

Management Analysis Report 2022

Introduction

During this year, Oman Oil Marketing Company (OOMCO) was able to achieve extra miles through the expansion in the number of service stations as well as the variety of the products and services provided to the customers.

The company continues moving forward with the development of modern technologies and smart solutions for fast and secure purchases.

We are committed to promoting and contributing to the economic and social progress in the Sultanate of Oman as we continue to innovate, enrich, and develop in all sectors of the industry. Moreover, our teams work to provide maximum services to customers in order to facilitate and provide their consumer requirements.

We will always continue to achieve our ambitions with the ongoing developments in the Sultanate derived from the Oman Vision 2040, which is driving the company and the progress of the Sultanate in the coming year.

QHSE-T & SD

At OOMCO, our most valued resources are our employees, our customers, and the communities we serve. We are dedicated to providing a safe environment for employees and customers, protecting the public, and preserving OOMCO's properties and assets.

This year 2022, OOMCO has maintained a safety record of zero Lost Time Injuries in 11 million working man-hours. OOMCO also achieved a safety record for the fifth year since it has not recorded any major road traffic accident considering the transportation of its fuel across Oman. None of OOMCO facilities has witnessed any fire or environmental accident.

To keep a safe place to work within, to fuel and to shop, OOMCO has introduced a different creative initiatives during its QHSE week, where all stakeholders have been involved to Health, Safety and Environment activities. Emergency response and readiness was a focus for OOMCO in 2022: the company has conducted different

emergency drills and organized level 3 emergency drill with civil defense to test the Crisis Management Plan and Emergency Response.

Our QHSE culture is vivid across all our operations and is a combination of policies and practices. We strategically implemented policies and audit our management system, we also developed performance reviews to identify areas for greater improvements. All together leads to have OOMCO renew its compliance with five different Management System Standards: ISO9001:2015 (Quality Management System), ISO14001:2015 (Environmental Management System), ISO45001:2018 (Occupational Health & Safety Management System) and ISO27001:2013 (Information Security Management System), ISO 22301:2019 (Business Continuity Management System) and in 2022, OOMCO has been certified with ISO 22000:2018 (Food Safety Management System) to align with its strategy in food and beverages expansion.

OOMCO also expanded its management system to include its fuel bunker in Duqm to ensure providing its customers with qualified system.

In relation to research and development, OOMCO's technical team has successfully developed different lubricants oil as per the market needs and also registered many products with international organization (API) to market the products in international market. In addition to that, the technical team has completed its technical quality monitoring plan to ensure the fuel and lubricants oil are within specifications and meeting customers' requirements.

As a customer centric company, all complaints have been attended and closed in time with satisfaction of customers. The technical team has successfully launched Biodiesel product and OOMCO is the only fuel retailer who market this product as alternative and clean fuel.

As part of its commitment to deploy sustainable and clean energy at its operations and contribute to the national efforts to achieve carbon neutrality target 2050, OOMCO has powered eleven of its service stations with solar energy: those are connected directly to the electricity distribution network and can power back to the grid in exchange for an agreed tariff with the Authority for Electricity Regulation.

The solar power generation reach to 1200 MW and contribute to reduction of 841 tons of CO2. OOMCO has also installed 13 Vapor Recovery Units at its stations to reduce the carbon emissions from its operations of loading and unloading fuel. In 2022, OOMCO has a unique project in electrification and E-Mobility where it has

installed 7 new electrical vehicle fast chargers above 120KW which covers the main routes in Oman to provide the service to electrical vehicle owners.

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 89% by end of 2022. 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.

The e-Learning platform has also been improved to include more than 60,000 training programs that can be accessed online through mobile applications.

Retail Network

The Retail division is a core business of the Company and it is continuing to grow as per the plan. In 2022, OOMCO has introduced 1 new service station in the capital, 3 new service stations under progress and completed 2 Rebuild & Refurbish service stations, reaching to a total number of 233 service stations in Oman. The 1st phase of the 2nd MEGA site in the capital was completed and 2nd phase of the Hub is on progress which will make the site serving all customers' needs in one place, fuel, shops, car care & food etc.

