

Management Analysis Report

Introduction

Despite the challenges faced in 2020, Oman Oil Marketing Company (OOMCO) has spared no efforts to cope up with the market condition affected by the pandemic COVID-19. The company took all measures to continue to the Company's operations while maintaining the highest safety standards for employees and customers alike.

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 while designing solutions. Our teams are driven by delivering benefits to customers and energizing their lives.

As always, we will continue aligning our ambitions with the Country's developments, driving the progress of both the company and Oman in the years ahead. As a company, we believe in our responsibility towards all stakeholders while growing in a sustainable manner only.

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 has crossed good distance toward its safety culture transformation from safety awareness to safety culture which has reflected in its HSE records.

OOMCO has achieved a new safety record of zero Lost Time Injury (LTI) in 24 million man-hours. Our Total Recordable Injury Rate (TRIR) stood below 0.2 which shows further improvement as compared to 2019. There was no fire or environmental incident at any OOMCO facilities.

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

OOMCO successfully maintains its certifications with ISO International Standards of Integrated Management System (IMS). The company has move forward toward its sustainability plan and renewable energy initiatives as it completed its 7th station powered by solar energy and recorded a total electricity generation of around 393 MW which led to triple savings on power consumption. OOMCO also built its second Green service station in the Governorate of Muscat powered by solar panels, offering an EV charger, Vapor Recovery System (VRS) and bio-degradable bags for the first time in Oman.

Human Resources

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

In light of the economic and epidemiological conditions that affected all sectors around the entire world during current year, OOMCO was able to rightfully preserve its position among the best employer list by being able to avoid different scenarios that may cause directly or indirectly losing of some talents and accordingly losing expertise and know-how.

As it has always been a strategic goal for the company, OOMCO has been increasingly concerned with Omanisation at all levels, which was achieved by raising Omanisation rate during the current year by 2%, to reach 86% by the end of December. This is a significant achievement considering the fact that the field requires staff with specific skills to serve a wide spectrum of customers across the retail network. The Company will continue its efforts during the coming years to support the Omanisation process, serving the Sultanate and its citizen.

In view of OOMCO international expansion, the company is working on developing Omani talents who begun to take their places in leadership positions in both regional and international offices. OOMCO also is ready with some plans to enhance the readiness of its employees to support international expansion strategies. Therefore, and in order to continue raising our performance, we dedicate our efforts on developing the capacities of

our human capital across our various businesses: we provide them with opportunities to enhance further their knowledge on specialized and specific competencies in addition to a wide range of applied, technical and creative skills.

Retail Network

The Retail division is a core business of the company and it exhibited growth in 2020. OOMCO has introduced 8 new service stations in Oman with the first “MEGA” service station (10,000 m²) reaching a total number of 229 service stations in Oman. It is worth highlighting that OOMCO is the only fuel Marketer serving all motorists on Al Batinah Express Highway through 2 innovative and original “Mobile Service Stations”. Besides building those new service stations, OOMCO has improved and optimized the quality of existing stations.

Ultimax 98, the highest octane fuel introduced by OOMCO to Oman is now available in 52 service stations compared to 37 service stations in 2019. OOMCO is the only fuel marketing company that sells the Ultimax 98 in the Sultanate of Oman with the aim to exceed customers’ expectations and needs with quality products and services.

The Retail department operates on its own 104 service stations (45% of the whole retail network) thus demonstrating OOMCO’s expertise in managing service stations with efficiency and quality operation excellence. The excellent management of these service stations has resulted in outstanding customer care standards and better cash-flows as well.

The Shop, Food and Services (SFS) is another important segment of the retail business. OOMCO is working on transforming its service stations into one-stop-shops with a diversity of products and services. Ahlain convenience stores are a major contributor to the SFS business with a total network of 80 Ahlain convenience stores; beyond and within the SFS segment we delight customers on our service stations with third party operated shops, 30 restaurants, 22 Car Care Centers, 3 Optimo Swift Service Center, 12 Lube Express, 15 Ahlain Cafés and 9 Café Amazon. We believe in Digital experience by offering connectivity and e-payment with Thawani as well as digital screens in 28 service

stations for announcements. The offered services at our service stations included also ATM facilities, bill payment facilities, and more to come.

Fuel Cards is one of the most dynamic division in retail business which added great value to OOMCO and the end user. The excellent services of OOMCO fuel cards and the variety of fueling solutions has resulted for OOMCO to be the preferred choice in the market and to continue leading by providing faster, easier and more convenient payment solutions.

