

Management Analysis Report 2023

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.

Health, Safety, Environment, Quality, Technical and Sustainable Development

At OOMCO, our most valued resources are our employees, our customers, and the communities we serve. We provide a safe environment for employees and customers, protecting the public, and preserving OOMCO properties and assets. This year 2023, Oman Oil Marketing has maintained a Safety record of zero Lost Time Injuries in 18 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 transport of its fuel across Oman. No OOMCO facility has witnessed any fire or environmental accident.

To keep OOMCO a safe place to work within, to fuel and to shop, Oman Oil Marketing initiated different creative initiatives during its HSEQ week, where all stakeholders have been involved to health, safety and environment activities. Emergency response and readiness was a focus for Oman Oil Marketing in 2023: the company conducted different emergency drills and organized level 3 emergency drill with civil defense to test the crisis management plan and emergency response.

Our HSEQ culture is vivid across all our operations and is a combination of policies and practice. We strategically implement policies and audit our management system, we also develop performance reviews to identify areas for greater improvement. 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 for Business Continuity Management System and in 2022, OOMCO has been certified with ISO 22000:2018 for Food Safety Management System to align with its strategy in food and beverages expansion. OOMCO also expand 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 technical team has successfully developed different lubricants oil as per the market need and 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 requirement. 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 twelve 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 1.5 MW and contribute to reduction of 1.1 million tons of CO₂. OOMCO has also total of 23 Vapor Recovery Units at its stations to reduce the carbon emission from its operations of loading and unloading fuel.

In regard to E-Mobility, OOMCO has established a specialized JV company to provide EV charging solutions (EVO), the company has closed this year 2023 by having total of 80 Active chargers covered 39 locations in Oman including the highways. This was demonstrated by a Road drive campaign from Oman border with UAE to Salalah. OOMCO has also completed the techno-commercial for green hydrogen refueling station to support the mobility decarbonization strategy.

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 90% by end of 2023. 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 2023 OOMCO has introduced 1 new service station in the capital, 3 new service stations under progress, & completed 3 Rebuild & Refurbish service stations, reaching to a total number of 235 service stations in Oman. The 2nd phase of the 2nd MEGA site in the capital was completed which will make the site serving all customers' needs in one place, "fuel, shops, car care, & food..etc."

The Retail division managed successfully secure strategic location for 3 MEGA Service Stations in the Batina Express which will enhance OOMCO Service Stations presence in such main road. The 3 MEGA service stations are planned to become operational in 2024 and 2025.

Ultimax 98, the highest octane fuel introduced by OOMCO to Oman in January 2018 is now available in more than 100 service stations across the country & it is continuing to expand more to reach all our customers.

Our Retail department operates on its own 109 service stations (46% 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 brand the leading brand in fuel marketing in the Sultanate of Oman.

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 59 Ahlain convenience stores; all stores are operated by Ahlain International from October 2023 through well trained team members & within the SFS segment we delight customers on our service stations with third party operated shops, 65QSR, 28 Car Care Centers, 10 Ahlain Cafés and 10 Café Amazon. OOMCO has divested the “Steers & Debonairs Pizza” brands in Sept 2023 based on unsatisfactory performance. We believe in Digital experience by offering connectivity and e-payment with Thawani as well as digital screens in 50 service stations for announcers across the retail network. The offering and services at our service stations included also ATM facilities, bill payment facilities, post office and more to come and fulfil customer 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 resulted for OOMCO to be the preferred choice in the market and to continue leading. We believe in smart fueling.

We managed in 2023 to deliver a set of remarkable achievements including:

- Sustaining the incremental growth of fuel cards sales by 6%
- Successfully increase “e-Fill” customers
- Secured 58% of the NSS market share reflecting an outstanding level of the trust by customers in OOMCO fuel cards

- Enhance Bank Card sales through increasing the number of POS machines in our service stations

International Retail

In 2023, OOMCO continued its international retail expansion, notably in the Kingdom of Saudi Arabia (KSA) & Tanzania. The company effectively operated 30 service stations across various regions in KSA, marking a significant milestone in its growth trajectory. Additionally, OOMCO successfully secured several new service stations that are currently under construction in three primary regions: Eastern, Western, and the Capital City of Saudi Arabia.

Furthermore, OOMCO expanded its presence in Tanzania by adding one new service station, bringing the total number of operated service stations in the country to 12. This strategic expansion aligns with the company's commitment to broadening its footprint and enhancing accessibility to its products and services in key markets. Moreover, OOMCO made notable strides in its fuel bulk sales operations, which emerged as a substantial contributor, accounting for more than 65% of the total fuel sales in 2023. This achievement underscores the company's ability to diversify revenue streams and capitalize on emerging opportunities in the energy sector.

Commercial

Commercial Fuel Business was able to maintain reasonable stability in terms of the 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. In addition, commercial has successfully grown the portfolio of Biodiesel and by getting new customers onboard. This move will contribute to the country overall carbon emissions reduction plan. Innovation and integrated solutions were again the pillars for the commercial fuel growth in 2023. We have developed a distinct value

proposition offering with clear segmentation plans for our business which 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 a slight increase in volumes against last year as more airlines are opening and/or reopening destinations in addition to Khareef season increases of flights in 2023 by Salam Air and Oman air flights. We are continuing to deliver outstanding services to our major customers like Oman Air and Salam Air and several international and local airlines. Despite stiff competitions in the segment, we are committed to delivering our services with international recognized HSEQ standards in the aviation industry. We are working on enhancing our operation in 2024 and ensure the satisfaction of our customers by delivering them required fuel at the right time and supporting the aviation industry in Oman.

