

# Sembcorp Salalah Power & Water Company SAOG

## Management Discussion and Analysis

We are pleased to present the financial statements of Sembcorp Salalah Power & Water Company (“Sembcorp Salalah” or “the Company”) for three-month period ended March 31, 2025 (1Q2025). In 1Q2025, the Company recorded a profit after tax (PAT) of RO 4.9 million, consistent with the RO 4.9 million reported during the corresponding period in 2024 (1Q2024).

### Business overview

The Company’s core business activity is to provide electricity and water in the region of Dhofar. Contracted capacity for the power plant is 445 MW and 15 MiGD for the water plant. The Company receives revenue based on the availability of its plant, which ensures that its business model is stable. The Company contributed around 50% of the power demand and 50% of the desalinated water demand in the region for 1Q2025.

### Performance overview

The Company’s operating and financial performance for 1Q2025 is detailed below.

### Operating performance

The reliability of the Company’s power plant was slightly lower compared to the same period last year, while the water plant demonstrated improved reliability. The Company’s power plant load factor is approximately same as previous year, whereas water plant load factor is lower compared to the corresponding period previous year. However, due to the take-or-pay commercial arrangement that we have with Oman Power and Water Procurement Company (PWP), the plant load factor does not have a significant impact on the profitability of the Company. Key operating parameters for 1Q2025 are noted below:

	Unit	1Q2025	1Q2024	Variance
<b>Water Reliability</b>	(%)	99.95	99.90	0.05%
<b>Power Reliability</b>	(%)	96.64	100.00	-3.36%
<b>Quantity of Water Sold</b>	(Thousand m <sup>3</sup> )	4,744	5,283	-10.20%
<b>Quantity of Power Sold</b>	(MWh)	451,069	444,569	1.46%
<b>Plant Load Factor (Power)</b>	(%)	46.41	45.74	1.46%
<b>Plant Load Factor (Water)</b>	(%)	77.31	85.14	-9.20%

### Health, Safety, Security and the Environment (HSSE)

There was zero lost time incidents and zero incidents of environmental non-compliance during the period ended 31 March 2025.

### Financial performance

Key financial performance indicators are shown below:

	1Q2025	1Q2024
	RO million	RO million
Revenue	18.98	19.38
EBITDA	9.30	9.78
PBIT	5.79	5.81
Profit after tax	4.94	4.93

### 1Q2025 Profit after tax

Profit after tax for 1Q2025 remained broadly in line with the same period of previous year.

A brief analysis and characteristics of the major components of the profit or loss is presented below:

### Revenue

Power contributed 46% (excluding fuel charge), water 22% and fuel charge 32% to the total revenue. Fuel charge revenue is a pass through and is calculated based on consumption of natural gas as computed by the plant's contractual Fuel Demand Model. Actual heat rate is better than the contracted Fuel Demand Model. Revenue declined by RO 0.4 million, primarily due to a reduction in the fixed capacity charge, which was impacted by power plant reliability.

### Cost of sales

The cost of sales mainly comprises depreciation of property, plant and equipment, fuel cost, operations & maintenance (O&M) cost and Long-Term Service Agreement (LTSA) cost. Cost of sales increased by RO 0.07 million compared to the same period in 2024, mainly due to higher operation and maintenance cost.

### Net finance cost

Net finance cost decreased by RO 0.4 million in 1Q2025 compared to 1Q2024 due to the scheduled repayment of part of the term loan in line with the financing documents.

### Financial position

		as at 31 March 2025	as at 31 March 2024	as at 31 December 2024
Total assets	RO million	260.18	269.25	261.51
Total liabilities	RO million	81.97	105.43	88.17
Shareholders' equity	RO million	178.21	163.82	173.34
Gearing ratio		18:82	27:73	23:77
Net assets per share	RO/share	0.187	0.172	0.182

### Business outlook

The Company remains committed to maximizing shareholder value through disciplined oversight of its financial and operational performance. The Company is confident in its ability to achieve its financial objectives for the financial year 2025.