

## OQBI & OQGN

### Oman Gas Pair: Building-out Diversification

OQBI and OQGN, both part of OQ Group, offer complementary exposure to Oman's expanding natural gas value chain. We see OQBI as a differentiated chemicals platform with balanced commodity exposure and structural cost advantages yet to be fully realized by the market, and OQGN as a regulated gas infrastructure play with an attractive returns arbitrage. Together, they provide investors with a combination of earnings growth, yield, and downside protection. Delivery on strategy, capital allocation post IPO and improving liquidity of Oman's equity market is additionally supporting investment cases.

- **Omani Gas Tandem.** Both companies are central to Vision 2040, monetising domestic gas into higher-value exports (OQBI) and underpinning industrial growth through secure gas supply (OQGN). Their contribution reinforces Oman's economic diversification strategy.
- **OQBI – Towards a Diversified Chemicals Group.** With revenues split across methanol (47%), LPG (35%) and ammonia (18%), OQBI offers rare diversification in global chemicals. (1) reduced price correlations across the basket after 2024, (2) emerging demand from low-carbon fuels, and (3) structural cost advantages over China's coal-based producers as carbon pricing expands justify a premium to peers exposed to oversupplied polymers or volatile oil&gas upstream.
- **OQGN – Regulated Asset Growth and Returns Arbitrage.** OQGN operates Oman's gas transport system under a regulated regime (RAB), ensuring stable returns on asset growth. With Oman's sovereign risk premium declining, the regulated CoE of 9.3% remains 15% above the implied cost of equity, creating an attractive arbitrage. Coupled with infrastructure growth plans, OQGN is a low-risk defensive play through the current Price Control period (to 2026) and onwards, given natural gas supply role in Vision 2040.
- **Decent Yield Proposition vs. Risk, initiate with Overweight.** We forecast 2027 net income growth of 28% for OQBI and 11% for OQGN versus 2024, supported by commodity price recovery, deleveraging (OQBI), and project delivery (OQGN). Dividend yields of 7-9% for 2026-2027 are 1.5-2.5x those of regional peers. Target Prices are based on DCF (OQBI, WACC 10.3%) and DDM (OQGN, CoE 8.4%). Upside triggers: OQBI rerating as investors recognise its diversification and cost advantage; OQGN maintaining yields arbitrage and delivering network expansion on time.
- **Long-term Decarbonization Exposure.** Both companies are positioned to benefit from the global energy transition: OQBI through methanol and ammonia (leading low-carbon fuels), and OQGN via early development of CO2 and hydrogen networks. We view these as long-term positives not yet priced in, nor accounted for in our valuation and models.
- **Risks.** OQBI: commodity price swings, asset concentration, capex-intensive expansion plans; OQGN: project execution risks and timing of expansions.

Oman

Equity research

Energy

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#### OQBI

##### 12m Price Target (OMR)

Current Price (OMR)	Available in the full report
12M Fwd Dividend Yield	
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Total Expected Return (%)	

#### OQGN

##### 12m Price Target (OMR)

Current Price (OMR)	Available in the full report
12M Fwd Dividend Yield	
<hr/>	
Total Expected Return (%)	

#### Company Information

	OQBI	OQGN
Market Cap (USD bn)	1.30	1.82
Shares # (bn)	3.4	4.3
Exchange	MSX	MSX
Bloomberg Ticker	OQBI OM	OQGN OM

#### Valuation Multiples

2026F	OQBI	OQGN
P/E(x)		
P/B(x)		
EV/EBITDA(x)		
Div Yield (%)		

Available in the full report

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