

Dear Shareholders,

On behalf of your Board of Directors', it gives me great pleasure to present the Annual Report of Oman Oil Marketing Company SAOG for the financial year ending on 31<sup>st</sup> of December 2019.

First and foremost, we would like to extend our sincere condolences to the people of Oman on the loss of the builder of modern Oman, His Majesty Sultan Qaboos bin Said bin Taimur, may his soul rest in peace. We are deeply grateful for all that he provided in serving Oman to have it in the ranks of the developed and prosperous countries.

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

HSEQ-T & SD remains a focus of your Company with policies and procedures enforced across all our operations.

OOMCO achieved a new Safety record of zero Lost Time Injury in 17 million man-hours and our Total Recordable Injury Rate stood below 0.3 thus showing further improvement compared to 2018. Besides, no OOMCO facility has witnessed any fire or environmental accident. Our yearly Safety Week allowed all employees to get involved, and safety tours were led by the Management. Our yearly Contractor Forum allowed a close exchange, sharing best practices and improving the safety culture throughout our activities.

Your company successfully renewed its compliance with the four major international standards of integrated management system (IMS): ISO 9001:2015 Quality Management System, ISO14001:2015 Environmental Management System, ISO 27001:2013 Information Security Management System and OHSAS 18001:2007 Occupational Health and Safety Management System. OOMCO also built the first Green Service Station in the Governate of Muscat powered by solar panels, offering an EV charger, Vapor Recovery System, and biodegradable bags for the first time in Oman.

### Financial Performance

Your Company remains a market leader despite a challenging business environment that impacted the company turnover reaching RO XXX M versus RO 625.387 M for the same period in 2018. Net Income for the period was RO XXX M in 2019 compared with RO 8.088 M in 2018. This is mainly attributed by the impairment of our MAF terminal assets, which had a material impact on the results. Also in line with the company transformation and strategy, OOMCO grew its investment in Marketing and Digital while continuously innovating in both fuel and non-fuel markets. Last, the Company has increased its investments in overseas markets such as Saudia Arabia and Tanzania.

Your Company is pursuing its strategic growth by investing in the most competitive projects, be more focused and resilient. Our innovations and value added services have placed your Company in a stronger position to benefit from sustainable long-term profitability. The Company keeps on optimizing its cost and improving its integrated business model by continuing to lay strong emphasis on our operational efficiency and

gain significant productivity across the network. The Company's financial position remained healthy with total assets as of 31 December 2019 are RO xx M. The Company spent a total of RO xx M on capital expenditure financed solely by internally generated funds.

Retail Business continues to be the growth engine of your Company. Action plans have been geared towards our network expansion by increasing our market share and upgrading our offerings to delight all customers. The Company added 13 new service stations while bringing our total number of sites to 224 while leading the fuel market in both number and sales revenue. Best performance fuel "Ultimax 98" is a real success and offering the highest octane in Oman. Our service stations offer a full array of fuel and non-fuel products and services while introducing an innovative and original offering. Your Company has introduced an original concept with the first MEGA service station (10,000 m<sup>2</sup>) at SQU. The Company is also the only fuel Marketer present on Al Batina Expressway with 4 mobile service stations.

Your Company's focus on the customer experience while targeting full convenience is gaining ground: we are transforming our service stations into one-stop-shops with a very diverse range of products and services. After introducing "Café Amazon" in 2018, the Company is introducing another two international franchises with "Debonairs Pizza" and "Steers Burgers" in selected locations; in addition, our Ahlain convenience stores, Optimo Car Care Centers and enhanced Ahlain Cafés have all created an impact while enhancing the entire customer experience at OOMCO. A recent customer survey showed our brand leading the fuel market in Oman and most innovative. The Company is continuously exploring new activities to develop business sustainably and improve the retail network offerings.

Despite intense competition, our Commercial Business witnessed strong growth and increased market share in its 2019 volumes compared to 2018, . 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 Company is exploring further opportunities to scale higher by capitalizing on new development projects especially in newly identified economic zones. We will keep on using innovative technology to design the best solutions and tools for the benefit of all stakeholders.

Our Aviation business was able to sustain despite several challenges in 2019. Most our major airline contracts were retained and we managed to secure additional business with Salam Air at the Muscat International Airport and Sohar.

