

Management Analysis Report 2021

Introduction

Despite the challenges faced in 2021, Oman Oil Marketing Company (OOMCO) has spared no efforts to cope with the market condition of 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 contributing to Oman's economic and social advancement as we keep innovating, enriching and advancing all industry sectors while designing and implementing the desired solutions. Our teams are driven by delivering the maximum benefits to the customers aiming to energize their lives.

We will always continue aligning our ambitions with the Country's developments derived from Oman Vision 2040, driving the Company and Oman's progress in the years ahead. We believe in our responsibility towards all of our stakeholders while growing the company in a sustainable approach.

HSEQ-T & SD

At OOMCO, our most valued resources are our employees, customers, and the communities we serve. We are dedicated to provide a safe work environment for our employees and customers, protecting the public, and preserving OOMCO properties and assets. During 2021, OOMCO has maintained a Zero Lost Time Injury safety record in 32 million working man-hours in Oman and Tanzania. However, the Company's subsidiary in KSA had witnessed one Lost Time Injury incident in the first quarter of 2021. Moreover, the Company's Total Recordable Injury Rate (TRIR) overall was stood at 0.4. Also, OOMCO achieved another Safety record for the fourth year continuously since it has not recorded any major road traffic accident in transporting its fuel across the sultanate where the Company crossed 117 million kilometers during the operations

of fuel transportation last year. Moreover, OOMCO has not witnessed any fire or environmental accident in its overall facilities.

For the exceptional health conditions that the world in general and the Sultanate in particular faced, the Company has activated the Business Continuity Plan (BCP) to deal with the Covid-19 pandemic to mitigate and reduce the effects on the Company's employees and business. The Company has taken all necessary measures by activating the work from home with minimal office attendance and putting safety mechanisms into effect by holding workshops and hosting specialists from the health sector to educate employees about the epidemic, safety procedures and the importance of the vaccination. The Company has ensured the provision of two doses of vaccine to all its employees and outsourced employees. No outbreaks were recorded in all the Company's facilities and among its employees, and the Company was able to fulfill all its obligations to all its customers during this period by ensuring the maximal compliance with the decisions of the Covid-19 Supreme Committee. The BCP also had been activated during "Shaheen Hurricane" which aimed to return in a safe condition all the service stations that were exposed directly to the impact of the Hurricane within a short period, which ensured the resuming of fuel supply in a record time of no more than six hours in most affected areas.

Our HSEQ culture is vivid across all our operations through a combination of policies and best practice. We strategically implement policies and audit our HSEQ management system, and developed performance reviews to identify areas required for improvement. OOMCO sustained its compliance with the four different Management system standards: ISO9001:2015 (Quality Management System), ISO14001:2015 (Environmental Management System), OHAS18001:2007 (Occupational Health & Safety Management System) and ISO27001:2013 (Information Security Management System).

As part of its commitment to deploy sustainable and clean energy at its operations, OOMCO has powered eight of its service stations with solar energy as part of environment care. OOMCO has also installed an Electric Vehicle (EV) charger at its second Green Service Station "SQU Mega service station". We are looking at the future of green motoring, in line with Oman's national strategy to adapt and reduce CO2 emissions as well as reducing electricity consumption.

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.

OOMCO achieved an Omanisation ratio of 87% by end of 2021. This is a significant achievement as the field requires staff with specific skills to serve a wide spectrum of customers across the retail network and overall company's operations.

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.

We believe in growing our employee skills through consistent training programs, therefore we have launched OOMCO Management Coaching Program and OOMCO Succession Planning Program to equip our employees with the right skills and competencies. The e-learning platform has also been improved to include more than 60,000 training programs that can be accessed online through mobile applications.

As a young and energetic Omani organization that prides itself on being a pioneer in the Sultanate's energy sector and a valued partner in the development of its infrastructure, OOMCO continuously seeks to bolster its existing workforce. A key factor of its long-term corporate objectives, the Company recruits the right Omani talents on the right job at the right time to become the preferred employer of choice within the fuel marketing sector.

Retail Network

The Retail division is a core business of the Company and it exhibited a vigorous growth despite the COVID-19 impacting the retail sector. In 2021, OOMCO has introduced 4 new service stations in prime locations in the country, also under progressing the first phase of the 2nd MEGA Service Station, which will illustrate the concept of Hub Service Stations in the capital. OOMCO has currently reached a total number of 234 service stations in Oman.

