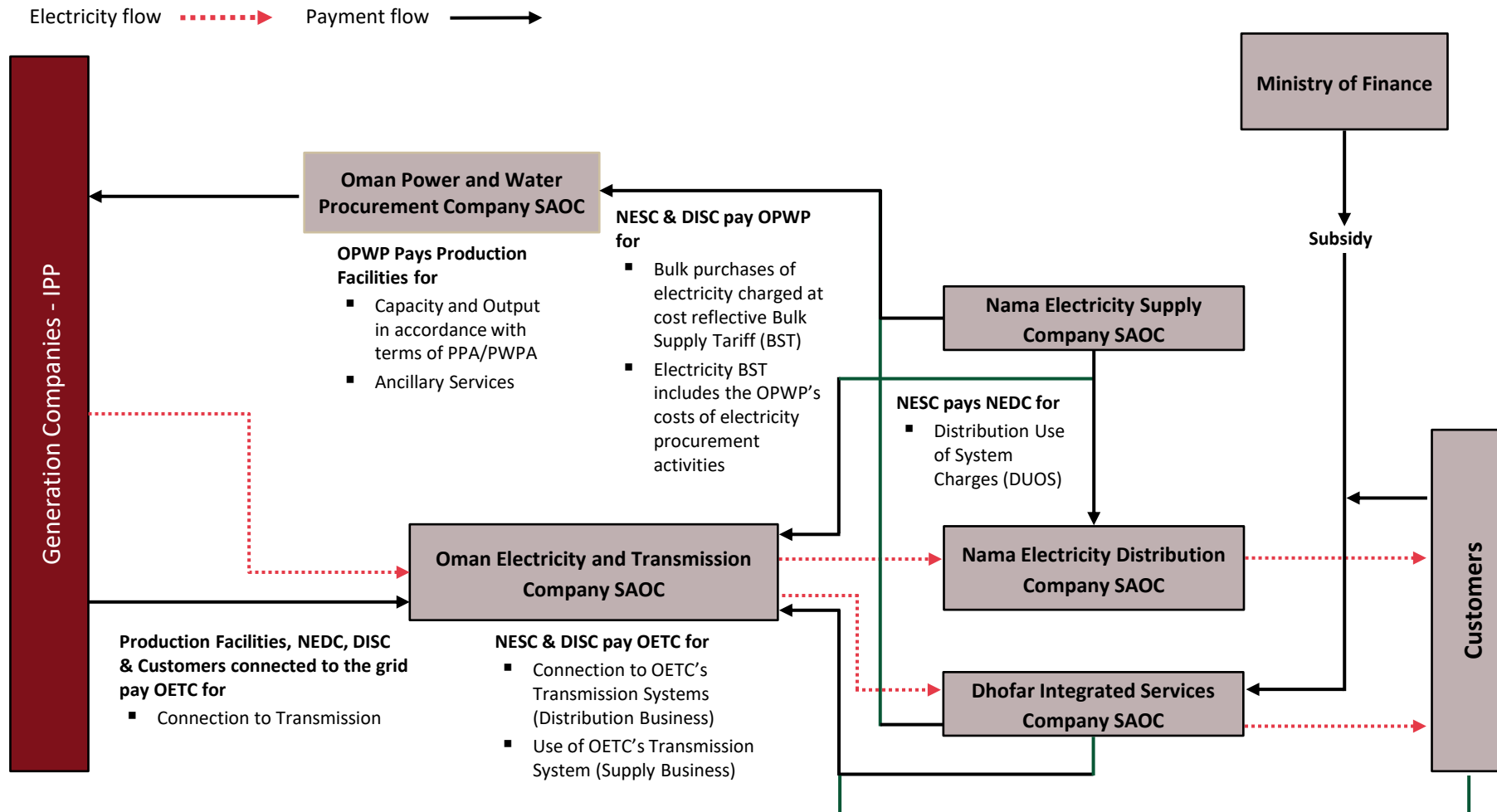
Organizational Entities & Structure Layout



Sources: Company information, public information

Note: The generation companies are not very significant. These companies include Rural Area Electricity Company, Wadi Al Jizzi Power Company and Al Ghubrah Power and Desalination Company

Understanding of Oman's Electricity Sector



- Total Customers includes Distribution connected customers and Transmission connected customers, comprising of (a) Residential, (b) Commercial, (c) Government, and (d) Industrial customers
- Ministry of Finance (“MOF”) pays subsidy to NESC quarterly
- A tariff reform policy has been initiated in 2021 aiming to gradually reduce the subsidies in residential and small commercial tariffs.