Our Lubricants business has seen its performance improve over 2019. Our own lubricants brand Oman Oil has progressed by 36% in sales volume compared to 2018. The brand is well perceived in the Middle East and the Northern African region: it is regarded as quality and service oriented. It has successfully penetrated new countries. A set of promotions and advertising campaigns are in the pipeline to further enhance and promote the Oman Oil brand in Africa and Asian regions.

Our Marine Business focuses on widening the customer base in all ports. The Company is advancing the development of a bunkering terminal and ancillary facilities at the Port of Duqm: the project is in its construction stage, and expected to start operations in the 1<sup>st</sup> quarter of 2021. The terminal will provide heavy fuel oil and marine diesel oil as well as marine lubricants to ships calling at the port and its surrounding waters.

The Board of Directors recommends a final dividend of 60 baiza per share for the financial year 31 December 2019, subject to approval by the Shareholders at the Annual General Meeting.

### Human Resources

Human Resources are the main assets of your Company, we believe that great companies are built by great people. OOMCO continues to invest in human capital through continuous trainings, a specific mentorship program and development of in-house capabilities through team building and an innovation contest. This has made your Company one of the preferred employers in Oman.

OOMCO has implemented a new strategy in human resource's talent management and development, which has proved to enhance employees' engagement and loyalty. OOMCO achieved an Omanisation ratio of 84% without compromise on the quality of service provided to customers: this is a significant achievement considering that the field requires staff with very specific skills to serve a wide spectrum of customers across the retail network. OOMCO has also created its own training Academy and an Innovation Laboratory, in complete alignment with its core values.

### Corporate Social Responsibility

As part of its CSR strategy, your Company celebrated "Tasweik" initiative which focuses on strengthening the branding arms of SMEs in collaboration with Al Raffd Fund. Also, OOMCO has launched a campaign to promote the culture of giving in the community by donating 10% of Ahlain selected shops to charity. In addition, and as part of its commitment to create initiatives enhancing the capabilities of local talents, OOMCO signed an agreement with Sultan Qaboos University to sponsor three postgraduate students within the college of Economic and Political Science for three years. Besides, the "Road Safety Village" is one of OOMCO CSR initiatives in 2019 to raise awareness among children and their families on road safety and the importance of seatbelts. Furthermore, in collaboration with Ministry of Technology and Communication as well as Public Authority for Craft Industries, OOMCO launched Herfaty initiative aimed at empowering Oman's craftspeople in digital marketing: 100 craftspeople were selected in receiving a training in design and editing, to market their products professionally and utilizing social platforms better. Last, the Company provided specialized equipment (smart hearing aid devices, wheelchairs and customized spectacles) to students with special needs: this has been accompanied with a Communication Training Program for the families of the students, educating them in sign language and methods for a better communication with those children.

## Outlook

The future outlook of the national economy is positive and such is expected to reflect on the company performance. Moreover, your Company is pursuing its carefully designed road map, built on four pillars to ensure sustainable growth: those pillars are “Navigating near markets”, “Growing non fuel revenues”, “Exploring new investments and “Optimizing our operations efficiently”.

New retail premium sites are to be launched with the ever-popular Ahlain convenience stores and other facilities in strategic locations nationwide as well as in Saudi Arabia and Tanzania.

The Commercial team is mobilized on securing supply to infrastructure projects as announced by the Government and the private sector: construction of various infrastructure related projects, upgrading of highways and roads will support demand for our products and services.

Challenges are expected: to face them at best and for the benefit of our customers, it is imperative that the Company continues to be innovative and undertake changes through new initiatives, thus sustaining its leadership. Your Company will improve its operational and service excellence, cost efficiency and realigning business strategies to cope with market uncertainties ahead.

Your Company will continue to focus on human capital development, IT systems reliability, and good HSEQ practices. Emphasis will be on cost efficiency and delivery without compromising on customer service and product quality. Customer Care will continuously be enhanced with the spirit of our motto “You trust, We care.”.

The Company is committed and prepared for future challenges: we are confident we will continue to deliver value to all stakeholders.

## Acknowledgments

I would like to take this opportunity to thank all our customers, the Ministry of Oil and Gas, Ministry of Commerce and Industry, OQ, Muscat Municipality, Ministry of Regional Municipalities and Water, ROP and other Government authorities have had dealings with and 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 all Board of Directors and all company employees, we pledge to Sultan Haitham bin Tariq bin Taimur, to continue serving Oman, following his order and tracing his approach.

Thank you.

Chairman