



OQEP 9M 2025

Investor Call Transcript



Slide 1: Opening Slide

Assalamualaikum,

Hello, and thank you all for attending OQEP's Investor Call for its first nine months of 2025 financial results.

I'm Ridho Wahyudi from the Investor Relations ("IR") team.

With me today, I have Mr. Mahmoud Al Hashmi, Acting CEO and COO; Mr. Jaber Al Noumani, CFO; and Dr. Anwar Al Kharusi, Chief Executive Commercial ("CEC").

We have an hour scheduled for today's call.

We will start with a brief presentation to review OQEP's results, and we will then go to a Q&A session.

Slide 2: Disclaimer

Before we start, a brief Disclaimer.

In this presentation we make forward-looking statements that refer to our estimates, plans and expectations.

Actual results and outcomes could differ materially due to a range of factors noted on this slide and in our MSX filings.

Please refer to our Annual Report and MSX filings for more details, all of which are available on our website.

And now, I will hand over to Mr. Mahmoud.

Slide 3: 9M 2025 Financial Results

OQEP delivered a strong financial result for the 9 months ending 30th of September 2025. Despite the drop in oil price falling by almost US\$10 compared to the same period in 2024, due to both geopolitical and supply and demand challenges.

Despite the drop in oil price, our strategy was very clear in operation excellence, production enhancements, and cost optimization, which enabled OQEP to deliver a strong return to our shareholders.

Over the past 9 months, OQEP generated around OMR 425 million adjusted cash flow from our operations, which is 10% higher than the same period in 2024.

OQEP continued to be one of the leading energy companies for the return on capital employed of 23% for the first nine months.

For this year, OQEP has delivered more than OMR 173 million in base dividends. A total of OMR 44 million performance-based dividends for H1 2025 in which 50% has already been paid, and the remaining 50% by the end of this month.

This is more than OMR 217 million in total dividends so far this year.

To further enhance our shareholder returns, our current share buyback program is progressing well. By the end of October, around 50% of the target share buyback had been acquired.

This is from me, and now I'll give it to Jaber to give more insight on the financial performance. Thank you.

Slide 4: Summary Financial Performance: Year-on-Year

Thank you, Mahmoud.

Good afternoon to you all and welcome to OQEP's nine months performance of 2025.

As you can see in the slides, OQEP delivered a very strong financial performance when it comes to our production, our revenues.

And to start with, our oil and condensates, volumes went up from the same period of last year by almost 12%.

The realized price for the oil and condensate, as mentioned by Mr. Mahmoud, it has really dropped down by almost 13%. However, due to the increase in the oil and condensate sales volumes, the cost discipline that the company really has been really putting on target for this year, maintaining our Opex per barrel at less than US\$10, and also disciplined Capex expenditure. That really helps the company to overcome the drop in the oil price.

Our gas sales volumes were almost in the same range, as well as the average realized gas sale prices. And that really translated into our revenues, which was almost in line with our results of last year for the 9 months.

Our Gross Profit decreased by almost 7%.

We continue to have really strong, I would say, adjusted cash flow, as mentioned by Mr. Mahmoud, which is almost 10% higher than last year, and that comes really from the strong cash generation that we have, and also, the cost-discipline, that we have been exercising.

Our Capex grew by almost 7% due to the completion of the Bisat C project in Block 60.

Our Net Profit, as a result, dropped by almost 10%, and that's mainly attributed to the divestment of Abraj, which was there last year, which we transferred the ownership of that to our parent company OQ SAOC. And also, the financing cost due to the new term loan that we have taken, last year, in around September.

We continue to generate very strong return on capital employed to our shareholders. Our return on capital employed really stood at around 24%, similar to almost last year.

Slide 5: Summary Financial Performance: Quarter-on-Quarter

On the following slide, we are showing the Q-on-Q, Q2 to Q3 variance on the results.

And you can see that, our oil and condensate volumes slightly dropped. However, the real impact that impacted our revenue, as I mentioned, is the decrease in the average realized sale price for the oil and condensate, which dropped by almost US\$ 6.