Company Innovation and Growth Strategy

Moving Forward

- NEDC continues to integrate cutting-edge technologies into its electricity network and commercial interactions with customers
- The company envisions the adoption of relevant technologies to enhance customer service through the realization of a Smart Network, which will improve network reliability
- The company's capital expenditure forecast for the period 2025 to 2030 is estimated to range between OMR 0.8 billion to OMR 1.1 billion (low & high case). The investment plan for 2026 to 2030 is currently under discussion with APSR as part of the price control reset.

NEDC Vision & Mission

Vision: 0 60 1 +

0

- LTI
- Cyber Security Threat
- Time needed to know your consumption
- #Day of connection
- Net Emission

60

- SAIDI
- Losses 6%
- Deleveraging

1

-SAIFI

+

Continuous Improvement “ will always Do Better

Mission

Provide safe, reliable, sustainable and economic electricity.

Focus areas in the next 5 years



Modernizing infrastructure to improve reliability and efficiency



Deployment of smart meters to provide customers with real-time usage data and insights



Implementation of smart grid technologies to enhance monitoring, control, and integration of renewable energy sources



Increasing capacity to handle renewable energy sources like solar and wind



Staying abreast of regulations and standards set by government and energy authorities



Working with regulatory bodies to shape policies that encourage innovation and sustainability



Utilizing automation and AI to optimize operations and reduce costs



Investment in workforce development



Regularly reviewing and optimizing operating costs without compromising service quality



Investment in cybersecurity measures to protect infrastructure from cyber threats



Embracing digital technologies for operational excellence and enhanced customer service

Key Sector Law provisions

	Article		
	4	Strong barriers to entry	<p><i>"It shall not be permissible for any Person to undertake any of the regulated activities stipulated in the preceding Article without obtaining a Licence or Exemption from the Authority, and the undertaking of the licensed activity shall be by the licensee in accordance with the terms, periods and rules contained in this law and pursuant to the contents of the Licence or Exemption."</i></p>
	18	Availability of financial subsidy to licensed suppliers from Ministry of Finance	<p><i>"The Ministry of Finance shall pay the value of the annual financial subsidy to Licensed Suppliers after the calculation of such subsidy in accordance with the following:</i></p> <ul style="list-style-type: none"> <i>(a) The Authority shall assess the level of allowed revenue in the relevant year the earning of which was available to each Licensed Supplier where he has effectively discharged his obligations specified in this Law and his Licence;</i> <i>(b) The Authority shall determine the value of revenue represented by the amounts, which have to be collected by the Licensed Supplier in the relevant year where he has effectively discharged his obligations specified in this Law and his Licence;</i> <i>(c) The Authority shall calculate the difference between the assessments specified pursuant to paragraph (a) and (b) and approve such difference in its Annual Report, and if the assessed value pursuant to paragraph (b) (representing the revenue collected from customers and others) is less than the assessed value pursuant to paragraph (a) (representing the allowed revenue) the Ministry of Finance shall be obliged to pay such difference to the Licensed Supplier and this Ministry shall specify the time and the manner of such payment which shall be, at least, every three months during the relevant year;</i> <i>(d) The Authority shall calculate any differences between the assessments being prepared for the preceding year and what has been actually available for collection by the licensee in such year in the light of relevant circumstances, and the Authority shall notify the Ministry Of Finance about the methodology of calculating the differences pursuant to the provisions of this Article and shall include such methodology in the Annual Report mentioned in Article (29) of this Law."</i>
	22	Authority	<p><i>"The Authority shall:</i></p> <ul style="list-style-type: none"> <i>(10) Ensure the financial and technical capability of Licensees</i>
	67	Financial support from Ministry of Finance	<p><i>"The companies stipulated in the preceding Article shall take the form of Omani closed joint stock companies. The Public Authority for Electricity and Water may, after approval of the Ministry of Finance, modify the legal form of any such companies subject to the provisions of the Commercial Companies Law. The Ministry of Finance shall undertake to secure the availability of the necessary finance for the said companies to undertake their activities and achieve their objectives, all being for as long as their capital is wholly-owned by the State whether that was from the Ministry of Finance or from another source."</i></p>
	68	Management oversight	<p><i>"Each of the companies stipulated in Article (66) of this Law whose capital is wholly-owned by the State shall have a board of directors constituted by a decision of the Electricity Holding Company after coordination with the Ministry of Finance."</i></p>

Key Investment Highlight



100% owned by the Government of Oman through Oman Investment Authority (OIA)

- ✓ Strategically important sector for the Government of Oman
- ✓ Continued financial support from the Ministry of Finance as stipulated in Article 67 of the Sector Law



Strong management team supported by corporate governance framework

- ✓ The senior management team of the reorganized companies were transferred from existing companies with demonstrated successful track record