Ultimax 98, the highest octane fuel introduced by OOMCO to Oman in January 2018 is now available in 85 service stations across the country and it continuous to expand more to reach all our customers.

Our Retail department operates on its own 106 service stations (45% of the whole retail network) thus evidencing OOMCO's expertise in managing service stations with efficiency and quality. The excellent management of these service stations has resulted in outstanding customer care standards and better cash-flows as well as making Oman Oil the leading brand in fuel marketing as per a recent national customer survey.

The Shop, Food and Services (SFS) is another important segment of our Retail business and growing. 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 our SFS with a total network of 58 Ahlain convenience stores; which 11 stores are operated by Ahlain International through well trained team members and within the SFS segment. We delight customers on our service stations with third party shops, 65QSR, 28 Car Care Centers, 10 Ahlain Cafés and 9 Café Amazon. OOMCO has also introduced new line of SFS through our partnership with well recognized international brands in fast food industry “Steers” & Debonairs Pizza. OOMCO was successful to open 3 Steers outlets, & 2 Debonairs Pizza outlets in the capital.

We believe in Digital experience by offering connectivity and e-payment with Thawani as well as digital screens in 42 service stations for announcements. The services offered at our service stations also includes ATM facilities, bill payment facilities, laundry, post office and more to come to fulfill customers’ wants beyond their needs.

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 OOMCO to be the preferred choice in the market and to continue leading. We believe in smart fueling.

In 2022, OOMCO managed to deliver a set of remarkable achievements including:

- Sustaining the incremental growth of fuel cards sales by 30%
- Successfully increase “e-Fill” customers
- Secured 58% of the NSS market share reflecting an outstanding level of trust by customers in OOMCO fuel cards
- Enhance Bank Card sales though increasing the number of POS machines in our service stations

International Retail

In 2022, OOMCO continued its expansion internationally in retail. It managed to operate (16) KSA and (11) Tanzania service stations. Also, OOMCO has successfully secured a new service stations (under construction) in KSA which will allow the Company to enter to new region in KSA.

Commercial

Commercial Fuel Business was able to maintain reasonable stability in terms of the 2022 volume and profit despite a general decline in the sector performance and an increase in the intensity of competition. Business continued to focus on enhancing delivery efficiency, alliances and offering solutions to customers through technological innovations like our “Mobile Fuel Station”.

In addition, a new commodity was added to the portfolio of offering which is the Biodiesel as we signed the first Biodiesel Supply Contract in the country. This move will contribute to the Country’s overall carbon emissions reduction plan. Innovation and integrated solutions were again the pillars for the commercial fuel growth in 2022.

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 in each segment. We have also strengthened our new identity “B2Smart”, which was launched in 2019, and shaped up the new offerings for our clients, riding on digital platforms and focusing on delivering both delightful and enhanced customer experience.

Despite all economic and collection challenges; we are proud to be part of several strategic projects which will enhance Oman’s competitiveness and realize a sustainable growth for the nation in the future.

Aviation

Aviation sector witnessed an increase in volumes against last year as more airlines are opening and/or reopening destinations. We are continuing to deliver outstanding services to our major customers like Oman Air, Salam Air and several international and local airlines. Despite stiff competitions in the segment, we are committed to deliver our services with international recognized QHSE standards in the aviation industry. As part of digitalization and operational efficiency; OOMCO will be introducing more automated services to its operations which will aim to achieve higher operational efficiency and deliver services with customer requirements and satisfaction in mind.

Lubricants

Oman Oil lubricants has been the fastest growing lubricant brand in Oman: products continued to receive wide acceptance with an increased customer base across the country. Sales increase in 2022 was at high level, this was achieved by 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 2022 has contributed in increasing the brand visibility and equity across Oman and abroad.

BP/Castrol business had a steady growth in the synthetic segment: it maintained its premium position in the industry. Under the flagship of Castrol redefining the lubricants market, focus is on innovation and meeting our high standards with top quality products.