Our gas volumes went up by almost 4%, and accordingly, our sales price for the gas, and that really impacted our financial results. Besides that, we continue to monitor our expenditure, and hence, our generated cash flow.

Our Capex has increased, as I mentioned, due to the completion of Bisat C.

Slide 6: Consistent Cashflow Generation

When it comes to cash flow generation, the company really continued to generate very strong cash balance. We started the period as compared to the last nine months of last year with around OMR160 million, and we

closed the period of this year with almost the same amount, which is equivalent to almost over half a billion (US\$ 419 million).

And, that's what really enabled us really to meet our dividends obligation when it comes to the base dividends, as well as to the performance-based dividends that we declared, and we paid for the H1 performance of this year.

Slide 7: Dividend Leader

OQEP continues to be the dividend leader, I would say, within the MSX market today.

During this year, we managed to pay around almost 34 baizas per share, which is the highest among all the listed entities within the stock market.

That really demonstrated the ability of the company to be the leader within the Muscat Stock Exchange, and also within the companies within the GCC.

Now, I will hand over to Dr. Anwar to give more insights into our operational overview and operational performance.

Slide 8: Operational Review

Thank you very much, Jaber.

From the asset operational side, we just want to highlight that Block 60, our flagship asset, has been delivering as promised.

We have completed the Bisat C expansion, and it is now processing nearly 70,000 barrels of oil per day, with many wells that have been reactivated using this new facility, leading to a production increase of about 10%.

Apart from that, in Block 65, where Oxy is the operator and is our partner, we have just signed a gas sales agreement with the IGC, the Integrated Gas Company, to sell the associated gas to IGC.

We've also signed another agreement with IGC, which is via Marsa LNG. Marsa LNG is the company which is owned partially by OQEP and Total Energies, with OQEP owning 20%, to basically offtake 150 million scf per day gas from Block 10 into the Sohar LNG. We've now signed the gas agreement, which allows that to happen when the plant is ready in 2028. At this moment in time, the LNG facility is being constructed in Sohar and is about 25 percent complete.

On partnerships, we've just signed a memorandum of understanding with Petronas, which is the state-owned company in Malaysia to look at joint investments in Oman and also internationally.

From the exploration side, we've continued to work on our exploration assets, including Block 54, where we are just finalizing our extensive evaluation and study program in preparation to have a well re-entry soon, Insha Allah, in the block.

In Block 47, we've applied for an extension with the operator ENI and that extension goes for six months up to March 26 to allow us to evaluate the well which we drilled and completed. We are now evaluating, basically, that well to see how we plan further activities in the block.

Slide 9: Value Generation

So here we summarize OQEP performance and value generation.

So, in terms of assets, we remind the investors that we do have a high-quality asset portfolio in partnership with IOCs, big majors in the country, the likes of Shell, BP, Total, Oxy, and so on. We have been delivering growth and projects in our own operated asset, Block 60, delivering, as we promised production, reserves, and cash monetization.

When it comes to cash flow, OQEP has been robust, and its ability to generate cash, we've been strong in our cash generation capability and performance. As my colleague, Mr. Jaber, explained, we do highlight that we have low operating costs in our concession areas and blocks, averaging less than \$10 per barrel oil equivalent.

The portfolio is self-funding, and as Mr. Jaber explained, we have been delivering strong dividends and return on capital employed of 23%.

We highlight also that we have a diverse and seasoned leadership team, with our Acting CEO, Mr. Mahmoud Al Hashmi, and the rest of the management team, who have a strong track record in the industry, in the oil and gas industry in Oman and internationally.

With this, I'll leave the floor for questions.

Q&A SESSION

Ridho (IR): Thank you so much, Mr. Mahmoud, Mr. Jaber, and Dr. Anwar. We will start our Q&A sessions. Please raise your hand using the feature in Zoom, or write your question in the Q&A. First question is from Ildar at HSBC.

Ildar (HSBC): Thank you so much, and thank you for the presentation, and congratulations on the strong numbers.

