

## Introduction

Despite the challenges faced in 2017, Oman Oil Marketing is proud to continue leading the growth of the fuel marketing sector. With dedication and renewed enthusiasm, we will spare no efforts to exceed our customers' expectations through introducing innovations in several fields exploring new ways in getting our daily operations more efficient and becoming customer centric.

Looking towards a promising future, we are committed to reinforce and contribute to Oman's economic and social advancement as we keep innovating, enriching and advancing all sectors of the industry. As always, we align our ambitions with the country's developments, driving the progress of both the company and Oman in the years ahead.

## 1. HSEQ

Health, safety, environment and quality assurance is one of the pillars in Oman Oil Marketing daily operations. This year 2017, Oman Oil Marketing has achieved historical safety record as no any major road traffic accident was recorded for around 20 million kilometers driven. Oman Oil Marketing has also marked a record of 25 years of safe operations without lost time injury in company's Joint Venture Mina Al Fahal Distribution Terminal with Al Maha Petroleum Products Marketing Company. The company also achieved a new safety record for the second year while recording no fire or environmental accidents at its service stations and retail network. All these achievements pay testament to the company's safety measures that are not only vigilantly implemented but improved upon year-on-year. Promoting a culture of safety within the organization, Oman Oil Marketing adopted the theme of 'Safety First' to further instill its HSEQ concept amongst employees. Renowned for sustaining a zero harm work environment, the company leads by example in the country's oil and gas industry.

Our HSEQ philosophy is adopted across our operations and is a combination of culture and practice. We strategically implement policies as well as auditing our management system and developing performance review systems to identify areas for improvement. This leads to make

Oman Oil Marketing sustain the compliance with four Management system standards; ISO9001:2015 (Quality Management System), ISO14001:2015 (Environmental Management System), OHSAS18001:2007 (Occupational Health and Safety Management System) and ISO27001:2013 (Information Security Management System). The company has celebrated The World Environment Day and contributed to Road Safety Symposium. Road Safety remains a clear focus for Oman Oil Marketing: in 2017 Oman Oil continue, its Defensive Driving training program and monitoring driving behaviors for its employees and contractors through IVMS and the Safe Journey Management System.

We are proud of our HSEQ achievements and we would like to thank our management, employees, contractors and customers for their unwavering support. With high ambitions, we plan to continue fostering a safe and secure working environment by thoroughly assessing our performance and developing innovative practices for improvement.

## 2. HR

The company brand, reputation and success are built on a foundation of personal and professional integrity. Oman Oil Marketing has also become an employer of choice, offering premium employment and career development opportunities to a wide cross section of people.

The Company staff at 31 December 2017 was 269 employees while the Omanisation ratio was 84%, without compromise on the quality of products and services provided to customers. This is a significant achievement considering the fact that the field requires staff with dedicated skills to serve a wide spectrum of customers across the network. In order to continue raising our performance, we dedicate our efforts on developing the capacities of our human capital across our business by providing them with opportunities to further enhance their knowledge on specialized and specific competencies in addition to a wide range of applied, scientific and creative skills.

As a young and energetic Omani organization that prides itself on being a pioneer in the Sultanate's energy sector and partner in the development of its infrastructure, Oman Oil Marketing continuously seeks to bolster its existing workforce. A key factor of its long-term

corporate objectives is to recruits the right Omani talents on the right job at the right time to be always the preferred employer of choice within the fuel marketing sector.

### 3. Retail

The Retail department derived the company growth through introducing twelve new service station in 2017. This helped in expanding the company network to have 196 service station across Oman. It's worth highlighting that Oman Oil Marketing has been the first company present on Muscat Expressway by opening two Service Stations in Ghala and Halban.

Oman Oil Marketing is proud to lead the market on introducing the first top loading service station in the country that serve commercial customers in Nizwa Industrial area. Furthermore, and to optimize the network's existing stations, the company reconstructed five service stations with greater potential to contribute higher volume in the years ahead.