Ultimax 98, the highest octane fuel introduced by OOMCO in the Sultanate of Oman in January 2018 is now available in 66 service stations compared to 52 service stations end of 2020.

The Retail department operates 101 service stations (45% of the whole retail network) thus evidencing OOMCO's expertise in managing service stations with high efficiency and quality standards. The excellent management of these service stations has resulted in outstanding customer care standards and better cash-flow as well as making Oman Oil brand the preferred brand in the fuel marketing as per the recent national customer survey.

The Shop, Food and Services (SFS) is another important segment of our Retail business. OOMCO is working on transforming its service stations into one-stop-shop with a diversity of products and services. Ahlain convenience stores are a major contributor to our SFS network with a total network of 59 Ahlain Convenience Stores and 31 Third party operated shops; beyond and within the SFS segment we delight our customers through 66 quick service restaurants operated by Third party, 27 Car Care Centers and 15 Ahlain Cafés and 10 Café Amazon. We believe in digital experience by offering connectivity and e-payment with Thawani as well as digital screens in 35 service stations for advertisements. The offering and services at our service stations included also ATM facilities, variety of bill payment facilities, laundry, post office and more to come to fulfil our customer wants, beyond their needs.

Fuel Cards is one of the most dynamic departments in retail business which added great value to OOMCO and the end users. The excellent services of OOMCO fuel cards and the variety of fueling solutions resulted OOMCO to be the preferred choice in the market and to continue leading through its smart fueling solutions.

We managed in 2021 to deliver a set of remarkable achievements including:

- Sustaining the incremental growth of fuel cards sales
- Successful increase of "e-Fill" customers
- Secured 55% of the National Subsidy System (NSS) market which represent an outstanding level of trust by our customers on OOMCO.

- Enhance the facility of trusted payment method through increasing the number of POS machines in our service stations across the Sultanate.

International retail

In 2021, OOMCO continued its expansion internationally in retail. By end of 2021, it managed to operate 11 service stations in KSA & Tanzania. Also, OOMCO has successfully secured a new service stations (under construction) in KSA (located in Jeddah) which will allow the Company to enter to new region apart from Al Sharqyah region.

In Tanzania, the Company opened two service stations outside Dar Al Salam in Arusha region.

Commercial

Our Commercial Business was able to achieve excellent stability in terms of the volume of fuel sold in 2021 and a noticeable increase in profits compared to the year 2020, despite the fact that the business sector witnessed a general decline in performance and an increase in the intensity of competition. Business continued to focus on enhancing the delivery efficiency, alliances and offering ultimate solutions to customers through technological innovations like our "Mobile Fuel Station" and dedicated services that are customized to the customer needs. Innovation and integrated solutions were again the pillars for the commercial fuel growth in 2021. 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 sectors while addressing customer needs and targeting the customer wants in each segment. Other key factors that enabled the growth were winning new businesses while retaining the existing customers across all sectors with healthy margins.

Aviation

During the year 2021, we have managed to retain and serve all major airline at Muscat International Airport despite the impact of COVID-19 during the year especially at the first half of the year. However, in the second half of the year a steady increase in the volume uplift was

evident. We have pursued more international customers operating in Muscat International Airport by securing more international airlines.

With more than 30 regular aviation clients, we have managed to refuel over 10,300 aircrafts safely during the year 2021, while exceeding our customer expectations and consistently complying with the highest HSEQ standards and procedures.

Lubricants

Oman Oil 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 another 11% in 2021 compared to the year 2020, gaining more market share as well as penetrating new channels of distribution. In addition, our lubricants continued to grow in several overseas markets with the first consignment reaching India by the last quarter of 2021. 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 and digital campaigns. Also, continues focus on both "Optimo Swift" car care centers and "LubExpress" outlets during the year 2021 has contributed in increasing the brand visibility and equity across Oman and abroad.

Customer Care

The year 2021 was a comeback year for OOMCO in general and for Customer Care specially, as it was a continuation of the challenges of 2020. One of the major milestones of 2021 was the launch of the "Customer Care Operational Manual" which is crucial to have a unique standard of operation that address the up-to-date customer concerns as well as serving the Company's overall objective by being customer centric.

Despite the challenges of Covid-19 and keeping our promise "You trust, We care." the Customer Care department managed to organize one Customer Care week in October with full attendance of OOMCO Executive Management and Managers by visiting several service stations. With

consideration of social distance and HSE precautions, the Executive Management led by the Acting CEO took up the role of serving the customers, receiving feedback and suggestions and answering their queries. The management maintained the overall outcome of the customers' interaction, followed by analysis and action plan.