Can I just ask about the working capital? There was a slight increase, I think, because of lower payables. Do you expect payables to remain stable until the end of the year, or do you expect any changes, that would be very useful to hear.

And finally, I'm sorry I missed, I think, the part about the gas production. What was the increase year-on-year in 3Q in gas production and sales?

And finally, you mentioned that there was a 10% increase on block 60. From what level, and from when do you measure this increase? Thank you.

Mr. Jaber (CFO): So, with regards to working capital, yes, we expect the payables to remain at the same current level that we are having it now for the 9 months.

So with regards to the gas sales, again, we are expecting it to remain the same at the current levels. We had a slight drop early this year where we had a planned turnaround at Block 61. Going forward, we expect it to be almost in the same range.

Ridho (IR): The third question from Ildar is about the Block 60, the production increase.

Mr. Mahmoud (Acting CEO): So, first of all, maybe clarify regarding the gas, we're having a fixed gas sale agreement, and we'll be providing the gas based on these GSAs.

Block 60, as mentioned, there's an increase of 10%, so currently, we're doing above 70,000. It used to be around 60,000, so almost around 10,000 boe increase per day.

Ridho (IR): Thank you, Mr. Mahmoud. Okay, so the next question will be from Kaushik. Kaushik, please tell us your institution as well. Go ahead.

Kaushik (Jade Research): Yeah, hi, this is Kaushik. Thank you for the opportunity. Just one question. I just wanted to know what is the average oil price for the last quarter since it is October, so what will be the kind of average realization for oil for this year. My calculations shows around 70.6 dollars per barrel, so... Can we expect that kind of number?

Mr. Jaber (CFO): Indeed, Kaushik. It is around 70.6, the average realized price for the year.

Ridho (IR): Now I will read a question from the Q&A box. The first question is coming from **Izul**.

How do you see the volume growth in the next three years compared to 2024?

Dr. Anwar (CEC): Yes, thank you for the question. As we said in the past, indeed, OQEP plans to continue hunting for new growth projects, and aiming to achieve the same growth trajectory as we have demonstrated in the past. At this moment in time, we are evaluating a few projects with the Ministry of Energy, and Insha Allah, some will be finalized soon.

In terms of existing projects, Block 60 is being, indeed, looked at as well, with some developments above the current projects. Coming up in the next one or two years, we are also working on Block 61 gas expansion and our exploration blocks, Block 48, Block 54, and some of these blocks will most likely lead to new development projects in the coming years as well.

We are developing partnerships with partners, such as the recent MOU signed with Petronas, and we are evaluating at this moment in time a few ideas.

I don't know if Mahmoud wants to add on this.

Mr. Mahmoud (Acting CEO): I think in addition to what Dr. Anwar mentioned, also, we're hoping to FID Block 11, with Shell next year, and with that, we'll deliver more gas, insha'Allah, in the coming years.

Ridho (IR): Thank you. Dr. Anwar, Mr. Mahmoud, now I will continue with the Q&A in the chat. The question is coming from **Sandesh Shetti** from **U-Capital**.

The first question is, on the recent gas agreements, could you clarify the nature of this agreement with IGC for Block 65? Specifically, whether this represents a new offtake contract.

And similarly, whether the Marsa LNG gas transport agreement reflects new capacity or the rerouting of existing volumes.

Dr. Anwar (CEC): So, indeed, good question. On the GSA for block 65, it's basically a continuation for what the block has been producing and generating. Indeed, it is associated gas from the oil production that has now basically secured on a continuation basis to what we have been selling to the IGC. So, it will not bring, let's say, more volume; it's a continuation of the existing volume, and that volume is increasing with time. The previous gas sales agreement was temporary.

On the Marsa LNG gas sale agreement, indeed, it is also not adding any new gas, if you like. The gas is being sold today to IGC, but this is securing gas for Marsa LNG once the plant is ready in 2028. At this moment in

time, while the plant is being constructed, many agreements are being signed to allow the LNG, basically, the delivery of gas to Sohar, and then the transportation, and then the processing and selling of the gas as LNG. At this moment in time, Marsa is producing its share of 150 million scf per day, which is sold to IGC via the existing Block 10 agreement. I hope this clarifies.