Monopoly position in electricity distribution sector in Oman

- ✓ Enjoys monopoly position in the distribution sector of Oman's electricity value chain in the Operating Area (Oman ex. Dhofar Governorate)



Developed regulatory framework through the Sector Law and long history of price control regime

- ✓ Strong regulatory framework through the Sector Law¹. Transparent price control mechanism helmed by an independent regulator



Improved capital structure on account of additional capitalization and sustainable debt position

- ✓ Capitalization for NEDC by way of shareholder loan conversion to equity



Enhanced business and financial performance driven by improving macro-economic situation

- ✓ The electricity sector in Oman (excluding the Dhofar Governorate) has witnessed strong growth with customer account and units distributed having increased notably between 2017 to 2024

NEDC's Credit Rating

Reflect stable cash flow generation supported by low business risk profile & regional monopoly

MOODY'S

Rating: **Ba1 / Stable**
Baseline Credit Assessment: **ba2**

Key Strengths

- ✓ Low business risk and strong market position
- ✓ Well-established and transparent regulatory framework
- ✓ Full government ownership and strategic importance to the government
- ✓ Expectation of improvement in liquidity subject to successfully accessing the debt capital markets

Rating Drivers

- ✓ NEDC's business and financial profile has strengthened following the completion of the reorganization of the DISCOs in the MIS and rural areas of Oman
- ✓ Well-established regulatory framework and independent regulator
- ✓ NEDC fulfills an important strategic role as a policy vehicle and change agent

ESG

Score: CIS-2; ESG issuer Profile Score: E-3, S-3, G-3

Fitch Ratings

Rating: **BB+/ Positive**
Standalone Credit Profile: **bb+**

- ✓ Stronger business risk profile supported by larger scale
- ✓ Near monopoly in electricity distribution across Oman
- ✓ Supportive regulatory framework
- ✓ Lower expected FFO net leverage in the next four years

- ✓ NEDC's EBITDA will be fully generated from regulated business activity providing a good revenue visibility and cash flow predictability
- ✓ NEDC's Ownership, Control and Track Record of Support is 'Strong', reflecting that the Company remains indirectly owned by the government of Oman

Score: 3/5 on the Overall ESG Scale and 3/5 on the E, S and G Scale

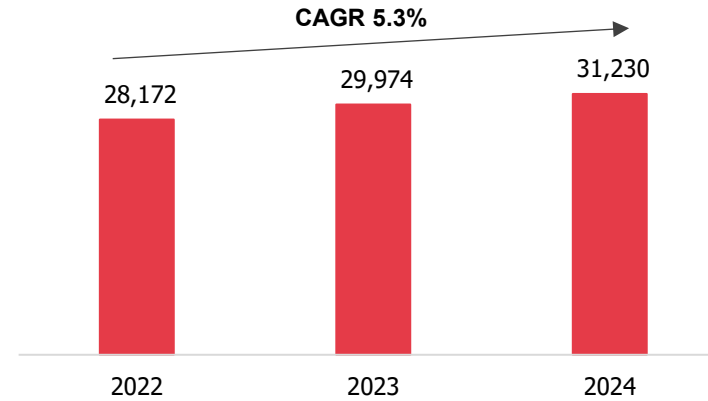


Operational Highlights

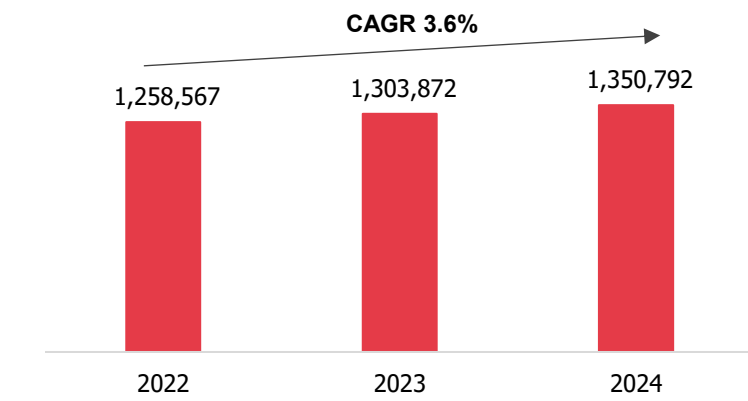
Key Operational Highlights

- NEDC is responsible for managing and operating the electricity distribution network below 132 kV, extending to the customer's supply point.
- Sole distribution operator and owner in Oman, except Dhofar region.
- Covers 210,201 sq.km., serving over 1.35 million customers.
- HSSE: 16,930,113 man-hours without Lost Time Incidents (LTI) or fatalities across NEDC's operations—covering both employees and contractors—further reinforcing the company's commitment to workplace safety and operational excellence.
- Capital expenditure: OMR 151.4 million capital expenditure investment in 2024, primarily directed toward new customer connections, network security enhancements, safety improvements, and the integration of smart technologies.
- Advanced Metering Infrastructure (AMI) Implementation: Aligned with the Oman Vision 2040, the company advanced AMI deployment. The deployment rate saw a significant boost, rising from 26% in 2022 to 46.17% in 2023, and reaching 75.48% in 2024.
- Meter reading performance improved to 96.17% as a result of the implementation of smart initiatives.
- System losses improved by 0.28% from 8.23% in 2023 to 7.95% in 2024.