Business Development

Following the Bunker License award and Land Lease Agreement signed earlier with Port of Duqm Company (PDC), Oman Oil Marketing Company completed the construction of the bunker fuel storage terminal at the Port of Duqm on the first half of 2021, with commissioning completed in July 2021. The terminal comprises 30,000 cubic meters of tankage and ancillary facilities. It is designed to store various grades of bunker fuel, such as Very Low Sulphur Heavy Fuel Oil (VLSFO) and Marine Diesel Oil (MGO) 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. OOMCO has contracted with OTTCO through a long term Operation and Maintenance agreement, to ensure world class operational and safety standards for the terminal operations.

Bunker services and activities by OOMCO are fully active with a bunker barge now located full time at Duqm port, and with the barge able to serve other ports in Oman. Barge deliveries will be done for heavy fuel oil and marine gasoil, with supporting road truck deliveries for marine gasoil as appropriate and to meet customer requirements. OOMCO remains proud of its partnership with OTTCO and the Port of Duqm Company, to help in developing the marine bunker fuel business as what is envisaged to be a future strategic bunker hub for Oman.

Moreover, OOMCO during the year 2021 commissioned the SQU Mega service station the first of its kind with full chain of variety of services with the latest technology in the region that serves the environment and society needs. The Mega service station also contains a mall with different facilities.

Information Technology

During year 2021, Information Technology and Data Management (IT & Data Management) had managed major projects to enable the business growth and customers' needs. During year 2021, IT & Data Management strategy has been approved. The strategy contained the major challenges to the sector such as Cyber Security and Data Management. Also, the strategy focuses on the efficiency of the services and the latest technology that aims to simplify the day to day business as well to secure the data and technology used. It is also pillared the importance of the capabilities within the department and the utilization of the manpower at a maximum level with quality out-put.

Compliance with government VAT regulations and requirements, IT team had managed to configure VAT in OOMCO core systems like ERP, Service Station Automation, NAV system and others.

Continue in supporting the environment by introducing eco-friendly initiatives in OOMCO, IT had partnered with other departments by automating most of the processes that yield to no printed copies of such as claims, aviation daily sales, invoices and Fuel stock process automation.

Moreover, the data security was implemented to enhance security level as well as to ensure the right processes has been followed throughout the organization with the right and latest tools.

Marketing

We are continuously differentiating OOMCO from its competitors by offering new and innovative services to our beloved customers and reaching out to them wherever they are.

Year 2021 was a very exciting year for the company. Our loyalty program grew to reach more than 100 thousand users. We also launched our newly designed Ahlain store in SQU Mega service station, we also launched the first Steer's outlet in Oman. Our highest octane fuel 'Ultimax 98' has been extended to over 65 service stations across Oman and which allowed our customers to experience the highest fuel grade in Oman.

We are proud to be the preferred marketer by the customers who are eligible for the National Subsidy Scheme (NSS), with over 55% of share. Our NSS customers can also benefit from loyalty points. Moreover, spanning new services, such as Café Amazon keto menu, the most advanced automatic carwash in Oman which is available in Optimo Swift outlets.

These have enabled us to truly put our customers as a main core in our strategy and objectives of being one-stop-shop.

Digital

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

The company started introducing new products and transforming business functions into being digitally advanced in terms of touch-points and internal processes. Also working to improve the user experience on “OOMCO World” application which reflects on the number of registered users to over 100 thousand.

Moreover, the loyalty program has been entirely revamped and integrated with the mobile application where customers can view their points balance and redeem their points online. The award points collection got extended to “Ahlain”, “Cafe Amazon” and “Optimo Swift” to encourage customers to experience the full range of services offered by OOMCO.

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”.

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 centres for families.

In addition, our roadmap includes expanding our line of lubricants within the region and beyond with an existing presence in many countries across the region.

It is worth mentioning that the company has initially developed the new five-year plan (2022-2026), which is driven by significant diversity and dramatic growth on domestic and international spectrum and the transformation towards supplying of renewable energy.

We are expanding our footprint, diversifying the number of revenue streams while exceeding customer needs to always provide them with their desired needs.

This concludes my review of the Company's operational performance for the year 2021.


Tariq Mohamed Al Junaidi

Chief Executive Officer



