

Dear Shareholders,

On behalf of the Board of Directors', it gives me great pleasure to present the Annual Report of Oman Oil Marketing Company SAOG (OOMCO) for the financial year ending 31st of December 2020.

Health, Safety, Environment, Quality, Technical and Sustainable Development (HSEQ-T & SD)

HSEQ-T & SD remains a focus of OOMCO with policies and procedures enforced across all our operations.

OOMCO achieved a new Safety record of zero Lost Time Injury in 24 million man-hours. Our Total Recordable Injury Rate stood below 0.2, which shows further improvement compared to 2019. No OOMCO facility has had any fire or environmental accident.

During the exceptional health circumstances of COVID-19 pandemic, OOMCO spared no efforts to put the safety of stakeholders as the first priority. The Crisis Management Plan has been activated, where all safety arrangements have been set up and all recommended practices have been implemented immediately.

Financial Performance

OOMCO remains a market leader despite a challenging business environment that the COVID-19 pandemic and associated consumer behavior have negatively impacted the economic activity, thereby resulting in lower demand for fuel products and services. The Company is closely monitoring the situation to manage the potential business disruption on its operations and financial performances and will take the appropriate required actions. The current challenges have impacted the group turnover reaching RO 442.391 M versus RO 583.510 M for the same period in 2019. Net Income for the period was RO 957K in 2020 compared with RO 5.623 M in 2019.

In line with the company transformation and strategy, OOMCO grew its investment in Marketing and Digital while continuously innovating in both fuel and non-fuel business sectors. Finally, the Company has increased its investments in overseas markets such as the Kingdom of Saudi Arabia and Tanzania.

The Company is pursuing strategic growth by investing in the most competitive projects, in order to be more focused and resilient. Our innovation and value added services have placed the Company in a stronger position to benefit from sustainable long-term profitability. The Company intends to continue optimizing its cost and improving its integrated business model by laying strong emphasis on our operational efficiency and hopes to gain significant productivity across the network. The Group Company's financial position remained healthy with total assets as of 31 December 2020 are RO 142.309M.

The Company spent a total of RO 14.008 M on capital expenditure was financed solely by internally generated funds.

Retail Business continues to exhibit growth in 2020. Action plans have been geared towards OOMCO's network expansion to increase market share and upgrade offerings for all customers. The Company added eight new service stations, which includes the first "MEGA" Service Station (10,000 m²) reaching a total number of 229 Service Stations in Oman. Our best performance fuel "Ultimax 98" is a real success and offers the highest octane in Oman. OOMCO's Service Stations offer a full array of fuel and non-fuel products and services while introducing innovative and customer oriented offerings. The Company is also the only fuel marketer present on Al Batina Expressway with two mobile service stations.

The Company's focus on customer experience, while targeting full convenience is gaining ground: we are transforming our service stations into one-stop-shops with a very diverse range of products and services. After introducing "Café Amazon" in 2018, the company is introducing another two international franchises with "Debonairs Pizza" and "Steers Burgers" in selected locations. In addition, our Ahlain convenience stores, Optimo Swift and Lube Express Car Care Centers and upgraded Ahlain Cafés have all created an impact while enhancing the entire customer experience at OOMCO sites.

Despite intense competition and market challenges, OOMCO's Commercial Businesses were able to maintain the sales volume in 2020. Business continued to focus on enhancing products delivery efficiency, create alliances and offering solutions to customers through technological innovations like OOMCO's "Mobile Fuel Station" and dedicated services. We will keep on using innovative technology to design the best solutions and tools for the benefit of all stakeholders.

The Company's aviation business was deeply affected by the closure of the Muscat International Airport from March 2020 till October 2020. This is due to COVID 19 pandemic which had an impact on the aviation sector around the world in 2020.

The Company's lubricants business has seen its performance improve over 2020. OOMCO's lubricants brand "Oman Oil" grew sales volume by an additional 6% in 2020, despite COVID-19 gaining more market share as well as penetrating new channels of distribution. The brand is well perceived in the Middle East and North Africa region: it is regarded as quality and service oriented.

