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## **SEMBCORP SALALAH TO LAUNCH ITS INITIAL PUBLIC OFFERING ON 28 AUGUST 2013**

*Offer size of OMR 53 million values the Company at OMR 152 million*

**Muscat, 21 August 2013** – Sembcorp Salalah Power & Water Company SAOG (under transformation) (Sembcorp Salalah or the Company), a leading power and water company based in the Dhofar Governorate of Oman, today announces its intention to launch an Initial Public Offering (IPO) of 33,410,019 existing ordinary shares, representing 35% of the issued share capital of Sembcorp Salalah. The shares will be priced at OMR 1.590 per share, inferring a total offer size of OMR 53 million and a market capitalisation on listing of OMR 152 million.

### **Highlights:**

- IPO of 35% of the issued share capital of Sembcorp Salalah
- Sembcorp Salalah is undertaking the IPO to comply with the obligations stipulated in the Project Founders' Agreement
- HSBC Bank Middle East Limited is the Sole Global Coordinator and Bookrunner. HSBC Bank Oman SAOG is the Issue Manager
- Offer runs from 28 August 2013 to 26 September 2013
- Offer open to individual investors, juristic persons and institutions within Oman, and to non-Omani investors outside of US, Canada, Australia, South Africa, Republic of Ireland and Japan
- Shares priced at OMR 1.590 per share
- Offer size of OMR 53 million
- Market capitalisation on listing of OMR 152 million
- First day of trading expected to be around 10 October 2013
- Further information available from the Issue Manager, HSBC Bank Oman SAOG; the following Collecting Banks: Bank Muscat, Oman Arab Bank, National Bank of Oman

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and Bank Dhofar; as well as at a dedicated IPO website:

[www.sembcorpsalalah.com.om/ipo](http://www.sembcorpsalalah.com.om/ipo)

Commenting on the IPO, Mr Lim Yeow Keong, Chief Executive Officer of Sembcorp Salalah, said, “We are very excited to be soon providing the public with the opportunity to invest in our Company. 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.”

**About Sembcorp Salalah:**

- Sembcorp Salalah developed, owns and operates an electricity generation and seawater desalination plant, the Salalah Independent Water and Power Plant, located between Taqah and Mirbat in Oman. The plant is located approximately 50 kilometres from Salalah, the administrative town in the Dhofar Governorate.
- The plant has been in full commercial operation since 25 May 2012 and has a contracted power capacity of 445 megawatts (MW) and a contracted water capacity of 15 million imperial gallons per day (MiGD). It consists of a gas-fired combined cycle power plant and a reverse osmosis seawater desalination plant.
- As of the date of this announcement, Sembcorp Salalah supplies approximately 72% of the power dispatch and 100% of the net installed water capacity of the Dhofar Governorate.
- The Company has invested approximately US\$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 (PWPA) with the Oman Power and Water Procurement Company (OPWP), which is indirectly wholly-owned by the Omani government.

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- As the largest and most energy-efficient power and water plant in the Dhofar Governorate, the Salalah Independent Water and Power Plant is expected to play a major role in meeting the growing power and water demand of the region into the foreseeable future and beyond.
- Sembcorp Salalah is currently 60% owned by Sembcorp Utilities, a wholly-owned subsidiary of Singapore-based Sembcorp Industries, 35% owned by OIC and 5% owned by BDCC Investment Company.

### **Business Highlights:**

#### ***Strong predictability of stable cash flows:***

- Sembcorp Salalah 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.
- Under the PWWA, Sembcorp Salalah is entitled to receive capacity charges from OPWP for 100% of the available power and water capacity of the plant, which comprise approximately 90% of the total revenue of Sembcorp Salalah. These capacity charges are payable by OPWP regardless of whether the actual output of the plant is dispatched by OPWP.

#### ***Well-established contractual framework:***

- Sembcorp Salalah's project represents one of 12 independent power and/or water production projects to be implemented by the government through OPWP on a "build, own and operate" basis and benefits from a well-established contractual framework.

#### ***Strong government support and stable revenues due to the strategic importance of both the industry and project:***

- The power and water sectors are of high strategic importance to the Dhofar Governorate and Oman as a whole. As of July 2013, the plant's capacity constitutes approximately 72% of the power dispatch and 100% of the net installed water capacity of the Dhofar Governorate.

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- Given the projected growth in electricity and water demand, the plant is expected to remain critical to the continued supply of power and water in the Dhofar Governorate in the long term.

***Fully operational project with minimal operating risk:***

- The plant is completed and has been in full commercial operation for over 14 months. In addition, Sembcorp Salalah benefits from minimal operating risk as its operator, Sembcorp Salalah O&M Services Company (Sembcorp Salalah O&M), is a joint venture indirectly owned by the Project Sponsors, Sembcorp Utilities and OIC, creating an alignment of interests which ensures that the plant is operated efficiently.
- Sembcorp Salalah O&M is managed locally and benefits from the procedures and expertise of Sembcorp Utilities, which is well established in the region and has a demonstrated track record of running similar plants, with facilities of over 5,900 MW of power capacity and over 1,500 MiGD of water in operation and under development globally.

***Excess capacity and outage allowance to ensure an extended plant lifespan:***

- Management believes that the excess of actual capacity over the contracted capacity of the plant will more than compensate for the estimated degradation of the plant over the term of the PWPA.
- The PWPA also allows Sembcorp Salalah to perform maintenance on the power plant at designated off-peak periods of the year. This contemplated maintenance is likely to extend the lifespan of the plant and delay the degradation of its electricity and desalinated water capacity.