Customer Care

The Customer Service department is constantly interested in taking care of the Company's customers through continuous communications which is manifested in the Customer Care center system, responding to all inquiries, listening to complaints and fulfilling fuel requests.

The department also seeks to reach its customers through annual events and visiting all service stations across Oman governorates through the "Customer Care Week" event in October with the presence of Executive Management members and Managers in the company by visiting many service stations.

Business Development

Following the earlier Bunker License award and Land Lease Agreement signed with Port of Duqm Company (PDC), OOMCO has now constructed, fully completed and commissioned the bunker terminal at the Port of Duqm during 2021, with the first full year of operations in 2022. The terminal provides Low Sulphur Fuel Oil (VLSFO) and Marine Gas Oil (MGO) all in accordance with the latest low Sulphur international marine fuel specifications to ships calling at the port and its

surrounding waters with terminal activities supported by 2 bunker barges (on time charter).

The business objectives for 2022 were very successfully achieved with strong business volume growth and high levels of customer service achieved. The business has expanded to cover all ports in Oman and is also showing strong regional growth.

The business growth outlook remains highly promising especially with the refinery at Duqm coming on stream in the latter part of 2023, which will contribute to generate a substantial increase in the volume of shipping at the port, representing new potential customers for the bunker business.

OOMCO remains proud of its partnership with the PDC to help develop the marine business as what it is envisaged to be a future strategic bunker hub.

Information Technology & Data Management

During the year 2022, Information Technology & Data Management had managed major project such as Oracle EBS Property Manager-IFRS16 which is a tool to manage real estate tasks such as property administration, space allocation and most importantly lease management. It integrates with Oracle applications such as Payables, Receivables, General ledger etc.

As security is the main concern of any organization, in 2022 Information Technology & Data Management has managed to complete major security projects including Security Information and Event Management (SIEM), Security Operations Center (SOC), Data Leak/Loss Prevention (DLP) and Security Awareness Tool.

Supporting all OOMCO subsidiary companies, Information Technology & Data Management managed to implement an accounting software package for Duqm Bunker; continuous support of the environment by introducing eco-friendly initiatives in OOMCO. Information Technology & Data Management had partnered with other departments through automation most of their process that yields to no printed copies of claims, like aviation daily sales, invoices and fuel stock process automation.

Marketing

With the goal of becoming the most customer-centric marketer in the GCC region, the Marketing department has always aimed to differentiate OOMCO from

competitors by offering innovative services that meets our customers' needs and reach them wherever they are on their journey. Our mission is to provide exceptional experiences that not only satisfy but delight our customers and foster loyalty.

We are thrilled to announce that our dedication to customer-centric marketing has resulted in major accomplishments this year. Our loyalty program has seen an increase in participation, thanks to our customer-focused marketing campaigns. Furthermore, Ultimax premium fuel is the preferred choice for many of our customers and we are proud to lead the market for National Subsidy program cards, demonstrating our customers' preference for OOMCO and establishing us as a leading marketer in the country.

Through our successful direct campaigns to different sales channels, we have also achieved significant growth in Oman oil lubricants sales. Additionally, we have enhanced our Optimo Swift Service and Lubeexpress services, making them more convenient and streamlined for our customers.

These achievements demonstrate our commitment to our vision and our customers. We remain dedicated to continuously improving our services and providing exceptional customer experiences by focusing on delivering the right services to our customers at the right time. We believe, we can continue to exceed expectations and provide the kind of experiences that has kept our customers coming back.

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.

The Digital Department implementing the Digital Strategy which revolves around introducing new products and transforming business functions into being digitally advanced to improve the user experience. As a result of many enhancements on Oman Oil App, number of downloads and users has increased to exceed more than 150K active users.

Due to the significant improvement in Artificial Intelligence (AI) and the Internet of Things (IoT) and the use of its output in business, OOMCO has initiated several projects based on AI and Machine Learning (ML) in order to improve the user

experience and transfer it to advanced levels 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 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 satisfactions to always provide them with their desired needs. This concludes my review of the Company's operational performance for the year 2022.


Tarik Mohammed Al Junaidi
Chief Executive Officer