The Company's Marine Business focuses on expanding the customer base in all ports. The company is advancing the development of a bunkering terminal and ancillary facilities at the Port of Duqm, the project is in its construction stage and expected to start operations early 2021. The Duqm terminal will provide heavy fuel oil and marine diesel oil as well as marine lubricants to ships calling at the port and its surrounding waters.

With consideration of the challenges of 2020 and to cope with the strategic growth of the company the Board of Directors not recommending to declare dividends for financial year

ending 31 December 2020, subject to approval by the Shareholders at the Annual General Meeting.

Human Resources

Human Resources are the main assets of our Company, we believe that great companies are built by great people. OOMCO continues to invest in human capital through continuous trainings, a specific mentorship program, development of in-house capabilities. This has made OOMCO one of the preferred employers companies in Oman.

OOMCO has implemented a new strategy in human resource's talent management and development, which has proved to enhance employees' engagement and loyalty. OOMCO achieved an Omanisation ratio of 86%. This is a significant achievement considering the nature of the fuel retailing business and that the field requires staff with very specific skills to serve a wide spectrum of customers across the retail network.

Corporate Social Responsibility

In 2020 Oman Oil Marketing dedicated its corporate social responsibility budget to support the country efforts in combating COVID-19 pandemic. The sum of OMR 100,000 was donated to Ministry of Health in the beginning of the year to be among the first companies to support with the government in this pandemic. A donation was also made to purchase a coronavirus sample testing device for the Sultan Qaboos University Hospital, with the aim of contributing to expanding the scope of sampling and developing appropriate plans to limit the spread of the pandemic. In addition to that, the company also supported the efforts of the Omani Medical Association by providing fuel cards to all volunteers working at Al Amerat Field Hospital as part of the "Moafa" initiative launched by the society. Finally, the company targeted the education sector by signing an agreement with Sultan Qaboos University to sponsor three postgraduate students yearly within the college of Economic and Political Science for three years. Furthermore, providing direct support to the student in the field of student activities and academic research.

Outlook

The Company is pursuing its strategically designed road map, built on four pillars to ensure sustainable growth: those pillars are

- (1) "Navigating near markets",
- (2) "Growing non fuel revenues",
- (3) "Exploring new investments; and
- (4) "Optimizing our operations efficiently".

New retail premium sites are to be launched with the new design of ever-popular Ahlain convenience stores and other facilities in strategic locations nationwide as well as in Saudi Arabia and Tanzania. In 2021, another MEGA Service Station with full fledge services is planned to operate in Mabella which is one of the highly growing areas in the Sultanate of Oman.

The Commercial team is mobilized on securing supply to infrastructure projects as announced by the Government and the private sector such as construction of various infrastructure related projects, upgrading of highways and roads will support demand for the commercial and lubricant products and services.

It is imperative that the company continues to be innovative and undertake changes through new business initiatives to sustaining its leadership position. The Company will improve its operational and service excellence, cost efficiency and realigning business strategies to cope with market uncertainties ahead.

OOMCO will continue to focus on human capital development, IT systems reliability, and good HSEQ practices. Emphasis will be on cost efficiency and delivery without compromising on customer service and product quality. Customer Care will continuously be enhanced with the spirit of our motto "You trust, We care."

The company is committed and prepared for future challenges: we are confident we will continue to deliver value to all stakeholders.

Acknowledgments

I would like to take this opportunity to thank all our customers, Government authorities have had dealings with, our dealers and our own dedicated employees for their continued support. I reiterate OOMCO's unwavering commitment to the provision of always delivering high quality products and services.

On behalf of all Board of Directors and all company employees, we extend our highest gratitude to His Majesty Sultan Haitham bin Tariq, may God bless him, for his inspiring and wise leadership, which will illuminate the Sultanate's path towards a renewed renaissance and sustainable economic and social growth.

Thank you.



Hilal Ali Al Kharusi

Chairman

