

Coverage Initiation

OQEP

Dynamic Performance, Attractive Yield

OQEP presents an opportunity to invest in a dynamic, highly profitable upstream business operating in Oman with approximately 1 billion barrels of 2P working interest reserves and over 240kboed in current working interest production. The shares have traded down since the IPO, reflecting selling from certain market segments and uncertainty over the oil price. Since its creation in 2009, OQEP has grown production 13-fold, much of it organically, through a mixture of ground floor entry, exercise of the State's participation rights, and active operatorship.

- OQEP actively manages its portfolio to optimise returns, including the sale of a 40% interest in its flagship Block 60 for over USD 1bn in FY23, which also validated the value accretion generated by OQEP as operator of the block.
- OQEP is the sole conduit through which the State has exercised its participation rights, typically enabling access to 30-40% of a block on ground floor terms but after commerciality has been established.
- Based on modest growth in WI production and our USD 75/bbl Brent oil price projection, we forecast OQEP to be highly profitable, strongly free cash flow generative and very conservatively financed.
- OQEP intends to pay out 90% of free cash flow to equity which we forecast to generate dividends.
- The entry of OQEP into the MSX index improves the potential for an upgrade of the index to emerging market status in due course. For further details, please refer to our [Oman Capital Markets Outlook Report \(26 November 2024\)](#).

Figure 1: OQEP at a glance

(Yr to Dec)	WI prod'n* (kboed)	Adj net profit (USD mn)	Adj EBITDAX (USD mn)	FCF to Equity (USD mn)	Dividend (USD mn)	Leverage (X)
FY22A	229	1,603	2,624	1,916	2,250	0.1
FY23A	225	1,029	2,051	2,494	800	n/a
FY24E						
FY25E						
FY26E						

Available in the full report

Source: OQEP, Oman Investment Bank Research. *FY23 is pro forma, net of Block 60 farm-down.

Oman

Equity research

Oil and Gas

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Company Information

Market Cap (USD bn)	7.31
Shares Outstanding (bn)	8.0
Exchange	MSX
Bloomberg Ticker	OQEP OM
Reuters Ticker	OQEP.OM

Valuation Multiples

	23	24F	25F
P/E(x)			
P/B(x)			
EV/EBITDA(x)			
Div Yield (%)			

Available in the full report

Major shareholders

Investor	Ownership (%)
OQ SAOC	75.0%
Free Float	25.0%

Research Analysts

Colin Smith

Colin.Smith@oib.om

Akin Tuzun

Akin.Tuzun@oib.om

Mazin Saleh Al Farsi

Mazin.Alfarsi@oib.om

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Oman Investment Bank SAOC

CR No. 1482570

P.O. Box 10, PC 133 South Al Khuwair

Tel. +968 2111 6111

Email: info@oib.om



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