Regulated Units Distributed (GWh)



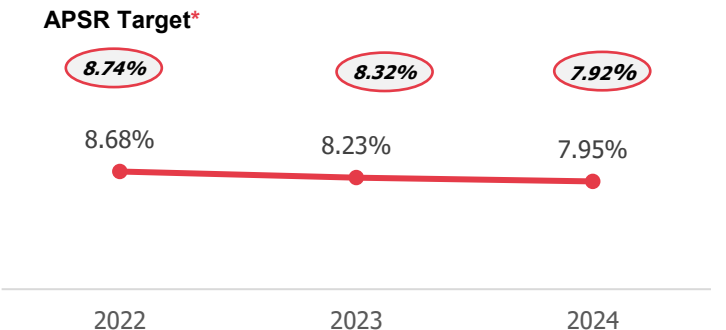
Customers served



Distribution Network

Category	Description	2023	2024
Primary	Primary Substations	686	738
	Transformers	1,413	1,484
	PSS Installed Capacity (MVA)	20,550	21,269
Distribution	Distribution Substations	46,878	47,960
	Transformers	51,341	52,215
Circuits Data (km)	33kV Circuit Length	14,913	15,325
	11kV Circuit Length	32,455	33,446
	LV Circuit Length	49,877	52,183
Total		97,244	100,953

System Performance – System Loss %



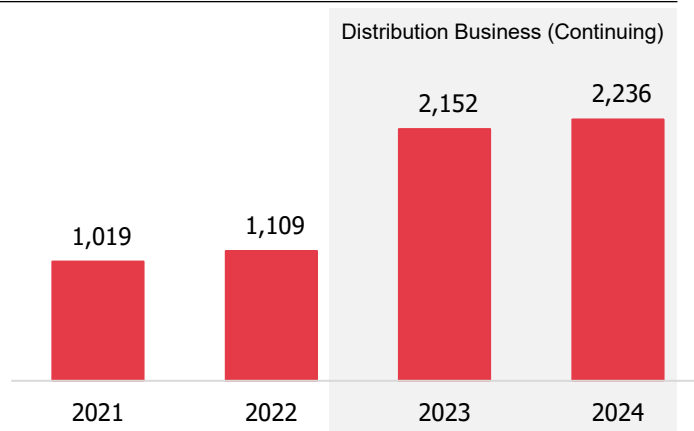
*APSR target upper deadband.



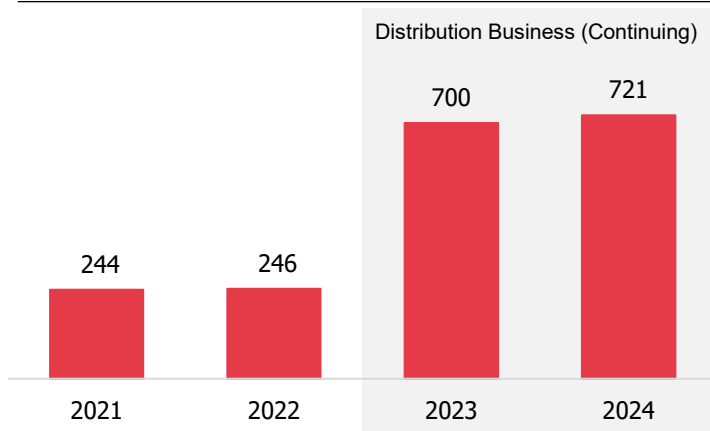
Financial Highlights

Key Financial Highlights

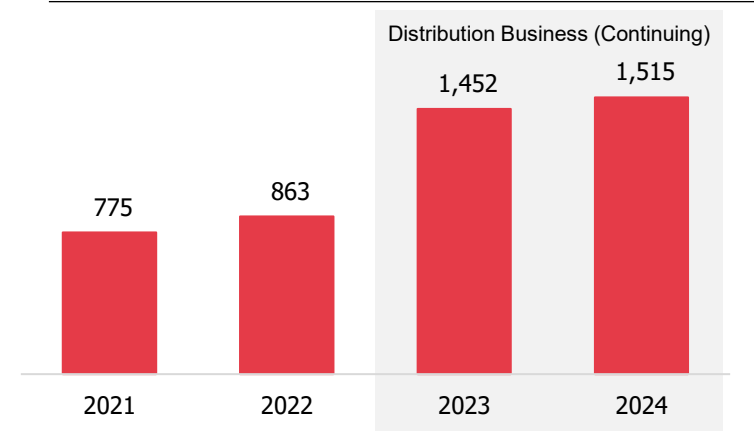
Assets¹ (OMR millions)