Ridho (IR): Thank you, Dr. Anwar. Still from **Sundesh Shetti**, the second question is related to buyback, I think to Mr. Jaber.

There was a 45 to 60 million share buyback plan between August 2025 until February 2026. The balance sheet shows now only around OMR 1.2 million in Treasury shares. Could you update us on the progress of the buyback to date, including how many shares have been repurchased and what is the cost?

Mr. Jaber (CFO): Yeah, so when it comes to the share buyback, so as of last week, the company achieved around 50% of the share buyback program at an average cost of around 0.344 baiza. And we're just continuing, basically, to monitor the market and the share price to achieve the target that we set until February next year.

Ridho (IR): Thank you, Mr. Jaber. Okay, so coming back to a live question. Joice, from United Securities.

Joice (United Securities): Hi, good afternoon. Thank you, gentlemen, for the opportunity. Just one question on your Capex. Could you please discuss the reasons behind the rise in Capex spending during this quarter?

And is there any update on your Capex guidance for the remaining part of this year, and what's the outlook for 2026?

Mr. Jaber (CFO): So, when it comes to Capex, the increase in this quarter specifically, as we mentioned, it is due to the completion of Bisat C project in Block 60. However, the guidance for this year remains as is. It is between USD 0.8 to 0.9 billion, and there is no change in the guidance for the upcoming year.

Ridho (IR): Thank you, Mr. Jaber. I will read again, before we go to a live question, from the Q&A box.

The question is from **Kaushal**. What is the current production per day from oil and gas?

I think to answer this, we have the information in the press release, Kaushal. If you can access our website, you can see our current production. But maybe Mr. Mahmoud wants to add.

Mr. Mahmoud (Acting CEO): I mean, the average production year-to-date is around 224,000 boe per day, which is higher than our business plan.

Ridho (IR): Thank you, Mr. Mahmoud. Okay, now we go back to a live question. I think there is a follow-up question from Ildar.

Ildar (HSBC): Yes, thank you again. Just coming back to a question about Capex, I think you mentioned the gross Capex guidance. Any chance you could remind us about the net level, what to expect to spend on your accounts, on your cash flow statement for this year.

And secondly, I wanted to ask you maybe to share key highlights of your exploration program over the next few quarters? Like, what kind of work will be done, where on which blocks, you know, the key maybe high-impact exploration wells you're planning to drill. Thank you.

Mr. Jaber (CFO): Yeah, so maybe I'll take the first question, and then I'll hand over to Dr. Anwar to talk more about exploration.

So, when it comes to Capex, as I mentioned, the Capex expenditure remained as per our plan between USD 0.8 to 0.9 billion this year, and there's no change that we anticipate that it will go beyond that number, and hence that is the number that we are going to basically see in our cash flow statement at the year end.

Dr. Anwar (CEC): In terms of exploration, let me maybe start with Block 54. So, Block 54 is a block which we've signed off early this year, and after signing, we embarked on geological studies, basically to firm up all the plans for re-entering an existing well.

At this moment in time, all the preparation in terms of contracts, and in terms of activity to re-enter the well are being finalized, and the well re-entry is taking place in December this year. So, that well will be re-entered, and then testing will be conducted. New drilling will be determined next year.

In terms of Block 47, the one that I described, ENI, the operator, has completed the drilling of the exploration well. We have captured logs and data and at this moment, we are analyzing, both of us, the operator and ourselves are evaluating all the log data to see whether we go back to the well, make a retest in quarter one 26, or we take other actions.

In terms of exploration and Block 48, we have drilled a well lately, and that well is currently under testing, and Insha Allah, and we have some good news. But at this moment, the testing is ongoing.

