

Sembcorp Salalah Power & Water Company

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Sembcorp IPO poised to be oversubscribed



Lim Yeow Keong, CEO

David Michael Guy, CFO

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MUSCAT — The Sembcorp Salalah Power and Water Company SAOC, the newest addition to the Muscat Securities Market (MSM) which launched its IPO late last week hopes to have its shares oversubscribed when the initial public offering ends September 26.

"We have all reasons to believe that our shares will be oversubscribed after witnessing the trading in the last few days", Lim Yeow Keong, Chief Executive Officer, Sembcorp Salalah told the Observer. "Not only that, the investor sentiment too is in favour of the shares of one of its kind company in the MSM"

Sembcorp Salalah Power and Water Company SAOG (Sembcorp Salalah or the Company), a leading power and water company based in the Dhofar Governorate of Oman, floated an Initial Public Offering (IPO) of 33,410,019 existing ordinary shares, representing 35per cent of the issued share capital of Sembcorp Salalah. The shares are priced at RO 1.590 per share, inferring a total offer size of OMR 53 million and a market capitalisation on listing of OMR 152 million. However, the minimum subscription for Category I investors is 100 shares and in multiples of 100 shares thereafter. For Category II investors, the minimum subscription is 50,100 shares and in multiples of 100 shares thereafter. The maximum subscription for Category I investors is 50,000 shares. For Category II investors, the maximum subscription is 10per cent of the size of the share offer, which equates to 3,341,000 shares.

Speaking to the *Observer*, David Michael Guy, Chief Financial Officer added that the

IPO which complies with the obligations stipulated in the Project Founders' Agreement expects its first day of trading to be around October 10, 2013.

"We are expecting that the shares will be admitted to trading on the Muscat Securities Market on or around October 10, 2013. It's a unique proposition that provides potential investors with access to an established operator with strong government support and stable revenues, operating within a well-established contractual framework."

"Our plant is fully operational with minimal operational risk and is run by a highly experienced team. As the largest and most energy-efficient power and water plant in the Dhofar Governorate, our plant will play a major role in meeting the region's growing and long-term power and water demand, which presents opportunities for future growth", Lim further said.

The key officials highlighted that the company has strong predictability of cash flows that are not affected by the amount of power and water actually required by OPWP as the Company is paid on an availability basis, based on the power and water that is made available.

The company which supplies approximately 72per cent of the power dispatch and 100per cent of the net installed water capacity of the Dhofar Governorate, has invested approximately \$1 billion to develop, finance, build, own and operate the plant.

It generates its revenues in accordance with a 15-year power and water purchase agreement (PWWA) with the Oman Power and Water Procurement Company (OPWP), which is indirectly wholly-owned by the Omani government.