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***Mitigation of fuel risks:***

- Under the natural gas sales agreement between Sembcorp Salalah and the Ministry of Oil & Gas, the plant has mitigated risks associated with gas quality, gas supply and gas price. In the event that natural gas is not available, and provided that Sembcorp Salalah is not in breach of its obligations regarding the operations of the plant, Sembcorp Salalah is still entitled to receive its incremental costs for the use of diesel from the Ministry of Oil & Gas and capacity charges from OPWP.

***Extensive experience of the Project Sponsors:***

- Sembcorp Salalah benefits from the extensive water and energy experience of the Project Sponsors. Sembcorp Utilities is a leading energy, water and on-site logistics group with a strong track record in identifying, securing, financing and executing energy and water projects and has a number of strategic relationships and long-term partnerships with multinational customers. OIC is a private equity investment company with strong experience of investing in the region and a diversified portfolio of investments in the oil and gas, petrochemical, construction and manufacturing sectors in Oman.
- The project is strategically important to the Project Sponsors, who provide Sembcorp Salalah with technological and management capabilities and expertise that are critical to its operational success.

***Experienced and skilled operational personnel:***

- Sembcorp Salalah has the advantage of well-trained and experienced personnel, who bring extensive management expertise and the knowledge sharing of know-how accumulated through decades of experience. Sembcorp Salalah personnel are also able to attend training and off-site sessions with personnel of the Project Sponsors around the world in order to share and exchange knowledge and best practices.

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***Opportunities for incremental revenue growth:***

- Sembcorp Salalah has two key opportunities for incremental growth of revenues:
  - i. The expansion of existing facilities to deliver additional desalinated water capacity, in line with the current government policy to minimise use of groundwater, and
  - ii. The sale of current excess power capacity.

**About the IPO**

- The offer period will commence on 28 August 2013 and end on 26 September 2013 at the end of the working hours of the Collecting Banks. It is proposed that the shares will be admitted to trading on the Muscat Securities Market on or around 10 October 2013.
- The offer is open to Omani and non-Omani individual investors, juristic persons and institutions through two categories.
- 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 10% of the size of the share offer, which equates to 3,341,000 shares.
- Shares are allocated on a proportionate basis and must be 100% pre-funded at the Collecting Banks at the time of subscription.
- The IPO Prospectus, Articles of Association and Application Forms will be available from the following Collecting Banks throughout the offer period: Bank Muscat, Oman Arab Bank, National Bank of Oman and Bank Dhofar. There is also an IPO section on the Sembcorp Salalah website [www.sembcorpsalalah.com.om/ipo](http://www.sembcorpsalalah.com.om/ipo), which contains further information.

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### **About Sembcorp Salalah Power & Water Company**

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The plant has been in full commercial operation since May 2012 and consists of a gas-fired combined cycle power plant with a contracted power capacity of 445 megawatts and a seawater desalination plant that employs reverse osmosis technology to produce 15 million imperial gallons of water per day.

It provides power and water under a 15-year power and water purchase agreement with the Oman Power and Water Procurement Company SAOC, which is indirectly wholly-owned by the Government of Oman. Sembcorp Salalah has invested approximately US\$1 billion to develop, finance, build, own and operate the Salalah Independent Water and Power Plant.

For more information in relation to Sembcorp Salalah, please visit

[www.sembcorpsalalah.com.om](http://www.sembcorpsalalah.com.om).

### **About Sembcorp Industries**

Sembcorp Industries is a leading energy, water and marine group operating across six continents worldwide. With facilities of over 5,900 megawatts of gross power capacity and over seven million cubic metres (1,500 million imperial gallons) of water per day in operation and under development globally, Sembcorp is a trusted provider of essential energy and water solutions to both industrial and municipal customers. It is also a world leader in marine and offshore engineering as well as an established brand name in urban development.

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The Group has total assets of more than S\$13 billion and employs over 9,000 employees. Listed on the main board of the Singapore Exchange, it is a component stock of the Straits Times Index, several MSCI and FTSE indices as well as the Dow Jones Sustainability Asia Pacific Index.

For more information in relation to Sembcorp, please visit [www.sembcorp.com](http://www.sembcorp.com).

### **About Oman Investment Corporation**

Oman Investment Corporation (OIC) is a private equity company based in Muscat. OIC owns 35% of Sembcorp Salalah (pre-IPO).

OIC has a diversified portfolio of investments in the oil and gas, petrochemical, utilities, construction and manufacturing sectors in Oman. OIC works closely with industrial partners to develop and invest in ventures which transfer technology, know-how and innovation to Oman and provides growth capital to support the development of Omani businesses. Other than the Project, its investment portfolio includes Octal Holding SAOC, V2 Trenching & Co LLC, Gulf International Pipe Industries LLC and Ultra Electronics in collaboration with Oman Investment Corporation LLC.

For more information in relation to OIC, please visit [www.omaninvcorp.com](http://www.omaninvcorp.com).

### **About BDCC Investment Company**

BDCC is a Cayman Islands-incorporated company managed by Instrata, an asset management firm which was established in Bahrain in February 2007 and specialises in infrastructure investment in the MENA region. Instrata's strategy is to identify, structure and manage, on behalf of its investors, infrastructure investments fundamental to regional economic development. Instrata is regulated by the Central Bank of Bahrain as a Business Investment Firm holding Licence Category 2.

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Instrata's team of investment professionals has broad international and regional infrastructure investment experience having invested and/or advised in excess of US\$180 billion of infrastructure projects. Instrata is backed by leading regional shareholders such as the Kuwait Investment Company SAK (a subsidiary of the Kuwait Investment Authority) and SAGE Capital Management Group WLL.

For more information in relation to Instrata, please visit [www.instrata.com](http://www.instrata.com).