Lubricants

In 2023, Oman Oil Lubricants local showcased steady growth across distribution channels, prioritizing quality and expanding its presence in the premium market. The brand experienced consistent expansion in PCMO and CVO segments. Despite challenges in overseas markets due to geopolitical issues and currency devaluation, we anticipate a rise in market share in the coming years. Our strategic approach includes entering new growth markets, utilizing diverse marketing activities, and leveraging

dedicated marketing and digital campaigns for sustained growth both in Oman and internationally.

The BP/Castrol business had steady growth in the synthetic segment; it maintained its premium position in the industry. Under the flagship of Castrol redefining the lubricants market, the focus is on innovation and meeting our high standards with top-quality products. The business focus is on Castrol Auto Service (CAS), which promotes quality products such as EDGE, MAGNATIC, and GTX and provides our customers with a wide range of services at the outlets. Additionally, the company concentrates on the OEM/FWS markets because the world's leading automakers have approved the Castrol brand. As the flagship of Oman Oil Marketing Company SAOG, we at BP Castrol Lubricants Oman are dedicated to providing our customers with top-notch goods and services. Our dedicated focus in oil and gas segment business had given consistent volume and we are venturing to focus on surface production customer base.

Customer Care

The customer care department is constantly interested in taking care of the company's customers through continuous communication, 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 station around 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.

Recently the customer care department has launched the Call Centre & Complaint management systems for KSA with a dedicated Customer care operational manual.

Information Technology & Data Management

Throughout the fiscal year 2023, the Information Technology & Data Management (IT&DM) division at Oman Oil Marketing Company (OOMCO) has spearheaded several pivotal projects, marking significant milestones in the company's digital transformation journey. Notably, the division oversaw the upgrade and migration of Oracle E-Business Suite (EBS) to Oracle Cloud Infrastructure (OCI). This initiative was critical in ensuring that OOMCO's core systems remain at the forefront of Oracle's evolving technologies, thereby supporting our strategic objectives and operational resilience.

Recognizing the strategic importance of data, OOMCO has been committed to leveraging its data assets to drive informed decision-making, enhance operational efficiency, and secure a competitive advantage in the fuel retail sector. To this end, in 2023, we successfully formulated and executed a comprehensive data management strategy. This strategy is designed to optimize our data handling capabilities, ensuring that data is an asset that propels us towards achieving our business goals.

Another notable achievement was the enhancement of our Transportation Management System (TMS), a cornerstone for the OOMCO lubricants division. The system has been instrumental in improving delivery logistics and transport cost efficiency, directly contributing to heightened customer satisfaction within our lubricants business.

In a bid to diversify payment options and enhance customer convenience at OOMCO service stations, the IT & Data Management team facilitated the implementation of Near Field Communication (NFC) technology. This addition has been warmly received by our customers, reflecting our commitment to embracing innovative solutions that meet evolving consumer preferences.

Furthermore, the division has been actively supporting all OOMCO subsidiary companies in their digital transformation efforts. A significant part of this initiative involved initiating the implementation of an Enterprise Resource Planning (ERP) system in the

Kingdom of Saudi Arabia (KSA) and Tanzania. This move aims to bolster operational capabilities and ensure regulatory compliance within these markets, underscoring our commitment to international expansion and operational excellence.

In conclusion, the year 2023 has been a period of significant achievements for the IT & Data Management division at OOMCO. Through strategic investments in technology and data management, we are not only enhancing our operational capabilities but also setting a solid foundation for sustainable growth and innovation in the years to come.

Marketing & Digital

In our ongoing pursuit of customer-centric excellence, both the Marketing and Digital Departments have remained steadfast in their commitment to setting OOMCO apart from competitors through innovative services tailored to meet our customers' evolving needs. Our paramount mission remains to not only satisfy but delight our customers, fostering unwavering loyalty along the way.

Customer-Centric Achievements:

- Our relentless dedication to customer-centric marketing has yielded significant successes this year. Participation in our loyalty program has surged, driven by targeted and customer-focused marketing campaigns.
- Ultimax 98 fuel continues to gain momentum and expand its reach as an increasing number of customers recognize the value of fueling with the highest octane fuel exclusively available at Oman Oil stations. This growth reaffirms OOMCO's unwavering commitment to providing high-quality fuel products that meet the discerning needs of our customers.
- Simultaneously, our continued success in maintaining a leading market share in National Subsidy program cards underscores OOMCO's position as the preferred

marketer in the country. This success is a testament to our dedication to providing exceptional service for our customers, ensuring accessibility and value in every aspect of their fueling experience.

- Through strategic direct campaigns across various sales channels, we've witnessed remarkable growth in Oman oil lubricants sales, further cementing our position in the market.
- Moreover, enhancements to our Optimo Swift Service and Lubexpress offerings have optimized convenience and efficiency for our esteemed customers.

Digital Advancements.

- Within the Digital Department, our Digital Strategy continues to revolve around introducing innovative products and digitally transforming business functions to enhance the user experience. Notably, enhancements to the Oman Oil App have resulted in a remarkable increase in downloads.
- Leveraging the substantial advancements in artificial intelligence (AI) and the Internet of Things (IoT), OOMCO has spearheaded numerous projects harnessing AI and machine learning (ML) to elevate user experiences to unprecedented levels, encouraging customers to explore the diverse array of services offered by OOMCO.

Commitment to Excellence. These achievements underscore our unwavering commitment to our vision and, most importantly, our customers. We remain dedicated to continually enhancing our services, ensuring unparalleled customer experiences. By delivering precisely what our customers need, precisely when they need it, we are confident in our ability to not only meet but exceed expectations, fostering enduring relationships that keep our customers returning time and again.

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.

The company five-year plan (2022-2026) 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 2023.

Tarik Mohammed Al Junaidi

Chief Executive Officer