Otherwise, there are near field exploration going on in our Joint Venture ("JV") assets, such as Block 9 and Block 65 with Occidental. These blocks have always, and continue to drill near-field exploration wells, which mostly come with good production, with easy infrastructure connection to allow fast production.

I think Block 11, as Mr. Mahmoud highlighted, Block 11, we've drilled one well, and now we are drilling the second well for this quarter and the results will be assessed and shared in quarter one next year. The block is earmarked for finalization sometime in 2026. And we hope that at that time, the operator and the partners, including OQEP, will finalize a development to be sanctioned by the government.

I think that's it from our side. Thank you.

Ridho (IR): Okay, thank you, Dr. Anwar and Ildar. So, now I will read a question from **James Marriott** from MEES.

The question is, can you provide any insight into the resource base of the Block 11 discovery? Have you been in discussion over increasing your participation rights share?

Dr. Anwar (CEC): Okay, very good question. So, Block 11, at this moment in time, we have 10%, and we are paying for the 10% share of exploration costs. The idea is if the block is sanctioned next year, then OQEP has the right to basically acquire another 30%, which makes OQEP earning 40% in total.

The block is very prospective, volumes cannot be disclosed at this moment in time, but they are quite good volumes that we are earmarking, and as you know, the Ministry of Energy highlighted, this block could be a candidate for the LNG investment. So, we are yet to see how that will develop, Insha Allah, with the government. But I hope this answers your questions. Thank you.

Ridho (IR): Okay, thank you, Dr. Anwar. How about the potential for increasing participation?

Dr. Anwar (CEC): Yeah, I already said, so once the FDP is sanctioned by the government, we will be lifting our stake from 10% to 40% and that is what we are waiting for, the government to sanction the development plan.

Ridho (IR): Okay, thank you. This is not a question, but just information. We had some technical issues about the upload to MSX, but now we have corrected it, and you can also access our full report through our website as well.

So, we still have time, so if you have any questions for our chief executive, please raise your hand, or write your question in the chat box. Okay, we have received a question from **Bishen**; please feel free to unmute yourself to ask the question.

Bishen (Salim & Partner): Hi, thank you team for a good set of numbers and for the questions and answers so far. Just wanted to check, you know, the business model is basically a cost plus recovery, as well as, sort of, you know, actuals. Could you give us a split-up of sort of what the cost plus model is versus what it is on actuals in terms of, you know, where you... where there's a higher share of barrels when the oil price dips. If you could just give us a split, if it's possible without getting into details?

Dr. Anwar (CEC): Yes, thank you for the question. Indeed, the business model for the oil and gas concessions in Oman is basically similar to, let's say, the global scheme, where we have a production sharing agreements, and in these agreements, we, as a contractor to the government, will spend all the costs and the first thing that happens from the revenue is for the government to set aside part of the barrel volumes to pay back the costs limited by a certain cap. Such cap is part of the government negotiation at the start of the agreement. Apart from that, once the costs are paid, then the remaining barrels are split between the government and the investor. And there is a range as well. The investor takes a prescribed share of the volume produced, as a profit for the investor. The rest goes to the government. I hope this gives you a brief analysis of how this works.

Bishen (Salim & Partner): Yeah, it explains the structure. Thanks for the clarity, but in terms of, sort of, is this across every single block that you operate, or in some cases, is there an offset where if the oil price is below a certain cost level, then you have a sort of larger share from the government? Just wanted to understand that part.

Dr. Anwar (CEC): Oh, yeah, exactly. I'm sorry, indeed. So, because you have barrels allocated to pay back costs if the oil price is low, then you may be allocated more barrels to pay back your costs which you spent. So, your costs are related to barrels, but then if the oil price is low, you will need more barrels. If the oil price is high, you will need less barrels. But in the end, it's the same concept: all your costs are to be paid back from the production.