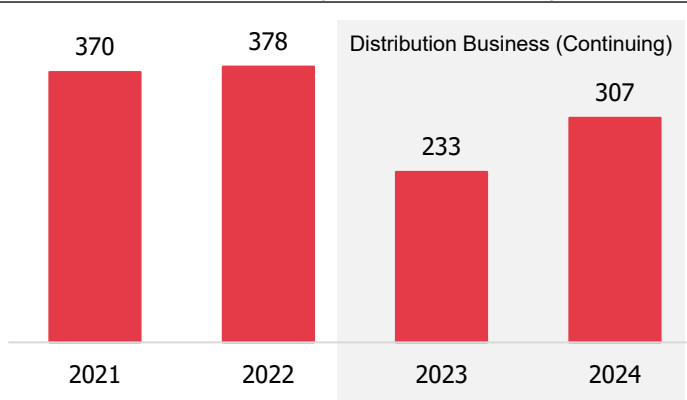
Equity¹ (OMR millions)



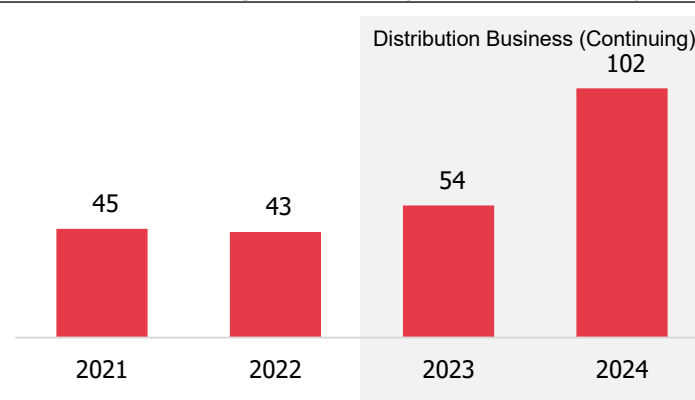
Liabilities¹ (OMR millions)



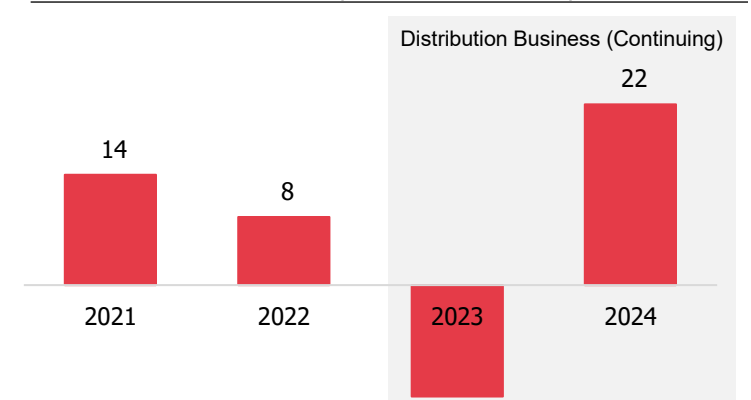
Revenue² (OMR millions)



Operating Profit² (OMR millions)



Profit² (OMR millions)



Note (1): NEDC asset, liability, and equity figures for 2021 & 2022 include supply and distribution businesses, whereas other years show only distribution business financial information and, accordingly, the financial information is not comparable for the years prior to 2023.

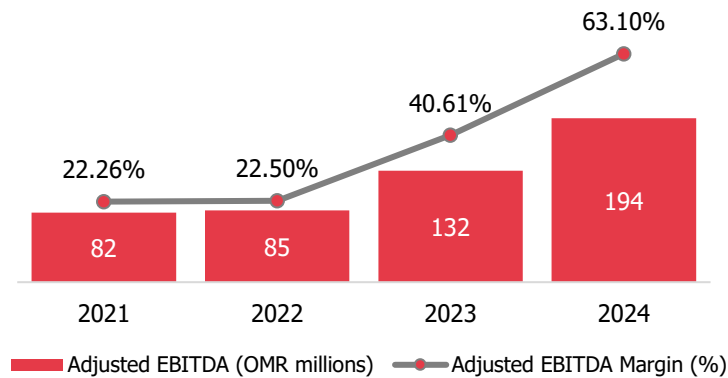
Note (2): NEDC revenue and profit figures for 2021 and 2022 include both the supply and distribution businesses. In 2023, the reported revenue, operating profit, and net profit reflect five months of standalone distribution business and seven months of consolidated distribution business results. For 2024, the revenue, operating profit, and profit figures pertain solely to the distribution business. Accordingly, the financial information is not directly comparable across all periods.