The Retail department directly operates 78 service stations that account for 40% of the current network. Their direct management has resulted in lifting up the standards for customer care.

The Shop, Food & Services (SFS) is another important segment of the Retail business, with Ahlain Convenience Stores as the main contributor. In 2017 our total network of convenience stores are 110 Ahlain Convenience Stores, 25 QSR, 20 Car Wash, one Laundry Pick-Up & Go Concept and Ahlain Cafe. In 2018, we intend to continue to grow SFS business through adding more Ahlain Stores. We are planning to diversify the offered services at our service stations to become a hub of services to enhance the customer journey at our service station.

Oman Oil Marketing service station philosophy is to be one stop station in order to serve the customer needs and exceed their expectations in all possible ways, thus reinventing the concept of service station to become a destination.

### 4. Fuel Card

Fuel Card is one of the most vital segments of our Retail Business, which is adding great value to Oman Oil Marketing. The consistent services as well as the variety of fueling solutions derive the good performance of the Fuel Card Unit.

In 2017 the fuel card unit managed to:

- Sustain the incremental growth of Fuel Cards sales
- launch new innovative fueling solution called “eFill” for corporate customers
- Changing the old postpaid card “Ejaba” to a new online card called “Ejaba Plus” with new advanced features
- Signed new agreement with National Bank of Oman (NBO) to use their terminals at our network to accept all banks cards
- leading the sector in term of National Subsidy System applicants

## 5. Commercial

In spite of the market challenges, Commercial Fuel managed to maintain a good performance in 2017. Business continued to focus in taking a strategic approach of enhancing delivery efficiency and offering solutions to customers through technological advancement. As a result of this we managed to retain the existing customers and gained new customers across all sectors at healthy margins. This leads to increase the company market share in key sectors and significant development of marine business.

## 6. Aviation

During 2017 we have been able to maintain the growth compared with last year. Most of the major airline contracts were retained during the year. We have added Biman Bangladesh Airlines also to our portfolio for a period of one year. The expansion activities of the national airline Oman Air was continued in 2017 which has contributed to majority of our annual volume. We have commenced Aviation refueling operations at Sohar Airport which has assisted the Oman Airports Management to start early operations at Sohar Airport.

With more than 20 regular aviation clients, we refuel over 20,000 aircrafts per year, meeting customer requirements and complying with the highest HSEQ standards.

## 7. Lubricants

Lubricants enjoyed a good year with mixed impact on the business as base oil prices showed a downward trend towards the later part of the year.

### Oman Oil Marketing Lubricants

Oman Oil Marketing lubricants is one of the fastest growing brand in Oman. The product continued to receive wide acceptance with increased customer base, across the country. Moreover, our lubricants were qualified and awarded a number of major government tenders. The sales volume increased and the product is well positioned and recognized in the market. In addition, the Oman Oil Marketing lubricants volume continued to grow in several overseas markets. It is anticipated that our brand will continue acquiring more market share in the coming years in Oman and overseas with more focus on marketing activities and digital.

## 8. BP Castrol

Despite the challenging market situation in 2017, Castrol lubricants had a steady growth in the high street segment by maintaining their premium position. Business showed a considerable increase in the market share of premium products due to increased awareness by up scaling the marketing activities and due to an increased number of Castrol Auto Service Outlets. In the B2B segment, more focus was given to the value proposition and strategic alliance with our clients.

Under the flag of Castrol redefining the lubricants category, our focus is on innovation and meeting our high standards with quality products.

## 9. Customer Care

2017 was a very important and unique year for Customer care as the Customer Care Centralization was launched where the customers now will have a one stop shop for all their needs and requirements. The centralization includes call management, order management, complaints managements and many more services.

As part of the Global Customer Care Week, our Executive Management team lead by the CEO visited several prime service stations and took up the role of fuel attendant in solidarity with employees.

They also interacted with customers to gain insight into how we could be of better service to them.