Bishen (Salim & Partner): Noted, you know, and that's sort of the basis for my next query. Now, you know, last year, oil price was on average, above \$80 a barrel. We started the year well, but we're sort of averaging, you know, early 70s for the oil price. Now, we've seen, at least in second quarter as well as third quarter a higher number of barrels being allocated whilst the oil price is still above \$70 a barrel on average, right? Now, that intuitively tells me that anywhere between, you know, sub 75, there is a higher allocation of barrels on a cost side. Is that assumption correct, or is there some other way to look at this? Because I'm looking at higher barrels being allocated on a cost basis, on a cost recovery basis, the moment oil price falls below 75 or 70ish, I'm seeing higher barrels being allocated, so if you could just confirm that understanding, please, firstly.

Dr. Anwar (CEC): That is broadly correct, but remember, there's a lot of details. Each block is different, each cost repayment, the amount is different, the percentage is different. There's a cap to how much barrels are allocated, if you like, for each block. So, it's a bit complicated, but the general scheme is correct. I mean, the government needs to pay back your costs and this is done in the way I explained.

Bishen (Salim & Partner): Noted. And the final question on the same topic is for the cost recovery model: would there be an average price across your barrels? I understand each block is different, etc, but on average. Or at least for the broader... for a greater percentage of the blocks that you operate, is there a sort of an oil price at which you sort of break even on your cost, and you don't require extra barrels from the government, would that... I'm just trying to conceptually understand different sensitivities on a cost side. This has nothing to do with, you know, free cash flow or dividends. But on the cost side, at what oil price do the operators have big enough cash flow to recover the costs versus extra allocation from the government.

Mr. Mahmoud (Acting CEO): So, to make it clear, there's no additional things from the government; it's the EPSA which controls the relation between the contractors and the governments. And for your question, so if you look to our assets, as we mentioned in the presentations, our Opex is less than \$10 per barrel for the first 9 months. So, that's the effort of all the producing assets that we have, which is one of the top here in Oman, and also internationally.

If you look to the cost, it's both including what we are recovering, the barrels, it's including all the cost recovery, plus also the profit shares. Both of them, they are changing depending on the oil price. It's not fixed.

Ridho (IR): Thank you, Mr. Mahmoud and Dr. Anwar. We have one last question from Ildar. Go ahead, I think this is the last question we have from you.

Ildar (HSBC): Yes, thank you again. Just a quick technical question from me, please. I've noticed that there is an income flow in your P&L coming from Marsa JV. I was a bit surprised, actually, when I first saw it, because I thought it's an LNG project, and there's nothing yet, but yet it, you know, there are financials, revenue depreciation, taxes and stuff paid. What's the nature of this income? Is it Block 10, a share in Block 10, or is it something else? Thank you.

Mr. Jaber (CFO): Yeah, indeed, Ildar, it is our share in Block 10. So, currently, until Marsa LNG bunkering facility is ready by the year 2028, Marsa is enjoying the monetization of that gas coming from Block 10. And hence, you see in our financials our share of equity, which is 20% belongs to OQEP, and Marsa, that's showing in our financials as Other Income.

Ridho (IR): Thank you, Ildar and Mr. Jaber. There is a clarification question from **Mohammed** from **Jadwa**. The question is can you highlight the oil sales agreement and the price realization of the T plus 2 months formula and how does it work exactly?

Dr. Anwar (CEC): Yeah, maybe I'll comment on that. First of all, let's talk about the price realization. So, the Ministry issues the price which determines all the pricing of the oil to pay back costs. So, even for the earlier question, the Ministry has a publication every month on the price.

And when 2 months sale, usually, our oil is sold via our trading arm, OQ Trading. And the way it is sold is that it's sold basically two months in advance. And that price gets locked up one months in advance for the subsequent month. The Ministry price incorporates the average of sale price for volumes sold on the Dubai Mercantile Exchange. So, I hope this clarifies the question.

Ridho (IR): Thank you, Dr. Anwar, and thank you, Muhammed, for the question I think we can conclude our sessions today. Thank you for coming to our earnings call. And if you have any follow-up questions, please contact the Investor Relations Team.



You can find our details on the IR website. And a transcript of this call will also be made available on our website soon this week. Thanks again, and goodbye. Thank you.

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