Note (3): The losses in 2023 are attributed to deferred tax liability due to accelerated tax depreciation, provision for a legal claim amounting to OMR 6.7 million, voluntary retirement scheme provision OMR 2.3 million, a loss of OMR 2.3 million resulting from derecognition of receivables from government sponsored projects. And impairment loss provision on an intangible asset OMR 4.2 million.

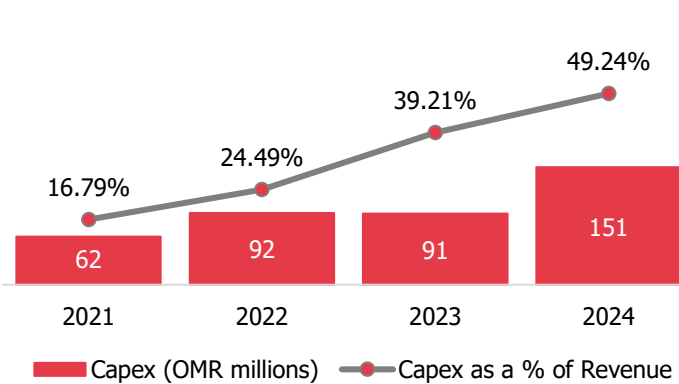
Key Financial Highlights (Cont'd)

NEDC continues to register improving EBITDA margins and leverage as the sector consolidates

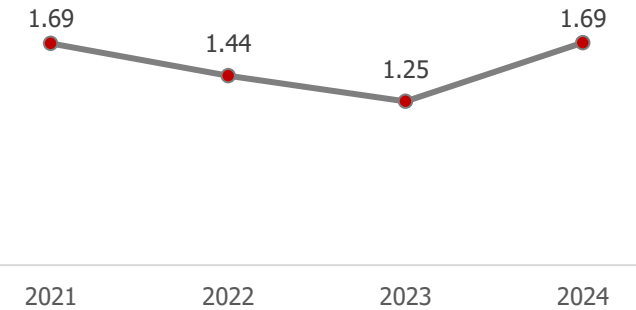
Adjusted EBITDA



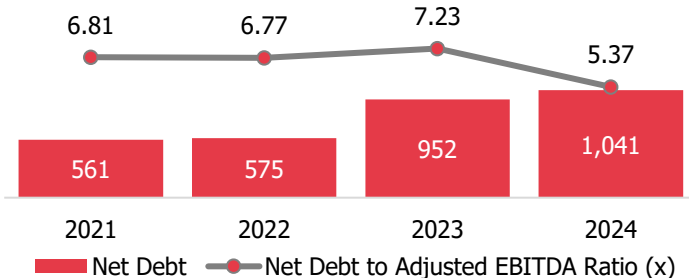
Capex



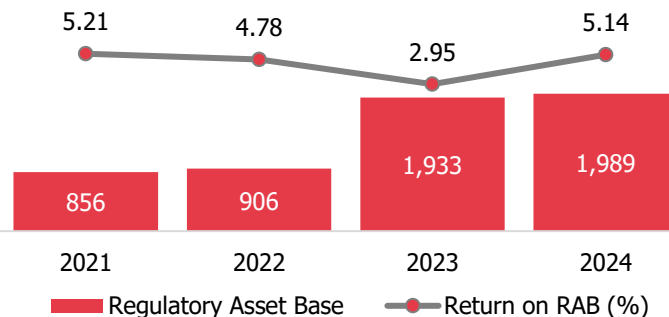
Interest Coverage Ratio (%)



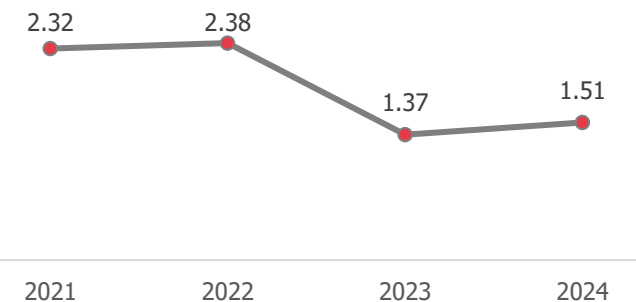
Net Debt



Regulated Asset Base



Debt / Adj. Equity Ratio (x)



Note (1): NEDC's Adjusted EBITDA, EBITDA margin, CapEx, CapEx as a percentage of revenue, RAB, Return on RAB, Net Debt, Interest Coverage, and Debt-to-Equity Ratio for the years 2021 and 2022 include both the supply and distribution businesses. In 2023, the figures for Adjusted EBITDA, EBITDA margin, CapEx, CapEx as a percentage of revenue, RAB, Return on RAB, and Interest Coverage reflect five months of standalone distribution business performance and seven months of consolidated distribution business results. For 2024, all metrics—including Adjusted EBITDA, EBITDA margin, CapEx, CapEx as a percentage of revenue, RAB, Return on RAB, Net Debt, Interest Coverage, and the Debt-to-Equity Ratio—pertain solely to the distribution business. As a result, the financial information is not directly comparable across all periods.