Customer care was a key role player in the National Subsidy project launched by the Government in attending the citizens calls with regards to their feedback and inquiries.

## 10. Operations

Operations play a vital role at Omanoil Marketing overall success. The Mina Al Fahal Terminal that is jointly owned by Al Maha Petroleum Products Marketing Company and managed by Oman Oil Marketing Company marked yet another successful year, and all efforts are being made to maintain its world class performance. Operating seven days a week and 24 hours a day substantially enhanced the operating performance as a result, JV terminal managed to achieve annual throughput volume of about 3,227,600 M<sup>3</sup> / year.

Completion of 25 years of safe operations without Loss Time Injuries (LTI) at the tankers loading gantries and tank farm area has been made possible mainly due to the diligent, safe and cautious working behavior of all the staff and contractors to the numerous safety measures exercised in operations.



As a member of MAG (Mutual Aid Group), a group that includes all companies operating in Mina Al Fahal, the JV Terminal will continue to focus on HSEQ and its obligation to fulfill the objectives set by the committee to address and close all issues raised by MAG.

## 11. Business Development

Following the bunkering license and land lease agreement signed with Port of Duqm Company (PDC) Oman Oil Marketing Company has finalized its plan to develop a bunkering terminal and ancillary facilities at the Port of Duqm, which will provide heavy fuel oil and marine diesel oil as well as marine lubricants to ships calling at the port and its surrounding waters. Development work and the project time line is on track and the terminal concept design and front end engineering design were completed in late 2014. However, given the reality of the global economic slowdown; lower international oil prices with a concomitant effect on business growth and the slower than anticipated shipping business development at the Port of Duqm, the decision remains to carefully align the project timeline with the port development and anticipated refinery development timelines, and ensure that the expected bunker market development closely matches project development. Bunker activities are continuing at Duqm, utilizing road truck deliveries in the interim, and Oman Oil Marketing is excited to announce that heavy fuel oil bunkering by barge has also commenced at the port, initially supplying the contractors active with port expansion construction.

We are proud to have partnered with Port of Duqm Company to help develop our marine business at what is envisaged to be a future strategic bunker hub.

It worth highlighting that Oman Oil Marketing Company has been granted permission to manage, operate and maintain filling stations and service centers in the Kingdom of Saudi Arabia. It's expected to have the first service station in KSA the second half of 2018.

## 12. Information Technology

During 2017, IT had completed major projects that have high business impacts. A new logistic and operation system (FuelTrans) been successfully implemented, which eliminated the outdated legacy system.

Service Stations Automation (SSA) project is another milestone, through which 191 service stations been connected to the head office, this system has a lot of features in terms of security and remote price change.

National subsidy System (NSS) project was one of big achievements. With this system the subsidy eligible citizens able to apply and avail fuel subsidy using OOMCO subsidy card.

Moving to mobility, Oman Oil Marketing launched two mobile applications, one for the public and other for our beloved commercial customers.

## 13. Outlook

The future outlook of 2018 is positive, though there are number of challenges that may face the national economy resulting from the fluctuation of oil prices.

As the backbone of the company's operations, Retail will continue to propel Oman Oil Marketing growth. Our strategy is to increase our presence throughout the Sultanate with strategically-located sites with diversified services to serve the rising population and subsequent energy consumption.

Despite favorable prospects, the company expects challenges resulted from the recent fuel price liberalization as well as the consequences of the planned shift to Jifnain Terminal. However, with proper planning the company is expected to overcome the challenges in the long run. In anticipation of the challenges ahead, the company will remain focused on expanding its





network, improving the quality of its products and services, optimizing costs and developing its human capital even further. Oman Oil Marketing will also continue to play its part in contributing to the development of the oil and gas industry.

Our focus in 2018 will be to strengthen our market position whilst maintaining operational excellence and adding value to all our stakeholders.

This concludes my review of the company's operational performance for the year 2017.

A handwritten signature in blue ink, appearing to read 'David Khalifa'.

**David Khalifa**

**Chief Executive Officer**