We managed in 2020 to deliver a set of remarkable achievements including:

- Sustaining the best customer service to our existing fuel cards customers during the pandemic
- Successful incremental sales of “e-Fill” tags to existing and new customers
- Secured 55% of the NSS market share reflecting an outstanding level of trust by customers in OOMCO fuel cards
- Enhance Bank Card sales by providing all OOMCO service stations with advanced POS machines (contactless) just tap and go

Commercial

In Commercial Business, the strong business relationship with all customers was successfully sustained and volumes were maintained at an excellent level. The year 2020 was a very challenging year but despite an intense competition and the de-growing market across many sectors; many new businesses were added while retaining the existing customers across all sectors. One of the biggest success was wining the Tanweer tender for three years to come. The business continued to focus on enhancing delivery efficiency, alliances and offering solutions to customers through technological innovations like our “Mobile Fuel Station” and dedicated services. The Innovation and integrated solutions were again the pillars for the commercial fuel in 2020. We have developed a distinct value proposition offering with clear segmentation plans for our business: this enabled us to expand our market share in several segments while addressing customer needs and targeting the customer wants in each segment. Our new brand identity to our corporate customers “B2Smart” shaped up the new offerings for our

clients, riding on digital platforms and focusing on delivering both delightful and enhanced customer experience.

Aviation

During the year 2020, aviation sector was one of the business which was very much effected due to COVID-19. The closure of the Muscat International Airport from March 2020 till October 2020 has impacted our operations as all commercial international airlines were stopped to operate except for a few domestic flights and air freights.

Lubricants

OOMCO has been the fastest growing lubricant brand in Oman: products continued to receive wide acceptance with an increased customer base across the country. The sales volume grew by an additional 6% in 2020 despite COVID-19 gaining more market share as well as penetrating new channels of distribution. In addition, our lubricants continued to grow in several overseas markets. It is anticipated that our brand will acquire more market shares in the coming years in Oman and overseas focusing on varied marketing activities and capitalizing on the dedicated marketing/digital campaigns. Also, launching both “Optimo Swift” car care centers and “LubExpress” outlets during the year 2020 has contributed on increasing the brand visibility and equity across Oman.

BP Castrol business maintained its premium position in the industry, re-defining the lubricants business. It focuses on innovation and meeting our high standards with top quality products. The business maintained its share in the B2B and Commercial vehicle segment despite the market challenges.

The business had de-growth in the passenger car motor oil sales due to reduced passenger movements caused by COVID-19 restrictions and economic slowdown.

Customer Care

With COVID-19 hitting the Globe in 2020, it was challenging for the Customer care to make sure that OOMCO customers do not get affected. Customer Care department started working with limited staff remotely and the pandemic proved that we can serve our customers even under difficult conditions as our services continued with the same quality.

In order to get our customers feedback, the Mystery Motorist (MM) has re-started after its postponement for a few months during the year and results were shared with the concern department in order to have an action plan accordingly.

Despite the pandemic, OOMCO customer care continued its services by attending to National Subsidy System (NSS) calls related to citizens' feedback and inquiries.

Business Development

Part of OOMCO's strategy is to be the leading marine fuel provider in the Sultanate. The bunker fuel is a critical service for the shipping industry. Having such a service in the port will enhance the competitiveness of the Omani ports and contribute to 2040 vision of making Oman as an important logistic hub in the region. To fulfil this vision, the Company started the construction of the bunker terminal at the Port of Duqm for a planned completion and operations date in early 2021. The terminal will be the cornerstone for the Company strategy to serve the other ports as well as position the Duqm Port as fully equipped port. The team managed to mitigate the impact of the COVID-19 pandemic on the terminal project and to reduce the impact of the delay. The terminal comprises of 30,000 cubic meters of tankage and ancillary facilities. It is designed to provide various grades of bunker fuel, such as heavy fuel oil and marine diesel oil as well as marine lubricants to ships calling at the port and its surrounding waters. The terminal is fully flexible to handle various product types inclusive of low Sulphur marine fuels which customers will now increasingly require in compliance with international maritime regulations. Bunker services and activities by OOMCO are currently fully active and

continuing at the Port of Duqm even during terminal construction, utilizing barge delivery for heavy fuel oil and marine gasoil, also road truck deliveries as appropriate and to serve customer requirements. OOMCO remains proud of its partnership with the Port of Duqm Company to help develop the marine business as what is envisaged to be a future strategic bunker hub.

International retail subsidiaries (Kingdom of Saudi Arabia and Tanzania) are established and under development, with business progress according to plan.

As part of the Company strategy to grow through SFS and provide a complete seamless and integrated hub, the Ahlain Center at Sawadi was constructed. The project is the first real-estate project without fuel station. It is a strip mall concept which will feature major OOMCO brands beside others. This will drive footfall for the touristic area of Sawadi and support local economy. Beside the unique consumers shopping venues, the project will host OOMCO central lubes storage. Which will further increase the competitiveness of OOMCO Lubes business.