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ELECTRICITY DISTRIBUTION

Appendix

Statement of Financial Position 31 December

(Amounts in OMR'000)	2021	2022	2023	2024
Assets				
Non-current assets				
Property, plant and equipment	889,452	940,619	2,065,844	2,124,543
Right-of-use assets	4,925	4,583	15,108	15,193
Intangible assets	433	233	2,700	1,090
Long term deposit	-	-	515	500
Derivative financial instruments	-	2,877	4,796	2,739
Total non-current assets	894,810	948,312	2,088,963	2,144,065
Current assets				
Store and spares	1,144	1,174	11,421	3,903
Trade and other receivables and prepayment	109,790	125,003	47,492	43,544
Government subsidy receivable	4,940	30,754	-	-
Short term deposit	515	515	-	-
Cash and cash equivalents	7,882	3,327	3,735	44,184
Total current assets	124,271	160,773	62,648	91,631
Total assets	1,019,081	1,109,085	2,151,611	2,235,696
Liabilities				
Non-current liabilities				
Derivative financial instruments	2,273	-	-	-
Term loans	113,735	94,998	228,630	169,454
Long term borrowings – sukuks	191,838	191,952	192,064	669,322
Deferred revenue	62,007	63,425	222,835	215,489
Lease liabilities	4,905	4,453	15,416	15,868
Employees' end of service benefits	847	757	2,537	1,935
Shareholder loans	84,625	84,625	-	-
Deferred tax liability	51,172	56,965	80,016	99,670
Total non-current liabilities	511,402	497,175	741,498	1,171,738
Current liabilities				
Trade and other payables	88,908	161,212	170,852	107,991
Short term borrowings	151,675	179,750	451,069	164,463
Bank overdrafts	452	1,878	8,612	-
Term loans	18,718	18,737	56,602	55,381
Deferred revenue	3,203	3,377	21,663	14,434
Lease liabilities	774	774	1,243	1,129
Total current liabilities	263,730	365,728	710,041	343,398
TOTAL LIABILITIES	775,132	862,903	1,451,539	1,515,136
Equity				
Total Equity	243,949	246,182	700,072	720,560
TOTAL EQUITY & LIABILITIES	1,019,081	1,109,085	2,151,611	2,235,696

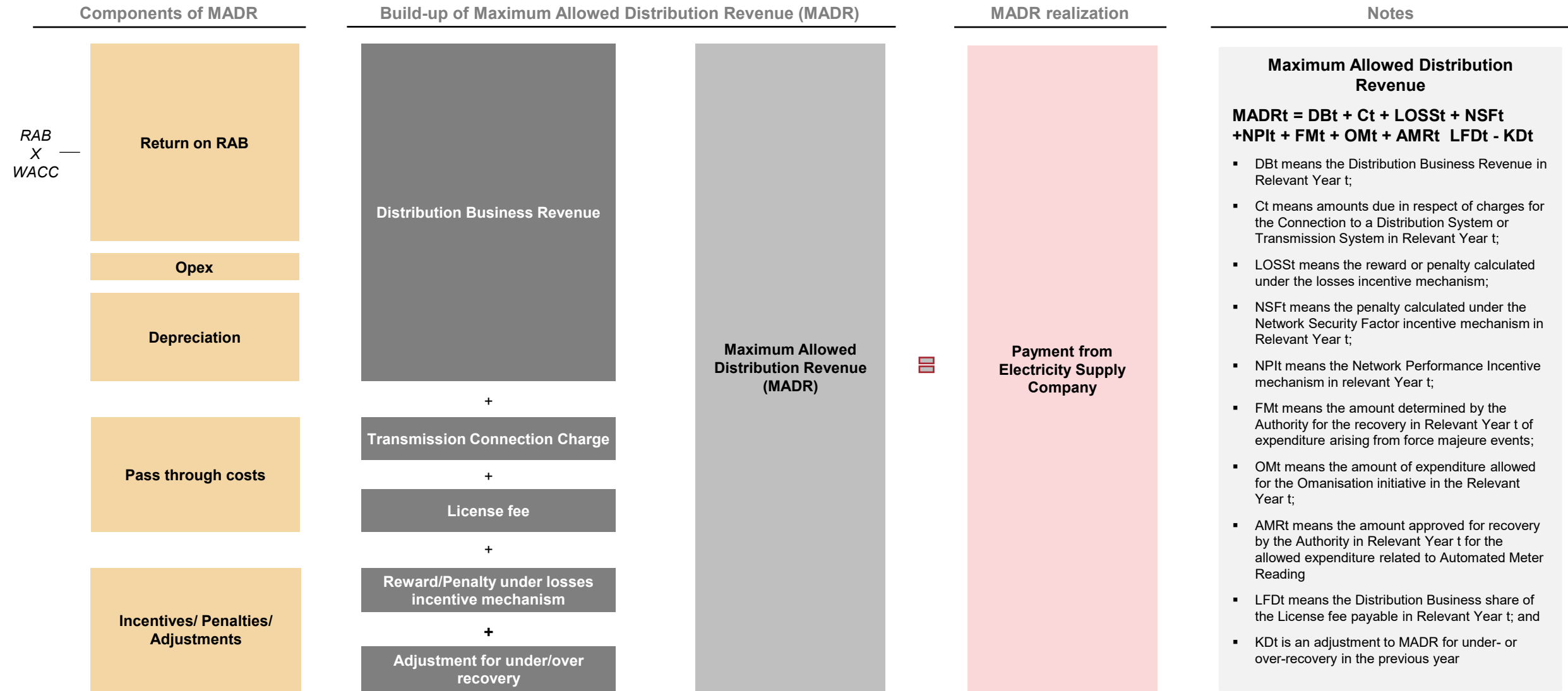
Statement of Profit or Loss and Other Comprehensive Income

