

## Directors' Report

**Dear Shareholders,**

On behalf of your Board of Directors', it gives me great pleasure to present the Un-audited results of of Oman Oil Marketing Company SAOG for the 3M18 (January-March 2018).

	<b>Jan-Mar 2018 OMR '000</b>	<b>Jan-Mar 2017 OMR '000</b>	<b>Variance (%)</b>
<b>Sales</b>	<b>145,829,262</b>	<b>118,887,642</b>	23%
<b>Profit after tax</b>	<b>1,813,299</b>	<b>1,864,810</b>	(3%)
<b>Earnings per share</b>	<b>0.028</b>	<b>0.029</b>	(3%)
<b>Net Assets per share</b>	<b>1.062</b>	<b>0.986</b>	7%

### Financial Performance

The first three months of 2018 have witnessed a 23% increase in revenue at OMR 145.8 million compared to OMR 118.9 million for the same period in 2017. This growth was supported by the increase in fuel prices, the opening of new service stations and active marketing campaigns generating more sales volume. Company profit has been much impacted following the move to the new terminal in Jiffnan and changes in the Marketers' margin.

Your company demonstrated its resilience by optimizing its cost and implementing financial discipline across all business segments.

Your company is pursuing its strategic growth plan to put the company in a strong position and enjoy long term profitability.

### Business Development

Oman Oil Marketing Company SAOG has entered the world of motor sports: a high-octane event titled "Oman Oil Marketing International Drift" took place in Muscat and was declared a huge success by the Oman Automobile Association. This highly competitive championship was launched on February 8th with three rounds attended by more than 6,000 spectators cheering on their favorite local and international drifting professionals. This event showcased the durability, reliability and performance of our fuel, lubricants and greases under the most extreme conditions.

In alignment with our vision to be the preferred partner that delivers quality services and products, we introduced a new generation of fuel with “ULTIMAX” for any gasoline engine vehicle while specifically addressing the needs of high performance vehicles. “ULTIMAX” is a high performance unleaded fuel with a high octane number of 98. Motorists will now be able to enjoy a premium unleaded fuel which improves engine performance, protects their engine and gets it last longer.

As a customer centric organization, Oman Oil Marketing SAOG aims to continuously surpass the expectations of our loyal consumers by providing latest products and services.

Your company recently signed a memorandum of understanding with an international company to introduce “Café Amazon” for the first time in GCC.

“Café Amazon” is a welcome addition to our growing list of Shop, Food and Services (SFS) to delight our customers and continuously innovate. This truly reflect your company commitment to deliver the best products and services and energize our customers. In today’s fast moving world, we understand the need for convenience, quality and one stop shop while offering a different customer experience and designing a new customer journey. This is exactly what our services stations are geared to become.

Moving towards a customer-centric culture, your company has set up a dedicated unit for Digital Marketing. We believe in an integrated service hub providing all visitors a new customer experience on our service-stations or in contact with our salesmen while buying our products in B2B.

We have also launched our first CRM campaign to support the growth of our performance fuel ULTIMAX, which proved efficient and engaging for our beloved customers.”

The company is strategically focused on the qualitative development of its retail network by introducing premium sites with modern concepts and innovations. This is an initiative to meet our customer needs, develop insights and inform about our value propositions. We have recently created a new Customer Care Center while opening it 7 days a week i.e. including week-ends to the benefit of all customers. Satisfaction has already been largely expressed.

### **Health, Security, Safety, Environment and Quality**

Your company continues to promote a culture of safety within the organisation and outside with several initiatives, such as training and safety campaigns. We are targeting sustainability along all our initiatives.

## **Human Resources**

The company has progressed in implementing a complete new strategy in human resources management and development, which has proven to enhance our employee satisfaction level and long term relationship. Our newly created “OOMCO Training Academy” offered several employees its first course and a new training plan has been designed after analyzing the needs of our employees.

## **Corporate Social Responsibility**

Your Company launched ‘Ather’ program, designed to foster a culture of volunteering in the field of tourism scheduled to run at the end of 2018, the program will focus on training volunteers and raising their awareness on the various challenges facing the tourism sector. The program will be rolled out in three stages starting with obtaining a ‘Volunteer Passport’. During this stage, participants will undergo a 360° training on the various elements needed to enhance the tourism sector in Oman, including facilities, services and community initiatives.

The second stage will focus on knowledge, where participants will be attending a series of workshops and sessions on tourism. The final stage of the program will aim to translate all that was learnt into actions through real-life experiences and initiatives.

As part of our company commitment to deploy sustainable and clean energy in its operations, your company has announced a plan to install photovoltaic solar panels in three of its service stations: Burj Al Sahwa, Nimr and Halban. Fitted on the rooftop of canopies, the panels will generate 40 KWp. This project is driven in partnership with two local SMEs.

This latest initiative joins a long list of environment preservation practices adopted by Oman Oil Marketing SAOG including the replacement of traditional lighting system into LED lights that cut power consumption by over 40%. Your company has also installed an air monitoring system at the Mina Al Fahal refinery to measure and control CO2 emission levels.

## **Outlook**

With the trend of oil prices and improved economic outlook Oman Oil Marketing Company continues to be innovative and undertakes changes through new investment opportunities to ensure that it remains resilient and ahead of competitors.

Oman Oil Marketing SAOG will continue to focus on quality by seeking strategic partnerships and improving our offer in Shop, Food & Services (SFS) and excellence at our service stations by realigning business strategies with new customer needs and wants.

Strong emphasis will be placed upon cost efficiency and delivery without compromising customer service and product quality. We are meeting the needs of customers via the development of human capability, high reliability of our IT systems, and solid HSEQ practices. Customer service will continuously be improved along our new motto “Oman Oil Marketing: You trust. We care.” which perfectly translates our dedication towards our customers.

The Board and the Management are fully dedicated and committed for the challenges in 2018 and are confident that the Company will continue to deliver value to all our stakeholders.

### **Acknowledgments**

I would like to take this opportunity to thank all our customers, the government authorities, our dealers, their staff and our own dedicated employees for their continued support. I would reiterate our unwavering commitment to the provision of the highest level of service at all times.

On behalf of the Board of Directors, the management and all our employees, we would like to express our sincere gratitude and appreciation to His Majesty Sultan Qaboos bin Said – Allah save him- and His Honorable Government. Under his wise leadership and guidance, Oman continues to be in the forefront path of prosperity, growth and development.

Thank you.

**On behalf of the Board of Directors**

**Board Chairman**