Information Technology

During the year 2020, Information Technology (IT) has managed major project such as implementing the new head office data center and IT infrastructure where the team has successfully managed the shifting with minimal downtime and with no business interruption. The new data center is designed to support OOMCO business continuity, systems high availability as well as flexibility for future expansion.

Also, as regards to the abnormal situation due to COVID-19 and to enhance the health and safety environment, IT had supported OOMCO employees to manage the business remotely and to be able to work from home with easy and safe access.

IT also partnered with other departments in supporting the environment by introducing eco-friendly initiatives in OOMCO through automation process that yield to no printed copies of claims. Furthermore, to enhance the project management, IT internally implemented system application meant to automate the engineer process like layout

request, project estimated, approvals handover, project implementation, project plan, project status, project handover with all the required workflow approval.

And finally, the data security was implemented to enhance security level as well as to ensure the right processes is being followed throughout the organization with the right and latest tools.

Marketing

Stemming from the Company's vision to become the most customer-centric marketer in GCC, the Marketing department was formed in 2018: its objective is to spare no effort in keeping OOMCO ahead of its competitors by offering new and innovative services to all its customers and reach out to them wherever they are. Earlier this year, the Company introduced the OOMCO World App - A one-of-a-kind app packed with new and unique features giving the experience of refueling a whole new dimension. This fully integrated app uses cutting edge technology to make it possible for its customers to make fuel payments online, view and redeem reward points, unlock badges, locate the nearest OOMCO service station and do so much more.

In the midst of COVID-19, to minimize physical contact at its service stations, OOMCO launched Basma Plus Virtual Fuel Cards to make the whole experience digital. It enabled customers to remotely manage their cards via OOMCO World app. Basma Plus prepaid fuel cards made the whole payment process faster and more seamless, while keeping our customers and employees safe.

With customers at the heart of its operations, the Marketing team reviews each segment of the business to develop new value propositions and introduce many more initiatives which ensure that the company grows further while giving its customers an experience second to none. The year 2021 will witness the launch of several businesses which will further differentiate OOMCO proposition and modernize the fuel marketing concept in the country.

Digital

Digital, which is primarily a customer facing domain, has been evolving at an incredible pace over the past decade. Since organizations become more customer-centric, digital assumes a more prominent role within progressive business entities. Indeed, most of our customers are now being engaged online.

In 2020, the Digital department has launched the 2nd version of "OOMCO World" mobile application which has attracted more than 60k new customers who are enjoying its unique features with more than 90% active user base on monthly basis. Within the app, a new Virtual Basma Plus card also has been introduced with an interesting uptake of 25% of the overall prepaid card transactions (Basma Plus) and successfully creating a new shift in the market towards an entirely digital experience for the customers.

Moreover, to compliment the digital experience at OOMCO service stations, the digital department worked on a new business strategy for the LED screens and converted them into Smart Digital Billboards that are getting more attention from the local advertisers with its new features that focuses on personalization and ease of management. The new business strategy has proven a huge success by reaching the financial targets despite the challenges faced in 2020.

Thanks to the advanced digital platform, OOMCO is now able to attract large organizations by extending its services and offers to their staff and offering exclusive promotions and digital services geared towards increasing their loyalty and interest in the company products.

As part of the digital marketing support, the new reward program and OOMCO World app has guided more than 29k customers to various outlets in OOMCO's network including Cafe Amazon, Ahlain and Optimo swift.

Outlook

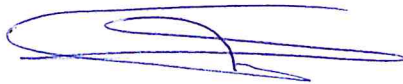
As a Company, we will continue playing a key role in Oman's upward trajectory. To implement a forward-thinking strategy, we are exploring new investments, joint ventures, and growing non-fuel revenues "Shop, Food and Services" while continuously investing in human capital and be part of the top 5 fuel marketers in the GCC by 2025.

OOMCO's key business objectives is to become the most customer-centric marketer in the GCC while sustainably developing the Company's presence both locally and internationally. We are expanding our service stations outside the Sultanate into the Kingdom of Saudi Arabia and Tanzania. We have also set plans to implement a unique retail model that will help build our reputation as the preferred one-stop shop: our service stations are becoming destinations. Besides, we are going ahead with our new concept of "MEGA" service stations offering a host of facilities: money exchange outlets, gyms, restaurants, post offices, a laundry, play areas for children and shopping centers for families.

In addition, our roadmap includes expanding our line of lubricants within the region and beyond with an existing presence in over ten countries such as Kenya, Qatar and Bahrain.

We are expanding our footprint, diversifying the number of revenue streams while exceeding customer needs to always bring them what they want.

This concludes my review of the Company's operational performance for the year 2020.



Hussain Jama Bait Ishaq

A/ Chief Executive Officer