<i>(Amounts in OMR'000)</i>	2021	2022	2023	2024
Continuing Operations				
Revenue	369,934	377,505	233,131	307,359
Operating costs	(299,213)	(305,985)	(120,090)	(155,627)
Gross profit	70,721	71,520	113,041	151,732
General and administrative expenses	(28,341)	(30,216)	(52,483)	(59,622)
Loss on derecognition of receivables from Government sponsored projects	-	-	(2,279)	-
Impairment of intangible asset	-	-	(4,158)	(448)
Allowance for expected credit losses	(169)	(459)	(1,551)	(1,096)
Other income	2,454	2,479	1,731	8,811
Operating profit	44,665	43,324	54,301	99,377
Finance income	70	90	58	297
Finance costs	(26,469)	(30,036)	(45,304)	(57,472)
Profit before tax from continuing operations	18,266	13,378	9,055	42,202
Tax expense	(4,716)	(5,023)	(22,765)	(19,966)
Profit for the period / year from continuing operations	13,550	8,355	(13,710)	22,236
Profit / (loss) after tax for the period from discontinued operations	-	-	2,317	-
PROFIT FOR THE PERIOD / YEAR	13,550	8,355	(11,393)	22,236
<i>Items that may be classified to profit or loss in subsequent period:</i>				
Net movement in fair value of cash flow hedge	3,194	5,150	(2,401)	(2,057)
Tax effect	(479)	(772)	360	309
Other comprehensive income / (expense) for the period / year	2,715	4,378	(2,041)	(1,748)
Total profit and comprehensive income for the period / year	16,265	12,733	(13,434)	20,488

Summary Cashflow 31 December

<i>(Amounts in OMR'000)</i>	2021	2022	2023	2024
Net cash from operating activities	36,429	117,656	114,708	136,738
Net cash used in investing activities	(62,250)	(92,099)	(91,316)	(150,940)
Net cash from financing activities	35,667	(31,538)	(29,718)	63,263
Net change in cash and cash equivalents	9,846	(5,981)	(6,326)	49,061
Cash and cash equivalents at the beginning of the year	(2,416)	7,430	1,449	(4,877)
Cash and cash equivalents at the end of the year	7,430	1,449	(4,877)	44,184

Overview of Maximum Allowed Distribution Revenue



Abbreviations

Abbreviations	Description
AER/APSR	Authority Electricity Regulatory / Authority for Public Service Regulation
AMR	Automated Meter Reading
DPC	Dhofar Power Company
EHC/ Nama/Nama holding	Electricity Holding Company
DISC	Dhofar Integrated Services Company
MADR	Maximum Allowed Distribution Revenue
MZEC	Mazoon Electricity Company
MIS	Main Interconnected System
NEDC	Nama Electricity Distribution Company
NESC	Nama Electricity Supply Company
OIA	Oman Investment Authority
PCR	Price Control Regime
RAB	Regulated Asset Base
SHL	Shareholder Loan